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Consolidated Financial Report for the Nine-month Period Ended June 30, 2022 (IFRS)

August 4, 2022

Company name: LIFULL Co., Ltd.	Listed exchange: Tokyo Stock Exchange
Stock code: 2120	URL: https://ir.lifull.com/en/
Representative: INOUE Takashi	(Position) President and CEO
Contact: FUKUZAWA Hidekazu	(Position) Managing Officer, General Manager of Group Company Business Development Department (TEL) +81-3-6774-1603
Scheduled quarterly securities report submission date: August 4, 2022	
Scheduled date of start of dividend payments: -	
Preparation of supporting documentation for earnings: Yes	
Earnings presentations: No	

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

1. Consolidated Financial Results for the Nine-month Period Ended June 30, 2022 (October 1, 2021 to June 30, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-over-year change)

	Revenue		Operating income		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended June 30, 2022	26,686	(0.9)	631	(74.5)	485	(78.8)	346	(76.6)	349	(76.3)	2,157	(32.5)
Nine months ended June 30, 2021	26,925	0.1	2,476	(32.8)	2,294	(33.4)	1,479	(36.4)	1,477	(36.4)	3,193	3.1

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine months ended June 30, 2022	2.65	2.65
Nine months ended June 30, 2021	11.21	11.20

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent ratio
	million yen	million yen	million yen	%
As of June 30, 2022	48,112	30,247	30,136	62.6
As of September 30, 2021	45,887	28,538	28,413	61.9

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY 2021/9	-	0.00	-	3.62	3.62
FY 2022/9	-	0.00	-	-	-
FY 2022/9 (Forecast)	-	-	-	-	-

Note 1: There have been no changes to the dividend forecast.

Note 2: Dividends for FY 2022/9 are expected to be calculated based on a payout ratio of 25%.

3. Forecasts on the Consolidated Results for Fiscal 2022 (October 1, 2021 to September 30, 2022)

	Revenue		Operating income		Net profit		Profit attributable to owners of the parent		Basic earnings per share
	million yen	(%)	million yen	million yen	million yen	(%)	million yen	(%)	yen
Fiscal 2022	36,000	0.4	1,200	-	480	-	480	-	3.64

Note 1: There have been changes to the most recently announced forecast.

*** Notes**

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

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

[1] Changes in accounting policies required by IFRS : No

[2] Changes in accounting policies other than [1] : No

[3] Changes in accounting estimates : No

(3) Number of shares issued (common stock)

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

[2] Treasury shares at the end of the period

[3] Average shares during the period

As of June 30, 2022	134,239,870	As of September 30, 2021	134,239,870
As of June 30, 2022	2,458,270	As of September 30, 2021	2,458,256
As of June 30, 2022	131,781,600	As of June 30, 2021	131,781,614

* This consolidated financial report is not subject to quarterly CPA or External Auditor reviews.

* Regarding appropriate use of result forecasts and other notes

- In addition, the Company holds briefings as appropriate for individual investors. Please refer to the LIFULL IR website for more details. (<https://ir.lifull.com/en/>)

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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, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	13,145,308	13,721,036
Accounts receivable-trade and other current receivables	5,000,620	4,984,454
Other short-term financial assets	589,366	511,951
Other current assets	2,809,658	3,060,292
Total current assets	<u>21,544,954</u>	<u>22,277,734</u>
Non-current assets		
Property, plant and equipment	1,441,114	1,273,322
Right-of-use assets	3,429,723	2,856,157
Goodwill	11,026,612	12,789,344
Intangible assets	3,083,910	3,065,201
Investments accounted for using the equity method	339,161	1,126,002
Other long-term financial assets	2,101,373	1,833,927
Deferred tax assets	2,849,230	2,831,656
Other non-current assets	71,516	58,804
Total non-current assets	<u>24,342,642</u>	<u>25,834,416</u>
Total assets	<u>45,887,597</u>	<u>48,112,151</u>

	As of September 30, 2021	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	3,178,334	3,187,860
Short-term loans	6,628,630	6,710,791
Lease liabilities	738,168	707,264
Accrued corporate income taxes	296,043	343,929
Other current liabilities	1,298,117	1,487,410
Total current liabilities	12,139,294	12,437,257
Non-current liabilities		
Long-term loans	2,762,701	2,217,084
Lease obligations	511,000	511,256
Other long-term financial liabilities	109,579	184,535
Deferred tax liabilities	483,326	461,213
Other non-current liabilities	344,326	358,304
Total non-current liabilities	5,209,913	5,427,532
Total liabilities	17,349,208	17,864,790
Equity		
Attributable to the owners of the parent		
Capital stock	9,716,363	9,716,363
Capital surplus	9,982,062	10,021,519
Retained earnings	10,296,601	10,169,257
Treasury shares	(1,009,262)	(1,009,267)
Other components of equity	(572,117)	1,238,691
Attributable to the owners of the parent	28,413,647	30,136,563
Attributable to non-controlling interests	124,741	110,797
Total equity	28,538,388	30,247,361
Total liabilities and equity	45,887,597	48,112,151

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

 Condensed Consolidated Statements of Profit or Loss
 For the Nine-month Period Ended June 30, 2022

(Thousands of yen)

	Nine-month period Ended June 30, 2021	Nine-month period Ended June 30, 2022
Revenue	26,925,657	26,686,481
Cost of revenue	2,892,790	2,971,330
Gross profit	24,032,867	23,715,150
Selling, general and administrative expenses	21,358,342	23,444,938
Other revenue	71,652	423,148
Other expenses	269,692	61,542
Operating income	2,476,484	631,818
Financial revenue	23,397	23,427
Financial expenses	82,687	65,742
Share of profit (loss) of investments accounted for using the equity method	(123,006)	(104,096)
Profit before taxes	2,294,186	485,407
Income tax expenses	814,770	138,738
Profit for the period	1,479,416	346,669
Profit (loss) for the period attributable to:		
Owners of the parent	1,477,174	349,705
Non-controlling interests	2,242	(3,036)
Total	1,479,416	346,669
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	11.21	2.65
Diluted profit for the period per share	11.20	2.65

Condensed Consolidated Statements of Profit or Loss
For the Three-month Period Ended June 30, 2022

(Thousands of yen)

	Three-month period Ended June 30, 2021	Three-month period Ended June 30, 2022
Revenue	9,072,764	8,645,651
Cost of revenue	890,466	957,332
Gross profit	8,182,297	7,688,319
Selling, general and administrative expenses	7,464,424	7,853,898
Other revenue	31,685	301,096
Other expenses	60,675	26,553
Operating income	688,883	108,964
Financial revenue	13,983	1,901
Financial expenses	26,076	21,213
Share of profit (loss) of investments accounted for using the equity method	(43,534)	(32,530)
Profit before taxes	633,255	57,121
Income tax expenses	186,280	(119,998)
Profit for the period	446,974	177,119
Profit for the period attributable to:		
Owners of the parent	449,790	163,892
Non-controlling interests	(2,815)	13,227
Total	446,974	177,119
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	3.41	1.24
Diluted profit for the period per share	3.41	1.24

Condensed Consolidated Statements of Comprehensive Income
For the Nine-month Period Ended June 30, 2022

(Thousands of yen)

	Nine-month period Ended June 30, 2021	Nine-month period Ended June 30, 2022
Profit for the period	1,479,416	346,669
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	56,488	8,297
Total of items that will not be reclassified to profit or loss	56,488	8,297
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	1,637,621	1,711,565
Share of other comprehensive income of investments accounted for using the equity method	20,422	90,936
Total of items that may be reclassified subsequently to profit or loss	1,658,043	1,802,502
Other comprehensive income, net of tax	1,714,532	1,810,800
Total comprehensive income for the period	3,193,949	2,157,469
Comprehensive income for the period attributable to:		
Owners of the parent	3,191,383	2,160,514
Non-controlling interests	2,565	(3,045)
Total	3,193,949	2,157,469

Condensed Consolidated Statements of Comprehensive Income
For the Three-month Period Ended June 30, 2022

(Thousands of yen)

	Three-month period Ended June 30, 2021	Three-month period Ended June 30, 2022
Profit for the period	446,974	177,119
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	3,583	15,082
Total of items that will not be reclassified to profit or loss	3,583	15,082
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	353,152	826,280
Share of other comprehensive income of investments accounted for using the equity method	15,638	67,071
Total of items that may be reclassified subsequently to profit or loss	368,791	893,351
Other comprehensive income, net of tax	372,374	908,433
Total comprehensive income for the period	819,349	1,085,553
Comprehensive income for the period attributable to:		
Owners of the parent	822,188	1,072,335
Non-controlling interests	(2,838)	13,218
Total	819,349	1,085,553

(3) Condensed Consolidated Statements of Changes in Equity

For the Nine-month Period Ended June 30, 2021 (October 1, 2020 to June 30, 2021)

(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, 2020	9,716,363	9,922,957	16,834,306	(1,009,262)	(1,976,672)	33,487,692	151,443	33,639,135
Profit for the period	-	-	1,477,174	-	-	1,477,174	2,242	1,479,416
Other comprehensive income	-	-	-	-	1,714,208	1,714,208	323	1,714,532
Total comprehensive income for the period	-	-	1,477,174	-	1,714,208	3,191,383	2,565	3,193,949
Dividends of surplus	-	-	(697,124)	-	-	(697,124)	(20,175)	(717,299)
Increase (decrease) by business combination	-	-	-	-	-	-	8,094	8,094
Share-based payment transactions	-	37,771	-	-	-	37,771	-	37,771
Equity transactions with non-controlling interest shareholders	-	23,091	-	-	-	23,091	(27,829)	(4,737)
Total transactions with owners	-	60,862	(697,124)	-	-	(636,261)	(39,910)	(676,172)
Balance as of June 30, 2021	9,716,363	9,983,820	17,614,356	(1,009,262)	(262,463)	36,042,813	114,098	36,156,912

For the Nine-month Period Ended June 30, 2022 (October 1, 2021 to June 30, 2022)

(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, 2021	9,716,363	9,982,062	10,296,601	(1,009,262)	(572,117)	28,413,647	124,741	28,538,388
Profit for the period	-	-	349,705	-	-	349,705	(3,036)	346,669
Other comprehensive income	-	-	-	-	1,810,809	1,810,809	(9)	1,810,800
Total comprehensive income for the period	-	-	349,705	-	1,810,809	2,160,514	(3,045)	2,157,469
Dividends of surplus	-	-	(477,049)	-	-	(477,049)	(5,331)	(482,381)
Increase (decrease) by business combination	-	-	-	-	-	-	(5,566)	(5,566)
Share-based payment transactions	-	39,456	-	-	-	39,456	-	39,456
Purchase of treasury shares	-	-	-	(4)	-	(4)	-	(4)
Total transactions with owners	-	39,456	(477,049)	(4)	-	(437,597)	(10,898)	(448,496)
Balance as of June 30, 2022	9,716,363	10,021,519	10,169,257	(1,009,267)	1,238,691	30,136,563	110,797	30,247,361

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine-month period Ended June 30, 2021	Nine-month period Ended June 30, 2022
Net cash from operating activities		
Profit for the period before tax	2,294,186	485,407
Depreciation and amortization	1,500,086	1,418,787
Financial revenue	(23,397)	(23,427)
Financial expenses	82,687	65,742
Decrease (increase) in accounts receivable-trade and other current receivables	(101,624)	531,332
Increase (decrease) in accounts payable-trade and other current payables	319,372	(519,411)
Other	(1,471,104)	(276,145)
Subtotal	2,600,207	1,682,284
Interest and dividends received	1,008	3,924
Interest paid	(85,163)	(81,454)
Income taxes paid or refunded (paid)	(1,983,019)	228,944
Net cash from operating activities	533,033	1,833,698
Net cash used in investing activities		
Purchase of financial instrument assets	(100,000)	-
Proceeds from sale of financial instrument assets	-	20,000
Purchase of property, plant and equipment	(73,295)	(77,912)
Proceeds from sale of property, plant and equipment	1,572	7,156
Purchase of intangible assets	(239,059)	(430,994)
Payments for transfer of business	(402,536)	(357,274)
Purchase of subsidiaries	(3,216)	(312,699)
Proceeds from acquisition of subsidiaries	4,458	-
Purchase of shares of affiliates	-	(800,000)
Payments of loans receivable	(718,000)	(726,564)
Collection of loans receivable	736,659	1,105,399
Others	276,639	(8,397)
Net cash from investing activities	(516,779)	(1,581,287)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	-	3,000
Repayment of short-term loans	(1,151,549)	(250,000)
Proceeds from long-term loans payable	234,000	1,319,746
Repayment of long-term loans	(750,843)	(294,426)
Dividends paid	(697,193)	(477,090)
Repayment of lease obligations	(635,166)	(560,986)
Dividends paid to non-controlling interests	(20,175)	(5,331)
Purchase of shares in subsidiaries from non-controlling interests	(17,539)	-
Proceeds from share issuance to non-controlling interests	11,700	-
Purchase of treasury shares	-	(4)
Net cash from financing activities	(3,026,767)	(265,094)
Effect of exchange rate changes on cash and cash equivalents	302,140	588,411
Net increase (decrease) in cash and cash equivalents	(2,708,372)	575,727
Cash and cash equivalents at beginning of period	15,962,746	13,145,308
Cash and cash equivalents at end of period	13,254,374	13,721,036

(5) Notes on the Consolidated Financial Statements

1. Note Regarding Going Concern Assumptions

Not applicable.

2. Subsequent Events

Transfer of Shares of a Subsidiary

The Board of Directors of the Company resolved to transfer all shares of the wholly-owned subsidiary Kleding B.V. ("Kleding") to PubTech GmbH, a subsidiary of Waterland Private Equity GmbH on July 28, 2022.

With the transfer of shares, Kleding will be removed as a consolidated subsidiary.

(1) Reason for Share Transfer

Under our corporate message of "Make Every LIFE FULL," the LIFULL Group provides a multitude of online services focused around real estate both in Japan and abroad tailored to lives of individual users.

In addition to LIFULL HOME'S, one of the largest real estate platforms in Japan, the LIFULL Group operates real estate-focused information services in over 60 countries around the world through its subsidiary LIFULL CONNECT. LIFULL is using leveraging the data collected to implement AI and other cutting-edge technology to create new value for individual users by personalizing their experiences and recommending the right properties for their lifestyles.

LIFULL CONNECT, the international headquarters located in Spain, is the operator of a group of digital marketplaces for real estate, job listings, cars and fashion. Through the transfer of shares of the non-core fashion aggregation site, the Group will strengthen its focus on its core field of real estate and further expand the value it provides to users and clients.

(2) Recipient Company

PubTech GmbH

(3) Transfer Date

July 28, 2022

(4) Name, Business and Relationship of Subsidiary

- | | |
|---|--|
| (i) Name | Kleding B.V. |
| (ii) Business | Operation of fashion aggregation sites |
| (iii) Trade Relationship with the Company | None |

(5) Reporting Segment to which the Company to be Transferred Belongs

Overseas

(6) Shares to be Transferred, Transfer Price and Holding Ratio After Transfer

- | | |
|------------------------------------|---|
| (i) Shares to be Transferred | 6,800 |
| (ii) Transfer Price | Subject to contract conditions. Currently under evaluation. |
| (iii) Holding Ratio After Transfer | - % |