

Consolidated Financial Report for the Fiscal Year Ended September 30, 2022 (IFRS)

November 9, 2022

Company name: LIFULL Co., Ltd. **Listed exchange:** Tokyo Stock Exchange
Stock code: 2120 **URL:** <https://ir.lifull.com/en/>
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Ordinary General Shareholders Meeting (scheduled): December 22, 2022
Commencement of dividend payments (scheduled): December 23, 2022
Filing annual securities report (scheduled): December 23, 2022
Preparation of supporting documentation for earnings: Yes **Earnings presentations:** Yes (For institutional investors and analysts)

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

1. Consolidated Financial Results for Fiscal 2022 (October 1, 2021 to September 30, 2022)

(1) Consolidated Operating Results

(Percentages indicate YoY 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	%
Fiscal 2022	35,730	(0.4)	1,681	-	1,396	-	1,192	-	1,187	-	3,016	-
Fiscal 2021	35,857	1.3	(6,644)	-	(6,857)	-	(5,895)	-	(5,901)	-	(4,490)	-

	Basic earnings per share	Diluted net income per share	Return on equity	Return on assets	Operating income margin
	yen	yen	%	%	%
Fiscal 2022	9.01	8.99	4.0	3.0	4.7
Fiscal 2021	(44.78)	(44.78)	(19.1)	(13.5)	(18.5)

(Reference) Equity in Income from Investments in Affiliates

FY 2022/9: -202 million yen

FY 2021/9: -128 million yen

(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	Equity attributable to owners of the parent per share
	million yen	million yen	million yen	%	yen
As of September 30, 2022	48,706	31,130	30,999	63.6	235.23
As of September 30, 2021	45,887	28,538	28,413	61.9	215.61

(3) Consolidated Cash Flows

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
	million yen	million yen	million yen	%
Fiscal 2022	2,697	388	(54)	16,521
Fiscal 2021	1,287	(1,068)	(3,291)	13,145

2. Dividends

	Annual dividend					Total Dividends	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal 2021	-	0.00	-	3.62	3.62	477	-	1.5
Fiscal 2022	-	0.00	-	2.25	2.25	296	25.0	1.0
Fiscal 2023 (Forecast)	-	-	-	-	-		-	

Note 1: Cash dividends per share are calculated at a payout ratio of 25% and rounded up at the third decimal point without regard to outstanding circumstances.

Note 2: Dividends per share are calculated according to the total number of issued shares at the end of the period while the payout ratio is calculated based on the average number of shares during the period.

Note 3: Dividends for FY 2023/9 are expected to be calculated based on a payout ratio of 25% and the number of shares at the end of the period.

3. Forecasts on the Consolidated Results for Fiscal 2023 (October 1, 2022 to September 30, 2023)

(Percentages indicate YoY change for the entire year)

	Revenue		Operating income		Profit attributable to owners of the parent		Basic earnings per share
	million yen	(%)	million yen	(%)	million yen	(%)	Yen
Fiscal Year 2023	37,000	3.6	3,300	96.2	2,500	110.5	18.97

*** Notes**

(1) There have been changes in material subsidiaries during the term
 (Change in specified subsidiaries which accompanies a change in the range of consolidation)
 1 Removed: (Name) LIFULL Marketing Partners Co., Ltd.

(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

(Note) For details, refer to "Condensed Consolidated Financial Statements and Significant Notes (5) Notes on the Consolidated Financial Statements" on Page 14.

(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 September 30, 2022	134,239,870	As of September 30, 2021	134,239,870
As of September 30, 2022	2,458,270	As of September 30, 2021	2,458,256
Fiscal 2022	131,781,600	Fiscal 2021	133,781,614

This consolidated financial report is not subject to audit.

Regarding appropriate use of result forecasts and other notes

- Result forecasts and other statements about the future found in this document are based on information available to the Company and assumptions deemed reasonable at the current time. Actual results and outcomes may vary significantly due to various factors. For more information on the terms related to the assumptions used for result forecasts and notes on the use of result forecasts and other information, please refer to page 7 "(4) Outlook" of the supplemental documentation.
- The Company has scheduled an online earnings presentation for institutional investors and analysts at the following date. Materials, recordings and records of the question and answer session will be made available on the Company's website in a timely fashion.
- November 10, 2022 (Thursday): Online earnings presentation for institutional investors and analysts
- LIFULL IR website: <https://ir.LIFULL.com/en/>

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1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended September 30, 2022

During the current fiscal year (October 2021 to September 2022), the Japanese economy began to see an upturn in economic activity due to the gradual easing of COVID-19 restrictions on individuals and events etc. However, the weak yen and China's Zero COVID policy have affected supply chains, and energy costs increased due to the altercation in Ukraine. As a result, the current situation remains unpredictable.

From the perspective of our primary clients in the construction and real estate industries, new build starts increased 2.3% year on year (October - September), but the total starts still remain 7.0% below pre-COVID levels seen during FY 2019/9. Since restrictions have been eased, the number of people moving in Japan has increased 0.9% year on year. However, this is still 2.4% below the total during FY 2019/9, an indication that recovery is still underway. (Source: "Building Start Statistics Survey Report" Ministry of Land, Infrastructure, Transport and Tourism, "Report on Internal Migration in Japan" Ministry of Internal Affairs and Communication)

Overseas, the situation also remains unpredictable.

Under these circumstances, we continue to proactively make investments in the sustainable growth of our flagship real estate information services both in Japan and overseas. In addition, we sold our non-core online marketing business for real estate professionals in Japan as well as our overseas fashion aggregation service and have been restructuring or temporarily suspending our other investments in order to focus management resources on the expansion of our primary endeavors.

Operating profit, profit before taxes, net profit and profit attributable to owners of the parent have improved significantly due to an impairment loss on goodwill in the previous fiscal year.

As a result, the LIFULL Group's consolidated financial results for the fiscal year ended September 30, 2022 were as follows: Revenue amounted to ¥35,730,792 thousand (-0.4% YoY); Operating income amounted to ¥1,681,907 thousand (net loss of ¥6,644,103 thousand in the previous fiscal year); profit before taxes to ¥1,396,421 thousand (net loss before taxes amounted to ¥6,857,347 thousand in the previous fiscal year); net profit for the period to ¥1,192,512 thousand (net loss for the period amounted to ¥5,895,682 thousand in the previous fiscal year) and profit attributable to owners of the parent to ¥1,187,667 thousand (net loss attributable to owners of the parent amounted to ¥5,901,120 thousand in the previous fiscal year).

Revenue and profit / loss by segment was as follows:

(Thousands of yen; percentages indicate year-over-year change)

Segment	Revenue		Segment profit and loss	
	Amount	Change %	Amount	Change %
(1) HOME'S Services	26,083,502	(2.4)	349,381	(85.2)
(2) Overseas	7,201,380	(0.9)	576,753	(63.4)
(3) Other Businesses	2,745,599	25.3	(661,486)	Note 2

Note 1: Intersegment transactions have not been eliminated.

Note 2: Segment loss in the previous term was ¥679,033 thousand.

(1) HOME'S Services Business

This segment is comprised of the LIFULL HOME'S website, support services for real estate agencies and other related services and businesses.

During this fiscal year, we have been taking active measures to provide more value to our clients and users by developing LIFULL HOME'S into a medium which provides support for finding exactly the right home for each individual. To achieve this, we made advancements in developing new features with AI technology, invested in boosting brand recognition and actively expanded our client network. As a result of these efforts, we have seen a recent increase in the number of inquiries via LIFULL HOME'S.

However, the reduced number of people moving in Japan since the beginning of the COVID-19 pandemic and the dissolution of a portion of our alliance partnerships have affected our business resulting in an incomplete recovery.

We have been focusing our internal resources on growth investments on our flagship service, LIFULL HOME'S and transferred all shares of the digital marketing business previously included in this segment, LIFULL Marketing Partners Co., Ltd., as of September 30, 2022.

As a result, the HOME'S Services segment ended the year with sales revenue totaling ¥26,083,502 thousand (-2.4% YoY) and segment profit totaling ¥349,381 thousand (-85.2% YoY.)

(2) Overseas

This segment is primarily comprised of the real estate-related and other websites operated by LIFULL CONNECT.

In order to make ourselves more competitive globally this fiscal year, we have leveraged the online services we offer in over sixty countries and regions around the world to increase our user share and value we provide to clients in each region as well as refining our services to provide more efficient leads to our clients.

Particularly in our markets in Latin America, we have been making active investments and acquired the real estate portal network, Properati, and CRM developer for real estate professionals, Wasi. We have been building synergies between these acquisitions and our existing services and have significantly increased our number of clients.

In addition, we transferred all shares of our non-core fashion aggregation service on July 28, 2022, in order to better focus our management resources on the real estate sector.

As a result, sales revenue for the Overseas segment amounted to ¥7,201,380 thousand (-0.9% YoY) and segment profit to ¥576,753 thousand (-63.4% YoY) for the current fiscal year.

(3) Other Businesses

The Other Businesses segment is primarily comprised of LIFULL *Kaigo* (nursing care), a search website for nursing facilities for the elderly; LIFULL *Trunkroom*, a search website for rental storage facilities, a website devoted to providing estimates and online reservations for moving companies; and Regional Revitalization as well as the Regional Revitalization Fund.

As a result, the sales revenue for the Other Businesses segment amounted to ¥2,745,599 thousand (+25.3% YoY) and segment loss to -¥661,486 thousand for the current fiscal year (an improvement ¥17,547 thousand over the loss of ¥679,033 thousand in the previous fiscal year).

For further details on financial results, including the following items, please refer to LIFULL'S IR website, specifically the "Earnings Presentation for the Fiscal Year Ended September 30, 2022", announced on November 9, 2022.

URL: <https://ir.lifull.com/en/ir/ir-data/>

<Primary items in the earnings presentation materials>

- | | |
|---|---|
| • Condensed statements of profit and loss: | Condensed statements of profit and loss (IFRS) |
| • Sales revenue by segment: | Sales revenue by segment (IFRS) |
| • Progress toward financial result forecasts: | Condensed statements of profit and loss and sales by segment |
| • Business strategies: | Main activities by segment |
| • Quarterly data: | Condensed statements of profit and loss and segment income and loss |
| • Collection of external statistical data: | Number of condominiums for sale, condominium sales prices, number of new housing starts, number of people moving between prefectures and population |

(2) Overview of Financial Position for the Fiscal 2022 Analysis of financial position

(Current assets)

Current assets stood at ¥25,011,262 thousand as of September 30, 2022, an increase of ¥3,466,307 thousand from the previous fiscal year-end. The primary reasons were an increase of ¥3,375,954 thousand in cash and cash equivalents, a decrease of ¥539,551 thousand in accounts receivable-trade and other current receivables, an increase of ¥479,082 thousand in other short-term financial assets and an increase of ¥150,821 thousand in other current assets.

(Non-current assets)

Non-current assets stood at ¥23,695,627 thousand as of September 30, 2022, a decrease of ¥647,014 thousand from the previous fiscal year-end. The primary reasons were a decrease of ¥249,722 thousand in property, plant and equipment; a decrease of ¥773,037 thousand in right-of-use assets, an increase of ¥564,109 thousand in goodwill, a decrease of ¥233,603 thousand in intangible assets, an increase of ¥773,586 thousand in investments accounted for using the equity method, a decrease of ¥573,023 thousand in other long-term financial assets, a decrease of ¥133,005 thousand in deferred tax assets; and a decrease of ¥22,317 thousand in other current assets, etc.

As a result, total assets were ¥48,706,890 thousand as of September 30, 2022, an increase of ¥2,819,293 thousand from the previous fiscal year-end.

(Current liabilities)

Current liabilities stood at ¥13,389,712 thousand as of September 30, 2022, an increase of ¥1,250,418 thousand from the previous fiscal year-end. The primary reasons were a decrease of ¥141,397 thousand in accounts payable and other current payables, an increase of ¥1,463,666 thousand in short-term loans, a decrease of ¥44,793 thousand in lease liabilities, a decrease of ¥45,078 thousand in accrued corporate income taxes and an increase of ¥18,021 thousand in other current liabilities.

(Non-current liabilities)

Non-current liabilities stood at ¥4,186,265 thousand as of September 30, 2022, a decrease of ¥1,023,648 thousand from the previous fiscal year-end. The primary reasons were a decrease of ¥536,174 thousand in short-term loans amounting, a decrease of ¥725,818 thousand in lease liabilities, an increase of ¥91,356 thousand in other long-term financial liabilities, a decrease of ¥32,089 thousand in deferred tax liabilities and an increase in other non-current liabilities amounting to ¥178,734 thousand.

As a result, total liabilities were ¥17,575,978 thousand, an increase of ¥226,770 thousand from the end of the previous fiscal year.

(Equity)

Total equity stood at ¥31,130,912 thousand, an increase of ¥2,592,523 thousand from the previous fiscal year-end. The primary components were an increase of ¥1,187,667 thousand in retained earnings due to the recording of profit attributable to owners of the parent, a decrease of ¥477,049 thousand in retained earnings from payment of dividends, an increase of ¥1,823,902 thousand in other comprehensive income components of equity and an increase of ¥6,802 thousand in non-controlling interests.

(3) Overview of Cash Flows for Fiscal 2022

In the fiscal year ended September 30, 2022, cash and cash-equivalents (hereinafter, "cash") amounted to ¥16,521,263 thousand (+¥3,375,954 thousand YoY).

(Cash flows from operating activities)

Net cash inflow from operating activities amounted to ¥2,697,315 thousand, an increase of ¥1,409,660 thousand compared to the net cash inflow of ¥1,287,655 thousand during the previous consolidated fiscal period (hereinafter "previous year"). The primary components were an impairment loss amounting to ¥9,749,169 thousand, profit before taxes amounting to ¥1,396,421 thousand (+¥8,254,769 YoY), depreciation and amortization amounting to ¥1,910,549 thousand (-¥67,940 thousand YoY), accounts receivable and other short-term receivables amounting to -¥1,738,155 thousand (-¥4,384,145 thousand YoY), accounts payable and other short-term debts amounting to ¥2,174,908 thousand (+¥4,802,484 thousand), other items amounting to -¥1,168,047 thousand (+¥485,598 thousand YoY), interest payments amounting to ¥172,469 thousand (+¥60,436 thousand YoY) and income tax refunds amounting to ¥205,995 thousand an increase of ¥2,127,081 compared to corporate tax payments of ¥1,921,086 in the previous year.

(Cash flows from investing activities)

Net cash outflow from investing activities amounted to ¥388,869 thousand, an increase of ¥1,456,918 thousand compared to the net cash inflow of ¥1,068,049 thousand in the previous year. In the previous fiscal year, there were payments for the acquisition of equity instrument assets amounting to ¥100,100 thousand and proceeds

from the acquisitions of subsidiaries amounting to ¥4,458 thousand. In the current fiscal year, the primary components were proceeds from the sale of equity instrument assets amounting to ¥20,000 thousand, proceeds from the sale of subsidiaries amounting to ¥2,440,155 thousand, payments for the acquisition of shares of affiliates amounting to ¥800,000 thousand, payments for the acquisition of property, plant and equipment amounting to ¥92,640 (-¥6,690 thousand YoY), payments for the acquisition of intangible assets amounting to ¥586,945 thousand (-¥91,572 thousand YoY), payments for business transfers amounting to ¥453,523 thousand (+¥35,979 thousand YoY), payments for the acquisition of subsidiaries amounting to ¥295,381 thousand (+¥292,164 thousand YoY), payments of lease deposits and guarantees amounting to ¥18,799 thousand (+¥8,917 thousand YoY), proceeds from refunds of lease deposits and guarantees amounting to ¥6,574 thousand (-¥172,894 thousand YoY), payments of loans payable amounting to ¥985,164 (+¥171,664 thousand YoY), proceeds from loans receivable amounting to ¥1,141,585 thousand (+¥379,420 thousand YoY) and other items amounting to ¥5,852 thousand (-¥100,525 thousand YoY.)

(Cash flows from financing activities)

Net cash outflow from financing activities amounted to ¥54,082 thousand, an increase of ¥3,237,566 thousand compared to the net cash outflow of ¥3,291,648 thousand in the previous year. In the previous year, there were payments for the acquisition of subsidiaries from non-controlling interests amounting to ¥19,970 thousand, and proceeds from payments from non-controlling interests amounting to ¥20,700 thousand. In the current fiscal year, the primary components were proceeds from short-term loans amounting to ¥503,000 thousand, payments for the repayment of short-term loans amounting to ¥250,500 thousand (-¥850,049 thousand YoY), proceeds from long-term loans amounting to ¥1,319,746 thousand (+¥910,246 thousand YoY), payments for the repayment of long-term loans amounting to ¥404,350 thousand (-¥650,737 thousand YoY), payments of dividends amounting to ¥477,172 thousand (-¥220,062 thousand YoY), payments for the repayment of lease obligations amounting to ¥739,468 thousand (-¥89,362 thousand YoY) and payments of dividends to non-controlling interests amounting to ¥5,331 thousand (-¥14,843 thousand YoY.)

(4) Outlook

Outlook for Consolidated Earnings in Fiscal 2022

(Millions of yen)

	Fiscal year ended September 30, 2022	Forecast for the year ending September 30, 2023	Change	Rate of change (%)
Revenue	35,730	37,000	+1,269	+3.6
HOME' S Services	26,067	23,200	(2,867)	(11.0)
Overseas	6,938	9,100	+2,161	+31.2
Other businesses	2,725	4,700	+1,974	+72.5
Operating profit (loss)	1,681	3,300	+1,618	+96.2
Profit attributable to owners of the parent for the year	1,187	2,500	+1,312	+110.5

Note: Intersegment transactions have been eliminated.

For further details on forecasts of financial results including forecast of main SG&A expense items, please refer to the LIFULL IR website for the "Earnings Presentation for the Fiscal Year Ended September 30, 2022" announced on November 9, 2022.

URL : <https://ir.lifull.com/en/ir/ir-data/>

The above forecasts of financial results are based on information currently available to the Company and assumptions about uncertainties that could impact financial results in the future. Actual results could differ from the above forecasts due to a variety of factors.

2. Basic Approach to the Selection of an Accounting Standard

In order to improve the international comparability and convenience of financial information in the capital markets, the LIFULL Group has applied International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2016.

3. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	13,145,308	16,521,263
Accounts receivable-trade and other current receivables	5,000,620	4,461,069
Other short-term financial assets	589,366	1,068,449
Other current assets	2,809,658	2,960,479
Total current assets	21,544,954	25,011,262
Non-current assets		
Property, plant and equipment	1,441,114	1,191,391
Right-of-use assets	3,429,723	2,656,685
Goodwill	11,026,612	11,590,721
Intangible assets	3,083,910	2,850,307
Investments accounted for using the equity method	339,161	1,112,748
Other long-term financial assets	2,101,373	1,528,350
Deferred tax assets	2,849,230	2,716,224
Other non-current assets	71,516	49,198
Total non-current assets	24,342,642	23,695,627
Total assets	45,887,597	48,706,890

	As of September 30, 2021	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	3,178,334	3,036,936
Short-term loans	6,628,630	8,092,296
Lease liabilities	738,168	693,375
Accrued corporate income taxes	296,043	250,965
Other current liabilities	1,298,117	1,316,139
Total current liabilities	12,139,294	13,389,712
Non-current liabilities		
Long-term loans	998,980	462,805
Lease obligations	2,762,701	2,036,883
Provisions	511,000	511,342
Other Long-term financial liabilities	109,579	200,935
Deferred tax liabilities	483,326	451,237
Other non-current liabilities	344,326	523,061
Total non-current liabilities	5,209,913	4,186,265
Total liabilities	17,349,208	17,575,978
Equity		
Attributable to the owners of the parent		
Capital stock	9,716,363	9,716,363
Capital surplus	9,982,062	10,033,268
Retained earnings	10,296,601	11,025,398
Treasury shares	(1,009,262)	(1,009,267)
Other components of equity	(572,117)	1,233,604
Attributable to the owners of the parent	28,413,647	30,999,367
Attributable to non-controlling interests	124,741	131,544
Total equity	28,538,388	31,130,912
Total liabilities and equity	45,887,597	48,706,890

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

Condensed Consolidated Statements of Profit or Loss

(Thousands of yen)

	Fiscal 2021 (October 1, 2020, to September 30, 2021)	Fiscal 2022 (October 1, 2021, to September 30, 2022)
Revenue	35,857,177	35,730,792
Cost of revenue	3,951,438	4,055,855
Gross profit	31,905,738	31,674,937
Selling, general and administrative expenses	28,599,138	31,362,750
Other revenue	90,114	1,492,232
Other expenses	10,040,819	122,512
Operating profit (loss)	(6,644,103)	1,681,907
Financial revenue	23,776	5,931
Financial expenses	108,071	89,113
Share of profit (loss) of investments accounted for using the equity method	(128,949)	(202,304)
Profit (loss) before taxes	(6,857,347)	1,396,421
Income tax expenses	(961,665)	203,909
Profit (loss) for the period	(5,895,682)	1,192,512
Profit (loss) for the period attributable to:		
Owners of the parent	(5,901,120)	1,187,667
Non-controlling interests	5,437	4,845
Total	(5,895,682)	1,192,512
		(yen)
Profit (loss) for the period per share attributable to owners of the parent		
Basic profit for the period per share	(44.78)	9.01
Diluted profit for the period per share	(44.78)	8.99

Condensed Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal 2021 (October 1, 2020, to September 30, 2021)	Fiscal 2021 (October 1, 2021, to September 30, 2022)
Profit (loss) for the period	(5,895,682)	1,192,512
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	27,755	38,034
Total of items that will not be reclassified to profit or loss	27,755	38,034
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	1,343,067	1,611,363
Share of other comprehensive income of investments accounted for using the equity method	34,085	174,504
Total of items that may be reclassified subsequently to profit or loss	1,377,153	1,785,867
Other comprehensive income, net of tax	1,404,909	1,823,902
Total comprehensive income (loss) for the period	(4,490,773)	3,016,414
Comprehensive income (loss) for the period attributable to:		
Owners of the parent	(4,496,534)	3,011,569
Non-controlling interests	5,761	4,845
Total	(4,490,773)	3,016,414

(3) Condensed Consolidated Statements of Changes in Equity

For Fiscal 2021 (October 1, 2020, to September 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)	32,487,692	151,443	33,639,135
Profit (loss) for the period	-	-	(5,901,120)	-	-	(5,901,120)	5,437	(5,895,682)
Other comprehensive income	-	-	-	-	1,404,585	1,404,585	323	1,404,909
Total comprehensive income for the period	-	-	(5,901,120)	-	1,404,585	(4,496,534)	5,761	(4,490,773)
Dividends of surplus	-	-	(697,124)	-	-	(697,124)	(20,175)	(717,299)
Stock-based compensation transactions	-	36,143	-	-	-	36,143	-	36,143
Purchase of treasury shares	-	22,961	-	-	-	22,961	(21,129)	1,831
Changes due to corporate mergers	-	-	-	-	-	-	8,842	8,842
Increase from corporate mergers	-	-	60,539	-	-	60,539	-	60,539
Changes from exclusion from consolidation	-	-	-	-	(31)	(31)	-	(31)
Total transactions with owners	-	59,105	(636,584)	-	(31)	(577,510)	(32,462)	(609,973)
Balance as of September 30, 2021	9,716,363	9,982,062	10,296,601	(1,009,262)	(572,117)	28,413,647	124,741	28,538,388

For Fiscal 2022 (October 1, 2021, to September 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 (loss) for the period	-	-	1,187,667	-	-	1,187,667	4,845	1,192,512
Other comprehensive income	-	-	-	-	1,823,902	1,823,902	-	1,823,902
Total comprehensive income (loss) for the period	-	-	1,187,667	-	1,823,902	3,011,569	4,845	3,016,414
Dividends of surplus	-	-	(477,049)	-	-	(477,049)	(5,331)	(482,381)
Stock-based compensation transactions	-	51,205	-	-	-	51,205	-	51,205
Transfer from capital surplus	-	-	20,000	-	(20,000)	-	-	-
Purchase of treasury shares	-	-	-	(4)	-	(4)	-	(4)
Increase/decrease due to exclusion from consolidation	-	-	(1,820)	-	1,820	-	7,289	7,289
Total transactions with owners	-	51,205	(458,869)	(4)	(18,179)	(425,848)	1,957	(423,891)
Balance as of September 30, 2022	9,716,363	10,033,268	11,025,398	(1,009,267)	1,233,604	30,999,367	131,544	31,130,912

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2021 (October 1, 2020, to September 30, 2021)	Fiscal 2022 (October 1, 2021, to September 30, 2022)
Net cash from operating activities		
Profit for the period before tax	(6,857,347)	1,396,421
Depreciation and amortization	1,978,489	1,910,549
Impairment loss	9,749,169	-
Financial revenue	(23,776)	(5,931)
Financial expenses	108,071	89,113
Decrease (increase) in accounts receivable-trade and other current receivables	2,645,989	(1,738,155)
Increase (decrease) in accounts payable-trade and other current payables	(2,627,576)	2,174,908
Other	(1,653,645)	(1,168,047)
Subtotal	3,319,374	2,658,859
Interest and dividends received	1,400	4,930
Interest paid	(112,032)	(172,469)
Income taxes paid	(1,921,086)	205,995
Net cash from operating activities	1,287,655	2,697,315
Net cash used in investing activities		
Proceeds from sale of financial instrument assets	-	20,000
Purchase of financial instrument assets	(100,100)	-
Purchase of property, plant and equipment	(99,330)	(92,640)
Proceeds from sale of property, plant and equipment	1,572	7,156
Purchase of intangible assets	(678,518)	(586,945)
Payments for business transfer	(417,543)	(453,523)
Purchase of subsidiaries	(3,216)	(295,381)
Proceeds from acquisition of subsidiaries	4,458	-
Proceeds from the sale of shares of subsidiaries	-	2,440,155
Payments of lease deposits and guarantees	(9,882)	(18,799)
Proceeds from refund of lease deposits and guarantees	179,469	6,574
Purchase of shares of affiliates	-	(800,000)
Payments of loans receivable	(813,500)	(985,164)
Collection of loans receivable	762,165	1,141,585
Others	106,377	5,852
Net cash from investing activities	(1,068,049)	388,869
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	-	503,000
Repayment of short-term loans	(1,100,549)	(250,500)
Proceeds from long-term loans payable	409,500	1,319,746
Repayment of long-term loans	(1,055,088)	(404,350)
Dividends paid	(697,234)	(477,172)
Repayment of lease obligations	(828,830)	(739,468)
Dividends paid to non-controlling interests	(20,175)	(5,331)
Purchase of shares in subsidiaries from non-controlling interests	(19,970)	-
Proceeds from share issuance to non-controlling interests	20,700	-
Purchase of treasury shares	-	(4)
Net cash from financing activities	(3,291,648)	(54,082)
Effect of exchange rate changes on cash and cash equivalents	254,604	343,851
Net increase (decrease) in cash and cash equivalents	(2,817,438)	3,375,954
Cash and cash equivalents at beginning of period	15,962,746	13,145,308
Cash and cash equivalents at end of period	13,145,308	16,521,263

(5) Notes on the Consolidated Financial Statements

(Note Regarding Going Concern Assumption)
 Not applicable.

(Segment Information)

(1) (Overview of Reported Segments)

The reported segments of the Group have separate financial information available from the Group's constituent units and are subject to regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Company and its subsidiaries divide their business segments into two reporting segments, HOME'S Services and Overseas. The segments have been primarily divided based on the service content provided and the constituent units of performance management.

The types of services that belong to each reporting segment are as follows:

Segment	Service Type
HOME'S Services	Operation of the real estate and housing portal, LIFULL HOME'S, online marketing service for real estate professionals and real estate investment portal, Kenbiya
Overseas	Operation of aggregation sites for real estate, used cars and job listings, Trovit and Mitula

(2) Revenue, profit or loss and other items by reportable segment

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The amounts of inter-reportable segment revenue are based on market prices.

Revenue, profit or loss and other items by reportable segment are as follows:

For Fiscal 2021 (October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Reportable segment		Other ²	Total
	HOME'S Services	Overseas		
Revenue				
Customers	26,693,086	7,019,119	2,144,971	35,857,177
Intersegment	22,027	244,688	46,910	313,626
Total	26,715,113	7,263,807	2,191,881	36,170,803
Segment profit (loss) ¹	2,364,272	1,577,535	(679,033)	3,262,774
Other income (expense)				
Operating income				
Financial revenue and expenses (net)				
Share of profit (loss) of investments accounted for using the equity method				
Profit before taxes				
Other items				
Depreciation and amortization	1,363,215	545,490	53,028	1,961,733
	Reconciliation ³	Consolidated		
Revenue				
Customers	-	35,857,177		
Intersegment	(313,626)	-		
Total	(313,626)	35,857,177		
Segment profit (loss) ¹	43,825	3,306,600		
Other income (expense)		(9,950,704)		
Operating income		(6,644,103)		
Financial revenue and expenses (net)		(84,295)		
Share of profit (loss) of investments accounted for using the equity method		(128,949)		
Profit before taxes		(6,857,347)		
Other items				
Depreciation and amortization	-	1,961,733		

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.

2. The Other Businesses segment comprises businesses that are not included in the reportable segments. These include LIFULL *Kaigo* (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL *Trunkroom*, a search website for rental storage space; and other new business ventures.

3. Adjustments to segment profit include elimination of intersegment transactions.

For Fiscal 2022 (October 1, 2021, to September 30, 2022)

(Thousands of yen)

	Reportable segment		Other ²	Total
	HOME'S Services	Overseas		
Revenue				
Customers	26,067,629	6,938,101	2,725,061	35,730,792
Intersegment	15,873	263,278	20,537	299,689
Total	26,083,502	7,201,380	2,745,599	36,030,481
Segment profit (loss) ¹	349,381	576,753	(661,486)	264,648
Other income (expense)				
Operating income				
Financial revenue and expenses (net)				
Share of profit (loss) of investments accounted for using the equity method				
Profit before taxes				
Other items				
Depreciation and amortization	1,203,147	605,708	85,111	1,893,968
	Reconciliation ³	Consolidated		
Revenue				
Customers	-	35,730,792		
Intersegment	(299,689)	-		
Total	(299,689)	35,730,792		
Segment profit (loss) ¹	47,538	312,187		
Other income (expense)		1,369,720		
Operating income		1,681,907		
Financial revenue and expenses (net)		(83,182)		
Share of profit (loss) of investments accounted for using the equity method		(202,304)		
Profit before taxes		1,396,421		
Other items				
Depreciation and amortization	-	1,893,968		

Notes:

1. Segment profit (loss) is revenue less cost of revenue and selling, general and administrative expenses.
2. The Other Businesses segment comprises businesses that are not included in the reportable segments. These include LIFULL *Kaigo* (nursing care), a search website for care homes for the elderly and nursing care facilities; LIFULL *Trunkroom*, a search website for rental storage space; and other new business ventures.
3. Adjustments to segment profit include elimination of intersegment transactions.

(Per-share information)

The basis for calculating profit for the period per share attributable to owners of the parent is as follows:

	Fiscal 2021 (October 1, 2020, to September 30, 2021)	Fiscal 2022 (October 1, 2021, to September 30, 2022)
Profit (loss) attributable to owners of the parent (Thousands of yen)	(5,901,120)	1,187,667
Average number of basic common shares during the period	131,781,614	131,781,600
Impact of potentially dilutive common stock	-	269,712
Diluted average number of common shares during the period	131,781,614	132,051,312
Profit for the period per share attributable to owners of the parent (yen)		
Basic profit (loss) for the period per share	(44.78)	9.01
Diluted net income per share (loss)	(44.78)	8.99

Notes: Diluted earnings (loss) per share for the previous consolidated fiscal year is the same amount as basic earnings (loss) per share, as there are no potential shares for dilution.

(Important subsequent events)

(1) Transfer of Share of an Equity Method Affiliate

A meeting of the Board of Directors held on October 24, 2022, resolved to transfer all shares of RAKUTEN LIFULL STAY Pte. Ltd. held by the Company (“Transfer”) and entered into a transfer agreement on the same day with the transfer completed on October 31, 2022.

[1] Reasons for the Transfer of Shares

Under our corporate message of “Make Every LIFE, FULL,” the LIFULL Group provides a multitude of services in Japan and around the world focused around its domestic Japanese real estate and housing information platform, LIFULL HOME’S.

In 2017, the Company and Rakuten Group Inc. jointly founded Rakuten LIFULL STAY Pte., Ltd. to utilize the growing vacation rental market to promote the repurposing of abandoned houses in rural Japan and launched the vacation rental reservation website, Vacation Stay. Since then, Vacation Stay has continued to grow and currently has over 100,000 registered spaces, and Rakuten’s own brand “Rakuten STAY” has also continued its smooth expansion. The market for vacation rentals continues to reach new heights, but the number of opportunities for us to realize our goal of repurposing abandoned homes remains well below our original expectations. In addition, due to our current business environment, we have decided to concentrate our investments on our primary businesses and have been restructuring and stepping back from our non-core areas. Therefore, we have made the decision to transfer all of our shares of Rakuten LIFULL STAY Pte., Ltd.

[2] Name of the Counterpart in the Share Transfer

Rakuten Asia Pte. Ltd.

[3] Date of Share Transfer

October 31, 2022

[4] Overview of the Equity Method Affiliate to be Transferred

Company Name	RAKUTEN LIFULL STAY Pte. Ltd.
Business	Operation of a vacation rental platform
Shareholders and Holding Ratio	Rakuten Group Ltd. (51%), LIFULL Co., Ltd. (49%)

[5] Numbers of Shares to be Transferred and the Percentage of Shareholding Before and After the Transfer

Number of shares	3,824,833
Transfer price	Undisclosed due to non-disclosure obligations agreed to by both parties
Gain from Transfer	– thousand yen (non-consolidated) Consolidated gain from transfer currently under evaluation.
Shares owned after transfer	0 (-%)

(2) Issuance of Share Acquisition Rights for Stock Options

The Board of Directors resolved to issue share acquisition rights to provide stock options to its executive officers and employees at a meeting held on November 9, 2022, and will provide the opportunity for employees to apply for these rights.

Please refer to the release “Notice of Issuance of Share Acquisition Rights (Stock Options Offered for Value)” made public on November 9, 2022.

(3) Repurchase of Treasury Shares

The Board of Directors resolved to repurchase shares of the Company at a meeting held on November 9, 2022, based on Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same law.

[1] Reason for Purchase of Treasury Stock

Repurchase of treasury shares will not only allow us to improve shareholder returns, but also enable more flexible responses to changes in our business environment and use of capital.

[2] Type of Shares

Ordinary shares of the Company

[3] Total Number of Shares to be Repurchased

Up to 5,000,000 shares

Ratio of treasury stock to be acquired to shares outstanding [excluding treasury stock]: 3.79%

[4] Aggregate Purchase Price

Up to 1,000,000 thousand yen

[5] Repurchase Period

From November 10, 2022 to May 9, 2023

[6] Method of Purchase

Market purchase based on discretionary trading contract