

Consolidated Financial Report for the Nine-month Period Ended June 30, 2023 (IFRS)

August 7, 2023

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Scheduled quarterly securities report submission date: August 7, 2023 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, 2023 (October 1, 2022 to June 30, 2023)

(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, 2023	27,994	4.9	2,492	296.9	2,236	364.5	1,531	345.5	1,503	333.5	3,326	54.4
Nine months ended June 30, 2022	26,686	(0.9)	628	(74.6)	481	(79.0)	343	(76.8)	346	(76.5)	2,154	(32.5)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine months ended June 30, 2023	11.69	11.65
Nine months ended June 30, 2022	2.63	2.63

(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, 2023	50,865	33,178	33,075	65.0
As of September 30, 2022	48,727	31,123	30,991	63.6

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY 2022/9	-	0.00	-	2.25	2.25
FY 2023/9	-	0.00	-	-	-
FY 2023/9 (Forecast)	-	-	-	-	-

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

Note 2: Dividends for FY 2023/9 are expected to be calculated based on a payout ratio of 25%.

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

(Percentages indicate year-over-year change)

	Revenue		Operating income		Profit attributable to owners of the parent		Basic earnings per share
	million yen	(%)	million yen	(%)	million yen	(%)	yen
Fiscal 2023	37,000	3.6	3,300	97.3	2,500	111.8	18.97

Note 1: There have been no 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, 2023	134,239,870	As of September 30, 2022	134,239,870
As of June 30, 2023	6,245,057	As of September 30, 2022	2,458,270
As of June 30, 2023	128,617,838	As of June 30, 2022	131,781,600

*** 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 to the materials provided, 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

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	16,521	16,184
Accounts receivable-trade and other current receivables	4,461	4,746
Other short-term financial assets	1,068	943
Other current assets	2,960	901
Total current assets	<u>25,011</u>	<u>22,775</u>
Non-current assets		
Property, plant and equipment	1,191	1,095
Right-of-use assets	2,656	2,281
Goodwill	11,499	16,777
Intangible assets	2,961	2,758
Investments accounted for using the equity method	1,112	572
Other long-term financial assets	1,528	2,052
Deferred tax assets	2,716	2,541
Other non-current assets	49	11
Total non-current assets	<u>23,715</u>	<u>28,090</u>
Total assets	<u>48,727</u>	<u>50,865</u>

	As of September 30, 2022	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	3,036	3,344
Loans	8,092	5,229
Lease liabilities	693	713
Accrued corporate income taxes	250	467
Other current liabilities	1,316	2,052
Total current liabilities	13,389	11,806
Non-current liabilities		
Loans	462	374
Lease obligations	2,036	1,631
Provisions	511	511
Other long-term financial liabilities	200	2,399
Deferred tax liabilities	479	456
Other non-current liabilities	523	506
Total non-current liabilities	4,214	5,881
Total liabilities	17,603	17,687
Equity		
Attributable to the owners of the parent		
Capital stock	9,716	9,716
Capital surplus	10,033	10,107
Retained earnings	11,018	12,181
Treasury shares	(1,009)	(2,009)
Stock acquisition rights	-	6
Other components of equity	1,233	3,073
Attributable to the owners of the parent	30,991	33,075
Attributable to non-controlling interests	131	102
Total equity	31,123	33,178
Total liabilities and equity	48,727	50,865

(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

(Millions of yen)

	Nine-month Period Ended June 30, 2022 (October 1, 2021 to June 30, 2022)	Nine-month Period Ended June 30, 2023 (October 1, 2022 to June 30, 2023)
Revenue	26,686	27,994
Cost of revenue	2,971	3,412
Gross profit	23,715	24,582
Selling, general and administrative expenses	23,448	22,663
Other revenue	423	803
Other expenses	61	229
Operating income	628	2,492
Financial revenue	23	35
Financial expenses	65	130
Share of profit (loss) of investments accounted for using the equity method	(104)	(160)
Profit before taxes	481	2,236
Income tax expenses	137	705
Profit for the period	343	1,531
Profit (loss) for the period attributable to:		
Owners of the parent	346	1,503
Non-controlling interests	(3)	28
Total	343	1,531
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	2.63	11.69
Diluted profit for the period per share	2.63	11.66

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

(Millions of yen)

	Three-month period Ended June 30, 2022 (April 1, 2022 to June 30, 2022)	Three-month period Ended June 30, 2023 (April 1, 2023 to June 30, 2023)
Revenue	8,645	8,825
Cost of revenue	957	843
Gross profit	7,688	7,982
Selling, general and administrative expenses	7,857	7,270
Other revenue	301	101
Other expenses	26	68
Operating income	105	744
Financial revenue	1	30
Financial expenses	21	91
Share of profit (loss) of investments accounted for using the equity method	(32)	(48)
Profit before taxes	53	636
Income tax expenses	(120)	297
Profit for the period	174	339
Profit (loss) for the period attributable to:		
Owners of the parent	161	350
Non-controlling interests	13	(11)
Total	174	339
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	1.22	2.74
Diluted profit for the period per share	1.22	2.73

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

(Millions of yen)

	Nine-month period Ended June 30, 2022 (October 1, 2021 to June 30, 2022)	Nine-month period Ended June 30, 2023 (October 1, 2022 to June 30, 2023)
Profit for the period	343	1,531
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	8	(30)
Total of items that will not be reclassified to profit or loss	8	(30)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	1,711	2,009
Share of other comprehensive income of investments accounted for using the equity method	90	(184)
Total of items that may be reclassified subsequently to profit or loss	1,802	1,825
Other comprehensive income, net of tax	1,810	1,794
Total comprehensive income for the period	2,154	3,326
Comprehensive income for the period attributable to:		
Owners of the parent	2,157	3,298
Non-controlling interests	(3)	28
Total	2,154	3,326

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

(Millions of yen)

	Three-month period Ended June 30, 2022 (April 1, 2022 to June 30, 2022)	Three-month period Ended June 30, 2023 (April 1, 2023 to June 30, 2023)
Profit for the period	174	339
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	15	(14)
Total of items that will not be reclassified to profit or loss	15	(14)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	826	1,574
Share of other comprehensive income of investments accounted for using the equity method	67	—
Total of items that may be reclassified subsequently to profit or loss	893	1,574
Other comprehensive income, net of tax	908	1,559
Total comprehensive income for the period	1,082	1,898
Comprehensive income for the period attributable to:		
Owners of the parent	1,069	1,910
Non-controlling interests	13	(11)
Total	1,082	1,898

(3) Condensed Consolidated Statements of Changes in Equity

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

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Stock acquisition rights	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	9,982	10,296	(1,009)	-	(572)	28,413	124	28,538
Profit for the period	-	-	346	-	-	-	346	(3)	343
Other comprehensive income	-	-	-	-	-	1,810	1,810	(0)	1,810
Total comprehensive income for the period	-	-	346	-	-	1,810	2,157	(3)	2,154
Dividends of surplus	-	-	(477)	-	-	-	(477)	(5)	(482)
Increase (decrease) by business combination	-	-	-	-	-	-	-	(5)	(5)
Share-based payment transactions	-	39	-	-	-	-	39	-	39
Purchase of treasury shares	-	-	-	(0)	-	-	(0)	-	(0)
Total transactions with owners	-	39	(477)	(0)	-	-	(437)	(10)	(448)
Balance as of June 30, 2022	9,716	10,021	10,166	(1,009)	-	1,238	30,133	110	30,244

For the Nine-month Period Ended June 30, 2023 (October 1, 2022 to June 30, 2023)

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Stock acquisition rights	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of October 1, 2022	9,716	10,033	11,018	(1,009)	-	1,233	30,991	131	31,123
Profit for the period	-	-	1,503	-	-	-	1,503	28	1,531
Other comprehensive income	-	-	-	-	-	1,794	1,794	-	1,794
Total comprehensive income for the period	-	-	1,503	-	-	1,794	3,298	28	3,326
Dividends of surplus	-	-	(296)	-	-	-	(296)	(60)	(356)
Share-based payment transactions	-	74	-	-	6	-	80	-	80
Transfer to retained earnings	-	-	(45)	-	-	45	-	-	-
Purchase of treasury shares	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Changes from exclusion of companies accounted for by the equity method	-	-	1	-	-	-	1	-	1
Equity transactions with non-controlling interest shareholders	-	-	-	-	-	-	-	3	3
Total transactions with owners	-	74	(340)	(1,000)	6	45	(1,214)	(57)	(1,271)
Balance as of June 30, 2023	9,716	10,107	12,181	(2,009)	6	3,073	33,075	102	33,178

(4) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine-month Period Ended June 30, 2022 (October 1, 2021 to June 30, 2022)	Nine-month Period Ended June 30, 2023 (October 1, 2022 to June 30, 2023)
Net cash from operating activities		
Profit for the period before tax	481	2,236
Depreciation and amortization	1,422	1,479
Financial revenue	(23)	(35)
Financial expenses	65	130
Decrease (increase) in accounts receivable-trade and other current receivables	531	709
Increase (decrease) in accounts payable-trade and other current payables	(519)	(1,334)
Other	(276)	2,212
Subtotal	<u>1,682</u>	<u>5,399</u>
Interest and dividends received	3	27
Interest paid	(81)	(53)
Income taxes paid or refunded (paid)	228	(156)
Net cash from operating activities	<u>1,833</u>	<u>5,216</u>
Net cash used in investing activities		
Proceeds from sale of capital financial assets	20	-
Purchase of property, plant and equipment	(77)	(135)
Proceeds from sale of property, plant and equipment	7	2
Purchase of intangible assets	(430)	(325)
Payments for transfer of business	(357)	-
Purchase of subsidiaries	(312)	(1,096)
Purchase of shares of affiliates	(800)	-
Proceeds from the sale of affiliates	-	858
Payments of loans receivable	(726)	(1,592)
Collection of loans receivable	1,105	1,157
Other	(8)	58
Net cash from investing activities	<u>(1,581)</u>	<u>(1,072)</u>
Net cash provided by (used in) financing activities		
Proceeds from short-term loans	3	100
Repayment of short-term loans	(250)	(1,700)
Proceeds from long-term loans	1,319	-
Repayment of long-term loans	(294)	(1,492)
Dividends paid	(477)	(296)
Repayment of lease obligations	(560)	(559)
Dividends paid to non-controlling interests	(5)	(57)
Purchase of treasury shares	(0)	(1,000)
Other	-	9
Net cash from financing activities	<u>(265)</u>	<u>(4,996)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>588</u>	<u>514</u>
Net increase (decrease) in cash and cash equivalents	<u>575</u>	<u>(337)</u>
Cash and cash equivalents at beginning of period	<u>13,145</u>	<u>16,521</u>
Cash and cash equivalents at end of period	<u>13,721</u>	<u>16,184</u>

(5) Notes on the Consolidated Financial Statements

1. Note Regarding Going Concern Assumptions

Not applicable.

2. Subsequent Events

Not applicable.