

Consolidated Financial Report for the Three-month Period Ended December 31, 2024 (IFRS)

February 12, 2025

Company name: LIFULL Co., Ltd.	Listed exchange: Tokyo Stock Exchange
Stock code: 2120	URL: https://lifull.com/en/ir
Representative: ITO Yuji	(Position) President, Managing Director
Contact: FUKUZAWA Hidekazu	(Position) Managing Officer, General Manager of Group Company Business Development Department (TEL) +81-3-6774-1603
Scheduled date of start of dividend payments:	-
Preparation of supporting documentation for earnings:	Yes
Earnings presentations:	None

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

1. Consolidated Financial Results for the Three-month Period Ended December 31, 2024 (Oct. 1, 2024, to Dec. 31, 2024)

(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	%
Three-months ended Dec. 31, 2024	8,367	2.2	652	-	596	-	385	-	383	-	709	-
Three-months ended Dec. 31, 2023	8,190	8.0	(55)	-	(135)	-	(399)	-	(400)	-	(574)	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three months ended Dec. 31, 2024	3.00	3.00
Three months ended Dec. 31, 2023	(3.13)	(3.13)

(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 Dec. 31, 2024	43,695	24,770	24,671	56.5
As of Sep. 30, 2024	41,191	24,202	24,105	58.5

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY 2024	-	0.00	-	0.73	0.73
FY 2025	-	-	-	-	-
FY 2025/9 (Forecast)	-	-	-	-	-

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

Note 2: Dividends for FY 2025 are expected to be calculated based on a payout ratio of 25%.

3. Forecasts on the Consolidated Results for FY 2025 (Oct. 1, 2024, to Sep. 30, 2025)

(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
FY 2025	30,659	(11.0)	3,300	-	1,900	-	14.84

Note 1: There have been changes to the dividend 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 Dec. 31, 2024	134,239,870	As of Sep. 30, 2024	134,239,870
As of Dec. 31, 2024	6,245,251	As of Sep. 30, 2024	6,245,229
As of Dec. 31, 2024	127,994,630	As of Dec. 31, 2023	127,994,751

* This consolidated financial report is not subject to quarterly review procedures.

* 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 Investor Relations website for more details. (<https://lifull.com/en/ir/>)

(Appendix)

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1. Overview of Operating Results

Refer to the First Quarter Earnings Report for FY 2025. (<https://lifull.com/en/ir/ir-data/>)

2. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of Sep. 30, 2024	As of Dec. 31, 2024
Assets		
Current assets		
Cash and cash equivalents	14,633	10,836
Accounts receivable-trade and other current receivables	4,299	3,960
Other short-term financial assets	1,836	1,868
Other current assets	820	1,583
Total current assets	21,589	18,248
Non-current assets		
Property, plant and equipment	950	914
Right-of-use assets	1,654	1,521
Goodwill	9,954	10,306
Intangible assets	2,456	2,346
Investments accounted for using the equity method	205	191
Investment properties	-	5,587
Other long-term financial assets	2,220	2,544
Deferred tax assets	2,118	1,997
Other non-current assets	42	38
Total non-current assets	19,602	25,447
Total assets	41,191	43,695

	As of Sep. 30, 2024	As of Dec. 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	2,973	2,488
Short-term loans	3,572	894
Lease liabilities	725	740
Accrued corporate income taxes	488	358
Other current liabilities	2,535	2,275
Total current liabilities	10,295	6,757
Non-current liabilities		
Long-term loans	253	5,741
Lease obligations	987	833
Provisions	532	533
Other long-term financial liabilities	4,334	4,524
Deferred tax liabilities	509	427
Other non-current liabilities	76	109
Total non-current liabilities	6,693	12,168
Total liabilities	16,989	18,925
Equity		
Attributable to the owners of the parent		
Capital stock	9,716	9,716
Capital surplus	9,938	9,890
Retained earnings	2,639	2,929
Treasury shares	(2,009)	(2,009)
Other components of equity	3,819	4,143
Attributable to the owners of the parent	24,105	24,671
Attributable to non-controlling interests	97	98
Total equity	24,202	24,770
Total liabilities and equity	41,191	43,695

(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

(Millions of yen)

	Three-month period ended Dec. 31, 2023	Three-month period ended Dec. 31, 2024
Revenue	8,190	8,367
Cost of revenue	527	572
Gross profit	7,662	7,795
Selling, general and administrative expenses	7,672	7,361
Other revenue	110	235
Other expenses	156	17
Operating income	(55)	652
Financial revenue	29	65
Financial expenses	72	107
Share of profit (loss) of investments accounted for using the equity method	(35)	(14)
Profit before taxes	(135)	596
Income tax expenses	264	210
Profit for the period	(399)	385
Profit (loss) for the period attributable to:		
Owners of the parent	(400)	383
Non-controlling interests	0	1
Total	(399)	385
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	(3.13)	3.00
Diluted profit for the period per share	(3.13)	3.00

Condensed Consolidated Statements of Comprehensive Income
For the Three-month Period Ended December 31

(Millions of yen)

	Three-month period ended Dec. 31, 2023	Three-month period ended Dec. 31, 2024
Profit for the period	(399)	385
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	(4)	3
Total of items that will not be reclassified to profit or loss	(4)	3
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(169)	320
Total of items that may be reclassified subsequently to profit or loss	(169)	320
Other comprehensive income, net of tax	(174)	324
Total comprehensive income for the period	(574)	709
Comprehensive income for the period attributable to:		
Owners of the parent	(574)	707
Non-controlling interests	0	1
Total	(574)	709

(3) Condensed Consolidated Statements of Changes in Equity

For the three-month period ended December 31, 2023 (Oct. 1, 2023, to Dec. 31, 2023)

	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 Oct. 1, 2023	9,716	10,035	11,662	(2,009)	3,051	32,456	97	32,554
Profit for the period	-	-	(400)	-	-	(400)	0	(399)
Other comprehensive income	-	-	-	-	(174)	(174)	-	(174)
Total comprehensive income for the period	-	-	(400)	-	(174)	(574)	0	(574)
Dividends of surplus	-	-	(545)	-	-	(545)	(1)	(547)
Share-based payment transactions	-	(9)	-	-	0	(9)	-	(9)
Purchase of treasury shares	-	-	-	(0)	-	(0)	-	(0)
Total transactions with owners	-	(9)	(545)	(0)	0	(554)	(1)	(556)
Balance as of Dec. 31, 2023	9,716	10,026	10,716	(2,009)	2,877	31,327	96	31,424

For the three-month period ended December 31, 2024 (Oct. 1, 2024, to Dec. 31, 2024)

	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 Oct. 1, 2024	9,716	9,938	2,639	(2,009)	3,819	24,105	97	24,202
Profit for the period	-	-	383	-	-	383	1	385
Other comprehensive income	-	-	-	-	324	324	-	324
Total comprehensive income for the period	-	-	383	-	324	707	1	709
Dividends of surplus	-	-	(93)	-	-	(93)	-	(93)
Share-based payment transactions	-	(48)	-	-	-	(48)	-	(48)
Purchase of treasury shares	-	-	-	(0)	-	(0)	-	(0)
Total transactions with owners	-	(48)	(93)	(0)	-	(141)	-	(141)
Balance as of Dec. 31, 2024	9,716	9,890	2,929	(2,009)	4,143	24,671	98	24,770

(4) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended Dec. 31, 2023	Three-month period ended Dec. 31, 2024
Net cash from operating activities		
Profit (loss) for the period before tax	(135)	596
Depreciation and amortization	502	488
Financial revenue	(29)	(65)
Financial expenses	72	107
Decrease (increase) in accounts receivable-trade and other current receivables	279	408
Increase (decrease) in accounts payable-trade and other current payables	(356)	(591)
Decrease (increase) in inventories	7	(296)
Other	(466)	(337)
Subtotal	<u>(124)</u>	<u>310</u>
Interest and dividends received	5	42
Interest paid	(16)	(34)
Income taxes paid	(512)	(385)
Net cash from operating activities	<u>(649)</u>	<u>(67)</u>
Net cash used in investing activities		
Purchase of financial instrument assets	(98)	(20)
Purchase of property, investment property, plant and equipment	(9)	(6,045)
Proceeds from the sale of property, plant and equipment	31	-
Purchase of intangible assets	(24)	(62)
Proceeds from sale of shares of affiliates	(124)	-
Payments of loans receivable	(1,027)	(933)
Proceeds from collection of loans receivable	549	720
Other	34	(1)
Net cash from investing activities	<u>(668)</u>	<u>(6,342)</u>
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	300	300
Repayment of short-term loans	(914)	(3,222)
Proceeds from long-term loans payable	100	5,766
Repayment of long-term loans	(99)	(24)
Dividends paid	(535)	(91)
Repayment of lease obligations	(176)	(187)
Dividends paid to non-controlling interests	(1)	-
Purchase of treasury shares	(0)	(0)
Other	0	-
Net cash from financing activities	<u>(1,328)</u>	<u>2,540</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13)</u>	<u>72</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,659)</u>	<u>(3,797)</u>
Cash and cash equivalents at beginning of period	<u>16,510</u>	<u>14,633</u>
Cash and cash equivalents at end of period	<u>13,850</u>	<u>10,836</u>

(5) Notes on the Consolidated Financial Statements

1. Note Regarding Going Concern Assumption

Not applicable.

2. Segment Information

(1) Overview of Reportable Segments

The Group's reportable segments are components of the Group for which discrete financial information is available. The Board of Directors reviews these segments on a regular basis to determine the allocation of corporate resources and assess business performance.

The business segments of the Company and its subsidiaries have been classified as two reportable segments: the HOME'S Services segment and the Overseas segment. These classifications are primarily based on the content of the services provided and the components of the business earnings management.

The service categories of each reportable segment are as follows:

Reportable Segments	Service Category
HOME'S Services	Operation of the comprehensive real estate and housing portal LIFULL HOME'S, provision of internet marketing services for real estate professionals and operation of the real estate investment website Kenbiya.
Overseas	Operation of aggregation websites in multiple countries for real estate/housing as well as a tech-enabled real estate agency etc.

(2) Revenue, Profit or Loss and Other Items by Reportable Segment

Accounting policies for reportable segments are the same as for the Group.

The amounts of intersegment revenue are based on market prices.

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

For the three-month period ended December 31, 2023 (October 1, 2023 to December 31, 2023)

	(Millions of yen)			
	Reportable Segments		Other Businesses ²	Total
	HOME'S Services	Overseas		
Revenue				
Customers	5,527	2,093	569	8,190
Intersegment	1	-	-	1
Total	5,528	2,093	569	8,191
Segment Profit (Loss) ¹	695	(608)	(100)	(13)
Other Income (Expenses)				
Operating Income				
Financial Revenue and Expenses (Net)				
Share of Profit (Losses) of Investments Accounted for using the Equity Method				
Profit Before Taxes				
Other Items				
Depreciation & Amortization	272	214	11	498

	(Millions of yen)	
	Reconciliation ³	Consolidated
Revenue		
Customers	-	8,190
Intersegment	(1)	-
Total	(1)	8,190
Segment Profit (Loss) ¹	3	(9)
Other Income (Expenses)		(46)
Operating Income		(55)
Financial Revenue and Expenses (Net)		(43)
Share of Profit (Losses) of Investments Accounted for using the Equity Method		(35)
Profit Before Taxes		(135)
Other Items		
Depreciation & Amortization	-	498

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

Note 2: The Other Businesses segment comprises businesses that are not included in the reportable segments, such as LIFULL Kaigo, a website for nursing care facilities; and LIFULL Trunkroom, a website for rental storage space

Note 3: Adjustments to segment profit (loss) include elimination of intersegment transactions.

For the three-month period ended December 31, 2024 (October 1, 2024 to December 31, 2024)

	(Millions of yen)			
	Reportable Segments		Other Businesses ²	Total
	HOME'S Services	Overseas		
Revenue				
Customers	5,951	1,909	506	8,367
Intersegment	2	-	-	2
Total	5,954	1,909	506	8,369
Segment Profit (Loss) ¹	864	(276)	(157)	430
Other Income (Expenses)				
Operating Income (Loss)				
Financial Revenue and Expenses (Net)				
Share of Profit (Losses) of Investments Accounted for using the Equity Method				
Profit Before Taxes (Loss)				
Other Items				
Depreciation & Amortization	261	214	9	485

(Millions of yen)

	(Millions of yen)	
	Reconciliation ³	Consolidated
Revenue		
Customers	-	8,367
Intersegment	(2)	-
Total	(2)	8,367
Segment Profit (Loss) ¹	3	434
Other Income (Expenses)		218
Operating Income (Loss)		652
Financial Revenue and Expenses (Net)		(42)
Share of Profit (Losses) of Investments Accounted for using the Equity Method		(14)
Profit Before Taxes		596
Other Items		
Depreciation & Amortization	-	485

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

Note 2: The Other Businesses segment comprises businesses that are not included in the reportable segments, such as LIFULL Kaigo, a website for nursing care facilities.

Note 3: Adjustments to segment profit (loss) include elimination of intersegment transactions.

3. Subsequent Events

(Transfer of a Consolidated Subsidiary)

At a meeting held on January 17, 2025, the Board of Directors resolved to approve a share transfer agreement to transfer all shares of our wholly owned subsidiary, LIFULL CONNECT S.L. (LIFULL CONNECT), and the transfer of all shares of LIFULL CONNECT was completed on January 21, 2025.

Consequently, by transferring all shares of our wholly-owned subsidiary LIFULL CONNECT as an in-kind investment, we acquired 55% of CONNECT NEXT PTE. LTD. (CONNECT NEXT) in non-voting preferred shares, leading to LIFULL CONNECT's exclusion from our consolidated financial statements.

1. Reason for the Transfer

Following our Corporate Message of "Make Every LIFE FULL," we have been focusing our management resources on growth of LIFULL HOME'S, one of Japan's largest real estate portals, as well as our businesses outside of Japan throughout the term of our Mid-Term Management Plan (FY 2021 – FY 2025.)

In 2019, we established LIFULL CONNECT as a holding company for our international acquisitions, Trovit Search S.L.U. and Mitula Group Limited. Since then, we have been working towards our growth strategy of Moving to Direct and shifting our primarily aggregation-based services to offerings that are closer to actual transactions and markets, such as real estate portals and tech-based brokerages.

As part of this strategy, we acquired the tech-enabled brokerage, FazWaz Thailand Co. Ltd., in 2023. While our Direct services have grown significantly over the last several years, rapid changes in the business environment, including the pandemic and evolving search engine algorithms, have impacted our revenues in aggregation services. This prompted us to re-evaluate our services, leading to impairment losses recorded in FY 2020, FY 2021/9 and FY 2024.

In Japan, however, we remain dedicated to expanding LIFULL HOME'S in Japan and have seen revenue recovery in FY 2023 and FY 2024.

For these reasons, we have opted to enter a memorandum of understanding to facilitate the strategic transformation of our overseas businesses and concentrate our management resources on expanding our Japanese operations.

2. Overview of the Transferred Subsidiary

(1) Name	LIFULL CONNECT, S.L.
(2) Location	Barcelona, Spain
(3) Title and Name of Representative	Michael Stuart Bernard Kenner
(4) Description of Business	Operation of aggregation websites, management of group companies and other related matters
(5) Date of Establishment	November 2019
(6) Share Capital	EUR 3,001 (As of Sep. 30, 2024)
(7) Consolidated Total Assets	JPY 19,158 mil. (As of Sep. 30, 2024)
(8) Consolidated Net Sales	JPY 8,153 mil. (FY 2024/9)

3. Overview of the Counterparty to the Transaction

(1) Name	CONNECT NEXT PTE. LTD.
(2) Location	Singapore
(3) Title and Name of Representative	CEO, Michael Stuart Bernard Kenner
(4) Description of Business	Holdings company
(5) Share Capital	Undisclosed, as the company is private
(6) Date of Establishment	December 17, 2024
(7) Major Shareholders and Shareholding Ratio	FWG HOLDINGS PTE. LTD. 100%

4. Date of Transfer

January 21, 2025

5. Shares and Voting Rights Held Before and After Transfer, Types of Shares and Transfer Price

(1) Shares of LIFULL CONNECT before transfer	3,001 Regular Shares (Voting Rights: 100%)
(2) Shares of LIFULL CONNECT after transfer	0 Shares
(3) Shares of CONNECT NEXT before transfer	0 Shares (Voting Rights: 0%)
(4) Shares of CONNECT NEXT after transfer	1,386,000 Series A Shares (Holding Ratio: 55%, Voting Rights: 0%)
(5) Transfer price, etc.	<p>There is no cash consideration for the share transfer of LIFULL CONNECT. As consideration for the in-kind contribution of all shares of LIFULL CONNECT owned by LIFULL to CONNECT NEXT, the company will acquire non-voting preferred shares of CONNECT NEXT (with no restrictions other than the absence of voting rights).</p> <p>(1) Voting Rights: None (2) Dividends: Equal to Regular Shares (3) Liquidation Preference: In the event of liquidation, dissolution or termination, transfer of more than half of shares of CONNECT NEXT, or a merger resulting in a change of majority shareholders, Series A shareholders shall receive distributions in preference to holders of other classes of shares and common shares. (4) Automatic Conversion: Automatic conversion into regular shares upon a new public offering, mutual agreement among shareholders or if LIFULL's shareholding ratio in CONNECT NEXT falls below 20%.</p>