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Consolidated Financial Report for the Three-month Period Ended December 31, 2022 (IFRS)

February 13, 2023

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: February 13, 2023
 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, 2022 (October 1, 2022 to December 31, 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	%
Three-month ended December 31, 2022	7,583	(10.9)	828	40.8	743	29.6	572	59.6	568	55.8	184	(58.1)
Three-month ended December 31, 2021	8,510	2.9	588	(24.1)	573	(20.8)	358	(7.6)	365	(5.8)	440	(59.7)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three months ended December 31, 2022	4.38	4.37
Three months ended December 31, 2021	2.77	2.77

(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 December 31, 2022	46,135	30,041	29,912	64.8
As of September 30, 2022	48,706	31,130	30,999	63.6

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal 2022	-	0.00	-	2.25	2.25
Fiscal 2023	-	-	-	-	-
Fiscal 2023(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	96.2	2,500	110.5	18.97

Note 1: There have been no changes in 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)

As of December 31, 2022	134,239,870	As of September 30, 2022	134,239,870
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[2] Treasury shares at the end of the period

As of December 31, 2022	6,244,970	As of September 30, 2022	2,458,270
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[3] Average shares during the period

As of December 31, 2022	129,843,479	As of December 31, 2021	131,781,600
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* 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's IR website for more details. (<https://ir.lifull.com/en/ir/>)

(Appendix)

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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 December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	16,521	14,566
Accounts receivable-trade and other current receivables	4,461	4,156
Other short-term financial assets	1,068	1,313
Other current assets	2,960	3,424
Total current assets	25,011	23,460
Non-current assets		
Property, plant and equipment	1,191	1,127
Right-of-use assets	2,656	2,473
Goodwill	11,590	11,514
Intangible assets	2,850	2,740
Investments accounted for using the equity method	1,112	664
Other long-term financial assets	1,528	1,476
Deferred tax assets	2,716	2,638
Other non-current assets	49	40
Total non-current assets	23,695	22,674
Total assets	48,706	46,135

	As of September 30, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	3,036	2,424
Short-term loans	8,092	7,629
Lease liabilities	693	664
Accrued corporate income taxes	250	118
Other current liabilities	1,316	1,358
Total current liabilities	13,389	12,194
Non-current liabilities		
Short-term loans	462	348
Lease obligations	2,036	1,879
Provisions	511	511
Other long-term financial liabilities	200	201
Deferred tax liabilities	451	437
Other non-current liabilities	523	522
Total non-current liabilities	4,186	3,900
Total liabilities	17,575	16,094
Equity		
Attributable to the owners of the parent		
Capital stock	9,716	9,716
Capital surplus	10,033	10,056
Retained earnings	11,025	11,288
Treasury shares	(1,009)	(2,009)
Other components of equity	-	5
Share Acquisition Rights	1,233	855
Attributable to the owners of the parent	30,999	29,912
Attributable to non-controlling interests	131	128
Total equity	31,130	30,041
Total liabilities and equity	48,706	46,135

(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, 2022

	(Millions of yen)	
	Three-month period ended December 31, 2021	Three-month period ended December 31, 2022
Revenue	8,510	7,583
Cost of revenue	947	328
Gross profit	7,563	7,254
Selling, general and administrative expenses	7,010	6,965
Other revenue	52	683
Other expenses	16	144
Operating income	588	828
Financial revenue	20	4
Financial expenses	21	19
Share of profit (loss) of investments accounted for using the equity method	(14)	(70)
Profit before taxes	573	743
Income tax expenses	214	170
Profit for the period	358	572
Profit (loss) for the period attributable to:		
Owners of the parent	365	568
Non-controlling interests	(6)	3
Total	358	572
	(yen)	(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	2.77	4.38
Diluted profit for the period per share	2.77	4.37

Condensed Consolidated Statements of Comprehensive Income
For the Three-month Period Ended December 31, 2022

(Millions of yen)

	Three-month period ended December 31, 2021	Three-month period ended December 31, 2022
Profit for the period	358	572
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	(6)	(4)
Total of items that will not be reclassified to profit or loss	(6)	(4)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	69	(198)
Share of other comprehensive income of investments accounted for using the equity method	19	(184)
Total of items that may be reclassified subsequently to profit or loss	88	(383)
Other comprehensive income, net of tax	81	(387)
Total comprehensive income for the period	440	184
Comprehensive income for the period attributable to:		
Owners of the parent	446	181
Non-controlling interests	(6)	3
Total	440	184

(3) Condensed Consolidated Statements of Changes in Equity

For the three-month period ended December 31, 2021 (October 1, 2021 to December 31, 2021)

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Share 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	-	-	365	-	-	-	365	(6)	358
Other comprehensive income	-	-	-	-	-	81	81	-	81
Total comprehensive income for the period	-	-	365	-	-	81	446	(6)	440
Dividends of surplus	-	-	(477)	-	-	-	(477)	(5)	(482)
Share-based payment transactions	-	11	-	-	-	-	11	-	11
Purchase of treasury shares	-	-	-	(0)	-	-	(0)	-	(0)
Total transactions with owners	-	11	(477)	(0)	-	-	(465)	(5)	(471)
Balance as of December 31, 2021	9,716	9,993	10,184	(1,009)	-	(490)	28,394	112	28,507

For the three-month period ended December 31, 2022 (October 1, 2022 to December 31, 2022)

(Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Share 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	11,025	(1,009)	-	1,233	30,999	131	31,130
Profit for the period	-	-	568	-	-	-	568	3	572
Other comprehensive income	-	-	-	-	-	(387)	(387)	-	(387)
Total comprehensive income for the period	-	-	568	-	-	(387)	181	3	184
Dividends of surplus	-	-	(296)	-	-	-	(296)	(6)	(303)
Share-based payment transactions	-	23	-	-	5	-	28	-	28
Transfer to retained earnings	-	-	(9)	-	-	9	-	-	-
Purchase of treasury shares	-	-	-	(999)	-	-	(999)	-	(999)
Total transactions with owners	-	23	(305)	(999)	5	9	(1,267)	(6)	(1,274)
Balance as of December 31, 2022	9,716	10,056	11,288	(2,009)	5	855	29,912	128	30,041

(4) Condensed Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three-month period ended December 31, 2021	Three-month period ended December 31, 2022
Net cash from operating activities		
Profit for the period before tax	573	743
Depreciation and amortization	464	485
Financial revenue	(20)	(4)
Financial expenses	21	19
Decrease (increase) in accounts receivable-trade and other current receivables	496	306
Increase (decrease) in accounts payable-trade and other current payables	(604)	(651)
Other	(517)	(726)
Subtotal	412	172
Interest and dividends received	0	4
Interest paid	(21)	(52)
Income taxes paid	(399)	(417)
Net cash from operating activities	(8)	(293)
Net cash used in investing activities		
Proceeds from sale of financial instrument assets	20	-
Purchase of property, plant and equipment	(30)	(19)
Purchase of intangible assets	(136)	(104)
Proceeds from sale of shares of affiliates	-	858
Payments of loans receivable	(209)	(306)
Collection of loans receivable	296	117
Others	(6)	(4)
Net cash from investing activities	(66)	540
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	-	100
Repayment of short-term loans	(250)	(500)
Proceeds from long-term loans payable	205	-
Repayment of long-term loans	(174)	(177)
Dividends paid	(470)	(290)
Repayment of lease obligations	(187)	(186)
Dividends paid to non-controlling interests	(5)	(6)
Purchase of treasury shares	(0)	(999)
Others	-	5
Net cash from financing activities	(882)	(2,056)
Effect of exchange rate changes on cash and cash equivalents	(4)	(144)
Net increase (decrease) in cash and cash equivalents	(962)	(1,954)
Cash and cash equivalents at beginning of period	13,145	16,521
Cash and cash equivalents at end of period	12,183	14,566

(5) Notes on the Consolidated Financial Statements

1. Note Regarding Going Concern Assumption

Not applicable.

2. Note Regarding Going Concern Assumption

(Business combination by acquisition)

LIFULL Co., Ltd. (“the Company”) and LIFULL CONNECT S.L.U. (a wholly-owned subsidiary of the Company headquartered in Spain, “LIFULL CONNECT”) have announced the decision for Dot Property Co., Ltd. (a wholly-owned subsidiary of LIFULL CONNECT, headquartered in Thailand, “Dot Property”) to enter into a transaction agreement to acquire all shares of FazWaz Thailand Co. Ltd., a subsidiary of FazWaz Pte. Ltd. (headquartered in Singapore, “FazWaz”), to make it a subsidiary of the Company for the purposes of expanding the Company’s real estate businesses in Thailand and Southeast Asia and acquiring technology.

(1) Name of the acquired company and nature of its businesses

Name of the acquired company:	FazWaz Thailand Co. Ltd.
Location:	Bangkok, Thailand
Primary Field of Business:	Real Estate Brokerage

(2) Primary reason for the business combination

Since our founding, we have followed our Corporate Philosophy “Create a society where everyone can attain comfort and happiness through continuous social innovations” providing people with lifestyle information focused mainly around the real estate sector. The focal point of our current Mid-Term Management Plan ending in FY 2025/9 is the expansion of our core real estate-related businesses in Japan and abroad.

LIFULL CONNECT, a wholly-owned subsidiary of the Company, offers primarily real estate-related services in over sixty countries under a variety of brands and attracts the largest real estate audience in the world. These services include a mixture of portal and aggregation sites as well as other services tailored to the needs of each region.

Based out of in Thailand, Dot Property Pte. Ltd., a subsidiary of LIFULL CONNECT, has operated a network of real estate portal sites in Southeast Asia since 2013 and has been active as a real estate brokerage in Thailand. In 2020, Dot Property acquired the Thailand-based real estate portal, HipFlat, and has continued to make active investments in the expansion of its business.

FazWaz, on the other hand, was founded in 2015 in Thailand, the expansion of its brokerage services across Thailand and Southeast Asia has been remarkable.

In combining the user base and client network of Dot Property and FazWaz, LIFULL CONNECT will continue to expand its business across Southeast Asia. At the same time, we will leverage the technology and industry experience of FazWaz to develop products that the LIFULL Group can utilize across the 60 countries and regions where it is active. We, therefore, believe that this acquisition will improve the quality of our services and strengthen the overall global competitiveness of the Group.

In this acquisition, Dot Property is acquiring all shares of FazWaz Thailand. However, Dot Property and FazWaz plan to utilize their management resources to the fullest extent with both LIFULL CONNECT and FazWaz working together to accelerate business growth in Thailand and other regions in Southeast Asia. Therefore, FazWaz will also receive a portion of the shares of Dot Property.

(3) Date of acquisition

February 11, 2023

(4) Acquisition method

Acquisition paid for in ordinary shares of Dot Property etc.

(5) Consideration for acquisition

Total amount undisclosed due to stipulations in the non-disclosure agreement between parties

(6) Amounts and reasons for goodwill, assets and liabilities obtained on date of merger

Not currently finalized