

Consolidated Financial Report for the Nine-month Period Ended June 30, 2020 (IFRS)

August 12, 2020

Company name: LIFULL Co., Ltd. **Listed exchange:** Tokyo Stock Exchange
Stock code: 2120 **URL:** https://lifull.com/en/ir/
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Scheduled quarterly securities report submission date: August 12, 2020
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 Nine-month Period Ended June 30, 2020 (October 1, 2019 to June 30, 2020)

(1) Consolidated Operating Results

(Percentages indicate year-on-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, 2020	26,892	(8.4)	3,686	9.0	3,445	9.4	2,326	16.2	2,323	14.1	3,099	425.2
Nine months ended June 30, 2019	29,352	12.8	3,383	(6.9)	3,150	(11.3)	2,002	(10.3)	2,036	(10.5)	590	(67.0)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine months ended June 30, 2020	17.34	-
Nine months ended June 30, 2019	15.84	-

(Reference) EBITDA (operating income before depreciation and amortization) Nine months ended June 30, 2020: 5,180 million yen
 Nine months ended June 30, 2019: 4,256 million yen

Note: The provisional accounting procedures for corporate mergers were defined in the first and third three-month periods of the current fiscal year. These provisional accounting measures have also been applied for values for the fiscal year ended June 30, 2019.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
As of June 30, 2020	54,616	34,643	34,548	63.3
As of September 30, 2019	43,672	32,627	32,551	74.5

Note: The provisional accounting procedures for corporate mergers were defined in the first and third three-month periods of the current fiscal year. These provisional accounting measures have also been applied for values for the fiscal year ended June 30, 2019.

2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended September 30, 2019	-	0.00	-	4.40	4.40
Fiscal year ending September 30, 2020	-	0.00	-	-	-
Fiscal year ending September 30, 2020 (forecast)	-	-	-	-	-

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

Note 2: Dividend forecast for the fiscal year ending September 30, 2020, will be calculated based on a payout ratio of 25%.

3. Forecasts on the Consolidated Results for the Fiscal Year 2020 (October 1, 2019 to September 30, 2020)

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit attributable to owners of the parent		Basic earnings per share
	million yen	(%)	million yen	(%)	million yen	(%)	yen
Fiscal Year 2020	30,760	(21.7)	977	(76.7)	269	(88.8)	2.01

Note 1: There have been no changes in dividend forecast.

Note 2: Details of the revision were announced on April 20, 2020. Refer to "Notice of Revisions to Consolidated Financial Results Forecast"

Note 3: The provisional accounting procedures for corporate mergers were defined in the first and third three-month periods of the current fiscal year. These provisional accounting measures have also been applied for values for the fiscal year ended June 30, 2019. In conjunction with these measures, year-on-year change ratios have been calculated with adjusted values.

*** Notes**

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

(2) Changes in accounting policies, changes in accounting estimates, restatement

[1] Changes in accounting policies required by IFRS : Yes

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

[3] Changes in accounting estimates : Yes

(Note) For details, refer to “1. Condensed Consolidated Financial Statements and Significant Notes (5) Notes to the Condensed Consolidated Financial Statements 2. Significant Accounting Policies 4. Changes in Accounting Estimates” 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 June 30, 2020	134,239,870	As of September 30, 2019	134,239,870
As of June 30, 2020	1,312,669	As of September 30, 2019	74,441
As of June 30, 2020	134,052,823	As of June 30, 2019	128,562,877

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

*** Regarding appropriate use of result forecasts and other notes**

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

(Appendix)

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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, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	9,239,027	15,233,745
Accounts receivable-trade and other current receivables	5,494,381	4,440,504
Other short-term financial assets	281,916	246,002
Other current assets	1,139,444	2,145,508
Total current assets	16,154,769	22,065,761
Non-current assets		
Tangible fixed assets	1,706,743	1,873,627
Right-of-use assets	-	4,700,007
Goodwill	19,857,589	20,317,625
Intangible assets	2,464,202	2,156,625
Investments accounted for using the equity method	671,210	535,272
Other long-term financial assets	1,843,408	2,058,697
Deferred tax assets	962,652	893,218
Other non-current assets	12,047	15,208
Total non-current assets	27,517,855	32,550,283
Total assets	43,672,624	54,616,044

	As of September 30, 2019	As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and other current payables	3,630,173	2,413,737
Short-term loans	3,300,000	8,300,020
Lease liabilities	5,201	840,784
Accrued corporate income taxes	687,308	775,975
Provisions	-	50,293
Other current liabilities	1,863,096	1,666,567
Total current liabilities	9,485,780	14,047,378
Non-current liabilities		
Long-term loans	258,300	843,235
Lease liabilities	75,398	3,933,833
Provisions	560,589	510,572
Deferred tax liabilities	650,189	587,704
Other non-current liabilities	14,882	50,216
Total non-current liabilities	1,559,359	5,925,562
Total liabilities	11,045,140	19,972,941
Equity		
Attributable to the owners of the parent		
Capital stock	9,716,363	9,716,363
Capital surplus	9,922,432	9,935,742
Retained earnings	16,086,854	18,004,631
Treasury shares	(9,114)	(531,478)
Other components of equity	(3,165,034)	(2,576,674)
Attributable to the owners of the parent	32,551,501	34,548,584
Attributable to non-controlling interests	75,982	94,518
Total equity	32,627,484	34,643,103
Total liabilities and equity	43,672,624	54,616,044

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

Condensed Consolidated Statements of Profit or Loss
For the Nine-month Period Ended June 30, 2020

(Thousands of yen)

	Nine-month Period Ended June 30, 2019	Nine-month Period Ended June 30, 2020
Revenue	29,352,758	26,892,309
Cost of revenue	3,342,045	3,143,453
Gross profit	26,010,712	23,748,856
Selling, general and administrative expenses	22,728,550	20,074,208
Other revenue	574,037	116,748
Other expenses	472,513	104,627
Operating income	3,383,686	3,686,769
Financial revenue	4,344	1,604
Financial expenses	27,510	75,689
Share of profit (loss) of investments accounted for using the equity method	(210,512)	(167,413)
Profit before taxes	3,150,008	3,445,271
Income tax expenses	1,147,264	1,118,724
Profit for the period	2,002,743	2,326,547
Profit (loss) for the period attributable to:		
Owners of the parent	2,036,031	2,323,861
Non-controlling interests	(33,287)	2,685
Total	2,002,743	2,326,547
		(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	15.84	17.34
Diluted profit for the period per share	-	-

For the Three-month Period Ended June 30, 2020

(Thousands of yen)

	Three-month Period Ended June 30, 2019	Three-month Period Ended June 30, 2020
Revenue	9,753,221	7,706,988
Cost of revenue	1,035,432	869,359
Gross profit	8,717,788	6,837,629
Selling, general and administrative expenses	7,062,746	5,651,993
Other revenue	44,631	96,684
Other expenses	35,454	33,796
Operating income	1,664,219	1,248,523
Financial revenue	1,201	0
Financial expenses	5,384	28,851
Share of profit (loss) of investments accounted for using the equity method	(48,573)	(54,105)
Profit before taxes	1,611,463	1,165,566
Income tax expenses	543,710	317,172
Profit for the period	1,067,752	848,394
Profit (loss) for the period attributable to:		
Owners of the parent	1,073,685	846,993
Non-controlling interests	(5,932)	1,400
Total	1,067,752	848,394
		(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	8.00	6.33
Diluted profit for the period per share	-	-

Condensed Consolidated Statements of Comprehensive Income
For the Nine-month Period Ended June 30, 2020

(Thousands of yen)

	Nine-month Period Ended June 30, 2019	Nine-month Period Ended June 30, 2020
Profit for the period	2,002,743	2,326,547
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	(15,008)	230,260
Total of items that will not be reclassified to profit or loss	(15,008)	230,260
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(1,385,157)	546,329
Share of other comprehensive income of investments accounted for using the equity method	(12,469)	(3,944)
Total of items that may be reclassified subsequently to profit or loss	(1,397,627)	542,384
Other comprehensive income, net of tax	(1,412,635)	772,645
Total comprehensive income for the period	590,108	3,099,192
Comprehensive income for the period attributable to:		
Owners of the parent	623,546	3,096,464
Non-controlling interests	(33,438)	2,727
Total	590,108	3,099,192

For the Three-month Period Ended June 30, 2020

(Thousands of yen)

	Three-month Period Ended June 30, 2019	Three-month Period Ended June 30, 2020
Profit for the period	1,067,752	848,394
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity instruments measured at FVTOCI	(11,122)	(1,137)
Total of items that will not be reclassified to profit or loss	(11,122)	(1,137)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(482,059)	517,147
Share of other comprehensive income of investments accounted for using the equity method	(12,300)	(14,570)
Total of items that may be reclassified subsequently to profit or loss	(494,359)	502,577
Other comprehensive income, net of tax	(505,481)	501,439
Total comprehensive income for the period	562,270	1,349,833
Comprehensive income for the period attributable to:		
Owners of the parent	568,319	1,348,297
Non-controlling interests	(6,048)	1,536
Total	562,270	1,349,833

(3) Condensed Consolidated Statements of Changes in Equity

For the Nine-month Period Ended June 30, 2019 (October 1, 2018 to June 30, 2019)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to the owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of October 1, 2018	3,999,578	4,256,942	14,394,920	(8,694)	(761,446)	21,881,301	115,025	21,996,326
Profit for the period	-	-	2,036,031	-	-	2,036,031	(33,287)	2,002,743
Other comprehensive income	-	-	-	-	(1,412,484)	(1,412,484)	(150)	(1,412,635)
Total comprehensive income for the period	-	-	2,036,031	-	(1,412,484)	623,546	(33,438)	590,108
New stock issues	5,716,784	5,687,694	-	-	-	11,404,479	-	11,404,479
Dividends of surplus	-	-	(714,666)	-	-	(714,666)	(507)	(715,173)
Purchase of treasury shares	-	-	-	(390)	-	(390)	-	(390)
Capital transaction with owners of non-controlling interests	-	3,154	-	-	-	3,154	(5,045)	(1,891)
Increase (decrease) attributable to consolidation	-	-	125	-	-	125	(125)	-
Total transactions with owners	5,716,784	5,690,849	(714,541)	(390)	-	10,692,701	(5,678)	10,687,023
Balance as of June 30, 2019	9,716,363	9,947,792	15,716,410	(9,085)	(2,173,930)	33,197,549	75,908	33,273,458

For the Nine-month Period Ended June 30, 2020 (October 1, 2019 to June 30, 2020)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to the owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of October 1, 2019	9,716,363	9,922,432	16,086,854	(9,114)	(3,165,034)	32,551,501	75,982	32,627,484
Profit for the period	-	-	2,323,861	-	-	2,323,861	2,685	2,326,547
Other comprehensive income	-	-	-	-	772,603	772,603	42	772,645
Total comprehensive income for the period	-	-	2,323,861	-	772,603	3,096,464	2,727	3,099,192
Transfer to retained earnings	-	-	184,243	-	(184,243)	-	-	-
Dividends of surplus	-	-	(590,327)	-	-	(590,327)	(1,209)	(591,537)
Purchase of treasury shares	-	-	-	(522,363)	-	(522,363)	-	(522,363)
Increases attributable to mergers	-	-	-	-	-	-	1,000	1,000
Capital transactions with owners of non-controlling interests	-	13,309	-	-	-	13,309	16,690	30,000
Increase (decrease) attributable to consolidation	-	-	-	-	-	-	(672)	(672)
Total transactions with owners	-	13,309	(406,084)	(522,363)	(184,243)	(1,099,381)	15,808	(1,083,573)
Balance as of June 30, 2020	9,716,363	9,935,742	18,004,631	(531,478)	(2,576,674)	34,548,584	94,518	34,643,103

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine-month Period Ended June 30, 2019	Nine-month Period Ended June 30, 2020
Net cash from operating activities		
Profit for the period before tax	3,150,008	3,445,271
Depreciation and amortization	891,981	1,507,032
Impairment loss	298,071	-
Financial revenue	(4,344)	(1,604)
Financial expenses	27,510	75,689
Decrease (increase) in accounts receivable-trade and other current receivables	(201,493)	1,180,799
Increase (decrease) in accounts payable-trade and other current payables	(315,001)	(1,331,056)
Other	(429,736)	(358,799)
Subtotal	3,416,995	4,517,331
Interest and dividends received	1,763	16,778
Interest paid	(14,905)	(73,919)
Income taxes paid	(2,104,052)	(1,289,965)
Net cash from operating activities	1,299,800	3,170,225
Net cash used in investing activities		
Purchase of financial instrument assets	(93,920)	(68,802)
Purchase of financial instrument assets	-	505,127
Purchase of tangible fixed assets	(141,013)	(480,780)
Proceeds from sale of tangible fixed assets	377	1,113
Purchase of intangible assets	(254,374)	(234,562)
Purchase of subsidiaries	(1,645,463)	-
Proceeds from sales of shares in subsidiaries	473,216	-
Purchase of shares of affiliates	(70,000)	-
Payments of loans receivable	(773,492)	(727,500)
Collection of loans receivable	258,947	468,715
Other	(86,793)	(1,495)
Net cash from investing activities	(2,332,515)	(538,184)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	3,600,000	7,230,000
Proceeds from long-term loans payable	-	2,168,300
Repayment of short-term loans	(200,000)	(3,230,000)
Repayment of long-term loans	-	(583,345)
Dividends paid	(714,016)	(590,226)
Repayment of lease obligations	(3,068)	(670,855)
Dividends paid for non-controlling interests	(507)	(1,881)
Purchase of shares in subsidiary interests from non-controlling interests	(1,891)	-
Proceeds from payment of non-controlling interests	-	31,000
Purchase of treasury shares	(390)	(522,363)
Deposit for repurchase of treasury shares	-	(497,693)
Other	(42,074)	-
Net cash from financing activities	2,638,050	3,332,934
Effect of exchange rate changes on cash and cash equivalents	(263,831)	29,742

Net increase (decrease) in cash and cash equivalents	1,341,504	5,994,717
Cash and cash equivalents at beginning of period	7,571,312	9,239,027
Cash and cash equivalents at end of period	8,912,817	15,233,745

(5) Notes to the Consolidated Financial Statements

1. Note Regarding Going Concern Assumption

Not applicable.

2. Significant Accounting Policies

The significant accounting policies applied by the Group in preparing these statements are the same as those applied to Consolidated Financial Statements for the fiscal year ended September 30, 2019, except for the following:

The Group has adopted the IFRS standards and interpretation guidelines described below from the first three-month period of the current fiscal year:

Standard	Category	Date of initial application (Start of reporting period with application)	The Group is to implement application beginning from	Additions/Revisions
IFRS 16	Leases	January 1, 2019	Fiscal year ending September 30, 2020	Accounting procedures regarding leases and disclosure requirements

(1) Adoption of IFRS 16, Leases

In accordance with the transitional provisions of IFRS 16, Leases (hereinafter, IFRS 16), the Group has made adjustments by recognizing the cumulative effect as an adjustment to the beginning balance of retained earnings as of the date of initial application. Accordingly, no adjustment or restatement has been made to the condensed quarterly consolidated financial statements for the second quarter of the prior consolidated fiscal year or the condensed quarterly consolidated statements of financial position as of the end of the prior consolidated fiscal year.

IFRS 16 "Leases" does not require that a lessee's leases be classified as either finance or operating leases, but rather that a single accounting model be introduced in which right-to-use assets and lease liabilities (obligation to pay rent) are recognized for all leases. While lease payments for operating leases are recorded as rental payments under IAS 17, Leases, under IFRS 16 they are recorded as depreciation of right-of-use assets and interest expenses for lease liabilities.

The Group has adopted a practical expedient which does not require a review of whether an agreement is or includes a lease in adopting IFRS 16. Because of this, IFRS 16 is applied to agreements that have been identified as leases up to now, and is not applied to agreements that have not been identified as leases by means of applying IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease. Consequently, identification of leases based on IFRS 16 is only applied to any agreement entered into or revised on or after the adoption start date.

In addition to the above, the Group has adopted the following practical expedients among those in the transitional measures. Whether or not these practical expedients are applied is determined based on each lease:

- Allowing a lessee to rely on an appraisal to determine whether an agreement is onerous according to IAS 37, Provisions, Contingent Liabilities and Contingent Assets on the adoption start date, instead of performing an impairment review of the right-of-use asset
- Allowing a lessee to exclude initial direct costs from measurement of right-of-use assets as of the date of application
- Where an agreement includes an option to extend or terminate a lease, allowing a lessee to use after-the-fact determination when the lessee assesses a lease term

As a result of the transition to IFRS 16, as of the date of application, mainly right-of-use assets and lease liabilities included in interest-bearing debt, increased by 6,039,810 thousand yen and 6,063,585 thousand yen, respectively, and accrued expenses included for other liabilities decreased by 23,775 thousand yen.

Right-of-use assets are measured at the amount of lease liabilities adjusted using prepaid and accrued lease payments

Lease liabilities are measured at the present value for which lease payments unpaid as of the date of application are discounted using the lessee's incremental borrowing rate for the Group on that date. The weighted average of the lessee's incremental borrowing rate applied to the lease liabilities is 1.18%. The following table shows adjustments between the amount discounted using the lessee's incremental borrowing rate on the date of application with regard to the discount on future minimum lease payments under operating leases disclosed by adopting IAS 17 at the end of the previous fiscal year and the amount of lease liabilities recognized on the Consolidated Statement of Financial Position on the date of application.

	(Thousands of yen)
Undiscounted future minimum lease payments under operating leases as of September 30, 2019	5,213,920
Discount on future minimum lease payments under operating leases described above	(320,079)
Discounted future minimum lease payments under operating leases on October 1, 2019	4,893,840
Leases classified as finance leases	80,600
Adjustments due to the reassessment of lease terms	1,252,711
Adjustments for other reasons	(82,965)
Lease liabilities as of October 1, 2019	6,144,185

(2) Significant accounting policies that have changed by adopting new standards and interpretations

The Group determines at the start of an agreement whether the agreement constitutes a lease or if it includes any leases. On the start date or revaluation date of an agreement that includes a lease, the consideration of an agreement is allocated to each lease component based on the proportion to the total uncontrolled price of lease components and non-lease components. In addition, the lease term is the combination of a non-cancellable period of the lease, the period subject to an extension option that is reasonably certain to be exercised and the period subject to a termination option that is reasonably certain not to be exercised.

(Lessee side)

[1] Lease transactions for intangible assets

The Group has not adopted IFRS 16 for lease transactions for intangible assets.

[2] Right-of-use assets

The Group recognizes right-of-use assets on the lease commencement date. Right-of-use assets are measured on a historical cost basis on the commencement date. The historical costs comprise the sum of initially measured amount of lease liabilities, lease payments made at or before the lease commencement date less lease incentives received, initial direct costs incurred by the lessee, and estimates of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which the underlying assets are located or restoring the underlying assets to the condition required by the terms and conditions of the agreement.

The Group adopts a cost model after the commencement date and the right-of-use assets are measured by deducting accumulated depreciation and accumulated impairment loss from the historical costs. The Group depreciates the right-of-use assets from the commencement date to the earlier of the end of the useful life of the underlying assets or the end of the lease term, unless it is reasonably certain that the ownership of the underlying assets will be transferred to the Group at the end of the lease term. The useful life of the right-of-use assets is determined in the same manner as property and equipment.

[3] Lease liabilities

The Group recognizes lease liabilities on the lease commencement date. The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The lease payments included in the measurement of the lease liabilities comprise mainly fixed lease payments, the lease payment for the extension period if the Group is reasonably certain to exercise its extension option, and payments of penalties for terminating the lease unless it is reasonably certain that there will be no early termination.

After the commencement date, the Group measures the lease liabilities by increasing or decreasing the carrying amount to reflect interest on the lease liabilities and the lease payments made. The Group re-measures the lease liabilities and corrects the right-of-use assets to reflect any reassessment of the lease liabilities or lease modifications.

3. Important Accounting Estimates and Decisions

In the preparation of these financial statements, the management has applied accounting policies; made decisions that affect the reported amounts of assets, liabilities, earnings, and expenses and made estimates and assumptions for the future. The results of these accounting estimates may differ from actual results.

Assumptions forming the basis for estimates are reviewed continuously. The impact of revising accounting estimates is recognized in the fiscal year in which such estimates are revised as well as in future years. Important accounting estimates and decisions made for these financial statements are the same as in the fiscal year ended September 30, 2019, with the exception of the following:

Impairment of Goodwill

The effects of the of the novel coronavirus COVID-19 pandemic on stock prices around the world, lower needs for moving house and lower revenue due to real estate businesses' temporary suspension of advertising have affected the recoverable amount of some assets.

For these reasons, the Company has revised its business plans for the third quarter of the current fiscal year and reviewed its assets. However, none of the recoverable amounts were lower than the respective book values, and no impairment has been recognized. The Group bases its assumptions on the prediction that the negative effects on revenue from COVID-19 will continue until the end of September 2020 after which recovery will begin.

However, there is a possibility of impairment of assets should the current situation continue longer than expected.

4. Changes in Accounting Estimates

(Changes in Lease Conditions)

The Company and its subsidiaries have resolved to terminate a portion of its office leases. As a result, lease liabilities have been recalculated and the book balance for right-of-use assets have been adjusted according to this change at the end of the current three-month period.

Right-of-use assets and lease liabilities have, thus, been reduced by 795,125 thousand yen and 795,125 thousand yen respectively as of the end of the current three-month period.

5. Corporate Mergers

Definition of Provisional Measures Relating to the Treatment of Corporate Mergers

(Mitula Group Limited)

Concerning the corporate merger of Mitula as of January 8, 2019, although provisional accounting measures were taken during the previous consolidated fiscal year, these have been defined for the three-month period of the current consolidated fiscal year. With the definition of the provisional accounting measures, information for comparison included in the quarterly consolidated financial statements of the first three-month period of the current consolidated fiscal year have been altered to reflect the important changes in the distribution of acquisition costs.

As a result of the definition of the accounting procedures, the goodwill amount calculated at 9,099,075 thousand yen has been reduced by 340,668 thousand yen to 8,758,407 thousand yen. The reduction of goodwill is a result of the increase of 440,869 thousand yen in intangible assets and the increase of 100,201 thousand yen in deferred tax liabilities.

The following table has been adjusted to the amounts after definition.

Recognized amount of acquired assets and liabilities succeeded on the day of the business combination

(Thousands of yen)

Consideration for acquisition Common shares and cash of the Company	13,786,004
Assets acquired and liabilities assumed	1,836,197
Cash and cash equivalents	691,740
Accounts receivable-trade and other current receivables	67,858
Property, plant and equipment	3,307,355
Intangible assets	61,653
Other assets	
Accounts payable and other current payables	(496,737)
Other liabilities	(440,468)
Total	5,027,597
Goodwill ^{1,2}	8,758,407

Note 1: Goodwill mainly includes existing businesses that are expected to be generated from the acquisition, synergies, and excess earnings strength, each of which does not meet the requirements for recognition.

Note 2: For goodwill, no deductible expenses for tax purposes are included.

In addition, as a result of the definition of provisional accounting measures, goodwill amounting to 316,579 thousand yen as of the ending of the previous consolidated fiscal year has decreased while intangible assets amounting to 481,017 thousand yen and deferred tax liabilities amounting to 118,441 thousand yen have increased.

(Resem Corporation Limited)

Although provisional account procedures were used for the consolidation of Resem Corporation Limited on May 21, 2019, these measures have been defined in the third quarter of the current accounting period. With the definition of the provisional accounting procedures, significant revisions have been made to allocation of acquisition costs included in the third quarter financial statements.

As a result of the definition of the accounting procedures, the goodwill amount calculated at 980,867 thousand yen has been reduced by 72,382 thousand yen to 908,484 thousand yen. The reduction of goodwill is a result of the increase of 100,392 thousand yen in intangible assets and the increase of 28,009 thousand yen in deferred tax liabilities.

The following table has been adjusted to the amounts after definition.

Recognized amount of acquired assets and liabilities succeeded on the day of the business combination

(Thousands of yen)	
Consideration for acquisition Common shares and cash of the Company	1,158,837
Assets acquired and liabilities assumed	29,611
Cash and cash equivalents	45,269
Accounts receivable-trade and other current receivables	1,435
Property, plant and equipment	333,310
Intangible assets	2,773
Other assets	2,773
Accounts payable and other current payables	(47,614)
Other liabilities	(114,433)
Total	250,352
Goodwill ^{1, 2}	908,484

Note 1: Goodwill mainly includes existing businesses that are expected to be generated from the acquisition, synergies, and excess earnings strength, each of which does not meet the requirements for recognition.

Note 2: For goodwill, no deductible expenses for tax purposes are included.

In addition, as a result of the definition of provisional accounting measures, goodwill amounting to 70,171 thousand yen as of the ending of the previous consolidated fiscal period has decreased while intangible assets amounting to 94,375 thousand yen and deferred tax liabilities amounting to 26,330 thousand yen have increased.

6. Subsequent events

(Business combination by acquisition)

At the Meeting of the Board of Directors held on July 20, 2020, LIFULL resolved to acquire all outstanding shares of Kenbiya Co., Ltd. making it a subsidiary as of July 31, 2020.

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

Name of the acquired company: Kenbiya Corporation Limited

Primary Field of Business: Operation of the real estate investment and property information platform "Kenbiya"

(2) Primary reason for the business combination

LIFULL and Kenbiya expect to build upon their investment property listings and client base, attract more users to both websites, increase revenue in the real estate investment sector, and ultimately accelerate their growth strategies by energizing the secondary real estate market.

(3) Date of acquisition

July 31, 2020

(4) Acquisition method

Cash acquisition

(5) Consideration for acquisition

Cash 1,335,000 thousand yen

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

Not currently finalized