

**LIFULL Co., Ltd.**

# **Earnings Presentation IFRS**

**Third Quarter of the Fiscal Year Ending September 30, 2018  
(October 2017 to June 2018)**

## **Disclaimer**

The opinions and projections, etc. contained herein represent the judgment of LIFULL Co., Ltd. at the time this document was prepared. We provide no guarantees regarding the accuracy of the information. Please keep in mind that actual performance and results may vary significantly due to fluctuations in various factors.

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# Key Points

1. FY2018/9 Q3 Revenue: JPY 26 billion, **+8.6%** YoY  
EBITDA: JPY 4.4 billion, **+56.9%** YoY
2. Revised full-year forecast for FY2018/9 Revenue JPY 34 billion, EBITDA JPY 5.1 billion  
Execute an investment strategy and structural reform to achieve mid-to-long term growth
3. Key Indicators Steady growth in no. of customers although withdrawing from the renovation business (+2.6% YoY)  
ARPA improvement initiative in progress (- 0.2% YoY)
4. Overseas Business Expected to grow significantly following Mitula Group Limited acquisition



# **Consolidated Results for FY2018/9 Q3**

# Condensed Statements of Income and Loss IFRS

Revenue was up 8.6% YoY, EBITDA was up 56.9%, quarterly net profit grew sharply by 104.8%.

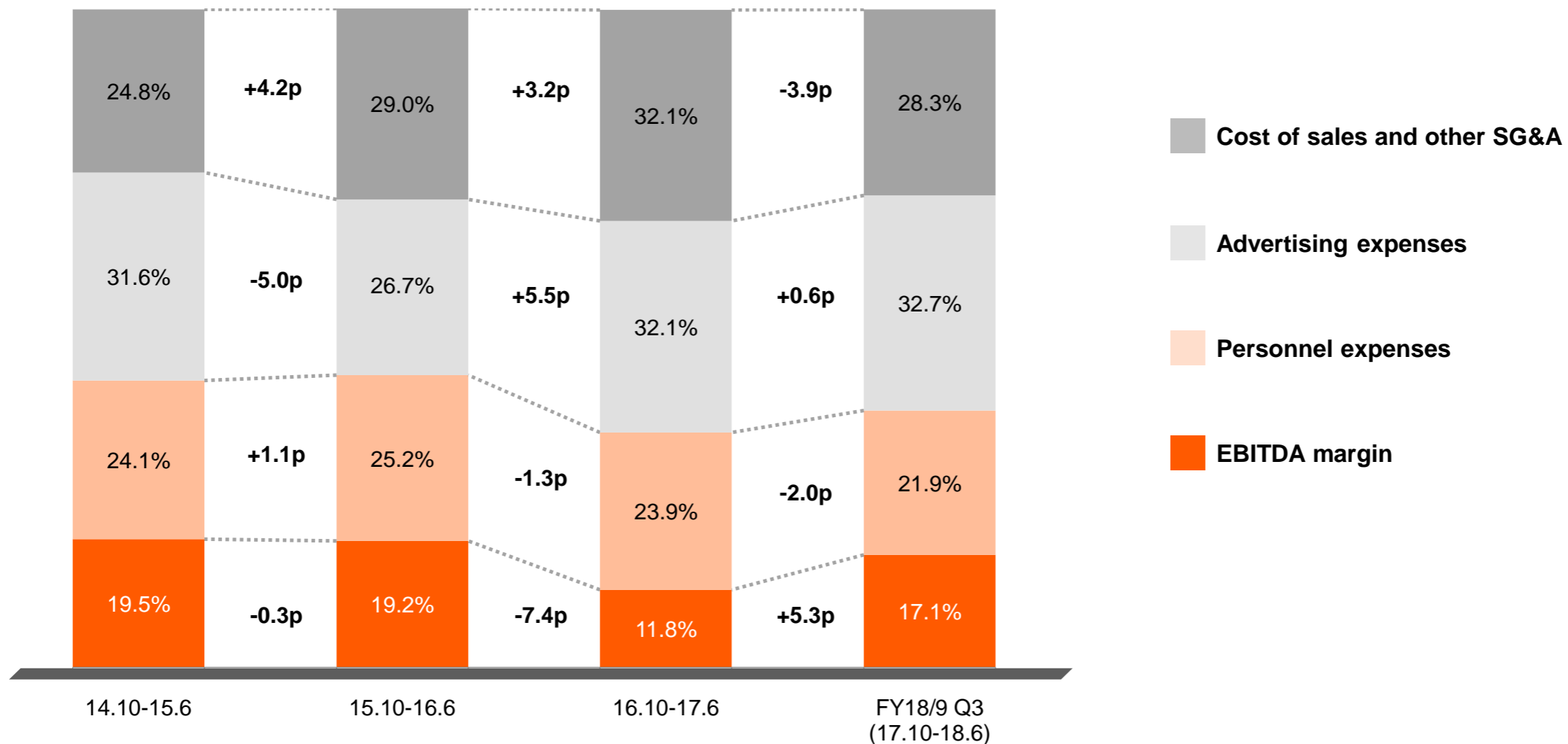
Unit: JPY mil	Oct. 2016 - June 2017	FY18/9 Q3 Oct.-Jun.	Change	Change %	Main items
Revenue	23,957	<b>26,015</b>	+2,058	+8.6%	Revenue increased across all segments.
Cost of sales	2,587	<b>2,872</b>	+284	+11.0%	Increased mainly due to LIFULL MP business growth.
SG&A (excl. depreciation and amortization)	18,397	<b>18,798</b>	+401	+2.2%	
Personnel expenses	5,728	<b>5,709</b>	-18	-0.3%	Decreased due to the adjustment made on profit-based bonus for Fiscal Year ended March 31, 2017 in March 2017 after the financial results were finalized.
Advertising expenses	7,699	<b>8,515</b>	+815	+10.6%	Advertising expenses increased due to enhanced SEO and enhanced alliances.
Operating expenses	767	<b>713</b>	-53	-7.0%	Decreased due to reduced use of sales agents.
Other	4,201	<b>3,860</b>	-341	-8.1%	Costs related to head office relocation temporarily increased in the previous period.
Other income and expenses	-142	<b>95</b>	+238	-	
EBITDA	2,829	<b>4,439</b>	+1,610	+56.9%	
EBITDA margin	11.8%	<b>17.1%</b>	+5.3p	-	
Net profit*	1,110	<b>2,274</b>	+1,163	+104.8%	
Depreciation and amortization	1,060	<b>803</b>	-256	-24.2%	Increased due to reductions in the useful service life of certain fixed assets following a decision on the date of the head office relocation in the previous period.

\*Net profit attributable to owners of the parent

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.

# Expense-to-Revenue Ratio IFRS

Despite an increase in the ratio of advertising expenses, the EBITDA margin improved thanks to lower ratios of cost of sales and other SG&A and other SG&A and personnel expenses



# Sales by Segment IFRS

Continued increase in revenue in all segments

Unit: JPY mil	Oct. 2016 - June 2017	FY18/9 Q3 Oct.-Jun.	Change	Change %	Main items
Revenue	23,957	<b>26,015</b>	+2,058	+8.6%	
HOME'S Services Business	20,090	<b>21,638</b>	+1,547	+7.7%	Revenue increased following the successful initiatives to increase the number of customers. ARPA has been stagnant since the priority has been to increase the number of customers including the members in regional areas.
Overseas Business	2,478	<b>2,802</b>	+324	+13.1%	Increased due to the effects of fluctuations in EUR/JPY exchange rates and the addition of LIFULL Tech Vietnam to the scope of consolidation.
Others Business	1,387	<b>1,573</b>	+185	+13.4%	Sales were strong mainly for LIFULL senior and LIFULL Space.

\*See page 24 for the definition of ARPA.

\*Performance in FY17/3 Q3 reflects changes in segments effective from the fiscal year ending September 2017.

\*As a result of the change in segments, sales of LIFULL senior (which operates LIFULL *Kaigo*), formerly recorded under the HOME'S Services Business, are now recorded under Others Business.

\*See page 66 for details of specific businesses in each segment.

# Segment Income and Loss IFRS

HOME'S Services achieved a substantial increase in profit as a result of decrease in one-off expenses and by making effort to reduce costs. Overseas also achieved a substantial increase in profit, mostly due to decrease in Trovit's personnel expenses

Unit: JPY mil	Oct. 2016 - June 2017	FY18/9 Q3 Oct.-Jun.	Change	Change %	Main items
Segment income and loss	1,910	<b>3,539</b>	+1,628	+85.2%	
HOME'S Services Business	1,719	<b>3,284</b>	+1,564	+90.9%	Profit increased due to temporary costs associated with head office relocation in the previous period and efforts to minimize SG&A expenses this period.
Overseas Business	145	<b>264</b>	+118	+81.9%	Profit increased due to improvements in personnel expenses at Trovit and fluctuations in foreign-currency exchange rates.
Others Business	-30	<b>-74</b>	-44	-	Costs Increased due mainly to rising personnel expenses and indirect costs, both associated with business development.
Inter-segment transactions	75	<b>66</b>	-9	-13.0%	

\*Performance in FY17/3 Q3 reflects changes in segments effective from the fiscal year ending September 2017.

\*As a result of the change in segments, sales of LIFULL senior (which operates LIFULL *Kaigo*), formerly recorded under the HOME'S Services Business, are now recorded under Others Business.

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.



# (ref.) Condensed Statements of Profit and Loss (quarterly) IFRS

Strategy to increase ARPA to accelerate business growth in the HOME'S Services is still in progress, but profitability has improved considerably. Overseas profit grew significantly without incorporating the expenses related to Mitula acquisition (JPY 200 million).

Unit: JPY mil	FY17/9 Q1 Apr.-Jun.	FY18/9 Q3 Apr.-Jun.	Change	Change %
Revenue	7,793	<b>8,345</b>	+551	+7.1%
HOME'S Services	6,472	<b>6,833</b>	+361	+5.6%
Overseas	859	<b>983</b>	+123	+14.4%
Others	461	<b>528</b>	+66	+14.4%
Cost of sales	915	<b>996</b>	+80	+8.8%
SG&A (excl. depreciation)	6,346	<b>5,948</b>	-397	-6.3%
Personnel expenses	1,993	<b>1,963</b>	-30	-1.5%
Advertising expenses	2,719	<b>2,431</b>	-288	-10.6%
Operating expenses	240	<b>209</b>	-30	-12.5%
Other	1,393	<b>1,344</b>	-49	-3.5%
Other revenues and expenses	-72	<b>6</b>	+78	-
EBITDA	458	<b>1,406</b>	+947	+206.4%
EBITDA ratio	5.9%	<b>16.9%</b>	+11.0p	-
Net profit*	22	<b>702</b>	+680	+3,088.5%
Depreciation and amortization	253	<b>263</b>	+9	+3.8%

Unit JPY mil	FY17/9 Q1 Apr.-Jun.	FY18 Q3 Apr.-Jun.	Change	Change %
Segment income and loss	278	<b>1,136</b>	+858	+308.9%
HOME'S Services	264	<b>1,060</b>	+796	+300.6%
Overseas	65	<b>55</b>	-9	-13.9%
Others	-74	<b>-1</b>	+72	-
Inter-segment transaction	22	<b>21</b>	+0	-3.2%

\*Net profit attributable to owners of the parent

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.

# Condensed Statements of Financial Position and Goodwill IFRS

Current assets increased along with sales growth  
Short-term loans will be fully repaid by the end of July, 2018

Unit: JPY mil	As of Sep 30, 2017	As of Jun 30, 2018	Change	Change	Main items	
<b>Assets</b>	26,363	<b>28,247</b>	+1,884	+7.1%	Increase in cash and deposits	+1,626 Increase in cash and deposits due to sales growth
Current assets	10,193	<b>12,102</b>	+1,909	+18.7%	Increase in short-term loans receivable	+150 Due to LIFULL SF money-lending operations
Non-current assets	16,170	<b>16,144</b>	-25	-0.2%	Increase in prepaid expenses	+44 Increase due to payment of annual amount paid for computer systems
					Increase in accounts receivable - other	+50 Due to increase in number of account transfers
					Decrease in goodwill	-342 Decrease mainly due to fluctuations in foreign-currency exchange rates
					Decrease in tangible fixed assets	-57
					Decrease in software	-142
					Increase in investment securities	+408 Increase mainly due to investments in KAMARQ
					Increase in shares of associates	+159 Mainly due to investments in LIFULL STAY
					Increase in lease and guarantee deposit	+42 Increase due to new satellite office contract in Hanzomon, Tokyo
<b>Liabilities</b>	7,069	<b>7,247</b>	+177	+2.5%	Decrease in accounts payable - trade	+9
Current liabilities	6,115	<b>6,284</b>	+169	+2.8%	Decrease in short-term debts	-488 Decrease due to repayment
Non-current liabilities	954	<b>963</b>	+8	+0.9%	Decrease in accounts payable - other	-496 Decrease due to completion of payment for TV commercial
					Decrease in expenses payable	-54 Increase in social insurance premiums payable by employer
					Decrease in deposits received	-92 Increase in social insurance premiums payable by employees
					Increase in allowance for bonuses	+148
					Increase in accrued corporate income taxes	+893
					Increase in accrued consumption taxes	+169
<b>Total Equity</b>	19,293	<b>21,000</b>	+1,706	+8.8%	Increase in retained earnings	+2,177
					Increase in foreign currency translation adjustment	-449 Decrease due to fluctuations in foreign currency exchange rates
Equity per share attributable to owners of the parent (JPY)	161.96	<b>176.46</b>	+14.50			

\*Outstanding goodwill balance: Littel JPY 86 million, Trovit JPY 8,827 million, LIFULL MP JPY 251 million, LIFULL Social Funding JPY 255 million, LIFULL Tech Vietnam JPY 93 million, and Trovit and LIFULL MP depreciable assets (PPA) JPY 697 million.

# Condensed Statements of Cash Flows IFRS

Cash and cash equivalents increased by JPY2.1 billion to JPY 7.1 billion

Unit: JPY mil	Oct. 2016 - June 2017	FY18/9 Q3 Oct.-Jun.	Change	Main items		
				Items	YoY	FY18/9 Q3
Operating cash flow	2,148	3,589	+1,442	Profit for the period before tax	+1,772	<b>+3,552</b>
				Depreciation and amortization	+1,064	<b>+822</b>
				Impairment loss	+14	-
				Increase/decrease in accounts receivable - trade and other current receivables	-309	<b>-71</b>
				Increase/decrease in accounts payable - trade and other current payables	+382	<b>-484</b>
				Tax payments	-1,348	<b>-438</b>
				Others	+567	<b>+242</b>
Investing cash flow	-2,050	-1,312	+738	Purchase of available-for-sale financial assets	-60	<b>-454</b>
				Purchase of property, plant and equipment	-1,519	<b>-189</b>
				Outlays for the acquisition of intangible fixed assets	-398	<b>-317</b>
				Outlays for acquisition of shares of associates	-239	<b>-317</b>
				Proceeds from repayment of lease and guarantee deposit	+439	-
				Outlays for acquisition of shares of subsidiaries	-240	-
				Proceeds from sale of shares of associates	-	<b>+135</b>
				Payents for loans receivalbe	-	<b>-150</b>
Financing cash flow	-1,565	-580	+985	Repayment of long-term loans	-501	<b>-499</b>
				Purchase of shares in subsidiaries	-390	<b>-11</b>
				Dividends paid	-671	<b>-97</b>
Change in cash and cash equivalents	5,013	<b>-63</b>				
Balance of cash and cash equivalents	5,509	<b>7,136</b>	+2,123			



# **Progress of Business Forecast**

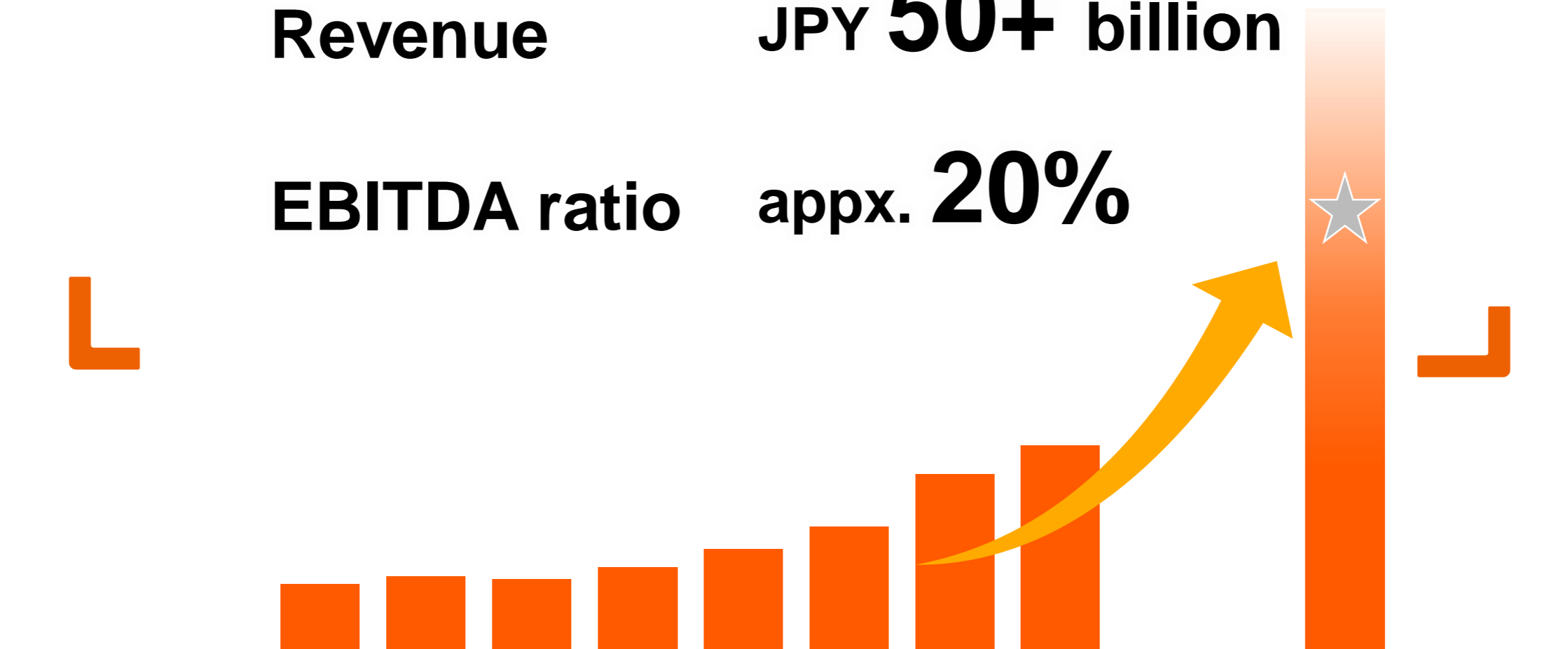
FY2020/9

Revenue

JPY 50+ billion

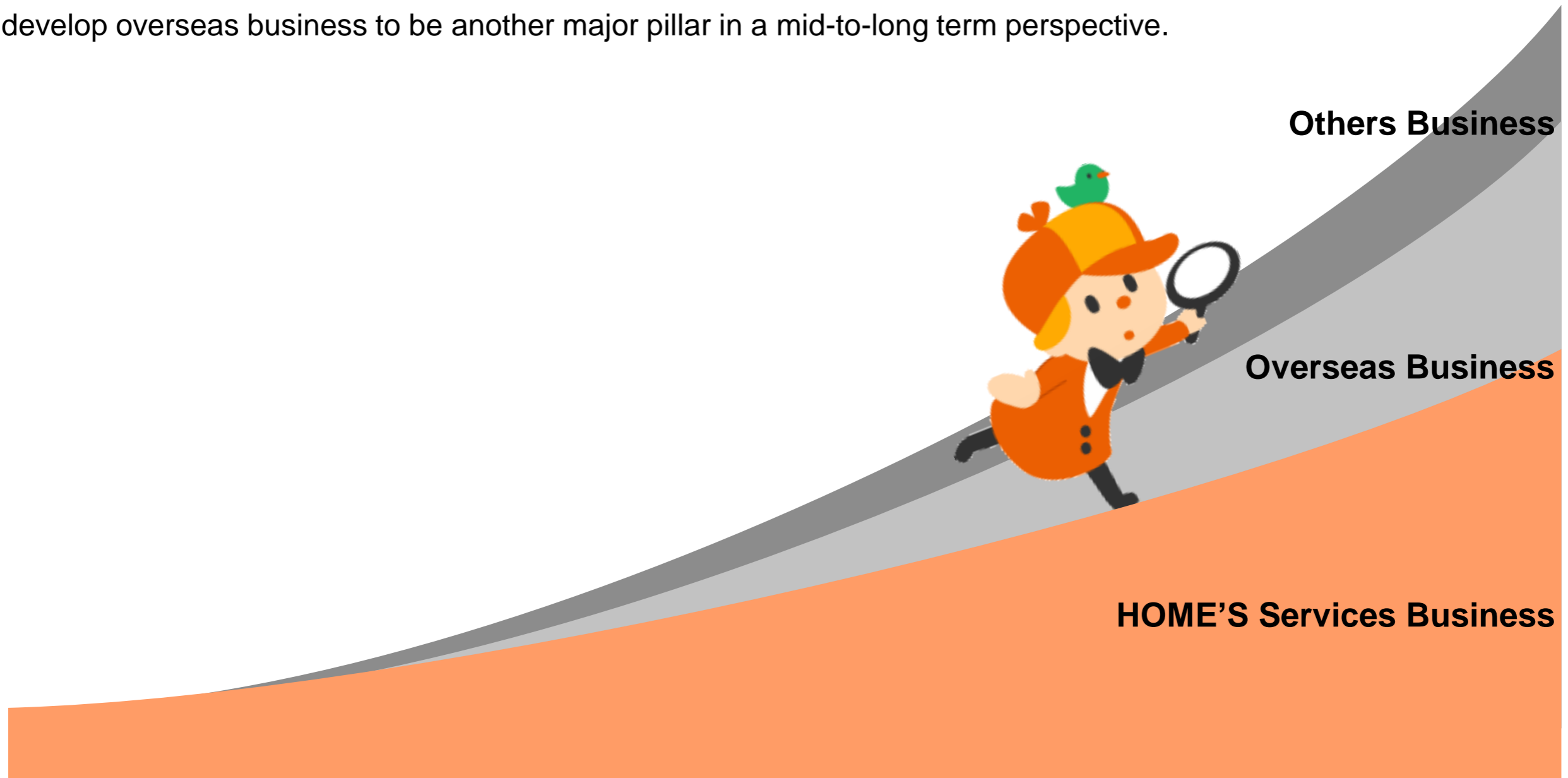
EBITDA ratio

appx. 20%



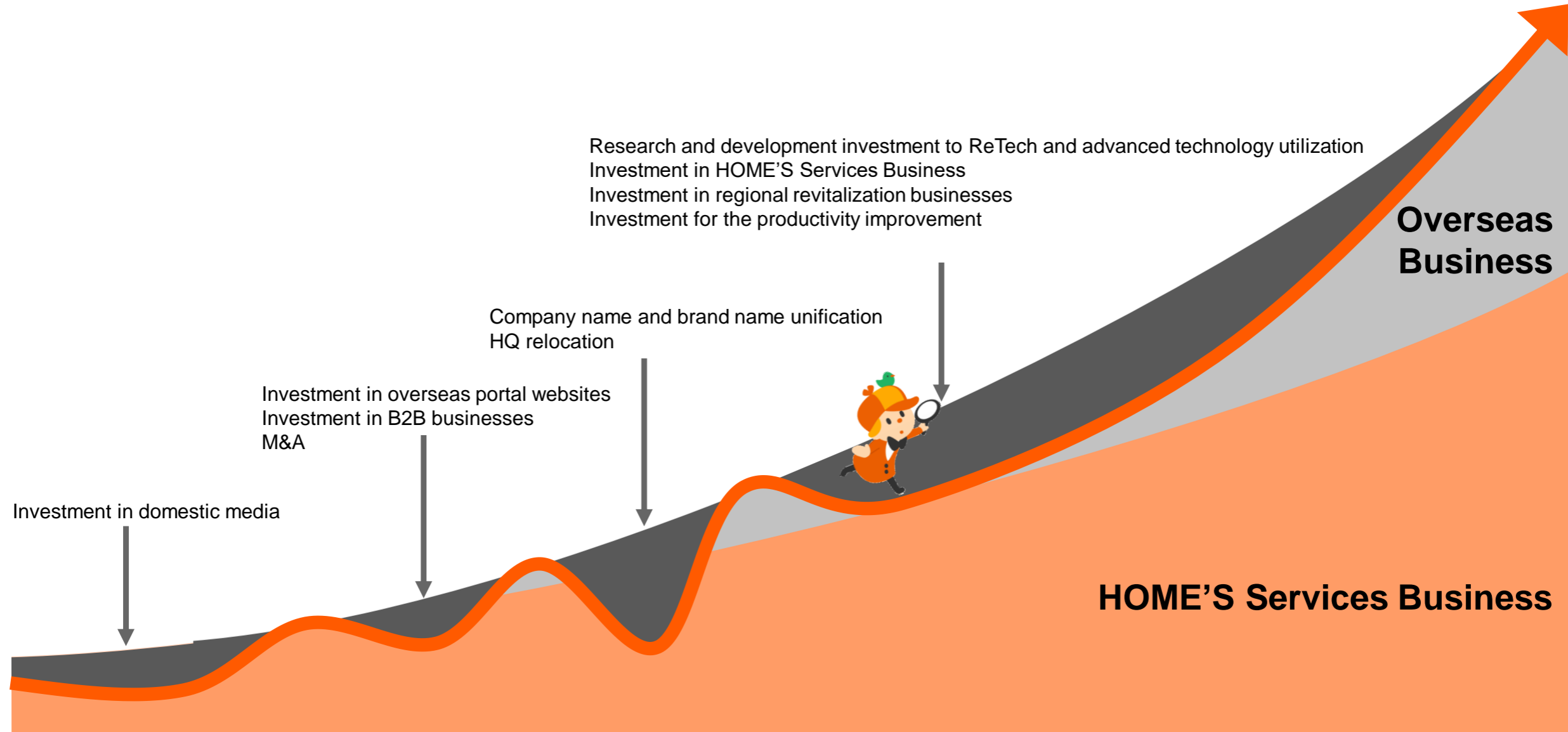
# Mid-to-long Term Revenue Growth Image

While accumulating revenue to be generated by HOME'S Services Businesses, develop overseas business to be another major pillar in a mid-to-long term perspective.



# Mid-to-long Term Revenue Growth Image

While accumulating profit to be generated mainly by HOME'S Services and Overseas Businesses, keep making growth investment



# Investment to Raise LIFULL Brand Awareness - promotion -

Appointed Mr. Yuto Nagatomo, a professional soccer player, as LIFULL ambassador to raise LIFULL brand awareness.



Has assumed the position of  
**“LIFULL ambassador”**  
and  
**“Chief of Global HQ”**





# Investment to utilize advanced technologies

Make investment to utilize AI, big data, block-chain and other advanced technologies.

## Established AI Strategy Office directly reporting to the CEO



Established a division within the company specialized in promoting AI technology utilization. Service quality and operational efficiency to be improved by proactively utilizing the technology.

## Established a consortium to share real estate information utilizing block-chain



Utilize block-chain technology to share real estate information among different industries and to consider a way to improve information accuracy and to use information for new services.

## Has participated Seven & i Data Lab to utilize big data



Solve life and social related issues by sharing insights generated by statistical data owned by participating companies.

\* image source: A news release issued by Seven & I Holdings  
[https://www.7andi.com/dbps\\_data/\\_material/\\_files/000/000/003/005/2018060101.pdf](https://www.7andi.com/dbps_data/_material/_files/000/000/003/005/2018060101.pdf)

# Mid-to-long Term Growth Strategy - changes -

Implementing restructuring to enhance competitiveness and concentrate the resources in growing areas.

## 01 HOME'S services

### Withdrawal from non-profitable businesses

- LIFULL HOME'S Reform  
→ To be terminated in Sep 2018
- LIFULL Remodel  
→ To be terminated in Sep 2018

### Structural Integration

- Integrate two rental related divisions  
→ Integrate media division and operation support division (details: p.24)

### Strengthen Media Capability

- Renovation of LIFULL HOME'S platform  
→ advancement of development schedule

## 02 Overseas

### Concentrate resource centering on Trovit × Mitula

- Acquisition of Mitula Group Limited

### Concentrate domestic resource on domestic businesses

- Dissolution of International Division  
→ Withdrawal from LIFULL AU Real Estate (Australia)  
→ Withdrawal from LIFULL Immofinder (Germany)

# Business Forecast for the Fiscal Year Ending September 2018

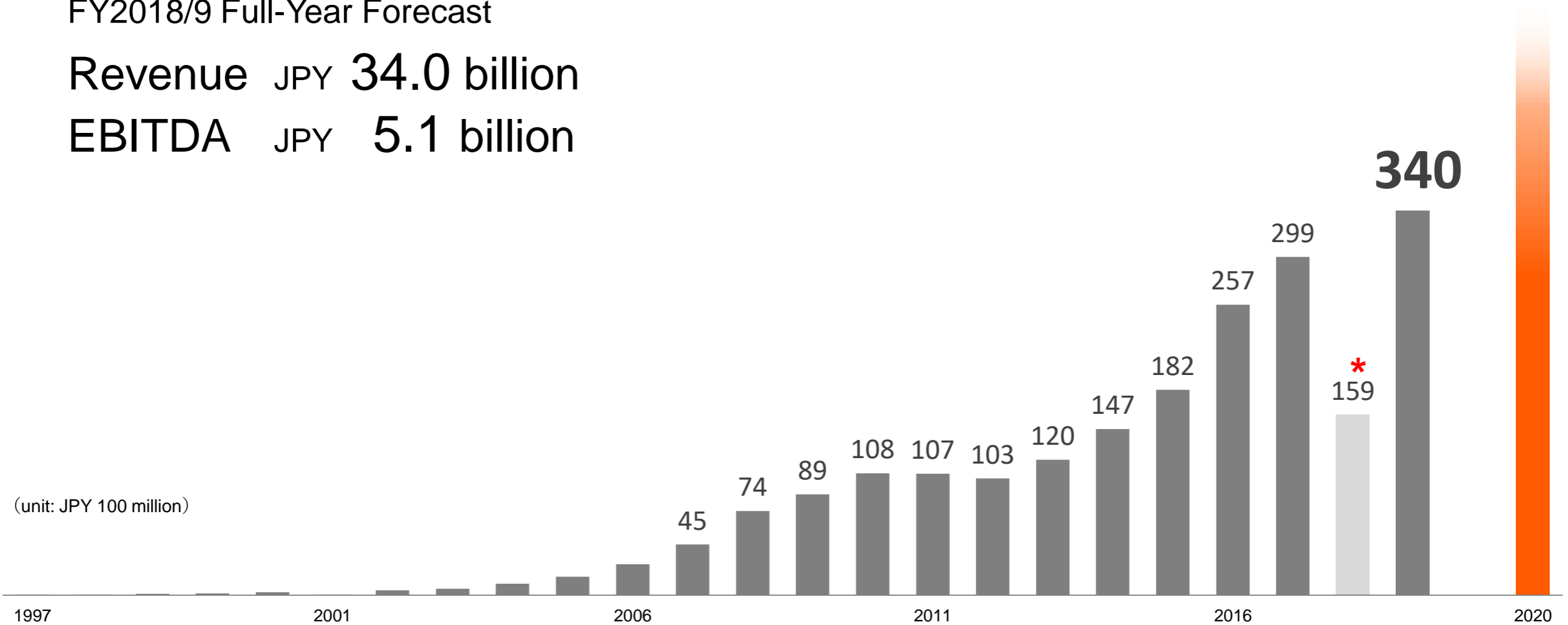
Implementing structural reform to achieve the Mid-term Management Plan

50+ billion JPY

FY2018/9 Full-Year Forecast

Revenue JPY 34.0 billion

EBITDA JPY 5.1 billion



\* Fiscal year ended Sep 2017 was a six-month transition period (from April 2017 to September 2017) due to the change in fiscal-year end.

# Structural Reform

To achieve the Mid-term Management Plan, execute structural reform internally and respond to changes in the external environment

**Structural reform to  
strengthen competitiveness**



**Respond to changes in  
the external environment**

〈 **Optimize the structure** 〉

- **Integrate divisions**
- **Enhance sales capability**

〈 **Improve productivity** 〉

- **Introduce daily profitability managing system  
(To be introduced in October)**

〈 **Improve efficiency** 〉

- **Optimize marketing activities**
- **Utilize AI**
- **Renew the website to improve CVR**

〈 **Improve ability to attract more customers** 〉

- **Strengthen countermeasures against SEO**

# Business Forecast for the Fiscal Year Ending September 2018

IFRS

Full-year business forecasts have been revised

## Condensed Statements of Income and Loss

Unit: JPY mil	FY18/9 Oct.-Sep. [Previously]	FY18/9 Oct.-Sep. [Revised]	Change
Revenue	41,000	<b>34,000</b>	-17.1%
cost of sales	4,848	<b>3,700</b>	-23.7%
SG&A (excl. depreciation)	30,106	<b>25,200</b>	-16.3%
Personnel expenses	9,253	<b>7,700</b>	-16.8%
Advertising expenses	12,962	<b>11,200</b>	-13.6%
Operating expenses	1,361	<b>1,000</b>	-26.5%
Other	6,528	<b>5,300</b>	-18.8%
Other revenues and expenses	-28	<b>90</b>	-
EBITDA	6,016	<b>5,190</b>	-13.7%
EBITDA margin	14.7%	<b>15.3%</b>	-
Net profit*	3,478	<b>2,800</b>	-19.5%

\*Net profit attributable to owners of the parent

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.

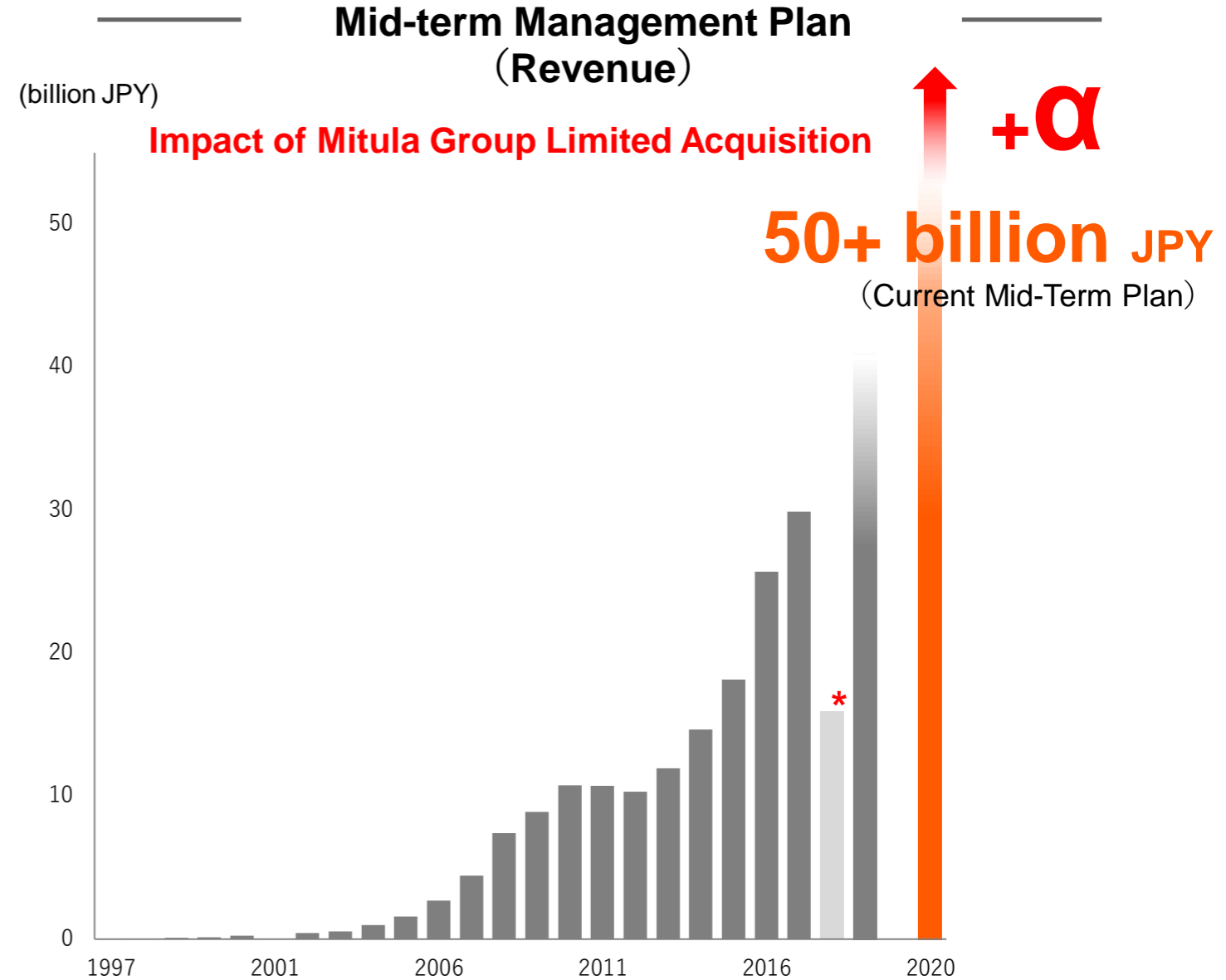
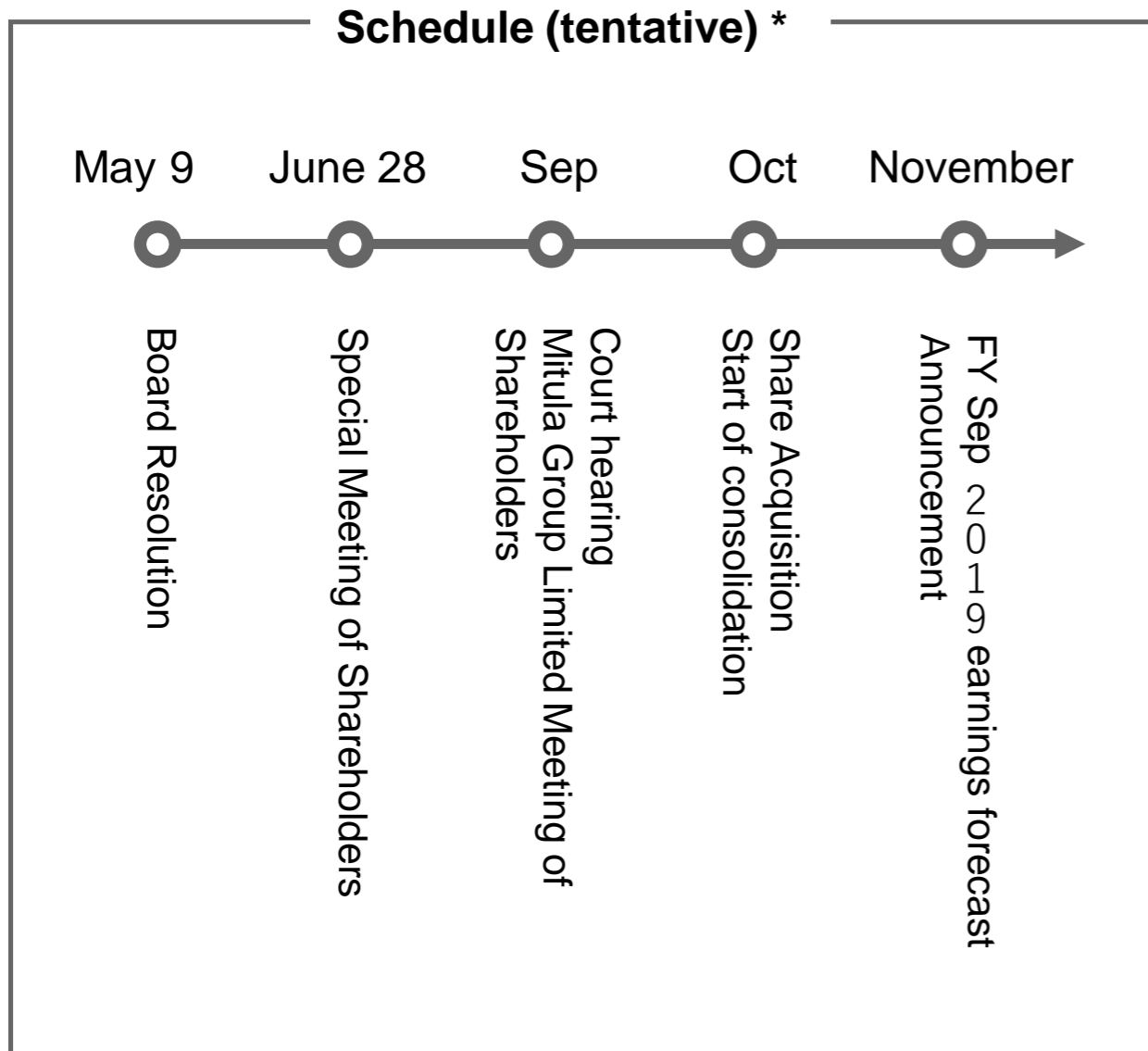
## Revenue by Service

Unit: JPY mil	FY18/9 Oct.-Sep. [Previously ]	FY18/9 Oct.-Sep. [Revised]	Change
Revenue	41,000	<b>34,000</b>	-17.1%
HOME'S Services	33,441	<b>28,100</b>	-16.0%
Overseas	4,834	<b>3,800</b>	-21.4%
Others	2,723	<b>2,100</b>	-22.9%

Note : The latest full-year forecast does not incorporate the potential impacts to be caused by Mitula acquisition.  
Appropriate disclosure shall be made when necessary in a timely manner.

# Mitula Group Limited Acquisition: Impact on Current Fiscal Year and Mid-Term Management Plan

The impact on business performance is under review. To be disclosed as soon as figures being finalized.



\* Schedule is subject to changes depending on a mix of factors. Schedule has been delayed by one month since the schedule was announced previously.

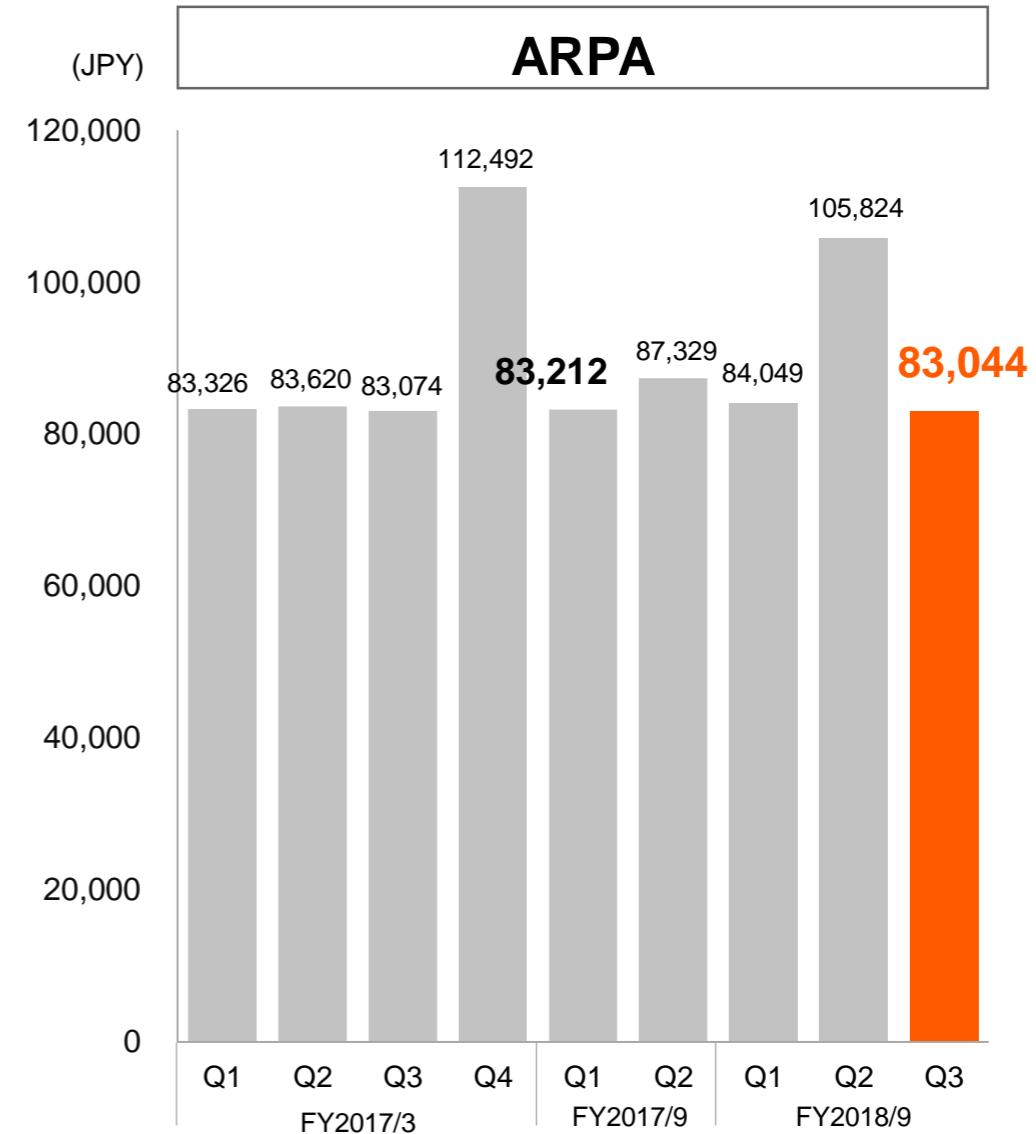
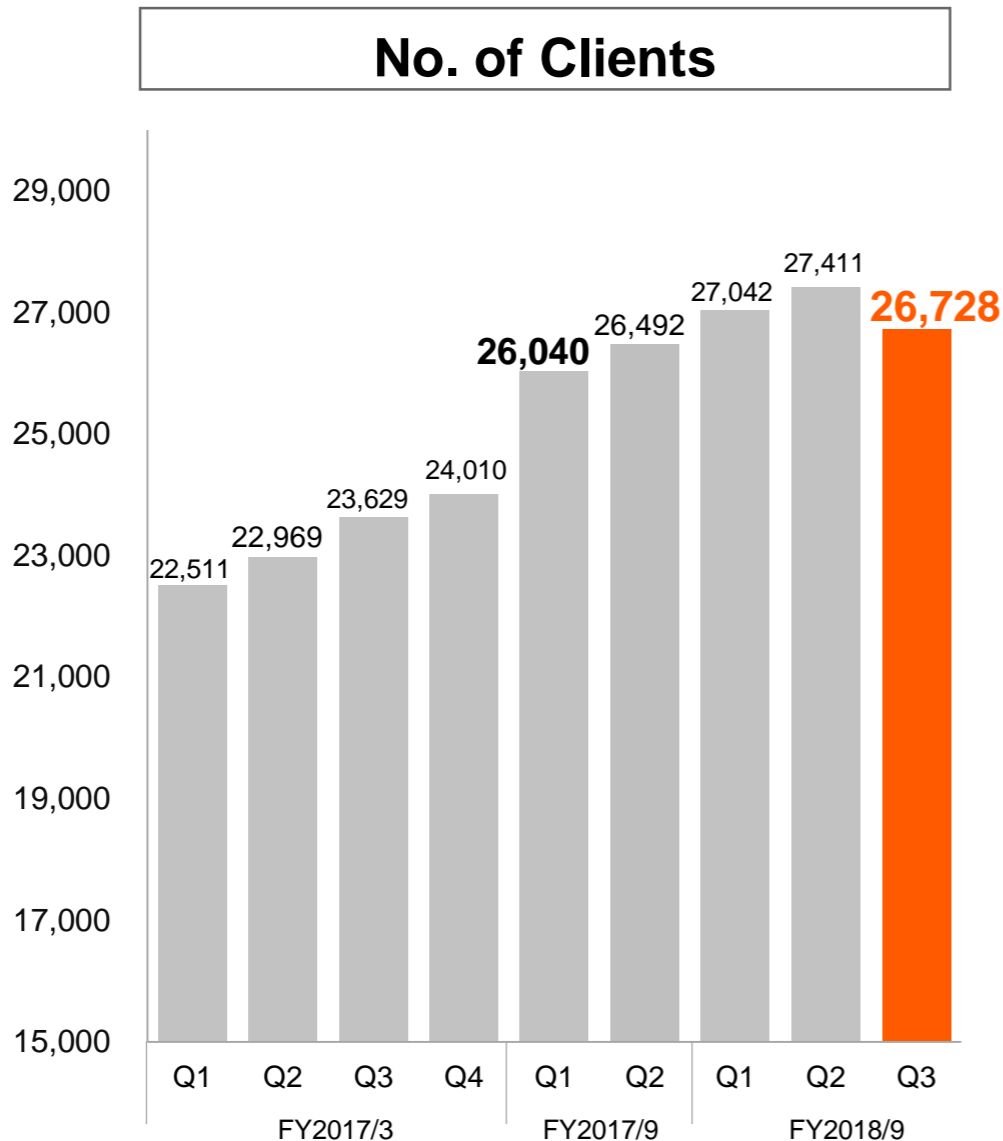
\* FY2017/9 was 6 month irregular closing of Apr-Sep 2017



# **HOME'S Services Business**

# Expanding the Client Network

Number of clients: Increased from last year but decreased from Q2 following the withdrawal from the renovation business.  
 ARPA: Has been almost flat.





## (ref.) Definition of No. of Clients and ARPA

<b>Definition</b>	<p>Number of clients: Number of total paid clients of LIFULL HOME'S and LIFULL Marketing Partners (including the clients who use DMP and CRM)</p> <p>ARPA: Average Revenue Per Agent, revenue per clients HOME'S Services Business revenue / number of clients</p> <p>*Excluding LIFULL Remodel</p>
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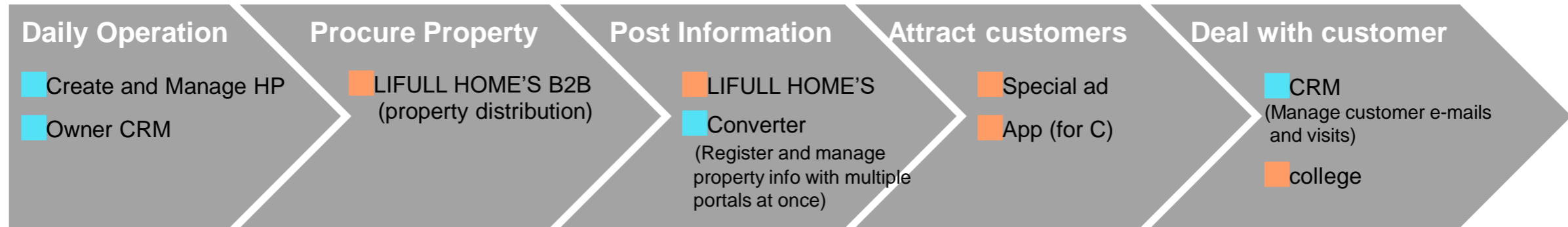
**Expand the business by increasing the “no. of clients” and “ARPA”**

# To Improve ARPA - Organizational Structure -

One-stop support will be provided by integrating Media of Rental Division and a division providing operational supports

## Before

Service examples of ■ Rental Div ■ former BS Div



**BS Div has been consolidated into Rental Div**

\* BS=Business Solution

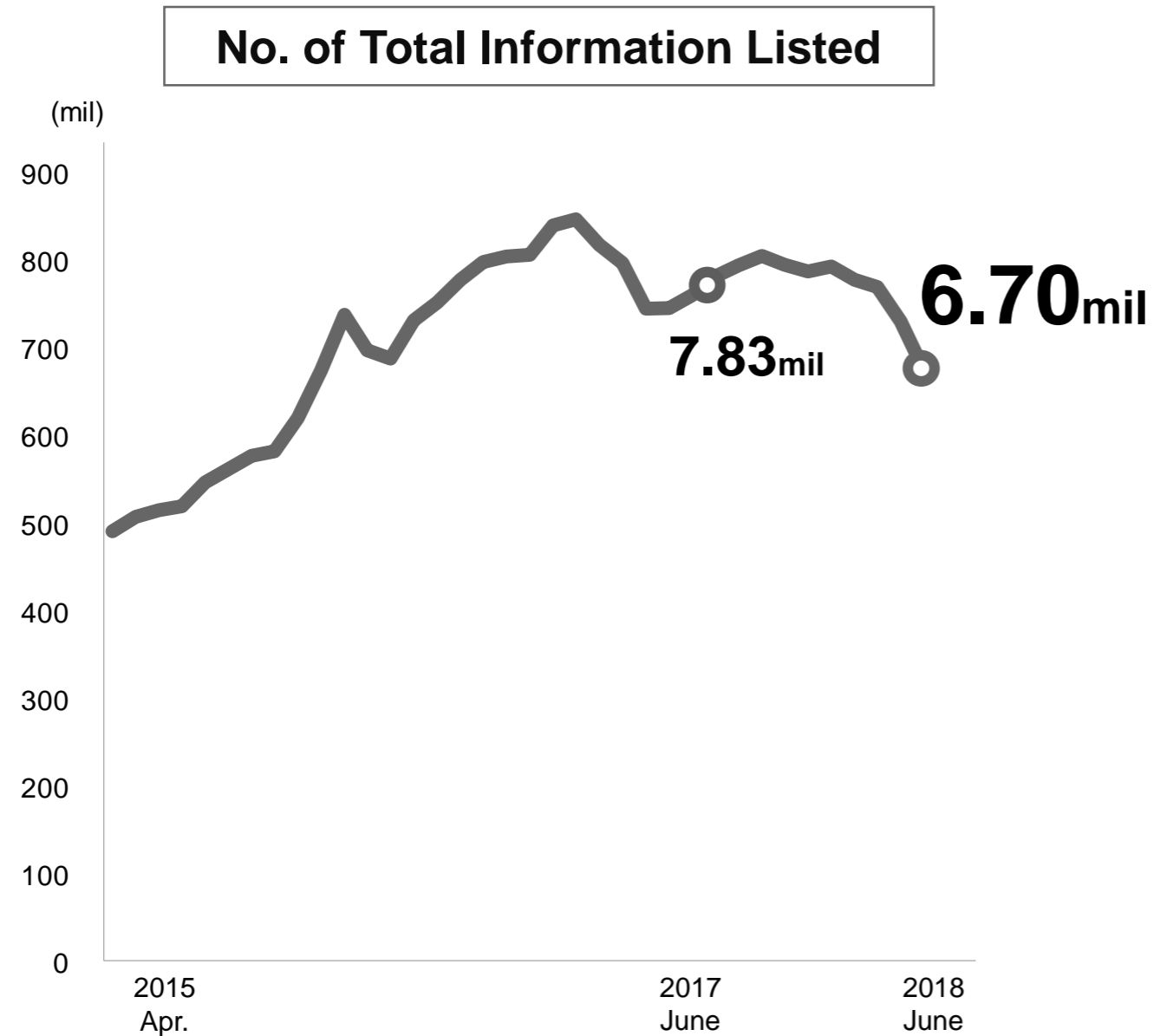
July 2018 ~

**After the consolidation, one-stop support will be provided for both media solution and daily operation**

- Enhanced capability and faster speed of development, sales and services
- Higher efficiency in overlapping areas

**ARPA improvement**

# Expanding the Number of Total Information Listed



**Has been able to maintain the undisputed number of information while improving the accuracy of information**



\*Total information: properties for rental, real estate sales, investment, and new houses and condos. custom-built home and renovation and number of construction company.

\*Withdrew from renovation area in April 2018

# Visualizing the Price Information - “LIFULL HOME’S PRICE MAP”

Providing a list of property reference prices and rents on maps, aiming to improve transparency of second-hand real estate market.

The service has become available across Japan on May 18



PRICE MAP

[www.homes.co.jp/price-map](http://www.homes.co.jp/price-map)

検索

## Reference Prices

代表参考価格: (27.86㎡) **1,325万円 ~ 1,653万円** 代表参考賃料: (27.86㎡) **4.9万円 ~ 5.6万円**

過去の掲載住戸: 17件

所在階	参考価格	参考賃料	間取り	専有面積	採光面
11階	<b>1,331万円 ~ 1,659万円</b> 坪単価: 157.9万円~196.9万円	<b>5.0万円 ~ 5.6万円</b> 表面利回り: 4.05%~4.48%	1DK	27.86㎡	-
11階	<b>1,331万円 ~ 1,659万円</b> 坪単価: 157.9万円~196.9万円	<b>5.0万円 ~ 5.6万円</b> 表面利回り: 4.05%~4.48%	1DK	27.86㎡	-
11階	<b>1,331万円 ~ 1,659万円</b> 坪単価: 157.9万円~196.9万円	<b>5.0万円 ~ 5.6万円</b> 表面利回り: 4.05%~4.48%	1DK	27.86㎡	-
10階	<b>1,328万円 ~ 1,656万円</b> 坪単価: 157.8万円~196.5万円	<b>4.9万円 ~ 5.6万円</b> 表面利回り: 4.04%~4.47%	1DK	27.86㎡	-

住戸情報を入力して参考価格を算出する

建築年月*	建物階数*	所在階*	専有面積*	間取り*
1985年 8月	11階	9階	27.86㎡	1DK

このマンションの査定を依頼する

Reference prices and rents

Reference rent by unit

Detail search conditions

Request of Sale assessment

# Enhance Media Capability - LIFULL HOME'S App -

Intuitive house-hunting function now available: By holding up a smartphone camera with AR function towards the direction of the building, the app will tell the user which room of the property is now up for sale or available for rent in a timely manner



## Property info will be displayed over the building showing up on the user's smartphone by using AR technology

number of data used for the function will be data of one million properties nationwide including rental, newly-built and second-hand condos



### LIFULL HOME'S App

iOS <https://itunes.apple.com/jp/app/id342650611>

Android <https://play.google.com/store/apps/details?id=jp.co.homes.android3>

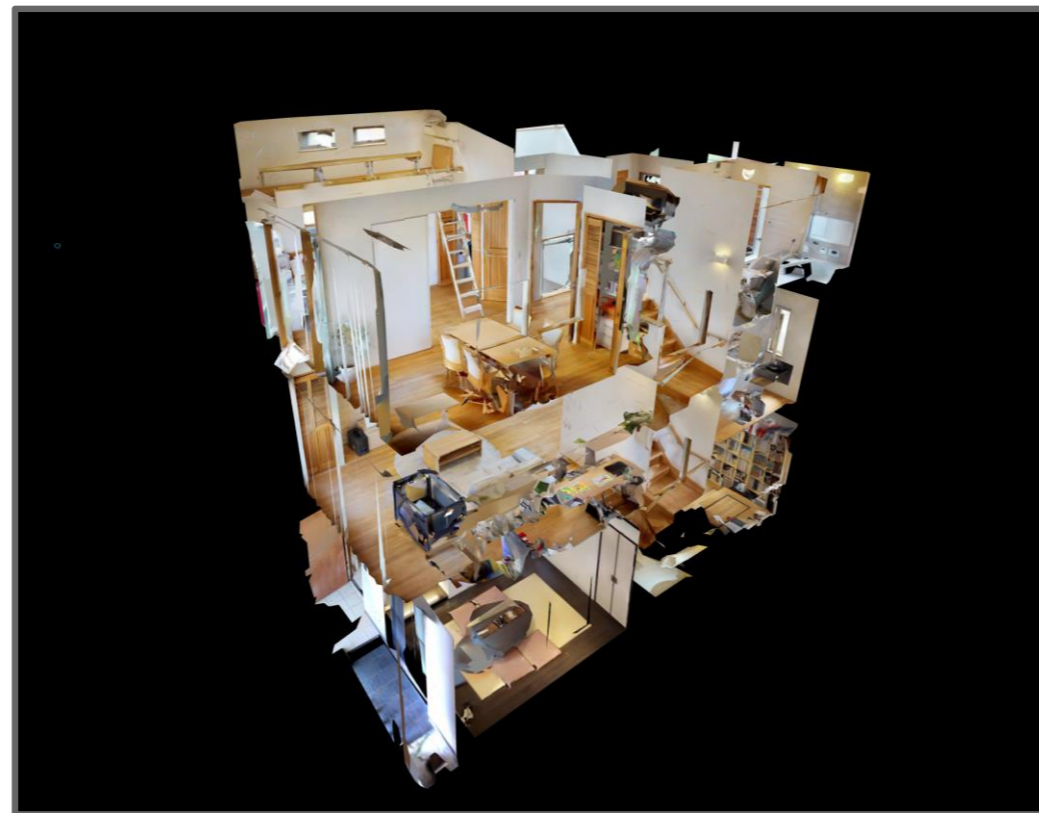
# Real Estate Tech (ReTech) - 3D Model House -

“3D Model House” to be released, which will enable users to tour model houses on-line on a virtual basis without physically visiting housing exhibition spaces

Provide support to home builders to improve cost-efficiency in attracting customers and to improve contract close rate by improving the user-friendliness of the service and transferring high-quality customers to them

< feature page >

< 3D Model House \*image >



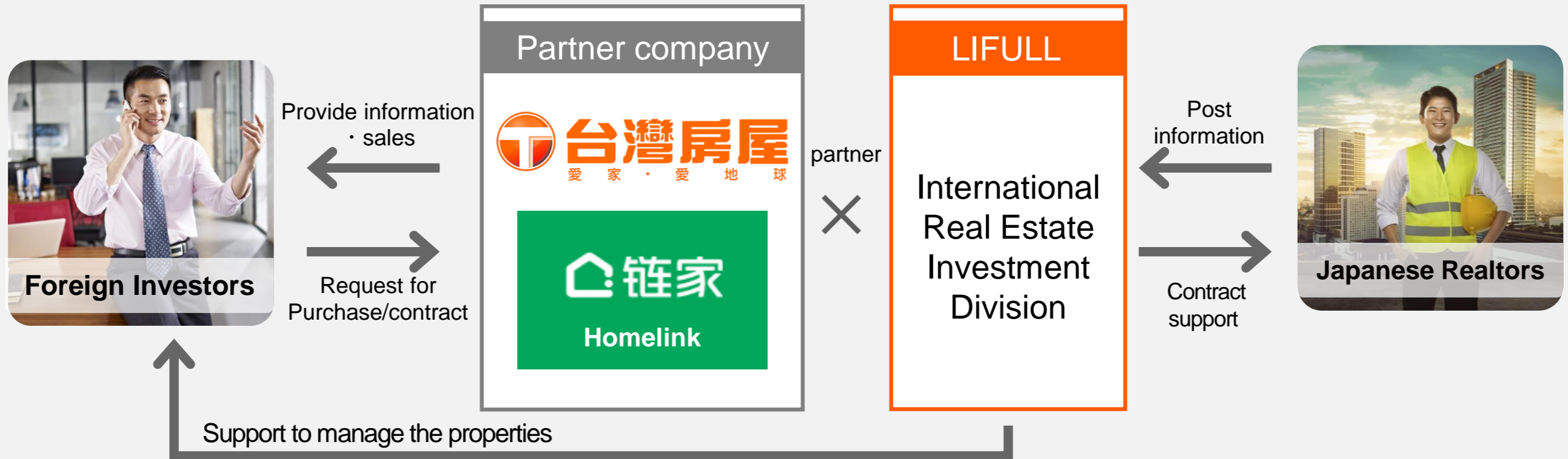
## To be released in August



Note: The picture is just an image and the actual image might be different from what is shown above

# Strengthen Media Power - Make more global investment -

Established partnership with 台湾房屋, one of the largest Real Estate company in Taiwan  
Aim for stimulating investment in real estate and expanding the real estate market



■台湾房屋：<http://www.twcd.com.tw/>

One of the largest real estate agencies in Taiwan established in 1985. Now operates 400 stores in Taiwan.

Established a Japanese affiliate in June 2014 and started to broker properties in Japan to Taiwanese investors.

# Promotions

Communicating via various types of media to strengthen LIFULL HOME'S brand power

## Video Ads (WEB/SNS/Transportation Ads)



©modelpress

**Distributed video ads in coordination with transportation ads and campaigns. Raise LIFULL HOME'S brand awareness effectively even among young generation.**

HOME'S-kun helps Celine Farach, who is looking for a house to live in Tokyo from Los Angeles, stressing the benefits of the on-line preview service provided by LIFULL HOME'S LIVE

## Transportation Ads

Ad posters hung in trains, ad stickers placed next to doors in trains, ads displayed in Tokyo Metro's concourse visions



## LIFULL HOME'S Beach House

From Jul 1 to Aug 31 at Kamakura Yuigahama Beach



## WEB/SNS



In addition to general ads on websites and various social-media platforms, distributing commercial video and video themed on "viewing properties" in coordination with transportation ads.





# Overseas Business

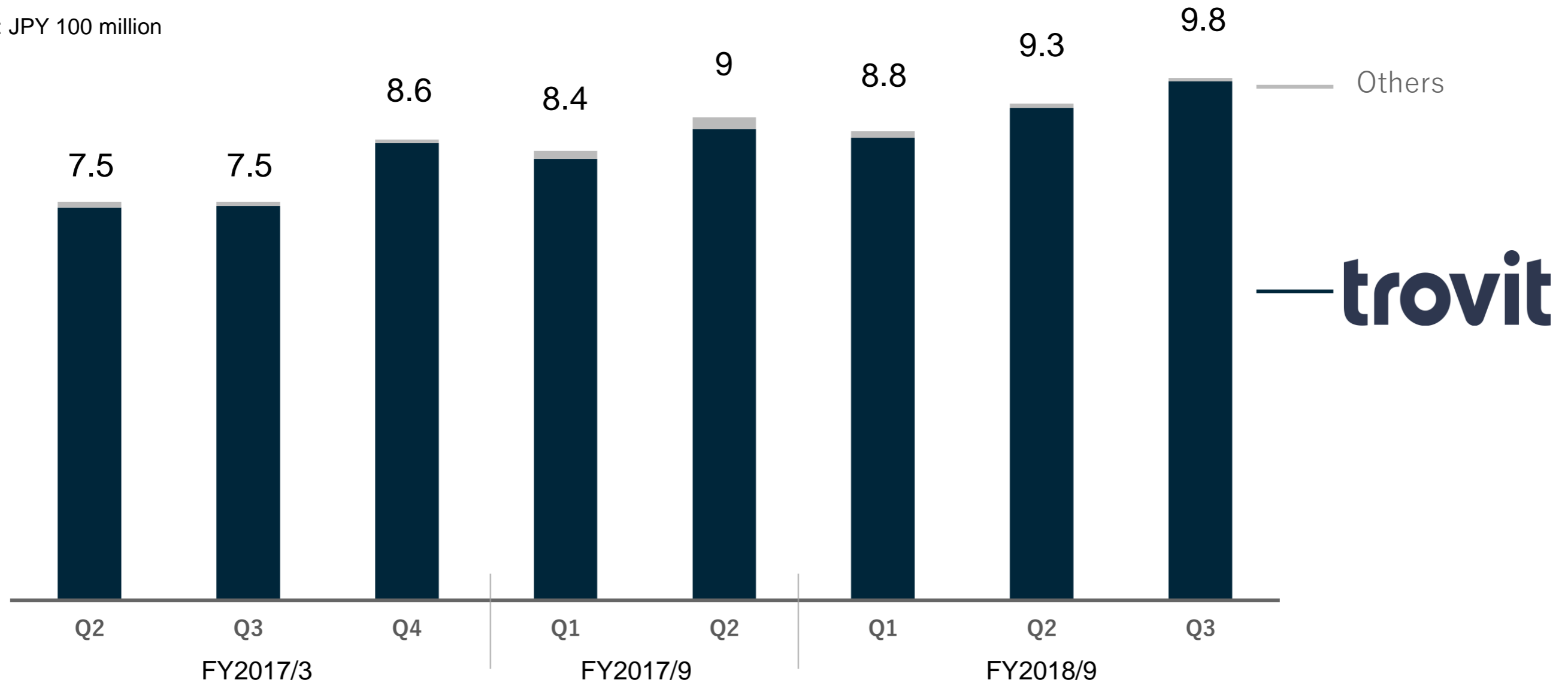
# Overseas Business Highlights

1. Trovit, an overseas subsidiary, has been a driving force both in terms of revenue and profit
2. Aim to acquire Mitula, a company with steadily growing revenue and profit  
FY 2017 actual results      Revenue: JPY 2.8 billion, EBITDA: JPY 0.9 billion
3. Will be an undisputed number one player in the world in real estate aggregation field after acquiring Mitula
4. Grow overseas business significantly by Trovit x Mitula

# Overseas Business Actual Results - Revenue (by quarter)

Overseas Business has been growing lead especially by Trovit

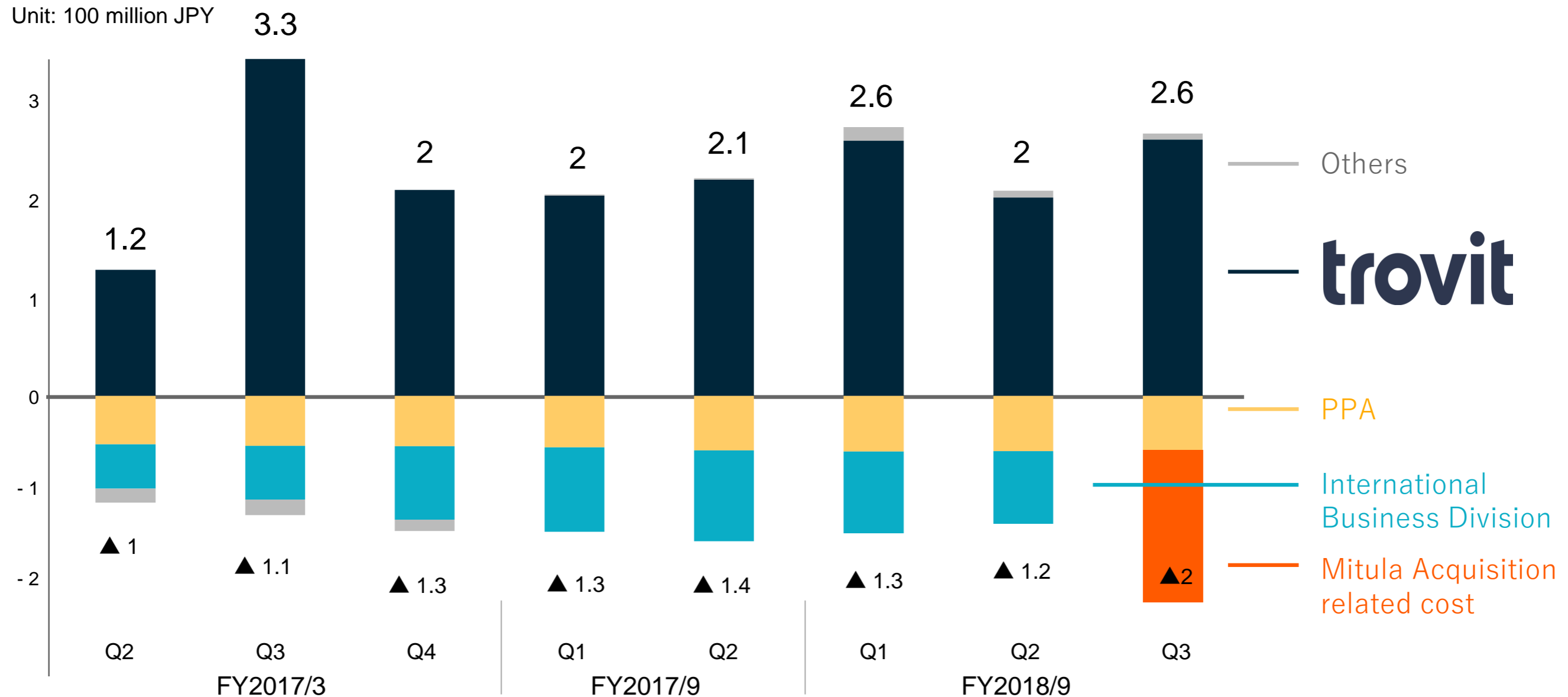
Unit: JPY 100 million



# Overseas Business Actual Results - Operating Profit (by quarter)

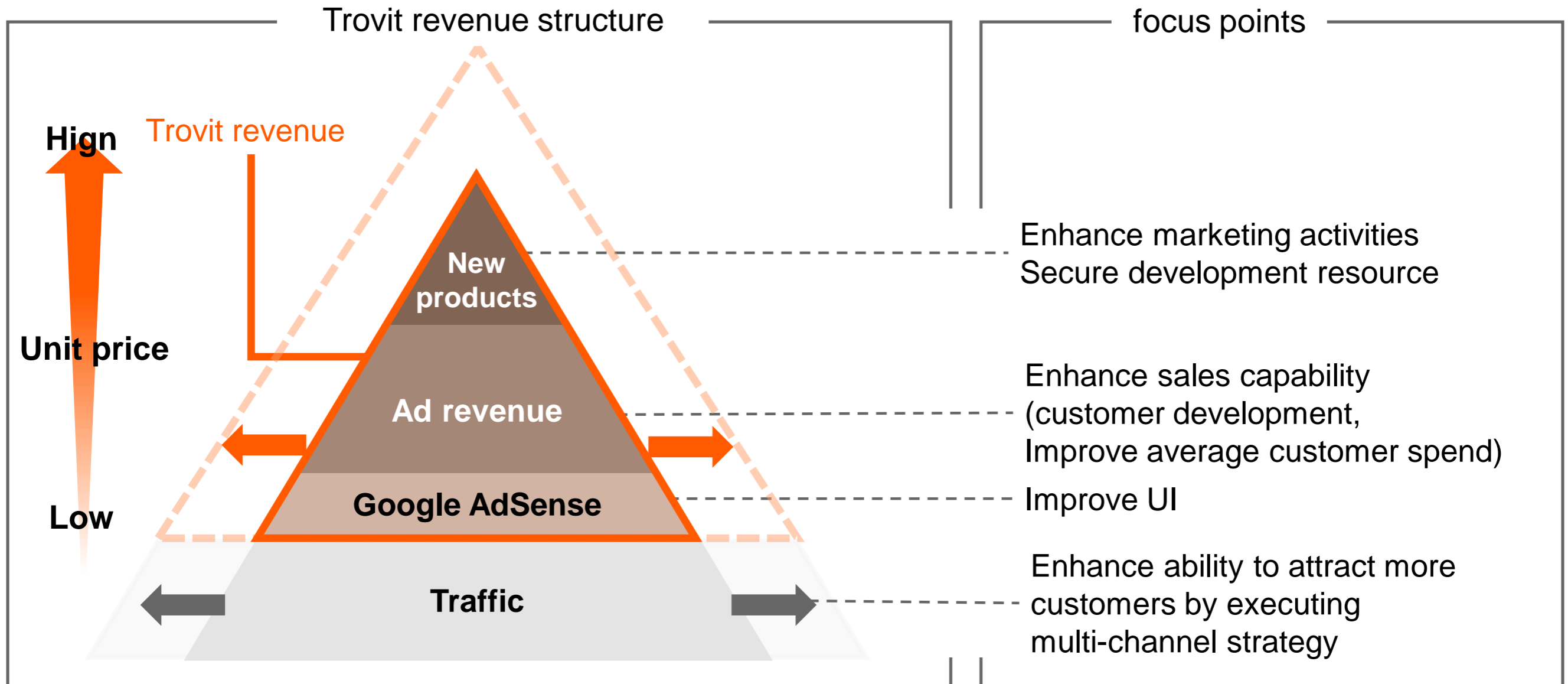
Overseas Business has been growing lead especially by Trovit

Unit: 100 million JPY



# Overseas Business - Trovit Growth Strategy

Increase the profit by increasing the number of traffic and then by navigating the traffic well



**trovit** × **MitulaGroup**<sup>o</sup>

# About Mitula - Company Overview -

- > **Name** : Mitula Group Limited <https://www.mitulagroup.com>
- > **Listed Exchange** : Australian Securities Exchange
- > **Shares Outstanding** : 215,406,884 shares
- > **Business** : Operation of Aggregator Websites and Portal Sites
- > **Financial Result** : Revenue 33.6 million AUD (appx. 2,800 million JPY)  
(Fiscal Year 2017) EBITDA 11.6 million AUD (appx. 900 million JPY)  
Net Income 5.2 million AUD (appx. 400 million JPY)
- > **Head Quarter** : Madrid, Spain
- > **Major Subsidiaries** : 1)Mitula Classified 2)Lokku Limited 3)Dot property 4)Kleding B.V.
- > **CEO** : Gonzalo Del Pozo
- > **Schedule** : Acquisition of shares to be completed in October 2018

\* This document is calculated on exchange rate of 82.6 JPY/AUD.

# About Mitula - Service -

An aggregation website operator providing its service in over 50 countries

## < Services provided by Mitula >

### MitulaGroup<sup>o</sup>

【subsidiaries】	【service】	【business Overview】
Mitula Classified	Mitula <sup>o</sup> NUR	Operate aggregator sites in the fields of housing, cars, jobs and fashion
Lokku Limited	nestoria	Operate aggregator site in the field of real estate
Dot property	dotproperty MOVING ASIA ONLINE	Operate portal website in the field of real estate
Kleding B.V.	Kleding.nl FASHIOLA.	Operate aggregator site in the field of fashion

(reference: p.10 of the material disclosed on May 9)

## < number of countries the service is provided >



(reference: Mitula website (as of July 2018))

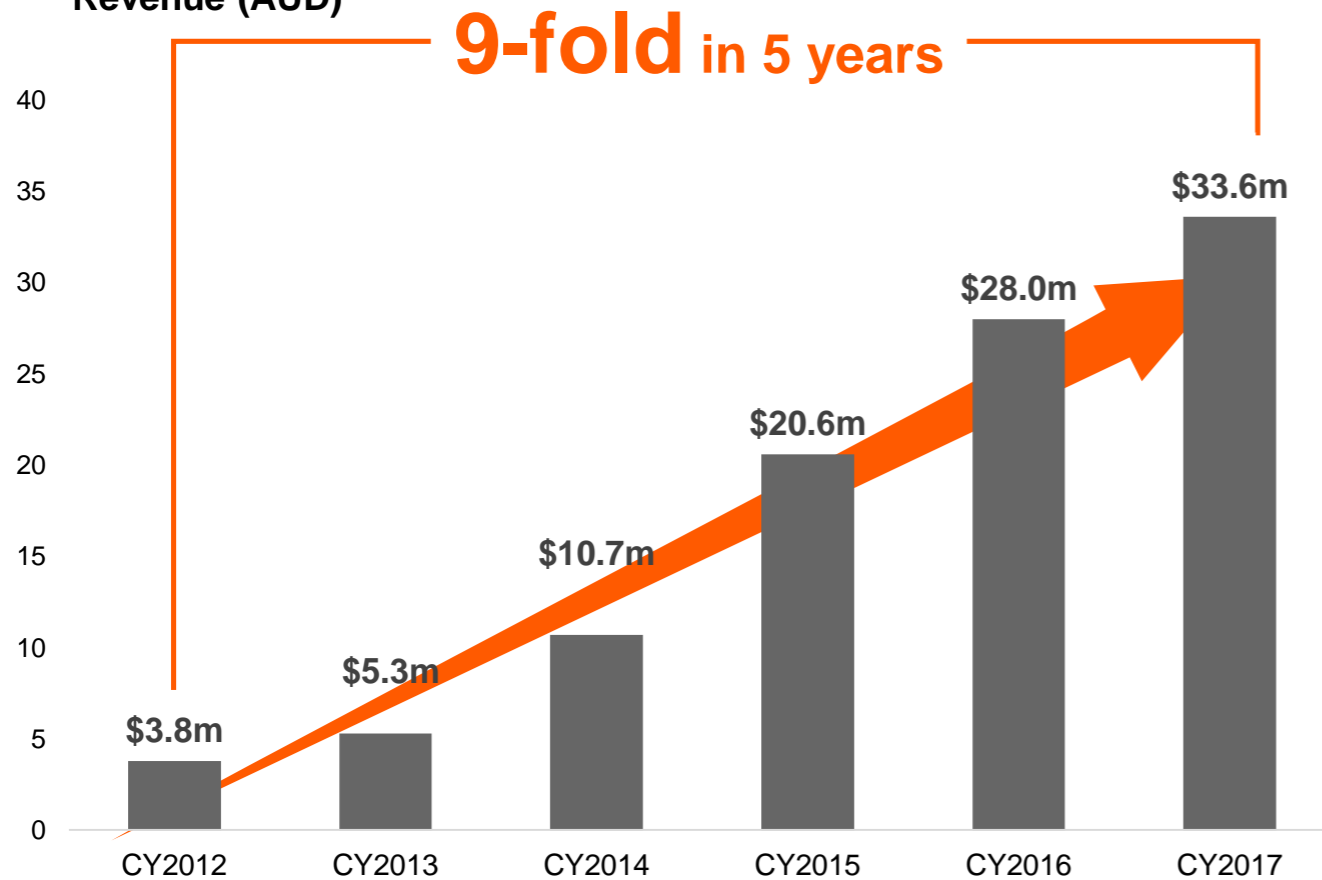


# About Mitula - financial results in the past -

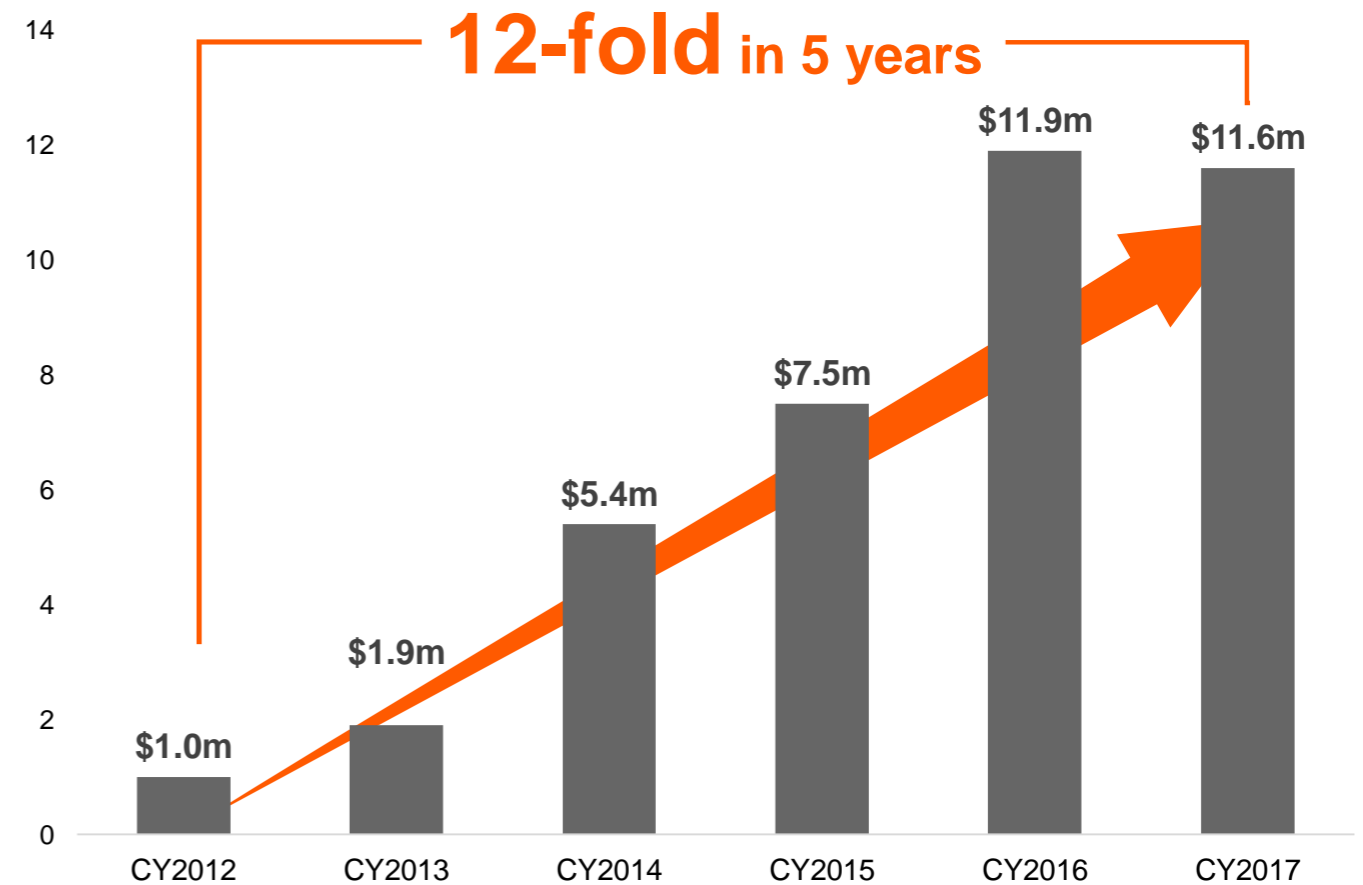
Steady growth of revenue and profit

Highly profitable business with 34.7% EBITDA margin

Revenue (AUD)



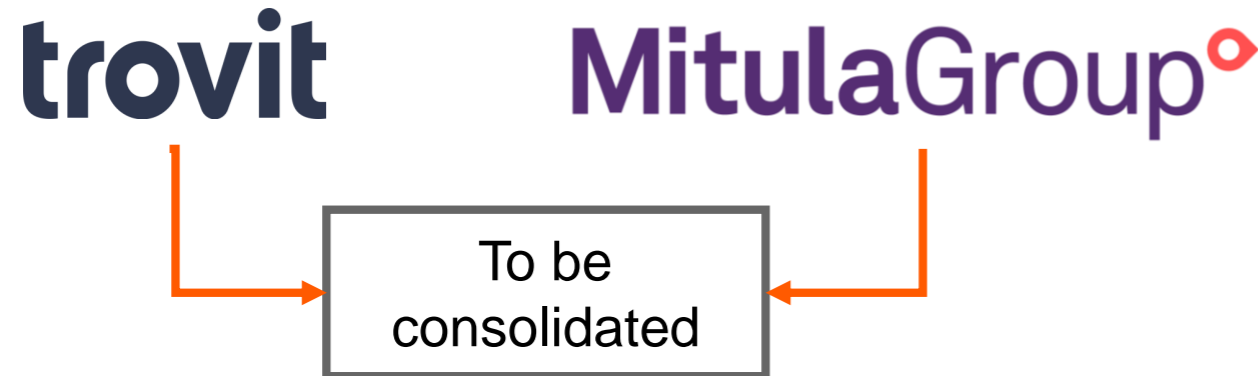
EBITDA (AUD)



# Trovit × Mitula Growth Strategy - Organizational Structure -

Trovit and Mitula will be consolidated to share the strength with each other

(reference: p.17 of the material disclosed on May 9)



**Significant improvement of development, technology and sales capability as well as marketing efficiency**

**Base of Operations**  
Both companies' primary base of operations are in Spain, making integration possible and resulting in a stronger company structure.

The map shows the Iberian Peninsula with a grey background. A red and yellow Spanish flag is positioned to the left of the map. Two lines with circular endpoints point to specific locations: a blue line points to 'Barcelona' on the northeastern coast, and a purple line points to 'Madrid' in the central part of the country. The 'trovit' and 'Mitula' logos are placed near their respective locations. The 'LIFULL' logo is in the bottom left corner, and the number '17' is in the bottom right corner.

<https://lifull.com/wp-content/uploads/2018/05/Mitula-Group-Limited-100percent-Acquisition.pdf>

# Trovit × Mitula Growth Strategy - Improve the traffic share -

Strengthen SEO by integrating knowhow of the two companies

Websites of Trovit and Mitula will not be consolidated to fully capture the users by dominating the SEO highly ranked websites.

< example 1: Search result >

< example 2: Traffic share >



Chile

26% → 68%

Italy

55% → 85%

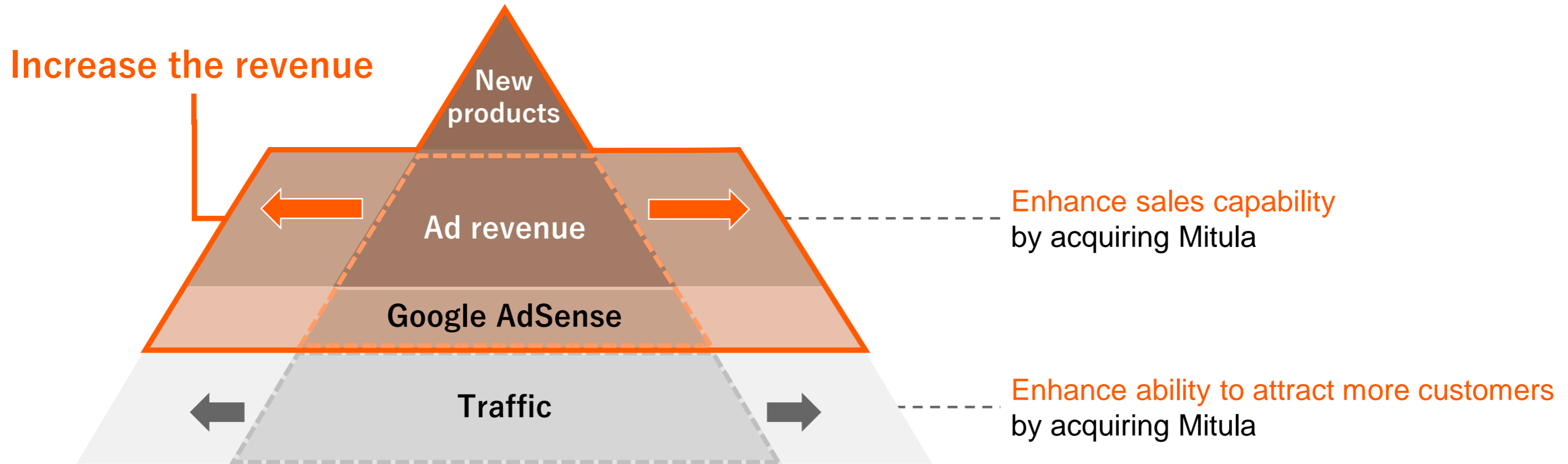
Mexico

53% → 90%

Source: SimilarWeb

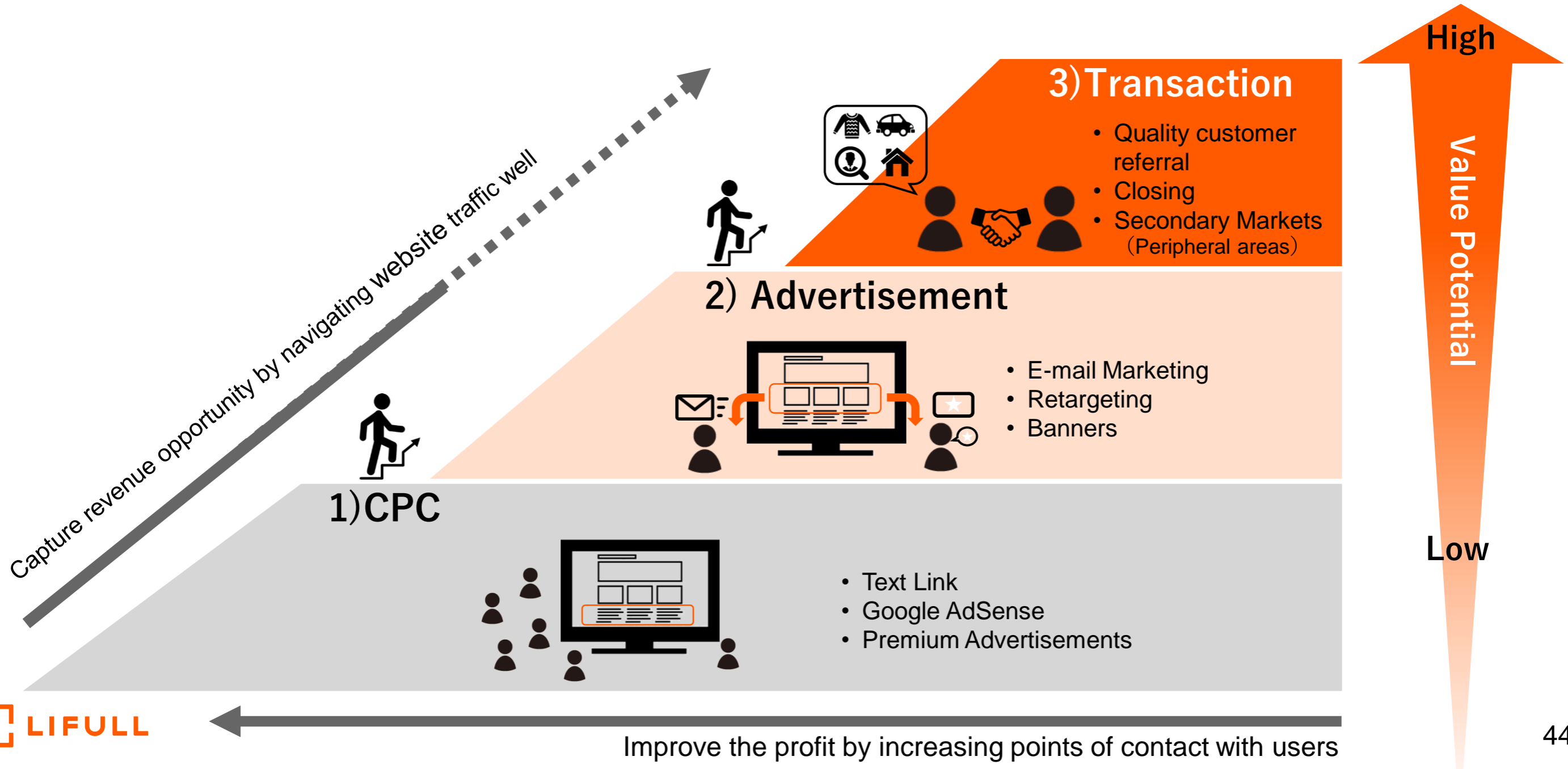
# Trovit × Mitula Growth Strategy - Improve Average Customer Spend -

Be a price leader by utilizing the massive traffic volume generated by the two companies.



# Trovit × Mitula Growth Strategy - Service -

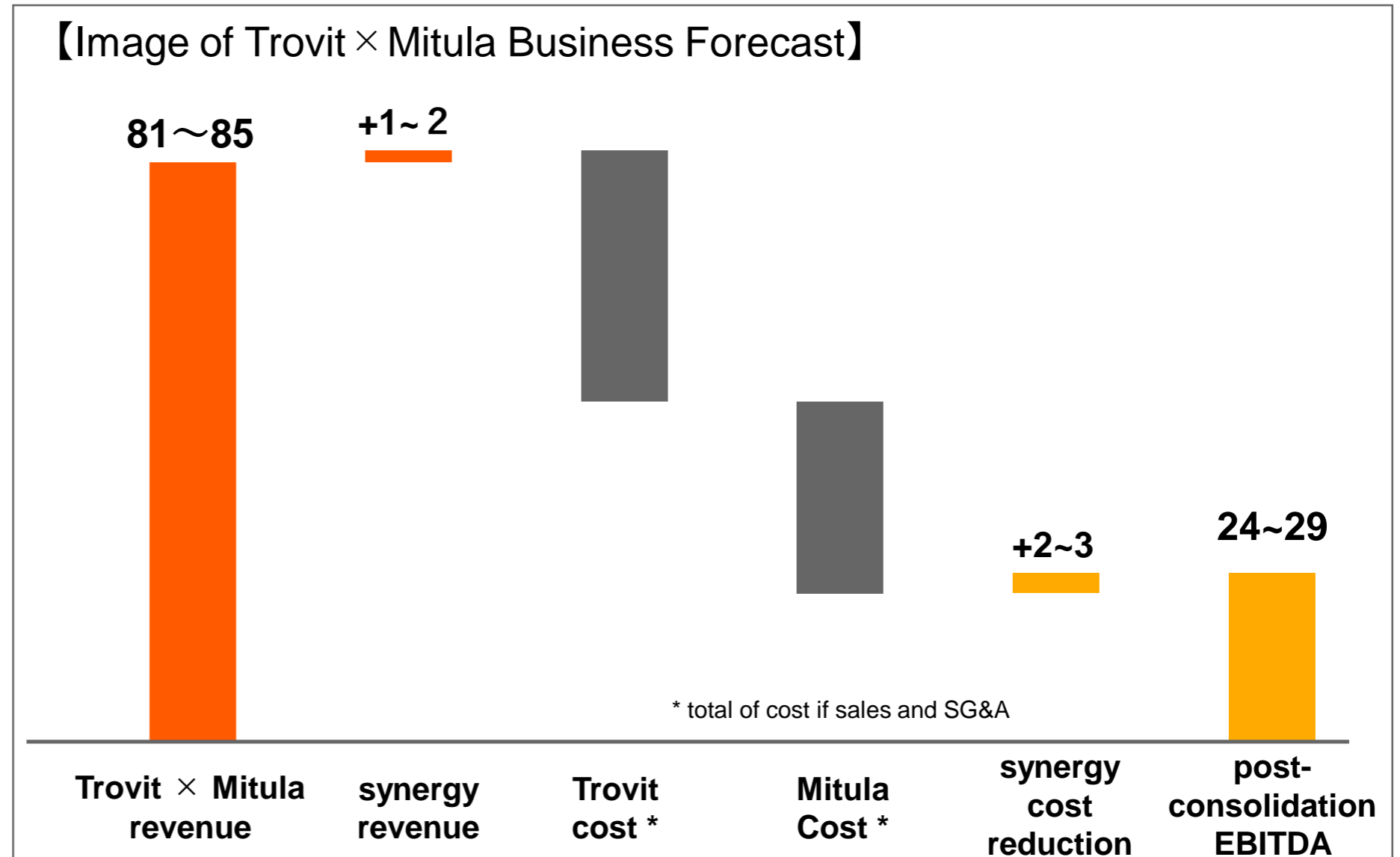
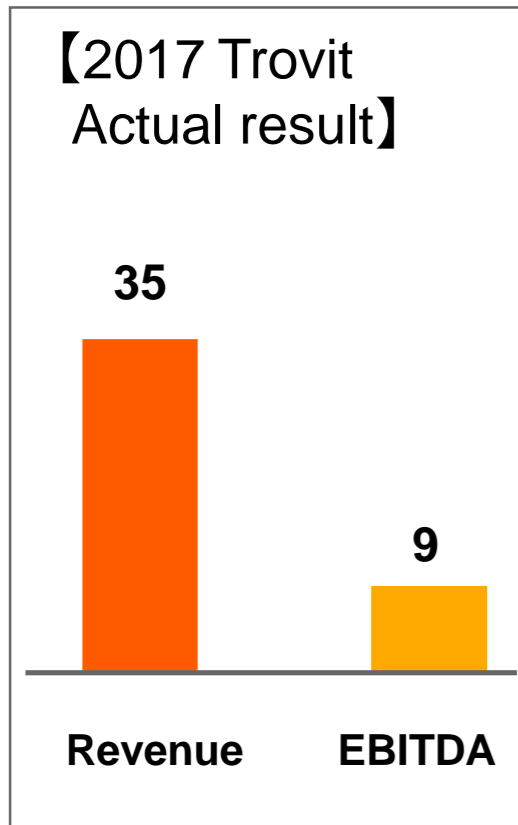
Increase potential value per user to capture multi-dimension revenue opportunities



# Synergy to be generated by Trovit × Mitula - Image of Overseas Business Forecast -

Both revenue and EBITDA will grow significantly not only because of the organic growth of the two companies but also because of the synergy effect.

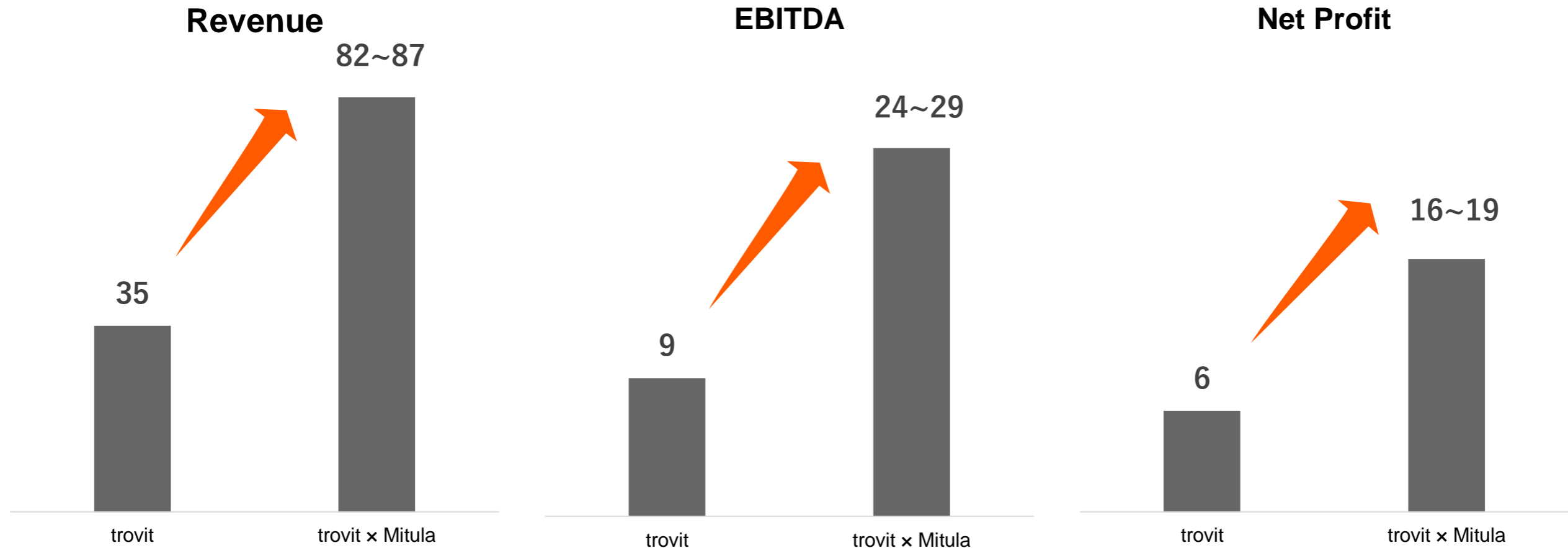
(unit: 100 million JPY)



# Synergy to be generated by Trovit × Mitula - Image of Overseas Business Forecast -

Both revenue and profit are expected to grow significantly.

(unit: JPY 100 million)



Note 1: Above numbers are post-acquisition business forecast, calculated based on Trovit and Mitula respective earnings in the fiscal year ended Dec 2017.

Note 2: Above numbers are images of forecasts when Trovit and Mitula consolidated on a full year basis.

Note 3: Above images of EBITDA and Net Profit do not incorporate PPA amortization

## Impact Following Mitula Acquisition - Size of impact per share -

Although stock value will be diluted by 15.6% at maximum after the issuance of common shares, the size of consolidation synergy is expected to be bigger.

[ Dilution by issuing common shares ]

**15.6%**  
dilution at maximum



[ expected profit increase after the consolidation ]

Net profit will increase by  
aprx. **20~25%**

\* based on net profit forecast for FY2018/9

\* As a result of the above trial calculation, amortization of depreciable assets (PPA) is a condition of 200 million yen annually.

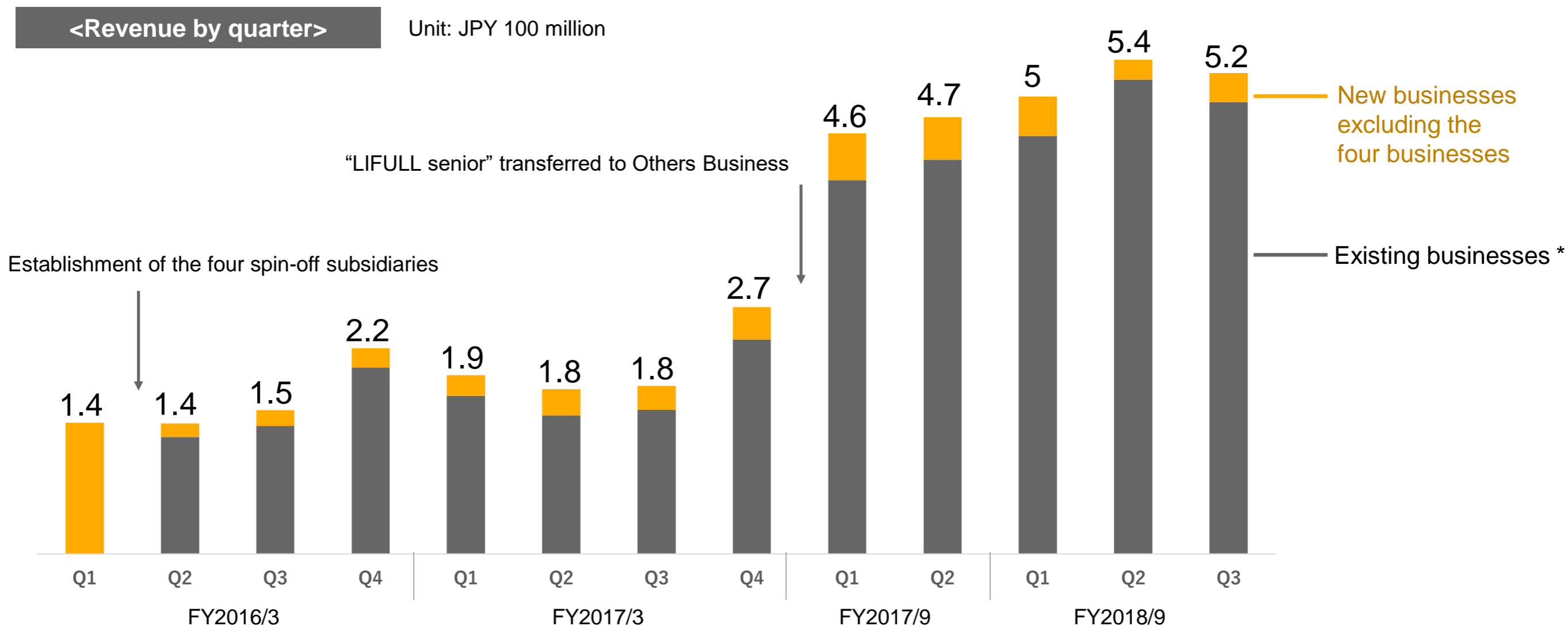




# Others Business

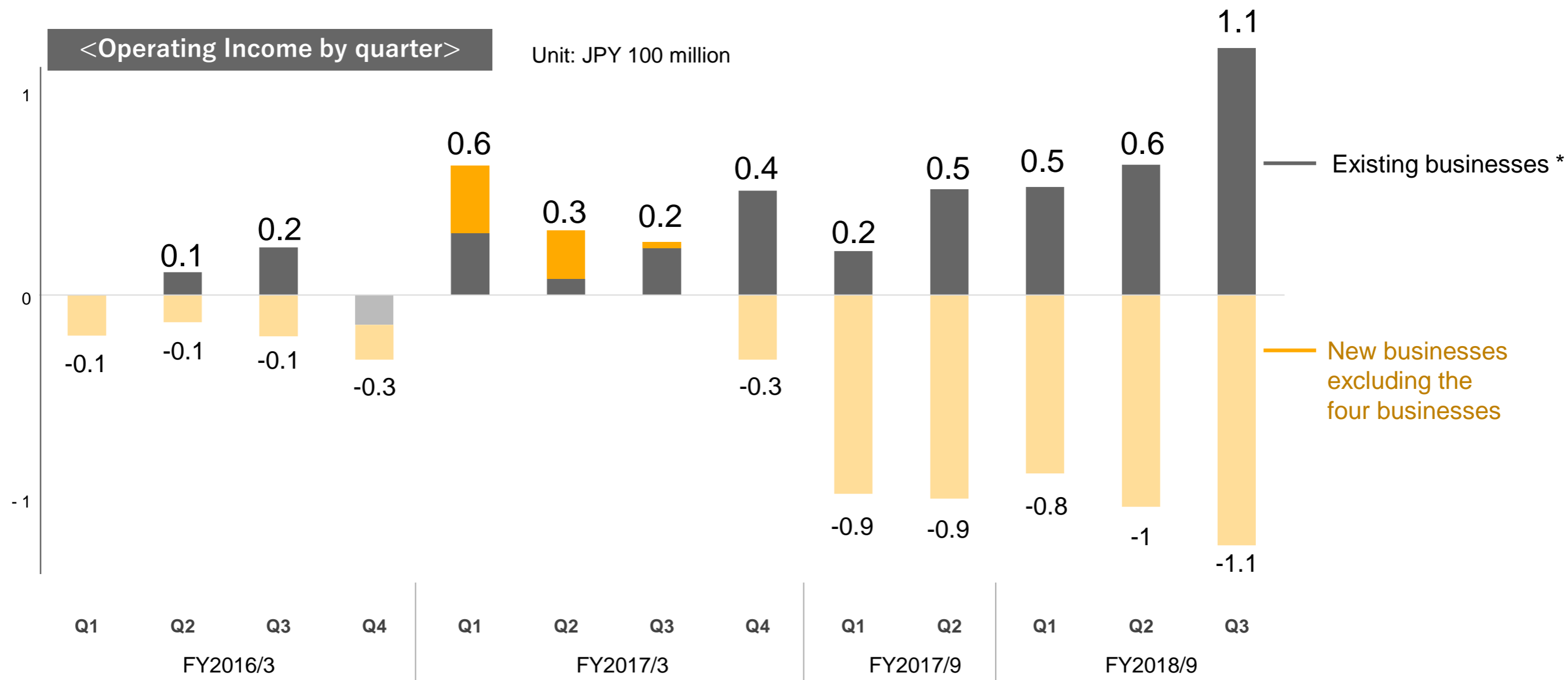
# Others Business Actual Results - Revenue

The Business has been growing lead especially by the four spin-off subsidiaries



# Others Business Actual Results - Operating Income (quarterly)

Existing business increased steadily. Other business is investment stage, but plan to further grow further



 LIFULL

Make every LIFE FULL.

# Appendix

# Corporate Info (as of June 30, 2018)

<b>Company</b>	LIFULL Co., Ltd.
<b>Stock code</b>	2120 (TSE 1st Section)
<b>Representative</b>	Takashi Inoue, President and CEO
<b>History</b>	Mar. 12, 1997 Established Oct. 2006 Listed in TSE, Mother's Section Mar. 2010 Listed on TSE 1st Section
<b>Capital</b>	JPY 3,999 million
<b>Stock issues</b>	118,789,100 shares (incl. 73,736 shares of treasury stock)
<b>Consolidated number of employee</b>	1,280 people (incl. 200 temporary and 118 overseas)
<b>Major shareholder</b>	LIFULL directors, Rakuten, Inc. (20%)
<b>Main subsidiaries ( ) stake</b>	Trovit Search, S.L. (100%) LIFULL Marketing Partners (100%)



## LIFULL HOME'S, a real estate and housing information listing site

<https://www.homes.co.jp/>

- “LIFULL HOME'S” is the No.1\* real estate and housing information listing site in Japan. \*Sankei Medix (2018.1.30)
- LIFULL has an internal team specialized in improving information accuracy and quality to be the best not only in terms of quantity but also in terms of quality.
- Continued to step up the efforts to meet smart device-related needs, catering for a variety of needs.



- Various search options available including searching by cities, train station, commute time, etc.
- Conditional search options available including “no deposit” and “pet friendly.”
- Users can choose multiple properties and compare among rental properties and purchasing properties at the same time.
- Various functions including “Moving To-do List” and “new arrival properties notification” available.



#1 in Real Estate Listings  
LIFULL HOME'S  
iOS and Android apps

### Various Search Options



Address



Train



Commute time



Travel time by car



Map



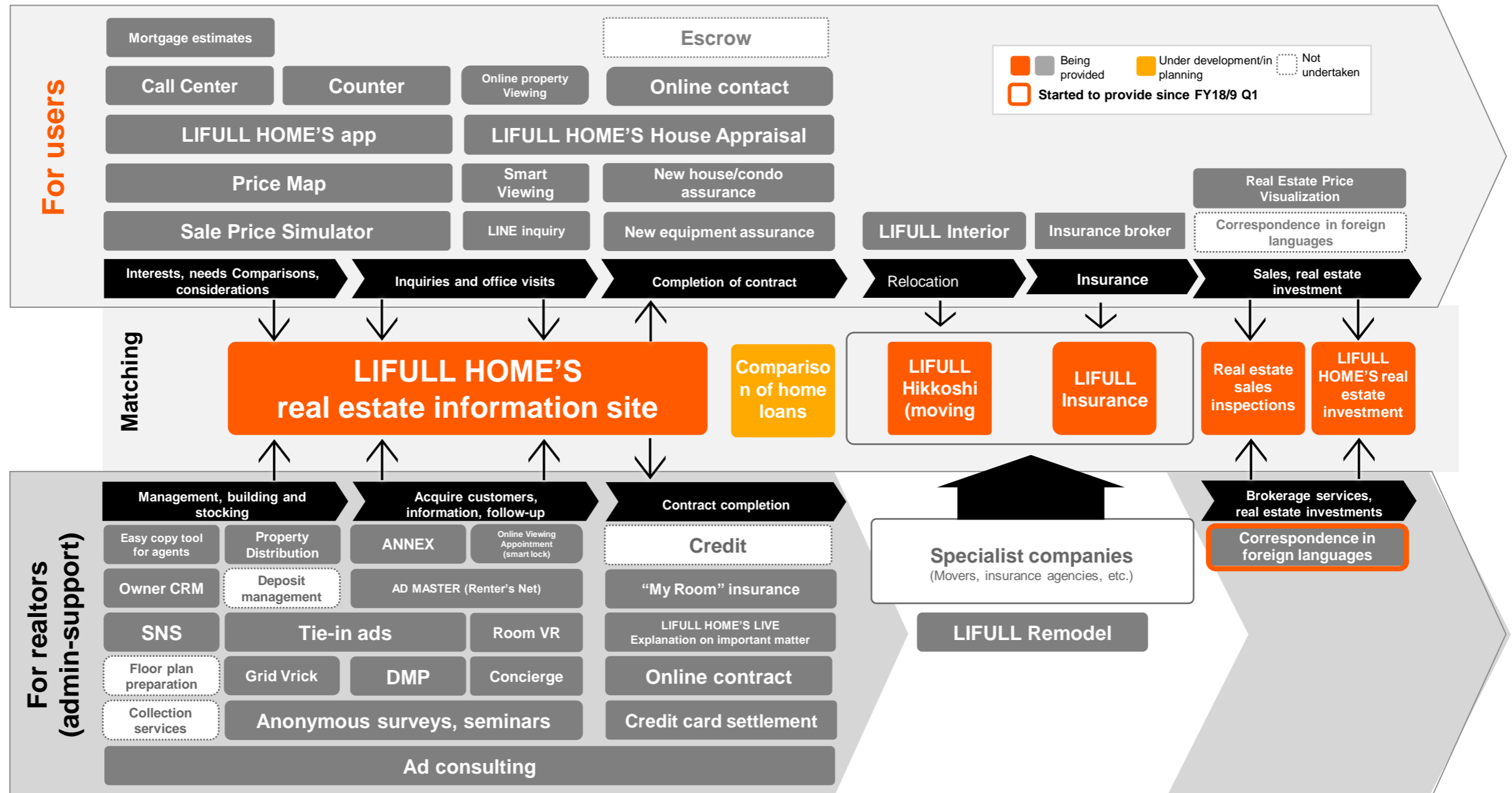
Agency



By phone

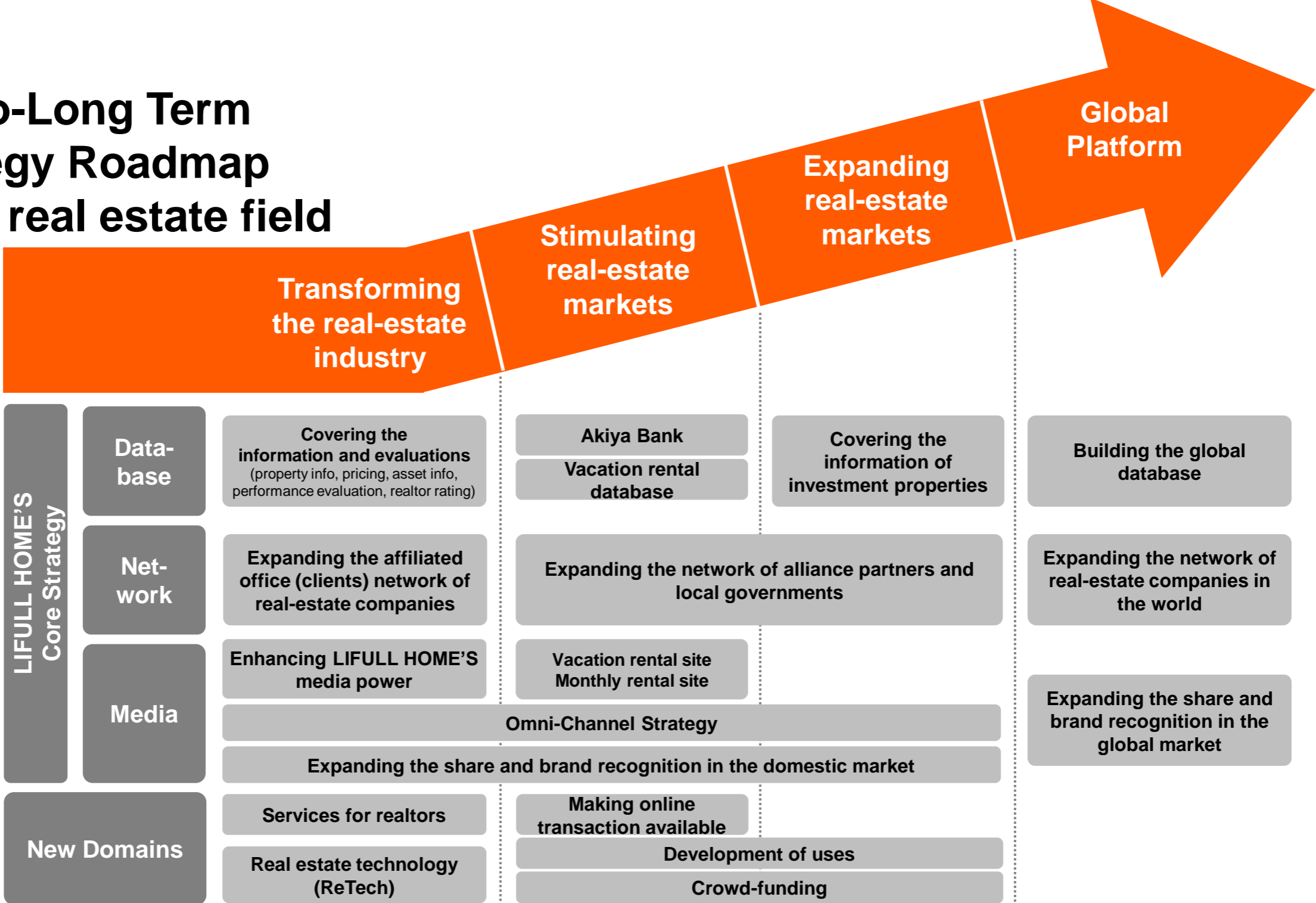
# LIFULL Service List

LIFULL provides a wide range of user-friendly and realtor-friendly services





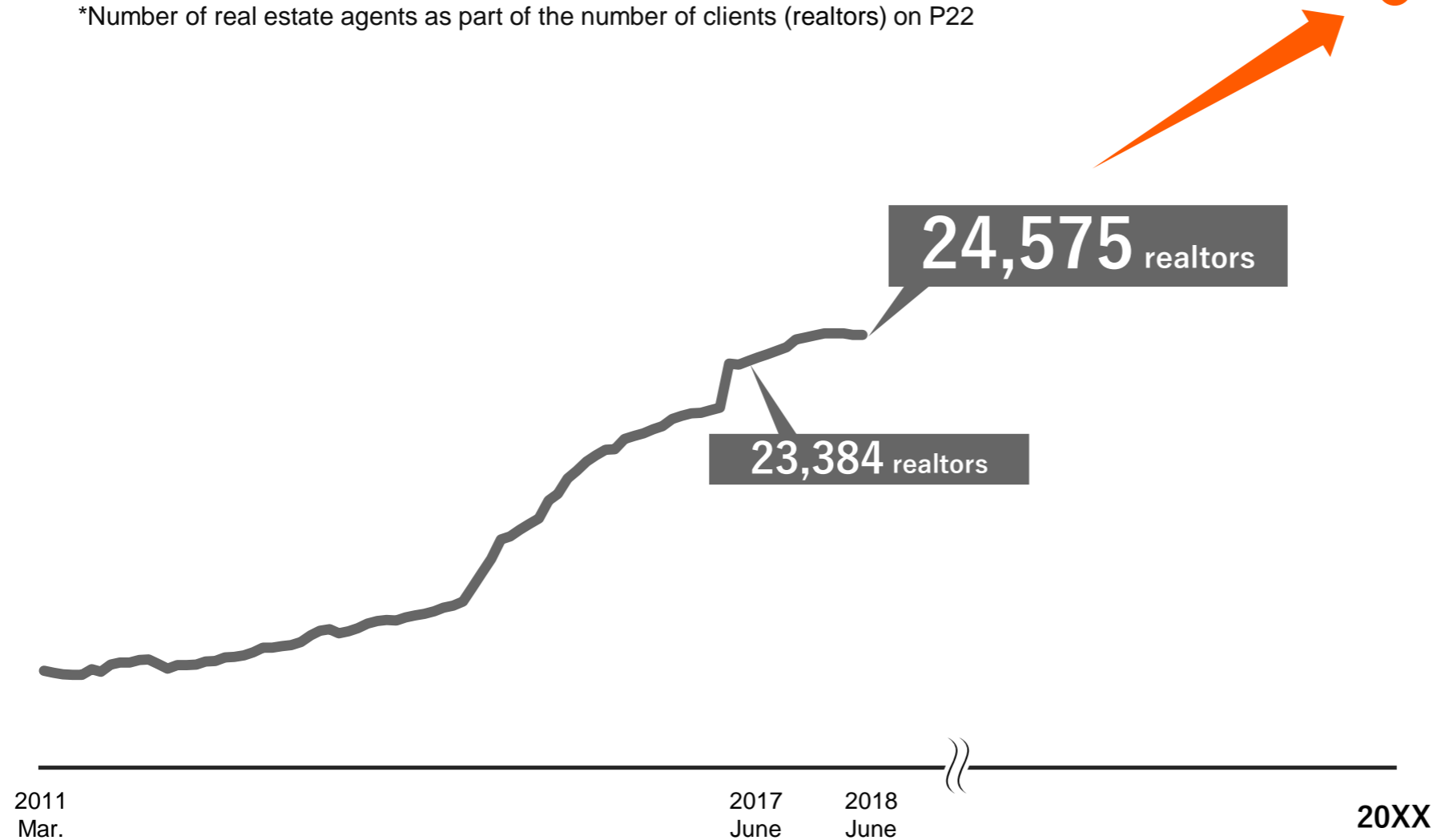
# Mid-to-Long Term Strategy Roadmap in the real estate field



# Number of Affiliated Realtors

Affiliated realtors<sup>\*</sup> network has been expanding steadily

\*Number of real estate agents as part of the number of clients (realtors) on P22



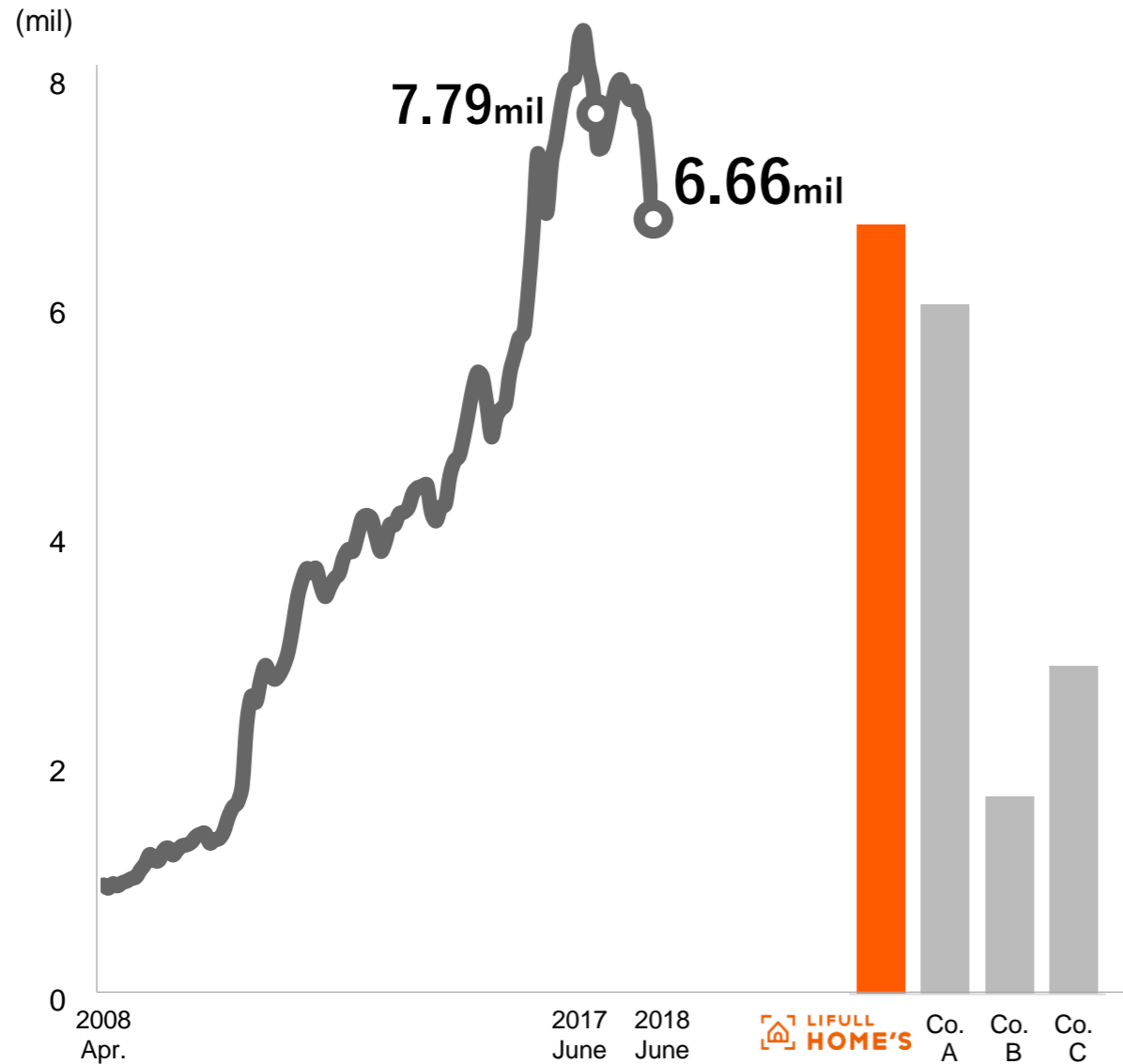
Mid to Long-Term Target  
○ **40,000** realtors

## Steady Growth

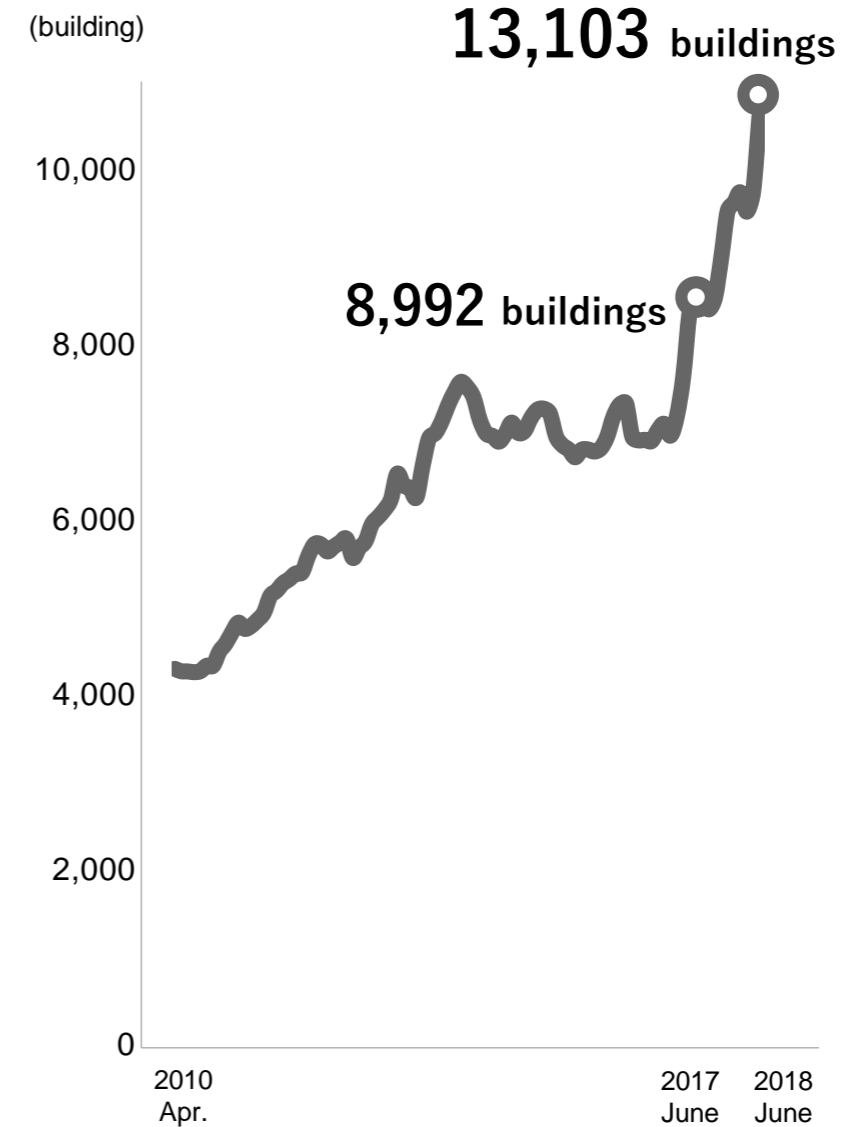


# Number of Properties Listed - Rentals, Real Estate Sales, New Houses and Condos -

Rentals and Real Estate Sales

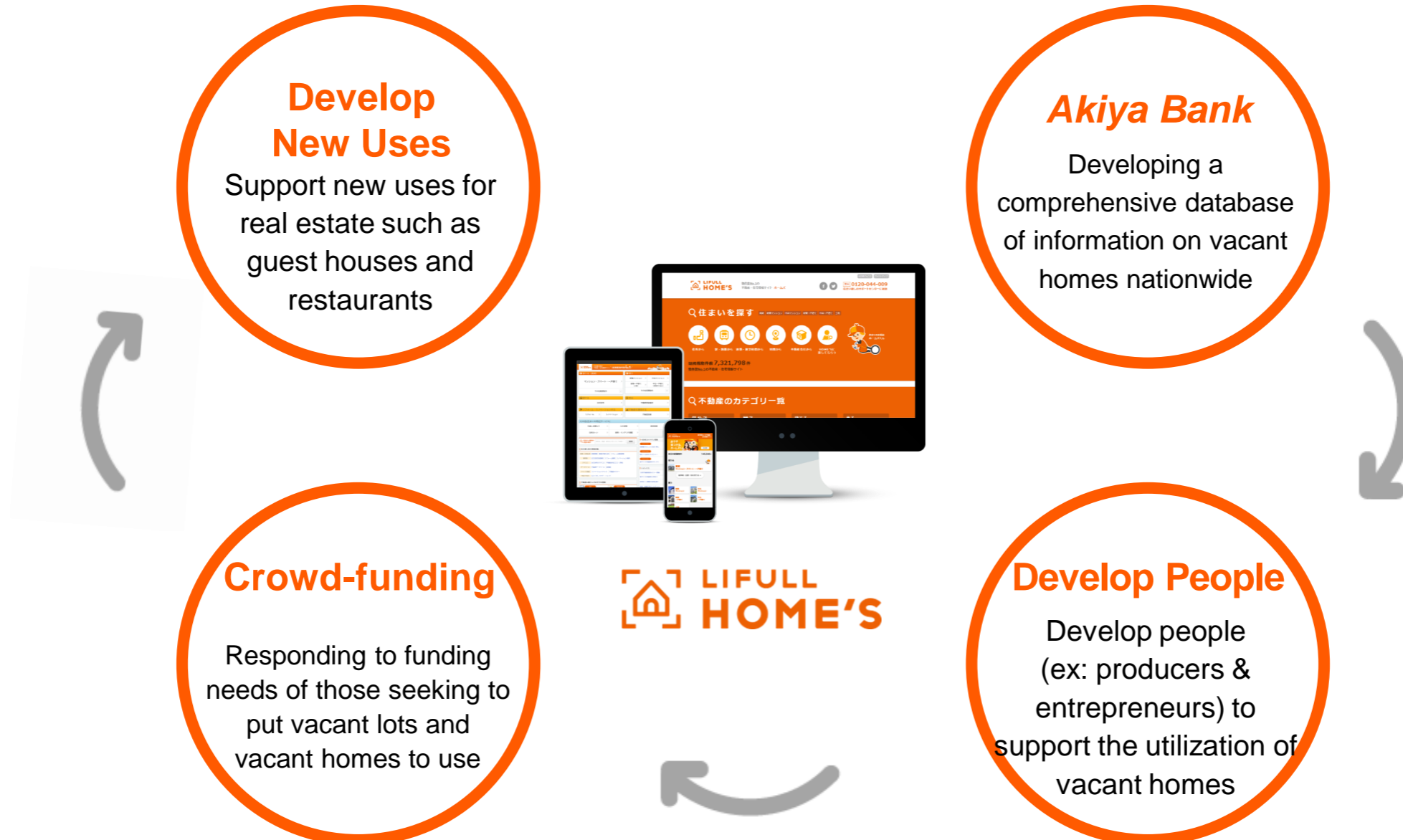


New Houses and Condos



# Revitalizing the Second-Hand Market

Work to solve the social problem of “empty homes” by providing various solutions such as by developing a comprehensive database of vacant homes, and by developing new ways to utilize them



# LIFULL HOME'S Akiya Bank Official Release

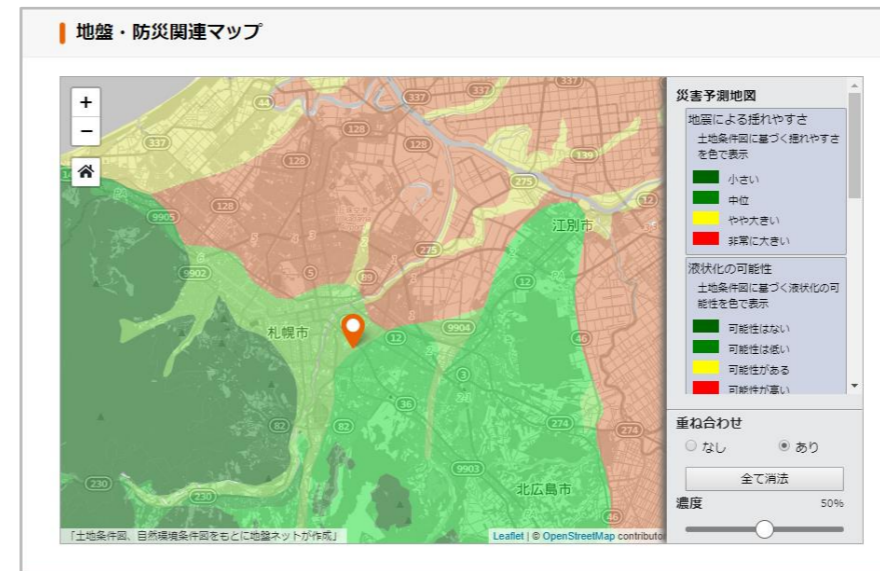
Currently, 500 local governments (out of appx 900 total) have registered for the service (as of July 26, 2018)

## LIFULL HOME'S Akiya Bank



<https://www.homes.co.jp/akiyabank/>

Newly added functions:  
map-based search, hazard maps, etc...



# RAKUTEN LIFULL STAY - “Vacation STAY”

Registration of properties to Vacation STAY - the vacation rental and accommodation reservations site - has begun



Automatic Posting

Global accommodation and vacation rental reservation sites

Rakuten Travel

Booking.com

HomeAway  
By Expedia

tujia 途家

yanolja

AsiaYo!

agoda

Vacation STAY

検索

<https://vacation-stay.jp/>

Fee structure (service charge)

Plan to collect 3% from the host and 12% from the guest

# New Business – New Service

Rental meeting room and rental space information site “LIFULL Rental Space” launched.



Rental Meeting Room and  
Rental Space Information Site

Service started Jan 2018

<https://www.homes.co.jp/rentalspace>



# LIFULL Group Services

## LIFULL Kaigo (nursing care)



Website to search nursing care homes or elderly housing  
Operated by **LIFULL senior**

## LIFULL Hoken Sodan (insurance consultation)



Insurance agency search and appointment website  
Operated by **LIFULL FinTech**

## LIFULL Interior



Furniture / interior EC website  
“LIFULL Interior”  
Operated by **LIFULL Interior**

## LIFULL Hikkoshi (moving)



Website to make an inquiry and reservation with movers  
Operated by **LIFULL MOVE**

## LIFULL Storage



A website to search rental storage room/unit  
Operated by **LIFULL SPACE**

## other LIFULL Services



- “LIFULL Flower”: regular monthly delivery of seasonal flowers
  - “Ouchi de shika”: visiting dentist and information search service
  - “Mina no ihinseiri”: search service for finding companies specializing in cleaning up the belongings of the deceased
- Operated by **LIFULL senior**

### Overseas subsidiaries

Trovit Search, S.L. (Spain)  
LIFULL Tech Vietnam (Vietnam)

### Others

LIFULL Marketing Partners (Consulting)  
LIFULL bizas (Back office)  
LIFULL Social Funding (Crowd-funding)



# LIFULL Group Companies (1)

(in chronological order by effective date of establishment or addition to the scope of consolidation)

## **PT. LIFULL MEDIA INDONESIA**

(equity method affiliate)

- Planning and operation of “LIFULL Rumah” a real estate and housing information website in Indonesia
- Home hunting proxy service in Jakarta for Japanese business people planning to relocate to the city
- Product samples and information websites

## **Trovit Search, S.L.**

- One of the world’s largest aggregation websites

## **LIFULL Marketing Partners**

- Internet and marketing businesses for realtors and property-related businesses
- Internet connection service (ISP) business

## **LIFULL senior**

- Operating “LIFULL Kaigo (nursing care)”, among the largest websites in Japan to find nursing care homes or elderly housing
- Operating “Mina no Ihinseiri”, a website to search for companies specialized in cleaning up the belongings of the deceased

## **LIFULL MOVE**

- Operating “LIFULL Hikkoshi (moving)”, a one-stop website to search and make inquiries with multiple movers and then make on-line reservation

## **LIFULL SPACE**

- Operate “LIFULL Trunk Room (luggage storage)”, a website offering among the most voluminous rental storage room/unit information in Japan
- Operating “LIFULL Rental Space”, a website to search for rental spaces and meeting rooms

## **LIFULL FinTech**

- Operate “LIFULL Insurance Consultation”, a website to make insurance consultation appointments
- Operate “LIFULL Insurance”, a website to compare insurance products
- Life and non-life insurance agency business

# LIFULL Group Companies (2)

(in chronological order by effective date of establishment or addition to the scope of consolidation)

## LIFULL bizas

- Administration and other back office operation outsourcee
- Call center operation outsourcee

## LIFULL Social Funding

(formerly JG MARKETING)

- Operating “Japan Giving” and “Shooting Star” crowd-funding platforms

## LIFULL Tech Vietnam Co., Ltd.

(formerly Vietnam Creative Consulting)

- Offshore development, Lab development, software development, application development and creative development

## LIFULL Interior

(a joint venture with FLYMEe Inc.,  
established on Nov. 6, 2017)

- Operate an interior and furniture EC site, “LIFULL Interior”

## RAKUTEN LIFULL STAY

(equity method affiliate)  
(a joint venture with Rakuten, Inc.)  
Established “RAKUTEN LIFULL STAY PTE.  
LTD.” as 100% subsidiary in March 2017

- Operate a vacation rental and accommodation platform

# Segments and Major Services

Segments	Main services
<b>HOME'S Services Business</b>	LIFULL HOME'S AD Master (former Renter's Net) NabiSTAR LIFULL Marketing Partners Co., Ltd.
<b>Overseas Business</b>	Trovit (Trovit Search, S.L.) LIFULL Tech Vietnam Co., Ltd.
<b>Others Business</b>	LIFULL <i>Kaigo</i> (nursing care) (LIFULL senior Co., Ltd.) LIFULL <i>Hikkoshi</i> (moving) (LIFULL MOVE Co., Ltd.) LIFULL Trunk Room (LIFULL SPACE Co., Ltd.) LIFULL <i>Hoken Sodan</i> (insurance consulting) (LIFULL FinTech Co., Ltd.) LIFULL Interior (LIFULL Interior Co., Ltd.) LIFULL Social Funding Co. Ltd. Other LIFULL subsidiaries and new services

# Consolidated Statements of Profit and Loss (quarterly)

Unit : JPY mil	FY2016/03				FY2017/03				FY2017/09		FY2018/09		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	1Q	2Q	3Q
Revenue	5,457	6,441	6,280	7,527	6,846	6,910	7,107	9,056	7,793	8,154	8,128	9,541	8,345
HOME'S Services Business	4,280	5,210	5,167	6,263	5,616	5,782	5,955	7,662	6,472	6,816	6,742	8,062	6,833
Overseas Business	904	940	796	865	823	750	750	867	859	858	883	935	983
Others Business	273	290	317	397	406	377	400	525	461	479	502	542	528
Cost of sales	141	737	597	651	670	737	774	897	915	946	928	946	996
SG&A	4,036	4,640	4,343	5,605	4,776	4,581	5,422	6,627	6,346	6,100	5,862	6,987	5,948
Personal expenses	1,366	1,479	1,535	1,888	1,773	1,531	1,811	1,923	1,993	1,816	1,962	1,783	1,963
Advertising expenses	1,524	2,002	1,527	2,291	1,689	1,730	2,145	2,834	2,719	2,695	2,426	3,657	2,431
Operating expenses	208	245	305	257	246	236	282	244	240	215	236	267	209
Other SG&A	937	912	975	1,168	1,066	1,082	1,183	1,624	1,393	1,373	1,236	1,279	1,344
Other revenues and expenses	-13	-41	-33	-33	-6	-42	-30	-39	-72	-30	71	18	6
EBITDA	1,267	1,022	1,306	1,237	1,392	1,549	879	1,491	458	1,077	1,408	1,624	1,406
Depreciation/amortization cost	214	214	230	205	221	217	338	468	253	266	274	266	263
Operating profit	1,052	808	1,076	1,031	1,171	1,331	540	1,022	205	811	1,134	1,358	1,142
Net income *	682	552	693	742	734	942	331	756	22	467	591	980	702
EBITDA margin	23.2%	15.9%	20.8%	16.4%	20.3%	22.4%	12.4%	16.5%	5.9%	13.2%	17.3%	17.0%	16.9%

\*Net income = Net income attributable to owners of the parent

\*We made modification to disclosure segments since FY2017/09. Sales of prior periods has been described in conjunction with the change of segment.

# External Market Data

	2015 (Jan-Dec)	2016 (Jan-Dec)	2017 (Jan-Dec)	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
<b>Capital Region</b>	40,449	35,772	35,898	2,903	2,701	7,007	1,384	2,310	3,408	2,741	2,603	2,284	3,426	2,101	2,978	2,817	3,366	6,480	1,934	2,490	3,617	2,342	2,462	2,659
YoY	-9.9%	-11.6%	0.4%	-0.6%	-19.6%	13.2%	-7.4%	3.3%	26.6%	38.6%	-13.3%	-25.1%	3.3%	6.9%	-13.0%	-3.0%	24.6%	-7.5%	39.7%	7.8%	6.1%	-14.6%	-5.4%	16.4%
<b>Kinki</b>	18,930	18,676	19,560	1,263	1,975	1,975	1,396	1,394	1,575	1,391	1,738	1,321	1,832	1,215	2,392	1,465	1,582	2,259	1,091	1,818	1,745	1,742	1,480	1,211
YoY	0.6%	-1.3%	4.7%	3.3%	16.5%	4.8%	55.3%	-15.0%	-26.5%	5.4%	22.2%	-12.9%	29.6%	-1.9%	27.9%	16.0%	-19.9%	14.4%	-21.8%	30.4%	10.8%	25.2%	-14.8%	-8.3%
<b>Capital Region</b>	5,518	5,490	5,908	5,406	5,161	5,078	6,911	5,793	5,588	5,918	5,981	5,642	6,562	5,794	5,823	5,586	5,551	6,019	5,293	6,128	6,220	5,548	6,030	6,244
YoY	9.1%	-0.5%	7.6%	0.8%	-18.4%	-6.9%	24.1%	0.3%	-0.9%	2.9%	5.1%	-0.5%	16.0%	2.3%	4.4%	3.3%	7.6%	18.5%	-23.4%	5.8%	11.3%	-6.3%	0.8%	10.7%
<b>Kinki</b>	3,788	3,919	3,836	3,989	3,803	4,321	3,341	3,747	3,987	3,833	3,570	3,776	4,264	3,549	4,186	3,863	3,609	3,913	4,017	3,655	3,695	3,825	3,868	3,578
YoY	3.9%	3.5%	-2.1%	15.3%	-14.6%	-4.5%	-12.0%	0.8%	-1.5%	0.6%	7.3%	-6.4%	11.0%	-9.3%	0.6%	-3.2%	-5.1%	-9.4%	20.2%	-2.5%	-7.3%	-0.2%	8.3%	-5.2%

	2015 (Jan-Dec)	2016 (Jan-Dec)	2017 (Jan-Dec)	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
<b>House for Rent</b>	378,718	418,543	419,397	39,950	38,617	34,475	31,684	30,842	33,937	36,194	32,956	35,967	36,365	34,968	37,521	38,017	37,508	33,438	28,251	29,420	29,750	35,447	31,083
YoY	4.6%	10.5%	0.2%	22.0%	15.3%	2.2%	12.0%	6.8%	11.0%	1.9%	1.6%	-2.6%	-3.7%	-4.9%	-2.3%	-4.8%	-2.9%	-3.0%	-10.8%	-4.6%	-12.3%	-2.1%	-5.6%
<b>Apartment</b>	115,652	114,570	114,830	9,476	8,263	8,337	13,098	7,262	8,549	12,097	9,823	12,942	9,059	9,109	8,628	7,489	9,052	7,422	6,525	8,267	7,865	12,350	11,861
YoY	4.7%	-0.9%	0.2%	9.0%	-6.9%	10.7%	56.2%	-35.7%	-24.3%	1.3%	-12.6%	27.1%	15.2%	33.7%	-9.2%	-16.9%	9.5%	-11.0%	-50.2%	9.3%	-8.0%	2.1%	20.7%
<b>House</b>	123,624	133,739	138,189	11,294	11,683	11,251	10,863	10,696	11,041	11,504	11,287	11,817	11,708	11,493	11,347	11,861	12,580	11,992	10,743	10,560	10,957	12,324	11,944
YoY	-1.4%	8.2%	3.3%	12.6%	1.8%	0.6%	4.9%	0.9%	3.4%	5.2%	4.5%	4.8%	-1.3%	0.8%	-2.2%	5.0%	7.7%	6.6%	-1.1%	-1.3%	-0.8%	7.1%	5.8%
<b>Owned house</b>	283,366	292,287	284,283	26,046	25,993	23,890	20,228	21,322	21,468	23,751	23,846	26,037	25,370	24,379	24,883	24,807	24,904	23,288	20,257	20,013	20,576	23,289	23,321
YoY	-0.7%	3.1%	-2.7%	4.9%	2.7%	6.5%	-0.2%	1.6%	-3.6%	0.8%	1.5%	-3.4%	-5.7%	-7.4%	-2.7%	-4.8%	-4.2%	-2.5%	0.1%	-6.1%	-4.2%	-1.9%	-2.2%

	2015 (Jan-Dec)	2016 (Jan-Dec)	2017 (Jan-Dec)	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	
<b>Total</b>	5,384,553	5,251,717	5,318,617	367,684	339,023	334,441	321,162	355,467	958,776	749,778	405,155	353,114	375,493	383,375	344,877	388,250	341,825	341,345	328,372	360,501	913,555	761,821	420,739	
YoY	3.4%	-2.5%	1.3%	-9.5%	0.5%	-4.8%	1.6%	-5.1%	1.4%	2.5%	3.7%	0.8%	4.4%	-3.3%	-0.1%	5.6%	0.8%	2.1%	2.2%	1.4%	-4.7%	1.6%	3.8%	
<b>Only Japanese</b>	5,041,483	4,880,967	4,893,581	335,112	310,720	307,527	294,816	328,147	905,589	702,058	370,835	321,153	343,419	350,068	310,347	350,369	307,861	308,919	296,517	327,575	860,107	712,159	384,355	
YoY	2.7%	-3.2%	0.3%	-10.5%	-0.4%	-5.5%	0.8%	-6.1%	0.5%	1.9%	2.8%	-0.5%	3.5%	-4.4%	-1.4%	4.6%	0.9%	0.5%	0.6%	-0.2%	-5.0%	1.4%	3.6%	
Unit : Thousand	Oct. 1, 2014	Oct. 1, 2015	Oct. 1, 2016	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
<b>Total</b>	127,237	127,095	126,933	126,933	126,937	126,918	126,822	126,790	126,755	126,761	126,724	126,766	126,786	126,755	126,678	126,706	126,714	126,995	126,592	126,609	126,520	126,530	126,490	126,520

[Source] (1)(2)Real Estate Economic Institute Co., Ltd. (3)Source : Ministry of Land, Infrastructure, Transport and Tourism (4)(5)Source : Ministry of Internal Affairs and Communications

# IR Office Information



IR Website English <https://LIFULL.com/en/ir/>

Japanese <https://LIFULL.com/ir/>



E-mail [ir@LIFULL.com](mailto:ir@LIFULL.com)

TEL 03-6774-1603 (Monday to Friday 10:00AM-6:00PM)  
FAX 03-6774-1737

## Annual Report 2017



Japanese

<https://lifull.com/news/10305/>

English

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