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Notice of Revisions to Consolidated Financial Results Forecast

LIFULL Co., Ltd. (the “Company”) hereby announces that a meeting of the Board of Directors held today resolved to make the following revisions to the *Consolidated Financial Results Forecast of the Fiscal Year Ending September 30, 2020 (October 1, 2019, to September 30, 2020)* announced on November 23, 2019.

1. Revision to the consolidated financial results for the fiscal year ending September 30, 2020

Consolidated Financial Results (October 1, 2019, to September 30, 2020)

(million yen)

	Sales Revenue	EBITDA	Operating profit	Profit attributable to owners of the parent	Basic earnings per share
Previous forecast (A)	45,193	8,121	6,519	4,153	30.96
Revised forecast (B)	30,760	2,968	977	269	2.01
Change (B-A)	(14,432)	(5,152)	(5,542)	(3,884)	-
Rate of change (%)	(31.9)	(63.5)	(85.0)	(93.5)	-
(Ref.) Previous FY results [FY ended September 30, 2018]	39,297	5,360	4,110	2,359	18.15

2. Primary reasons for the revisions

Revenue forecasts by segment for the fiscal year ending September 30, 2020 are as below.

(million yen)

Revenue by segment	HOME'S Services	Overseas	Other	Total
Previous forecast (A)	33,202	9,069	2,920	45,193
Revised forecast (B)	22,969	5,826	1,964	30,760
Change (B-A)	(10,233)	(3,243)	(956)	(14,432)
Rate of change (%)	(30.8)	(35.8)	(32.7)	(31.9)
(Ref.) Previous FY results [FY ended September 30, 2019]	29,656	7,680	1,960	39,297

Business Environment

The worldwide increase in infections of the novel coronavirus, COVID-19, have led to concerns of economic effects on an international scale. In order to prevent the spread of infection and provide for the safety of all employees and stakeholders, employees at all locations worldwide are currently working from home wherever possible without major hindrance to business operations.

In Japan, individuals have drastically reduced time out of their homes and consumption since the Japanese government made the announcements on February 26 for people to voluntarily refrain from attending events and a national state of emergency on April 7. The Company conducted and released the "Opinion Poll of Real Estate Businesses on the Novel Coronavirus" (<https://lifull.com/news/17124/>) on March 19 (in Japanese). In this poll, domestic Japanese real estate businesses, the primary clients of HOME'S Services, reported that the number of potential home-seekers scheduling consultations and viewing properties had decreased, and companies themselves had been limiting advertising due to apprehension about an economic downturn.

After the government announcement of the state of emergency, the Company began offering "LIFULL HOME'S LIVE" for free to members not already using the service (for a limited time) to allow real estate businesses to conduct online video tours and disclosures¹. Also, the Company is offering discounts for LIFULL HOME'S members voluntarily refraining from conducting business during the state of emergency and not currently listing properties.

Additionally, the spread of infection in Europe and the Americas has led to a variety of measures in individual countries such as the lockdown of large cities and restrictions on travel causing wide-ranging, serious economic effects. As a result, online listing websites around the world, the Company's primary overseas clients, have experienced dramatic decreases in website traffic and have been reducing their advertising budgets. Although affected countries have implemented economic initiatives, it is still currently unknown when the virus will be contained.

Sales Revenue

Several of the Company's business areas have been negatively affected by the number of home-seekers sheltering in place, reduced priority of moving house as well as the increasing numbers of real estate companies temporarily refraining from conducting business due to wide-spread infection of COVID-19 around the world.

Beginning in October, the Company made alterations to parts of the LIFULL HOME'S pricing scheme to increase the amount of detailed property information as well as strengthen the website's media presence. However, due to the events described above, the Company is prioritizing support of the market through initiatives such as offering discounted listing rates on LIFULL HOME'S to real estate businesses. Therefore, the Company will not be able to complete its original plan to dramatically increase sales revenue on the announced schedule.

As a result of these circumstances, the Company has reduced its forecasted sales revenue by 31.9% to 30,760 million yen (-21.7% year on year).

Profits

To support continuous mid and long-term growth, the Company planned to make wide-ranging growth investments during the current fiscal year. However, due to the daily changes from the spread of COVID-19, the Company is

¹ Full statements of disclosure prepared and explained by a licensed real estate professional are required by law for real estate transactions in Japan.

revising its investment plans by optimizing and reducing costs. As a result, the Company will reduce selling, general and administration expenses by 22.1%. However, due to lower sales revenue, the forecast for EBITDA has been decreased by 63.5% to 2,968 million yen, operating profit by 85.0% to 977 million yen (-76.2% year on year), and profit attributable to owners of the parent by 93.5% to 269 million yen (-88.6% year on year).

Furthermore, consolidated cash and cash equivalents totaled 7,984 million yen at the end of March 2020. In order to continue corporate activities during these unpredictable circumstances, the Company will be borrowing 7.2 billion yen. This will be used secure the financial base and continue the Company's business activities against even more severe economic conditions.

The Company has made these revisions based on the assumptions that the effects of COVID-19, such as travel restrictions and restrained economic activity, will continue until September 2020 and may make further revisions due to future developments. The Company pledges to continue to observe the current situation and make timely disclosures when necessary.

The above forecasts have been made based on currently available information and hypotheses on how moving parts may affect the business in the future. Actual future results may differ from the forecasts due to a variety of factors.