

LIFULL Co., Ltd.

Full-Year Results IFRS

FY2020/9
(October 2019 – September 2020)

Disclaimer

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

Index

1.	FY2020/9 Financial Information	P 2
2.	Mid-Term Management Plan	P 14
3.	HOME'S Service Growth Strategy	P 22
4.	Overseas Action Plan	P 26
5.	Efforts in Real Estate Investment Sector	P 30
6.	Forecast for FY 2021/9	P 33
7.	Appendices	P 36
8.	IR Team Contact Information	P 56



Full-Year Financial Results

Condensed Statements of Income and Loss IFRS

Revenue: -9.9% YoY

EBITDA: -16.0% YoY

Net Profit: -51.4% YoY

Unit: JPY mil.	FY2019 (Oct.-Sep.)	FY2020 (Oct.-Sep.)	Change	Change %	
Revenue	39,297	35,402	-3,894	-9.9%	*1
Cost of revenue	4,559	4,096	-463	-10.2%	*2
SG&A (excl. depreciation and amortization)	29,537	24,996	-4,541	-15.4%	
Personnel expenses	8,702	8,960	+258	+3.0%	
Advertising expenses	13,273	10,487	-2,785	-21.0%	*3
Operating expenses	925	464	-461	-49.8%	*4
Other	6,636	5,083	-1,552	-23.4%	*5
Other income and expenses	161	-1,805	-1,966	-	*6
EBITDA	5,360	4,504	-856	-16.0%	*7
EBITDA margin	13.6%	12.7%	-0.9pt	-	
Net profit*	2,406	1,170	-1,236	-51.4%	
Depreciation and amortization	1,176	2,006	+830	+70.6%	*8

* Net profit attributable to owners of the parent

*1 Refer to segment revenue

*2 Due to decreased revenue in LMP from effects of COVID-19

*3 Primarily due to adjusted advertising and promotion budget due to COVID-19

*4 Primarily due to adjusted marketing and travel expenses due to COVID-19

*5 Primarily due to one-off costs for the acquisition of Mitula in the previous FY and reclassification of Leases in the adoption of IFRS 16 in the current FY

*6 Due to goodwill impairment of LIFULL CONNECT

*7 Without regard to the transition to IFRS 16, EBITDA would be JPY 3.5 bil.

*8 Increases mainly from acquisition of Mitula and the adoption of IFRS 16

Revenue and Income and Loss by Segment IFRS

We responded to the decrease in revenue due to COVID-19 by adjusting our expense strategy resulting in increased profit for the domestic HOME'S Services segment

Unit: JPY mil.	FY2019 (Oct.-Sep.)	FY2020 (Oct.-Sep.)	Change	Change %	Main items
Revenue	39,297	35,402	-3,894	-9.9%	
HOME'S Services	29,656	27,136	-2,520	-8.5%	Decrease due to COVID-19, but currently experiencing recovery
Overseas	7,680	6,377	-1,302	-17.0%	Delays in re-opening of economies in primary countries (Details on P12). 2.6% YoY stronger JPY
Others	1,960	1,888	-71	-3.6%	Decrease due to transfer of insurance and advertising business (LHL) in Dec. 2018

Unit: JPY mil.	FY2019 (Oct.-Sep.)	FY2020 (Oct.-Sep.)	Change	Change %	Main items
Segment income and loss	4,023	4,303	+279	+6.9%	
HOME'S Services	3,311	3,910	+598	+18.1%	Investments in advertising and outsourcing revised due to COVID-19 to stimulate growth and controlling expenses resulting in increased profits
Overseas	1,024	807	-217	-21.2%	Successfully controlling expenses, but unable to cover for losses in revenue
Others	-340	-396	-56	-	Decrease due to transfer of insurance and advertising business (LHL) in Dec. 2018
Inter-segment transactions	27	-18	-45	-	

Primary businesses in each segment are listed on Page 41

The % Change values for negative results in the current previous periods have been left blank

Condensed Statement of Financial Position and Goodwill IFRS

Operating leases recognized as right-of-use assets under IFRS 16

Solidified our financial base against future unpredictability with new borrowings of +7.2 billion yen in April

Unit: JPY mil.	As of Sep 30, 2019	As of Sep 30, 2020	Change	Change %	Main items	
Current assets	16,154	23,083	+6,928	+42.9%	Cash	+6,724 Refer to "Condensed Statement of Cash Flows"
					Accounts Receivable	-735 Primarily effects of COVID-19
					Works-In-Progress	+396 Primarily Regional Revitalization activities (LI)
Non-current assets	27,517	32,236	+4,718	+17.1%	Buildings	+310 Primarily Regional Revitalization activities (LI)
					Building Installations	-217
					Right-of-Use Assets	+4,476 Transition to IFRS 16
					Shares of Affiliates	-224
					Long-Term Loans Receivable	+336 Primarily Regional Revitalization activities (LI)
					Deferred Taxes (Fixed)	+345 Due to increase in bonus provisions and acquisition of Kenbiya
Assets	43,672	55,319	+11,646	+26.7%		
Current liabilities	9,485	16,016	+6,530	+68.8%	Short-Term Loans Payable	+5,051 Transfer from long-term loans payable and new borrowings
					Lease Obligations	+827 Transition to IFRS 16
					Accounts Payable - Other	-687 Primarily from reductions in advertising spending
					Income Taxes Payable	+561
					Provisions for Bonuses	+407 Revisions to bonus payments
Non-current liabilities	1,559	5,656	+4,096	+262.7%	Long-Term Loans Payable	+508 Primarily due to new borrowings
					Long-Term Lease Obligations	+3,644 Transition to IFRS 16
					Deferred tax liabilities (fixed)	-348
					Long-term Accounts Payable (Other)	+321 Primarily for acquisition of Kenbiya
Liabilities	11,045	21,672	+10,627	+96.2%		
Total Equity	32,627	33,647	+1,019	+3.1%	Capital Surplus	+755
					Treasury Shares	-1,000 Due to repurchase of treasury shares
					Foreign Currency Translation Adjustm.	+1,139 Fluctuations in foreign currency exchange rates
Equity per share attributable to owners of the parent (JPY)	242.62	254.17	+11.56			

LMP: LIFULL Marketing Partners

LI: LIFULL Investment (Prev.: LIFULL Social Funding)

Remaining goodwill (in JPY): Littel 86 mil., LIFULL CONNECT 18,724 mil., LIFULL Marketing Partners 251 mil., LIFULL Tech Vietnam 87 mil.
Trovit, Mitula and LIFULL Marketing Partners PPA 1,050 mil.

Condensed Statement of Cash Flow IFRS

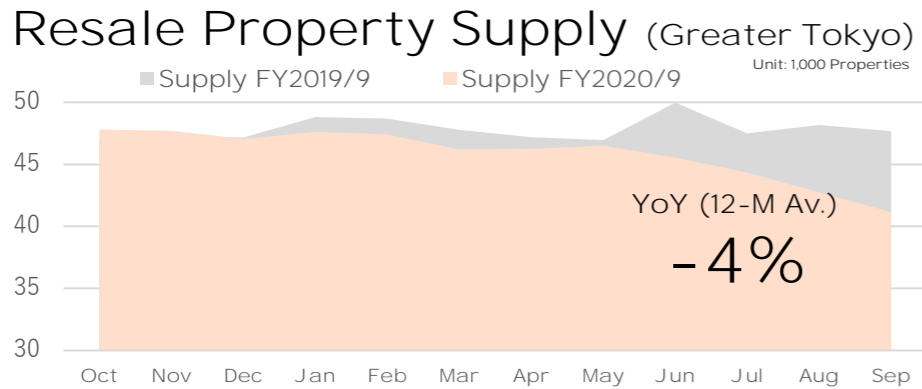
Goodwill impairment loss for overseas subsidiaries with 7.2 billion yen in increased borrowing to solidify the financial base. Free cash flow increased 3.15 billion yen with cash and cash equivalents totaling 15.9 billion yen

Unit: JPY mil.	FY2019 (Oct.-Sep.)	FY2020 (Oct.-Sep.)	Change	Main items		
				Items	FY2019	FY2020
Operating cash flow	2,166	4,884	+2,718	Profit for the period before tax	+3,626	+2,148
				Depreciation and amortization	+1,200	+2,024
				Impairment loss	+343	+1,619
				Increase/decrease in accounts receivable-trade and other current receivables	-376	+985
				Increase/decrease in accounts payable-trade and other current payables	+444	-1,161
				Other	-688	+505
				Tax payments	-2,393	-1,250
Investing cash flow	-2,836	-1,730	+1,106	Proceeds from sale of financial instrument assets	-	+505
				Purchase of financial instrument assets	-95	-101
				Purchase of property, plant and equipment	-174	-497
				Purchase of intangible assets	-379	-559
				Purchase of shares of subsidiaries	-1,645	-593
				Proceeds from sale of shares of subsidiaries	+473	-
				Purchase of shares of affiliates	-421	-
				Payment of loans receivable	-1,273	-805
Proceeds from collection of loans receivable	+767	+560				
Financing cash flow	2,782	3,391	+609	Proceeds from loans payable	+3,858	+13,102
				Repayment of loans payable	-300	-7,263
				Dividends paid	-714	-590
				Repayment of lease obligations	-4	-905
				Repurchase of treasury shares	-0	-1,000
Change in cash and cash equivalents	1,667	6,723	-			
Balance of cash and cash equivalents	9,239	15,962	+6,723			

Japanese Real Estate Market Trends Increased Activity in Suburban Markets

New demands for in-home workspace due to increased telework during the COVID-19 pandemic
 Increased interest in suburban resale properties from people leaving the capital to avoid infection

Reduced Supply



Stable Prices in Tokyo

Sale Price Year Over Year (Jul. - Sep. 2020)

	New-Build Condos	Resale Condos	Resale Houses
Tokyo	-1.2%	+3.6%	+2.0%
Kinki	+16.8%	+3.1%	-0.5%

Sources: Real Estate Information Network for East Japan
 Real Estate Economic Institute Co., Ltd.

Changes in Area Popularity

Sale

Resale Transactions (Greater Tokyo)
 YoY (Jul. - Sep., 2020)

Saitama	Condo. +7.4%	House +8.2%	Chiba
Tokyo (Tama)	Condo. +0.5%	House +12.3%	
Tokyo (23 Wards)	Condo. -1.5%	House +1.0%	
Kanagawa²	Condo. +2.9%	House +13.6%	
Kanagawa¹	Condo. +2.6%	House +8.1%	
	Condo. +3.7%	House +10.7%	

Rent

2020 LIFULL HOME'S
 Popular Cities to Rent Ranking

- | | |
|--------------|--------------------|
| 1. Honatsugi | 4. Chiba |
| 2. Kasai | 5. Ikebukuro |
| 3. Omiya | 6. Nishi-Kawaguchi |
| | 7. Koenji |
| | 8. Warabi |

Ikebukuro #5 after 4 years as #1
 Kawasaki dropped from #2 to #12

Different needs developing due to effects of COVID-19.

As we monitor changes in the market, we are readily making preparations for after the pandemic has subsided.

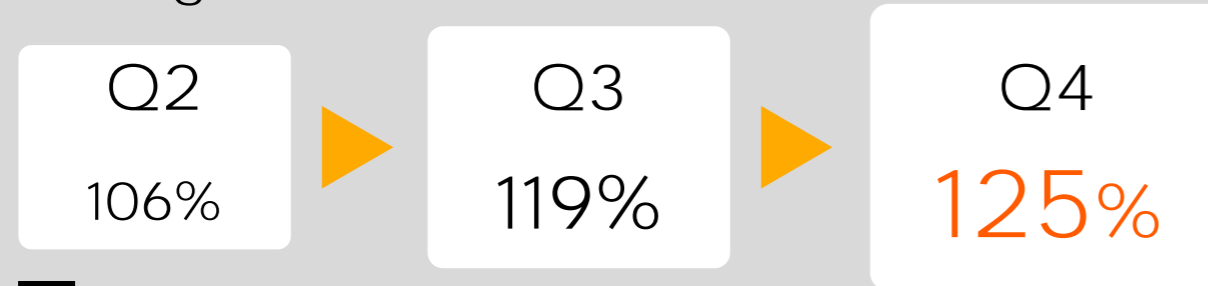
Upward Revisions to Results Forecasts

Upward revisions announced on Sep. 18, 2020 (https://lifull.com/wp-content/uploads/2020/09/En_release_200918.pdf)

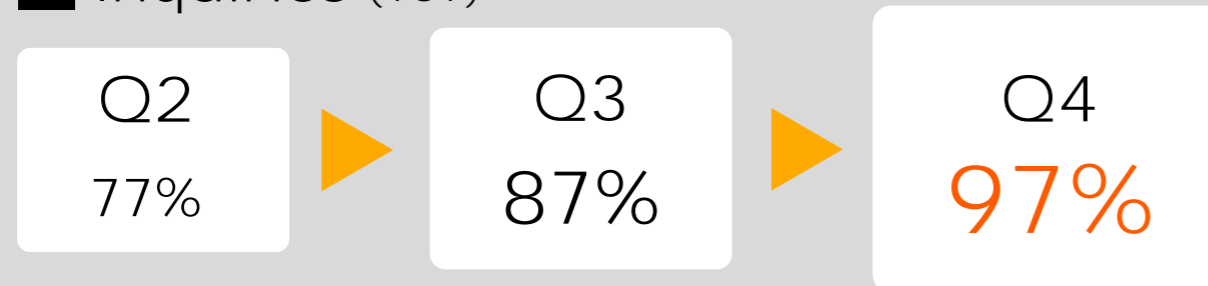
The HOME'S Services segment has gradually bounced back from the decrease in inquiries experienced during the state of emergency. Visit trends are currently positive with a direct effect on future revenue

LIFULL HOME'S

Organic Visits (YoY)

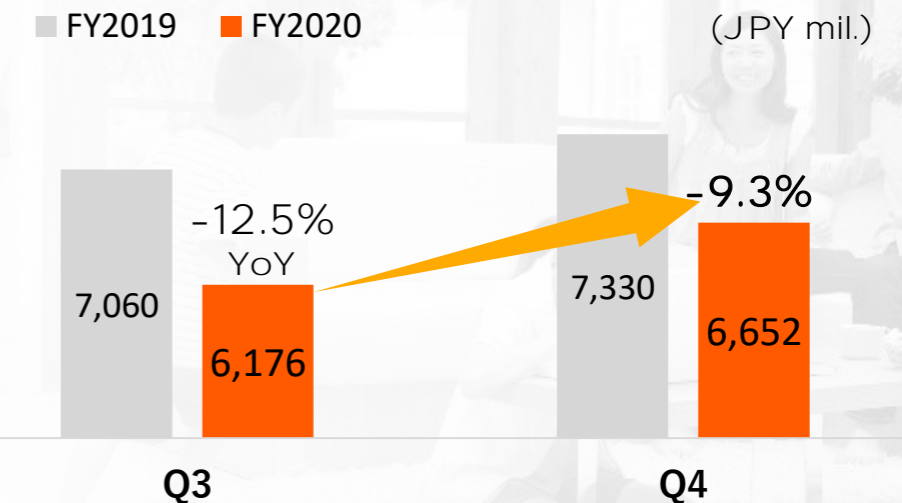


Inquiries (YoY)



After the initial drop in users due to COVID-19, traffic and inquiries have been gradually increasing indicating increased interest in relocation

HOME'S Services Revenue (Quarterly)



Third and Fourth Quarters (YoY)

3.3pt improvement

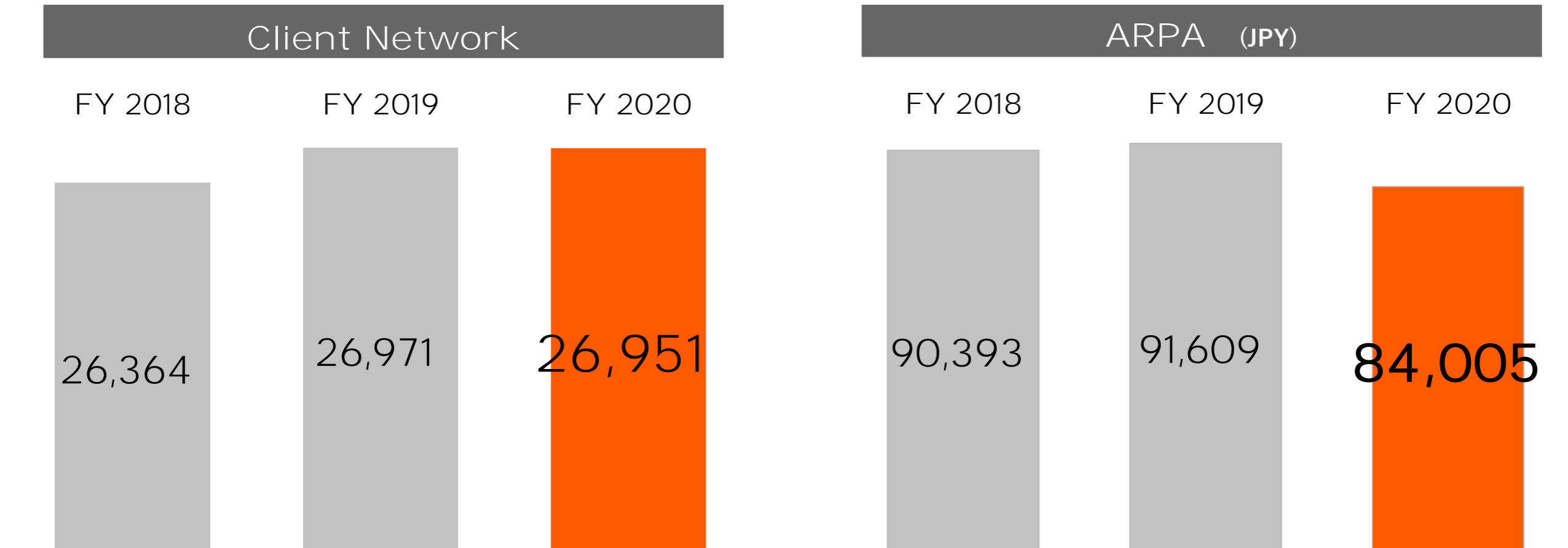
Key Performance Indicators Client Network and ARPA

Although the Client Network has remained nearly the same as the previous year in the 12-month average, we have been steadily expanding since January 2020 (Details on Page 10)

Decrease in ARPA due to realtors suspending services and discounts provided as a result of COVID-19

12-Month Average

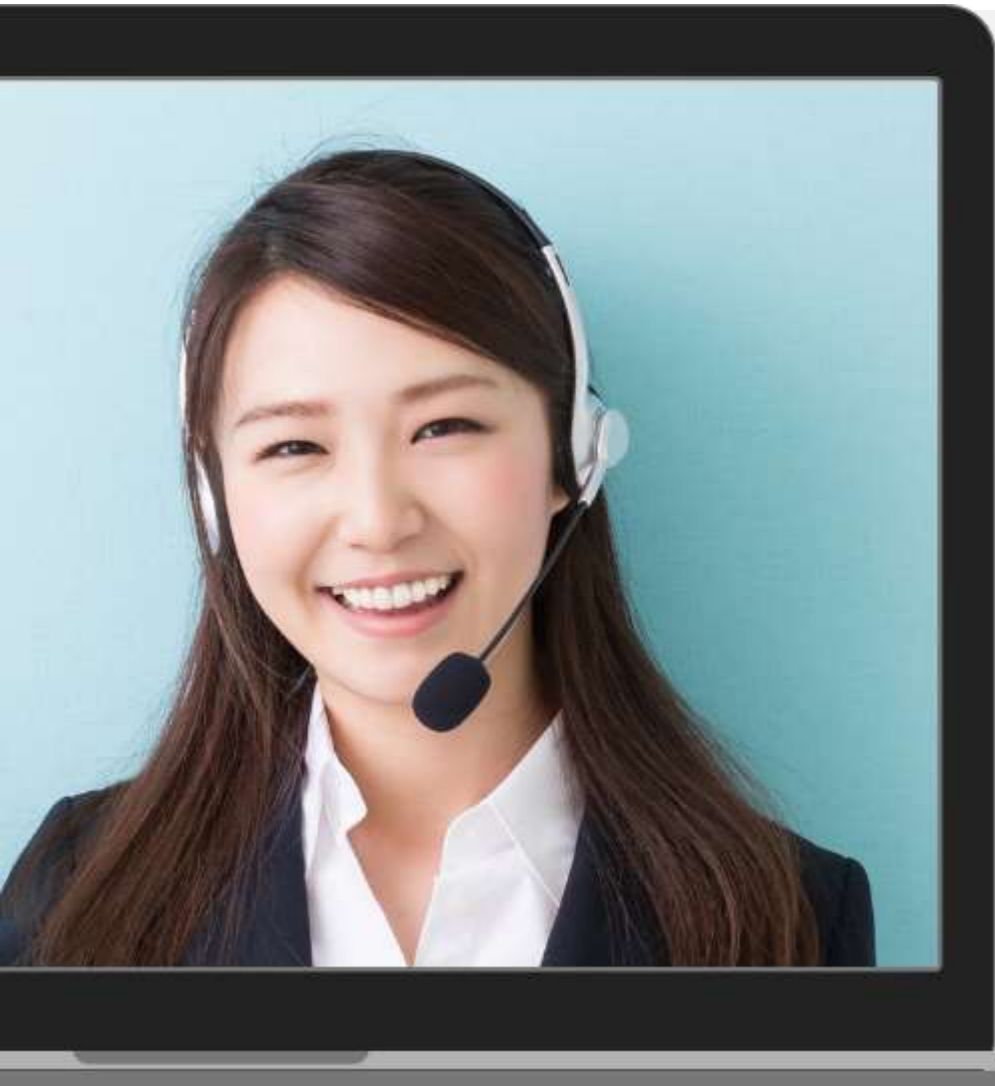
12-Month Average



Calculations until FY 2019/09 only included the number of clients with charges in the current month. However, due to the partial change of the pricing structure implemented in the first quarter of the current fiscal year, we have changed this number to reflect all clients and have adjusted the values for the previous years.

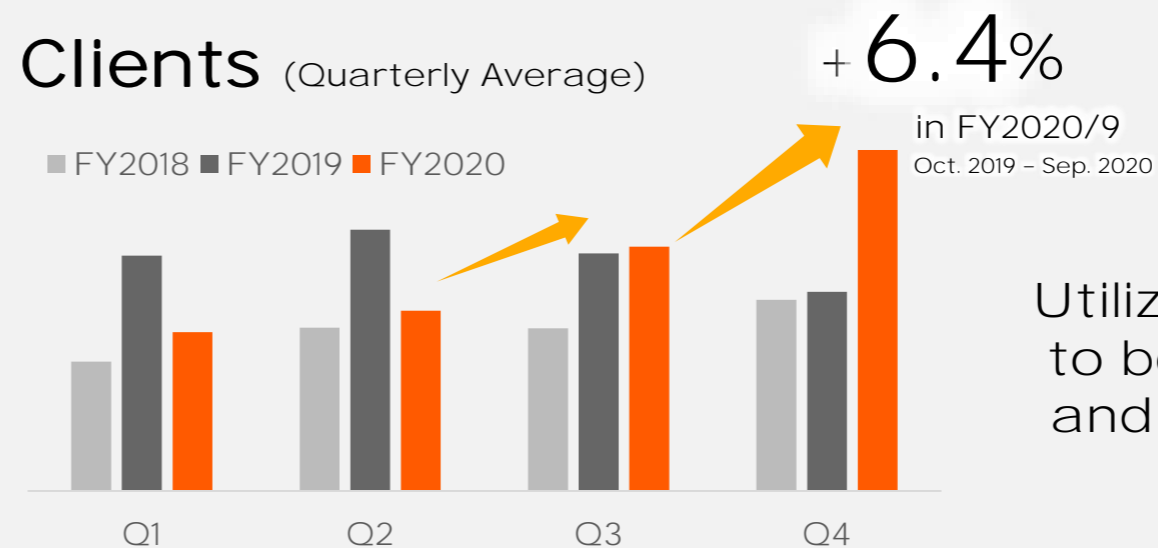
Client Network Expansion DX (Digital Transformation)

Under the pandemic, we have moved all of our new client onboarding initiatives online. This shift has allowed our staff to work more efficiently resulting in a steady increase in our client network.



Onboarding Initiatives \times DX Digital Transformation

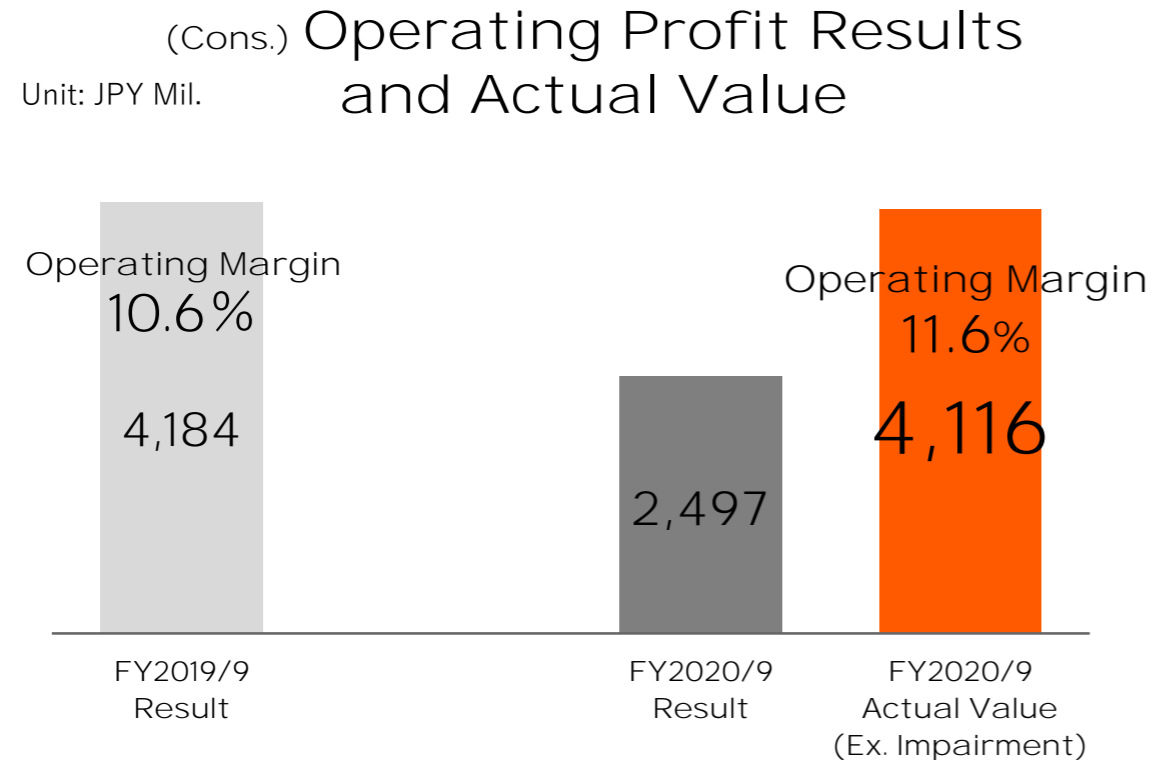
We have gained a deeper understanding of the entire onboarding process by moving meetings online and are working to provide more value to our clients.



Utilizing online tools to boost efficiency and deliver results

Effects from Forecast Revisions and Impairment Loss

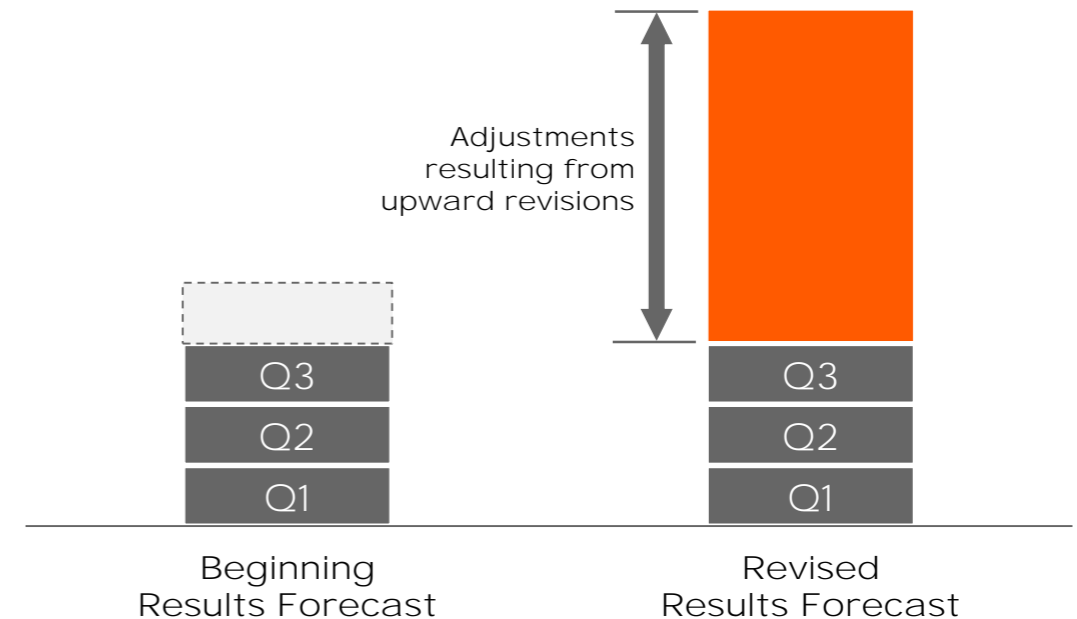
We have controlled expenses and maintained operating profit at the same level as the previous year while bonuses were readjusted for Group employees in Japan due to the upward forecast revision



Actual value (operating margin) without regard to goodwill impairment of LIFULL CONNECT is similar to the previous year while the operating margin **improved by 1.0pt**

Personnel Expenses

Adjustment of Bonus Payments (Image)

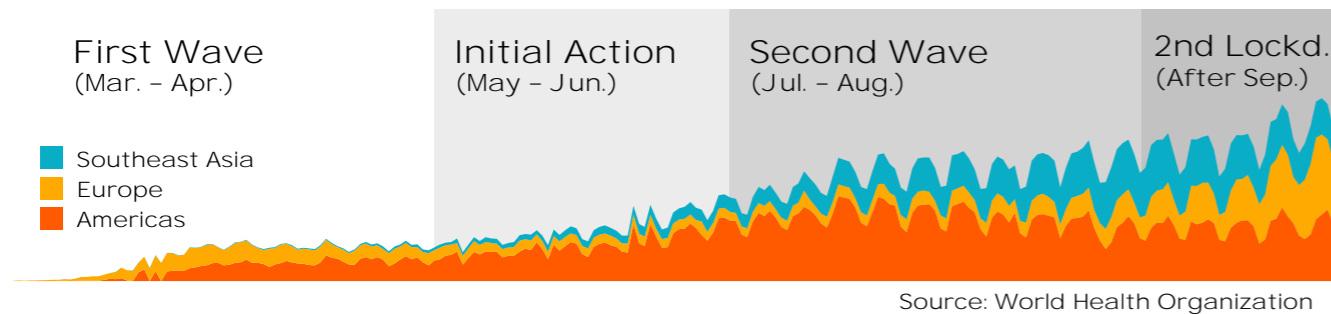


As a result of the upward revisions to profit, bonus payments for employees in Japan were recalculated and adjusted in the fourth quarter

LIFULL CONNECT Impairment of Goodwill (Released on September 18, 2020)

Due to the prolonged effects of the COVID-19 pandemic, we have adjusted the business plans for LIFULL CONNECT and posted an impairment loss of 1,619 million yen

COVID-19 Infections in Primary Markets for LIFULL CONNECT



Prolonged Effects of COVID-19

Sep. 2020

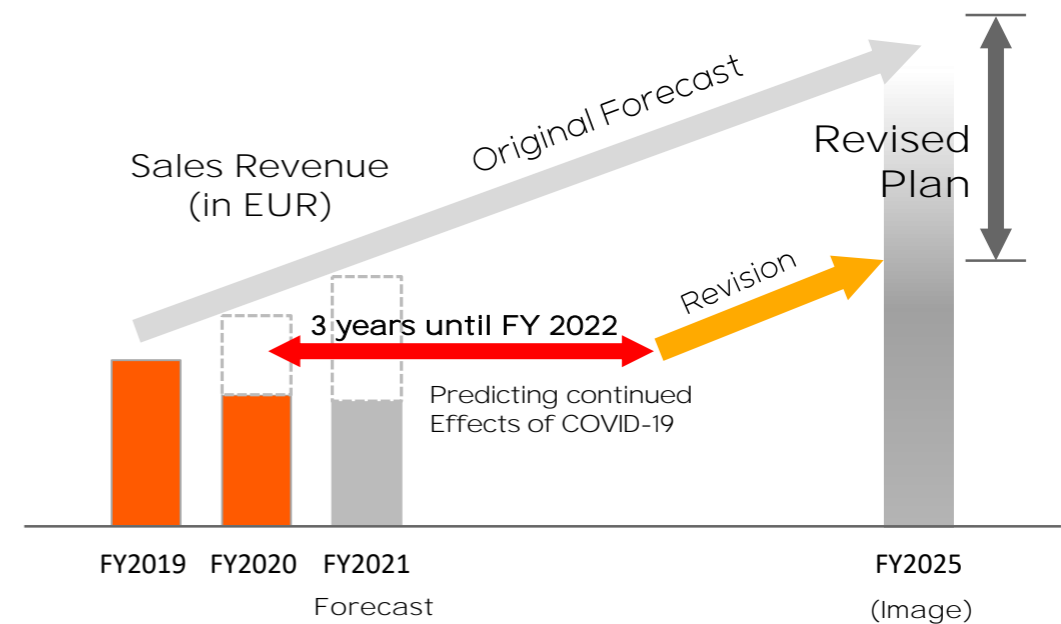


2022

- 2020: Global GDP predicted to shrink 5.2%
- 2021: Gradual U-shaped recovery
- 2022: Return to pre-pandemic levels

Growth in LIFULL CONNECT

(Image)



Effects of the pandemic estimated to continue until 2022

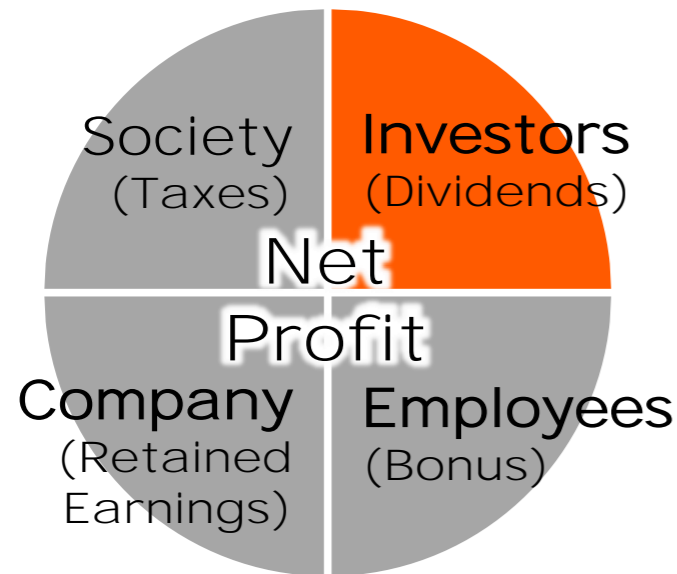
We have revised our business plan and posted an impairment loss

Changes to the Dividend Policy (Released on September 18, 2020)

Revisions to the Dividend Policy announced on Sep. 18, 2020 (https://lifull.com/wp-content/uploads/2020/09/En_release_200918.pdf)
Making it possible to take into consideration fluctuations to the profit attributable to owners of the parent due to outstanding circumstances

Basic Approach to Dividends

Flexible allocation according to results each year in consideration of mid- to long-term business plans

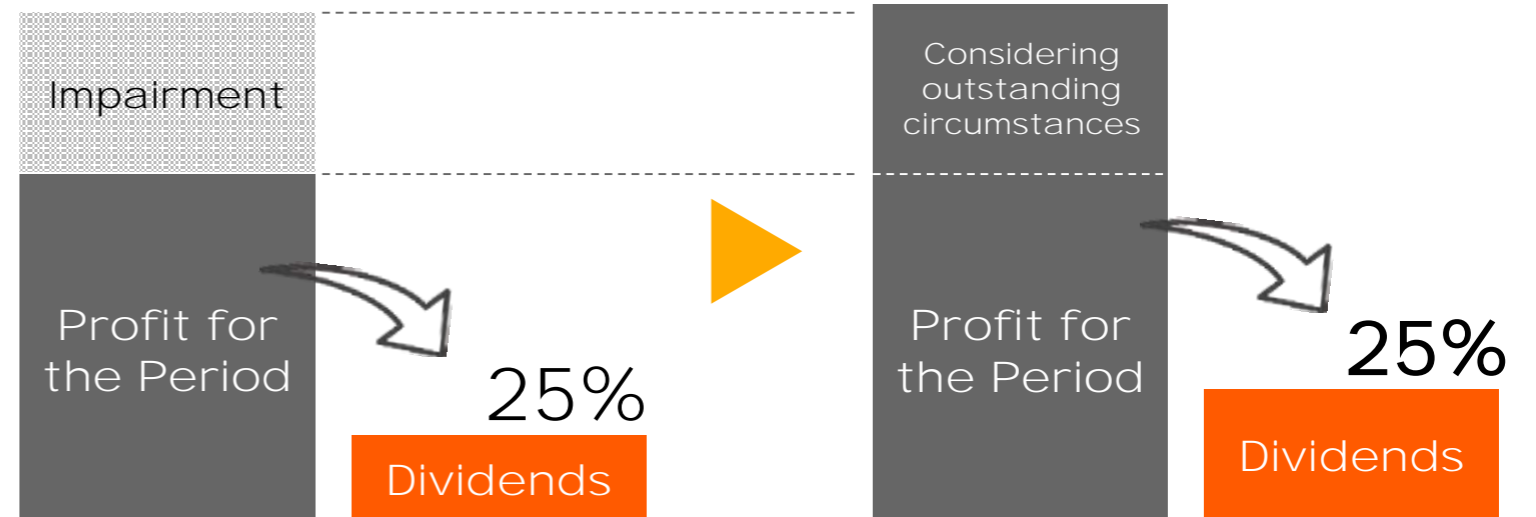


Application of Dividend Policy (Image)

Consideration of LIFULL CONNECT Impairment (Current Fiscal Year)

Before Changes

After Changes (FY 2020/9)



Flexibility in consideration of financial condition to distribute profits appropriately



A Look into the Next 5 Years

(Mid-Term Management Plan 2025)

Foundation of LIFULL Group Management

We manage our businesses on the basis of our credo of "Altruism" and Will-Centric Public Interest Capitalism

Will-Centric Public Interest Capitalism

Business

rooted in Corporate Values



Working towards solving

Social Issues



Giving Back to All Stakeholders

Consumers

Clients

Employees

Partners

Investors

Society

Environment

Maintaining Sustainable Growth

Increasing Corporate Value

Management on a Will-Centric Foundation

(Ref.)

Keeping Stakeholders in Mind Throughout Our Progress

Creating the Best Team in the World



Link and Motivation
Best Motivation Company Award

Support for Volunteer Activities



OneP's
Contributing 1% of all employee hours and 1% of profit after to charity (of LIFULL domestic business)

Transparency in the Real Estate Market



Most Accurate Listing Project
Developing features to ensure more accurate listing information on LIFULL HOME'S

Developing Communities



Regional Revitalization
Supporting and collaborating with local governments to increase visibility of vacant houses

Our Next Challenge

Working on more solutions for

SOCIAL ISSUES

Making the LIFE of every individual FULL

FOCAL POINTS

HOME'S

SERVICES

OVERSEAS

OTHER

OMNI-
CHANNEL

×

DX

MOVING
TO
DIRECT

REGIONAL
REVITALIZATION
& SENIOR
CITIZENS

Growth through **solutions to social issues** through our existing businesses

Depiction of Future Growth

By finding solutions to social issues, we will grow the business and boost revenue and profit. While closely monitoring the pandemic, we will disclose our forecasts for each year during the mid-term management plan

Finding solutions to
**SOCIAL
ISSUES**



Housing
Conditions



Diverse
Lifestyles



Aging
Society

**LIFULL
SOLUTIONS**

Future Growth

(Depiction)

- Sales Revenue
- Operating Income

Due to the unpredictable nature of the pandemic, we will release the forecast for each individual year at the end of the previous year



Growth Investments for the LIFULL Group

We will continue to advance our services by attracting outstanding individuals and providing environments and conditions that motivate our employees to find their potential

PEOPLE

Motivating Environment



SERVICE

Fostering Innovation

Driving productivity by focusing on well-being

Spreading the Seeds of Innovation

Continuously developing our services

Improving customer and client satisfaction

Providing for our people and developing innovative services to make lasting contributions to society

More Flexible Workstyles for Higher Productivity

Driving productivity by providing a working environment catered to individual working styles

More Flexible Environment

Individualized Working Styles

(Example from LIFULL and Japanese Subsidiaries)

Work from home 2 days a week
(1-5 days possible by request)

Open office plan with no set desks

Work from LivingAnywhere Commons
locations across Japan

Commuting expense compensation on a
by-use basis
(Commuter passes discontinued after October 1, 2020)

Employee Benefits

10% Salary Increase
For Full-Time Employees

Beginning October 2020

From savings through
new working style policies



Press Release from October 2, 2020 (<https://lifull.com/news/18571/>) (Japanese)

Create an Outstanding Team to Quickly Reach Corporate Goals

Growth Investments Consolidating Office Space

With employees working from home multiple days a week, we are consolidating our satellite offices in Tokyo and Osaka more maximum efficiency

 LIFULL senior

 LIFULL SPACE


 LIFULL MOVE

 LIFULL Investment

 LIFULL Marketing Partners

Kenbiya Co., Ltd.

REUNITING Our Offices



Cultivate synergy
within the Group

Reduce
Expenses

Foster New
Ideas

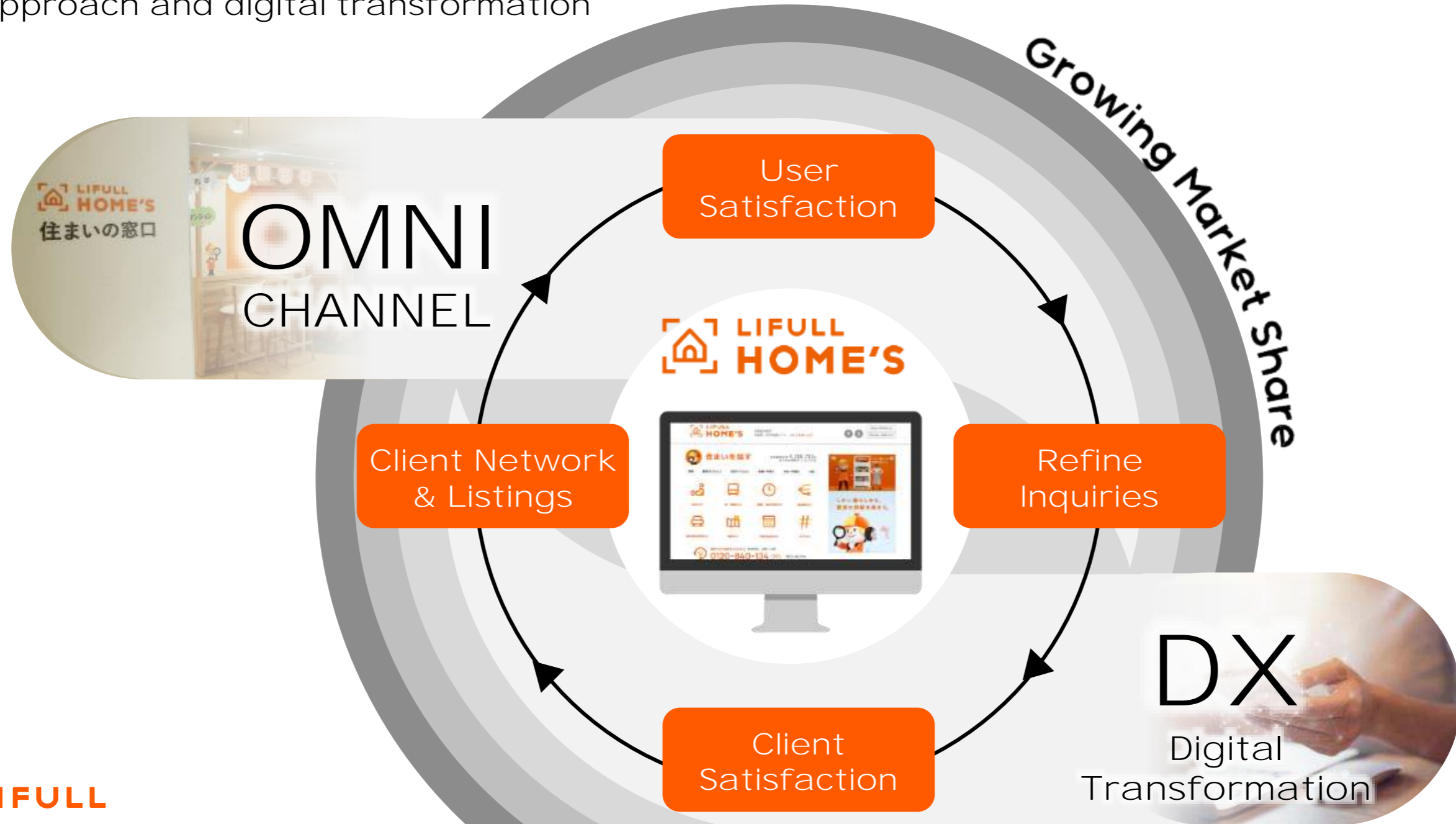
Doubled capacity with employees partially working from home



HOME'S Services

LIFULL HOME'S Growth Strategy

Increasing our market share by developing user satisfaction through our omnichannel approach and digital transformation



LIFULL HOME'S Growth Strategy Omnichannel

The *Sumai No Madoguchi* property consultation service assists users online and offline in finding the right place to live – whether they are looking to buy, rent or build

Channels catering to a wide variety of user needs



In-Person



Telephone



Video Chat



E-Mail

Official LINE¹ Account & Consultations



Useful Features

- Consult with Housing Advisors
- AI Recommendations
- Reminders for Property Visits

¹ LINE is a freeware app for instant communications on electronic devices such as smartphones, tablets and computers. Users can exchange texts, images, video and audio.

Sumai No Madoguchi Locations Across Japan



33

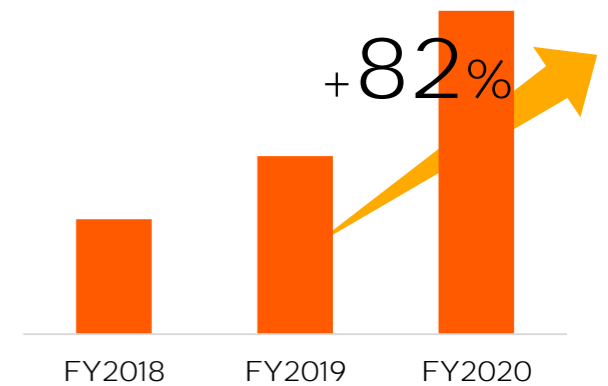
Offices Nationwide

Variety of Consultation Topics

Support for many different types of real estate

Custom Houses	New-Build Houses	Resale Houses
New-Build Condominiums	Resale Condominiums	Rentals
Remodeling	Renovations	

Consultations



99.5%¹

Satisfaction Rating

¹ (Between April 2019 - March 2020)

LIFULL HOME'S Growth Strategy DX (Digital Transformation)

Digitalization of moving documents has helped us simplify and revolutionize the relocation process and support everyone in finding the home they want

Find a Home with the Latest Technology

LIFULL HOME'S Home Index

住まいインデックス

<https://lifullhomes-index.jp/>

We are helping users organize information based on their budget, location or building type for their preferred lifestyle

Price Map

Check market prices from a map for easy reference

AI Recommendations From Stations You Frequently Visit

Walkability Index

Scores for the environments around properties

Budget Simulations

Calculate a personalized budget for purchasing a home

Appraisals

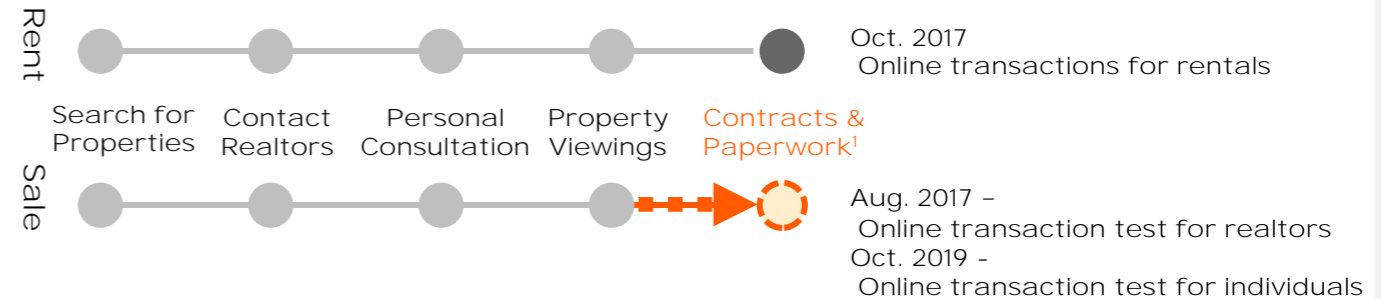
Search for realtors to appraise a home or lot for sale

Simplified Building Viewer

Take a look at different buildings available by area

All of the features and information users need in one Place

Driving Real Estate Transactions Online



October 2020

MLIT² announces intention to allow online real estate transactions

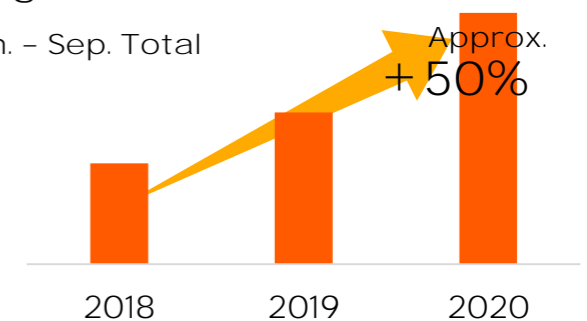
<https://www8.cao.go.jp/kisei-kaikaku/kisei/meeting/wg/seicho/20201012/agenda.html>

LIFULL HOME'S LIVE Tool for online consultations and paperwork



Usages of LIFULL HOME'S LIVE

Jan. - Sep. Total



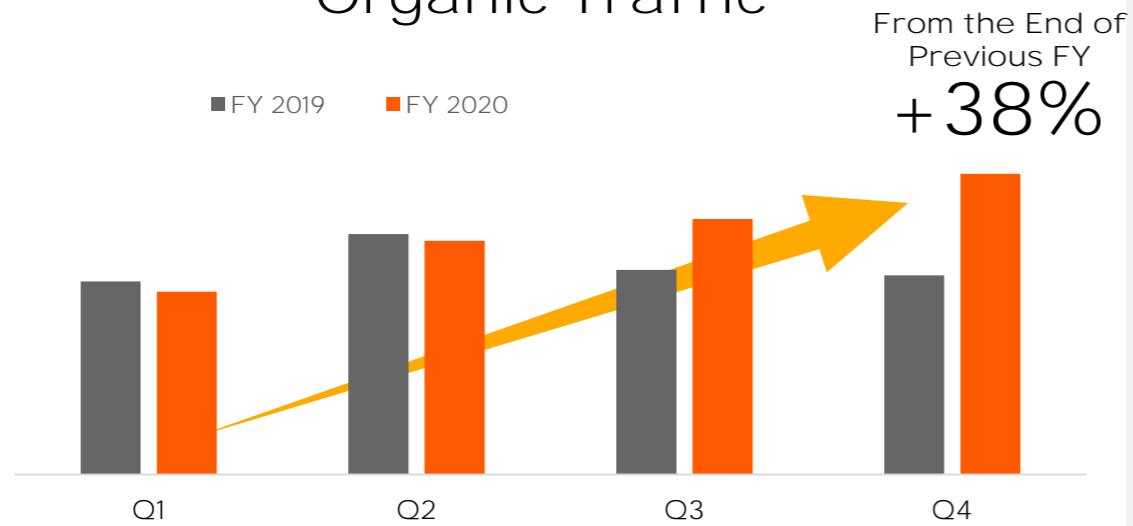


Overseas

LIFULL CONNECT Increasing Competitiveness

SEO improvement resulting in traffic growth after the establishment of LIFULL CONNECT

LIFULL CONNECT Organic Traffic¹



LIFULL CONNECT Aggregation Sites



More people choosing
LIFULL CONNECT
brands

LIFULL CONNECT Moving to Direct

Increasing investments in direct services to provide users and clients with even more value

DIRECT

Areas of Focus



Headcount in Target Regions



Increase Listings



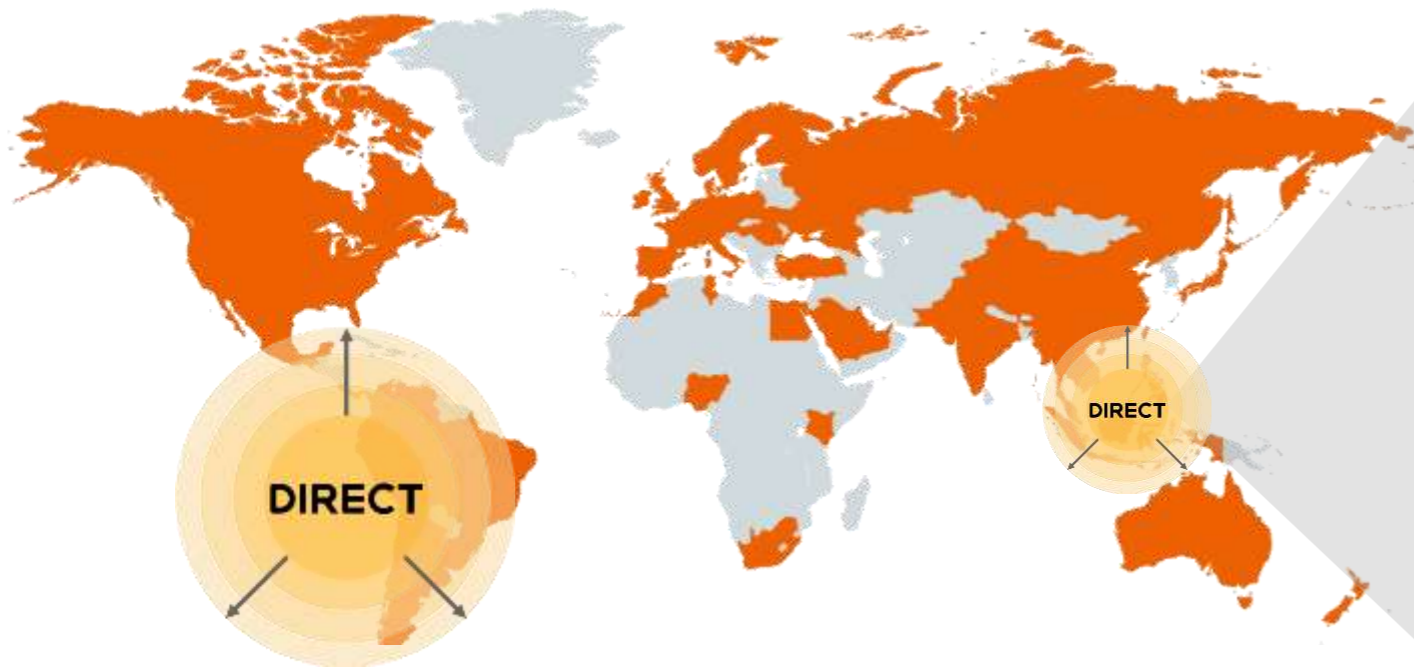
Site Features



Multimedia Resources



Providing more value to clients and users



October 2020

Acquisition of Hipflat (Real Estate Listing Platform in Thailand)



Hipflat



Advantages & Characteristics

- Strength in the rental market
- Extensive network of small to mid-sized realtors

Distinctly different listings and client network from Dot Property

LIFULL CONNECT Action Plan

With effects of the pandemic continuing longer than expected, we are effectively controlling operating costs and compensating for reduced revenue

Efficient Cost Management

Hiring Plans

Online Marketing

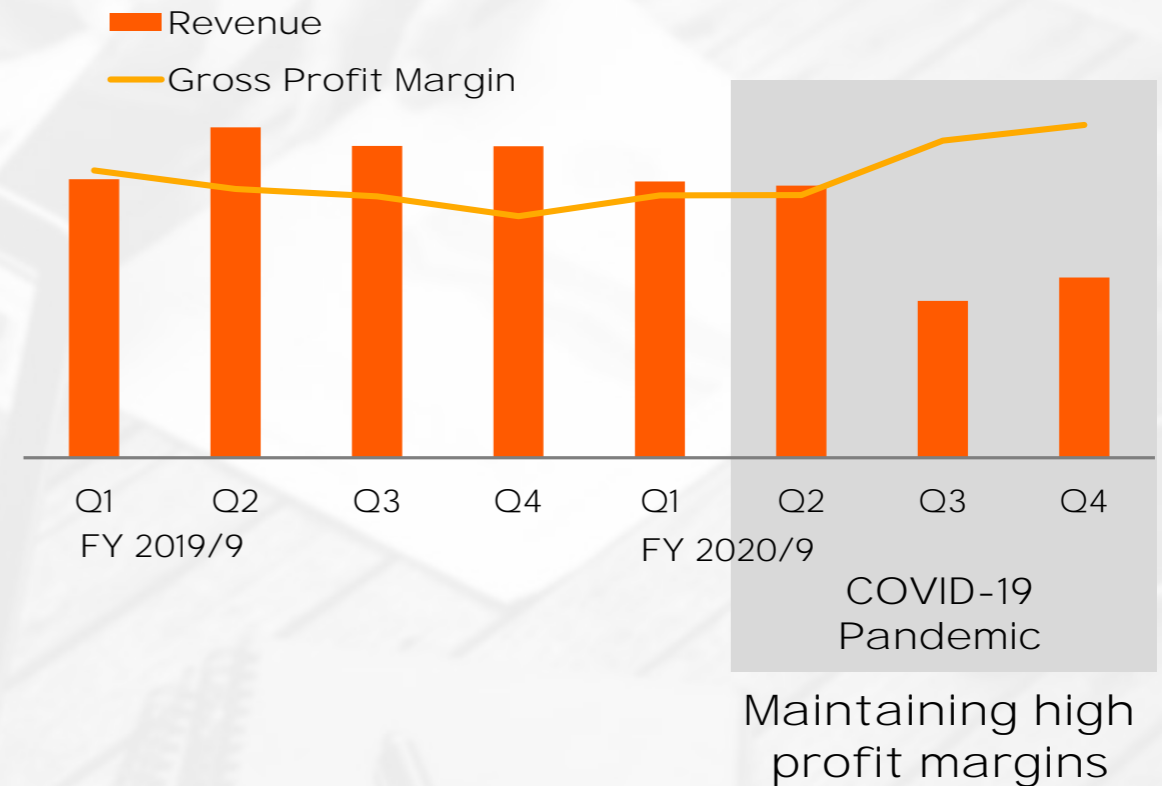
Office-Related Costs

Miscellaneous Expenses

Optimization

Flexible cost management while monitoring market recovery

Quarterly Revenue and Profit Margins



Effective management in an unpredictable situation

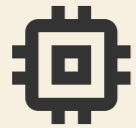


Technology for the Real Estate Investment Sector

Developing a Global Real Estate Investment Platform

Leveraging our information and technology assets to construct a global real estate investment platform

Knowhow



October 2019

Proof-of-concept for transferring property rights via blockchain



March 2020

Real Estate STO¹ proof-of-concept

Real Estate Data



Japan



Residential Property Data



Investment Property Data

International



International Partnerships



July 2020

Capital Investment

End-to-end solution provider for digitally securitized real estate and private equity



August 2020

Strategic Partnership

STO scheme for real estate joint ventures

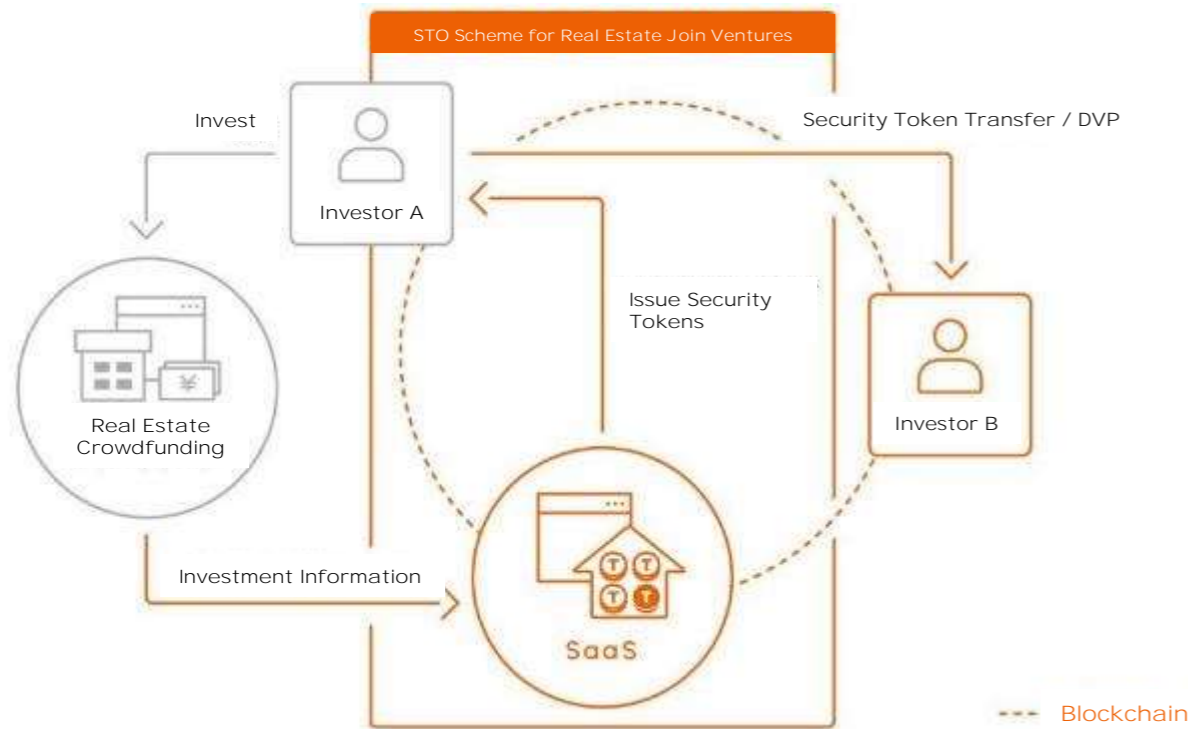
Global Real Estate Investment Platform

¹ STO=Security Token Offering
Issuing securities (stocks and real estate investment trusts) as tokens on the blockchain

Working Toward a Global Real Estate Investment Platform

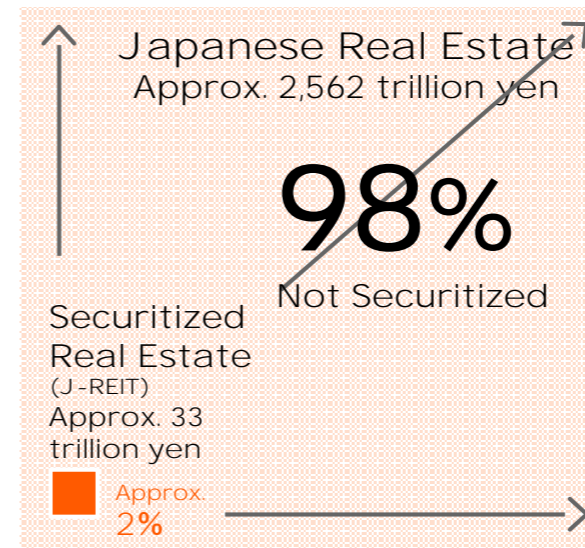
First STO in Japan for real estate joint ventures Press Release from October 20 (<https://lifull.com/news/18693/>)

Stimulating investment by making it possible to buy and sell securitized real estate



POINT 1 More convenience and security

POINT 2



Enabling STOs for a wider variety of properties



New Investment Products More Possible Investors

Stimulating the real estate investment market

Source: Current Condition of the Real Estate Investment Market (MLIT) <https://www.mlit.go.jp/common/001242304.pdf> (Japanese)

Making real estate investment accessible to more people as a long-term asset



FY 2021/9

Results Forecast



Forecast for FY 2021 / 9 IFRS

We will make timely announcements of critical matters as they arise, such as the progression of the effects of COVID-19

Condensed Statements of Income and Loss

Unit: Millions of yen	FY2020 Oct.-Sep. [Actual]	FY2021 Oct.-Sep. [Full-year forecast]	Change	Change %
Revenue	35,402	38,476	+3,074	+8.7%
Cost of revenue	4,096	4,971	+875	+21.4%
SG&A (excl. depreciation)	27,002	30,032	+3,030	+11.2%
Personnel expenses	8,960	10,158	+1,198	+13.4%
Advertising expenses	10,487	10,957	+470	+4.5%
Operating expenses	464	870	+406	+87.5%
Other	7,089	8,048	+959	+13.5%
Other revenues and expenses	-1,805	-38	+1,767	-
Operating income	2,497	3,434	+937	+37.5%
Operating income margin	7.1%	8.9%	+1.8pt	-
Net profit*	1,170	2,033	+863	+73.8%

Revenue by Segment

Unit: Millions of yen	FY2020 Oct.-Sep. [Actual]	FY2021 Oct.-Sep. [Full-year forecast]	Change	Change %
Revenue	35,402	38,476	+3,074	+8.7%
HOME'S Service	27,136	29,485	+2,349	+8.7%
Overseas	6,377	6,320	-57	-0.9%
Others	1,888	2,670	+782	+41.4%

EUR 1 calculated at JPY 121

* Net Profit: Profit attributable to owners of the parent



Goal of the LIFULL Group

Make every LIFE FULL

Appendices

Corporate Information (as of September 30, 2020)

Company LIFULL Co., Ltd.

Stock code 2120 (TSE 1st Section)

Representative Takashi Inoue, President and CEO

History
Mar. 12, 1997 Established
Oct. 2006 Listed in TSE, Mother's Section
Mar. 2010 Listed on TSE 1st Section

Capital JPY 9,716 mil.

Stock issues 134,239,870 shares (incl. 2,458,256 shares of treasury stock)

Consol. number of employees 1,470 (incl. 202 temporary and 358 overseas)

Major shareholder LIFULL Directors, Rakuten, Inc. (18.1%)

Main subsidiaries (stake)
LIFULL CONNECT, S.L.U. (100%)
LIFULL Marketing Partners (100%)



President and CEO Takashi Inoue



Head Office
Chiyoda-ku, Tokyo, Japan

Completion of the Repurchase of Treasury Shares

The share buyback decided at the Board of Directors meeting on May 14 was completed on August 4.
(Per Agreement)

Reasons

Enhance shareholder returns

Improve capital efficiency

Support a flexible capital strategy

(Ref.) Treasury Shares
(As of Mar. 31, 2020)

Outstanding Shares	134,239,870
Treasury Shares	74,587

Details of Repurchase

(Ref.) May 14 Release

As of August 4 (Per Agreement)

Total Shares

3,000,000 Shares (Max.)

Acquired Shares

2,383,500 Shares
1.78% of Shares Outstanding

Aggregate Purchase Price

JPY 1 bil. (Max.)

Purchase Price

JPY **999,994,400**

Method of Purchase Market purchase based on discretionary trading contract

LIFULL HOME'S Real Estate and Housing Information Site

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

- One of the largest real estate listing sites in Japan
- Apart from property listings, LIFULL HOME'S also features an in-house Quality Screening Team to ensure the reliability of listing information.
- Constantly evolving, the site has been optimized for smart devices to provide the best possible search experience for users.



- Search by city, train line, station or time to destination
- Filters including "No Deposit," "Pets Allowed"
- Select and compare multiple properties
- To-do lists, new property notifications and other extensive support services



LIFULL HOME'S
iOS • Android Apps



Primary Group Companies

(Listed according to date of founding / acquisition)

PT. LIFULL MEDIA INDONESIA ¹	<ul style="list-style-type: none"> • Planning and operation of the real estate and housing information website, LIFULL Rumah • Planning and operation of the service for Japanese resident officers assigned to Jakarta, LIFULL Concierge
LIFULL Marketing Partners Co., Ltd.	<ul style="list-style-type: none"> • Internet marketing for real estate and related business operators
LIFULL senior Co., Ltd.	<ul style="list-style-type: none"> • Operation of one of the largest search engines for nursing homes and senior housing in Japan, LIFULL Nursing Care • Operation of the search site "Minna no ihinsei" for companies which organize the possessions of the deceased
LIFULL MOVE Co., Ltd.	<ul style="list-style-type: none"> • Operation of the moving company price estimate and reservation website, LIFULL Hikkoshi
LIFULL SPACE Co., Ltd.	<ul style="list-style-type: none"> • Operation of one of the largest search engines for storage space in Japan, LIFULL Trunk Room • Operation of a search site for rental meeting rooms and other spaces, LIFULL Rental Space
LIFULL bizas Co., Ltd.	<ul style="list-style-type: none"> • Contractor for clerical work and other back-office operations • Contractor for call center operations
LIFULL Investment Co., Ltd.	<ul style="list-style-type: none"> • Operation of the crowdfunding platforms, LIFULL Investment • Operation of the LIFULL Regional Revitalization Fund
LIFULL Tech Vietnam Co., Ltd.	<ul style="list-style-type: none"> • Offshore, lab-type, software and application development as well as creative production
Rakuten LIFULL STAY, Inc. ^{1,2}	<ul style="list-style-type: none"> • Operation of vacation rental platforms
LIFULL CONNECT, S.L.U.	<ul style="list-style-type: none"> • Operation of aggregation sites for real estate, job listings, used vehicles and fashion aggregation sites as well as portals
LIFULL ArchiTech Co., Ltd.	<ul style="list-style-type: none"> • Research and development on construction and living environments; management of patents
Kenbiya Co., Ltd.	<ul style="list-style-type: none"> • Operation of the real estate investment site Kenbiya
LIFULL Leadership Co., Ltd.	<ul style="list-style-type: none"> • Employee training consultant: Designing and providing training courses for leadership development and management skills

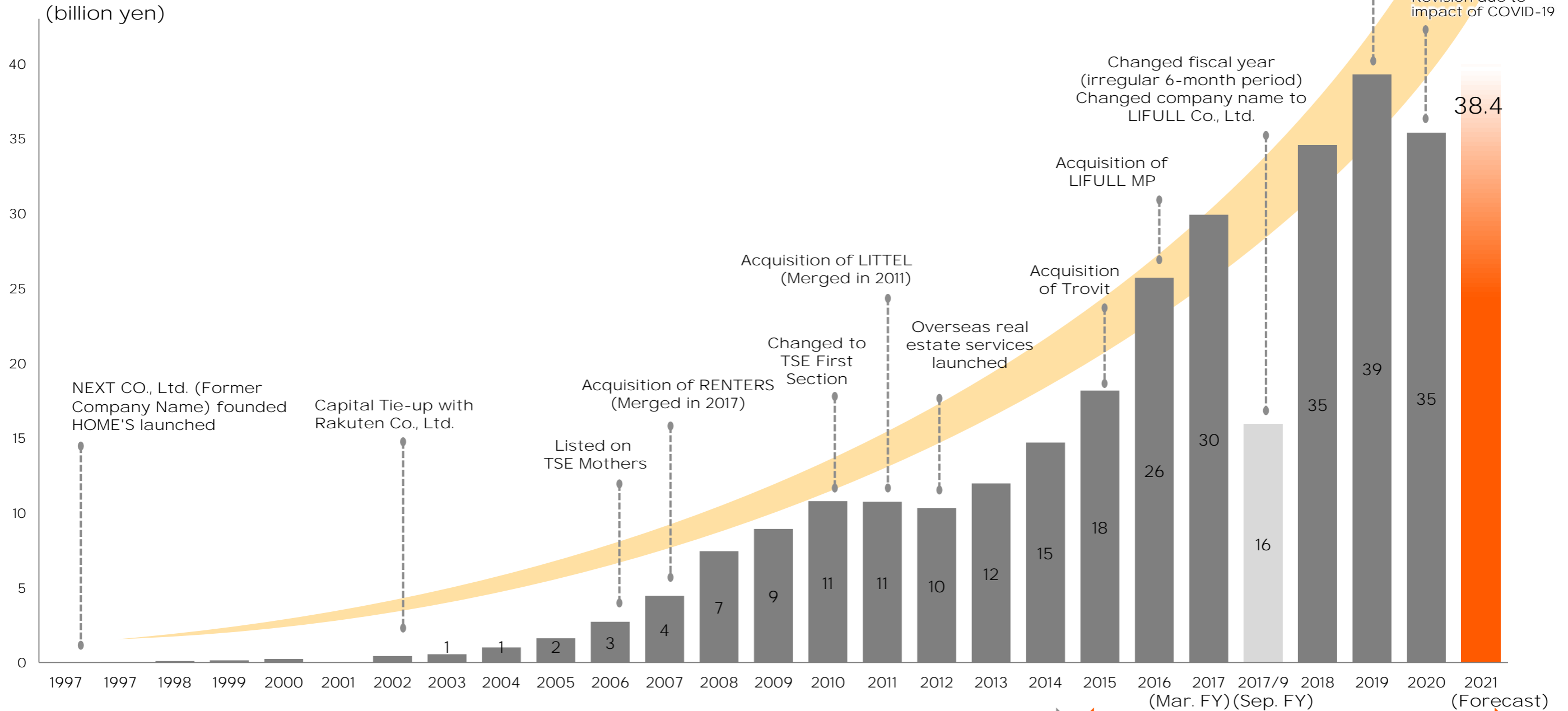
¹ Affiliated company accounted for by the equity-method

² Joint venture with Rakuten Inc. RAKUTEN LIFULL STAY PTE. LTD. founded in March 2017 as a wholly owned subsidiary

Segments and Primary Services

Segments	Main services
HOME'S Services	LIFULL HOME'S AD Master (former Renter's Net) NabiSTAR LIFULL Marketing Partners Co., Ltd. Kenbiya (Kenbiya Co., Ltd.)
Overseas	Trovit (LIFULL CONNECT) Mitula (LIFULL CONNECT) Nestoria (LIFULL CONNECT) RESEM (LIFULL CONNECT) Dot Property (LIFULL CONNECT) LIFULL Tech Vietnam Co., Ltd. (App Development) Other subsidiary services of LIFULL CONNECT
Other Businesses	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.) Regional Revitalization Business LIFULL Investment Co., Ltd. LIFULL ArchiTech Co., Ltd. Other LIFULL subsidiaries and new services

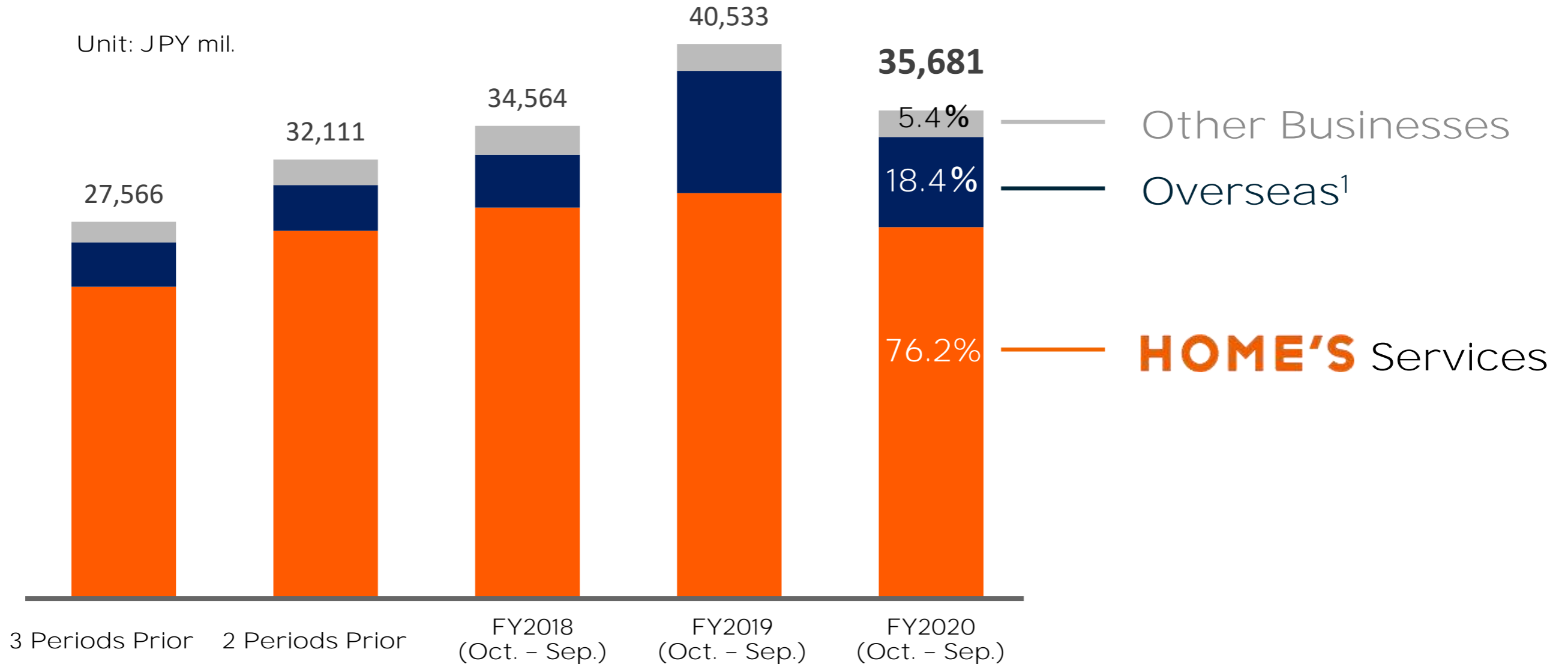
Annual Revenue and Timeline of Company Growth



Growth of Consolidated Earnings and Breakdown Consolidated Revenue

Decreased revenue from effects of COVID-19 pandemic

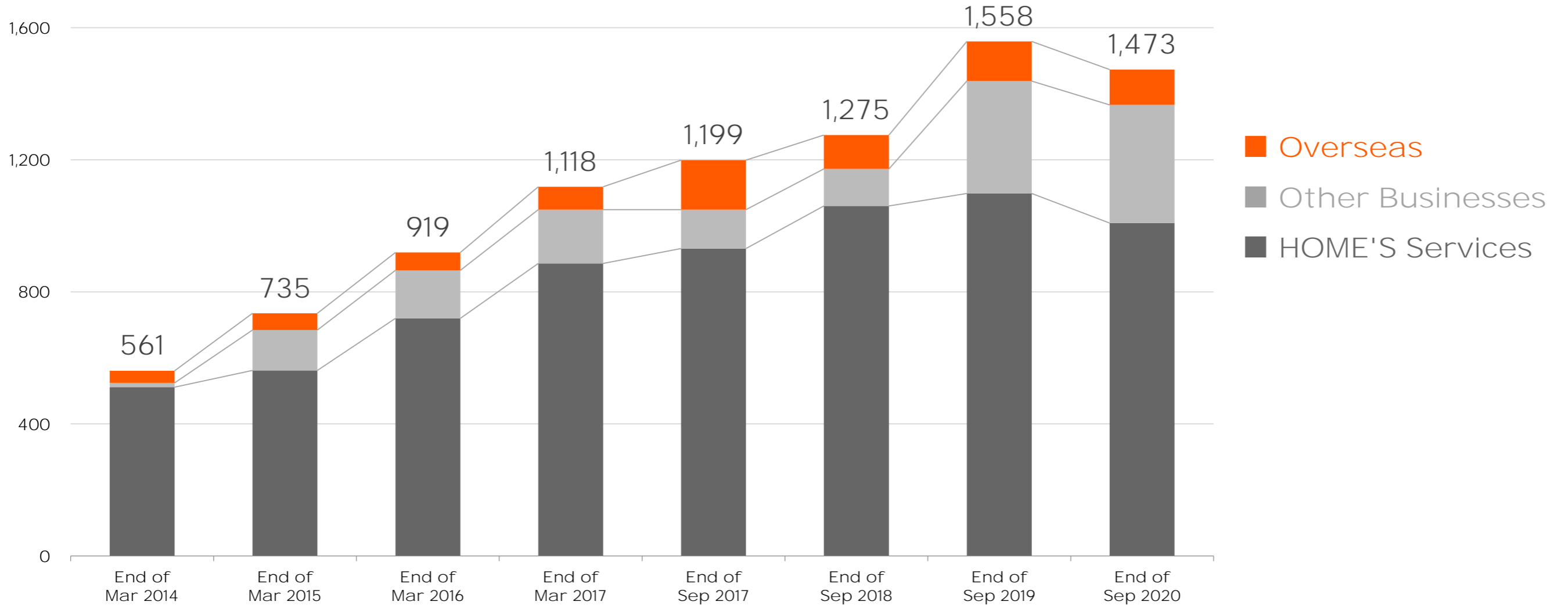
Since the pandemic heavily affected the Overseas segment, there was an increase in the percentage of HOME'S Services



Number of Employees Group

Increase in employees due to overseas expansion

Decrease in HOME'S Services from support services for realtors and shared services



1) Not including employees in companies outside the LIFULL Group
2) Temporary staff numbers are based on annual averages

Consolidated Statements of Profit and Loss Quarterly

Consolidated statements of Profit and Loss (quarterly)

Unit : JPY mil	FY2017/3				FY2017/9		FY2018/9				FY2019/9				FY2020/9			
	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	6,846	6,910	7,107	9,056	7,793	8,154	8,128	9,541	8,345	8,549	8,391	11,208	9,753	9,944	9,202	9,983	7,706	8,510
HOME'S Services Business	5,616	5,782	5,955	7,662	6,472	6,816	6,742	8,062	6,833	6,963	6,860	8,404	7,060	7,330	6,763	7,543	6,176	6,652
Overseas Businesses	823	750	750	867	859	858	883	935	983	1,058	986	2,315	2,213	2,165	2,006	1,892	1,101	1,378
Other Businesses	406	377	400	525	461	479	502	542	528	527	544	488	479	448	432	547	429	479
Cost of revenue	670	737	774	897	915	946	928	946	996	1,006	1,048	1,258	1,035	1,217	1,116	1,157	869	953
SG&A	4,776	4,581	5,422	6,627	6,346	6,100	5,862	6,987	5,948	6,555	5,879	9,222	6,754	7,682	6,540	6,874	5,165	6,415
Personnel expenses	1,773	1,531	1,811	1,923	1,993	1,816	1,962	1,783	1,963	2,082	1,969	2,087	2,217	2,428	2,535	1,590	2,048	2,785
Advertising expenses	1,689	1,730	2,145	2,834	2,719	2,695	2,426	3,657	2,431	2,869	2,347	4,882	2,790	3,252	2,559	3,882	1,884	2,160
Operating expenses	246	236	282	244	240	215	236	267	209	229	190	204	240	290	170	123	64	106
Other SG&A	1,066	1,082	1,183	1,624	1,393	1,373	1,236	1,279	1,344	1,374	1,372	2,047	1,505	1,710	1,274	1,278	1,167	1,363
Other revenues and expenses	-6	-42	-30	-39	-72	-30	71	18	6	-44	425	-332	9	59	-9	-41	62	-1,817
EBITDA	1,392	1,549	879	1,491	458	1,077	1,408	1,624	1,406	942	1,889	394	1,972	1,103	1,535	1,909	1,735	-676
Depreciation/amortization cost	221	217	338	468	253	266	274	266	263	263	259	304	308	303	490	515	486	512
Operating profit	1,171	1,331	540	1,022	205	811	1,134	1,358	1,142	679	1,629	90	1,664	800	1,044	1,393	1,248	-1,189
Net income *	734	942	331	756	22	467	591	980	702	585	1,003	-41	1,073	370	527	949	846	-1,153
EBITDA margin	20.3%	22.4%	12.4%	16.5%	5.9%	13.2%	17.3%	17.0%	16.9%	11.0%	22.5%	3.5%	20.2%	11.1%	16.7%	19.1%	22.5%	-7.9%

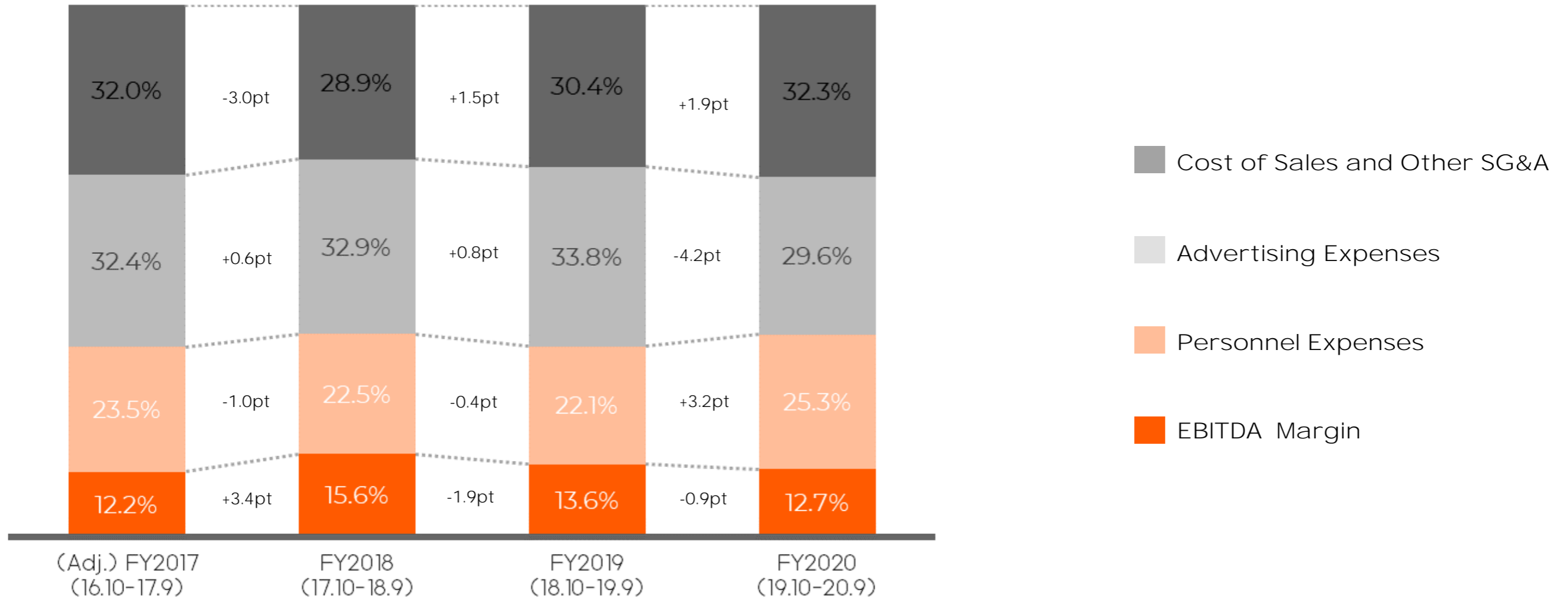
1) Net income = Net income attributable to owners of the parent

2) Disclosure segments modified since FY2017/09. Sales of prior periods has been described in conjunction with the segment change.

3) As the provisional accounting procedures for corporate mergers have been defined in the first and third three-month periods of the current consolidated fiscal year, these measures have been applied for values for the fiscal year ended in September 2019. In conjunction with these measures, year-on-year change ratios have been calculated with adjusted values.

Expense-to-Revenue Ratio IFRS

Although cost controls have been implanted due to the COVID-19 pandemic, there was a slight decrease in EBITDA margin



(Ref.) Pricing Structure Revisions Rental & Sale Properties Starting Oct. 2019

New Pricing Structure

	Basic Membership Fee (Mon.)	Inquiries	Pay by Inquiry
Rental	JPY 15,000	Inquiries (e-mail / tel.)	Monthly Rent of Property × 9.5%
		Company Inquiries	Number of Inquiries × JPY 5,000
Sale	JPY 15,000	Inquiries (e-mail / tel.)	Sale Price of Property × 0.05%
		Company Inquiries	Number of Inquiries × JPY 10,000

Original Pricing Structure

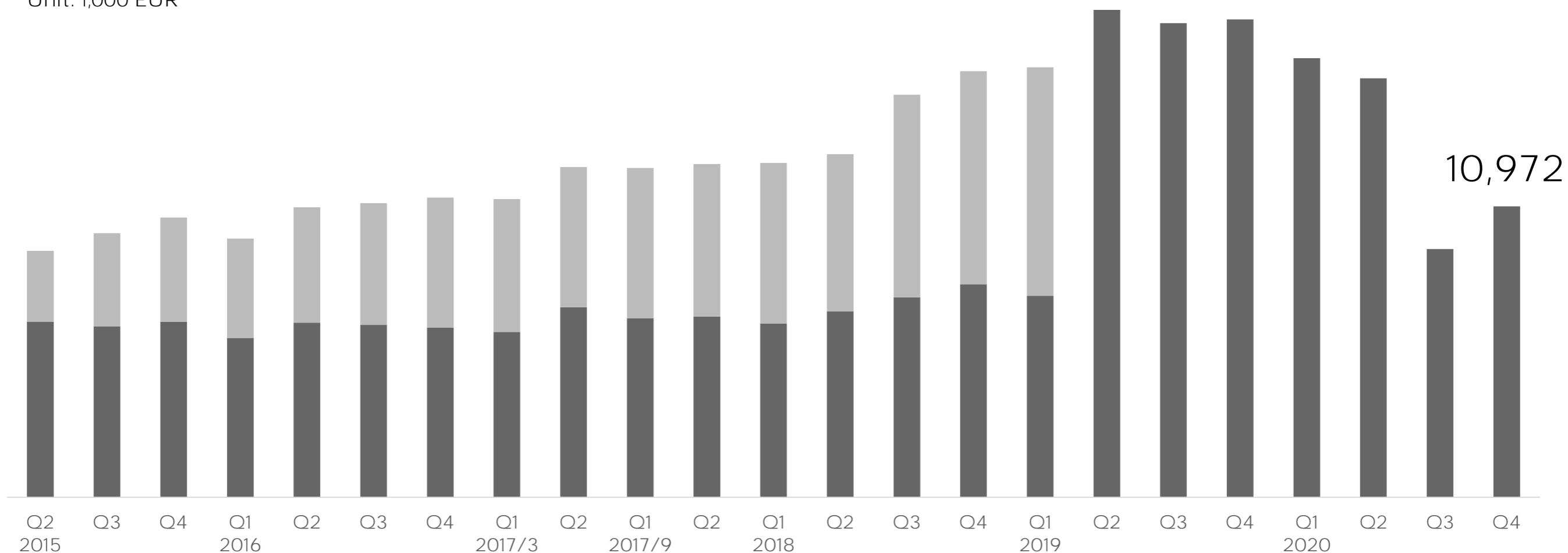
	Basic Membership Fee (Mon.)	Inquiries	Pay by Inquiry
Rental	JPY 10,000	1 to 15	Monthly Rent of Property × 5.5%
		Over 16	Monthly Rent of Property × 4.0%
Sale	JPY 10,000	1 to 5	Sale Price of Property × 0.05%
		Over 6	Sale Price of Property × 0.03%

Quarterly Results LIFULL CONNECT

Slight recovery from decreased revenue due to the effects of the COVID-19 pandemic

Results from LIFULL CONNECT* in EUR (■ Pre-consolidation results of Mitula Group)

Unit: 1,000 EUR



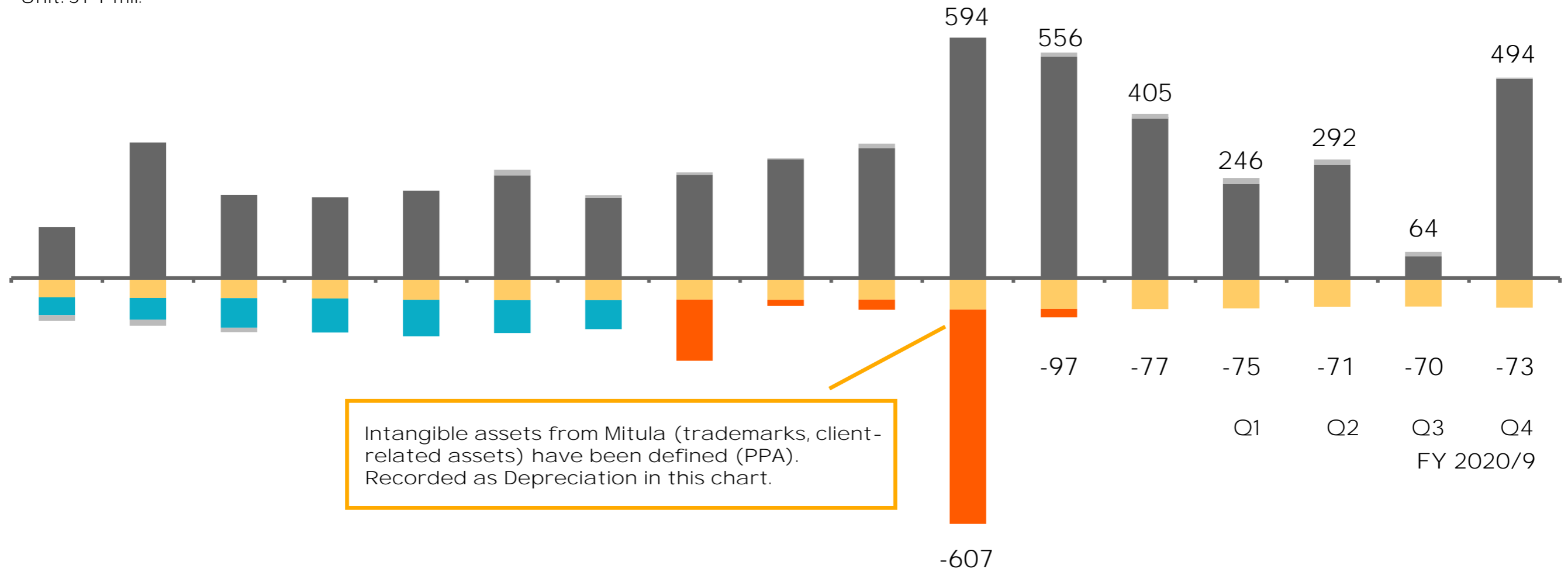
Overseas Segment Results Segment Profit and Loss (Quarterly Trend)

Lower revenue due to effects of the COVID-19 pandemic leading to reduced profit levels

Quarterly Segment P&L

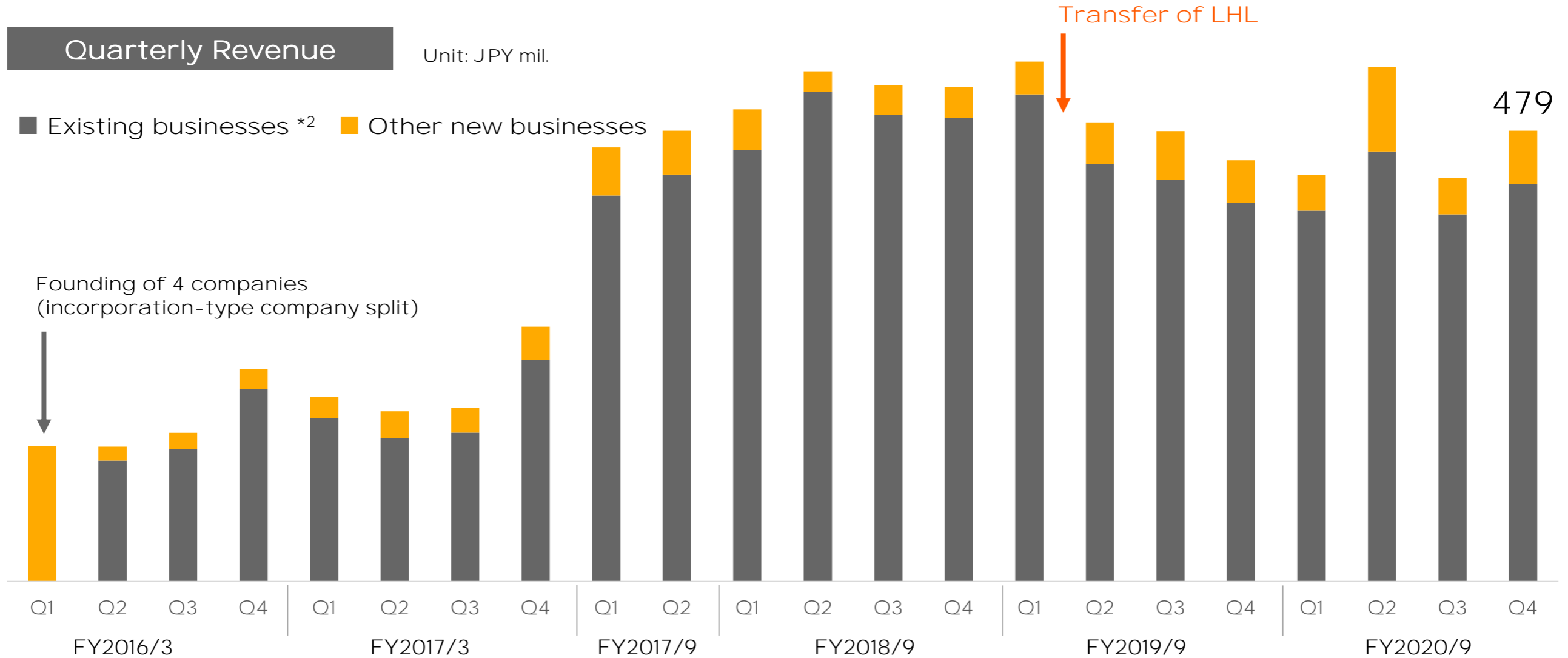
■ LIFULL CONNECT ■ International Division ■ Depreciation ■ M&A Costs ■ Other

Unit: JPY mil.



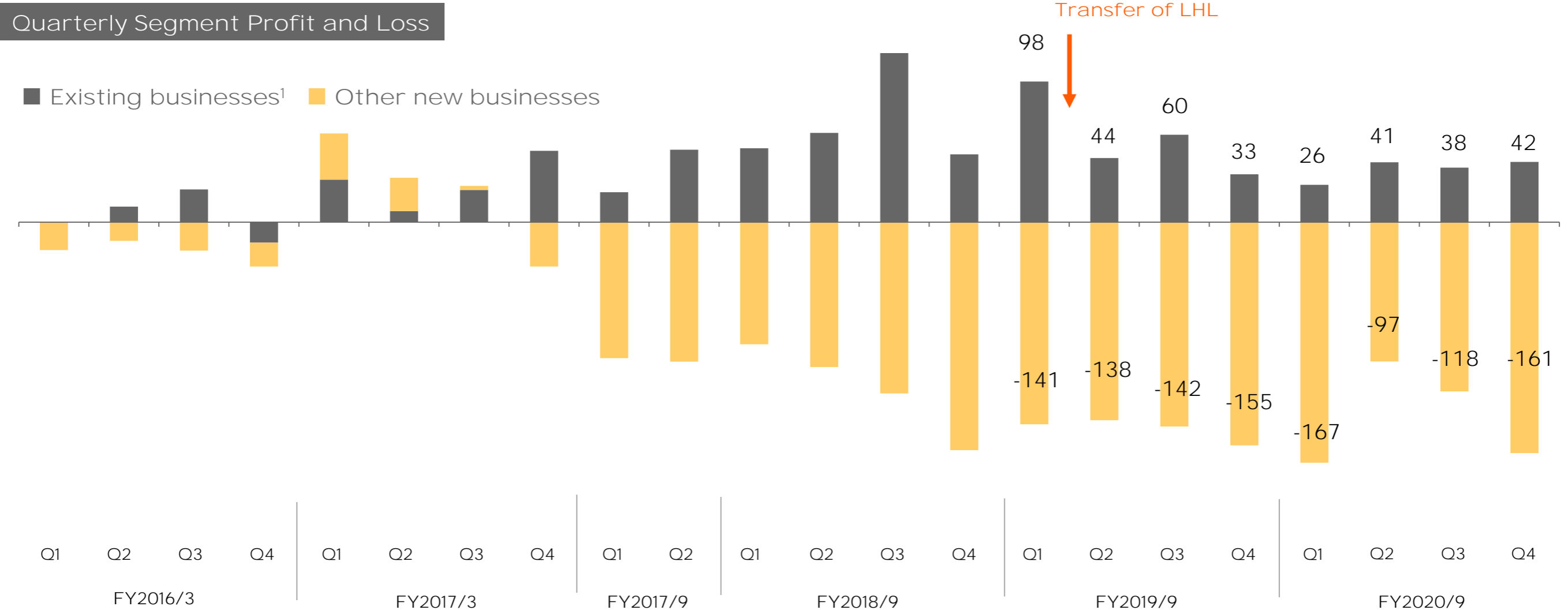
Other Businesses - Segment Sales Revenue (Quarterly) -

Without regard to the effects of the transfer of LHL¹, continuing to maintain scale of operations



Other Businesses Segment Profit and Loss (Quarterly)

Unit: JPY mil.



(Ref.) External Market Data Monthly

		2017 (Jan-Dec)	2018 (Jan-Dec)	2019 (Jan-Dec)	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
(1) Number of Apartments for sales	Capital Region	35,898	37,132	31,238	2,342	2,462	2,659	2,986	1,502	3,372	2,845	3,461	7,462	1,900	2,313	3,337	1,421	2,206	2,259	1,932	1,819	2,359	2,007	3,293	6,392	1,245	1,488	2,142	686	393	1,543	2,083	1,669	2,477
	YoY	0.4%	3.4%	-15.9%	-14.6%	-5.4%	16.4%	-12.8%	-28.5%	13.2%	1.0%	2.8%	15.2%	-1.8%	-7.1%	-7.7%	-39.3%	-10.4%	-15.0%	-35.3%	21.1%	-30.0%	-29.5%	-4.9%	-14.3%	-34.5%	-35.7%	-35.8%	-51.7%	-82.2%	-31.7%	7.8%	-8.2%	5.0%
	Kinki	19,560	20,958	18,042	1,742	1,480	1,211	1,514	1,378	1,859	1,775	2,585	2,760	1,044	1,281	1,449	852	1,388	1,500	1,788	1,341	1,406	1,271	1,492	3,230	621	1,035	1,528	494	214	1,407	921	1,617	1,228
	YoY	4.7%	7.1%	-13.9%	25.2%	-14.8%	-8.3%	-17.4%	13.4%	-22.3%	21.2%	63.4%	22.2%	-4.3%	-29.5%	-17.0%	-51.1%	-6.2%	23.9%	18.1%	-2.7%	-24.4%	-28.4%	-42.3%	17.0%	-40.5%	-19.2%	5.5%	-42.0%	-84.6%	-6.2%	-48.5%	20.6%	-12.7%
(2) Trend of Price for Apartments	Capital Region	5,908	5,871	5,980	5,548	6,030	6,244	6,191	5,360	5,136	2,845	3,461	7,462	1,900	2,313	3,337	1,421	2,206	2,259	1,932	1,819	2,359	2,007	3,293	6,392	1,245	1,488	2,142	686	393	1,543	2,083	1,669	2,477
	YoY	7.6%	-0.6%	1.9%	-6.3%	0.8%	10.7%	-5.7%	-7.5%	-11.8%	1.0%	2.8%	15.2%	-1.8%	-7.1%	-7.7%	-39.3%	-10.4%	-15.0%	-35.3%	21.1%	-30.0%	-29.5%	-4.9%	-14.3%	-34.5%	-35.7%	-35.8%	-51.7%	-82.2%	-31.7%	7.8%	-8.2%	5.0%
	Kinki	3,836	3,844	3,866	3,825	3,868	3,578	4,568	3,585	4,043	1,775	2,585	2,760	1,044	1,281	1,449	852	1,388	1,500	1,788	1,341	1,406	1,271	1,492	3,230	621	1,035	1,528	494	214	1,407	921	1,617	1,228
	YoY	-2.1%	0.2%	0.6%	-0.2%	8.3%	-5.2%	7.1%	1.0%	-3.4%	21.2%	63.4%	22.2%	-4.3%	-29.5%	-17.0%	-51.1%	-6.2%	23.9%	18.1%	-2.7%	-24.4%	-28.4%	-42.3%	17.0%	-40.5%	-19.2%	5.5%	-42.0%	-84.6%	-6.2%	-48.5%	20.6%	-12.7%

		2017 (Jan-Dec)	2018 (Jan-Dec)	2019 (Jan-Dec)	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
(3) New build properties	House for Rent	419,397	396,404	342,289	35,447	31,083	34,884	35,847	35,457	35,350	35,225	34,902	30,788	24,776	27,921	28,413	29,511	26,164	30,645	30,383	29,255	29,414	29,417	28,779	27,611	24,147	22,638	26,545	24,976	24,040	26,666	27,696	27,671	22,337
	YoY	0.2%	-5.5%	-13.7%	-2.1%	-5.6%	-3.0%	-1.4%	1.4%	-5.8%	-7.3%	-6.9%	-7.9%	-12.3%	-5.1%	-4.5%	-16.7%	-15.8%	-12.2%	-15.2%	-17.5%	-16.8%	-16.5%	-17.5%	-10.3%	-2.5%	-18.9%	-6.6%	-15.4%	-8.1%	-13.0%	-8.8%	-5.4%	-7.0%
	Apartment	114,830	110,510	117,803	12,350	11,861	8,253	8,699	9,146	8,934	8,604	10,460	9,546	9,368	9,132	13,330	10,480	9,165	8,597	8,600	10,159	12,022	9,998	7,995	8,957	6,782	9,353	9,500	10,723	9,137	8,422	8,352	9,377	11,970
	YoY	0.2%	-3.8%	6.6%	2.1%	20.7%	-36.2%	-4.0%	0.4%	3.5%	14.9%	15.6%	28.6%	43.6%	10.5%	69.5%	-15.1%	-22.7%	4.2%	-1.1%	11.1%	34.6%	16.2%	-23.6%	-6.2%	-27.5%	2.4%	-28.7%	2.3%	-0.3%	-2.0%	-2.9%	-7.7%	-0.4%
	House	138,189	142,393	147,522	12,324	11,944	11,903	12,004	11,953	11,882	12,556	12,561	13,006	11,190	11,844	11,738	12,698	11,899	13,096	13,074	12,236	11,889	12,726	12,705	12,427	10,881	10,907	11,616	11,665	10,381	11,658	10,820	9,455	10,036
	YoY	3.3%	3.0%	3.6%	7.1%	5.8%	0.7%	2.5%	4.0%	4.7%	5.9%	-0.2%	8.5%	4.2%	12.2%	7.1%	3.0%	-0.4%	10.0%	8.9%	2.4%	0.1%	1.4%	1.1%	-4.5%	-2.8%	-7.9%	-1.0%	-8.1%	-1.5%	-11.0%	-17.2%	-22.7%	-15.6%
	Owned house	284,283	283,235	288,738	23,289	23,321	25,148	25,447	24,420	24,873	25,949	25,527	24,415	20,925	21,992	22,404	25,436	24,826	28,394	26,282	24,027	24,008	24,495	23,655	22,294	18,037	19,557	22,327	21,015	19,696	23,650	22,708	21,915	22,337
	YoY	-2.7%	-0.4%	1.9%	-1.9%	-2.2%	-3.4%	0.3%	0.2%	△0.0%	4.6%	2.5%	4.8%	3.3%	9.9%	8.9%	9.2%	6.5%	12.9%	3.3%	-1.6%	-3.5%	-5.6%	-7.3%	-8.7%	-13.8%	-11.1%	-0.3%	-17.4%	-20.7%	-16.7%	-13.6%	-8.8%	-7.0%

		2017 (Jan-Dec)	2018 (Jan-Dec)	2019 (Jan-Dec)	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
(4) Internal migrants	Total	5,318,617	5,359,174	5,403,465	761,821	420,739	343,513	393,037	391,505	331,718	414,928	351,216	348,269	336,203	369,900	910,007	767,021	418,489	351,394	418,590	378,793	372,471	392,668	336,866	351,063	332,383	362,076	965,051	764,186	300,861	352,719	379,492	369,596	358,658
	YoY	1.3%	0.8%	0.8%	1.6%	3.8%	-2.7%	4.7%	2.1%	-3.8%	6.9%	2.7%	2.0%	2.4%	2.6%	-0.4%	0.7%	-0.5%	2.3%	6.5%	-3.2%	12.3%	-5.4%	-4.1%	0.8%	-1.1%	-2.1%	6.0%	-0.4%	-28.1%	0.4%	-9.3%	-2.4%	-3.7%
	Only Japanese	4,893,581	4,889,713	4,889,191	712,159	384,355	311,005	355,425	352,992	295,016	368,708	313,252	312,602	302,485	334,916	849,869	705,182	377,454	314,638	376,197	341,164	330,044	346,967	298,343	311,932	298,530	326,715	898,498	703,617	279,480	328,543	353,481	344,022	331,449
	YoY	0.3%	-0.1%	0.0%	1.4%	3.6%	-3.2%	3.5%	0.8%	-4.9%	5.2%	1.8%	1.2%	2.0%	2.2%	-1.2%	-1.1%	-1.8%	1.2%	5.8%	-3.4%	11.9%	-5.9%	-4.8%	-0.2%	-1.3%	-2.4%	5.7%	-0.2%	-26.0%	4.4%	-6.0%	0.8%	0.4%
(5) Japan Population	Unit : Thousand	Oct. 1, 2016	Oct. 1, 2017	Oct. 1, 2018	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
	Total	126,933	126,706	126,443	126,502	126,466	126,509	126,529	126,496	126,417	126,443	126,453	126,435	126,317	126,310	126,248	126,254	126,181	126,252	126,265	126,219	126,131	126,167	126,161	126,144	125,988	126,004	125,962	125,930	125,900	125,930	125,960	125,930	125,810

[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

(Ref.) Domestic Market Environment



01

Number of Real Estate Companies

328,553

(Based on 2017 values from the Japanese Ministry of Finance "Corporate Statistics Monthly Report")

*April 1, 2017 - March 31, 2018

02

Number of Licensed Real Estate Agencies

124,451 (108,800 Corporates)

(Based on 2018 values from the Ministry of Land, Infrastructure, Transport and Tourism "Number of Licensed Real Estate Agencies 2018")

03

Number of Offices

352,733

(Based on Ministry of Internal Affairs and Communications "Financial Census" 2015 Values)

04

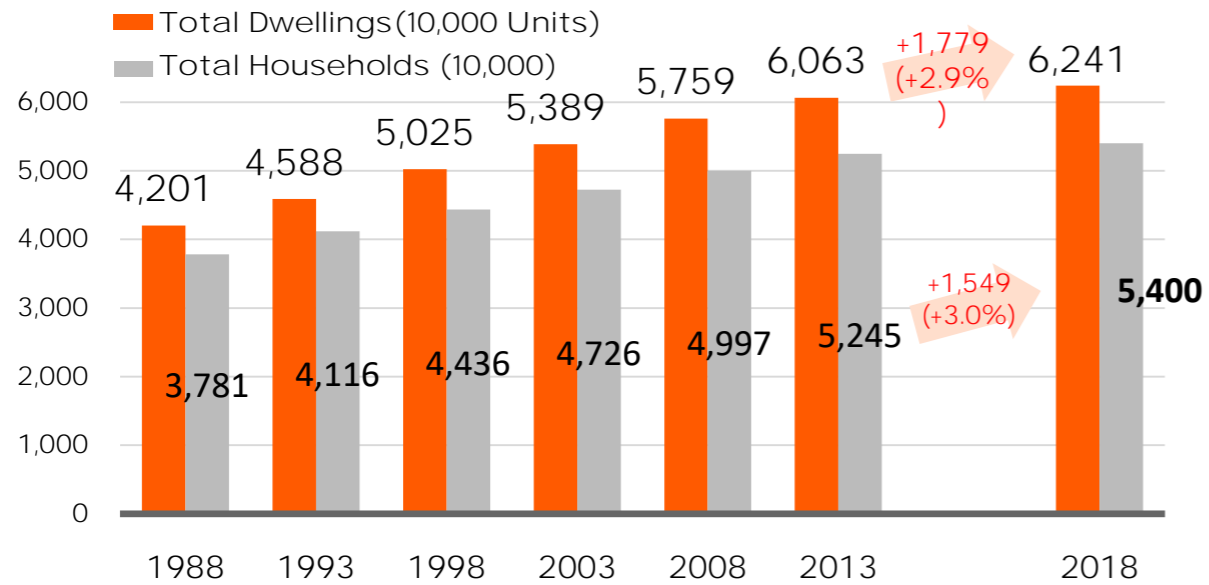
Size of Real Estate Listing Market

Approx. 900+ billion yen

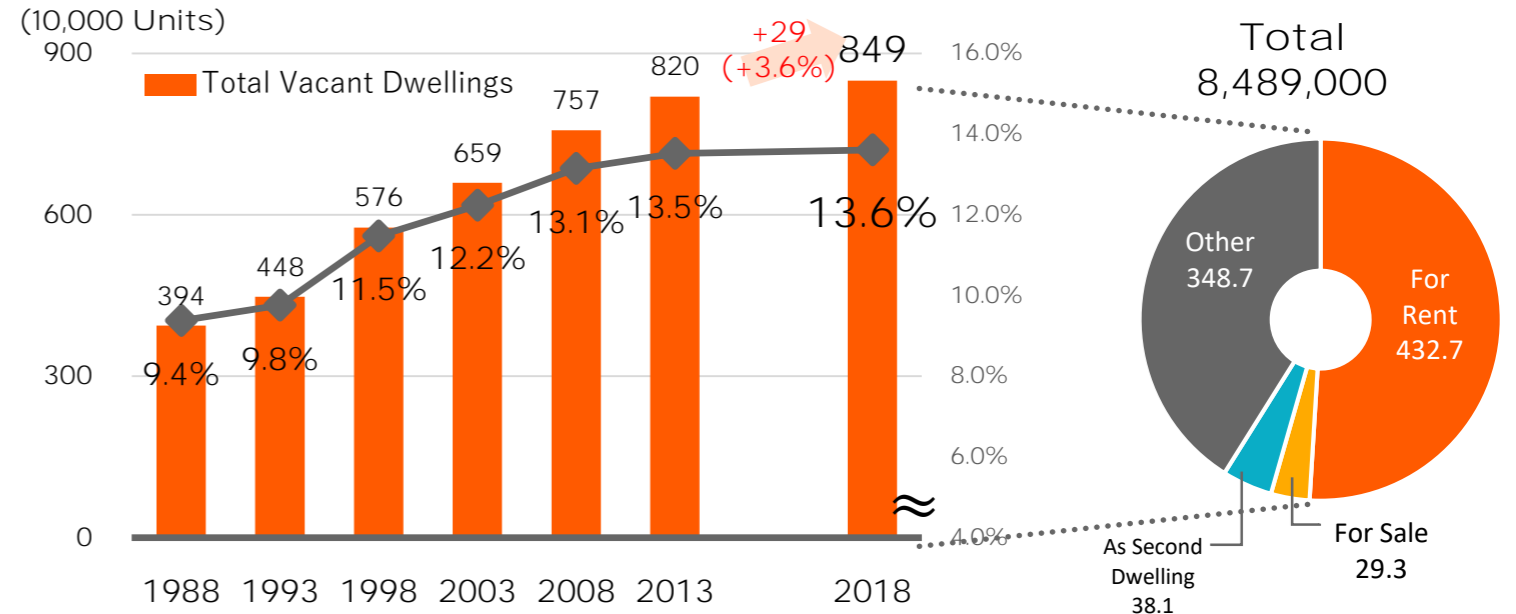
(Based on LIFULL Internal Data)

(Ref.) Base Results of the 2018 Housing and Land Survey (Statistics Bureau of Japan)

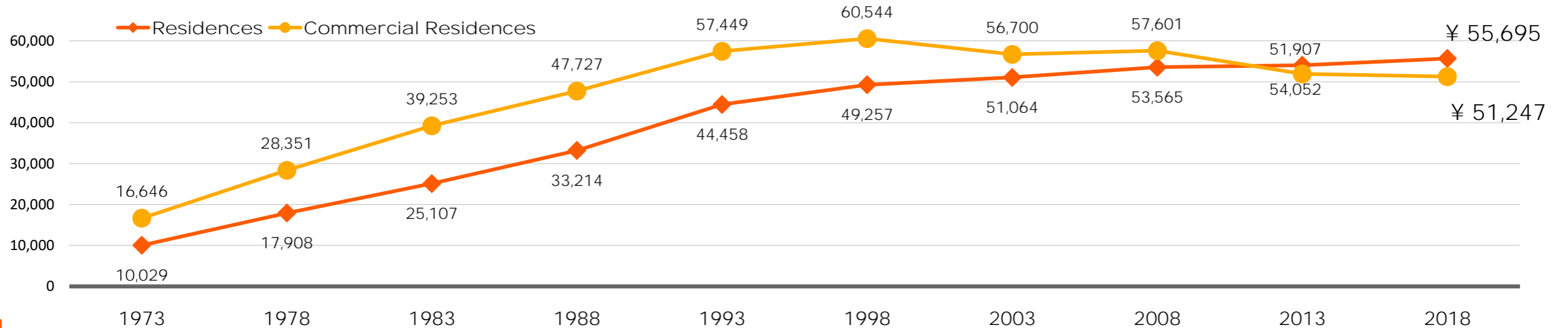
Trend of Total Dwellings and Total Households



Trend of Number of Vacant Homes and Vacancy Rates

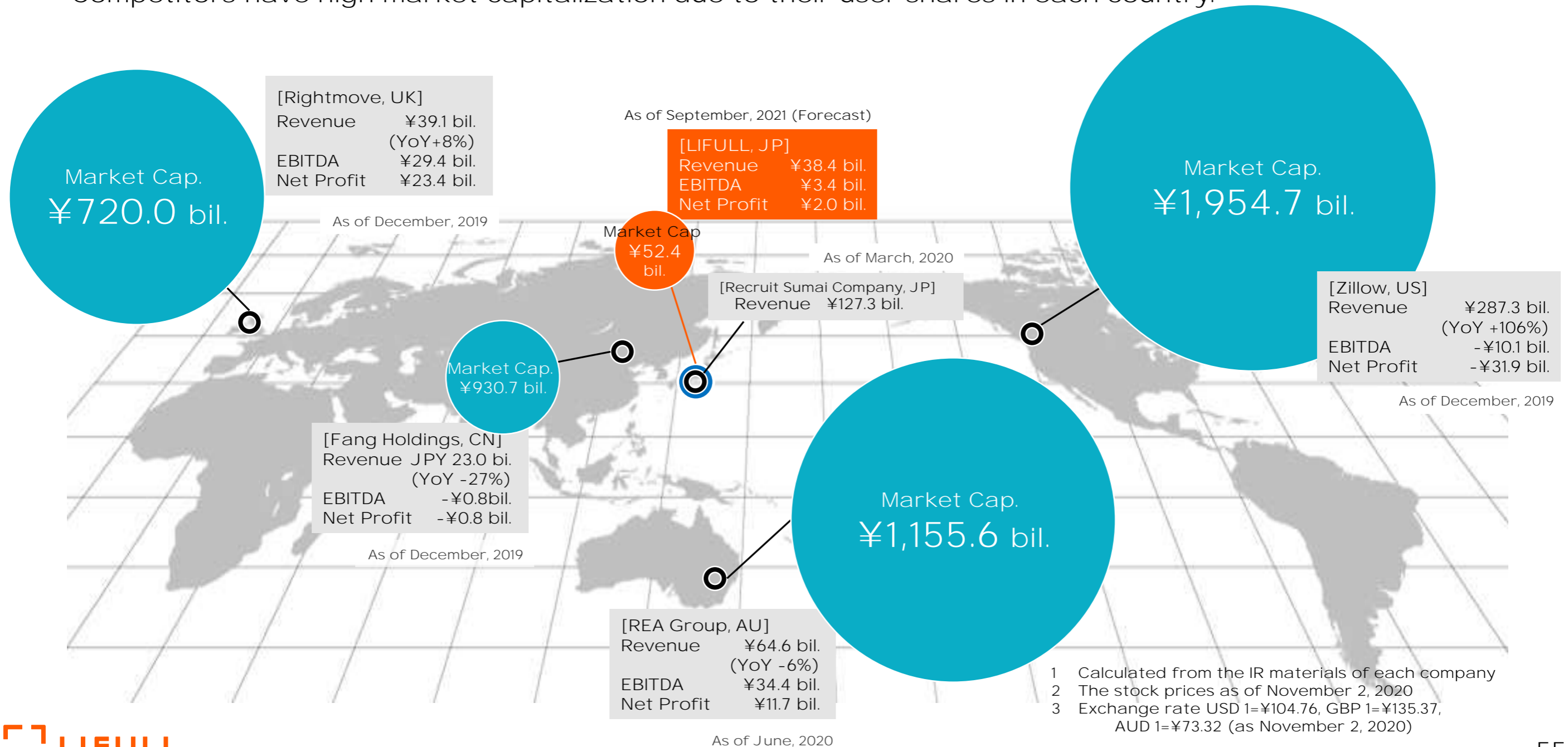


National Trend in Monthly Rent



(Ref.) Overseas competitors

Competitors have high market capitalization due to their user shares in each country.



1 Calculated from the IR materials of each company
 2 The stock prices as of November 2, 2020
 3 Exchange rate USD 1=¥104.76, GBP 1=¥135.37, AUD 1=¥73.32 (as November 2, 2020)

IR Team Contact Information



IR Site

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

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

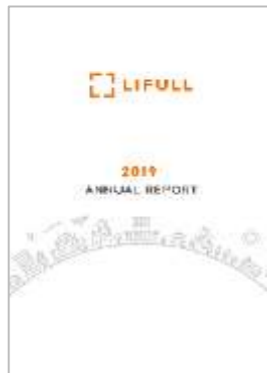


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Annual Report 2019



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