

March 14, 2025

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[Update] Notice on Recording of Profit Due to Loss of Control over a Specific Overseas Subsidiary and Revision of Full-Year Consolidated Earnings Forecast

As announced on February 12, 2025, in the “Notice of Revisions to Consolidated Financial Results Forecast due to the Transfer of an Overseas Subsidiary” (“Previous Forecast”), we have finalized the accounting treatment related to the transfer and have recorded a profit of ¥1.2 bil. due to the loss of control over the previous subsidiary, LIFULL CONNECT S.L. (“LIFULL CONNECT.”)

In light of these changes, the Board of Directors has resolved to revise the FY 2025/9 Full-Year Earnings Forecast.

Notes

1. Gains from Loss of Control over a Specific Overseas Subsidiary

As noted in the “(Update) Notice Regarding the Transfer of a Specified Subsidiary” disclosed on January 22, 2025, all shares of LIFULL CONNECT were invested in kind, and the Company received a 55% stake with no voting rights in CONNECT NEXT PTE. LTD. on January 21, 2025. Consequently, LIFULL CONNECT has been excluded from our scope of consolidation, and we have recorded a profit of ¥1.2 bil. due to the loss of control over the subsidiary.

2. Effects on the Results of the Company

In conjunction with the completion of the transfer outlined in 1., LIFULL CONNECT has been deconsolidated, and the Company has resolved to dissolve Mitula Group Limited (“Mitula Group.”) For this reason, all related businesses have been reclassified as discontinued operations retrospectively as of the second quarter of FY 2025/9.

The impact on financial performance is detailed in the Revisions to the FY 2025/9 Full-Year Forecast, as outlined below. With the reclassification as discontinued operations, revenue and operating profit are presented for continuing operations only. These changes have also been reflected in results for the previous consolidated fiscal year FY 2024/9. Additionally, profit attributable to owners of the parent is presented as the total of both continuing and discontinued operations.

3. Revisions to the FY 2025/9 Full-Year Forecast

Revised Full-Year Forecast for FY 2025/9 (Oct. 1, 2024, to Sep. 30, 2025):

(JPY Mil.)

	Revenue (Continuing Operations)	Operating Profit (Continuing Operations)	Profit Attributable to Owners of the Parent	Basic Earnings Per Share (JPY)
Previous Forecast (A)	30,659	3,300	1,900	14.84
Revised Forecast (B)	28,500	3,300	4,200	32.80
Change (B-A)	(2,159)	0	2,300	17.96
Rate of Change (%)	(7.0%)	0.0%	121.1%	121.0%
(Ref.) Previous FY Results (FY 2024/9) Excl. Overseas	26,312	3,027	(8,463)	(66.12)
(Ref.) Previous FY Results (FY 2024/9)	34,466	(6,443)	(8,463)	(66.12)

Ref.) Revenue and Loss of Overseas Segment before reclassification (Unit: JPY Mil.)

	Revenue	Segment Loss
FY 2025/9 Q1 Results (Oct. 1 - Dec. 31, 2024)	1,909	(276)
Prev. FY (FY 2024/9)	8,154	(1,464)

(Note) The figures do not consider the elimination of intercompany transactions within consolidation

4. Reason for the Revisions

The breakdown of revenue by segment is as follows:

(JPY Mil.)

	HOME'S Services	Overseas	Other Businesses	Total
Previous Forecast (A)	25,100	1,909	3,650	30,659
Revised Forecast (B)	25,100	0	3,400	28,500
Change (B-A)	-	(1,909)	(250)	(2,159)
Rate of Change (%)	-	(100.0%)	(6.8%)	(7.0%)
(Ref.) Previous FY Results (FY 2024/9)	24,024	8,154	2,288	34,466

Revenue

No revisions have been made to the HOME'S Services segment.

Following the completion of the share transfer of LIFULL CONNECT and its exclusion from consolidation, the Overseas segment has been reclassified as discontinued operations. Accordingly, revenue from this business for the first quarter, which was previously included in the forecast, has now been excluded. Additionally, the revised forecast reflects delays in the Other Businesses segment.

Operating Profit

By reclassifying the Overseas segment as discontinued operations, we have excluded the results for this business through the first quarter that were included in the previous forecast. In addition, we have removed the expected profits reflecting the exclusion of projected revenue from mainly new businesses included in Other Businesses. Furthermore, due to a partial change in our system policy, we recorded an impairment loss of ¥200 mil. in the second quarter of FY 2025/9.

Profit Attributable to Owners of the Parent

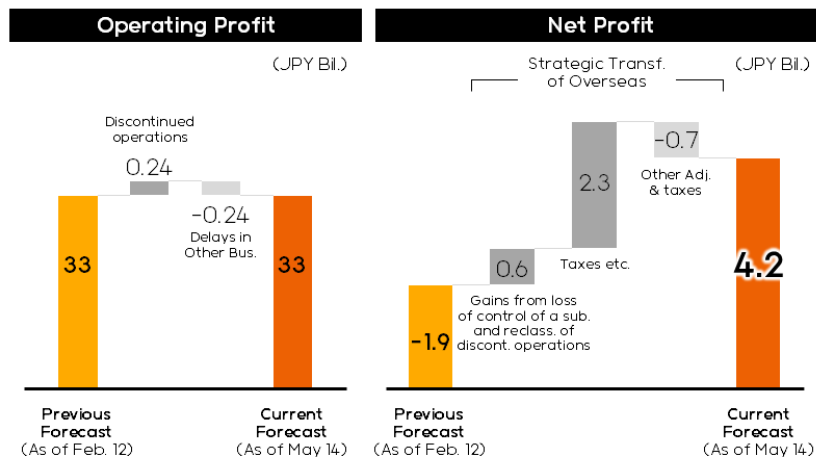
As stated in 1., we recognized a gain of ¥1.2 bil. from loss of control of our Overseas subsidiary and reclassified the results of that business into discontinued operations. Additionally, we made adjustments for tax expenses, reflecting the accounting treatment associated with the strategic transformation of the Overseas segment. The abovementioned downward revisions to Other Businesses and the recognition of impairment losses as noted among the factors affecting operating profit have also been applied to profit attributable to owners of the parent.

As a result, we have revised our full-year consolidated earnings forecast for FY 2025/9 to revenue of ¥28,500 mil., operating profit of ¥3,300 mil., and profit attributable to owners of the parent of ¥4,200 mil.

The following image depicts the breakdown of operating profit and profit attributable to owners of the parent:

Revisions to Full-Year Forecast Operating Profit & Profit for the Period

- Although the reclassification of the Overseas segment to discontinued operations and delays in Other Businesses impacted operating profit, the overall total remains unchanged
- Gains from the loss of control of a subsidiary and tax adjustments associated with the accounting treatment of Overseas applied to net profit



POINT

- **Overseas:** LIFULL CONNECT reclassified as discontinued operations and removed from consolidation
- **Overseas:** Gains from loss of control of a subsidiary
- Tax adjustments from accounting treatment

Cautionary Note Regarding the Financial Results Forecast:

The above forecast relies on information accessible at present and assumptions regarding uncertain factors that could affect future business performance. Actual results may vary from these projections due to various potential influences in the future.