



LIFULL | 2120

TSE Prime

Q1 Follow-up

Steady performance in core HOME'S Services segment, advancing through strategic investments



Summary

■ **Q1 FY2026/9 Results Review:** LIFULL Co., Ltd. (hereinafter, the Company) reported consolidated results for Q1 FY2026/9 with revenue increasing 8.3% YoY to JPY 6,993 mn and operating profit rising 42.1% YoY to JPY 1,177 mn, achieving both revenue and profit growth. The operating profit margin improved 4.0 ppt to 16.8%. SG&A expenses were kept in check, rising just 0.6% YoY. However, the Company plans to increase its strategic investments from Q2, its peak season, and profit progress remains in line with plan. The core HOME'S Services segment secured higher sales and profit, supported by growth in customer numbers, average revenue per agent (ARPA), and efficiency gains from AI utilization. In Other Businesses, the Regional Revitalization businesses expanded due to sales of repurposed abandoned homes, but profit contribution remained limited, keeping losses flat.

■ **FY2026/9 Forecast:** For FY2026/9, the Company projects consolidated revenue of JPY 29,700 mn and operating profit of JPY 3,000 mn. Q1 progress was high, with revenue at 23.5% of the full-year plan and operating profit at 39.2%, but the Company views results as generally in line with plan, partly because growth investments are weighted toward Q2 and beyond. In Q2, the Company will ramp up promotions, including airing a new TV commercial, to align with the peak moving season. By steadily converting the inquiries it generates into sales, the Company aims to achieve its full-year targets and mid-term management plan. Productivity improvements from AI utilization will also underpin profit, and the Company's policy is to strike a balance between proactive investment and discipline.

■ **Share Price Insights:** The Company's share price temporarily declined following the revision of the earnings forecast in February 2025, but it remained firm through August, supported by growth in the HOME'S Services segment, the acquisition of Company shares by the CEO, and an increase in the dividend payout ratio. Following the announcement of FY2025/9 results, selling pressure intensified on concerns over the profit-decrease forecast associated with strategic investments. On the other hand, the stock rebounded after Q1 FY2026/9 results showed continued growth in the core business and a stronger commitment to shareholder returns, marked by the introduction of a shareholder benefit program and the disclosure of a dividend forecast. SIR views the profit decline as temporary, believes risk has diminished with the completion of restructuring overseas, and considers the current P/E ratio of 14.9x undervalued relative to a fair valuation level of around 20x.

JPY mn, %	Revenue	YoY	Operating Profit	YoY	Pre-tax profit	YoY	Net profit	YoY	EPS	DPS
2022/9 C	35,730	(0.4)	1,672	-	1,386	-	1,180	-	8.96	2.25
2023/9 C	36,405	1.9	1,842	10.2	1,518	9.5	939	(20.4)	7.31	4.26
2024/9 C	34,466	(5.3)	(6,443)	-	(7,076)	-	(8,463)	-	(66.12)	0.73
2024/9 C*	26,312	-	3,027	-	2,549	-	(8,463)	-	(66.12)	0.73
2025/9 C*	28,127	6.9	3,815	26.1	3,805	49.3	5,317	-	41.51	10.41
2026/9 CE	29,700	5.6	3,000	(21.4)	-	-	1,900	(64.3)	14.10	5.21
2025/9 Q1*	6,458	-	828	-	832	-	383	-	3.00	-
2026/9 Q1	6,993	8.3	1,177	42.1	1,306	57.0	753	96.3	5.88	-

Source: Compiled by SIR from SPEEDA data

Note 1:* Excludes the Overseas segment classified as discontinued operations. Note 2: Figures may differ from the Company materials due to differences in SIR's financial data processing and the company's earnings summary reporting standards.

Focus Point

Following the restructuring of the Overseas segment, the Company has concentrated management resources on the HOME'S Services businesses, resulting in a strong recovery trend in its core domestic real estate portal business.

With AI utilization at the core, the Company aims to maximize group synergies.

A challenge to make life more fulfilled with comfort and happiness.

Key Indicators

Share price (3/11)	210
52WH (25/8/22)	240
52WL (26/4/7)	120
10YH (16/1/4)	1,508
10YL (24/8/5)	100
Shrs out. (mn shrs)	134.38
Mkt cap (JPY bn)	28.22
EV (JPY bn)	27.01
25/9 Equity ratio	63.6%
FY25/9 P/B (act)	1.05x
FY26/9 P/E (CE)	14.9x
FY25/9 ROE (act)	21.2%
FY26/9 DY (CE)	2.5%

Share Price Chart 1Y



Trading View

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Q1 FY2026/9 Results Review

Consolidated revenue for Q1 FY2026/9 totaled JPY 6,993 mn (+8.3% YoY) and operating profit amounted to JPY 1,177 mn (+42.1% YoY), both reflecting significant growth. Operating profit margin improved 4.0 ppt YoY to 16.8%. SG&A expenses increased just 0.6% YoY to JPY 5,402 mn, but this mainly reflected the timing of advertising expenses and other spending ahead of the busy Q2 season, and progress is generally in line with the full-year plan. In FY2026/9, the Company is accelerating measures aimed at achieving its mid-term management plan, including the release of the AI agent service, LIFULL AI.

Condensed statements of income and loss (IFRS)

	FY2025 Q1 (Oct.-Dec.)	FY2026 Q1 (Oct.-Dec.)	Change	Change %	
Unit: JPY mn.					
Revenue	6,458	6,993	+535	+8.3%	*1
Cost of revenue	340	406	+65	+19.1%	
SG&A	5,369	5,402	+33	+0.6%	
Personnel-Related	2,342	2,270	-72	-3.1%	*2
Sales & Advertising	1,840	1,877	+36	+2.0%	
Depreciation and Amortization	270	349	+78	+28.9%	
Other	915	905	-10	-1.1%	*3
Other income and expenses	81	-7	-88	-	*4
Operating income	828	1,177	+348	+42.1%	*5
Operating income margin	12.8%	16.8%	+4.0pt	-	
Net profit*	383	753	+369	+96.3%	

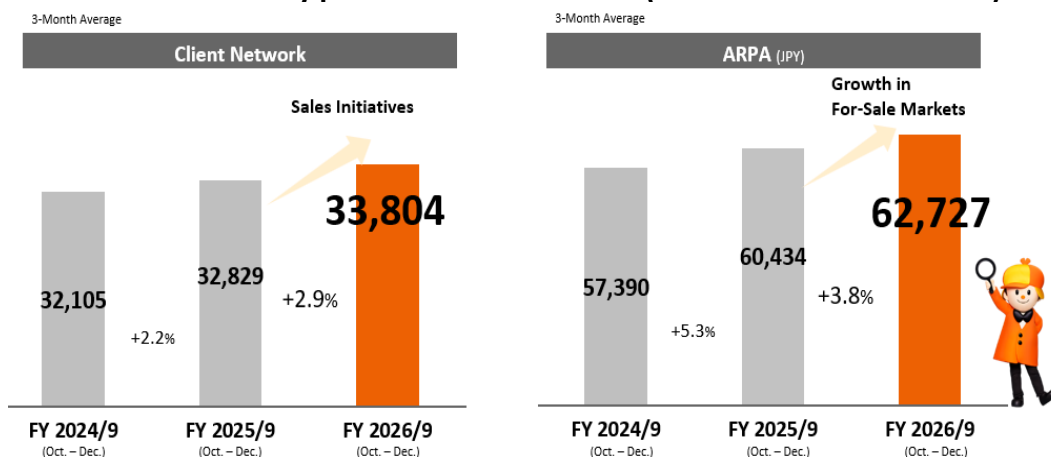
Source: Excerpt from the Company IR materials.

Note1: Net profit attributable to owners of the parent.

Note2: The overseas business in Q1 FY2025/9 has been excluded from consolidation as discontinued operations.

By segment, HOME'S Services drove growth, recorded revenue of JPY 6,361 mn (+6.9% YoY) and segment profit of JPY 1,330 mn (+47.5% YoY). Supported by enhanced sales activities and solid performance in re-sale properties, key indicators continued to improve, with customer numbers rising 2.9% YoY to 33,804 and ARPA increasing 3.8% YoY to JPY 62,727. Improved operational efficiency through AI utilization also contributed to profitability.

HOME'S services key performance indicators (Client network and ARPA)



Source: Excerpt from the Company IR materials.

Note: From Q1 FY2025/9, the Company has changed the number of clients to reflect the number of invoiced clients to client contracts. Past figures have also been adjusted accordingly.

Revenue in Other Businesses rose 25.0% YoY to JPY 632 mn, supported by growth in Regional Revitalization-related businesses, mainly owing to the utilization of abandoned homes, but profit contribution remained limited and segment loss came in largely flat at JPY 150 mn.

Revenue/Income and loss by segment (IFRS)

Unit: JPY mil.	FY2025 Q1 (Oct.-Dec.)	FY2026 Q1 (Oct.-Dec.)	Change	Change %	Main items
Revenue	6,458	6,993	+535	+8.3%	
HOME'S Services	5,951	6,361	+409	+6.9%	Driven by continued momentum from prev. FY with increases in both clients and inquiries
Other	506	632	+126	+25.0%	Primarily due to growing revenue in Regional Revitalization-related services

Unit: JPY mil.	FY2025 Q1 (Oct.-Dec.)	FY2026 Q1 (Oct.-Dec.)	Change	Change %	Main items
Segment income and loss	747	1,185	+437	+58.5%	
HOME'S Services	902	1,330	+428	+47.5%	Profit growth driven by higher revenue and improved profitability
Other	-157	-150	+7	-	
Inter-segment transactions	3	5	+2	+61.0%	

Source: Excerpt from the Company IR materials.

Note: Intersegment transactions have been eliminated.

FY 2026/9 Full-Year Forecast

For FY2026/9, the Company forecasts consolidated revenue of JPY 29,700 mn and operating profit of JPY 3,000 mn. Q1 progress was extremely strong, with revenue reaching 23.5% of the full-year plan and operating profit reaching 39.2%. Progress on the profit front stood out, but the Company continues to view results calmly as generally in line with the full-year plan, as growth investments are weighted toward Q2 and beyond.

Looking ahead to Q2, the Company plans to allocate strategic costs with clear priorities to align with the peak moving season. It plans to proactively ramp up promotional activities, including airing a new TV commercial, in line with the peak season from January to March. By steadily converting the response it generates into sales, the Company aims to achieve its full-year targets and put the achievement of its mid-term management plan on a firmer footing. Productivity improvements through AI utilization are also supporting profit, and the Company is expected to make steady progress while continuing to make proactive investments.

FY2026/9 Earnings forecast

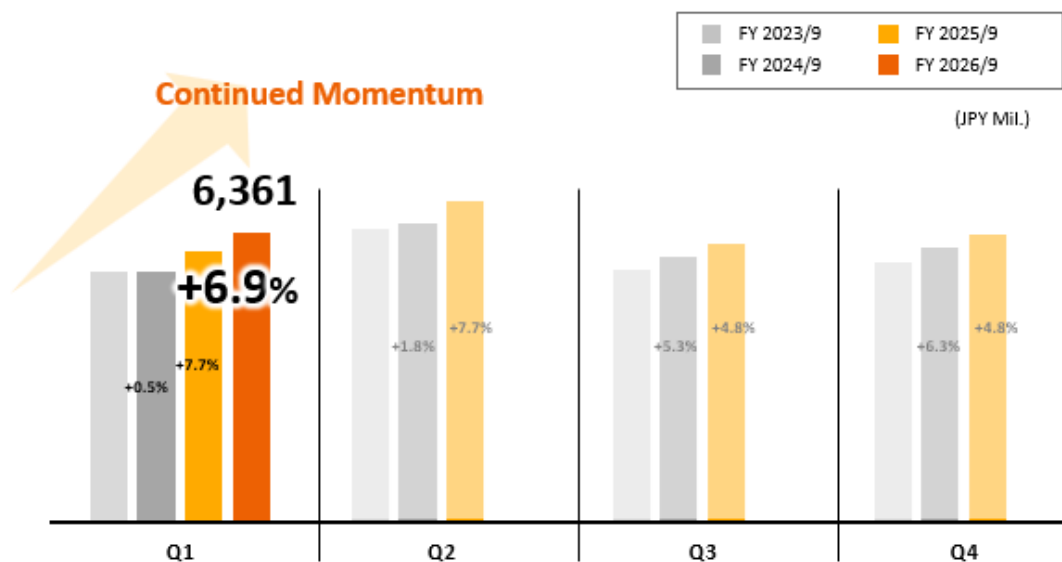
Condensed Statements of Income and Loss				Revenue by Service			
Unit: JPY mil.	FY2026 Oct.-Sep. [Full-Year Forecast]	FY2026 Q1 Oct.-Dec. [Actual]	Progress	Unit: JPY mil.	FY2026 Oct.-Sep. [Full-year forecast]	FY2026 Q1 Oct.-Dec. [Actual]	Progress
Revenue	29,700	6,993	23.5%	Revenue	29,700	6,993	23.5%
Cost of revenue	2,016	406	20.1%	HOME'S Services	26,450	6,361	24.0%
SG&A	24,737	5,402	21.8%	Others	3,250	632	19.4%
Personnel	9,879	2,270	23.0%				
Advertising & Sales	9,498	1,877	19.8%				
Other	5,360	1,658	30.9%				
Other revenues and expenses	53	-7	-				
Operating income	3,000	1,177	39.2%				
Operating income margin	10.1%	16.8%	-				
Net profit*	1,900	753	39.6%				

Source: Excerpt from the Company IR materials.
Note*: Net profit attributable to owners of the parent.

Continued High Growth in HOME'S Services Segment

The core HOME'S Services segment posted revenue of JPY 6,361 mn (+6.9% YoY) and segment profit of JPY 1,330 mn (+47.5% YoY) in Q1 FY2026/9, marking the ninth consecutive quarter of revenue growth. The main force driving this continued strong growth is a major reinforcement of the sales structure. In addition to expanding its sales workforce, the Company has promoted more sophisticated proposals through the use of AI tools and expanded its support offerings, thereby continuously enhancing the value it provides to clients. In addition, improved matching accuracy on the site has led to a higher conversion rate. Additionally, customer numbers, a key indicator, continued to expand steadily, rising 2.9% YoY to 33,804.

Quarterly HOME'S Services revenue trend



Source: Excerpt from the Company IR materials.

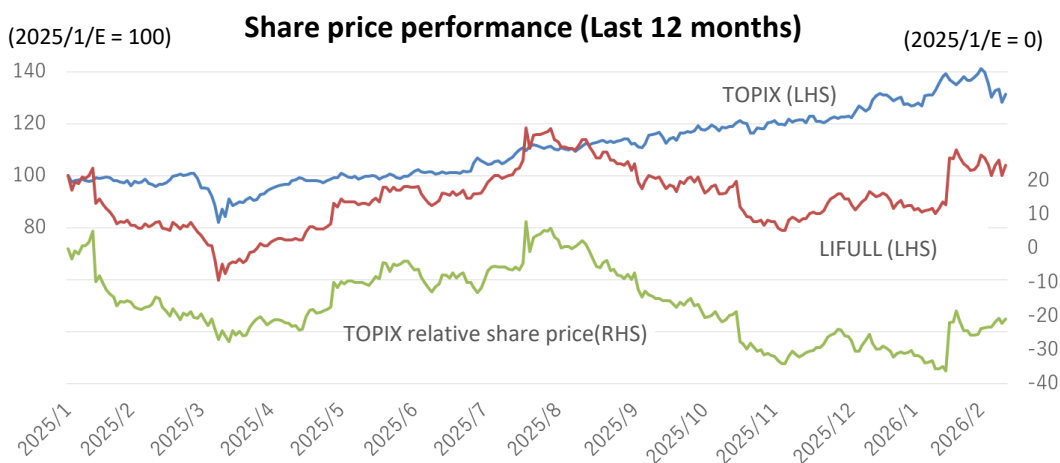
One other noteworthy point is that the rental market, one of the core components of LIFULL HOME'S, remains on a stable footing, while the re-sale market, where it has focused strategically in recent years, is also showing steady growth. The solid performance of these two pillars drove a strong boost in overall ARPA for HOME'S to JPY 62,727 (+3.8% YoY). A good example of the strong performance in the re-sale market is the property appraisal service. Against the backdrop of recent increases in real estate prices, the service has steadily captured the latent needs of owners interested in the asset value of their properties, and it has earned overwhelming trust from both users and business operators, including taking the top spot for on-site property appraisal services in terms of quality of inquiries for five consecutive years.

Of course, the current strong momentum is not attributed solely to the bolstering of the re-sale market. A wide range of measures built up over many years are working in combination, including ongoing UX/UI improvements, greater site trustworthiness through features like automatic AI detection of unreliable listings, and digital support that streamlines operations for business operators. This broad enhancement of the platform's overall value has provided the foundation for the Company's current strong growth trajectory and made it highly resilient.

Share Price Insights

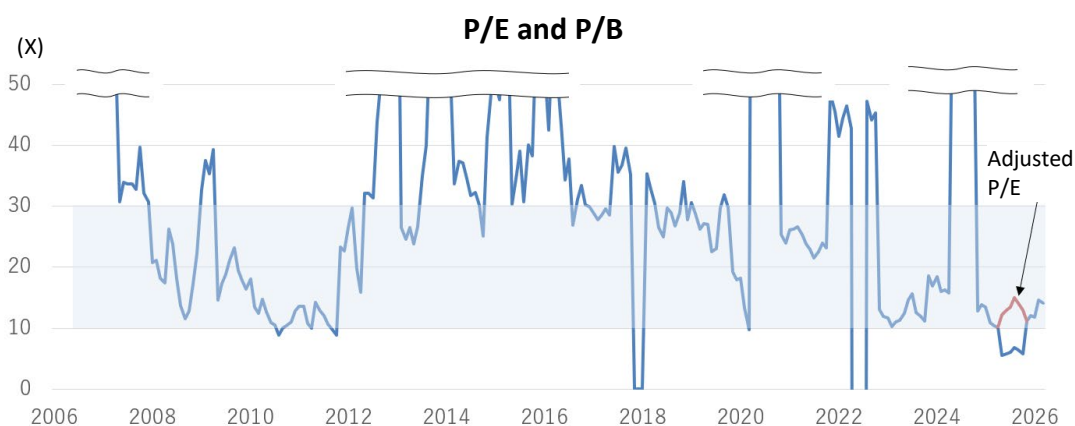
The Company’s share price temporarily declined following the revision of the earnings forecast in February 2025, but it remained firm through August, supported by growth in the HOME’S Services segment. Since submitting its Plan to Meet Listing Criteria for the Tokyo Stock Exchange Prime Markets in December 2024, the Company has made increasingly clear its management stance of placing strong emphasis on its share price and capital efficiency. In addition to completing restructuring of its Overseas business, a series of measures, including raising the dividend payout ratio and the CEO acquiring the Company’s shares, have helped support investor expectations. However, the stock turned weak as the market shifted its focus to assessing performance in FY2026/9. Following the announcement of FY2025/9 results and the mid-term management plan in November, selling pressure intensified on concerns over the forecasted decline in profit.

On the other hand, the recent Q1 FY2026/9 results confirmed that the core HOME’S Services segment continues to maintain a strong growth trend. At the same time, the Company demonstrated a proactive stance on shareholder returns through measures such as introducing a shareholder benefit program and disclosing a dividend forecast, helping drive another rebound in its stock price.



Source: Compiled by SIR from SPEEDA data.

SIR believes the profit decline stemming from strategic investments is temporary and that the completion of the long-standing restructuring of the Overseas business has significantly narrowed downside risks. In light of the Company’s historical ROE performance, a P/E ratio of around 20x appears to be a reasonable valuation level, and the current 14.9x still represents a discount to fair value. For market valuation to improve further, the Company will need to continue demonstrating the sustainable growth potential of the HOME’S Services segment in concrete terms. It will also need to further enhance its shareholder return measures and continue clearly communicating its policy on capital efficiency for improving ROE.



Source: Compiled by SIR from SPEEDA data.

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