

LIFULL Co., Ltd. (TSE: 2120)

FY 2026/9 Second Quarter Earnings Online Presentation & Q&A (Edited Transcript)

Time & Date: May 21, 2026 (Thu.) 11:00 A.M. – 12:00 P.M.

Attendees:

ITO Yuji (Representative Director, President, Managing Officer)

FUKUZAWA Hidekazu (Managing Officer, Head of Corporate Management Department, CFO)

Speaker: ITO

In the first half of FY 2026/09, the first year of our three-year Mid-Term Management Plan, we are focusing on reinforcing the foundations of our businesses. Over the last six months, our core HOME'S Services segment has continued to perform well, allowing us to achieve year-on-year (YoY) growth in both consolidated revenue and profit. Our virtuous cycle is in full motion: site enhancements are driving traffic growth, leading to increased inquiries and, ultimately, improved profitability. Consequently, both of our key performance indicators, Client Network and ARPA (Average Revenue per Agent), have continued to grow YoY.

Our transformation into an AI-Powered Company is also progressing smoothly across three fronts: users, clients and our own internal operations. Already, over 96% of our employees utilize AI daily, and have created 50,000 hours of surplus capacity in just six months. We have established a structure where gains in productivity directly affect profitability. As of today, our strategic investments for the Mid-Term Management Plan are proceeding as planned, and we are making an excellent start.

■ Main Points

1. Strong momentum in HOME'S Services as the primary driver for revenue and profit growth

- Successful ongoing site development and strengthened sales/promotion, and ranked No. 1 for multiple property types
- Continued growth for Kenbiya in the real estate investment sector reaching No. 1 in investment property listings

2. Further accelerating AI integration

- Initiated promotions for LIFULL AI and introduced AI-powered agentic service enhancing the value we provide to users
- Generated 50,000 hours of surplus capacity between April and September 2025 through comprehensive internal AI adoption. Additionally, launched a new program to enhance employee training by creating a system to measure AI utilization levels

3. On track to meet FY and Mid-Term Management Plan objectives

- Growth investments are generally proceeding according to plan
- Introduction of the new Shareholder Benefit Program led to an approximately 20% increase in the total number of shareholders and a significant rise in stock liquidity

■FY 2026/9 Q2 Consolidated Earnings Digest

[Consolidated Results]

Revenue increased to ¥14.90 bil. yen (+4.3% YoY), driven by the continued strong performance of HOME'S Services. Operating profit reached ¥2.34 bil. (+28.5% YoY.) Thanks to improvements in our profit structure, the growth in profit significantly outpaced revenue growth. This was primarily due to higher revenue in HOME'S Services and the efficient management of SG&A and advertising expenses.

Profit for the period was ¥1.54 bil. (-58.5% YoY). This decrease is a reaction to the approximately ¥2.9 bil. in one-time gains recorded in the previous year from the restructuring of the Overseas segment. Excluding this impact, profit for the period from continuing operations has nearly doubled YoY, indicating steady progress.

[Segment Results]

In HOME'S Services, revenue amounted to ¥13.58 bil. (+4.2% YoY) with ¥2.59 bil. (+19.1% YoY) in segment profit. The segment maintained the sustainable growth loop established over the previous years, delivering significant growth in both revenue and profit. In Other Businesses (Regional Revitalization, etc.), revenue grew to ¥1.31 bil. (+4.5% YoY), but segment loss widened (down ¥77 mil. YoY) due to increased costs from personnel transfers aimed at strengthening group synergies.

[Financial Position and Cash Flows]

Regarding the Statement of Financial Position, cash and cash equivalents decreased due to temporary factors, including dividend payments from enhanced shareholder returns in the previous period and the payment of exit costs for the current headquarters ahead of the relocation scheduled for next fiscal year. Despite these factors, our financial position remains sound.

In terms of cash flows, operating cash flow increased to ¥1.85 bil., primarily supported by improved profitability in HOME'S Services. Investing and financing cash flows were impacted by factors such as investments through the Regional Revitalization Fund No. 2 and an increase in dividend payments. For further details on the Regional Revitalization Fund, please refer to the Appendices of the presentation materials.

■Segment Overview: HOME'S Services

In HOME'S Services, we have shifted from a recovery phase to a growth phase, achieving YoY revenue growth for the tenth consecutive quarter. Our performance is being driven by the powerful synergy of continuous site development to enhance media strength, strategic promotions timed for the peak moving season in Japan and bolstered sales activities—all of which have expanded both our Client Network and ARPA. Like the two wheels of a bicycle, these factors are working together to push our results upward. Furthermore, securing multiple No. 1 rankings in external evaluations, including for listing freshness, has strengthened the trust we receive from both users and member stores.

In investment real estate listings, Kenbiya's enhanced sales efforts following its database integration have borne fruit; the number of listings surpassed 90,000, making it the No. 1 real estate investment portal in terms of inventory. Moving forward, we will focus on expanding the user base and inquiry volume to drive further growth.

Regarding promotion investments, we actively deployed TV commercials and social media campaigns

during the January-March peak moving season. We promoted our ability to meet a wide range of needs—not just rental properties, but also the full scope of for-sale properties. Additionally, we ran specialized commercials for our thriving custom-built homes category in specific regions, further fueling business expansion.

Our AI initiatives are delivering a steady stream of new value-add services. We launched a brand awareness campaign for our agentic AI tool, LIFULL AI (AI Homes-kun), and introduced a voice-based AI customer service agent for LIFULL HOME'S *Sumai No Madoguchi*. Furthermore, for business clients, we have been offering "Raku-Raku Deco Room," a service that uses AI to place virtual furniture in room photos to help users better visualize their future homes.

■Shareholder Returns

Since the announcement of the new Shareholder Benefit Program in February 2026, both the stock price and trading volume have increased significantly, confirming an expansion of our retail investor base and improved stock liquidity. The total number of shareholders has increased by approximately 20% (to 20,877). Based on the stock price at the end of April, the total shareholder yield—combining the dividend forecast and the shareholder benefit—is expected to be 6.7%, with costs for the benefit program remaining within our expected range. We will continue to consider further enhancements to shareholder returns while monitoring our earnings progress.

■ **Question & Answer Session** Some questions and answers have been revised for accuracy.

Q1) How do you view the current real estate market conditions?

A1: ITO) We believe market conditions remain favorable. While some recent news reports suggest that price increases have plateaued, our own internal listing and inquiry data reports show that while there has been a slight cooling off over the last month or two, the market as a whole maintains a strong position. We, however, do not disclose specific figures for each category due to competitive strategy. Our greatest strength, though, is our comprehensive lineup, covering everything from rentals to new and pre-owned condominiums, detached houses, land, real estate investment and custom-built homes. As long as people have a need to relocate, there is an opportunity for them to use one of the many service areas within LIFULL HOME'S. Our policy remains to continue growing the business by identifying market trends and allocating resources to areas with the greatest potential.

Q2) Could you explain the factors behind the outperformance relative to your initial plan? Was the initial plan perhaps too conservative?

A2: FUKUZAWA) To put it simply, our progress against the plan has been exceptionally strong. It is not that the plan was conservative; rather, as the first year of our Mid-Term Management Plan, we had allocated a robust budget for investments—in human resources, advertising, product enhancements and content creation—specifically designed to accelerate revenue growth throughout the year. As it turned out, we were able to grow revenue more efficiently than anticipated without having to deploy the full scale of those heavy investments. This resulted in improved profit margins and led to the current outperformance. Rather than being "conservative," the reality is that we achieved efficient revenue growth while maintaining flexibility for further investment within our original plan.

Q3) Operating profit progress appears high. Could you explain your approach to spending in the second half, particularly regarding advertising and other costs?

A3: ITO) We made very strong progress in the first half. Since we believe the business environment will remain favorable in the second half, we intend to invest firmly—including in advertising where necessary—to further drive performance. However, this does not mean we will spend indiscriminately; we will make decisions based on our established criteria while monitoring ROI on a daily and weekly basis. Our policy for the second half is to continue proactively investing in recruiting and promotional activities to strengthen our operational foundation for achieving the Medium-term Management Plan.

Q4) Is the HOME'S business seeing any "benefits from inflation," such as rising re-sale condominium prices or rents? Also, what is the current profit trend for Kenbiya?

A4: ITO) Under our inquiry-based billing model, we do see some benefits in the sense that higher listing prices can lead to increased inquiry revenue. On the other hand, there is a counter-effect where highly popular properties are taken off the market more quickly, resulting in shorter listing periods. Ultimately, these factors tend to offset each other, so the overall impact has been neutral. That said, rising prices improve the profitability of real estate agencies, which undoubtedly feeds into a virtuous cycle where they are more willing to increase their advertising spend with us, thereby boosting our revenue. Regarding Kenbiya, profit trends are progressing steadily and the business is performing well. However, we believe Kenbiya still has significant room for expansion and remains in an investment phase.

Therefore, rather than focusing solely on immediate profit growth, our current priority is to invest firmly in the business to further accelerate its growth trajectory.

Q5) Could you discuss the competitive landscape with SUUMO and clarify your specific advantages?

A5: ITO) In terms of competition, one of our greatest strengths is "listing freshness," where we have secured the No. 1 ranking for two consecutive years. This is driven by our rigorous commitment to using AI and other technologies to eliminate misleading listings ("bait-and-switch" listings), which has built trust with our users.

Furthermore, we have received recognition as No. 1 across various categories for features such as "ease of use" in both rentals and sales, the "number of listings" for new condominiums and detached houses, and the high quality of our real estate appraisal services. We are actively leveraging these categorical strengths in our promotions. Moving forward, we aim to build an even stronger competitive advantage by being the leader in the emerging industry of AI-powered home seeking.

Q6) Nifty Fudosan also appears to be growing; do you consider them a competitor?

A6: ITO) While there may be some overlapping areas, we maintain a business relationship with Nifty Fudosan and view our connection as one of "cooperation and mutual prosperity," where we complement each other. As interest in the real estate market grows and the overall volume of inquiries increases, we coexist by leveraging our respective strengths within the industry.

Q7) Following your initiatives in real estate crowdfunding through affiliated companies, is there a possibility of your involvement in real estate security tokens?

A7: ITO) Regarding security tokens, we have previously conducted pilot initiatives to deepen our expertise in the field. However, we concluded at the time that the market was still in its infancy, and as the results did not reach our expectations, we have put those plans on hold for the time being. We continue to actively gather information so that we can take action whenever the timing is right—specifically when the legal framework is fully established, market conditions mature, and demand increases.

Q8) Could you explain your approach to shareholder returns?

A8: FUKUZAWA) Our fundamental Group policy is based on our Four-Part Method, where we aim to distribute profits equally among four areas: taxes, employee bonuses, shareholder returns, and investment for the future (retained earnings). Under this principle, the ideal payout ratio for shareholder returns would be approximately 50% of profit for the period. However, as we are currently in an investment phase of our Medium-term Management Plan and wish to consider M&A as a strategic option, we have set the current payout ratio at 30%. From this fiscal year, we have enhanced our overall returns by introducing the Shareholder Benefit Program. As we progress with the medium-term plan and further build our retained earnings, we intend to consider progressively increasing shareholder returns toward that 50% level.