LIFULL Co., Ltd. (TSE: 2120)

FY 2026/9 Earnings Presentation Summary & Q&A [Online]

Date & Time: Tuesday, November 17, 2026, 11:00 A.M. – 12:00 P.M.
Attendees:
ITO Yuji (Representative Director, President, Managing Officer)
FUKUZAWA Hidekazu (Managing Officer, Head of Corporate Management Dept. / CFO)

Speaker: ITO

In FY 2026/9, the first year of our three-year Mid-Term Management Plan (FY 2026/9 – FY 2028/9), we focused on reinforcing the foundations of our businesses while executing growth investments, making it an extremely important year. Driven by the continued strong performance of our core HOME'S Services segment, we achieved year-on-year growth in both consolidated revenue and profit. We have made an excellent start in the first year toward achieving our Mid-Term Management Plan targets (FY 2028/9: Operating profit of ¥5.5–6.0 bil.).

Main Points

1. Strong performance in HOME'S Services drove consolidated revenue and profit growth.
- 12 straight quarters of revenue growth in HOME'S Services with segment profit setting a new record
- Record-high client network and continued growth in ARPA (Average Revenue per Agent)
- Progress in SG&A cost control due to companywide AI adoption and in-sourcing of development costs while executing growth investments as planned

2. FY 2027/9 targets revenue and profit growth, absorbing headquarters relocation expenses.
- Focusing on direct traffic acquisition to further improve profit margins to reach the targets of the Mid-Term Management Plan
- Launched the AI Business Enablement Platform Department to empower real estate professionals in AI Transformation via People × AI

FY 2026/9 Consolidated Earnings Digest

[Consolidated Results] Revenue reached ¥29.44 bil. (+4.7% YoY), strongly driven by continued positive performance of HOME'S Services. Operating profit was ¥3.95 bil. (+3.6% YoY). While we executed growth investments (approx. ¥1.16 bil.) in talent acquisition, advertising and AI as initially planned, our investments were absorbed by a gross profit increase (approx. ¥1.11 bil.) resulting from the strong performance of HOME'S Services and cost efficiencies from in-sourcing development, leading to profit growth.

Profit for the period was ¥2.82 bil. Excluding the temporary effects of the restructuring of the Overseas segment recorded in the previous fiscal year, we achieved a significant substantial profit increase of +13.3% YoY.

[Segment Results] In HOME'S Services, revenue amounted to ¥26.78 bil. (+4.9% YoY) and segment profit was ¥4.36 bil. (+1.1% YoY). Successful ongoing initiatives drove revenue growth, and we set a new record for segment profit despite proactive growth investments.

Other Businesses recorded revenue of ¥2.66 bil. (+2.6% YoY), primarily driven by contributions from Regional Revitalization-related businesses. The segment loss expanded to ¥0.48 bil. (compared to a ¥0.36 bil. loss in the previous year). However, this was a temporary cost increase primarily due to personnel transfers aimed at accelerating group synergies and remains within management expectations.

[Financial Position] Total equity increased by ¥2.12 bil. YoY to ¥28.34 bil., further improving financial soundness. For reference, the transfer of Rakuten STAY trust beneficiary rights was completed in October 2026.

This reduced investment properties on the balance sheet by ¥5.4 bil. By applying the transfer proceeds to loan repayments, we simultaneously advanced asset reduction and cut interest-bearing debt, further strengthening our overall financial foundation.

[Cash Flows] Due to favorable business trends, our operating cash flow increased to ¥4.93 bil. (+¥0.12 bil. YoY). While investing and financing cash flows fluctuated due to investments in the Regional Revitalization Fund No. 2 and increased dividend payments, the balance of cash and cash equivalents remained at a high level of ¥11.00 bil. (+¥0.30 bil. from the end of the previous year).

[Shareholder Returns] The dividend per share is planned to be ¥7.47, an 11.1% increase from our upward revisions announced in August. Additionally, we implemented our first Shareholder Benefit Program with a record date of September 30, 2026.

HOME'S Services Overview

Revenue for HOME'S Services has continued to grow YoY over the last 12 consecutive quarters, and segment profit reached a record high even while executing planned growth investments. Our key metric, the Client Network, hit a record high, generating a powerful virtuous cycle with additional growth in ARPA.

Over the course of the year, we executed key investments in growth areas as outlined at the beginning of the year (talent acquisition, advertising and AI). In talent acquisition, we achieved our largest hiring plan in recent years on budget, increasing the consolidated headcount by 95 employees compared to the start of the year. Developers (including AI specialists) increased by 8.7%, and front-line talent such as sales and *Sumai No Madoguchi* housing advisors increased by 19.6%. This will accelerate development, expand traffic and inquiries, enrich information content and drive further growth in our Client Network and ARPA.

In promotions, alongside TV commercials and social media campaigns featuring new brand creatives, we aired TV commercials for "LIFULL HOME'S *Sumai No Madoguchi*" created entirely using AI tools. Furthermore, by intensively deploying regional and property type-specific promotions closely linked with sales activities, we established a virtuous cycle of growth in our client network and segment revenue ending the year at record levels.

Regarding AI integration, we are continuously launching AI-powered features and services for both home seekers and real estate professionals. For home seekers, in addition to brushing up our AI-powered home search tool, AI Homes-kun, released late last year, we launched an audio-enabled AI agent leveraging the know-how of *Sumai No Madoguchi*, which provides in-person support for home seekers and matches them with our client real estate professionals. Moving forward, we will continue to develop innovative features that make finding a home more convenient and fun.

Through our services, we have continued to support our client real estate professionals in improving their operational efficiency and conversion rates. Currently, our AI-powered tools for image and video creation have been particularly well-received. Adapting AI technology to our clients' businesses is a priority for us moving forward, and we established the "AI Business Enablement Platform Department" in October 2026 to further strengthen our support over the years to come.

Internally, over 96% of our employees were already using AI in their daily work as of December 2025, saving 50,000 work hours over six months. Over the course of the year, we took our internal AI training and utilization to the next level. We implemented specialized programs and are certifying employees as 'Citizen Developers'—those who not only use AI in their daily tasks but also build tangible tools and solutions that streamline business workflows. As of September 30, 2026, we have certified 132 Citizen Developers (including myself) who have executed 123 operational improvement initiatives. We have also earned recognition for our efforts, winning the "Top Team" award at the 2026 AI Impact Awards hosted by the global analytics platform, Amplitude. Moving forward, we intend to accelerate business growth using AI while maximizing per-capita productivity.

Additionally, our platform for investment properties, Kenbiya, has generated group synergy by injecting the sales know-how accumulated through LIFULL HOME'S, leading to a recent increase in client numbers. The number of investment property listings has grown rapidly, and Kenbiya earned the Number One position in Japan in FY 2026/9. Our initiatives have led to a virtuous cycle of growing clients, listings, site traffic and revenue, leading to revenue growth of +26.9% YoY. We intend to grow Kenbiya into a core Group business and look forward to sharing our progress with you.

As a result of these efforts, "LIFULL HOME'S" has secured numerous Number One rankings in various external evaluations. We will continue refining our products to be safe and easy to use for both users and clients.

Progress toward the Mid-Term Management Plan (Through FY 2028/9) and FY 2027/9 Earnings Forecast

Under the 3-year Mid-Term Management Plan spanning from FY 2026/9 to FY 2028/9, we aim to establish ourselves as the number one platform in the Housing × AI sector. We have established the following three strategic priorities:

1. Continued investment and accelerated growth in LIFULL HOME'S
2. Maximizing Group synergy and expanding collaboration in peripheral businesses
3. Achieving step-change growth via AI optimization

As quantitative targets for the final year, we aim to achieve revenue of ¥35.0–40.0 bil., operating profit of ¥5.5–6.0 bil. (record high) and an operating profit margin exceeding 15%. Looking back at the first year (FY 2026/9), we evaluate that talent acquisition, advertising optimization and AI integration all progressed as planned, securing a very strong start.

[FY 2027/9 Earnings Forecast]

For FY 2027/9, we are targeting revenue of ¥30.0 bil. (+1.9% YoY), operating profit of ¥4.2 bil. (+6.2% YoY) and profit for the period of ¥2.85 bil. (+1.0% YoY).

Excluding the relocation expenses for our headquarters planned for August 2027 and security investments to further fortify our services (totaling approximately ¥0.80 bil.), we expect that our underlying operating profit will reach ¥5.0 bil. Over the next year, we will be following our slogan "People × AI" and aim to expand our businesses by maximizing the potential of our team with AI.

Recently, we have seen a significant increase in inquiries from real estate professionals on how to leverage AI to improve operational efficiency and mitigate labor shortages. To address this, we established the "AI Business Enablement Platform Department" in October 2026. Managing Officer, NAGASAWA Tsubasa, Chief Technology Officer (CTO) and Chief AI Officer (CAIO), was appointed General Manager. Managing Officer, AKIBA Mai, CEO of LIFULL FaM Partners Co., Ltd., who oversees BPO, recruitment and training support for real estate professionals, was appointed Assistant General Manager. Leveraging our strengths—AI expertise, a network of approximately 34,000 HOME'S clients and big data on home seeking accumulated over nearly 30 years since our founding—we will drive end-to-end support for real estate professionals while promoting the digital and AI transformations of the real estate industry.

Furthermore, while we have historically utilized inquiries generated through partner sites alongside direct traffic to our proprietary media, we will optimize partner sites to strengthen direct traffic acquisition, aiming to enhance competitiveness and improve future profit margins. Although this transition period may temporarily slow the revenue growth rate this fiscal year, this represents a disciplined structural reform aimed at strengthening our underlying profitability.

[Dividend Forecast] For FY 2027/9, we plan to maintain a payout ratio of 30% and increase the dividend to ¥8.17 per share. Combined with the Shareholder Benefit Program, we anticipate a total return yield of approximately 6.5% (estimated annual yield based on the closing price of ¥241 on November 6, 2026).

Q&A Session *Some questions and answers have been revised for accuracy.

Q1) You have executed numerous M&A deals in the past. What are your basic strategy, target areas and objectives moving forward? Although not factored into the Mid-Term Plan targets, how do you consider the possibility of opportunistic acquisitions and what would be the primary goal(s) (expanding existing business or entering new fields)?

A1: ITO) We intend to proactively pursue M&A in the future. Past M&A activity centered on the Overseas businesses. However, after withdrawing from the Overseas segment during the previous fiscal year, we have shifted our fundamental strategy to the domestic Japanese market. By empowering our domestic services with AI, our policy is to stimulate growth in Japan, and we will consider partners who can accelerate this growth together with us. Since this involves external parties, we have not factored M&A into the Mid-Term Plan targets.

In terms of objectives, we are exploring opportunities to both expand our existing businesses and enter new fields. For example, the newly established business enablement sector is a strong candidate, as relying solely on organic growth could limit our speed to market. However, we do not plan to make purely financial investments and will limit considerations to projects with clear synergies aligned with our existing core businesses.

A1: FUKUZAWA) While we have historically acquired businesses in somewhat unrelated spheres to broaden our scope, the current Mid-Term Plan's policy focuses strictly on the housing sector. Therefore, potential M&A targets will not be outliers but will be tightly focused on areas that can stimulate growth in our core businesses.

Q2) You have sold operational subsidiaries in the past. Are there currently any subsidiaries being considered for sale? With restructuring largely completed, what is your future divestment policy?

A2: ITO) We recognize that our major reorganization, including business divestments, has mostly run its course. However, there still may be opportunities for fine-tuning on a business-unit basis rather than entire subsidiaries, and we will make appropriate decisions while closely monitoring our business portfolio.

A2: FUKUZAWA) During the previous Mid-Term Plan, we followed a strategy of selective focus and completed the sale of major subsidiaries. Currently, we are evaluating company-wide whether there are any individual business units that could be sold or reorganized. Additionally, related to the restructuring of the Overseas segment, we still hold approximately ¥6.0 bil. in investment securities from our previous subsidiary. While it depends on counterparties, our policy is to seek an early exit for these as well. We are not considering new overseas M&As at present but will concentrate M&A on domestic growth and proceed with early sale and capital recovery of existing residual overseas assets (investment securities) while working closely with counterparties.

Q3) In the HOME'S business, is there any difference in trends between rentals and sales? Statistics from REINS East Japan suggest an adjustment phase in the pre-owned condominium market, giving the impression of a slowdown among pure brokerage firms. How do you view advertising demand in a rising interest rate environment?

A3: ITO) We do not disclose the detailed breakdown between rentals and sales, but our general feeling is that properties for sale are currently performing strongly. As interest rates rise, inventory is increasing in markets like pre-owned condominiums, causing a lull in sales. Conversely, over the past 2-3 years, market conditions were exceptional, and real estate companies could sell properties without needing to advertise. It is precisely in phases like now—where sales are slowing and inventory is lingering—that demand for advertising grows stronger as real estate firms look to generate leads. This plays directly to our strengths, and we will proactively deploy proposals while carefully listening to our clients' needs.

Q4) Kenbiya is performing well, but are profits growing similarly? Also, how do you view the income property market conditions in a rising interest rate environment?

A4: ITO) Yes, we have been able to robustly grow profits as well as revenue. Regarding market trends, despite the rising interest rate environment, the market has not uniformly cooled down. In certain segments, such as specific

areas or high-yield properties, purchase appetite remains exceptionally strong. Traffic and attention toward Kenbiya also remain very high. Furthermore, a recent trend is that real estate companies previously focused purely on properties for personal residence are increasingly consulting us to enter into investment properties due to lower transaction volumes. We have a structure in place to support the launch and development of these businesses, and we believe we can continue to significantly expand our client network, listed properties, site inquiries and revenue.

Q5) You project a total of approximately ¥0.80 bil. for HQ relocation and security enhancement expenses. Could you provide a breakdown and specific details on the security measures?

A5: ITO) While we refrain from disclosing a detailed breakdown, as a rough guide, please understand that approximately 80-90% of the ¥0.80 bil. is for the HQ relocation, and the remaining 10-20% is for security-related investments. Regarding specific security measures, considering the recent PHP vulnerability incident, we will proceed with upgrading internal systems that still run older versions and introducing new external security monitoring tools.

Q6) With competitors raising listing fees causing advertising budgets to diversify, what level of response are you seeing as a recipient for client acquisition and inquiry generation? Also, how do you plan to close the gap with competitors in listed property volume and inventory coverage, which is a prerequisite for AI proposals?

A6: ITO) While it is difficult to quantify the exact level of response, regardless of competitor movements, the strong performance of real estate businesses over the past several years has prompted more companies to seriously consider how to utilize digital tools and AI to improve their operational efficiency over the next 3-5 years. For these reasons, we have received an increased volume of questions from our clients and feel a very strong response from the overall market.

Regarding the gap in listed properties compared to competitors, we closely visualize and track this daily by property type, price range and area. While we have strong areas, there are also areas where penetration is lagging. Since the previous fiscal year, we have intensively rolled out regional-specific promotions in strategic localities around Japan. Through these initiatives, we closely couple marketing with sales activities to create a cycle of acquiring new clients and listings. These efforts have been highly successful, and we will continue to build on them to close the coverage gap.

Q7) As more users turn to general-purpose AI agents like ChatGPT in the early stages of their home search, what UI or pathway innovations are you making to ensure they specifically choose LIFULL HOME'S? Also, does the integration of your proprietary historical data help win users over from competitors?

A7: ITO) We recognize that UI and pathway design innovations are crucial as the shift to general-purpose AI progresses. However, based on our current traffic trends, we have not seen a significant drop in traffic due to the spread of AI tools. When looking for a new home, portals are maintaining their mainstream position for comparing and narrowing down potential properties based on desired conditions, photos, videos and floor plans. Apart from highly experienced home seekers who know exactly what they want, real estate portals remain an indispensable tool for home seekers exploring different floor plans and neighborhoods. Therefore, we are adding AI-powered features into our traditional comparison functions to seamlessly integrate conversational interfaces for when home seekers hit a roadblock and help them discover potential options they did not know they had.

Regarding the effect of historical data integration, while strict segmentation is difficult, the LIFULL HOME'S Real Estate Archive, where home seekers can search through past listings, garners massive views and serves as a powerful traffic-generating asset that ranks highly in searches. It serves as a reliable entry point to our broader platform and allows prospective movers to monitor specific buildings for future availability.

Q8) Could you give us a hint on the quarterly pattern of the HQ relocation and security expenses? Will security costs be leveled from the start of the year, while relocation costs occur in a lump sum at the time of the move?

A8: FUKUZAWA) Regarding the timing of expenses, security costs include both temporary system construction expenses and ongoing operational/monitoring expenses throughout the year, but overall, they are expected to be roughly leveled over the year. As for the headquarters relocation costs, in addition to temporary exit expenses, we will incur double costs for both the new office (Osaki) and the current office (Hanzomon). Therefore, these costs will begin to appear partially in Q2, with the volume expected to peak in Q3 and Q4, right before and after the move.

Q9) I understand that Chairman INOUE stepping down as Representative Director completes the transition to a management structure centered on the current President in both name and reality. What is the background of returning the representative rights at this timing, and how will this impact the speed of management decision-making and strategic priorities?

A9: ITO) As disclosed, Chairman INOUE, who has served as Representative Director since our founding, will return his representative rights at the Ordinary General Meeting of Shareholders in December and assume the role of Director and Chairperson. To explain the background in more detail, INOUE and I set a transition period of about three years where he gradually transferred authority to me while we confirmed that management execution is functioning smoothly. With three years now complete and both business performance and operations tracking smoothly, he is stepping down from his Representative Director role as originally planned.

Given his status as founder, some may assume he still exercises ultimate control over corporate decisions. However, over these past three years, we have firmly established a structure where I, as the chief executive officer, lead all decision-making. Therefore, returning the representative rights will not cause any major changes to management priorities or decision-making speed. INOUE will remain on the Board as Director and Chairperson, and while receiving his management advice as the founder, the new structure centered on me will push forward to further enhance corporate value.

Q10) Regarding the "AI Business Enablement Platform Department" newly established in October, what level of financial contribution do you anticipate for this and the next fiscal year? Please include your sense of the market response.

A10: ITO) While we refrain from disclosing specific financial contribution targets at this time, we feel the market response is extremely strong. From major real estate firms to regional small businesses, the need to streamline operations using AI is skyrocketing nationwide. Recently, we have seen a growing number of requests from real estate firms to host AI utilization seminars for their employees. Starting from these seminars, we conduct detailed interviews about their operational challenges, and we are seeing strong traction in engagements where we provide end-to-end hands-on support—from workflow transformation consulting utilizing our AI tools and BPO services through to full implementation. From these interactions, we have felt a very strong response to this as a future pillar of our revenue.