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TSE Prime

Q2 Follow-up

LIFULL

Core business drives performance with investments accelerate toward achieving targets

Summary

■ **FY2026/9 Results Review:**

In H1 FY2026/9, LIFULL Co., Ltd. (hereinafter, the Company) reported consolidated revenue of JPY 14,901 mn (+4.3% YoY) and operating profit of JPY 2,344 mn (+28.5% YoY), achieving revenue growth and a significant increase in profit. Profit attributable to owners of the parent (hereinafter, net profit) appears to have declined due to the impact of one-off gains recorded in the previous fiscal year, but roughly doubled on an underlying basis, indicating extremely solid performance. The core HOME'S Services segment drove overall growth, supported by increases in both its client network and average revenue per agent (ARPA). Other Businesses recorded a loss due to upfront investments, but overall progress remains strong. In H2, the Company plans to accelerate investments in personnel and AI and strengthen its efforts toward achieving its full-year targets.

■ **FY2026/9 Earnings Forecast:**

For FY2026/9, the Company projects consolidated revenue of JPY 29,700 mn and operating profit of JPY 3,000 mn. As of H1, revenue had reached 50.2% of the full-year plan, while operating profit had reached 78.1%, indicating particularly strong progress on the profit front. This reflects strong performance in the core business, as well as the Company's plan to allocate strategic costs, including hiring and AI-related investments, in H2. The Company has maintained its view that progress is in line with plan and intends to accelerate investments in areas such as AI implementation in H2. Going forward, the Company aims to execute investments flexibly and achieve its full-year targets as the first year of its new mid-term management plan.

■ **Share price insights:**

Over the past year, the Company's share price has fluctuated sharply, reflecting factors such as growth in the core HOME'S Services segment, proactive shareholder return measures, and earnings-performance assessment.

JPY mn, %, JPY	Revenue	YoY	Operating profit	YoY	Pre-tax profit	YoY	Net profit	YoY	EPS	DPS
FY2023/9	36,405	1.9	1,842	10.2	1,518	9.5	939	(20.4)	7.31	4.26
FY2024/9	34,466	(5.3)	(6,443)	-	(7,076)	-	(8,463)	-	(66.12)	0.73
FY2024/9 C*	26,312	-	3,027	-	2,549	-	(8,463)	-	(66.12)	0.73
FY2025/9 C*	28,127	6.9	3,815	26.1	3,805	49.3	5,317	-	41.51	10.41
FY2026/9 CE	**29,700**	5.6	**3,000**	(21.4)	-	-	**1,900**	(64.3)	**14.10**	**5.21**
FY2025/9 H1*	14,291	7.6	1,824	6.2	1,801	10.4	3,725	-	29.08	-
FY2026/9 H1	14,901	4.3	2,344	28.5	2,441	35.5	1,544	(58.5)	12.05	-

Source: Compiled by SIR from SPEEDA data.
*Excludes Overseas segment classified as discontinued operations.
Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

Focus Points

Following the restructuring of 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 (6/22)	192
52WH (25/8/22)	240
52WL (25/12/2)	157
10YH (18/2/26)	1,135
10YL (24/8/5)	100
Shrs out. (mn shrs)	134.59
Mkt cap (JPY bn)	25.84
EV (JPY bn)	24.23
25/9 Equity ratio	63.6%
25/9 ROE (act)	21.2%
25/9 P/B (act)	0.90x
26/9 P/E (CE)	13.6x
26/3 EV/EBITDA	4.3x
26/9 DY (CE)	2.7%

1 Year Share Price Chart

Source: TradingView

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The share price temporarily declined on the FY2026/9 forecast for lower profit resulting from strategic investments, but surged following strong Q1 results and the introduction of a shareholder benefit program. Since then, the stock has remained weak as a wait-and-see stance has strengthened, given that the Company did not revise up its forecast despite strong profit performance. However, SIR believes the current share price underestimates the competitiveness of the Company's business. SIR also believes the impact of strategic investments will be temporary, and a recovery in ROE to double-digit levels through achievement of the mid-term management plan is fully possible.

FY2026/9 H1 Results Review

In H1 FY2026/9, the Company reported cumulative consolidated revenue of JPY 14,901 mn (+4.3% YoY) and operating profit of JPY 2,344 mn (+28.5% YoY), achieving revenue growth and a significant increase in profit. Underlying operating profit, which excludes other income and expenses that include temporary factors such as impairment losses, also increased 17.2% YoY, indicating that the Company delivered solid results while retaining momentum from its strong Q1 performance. Net profit was JPY 1,544 mn (-58.5% YoY), but excluding the one-off gain associated with the withdrawal from the Overseas segment in the previous fiscal year, profit roughly doubled on an underlying basis, indicating extremely solid progress.

Condensed statements of income and loss (IFRS)

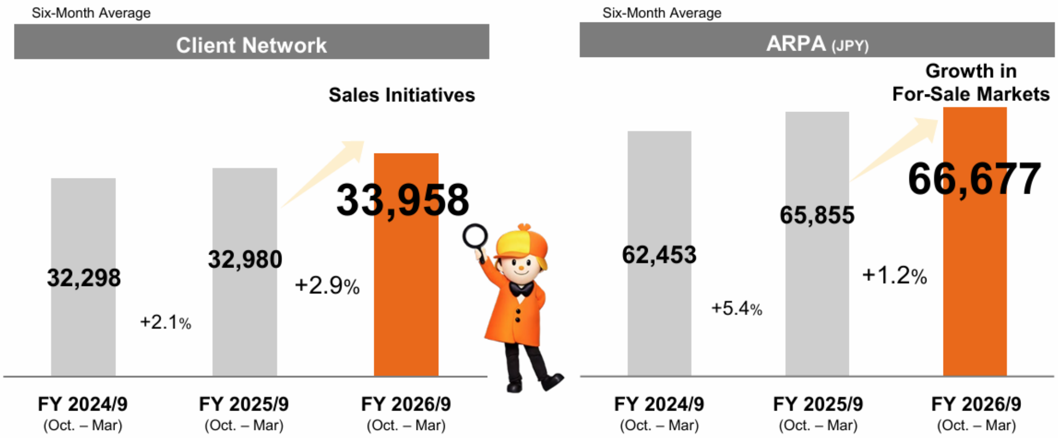
Continuing Operations
Continuing Operations & Discontinued Operations

Unit: JPY mil.	FY2025 Q2 (Oct.-Mar.)	FY2026 Q2 (Oct.-Mar.)	Change	Change %
Revenue	14,291	14,901	+610	+4.3%
Cost of revenue	712	824	+111	+15.7%
SG&A	11,582	11,737	+154	+1.3%
Personnel-Related	4,689	4,604	-85	-1.8%
Sales & Advertising	4,646	4,875	+229	+4.9%
Depreciation and Amortization	577	687	+109	+19.0%
Other	1,668	1,570	-98	-5.9%
Other income and expenses	-171	5	+176	-
Operating income	1,824	2,344	+520	+28.5%
Operating income margin	12.8%	15.7%	+3.0pt	-
Net profit*	3,723	1,544	-2,178	▲58.5%

Source: Excerpt from the Company's IR materials.
Note1: Net profit attributable to owners of the parent.
Note2: The overseas business in H1 FY2025/9 has been excluded from consolidation as discontinued operations.

By segment, the core HOME'S Services segment was the main driver, recording revenue of JPY 13,584 mn (+4.2% YoY) and segment profit of JPY 2,591 mn (+19.1% YoY). Key performance indicators continued to grow, with Client Network increasing to 33,958 (+2.9% YoY) and ARPA rising to JPY 66,677 (+1.2% YoY), maintaining balanced growth in both metrics. In addition to website improvements and strategic promotions during the peak season, the benefits of productivity improvements are also becoming clear, including the freeing up 50,000 work hours through AI utilization.

HOME'S Services key performance indicators (Cient network and ARPA)



Source: Excerpt from the Company's 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.

The Other Businesses segment recorded revenue of JPY 1,316 mn (+4.5% YoY), but posted a segment loss of JPY 262 mn due to personnel transfer costs and other expenses associated with strengthening synergies.

Although profit performance appears strong, the Company plans to accelerate hiring and AI investments in H2 and remains on track to achieve its full-year targets.

Revenue/Income and loss by segment (IFRS)

Unit: JPY mil.	FY2025 Q2 (Oct.-Mar.)	FY2026 Q2 (Oct.-Mar.)	Change	Change %	Main items
Segment Revenue	**14,291**	**14,901**	**+610**	**+4.3%**	
HOME'S Services	13,031	13,584	+553	+4.2%	Driven by continued momentum from prev. FY with increases in both clients and inquiries
Other	1,260	1,316	+56	+4.5%	Primarily due to growing revenue in Regional Revitalization-related services

Unit: JPY mil.	FY2025 Q2 (Oct.-Mar.)	FY2026 Q2 (Oct.-Mar.)	Change	Change %	Main items
Segment Income & Loss	**1,995**	**2,339**	**+343**	**+17.2%**	
HOME'S Services	2,175	2,591	+415	+19.1%	Profit growth driven by higher revenue and improved profitability
Other	-185	-262	-77	-	Increased costs due to personnel transfers to strengthen Group synergies
Inter-segment transactions	6	11	+4	+73.7%	

Source: Excerpt from the Company's IR materials.
Note: Intersegment transactions have been eliminated.

FY2026/9 Full-Year Forecast

For FY2026/9, the Company forecasts consolidated revenue of JPY 29,700 mn, operating profit of JPY 3,000 mn, and net profit of JPY 1,900 mn. As of H1, revenue had reached 50.2% of the full-year plan, while operating profit had reached 78.1%, indicating particularly strong progress on the profit front.

Profit performance has been well ahead of plan because the core HOME'S Services segment has continued to perform strongly, while the Company plans to incur strategic costs in H2, including hiring and AI-related development investments. Therefore, the Company has maintained its view that progress is generally in line with the full-year plan and intends to accelerate medium- to long-term growth investments in H2, including next-generation home search powered by AI. Going forward, the Company aims to achieve its full-year targets as the first year of the new mid-term management plan by steadily converting inquiries generated during the peak season into revenue, while flexibly executing its investment plan to strengthen its business foundation.

FY2026/9 Earnings forecast

Condensed Statements of Income and Loss

Unit: JPY mil.	FY2026 Oct.-Sep. [Full-Year Forecast]	FY2026 Q2 Oct.-Mar. [Actual]	Progress
Revenue	**29,700**	**14,901**	**50.2%**
Cost of revenue	**2,016**	**824**	**40.9%**
SG&A	**24,737**	**11,737**	**47.4%**
Personnel	9,879	4,604	46.6%
Advertising & Sales	9,498	4,875	51.3%
Other	5,360	2,257	42.1%
Other revenues and expenses	**53**	**5**	**9.4%**
Operating income	**3,000**	**2,344**	**78.1%**
Operating income margin	10.1%	15.7%	-
Net profit*	**1,900**	**1,544**	**81.3%**

Revenue by Service

Unit: JPY mil.	FY2026 Oct.-Sep. [Full-year forecast]	FY2026 Q2 Oct.-Mar. [Actual]	Progress
Revenue	**29,700**	**14,901**	**50.2%**
HOME'S Services	26,450	13,584	51.4%
Others	3,250	1,316	40.5%

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

Real Estate Investment Sector Kenbiya

The Company's subsidiary, Kenbiya Co., Ltd., has established a unique position within the Group as an information portal for real estate investment and income properties. Since becoming part of the Group in July 2020, Kenbiya has pursued synergies such as integration with the real estate investment section of LIFULL HOME'S and database sharing. As a result, the number of listings has steadily increased, surpassing 90,000 as of April 2026. According to a survey conducted as of February 2026, Kenbiya ranked No. 1 in Japan in terms of investment property listings, giving it an overwhelming advantage in listing volume over competitors.

Source: Excerpt from the Company's IR materials.

Kenbiya's strength lies in its deep relationships with investors, going beyond simply listing information. While competing sites prioritize system efficiency and profit margins, Kenbiya has emphasized real-world touchpoints such as seminars and in-person events, focusing on fostering an investor community. This distinctive strategy has enabled Kenbiya to attract highly engaged repeat users who regularly visit the site. An analysis of member attributes shows that approximately 60% have annual income of JPY 7 mn or more and approximately 45% have JPY 10 mn or more in own funds, as of February 2023. This concentration of investors with strong purchasing capacity and profiles regarded by financial institutions as highly creditworthy is a major strength for Kenbiya.

Although revenue figures are not disclosed, Kenbiya has maintained double-digit revenue growth over the past three years. It has a stable model in which property listing fees account for 80% to 90% of revenue, with significant room to expand value-added services such as direct mail distribution and banner advertising. Kenbiya operates with a lean organization of just over 10 employees, resulting in extremely high productivity per employee, and has an operating profit margin that exceeds the Company's level.

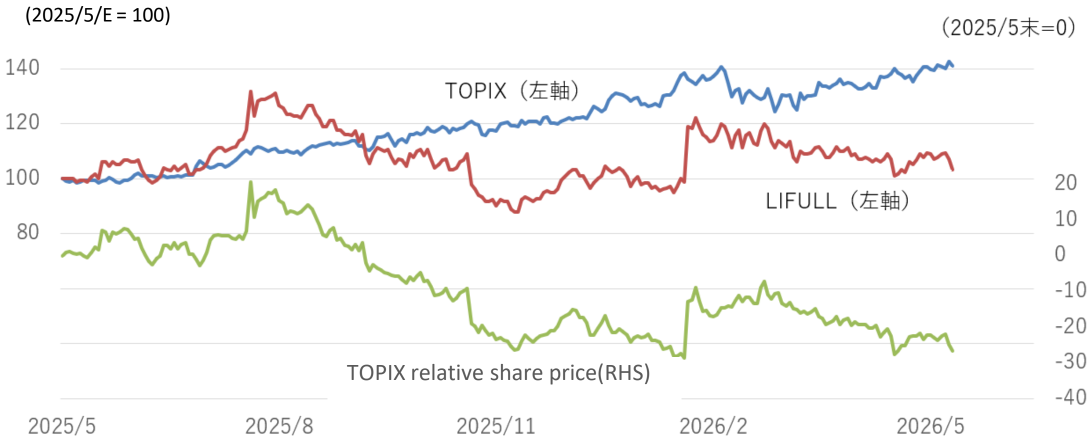
Going forward, Kenbiya will leverage its strong foundation as the No. 1 platform by number of property listings and focus on further expanding both its user base and number of inquiries. As of March 2025, membership had exceeded 200,000, and Kenbiya is now in a phase in which network effects as a platform are accelerating. By closely integrating the LIFULL Group's powerful customer acquisition base with the specialized credibility that Kenbiya has cultivated, it aims to establish itself as a leading player in the real estate investment market.

Share Price Insights

Over the past year, the Company's relative share price remained firm through August, supported by strong growth in the core HOME'S Services segment. Following the release of its "Plan to Meet Listing Criteria for the Tokyo Stock Exchange Prime Market" in December 2024, the Company has clearly demonstrated a management stance that strongly emphasizes share price and capital efficiency. A series of measures, including the completion of restructuring in Overseas segment, an increase in the dividend payout ratio, and the acquisition of the Company's shares by the President and Representative Director, helped support investor expectations. However, the share price turned weaker as the focus shifted to assessing FY2026/9 earnings prospects. The forecast for lower profit due to strategic investments, announced together with FY2025/9 results in November was viewed negatively, and the share price fell further.

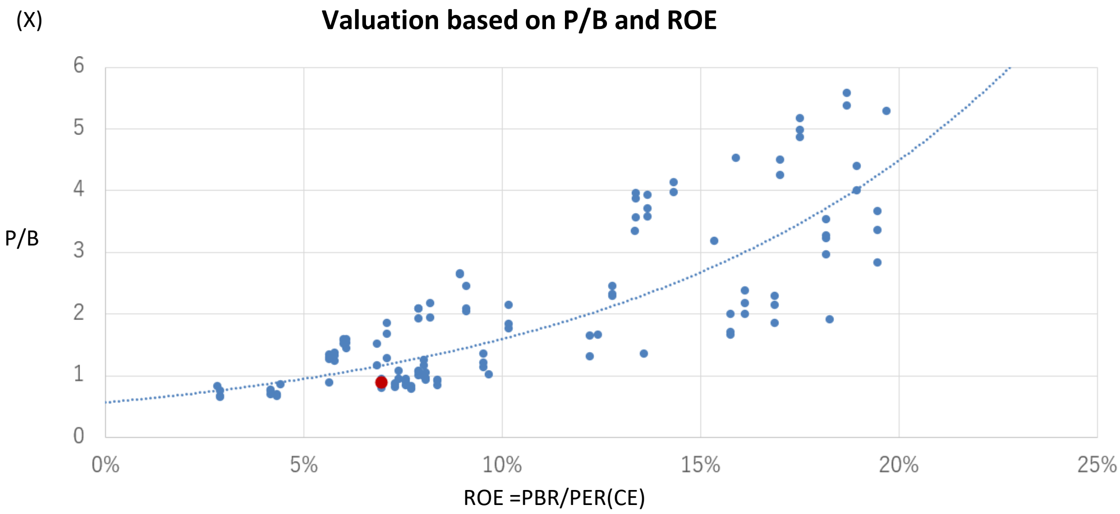
On the other hand, the share price surged after the Q1 FY2026/9 results, as the Company demonstrated a proactive stance on shareholder returns through measures such as the introduction of a shareholder benefit program and disclosure of its dividend forecast, while also confirming the continuation of the strong growth trend in the core HOME'S Services segment. Currently, however, the share price has weakened again as a wait-and-see stance has strengthened, given that the Company did not revise up its forecast despite strong profit performance.

Share price performance (Last 12 months)



Source: Compiled by SIR from SPEEDA data.

SIR believes the profit decline resulting from strategic investments is temporary and that the Company will maintain a profit uptrend supported by strong growth in the HOME'S Services segment. If the Company achieves the operating profit target in its mid-term management plan, a recovery in ROE to double-digit levels should be fully possible. Although further improvement in market valuation will likely continue to require clear disclosure of a policy on capital efficiency, SIR believes the current share price valuation is overly pessimistic relative to the competitiveness of the HOME'S Services segment.



Source: Compiled by SIR from SPEEDA data.

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