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Notice of an Impairment Loss and a Difference Between the Consolidated Results Forecast and Actual Results for the Fiscal Year

LIFULL Co., Ltd. hereby announces an impairment loss for the Overseas segment recognized for the fiscal year ended September 30, 2024, and the following differences between the Consolidated Results Forecast revised on May 14, 2023, for the fiscal year ended September 30, 2024 and actual results released today.

Notes

1. Recognition of an Impairment Loss

Following our Corporate Message of “Make Every LIFE FULL,” we operate LIFULL HOME’S, one of Japan’s largest real estate portals, as a service that caters to the life of each individual more fulfilling.

In our Overseas segment, we established LIFULL CONNECT S.L.U. (“LIFULL CONNECT”) in 2019 effectively merging Trovit Search S.L.U. and our acquired overseas businesses to oversee our businesses outside of Japan. Since then, we have been working towards our growth strategy of Moving to Direct and shifting our primarily aggregation-based services to offerings that are closer to actual transactions and markets, such as real estate portals and tech-based brokerages. In FY 2024/9, revenue from our Direct services reach approximately 50% of all revenue in our Overseas segment. However, abrupt changes in our business landscape, such as changes to the search algorithms of major search engines and other factors, have led to a decrease in aggregation revenue earlier than originally anticipated. During FY 2024/9, we implemented changes to the management structure and have seen partial improvement in the business. With this downward trend in revenue, however, we have reevaluated the recoverable amount from these businesses and have recognized an impairment loss of ¥3,854 mil. which has been recorded under other costs.

As we have reported in the “Notice Regarding the Signing of a Memorandum of Understanding Transfer of an Overseas Subsidiary (Partial Transfer of Shares)” also announced today, we are working toward an agreement to transfer a portion of shares of LIFULL CONNECT in order to focus our management resources more on our businesses within Japan. Should this share transfer come into effect, LIFULL CONNECT will be removed from our scope of consolidation during FY 2025/9.

2. Consolidated Forecast and Actual Results for FY 2024/9 (IFRS)

Consolidated Results (Oct. 1, 2023 to Sep. 30, 2024)

(Unit: JPY Mil.)

	Revenue	Operating Profit	Profit for the Period Attributable to Owners of the Parent	Basic Earnings per Share
Forecast (A)	35,500	1,900	300	2.34
Actual Results (B)	34,466	(3,241)	(5,261)	(41.11)
Change (B-A)	(1,034)	(5,141)	(5,561)	(43.45)
Change (%)	(2.9)	-	-	-
Ref) Prev. Results (FY 2023/9)	36,405	1,842	939	7.31

Reasons for the Difference

While domestic consolidated revenue was largely in line with our expectations, overseas operations were negatively impacted by a decline in aggregation revenues that outpaced the growth of our thriving tech-enabled brokerage business, coupled with temporary expenses incurred in restructuring the aggregation business. Additionally, as detailed in “1. Recognition of an Impairment Loss,” an impairment loss related to LIFULL CONNECT was recognized as other expenses, resulting in operating profit and profit attributable to owners of the parent falling short of our forecasts.