

September 18, 2020

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Notice of Upward Revisions to the Consolidated Financial Results Forecast, Recognition of Impairment Loss and Changes to the Dividend Policy

Based on recent performance trends, LIFULL announces that a meeting of the Board of Directors held today resolved to make the following revisions to the Consolidated Financial Results Forecast for the fiscal year ending September 30, 2020 (October 1, 2019 - September 30, 2020) announced on April 20, 2020, recognize a goodwill impairment loss and make alterations to the Dividend Policy.

1. Revisions to the Consolidated Financial Results

Consolidated Financial Results (October 1, 2019 - September 30, 2020)

(JPY mil.)

	Sales Revenue	EBITDA	Operating Profit	Profit attributable to owners of the parent	Basic earnings per share
Previous Forecast (A)	30,760	2,968	977	269	2.01
Revised Forecast (B)	35,351	4,090	2,077	610	4.57
Change (B-A)	+4,591	+1,122	+1,100	+341	+2.56
Rate of Change (%)	+14.9	+37.8	+112.6	+127.0	+127.5
(Ref.) Previous FY results [FY ended September 30, 2019]	39,297	5,360	4,110	2,359	18.15

2. Primary reasons for the revisions

Revenue forecasts by segment for the fiscal year ending September 30, 2020 are as below.

(JPY mil.)

Revenue by Segment	HOME'S Services	Overseas	Other	Total
Previous Forecast (A)	22,969	5,826	1,964	30,760
Revised Forecast (B)	27,078	6,392	1,880	35,351
Change (B-A)	+4,109	+565	(83)	+4,591
Rate of change (%)	+17.9	+9.7	(4.2)	+14.9
(Ref.) Previous FY results [FY ended September 30, 2019]	29,656	7,680	1,960	39,297

Business Environment

We released a Notice of Revisions to Consolidated Financial Results Forecast on April 20, 2020. (https://lifull.com/wp-content/uploads/2020/04/release_200420_en_revision.pdf)

These revisions were initiated by the following effects of COVID-19 pandemic which we predicted would continue throughout the fiscal year. During the second quarter, lockdowns and travel restrictions were imposed in cities around the world which led to less visitors to real estate portals. In Japan, the government imposed a state of emergency beginning on April 7 resulting in a drop in the number of home-seekers visiting real estate offices. In response, we took a number of initiatives including offering a portion of the features available on our primary service, LIFULL HOME'S, for free and allowed clients to temporarily suspend their accounts.

On May 27, the Japanese government lifted the state of emergency, and economic activities gradually picked back up. However, with more companies switching to remote work, people have begun to develop new needs for their living environment. This trend has led to recovery in the HOME'S Services sector, and we expect that sales revenue will significantly exceed our previous forecast.

However, the spread of COVID-19 outside of Japan has caused cities to return to lockdown as the number of cases continues to increase. Due to these circumstances, it is still not possible to make accurate predictions about the future, and we believe that actual recovery will still take time.

Profits

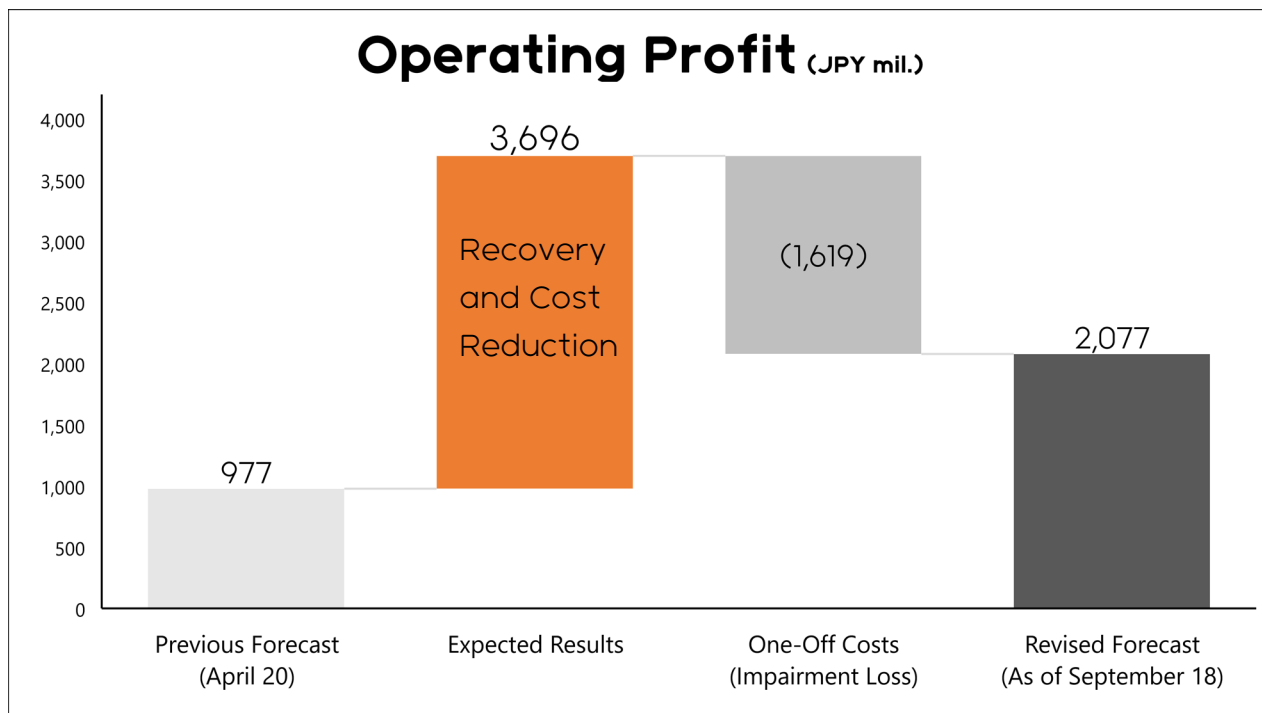
For the domestic business, in addition to higher consolidated sales revenue, we have reduced investments and costs planned for the current fiscal year in order to ensure that business operations will be able to continue throughout these unpredictable circumstances. As a result, we expect that profit will also greatly exceed the previous forecast.

In addition, we will recognize the following impairment of assets for the Overseas segment.

Impairment of Assets

Our mid to long-term growth driver is the creation of a global real estate platform. Trovit Search S.L.U. ("Trovit") and Mitula Group Limited ("Mitula") were acquired in 2014 and 2019 respectively and both operate several aggregators primarily for real estate, but also for job listings, cars and fashion. In order to increase our global competitiveness, we established LIFULL CONNECT S.L.U. and have been combining the resources of Trovit and Mitula, such as their user base, staff and technical knowhow.

However, the COVID-19 pandemic has had a serious impact on the world economy, and we have made conservative changes to our future plans. We expect that these changes will impact the recovery time for goodwill and intangible fixed assets and have recognized an impairment loss of JPY 1,619 million.



3. Alterations to the Dividend Policy

Reasons

In light of the recent COVID-19 pandemic, we have added a description of the effects of extraordinary factors such as significant changes in the business environment, and made the following changes:

Changes to Dividend Policy

Although we focus on growth investments aimed at promoting development of our businesses and continuing to increase profits and retained earnings for enhancing and strengthening our financial structure, returning profits to our shareholders is a vital part of our management policy. Therefore, it is our basic policy to distribute dividends flexibly according to business performance in each fiscal year at a consolidated payout ratio of 25%.

In the case that profit attributable to owners of the parent fluctuates greatly in a fiscal year due to extraordinary factors, we will take those effects into consideration when determining dividends.

Application Date

To be applied from the fiscal year ending September 30, 2020.

Although the year-end dividend for the current fiscal year is undecided at this time, we plan to pay dividends in accordance with the above Dividend Policy once net profit for the current fiscal year has been finalized.

Regarding Forward-Looking Statements

The above forecasts have been made based on currently available information and hypotheses on how moving parts may affect the business in the future. Actual future results may differ from the forecasts due to a variety of factors.