

LIFULL (2120)

Consolidated Fiscal Year (Million Yen)		Revenue	EBITDA	Operating income	Profit attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2017		29,920	5,312	4,066	2,765	23.3	5.7	155.6
FY09/2017		15,948	1,536	1,016	489	4.1	0.8	162.0
FY09/2018CoE		34,000	5,190	4,000	2,800	23.6	-	-
FY09/2017	YoY	15.9%	(47.8%)	(59.4%)	(70.8%)	-	-	-
FY09/2018CoE	YoY	5.9%	32.8%	55.1%	77.5%	-	-	-

Consolidated Q1 to Q3 (Million Yen)		Revenue	EBITDA	Operating income	Profit attributable to owners of the parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2017		20,864	3,821	3,043	2,008	-	-	-
Q1 to Q3 FY09/2018		26,015	4,439	3,635	2,274	-	-	-
Q1 to Q3 FY09/2018	YoY	8.6%	56.9%	105.6%	104.8%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (1 August 2018)

Upheavals Overseas

LIFULL, running “LIFULL HOME'S”, i.e., one of the largest real estate and housing information listing websites in Japan, is to see upheavals with its Overseas Business. The Company is currently preparing for upcoming consolidation of Mitula (to be implemented in October 2018) running aggregator websites mainly on real estate and housing information across the world, while having already pulled out of loss-making operations to run local editions of “LIFULL HOME'S” in Australia and Germany. Meanwhile, Trovit has been consolidated since November 2014, which is peer of Mitula in many respects, while the Company is currently planning to implement integration of management between Trovit and Mitula after the consolidation of Mitula. The Company’s midterm management plan is calling for “revenue of ¥50,000m to ¥60,000m, EBITDA margin of some 20%” in FY09/2020, which does not include impacts from upcoming consolidation of Mitula. The Company roughly suggests revenue of ¥2,800m, EBITDA of ¥900m and EBITDA margin of 32% for Mitula in FY12/2017, while also suggesting that Mitula has been seeing some organic growth since then. Assuming Mitula being consolidated on a full-year basis in FY09/2019, the Company is to see net add-ons to this extent stemming from consolidation of Mitula, while net add-ons by synergies to be created in line with integration of management with Trovit equating to ¥100m to ¥200m in revenue and to ¥200m to ¥300m in cost reductions in the said fiscal year. For example, the Company is to see collective market shares overwhelmingly high in Chili, Italy and Mexico in regards to traffic on the aggregator sites (no integration of websites planned even after that of management), respectively, 68%, 85% and 90% after the consolidation, beefing up the strengths of the Company.

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2.0 Company Profile

Running one of the Largest Real Estate and Housing Information Listing Websites in Japan

Company Name	LIFULL Co., Ltd. Website IR Information Share Price (Japanese)	
Established	12 March 1997	
Listing	12 March 2010: Tokyo Stock Exchange 1st Section (ticker: 2120) 31 October 2006: Tokyo Stock Exchange Mothers	
Capital	¥3,999m (as of the end of June 2018)	
No. of Shares	118,789,100 shares, including 73,736 treasury shares (as of the end of June 2018)	
Main Features	<ul style="list-style-type: none"> ● Advocating “Make every LIFE FULL.” ● Running “LIFULL HOME'S” in Japan as the key earnings pillar ● Beefing up operations overseas by mergers and acquisitions 	
Business Segments	<ul style="list-style-type: none"> . HOME'S Services Business . Overseas Business . Others Business 	
Top Management	President and CEO: Takashi Inoue	
Shareholders	Takashi Inoue 27.7%, Rakuten, Inc. 20.0% (as of the end of March 2018)	
Headquarters	Chiyoda-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 1,280, including 200 temporary and 118 overseas (as of the end of June 2018)	

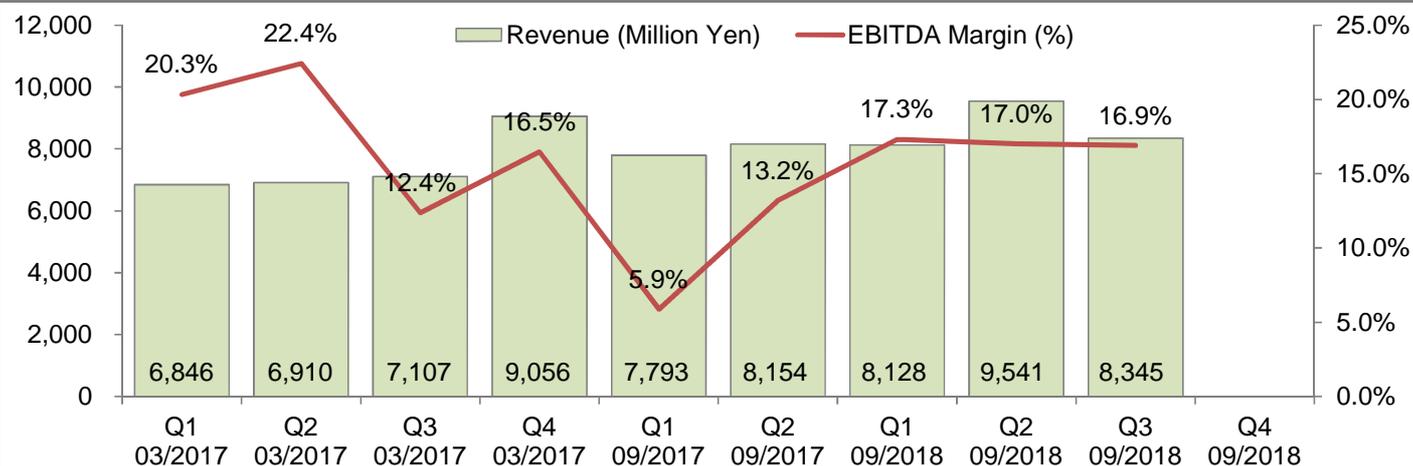
Source: Company Data

3.0 Recent Trading and Prospects

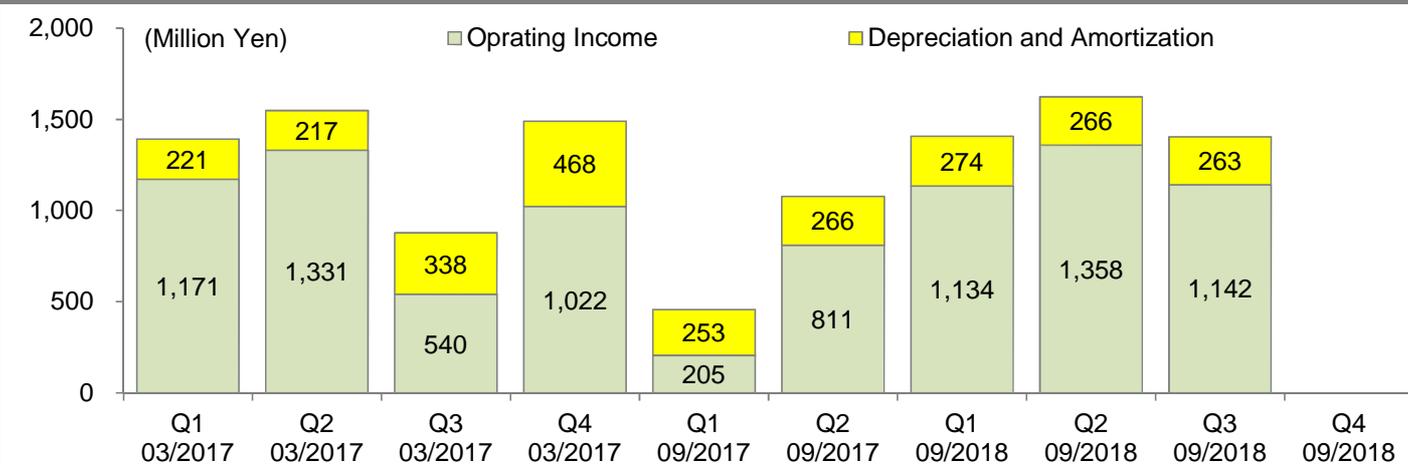
Q1 to Q3 FY09/2018 Results

In Q1 to Q3 FY09/2018, revenue came in at ¥26,015m (up 8.6% over the same period 12 months ago), EBITDA ¥4,439m (up 56.9%), operating income ¥3,635m (up 105.6%) and profit attributable to owners of the parent ¥2,274m (up 104.8%), while EBITDA margin 17.1% (up 5.3 points).

Revenue and EBITDA margin (EBITDA / Revenue)



EBITDA (Operating Income, Depreciation and Amortization)



Source: Company Data, WRJ Calculation

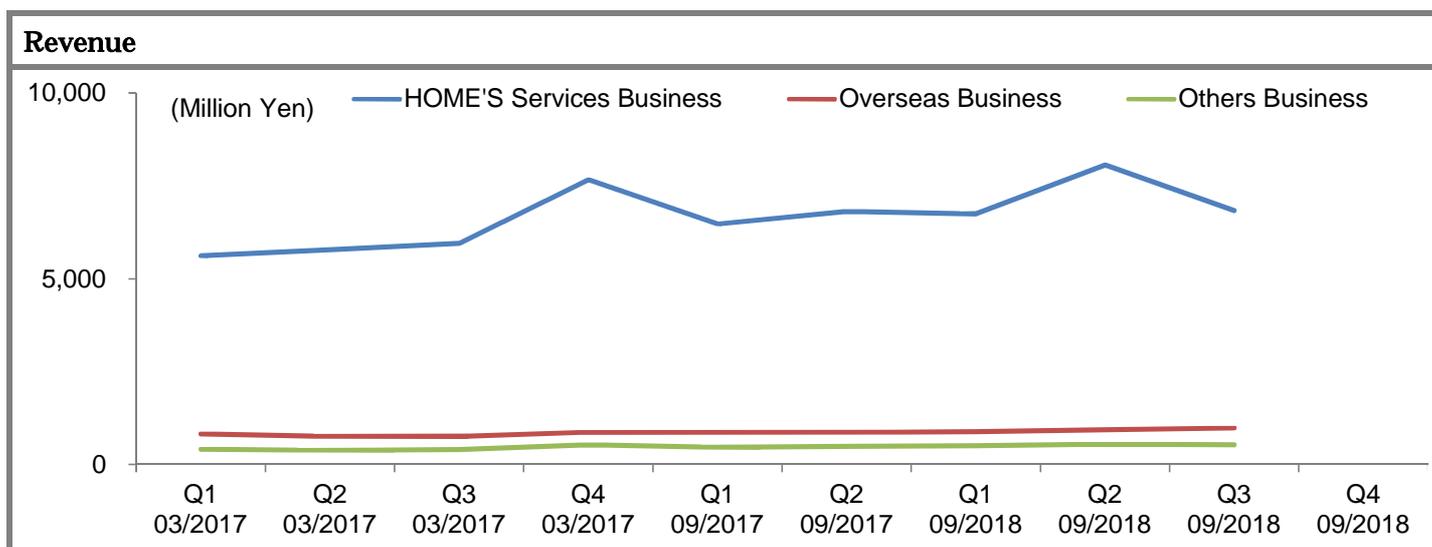
The Company, voluntarily adopting IFRS, believes that EBTDA (Earnings before Interest, Taxes, Depreciation and Amortization) is the most important management index. On top of comparative analysis with peers overseas being facilitated, this is crucial for measuring capability to generate cash, according to the Company. EBITDA equates to operating income plus depreciation and amortization in the Company's disclosure document.

As above-mentioned, revenue came in at ¥26,015m (up 8.6%) and operating income ¥3,635m (up 105.6%), while having increased by ¥2,058m over the same period 12 months ago and by ¥1,867m, respectively, in terms of absolute value. This suggests that revenue favorably increased with limited increases of operating expenses, having resulted in EBITDA margin of 17.1% (up 5.3 points). The Company, keen on advertising, saw advertising expenses of ¥8,515m (up ¥815m) and SG&A expenses but for depreciation and amortization of ¥18,798m (up ¥401m) at the same time. This is partly because of the fact that head office relocation expenses having appeared during the same period in the previous year did not reappear.

Condensed Statements of Profit and Loss IFRS (Million Yen)	Cons.Act Q1 to Q3 03/2017	Cons.Act Q1 to Q4 03/2017	Cons.Act Q1 09/2017	Cons.Act Q1 to Q2 09/2017	Cons.Act Q1 09/2018	Cons.Act Q1 to Q2 09/2018	Cons.Act Q1 to Q3 09/2018	Cons.Act Q1 to Q4 09/2018	YoY Net Chg.
HOME'S Services Business	17,353	25,017	6,472	13,288	6,742	14,805	21,638	-	+1,547
Overseas Business	2,324	3,193	859	1,718	883	1,819	2,802	-	+324
Others Business	1,183	1,709	461	941	502	1,045	1,573	-	+185
Revenue	20,864	29,920	7,793	15,948	8,128	17,669	26,015	-	+2,058
Cost of sales	2,183	3,080	915	1,862	928	1,875	2,872	-	+284
Personnel expenses	5,116	7,039	1,993	3,810	1,962	3,746	5,709	-	(18)
Advertising expenses	5,565	8,400	2,719	5,414	2,426	6,084	8,515	-	+815
Operating expenses	765	1,010	240	455	236	503	713	-	(53)
Other SG&A expenses	3,332	4,957	1,393	2,766	1,236	2,516	3,860	-	(341)
SG&A expenses (but for de. and am.)	14,781	21,408	6,346	12,446	5,862	12,850	18,798	-	+401
Other revenues and expenses	(79)	(118)	(72)	(102)	71	89	95	-	+238
EBITDA	3,821	5,312	458	1,536	1,408	3,033	4,439	-	+1,610
Depreciation and amortization	777	1,245	253	519	274	540	803	-	(256)
Operating profit	3,042	4,066	205	1,016	1,134	2,492	3,634	-	+1,867
Net income	2,008	2,765	22	489	591	1,572	2,274	-	+1,163
EBITDA Margin	18.3%	17.8%	5.9%	9.6%	17.3%	17.2%	17.1%	-	+5.3%

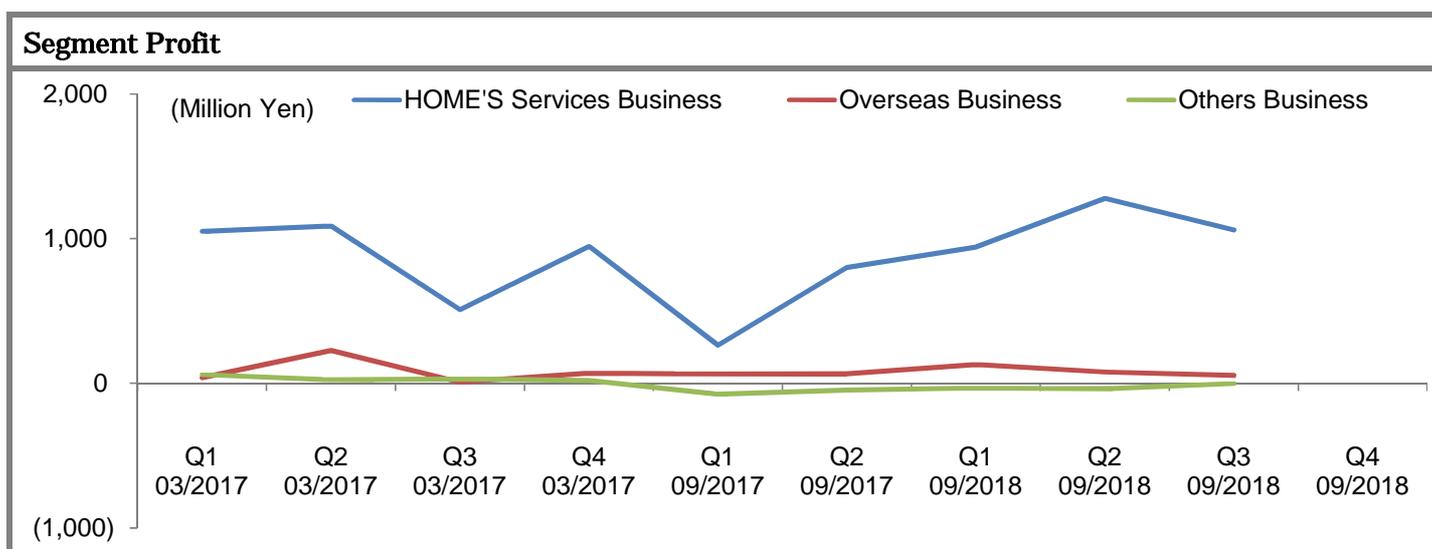
Source: Company Data, WRJ Calculation

The Company runs operations in HOME'S Services Business, Overseas Business and Others Business, while disclosing revenue by segment and segment profit. Collective segment profit of the three business segments after net add-ons by inter-segment transactions and other income and expenses equates to operating income as a whole for the Company. In Q1 to Q3, the Company saw collective segment profit of ¥3,473m (up 89.3%), add-ons of ¥66m from inter-segment transactions and add-ons of ¥95m from other income and expenses, having resulted in above-mentioned operating income of ¥3,635m (up 105.6%).



Source: Company Data, WRJ Calculation

In the mainstay HOME'S Services Business, mainly running "LIFULL HOME'S", i.e., one of the largest real estate and housing information listing websites in Japan, revenue came in at ¥21,638m (up 7.7%), segment profit ¥3,284m (up 90.9%) and segment profit margin 15.2% (up 6.6 points), having accounted for 83.2% of revenue as a whole for the Company and 94.5% of collective segment profit. Thus, this business segment accounted for the bulk of expenses as a whole for the Company too and the above-mentioned story that "revenue favorably increased with limited increases of operating expenses" as a whole for the Company should be basically applied to this business segment too. At the end of the day, EBITDA as a whole for the Company currently hinges on business performance of HOME'S Services Business.

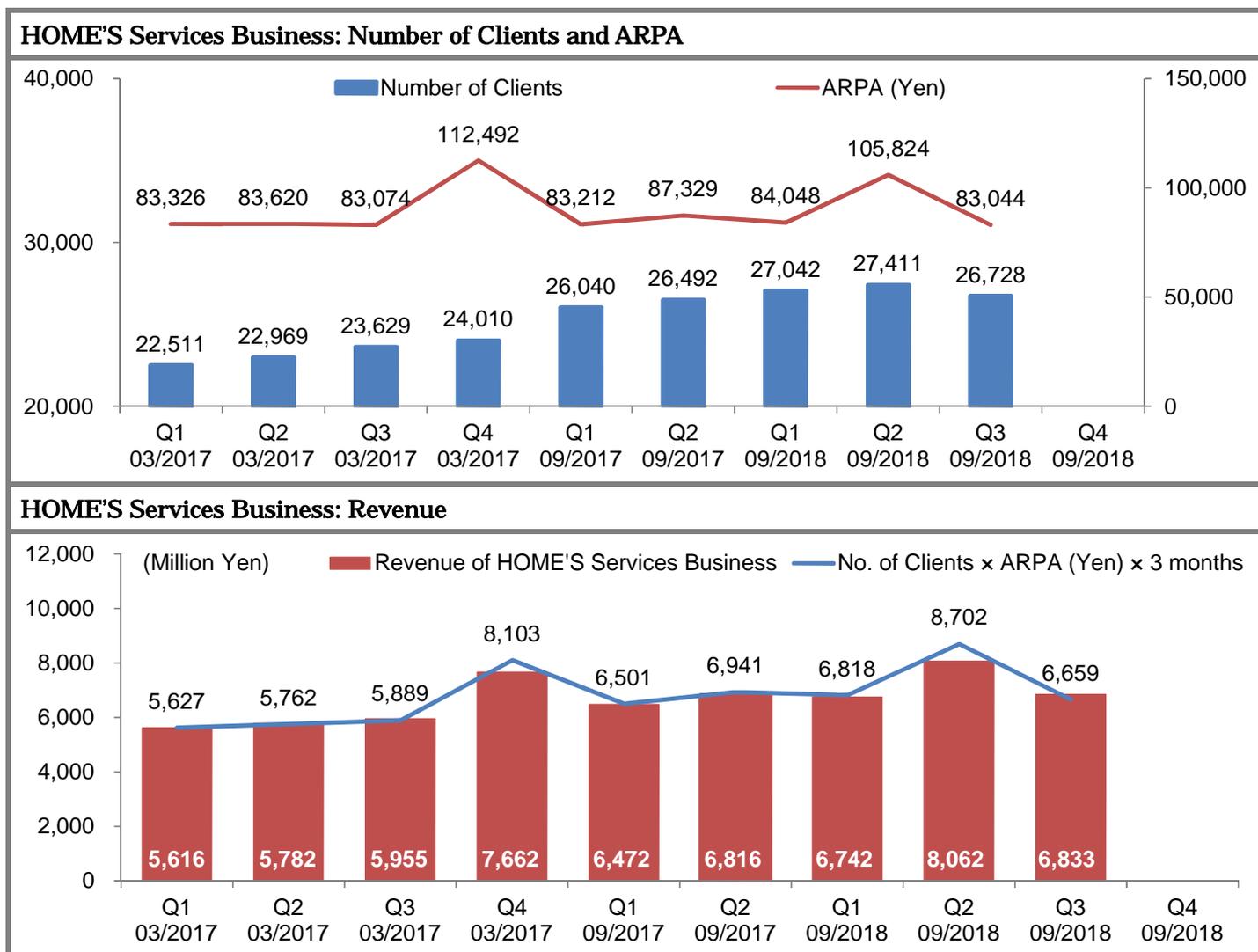


Source: Company Data, WRJ Calculation

In Q3 over Q2, the number of clients temporarily came down, albeit not much, due to negative impacts from the Company's strategy to pull out of loss-making services associated with renovation. Still, over the same period 12 months ago, the number of clients favorably increased in Q3 to 26,728 (up 2.6%). Meanwhile, ARPA came in at ¥83,044 (down 0.2%) because the Company was on its way to fully implement measures to raise ARPA (Average Revenue per Agent), meaning monthly average revenue per client, equating to revenue of HOME'S Services Business after being multiplied by the number of clients and some minor adjustments.

In HOME'S Services Business, the clients are real estate companies, mainly comprising real estate brokers or real estate agents. In fact, all those brokers or agents taking advantage of "LIFULL HOME'S" collectively accounted for commanding 24,757 (affiliated realtors of 24,757) out of the number of clients disclosed by the Company, i.e., 26,728. This is in terms of the number of bridgeheads, while the remaining 1,971 is of the number of business entities taking advantage of "LIFULL HOME'S", including developers of condos, house makers, operators of renovation, small-sized house builders (custom homes), etc. However, the Company has pulled out of loss-making services associated with renovation and suspended the services on this side. Thus, operators of renovation do not use "LIFULL HOME'S" any more after the end of Q2, having generated the key negative impacts to marginal decreases in the number of clients in Q3 over Q2.

Meanwhile, the Company goes for affiliated realtors of some 40,000 in the foreseeable future. With “LIFULL HOME’S” or own real estate and housing information listing website, the Company is trying to eventually get at full coverage of information on all the vacant houses in Japan, while suggesting that it is necessary to increase the number of affiliated realtors up to some 40,000 to do so. The reason why the Company is keen on this is that beefing up the coverage leads to convenience being maximized for users or general consumers. Still, in the process of increasing the number of affiliated realtors, it is unavoidable to cultivate small-sized brokers or agents based in rural regions, which is one of the factors why ARPA is not on the rise.



Source: Company Data, WRJ Calculation

Probably given a situation like that in HOME’S Services Business, the Company has started up working on measures to pursue growth more aggressively than before. On top of having pulled out of loss-making services associated with renovation, the Company propels structural reform trying to retrieve high growth even short-term. The Company does suffer from changes of external environment represented by those of algorithm on Google’s search engine, but it is more important to implement structural reform to cope with internal issues, i.e., providing “optimization of the operating structure”, “improvement of productivity” and “improvement of efficiency” with solutions, according to the Company.

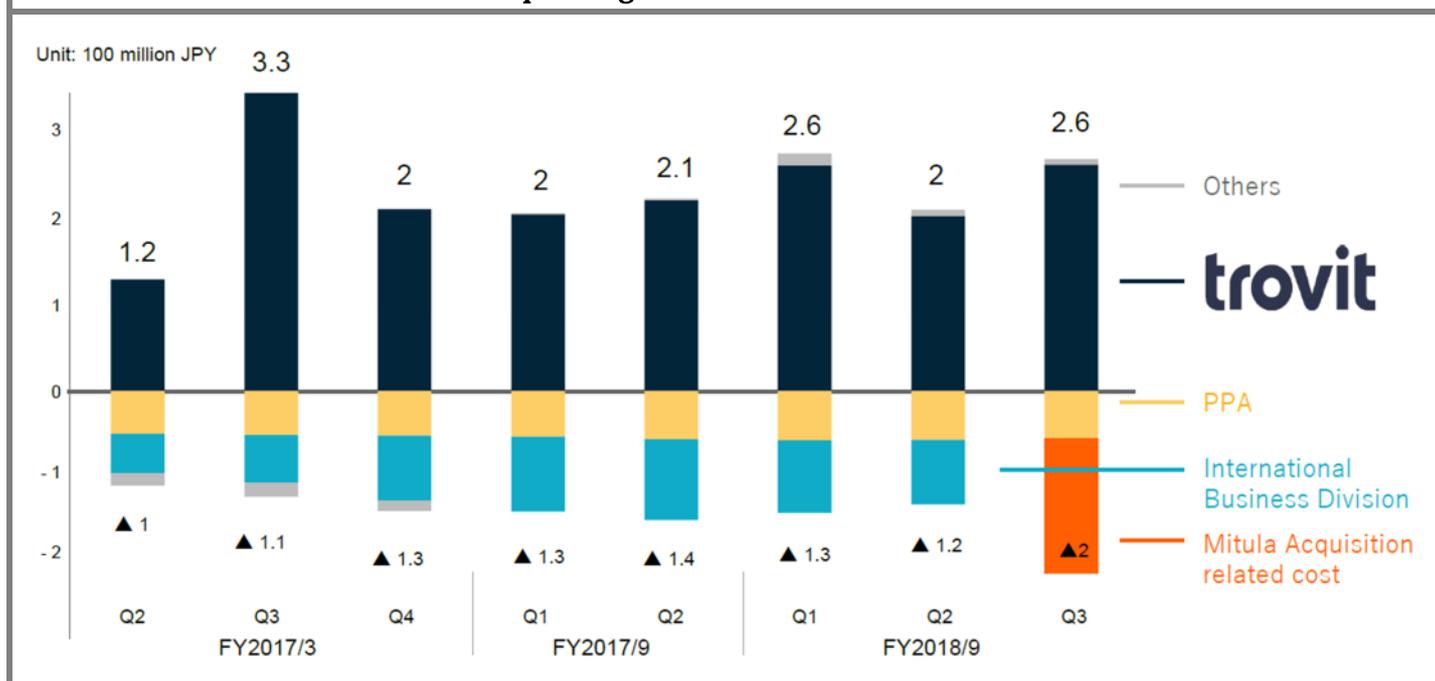
In regards to “optimization of the operating structure”, the Company goes for integration of divisions and enhancement of sales capability. For example, the Company mentions measures to integrate media and operational support with its services associated with rental, which are estimated to account for the bulk of revenue on the HOME’S Services Business side. For a real estate company, Rental Division and BS (Business Solution) Division have been providing multiple services rather on a disordered basis so far, including those of daily operations, procurement of property, listing of information, attraction for customers and customer relations. In fact, Rental Division has been dealing with listing of information on property for “LIFULL HOME’S” as well as other advertising services, while BS Division providing collective registration system called converter to list information on property for multiple portal sites at once, CRM services to manage promotions for users or general consumers having been acquired as customers as well as other services.

The measures this time to integrate Rental Division and BS Division make it possible to provide all those above-mentioned services belonging to daily operations to customer relations as a set of comprehensive services. On top of this, the Company is to get at enhancement of capability on sales promotions and services as well as that of coping with issues quickly, while looking to eliminations of overlapping expenses at the same time. Implementing all those measures, it appears that the Company is trying to raise ARPA.

In regards to “improvement of productivity”, the Company is to introduce daily profitability managing system in October 2018 in order to measure and understand business performance of each personnel and/or division almost on a real time basis, making PDCA cycle shorter. In regards to “improvement of efficiency”, the Company makes progress in optimization of marketing based on knowledge accumulated so far, while taking advantage of AI, eventually implementing frontloaded renewal of “LIFULL HOME’S” with an objective to raise CVR (Conversion Rate or contract rate).

Meanwhile, in Overseas Business, revenue came in at ¥2,802m (up 13.1%), segment profit ¥264m (up 81.9%) and segment profit margin 9.4% (up 3.6 points), basically in line with increases of revenue and earnings of Trovit, accounting for almost all the revenue in this business segment. Yen got depreciated against euro, while “improvements” of personnel expenses appeared, according to the Company. On top of this, the Company disclosed that International Division was consistently making loss having been in charge of running local editions of “LIFUL HOME’S” in Australia and Germany with its “Overseas Business Actual Results - Operating Profit”. It appears that revenue has failed to pick up in spite of consistent frontloaded investments.

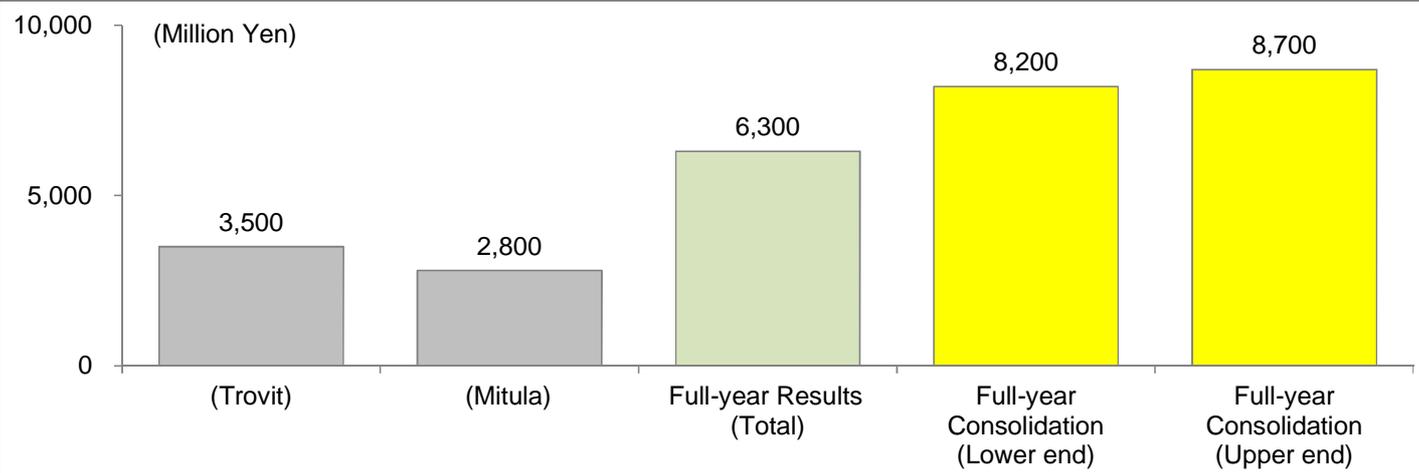
“Overseas Business Actual Results - Operating Profit”



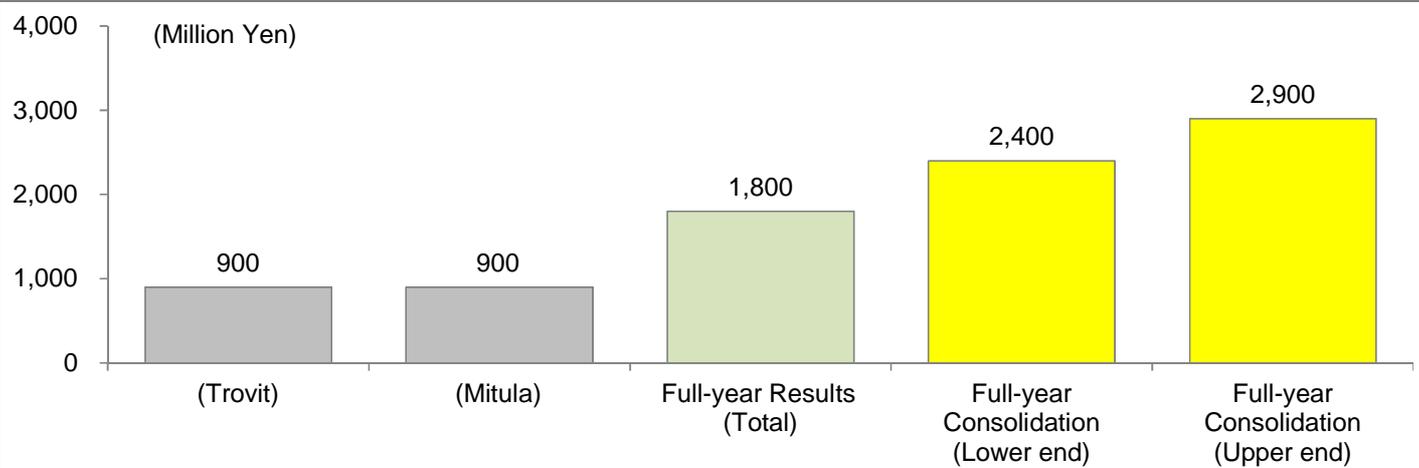
Source: Company Data

However, the Company has already pulled out of operations to run local editions of “LIFUL HOME’S” in Australia and Germany towards the end of Q2 FY09/2018, while International Business Division, having been in charge of the said operations, was dissolved. As a result, the Company did not see loss from here any further in Q3. At the same time, it was also disclosed that the Company suffered from expenses of some ¥200m associated with Mitula to get consolidated in October 2018. Meanwhile, personnel of International Business Division have been all properly reallocated to divisions on the HOME’S Services Business side to date.

Revenue: Full-year Consolidation Images (Trovit x Mitula)



EBITDA: Full-year Consolidation Images (Trovit x Mitula)

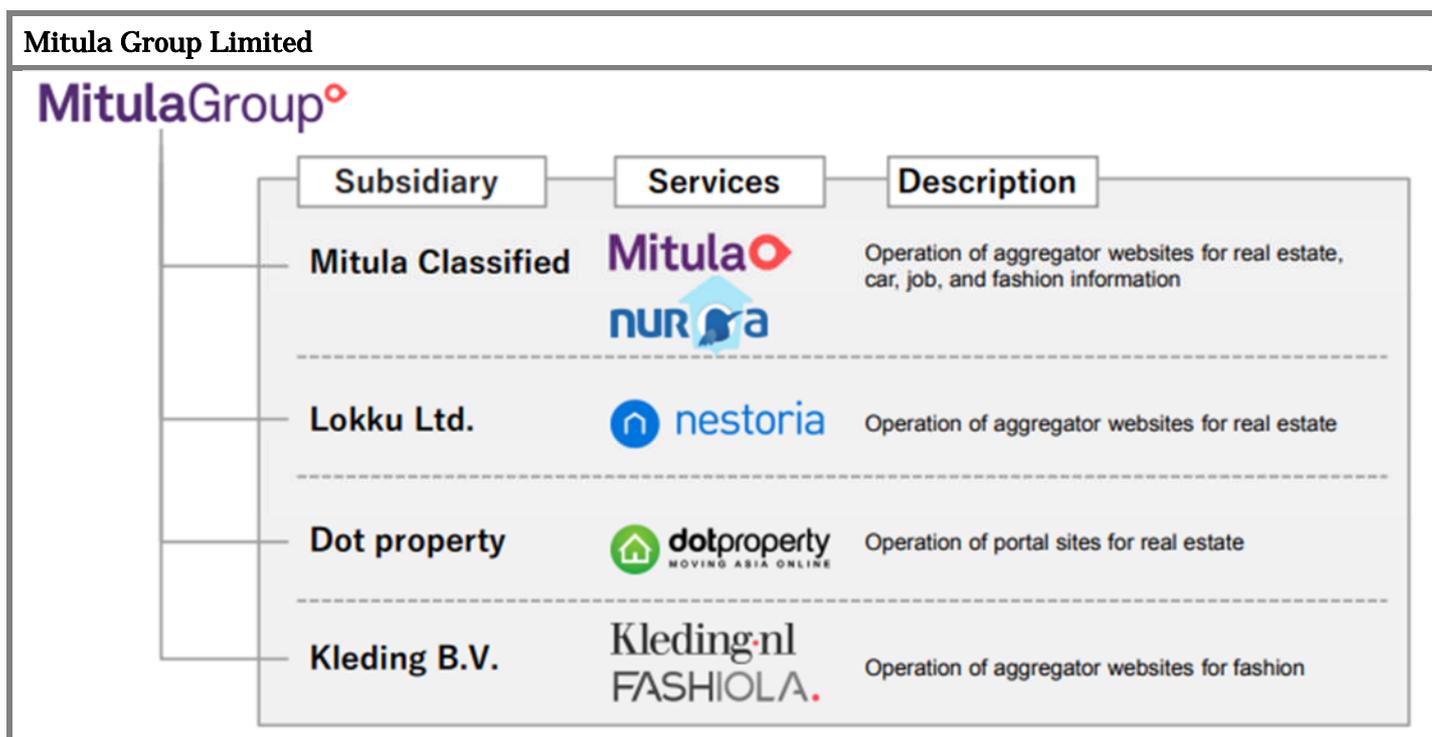


Source: Company Data, WRJ Calculation

The Company also discloses images associated with consolidation of Mitula in terms of its impacts to revenue and EBITDA with the Company. According to the Company's rough yen-denominated data, Trovit saw revenue of ¥3,500m and EBITDA of ¥900m in FY12/2017 and Mitula revenue of ¥2,800m and EBITDA of ¥900m also in FY12/2017. All those figures are of the most recent full-year results for both, collectively, revenue of ¥6,300m and EBITDA of ¥1,800m, when both of them simply put together.

Meanwhile, assuming full-year consolidation of Mitula, Trovit x Mitula would see revenue of ¥8,200m (lower end) to ¥8,700m (upper end) and EBITDA of ¥2,400m (lower end) to ¥2,900m (upper end), according to the Company. As far as we could see, assumptions here are based on an idea that this full-year consolidation is to take place in the Company's accounting period of FY09/2019 (October 2018 to September 2019). As mentioned earlier, the Company is expected to implement consolidation of Mitula in October 2018, while the figures here assume that it will take place as planned, as far as we could see.

In regards to revenue of ¥8,200m (lower-end) for full-year consolidation, it appears that lower-end of probable revenue after organic growth is assumed, whose growth is driven by time going by through FY12/2017 to FY09/2019 (i.e., the Company's accounting period), while the Company also suggests revenue of ¥8,500m (upper-end) for this. On top of this, the Company is going for add-on revenue of ¥100m to ¥200m stemming from synergies. At the end of the day, the Company is going for revenue of ¥8,700m (upper-end) for full-year consolidation, comprising revenue of ¥8,500m (upper-end) after organic growth and revenue of ¥200m (upper-end) associated with synergies. Meanwhile, in regards to EBITDA, the Company is going for cost reductions of ¥200m to ¥300m stemming from synergies to get created by the integration of management in the images for both lower-end and high-end. Thus, it appears that EBITDA hinges on revenue in the images. The Company also suggests that the images do not assume write-off of PPA (Purchase Price Allocation).



Source: Company Data

In November 2014, the Company consolidated Trovit (Trovit Search S.L., based in Barcelona, Spain) running aggregator websites mainly on real estate and housing information across the world in 57 countries. With portal sites dealing with real estate and housing information, etc. as advertisers or clients, Trovit runs aggregator sites where services of vertical search enabling exclusive search on real estate and housing information and/or some other domains are provided for users or general consumers. Meanwhile, Mitula (Mitula Group Limited, based in Madrid, Spain), listed on Australian Stock Exchange, runs its operations with a great resemblance, providing the said services across the world in more than 50 countries, of which the bulk is covered also with services by Trovit mainly dealing with real estate and housing information together with that of car, job, fashion, etc. Now, after integration of management between the two, the Company is expected to hold overwhelming market shares as a global operator of aggregator sites mainly on real estate and housing information. Going forward, the only issue remaining on competition is of with local peers running their operations exclusively in their own countries.

The Company advocates establishment of solid organizational frameworks at the integration of management between the above-mentioned two different operations, efficiently taking advantage of strengths with each. Integrating capability held by each on R&D, technology, sales promotions and marketing, the Company is to beef up competitiveness of the new operations as a whole, while enhancing SEO measurement by integrating knowhow of each at the same time. Meanwhile, the Company would not integrate aggregator sites run by each, while trying to get them ranked high in information retrieval with SEO technology held by each in order to prevent the Company from failing to attract users.

On top of this, the Company is to take advantage of traffic and access with users to increase in line with consolidation of Mitula to the largest extent in order to beef up advertising revenue. That is to say, the Company is keen on sales promotions of advertising products whose unit prices are higher than CPC (Cost per Click), which is the mainstay at the moment, including high added-value transactions and/or quasi-transactions, for the sake of business scale expansion. Specifically, the Company is keen on billing on enquiry products with high CVR (Conversion Rate, contract rate), etc. and those of billing-on-contract in some cases. At the same time, the Company is trying to get involved with operations to send users to the secondary markets (peripheral domains) of real estate and housing, i.e., housing loan, mortgage operators, movers, insurance-related, etc.

On 28 June 2018, the Company held extraordinary general meeting of shareholders, while having disclosed that issuance of common shares was approved as planned. With an objective to fund expenses to consolidate Mitula, the Company is to implement share exchange. Meanwhile, Mitula listed on stock exchange has some individual shareholders and another scheme is also available to procure shares (up to 20,000 shares per shareholder) by exchange with cash. Thus, to a certain extent is compensation done by cash in reality. Meanwhile, even when assuming compensation 100% done by share exchange, synergies to be created is to more than offset dilution of EPS in a view of existing shareholders, according to the Company.

The Company argues that the upper end for probable dilution of EPS is 15.6%, while estimating net add-ons by above-mentioned synergies to reach some 20% to 25% for profit attributable to owners of the parent based on Company forecasts going for ¥2,800m in FY09/2018 at the same time, assuming write-off of ¥200m pa for PPA (Purchase Price Allocation).

Statements of Profit or Loss (Cumulative, Quarterly)

Statements of Profit or Loss	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018	09/2018	
Revenue	20,864	29,920	7,793	15,948	8,128	17,669	26,015	-	-	+2,058
Cost of revenue	2,183	3,080	915	1,862	928	1,875	2,872	-	-	+284
Gross profit	18,681	26,839	6,878	14,086	7,199	15,793	23,142	-	-	+1,773
Selling, general and administrative expenses	15,558	22,654	6,600	12,966	6,136	13,390	19,602	-	-	+144
Other income and expenses	(79)	(118)	(72)	(102)	71	89	95	-	-	+238
Operating income	3,043	4,066	205	1,016	1,134	2,492	3,635	-	-	+1,867
Financial revenue	52	53	0	0	0	0	33	-	-	+31
Financial expenses	30	34	2	20	5	10	15	-	-	+8
Equity in net income of affiliates	0	2	5	(39)	(47)	(56)	(101)	-	-	(109)
Profit before taxes	3,065	4,087	208	957	1,080	2,426	3,552	-	-	+1,780
Income tax expenses	1,021	1,275	185	473	498	884	1,319	-	-	+686
Profit for the period	2,043	2,812	22	483	582	1,541	2,233	-	-	+1,093
Pro. for the period at. to own. of the par.	2,008	2,765	22	489	591	1,572	2,274	-	-	+1,163
Pro. for the period at. to non-con. interests	34	46	0	(5)	(8)	(30)	(41)	-	-	(70)
Total	2,043	2,812	22	483	582	1,541	2,233	-	-	+1,093
Revenue YoY	+14.8%	+16.4%	+13.8%	+15.9%	+14.4%	+9.3%	+8.6%	-	-	-
Operating income YoY	+3.6%	+1.8%	(82.5%)	(59.4%)	+109.9%	+59.5%	+105.6%	-	-	-
Profit before taxes YoY	+3.6%	+1.7%	(82.7%)	(62.1%)	+99.5%	+55.1%	+100.4%	-	-	-
Profit for the period YoY	+4.0%	+3.7%	(97.0%)	(71.5%)	+67.3%	+38.0%	+96.0%	-	-	-
Pro. for the period at. to own. of the par. YoY	+4.2%	+3.6%	(97.0%)	(70.8%)	+78.4%	+44.4%	+104.8%	-	-	-
Gross profit Margin	89.5%	89.7%	88.2%	88.3%	88.6%	89.4%	89.0%	-	-	(0.2%)
(SG&A / Revenue)	74.6%	75.7%	84.7%	81.3%	75.5%	75.8%	75.4%	-	-	(5.9%)
Operating income Margin	14.6%	13.6%	2.6%	6.4%	14.0%	14.1%	14.0%	-	-	+6.6%
Profit before taxes Margin	14.7%	13.7%	2.7%	6.0%	13.3%	13.7%	13.7%	-	-	+6.3%
Profit for the period Margin	9.8%	9.4%	0.3%	3.0%	7.2%	8.7%	8.6%	-	-	+3.8%
Pro. for the period at. to own. of the par. Margin	9.6%	9.2%	0.3%	3.1%	7.3%	8.9%	8.7%	-	-	+4.1%
Income tax expenses / Profit before taxes	33.3%	31.2%	89.2%	49.5%	46.1%	36.5%	37.1%	-	-	+1.4%

Statements of Profit or Loss	Cons.Act	Cons.Act	Cons.Act	YoY						
(Million Yen)	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018	09/2018	
Revenue	7,107	9,056	7,793	8,154	8,128	9,541	8,345	-	-	+551
Cost of revenue	774	897	915	946	928	946	996	-	-	+80
Gross profit	6,332	8,158	6,878	7,208	7,199	8,594	7,348	-	-	+470
Selling, general and administrative expenses	5,761	7,096	6,600	6,366	6,136	7,253	6,212	-	-	(387)
Other income and expenses	(30)	(39)	(72)	(30)	71	18	6	-	-	+78
Operating income	540	1,022	205	811	1,134	1,358	1,142	-	-	+937
Financial revenue	0	0	0	0	0	0	33	-	-	+32
Financial expenses	0	3	2	17	5	4	4	-	-	+1
Equity in net income of affiliates	0	2	5	(44)	(47)	(8)	(45)	-	-	(50)
Profit before taxes	541	1,022	208	748	1,080	1,345	1,126	-	-	+918
Income tax expenses	193	253	185	287	498	386	434	-	-	+248
Profit for the period	348	768	22	460	582	958	691	-	-	+669
Pro. for the period at. to own. of the par.	331	756	22	467	591	980	702	-	-	+680
Pro. for the period at. to non-con. interests	16	11	0	(6)	(8)	(21)	(10)	-	-	(11)
Total	348	768	22	460	582	958	691	-	-	+669
Revenue YoY	+13.2%	+20.3%	+13.8%	+18.0%	+14.4%	+5.4%	+7.1%	-	-	-
Operating income YoY	(49.8%)	(3.3%)	(82.5%)	(39.1%)	+109.9%	+32.9%	+456.6%	-	-	-
Profit before taxes YoY	(49.7%)	(3.6%)	(82.7%)	(43.2%)	+99.5%	+31.6%	+440.6%	-	-	-
Profit for the period YoY	(49.9%)	+3.1%	(97.0%)	(51.6%)	+67.3%	+24.7%	-	-	-	-
Pro. for the period at. to own. of the par. YoY	(52.2%)	+2.0%	(97.0%)	(50.5%)	+78.4%	+29.5%	-	-	-	-
Gross profit Margin	89.1%	90.1%	88.2%	88.4%	88.6%	90.1%	88.1%	-	-	(0.2%)
(SG&A / Revenue)	81.1%	78.4%	84.7%	78.1%	75.5%	76.0%	74.4%	-	-	(10.2%)
Operating income Margin	7.6%	11.3%	2.6%	9.9%	14.0%	14.2%	13.7%	-	-	+11.1%
Profit before taxes Margin	7.6%	11.3%	2.7%	9.2%	13.3%	14.1%	13.5%	-	-	+10.8%
Profit for the period Margin	4.9%	8.5%	0.3%	5.7%	7.2%	10.0%	8.3%	-	-	+8.0%
Pro. for the period at. to own. of the par. Margin	4.7%	8.4%	0.3%	5.7%	7.3%	10.3%	8.4%	-	-	+8.1%
Income tax expenses / Profit before taxes	35.7%	24.8%	89.2%	38.4%	46.1%	28.8%	38.6%	-	-	(50.6%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018	09/2018	
HOME'S Services Business	17,354	25,017	6,472	13,288	6,742	14,805	21,638	-	-	+1,547
Overseas Business	2,325	3,193	859	1,718	883	1,819	2,802	-	-	+324
Others Business	1,184	1,709	461	941	502	1,045	1,573	-	-	+185
Revenue	20,864	29,920	7,793	15,948	8,128	17,669	26,015	-	-	+2,058
HOME'S Services Business	2,649	3,594	264	1,067	943	2,223	3,284	-	-	+1,564
Overseas Business	276	346	65	131	130	208	264	-	-	+119
Others Business	117	136	(74)	(120)	(33)	(72)	(74)	-	-	(44)
Segment profit	3,043	4,077	255	1,078	1,040	2,358	3,473	-	-	+1,638
Inter-segment transactions	79	106	22	41	22	44	66	-	-	(9)
Other income and expenses	(79)	(118)	(72)	(102)	71	89	95	-	-	+238
Operating income	3,043	4,066	205	1,016	1,134	2,492	3,635	-	-	+1,868
HOME'S Services Business	15.3%	14.4%	4.1%	8.0%	14.0%	15.0%	15.2%	-	-	+6.6%
Overseas Business	11.9%	10.9%	7.6%	7.7%	14.8%	11.4%	9.4%	-	-	+3.6%
Others Business	10.0%	8.0%	(16.0%)	(12.9%)	(6.7%)	(7.0%)	(4.7%)	-	-	(2.6%)
Segment profit / Revenue	14.6%	13.6%	3.3%	6.8%	12.8%	13.3%	13.3%	-	-	+5.7%

Segmented Information	Cons.Act	Cons.Act	Cons.Act	YoY						
(Million Yen)	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018	09/2018	
HOME'S Services Business	5,955	7,662	6,472	6,816	6,742	8,062	6,833	-	-	+361
Overseas Business	750	867	859	858	883	935	983	-	-	+123
Others Business	400	525	461	479	502	542	528	-	-	+66
Revenue	7,107	9,056	7,793	8,154	8,128	9,541	8,345	-	-	+551
HOME'S Services Business	509	945	264	802	943	1,279	1,060	-	-	+796
Overseas Business	9	70	65	66	130	77	55	-	-	(9)
Others Business	25	18	(74)	(46)	(33)	(38)	(1)	-	-	+72
Segment profit	544	1,034	255	822	1,040	1,318	1,114	-	-	+858
Inter-segment transactions	26	27	22	18	22	22	21	-	-	0
Other income and expenses	(30)	(39)	(72)	(30)	71	18	6	-	-	+78
Operating income	540	1,022	205	811	1,134	1,358	1,142	-	-	+937
HOME'S Services Business	8.6%	12.3%	4.1%	11.8%	14.0%	15.9%	15.5%	-	-	+11.4%
Overseas Business	1.3%	8.1%	7.6%	7.8%	14.8%	8.3%	5.7%	-	-	(1.9%)
Others Business	6.3%	3.6%	(16.0%)	(9.8%)	(6.7%)	(7.2%)	(0.3%)	-	-	+15.7%
Segment profit / Revenue	7.7%	11.4%	3.3%	10.1%	12.8%	13.8%	13.4%	-	-	+10.1%

Source: Company Data, WRJ Calculation

Statements of Financial Position (Quarterly)

Statements of Financial Position	Cons.Act	Cons.Act	Cons.Act	YoY						
(Million Yen)	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4		Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018		
Cash and cash equivalents	6,263	6,046	5,013	5,509	5,275	5,446	7,136	-	-	+2,122
Accounts re.-trade and other current re.	3,517	4,712	3,916	4,229	4,091	5,131	4,282	-	-	+365
Other current financial assets	492	492	51	-	-	32	150	-	-	+98
Other current assets	544	807	484	454	587	542	534	-	-	+50
Total current assets	10,818	12,059	9,465	10,193	9,953	11,153	12,102	-	-	+2,636
Property, plant and equipment	585	1,796	1,887	1,926	1,908	1,867	1,869	-	-	(17)
Goodwill	8,805	8,860	9,520	9,857	10,001	9,690	9,514	-	-	(5)
Intangible assets	2,797	2,621	2,514	2,423	2,304	2,206	2,131	-	-	(382)
In. accounted for using the equity method	42	48	293	278	188	489	438	-	-	+144
Other long-term financial assets	1,140	1,123	1,157	1,170	1,600	1,606	1,624	-	-	+467
Deferred tax assets	429	594	625	509	397	435	560	-	-	(64)
Other non-current assets	5	5	4	4	11	8	4	-	-	-
Total non-current assets	13,806	15,050	16,003	16,170	16,412	16,303	16,144	-	-	+141
Total assets	24,625	27,110	25,469	26,363	26,366	27,457	28,247	-	-	+2,778
Accounts pay.-trade and other current pay.	2,350	3,441	2,283	2,936	2,380	2,983	2,449	-	-	+165
Short-term loans	981	969	968	970	971	476	482	-	-	(486)
Lease obligations	-	-	-	3	3	3	3	-	-	+3
Accrued corporate income taxes	41	661	78	277	354	783	1,171	-	-	+1,092
Other short-term financial liabilities	-	-	-	28	26	22	16	-	-	+16
Provisions	209	249	-	-	-	-	-	-	-	-
Other current liabilities	1,520	1,766	2,339	1,898	1,676	1,707	2,161	-	-	(178)
Total current liabilities	5,102	7,088	5,670	6,115	5,413	5,978	6,284	-	-	+613
Long-term loans	992	484	484	-	-	-	-	-	-	(484)
Lease obligations	-	-	-	84	84	82	81	-	-	+81
Provisions	-	469	518	518	518	518	533	-	-	+14
Other long-term financial liabilities	37	45	44	-	-	-	-	-	-	(44)
Deferred tax liabilities	264	205	299	317	325	313	314	-	-	+15
Other non-current liabilities	-	-	-	33	34	31	32	-	-	+32
Total non-current liabilities	1,294	1,205	1,346	954	962	946	963	-	-	(383)
Total liabilities	6,396	8,294	7,017	7,069	6,375	6,924	7,247	-	-	+229
Equity attributable to the owners of the parent	17,957	18,471	18,346	19,227	19,907	20,472	20,948	-	-	+2,601
Equity attributable to non-controlling interests	271	344	105	66	83	59	51	-	-	(53)
Total equity	18,228	18,815	18,451	19,293	19,990	20,532	21,000	-	-	+2,548
Total liabilities and equity	24,625	27,110	25,469	26,363	26,366	27,457	28,247	-	-	+2,778
Interest Bearing Debt	1,973	1,454	1,453	1,059	1,059	563	568	-	-	(885)
Net Debt	(4,290)	(4,592)	(3,559)	(4,450)	(4,216)	(4,883)	(6,567)	-	-	(3,008)
Equity attributable to the owners of the parent ratio	72.9%	68.1%	72.0%	72.9%	75.5%	74.6%	74.2%	-	-	-
Net debt equity ratio	(23.9%)	(24.9%)	(19.4%)	(23.1%)	(21.2%)	(23.9%)	(31.4%)	-	-	-
ROE (12 months)	16.0%	15.6%	12.0%	8.8%	9.7%	10.6%	14.0%	-	-	-
ROA (12 months)	17.0%	15.6%	12.5%	10.0%	12.0%	12.4%	16.0%	-	-	-
Quick ratio	192%	152%	157%	159%	173%	177%	182%	-	-	-
Current ratio	212%	170%	167%	167%	184%	187%	193%	-	-	-

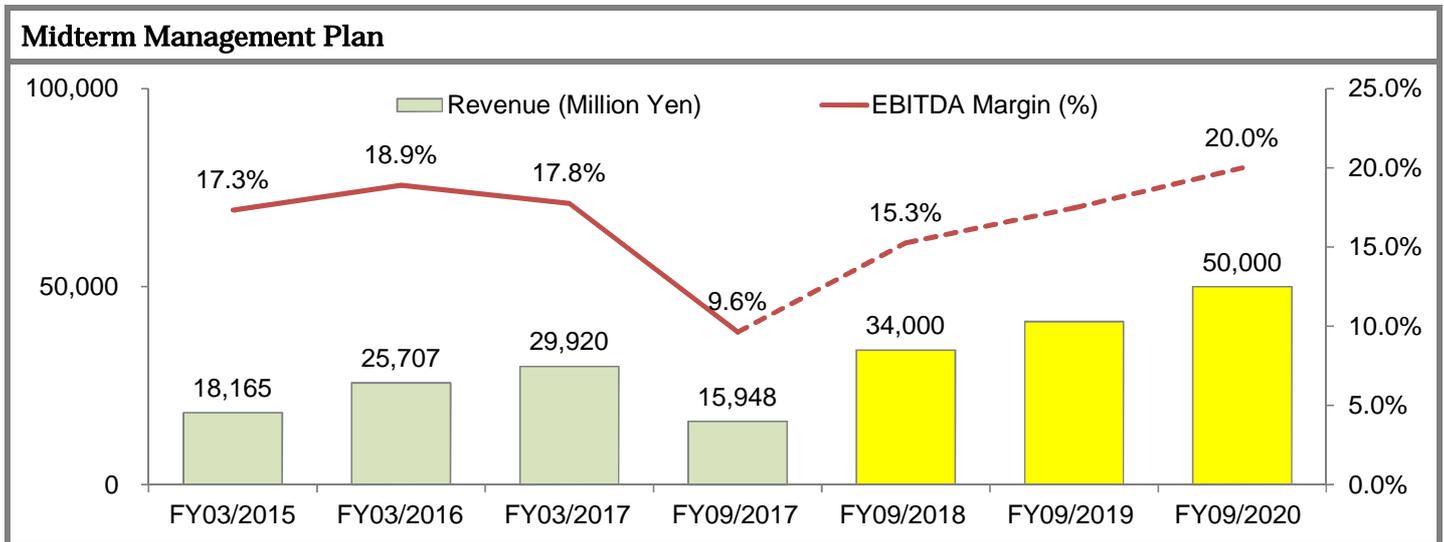
Source: Company Data, WRJ Calculation

Statements of Cash Flows (Cumulative, Quarterly)

Statements of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018		
Cash flow from operating activities	2,057	3,163	832	1,909	236	1,470	3,589	-	-	+1,441
Cash flow from investing activities	(1,334)	(2,134)	(868)	(999)	(425)	(921)	(1,311)	-	-	+737
Free cash flow	722	1,028	(36)	910	(188)	548	2,277	-	-	+2,179
Cash flow from financing activities	(1,018)	(1,517)	(1,098)	(1,601)	(69)	(580)	(579)	-	-	+984
Statements of Cash Flows	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4		Net Chg.
	03/2017	03/2017	09/2017	09/2017	09/2018	09/2018	09/2018	09/2018		
Cash flow from operating activities	208	1,106	832	1,077	236	1,233	2,118	-	-	+1,286
Cash flow from investing activities	(380)	(800)	(868)	(131)	(425)	(496)	(389)	-	-	+478
Free cash flow	(172)	306	(36)	946	(188)	737	1,729	-	-	+1,765
Cash flow from financing activities	33	(499)	(1,098)	(502)	(69)	(511)	1	-	-	+1,099

Long-Term Prospects

As the target of business performance, the Company's midterm management plan is calling for "revenue of ¥50,000m to ¥60,000m, EBITDA margin of some 20%" in FY09/2020, which does not include impacts from upcoming consolidation of Mitula. Meanwhile, the Company is steadily preparing for this consolidation, going for the implementation in October 2018. Thus, a probability is increasing for the Company to benefit from net add-ons stemming from here in a long-term view. Meanwhile, the Company saw irregular 6-month results in FY09/2017 due to change of fiscal yearend.



Source: Company Data, WRJ Calculation

Assuming FY09/2018 Company forecasts are to be met, while going for revenue of ¥50,000m, EBITDA of ¥10,000m and EBITDA margin of 20.0% in FY09/2020 based on the target of business performance, the Company is to see CAGR of 21.3% for revenue and 33.8% for EBITDA through FY09/2018 to FY09/2020, while EBITDA margin up 4.7 points during the same period. When aforementioned impacts stemming from consolidation of Mitula being assumed, the Company sees all those rate of increases further accelerating.

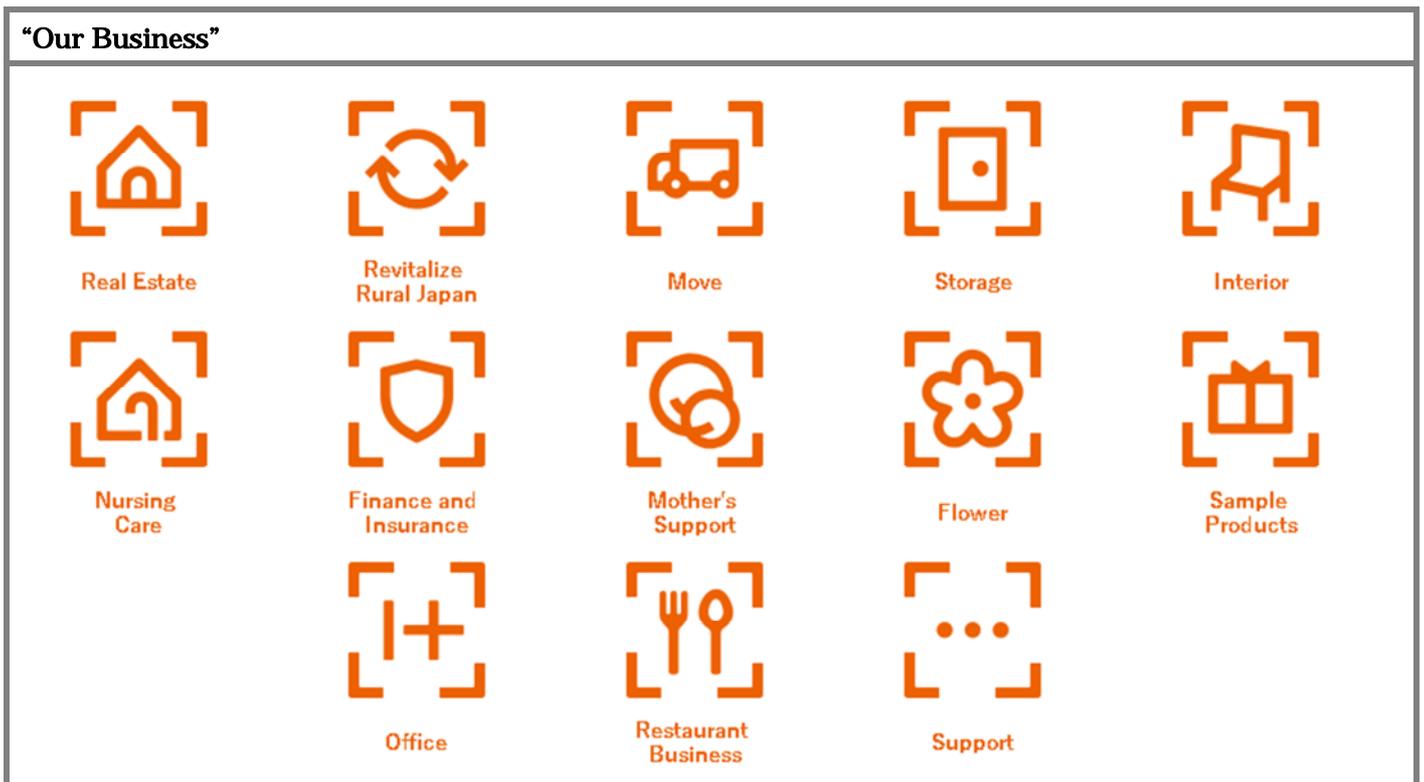
Meanwhile, FY09/2018 Company forecasts (revised on 26 July 2018) are going for prospective revenue of ¥34,000m (up 5.9% over the same period 12 months ago), EBITDA of ¥5,190m (up 32.8%), operating income of ¥4,000m (up 55.1%) and profit attributable to owners of the parent ¥2,800m (up 77.5%), while EBITDA margin of 15.3% (up 3.1 points). Company forecasts do not assume dividend on an absolute value basis, but the Company reveals it is to pay dividend based on payout ratio of 20%.

Above-mentioned Company forecasts are after downgrade by ¥7,000m (17.1%) in revenue and by ¥826m (13.7%) in EBITDA. Due mainly to revenue on the mainstay HOME'S Services Business side falling short of expectations, the Company is to see shortfalls in revenue and EBITDA. It is suggested that user attraction through search engine has been rather disappointing negatively affected by changes of Google's search algorithm. In regards to shortfall of revenue, another factor is that the Company has pulled out of loss-making services associated with renovation. Still, the Company argues that negative impacts from both of them are just temporary, while going for a retrieval of some 15% as long-term organic growth rate on a CAGR basis for HOME'S Services Business, together with measures to make progress with aforementioned structural reform, etc.

4.0 Business Model

Running one of the Largest Real Estate and Housing Information Listing Websites in Japan

The Company runs HOME'S Services Business, Overseas Business and Others Business. While details of business model on the Overseas Business side have been already discussed, the Company offers “Our Business” on its website, comprising information on categorized services in a view of users or general consumers with respect to operations of HOME'S Services Business and Others Business both operated in Japan. For example, HOME'S Services Business is in charge of “Real Estate” and “Support”, while Others Business other services but for the two.



Source: Company Data

As operations by the Company, “Real Estate” represents those to run “LIFUL HOME'S”, i.e., one of the largest real estate and housing information listing websites in Japan. As of the end of June 2018, the number of information on property collectively stood at 6.7m, implying the number of property listed by advertisers or real estate companies is one of the largest in the market.

Generally speaking, earnings model of portal sites like this is classified into three categories comprising billing on advertising, billing on listing and billing on contract. As far as billing on advertising and billing on listing are concerned, the number of clicks on contents, etc. made on specific information based on needs of advertisers is the key determinant for revenue, while rather directly depending on the extent of transactions to be generated through the clicks on the c) billing on contract side. In the Company's “LIFULL HOME'S”, it appears the bulk of revenue is associated with proprietary “billing on enquiry”, suggesting that a scheme resembling billing on contract is mainly adopted in “LIFULL HOME'S”.

As far as we could gather, “Real Estate” (where the Company bills to advertisers or real estate companies on listing of information in regards to the property they deal in) accounts for more than half of revenue on the HOME’S Services Business side. Amongst others, revenue associated with listing of information on rental and second hand property trading is the mainstay. At the same time, the Company is also involved with new property, custom home, etc. Meanwhile, the Company sees exposure to revenue of “Support” more than a certain extent. In regards to this, the Company has been consistently increasing its exposure to diverse services to support clients as well as expanding business domains so far, as found in consolidation of Renter’s Co. (to have been absorbed on 1 October 2017) in April 2007, which was followed by consolidation of LIFULL Marketing Partners (former Axelion Co., Ltd.) in May 2015. The former is provider of CRM services to support operations of real estate companies, while the latter advertising agency for real estate developers.

“Billing on enquiry”, advocated being world’s only scheme according to the Company, is adopted in rental and second hand property trading and conventional billing on listing for new property, etc. In regards to rental, accounting for the bulk of revenue based on “billing on enquiry”, advertisers are consistently billed with monthly basic charge of ¥10,000 as well as with commission on enquiry additionally.

Commission on enquiry is billed in line with occurrence of transaction (enquiry) on information of the property listed on “LIFULL HOME’S” by advertisers or real estate companies. Thus, advertisers or real estate companies see no additional fees as far as transaction (enquiry) does not take place. Thus, given no fees being generated with just listing information unlike billing on listing, advertisers or real estate companies show tendency to increase the number of the property listed more than billing on listing, according to the Company. More importantly, this enhances convenience for users of “LIFULL HOME’S” or general consumers. In regards to rental, an enquiry generates commission equating 5.5% of monthly rent of the property up to 15 enquiries and 4.0% for the 16th and more.

Meanwhile, “Nursing Care” accounts for the bulk of revenue on the Others Business side. This represents services through portal site of “LIFULL Nursing Care” run by LIFULL senior Co., Ltd., listing information on home for elderly people, nursing facilities, etc. Earnings model here is of billing on listing. In addition, information on storage place, rental space, rental warehouse, etc. are listed on portal site of “LIFULL Storage” run by LIFULL SPACE Co., Ltd., which is contents of “Storage”. On portal site of “LIFULL Move” run by LIFULL MOVE Co., Ltd., information on moving is listed, while “LIFULL Insurance” by LIFULL FinTech Co., Ltd. on insurance consultation / comparison, respectively, representing “Move” and “Finance and Insurance”.

All those four subsidiaries, set up by incorporation-type demerger, are those of running existing operations and each is consistently seeing favorable business performance and thus seeing operating profit more than a certain level on a collective basis. Meanwhile, “Revitalize Rural Japan” and other services are new operations, also included in Others Business. Generally speaking, all those new operations are in the process of setting up business model to generate revenue meeting with expenses, collectively seeing operating loss, large enough to more than offset operating profit from existing operations. As a result, Others Business saw revenue of ¥1,573m (up 13.4% over the same period 12 months ago), segment profit of negative ¥74m (versus negative ¥30m during the same period 12 months ago) in Q1 to Q3 FY09/2018.

5.0 Financial Statements

Statements of Profit or Loss

Statements of Profit or Loss (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 09/2017	FY 09/2018	YoY Net Chg.
Revenue	-	18,165	25,707	29,920	15,948	34,000	+1,888
Cost of revenue	-	583	2,127	3,080	1,862	3,700	+165
Gross profit	-	17,582	23,580	26,839	14,086	30,300	+1,722
Selling, general and administrative expenses	-	14,849	19,489	22,654	12,966	26,390	+565
Other income and expenses	-	(41)	(95)	(118)	(102)	90	+262
Operating income	-	2,691	3,994	4,066	1,016	4,000	+1,420
Financial revenue	-	6	29	53	0	-	-
Financial expenses	-	43	10	34	20	-	-
Equity in net income of affiliates	-	2	4	2	(39)	-	-
Profit before taxes	-	2,656	4,018	4,087	957	-	-
Income tax expenses	-	851	1,306	1,275	473	-	-
Profit for the period	-	1,805	2,711	2,812	483	-	-
Pro. for the period at. to own. of the par.	-	1,796	2,670	2,765	489	2,800	+1,222
Pro. for the period at. to non-con. interests	-	8	40	46	(5)	-	-
Total	-	1,805	2,711	2,812	483	-	-
Revenue YoY	-	-	+41.5%	+16.4%	+15.9%	+5.9%	-
Operating income YoY	-	-	+48.4%	+1.8%	(59.4%)	+55.1%	-
Profit before taxes YoY	-	-	+51.3%	+1.7%	(62.1%)	-	-
Profit for the period YoY	-	-	+50.2%	+3.7%	(71.5%)	-	-
Pro. for the period at. to own. of the par. YoY	-	-	+48.7%	+3.6%	(70.8%)	+77.5%	-
Gross profit Margin	-	96.8%	91.7%	89.7%	88.3%	89.1%	+0.1%
(SG&A / Revenue)	-	81.7%	75.8%	75.7%	81.3%	77.6%	(2.8%)
Operating income Margin	-	14.8%	15.5%	13.6%	6.4%	11.8%	+3.7%
Profit before taxes Margin	-	14.6%	15.6%	13.7%	6.0%	-	-
Profit for the period Margin	-	9.9%	10.5%	9.4%	3.0%	-	-
Pro. for the period at. to own. of the par. Margin	-	9.9%	10.4%	9.2%	3.1%	8.2%	+3.3%
Income tax expenses / Profit before taxes	-	32.1%	32.5%	31.2%	49.5%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 09/2017	FY 09/2018	YoY Net Chg.
HOME'S Services Business	-	-	-	25,017	13,288	28,100	+1,193
Overseas Business	-	-	-	3,193	1,718	3,800	+462
Others Business	-	-	-	1,709	941	2,100	+232
Revenue	-	18,165	25,707	29,920	15,948	34,000	+1,888
HOME'S Services Business	-	-	-	3,594	1,067	-	-
Overseas Business	-	-	-	346	131	-	-
Others Business	-	-	-	136	(120)	-	-
Segment profit	-	-	-	4,077	1,078	-	-
Inter-segment transactions	-	-	-	106	41	-	-
Other income and expenses	-	-	-	(118)	(102)	-	-
Operating income	-	2,691	3,994	4,066	1,016	4,000	+1,420
HOME'S Services Business	-	-	-	14.4%	8.0%	-	-
Overseas Business	-	-	-	10.9%	7.7%	-	-
Others Business	-	-	-	8.0%	(12.9%)	-	-
Segment profit / Revenue	-	-	-	13.6%	6.8%	-	-

Source: Company Data, WRJ Calculation

Statements of Financial Position

Statements of Financial Position	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	09/2017	09/2018	Net Chg.
Cash and cash equivalents	-	4,268	6,625	6,046	5,509	-	-
Accounts re.-trade and other current re.	-	3,136	3,901	4,712	4,229	-	-
Other current financial assets	-	1,100	26	492	-	-	-
Other current assets	-	253	418	807	454	-	-
Total current assets	-	8,758	10,970	12,059	10,193	-	-
Property, plant and equipment	-	645	624	1,796	1,926	-	-
Goodwill	-	9,165	9,150	8,860	9,857	-	-
Intangible assets	-	2,930	3,076	2,621	2,423	-	-
In. accounted for using the equity method	-	37	42	48	278	-	-
Other long-term financial assets	-	571	808	1,123	1,170	-	-
Deferred tax assets	-	479	587	594	509	-	-
Other non-current assets	-	3	3	5	4	-	-
Total non-current assets	-	13,833	14,294	15,050	16,170	-	-
Total assets	-	22,592	25,265	27,110	26,363	-	-
Accounts pay.-trade and other current pay.	-	2,440	2,267	3,441	2,936	-	-
Short-term loans	-	7,000	970	969	970	-	-
Lease obligations	-	-	-	-	3	-	-
Accrued corporate income taxes	-	529	1,063	661	277	-	-
Other short-term financial liabilities	-	-	-	-	28	-	-
Provisions	-	-	-	249	-	-	-
Other current liabilities	-	1,199	1,690	1,766	1,898	-	-
Total current liabilities	-	11,169	5,991	7,088	6,115	-	-
Long-term loans	-	13	1,468	484	-	-	-
Lease obligations	-	-	-	-	84	-	-
Provisions	-	175	209	469	518	-	-
Other long-term financial liabilities	-	-	76	45	-	-	-
Deferred tax liabilities	-	380	240	205	317	-	-
Other non-current liabilities	-	-	137	-	33	-	-
Total non-current liabilities	-	569	2,132	1,205	954	-	-
Total liabilities	-	11,738	8,123	8,294	7,069	-	-
Equity attributable to the owners of the parent	-	10,824	16,922	18,471	19,227	-	-
Equity attributable to non-controlling interests	-	28	219	344	66	-	-
Total equity	-	10,853	17,142	18,815	19,293	-	-
Total liabilities and equity	-	22,592	25,265	27,110	26,363	-	-
Interest Bearing Debt	-	7,013	2,439	1,454	1,059	-	-
Net Debt	-	2,745	(4,185)	(4,592)	(4,450)	-	-
Equity attributable to the owners of the parent ratio	-	47.9%	67.0%	68.1%	72.9%	-	-
Net debt equity ratio	-	25.4%	(24.7%)	(24.9%)	(23.1%)	-	-
ROE (12 months)	-	17.1%	19.2%	15.6%	8.8%	-	-
ROA (12 months)	-	14.7%	16.8%	15.6%	10.0%	-	-
Quick ratio	-	66%	176%	152%	159%	-	-
Current ratio	-	78%	183%	170%	167%	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 03/2014	Cons.Act FY 03/2015	Cons.Act FY 03/2016	Cons.Act FY 03/2017	Cons.Act FY 09/2017	Cons.CoE FY 09/2018	YoY Net Chg.
No. of shares FY end (-000 shares)	-	-	118,789	118,789	118,789	-	-
Profit for the period / Basic EPS (-000 shares)	-	-	116,764	118,693	118,700	-	-
Treasury shares FY end (-000 shares)	-	-	74	74	74	-	-
Basic earnings per share	-	-	22.9	23.3	4.1	23.6	-
Diluted net income per share	-	-	-	23.3	4.1	-	-
Equity at. to owners of the parent per share	-	-	142.5	155.6	162.0	-	-
Dividends per share	-	-	4.5	5.7	0.8	-	-
Payout ratio	-	-	19.7%	24.3%	19.9%	20.0%	-

Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 03/2014	Cons.Act FY 03/2015	Cons.Act FY 03/2016	Cons.Act FY 03/2017	Cons.Act FY 09/2017	Cons.CoE FY 09/2018	YoY Net Chg.
Share split factor	-	-	1	1	1	-	-
Basic earnings per share	-	-	22.9	23.3	4.1	-	-
Equity at. to owners of the parent per share	-	-	142.5	155.6	162.0	-	-
Dividends per share	-	-	4.5	5.7	0.8	-	-

Source: Company Data, WRJ Calculation

Statements of Cash Flows

Statements of Cash Flows (Million Yen)	Cons.Act FY 03/2014	Cons.Act FY 03/2015	Cons.Act FY 03/2016	Cons.Act FY 03/2017	Cons.Act FY 09/2017	Cons.CoE FY 09/2018	YoY Net Chg.
Cash flow from operating activities	-	2,193	3,175	3,163	1,909	-	-
Cash flow from investing activities	-	(13,051)	93	(2,134)	(999)	-	-
Free cash flow	-	(10,858)	3,268	1,028	910	-	-
Cash flow from financing activities	-	6,734	(868)	(1,517)	(1,601)	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

“Make Every LIFE FULL”

The Company made a change for its company name in April 2017 to "LIFULL Co., Ltd." from NEXT Co., Ltd. According to Takashi Inoue (born in 1968), the founder and current CEO with the Company, new company name of LIFULL reflects a longing to “make every life full”.

Inoue, currently holding 27.7% of the shares outstanding as the largest shareholder with the Company as of the end of March 2018, founded NEXT HOME Co. or the predecessor organization for the Company in July 1995. Prior to this, Inoue worked with Recruit COSMOS Co. Ltd. (current COSMOS INITIA Co. Ltd.) and Recruit Co., Ltd. His experiences with them made him convinced that the real estate market should make a change and he set up NEXT HOME Co. The aim was to enable anybody to find the most suitable place to live in (home) out of variety of choices by means of eliminating asymmetry of information between real estate business operators and general consumers.

“NEXT HOME” had a connotation to offer next-generation way of finding home, while ‘HOME’ was removed from company name when NEXT Co., Ltd. was established in March 1997, with incorporations of diverse next-generation services in sight on top of existing ones associated with finding home. Meanwhile, the Company got listed on Tokyo Stock Exchange Mothers in October 2006, which was followed by a change of market for the shares to trade to Tokyo Stock Exchange 1st section in March 2010. Now, the Company has changed its company name again as above discussed, going for the management strategy to make Overseas Business as the key growth driver for the future as well as accumulating revenue on the HOME’S Services Business side, while enhancing diverse services elsewhere at the same time for the sake of long-term growth.

Company History

Date		Events
1995	Jul.	NEXT HOME Co. founded.
1997	Mar.	NEXT Co., Ltd. (now LIFULL Co., Ltd.) established.
	Apr.	Launched HOME'S (now "LIFULL HOME'S"), a website for real estate and housing information.
2002	Jan.	Capital tie-up with Rakuten Inc.
2006	Oct.	Shares listed on Tokyo Stock Exchange Mothers Section.
2007	Apr.	Acquired Renter's Co., an ASP that helps real estate agents organize properties and clients, making it a wholly owned subsidiary.
2010	Mar.	Shares listed on TSE First Section.
2011	Feb.	Completed ownership acquired in Littel KK, a partnership with the University of Tokyo.
		Launched MONEymo (now "LIFULL <i>Hoken Sodan</i> " –insurance consulting–), a website for searching for insurance agents and making appointments.
	Mar.	Absorbed consolidated subsidiary Littel KK.
2012	Apr.	Invested in PT. Rumah Media (now PT. LIFULL MEDIA INDONESIA) in Republic of Indonesia (Indonesia).
2014	Apr.	Launched HOME'S Style Market (now "LIFULL Interior"), an e-commerce website for furniture and interior goods.
	Oct.	Established LIFULL Fam Co., Ltd, supporting compatibility between child rearing and work.
	Nov.	Acquired Trovit Search, S.L. (Spain), which operates one of the world's largest aggregation sites, making it a wholly owned subsidiary.
2015	May.	Acquired Axelion Co., Ltd. (now LIFULL Marketing Partners), an Internet marketing provider for real estate agents, making it a wholly owned subsidiary.
	Jul.	Established LIFULL senior Co., Ltd., LIFULL MOVE Co., Ltd., LIFULL Fin Tech Co., Ltd. and LIFULL SPACE Co., Ltd., as a wholly owned subsidiary.
		Capital tie-up with Rakuten, Inc.
	Nov.	Established LIFULL bizas Co., Ltd. (100% subsidiary), operating back office work etc.
	Dec.	Started Australian real estate and housing information site "LIFULL Australia Real Estate".
2017	Jan.	JG Marketing Co., Ltd. (now LIFULL Social Funding Co., Ltd.), which manages the cloud funding platform, became a subsidiary.
	Apr.	Changed company name to LIFULL Co., Ltd.
		Integrate the provided services into the "LIFULL" brand.
		Headquarters moved to Kojimachi, Chiyoda-ku, Tokyo.
		Vietnam Creative Consulting Co., Ltd. (LIFULL Tech Vietnam Co., Ltd.), which develops software and application business, became a subsidiary.
	May.	Fully consolidated LIFULL Marketing Partners.
	Jun.	Entered vacation rental (<i>Minpaku</i>) business by establishment of Rakuten LIFULL STAY, Inc. with Rakuten, Inc.
	Oct.	Merged and acquired Renter's Co.

Nov. Invested in “KAMARQ HOLDINGS PTE. LTD” to run IoT future brand.
2018 Jan. Operational tie-up in international real estate investment with “Homelink”, one of the largest real estate brokers in China.

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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