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Representative Director, President, Managing Officer
(Stock Code: 2120 TSE Prime)
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Notice Regarding the Signing of a Memorandum of Understanding Transfer of an Overseas Subsidiary (Partial Transfer of Shares)

We hereby announce that at a meeting held today the Board of Directors has resolved to enter into a memorandum of understanding regarding the transfer of a portion of shares of our overseas subsidiary, LIFULL CONNECT S.L.U. ("LIFULL CONNECT") to a holdings company to be established by the Founders of FazWaz Pte. Ltd. ("FazWaz"). The memorandum of understanding has also been signed today as detailed below.

Notes

1. Reason for the Transfer

Following our Corporate Message of "Make Every LIFE FULL," we have been focusing our management resources on growth of LIFULL HOME'S, one of Japan's largest real estate portals, as well as our businesses outside of Japan throughout the term of our Mid-Term Management Plan (FY 2021/9 – FY 2025/9.)

In 2019, we established LIFULL CONNECT as a holding company for our international acquisitions, Trovit Search S.L.U. and Mitula Group Limited. 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. As part of this strategy, we acquired the tech-enabled brokerage, FazWaz Thailand Co. Ltd., in 2023.

While our Direct services have grown significantly over the last several years, rapid changes in the business environment, including the pandemic and evolving search engine algorithms, have impacted our revenues in aggregation services. This prompted us to re-evaluate our services, leading to impairment losses recorded in FY 2020/9, FY 2021/9 and FY 2024/9. (For detailed information on the FY 2024/9 impairment loss, please refer to today's disclosure titled "Notice of the Recording of an Impairment Loss and Notice of a Difference Between the Consolidated Result Forecast and Actual Results for the Fiscal Year.")

In Japan, however, we remain dedicated to expanding LIFULL HOME'S in Japan and have seen revenue recovery in FY 2023/9 and FY 2024/9.

For these reasons, we have opted to enter a memorandum of understanding to facilitate the strategic transformation of our overseas businesses and concentrate our management resources on expanding our Japanese operations.

If executed as planned, this transfer will result in the removal of LIFULL CONNECT from our consolidation scope in FY 2025/9, thereby enhancing capital efficiency and maximizing corporate and shareholder value.

2. Overview of the Subsidiary to be Transferred

(1) Name	LIFULL CONNECT S.L.U.		
(2) Location	Barcelona, Spain		
(3) Title and Name of Representative	Managing Director, SHISHIDO Kiyoshi		
(4) Description of Business	Operation of: - Aggregation sites for real estate, job listings and automobiles - Real estate portals - Tech-enabled brokerage		
(5) Share Capital	EUR 3,001		
(6) Date of Establishment	November 2019		
(7) Major Shareholders & Ownership Ratios	LIFULL Co., Ltd. 100%		
(8) Relationship Between the Company and Said Company	Capital Relationship	100% Subsidiary of the Company	
	Personnel Relationship	2 Directors dispatched from the Company	
	Business Relationship	Transactions involving real-estate information-related services and financing provided to the subsidiary	
(9) Consolidated operating results and consolidated financial positions of said company for the last three years (Millions of Yen unless otherwise stated)			
As of Fiscal Year Ended	FY 2022/9	FY 2023/9	FY 2024/9
Consolidated net assets	13,974	14,980	11,772
Consolidated total assets	16,974	22,196	19,158
Consolidated net assets per share (JPY)	4,656,551	4,991,807	3,922,893
Consolidated net sales	4,355	8,257	8,153
Consolidated operating profit	798	-329	-3,030
Profit attributable to owners of parent	967	-568	-3,471
Consolidated earnings per share (JPY)	322,277	-189,586	-1,156,781

Note: LIFULL CONNECT S.L.U. has 26 subsidiaries which will all be included in this transfer.

3. Overview of Counterparty to the Acquisition

(1) Name	Michael Stuart Bernard Kenner
(2) Location	Singapore
(3) Relationship Between the Company and Said Company	No capital, personnel or business relationships with the Company. However, Mr. Kenner is a Director of LIFULL CONNECT is a founder of FazWaz Pte. Ltd acquired by LIFULL CONNECT in Feb. 2023.

4. Content of the Transfer

Currently, the Company holds 100% of the shares (with 100% voting rights) of LIFULL CONNECT. However, we plan to change our holdings to non-voting preferred shares and transfer the 100% voting rights.

The details of the transfer, such as the content of the agreement and transfer price, will be determined in the future, and we will promptly inform the market as soon as the details are finalized.

For the fiscal year ended September 30, 20204, the subsidiary scheduled subject to the transfer had revenue of ¥8,153 million and an operating loss of ¥3,030 million. If this transfer is executed, LIFULL CONNECT will be excluded from our consolidation, leading to changes in the revenue and operating profit for the Group

5. Timetable

(1) Board of Directors Meeting	November 13, 2024
(2) Execution of the Memorandum of Understanding	November 13, 2024
(3) Execution of Agreement	Planned for December 2024
(4) Transfer of Shares	Planned for January 30, 2025

6. Future Outlook

We have announced our Consolidated Earnings Forecast for the fiscal year ending September 30, 2025, along with the details on the above agreements. However, the impact of the execution of this transfer has not been included in the forecast, as contractual matters are still under discussion. We will inform the market promptly as soon as the details of the agreement have been finalized.