



NEXT Co., Ltd. (TSE 1st section 2120)

Annual Report of Financial Statement

Second Quarter of Year Ended March 31, 2015
(April 2014 to September 2014)

Opinions and forecasts expressed in this document are those of management as of the date of publication and management does not offer any guarantee regarding their accuracy. Please note that actual business performance and results may differ materially from such opinions and forecasts due to changes in various factors.

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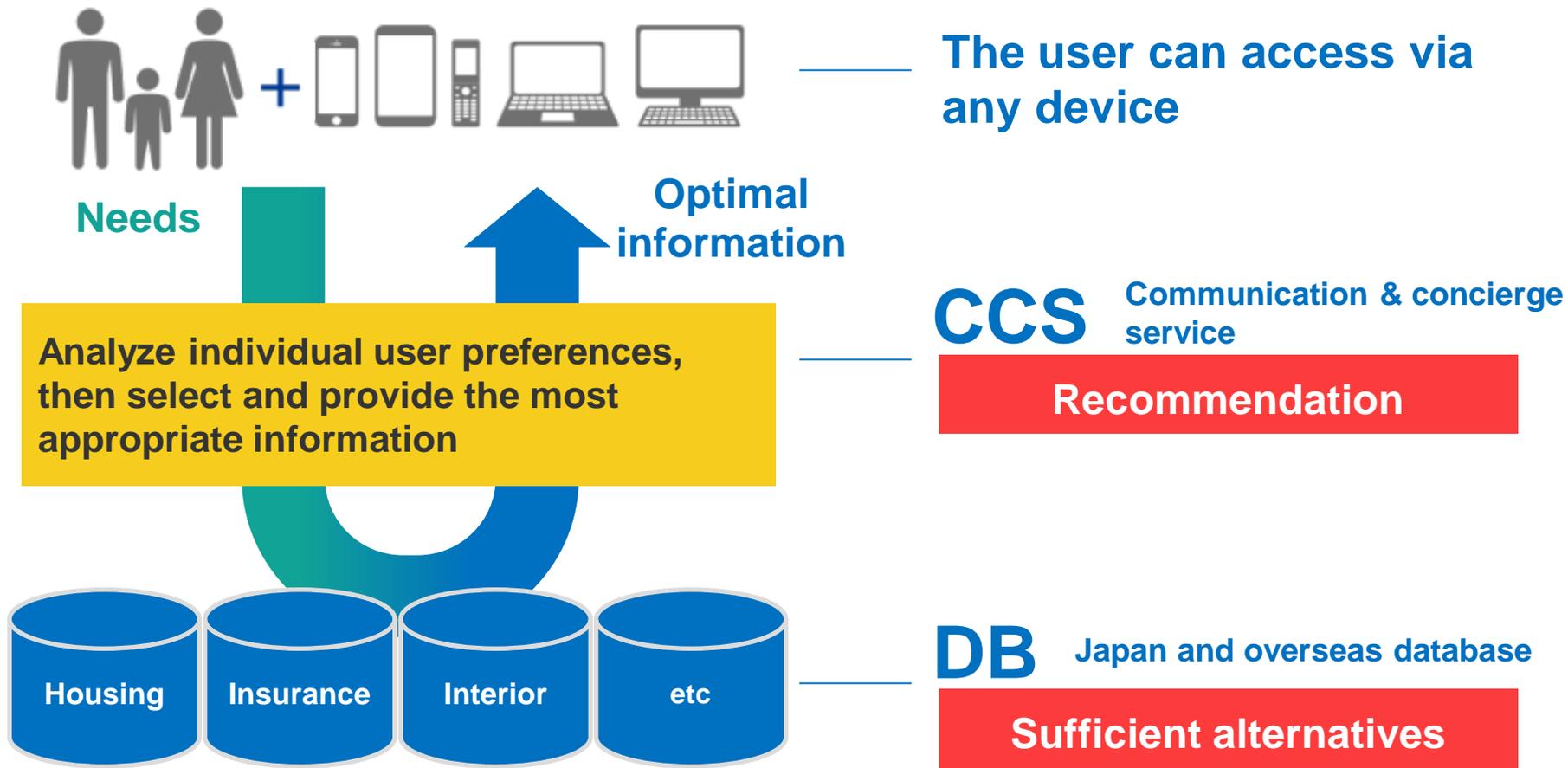


Business Strategies for the Fiscal Year Ending March 31, 2015

(Revisit)

(revisit)

POINT Our medium-term strategy slogan is "Aiming to be a global company through DB and CCS"



POINT We aim to be the undisputed No. 1 in real estate and housing information website, both in quality and volume

Goals

No. 1 in total properties listed

No. 1 in ease-of-use

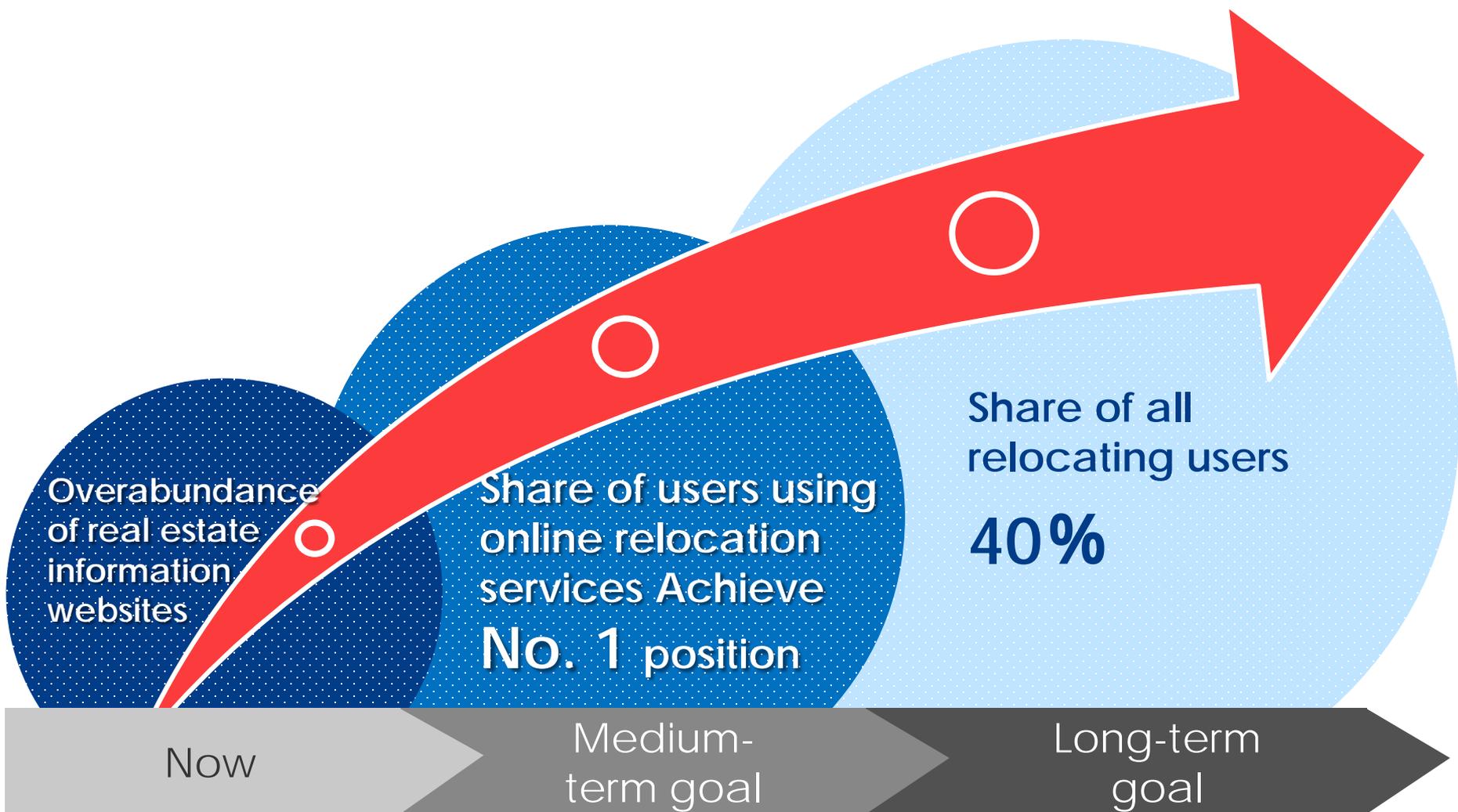
No. 1 in user numbers

No. 1 in accuracy of information

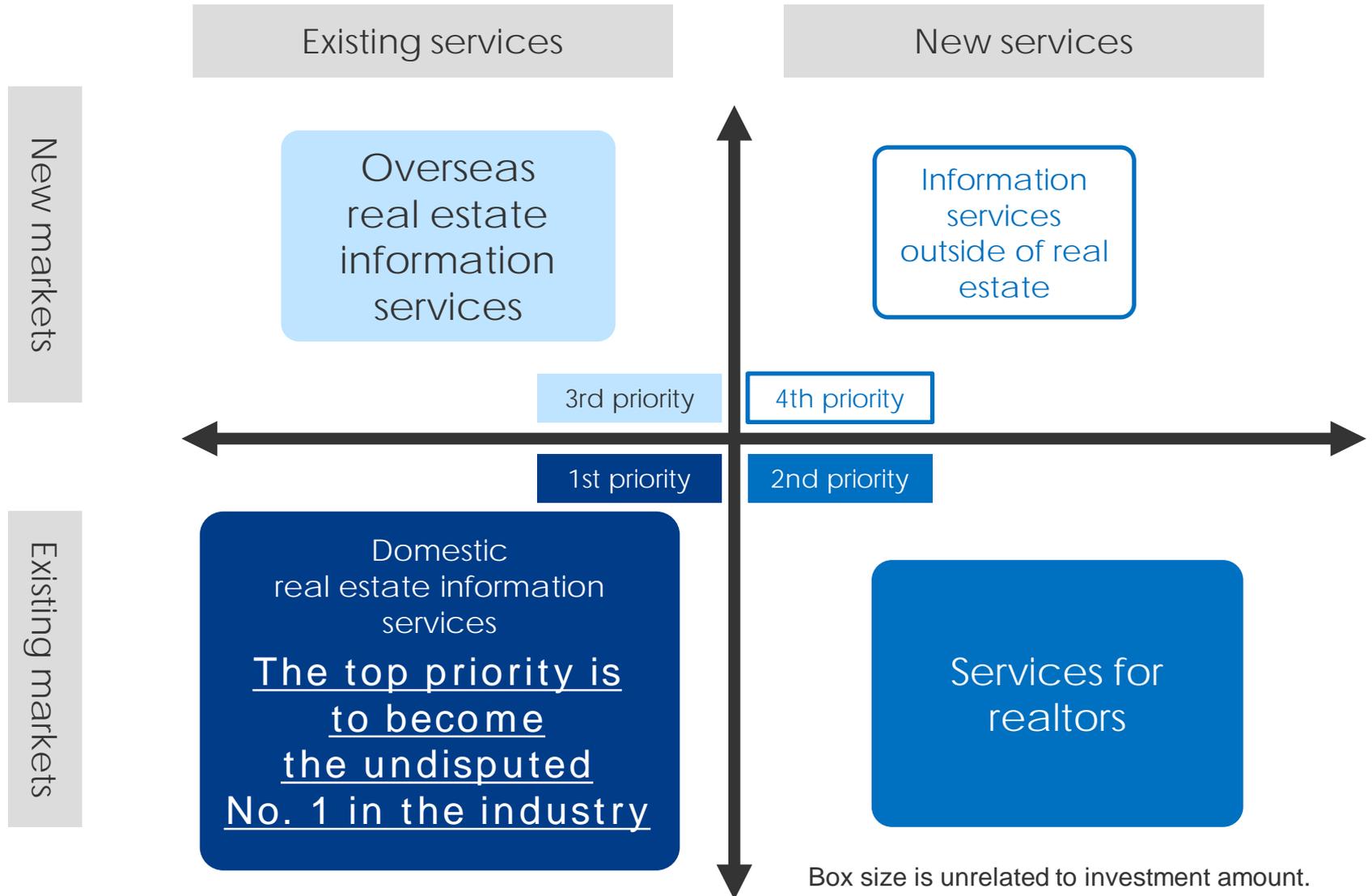
An aerial photograph of a city skyline at sunset. The sky is a mix of orange, pink, and purple. In the foreground, there are residential buildings with dark roofs. In the background, several tall skyscrapers are visible, some with lights on. The text "Fiscal 2015/03 is a year for expanded investment" is overlaid in white, bold, sans-serif font.

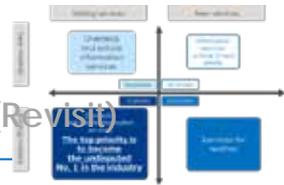
**Fiscal 2015/03
is a year for
expanded investment**

POINT Gain 40% of the market and make HOME'S an essential element of life.



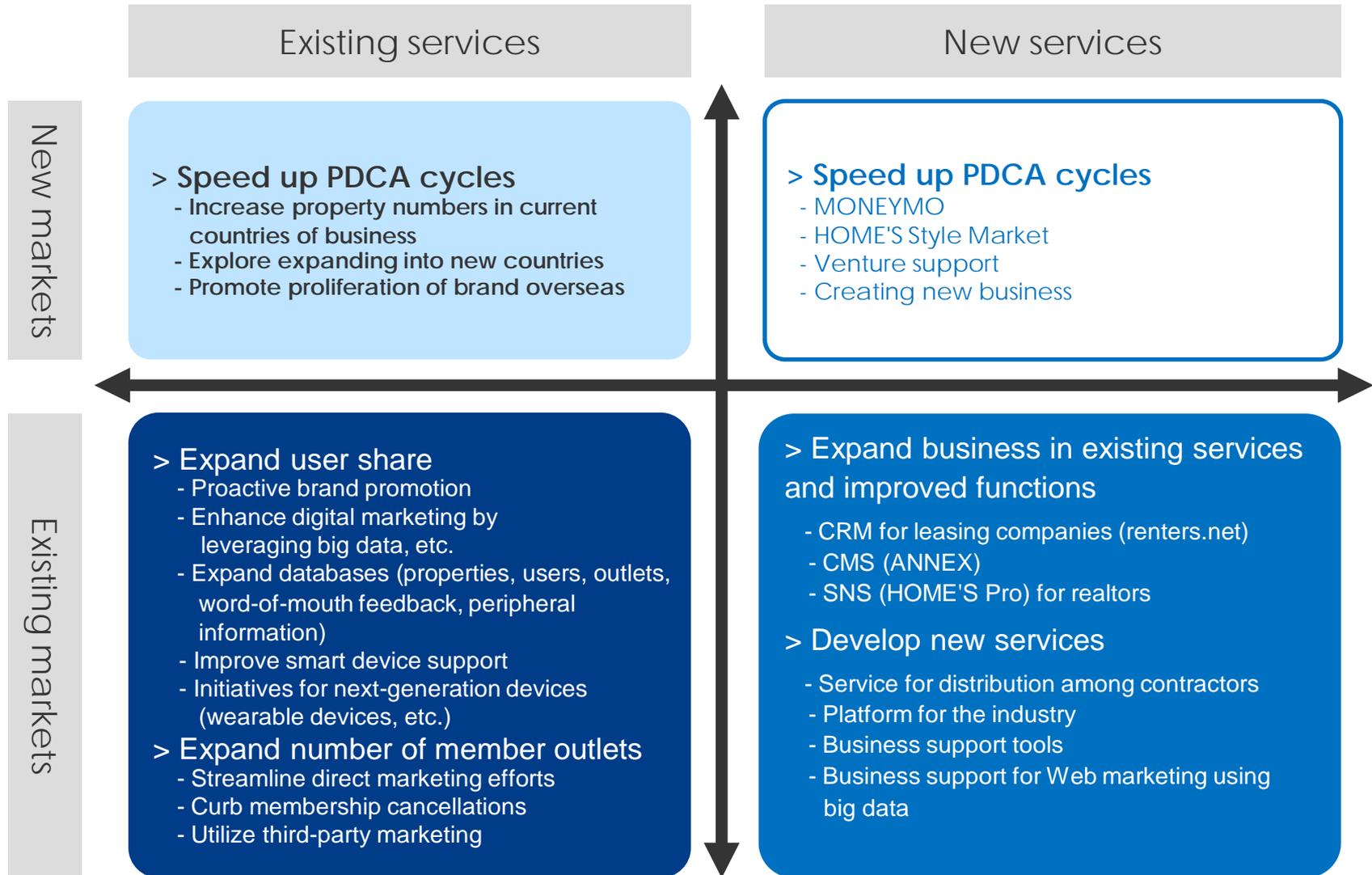
POINT Prioritize the domestic real estate market and invest in long-term growth





POINT

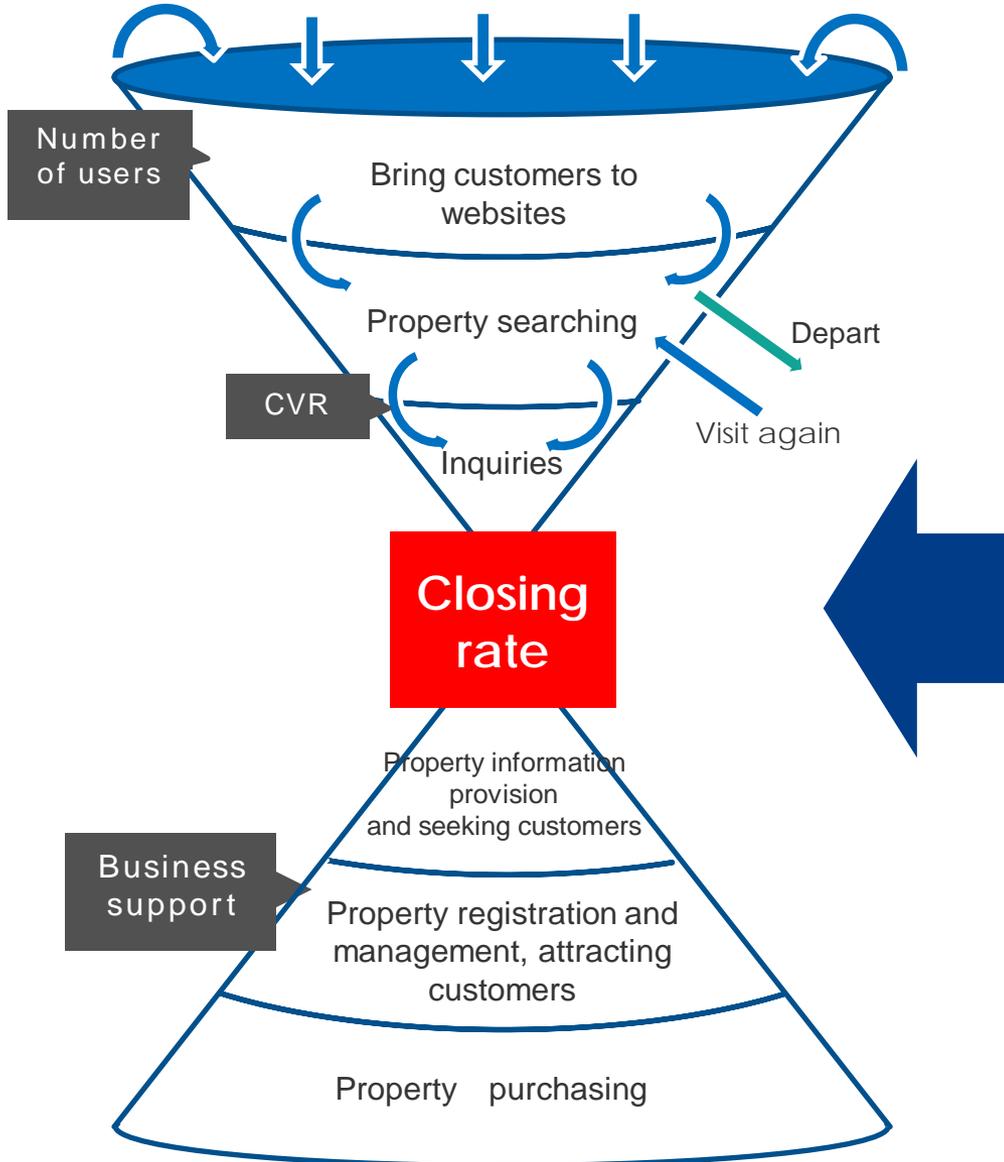
Prioritize the domestic real estate market and invest in long-term growth



POINT Support both users and customers, and maximize closing rates

Customers

Realtors



Gaining more customers

Maximizing user numbers

Improve products

Improve CVR (inquiry rate)

Expand database

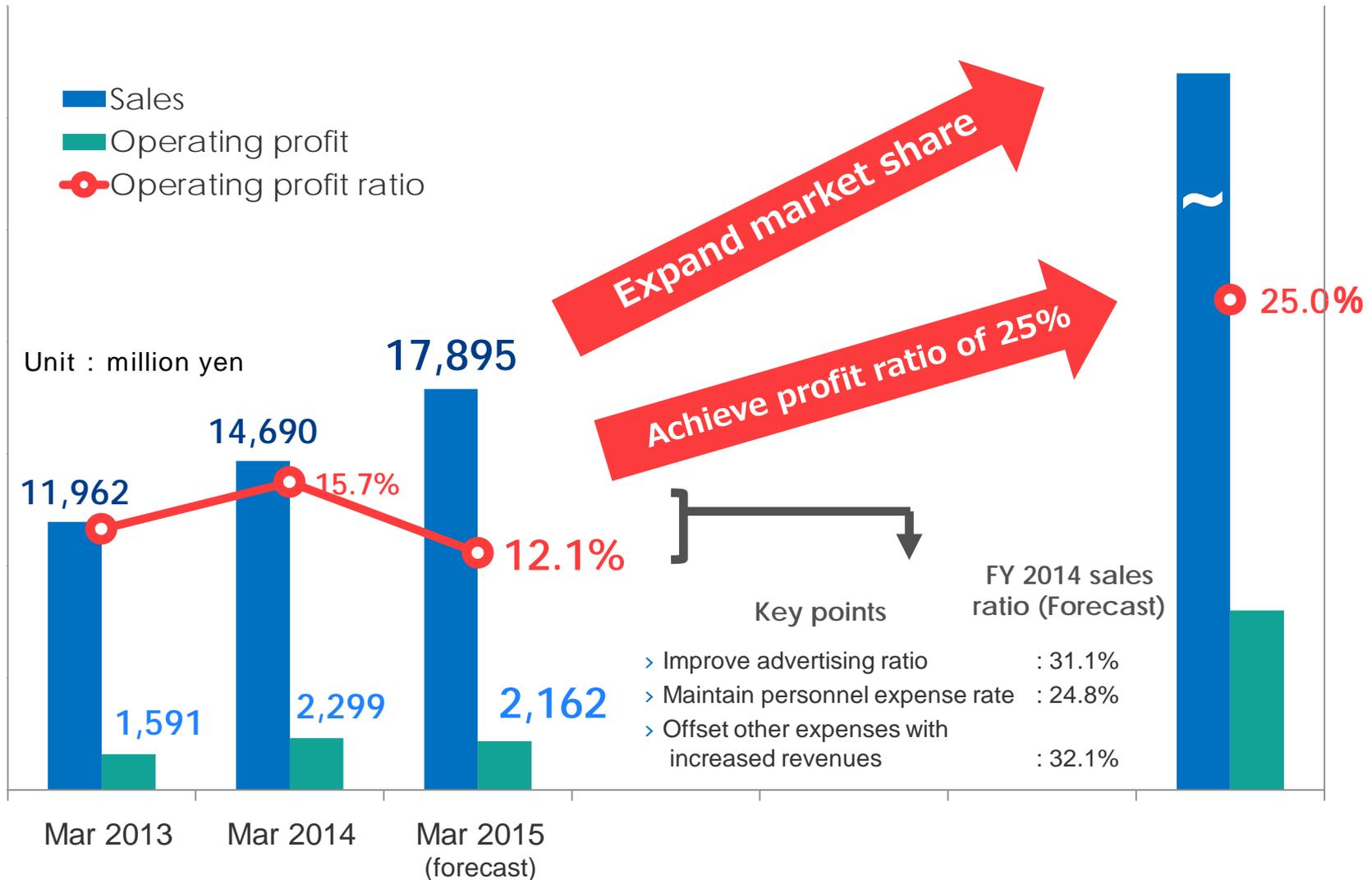
Improve CVR (inquiry rate) and maximize closing rate

Enhance business support services

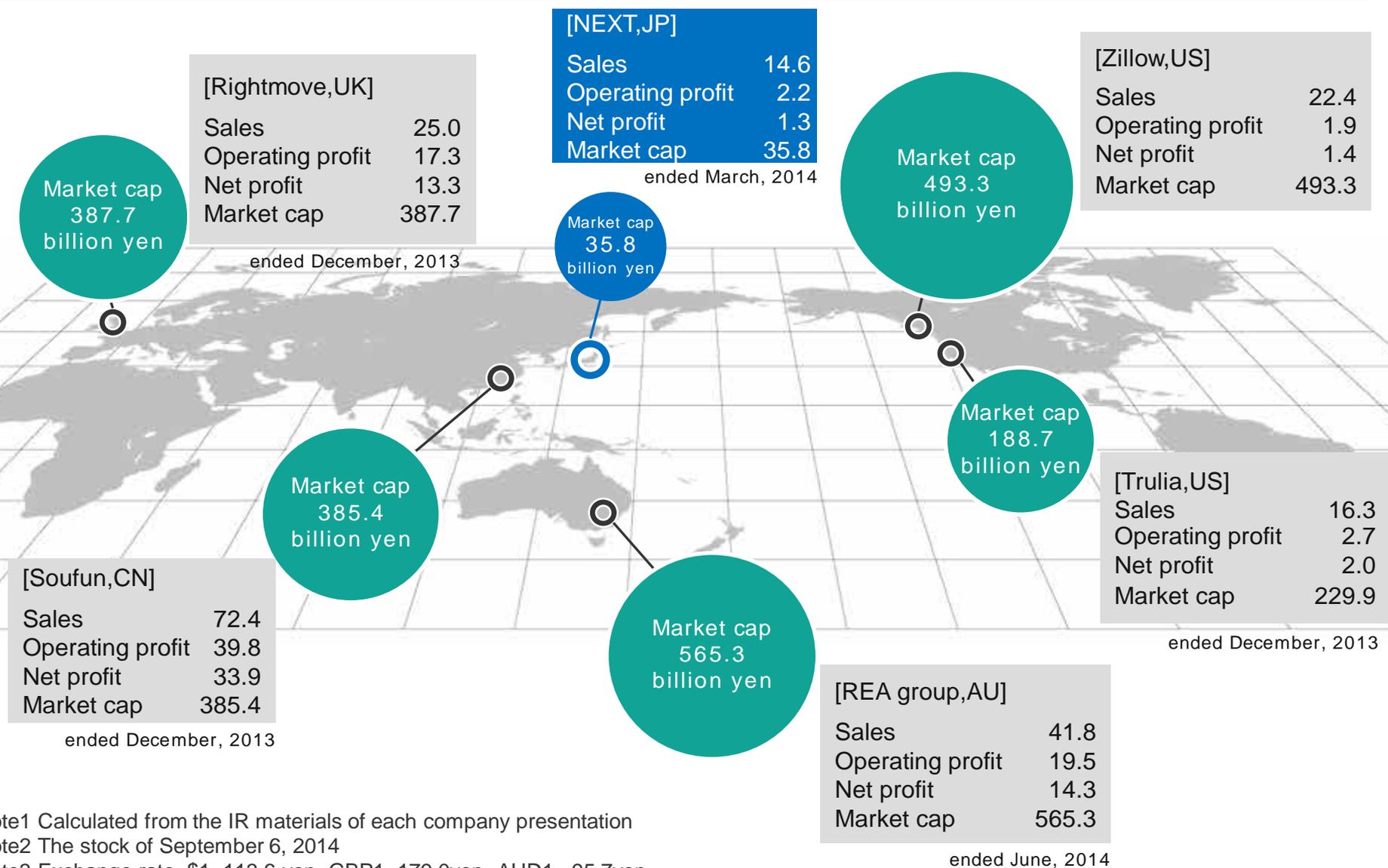
Expand database and maximize closing rate

POINT

Establish NEXT as No. 1 in market share for users of online relocation services and aim for operating profit ratio of 25%.



The situation of the overseas competitor

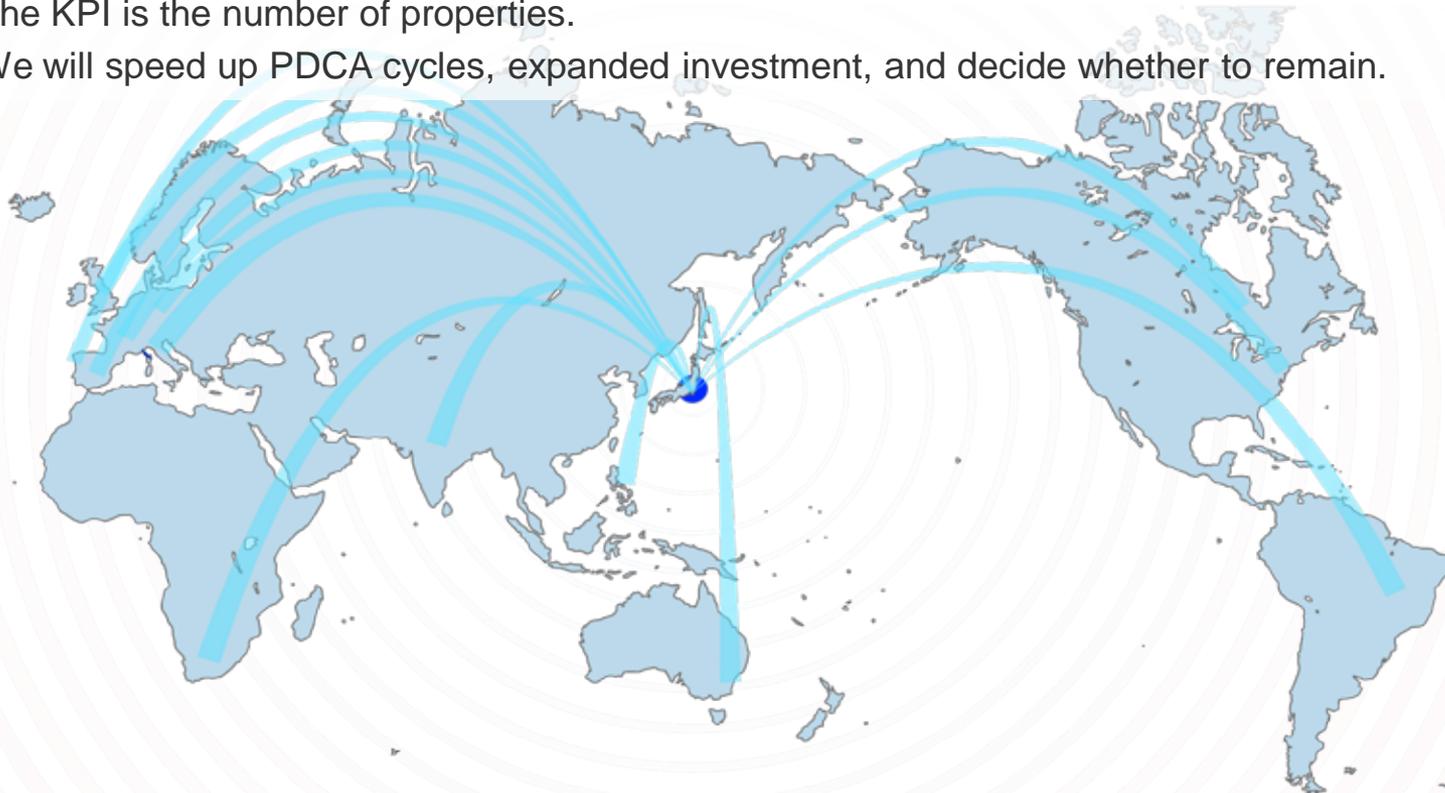


note1 Calculated from the IR materials of each company presentation
 note2 The stock of September 6, 2014
 note3 Exchange rate \$1=113.6 yen, GBP1=179.0yen, AUD1= 95.7yen
 note4 Zillow announces acquisition of Trulia for \$3.5 billion in stock.

POINT

Continue investment into overseas business to achieve medium- and long-term growth

- › We are currently building highly-versatile websites for many nations and languages using SEO techniques developed in Japan.
- › Roll out websites at low cost, while generally avoiding establishing local facilities.
 - Regions where Google's search engine is strong
 - Regions where most people speak a common language
- › The KPI is the number of properties.
- › We will speed up PDCA cycles, expanded investment, and decide whether to remain.



› **Medium- and Long-Term Objectives (Financial Indicators)**

1. Aim to achieve 25% operating profit margin
2. Improve productivity
3. Return profits to shareholders through continuous dividends and profit growth

› **Business Development**

1. HOME'S as the absolute No.1 = Improve property coverage
2. Expansion of services for realtors
3. Overseas expansion
4. Secure a new revenue base outside of real estate

Key Points

Financial results for **Q2** of the fiscal year ending March 31, 2015

The real estate information service business performed strongly
Consolidated sales for **the first half** of the year ending March 31, 2015 grew
13.1% year-on-year

Operating profit for the first half declined **19.1%** year-on-year as a result of the Company's strategic investment programs

Property information comprehensiveness = Important indicator for our competition strategy

The total number of properties listed online averaged **4.91 million** for September 2014
(up 619,000 year-on-year)

The fiscal year ending March 31, 2015 is a period of **investment** for NEXT, which aims
to **achieve increased user share**

Step up advertising and smart device support service

Intend to make **Trovit Search, S.L.** (the operator of one of the largest aggregator sites in the world)
a wholly-owned subsidiary of NEXT

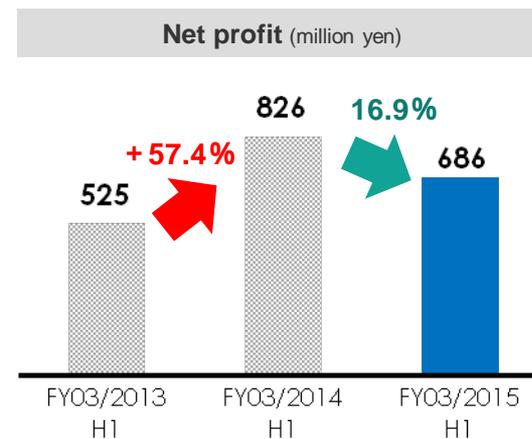
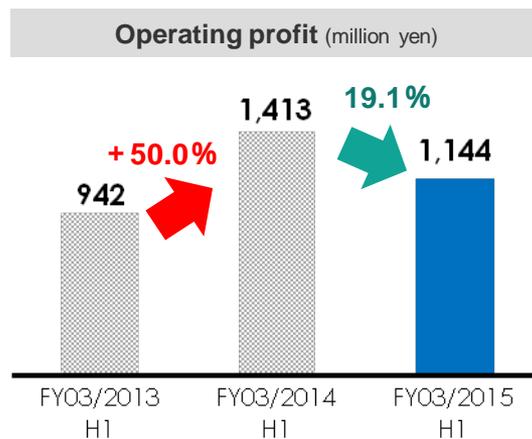
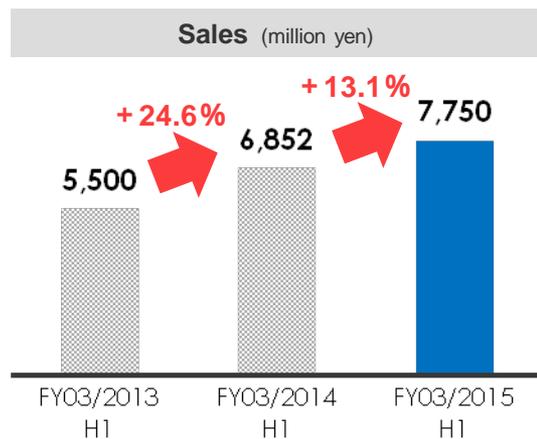
Accelerate our global strategy through reinforcing the area technology service



Financial Results for the H1 of the Fiscal Year Ending March 31, 2015

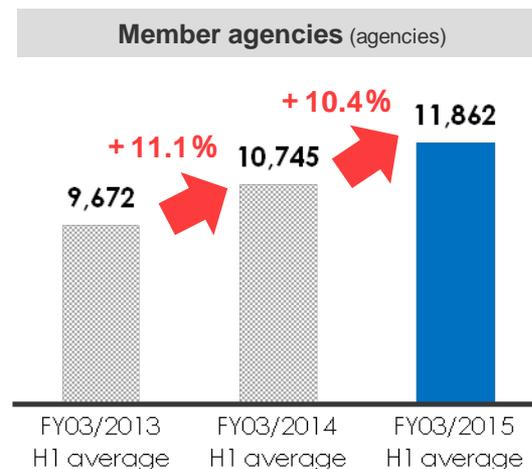
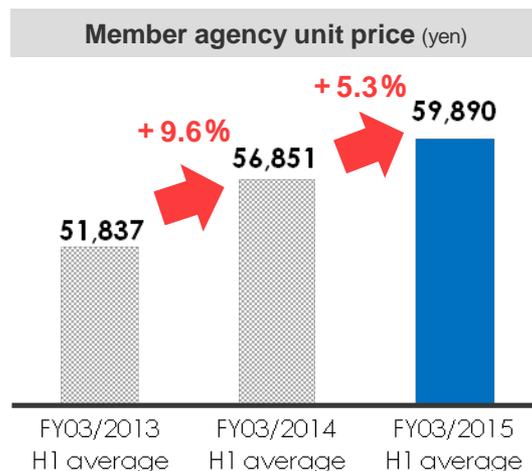
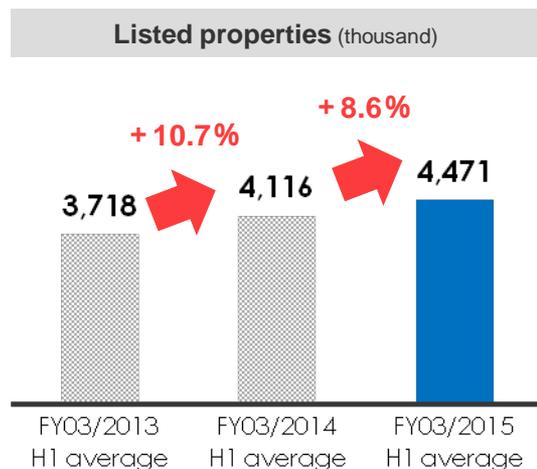
CHECK!

Consolidated financial results



CHECK!

HOME'S Rental & Real Estate Trade: Key indicators



Simple Profit & Loss Statement

Financial results for **Q2** of the fiscal year ending March 31, 2015

POINT

Sales grew 13.1%, operating profit declined 19.1% and net profit decreased 16.9% year on year, respectively

(Unit: Million yen)	[Accumulated Total] FY03/2014 (Apr – Sep)	[Accumulated Total] FY03/2015 (Apr – Sep)	Change (year-on-year)	Percentage change (year-on-year)		[Quarterly] FY03/2014 (Jul – Sep)	[Quarterly] FY03/2015 (Jul – Sep)	Percentage change (year-on-year)
Sales	6,852	7,750	+ 897	+ 13.1%	*1	3,454	3,897	+ 12.8%
Cost of sales	206	234	+ 28	+ 13.7%		104	126	+ 20.8%
Selling, general & administrative (SG&A) expenses	5,232	6,371	+ 1,139	+ 21.8%		2,798	3,339	+ 19.3%
Personnel costs	1,779	1,980	+ 200	+ 11.3%		973	991	+ 1.9%
Advertising costs	1,726	2,442	+ 715	+ 41.4%	*2	952	1,328	+ 39.4%
Operating expenses	179	296	+ 116	+ 65.1%	*3	95	170	+ 78.2%
Depreciation/amortization costs	254	178	75	29.9%		122	89	26.9%
Other selling, general & administrative (SG&A) expenses	1,291	1,473	+ 181	+ 14.1%		654	760	+ 16.2%
Operating profit	1,413	1,144	269	19.1%	*4	550	431	21.6%
Net profit	826	686	139	16.9%		309	267	13.6%
Operating profit margin (OPM)	20.6%	14.8%	5.9p	-		15.9%	11.1%	-

*1. Sales for the real estate information service business grew 13.0% year-on-year. In particular, sales for the core “Rental & Real Estate Trade” service increased 16.3% year-on-year in continuation of double-digit rate growth (for details, please see page 20).

*2. Advertising activities comprising mini programs, TV commercials, public transport advertisements, YouTube advertisements and digital marketing were implemented for expanded target areas (for details, please see page 28).

*3. The rise in operating expenses was attributable to the increasing sales proxy service costs and marketing costs.

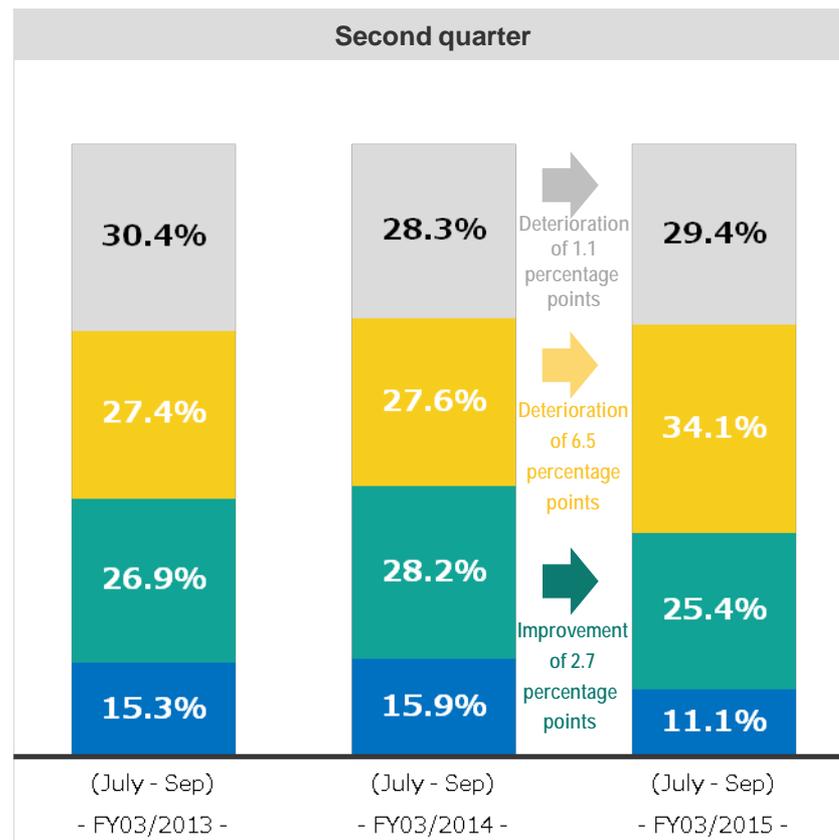
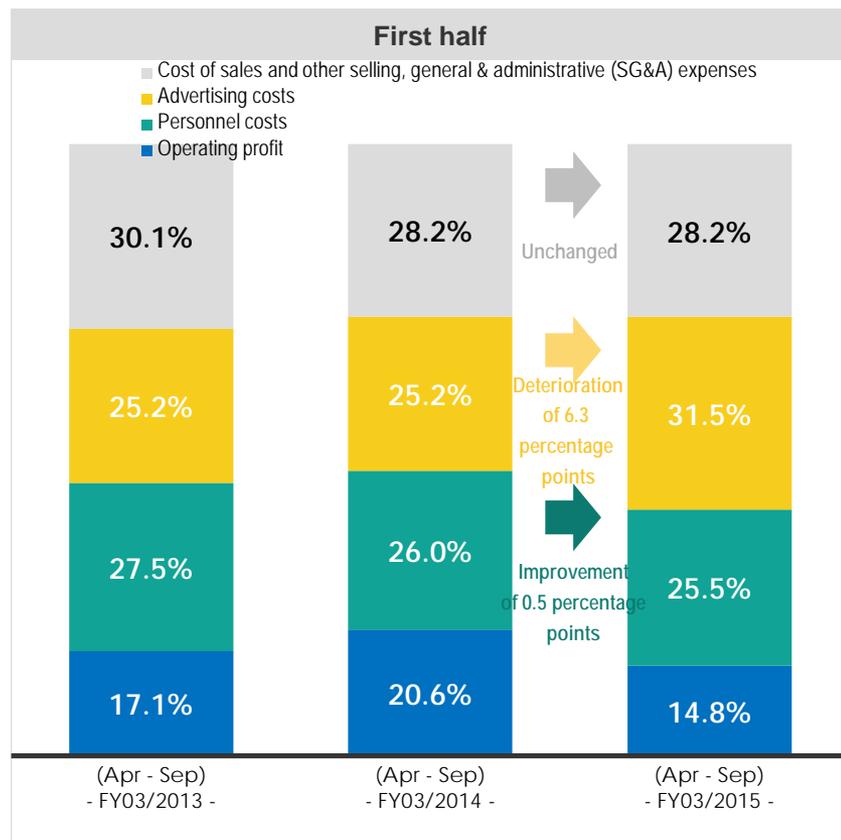
*4. Although having declined year-on-year, operating profit was in line with the accounting year-start forecast for the year deemed to be a year of strategic investment for growth for the next fiscal year onwards (user share gain and service development)

Sales Breakdown

Financial results for Q2 of the fiscal year ending March 31, 2015

POINT

Although having deteriorated due to its strategic advertising expenditure, the Company's profit margin was in line with its period-start plan



Cost of sales and other selling, general & administrative (SG&A) expenses: Despite higher outsourcing costs, their percentage share was unchanged due to reduced rent.
 Advertising costs: The Company continued to step up its advertising programs consisting mainly of strategic branding promotion, an initiative aimed at achieving increased user share early. Part of the advertising budget expenditure originally allocated to the second half of fiscal year 2014 was frontloaded to the first half.
 Personnel costs: The consolidated number of employees for the first half averaged 614, up from 572 for the same period a year ago. Yet, their share improved thanks to increased sales resulting from the Company's productivity enhancement efforts.

Sales by Service Category

Financial results for Q2 of the fiscal year ending March 31, 2015

POINT

New Houses, Custom-Built Houses, and Renovations continued to be exposed to the adverse effects of the consumption tax hike

Sales for the Realtor's Network service increased by a massive 48.1% year on year, helping the Company's overall sales to continue growing at a double-digit rate

(Unit: Million yen)		FY03/2014 (Apr – Sep)	FY03/2015 (Apr – Sep)	Change (Year-on-year)	Percentage change (Year-on-year)		[Quarter] FY03/2014 (Jul – Sep)	[Quarter] FY03/2015 (Jul – Sep)	Percentage change (Year-on-year)
Sales		6,852	7,750	+ 897	+ 13.1%		3,454	3,897	+ 12.8%
Real Estate Information Services		6,787	7,670	+ 882	+ 13.0%		3,420	3,858	+ 12.8%
Rental & Real Estate Trade		3,664	4,263	+ 598	+ 16.3%	*1	1,845	2,161	+ 17.1%
New Houses		2,048	2,171	+ 123	+ 6.0%	*2	1,027	1,087	+ 5.9%
Custom-Built Houses and Renovations		522	455	67	12.9%	*3	266	224	15.7%
Realtor's Network		Note 1 290	429	+ 139	+ 48.1%	*4	153	223	+ 45.3%
Others		Note 2 261	349	+ 88	+ 33.8%	*5	128	161	+ 26.0%
Other Businesses		Note 3 65	80	+ 14	+ 22.9%		33	39	+ 18.1%

Note 1: The Realtor's Network sales are composed of those from "CRM services for leasing companies," "business support services for real estate developers" and "website design tools."

Note 2: "Others" of the Real Estate Information Services consists of "HOME'S Nursing Care," "HOME'S Moving Estimates," "HOME'S Renovation," "HOME'S Storage Room," overseas business, and so on.

Note 3: "Other Businesses" comprise "MONEYMO" and "HOME's Style Market," among others.

*1. NEXT's continued enhancement of its branding promotion, digital marketing and marketing capability led to increased numbers of site visitors, property inquiries and affiliated stores. Both sales per affiliate store and the number of affiliated stores posted new records.

*2. The average number of new condominiums listed online in the first half declined 6.8% year-on-year due to the continued adverse effects of the April 2014 consumption tax hike. The number of new houses listed online grew 10.0% year-on-year partly thanks to the increased number of customers.

*3. The Custom-Built Houses and Renovations business also continued to be exposed to the adverse effects of the consumption tax hike. A website overhaul was carried out for the Renovations business on October 2, 2014.

*4. The real estate developer business support service (DMP service) launched in July 2014 grew steadily, achieving a single-month profitability in September 2014.

*5. Sales for the HOME'S Nursing Care business for the first half grew 63.3% year-on-year due to increased numbers of property listings and inquiries.

Profit and Loss by Segment

Financial results for Q2 of the fiscal year ending March 31, 2015

POINT Operating profit for the Real Estate Information Services business declined 19.6% year-on-year due to NEXT's strategic investments

(Unit: Million yen)	[Accumulated total] FY03/2014 (Apr – Sep)	[Accumulated total] FY03/2015 (Apr – Sep)	Change (Year-on-year)	Percentage change (Year-on-year)	[Quarter] FY03/2014 (Jul – Sep)	[Quarter] FY03/2015 (Jul – Aug)	Percentage change (Year-on-year)
Real Estate Information Services	1,452	1,168	284	19.6%	564	501	11.2%
Other Businesses	38	24	+ 14	-	14	14	-
Consolidated operating profit	1,413	1,144	269	19.1%	550	487	11.5%

*No percentage change is shown if loss was recorded for the first half a year ago or the first half under review.

Real Estate Information Services: Operating profit for the first half was more or less in line with the period-start projection although it declined year-on-year due to increased advertising costs resulting from the Company's branding promotion and to its market survey programs.

Other Businesses: Operating loss for the first half decreased year-on-year partly thanks to the discontinuation of the persistently- loss-making "EventCal" and "eQOL Skin Care" services in the second quarter of the previous fiscal year. Operating loss for the second quarter of fiscal year 2014 was flat compared with the same quarter a year ago, affected by the addition of the costs for the "HOME'S Style Market" website, an interior EC site launched in April 2014.

Consolidated Balance Sheet and Goodwill

Financial results for Q2 of the fiscal year ending March 31, 2015

POINT

Net assets per share grew 4.5% year on year

(Unit: Million yen)	End of Previous Year End FY03/2014	[Current Half] Sep 30, 2014 End FY03/2015	Change	Percentage change	Main reasons for change
Assets	13,409	13,664	+ 254	+ 1.9%	Decrease in accounts receivable-trade 150 Decrease in current assets *1 Increase in intangible fixed assets + 381 Increase in fixed assets
Current assets	11,109	10,979	130	1.2%	
Fixed assets	2,300	2,685	+385	+ 16.8%	
Liabilities	3,160	2,945	214	6.8%	Decrease in provision for bonuses 113 Decrease in current liabilities Decrease in income taxes payable 200 Decrease in current liabilities Increase in accounts payable-other + 77 Increase in current liabilities
Current liabilities	2,987	2,771	216	7.2%	
Fixed liabilities	172	173	+ 1	+ 0.8%	
Net assets	10,249	10,719	+ 469	+ 4.6%	Increase in retained earnings +463 Increase in net assets
Net assets per share	181.55	189.72	+ 8.17	+ 4.5%	

Goodwill Amortization Status (Unit: Thousand yen)	Total Amount of Goodwill	Residual Value at Beginning of Period	Apr to Sep 2014 Amortization Amount	Residual Value	Number of Months Outstanding	Amortization Completion Date
The former Littel	216,738	86,695	21,673	65,021	18 months	March 2016

*1. Software in progress grew 356 million yen year-on-year while the Company engaged in new service, invested in a new backbone system and overhauled its property renovation website.

Cash Flow

Financial results for Q2 of the fiscal year ending March 31, 2015

POINT

The balance of cash and cash equivalents as of September 30, 2014 stood at 7,500 million yen, a decrease of 79 million yen year-on-year, and at 8,500 million yen including time deposits

Unit: Million yen	FY03/2014 H1 (Apr-Sep)	FY03/2015 H1 (Apr-Sep)	Change	Main items	FY03/2014 H1 (Apr-Sep)	FY03/2015 H1 (Apr-Sep)
Operating CF	+ 1,033	+ 766	267	Pretax profit of the current term	1,403	1,138
				Depreciation	254	178
				Increase/decrease in provision for bonuses	76	104
				Increase/decrease in allowance for doubtful accounts	127	19
				Increase/decrease in trade accounts receivable	63	132
				Increase/decrease in accounts payable-other	71	21
				Income taxes paid	609	581
Investment CF	252	1,417	1,164	Cash outflow due to time deposit	—	1,000
				Cash outflow due to the acquisition of intangible fixed assets	122	366
Financial CF	108	261	153	Payment of dividends	122	263
Increase/decrease in cash and cash equivalents	+ 675	913	1,589			
Balance of cash and cash equivalents	7,608	7,528	79			



Financial Results for H1 of the Fiscal Year Ending March 31, 2015 as Compared to Forecast

Financial Results for H1 of the Fiscal Year Ending March 31, 2015 as Compared to Forecast

Simple profit and loss statement

Unit: Million yen	FY03/2015 1H (Forecast)	FY03/2015 1H (Actual)	Difference	Percentage difference	
Sales	7,965	7,750	215	2.7%	*1
Cost of sales	289	234	54	18.8%	*2
Selling, general & administrative (SG&A) expenses	6,619	6,371	248	3.7%	
Personnel costs	2,005	1,980	24	1.2%	
Advertising costs	2,332	2,442	+ 110	+ 4.7%	*3
Operating expenses	408	296	112	27.4%	*4
Depreciation/amortization cost	183	178	5	3.0%	
Other selling, general & administrative (SG&A) expenses	1,689	1,473	216	12.8%	
Operating profit	1,057	1,144	+ 86	+ 8.2%	*5
Net profit	617	686	+ 69	+ 11.2%	
Operating profit margin (OPM)	13.3%	14.8%	+ 1.5P	-	*5

Sales according to service

Unit: Million yen	FY03/2015 1H (Forecast)	FY03/2015 1H (Actual)	Difference	Percentage difference	
Sales	7,965	7,750	215	2.7%	
Real Estate Information Services	7,836	7,670	166	2.1%	
Rental & Real Estate Trade	4,378	4,263	115	2.6%	
New Houses	2,218	2,171	46	2.1%	
Custom-Built Houses and Renovations	452	455	+ 3	+ 0.7%	
Realtor's Network	439	429	9	2.2%	
Others	347	349	+ 2	+ 0.6%	
Other Businesses	128	80	48	37.9%	*6

*1. Actual sales did not differ markedly from the forecast although the Company began to set its sales forecast in a neutral manner starting with the current fiscal year, instead of in a conservative manner.

*2. A shortfall of 54 million yen due to non-use of cost of sales as sales quantity for interior EC site "HOME'S Style Market" struggled to grow

*3. An overrun of 110 million yen as the Company brought forward part of the expenditure originally planned to be conducted in the second half of fiscal year 2014

*4. A shortfall of 112 million yen due to non-use of part of affiliated store acquisition proxy sales expenses and to delays in the use of monthly non-proxy sales expenses

*5. Although actual sales fell short of the forecast by 2.7%, operating profit exceeded the forecast by 8.2% thanks to the Company's cost-saving efforts and to delays in the use of monthly expenses.

*6. Sales fell short of projection since EC site "HOME'S Style Market" launched in April 2014 struggled to expand the number of its users



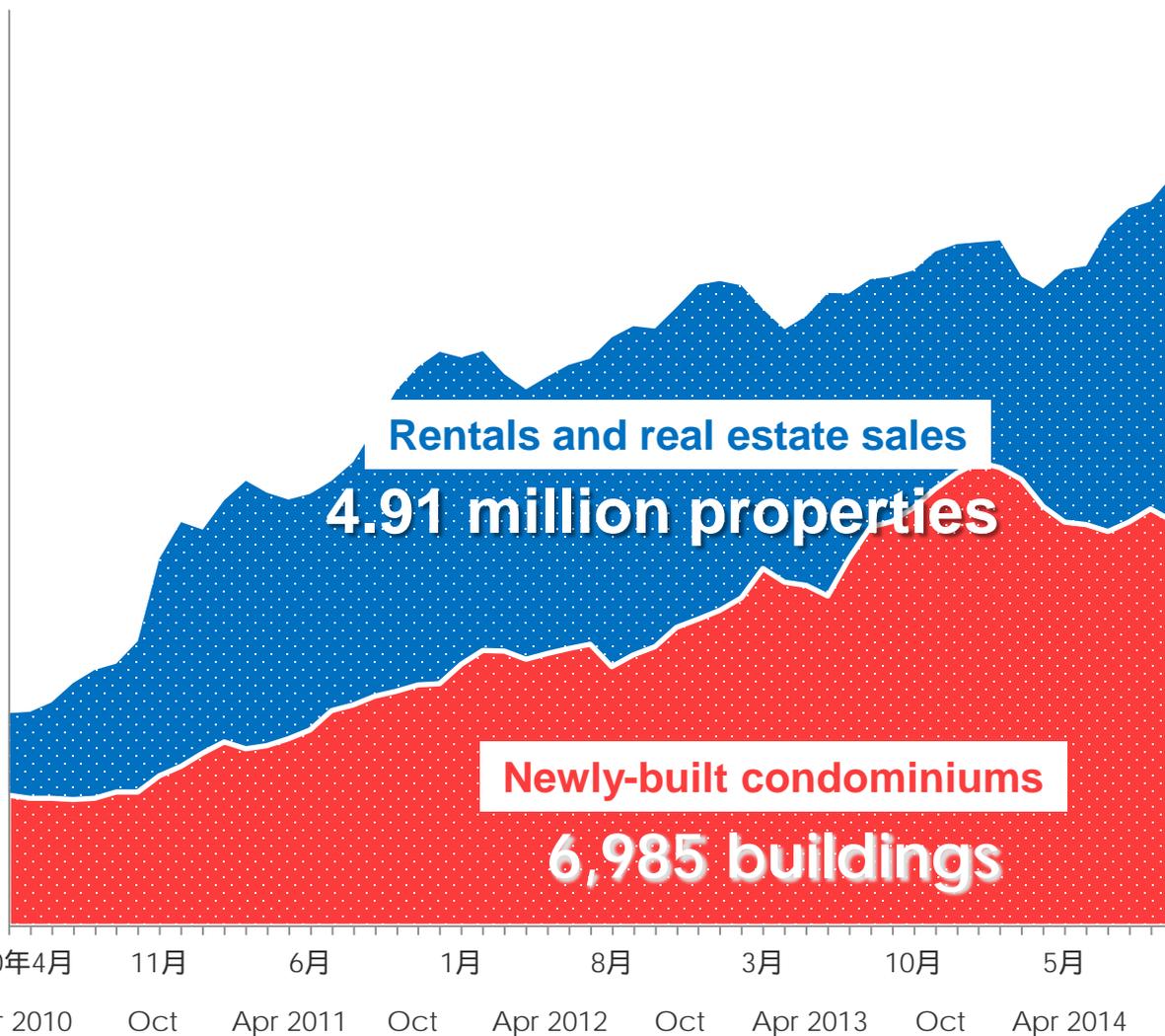
**A Review of the Second
Quarter of the Fiscal Year
Ending March 31, 2015**

Trends in the Total Number of Properties Listed on HOME'S

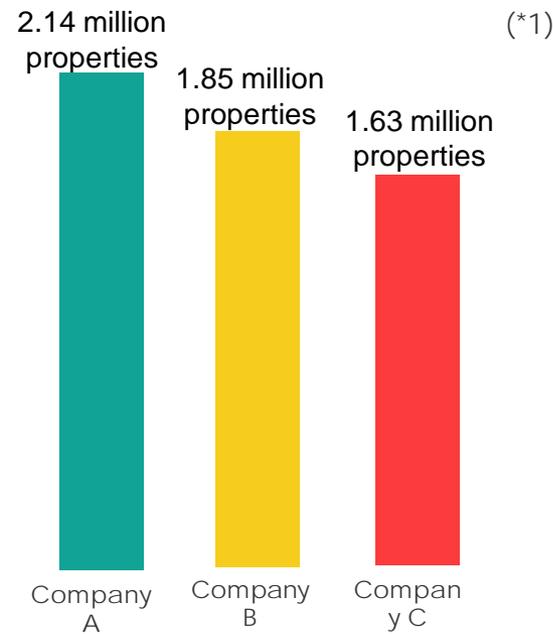
A review of the second quarter of the fiscal year ending March 31, 2015

POINT

The number of properties listed grew steadily, remaining at levels more than double that of competitors



Comparison with major websites



(*1) Total properties listed for rentals and real estate sales as of September 2014. NEXT data.

Branding Promotion Enhancement Initiatives for Q2 and Beyond

POINT Expand channels, areas and ad placement compared to the previous quarter, thereby boosting user share.



Mini TV program to be provided from Aug. 1 (Saturday night on the TBS network)

1.7 billion yen

For the 1st half of FY2014

Expand areas
Boost ad placement
Add channels

2.4 billion yen

Estimated for the 1st half of the FY2015

Ad Expenses (total)

Branding Promotion Enhancement Initiatives for Q2 and Beyond

POINT Implement branding promotion continuously while measuring effects.

Image of boosting the consumer recall rate



CHECK!

(2) Curb the forgetting rate.

à OOH, mini TV programs, etc.

CHECK!

(1) Increase the consumer recall rate.

à TV commercials, YouTube, display ads, campaigns, etc.



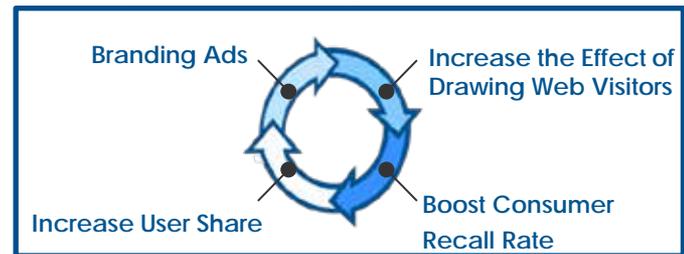
Consumer recall rate

CHECK!

(3) Raise the consumer recall rate.

à Continuous branding

【 Cycle of Advertising Activities 】



Measure the effect of advertisements placed

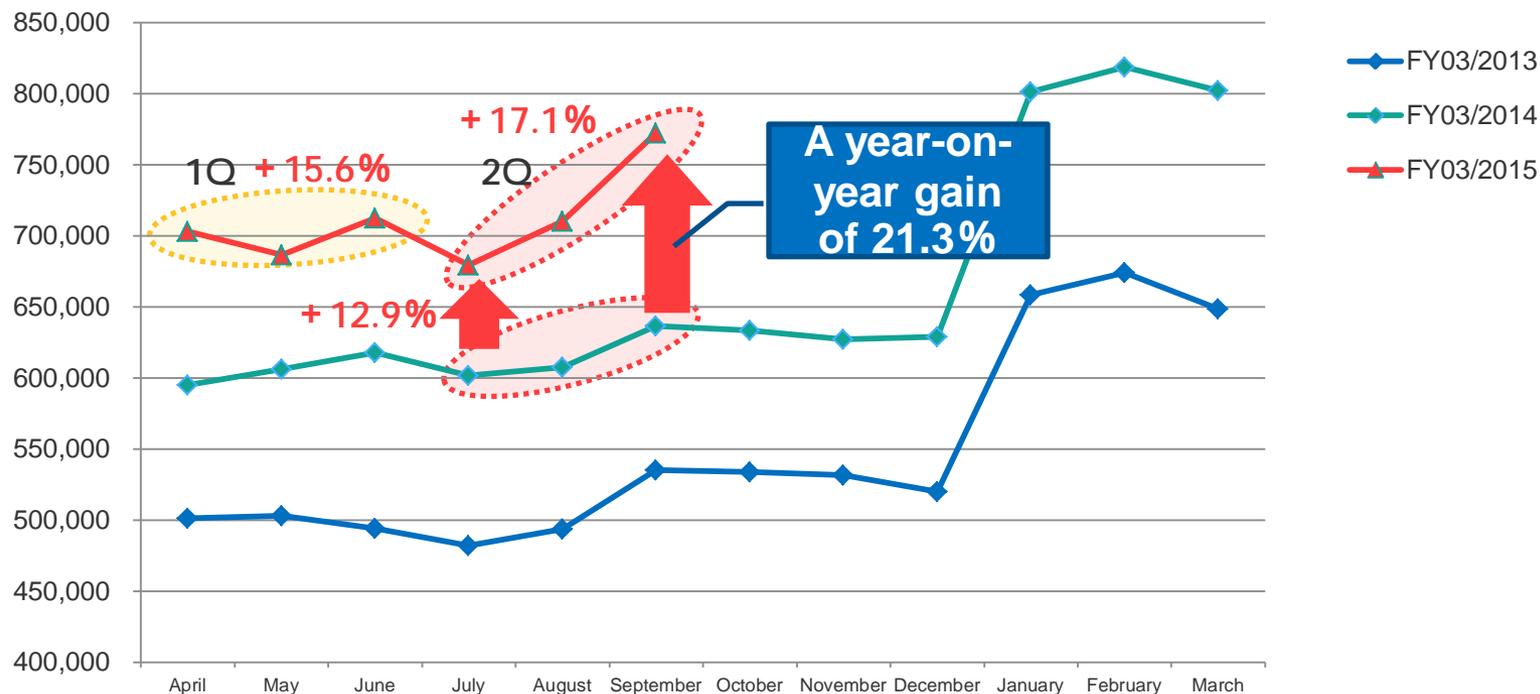
Temporal Axis

Rental & Real Estate Trade Monthly Business Results

A review of the second quarter of the fiscal year ending March 31, 2015

POINT The sales growth rate for Rental & Real Estate Trade has been accelerating recently

Unit: Thousand yen



Note 1: Sales for HOME'S Rental & Real Estate Trade. Other sales are not included in the data shown above.

- Sales for September 2014 (FY03/2015) increased 21.3% year-on-year
- The SEO score for September 2014 (FY03/2015) posted a new record



Enhancement of NEXT's Smart Device-Compatible Services

Enhancement of NEXT's Smart Device-Compatible Services

POINT Overhauled the Company's Android-compatible application while releasing a new application



HOME'S Android-compatible application, boasting the largest number of properties posted, was overhauled

Overhauled in September 2014



- Provides a one-page display of information on different property units within a given building
- Allows the user to search for land information
- Enables the user to dispense with making an input for each inquiry by presetting inquiry information
- Allows the user to make an inquiry telephone call with a single touch, unlike in the case of a PC-based information search procedure



Release of a property visit note application

To be released in November 2014



- Enables the user to take notes of property information and his/her impression while doing a tour of the showroom
- Allows the user to record photos taken with an iPhone camera as well as his/her assessment
- Makes it possible for the user to view other people's assessments and comments



Revision to NEXT's Rental & Real Estate Trade Billing Rates

From October 2014

Revision to HOME'S Rental & Real Estate Trade Billing Rates

Effective October 1, 2014

POINT

Made partial revision to the pay-per-inquiry-based billing rates for the Rental & Real Estate Trade business

Raising the minimum billing rates enabled NEXT to begin making further advertisement-related investments, and to start achieving increased inquiries and sales

Billing calculation formula

Monthly basic fee (10,000 yen a month)

+

Number of inquiries from end users (emails and telephone calls)

×

Rent/sale price of the property inquired about

×

Revision

Billing rates

Rental		
Number of Inquiries	Old Billing Rates	New Billing Rates From Oct 1, 2014
1 to 15	5.5%	5.5%
16 to 60	4.0%	4.0 %
61 -	2.0%	

Buying/Selling and Investment		
Number of inquiries	Old Rates	New Billing Rates From Oct 1, 2014
1 to 5	0.05%	0.05%
6 to 20	0.02%	0.03 %
21 -	0.01%	

Example: One hundred rental property inquiries arrive in one month

Before

15 inquiries × 5.5% × Rent = ¥ 57,750
 45 inquiries × 4.0% × Rent = ¥ 126,000
 40 inquiries × 2.0% × Rent = ¥ 56,000

Total ¥ 239,750

After

15 inquiries × 5.5% × Rent = ¥ 57,750
 85 inquiries × 4.0% × Rent = ¥ 238,000

Total ¥ 295,750

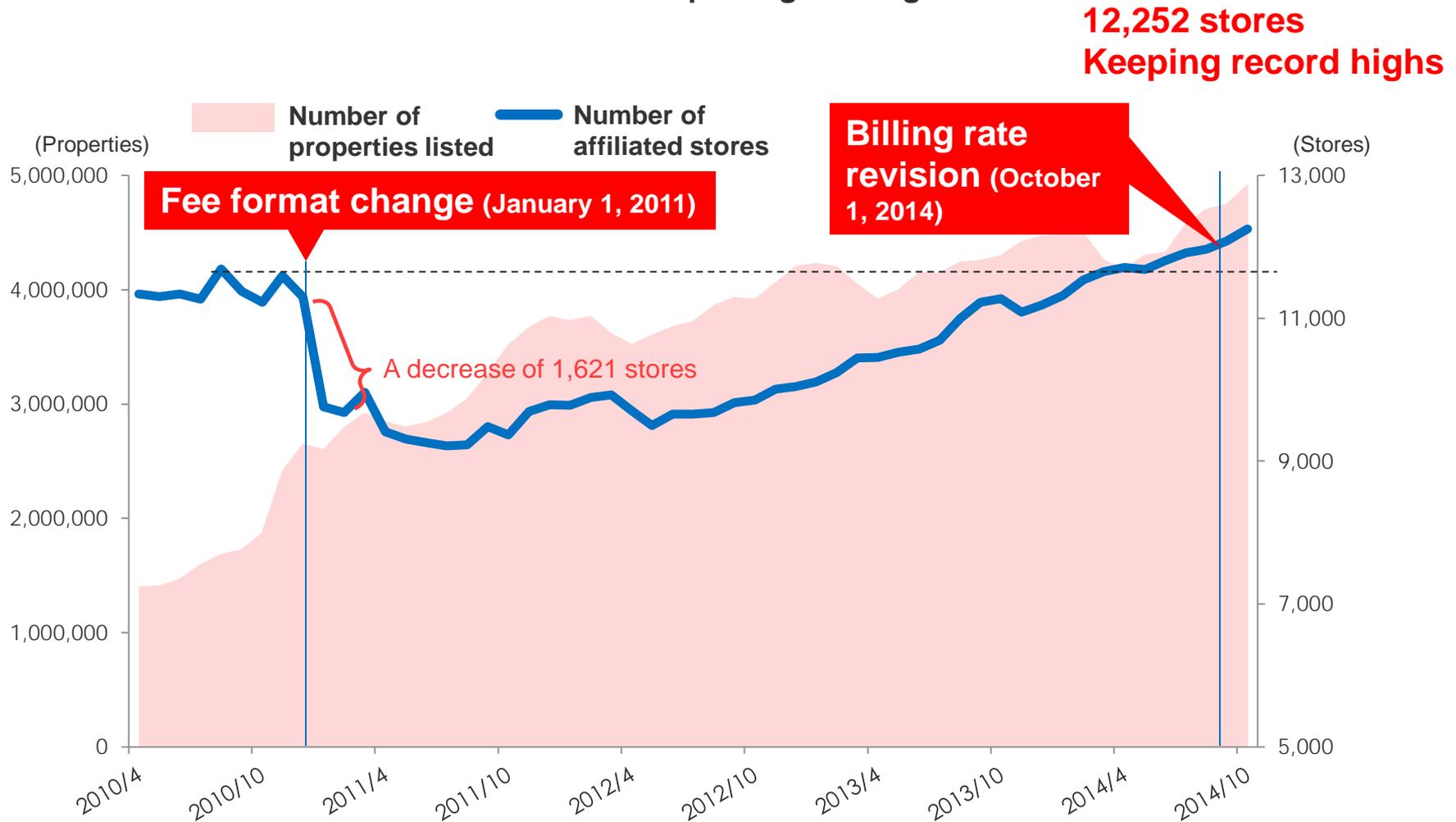
*Calculated with rent at 70,000 yen. Rent varies from one property to another.

*Monthly rent

Number of Affiliated Stores

Revision to NEXT's rental & real estate trade billing rates

POINT A billing rate revision-induced decrease of affiliated stores would be within expectations
The number of affiliated stores has been posting new highs



Note 1: The data shown are those based on preliminary figures

Trovit × NEXT Group



×



NEXT Co., Ltd.

Intend to Make Trovit Search S.L. a Subsidiary of NEXT

Trovit × NEXT Group



- > **Company name** : Trovit Search, S.L. (headquartered in Spain)
- > **Business description** : Operation of one of the world's largest aggregator sites
(mainly real estate/housing, used car and employment information)
 - : Content partners totaling 20,000 firms and 600-strong paying customers
 - : Listed information totaling 120 million pieces (incl. approx. 86 million pieces of real estate information)
- > **Financial results** : 17,560,000 euros (approx. 2,450 million yen) in sales
Fiscal 2013 results : 5,869,000 euros (approx. 820 million) in operating profit
: 4,208,000 euros (approx. 580 million yen) in net profit
- > **Shares acquired** : 100% *Calculated with one euro at 140 yen
- > **Acquisition consideration** : Share acquisition cost of 80 million euros + Accompanying cost of 100 million yen
: Approx. 11,300 million yen in total
- > **Fund** : Cash reserves + borrowing
 - Borrowing amount : 7,000 million yen
 - Lender : Sumitomo Mitsui Trust Bank
 - Collateral availability : Non-collateral and non-guarantee
- > **Reference** : Cash of NEXT as of September 30, 2014 : 8,520 million yen
: EBITDA of NEXT (FY2013) : 2,780 million yen

What is aggregation site provided by Trovit?

Overview of Trovit

POINT Trovit operates aggregation sites which consolidate multiple information-specific sites

Image of aggregation site



Users all around the world



Value of providing to users

Collectively search information from multiple sites

Value of providing to customers

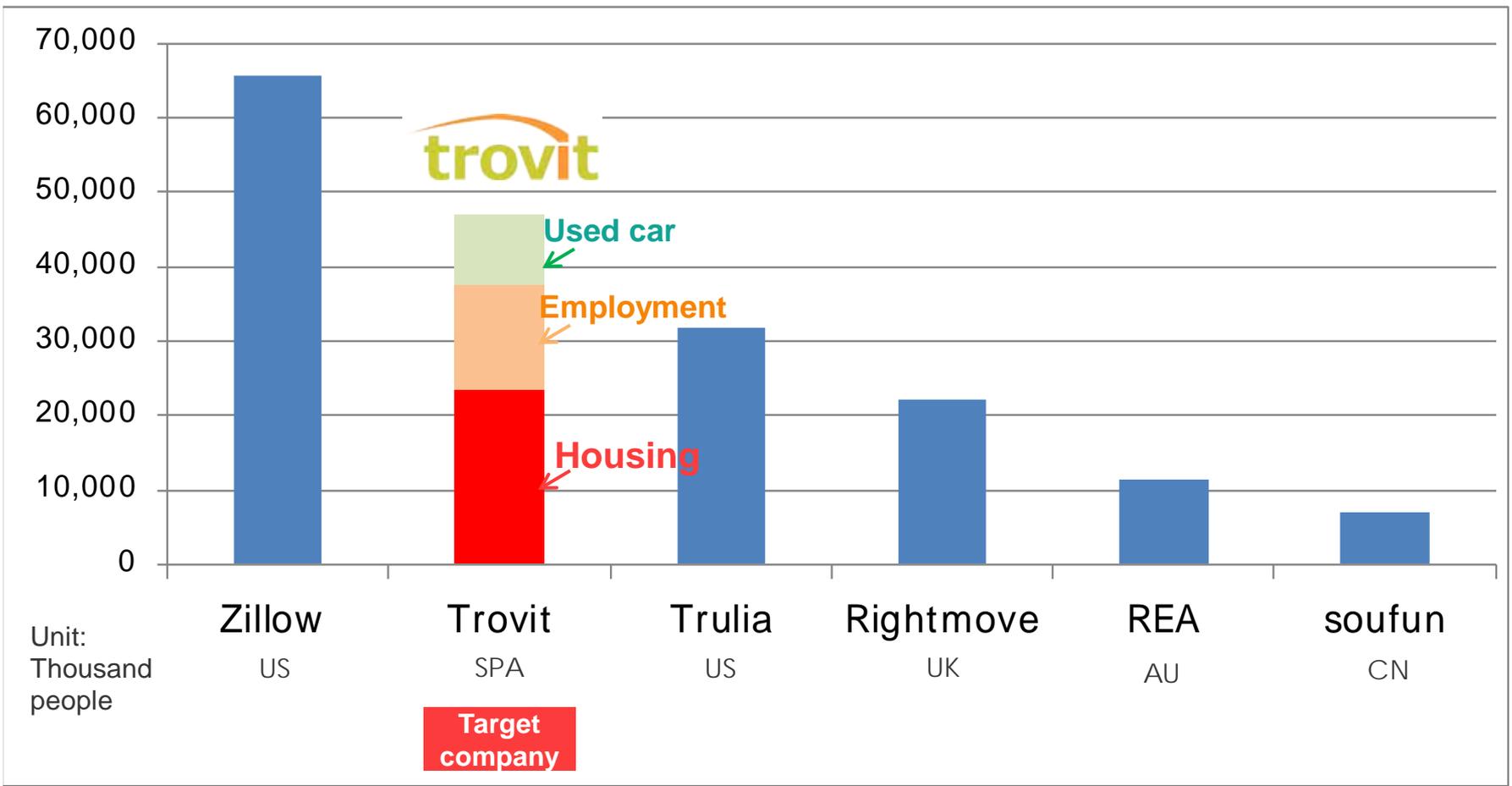
Send users to various sites

The number of users of real estate information sites in the world Overview of Trovit

POINT

The number of users of Trovit per month is in the world's top class in the real estate information sites

Comparison regarding the number of users per month between Trovit and other real estate information sites in the world



Source: SimilarWeb data as of August of 2014. Regarding Trovit, the number is the total number in all deployment countries. The breakdown was calculated by us based on the past data. Other information is values taken from the representative sites of each country.

> Why Trovit has as many as 47 million users per month

- The world's top-class SEO technology. Acquire approximately 90% of traffic for free of charge (SimilarWeb data as of August of 2014)
- Systematize/automate SEO operation
- Operate websites in 39 countries at low cost

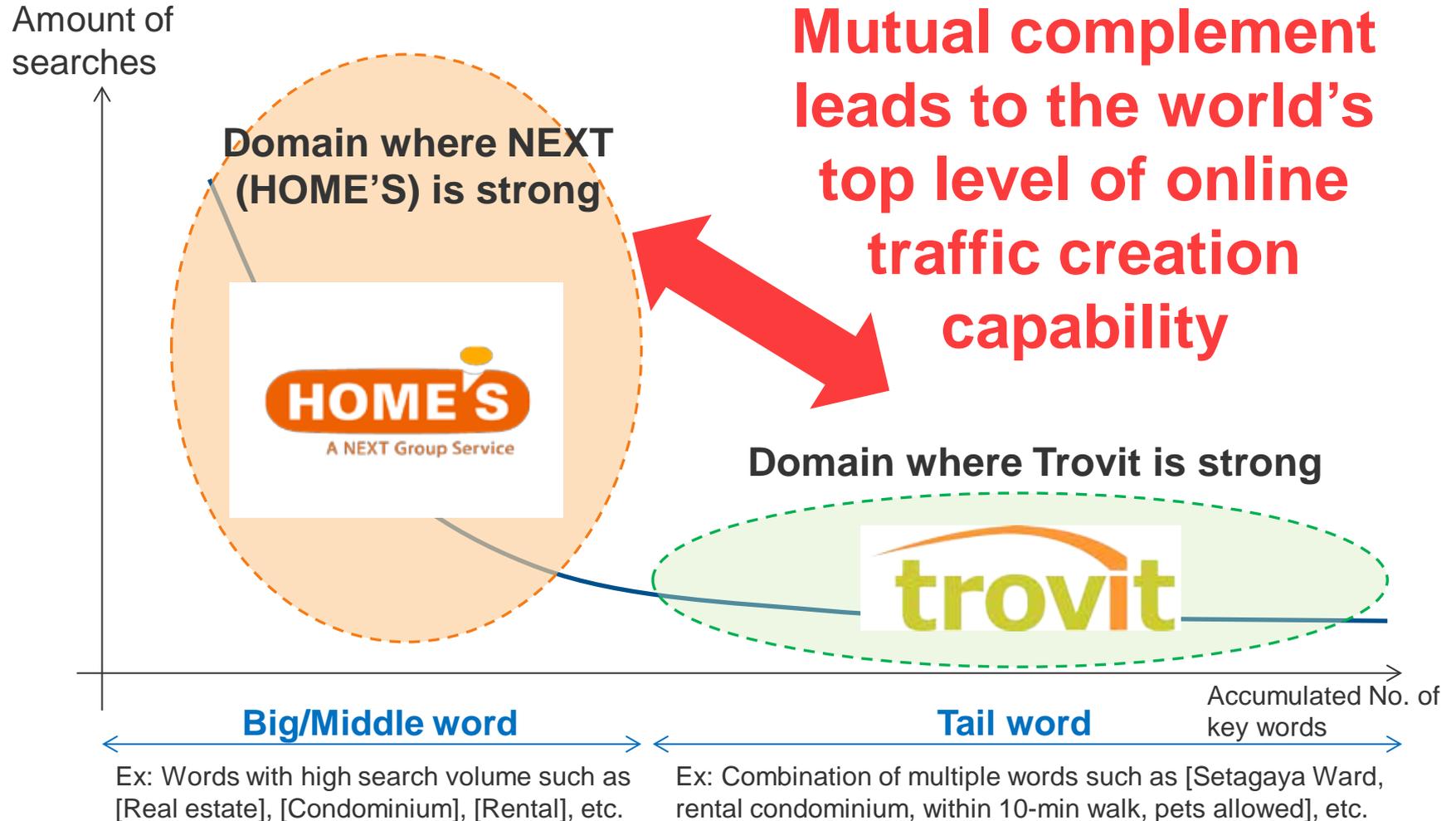
> Why portal sites use aggregation site

- **Large!** Large amount of traffic is maintained
- **Low cost!** Original WEB customer attraction requires cost and efforts
Low-cost WEB customer attraction is possible
- **Secure!** Since the algorithm for search engine is fluctuating, in-house operation has risks.

Advantages of HOME'S x Trovit

POINT

Making one group allows to cover almost all SEO technologies, achieving the world's top level of online traffic creation capability



POINT Trovit JAPAN is scheduled to launch its operations in the spring of 2015

To act as a provider of multiple categories of information

- Real estate
- Cars
- Jobs



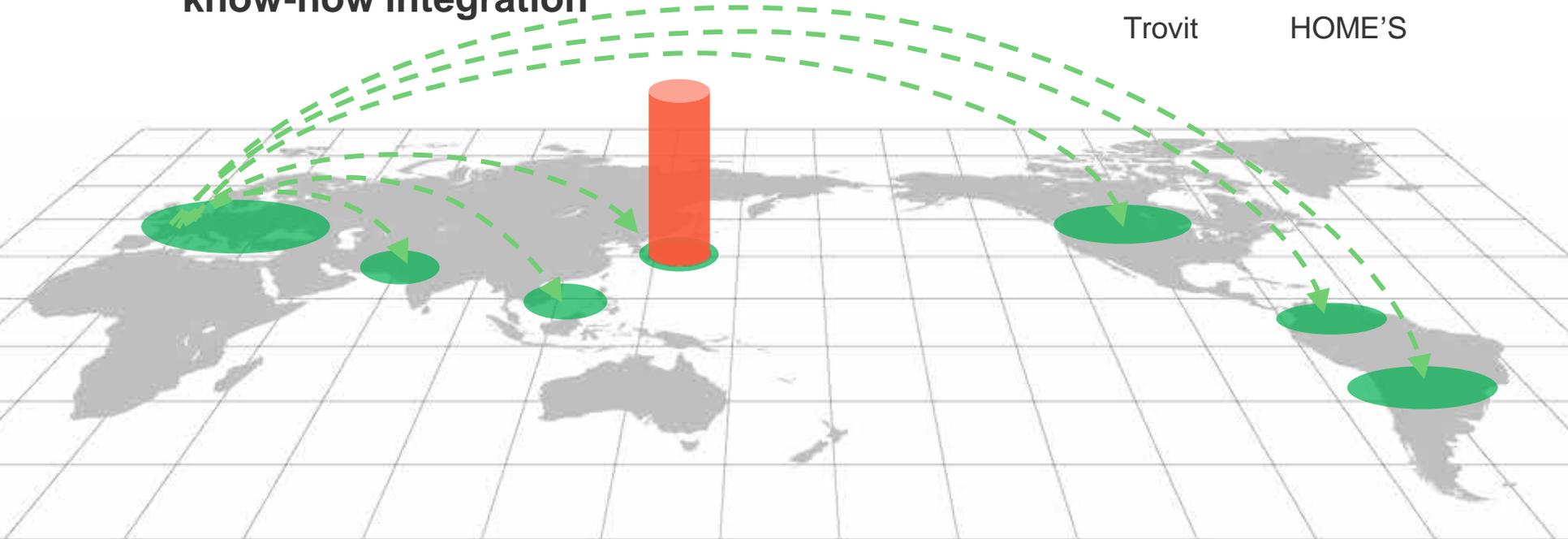
*The diagram shown above represents a conceptual screen image, and the actual screen image may potentially differ from this diagram

Partner portal sites



*Some of the partner portal sites

POINT Begin generating profits at an accelerated pace through an area and know-how integration



- > Have Trovit's service areas expand further
(Trovit JAPAN is scheduled to be launched in the spring of 2015)
- > Leverage the know-how accumulated in Japan for overseas operations
(marketing capability enhancement and new service development)
- > Begin generating profits at an accelerated pace on a group-wide basis

POINT Begin generating profits at an accelerated pace through an area and know-how integration

Trovit

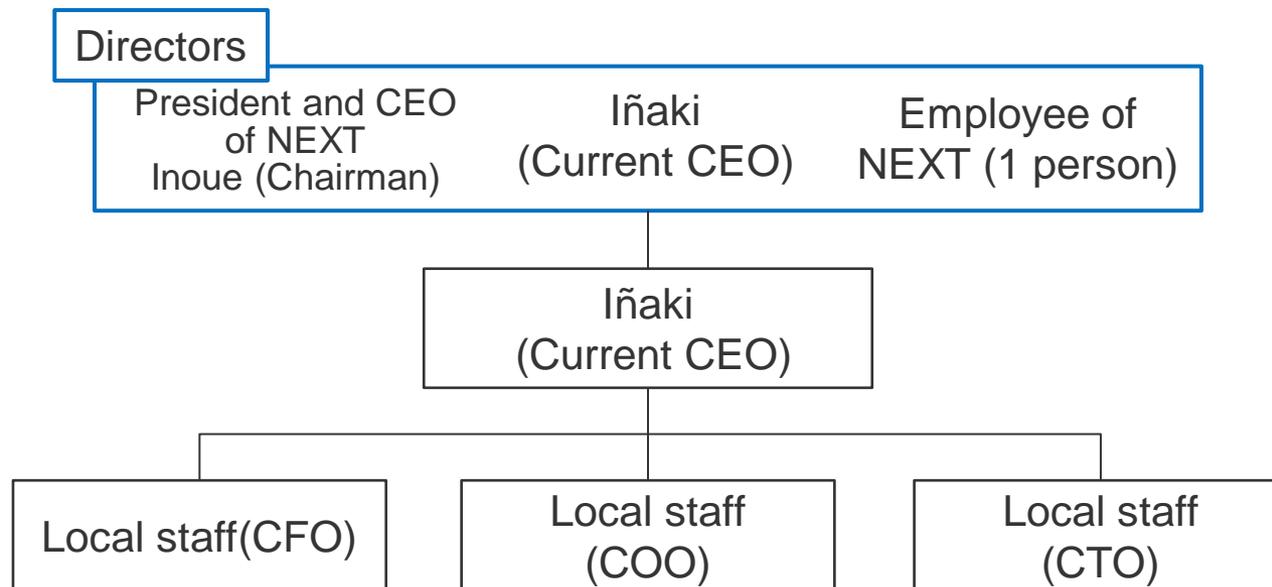
HOME'S



- > Have Trovit's service areas expand further
(Trovit JAPAN is scheduled to be launched in the spring of 2015)
- > Leverage the know-how accumulated in Japan for overseas operations
(marketing capability enhancement and new service development)
- > Begin generating profits at an accelerated pace on a group-wide basis

Question 5. How do you support local sites?

- > The majority of Trovit's directors are personnel from NEXT including Inoue who is President and CEO of NEXT.
- > We dispatch personnel for all directions from Japan and provide full support until the local sites will be on a growth path.



Dispatch personnel from NEXT to provide full support

Business management

Technology/
marketing

Sales

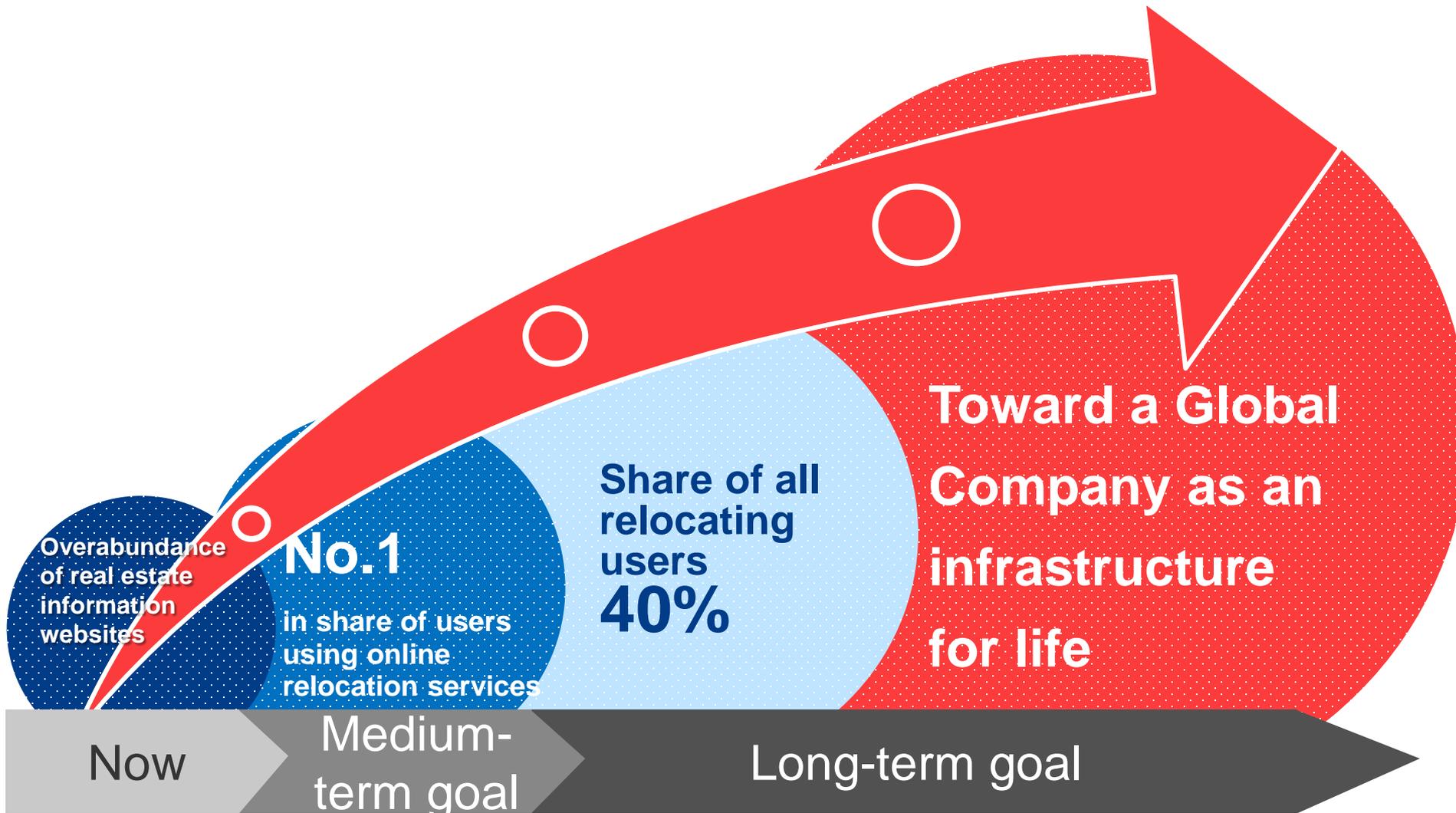
Financial/
accounting

Human resources

Internal control

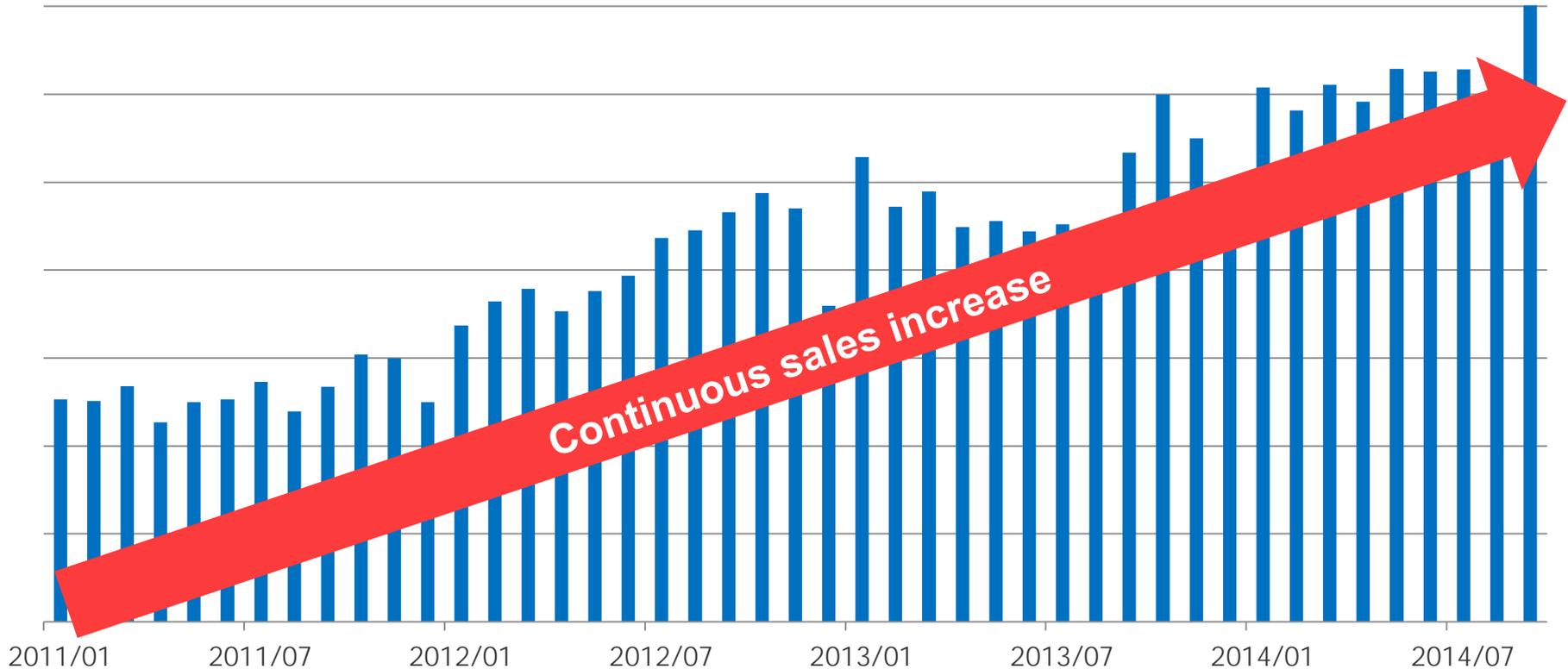
POINT

Achieve the undisputed No.1 position in Japan and become a representative Internet company in the world



POINT With focus on real estate information, the sales for all services are on a growth path

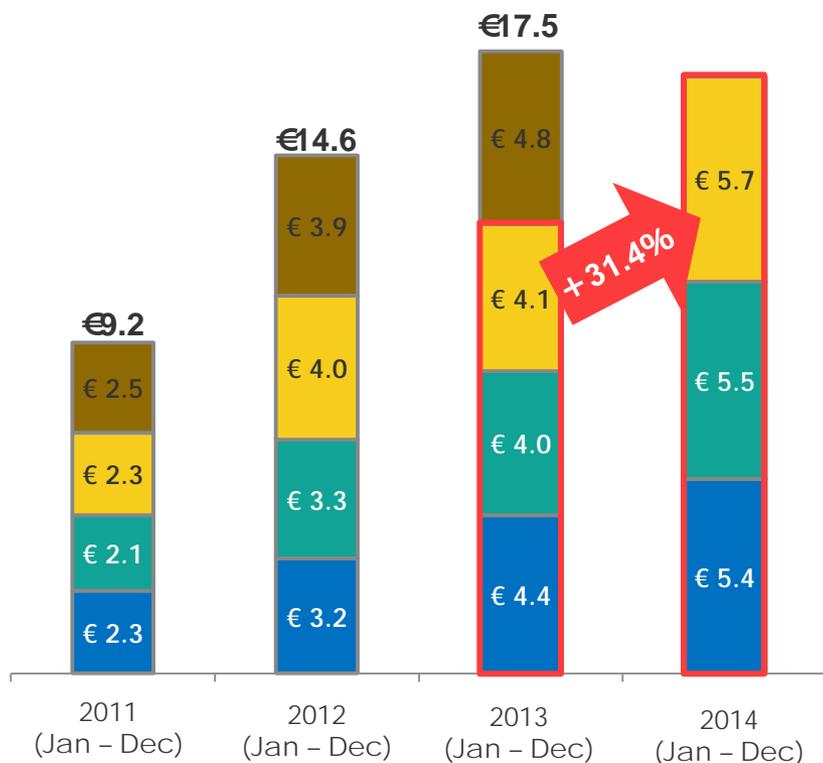
Monthly sales transition



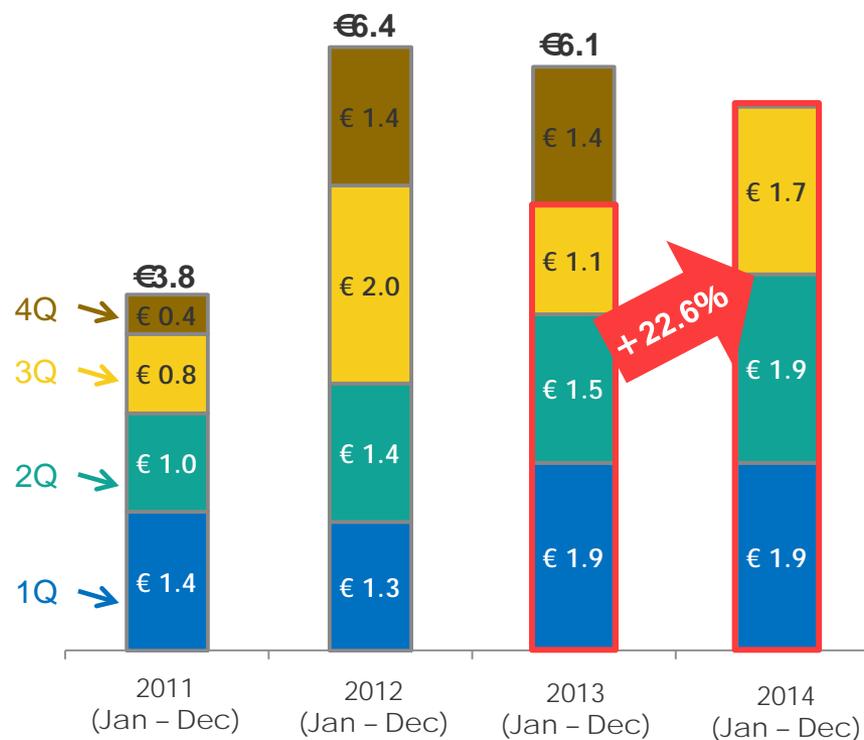
POINT

Recently, both net sales and EBITDA grew substantially

Sales (millions of euros)



EBITDA (millions of euros)



Note: Since Trovit's financial closing month is each December, its quarters differ from those of NEXT



Revision of Business Forecast for the Year ending March 31,2015

Revision to the Business Forecast for the Fiscal Year Ending March 31, 2015

Simple profit and loss statement

Unit: Million yen	[Actual] FY03/2014 (Apr – Mar)	[Period-start forecast] FY03/2015 (Apr – Mar)	[Revised forecast] FY03/2015 (Apr – Mar)	Percentage difference
Sales	14,690	17,240	17,895	+ 3.8%
Cost of sales	472	738	560	24.1%
Selling, general & administrative (SG&A) expenses	11,918	14,174	15,173	+ 7.0%
Personnel costs	3,783	4,255	4,433	+ 4.2%
Advertising costs	4,496	5,353	5,563	+ 3.9%
Operating expenses	473	889	887	0.2%
Depreciation/amortization cost	438	424	434	+ 2.4%
Other selling, general & administrative (SG&A) expenses	2,726	3,251	3,854	+ 18.5%
Operating profit	2,299	2,328	2,162	7.1%
Net profit	1,336	1,386	1,116	19.5%
Operating profit margin (OPM)	15.7%	13.5%	12.1%	1.4 p

Sales according to service

Unit: Million yen	[Actual] FY03/2014 (Apr – Mar)	[Period-start forecast] FY03/2015 (Apr – Mar)	[Revised forecast] FY03/2015 (Apr – Mar)	Percentage difference
Sales	14,690	17,240	17,895	+ 3.8%
Real Estate Information Services	14,554	16,811	17,690	+ 5.2%
Rental & Real Estate Trade	7,975	9,547	9,547	-
New Houses	4,324	4,571	4,571	-
Custom-Built Houses and Renovations	1,031	929	929	-
Realtor's Network	638	977	977	-
Others	584	785	1,672	+ 113.0%
Other Businesses	135	429	204	52.4%

Sales

A positive contribution of 943 million yen due to the acquisition of Trovit. A negative contribution of 289 million yen by interior EC site "HOME'S Style Market" and "HOME'S Moving Estimates"

Profits

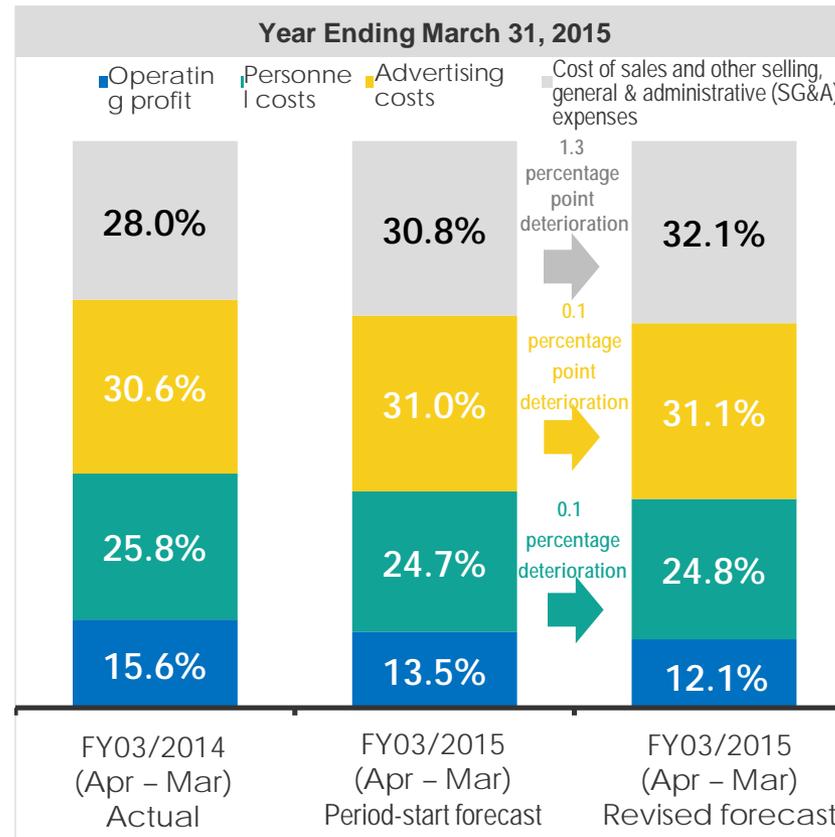
Cost of sales decreased due to sales forecast revision for the interior EC site business. The Company intends to amortize the cost for Trovit and goodwill of 534 million yen due to the acquisition of Trovit (over the course of the next five years). Three months' worth of amortization will be performed for the year ending March 31, 2015. No goodwill amortization is expected to occur from the year ending March 31, 2016 onwards as the Company will adopt IFRS starting from that year.

Sales Breakdown

Revision to the business forecast for the fiscal year ending March 31, 2015

POINT

In particular, the percentage share of other selling, general & administrative (SG&A) expenses is forecast to deteriorate owing to goodwill amortization



Cost of sales and other selling, general & administrative (SG&A) expenses: Despite the reduced cost of sales for the interior EC site business, the percentage share is forecast to deteriorate due to goodwill amortization (resulting from NEXT's acquisition of Trovit).

Advertising costs: Forecast to increase owing to the acquisition of Trovit.

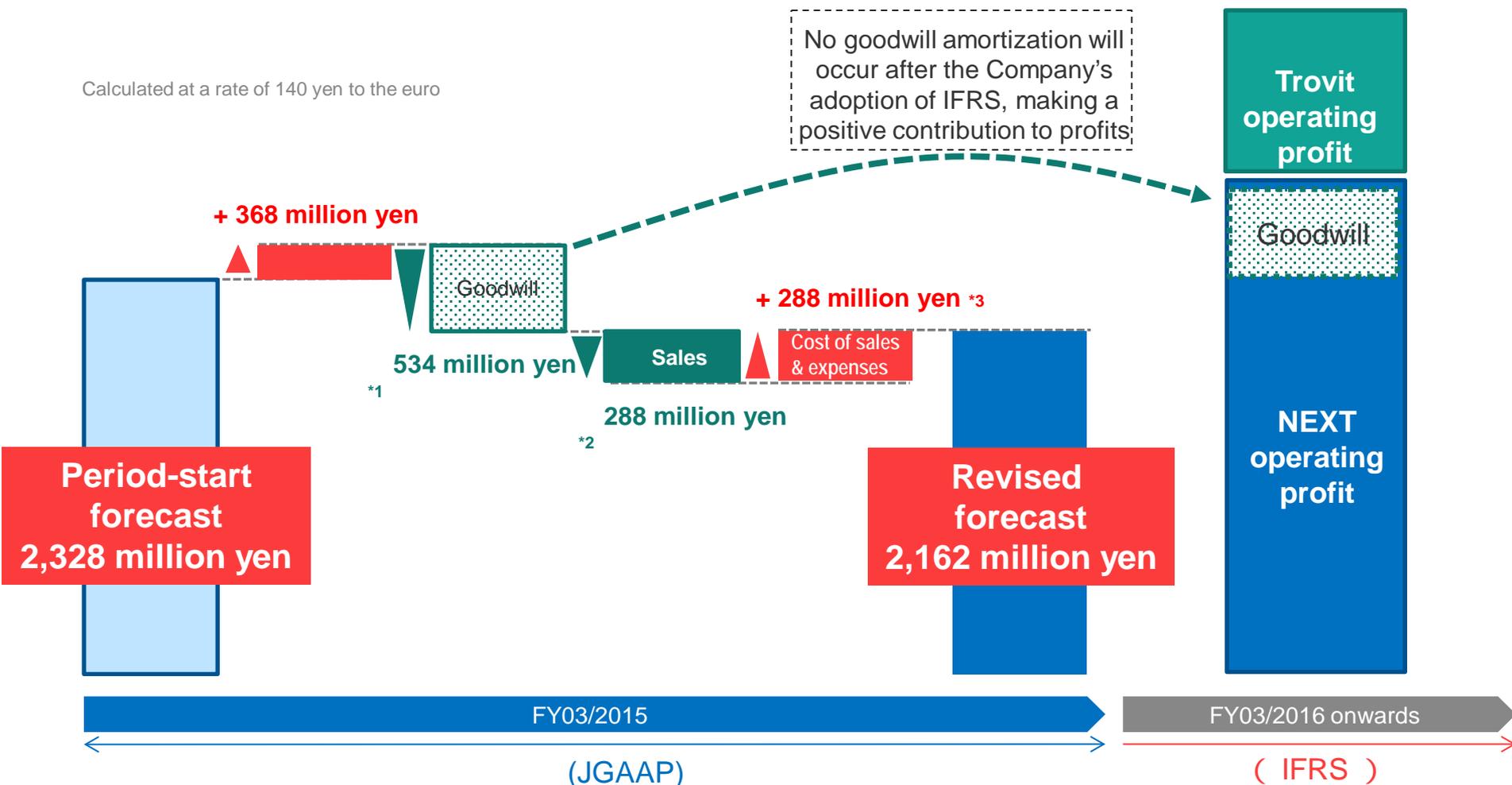
Personnel costs: The acquisition of Trovit is expected to result in an addition of some 90 employees to the NEXT Group's workforce.

Operating Profit Revision to the business forecast for the fiscal year ending March 31, 2015

POINT

While a positive 368 million yen contribution will be made by operating profit of Trovit, a negative 534 million yen contribution will be made by the amortization of goodwill. Yet, no goodwill amortization is expected to occur from the next fiscal year onwards as the Company will adopt IFRS starting from that year.

Calculated at a rate of 140 yen to the euro



*1 NEXT will amortize the goodwill over the course of the next five years. Three months' worth of amortization will be performed for the year ending March 31, 2015

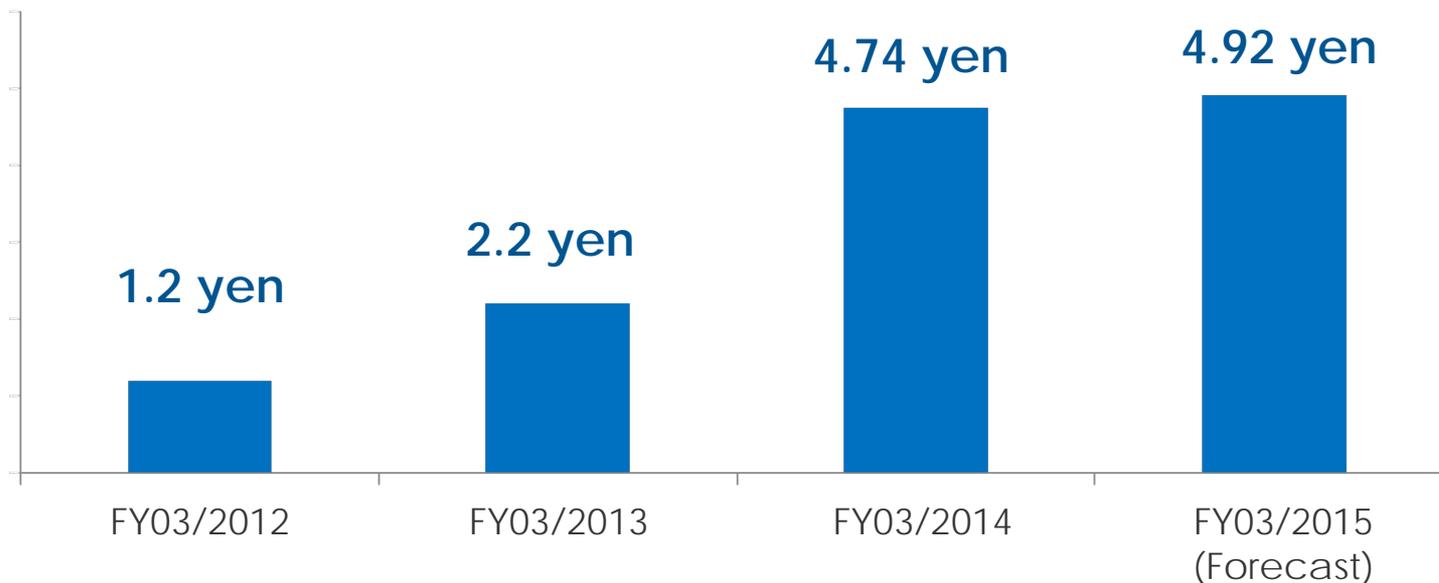
*2 Decrease in sales of "HOME'S Style Market" and "HOME'S Moving Estimates"

*3 Owing to the Company's cost-saving efforts

Business Forecast for the Fiscal Year Ending March 31, 2015: Dividend Forecast

POINT NEXT's dividend increase forecast remains unchanged at this time

Dividend per share



With regard to shareholder dividends, NEXT has a basic policy to distribute profits that flexibly and responsively reflect performance trends from year to year. Medium- and long-term business planning is also given consideration. As for the current fiscal year, we intend to pay out 20 percent of consolidated net profit as we did in the previous year.

The current fiscal year is transitional as IFRS are scheduled to be implemented in the next fiscal year. Once IFRS are in place, goodwill may no longer be amortized. Especially because of this, we intend to calculate the dividend for the current fiscal year, based on net profit adjusted for the effects of (1) Trovit's financial results and (2) goodwill amortization expense associated with the acquisition of Trovit stock.

In accordance with the above procedure, since our current projection of net profit (before the effects of (1) and (2)) is the same as it was initially announced, our dividend forecast remains intact.

Should there be a change in net profit before the effects of (1) and (2) in the coming months, however, we will review the projected dividend per share, which is intended to represent a payout ratio of approximately 20 percent. The outcome shall be subject to immediate disclosure.

Mission statement and management philosophy

Company Credo

Altruism

Our priority is making people happy.
Everyone in the world:
Consumers, Clients, Coworkers, Family, and so on...
First and foremost, make someone happy.
Before you realize it, you'll be happy too.
That is altruism.



Corporate Philosophy

Our corporate philosophy is to "create a society where everyone can attain 'comfort' and 'happiness' through continuing innovations".





Designing Delightful Encounters



Inquiries Regarding IR Data



IR official account on Twitter



https://twitter.com/Next_2120_IR



Official Facebook page



<http://www.facebook.com/next.group.jp>

IR mail magazine



Contact us

NEXT Co., Ltd. IR Support Desk

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Fax: +81-3-5783-3737

E-mail: ir@next-group.jp

Website <http://www.next-group.jp/> (Japanese)
<http://www.next-group.jp/en/> (English)

Guide to IR News

We provide monthly performance data and timely disclosure data in good time!

To sign up, please send a blank e-mail to the following e-mail address or fill out the form provided.

Blank e-mail: touroku@next-group.jp

Sign-up form

<http://www.next-group.jp/ir/magazine/index.html>



Reference data

Corporate Data

Company overview

Company Name	NEXT Co., Ltd. (TSE 1st section: 2120)
Representative	Takashi Inoue, President and CEO
Established	March 12, 1997 (Fiscal year ending March 31)
Capital	1,999 million yen
Stock Issued	56,478,000 (including 36,536 shares of treasury stock)*
Consolidated Number of Employees	642 persons (including 89 temporary employees, 20 overseas)
Business Activities	Real estate information service business Other businesses
Major Shareholders	NEXT directors, Rakuten, Inc. (15.9%)
Headquarters	Shinagawa Front Building, 2-3-13 Konan, Minato-ku, Tokyo 108-0075 Japan (reception on 3F)
Major Subsidiaries () stake	Renters Co. (100%) Lifull(THAILAND) Co., Ltd.(99.9%),fiscal year ends December 31 PT. Lifull Media Indonesia(50.0%), fiscal year ends December 31

*A 3-for-1 common stock split went into effect on January 1, 2014.



Takashi Inoue,
President and CEO

Career History	
April, 1991	Joined Recruit COSMOS Co., Ltd. Responsible for condominium sales and circulated property brokering.
July, 1991	Temporarily dispatched to the Recruit General Personnel Business Department. This move was later made permanent. Primarily engaged in new graduate hiring, mid-career hiring, and personnel service corporate sales.
July, 1995	Left Recruit. Founded NEXT HOME Co., Ltd., which later became NEXT Co., Ltd., and started business operations.
March, 1997	Founded NEXT, Co., Ltd., and appointed President and CEO (current position).
March, 2014	Founded incorporate foundation Next Wisdom Foundation, and assumed the post of Representative Director
April, 2014	Becomes President and International Business Division Manager (present post)

The Founding of the Company

While working at Recruit COSMOS (now COSMOS INITIA), he had a young couple as his clients. He showed them a property that they were very interested in, and decided immediately to purchase. However, their loan application was rejected, and they were crestfallen. Inoue, seeing this, determined to find another property that would satisfy their desires, so he began showing them various properties, regardless of whether the properties were handled by Recruit COSMOS.

Eventually, the couple signed a contract for a condominium that Inoue had shown them, but which was handled by another company. Inoue was scolded by his manager, but this did not detract from his strong desire to keep bringing smiles to peoples' faces, as he had to the faces of the young couple.

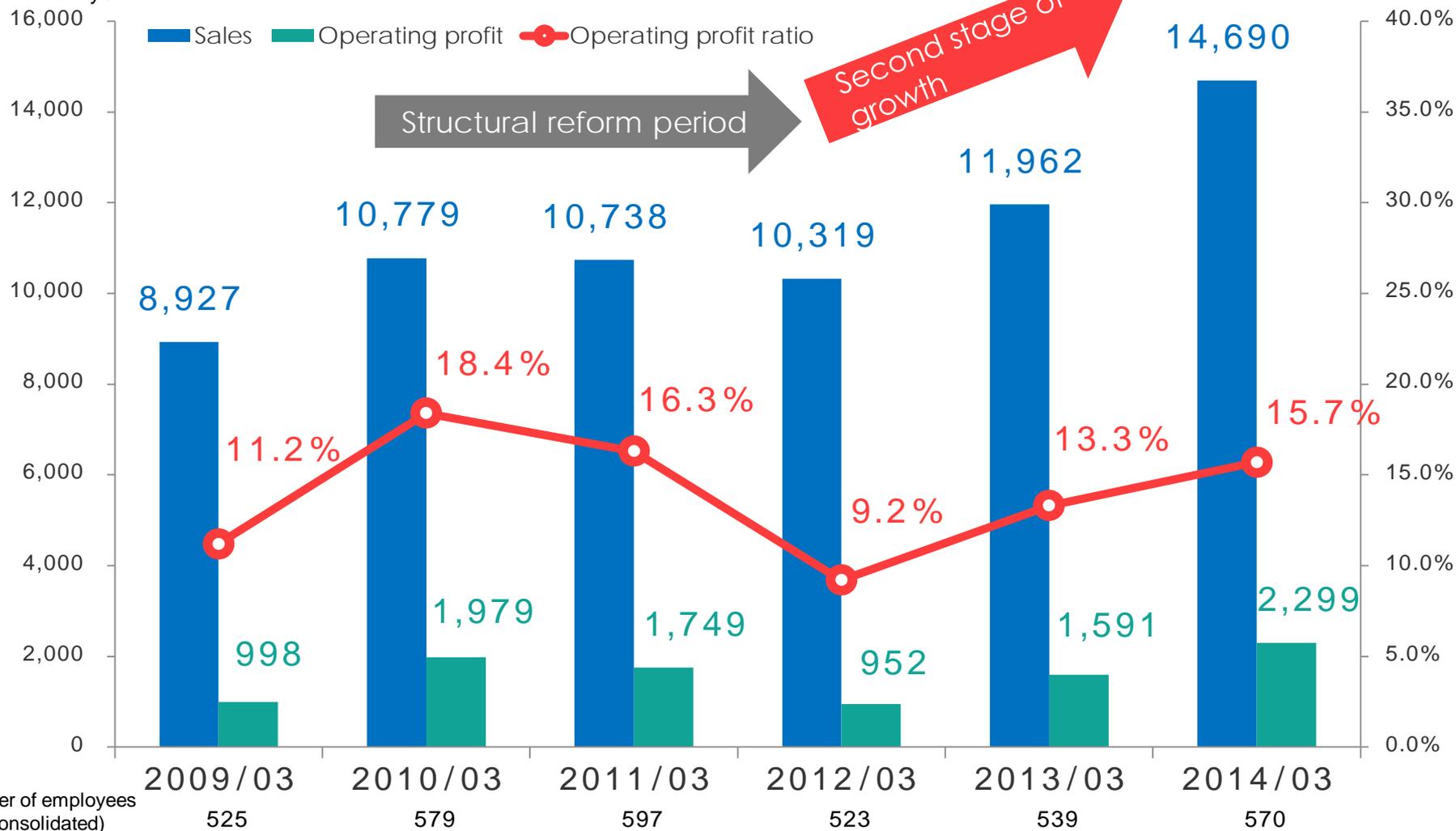
At the time, access to real estate property information was relatively closed, and even for Inoue, part of the real estate industry, obtaining information on properties was both time and labor intensive. In 1997, Inoue founded NEXT, Co., Ltd., as a way to change the real estate system itself and its "asymmetry of information", in which general customers, for whom obtaining property information required even more of an investment in time and effort, had to pick properties from only a limited selection of data.

3 Years in Review — Results of Structural Reform (Performance)

POINT

Structural reform is ushering in the second stage of growth. Revenues and profits have never been higher.

Unit: million yen



Trend of Operating P/L (Quarterly)

Reference data

Quarterly consolidated statements of income

Unit : million yen	FY03/2012				FY03/2013				FY03/2014				FY03/2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	2,357	2,462	2,486	3,012	2,737	2,763	2,939	3,522	3,398	3,454	3,556	4,281	3,852	3,897
Real estate information	2,337	2,438	2,462	2,983	2,709	2,736	2,911	3,494	3,366	3,420	3,524	4,243	3,811	3,858
Rental & Real Estate	1,428	1,428	1,435	1,767	1,497	1,510	1,585	1,980	1,818	1,845	1,889	2,422	2,102	2,161
Trade	634	722	705	817	812	829	914	1,010	1,021	1,027	1,096	1,178	1,084	1,087
Custom-Built Houses and Renovations	129	137	149	179	193	195	195	225	256	266	240	268	231	224
For realtors	89	95	102	110	113	118	128	131	136	153	174	174	207	223
Others	55	54	68	107	91	82	88	145	132	128	123	199	188	161
Others	20	23	23	29	28	26	27	28	31	33	32	37	41	39
Cost of sales	58	70	68	94	81	82	95	117	102	104	129	136	109	126
Selling, general &	2,305	2,134	2,083	2,552	2,134	2,260	2,404	3,195	2,433	2,798	2,635	4,050	3,031	3,339
Personnel costs	911	742	686	845	770	744	767	993	806	973	848	1,155	989	991
Advertising costs	567	587	619	961	629	756	777	1,290	774	952	906	1,862	1,115	1,328
Operating expense	50	53	68	68	55	63	105	130	84	95	117	176	126	170
Depreciation/amortization	119	124	117	118	96	98	128	144	131	122	92	91	89	89
Other selling, general	656	627	591	557	581	596	626	636	637	654	670	764	713	760
Operating profit	-5	257	334	366	521	420	439	209	862	550	791	95	712	431
Net profit	-11	85	178	212	297	228	175	-86	516	309	455	54	419	267
Operating profit margin	-0.3%	10.5%	13.5%	12.2%	19.1%	15.2%	14.9%	5.9%	25.4%	15.9%	22.2%	2.2%	18.5%	11.1%

Quarterly consolidated sales and operating profit and loss per segment

Unit : million yen	FY03/2012				FY03/2013				FY03/2014				FY03/2015	
	Q1	Q2	Q3	Q4	Q1	2911	3494	3366	Q1	Q2	Q3	3366	Q1	Q2
Sales	2,357	2,462	2,486	3,012	2,737	2,763	2,939	3,522	3,398	3,454	3,556	4,281	3,852	3,897
Real estate information	2,337	2,438	2,462	2,983	2,709	2,736	2,911	3,494	3,366	3,420	3,524	4,243	3,811	3,858
Others	20	23	23	29	28	26	27	28	31	33	32	37	40	39
Operating profit	-5	257	334	366	521	420	439	209	862	550	791	95	712	431
Real estate information	307	583	508	514	626	513	508	253	887	564	799	104	722	446
Others	-312	-325	-173	-148	-104	-93	-69	-44	-24	-14	-8	-9	-9	Δ14
Operating profit margin	-0.3%	10.5%	13.5%	12.2%	19.1%	15.2%	14.9%	5.9%	25.4%	15.9%	22.2%	2.2%	18.5%	11.1%
Real estate information	13.1%	23.9%	20.6%	17.2%	23.1%	18.8%	17.5%	7.3%	26.4%	16.5%	22.7%	2.5%	18.9%	11.6%
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

POINT Smart device-compatible services

App



HOME'S iOS app, boasting the largest number of properties posted, upgraded.



HOME'S app for the visually impaired released

Rental property search app leveraging iPhone's VoiceOver screen reader

Sites for Smartphones Revamped



HOME'S Nursing Care

The website allows you to search nursing homes or rental properties especially for the elderly.



HOME'S Renovation

The website allows you to search home renovation specialist companies, actual cases and related events.



HOME'S Style Market

The Electronic commerce website specializes in furniture and interior decoration launched in April 2014.

POINT

New smartphone-compatible services launched! You can easily search properties thanks to 360-degree panoramic images.

A 10-year warranty is granted for facilities of new houses to provide peace of mind after moving in.

360-degree Panoramic Image



You can see a 360-degree view of properties with images that make the scene more alive.

A 10-year Warranty is Granted for Facilities of New Single Family Homes

We offer “HOME’S Warranty for Facilities of New Single Family Homes,” the first for portal sites through a tie-up with Japan Living Warranty Inc.

We grant a **10-year warranty** as oppose to the one-year counterpart normally given by house makers.

Why don't you look for your home through HOME'S as we extend support, which even covers **peace of mind after moving in.**

Examples of Facilities Covered by Warranty



Kitchen Unit



Bath Unit



Bathroom Vanity



Intercommunication System

↓ Samples of 360-degree panoramic images

<https://theta360.com/s/46j>

<http://goo.gl/E3KGR1>

“HOME’S Renovation”: Shifting to pay-per-contract

Initiatives for Q2 and Beyond

POINT

Aim to achieve increased profits by shifting to the pay-per-transaction scheme from pay-per-inquiry scheme

Home renovation fee charging scheme

From October 1, 2014

Base monthly fee:
10,000 yen

+

Tender fee: 500 yen
per tender

+

Contract fee: Work
cost x 6%

Comparison with competitor

Item	NEXT	Company A (top player in the industry)
Service	The user is allowed to select a contractor of his/her choice	The user is not allowed to select a contractor of his/her choice (the website does not provide contractor information)
User benefit	Advance payment reimbursement guarantee Cash rebate of up to 1% Extension of equipment guarantee	Completion guarantee
Business model	Pay-per-contract fee scheme	Pay-per-contract fee scheme
Use fee	Upfront fee: 250,000 yen Monthly fee: 10,000 yen Contract fee rate: 6%	Upfront fee: 250,000 yen Monthly fee: 6,000 yen Contract fee rate: 6%
Sales	280 million yen (FY03/2013)	Approx. 1,400 million yen (NEXT estimate)
Total work value	—	Approx. 20,000 million yen (NEXT estimate)

POINT

“Home Renovation” website revamped, with word of mouth, assessment information and congratulatory money services launched.

Before



After



The screen is subject to change as it is under development.

Content of the New Website

- (1) Referred to a home renovation company
- (2) Search a home renovation company on your own
- (3) Search actual cases
- (4) Market price information

Features of the New Website

- (1) You can make two types of inquiries 1) by “specifying a company” and 2) through “making a bid.”
- (2) Users’ word of mouth/evaluation
- (3) Construction warranty to be provided (to be confirmed)
- (4) You can get congratulatory money.*

(* Not all home renovation companies support this feature.)

An Overhaul of the Property Sale Assessment Service

POINT

The seller to choose a given real estate company, and make a sale assessment request in his/her own name

Before



After



Contents of the new site

- (i) Allows the user to designate the real estate company to which he/she will make an assessment request
- (ii) Enables the user to disclose photos and appeal points
- (iii) Is capable of handling warehouses, factories and single-building condominiums

Characteristics of the new site

- (i) Allows the user to make a request for two types of sale assessment, i.e. "real name sale assessment" and "anonymous sale assessment"
- (ii) Enables a mutual information exchange between the seller and the buyer
- (iii) Describes the characteristics of individual real estate companies and presents the in-charge professional's comments

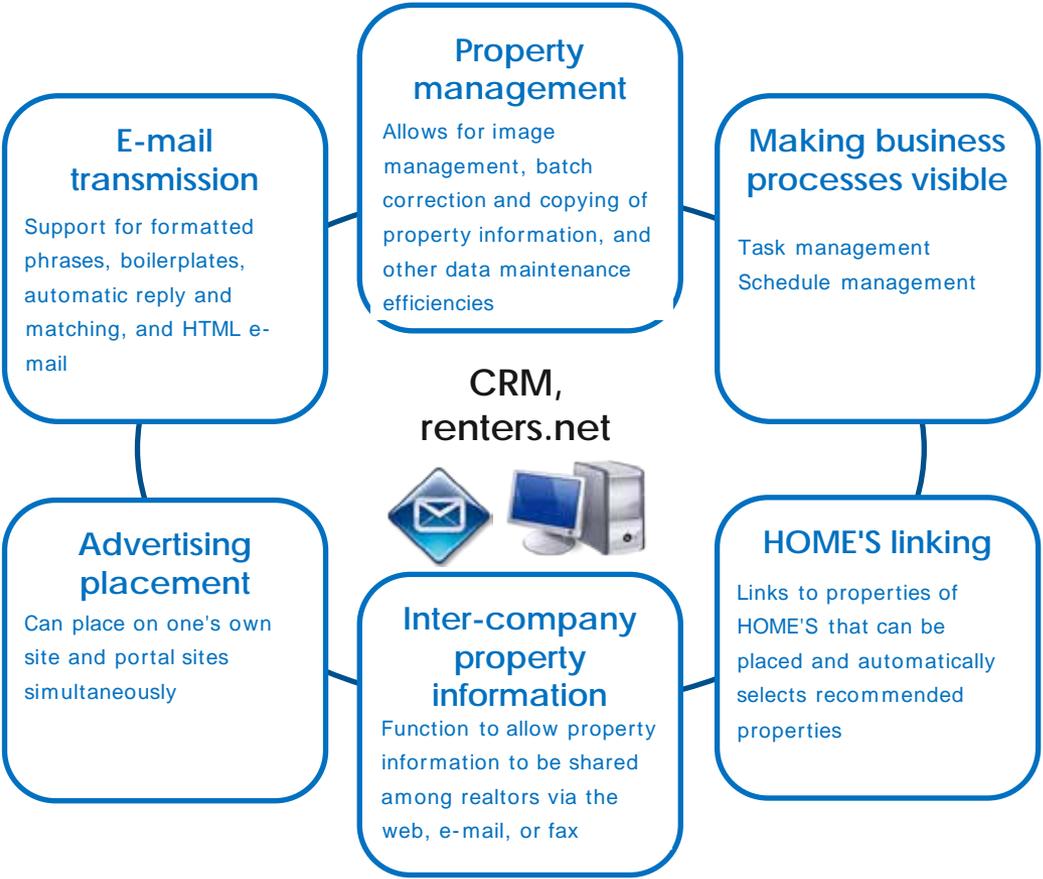
Services for Real Estate Industry Company overview

CRM services for realtors

A business support service provided by NEXT subsidiary Renters for rental property realtors. The service provides CRM, batch conversion of property information, and functions for management companies, systematizes complex property management processes and prevents customer support from being the domain of only a few individuals, effectively streamlining realtors' business.

Real estate website creation service

Annex is a "next-generation homepage service" that allows even users without specialized expertise to easily build websites for realtors. Users utilize high-quality templates to simply and affordably build websites for PCs and smartphones. The service involves a one-time registration fee of 50,000 yen and a monthly fee starting at 10,000 yen.



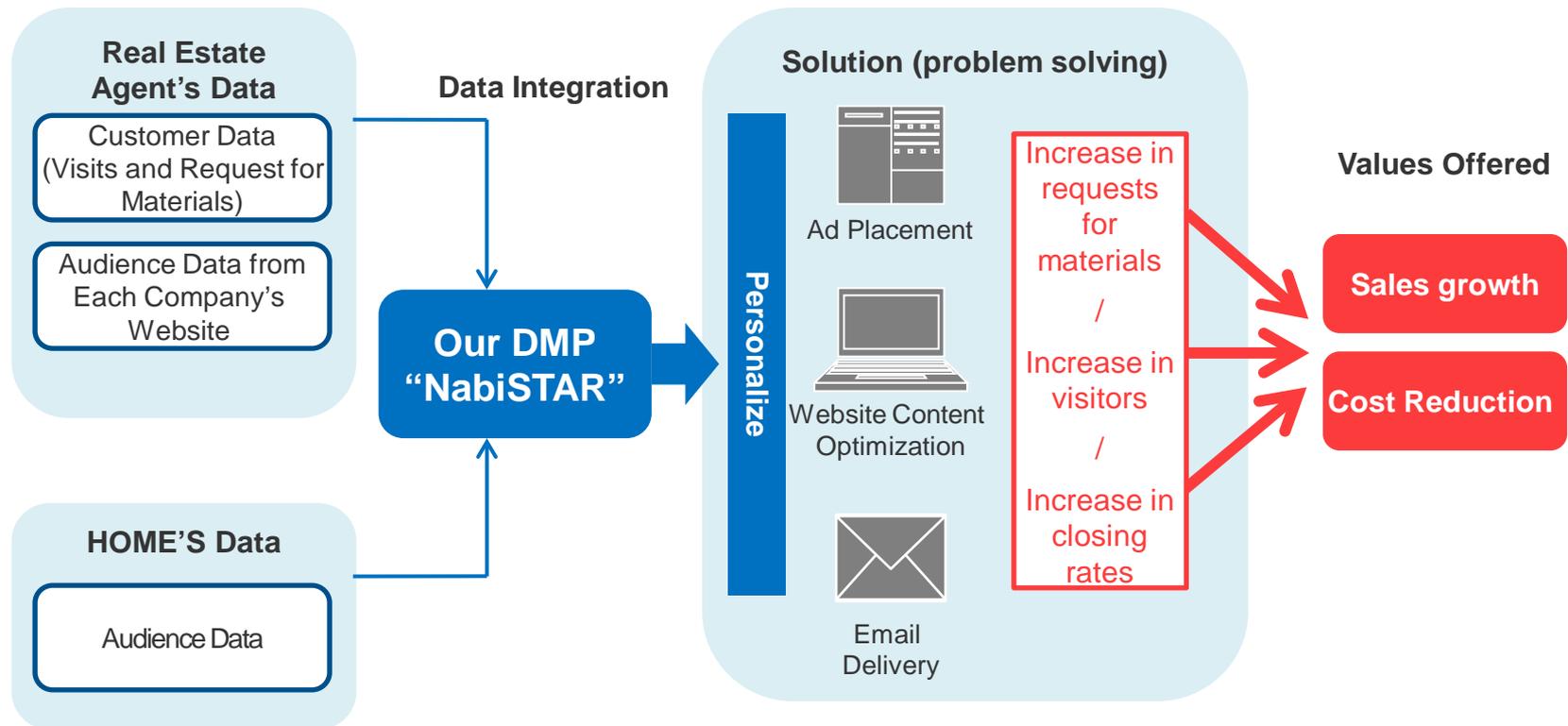
- No technical expertise needed
- Inexpensive
- Smartphone supported

New Services Tailored to Real Estate Agents to be Released

Initiatives for Q2 and Beyond

POINT Launch industry-specific DMP* services targeting real estate agents. Optimize the effect of customers' web ads, thereby helping them increase closing rates and sales.

* DMP = Data Management Platform



HOME'S PRESS

POINT Delivers information to the consumer from an impartial standpoint

- Opinions by housing experts
- Genuine experience-based review by persons having relocated
- Real estate and housing industry trends

HOME'S PRESS

Characteristics of HOME'S PRESS

Is based on a concept of delivering information from an impartial standpoint in order to resolve the information gap existing between the real estate industry and the consumer

Allows experts to rigorously examine the customary practices for home transactions and the industry, and aims to build an environment that enables the consumer to obtain correct knowledge and choose a home befitting him/her from among a wider range of prospects



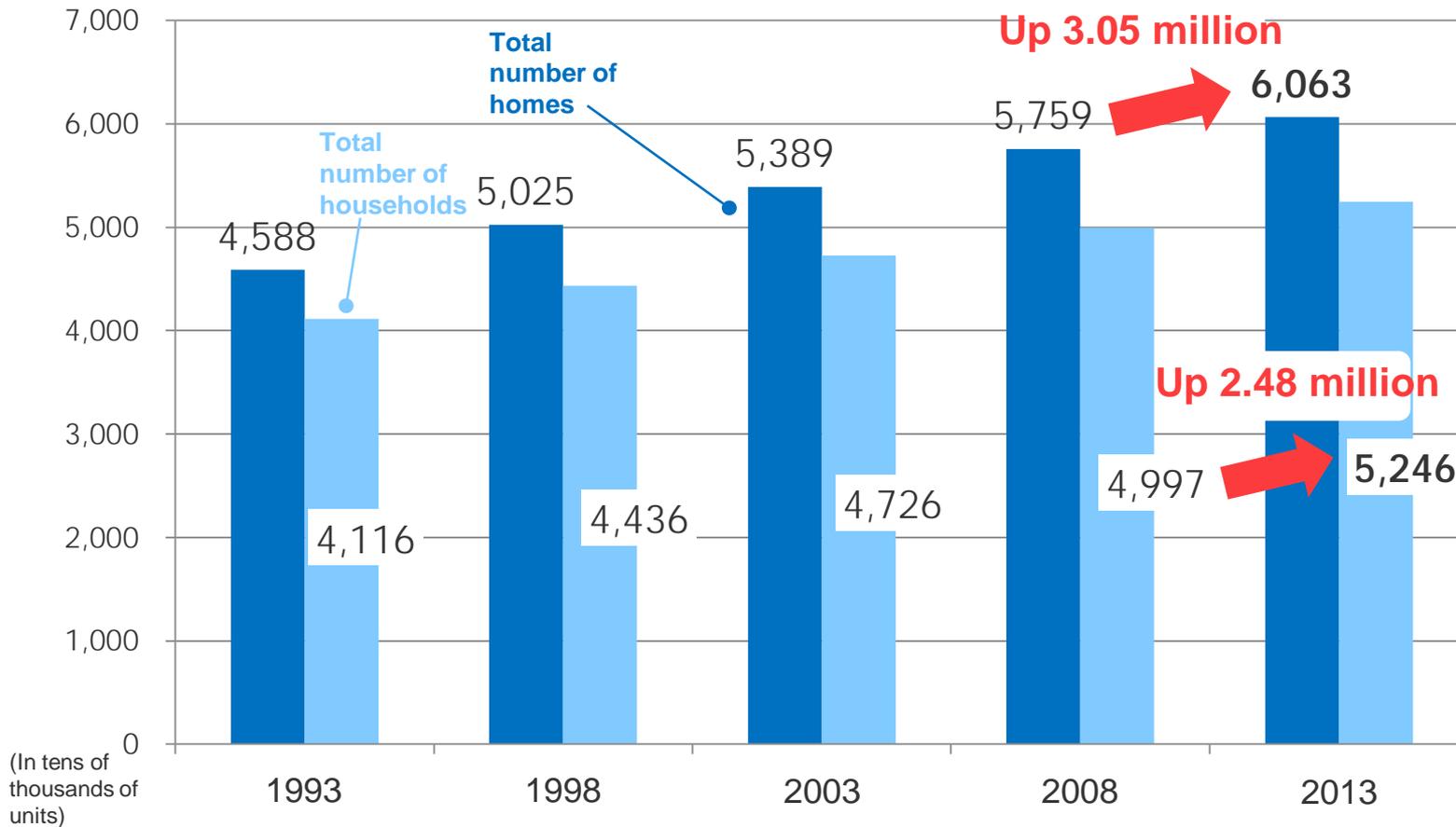


Market environment

Outline of 2013 Housing and Land Statistics Survey Preliminary Results

POINT The total numbers of homes and households in Japan both hit record highs.

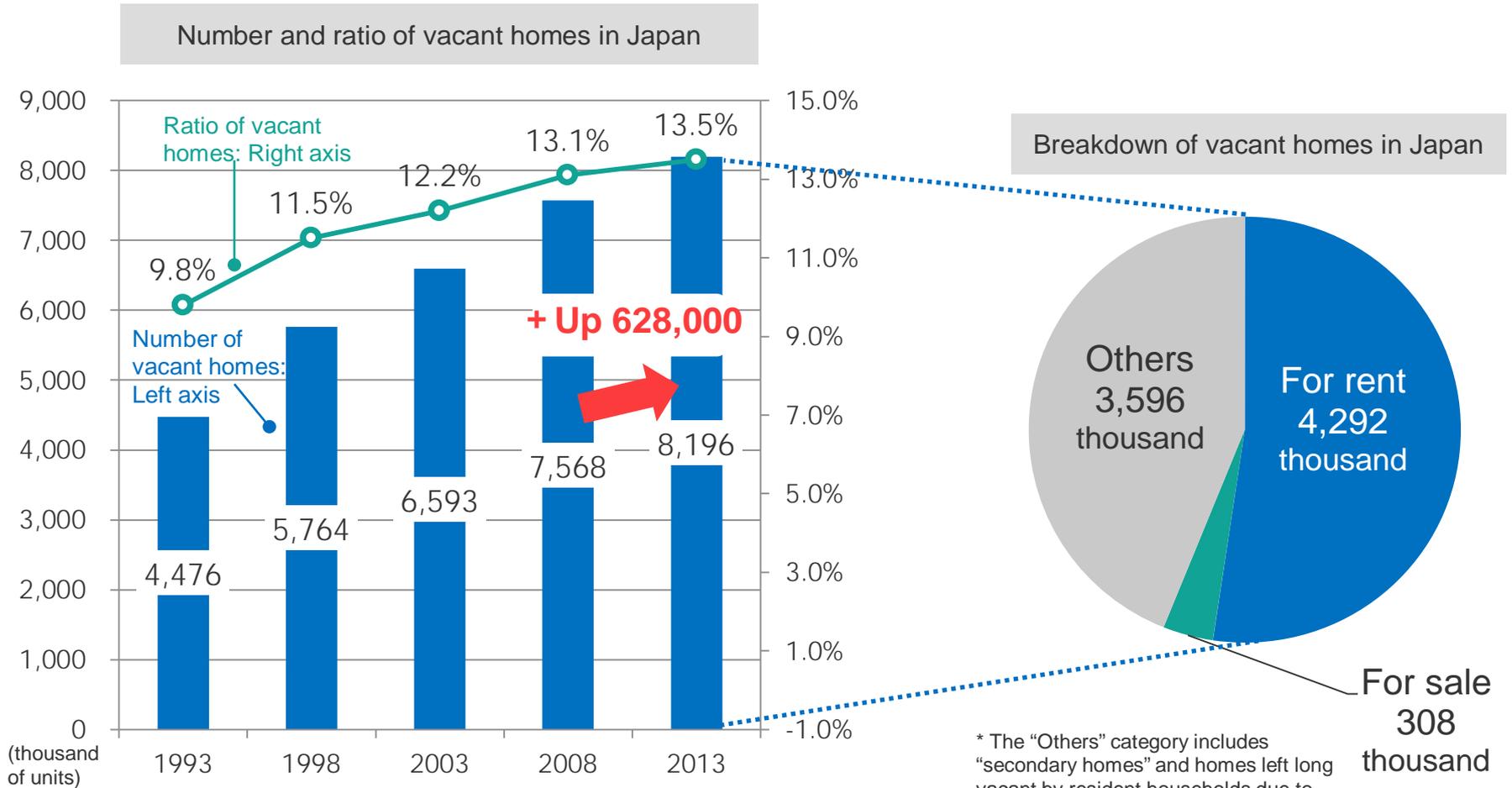
Total numbers of homes and households in Japan



Source: The Ministry of Internal Affairs and Communications Statistics Bureau, *Housing and Land Survey 2013 Preliminary Results* (released on July 29, 2014)

Outline of 2013 Housing and Land Statistics Survey Preliminary Results

POINT The number and ratio of vacant homes in Japan also both hit record highs. **NEXT** expects to experience growing needs for property advertising.



* The "Others" category includes "secondary homes" and homes left long vacant by resident households due to their work-related relocation as well as homes scheduled to be demolished for the purpose of rebuilding them

Source: The Ministry of Internal Affairs and Communications Statistics Bureau, *Housing and Land Survey 2013 Preliminary Results* (released on July 29, 2014)

External Market Data (Monthly) Reference data

Number of Apartments for sales (Monthly)

Source : Real Estate Economic Institute Co., Ltd.

Unit	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Jul-14	Aug-14	Sep-14
Capital Region	5,306	4,145	5,970	3,506	5,006	8,246	1,826	2,651	4,641	2,473	4,300	3,503	4,222	4,222	2,110	3,336
YoY	31.6%	53.3%	77.4%	21.4%	22.3%	6.1%	6.1%	-24.1%	-9.7%	-39.6%	-13.4%	-28.3%	-20.4%	Δ20.4%	Δ49.1%	Δ44.1%
Kinki	2,111	1,994	3,671	1,404	1,781	2,405	711	1,668	1,848	1,222	1,588	1,690	2,016	2,016	1,217	1,829
YoY	-18.8%	56.3%	85.3%	-33.4%	5.0%	-26.5%	-22.1%	82.7%	-12.7%	-9.3%	-20.2%	-30.1%	-4.5%	Δ4.5%	Δ39.0%	Δ50.2%

Trend of Price for Apartments (Monthly)

Source : Real Estate Economic Institute Co., Ltd.

Unit : million yen	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Jul-14	Aug-14	Sep-14
Capital Region	5,128	4,796	5,045	4,911	4,967	5,338	4,637	5,064	5,215	4,846	5,156	4,830	5,532	5,532	5,684	4,764
YoY	9.9%	0.5%	22.5%	16.4%	-0.7%	18.2%	-1.8%	18.1%	8.5%	2.5%	5.3%	-0.1%	7.9%	7.9%	18.5%	Δ5.6%
Kinki	3,522	3,419	3,514	3,382	3,598	3,332	3,475	3,383	3,640	3,430	3,517	3,766	3,618	3,618	3,808	3,877
YoY	-1.5%	-1.9%	0.8%	12.7%	-3.6%	0.8%	-4.6%	-3.8%	2.8%	-0.1%	-0.5%	6.1%	2.7%	2.7%	11.4%	10.3%

New build properties (Monthly)

Source : Ministry of Land, Infrastructure, Transport and Tourism

Unit : million yen	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jun-14	Jul-14	Aug-14	Sep-14
House for Rent	31,012	29,548	31,892	35,059	35,266	35,634	29,953	27,744	28,925	31,177	27,434	31,058	28,623	28,623	28,435	30,082
YoY	19.4%	7.0%	21.5%	3.3%	17.1%	29.8%	21.5%	24.7%	11.3%	12.0%	3.1%	1.8%	-7.7%	Δ7.7%	Δ3.8%	Δ5.7%
Apartment	10,320	10,929	12,497	8,509	9,037	9,736	11,941	8,674	8,290	8,902	7,307	7,754	9,011	9,011	10,188	9,941
YoY	4.0%	6.0%	35.6%	-17.7%	-14.6%	-7.4%	18.6%	-33.5%	-13.4%	-16.9%	-43.3%	-24.5%	-12.7%	Δ12.7%	Δ6.8%	Δ20.4%
House	11,305	11,983	11,396	11,766	12,111	12,026	10,530	9,654	10,044	10,737	10,026	11,491	10,882	10,882	10,299	10,247
YoY	8.4%	11.3%	12.4%	10.4%	12.1%	10.8%	-0.3%	-4.9%	-4.3%	1.7%	-7.9%	-1.4%	-3.7%	Δ3.7%	Δ14.1%	Δ10.1%
Owned	31,475	31,379	32,128	33,967	34,580	31,858	24,955	22,891	21,650	23,799	22,288	24,864	23,524	23,524	24,250	24,617
YoY	11.1%	11.2%	14.2%	17.6%	22.6%	19.1%	5.9%	-0.4%	-13.0%	-16.1%	-22.9%	-19.0%	-25.3%	Δ25.3%	Δ22.7%	Δ23.4%

Internal migrants (Monthly)

Source : Ministry of Internal Affairs and Communications

Unit : people	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Jul-14	Aug-14	Sep-14
Internal	385,184	357,063	328,167	369,718	316,544	323,785	300,049	328,322	894,633	749,265	340,819	320,900	356,646	356,646	351,970	360,790
YoY	5.8%	-3.0%	8.8%	-5.7%	-2.3%	-0.6%	1.8%	0.6%	8.0%	-7.8%	-8.1%	6.2%	-7.4%	Δ7.4%	Δ6.8%	3.2%



IR Policy Changes

(Revisit)

We have changed the policy from the earnings forecast for the year ended March 31, 2015

IR Policy Changes (Revisit)

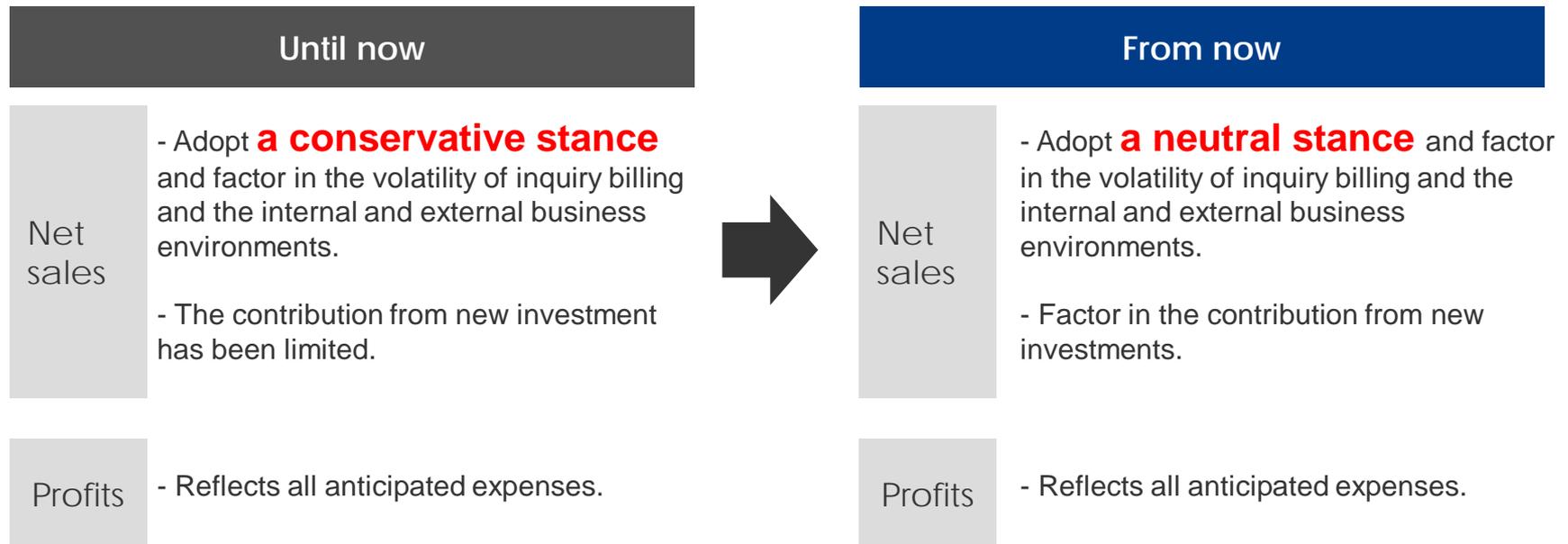
POINT

Change IR policy to make investment decisions easier

- **(1) From a conservative forecast to a neutral one**
- **(2) Reevaluate net sales categories according to service**
- **(3) Issue monthly reports for all services (= consolidated net sales)**

POINT To the extent possible, take into account the external business environment, investment effectiveness, etc. when issuing performance forecasts.

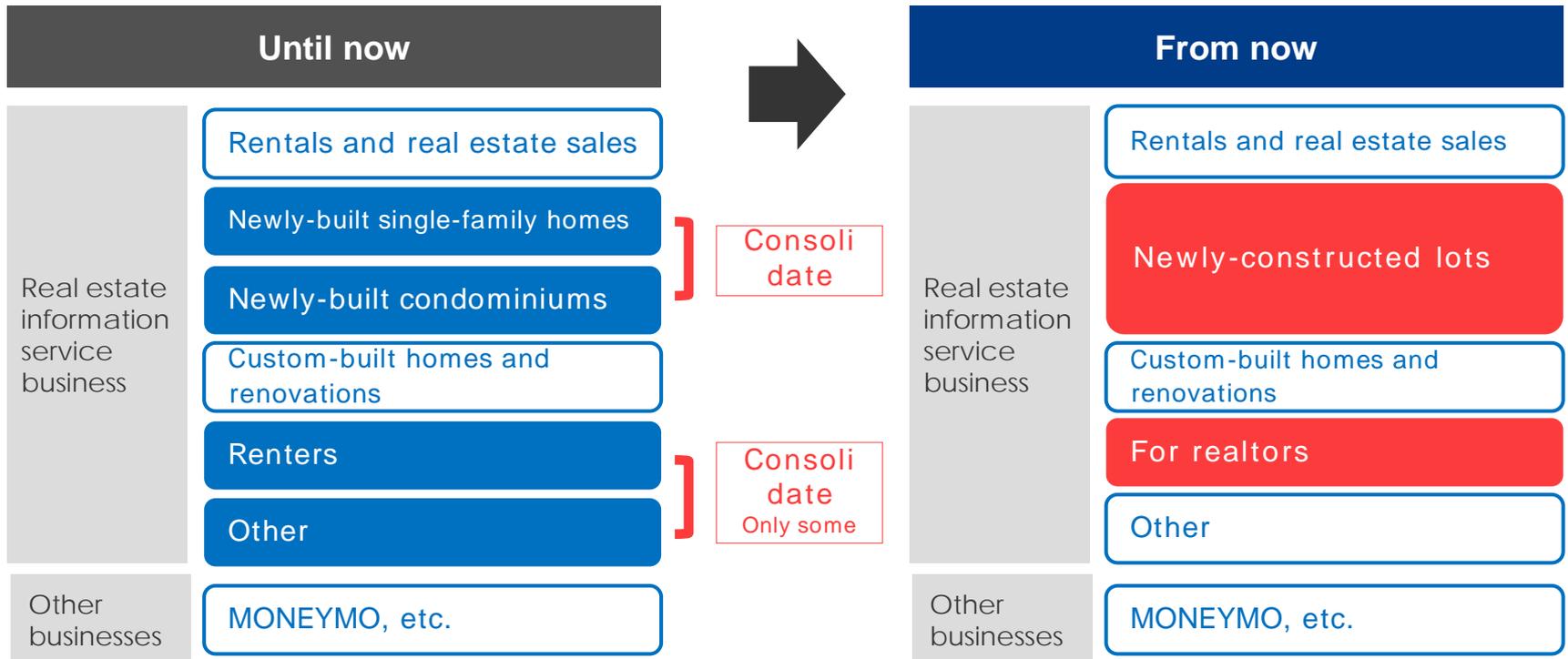
(1) From a conservative forecast to a neutral one



IR Policy Changes (Revisit)

POINT Disclosure categories will also change in accordance with site integration and medium-term strategy investment categories.

(2) Reevaluate net sales categories according to service

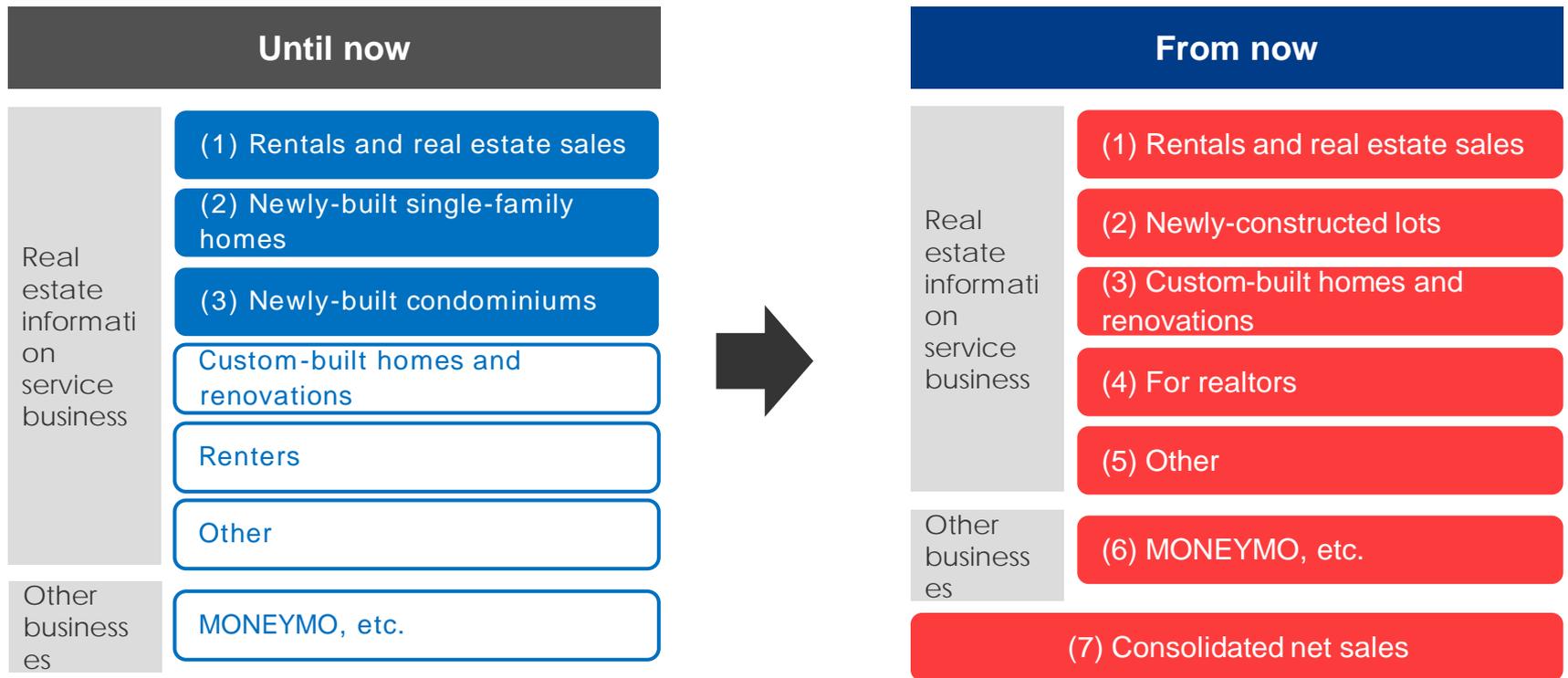


Areas in red will change.
This applies to services for newly-constructed lots and realtors.

IR Policy Changes (Revisit)

POINT Performance reports released every month on the 20th for only three services will be expanded to all services.

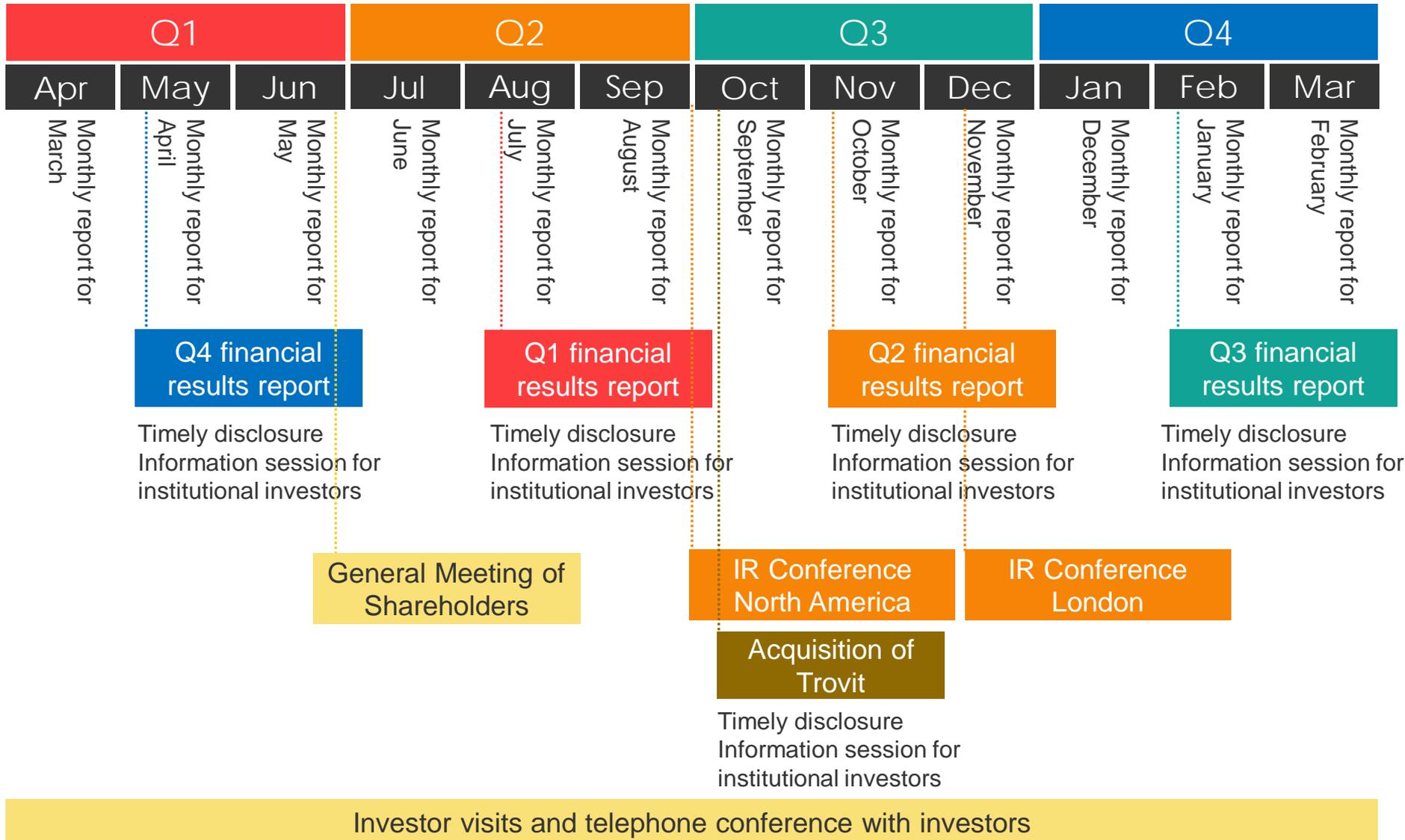
(3) Issue monthly reports for all services (= consolidated net sales)



Monthly reports have been for three services only.

Monthly revenue reports will be released for all services. Member outlet numbers and member outlet unit prices will be consolidated into quarterly financial statements.

IR Activities for the Year





**Reference data which were
being indicated before**

"HOME'S" is the No. 1 real estate and housing information listing site in Japan, specialized for the Internet.



Ranked "No.1" as the "Easiest" Smartphone Site to Use

(*1)



HOME'S



No.2

Nomura Securities



No.3

ZOZO TOWN



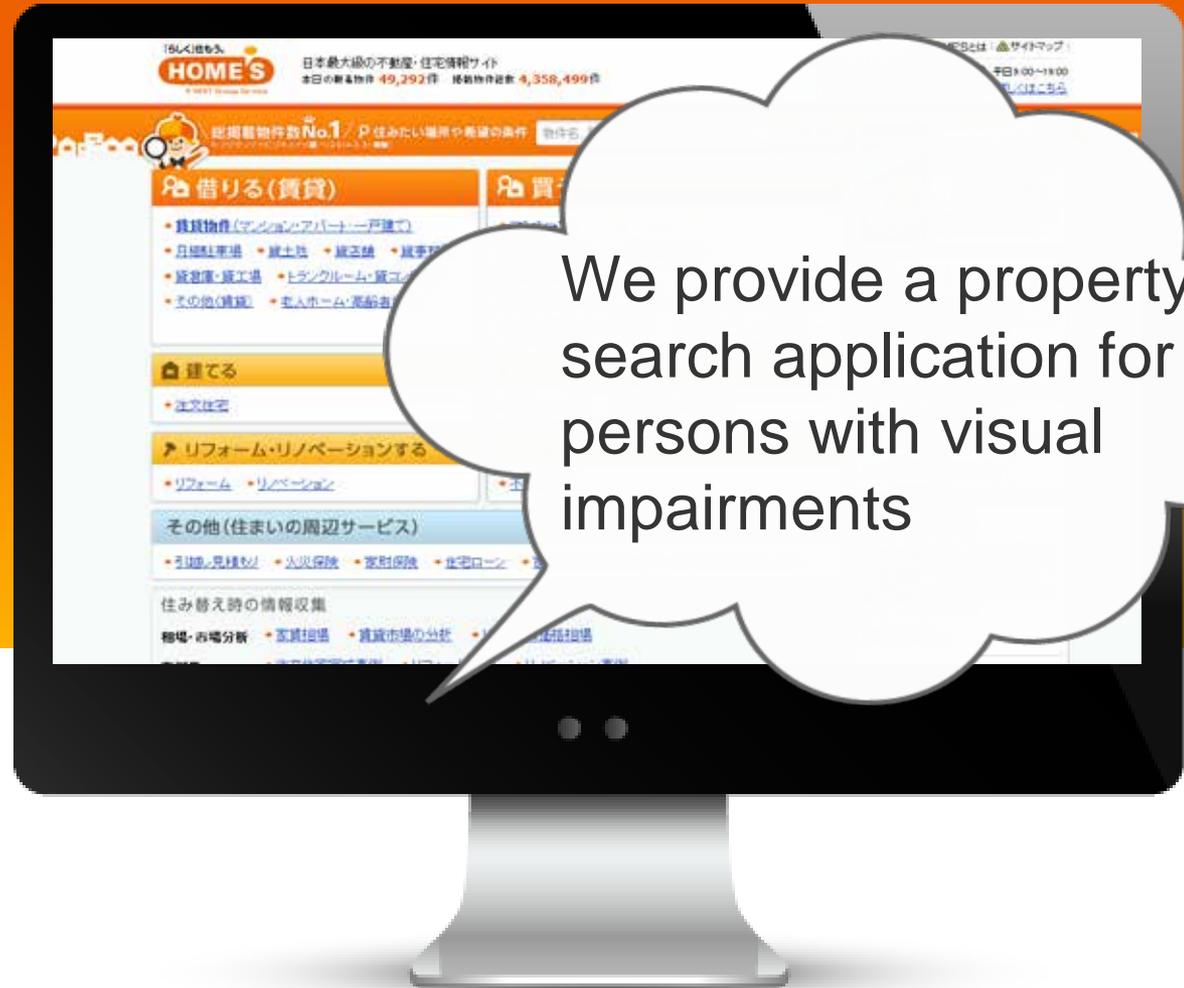
No.4	House foods
No.5	Tokyo Metro
No.6	kakaku.com
No.7	UNITED ARROWS
No.8	NISSAN Motor
No.9	At Home
No.10	Amazon.com



(*1) Tribeck Strategies Inc.'s "smart phone website usability diagnosis" (published in April 2012)

The surveyed websites included, of the websites of companies providing major services to smartphone users, portal sites, E-commerce sites, corporate sites, and specialized sites of a specific genre (websites specialized for a specific genre or purpose such as real estate and finance, etc.) <http://www.tribeck.jp/release/120405.html>

Rent
Buy, Sell
Custom-built homes,
Renovations
Real estate investment
Insurance against loss
/Life insurance
Move



Efforts to improve services in the real estate industry as a whole



Growing from Japan to become the best real estate and housing information provider in Asia.

Thailand

(99.9% stake)



Taiwan

(12.2% stake)



Indonesia

(50.0% stake)



Insurance agency search and appointment website

“MONEYMO” provides various services to help users reconsider their finances such as sign up for consultation on life insurance.

- n More than 1000 stores across the country
- n Various insurance information
- n Mortgage consultation and comparison
- n Consultation with life planners



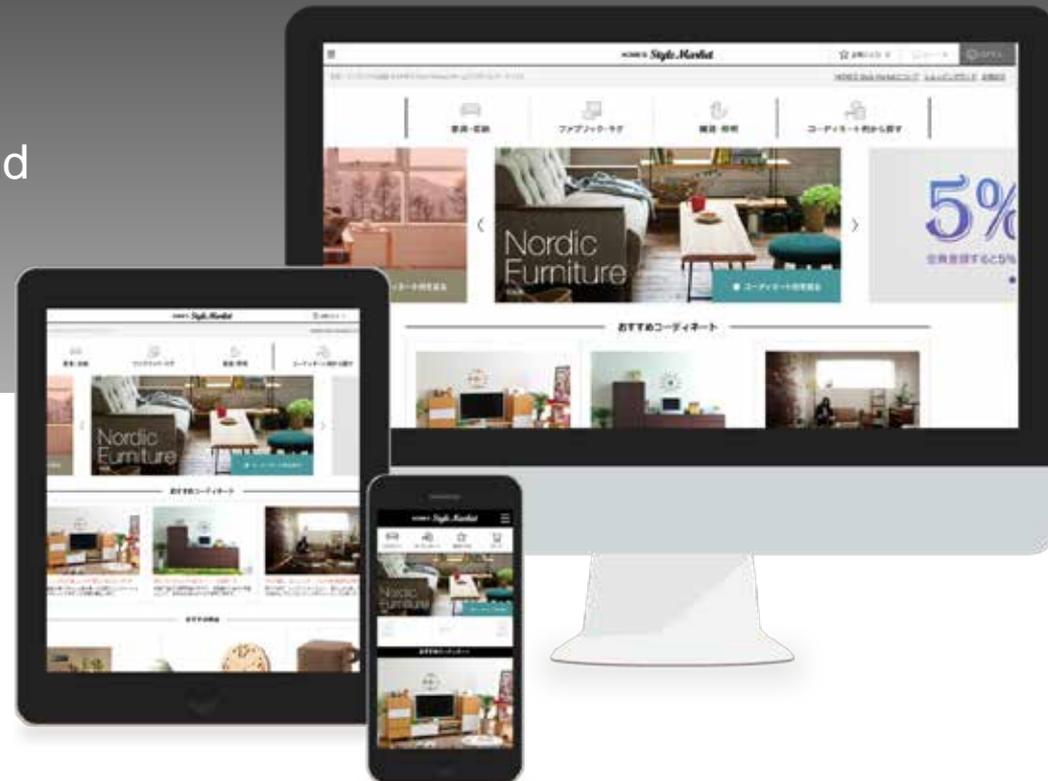
MONEY マネモ
mo
A NEXT Group Service

Furniture/interior EC website

"HOME'S Style Market" is an interior EC website where you can select from interior styles. Rather than simply choosing the furniture, you can make a selection while looking at photos of rooms in a catalog-like display and picturing yourself living in them.

- n Full of coordination examples
- n Select products with peace of mind
- n Advanced Search to match your conditions

HOME'S
Style Market
【ホームズ スタイルマーケット】



Efforts of “HOME'S” own

A celebratory poster for the HOME'S Customer Grand Prix 2013 results announcement. The background is orange with confetti and streamers. On the left, a laurel wreath contains the text 'HOME'S 接客グランプリ 2013 結果発表'. On the right, a cartoon character in a brown suit and cap holds a magnifying glass. A red banner in the top right corner reads '賃貸不動産会社'. At the bottom, a cityscape is visible.

HOME'S
接客グランプリ
2013
結果発表

賃貸不動産会社

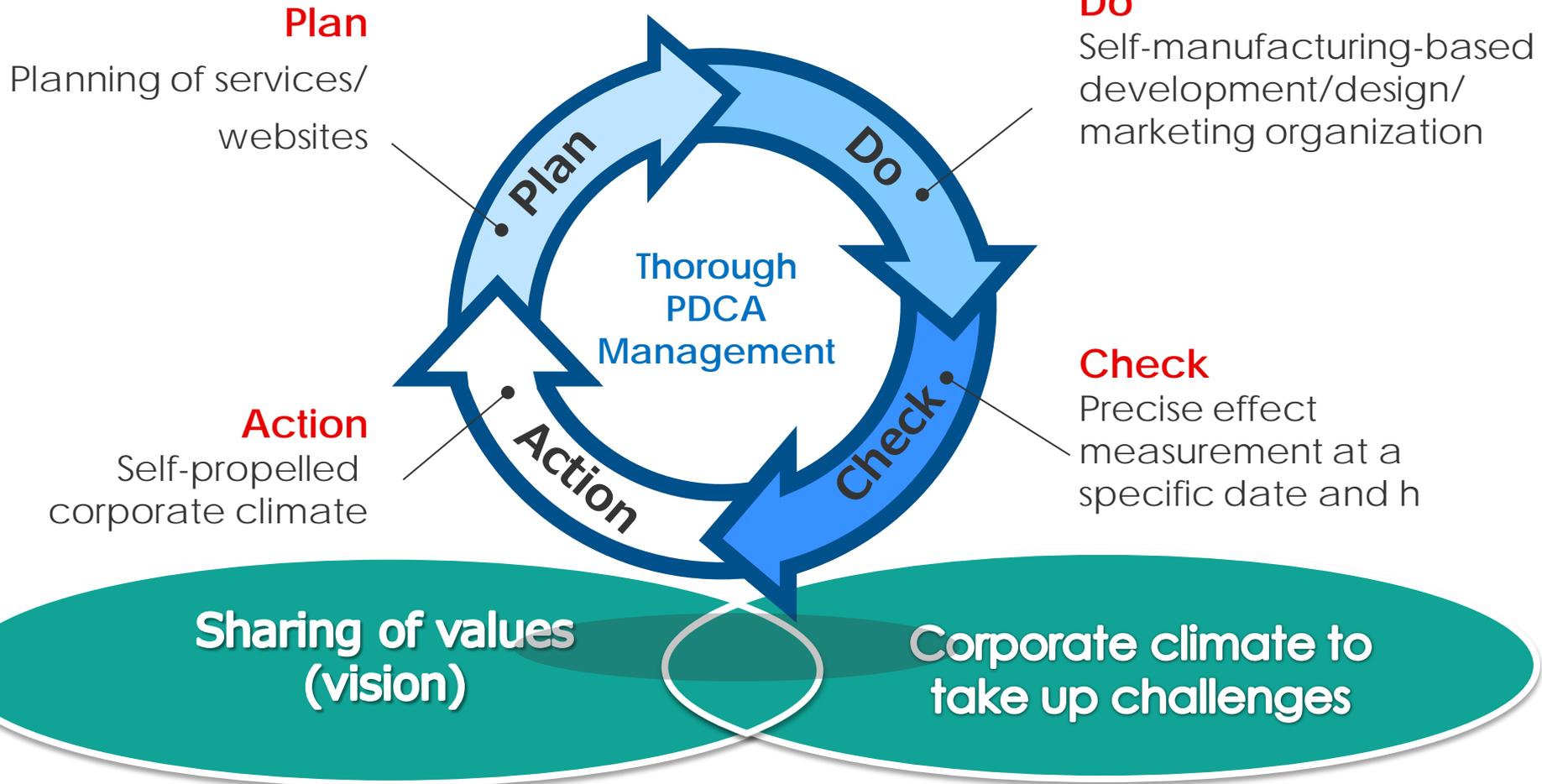
おもてなしNo.1店舗を決定!

全国の賃貸不動産店舗を対象に専門調査員が接客対応メール対応を客観的に診断し接客サービスNo.1店舗を決定するHOME'S接客グランプリを開催しました!

Our Strength

POINT

The Source of Growth: Shared vision x Corporate climate to take up challenges x Thorough PDCA management

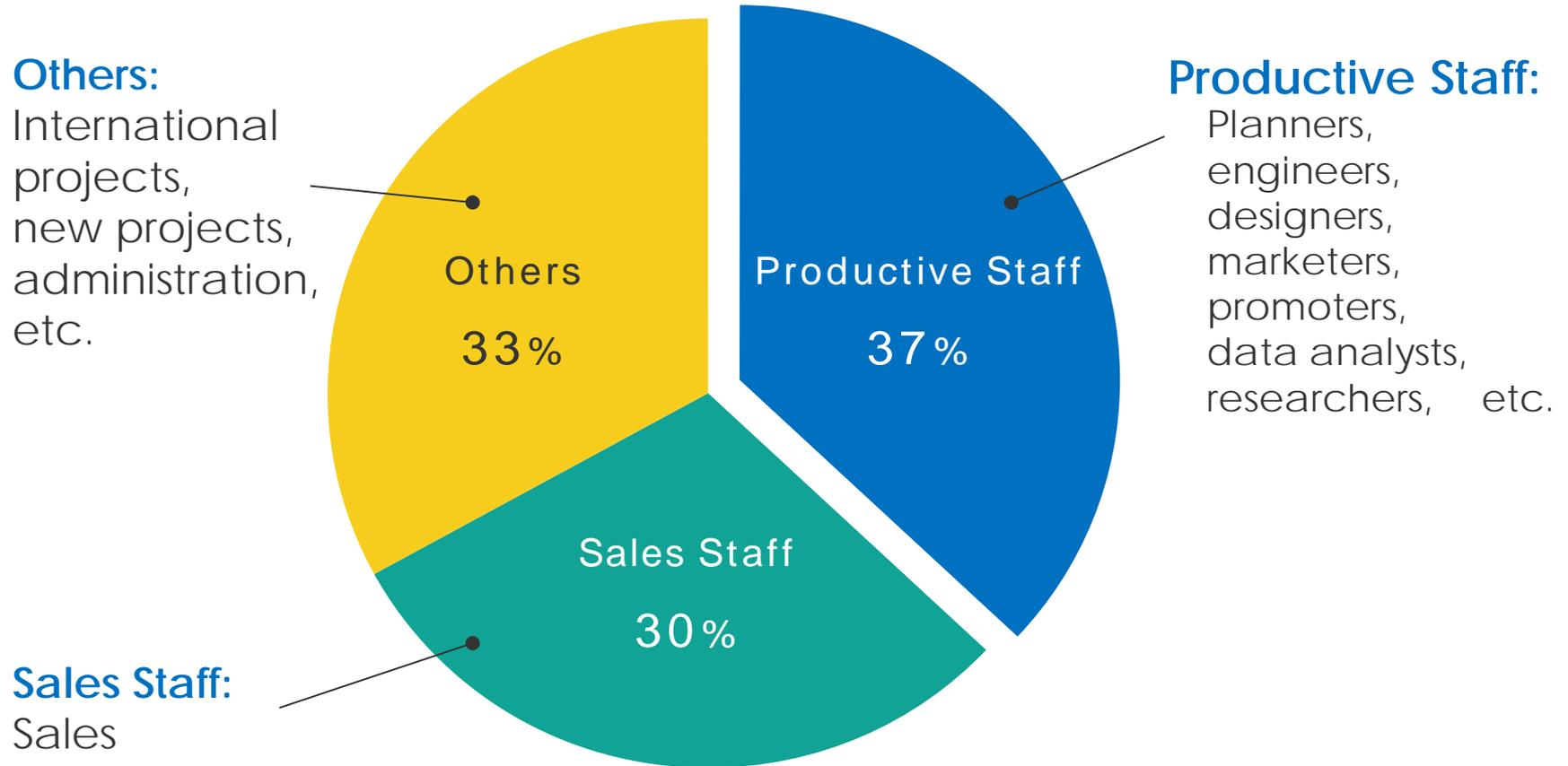


Our Strength

POINT

Stick to self-manufacturing, with productive staff accounting for the largest part of the workforce.

Workforce Composition



POINT Focus on human resource development in order to provide No.1 services

Examples of human resource development efforts

Next University

An in-house university consisting of three faculties - Business, Marketing, and Manufacturing. There will be classes on critical thinking, marketing, management, as well as selective overseas training. The president and employees will also give lectures on administration, financial analysis, programming, basic design, and English conversation.

New business proposal system "Switch"

A system in which any employee can make a business proposal twice a year. In 2012, a second-year graduate recruit received an award for excellence. "HOME'S Nursing Care" and "HOME'S Storage Room" were born from this system.

Creator days

A system in which employees can take on the study of state-of-the-art technology and trends and the development of new services. Employees may spend up to 10% of their business hours on approved projects. The "HOME'S" iPhone app was born from this system.

POINT

Aiming to become the No. 1 company in terms of job satisfaction, share vision and business strategies periodically.

Case: A Companywide General Meeting in July 2014



(1) A companywide general meeting is held monthly, where participants share vision, monthly financial results and topics from the respective business divisions and top performing salespeople are also commended.



(2) The President and executives hold a panel discussion on “why vision is important.”



(3) Followed by a division-by-division or cross-sectoral discussion on the importance of vision.



(4) The best speaker of each table makes a presentation to the audience.

Awarded as one of the Best Companies to Work for the **4th year in a row**

Selected as Best Company along with Google and Microsoft, etc. in a survey of 6000 companies in 45 countries.

Ranked in **6th** the Best Motivation Company Award 2014



In-house meeting at the Tokyo office

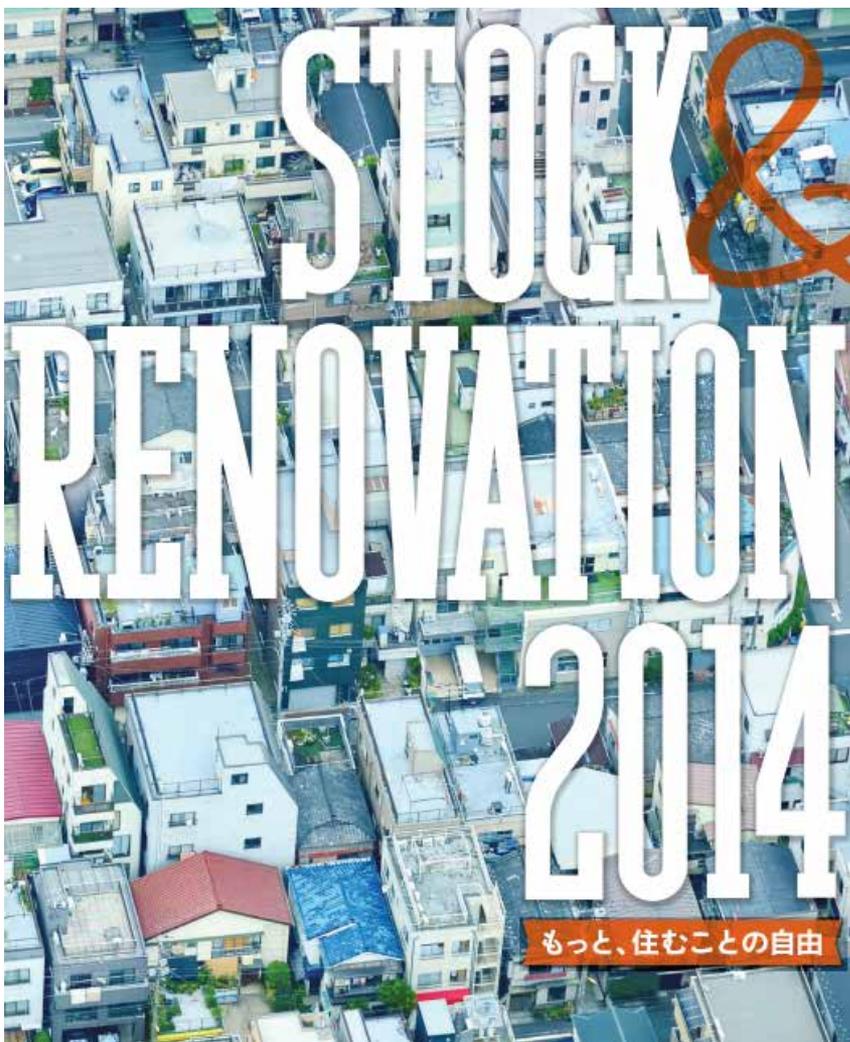
Distribution of Real Estate Market Reports

POINT

HOME'S Research Institute releases a report on the existing house and home renovation market which is expected to grow.

Summary of Existing House/Home Renovation Market Report

The report can be downloaded free of charge at:
<http://www.homes.co.jp/souken/report/201406/>



Renovation of existing houses drives the shift to stock-type society. On the market expected to grow further, the achievements and issues as of 2014 are summarized.



Profile of Head of HOME'S Research Institute



Manjo Shimahara

Joined Recruit in 1989.
 Held a series of posts at Recruit Jutaku Soken (currently Recruit Sumai Co., Ltd.) since 2005.
 Resigned from Recruit in March 2013.
 Joined NEXT in July 2013, heading our in-house think tank HOME'S Research Institute .

Also founded the Residential Renovation Promotion Council. Other responsibilities include a member of the Ministry of Land, Infrastructure, Transport and Tourism's panel to study the total plan for existing houses and home renovation.

Investment in an internet venture

POINT

Made a capital contribution to Glue-th, Inc., the operator of the “Mechika” 15-second video SNS service

Video SNS application “Mechika”

Outline of SNS application Mechika

About 15-second video SNS “Mechika”

(URL : <http://mechikaboola.com/>)

An application that enables the user to create a video easily just by shooting six clips of two-second scenes

With this application, the user can edit the video by using some 80 original music pieces and 600 types of moving stamps.

The number of this application’s cumulative installations reached 600,000 (70% in non-Japan locations). Its monthly active ratio has been over 80%.

Profile of Glue-th, Inc. the operator

Address: 17, Iwato-cho, Shijuku-ku, Tokyo, Japan

Founded: May 2013

Representative: Kazuhiro Naya, CEO

Principal business activities: Operation of the 15-second video SNS “Mechika” service

Sample video



↓Mechika video @internal link:

<http://goo.gl/Om9CPo>



**NEXT's aim is to locate
residences of the near future**

Strengthen efforts towards new technology Medium-term business strategies

POINT NEXT's aim is to locate residences of the near future



POINT

Unlocking Doors with Smartphone "Smart Key Systems"



Strengthen efforts towards new technology Medium-term business strategies

POINT A virtual sneak peek app "Room VR"



It was introduced on Monday June 9, 2014 on TV Tokyo "WBS".



POINT 3D camera "Matter port"



Demonstration of Matter port

Strengthen efforts towards new technology Medium-term business strategies

POINT

“Property Search Map” utilizing a tangible user interface

