

Brief Report of the Settlement of Accounts (IFRS) for the First Quarter of the Year Ended March, 2016

August 12, 2015

Listed company name	NEXT Co., Ltd.	Listed exchange market:	Tokyo Stock Exchange
Code number	2120	URL	http://www.next-group.jp/
Representative	(Position) President and CEO	(Name) Takashi Inoue	
Contact person	(Position) Managing Officer, General Manager of Administration	(Name) Daigo Minaguchi	TEL (03)5783-3603
Scheduled quarterly securities report submission date	August 12, 2015	Scheduled dividends payout date	—
Preparation of supporting documentation for the settlement of accounts:	Yes		
Meetings for the settlement of accounts:	Yes (For institutional investors and analysts)		

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the First quarter of the year ending March 31, 2016 (From April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (Percentages indicate increase or decrease in the ratio from the previous financial year)

	Revenue		Operating Profit		Profit before income taxes		Net Profit		Net Income Attributable to Owners of the Parent		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 of FY 03/2016	5,457	41.7	1,052	46.0	1,050	45.5	694	59.8	682	58.3	1,252	185.4
Q1 of FY 03/2015	3,852	—	720	—	721	—	434	—	430	—	438	—

	Return on equity attributable to owners of the Company	Per diluted share Quarter profit
	Yen	Yen
Q1 of FY 03/2016	6.04	—
Q1 of FY 03/2015	3.82	3.81

*Notes: Effective June 1, 2015, the Company conducted a two-to-one share split for its common shares.

Along with this, assuming that the stock split is the model of the previous fiscal year was done, we have calculated the quarterly earnings per share after quarter profit and diluted per basic per share.

(2) Consolidated financial position

	Total assets	Net assets	Attributable to Owners of the Parent	Attributable to Owners of the Parent
	Million yen	Million yen	Million yen	%
Q1 of FY 03/2016	23,708	11,853	11,740	49.5
FY 03/2015	22,592	10,853	10,824	47.9

2. Dividends

	Annual Dividends				
	End of Q1	End of Q2	End of Q3	End of Quarter	Total
	Yen	Yen	Yen	Yen	Yen
Q1 of FY 03/2015	—	—	—	5.75	5.75
Q1 of FY 03/2016	—	—	—	—	—
Q1 of FY 03/2016(Forecast)	—	—	—	4.71	4.71

*Notes : Revision to the most recently announced dividend forecast: No

Effective June 1, 2015, the Company conducted a two-to-one share split for its common shares. Consequently, Dividend forecast for the March 2016 period has become the expected amount in consideration of the split. Dividend per share before the split consideration is ¥ 9.42.

3. Forecast of consolidated performance for FY 03/2016 (From April 1, 2015 to March 31, 2016)

(Percentages indicate increase or decrease in the ratio from the previous financial year)

	Revenue		Operating Profit		Profit attributable to owners of the Company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Half of FY 03/2016	11,681	50.7	1,446	24.3	921	29.2	7.76
Full Year	26,142	43.9	4,314	60.3	2,795	55.6	23.55

*Notes : Revision to the most recently announced consolidated forecasts: No

Effective July 17, 2015, the Company issued new shares in a third party allocation. The net basic earnings per share is calculated including the increase in the number of shares by new shares issued.

*Notes

(1) Change in material subsidiaries during the period : No

(2) Change in the accounting policy, change in the accounting estimation

1) Changes in the accounting policies required by IFRS : No

2) Change in the accounting policy other than 1) : No

3) Change in the accounting estimation : No

(3) Number of shares outstanding (Common shares)

1) Number of shares outstanding at the end of the period

(including treasury stock)

Q1 of FY 03/2016	112,992,000 Shares	FY 03/2014	112,992,000 Shares
Q1 of FY 03/2016	73,636 Shares	FY 03/2014	73,072 Shares
Q1 of FY 03/2016	112,918,921 shares	Q1 of FY 03/2015	112,847,554 shares

2) Number of shares of treasury stock at the end of period

3) Average number of shares during the period

Notes : Effective June 1, 2015, the Company conducted a two-to-one share split for its common shares. The stock split will have been calculated on the assumption that was done at the beginning of the previous fiscal year.

* Indication regarding the performance of audit procedures

- This "Brief Report of the Settlement of Accounts" is not subject to audit procedures in accordance with the Financial Instruments and Exchange Law, and as such, the audit procedures for the financial statements in accordance with the Financial Instruments and Exchange Law had been completed when this "Brief Report of the Settlement of Accounts" was disclosed.

* Description of the appropriate usage of the business performance forecast and other special matters

- Any descriptions regarding future matters such as a business performance forecast, etc., as stated in this material, are based on the information we currently have and certain assumptions that are considered reasonable. However, the actual business performance may differ significantly for various causes.
- Our company plans to hold a results briefing for institutional investors and analysts on August 13, 2015. This briefing and its descriptions (in sound recording format) will be listed on our website shortly after being held, together with the account settlement information used on the day.

1. Qualitative Information on the Financial Results for the three months ended June 30, 2015 of the Fiscal Year Ending March 31, 2016

The NEXT Group has applied international financial reporting standards (hereafter referred to as "IFRS") rather than conventional Japanese accounting standards starting with the three months ended June 30, 2015 of the current fiscal year ending March 31, 2016. Therefore, figures for the previous consolidated financial results for the three months ended June 30, 2014, as well as the previous consolidated financial results for the previous accounting year, are reclassified using the IFRS and are then used for comparative analysis.

(1) Operating results

Following our corporate mission of "Designing Delightful Encounters," the NEXT Group develops a variety of information service businesses that closely relate to people's lives, focusing on its real estate information service business, as well as insurance information and local information services.

Based on the slogan "Become a global company with 'DB+CCS' (data base + communication & concierge services)" as the centerpiece of its Mid-term Management Strategy, the NEXT Group endeavors to organize/accumulate/integrate the massive amount of information overflowing into the world, to provide the most suitable information to each customer via a variety of media and to address services that support moving towards the future.

In particular, the Group has in mind increasing its user share by 40% as a long-term goal for its flagship operation, the real estate information service business, to create a world where our real-estate information listing site, HOME'S, is indispensable.

Based on this strategy, the Group has been focusing on strengthening its real estate information service business in Japan, developing and promoting the sales of services for real estate companies in Japan, establishing overseas business bases and reviewing countries suitable to launch our business, making its operations in new business areas besides real estate profitable and developing new businesses.

In the consolidated three months ended June 30, 2015 of the fiscal year ending March 31, 2016 (hereafter referred to as the 1st quarter of FY2015), the Group enhanced its branding promotion, web marketing, and corresponding smart devices, and endeavored to increase the number of member stores to further increase the number of properties NEXT handles in order to expand our user share and to increase the number of inquiries of our real estate information service in Japan.

In addition, as of May 29, 2015, NEXT Co., Ltd. has acquired 60% of the outstanding shares of AXELION Co., Ltd. (hereafter referred to as "AXELION"), a provider of online marketing services for real estate companies, and has made it a consolidated subsidiary of NEXT Co., Ltd. Herewith, by leveraging the media capabilities of the NEXT Group and consulting capabilities of AXELION, the Group has established a structure that enables the Group to aspire to enhance the quality and increase the amount of property information listed on our online information site, HOME'S, and to create a more solid customer base by supporting the operations of real estate companies.

On the subject of overseas businesses, Trovit Search, S.L., which became a consolidated subsidiary of NEXT Co., Ltd. as of November 28, 2014 and is an aggregator of real estate/housing, used cars, and career-change information, initiated its services in Japan, Thailand and Taiwan.

As a result, our consolidated financial results for the 1st quarter of FY2015 recorded 5,457,761 thousand yen (+41.7% y-o-y basis) in sales revenue, 1,052,735 thousand yen in operating profit (+46.0%), 1,050,205 thousand yen in quarterly profits before tax (+45.5%), and 682,151 thousand yen in quarterly profits attributable to the owners of the parent company (+58.3%).

NEXT Co., Ltd. regards Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as an important economic indicator, because of its voluntary application of the IFRS from the 1st quarter of FY2015, and an increase of the influence of overseas subsidiaries, to compare the Group's earnings with its overseas competitors and as an indicator to measure the gross output of cash. EBITDA in the 1st quarter of FY2015 was 1,267,008 thousand yen (+56.6%).

Moreover, sales revenues and operating profit by segment types in this 1st quarter are as follows.

(Unit: JPY 1000)

Segment name	Sales revenues		Operating profit of the segment	
	Amount	Y-o-Y changes (%)	Amount	Y-o-Y changes (%)
(1) Domestic Real Estate Information	4,167,082	18.2	860,750	16.1

Services				
(1) Services for Domestic Real Estate Companies	245,583	15.1	2,846	-53.1
(3) Overseas	904,383	(Note 1)	214,163	(Note 2)
(4) Others Services	144,025	34.4	-20,289	(Note 3)

(Note 1) Sales revenue in the previous term was JPY 14,045,000.

(Note 2) Operating profit in the previous term was JPY -23,850,000.

(Note 3) Operating profit in the previous term was JPY -3,205,000.

For more detailed information on the financial results, including the following items, please refer to the company's IR site for the "Report on the financial results for the three months ended June 30, 2015 of fiscal year ending March 31, 2016, which will be released on August 12, 2015.

URL for reference: <http://www.next-group.jp/ir/ir-data/>

<Major items in the briefing materials of the financial results>

- Trends of operating profit (loss): Major factors that caused changes in expenses and the trend in expenses-to-sales ratios, etc.
- Trends of sales revenues by service category: Trends in sales revenues of more detailed categories than segment unit, and the causes of their changes.
- Progress in business performance forecasts: Progress of forecasts of sales revenue by service category and business performance by major expense items.
- Topics: Main activities by segment.
- Quarterly data: Income statement (simplified version), sales revenue by service category, and profit & loss by segment.
- Collection of external statistical data: Number of condominiums on sale, condominium sales prices, number of new housing starts, number of inter-prefectural migrants and the population and number of households.

(2) Qualitative Information on Consolidated Financial Conditions

(Assets)

The balance of current assets as of June 30, 2015 was 8,739,188 thousand yen, a decrease of 19,569 thousand yen from the end of the previous consolidated fiscal year (hereafter referred to as the "previous year end"). The decrease was primarily caused by an increase of 428,123 thousand yen in cash and deposits and an increase of 501,160 thousand yen in accounts receivable-trade and other current receivables and a decrease of 998,980 thousand yen in other short-term financial assets.

The balance of non-current assets as of June 30, 2015 was 14,969,489 thousand yen, an increase of 1,136,162 thousand yen from the previous year end. Primary causes of this increase include an increase of 852,337 thousand yen in goodwill, and an increase of 108,807 thousand yen in intangible assets.

Consequently, total assets as of June 30, 2015 were recorded as 23,708,677 thousand yen, an increase of 1,116,593 thousand yen from the previous year end.

(Liabilities)

The balance of current liabilities as of June 30, 2015 was 11,271,169 thousand yen, an increase of 102,114 thousand yen from the previous year end. Primary causes of the increase include a decrease of 335,811 thousand yen in accounts payable-trade and short-term debt-other, an increase of 55,581 thousand yen in accrued corporate income taxes, and an increase of 382,343 thousand yen in other current liabilities.

The balance of non-current liabilities as of June 30, 2015 was 584,137 thousand yen, an increase of 14,506 thousand yen from the previous year end. The major cause of the increase is an increase of deferred tax liabilities by 11,570 thousand yen.

From the above results, total liabilities as of June 30, 2015 amounted to 11,855,306 thousand yen, a decrease of 116,620 thousand yen from the previous year end.

(Capital or capital attributable to the owners of the parent company)

The balance of capital as of the end of the 1st quarter of FY2015 was 11,853,371 thousand yen, an increase of 999,973 thousand yen from the end of the previous year end. Major factors for the increase are an increase of 682,151 thousand yen in retained earnings in the quarterly profits that are attributed to the owners of the parent company, a decrease of retained earnings by 324,641 thousand yen due to payment of dividends, and an increase of 559,982 thousand yen in foreign currency translation adjustments.

(3) Explanation of Information on Future Predictions, such as the Forecast of Consolidated Performance

By incorporating the influences of acquisition of AXELION Co., Ltd. (hereafter referred to as "AXELION") in May 2015 and establishment of four subsidiaries through a company split in July 2015, predictions of the performance of the six months ending September, 2015 (From April 1, 2015 until September 30, 2015) and the performance of the whole fiscal year (From April 1, 2015 until March 31, 2016), which were announced on May 14, 2015, are adjusted as follows.

Adjusted performance forecasts for the first six months of the year ending March 31, 2016
(From April 1, 2015 until September 30, 2015)

Unit: JPY 1million	Sales revenue	Operating profit	Net income attributable to owners of parent company	Basic net profit per share
Forecasts in previous announcement (A)	10,919	1,459	930	8.24
Forecast revised this time (B)	11,681	1,469	921	7.76
Changes (B-A)	+762	+10	-9	-
Percentage changes (%)	+7.0%	+0.7%	-1.0%	-
Reference: Performance in the previous term	7,750	1,144	686	6.32

Adjusted forecasts of the consolidated performance for the full year ending March 31, 2016
(From April 1, 2015 until March 31, 2016)

Unit: JPY 1million	Sales revenue	Operating income	Net income attributable to owners of parent company	Basic net income per share
Forecasts in previous announcement (A)	24,145	4,315	2,821	24.98
Revised forecast this time (B)	26,142	4,336	2,795	23.55
Changes (B-A)	+1,997	+21	-26	-
Percentage changes (%)	+8.3%	+0.5%	-0.9%	-
Reference: Performance in the previous term	18,165	2,691	1,796	15.91

(Note 1) The performance of AXELION is consolidated from June 2015, the 1st quarter of the fiscal year ending March 2016.

(Note 2) NEXT Group implemented a two-for-one split of shares as of June 1, 2015. The number of shares used in the above-mentioned

calculation are those done after the share-split.

2. Matters Related to Summary Information (Notes)

(1) Changes to principal subsidiaries during the 1st quarter ended on June 30, 2015

There is no applicable matter.

(2) Change in Accounting Policies and Change in Accounting Estimates

There is no applicable matter.

3. Material Events regarding the Going Concern Assumption, etc.

There is no applicable matter.