



Acquisition of Trovit

October 9, 2014 Explanatory Meeting Material

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.



Medium-term Business Strategies

This is the revisit of the contents that we have presented so far.

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

*Database + communication & concierge service



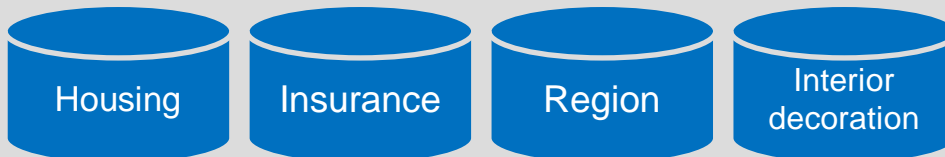
Needs



Appropriate information



Analyze individual user preferences, then select and provide the most appropriate information



Create database of information about daily life in Japan and overseas

CCS

Communication & concierge service

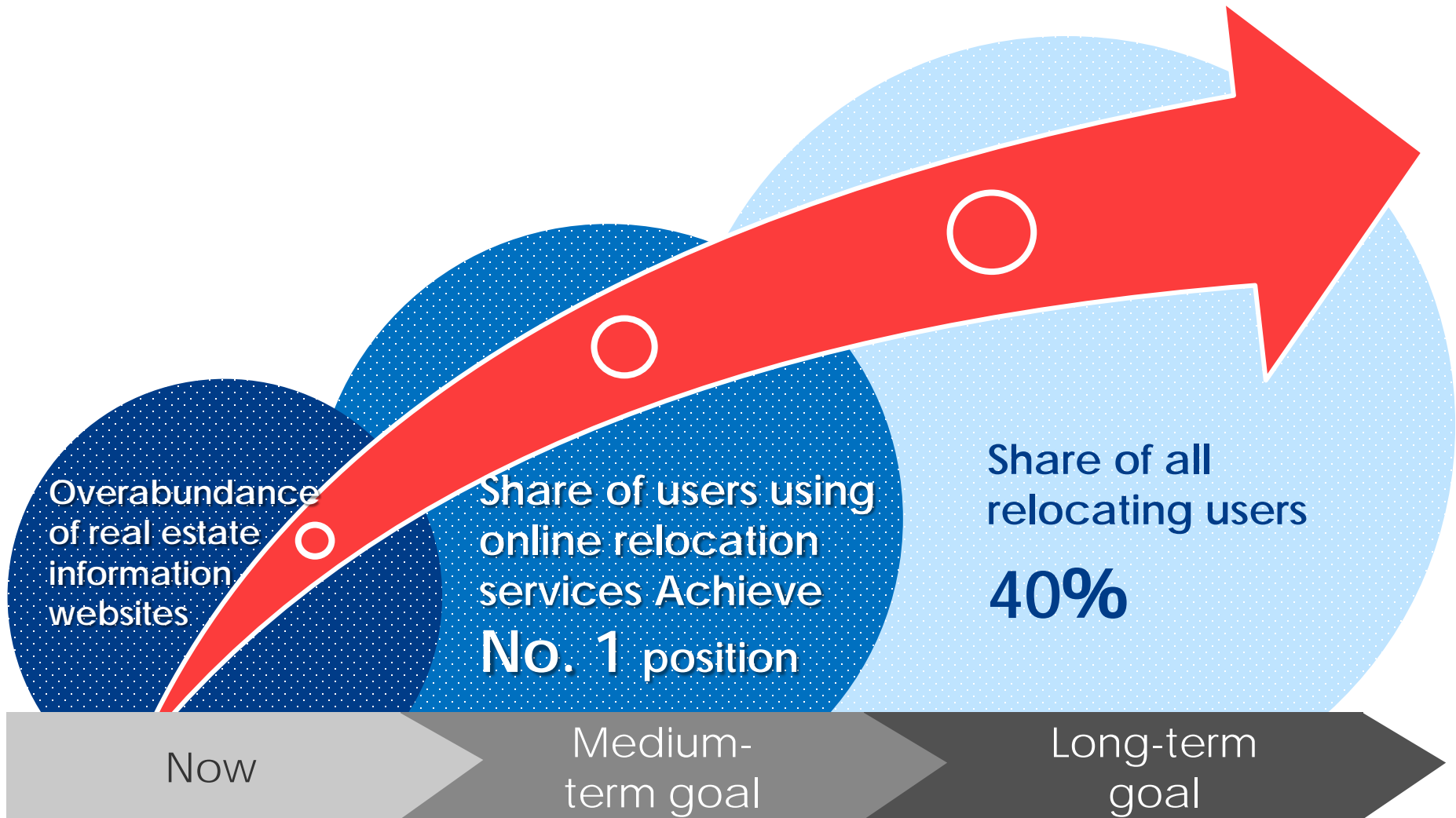
Recommendations to support the decisions of those pushing ahead

DB

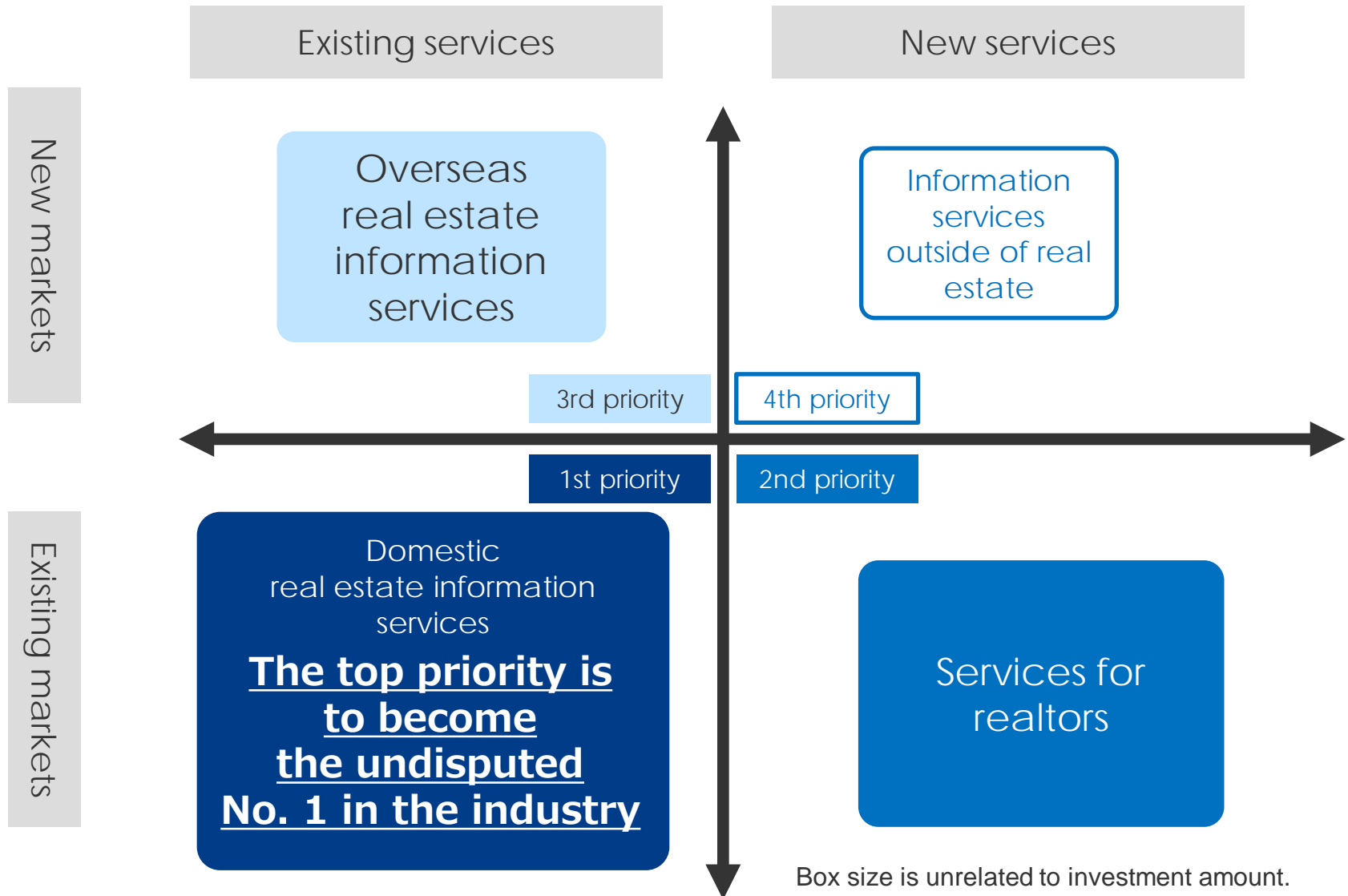
Japan and overseas database

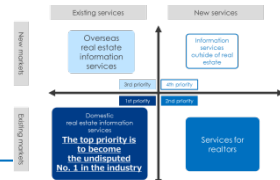
Accurate and all-inclusive information about daily life

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



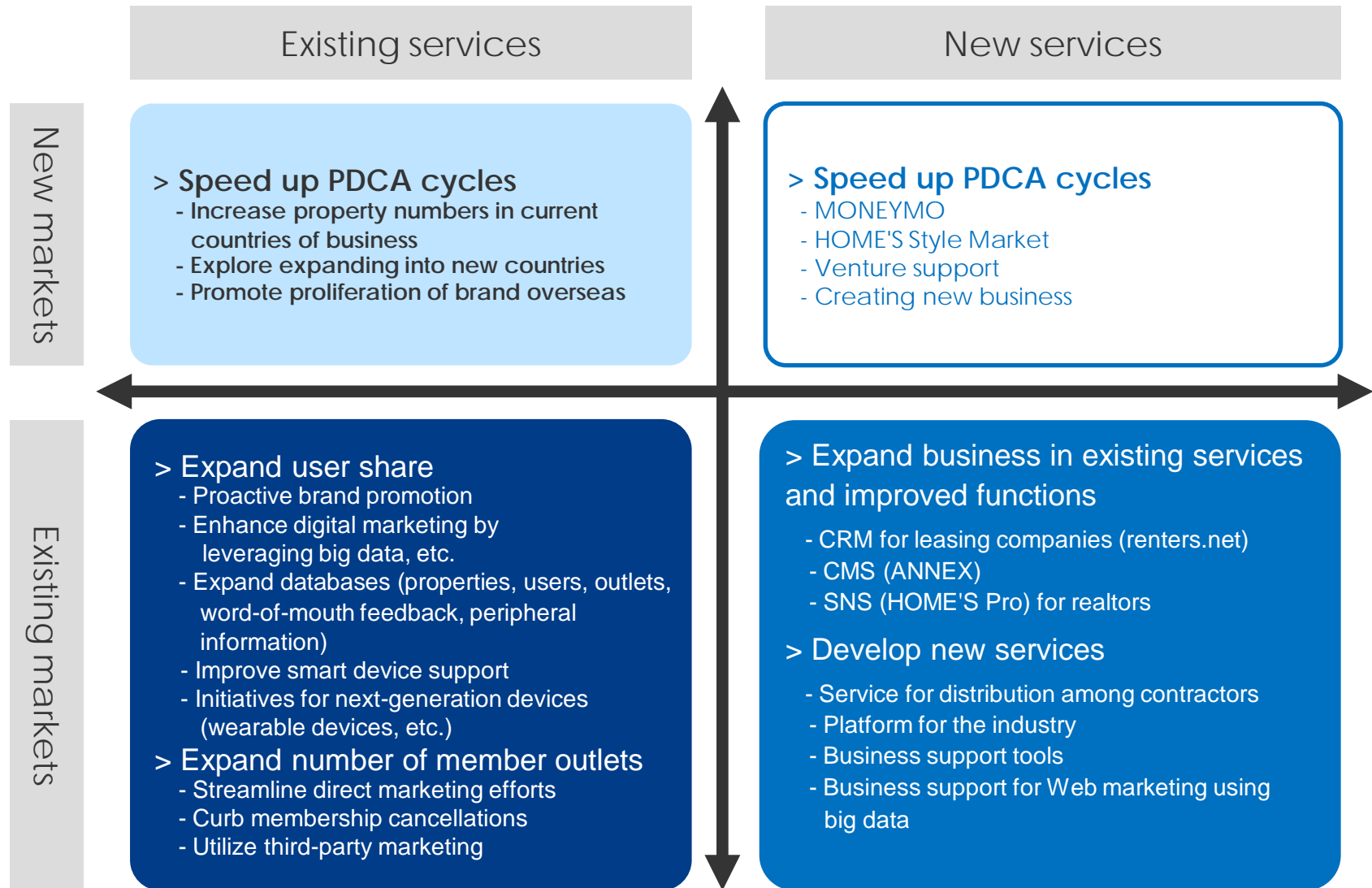
POINT Prioritize the domestic real estate market and invest in long-term growth





POINT

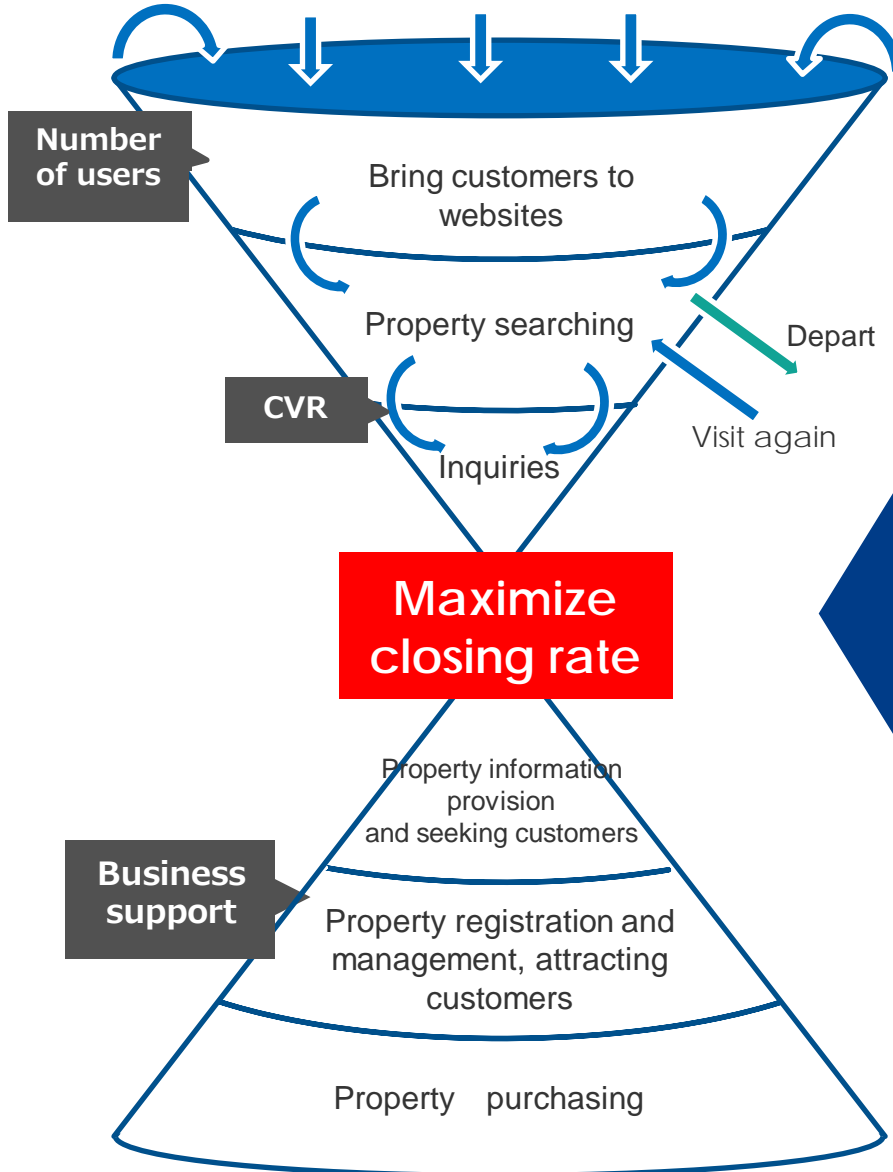
Prioritize the domestic real estate market and invest in long-term growth



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

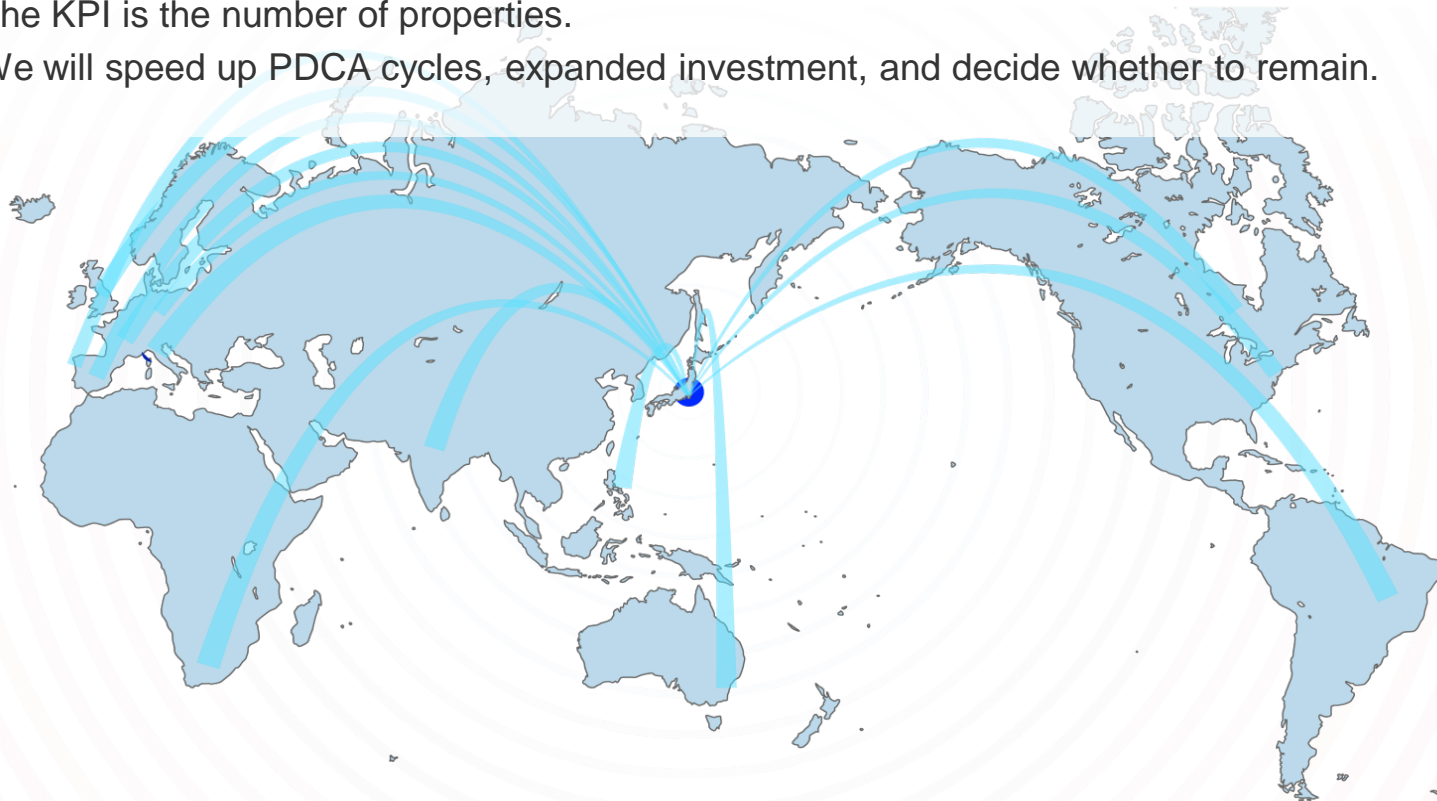
Enhance business support services

Expand database and maximize closing rate

POINT

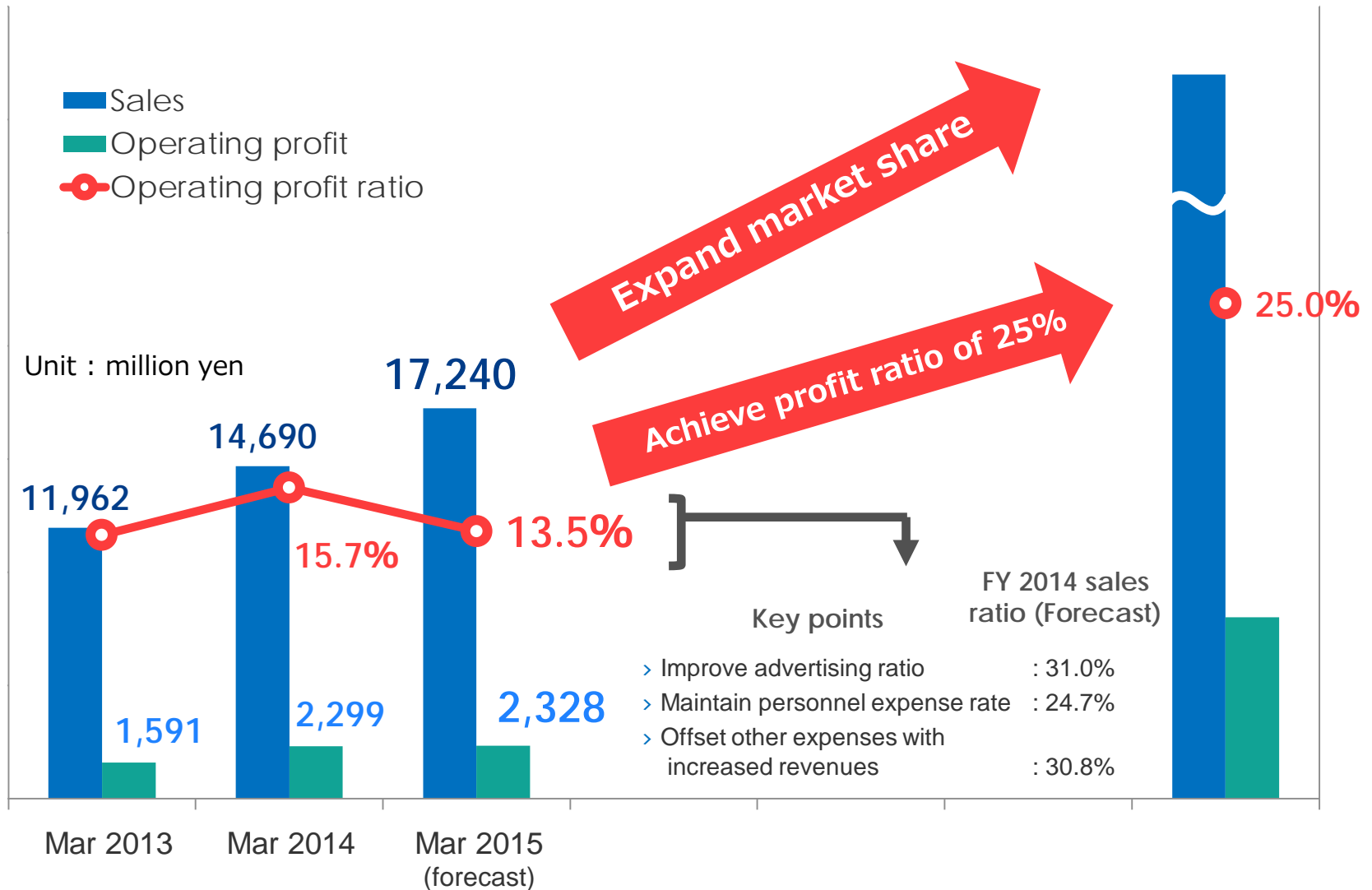
Continue investment into overseas business to achieve medium- and long-term growth

- › 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.



POINT

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



› **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

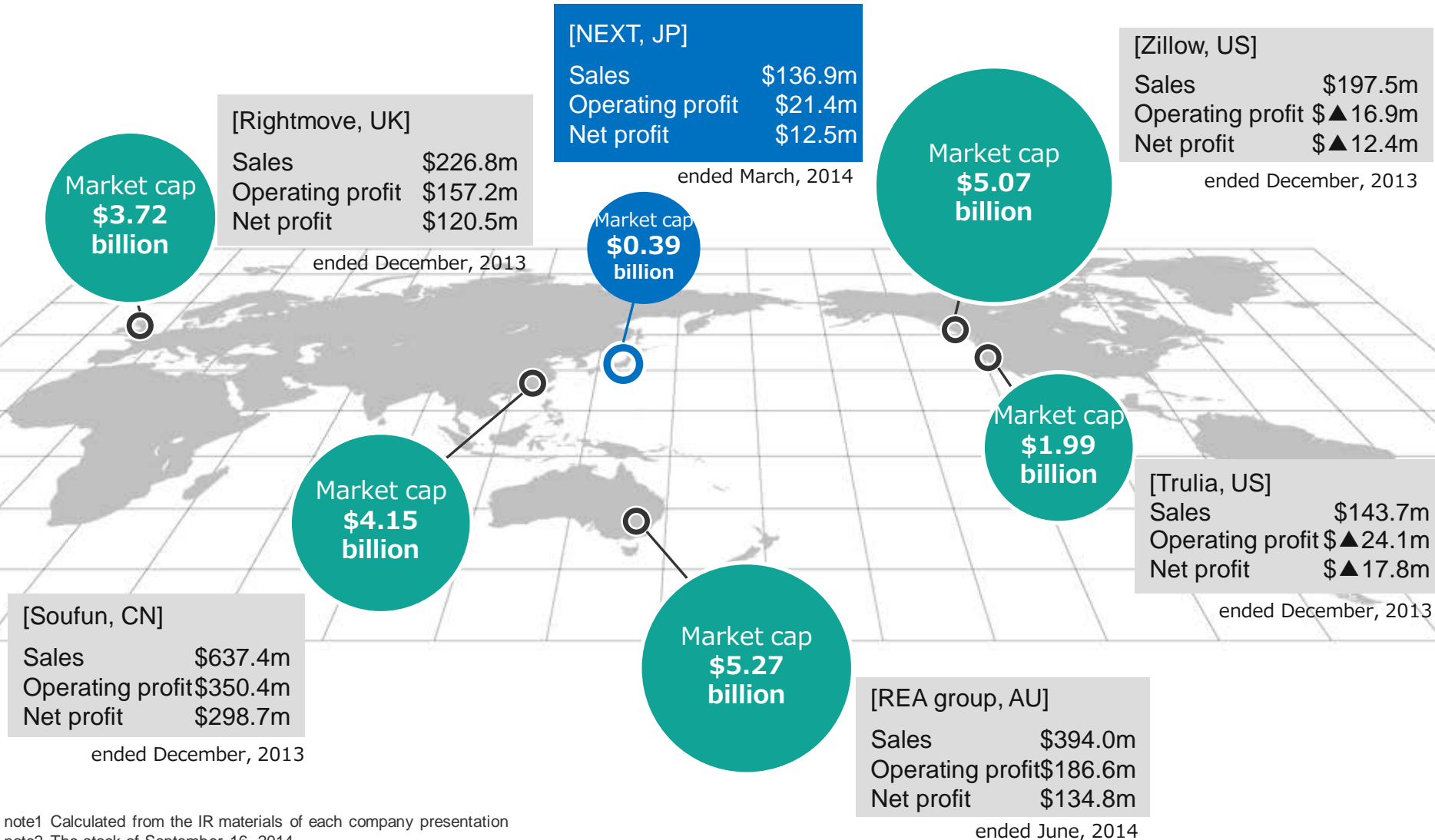
› **Business Development**

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

The situation of the overseas competitor

POINT

The overseas competitors in the world have high amount of market capitalization with user share in the background



note1 Calculated from the IR materials of each company presentation

note2 The stock of September 16, 2014

note3 Exchange rate \$1=107.3 yen, GBP1=173.9yen, AUD1= 96.6yen

note4 Zillow announces acquisition of Trulia for \$3.2 billion in stock.

Acquisition of Trovit



Overview of acquisition project

- > **Company name** : Trovit Search S.L.
- > **Business activities** : Operation of one of the world's largest aggregation site
(Mainly including real estate/housing, used cars, employment information)
- > **Business performance**: Sales: 17,560 thousand euros (approx. 2.42 billion yen)
Actual results for FY2013
Operating profit: 5,869 thousand euros (approx. 810 million yen)
Net profit: 4,208 thousand euros (approx. 580 million yen)
- > **Acquired stocks** : 100% *Calculated based on 1 euro = 137.65 yen
- > **Acquired consideration** : Cost for acquiring stocks: 80 million euros +
accompanying cost: 100 million yen
Total: Approx. 11.1 billion yen
- > **Fund** : Cash reserves + borrowing
- > **Reference**
Cash of Next as of the end of June, 2014: 8.34 billion yen
EBITDA of Next (FY2013): 2.78 billion yen

Service provision countries

Overview of Trovit

POINT With focus on real estate, Trovit provides internet search sites in 39 countries around the world



POINT Trovit deploys business at low cost and maintains 47 million users per month and content partnerships with more than 20,000 firms

Consumer

Deploys sites in 39 countries around the world without having physical bases

47 million users per month

Maintains over 22 million registered members

Company



Philosophy: Help anyone in any country to find a home, car, job,

Foundation: October, 2006

Head office: Spain

Number of employees: 92

Ended December, 2013

Sales: 17,560 thousand euros

(Approx. 2.42 billion yen)

Operating profit: 5,869

thousand euros

(Approx. 810 million yen)

Operating profit ratio: 33.4%

Clients

20,000 content partnerships, 600 paid customers, and 120 million cases posted on the sites

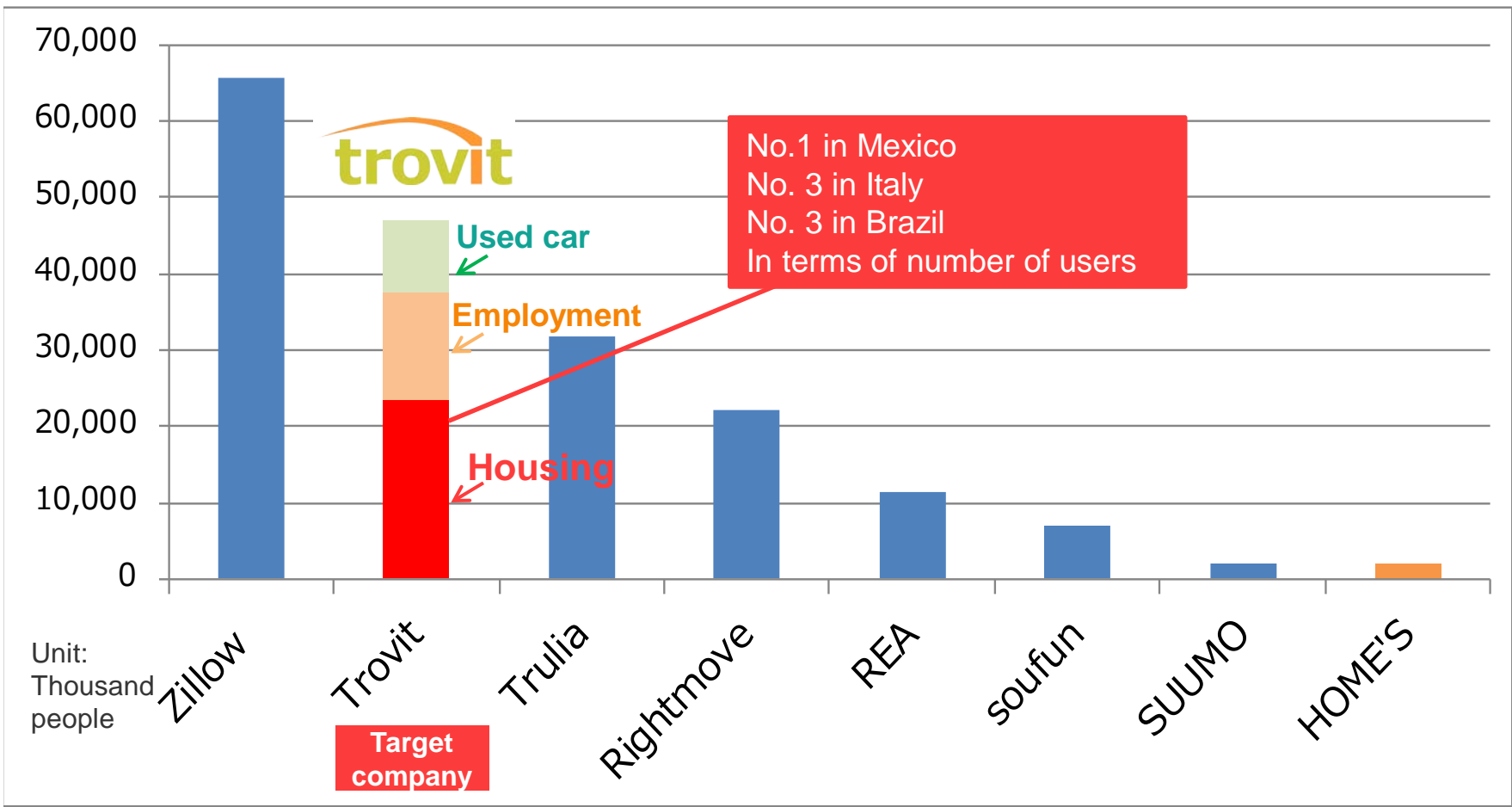
Collaborates with leading companies in the world including listed companies

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.

POINT With multi-device, Trovit provides not only real estate information but also used car and employment information, etc.



Homes

Real estate information



Cars

Used car information



Jobs

Employment information



Products

Mail order information



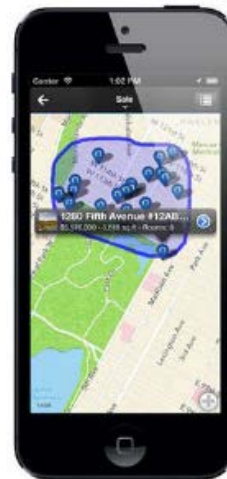
Rentals

Holiday home information

PC site



iPhone App



Android App

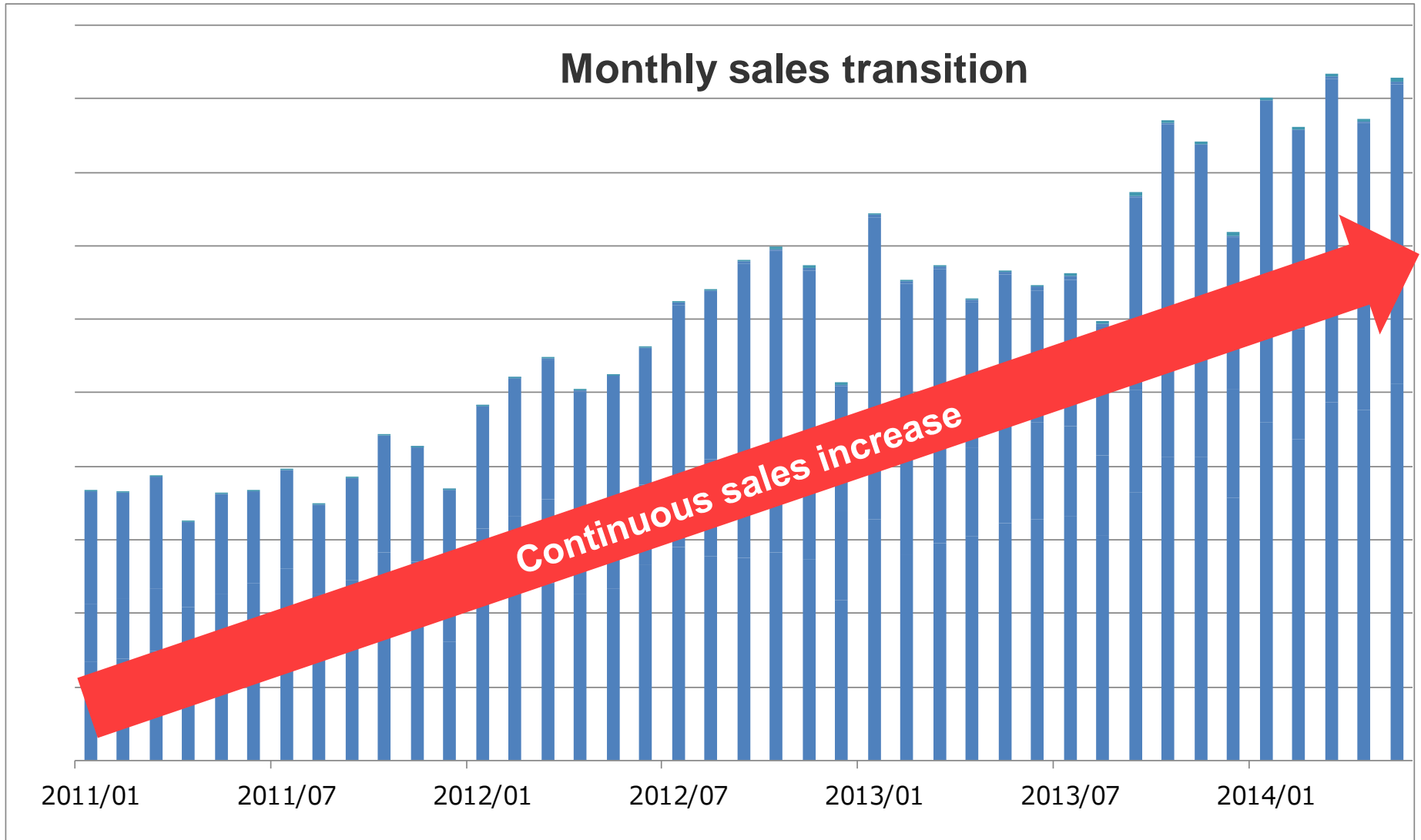


Mobile site



↑ For app, 15,000/day downloads

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



Profit and loss summary

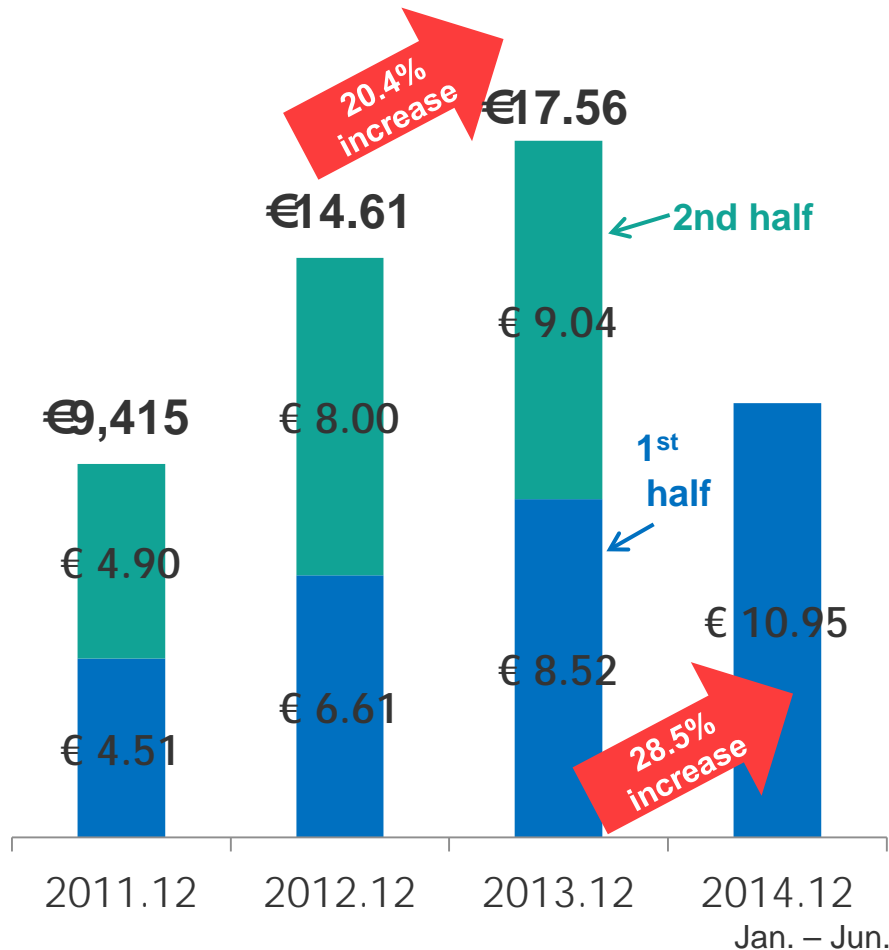
Overview of Trovit

POINT

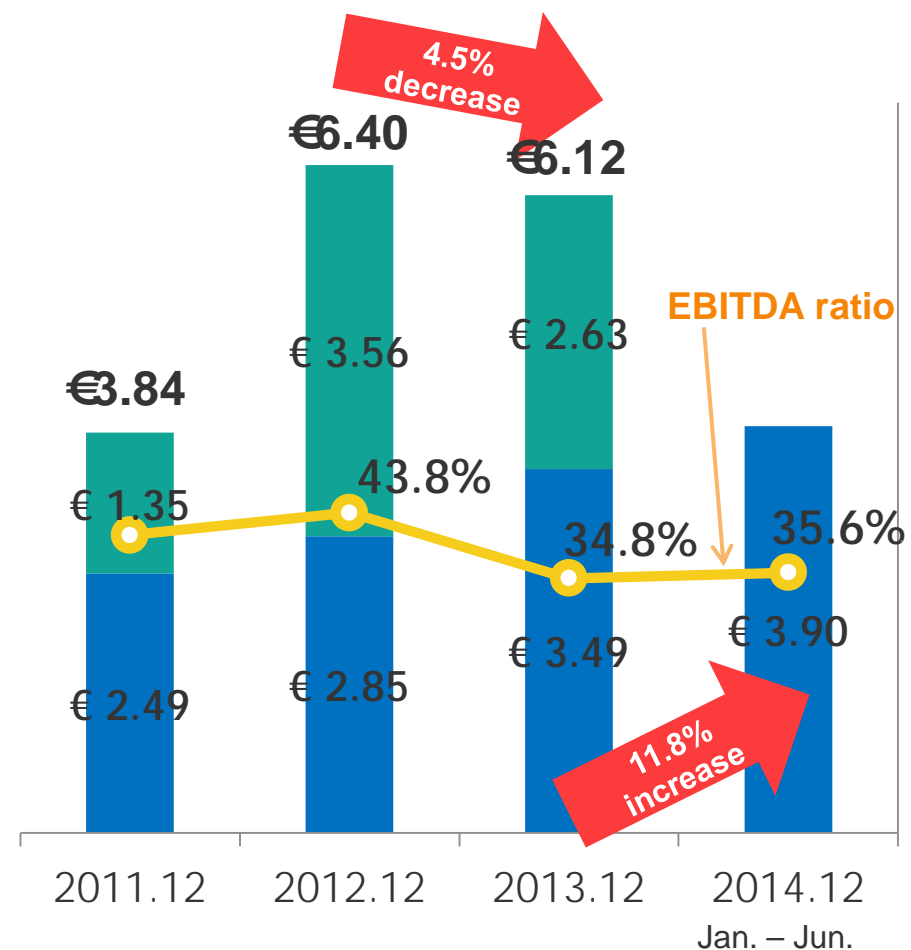
For the latest half term, both sales and profit resulted in double-digit growth. The EBITDA ratio of 35.6% also shows high revenue system.

(1st half of FY2014)

Sales (million euros)



EBITDA and EBITDA rate (million euros)

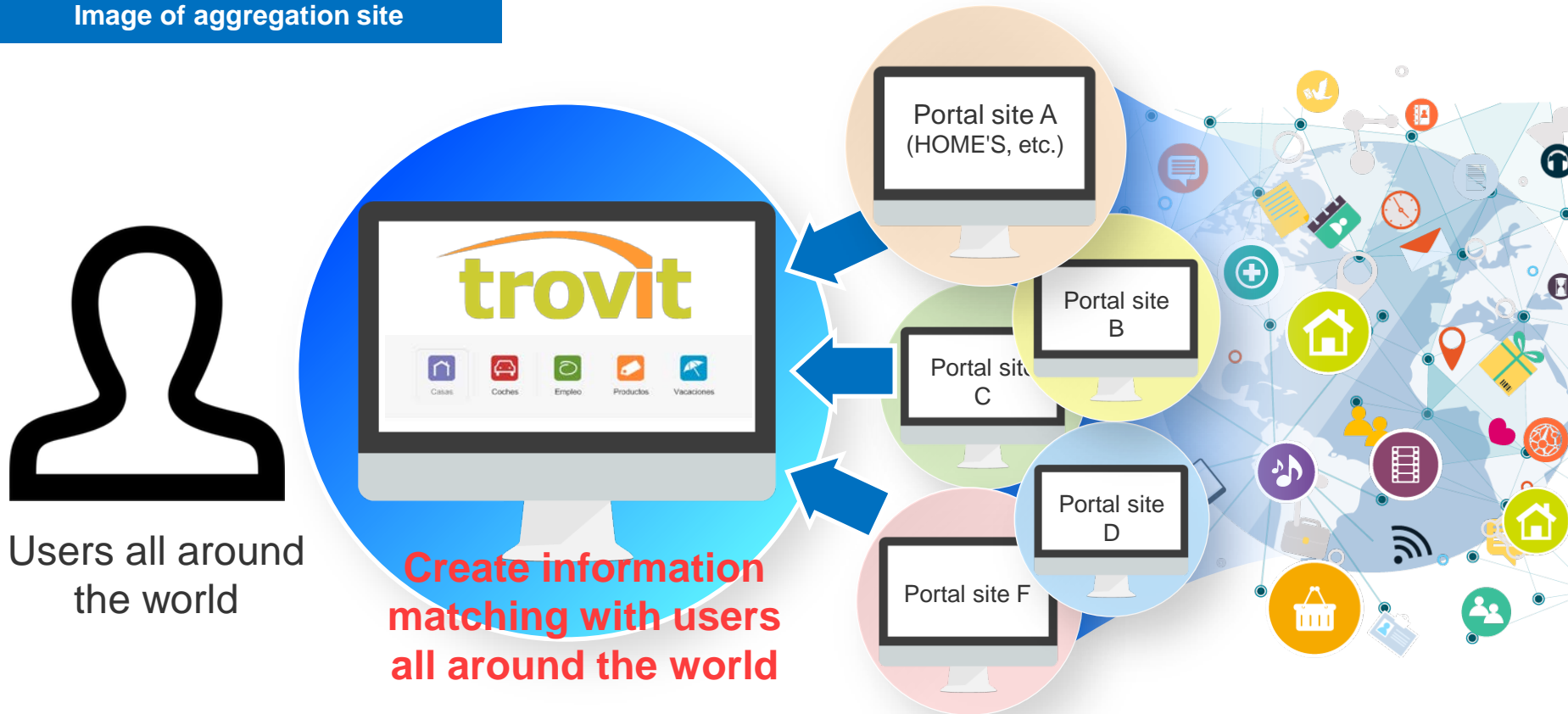


What is aggregation site provided by Trovit?

Overview of Trovit

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

Image of aggregation site



Value of providing to users

Collectively search information from multiple sites

Value of providing to customers

Send users to various sites

- > **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.



Iñaki Ecenarro

CEO&Co-Founder

- Born on July 22, 1973 (41 years old)
- MBA/MIT Sloan School of Management (Graduated from MIT)
- Founded Trovit after working at PwC and McKinsey & Company
- When looking for a house, he felt inconvenient to look for a house from multiple portals, and started aggregator business



Marc Sturlese

CTO

- Born on August 1, 1982 (32 years old)
- Has been a search engine technical officer of Trovit for 5 years and appointed as CTO in 2014.
- Has high ability as an engineer and also excellent in management



Mauricio Silber

Product & Mktg Manager

- Born on February 19, 1982 (32 years old)
- Joined Trovit after working at Sonico and fnbox
- Has approximately 10-year experience in operation of SEM, SEO and PPC, and excellent in Web Marketing

Trovit x NEXT Group



×



NEXT Co., Ltd.

Why NEXT Group acquires Trovit

> Advantages of NEXT Group

- (1) To acquire 47 million users, 22 million registered members, and 20,000 content partnerships in addition to business deployment in 39 countries around the world (real estate, used car, employment information, etc.)
- (2) To acquire world-class WEB marketing and SEO technology
- (3) To acquire personnel with know-how in overseas business mainly including more than 60 technology staff
- (4) Business performance: Annual sales of 2.42 billion yen, EBITDA of 840 million yen and net profit of 580 million yen
- (5) Foothold for information service other than real estate field

> Advantages of HOME'S

- (1) To acquire know-how in systematization/automation of SEO
- (2) To launch Trovit Japan (tentative) site and increase the number of users

> Advantages of Trovit

- (1) To acquire the Japan's largest property information
- (2) To acquire SEO know-how in the big/middle word which is one of the strengths of HOME'S
- (3) To enhance sales per customer by strengthening sales capability
- (4) To develop new advertisement products
- (5) Foothold for deployment in Asia

Trovit x NEXT

POINT This acquisition establishes the world's largest real estate information site



Property DB

86 million

4.7 million

Business type

Real estate, used car, employment, mail order, holiday home

Real estate, insurance, furniture, CRM for real estate companies

No. of service provision countries

39 countries

4 countries

No. of partners

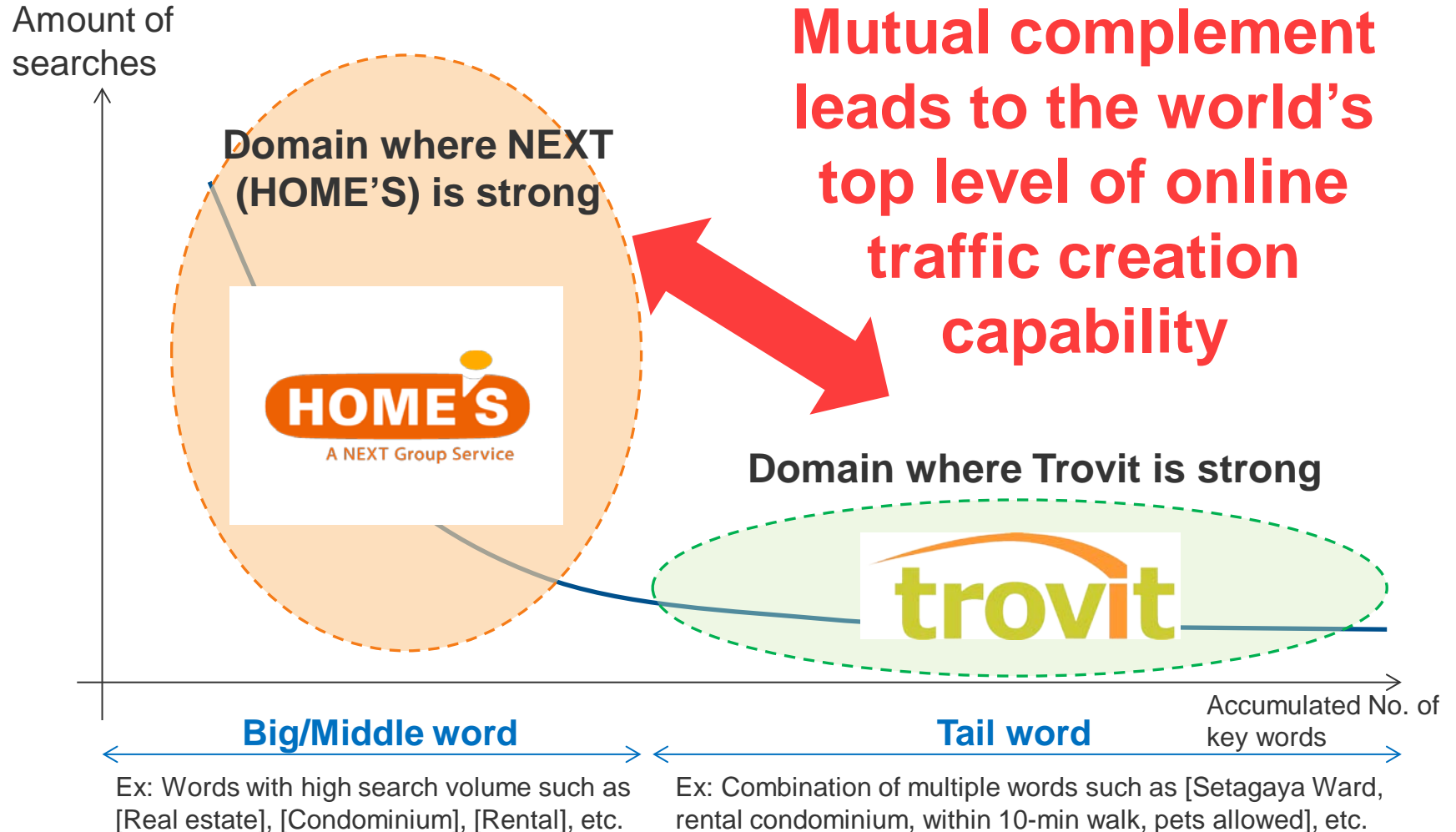
20,000 firms

10,000 firms

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



Advantages of HOME'S

POINT

Establish Trovit Japan (tentative) and increase the number of HOME'S users, achieving increased profits



Send users
(Increase the
number of users)



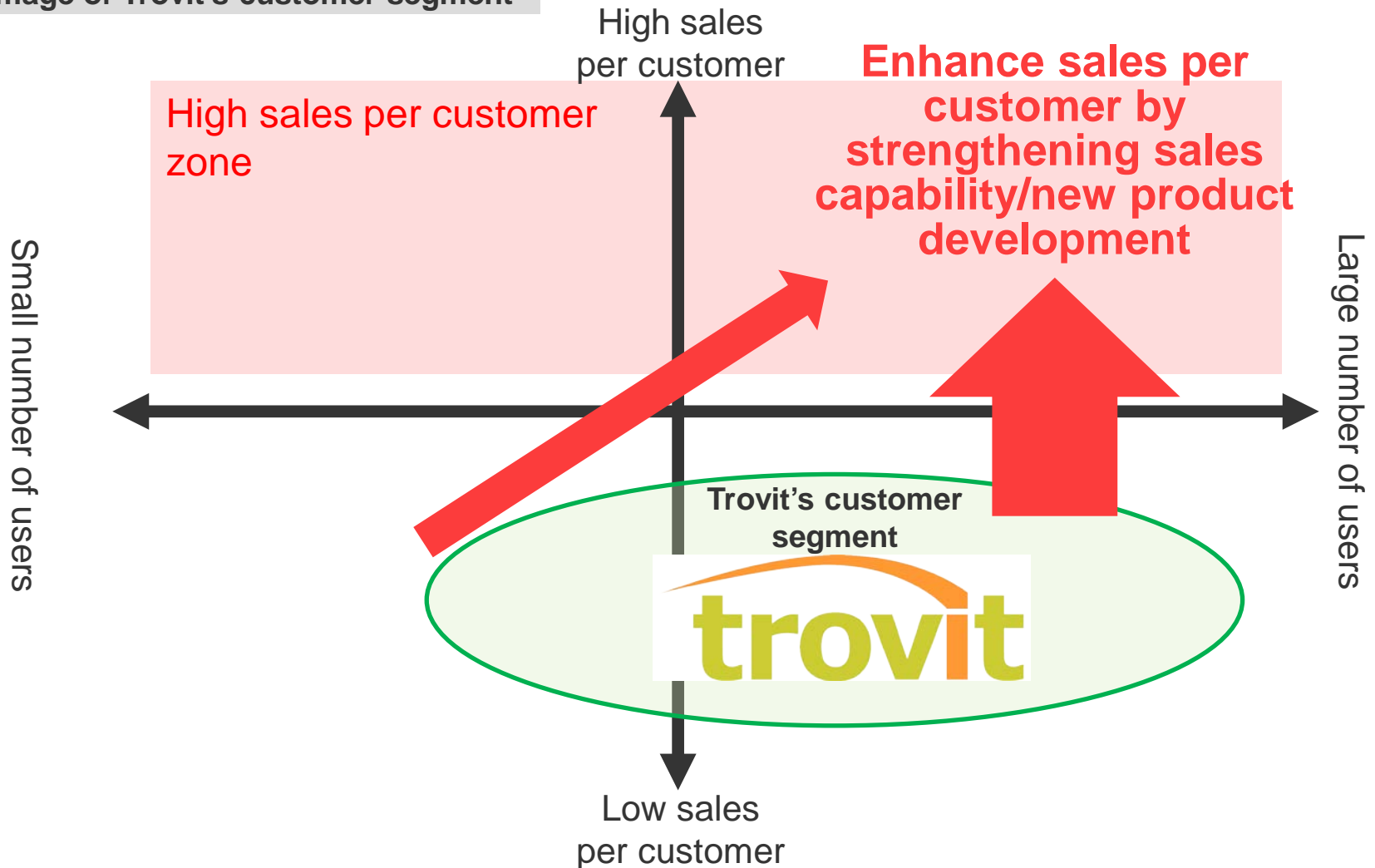
Original customer attraction
reduces external cost
(Reduction in ad/
promotion cost)

Link as one of the affiliated portal sites, including Real Estate Rakuten with 600 thousand users per month(*), in order to increase the customer attraction capability of HOME'S

Advantages of Trovit

POINT NEXT Group supports enhancement of sales per customer by providing know-how

Image of Trovit's customer segment



“Culture fit” of Trovit x NEXT

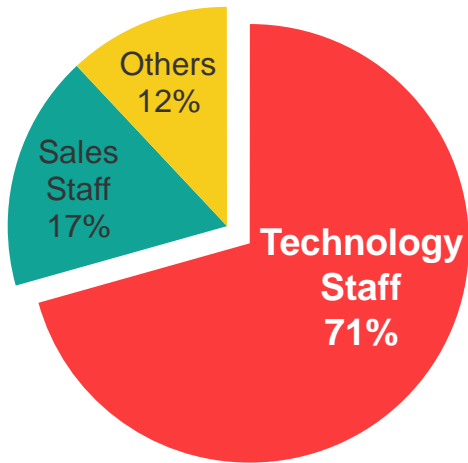
POINT

Since the concepts of values of Trovit and NEXT are very similar, fusion of the corporate cultures to be implemented after the acquisition is also easy



“Help anyone in any country to find a home, car, job,”

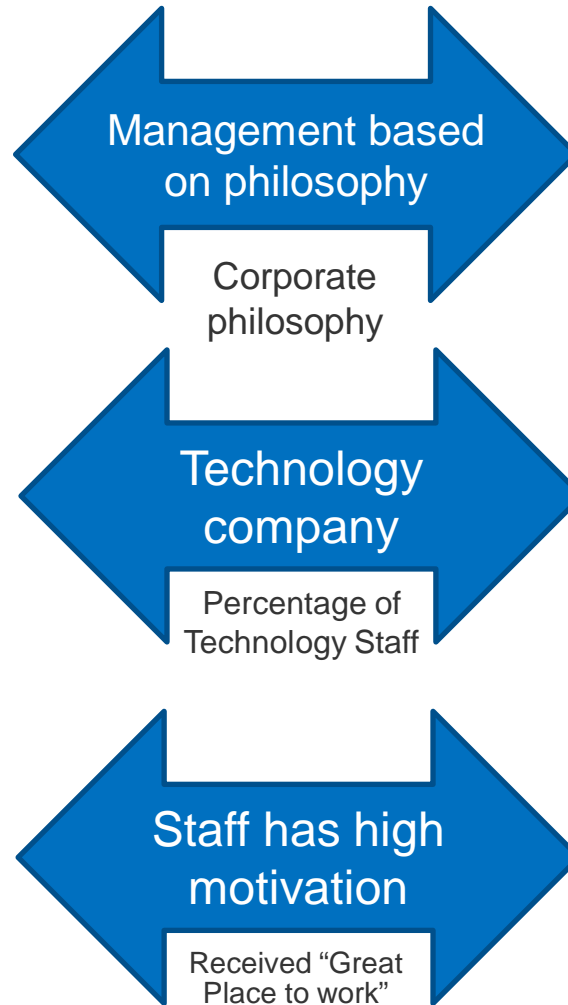
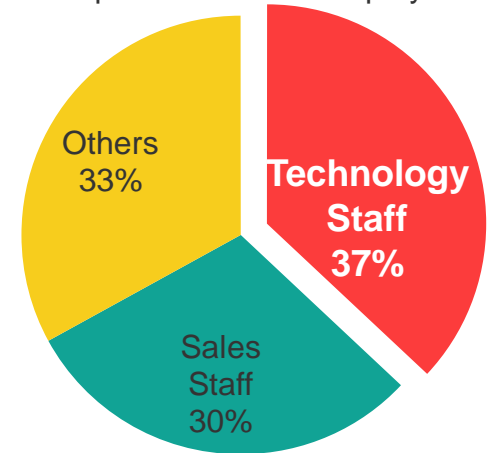
Composition ratio of employees



NEXT Co., Ltd.

“Create a society where everyone can attain comfort and happiness through continuing social innovations”

Composition ratio of employees



Answers to Questions



×



NEXT Co., Ltd.

Question 1. Why do you use a large amount of acquisition cost for the 3rd priority?

> The answer is as shown in “Why NEXT Group acquires Trovit” on P.24.↓

> Advantages of NEXT Group

- (1) To acquire 47 million users, 22 million registered members, and 20,000 content partnerships in addition to business deployment in approximately 40 countries around the world (real estate, used car, employment information, etc.)
- (2) To acquire world-class WEB marketing and SEO technology
- (3) To acquire personnel with know-how in overseas business mainly including more than 60 technology staff
- (4) Performance results: Annual sales of 2.42 billion yen, EBITDA of 850 million yen and net profit of 580 million yen
- (5) Foothold for information service other than real estate field

> Advantages of HOME'S

- (1) To acquire know-how in systematization/automation of SEO
- (2) To launch Trovit Japan (tentative) site and increase the number of users

> Advantages of Trovit

- (1) To acquire the Japan's largest property information
- (2) To acquire SEO know-how in the big/middle word which is one of the strengths of HOME'S
- (3) To enhance sales per customer by strengthening sales capability
- (4) To develop new advertisement products
- (5) Foothold for deployment in Asia

This acquisition allows to acquire personnel/objects (information), which are important for business promotion, in a short period.

As mentioned above, **it can be said that Trovit is the perfect partner for the NEXT Group to become a Japanese representative Internet company in the world**

Question 2. Have the conditions for borrowing been determined? Can you pay back?

> Conditions for borrowing

- We are currently making final adjustments for the conditions. As soon as we will be determined, we will disclose it on a timely basis.

> Repayment

- NEXT's EBITDA for FY2013 was 2.78 billion yen.
- Trovit's EBITDA for FY2013 was 840 million yen.
- It means that the business by those two companies can create cash of approximately 3.6 billion yen every year.
- The annual CAPEX (capital expenditure) is approximately 500 million yen, but we consider that it is the level that we are sufficiently able to repay the borrowing.

NEXT's EBITDA
(FY2013)

Trovit's EBITDA
(FY2013)

Average CAPEX
(provisional)

Annual cash creation capability

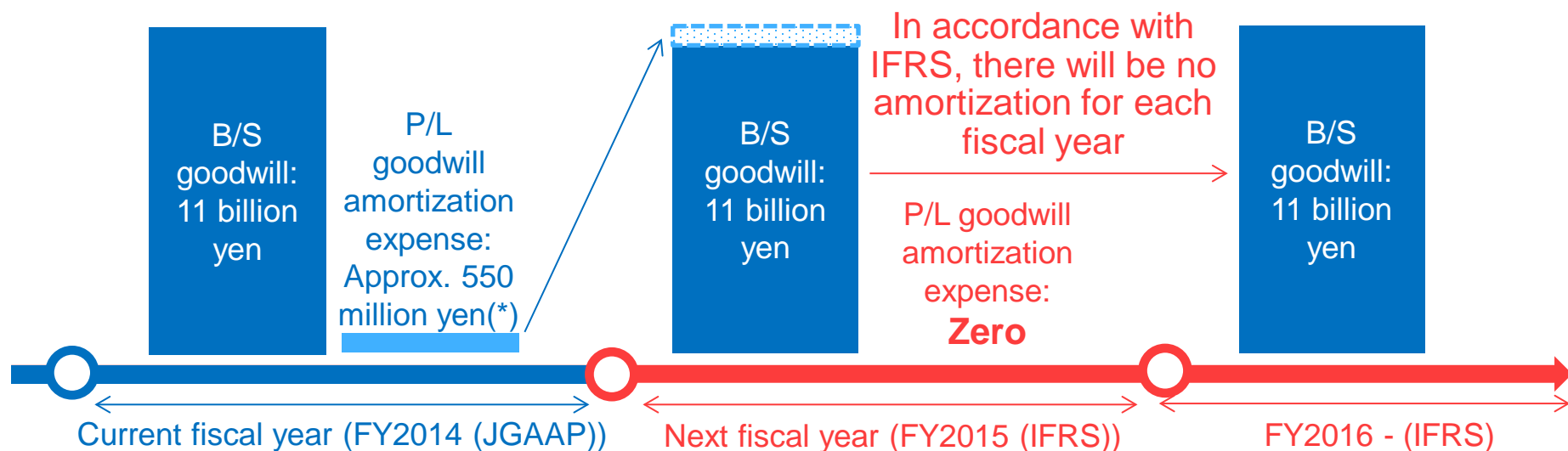
$$2.78 \text{ billion yen} + 840 \text{ million yen} - 500 \text{ million yen} = \text{Approx. } 3.1 \text{ billion yen}$$

Question 3. Will the amortization of goodwill put pressure on profits?

- > The total amount of goodwill is expected to be approximately 11 billion yen.
- > It is scheduled to introduce IFRS from the next fiscal year FY2015.
- > NEXT is projected to incur a goodwill amortization expense (negative figure for operating profit and loss) of 500 – 600 million yen (for 3 months) in the current fiscal year.
- > There will be no amortization of goodwill from the next fiscal year when IFRS will be introduced.
- > However, goodwill impairment risk will remain.

Goodwill for the current fiscal year and next fiscal year and image of goodwill amortization

(Monetary amounts are provisional. They may differ from actual values.)



*Calculation of goodwill amortization expense:
 $11 \text{ billion yen} \div 5 \text{ years} \times 3 \text{ months}/12 \text{ months}$

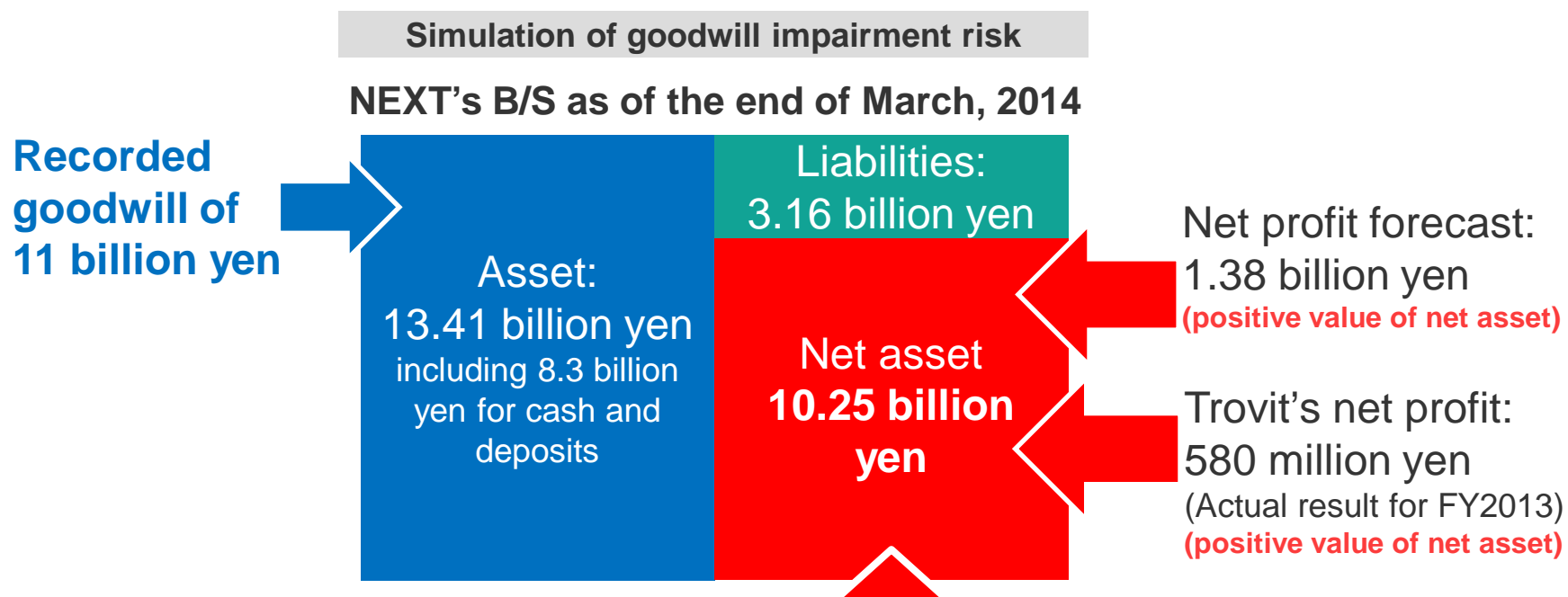
Total amount of goodwill

Amortization period

Consolidation for the current fiscal year
 (Consolidation starts from 4Q)

Question 4. If an impairment will occur, will it lead to excessive debt?

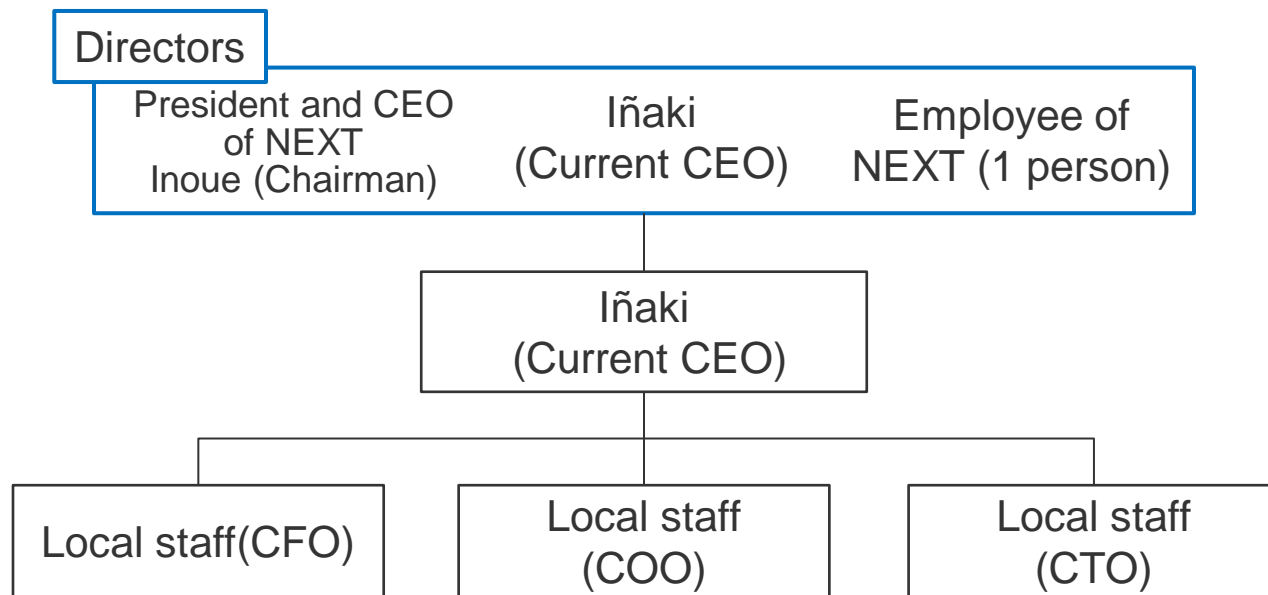
- > We will make efforts to increase business performance and avoid impairment by providing full supports from Japan. (For the support system, please refer to Question 5.)
- > Even though an impairment for full amount of goodwill occurs, both NEXT Group and Trovit have been currently making profits every year; therefore, we consider that the risk of excessive debt is extremely low.



Net asset is expected to **exceed the total amount of goodwill (11 billion yen)** by the end of March, 2015.

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

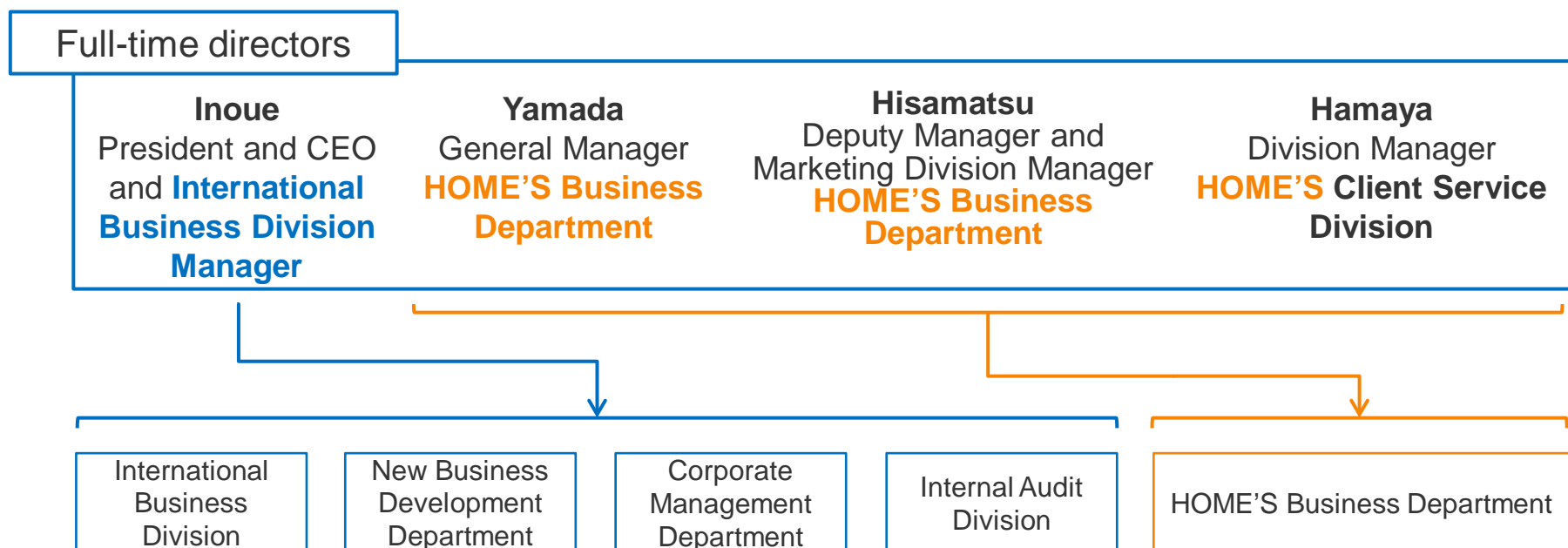
Financial/
accounting

Human resources

Internal control

Question 6. Will business in Japan become weak due to dispersed management?

- › During the period between 2011 and 2013, President Inoue, who served as the General Manager of HOME'S Business Department, implemented the structural reform based on the marketing mix and as a result, NEXT began to be on a growth path.
- › From this April, Inoue became the International Business Division Manager, and Director Yamada took over the position of HOME'S Business Department General Manager. In addition, three of the four directors are in charge of HOME'S Business Department.
- › Even after the directors changed their responsibilities, NEXT has continued to achieve double-digit growth as compared to the previous year as usual. Therefore, business in Japan will not become weak due to dispersed management.



Question 7. Will Trovit's management team remain?

- As partially mentioned in the “Question 5”, the current major management team will continue to promote business activities and maintain the system so that Trovit will not lose its strengths.



Iñaki Ecenarro

CEO&Co-Founder

- Born on July 22, 1973 (41 years old)
 - MBA/MIT Sloan School of Management (Graduated from MIT)
 - Founded Trovit after working at PwC and McKinsey & Company
 - When looking for a house, he felt inconvenient to look for a house from multiple portals, and started aggregator business
-



Marc Sturlese

CTO

- Born on August 1, 1982 (32 years old)
 - Has been a search engine technical officer of Trovit for 5 years and appointed as CTO in 2014.
 - Has high ability as an engineer and also excellent in management
-



Mauricio Silber

Product & Mktg Manager

- Born on February 19, 1982 (32 years old)
- Joined Trovit after working at Sonico and fnbox
- Has approximately 10-year experience in operation of SEM, SEO and PPC, and excellent in Web Marketing

Question 8. Is Trovit planning to conduct business in Japan?

- Schedule has not been determined, but we will create Japanese version of Trovit and strengthen the customer attraction capability of HOME'S.
- We are currently affiliated with approximately 20 sites including Rakuten. Among them, we expect that Trovit's customer attraction capability will be extremely high.
- As a result, we can expect that ad/promotion cost to be paid to external entities will reduce and sales will increase.



Send users
(Increase the
number of users)



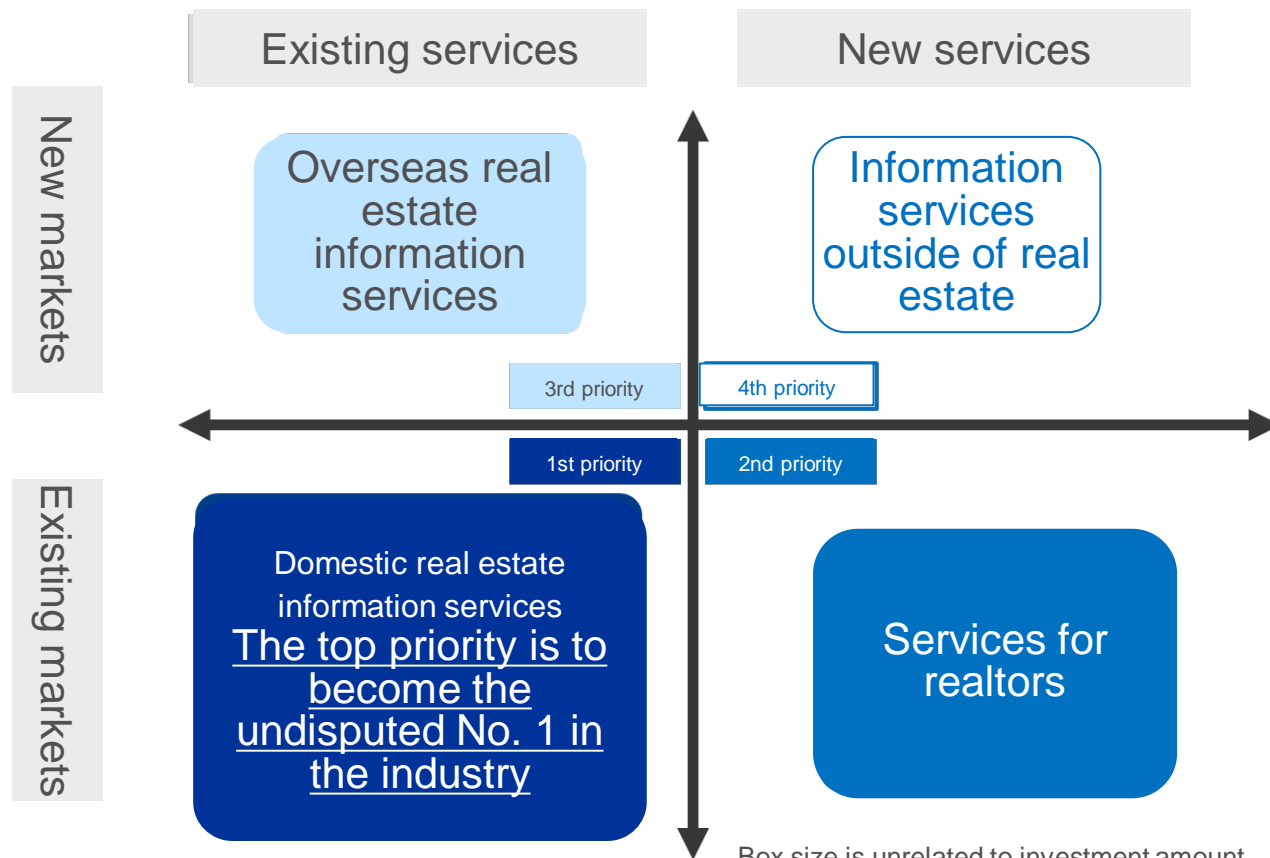
Original customer attraction
reduces external cost
(Reduction in ad/
promotion cost)



Excerpted from P.28

Question 9. Will the medium-term strategy of the NEXT Group change?

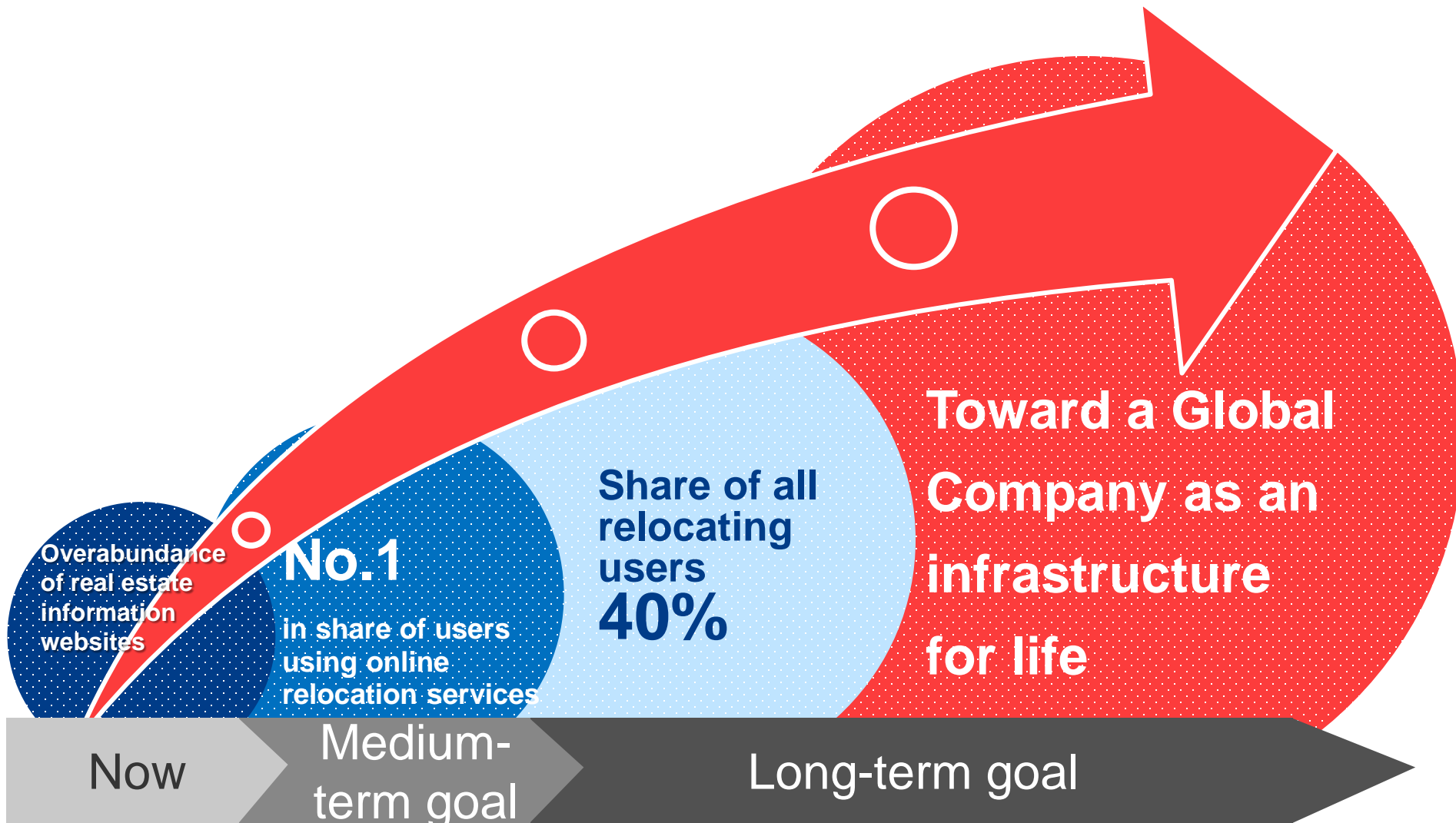
- > There will be no changes in the basic policy.
- > We will operate our business while continuously setting the top priority as acquisition of the overwhelming share of users in Japan.
- > Since overseas business is also a very important investment from the long-term perspective, we will support this area as well.



Excerpted from P.5

POINT

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



Reference Materials



×



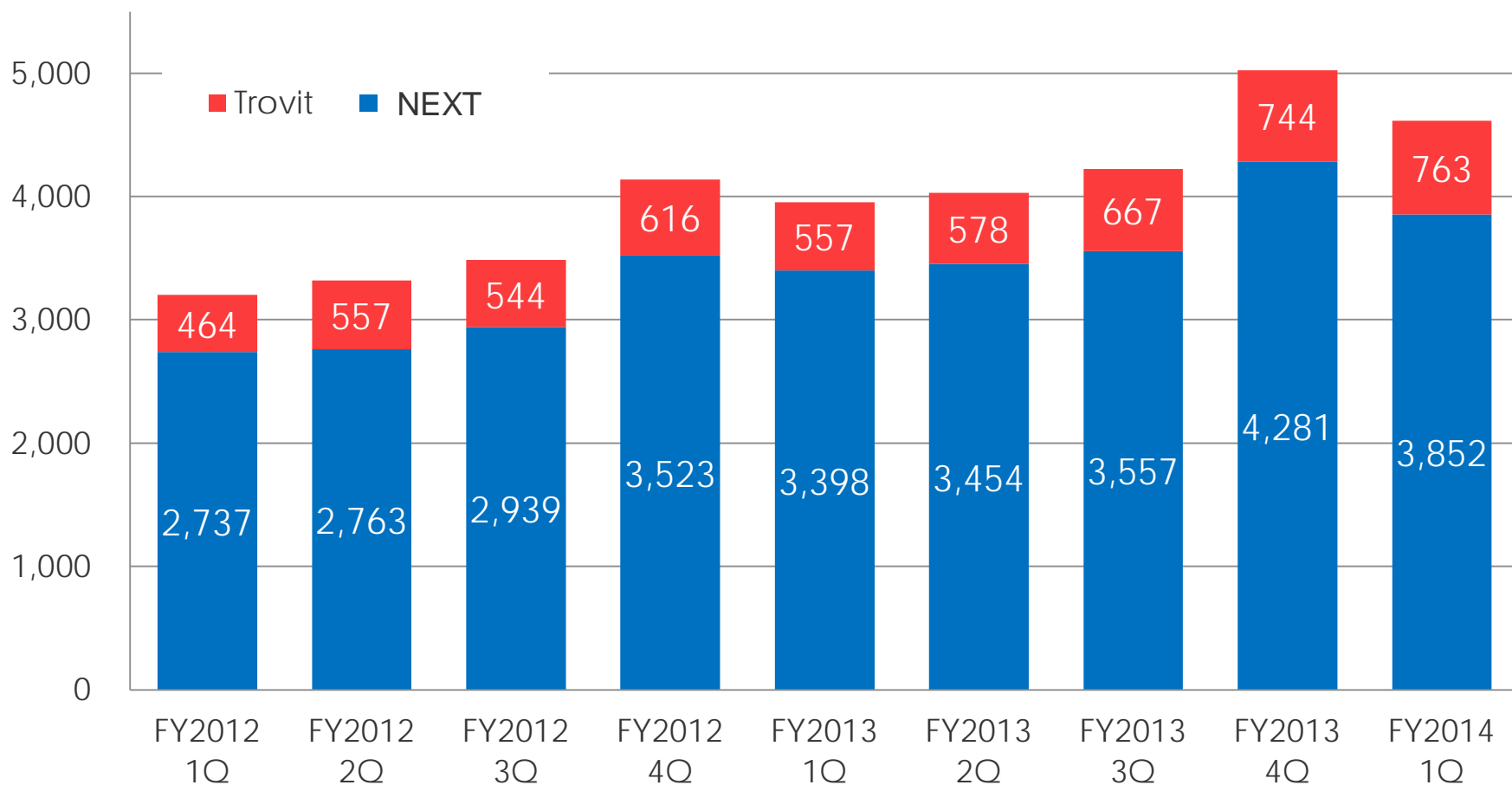
NEXT Co., Ltd.

Transition of past results (if profit and loss of Trovit are added)

POINT Sales will increase by approximately 18% due to consolidation

(Average per quarter)

Sales (Million yen)



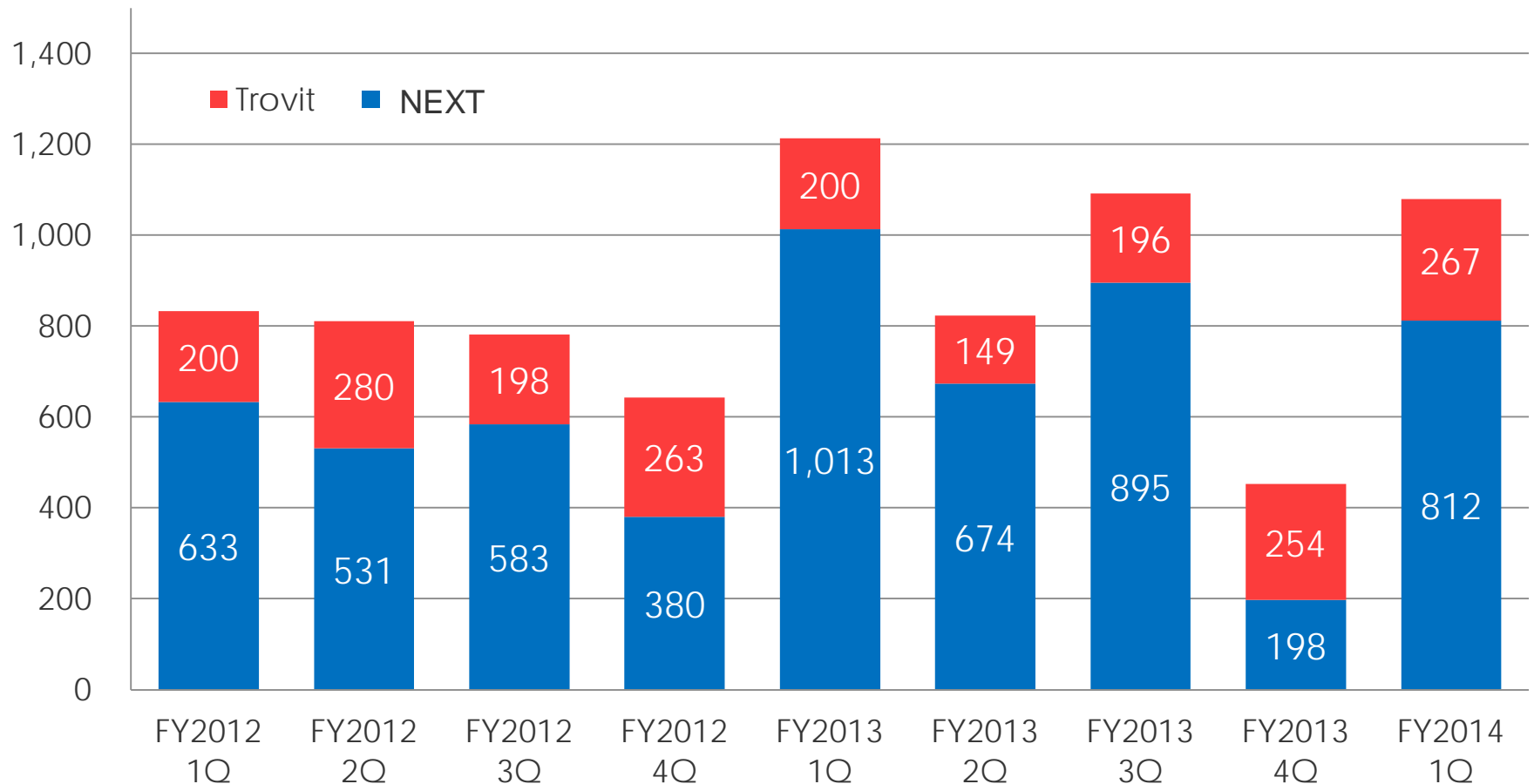
Calculated based on 1 euro = 137.65 yen

Transition of past results (if profit and loss of Trovit are added)

POINT EBITDA will increase by approximately 47% due to consolidation

(Average per quarter)

EBITDA (Million yen)



Calculated based on 1 euro = 137.65 yen

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	56,469,000 (including 36,536 shares of treasury stock)*
Consolidated Number of Employees	608 persons (including 75 temporary employees, 14 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.

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

