

*This English translation of financial report was prepared for reference purposes only. The financial information contained in this report is delivered from our unaudited financial statements.*

## Consolidated Financial Report for the Three-Month Period Ended June 30, 2016 (IFRS)

August 10, 2016

Company name: NEXT Co., Ltd.	Listed exchange:	Tokyo Stock Exchange
Stock code: 2120	URL:	<a href="http://www.next-group.jp/en/">http://www.next-group.jp/en/</a>
Representative: (Position) President and CEO	(Name) Takashi Inoue	
Contact: (Position) Manager, Business Control Division	(Name) Hidekazu Fukuzawa	(TEL) 03-5783-3603
Scheduled quarterly securities	August 10, 2016	
Scheduled date of start of dividend payments:		
Preparation of supporting documentation for earnings:	Yes	
Earnings presentations:	Yes (For institutional investors and analysts)	

(Millions of yen; amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Three-month Period Ended June 30, 2016 (April 1, 2016 to June 30, 2016)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income	
	¥	%	¥	%	¥	%	¥	%	¥	%	¥	%
<b>Three-month ended June 30, 2016</b>	¥6,846	25.5	¥1,171	11.3	¥1,205	14.8	¥743	6.9	¥734	7.6	(¥400)	-
Three-month ended June 30, 2015	¥5,457	41.7	¥1,052	46.0	¥1,050	45.5	¥694	59.8	¥682	58.3	¥1,252	185.4

	Basic earnings per share (yen)	Diluted net income per share (yen)
<b>Three-month ended June 30, 2016</b>	6.18	-
Three months ended June 30, 2015	6.04	-

(Reference) EBITDA

Three months ended June 30, 2015: ¥1,267 million

Three months ended June 30, 2016: ¥1,392 million (up 9.9% year on year)

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
<b>As of June 30, 2016</b>	¥23,892	¥16,190	¥15,980	66.9
As of March 31, 2016	¥25,265	¥17,142	¥16,922	67.0

## 2. Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2016	-	0.00	-	4.50	4.50
Fiscal year ending March 31, 2017	-				
Fiscal year ending March 31, 2017 (forecast)		0.00	-	5.30	5.30

Note: There have been no changes in dividend forecast.

## 3. Forecasts on the Consolidated Results for the Fiscal Year Ending March 2017 (April 1, 2016 to March 31, 2017)

	(Percentages indicate year-on-year change)						
	Revenue		Operating income		Profit attributable to owners of the parent		Net profit per share
		%		%		%	(Yen)
Fiscal Year ending March 31, 2017	¥31,653	23.1	¥4,803	20.2	¥3,144	17.7	26.49

\*Note: Revision to the most recently announced consolidated forecasts: No

(Reference) EBITDA

Fiscal year ending March 31, 2017 (forecast): ¥5,803 million (19.4%)

**\* Notes**

- (1) There have been no changes in material subsidiaries during the term.
- (2) Changes in accounting policies, changes in accounting estimates, restatement
  - [1] There have been no changes in accounting policies required by IFRS.
  - [2] There have been no changes in accounting policies not falling within the scope of [1] above.
  - [3] There have been no changes in accounting estimates.
- (3) Number of shares issued (common stock)
  - [1] Number of shares issued at the end of the period (including treasury stock)

As of June 30, 2016	118,789,100 shares
As of March 31, 2016	118,789,100 shares
  - [2] Treasury shares at the fiscal year-end at the end of the period

As of June 30, 2016	73,636 shares
As of March 31, 2016	73,636 shares
  - [3] Average shares during term

As of June 30, 2016	118,715,464 shares
As of March 31, 2016	112,918,921 shares

**\* Notes on the implementation status of quarterly review procedures**

This consolidated financial report is not subject to audit procedures based on the Financial Instruments and Exchange Act. As of the time of its release, audit procedures for financial statements based on the Act had yet to be completed.

**\* Regarding appropriate use of results forecasts and other notes**

- Results forecasts and other forward-looking statements found in this document are based on information available to the Company at the time and on assumptions deemed reasonable. Actual results and outcomes may vary significantly due to various factors. For information on terms related to the assumptions used for results forecasts, reminders regarding use of results forecasts, and other related information, please refer to “Description of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 5.
- NEXT will hold an earnings results briefing for the institutional investors and financial
- Institutions. This Earnings Presentation, streaming video, and transcript will be posted on the Company’s website.
- August 15, 2016 (Monday): Earnings Results Analyst Meeting
- NEXT holds briefings for individual investors on regular basis. Please refer to the NEXT’s IR website for more details.

(Appendix)

Contents

1. Qualitative Information on the Financial Results .....	5
(1) Description of Operating Results .....	5
(2) Description of Financial Position.....	6
(3) Description of Consolidated Financial Results Forecast and Other Forward-Looking Information .....	7
2. Matters Concerning Summary Information (Notes) .....	7
3. Condensed Consolidated Financial Statements .....	8
(1) Condensed Consolidated Statements of Financial Position .....	8
(2) Condensed Consolidated Statements of Profit or Loss and Condensed Consolidated Statements of Comprehensive Income .....	10
(3) Condensed Consolidated Statements of Changes in Equity.....	12
(4) Condensed Consolidated Statements of Cash Flows .....	13
(5) Notes to the Condensed Consolidated Financial Statements .....	14

## 1. Qualitative Information on the Financial Results

### (1) Description of Operating Results

Following our corporate mission of “Designing Delightful Encounters,” NEXT Co., Ltd. (the “Company”) develops a variety of businesses that closely relate to people’s lives, focusing on its real estate information service business.

The Company has adopted “Become a Global Company with DB+CCS (Database and Communication & Concierge Services)” as its corporate slogan, making it the centerpiece of the Company’s medium-term management strategy. The Company endeavors to provide the optimal information needed by users through a variety of channels by gathering, organizing, and integrating the massive amount of information in the world and making new information transparent. The Company is thereby striving to develop services that help people to take their first steps toward the future.

Notably, in Japan, besides providing services that have a close affinity with both users and real estate companies, the Company is also working to energize and expand the real estate market as a whole. The goal is to create a world where our real-estate information listing site, HOME’S, is indispensable.

Based on this strategy, the Company is focusing on the following priorities: Further increase information coverage and transparency in the Domestic Real Estate Information Services segment; Develop and expand sales of services in the Domestic Services for Realtors segment; Strengthen service development and marketing capabilities in the Overseas segment and explore new countries to enter; and Generate profits from new business fields outside the real estate field and develop new business.

As a result, the Company’s consolidated financial results for the three-month period ended June 30, 2016 (the “first quarter”) were as follows. Revenue was ¥6,846,773 thousand, up 25.5% year on year. Operating income was ¥1,171,229 thousand, up 11.3% year on year. Profit before taxes was ¥1,205,719 thousand, up 14.8% year on year. Profit for the period attributable to owners of the parent rose 7.6% year on year to ¥734,049 thousand.

NEXT Co., Ltd. focuses on EBITDA as an important economic indicator to measure its cash generating ability. This reflected the voluntary adoption of International Financial Reporting Standards (IFRS), the growing impact of overseas subsidiaries on consolidated revenue, and the need for comparison of earnings with overseas peers. In the first quarter, EBITDA was ¥1,392,828 thousand, up 9.9% year on year.

Moreover, segment revenue and segment profit (loss) in the first quarter were as follows.

(Thousands of yen; percentages indicate year-on-year change)

Segment	Revenue		Segment profit	
	Amount	%	Amount	%
(1) Domestic Real Estate Information Services	4,749,849	14.0	1,147,978	33.4
(2) Domestic Services for Realtors <sup>Note 2</sup>	1,562,915	536.4	(49,732)	<sup>Note 3</sup>
(3) Overseas	823,968	(8.9)	40,227	(81.2)
(4) Others	196,426	36.4	3,573	<sup>Note 4</sup>

Notes:

1. Intersegment transactions have not been eliminated.
2. Lifull Marketing Partners Co., Ltd. became subsidiary in the previous term.
3. Segment profit in the previous term was ¥2,846 thousand.
4. Segment loss in the previous term was ¥20,289 thousand.

For further details on financial results, including the following items, please refer to the NEXT’s IR website, specifically the “Earnings Presentation for the First Quarter of the Fiscal Year Ending March 31, 2017,” which was announced on August 10, 2016.

URL: <http://www.next-group.jp/en/ir/ir-data/ird-result/>

**<Major items in the earnings presentation materials>**

Trends in operating income (loss):	Major factors that caused changes in expenses and the trend in expenses-to-sales ratios, etc.
Trends in revenue by service category:	Trends in revenue of more detailed categories than segments, and the causes of their changes.
Progress against business performance forecasts:	Achievement rates against forecasts of revenue by service category and by major expense items.
Topics:	Main activities by segment.
Quarterly data:	Income statement (simplified version), 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, population, and number of households.

**(2) Description of Financial Position****(Current assets)**

Current assets stood at ¥10,531,982 thousand as of June 30, 2016, a decrease of ¥438,912 thousand from March 31, 2016 (the “previous fiscal year-end”). The main contributing factors were an increase of ¥118,041 thousand in cash and cash equivalents, which were partly offset by a decrease of ¥541,160 thousand in accounts receivable-trade and other current receivables.

**(Non-current assets)**

Non-current assets stood at ¥13,360,433 thousand as of June 30, 2016, a decrease of ¥934,233 thousand from the previous fiscal year-end. The main components of this change were a decrease of ¥918,559 thousand in goodwill, a decrease of ¥228,606 thousand in intangible assets and an increase of ¥181,107 thousand in other long-term financial assets.

As a result, total assets were ¥23,892,415 thousand as of June 30, 2016, a decrease of ¥1,373,145 thousand from the previous fiscal year-end.

**(Current liabilities)**

Current liabilities stood at ¥5,642,430 thousand as of June 30, 2016, a decrease of ¥349,003 thousand from the previous fiscal year-end. The main components of this change were a decline of ¥271,419 thousand in accounts payable and other current payables, a decrease of ¥556,609 thousand in accrued corporate income taxes and an increase of ¥505,404 thousand in other current liabilities.

**(Non-current liabilities)**

Non-current liabilities stood at ¥2,059,458 thousand as of June 30, 2016, a decrease of ¥72,542 thousand from the previous fiscal year-end. The main components of this change were a decrease of ¥137,121 thousand in other non-current liabilities and an increase of ¥63,388 thousand in long-term loans.

As a result, total liabilities were ¥7,701,888 thousand, a decrease of ¥421,546 thousand from the previous fiscal year-end.

**(Equity)**

Total equity stood at ¥16,190,527 thousand, a decrease of ¥951,599 thousand from the previous fiscal year-end. The main component was an increase of ¥734,049 thousand in retained earnings due to the recording of profit for the period attributable to owners of the parent, which was offset by a decrease of ¥534,219 thousand in retained earnings due to the payment of dividends, along with a decrease of ¥1,137,744 thousand in exchange differences on translation of foreign operations.

**(3) Description of Consolidated Financial Results Forecast and Other Forward-Looking Information**

The Company's consolidated financial results forecasts are unchanged from those announced on May 11, 2016.

**2. Matters Concerning Summary Information (Notes)**

Not applicable.

### 3. Condensed Consolidated Financial Statements

#### (1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,625,268	6,743,309
Accounts receivable-trade and other current receivables	3,901,156	3,360,049
Other short-term financial assets	26,400	25,500
Other current assets	418,070	403,123
<b>Total current assets</b>	<b>10,970,894</b>	<b>10,531,982</b>
<b>Non-current assets</b>		
Property, plant and equipment	624,679	608,953
Goodwill	9,150,806	8,232,247
Intangible assets	3,076,939	2,848,333
Investments accounted for using the equity method	42,101	45,640
Other long-term financial assets	808,763	989,871
Deferred tax assets	587,529	631,958
Other non-current assets	3,847	3,430
<b>Total non-current assets</b>	<b>14,294,666</b>	<b>13,360,433</b>
<b>Total assets</b>	<b>25,265,561</b>	<b>23,892,415</b>



(Thousands of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and other current payables	2,267,417	1,995,998
Short-term loans	970,797	944,418
Accrued corporate income taxes	1,063,209	506,599
Other current liabilities	1,690,009	2,195,413
<b>Total current liabilities</b>	<b>5,991,433</b>	<b>5,642,430</b>
<b>Non-current liabilities</b>		
Long-term loans	1,468,608	1,429,016
Provisions	209,997	209,971
Other long-term financial liabilities	76,115	139,503
Deferred tax liabilities	240,157	280,965
Other non-current liabilities	137,121	-
<b>Total non-current liabilities</b>	<b>2,132,000</b>	<b>2,059,458</b>
<b>Total liabilities</b>	<b>8,123,434</b>	<b>7,701,888</b>
<b>Equity</b>		
<b>Attributable to the owners of the parent</b>		
Capital stock	3,999,578	3,999,578
Capital surplus	4,530,520	4,530,520
Retained earnings	9,584,163	9,783,993
Treasury shares	(8,619)	(8,619)
Other components of equity	(1,183,496)	(2,324,611)
<b>Attributable to the owners of the parent</b>	<b>16,922,145</b>	<b>15,980,861</b>
Attributable to non-controlling interests	219,980	209,666
<b>Total equity</b>	<b>17,142,126</b>	<b>16,190,527</b>
<b>Total liabilities and equity</b>	<b>25,265,561</b>	<b>23,892,415</b>

**(2) Condensed Consolidated Statements of Profit or Loss and Condensed Consolidated Statements of Comprehensive Income**

Consolidated Statements of Profit or Loss

For the three-month period ended June 30, 2016

(Thousands of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
<b>Revenue</b>	5,457,761	6,846,773
Cost of revenue	141,356	670,839
<b>Gross profit</b>	5,316,405	6,175,933
Selling, general and administrative expenses	4,250,604	4,998,125
Other income (expense)—net	(13,065)	(6,578)
<b>Operating income</b>	1,052,735	1,171,229
Financial revenue	593	30,990
Financial expenses	5,162	39
Share of profit (loss) of investments accounted for using the equity method	2,037	3,538
<b>Profit before taxes</b>	1,050,205	1,205,719
Income tax expenses	355,316	462,637
Profit for the period	694,889	743,082
<b>Profit for the period attributable to:</b>		
Owners of the parent	682,151	734,049
Non-controlling interests	12,737	9,032
Total	694,889	743,082
		(yen)
<b>Profit for the period per share attributable to owners of the parent</b>		
Basic profit for the period per share	6.04	6.18
Diluted profit for the period per share	-	-

Condensed Consolidated Statements of Comprehensive Income  
For the three-month period ended June 30, 2016

(Thousands of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
<b>Profit for the period</b>	694,889	743,082
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss, net of tax:</b>		
Available-for-sale financial assets	13	(6,445)
Exchange differences on translation of foreign operations	558,866	(1,139,160)
Other	(1,380)	1,784
<b>Other comprehensive income, after tax</b>	557,499	(1,143,822)
<b>Total comprehensive income for the period</b>	1,252,388	(400,739)
<b>Comprehensive income for the period attributable to:</b>		
Owners of the parent	1,240,766	(407,064)
Non-controlling interests	11,622	6,325
<b>Total</b>	1,252,388	(400,739)

**(3) Condensed Consolidated Statements of Changes in Equity**

For the three-month period ended June 30, 2015 (April 1, 2015 to June 30, 2015)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2015	1,999,578	2,542,779	7,238,407	(8,142)	(948,014)	10,824,608	28,789	10,853,398
Profit for the period	-	-	682,151	-	-	682,151	12,737	694,889
Other comprehensive income	-	-	-	-	558,614	558,614	(1,115)	557,499
Total comprehensive income for the period	-	-	682,151	-	558,614	1,240,766	11,622	1,252,388
Dividends of surplus	-	-	(324,641)	-	-	(324,641)	-	(324,641)
Increase (decrease) through treasury shares transactions	-	-	-	(476)	-	(476)	-	(476)
Increase due to business combinations	-	-	-	-	-	-	72,702	72,702
Total transactions with owners	-	-	(324,641)	(476)	-	(325,118)	72,702	(252,415)
Balance as of June 30, 2015	1,999,578	2,542,779	7,595,917	(8,619)	(389,399)	11,740,256	113,114	11,853,371

For the three-month period ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2016	3,999,578	4,530,520	9,584,163	(8,619)	(1,183,496)	16,922,145	219,980	17,142,126
Profit for the period	-	-	734,049	-	-	734,049	9,032	743,082
Other comprehensive income	-	-	-	-	(1,141,114)	(1,141,114)	(2,707)	(1,143,822)
Total comprehensive income for the period	-	-	734,049	-	(1,141,114)	(407,064)	6,325	(400,739)
Dividends of surplus	-	-	(534,219)	-	-	(534,219)	(16,640)	(550,859)
Total transactions with owners	-	-	(534,219)	-	-	(534,219)	(16,640)	(550,859)
Balance as of June 30, 2016	3,999,578	4,530,520	9,783,993	(8,619)	(2,324,611)	15,980,861	209,666	16,190,527

**(4) Condensed Consolidated Statements of Cash Flows**

(Thousands of yen)

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2016
<b>Cash flow from operating activities</b>		
Profit for the period before tax	1,050,205	1,205,719
Depreciation and amortization	214,697	221,997
Financial revenue	(593)	(30,990)
Financial expenses	4,439	39
Decrease (increase) in accounts receivable-trade and other current receivables	(156,734)	506,305
Increase (decrease) in accounts payable-trade and other current payables	(961,116)	(256,105)
Others	274,772	409,324
Subtotal	425,670	2,056,289
Interest and dividends received	2,328	1,024
Interest paid	(4,439)	(64)
Income taxes paid	(435,715)	(942,719)
Net cash from operating activities	(12,156)	1,114,529
<b>Cash flow from investing activities</b>		
Purchase of available-for-sale financial assets	-	(199,999)
Purchase of property, plant and equipment	(14,293)	(31,417)
Proceeds from sale of property, plant and equipment	-	867
Purchase of intangible assets	(123,060)	(66,208)
Proceeds from refunds of time deposits	1,000,000	-
Purchase of subsidiaries	(132,551)	-
Others	468	(5,359)
Net cash from investing activities	730,563	(302,117)
<b>Cash flow from financing activities</b>		
Dividends paid	(320,715)	(535,419)
Dividends paid to non-controlling interests	-	(16,640)
Purchase of treasury shares	(476)	-
Net cash from financing activities	(321,191)	(552,059)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	30,908	(142,310)
<b>Net increase (decrease) in cash and cash equivalents</b>	428,123	118,041
<b>Cash and cash equivalents at beginning of period</b>	4,268,072	6,625,268
<b>Cash and cash equivalents at end of period</b>	4,696,195	6,743,309

**(5) Notes to the Condensed Consolidated Financial Statements**

**(Note Concerning Going Concern Assumption)**

Not applicable.