

NEXT Co., Ltd.

TSE 1st section 2120

Annual Report of Financial Statement

Year Ended March 31, 2013
(April 2012 to March 2013)

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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NEXT Co., Ltd.
TSE 1st section 2120

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Annual Financial Results for the Year Ended March 31, 2013

April 2012 to March 2013

Today's Key Points

- Sales have reached a new record due to increased real estate information service revenue

Sales	: 11,962 million yen (up 15.9% from previous year)
Operating profit	: 1,591 million yen (up 67.0% from previous year)
Net profit	: 614 million yen (up 31.8% from previous year)

- The average number of properties in March was 4,040,000 (up 420,000 properties from the previous year)

The number of affiliated stores was 10,437 as of the end of March (up 500 stores from the previous year)

- Branding promotional efforts and rental and real estate purchase site redesign have increased the number of site visitors reaching the site via search engines.

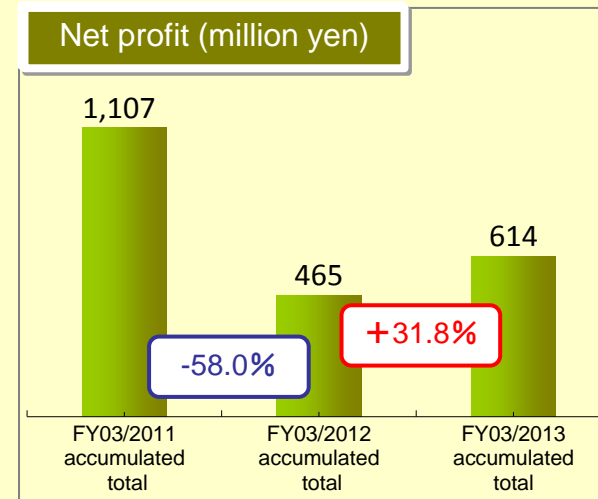
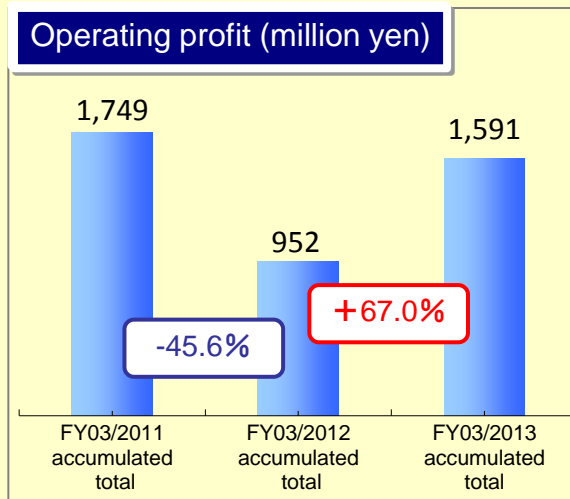
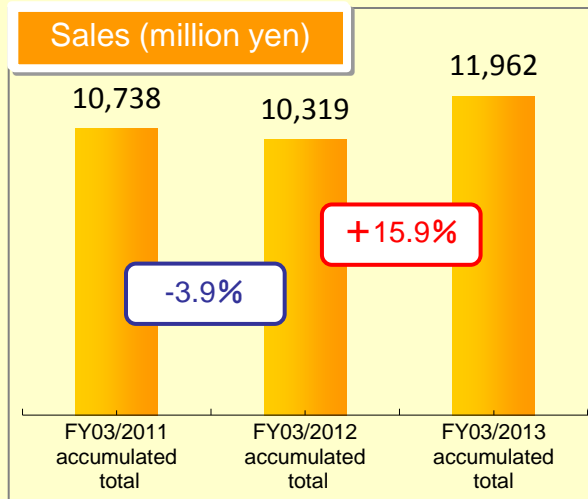
- Record highs were reached for all major KPIs for our primary business segment, real estate information services.

- Discussions are underway regarding the liquidation of the Group's Chinese service operation company.

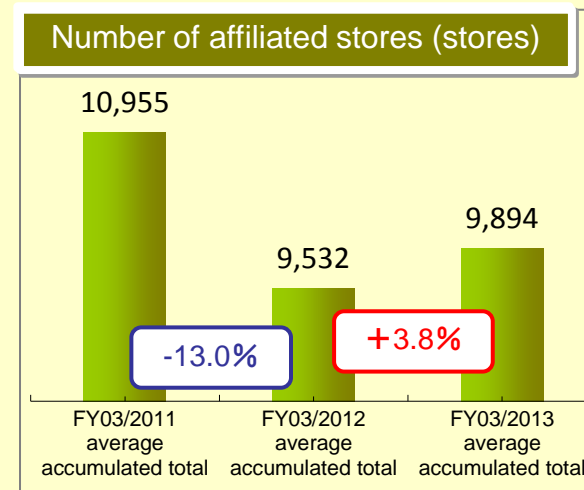
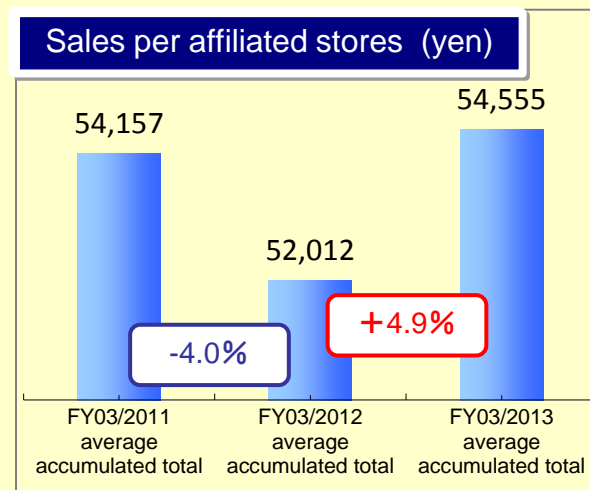
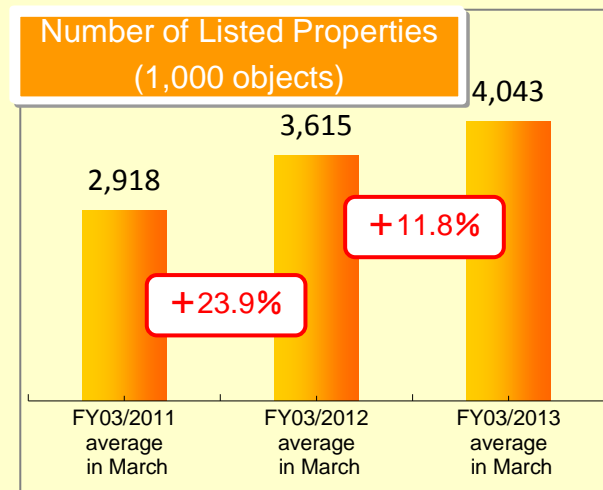
Annual Financial Results for the Year Ending March 31, 2013

Trend of major indicators

Check Trend of consolidated business performance



Check "HOME'S Real Estate Rents & Trade" trend of major indicators



Annual Financial Results for the Year Ending March 31, 2013

Profit and Loss Statement (Simplified Version)

Point Sales rose 15.9%, SG&A expenses 10.1%, operating profit 67.0%, and operating profit margin 13.3%

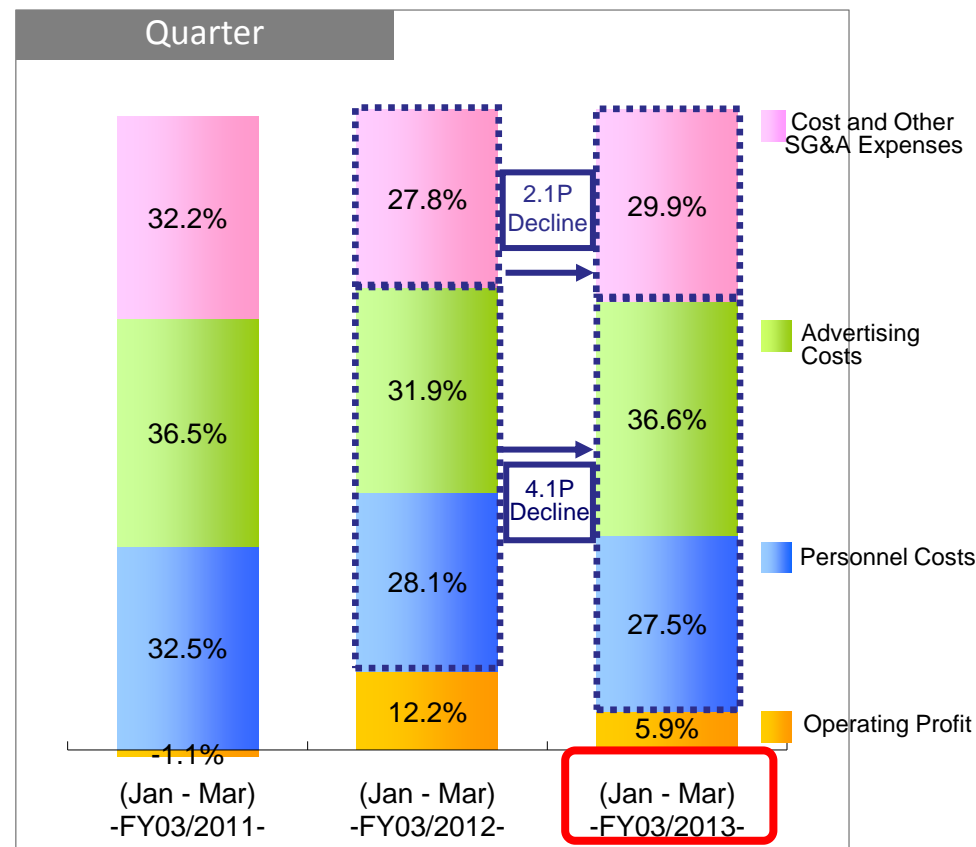
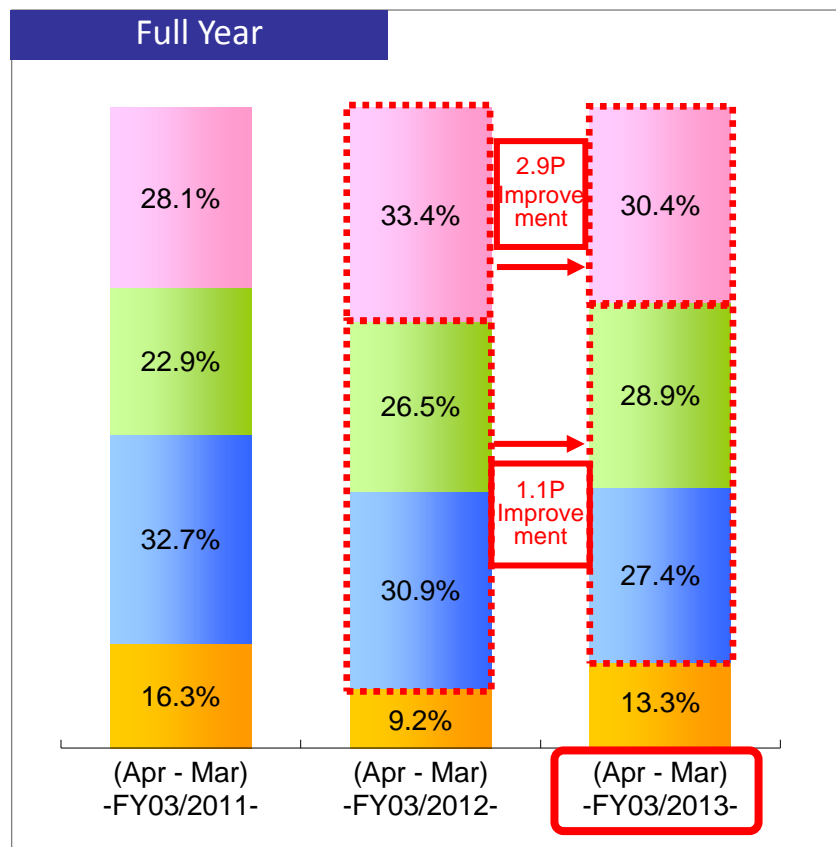
Unit: million yen	[Accumulated Total] FY03/2012 (Apr - Mar)	[Accumulated Total] FY03/2013 (Apr - Mar)	Change (Year-on-year)	Percentage change (Year-on-year)		[Quarterly] FY03/2012 (Jan - Mar)	[Quarterly] FY03/2013 (Jan - Mar)	Percentage change (Year-on-year)
Sales	10,319	11,962	+1,642	+15.9%	⇒Details 7P	3,012	3,522	+16.9%
Cost of sales	291	376	+84	+29.1%	※1	94	117	+24.4%
Selling, general & administrative (SG&A) expenses	9,075	9,995	+919	+10.1%		2,552	3,195	+25.2%
Personnel costs	3,186	3,275	+89	+2.8%	※2	845	968	+14.5%
Advertising costs	2,735	3,454	+718	+26.3%	※3	961	1,290	+34.2%
Operating expense	240	355	+114	+47.6%	※4	68	130	+91.2%
Depreciation/amortization cost	479	468	-11	-2.4%		118	144	+22.6%
Other selling, general & administrative (SG&A) expenses	2,433	2,441	+8	+0.3%		557	660	+18.4%
Operating profit	952	1,591	+638	+67.0%		366	209	-42.9%
Net profit	465	614	+148	+31.8%	※5	212	-86	—
Operating profit margin (OPM)	9.2%	13.3%	+4.1p	—		12.2%	5.9%	—

- * NPM Group selling, general, and administration expenses rose 71 million yen due to the start of consolidation with the NPM Group (China).
- *1 There was an increase in ASP service usage fees and new apartment and new house special page content creation costs, etc.
- *2 The average number of consolidated employees increased to 591 compared with 563 for the previous fiscal year. (This includes an average of 63 overseas employees)
- *3 There were increases in costs related to attracting Web customers, and branding promotion costs such as television and outdoor advertising.
- *4 There was an increase in sales promotion item manufacturing costs due to redesign of HOME'S brand character, and an increase in branding promotion effectiveness measurement costs, etc.
- *5 Previous fiscal year : 113 million yen in extraordinary losses (impairment loss on Lococom software: +113 million yen).
Current fiscal year : 357 million yen in extraordinary losses (NPM (China) goodwill amortization impairment loss: +163 million yen, REM (China) investment loss on valuation of investment securities: +21 million yen, loss on valuation of investment securities for investment portfolio member Rakuya (Taiwan, stockholding ratio: 12.2%): +134 million yen, impairment loss on MONEymo software: +22 million yen)

Annual Financial Results for the Year Ending March 31, 2013

Ratio of costs to sales

Point Aggressive investment in branding promotion. Total operating profit margin improved thanks to increase in revenue.



Cost and other SG&A expenses : Component ratio for the year improved as a result of increased revenue. Component ratio for 4Q fell due to increases in sales promotion expenses and Chinese subsidiary expenses.

Advertising costs : Web customer attraction costs and branding promotion costs increased.

Personnel costs : The average number of consolidated employees for all of FY03/2013 increased to 591 compared with 563 for the previous fiscal year. The average number of consolidated employees for 4Q of FY03/2013 increased to 601 compared with 528 for the same period a year ago.

Annual Financial Results for the Year Ending March 31, 2013

Trends in sales by service

Point The core real estate information service business rose by 15.9% for the full year, and 17.1% for the quarter

Unit: Million yen	[Accumulated Total] FY03/2012 (Apr - Mar)	[Accumulated Total] FY03/2013 (Apr - Mar)	Change (Year-on- year)	Percent change (Year-on-year)		[Quarterly] FY03/2012 (Jan - Mar)	[Quarterly] FY03/2013 (Jan - Mar)	Percent change (Year-on-year)
Sales	10,319	11,962	+1,642	+15.9%		3,012	3,522	+16.9%
Real Estate Information Services	10,222	11,851	+1,629	+15.9%		2,983	3,494	+17.1%
Rental & Real Estate Trade	5,956	6,513	+556	+9.3%		1,737	1,975	+13.7%
New Condominiums	1,403	1,664	+261	+18.6%	※1	390	522	+33.5%
New Houses	1,404	1,902	+497	+35.4%	※2	400	542	+35.2%
Custom-Built Houses and Renovations	596	810	+213	+35.8%	※3	179	225	+25.2%
Renter's Network	399	491	+92	+23.2%	※4	110	131	+19.0%
Others	461	469	+8	+1.7%		163	97	-40.5%
Local Information Services	30	20	-9	-31.5%	※5	7	3	-56.4%
Other Businesses	67	90	+22	+34.1%		22	25	+13.1%

Note 1: "Others" in Real Estate Information Service comprises "HOME'S Estimation for Relocation", "HOME'S Elderly Care Service", other HOME'S business, overseas business, etc.

Note 2: "Other Businesses" comprises "MONEYMO", "eQOL Skincare", "Casualty Insurance Agency Business", and "Event Cal", among others.

*1 Sales of project products such as special features were strong.

*2 The average number of properties posted online during the year under review grew 16.0% year on year. The number of members also grew by 20.2% over the same period. Major client member enrollments and sales of project products such as special features were strong.

*3 The number of new affiliated stores for custom-built houses grew. The number of inquiries also rose as a result of the Company's continued website content improvement efforts.

*4 The number of affiliated stores rose.

*5 The number of employees fell to 3 as part of further low cost operation efforts.

*6 Due to tabulation category change.

Annual Financial Results for the Year Ending March 31, 2013

Trends in P/L by segment

Point Local information services operating loss decreased significantly for the fiscal year due to business downsizing

Unit: Million yen	[Accumulated Total] FY03/2012 (Apr - Mar)	[Accumulated Total] FY03/2013 (Apr - Mar)	Change (Year-on-year)	Percent change (Year-on-year)	[Quarterly] FY03/2012 (Jan - Mar)	[Quarterly] FY03/2013 (Jan - Mar)	Percent change (Year-on-year)
Real Estate Information Services	1,912	1,902	-10	-0.5%	514	253	-50.7%
Local Information Services	-633	-145	+488	—	-60	-24	—
Other Businesses	-326	-166	+160	—	-87	-20	—
Consolidated Operating Profit	952	1,591	+638	+67.0%	366	209	-42.9%

Note: No percentage change is shown for segments that recorded an operating loss for the previous fiscal year or the current fiscal year.

Real Estate Information Services : There were increases in costs related to attracting Web customers, and branding promotion costs such as television and public transport advertisement. Personnel reassignment costs increased as a result of the local information services business sector downsizing.

Local Information Services : Operating loss decreased significantly due to the staffing reduction that resulted from business downsizing and advertising cost saving measures.

Other Services : Operating loss decreased significantly due to the staffing reduction and advertising cost saving measures.

Annual Financial Results for the Year Ending March 31, 2013

Consolidated balance sheet and goodwill

Point Net assets per share grew 6.7% year on year while interest-bearing debt remained zero

Unit: Million yen	End of Previous Year End FY03/2012	[Current Quarter] End FY03/2013	Change	Percent change	Main reasons for change
Assets	10,119	11,553	1,434	+14.2%	Increase in cash and deposits 1,526 Increase in current assets ⇒Detail 10P ※1 Increase in accounts receivable-trade 218 Increase in current assets ※1 Increase in deferred tax assets 154 Increase in current assets
Current Assets	7,255	9,210	+1,954	+26.9%	Buildings -130 Decrease in fixed assets
Fixed Assets	2,863	2,343	-519	-18.2%	Decrease in investment account securities -317 Decrease in invest. & other assets ※2 Decrease in lease and guarantee deposits -108 Decrease in invest. & other assets
Liabilities	1,641	2,489	+847	+51.6%	Accounts payable 215 Increase in current liabilities Increase in income/consumption taxes payable 363 Increase in current liabilities
Current Liabilities	1,399	2,336	+936	+66.9%	Accrued bonuses
Fixed Liabilities	241	153	-88	-36.6%	Asset retirement obligations 185 Increase in current liabilities Zero interest-bearing debt 100 Increase in current liabilities
Net Assets	8,477	9,064	+586	+6.9%	Increase in retained earnings 544 Increase in net assets
Net Assets per Share	451.95	482.21	+30.26	+6.7%	

Goodwill Amortization Status (Unit: Thousand yen)	Total Amount of Goodwill	Residual Value at Beginning of Period	Apr 2012 to Mar 2013 Amortization Amount	Residual Value	Number of Months Outstanding	Amortization Completion Date
The former Littel	216,738	173,390	43,347	130,042	36 months	March, 2016
Next Property Media Holdings L i m i t e d .	152,566	59,509	152,566	0	0	March, 2013 ※3

*1 Due to increase in accrued bonuses and asset retirement obligations (current).

*2 Decrease of 134 million yen due to loss on valuation of securities for Rakuya (Taiwan), decrease of 116 million yen due to conversion of NPM (China) into a subsidiary, and decrease of 21 million yen due to loss on valuation of securities for REM.

*3 Goodwill increased by 102 million yen due to additional acquisition of NPM stock in 3Q. Due to 4Q NPM exchange conversion increase of 19 million yen and booking of Impairment loss of 163 million yen.

Annual Financial Results for the Year Ending March 31, 2013

Cash flow

Point The balance of cash and cash equivalents stands at 6,900 million yen

Unit: Million yen	FY03/2012 (Apr - Mar)	FY03/2013 (Apr - Mar)	Change	Main Items	FY03/2012 (Apr - Mar)	FY03/2013 (Apr - Mar)
Operating CF	+1,512	+1,861	+348	Pretax profit of the current term	868	1,203
				Depreciation	481	471
				Goodwill amortization	53	53
				Impairment loss	113	191
				Increase/decrease in provision for bonuses	-183	185
				Loss on valuation of investment securities	-	156
				Increase/decrease in trade accounts receivable	-140	-264
				Increase/decrease in accounts payable-other	-107	138
				Income taxes paid or refunded	276	-484
				(- denotes income taxes paid)		
Investment CF	-2,698	+1,719	+4,417	Outflow due to the payments into time deposits	-2,000	-1
				Inflow from redemption of time deposits	-	2,001
				Outflow from acquisition of investment account securities	-324	-1
				Outflow from acquisition of intangible assets	-321	-354
				Inflow from collection of lease and guarantee deposits	2	110
Financial CF	-108	-63	+44	Payment of dividends	-110	-69
Increase/Decrease in Cash and Cash Equivalents	-1,294	+3,527	+4,821			
Balance of Cash and Cash Equivalents	3,413	6,940	+3,527			

Our FY03/2013 Fourth Quarter Initiatives

Point The implementation of nationwide branding promotion

【Electronic billboard】



【TV commercial】



【Public transport advertisement】



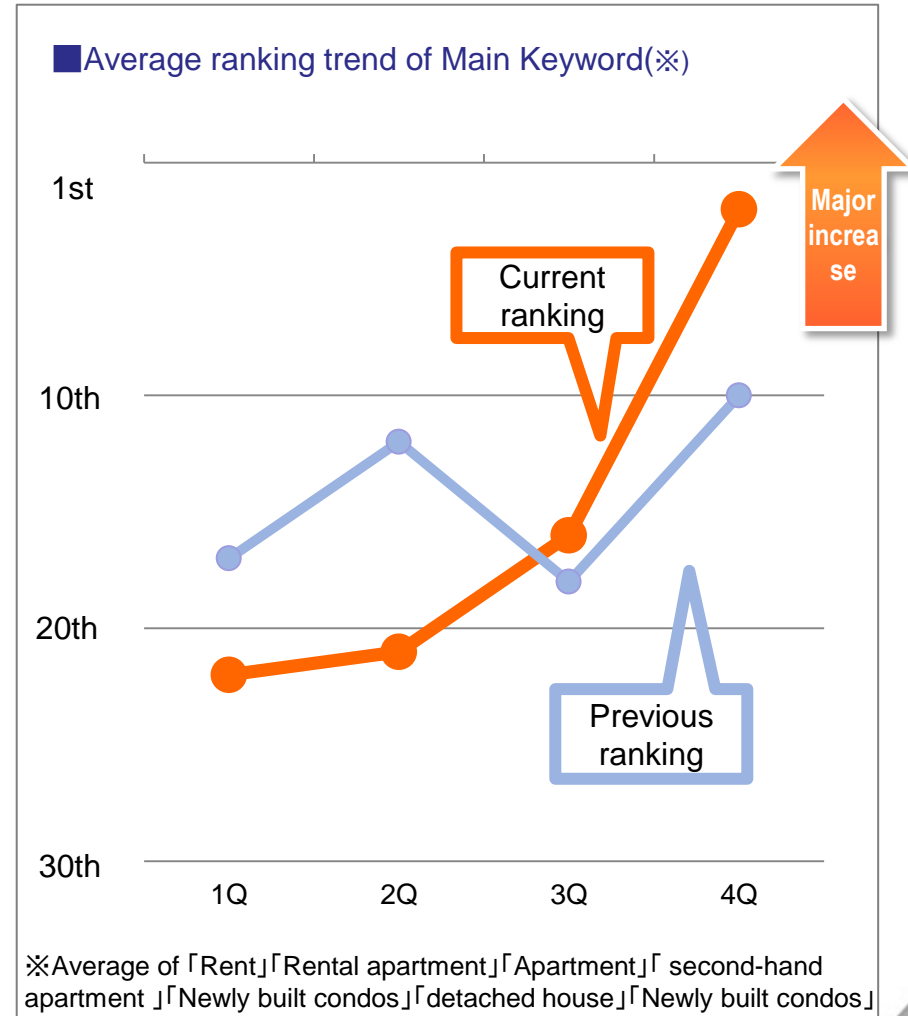
Point Search results continue to be higher ranking by the implementation of site redesign in 3Q

Check

Purpose of Rental & Real Estate Trade site redesign

Point

1. Maximize our SEO effect by a site integration
2. Broaden our user reach by enabling all property typesbased horizontal search
3. Gain a better brand recognition by a design unification
4. Raise our matching rate by improving site usability



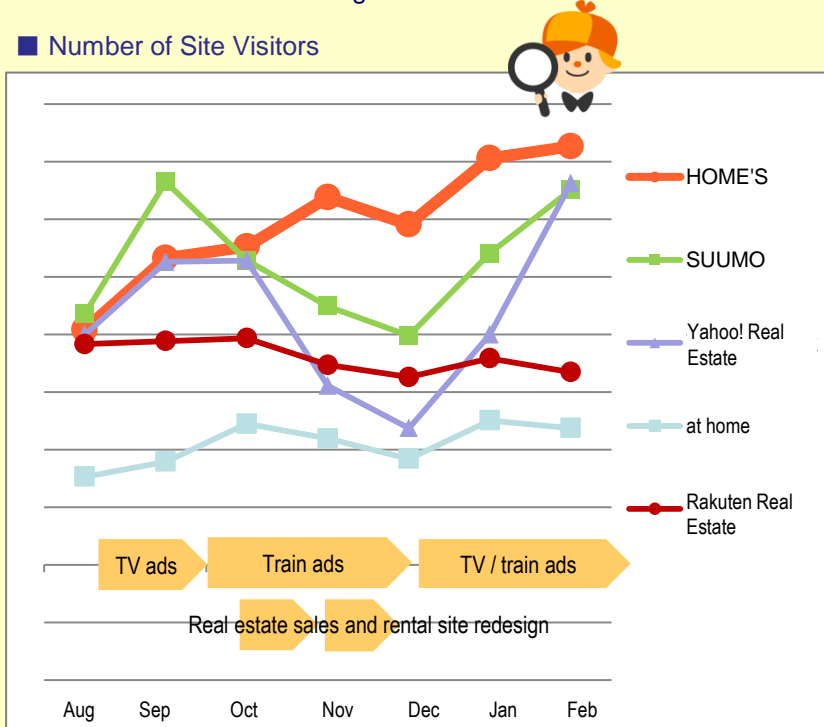
Point Promotions and the site redesign resulted in increases in the number of visitors and sales

Check

Largest Number of Site Visitors

Branding promotional efforts and site redesign have increased site awareness rates, and the number of site visitors. The site continues to draw in the largest number of visitors.

■ Number of Site Visitors



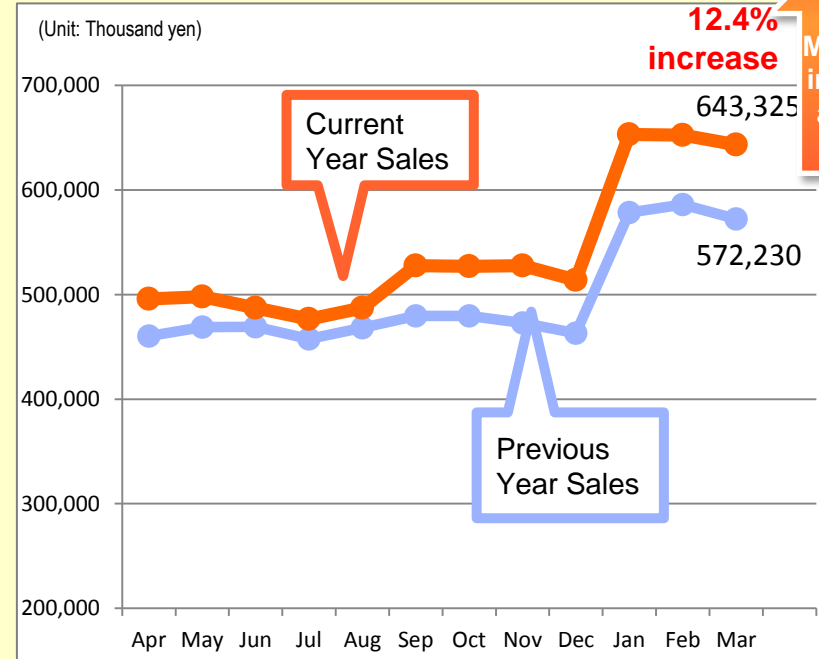
(Source) Nielsen NetView August, 2012, to February, 2013, data on site access from home and workplace computers

Check

March Sales Rose 12.4% Year on Year

The increase in the number of site visitors brought an increase in the number of inquiries. Average sales for 4Q (January to March) rose 12.2% year on year, and sales for March rose 12.4% year on year.

■ "HOME'S Rental & Real Estate Trade" Monthly Sales



Major increase

Point The Number of Properties Posted and Affiliated Stores increased as a result that a sales strategy succeeded

Sales strategy

Results

New affiliated store prospecting activities by specialized teams

Consulting-based marketing through regular visit services

Consulting-based marketing through telephone call services

加盟店

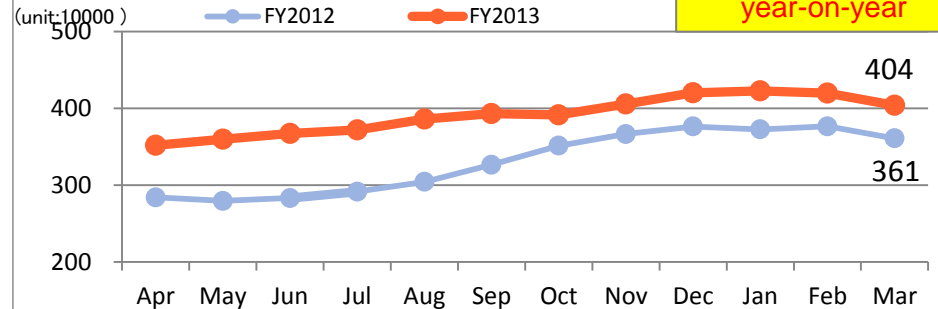
Promote new Enrollment

Curb membership Withdrawals

Increase in Sales per Affiliated Store

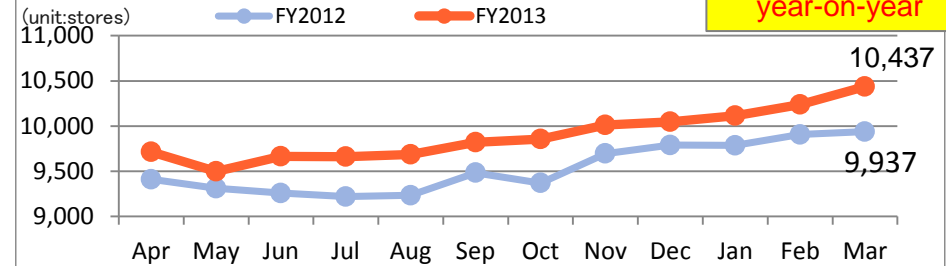
The Number of Properties Posted

11.8% increase year-on-year



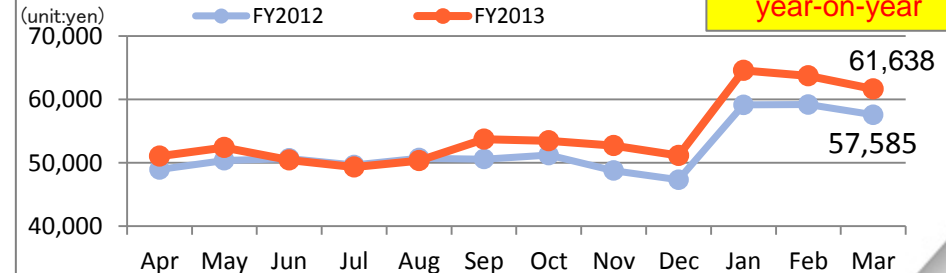
The Number of Affiliated Stores

5.0% increase year-on-year



Sales per Affiliated Store

7.0% increase year-on-year



Point It is reached a record high with each KPI by a business measure and a site redesign

■ KPI

	Sales	Number of affiliated stores	Sales per affiliated stores	Number of Properties Posted
Rental & Real Estate Trade	○ (※1)		○ (※1)	○
New Condominiums	○	○	○	
New Houses	○	○	○	○
Custom-Built Houses and Renovations	○	○	○ (※2)	

※1 Only Rental

※2 Only Custom-Built House

Point → Number 1 in 3 important Areas, which is Listed Properties, Site visitors and Easiest Site to Use



Listed Properties



Site visitors



Easiest Site to Use

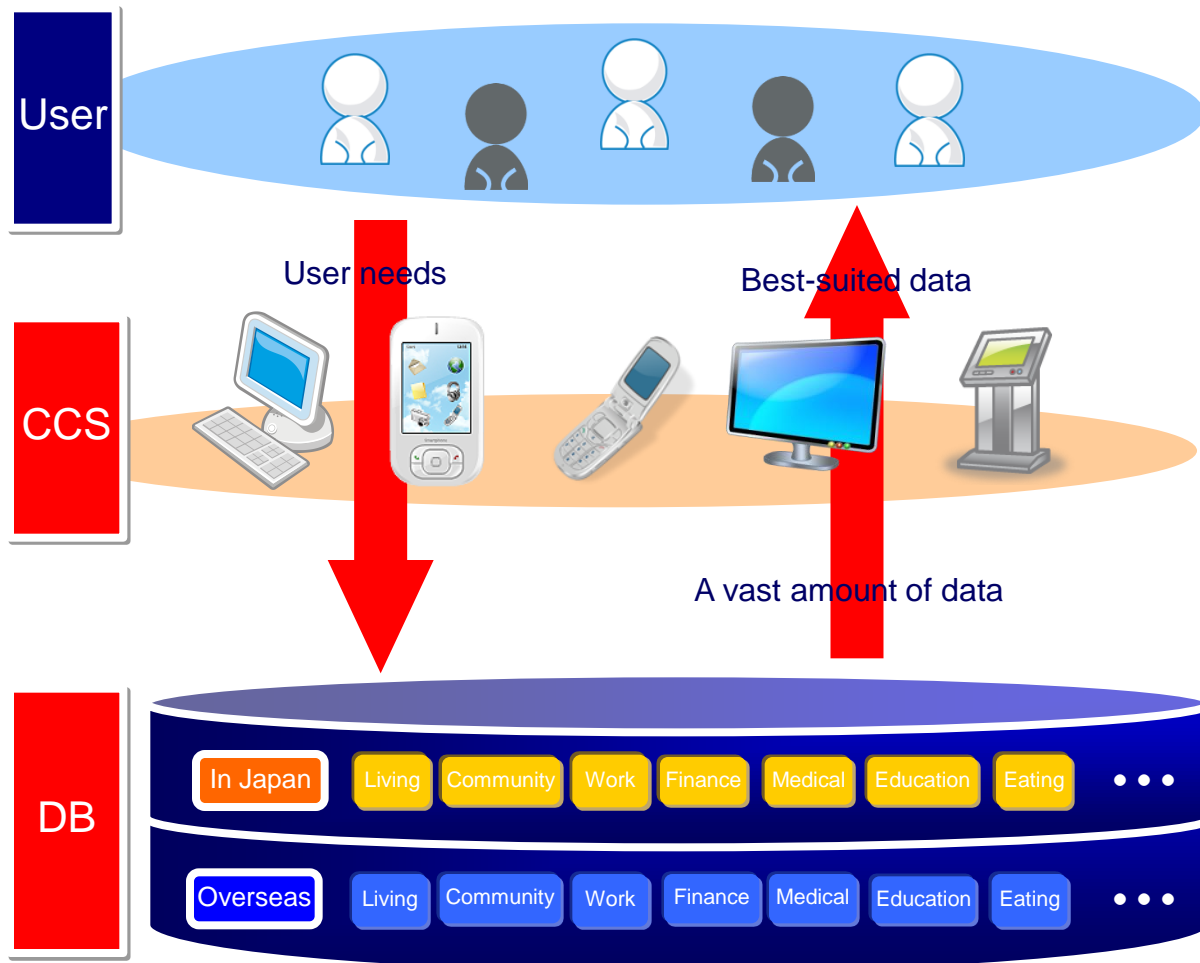
- ※Listed Properties No.1 : Shukan Jutaku Shinbun newspaper December 12,2011 edition
- ※Site visitors No.1 : 2012 February Nielsen NetView data of website user access through home-installed PC and office-installed PC
- ※Easiest Site to Use No.1 : 2012 December ranking data released by Gomez



Results Forecast for FY03/2014

Point Next Group's strategy is to aim at becoming a global company with "DB+CCS" (*)

Concept of "DB+CCS"



◆ Communication service

- ✓ Service enabling the user to become acquainted with people and feel rapport with and warmth of such people
- ✓ Service allowing users to help each other

◆ Concierge service

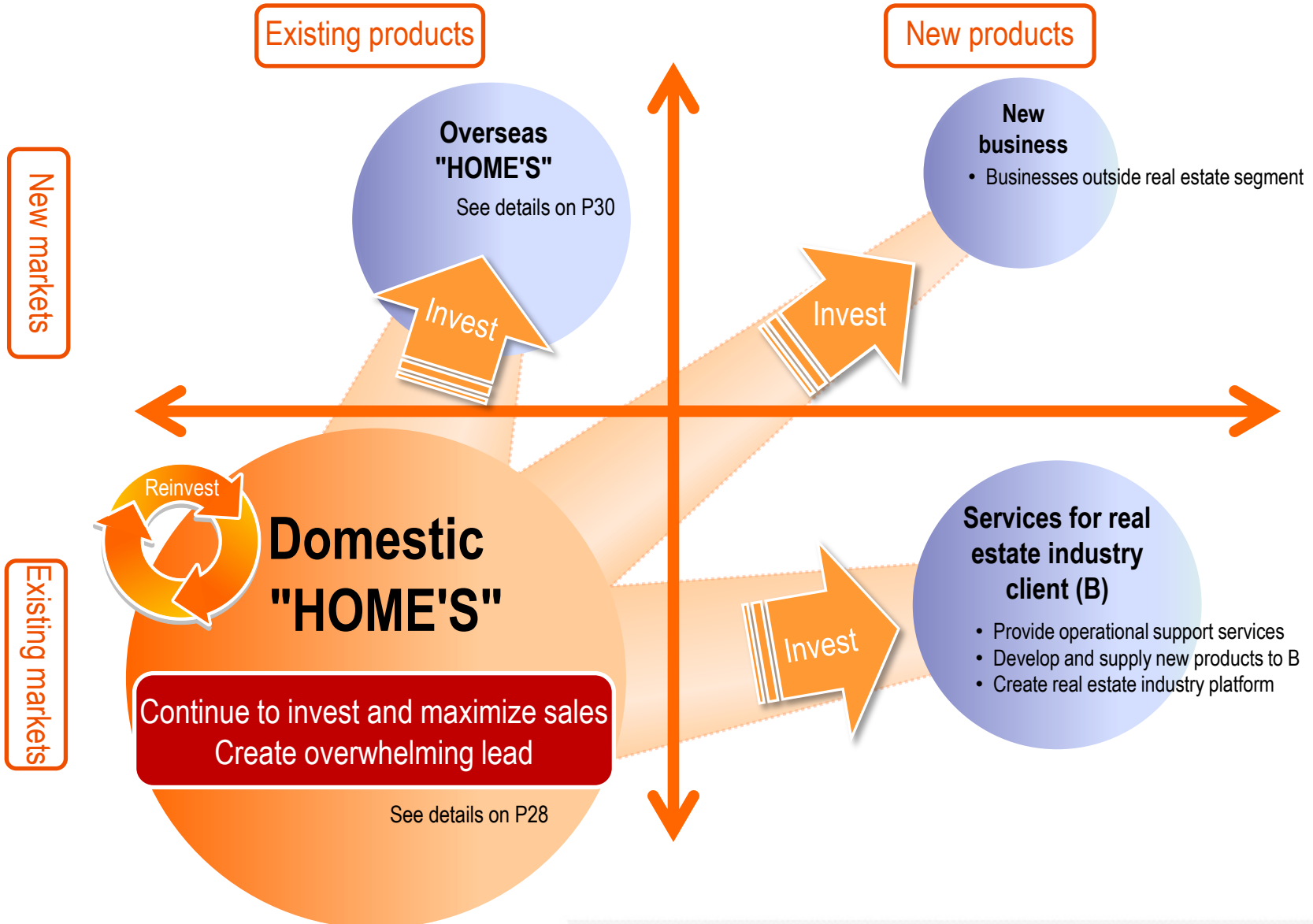
- ✓ Service enabling the service provider to select information best-suited to the person in question and offer proposal to that person
- ✓ Service allowing the service provider to identify latent needs as well and offer recommendation

Provide "DB+CCS" to solve the "non-availability" issue in the world

- ✓ Database from which anyone can obtain required information through any device, anytime and anywhere
- ✓ Comprehensive database of direct relevance to people's "life"
- ✓ Database usable in Japan as well as overseas
- ✓ Database free from false information

* "DB+CCS": An abbreviation for "Database" and "Communication & Concierge Service"

Point We will reinvest earnings in Japan in "HOME'S", as well as investing in new segments and new services



Point Forecasting increased revenue and decreased profits due to conservative sales forecast and investment in future growth

Unit: Million yen	[Reference] FY03/2012	FY03/2013 (Actual)	FY03/2014 (Forecast)	Change	Percent change
Sales	10,319	11,962	13,041	+1,079	+9.0% ※1
Cost of Sales	291	376	469	+92	+24.6% ※2
Selling, General, & Administrative (SG&A) Expenses	9,075	9,995	11,250	+1,255	+12.6% ※3
Personnel Costs	3,186	3,275	3,478	+202	+6.2%
Advertising Costs	2,735	3,454	4,016	+561	+16.3%
Operating Expenses	240	355	523	+167	+47.2%
Depreciation and Amortization Costs	479	468	472	+4	+0.9%
Other Selling, General, & Administrative Expenses	2,433	2,441	2,760	+318	+13.1%
Operating Profit	952	1,591	1,322	-268	-16.9%
Net Profit	465	614	741	+127	+20.8%
Operating Profit Margin	9.2%	13.3%	10.1%	-3.2p	

*1 We are planning to redesign our new condominium and new house website, so our forecast is conservative.

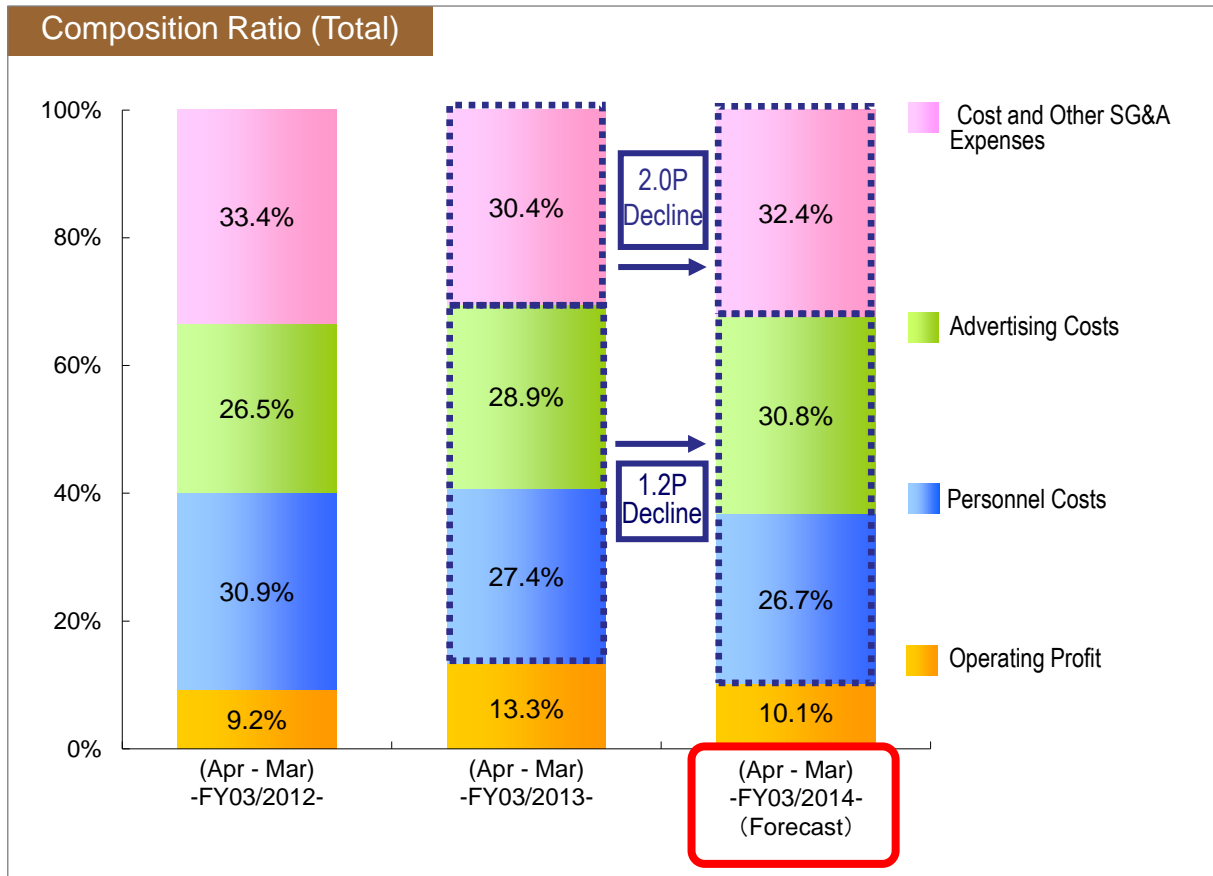
We expect little increase in sales due to additional reinvestment. See page 24 for a breakdown of sales by service.

*2 Increase due to new condominium and new house special page content creation costs, etc.

*3 We expect there to be an increase in expenses related to investment prompted by diversification in the methods used to attract website customers, the cultivation of new businesses in order to achieve future growth, investment in new businesses, and expenses related to overseas operations, etc. See details on P20 and P23.



We will invest approximately 30% in advertising, and make further improvements to our personnel cost ratio.



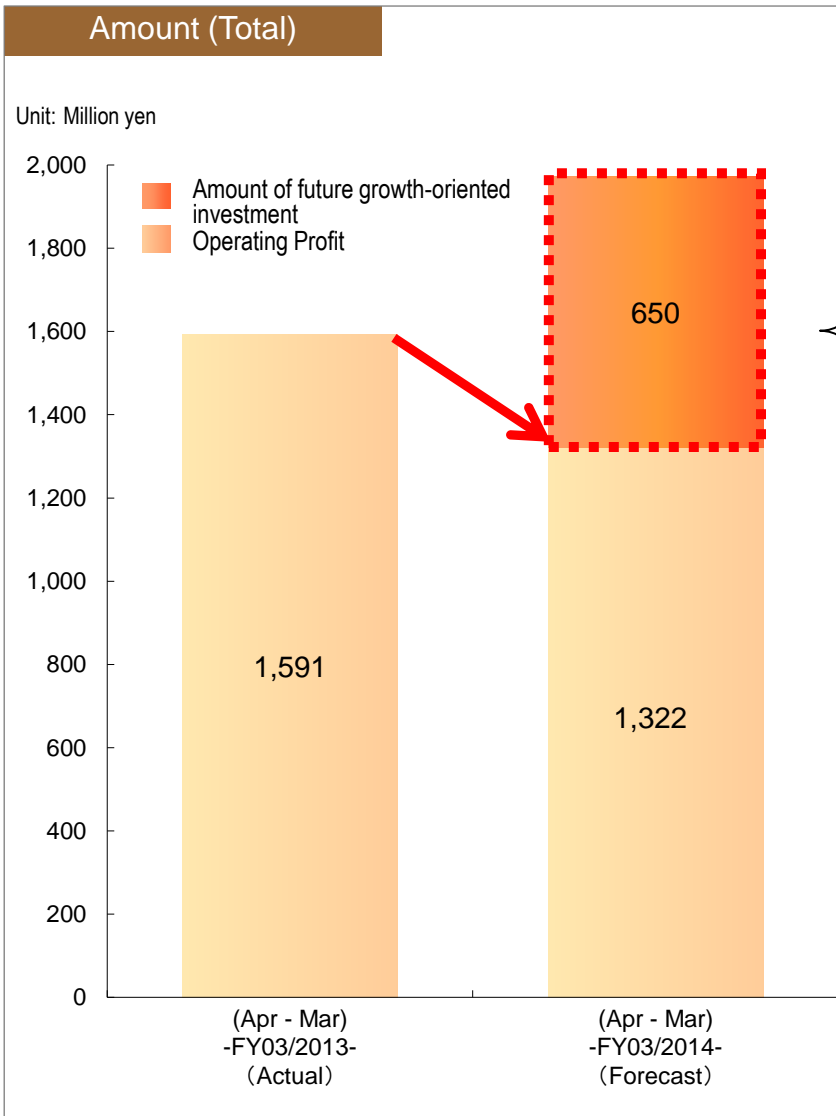
Cost and other SG&A expenses : There will be an increase in expenses related to investment in new businesses and in response to diversification in the methods used to attract website customers.

Advertising costs : Web customer attraction costs and branding promotion costs will increase.

Personnel costs : We will strive to improve productivity.

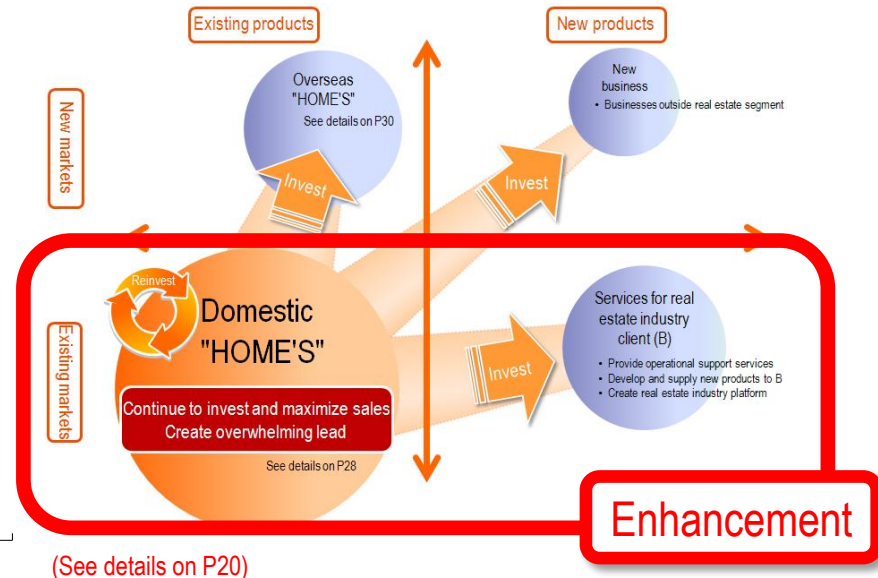
Point

The Group will invest in related businesses, while concentrating investment on the growth of HOME'S in Japan



Forecast of reduced profits due to total of 650 million yen in investment

- Branding promotion reinforcement
- Diversification in the methods used to attract visitors to the site
- Client operation support
- Start of new services in the real estate field
- Stronger integration between services (HOME'S and Lococom ID consolidation, etc.)



Results Forecast for FY03/2014

Trends in sales by service

Point

A 1,000 million yen increase in revenue is forecast, even taking into consideration the decrease in sales caused by the site redesign for condominiums

Unit: Million yen	[Reference] FY03/2012	FY03/2013 (Actual)	FY03/2014 (Forecast)	Change	Percent change
Sales	10,319	11,962	13,041	+1,079	+9.0%
Real Estate Information Services	10,222	11,851	12,908	+1,056	+8.9%
Rental & Real Estate Trade	5,956	6,513	7,067	+554	+8.5%
New Houses	Note 2 1,404	1,902	1,983	+80	+4.2% ※1
New Condominiums	Note 2 1,403	1,664	1,710	+46	+2.8%
Custom-Built Houses and Renovations	596	810	917	+107	+13.3%
Renter's Network	399	491	571	+80	+16.4%
Others	Note 3 461	469	656	+186	+39.8% ※2
Other Businesses	Note 4 97	110	133	+22	+20.6%

Note 1: Local Information Services are calculated as Other Businesses.

Note 2: The order of new house and new condominium listings has been reversed as of this reporting period.

Note 3: "Others" in Real Estate Information Service comprises "HOME'S Estimation for Relocation", "HOME'S Elderly Care Service", other HOME'S business, overseas business, etc.

Note 4: "Other Businesses" comprises "Lococom", "MONEYMO", "eQOL Skincare", "Casualty Insurance Agency Business", and "Event Cal", among others.

*1 We are planning a site redesign, so our sales forecast is conservative.

*2 The main reason for the increase was the increase of 99 million yen for HOME'S Elderly Care Service

Point → +5p payout ratio from March, 2013

Item	FY03/2012	FY03/2013	FY03/2014 (Forecast)
Annual Dividends (Planned)	3.70 Yen	6.50 Yen	7.90 Yen
Consolidated Net Profit	465 Million Yen	614 Million Yen	741 Million Yen
Payout Ratio	14.9%	19.9%	20.0%

! *Check*

Basic Policy for Profit Allocation

Our basic policy for profit allocation is to develop our business aggressively in order to "invest in future growth" to produce continuous profit growth, as well as focusing on "retained earnings" to enhance and strengthen the company's financial structure. We have positioned returning profits to shareholders as one of our key corporate management policies.

With respect to dividends, our basic policy involves flexibly allocating the fruit of our endeavors according to the results of each accounting period and in consideration of our medium- to long-term business plan.

* The "common dividend" amount is subject to change (payout ratio of approx. 20%) in response to consolidated net profits.

Our Top Priority Challenges for the Year Ending March 31, 2014



Check

Number 1
Priority

Enhance the "HOME'S" website in Japan

Number 2
Priority

- Enhance the "HOME'S" website overseas
- Enhance services for clients

Number 3
Priority

- Enhance new businesses

Point Advance strategy for providing HOME'S with an overwhelming lead

Promotion (Promotion Strategy)

- Airing of TV commercials throughout Japan (except for certain limited areas)
- Train advertising (hanging aisle advertisements)
- Hold events that bring together clients and consumers
- Add top ranking search keywords
- Analyze user behavior and run efficient advertising

Product (Product Strategy)

- "HOME'S" condominium site redesign
- "HOME'S" smartphone optimized site redesign
- "HOME'S" custom-built house site redesign
- "HOME'S" "Lococom" collaboration enhancement
- "HOME'S" new service launch
- Setup of user-customizable sorting logic

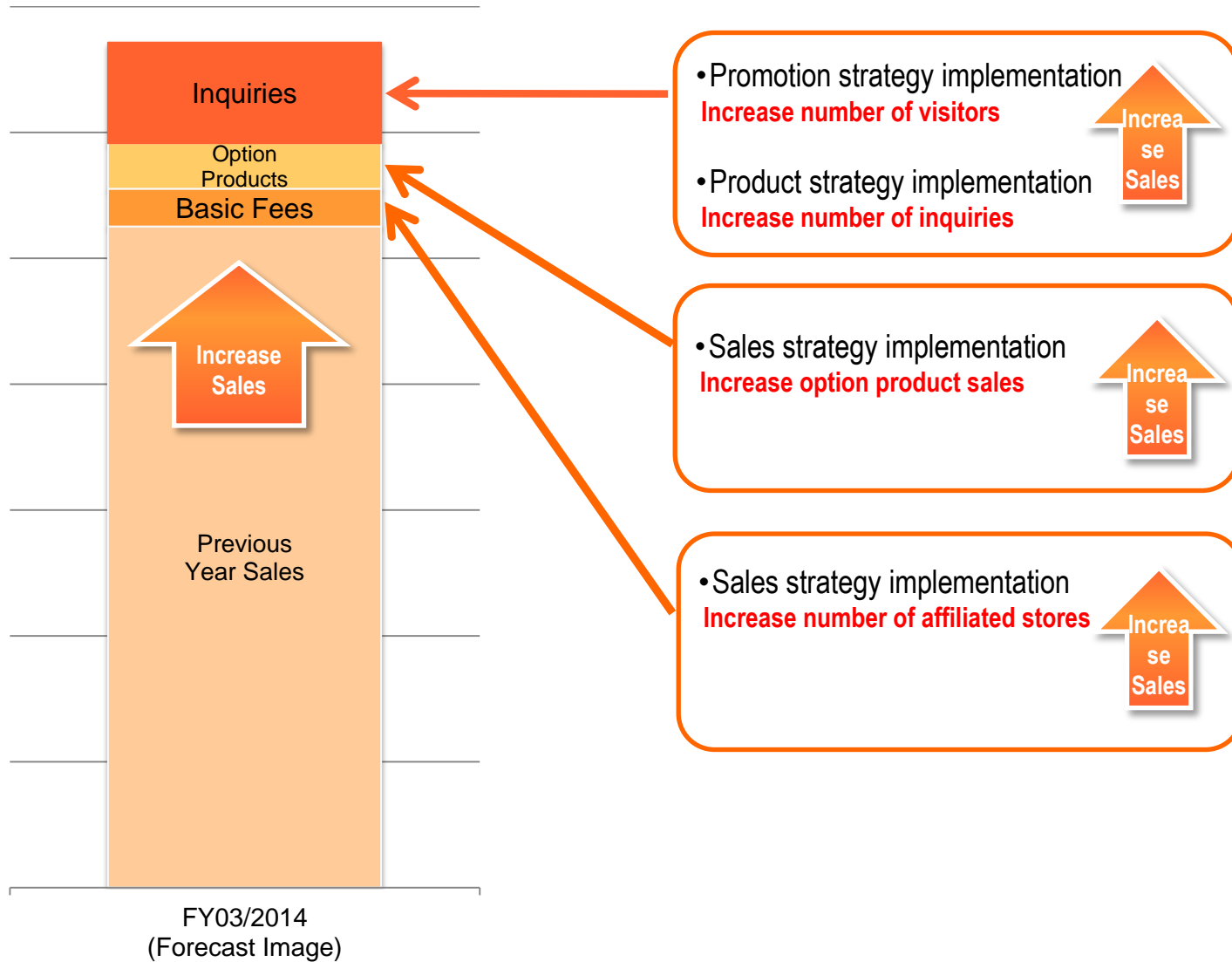
Place (Sales Strategy)

- Enhancement of consulting operations
- Enhancement of operation support services
- Sales expansion of existing products (Annex, HOME'S AD, etc.)
- Opening of new affiliated stores
- Retention of customers through follow-up and usage promotion

Our Top Priority Challenges for the Year Ending March 31, 2014

Domestic Topics

Point → Increase sales not only via inquiries, but also from basic fees and option product



Our Top Priority Challenges for the Year Ending March 31, 2014

Point Discussions are underway regarding the liquidation in China, and Thailand is aiming to increase the number of rental and used properties in its newly launched service

Thailand [HOME'S Thailand]



Focus point: Increase number of properties

Began posting rental and used property information



Focus point: Make progress towards applying service charges

China [HOME'S CN]

Liquidation of local subsidiary planned
Considering re-entry into country by Japanese head company

Indonesia [RumahRumah]



Focus point: Increase number of properties

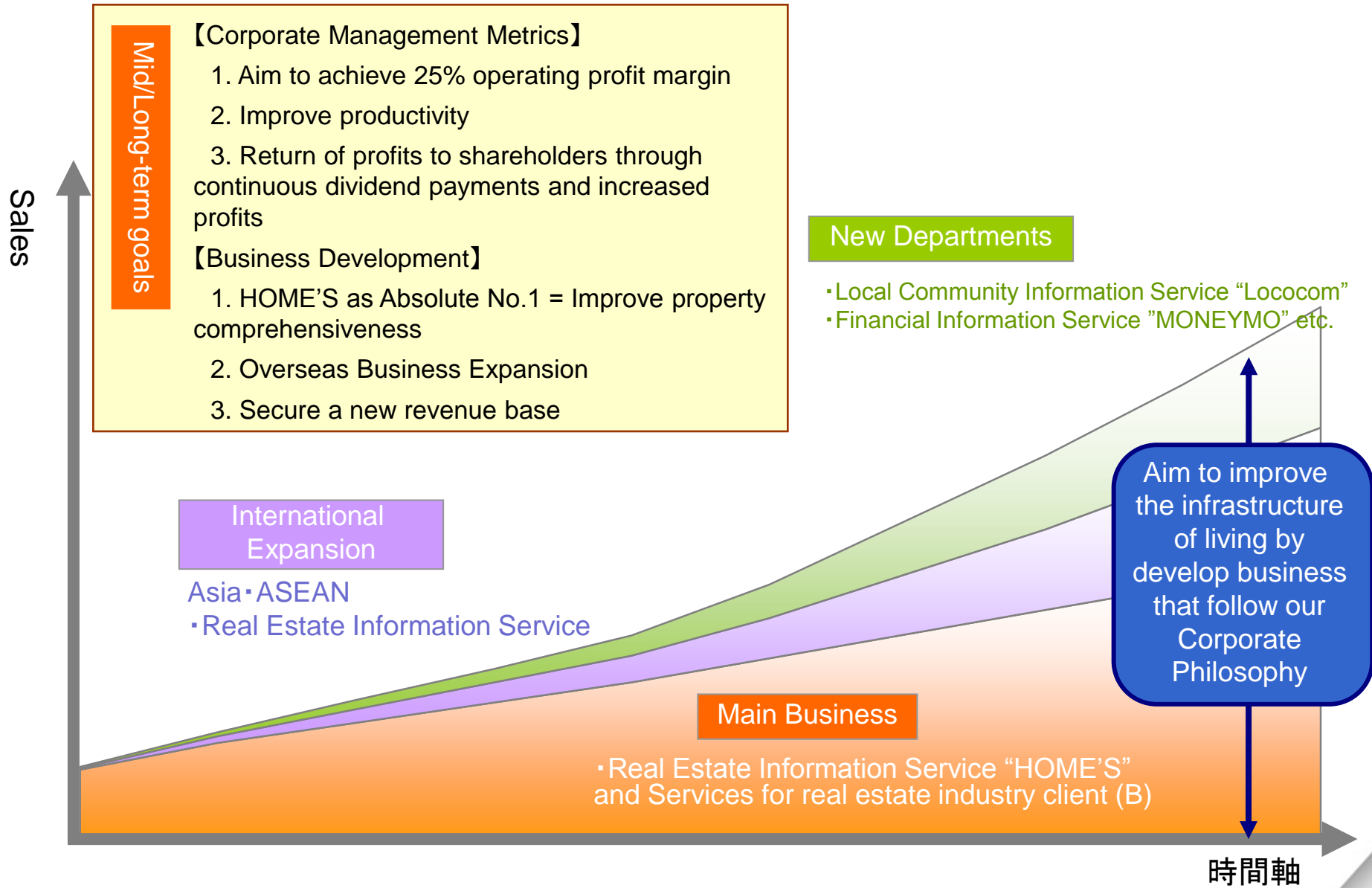


Real estate consulting business began handling office and industrial properties



Our Top Priority Challenges for the Year Ending March 31, 2014

The concept of our future business development



Company Credo

Altruism

Our priority is making people happy.
Everyone in the world: Consumers, Clients,
Coworkers, Family, and so on...

Corporate Philosophy (NEXT Group Vision)

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



Reference Materials

● Reference Materials	•••PP.33-48
Our Goal in Founding NEXT	•••P.34
NEXT's Service Offerings	•••P.35
"HOME'S" Business Model	•••P.36
HOME'S Real Estate Information Service Business Model	•••P.37
Additional information	•••PP.38-44
President profile	•••P.45
Corporate profile	•••P.46
Shareholder composition	•••P.47
IR Information Contact Details	•••P.48

Eliminate the world's “**negatives**” such as “worry,” “dissatisfaction,” and “inconvenience”



We at NEXT seek to provide all kinds of lifestyle services through the internet to help people in the world lead comfortable lives with peace of mind

NEXT seeks to provide, through the internet, all kinds of lifestyle services related to not only “residential properties” but also “local community” and “medical services” in order to help people in the world lead comfortable lives with a peace of mind anytime anywhere

HOME'S A NEXT Group Service

日本最大級の不動産・住宅情報サイト
本日の新着物件 51,669件 掲載物件総数 4,316,300件

総掲載物件数 No.1 / 住みたい場所や希望の条件 物件名、路線・駅名などを入力して検索！

借りる (賃貸)

- 賃貸物件(マンション・アパート・戸建て)
- 月極駐車場 貸土地 貸店舗 貸事務所
- 貸倉庫・貸工場 その他(賃貸)
- 老人ホーム・高齢者住宅

買う

- 新築マンション 中古マンション 新築分譲戸建て
- 戸建て(新築・中古) 土地 店舗 事務所
- 倉庫・工場 その他

注文住宅

- 注文住宅 カタログを探す 完成事例を見る

リフォーム

- リフォーム リフォーム事例を見る
- リフォームイベント

不動産投資

- 不動産投資 収益物件の検索 投資ノウハウ
- 投資セミナー情報 賃貸市場の分析



Housing information

Lococom A NEXT Group Service

現在の物件数 5,569,630



Local community information

MONEYmo A NEXT Group Service



Finance information

eQOL A NEXT Group Service

かゆみも止まらない肌、無意識にしていることはありますか？
実は、約9割の人が、かゆくない時にも無意識に掻いています。



Medical information

EventCal A NEXT Group Service

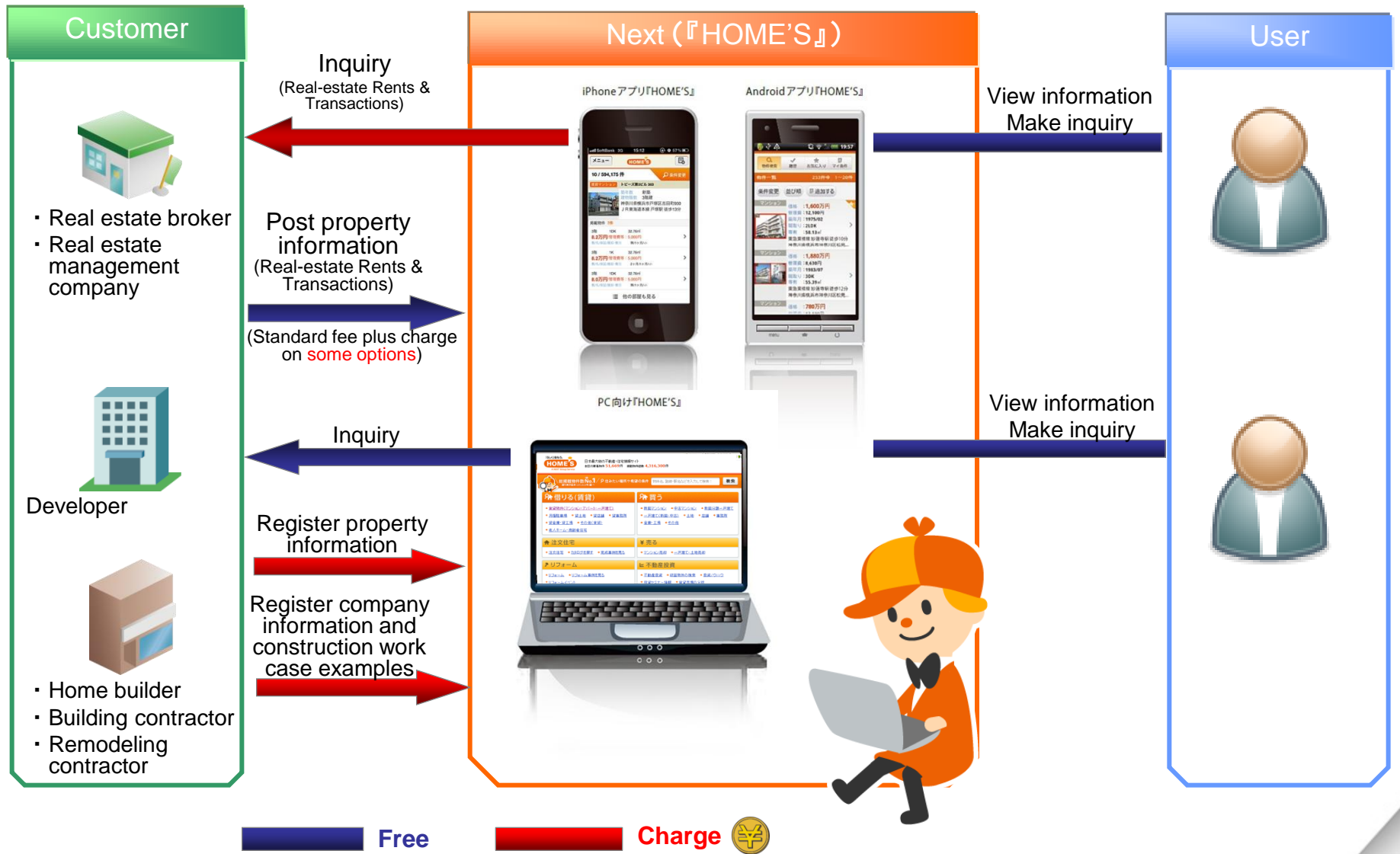
あなたの“気になる出来事”イベントを見つけ共有しよう！



Event

“HOME’S” Business Model

Point → “HOME’S” business model: Fee structure based on the number of inquiries



HOME'S Real Estate Information Service Business Model

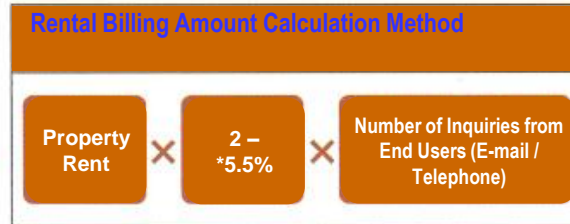
Point Unlimited postings + billing based on number of inquiries

HOME'S Basic Membership Fee (tax not included)

Number of properties listed on HOME'S	Unlimited
Number Registered	Unlimited
Special Advertising Point Frame	5 Points
Panoramas	5
Monthly Usage Fee	10,000 yen

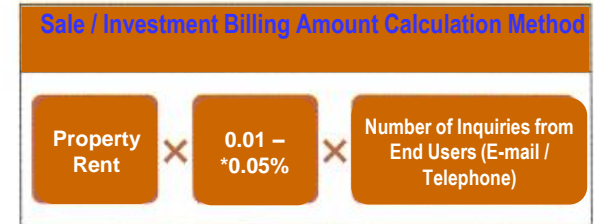
* The billing percentage varies based on the number of inquiries. (The percentage falls the greater the response.) All inquiries from a single end user are counted as a single inquiry. In addition to the basic membership fee, members using option services must pay option service fees.

Rental Billing (tax not included)



Number of Inquiries	Billing Rate
1 to 15 inquiries	5.5%
16 to 60 inquiries	4.0%
61 or more inquiries	2.0%

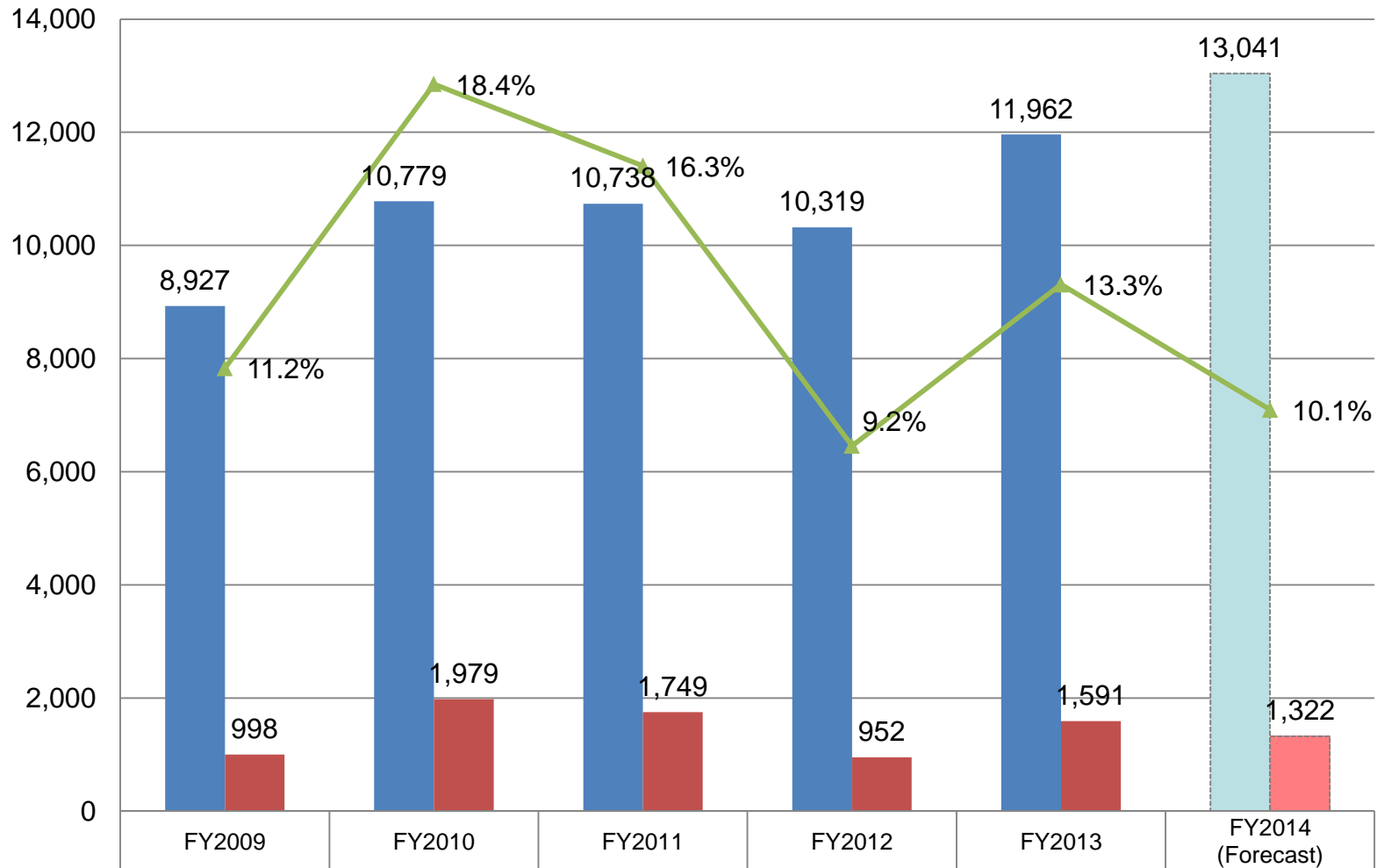
Sale / Investment Billing (tax not included)



Number of Inquiries	Billing Rate
1 to 5 inquiries	0.05%
6 to 20 inquiries	0.02%
21 or more inquiries	0.01%

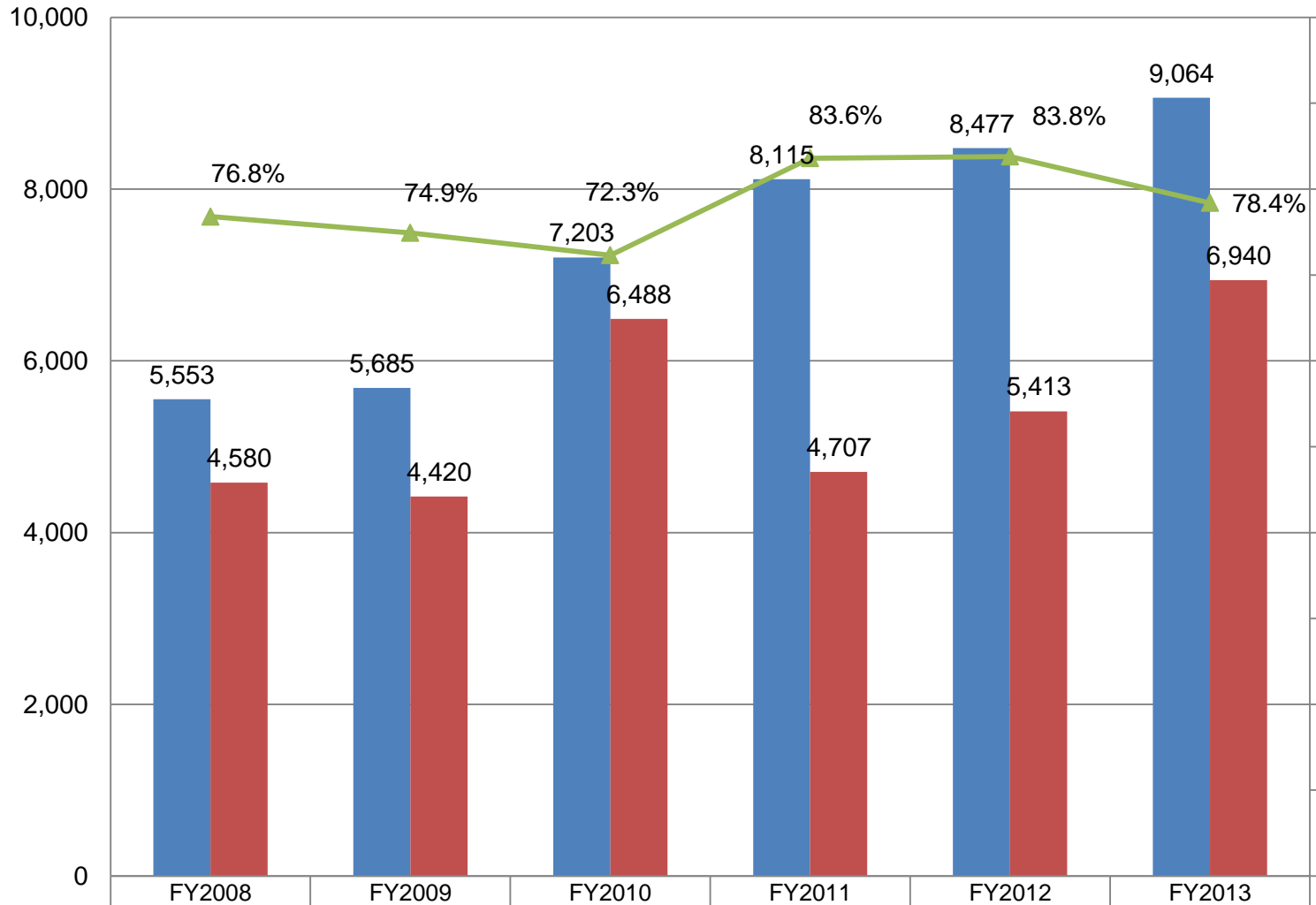
The higher the number of inquiries, the lower the billing rate

(unit:thousand yen)



■ Sales	8,927	10,779	10,738	10,319	11,962	13,041
■ Operating profit	998	1,979	1,749	952	1,591	1,322
▲ Operating profit margin	11.2%	18.4%	16.3%	9.2%	13.3%	10.1%

(unit: million yen)



Net assets	5,553	5,685	7,203	8,115	8,477	9,064
Cash	4,580	4,420	6,488	4,707	5,413	6,940
Shareholder equity ratio	76.8%	74.9%	72.3%	83.6%	83.8%	78.4%

Summary of Statements of income

Unit: million yen	FY2013 1H	FY2013 2H	FY2014 1H	FY2014 2H
	5,500	6,462	6,211	6,830
Sales	163	213	211	257
Cost of sales	4,394	5,601	5,441	5,809
Personnel costs	1,515	1,761	1,710	1,768
Advertising costs	1,386	2,068	1,758	2,257
Operating expense	119	236	247	275
Depreciation/amortization cost	194	274	262	209
Allowances of uncollectible receivables and performance guarantee	1,178	1,263	1,463	1,297
Operating profit	942	648	558	763
Net profit	525	89	303	438
Operating profit margin (OPM)	17.1%	10.0%	9.0%	11.2%

Sales per segment

Unit: million yen	Segment	FY2013 1H	FY2013 2H	FY2014 1H	FY2014 2H
Real estate information services	Rental & Real Estate Trade	2,969	3,544	3,264	3,803
	New Houses	875	1,026	1,111	871
	New Condominium	732	932	813	897
	Custom-built house and refurbishment	388	421	444	473
	Renter's Network	231	259	273	298
	Others	247	221	253	403
Others	Others	54	56	50	82
Total		5,500	6,462	6,211	6,830

Trend of sales by segments.

	Previous year FY03/2012 (Apr-Mar)		Current year FY03/2013 (Apr-Mar)		Comparison	
	Amount	Ratio	Amount	Ratio	Change	Percentage change
Sales	10,319	100.0%	11,962	100.0%	+ 1,642	+ 15.9%
Real estate information services	10,222	99.1%	11,851	99.1%	+ 1,629	+ 15.9%
Rental & Real Estate Trade	5,956	57.7%	6,513	54.4%	+ 556	+ 9.3%
New condominium	1,404	13.6%	1,902	15.9%	+ 497	+ 35.4%
New Houses	1,403	13.6%	1,664	13.9%	+ 261	+ 18.6%
Custom-built house and refurbishment	596	5.8%	810	6.8%	+ 213	+ 35.8%
Renter's Network	399	3.9%	491	4.1%	+ 92	+ 23.2%
Others	461	4.5%	469	3.9%	+ 8	+ 1.7%
Local information services	30	0.3%	20	0.2%	-9	-0
Others	67	0.7%	90	0.8%	+ 22	+ 34.1%
Cost of sales	291	2.8%	376	3.1%	+ 84	+ 29.1%
Selling, general & administrative (SG&A) expenses	9,075	87.9%	9,995	83.6%	+ 919	+ 10.1%
Personnel costs	3,186	30.9%	3,275	27.4%	+ 89	+ 2.8%
Advertising costs	2,735	26.5%	3,454	28.9%	+ 718	+ 26.3%
Operating expense	240	2.3%	355	3.0%	+ 114	+ 47.6%
Depreciation/amortization cost	479	4.7%	468	3.9%	-11	-0
Other selling, general & administrative (AS&A) expenses	2,433	23.6%	2,441	20.4%	+ 8	+ 0.3%
Operating profit	952	9.2%	1,591	13.3%	+ 638	+ 67.0%
Net profit	465	4.5%	614	5.1%	+ 148	+ 31.8%

“HOME’S Real Estate Rents & Trade” trend of major indicators

Unit : properties	FY03/2012	FY03/2013	Comparison	
	March	March	Change	Percentage change
Number of Listed Properties	3,396,226	3,777,088	+ 380,862	11.2%
Hokkaido & Tohoku	190,179	129,866	-60,313	-31.7%
North Kanto	106,489	126,925	+ 20,436	19.2%
Capital Region	1,461,263	1,595,063	+ 133,800	9.2%
Hokuriku & Koshinetsu	66,215	66,441	+ 226	0.3%
Tokai	306,543	383,708	+ 77,165	25.2%
Kinki	922,433	950,286	+ 27,853	3.0%
Chugoku	106,550	227,233	+ 120,683	113.3%
Shikoku	61,159	68,470	+ 7,311	12.0%
Kyushu & Okinawa	175,395	229,096	+ 53,701	30.6%

Unit : stores	FY03/2012	FY03/2013	Comparison	
	March	March	Change	Percentage change
Number of Affiliated Stores	9,926	10,437	+ 511	+ 5.1%
Hokkaido & Tohoku	253	275	+ 22	+ 8.7%
North Kanto	232	261	+ 29	+ 12.5%
Capital Region	6,598	6,771	+ 173	+ 2.6%
Hokuriku & Koshinetsu	156	180	+ 24	+ 15.4%
Tokai	408	470	+ 62	+ 15.2%
Kinki	1,824	1,919	+ 95	+ 5.2%
Chugoku	108	170	+ 62	+ 57.4%
Shikoku	98	105	+ 7	+ 7.1%
Kyushu & Okinawa	249	286	+ 37	+ 14.9%

Unit : yen	FY03/2012	FY03/2013	Comparison	
	March	March	Change	Percentage change
Sales per affiliated stores	57,585	61,638	4,053	+ 7.0%

Quarterly consolidated statements of income

	FY03/2011				FY03/2012				FY03/2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	2,899	2,613	2,584	2,640	2,357	2,462	2,486	3,012	2,737	2,763	2,939	3,522
Real estate information	2,612	2,603	2,568	2,623	2,337	2,438	2,462	2,983	2,709	2,736	2,911	3,494
Rental & Real Estate	1,843	1,808	1,750	1,693	1,398	1,405	1,415	1,737	1,477	1,491	1,568	1,975
New condominium	220	231	256	286	304	335	364	400	428	447	484	542
New Houses	258	267	279	326	320	361	330	390	367	364	410	522
Custom-built house and Renter's Network	123	120	119	138	129	137	149	179	193	195	195	225
Others	86	78	79	87	89	95	102	110	113	118	128	131
Local information services	80	97	82	91	94	103	99	163	128	119	124	97
Guarantor operating business	8	7	9	9	5	9	9	7	6	6	4	3
Others	268	—	—	—	—	—	—	—	—	—	—	—
Others	9	2	7	6	14	14	14	22	21	20	22	25
Cost of sales	46	49	59	73	58	70	68	94	81	82	95	117
Selling, general & administrative (SG&A) expenses	2,162	1,923	2,076	2,597	2,305	2,134	2,083	2,552	2,134	2,260	2,404	3,195
Personnel costs	943	838	867	857	911	742	686	845	770	744	767	993
Advertising costs	454	525	517	963	567	587	619	961	629	756	777	1,290
Operating expense	107	80	71	53	50	53	68	68	55	63	105	130
Depreciation/amortization cost	81	77	83	123	119	124	117	118	96	98	128	144
Other selling, general & administrative (AS&A) expenses	575	401	535	597	656	627	591	557	581	596	626	636
Operating profit	690	641	448	Δ30	Δ5	257	334	366	521	420	439	209
Net profit	296	603	253	Δ45	Δ11	85	178	212	297	228	175	Δ86
Operating profit margin	23.8%	24.5%	17.3%	Δ1.1%	Δ0.3%	10.5%	13.5%	12.2%	19.1%	15.2%	14.9%	5.9%

Quarterly consolidated sales and operating profit and loss per segment

	FY03/2011				FY03/2012				FY03/2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	2,899	2,613	2,584	2,640	2,357	2,462	2,486	3,012	2,737	2,763	2,939	3,522
Real estate information	2,612	2,603	2,568	2,623	2,337	2,438	2,462	2,983	2,709	2,736	2,911	3,494
Local information services	8	7	9	9	5	9	9	7	6	6	4	3
Guarantor operating business	268	—	—	—	—	—	—	—	—	—	—	—
Others	9	2	7	6	14	14	14	22	21	20	22	25
Operating profit	690	641	448	-30	-5	257	334	366	521	420	439	209
Real estate information	769	720	566	117	307	583	508	514	626	513	508	254
Local information services	-91	-70	-70	-83	-215	-214	-142	-60	-43	-39	-38	-24
Guarantor operating business	20	—	—	—	—	—	—	—	—	—	—	—
Others	-8	-8	-47	-63	-97	-111	-30	-87	-61	-53	-30	-20
Operating profit margin	23.8%	24.5%	17.3%	Δ1.1%	Δ0.3%	10.5%	13.5%	12.2%	19.1%	15.2%	14.9%	5.9%
Real estate information	29.5%	27.7%	22.1%	4.5%	13.1%	23.9%	20.6%	17.2%	23.1%	18.8%	17.5%	7.3%
Local information services	—	—	—	—	—	—	—	—	—	—	—	—
Guarantor operating business	7.7%	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—

【Number of Apartments for Sales(annual)】

Source:Real Estate Economic institute Co.LTD

	2006	2007	2008	2009	2010	2011	2012	Jan-13	Feb-13	Mar-13
Capital Region	74,463	61,021	43,733	36,376	44,535	44,499	45,602	1,721	3,491	5,139
year-on-year	-11.5%	-18.1%	-28.3%	-16.8%	+22.4%	-0.1%	+2.5%	-5.4%	-10.9%	+48.4%
Kinki	30,146	30,219	22,744	19,784	21,716	20,219	23,266	913	2,116	2,536
year-on-year	-8.8%	+0.2%	-24.7%	-13.0%	+9.8%	-6.9%	+15.1%	-9.3%	+51.8%	+9.5%
Other	51,257	42,430	31,560	23,435	18,450	21,864	24,993			
year-on-year	+2.0%	-17.2%	-25.6%	-25.7%	-21.3%	+18.5%	+14.3%			
Nationwide	155,866	133,670	98,037	79,595	84,701	86,582	93,861			
year-on-year	-6.9%	-14.2%	-26.7%	-18.8%	+6.4%	+2.2%	+8.4%			

【Trend of Price for Apartments(annual)】

Source:Real Estate Economic institute Co.LTD

unit:ten thousand yen	2006	2007	2008	2009	2010	2011	2012	Jan-13	Feb-13	Mar-13
Capital Region	4,200	4,644	4,775	4,535	4,716	4,578	4,540	4,724	4,289	4,807
year-on-year	+2.2%	+10.6%	+2.8%	-5.0%	-4.0%	-2.9%	-0.8%	9.6%	-4.2%	3.0%
Kinki	3,380	3,478	3,513	3,411	3,452	3,490	3,438	3,642	3,516	3,540
year-on-year	+6.8%	+2.9%	+1.0%	-2.9%	+1.2%	+1.1%	-1.5%	11.1%	8.8%	-5.6%
Nationwide	3,560	3,813	3,901	3,802	4,022	3,896	3,824			
year-on-year	+2.0%	+7.1%	+2.3%	-2.5%	+5.8%	-3.1%	-1.8%			

【New build properties(annual)】

Source:Ministry of Land, Infrastructure, Transport and Tourism

	2006	2007	2008	2009	2010	2011	2012	Jan-13	Feb-13	Mar-13
House for rent	543,463	441,733	464,851	321,470	298,014	285,832	318,521	24,649	22,257	25,986
year-on-year	+7.8%	-18.7%	+5.2%	-30.8%	-7.3%	-4.1%	+11.4%	+1.6%	-2.4%	+10.7%
Apartment house	238,614	168,918	182,555	76,678	90,597	116,755	123,203	10,067	13,043	9,576
year-on-year	+4.0%	-29.2%	+8.1%	-58.0%	+18.2%	+28.9%	+5.5%	-1.0%	+15.9%	-8.3%
House	138,261	124,238	115,785	91,254	110,358	116,798	122,590	10,561	10,154	10,495
year-on-year	+0.3%	-10.1%	△6.8%	-21.2%	+20.9%	+5.8%	+5.0%	+10.1%	+1.9%	+8.2%
Owned properties	358,519	314,865	318,511	284,631	305,221	305,626	311,589	23,561	22,987	24,879
year-on-year	+1.5%	-1.2%	+1.2%	-10.6%	+7.2%	+13.3%	+2.0%	+8.6%	+2.3%	+11.4%

【Internal migrants(annual)】

Source:Ministry of Internal Affairs and Communications

	2006	2007	2008	2009	2010	2011	2012	Jan-13	Feb-13	Mar-13
Internal migrants	5,564,346	5,498,941	5,356,935	5,300,025	5,084,579	5,044,239	5,018,166	294,759	326,280	828,535
year-on-year	-0.7%	-1.2%	-2.6%	-1.1%	-4.1%	-0.8%	-0.5%	-0.3%	-3.4%	-1.7%

President's Profile



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).
November, 2011	Appointed General Manager of NEXT, Co., Ltd.'s HOME'S Business Department (current position).

■ 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.

Corporate profile

Company name	NEXT Co., Ltd (TSE 1 st Section: 2120)
Representative	President and CEO Takashi Inoue
Established	March 12, 1997 (Accounting year end: March)
Paid-in capital	1,996 million yen, Number of shares outstanding: 18,794,600 shares (Number of the Treasury Shares: 12,060)
Consolidated number of employees	539 (including contingent employees totaling 41) A increase of 16 from March 31, 2012
Business contents	Real estate information service Local information service Others
Number of shareholders	2,649 (as of March 31, 2013) A decrease of 259 from September 30, 2012
Major shareholders	Directors of NEXT Co., Ltd., Rakuten, Inc. (NEXT Co., Ltd. is an equity method affiliate of Rakuten, Inc.)
Headquarters address (relocated in January 2011)	Shinagawa Front Building (general reception 3 rd floor), 2-3-13, Konan, Minato-ku, Tokyo
Consolidated subsidiaries (equity interest ratio) *as of November ,2012	Renter's Co.(100%) HOME'S PROPERTY MEDIA(THAILAND)CO.,LTD. (99.9%) PT. Rumah Media(50.0%) Next Property Media Holdings Limited(90.2%)

As of March 31, 2013

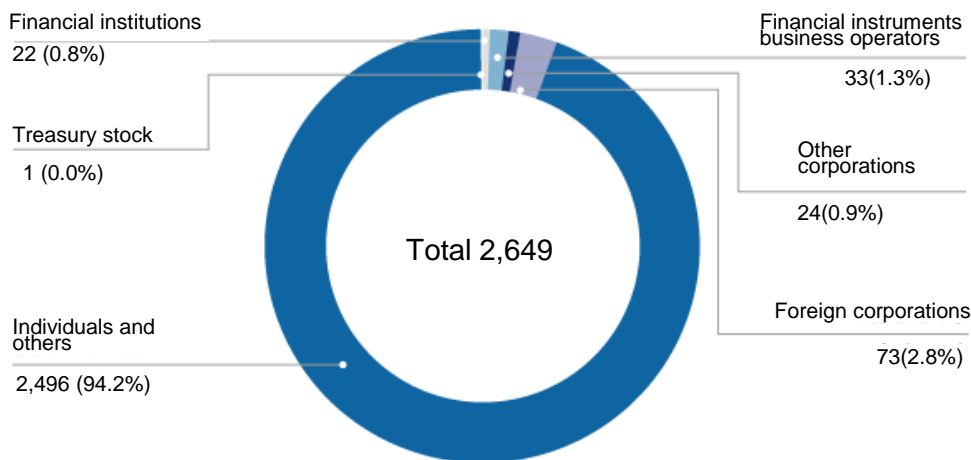
Shareholder composition

Point Decrease of 259 shareholders from September 30, 2012 to 2,649 shareholders

Number of shareholders 2,649(As of March 31, 2013), Decrease of 259 from Sep. 30, 2012

Major shareholders Directors of NEXT Co., Ltd.
Rakuten Inc. (NEXT Co., Ltd. is an equity method affiliate of Rakuten, Inc.)

Composition of shareholders



Large Shareholders

Name	Number of shares held	Ratio of shares held to total number of issued shares (%)
Takashi Inoue	7,023,500	37.4
Rakuten Inc.	3,000,000	16.0
Goldman sachs and company regular account	1,025,700	5.5
Tapug Corporation	915,800	4.9
Japan Trustee Services Bank, Ltd. (Trust Account)	757,000	4.0
JPMCC CLIENT SAFEKEEPING ACCOUNT	569,000	3.0
The Master Trust Bank of Japan ,Ltd. (Trust Account)	275,000	1.5
Baillie Gifford Japan Trust PLC	207,800	1.1
NEXT Co., Ltd. Employee Shareholding Association	194,300	1.0
Japan Securities Finance Co., Ltd.	159,800	0.9
Total	14,127,900	75.2

Number of shares

Item	Status of shares							Total
	Japanese government and municipal governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations	Individuals and others	Treasury stock	
Shareholdings percentage of the total(%)	0.0	10.0	1.4	21.7	17.4	49.5	0.1	100

(As of March 31, 2013)

IR Information Contact Details



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Facebook

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IR News

In order to provide information to our stakeholders promptly and to help to better familiarize themselves with NEXT, we distribute “IR News” each time we update information on our company website involving monthly data and other information releases.

To register, please use the following registration form.

[Registration for]

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