

*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 Six-Month Period Ended September 30, 2016 (IFRS)

November 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) Managing Officer, Head of Group Company Business Development Department	(Name) Kazuhiko Abe	(TEL) 03-5783-3603
Scheduled quarterly securities report Submission date:	November 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 Six-month Period Ended September 30, 2016 (April 1, 2016 to September 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>Six-month ended September 30, 2016</b>	¥13,757	15.6	¥2,503	34.5	¥2,523	34.2	¥1,695	33.4	¥1,676	35.8	¥456	(72.2)
Six-month ended September 30, 2015	¥11,899	53.5	¥1,860	60.0	¥1,880	61.3	¥1,270	77.3	¥1,234	73.1	¥1,642	128.7

	Basic earnings per share (yen)	Diluted net income per share (yen)
<b>Six-month ended September 30, 2016</b>	14.13	-
Six-month ended September 30, 2015	10.75	-

(Reference) EBITDA

Six months ended September 30, 2015: ¥2,289 million

Six months ended September 30, 2016: ¥2,941 million (up 28.5% 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 September 30, 2016</b>	¥23,924	¥17,047	¥16,832	70.4
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	-	0.00			
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 September 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 September 30, 2016	73,636 shares
As of March 31, 2016	73,636 shares
  - [3] Average shares during term

As of September 30, 2016	118,715,464 shares
As of September 30, 2015	114,882,686 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 7.
- 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.
- November 11, 2016 (Friday): 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)

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## 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 the 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 six-month period ended September 30, 2016 were as follows. Revenue was ¥13,757,229 thousand, up 15.6% year on year. Operating income was ¥2,503,200 thousand, up 34.5% year on year. Profit before taxes was ¥2,523,279 thousand, up 34.2% year on year. Profit for the period attributable to owners of the parent rose 35.8% year on year to ¥1,676,943 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 six-month period, EBITDA was ¥2,941,983 thousand, up 28.5% year on year.

Moreover, segment revenue and segment profit (loss) in the six-month period were as follows.

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

Segment	Revenue		Segment profit and loss	
	Amount	Change %	Amount	Change %
(1) Domestic Real Estate Information Services	9,603,856	12.9	2,292,780	57.2
(2) Domestic Services for Realtors <sup>Note 2</sup>	3,219,835	145.5	(77,618)	<sup>Note 3</sup>
(3) Overseas	1,574,566	(14.7)	266,368	(38.7)
(4) Others	377,449	31.3	(755)	<sup>Note 4</sup>

Notes:

1. Intersegment transactions have not been eliminated.
2. Lifull Marketing Partners Co., Ltd. became subsidiary in the three-month period ended June 30, 2015.
3. Segment profit in the previous term was ¥26,244 thousand.
4. Segment loss in the previous term was ¥32,296 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 Second Quarter of the Fiscal Year Ending March 31, 2017,” which was announced on November 10, 2016.

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

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

Condensed statements of profit and loss:	Condensed statements of profit and loss (IFRS).
Sales by segment:	Sales by segment (IFRS).
Progress against financial results forecasts:	Condensed statements of profit and loss and sales by segment.
Business strategies:	Main activities by segment.
Quarterly data:	Condensed statements of profit and loss and segment income and loss.
Collection of external statistical data:	Number of condominiums on sale, condominium sales prices, number of new housing starts, number of inter-prefectural migrants, and population.

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

Current assets stood at ¥10,297,100 thousand as of September 30, 2016, a decrease of ¥673,793 thousand from March 31, 2016 (the “previous fiscal year-end”). The main contributing factors were a decrease of ¥311,959 thousand in cash and cash equivalents and a decrease of ¥357,248 thousand in accounts receivable-trade and other current receivables.

**(Non-current assets)**

Non-current assets stood at ¥13,627,369 thousand as of September 30, 2016, a decrease of ¥667,297 thousand from the previous fiscal year-end. The main components of this change were a decrease of ¥989,642 thousand in goodwill, a decrease of ¥217,702 thousand in intangible assets and an increase of ¥737,121 thousand in other long-term financial assets.

As a result, total assets were ¥23,924,469 thousand as of September 30, 2016, a decrease of ¥1,341,091 thousand from the previous fiscal year-end.

**(Current liabilities)**

Current liabilities stood at ¥5,386,300 thousand as of September 30, 2016, a decrease of ¥605,133 thousand from the previous fiscal year-end. The main components of this change were an increase of ¥37,128 thousand in accounts payable and other current payables, a decrease of ¥420,244 thousand in accrued corporate income taxes and a decrease of ¥190,806 thousand in other current liabilities.

**(Non-current liabilities)**

Non-current liabilities stood at ¥1,490,244 thousand as of September 30, 2016, a decrease of ¥641,756 thousand from the previous fiscal year-end. The main components of this change were a decrease of ¥517,846 thousand in long-term loans and an increase of ¥137,121 thousand in other non-current liabilities.

As a result, total liabilities were ¥6,876,544 thousand, a decrease of ¥1,246,889 thousand from the previous fiscal year-end.

**(Equity)**

Total equity stood at ¥17,047,924 thousand, a decrease of ¥94,201 thousand from the previous fiscal year-end. The main component was an increase of ¥1,676,943 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 ¥1,227,672 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 September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,625,268	6,313,308
Accounts receivable-trade and other current receivables	3,901,156	3,543,907
Other short-term financial assets	26,400	23,700
Other current assets	418,070	416,183
<b>Total current assets</b>	<b>10,970,894</b>	<b>10,297,100</b>
<b>Non-current assets</b>		
Property, plant and equipment	624,679	585,967
Goodwill	9,150,806	8,161,164
Intangible assets	3,076,939	2,859,237
Investments accounted for using the equity method	42,101	41,303
Other long-term financial assets	808,763	1,545,884
Deferred tax assets	587,529	429,831
Other non-current assets	3,847	3,980
<b>Total non-current assets</b>	<b>14,294,666</b>	<b>13,627,369</b>
<b>Total assets</b>	<b>25,265,561</b>	<b>23,924,469</b>



(Thousands of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and other current payables	2,267,417	2,304,546
Short-term loans	970,797	939,586
Accrued corporate income taxes	1,063,209	642,964
Other current liabilities	1,690,009	1,499,203
<b>Total current liabilities</b>	<b>5,991,433</b>	<b>5,386,300</b>
<b>Non-current liabilities</b>		
Long-term loans	1,468,608	950,761
Provisions	209,997	209,946
Other long-term financial liabilities	76,115	122,093
Deferred tax liabilities	240,157	207,442
Other non-current liabilities	137,121	-
<b>Total non-current liabilities</b>	<b>2,132,000</b>	<b>1,490,244</b>
<b>Total liabilities</b>	<b>8,123,434</b>	<b>6,876,544</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	10,726,887
Treasury shares	(8,619)	(8,619)
Other components of equity	(1,183,496)	(2,416,002)
<b>Attributable to the owners of the parent</b>	<b>16,922,145</b>	<b>16,832,364</b>
Attributable to non-controlling interests	219,980	215,560
<b>Total equity</b>	<b>17,142,126</b>	<b>17,047,924</b>
<b>Total liabilities and equity</b>	<b>25,265,561</b>	<b>23,924,469</b>

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

Consolidated Statements of Profit or Loss

For the six-month period ended September 30, 2016

(Thousands of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
<b>Revenue</b>	11,899,305	13,757,229
Cost of revenue	878,770	1,408,563
<b>Gross profit</b>	11,020,534	12,348,666
Selling, general and administrative expenses	9,105,006	9,796,834
Other income (expense)—net	(54,592)	(48,631)
<b>Operating income</b>	1,860,935	2,503,200
Financial revenue	26,971	51,562
Financial expenses	7,451	30,684
Share of profit (loss) of investments accounted for using the equity method	343	(798)
<b>Profit before taxes</b>	1,880,800	2,523,279
Income tax expenses	610,101	828,179
Profit for the period	1,270,698	1,695,100
<b>Profit for the period attributable to:</b>		
Owners of the parent	1,234,609	1,676,943
Non-controlling interests	36,089	18,156
Total	1,270,698	1,695,100
		(yen)
<b>Profit for the period per share attributable to owners of the parent</b>		
Basic profit for the period per share	10.75	14.13
Diluted profit for the period per share	-	-

For the three-month period ended September 30, 2016

(Thousands of yen)

	Three-month period ended September 30, 2015	Three-month period ended September 30, 2016
<b>Revenue</b>	6,441,543	6,910,455
Cost of revenue	737,414	737,723
<b>Gross profit</b>	5,704,129	6,172,732
Selling, general and administrative expenses	4,854,401	4,798,708
Other income (expense)—net	(41,527)	(42,053)
<b>Operating income</b>	808,199	1,331,970
Financial revenue	26,377	20,571
Financial expenses	2,288	30,645
Share of profit (loss) of investments accounted for using the equity method	(1,693)	(4,336)
<b>Profit before taxes</b>	830,595	1,317,560
Income tax expenses	254,785	365,542
Profit for the period	575,809	952,017
<b>Profit for the period attributable to:</b>		
Owners of the parent	552,457	942,894
Non-controlling interests	23,351	9,123
Total	575,809	952,017
		(yen)
<b>Profit for the period per share attributable to owners of the parent</b>		
Basic profit for the period per share	4.73	7.94
Diluted profit for the period per share	-	-

**Condensed Consolidated Statements of Comprehensive Income**  
**For the six-month period ended September 30, 2016**

(Thousands of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
<b>Profit for the period</b>	1,270,698	1,695,100
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss, net of tax:</b>		
Available-for-sale financial assets	-	(7,658)
Exchange differences on translation of foreign operations	372,937	(1,232,079)
Other	(1,365)	1,295
<b>Other comprehensive income, after tax</b>	371,571	(1,238,442)
<b>Total comprehensive income for the period</b>	1,642,270	456,657
<b>Comprehensive income for the period attributable to:</b>		
Owners of the parent	1,607,261	444,438
Non-controlling interests	35,008	12,219
<b>Total</b>	1,642,270	456,657

For the three-month period ended September 30, 2016

(Thousands of yen)

	Three-month period ended September 30, 2015	Three-month period ended September 30, 2016
<b>Profit for the period</b>	575,809	952,017
<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)	(1,212)
Exchange differences on translation of foreign operations	(185,929)	(92,919)
Other	14	(488)
<b>Other comprehensive income, after tax</b>	(185,928)	(94,620)
<b>Total comprehensive income for the period</b>	389,881	857,397
<b>Comprehensive income for the period attributable to:</b>		
Owners of the parent	366,495	851,502
Non-controlling interests	23,386	5,894
<b>Total</b>	389,881	857,397

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

For the six-month period ended September 30, 2015 (April 1, 2015 to September 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	-	-	1,234,609	-	-	1,234,609	36,089	1,270,698
Other comprehensive income	-	-	-	-	372,652	372,652	(1,080)	371,571
Total comprehensive income for the period	-	-	1,234,609	-	372,652	1,607,261	35,008	1,642,270
Dividends of surplus	-	-	(324,641)	-	-	(324,641)	-	(324,641)
Increase (decrease) through treasury shares transactions	-	-	-	(476)	-	(476)	-	(476)
Share issuance cost	1,999,999	1,987,741	-	-	-	3,987,740	-	3,987,740
Increase due to business combinations	-	-	-	-	-	-	152,541	152,541
Total transactions with owners	1,999,999	1,987,741	(324,641)	(476)	-	3,662,622	152,541	3,815,163
Balance as of September 30, 2015	3,999,578	4,530,520	8,148,375	(8,619)	(575,362)	16,094,492	216,339	16,310,831

For the six-month period ended September 30, 2016 (April 1, 2016 to September 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	-	-	1,676,943	-	-	1,676,943	18,156	1,695,100
Other comprehensive income	-	-	-	-	(1,232,505)	(1,232,505)	(5,936)	(1,238,442)
Total comprehensive income for the period	-	-	1,676,943	-	(1,232,505)	444,438	12,219	456,657
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 September 30, 2016	3,999,578	4,530,520	10,726,887	(8,619)	(2,416,002)	16,832,364	215,560	17,047,924

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

(Thousands of yen)

	Six-month period ended September 30, 2015	Six-month period ended September 30, 2016
<b>Cash flow from operating activities</b>		
Profit for the period before tax	1,880,800	2,523,279
Depreciation and amortization	429,355	439,564
Financial revenue	(1,226)	(11,036)
Financial expenses	7,451	30,684
Decrease (increase) in accounts receivable-trade and other current receivables	143,420	311,767
Increase (decrease) in accounts payable-trade and other current payables	(484,743)	(220,914)
Others	(44,746)	(191,862)
Subtotal	1,930,310	2,881,482
Interest and dividends received	2,891	1,868
Interest paid	(6,005)	(748)
Income taxes paid	(546,921)	(1,034,097)
Net cash from operating activities	1,380,276	1,848,505
<b>Cash flow from investing activities</b>		
Purchase of available-for-sale financial assets	-	(199,999)
Proceeds from sale of available-for-sale financial assets	16,654	13,007
Purchase of property, plant and equipment	(29,067)	(38,068)
Proceeds from sale of property, plant and equipment	-	1,094
Purchase of intangible assets	(337,952)	(137,097)
Payments into time deposits	(27,900)	-
Proceeds from refunds of time deposits	1,000,000	-
Purchase of subsidiaries	(132,551)	-
Payments for lease and guarantee deposits	(29,791)	(594,908)
Others	1,218	2,050
Net cash from investing activities	460,610	(953,922)
<b>Cash flow from financing activities</b>		
Repayment of short-term loans	(7,000,000)	-
Proceeds from long-term loans	3,000,000	-
Repayment of long-term loans	-	(499,995)
Dividends paid	(347,157)	(535,419)
Dividends paid to non-controlling interests	-	(16,640)
Proceeds from issuance of shares	3,982,263	-
Purchase of treasury shares	(476)	-
Net cash from financing activities	(365,370)	(1,052,055)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	16,222	(154,487)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,491,738	(311,959)
<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>	5,759,810	6,313,308

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

**(Note Regarding Going Concern Assumption)**

Not applicable.