



**NEXT Co., Ltd. (TSE 1st Section 2120)**

# **Earnings Presentation [IFRS]**

Second Quarter of the Fiscal Year Ending March 31, 2017  
(April to September 2016)

**Disclaimer**

The opinions and projections, etc. contained herein represent the judgment of NEXT Co., Ltd. at the time this document was prepared. We provide no guarantees regarding the accuracy of the information. Please keep in mind that actual performance and results may vary significantly due to fluctuations in various factors.

# Index

> Segments and Main Services	Page 2
> Consolidated Results for FY2016/Q2	Page 3
> FY2016 Forecasts	Page 11
> Business Strategies	Page 12
> Appendix.	Page 56
- Corporate Info	Page 57
- Statements of Profit and Loss (quarterly)	Page 58
- Market Data	Page 59
- Subsidiaries and Services	Page 68
> IR Contact	Page 71

## Segments and Main Services

Segments	Main Services (subsidiary providing each service)
<b>Domestic Real Estate Information Services</b>	HOME'S HOME'S Kaigo (nursing care) (Lifull Senior)
<b>Domestic Services for Realtors</b>	AD MASTER (former <i>Renter's Net</i> ) (Renter's) NabiSTAR Lifull Marketing Partners Co., Ltd.
<b>Overseas</b>	Trovit (Trovit Search, S.L.) Lifull Rumah (PT. Lifull Media Indonesia) Lifull Australia
<b>Others</b>	HOME'S Hikkoshi (move) (Lifull Move) HOME'S Trunk Room (self-storage) (Lifull Space) MONEYMO (Lifull FinTech) HOME'S Style Market Other Lifull companies

\*Please refer to page 68 to 70 for the details of each service.

# Consolidated Results for FY2016/Q2

# Condensed Statements of Profit and Loss IFRS

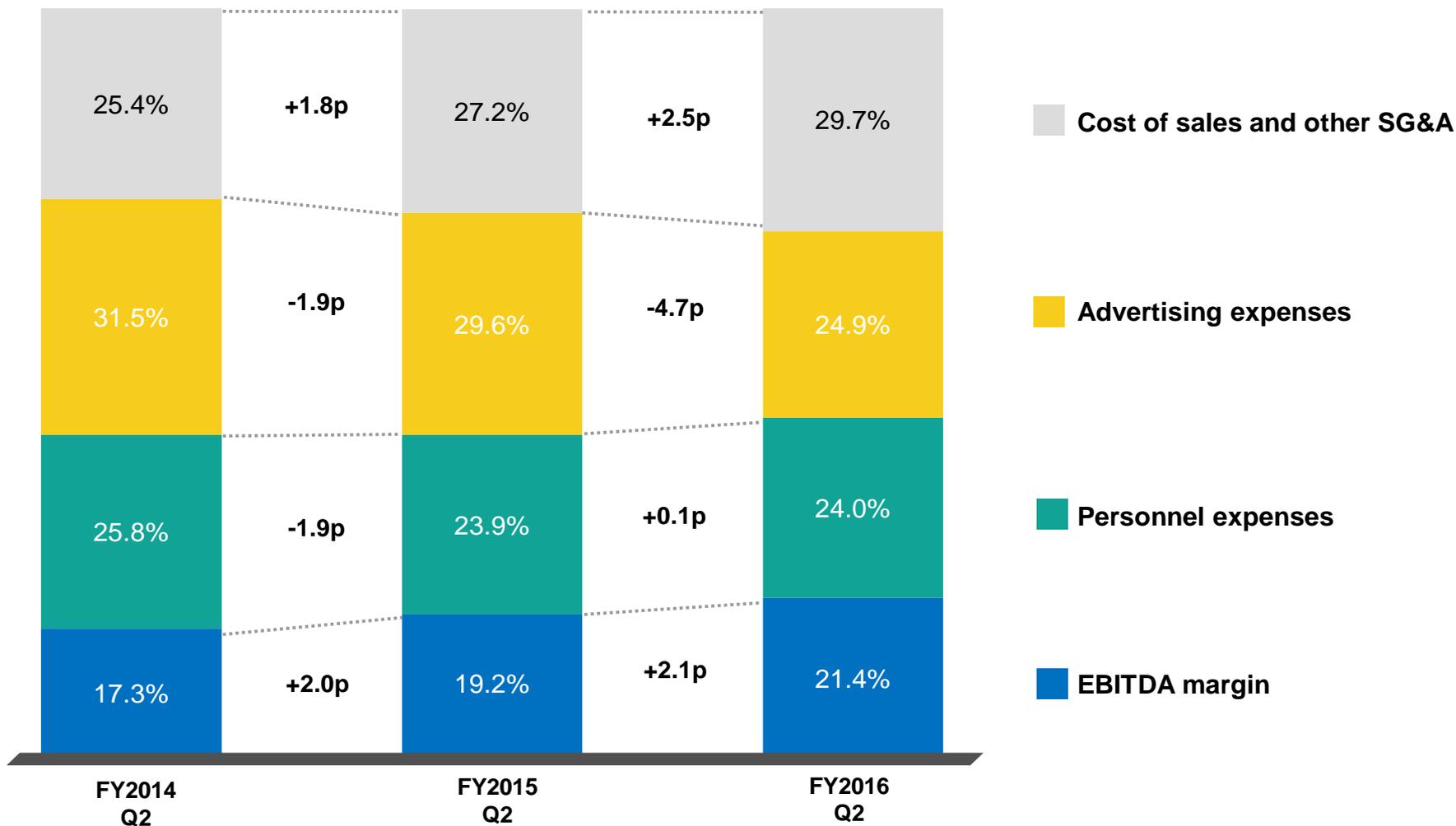
**POINT** Significant growth in revenue by 15.6%, EBITDA by 28.5% and net profit\* by 35.8% YoY.

Unit: JPY mil	FY2015/Q2 (Apr.-Sep.)	FY2016/Q2 (Apr.-Sep.)	Change	Change	Main items
Revenue	11,899	<b>13,757</b>	+1,857	+15.6%	Domestic Real Estate Information Services and Domestic Services for Realtors made a positive contribution.
Cost of sales	878	<b>1,408</b>	+529	+60.3%	Increase in cost of sales in connection with the consolidation of Lifull MP in July 2015 but no surprise.
SG&A (excl. depreciation)	8,676	<b>9,358</b>	+681	+7.9%	
Personnel expenses	2,845	<b>3,305</b>	+459	+16.1%	Increase in number of employees in Lifull MP (group total number of employees increased by 191 YoY) and provision for bonuses.
Advertising expenses	3,526	<b>3,420</b>	-106	-3.0%	Advertising expenses decreased since the timing to start TV commercial was later than last year.
Operating expenses	454	<b>483</b>	+29	+6.4%	Mainly due to increase in Lifull MP and Trovit.
Other	1,849	<b>2,149</b>	+299	+16.2%	Mainly due to expenses related to relocation and increase in external system usage fee.
Other revenues and expenses	-54	<b>-48</b>	+5	-	
EBITDA	2,289	<b>2,941</b>	+652	+28.5%	
EBITDA margin	19.2%	<b>21.4%</b>	+2.1p	-	
Net profit*	1,234	<b>1,676</b>	+442	+35.8%	
Depreciation	428	<b>438</b>	+10	+2.4%	Increase in depreciation of intangible fixed assets (PPA), etc., of Lifull MP.

\*Net profit attributable to owners of the parent

# Expense-to-Sales Ratio IFRS

**POINT** Cost of sales and other SG&A-to-sales ratio increased due to consolidation of Lifull MP, which was in line with our expectation.



# Sales by Segment IFRS

**POINT** Domestic Services and Others made a steady growth.  
Overseas revenue decreased mainly due to foreign currency exchange rate.

Unit: JPY mil	FY2015/Q2 (Apr.-Sep.)	FY2016/Q2 (Apr.-Sep.)	Change	Change %	Main items
Revenue	11,899	<b>13,757</b>	+1,857	+15.6%	
Domestic Real Estate Information Services	8,478	<b>9,701</b>	+1,222	+14.4%	
Rentals & Real Estate Sales	5,424	<b>6,214</b>	+789	+14.6%	The number of affiliated stores increased by 3,970 YoY (+23.2%) to 21,066 as of Sep. 2016 contributed by the enhancement of sales capabilities.
New Houses & Condominiums*	2,372	<b>2,392</b>	+19	+0.8%	Although negatively affected by the sluggish newly-built market (number of condos sold in the metropolitan area in Q2 (Jul.-Sep.) decreased by 12.4% YoY), the number of properties listed on HOME'S website increased by 12.4% by making sales effort.
Custom-built Homes & Renovations	373	<b>651</b>	+277	+74.2%	Custom-built Homes: The business has kept growing steadily since its website renewal in Oct. 2015. Renovations: The number of contracts has kept increasing since the revision of pricing model to contract based in Oct. 2014.
Others	307	<b>443</b>	+136	+44.4%	Increased mainly due to HOME'S Kaigo (nursing care) performed well.
Domestic Services for Realtors*	1,291	<b>2,110</b>	+818	+63.4%	Significant sales increase in Lifull MP (consolidated in Jul. 2015) as a result of increasing the number of sales people. Existing services (DMP and CRM) also maintained its double-digit growth.
Overseas	1,845	<b>1,574</b>	-270	-14.7%	Decreased mainly due to the change in foreign currency exchange rate.
Others	283	<b>371</b>	+87	+30.7%	MONEYMO, HOME'S Trunk Room (self-storage) and interior EC website "HOME'S Style Market" have been growing steadily.

\*In Consolidated Financial Report, revenue generated by newly-built condos is recorded as Lifull MP (Domestic Services for Realtors) revenue with some exception in accordance with the exclusive agency contract concluded between NEXT and Lifull MP.

# Segment Profit and Loss IFRS

**POINT** Domestic Real Estate Information Services, the core business, achieved a significant growth.

Unit: JPY mil	FY2015/Q2 (Apr.-Sep.)	FY2016/Q2 (Apr.-Sep.)	Change	Change %	Main items
Segment profit and loss	1,915	<b>2,551</b>	+636	+33.2%	
Domestic Real Estate Information Services	1,458	<b>2,292</b>	+834	+57.2%	Mainly due to sales effort, cost reduction, and a time lag for recognizing some cost in connection with the start of TV commercial was later than last year.
Domestic Services for Realtors	26	<b>-77</b>	-103	-	Decreased due to additional personnel cost related to new services, which used to be posted as software till the completion of the service development, and depreciation.
Overseas	434	<b>266</b>	-167	-38.7%	Reversal of the provision for bonuses for Trovit. Decrease in Trovit revenue due to foreign exchange impact. Increase in Trovit's personnel expenses.
Others	-32	<b>-0</b>	+31	-	
Inter-segment transactions	29	<b>71</b>	+41	+143.8%	

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.

# (ref.) Condensed Statements of Profit and Loss (quarterly)

**POINT** Significant growth in EBITDA by 51.5% and net profit\* by 70.7%.

Unit: JPY mil	FY2015/Q2 (Jul.-Sep.)	FY2016/Q2 (Jul.-Sep.)	Change	Change %
Revenue	6,441	<b>6,910</b>	+468	+7.3%
Domestic Real Estate Information Services	4,311	<b>4,897</b>	+586	+13.6%
Rentals & Real Estate Sales	2,776	<b>3,179</b>	+403	+14.5%
New Houses & Condominiums	1,165	<b>1,189</b>	+23	+2.1%
Custom-built Homes & Renovations	204	<b>311</b>	+107	+52.6%
Others	165	<b>216</b>	+51	+31.2%
Domestic Services for Realtors	1,049	<b>1,088</b>	+38	+3.7%
Overseas	940	<b>750</b>	-190	-20.2%
Others	139	<b>174</b>	+34	+24.9%
Cost of sales	737	<b>737</b>	+0	+0.0%
SG&A (excl. depreciation)	4,640	<b>4,581</b>	-58	-1.3%
Personnel expenses	1,479	<b>1,531</b>	+52	+3.5%
Advertising expenses	2,002	<b>1,730</b>	-271	-13.6%
Operating expenses	245	<b>236</b>	-9	-3.8%
Other	912	<b>1,082</b>	+170	+18.7%
Other revenues and expenses	-41	<b>-42</b>	-0	-
EBITDA	1,022	<b>1,549</b>	+526	+51.5%
EBITDA ratio	15.9%	<b>22.4%</b>	+6.5p	-
Net profit (Net profit attributable to owners of the parent)	552	<b>942</b>	+390	+70.7%
Depreciation	214	<b>217</b>	+2	+1.4%

Unit JPY mil	FY2015/Q2 (Jul.-Sep.)	FY2016/Q2 (Jul.-Sep.)	Change	Change %
Segment profit and loss	849	<b>1,374</b>	+524	+61.7%
Domestic Real Estate Information Services	597	<b>1,144</b>	+547	+91.6%
Domestic Services for Realtors	23	<b>-27</b>	-51	-
Overseas	220	<b>226</b>	+6	+2.8%
Others	-12	<b>-4</b>	+7	-
Inter-segment transactions	20	<b>35</b>	+14	+69.5%

\*Net profit attributable to owners of the parent

\*Change percentage columns are left blank for the items posted negative figure in either previous or current fiscal year.

# Condensed Statements of Financial Position and Goodwill IFRS

## **POINT** Decrease in assets due to change in foreign currency exchange rate.

Unit: JPY mil	As of Mar 31, 2016	As of Sep. 30, 2016	Change	Main items		
Assets	25,265	<b>23,924</b>	-1,341	Decrease in cash and deposits	-311	Repayment of short-term borrowings
Current assets	10,970	<b>10,297</b>	-673	Decrease in accounts receivable	-310	
non-current assets	14,294	<b>13,627</b>	-667	Decrease in goodwill	-989	Mainly due to change in foreign currency exchange rate
				Increase in software	+62	Mainly due to transfer from software in progress
				Decrease in software in progress	-63	
				Decrease in other intangible fixed assets	-194	Mainly due to change in foreign currency exchange rate
				Increase in investment securities	+152	Mainly due to the investment in Jimoty
				Increase in lease and guarantee deposit	+587	Due to the relocation
Liabilities	8,123	<b>6,876</b>	-1,246	Decrease in income tax payable	-420	Due to tax payment
Current liabilities	5,991	<b>5,386</b>	-605	Decrease in consumption tax payable	-99	Due to tax payment
Non-current liabilities	2,132	<b>1,490</b>	-641	Decrease in long-term borrowings	-517	Due to transfer into short-term borrowings
Total Equity	17,142	<b>17,047</b>	-94	Increase in retained earnings	+1,142	
				Decrease in FX translation adjustment	-1,227	Due to change in foreign currency exchange rate
Equity per share attributable to owners of the parent (yen)	142.54	<b>141.79</b>	-0.76			

\*Outstanding goodwill balance: Little JPY 86 million, Trovit JPY 7,823 million, Lifull MP JPY 251 million. Lifull MP depreciable assets (PPA) JPY 256 million

# Condensed Statements of Cash Flows IFRS

**POINT** Cash and cash equivalents increased by JPY 0.5 billion to JPY 6.3 billion (Apr. to Sep.)

Unit: JPY mil	FY2015/Q2 (Apr.-Sep.)	FY2016/Q2 (Apr.-Sep.)	Change	Main items		
				Items	FY2015/Q2 (Apr.-Sep.)	FY2016/Q2 (Apr.-Sep.)
Operating cash flow	1,380	<b>1,848</b>	+468	Income before income taxes	1,880	<b>2,523</b>
				Depreciation and amortization	429	<b>439</b>
				Increase/decrease in accounts receivable –trade and other short-term claims	143	<b>311</b>
				Increase/decrease in accounts payable –trade and other short-term claims	-484	<b>-220</b>
				Tax	-546	<b>-1,034</b>
Investing cash flow	460	<b>-953</b>	-1,414	Proceeds from refunds of time deposits	1,000	<b>0</b>
				Purchase of available-for-sale financial asset	0	<b>-199</b>
				Outlays for the acquisition of tangible fixed assets	-29	<b>-38</b>
				Outlays for the acquisition of intangible assets	-377	<b>-137</b>
				Purchase of subsidiaries	-132	<b>0</b>
				Payments for lease and guarantee deposits	-29	<b>-594</b>
Financing cash flow	-365	<b>-1,052</b>	-686	Proceeds from short-term borrowings	3,000	<b>0</b>
				Outlays for short-term borrowing repayment	-7,000	<b>0</b>
				Repayment of long-term loan	0	<b>-499</b>
				Proceeds from issuing shares	3,982	<b>0</b>
				Dividend payments	-347	<b>-535</b>
Change in cash and cash equivalents	1,491	<b>-311</b>	-1,803			
Balance of cash and cash equivalents	5,759	<b>6,313</b>	+553			

# FY2016 Forecasts and Progress IFRS

## Statements of Profit and Loss

Unit: JPY mil	[Full-year forecast] FY2016	[Actual] FY2016/Q2 (Apr.-Sep.)	Progress %
Revenue	31,653	<b>13,757</b>	43.5%
Cost of sales	3,514	<b>1,408</b>	40.1%
SG&A (excl. depreciation)	22,119	<b>9,358</b>	42.3%
Personnel expenses	7,476	<b>3,305</b>	44.2%
Advertising expenses	8,335	<b>3,420</b>	41.0%
Operating expenses	1,246	<b>483</b>	38.8%
Other	5,060	<b>2,149</b>	42.5%
Other revenues and expenses	-215	<b>-48</b>	22.6%
EBITDA	5,803	<b>2,941</b>	50.7%
EBITDA margin	18.3%	<b>21.4%</b>	+3.1p
Net profit*	3,144	<b>1,676</b>	53.3%

\*Net profit attributable to owners of the parent.

## Sales by Segment

Unit: JPY mil	[Full-year forecast] FY2016	[Actual] FY2016/Q2 (Apr.-Sep.)	Progress %
Revenue	31,653	<b>13,757</b>	43.5%
Domestic Real Estate Information Services	21,548	<b>9,701</b>	45.0%
Rentals & Real Estate Sales	14,316	<b>6,214</b>	43.4%
New Houses & Condominiums	4,870	<b>2,392</b>	49.1%
Custom-built Homes & Renovation	1,506	<b>651</b>	43.2%
Others	855	<b>443</b>	51.8%
Domestic Services for Realtors	4,946	<b>2,110</b>	42.7%
Overseas	4,115	<b>1,574</b>	38.3%
Others	1,043	<b>371</b>	35.6%

# Business Strategies



# 10 years since IPO

NEXT was listed on the Mothers section of  
Tokyo Stock Exchange on Oct. 31, 2006

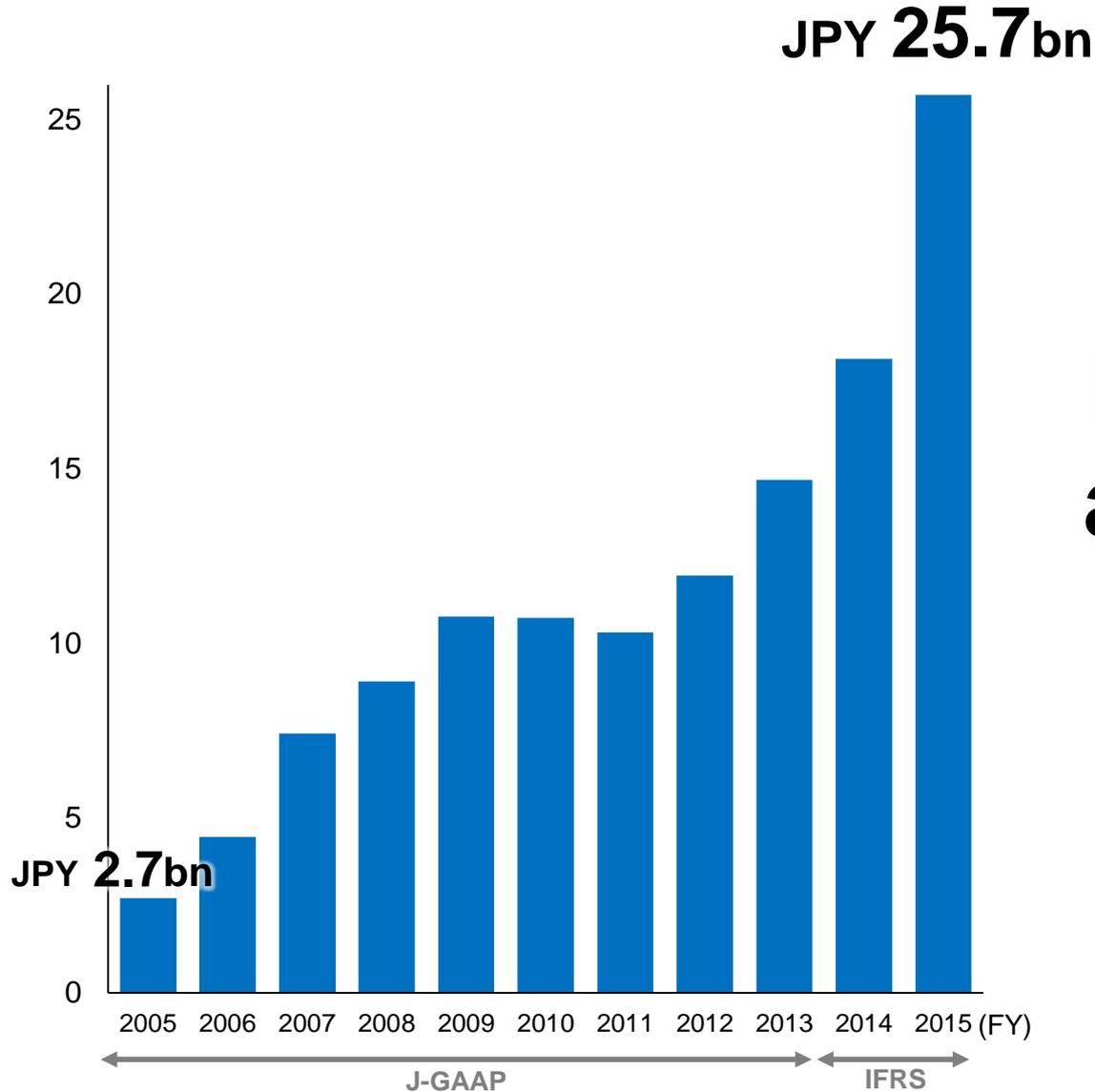
Our goal always remains the same

**“Create a system in which  
all real estate information is  
open and available”**



## Revenue

(JPY bn)

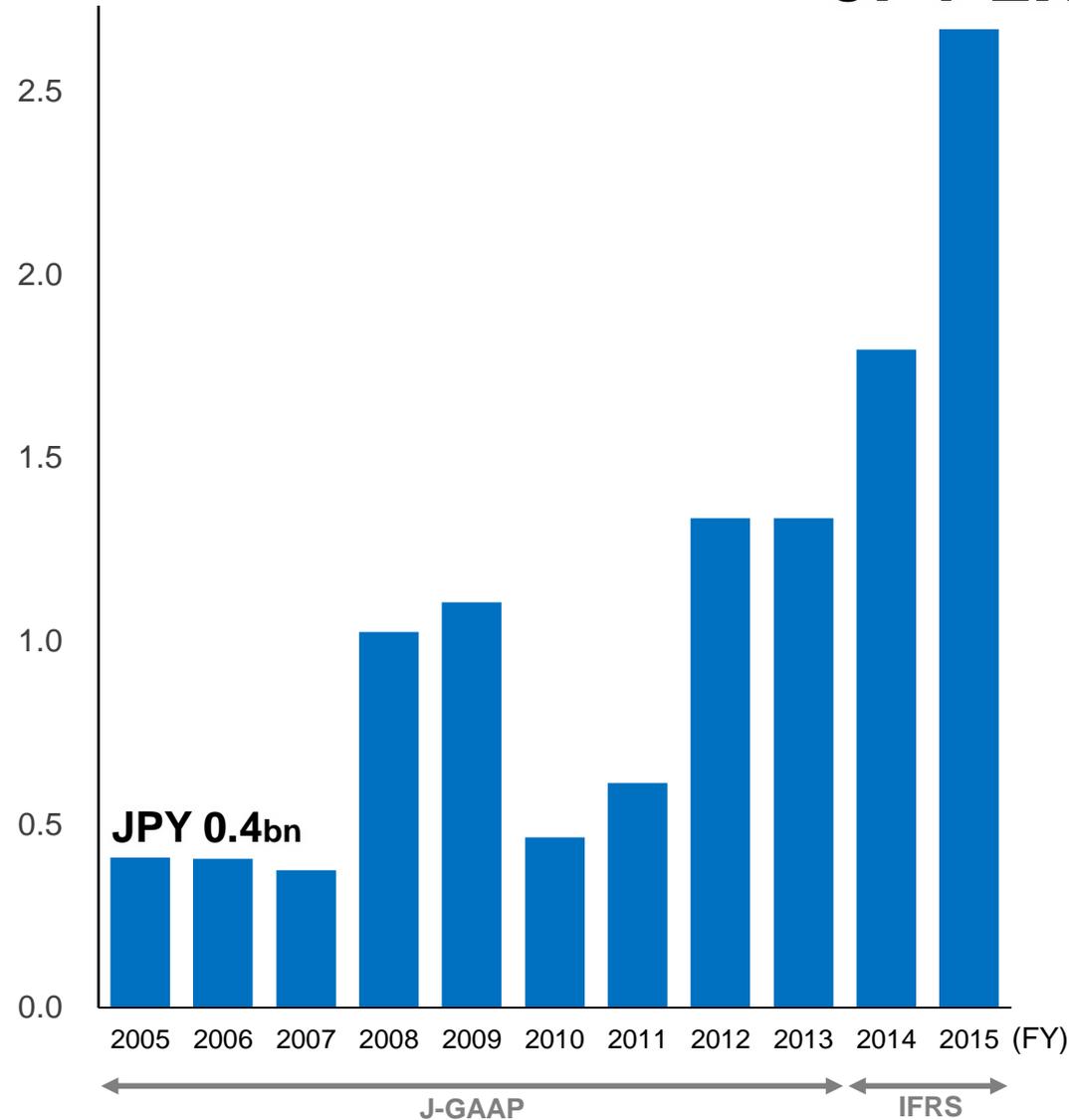


**Revenue is  
approx. 10x**

## Net Profit\*

(JPY bn)

**JPY 2.6bn**



**Net Profit is  
approx. 7x**

\*net profit attributable to owners of the parent since 2015

(JPY bn)

200

**Market cap**

**JPY 181.2bn**

**Market cap is  
approx. 7x  
at the peak**

100

**JPY 104.1bn**  
(as of Oct. 31, 2016)

**JPY 26.7bn**

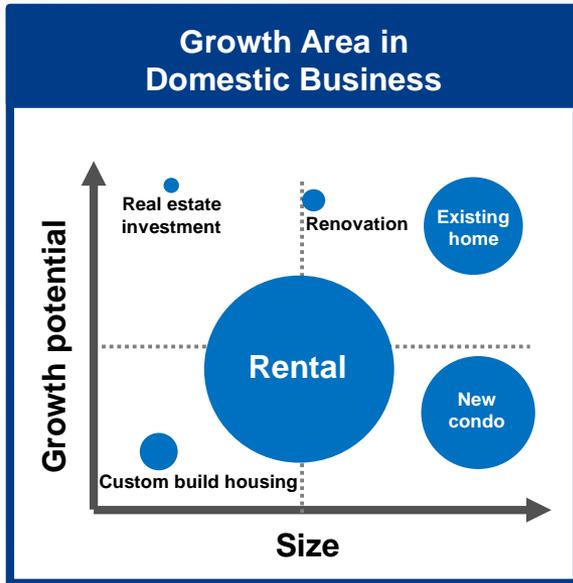
0

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 (CY)

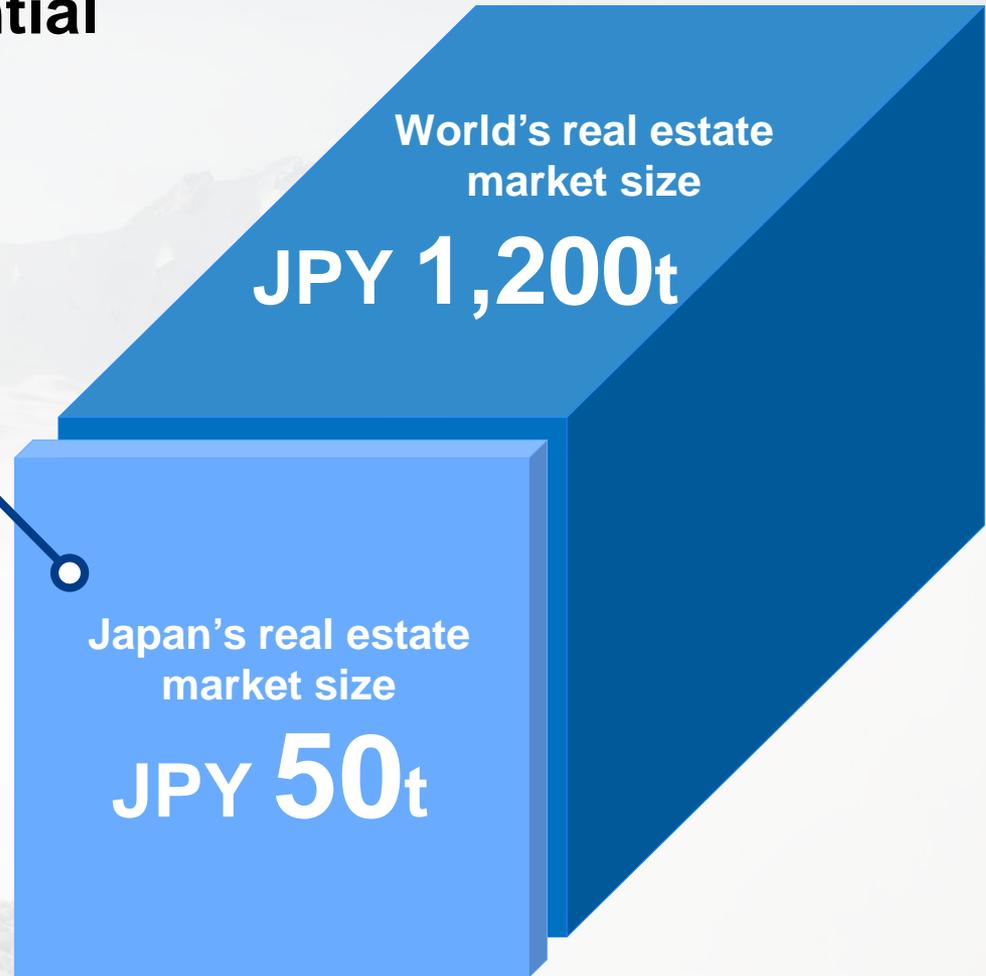
A person in silhouette stands on a snowy mountain peak, looking out over a vast, snow-covered landscape under a cloudy sky. The person is positioned on the left side of the frame, facing right. The background features a large, snow-covered mountain range with a prominent peak in the distance. The sky is filled with soft, white clouds, creating a hazy atmosphere. The overall scene conveys a sense of adventure and achievement.

**Take another step  
forward**

# Growth Area and Potential



**Strengthen the domestic business first before the great challenge of expanding into the global market**



\*Estimated by the Company.

First priority

**Becoming the absolute No.1  
in Japan**



Becoming the absolute No.1

**Keep strengthening two “powers”**



**Strengthen  
media  
power**



**Strengthen  
brand  
power**

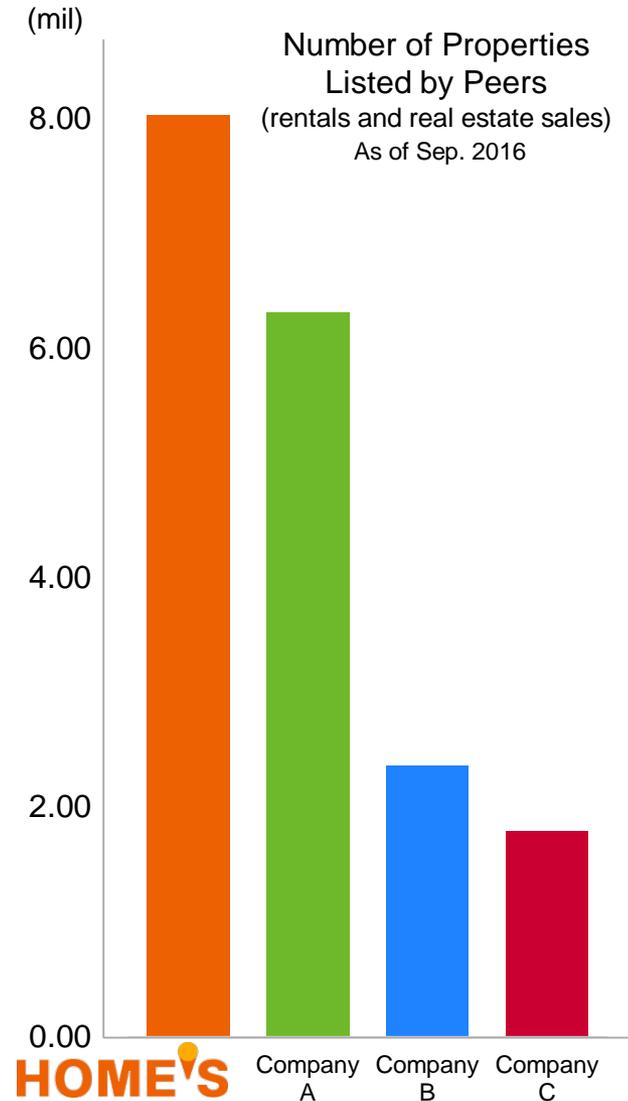
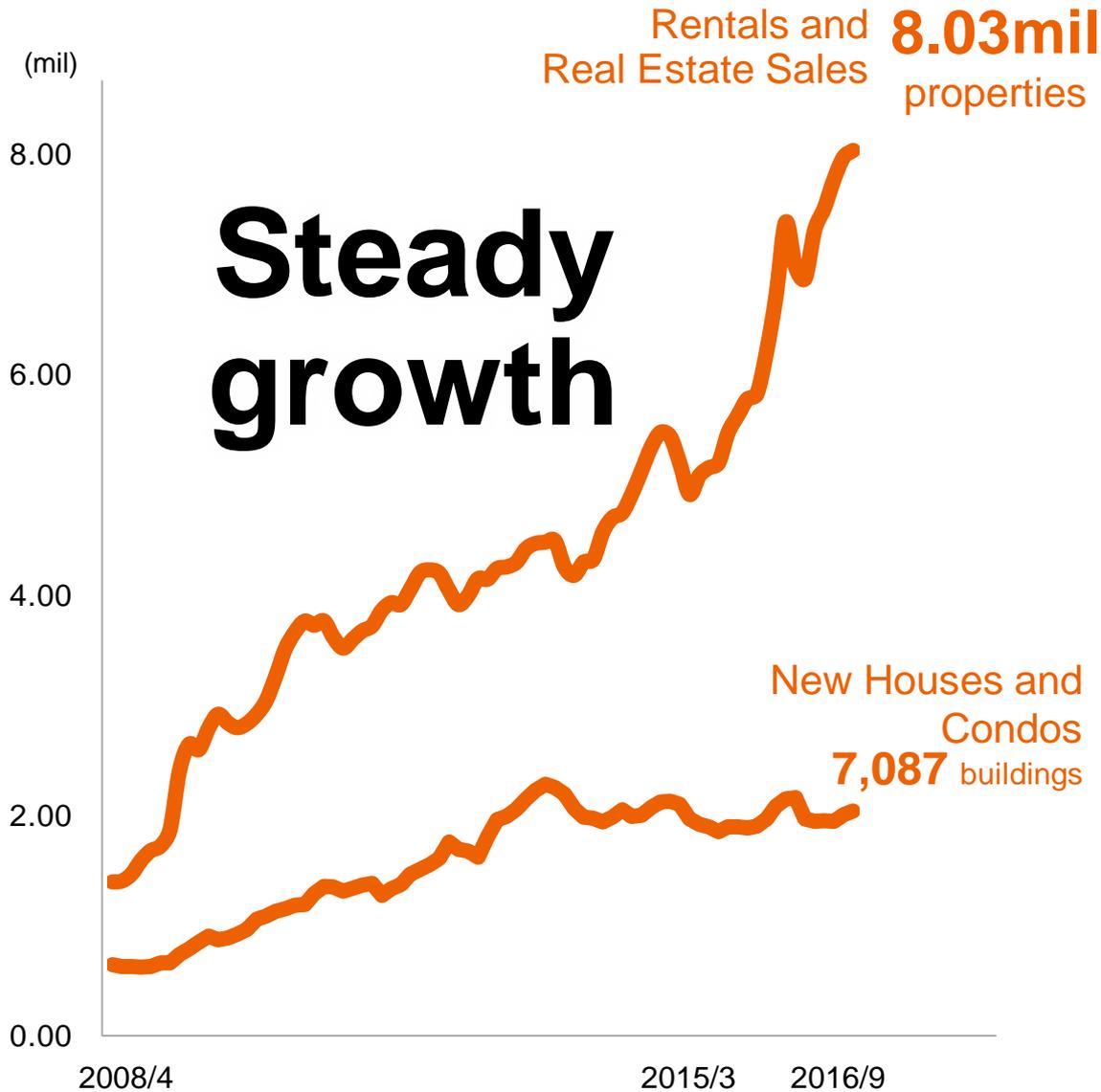
**Strengthen  
media  
power**

**Information Coverage**

**Information Visualization**

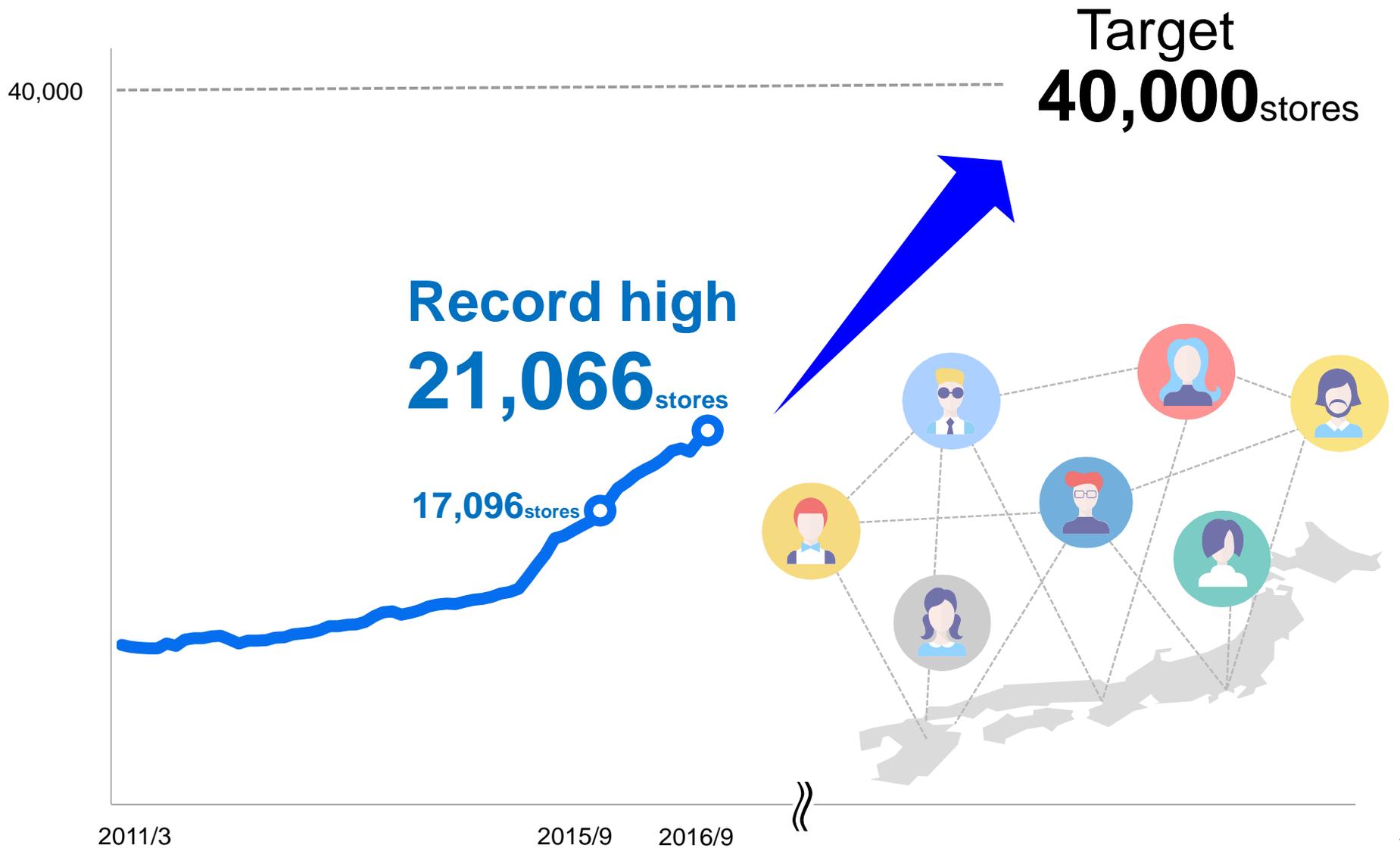
**Improvement of Reliability**

# Information Coverage – Number of Properties Listed



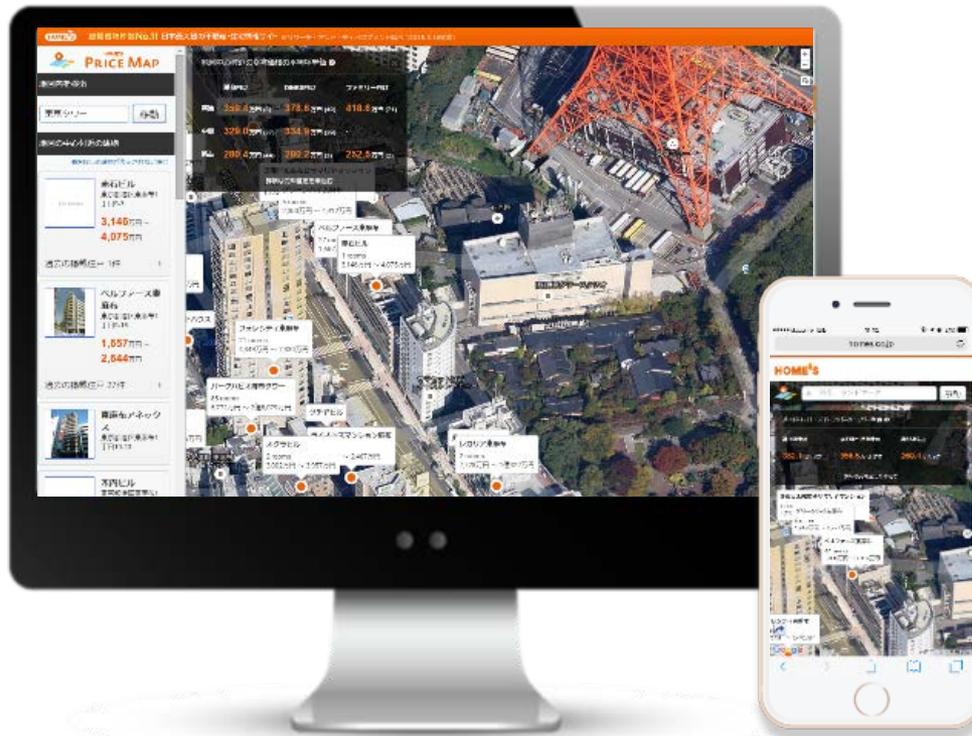
# Information Coverage – Network of Affiliated Store

**POINT** The network of affiliated stores is expanding.



# Information Visualization – Visualize Reference Prices and Rents

**POINT** Rents and reference prices in the metropolitan and Kinki areas are available.



## HOME'S PRICE MAP

The service also became available in Kinki-area in September 2016

HOME'S PRICE MAP

[www.homes.co.jp/price-map](http://www.homes.co.jp/price-map)



# Improvement of Reliability - HOME'S Certification Icon

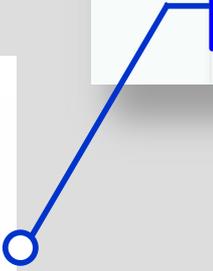
## HOME'S Hospitality Award

Send a mystery shopper to assess the hospitality level.

- 

2016 Hospitality Award Rental Segment [Tokai Area] the First Prize
- 

2015 Hospitality Award Trade and Distribution Segment [East Japan Area] the First Prize



## HOME'S Certification Icon

Icons will be granted to those realtors qualifying the guideline set by NEXT.

- 

**Accurate Information Available**  
You can rest assured when making an inquiry to this store since this store has not been breaching any of our rules on information handling within the last 12 months.
- 

**Great Hospitality**  
You can expect a great hospitality at this store since this store has received a store-visit by HOME'S within the last 12 months and confirmed to meet our guideline.

# Aim for further improvement of service reliability

# Improvement of Reliability - HOME'S Omni-channel Strategy

POINT

Provide support from various aspects as a concierge to let people find their best home.

Online



Phone



Ask a concierge  
about home  
anytime and anywhere

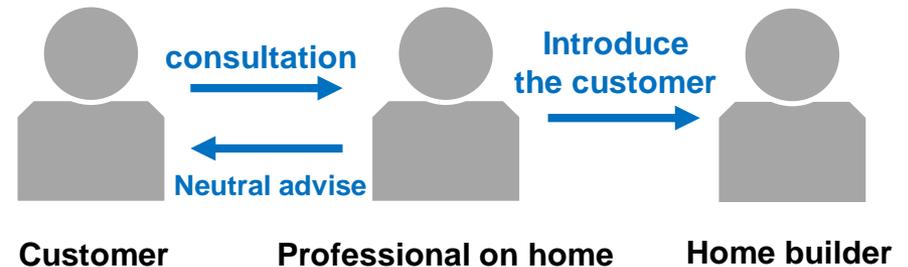
Face-to-  
face  
counter



# Improvement of Reliability –First Physical Store, “HOME’S Counter” in Shinjuku



Free consultation on custom built homes



Hold a free seminar

(Sample seminar themes)



“Let’s make the first step to build your own home”

“How to build a home without being too much annoyed by “unit price per square meter?”

**Five stores\* will be opened in the metropolitan area by the end of FY2016**

\*Two stores are available by appointment only.

**Promotion**

**ReTech**

**Services for Realtors**

**Strengthen  
brand  
power**

# Promotional Strategy

Measure the effects independently on a periodic basis

Measure the ROI each time

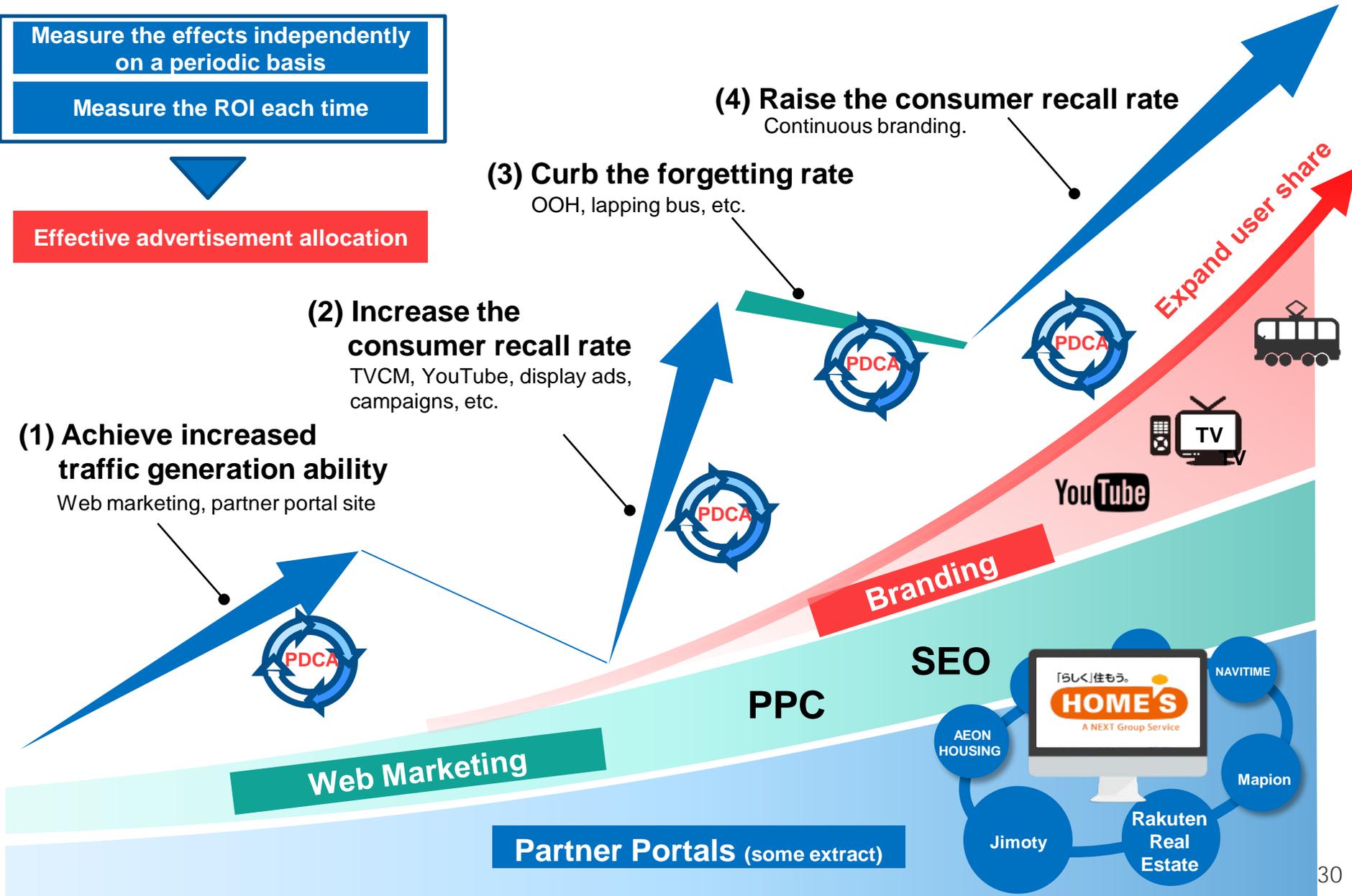
Effective advertisement allocation

**(2) Increase the consumer recall rate**  
TVCM, YouTube, display ads, campaigns, etc.

**(1) Achieve increased traffic generation ability**  
Web marketing, partner portal site

**(3) Curb the forgetting rate**  
OOH, lapping bus, etc.

**(4) Raise the consumer recall rate**  
Continuous branding.



# New Promotional Campaign



**HOME'S new commercial  
"Kickboard"**  
Started to be aired on Oct. 17

**Available for viewing  
by more than  
30mil households**

## Transportation Advertisement

**Started to place  
ad posters on trains**

Enjoy cross-media effect by  
continuing JR Train-channel  
commercial movie.



Transportation ads are also in Kansai, Chukyo and Kyushu.

## Other Campaigns

**Homes-kun sticker under  
distribution**

Homes-kun sticker (an iMessage  
stickers) will be available for  
those who downloaded  
HOME'S mobile app.



# ReTech (Real-estate Technology)

POINT

Develop multiple services utilizing advanced technologies and provide support to make home hunting more convenient and exciting.

## Grid Vrick

Virtual 3D furniture layout available using blocks.  
You can decorate the room with different furniture/interior.  
Simulation available with specific season and time of day.  
Virtual walk through is also available.



Patented

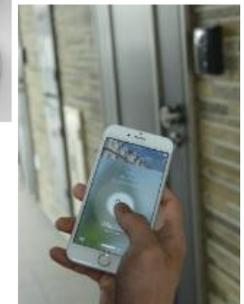
## VR

You can virtually experience model apartments at your home.  
All applicants will receive VR goggles as gifts.



## Smart property viewing

Make a preview reservation on-line.  
Smart-key delivery via internet.  
Preview with the smart-key.



# Video

## Grid Vrick

Please watch the video here:  
<http://www.youtu.be/10hm8qOprMg>

# ReTech - “HOME’S LIVE” Communication System

POINT

According to a social experiment result conducted by the Construction and Transport Ministry, more than half of the software used for the experiment was HOME’S.\*  
The social experiment will end in a year.

## Features of “HOME’S LIVE”



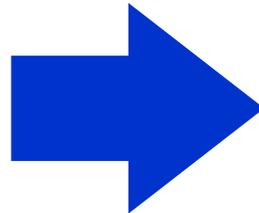
- (1) Compatible with a broad **range of devices**, including PCs, smartphones, and tablets
- (2) Prevents loss of records through **automatic recording**
- (3) Items displayed on screen
- (4) Allows **multiple people** to log in simultaneously
- (5) **Reminder emails** sent in accordance with schedule configured in advance

\*Source: Construction and Transport Ministry “The First Meeting to Study a Social Experiment to Consider Explanation on Important Contractual Matters Utilizing IT,” <http://www.mlit.go.jp/common/001124190.pdf>.

# Services for Realtors – Cost of Real Estate Service Operations

(JPY)

Approx. JPY1.5t



If the services for realtors and ReTech help to cut 30% of the total cost

Approx. JPY1.5t



JPY 448.7bn can be reduced

1,093.1bn

Follow-up  
46.3bn

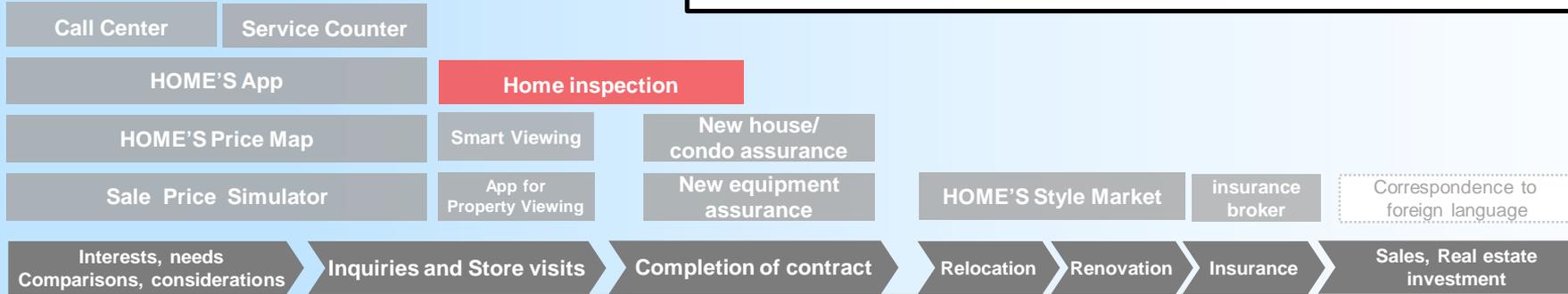
\*Estimated by the Company.

# Services for Realtors – Service List

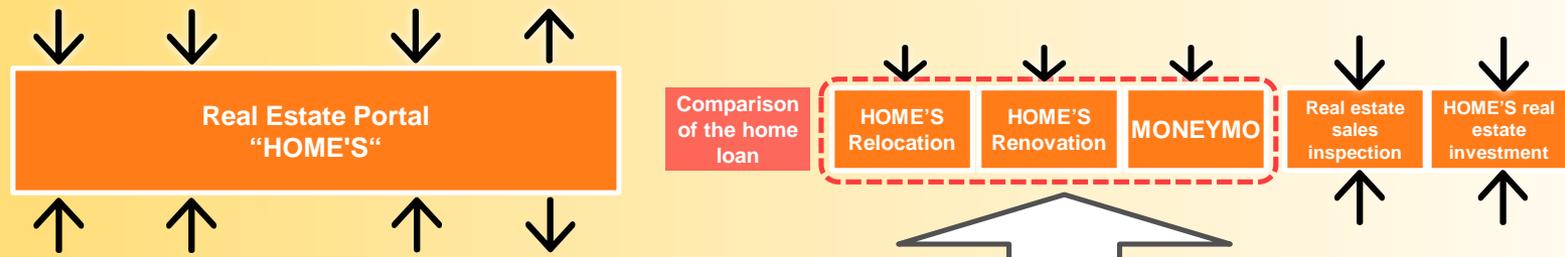
**POINT** Becoming the absolute No. 1 by providing a wide range of solutions for both users and companies.

Being provided
  Under development/in planning
  Not undertaken

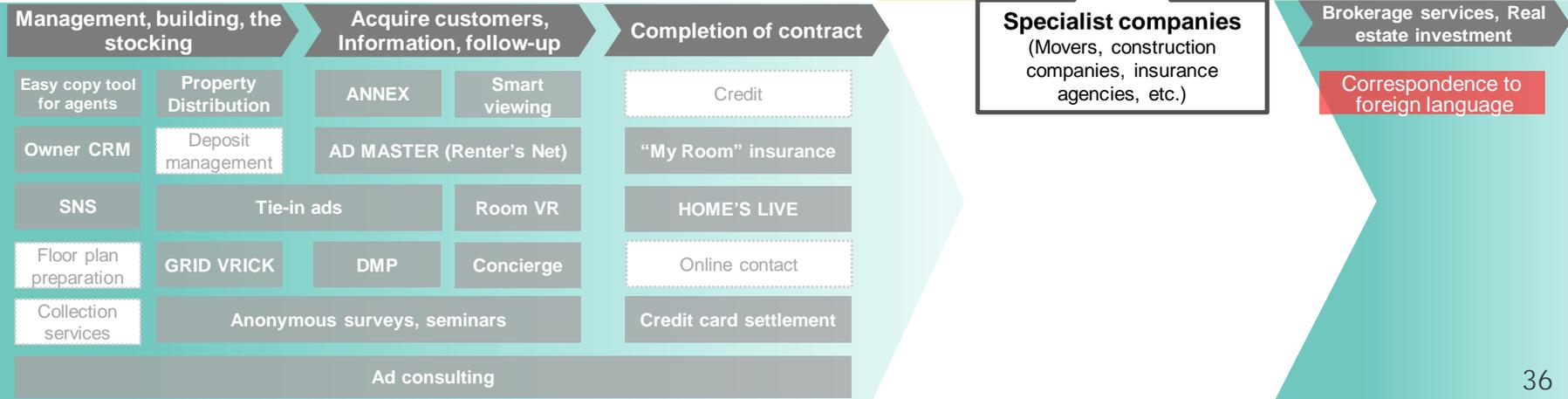
**Services**



**Matching**



**Administrative support**



# Services for Realtors

## Rental and Real Estate Trade

### **Renter's** CRM for realtors

Mitigate realtors' burden in placing advertisement and provide support to make sure realtors can respond to owners and customers in detailed manner.

- Available services:
- Owner CRM
  - Customer CRM
  - Property batch conversion function
  - Web design service

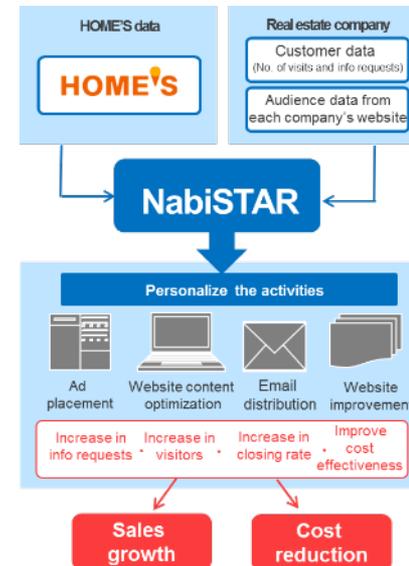
### **HOME'S PRO** Distribution service among realtors

Make it easier to manage information posted on HOME'S or to acquire data such as floor plan or number of views. Improve efficiency in information sharing between the original realtor and the intermediary realtor.

## New Houses

### **NabiSTAR** DMP for realtors

Comprehensive support to realtors' marketing activities including attracting customers, analyzing their reaction and chasing potential ones.



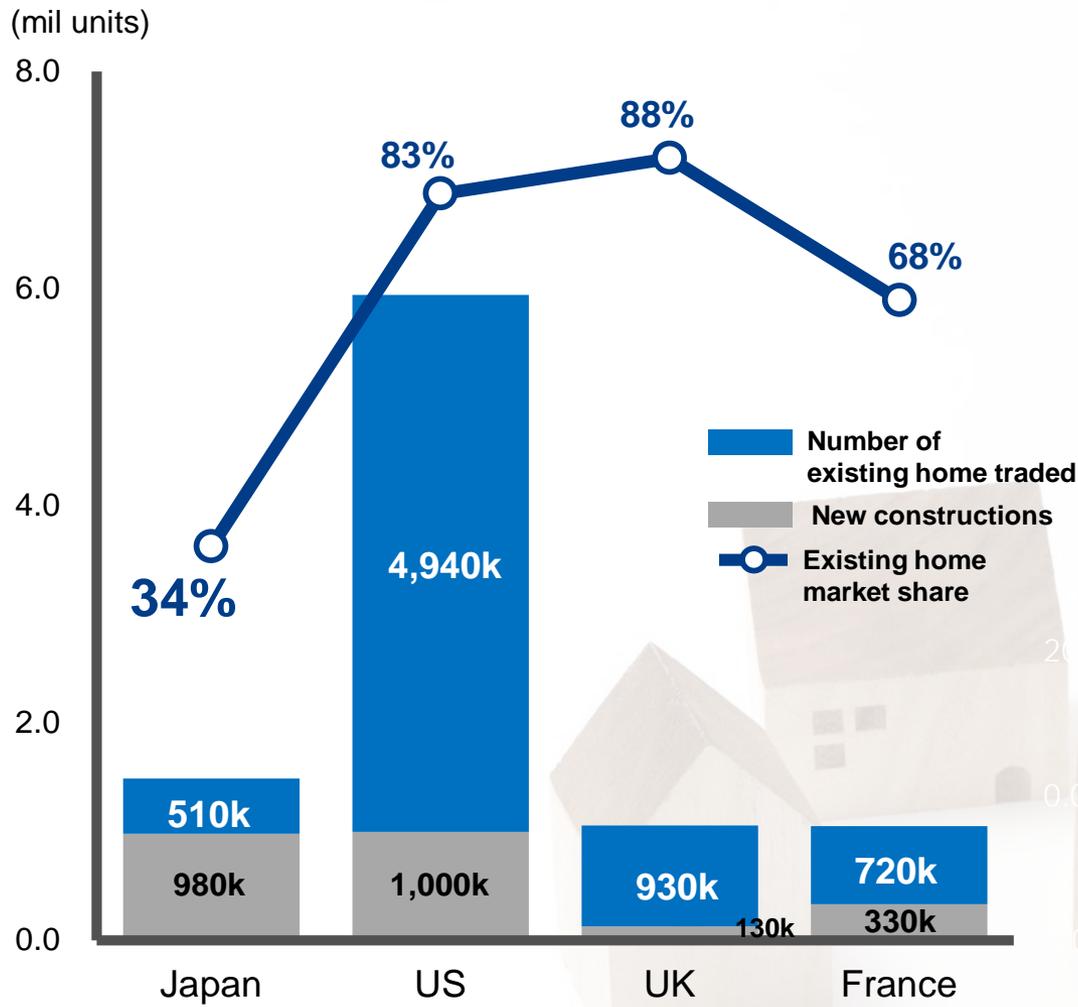
# To be the realtors' best partner

The third growth area in Japan

# Existing home and renovation markets



# Existing Home Ratio in Developed Countries

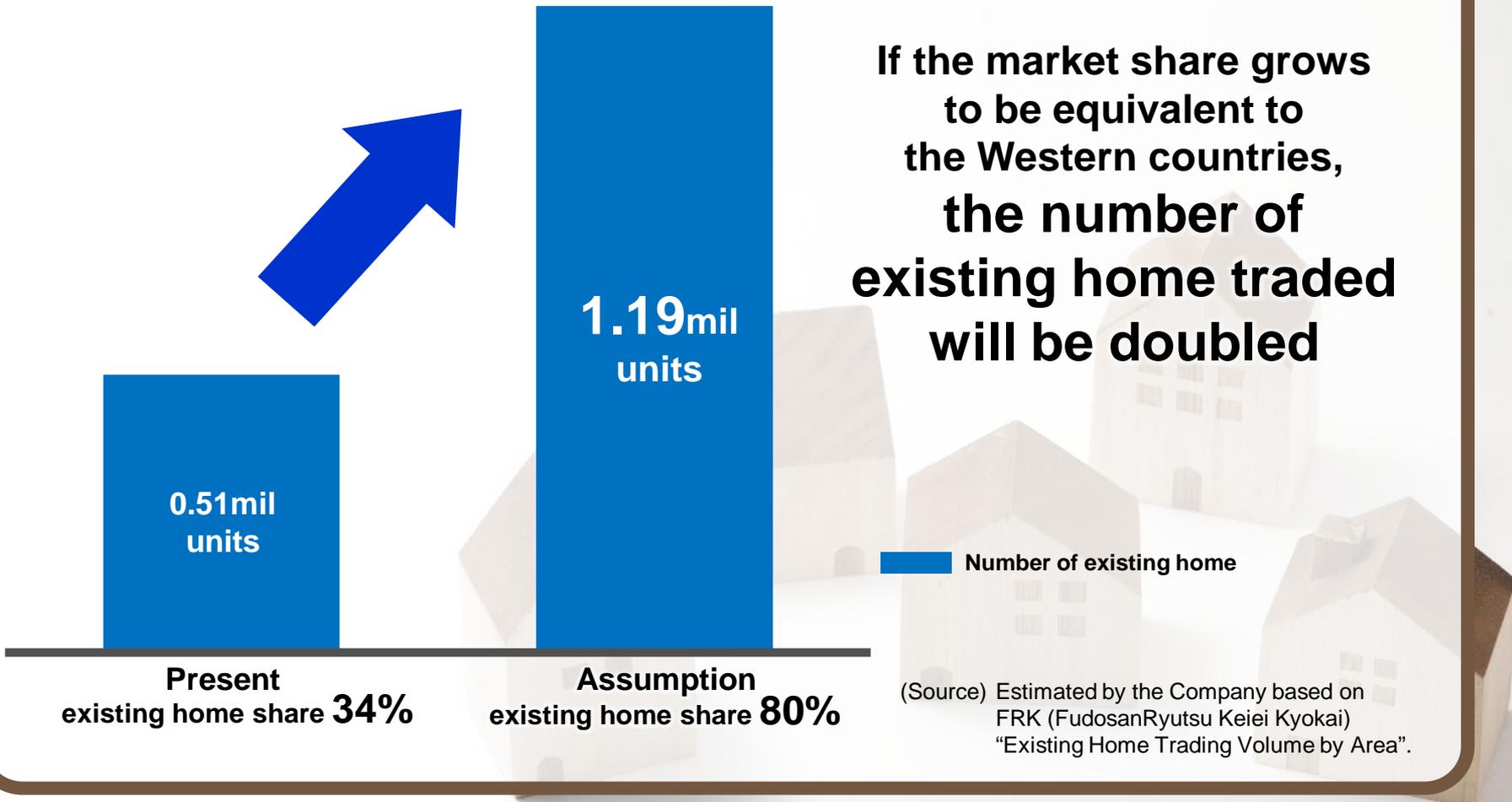


**Existing home market share in Japan is only 40% of the Western countries**

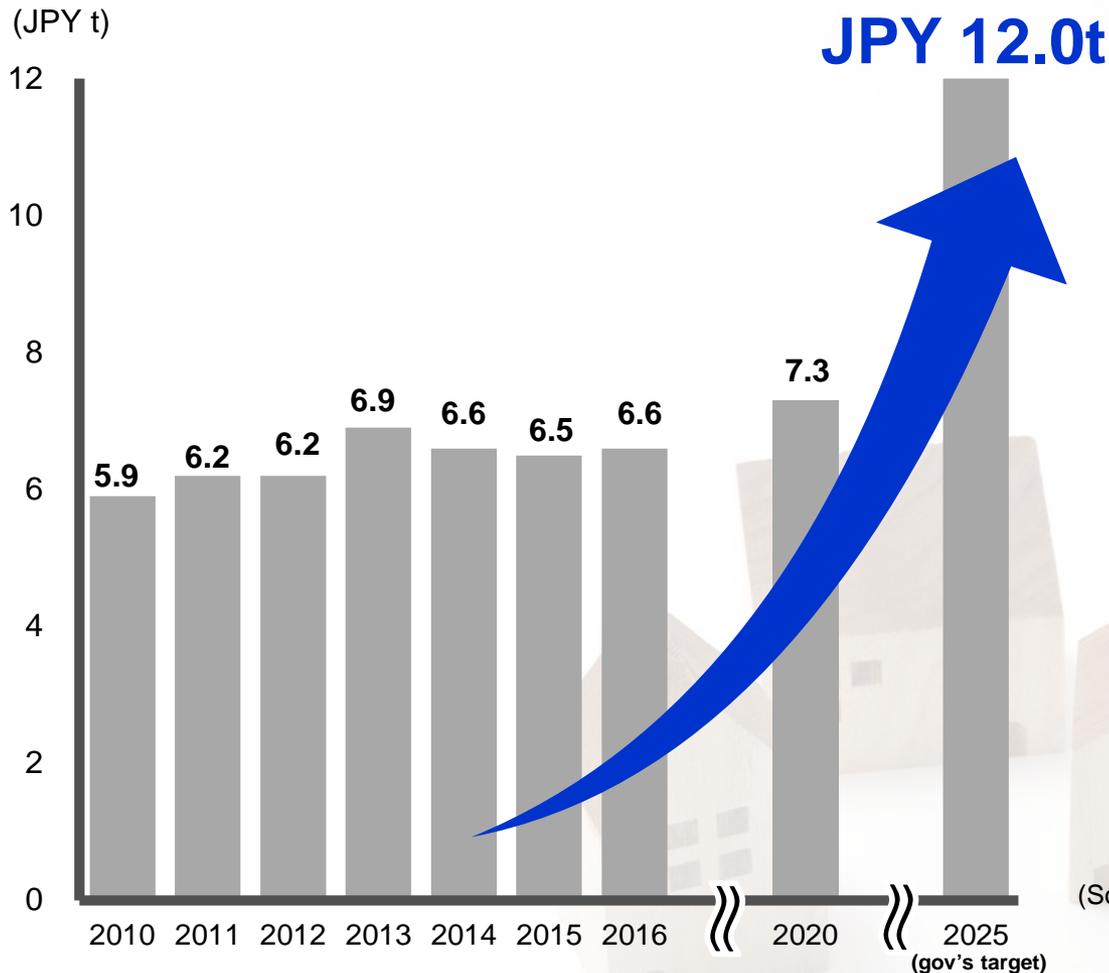


(Source) Japan: 2013 estimation, FRK (Fudosan Ryutsu Keiei Kyokai)  
 US, UK, France: 2009 actual, MLIT.

# A Room for Existing Home Market to Grow in Japan



# A Room for Home Renovation Market to Grow in Japan



**Home renovation market is expected to keep growing**



(Source) Yano Research Institute Ltd  
"Survey on home renovation market (2016)"  
2025: the government's target.

# Japanese Government's Initiatives

## Real estate distribution system reform

- Enrich housing information (house performance, repair history, etc.)
- Revise building appraisal method
- Develop inspection scheme

## Expand real estate investment market

- Expand real estate investment in growth areas
- Promote inbound investment
- Expand the needs to utilize vacant houses to revitalize regional areas
- Improve transparency of real estate market

## Basic Housing Plan (2025 target)

- Reduce the number of vacant houses to about four million
- double the size of existing home distribution and home renovation market (20 trillion yen)

## Consider how to communicate "important contractual matters" utilizing IT

- Currently under demonstration experiment (~Jan. 2017)

**The government has started to consider specific initiatives**



# **NEXT's Initiatives**

## Visualize the Results of Home Inspection

**POINT** Provide the fair price of properties which determined based on the building values. Aim to establish a market where people can trade properties with true satisfaction.

Land  
evaluation

+

Building  
performance  
evaluation

=

Fair Value



## Visualize the Results of Home Inspection - Image of HOME'S initiatives



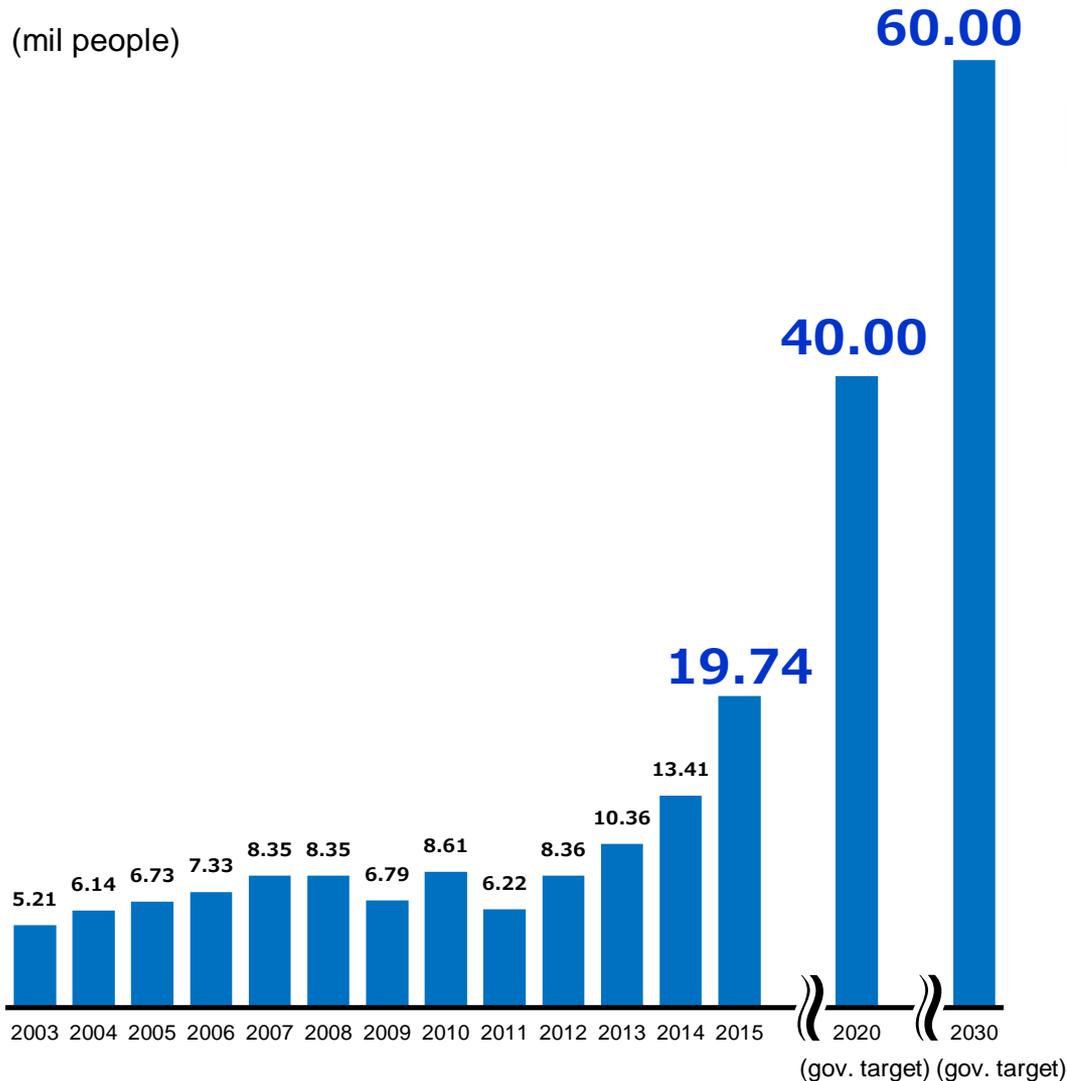
**Create a real estate trade system with higher satisfaction in price**



# Utilizing Vacant Properties – House Sharing (*Minpaku*)

## No. of Inbound Tourists

(mil people)

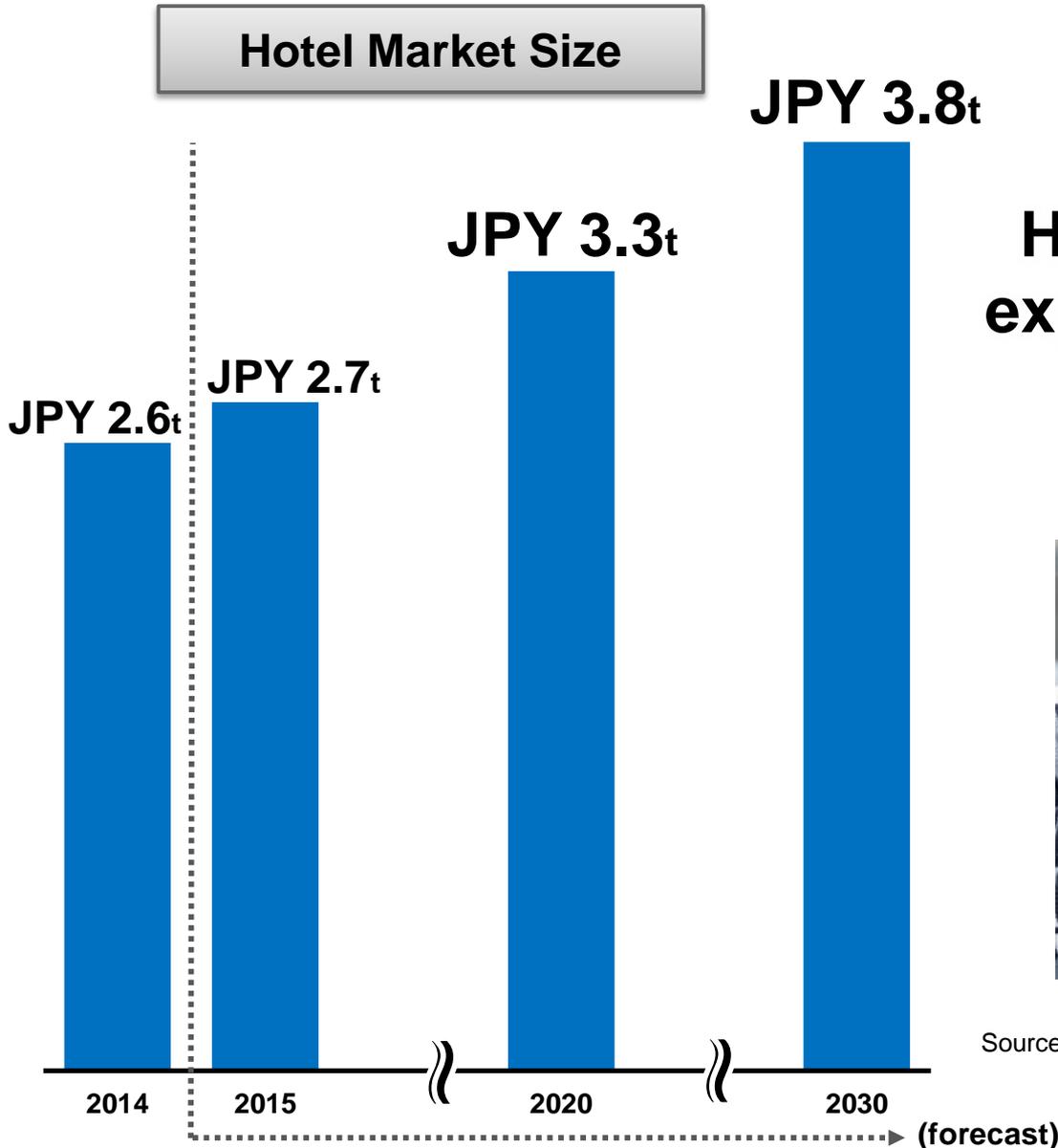


**Inbound tourists  
are expected  
to be tripled**



Source: Created by the Company based on JTA  
"White Paper on Tourism 2015".

# Utilizing Vacant Properties – House Sharing (*Minpaku*)



**Hotel market will keep expanding with increase number of inbound tourists**

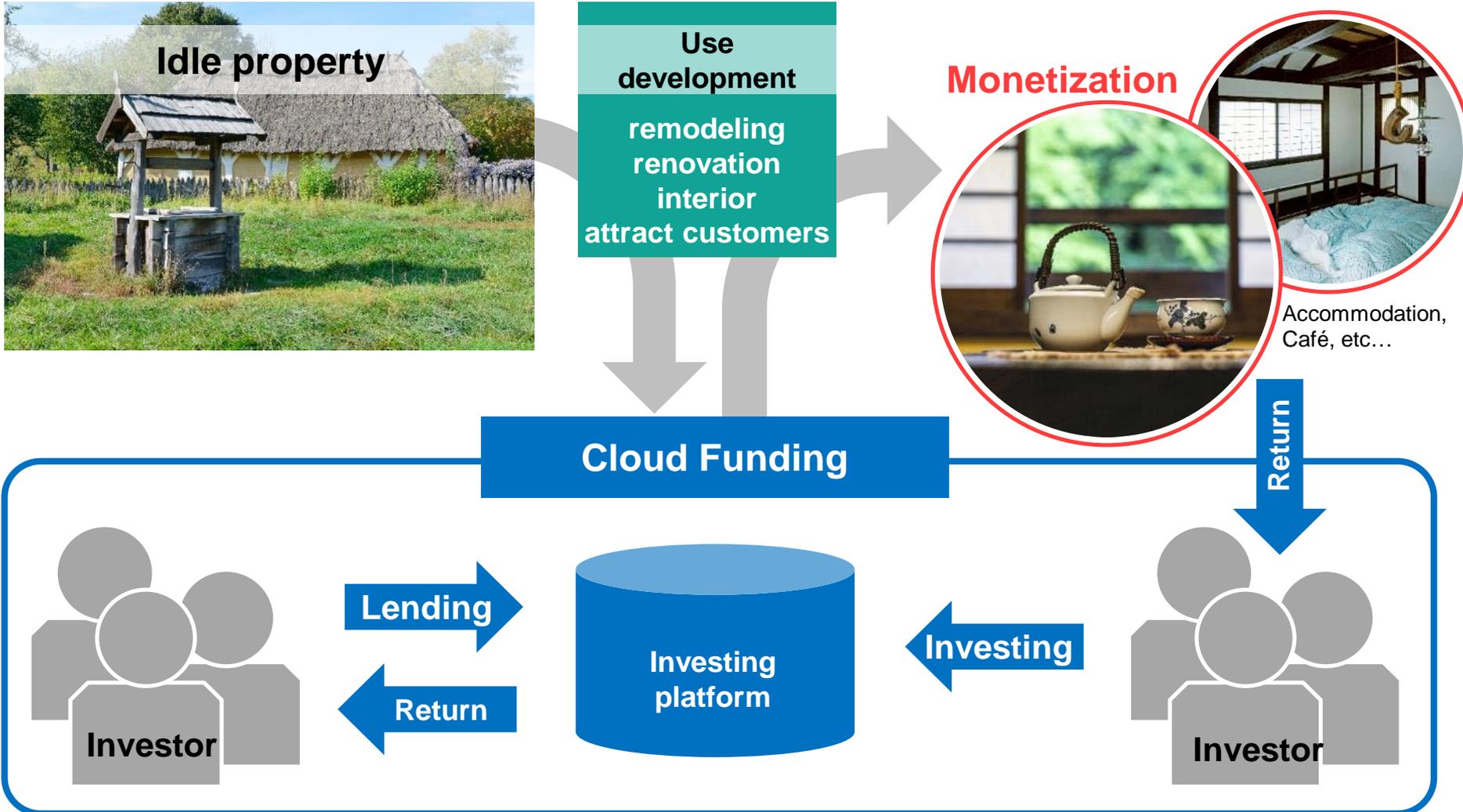


Source: Created by the Company based on Japan Productivity Center "White Paper on Leisure".

# Investment-type Cloud Funding

POINT

Establish a platform which enables small investments.

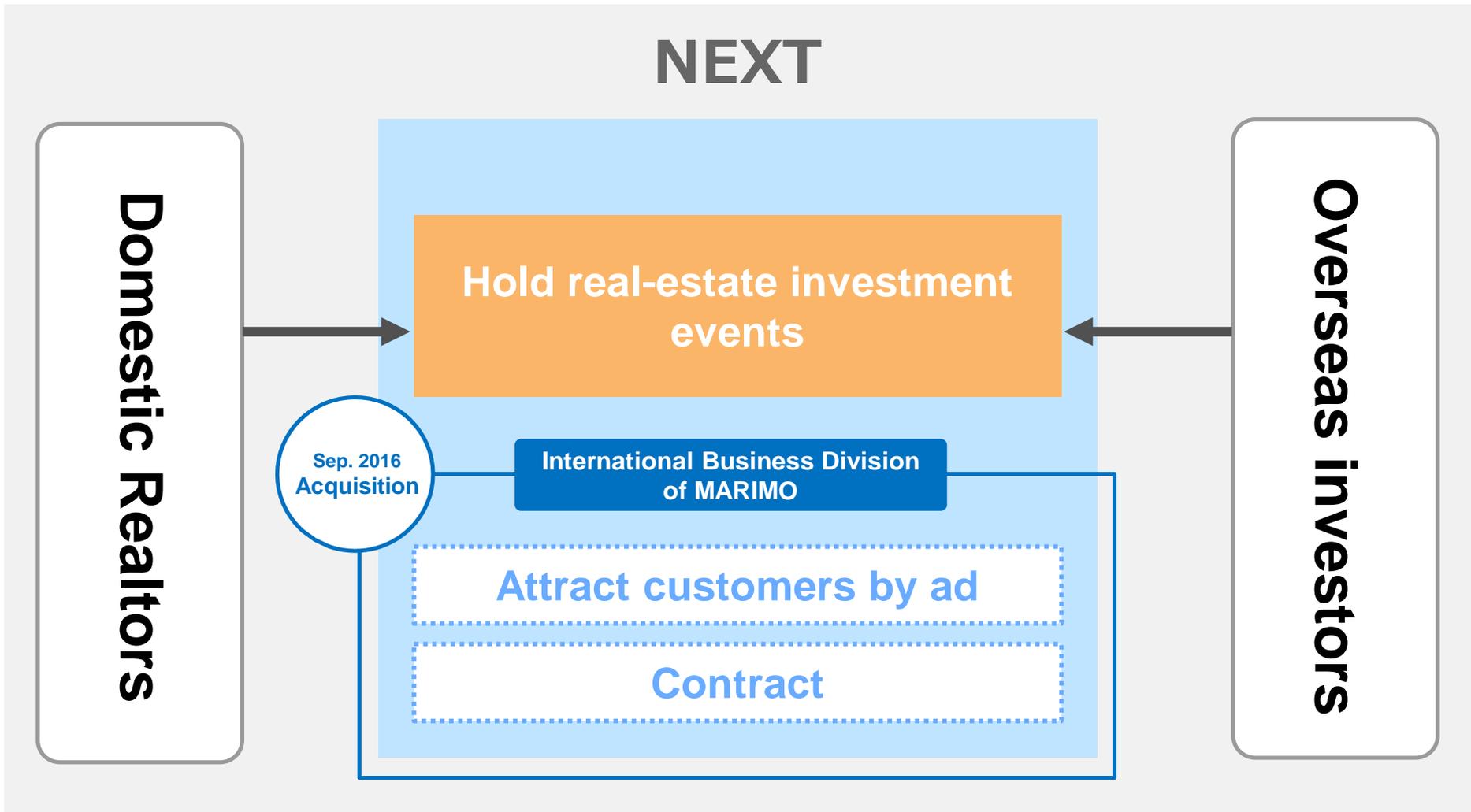




The greatest challenge  
**Global expansion**



# Acquired International Business Division of MARIMO Co., Ltd.



**A great strategic move to  
accelerate the global expansion**

# Trovit –2 Years Since the Acquisition

**POINT**

Enhance both the organization and services for further growth.

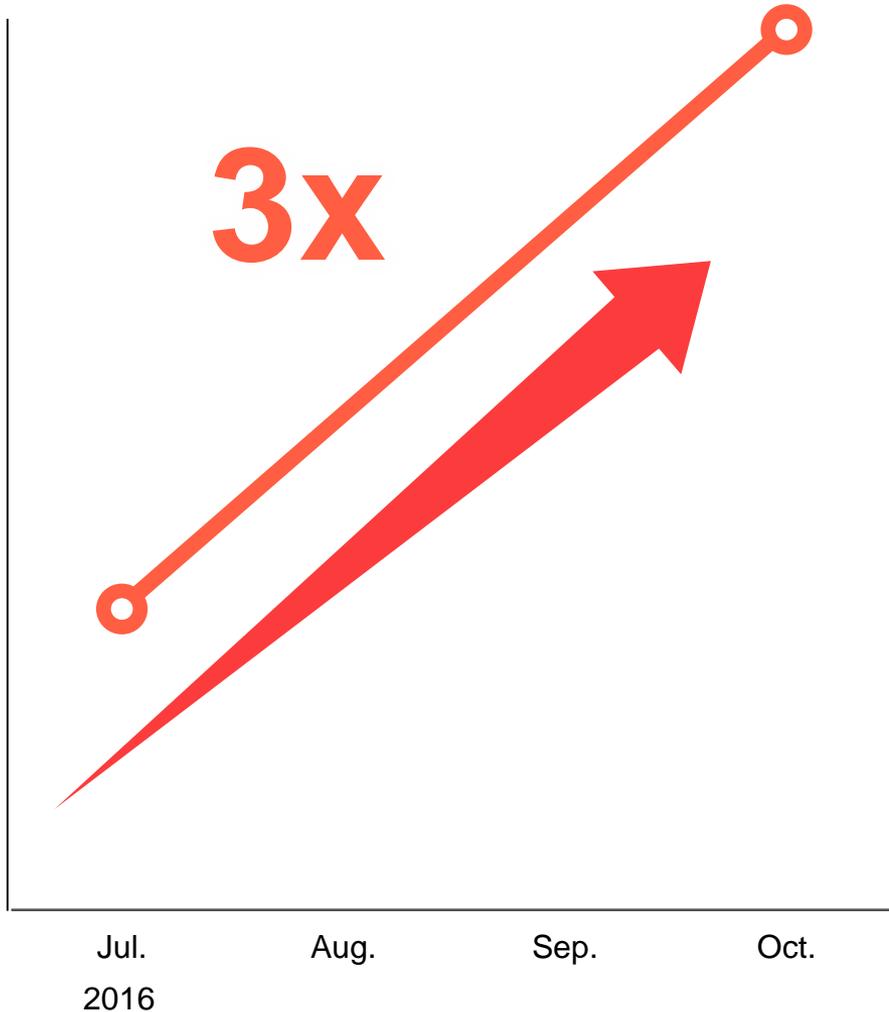
Operating in **46** countries  
(increase 7 countries in 2 yrs)

Employees **117** people  
(increase 23 people in 2 yrs)

Contributed to  
early launch of  
Lifull Australia



No. of Users



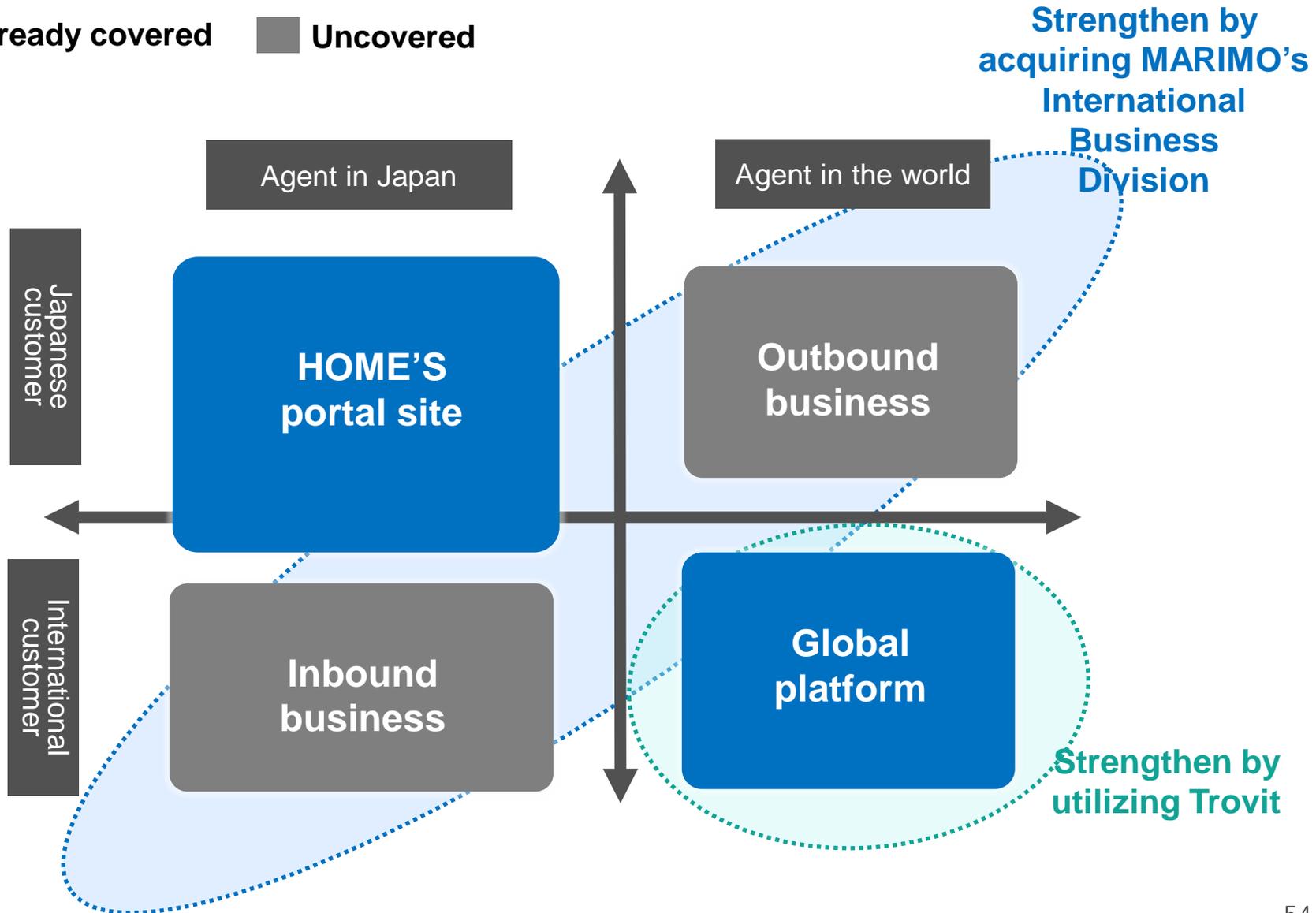
**Increase significantly in one year since the site launch**

**No. of info listed: approx. 240k (No. 3 in Australia)**



# Business Area

■ Already covered    ■ Uncovered



# Designing Delightful Encounters



# Appendix.

# Corporate Info

---

<b>Company Name</b>	NEXT Co., Ltd. (TSE 1st section: 2120)
<b>Representative</b>	Takashi Inoue, President and CEO
<b>History</b>	March 12, 1997    Established (Fiscal year ending March 31) October 31, 2006    Listed in Tokyo Stock Exchange, Mother's Section March 12, 2010    Listed on TSE 1st Section
<b>Capital</b>	3,999 million yen
<b>Stock Issued</b>	118,789,100 ( including 73,636 shares of treasury stock)
<b>Consolidated Number of Employees</b>	1,085 persons (including 178 temporary employees, 159 overseas)
<b>Major Shareholders</b>	NEXT directors, Rakuten, Inc. (20%)
<b>Major Subsidiaries ( ) stake</b>	Renters Co. (100%), fiscal year ends March 31 Trovit Search, S.L. (100%), fiscal year ends December 31 Lifull Marketing Partners (60%), fiscal year ends March 31

---

As of the end of September 2016

# Condensed Statements of Profit and Loss (quarterly)

<J-GAAP>

< IFRS >

## Quarterly consolidated statements of income and loss

Unit : JPY mil	FY2013				FY2014				FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Revenue	3,398	3,454	3,556	4,281	3,852	3,897	4,318	6,096	5,457	6,441	6,280	7,527	6,846	6,910
Domestic Real Estate Information	3,160	3,214	3,307	3,965	3,524	3,583	3,756	4,736	4,167	4,311	4,440	5,498	4,803	4,897
Rental & Real Estate Trade	1,818	1,845	1,889	2,422	2,102	2,161	2,362	3,126	2,648	2,776	2,914	3,727	3,034	3,179
Newly-constructed lots	1,021	1,027	1,096	1,178	1,083	1,087	1,107	1,258	1,207	1,165	1,153	1,262	1,203	1,189
Custom-built Houses & Renovations	256	266	240	268	230	224	166	196	169	204	197	318	339	311
Others	63	75	81	95	107	109	121	155	141	165	176	189	226	216
Domestic Services for Realtors	136	153	174	174	206	223	230	248	242	1,049	889	940	1,022	1,088
Overseas	10	5	4	8	14	6	243	939	904	940	796	865	823	750
Others	90	80	69	132	107	84	88	172	144	139	154	222	196	174
Cost of sales	102	104	129	136	108	126	153	194	141	737	597	651	670	737
SG&A	2,290	2,665	2,532	3,948	2,932	3,237	3,180	5,041	4,036	4,640	4,343	5,605	4,776	4,581
Personal expenses	806	973	848	1,155	1,001	998	1,083	1,356	1,366	1,479	1,535	1,888	1,773	1,531
Advertising expenses	774	952	906	1,862	1,114	1,328	960	2,538	1,524	2,002	1,527	2,291	1,689	1,730
Operating expenses	84	95	117	176	126	170	201	220	208	245	305	257	246	236
Other SG&A	626	643	660	753	690	739	934	925	937	912	975	1,168	1,066	1,082
Other revenues and expenses	0	0	0	0	-2	-3	-9	-26	-13	-41	-33	-7	-6	-42
EBITDA	1,005	684	894	197	808	530	975	834	1,267	1,022	1,306	1,263	1,392	1,549
Depreciation/amortization cost	142	133	103	102	87	88	120	161	214	214	230	205	221	217
Operating profit	862	550	791	95	720	442	854	673	1,052	808	1,076	1,057	1,171	1,331
Net profit	516	309	455	54	430	282	559	523	682	552	693	742	734	942
EBITDA margin	29.6%	19.8%	25.2%	4.6%	21.0%	13.6%	22.6%	13.7%	23.2%	15.9%	20.8%	16.8%	20.3%	22.4%

## Quarterly consolidated segment profit and loss

Unit: JPY mil	FY2014				FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Domestic Real Estate Information Services	741	486	934	566	860	597	1,016	1,065	1,147	1,144
Domestic Services for Realtors	6	14	-6	-37	2	23	25	-59	-49	-27
Overseas	-23	-37	-24	200	214	220	47	68	40	226
Others	-3	-20	-42	-33	-20	-12	-7	-40	3	-4
Inter-segment transactions	2	2	2	3	8	20	28	30	35	35
Segment profit	723	445	864	699	1,065	849	1,109	1,064	1,177	1,374

# External Market Data (Monthly)

## Number of Apartments for sales

Source : Real Estate Economic Institute Co., Ltd.

	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-Dec)	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Capital Region	56,478	44,913	40,449	2,286	3,495	3,503	4,785	2,610	2,430	2,921	3,496	6,189	1,494	2,237	2,693	1,978	3,002	3,050	3,317	1,966	3,424
YoY	23.8%	-20.5%	-9.9%	-7.6%	-18.7%	0.0%	13.3%	23.7%	-27.2%	-6.5%	4.8%	-34.1%	-11.0%	-13.9%	-39.6%	-13.5%	-14.1%	-12.9%	-30.7%	-24.7%	40.9%
Kinki	24,691	18,814	18,930	1,189	1,920	1,755	1,258	969	1,798	1,223	1,696	1,884	899	1,640	2,143	1,320	1,422	1,517	1,414	1,238	1,870
YoY	6.1%	-23.8%	0.6%	-2.7%	20.9%	3.8%	37.6%	-20.4%	-1.7%	-14.3%	-14.1%	15.0%	-31.6%	-13.9%	6.1%	11.0%	-25.9%	-13.6%	12.4%	27.8%	4.0%

## Trend of Price for Apartments

Source : Real Estate Economic Institute Co., Ltd.

Unit : M.JPY	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-Dec)	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Capital Region	4,929	5,060	5,518	5,305	4,812	5,815	5,953	5,872	5,393	5,364	6,328	5,457	5,570	5,773	5,638	5,750	5,692	5,672	5,656	5,662	5,578
YoY	8.6%	2.7%	9.1%	9.5%	-6.7%	20.4%	7.6%	3.3%	13.2%	17.6%	21.1%	8.7%	25.0%	1.4%	8.7%	8.4%	18.3%	-2.5%	-5.0%	-3.6%	3.4%
Kinki	3,496	3,647	3,788	3,562	3,964	3,664	3,578	3,641	3,708	3,459	4,454	4,525	3,798	3,717	4,046	3,811	3,327	4,034	3,841	3,913	4,159
YoY	1.7%	4.7%	3.9%	3.8%	12.7%	-2.7%	-1.1%	-4.4%	-4.4%	-3.6%	22.1%	16.9%	20.4%	8.5%	5.3%	7.0%	-16.1%	10.1%	7.4%	7.5%	12.2%

## New build properties

Source : Ministry of Land, Infrastructure, Transport and Tourism

	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-Dec)	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
House for Rent	356,263	362,191	378,718	30,603	28,208	35,600	33,977	33,470	34,092	32,757	33,505	33,735	28,288	28,871	30,572	35,504	32,427	36,910	37,745	36,784	38,400
YoY	11.8%	1.7%	4.6%	-1.8%	2.8%	14.6%	18.7%	17.7%	13.3%	-2.6%	2.6%	3.9%	5.3%	12.5%	1.1%	16.0%	15.0%	3.7%	11.1%	9.9%	12.6%
Apartment house	127,599	110,475	115,652	11,071	11,322	14,173	7,424	10,189	7,724	8,690	8,880	7,534	8,383	11,752	11,290	11,936	11,236	10,185	7,863	6,815	9,502
YoY	3.6%	-13.4%	4.7%	24.4%	54.9%	82.8%	-17.6%	0.0%	-22.4%	-17.2%	-4.1%	-13.5%	-19.2%	9.9%	49.0%	7.8%	-0.8%	-28.1%	5.9%	-33.1%	23.0%
House	134,888	125,421	123,624	9,893	9,148	11,160	10,587	10,768	10,351	10,030	11,471	11,188	10,359	10,602	10,678	10,933	10,796	11,279	11,863	11,401	11,600
YoY	10.0%	-7.0%	-1.4%	7.9%	-8.8%	-2.9%	-2.7%	4.6%	1.0%	-1.1%	8.2%	3.9%	8.9%	10.1%	8.0%	10.5%	18.0%	1.1%	12.1%	5.9%	12.1%
Owned house	354,772	285,270	283,366	23,294	22,542	26,643	25,396	25,245	25,219	24,830	25,310	22,440	20,264	20,984	22,274	23,567	23,501	26,944	26,910	26,341	25,573
YoY	13.9%	-19.6%	-0.7%	-2.1%	1.1%	7.2%	8.0%	4.1%	2.4%	2.4%	3.5%	-5.4%	-0.1%	0.8%	4.3%	1.2%	4.3%	1.1%	6.0%	4.3%	1.4%

## Internal migrants

Source : Ministry of Internal Affairs and Communications

	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-Dec)	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Total	-	5,207,599	5,384,553	764,296	360,121	370,989	384,787	377,467	394,589	406,352	337,321	351,431	316,102	374,679	945,834	731,587	390,754	350,188	359,735	396,626	345,064
YoY	-	-	3.4%	-2.7%	-1.3%	8.0%	0.9%	7.2%	9.4%	6.8%	10.7%	4.3%	-1.1%	7.0%	-2.2%	-4.3%	8.5%	-5.6%	-6.5%	5.1%	-12.6%
Only Japanese	5,015,571	4,908,009	5,041,483	724,639	334,371	343,704	357,336	351,896	366,577	374,565	312,026	325,472	292,353	349,324	900,671	689,155	360,675	322,696	331,762	366,123	314,849
YoY	-0.1%	-2.1%	2.7%	-3.3%	-1.9%	7.1%	0.2%	6.6%	9.2%	6.2%	10.0%	3.3%	-1.7%	6.6%	-2.7%	-4.9%	7.9%	-6.1%	-7.2%	4.0%	-14.1%

## Japan Population

Source : Ministry of Internal Affairs and Communications

Unit : Thousand	-	-	-	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Total	-	-	-	126,939	126,904	126,929	126,958	126,942	126,876	127,110	127,111	127,103	127,043	127,029	126,963	126,991	126,960	126,960	126,990	126,990	126,920

# Domestic Real Estate Information Services



## HOME'S, a real estate and housing information listing site

<http://www.homes.co.jp/>

“HOME‘S” is the **No.1** real estate and housing information listing site in Japan.

Besides the quantity of information, HOME'S established screening team to improve information accuracy.

Continued to step up the efforts to meet smart device-related needs, catering for a variety of needs.



The iOS and Android applications by the HOME'S website



HOME'S application for visually-impaired persons



Property visit note application



You can see a 360-degree view of properties with images that make the scene more alive.

↓ Samples of 360-degree panoramic images

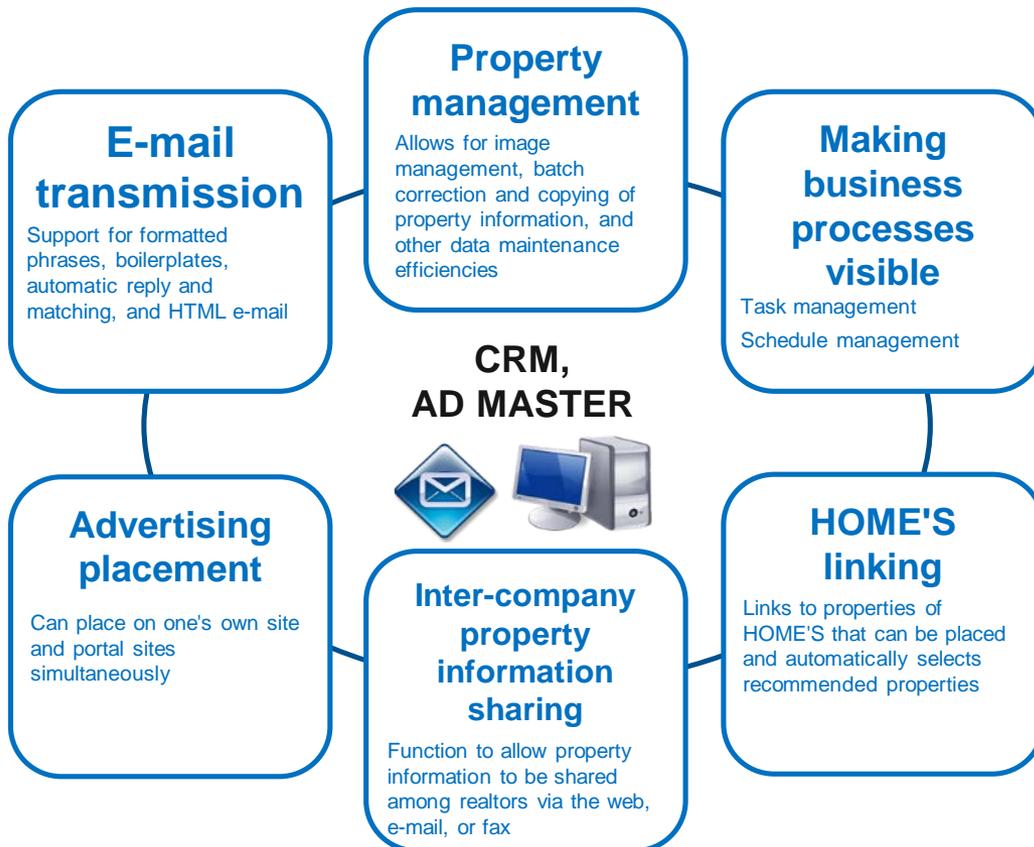
<https://theta360.com/s/46j>

<http://goo.gl/E3KGRl>

# Services for Real Estate Industry

## CRM services for realtors

A business support service provided by NEXT subsidiary Renters for rental property realtors. The service provides CRM, batch conversion of property information, and functions for management companies, systematizes complex property management processes and prevents customer support from being the domain of only a few individuals, **effectively streamlining realtors' business.**



## Website creation service "Annex"

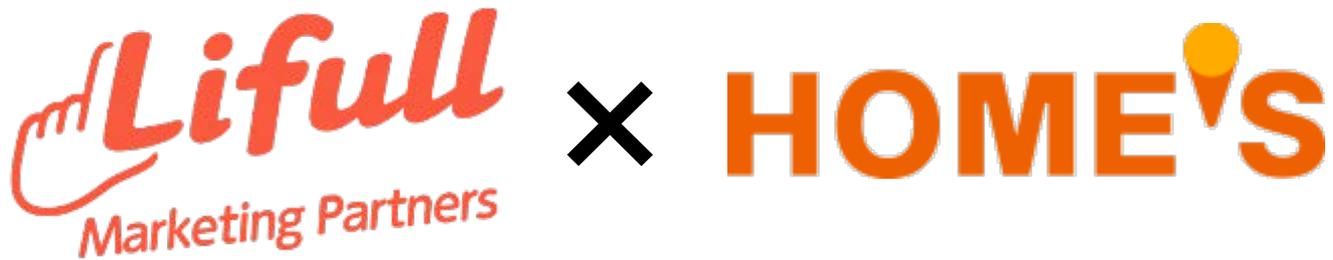
Annex is a "next-generation homepage service" that allows even users without specialized expertise to easily build **websites for realtors**. Users utilize high-quality templates to simply and affordably build websites **for PCs and smartphones**.

The service involves a one-time registration fee of 50,000 yen and a monthly fee starting at 10,000 yen.



- No technical expertise needed
- In-expensive
- Smart-phone supported

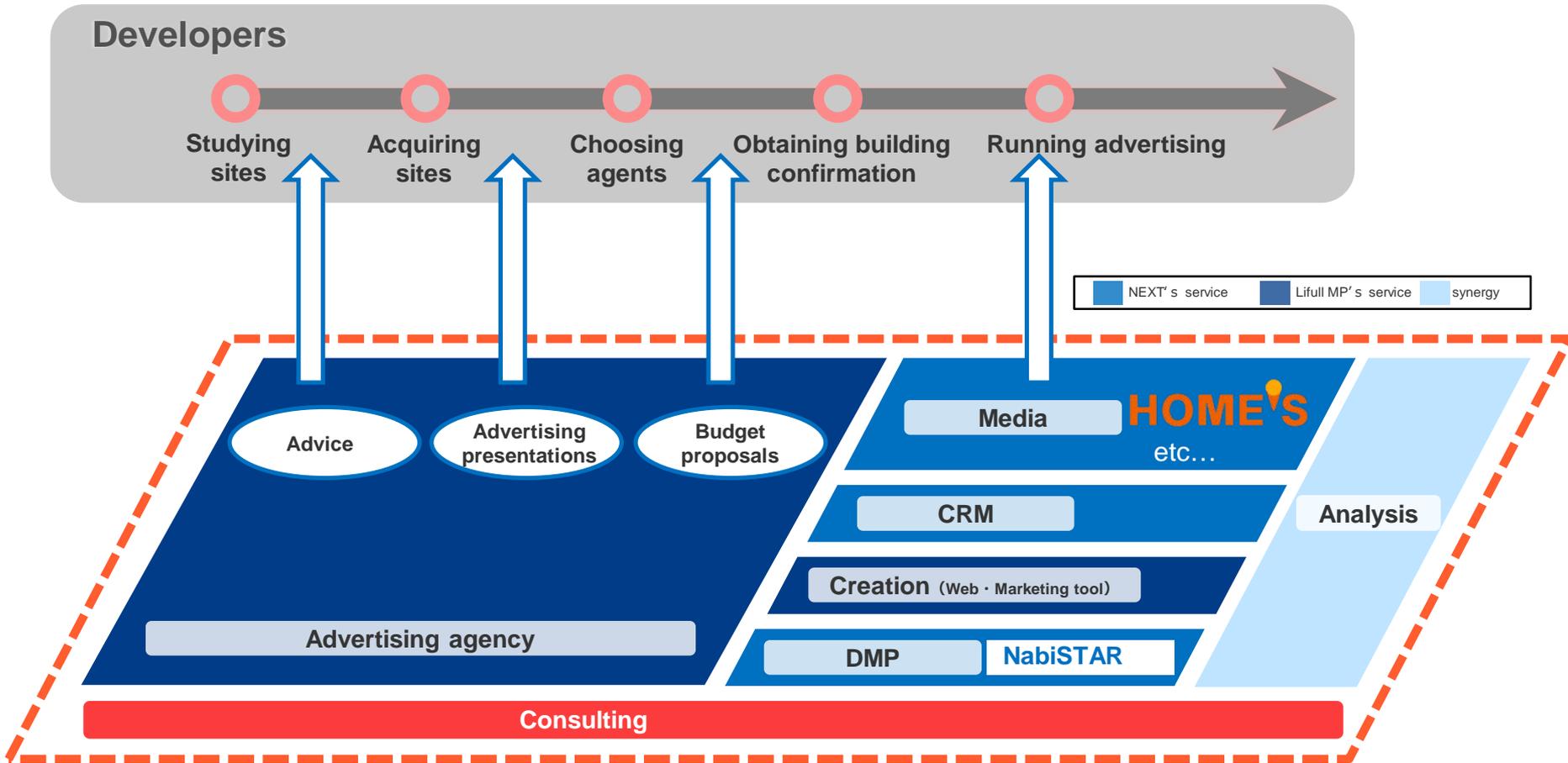
# Lifull Marketing Partners (former AXELION)



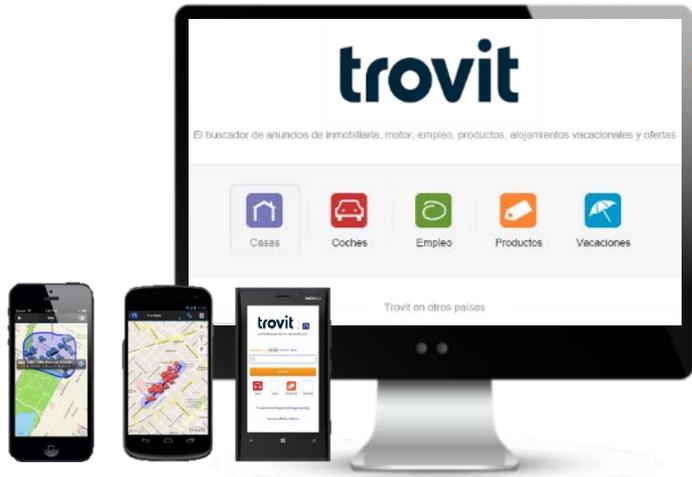
**HOME'S new condominium team will be temporarily transferred to Lifull MP to strengthen the sales divisions**

# Lifull Marketing Partners (former AXELION)

**POINT** **Strengthened the New Condominium Business**  
Seamlessly assists the process from project launch to property handover as a partner



**Offer a one-stop service.**  
**Provide comprehensive service catering to the needs of different client firms and properties.**



## One of the world's largest aggregator sites, Trovit

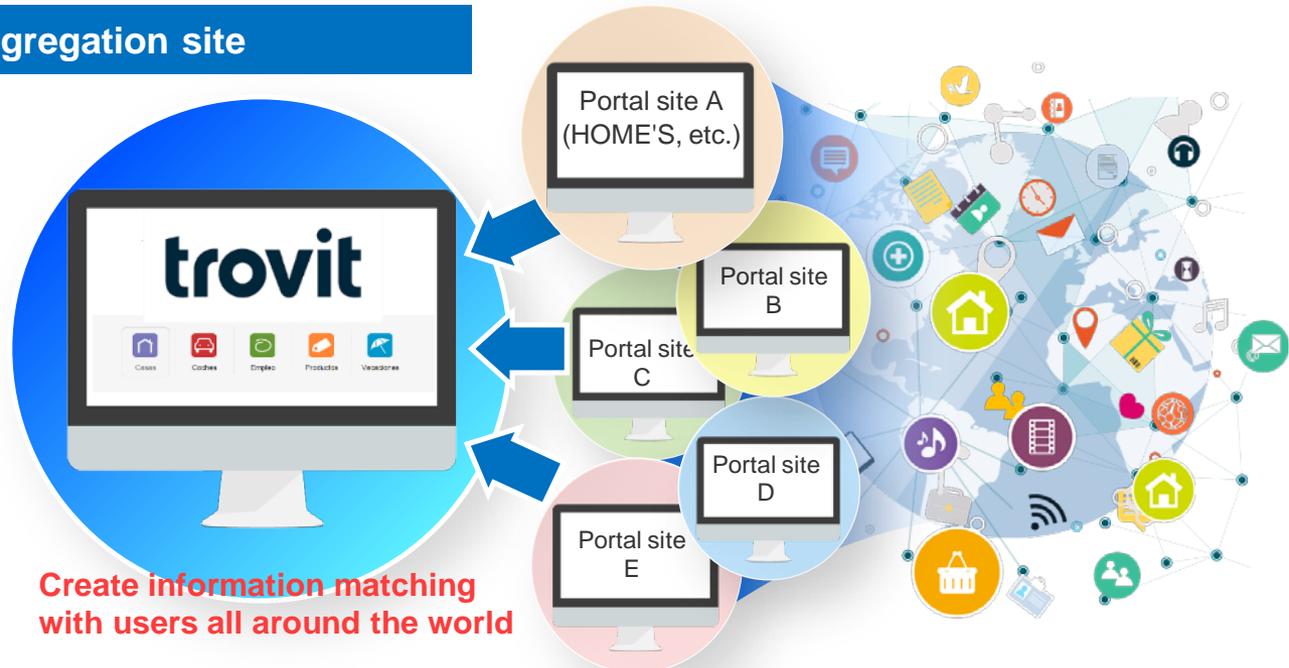
<http://www.trovit.co.uk/>

- Offers real estate/housing, used car and job ad information.
- Entered three countries this year, and now it offers services in 46 countries.

### Image of aggregation site



Users all around the world



## Four revenue sources

### (1) Premium ad spaces

Charge clients to be ranked high in the search engine

### (2) Google AdSense

Major revenue sources at markets  
Trovit is available for free

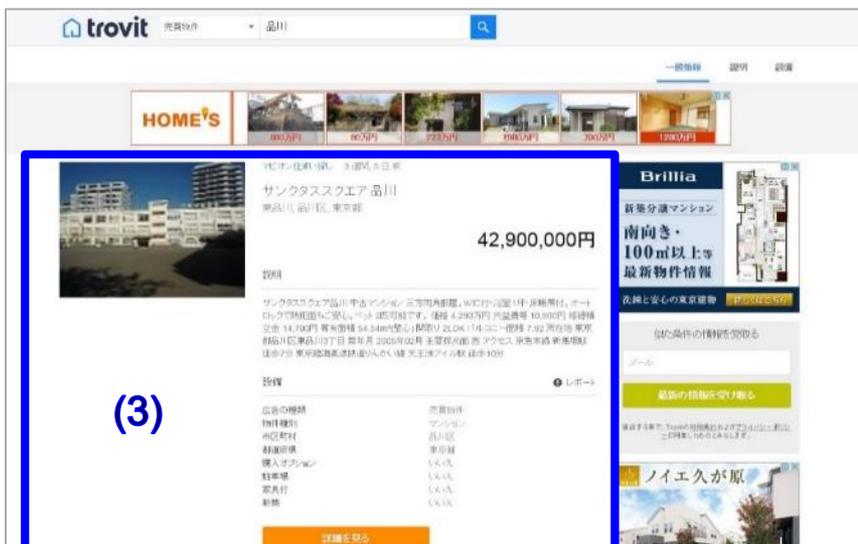
### (3) Ad Page

Create ad page  
(free service will just transfer customers to partners' websites)

### (4) RTB system

RTB system developed by Trovit on its own

\*RTB: Real Time Bidding





Available in  
**46 countries**

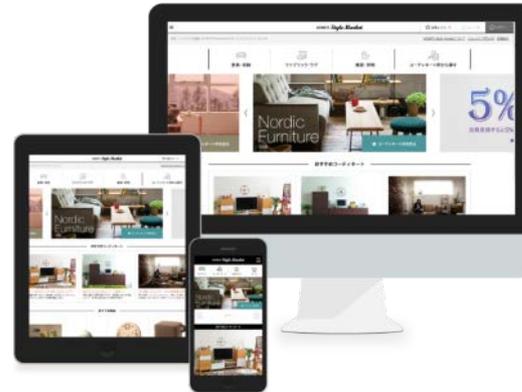
Trovit Model			
<i>Arab Emirates</i>	<i>France</i>	<i>Netherlands</i>	<i>Spain</i>
<i>Argentina</i>	<i>Germany</i>	<i>New Zealand</i>	<i>Sweden</i>
<i>Australia</i>	<i>Hong Kong</i>	<i>Nigeria</i>	<i>Switzerland</i>
<i>Austria</i>	<i>Hungary</i>	<i>Pakistan</i>	<i>Taiwan</i>
<i>Belgium</i>	<i>India</i>	<i>Peru</i>	<i>Thailand</i>
<i>Brazil</i>	<i>Indonesia</i>	<i>Philippines</i>	<i>Turkey</i>
<i>Canada</i>	<i>Ireland</i>	<i>Poland</i>	<i>UK</i>
<i>Chile</i>	<i>Italy</i>	<i>Portugal</i>	<i>US</i>
<i>Columbia</i>	<i>Japan</i>	<i>Romania</i>	<i>Ukraine</i>
<i>Czech Republic</i>	<i>Malaysia</i>	<i>Russia</i>	<i>Venezuela</i>
<i>Denmark</i>	<i>Mexico</i>	<i>Singapore</i>	
<i>Ecuador</i>	<i>Morocco</i>	<i>South Africa</i>	

# Other Businesses

Insurance agency search and appointment website  
“MONEYMO”



Furniture / interior EC website  
“HOME’S Style Market”



HOME’S Hikkoshi (move)



HOME’S Trunk Room (self-storage)



Other “Lifull” services



## List of NEXT Subsidiaries (1)

(in chronological order with effective dates of establishment)



**Renter's**

- Planning and sales of "AD MASTER", CRM service for realtors
- Consultation service



**PT. Lifull Media Indonesia**

- Planning and operation of "Lifull Rumah", a website providing real estate and housing information in Indonesia
- Providing "home hunting proxy service" in Jakarta to Japanese business people who will be relocating to the city
- Product samples and information websites



**Lifull FaM**

- Operation of "Lifull FaM", a child-rearing application



**Trovit Search, S.L.**

- Operation of one of the largest aggregation websites in the world



**Lifull Scouting**

- Operation of "Lifull Scouting", a sports matching service
- Consultation service for sports-related organization

## List of NEXT Subsidiaries (2)

(in chronological order with effective dates of establishment)



### Lifull LiveMatch

- Operation of "Lifull LiveMatch", a website to search for an accompany to enjoy music live, festival or concert together



### Lifull Marketing Partners

- Internet and marketing businesses for realtors and property-related businesses
- Internet connection service (ISP) business



### Lifull Senior

- Operation of "HOME'S Kaigo (nursing care)", one of the largest websites in Japan to search for nursing care homes or elderly housing



### Lifull Move

- Operation of "HOME'S Hikkoshi (move)", a website where quotes from various moving companies available with one request and where on-line reservation is also available



### Lifull Space

- Operation of "HOME'S Trunk room (luggage storage)", a website with one of the largest number of rental storage room/unit information in Japan



### Lifull FinTech

- Operation of "Lifull FinTech", a financial info website
- Operation of "Lifull Insurance Consultation", a website to make an insurance consultation appointment
- Operation of "Lifull Insurance", a website to compare insurance products
- Operation of "MONEYMO", a website to search insurance shops
- Life and non-life insurance agency business

## List of NEXT Subsidiaries (3)

(in chronological order with effective dates of establishment)



**Lifull Bizas**

- Admin and other back office operation outsourcee
- Call center operation outsourcee

---

# Total 12 subsidiaries

# IR Information



Official account on Twitter



[https://twitter.com/Next\\_2120\\_IR](https://twitter.com/Next_2120_IR)

Contact us

NEXT Co., Ltd. IR Support Desk

Tel: +81-3-5783-3603 (Monday to Friday 10:00AM-6:00PM)

Fax: +81-3-5783-3737

E-mail: [ir@next-group.jp](mailto:ir@next-group.jp)

Website <http://www.next-group.jp/> (Japanese)  
<http://www.next-group.jp/en/> (English)



Official Facebook page



<http://www.facebook.com/next.group.jp>

Guide to IR News

We provide monthly performance data and timely disclosure data in good time!

Please send a blank e-mail to the following e-mail address.

Blank e-mail: [touroku@next-group.jp](mailto:touroku@next-group.jp)