

Financial Results for Second Quarter of Fiscal Year ending March 2017



OpenDoor Inc.
(Stock Code: 3926)

1. Second Quarter – Financial Overview
2. Second Half – Main Initiatives
3. Reference Materials

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Performance Statement / 2Q of FY2017 March



- External factors such as the Olympics was a forecasted negative impact, and both sales and profits results were as foreseen.
- Able to achieve a double digit increase based on year-to-year, and a profit percentage increase (at +2.6P) due to revenues.

Unit: millions of yen	2016/3 2Q Results	2017/3 2Q Results	Amount of change	Percentage of change
Sales	687	768	+81	+11.9%
Cost of sales	114	142	+27	+24.2%
Profit margin on sales	572	626	+54	+9.5%
Distribution costs and general and administrative costs	265	263	-2	-0.9%
Operating profit	306	362	+56	+18.4%
Ordinary profit	305	367	+61	+20.3%
Quarterly profit	181	223	+42	+23.5%
Operating margin	44.6%	47.2%	+2.6P	

Progress from expected disclosure / 2Q of FY2017 March (Cumulative)



Sales Estimates were modified on October 17th, 2016. Due to the recognition that the mass media project may be delayed to next fiscal year, a 230 million yen correction of the projected profit increase results from the mass media project was modified. Besides sales volume and commercial fees, all costs remain the same, and the progression rate is based from the original projections.

- The progression of sales ratio emphasize on the 2H of FY2017, and is as projected.
- Sales profits ratio is over 50%.

Unit: millions of yen

	2016/3 2QResults (Cum.)	2017/3 2QResults (Cum.)	Amount of change	Percentage of change	Progression Rate from original projection	2017/3 Original projection ※	2017/3 Adjustments from original projection ※※
Sales	1,231	1,416	+185	+15.1%	46.5%	3,050	3,050
Cost of sales	232	271	+38	+16.7%	50.1%	542	542
Profit margin on sales	998	1,145	+146	+14.7%	45.7%	2,508	2,508
Distribution costs and general and administrative costs	526	556	+29	+5.7%	41.0%	1,357	1,587
Operating profit	472	589	+116	+24.7%	51.2%	1,150	920
Ordinary profit	471	596	+124	+26.5%	51.8%	1,150	920
Quarterly profit	280	369	+89	+31.7%	53.6%	690	552
Operating margin	38.4%	41.6%	+3.2P	-	-	37.7%	30.2%

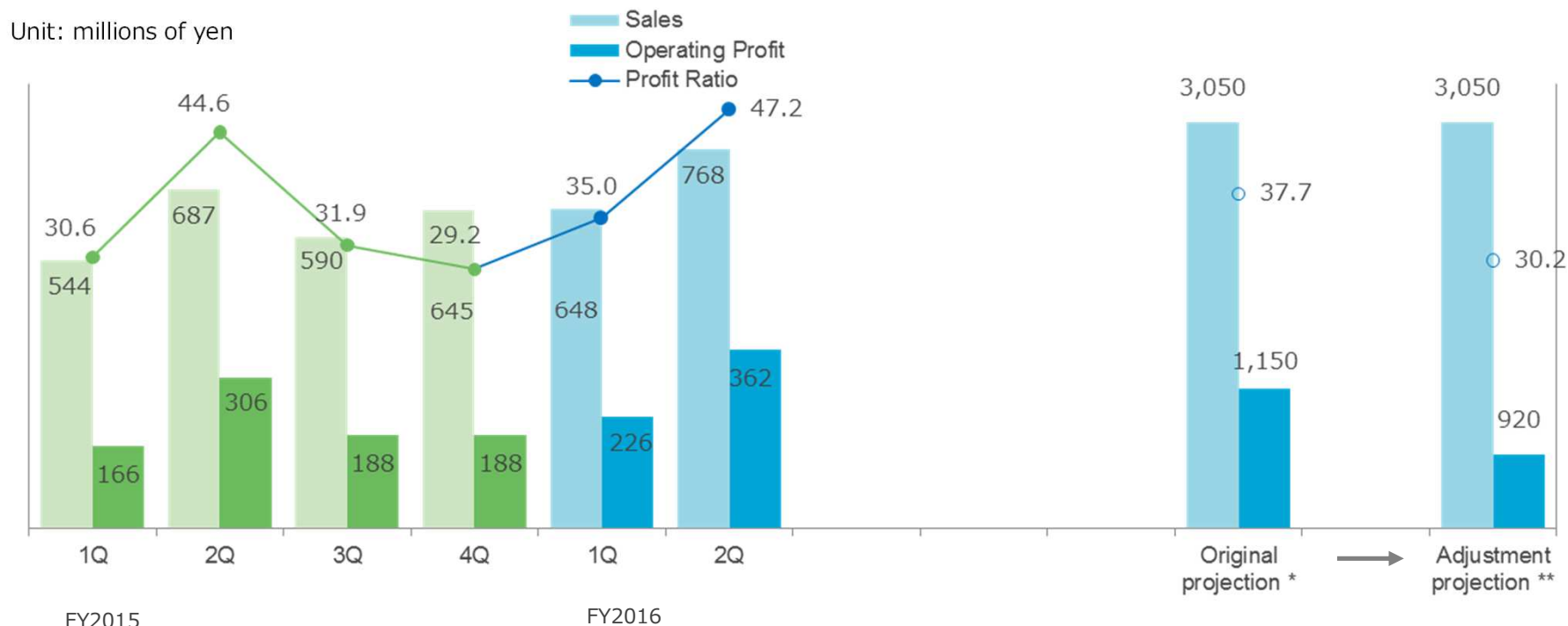
* Original projection released May 12th, 2016

** Adjustment projection released October 17th, 2016

Quarterly financial projection / 2Q of FY2017 March



- Both 1Q and 2Q have showed an increase in profit ratio from the growth in sales and profits.
- A major shift from flat rates to measured rates will take effect for the primary services in 3Q, and not only do we project a profit increase but also higher convenience for flight and hotel availability concluding in an increase in Unique Users.



* Original projection released May 12th, 2016
 ** Adjustment projection released October 17th, 2016

• Results FY 2016 March: **2Q → 4Q → 3Q → 1Q**
 • Projection for FY 2017 March: **4Q → 2Q → 3Q → 1Q**

Fiscal Year Projection / 2Q of FY 2017 March



- Sales projections have been modified due to the scheduled mass media project which includes a television commercial scheduled to be carried out in 4Q.
- The original projection sales profit has been modified due to a change in projected revenues effect will be in next fiscal year.
- For profits, an additional expense of 230 million yen has been added for advertising.
- No changes after announcement of adjustment to projected performance.

Unit: millions of yen	2016/3		2017/3				2017/3	
	Results	Ratio	Adjustment Projection**	Amount of Change	Year on Year	Ratio	Original Projection***	Adjustment Projection
Sales	2,468	100.0%	3,050	+582	+23.6%	100.0%	3,050	-
Cost of sales	492	20.0%	542	+49	+10.1%	17.8%	542	-
Profit margin on sales	1,975	80.0%	2,508	+532	+27.0%	82.2%	2,508	-
Distribution costs and general and administrative costs	1,126	45.6%	1,587	+461	+41.0%	52.0%	1,357	-230
Operating profit	849	34.4%	920	+71	+8.4%	30.2%	1,150	-230
Non-operating profit or loss	-9	-0.4%	0	+9	-	-	0	-
Ordinary profit	840	34.1%	920	+80	+9.5%	30.2%	1,150	-230
Extraordinary income or loss	38	1.6%	0	-38	-	-	0	-
Current profit	536	21.7%	552	+16	+3.0%	18.1%	690	-138
Operating margin	34.4%	-	30.2%	-4.2P	-	-	37.7%	-
Current profit per share (yen) *	53.39	-	53.82	-	-	-	67.26	-

* The current profit per share is as of July 1, 2016, and this figure takes into consideration the effects of share splitting of two shares per one common share.

** Original projection released May 12th, 2016

*** Adjustment projection released October 17th, 2016

- Mass media advertising which includes a television commercial will take place in the 4Q.



Currently for “Travelko-chan”

- Currently, Travelko-chan covers a wide range of product genres which includes, hotels, flights, dynamic packages, and others where users may compare travel not only for leisure travel, but for business travel as well. The number of suppliers and products are one of the largest in the country, and transitionally, provides extremely competitive rates.
- One of the reasons why a wide range of users use Travelko-chan for travel comparison is because our heavy users are the F1 Group (Women ages 20 to 34), and among the genre of products there is high selection of package tours for leisure travel

Mass media advertising including
television commercial (4Q)

**Fast and efficient way to acquire a new audience, and enhance the speed of growth
to increase users in the next fiscal year.**

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- By increasing system integrations with domestic and international OTA's, we have increased our line up with competitive prices.
- All major search and comparison services have completed smart phone capability.

- 07/01 (Travelko-chan / Domestic hotel affiliate) Affiliated with Stay Japan's vacation rental site. Implemented hotel and vacation rental in one search.
- 08/31 (Travelko-chan / Domestic hotel affiliate) Affiliated hotels with WILLER TRAVEL's travel reservation site "Smart Travel"!
- 09/28 (Travelko-chan / Domestic hotel affiliate) Affiliated with Hotel Travel.com and increased accommodation plans.
- 07/13 (Travelko-chan / Domestic bus affiliate) Affiliated buses with WILLER TRAVEL's travel reservation site "Smart Travel"!
- 07/28 (Travelko-chan / Domestic flights affiliate) Integrated direct connection with Star Flyer. Enhanced selection of prices and reservation sites when booking Star Flyer.
- 08/16 (Travelko-chan / International dynamic package enhancements) Implemented smart phone search for hotel and flights.
- 08/18 (Travelko / Hotel affiliate) Affiliated with "Rakuten" 's API for inbound hotel search for travelers from abroad and increased accommodation plans.

Vacation Rental affiliate

Launched affiliate with Stay Japan's Vacation rentals

Domestic Bus Affiliate

Affiliate with WILLER TRAVEL's travel reservation site "SMART TRAVEL"

Domestic flights affiliate

Integrated direct connection with Domestic carrier, Star Flyer

- Renewal of site design to achieve wide range of clients towards the mass media advertisements
- Release “Travelko Map” a guide apply to be used during travel
- Start restaurant reservation services
- Start vacation rentals for international hotel search
- Open curation media for travel



※This is an image and may change.



COMING SOON

- Implement Hong Kong (Chinese Traditional) site to enhance the languages to a total of 5, English, Korean, China (Chinese simplified), Taiwan (Chinese traditional), and Hong Kong (Chinese traditional)
- Affiliate with Taiwan’s major travel agencies to enhance our competitiveness in hotel comparison for the Taiwan market, and implement Taiwan’s package tours.
- Release optional tours for the global market, which will enhance the current line up which is only inbound.

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- The central marginal income ratio of labor costs and personnel expenses has a high cost structure, so the percentage of sales are dropping in all items of expenditure

Unit : millions of yen	2016/3 2Q Results(Cum.)		2017/ 3 2Q Results (Cum.)			
	Results	Percentage of sales	Results	Amount of increase	Percentage of increase	Percentage of sales
Sales costs	232	18.9%	271	+38	+16.7%	19.2%
Labor cost	161	13.1%	174	+12	+7.7%	12.3%
Other	70	5.8%	97	+26	+37.2%	6.9%
SG&A and Overhead	526	42.7%	556	+29	+5.7%	39.3%
Labor cost	335	27.2%	348	+13	+4.0%	24.6%
Other	191	15.5%	207	+16	+8.8%	14.7%

Balance Sheet / 2Q of FY2017 March

- Financial results show steady performance, with 368 million yen increase in net assets.

Unit: millions of yen	2016/3 Results	2016/9 Results	Amount of increase
Current assets	2,907	3,217	+310
Cash and deposits	2,533	2,729	+195
Other	373	487	+114
Fixed assets	377	381	+3
Total assets	3,285	3,598	+313
Current liabilities	565	510	-55
Fixed liabilities	12	12	+0
Total liabilities	578	523	-55
Total equity	2,706	3,075	+368
Capital	648	648	-
Capital reserves	478	478	-
Earned surplus	1,604	1,973	+369
Other	-24	-25	-1
Total liabilities and equity	3,285	3,598	+313

Statement of Cashflow / 2Q of FY2017 March



- Cash equivalents increased 180 million yen to a balance of 2.72 billion yen.

Unit: millions of yen	2016/3 Results (Cum.)	2017/3 Results (Cum.)	
Cashflow from business activity	+168	+202	Income before income taxes 596 million yen Amount of corporate taxes paid 242 million yen
Cashflow from investment activity	-20	-14	-
Cashflow from financial activity	-3	-	-
Changes in cash and equivalents	+144	+185	-
Balance of cash and equivalents at the end of the period	1,598	2,544	-
Final balance of cash and equivalents	1,742	2,729	-

Company Overview (As of September 2016)



Company name	OpenDoor Inc.
Date of establishment	April 1997
Representative	Daisuke Sekine, President and Representative Director
Capital	648 million yen
Description of business	Travel comparison site "Travelko-chan" Multi-language travel comparison site "Travelko" Traditional crafts information site "GALLERY JAPAN"
Consolidated subsidiaries	100% equity in Hotel Skip Inc. Reservation, arrangement, and sales for international and domestic hotels
Number of employees	A total of 141 employees

Progress and Sales Trends



A comparison website for travel products that allows users to compare and search among products of approximately 350 reservation sites.

海外旅行

★カベラ・シンガポールの魅力★
最高級のおもてなしを体験できるシンガポール・セントーサ島のホテルをご紹介します。

スタッフ厳選! BEST SELECT

- 225,900円~ 関西発 ヨーロッパ2都市6日間<燃油代込>
- 26,900円~ 関空発 台北 3日間<燃油代込>
- 80,000円~ 名古屋発 セブ島 4日間 <燃油代込>

→BEST SELECTをもっと見る

- 海外ホテル 日本最大級!人気64サイトをまとめて検索!
- 海外ツアー 燃油サーチャージ合算比較
- 海外格安航空券 まとめて空席確認!人気のLCC航空券も
- 海外航空券+ホテル 自由に選べて24時間予約可能!
- オプションツアー 人気サイトのツアーをまとめて検索
- 海外鉄道予約 鉄道乗車券やバスを検索&予約!
- クルーズ クルーズの楽しみ方とQ&A
- ファイナルコール 出発直前激安情報!

→留学・ワーホリ →旅行見積り →レンタカー

国内旅行

かに三味の旅へ出かけよう!
茹でガニ、焼きガニ、カニ刺身など!美味しいカニをお腹いっぱい楽しむ旅へ。

スタッフ厳選! BEST SELECT

- 29,800円 羽田発 札幌・登別温泉 3日間
- 18,300円~ 名古屋駅発 加賀温泉 2日間
- 20,800円~ 名古屋駅発 横浜・横須賀 2日間

→BEST SELECTをもっと見る

- 宿・ホテル予約 日本最大級!まとめて検索
- 国内ツアー 約90社の国内ツアーをまとめて検索・比較!
- 国内格安航空券 ご搭乗当日でも格安!24時間予約可
- 国内航空券+ホテル 空席のみ表示!往復航空券と宿を自由に選択
- 日帰り旅行・体験 日帰り温泉やアウトドアなど多数掲載中
- 格安高速バス 空席状況をまとめて確認!
- 国内格安レンタカー 国内レンタカーの最安値を簡単検索!
- ファイナルコール 出発直前激安情報!

→バスツアー →旅行見積り

最安値一覧 東京発

1月	2月
国内ツアー	宿・ホテル
札幌2日	1.78万円
苗場2日	1.07万円
白馬3日	1.42万円
金沢2日	1.84万円
大阪2日	1.53万円
博多・福岡2日	1.98万円
那覇3日	2.18万円
沖縄ビーチ(恩納村)3日	2.18万円

▶その他の国内ツアー情報はこちら

海外ツアー(燃油込)

ソウル3日間	0.98万円
台北3日間	1.76万円
バンコク4日間	2.48万円
グアム4日間	3.48万円
ホノルル5日間	4.78万円
バリ島5日間	3.78万円
ロサンゼルス5日間	5.58万円
ニューヨーク5日間	5.80万円
パリ6日間	4.95万円
ロンドン6日間	4.95万円
ケアンズ5日間	5.98万円

▶その他の海外ツアー情報はこちら

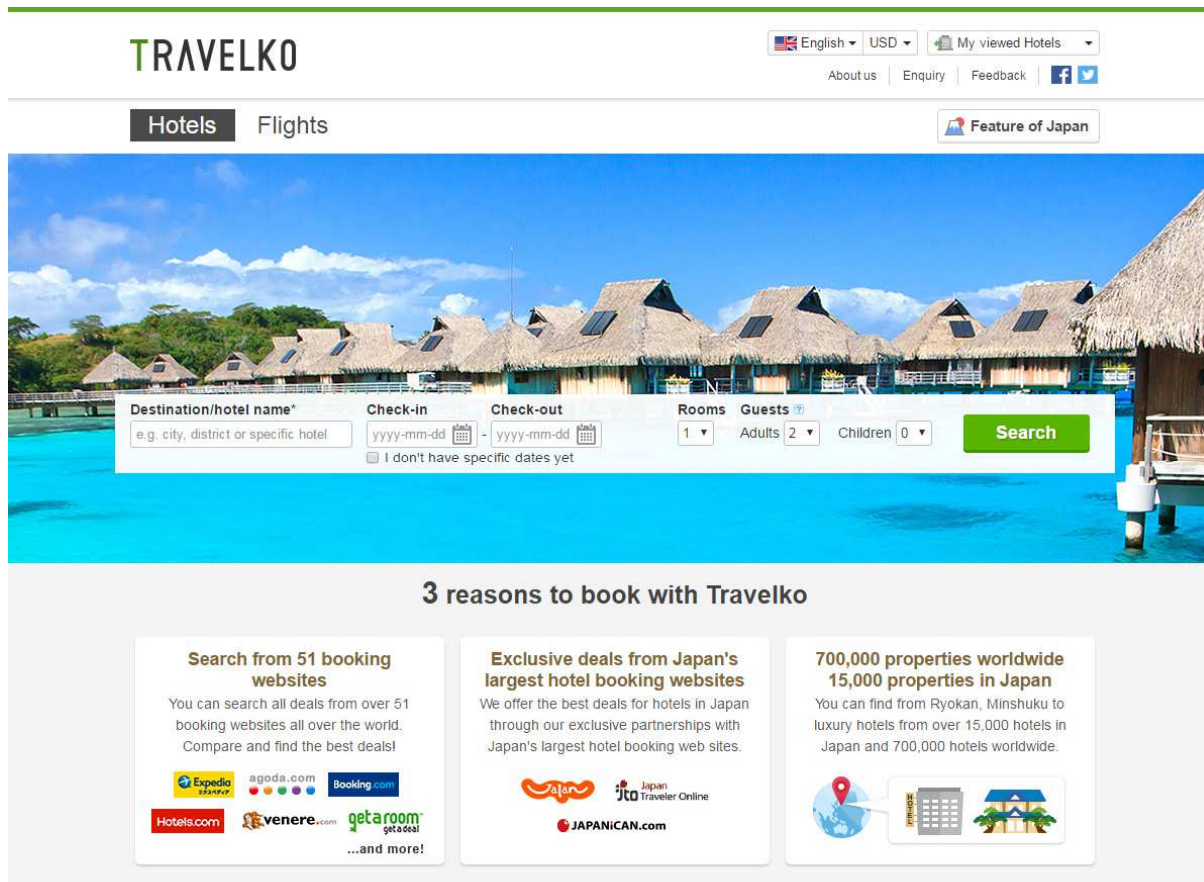
【マーク説明】↑↓...最安値の更新商品あり
12月7日時点の情報です



Global Travel Comparison Site “TRAVELKO” / Services of Our Company



The global version of Travelko-chan, targeted at foreign and inbound markets

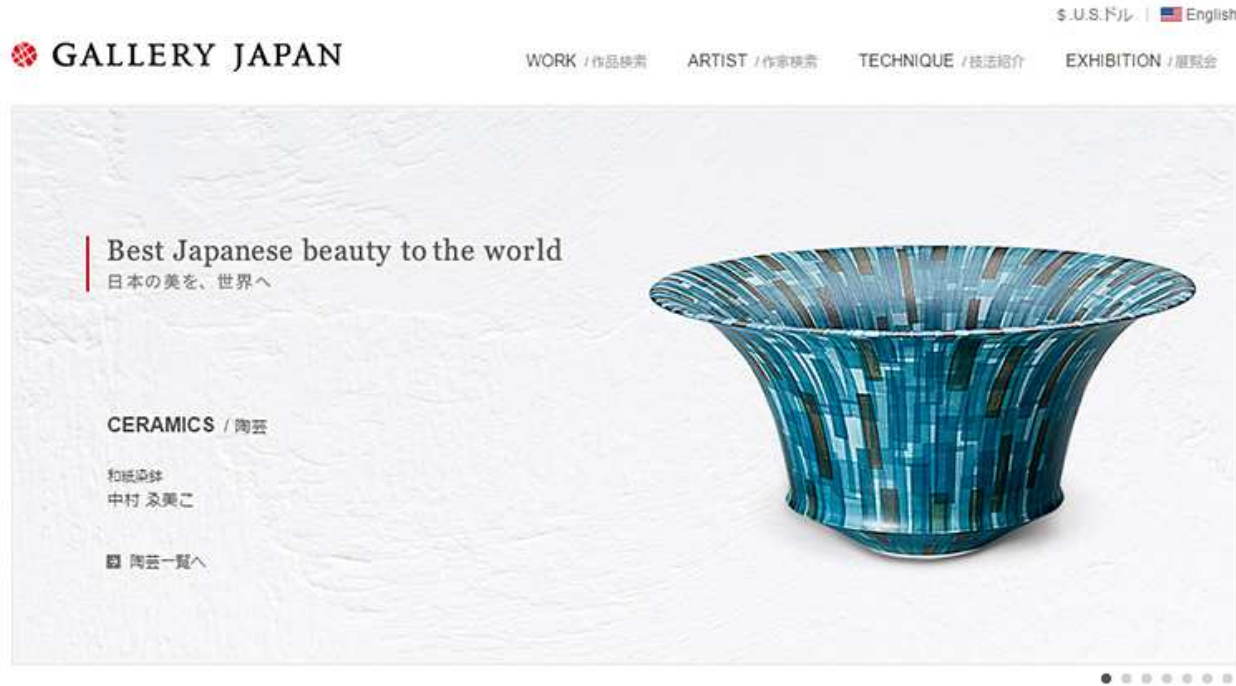


Started in October 2014

Supported Languages

English
Chinese (Traditional, Simplified)
Korean

A site targeted to international and inbound markets, that introduces traditional crafts of Japan to the rest of the world



Started in in October 2014

Supported Languages

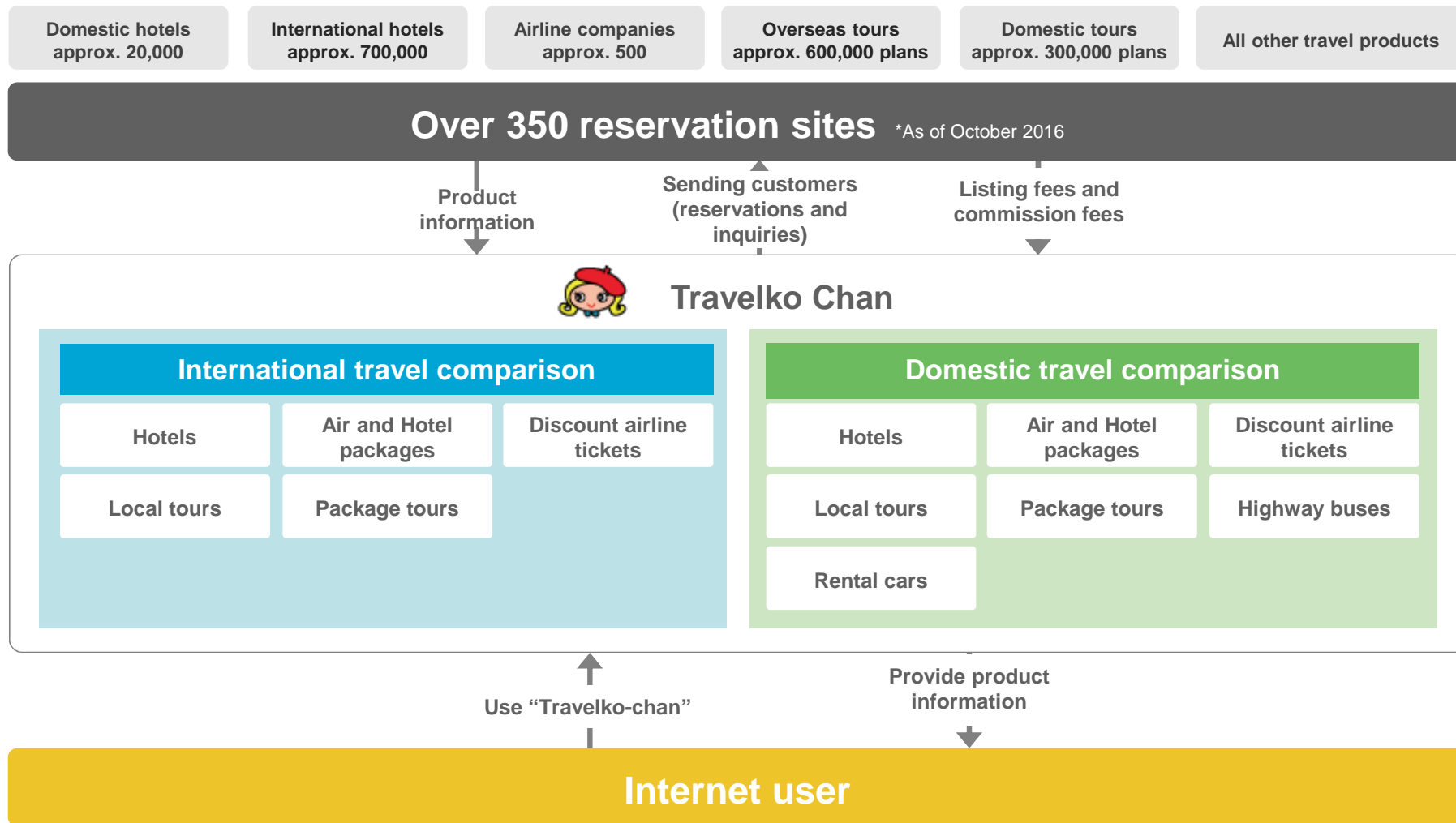
English
Japanese

WORK / 作品紹介

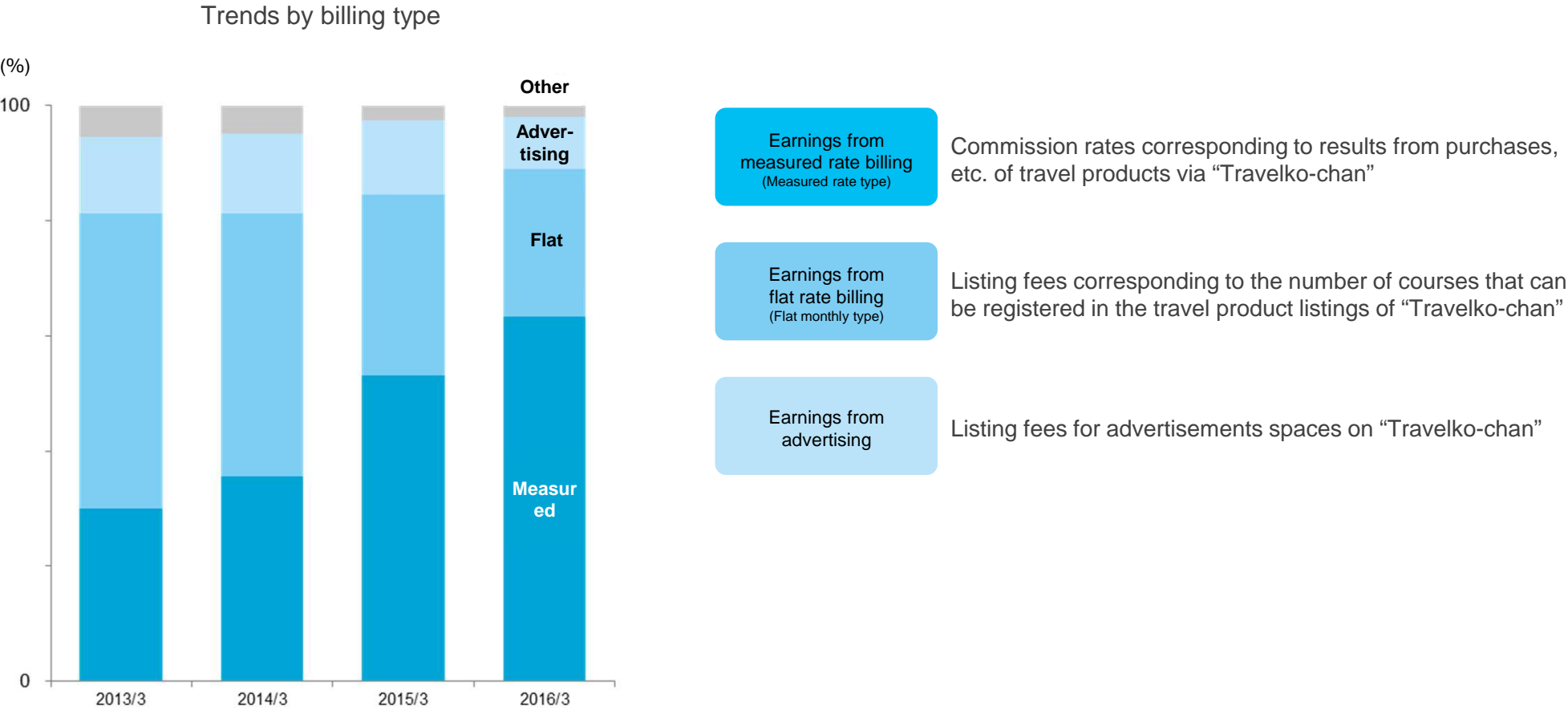


Business Model / Travelko-chan

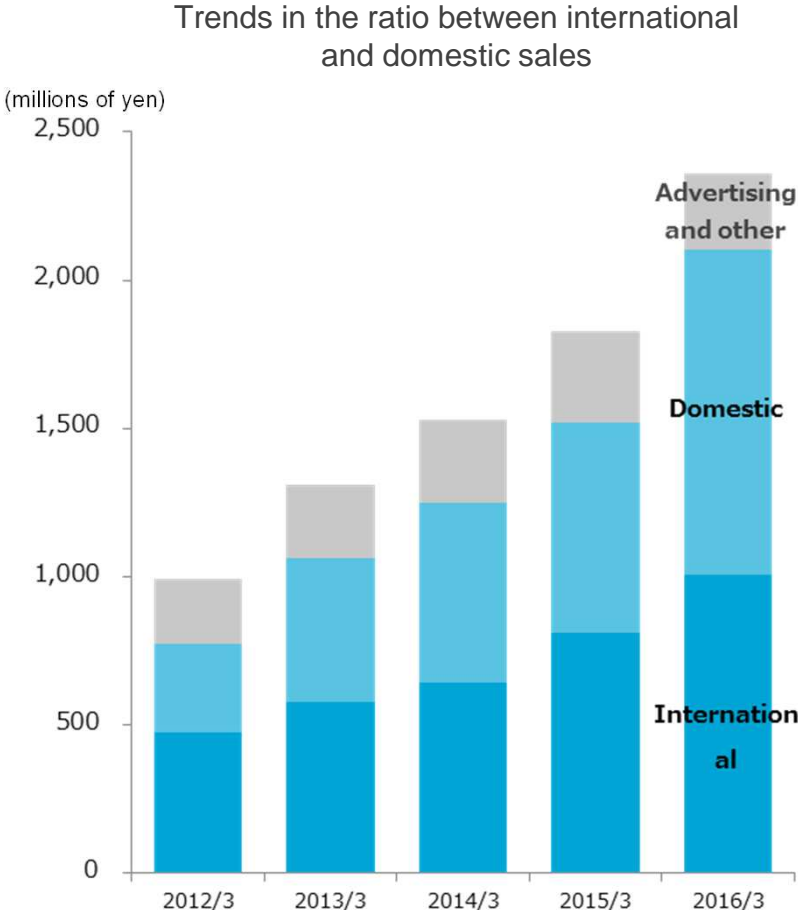
A business model that allows the majority of travel products to be compared



Shift from flat rate billing to measured rate based on results



A sales structure with risk balance and growth in both international and domestic sales.



Flexibly corresponds to changes in market trends due to changes in international or domestic popularity or because of sudden events such as terrorist attacks, etc.

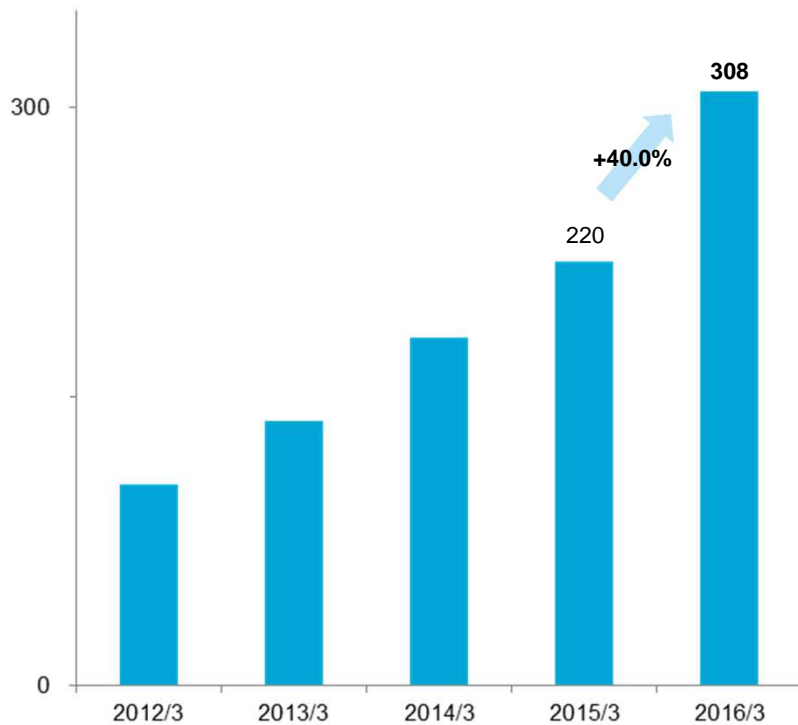
A structure that is resistant against exchange fluctuations

Travelko-chan / Trends in Unique Users, and User Attributes

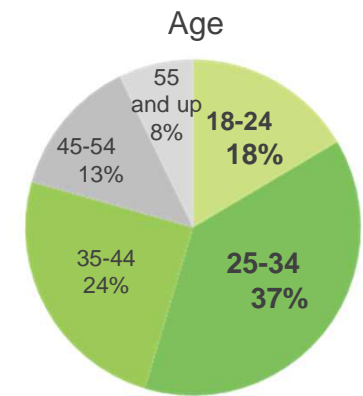
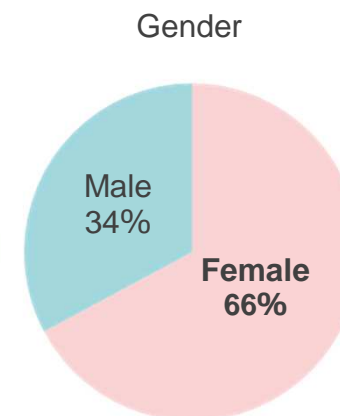
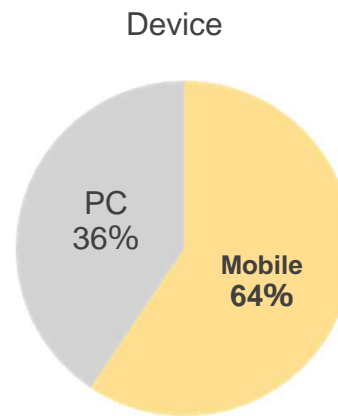
Characteristics are the smooth increase in the number of unique users and the fact that the user segments include many F1 users (females aged 20-34) who are cost and content conscious of products.

Changes in the monthly averages of the number of unique users (based on fiscal years)

(10,000's of persons)



User attributes *2



* The majority of genres are now supported on smartphones

We are favored by the **F1 users who are cost and content conscious of products.**



* 1 A unit for counting the amount of access via the web by using a method of counting a specific user as one user even if the user in question has visited the site multiple times on the same device within a period of one month

*2 2015/10 - 2016/9 access analysis data of our company

Top-class domestic product competitive power

- ✓ **Coverage** of the majority of **genres***, and price comparison connected with inventory information
- ✓ Comparison possible between over 350 reservation sites, **overwhelming cost competitive power**

High profitability

- ✓ Increase in users **without using a large amount of advertising expenses**, thanks to high brand recognition
- ✓ Yearly decreases in the rate of advertising expenses to net sells
- ✓ A structure in which profitability increases as sales increase, thanks to the growth of variable costs and fixed costs being restricted in comparison to sales
(Including large investments and promotions)

High growth in the number of unique users

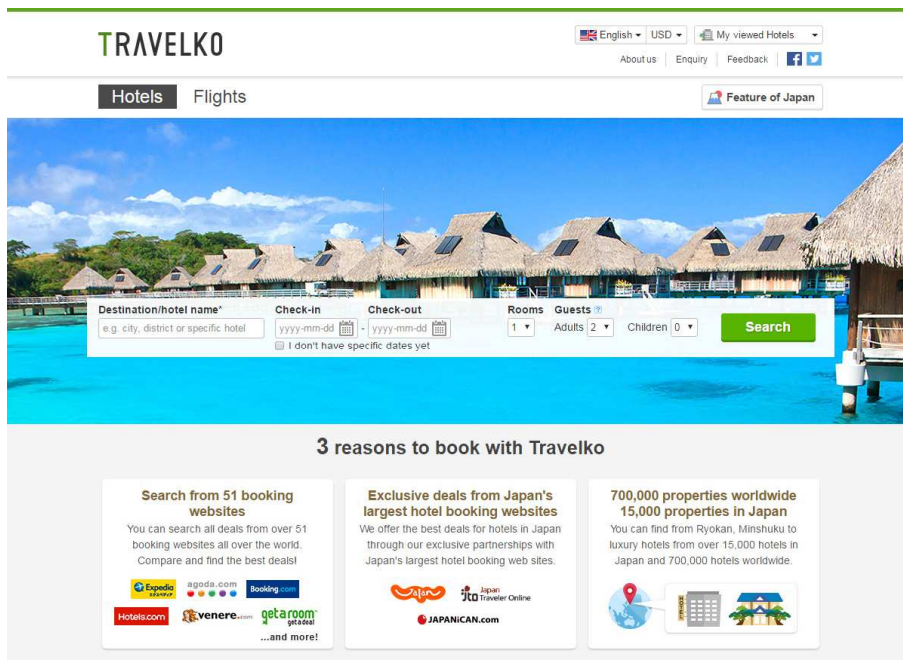
- ✓ Constant high growth in the number of unique users
- ✓ **Growth in the number of unique users in all genres**

*Product genres such as package tours, hotels, discount airline tickets, dynamic packages, etc.

Travelko-chan (Domestic Markets) / Future Initiatives

The screenshot shows the Travelko website interface. At the top, there's a navigation bar with '全国版' (National Edition) and '海外旅行' (Overseas Travel) selected. Below this, there are sections for 'TOPICS' and '掲載サイト数 国内No.1' (Number of sites published in Japan No. 1). The main content is divided into '海外旅行' (Overseas Travel) and '国内旅行' (Domestic Travel). Under '海外旅行', there are links for '海外ホテル' (Overseas Hotels), '海外ツアー' (Overseas Tours), '海外格安航空券' (Overseas Budget Airlines), '海外航空券+ホテル' (Overseas Airfare + Hotel), 'オプショナルツアー' (Optional Tours), '海外鉄道予約' (Overseas Train Reservations), 'クルーズ' (Cruises), and 'ファイナルコール' (Final Call). Under '国内旅行', there are links for '宿・ホテル予約' (Accommodation/Hotel Reservations), '国内ツアー' (Domestic Tours), '国内格安航空券' (Domestic Budget Airlines), '国内航空券+ホテル' (Domestic Airfare + Hotel), '日帰り旅行・体験' (Day-trip/Experience), '格安高速バス' (Budget High-Speed Buses), '国内格安レンタカー' (Domestic Budget Rental Cars), and 'ファイナルコール' (Final Call). On the right side, there's a '最安値一覧' (Lowest Price List) for '東京発' (Tokyo Departure) for the months of June and July, listing various destinations and prices.

- ✓ Strengthen current products
- ✓ Begin reservation services for vacation rentals and restaurants
- ✓ Expansion of review information
- ✓ Provision for resources of travel guide applications that can be used at travel destinations
- ✓ Expansion of system provisions



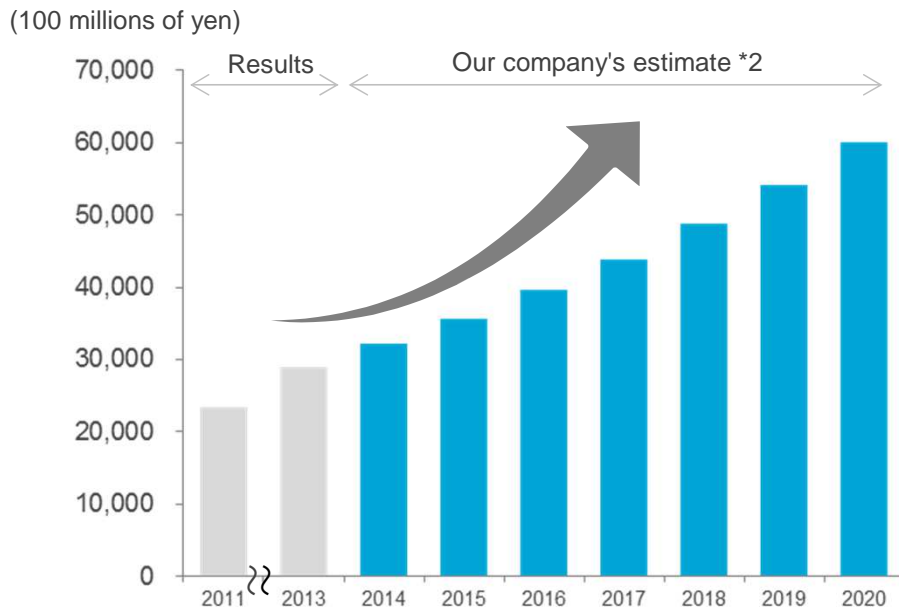
- ✓ Increase affiliates with local travel companies in other countries
- ✓ Provide vacation rentals, package tours, and optional tour services
- ✓ Expand Japan inbound reviews

Recognition of Market Environments

Growth of travel online markets and inbound markets is expected to continue

Travel online market scale

Travel total market scale: 8.7 trillion yen
 Online market scale: **2.9 trillion yen** *1 (2013)
 An increase in **124%***1 from 2011 to 2013

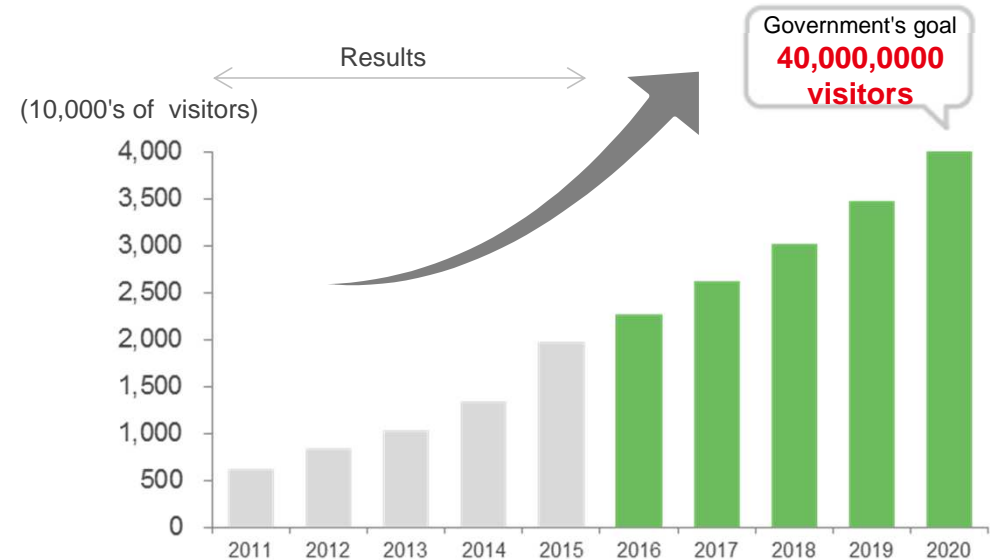


Growing inbound market

2015
 19,730,000
 visitors *3

→

2020
40,000,000
 visitors *4

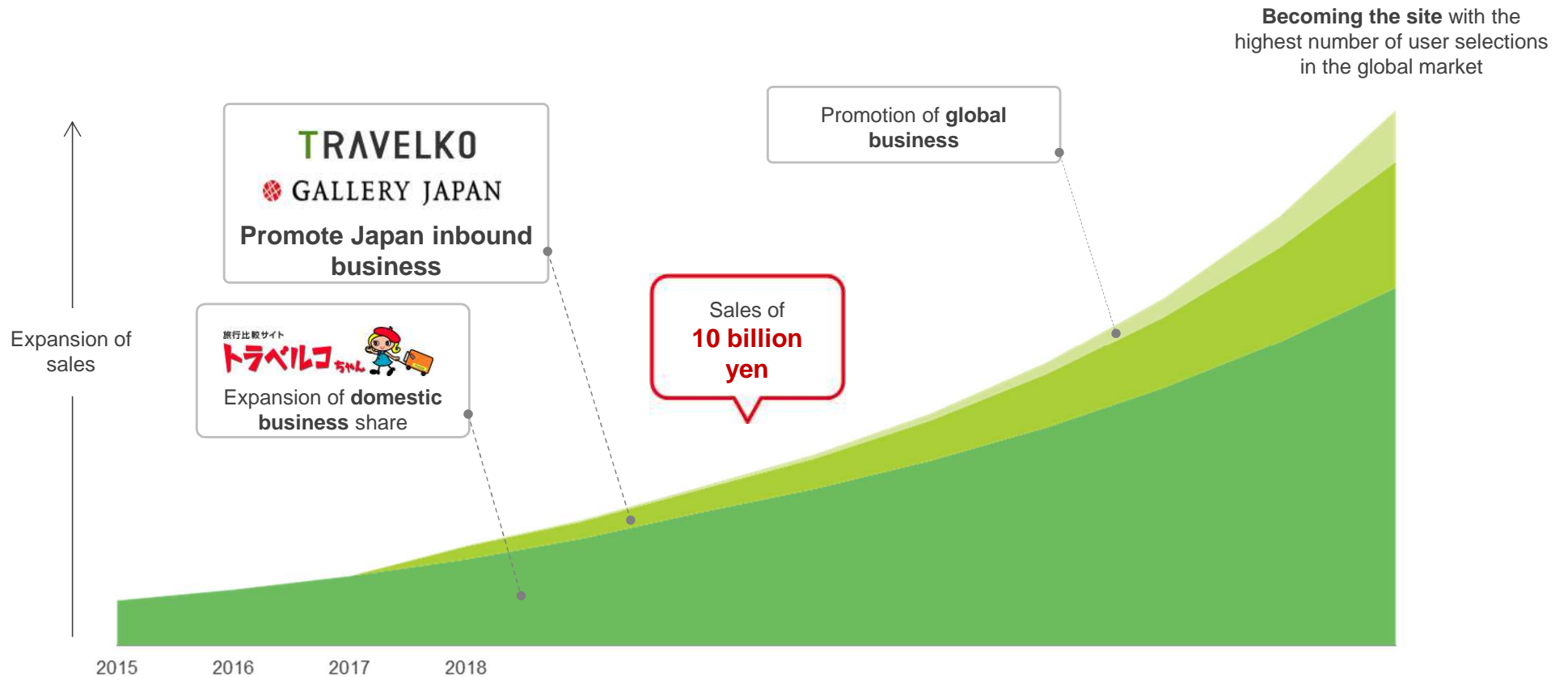


* 1 Abstract from PhoCusWright Japan's "Survey of Japan's Online Travel Market, Second Edition"
 * 2 From the above-mentioned document, a growth rate of the yearly average +11% is assumed

*3 An abstract from the number of foreign visitors to Japan by JNTO (Japan National Tourism Organization)
 *4 An abstract from the proceeding of "Tourism Vision for Supporting to the Japan of Tomorrow"

Image of Mid-term Growth

Aiming at becoming the site with the highest number of user selections in the global market



- This document contains prospects associated with our company, future plans, business objectives, etc. The entries concerning these future prospects are based on our company's assumptions concerning future events and trends as of the making of this document, so there is no guarantee that the assumptions made by our company are completely accurate. Because of various factors, the actual results may differ drastically from those assumed in this document.
- Unless otherwise stated, the financial data contained in this document is shown based on the accounting principles generally recognized inside Japan.
- The occurrence of future events, etc. notwithstanding, our company will not necessarily make revisions to publications, etc. regarding future prospects that have already been published, except in cases in which revisions are requested because of bylaws concerning disclosure of the revisions.
- Information concerning companies other than our company is based on public knowledge that is generally known.

OpenDoor Inc.

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