

# Financial Results for First Quarter of Fiscal Year ending March 2018



OpenDoor Inc.  
(Stock Code: 3926)

1. Highlights
2. First Quarter – Financial Overview
3. First Quarter – Main Initiatives
4. Second Quarter – Main Planned Initiatives
5. Reference Materials

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## ■ Key Strategies for FY2018 March

Choosing the “recognition rate” as the most important performance indicator for FY2018 March, we aim to achieve a recognition rate of 25% or higher mainly through the use of commercials. In the current fiscal year, the impact of commercials will be measured on a simultaneous basis, and the amounts spent will be adjusted flexibly within a targeted range of 300 million-1,000 million yen. Since it remains unclear how much money will be spent on advertising, the full-year projections for sales and operating profit are expressed as a range (sales: 3,700-4,000 million yen; operating profit: 800 million–1,200 million yen).

## ■ Results for 1Q FY2018 March

- Mass media advertising, including TV commercials implemented in 4Q of the previous year, has continued into 1Q of the current fiscal year.
- Quarterly sales hit an all-time high.
- Sales: **886 million yen** (up **36.8%** year on year); operating profit: **240 million yen** (up **6.3%** year on year)
- In FY2018 March, the highest quarterly sales are likely to be achieved in 2Q, followed by 4Q, 3Q and 1Q as usual. Nevertheless, the achievement rate of 1Q sales against the initial full-year sales projection was solid at **22.2-24.0%** (compared with the corresponding figure of 21.6% in the previous year).

## ■ TV Commercials

- As 1Q was the TV commercial airing period, we did not conduct a recognition rate survey. However, taking sales growth rates and other indicators into account, we will continue to air TV commercials in and after 2Q.
- We started airing a new commercial on August 11, 2017.

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# Results / Profit and Loss Statement for 1Q FY2018 March



- Sales hit an all-time high on a quarterly basis (up 36.8% year on year).
- Absorbing the increase in TV commercial costs, operating profit advanced 6.3% from the same period of the previous year.

Unit: millions of yen

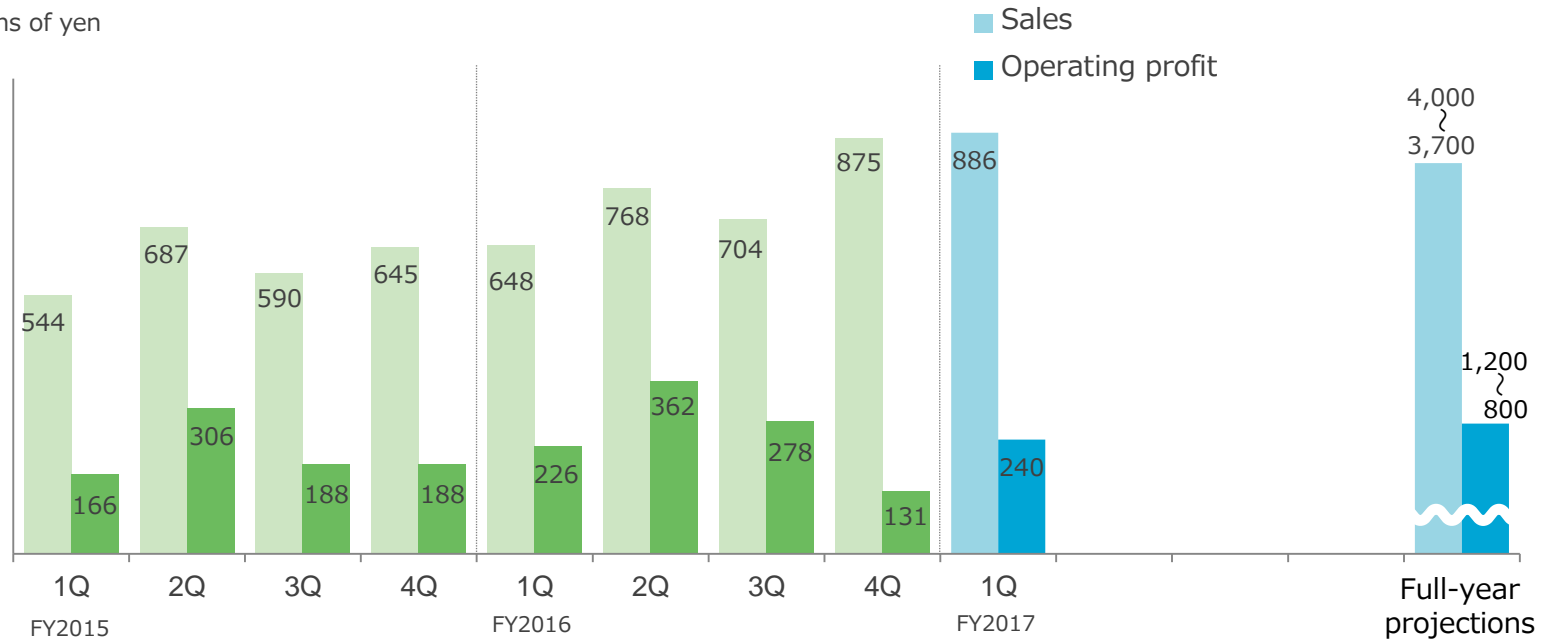
|  | 1Q<br>FY2017/3<br>Results | 1Q<br>FY2018/3 |                     |                         |               | Progression rate<br>from original<br>projection | FY2018/3<br>Projection |
|--|---------------------------|----------------|---------------------|-------------------------|---------------|---|------------------------|
|  |                           | Results        | Amount<br>of change | Percentage<br>of change |               |   |                        |
| Sales  | 648                       | 886            | +238                | +36.8%                  | 22.2% ~ 24.0% | 3,700 ~ 4,000                                   |                        |
| Cost of sales  | 128                       | 138            | +9                  | +7.2%                   | 20.3% ~ 20.3% | 680 ~ 680                                       |                        |
| Profit margin on sales                                     | 519                       | 748            | +229                | +44.2%                  | 22.5% ~ 24.8% | 3,020 ~ 3,320                                   |                        |
| Distribution costs and general<br>and administrative costs | 292                       | 507            | +214                | +73.5%                  | 20.1% ~ 27.9% | 1,820 ~ 2,520                                   |                        |
| Operating profit   | 226                       | 240            | +14                 | +6.3%                   | 20.1% ~ 30.1% | 800 ~ 1,200                                     |                        |
| Ordinary profit  | 229                       | 243            | +14                 | +6.2%                   | 20.3% ~ 30.4% | 800 ~ 1,200                                     |                        |
| Quarterly profit   | 146                       | 137            | * -8                | -5.8%                   | 19.1% ~ 28.7% | 480 ~ 720                                       |                        |
| Operating margin   | 35.0%                     | 27.2%          | -7.8P               | -                       | -             | 20.0% ~ 32.4%                                   |                        |

\* Calculation result of tax effect accounting associated with the relocation of the Tokyo head office.

# Results / Trends in Quarterly Results for 1Q FY2018 March

- Quarterly sales hit an all-time high.
- In FY2017 March, a change of billing system for main products to measured rate billing in 3Q resulted in 4Q recording the highest quarterly sales of the year, followed by 2Q, 3Q and 1Q. In FY2018 March, 2Q sales are forecast to be the highest of the year, followed by 4Q, 3Q and 1Q sales as usual.
- Mass media advertising, including TV commercials implemented in 4Q of the previous year, has continued into 1Q of the current year.

Unit: millions of yen



# FY2018 March — Projection/ Profit and Loss Statement



- No changes have been made to the initial projections at the beginning of the current fiscal year.
- Choosing the “recognition rate” as the most important performance indicator for FY2018 March, we aim to achieve a recognition rate of 25% or higher mainly through the use of commercials. In the current fiscal year, the impact of commercials will be measured on a simultaneous basis, and the amounts spent will be adjusted flexibly within a targeted range of 300 million–1,000 million yen. Since it remains unclear how much money will be spent on advertising, the projections for sales and operating profit are expressed as a range.

| Unit: millions of yen                                      | Results<br>FY2017<br>March | Projection for<br>FY2018 March |       | Change |        | Year on year |        |
|--|----------------------------|--------------------------------|-------|--------|--------|--------------|--------|
|  |                            |                                |       |        |        |              |        |
| Sales  | 2,996                      | 3,700 ~                        | 4,000 | +703 ~ | +1,003 | +23.5% ~     | +33.5% |
| Cost of sales  | 540                        | 680 ~                          | 680   | +139 ~ | +139   | +25.7% ~     | +25.7% |
| Profit margin on sales                                     | 2,455                      | 3,020 ~                        | 3,320 | +564 ~ | +864   | +23.0% ~     | +35.2% |
| Distribution costs and general<br>and administrative costs | 1,456                      | 1,820 ~                        | 2,520 | +363 ~ | +1,063 | +24.9% ~     | +73.0% |
| Operating profit   | 999                        | 800 ~                          | 1,200 | -199 ~ | +200   | -19.9% ~     | +20.1% |
| Non-operating profit/loss                                  | 6                          | 0 ~                            | 0     | -6 ~   | -6     | - ~          | -      |
| Ordinary profit  | 1,006                      | 800 ~                          | 1,200 | -206 ~ | +193   | -20.5% ~     | +19.3% |
| Extraordinary profit/loss                                  | -2                         | 0 ~                            | 0     | +2 ~   | +2     | - ~          | -      |
| Current profit   | 632                        | 480 ~                          | 720   | -152 ~ | +87    | -24.1% ~     | +13.8% |
| Current net profit per share (yen)                         | 61.6                       | 46.54 ~                        | 69.81 |        |        |              |        |



# Balance Sheet / 1Q FY2018 March

- Financial results show steady performance, with a 138 million yen increase in net assets.

| Unit: millions of yen               | 2017/3<br>Results | 2017/6<br>Results | Amount of<br>increase |
|-------------------------------------|-------------------|-------------------|-----------------------|
| Current assets                      | 3,591             | 3,679             | +87                   |
| Cash and deposits                   | 2,993             | 3,034             | +41                   |
| Other                               | 598               | 644               | +45                   |
| Fixed assets                        | 458               | 500               | +41                   |
| <b>Total assets</b>                 | <b>4,050</b>      | <b>4,179</b>      | <b>+129</b>           |
| Current liabilities                 | 702               | 640               | -61                   |
| Fixed liabilities                   | 2                 | 54                | +52                   |
| <b>Total liabilities</b>            | <b>704</b>        | <b>695</b>        | <b>-9</b>             |
| <b>Total equity</b>                 | <b>3,345</b>      | <b>3,484</b>      | <b>+138</b>           |
| Capital                             | 648               | 648               | -                     |
| Capital reserves                    | 475               | 475               | -0                    |
| Earned surplus                      | 2,236             | 2,374             | +137                  |
| Other                               | -14               | -13               | +1                    |
| <b>Total liabilities and equity</b> | <b>4,050</b>      | <b>4,179</b>      | <b>+129</b>           |

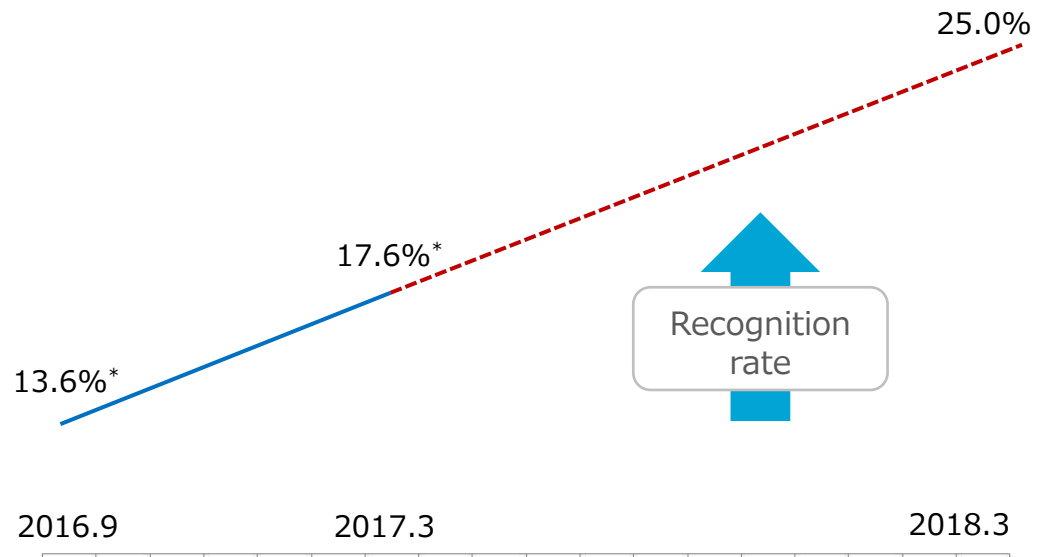
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# 1Q FY2018 March/ Recognition Rate from TV Commercials

- Based on verification of the effectiveness of TV commercials aired in 1Q, we will continue to actively broadcast TV commercials in 2Q, with the aim of achieving a recognition rate of 25% or higher within the current fiscal year.
- Since August 11, 2017, a new commercial has been aired to cover not only Tokyo, Nagoya and Osaka but also other major cities throughout Japan.



Images from the new commercial



\* Source: OpenDoor's own survey (April 2017)  
 Survey respondents: Male and female respondents from across Japan aged 18 to 59 who have been on a trip that involved an accommodation, for either private or business purposes, from a sample of 10,000.

- 4/03 (Japan site) Launch of domestic dynamic packages provided by Rurubu Travel. Route and flight selection further enhanced.
- 4/06 (Japan site) Affiliate with Viator in marketing overseas optional tours. A sharp increase in the number of products posted, mainly those covering North America and Oceania.
- 4/06 (Global site) Affiliate with Lion Travel, the largest travel agency in Taiwan. An increase in the number of hotels and plans posted further boosts convenience for users in Taiwan.
- 6/29 (Japan site) Launch new service for comparing overseas Wi-Fi rental services, making it possible to conduct a comprehensive search of mobile Wi-Fi router rental services available overseas.

## Start cooperating in domestic dynamic package marketing



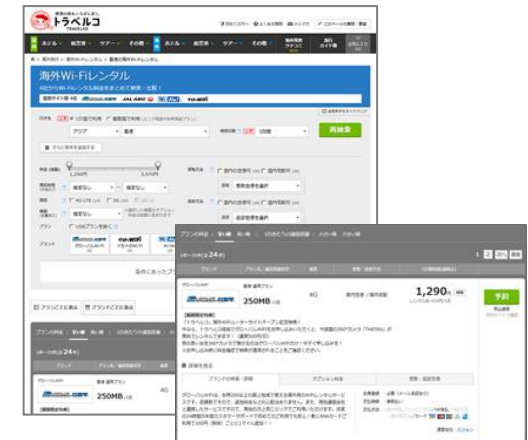
Start posting domestic dynamic packages (airline tickets + hotels) provided by Rurubu Travel

## Start cooperating with the largest travel agency in Taiwan



Start cooperating with Lion Travel, the largest travel agency in Taiwan, on the website: Travelko.com

## Launch new service to search for overseas Wi-Fi rental services



Launch new, overseas Wi-Fi rental comparison service, making it possible to conduct a comprehensive search of mobile Wi-Fi router rental services available overseas

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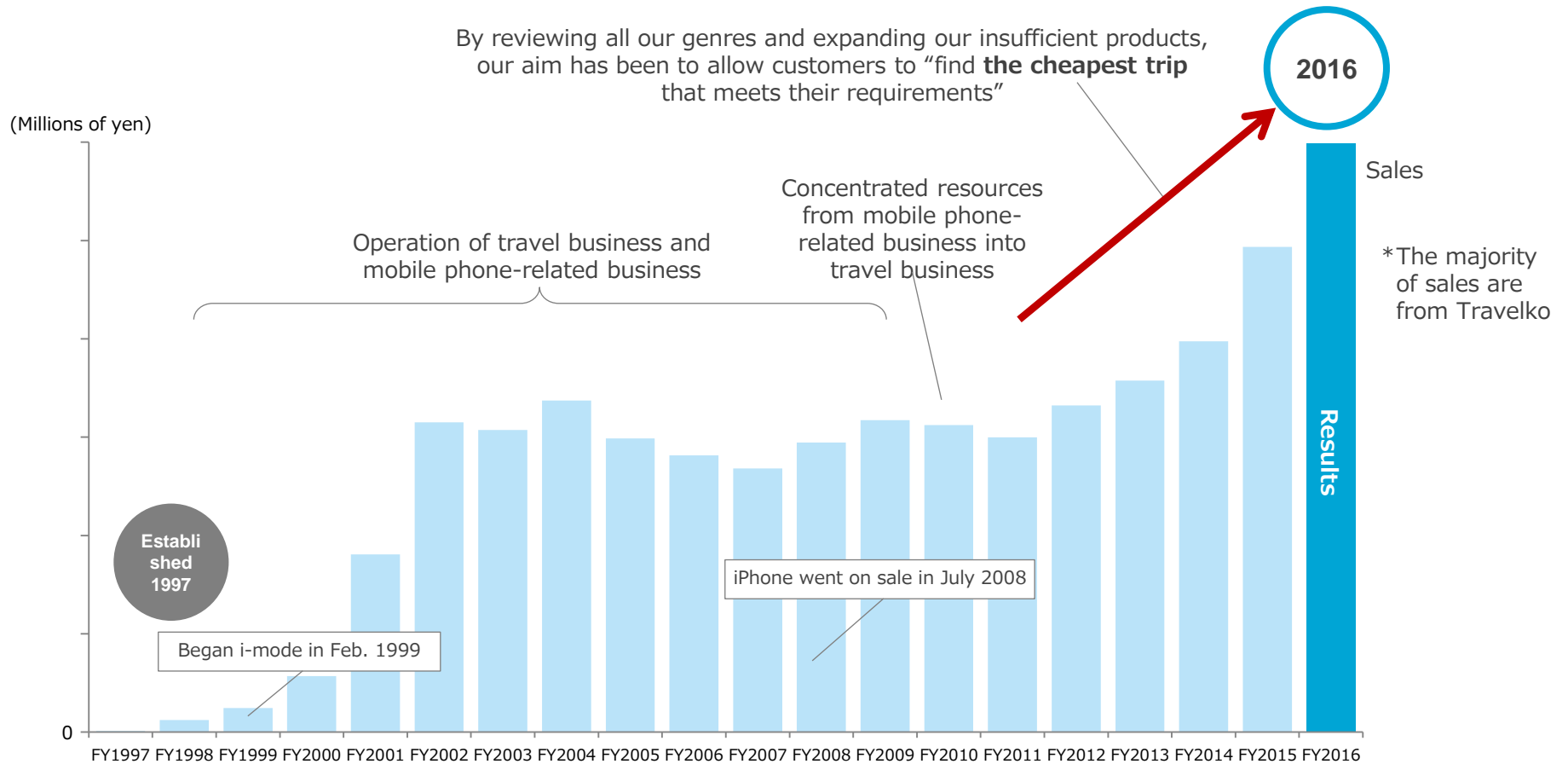
- ✓ Start airing new commercial! Coverage areas will expand from Tokyo, Nagoya and Osaka to major cities across the nation.
- ✓ Following on from the domestic hotel menu, turn other main menus, such as international tours and domestic air tickets, into an application.
- ✓ Renew highway bus and overnight bus menus
- ✓ Establish services enabling users to compare domestic train and hotel packages

*Coming Soon*

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|                           |  |
|---------------------------|--|
| 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"<br>Multi-language travel comparison site "Travelko"<br>Traditional crafts information site "GALLERY JAPAN" |
| Consolidated subsidiaries | 100% equity in Hotel Skip Inc.<br>Reservation, arrangement, and sales for international and domestic hotels                                  |
| Number of employees       | A total of 150 employees   |





A travel comparison site that allows you to search and compare products from more than 500 booking websites

理想の旅を、いざばん安く。 **トラベルコ** TRAVELKO 20th Anniversary

運営会社：株式会社オープンドア（東証一部）  
初めての方へ よくある質問 メールマガ

国内 海外 海外現地クチコミ NEW 旅行ガイド他 お気に入り(0)

JTB、H.I.S.、じゃらんnet、楽天トラベル、Expedia、Booking.comなど、国内外500以上の旅行サイトを比較！

レジャー・ビジネス・格安・5つ星など、あらゆる目的に応じたプラン・チケットを網羅！

価格重視派も、こだわり派も満足の旅が見つかる豊富な検索条件！

燃油サーチャージ、空港諸税、リゾートフィーなどを含んだ、参加人数の合計料金でも比較可能！

トラベルコの新CM登場！CMギャラリーにて公開中！

| 国内旅行            |               | 海外旅行      |                 |
|-----------------|---------------|-----------|-----------------|
| 国内ホテル           | 国内格安航空券       | 海外ホテル     | 海外格安航空券         |
| 国内ツアー           | 国内航空券+ホテル     | 海外ツアー     | 海外航空券+ホテル       |
| 日帰り旅行・体験・ホテルプラン | 高速バス・夜行バス NEW | オプションツアー  | 海外Wi-Fiレンタル NEW |
| 国内レンタカー         | 日帰りバスツアー      | ファイナルコール  |                 |
| ファイナルコール        |               | > ベストセレクト |                 |

新サービス「海外Wi-Fiレンタル」

オフラインでも使えるトラベルコマップ

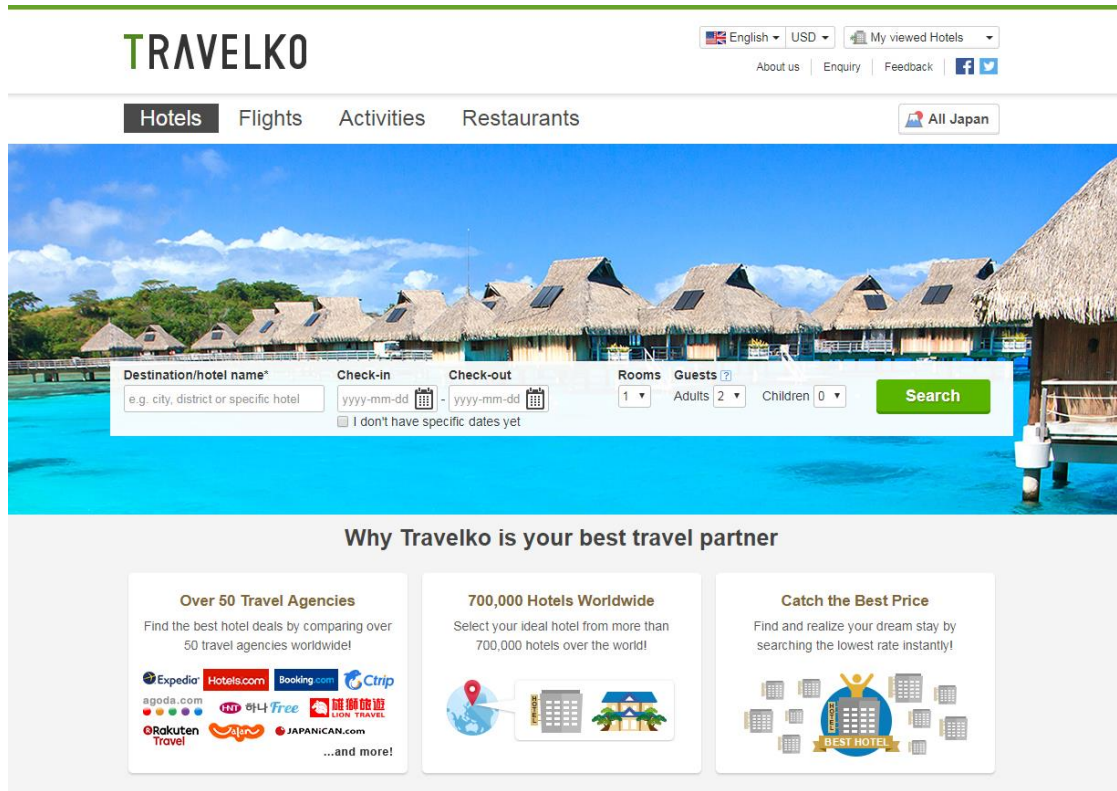
人気上昇中！ダナン他全98都市窓口

最安値一覽 東京発 9月 10月 【マーク説明】 ↓↑...最安値の更新履歴あり ※8月29日時点の情報です

| 国内ツアー       | 国内ホテル        | 海外ツアー(燃油込)       |
|-------------|--------------|------------------|
| 札幌2日 1.68万円 | 札幌 2,600円 ↓  | ソウル3日間 1.48万円    |
| 旭川3日 2.67万円 | 鬼怒川温泉 3,240円 | 台北3日間 1.93万円     |
| 金沢2日 1.82万円 | 東京 2,093円    | 香港3日間 2.51万円 ↑   |
|             |              | グアム4日間 3.58万円    |
|             |              | バンコク4日間 2.90万円   |
|             |              | シンガポール4日間 2.98万円 |



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

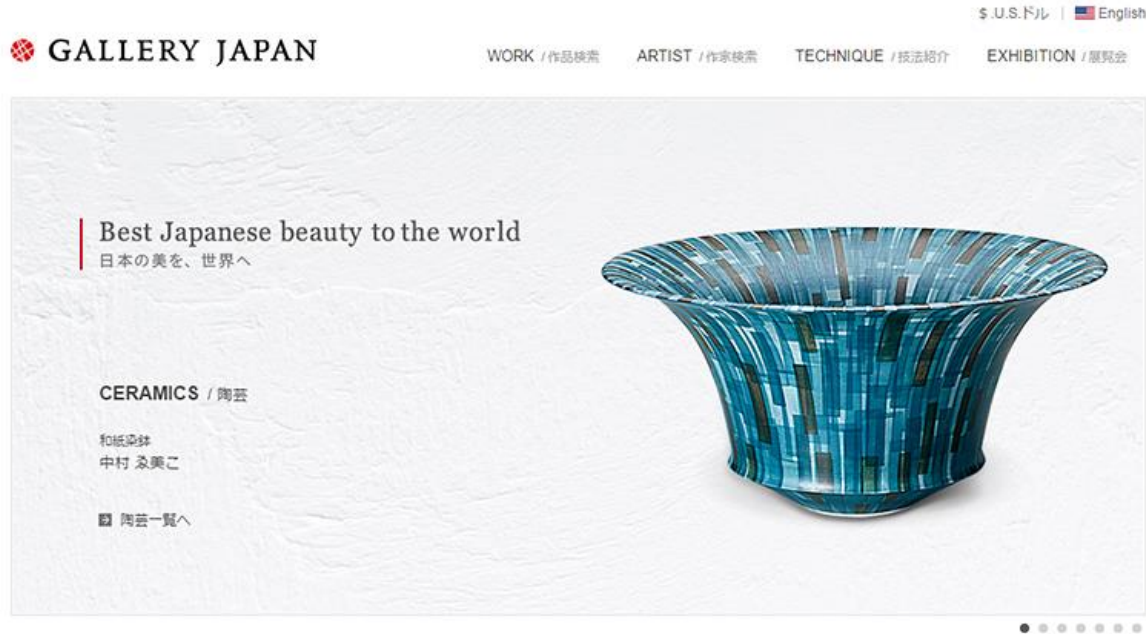


Started in October 2014

**Supported Languages**

- English
- Chinese Simplified
- Chinese Traditional (Taiwan)
- Chinese Traditional (Hong Kong)
- Korean

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



Started in October 2014

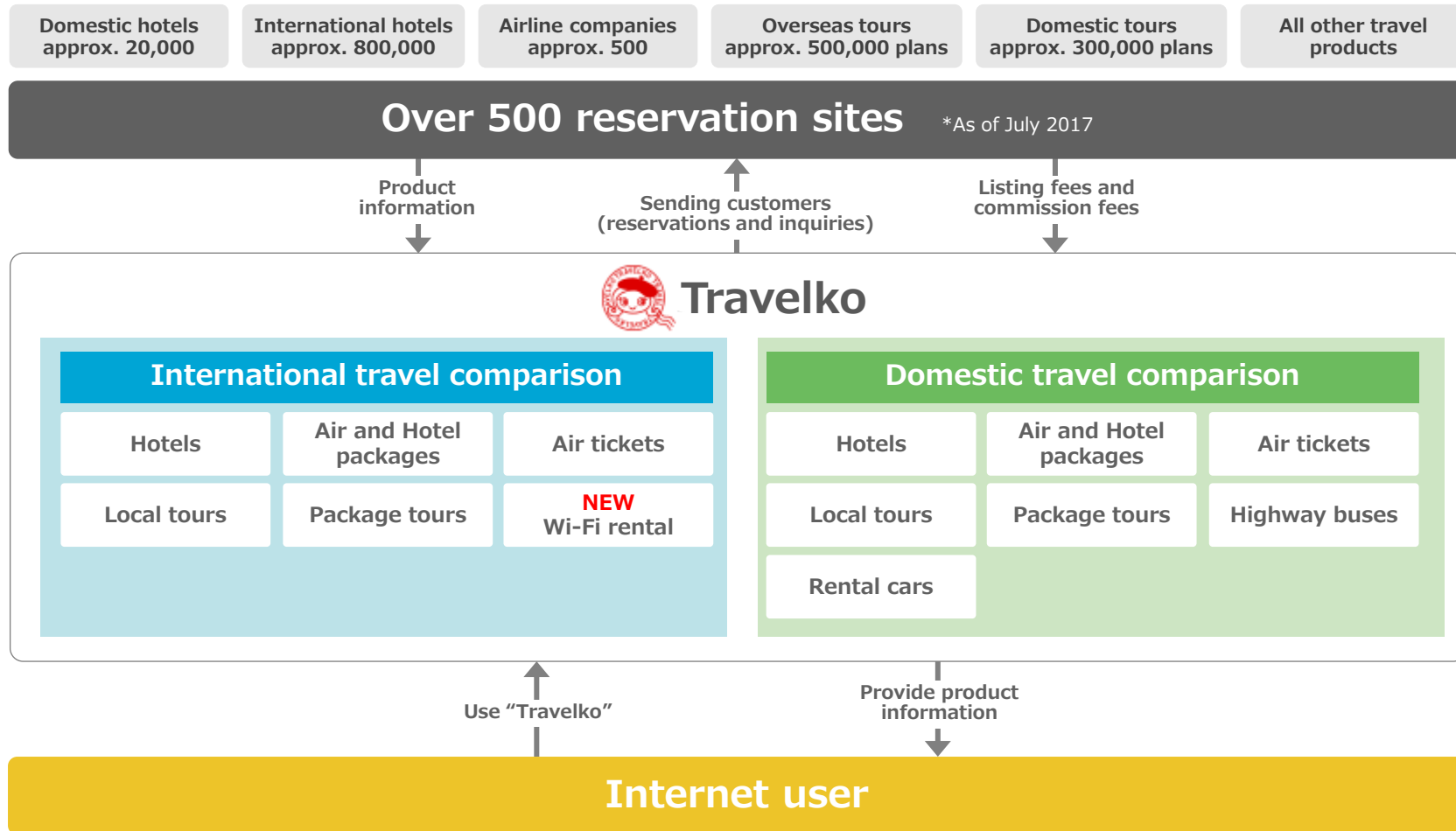
Supported Languages

English  
Japanese

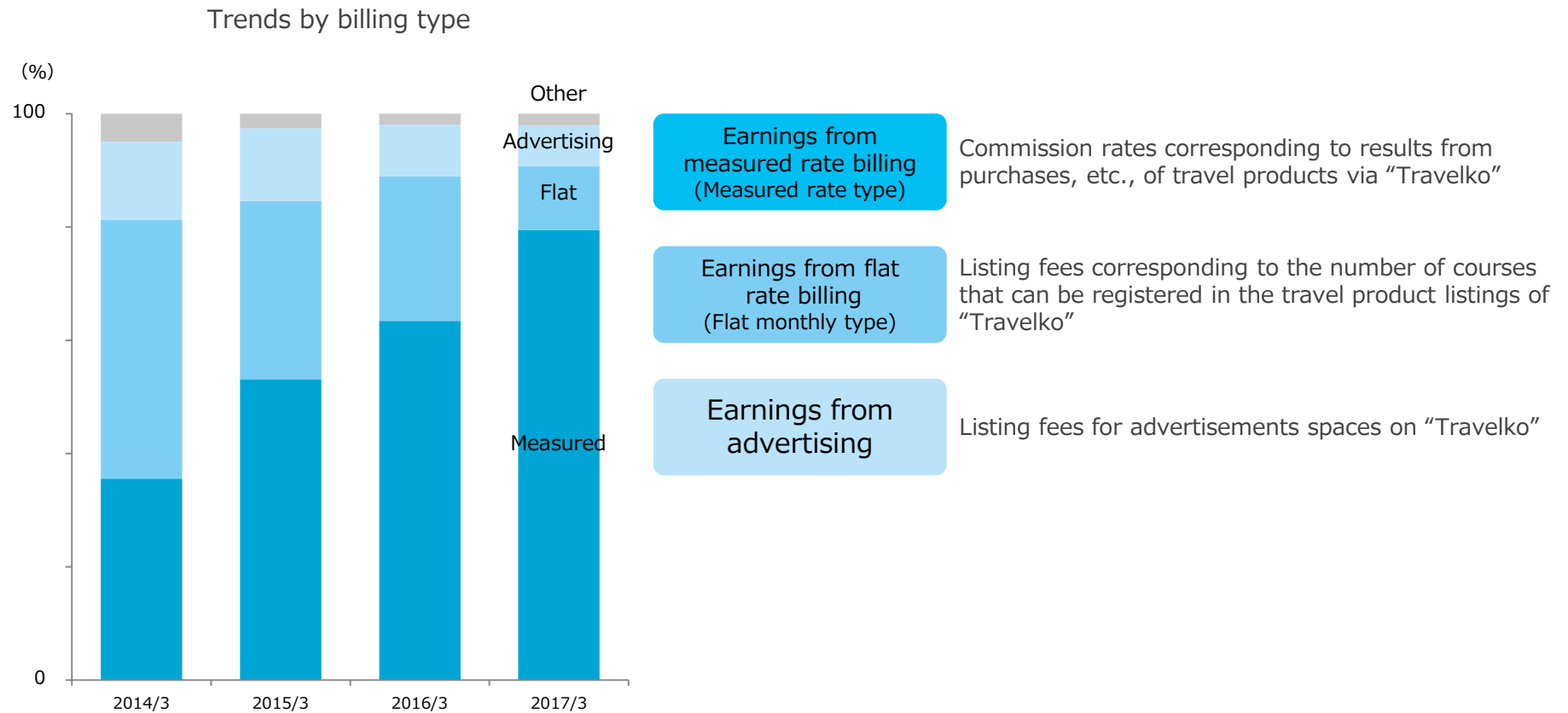
WORK / 作品紹介



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

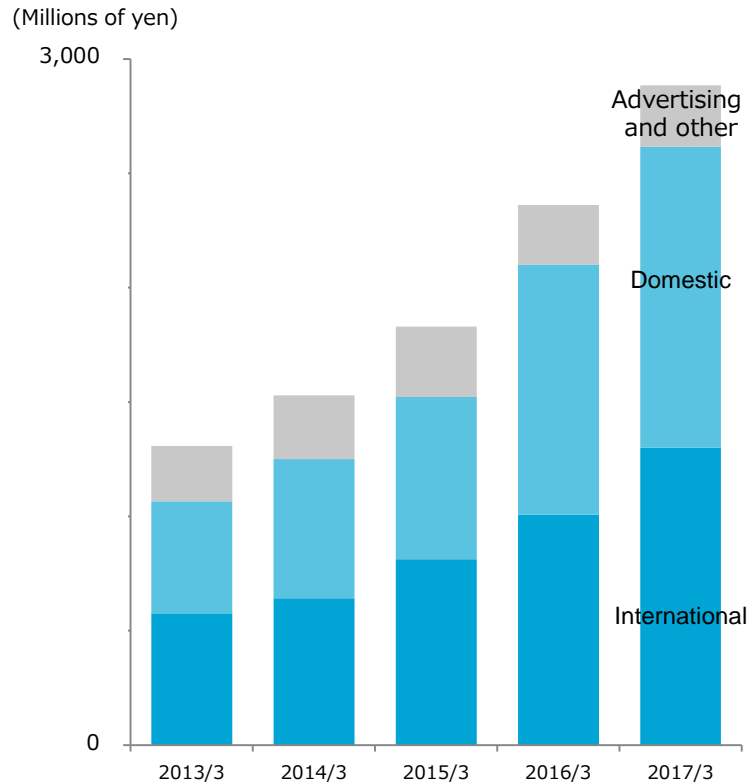


Shift from flat rate billing to measured rate based on results



Both international and domestic sales increasing; a well-balanced risk-resilient sales structure.

Trends in the ratio between international and domestic sales

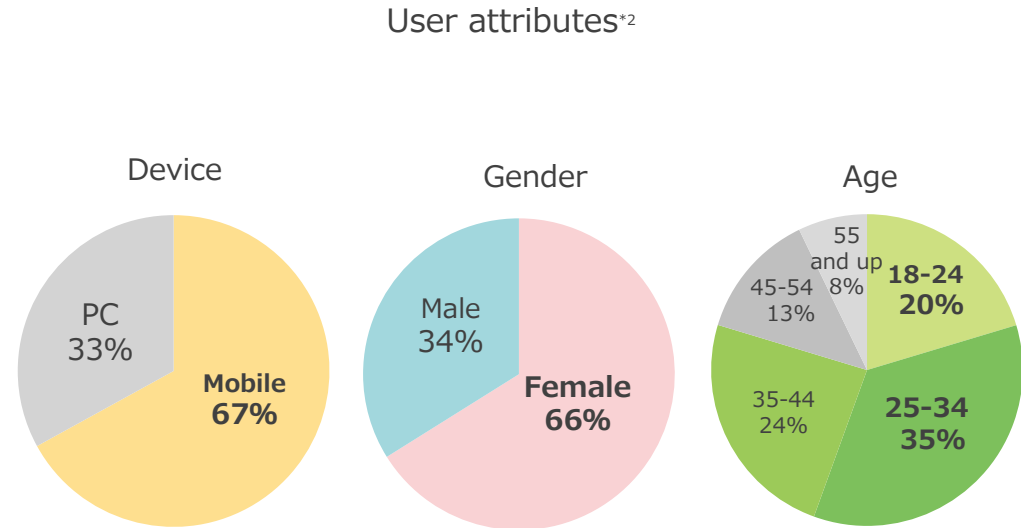
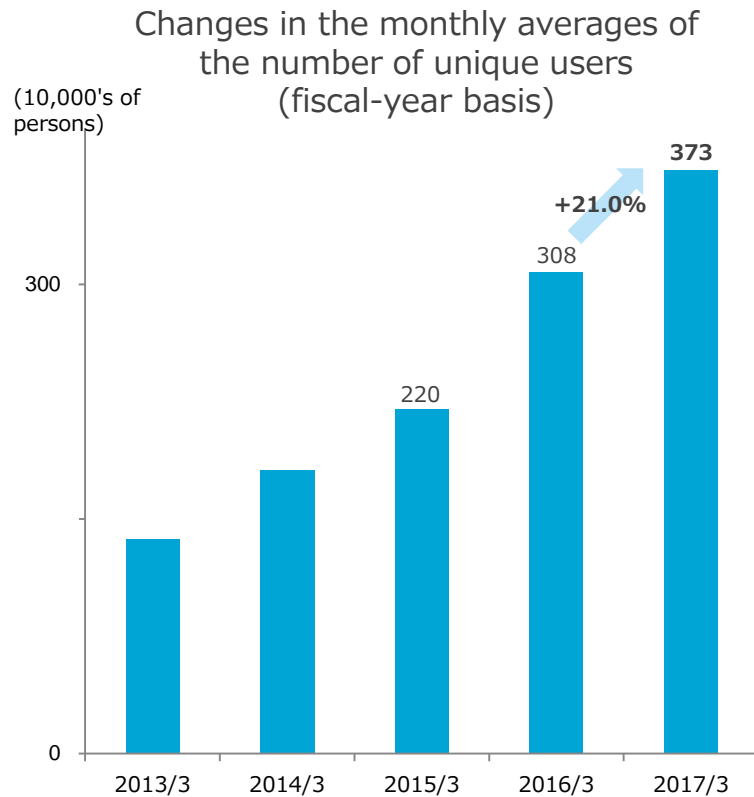


**Flexibly corresponds to changes in market trends**

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

There has been a steady rise in the number of unique users\*<sup>1</sup>. Of particular note is the fact that price- and quality-conscious F1 users (females aged 20-34) account for a large proportion.



\*The majority of genres are now supported on smartphones.

We are favored by price- and quality-conscious F1 users.



\* 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 2016/7 - 2017/6 access analysis data of our company



Top-class domestic product competitiveness

- ✓ **Coverage** of the majority of **genres\***, and price comparison connected with inventory information
- ✓ Comparison possible of over 500 reservation sites, and **overwhelming price competitiveness**

\*Product genres such as package tours, hotels, air tickets, dynamic packages, etc.

High profitability

- ✓ Supported by high price competitiveness, reviews alone able to boost the number of users
- ✓ **A structure in which profitability increases as sales increase**, thanks to slower increases in variable costs and fixed costs compared to sales growth (Excluding cases where large investments and promotion activities are implemented\*\*)

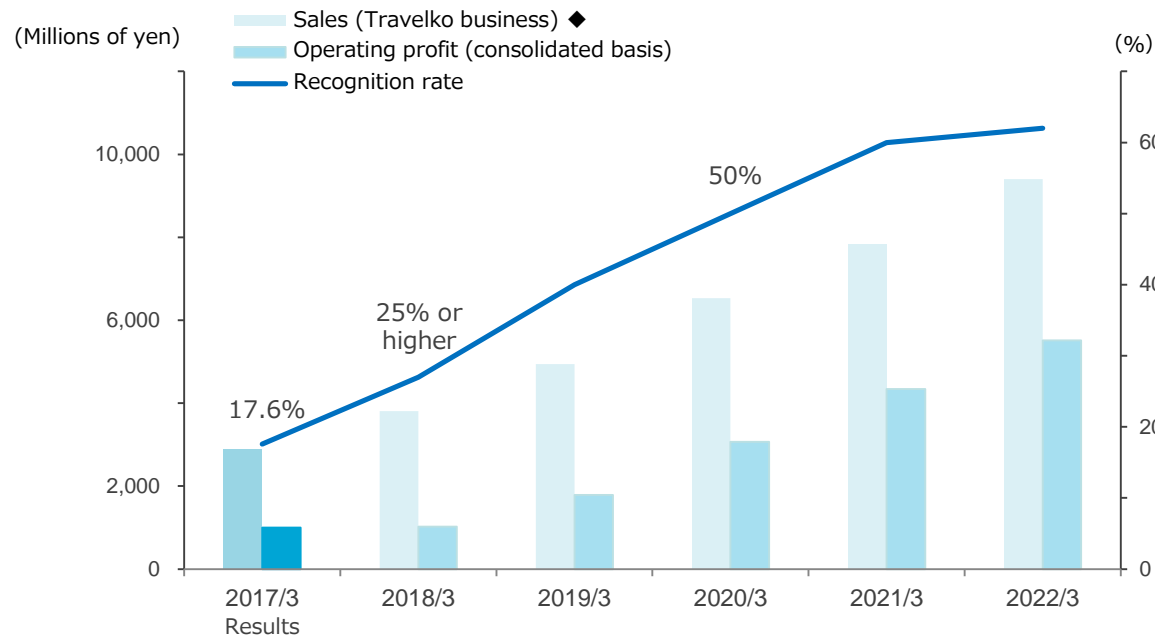
\*\*Mass advertising including TV commercials to be implemented in FY2018 March in order to secure new users and accelerate growth

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**

# Image of Mid-term Growth in Travelko Business

- The recognition rate of the top brand in the travel industry is approximately 70%. Travelko aims to achieve a recognition rate of 50% over the next three years (FY2020 March).
  - The number of unique users that has a direct impact on sales is considered to grow at a rate proportional to the recognition rate and brand awareness. Accordingly, an increase in the recognition rate is expected to be followed by an increase in the number of unique users and sales.
- \* A certain level of investment in mass advertising is expected to continue to maintain brand awareness.
- \*\* For sales to grow in proportion to the recognition rate, in addition to the above, it is important that products are price competitive. This is one of the company's strengths and is likely to be maintained in the future as well.



- ◆ Because almost all sales currently arise from the Travelko business.
- ◆◆ The graph provides an image of future trends.

20th Anniversary

JTB, H.I.S.、じゃらんnet、楽天トラベル、Expedia、Booking.comなど、国内外500以上の旅行サイトを比較！

国内旅行

|                 |               |
|-----------------|---------------|
| 国内ホテル           | 国内格安航空券       |
| 国内ツアー           | 国内航空券+ホテル     |
| 日帰り旅行・体験・ホテルプラン | 高速バス・夜行バス NEW |
| 国内レンタカー         | 日帰りバスツアー      |
| ファイナルコール        |               |

海外旅行

|          |                 |
|----------|-----------------|
| 海外ホテル    | 海外格安航空券         |
| 海外ツアー    | 海外航空券+ホテル       |
| オプションツアー | 海外Wi-Fiレンタル NEW |
| ファイナルコール |                 |

海外旅行 クラウド NEW

旅行ガイド NEW

お気に入り (0)

新サービス「海外Wi-Fiレンタル」

オンラインでも使えるトラベルマップ

人気スポット「タナシ」全89都市を口コ

最安値一覧

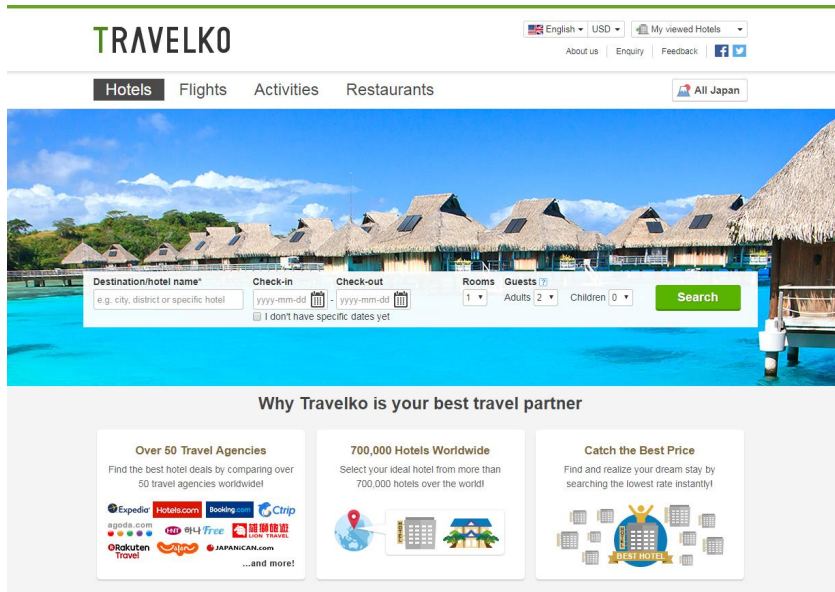
東京発 9月 10月 [マーク説明] ↓↑ 最安値の更新頻度あり ※8月29日時点の価格です

| 国内ツアー               | 国内ホテル         | 海外ツアー(燃油込)      |
|---------------------|---------------|-----------------|
| 札幌2日 1,685円         | 札幌 2,600円 ↓   | ソウル3日 1,485円    |
| 旭川2日 2,675円         | 札幌川湯温泉 3,240円 | 香港3日 2,515円 ↑   |
| 金沢2日 1,825円         | 東京 2,095円     | クアム4日 3,585円    |
| 大宮2日 1,645円         | TDR 3,500円    | バンコク4日 2,905円   |
| 京都2日 1,475円         | 横浜 4,046円     | ホノルル5日 6,585円   |
| 博多・福岡2日 1,985円      | 福岡 3,200円     | ロサンゼルス5日 5,985円 |
| 那覇3日 2,085円         | 那覇 3,300円     | パリ6日 7,875円     |
| 沖縄ビーチ(恩納村)3日 2,245円 | 那覇 400円       | ローマ6日 8,275円 ↑  |
|                     |               | ロンドン6日 8,275円 ↑ |
|                     |               | 台北2日 1,935円     |
|                     |               | クアム4日 3,585円    |
|                     |               | シンガポール4日 2,985円 |
|                     |               | パリ5日 3,955円     |
|                     |               | ニューヨーク5日 7,305円 |
|                     |               | ロンドン6日 7,985円   |
|                     |               | パリ6日 8,575円     |
|                     |               | ドバイ6日 7,985円    |

国内旅行記事

海外旅行記事

- ✓ Enhance existing menus and turn them into an application
- ✓ Establish services enabling users to compare train and hotel packages
- ✓ Renew highway bus and overnight bus menus
- ✓ Launch overseas Wi-Fi router rental comparison service
- ✓ Provide a wider range of travel professionals' reviews
- ✓ Enhance the contents of "Travelko Map" application
- ✓ Expand system provision
- ✓ Make posting standards more rigorous, thereby ensuring highly reliable services



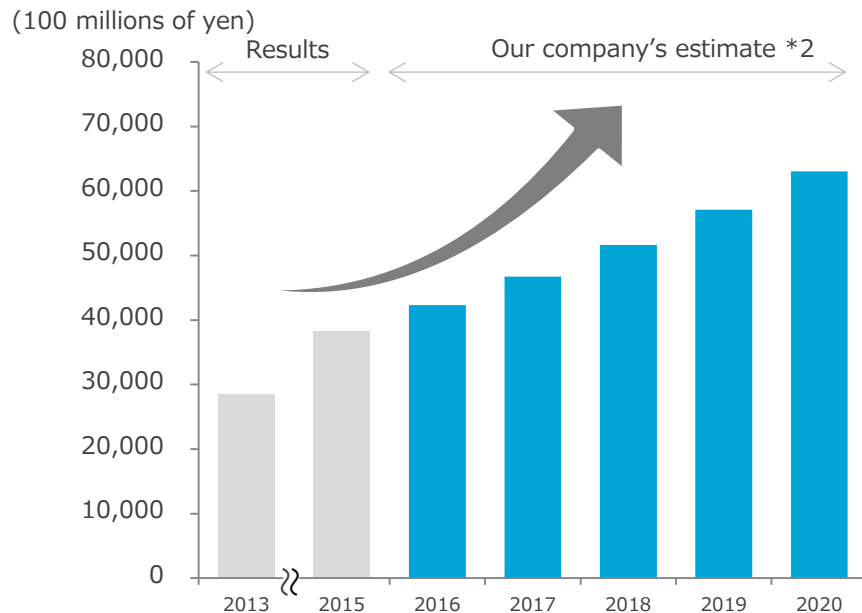
- ✓ Strengthen ties with local travel agencies in other countries  
Start cooperating with the largest travel agency in Taiwan, Lion Travel, on April 6, 2017
- ✓ Begin product comparison for BnB rentals, package tours and optional tours
- ✓ Increase travel reviews in multiple languages for inbound travelers
- ✓ Provide system to inbound media

# Recognition of Market Environments

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

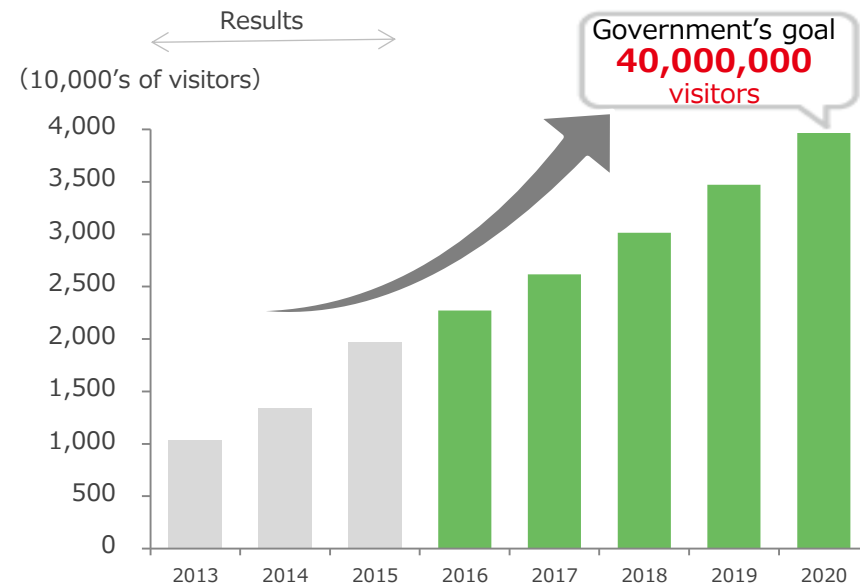
## Online travel market scale

Total travel market scale: 9.7 trillion yen \*1  
 Online market scale: **3.8 trillion yen (2015)** \*1  
 Average annual increase of **15%** \*1



## Growing inbound market

2016: 24,030,000 visitors \*3 → 2020: **40,000,000** visitors \*4



\* 1 An abstract from PhoCusWright Japan's "Survey of Japan's Online Travel Market, Third Edition"

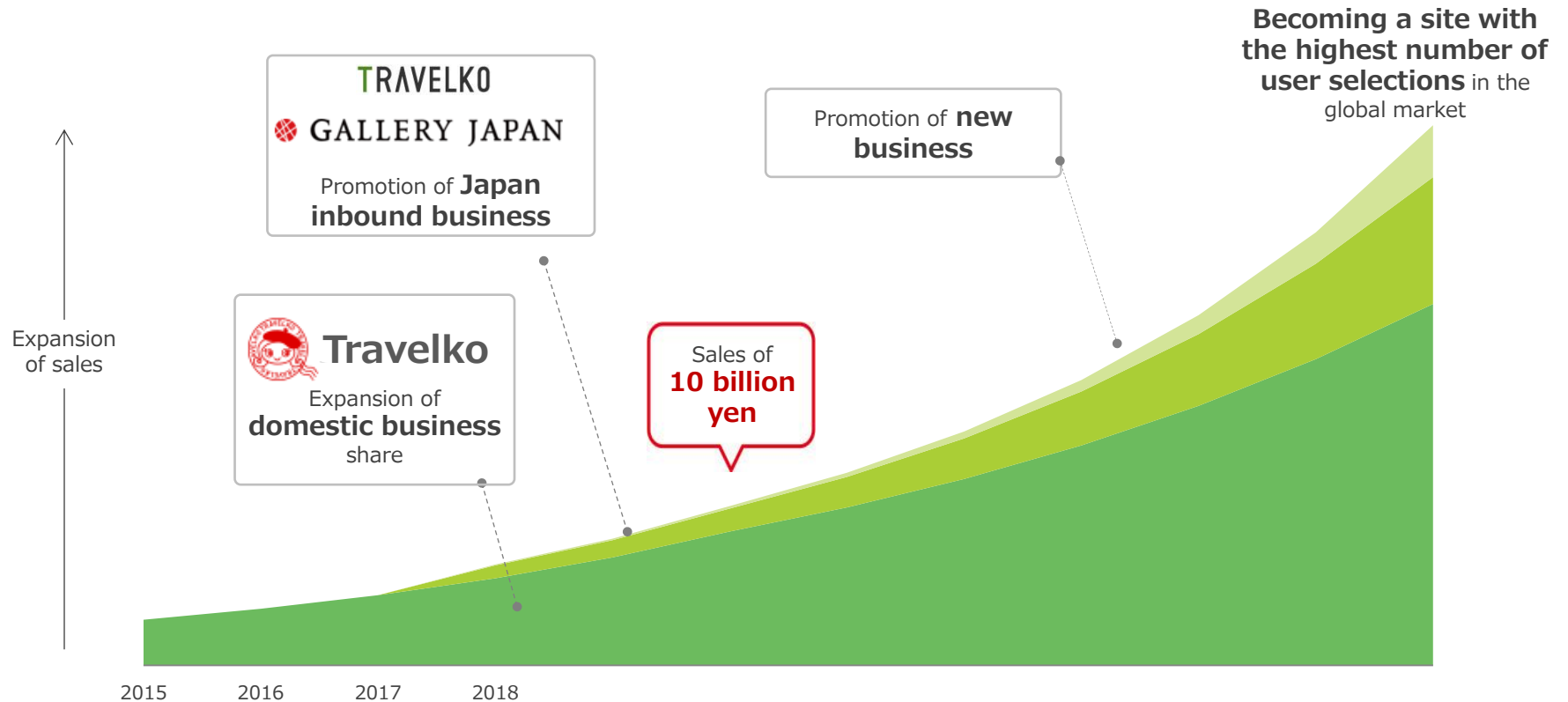
\* 2 A growth rate of the yearly average +10% is assumed

\* 3 An abstract from the number of foreign visitors to Japan by JNTO (Japan National Tourism Organization)

\* 4 An abstract from "Tourism Vision to Support the Future of Japan"

# Image of Mid-term Growth

Aiming to become a 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 at the time of making 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 herein is shown based on 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 where such 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.

For inquiries regarding this document or IR,  
please contact the office listed below.

Administrative Division, OpenDoor Inc.

TEL: 03-5545-7215      FAX: 03-3586-8708

Homepage: <https://www.opendoor.co.jp>