

Financial Results for Second Quarter of Fiscal Year Ending March 2019



OpenDoor Inc.
(Stock Code: 3926)

1. Highlights
2. Second Quarter - Financial Overview
3. Second Quarter - Main Initiatives
4. Main Future Initiatives
5. Reference Materials

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■ Key Strategies for FY2019 March

- The main objective for FY2019 March will be the, and we aim to achieve a rate of **37%** through TV and other media. We plan to implement advertising while measuring the effect of investment, with the budget for advertising set between 1,000 million yen and 1,500 million yen. Based on this advertising budget, the projections for sales and profit at each stage are expressed as a range (sales: 4,800-5,000 million yen; operating profit: 1,300-1,600 million yen).

■ Results for 2Q FY2019 March

Accounting period (July to September)

- Sales: **1,388 million yen (up 17.8% YoY)** (year-on-year); operating profit: **476 million yen (up 44.4% YoY)**
- Although year-on-year sales growth was lower than that in 1Q FY2019 March (up 25.7%) due to a series of natural disasters, including the torrential rain in western Japan, Typhoon Jebi (Typhoon No. 21), and an earthquake in Hokkaido registering 7 on the Japanese seismic scale, both sales and operating profit hit all-time highs on a quarterly basis.

Cumulative period (April to September)

- Sales: **2,503 million yen (up 21.2% YoY)**; operating profit: **932 million yen (up 63.4% YoY)**
- Despite negative effects of a series of natural disasters, sales for the 2Q cumulative period hit a record high, and the achievement rate of sales against the initial full-year sales projection was more or less the same as that in the same period of the previous year.

(Achievement rate of sales against the initial full-year sales projection: 50.1%-52.1% in 2Q FY2019 March vs. 51.5% in 2Q FY2018 March).

*The effects of the above-mentioned natural disasters were temporary. Earnings performance has been recovering since October.

- Despite an increase in advertising expenses (up 73 million yen), operating profits also increased significantly from the same period of the previous year to hit a record high.

■ TV Commercials

- The recognition rate in September 2018 was **37.9%**. We achieved the full-year target of 37% six months ahead of schedule.
- To further raise the recognition rate in the second half of FY2019 March, we plan to launch efficient advertising campaigns to meet the timing of travel needs.

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2Q FY2019 March / Financial Overview

- Although year-on-year sales growth was slower than that in 1Q FY2019 March (up 25.7%) owing to a series of natural disasters, including torrential rain in western Japan, Typhoon No. 21 and an earthquake in Hokkaido registering 7 on the Japanese seismic intensity scale, both sales (up 17.8% YoY) and operating profit (up 44.4% YoY) hit all-time highs on a quarterly basis.

(Unit: millions of yen)

	2Q FY2018 March Results	2Q FY2019 March Results	Amount of change	YoY
Sales	1,179	1,388	+209	+17.8%
Cost of sales	157	151	-6	-4.3%
Gross profit	1,021	1,237	+216	+21.2%
Selling, general and administrative expenses	691	761	+69	+10.1%
Operating profit	329	476	+146	+44.4%
Ordinary profit	330	478	+147	+44.7%
Net incomes	206	300	+93	+45.1%
Operating margin	28.0%	34.3%	+6.3P	-

2Q FY2019 March (cumulative results) / Achievements against Initial Projections



- Despite negative effects of a series of natural disasters, sales for the 2Q cumulative period hit a record high, and the achievement rate of sales against the initial full-year sales projection was more or less the same as that in the same period of the previous year. (Up 21.2% YoY; Achievement rate of sales against the initial full-year sales projection: 50.1%-52.1% in 2Q FY2019 March vs. 51.5% in 2Q FY2018 March).
 - * The effects of the above-mentioned natural disasters were temporary. Earnings performance has been recovering since October.
- Despite an increase in advertising expenses (up 73 million yen), operating profit also increased significantly from the same period of the previous year to hit a record high (up 63.4% YoY).

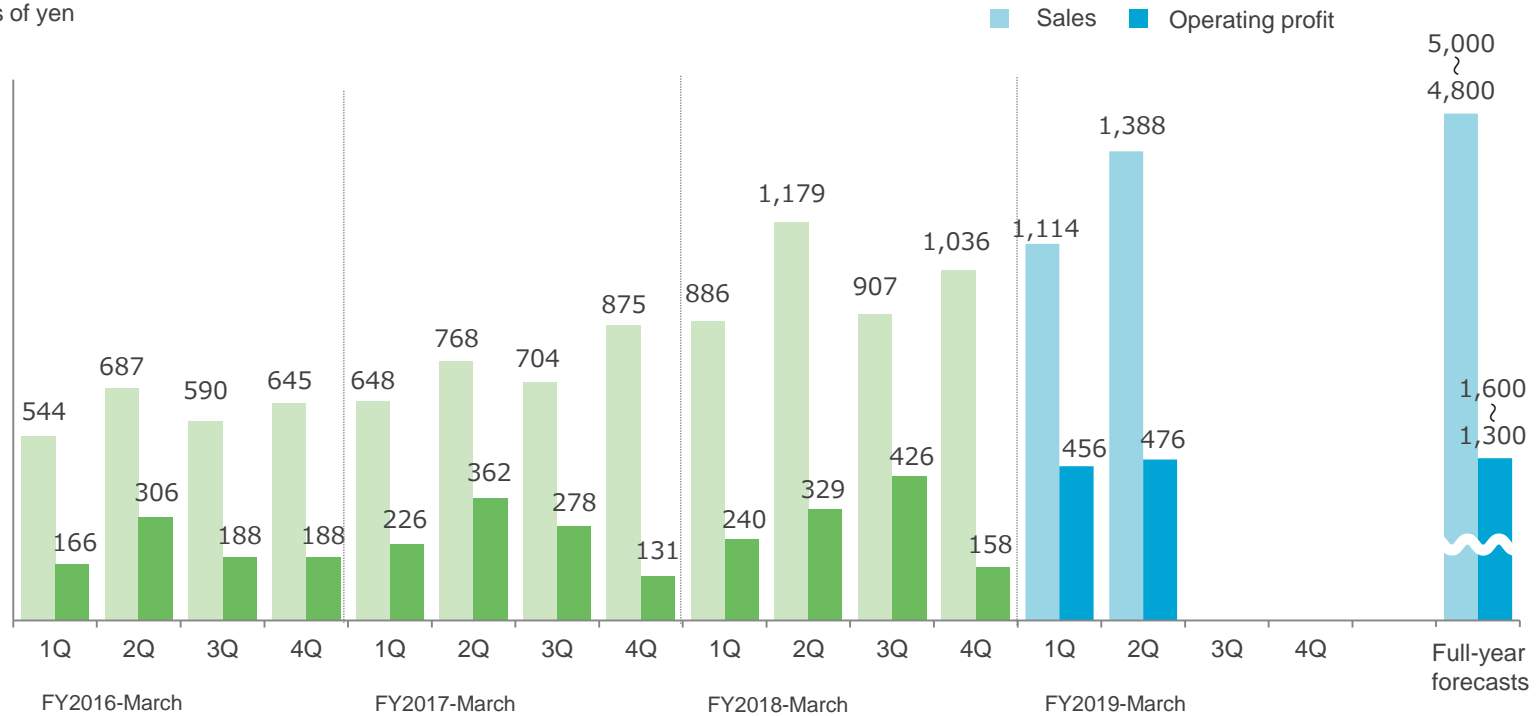
Unit: millions of yen

	2Q FY2018	2Q FY2019				FY2019 March Full-year forecasts	
	March Results	March Results	Amount of change	Y o Y	vs. plans		
Sales	2,065	2,503	+437	+21.2%	50.1% ~ 52.1%		4,800 ~ 5,000
Cost of sales	295	287	-8	-2.8%	47.9% ~ 47.9%		600 ~ 600
Gross profit	1,769	2,215	+445	+25.2%	50.4% ~ 52.8%		4,200 ~ 4,400
Selling, general and administrative expenses	1,199	1,283	+84	+7.0%	41.4% ~ 49.4%		2,600 ~ 3,100
Operating profit	570	932	+361	+63.4%	58.3% ~ 71.7%		1,300 ~ 1,600
Ordinary profit	574	935	+361	+62.9%	58.5% ~ 71.9%		1,300 ~ 1,600
Net incomes	344	616	+271	+78.9%	64.2% ~ 79.0%		780 ~ 960
Operating margin	27.6%	37.3%	+9.7P	-	-		26.0% ~ 33.3%

2Q FY2019 March / Trends in Quarterly Results

- Both sales and operating profit hit all-time highs on a quarterly basis.
- In FY2019 March, the highest quarterly sales are likely to be achieved in 2Q, followed by 4Q, 3Q and 1Q as usual in the past.

Unit: millions of yen



FY2019 March–Financial Projection / Profit and Loss Statement



- Initial projections made at the beginning of the current fiscal year remain.
- Continuing to use the recognition rate as the most important performance indicator for FY2019 March, we aim to achieve a recognition rate of 37% through TV and other media.
(We achieved a recognition rate of 37.9% in September 2018.)
- We plan to implement advertising while measuring its impact on a simultaneous basis, and the amounts spent will be within a targeted range of 1,000–1,500 million yen. Since it remains unclear how much money will be spent on advertising, the projections for sales and profit at each stage are expressed as a range.

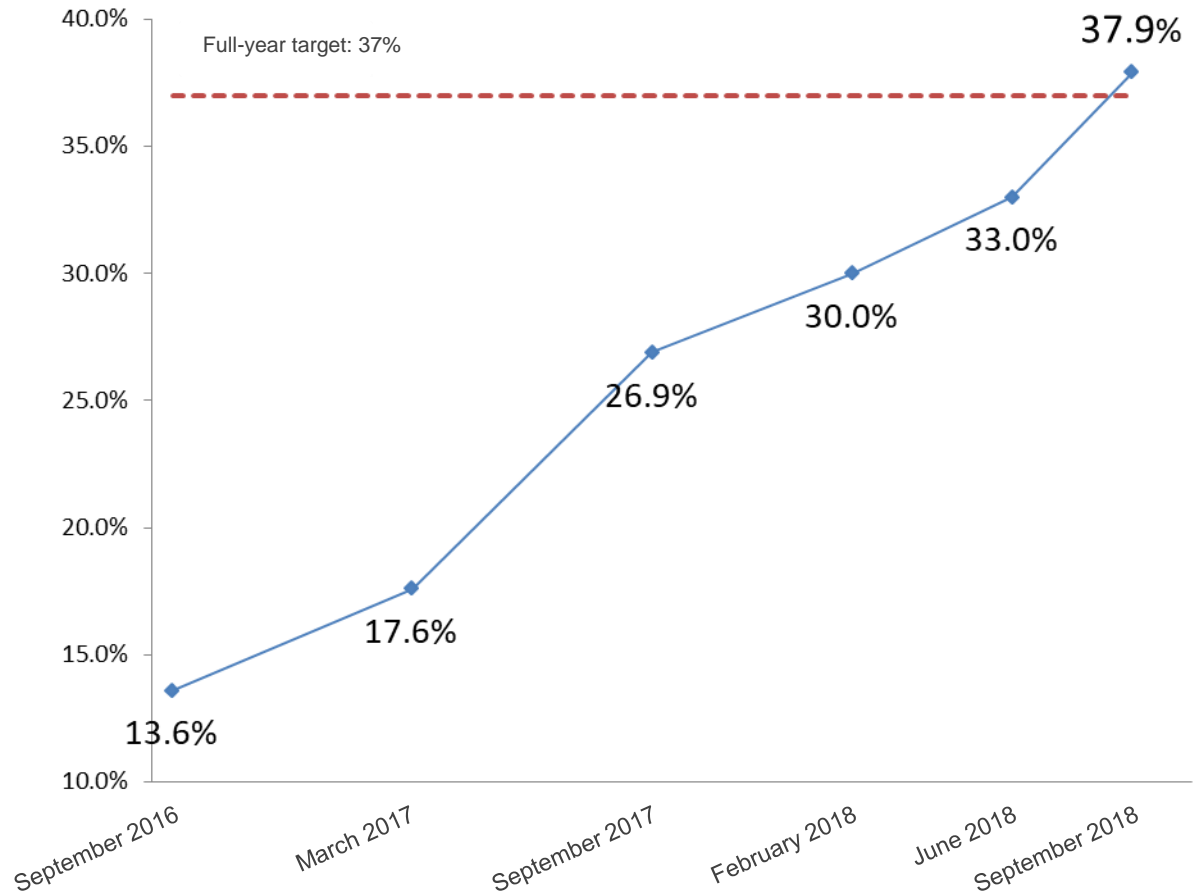
Unit: millions yen

	FY2018/3 Results	Projections for FY2019 March		Amount of change		YoY	
Sales	4,009	4,800 ~	5,000	+790 ~	+990	+19.7% ~	+24.7%
Cost of sales	585	600 ~	600	+14 ~	+14	+2.5% ~	+2.5%
Gross profit	3,424	4,200 ~	4,400	+775 ~	+975	+22.7% ~	+28.5%
Selling, general and administrative expenses	2,268	2,600 ~	3,100	+331 ~	+831	+14.6% ~	+36.6%
Operating profit	1,155	1,300 ~	1,600	+144 ~	+444	+12.5% ~	+38.5%
Non-operating profit/loss	8	0 ~	0	-8 ~	-8	- ~	-
Ordinary profit	1,163	1,300 ~	1,600	+136 ~	+436	+11.7% ~	+37.5%
Extraordinary profit/loss	28	0 ~	0	-28 ~	-28	- ~	-
Net incomes	756	780 ~	960	+23 ~	+203	+3.1% ~	+26.9%

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2Q FY2019 March / Increasing recognition rate through TV commercials

- The recognition rate in September 2018 was 37.9%. We achieved the full-year target of 37% six months ahead of schedule!
- To further raise the recognition rate in the second half of FY2019 March, we plan to launch efficient advertising campaigns to meet the timing of travel needs.



Source: OpenDoor's own survey (September 2018)
Survey from a sample of 10,000 respondents: Male and females from across Japan ages 18 to 59 who have been on a trip that involved over night stay, for either private or business purposes.

- July 4 (Travelko) Affiliated with skyticket for domestic rental cars, offering more choices of reservation sites and plans and improving user convenience!
- July 13 (Travelko) Affiliated with BUS-ICHIBA for overnight/highway buses, offering more choices of routes and prices, mainly those for bus products between Tokyo and other cities!
- July 19 (Travelko) Affiliated with Skyscanner for hotels! An increase in the number of posted hotels and plans further improves user convenience!
- August 30 (Travelko) Directly affiliated with Gotogate for overseas air tickets. An increase in the number of posted products allows users to have more choices particularly for overseas air tickets!
- September 26 (Travelko) Newly affiliated with JR East View Travel Service for Shinkansen Bullet Train + Hotel (β version), which allows users to create package tours by freely combining domestic trains and hotels!

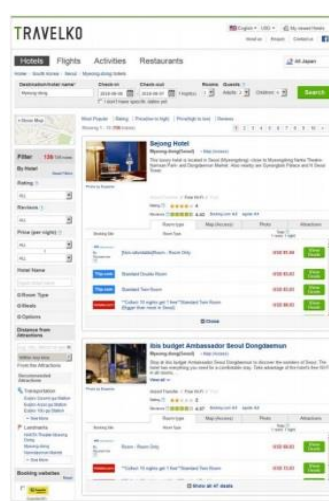
New affiliation: Domestic rental cars



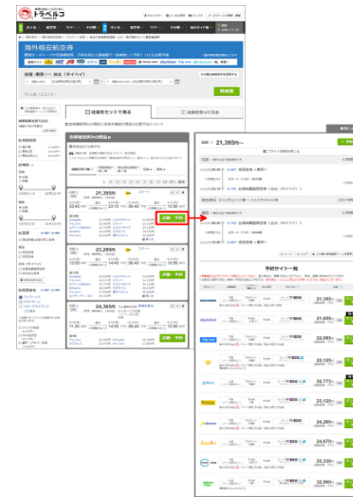
New affiliation: Highway buses



New affiliation: Travelko hotels



New affiliation: Overseas air tickets



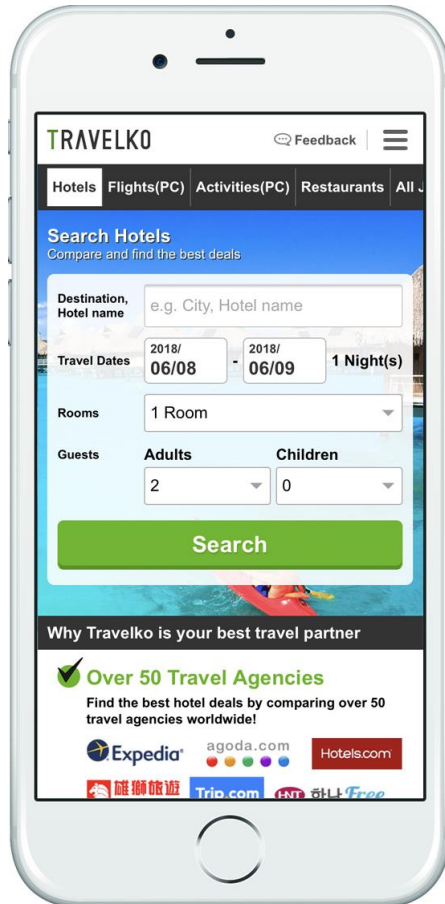
New affiliation: Domestic train DP



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- Increase recognition rate through TV commercials
- Enhance existing products
- Increase the number of cities reviewed by travel experts and ranked in “Travelko Matome” (Travel blogs)
- Develop user review and evaluation services
- Comparison of vacation rental products



- Tie-ups with major international site
- Enhance localization of the user interface
- Release the TRAVELKO (Global site) app
- Provide system interface for inbound travel information

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- Financial results show steady performance, with a 584 million yen increase in net assets.

Unit: millions of yen	2018/3 Results	2018/9 Results	Amount of change
Current assets	4,270	5,132	+861
Cash and deposits	3,549	4,210	+661
Other	720	921	+200
Non-current assets	713	658	-54
Total assets	4,984	5,791	+807
Current liabilities	768	996	+228
Non-current liabilities	76	70	-5
Total liabilities	844	1,067	+222
Net assets	4,139	4,723	+584
Capital stock	648	648	-
Capital surplus	474	474	-0
Retained earnings	2,993	3,609	+616
Other	23	-8	-31
Total liabilities and net assets	4,984	5,791	+807

2Q FY2019 March / Key Components of Cost of Sales and Selling, General and Administrative Expenses

- Because implementation of TV advertising in the 2Q cumulative period increased from the same period of the previous year, advertising expenses jumped 73 million yen.

Unit: million yen	2Q FY2018/3		2Q FY2019/3			
	Cumulative results	% of sales	Cumulative results	Amount of change	YoY	% of sales
Cost of sales	295	14.3%	287	-8	-2.8%	11.5%
Labor cost	194	9.4%	202	+8	+4.2%	8.1%
Other	101	4.9%	85	-16	-16.2%	3.4%
Selling, general and administrative expenses	1,199	58.0%	1,283	+84	+7.0%	51.3%
Personnel expenses	341	16.5%	380	+38	+11.2%	15.2%
Advertising expenses	608	29.5%	682	+73	+12.0%	27.2%
Other	248	12.0%	221	-27	-11.1%	8.8%

2Q FY2019 March / Cash Flow Statement

- Cash equivalents for the 2Q cumulative period increased 631 million yen to 4,210 million yen.

Unit: millions of yen	2Q FY2018/3 Cumulative results	2Q FY2019/3 Cumulative results	
Cash flows from operating activities	+222	+583	Net income before tax 991 Income taxes paid 298
Cash flows from investing activities	-160	+46	Proceeds from sales of investment securities 56
Cash flows from financing activities	+1	+0	—
Changes in cash and cash equivalents	+64	+631	—
Balance of cash and cash equivalents at the beginning of the period	2,993	3,579	—
Balance of cash and cash equivalents at the end of the period	3,057	4,210	—

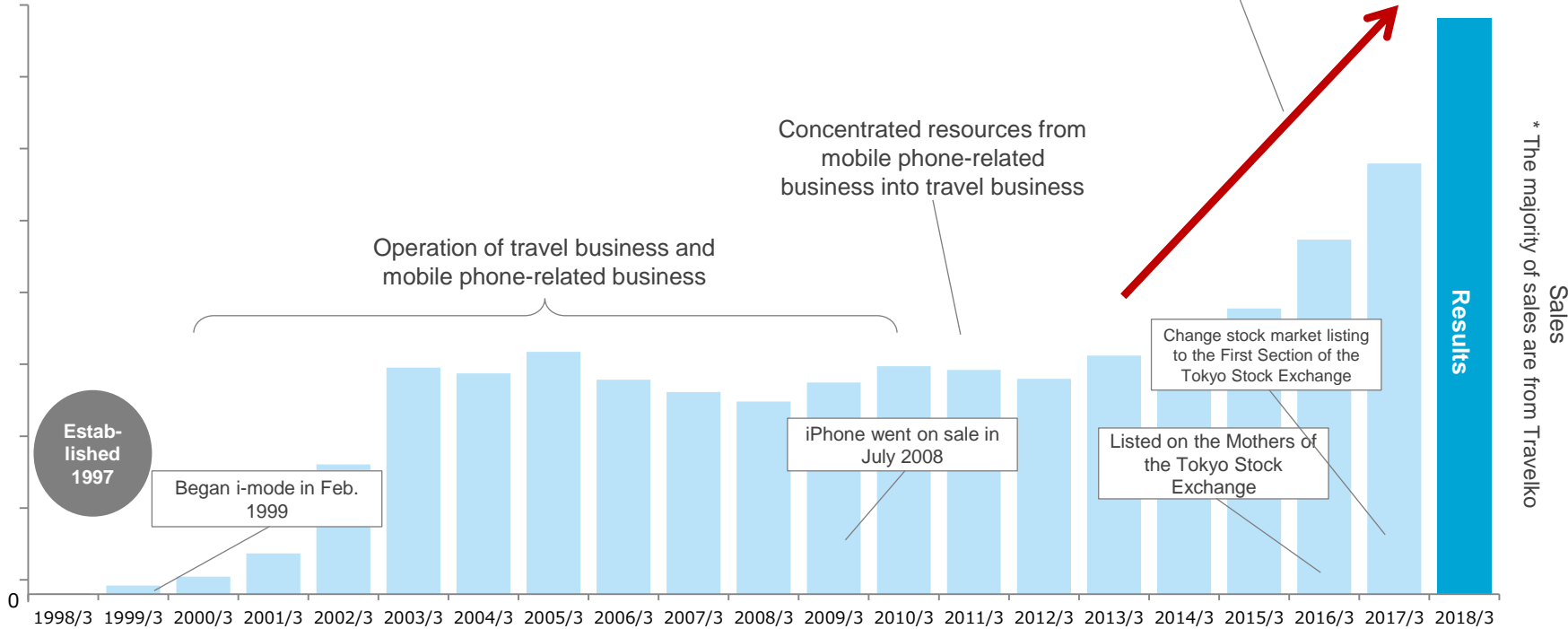
Company name	OpenDoor Inc.
Date of establishment	April 1997
Representative	Daisuke Sekine, President and Representative Director
Capital	648 million yen
Stock Exchange	Tokyo Stock Exchange First Section (Stock code: 3926)
Description of business	Travel comparison site Travelko Global travel comparison site TRAVELKO Operation of the traditional crafts information sites GALLERY JAPAN and KOGEI JAPAN
Consolidated subsidiaries	100% equity in Hotel Skip Inc. Reservations, arrangements, and sales of international and domestic hotels and overseas air tickets
Number of employees	A total of 159 employees

Progress and Sales Trends

Our aim has been to help customers to find **the most affordable trip** that meets their requirements, by revising all of our products and improving the lineup.

2018

Unit : millions of yen



A travel comparison site that allows you to search and compare products from more than 700 booking websites

理想の旅をいちばん安く
トラベルコ
TRAVELKO

運営会社：株式会社オープンドア(東証一部)
初めの方へ よくある質問 メールマガ このページの質問・変更

国内 ホテル 航空券 ツアー その他 海外 ホテル 航空券 ツアー その他 旅行ガイド他 履歴 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700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！

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	夜行バス・高速バス	オプションツアー	海外Wi-Fiレンタル
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	
ベストセレクト 新幹線 + ホテル (8版)			

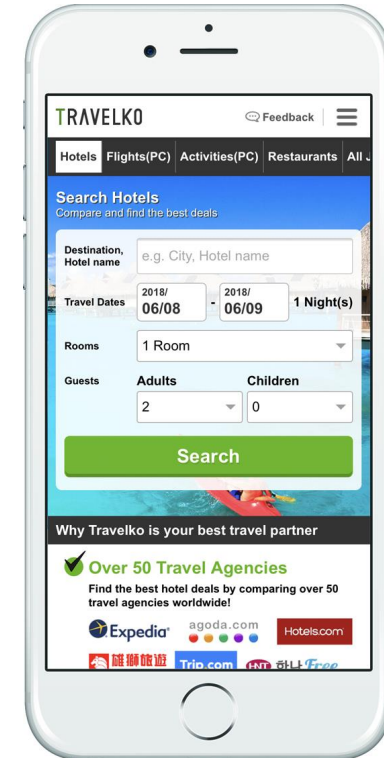
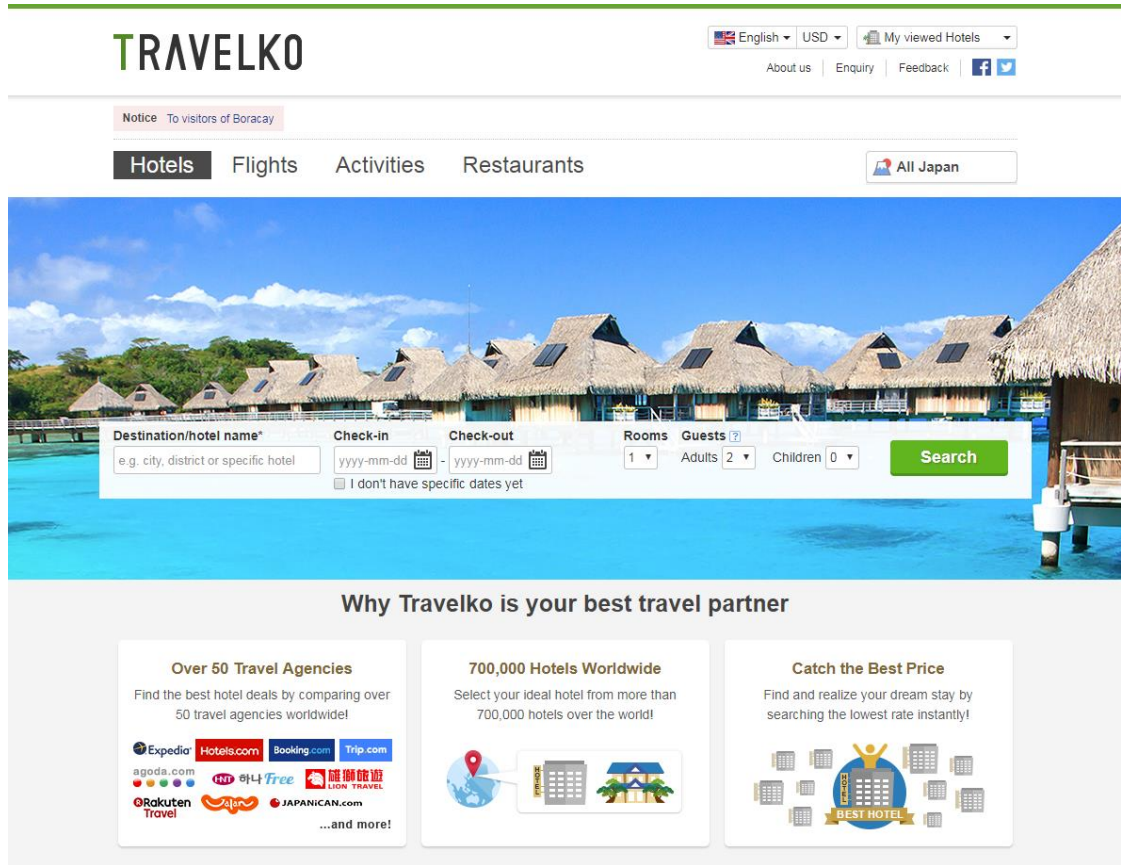
旅のお供に！海外Wi-Fiレンタル
オンラインでも使えるトラベルコマップ
厳選67都市！人気スポットまとめ記事

最安値一覧 東京発 12月 1月 【マーク説明】 ↓↑...最安値の更新商品あり ※11月5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 1.38万円	札幌 2,380円	ソウル3日間 1.74万円	台北3日間 1.98万円
苗場2日 1.35万円	鬼怒川温泉 2,832円	香港3日間 2.39万円	グアム4日間 3.33万円 ↑
金沢2日 1.80万円	東京 1,001円	バンコク4日間 3.07万円	シンガポール4日間 4.28万円



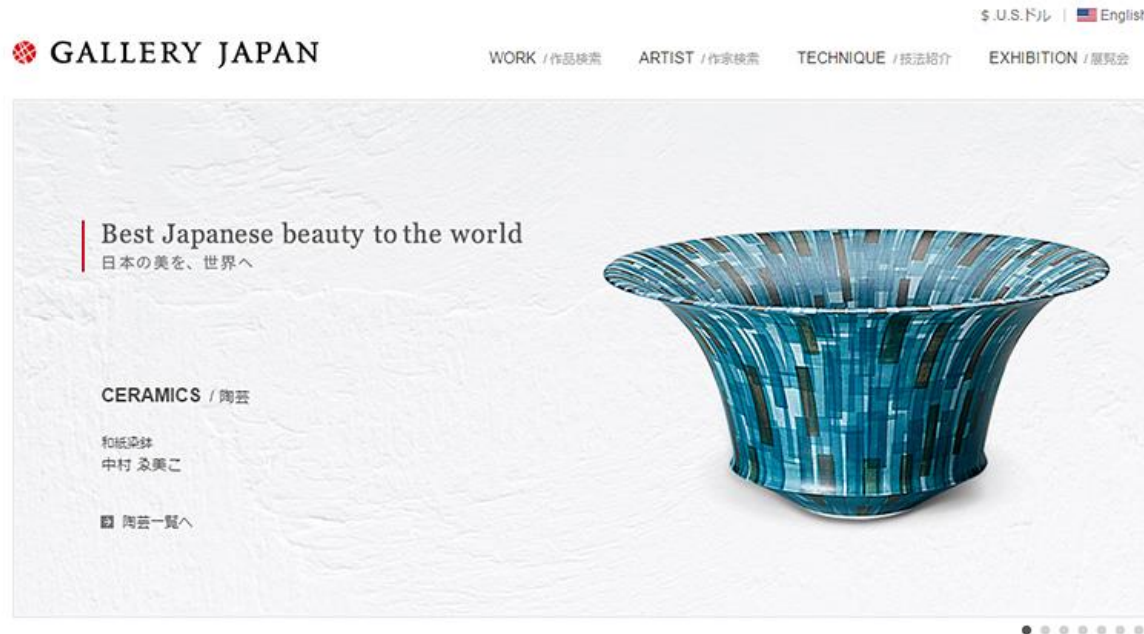
The global version of TRAVELKO, targeted at overseas and inbound markets



Supported languages

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

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



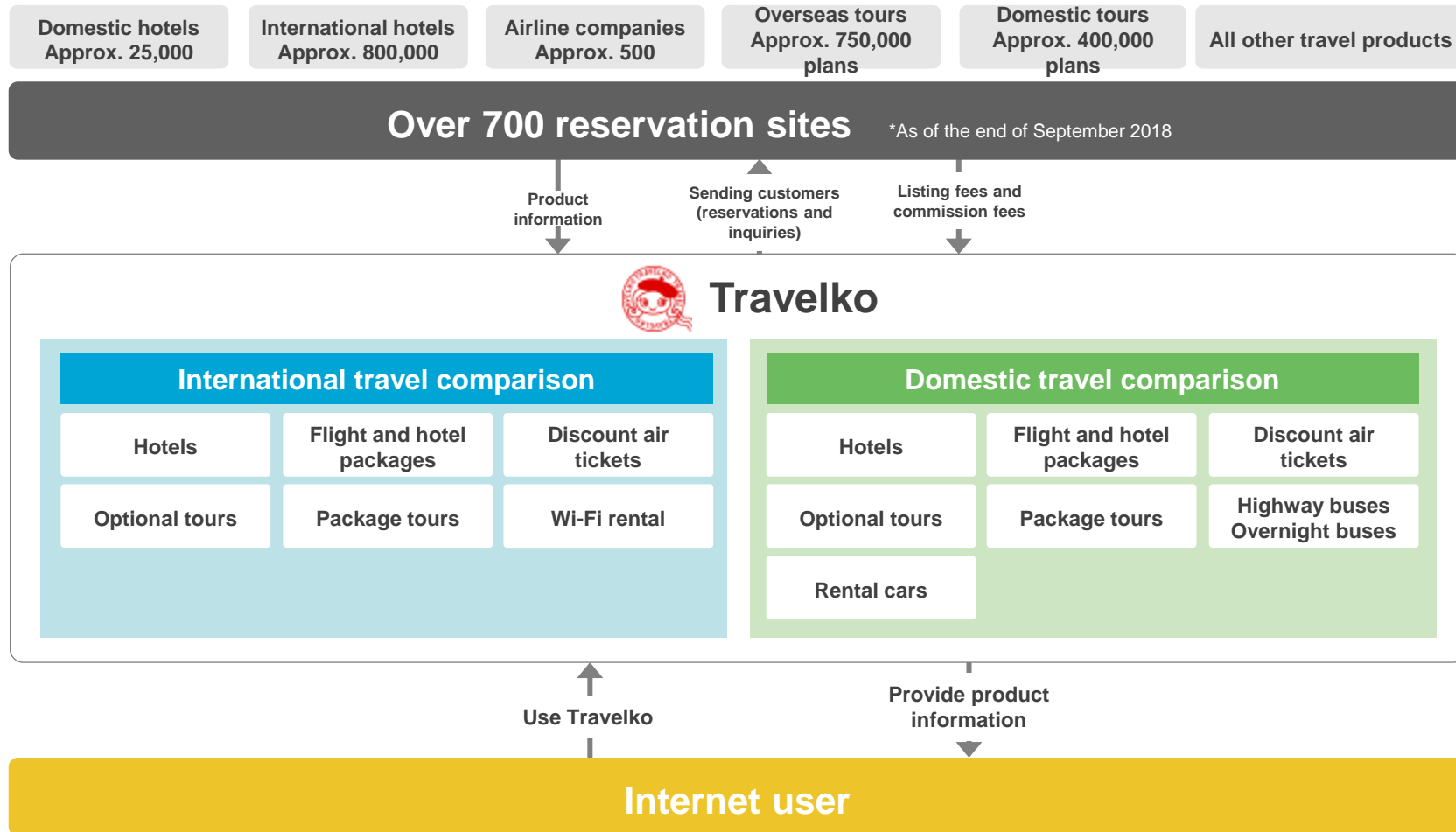
WORK / 作品紹介



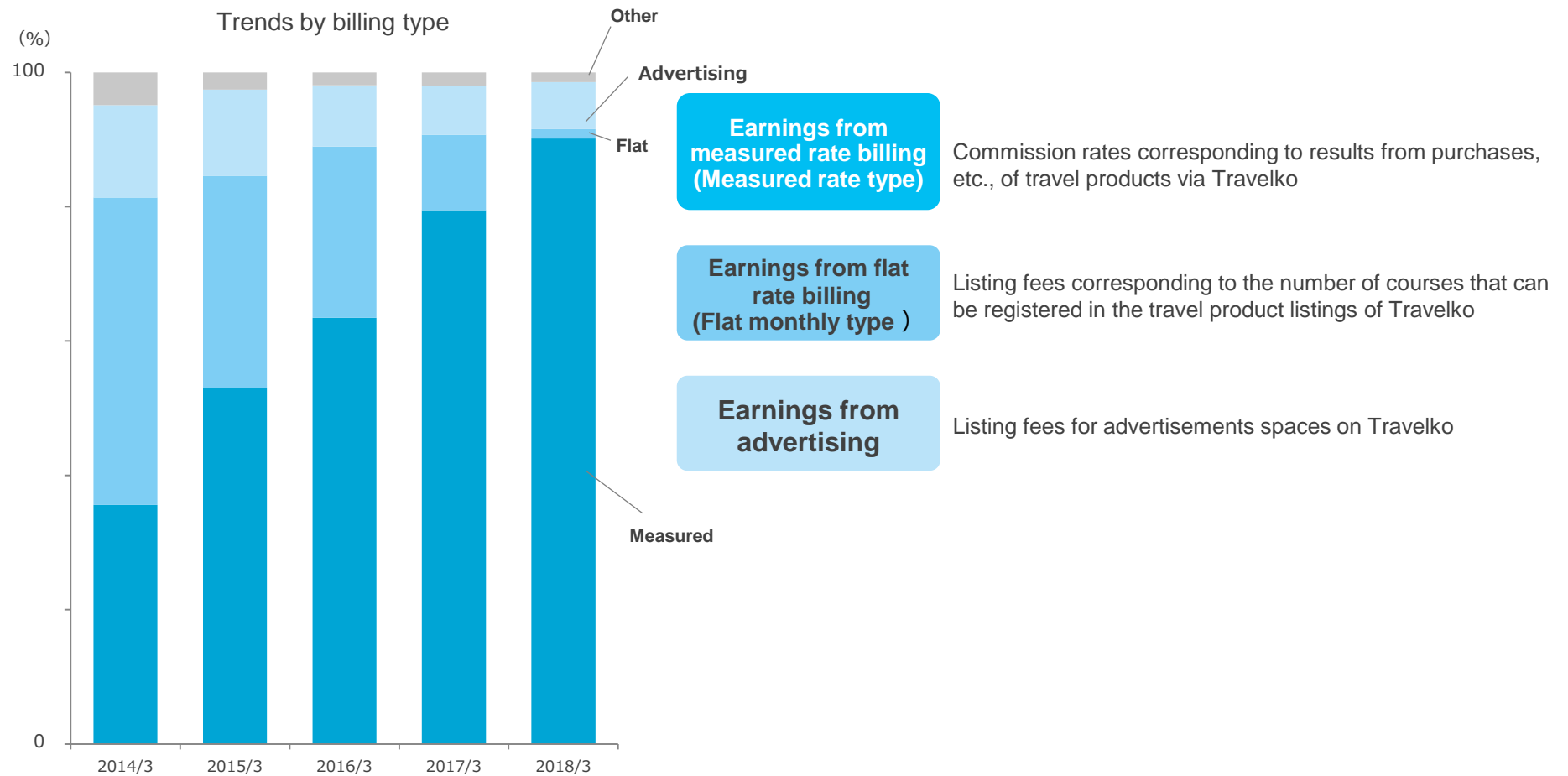
Supported languages

- English
- Japanese

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



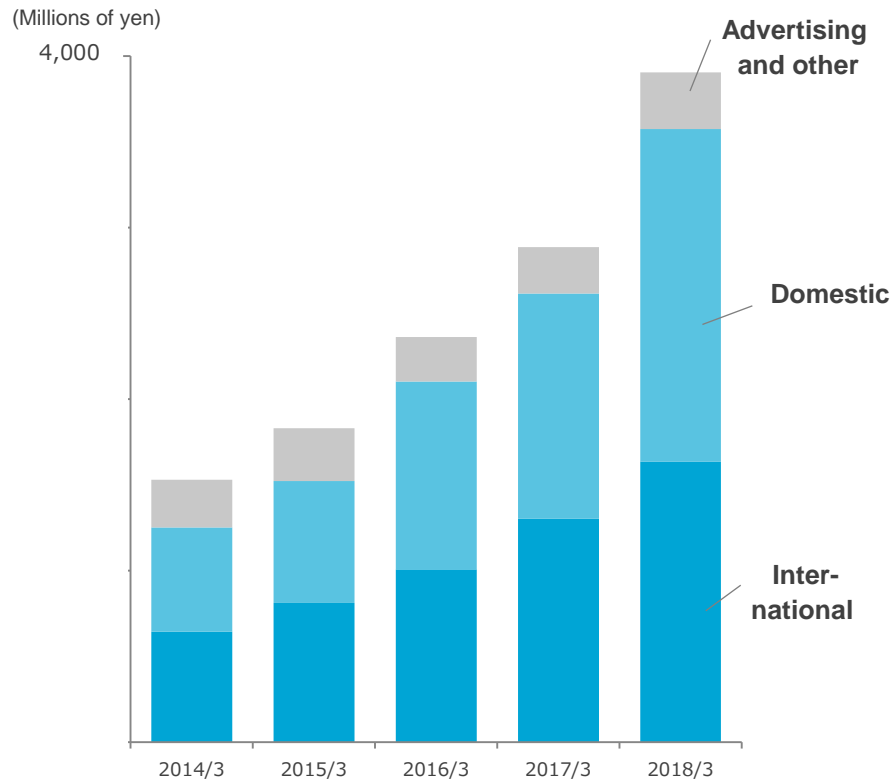
Shift from flat rate billing to measured rate billing based on results



Travelko / Trends in the Ratio Between International and Domestic Sales

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

Trends in the ratio between international and domestic sales

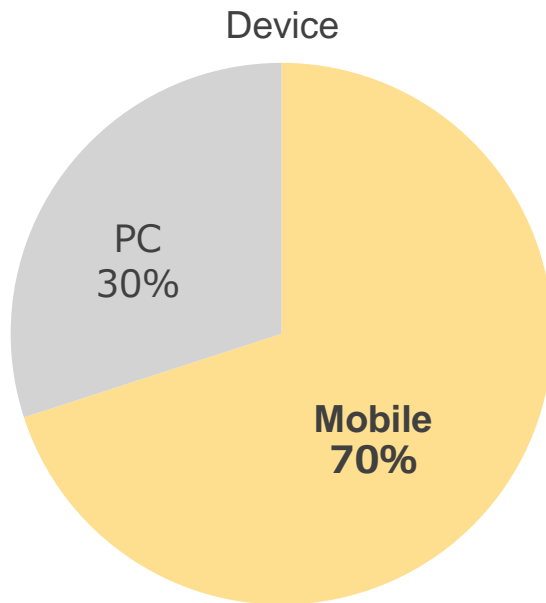


Flexibility corresponding to the changes in market trends
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

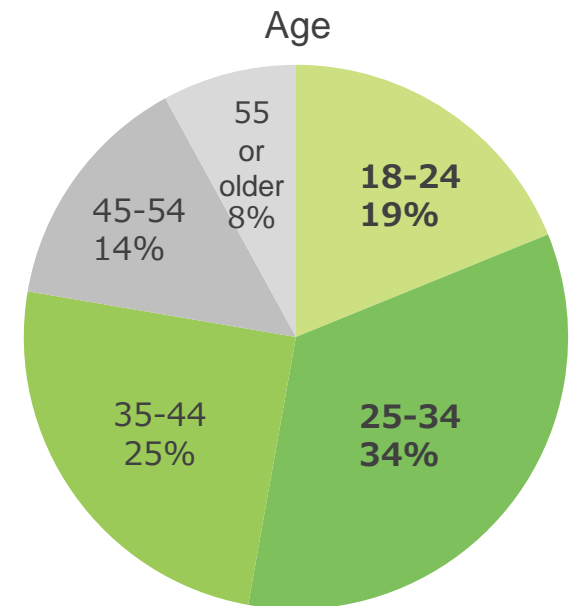
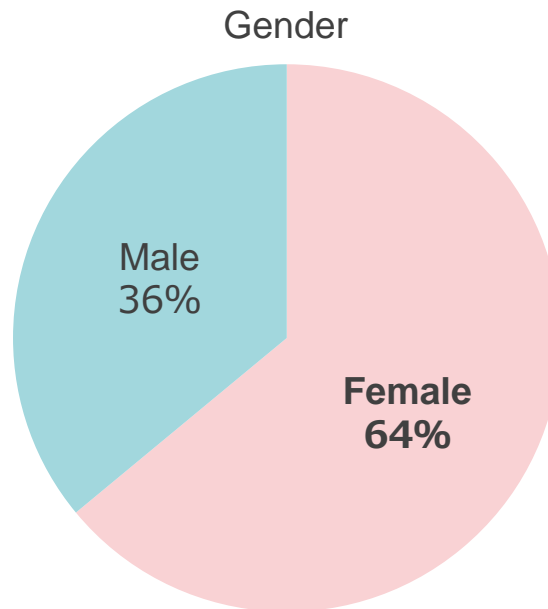
A structure that is resistant against exchange-rate fluctuations

Of particular note is the fact that price- and quality-conscious F1 users (females aged 20-34) account for a large proportion.

User attributes*¹



* The majority of products are now supported on smartphones.



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



*¹ 2017/4 - 2018/3 access analysis data of our company

Why has Travelko been able to maintain a high rate of growth with the support of a broad range of users when there are so many other comparison sites in the market?

1. Covers the vast majority of travel products

While many competing sites focus on comparison of only single products, such as hotels or airlines, Travelko covers nearly all domestic and international travel products, including hotels, airline tickets, package tours, optional tours, car rental, overnight buses, and overseas Wi-Fi rental.

This makes Travelko a one-stop solution where users can plan their entire trips.

International travel comparison		
Hotels	Flight and hotel packages	Discount air tickets
Optional tours	Package tours	Wi-Fi rental

Domestic travel comparison		
Hotels	Flight and hotel packages	Discount air tickets
Optional tours	Package tours	Highway buses Overnight buses
Rental cars		

2. Can be used to find the most inexpensive packages and tickets

Travelko, which enables comparison of more than 700 travel sites, offers one of the largest numbers of comparable plans in Japan. This naturally increases the likelihood of users finding the most affordable products that satisfy their needs. In addition, travel sites do not provide plans with uniform pricing to all comparison sites. Often, they offer lower prices to the more price-competitive sites.

This is why Travelko, with its overwhelming advantage in number of travel sites and its high price competitiveness, makes it easy to find the most affordable products.

JTB, Club Tourism, JAL Pak, Odakyu Travel, JR Tokai Tours, Kinki Nippon Tourist, Nippon Travel Agency, H.I.S, Tobu Top Tours, Hankyu Travel, ANA Sales, Nishitetsu Travel, Meitetsu World Travel, Tabikobo

Rakuten Travel, Ikyu, Rurubu Travel, Yahoo Travel

Expedia Booking.com Hotels.com

Evolable Asia, Spring Japan, Skyticket, Star Flyer, AIRDO

...More than 700 travel sites

Why has Travelko been able to realize these strengths?

Nearly all system development is carried out in-house

Advanced, large-scale system development is essential to covering this many travel products, linking more than 700 travel sites, and improving all of these products simultaneously.

Most competitors outsource development, which ultimately makes it difficult to carry out development in exactly the way they want to because they must depend on the resources, skills, schedules, and priorities of their subcontractors.

We carry out nearly all system development in-house, in a flexible and efficient development environment made up of more than 60 system engineers who share information daily and keep up with the latest market trends. This has enabled us to realize a development structure that can realize simultaneous progress in all of our products at high speed, while also maintaining high quality.

This high level of development capabilities is another important reason behind our strengths.

System engineers as a percentage of all employees

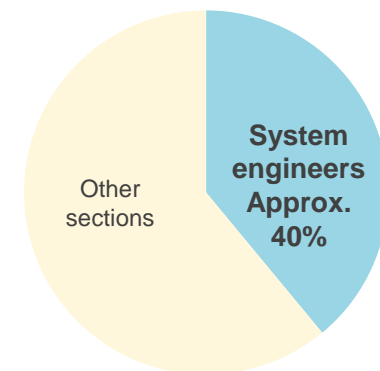


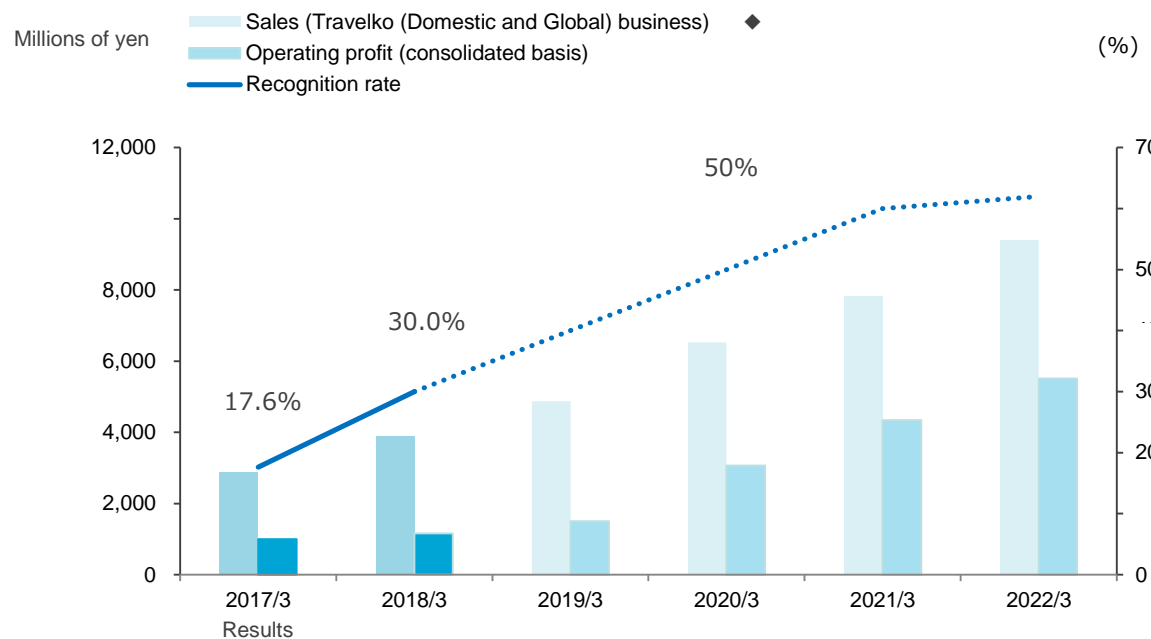
Image of Mid-term Growth in Travelko Business

- The recognition rate of the top brand in the travel industry is approximately 70%. Travelko aims to achieve a recognition rate of 50% by the end of 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 (Domestic and Global) business.

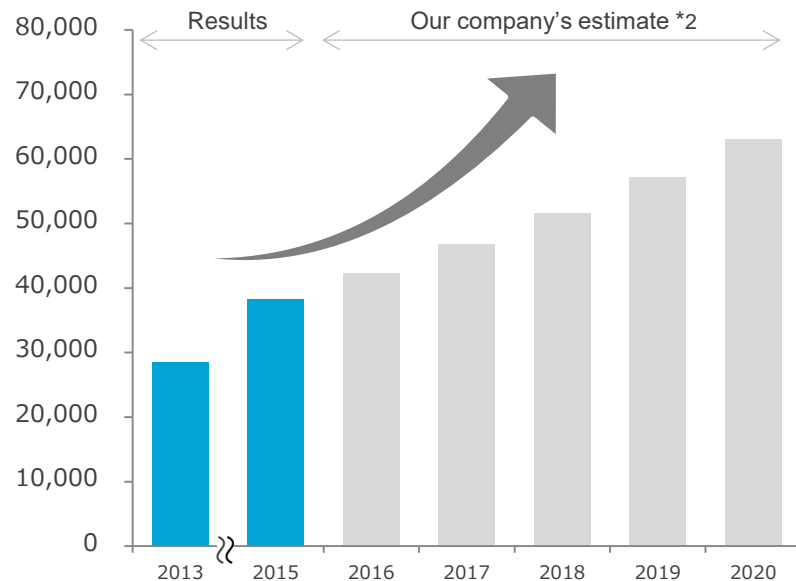
◆◆ The graph provides an image of future trends.

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

Online travel market scale

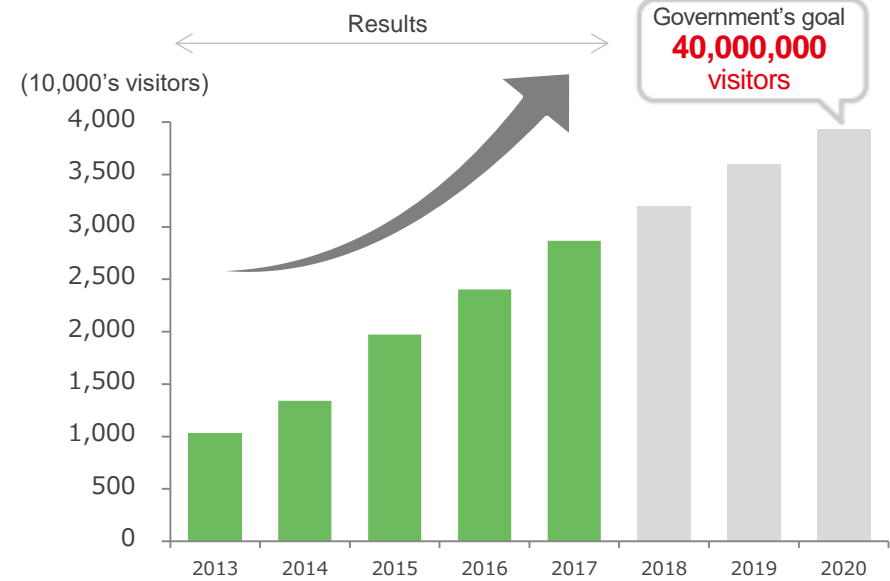
Total travel market scale: 9.7 trillion yen*1
 Online market scale: **3.8 trillion yen** (2015)*1
 Average annual increase of **15%***1

(100 millions of yen)



Growing inbound market

2017: 28,690,000 visitors*3
 → 2020: **40,000,000** Visitors*4



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

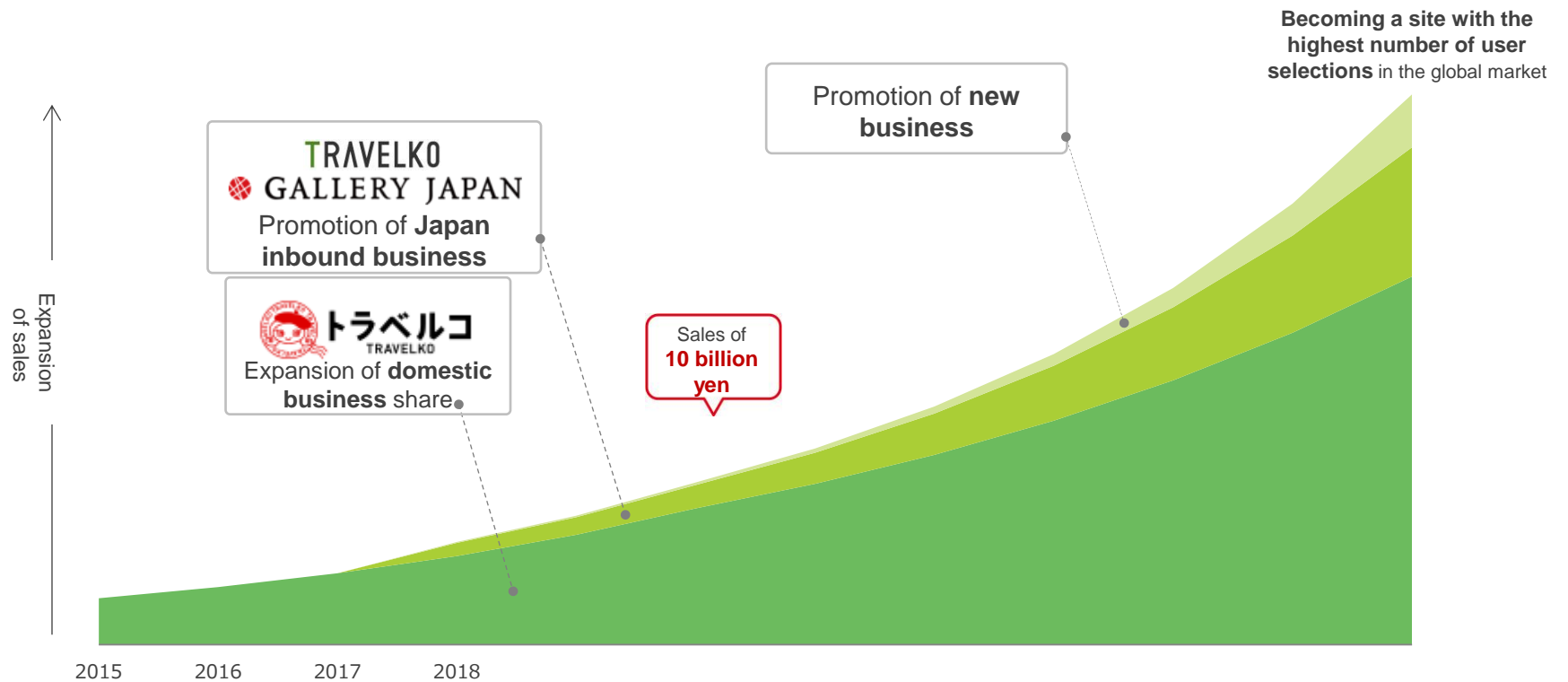
*2 A growth rate of the yearly average +10% is assumed

*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- and Long 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,
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Homepage: <https://www.opendoor.co.jp>