

Financial Results for Third Quarter of Fiscal Year ending March 2018



OpenDoor Inc.
(Stock Code: 3926)

1. Highlights
2. Third Quarter - Financial Overview
3. Third Quarter – Main Initiatives
4. Fourth Quarter – Main Planned Initiatives
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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 TV and other media. In the current fiscal year, the impact of TV commercials will be measured on a simultaneous basis, and the amount 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 million-4,000 million yen; operating profit: 800 million-1,200 million yen).

■ Results for 3Q FY2018 March

[Accounting period (October to December)]

- Sales: **907 million yen (up 28.7% YoY)**; operating profit: **426 million yen (up 52.9% YoY)**
- Because travel demand usually drops in 3Q, we did not air TV commercials during this period taking cost-effectiveness into account. However, due partly to the improved recognition rate, 3Q sales were higher than those for the same period of the previous year, while operating profit hit a record high.

[Cumulative period (April to December)]

- Sales: **2,972 million yen (up 40.1% YoY)**; operating profit: **996 million yen (up 14.8% YoY)**
- 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 3Q sales against the initial full-year sales projection was solid at **74.3-80.3%** (compared with the corresponding figure of 70.8% in the previous year).
- Absorbing TV commercial costs and the cost of Head Office relocation, operating profit surpassed that of the same period of the previous year.

■ TV Commercials

- The recognition rate as of September 2017 was **26.9%**. We achieved the full-year target of 25% six months ahead of schedule.
- In January 2018, we started airing a new Travelko TV commercial, "Overseas Hotel Edition", in nine key areas including Tokyo, Nagoya and Osaka.

■ Corporate Actions

- We implemented a three-for-one stock split on February 1, 2018.
- In addition to the shareholder benefits we currently offer (1,000 yen worth of QUO card), we will offer a commemorative shareholder benefit (3,000 yen worth of QUO card) in commemoration of the Company's 20th anniversary.

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3Q FY2018 March/Financial Overview

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Unit: millions of yen

	3Q FY2017/3 Results	3Q FY2018/3 Results	Amount of change	YoY
Sales	704	907	+202	+28.7%
Cost of sales	129	142	+13	+10.3%
Profit margin on sales	575	764	+188	+32.8%
Selling, general and administrative expenses	296	337	+41	+14.0%
Operating profit	278	426	+147	+52.9%
Ordinary profit	278	426	+148	+53.4%
Current profit	174	265	+91	+52.2%
Operating margin	39.6%	47.0%	+7.4P	-

3Q FY2018 March / Achievements against Initial Projections (cumulative results)



- Sales continued to be steady (up 40.1% YoY; achievement rate against initial projection is 74.3-80.3%).

*Corresponding figure for the year-earlier period is 70.8%.

- Absorbing TV commercial costs and the cost of Head Office relocation, operating profit surpassed that of the same period of the previous year (up 14.8% YoY).

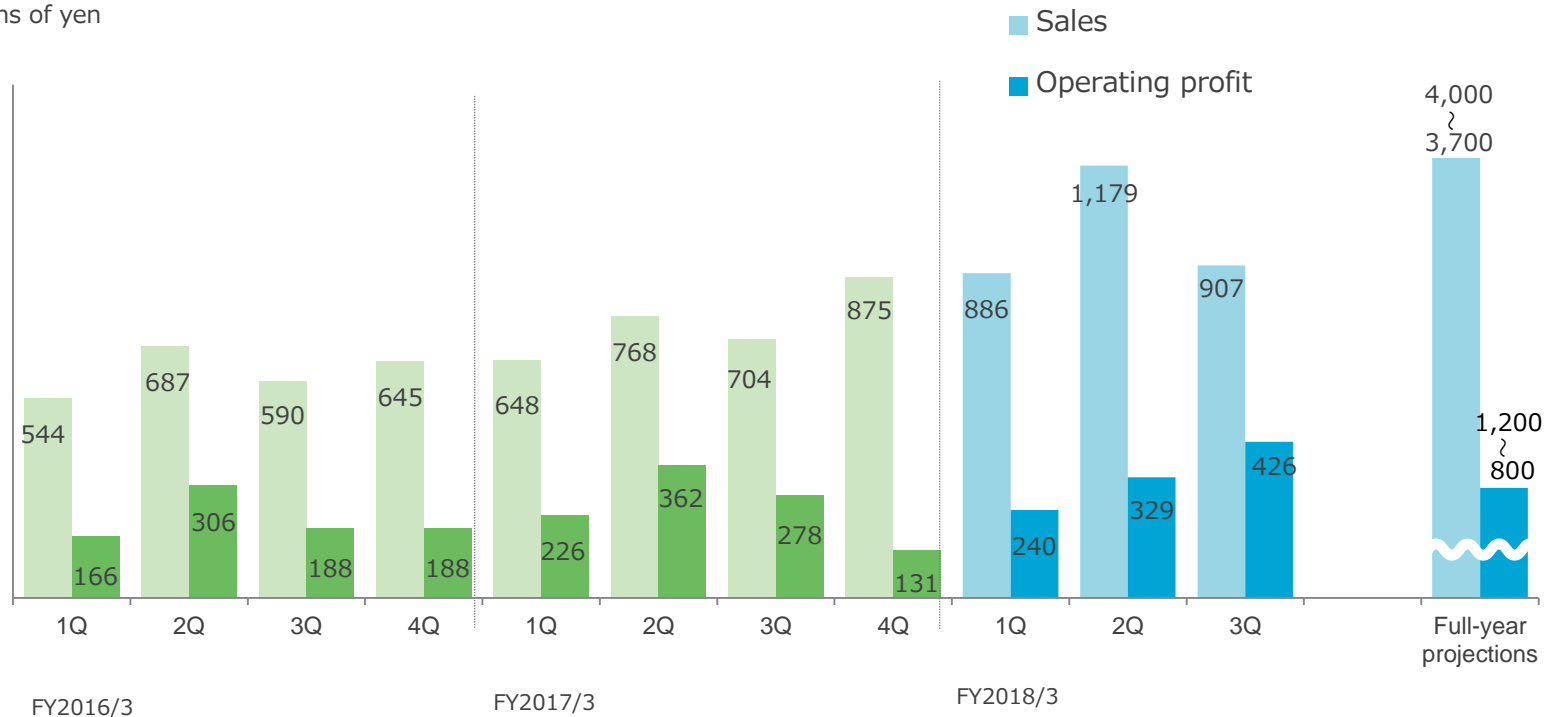
Unit: millions of yen

	3Q FY2017/3 cumulative results	3Q FY2018/3 cumulative results	Amount of change	YoY	Achievement rate against initial projections	FY2018/3 projections
Sales	2,121	2,972	+850	+40.1%	80.3% ~ 74.3%	3,700 ~ 4,000
Cost of sales	400	438	+37	+9.4%	64.5% ~ 64.5%	680 ~ 680
Profit margin on sales	1,720	2,534	+813	+47.3%	83.9% ~ 76.3%	3,020 ~ 3,320
Selling, general and administrative expenses	852	1,537	+684	+80.3%	84.5% ~ 61.0%	1,820 ~ 2,520
Operating profit	868	996	+128	+14.8%	124.6% ~ 83.1%	800 ~ 1,200
Ordinary profit	874	1,000	+126	+14.4%	125.1% ~ 83.4%	800 ~ 1,200
Current profit	544	609	+65	+12.0%	127.0% ~ 84.7%	480 ~ 720
Operating margin	40.9%	33.5%	-7.4P	-	-	20.0% ~ 32.4%

3Q FY2018 March / Trends in Quarterly Results

- 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.
- Operating profit hit an all-time high.

Unit: millions of yen



FY2018 March — Projection/ Profit and Loss Statement



- 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 TV and other media. In the current fiscal year, the impact of TV 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.
- The 3Q results were in line with the initial projections at the beginning of the current fiscal year. No changes have been made.
- Recognition rate, an important performance indicator, was 26.9% as of September 2017. We achieved the full-year target of 25% six months ahead of schedule.

Unit: millions of yen	Results FY2017 March	Projections for FY2018 March		Amount of change		YoY	
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%
Selling, general and administrative expenses	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%
Extra ordinary profit/loss	-2	0 ~	0	+2 ~	+2	- ~	-
Current profit	632	480 ~	720	-152 ~	+87	-24.1% ~	+13.8%
Current profit per share (yen)*	20.53	15.51 ~	23.27				

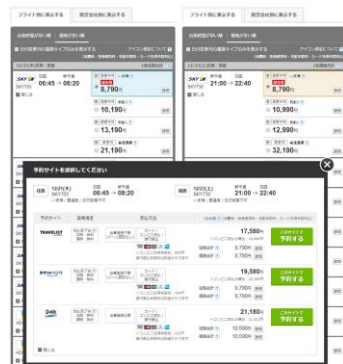
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Initiatives for 3Q FY 2018 March / Press Releases

October 5	Affiliated with KNT-CT Holdings for overseas air tickets. Reservation site selection further improved.
October 23	Start posting IACE Travel's overseas air tickets and hotel packages. The number of sites that allow users to perform batch searches increases to 8 in total!
October 26	Directly affiliated with Mytrip.com for overseas air tickets. An increase in the number of posted products allows users to have more choices particularly for overseas air tickets!
November 28	Newly affiliated with JR East View Travel Service for domestic tours, thereby improving accommodation and bullet train package tours!
November 30	Affiliated with FASTBOOKING operating online hotel direct booking system for domestic hotels and inns to boost the number of plans provided by hotels!
December 4	Affiliated with Global Mobile for overseas Wi-Fi rental. A wider range of plans and prices becomes available!
December 5	Affiliated with TRAVELIST by CROOZ for domestic air tickets, enabling users to have more choices for domestic air ticket booking sites and prices!
December 7	Affiliated with Hankyu Travel International for overseas air tickets and hotels, further increasing the number of sites that allow users to perform batch searches!
December 18	Newly affiliated with the largest travel company in China, Ctrip, for domestic hotels and inns, providing users with far more choices of plans including those offered by popular hotels at rock-bottom prices!



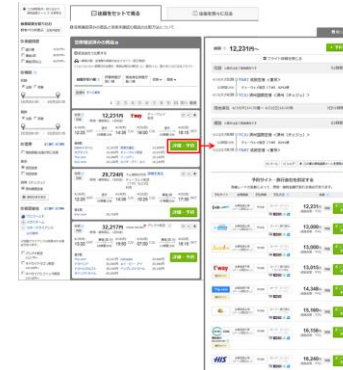
Domestic hotels
 • Ctrip (China)
 • FASTBOOKING (France)



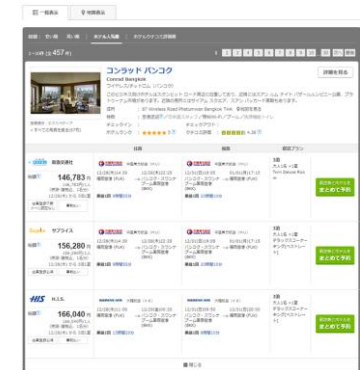
Domestic air tickets
 • CROOZ



Domestic tours
 • JR East View Travel Service



Overseas air tickets
 • KNT-CT Holdings
 • e-Travel S.A. (Greece)



Overseas air tickets and hotels
 • IACE Travel
 • Hankyu Travel International

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Main Planned Initiatives in 4Q FY2018 March



- ✓ Start a crossover comparison service of train and hotel packages (bullet train and hotel/inn)
- ✓ The number of cities reviewed by travel experts and ranked in "Summary of Travelko" increased to 50
- ✓ Provide an inbound information site with the system of global travel comparison site Travelko

Coming Soon

- In January 2018, we started broadcasting a new Travelko TV commercial, “Overseas Hotel Edition”, in nine key areas including Tokyo, Nagoya and Osaka.
- To further raise the recognition rate in 4Q, we plan to launch efficient advertising campaigns taking travel demand trends into consideration.

Travelko-chan ~Overseas Hotel Edition~



The 2nd Travelko-chan animated commercial finally released!

Travelko-chan, who is making an overseas hotel booking on a travel site is shocked to find the price ends up being more expensive.

Meanwhile, the travel comparison site “Travelko” is shown to be a site that users can use with peace of mind, because it displays the total amount together with detailed statements.

Look how cute Travelko-chan looks when she’s shocked.

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In order to reduce the amount of one unit of investment in, and to increase the liquidity of, the Company's stock, and further expand the investor base, we **implemented a three-for-one stock split** on February 1, 2018.

Outline	
Total number of shares outstanding before the stock split	10,420,000 shares
Number of shares added by the stock split	20,840,000 shares
Total number of shares outstanding after the stock split	31,260,000 shares
Total number of authorized shares after the stock split	122,400,000 shares
Record date	January 31, 2018
Effective date	February 1, 2018

The Company celebrated its 20th anniversary in April 2017. To express our appreciation to our shareholders for their continued support, we will offer them a commemorative shareholder benefit.

	Current Shareholder Benefit	Commemorative Shareholder Benefit
Target	Shareholders who own 1 unit (100 shares) or more as of the end of March each fiscal year	Shareholders who own 1 unit (100 shares) or more as of the end of March 2018
Content	Shareholders who own 1 unit (100 shares) or more receive 1,000 yen worth of QUO card	Shareholders who own 1 unit (100 shares) or more receive 3,000 yen worth of QUO card
Date of the offering	Planned to be sent in late June each year	Planned to be sent in late June 2018

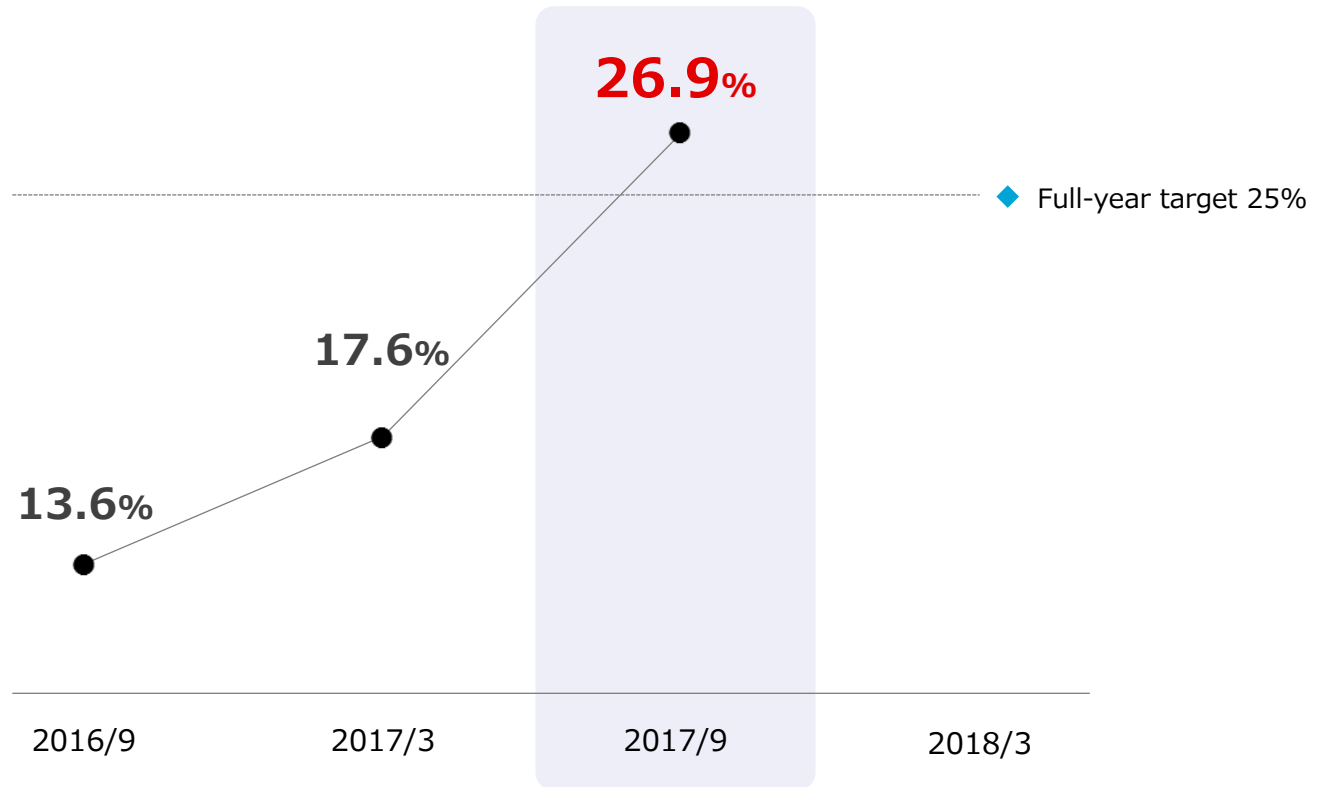
Shareholders who are registered or recorded in the Company's shareholders register as of the end of March 2018 and own 1 unit of shares (100 shares) or more are entitled to receive 4,000 yen worth of QUO card including the commemorative shareholder benefit.

The commemorative shareholder benefit is a one time gift. We will comprehensively consider the Company's future shareholder return policy.

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FY2018 / Recognition Rate Raised through TV commercials (As of September 2017)

- Recognition rate was **26.9%** as of September 2017, with the full-year target of 25% having been achieved six months ahead of the schedule!



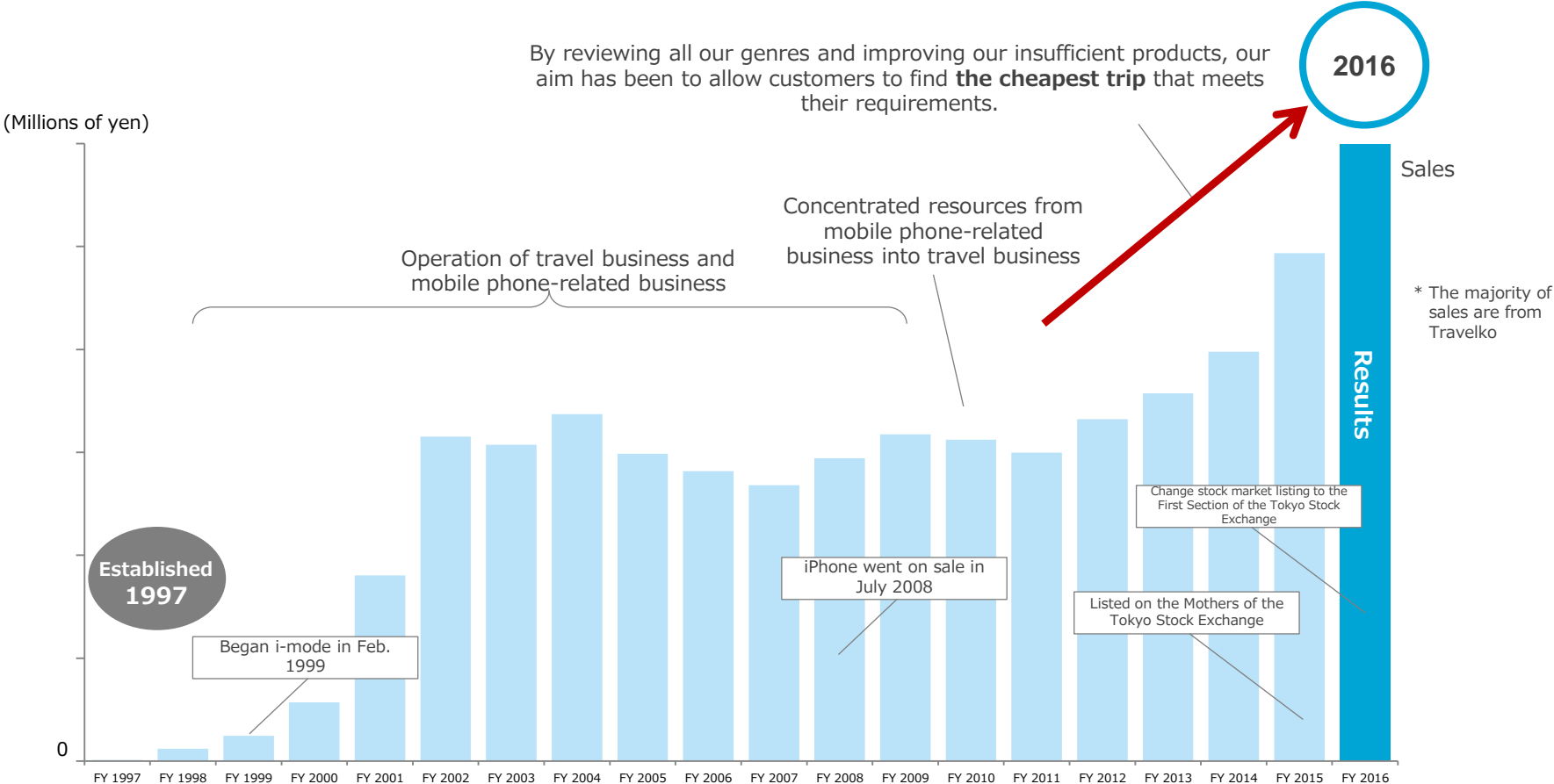
Source: OpenDoor's own survey (September 2017)
Survey from a sample of 10,000 respondents: Male and females from across Japan ages 18 to 59 who have been on a trip that involved over night stay, for either private or business purposes.

3Q FY2018 March / Balance Sheet

- Financial results show steady performance, with a 565 million yen increase in net assets.

Unit: millions of yen	2017/3 Results	2017/12 Results	Amount of change
Current assets	3,591	3,987	+395
Cash and deposits	2,993	3,365	+372
Other	598	622	+23
Fixed assets	458	628	+170
Total assets	4,050	4,616	+565
Current liabilities	702	578	-124
Fixed liabilities	2	79	+76
Total liabilities	704	657	-47
Net assets	3,345	3,959	+613
Capital	648	648	-
Capital reserves	475	474	-0
Earned surplus	2,236	2,846	+609
Other	-14	-10	+4
Total liabilities and net assets	4,050	4,616	+565

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 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 154 employees



Services / Travel Comparison Site Travelko

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

理想の旅をいもばん安く。
トラベルコ
TRAVELKO

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

国内 海外

ホテル 航空券 ツアー その他 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以上の予約サイトを比較！

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！

トラベルコアプリ 国内・海外のホテル、航空券、ツアーなど、500以上の予約サイトの商品を検索できる旅行比較アプリ

App Store からダウンロード Google Play で弊に入力しよう

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

週末は日帰りバスツアーでチトリップ

オンラインでも使えるトラベルコマップ

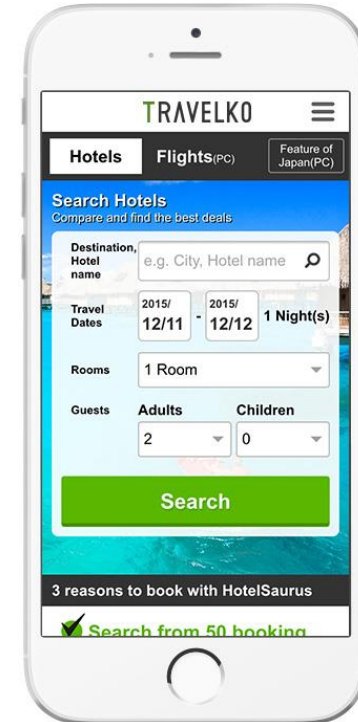
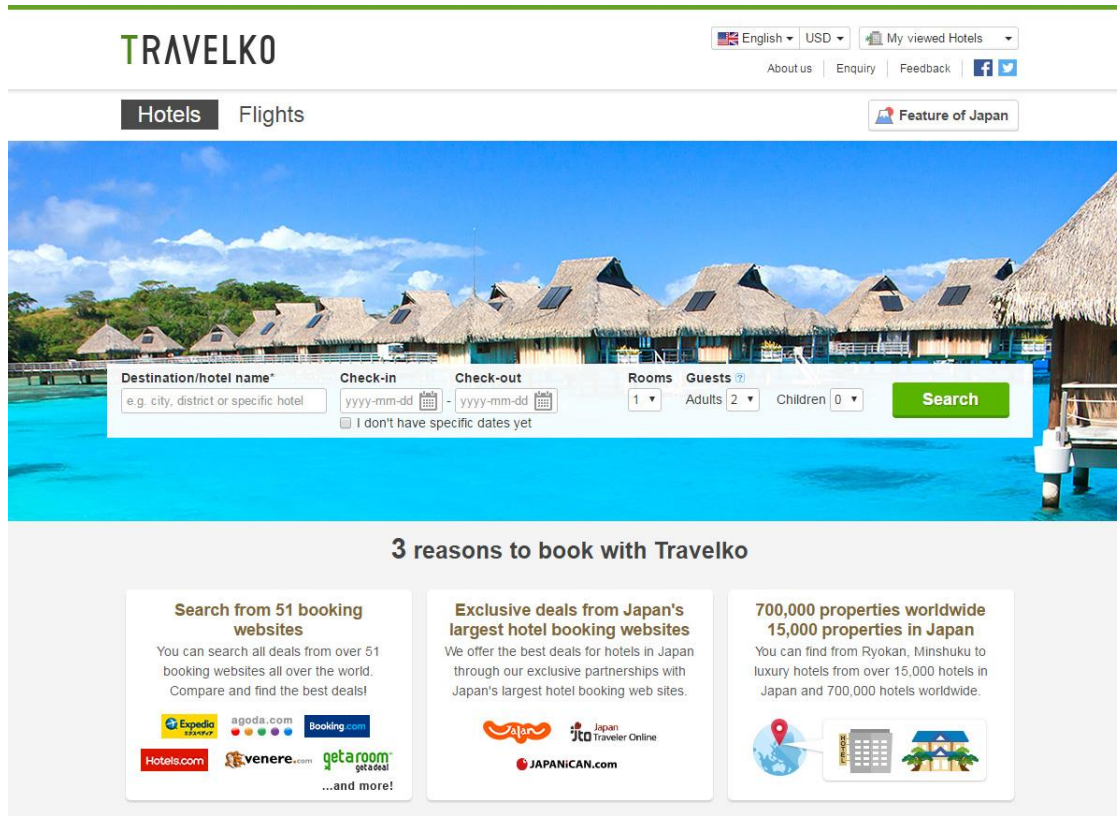
新サービス「海外Wi-Fiレンタル」

最安値一覧 東京発 9月 10月 [マーク説明] ↓↑最安値の更新商品あり ※8月4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	3,030円	ソウル3日間	1.38万円
旭川3日	2.67万円	鬼怒川温泉	3,240円	台北3日間	1.77万円
金沢2日	1.82万円	東京	2,093円	香港3日間	2.36万円
				グアム4日間	2.87万円
				バンコク4日間	2.73万円
				シンガポール4日間	2.98万円



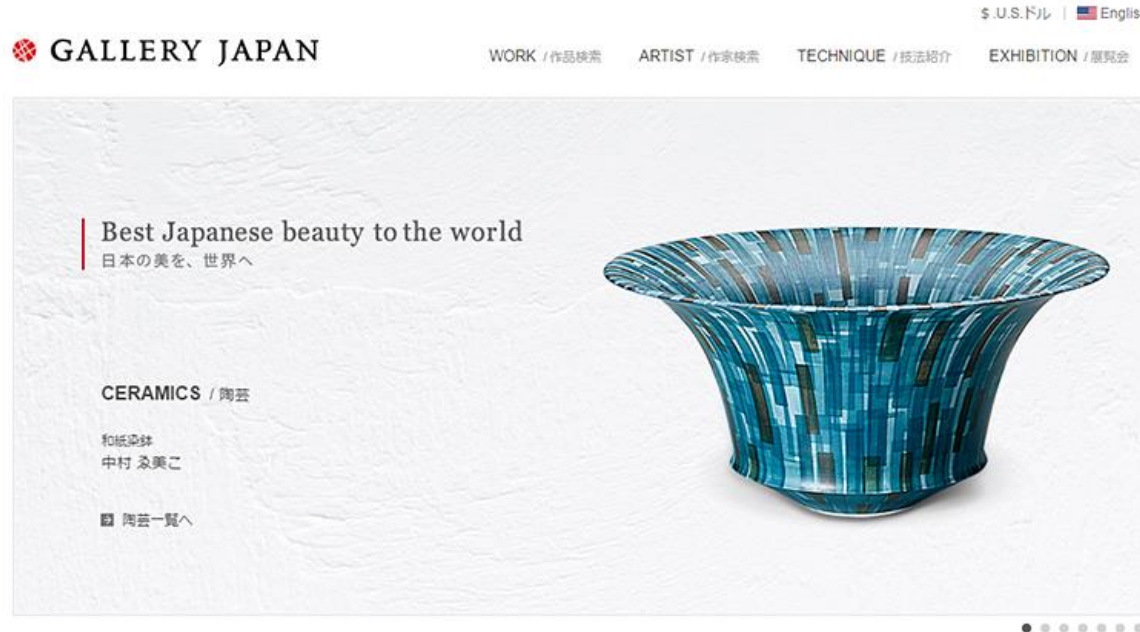
The global version of Travelko, targeted at overseas and inbound markets



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



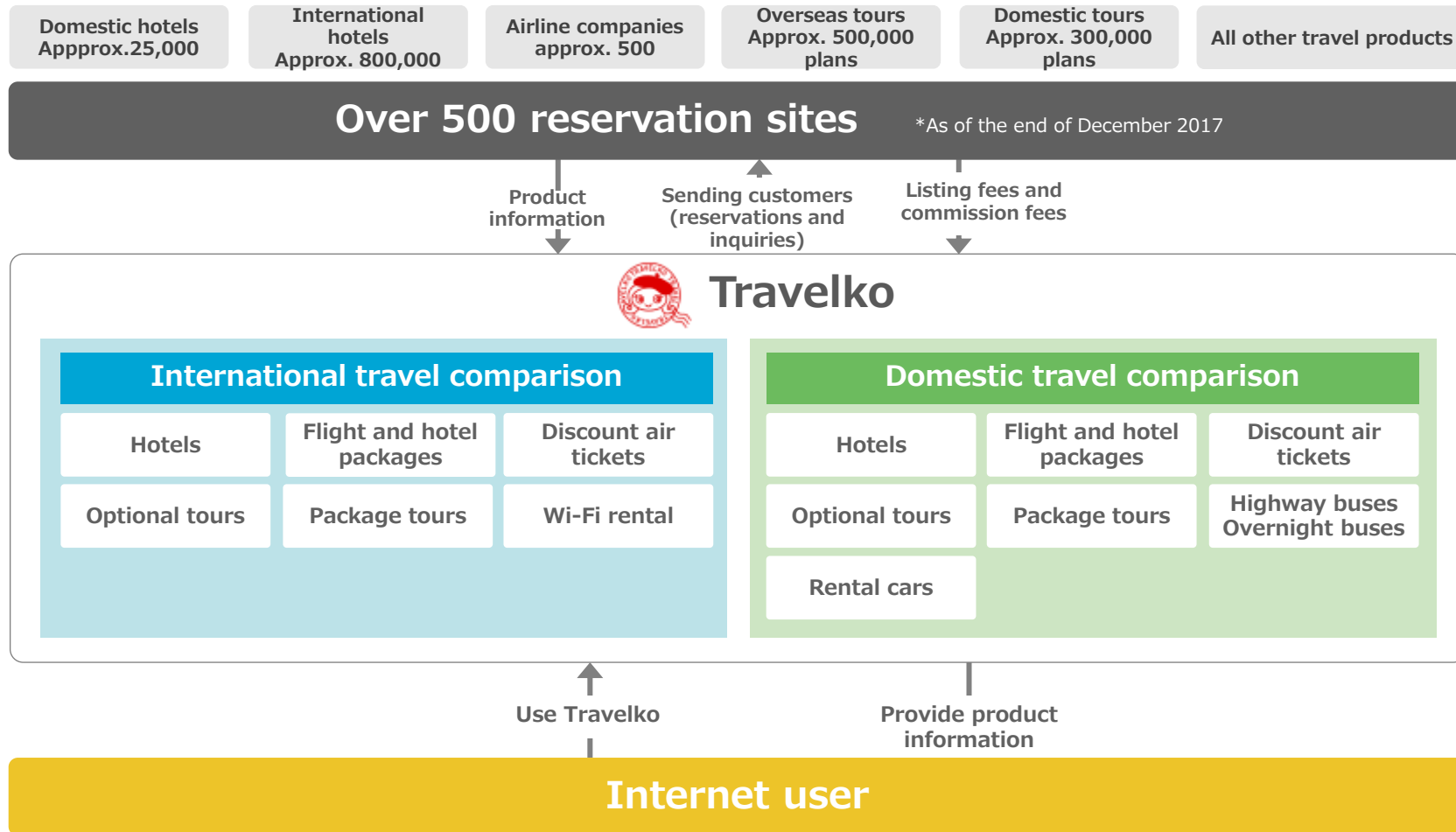
WORK / 作品紹介



Supported languages

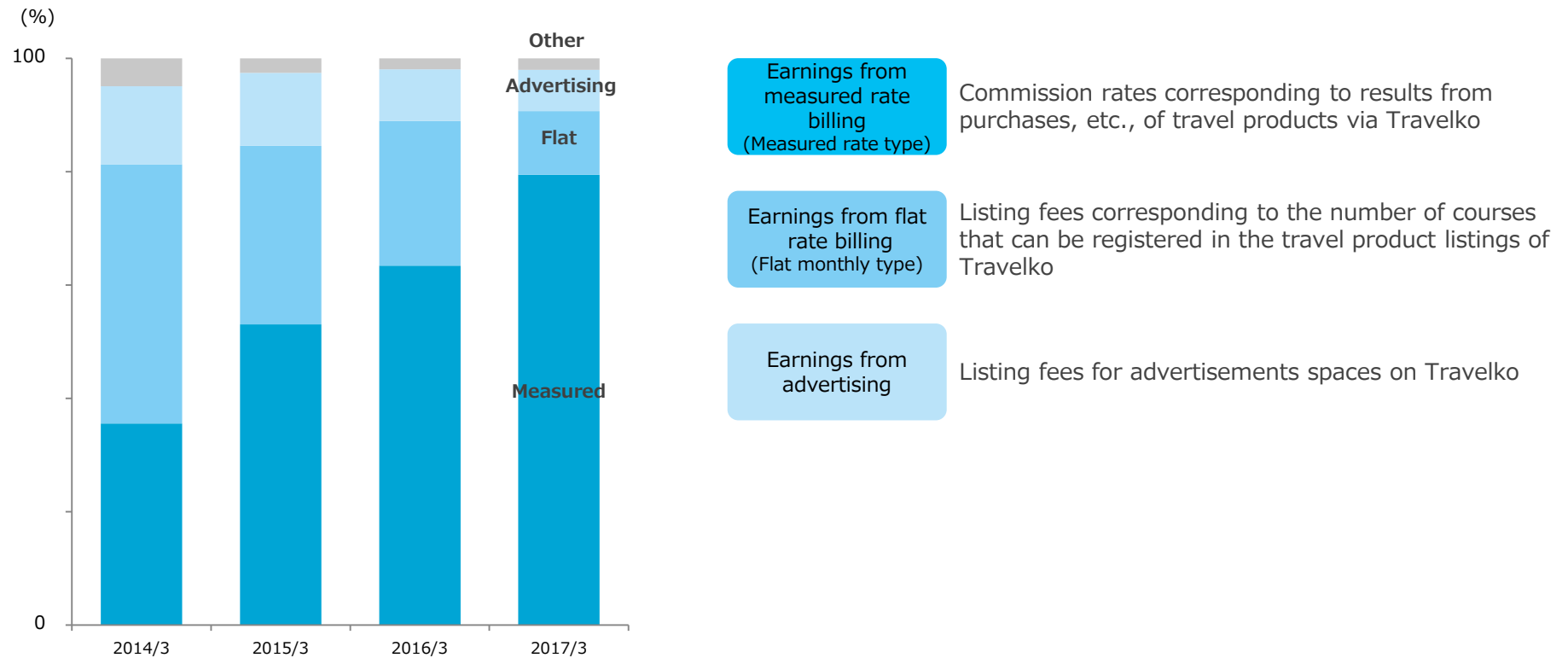
English
Japanese

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

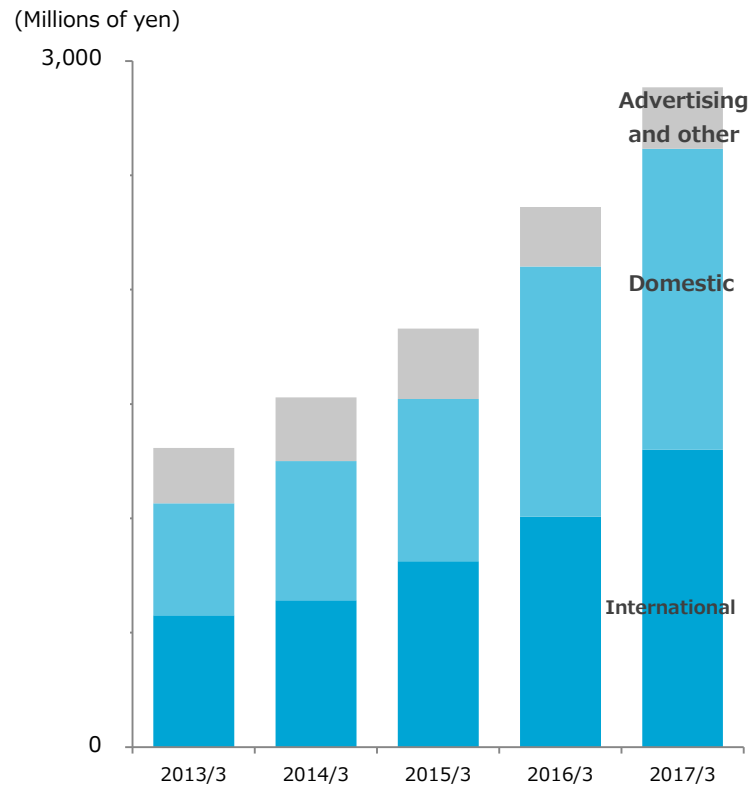
Trends by billing type



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

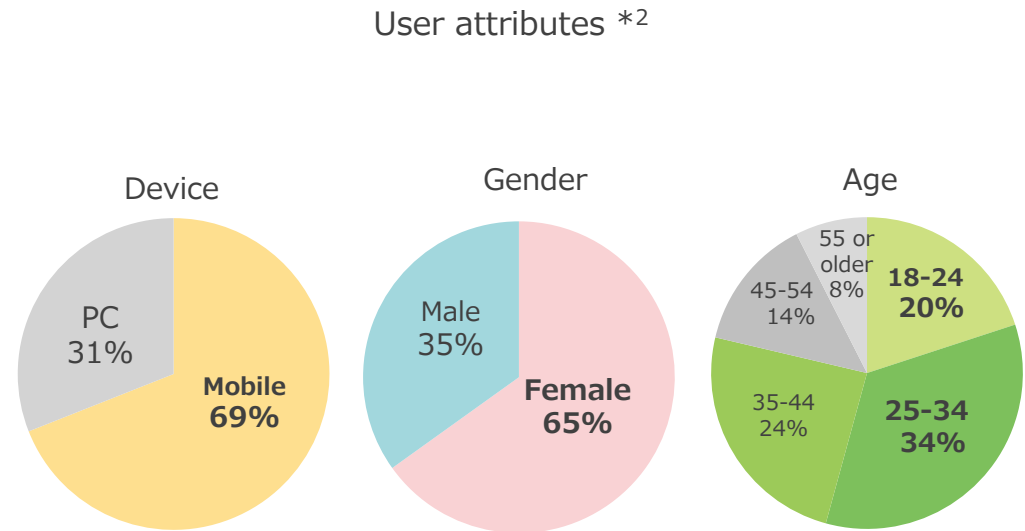
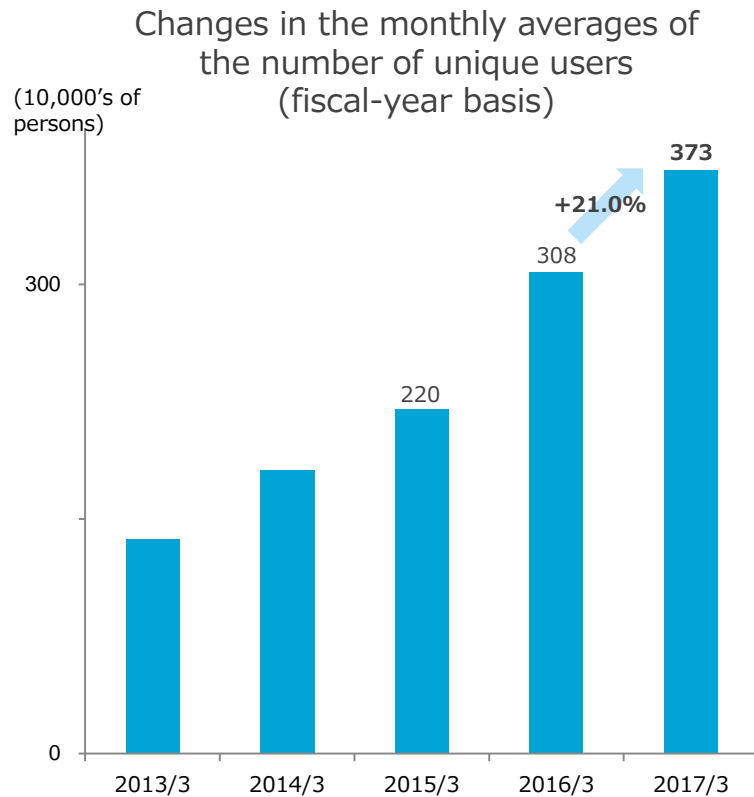


Flexibly corresponds to changes in market trends

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.*¹ 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 2017/1 - 2017/12 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, discount air tickets, flight and hotel packages, etc.

High profitability

- ✓ Driven 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

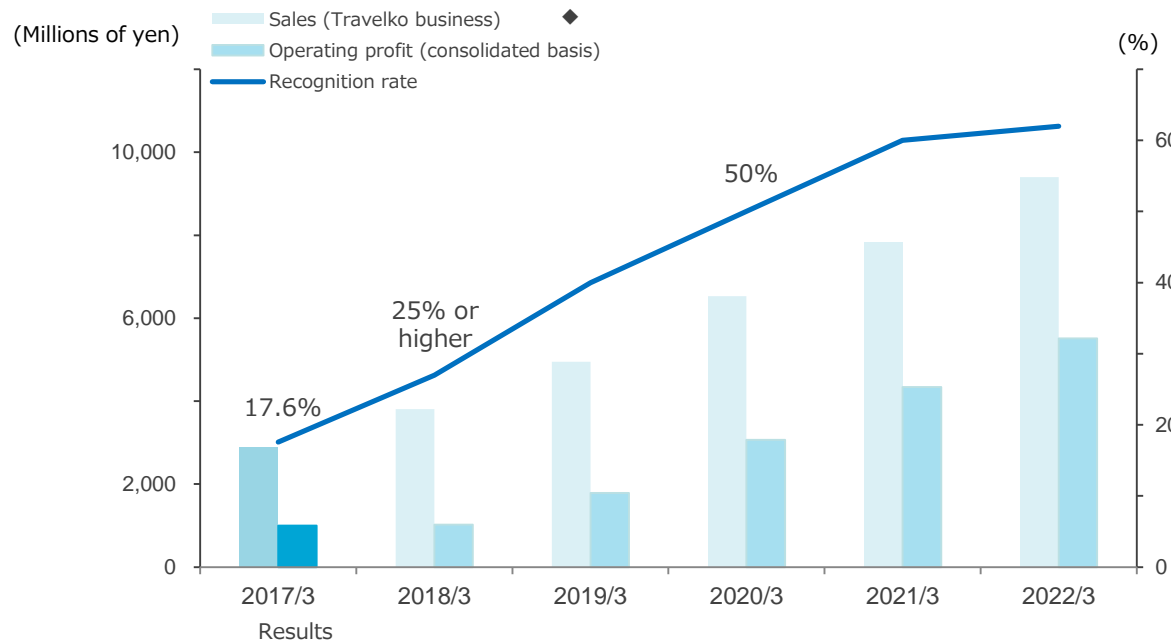
- ✓ Constant high growth in the number of unique users
- ✓ **Growth in the number of unique users in all genres**

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.

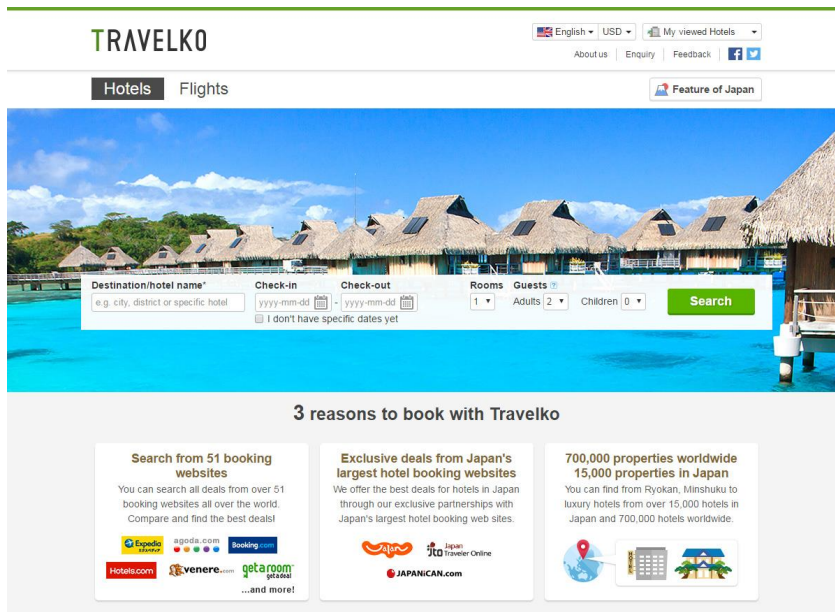


◆ Because almost all sales currently arise from the Travelko business.

◆◆ The graph provides an image of future trends.

The screenshot shows the Travelko website with a navigation menu at the top. The main content area features a search bar and several promotional banners. Below the banners, there are sections for '国内旅行' (Domestic Travel) and '海外旅行' (Overseas Travel) with sub-categories like hotels, tours, and flights. A 'トラベルコアプリ' (Travelko App) section highlights its availability on the App Store and Google Play. A '最安値一覧' (Lowest Price List) table is visible, listing various travel packages and their prices. The bottom of the page features travel articles under '国内旅行記事' and '海外旅行記事'.

- ✓ Enhance existing menus and turn them into 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 the 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
- ✓ Begin product comparison for vacation rentals, package tours and optional tours
- ✓ Increase travel reviews in multiple languages for inbound travelers
- ✓ Provide system to inbound media

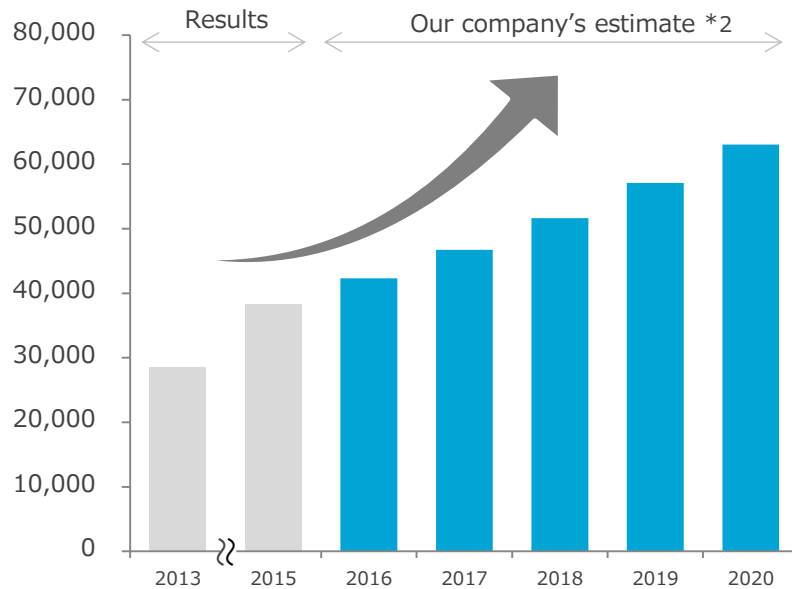
Recognition of Market Environments

Growth of online/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)

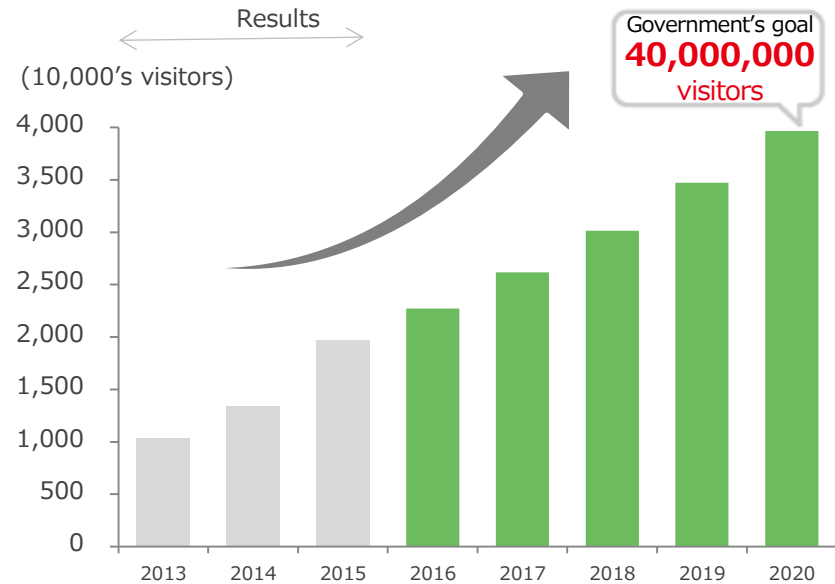


*1 An abstract from PhoCusWright Japan's "Survey of Japan's Online Travel Market, Third Edition"

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

Growing inbound market

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

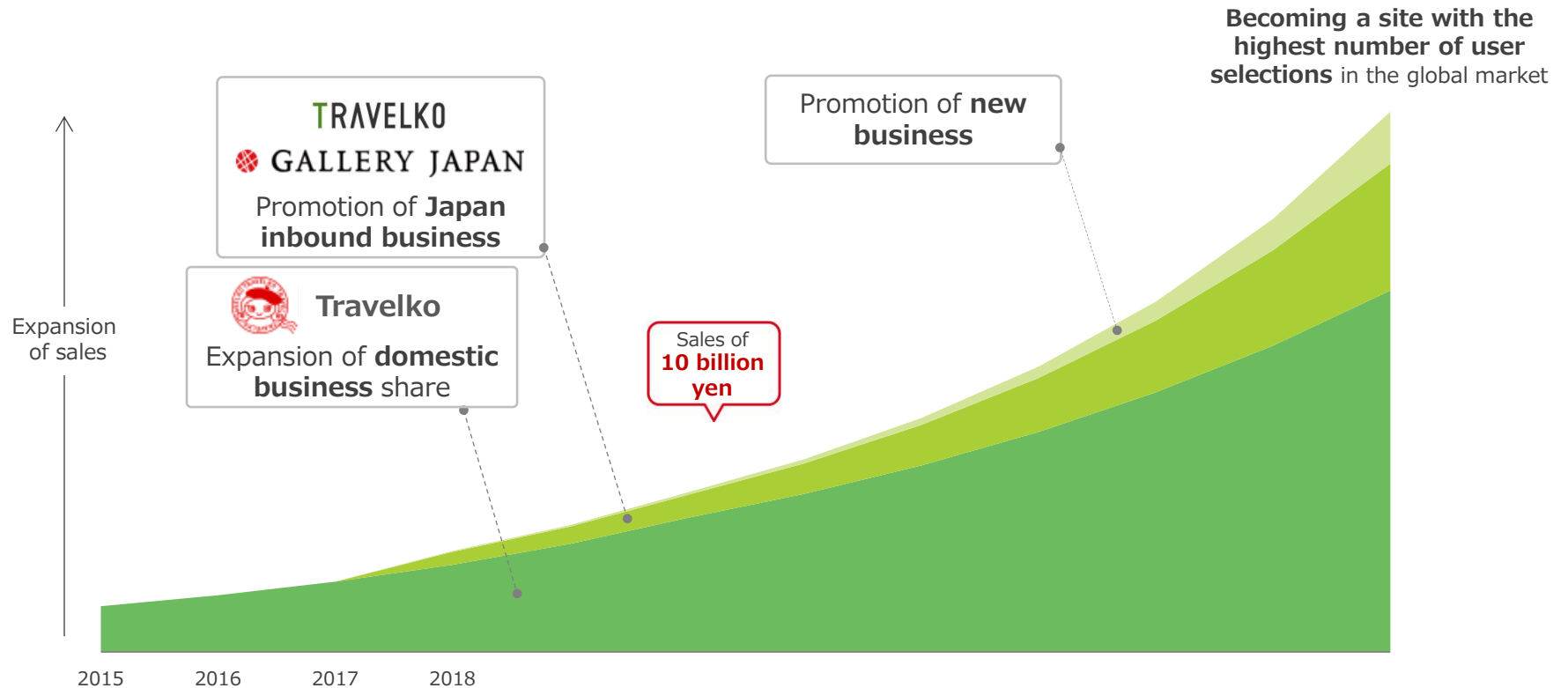


*3 An abstract from the number of foreign visitors to Japan by JNTO (Japan National Tourism Organization)

*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,
please contact the office listed below.

Administrative Division, OpenDoor Inc.

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

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