

Financial Results for FY2019 March



OpenDoor Inc.
(Stock Code: 3926)

1. Highlights
2. FY2019 March: Financial Overview
3. FY2019 March: Main Initiatives
4. FY2020 March: Financial Projections
5. FY2020 March: Main Planned Initiatives
6. Reference Materials

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■ Results for FY2019 March

- Sales: **4,969 million yen** (up **23.9%** YoY (year-on-year)); operating profit: **1,703 million yen** (up **47.4%** YoY)
- Both sales and operating profit hit new record highs.
- Absorbing increased advertising costs (up 300 million yen from the previous year), operating profit was much higher (**up 500 million yen**) than in the previous year.
- According to a February 2019 survey, the recognition rate was **41.0%**, vs. a target of 37.0% for FY2019 March.

■ Plans for FY2020 March

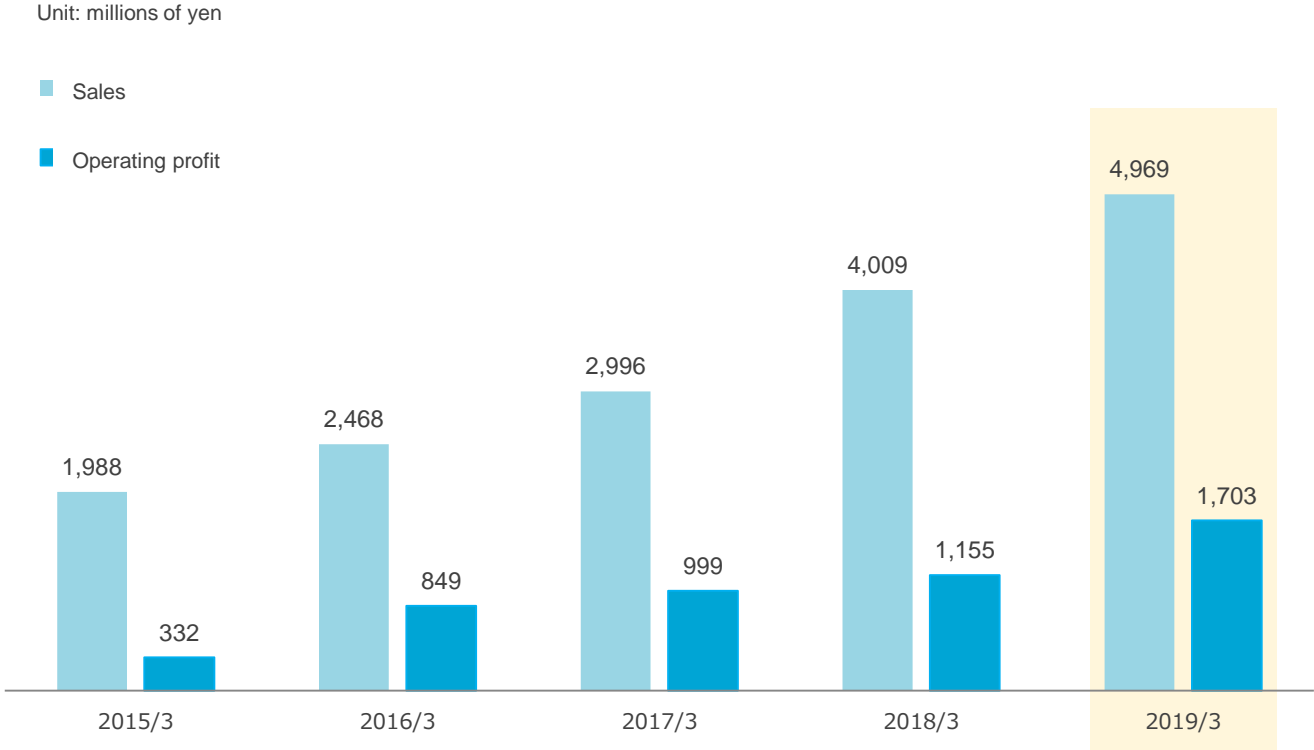
- Sales: **6,000 million yen** (up **20.7%** YoY); operating profit: **2,200 million yen** (up **29.2%** YoY)
- Continuing to attach paramount importance to the recognition rate in FY2020 March, we aim to achieve a rate of **47.0% or higher** through TV commercials and other media.
- We determine how much we will spend on advertising on the assumption that sales promotion in the domestic market will take about 1,500 million yen, which is based on the previous year's results, and also taking into account the possibility of additional investments as well as sales promotion in overseas markets during the year.

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FY2019 March: Financial Overview/Trends in Results



- Both sales and operating profit hit new record highs.



FY2019 March: Financial Overview/Profit and Loss Statement



- Revised full-year forecasts were announced on March 27, 2019. While initial forecasts were expressed as a range, forecasts for sales were raised to nearly the upper limit of the range and those for profit at each stage were raised above the projected range. Actual results were more or less in line with the revised forecasts.
- Both sales and operating profit hit new record highs. (Up 23.9% YoY and up 47.4% YoY, respectively)
- Absorbing increased advertising costs (up 300 million yen from the previous year), operating profit was much higher (up 500 million yen) than in the previous year.

Unit: millions of yen

	FY2018/3 Results	FY2019/3 Results	Amount of change	YoY	vs. plans	FY2019/3 Revised full-year forecasts*	FY2019/3 Initial full-year forecasts**
Sales	4,009	4,969	+959	+23.9%	-0.0%	4,970	4,800 ~ 5,000
Cost of sales	585	615	+29	+5.1%	+0.9%	610	600 ~ 600
Gross profit	3,424	4,354	+930	+27.2%	-0.1%	4,360	4,200 ~ 4,400
Selling, general and administrative expenses	2,268	2,651	+382	+16.9%	-1.4%	2,690	2,600 ~ 3,100
Operating profit	1,155	1,703	+547	+47.4%	+2.0%	1,670	1,300 ~ 1,600
Ordinary profit	1,163	1,708	+544	+46.8%	+2.3%	1,670	1,300 ~ 1,600
Net incomes	756	1,099	+342	+45.3%	+6.1%	1,035	780 ~ 960

*Revised forecasts announced on March 27, 2019.

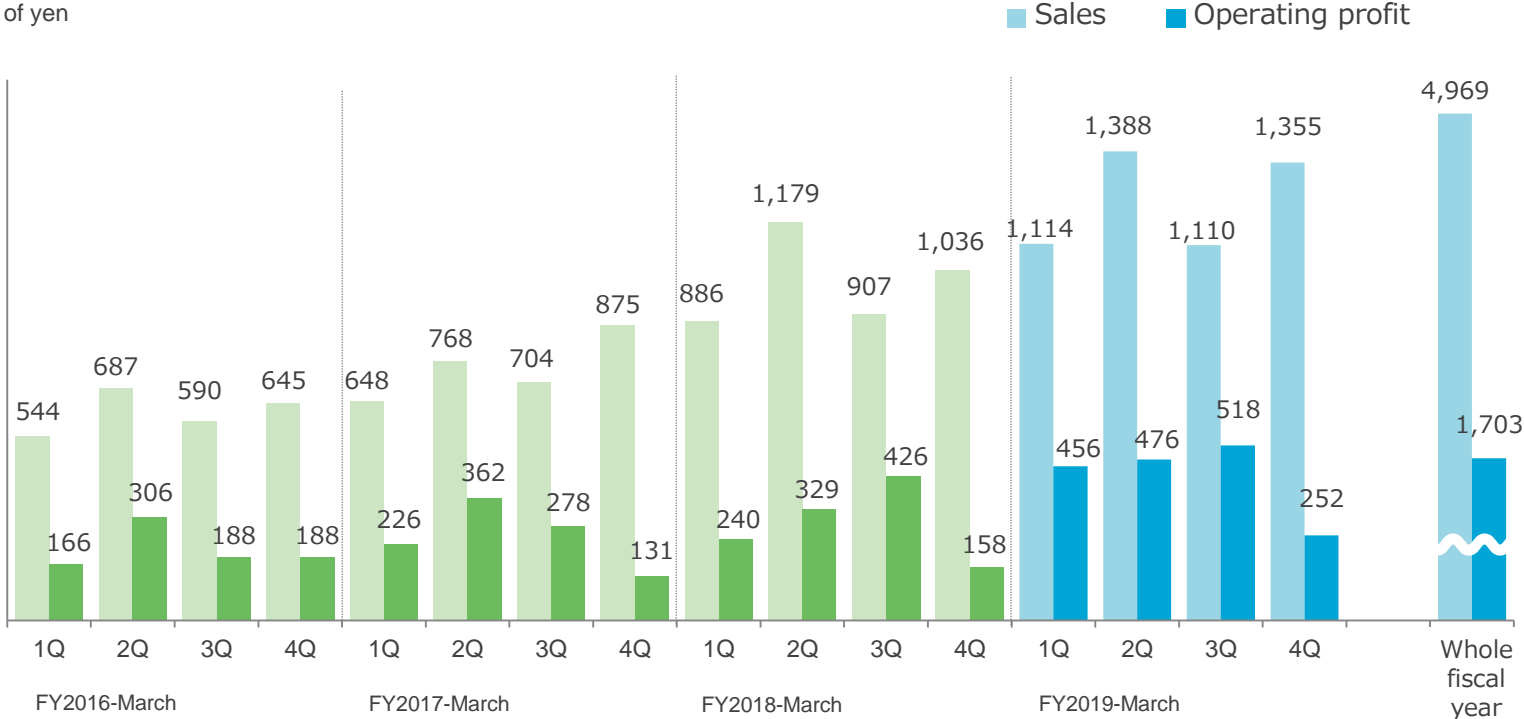
**Initial forecasts announced on May 11, 2018.

FY2019 March: Financial Overview/Trends in Quarterly Results



- In all of 1Q, 2Q, and 3Q, sales and operating profit increased from the corresponding quarter of the preceding year.
- Although we initially expected that 2Q would record the highest quarterly sales of the year, followed by 4Q, 3Q and 1Q, sales in 3Q were roughly the same as in 1Q.

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- Air TV commercials in major cities nationwide throughout the year. Started to broadcast a new commercial “Pop-up Book Edition” in January 2019.
- Continue active system affiliation covering a wide range of sites from popular travel sites to official sites of airlines and accommodations.
- Launch Travelko new service, “Shinkansen + Hotel,” enabling users to compare package tours that freely combine Shinkansen bullet trains and hotels.
- Affiliated with Skyscanner on the global travel comparison site “Travelko” to increase the number of hotels and plans posted on the site.

TV commercial

- Start to broadcast Travelko's new TV commercial, “Pop-up Book Version”



New affiliation

- Relux (domestic hotels),
- Scoot (overseas air tickets),
- OZmall (domestic options), and many others



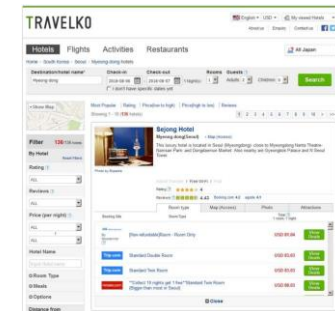
New service

- Launch “Shinkansen + Hotel” comparison service, in which JR Tokai Tours and JR East View Travel Service also participate



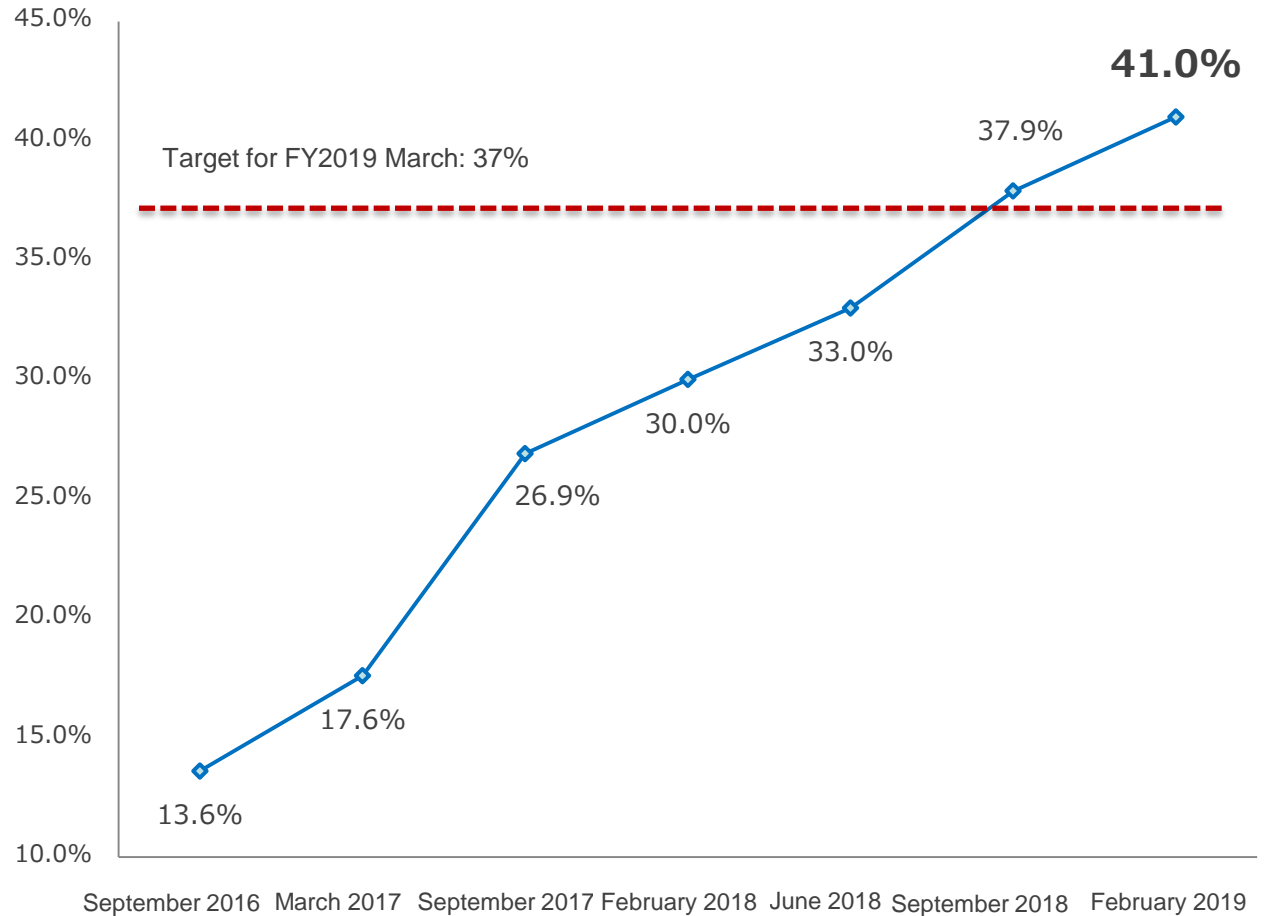
Travelko

- Affiliated with Skyscanner for Travelko hotels



FY2019 March: Main Initiatives/ Recognition Rate Raised through TV Commercials

- According to a February 2019 survey, the recognition rate was 41.0%, vs. a target of 37.0% for FY2019 March!!



Source: OpenDoor's own survey (February 2019)
 Survey from a sample of 10,000 respondents: Males 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.

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FY2020 March: Financial Projections/Profit and Loss Statement



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- We determine how much we will spend on advertising on the assumption that sales promotion in the domestic market will take about 1,500 million yen, which is based on the previous year's results, and also taking into account the possibility of additional investments as well as sales promotion in overseas markets during the year.

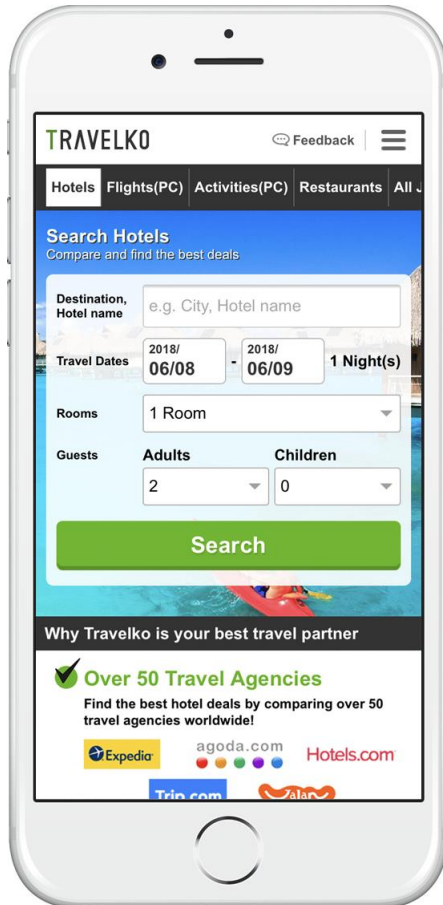
Unit: millions of yen

	FY2019/3 Results	Projections for FY2020 March	Amount of change	YoY
Sales	4,969	6,000	+1,030	+20.7%
Cost of sales	615	680	+64	+10.5%
Gross profit	4,354	5,320	+965	+22.2%
Selling, general and administrative expenses	2,651	3,120	+468	+17.7%
Operating profit	1,703	2,200	+496	+29.2%
Non-operating profit/loss	4	0	-4	-100.0%
Ordinary profit	1,708	2,200	+491	+28.8%
Extraordinary profit/loss	56	0	-56	-100.0%
Net incomes	1,099	1,320	+220	+20.1%

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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
- Expand the range of cross-comparison services (Vacation rental, travel insurance, cruise, outdoor activity, etc.)



- Establish price advantage by strengthening affiliation with local major websites
- Enhance localization of the user interface
- Release the TRAVELKO (Global site) app
- Provide system interface for inbound travel information
- Raise the recognition rate through sales promotion

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FY2019 March: Key Components of Cost of Sales and Selling, General and Administrative Expenses



- As a result of enhanced mass advertising on TV and other media, advertising costs increased.

Unit: millions of yen	FY2018/3		FY2019/3			
	Results	% of sales	Results	Amount of change	YoY	% of sales
Cost of sales	585	14.6%	615	+29	+5.1%	12.4%
Labor costs	392	9.8%	426	+33	+8.5%	8.6%
Other	192	4.8%	189	-3	-1.9%	3.8%
Selling, general and administrative expenses	2,268	56.6%	2,651	+382	+16.9%	53.3%
Personnel expenses	693	17.3%	755	+62	+9.0%	15.2%
Advertising costs	1,101	27.5%	1,430	+328	+29.9%	28.8%
Other	474	11.8%	465	-9	-1.9%	9.4%

- Financial results show steady performance, with a 1,062 million yen increase in net assets.

Unit: millions of yen	2018/3 Results	2019/3 Results	Amount of change
Current assets	4,270	5,680	+1,410
Cash and deposits	3,549	4,719	+1,169
Other	720	961	+240
Non-current assets	713	631	-82
Total assets	4,984	6,312	+1,327
Current liabilities	768	1,043	+275
Non-current liabilities	76	66	-9
Total liabilities	844	1,109	+265
Net assets	4,139	5,202	+1,062
Capital stock	648	648	-
Capital surplus	474	474	-0
Retained earnings	2,993	4,092	+1,099
Other	23	-12	-36
Total liabilities and net assets	4,984	6,312	+1,327

FY2019 March/Cash Flow Statement

- Cash and cash equivalents for FY2019 March increased 1,139 million yen to 4,719 million yen.

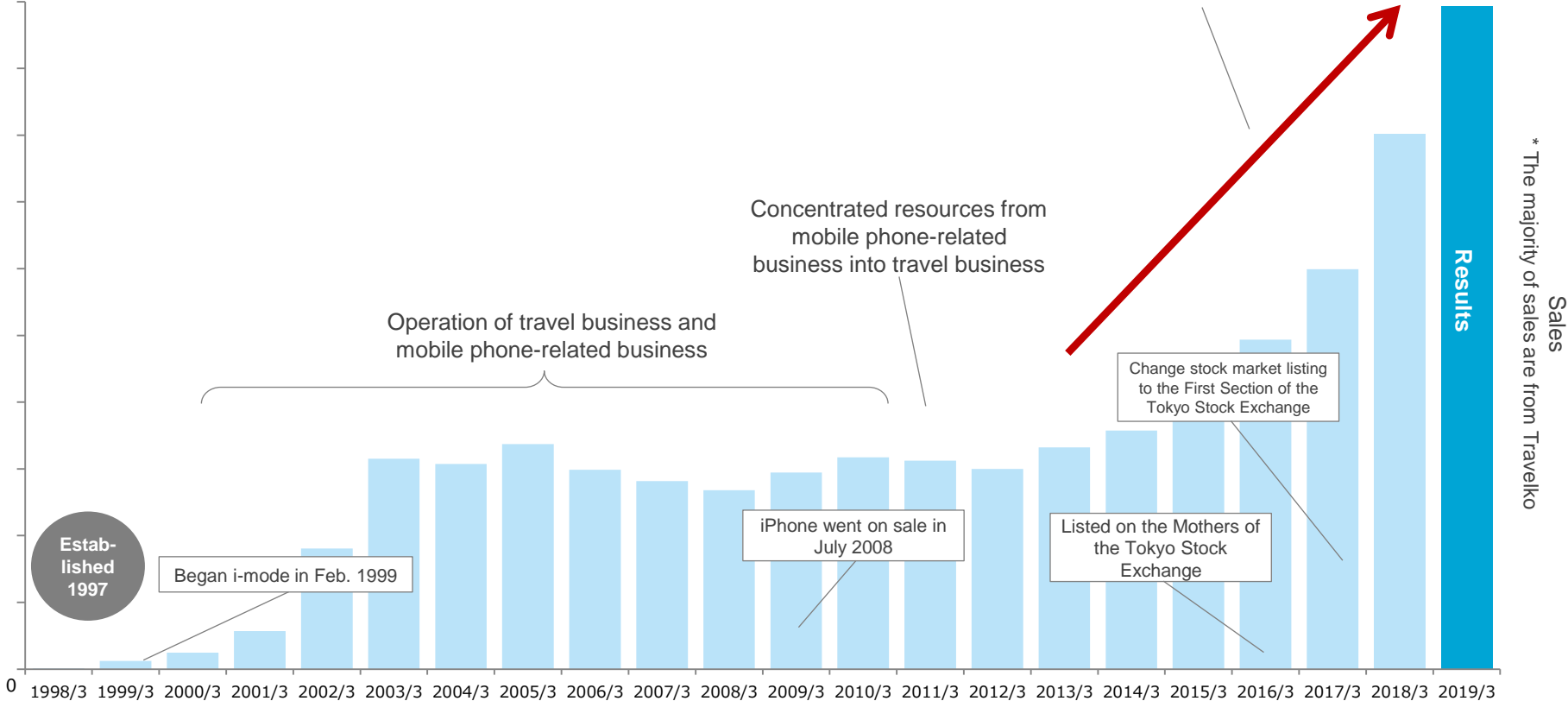
Unit: millions of yen	FY2018/3 Results	FY2019/3 Results	
Cash flows from operating activities	+687	+1,121	Net income before tax 1,764 Income taxes paid -543
Cash flows from investing activities	-103	+17	Proceeds from sale of investment securities 56 Purchase of property, plant and equipment -36
Cash flows from financing activities	+1	+0	—
Effect of exchange rate change on cash and cash equivalents	+0	+0	—
Changes in cash and cash equivalents	+586	+1,139	—
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	3,579	4,719	—

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 166 employees

2019

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.

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。 TRAVELKO

運営会社：株式会社オープンドア(東証一部)

初めての方向へ よくある質問 メールマガ このページの質問・要諦

国内 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、空港建設税、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
新幹線+ホテル	国内レンタカー	オプションツアー	海外Wi-Fiレンタル
夜行バス・高速バス	遊び・体験	ファイナルコール	
日帰りバスツアー	ファイナルコール		

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

海外80都市！人気スポットまとめ記事

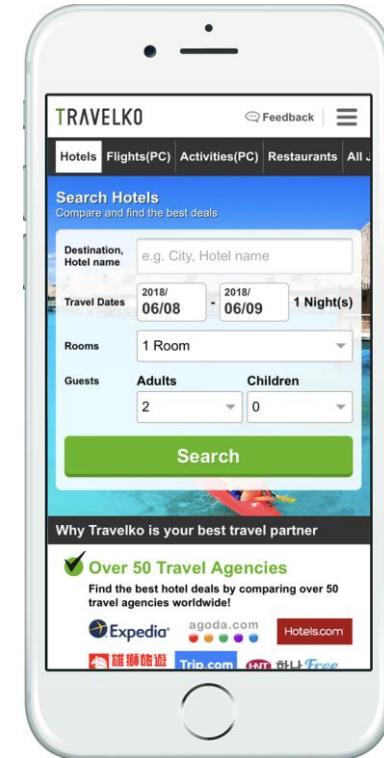
最安値一覧

東京発 5月 6月

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 2,000円	ソウル3日間 1.38万円 ↓
旭川3日 2.58万円	鬼怒川温泉 2,980円	台北3日間 1.88万円 ↑
金沢2日 1.50万円	東京 2,100円	香港3日間 2.34万円
		グアム4日間 3.98万円
		バンコク4日間 2.25万円 ↓
		シンガポール4日間 2.78万円



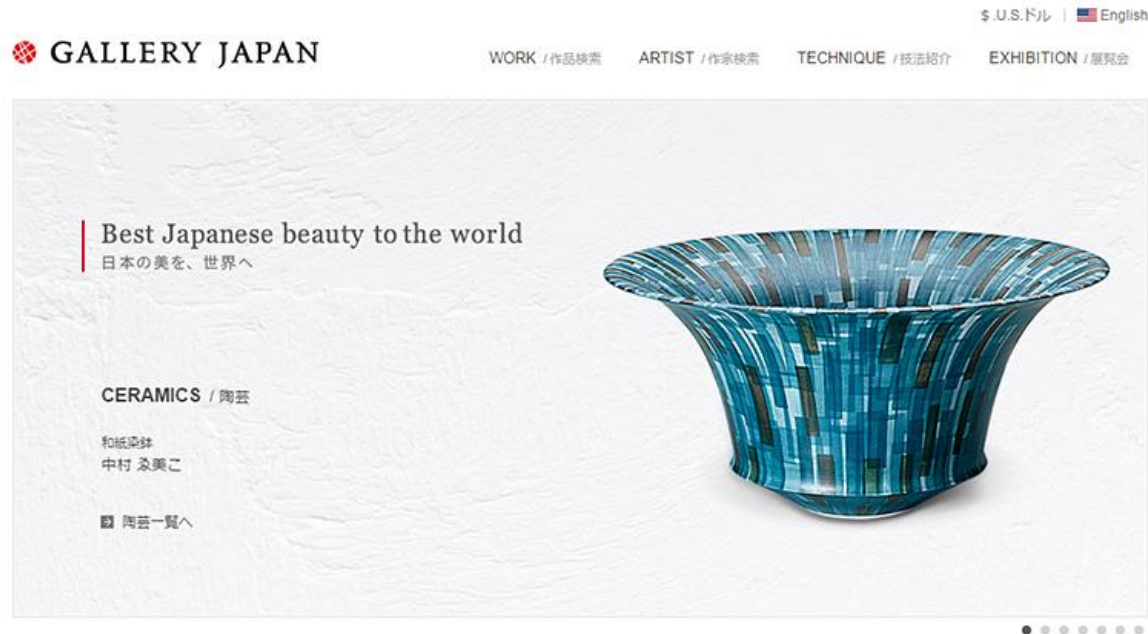
The global version of TRAVELKO, targeted at overseas and inbound markets



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



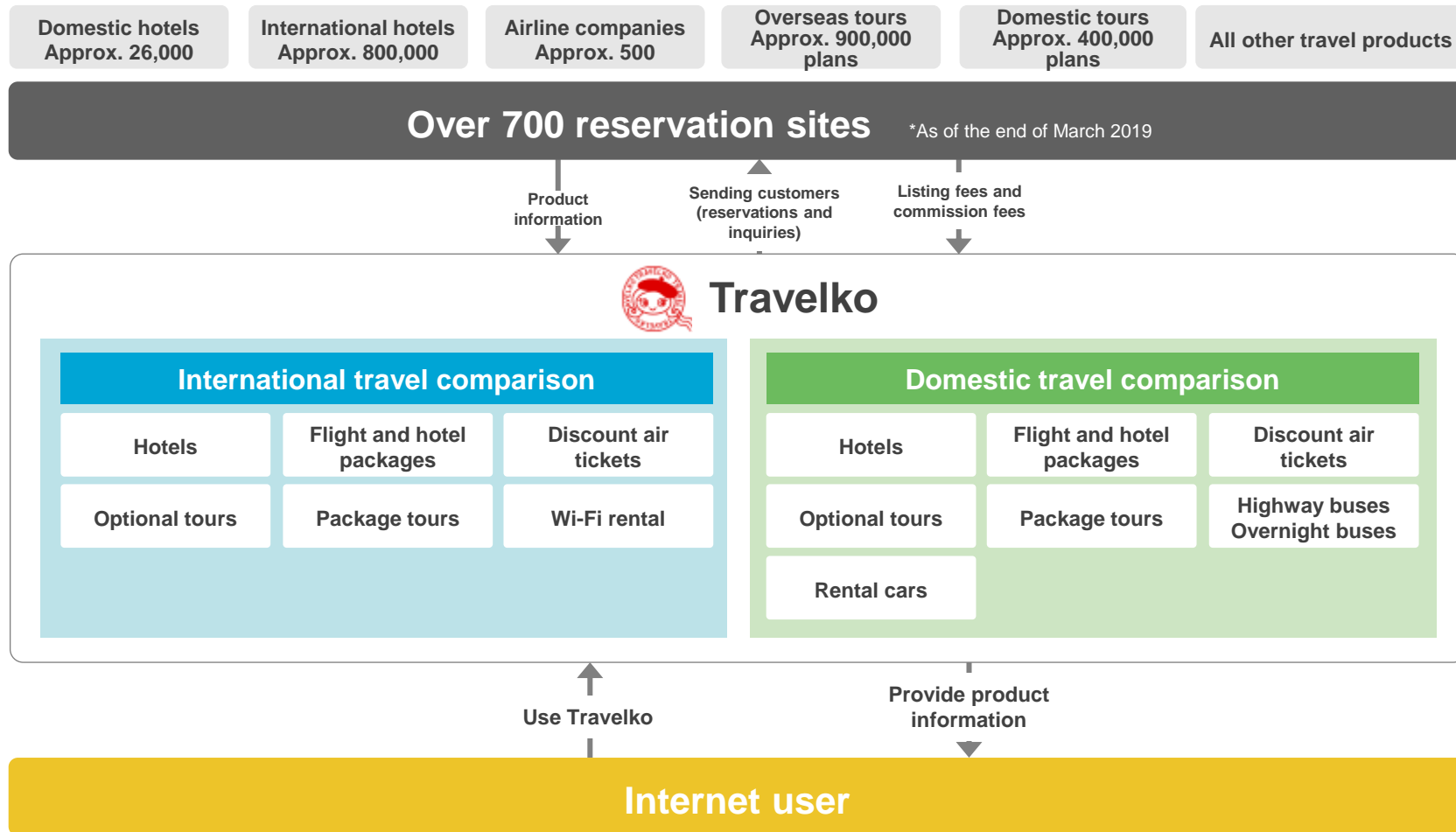
WORK / 作品紹介



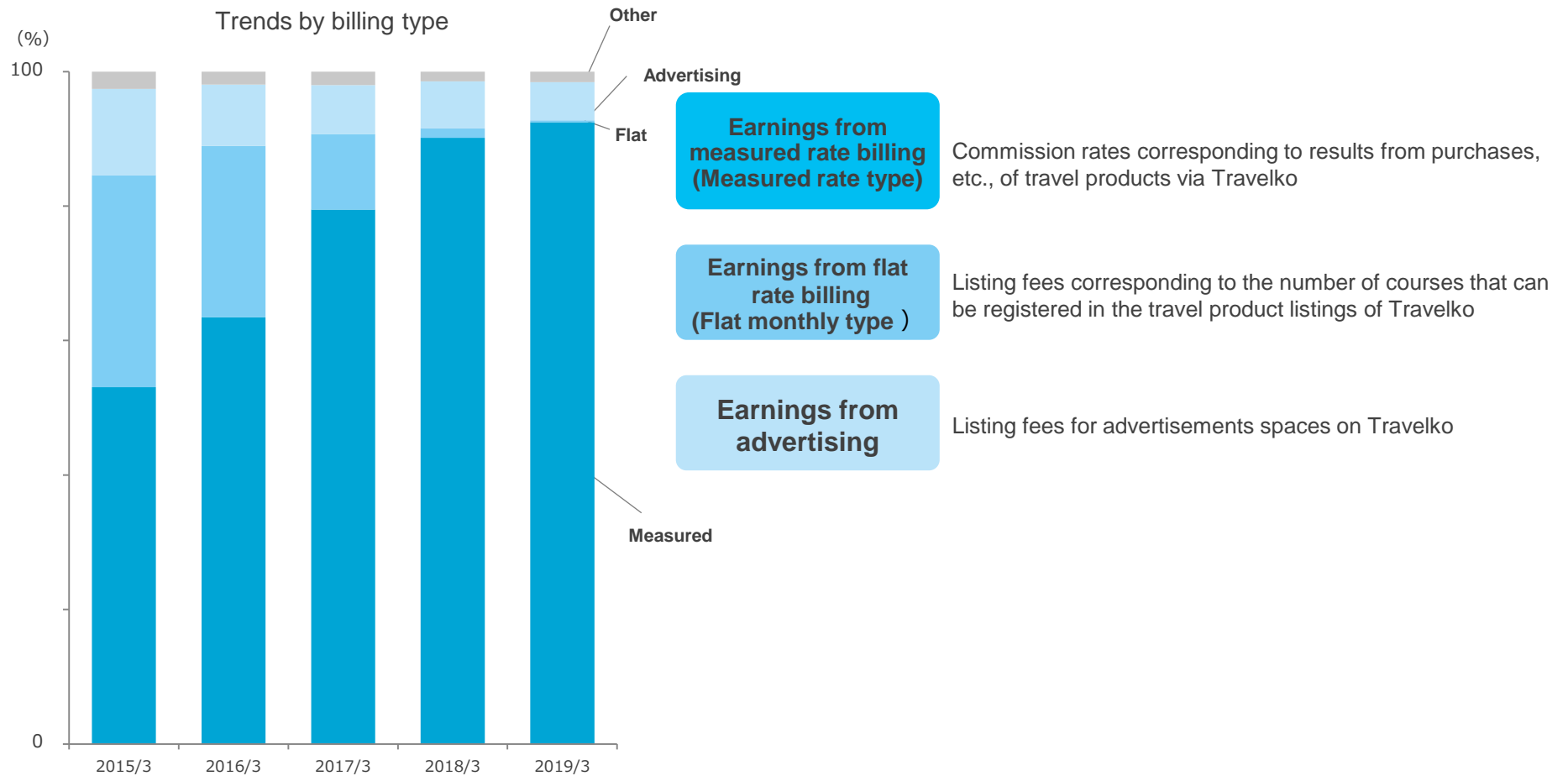
Supported languages

English
Japanese

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



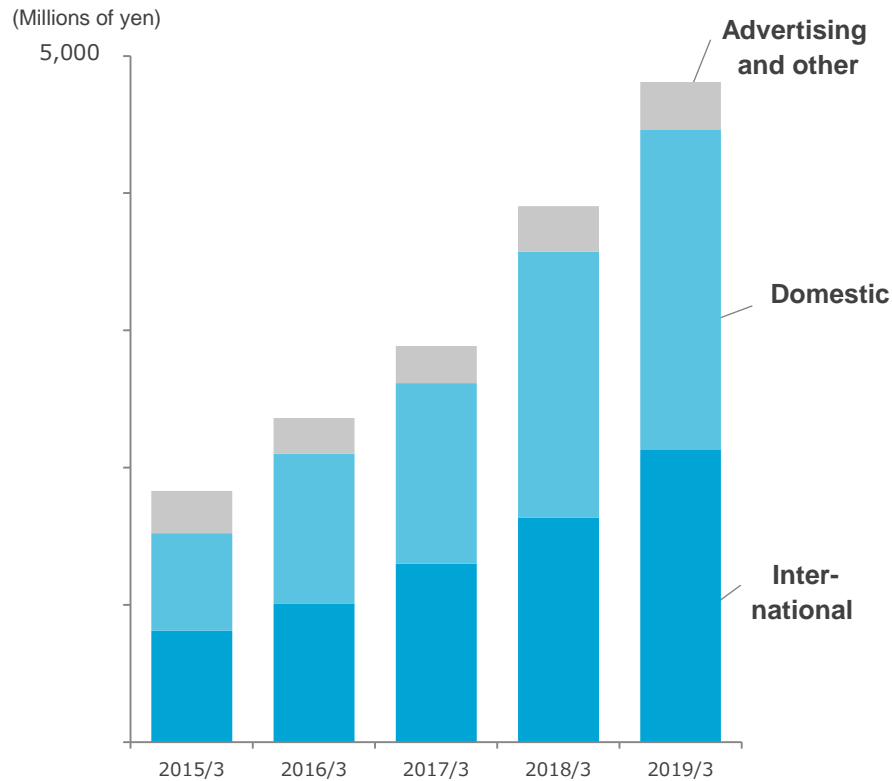
Shift from flat rate billing to measured rate billing based on results



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

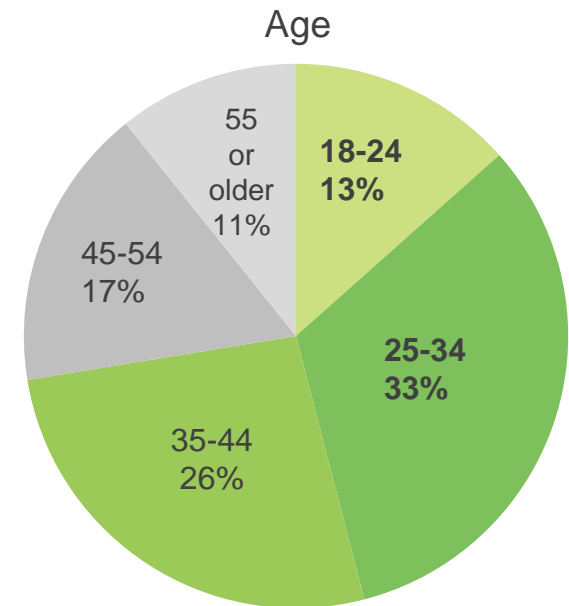
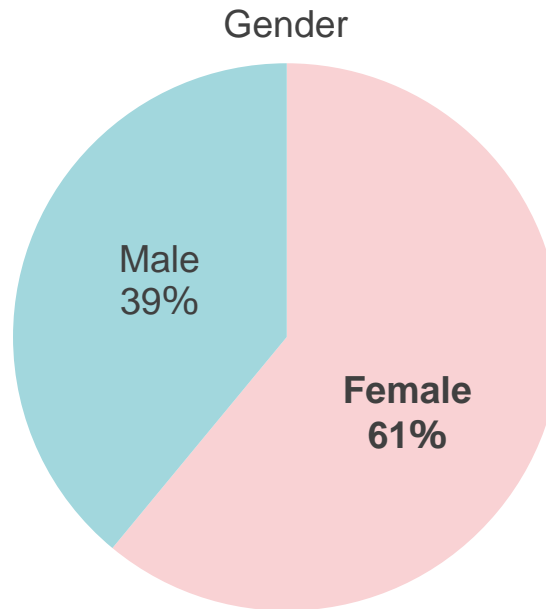
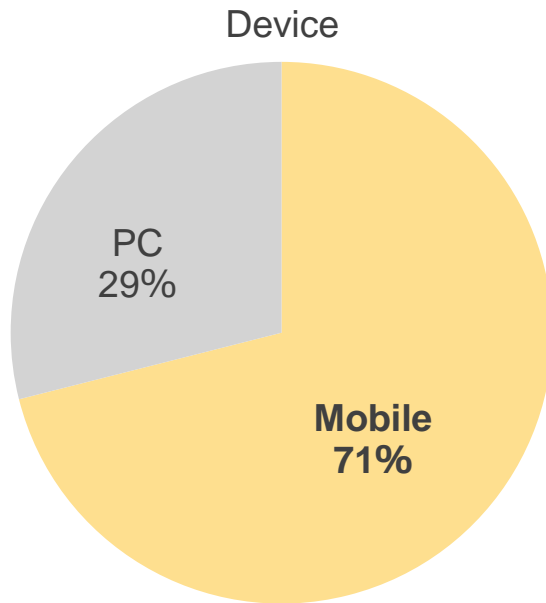


Flexibly corresponds to changes in market trends
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

A structure that is resistant to 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 2018/4 - 2019/3 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 the 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

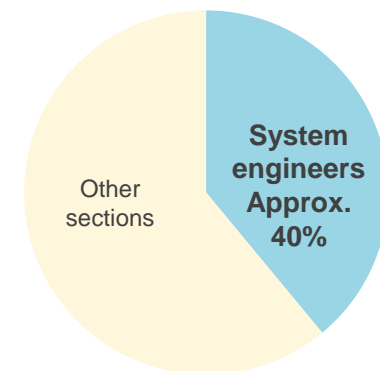


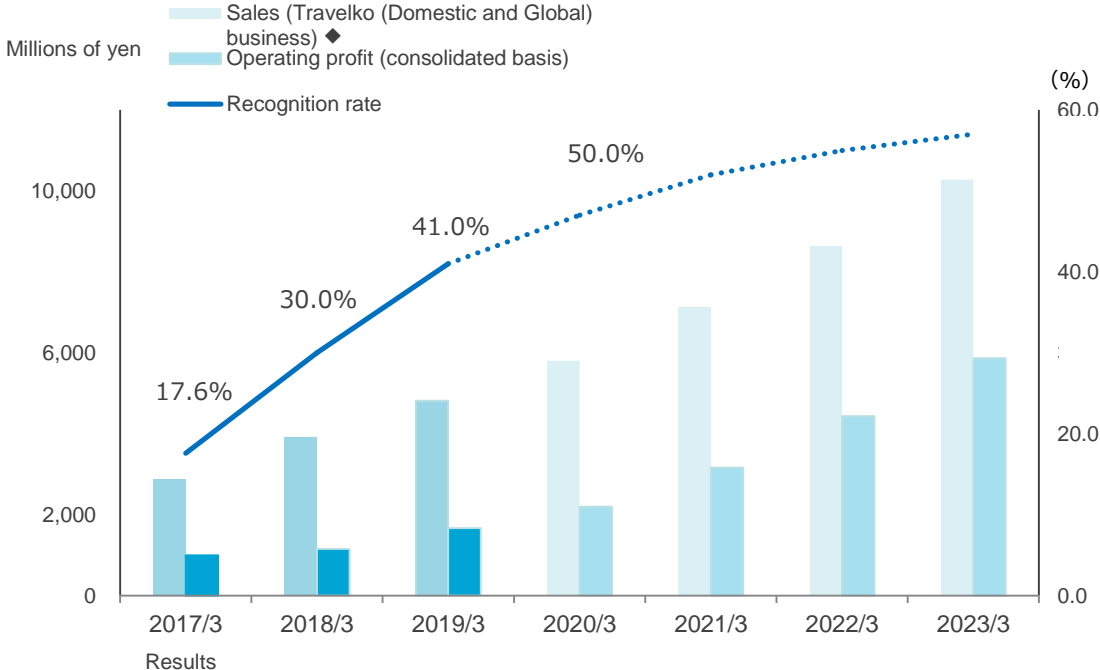
Image of Mid-term Growth in Travelko Business

- 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.

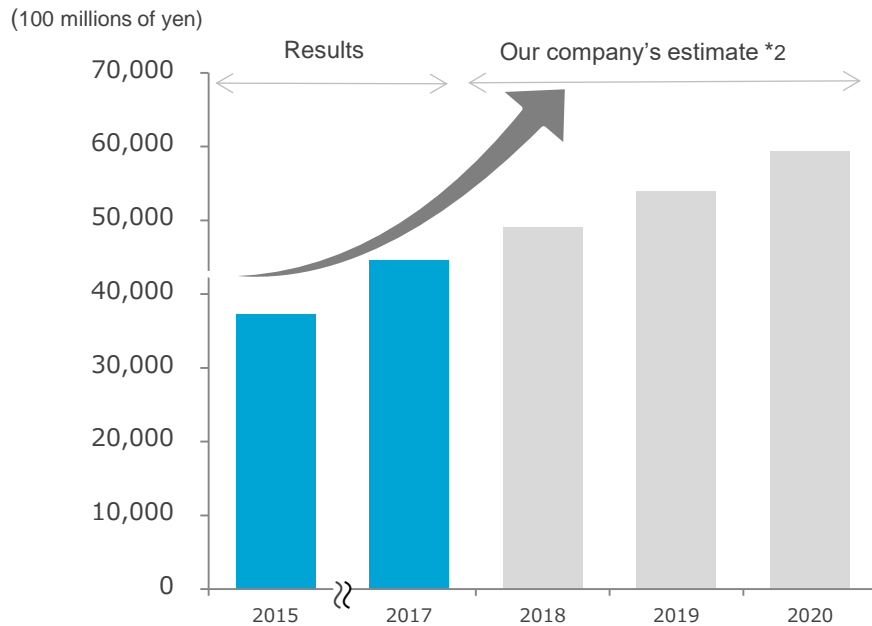
◆◆ The graph is an impression

Recognition of Market Environments

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

Online travel market scale

Total travel market scale: 10.01 trillion yen*1
 Online market scale: **4.4 trillion yen** (2017)*1
 Average annual increase of **about 10%** *1



Growing inbound market

2018
 31,190,000
 visitors*3

→

2020
 40,000,000
 Visitors*4



*1 An abstract from PhoCusWright Japan's "Japan Online Travel Market Overview Fourth Edition"

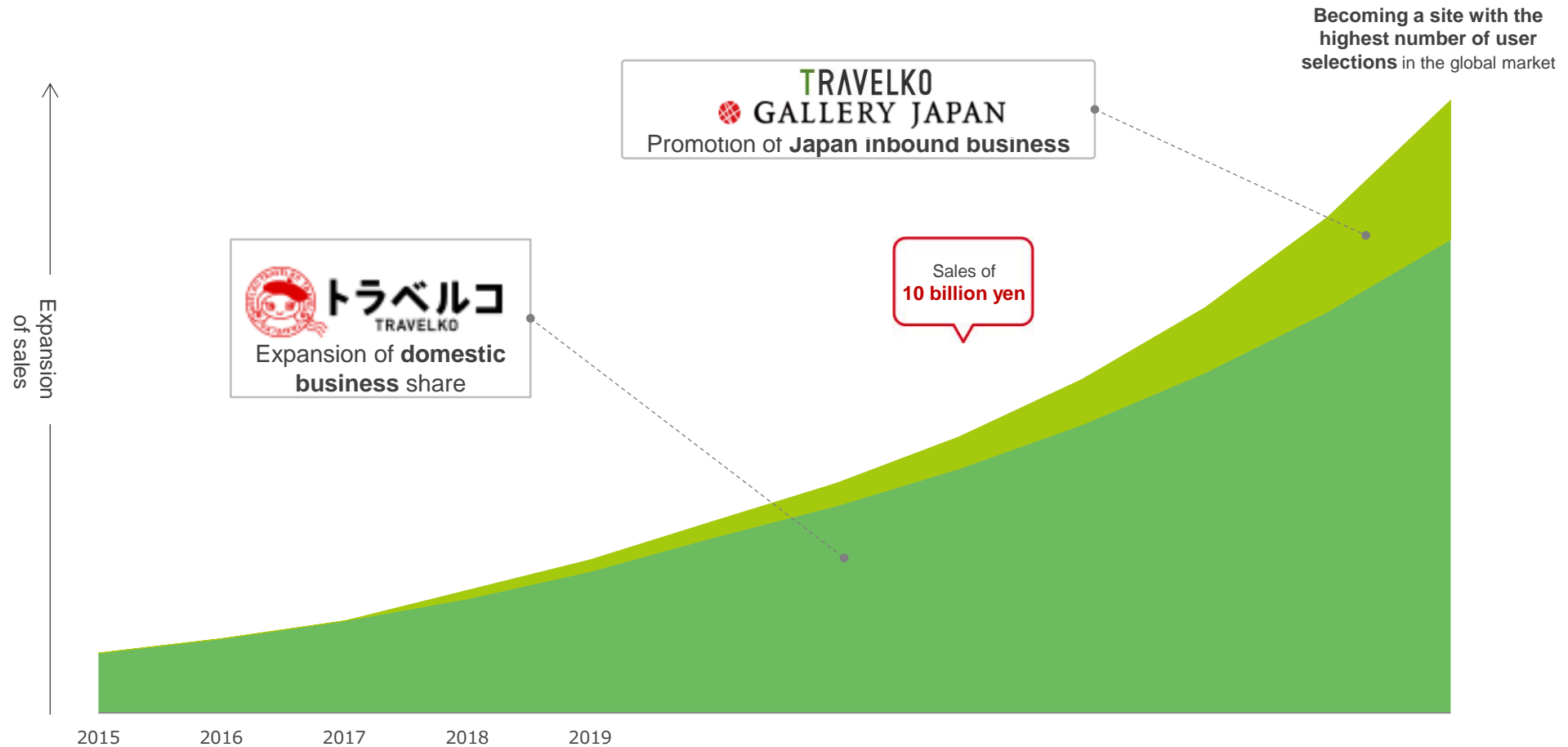
*2 A growth rate of the yearly average +10% is assumed

*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.

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