

# Financial Results for Second Quarter of Fiscal Year Ending March 2020



OpenDoor Inc.  
(Stock Code: 3926)

1. Highlights
2. Second Quarter: Financial Overview
3. Second Quarter: Main Initiatives
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## ■ Revision of Consolidated Financial Projections for FY2020 March

- Although both consolidated sales and operating profit for the 2Q cumulative period hit all-time highs, they were lower than initial projections due primarily to slackening travel demand which occurred in reaction to rush demand before the 10-day Golden Week holiday period and was also caused by the unsettled state of the world as well as less organic search visits deriving from increasing search engine advertising. Considering that in addition to these factors, the adverse effects of the occurrence of massive typhoons and the consumption tax hike may further dampen the travel market in 3Q and onwards, we have revised our consolidated financial projections for FY2020 March. \*These negative factors are expected to have only a limited effect on medium- to long-term growth.
- Revised sales forecast: **5,400 million yen (up 8.7% YoY)**; revised operating profit forecast: **1,770 million yen (up 3.9% YoY)**
- The initial recognition rate target for FY2020 March of **47.0% or higher** and the advertising budget for the year of slightly more than 1.5 billion yen (including additional investments and costs of sales promotion in the global market during the year) have remained the same.

## ■ Results for 2Q FY2020 March

Accounting period (July to September)

- Sales: **1,489 million yen (up 7.3% YoY)**; operating profit: **428 million yen (down 10.0% YoY)**
- Although quarterly sales hit an all-time high, results were affected by slackening travel demand which occurred in reaction to rush demand before the 10-day Golden Week holiday period in 1Q and was also caused by the unsettled state of the world, as well as less organic search visits deriving from increasing search engine advertising.

Cumulative period (April to September)

- Sales: **2,785 million yen (up 11.3% YoY)**; operating profit: **987 million yen (up 5.9% YoY)**
- Although sales for the 2Q cumulative period hit a record high, earnings performance was significantly affected by changes in the external environment.
- Despite an increase in advertising expenses (up 176 million yen), operating profit increased from the same period of the last year to hit an all-time high.

## ■ TV Commercials

- The recognition rate in September 2019 was **44.3%** compared with the full-year target of 47.0% or higher.

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## 2Q FY2020 March / Financial Overview

- Although quarterly sales hit a record high, the year-on-year sales growth was 7.3% due primarily to slackening travel demand which occurred in reaction to rush demand before the 10-day Golden Week holiday period and was also caused by the unsettled state of the world as well as less organic search visits deriving from increasing search engine advertising.

Unit: millions of yen

	2Q FY2019/3 Results	2Q FY2020/3 Results	Amount of change	YoY
Sales	1,388	1,489	+100	+7.3%
Cost of sales	151	165	+14	+9.3%
Gross profit	1,237	1,323	+86	+7.0%
Selling, general and administrative expenses	761	895	+134	+17.6%
Operating profit	476	428	-47	-10.0%
Ordinary profit	478	429	-48	-10.2%
Net incomes	300	266	-33	-11.1%
Operating margin	34.3%	28.8%	-5.5P	-

## 2Q FY2020 March (Cumulative Results) / Achievements against Initial Forecasts



- Although sales for the 2Q cumulative period hit an all-time high, the year-on-year sales growth was 11.3%, due primarily to sluggish travel demand and less organic search visits deriving from increasing search engine advertising.
- Despite an increase in advertising expenses (up 176 million yen), operating profit increased from the same period of the last year to hit a record high.

Unit: millions of yen

	2Q FY2019/3 Results	2Q FY2020/3 Results	Amount of change	YoY	Progression rate from initial projections *3	2020/3 Initial full-year projections *2	2020/3 Revised full-year projections *1
Sales	2,503	2,785	+282	+11.3%	46.4%	6,000	5,400
Cost of sales	287	330	+42	+14.9%	48.6%	680	680
Gross profit	2,215	2,455	+239	+10.8%	46.2%	5,320	4,720
Selling, general and administrative expenses	1,283	1,467	+184	+14.4%	47.0%	3,120	2,950
Operating profit	932	987	+55	+5.9%	44.9%	2,200	1,770
Ordinary profit	935	988	+53	+5.7%	44.9%	2,200	1,770
Net incomes	616	615	-0	-0.2%	46.6%	1,320	1,062
Operating margin	37.3%	35.4%	-1.9P	-	-	36.7%	32.8%

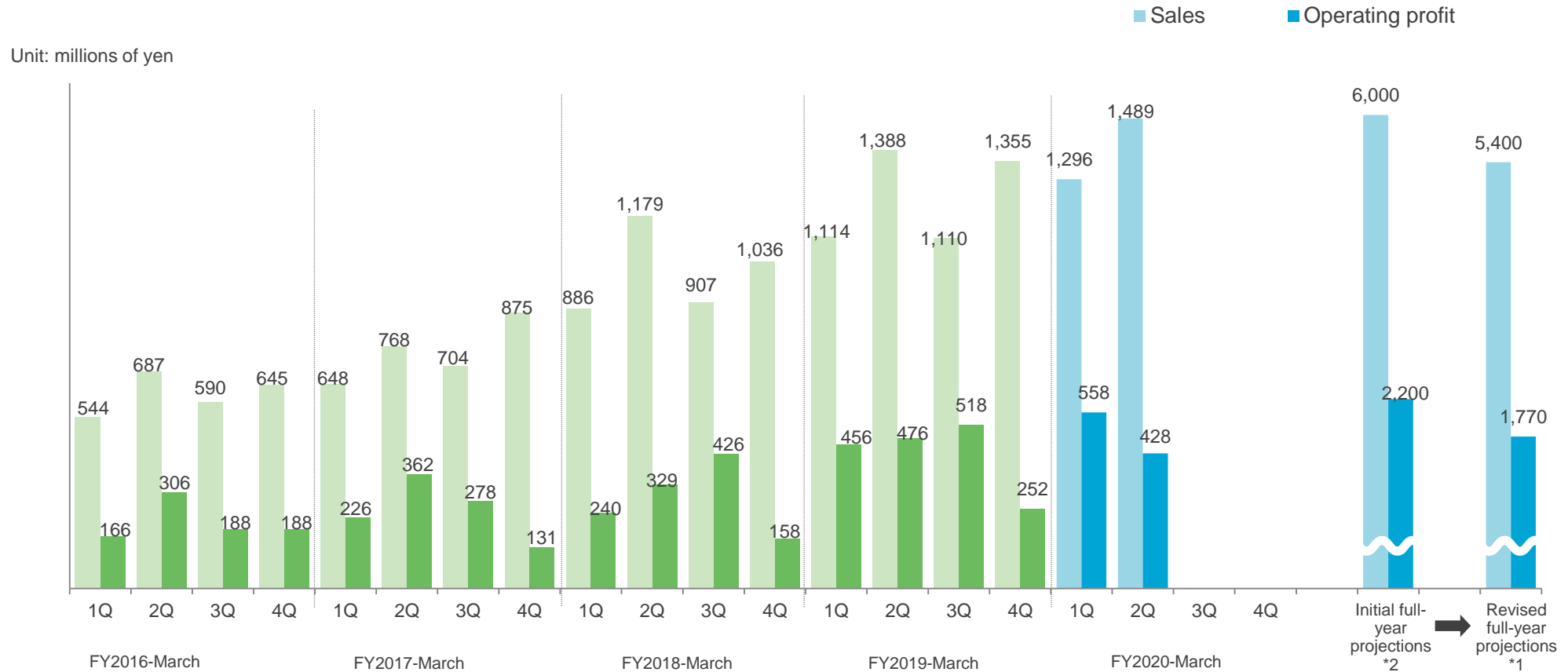
\*1 Revised projections announced on November 8, 2019.

\*2 Initial projections announced on May 10, 2019.

\*3 Progression rate from initial projections.

# 2Q FY2020 March / Trends in Quarterly Results

- Quarterly sales hit an all-time high.
- In FY2020 March, large quarterly sales are expected in 2Q and 4Q as usual in the past.



\*1 Revised projections announced on November 8, 2019.

\*2 Initial projections announced on May 10, 2019.



# FY2020 March Financial Projections / Profit and Loss Statement



- Although both consolidated sales and operating profit for the 2Q cumulative period hit all-time highs, they were lower than initial projections due primarily to slackening travel demand which occurred in reaction to rush demand before the 10-day Golden Week holiday period and was also caused by the unsettled state of the world as well as less organic search visits deriving from increasing search engine advertising (\*). Considering that in addition to these factors, the adverse effects of the occurrence of massive typhoons and the consumption tax hike may further dampen the travel market in 3Q and onwards, we have revised our consolidated financial projections for FY2020 March.

\*Refer to “Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies” on Page 16.

- The revision of financial projections was caused by changes in the external environment as mentioned above. Considering that we maintain higher ranking positions on search engine results pages and were awarded first place in various categories of a customer satisfaction ranking survey, we have a sustainable competitive advantage. Accordingly, we expect that the changes in the external environment will have only a limited impact on medium- to long-term growth.
- The initial recognition rate target for FY2020 March of 47.0% or higher and the advertising budget for the year of slightly more than 1.5 billion yen (including additional investments and costs of sales promotion in the global market during the year) have remained the same.

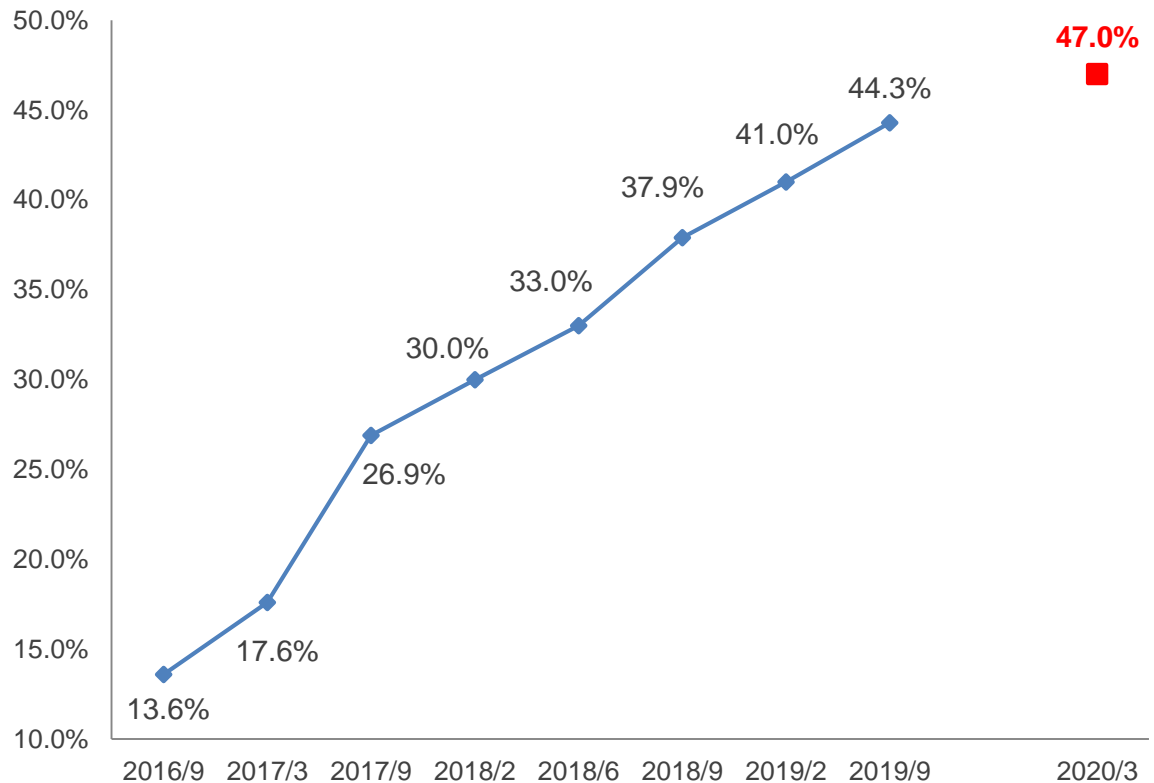
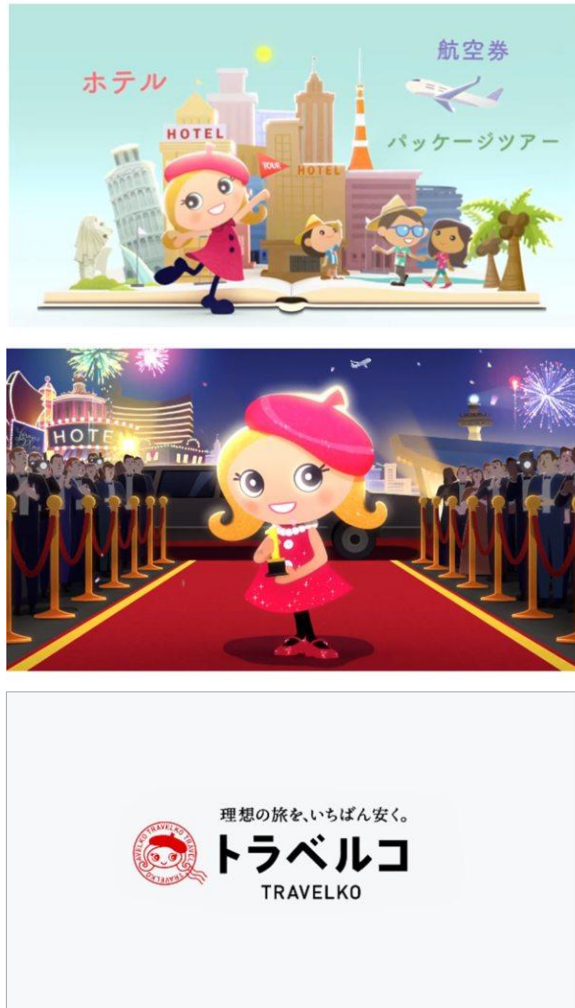
Unit: millions of yen	FY2019/3 Results	FY2020/3			FY2020/3		
		Revised full-year projections *1	Amount of change	QoQ	Initial full-year projections *2	Revision in terms of amount	Revision in terms of rate
Sales	4,969	5,400	+430	+8.7%	6,000	-600	-10.0%
Cost of sales	615	680	+64	+10.5%	680	-	-
Gross profit	4,354	4,720	+365	+8.4%	5,320	-600	-11.3%
Selling, general and administrative expenses	2,651	2,950	+298	+11.3%	3,120	-170	-5.4%
Operating profit	1,703	1,770	+66	+3.9%	2,200	-430	-19.5%
Non-operating profit/loss	4	0	-4	-100.0%	0	-	-
Ordinary profit	1,708	1,770	+61	+3.6%	2,200	-430	-19.5%
Extraordinary profit/loss	56	0	-56	-100.0%	0	-	-
Net incomes	1,099	1,062	-37	-3.4%	1,320	-258	-19.5%

\*1 Revised projections announced on November 8, 2019.

\*2 Initial projections announced on May 10, 2019.

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- The recognition rate in September 2019 was **44.3%** compared with the full-year target of 47.0% or higher.



Source: OpenDoor's own survey (September 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.

- Jul. 12 (Travelko) Launched Sanyo/Kyushu Shinkansen bullet trains on the Shinkansen + hotels site that allows users to create package tours by freely combining domestic trains and hotels!
- Aug. 15 (Travelko) Affiliated with J-TRIP for domestic air tickets + hotels, allowing users to have more choices for products that utilize JAL flights!
- Aug. 28 (Travelko) Affiliated with ena for domestic air tickets, allowing users to have more choices for domestic air ticket booking sites and prices!
- Sep. 11 (Travelko) Affiliated with KNT-CT Holdings for overseas air tickets + hotels, making many different combinations of overseas air tickets and hotels possible!

## New affiliation: Shinkansen + hotels



## New affiliation: Domestic air tickets + hotels



## New affiliation: Domestic air tickets



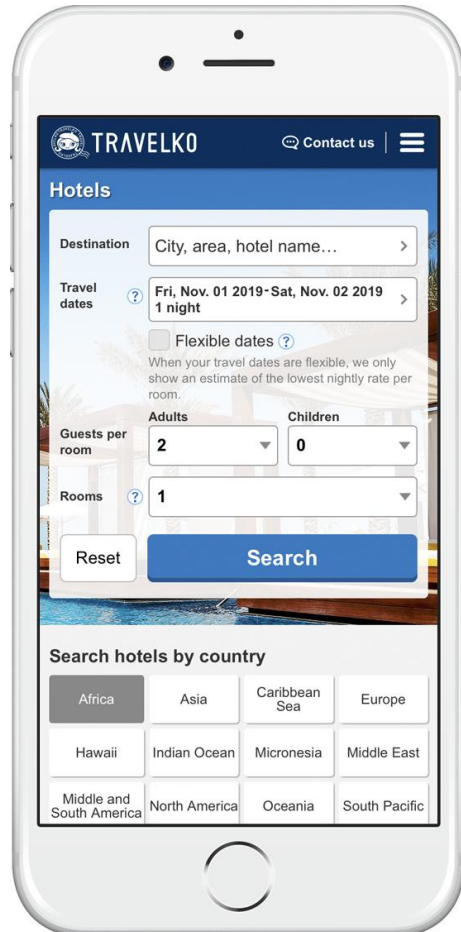
## New affiliation: Overseas air tickets + hotels



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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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# Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies



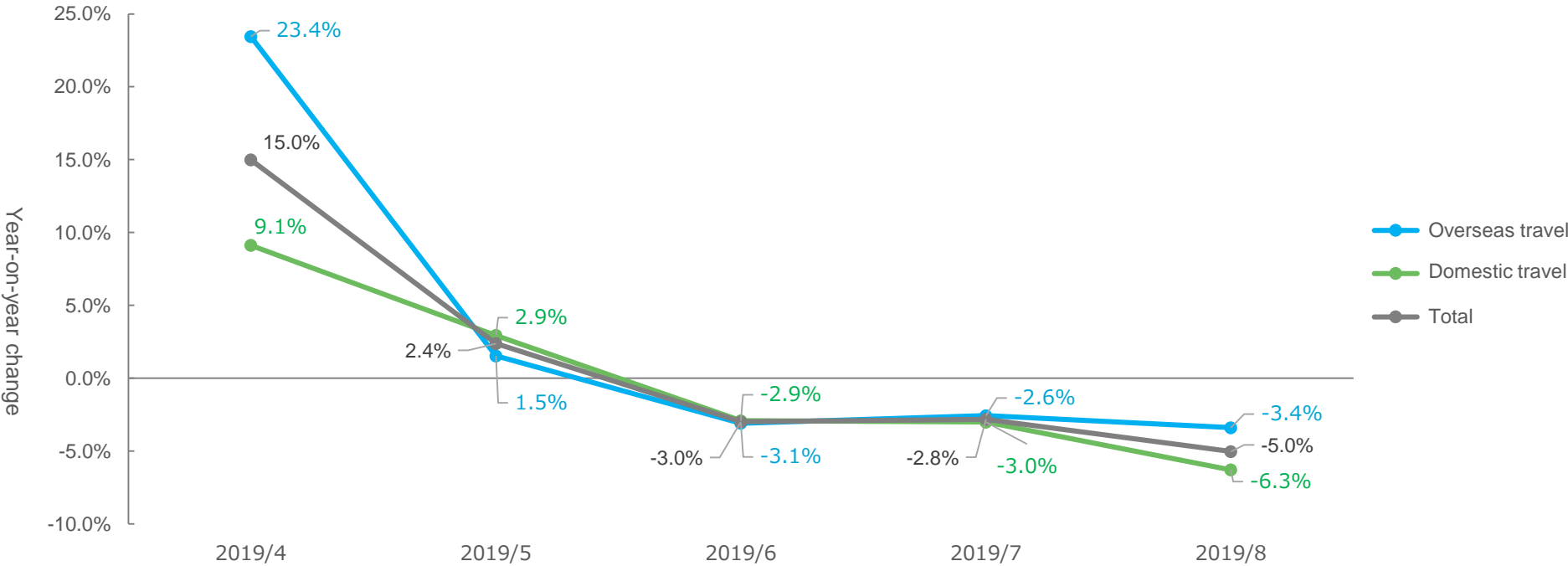
- Japan Tourism Agency’s “Preliminary Report on Travel Services Provided by the Major Travel Agencies” reveals that of total monthly sales of major travel agencies for the period of April-August 2019, sales of both overseas and domestic travels had shown a declining trend since May and decreased from a year earlier since June.

- Sales for April were affected by the 10-day Golden Week holiday period.

\* Most of the Company’s sales are recorded based on booking dates. Thus, the Company records sales earlier than major travel agencies, whose sales are recorded based on starting dates.

\* “Total” on the chart indicates total sales calculated by the Company by combining overseas and domestic travel sales of major travel agencies.

**Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies**



Source: Compiled by the Company based on Japan Tourism Agency’s “Preliminary Report on Travel Services Provided by the Major Travel Agencies.”

- Financial results show steady performance, with a 615 million yen increase in net assets.

Unit: millions of yen	2019/3 Results	2019/9 Results	Amount of change
Current assets	5,680	6,378	+698
Cash and deposits	4,719	5,256	+536
Other	961	1,122	+161
Non-current assets	631	620	-10
Total assets	6,312	6,999	+687
Current liabilities	1,043	1,121	+77
Non-current liabilities	66	61	-5
Total liabilities	1,109	1,182	+72
Net assets	5,202	5,817	+615
Capital stock	648	648	-
Capital surplus	474	474	-
Retained earnings	4,092	4,708	+615
Other	-12	-12	+0
Total liabilities and net assets	6,312	6,999	+687

## 2Q FY2020 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 176 million yen.

Unit: millions of yen	2Q FY2019/3		2Q FY2020/3			
	Cumulative results	% of sales	Cumulative results	Amount of change	YoY	% of sales
Cost of sales	287	11.5%	330	+42	+14.9%	11.9%
Labor cost	202	8.1%	241	+38	+19.2%	8.7%
Other	85	3.4%	89	+3	+4.7%	3.2%
Selling, general and administrative expenses	1,283	51.3%	1,467	+184	+14.4%	52.7%
Personnel expenses	380	15.2%	379	-0	-0.0%	13.6%
Advertising expenses	682	27.2%	858	+176	+25.9%	30.8%
Other	221	8.8%	229	+8	+3.9%	8.2%

## 2Q FY2020 March / Cash Flow Statement

- Cash equivalents for the 2Q cumulative period increased 536 million yen.

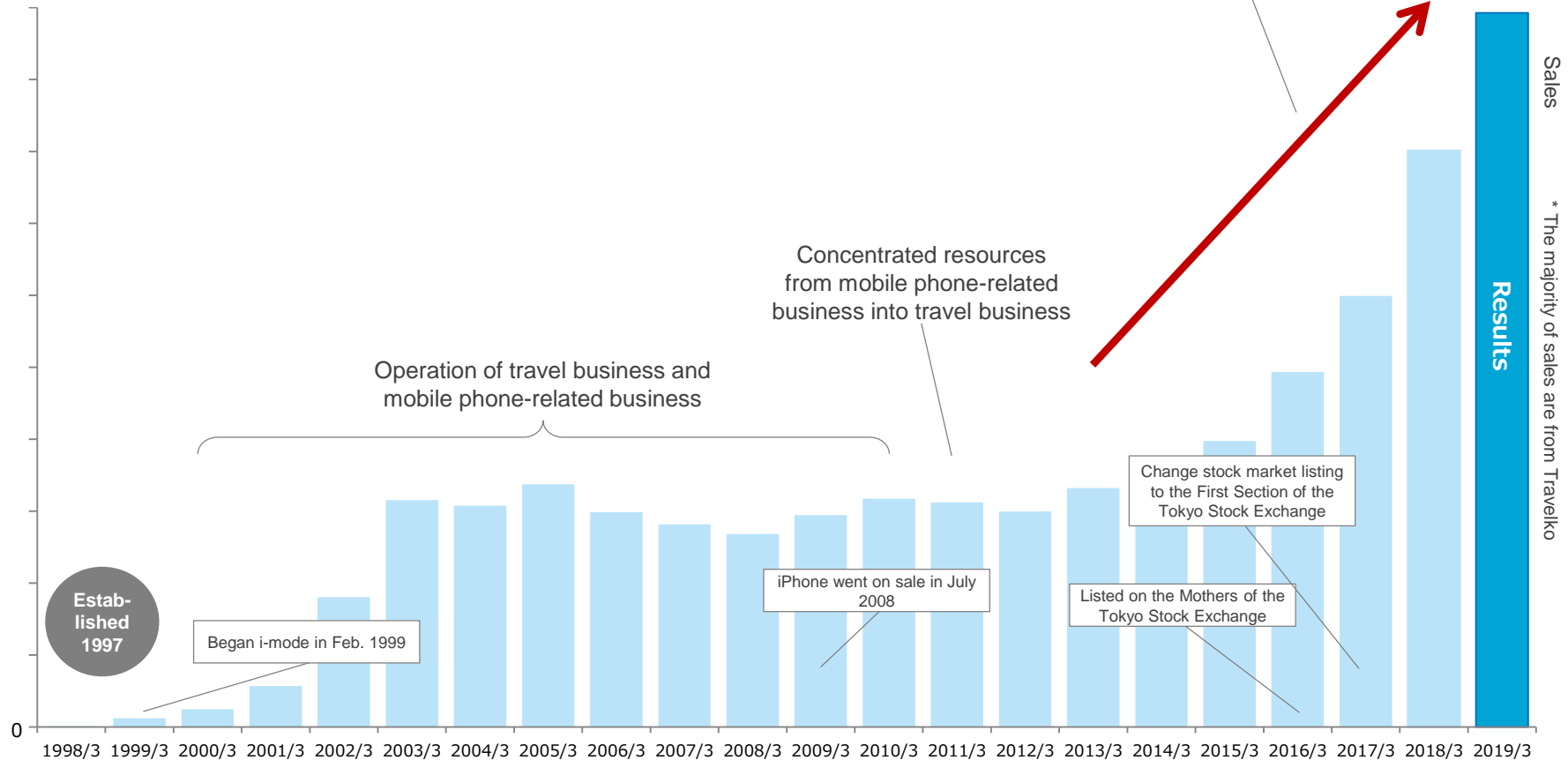
Unit: millions of yen	2Q FY2019/3 Cumulative results	2Q FY2020/3 Cumulative results	
Cash flows from operating activities	+583	+555	Net income before tax 988 Income taxes paid 408
Cash flows from investing activities	+46	-18	Payments for purchase of property, plant and equipment 14
Cash flows from financing activities	+0	-	—
Changes in cash and cash equivalents	+631	+536	—
Balance of cash and cash equivalents at the beginning of the period	3,579	4,719	—
Balance of cash and cash equivalents at the end of the period	4,210	5,256	—

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 176 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  
**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 このページの質問・要望

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！

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		

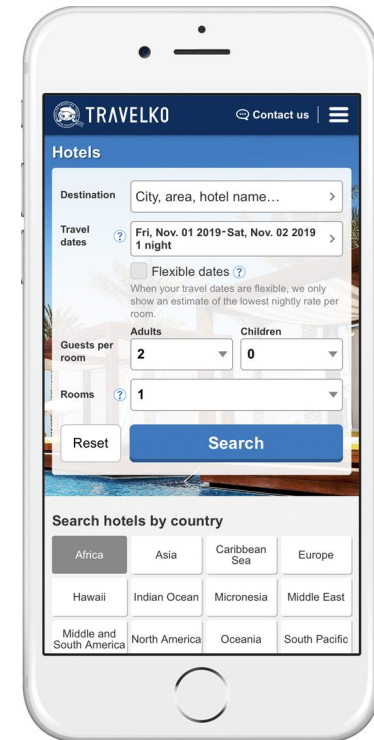
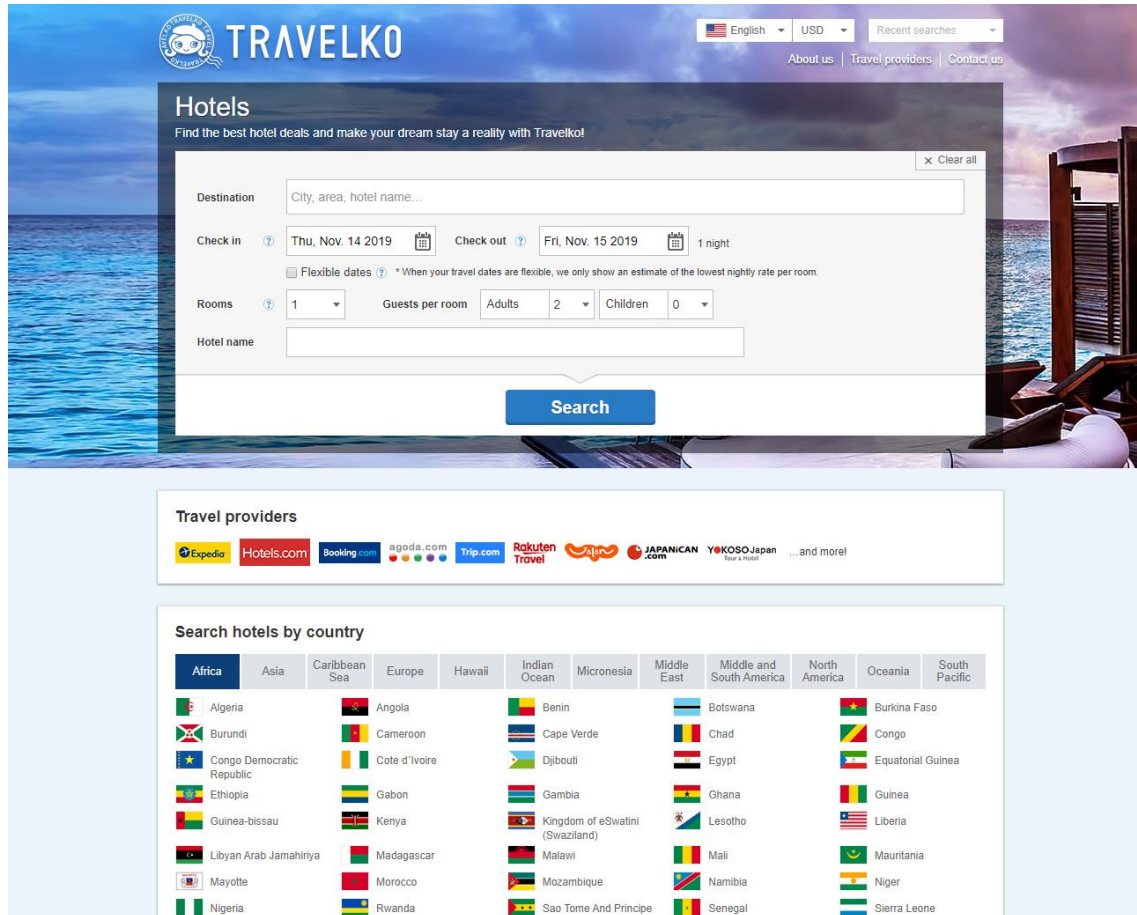
旅のお供に！海外Wi-Fiレンタル  
オンラインでも使えるトラベルコマップ  
海外80都市！人気スポットまとめ記事

最安値一覧 東京発 5月 6月 【マーク説明】 ↓↑ 最安値の更新商品あり ※4月18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 2,000円	ソウル3日間 1.38万円 ↓ 台北3日間 1.88万円 ↑
旭川3日 2.58万円	鬼怒川温泉 2,980円	香港3日間 2.34万円 ↓ グアム4日間 3.98万円
金沢2日 1.50万円	東京 2,100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.

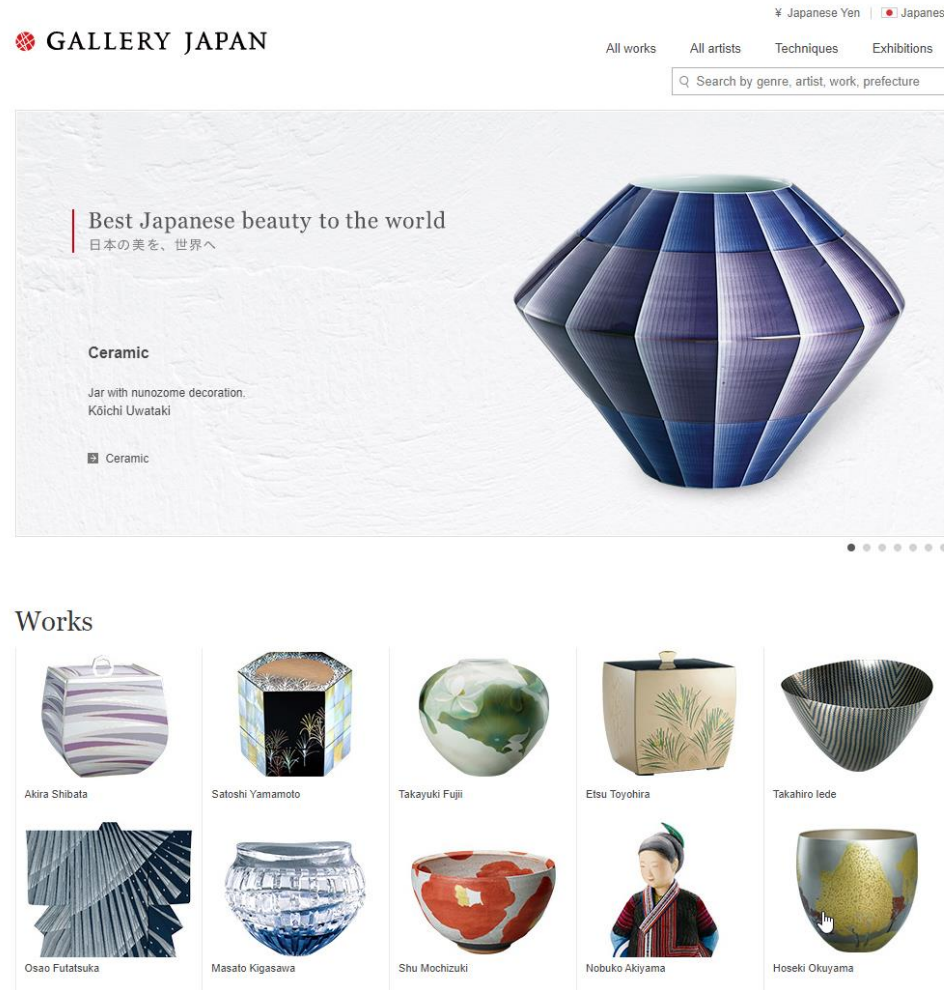


Supported languages

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



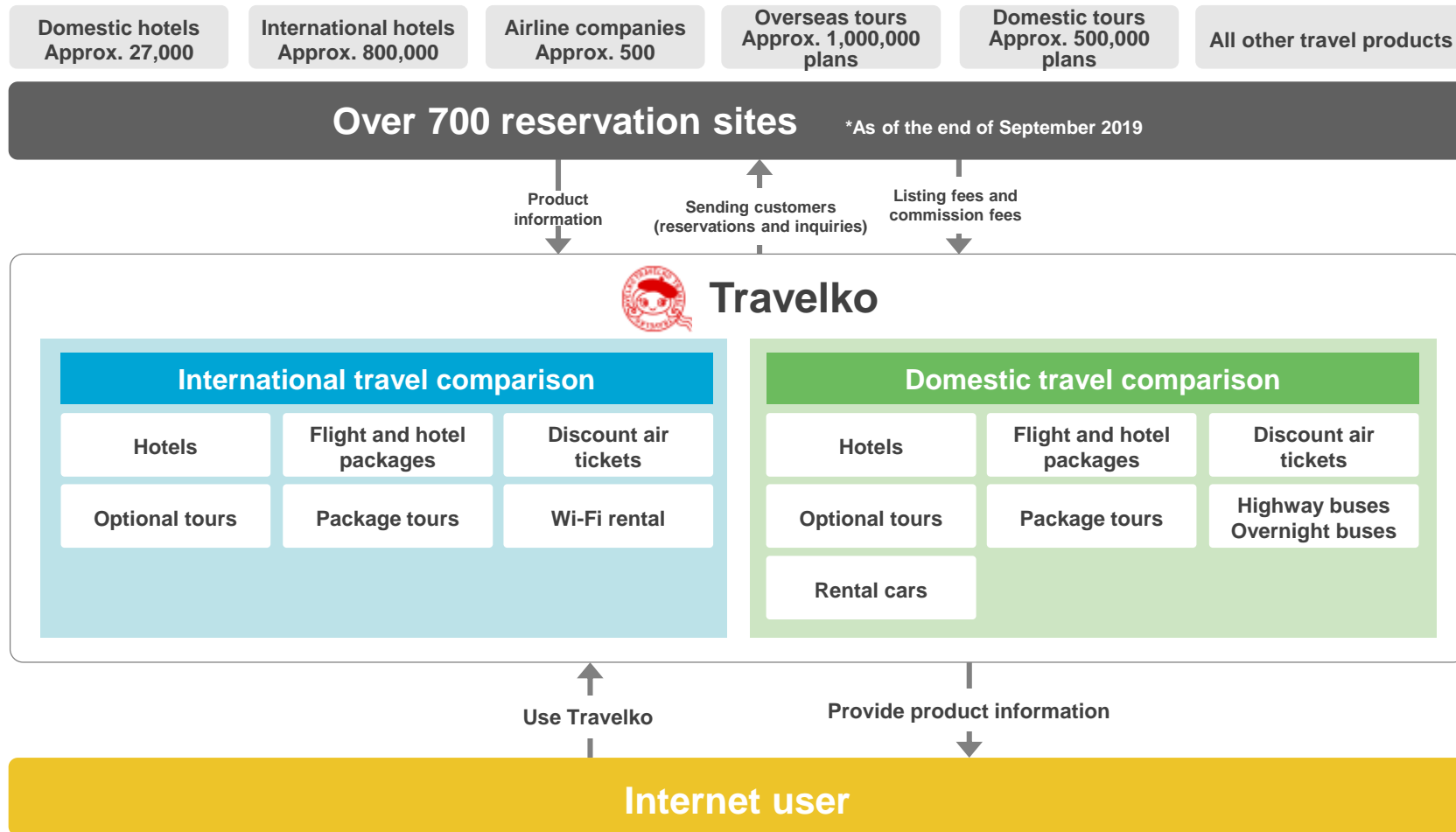
A site targeted at overseas and inbound markets, which introduces traditional crafts of Japan to the rest of the world



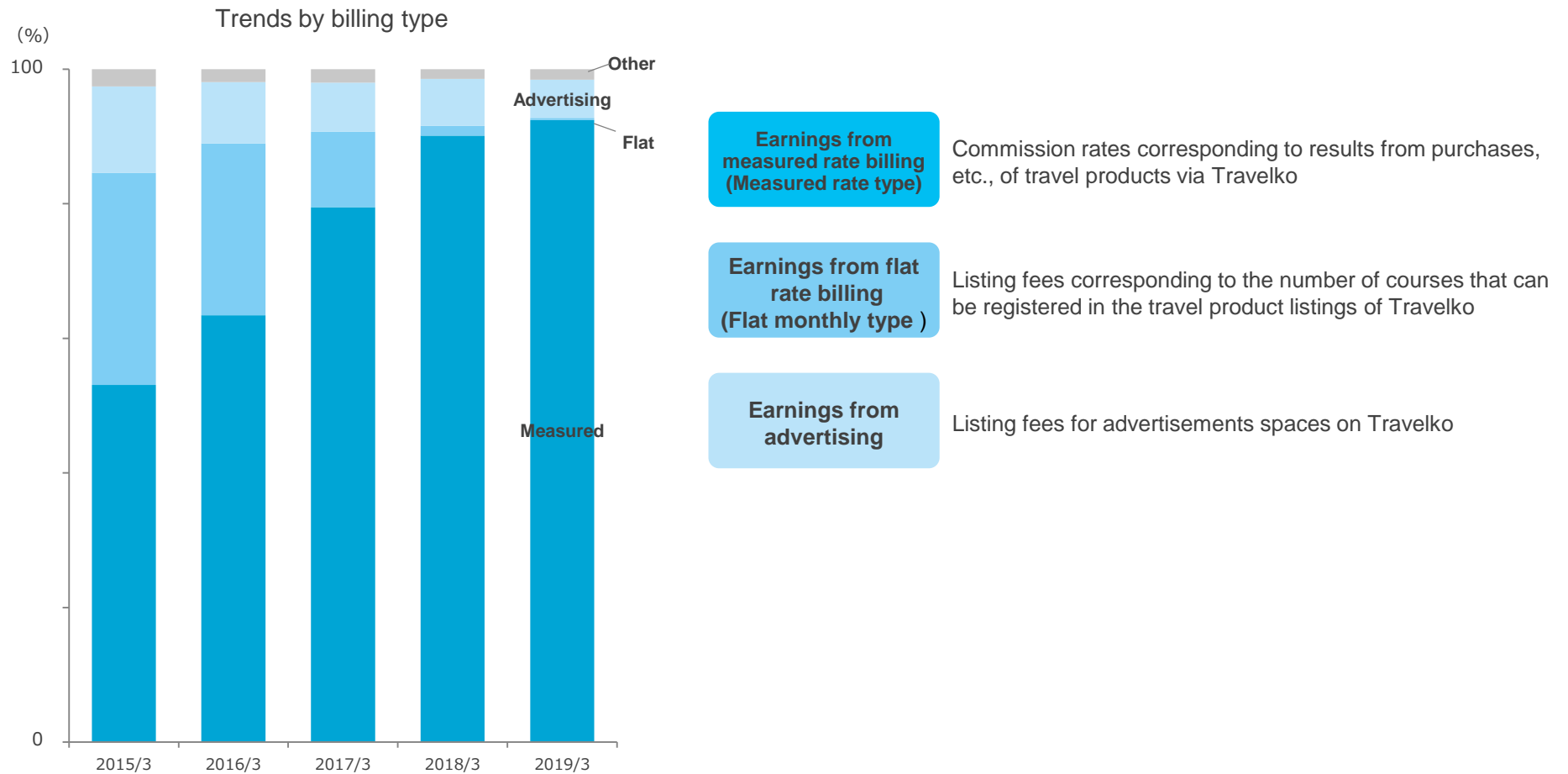
Supported languages

English  
Japanese

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



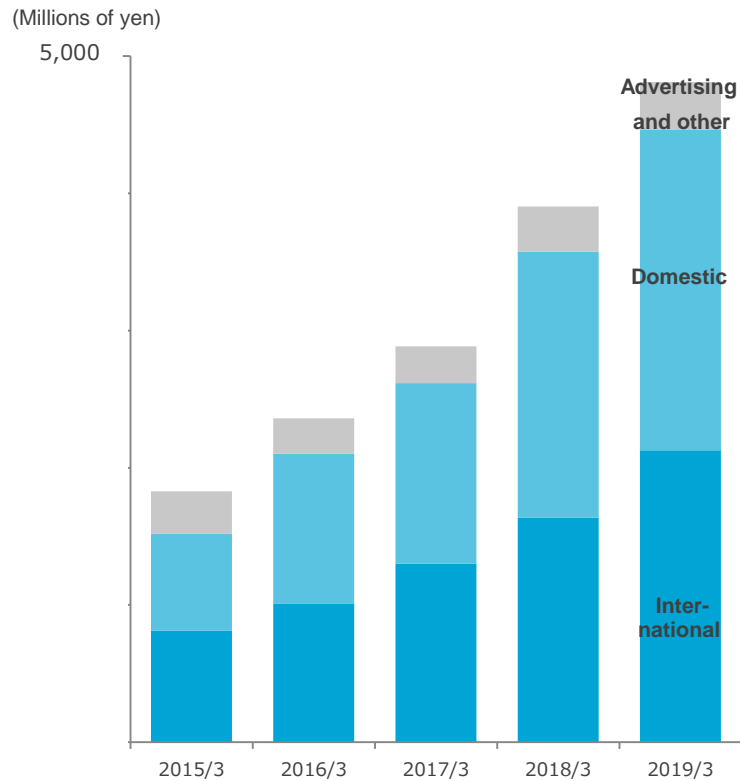
Shift from flat rate billing to measured rate billing based on results



# 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

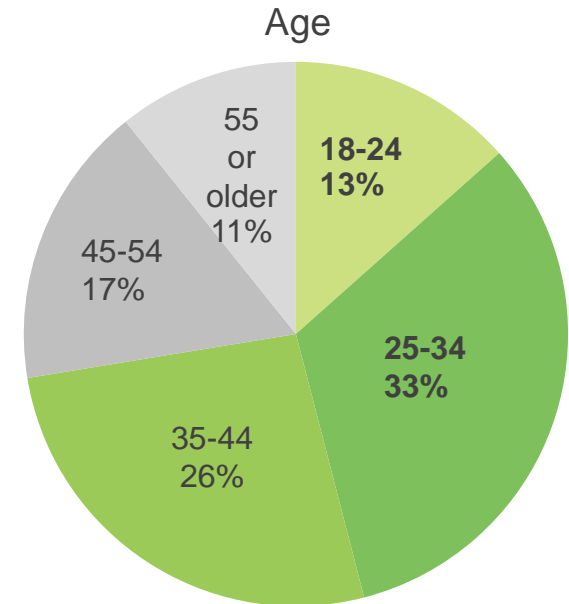
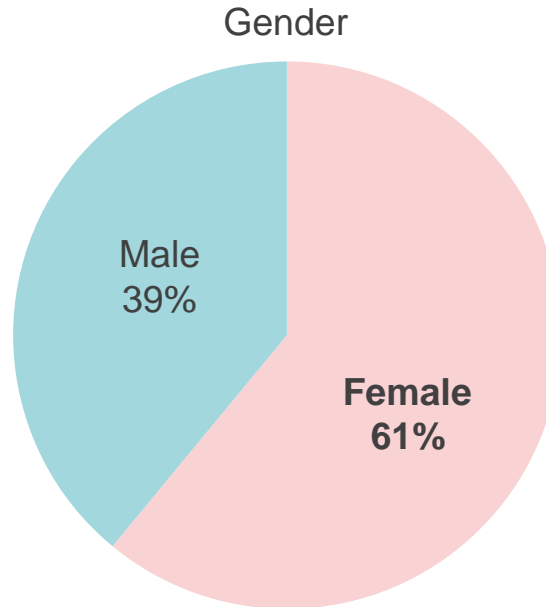
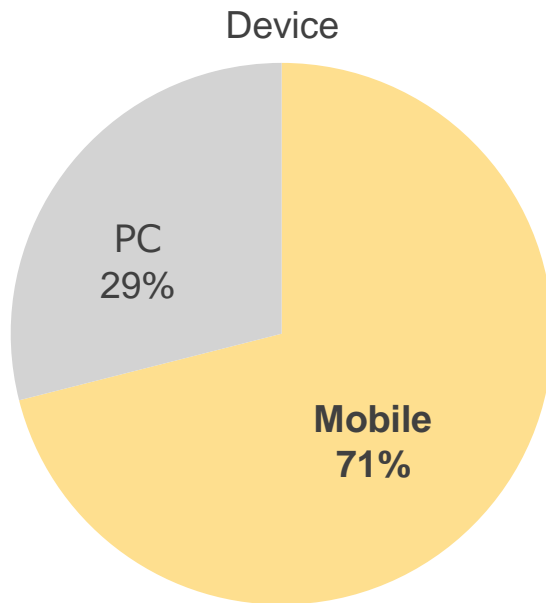


**Flexibly corresponds to changes in market trends**  
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

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\*<sup>1</sup>



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

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



\*<sup>1</sup> 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?

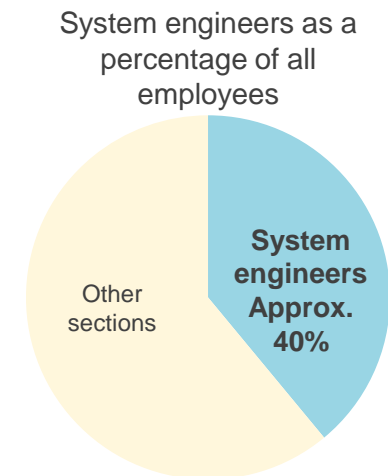
### Nearly all system development is carried out in-house

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 70 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.

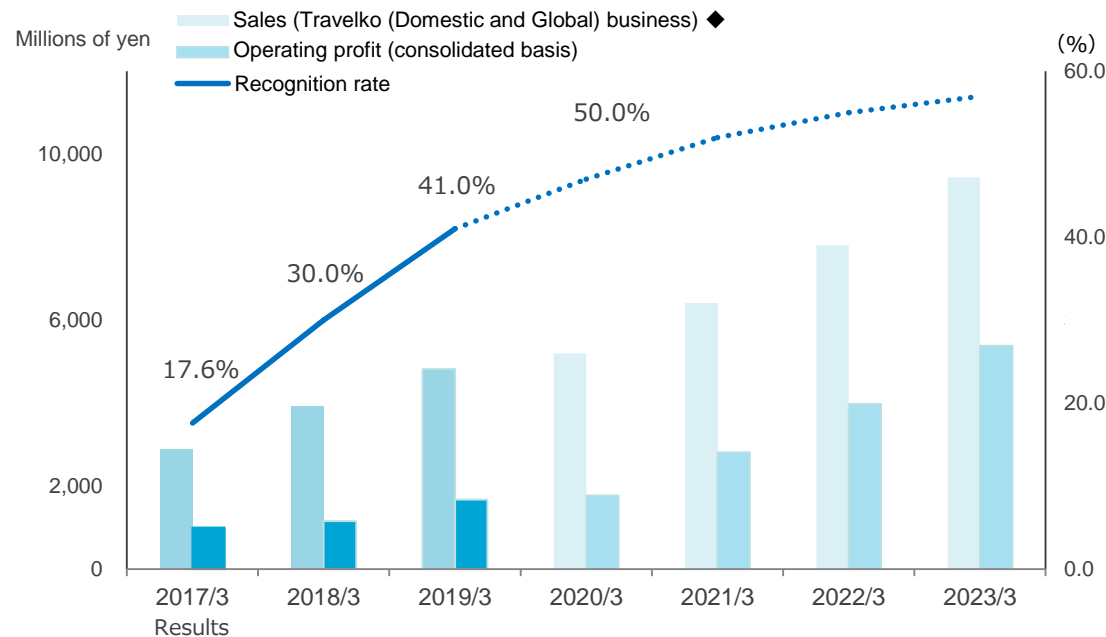


# Image of Mid-term Growth in Travelko Business

- 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 (brand penetration). Accordingly, an increase in the recognition rate is expected to be followed by an increase in sales.
- The pace of recognition rate increase through TV commercials slows down as the rate approaches its upper limit. In contrast, the pace of brand penetration accelerates. Accordingly, the number of unique users is expected to continue increasing.

\* 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

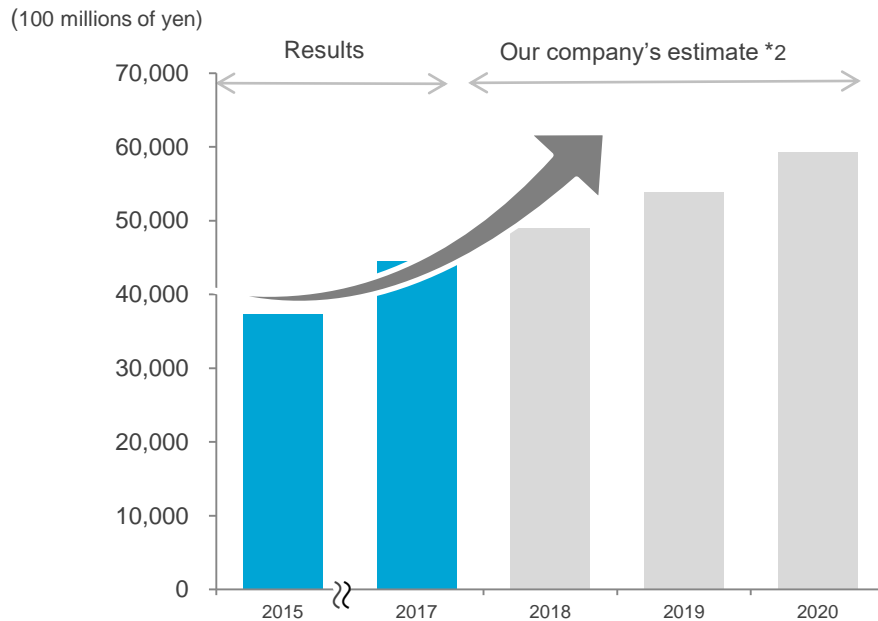


# Recognition of Market Environments

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

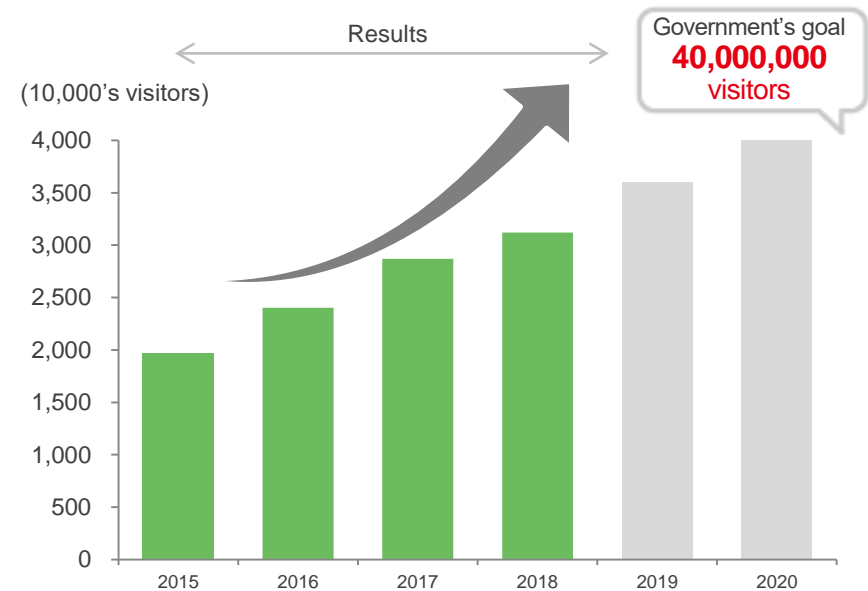


## Growing inbound market

2018  
 31,190,000  
 visitors\*3

→

2020  
 40,000,000  
 Visitors\*4



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

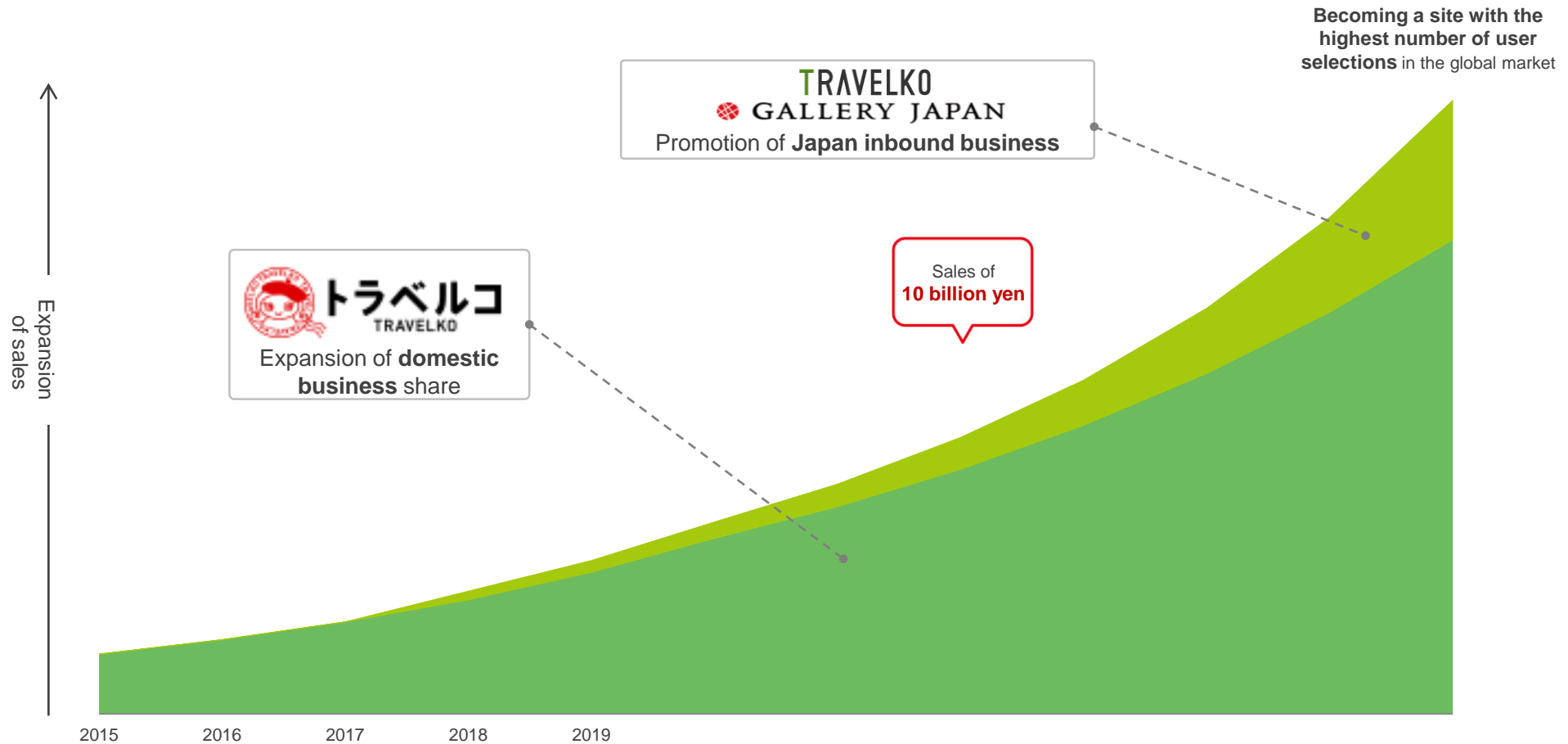
\*2 A growth rate of the yearly average +10% is assumed

\*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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