

# Financial Results for Third Quarter of Fiscal Year Ending March 2019



OpenDoor Inc.  
(Stock Code: 3926)

1. Highlights
2. Third Quarter - Financial Overview
3. Third Quarter - Main Initiatives
4. Main Future Initiatives
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## ■ Key Strategies for FY2019 March

- Continuing to focus our importance to the recognition rate in FY2019 March, 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 3Q FY2019 March

Accounting period (October to December)

- Sales: **1,110 million yen (up 22.4% YoY)** (year-on-year); operating profit: **518 million yen (up 21.5% YoY)**
- Although affected by natural disasters that occurred in 2Q, quarterly sales were higher than in the same quarter of the previous year, due partly to an increase in the recognition rate.
- Due to the implementation of TV advertising in the 3Q, advertising costs increased. However, quarterly operating profit hit an all-time high.

Cumulative period (April to December)

- Sales: **3,613 million yen (up 21.6% YoY)**; operating profit: **1,450 million yen (up 45.5% YoY)**
- Sales for the 3Q cumulative period hit a record high. Despite increased TV commercial costs, operating profit for the 3Q cumulative period was much higher than in the corresponding period of the prior year, also hitting an all-time high.

## ■ TV Commercials

- New Travelko TV advertising, “Pop-up Book Edition,” starts to be broadcasted from January 2019 in nine major areas including Tokyo, Nagoya and Osaka.  
(As of September 2018, the recognition rate was 37.9%.)

## ■ Shareholder Returns

- In addition to the current shareholder benefit (1,000 yen worth of QUO card), we will offer a special shareholder benefit (3,000 yen worth of QUO card).

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# 3Q FY2019 March / Financial Overview

- Although affected by natural disasters that occurred in 2Q, quarterly sales were higher than in the same quarter of the previous year, due partly to an increase in the recognition rate. (Up 22.4% YoY)
- As we implemented TV advertising for the first time in a 3Q, advertising costs increased. However, quarterly operating profit hit an all-time high. (Up 21.5% YoY)

(Unit: millions of yen)

	3Q FY2018 March Results	3Q FY2019 March Results	Amount of change	YoY
Sales	907	1,110	+203	+22.4%
Cost of sales	142	162	+19	+13.8%
Gross profit	764	948	+183	+24.1%
Selling, general and administrative expenses	337	430	+92	+27.3%
Operating profit	426	518	+91	+21.5%
Ordinary profit	426	518	+91	+21.4%
Net incomes	265	325	+59	+22.5%
Operating margin	47.0%	46.6%	-0.4P	-

## 3Q FY2019 March (cumulative results) /Achievements against Initial Projections



- Sales for the 3Q cumulative period hit a record high. (Up 21.6% YoY; Achievement rate of sales against the initial full-year sales projection: 72.3%-75.3%)
- Despite increased TV commercial costs, operating profit for the 3Q cumulative period was much higher than in the corresponding period of the prior year, also hitting an all-time high. (Up 45.5% YoY)

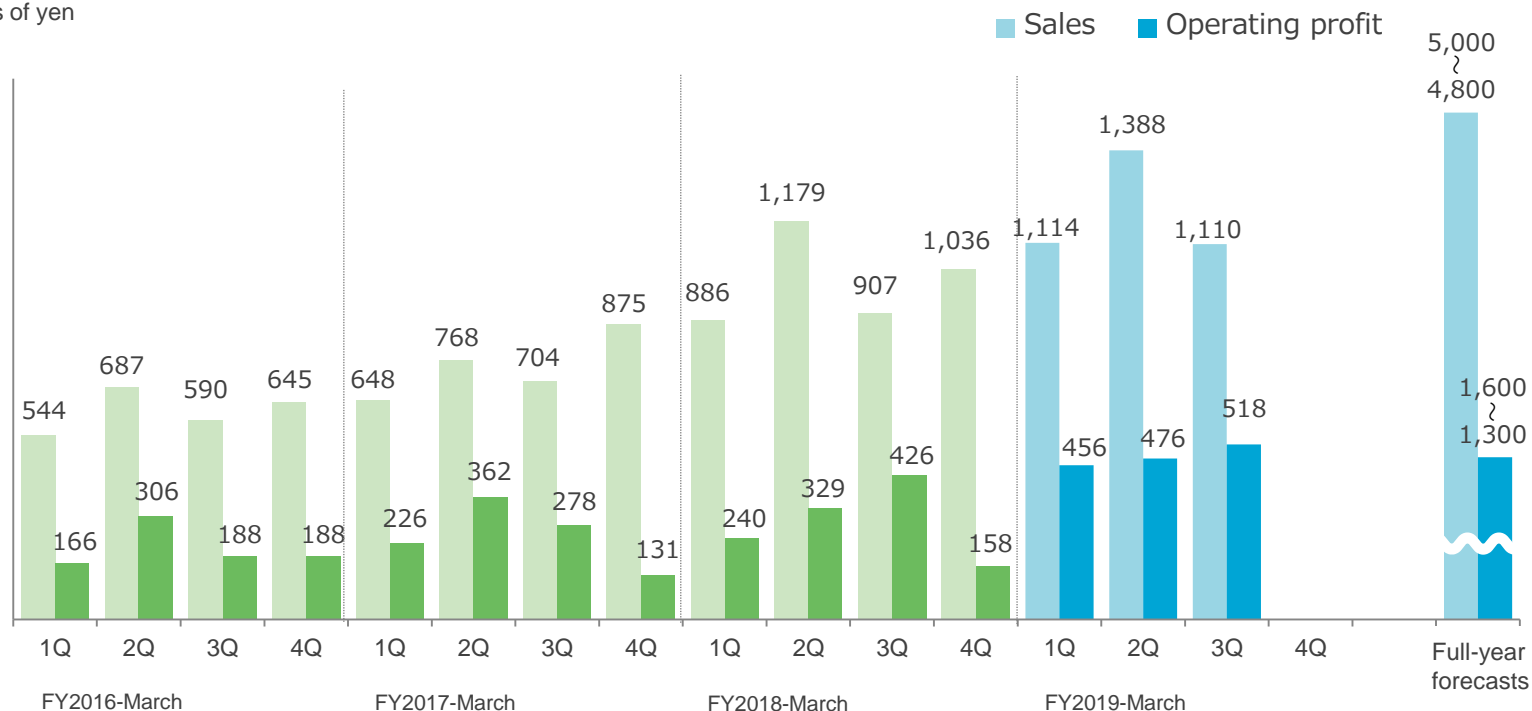
Unit: millions of yen

	3Q FY2018 March Results	3Q FY2019				FY2019 March Full- year forecasts	
		March Results	Amount of change	Y o Y	vs. plans		
Sales	2,972	3,613	+641	+21.6%	72.3% ~	75.3%	4,800 ~ 5,000
Cost of sales	438	450	+11	+2.6%	75.0% ~	75.0%	600 ~ 600
Gross profit	2,534	3,163	+629	+24.9%	71.9% ~	75.3%	4,200 ~ 4,400
Selling, general and administrative expenses	1,537	1,713	+176	+11.5%	55.3% ~	65.9%	2,600 ~ 3,100
Operating profit	996	1,450	+453	+45.5%	90.7% ~	111.6%	1,300 ~ 1,600
Ordinary profit	1,000	1,453	+452	+45.2%	90.8% ~	111.8%	1,300 ~ 1,600
Net incomes	609	941	+331	+54.4%	98.0% ~	120.7%	780 ~ 960
Operating margin	33.5%	40.1%	+6.6P	-	-	-	26.0% ~ 33.3%

# 3Q FY2019 March / Trends in Quarterly Results

- In all of 1Q, 2Q, and 3Q, sales and operating profit increased from the corresponding quarter of the preceding year.
- In 3Q, quarterly operating profit hit an all-time high.
- 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.

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.

(As of September 2018, the recognition rate was 37.9%.)

- 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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# Press Releases / Main Initiatives in 3Q FY2019 March

- November 1 (Travelko) (Japan Market) Affiliated with China's biggest travel site, Trip.com, for Japan domestic air tickets, offering more choices of prices for LCC tickets that are in great demand!
- November 9 (Travelko) (Japan Market) Affiliated with SOTOASOBI for domestic one-day trips, experiences, and hotel plans, offering far more outdoor recreation options!
- November 29 (TRAVELKO) (Global site) Start providing a multi-language site of Ise City Tourist Association, Mie with multi-language hotel search and comparison system available for inbound tourists as well.
- December 12 (Travelko) (Japan Market) Affiliated with T-TRAVEL for overseas air tickets, offering more choices of reservation sites for Jetstar's overseas air tickets!

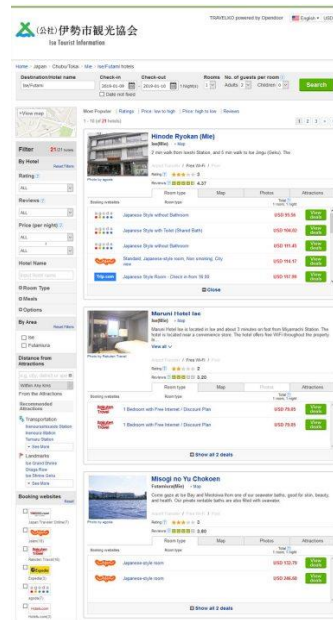
## New affiliation: Domestic air tickets



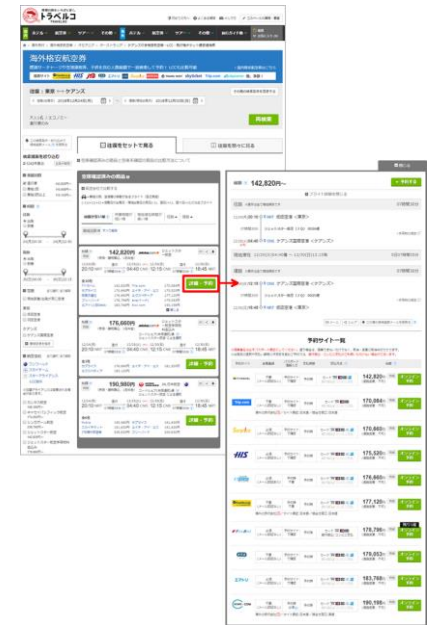
## New affiliation: Domestic optional tours



## Start providing TRAVELKO ASP



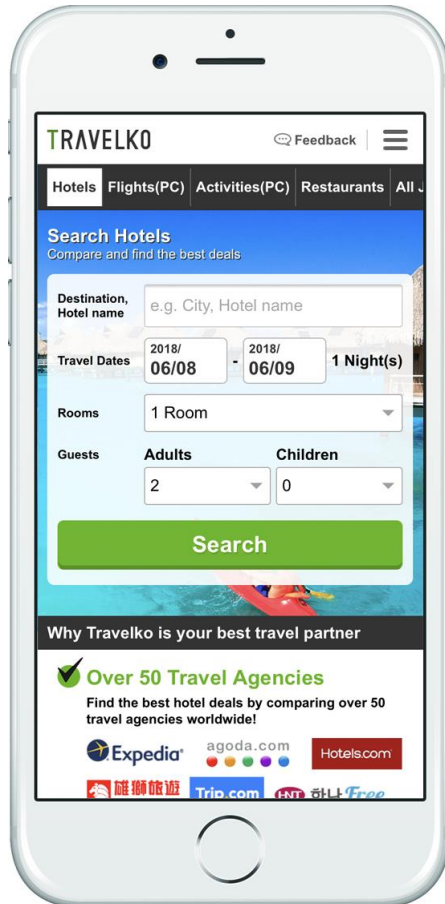
## New affiliation: Overseas air tickets



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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

- New Travelko TV advertising, “Pop-up Book Edition,” starts to be broadcasted from January 2019 in nine major areas, including Tokyo, Nagoya, and Osaka.
- To further raise the recognition rate in 4Q, we will launch efficient advertising campaigns taking travel demand trends into consideration.

## Travelko-chan ～ Pop-up Book Edition ～



### Travelko-chan appears in computer graphics scenes !

While traveling in a virtual book tour setting, Travelko-chan describes the characteristics of Travelko by turning the pages of the book. The animated TV commercial highlights the strengths of Travelko that allow users to compare hotels, air tickets, package tours, and many other travel products posted on more than 700 sites and reserve ones that satisfy their needs at the most affordable prices. Watch the cute performance of new Travelko-chan.

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To express our appreciation to our shareholders for their continued support, we will offer them a special shareholder benefit.

	Current Shareholder Benefit	Special 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 2019
Content	1,000 yen worth of QUO card	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 2019

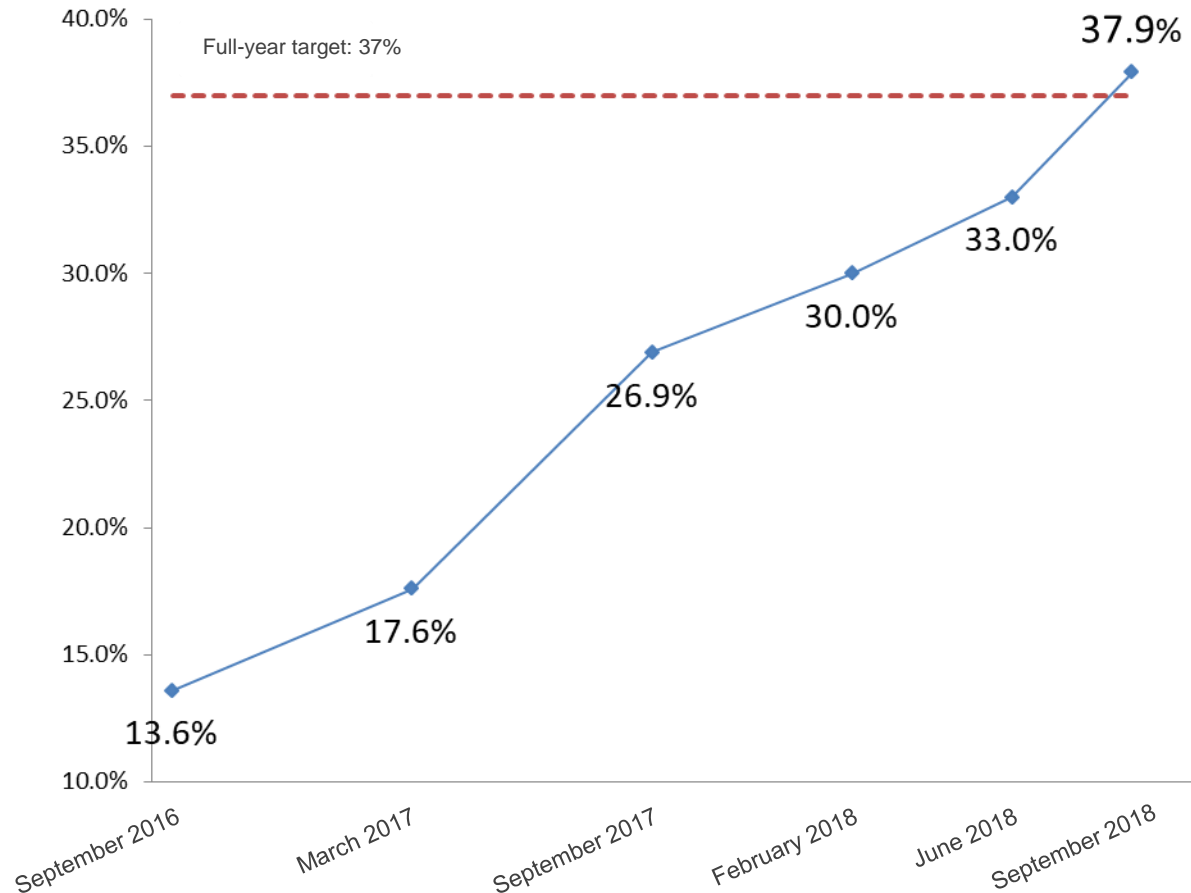
**Shareholders who are registered or recorded in the Company's shareholders register as of the end of March 2019 and own 1 unit of shares (100 shares) or more are entitled to receive 4,000 yen worth of QUO card including the special shareholder benefit.**

\*We are planning to consider whether to offer a special shareholder benefit in the next fiscal year onwards, taking the Company's shareholder return policy into account in a comprehensive manner.

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# 3Q FY2019 March / Recognition Rate Raised through TV Commercials (As of September 2018)

- 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.

- Financial results show steady performance, with a 903 million yen increase in net assets.

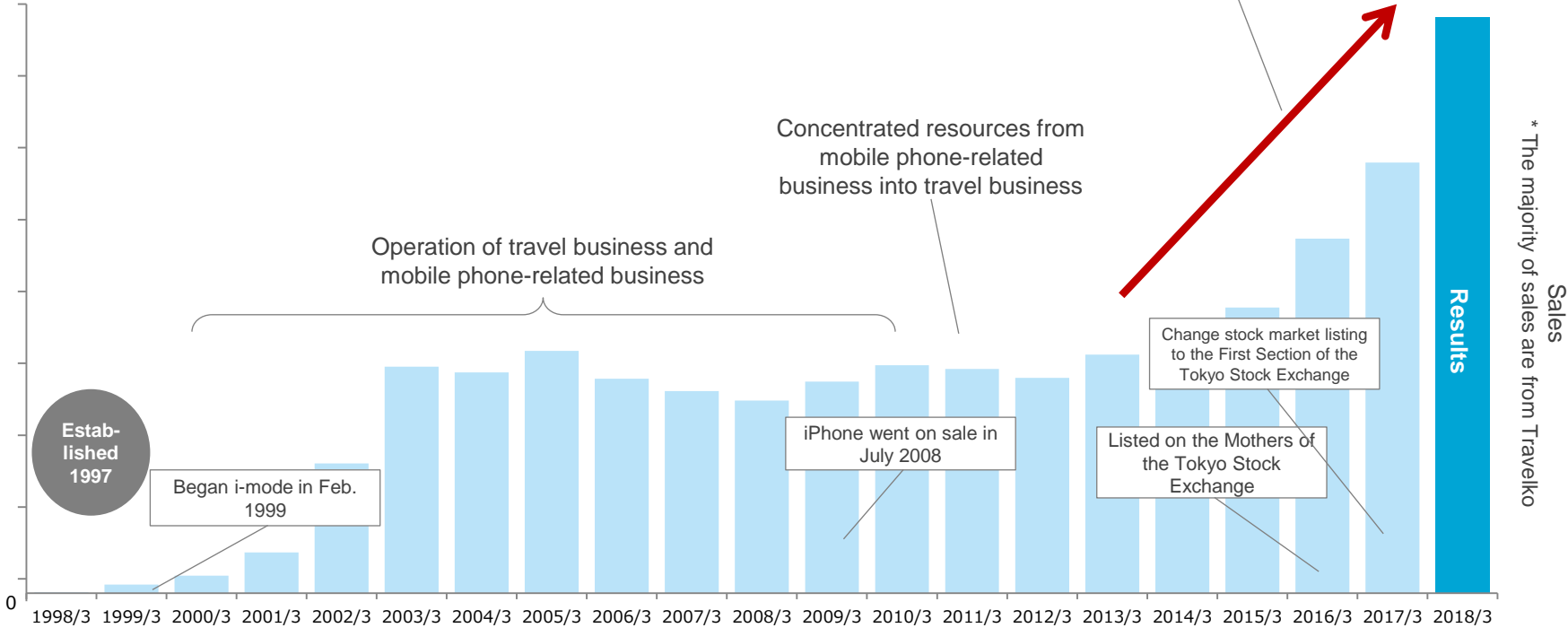
Unit: millions of yen	2018/3 Results	2018/12 Results	Amount of change
Current assets	4,270	5,340	+1,070
Cash and deposits	3,549	4,487	+938
Other	720	853	+132
Non-current assets	713	633	-80
Total assets	4,984	5,974	+990
Current liabilities	768	862	+94
Non-current liabilities	76	69	-7
Total liabilities	844	931	+87
Net assets	4,139	5,042	+903
Capital stock	648	648	-
Capital surplus	474	474	-0
Retained earnings	2,993	3,934	+941
Other	23	-14	-37
Total liabilities and net assets	4,984	5,974	+990

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 167 employees

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！

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 (β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

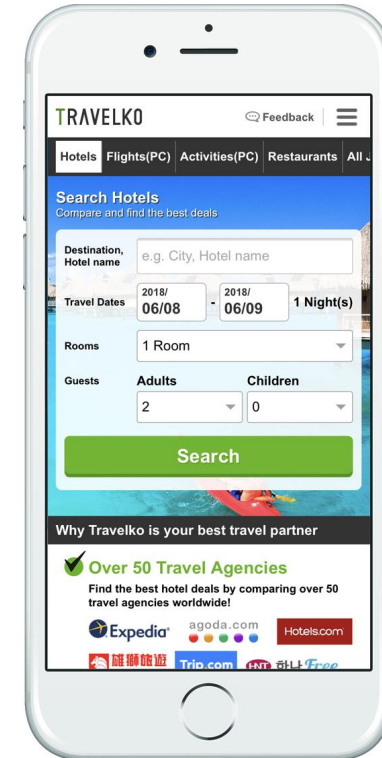
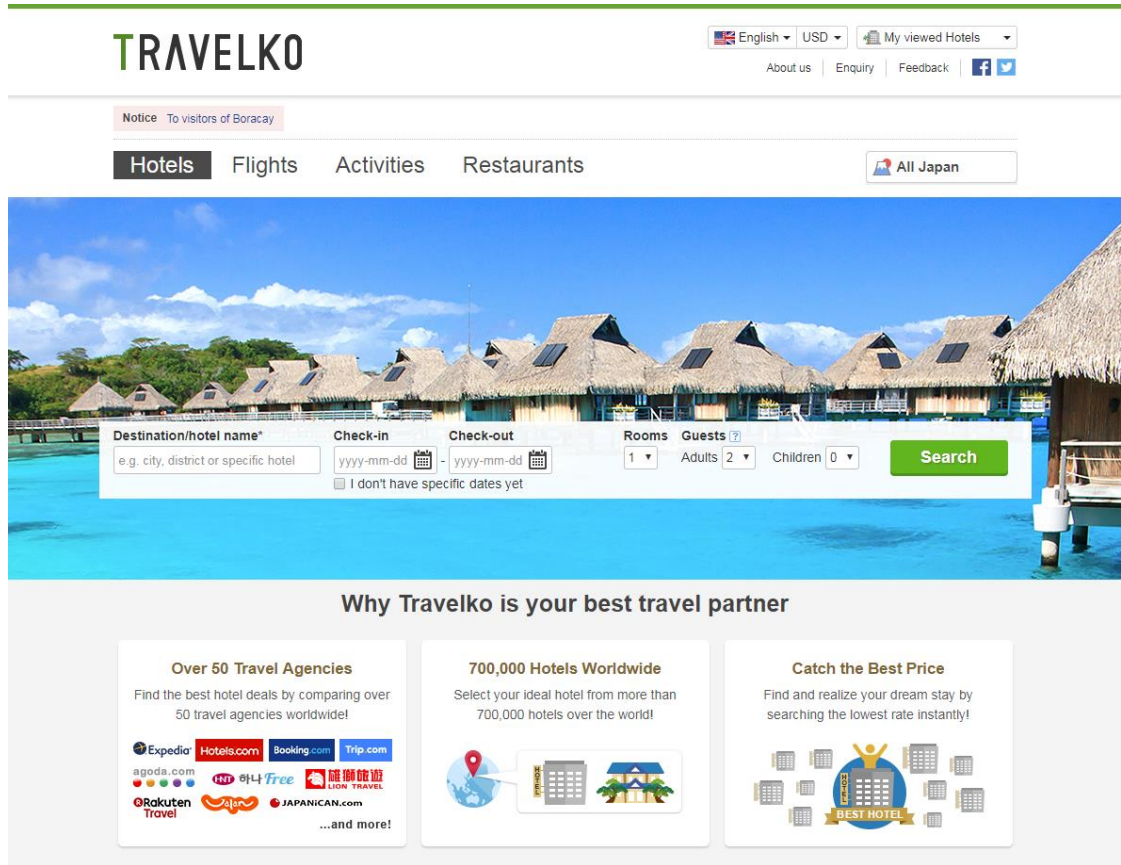
最安値一覧

東京発 12月 1月

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

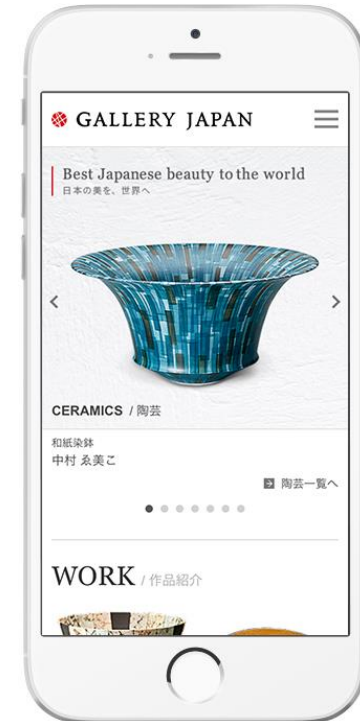
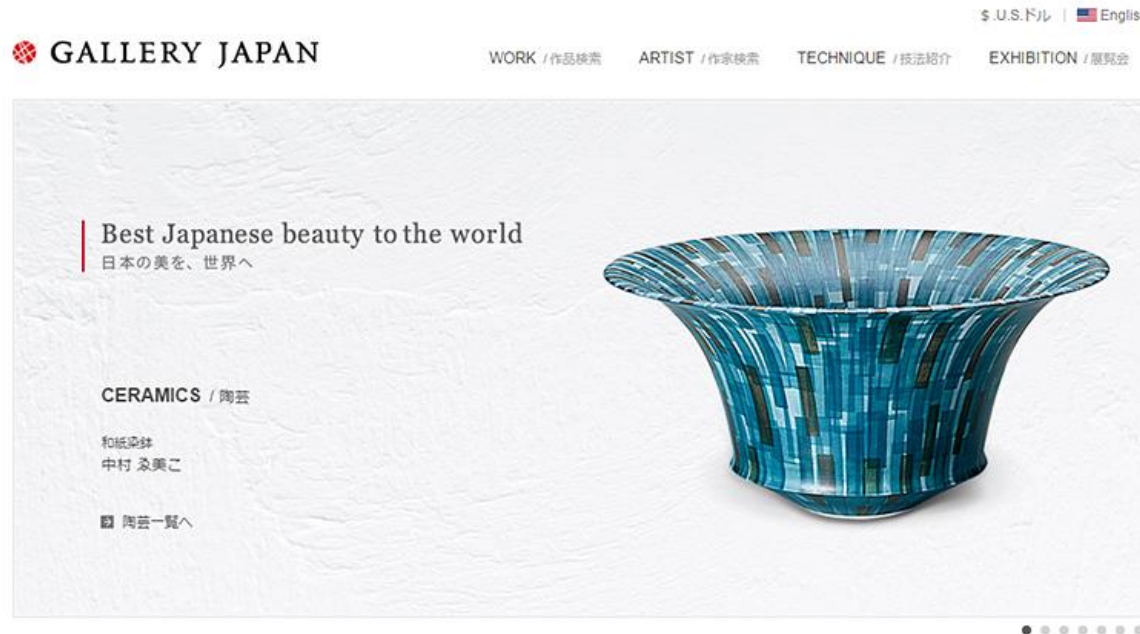
- English
- Chinese Simplified
- Chinese Traditional (Taiwan)
- Chinese Traditional (Hong Kong)
- Korean

## Popular Hotels

Top Destinations	Asia	Europe	America/Canada	Oceania/South Pacific	Middle East/Africa	Search hotels by country
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A site targeted at overseas and inbound markets, which introduces traditional crafts of Japan to the rest of the world



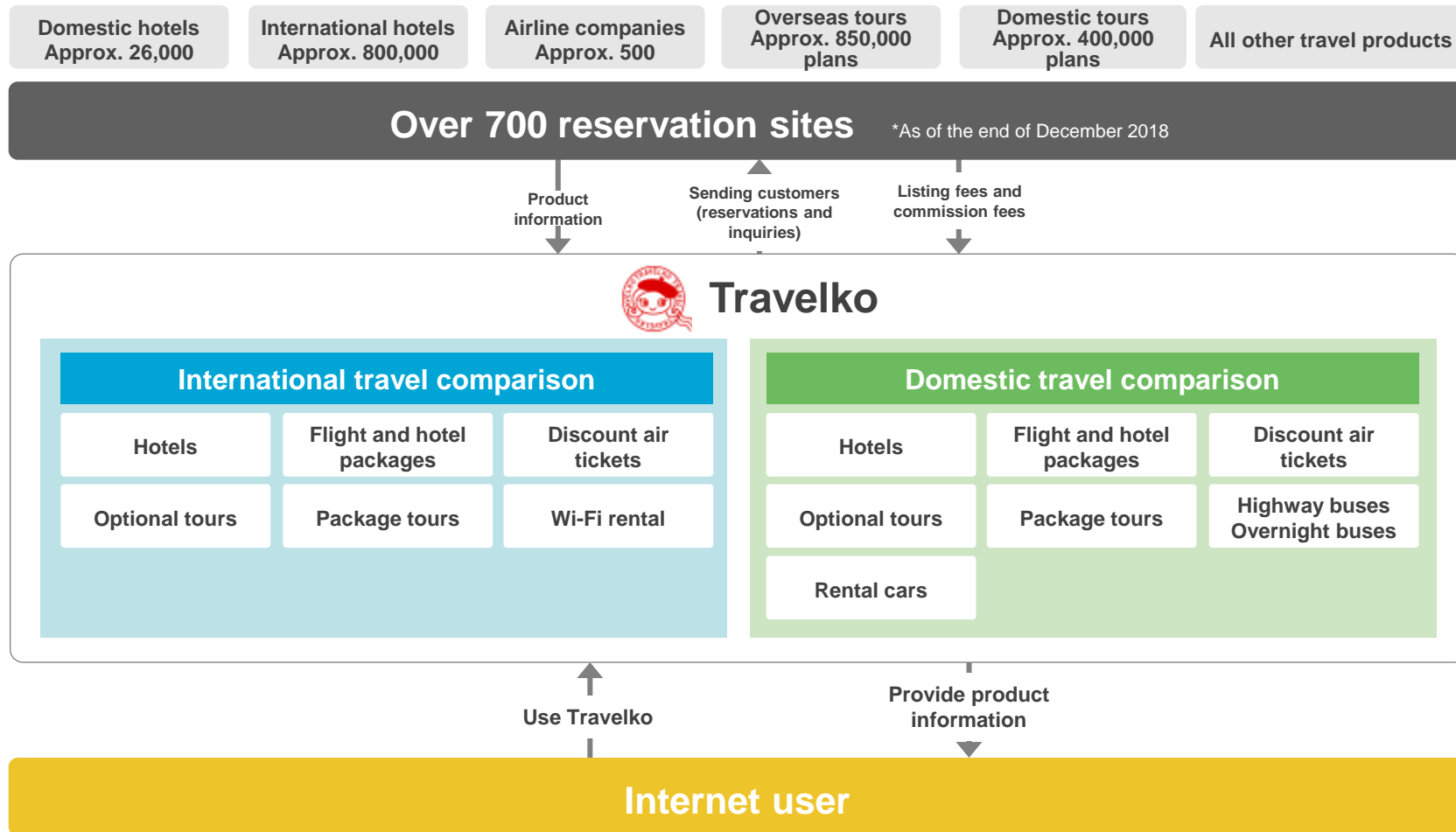
## WORK / 作品紹介



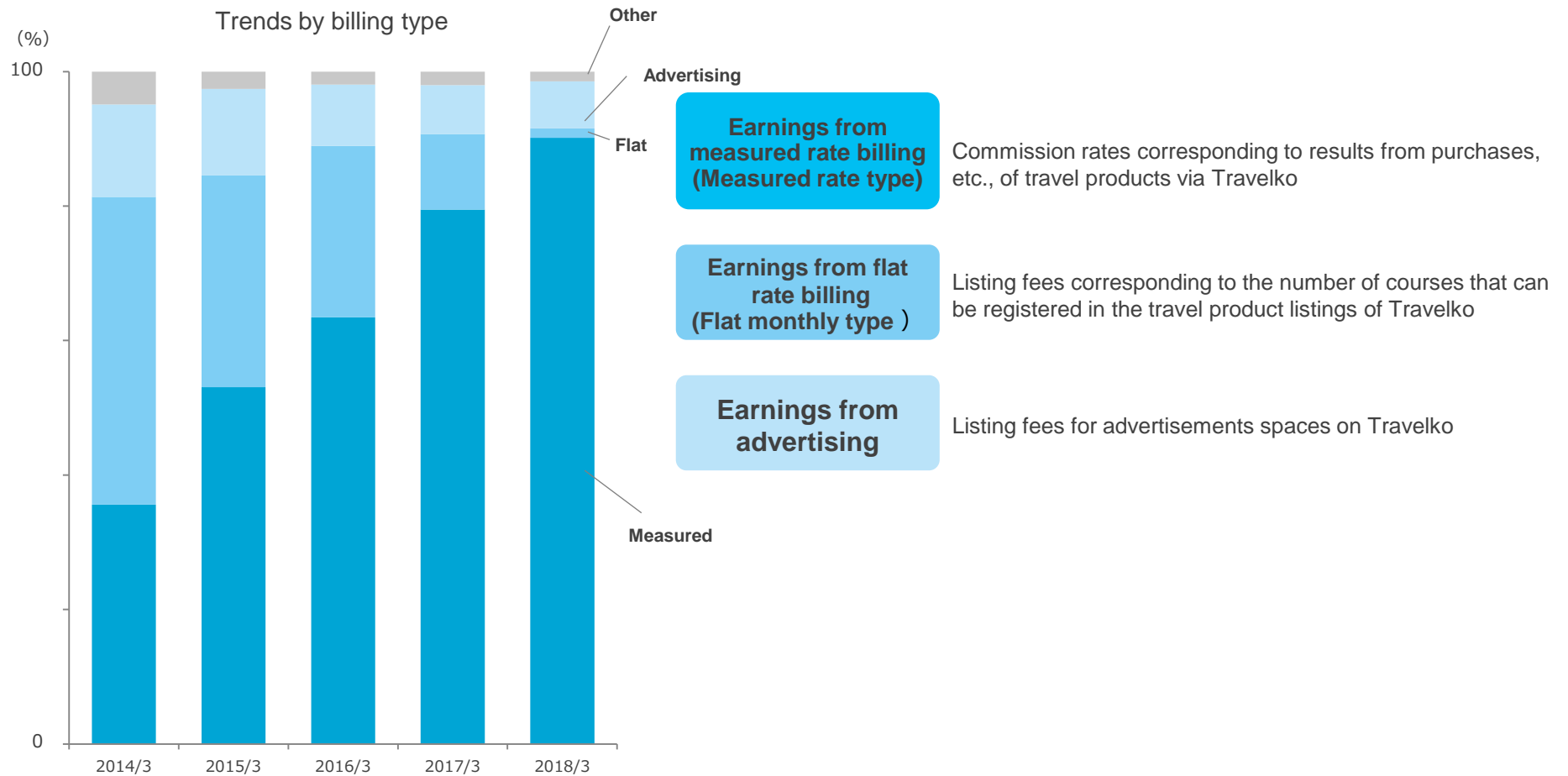
Supported languages

- English
- Japanese

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



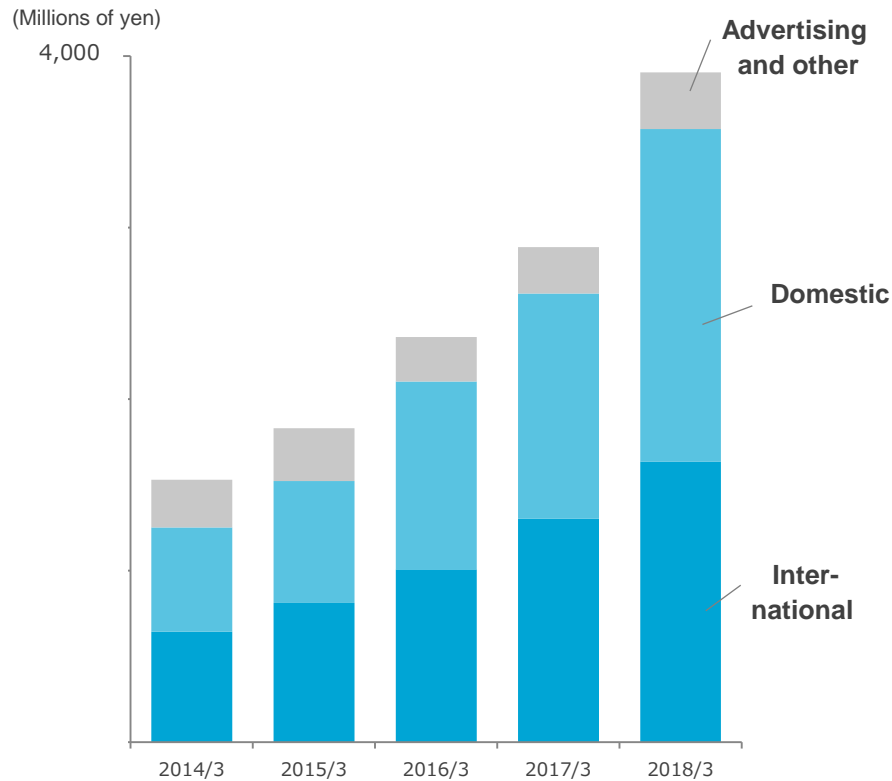
Shift from flat rate billing to measured rate billing based on results



# 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

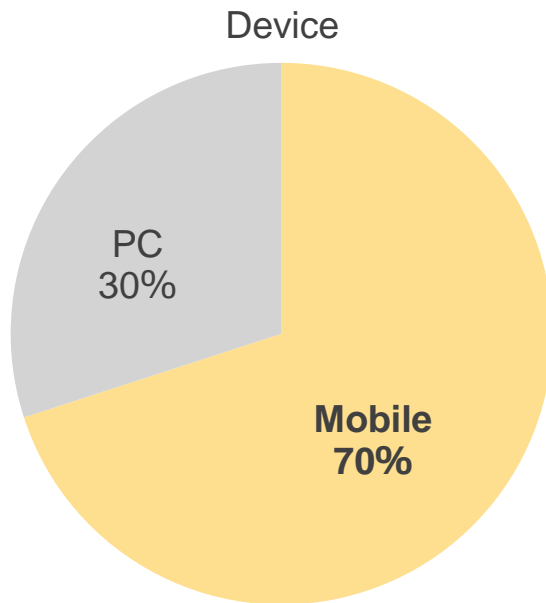


**Flexibly corresponds to changes in market trends**  
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

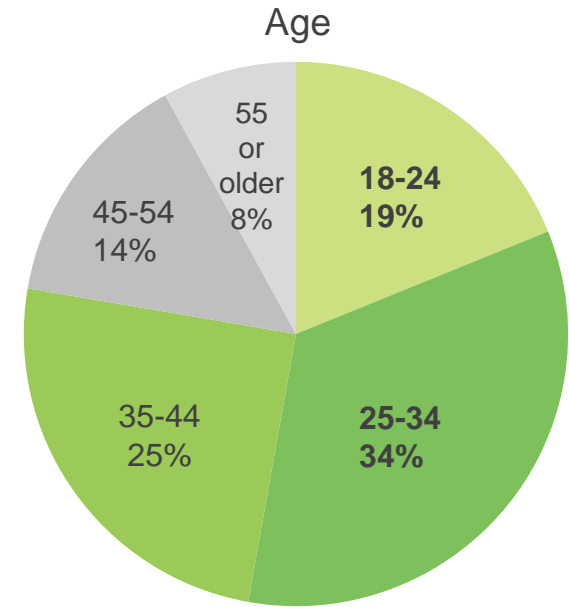
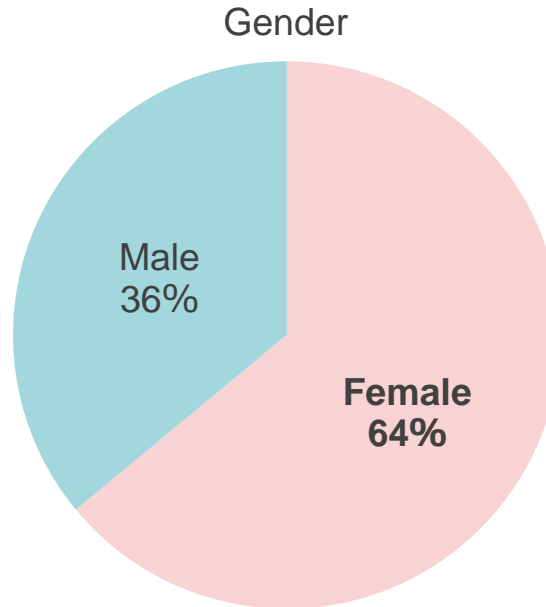
A structure that is resistant against exchange-rate fluctuations

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

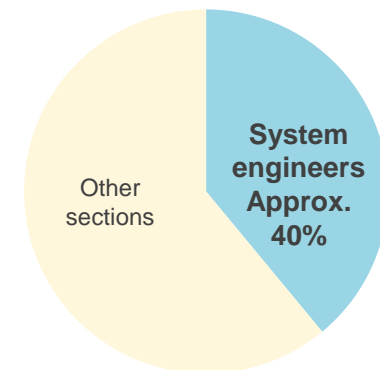
Advanced, large-scale system development is essential to covering this many travel products, linking more than 700 travel sites, and improving all of these products simultaneously.

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



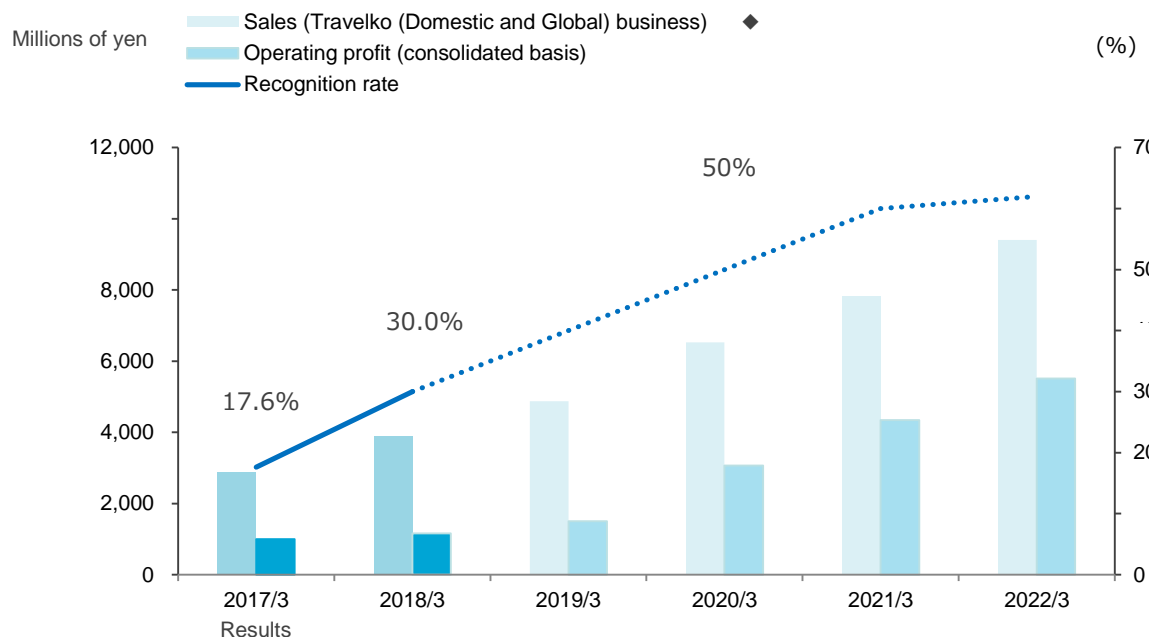
# Image of Mid-term Growth in Travelko Business

- 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.



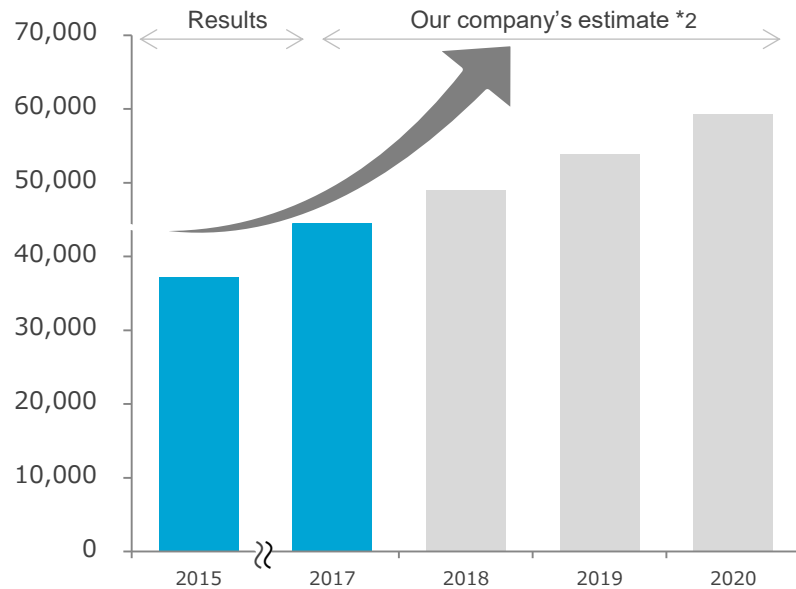
# Recognition of Market Environments

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

## Online travel market scale

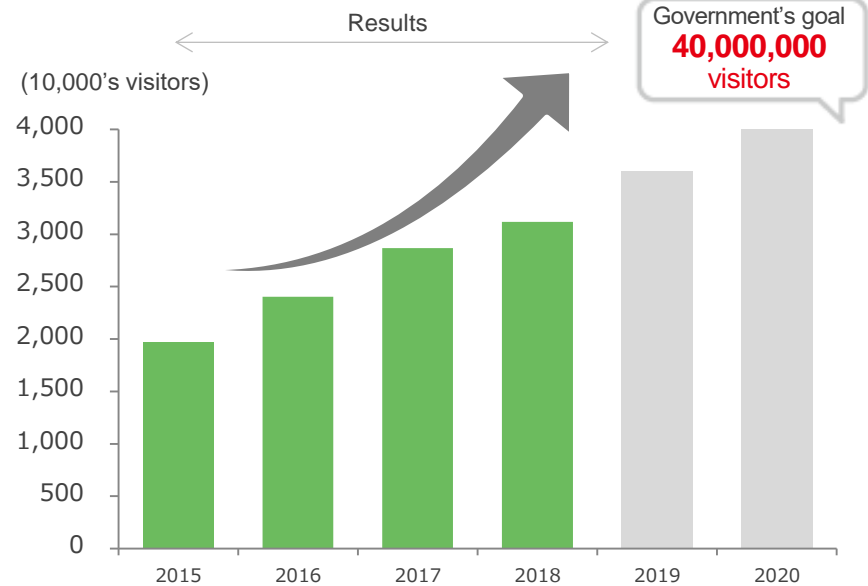
Total travel market scale: 10.01 trillion yen\*1  
 Online market scale: **4.4 trillion yen** (2017)\*1  
 Average annual increase of **about 10%** \*1

(100 millions of yen)



## 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"

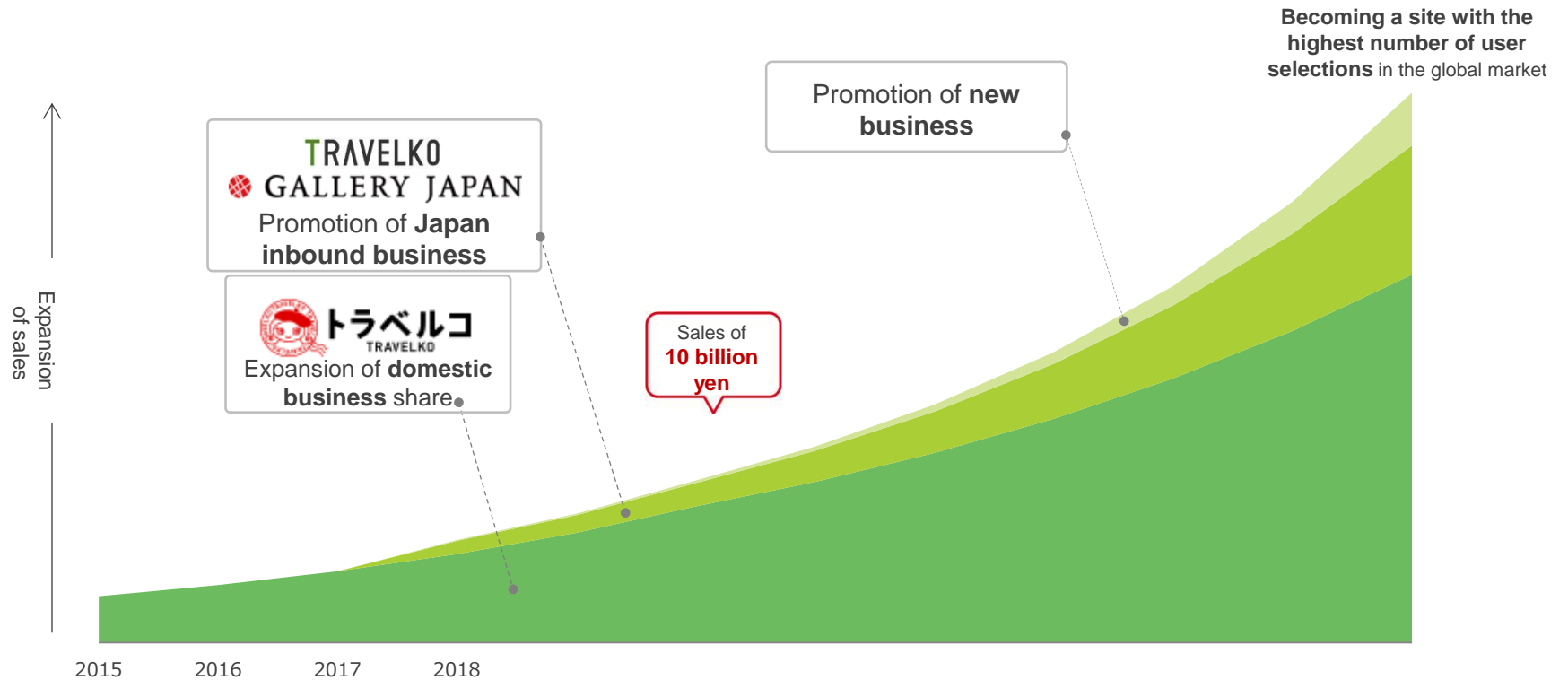
\*2 A growth rate of the yearly average +10% is assumed

\*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.

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>