

Financial Results for Third Quarter of Fiscal Year Ending March 2020



OpenDoor Inc.
(Stock Code: 3926)

1. Highlights
2. Third Quarter: Financial Overview
3. Third Quarter: Main Initiatives
4. Main Future Initiatives
5. Shareholder Returns
6. Reference Materials

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■ Key Strategies for FY2020 March

- The most recently announced full-year projections remain.
Sales: **5,400 million yen (up 8.7% YoY)**; operating profit: **1,770 million yen (up 3.9% 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.
- Financial results for 1H of FY2020 March were lower than initial projections owing mainly to slackening travel demand and 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 increase may further dampen the travel market in 2H, we revised our consolidated financial projections for FY2020 March when we announced financial results for 2Q (November 8, 2019).

*These negative factors are expected to have only a limited effect on medium- to long-term growth.

■ Results for 3Q FY2020 March

Accounting period (October to December)

- Sales: **1,156 million yen (up 4.1% QoQ)**; operating profit: **630 million yen (up 21.6% QoQ)**
- Despite slackening travel demand caused by the unsettled state of the world, massive typhoons, the consumption tax increase, etc. as well as less organic search visits deriving from increasing search engine advertising, both sales and operating profit increased from the same period of the previous year. (Quarterly operating profit hit an all-time high.)
- Because we aired no TV commercials during 3Q, selling, general and administrative expenses decreased.

Cumulative period (April to December)

- Sales: **3,942 million yen (up 9.1% YoY)**; operating profit: **1,617 million yen (up 11.5% YoY)**
- Although earnings performance was affected by changes in the external environment, both sales and operating profit for the 3Q cumulative period hit record highs.

■ TV Commercials

- New Travelko TV advertising, Presentation Edition, started to be broadcasted from January 2020.
(As of September 2019, the recognition rate was **44.3%**.)

■ Shareholder Returns

- In addition to the current shareholder benefit (1,000-yen worth of QUO card), we will offer a special shareholder benefit (2,000-yen worth of QUO card).

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3Q FY2020 March / Financial Overview

- Despite slackening travel demand caused by the unsettled state of the world, massive typhoons, the consumption tax increase , etc. as well as less organic search visits deriving from increasing search engine advertising, sales and operating profit increased 4.1% and 21.6%, respectively, from the same period of the previous year. (Quarterly operating profit hit an all-time high.)
- Because we did not air TV commercials during 3Q, selling, general and administrative expenses decreased.

Unit: millions of yen

	3Q FY2019/3 Results	3Q FY2020/3 Results	Amount of change	QoQ
Sales	1,110	1,156	+45	+4.1%
Cost of sales	162	169	+7	+4.4%
Gross profit	948	987	+38	+4.1%
Selling, general and administrative expenses	430	357	-73	-17.0%
Operating profit	518	630	+112	+21.6%
Ordinary profit	518	630	+112	+21.7%
Net incomes	325	395	+70	+21.7%
Operating margin	46.6%	54.5%	+7.9P	-

3Q FY2020 March (Cumulative Results) / Achievements against Initial Forecasts



- Although earnings performance was affected by changes in the external environment, both sales and operating profit for the 3Q cumulative period hit record highs.

(Sales: up 9.1% YoY; operating profit: up 11.5% YoY)

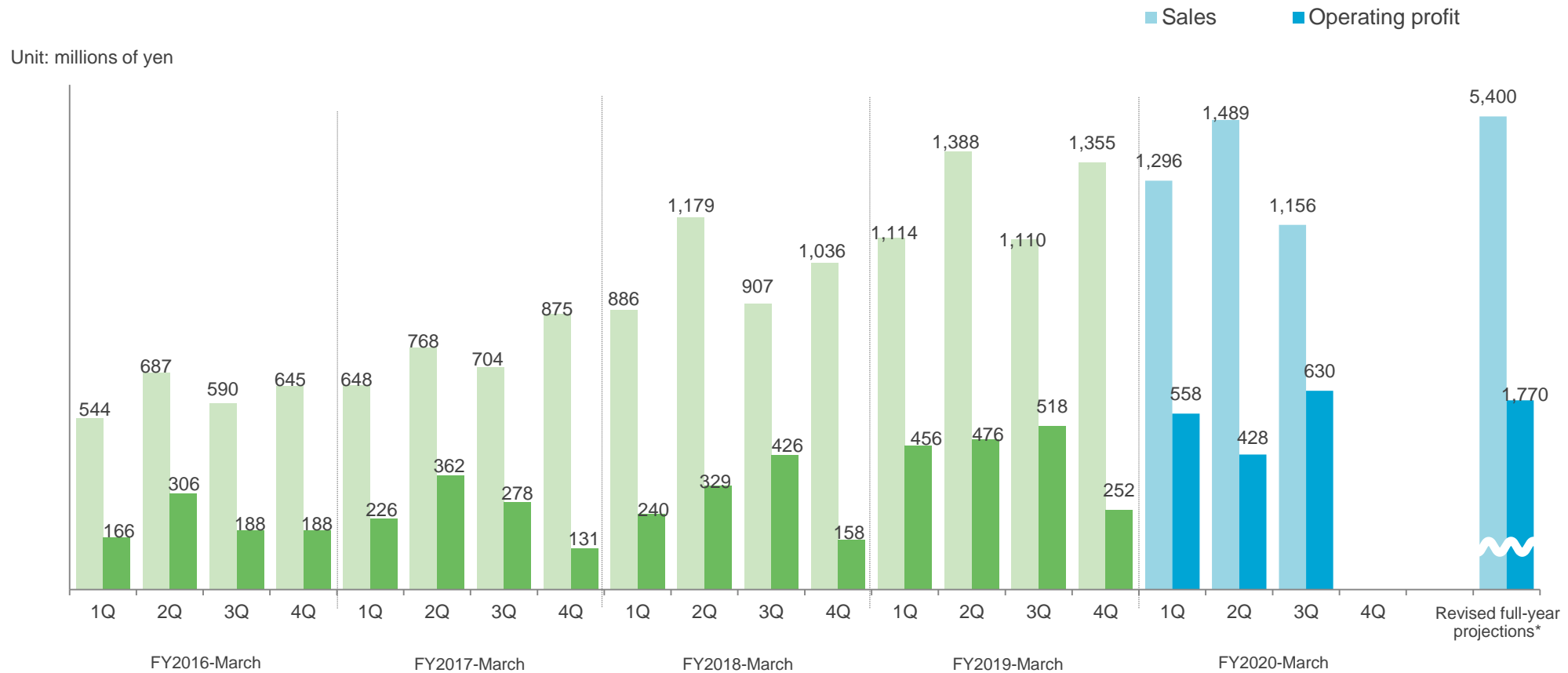
Unit: millions of yen

	3Q FY2019/3 Results	3Q FY2020/3 Results	Amount of change	YoY	Progression rate from original projection	2020/3 Revised full-year projections*
Sales	3,613	3,942	+328	+9.1%	73.0%	5,400
Cost of sales	450	500	+49	+11.1%	73.5%	680
Gross profit	3,163	3,442	+278	+8.8%	72.9%	4,720
Selling, general and administrative expenses	1,713	1,824	+111	+6.5%	61.9%	2,950
Operating profit	1,450	1,617	+167	+11.5%	91.4%	1,770
Ordinary profit	1,453	1,619	+165	+11.4%	91.5%	1,770
Net incomes	941	1,010	+69	+7.4%	95.2%	1,062
Operating margin	40.1%	41.0%	+0.9P	-	-	32.8%

*Revised projections announced on November 8, 2019.

3Q FY2020 March / Trends in Quarterly Results

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



* Revised projections announced on November 8, 2019.

FY2020 March Financial Projections / Profit and Loss Statement



- The most recently announced annual projections remain.
- 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.
(As of September 2019, the recognition rate was 44.3%.)
- Financial results for 1H of FY2020 March were lower than initial projections owing primarily to slackening travel demand which occurred in reaction to rush demand before the 10-day Golden Week holiday period and because of 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 increase may further dampen the travel market in 2H, we revised our consolidated financial projections for FY2020 March when we announced financial results for 2Q (November 8, 2019).

*Refer to “Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies” on Page 18.
- 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.

Unit: millions of yen

	FY2019/3 Results	2020/3 Revised full-year projections*	Amount of change	YoY
Sales	4,969	5,400	+430	+8.7%
Cost of sales	615	680	+64	+10.5%
Gross profit	4,354	4,720	+365	+8.4%
Selling, general and administrative expenses	2,651	2,950	+298	+11.3%
Operating profit	1,703	1,770	+66	+3.9%
Non-operating profit/loss	4	0	-4	-100.0%
Ordinary profit	1,708	1,770	+61	+3.6%
Extraordinary profit/loss	56	0	-56	-100.0%
Net incomes	1,099	1,062	-37	-3.4%

*Revised projections announced on November 8, 2019.

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Oct. 30 (Travelko) Affiliated with TRAVELIST by CROOZ for overseas air tickets, allowing users to have more choices for overseas air ticket booking sites and prices!

Dec. 12 (Travelko) Affiliated with Cansell for domestic inns and hotels, expanding opportunities for users to find the best deals on accommodation plans!

New affiliation: Overseas air tickets

The screenshot shows the Travelko website interface for international flight searches. The main search results are displayed in a table with columns for airline, route, and price. A red box highlights the 'Travelist' logo in the search results, indicating the new affiliation.

航空会社	航空券	価格	詳細
ANA	東京 - 成田 - 羽田	60,540円	詳細
JAL	東京 - 成田 - 羽田	60,540円	詳細
Travelist	東京 - 成田 - 羽田	60,540円	詳細

New affiliation: Domestic hotels

The screenshot shows the Travelko website interface for domestic hotel searches. The main search results are displayed in a table with columns for hotel name, location, and price. The Villabu Resort website is highlighted as a new affiliation.

ホテル名	価格	詳細
Villabu Resort	32,000円	詳細
Hotel A	35,000円	詳細
Hotel B	38,000円	詳細

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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.)

- New Travelko TV advertising, Presentation Edition, started to be broadcasted from January 2020.
- To further raise the recognition rate in 4Q, we will launch efficient advertising campaigns taking travel demand trends into consideration.

Travelko-chan – Presentation Edition –



国内		海外	
航空券			
東京 → 新千歳		東京 → ソウル	
A社	最安値 5,020円	A社	最安値 9,860円
B社	6,000円	B社	12,500円
C社	8,000円	C社	15,000円

国内		海外	
パッケージツアー			
京都2日間 (東京発)		ハワイ5日間 (東京発)	
A社	最安値 16,200円	A社	最安値 57,800円
B社	19,200円	B社	78,800円
C社	20,000円	C社	90,800円

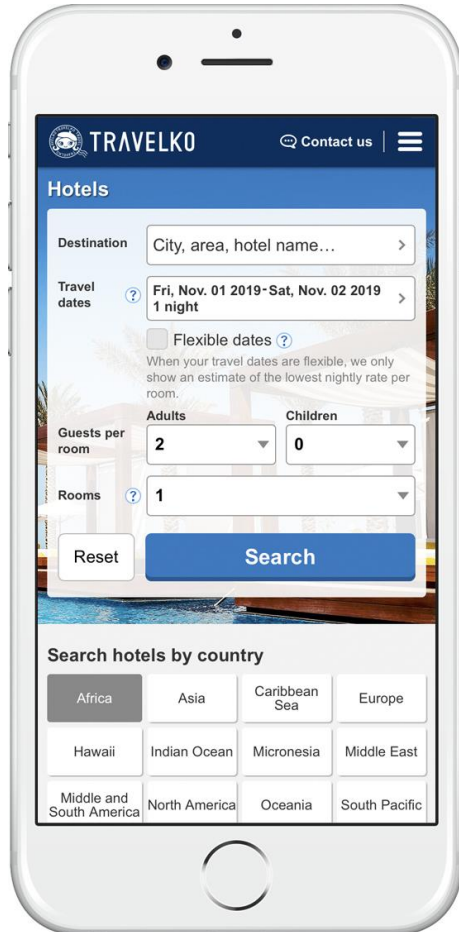
国内		海外	
ホテル			
箱根温泉旅館		パリ5つ星ホテル	
A社	最安値 7,700円	A社	最安値 3,900円
B社	7,800円	B社	4,000円
C社	10,000円	C社	9,800円
D社	12,100円	D社	12,500円

国内		海外	
オプションツアー			
レンタカー		海外Wi-Fiレンタル	
夜行バス 高速バス			

*Image is for illustration purposes.

Travelko enables users to compare more than 1,500 travel sites to find the most affordable domestic and overseas travel products that satisfy their needs.

Travelko-chan explains in an understandable way a lot of advantages of Travelko in a presentation made at a large venue.



- 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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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 2020
Content	1,000-yen worth of QUO card	2,000-yen worth of QUO card
Date of offering	Planned to be sent in late June each year	Planned to be sent in late June 2020

Shareholders who are registered or recorded in the Company's shareholders register as of the end of March 2020 and own 1 unit of shares (100 shares) or more are entitled to receive 3,000-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.

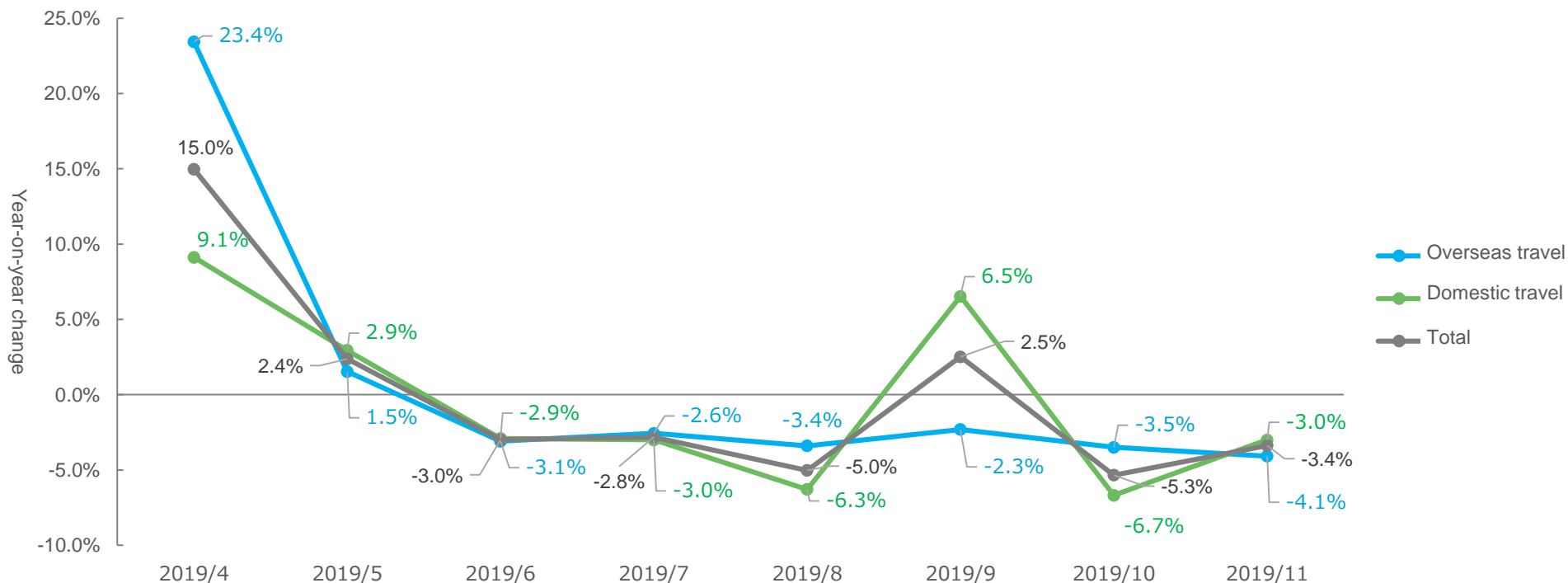
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Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies



- 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-November 2019, sales of both overseas and domestic travels had shown a declining trend since May and decreased from a year earlier since June except for September.
 - 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.

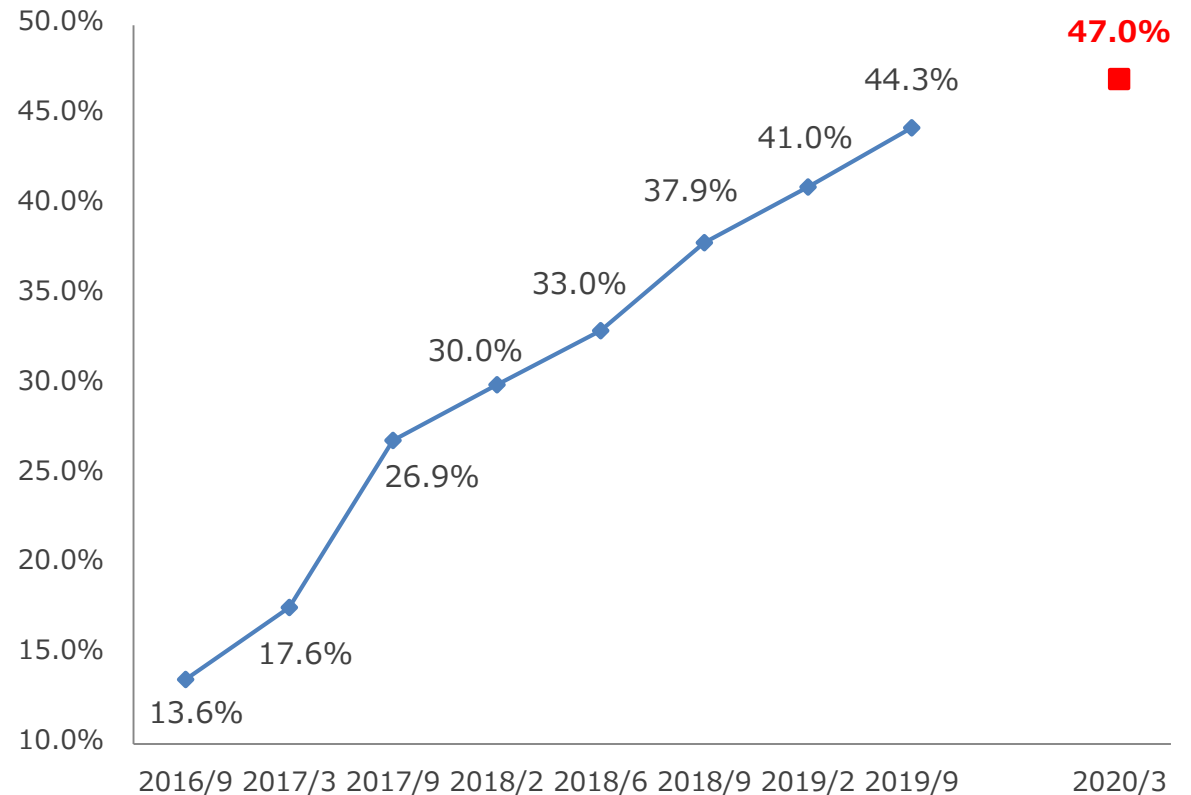
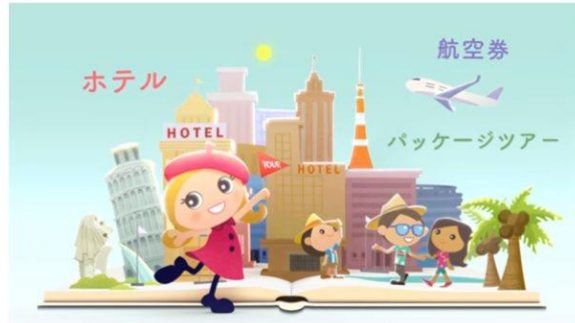
Year-on-Year Changes in Total Monthly Sales of Major Travel Agencies



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

3Q FY2020 March / Recognition Rate Raised through TV Commercials (As of September 2019)

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



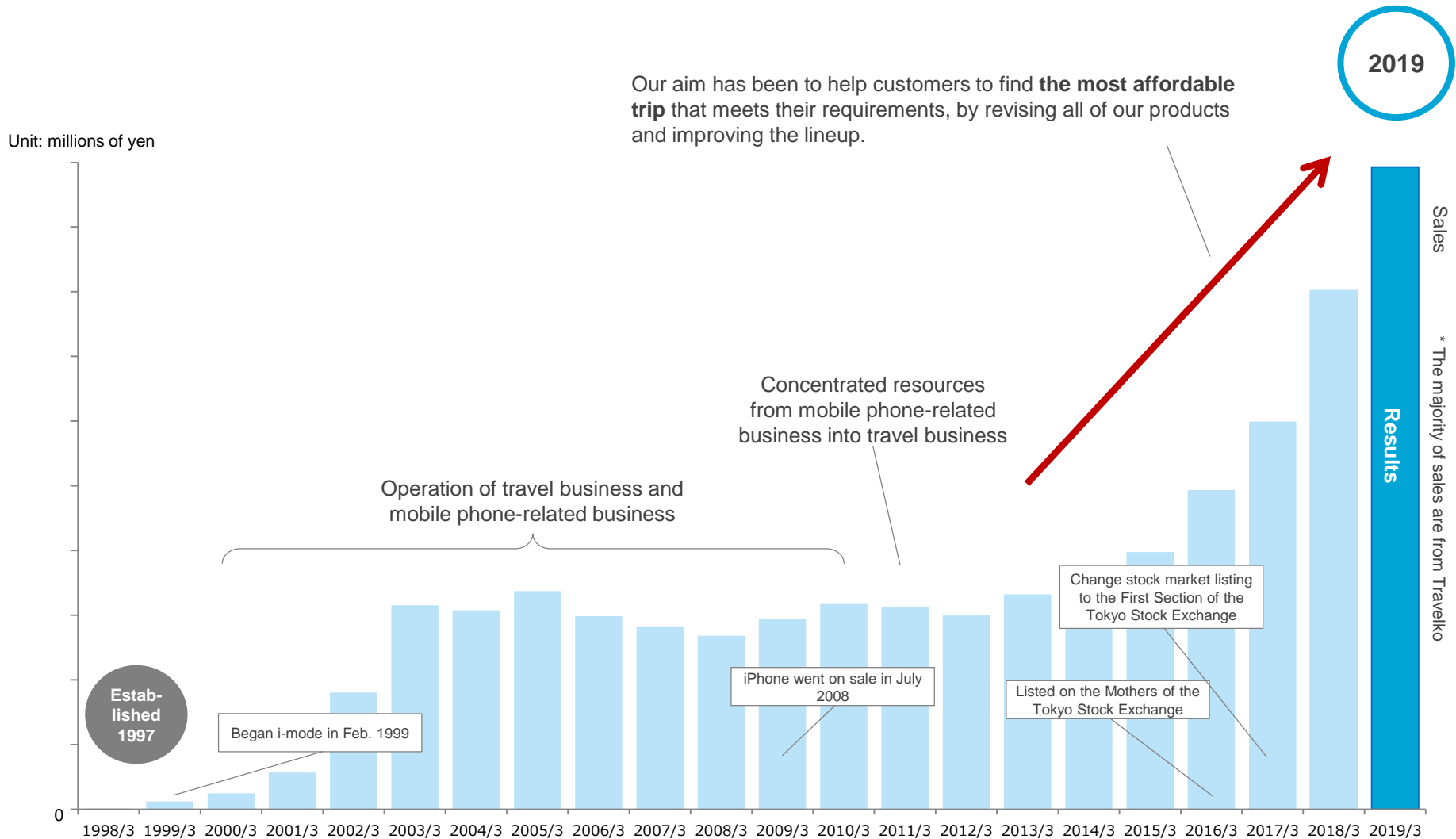
Source: OpenDoor's own survey (September 2019)
Survey from a sample of 10,000 respondents: Males and females from across Japan ages 18 to 59 who have been on a trip that involved over night stay, for either private or business purposes.

- Financial results show a steady performance, with an 812 million yen increase in net assets.

Unit: millions of yen	2019/3 Results	2019/12 Results	Amount of change
Current assets	5,680	6,491	+810
Cash and deposits	4,719	5,574	+855
Other	961	916	-44
Non-current assets	631	632	+1
Total assets	6,312	7,124	+812
Current assets	1,043	853	-189
Non-current liabilities	66	58	-8
Total liabilities	1,109	911	-198
Net assets	5,202	6,212	+1,010
Capital stock	648	648	-
Capital surplus	474	473	-0
Retained earnings	4,092	5,103	+1,010
Other	-12	-12	-0
Total liabilities and net assets	6,312	7,124	+812

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 179 employees

Progress and Sales Trends



A travel comparison site that allows you to search and compare products from more than 1,500 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 このページの閲覧・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 (1)

JTB、HIS、一休.com、楽天トラベル、Expedia、Booking.comなど、国内外1,500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		

LINE スタンプ 販売中！
全40種類！ご購入はこちらから

世界98エリア！人気スポットまとめ

LINEスタンプはじまりました！

トラベルコの新CMを公開！

最安値一覧

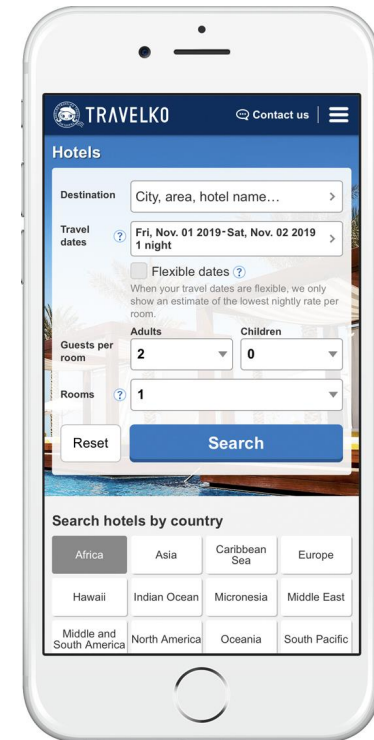
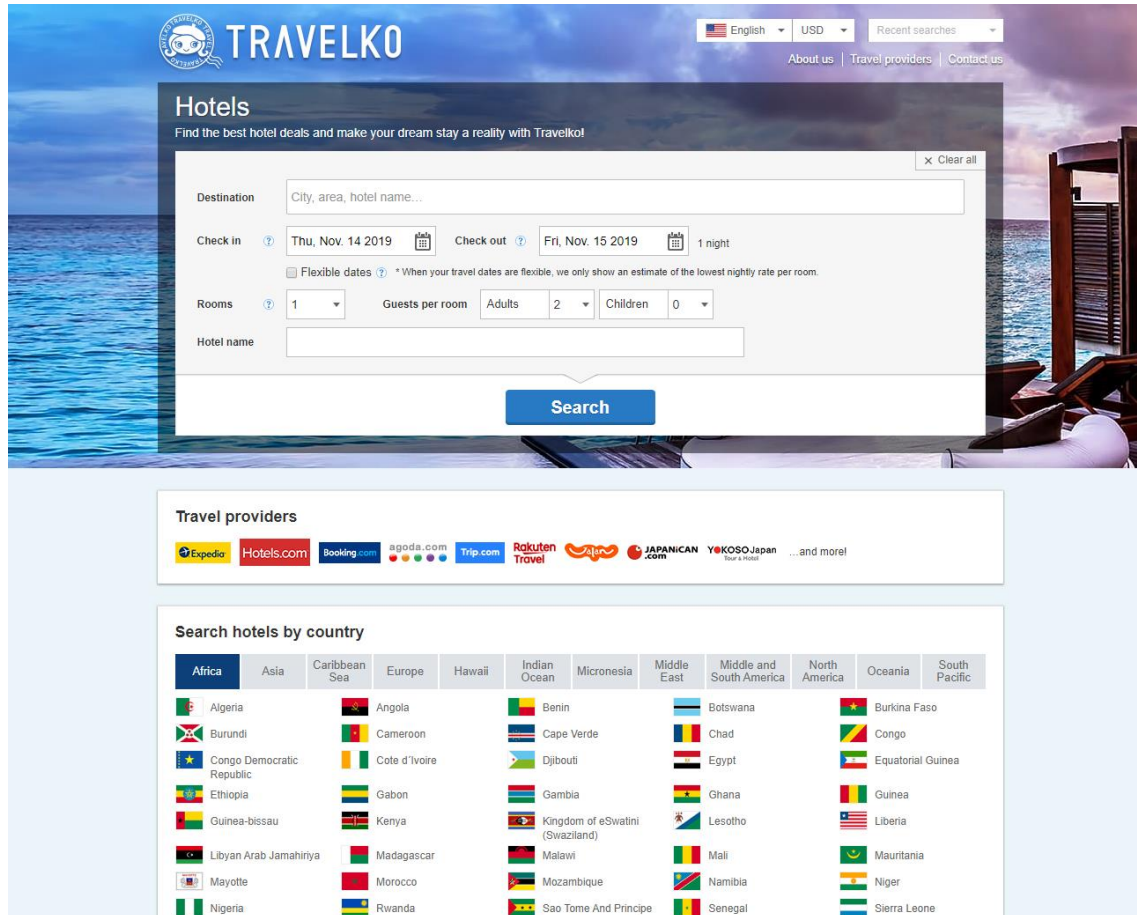
東京発 2月 3月

【マーク説明】 ↓↑…最安値の更新商品あり ※1月27日時点の情報です 2名1室利用時(大人1名あたりの料金を表示しています。)

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 1,900円	ソウル3日間 1.38万円	台北3日間 2.66万円
福岡2日 1.06万円	鬼怒川温泉 2,000円	香港3日間 2.38万円	グアム4日間 3.98万円
白馬3日 1.39万円	東京 1,706円	バンコク4日間 2.90万円	シンガポール4日間 4.18万円



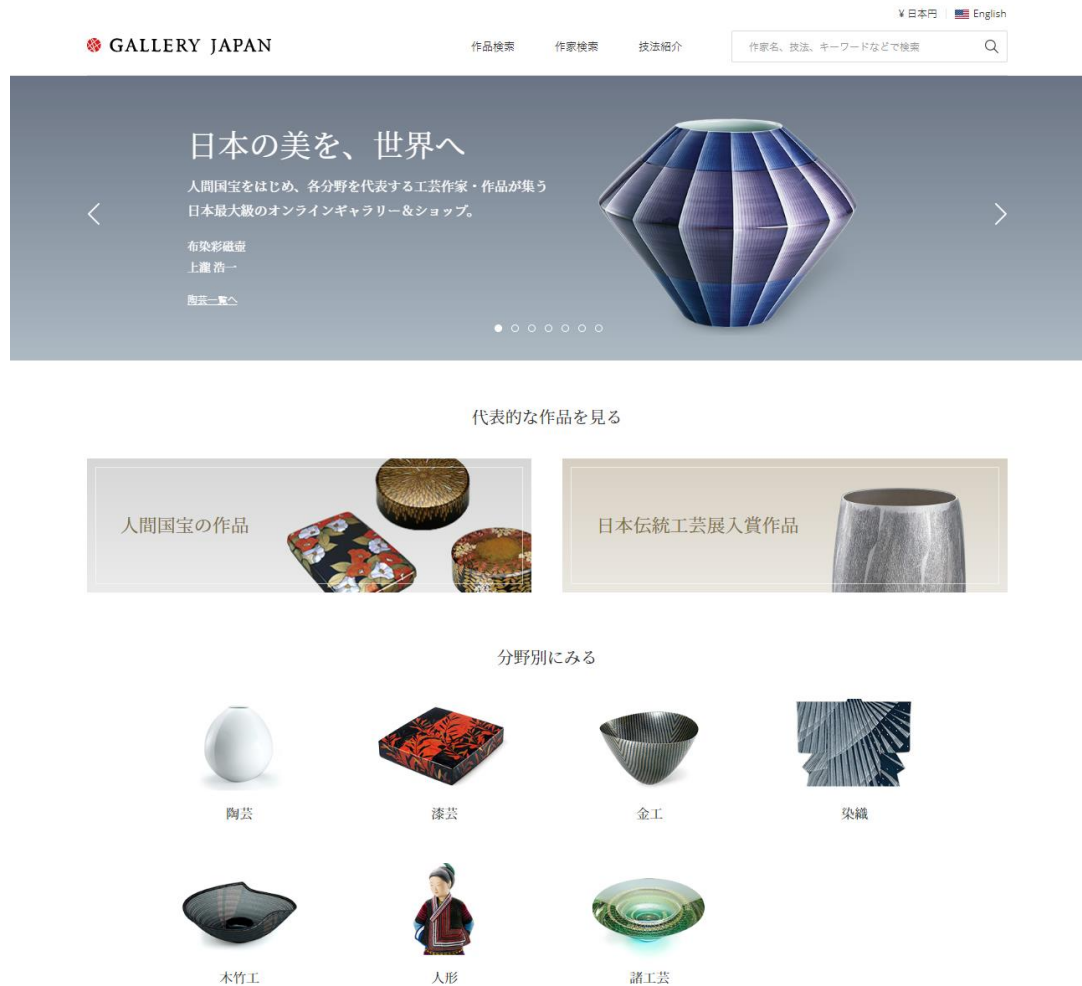
The global version of TRAVELKO, targeted at overseas and inbound markets.



Supported languages

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

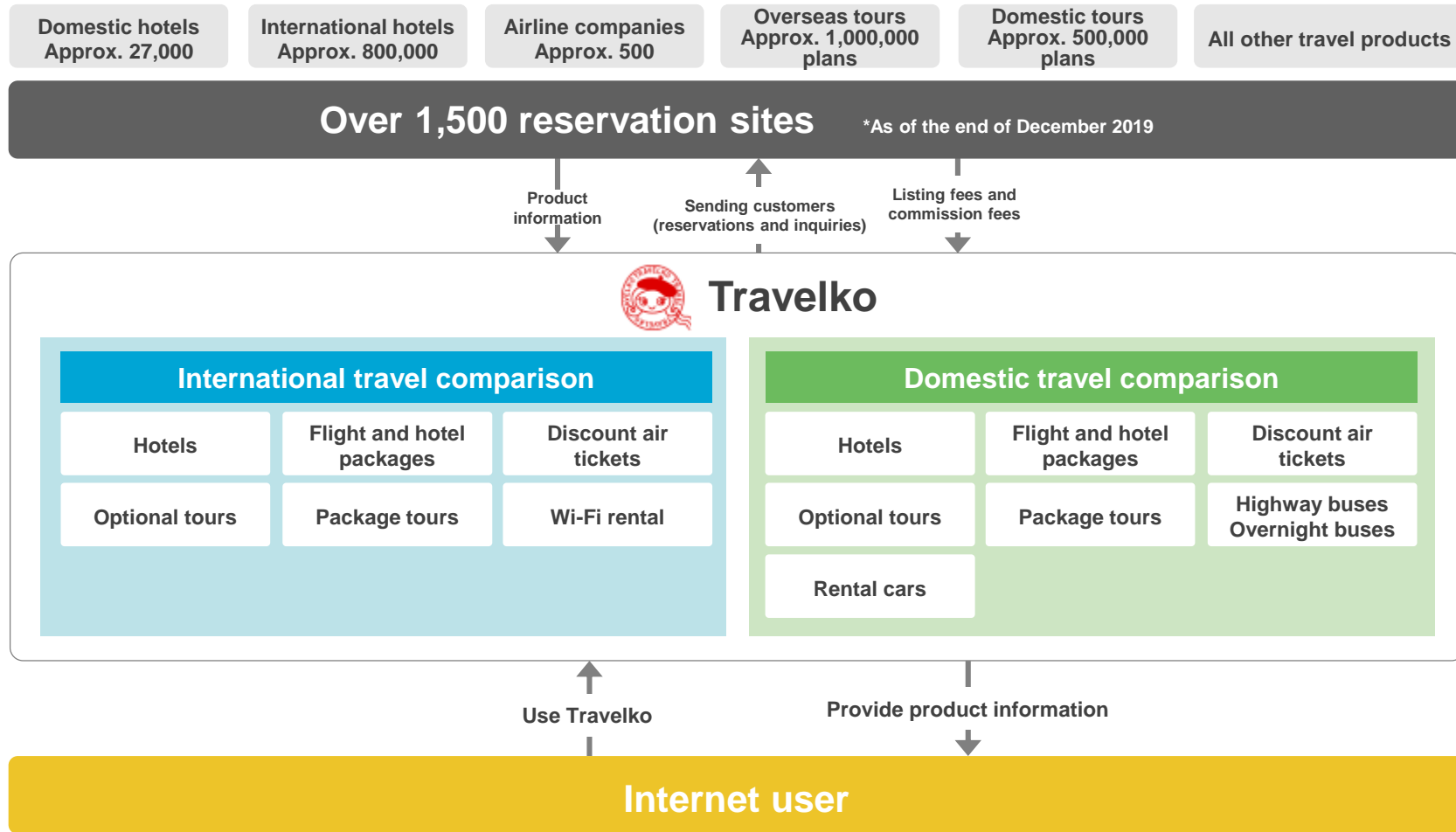
A site targeted at overseas and inbound markets, which introduces traditional crafts of Japan to the rest of the world



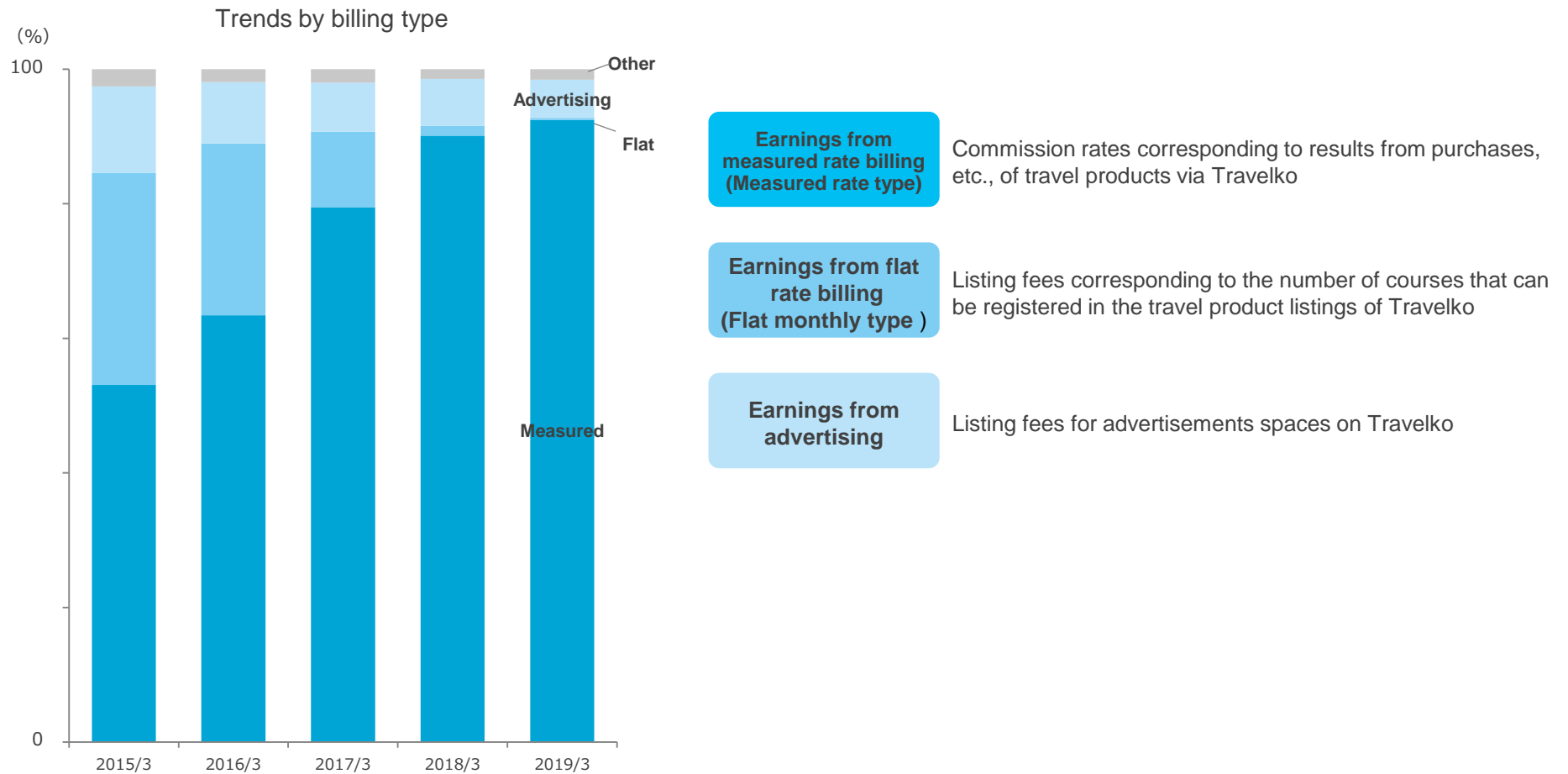
Supported languages

English
Japanese

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



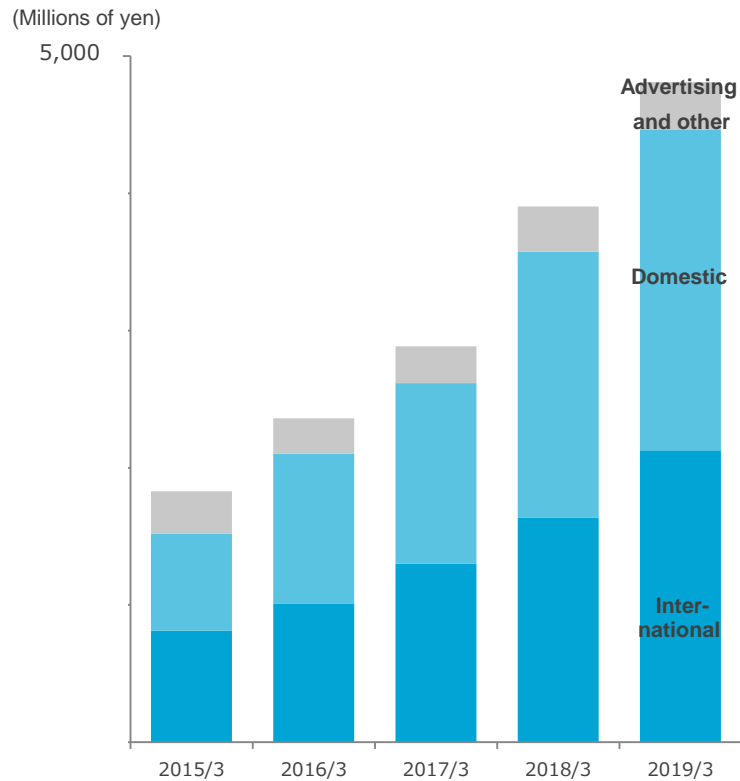
Shift from flat rate billing to measured rate billing based on results



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

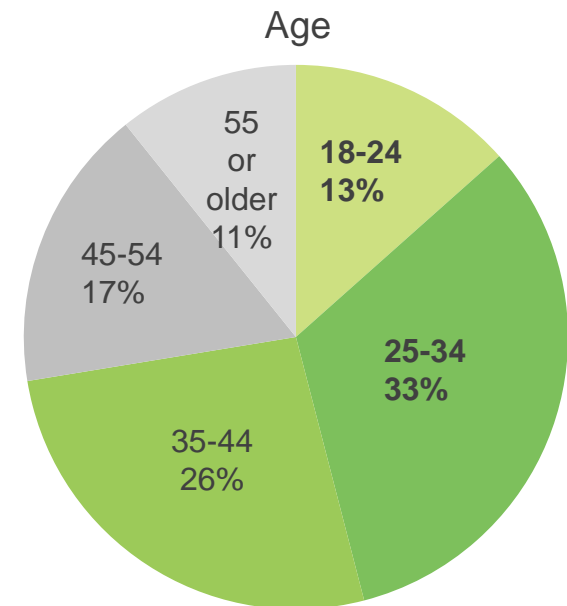
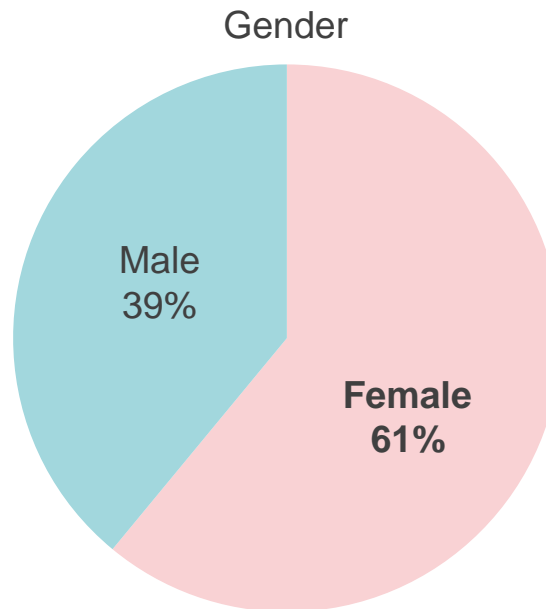
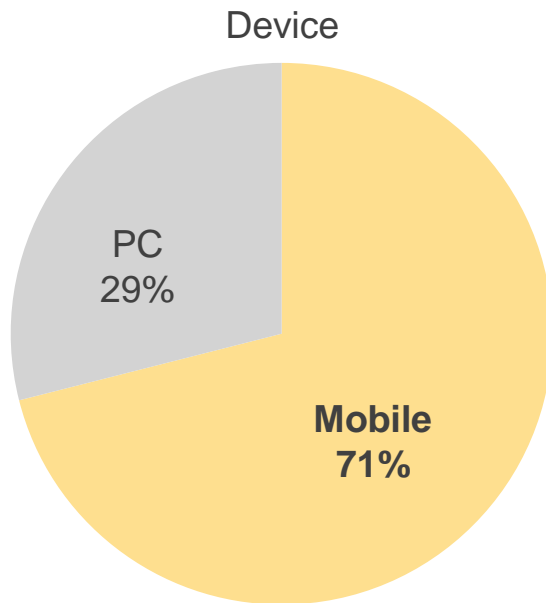


Flexibly corresponds to changes in market trends
due to changes in international or domestic popularity, or because of sudden events such as terrorist attacks, etc.

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*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 1,500 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

AirTrip, Spring Japan, Skyticket, Star Flyer, AIRDO

...More than **1,500** 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 1,500 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.

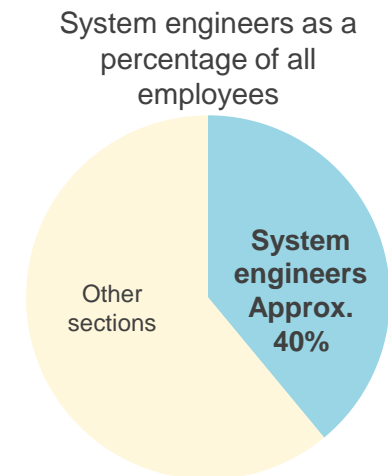
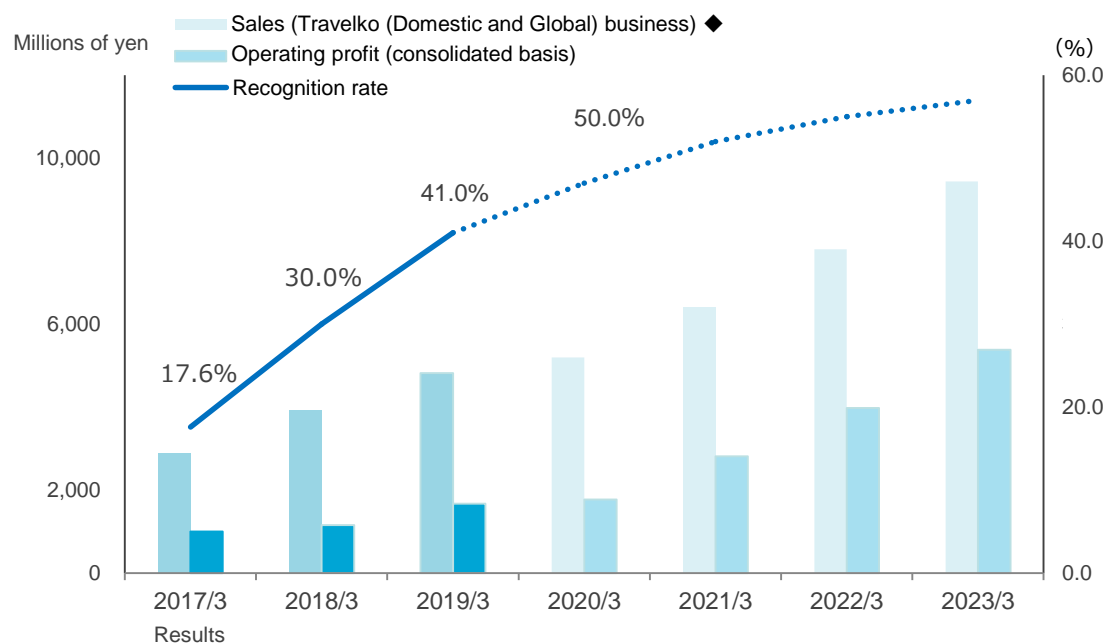


Image of Mid-term Growth in Travelko Business

- 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.



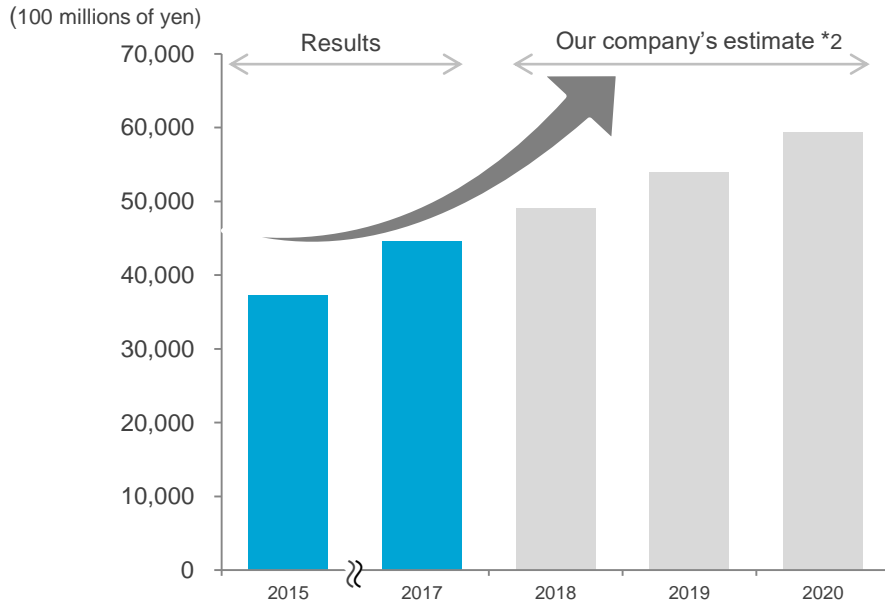
◆ Because almost all sales currently arise from the Travelko (Domestic and Global) business.

◆◆ The graph is an impression

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

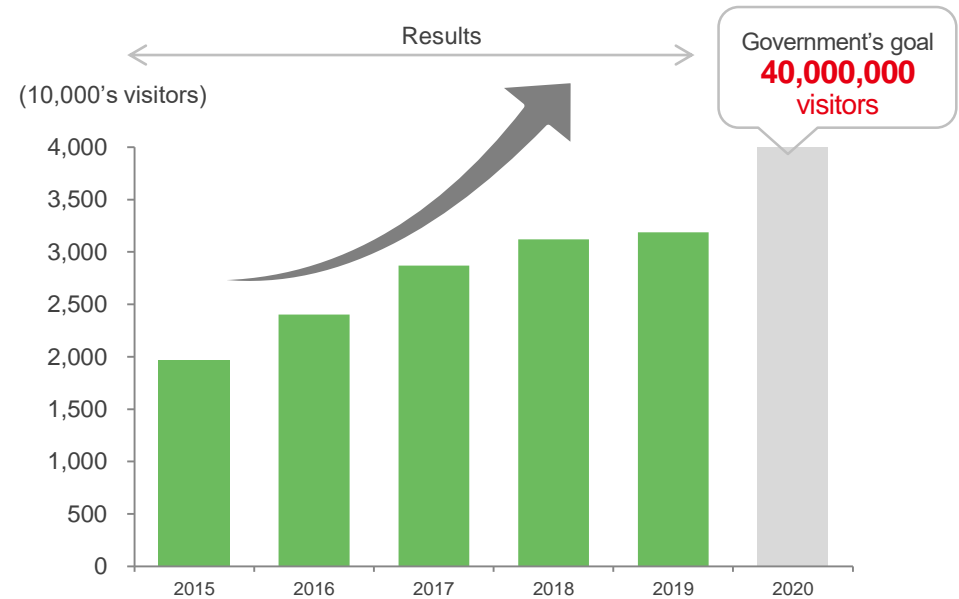
Online travel market scale

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

2019
 31,880,000
 visitors*3 → 2020
40,000,000
 Visitors*4



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

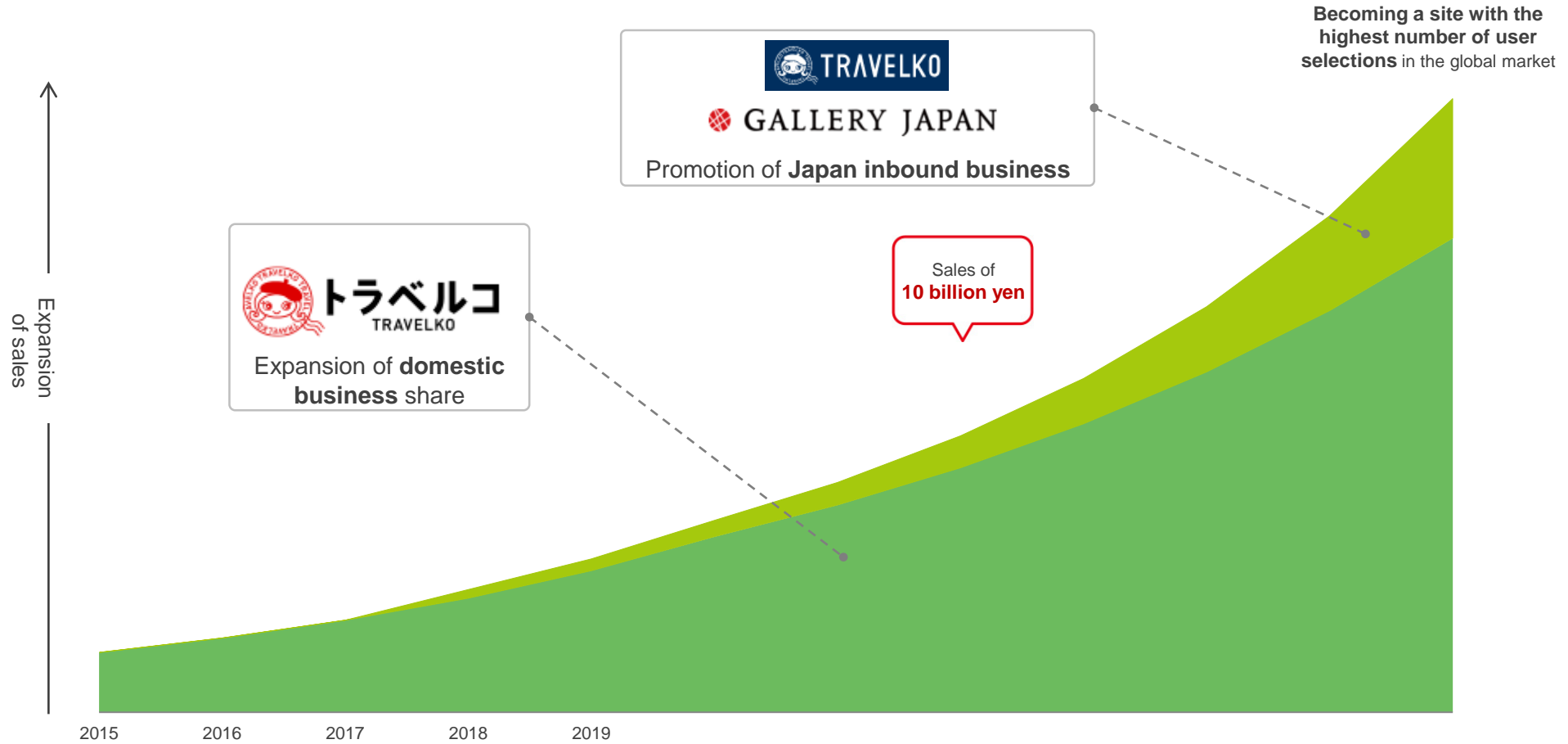
*2 A growth rate of the yearly average +10% is assumed

*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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