

FY2024/3 3Q Relo Group Investor Presentation

Feb 8, 2024

Relo Group, inc. (8876.JP)

Consolidated Results



(million yen)

	Actual FY2022/12	Actual FY2023/12	YoY
Revenue	89,082	94,429	+6.0%
Operating Profit	17,363	17,988	+3.6%
Profit Before Income Taxes	19,733	18,561	(5.9%)
Profit from continuing operations attributable to owners of the parent company	12,715	12,641	(0.6%)
Profit from discontinued operations attributable to owners of the parent company	4,855	-	-
Net Income	17,571	12,641	(28.1%)

- There was progress in revenue, operating profit. They all exceeded their levels in the same period of the previous fiscal year.
- Transient factors for the same period of the previous fiscal year are provided as a supplemental explanation on the next page.

Consolidated Results (Transient factors)

	(million yen)	
	FY2022/12	FY2023/12
Revenue	① 89,082	94,429
Cost of sales	② 49,887	51,320
Gross profit	39,195	43,109
Selling, general and administrative expenses	24,307	26,398
Other income	③ 2,627	1,653
Other expenses	150	375
Operating profit	④ 17,386	17,988
Finance income	⑤ 1,772	767
Finance costs	548	1,008
Profit from continuing operations attributable to owners of the parent company	12,715	12,641
Profit from discontinued operations attributable to owners of the parent company	⑥ 4,855	-

Main transient factors

①・② In the first six months of the previous fiscal year, part of rents based on sublease contracts of approximately **6.3 billion yen** were posted as revenue and cost of sales in the Residential Property Management Business. Given that the contract form was changed in the third quarter of the previous fiscal year, rents based on the sublease contracts were not recorded in results in the fiscal year under review.

①・④ Due to the change of revenue recognition criteria for some products in the Leased Corporate Housing Management Business, revenue of about **120 million yen** was posted as a transient factor in the first three month of the previous fiscal year.

③ A gain on sale of large properties of approximately **650 million yen** in the Residential Property Management Business and a gain on sale of hotels of **about 630 million yen** in the Tourism Business were posted in other income for the first six months of the previous fiscal year.

③ Gains from revaluation of investment securities of approximately **1.5 billion yen** was posted under finance income in the third quarter of the previous fiscal year in association with new listing on the Indonesia Stock Exchange of VENTENY Fortuna International in which Relo Club, Ltd. has an equity interest.

⑥ With the start of joint management of SIRVA-BGRS, a gain of approximately **4.8 billion yen** from the sale of BGRS shares was recorded under "discontinued operations"

Consolidated Results (After adjustment for transient factors)



(million yen)

	After adjustment for transient factors FY2022/12	Actual FY2023/12	YoY
Revenue	82,662	94,429	+14.2%
Operating Profit	16,613	17,988	+8.3%
Profit Before Income Taxes	17,493	18,636	+6.5%
Net Income	11,216	12,694	+13.2%

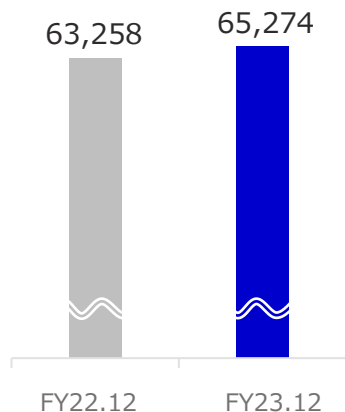
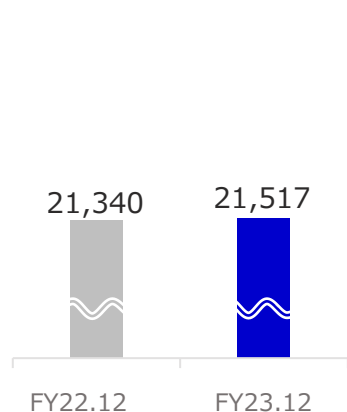
- If adjustments were made for transient factors, revenue and profits would remain strong.

Revenue

(million yen)

3Q

Nine Months Ended



YoY

+0.8%

+176

YoY

+3.2%

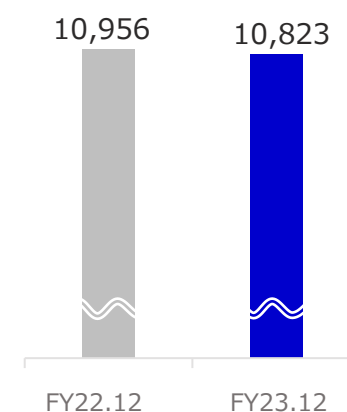
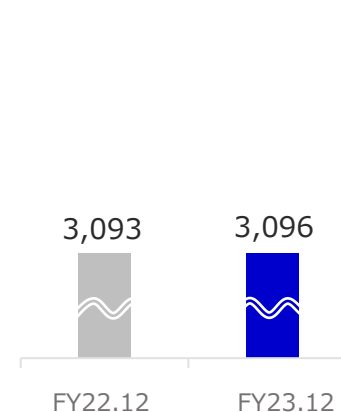
+2,015

Operating Profit

(million yen)

3Q

Nine Months Ended



YoY

+0.1%

+3

YoY

(1.2%)

(133)

- Relocation business consists of the following sub-segments
 - Leased corporate housing management business
 - Residential property management business
 - Relocation support business
- Sub-segment results are explained in the following pages

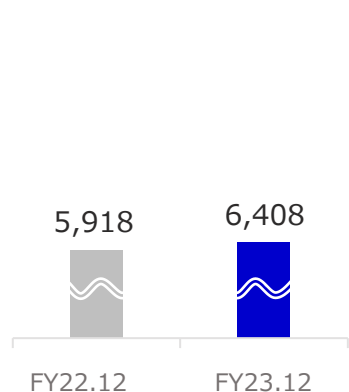
Leased Corporate Housing Management Business

Revenue

(million yen)

3Q

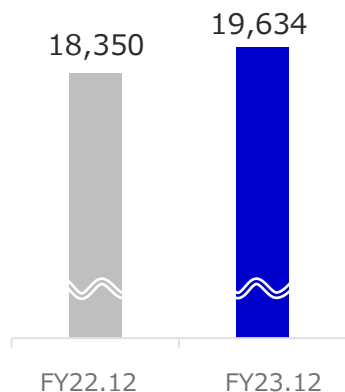
Nine Months Ended



YoY

+8.3%

+490



YoY

+7.0%

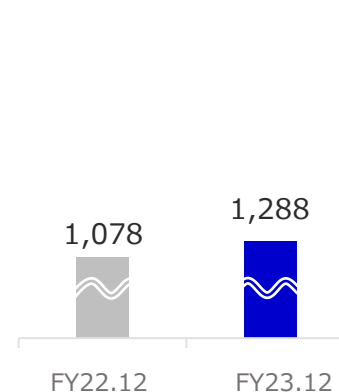
+1,283

Operating Profit

(million yen)

3Q

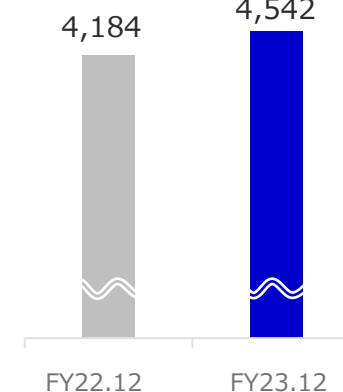
Nine Months Ended



YoY

+19.5%

+210



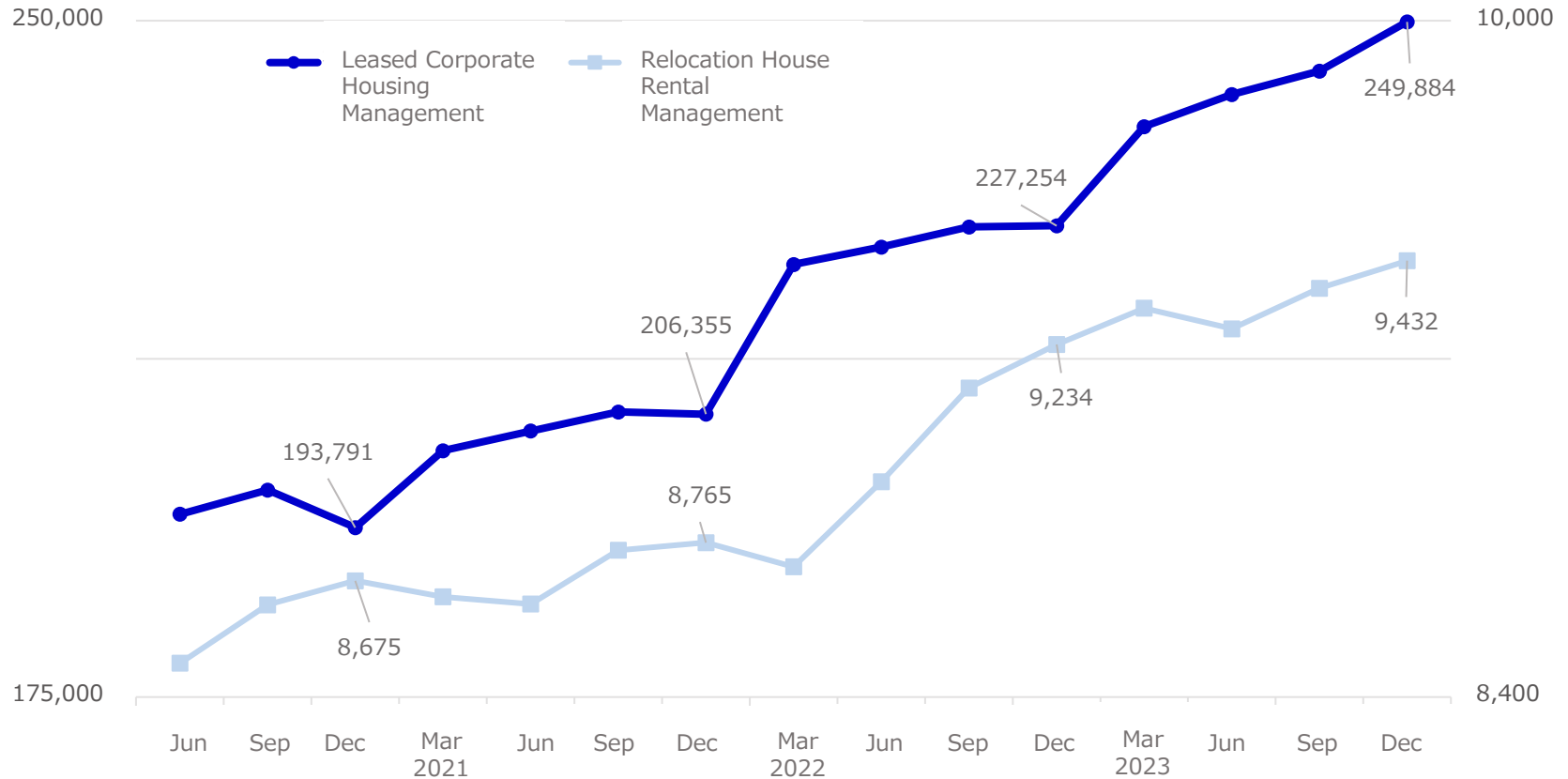
YoY

+8.5%

+357

- Management revenue grew in association with an increase in the numbers of leased corporate housing units and vacant housing units under management, which are a stock base.
- Revenue related to job relocations and rose, as did revenue from rental housing agency services increased.
- In the first three months of the previous fiscal year, transient factors did have an impact, increasing both revenue and operating profit 120 million yen due to the change of revenue recognition criteria for products. Excluding this effect, the growth rate for the nine months would be 7.7% for revenue and 11.7% for operating profit.

Leased Corporate Housing Management Business



■ Leased Corporate Housing Management

- 249,884units YoY+22,630units +10.6%
- The stock base expanded steadily. Capturing the demand created by companies' need to hire inbound workers, the number of furnished housing units also managed to remained strong.

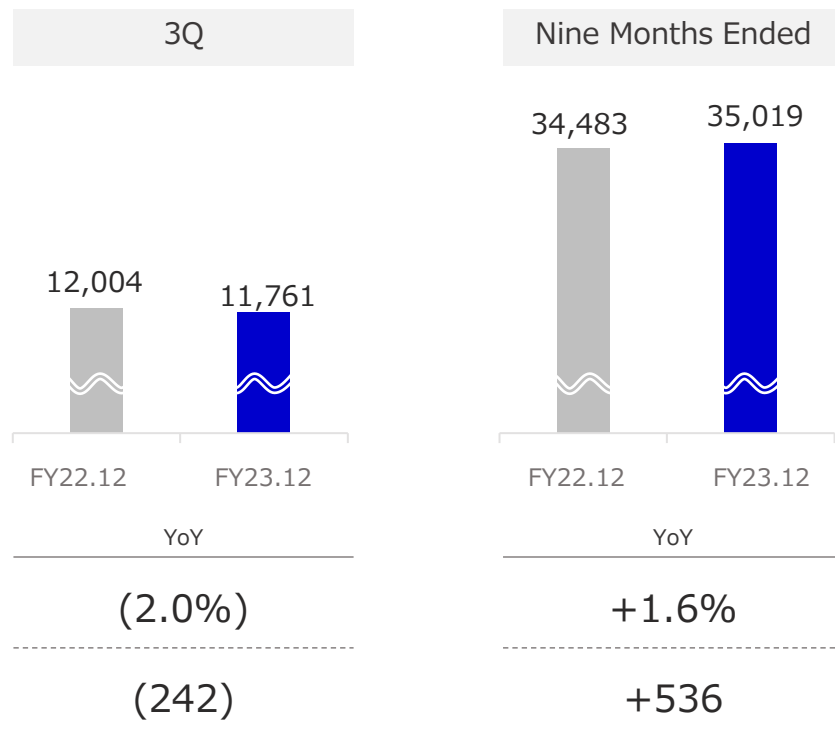
■ Relocation House Rental Management

- 9,432units YoY+198units +2.1%

Residential Property Management Business

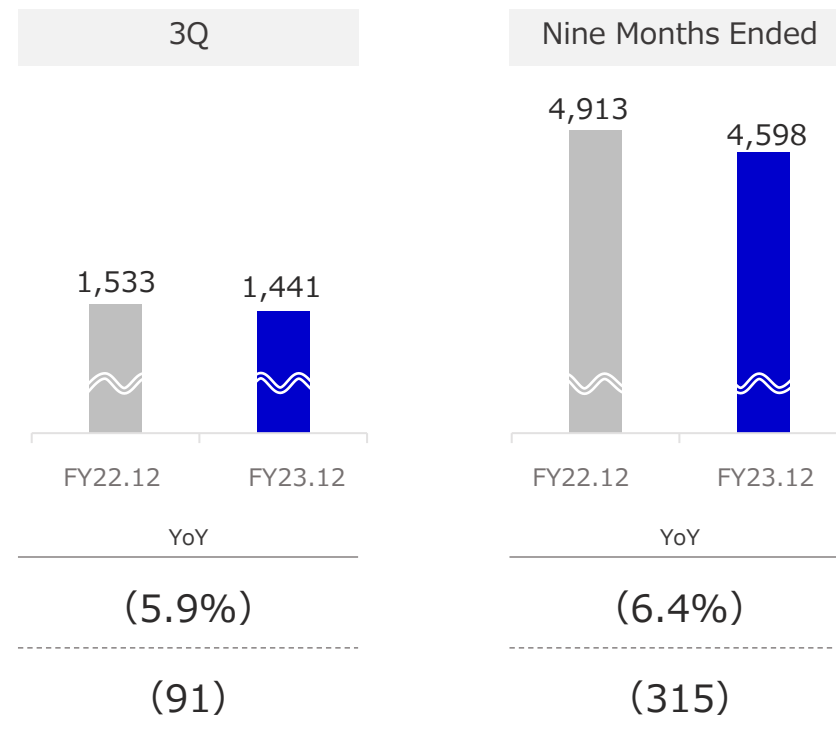
Revenue

(million yen)



Operating Profit

(million yen)



- While there was a cumulative negative impact of approximately 6.3 billion yen due to a change in the form of management contracts* as a result of reorganization, M&A contributed, resulting in an increase in revenue

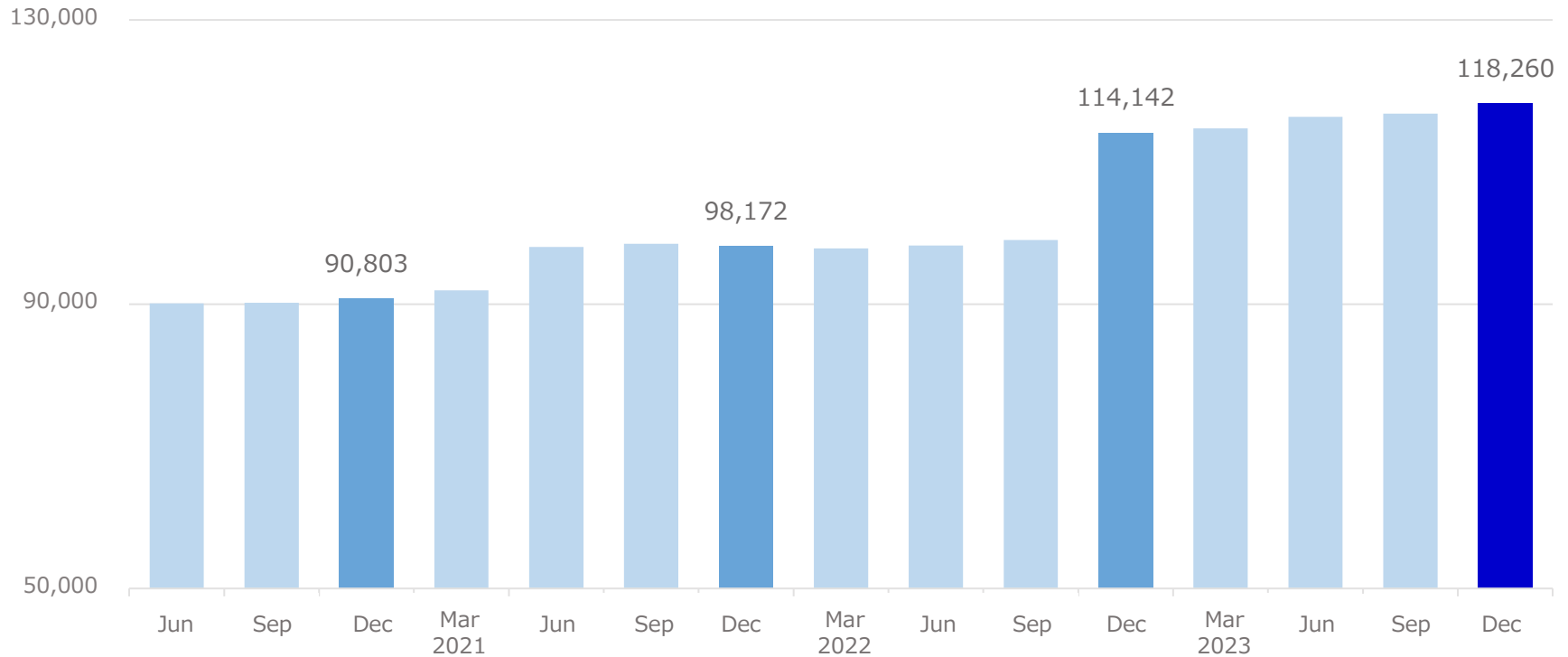
*Sublease rent, which was recorded both in revenue and cost of sales, is no longer recorded as rent, and the contract format has been changed to one in which only management fees are recorded net. No impact on gross profit.

- In the second quarter of the previous fiscal year, a gain on sale of large properties of approximately 650 million yen was posted.
- Operating profit decreased due to a delay in real estate sales which had been planned to be implemented in the fiscal year under review.

Residential Property Management Business



Property Management(Units)



- 118,260units YoY+4,118units +3.6%
- In addition to growth of existing rental management companies, continue to promote M&A to expand stock base

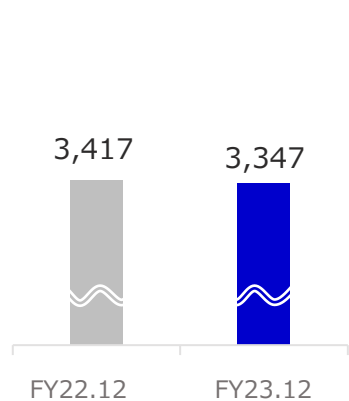
Global Relocation Support Business

Revenue

(million yen)

3Q

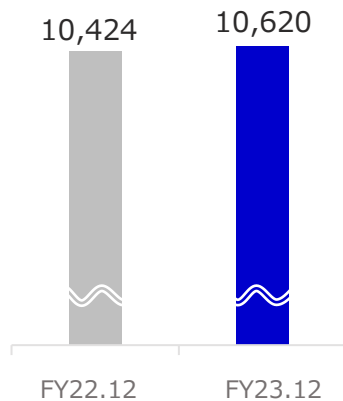
Nine Months Ended



YoY

(2.1%)

(70)



YoY

+1.9%

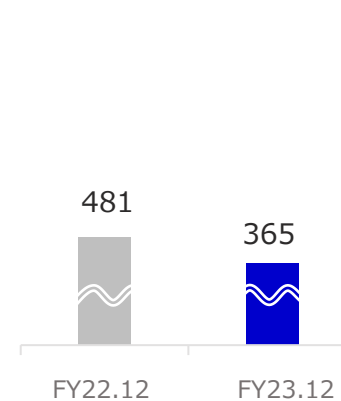
+196

Operating Profit

(million yen)

3Q

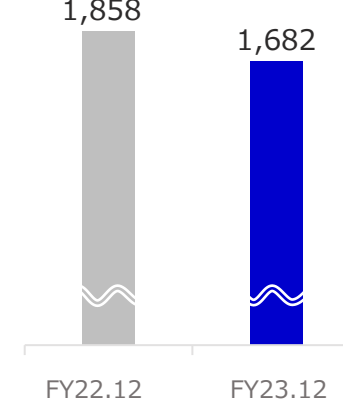
Nine Months Ended



YoY

(24.0%)

(115)

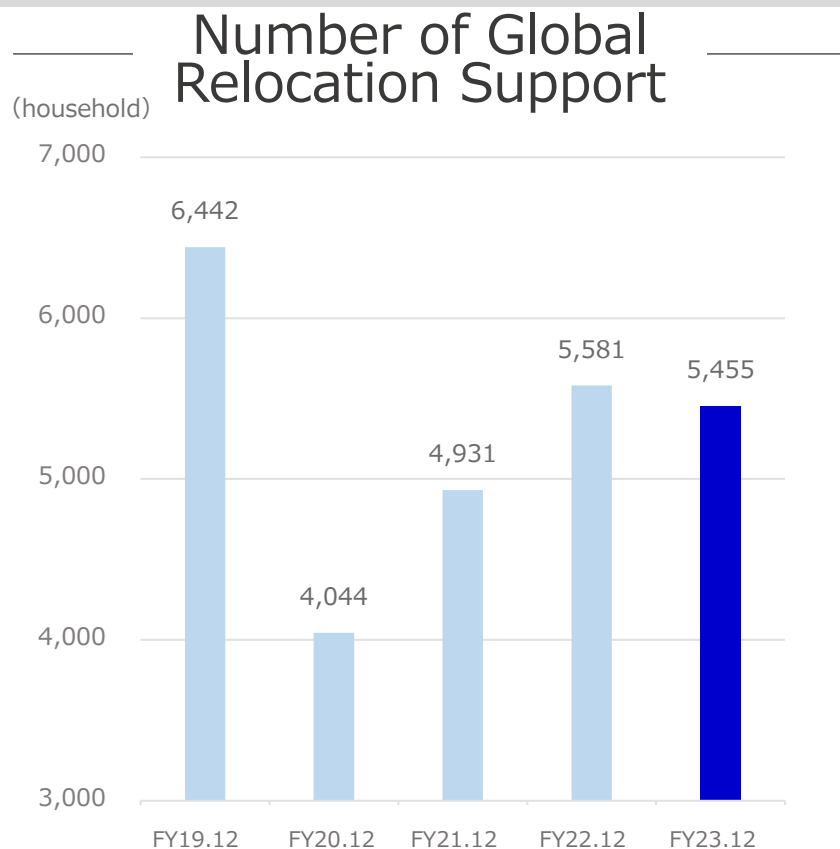


YoY

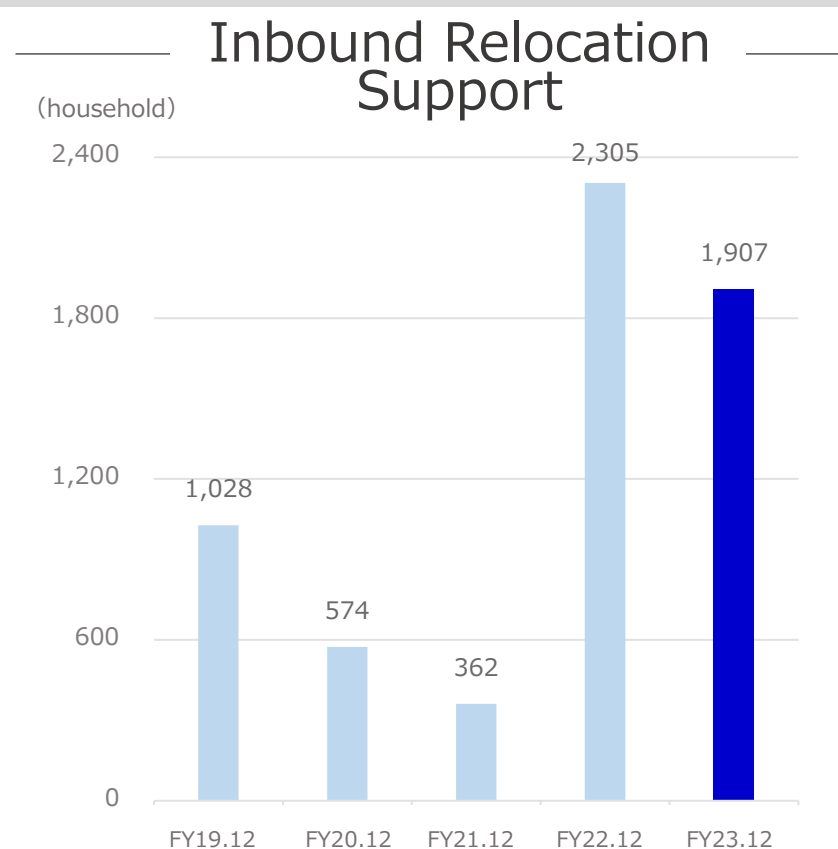
(9.5%)

(176)

- Operating profit decreased, reflecting the absence of the robust orders for inbound relocation support services in the first half of the previous fiscal year and a slowdown in real estate transactions in the United States due to interest rate rises.



- During the third quarter under review, the cumulative total number of households to which relocation assistance was provided decreased, reflecting stagnant international migration compared to the same period of the previous fiscal year.
- International migration is gradually recovering in the fourth quarter.



- Demand was concentrated in the same period of the previous fiscal year, when inbound demand rebounded significantly, chiefly due to the easing of restrictions on entry into Japan that had accompanied the COVID-19 pandemic.
- Demand declined after the materialization of demand that accumulated during the pandemic but was still at a high level.

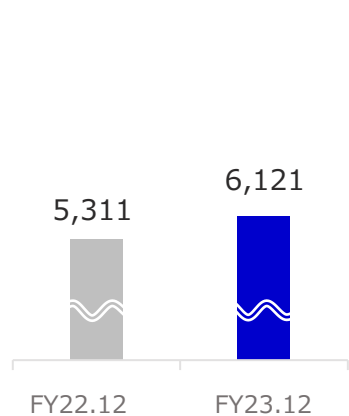
Fringe Benefits Business

Revenue

(million yen)

3Q

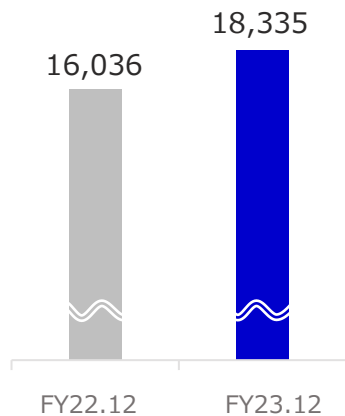
Nine Months Ended



YoY

+15.3%

+810



YoY

+14.3%

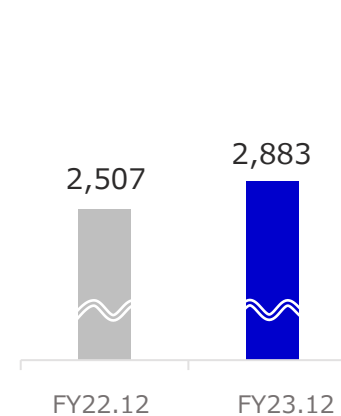
+2,299

Operating Profit

(million yen)

3Q

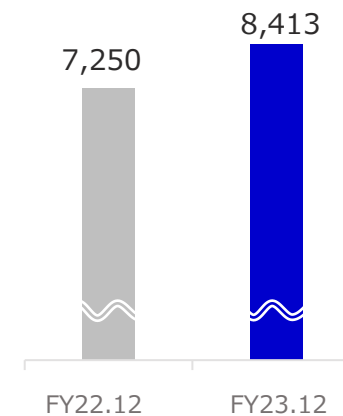
Nine Months Ended



YoY

+15.0%

+375



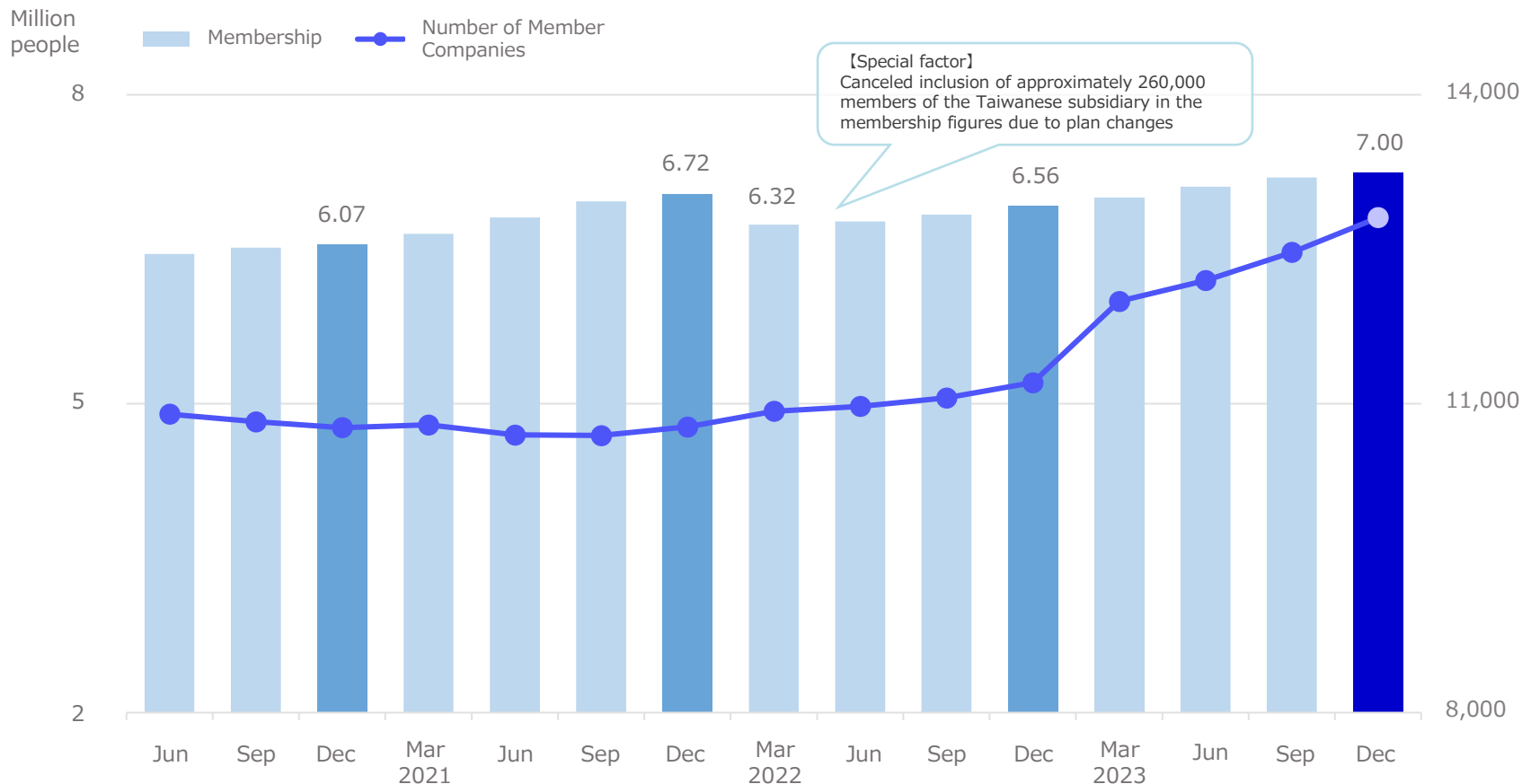
YoY

+16.1%

+1,163

- Membership fee revenue, which is the stock base grew steadily by 10% YoY, ensuring profit growth
- The use of services by members increased thanks to the recovery of demand including accommodations.

Fringe Benefits Business



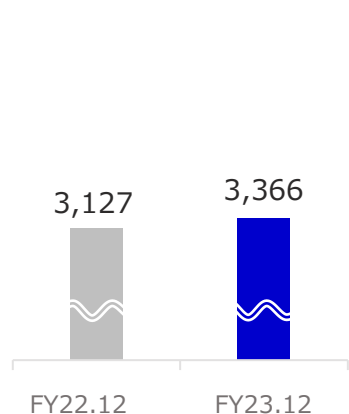
- Membership 7.00M people YoY+0.44M people
- Demand for the fringe benefit outsourcing service continued to expand.
- Contracts with customers that introduced outsourcing service for the first time and those that switched from other companies both rose, as in the previous fiscal year.

Revenue

(million yen)

3Q

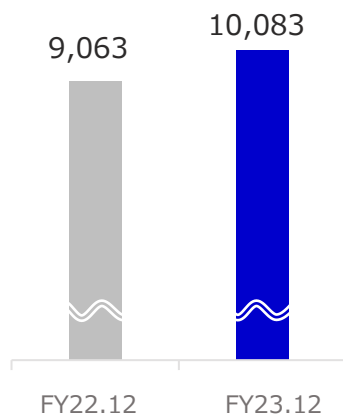
Nine Months Ended



YoY

+7.6%

+238



YoY

+14.3%

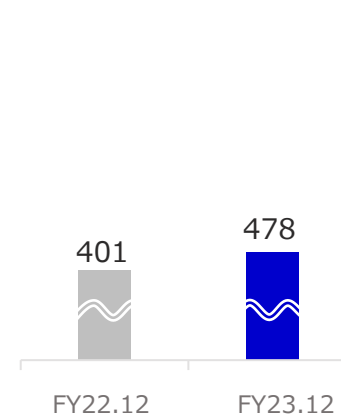
+1,020

Operating Profit

(million yen)

3Q

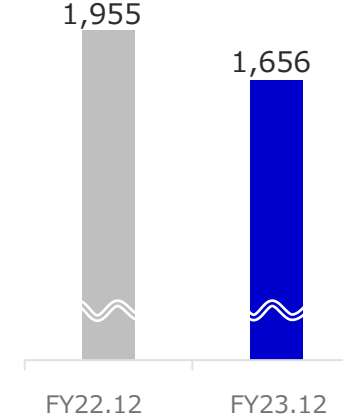
Nine Months Ended



YoY

+19.2%

+77



YoY

(15.3%)

(298)

- A gain on sale of hotels of 630 million yen was posted in the first three months of the previous fiscal year.
- Excluding the effect of the sale of properties, the total growth of operating profit would be 25%.
- The hotel business performed well, chiefly reflecting the opening of new facilities.

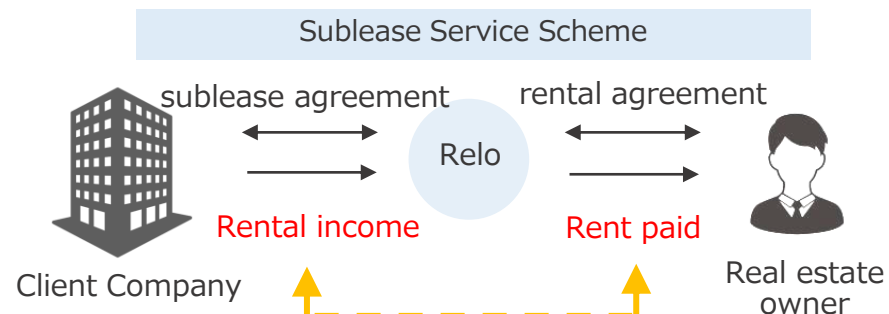
Consolidated Statements of Financial Position

FY2023/12 B/S

(billion yen)

Cash and cash equivalents	41.8	Bonds and borrowings	79.0
Trade and other receivables	62.7	Lease liabilities	72.0
Asset liabilities from sublease	44.1	Lease liabilities from sublease	44.1
Other assets	2,006	Other liabilities	76.1
		Equity	78.0
Total assets	305.1	Total liabilities and equity	305.1

straddling

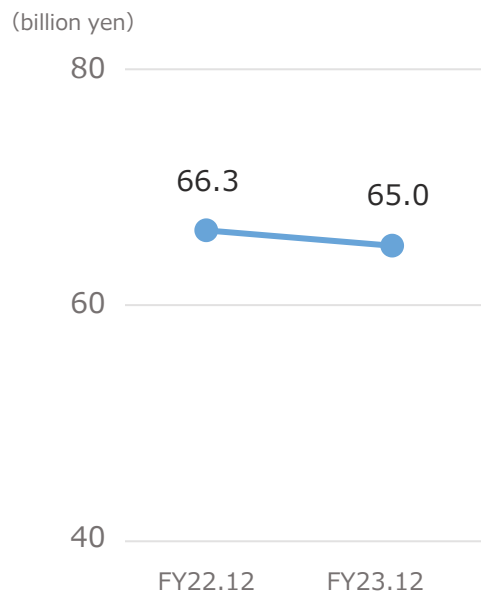


+ Bonds and borrowings	¥ 79.0B
+ Lease liabilities	¥ 72.0B
- Lease liabilities from sublease	¥ 44.1B
- Cash & cash equivalents	¥ 41.8B
Net interest-bearing debt	¥ 65.0B

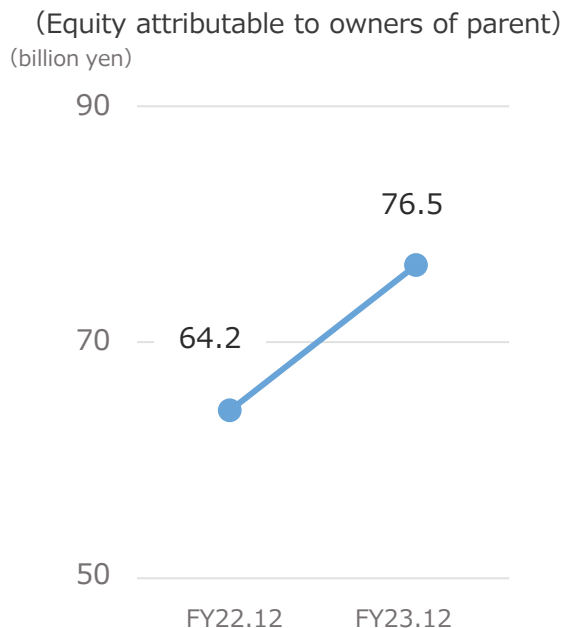
- In the Leased Corporate Housing Management Business, both lease receivables and lease obligations for sublease service (subleasing) without vacancy risk are recorded.
- Lease receivables are included in trade and other receivables as accounts receivable.
- As of December 31, 2023, the leased assets and lease liabilities of the subleases were both 44.1 billion yen
- Adjusted net interest-bearing debt excluding sublease-type lease liabilities is 65.0 billion yen

Consolidated Statements of Financial Position

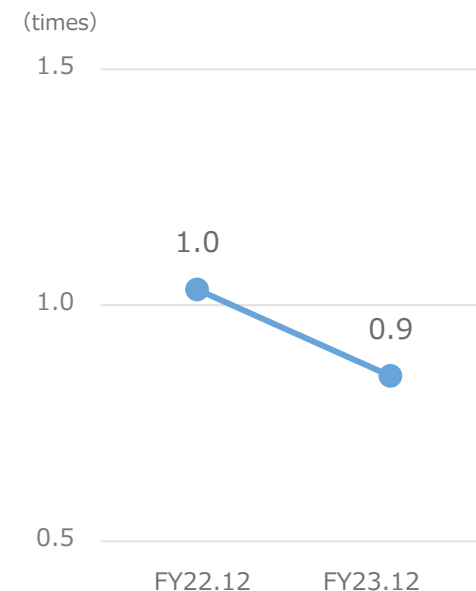
Net interest-bearing debt



Total shareholders' equity



Adjusted Net D/E Ratio



- Equity increased as a result of the accumulation of profits, in addition to progress in the reduction of interest-bearing debt.
- Adjusted net D/E ratio was 0.9. It has remained lower than 1.0.

2019

- Acquired BGRS, one of the leading global relocation companies (Details are available [here](#))

2020

- Impairment loss of goodwill of BGRS (9,504 million yen) due to the impact of Covid-19 (Details are available [here](#))

2021

2022

- SIRVA, one of the largest companies in the global relocation industry, joined BGRS to form a joint venture company (SIRVA-BGRS Holdings, Inc.). The BGRS shares held by Relo Group was transferred for the integration, and SIRVA acquired the newly issued preferred shares as consideration (Details are available [here](#))
- Preferred shares have 0% voting rights but are convertible at any time into common shares equivalent to 23% of voting rights

■ SIRVA-BGRS-related assets held by the RELO Group

Investments accounted for using the equity method	24.6B
Other financial assets	18.8B

Total 43.4B

As of December 31, 2023



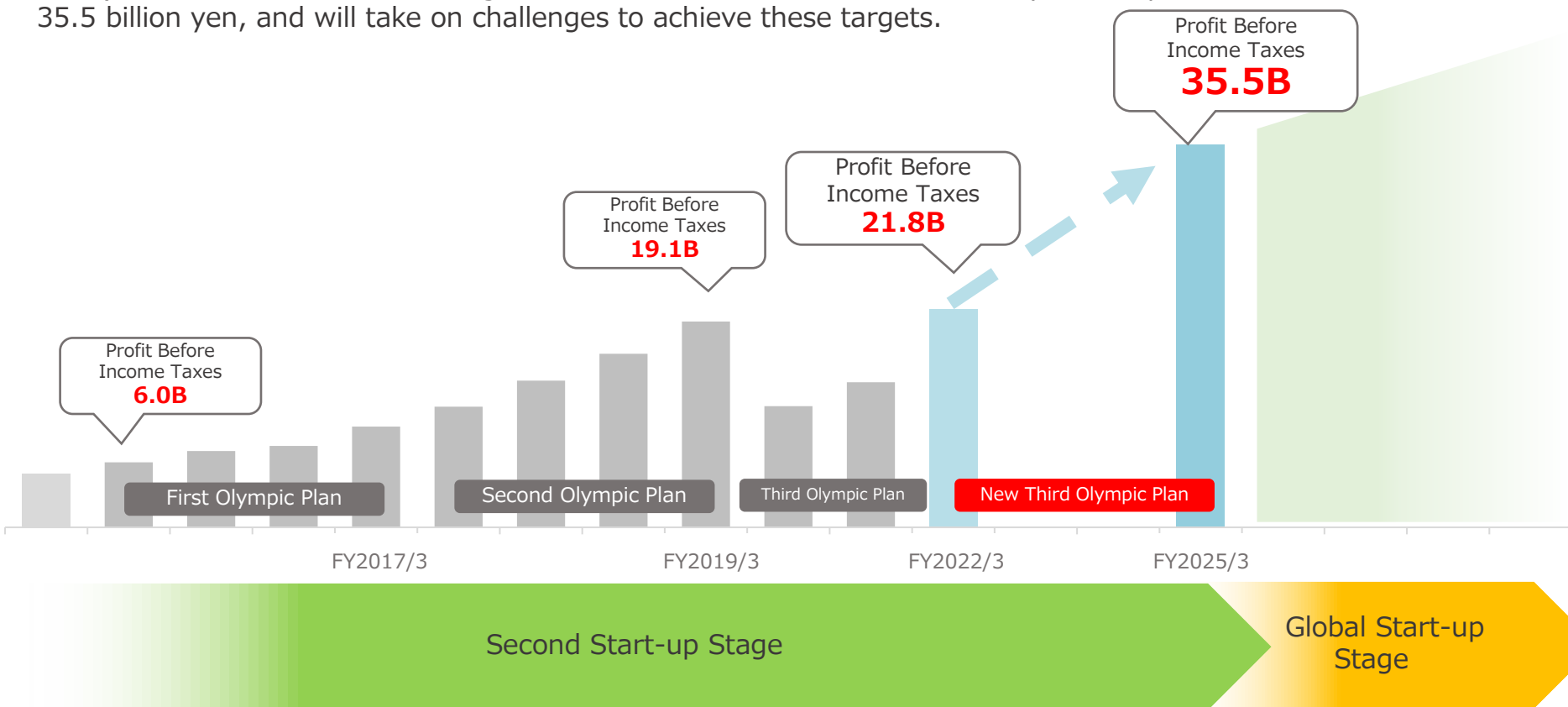
appendix

The Medium-term Management Plan

The medium-term management plan - the "New Third Olympic Plan"

Taking on challenges to achieve the No. 1 position in the domestic industry and build the foundations for reaching the global market.

The "Second Start-up Stage" began on the fiscal year ended March 2012, which has continued over 20 years. During this period we will continue working towards achieving our vision based on a medium- and long-term business framework. The Group has revised the results targets for the final year (fiscal year ending March 31, 2025) of the Medium-Term Management Plan to revenue at 150.0 billion yen and profit before income taxes at 35.5 billion yen, and will take on challenges to achieve these targets.



Diversified portfolio of the Relo Group



■ Tourism Business

Through point-based timeshare resorts, we offer an irreplaceable time with families and friends. We provide a condominium-type members-only resort club that allows you to use just the facility, the time you need it.

■ Fringe Benefits Business

As a pioneer in the field of fringe benefits, we work in a community-based fashion at our offices across Japan. We help employees to enrich their lives and improve their work styles with extensive life support menus, including upskilling, medical examinations, childcare and nursing menus, as well as leisure and accommodation menus that help enrich their leisure hours. We therefore support the enrichment of the lives of our employees and the enhancement of corporate vitality.

■ Relocation Support Business

Starting from before a transfer, all the way until coming back home, we provide a one-stop total support service of the complicated procedures involved with overseas transfer, including in relation to working visa applications, medical examinations, vaccinations, and moving house overseas abroad. We also jointly provide a diverse range of related services such as providing a range of data related to overseas assignments, creating overseas transfer regulations, arranging tickets for business trips, and managing houses during a transfer.

■ Leased Corporate Housing Management Business

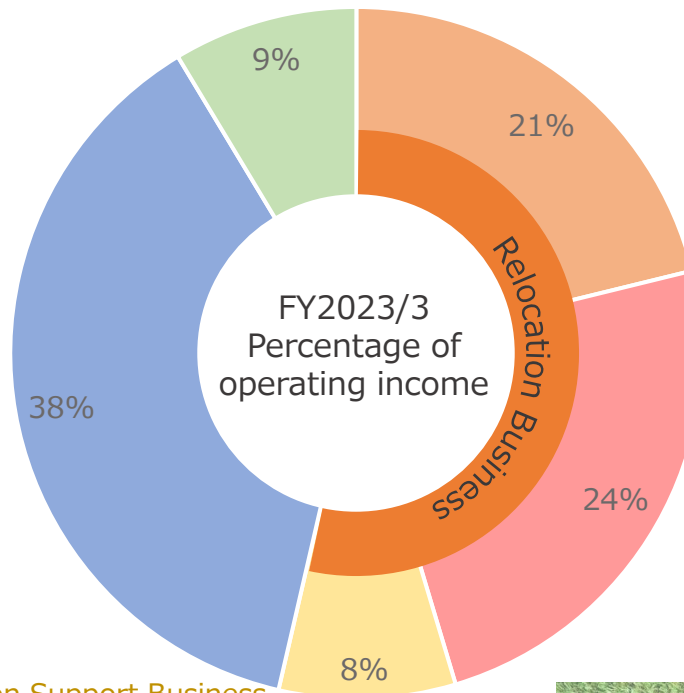
With our unique full-outsourcing services that substantially reduce the workload of a company's relocation supervisor, problems associated with the management of leasing corporate housing are solved.

In addition, we support the various work involved with the housing field of corporate fringe benefit, that includes dispatching managers to company-owned dormitories and housing, housing mediation when transferring, and moving arrangements.

■ Residential Property Management Business

Commencing with the common brand "Relo no Chintai", we have expanded over 60 rental agents and management stores in major cities domestically, and are carrying out sales activities rooted in individual regions.

In addition, with an abundant amount of information that utilizes a nationwide network and various support services, we are supporting "living in its entirety" for companies and people of communities.



FY2024/3 Consolidated Financial Plan



(million yen)

	FY2023/3 Actual	FY2023/3 After adjustment for special factors	FY2024/3 Plan	YoY	YoY After adjustment for special factors
Revenue	123,698	123,698	135,000	+9.1%	+9.1%
Operating Profit	22,747	22,747	27,700	+21.8%	+21.8%
Profit Before Income Taxes	25,869	24,379	29,000	+12.1%	+19.0%
Net Income	20,887	16,070	19,000	(9.0%)	+18.2%

- Results in the Second quarter under review were as expected, and the consolidated results forecast remains unchanged.
 - 1.5 billion yen gain on revaluation of securities was recorded in "Financial income" following the initial listing of "Venteny Fortuna International" in the Indonesia Stock Exchange, in which Relo Club Inc. has invested
 - With the start of joint management of SIRVA-BGRS, a gain of approximately 4.8 billion yen from the sale of BGRS shares was recorded under "discontinued operations"

FY2024/3 Business Plan by Segment

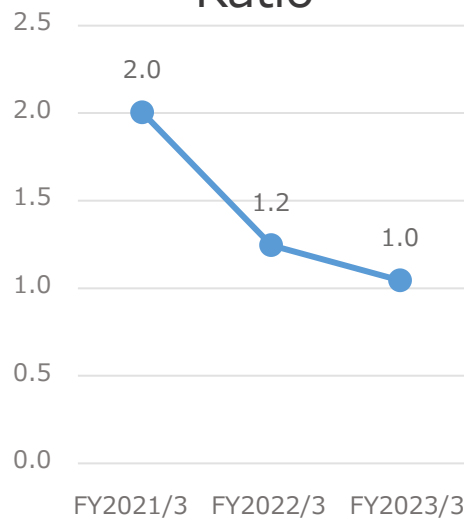


(million yen)	Relocation Business								
	Leased Corporate Housing Management Business			Residential Property Management Business			Relocation Support Business		
	FY2023/3	FY2024/3	YoY	FY2023/3	FY2024/3	YoY	FY2023/3	FY2024/3	YoY
Revenue	25,907	30,000	+15.8%	48,170	50,000	+3.8%	13,616	15,000	+10.2%
Operating Profit	5,629	6,500	+15.5%	6,423	8,300	+29.2%	2,190	2,400	+9.6%
Actions	<ul style="list-style-type: none"> Increase in revenue due to increase in housing units Reduction of cost due to the system 			<ul style="list-style-type: none"> Promote management rationalization through reorganization and integration among rental management companies Continue to promote M&A 			<ul style="list-style-type: none"> Earnings improved due to recovery in demand for domestic and international business travel Continued demand for inbound relocation 		

(million yen)	Fringe Benefits Business			Tourism Business		
	FY2023/3	FY2024/3	YoY	FY2023/3	FY2024/3	YoY
Revenue	22,366	26,000	+16.2%	12,582	13,000	+3.3%
Operating Profit	10,024	11,900	+18.7%	2,291	2,800	+22.2%
Actions	<ul style="list-style-type: none"> Increase in membership fee revenue due to a large number of new acquisitions Recovery of member use 			<ul style="list-style-type: none"> Improved operational efficiency and customer satisfaction Multiple facility openings 		

Capital Efficiency

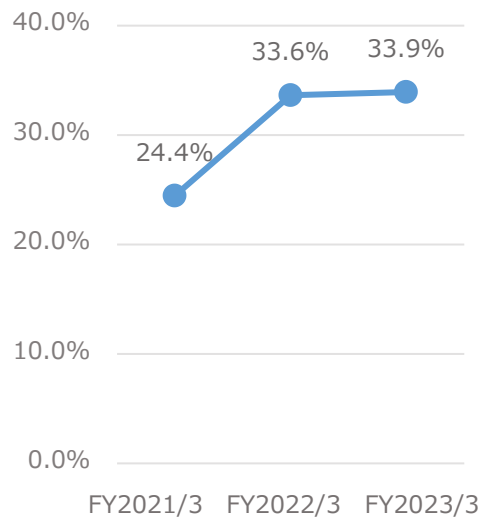
Debt Equity Ratio



Adjusted net interest-bearing debt	71.0B
÷ Total shareholders' equity	68.6B

▶ Adjusted Net D/E Ratio	1.0
Net D/E ratio before adjustment	1.8

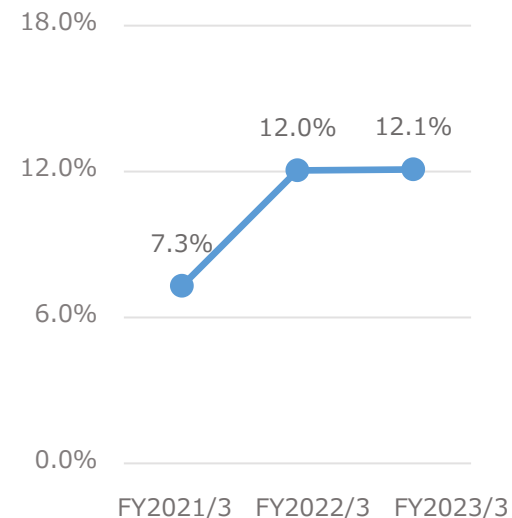
ROE



Profit attributable to owners of the parent company	20.9B
÷ Total shareholders' equity	61.6B

▶ ROE	33.9%
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ROIC

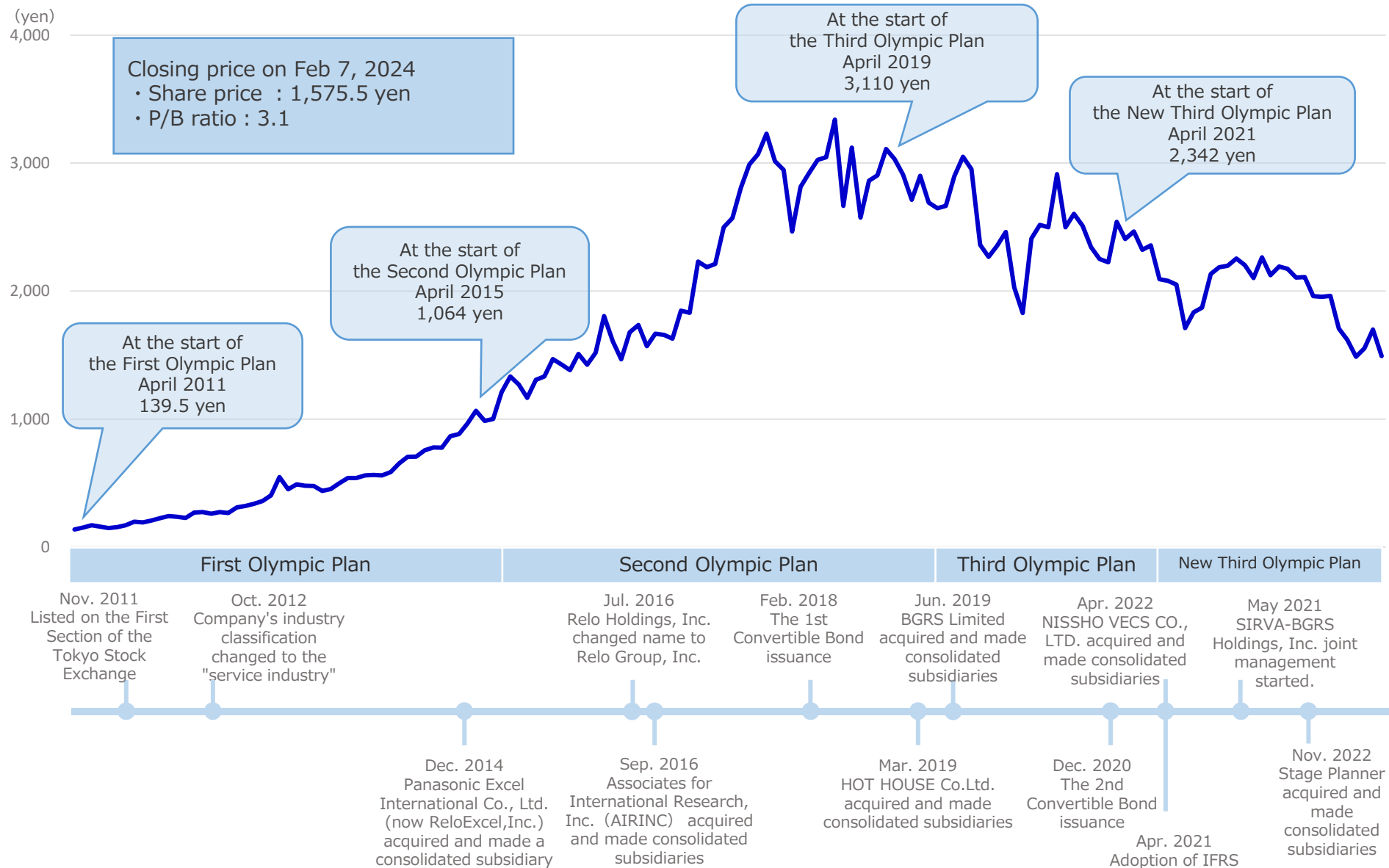


Operating income after tax	15.9B
÷ invested capital*	131.8B
(*Adjusted net interest-bearing debt+total equity)	

▶ Adjusted ROIC	12.1%
ROIC before adjustment	9.3%

- Debt repayment progressed and adjusted D/E ratio improved to 1.0
- ROE maintained high

Share Price Trends



Relo Group strives to disclose information to shareholders and institutional investors in Japan and overseas actively, fairly and in a timely manner. Major IR activities include regular events, such as results presentations, and more than 200 IR meetings a year. In addition, we will expand the content of our website and will continue to actively disclose information.

IR Achievements		
Speakers	CEO • CFO • Director, Corporate Planning Office • IR Representative	
Shareholders and Investors	Analysts(Sell-side,Buy-side) • Fund Managers (domestic and foreign)	
Main Themes	<ul style="list-style-type: none"> • Progress of Medium-Term Management Plan • Business Portfolio Management • Capital efficiency, Stock prices • Disclosure details • Corporate governance • Addressing Environmental Issues 	
Interviews and Events Achievements	FY2022/3	FY2023/3
Number of IR interviews	273	213
Financial Results Briefing for Institutional Investors	4	4
Company Briefing for Institutional Investors	2	2

Initiatives to Strengthen Corporate Governance

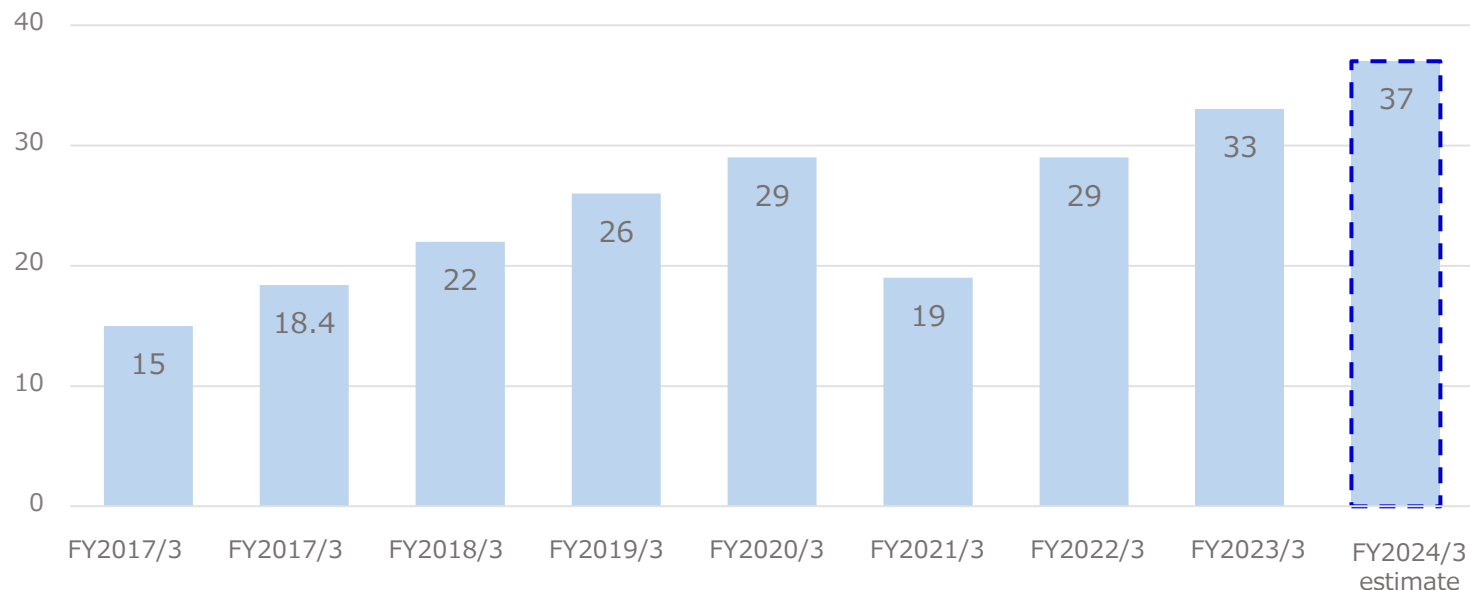
At the Annual General Meeting of Shareholders held in June 2023, the nine directors below were elected. The Board of Directors consists of six inside directors and three outside directors (including a female director). The outside directors account for a third of the board members.



■ Skill Matrix of Directors

	Name	Nominating and Compensation Advisory Committee	Knowledge/Experience of Directors					
			◎ Chairman	Company Management	Sales/Marketing	Finance/Accounting	IT	Personnel
Inside directors	Masanori Sasada		○	○				
	Kenichi Nakamura	○	○	○				
	Yasushi Kadota				○			○
	Kenji Koshinaga		○	○				
	Takeshi Kawano		○	○		○		
	Katsuhiko Koyama						○	○
Outside directors	Kazuya Udagawa	◎						○
	Masao Sakurai	○			○			
	Setsuko Yamamoto		○	○				

Dividends per share(yen)



- The dividend per share for the fiscal year ending March 31, 2023 will be 33 yen, a record high, up from the initial plan of 31 yen due to the strong performance
- Annual dividend forecast for the fiscal year ending March 31, 2024 is 37 yen

■ Dividend Policy

The Company regards profit distribution to shareholders as one of its most important issues. The basic policy of the Company is to pay dividends in line with its consolidated business results, with a dividend payout ratio of around 30% as the target. In addition, it will strive to distribute profits consistently by adjusting the impact of unexpected factors if necessary

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Moreover, the contents of this material are subject to change without notice.