

FY2023/3 Relo Group Investor Presentation

May 11,2023

Relo Group,inc. (8876.JP)

Consolidated Results

(million yen)

	Actual FY2022/3	Actual FY2022/3	YoY	Full-Year Forecasts Fy2022/3	rate of achievement
Revenue	113,145	123,698	+9.3%	125,000	99.0%
Operating Profit	20,524	22,747	+10.8%	22,400	101.5%
Profit Before Income Taxes	21,770	25,869	+18.8%	23,500	110.1%
Net Income	15,644	20,887	+33.5%	20,700	100.9%

(Note) BGRS Group is classified as discontinued operations. Results in the first three months of the fiscal year ended March 31, 2021 have been restated.

- The mainstay of the stock business built up steadily
- Recovery in the movement of people led to significant improvement in the performance of flow businesses, particularly the Relocation support business and the Tourism business

Consolidated Results (Special factor)

(million yen)

	FY2022/3	FY2023/3
Revenue	113,145	123,698
Cost of sales	62,235	68,351
Gross profit	50,909	55,346
Selling, general and administrative expenses	34,251	35,252
Other income	① 4,628	3,584
Other expenses	761	931
Operating profit	20,524	22,747
Finance income	64	③ 2,297
Finance costs	568	915
income tax expense	② 5,569	9,224
Profit from continuing operations	16,201	16,664
Discontinued operations	▲93	④ 4,845

Main special factors

① Gain on return of stock options of approximately **1.4 billion yen** was recorded in other income

(note) Due to the extension of the period of the medium-term management plan, the conditions for the exercise of stock options were not met, resulting in a gain on the return of accumulated expenses

② Deferred tax assets of approximately **2.0 billion yen** were recorded in connection with the BGRS reorganization (income tax expense was reduced)

③ **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

④ 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 special factors)



(million yen)

	FY2022/3 After adjustment for special factors	FY2023/3 After adjustment for special factors	YoY	Full-Year Forecast Fy2022/3	Rate of achievement
Revenue	113,145	123,698	+9.3%	125,000	99.0%
Operating Profit	19,124	22,747	+18.9%	22,400	101.5%
Profit Before Income Taxes	20,370	24,379	+19.7%	23,500	103.7%
Net Income	12,798	16,070	+25.6%	15,800	101.7%

(Note) The net income plan for FY2023 was made before the upward revision for special factors (gain on sale of BGRS shares)

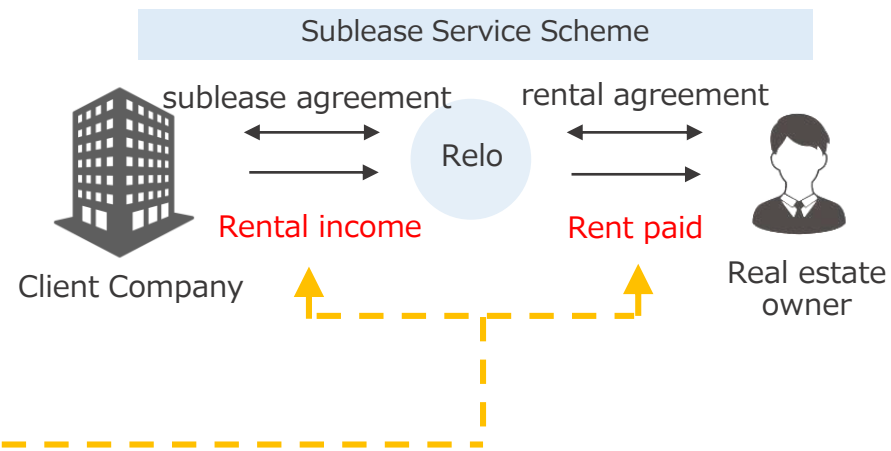
- Excluding major special factors, profits reached record high

Consolidated Statements of Financial Position

FY2023/3 B/S

(billion yen)

Cash and cash equivalents	43.6	Bonds and borrowings	81.7
Trade and other receivables	85.1	Lease liabilities	74.6
Asset liabilities from sublease	41.7	Lease liabilities from sublease	41.7
Other assets	193.9	Other liabilities	96.5
		Equity	69.8
Total assets	322.6	Total liabilities and equity	322.6

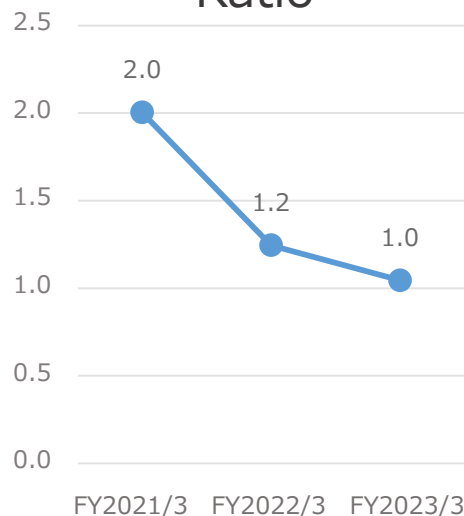


+ Bonds and borrowings	¥81.7B
+ Lease liabilities	¥74.6B
– Lease liabilities from sublease	¥41.7B
– Cash & cash equivalents	¥43.6B
Net interest-bearing debt	¥71.0B

- With the adoption of IFRS accounting standards, subleasing services (subleasing) in the Leased Corporate housing management business are subject to lease accounting
- As of March 31, 2023, the leased assets and lease liabilities of the subleases were both 41.7 billion yen
- Adjusted net interest-bearing debt excluding sublease-type lease liabilities is 71.0 billion yen

Capital Efficiency

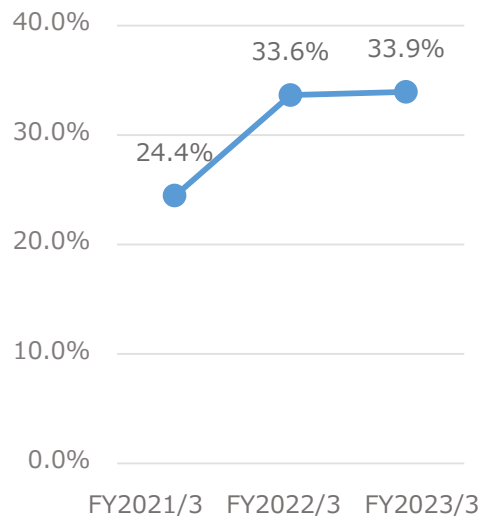
Debt Equity Ratio



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

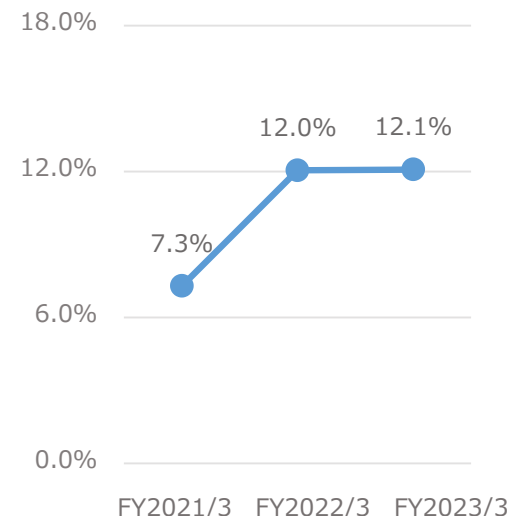
ROE



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

▶ ROE	33.9%
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ROIC



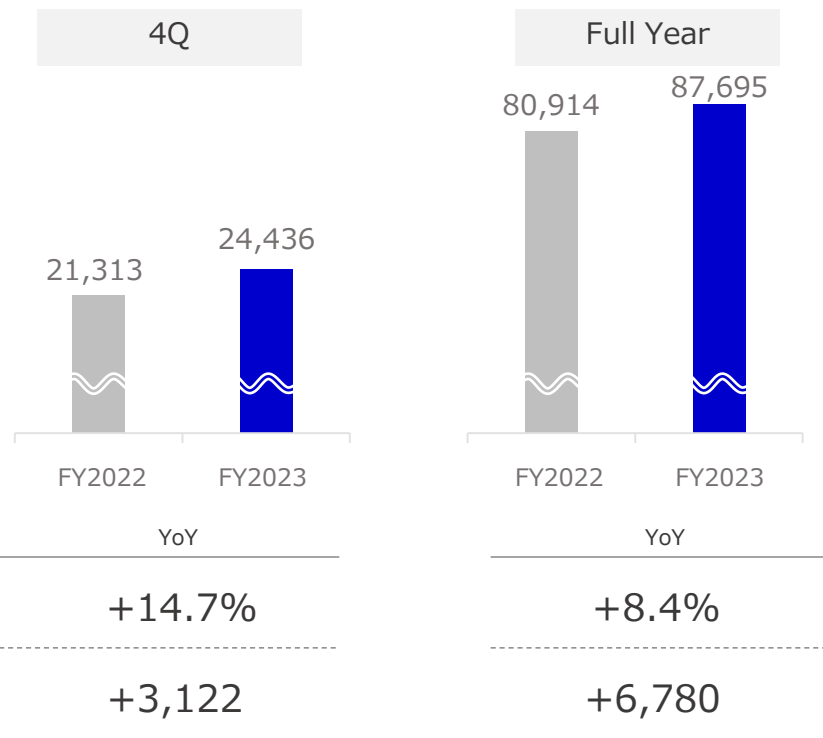
Operating income after tax	15.9B
÷ invested capital*	131.8B
(*Adjusted net interest-bearing debt+total equity)	

▶ Adjusted ROIC	12.1%
ROIC before adjustment	9.3%

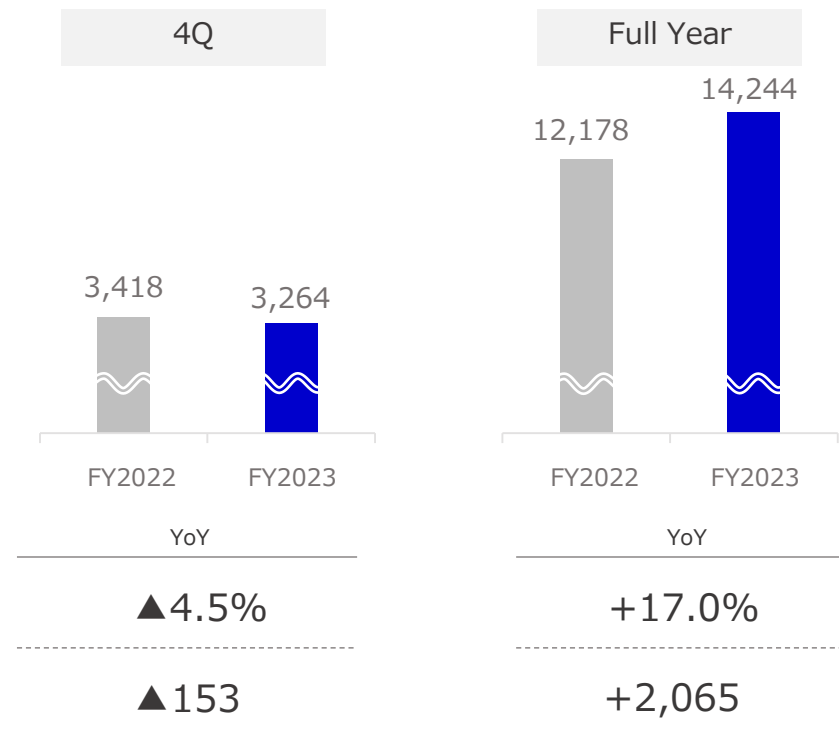
- Debt repayment progressed and adjusted D/E ratio improved to 1.0
- ROE maintained high

Revenue

(million yen)



Operating Profit



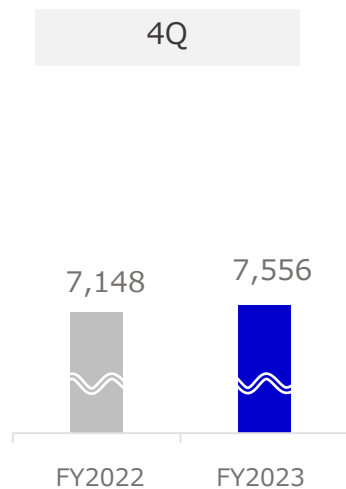
- Relocation business consists of the following sub-segments
 - Leased corporate housing management business
 - Residential property management business
 - Relocation support business
- Sub-segment results are explained in the following pages

Leased Corporate Housing Management Business

Revenue

(million yen)

4Q

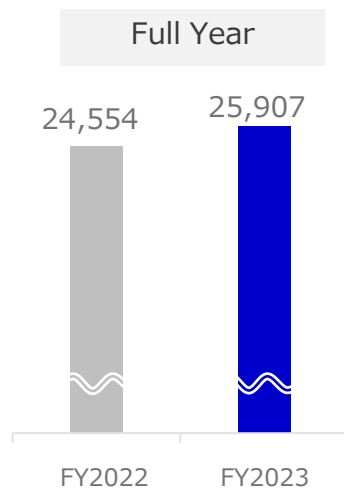


YoY

+5.7%

+408

Full Year



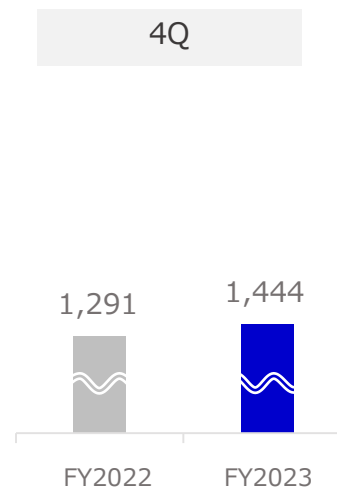
YoY

+5.5%

+1,352

Operating Profit

4Q

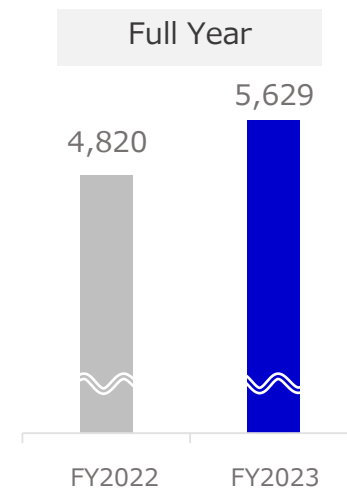


YoY

+11.9%

+153

Full Year



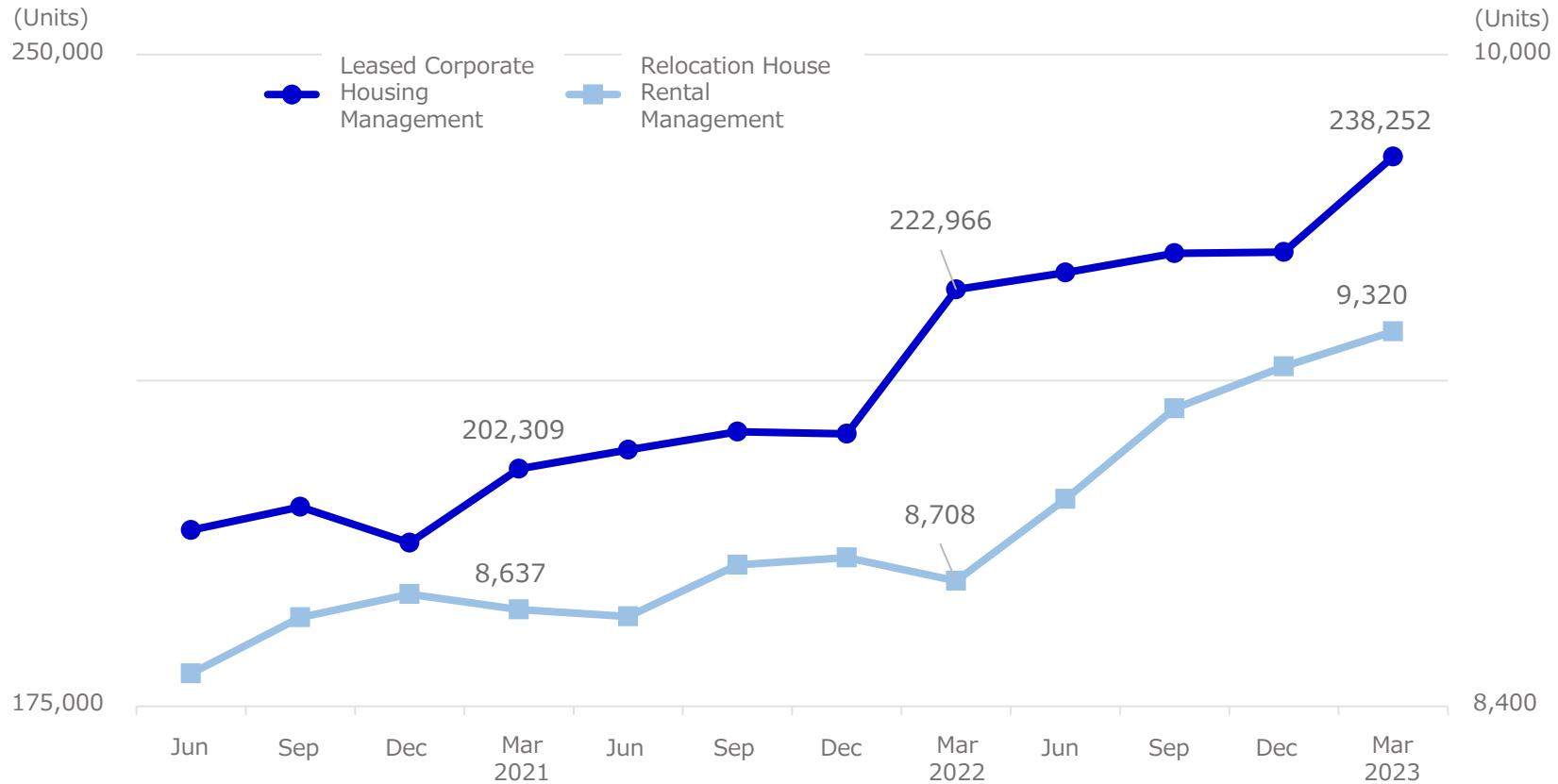
YoY

+16.8%

+809

- Management income increased due to an increase in the number of leased corporate housing units and relocation house rental units under management, which is our stock base
- The recovery in the movement of people has led to an increase in revenues generated from relocation and rental brokerage

Leased Corporate Housing Management Business



- Leased Corporate Housing Management
 - 238,252units YoY+15,286units (+6.9%)
 - Sales activities remained strong
 - Orders reached record high, and the expansion of stock base were steady
- Relocation House Rental Management
 - 9,320units YoY+613units (+7.0%)

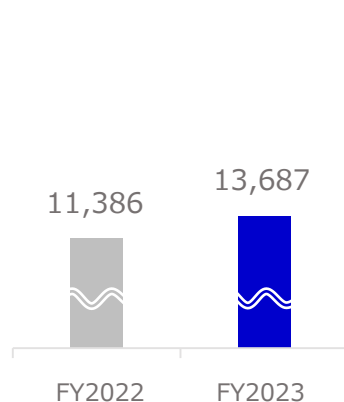
Residential Property Management Business

Revenue

(million yen)

4Q

Full Year



YoY

+20.2%

+2,300

YoY

+5.7%

+2,583

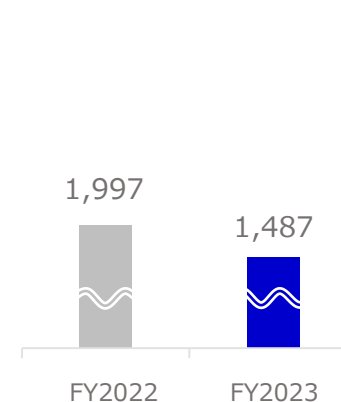
- While there was a cumulative negative impact of approximately 3.9 billion yen due to a change in the form of management contracts* as a result of reorganization, M&A contributed approximately 4.8 billion yen, resulting in an increase in revenue

*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.

Operating Profit

4Q

Full Year



YoY

▲25.5%

▲509

YoY

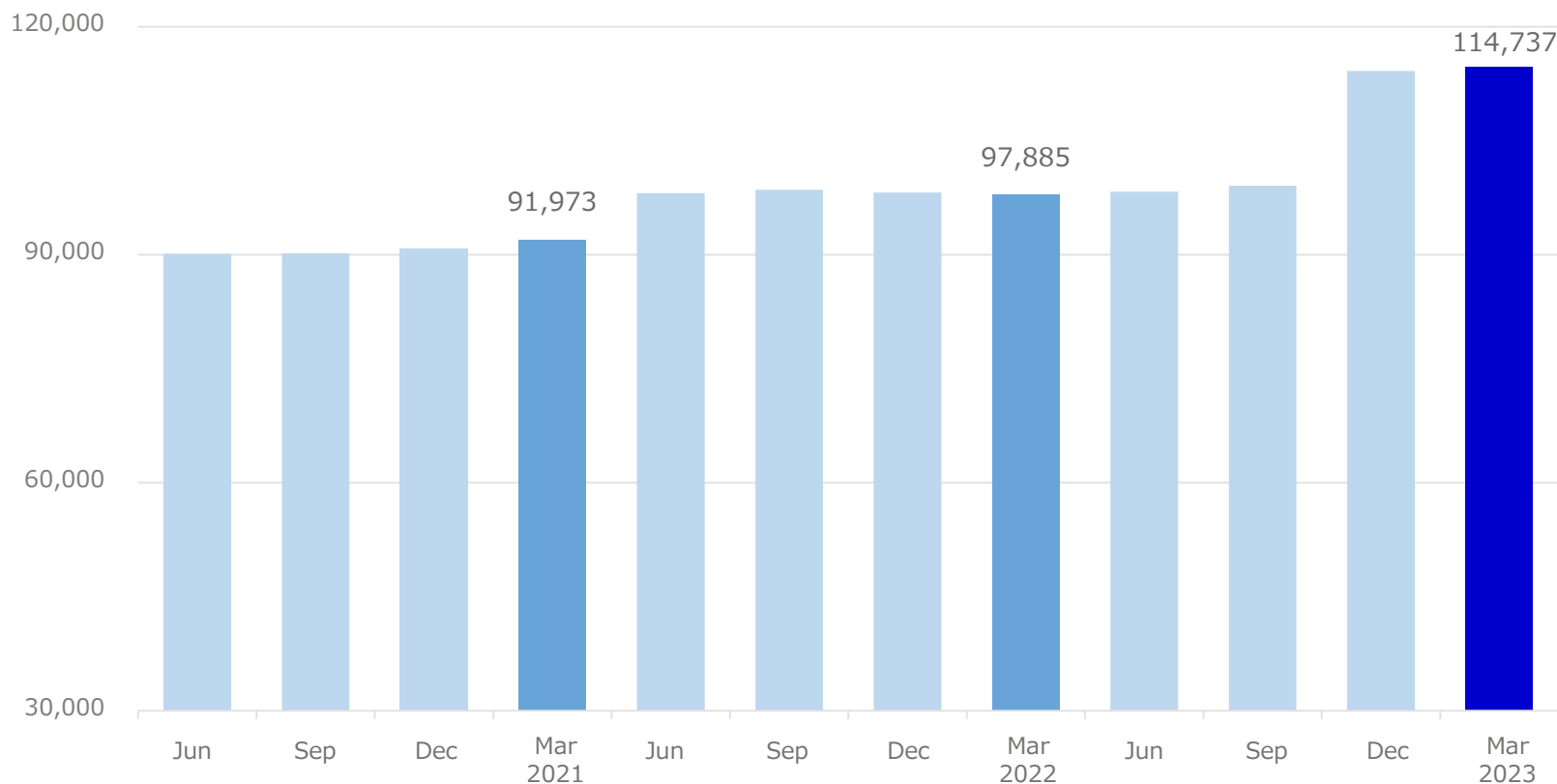
+3.5%

+219

- Full-year profit increased, but 4Q profit decreased
- Large real estate sales concentrated in the 2Q in the current period, but were recorded in the 4Q in the previous period
- As a result of careful goodwill impairment assessment, an impairment loss of approximately 500 million yen was recorded. The impaired subsidiary has already taken measures such as reorganization and is expected to improve its performance from this fiscal year onward.

Residential Property Management Business

Property Management(Units)



- 114,737units YoY+16,852units
- Stock base expanded because of M&As conducted during the period
- In addition to growth of existing rental management companies, continue to promote M&A to expand stock base

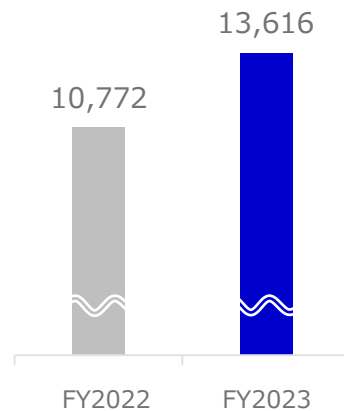
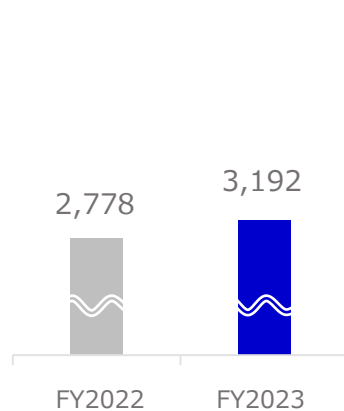
Relocation Support Business

Revenue

(million yen)

4Q

Full Year



YoY

+14.9%

+414

YoY

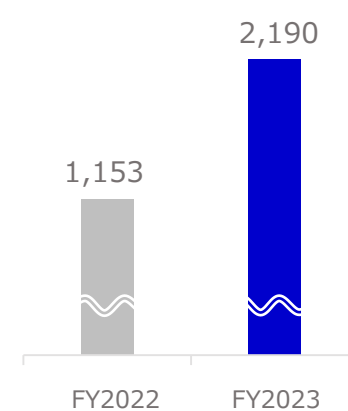
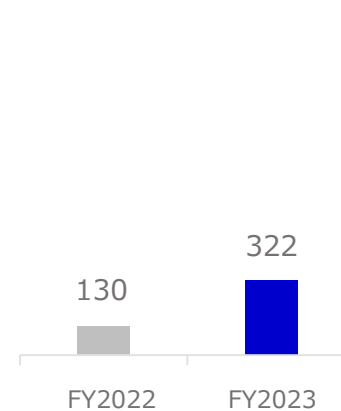
+26.4%

+2,844

Operating Profit

4Q

Full Year



YoY

+154.9%

+201

YoY

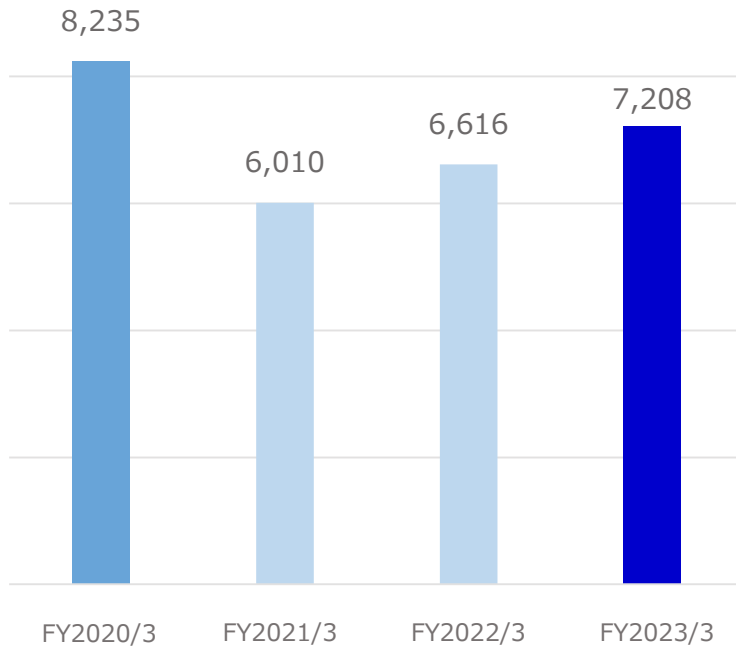
+89.9%

+1,036

- Resumption of international movement of people and reaffirmation of strong need for foreign human resources in Japan
- 89.9% YoY increase due to recovery in the number of global relocation support and inbound support
- With the resumption of overseas business trip activity, we expect a recovery in business trip-related business in the future
- Relo Redac, a Japanese-affiliated service provider in North America, saw its real estate rental brokerage volume recover to 90% of its pre-Covid-19 level, resulting in a YoY increase in profit
- AIRINC, which provides overseas transfer-related consulting services, saw an increase in orders from global companies, resulting in a YoY increase in profit

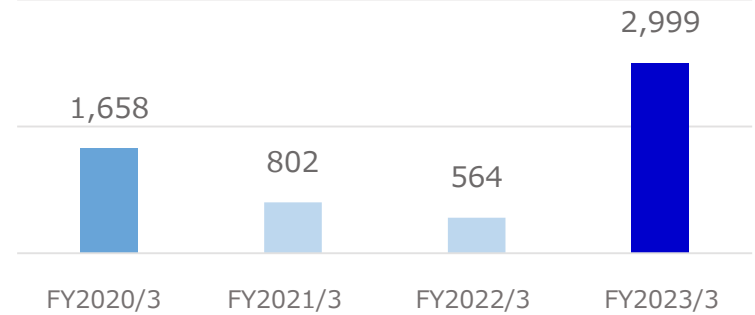
Number of Global Relocation Support

(household)



- The number of global relocation support from Japan recovered to about 90% of the number before Covid-19

Inbound Relocation Support



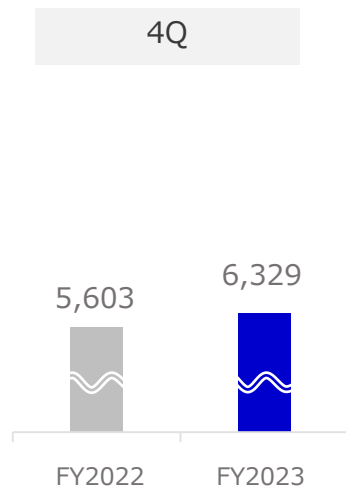
- The number of inbound-assisted households surged as the movement of people that had been stopped by Covid-19 resumed and the number doubled from before Covid-19. The performance continued even after accumulated demand settled down, which confirmed the strength of demand

Fringe Benefits Business

Revenue

(million yen)

4Q

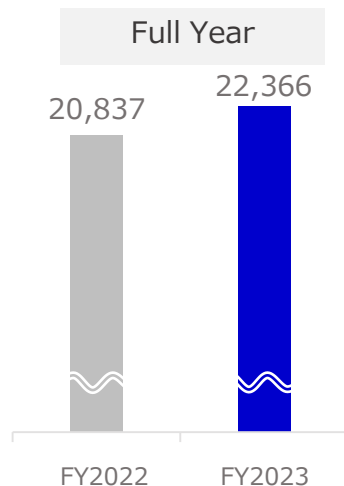


YoY

+13.0%

+725

Full Year



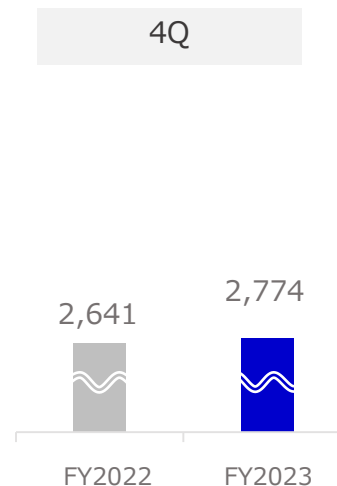
YoY

+7.3%

+1,528

Operating Profit

4Q

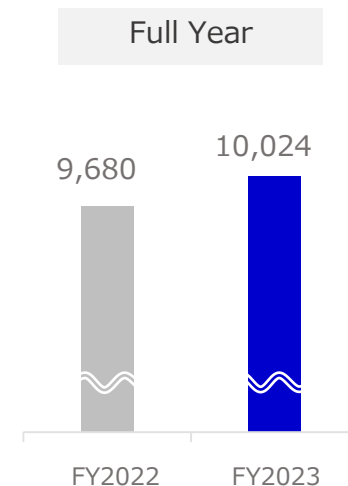


YoY

+5.0%

+133

Full Year



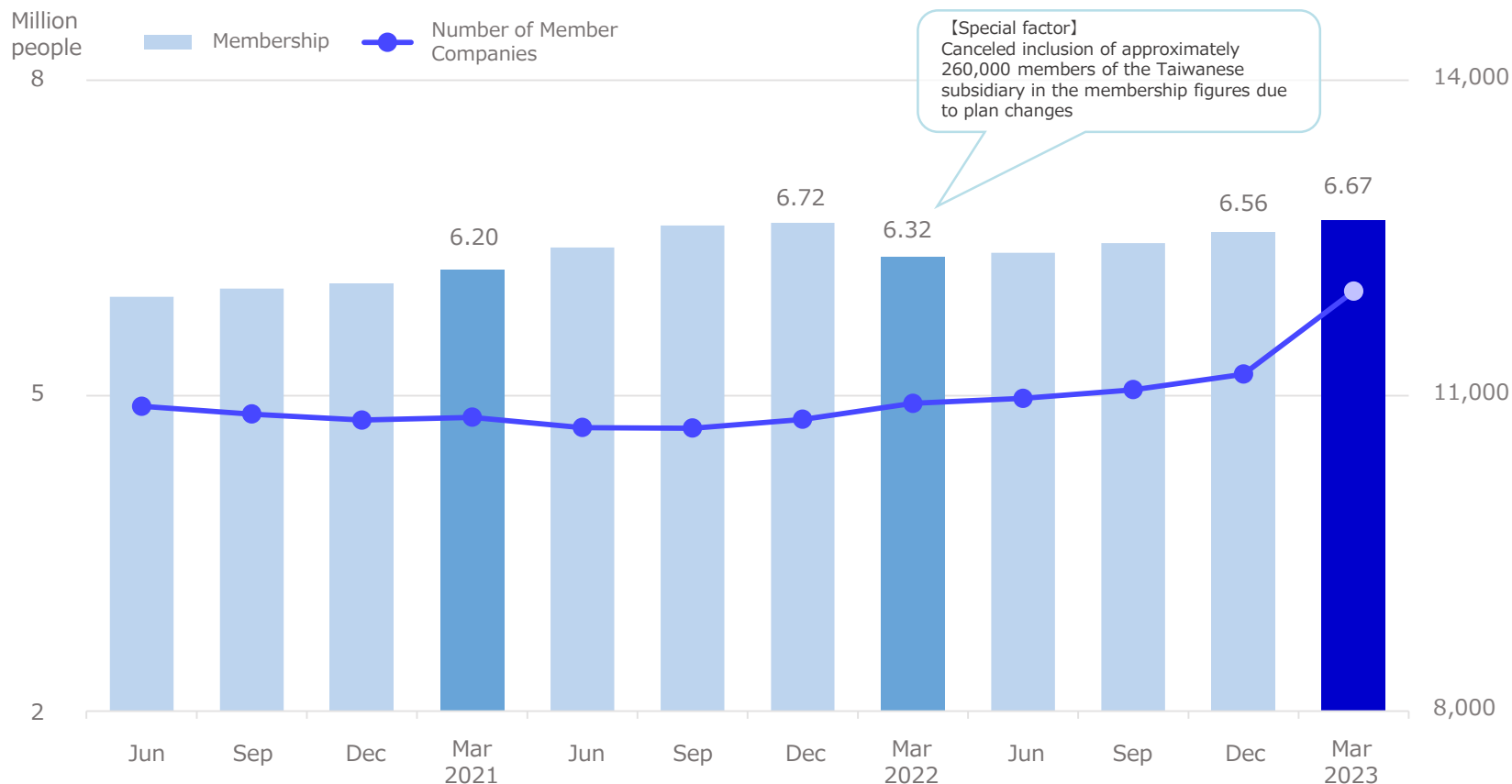
YoY

+3.6%

+344

- Membership fee revenue, which is the stock base grew steadily by 7.5% YoY, ensuring profit growth
- Recovery in the movement of people has led to the increase in use of services by members

Fringe Benefits Business

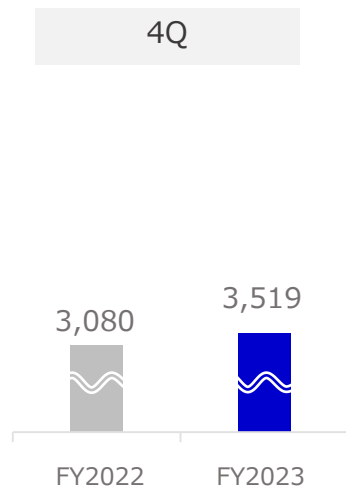


- Membership 6.67M people(YoY+0.35M people)
- Membership growth temporarily slowed down due to Covid-19, but recovered as demand re-grew due to labor shortages in Japan
- Health apps provided by Relo Club contributed to membership acquisition, as companies are focusing on health management
- New customer acquisition is at a record high level. Steady increase in membership fee revenue, which is stock

Revenue

(million yen)

4Q

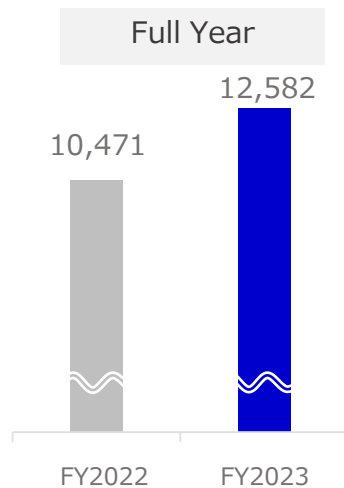


YoY

+14.3%

+439

Full Year



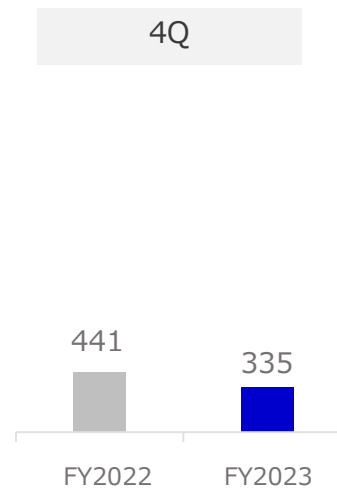
YoY

+20.2%

+2,111

Operating Profit

4Q

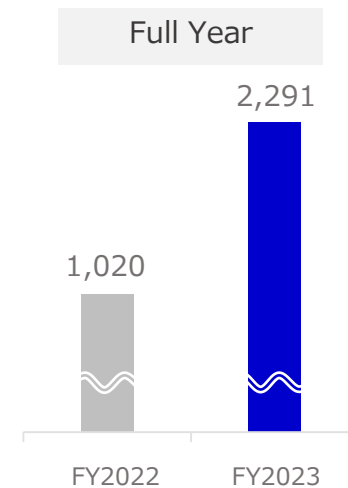


YoY

▲24.0%

▲105

Full Year



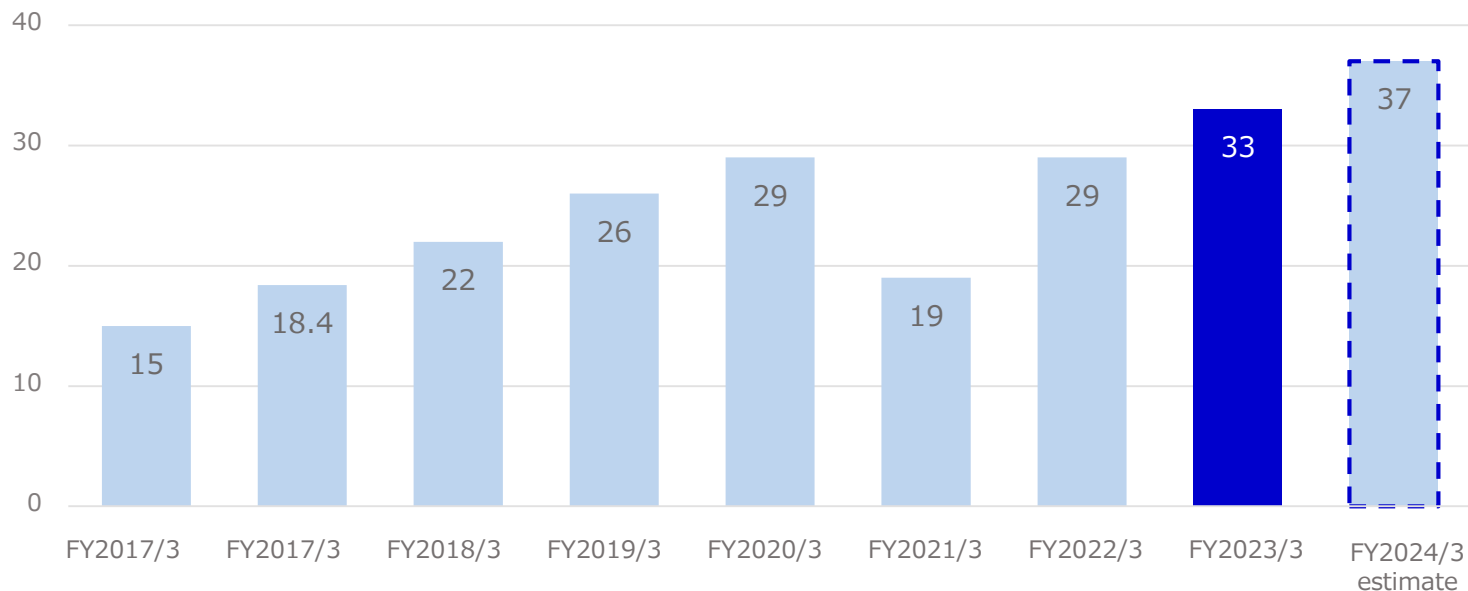
YoY

+124.6%

+1,271

- Demand for hotels recovered due to increased movement of people
- The hotel business recorded a significant increase in profit for the full year due to high occupancy rates and the "nationwide travel support" program
- The main reasons for the decrease in profit in the 4Q were increases in utilities and commodities, and accounting factors such as the timing of point usage in the timeshare business

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

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
- Holds call options to purchase up to 100% of SIRVA-BGRS shares until April 1, 2025

2025

- Call option exercise deadline: April 1, 2025
- Exercise are to be determined (as of May 11, 2023)

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	7,000	+24.4%	6,423	8,000	+24.6%	2,190	2,600	+18.7%
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	12,500	+24.7%	2,291	2,000	▲12.7%
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 Due to the large gain from the sale of a large property in FY2023/3, we expect a decrease in income in FY2024/3. 		

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%

- Net income is expected to increase by 18.2% after adjusting for special factors
- The company aims to achieve consecutive record-high profits in each of its profit categories in the current fiscal year



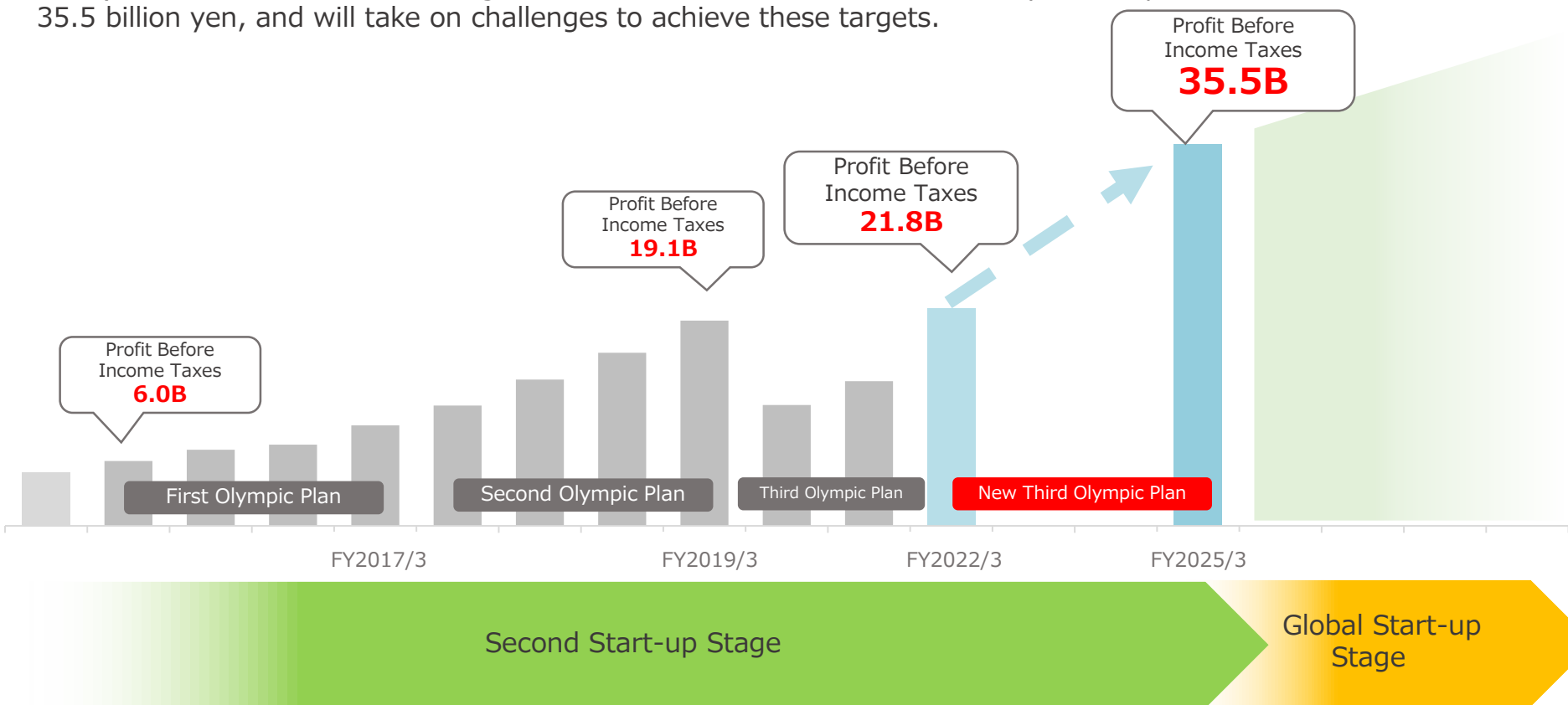
appendix

The Medium-term Management Plan

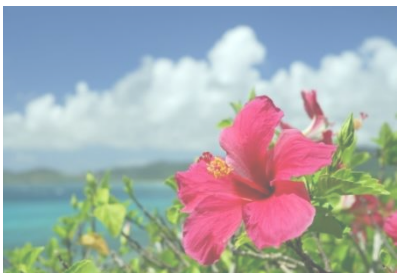
The medium-term management plan - the "New Third Olympic Plan"

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

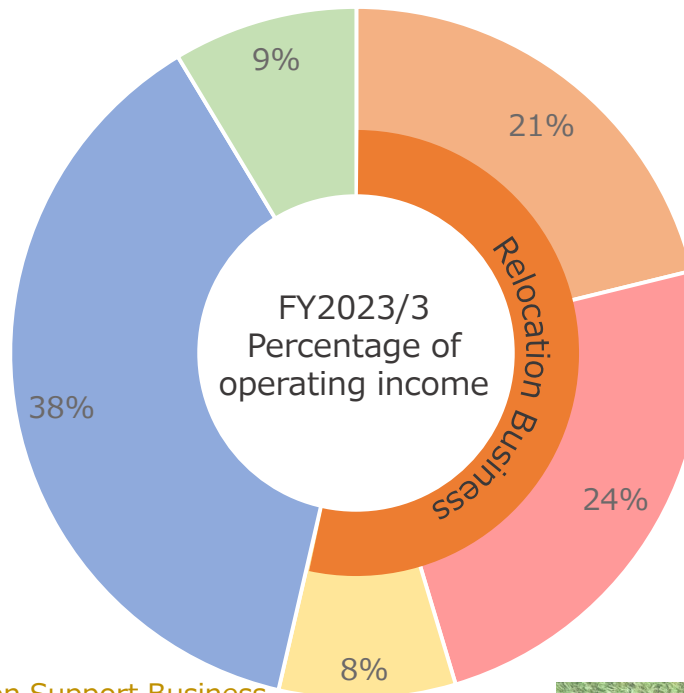
With our unique full-outsourcing services that substantially reduce the workload of a company's relocation supervisor, problems associated with the management of leasing corporate housing are solved.

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.



Our website contains our Sustainability Policy and other policies, as well as ESG data

リログループの事業を通じた社会的課題の解決

リログループは創業以来、様々な課題を抱えている日本企業をサポートすることにより成長してまいりました。



社会課題の解決に向けた事業活動の事例

リログループは日本企業の人事労務等の課題解決者になるべく、数々の事業を立ちあげてまいりました。今後も当社の使命に基づき、企業における様々な課題の解決につながるサービスを提供し続けます。

リログループの使命

- ・日本企業が世界で戦うために本業に集中できるよう、本業以外の業務をサポートすること
- ・真のサムライパワーを発揮できるよう、日本企業の世界展開を支援すること
- ・これから始まる日本の大転換をサポートすること



CASE 01 中小企業と大企業の
権利争いの解消を解消



CASE 02 生産性向上を実現する
社労管理アウトソーシング



CASE 03 日本企業の
グローバル進出を支援



CASE 04 ホテル・リゾートの再生を通じた
地域活性化



CASE 05 経営管理事業分野における
事業承継問題を解決



CASE 06 東日本経済移行圏における
ビジネス人材育成支援

【ESGデータ】 リログループの長期的繁栄を実現するESGの取り組み

リログループが目指す繁栄とは一時的な繁栄ではなく、永続的繁栄、つまりゴーイングコンサーンです。それは、永続的繁栄なくしてお客様に継続的にサービスを提供できないと考えます。そして、お客様のみならず投資家、取引先、社員というすべてのステークホルダーも企業が継続するという事を前提にしているからです。リログループは100年ほもとより200年、300年と永続的に繁栄することを目標にしております。

コーポレートガバナンス	コンプライアンス遵守の状況	情報セキュリティ
従業員の状況	労務の状況	人材育成の状況
環境		

(Note) <https://www.relo.jp/english/about/sustainability.html>

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