

Summary of Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2024[Consolidated]
(From April 1, 2023 to June 30, 2023)
[under IFRS]



August 10, 2023

Company name:	Relo Group, Inc.	Listed Exchange:	Tokyo Stock Exchange
Security code.:	8876	URL:	https://www.relo.jp/
Representative:	Kenichi Nakamura, Representative Director, CEO		
Contact:	Yasushi Kadota, Director, CFO	TEL:	03-5312-8704
Scheduled Date to Submit the Securities Report:	August 14, 2023		
Scheduled Date to Start Distributing Dividends:	-		
Supplemental documents for the financial results provided:	None		
Results briefing for the period under review provided:	Yes (for institutional investors and securities analysts)		

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Year Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (% figures represent change from the same period of the previous fiscal year)

	Revenue		Operating Profit		Profit before income taxes		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	30,675	8.2	5,740	(2.6)	5,990	(0.7)	3,997	16.4
Three months ended June 30, 2022	28,352	5.9	5,893	34.4	6,032	31.2	3,433	22.6

	Basic earnings per share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2023	26.15	25.08
Three months ended June 30, 2022	22.45	21.54

(2) Consolidated Financial Positions

	Total Assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2023	321,058	68,826	67,614	21.1
As of March 31, 2023	322,691	69,819	68,615	21.3

2. Dividends

	Dividends per Share				
	1st quarter End	2nd quarter End	3rd quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	33.00	33.00
Fiscal year ended March 31, 2024	—				
Fiscal Year ended March 31, 2024(forecast)		0.00	—	37.00	37.00

(Note) Correction from the dividend forecast, which published in the most recent : None

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% figures represent change from the same period of the previous fiscal year)

	Revenue		Operating Profit		Profit before income taxes		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2024	135,000	9.1	27,700	21.8	29,000	12.1	19,000	(9.0)	124.17

(Note) Correction from the dividend forecast, which published in the most recent : None

*Notes

(1) Changes in significant subsidiaries during the Fiscal Year (Changes in specified subsidiaries associated with changes in the scope of consolidation) : None

Newly consolidated : -

Excluded : -

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements:

1. Changes in accounting policies required by IFRS : None

2. Changes in accounting policies other than (1) : None

3. Changes in accounting estimates : None

(3) Number of Shares Issued and Outstanding (Common stock)

1. Number of shares issued at the end of period (including treasury stock)

As of June 30, 2023	153,016,200 shares	As of March 31, 2023	153,016,200 shares
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2. Number of treasury stock at the end of period

As of June 30, 2023	162,332 shares	As of March 31, 2023	161,732 shares
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3. Average number of shares during the period

1st Quarter of FY2024/3	152,853,463 shares	1st Quarter of FY2023/3	152,948,650 shares
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* Statement concerning the Status of Financial Audit Procedures

This Summary of Consolidated Financial Results is not subject to audit procedures under the Financial Instruments and Exchange Act. At the time of disclosing this document, audit procedures specified in the Financial Instruments and Exchange Act have not been completed.

* Statement regarding the proper use of financial forecasts and other specific remarks

The forward-looking statements such as forecasts contained in this document are based on the information currently available to the company and certain assumptions which are regarded as reasonable. Actual results may differ from these forecasts due to various factors.

This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

1. Qualitative Information on Quarterly Results

(1) Management discussion of results of operations

In an environment of intensifying global competition where Japanese companies are stepping up efforts to expand overseas, the Group has shaped its mission: to support the non-core operations of Japanese companies, enabling them to concentrate on their core operations and compete on the world stage, to facilitate their global expansion and empower them to unleash their true potential, and in doing so, to aid in the great transformation that awaits Japan. Based on this mission we uphold the vision of creating an industry of comprehensive lifestyle support services provided globally and becoming the No.1 global relocation company. As part of our efforts to realize this vision, we are working to reinforce domestic business toward capturing the ultimate top market share and take on the challenge of building foundation for reaching the global market in our medium-term management plan New Third Olympic Plan which will conclude in the fiscal year ending March 31, 2025.

In the first three months of the fiscal year under review, revenues of the Relo Group, Inc. increased, reflecting a firm gain in the stock base as both the number of units under management in the Leased Corporate Housing Management Business and the number of employee members in the Fringe Benefits Business increased. On the other hand, operating profit, and profit before income taxes decreased year on year, given the absence of large property sales recorded a year ago in the Tourism Business.

Results of operations in the first six months of the fiscal year under review are as shown below.

Revenue	30,675 million yen	(up 8.2% year on year)
Operating profit	5,740 million yen	(down 2.6% year on year)
Profit before income taxes	5,990 million yen	(down 0.7% year on year)
Profit attributable to owners of the parent	3,997 million yen	(up 16.4% year on year)

Results of operations by segment are as shown below.

(i) Relocation Business

In Relocation Business, we provide comprehensive mobility support to people working for Japanese companies in and outside Japan, mainly through Leased Corporate Housing Management Business, Residential Property Management Business and Global Relocation Assist Business. In Leased Corporate Housing Management Business, in addition to mainstay leased corporate housing management, we provide housing relocation assistance such as real estate search, house sitting, etc. In Residential Property Management Business, we provide comprehensive lease property management and intermediary services in response to various corporate housing needs. In Global Relocation Assist Business, we provide comprehensive services to assist employees of Japanese companies on overseas assignments in countries of destination in North America and other locations until they return to Japan.

In the first three months under review, revenue increased, mainly reflecting a rise in the stock of units under management thanks to the acquisition of new contracts in the Leased Corporate Housing Management Business and the consolidation of new real estate leasing management companies in the third quarter of the previous fiscal year in the Residential Property Management Business. Profit decreased slightly, on the other hand, chiefly due to a decline in the number of households to which inbound relocation assistance is provided in Global Relocation Assist Business and the absence of the one-time profit recorded a year ago in Leased Corporate Housing Management Business.

As a result, the Relocation Business recorded revenue of 21,334 million yen (up 6.0% year on year) and operating profit of 3,598 million (down 0.4%).

(ii) Fringe Benefit Business

In Fringe Benefit Business, we provide employee benefit-related services, including a support menu and extra privileges to employee members of client companies, in order to contribute to reducing companies' operational burdens and costs. Moreover, we provide emergency home care services as part of comprehensive support to livelihood of employee members of client companies.

In the first three months of the fiscal year under review, both revenue and profit increased compared to a year ago, reflecting an increase in membership fees due to new members attained in employee benefit-related services and strong performance in emergency home care services, a related business.

As a result, the Fringe Benefit Business recorded revenue of 6,072 million yen (up 14.2% year on year) and operating profit of 2,720 million yen (up 20.8%).

(iii) Tourism Business

In Tourism Business, we conduct a hotel operation business and vacation home time-share business, utilizing the membership base in Fringe Benefit Business and management know-how concerning company rest houses and small to midsize hotels and inns in rural areas. We also work on the renewal of hotels and inns which have difficulty in finding successors.

Revenue increased during the first three months under review, as occupancy rates of hotels regained momentum with a recovery in the movement of people, in addition to several new facility openings. Profit decreased year on year, in reaction to large property sales recorded during the same period a year ago.

As a result, Tourism Business recorded revenue of 3,008 million yen (up 13.4% year on year) and operating profit of 405 million yen (down 54.7%).

(iv) Other Business

In this segment, we operate financial business, etc., leveraging the core business frameworks. As a result, Other Business recorded revenue of 260 million yen (up 2.6% year on year) and an operating loss of 75 million yen (compared to an operating loss of 20 million yen a year ago).

(2) Management discussion of financial condition

Total assets as of the end of this fiscal year under review came to 321,058 million yen, an increase of 1,632 million yen compared to the end of the previous fiscal year.

Total liabilities amounted to 252,231 million yen, a decline of 640 million yen compared to the end of the previous fiscal year.

Total equity came to 68,826 million yen, an increase of 992 million yen compared to the end of the previous fiscal year.

(3) Management discussion of forecast for consolidated results of operations and other forward-looking statements

The results of operations for the first three months of the fiscal year under review were in line with the previous forecast. There is no change in the business forecasts stated in the Summary of Financial Results for the Fiscal Year Ended March 31, 2023, which was announced on May 11, 2023.

2. Consolidated Financial Statements
 (1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	43,695	37,439
Trade and other receivables	85,197	83,612
Inventories	6,410	7,312
Other financial assets	7,991	8,394
Other current assets	4,004	4,045
Total current assets	147,298	140,805
Non-current assets		
Property, plant and equipment	14,240	14,459
Right-of-use assets	29,632	29,949
Goodwill	15,795	16,100
Intangible assets	8,429	8,418
Investment property	21,529	23,640
Investments accounted for using the equity method	39,889	39,896
Other financial assets	33,244	35,107
Deferred tax assets	11,707	11,623
Other non-current assets	922	1,057
Total non-current assets	175,392	180,253
Total assets	322,691	321,058

(Millions of yen)

	As of March 31, 2022	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	20,765	20,065
Bonds and borrowings	29,808	32,416
Lease liabilities	52,520	56,927
Income taxes payable	6,265	1,824
Contract liabilities	8,785	8,004
Other financial liabilities	17,261	18,448
Provisions	334	—
Other current liabilities	4,956	3,909
Total current liabilities	140,696	141,596
Non-current liabilities		
Bonds and borrowings	51,963	50,087
Lease liabilities	22,087	22,376
Contract Liabilities	18,979	19,216
Other financial liabilities	8,779	8,840
Provisions	7,843	7,993
Deferred tax liabilities	1,827	1,392
Other current liabilities	694	728
Total non-current liabilities	112,175	110,634
Total liabilities	252,871	252,231
Equity		
Share capital	2,667	2,667
Capital surplus	271	344
Retained earnings	58,141	57,088
Treasury shares	(56)	(55)
Other components of equity	7,592	7,570
Equity attributable to owners of parent	68,615	67,614
Non-controlling interests	1,203	1,212
Total equity	69,819	68,826
Total liabilities and equity	322,691	321,058

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

For the three months ended June 30, 2022 and 2023

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Continuing operations		
Revenue	28,352	30,675
Cost of sales	15,856	16,605
Gross profit	12,495	14,070
Selling, general and administrative expenses	7,727	8,459
Other income	1,211	333
Other expenses	86	202
Operating profit	5,893	5,740
Finance income	38	233
Finance costs	180	297
Share of profit of investments accounted for using equity method	281	314
Profit before income taxes	6,032	5,990
Income tax expense	1,918	1,934
Profit from continuing operations	4,114	4,056
Discontinued operations		
Profit from discontinued operations	(569)	—
Profit	3,544	4,056
Profit attributable to		
Owners of the parent	3,433	3,997
Non-controlling interests	111	58
Profit	3,544	4,056
Profit from continuing operations attributable to owners of the parent company	4,003	3,997
Profit from discontinued operations attributable to owners of the parent company	(569)	—
Profit attributable to owners of the parent company	3,433	3,997
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	26.18	26.15
Discontinued operations	(3.72)	—
Total	22.45	26.15
Diluted earnings per share (Yen)		
Continuing operations	25.11	25.08
Discontinued operations	(3.57)	—
Total	21.54	25.08

Consolidated Statement of Comprehensive Income
 For the three months ended June 30, 2021 and 2022

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	3,544	4,056
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	38	(1,181)
Share of other comprehensive income of investments accounted for using the equity method	0	7
Total	38	(1,173)
Items that may be reclassified subsequently to profit or loss		
Differences on translation of foreign operations	5,867	1,063
Exchange differences on translation of foreign operations	72	22
Total	5,940	1,086
Other comprehensive income	5,979	(87)
Comprehensive income	9,524	3,968
Comprehensive income attributable to:		
Owners of the parent	9,417	3,896
Non-controlling interests	106	72
Comprehensive income	9,524	3,968

(3) Consolidated Statements of Changes in Equity

(From April 1, 2022 to June 30, 2022)

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2022	2,667	—	41,570	(57)	10,304	54,485	657	55,142
Profit	—	—	3,433	—	—	3,433	111	3,544
Other comprehensive income	—	—	—	—	5,984	5,984	(4)	5,979
Total comprehensive income	—	—	3,433	—	5,984	9,417	106	9,524
Disposal of treasury shares	—	—	—	0	—	0	—	0
Cash dividend paid	—	—	(4,436)	—	—	(4,436)	(49)	(4,485)
Share-based payment transactions	—	63	—	—	17	81	—	81
Other	—	—	(2)	—	5	2	(1)	1
Total transactions with owners of the parent	—	63	(4,438)	0	23	(4,351)	(50)	(4,402)
Balance at June 30, 2022	2,667	63	40,565	(56)	16,311	59,551	713	60,264

(From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2023	2,667	271	58,141	(56)	7,592	68,615	1,203	69,819
Profit	—	—	3,997	—	—	3,997	58	4,056
Other comprehensive income	—	—	—	—	(100)	(100)	13	(87)
Total comprehensive income	—	—	3,997	—	(100)	3,896	72	3,968
Disposal of treasury shares	—	4	—	0	—	5	—	5
Cash dividend paid	—	—	(5,044)	—	—	(5,044)	(60)	(5,105)
Share-based payment transactions	—	68	—	—	68	137	—	137
Other	—	—	(4)	—	9	4	(2)	1
Total transactions with owners of the parent	—	72	(5,049)	0	77	(4,897)	(63)	(4,961)
Balance at June 30, 2023	2,667	344	57,088	(55)	7,570	67,614	1,212	68,826

(4) Notes to Consolidated Financial Statements

(Notes on Assumptions for Going Concern)

Not applicable

(Segment information)

(1) Outline of reportable segments

The Company's reportable segments are those units of the Company for which separate financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions on the allocation of managerial resources to the segments and assessing the segments' performance.

The Group is engaged in outsourcing services related to employee benefits for companies, spanning both housing and leisure / lifestyle support areas, as its core business, as well as the lease management business and hotel management business, leveraging the operating base of the core business.

An outline of each business segment is as described below.

Relocation Business :	Total outsourcing services by subleasing leased corporate housing, Property management and intermediary services, Supports for overseas assignment, Supports for Return, Expatriate Regulations Consulting, etc.
Fringe benefit Business :	Benefit outsourcing services, Customer retention outsourcing services, Emergency home care services, etc.
Tourism Business :	Vacation home time-share business, Hotel operation business, etc.

(2) Information of reportable segments

Profit by reportable segment is based on operating profit. Intersegment sales and transfers are based on prevailing market prices.

For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(Millions of yen)

	Business segment			
	Relocation Business	Fringe benefit Business	Tourism Business	Subtotal
Revenue				
Revenue from external customers	20,127	5,318	2,652	28,098
Intersegment revenue	51	59	14	126
Total	20,178	5,378	2,666	28,224
Segment profit(loss)	3,611	2,252	894	6,759

	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
Revenue				
Revenue from external customers	253	28,352	—	28,352
Intersegment revenue	41	167	(167)	—
Total	294	28,519	(167)	28,352
Segment profit(loss)	(20)	6,738	(845)	5,893

(Note) 1. Other Business is a business segment that is not included in the reportable segments and includes financial business.

2. Intersegment revenue and the segment profit (loss) adjustment is the result of elimination of intersegment transactions.

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Business segment			
	Relocation Business	Fringe benefit Business	Tourism Business	Subtotal
Revenue				
Revenue from external customers	21,334	6,072	3,008	30,415
Intersegment revenue	48	76	16	141
Total	21,382	6,149	3,024	30,556
Segment profit(loss)	3,598	2,720	405	6,725

	Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Statement of Profit or Loss
Revenue				
Revenue from external customers	260	30,675	—	30,675
Intersegment revenue	44	185	(185)	—
Total	305	30,861	(185)	30,675
Segment profit(loss)	(75)	6,649	(908)	5,740

(Note) 1. Other Business is a business segment that is not included in the reportable segments and includes financial business.

2. Intersegment revenue and the segment profit (loss) adjustment is the result of elimination of intersegment transactions.

(discontinued operations)

Relo Group, Inc. resolved at a meeting of the Board of Directors held on May 6, 2022 to enter into an agreement with Global Relocation and Moving Services, LP (“GRMS”) which owns the SIRVA Group (a collective term for SIRVA Holdings, Inc. and its group companies) on a change in consolidated subsidiaries (share transfer) and commencement of joint management of the Global Relocation Business and entered into the agreement on the same date, and the transaction was completed on July 29, 2022.

In the previous fiscal year, BGRS Limited and 22 group companies has been classified as discontinued operations, and the results have been restated to exclude results in the discontinued operations.

Income(loss) from discontinued operations is as shown below.

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	13,595	—
Expenses	14,242	—
Loss before tax from discontinued operations	(647)	—
Income taxes	(77)	—
Loss from discontinued operations	(569)	—

Cash flows related to discontinued operations are as shown below.

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Net cash provided by (used in) operating activities	(10,913)	—
Net cash provided by (used in) investing activities	(543)	—
Net cash provided by (used in) financing activities	6,823	—
Total	(5,173)	—