



FY2024/3 1Q Relo Group Investor Presentation

Aug 10,2023

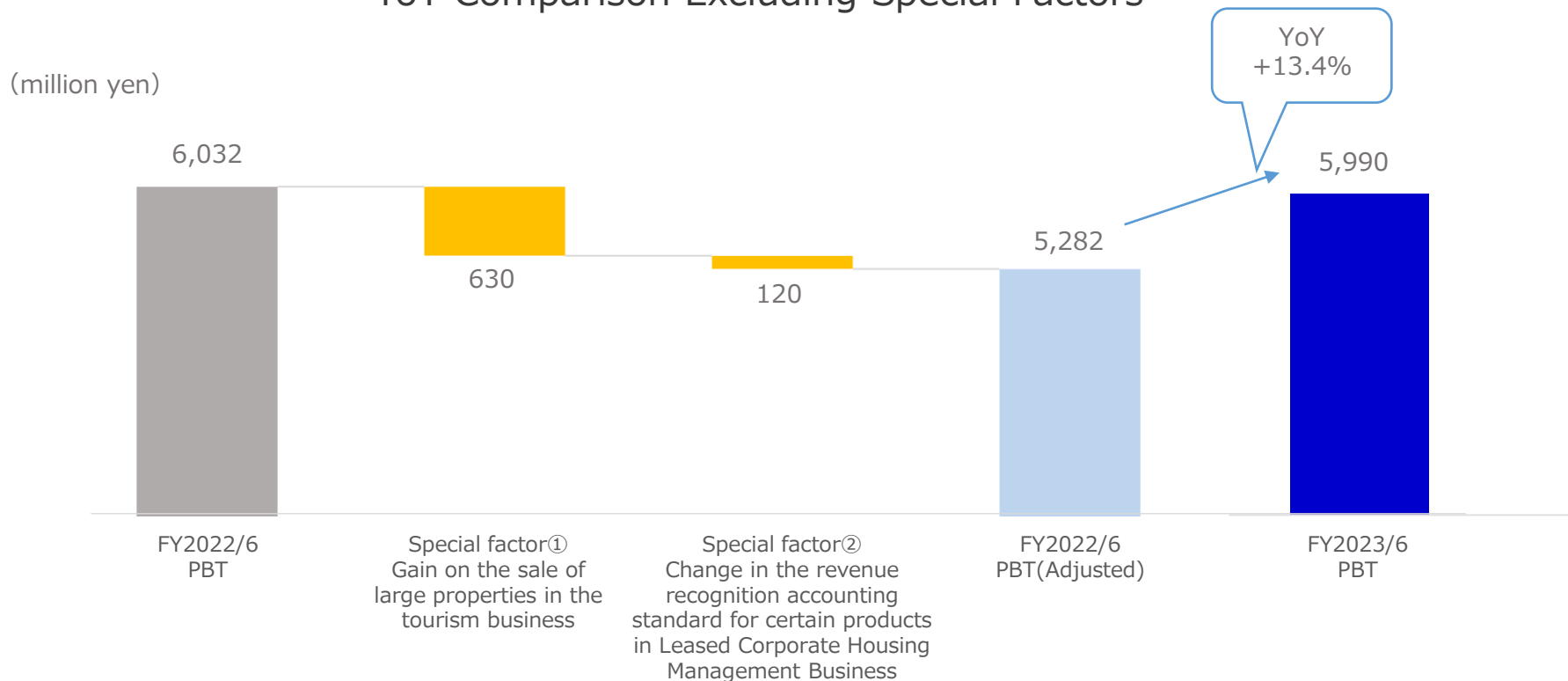
Relo Group,inc. (8876.JP)

Consolidated Results

	Actual FY2022/6	Actual FY2023/6	(million yen) YoY
Revenue	28,352	30,675	+8.2%
Operating Profit	5,893	5,740	▲2.6%
Profit Before Income Taxes	6,032	5,990	▲0.7%
Profit from continuing operations attributable to owners of the parent company	4,003	3,997	▲0.1%
Profit from discontinued operations attributable to owners of the parent company	▲569	—	—
Net Income	3,433	3,997	+16.4%

- Revenue increased from a year ago. Profit remained roughly flat. The major contributing factors are explained on the next page.

YoY Comparison Excluding Special Factors



- Profit before income taxes posted double-digit growth from adjusted profit before income taxes, that is, profit before income taxes excluding the effects of special factors, in the first quarter of the previous fiscal year.
- The stock business, our mainstay business, grew steadily. The flow businesses also improved significantly, reflecting a recovery in the movement of people.

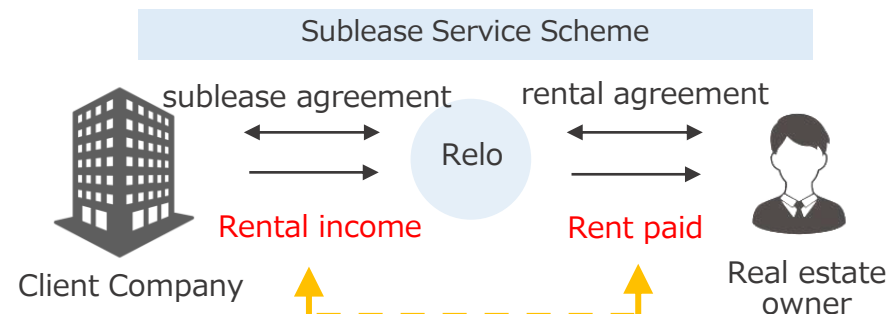
Consolidated Statements of Financial Position

FY2023/6 B/S

(billion yen)

Cash and cash equivalents	37.4	Bonds and borrowings	82.5
Trade and other receivables	83.6	Lease liabilities	79.3
Asset liabilities from sublease	51.6	Lease liabilities from sublease	51.6
Other assets	200.0	Other liabilities	90.4
		Equity	68.8
Total assets	321.0	Total liabilities and equity	321.0

straddling



+ Bonds and borrowings	¥ 82.5B
+ Lease liabilities	¥ 79.3B
- Lease liabilities from sublease	¥ 51.6B
- Cash & cash equivalents	¥ 37.4B
Net interest-bearing debt	¥ 72.7B

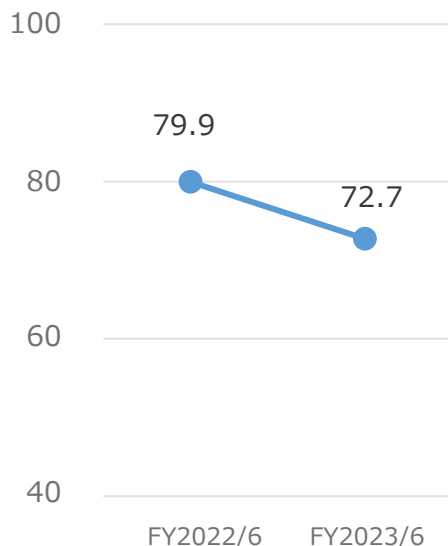
- With the adoption of IFRS accounting standards, subleasing services (subleasing) in the Leased Corporate housing management business are subject to lease accounting
- As of Jun 30, 2023, the leased assets and lease liabilities of the subleases were both 51.6 billion yen
- Adjusted net interest-bearing debt excluding sublease-type lease liabilities is 72.7 billion yen

Consolidated Statements of Financial Position



Net interest-bearing debt

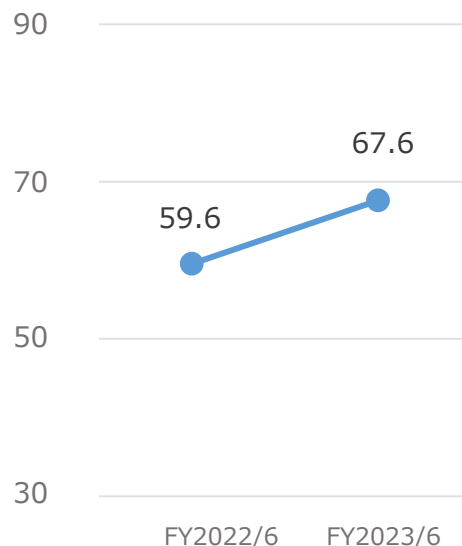
(billion yen)



Total shareholders' equity

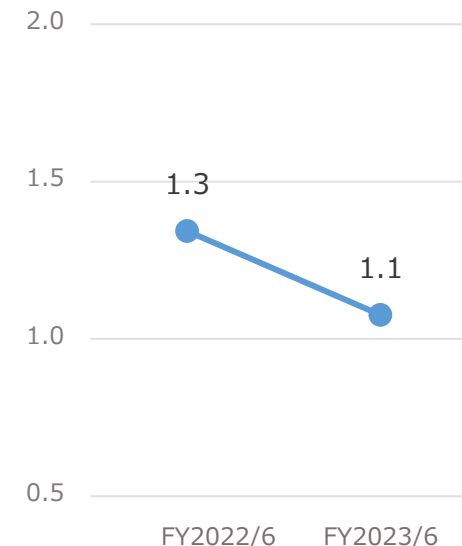
(Equity attributable to owners of parent)

(billion yen)



Adjusted Net D/E Ratio

(times)



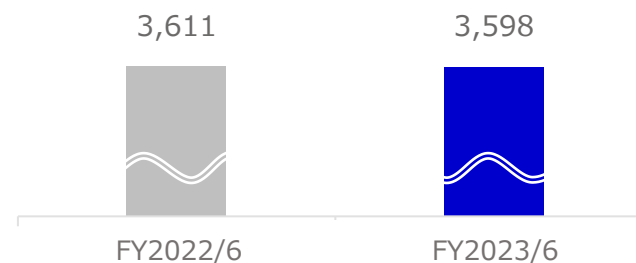
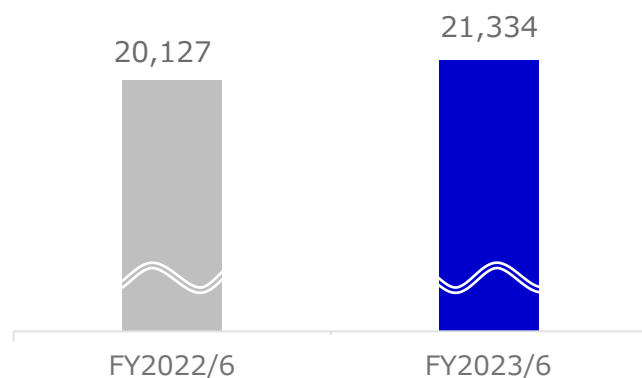
- Net assets increased due to profit posted as interest-bearing debt was reduced.
- The adjusted net D/E ratio improved 0.2 percentage point from the year-ago level, 1.3.

Revenue

Operating Profit

(million yen)

(million yen)



YoY

+6.0%

+1,206

YoY

▲0.4%

▲13

- 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

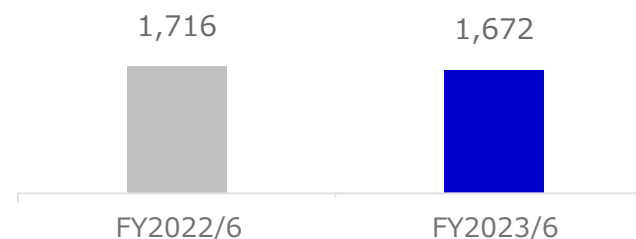
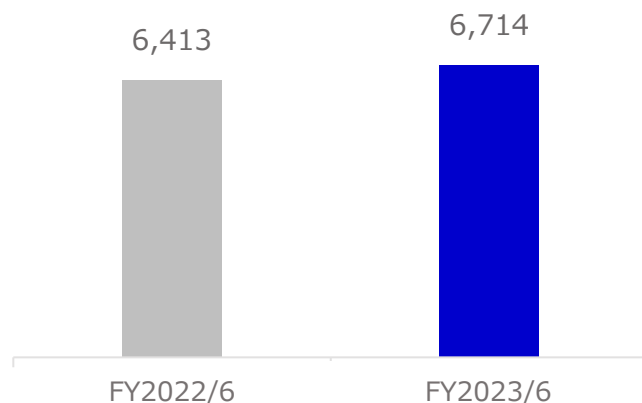
Leased Corporate Housing Management Business

Revenue

Operating Profit

(million yen)

(million yen)



YoY

+4.7%

+300

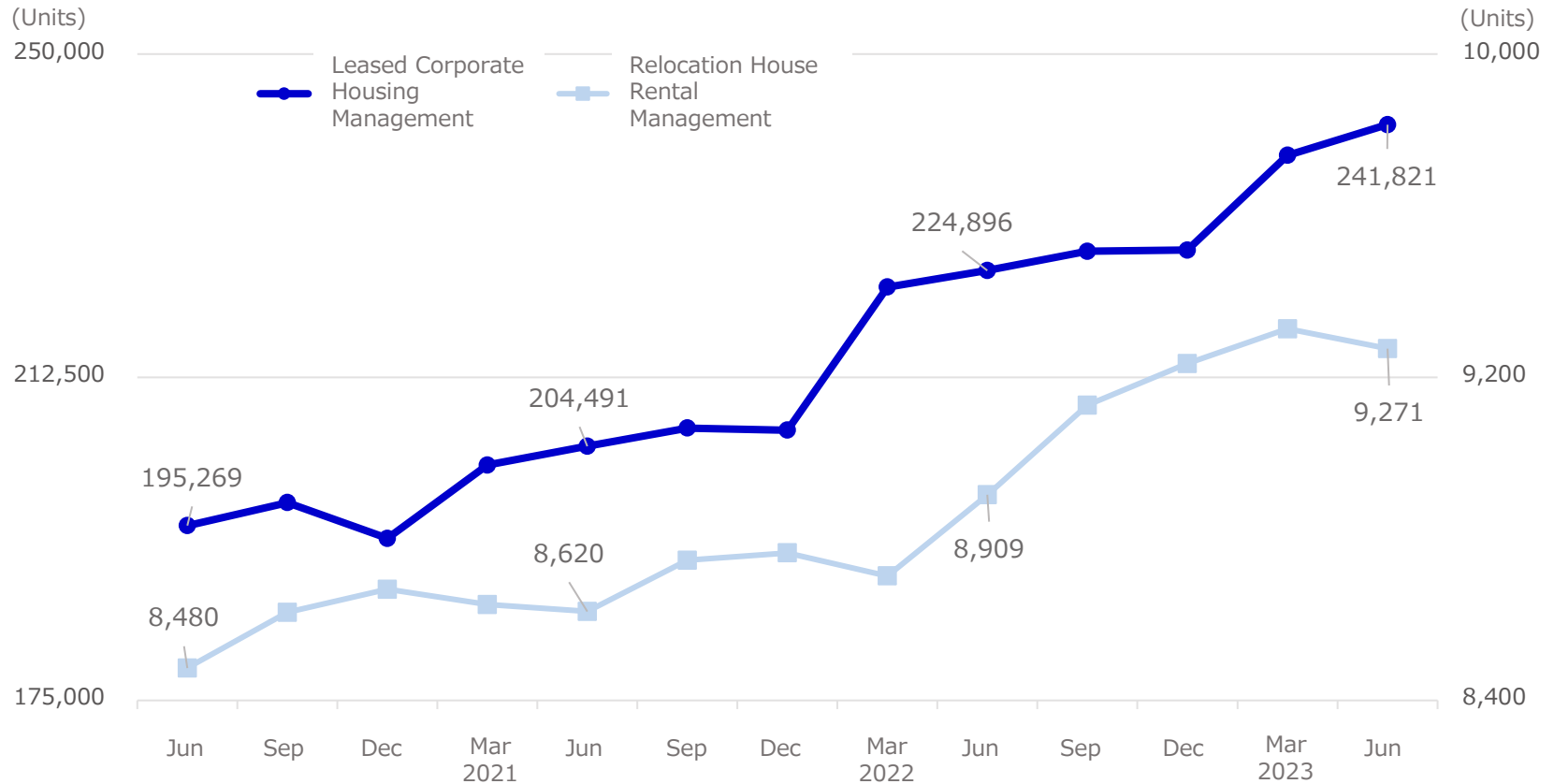
YoY

▲2.6%

▲43

- Management income increased due to an increase in the number of leased corporate housing units under management, which is our stock base
- Revenue related to job relocations and rose, as did revenue from rental housing agency services increased.
- In the first quarter of the previous fiscal year, a special revenue of 120 million yen was posted due to a change in the revenue recognition accounting standard for certain products and services.
- If the effect of the special factor is excluded, revenue and operating profit increased 6.7% and 4.8% YoY, respectively.
- Results in the first quarter were on a par with the plan.

Leased Corporate Housing Management Business



■ Leased Corporate Housing Management

- 241,821units YoY+16,925units (+7.5%)
- The stock base expanded steadily. The number of furnished housing units managed rose, reflecting an increase in the number of inbound workers.

■ Relocation House Rental Management

- 9,271units YoY+362units (+4.1%)

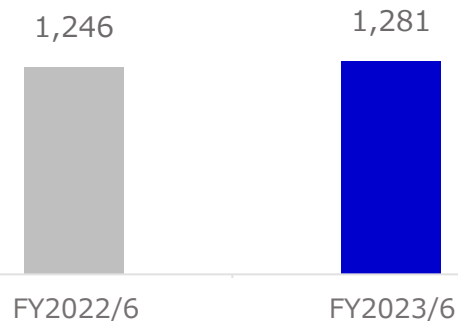
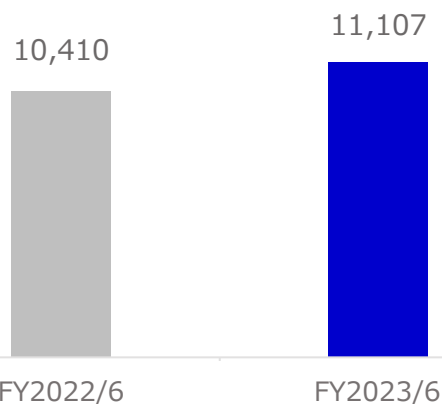
Residential Property Management Business

Revenue

Operating Profit

(million yen)

(million yen)



YoY

+6.7%

+697

YoY

+2.8%

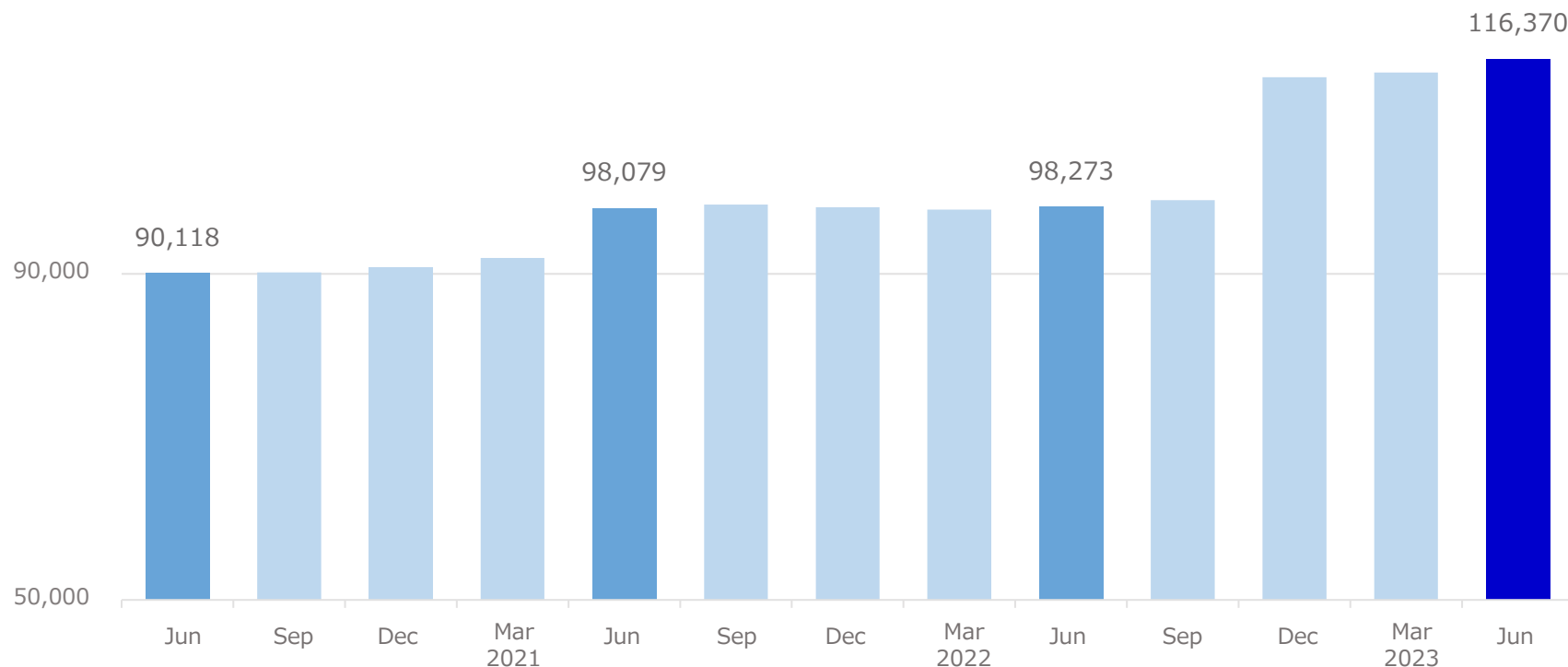
+34

- The number of units that were sold declined. Meanwhile, the number of units managed was stable.
- Both revenue and profit rose, partly due to the profit contribution of M&A. Results were steady as planned.
- Relo Group has sufficient properties for sale and expects to record the same level of profit in the first quarter of the previous fiscal year by selling them.

Residential Property Management Business

Property Management(Units)

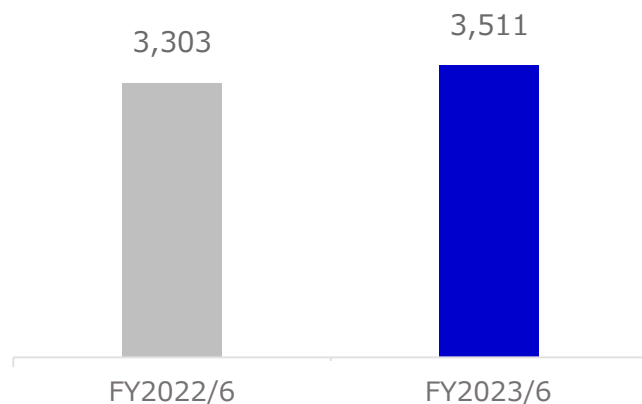
130,000



- 116,370units YoY+18,097units (+18.4%)
- Chintai Yamashin K.K. (which manages approx. 1,600 units) became a Group company in April in the fiscal year under review.
- In addition to growth of existing rental management companies, continue to promote M&A to expand stock base

Revenue

(million yen)



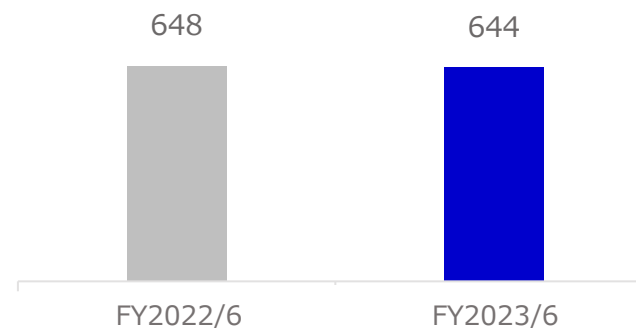
YoY

+6.3%

+208

Operating Profit

(million yen)



YoY

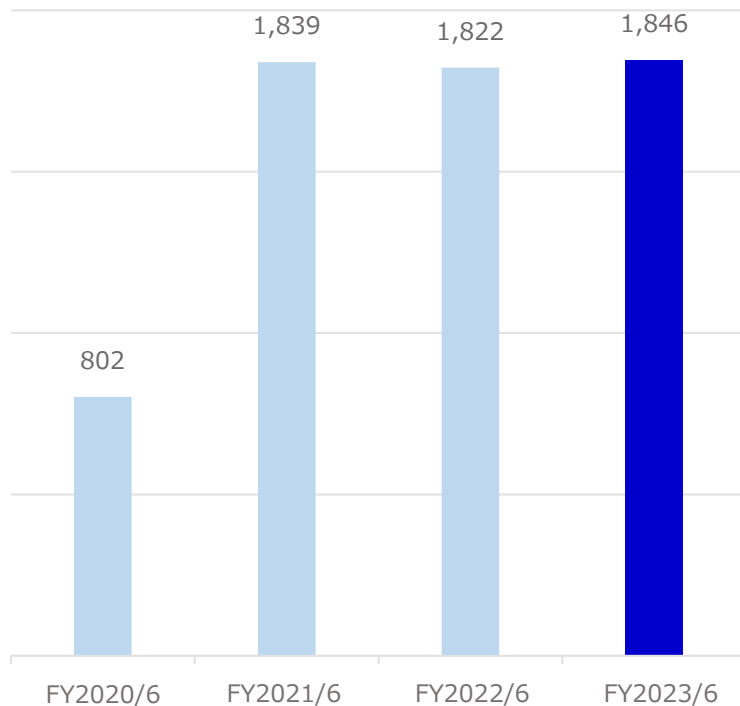
▲0.6%

▲4

- Revenue rose 6.3%. Profit remained roughly flat.
- The number of households in Japan to which we provide global relocation support is recovering steadily. Meanwhile, the number of inbound households to which we provide support fell 29.6% year on year, reflecting concentrated demand in the first quarter of the previous fiscal year (for details, please refer to the next page).
- With the resumption of overseas business trip activity, we expect a recovery in business trip-related business in the future
- Results were roughly in line with expectations, including one-off positive and negative contributing factors in inbound support.

Number of Global Relocation Support

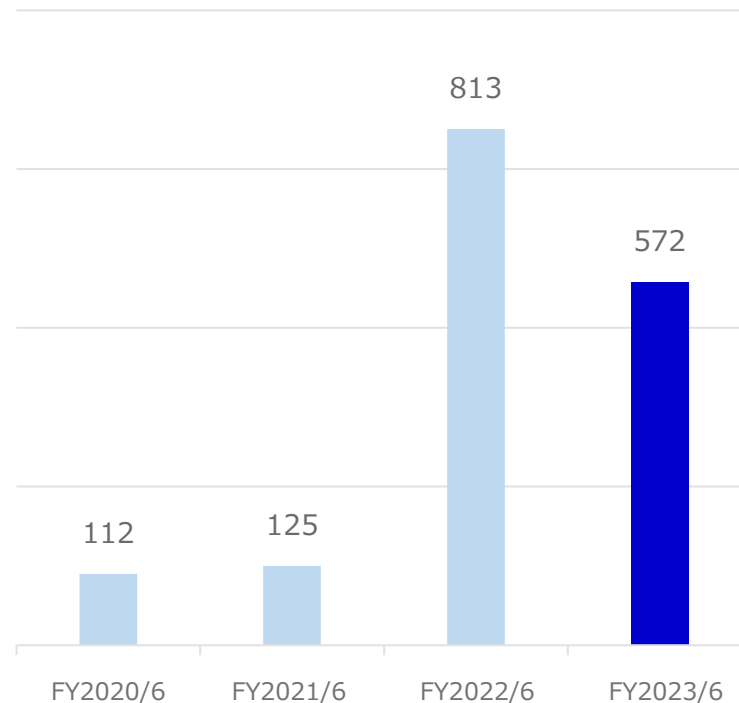
(household)



- The number of domestic households to which we provide global relocation support rebounded from the level amid the COVID-19 pandemic.

Inbound Relocation Support

(household)



- YoY▲29.6%
- 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.

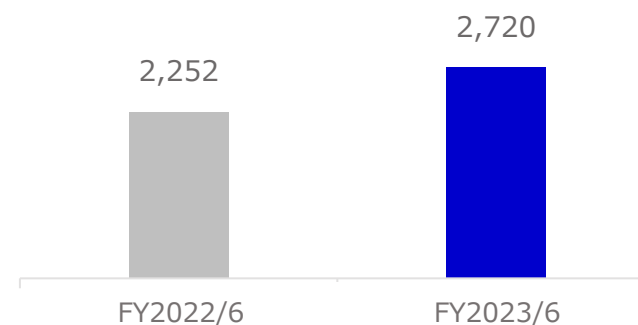
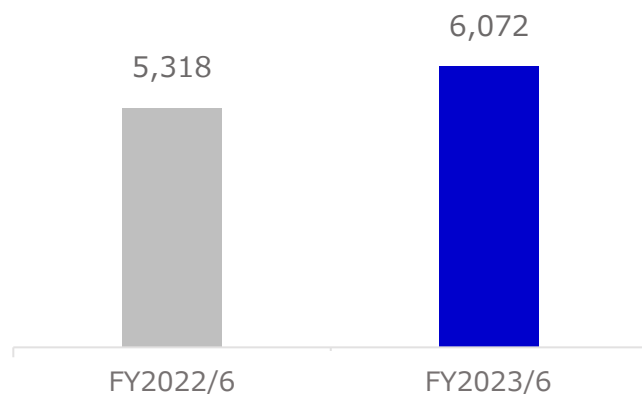
Fringe Benefits Business

Revenue

Operating Profit

(million yen)

(million yen)



YoY

+14.2%

+753

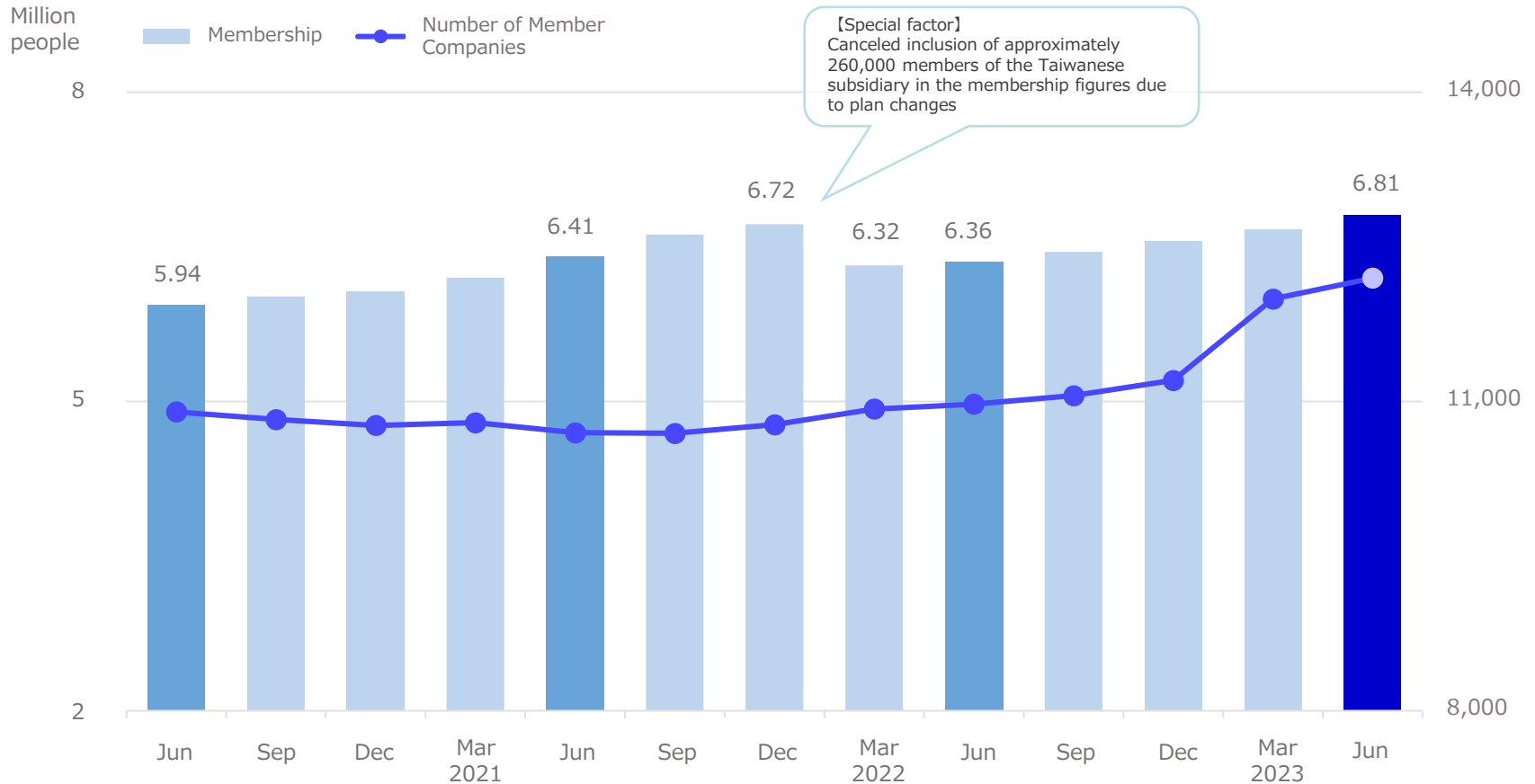
YoY

+20.8%

+468

- Membership fee revenue, which is the stock base grew steadily by 10.5% YoY, ensuring profit growth
- Recovery in the movement of people has led to the increase in use of services by members

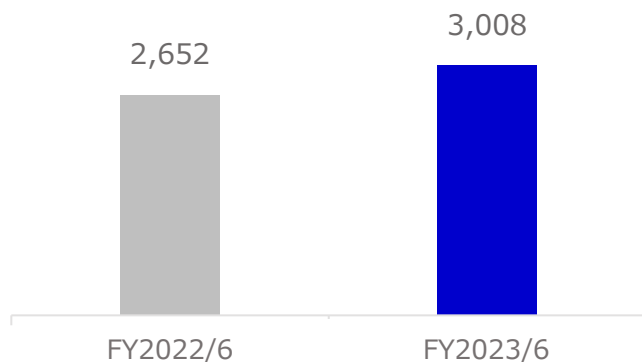
Fringe Benefits Business



- Membership 6.81M people (YoY +0.45M 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)



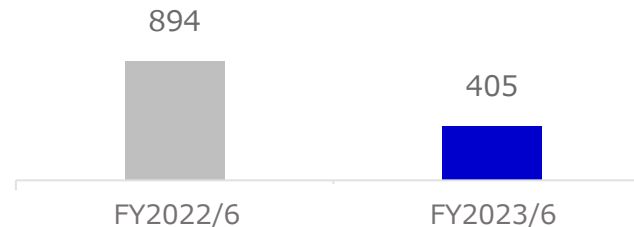
YoY

+13.4%

+356

Operating Profit

(million yen)



YoY

▲ 54.7%

▲ 489

- In the first quarter of the previous fiscal year, a gain on the sale of large properties of 630 million yen was posted as a special factor.
- Excluding the effect of this special factor, operating profit rose 53.4% year on year.
- The hotel business performed well, chiefly reflecting the opening of new facilities.

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)
- **Factors to consider**
- ①Whether Sirva will become a basis for global expansion
- ②The potential for an adequate return on investment



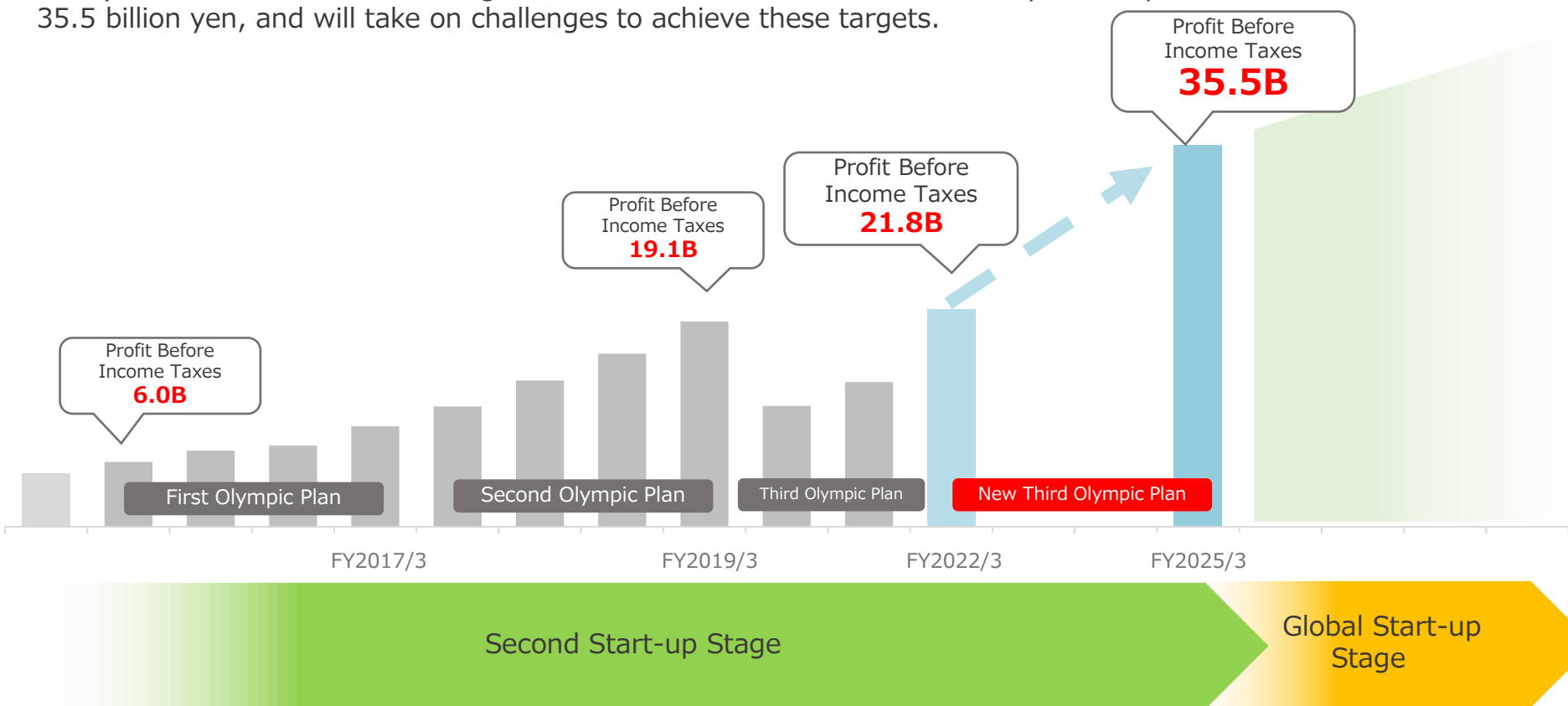
appendix

The Medium-term Management Plan

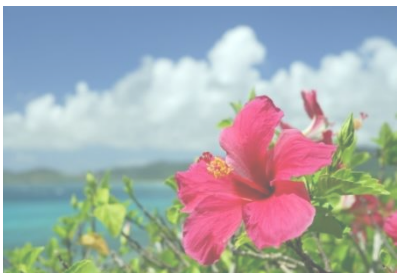
The medium-term management plan - the "New Third Olympic Plan"

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

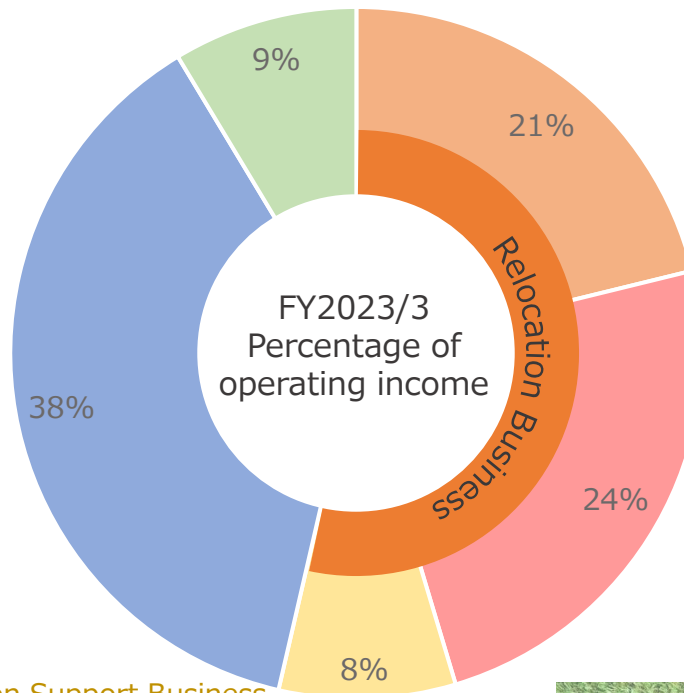
With our unique full-outsourcing services that substantially reduce the workload of a company's relocation supervisor, problems associated with the management of leasing corporate housing are solved.

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 first quarter under review were as expected, and the consolidated results forecast remains unchanged.
- Main special factors in FY2023/3
 - 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
 - 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"

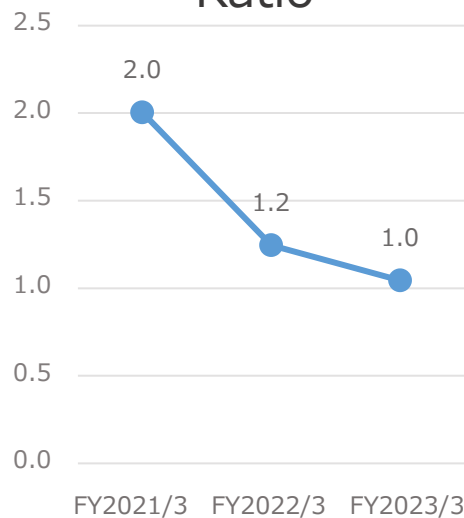
FY2024/3 Business Plan by Segment

(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	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. 		

Capital Efficiency

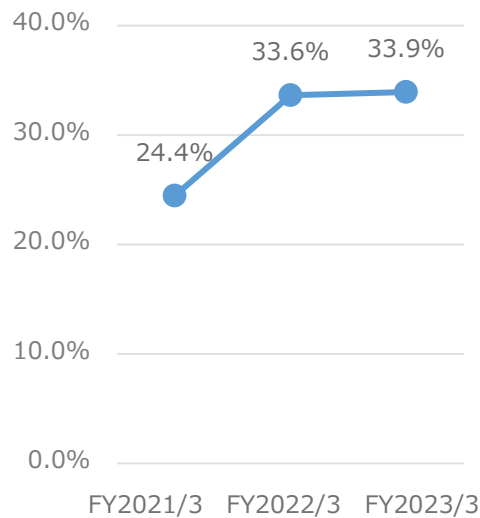
Debt Equity Ratio



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

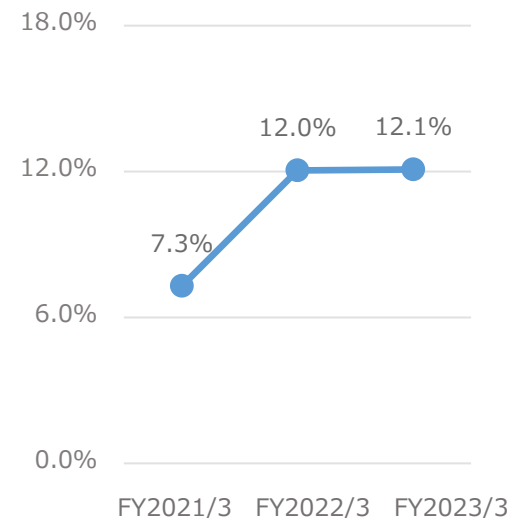
ROE



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

▶ ROE	33.9%
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ROIC

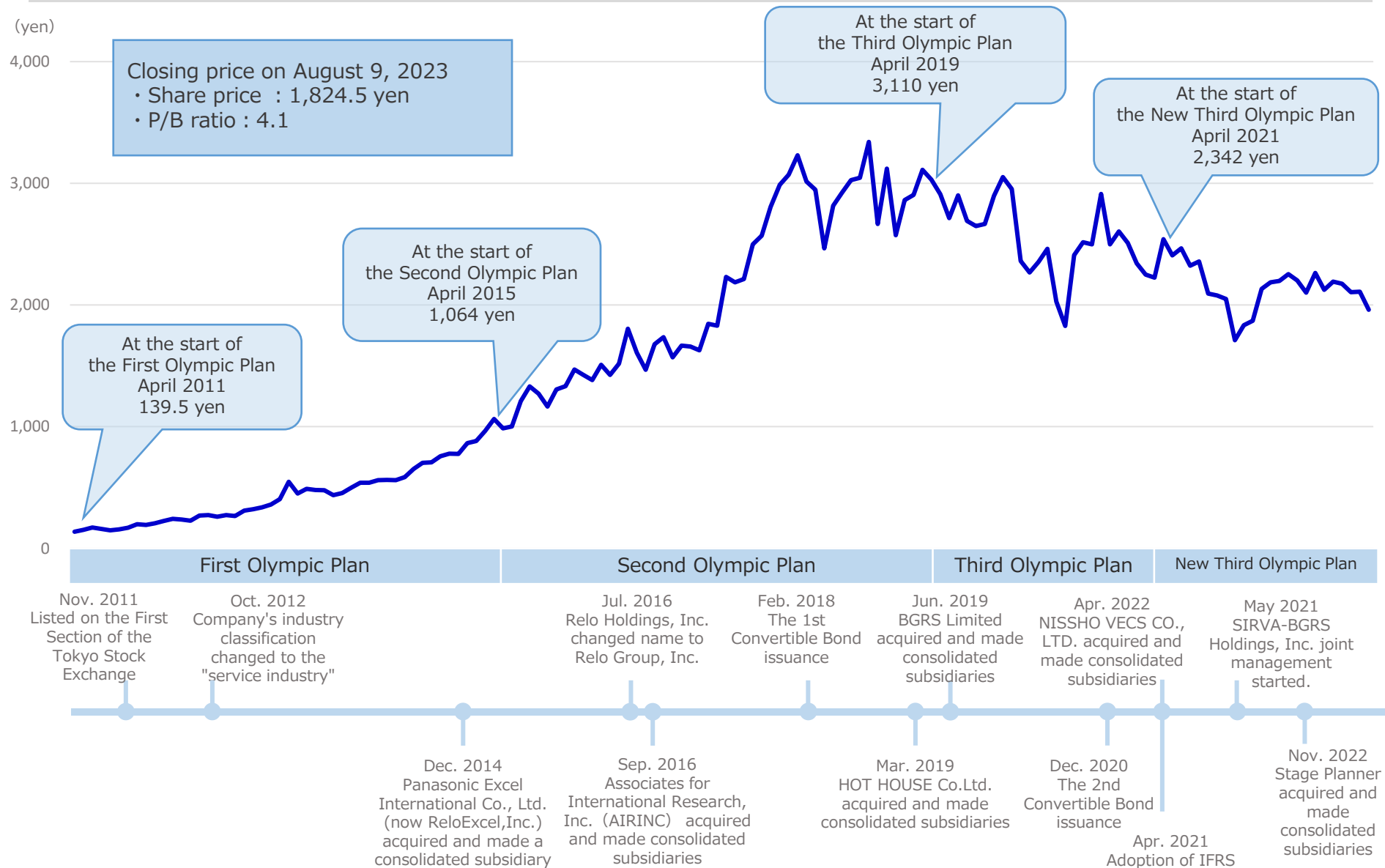


Operating income after tax	15.9B
÷ invested capital*	131.8B
(*Adjusted net interest-bearing debt+total equity)	

▶ 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

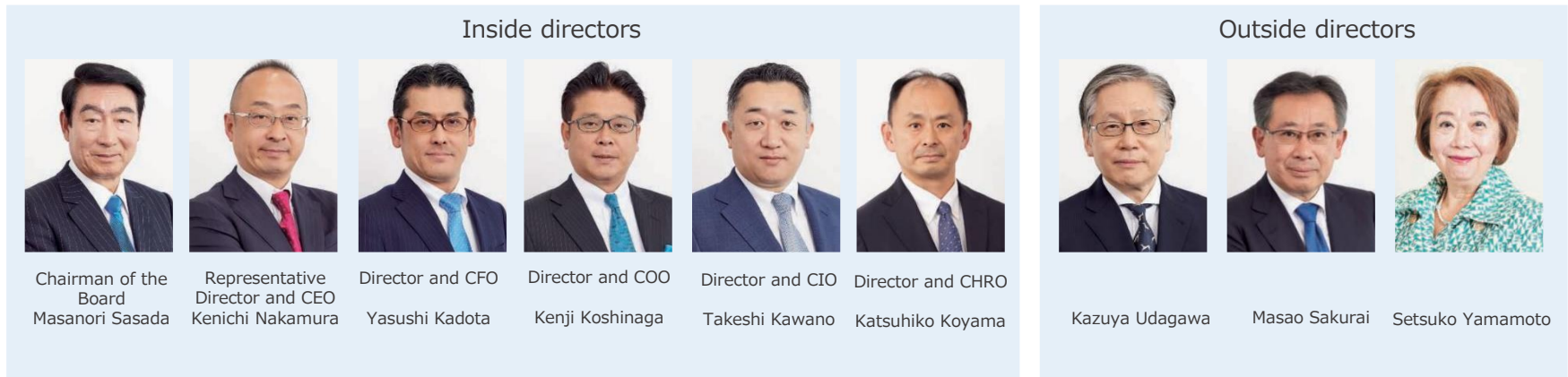


Relo Group strives to disclose information to shareholders and institutional investors in Japan and overseas actively, fairly and in a timely manner. Major IR activities include regular events, such as results presentations, and more than 200 IR meetings a year. In addition, we will expand the content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

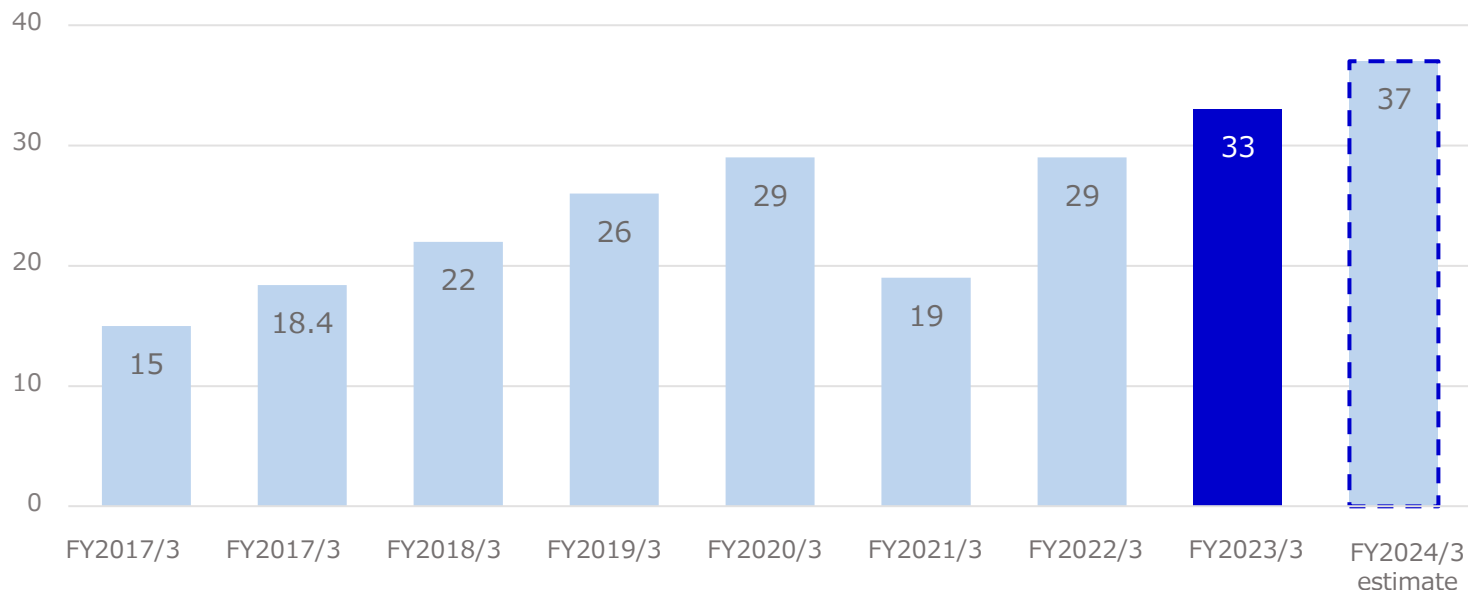
At the Annual General Meeting of Shareholders held in June 2023, the nine directors below were elected. The Board of Directors consists of six inside directors and three outside directors (including a female director). The outside directors account for a third of the board members.



■ 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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