

2Q FY2023/3

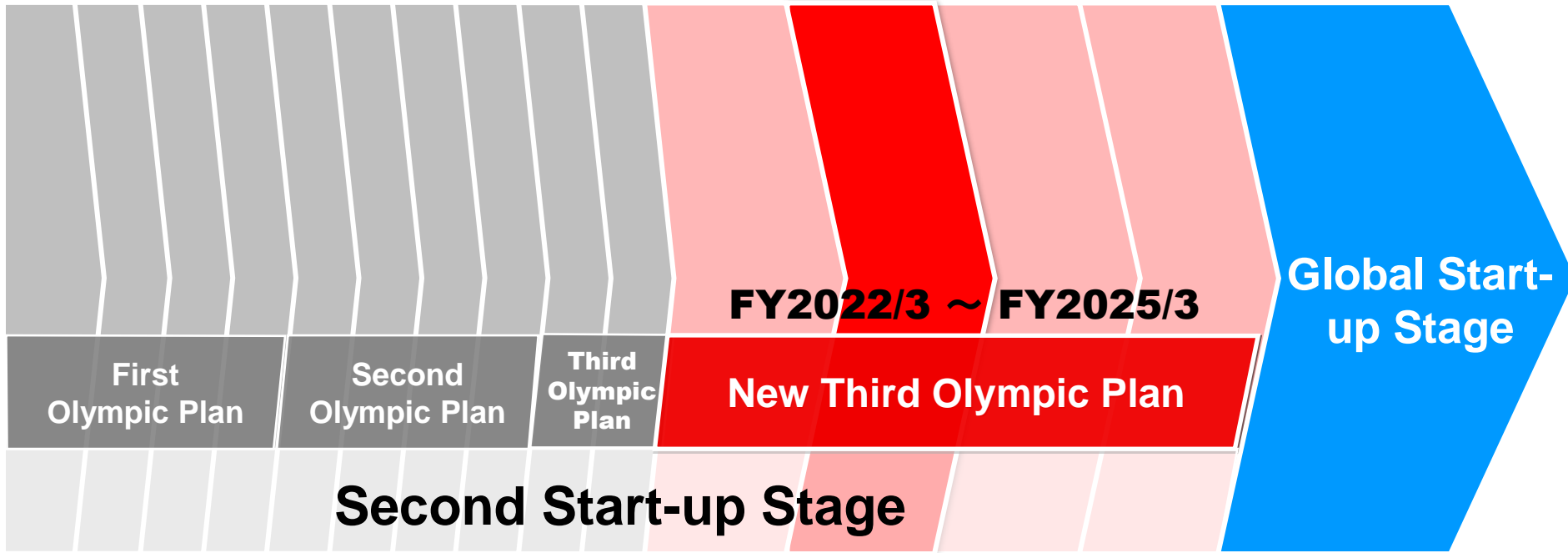
**Relo Group**

# **Investor Presentation**

**Nov 22, 2022**

# The New Third Olympic Plan

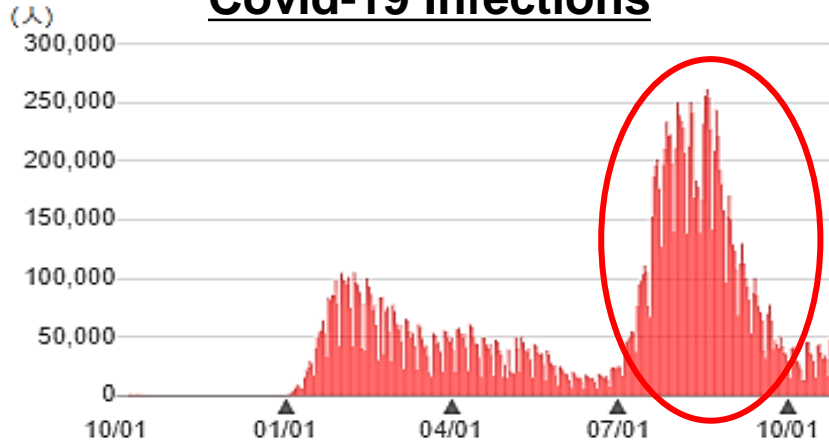
**The New Third OP Plan to enable the company to thrive over the long term**



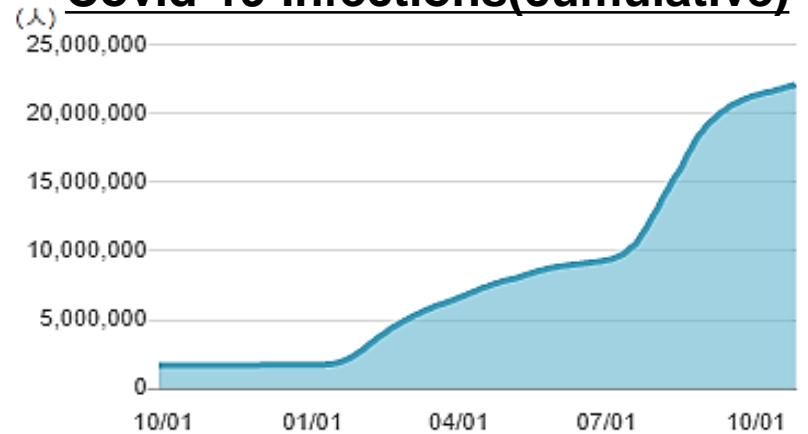
**In the second year of the new third OP plan, the movement of people resumed**

# Summary of 1H FY2023/3

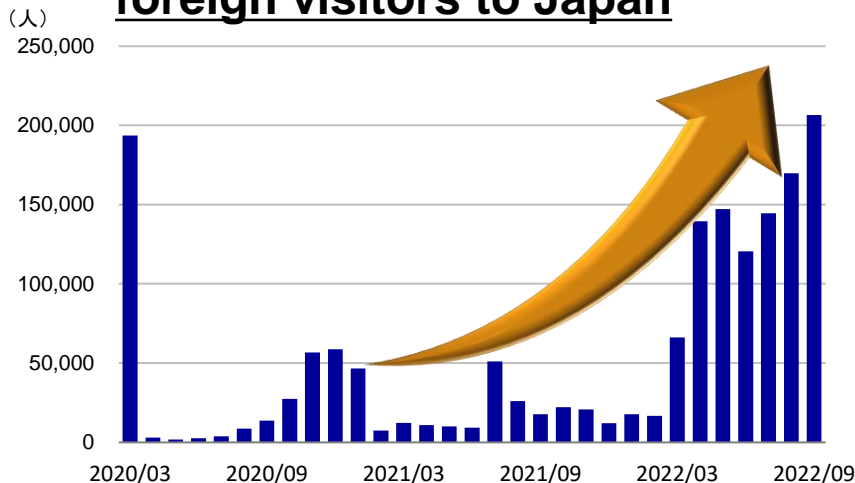
**Number of Covid-19 Infections\***



**Number of Covid-19 Infections(cumulative)\***



**Number of foreign visitors to Japan\***



\*From the MHLW Website

\*From the Japan National Tourism Organization Website **2**

# Summary of 1H FY2023/3

## Businesses and Corporations



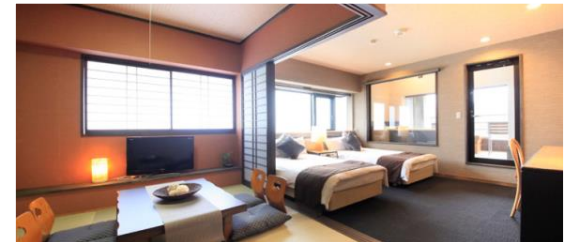
**Business necessity  
led to resumption  
of employee  
mobility**

## Individuals (youths)



**Self-restraint  
easing**

## Tourist facilities



**Nearby facilities'  
reservations  
becoming active**

**We have reaffirmed that people want to move and gather**

# Summary of 1H FY2023/3

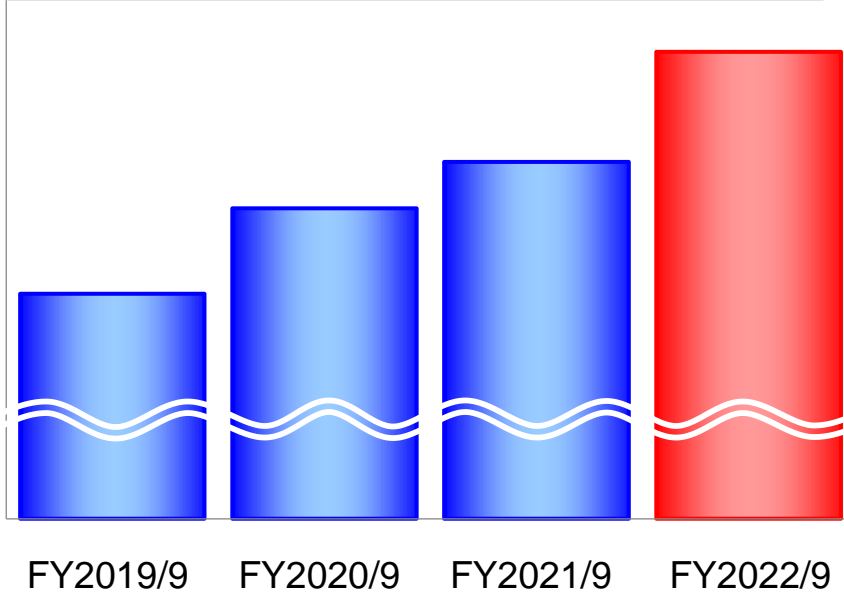
(Rounded down to the nearest million yen)

	<b>Actual FY2022/9</b>	<b>Actual FY2021/9</b>	<b>YoY</b>
<b>Revenue</b>	<b>59,074</b>	<b>76,262</b>	<b>▲22.5%</b>
<b>Operating Profit</b>	<b>12,408</b>	<b>8,597</b>	<b>+44.3%</b>
<b>Profit Before Income Taxes</b>	<b>12,910</b>	<b>9,339</b>	<b>+38.2%</b>
<b>Net Income</b>	<b>13,100</b>	<b>6,526</b>	<b>+100.7%</b>

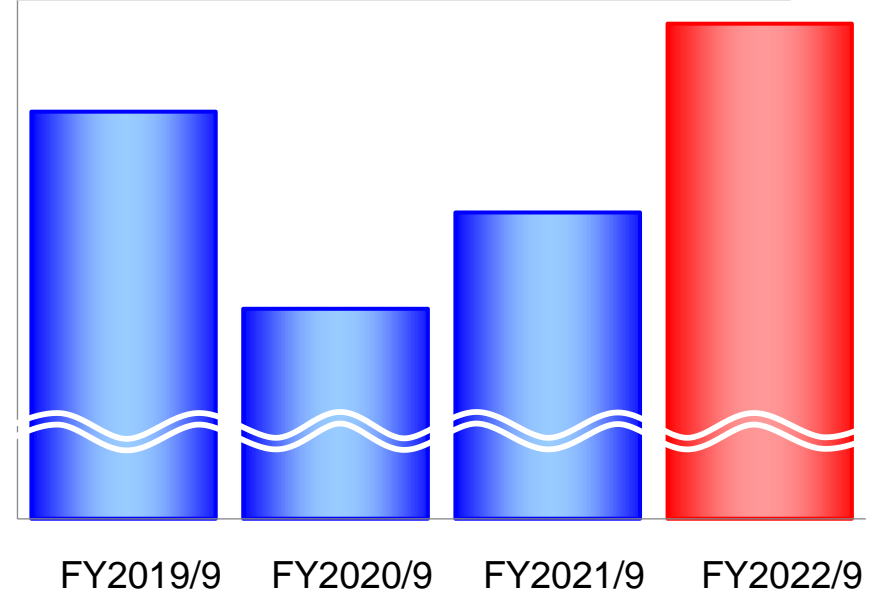
(Note) BGRS Group is currently classified as a discontinued operation; however, the September 2021 (prior year) figures represent results before BGRS was classified as a discontinued operation

# Leased Corporate Housing Management Business

Leased Corporate Housing Management

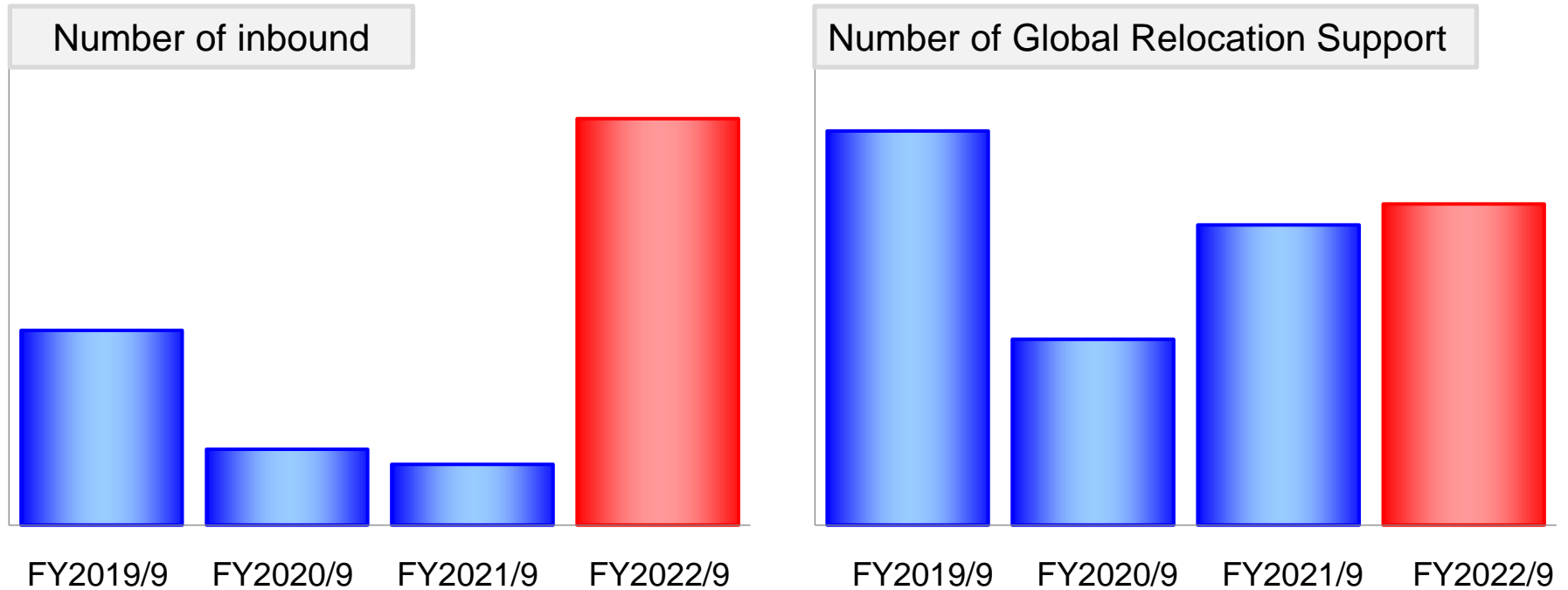


Number of property rental contracts through Relonet



**The increase in stock and resumption of people's movements resulted in a 24% increase over the previous year**

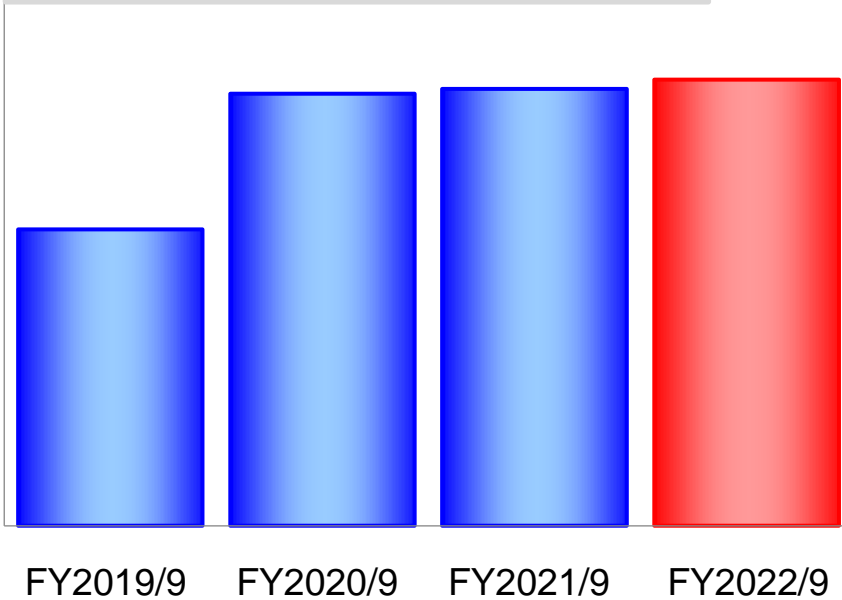
# Relocation Support Business



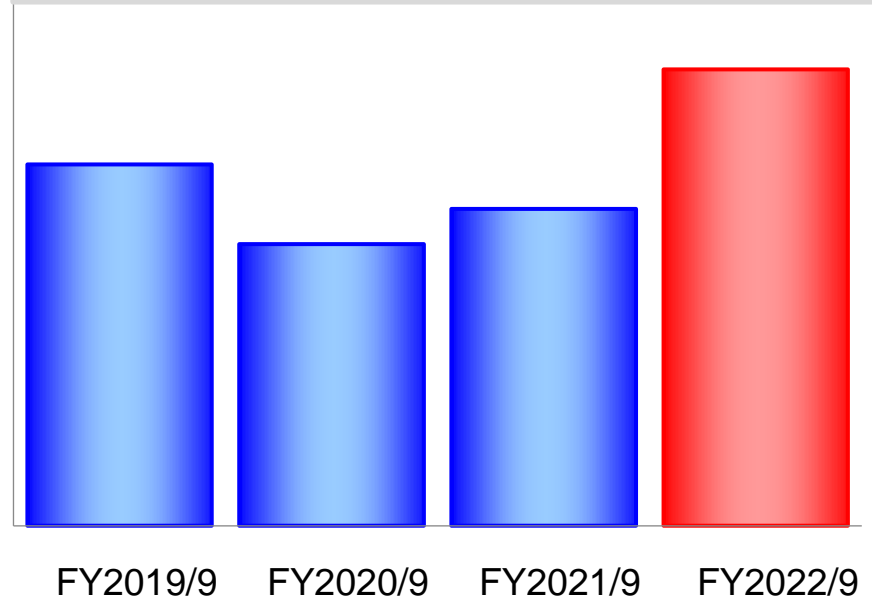
**Transferees from Japan and inbound business have started to move, which lead to 64% profit growth over the previous year**

# Tourism Business

Number of rooms in hotel business



Number of guests attracted in hotel business

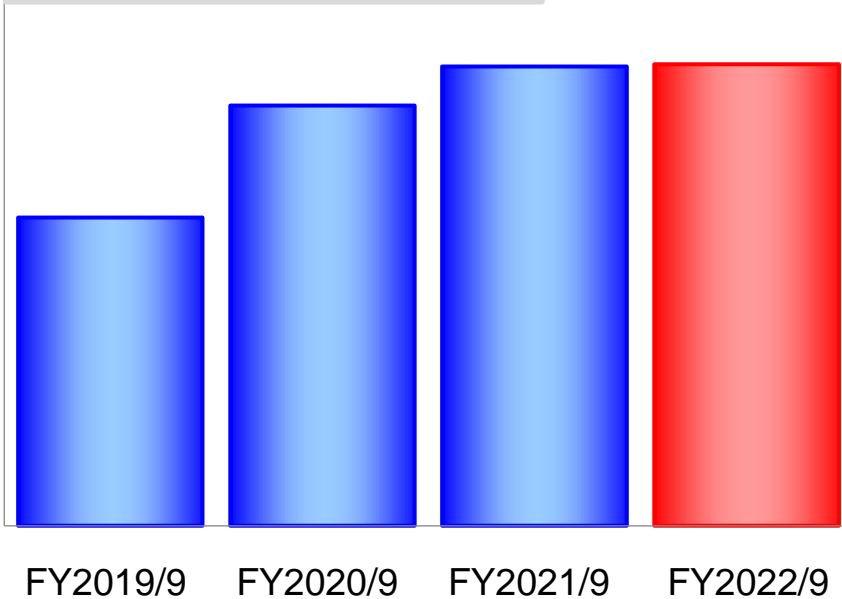


**The business related to the movement of people drove performance, with an 8.3x increase in profit over the previous year**

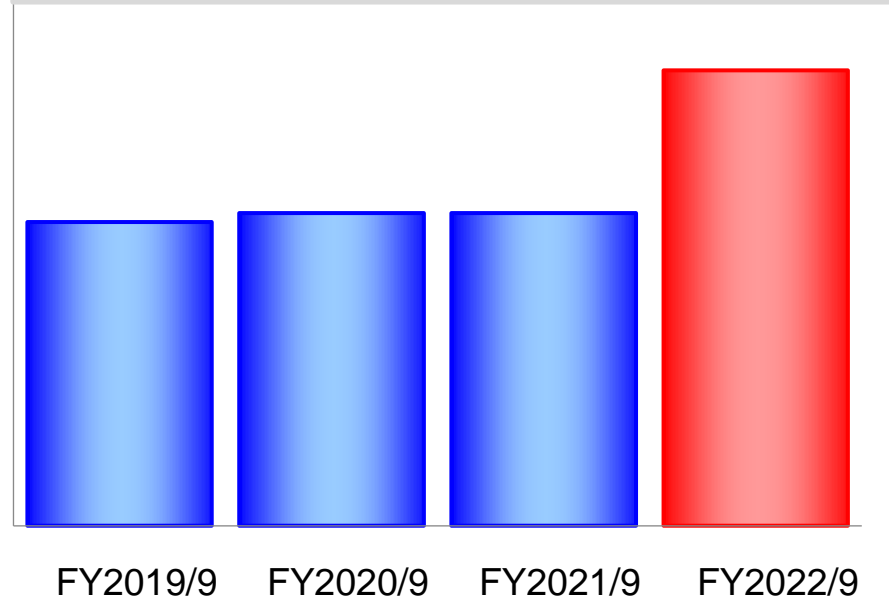


# Residential Property Management Business

Property Management



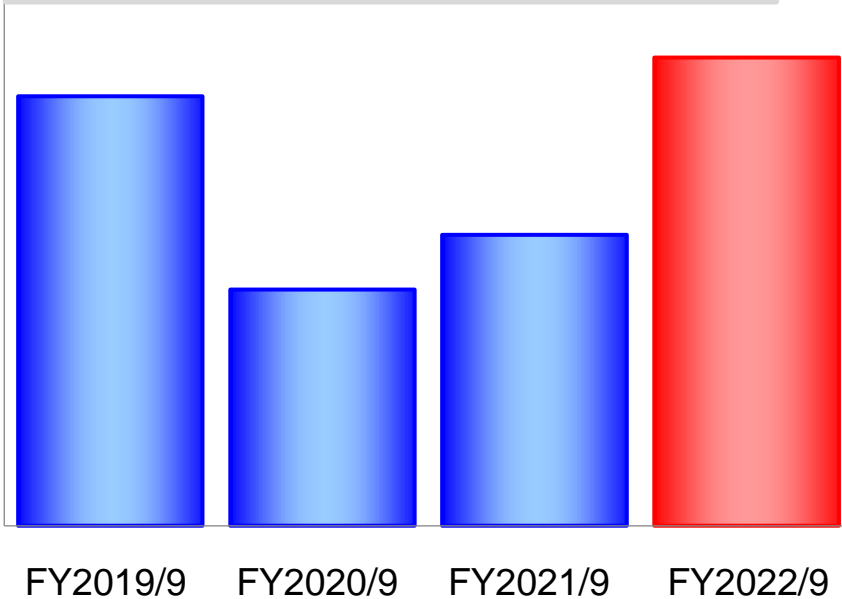
Number of asset transactions in the Tokyo metropolitan area



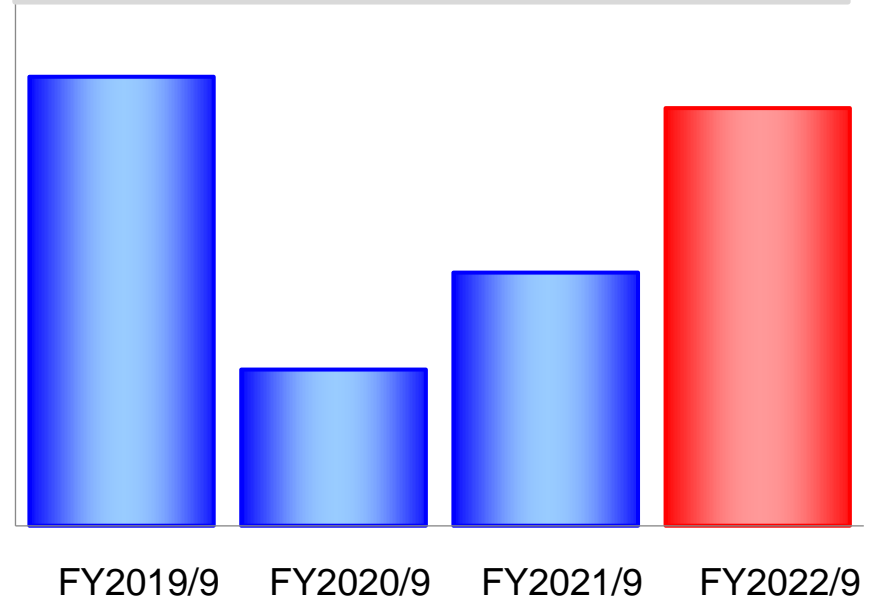
**Asset-related transactions were active, and profit increased 16% from the previous year**

# Fringe Benefits Business

Discount amount paid by the Company



Members newly subscribed to our services



**Orders were strong, but the increase in the number of people using the service led to increase in costs, which resulted in a similar profit result compared to the previous year**

# Summary of 1H FY2023/3

(Rounded down to the nearest million yen)

	<b>Actual FY2022/9</b>	<b>Actual FY2021/9</b>	<b>YoY</b>
Leased Corporate Housing Management Business	<b>3,106</b>	<b>2,499</b>	<b>+24.3%</b>
Residential Property Management Business	<b>3,379</b>	<b>2,915</b>	<b>+15.9%</b>
Relocation Support Business	<b>1,376</b>	<b>839</b>	<b>+64.0%</b>
Fringe Benefits Business	<b>4,742</b>	<b>4,712</b>	<b>+0.6%</b>
Tourism Business	<b>1,553</b>	<b>187</b>	<b>+727.0%</b>
Consolidated operating profit	<b>12,408</b>	<b>9,240</b>	<b>+34.3%</b>

# The New Third Olympic Plan

## <Demand side: Post-Covid-19 issues>

Aging population and declining birthrate

Japan's massive debt

Labor shortage

Increasing productivity

Remote work

Revising working style

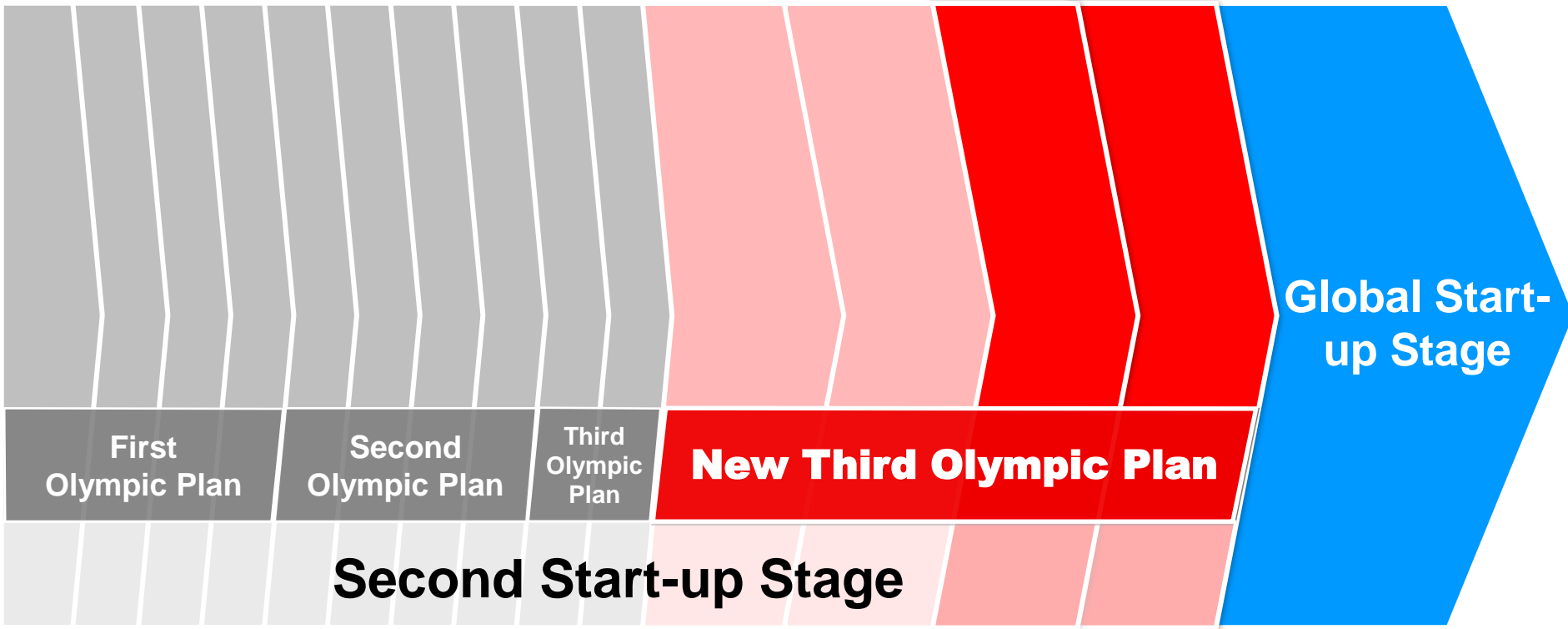


**Outsource of Non-core Functions will increase**

**Outsourcing will accelerate due to labor shortages**

# The New Third Olympic Plan

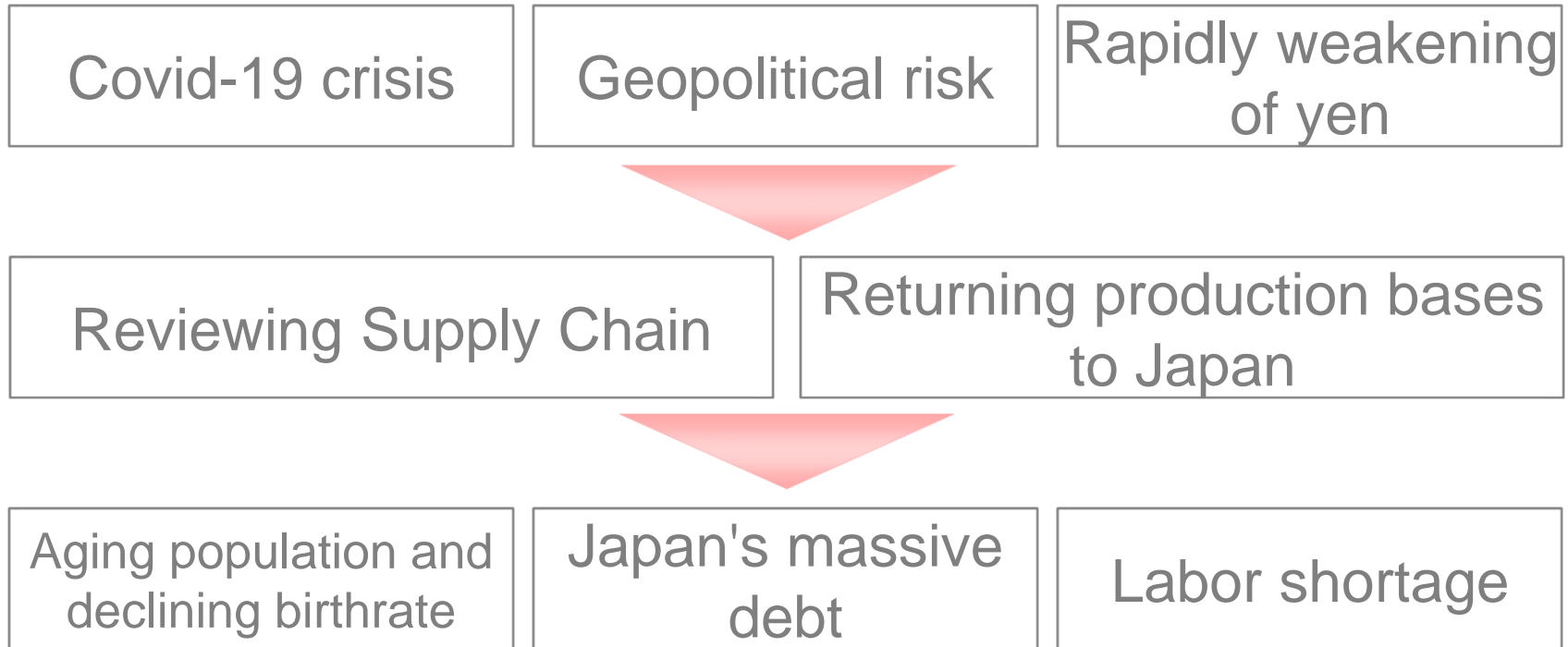
**FY2022/3 ~ FY2025/3**



**In the second half of the mid-term plan, a rebound in business travel and people's movements are likely to occur**

# The New Third Olympic Plan

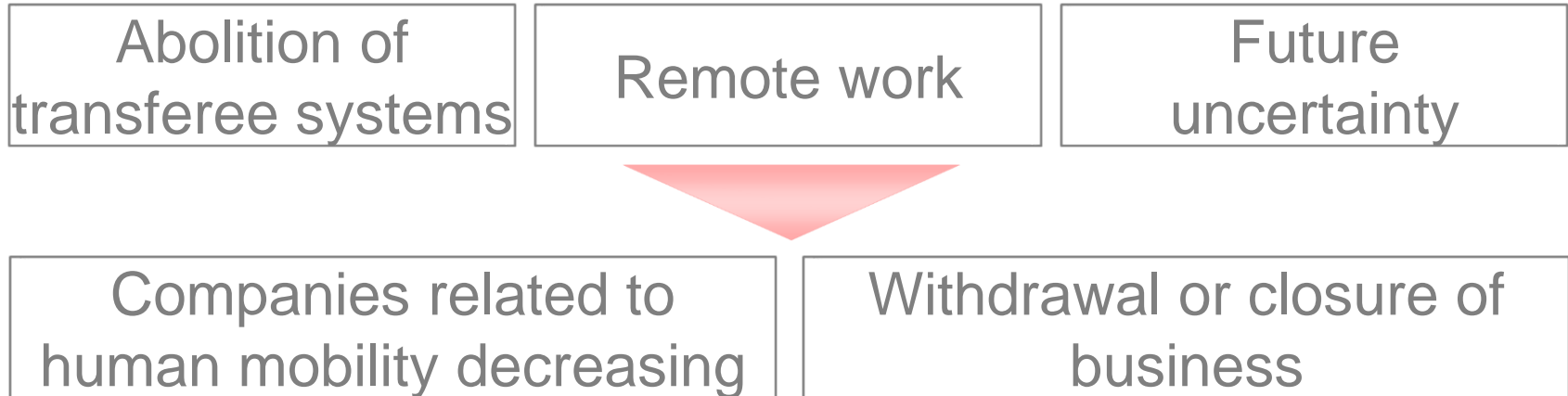
## < Post-Covid-19 >



**Accepting workers from abroad will certainly increase**

# The New Third Olympic Plan

## <Supply side: After COVID-19>



# The New Third Olympic Plan

## - Relo Group's Theme -

**Becoming a company that  
can solve any kinds of  
human mobility problems**

**Started the challenge to become a  
global relocation company**



# The New Third Olympic Plan

## - Relo Group's Theme -

**Becoming a company that  
can solve any kind of human  
mobility problems**

**Supporting overseas relocation** for Japanese workers

Supporting companies startups **overseas**

# The New Third Olympic Plan

## <Issues in Japan>

**For the upcoming movement of people that will occur in the era of regional development and decentralization**

**Corporate Housing Management** to support the movement of people and

**Residential Property Management** to support it

# The New Third Olympic Plan

## <Issues in Japan>

Aging population and declining birthrate

Japan's massive debt

Labor shortage

**Accepting workers from abroad  
will certainly increase**

Working to improve inbound

**inbound support functions**

# The New Third Olympic Plan

## <Issues in Japan>

Aging population and declining birthrate

Japan's massive debt

Labor shortage



Providing **Fringe Benefit Agency Services**

**This could be the infrastructure for people to join the company**

# The New Third Olympic Plan

## <Issues in Japan>

Aging population and declining birthrate

Japan's massive debt

Labor shortage

**Tourism business**

with aspirations to revitalize rural areas

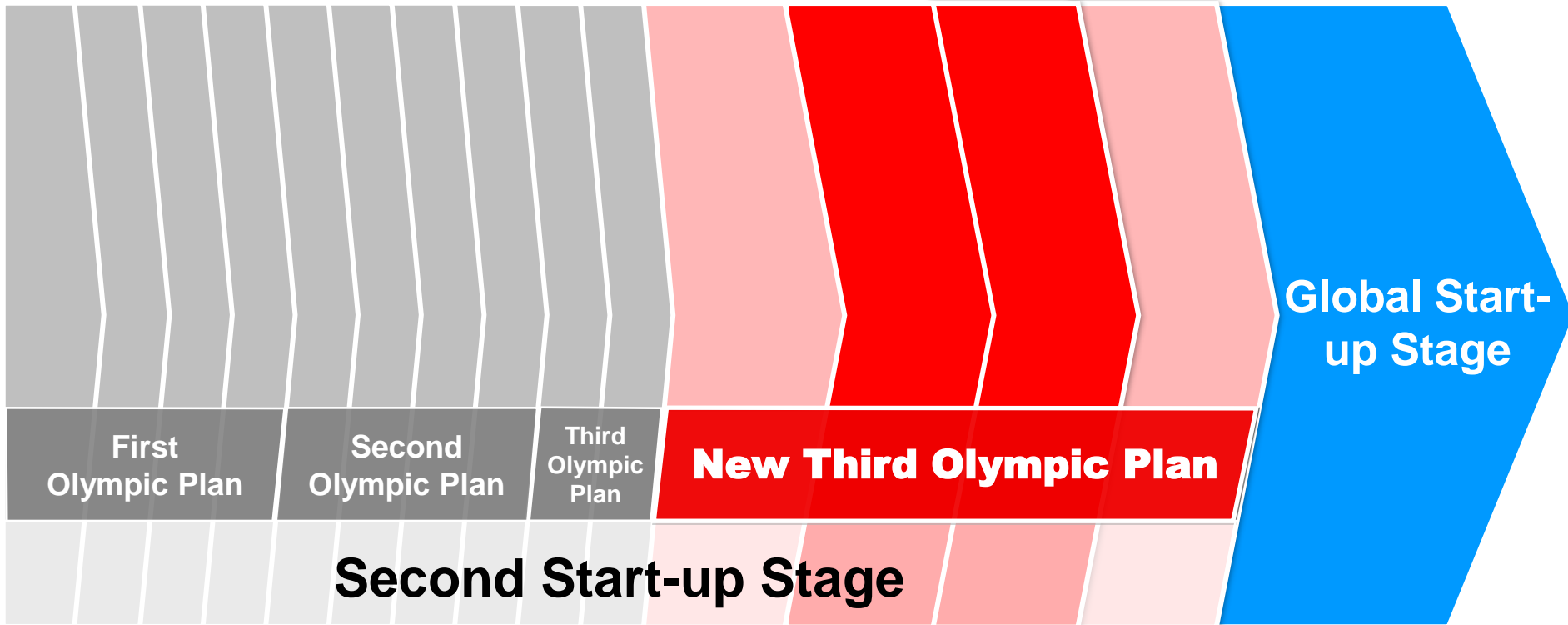
Linking customer-attracting functions using the

**Fringe Benefit Agency Services**

**Become an indispensable company in Japan for issues that will arise in Japan's future**

# The New Third Olympic Plan

**FY2022/3 ~ FY2025/3**



**Prioritize the improvement of basic corporate strength**

**to capture the rebound in human mobility**

# The New Third Olympic Plan

**Until FY2024/3  
Build basic  
corporate  
strength first**

**FY2025/3 Plan**

**PBT**

**35.5bn**



# The New Third Olympic Plan

**PBT**

**FY2023/3 Plan**

**23.5bn**

**Aiming for upside while prioritizing investment**





# The New Third Olympic Plan

## <Scenarios for Success>

**1**

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

**2**

Profit contribution from M&A

**3**

Building a foundation for global expansion  
and profit contribution

**4**

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

2

Profit contribution from M&A

3

Building a foundation for global expansion  
and profit contribution

4

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

### ① Article 2 of the principles in Practice

**“We shall provide the best possible services to our customers”**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

② Strengthen collaboration and cross-selling between each business

**Strengthen recurring revenues in each business**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

### ③ Promoting systemization and digitalization

**Strengthen the stock of each business by digitalization**

**Execute investments that solve new issues by forming the “Mirai-Sozo Fund”**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

- ① Putting Article 2 of the principles into practice
- ② Strengthening collaboration and cross-selling between each business
- ③ Promoting systemization and digitalization

**The first half of the new third OP plan is a period to prepare for rebound after Covid-19**

# The New Third Olympic Plan

## <Scenarios for Success>

### ① Putting Article 2 of the principles into Practice

**BtoC**

**Enhancing review ratings**

(Residential Property Management and Tourism)

**BtoB**

**Functional improvement of  
smartphone applications**

**Provide service usage data to  
client companies**

⇒ **Working to increase the convenience of  
client companies**

# The New Third Olympic Plan

## <Scenarios for Success>

### ② Strengthen collaboration and cross-selling between each business

**Leased Corporate  
Housing Management**



**Fringe Benefits**



**Relocation Support**

**Assigning a Corporate Officer to promote  
cross-selling between businesses**

**Increasing stock by strengthening  
cross-selling**

**The number of successful cross-selling cases have increased by  
27 companies over the past six months to a total of 400**



# The New Third Olympic Plan

## <Scenarios for Success>

### ③ Promoting systemization and digitalization

**Relocation  
Support Business**

**Consulting to review transferee regulations •  
Developing management tools**

**Developed a tool to create salary  
determination notices for transferees**

**Received positive responses from large companies  
and companies with many expatriate workers**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

2

Profit contribution from M&A

3

Building a foundation for global expansion  
and profit contribution

4

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Scenarios for Success>

**2**

**Profit contribution from M&A**

**Looking forward to the end of Covid-19, M&A deals for residential property management companies are becoming more active**

**Promoting business succession and M&A**

**Plans to contribute to the company from the residential property management business, where a common foundation has been completed**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

2

Profit contribution from M&A

3

Building a foundation for global expansion  
and profit contribution

4

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Scenarios for Success>

**3**

Building a foundation for global expansion and profit contribution

# BGRS × SIRVA

**Building a Foundation for Global Expansion under New Structure**

**Aiming for profit contribution**

# The New Third Olympic Plan

## <Scenarios for Success>

1

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

2

Profit contribution from M&A

3

Building a foundation for global expansion  
and contributing to profits

4

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Scenarios for Success>

4

Investing overseas reflux funds to core domestic businesses

# BGRS × SIRVA

Funds invested to global businesses have returned to Japan

Used to invest in core domestic businesses

**Approximately 20 billion yen of the invested funds has been collected**

# The New Third Olympic Plan

## < Scenarios for Success >

### < Demand side >

Aging population and declining birthrate

Japan's massive debt

Labor shortage

### < Supply side >

Companies related to human mobility decreasing

Withdrawal or closure of business

**Increase in Outsourcing Non-core Functions**



# The New Third Olympic Plan

## <Scenarios for Success>

**1**

Improvement of basic corporate strength  
(Building a Foundation for Long-Term Prosperity)

**2**

Profit contribution from M&A

**3**

Building a foundation for global expansion  
and profit contribution

**4**

Investing overseas reflux funds to core  
domestic businesses

# The New Third Olympic Plan

## <Business-by-business approach>

1

Businesses related to the movement of people drove the Relo Group's performance

Leased Corporate Housing  
Management Business

Residential Property  
Management Business

Relocation Support  
Business

Tourism Business

2

Making investments upfront in Fringe Benefit Business

**Creating a growth curve to contribute to the 58th fiscal year and after**

# The New Third Olympic Plan

## <Business-by-business approach>

**1**

Businesses related to the movement of people drove the Relo Group's performance

Leased Corporate Housing Management Business

Residential Property Management Business

Relocation Support Business

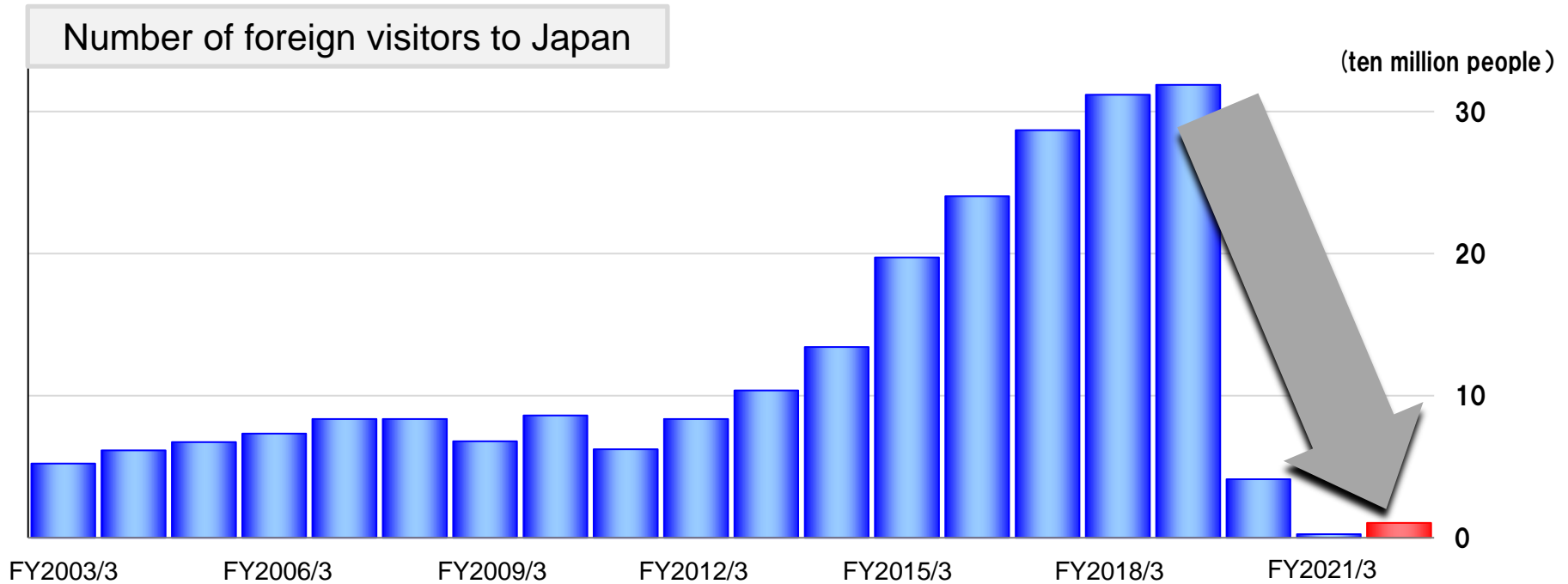
Tourism Business

**2**

Make upfront investments in Fringe Benefit Business

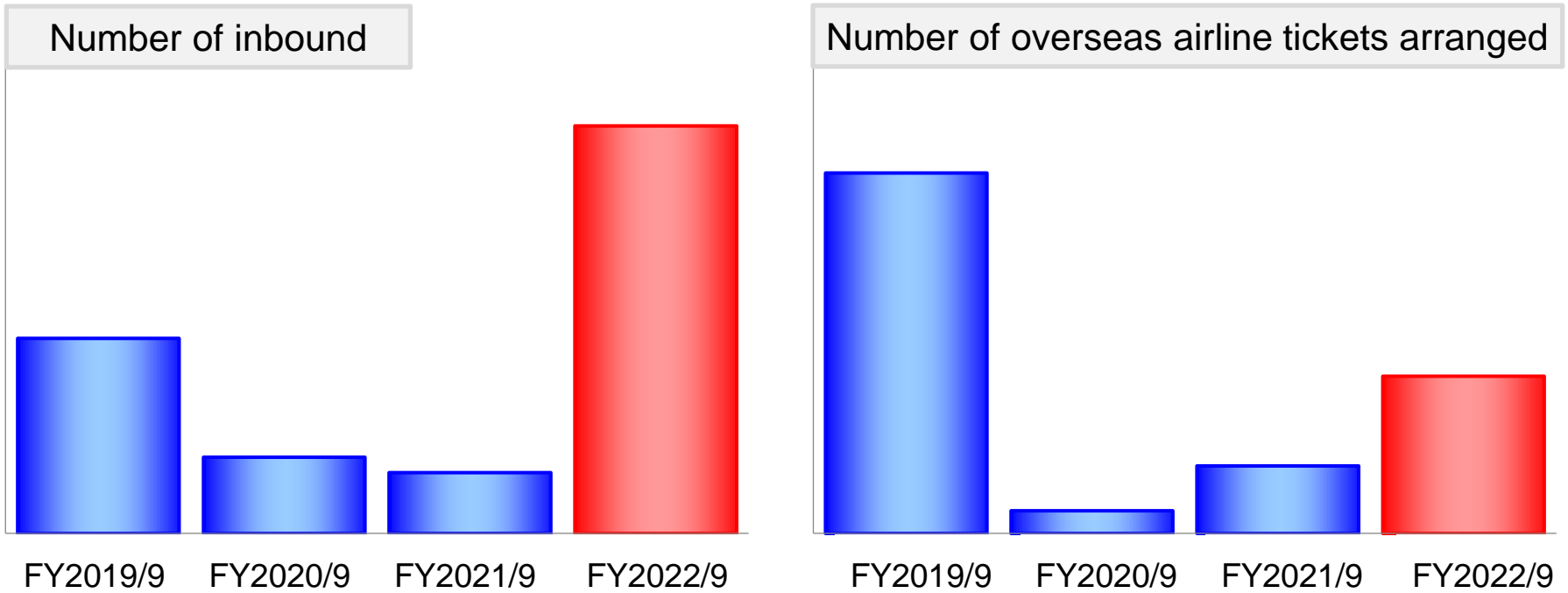
**To contribute to the 58th fiscal year and create a growth curve thereafter**

# Tourism Business



Covid-19 caused a decrease in the number of foreign visitors to Japan, with a negative impact of about 150 million yen in the first half of this year

# Relocation Support Business



Restrictions to overseas business trips and return trips had a negative impact of about 200 million yen in the first half of the year

# The New Third Olympic Plan

**<2.5 years after COVID-19>**

**Business Travel  
Management  
Companies**

**Inbound Relocation  
Support Company**

**Companies operating  
in the tourism  
business**

**Withdrawal or  
closure of business**

**Repayment of loans**

**New contracts are in progress for relocation support business and tourism business**

# Leased Corporate Housing Management Business

# Established No.1 market share position



**In the future, there will be a confluence of  
further systematization trends**

# Leased Corporate Housing Management Business

**Movement of people is back**

**The number of units under new contracts were the highest last year**

**Still 80~90% compared to before COVID-19**

**Underutilized managed properties**

**If the market returns to pre-COVID-19 levels, we expect contribution of approximately 300 million yen in the first half of the year**



# Residential Property Management Business

Unachieved improvement of basic business strength

Real estate rental brokerage activity is weak in the largest market, Tokyo area

Demand has not returned for students, restaurant industry employees

**Has the ability to earn an additional 150 million yen if the movement of people is normal**

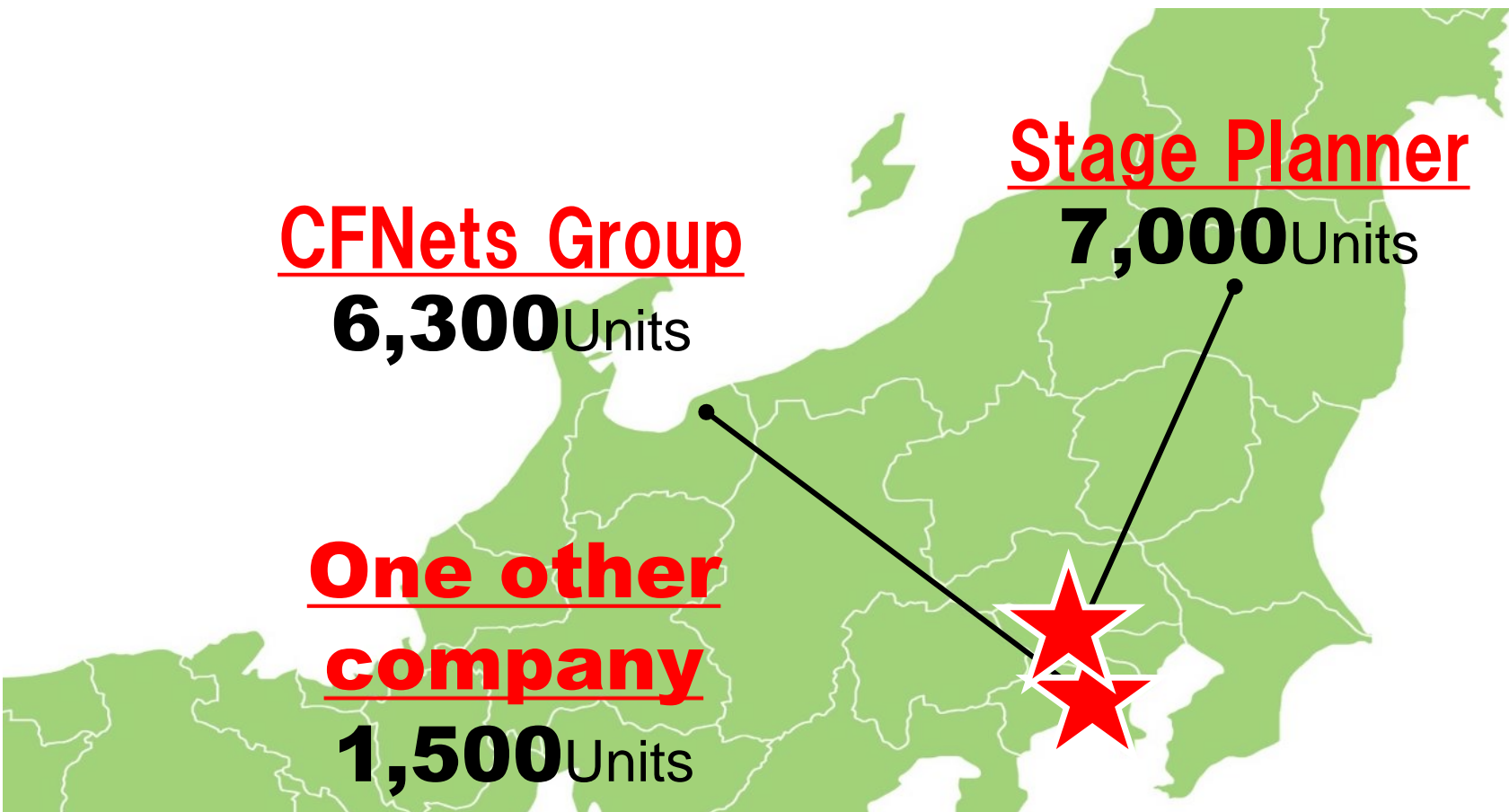
# Residential Property Management Business

**Transfers are beginning to resume, and movements for personal reasons are also expected to resume**

Execute the core strategy of "doubling the number of units under management"

Real Estate Rental Brokerage Unit prepares for future recovery in demand while putting into practice Article 2 of the principles

# Residential Property Management Business



**Aiming to improve basic business strength by sharing strengths, know-how, etc**

\*Residential Property management company that joined the group in the fiscal year ended March 31, 2023

# The New Third Olympic Plan

## <Business-by-business approach>

**1**

Businesses related to the movement of people drove the Relo Group's performance

Leased Corporate Housing Management Business

Residential Property Management Business

Relocation Support Business

Tourism Business

**2**

Make upfront investments in Fringe Benefit Business

**To contribute to the 58th fiscal year and create a growth curve thereafter**

# The New Third Olympic Plan

## <Business-by-business approach>

1

Businesses related to the movement of people drove the Relo Group's performance

Leased Corporate Housing  
Management Business

Residential Property  
Management Business

Relocation Support  
Business

Tourism Business

2

Make upfront investments in Fringe Benefit  
Business

**To contribute to the 58th fiscal year  
and create a growth curve thereafter**

# Fringe Benefits Business

**Successfully completed the new 3rd OP plan and aiming No.1 in the 4th OP plan**



**Create a new growth curve by leveraging refunding funds**

# Fringe Benefits Business

## <Fringe Benefit Agency Services>

**Service necessity was weak, and churns occurred**

**Most churns occurred in small and midsize companies, which is our strength**

**Few churns from large companies since they have established fringe benefits as a right of their employees**

**Club-off and advertising services will lead to churns if they do not help attract customers**

**COVID-19**

# Fringe Benefits Business

**Becoming a service that is necessary for small and midsize companies**

**Review Contents**

**Putting Article 2 of the principles into Practice**

Orders for employee benefit services have been very strong

In both the club-off and membership businesses, new orders are being received as clients resume advertising activities



# The New Third Olympic Plan

## <Business-by-business approach>

1

Businesses related to the movement of people drove the Relo Group's performance

Leased Corporate Housing  
Management Business

Residential Property  
Management Business

Relocation Support  
Business

Tourism Business

2

Make upfront investments in Fringe Benefit  
Business

**To contribute to the 58th fiscal year  
and create a growth curve thereafter**

# The New Third Olympic Plan

<Scenarios for Success>

**BGRS × SIRVA**

**Building a Foundation for Global  
Expansion under a New Structure**

**Aiming for profit contribution**

# The New Third Olympic Plan



August: SIRVA UNIVERSITY held



September: A visit by our executives to SIRVA's office in Chicago

**Elucidating SIRVA Group's business**

# The New Third Olympic Plan

## <Scenarios for Success>

# BGRS × SIRVA

1

We will determine if this is a cornerstone of our global expansion

2

Relationships and continuity with global companies

3

Effectiveness of Business Portfolio

# The Second "Start-Up" Period

## <Roots of Relo Group>

**About 30 years ago, there were major problems in managing owner-occupied homes for transferees**



**Japanese employees were worried about transferring**



**It was a difficult challenge, but we were determined to solve it!!**

# The Second "Start-Up" Period

## <Roots of Relo Group>

**Becoming a company  
that provides  
comprehensive lifestyle  
support services in a  
global scale**



# The Second "Start-Up" Period

## <Roots of Relo Group>

Created **Fringe Benefit Agency Services**

where there wasn't even a market

Entering the market with

company housing management services

using the sublease scheme

**Leased Corporate Housing Management services**

**Relocation Support Services**

**Overseas Local Services**

etc

**We have developed and grown with our  
problem-solving services**

# The Second "Start-Up" Period

## Global Strategic

- Development of services for Japanese transferees alone is too small for a foundation to global expansion
- Difficult to maintain and continue local services except the U.S. by only developing services for Japanese transferees
- Cannot achieve the mission and world No. 1 by BGRS alone
- Attempting to invest in benefits and recognition relationships overseas, but necessity is weak, and fragile for foundation



# The Second "Start-Up" Period

**Global Strategic**

# BGRS × SIRVA

**If successful,**

**the No. 1 company that can support any kinds of issues related to human mobility will develop**

# The Second "Start-Up" Period

**Global Strategic**

# BGRS × SIRVA

At this stage, we cannot provide evidence on measuring the effectiveness and risk of the investment, but it is definitely a very difficult task

# The Second "Start-Up" Period

**Global Strategic**

# BGRS × SIRVA

**No.1 Global  
relocation company**

**On the other hand, it is also true that we have  
climbed to a position within reach**

# The Second "Start-Up" Period

## Global Strategic

# BGRS × SIRVA

In preparation for the determination that we can contribute to the realization of our mission and vision, we will promote the following

**1**

Increase CF and debt repayment ability

**2**

Proceed with the sale of real estate to increase cash reserves

# The Second "Start-Up" Period

## Toward Mission Fulfillment and Long-Term Prosperity

- ① Building a foundation for global expansion
- ② Conceptualize a strategy to become the No. 1 global relocation company

# Contact

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**E-Mail: [ir@relo.jp](mailto:ir@relo.jp)**

**URL: <http://www.relo.jp/>**

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