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For Immediate Release

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Notice Concerning Posting of Extraordinary Loss (Impairment Loss) and Differences Between Full-Year Earnings Forecasts and Actual Results

Relo Group, Inc. (“the Company”) hereby announces that it has decided to recognize an extraordinary loss (impairment loss) for the fiscal year ended March 31, 2020. In addition, the Company announces that there are differences between the earnings forecasts announced on May 14, 2019 and the actual results announced today for the fiscal year ended March 31, 2020. Details are as follows.

1. Differences between the consolidated earnings forecasts and the actual results for the fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

	Net Sales	Profit Before Income Taxes	Net Income Attributable to Owners of Parent	Net Income per Share
Previously announced estimate (A) (Announced on May 14, 2019)	Millions of yen 280,000	Millions of yen 22,500	Millions of yen 14,100	Yen 93.50
Actual results (B)	313,019	11,235	3,818	25.35
Change (B-A)	33,019	(11,264)	(10,281)	
Rate of change (%)	11.8	(50.1)	(72.9)	
(Ref.) Results for previous fiscal year (Fiscal year ended March 31, 2019)	250,864	19,076	13,005	87.20

2. Extraordinary loss (impairment loss) and reason for the differences

In the fiscal year ended March 31, 2020, each of the Company’s Group businesses performed strongly, attributable to favorable stock-base expansion for core businesses, including increases in the numbers of managed units in the leased corporate housing management business, the property management business and increased number of members for the fringe benefit agency service, in addition to steady growth of the peripheral businesses, such as hotel operation and real estate brokerage. Consequently, recurring profit increased to achieve record high levels for 11 consecutive fiscal years. Mainly as a result of the consolidation of BGRS Limited and Ekimae Real Estate Hldgs Co., Ltd., net sales exceeded the forecast made at the beginning of the fiscal year under review to record increases for 20 consecutive fiscal years.

However, the impact from the spread of COVID-19, among other factors, has caused a global economic downturn and movement restrictions for people. Under these circumstances, the Company has reviewed its future business plan by conservatively considering the potential of BGRS Limited for revenue generation in the future and so forth. It reduced the book value of goodwill to the recoverable value and decided to recognize the decreased amount as an impairment loss under extraordinary loss. As an impairment loss of 9,504 million yen was posted due to this change, profit before income taxes and net income attributable to owners of parent were below the forecasts made at the beginning of the fiscal year under review.

With regard to the distribution of retained earnings, the Company decided to pay a dividend of 29 yen per share to achieve dividend increases for 17 consecutive fiscal years, as announced in the “Notice of Distribution of Retained Earnings,” on May 22, 2020.