



May 13, 2021

For Immediate Release

Company name: Relo Group, Inc.
Representative: Kenichi Nakamura
President & Representative Director
(Code: 8876, First Section of TSE)
Contact: Yasushi Kadota
Senior Managing Director
(Tel: +81-3-5312-8704)

Notice of Medium-Term Management Plan, the "New Third Olympic Plan"

Relo Group, Inc. (the Group) hereby announces that a meeting of its Board of Directors held on May 13, 2021 passed a resolution on the New Third Olympic Plan, a medium-term management plan whose final fiscal year is FY2025/3, as announced in the "Notice of Extension of the Medium-Term Management Plan, the 'Third Olympic Plan'" dated November 12, 2020. Details are as follows.

1. Results Targets

Results Targets under the New Third Olympic Plan

(Billions of yen)

	Results		Targets			Final Fiscal Year
	53rd FY2020/3	54th FY2021/3	55th March 2022	56th March 2023	57th FY2024/3	58th FY2025/3
Sales	313.0	333.6	350.0	370.0	390.0	410.0
Profit before income taxes	11.2	15.7	19.0	24.0	29.0	35.5

2. Reason for Revision

Under the Third Olympic Plan, the medium-term management plan announced on May 23, 2019, the Group set sales of 370.0 billion yen and profit before income taxes of 35.5 billion yen as its results targets for FY2023/3. The Group's missions are to "act as a solutions provider in the field of corporate fringe benefit, providing client companies with support in their non-core operations so that they can concentrate on their core operations in global competition," and "support the global expansion of Japanese companies so that they can perform to their full potential," thereby becoming indispensable in Japan's future major changes. To achieve these missions, the Group has been strengthening its domestic businesses further, aiming to achieve the absolute number one position in terms of domestic market share. At the same time, the Group has been building the foundation for reaching the global market.

On the other hand, the COVID-19 pandemic has had profound implications for economic activities all over the world, leaving the future uncertain. At present, the movement of people across borders is restricted, and there are delays in new sales activities, affecting the Group's initial plan.

In light of these circumstances, in November 2020, the Group decided to extend the period of the medium-term management plan, the Third Olympic Plan, so that it will end in FY2025/3 instead of FY2023/3. The Group has revised the results targets for the final fiscal year to sales at 410.0 billion yen and profit before income taxes at 35.5 billion yen. The Group will take on challenges to achieve these targets.

3. Initiatives under the New Third Olympic Plan

The Group has labeled the 24-year period from FY 2012/3 its Second Start-Up Period. It has achieved its targets under four-year medium-term management plans, the First Olympic Plan and the Second Olympic Plan. The previous fiscal year, which was the second year of the Third Olympic Plan, saw the outbreak of the pandemic, said to be the greatest challenge of the 21st century to date. Thus, the future remained uncertain in various aspects during the fiscal year.

Under these conditions, the Group was affected by the halt in domestic and overseas job transfers attributed to the restrictions on the movement of people. Its Tourism Business also faced significant repercussions. On the other hand, demand for outsourcing services increased among Japanese companies, mainly reflecting the restrictions on commuting. As a result, the Group's Leased Corporate Housing Management Business and Global Relocation Support Business both achieved record highs in terms of the number of new contracts.

In addition, the Group achieved year-on-year growth in the Fringe Benefit Business and the Residential Property Management Business, thereby securing cash flows of nearly 80% of those of normal times.

On the other hand, the upheaval has made the Group painfully aware of the necessity of a long-term strategy.

Under the New Third Olympic Plan, the Group will take steps to strengthen its financial foundation, so that it can continue to take on challenges in the event of the crises that it expects to face again and again in the future, in addition to strengthening the subscription-based business as the source of the Group's fundamental strength. And the Group has determined, once again, to enhance its services for customers, which lie ahead of the subscription-based model, and attempt to achieve the absolute number one position in each business.

In addition, while the Group will also promote the systematization and digitalization of all of its businesses, in an effort to achieve not only profit targets but also its missions and vision from a longer-term perspective.

The initiatives for each business are as follows.

<Leased Corporate Housing Management Business>

During the ten years since the launch of the First Olympic Plan in April 2011, the number of units under management in the Leased Corporate Housing Management Business more than tripled, to 200,000 units. In addition, the number of contracts in the Leased Corporate Housing Management Business was at a record high in FY2021/3. Thus, the Group is moving ahead steadily toward the absolute number one position in terms of domestic market share.

Under the New Third Olympic Plan, the Group will continue to increase the number of corporate housing units and vacant house properties under management, thereby reinforcing the foundation of its subscription-based model. At the same time, the Group will finalize a new system and begin full-scale operation, thereby improving profitability with more efficient operations and increasing the usability of Relo Net.

This business is expected to achieve operating profit of 9.0 billion yen in the fiscal year ending March 31, 2025.

<Residential Property Management Business>

In the Residential Property Management Business, the Group began to expand the business to all seven regions in Japan in 2013 to provide a solution to the problem of business succession, an issues that is currently being faced

by the rental real estate management industry. This initiative has been supported by a large number of rental management companies. More than 40 such companies have joined the Group, and the number of rental real estate properties under management has reached approx. 100,000. The Group has established Relo Partners, Ltd. as an intermediate holding company and has launched the brand *Relo no Chintai*. Thus, the Group strives to improve customer satisfaction by having leasing management companies share their expertise and cooperate in service provision, and to create business synergy.

Under the New Third Olympic Plan, the Group will continue to increase the number of rental real estate properties under management in order to solve the problem of business succession, aiming to achieve its vision of becoming Japan's largest residential rental management institution.

This business is expected to generate operating profit of 9.5 billion yen in the fiscal year ending March 31, 2025.

<Global Relocation Support Business>

In 2020, the COVID-19 pandemic has had a profound impact on economic activities all over the world, and the movement of people across borders has continued to be restricted. Despite these conditions, there has been substantial need for the Group's Global Relocation Support Business. This has made the Group reaffirm that the Japanese corporate policy of sending human resources to other countries has remained unchanged, and the services of supporting overseas relocations and services provided locally at overseas locations are essential.

Under the New Third Olympic Plan, the Group will focus its efforts on shifting to a subscription-based profit model and automating operations through system investment, among other initiatives. The Group will also strengthen links between the services of supporting overseas relocations and services provided locally at overseas locations, thereby enhancing those services related to transfers between Japan and other countries. In addition, the Group will link this business with the Global Strategic Business, so as to support the global expansion of Japanese companies as the only entity in Japan that can handle transfers of people on a global scale.

This business is expected to achieve operating profit of 2.4 billion yen in the fiscal year ending March 31, 2025.

<Fringe Benefit Business>

Japan has seen unprecedented changes in the working population and work environment, such as the population decline attributed to the declining birthrate and aging of society and the need to balance work with childcare or nursing care. Accordingly, in its Fringe Benefit Business, the Group has been tackling a range of problems on fringe benefits by providing companies and their employees with services needed in society, such as support for childcare and nursing care, promotion of good health, and mental healthcare services, under the founding mission of "bridging the gap in fringe benefits between major enterprises and middle-ranked companies/SMEs," and in recent years, under the slogan of "bridging the gap in fringe benefits between businesses in the Tokyo area and those in provincial areas."

Under the New Third Olympic Plan, the Group will develop and provide content that supports communication between employees, apps for managing the health promotion of employees, among other offerings, by viewing them as new tasks generated from workstyle reforms and work arrangements such as teleworking. Thus, the Group will further strengthen its sales activities targeting leading medium-sized firms, SMEs, and businesses in regional areas, aiming to increase the number of members and the number of contracted companies.

Further, because companies are stepping up their efforts to retain customers, the Group will remain proactive in CRM operations, including the establishment of a membership organization of customers based on nationwide service infrastructure that was developed through the Fringe Benefit Business, the planning and production of websites for providing information and apps, and the creation of communication media, as well as in enhancing on-site services available 24 hours a day.

This business is anticipated to generate an operating profit of 14.5 billion yen in the fiscal year ending March 31, 2025.

<Global Strategic Business>

In the Global Strategic Business, the Group has experienced major challenges over the past year. The Group has been preparing to start fighting back, such as advancing some of its initiatives for streamlining through systematization, with a focus on BGRS. This year, vaccinations began in developed countries, and restrictions on domestic travel have been eased in North America and Europe, among other regions. Thus, signs of a recovery in demand have begun to emerge.

Under the New Third Olympic Plan, the Group will focus its efforts on shifting to a subscription-based profit model and automating operations through system investment, among other initiatives, as it will in other businesses. In addition, the Group will establish a customer support system in Europe, Asia, and other regions, not to mention North America, to support the global expansion of Japanese companies and global enterprises. Thus, the Group will strive to achieve its vision of becoming a top global relocation company.

This business is expected to earn operating profit of 1.6 billion yen in the fiscal year ending March 31, 2025.

<Tourism Business>

In the Tourism Business, the Group works to rehabilitate corporate resort housing, as well as medium and small hotels and Japanese-style inns, by capitalizing on its member base in the Fringe Benefit Business and its expertise in managing the timeshare resorts business. In 2020, the business was greatly affected by the COVID-19 pandemic, with some of the Group's facilities being forced to shut down. However, the Group was able to post an operating profit by taking advantage of its capability of referring customers to the facilities.

Under these conditions, middle-ranked hotels and medium- and small-sized hotels in regional areas face the problem of business succession and other issues, similar to those confronting rental management companies. In quite a few cases they are even forced to discontinue business due to COVID-19.

Under the New Third Olympic Plan, the Group has made it a mission to harness its track record and *revitalize local regions through tourism*. The Group will continue to promote business with a focus on supporting the operation of middle-ranked hotels and medium- and small-sized hotels in regional areas.

This business is expected to achieve operating profit of 2.0 billion yen in the fiscal year ending March 31, 2025.

4. Profit Distribution to Shareholders

The Group understands that profit distribution to shareholders is one of its key management issues. It has a basic policy of paying dividends that are linked with its consolidated results, with a payout ratio target of approximately 30%. The Group will also work to consistently improve its business performance by capitalizing on the strengths of subscription-based business.

The Group will remain committed to taking steps to continually increase corporate value while maintaining a balance between investments for future growth and shareholder returns.