Translation

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Summary of Consolidated Financial Results for the Six Months Ended July 31, 2020 (Based on Japanese GAAP)

September 8, 2020

Company name: Casa Inc.
Stock exchange listing: Tokyo
Stock code: 7196 URL https://www.casa-inc.co.jp
Representative: President Seigo Miyaji
Inquiries: Director, Administration Department Yusuke Takasugi TEL 03-5339-1143
Scheduled date to file Quarterly Securities Report: September 8, 2020
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended July 31, 2020 (from February 1, 2020 to July 31, 2020)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2020	5,021	8.2	368	(48.1)	398	(45.7)	231	(50.2)
Six months ended July 31, 2019	4,642	–	711	–	733	–	464	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended July 31, 2020	22.87	21.55
Six months ended July 31, 2019	45.24	42.42

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2020	13,112	6,408	48.9
As of January 31, 2020	12,671	6,610	52.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended January 31, 2020	–	0.00	–	28.00	28.00
Year ending January 31, 2021	–	0.00			
Year ending January 31, 2021 (Forecast)			–	30.00	30.00

3. Forecast of consolidated financial results for the year ending January 31, 2021 (from February 1, 2020 to January 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,446	10.7	1,634	7.3	1,679	6.5	1,012	9.2	99.27

4. Notes

(1) Changes in significant subsidiaries during the six months ended July 31, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2020	11,072,000 shares	As of January 31, 2020	11,072,000 shares

Number of treasury shares at the end of the period

As of July 31, 2020	947,446 shares	As of January 31, 2020	869,846 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2020	10,112,607 shares	Six months ended July 31, 2019	10,270,395 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of January 31, 2020	As of July 31, 2020
Assets		
Current assets		
Cash and deposits	2,824,905	2,979,917
Accounts receivable - trade	1,293,073	1,335,851
Right to reimbursement	3,117,737	3,647,227
Other	1,120,824	937,466
Allowance for doubtful accounts	(1,826,810)	(2,250,855)
Total current assets	6,529,729	6,649,606
Non-current assets		
Property, plant and equipment	54,302	53,478
Intangible assets		
Goodwill	3,579,313	3,448,362
Other	137,284	296,454
Total intangible assets	3,716,598	3,744,817
Investments and other assets		
Deferred tax assets	2,037,508	2,360,162
Other	333,147	304,044
Total investments and other assets	2,370,656	2,664,206
Total non-current assets	6,141,556	6,462,502
Total assets	12,671,286	13,112,109
Liabilities		
Current liabilities		
Income taxes payable	493,258	527,614
Provision for bonuses	128,896	126,605
Provision for loss on guarantees	114,690	120,369
Advances received	4,425,775	4,899,216
Other	892,965	1,024,936
Total current liabilities	6,055,587	6,698,741
Non-current liabilities		
Other	5,532	4,573
Total non-current liabilities	5,532	4,573
Total liabilities	6,061,119	6,703,315
Net assets		
Shareholders' equity		
Share capital	1,561,280	1,561,280
Capital surplus	1,561,280	1,561,280
Retained earnings	4,534,669	4,477,555
Treasury shares	(1,035,242)	(1,150,415)
Total shareholders' equity	6,621,988	6,449,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,089)	(42,932)
Total accumulated other comprehensive income	(14,089)	(42,932)
Share acquisition rights	2,268	2,024
Total net assets	6,610,167	6,408,793
Total liabilities and net assets	12,671,286	13,112,109

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Net sales	4,642,165	5,021,999
Cost of sales	1,621,696	2,130,157
Gross profit	3,020,469	2,891,841
Selling, general and administrative expenses	2,309,220	2,522,939
Operating profit	711,249	368,901
Non-operating income		
Interest income	54	19
Dividend income	339	402
Gain on bad debts recovered	19,967	22,720
Other	2,390	7,758
Total non-operating income	22,750	30,901
Non-operating expenses		
Commission expenses	809	1,418
Total non-operating expenses	809	1,418
Ordinary profit	733,190	398,384
Extraordinary income		
Gain on reversal of share acquisition rights	–	243
Total extraordinary income	–	243
Profit before income taxes	733,190	398,627
Income taxes - current	480,171	490,035
Income taxes - deferred	(211,627)	(322,653)
Total income taxes	268,543	167,382
Profit	464,646	231,245
Profit attributable to owners of parent	464,646	231,245

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Profit	464,646	231,245
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,637)	(28,842)
Total other comprehensive income	(15,637)	(28,842)
Comprehensive income	449,008	202,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	449,008	202,402

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Cash flows from operating activities		
Profit before income taxes	733,190	398,627
Depreciation	42,698	35,215
Amortization of goodwill	130,950	130,950
Increase (decrease) in provision for bonuses	(4,704)	(2,291)
Increase (decrease) in provision for loss on guarantees	–	5,678
Increase (decrease) in allowance for doubtful accounts	112,933	424,045
Interest and dividend income	(393)	(422)
Decrease (increase) in trade receivables	(97,537)	(42,777)
Decrease (increase) in right to reimbursement	(127,028)	(529,489)
Increase (decrease) in accounts payable - other	4,965	43,585
Decrease (increase) in accounts receivable - other	17,612	171,197
Increase (decrease) in advances received	518,433	473,441
Increase (decrease) in deposits received	78,757	93,608
Other, net	(1,317)	(102,736)
Subtotal	1,408,561	1,098,632
Interest received	51	357
Income taxes paid	(392,146)	(456,734)
Net cash provided by (used in) operating activities	1,016,465	642,255
Cash flows from investing activities		
Purchase of investment securities	(196,549)	–
Purchase of property, plant and equipment	(15,319)	(11,844)
Purchase of intangible assets	(35,956)	(184,649)
Payments for security deposit	(19,072)	(3,242)
Income of deposit and guarantee money paid	930	802
Other, net	666	516
Net cash provided by (used in) investing activities	(265,302)	(198,417)
Cash flows from financing activities		
Repayments of lease obligations	(7,670)	(2,770)
Purchase of treasury shares	(200,724)	(164,817)
Dividends paid	(270,606)	(285,582)
Other, net	–	(698)
Net cash provided by (used in) financing activities	(479,001)	(453,868)
Net increase (decrease) in cash and cash equivalents	272,162	(10,031)
Cash and cash equivalents at beginning of period	2,705,884	2,989,948
Cash and cash equivalents at end of period	2,978,046	2,979,917