



Summary of Consolidated Financial Results for the 3rd quarter period of the Fiscal Year ending January 2025 (Based on Japanese GAAP)

December 12, 2024

Company Name: Casa Inc.

Listed Exchange: Tokyo

Ticker Code 7196

URL <https://www.casa-inc.co.jp/>

Representative: (title) Representative Director & President (name) Seigo Miyaji

Contact person: (title) Executive Officer, Head of Management (name) Hyonsuk Natsukawa Administration Division TEL 03-5339-1143

Scheduled start date of dividend payment: -

Preparation of supplementary material for 3rd quarter financial results: Yes

Holding of 3rd quarter financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated 3rd quarter financial results for the interim period (from February 1, 2024, to October 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate change rate compared to the same 3rd quarter period of the previous fiscal year)

	Net sales		EBITDA※		Operating profit		Ordinary profit		Interim net income attributable to shareholders of parent company	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY million	%
3 rd quarter period of FY ending January 2025	9,050	8.4	602	△24.3	△95	—	121	△77.8	△364	—
3 rd quarter period of FY ended January 2024	8,352	8.8	796	△15.9	449	△26.6	546	△20.2	328	2.6

(note) Comprehensive income: 3rd quarter period of FY ending January 2025 JPY △365million (- %) 3rd quarter period of FY ended January 2024 JPY 270million (△7.1%)

	Quarterly profit per share	Quarterly profit per share after adjusting for dilution
3 rd quarter period of FY ending January 2025	JPY △36.13	JPY —
3 rd quarter period of FY ended January 2024	32.76	31.64

※ EBITDA = Operating profit + Depreciation, etc. + Goodwill amortization + Deferred consumption tax, etc. + Gain on recovery of depreciated debts

(Note) Diluted net income per share for the 3rd quarter period of FY ending January 2025 is not stated because it is a quarterly net loss per share although there are diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
3 rd quarter period of FY ending January 2025	14,669	6,515	44.4
FY ended January 2024	14,776	7,235	48.9

(Reference) Equity ratio 3rd quarter period of FY ending January 2025 JPY 6,513million FY ended January 2024 JPY 7,232million

2. Cash dividends

	Annual dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
FY ended January 2024	—	0.00	—	30.00	30.00
FY ending January 2025	—	0.00	—		
FY ending January 2025 (forecast)				30.00	30.00

(note) Revisions to the plan of dividend distribution announced most recently: No

3. Forecast of consolidated financial results for the fiscal year ending January 31, 2025 (from February 1, 2024, to January 31, 2025)
(Percentages indicate year-on-year change rate compared with FY ended January 2024)

	Net sales		EBITDA※		Operating profit		Ordinary profit		Net income attributable to shareholders of parent company		Net profit per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Full fiscal year	12,081	7.6	1,509	15.3	759	△3.5	935	△3.2	185	△69.4	18.23

(note) Revisions to the outlook for consolidated operating results announced most recently: No.

※ EBITDA=Operating profit+Depreciation, etc. + Goodwill amortization + Deferred consumption tax, etc. + Gain on recovery of depreciated debts

*Notes

(1) Significant changes in the scope of consolidation during the current quarterly period: Yes

New 1 company (name of companies) Profit Center Co., Ltd. Exclusion – companies (name of companies) –

(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

① Changes in accounting policies due to revisions to accounting standards and other regulations: No

② Changes in accounting policies due to other than above ①: No

③ Changes in accounting estimates: No

④ Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

① Total number of issued shares at the end of the fiscal year (including treasury shares)

② Number of treasury shares at the end of the period

③ Average number of shares during the period of fiscal year (quarterly cumulative total)

3 rd quarter period of FY ending January 2025	11,452,500 shares	FY ended January 2024	11,350,500 shares
3 rd quarter period of FY ending January 2025	1,386,324 shares	FY ended January 2024	1,294,824 shares
3 rd quarter period of FY ending January 2025	10,082,134 shares	3 rd quarter period of FY ended January 2024	10,018,285 shares

*Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: No

* Explanation regarding the appropriate use of earnings forecasts, other special notes

Statements regarding the future, such as business performance forecasts, contained in this material have been prepared based on information available as of the date of publication of this material, and results may differ due to various future factors. For matters related to business performance forecasts, please see “1. Qualitative information regarding current quarterly financial results (3) Explanation regarding future forecast information such as consolidated business performance forecasts” on page 2 of the attached materials.

○Table of Contents for attached materials

1. Qualitative information on 3 rd quarter consolidated financial statements.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	3
(3) Explanation regarding future forecast information such as consolidated business forecasts.....	3
2. Quarterly consolidated financial statements and key notes.....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statements of income and quarterly consolidated comprehensive income statements.....	5
Quarterly consolidated statement of income	
Period for consolidated quarterly period of nine months ended October 31, 2024.....	5
Quarterly consolidated statement of comprehensive income	
Period for consolidated quarterly period of nine months ended October 31, 2024.....	6
(3) Notes regarding quarterly consolidated financial statements.....	7
(Notes on going concern assumption).	7
(Notes on significant changes in the amount of shareholders' equity).....	7
(Notes regarding quarterly consolidated cash flow statement)....	7
(Notes on segment information, etc.)	7

1. Qualitative information on 3rd quarter consolidated financial statements

(1) Explanation of operating results

During the third quarter of the current consolidated cumulative period, Japan's economy has been recovering moderately due to improvements in the employment and income environment and the effects of various policies. On the other hand, we must continue to pay close attention to the risks of a downturn in the economy, such as the unstable world situation and the soaring prices of resources and raw materials due to the weak yen.

In the rental real estate market related to our group business, the number of new housings starts for rental housing from February 2024 to October 2024 was 264,222 units, a slight decrease of 0.6% from 265,709 units in the same period of the last year.

Rent guarantees have become established as the standard for rental contracts for residential properties, and their importance and needs continue to grow. In addition, as the number of bankruptcies is increasing due to the unstable business environment of companies and individual business owners, there is a tendency for property owners to use guarantee companies in response to concerns about the risk of nonpayment.

With the background of such business environment, our group aims to realize a “society where everyone can live with peace of mind” and provides solution services that address various issues in the real estate rental management market. In addition to rent guarantees, we provide supplementary services to deal with problems with tenants' equipment and troubles in the neighborhood.

Additionally, in order to expand our business, we made Profit Center Co., Ltd. (hereinafter referred to as “Profit Center”), a company that outsources call center operations, as a subsidiary in September 2024. Profit Center is a highly specialized professional call center that pursues various results desired by clients. By combining the know-how and technology of our group and profit centers, we will provide new value-added services for prospective tenants, real estate management companies, and self-managed landlords, and strive to increase corporate value of our company.

In the rent debt guarantee business during the third quarter of the current consolidated cumulative period, the number of new contracts was 105,684 (5.0% increase compared to the corresponding period of the previous fiscal year) due to full-scale operation of newly established sales offices, expanded use of existing agents, and acquisition of new agents. Out of the new contracts, rent guarantee service for residential properties totaled 98,333 (4.4% increase compared to the corresponding period of the previous fiscal year), and rent guarantee service for commercial properties increased to 7,351 (15.0% increase compared to the corresponding period of the previous fiscal year), both of which are expanding.

We are working to promote the use of our rent guarantee services for commercial properties among existing agents, and have achieved results by strengthening collaboration with specialist intermediary companies for commercial facilities, restaurants, etc. through our dedicated team.

In the self-managed property owner market, we provide a wide range of agency services that deal with tenants' issues on behalf of property owners, such as rent arrears, equipment troubles, and neighborhood troubles faced by owners of one building or large-scale owners of multiple properties. Furthermore, we are actively working on business alliances with the aim of increasing the efficiency of owners' operations, expanding tenant services, and increasing property value. As a result of these efforts, the number of users will reach 9,845 as of the end of October 2024, which is a steady growth of 26.5% compared to the end of the previous fiscal year.

Moreover, our company aims to “protect the future of children” through child support guarantees and is focusing on supporting single-parent families. In addition to holding seminars and networking events to provide a place for participants to interact and share information, we also disseminate information through media such as newspapers and television and work to popularize child support guarantees. In particular, it is a social issue that single mothers are in a weaker economic position as they rarely work as full-time employees while raising children. As part of this effort, we will enter into a partnership with Shonan Bellmare Futsal Club, and we will jointly build a support system to aid single mothers.

In terms of cost of sales, provisions for allowance for doubtful accounts amounted to JPY 2,575,364,000 (24.9% increase compared to the corresponding period of the previous year), and litigation and disposal costs amounted to JPY 891,844,000 (12.3% increase compared to the corresponding period of the previous year). Regarding receivables at an initial stage, we have increased the number of personnel to strengthen our auto-call system and strengthened SMS reminder communications, and as a result, the current receivable collection is showing an improvement trend. On the other hand, in order to prevent uncollected receivables for the period from February 2024 to July 2024, we have expedited legal procedures and shifted staff to dedicated personnel. In line with this response, litigation costs and reimbursement amounts have temporarily increased. Going forward, we will aim to reduce litigation costs and reimbursement amounts by establishing a new team dedicated to litigation and increasing personnel to shorten the litigation period.

Selling, general and administrative expenses were JPY 4,516,354,000 (13.2% increase compared to the corresponding period of the previous fiscal year) due to taxes and depreciation expenses associated with the operation of the new core system, and outsourcing expenses due to system investment in the DX system for rent guarantee.

In terms of non-operating income and expenses, as a result of strengthening our receivable collection system, we made progress in collecting lost receivables, and the gain on collection of written-off receivables was JPY 214,897,000 (144.8% increase compared to the corresponding period of the previous fiscal year).

Regarding extraordinary profits and losses, GoldKey Co., Ltd., a consolidated subsidiary of our Company, has reviewed its future sales structure and sales policy regarding tenant support apps, and as a result, it is expected that there will be a delay in the originally anticipated profit plan. Consequently, a goodwill impairment loss of JPY 364,766,000 was recorded as an extraordinary loss.

As a result, as for the current third quarter consolidated cumulative period, sales were JPY 9,050,870,000 (8.4% increase compared with the corresponding period of the previous fiscal year), EBITDA was JPY 602,522,000 (24.3% decrease compared with the corresponding period of the previous fiscal year), operating loss was JPY 95,959,000 (operating income was JPY 449,053,000 in the corresponding period of the previous fiscal year), ordinary income was JPY 121,334,000 (77.8% decrease compared with the corresponding period of the previous fiscal year), and quarterly net loss attributable to owners of the parent company was JPY 364,282,000 (compared to JPY 328,197,000 in net income attributable to owners of the parent company for the corresponding period of the previous fiscal year).

In the future, in order to reduce the increased amount of provision for doubtful accounts, we will classify receivables for recourse by period of occurrence and review and strengthen initiatives according to each period of occurrence. Through this, we will strive to reduce the financial burden.

*The only reportable segment of our group is the rent debt guarantee business, and other business segments are not listed separately as they are of little importance.

(2) Explanation of financial position.

(Assets)

Total assets at the end of the current third quarter consolidated accounting period were JPY 14,669,901,000, a decrease of JPY 106,985,000, compared to the end of the previous consolidated fiscal year.

Current assets increased by JPY 63,583,000 from the end of the previous fiscal year to JPY 7,708,614,000. This was mainly due to a decrease of JPY 461,037,000 in cash and deposits and an increase of JPY 652,695,000 in allowance for doubtful accounts, while increases of JPY 760,304,000 in reimbursement claims, JPY 225,382,000 in accounts receivable-other, and JPY 150,832,000 in accounts receivable and contract assets.

Non-current assets decreased by JPY 170,569,000 from the end of the previous fiscal year to JPY 6,961,286,000. This was mainly due to a decrease in goodwill of JPY 327,060,000 while deferred tax assets increased by JPY 331,410,000.

(Liabilities)

Total liabilities at the end of the current third quarter consolidated accounting period were JPY 8,154,046,000, an increase of JPY 612,368,000 compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in corporate taxes payable of JPY 233,432,000, but an increase in advances received of JPY 377,713,000.

(Net assets)

Total net assets at the end of the current third quarter consolidated accounting period were JPY 6,515,854,000, a decrease of JPY 719,354,000 compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of JPY 364,282,000 due to the posting of a quarterly net loss attributable to owners of the parent company, a decrease of JPY 301,670,000 due to dividends from surplus, and the acquisition of treasury stock of JPY 77,267,000.

(3) Explanation regarding future forecast information such as consolidated business forecasts

Our performance forecasts are based on currently available information, but due to changes in our receivables management system, we are reviewing the evaluation of the allowance for doubtful accounts related to receivables such as rent advances. There is a possibility that this review may affect our forecast. (Please refer to pages 7-8 of “Financial Results Explanation Material for the Third Quarter of the Fiscal Year Ending January 2025” published on December 12, 2024).

As this review is ongoing, the consolidated business forecast for the fiscal year ending January 2025 announced on September 12, 2024 remains unchanged. If it becomes necessary to revise the business results forecast, we will promptly disclose it.

2. Quarterly consolidated financial statements and key notes

(1) Interim consolidated balance sheet

(Unit: JPY thousand)

	Previous fiscal year (ended January 31, 2024)	Current 3 rd quarter cumulative accounting period (ended October 31, 2024)
Assets		
Current assets		
Cash and deposits	3,705,890	3,244,853
Accounts receivable and contract assets	1,520,958	1,671,790
Reimbursement claim	4,528,423	5,288,728
Account receivable - other	863,457	1,088,840
Other	194,750	235,546
Allowance for doubtful accounts	△3,168,449	△3,821,144
Total current assets	7,645,031	7,708,614
Non-current assets		
Tangible non-current assets	39,652	43,628
Intangible non-current assets		
Goodwill	2,917,123	2,590,062
Other	1,173,216	973,101
Total intangible non-current assets	4,090,339	3,563,164
Investments and other assets		
Deferred tax assets	2,618,285	2,949,695
Other	385,131	406,350
Allowance for doubtful accounts	△1,552	△1,552
Total investments and other assets	3,001,864	3,354,493
Total non-current assets	7,131,855	6,961,286
Total assets	14,776,887	14,669,901
Liabilities		
Current liabilities		
Accounts payable - trade	55,612	54,643
Current portion of long-term borrowings	21,140	21,404
Income tax payable	412,790	179,357
Advances received	5,166,808	5,544,522
Provision for bonuses	98,250	72,795
Provision for loss on guarantees	153,141	159,346
Other	1,462,297	1,960,150
Total current liabilities	7,370,039	7,992,220
Non-current liabilities		
Long-term borrowings	171,368	155,458
Other	270	6,368
Total non-current liabilities	171,638	161,826
Total liabilities	7,541,677	8,154,046
Net assets		
Shareholders' equity		
Share capital	1,602,887	1,615,764
Capital surplus	1,602,887	1,615,764
Retained earnings	5,455,994	4,790,041
Treasury shares	△1,439,275	△1,516,542
Total shareholders' equity	7,222,494	6,505,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,413	8,778
Total accumulated other comprehensive income	10,413	8,778
Share acquisition rights	2,302	2,048
Total net assets	7,235,209	6,515,854
Total liabilities and net assets	14,776,887	14,669,901

(2) Quarterly consolidated statements of income and quarterly consolidated comprehensive income statements

(Quarterly consolidated statement of income)

(Period for consolidated quarterly period of nine months ended October 31, 2024)

(Unit: JPY thousand)

	Quarterly cumulative accounting period of the previous fiscal year (From February 1, 2023 until October 31, 2023)	Quarterly cumulative accounting period of the current fiscal year (From February 1, 2024 until October 31, 2024)
Sales	8,352,038	9,050,870
Cost of sales	3,911,812	4,630,475
Gross profit	4,440,226	4,420,394
Selling, general and administrative expenses	3,991,172	4,516,354
Operating profit or operating loss (Δ)	449,053	Δ 95,959
Non-operating income		
Interest income	33	77
Dividends received	3,990	961
Gains on recovered debts	87,792	214,897
Subsidy income	2,432	3,000
Others	6,461	2,430
Total non-operating income	100,710	221,366
Non-operating expenses		
Interest expenses	872	1,811
Commission expenses	1,970	2,260
Total non-operating expenses	2,842	4,072
Ordinary profit	546,922	121,334
Special profit		
Gain on sale of investment securities	—	2,100
Total special profit	—	2,100
Special loss		
Loss on retirement of fixed assets	—	4,418
Impairment loss	—	364,766
Loss related to step acquisition	18,000	—
Total special loss	18,000	369,184
Quarterly net income before taxes and adjustments or quarterly net loss before taxes and adjustments (Δ)	528,922	Δ 245,750
Corporate tax, resident tax and business tax	550,356	445,769
Corporate tax adjustment amount	Δ 349,631	Δ 327,237
Total corporate taxes, etc.	200,724	118,532
Quarterly net income or quarterly net loss (Δ)	328,197	Δ 364,282
Quarterly net income attributable to parent company shareholders or quarterly net loss attributable to parent company shareholders (Δ)	328,197	Δ 364,282

(Quarterly consolidated statement of comprehensive income)

(Period for consolidated quarterly period of nine months ended October 31, 2024)

(Unit: JPY thousand)

	Quarterly cumulative accounting period of the previous fiscal year (From February 1, 2023 until October 31, 2023)	Quarterly cumulative accounting period of the current fiscal year (From February 1, 2024 until October 31, 2024)
Quarterly net income or quarterly net loss (△)	328,197	△364,282
Other comprehensive income		
Valuation difference on other securities	△57,433	△1,634
Total other comprehensive income	△57,433	△1,634
Quarterly comprehensive income	270,764	△365,917
(breakdown)		
Quarterly comprehensive income related to parent company shareholders	270,764	△365,917

(3) Notes regarding quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Our Company acquired 91,500 shares of treasury stock based on the resolution of the Board of Directors held on September 17, 2024. As a result, treasury stock increased by JPY 77,267,000 during the current third quarter consolidated cumulative period, and treasury stock stood at JPY 1,516,542,000 at the end of the current third quarter consolidated accounting period.

(Notes regarding quarterly consolidated cash flow statement)

A quarterly consolidated cash flow statement for the current third quarter consolidated cumulative period has not been prepared. Please note that depreciation expenses (including amortization expenses related to intangible fixed assets other than goodwill) and goodwill amortization amounts for the third quarter consolidated cumulative period are as follows.

	Quarterly cumulative accounting period of the previous fiscal year (From February 1, 2023 until October 31, 2023)	Quarterly cumulative accounting period of the current fiscal year (From February 1, 2024 until October 31, 2024)
	(JPY thousand)	(JPY thousand)
Depreciation expense	50,637	176,687
(Amount of amortization of goodwill)	206,749	219,312

(Notes on segment information, etc.)

【Segment information】

3rd quarter cumulative accounting period of the previous fiscal year (From February 1, 2023, until October 31, 2023)

The only reportable segment of our group is the rental debt guarantee business, and other business segments are omitted because they are of little importance.

3rd quarter cumulative accounting period of the current fiscal year (From February 1, 2024, until October 31, 2024)

The only reportable segment of our group is the rental debt guarantee business, and other business segments are omitted because they are of little importance.