



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

Company Name: Casa Inc.

September 12, 2024
Listed Exchange:
Tokyo

Ticker Code 7196 U R L <https://www.casa-inc.co.jp/>
Representative: (title) Representative Director & President (name) Seigo Miyaji
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Scheduled date to file Interim Securities Report: September 12, 2024 Scheduled date for starting dividend payment —

Preparation of supplementary material on half year financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and equity analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated quarterly financial results for the interim period (from February 1, 2024, to July 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate change rate compared to the same first half year 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	%
Interim period of FY ending January 2025	6,003	8.8	242	△16.9	△255	—	△114	—	△479	—
Interim period of FY ended January 2024	5,516	8.1	291	△48.0	86	△73.5	135	△65.0	28	△71.2

(note)

Comprehensive income: 2Interim period of FY ending January 2025 JPY △472million (—%) Interim period of FY ended January 2024 JPY 35million (△50.5%)

	Interim profit per share	Interim profit per share after adjusting for dilution
	JPY	JPY
Interim period of FY ending January 2025	△47.65	—
Interim period of FY ended January 2024	2.87	2.77

※ 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 interim period of FY ending January 2025 is not stated because it is an interim net loss per share although there are diluted shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
Interim period of FY ending January 2025	14,793	6,486	43.8
FY ended 2024	14,776	7,235	48.9

(Reference) Equity ratio Interim period of FY ending January 2025 JPY 6,484million 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

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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 changes 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 of consolidated operating results announced most recently: Yes

※ 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 interim period: No

New – companies (name of companies) – Exclusion – companies (name of companies) –

(2) Application of special accounting methods for preparing interim 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)

Interim period of FY ending January 2025	11,452,500 shares	FY ended January 2024	11,350,500 shares
Interim period of FY ending January 2025	1,294,824 shares	FY ended January 2024	1,294,824 shares
Interim period of FY ending January 2025	10,056,236 shares	Interim period of FY ended January 2024	10,005,349 shares

② Number of treasury shares at the end of the period

③ Average number of shares during the period of fiscal year (interim period)

* 2nd Quarterly (interim) financial statements are not subject to review by certified public accountants or audit firms.

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

(Caution regarding future-related statements, etc.)

Statements regarding the future such as business performance forecasts contained in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and the Company is not committed to achieving these assumptions. In addition, actual results may differ significantly due to various factors.

(How to obtain supplementary financial results briefing materials and contents of financial results briefings)

The Company plans to hold a briefing session for institutional investors and equity analysts on Tuesday, September 17, 2024.

The details of the event and the content of the explanation will be posted on our website promptly after the event, along with the financial results briefing materials that will be used on the day.

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1. Qualitative information on interim consolidated financial statements

(1) Explanation of operating results

During the current interim consolidated accounting period, the Japanese economy has shown a gradual recovery due to increased corporate investment and improved profits, although there was a stagnation in personal consumption. On the other hand, uncertainties have continued such as high-interest rate levels in Europe and the United States, stagnation in the Chinese real estate market, and trends in overseas economies, price trends, and resource prices, and as such a risk of downward pressure on the economy has remained.

In the real estate rental market related to our group, the number of new rental housing construction starts in Japan in July 2024 was 174,707 units, which is a slight decrease of 0.1% from 174,939 units in the same period in last year, however high rental demand is expected to continue in urban areas.

Under such circumstances, we have been strengthening investment in the Casa Group's foundation and future fields based on the philosophy of "a society in which everyone can live with peace of mind," our group is striving to meet the expectations of the increasingly diverse and growing rental real estate market.

Aiming to expand our business for real estate management company market, we have continued to hire new employees since the previous consolidated fiscal year, investing human capital in the Tokyo metropolitan area and expanding our area into the metropolitan area.

In the rent guarantee business during the current interim consolidated accounting period, the number of new contracts was 75,278 (4.9% increase compared to the same period of previous fiscal year) due to the expansion of the use of existing agents, acquisition of new agents, and strengthening of the sales base by increasing sales personnel. Furthermore, demand of rent guarantees for commercial properties has been increasing, and we are strengthening sales with a dedicated team.

Out of the new contracts, rent guarantee service for residential properties has totaled 70,249 (4.2% increase compared to the same period of previous fiscal year), and rent guarantee service for commercial properties has totaled to 5,029 (16.4% increase compared to the same period of previous fiscal year), both of which are expanding.

The expansion of rent guarantee services for commercial properties has been effective by encouraging existing agents to use them and strengthening collaboration with brokerage companies that specialize in commercial properties such as restaurants.

The self-managed market by property owners has been on an expansion trend due to the provision of services that include tenant support and an app. We have been encouraging property owners to use our services by handling tenant matters on behalf of them and streamlining rental management operations. The cumulative number of users has reached 9,390, an increase of 31.2% compared to the same period of previous fiscal year, and the service has been growing steadily.

Our company aims to "protect a child's future" through child support guarantees, and focuses 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 are also working on disseminating information through media such as newspapers and television, and conducting seminars for local governments and city councilors to popularize child support guarantees. Additionally, our company has been certified by the Ministry of Land, Infrastructure, Transport and Tourism as a "Residence Support Corporation," which is eligible for subsidy programs for rent debt guarantees, housing consultation, and monitoring activities. Through these initiatives, we are contributing to the realization of a society where single-parent families can live a life with peace of mind.

As for cost of sales, referral fees amounted to JPY 779,657,000 (increased by 10.0% compared with the interim period of previous fiscal year) due to an increase in new contracts and service enhancements. The amount of provision for allowance for doubtful accounts was JPY 1,889,309,000 (28.1% increase compared to the same period of previous fiscal year) because the amount of reimbursement claims increased due to the fact that we could not fully resolve the impact of temporarily refraining from payment guidance operations to avoid startup confusion when the core system was released in the first quarter of the consolidated accounting period. Our current payment guidance operations have returned to normal, and we are focusing on reducing advance payments by expanding automation through automated calls and SMS.

Selling, general and administrative expenses were JPY 2,985,767,000 (10.2% increase compared to the same period of previous fiscal year) due to the occurrence of taxes, public dues, depreciation, etc. caused by the operation of the new core system, and an increase in human resources recruitment costs caused by active recruitment of sales and in management cost for receivables management.

As for 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 141,229,000 (259.3% increase compared to the same period of the previous fiscal year).

As for extraordinary profits and losses, GoldKey Co., Ltd., a consolidated subsidiary of our Company, has reviewed its future sales system 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. Due to that, a goodwill impairment loss of JPY 364,766,000 was recorded as an extraordinary loss.

As a result of these factors, for the current interim accounting period, sales were JPY 6,003,380,000 (8.8% increase compared to the same period of previous fiscal year), EBITDA was JPY 242,137,000 (16.9% decrease compared to the same period of previous fiscal year), and operating loss was JPY 255,728,000 (compared to operating profit of JPY 86,245,000 in the same period of previous fiscal year), ordinary loss of JPY 114,465,000 (compared to ordinary profit of JPY 135,982 in the same period of previous fiscal year), interim net loss attributable to owners of the parent company of JPY 479,171,000 (compared to interim net income attributable to owners of parent company of JPY 28,741,000 in the same period of the previous fiscal year).

Please note that our Group has decided to disclose EBITDA, which is a value that indicates normal earning power, in order to more comprehensively evaluate the performance of original business activities. EBITDA is calculated as operating income + depreciation, etc. + goodwill amortization + deferred consumption tax, etc. + gain on collection of depreciated debts.

*The only reportable segment of our group is the rent debt guarantee business, and other business segments are not important, therefore they are not listed by segment.

(2) Explanation of financial position.

① Status of assets, liabilities and net assets

(Assets)

Total assets at the end of the current interim consolidated accounting period were JPY 14,793,087,000, an increase of JPY 16,199,000 compared to the end of the previous consolidated fiscal year.

Current assets increased by JPY 324,467,000 compared to the end of the previous fiscal year to JPY 7,969,499,000. This was mainly due to an increase of JPY 612,072,000 in allowance for doubtful accounts, JPY 553,325,000 in reimbursement claims, JPY 155,845,000 in accounts receivable-other, and JPY 122,288,000 in accounts receivable and contract assets.

Non-current assets decreased by JPY 308,268,000 compared to the end of the previous fiscal year, to JPY 6,823,587,000. This was mainly due to a decrease in goodwill of JPY 516,364,000 and an increase in deferred tax assets of JPY

(Liabilities)

Total liabilities at the end of the current interim consolidated accounting period were JPY 8,306,186,000, an increase of JPY 764,508,000 compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 523,802,000 in advances received.

(Net Assets)

Total net assets at the end of the current interim consolidated accounting period were JPY 6,486,900,000, a decrease of JPY 748,308,000 compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of JPY 479,171,000 by recording of interim net loss attributable to owners of the parent company, and a decrease of JPY 301,670,000 by dividend payments from surplus.

② Status of cash flow

The balance of cash and cash equivalents at the end of the current interim consolidated accounting period was JPY 3,764,941,000, an increase of JPY 61,051,000 compared to the end of the previous consolidated fiscal year. The status of each cash flow is as follows.

(Cash flow from operating activities)

Cash flow from operating activities was JPY 382,149,000, a decrease of JPY 502,568,000 compared to the same period of previous fiscal year. This is mainly due to an increase of JPY 553,325,000 in reimbursement claims, JPY 479,799,000 in interim net loss before taxes, JPY 380,898,000 in corporate taxes paid, an increase in accounts receivable-other by JPY 155,895,000, and an increase in trade receivables and contract assets of JPY 122,288,000, being factors of those decrease for cash flow from operating activities. On the other hand, there were increasing factors such as an increase of JPY 612,072,000 in allowance for doubtful accounts, an increase of JPY 523,802,000 in advances received, an impairment loss of JPY 364,766,000, amortization of goodwill of JPY 151,597,000, and depreciation expenses of JPY 117,751,000.

(Cash flow from investing activities)

Cash flow from investing activities was JPY 32,756,000, a decrease of JPY 228,883,000 compared to the same period of previous fiscal year. This was mainly due to expenditures of JPY 34,022,000 for the acquisition of intangible fixed assets.

(Cash flow from financing activities)

Cash flow from financing activities was JPY 288,341,000, a decrease of JPY 20,569,000 compared to the same period of previous fiscal year. This was mainly due to dividends paid of JPY 301,116,000.

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

An extraordinary loss was recorded in the current interim consolidated accounting period. Therefore, we have revised the consolidated business forecast for the fiscal year ending January 2025, which was announced on March 6, 2024, as follows. We would also like to inform you that we have decided to disclose EBITDA as a result of the recent revisions to our earnings forecasts.

	Net sales	EBITDA*	Operating profit	Ordinary profit	Net income attributable to owners of parent company	Net income per share
Previously announced forecast (A)	JPY million 12,081	JPY million —	JPY million 759	JPY million 935	JPY million 552	JPY 54.95
Revised forecast this time(B)	12,081	1,509	759	935	185	18.23
Increase/decrease amount (B-A)	—	—	—	—	△367	—
Increase/decrease rate (%)	—	—	—	—	△66.5	—
(Reference) Results of previous fiscal year (Fiscal year ended January 2024)	11,224	—	786	965	605	60.35

*EBITDA = operating income + depreciation, etc. + goodwill amortization + deferred consumption tax, etc.
+ gain on collection of depreciated debts.

Reason for revising forecast

GoldKey, a consolidated subsidiary of our Company, is expected to experience a delay in its originally anticipated profit plan, therefore a goodwill impairment loss of JPY 364 million related to GoldKey was recorded as an extraordinary loss in the consolidated financial results for the second quarter (interim period) of the fiscal year ending January 2025. Due to the recording of this extraordinary loss, we have revised the net income attributable to owners of the parent company. Regarding the Group's businesses, sales are currently trending generally in line with business forecasts, and issues and countermeasures have been clarified regarding the difference in cost of sales and therefore we shall not make revision on sales, operating income, and ordinary income.

*Performance forecasts are based on information currently available to our Company and certain assumptions that our Company deems to be reasonable, therefore actual results may differ from the forecast figures due to various future factors.

2. Interim consolidated financial statements and key notes

(1) Interim consolidated balance sheet

(Unit: JPY thousand)

	Previous fiscal year (ended January 31, 2024)	Current interim accounting period (ended July 31, 2024)
Assets		
Current assets		
Cash and deposits	3,705,890	3,764,941
Accounts receivable and contract assets	1,520,958	1,643,246
Reimbursement claim	4,528,423	5,081,749
Account receivable - other	863,457	1,019,303
Other	194,750	240,780
Allowance for doubtful accounts	△3,168,449	△3,780,521
Total current assets	7,645,031	7,969,499
Non-current assets		
Tangible non-current assets	39,652	37,946
Intangible non-current assets		
Goodwill	2,917,123	2,400,759
Other	1,173,216	1,006,983
Total non-current assets	4,090,339	3,407,742
Investments and other assets		
Deferred tax assets	2,618,285	2,984,855
Other	385,131	394,595
Allowance for doubtful accounts	△1,552	△1,552
Total investments and other assets	3,001,864	3,377,898
Total non-current assets	7,131,855	6,823,587
Total assets	14,776,887	14,793,087
Liabilities		
Current liabilities		
Accounts payable - trade	55,612	55,108
Current portion of long-term borrowings	21,140	20,400
Income tax payable	412,790	402,078
Advances received	5,166,808	5,690,611
Provision for bonuses	98,250	47,100
Provision for loss on guarantees	153,141	157,219
Other	1,462,297	1,772,007
Total current liabilities	7,370,039	8,144,524
Non-current liabilities		
Long-term borrowings	171,368	161,392
Other	270	270
Total non-current liabilities	171,638	161,662
Total liabilities	7,541,677	8,306,186
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	4,675,152
Treasury shares	△1,439,275	△1,439,275
Total shareholders' equity	7,222,494	6,467,405
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,413	17,446
Total accumulated other comprehensive income	10,413	17,446
Share acquisition rights	2,302	2,048
Total net assets	7,235,209	6,486,900
Total liabilities and net assets	14,776,887	14,793,087

(2) Interim consolidated statements of income and interim consolidated comprehensive income statements

(Interim consolidated statement of income)

(Period for consolidated interim period of six months ended July 31, 2024)

(Unit: JPY thousand)

	Previous interim consolidated accounting period (From February 1, 2023 to July 31, 2023)	Current interim consolidated accounting period (From February 1, 2024 to July 31, 2024)
Sales	5,516,568	6,003,380
Cost of sales	2,721,023	3,273,341
Gross profit	2,795,544	2,730,038
Selling, general and administrative expenses	2,709,299	2,985,767
Operating profit or operating loss (Δ)	86,245	Δ 255,728
Non-operating income		
Interest income	28	5
Dividends received	3,990	961
Gains on recovered debts	39,309	141,229
Subsidy income	2,432	—
Others	5,389	1,711
Total non-operating income	51,149	143,907
Non-operating expenses		
Interest expenses	173	1,206
Commission expenses	1,239	1,437
Total non-operating expenses	1,412	2,644
Ordinary profit or ordinary loss (Δ)	135,982	Δ 114,465
Special profit		
Gain on sale of investment securities	—	2,100
Total special profit	—	2,100
Special loss		
Loss on retirement of fixed assets	—	2,666
Impairment loss	—	364,766
Loss related to step acquisition	18,000	—
Total special loss	18,000	367,433
Interim net income before taxes and adjustments or interim net loss before taxes and adjustments (Δ)	117,982	Δ 479,799
Corporate tax, resident tax and business tax	494,780	369,046
Corporate tax adjustment amount	Δ 405,539	Δ 369,674
Total corporate taxes, etc.	89,241	Δ 627
Interim net income or interim net loss (Δ)	28,741	Δ 479,171
Interim net income attributable to parent company shareholders or Interim net loss attributable to parent company shareholders (Δ)	28,741	Δ 479,171

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(Interim consolidated statement of comprehensive income)

(Period for consolidated interim period of six months ended July 31, 2024)

(Unit: JPY thousand)

	Previous interim consolidated accounting period (From February 1, 2023 to July 31, 2023)	Current interim consolidated accounting period (From February 1, 2024 to July 31, 2024)
Interim net income or interim net loss (Δ)	28,741	Δ 479,171
Other comprehensive income		
Valuation difference on other securities	6,967	7,033
Total other comprehensive income	6,967	7,033
Interim comprehensive income	35,709	Δ 472,138
(breakdown)		
Interim comprehensive income related to parent company shareholders	35,709	Δ 472,138

(3) Interim consolidated cash flow statement

(Unit: JPY thousand)

	Previous interim consolidated accounting period (From February 1, 2023 to July 31, 2023)	Current interim consolidated accounting period (From February 1, 2024 to July 31, 2024)
Cash flow from operating activities		
Interim net income before taxes and adjustments or interim net loss before taxes and adjustments (△)	117,982	△479,799
Depreciation expense	33,362	117,751
Loss on retirement of fixed assets	—	2,666
Impairment loss	—	364,766
Gain/loss on step acquisition (△ is profit)	18,000	—
Goodwill amortization amount	130,950	151,597
Increase/decrease in reserve for bonuses (△ indicates a decrease)	74,656	△51,150
Increase/decrease in allowance for debt guarantee losses (△ indicates a decrease)	5,584	4,077
Increase/decrease in allowance for doubtful accounts (△ indicates decrease)	292,051	612,072
Interest and dividends received	△4,018	△966
Interest expense	173	1,206
Gain/loss on sale of investment securities (△ is gain)	—	△2,100
Increase/decrease in trade receivables and contract assets (△ indicates increase)	△200,339	△122,288
Increase/decrease in reimbursement claims (△ indicates increase)	△207,288	△553,325
Increase/decrease in accounts receivable-other (△ indicates increase)	△71,359	△155,895
Increase/decrease in advances received (△ indicates a decrease)	696,909	523,802
Others	132,035	351,020
Subtotal	1,018,700	763,438
Amount of interest and dividends received	3,403	818
Interest payment amount	△171	△1,208
Amount of corporate tax etc. paid	△137,214	△380,898
Cash flow from operating activities	884,717	382,149
Cash flow from investing activities		
Expenditures for acquisition of tangible fixed assets	△4,660	△841
Expenditures for acquisition of intangible fixed assets	△106,708	△34,022
Expenditures for acquisition of investment securities	△24,998	—
Proceeds from sale of investment securities	—	2,100
Expenditures due to acquisition of subsidiary shares resulting in change in scope of consolidation	△117,076	—
Others	△8,196	7
Cash flow from investing activities	△261,639	△32,756
Cash flow from financing activities		
Expenses due to repayment of long-term loans payable	△6,000	△10,716
Expenses due to repayment of lease obligations	△762	△762
Proceeds from issuance of shares upon exercise of stock acquisition rights	—	25,500
Expenditures for acquisition of treasury stock	△69	—
Dividend payment amount	△300,832	△301,116
Others	△1,246	△1,246
Cash flow from financing activities	△308,910	△288,341
Increase/decrease in cash and cash equivalents (△ indicates a decrease)	314,167	61,051
Opening balance of cash and cash equivalents	2,889,327	3,703,890
Balance of cash and cash equivalents at end of interim period	3,203,495	3,764,941

(4) Notes regarding interim consolidated financial statements

(Notes on going concern assumption)

Not applicable

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

Not applicable

(Notes on segment information, etc.)

【Segment information】

Previous interim consolidated accounting period (From February 1, 2023 to July 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.

Current interim consolidated accounting period (From February 1, 2024 to July 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.