



Fiscal Year ending January 2024 Summary of Consolidated Financial Results for the 3rd Nine Months Ended October 31, 2023 (Based on Japanese GAAP)

December 7, 2023

Company Name: Casa Inc.
 Listed Stock Exchange: Tokyo
 Stock code: 7196 URL <https://www.casa-inc.co.jp/>
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 Scheduled date to file Quarterly Securities Report: December 7, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated quarterly financial results for the nine months ended October 31, 2023 (from February 1, 2023 to October 31, 2023) for the FY ending January 31, 2024.

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Nine months ended October 31, 2023	8,352	8.8	449	△26.6	546	△20.2	328	2.6
Nine months ended October 31, 2022	7,676	△2.1	612	△38.1	685	△35.6	319	△50.5

(note) Comprehensive income: Nine months ended October 31, 2023 270 JPY million (△7.1%)
 Nine months ended October 31, 2022 291 JPY million (△60.2%)

	Earnings per share quarterly profit	Diluted earnings per share quarterly profit
	JPY	JPY
Nine months ended October 31, 2023	32.76	31.64
Nine months ended October 31, 2022	32.14	30.81

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	JPY million	JPY million	%
As of October 31, 2023	14,522	6,828	47.0
As of January 31, 2023	13,225	6,842	51.7

(reference) Equity capital As of October 31, 2023: 6,825 JPY million As of January 31, 2023: 6,839 JPY million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended January 2023	—	0.00	—	30.00	30.00
Year ending January 2024	—	0.00	—		
Year ending January 2024 (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 year ending January 31, 2024 (from February 1, 2023, to January 31, 2024)

(Percentages indicate year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	JPY million	%	JPY million	%	JPY million		JPY million	%	JPY million
Full fiscal year	11,276	9.6	838	6.7	929	3.8	544	113.9	54.45

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

*Notes

(1) Changes in significant subsidiaries during the nine months ended October 31, 2023: 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

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 period (including treasury shares)

As of October 31, 2023	11,350,500 shares	As of January 31, 2023	11,300,100 shares
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② Number of treasury shares at the end of the period

As of October 31, 2023	1,294,824 shares	As of January 31, 2023	1,294,746 shares
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③ Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of October 31, 2023	10,018,285 shares	As of October 31, 2022	9,964,300 shares
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* Quarterly 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

(Attention regarding forward-looking statements)

The forward-looking statement in this document is based on the information available to Casa Inc. as of the time hereof and assumptions which it believes reasonable and does not constitute a promise of achievement by our company. Accordingly, actual results may differ materially from those described in such forward-looking statements.

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1. Qualitative information on quarterly consolidated financial statements

(1) Explanation of operating results

The Japanese economy has been expected to recover moderately during this third quarter of the current consolidated cumulative period, under improving environment for the employment and income supported by the effects of various policies. However, there is also a risk that a decline in overseas economies may put pressure on Japan's economy. In addition, sufficient vigilance is required against rising prices and fluctuations in financial and capital markets.

In the rental real estate market related to the business of our group, the number of new housings starts for rental housing from February to September 2023 has increased slightly compared to the same period of last year.

With the background of such business environment, our group aims to increase profits and has been proceeding with new store openings and personnel recruitment for the purpose of expanding our sales area. In addition, aiming at enhancing our guarantee services, we have begun selling a new service, the tenant management app. "Room Connect", and have been expanding our guarantees for home contents insurance by collaborating with insurance companies.

Regarding new contracts, progress has been made in acquiring new agents up to 907 companies (16.7% increase compared to the same period of the previous year). Furthermore, the guarantee service "Direct S" for major and medium-sized property management companies has increased to 9,853 contracts (68.6% increase compared to the same period of the previous year), and "Direct Wide", a guarantee service targeting small property management companies, has also increased to 7,892 contracts (574.5% increase compared to the same period of last year) and as described above our business has been smoothly progressing. Sales of guarantee services for commercial properties has been also progressing smoothly, with sales increasing to 6,390 (17.5% increase compared to the same period of last year). As a result, the number of new contracts was 100,610 (13.2% increase compared to the same period last year).

In terms of cost of sales, referral fees were JPY 1,031,357 thousand (27.5% increase compared to the same period of last year) due to an increase in the referral fee rate in order to strengthen relationships with business partners and expand their usage. The provision for allowance for doubtful accounts has been progressing smoothly against the plan by strengthening the collection of reimbursement claim, but due to an increase in the number of policies in force, the provision for doubtful accounts has increased to JPY 2,062,002 thousand (18.5% increase compared to the same period of the previous year). The costs of litigation and disposition amounted to JPY 794,142 thousand (22.1% increase compared to the same period of last year) due to the increase in disposition cases in the first half of the fiscal year.

In addition, by making GoldKey Co., Ltd. (hereinafter referred to as "GoldKey") a consolidated subsidiary, we shall utilize GoldKey's IT technology and resources to provide new value-added services for real estate management companies and real estate owners. The operations for real estate management include tenant recruitment, contract management, rent management, etc., and there is an issue in which the workload is particularly high when dealing with equipment problems from tenants and troubles in the neighborhood. By introducing GoldKey's IT technology, we jointly developed "Room Connect", a tenant management app. For dealing with equipment and neighborhood troubles. This app incorporates features such as a "chat function" and "FAQ function", making it possible to efficiently provide information and quickly respond to inquiries, contributing to improving the satisfaction level not only of real estate management companies and real estate owners, but also of tenants. We shall in the future continue to utilize GoldKey's IT technology to digitalize and streamline real estate management operations.

As a result, sales for the current third quarter consolidated cumulative period were JPY 8,352,038 thousand (up 8.8% from the same period of last year), operating income was JPY 449,053 thousand (down 26.6% from the same period of last year), ordinary income was JPY 546,922 thousand (down 20.2% from the same period of last year), and net income attributable to owners of parent amounted to JPY 328,197 thousand (2.6% increase compared to the same period of last year).

Please note that goodwill amortization amount of JPY 206,749 thousand is recorded as selling, general and administrative expenses.

※The Group's only reportable segment 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 third quarter consolidated accounting period (which is October 31, 2023) amounted to JPY 14,522,942 thousand, an increase of JPY 1,297,597 thousand from the end of the previous consolidated fiscal year.

Current assets amounted to JPY 7,055,432 thousand, an increase of JPY 720,066 thousand from the end of the previous consolidated fiscal year. This is mainly due to the fact that allowance for doubtful account increased by JPY 313,513 thousand, while cash and deposits, account receivable – trade and reimbursement claim increased by JPY 386,751 thousand, JPY 205,767 thousand and JPY 369,377 thousand respectively.

Non-current assets amounted to JPY 7,467,509 thousand, an increase of JPY 577,530 thousand from the end of the previous consolidated fiscal year. This is mainly due to the fact that deferred tax assets and goodwill increased by JPY 349,631 thousand and JPY 206,194 thousand respectively.

(Liabilities)

Total liabilities at the end of the third quarter consolidated accounting period (which is October 31, 2023) amounted to JPY 7,694,922 thousand, an increase of JPY 1,311,688 thousand from the end of the previous consolidated fiscal year. This is mainly due to the fact that contract liabilities, income tax payable, and long-term borrowings (including current portion of long-term borrowings) increased by JPY 579,160 thousand, JPY 225,142 thousand and JPY 161,981 thousand respectively.

(Net Assets)

Total net assets at the end of the second quarter consolidated accounting period (which is October 31, 2023) amounted to JPY 6,828,020 thousand, a decrease of JPY 14,091 thousand from the end of the previous consolidated fiscal year. This is mainly due to the fact that the capital stock and capital surplus increased by JPY 7,699 thousand due to the exercise of stock acquisition rights and the retained earnings decreased by JPY 300,160 thousand due to dividend of surplus while decreased by JPY 328,197 thousand by recording quarterly profit attributable to owners of parent, and in addition, the valuation difference on securities decreased by JPY 57,433 thousand.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

As for the earnings forecast of the fiscal year ending January 2024, there are no changes to the consolidated earnings forecast which was announced on March 9, 2023.

2. Quarterly consolidated financial statements and keynotes

(1) Consolidated balance sheets

(Unit: JPY thousand)

	Previous fiscal year (as of January 31, 2023)	3 rd quarter of FY ending January 2024 (as of October 31, 2023)
Assets		
Current assets		
Cash and deposits	2,889,327	3,276,079
Accounts receivable - trade	1,307,258	1,513,026
Reimbursement claim	3,996,187	4,365,564
Account receivable - other	789,759	833,240
Other	157,878	186,081
Allowance for doubtful accounts	△2,805,045	△3,118,559
Total current assets	6,335,366	7,055,432
Non-current assets		
Property, plant and equipment	46,803	42,896
Intangible assets		
Goodwill	2,793,610	2,999,804
Other	1,025,479	1,159,403
Total intangible assets	3,819,090	4,159,208
Investments and other assets		
Deferred tax assets	2,352,722	2,702,353
Other	671,362	564,602
Allowance for doubtful accounts	—	△1,552
Investments and other assets	3,024,084	3,265,404
Total non-current assets	6,889,978	7,467,509
Total assets	13,225,345	14,522,942
Liabilities		
Current liabilities		
Accounts payable - trade	—	56,911
Current portion of long-term borrowings	12,000	28,975
Income tax payable	78,849	303,991
Contract liabilities	4,751,299	5,330,460
Provision for bonuses	84,216	147,413
Provision for loss on guarantees	145,843	153,446
Other	1,276,881	1,495,448
Total current liabilities	6,349,089	7,516,646
Non-current liabilities		
Long-term borrowings	33,000	178,006
Other	1,143	270
Total non-current liabilities	34,143	178,276
Total liabilities	6,383,233	7,694,922
Net assets		
Shareholders' equity		
Share capital	1,595,188	1,602,887
Capital surplus	1,595,188	1,602,887
Retained earnings	5,151,000	5,179,036
Treasury shares	△1,439,203	△1,439,275
Total shareholders' equity	6,902,173	6,945,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△62,385	△119,818
Total accumulated other comprehensive income	△62,385	△119,818
Share acquisition rights	2,324	2,302
Total net assets	6,842,111	6,828,020
Total liabilities and net assets	13,225,345	14,522,942

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)
 (Consolidated cumulative statements of income)
 (Third quarter consolidated cumulative period)

(Unit: JPY thousand)

	Previous nine months ended October 31, 2022 (From February 1, 2022, to October 31, 2022)	Nine months ended October 31, 2023 (From February 1, 2023, to October 31, 2023)
Net sales	7,676,479	8,352,038
Cost of sales	3,208,740	3,911,812
Gross profit	4,467,739	4,440,226
Selling, general and administrative expenses	3,855,649	3,991,172
Operating profit	612,089	449,053
Non-operating income		
Interest income	50	33
Dividend income	3,835	3,990
Recoveries of written off receivables	69,447	87,792
Subsidy income	4,033	2,432
Other	6,298	6,461
Total non-operating income	83,665	100,710
Non-operating expenses		
Interest expenses	328	872
Commission expenses	2,119	1,970
Total non-operating income	7,512	—
Ordinary profit	9,961	2,842
Extraordinary losses	685,794	546,922
Net sales		
Cost of sales	56	—
Gross profit	56	—
Selling, general and administrative expenses		
Impairment losses	112,018	—
Losses related to step acquisition	—	18,000
Total extraordinary losses	112,018	18,000
Profit before income taxes	573,831	528,922
Income taxes - current	202,356	550,356
Income taxes - deferred	51,735	△349,631
Total income taxes	254,091	200,724
Profit	319,739	328,197
Profit attributable to owners of parent	319,739	328,197

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Consolidated statements of comprehensive income (cumulative)
(Third quarter consolidated cumulative period)

(Unit: JPY thousand)

	Previous nine months ended October 31, 2022 (From February 1, 2022, to October 31, 2022)	Nine months ended October 31, 2023 (From February 1, 2023, to October 31, 2023)
Profit	319,739	328,197
Other comprehensive income		
Valuation difference on available-for-sale securities	△28,158	△57,433
Total other comprehensive income	△28,158	△57,433
Comprehensive income	291,581	270,764
(breakdown)		
Comprehensive income attributable to owners of parent	291,581	270,764

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(3) Notes regarding quarterly consolidated financial statements

(Notes on going concern assumption)

Nothing applicable

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

Nothing applicable