

Casa Inc.

Financial Results Presentation
for the Second Quarter of the Fiscal Year
Ending January 2020

Listed Code : 7196



Corporate name	Casa Inc.
Representative	Seigo Miyaji, President and CEO,
Capital	JPY 1,549 million
Head Office	Shinjuku Sumitomo Bldg. 2-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Business Content	Rent Guarantee business
Suppliers	Real estate management companies and intermediary companies
Number of Employees	303 (full-time employees / as of July 31, 2019)
Business location	Tokyo head office, Sapporo, Sendai, Chiba, Yokohama, Saitama, Shizuoka, Nagoya, Osaka, Okayama, Takamatsu, Fukuoka

Achieved **+9.2%** net sales YoY **+7.9%** operating profit YoY

Net Sales

4,642

Unit: million yen

Operating profit

711

Unit: million yen

Ordinary Profit

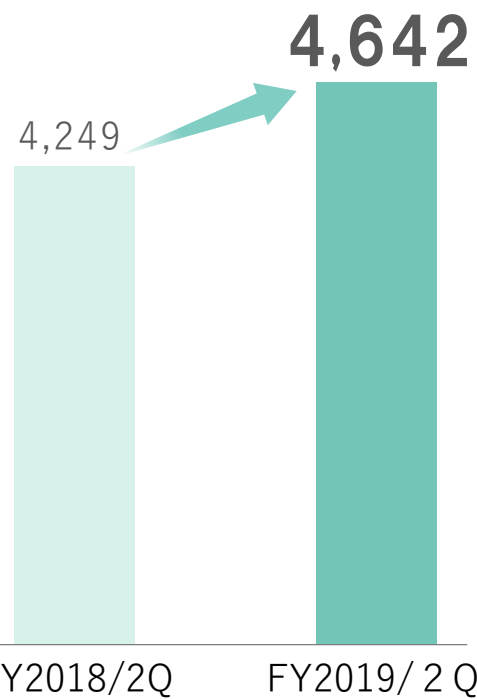
733

Unit: million yen

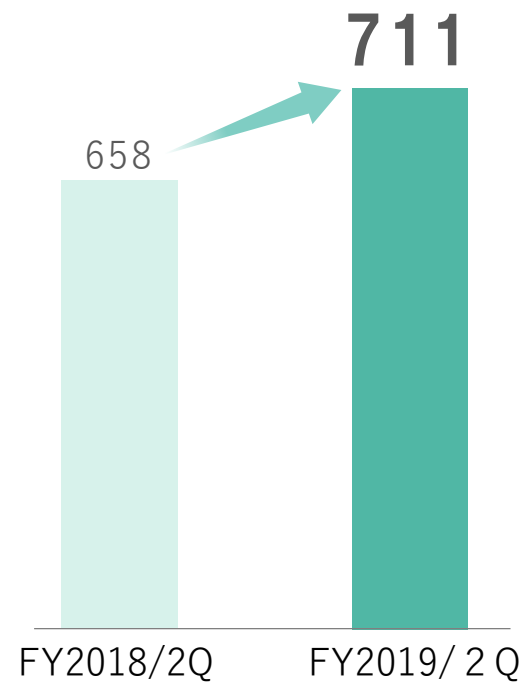
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- Increase in the number of registered agents
 - Sales increase of “Landlord Direct”
 - Number of landlord users exceeded 200,000
 - Contracts Held exceeded 500,000

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- Replacement of Core system
 - Collaboration with Japan Best Rescue System
 - Investment to Leeways
 - Investment in AI strategy

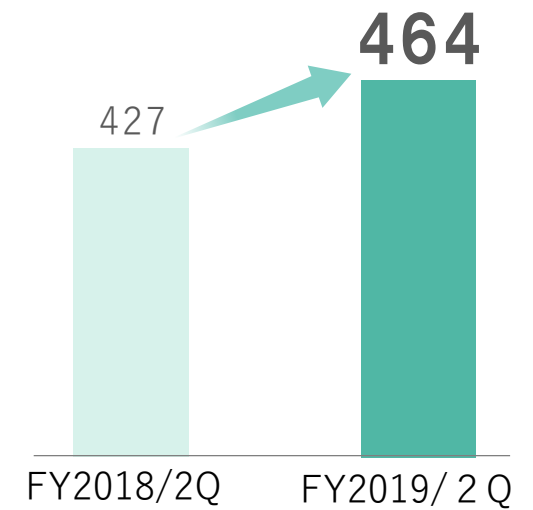
Net Sales

9.2%

Operating income

7.9%

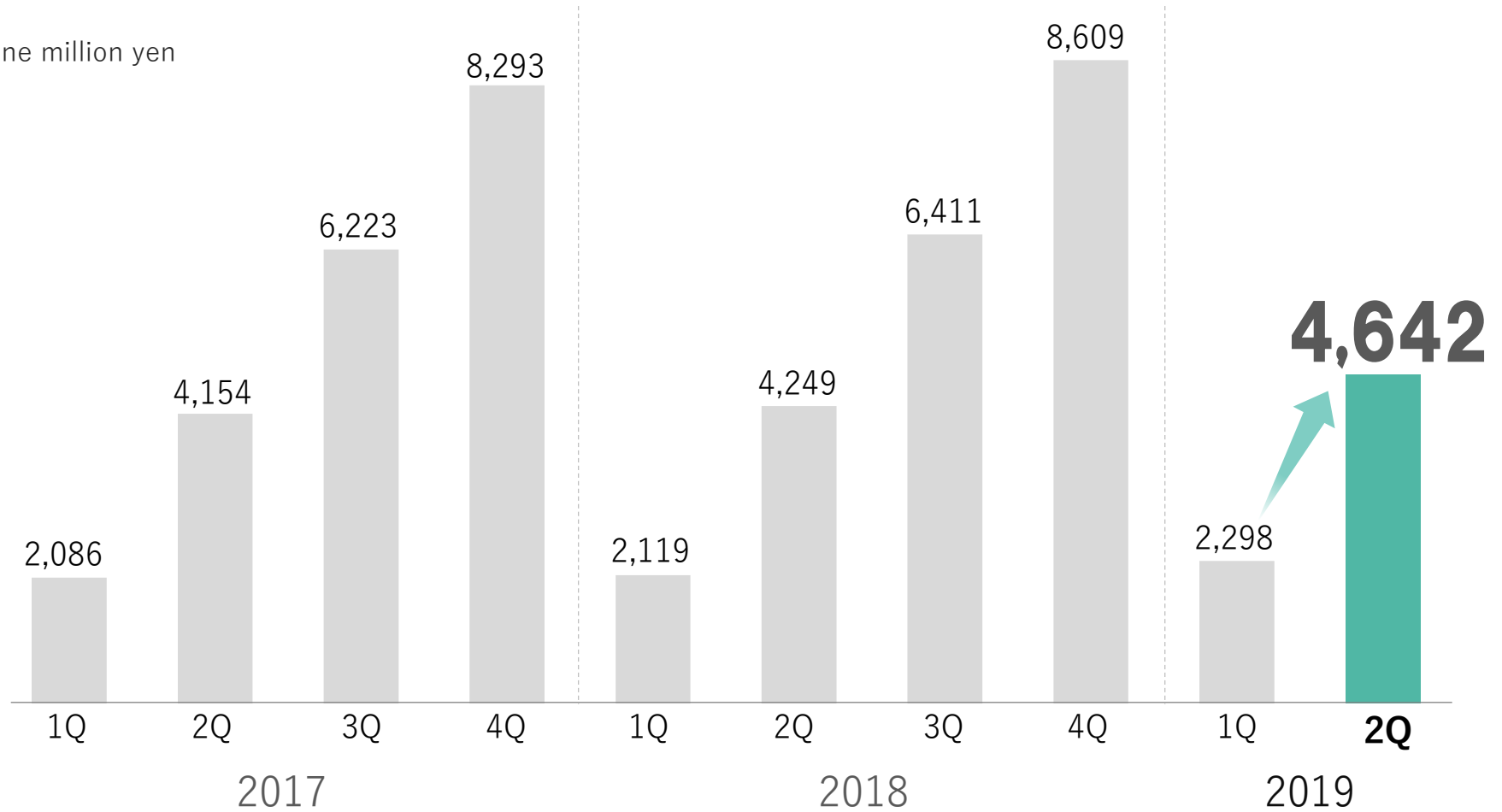
Profit

8.7%

One Million Yen

Sales were steady

Unit: One million yen



FY2019 Second Quarter Financial Results Overview

Financial Highlights

Unit: One million yen	FY2019 / 2Q	FY2018 / 2Q	YoY change		FY2019 plan	Full year Progress rate
Net Sales	4,642	4,249	9.2%		9,454	49.1%
Gross profit	3,020	2,817	7.2%		6,250	48.3%
Operating Profit	711	658	7.9%		1,409	50.4%
Ordinary Profit	733	691	6.0%		1,469	49.9%
Profit	464	427	8.7%		890	52.2%

	FY2017/2Q	FY2018/2Q	FY2019/2Q	YoY change
Initial guarantee fee * [million yen]	2,297	2,254	2,499	10.9%
Number of new contracts [thousand]	60	62	69	10.3%
Average unit price [thousand yen]	39	40	40	1.6%
Annual guarantee fee * [million yen]	1,790	1,917	2,067	7.8%
Number of contracts held [thousand]	441	466	504	8.1%

* Initial guarantee fee and annual guarantee fee are divided among the contract period.

Balance sheet summary

Unit: One million yen

	FY2018	FY2019/2Q	Change in amount
Current Assets	5,626	5,999	373
Cash and deposits	2,705	2,978	272
Non-current Assets	6,049	6,326	276
Goodwill	3,841	3,710	△130
Investment securities	25	205	180
Total assets	11,675	12,325	649
Liabilities	5,397	6,068	670
Advances received	4,089	4,607	518
Net Assets	6,278	6,257	△20
Treasury stock	△699	△899	△ 200
ROE (before amortizing goodwill)	8.8% ※	9.5%	0.7pt

Operating CF +1,016 million
Investment CF △265 million
Financial CF △479 million

Increase in initial & annual
guarantee fee

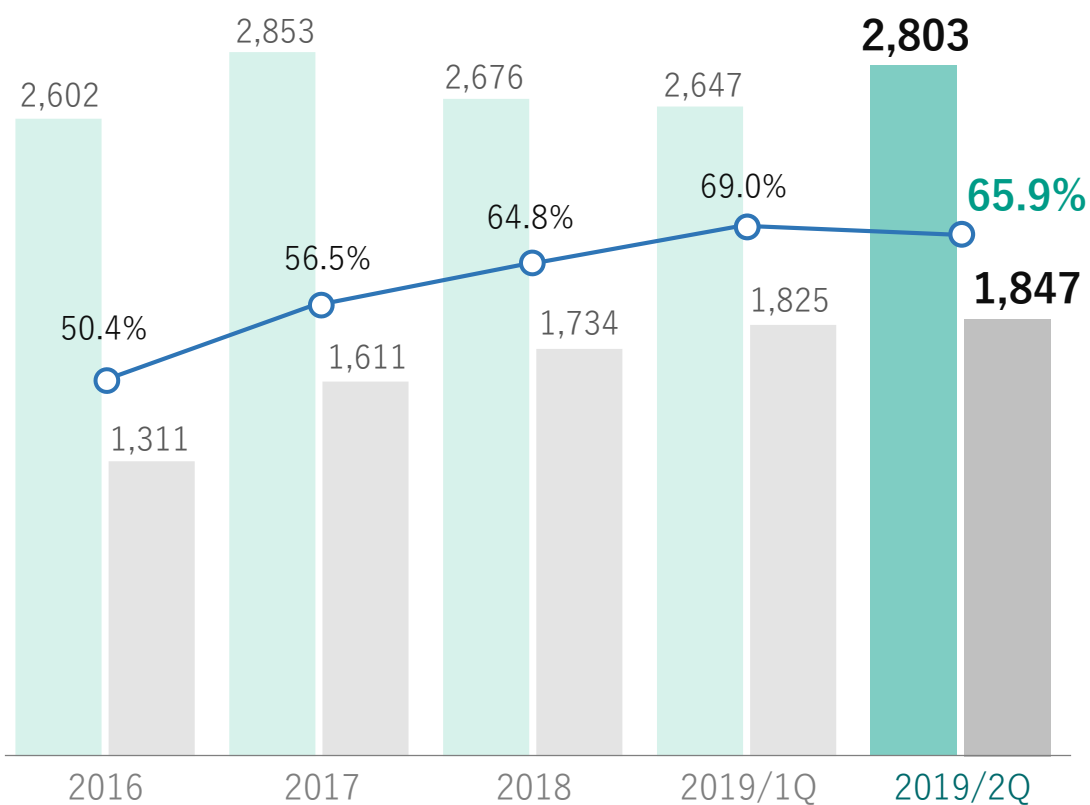
Acquisition of treasury stock

* FY2018 ROE is calculated based on FY2018 / 2Q results

Unit: million yen	FY2017/2Q	FY2018/2Q	FY2019/2Q	YoY Rate
Amount of sales	4,154	4,249	4,642	9.2%
Cost of sales	1,498	1,431	1,621	13.3%
Lawsuit / Dispose expense	364	286	277	△ 3.3%
Provision of allowance for doubtful accounts	841	815	931	14.3%
Compared to sales	20.2%	19.2%	20.1%	0.9pt

Changes in ratio of allowance for doubtful accounts to recourse claims

Unit: million yen



■ Recourse claims ■ Allowance for doubtful accounts

○ Ratio of Allowance for doubtful accounts to Recourse claims

Decrease in the ratio of allowance for doubtful accounts to recourse claims

Canceled receivables decreased and ratio to recourse claims reduced

Calculation method for allowance for doubtful accounts

☐ Calculate by multiplying recourse claims by bad debt ratio

☐ Use the past average for the bad debt ratio

- In the first to third quarters, the bad debt ratio is the previous fiscal year's ratio

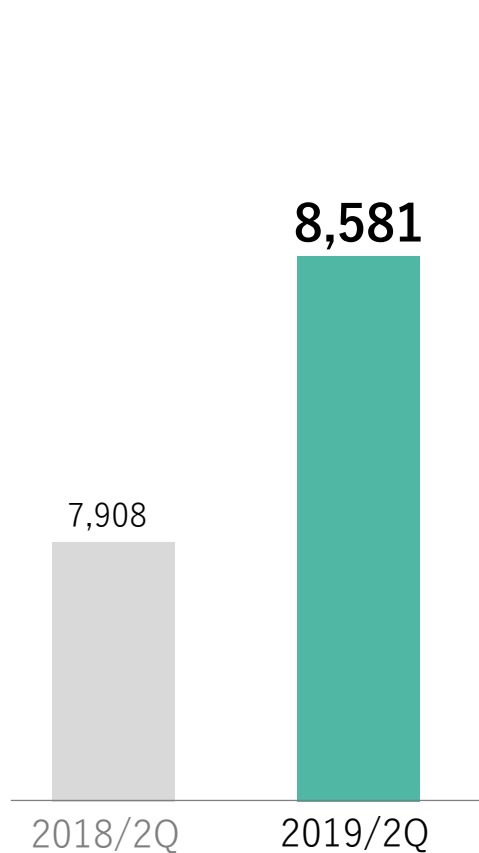
- In the fourth quarter, the bad debt ratio is the average of the past 3 years

Operating cash flow is steady

Unit: million yen	FY2017	FY2018	FY2019/2Q
Operating Cash flow	1,038	1,689	1,016
Y o Y	950	651	1 billion in half year

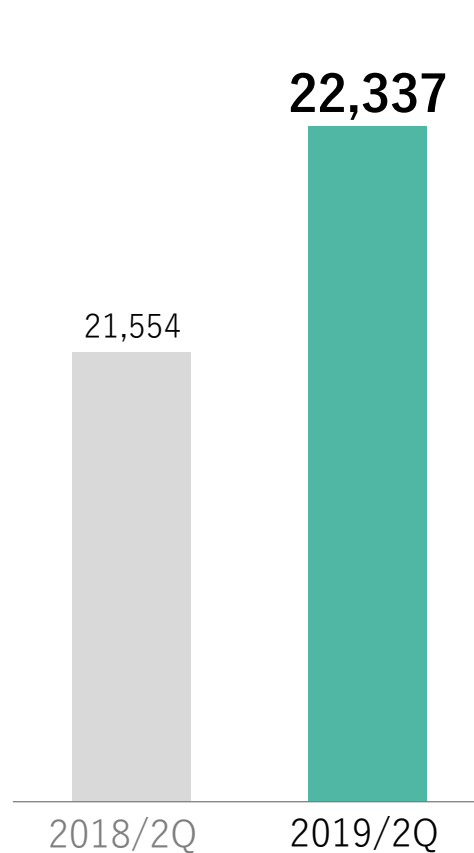
Number of
trading companies

+673



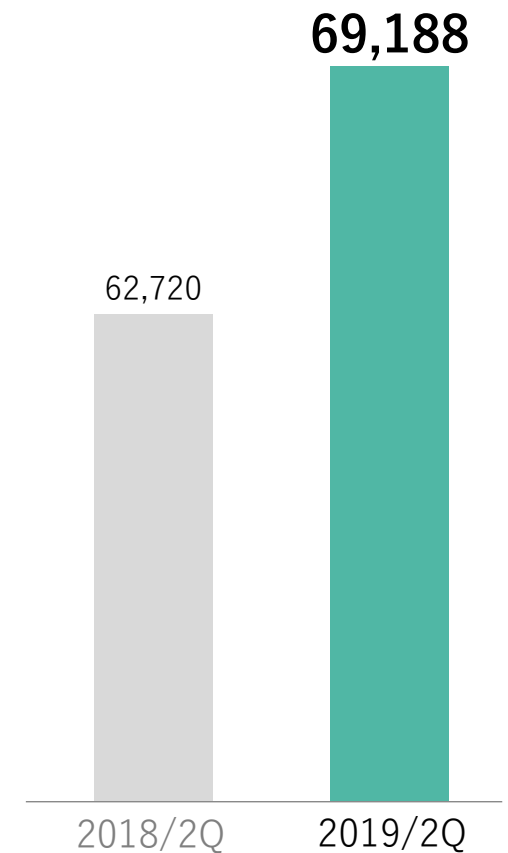
Number of stores

+783



Number of
new contracts

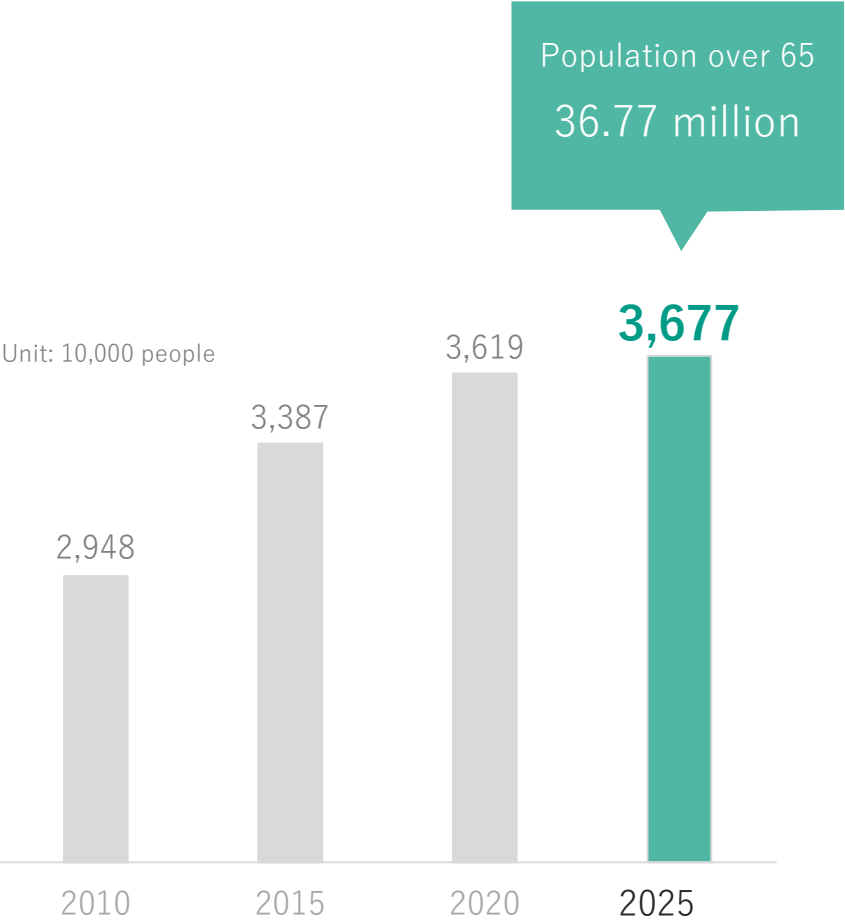
+6,468



FY2019 key measures

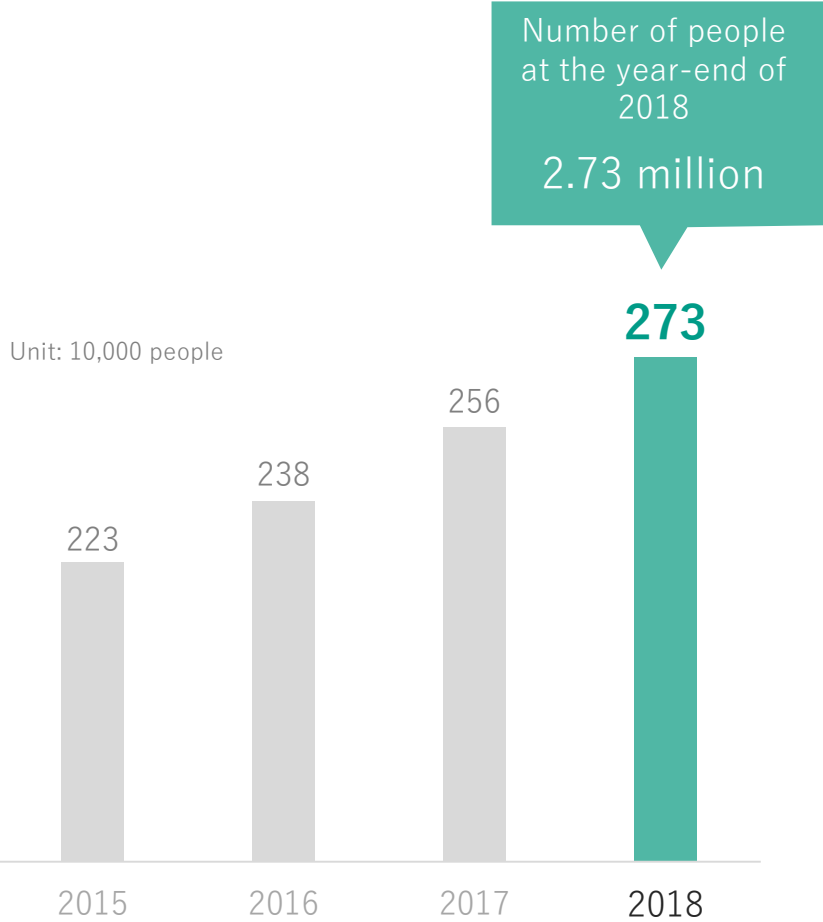
Strategic Policy

Elderly population transition



* Trends in the elderly population (Statistics Bureau, Ministry of Internal Affairs and Communications)

Foreign residents transition



* Foreign residents as of the year-end of 2018 (Immigration Bureau, Ministry of Justice)

The elderly and foreigners are increasing year by year
Supply of products tailored to the needs of the external environment



家主ダイレクト “Landlord Direct”

Tenant recruitment



Back up recruitment with an agent network of 20,000

Rent guarantee



Rent is paid in full at every month end
Realize stable cash flow

Solitary death insurance



Emergency repair costs
Compensate for rent loss

Home insurance premium guarantee

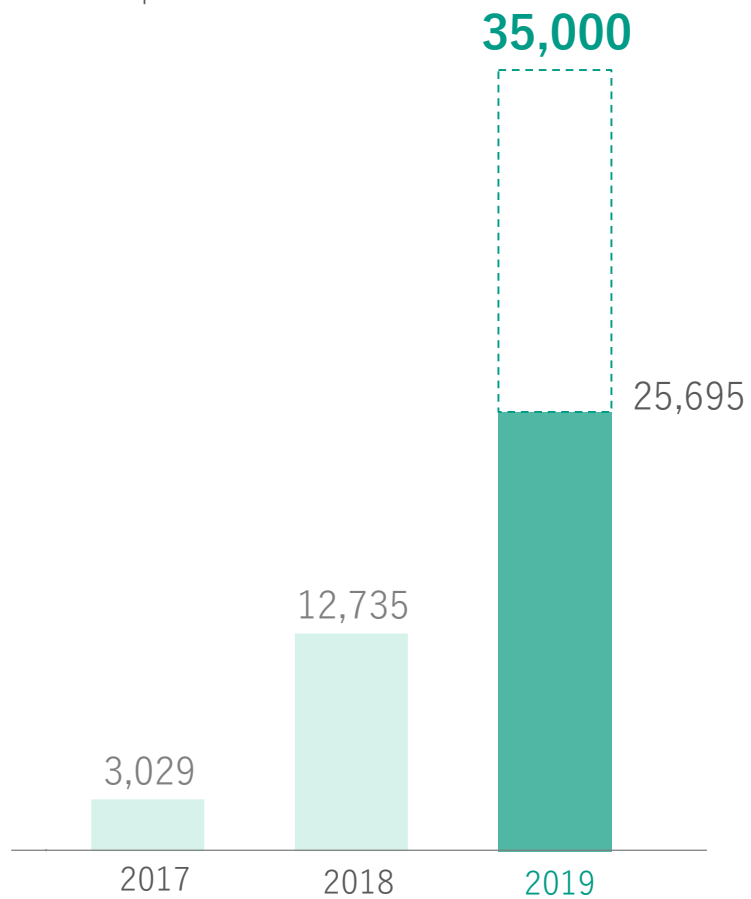
New

Eliminating neglect in insurance for household goods insurance

Service starts in October 2019

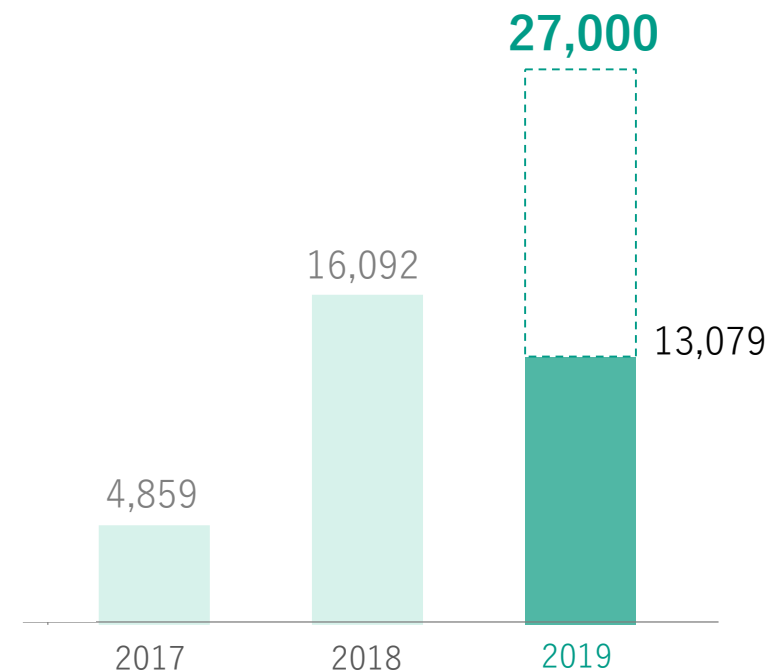
Number of owners

Unit: Number of persons



Number of “Landlord Direct” contracts

Unit: Number of cases



Easy on the net Guarantee x Insurance

Point 1 **Easy application procedure**

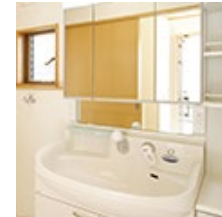
Application for insurance is linked with guarantee, reducing paper-works for tenants.

Point 2 **No insurance renewal procedure required**

Casa substituting the renewal procedure and reducing the labor of the real estate company

Point 3 **Guaranteed rent and insurance premium**

No insurance neglected with premium guarantee service



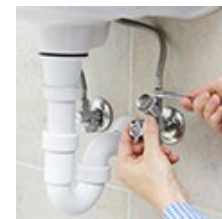
Wash basin replacement
Expense insurance



Glass exchange
Expense insurance



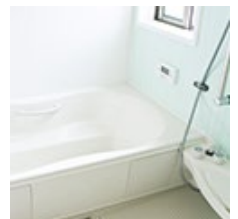
Toilet bowl exchange
Expense insurance



Repair of water pipes
Expense insurance

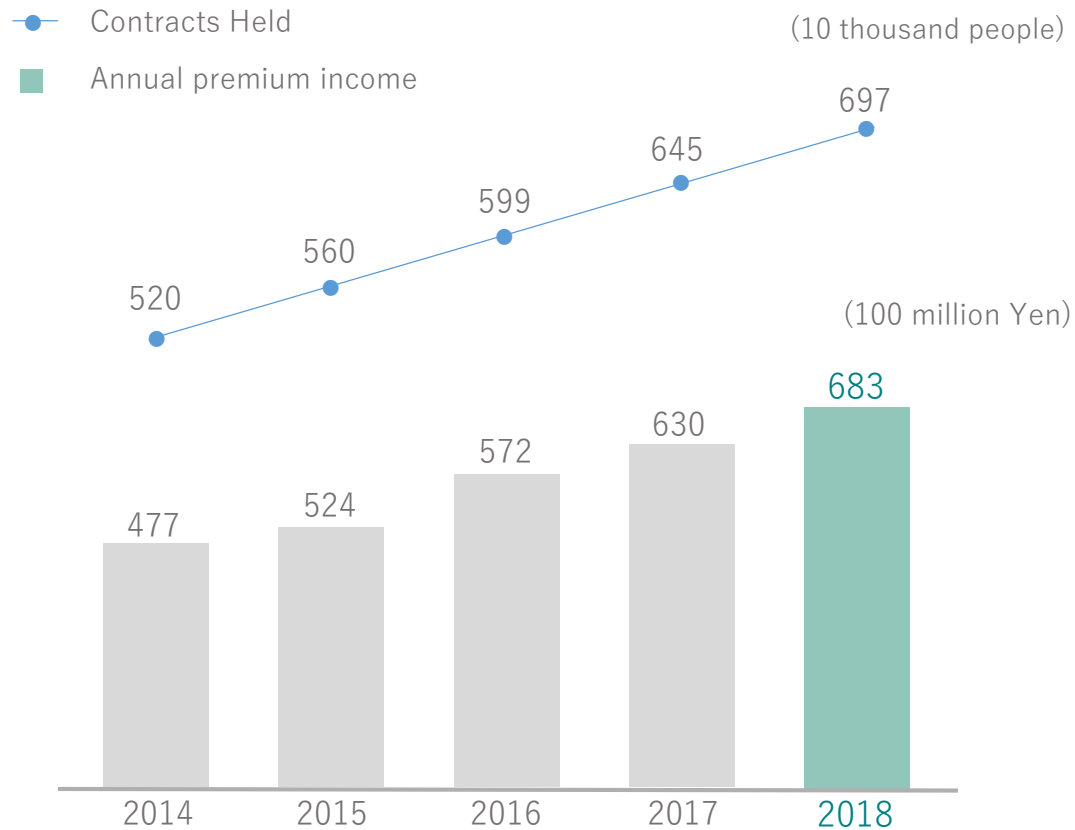


Earthquake fire
Expense insurance



Bathtub exchange
Expense insurance

Small-scale short-term Household insurance market size



Point 1

Simplification of subscription procedures



Guarantee application and insurance procedure linked

Point 2

No insurance renewal procedure required



Acting for insurance renewal

Point 3

Premium guarantee at the time of renewal



Eliminating non-insurance risk at renewal

Growth strategies

Growth Strategy

Independent management Market

Number of rental houses
6.5 million

Acquisition of digital generation landlords

Joint guarantor market

About **90%** use joint guarantors

Vacancy Measures

Cost Reduction

Management company Market

Number of rental houses
10.0 million

Acquisition of new and existing agents

Guarantee company market

About **60%** use a guarantee company

Move-in Promotion

Business efficiency

Note: Based on Ministry of Internal Affairs and Communications "2013 housing, land statistics investigation", we estimate using data of Ministry of Land, Infrastructure, Transport and Tourism "about appropriateness of rental housing management business" (reference materials)

External environment changes at an accelerated rate

Civil law amendment

- Required to set the maximum amount and provide information
- Increased explanation for joint guarantor



Effective April 1, 2020

Deregulation

- Efforts on using IT for explanation on important information
- Acceleration of using IT in real estate transaction



Online real estate transactions

Generational change of landlord

- The landlords in their 30s and 50s use IT on a daily basis
- Do not feel resistance towards IT



Social experiment of electronic distribution of disclosure statement started (October 1, 2019)

Housing market

- Cabinet decision on “Basic plan for new life”
- Second-hand market ¥ 8 trillion, Renovation market ¥ 12 trillion



Target 20 trillion yen market in 2025

Information asymmetry

- Real estate agent-oriented business practices
- Black box in Real estate transactions



By utilizing AI and big data, Improved transparency and convenience

Analog transactions

- Mainly transactions using paper and fax
- In-person communication, division of labor system

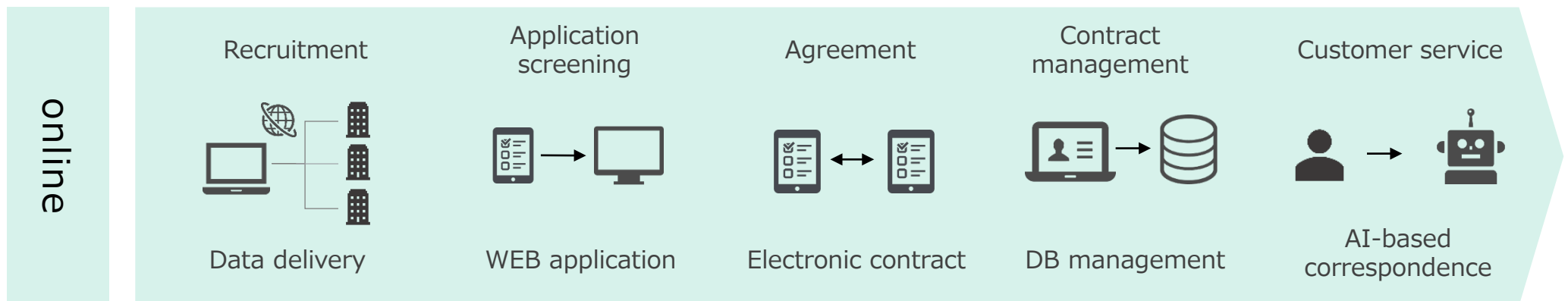


Shift to digitalization and one-stop trading

Asis Paper-based processes

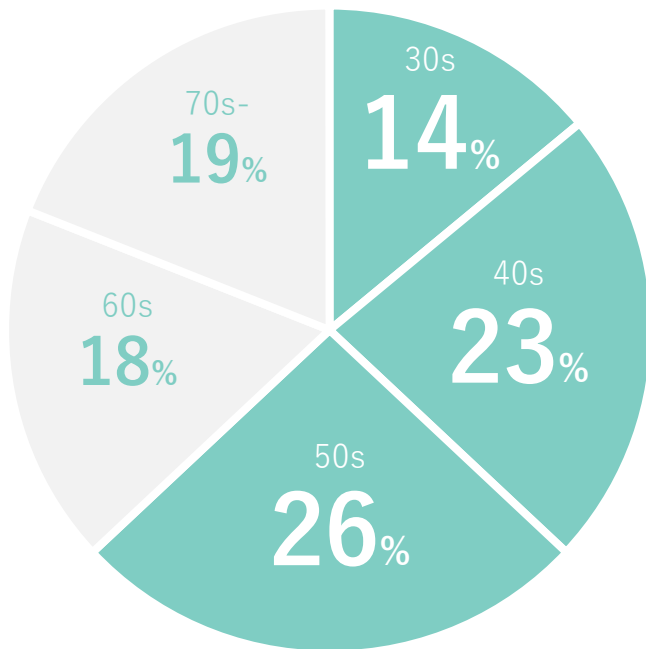


Tobe Workflow with IT



Landlords in their 30s to 50s account for 60%

Landlord's age



30s - 50s
60%

High awareness of IT literacy and cost



- Rent management using IT
- Transparent and reasonable prices
- Proposals to increase the value of properties
- Vacancy measures

* In-company investigation

Phase1

Owned media

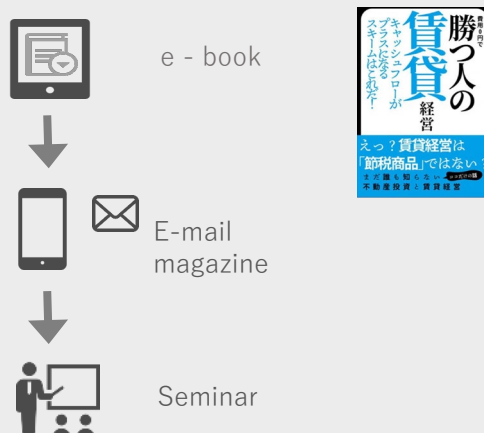
Ad-tech advertising development



Phase 2

Nurturing

Uncover potential customers



Phase 3

Acquisition on own site

Complete use on the web



Media marketing

Customer development

Customer acquisition

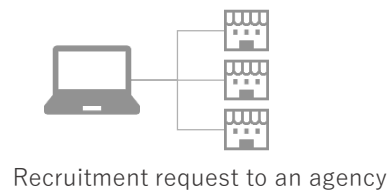
Future rental management



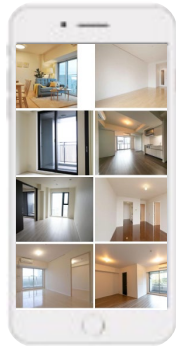
Provide one-stop service from moving-in to moving-out



Recruitment



Preview



Agreement



Apply / contract online



Household insurance

Scheduled for
October 2019



Move-in



Call center support



Emergency service

Scheduled for
December 2019



Move-out



Renovation in move-out

Scheduled for
November 2019



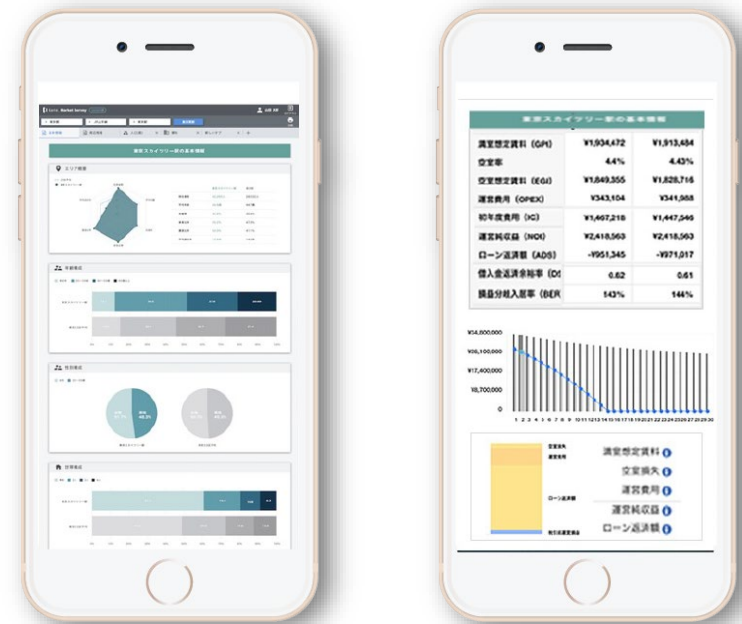
AI renovation

Scheduled for
June 2020

With a simulation service using AI Full support real estate owners' leasing management

High-precision AI analysis function

- Prediction of rent, price, etc. up to 50 years ahead
- Check validity of price and rent
- Proposal report creation
- Efficiency and sophistication of assessment work



Recycle used properties through AI-based renovation

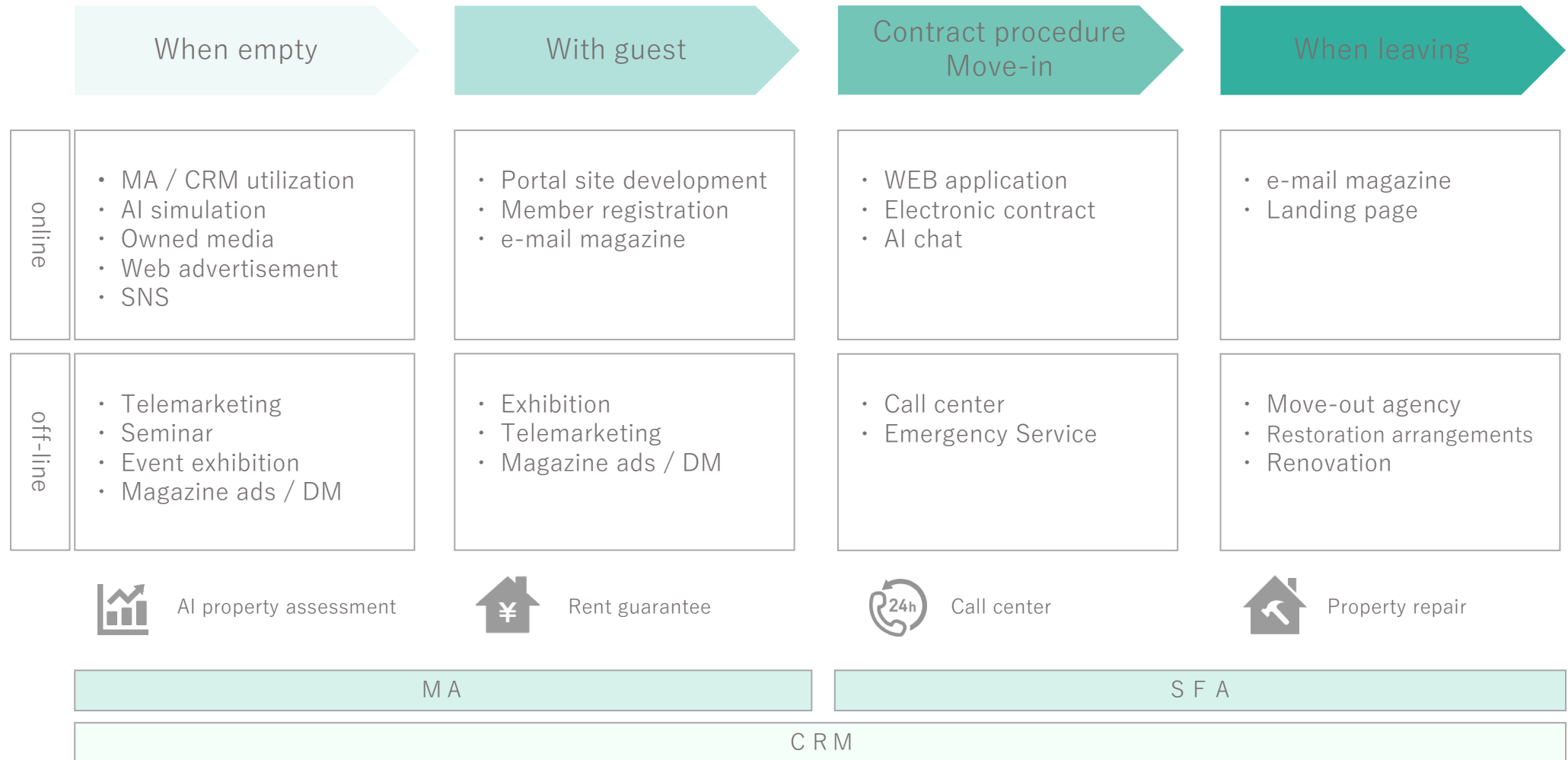
Total support from leaving the house to construction, tenant recruitment and rent guarantee

Design renovation of used property regeneration for real estate owners who have trouble



Investment judgment by AI assessment

Build consistent data management from customer acquisition to customerization



Expansion of business domain centered on real estate

1. Fusion of real estate and technology

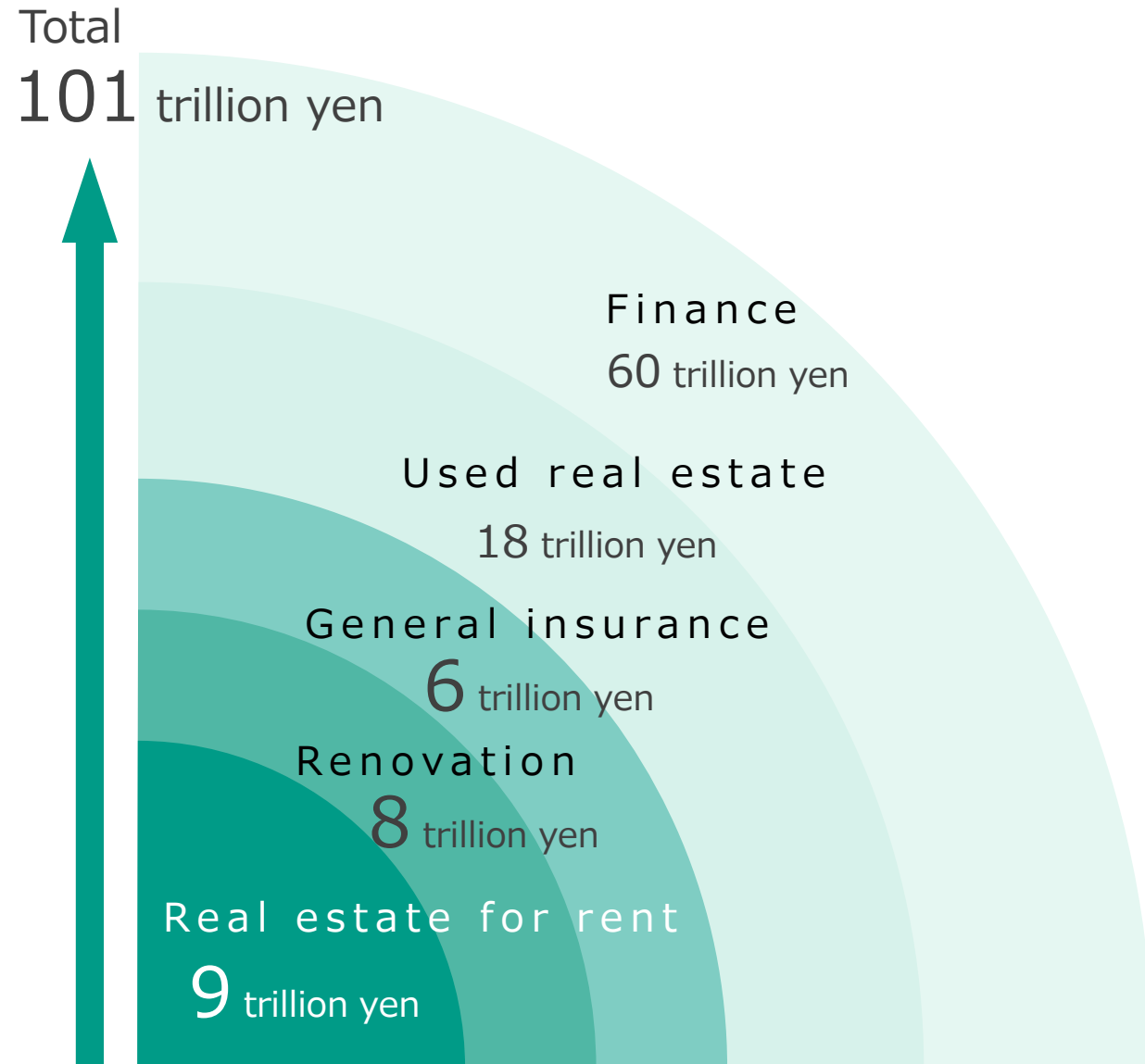
- Creativity and innovation in the real estate industry
- Rebuilding the real estate environment

2. IT rental management support

- Utilization of big data
- Property diagnosis using AI

3. Alliances with other industries

- Expand business through synergies
- Creation of new revenue sources





User

Tenant information
Rent / Exit Information

Property

Property / owner information
Repair history, vacancy information

Financial

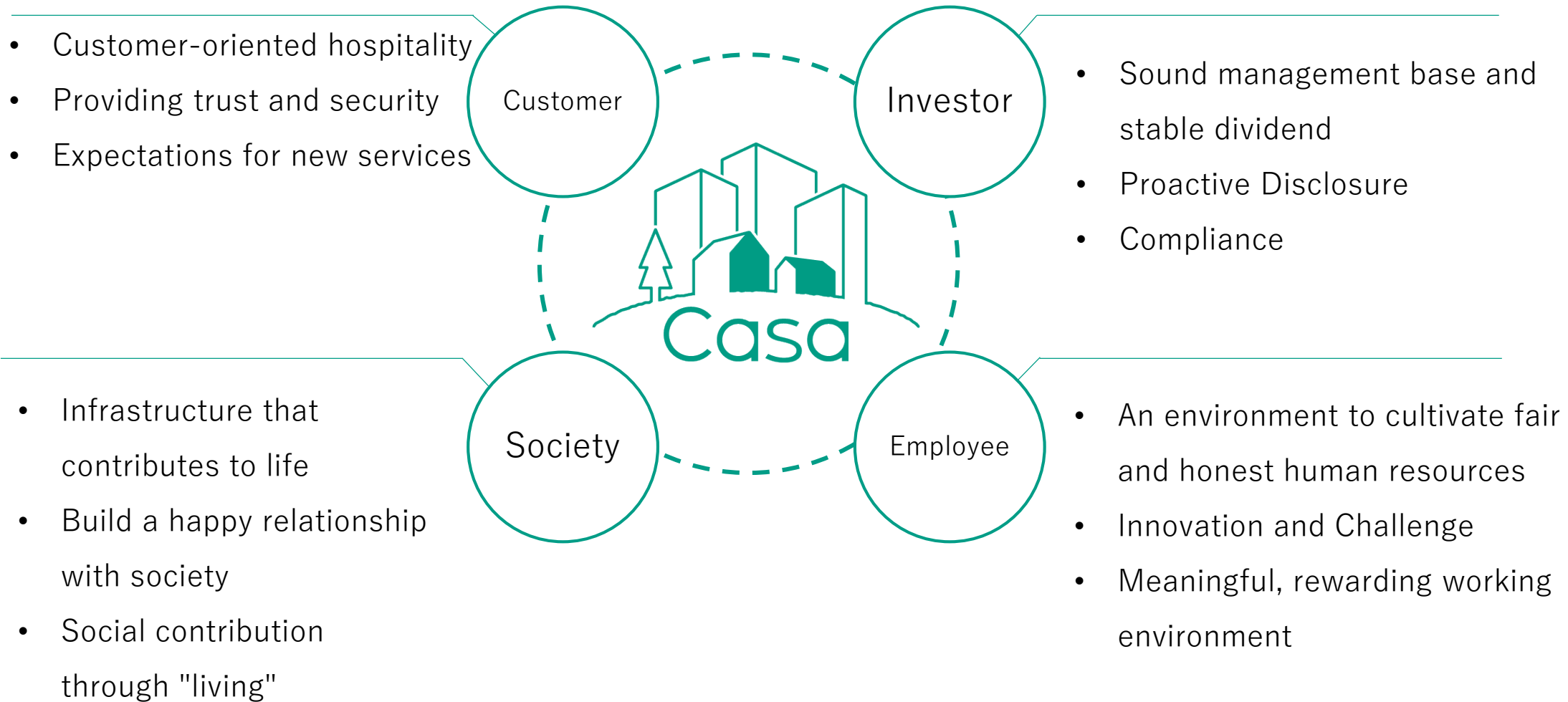
Asset / borrowing information
Cash flow / vacancy information





Be innovators
To change real estate Industry
with technology

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- In addition to our business and industry trends, this document also refers to our future prospects based on our current plans, estimates, forecasts or forecasts.
- These forward-looking statements carry various risks and uncertainties.
- Already known or unknown risks, uncertainties and other factors may or may not lead to different consequences than those contained in the statement of future prospects.
- We can not promise that our forward-looking statements are correct, and our results may differ materially from our forward-looking statements.
- The forward-looking statements in this document were made by the Company based on available information as of September 9, 2019, and reflect any future events or circumstances. The statement is not updated or changed.
- We have started consolidated accounts from the second-quarter for January, 2020 period. The YOY basis becomes the comparison with non-consolidated basis.