

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2018 (Based on Japanese GAAP)

September 10, 2018

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 Senji Horiuchi TEL 03-5339-1143
 Scheduled date to file Quarterly Securities Report: September 14, 2018
 Scheduled date to commence dividend payments: –
 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. Non-consolidated financial results for the six months ended July 31, 2018 (from February 1, 2018 to July 31, 2018)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2018	4,249	2.3	658	34.1	691	27.5	427	29.9
Six months ended July 31, 2017	4,154	–	491	–	542	–	329	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2018	39.50		36.81	
Six months ended July 31, 2017	31.64		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2018	12,179	6,330	52.0
As of January 31, 2018	11,764	6,344	53.9

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, 2018	–	0.00	–	44.50	44.50
Year ending January 31, 2019	–	0.00	–	–	–
Year ending January 31, 2019 (Forecast)	–	–	–	22.25	22.25

3. Forecast of non-consolidated financial results for the year ending January 31, 2019 (from February 1, 2018 to January 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,854	6.8	1,246	6.8	1,296	6.9	801	7.5	74.53

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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

(3) Number of issued shares (common shares)

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

As of July 31, 2018	10,840,000 shares	As of January 31, 2018	10,840,000 shares
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Number of treasury shares at the end of the period

As of July 31, 2018	162,818 shares	As of January 31, 2018	102 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2018	10,819,474 shares	Six months ended July 31, 2017	10,400,000 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Assets		
Current assets		
Cash and deposits	2,507,492	3,010,505
Accounts receivable - trade	1,025,836	1,120,178
Right to reimbursement	2,853,561	2,744,523
Deferred tax assets	1,682,804	1,826,251
Other	661,867	677,896
Allowance for doubtful accounts	(1,611,592)	(1,583,147)
Total current assets	7,119,969	7,796,208
Non-current assets		
Property, plant and equipment	73,397	63,270
Intangible assets		
Goodwill	4,103,115	3,972,164
Other	181,283	136,428
Total intangible assets	4,284,399	4,108,593
Investments and other assets		
Other	287,773	212,648
Allowance for doubtful accounts	(1,127)	(1,127)
Total investments and other assets	286,646	211,521
Total non-current assets	4,644,443	4,383,385
Total assets	11,764,412	12,179,594
Liabilities		
Current liabilities		
Current portion of long-term loans payable	600,000	400,000
Income taxes payable	284,941	440,207
Advances received	3,717,134	4,175,258
Provision for bonuses	143,800	122,338
Other	656,080	700,792
Total current liabilities	5,401,957	5,838,597
Non-current liabilities		
Other	18,007	10,337
Total non-current liabilities	18,007	10,337
Total liabilities	5,419,965	5,848,934
Net assets		
Shareholders' equity		
Capital stock	1,532,221	1,532,221
Capital surplus	1,532,221	1,532,221
Retained earnings	3,278,286	3,464,482
Treasury shares	(119)	(200,102)
Total shareholders' equity	6,342,609	6,328,821
Subscription rights to shares	1,837	1,837
Total net assets	6,344,447	6,330,659
Total liabilities and net assets	11,764,412	12,179,594

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2017	Six months ended July 31, 2018
Net sales	4,154,307	4,249,678
Cost of sales	1,498,597	1,431,868
Gross profit	2,655,710	2,817,809
Selling, general and administrative expenses	2,164,464	2,158,842
Operating profit	491,245	658,967
Non-operating income		
Gain on bad debts recovered	32,411	32,347
Gain on sales of bad debts	24,874	—
Other	635	5,113
Total non-operating income	57,921	37,461
Non-operating expenses		
Interest expenses	2,860	1,874
Commission fee	1,667	2,918
Listing expenses	2,000	—
Total non-operating expenses	6,528	4,792
Ordinary profit	542,638	691,635
Profit before income taxes	542,638	691,635
Income taxes - current	397,891	406,304
Income taxes - deferred	(184,296)	(142,052)
Total income taxes	213,594	264,252
Profit	329,043	427,383

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2017	Six months ended July 31, 2018
Cash flows from operating activities		
Profit before income taxes	542,638	691,635
Depreciation	77,681	57,394
Amortization of goodwill	130,950	130,950
Increase (decrease) in provision for bonuses	39,019	(21,461)
Increase (decrease) in allowance for doubtful accounts	191,503	(28,445)
Interest expenses	2,860	1,874
Commission fee	1,667	2,918
Listing expenses	2,000	—
Decrease (increase) in notes and accounts receivable - trade	(60,810)	(94,342)
Decrease (increase) in right to reimbursement	(218,813)	109,037
Increase (decrease) in accounts payable - other	3,019	(9,478)
Increase (decrease) in advances received	270,373	458,123
Increase (decrease) in deposits received	29,825	63,352
Other, net	25,565	(24,049)
Subtotal	1,037,483	1,337,509
Interest income received	19	14
Interest expenses paid	(2,863)	(1,877)
Income taxes paid	(193,193)	(243,986)
Net cash provided by (used in) operating activities	841,445	1,091,659
Cash flows from investing activities		
Proceeds from sales of investment securities	—	77,500
Purchase of property, plant and equipment	(425)	(9,067)
Purchase of intangible assets	(30,532)	—
Other, net	(9,098)	(4,005)
Net cash provided by (used in) investing activities	(40,056)	64,427
Cash flows from financing activities		
Repayments of long-term loans payable	(200,000)	(200,000)
Repayments of lease obligations	(16,824)	(8,437)
Purchase of treasury shares	—	(200,829)
Cash dividends paid	—	(239,861)
Other, net	(2,700)	(3,946)
Net cash provided by (used in) financing activities	(219,524)	(653,074)
Net increase (decrease) in cash and cash equivalents	581,864	503,012
Cash and cash equivalents at beginning of period	1,512,004	2,507,492
Cash and cash equivalents at end of period	2,093,869	3,010,505