Annual Report 2026





Casa Connect

What We Achieved This Year

Launch of the Casa Connect Smart Climate System, allowing homeowners to monitor and adjust temperature, humidity, and air quality from a single dashboard.

Expansion of customer support services, including a 24/7 help hotline and an in-home installation program.

Expansion of the Casa Connect mobile application with improved automation features and energy tracking tools.

Over the past year, Casa Connect has continued to expand its smart home ecosystem and strengthen it customer experience.

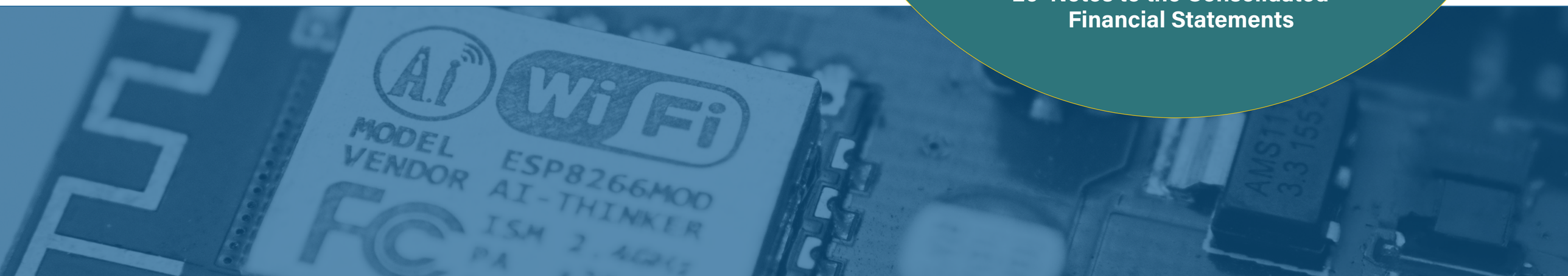
These developments reflect Casa Connect's commitment to building a more connected, efficient, and intelligent home experience.

Growth of retail distribution through new partnerships with national retailers and certified installers.

Introduction of smart refrigerator integration, enabling users to monitor food inventory, receive maintenance alerts, and manage energy usage.

Control Panel

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About Us

Casa Connect is a smart home technology company headquartered in San Diego, California. The company designs and develops an integrated ecosystem of smart appliances, home automation devices, and software that allow users to control and monitor their homes from anywhere.

The Casa Connect platform integrates devices such as smart locks, alarm systems, lighting, televisions, climate control systems, refrigerators, and smart plugs into a single, unified application. Through this system, users can customize their home environment, automate daily routines, and improve energy efficiency.

Casa Connect products are available through both direct retail locations and certified partners, including major retailers such as Best Buy, Target, and Walmart. Customers can also access professional installation and repair services through Casa Connect technicians or certified partners like Geek Squad.

With a focus on reliability, security, and intuitive design, Casa Connect makes smart home technology accessible to households of all sizes and lifestyles.

Our History

Casa Connect was founded in 2015 by entrepreneur Alondra Morales, a first-generation Mexican American software engineer raised in Southern California. Morales grew up watching her parents run a small family electronics repair shop, where she developed an early interest in technology and problem-solving.

While working as a software engineer in the consumer technology industry, Morales observed that many smart home products were fragmented and difficult to integrate. Different brands required separate apps, complicated setups, and inconsistent interfaces.

Inspired by the idea of creating a truly connected home ecosystem, Morales launched Casa Connect to build a unified platform where appliances, security systems, and household devices could communicate seamlessly.

The company's first product was a smart plug and mobile app that allowed users to control traditional appliances remotely. The success of this product led to rapid expansion into other smart home technologies, including smart lighting, locks, and climate control systems.

Since its founding, Casa Connect has grown into a comprehensive smart home solutions provider with:



- A headquarters in San Diego, California
- Multiple retail and support cslocations across the US
- Partnerships with major electronics retailers
- Certified installation and support services



Today, Casa Connect continues to expand its product ecosystem while focusing on innovation, sustainability, and user-centered design.



Mission Statement

At Casa Connect, our mission is to unify and elevate everyday living through intelligent home technology. We design integrated smart home products and software that help people feel safer, more comfortable, and more connected to the spaces they call home. By combining intentional design with advanced technology, Casa Connect creates systems that make modern living intuitive, efficient, and accessible for everyone.

Our Values

Innovation

We believe technology should continuously evolve to improve everyday life. Casa Connect invests in research and development to create smarter, simpler solutions for the modern home.

Connection

Homes are more than buildings; they are the center of daily life. Our products are designed to connect devices, people, and routines in ways that make life easier and more meaningful.

Reliability

Customers trust us to help protect and manage their homes. We prioritize dependable products, secure systems, and consistent service.

Accessibility

Smart home technology should be intuitive and available to everyone. We design products that are easy to use, affordable, and compatible with both new and existing appliances.

Sustainability

Energy-efficient design and responsible manufacturing guide our approach to innovation. Casa Connect works to reduce environmental impact while helping customers manage their energy consumption.

Letter to Our Shareholders

Dear Fellow Shareholders,

2026 was a year of innovative security for Casa Connect. Despite a complex global landscape, our team remained focused on our core mission: At Casa Connect, our mission is to unify and elevate everyday living through intelligent home technology. We design integrated smart home productsand software that help people feel safer, more comfortable, and more connected to the spaces they call home. By combining intentional design with advanced technology, Casa Connect creates systems that make modern living intuitive, efficient, and accessible for everyone.

PAST YEAR

Financial Performance

I am pleased to report that we achieved a record revenue of 65% in value to shareholders through dividends. These results underscore the strength of our diversified business model.

Strategic Highlights

This year, we reached several key milestones that position us for long term value creation:

- **Innovation:** We launched SmartAdapt™, which has already captured 45% market share in its first six months.
- **Operational Excellence:** By streamlining our global component sourcing and manufacturing supply chain, we realized $1,209,480 in annual cost savings.
- **Sustainability:** We remain committed to our ESG goals, successfully reducing our carbon footprint by 76% this period.

Looking Ahead

While the road ahead contains pushback against the increased use of Artificial Intelligence in the home, we view these as opportunities to further differentiate ourselves. Our roadmap for 2027 is aggressive, focusing on strengthening confidence, privacy, and security in AI-powered home automation and expanding the Casa Connect ecosystem through new device integrations and partnerships.

On behalf of the Board and our employees worldwide, thank you for your continued trust and investment. We are building something built to last.

Sincerely,

Alondra Morales
Chief Executive Officer
Casa Connect









Casa Connect's Executive Officers provide strategic oversight and governance to ensure the company continues innovating the industry while maintaining the highest standards of security, reliability, and operational excellence. The board works closely with executive leadership to guide long-term strategy, oversee risk management, and ensure that Casa Connect's technology ecosystem remains secure, scalable, and accessible to customers worldwide.

Drawing on deep experience in technology development, data management, finance, operations, and consumer markets, the board supports Casa Connect's mission to create a seamlessly connected home environment. Our Executive Officers ensure that the company's innovations are developed with a strong focus on user trust, system reliability, and sustainable growth.

Executive Team

CEO



Alondra Morales is the CEO of Casa Connect and serves on its Board of Directors. Before founding Casa Connect in 2015, Alondra worked as a software engineer in the consumer technology industry, where she focused on connected device systems and mobile applications. During this time, she recognized the growing challenge consumers faced in managing multiple smart home devices across different platforms and brands. Inspired to simplify the smart home experience, Alondra launched Casa Connect to create a unified ecosystem where appliances, security systems, and household technologies could communicate seamlessly through one platform. Under her leadership, the company expanded from its first smart plug and mobile app to a full suite of connected home products, including smart lighting, locks, and climate control systems.

Alondra earned a Bachelor of Science degree in Computer Engineering from the University of California, San Diego.

CLO



Lucas Bennett is Casa Connect's chief legal officer, reporting to CEO Alondra Morales. Lucas oversees all legal matters for the company, including corporate governance, intellectual property protection, regulatory compliance, and global privacy policies. He works closely with executive leadership to ensure that Casa Connect's technology innovations and partnerships operate within international legal frameworks. Before joining Casa Connect in 2018, Lucas was a corporate attorney specializing in technology and intellectual property law. He previously worked at a Silicon Valley law firm advising emerging technology companies and venture-backed startups.

Lucas earned his bachelor's degree in Political Science from the University of California, Berkeley, and a law degree from Stanford Law School.

CMO



Sofía Alvarez is Casa Connect's chief marketing officer, reporting to CEO Alondra Morales. Sofía leads Casa Connect's worldwide marketing strategy, including brand development, product marketing, advertising campaigns, and customer engagement initiatives. Her team works to expand Casa Connect's presence in the smart home technology market and strengthen relationships with consumers and retail partners. Before joining Casa Connect in 2019, Sofía held senior marketing roles in the consumer electronics and digital services industries, where she led global product launches and brand campaigns for emerging technology products.

Sofía earned a bachelor's degree in Business Administration from the University of Texas at Austin and an MBA from the University of Southern California.

COO



Mariana Delgado is Casa Connect's chief operating officer, reporting to CEO Alondra Morales. Mariana oversees the company's worldwide operations, including manufacturing partnerships, supply chain management, logistics, and customer support. She leads the teams responsible for delivering Casa Connect products to customers while maintaining high standards of quality and efficiency. Mariana joined Casa Connect in 2018 and has played an important role in scaling the company's operations as its product portfolio expanded. Prior to Casa Connect, she held leadership roles in operations and supply chain management for global consumer electronics companies.

Mariana earned a bachelor's degree in Industrial Engineering from Arizona State University and an MBA from the University of California, Irvine.

CFO



Ethan Brooks is Casa Connect's chief financial officer, reporting to CEO Alondra Morales. As CFO, Ethan oversees the company's accounting, financial planning and analysis, investor relations, treasury, and tax functions. He works closely with executive leadership to guide Casa Connect's long-term financial strategy and support its continued growth in the smart home market. Ethan joined Casa Connect in 2020 after more than 15 years in finance leadership roles at technology and consumer electronics companies. Earlier in his career, he worked in corporate finance and strategic planning.

Ethan earned a Bachelor of Science degree in Finance from Indiana University and an MB from the University of Chicago Booth School of Business.

CIO



Daniel Park is Casa Connect's chief information officer, reporting to CEO Alondra Morales. Daniel oversees the company's technology infrastructure, software architecture, and cybersecurity strategy. His teams are responsible for building the cloud systems and mobile platforms that power the Casa Connect ecosystem and enable seamless communication between devices. Daniel joined Casa Connect in 2017 after working in senior engineering roles in the consumer technology industry. Earlier in his career, he helped develop large-scale cloud platforms and connected device software for global technology companies.

Daniel earned his bachelor's degree in Computer Science from the University of Washington and a master's degree in Software Engineering from Carnegie Mellon University.

CDO



Priya Natarajan is Casa Connect's chief data officer, reporting to CEO Alondra Morales. Priya leads the company's data strategy, analytics, and data governance initiatives. Her teams develop insights that improve device performance, enhance user experience, and ensure the responsible use of data across the Casa Connect platform. Before joining Casa Connect in 2019, Priya worked in data science and analytics leadership roles in the technology sector, focusing on machine learning applications and large scale consumer data platforms.

Priya earned her bachelor's degree in Computer Science from the University of Illinois Urbana-Champaign and a master's degree in Data Science from Columbia University.

Board of Directors

Alondra Morales
Chief Executive Officer, Casa Connect
Chair of the Board

Michael Chen
Former Senior Vice President, Global Consumer Electronics Company
Audit and Finance Committee

Angela Rivera
Founder and CEO, Rivera Digital Commerce
People and Compensation Committee
Nominating and Corporate Governance Committee

David Thompson
Former Chief Financial Officer, TechWave Systems
Audit and Finance Committee Chair

Priya Natarajan
Chief Data Officer, Casa Connect
Nominating and Corporate Governance Committee



Financial Highlights

$15.8 billion

Grew annual revenue to **$15.8 billion**, an increase of **10.9% year-over-year.**

$2.4 billion

Continued to **self-fund our growth**, generating **$2.4 billion in operating cash flow.**

$890 million

Invested **$890 million in research and development**, advancing AI-powered home automation and IoTtechnologies.

$420 million

Repurchased **$420 million of Casa Connect shares** as part of our capital return program.

9.4 million

Installed over **9.4 million** new connected devices, bringing the total Casa Connect ecosystem to **51 million active devices worldwide.**

7.1 million

Expanded our **SaaS subscriber base to 7.1 million connected households worldwide.**



Earnings improved by **13.5%,** supported by higher-margin SaaS subscriptions and direct-to-consumer sales.

13.5%

Unit growth reached **12%,** bringing the total number of **Casa Connect experience centers and installation hubs to 138 locations globally.**

12%

Comparable sales increased **7.2%,** driven by strong demand for connected home security and automation products.

7.2%

Increased **gross margin by 160 basis points,** driven by supply chain optimization and higher software subscription adoption.

160

Launched **11 new smart home products,** including AI-enabled security cameras, next-generation smart hubs, and advanced energy management devices.

11

Expanded internationally by **entering 6 new markets across Europe and Southeast Asia.**

6



Financial Goals 2027

$17.7 billion Grow annual revenue to **$17.7 billion**, with an increase of **11.9% year-over-year.**

$5.1 billion Continue to **self-fund our growth**, generate **$5.1 billion in operating cash flow.**

$950 million Invest **$950 million in research and development**, continue advancing AI-powered home automation and IoT technologies.

$425 million Repurchase **$425 million of Casa Connect shares** as part of our capital return program.

10.5 million Install at least **10.5 million new connected devices**, which will bring the total Casa Connect ecosystem to **61.5 million active devices worldwide.**

8.4 million Expand our **SaaS subscriber base to 8.4 million connected households worldwide.**



17.3% Improve earnings by **17.3%**, supported by higher-margin SaaS subscriptions and direct-to- consumer sales.

15% unit growth by **15%**, bringing the total number of **Casa Connect experience centers and installation hubs to 160 locations globally.**

9.8% Increase comparable sales **9.8%**, driven by strong demand for connected home security and automation products.

180 Increase **gross margin by 180 basis points**, through supply chain optimization and higher software subscription adoption.

12 Launch **at least 12 smart home products by the end of the year.**

10 Continue to expand internationally by **entering at least 10 new markets across Europe and Southeast Asia.**

Consolidated Balance Sheets

In Thousands, except Share Amounts

	January 1, 2026	December 21, 2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 136,069	$ 130,513
Accounts receivable, net	20,424	14,091
Inventories	165,434	142,793
Prepaid expenses and other current assets	23,288	11,152
Deferred income tax asset	—	35,580
Total current assets	345,215	334,129
Property and equipment, net of accumulated depreciation	494,067	454,889
Intangible assets, net of accumulated amortization	198,601	194,176
Goodwill	368,078	368,078
Other assets	19,003	17,801
Deferred income tax asset	1,400	—
Total Assets	$ 1,426,364	$ 1,369,073
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 134,480	$ 112,877
Accrued salaries and benefits	30,717	29,687
Other accrued liabilities	50,253	41,394
Current portion of capital and financing lease obligations	14,972	29,136
Current portion of long-term debt	—	7,746
Total current liabilities	230,422	220,840
Long-term capital and financing lease obligations	115,500	121,562
Long-term debt	160,000	248,611
Other long-term liabilities	97,450	74,071
Deferred income tax liability	—	18,600
Total liabilities	603,372	683,684
Commitments and contingencies (Note 19) Stockholders' equity:		
Undesignated preferred stock; $0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized, 152,577,884 shares issued and outstanding, January 1, 2026; 151,833,334 shares issued and outstanding, December 21, 2024	153	152
Additional paid-in capital	577,393	543,048
Retained earnings	245,446	142,189
Total stockholders' equity	822,992	685,389
Total liabilities and stockholders' equity	$ 1,426,364	$ 1,369,073

Consolidated Statement of Operations

	Year Ended		
	January 1, 2025	December 21, 2024	December 21, 2023
Net Sales	$ 3,593,031	$ 2,967,424	$ 2,437,911
Cost of sales, buying and occupancy	2,541,403	2,082,221	1,712,644
Gross profit	1,051,628	885,203	725,267
Direct store expenses	706,044	581,621	496,183
Selling, general and administrative expenses	106,412	95,397	81,795
Store pre-opening costs	8,616	7,749	5,734
Store closure and exit costs	1,802	725	2,051
Income from operations	228,754	199,711	139,504
Interest expense	(17,723)	(25,063)	(37,203)
Other income	443	596	487
Loss on extinguishment of debt	(5,481)	(1,138)	(18,721)
Income before income taxes.	205,993	174,106	84,067
Income tax provision	(77,002)	(66,414)	(32,741)
Net income	$ 128,991	$ 107,692	$ 51,326
Net income per share:			
Basic	$ 0.84	$ 0.72	$ 0.38
Diluted	$ 0.83	$ 0.70	$ 0.37
Weighted average shares outstanding:			
Basic	153,099	149,751	134,622
Diluted	155,877	154,328	139,765

Consolidated Statement of Cash Flows

	January 3, 2025	December 28, 2024	December 29, 2023
Cash flows from operating activities			
Net Income	$ 128,991	$ 107,692	$ 51,326
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	69,169	60,362	47,217
Accretion of asset retirement obligation and closed store reserve	344	844	322
Amortization of financing fees and debt issuance costs	74	1,494	2,482
Loss on disposal of property and equipment	1,512	1,087	449
Gain on sale of intangible assets	—	(100)	(19)
Equity-based compensation	8,018	5,355	5,780
Non-cash loss on extinguishment of debt	5,481	1,138	18,513
Deferred income taxes	15,581	16,432	13,731
Changes in operating assets and liabilities:			
Accounts receivable	(5,622)	(4,424)	(1,521)
Inventories	(22,641)	(24,537)	(19,875)
Prepaid expenses and other current assets	(12,042)	(3,127)	(3,738)
Other assets	(481)	(5,157)	(4,114)
Accounts payable	19,387	(4,721)	31,996
Accrued salaries and benefits	1,030	7,400	890
Other accrued liabilities	7,395	8,426	5,397
Other long-term liabilities	23,034	13,054	11,752
Net cash provided by operating activities	239,898	181,218	160,588
Cash flows from investing activities			
Purchases of property and equipment	(125,313)	(127,065)	(87,463)
Proceeds from disposal of property and equipment	2,708	294	1,000
Proceeds from sale of intangible assets	—	100	172
Purchase of leasehold interests	(5,707)	—	—
Net cash used in investing activities	(128,312)	(126,671)	(86,291)
Cash flows from financing activities			
Proceeds from revolving credit facility	260,000	—	—
Payments on revolving credit facility	(100,000)	—	—
Borrowings on term loan, net of financing costs	—	—	688,127
Payments on term loan	(261,250)	(57,000)	(786,850)
Payments on Senior Subordinated Notes	—	—	(35,000)
Payments on capital lease obligations	(662)	(585)	(412)
Payments on financing lease obligations	(3,480)	(3,006)	(2,868)
Payment of deferred financing costs	(1,896)	—	(1,370)
Payments of IPO costs	—	—	(4,212)
Cash from landlord related to financing lease obligations	419	577	4,581
Payment to stockholders and option holders	—	—	(295,921)
Excess tax benefit for exercise of options and antidilution payment to option holders	20,009	47,261	17,826
Proceeds from the issuance of shares	—	—	348,536
Proceeds from exercise of stock options	6,565	11,067	3,820
Repurchase of common stock	(25,735)	—	(113)
Net cash used in financing activities	(106,030)	(1,686)	(63,856)
Net increase in cash and cash equivalents	5,556	52,861	10,441
Cash and cash equivalents at beginning of the period	130,513	77,652	67,211
Cash and cash equivalents at the end of the period	$ 136,069	$ 130,513	$ 77,652
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 17,455	$ 23,768	$ 38,091
Cash paid for income taxes	40,656	8,250	1,276
Supplemental disclosure of non-cash investing and financing activities			
Property and equipment in accounts payable	$ 16,196	$ 13,993	$ 7,873
Property acquired through capital and financing lease obligations	10,125	34,140	10,660

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Corporate Information

Casa Connect and its subsidiaries is a leading smart home technology company specializing in connected living solutions that integrate security, automation, energy management, and home intelligence into a single seamless ecosystem. The Group is headquartered in San Diego, California, with primary manufacturing hubs in Austin, Texas; Shenzhen, China; and Monterrey, Mexico. These global facilities allow Casa Connect to efficiently design, develop, and produce cutting-edge smart home devices while maintaining strong quality control and innovation pipelines. The Group's shares are publicly traded on the Global Tech Exchange (GTX) under the symbol CSCN.

Casa Connect operates a network of design studios, research laboratories, and customer experience centers across North America, Europe, and Asia-Pacific. The San Diego headquarters serves as the company's innovation center, housing advanced research teams focused on artificial intelligence, IoT integration, and next-generation home automation systems.

The Austin facility focuses on hardware engineering and North American distribution, supporting rapid delivery and technical servicing. The Shenzhen facility specializes in high-precision electronics production and component sourcing, enabling scalable manufacturing for Casa Connect's smart devices. Meanwhile, the Monterrey facility manages assembly, logistics, and regional distribution across the Americas.

In addition to manufacturing and research locations, Casa Connect has showrooms and smart living demonstration homes in major cities including San Diego, Seattle, Toronto, Berlin, and Singapore. These spaces allow homeowners, developers, and business partners to interact with Casa Connect's products, from smart lighting and climate control to voice-activated security systems and energy-efficient home management platforms. Through its global infrastructure and focus on intuitive technology, Casa Connect aims to make connected living simple, safe, and accessible for all.

2 Significant Accounting Policies

2.1 Basis of Preparation The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and solar-farm assets which are measured at fair value.

2.2 Basis of Consolidation Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee.

2.3 Foreign Currency Translation Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates.

- **Monetary assets and liabilities** denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.
- **Non-monetary items** are translated using the exchange rates at the dates of the initial transactions.

3 Revenue from Contracts with Customers

The Group disaggregates revenue by primary geographical market and major product lines.

Revenue Source	2025 ($M)	2024 ($M)
Renewable Infrastructure (Project-based)	7,850	6,900
Consumer Hardware (Direct Sales)	5,100	4,800
Software-as-a-Service (SaaS Subscriptions)	1,300	1,100
Total Revenue	**14,250**	**12,800**

Performance Obligations:

- **Infrastructure Projects:** Revenue is recognized over time using the "input method" (cost-to-cost) as the Group creates an asset that the customer controls as it is being created.
- **SaaS Subscriptions:** Revenue is recognized on a straight-line basis over the term of the subscription (typically 12 to 36 months).

4 Property, Plant, and Equipment (PP&E)

($ Millions)	Land & Buildings	Machinery	R&D Labs	Total
At Jan 1, 2025	1,200	4,100	900	6,200
Additions	350	600	150	1,100
Disposals	(20)	(80)	—	(100)
Depreciation Charge	(45)	(210)	(95)	(350)
At Dec 31, 2025	**1,485**	**4,410**	**955**	**6,850**

Impairment Testing: In Q4 2025, the Group performed an impairment test on the "Machinery" segment due to declining market prices for certain smart home hardware components. No impairment was recorded as the recoverable amount, determined via a Value-in-Use (VIU) calculation, exceeding the carrying amount by $45 million.

5 Goodwill and Intangible Assets

Goodwill resulting from the 2024 acquisition of Home Security Technology ($450M) was tested for impairment at the Cash-Generating Unit (CGU) level.

Key Assumptions for Impairment Testing: The Group uses a Discounted Cash Flow (DCF) model. The following key assumptions were used:

- **Terminal Growth Rate:** 2.5%
- **Pre-tax Discount Rate (WACC):** 8.2%

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

6 Financial Risk Management

The Group is exposed to market risk (interest rate and currency risk), credit risk, and liquidity risk.

A. Interest Rate Risk The Group manages interest rate risk by maintaining a mix of fixed and floating rate debt. As of Dec 31, 2025, 75% of the Group's borrowings were at fixed rates.

B. Credit Risk Credit risk refers to the risk that a counterparty will default on its contractual obligations. The Group's maximum exposure is the carrying amount of trade receivables ($900M). The Group uses an "Expected Credit Loss" (ECL) model to calculate provisions:

- **0-30 Days:** 0.5% Provision
- **31-90 Days:** 2.0% Provision
- **Over 90 Days:** 15.0% Provision

7 Income Taxes

The major components of income tax expense for the years ended Dec 31 are:

Description	2025 ($M)	2024 ($M)
Current Income Tax	310	250
Deferred Tax (Origination of timing diffs)	36	28
Total Tax Expense	**346**	**278**

The effective tax rate of 20% differs from the statutory rate of 17% primarily due to non-deductible stock-based compensation and higher tax rates in European jurisdictions.

8 Commitments and Contingencies

Capital Commitments: At year-end, the Group had entered contracts for the construction of a new semiconductor component assembly facility in Arizona for $215 million, payable over the next 24 months.

Litigation: The Group is involved in a dispute regarding the environmental impact of its 2023 SmartGrid Neighborhood Integration project. While the plaintiff seeks $50 million in damages, the Group's internal environmental audits confirm full compliance with local regulations. No provision has been made.

9 Related Party Transactions

During the year, the Group purchased electronic components totaling $12 million from Casa Connect, an entity controlled by a member of the Board of Directors. These transactions were conducted on an arm's-length basis, consistent with market terms for third-party vendors.

Continuing the deep dive into the Casa Connect financial disclosures, here are the remaining critical notes regarding employee compensation and the flow of capital.

10 Employee Benefits and Share-Based Payments

10.1 Defined Benefit Pension Plan The Group operates a defined benefit pension plan in its European subsidiaries. The cost of providing benefits is determined using the Projected Unit Credit Method.
The movement in the defined benefit obligation is as follows:

- **Balance on January 1, 2025:** $410M
- **Current Service Cost:** $35M
- **Interest Cost:** $12M
- **Actuarial Gains/Losses:** ($8M)
- **Benefits Paid:** ($22M)
- **Balance on December 31, 2025: $427M**

10.2 Share-Based Compensation Under the "Casa Connect 2030 Equity Plan," the Group granted 1.2 million Restricted Stock Units (RSUs) to key management. The fair value at the grant date was $42.00 per share, determined based on the market price of Casa Connect common stock on the grant date:
Where is the call option price, is the stock price, and is the strike price.

11 Consolidated Statement of Cash Flows (Summary)

For the Year Ended December 21, 2025 (All figures in $ Millions)

Cash Flow Category	2025	2024
Net Cash from Operating Activities	**$ 2,150**	**$ 1,820**
Adjustments for Depreciation/Amortization	$350	$310
Changes in Working Capital	($180)	($90)
Net Cash used in Investing Activities	**($1,250)**	**($1,900)**
Purchase of PP&E	($1,100)	($850)
Acquisition of Subsidiaries (net of cash)	—	($1,100)
Net Cash from Financing Activities	**($450)**	**$650**
Proceeds from Long-term Debt	$450	$900
Dividends Paid to Shareholders	($650)	($200)
Repayment of Lease Liabilities	($250)	($50)
Net Increase in Cash	**$ 450**	**$ 570**
Cash at Beginning of Year	**$ 1,950**	**$ 1,380**
Cash at End of Year	**$ 2,400**	**$ 1,950**

12 Segment Information

The Group is organized into business units based on its products and services.

- **Infrastructure:** Focuses on smart home infrastructure systems such as smart wiring networks, home automation hubs, integrated security systems, and large-scale installations for residential developments and multi-unit housing. This segment contributed 55% of total revenue but required 70% of the Group's total capital expenditure in 2025 due to ongoing investments in manufacturing capacity, supply chain logistics, and installation networks.
- **Consumer Solutions:** Includes direct-to-consumer smart devices such as smart thermostats, lighting systems, doorbell cameras, smart locks, voice-integrated home assistants, and the Casa Connect mobile app ecosystem. This segment saw a 15% increase in margins due to the "Direct-to-Consumer" initiative, which expanded online sales channels, subscription-based device services, and mobile app integration.
- **Corporate & Other:** Includes software licensing, cloud platform services, intellectual property management, and central administrative costs.

13 Auditor's Remuneration

The total fees paid to the Group's external auditors, *Mercury LLP*, for the year 2025 were $4.2 million, of which $3.8 million related to the statutory audit and $0.4 million related to tax compliance services.

14 Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on February 24, 2026.

15 Significant Accounting Polices

Fiscal Years

The Company reports its results of operations on a 52- or 53-week fiscal calendar ending on the Sunday closest to December 21. Fiscal year 2025 ended on January 1, 2026, and included 53-weeks. Fiscal years 2024 and 2023 ended on December 21, 2024, and December 21, 2023, respectively, and included 52-weeks. Fiscal years 2025, 2024, and 2023 are referred to as 2025, 2024, and 2023.

Significant Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's critical accounting estimates included, but are not limited to inventory valuations, lease assumptions, sublease assumptions for closed stores, self-insurance reserves, goodwill and intangible assets, impairment of long-lived assets, fair values of equity-based awards and income taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company's cash and cash equivalents are maintained at financial institutions in the United States of America. Deposits in these financial institutions may, from time to time, exceed the Federal Deposit Insurance Corporation's federally insured limits. All credit and debit card transactions are also classified as cash and equivalents. The amounts due from banks for these transactions at each reporting date were as follows:

	As Of: January 1, 2026	December 21, 2024
Due from banks for debit and credit card transactions	50.8%	50.1%

Inventory

Inventory consists primarily of smart home devices, electronic components, sensors, and installation equipment used in Casa Connect infrastructure installations and consumer smart home products. Inventory is valued at the lower of cost or net realizable value using the FIFO method.



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