Press Release

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Notice of Posting of Extraordinary Loss and Revision to Full-Year Results Forecast

CAC Holdings Corporation (the "Company") hereby announces that the Company will post an extraordinary loss in the fourth quarter (October 1, 2019 through December 31, 2019) of the fiscal year ending December 31, 2019. The Company also announces that it has revised its full-year consolidated results forecast for the fiscal year ending December 31, 2019, which was published on February 14, 2019. Details are as follows:

1. Posting of an extraordinary loss

The Company will post approximately 2.7 billion yen as an extraordinary loss in the fourth quarter for business restructuring expenses for the purpose of improving profitability from the next fiscal year.
As initiatives to increase profitability from the next fiscal year, in the domestic IT business and CRO business, the Company will shed unprofitable business and review the valuation of certain assets.

2. Revision to the full-year consolidated results forecast for the fiscal year ending December 2019 (January 1, 2019 to December 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen Sen
Previous forecast (A)	52,000	2,000	1,900	1,350	79.72
Revised forecast (B)	51,500	1,500	1,400	1,700	95.96
Change (B – A)	(500)	(500)	(500)	350	—
Change rate (%)	(1.0)	(25.0)	(26.3)	25.9	—
(For reference) Resuls for fiscal year ended Dec. 2018	49,906	1,426	1,368	1,319	71.57

3. Reasons for the revision

(Net sales)

Net sales are expected to be almost on a par with the forecast. Although net sales in the CRO business and the overseas IT business are expected to fall short of the forecast, the domestic IT business is performing well.

Net sales in the CRO business are projected to be less than the forecast due to downsizing in certain projects and weak new orders, despite efforts to win projects. Net sales in the overseas IT business will likely also be short of the forecast, reflecting a smaller number of large government-affiliated projects than expected by a subsidiary in India due to a downturn in the Indian market.

(Operating income, ordinary income)

Operating income and ordinary income are forecast to be 1.5 billion yen and 1.4 billion yen, respectively, due to a decrease resulting from less-than-expected net sales in the CRO business and a decline in the overseas IT business due to reduced sales at a subsidiary in India and M&A expense, despite a favorable performance in the domestic IT business.

Operating income in the CRO business is expected to be much less than the initial forecast despite cost cutting because fixed costs were more than net sales, which declined significantly. The M&A expense was incurred because the Company made Mitrais Pte. Ltd., an IT company based in Indonesia, a subsidiary (October 18, 2019) as announced on September 24, 2019.

(Profit attributable to owners of parent)

As announced on September 10, 2019, a gain on sales of investment securities of 5,291 million yen was posted as extraordinary income in the third quarter of the fiscal year ending December 2019. However, as described in 1. Posting of an extraordinary loss, business restructuring expenses of approximately 2.7 billion yen for improving profitability from the next fiscal year will be recorded as an extraordinary loss in the fourth quarter, and profit attributable to owners of parent is forecast to be 1.7 billion yen.

The year-end dividend forecast for the fiscal year ending December 2019 has not changed from the forecast announced on February 14, 2019. It is forecast to be 25 yen per share (the annual dividend, including the interim dividend of 25 yen, will be 50 yen).

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