

CAC CAC Holdings Corporation



CAC REPORT 2015





Celebrating 50 years
Changing the world and shaping the future
through IT and healthcare services.



The CAC Group was established on August 8, 1966 as a pioneering independent software company in Japan. From our earliest days, we have striven to evolve by anticipating the needs of the times and environmental changes and changing the nature of who we are.

Constantly tackling challenges, never allowing ourselves to be satisfied with the status quo or given in to the fear of failure, and continually reinventing who we are to further our growth – this is the essence of what we do at the CAC Group.

We never stop evolving.

We will try to seize the next opportunity by continually reinventing who we are.



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We have continued growing for 50 years, tackling various challenges along the way.

The history of the CAC Group's growth is also the history of challenges we have addressed over the last 50 years. Never fearing failure, we have tackled challenges in areas that no other company has entered. Over the next 50 years, we will make a full-scale entry on the global stage and continue tackling challenges to further increase our corporate value.

Net sales
(Million yen)

60,000

50,000

40,000

30,000

20,000

10,000

1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990

1974

Initial launch of SOFTECHS, a technology report magazine that is still in publication



1971

Establish a company specializing in outsourcing services (SSK)

1966

Establish Computer Applications Co., Ltd. (CAC), a pioneering independent software company in Japan



Shigeru Okubo Founder

1994

Establish CAC Co., Ltd. through merger of three companies



1990

Establish subsidiary in Europe



1986

Establish a technology laboratory
Start research on advanced technologies such as AI

1989

Establish a subsidiary in the United States



1978

Establish a subsidiary in Taiwan
First capital foray into an overseas market by a Japanese software company

Foundation period

Growth period

2006 ~ 2010

Add multiple CRO companies to the CAC Group

2000 ~ 2006

Obtained multiple companies, made them subsidiaries, and established joint ventures for business expansion

2002

Add a Chinese IT company to the ranks of subsidiaries in order to enhance the development system of offshore business

2005

Sell non-core businesses

2000

- Listed on the First Section of the Tokyo Stock Exchange
- Establish a subsidiary in China



2014

- Shift to a holding company structure
- Add an IT company in India to subsidiaries



2015

Add an IT company in Singapore to subsidiaries

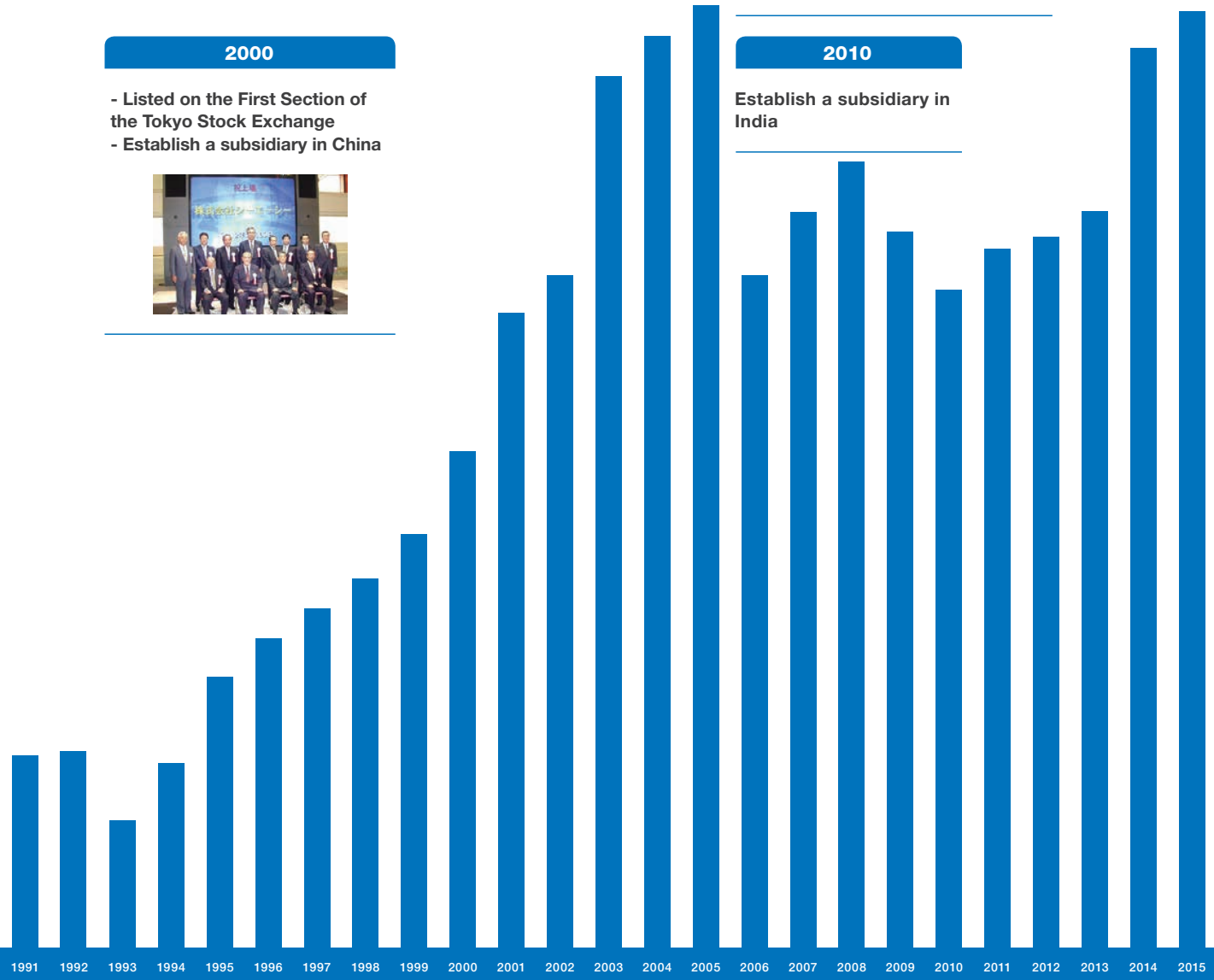
2012

- Provide support for the establishment of the Institute of Strategic Solutions for Pension Management
- Company split to establish company that engages in the CRO (pharmaceutical BTO) business

2010

Establish a subsidiary in India

Net sales
¥52,105 million
Fiscal year ended December 2015



Three key points of the CAC Group

We have summarized our unique characteristics into three points so that you can get a better idea of what the CAC Group is all about.

Key
point

1

An IT and healthcare service provider that has strength in financial services, trust banks, and pharmaceuticals

The CAC Group is the independent pioneer that was founded before the dawn of the software industry in Japan.

We are prime contractor who develops and provides the optimal systems for users.

We command a large market share for the development of pension management systems for major trust and banking companies.

In regards to services for the pharmaceutical industry, in addition to IT domain, we have expanded into the domain of the CRO (pharmaceutical BTO) business. This business has been our growth engine in recent years.

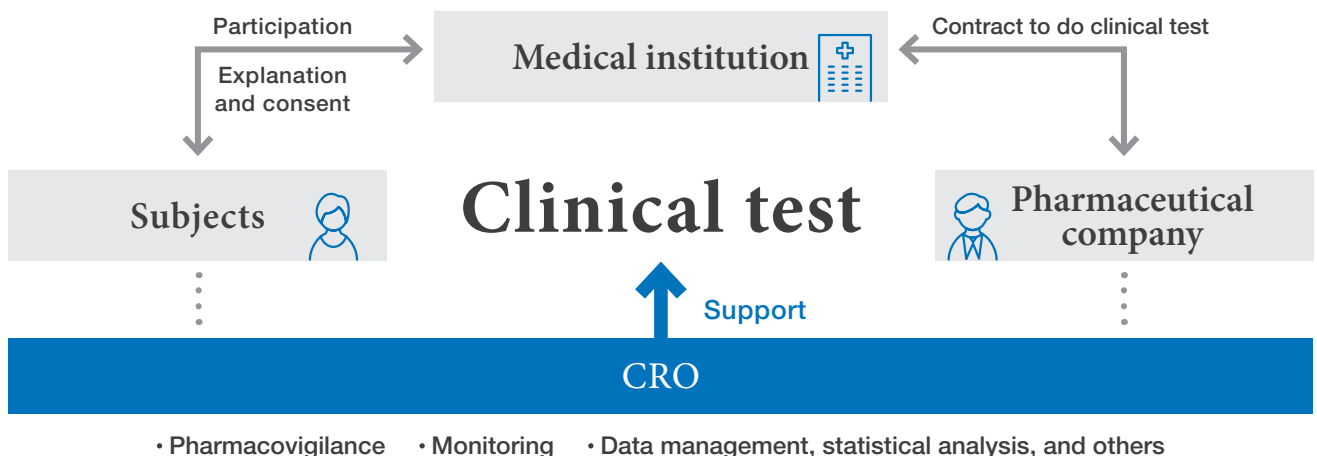
Prime contract rate

Approx. **90%**
*At CAC

5-year growth rate
of CRO business

200%

What does a CRO do?

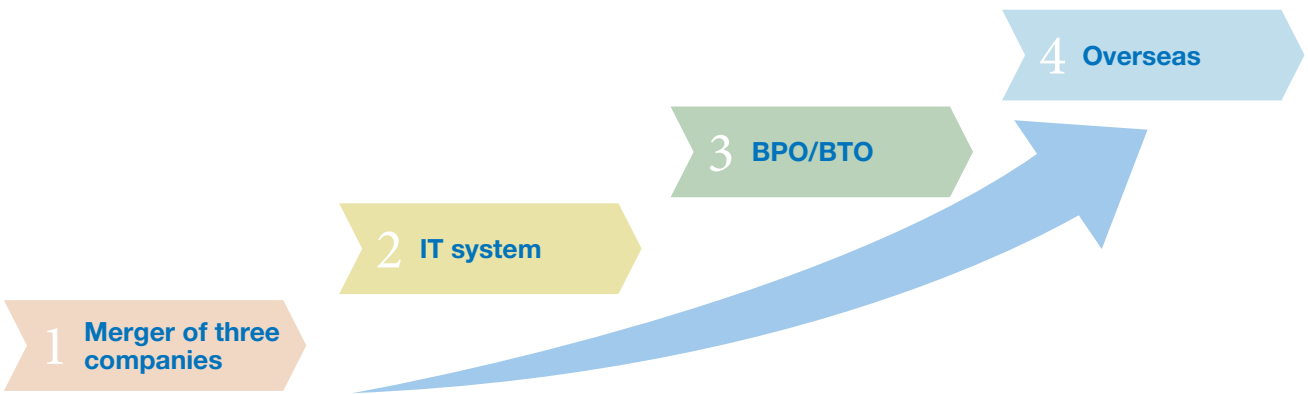


CRO stands for Contract Research Organization.

CRO refers to undertaking outsourced operations of conducting the clinical trials (clinical development) upon drug development by a pharmaceutical company and operations after manufacturing and sales. The term also refers to companies that perform these operations.

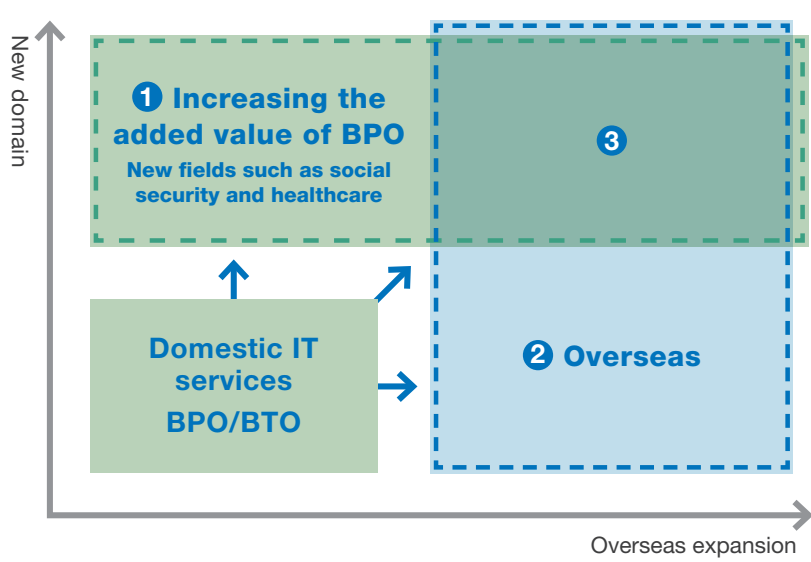
At the CAC Group, we provide all kinds of CRO solutions, including the pharmacovigilance, monitoring, and data management and statistical analysis. The CAC Group categorizes these operations as BPO/ BTO services.

Key point
2 Early start of growth through mergers and acquisitions (M&A)



<p>1 Merger of three companies</p> <p>Merger of Computer Applications Co., Ltd., a systems development and integration company, with two CAC Group companies, Nippon System Service Co., Ltd. (SSK) and System Utility Co., Ltd. (SUC)</p>	<p>2 IT system</p> <p>Acquisition of IT affiliates as systems divisions of companies such as Maruha Nichiro Corporation and YUASA TRADING CO., LTD. and converting them into subsidiaries of the CAC Group</p>	<p>3 BPO/BTO</p> <p>Investments, business acquisitions, and business integration in CRO as a growth field</p>	<p>4 Overseas</p> <p>Investment in overseas IT companies</p>
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Key point
3 Overseas business and new business as our frontiers



- 1** Expanding our business domains to the field of social security and healthcare, taking advantage of our strength in the fields of finance, banking, and pharmaceuticals
- 2** Expanding domains to emerging areas in Asia
- 3** The combination of these two forms of expansion gives rise to the potential for further growth.

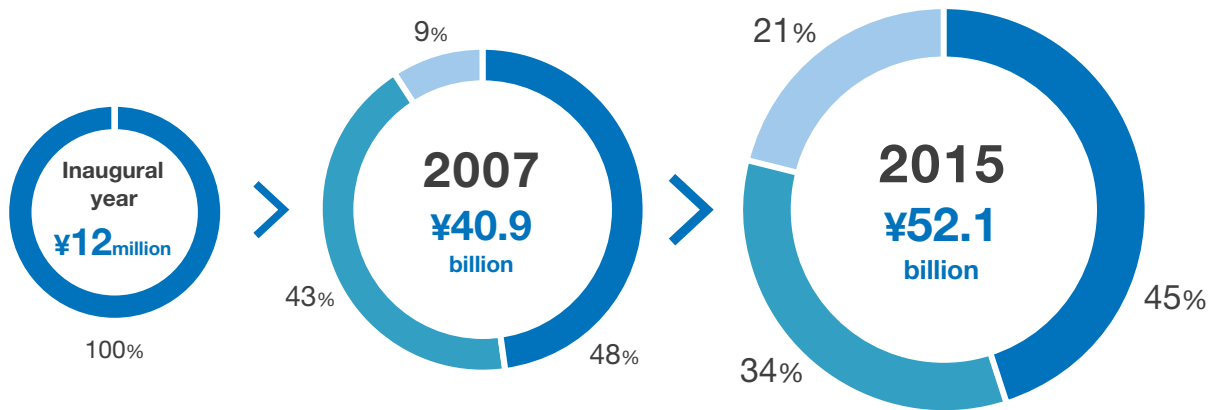
We have grown by changing our business portfolio.

Net sales by segment

The component ratios of sales of our business segments have changed greatly in our 50 years of operation. The CAC Group began as a company that specialized in systems development and integration, but today the ratio of sales from this business is less than 50%. Sales from systems operation and management and BPO/ BTO have increased and the balance of our segment portfolio has improved.

*In the BPO/ BTO segment, we mainly provide CRO (pharmaceutical BTO) services.

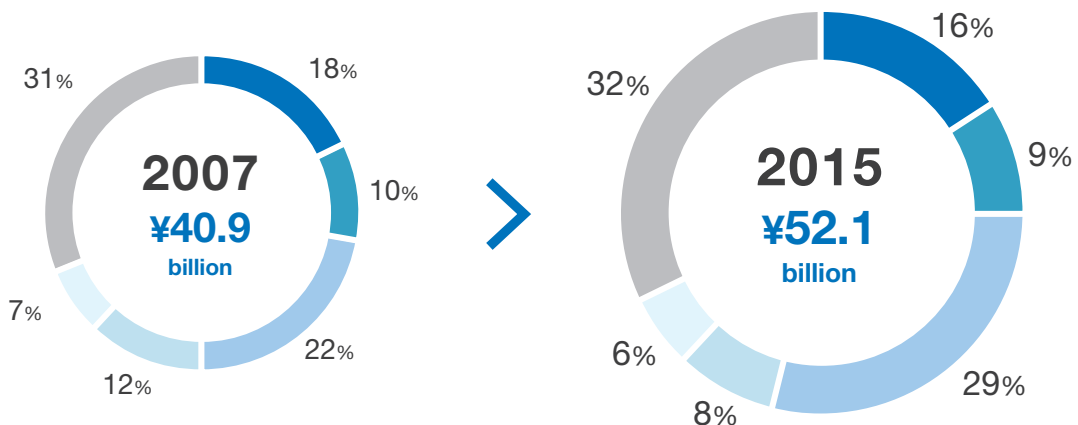
■ Systems development and integration ■ Systems operation and management ■ BPO/BTO



Net sales by industry

The component ratios of our customers' industries have also changed greatly. While the CAC Group has remained strong in financial services, trust banks, and pharmaceuticals, one area that has experienced significant growth is sales from customers in the pharmaceutical industry. The strengths of the CAC Group have been applied in a highly specialized customer domain with a relatively high entry barrier.

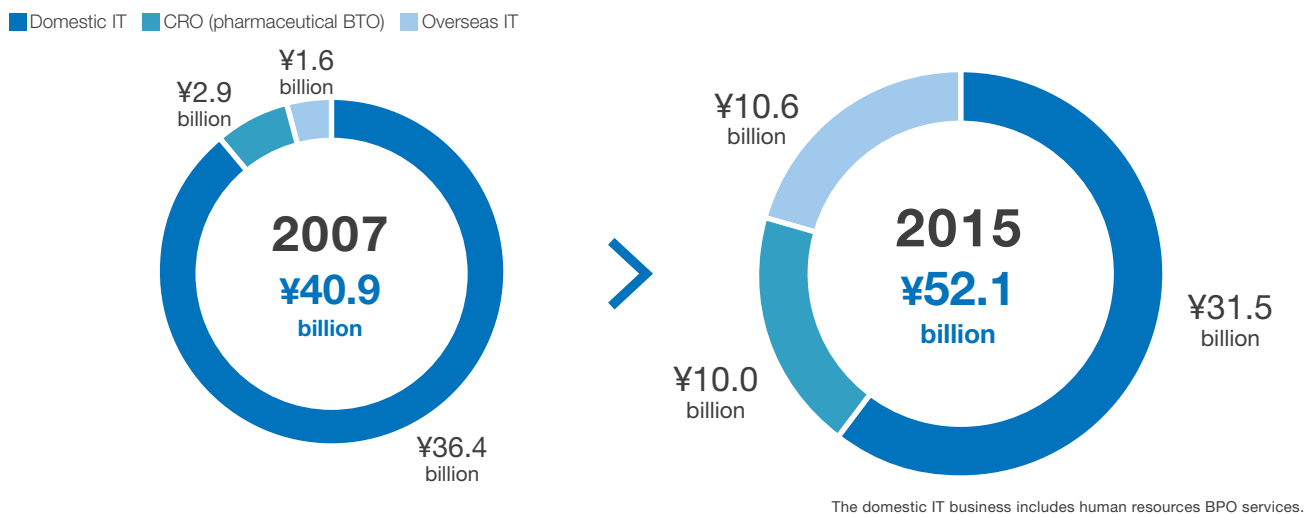
■ Financial services ■ Trust banks ■ Pharmaceuticals ■ Food services ■ Manufacturing ■ Service and others



Since our foundation, we at the CAC Group have grown by changing dynamically to adapt to the needs of customers and the needs of the times. We have expanded our growth fields from Japan to overseas markets, while also expanding the range of customer industries that we serve. Here we discuss the CAC Group and how it has continued to change over the last half-century.

Composition of sales within the CAC Group

The composition of sales within the CAC Group has changed significantly in recent years, with sales from the IT business increasing greatly in overseas markets. Sales from the CRO (pharmaceutical BTO) business, which we launched around 1990, has also been growing steadily. It is now our second core business after the IT business.



History of growth

There were only 34 employees when the company was founded in 1966. Over our 50 years of existence, we have grown into a corporate group with more than 5,200 employees. More than half of these employees—or over 3,200—work for our overseas subsidiaries. We will continue tackling challenges as a corporate group that competes all around the world.

	1966/ Foundation	2007	2015/ 50th anniversary
Overseas sales ratio	0%	4%	20%
Number of Group companies ^{*1}	1	15	27
Number of Group employees	34	1,881	5,202
(Includes the number of employees at overseas subsidiaries ^{*2})	0	203	3,214

*1: Excludes equity method affiliates
 *2: Includes Japanese employees

We are accelerating our growth through M&A in Japan and overseas.

Overseas Companies in dotted-line boxes are those we have invested in or acquired.

Entry into China

We started providing system solution services to local companies in addition to offshore development services.

CAC SHANGHAI

GoldenTech Computer
Technology (Suzhou)

Beginning of overseas expansion

Established local subsidiaries ahead of other companies

CAC EUROPE

CAC AMERICA

Business enhancement the field of CRO

Investment in and business
integration with CRO companies

Moss Institute

CAC ClinIT

Fresh start as CAC Co., Ltd.

Three companies we established and invested in early on.
They were merged in 1994.

CAC
Systems development and
integration

SSK
Systems operation and
management

SUC
Facility management

Expansion of IT service business

ARK Systems

CAC ORBIS
(TOYO TIRE & RUBBER)

Foundation

Fresh start as CAC Co., Ltd.

CAC Co., Ltd. was established in 1994 as a result of the merger of three companies – Computer Applications Co., Ltd., which had provided systems development and integration services since its foundation, Nippon System Service Co., Ltd. (SSK), a CAC Group company specialized in outsourcing services, and System Utility Co., Ltd. (SUC), another CAC Group company engaged in facility management.

Beginning of overseas expansion

We established a local subsidiary (CAC AMERICA CORPORATION) in New York (US) in 1989 to meet the demand for overseas customer support that accompanied the expansion of our customers overseas. The following year we established another local subsidiary (presently CAC EUROPE LIMITED) in London (UK).

Expansion of IT service business

In the period from 2000 to 2003, we added the IT affiliates of major companies such as Maruha Nichiro, YUASA TRADING, and TOYO TIRE & RUBBER to our Group companies. The purpose of this move was to acquire customer bases and expand our business. In addition, kizasi Company, Inc. was spun off and became independent as the first internal venture.

One of our growth strategies is the aggressive pursuit of M&A. This strategy provides us with a more efficient and effective way to accelerate growth. It also helps us move onto the next stage by integrating different cultures that can serve as sources of strength.

Entering India

Acquisition of IT companies in India

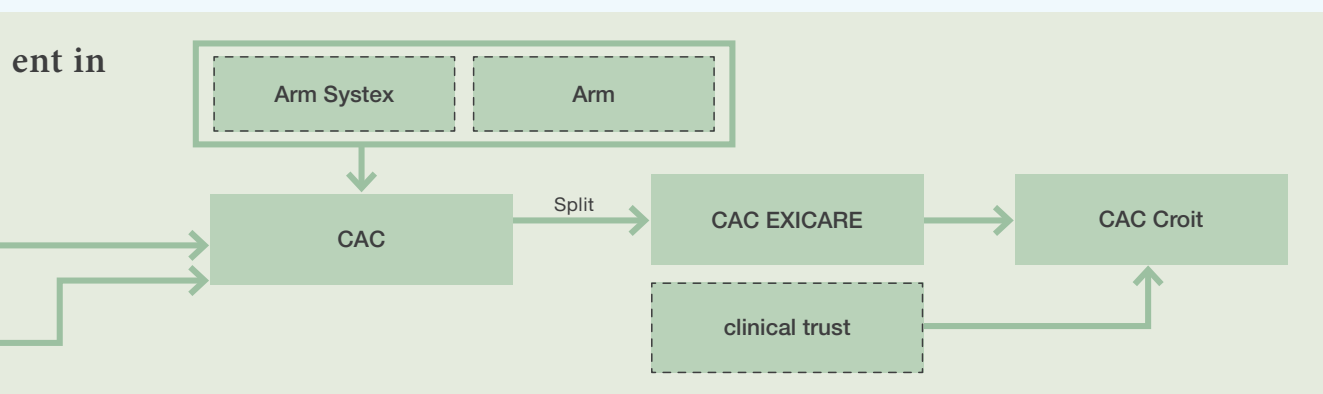
CAC India

Accel Frontline Limited

Entering Southeast Asia(Singapore)

Foothold for business expansion into the social security and healthcare domain

Sierra Solutions



Acquisition of IT affiliates of major companies

CAC Knowledge (YUASA TRADING)

CAC MARUHA NICHIRO SYSTEMS (Maruha Nichiro)

kizasi Company (Internal venture)

CEN Solutions

Present

Entering China

We established CAC SHANGHAI CORPORATION in 2000 in response to customer companies entering China and for offshore development. In 2002, we made GoldenTech Computer Technology (Suzhou) Co., Ltd. our subsidiary to expand our base for offshore development. In 2015, the number of employees of the two companies in China was around 350. They are committed to business for local companies as well.

Business enhancement in the field of CRO

We have made clinical trust Co., Ltd. and some other companies our subsidiaries to expand our CRO (pharmaceutical BPO) service business. We consolidated their functions within CAC Co., Ltd., and then split off the CRO business and established CAC EXICARE Corporation. We later merged clinical trust Co., Ltd. and CAC EXICARE Corporation to establish CAC Croit Corporation.

Entering India and Southeast Asia

We established CAC India Private Limited and made Accel Frontline Limited our subsidiary in order to establish a system for delivering development and operation services in overseas markets and to respond to the globalization of customer companies. In 2015, we added Sierra Solutions Pte. Ltd. of Singapore, which provides IT services to medical institutions, to our ranks of subsidiaries.