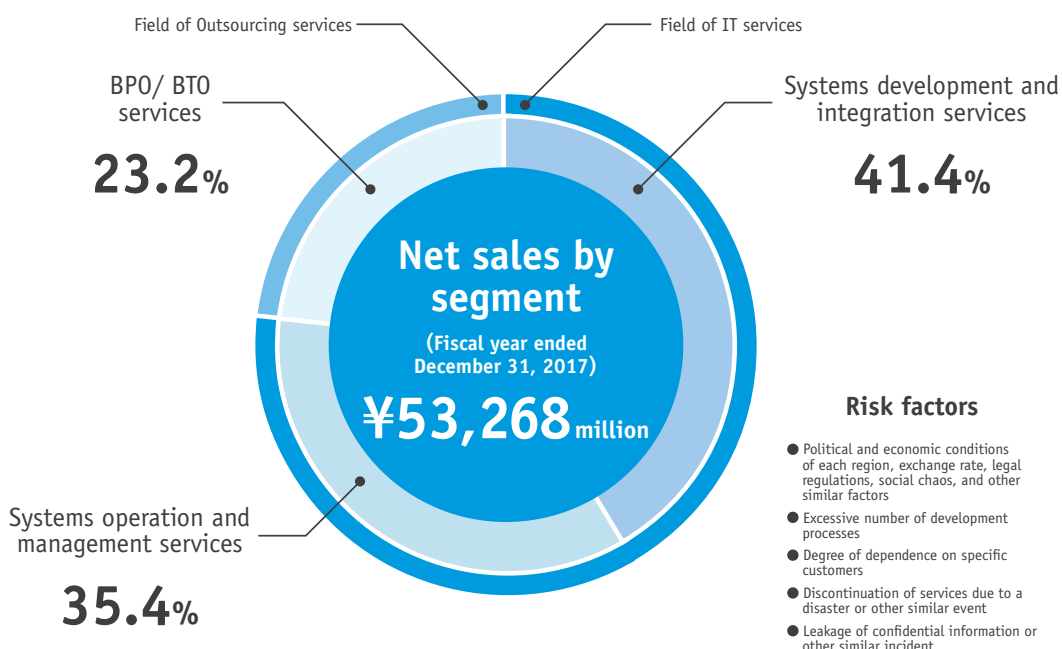


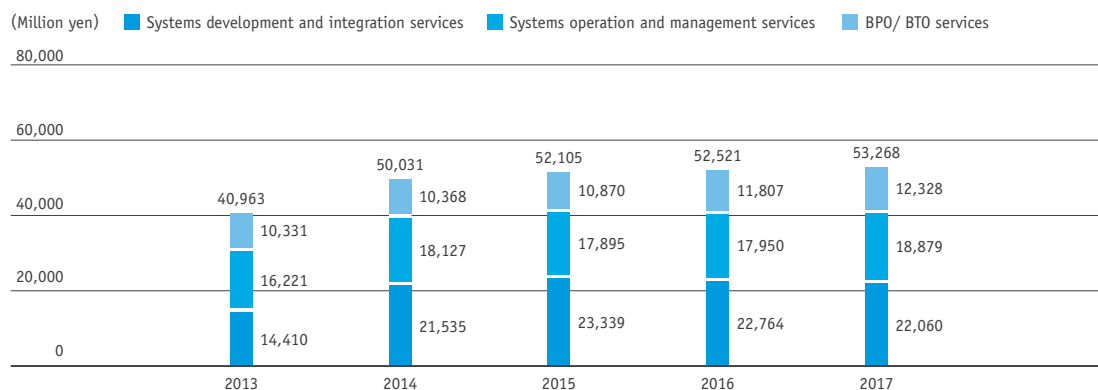
Net sales by segment

At the CAC Group, we run a systems development and integration service and systems operation and management service in the field of IT services, and a BPO/BTO service business in the field of outsourcing services that combine IT and operation functions.

In the fiscal year ended December 31, 2017, consolidated net sales from systems development and integration services fell to 22,060 million yen (down 3.1% year on year) due to declines in sales of our subsidiary in Singapore and sales in the IT field in Japan. Consolidated net sales from system operation and management services were 18,879 million yen (up 5.2% year on year), reflecting increased sales both in Japan and overseas. Consolidated net sales from BPO/BTO services increased to 12,328 million yen (up 4.4% year on year) due to an increase in sales of CRO (pharmaceutical BTO) services and human resources BPO services. With regard to the trends since 2013, BPO/BTO services have been expanding due to the expansion of the CRO business.



Sales by segment

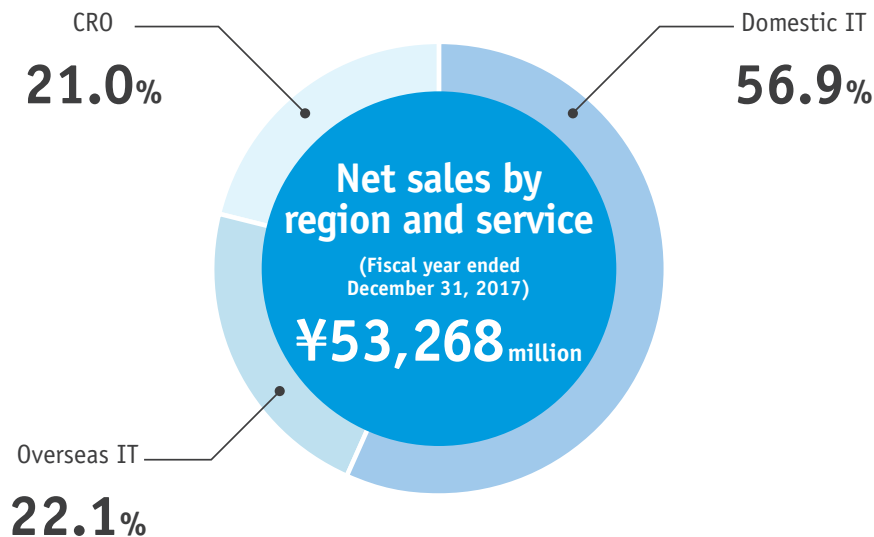


Net sales by region and service

At the CAC Group, we check our management status based on the results of the domestic IT, overseas IT and CRO businesses, respectively, in addition to the results of the respective segments shown on the left page, in response to the expansion of our global business and CRO business in recent years.

In the fiscal year ending December 31, 2018, we changed the reportable segments to the following, coinciding with the start of the new medium-term strategy. Our new reportable segments are classified into IT and CRO services based on the type of service provided by the Group, and the IT services are divided into domestic IT and overseas IT services in accordance with the locations of the operating companies.

The FY2017 net sales based on the new segments show that nearly 60% of net sales are from domestic IT services. This is followed by overseas IT and CRO, each accounting for around 20%.



New segments	Main contents of the business	Major operating companies
Domestic IT	Provision of services including systems development and integration services, systems operation and management services, and human resources BPO services by our subsidiaries in Japan	CAC Corporation, ARK Systems Co., Ltd., CAC Knowledge Co., Ltd., CAC ORBIS CORPORATION, CAC MARUHA NICHIRO SYSTEMS CORPORATION, kizasi Company, Inc.
Overseas IT	Provision of services including systems development and integration services, systems operation and management services, and maintenance services by our overseas subsidiaries	CAC AMERICA CORPORATION, CAC EUROPE LIMITED, CAC SHANGHAI CORPORATION, CAC India Private Limited, Accel Frontline Limited
CRO	Undertaking outsourced operations of conducting clinical trials (clinical development) upon drug development by a pharmaceutical company and operations after manufacturing and sales	CAC Croit Corporation

Business overview by segment

Field of IT services

Systems development and integration services

We provide customers in Japan and other countries with a wide range of services. These include consultation on corporate information systems, system development and maintenance, and package integration.

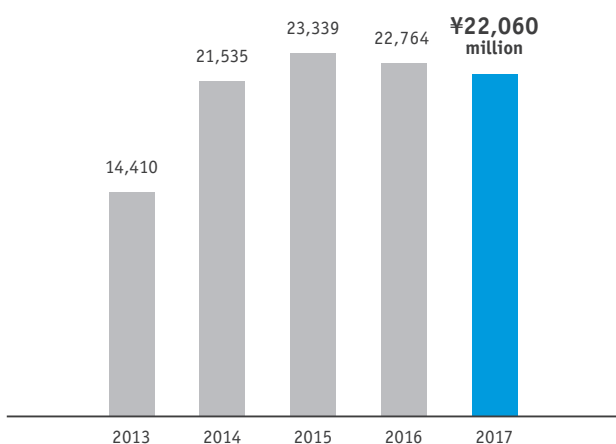


Major affiliates

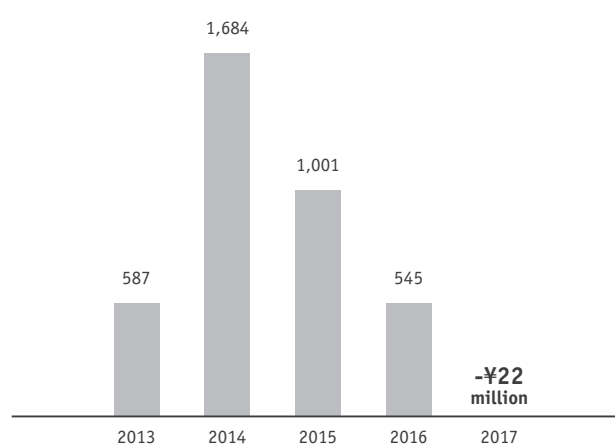
CAC Corporation, CAC Knowledge Co., Ltd., CAC ORBIS CORPORATION, kizasi Company, Inc., CAC AMERICA CORPORATION, CAC EUROPE LIMITED, CAC SHANGHAI CORPORATION, GoldenTech Computer Technology (Suzhou) Co., Ltd., Accel Frontline Limited, Sierra Solutions Pte. Ltd.*

*In December 2017, CAC Holdings transferred all its shares in Sierra Solutions.

Net sales



Operating income



Business performance

For the fiscal year ended December 31, 2017, net sales decreased 3.1% year on year, to 22,060 million yen, despite the increase in sales at Accel Frontline, our subsidiary in India, which was offset by the decrease in sales at Sierra Solutions, our subsidiary in Singapore, and in the field of IT in Japan. We posted an operating loss of 22 million yen due to the impact of the sales decrease and the occurrence of operating losses at Accel Frontline and Sierra Solutions.

In the fiscal year ending December 31, 2018, we will capture market demand by taking initiatives regarding digital technologies and increase opportunities to win orders in our efforts to achieve profit recovery. At the same time, we will continue to strengthen project management to prevent projects from becoming unprofitable. We will consider shedding unprofitable projects in the overseas business and promote activities for receiving orders locally in India and China. In December 2017, we completed the transfer of all the shares we held in Sierra Solutions. From the fiscal year ending December 31, 2018 onward, Sierra Solutions is not a consolidated subsidiary of CAC Holdings.

Our strengths and features

High overseas sales ratio

Overseas sales constitute approximately 38% of our total sales in this segment. We currently provide services in India, China, the United States and the United Kingdom. We expect our overseas sales ratio to increase further.

Active entry into new businesses

At the CAC Group, we are proactive in acquiring new businesses in overseas countries through M&A and investments, and we operate them as our new businesses. To provide a recent example, we invested in Affectiva, Inc. in the United States, concluded a distributor agreement with the company, and began to work on the Emotion Artificial Intelligence business. We have thus begun to expand our business to advertising, education and other fields in which we have never worked previously.

Strength in systems for financial institutions

We are more than capable when it comes to market transaction systems and overseas trading systems for mega banks and pension-related systems for trust and banking companies.

Medium-term strategy

We will work to increase the earning power of our businesses to ensure that the CAC Group gains a foothold into the future. First of all, we will depart from our existing contracted development business with the aim of changing our business model into one in which growth is based on digital business. We will develop services and products by applying new technologies in Japan and overseas and strive to expand them horizontally. For the overseas business, we will focus on India and China as huge markets and work to stabilize and expand the business by capturing IT demand through the development of solutions that are appropriate for local needs and taking other measures including business restructures and M&A.

We will also establish R&D centers in Japan, China and India, where we will carry out research and development of next-generation technologies and which will serve as the foundation that is needed for planning and developing future businesses. Taking advantage of collaborations among the R&D centers, we will share innovative business models and solutions both domestically and internationally and bring them into each market ahead of other companies.

Development of business that uses Emotion Artificial Intelligence from Affectiva, Inc.

At the CAC Group, we operate a business that uses Emotion Artificial Intelligence in Japan and overseas. CAC Corporation developed the *kokoro* sensor, which is its unique video analysis service, and began providing it in February 2018. The *kokoro* sensor analyzes the facial expressions of people in videos by using Emotion Artificial Intelligence and converts the results into numerical values. The numerical data for the detected emotions are expected to be applied effectively for product development, customer satisfaction surveys, education and other functions.

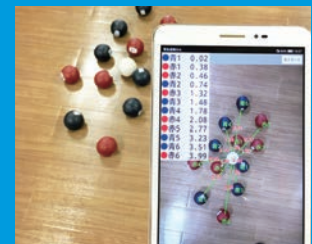


CSV

Creating Shared Value

Social contribution through business

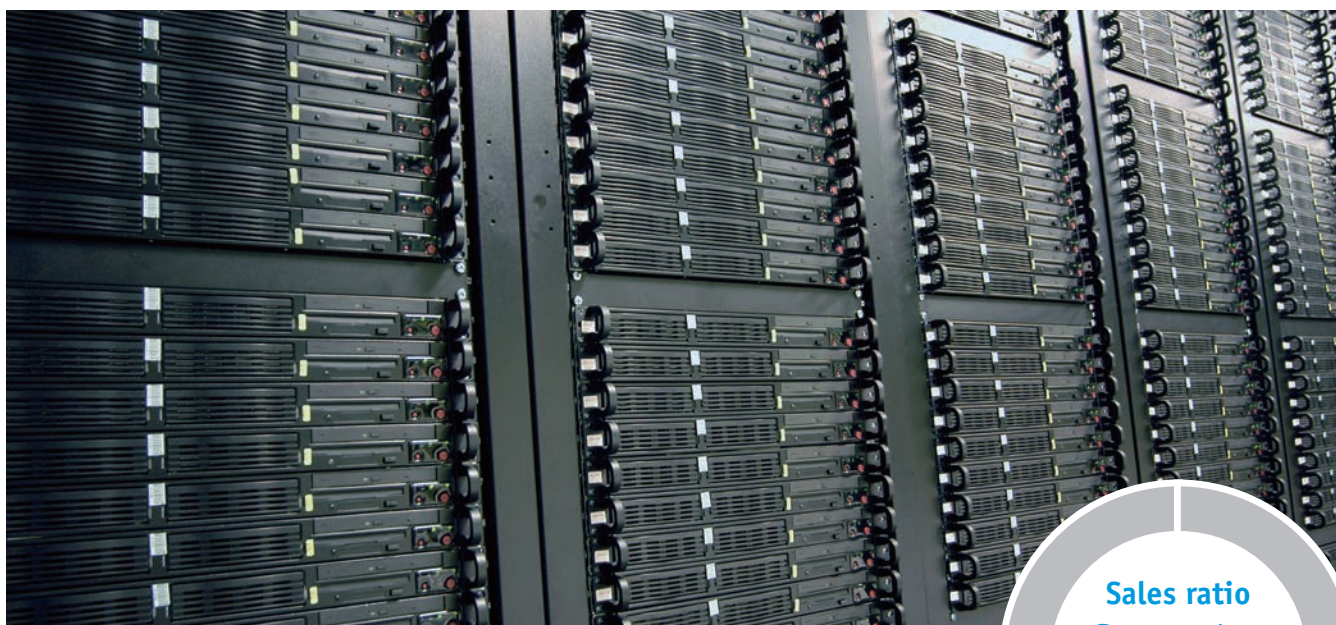
In the CAC Group's activities for supporting Boccia, a sport for disabled people, we have developed *Boccia Measure*, an Android app that measures the distance between balls. This has enabled us to help the sport to become more widespread. We will continue aiming to contribute to society in diverse ways by pursuing digital technologies, which are said to bring further wealth to our lives as individuals, not to mention solving social issues such as the population decline and declining birthrate and aging population.



Field of IT services

Systems operation and management services

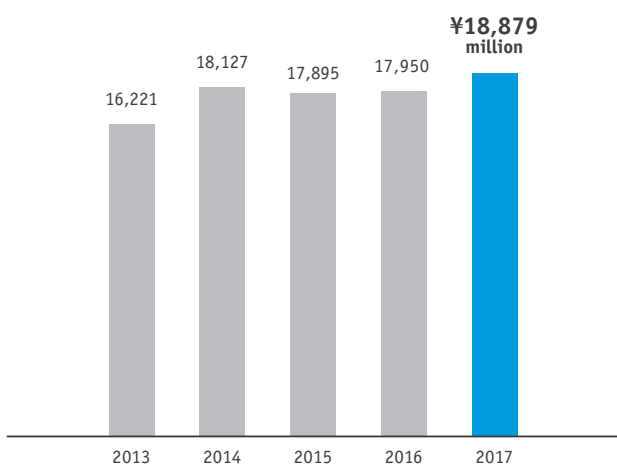
In addition to operations outsourcing services, we provide data center services, help desk / call center services, security-related services, and product assurance services, among others.



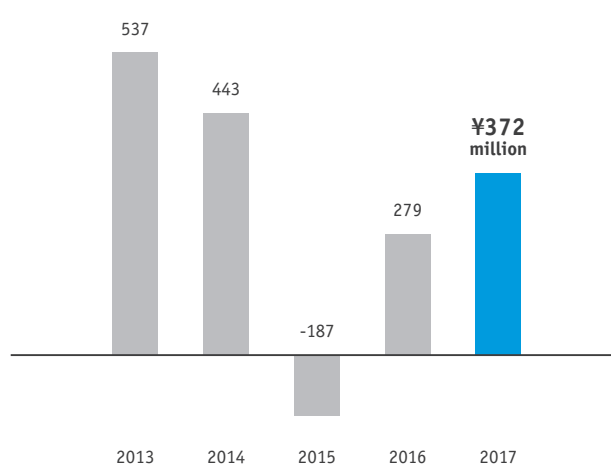
Major affiliates

CAC Corporation, ARK Systems Co., Ltd., CAC Knowledge Co., Ltd., CAC ORBIS CORPORATION, CAC MARUHA NICHIRO SYSTEMS CORPORATION, Hitec Systems Corporation, CAC AMERICA CORPORATION, Accel Frontline Limited

Net sales



Operating income



Business performance

For the fiscal year ended December 31, 2017, net sales increased both in Japan and overseas, which resulted in 5.2% year-on-year growth, to 18,879 million yen. Operating income increased 33.3% year on year, to 372 million yen. We enjoyed increases in both sales and income, mainly from our existing customers, due to the growing demand for the introduction of new technologies for systems operation and management, such as Amazon Web Services (AWS) and other cloud services. We will continue to secure stable income in the fiscal year ending December 31, 2018, mainly through the promotion of AWS.

Medium-term strategy

The CAC Group has been striving to develop and allocate operation and management engineers in anticipation of demand for cloud-based operation and management. The number of engineers with AWS-related qualifications (such as certified AWS Solution Architect Professionals), which we strive to increase, now exceeds 60, enabling us to provide services based on knowledge and experience. We will continue to develop engineers with skills in new technologies and accumulate technological capabilities that will enable us to differentiate ourselves in anticipation of trends in business needs and technologies. At the same time, we will pursue opportunities for open collaboration in a Group-wide manner and take initiatives such as sharing human resources and integrating the internal functions of the Group in our efforts to provide more efficient, stable systems operation and management services.

Our strengths and features

Services that commenced with those for a major pharmaceutical company

These services began with a company that specialized in outsourcing, which was our subsidiary in the early days of the CAC Group. A major pharmaceutical company also invested in this company. We have built up our expertise in management through the provision of comprehensive services to this pharmaceutical company.

Expansion through M&A

ARK Systems Co., Ltd., CAC Knowledge Co., Ltd., CAC ORBIS CORPORATION and CAC MARUHA NICHIRO SYSTEMS CORPORATION, which are Group companies, all joined the CAC Group as a result of M&A.

Changing ourselves by incorporating the needs of the times

To survive the competition by incorporating the needs of the times, we engage in steady R&D activities for introducing new technologies as well as sales activities. In keeping with the shift from an era when systems are owned to one when they are used, CAC Corporation focuses its efforts on developing services for operating and managing AWS servers and has been certified as an APN Advanced Consulting Partner by AWS.

A contact center* that makes use of AWS

CAC Corporation proposes a contact center that combines AWS and AI and makes effective use of them to improve the operating efficiency and quality of contact center services, not to mention reducing costs. For example, we propose a system in which the contents of recorded calls are analyzed by AI (natural language processing) and the results of the analysis are used for creating FAQs, training and screening operators, undertaking customer analysis, and even for identifying customer needs, making auto replies, and other purposes.

* Contact center: A customer response center that responds to customers via multiple channels such as e-mail, facsimile and social media, in addition to handling traditional call center operations

The diagram illustrates a contact center workflow. On the left, a 'Customer' icon is connected to a central system box. Inside this box, 'Amazon Connect' is at the top. Below it are 'Automated response' and 'Incoming call distribution'. A 'Call recording' icon is also present. At the bottom of the box are 'AI', 'Answering support', 'Analysis Classification', and 'Automatic summarization'. On the right, an 'Operator' icon is connected to the system, with text describing 'Distribution of incoming calls to operators with appropriate skills FAQ search by AI'. Below the operator is an 'Administrator' icon, with text describing 'Strengthened analysis of customer feedback Establishing FAQs and scripts Operator training'.

* Amazon Web Services, AWS, and Amazon Connect are trademarks of Amazon.com, Inc. or its affiliates.

CSV

Creating Shared Value

Social contribution through business

We are in an era when information systems are regarded as social infrastructure. While these systems are diverse in terms of purpose of use, structure and technology, the CAC Group as an information systems operator is required to provide efficient, stable services in every environment. Furthermore, our activities support the foundations of our corporate customers and enable them to focus their efforts on their main businesses, thereby contributing to the development of society. While the reduction of the load and the cost of systems operation and management is in demand, CAC Corporation achieves the optimal, wide-ranging automatization of operations and management based on its 50 years of experience in its efforts to minimize manual operations and management. In addition, with *Marugoto Omakase Zabbix* (Leave everything to Zabbix), ARK Systems provides high-quality services ranging from development to operation and management of system monitoring solutions at a low price while ensuring prompt delivery. With these and other activities, we support social infrastructure in the never-ending pursuit of the evolution of the operation service menu.

Field of outsourcing services

BPO/ BTO services

We provide outsourcing services that combine IT and operation functions. At the CAC Group, we currently provide CRO (pharmaceutical BTO) services and human resource BPO services.

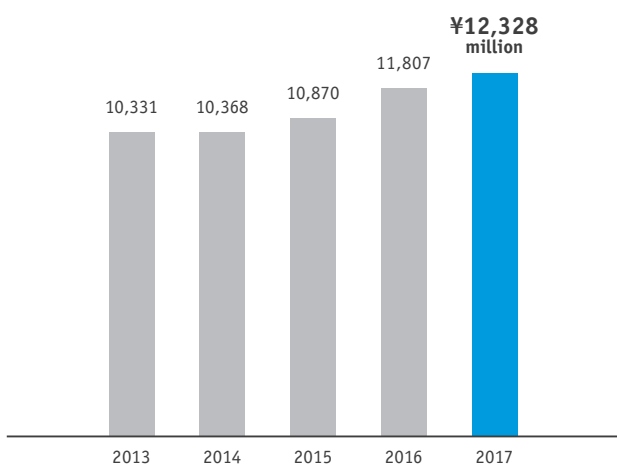


Sales ratio
23.2%
(Fiscal year ended
December 31, 2017)

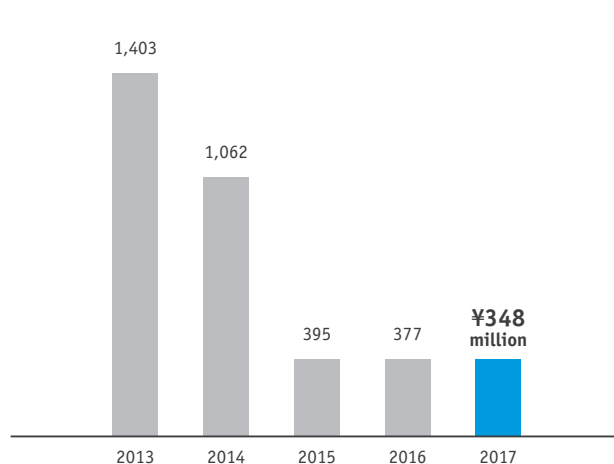
Major affiliates

CAC Corporation, CAC Croit Corporation, CAC India Private Limited

Net sales



Operating income



Business performance

For the fiscal year ended December 31, 2017, net sales from both CRO services and human resources BPO services increased and overall sales grew 4.4% year on year, to 12,328 million yen. Operating income declined 7.5% year on year, to 348 million yen, due to an increase in SG&A expenses. In the fiscal year ending December 31, 2018, we expect to achieve the recovery of profit through measures including the review of administration costs and the elimination of unprofitable projects.

Our strengths and features

CAC Croit -- a group of specialists with extensive experience in CRO

CAC Croit Corporation is a group of specialists who have accumulated a range of experience in CRO. They provide comprehensive, multifaceted support for all operations related to medicine and pharmaceuticals, from drug discovery and non-clinical tests to post-marketing processes, not to mention pharmacovigilance and regulatory operations. Above all, the company boasts the most extensive track record in Japan in pharmacovigilance and regulatory operations.

Ready to undertake all types of personnel management affairs

Our human resource BPO services handle general tasks such as salary calculation. They also cover the operation of personnel systems, labor management, benefit program management, and other personnel management affairs.

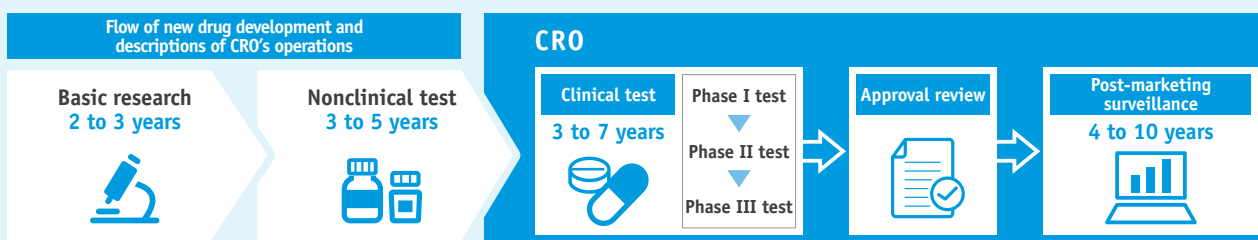
Medium-term strategy

The environment surrounding pharmaceutical companies, who are the main customers of the CRO business, has been growing tougher due mainly to the reduction of drug prices, the rise of generic drugs, laws and regulations in recent years, and rising costs. This is combined with the increasing difficulty of new drug development, resulting in growing demand for outsourcing services in the pharmaceutical industry. Further, the environment for clinical trials has been globalized, which has resulted in the expansion of the CRO market and an increase in the number of outsourced operations that we undertake.

To follow this market expansion and strengthen its capability to operate globally, CAC Croit Corporation will focus its efforts on the full-scale operation of the CRO business in China and India. The company will also aim to secure stable income and achieve growth by expanding peripheral businesses, such as entering the drug discovery business with the compound sharing library business. At the same time, it will continue to take measures to achieve profit recovery, such as ensuring appropriate labor costs and administration costs and eliminating unprofitable projects.

What is CRO?

CRO refers to undertaking outsourced operations of conducting clinical trials (clinical development) upon drug development by a pharmaceutical company and a range of operations in post-marketing surveillance. CAC Croit Corporation provides all CRO solutions including pharmacovigilance, data management, and statistical analysis.



CSV

Creating Shared Value

Social contribution through business

CAC Croit operates the CRO business, whose sales account for more than 90% of sales from BPO/BTO services. As a partner of pharmaceutical companies, CAC Croit contributes to maintaining, managing and improving people's health.

The compound sharing library business, which the company is working on at present, is a service of consolidating the libraries of chemical compounds (compounds for pharmaceutical frontier research), which are owned and stored individually by pharmaceutical companies, in order to manage them using the facilities and platform provided by CAC Croit. The use of the consolidated compound libraries as shared libraries is widely promoted by targeting pharmaceutical companies, academics and bio-ventures.

The provision of the service of managing chemical compound libraries, which would require expensive equipment and high costs, contributes significantly to the progress of the drug discovery business and enables industry-industry and industry-government-academia collaborations. CAC Croit promotes this business with the aim of eventually reinforcing the drug discovery system in Japan and achieving the provision of innovative pharmaceutical products developed in Japan.