



Briefing on Results for Fiscal Year 2019

– January to December 2019 –

February 14, 2020

CAC Holdings Corporation

Agenda

I . Overview of Financial Results
for FY2019

II . Revision of Medium-Term Strategy
for FY2021

III . Forecasts for FY2020

I . Overview of Financial Results for FY2019

Overview of Consolidated Results (Year on Year)

(JPY mil.)				
	FY2018	FY2019	YoY Change	
			Amount	%
Net sales	49,906	50,683	+776	+1.6%
Gross profit	10,481	10,558	+76	+0.7%
(profit margin)	21.0%	20.8%	(0.2)pt	
SG & A	9,054	9,243	+188	+2.1%
Operating income	1,426	1,314	(112)	(7.9%)
(profit margin)	2.9%	2.6%	(0.3)pt	
Ordinary income	1,368	1,257	(110)	(8.1%)
(profit margin)	2.7%	2.5%	(0.3)pt	
Extraordinary income	3,479	5,300	+1,820	+52.3%
Extraordinary losses	2,496	3,199	+702	+28.1%
Net income	1,319	1,500	+180	+13.7%
(profit margin)	2.6%	3.0%	0.3pt	

✓ Net sales were almost unchanged year on year due to a huge sales plunge in the CRO business despite growth attained by the domestic and overseas IT businesses.
 ✓ Operating income and ordinary income dropped, affected by the major fall in the CRO business and M&A expenses incurred.
 ✓ Extraordinary income resulted from the gain on sales of investment securities, while extraordinary losses resulting from the liquidation of unprofitable businesses and the revision of the valuation of assets owned.

© 2020 CAC Holdings Corporation 3

Net sales were ¥50,683 million, rising by ¥776 million.

Increases in domestic IT and overseas IT businesses were partially offset by sharp decline in revenue from CRO business, resulting in slight growth overall.

Although gross profit increased, operating income stood at ¥1,314 million yen and ordinary income came to ¥1,257 million, both falling year on year, partly due to higher SG&A expenses.

Net income amounted to ¥1,500 million.

The majority of extraordinary income of ¥5,300 million was gain on sales of investment securities. Around half of extraordinary losses was allowance for loss on business of subsidiaries and affiliates due mainly to business reorganization (such as data center closure and discontinuation of unprofitable business).

The remaining half was impairment losses recognized for goodwill and assets. Goodwill impairment was made due to worsened performance of CRO business. Impairment losses were also recognized for the unpromising fossil fuel-related business of Mitrais, which is a subsidiary. Altogether, the Company recorded extraordinary losses of ¥3,199 million.

Around 20% or approximately ¥10,000 million of the Company's total sales are denominated in foreign currency and a simple calculation based on a comparison of exchange rates in FY2019 with those in FY2018 suggests that currency fluctuations had the effect of decreasing sales by around ¥400 million. Currency fluctuations had virtually no impact on operating income, causing a decline of around ¥5 million.

Net sales fell just over ¥500 million short of the forecast, which the Company revised downward in November, while operating income was just under ¥200 million short. This can be attributed to deterioration in the CRO business from the time of the announcement in November.

Accordingly, the net income result of ¥1,500 million yen was also ¥200 million less than the forecast of ¥1,700 million.

Net Sales and Operating Income by Segment (Consolidated)

Net sales (JPY mil.)

	FY2018		FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Domestic IT	29,623	59.4%	31,653	62.5%	+2,030	+6.9%
Overseas IT	9,280	18.6%	10,461	20.6%	+1,181	+12.7%
CRO	11,002	22.0%	8,568	16.9%	(2,434)	(22.1%)
Total	49,906	100.0%	50,683	100.0%	+776	+1.6%

Display sales to external customers.

Operating income

	FY2018		FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Domestic IT	1,041	3.5%	1,640	5.2%	+598	+57.4%
Overseas IT	(308)	-	(46)	-	+262	-
CRO	693	6.3%	(278)	-	(972)	-
Total	1,426	2.9%	1,314	2.6%	(112)	(7.9%)

- ✓ The domestic IT business achieved healthy performance amid strong IT demand from its existing customers.
- ✓ The overseas IT business attained profitability in existing projects. However, the operating loss remained negative due to M&A expenses.
- ✓ In the CRO business, net sales and operating income tumbled after the end of a large project, the contraction of projects and weakness in terms of orders received.

© 2020 CAC Holdings Corporation

4

[Domestic IT]

Net sales increased by ¥2,000 million and operating income also rose by around ¥600 million.

Net sales of CAC, the core subsidiary, grew ¥1,600 million and operating income climbed ¥550 million.

A breakdown by industry shows no change for financial services (excluding trust banks) and gains in sales and income for all other sectors.

Increased sales of pension management systems among trust banks made a particularly large contribution to growth.

[Overseas IT]

Net sales rose ¥1,100 million while the segment recorded an operating loss of ¥46 million partly due to the allocation of head office expenses even though individual companies turned a profit. Segment losses are narrowing.

Mitrais, which was included in the scope of consolidation from the fourth quarter, made a contribution of ¥522 million to total overseas IT sales. Its contribution to the segment loss was a loss of ¥69 million. On a non-consolidated basis, segment operating income came to just over ¥80 million, however, acquisition expenses, partial amortization of goodwill and other expenses amounted to ¥150 million, resulting in a loss. Accordingly, the overseas IT segment would have moved into the black had it not been for Mitrais. The segment forecast for 2020 is net sales of ¥2,100 million and non-consolidated operating income of ¥460 million

◆ Mitrais

Mitrais, which was included in the scope of consolidated from the fourth quarter, is a company with annual net sales of around ¥2,000 million and around 500 employees. It is headquartered in Singapore but the majority of its system engineers are employed in Indonesia and some in Hanoi. It is a systems integrator specializing in agile development. As part of its business activities, Mitrais had been providing support for a coal-related (mining) companies, including handling package software. Mitrais plans to withdraw from the mining-focused software business given its generally poor growth prospects, impairment losses were recognized accordingly.

◆ India (ISL)

Business had been struggling but operating income turned positive.

[CRO]

Net sales fell ¥2,400 million year on year and the segment reported a loss of ¥278 million. Sales fell ¥2,500 million short of the FY2019 forecast (forecast of no change from FY2018) and income fell ¥1,000 million short.

Net Sales by Industry (Consolidated)

(JPY mil.)

	FY2018		FY2019		YoY	
	Amount	vs Total	Amount	vs Total	Amount	%
Financial services	6,107	12.3%	5,621	11.1%	(486)	(8.0%)
Trust banks	4,359	8.7%	5,623	11.1%	+1,263	+29.0%
Pharmaceuticals	16,116	32.3%	14,190	28.0%	(1,926)	(12.0%)
Food services	2,852	5.7%	2,956	5.8%	+103	+3.6%
Manufacturing	3,762	7.5%	4,280	8.4%	+518	+13.8%
Service and others	16,707	33.5%	18,010	35.5%	+1,302	+7.8%
Total	49,906	100.0%	50,683	100.0%	+776	+1.6%

Trust banks: Grew substantially following a rise in sales to major customers in the domestic IT business.

Pharmaceuticals: Increased in the domestic IT business but fell significantly in the CRO business.

Manufacturing: Surged, chiefly following sales growth in the domestic IT business and the contribution of new consolidation with Mitrais.

Service and others: Up, mainly in the overseas IT business.

[Financial services]

Net sales decreased by some ¥480 million. This was due to a decline in sales to domestic financial institutions.

Domestic sales account for ¥3,100 million of the total sales for financial services of ¥5,600 million, while overseas sales account for ¥2,500 million.

[Trust banks]

Net sales were ¥5,600 million, growing ¥1,200 million. Sales of pension management systems came to just over ¥1,000 million due to a large project.

This large project is expected to generate sales of around ¥5,000 million over 4 years. This fiscal year (FY2020) is the peak and sales of as much as ¥2,000 million are expected.

[Pharmaceuticals]

Net sales fell by ¥1,900 million. Although sales in CRO business fell by ¥2,400 million, IT (system operations) sales climbed just over ¥400 million.

[Service and others]

Net sales rose. This was mainly due to growth in overseas sales. The sales of an Indian subsidiary increased by ¥1,000 million due to government work and Mitrais made a contribution of just under ¥300 million.

Orders and Order Backlog by Segment (Consolidated)

Orders Received (JPY mil.)

	FY2018	FY2019	YoY	
			Amount	%
Domestic IT	29,588	32,332	+2,744	+9.3%
Overseas IT	11,206	10,060	(1,145)	(10.2%)
CRO	9,376	8,406	(970)	(10.3%)
Total	50,171	50,799	+628	+1.3%

Order Backlog

	FY2018	FY2019	YoY	
			Amount	%
Domestic IT	6,706	7,385	+678	+10.1%
Overseas IT	3,166	3,548	+381	+12.1%
CRO	6,068	5,906	(161)	(2.7%)
Total	15,941	16,840	+898	+5.6%

- ✓ The domestic IT business received steady orders.
- ✓ Orders received in the overseas IT segment dropped significantly. Despite the contribution of new consolidation, there was a reactionary fall from the large order received in India at the end of 2018. The order backlog rose year on year due to the effect of consolidation.

[Orders received]

- In domestic IT business, orders received increased by ¥2,700 million. CAC saw an increase of ¥2,500 million in orders received, mainly from trust banks (pension project).

- In overseas IT business, orders received were down around ¥1,100 million but the order backlog grew.

In FY2018, India-based ISL registered a highly unusual level of orders received, amounting to ¥11,200 million, reflecting special demand mainly for hardware. In the absence of such demand, this fiscal year, total orders received fell by ¥1,100 million.

Orders received by ISL itself fell ¥2,500 million year on year. Mitrais received orders amounting to ¥1,100 million.

- In CRO business, orders received fell by ¥900 million.

[Order backlog]

- The order backlog in domestic IT business increased around ¥700 million.

- The order backlog for overseas IT business was ¥3,500 million overall, partly due to Mitrais' order backlog of ¥1,300 million.

- In CRO business, the order backlog was ¥5,900 million, down ¥161 million year on year.

Orders received by Industry (Consolidated)

Orders Received		(JPY mil.)	
	FY2018	FY2019	YoY
			Amount %
Financial services	6,608	5,811	(796) (12.1%)
Trust banks	4,209	6,198	+1,988 +47.2%
Pharmaceuticals	14,257	14,156	(100) (0.7%)
Food services	2,804	2,903	+99 +3.6%
Manufacturing	3,828	4,555	+727 +19.0%
Service and others	18,464	17,173	(1,290) (7.0%)
Total	50,171	50,799	+628 +1.3%

Display orders received to external customers.

Financial services: Decreased, mainly in the domestic IT business.

Trust banks: Jumped significantly following growth in the domestic IT business.

Manufacturing: Grew in the domestic and overseas IT businesses.

Service and others: Showed a massive reactionary fall from the large order received by the subsidiary in India despite the contribution of new consolidation. Those in the domestic IT business remained flat.

[Financial services]

Orders received fell, with sharp decline in domestic orders received.

[Trust banks]

Orders received rose substantially thanks to a large-scale pension-related project.

[Pharmaceuticals]

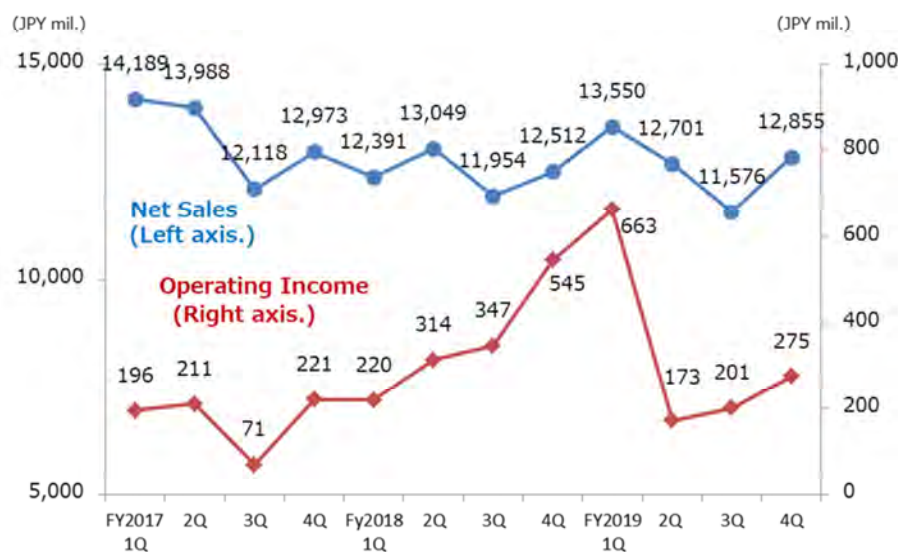
Orders received were mostly unchanged, falling ¥100 million.

Decline of ¥1,000 million in CRO business was mostly offset by growth of ¥900 million in IT business, resulting in an overall decrease of ¥100 million.

[Service and Others]

Orders received fell in the absence of large-scale orders received last year in India.

Transition of Consolidated Results by Quarter



During the first quarter of FY2019, the Company generated a high level of operating income but this was due to the recording of income that was supposed to be recorded in previous and following quarters (income that should have been recorded in 4Q of FY2018 was posted in 1Q and income that should have been recorded in 2Q was moved forward).

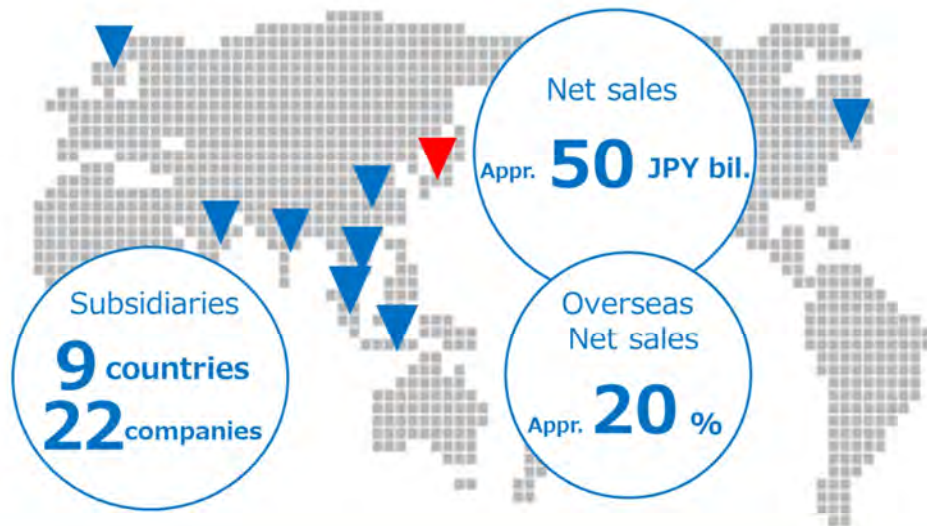
This resulted in a big dip in operating income in 2Q.

The CRO business also began deteriorating in earnest from 2Q and, as a result, performance was weak in 2Q, 3Q and 4Q.

II . Revision of Medium-Term Strategy for FY2021

Outline of the CAC Group

Roll out IT & healthcare services in Japan and overseas



© 2020 CAC Holdings Corporation

Status at the end of FY2019

22 subsidiaries in 9 countries run businesses.

Overseas sales account for ¥10,000 million or around 20% of overall net sales of ¥50,000 million, and we plan to increase this to 25% (around one quarter) in FY2020.

Medium-Term Strategy (Determination21)

Aiming to be a corporate group that is able to respond to digital transformation (DX)

Basic Policy (from FY2019)

- Strengthening corporate governance by separating management and execution
- Seeking the mobile implementation of business by achieving consistency between execution structures and business domains
- Improving capital efficiency and increasing returns to shareholders

Goal for FY2021

ROE 8%

Net sales **70** billion yen

Operating income **4** billion yen

This slide summarizes the Medium-term Strategy announced in 2018 and some basic policies added from 2019.

We have aimed to develop into a corporate Group that is able to respond to the age of digital transformation.

We added the basic policies at the beginning of 2019 to steer us towards stronger governance through the separation of management and execution and a structure for greater delegation of authority to executive officers.

Meanwhile, given that we have a high level of net assets and a P/B ratio below 1, we have adopted a policy of improving capital efficiency and strengthening shareholder returns.

We planned to earn ¥20,000 million of the ¥700,000 in net sales through the acquisition of outside resources by M&A and other means rather than through organic growth.

Progress to Medium-Term Strategy (Determination21)		
Improving profitability of existing businesses	● Domestic IT: Profitability improved as planned	○
	● Overseas IT: Profitability enhancement delayed	△
	● CRO: Profit decreased considerably due to a massive fall in sales	×
Creating and expanding new businesses	● Investment in companies with growth potential: Investing in firms with digital technologies	△
	● M&A: Only one case concerning Mitrais Pte. Ltd., which engages in agile development	△
© 2020 CAC Holdings Corporation		

This slide shows the progress of the Medium-term Strategy.

[Improvement of profitability of existing businesses]

Domestic IT business is performing solidly, with improvement in earning capacity and higher income.

In overseas IT business, losses are narrowing but progress is slower than planned.

The CRO business generated operating income of ¥800 million in FY2018 but posted an operating loss of ¥200 million in FY2019.

This is also an issue in terms of corporate earnings and we need to consider future prospects.

[Creation and expansion of new businesses]

•Investment in companies with potential growth has focused on VC. Whilst investment is currently centered on Silicon Valley in the U.S., we have invested as much as ¥5,000 million in total in U.S., in Japan and in a Chinese venture set up in FY2019.

Our intention is to invest in companies with digital technology and to use some of these technologies in our main business. Technologies such as AI emotion recognition are being deployed in our business but we recognize that this is not sufficient.

•In M&A, we acquired Mitrais, however, net sales generated through M&A were ¥2,000 million against a target of ¥20,000 million.

Actions Towards FY2021

Construct a high-revenue model

Increase the profitability of the overseas IT business, which contributes a growing portion of the Group's net sales

- India: Accelerate business restructuring and revisions to business models
- China: Boost sales in the Chinese domestic market
- ASEAN: Cultivate and expand new markets on the basis of agile development

Step up investment and financial strategies

Develop investment and financial strategies and strengthen their implementation at the dedicated organization that has recently been launched

- Make the most use of the Group's assets and cash with a view to contributing to the Group's revenue
- Enlarge new business domains through mergers and acquisitions and other actions that are helpful to medium- and long-term business model reforms

* Details will be explained at the results briefing for the first half of FY2020.

© 2020 CAC Holdings Corporation

Based on the review in the previous slide, we intend to focus on the three areas shown below over the remaining two years.

[Establish high profit models]

We recognize that our profit margins are very low compared with other companies in the same industry, and we intend to work to increase profit margins.

Especially in the overseas IT business, which is going to account for a higher percentage of total Group sales, we aim to generate reasonable profits.

In India, we now have a profitable business structure thanks to business restructuring.

In China, also, we have made preparations to expand earnings in China's domestic market and, therefore, intend to generate profit in real terms, excluding the impact of the Covid-19 coronavirus.

In ASEAN operations led by Mitrais, we aim to expand business domains in areas such as agile development. Our goal is to achieve improvement in profitability driven by overseas business.

[Strengthen investment and financial strategies]

A specialist division established in January will implement investment and financial strategies.

Since the Group's assets, especially net assets, are currently not being utilized effectively, we will actively consider utilization of Group assets.

When considering how to use this capital, we will also consider uses such as new businesses and M&A and VC that will contribute to business innovation in the long- and medium-term. The division has just been established and, we need a little time. We plan to explain in further detail in the results briefing for the second quarter.

Actions Towards FY2021

Press ahead intensively with initiatives for digital transformation (DX)

Offer proper and sustainable services in the age of DX

- Accelerate agile development
- Step up the model of co-creation with customers
- Integrate the CRO business with digital technologies in the Group to offer digital healthcare services



© 2020 CAC Holdings Corporation

[Promote Digital Transformation]

According to various articles and reports, Japanese companies have been slow to meet digital transformation needs.

We will promote digital transformation, focusing on agile development. In the digital era, the collaboration creation model will serve as the basic model. Orders received for development based on the traditional waterfall approach have started to become scarce. We believe we need to expand business by creating a team of engineers and structures compatible with the collaborative creation model.

For the CRO business, we set a net sales target for FY2020 that was lower than the FY2019 result.

This is because we expect business in the existing format to shrink. We expect to make a profit, albeit slight, mainly through cost reductions. Since we have expertise in healthcare, we intend to leverage this expertise to strengthen healthcare business that incorporates digital technology through collaboration with the Group's IT subsidiaries. We are already involved in the health check field, offering a number of ECG related services, for example, and intend to fully focus on this area

Digital projects accounted for 22% of the Group's total IT-related sales in FY2019 but we aim to raise this share to 50% in FY2021.

We recognize that raising the digital share is essential for the provision of sustainable services as a systems integrator and will become central to corporate strategy from 2021 onward.

Revision to Target Values for FY2021

Before the revision



After the revision



We have revised our results forecasts.
Our ROE forecast has not changed and we will endeavor to achieve it.

These net sales and operating income forecasts are based on organic growth (growth under the existing group structure) and we plan to formulate and implement investment and financial strategies in addition to this. The contribution that such strategies will make to growth by the end of FY2021 is unclear in many respects and so we have expressed this as “plus extra.” We intend to consider utilizing capital and implement investment and financial strategies without being bound by the current format of our business operations.

Consolidated target figures (by segment)

(JPY mil.)

		FY2019 Result	FY2020 Forecast	FY2021 Goal
Domestic	Net Sales	317	320	330
IT	Operating Income	16	14	17
	VS Total	5.2%	4.4%	5.2%
Overseas	Net Sales	105	130	140
IT	Operating Income	(0)	5	8
	VS Total	(0.4%)	3.3%	5.0%
CRO	Net Sales	86	70	80
	Operating Income	(3)	1	5
	VS Total	(3.3%)	1.4%	6.3%
Total	Net Sales	508	520	550
	Operating Income	13	20	30
	VS Total	2.6%	3.8%	5.5%
	ROE	5.6%	6%	8%

* The ROE figure for FY2021 has been calculated using net income and other data reflecting forecasted ordinary income estimated from the forecasted operating income and the deduction of tax (32%).

© 2020 CAC Holdings Corporation

[FY2020 forecasts (by segment)]

Domestic IT: The reasons for the decline in operating income are the impact of a change in the timing of bonuses due to an overhaul of personnel systems mainly at CAC and greater investment in human resources

Overseas IT: Both net sales and income are expected to rise sharply. Operating income is expected to turn positive. These forecasts are understood to be achievable, largely down to higher net income at Mitrais. We plan to improve the overall profit margin by generating profit in overseas IT business.

CRO: Net sales are expected to continue falling in FY2020. In FY2019, we generated gross profit without a problem, but posted a loss due to high SG&A expenses. This is because at a time when labor costs were high due to strengthening of the sales and administrative structure aimed at achieving net sales exceeding ¥10,000 million, we failed to respond to sharp decline in sales. We expect to move back into the black by achieving an SG&A ratio commensurate with net sales.

[FY2021 forecasts (by segment)]

Domestic IT: We only expect slight growth in net sales and income as results came close to peaking in FY2019.

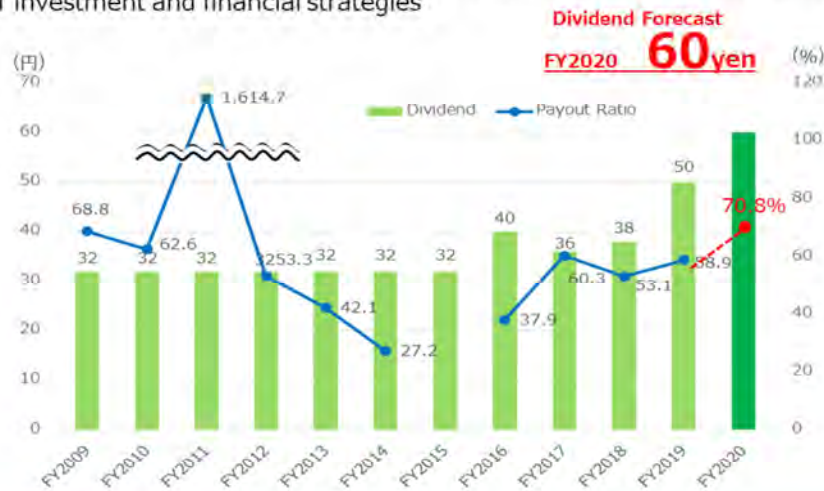
Overseas IT: We expect growth especially income growth.

CRO: We intend to expand business including business incorporating digital technology and generate profit.

Through the foregoing, we aim to achieve a ROE of 8%.

Dividend Policy for FY2020

- ✓ Increase capital efficiency and continue to positively return profits to shareholders
- ✓ Increase the dividend for FY2020 by 10 yen per share, to 60 yen per share
- ✓ Study specific measures for future returns to shareholders in the framework of investment and financial strategies



© 2020 CAC Holdings Corporation

- As announced in today's release, we plan to pay a dividend of 60 yen this fiscal year, increasing both the interim dividend and the year-end dividend by 5 yen, making a total increase in the full-year dividend of 10 yen.

We will make sure this is not a "bogus" dividend. We have confirmed that this dividend increase will not negatively impact on capital source.

- We will also consider other shareholder return measures in line with investment and financial strategies based on an assessment of investments and the balance sheet including net assets.

III. Forecasts for FY2020

Results Forecasts for FY2020

(JPY mil.)

	FY2019 Result	FY2020 Forecasts	YoY
Net sales	50,683	52,000	+2.6%
Operating income	1,314	2,000	+52.1%
(profit margin)	2.6%	3.8%	
Ordinary income	1,257	1,900	+51.1%
(profit margin)	2.5%	3.7%	
Net income	1,500	1,400	(6.7%)
(profit margin)	3.0%	2.7%	

The forecasts for net sales, operating income, ordinary income and net income are not much better than usual but we will aim for operating income of ¥2,000 million based on the kind of scenario explained in connection with our forecasts by segment.

Results Forecasts by segment for FY2020

Net sales

(JPY mil.)

	FY2019		FY2020 Forecasts		YoY	
	amount	vs Total	amount	vs Total	amount	%
Domestic IT	31,653	62.5%	32,000	61.5%	+346	+1.1%
Overseas IT	10,461	20.6%	13,000	25.0%	+2,538	+24.3%
CRO	8,568	16.9%	7,000	13.5%	(1,568)	(18.3%)
Total	50,683	100.0%	52,000	100.0%	+1,316	+2.6%

Operating income

	FY2019		FY2020 Forecasts		YoY	
	amount	vs Total	amount	vs Total	amount	%
Domestic IT	1,640	5.2%	1,400	4.4%	(240)	(14.6%)
Overseas IT	(46)	-	500	3.8%	+546	-
CRO	(278)	-	100	1.4%	+378	-
Total	1,314	2.6%	2,000	3.8%	+685	+52.1%

Our consolidated targets for FY2020 and FY2021 (by segment) are as explained in the slide.

Reference: Major News in the Second Half of the Fiscal Year (1/3)

Aug. 20, 2019	<p>CAC commences collaboration with Dotmatics in drug development informatics.</p> <p>CAC signs a sales agent agreement with Dotmatics Limited (hereinafter "Dotmatics"), which engages in drug development informatics, to embark on a collaboration in drug development research by pharmaceutical companies. Dotmatics' research assistance software package for pharmaceutical and chemical industries covers all the research operations for drug creation. The deal allows CAC to offer a one-stop service including license sales of Dotmatics' products, product introduction, support for computerized system validation (CSV) and operation and maintenance support. CAC will thus help pharmaceutical companies to further streamline their research activities in the area of drug development.</p>
Aug. 22, 2019	<p>CAC signs IoT partnership agreement with HMS Industrial Networks. - Accelerating development of IoT solutions for manufacturers -</p> <p>CAC signs a partnership agreement in IoT-related areas with HMS Industrial Networks K.K. (hereinafter "HMS"), which holds communication and IoT solutions for the monitoring and control of manufacturing and control devices for the manufacturing and food industries. Amid the shift towards IoT- and AI-based smart factories to cover personnel shortages, HMS' products and technologies are very important. In the future, CAC will work with HMS to disseminate IoT solutions.</p>
Sep. 4, 2019	<p>CAC signs Training Associate agreement with UiPath to launch new courses for RPA promoters.</p> <p>CAC signs a Training Associate agreement with UiPath K.K. (hereinafter "UiPath") to launch UiPath one-day training courses for robotic process automation (RPA) promoters in late September. As a reseller recognized by UiPath, CAC will offer courses that help corporate personnel for UiPath introduction to acquire knowledge and skills in design and development in a bid to bolster the introduction of UiPath.</p>

Reference: Major News in the Second Half of the Fiscal Year (2/3)

Sep. 12, 2019	<p>CAC signs sales agent agreement with Brains Technology for <i>Neuron</i> enterprise search engine.</p> <p>- Supporting the improvement of knowledge workers' productivity -</p> <p>CAC signs a sales agent agreement with Brains Technology, Inc. for its <i>Neuron</i> enterprise search engine. <i>Neuron</i> allows users to search information scattered throughout the company as a result of the diversification of collaboration tools and the advancement of digitalization and to retrieve the necessary information with a view to boosting the intellectual creativity of knowledge workers.</p>
Sep. 28, 2019	<p>CAC holds 3rd CAC Cup Inter-School Boccia Tournament.</p> <p>- With the participation of 110 people including players and assistants -</p> <p>The CAC Group organizes the 3rd CAC Cup Inter-School Boccia Tournament at the Sumida City Gymnasium. The number of participants from schools for special needs education in Tokyo is higher than in the previous tournament. They display a high level of performance in the competition. In addition, numerous events attended by all participants liven up the tournament.</p>
Oct. 3, 2019	<p>CAC signs sales agent agreement for CyberLink's products in AI facial recognition.</p> <p>- Endeavoring to offer health management services based on individual identification and personal identification services -</p> <p>CAC signs a sales agent agreement with CyberLink Corporation for its <i>FaceMe</i> AI facial recognition engine. CAC will combine the <i>FaceMe</i> with its existing products based on face images, such as the <i>Affectiva</i> human perception AI, the <i>Rhythmiru</i> heart rate estimation software, and other image recognition technologies in an effort to develop and offer highly valuable products and services to users.</p>

Reference: Major News in the Second Half of the Fiscal Year (3/3)

Oct. 28, 2019	<p>CAC jointly develops smile training app based on emotion recognition AI with Recruit Staffing.</p> <p>- Smile training service for temporary staff launched by Recruit Staffing on Mon., Oct. 28 -</p> <p>CAC and Recruit Staffing Co., Ltd. (hereinafter "RS") jointly develop an application by customizing <i>Kokoro Sensor for Training</i>, an app for facial expression training based on CAC's emotion recognition AI. RS launches a smile training service for temporary staff with the use of the newly created app.</p>
Nov. 16, 2019	<p>CAC Croit to offer prototype of document assessment support system for pharmaceutical manufacturers.</p> <p>CAC Croit develops a document assessment support system designed to help assessment personnel with judgments by applying machine learning and other digital technologies to the peer review process in pharmacovigilance service and by accumulating the expertise of experienced professionals. With a view to its commercial release in spring 2020, CAC Croit offers a prototype free of charge in a bid to provide better products. As an alternative to the advanced knowledge and experience required in peer reviews of documents, this system is expected to streamline the process and resolve the problem of securing personnel.</p>
Nov. 14, 2019	<p>CAC acquires AWS Financial Services Competency certification.</p> <p>CAC acquires Financial Services Competency certification under the AWS competency program run by Amazon Web Services, Inc. (hereinafter "AWS") in recognition of its track record in the introduction of AWS services to financial institutions and technological capabilities. CAC is the third consulting partner with the certification under the AWS Partner Network in Japan.</p>



CAC Holdings Corporation

Enterprise Value Up Group, Corporate Planning Division

Tel: 03-6667-8010 E-mail: prir@cac.co.jp

<https://www.cac-holdings.com/>



CAC Group helps disseminate and develop Boccia, a sport for the disabled.

© 2020 CAC Holdings Corporation

Q&A

Q: Whilst sales are still sluggish, you appear to be getting a positive response overseas. When it comes to investments and M&A, will you also consider completely new propositions that go beyond the current format of your business operations or neighboring business domains as one might expect? Please share your thoughts in this respect.

→A: I imagine there might be some completely new propositions. Our business operations, including the CRO business, are still labor-intensive. In the past, we tried out package businesses and other business models besides the man-month model in our IT services but, unfortunately, this did not work out. We are folding up businesses which, based on our latest financial results, do not have good growth prospects. With the domestic IT business expected to remain firm until 2021, we believe that figuring out which strategy to adopt to generate plus alpha is crucial for our next stage of rapid growth and recognize that it would, if anything, be difficult to continue along the same lines as we are now. Our sales are not growing, and they are not going to grow simply by increasing staff. This fiscal period, the CRO business had an entirely negative impact on our performance and we will consider how we can turn this around moving forward.

Q : Last time, you said that you would be able to maintain a steady performance even if large-scale CRO projects dried up and yet things turned out like this. Surely, the CRO business has been heading in the wrong direction from the outset. Is there not the possibility of some kind of drastic action such as spinning this business off?

→A : It is true that our domestic CRO business in its existing format is struggling in face of a rapidly changing business environment.

We are considering a range of options including initiatives to expand CRO business in India. When you take successful business model in your country abroad, it has a high potential, but Indian market does involve a great deal of uncertainty.

It is widely recognized that the domestic CRO market is entering a period of major change. While pharmaceutical companies themselves are shifting away from a business format focused entirely on the development of new drugs and drug sales, we feel increasingly pressured by pharmaceutical companies that are asking us "how are you incorporating digital into your business?" and we also intend to tap into these needs rather than simply waiting for orders received to recover.

Q : In your CSR activities, will you continue to focus on boccia in the future or will you widen your focus to other sports?

→A : We have our hands full with boccia. We will reconsider after the Paralympics, but we have unexpectedly received a great deal of appreciation from the boccia industry and participants for the competitions we have sponsored and our equipment donations and feel a certain degree of expectation and responsibility and would therefore like to keep these activities up in the future.

We know that other sports associations would like us to help out, but we do not have any further plans at present.