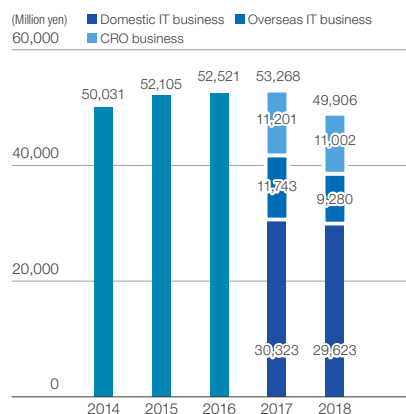


Financial data

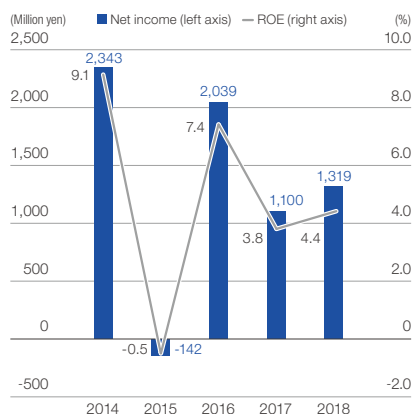
Financial highlights for the past 11 years

	43rd term FY2008	44th term FY2009	45th term FY2010	46th term FY2011
Net sales (million yen)	43,701	39,842	36,614	38,882
Operating income (million yen)	3,260	1,733	1,822	2,610
Ordinary income (million yen)	3,491	1,884	2,035	2,776
Profit attributable to owners of parent (million yen)	1,844	929	1,026	39
Net assets (million yen)	18,708	19,773	20,316	19,294
Total assets (million yen)	29,713	31,004	31,781	31,363
Cash flows from operating activities (million yen)	2,666	687	2,319	(1,509)
Cash flows from investing activities (million yen)	(1,084)	(2,300)	488	1,076
Cash flows from financing activities (million yen)	(1,144)	705	(908)	(407)
Book value per share <BPS> (yen)	915.93	960.61	979.73	940.20
Earnings per share <EPS> (yen)	91.12	46.49	51.09	1.98
Return on equity <ROE> (%)	10.1	5.0	5.3	0.2
Return on assets <ROA> (%)	11.8	6.2	6.5	8.8
Equity ratio (%)	61.6	62.0	62.0	60.3
Price-to-earnings ratio <PER> (times)	8.5	14.3	12.3	317.9
* Based on the closing share price at the end of each fiscal year				
Amount of dividend per share (yen)	30.00	32.00	32.00	32.00
Dividend payout ratio (%)	32.9	68.8	62.6	1,614.7
Number of employees	1,998	2,150	2,070	2,057

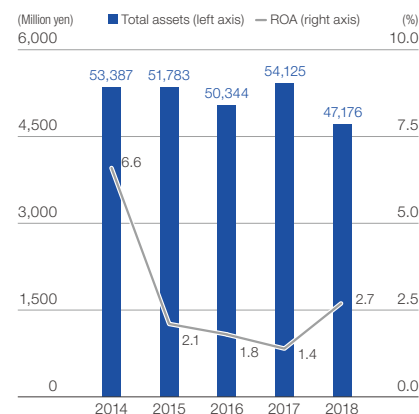
Net sales by segment



Net income/ROE

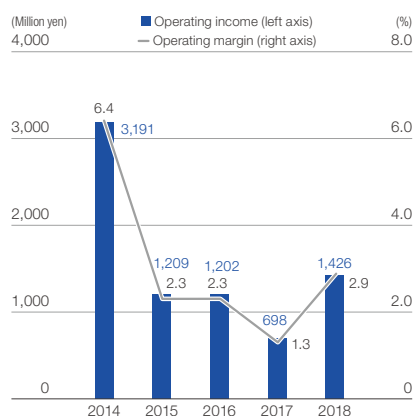


Total assets/ROA

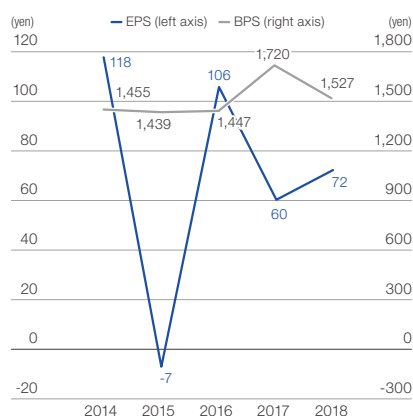


47th term FY2012	48th term FY2013	49th term FY2014	50th term FY2015	51st term FY2016	52nd term FY2017	53rd term FY2018
39,545	40,963	50,031	52,105	52,521	53,268	49,906
2,694	2,528	3,191	1,209	1,202	698	1,426
2,887	2,664	3,000	1,080	937	717	1,368
1,194	1,514	2,343	(142)	2,039	1,100	1,319
20,200	22,833	30,310	29,293	27,683	32,429	28,857
32,233	37,020	53,387	51,783	50,344	54,125	47,176
3,077	2,100	2,331	(770)	892	(1,014)	3,276
1,419	(2,312)	432	(2,760)	3,233	307	2,362
(1,248)	989	(1,388)	(796)	(1,920)	(2,196)	(2,310)
993.35	1,124.81	1,455.06	1,439.40	1,447.09	1,720.38	1,527.13
59.99	76.07	117.69	(7.21)	105.54	59.69	71.57
6.2	7.2	9.1	(0.5)	7.4	3.8	4.4
9.1	7.7	6.6	2.1	1.8	1.4	2.7
61.4	60.5	54.3	54.6	53.0	58.6	59.7
11.4	12.1	10.0	—	8.4	17.8	13.0
32.00	32.00	32.00	32.00	40.00	36.00	38.00
53.3	42.1	27.2	—	37.9	60.3	53.1
2,166	2,239	4,833	5,202	5,711	5,364	4,821

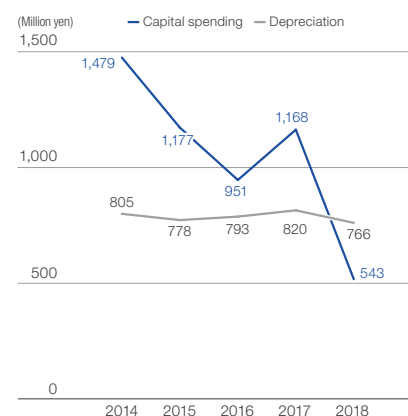
Operating income/Operating margin



EPS/BPS



Capital spending/Depreciation



Financial data

CONSOLIDATED BALANCE SHEETS (Millions of yen)

Assets	December 31, 2017	December 31, 2018
Current assets:		
Cash and deposits	8,551	9,387
Notes and accounts receivable - trade	10,440	8,605
Securities	1,500	3,799
Merchandise and finished goods	641	223
Work in process	527	577
Supplies	23	11
Prepaid expenses	903	823
Deferred tax assets	231	309
Other	1,504	858
Allowance for doubtful accounts	(239)	(323)
Total current assets	24,084	24,273
Non-current assets:		
Property and equipment:		
Buildings and structures	620	567
Machinery and vehicles	29	19
Land	124	124
Other	617	516
Property and equipment, net	1,392	1,228
Intangible assets		
Software	2,749	622
Goodwill	1,054	903
Other	67	51
Total intangible assets	3,871	1,577
Investments and other assets:		
Investment securities	20,788	17,222
Long-term loans receivable	253	243
Long-term prepaid expenses	237	309
Guarantee deposits	774	663
Deferred tax assets	1,519	646
Other	1,347	1,276
Allowance for doubtful accounts	(142)	(265)
Total investments and other assets	24,777	20,097
Total non-current assets	30,041	22,903
Total assets	54,125	47,176

Liabilities	December 31, 2017	December 31, 2018
Current liabilities:		
Notes and accounts payable - trade	3,431	2,928
Short-term loans payable	2,794	1,997
Current portion of long-term loans payable	62	37
Lease obligations	148	146
Accrued expenses	1,547	1,440
Income taxes payable	371	1,528
Consumption taxes payable	369	437
Provision for bonuses	322	330
Provision for loss on order received	17	30
Other	2,056	1,884
Total current liabilities	11,120	10,760
Non-current liabilities:		
Long-term loans payable	2,084	2,016
Lease obligations	330	282
Provision for directors' retirement benefits	24	27
Net defined benefit liability	3,488	3,746
Deferred tax liabilities	4,528	1,332
Other	119	153
Total non-current liabilities	10,576	7,558
Total liabilities	21,696	18,319
Net assets		
Shareholders' equity		
Common stock	3,702	3,702
Capital surplus	3,725	3,725
Retained earnings	16,773	16,474
Treasury shares	(2,909)	(1,972)
Total shareholders' equity	21,291	21,929
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	10,004	6,280
Foreign currency translation adjustments	(55)	(72)
Remeasurements of defined benefit plans	474	15
Total accumulated other comprehensive income	10,423	6,223
Non-controlling interests	713	704
Total net assets	32,429	28,857
Total liabilities and net assets	54,125	47,176

Financial data

CONSOLIDATED STATEMENTS OF OPERATIONS (Millions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018
Net sales	53,268	49,906
Cost of sales	42,996	39,425
Gross profit	10,272	10,481
Selling, general and administrative expenses	9,573	9,054
Operating income	698	1,426
Non-operating income	441	406
Non-operating expenses	422	465
Ordinary income	717	1,368
Extraordinary income	2,949	3,479
Extraordinary losses	1,545	2,496
Profit before income taxes	2,122	2,351
Income taxes - Current	808	1,609
Income taxes - Deferred	66	(585)
Total income taxes	875	1,023
Profit	1,246	1,327
Profit attributable to non-controlling interests	146	7
Profit attributable to owners of parent	1,100	1,319

CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018
Operating activities	(1,014)	3,276
Investing activities	307	2,362
Financing activities	(2,196)	(2,310)
Net increase (decrease) in cash and cash equivalents	(2,878)	3,336
Cash and cash equivalents at beginning of year	11,268	8,389
Cash and cash equivalents at end of year	8,389	11,725

Stock information

General Information (as of December 31, 2018)

Number of Shares Authorized	86,284,000
Number of Shares Issued and Outstanding	20,541,400
Unit Share	100 shares
Number of Shareholders	4,886
Fiscal Year End	December 31
General Shareholders Meeting	End of March
Registration Deadline for Dividend Payment	Year-end: December 31 Interim: June 30
Administrator of the Register of Shareholders	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Stock Exchange Listing	Tokyo Stock Exchange, 1st Section (Date of Listing: October 2000) (Securities Code: 4725)

Primary Shareholders (as of December 31, 2018)

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares
SHOGAKUKAN Inc.	3,512	17.09%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,542	7.50%
CAC Employee Shareholding Association	665	3.24%
Japan Trustee Services Bank, Ltd. (Trust account)	527	2.56%
Sumitomo Mitsui Banking Corporation	484	2.35%
Mitsubishi Tanabe Pharma Corporation	431	2.09%
Government of Norway	391	1.90%
Kimihiko Mizumoto	381	1.85%
BNYM AS AGT/CLTS NON TREATY JASDEC	378	1.84%
KLab Inc.	300	1.46%

* Treasury stocks (2,106 thousand shares as of December 31, 2018) are not included in the above.

Breakdown of Shareholding by Investor Type (as of December 31, 2018)

Investor Type	Number of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares
Japanese Financial Institutions	23	4,129	20.10%
Japanese Securities Companies	28	161	0.79%
Other Japanese Companies	47	5,927	28.86%
Foreign Companies, etc.	77	2,377	11.57%
Japanese Individuals and Others	4,711	7,975	38.68%
Total	4,886	20,541	100.00%

* Treasury stocks (2,106 thousand shares as of December 31, 2018) are included in "Japanese Individuals and Others."

Corporate information

Corporate profile

Name	CAC Holdings Corporation
Head office	24-1, Nihonbashi-Hakozaki-cho, Chuo-ku, Tokyo 103-0015, Japan Phone: +81-3-6667-8001
Representative	Akihiko Sako, President and CEO
Founded	August 8, 1966

Capital	¥3,702 million
Consolidates sales	¥49,906 million (for the fiscal year ended December 31, 2018)
Number of group employees (as of December 31, 2018)	4,821
Main services offered	Formulation of the CAC Group's business strategy and business administration of the group
Main financing banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Sumitomo Mitsui Trust Bank, Limited

CAC Group

■ CAC Corporation

Location	Chuo-ku, Tokyo, Japan
Main services	Systems development and integration services Systems operation and management services BPO/BTO services

■ CAC Croit Corporation

Location	Chuo-ku, Tokyo, Japan
Main services	Drug development support service (as a contract research organization (CRO))

■ ARK Systems Co., Ltd.

Location	Chuo-ku, Tokyo, Japan
Main services	Mainframe solutions Open system solutions Web-based system solutions IT management solutions

■ CAC Knowledge Co., Ltd.

Location	Chuo-ku, Tokyo, Japan
Main services	System development, maintenance, and operation management Packaged software development and sales

■ CAC ORBIS CORPORATION

Location	Nishi-ku, Osaka-shi, Osaka, Japan
Main services	System consulting services Software planning and development Specialized equipment (development of different kinds of hardware and software for factories) Systems maintenance and operation

■ CAC MARUHA NICHIRO SYSTEMS CORPORATION

Location	Chuo-ku, Tokyo, Japan
Main services	System planning and design Software development System operation, maintenance and other services

■ Hitec Systems Corporation

Location	Shimonoseki-shi, Yamaguchi, Japan
Main services	Systems development, maintenance and operation Packaged software development and sales

■ kizasi Company, Inc.

Location	Chuo-ku, Tokyo, Japan
Main services	Offering of technologies and information on the Internet

■ CAC AMERICA CORPORATION [CAC AMERICA]

Location	New York, United States
Main services	Systems consulting System integration Helpdesk services

■ CAC EUROPE LIMITED [CAC EUROPE]

Location	London, United Kingdom
Main services	Systems consulting System integration

■ CAC SHANGHAI CORPORATION

Location	Shanghai, China
Main services	Systems consulting System integration Offshore system development center (for Japan and for the United States) System operation (helpdesk services and area services)

■ GoldenTech Computer Technology (Suzhou) Co., Ltd.

Location	Suzhou, China
Main services	System development Contracted software development

■ CAC India Private Limited [CAC India]

Location	Mumbai, India
Main services	System development and operation management BPO services

■ Inspirisys Solutions Limited

Location	Chennai, India
Main services	IT infrastructure services Software services Warranty management services

Corporate history

1966	Computer Applications Co., Ltd. (CAC) is established as one of Japan's first independent software companies.		
1971	CAC invests in Nippon System Service Co., Ltd. (SSK). SSK changes its business focus to outsourcing services.		
1973	System Utility Co., Ltd. (SUC), a facility management company, is established as a wholly owned subsidiary.		
1986	Formally enter the system consulting business.		
1988	Certified as "System Integrator" by the first "Registration and Certification of System Integrator" of the Ministry of International Trade and Industry (MITI).		
1989	CAC AMERICA CORPORATION, a wholly owned subsidiary, is established in New York, United States.		
1990	CAC EUROPE LIMITED, a wholly owned subsidiary, is established in London, United Kingdom.		
1994	CAC, SSK, and SUC merge to form CAC Co., Ltd.		
1995	Certified as "Provider of Special Systems Operation Services" by the first "Certification of Provider of Special Systems Operation Services" of MITI.		
1996	Enter the business for integrated management services targeting distributed systems.		
1999	Listed on the OTC market.		
2000	Acquire all the shares of ARK Systems Co., Ltd., effectively making the company a subsidiary. CAC SHANGHAI CORPORATION is established in Shanghai, China. Listed on the First Section of the Tokyo Stock Exchange.		
2002	Acquire shares of GoldenTech Computer Technology (Suzhou) Co., Ltd., making the company a subsidiary. Acquire the shares of YUASA KNOWLEDGE INDUSTRY Co., Ltd., making the company a subsidiary and renaming it CAC Knowledge Co., Ltd.		
		2003	Acquire shares of ORBIS CORPORATION (presently CAC ORBIS CORPORATION), making the company a subsidiary. Acquire shares of MARUHA SYSTEMS CORPORATION (presently CAC MARUHA NICHIRO SYSTEMS CORPORATION), making the company a subsidiary.
		2005	Relocate the head office to Nihonbashi-Hakozaki-cho, Chuo-ku, Tokyo.
		2006	Acquire shares of Arm Systex Co., Ltd., making the company and Arm Co., Ltd. subsidiaries.
		2007	kizasi Company, Inc. is established. Acquire all the shares of Medical Ecology Co., Ltd. (later renamed CAC ClinIT Co., Ltd.), making the company a subsidiary.
		2009	Acquire shares of clinical trust Co., Ltd., making the company a subsidiary.
		2010	Merger of CAC ClinIT Co., Ltd., Arm Systex Co., Ltd., and Arm Co., Ltd. CAC India Private Limited is established in Mumbai, India.
		2012	CAC EXICARE Corporation is established through a company split.
		2014	Acquire shares of Accel Frontline Limited (presently Inspirisys Solutions Limited), making the company a subsidiary. Change to a holding company structure, as a result of which CAC Co., Ltd. is renamed CAC Holdings Corporation. At the same time, CAC Corporation is established through a company split and takes over the operations of CAC Co., Ltd.
		2016	CAC Croit Corporation is established through the merger of CAC EXICARE Corporation and clinical trust Co., Ltd.

Editorial policy

The CAC Group began publishing the CAC REPORT in FY2015. The aim of this report is to ensure the value-creation initiatives of the CAC Group are understood by a wide range of stakeholders, primarily by investors who view matters from a long-term perspective.

Scope of reporting

- Reporting period: January 1, 2018 to December 31, 2018 (activities in January 2019 and thereafter are also included in some sections.)
- Subject organizations: CAC Holdings Corporation and 20 CAC Group companies (as of December 31, 2018)

Caution concerning forward-looking statements

This report contains descriptions of plans for the future and forecasts and prospects of the strategies and business results of CAC Holdings Corporation and CAC Group companies. These descriptions are based on judgements that were made based on currently available information. Please note that our actual business results may differ materially from these initial forecasts due to various external factors.



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