



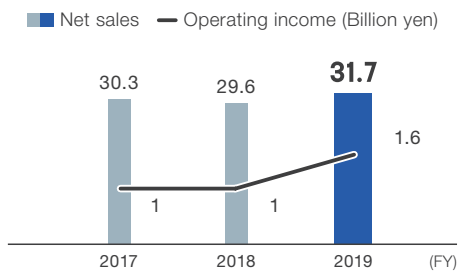
Domestic IT business

Our subsidiaries in Japan provide system development services, system operation and management services, human resource BPO services, and other services.

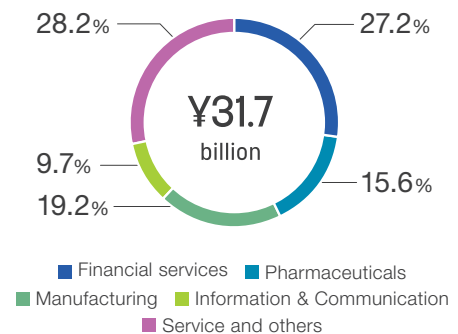
Major affiliates

CAC Corporation, ARK Systems Co., Ltd.,
CAC Knowledge Co., Ltd., CAC ORBIS CORPORATION,
CAC MARUHA NICHIRO SYSTEMS CORPORATION

Net sales and operating income



Net sales by industry



Constituent Companies and Business Activities

Our subsidiaries in Japan provide system development services, system operation services, business process outsourcing (BPO) services, and other services.

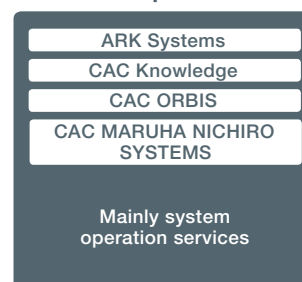
The segment consists of a total of five companies: CAC, which dates back to the Group's foundation, and four IT affiliates of a company acquired in the early 2000s. CAC offers system development services, system operation services and BPO services, and accounts for approximately 70% of the domestic IT segment's total sales, with the remaining 30% generated by other group companies mainly through the provision of system operation services. We conduct business mainly in Tokyo and the surrounding area, but we also have business locations in Osaka. In addition, we established the Nagasaki BPO Center in Nagasaki, Nagasaki Prefecture as a nearshore business location for BPO services in July 2019.

The center currently provides human resource BPO services but will utilize the fact that it is in a location with low risk of large-scale natural disaster and also provide IT services in the future from the viewpoint of ensuring continuity of service provision.

Company dating back to our foundation



Other group companies



Features and Medium-Term Strategy

We identify customer needs directly as their prime contractor and provide them with IT services that are optimized for their business.

Our main customers are major enterprises in various industries, with whom we have maintained business relationships for about 50 years.

Among them, we have an extensive track record in the fields of financial services (banks and trust banks) and pharmaceuticals.

We have also been strengthening approaches to new customers recently.

As the transformation of society through new technologies such as AI and IoT known as digital transformation (DX) picks up pace, we are shifting towards digital business to help customers advance their DX goals.

At the same time, we are also actively working on the development of new services and products using digital technologies.

FY2019 Business Performance and FY2020 Forecast

In the fiscal year ended December 31, 2019, net sales increased by 6.9% year on year, to 31,653 million yen, reflecting capturing of IT demand of existing customers and firm sales to trust banks and pharmaceutical companies. Segment income rose by 57.4%, to 1,640 million yen mainly due to increased sales.

In face of the COVID-19 pandemic, we continued business, encouraging employees to work from home and conduct businesses online.

However, business performance in the fiscal year ending

December 31, 2020 may be affected by factors such as slowdown in the acquisition of new projects which require complex explanations of new technologies and the development of new customers due to the tendency to avoid conducting face-to-face sales activities and signs of changes in investment trends among certain customers.

Despite such uncertainties, in the fiscal year ending December 31, 2020, we will push ahead with the provision of services using new digital technologies whilst tapping in to customers' IT demand.

(As of June 2020)

CSV Creating Shared Value
Contributing to Society through Business

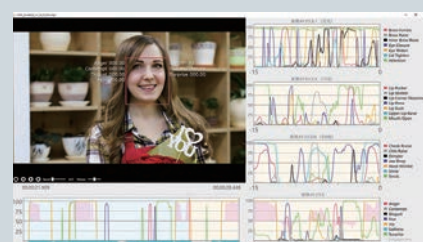
Focusing on HCTech (Human Centered Technology)

CAC is also focusing on technologies such as blockchain and RPA to hasten the digital shift and, since 2016, has been developing products such as Kokoro Sensor, which incorporates emotion recognition AI technology for analyzing facial images captured using a camera to estimate emotions, and the facial expression training app Kokoro Sensor for Training, for provision to various sectors such as the educational and marketing sectors.

Leveraging this strong track record and know-how in the field of AI-based image analysis, CAC proposed the concept of "HCTech — Utilization of IT for human observation, human resource management, and promotion of human health" in 2020 and has since been focusing on HCTech as a priority field.

HCTech refers to the performance of hugely time-consuming specialist processes such as data analysis, data recognition and anomaly detection by AI in place of human beings and, it is technology which can be used in various industries and fields.

We aim to continue being a group which keeps on growing by not only meeting customers' needs but also coming up with new services through collaborative creation with customers.



Emotion analysis using emotion recognition AI technology

Please also refer to the Sustainability Page (Page 29).



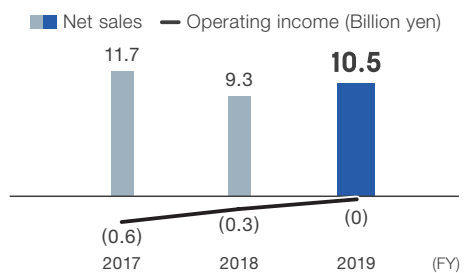
Overseas IT business

Provision of services including systems development and integration services, systems operation and management services, and maintenance services by our overseas subsidiaries

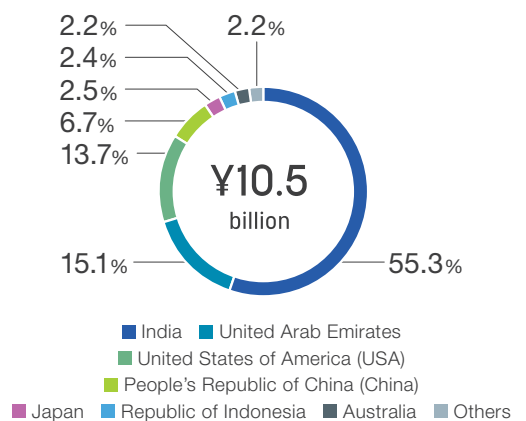
Major affiliates

CAC AMERICA CORPORATION, CAC EUROPE LIMITED, CAC SHANGHAI CORPORATION, CAC India Private Limited, Inspirisys Solutions Limited, Mitrais Pte. Ltd.

Net sales and operating income



Net sales by country



Constituent Companies and Business Activities

We have been focusing on overseas expansion since we established a subsidiary in Taiwan in 1978 ahead of our competitors.

With the overseas expansion of financial institutions and other customers in the 1980s, we established subsidiaries in the USA and the UK to meet demand for local customer support services.

Today, these companies continue to provide services, mainly local support services for Japanese companies, in collaboration with CAC.

From the early 2000s, we established and acquired



Providing services in collaboration with CAC, consisting mainly of support for overseas business locations of Japanese customers.



Assisting customers doing business in China and responsible for developing offshore development structure. Also focusing on providing services to Chinese companies recently.



Providing IT services in India and the surrounding region



Promoting development of the Indonesian market as well as agile development across the Group.

subsidiaries in China in response to entry to the Chinese market by our customers and for the development of an offshore development structure.

In the early 2010s, we anticipated growth of the IT market in Asia and established a local subsidiary in India and also acquired Inspirisys Solutions Limited (called Accel Frontline Limited at the time) to tap into local demand.

Inspirisys is a core company in the overseas IT business, offering IT services mainly in India.

In addition, we acquired Mitrais Pte. Ltd., which has business locations in Indonesia, in 2019.

FY2019 Business Performance and FY2020 Forecast

In the fiscal year ended December 31, 2019, net sales increased 12.7%, to 10,461 million yen, and the segment posted a loss of 46 million yen (compared with a loss of 308 million yen the previous fiscal year).

The increase in net sales is largely attributable to inclusion of Mitrais in the scope of consolidation.

Income showed improvement due to the reduction of SG&A expenses through business restructuring focused on an Indian subsidiary, in addition to inclusion of Mitrais in the scope of consolidation.

The COVID-19 pandemic also inevitably resulted in the restriction of activity at companies in the overseas IT business segment. However, we continued business mainly by

encouraging employees to work from home.

However, the outlook is uncertain because India which is a business location of Inspirisys, a core company in the overseas IT business, has been under lockdown since late March 2020, leading to fewer opportunities to win new orders, and because economic activity has been on hold for a long time. We recognize that the business performance of other subsidiaries in the fiscal year ending December 31, 2020 will also inevitably be affected due to the difficulty of conducting sales activities which drive growth. Still, we will focus on structural reform whilst taking the safety and circumstances of employees into consideration.

(As of June 2020)

Medium-Term Strategy

To promote steps for digital transformation (DX), we will strengthen DX-related initiatives at every Group company to increase projects. As distributors of our emotion recognition AI product Affdex in China, our Chinese subsidiaries will provide the product to the educational sector and various other customers.

Meanwhile, Mitrais has know-how and best practice in agile development methods which are effective for shortening system development time and are, therefore, expected to

become more widely used in the future.

Mitrais will work with our domestic IT business companies to promote and strengthen agile development methods within the Group, which will lead to the proposal of agile development to existing customers and the development of new customers by Group companies in Japan and other countries. We will also push ahead with development of the Indonesian market, aiming for further Group growth.

Outline of Mitrais Pte. Ltd.



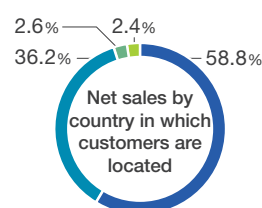
Mitrais Pte. Ltd. Bali Office

Mitrais, which joined the CAC Group in October 2019, has its largest business location in Bali, Indonesia, and provides IT services for the Indonesian and Australian markets.

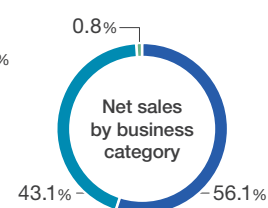
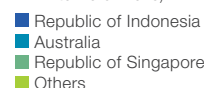
Mitrais is engaged in software-related business, primarily system development and maintenance, and mining-related business, which includes the sale, installation and maintenance of software packages for mining companies, with software-related business accounting for just over 50% of sales and mining-related business for 40%.

In its software-related business, Mitrais employs SEs who are experts in the agile development methods that are now also being introduced in Japan for the DX era, and Mitrais has a strong track record and know-how in this field.

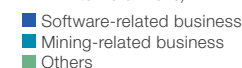
Mitrais plans to strengthen agile development business in the future and share its know-how with CAC Group companies.



(From October 2019 to March 2020)



(From October 2019 to March 2020)





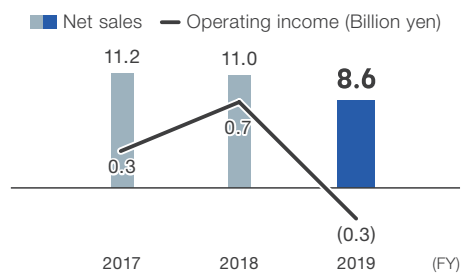
CRO business

Undertaking outsourced operations of conducting clinical trials (clinical development) upon drug development by a pharmaceutical company and operations after manufacturing and sales

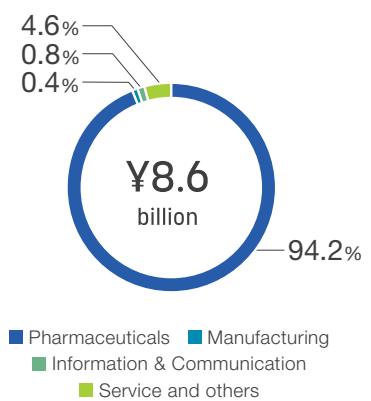
Major affiliates

CAC Croit Corporation

Net sales and operating income



Net sales by industry



Constituent Companies and Business Activities

The Group's CRO business started in the 1980s when CAC, which provided IT services to pharmaceutical companies, began to undertake some of their operations related to clinical trials for developing pharmaceutical products (clinical development) that were outsourced by them.

We have since continued to grow the business by making CRO companies into subsidiaries and strengthening our ability to provide services such as data management services and statistical analysis services.

In 2012, we spun the CRO business off from CAC as a separate company which is now called CAC Croit and is responsible for the CRO business.

FY2019 Business Performance and FY2020 Forecast

In the fiscal year ended December 31, 2019, net sales fell by 22.1% year on year, to 8,568 million yen mainly due to the end of large projects and reduction in projects.

The segment reported a loss of 278 million yen compared with segment income of 693 million yen in the previous fiscal year, reflecting the severe impact of decline in sales and an inability to absorb fixed costs despite efforts to reduce costs. With the deterioration of the segment's business performance since FY2019, we have been working to turn the business around

Our Strengths and Features

As a CRO company which started out as an IT company, our strength lies in our ability to provide CRO services efficiently by making use of IT in particular.

Consequently, our main services are not monitoring services, which are the main services of regular CROs, but rather services with high affinity with IT such as pharmacovigilance, where we collect, analyze, and evaluate information about side effects of pharmaceutical products, and regulatory operations needed to obtain drug approval.

We are also actively promoting the use of digital technologies such as AI and RPA to improve productivity and working to expand businesses in the surrounding area, including business related to the compound library-sharing program.

through structural reform and focusing on restoring profitability. However, the structural reform process has been delayed due mainly to measures to prevent the spread of COVID-19. Furthermore, the pharmaceutical companies which are the customers in this business have cancelled or postponed clinical trials, and we recognize that the segment's business performance will inevitably be affected.

Accordingly, in the CRO business, our plan is to strive to minimize deterioration in earnings.

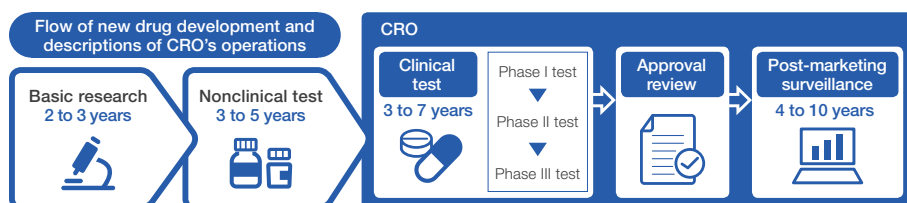
(As of June 2020)

Medium-Term Strategy

In response to the transformation of society through new technologies such as AI and IoT known as digital transformation (DX), we will continue to use AI, RPA, and other digital technologies to improve the productivity and quality of services we provide.

We will also promote integration of health care with the CAC Group's digital technologies in preparation of the provision of digital healthcare services which are expected to grow in Japan and throughout the world in the future.

What is CRO?



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

CSV Creating Shared Value
Contributing to Society through Business

Maintaining, managing, and improving public health as a partner of pharmaceutical companies

CAC Croit, which is responsible for the CRO business, contributes to maintaining, managing, and improving public health as a partner of pharmaceutical companies while harnessing the power of IT. The business related to the compound library-sharing program, which we are working on as healthcare business, is a service for consolidating the libraries of chemical compounds (compounds for pharmaceutical frontier research) and information owned and stored individually by pharmaceutical companies in the facilities and platform provided by CAC Croit, and promoting use of the consolidated compound libraries as shared libraries. We promote this business with the aim of helping to significantly shorten drug development time and reduce drug development costs and achieving the development and provision of innovative pharmaceutical products.

