



REPORT

2021

Fiscal Year Ended December 31, 2020

Creating new value on a global level with the use of the latest ICT

Our mission is to continually create new value through advanced ICT. Against a backdrop of globalization, and with an increasingly diverse range of values, we understand the needs of the market and are determined to create new services that will change the world. That is our goal here at the CAC Group.



CAC Holdings Corporation CAC REPORT 2021

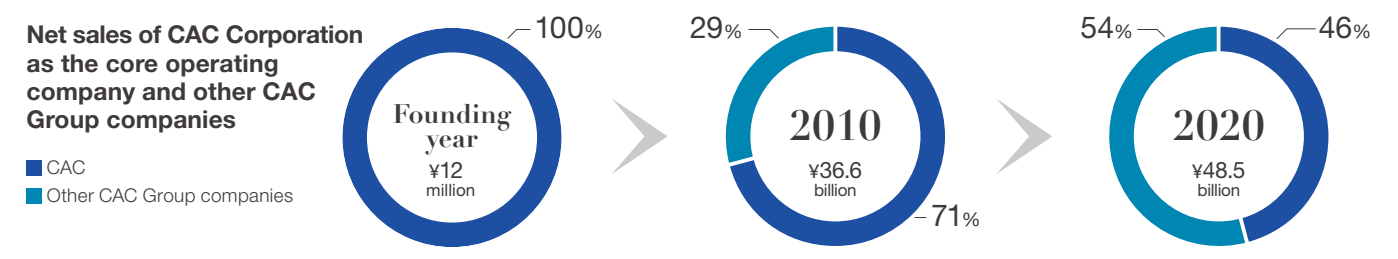
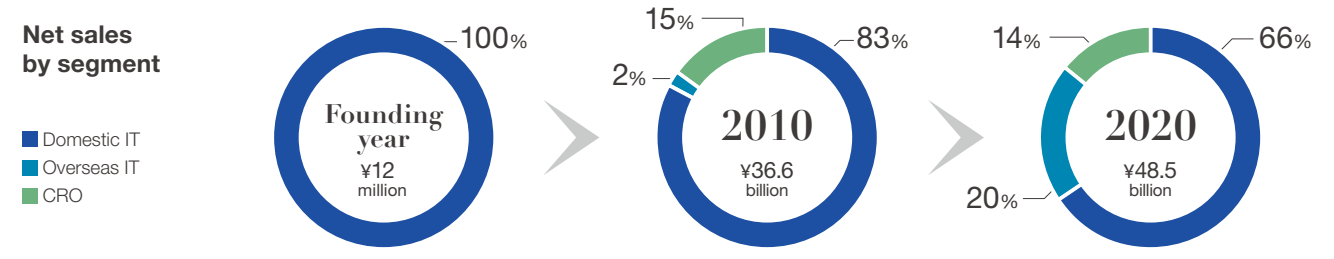
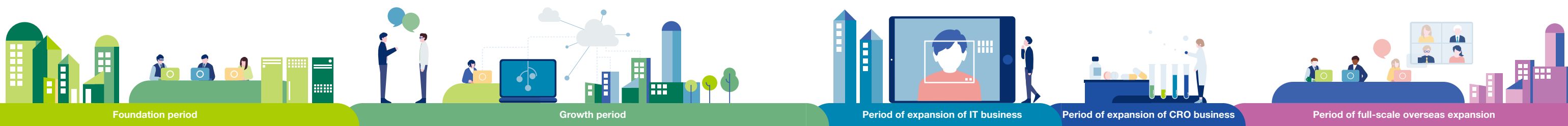
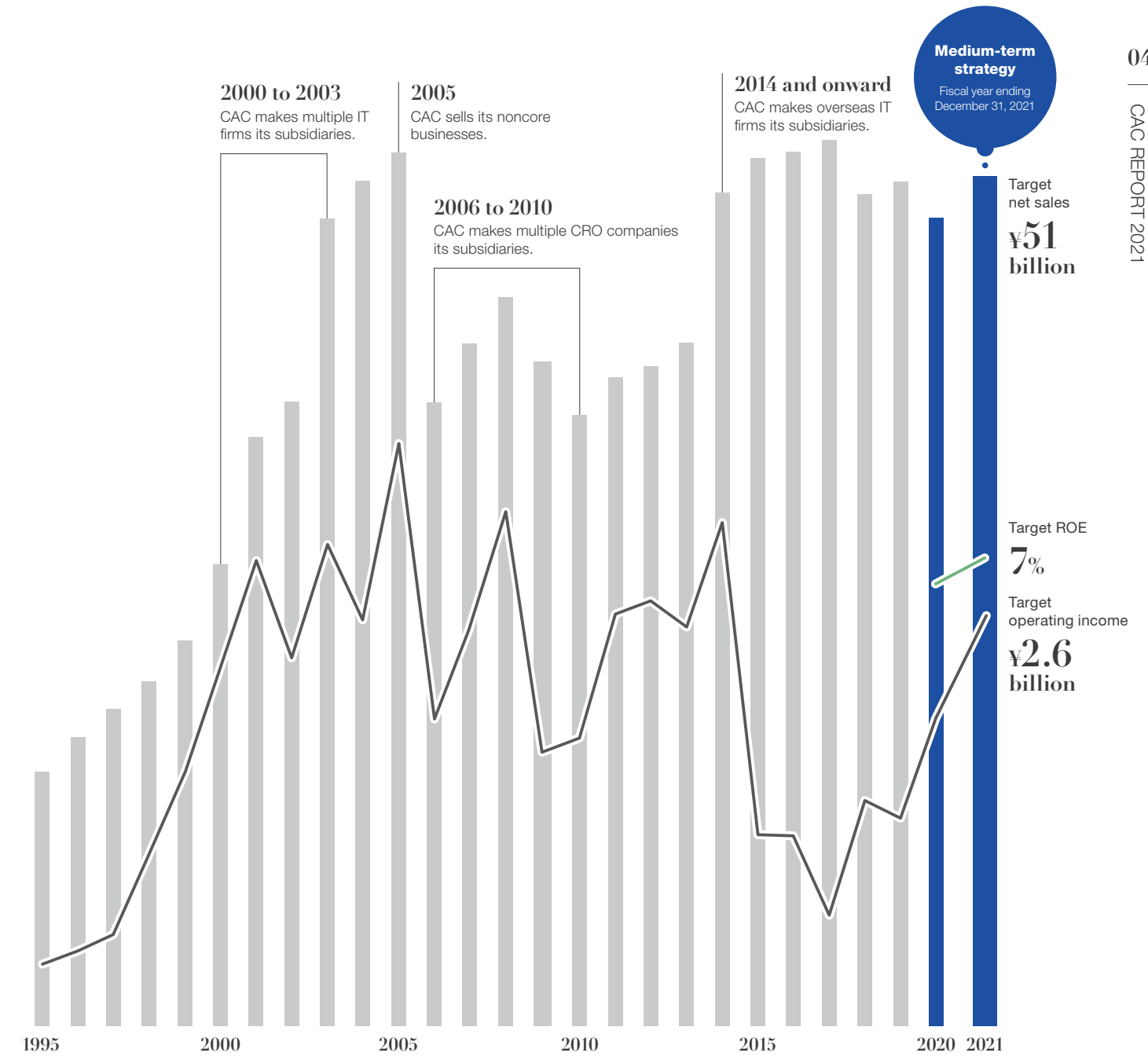
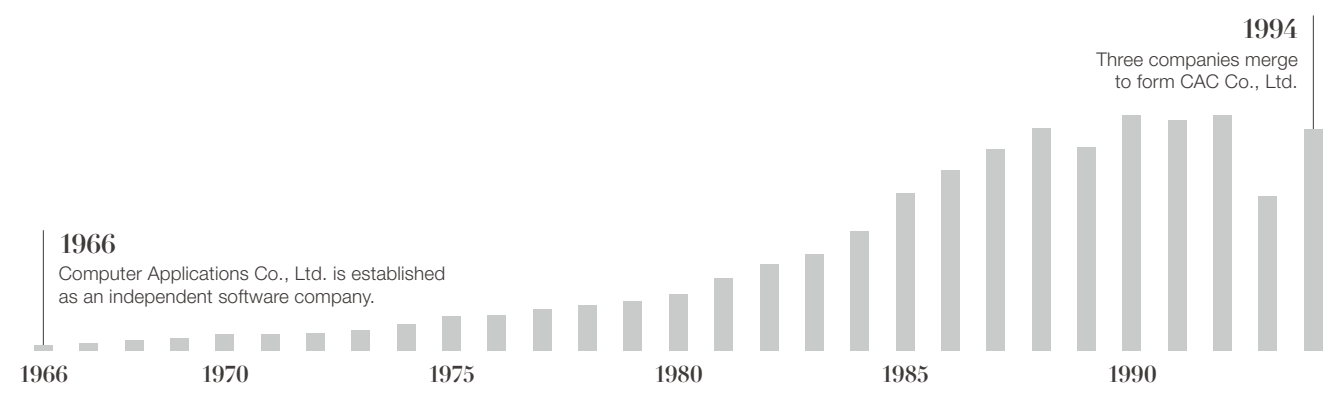
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We continue growing by tackling various challenges.

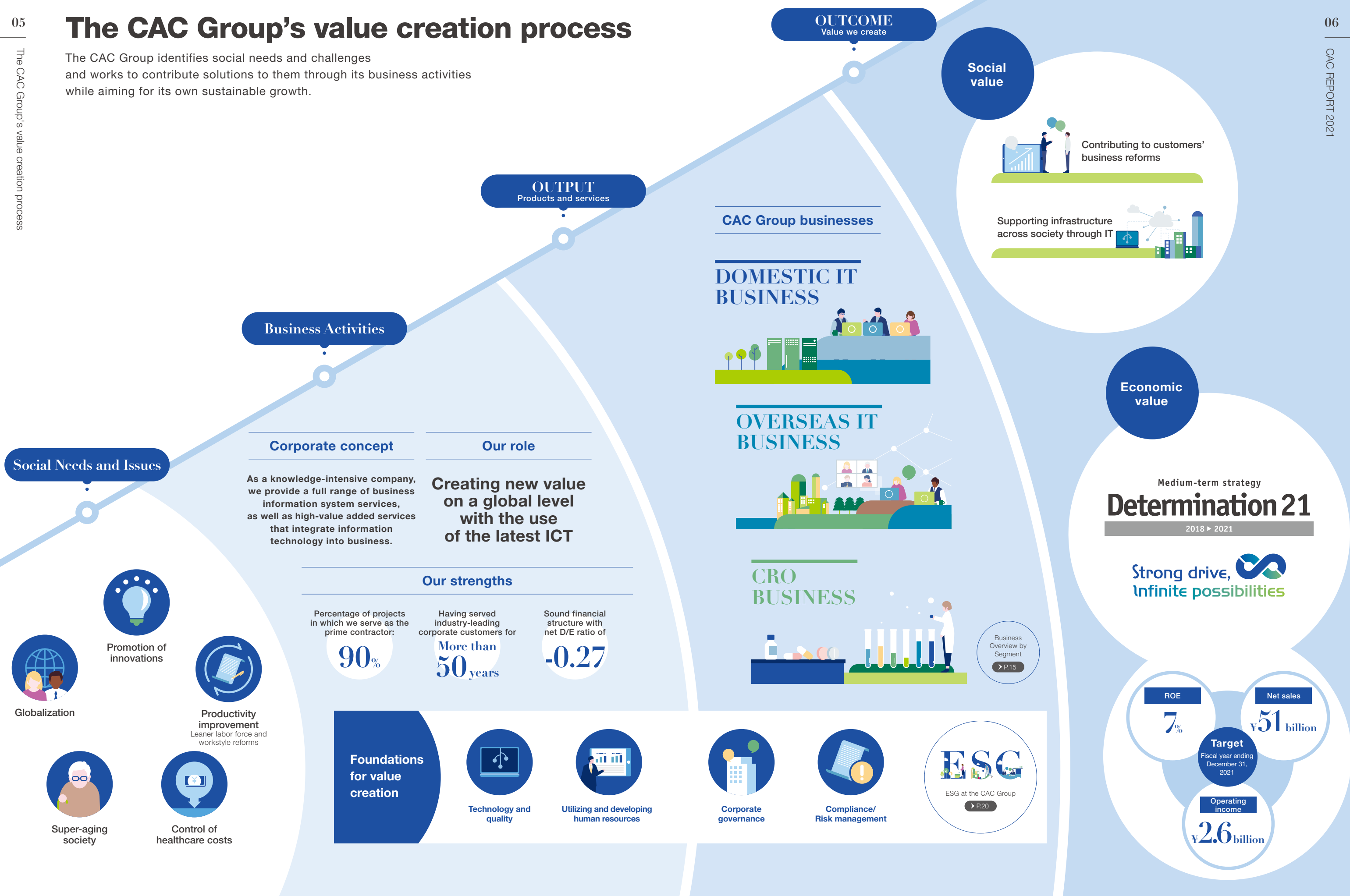
The history of the CAC Group's growth is also a history of challenges. Never fearing failure, we have tackled challenges in new areas. We will try to create further corporate value while making a full-scale entry on the global stage.

■ Net sales — Operating income — Return on equity (ROE) (%)



The CAC Group's value creation process

The CAC Group identifies social needs and challenges and works to contribute solutions to them through its business activities while aiming for its own sustainable growth.



Social Needs and Issues

- Promotion of innovations
- Globalization
- Super-aging society
- Productivity improvement
Learner labor force and workstyle reforms
- Control of healthcare costs

Business Activities

Corporate concept	Our role
As a knowledge-intensive company, we provide a full range of business information system services, as well as high-value added services that integrate information technology into business.	Creating new value on a global level with the use of the latest ICT

Our strengths

Percentage of projects in which we serve as the prime contractor: 90%	Having served industry-leading corporate customers for More than 50 years	Sound financial structure with net D/E ratio of -0.27
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Foundations for value creation

- Technology and quality
- Utilizing and developing human resources
- Corporate governance
- Compliance/Risk management
- ESG at the CAC Group (P.20)

OUTPUT Products and services

CAC Group businesses

- DOMESTIC IT BUSINESS**
- OVERSEAS IT BUSINESS**
- CRO BUSINESS**

OUTCOME Value we create

Social value

- Contributing to customers' business reforms
- Supporting infrastructure across society through IT

Economic value

Medium-term strategy
Determination 21
2018 ▶ 2021

Strong drive, Infinite possibilities

ROE	Net sales
7%	¥51 billion
Target Fiscal year ending December 31, 2021	
Operating income	
¥2.6 billion	

Three key points of the CAC Group

We have summarized our unique strengths into three key points to have the CAC Group understood better.



An IT and healthcare service provider that has been changing in response to needs of the times

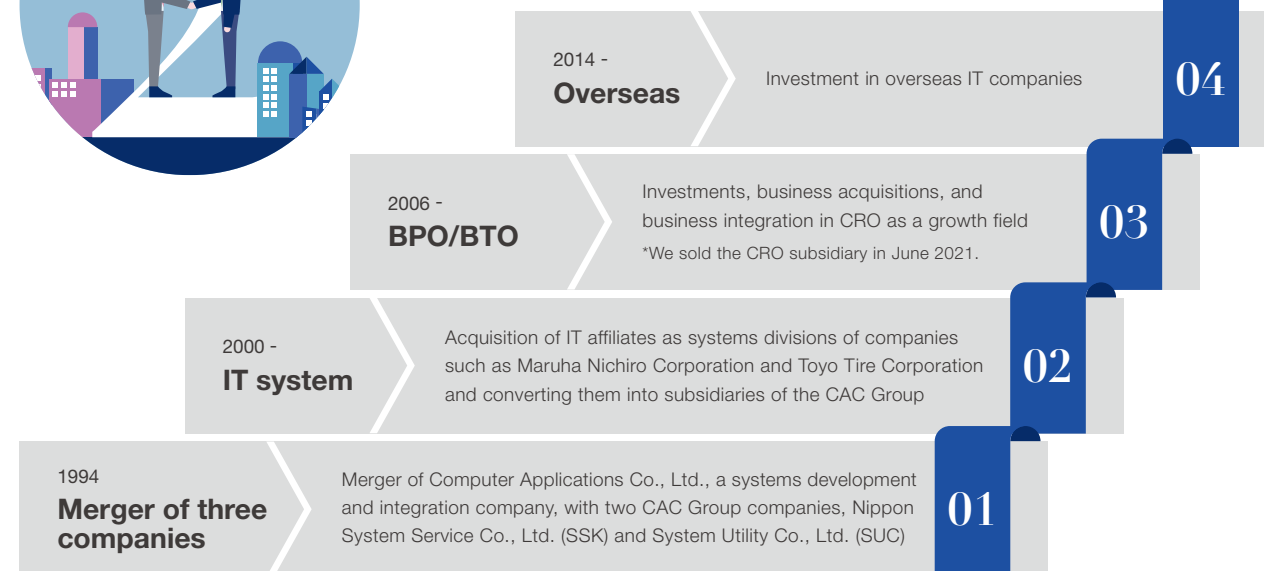
The CAC Group is an independent pioneer that was founded at the dawn of the software industry in Japan.

We are pursuing initiatives in the latest technologies, such as AI, IoT, and blockchain.

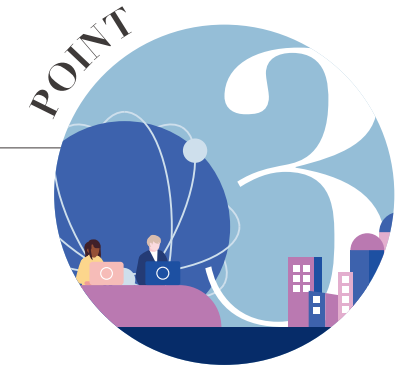
We are prime contractor who develops and provides the optimal systems for users.



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

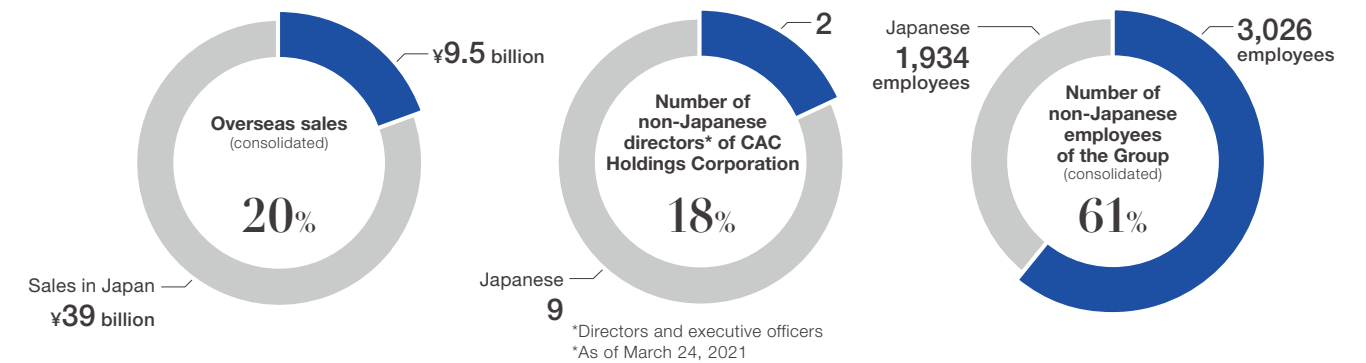


Focus on overseas expansion

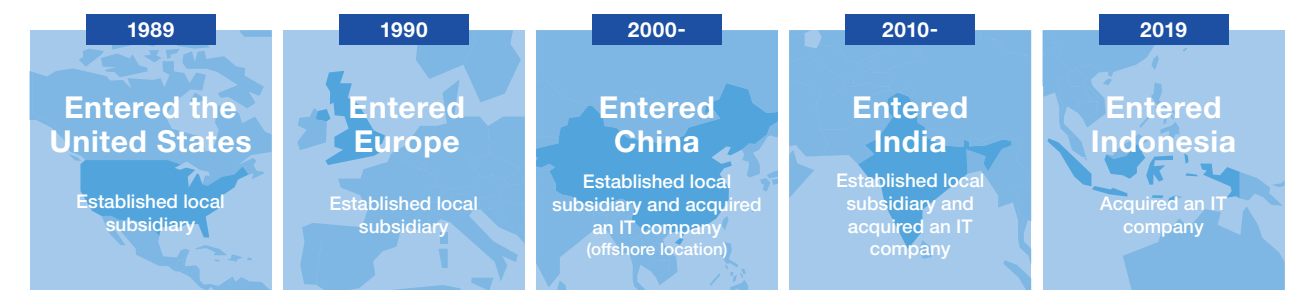
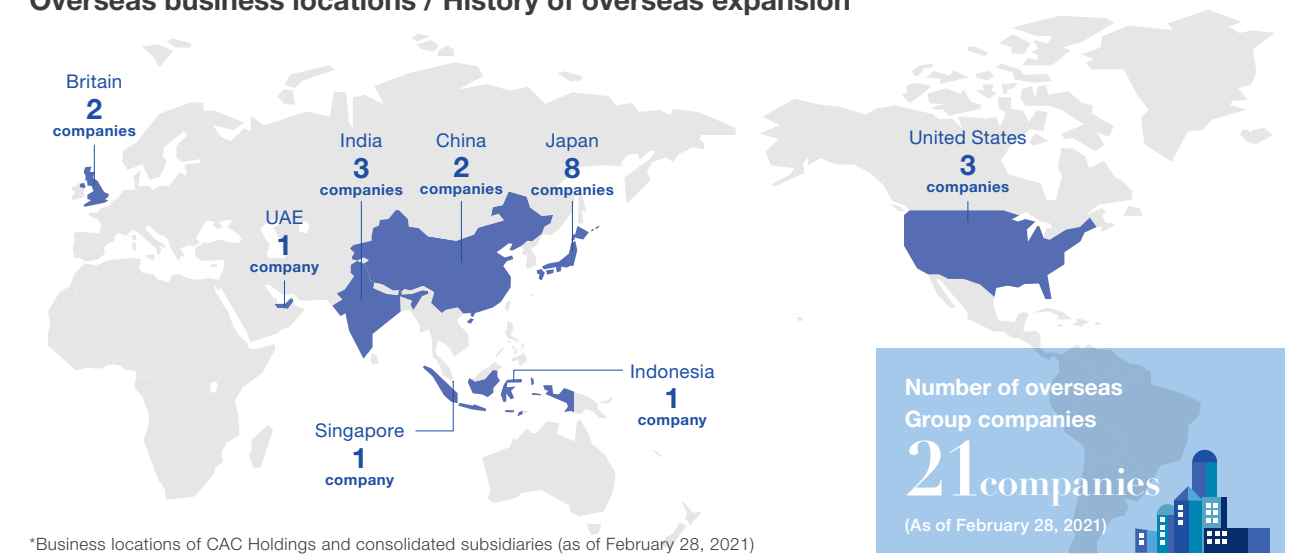


The CAC Group expanded overseas before other Japanese companies, starting with the establishment of its local subsidiary in Taiwan in 1978.

In recent years, we have been increasing the percentage of overseas operations through initiatives such as aggressive M&A as part of our efforts to respond to global demand. We will continue our efforts to expand our business in each country and accelerate our globalization.



Overseas business locations / History of overseas expansion



CEO MESSAGE



We will aim to achieve sustainable growth by responding to the major changes of the times.



President & CEO

Ryota Nishimori

Interview Date: Mid-February, 2021

We will lead the CAC Group in powerful terms with speedy management.

I was appointed President & CEO of CAC Holdings on January 1, 2021. Back in 1994 I joined Computer Applications, the predecessor to CAC, and began my career as a system engineer developing systems for financial institutions. I later worked on a number of projects as a project manager, and after a stint as General Manager of the Corporate Planning Department, I served as president of CAC AMERICA and President &

CEO of CAC Corporation before assuming my current post overseeing the entire CAC Group. This position of responsibility has given me a renewed sense of motivation while underscoring the gravity of the job that lies ahead. The world is currently in the midst of a major shift toward digital transformation (DX). We also find ourselves in the middle of an unprecedented pandemic due to the spread of COVID-19 infections. But instead of despairing over this crisis, I see it as a huge opportunity to lead the Group in powerful terms and with unprecedented speed.

FY2020 was a year in which we felt the impact from COVID-19, but also started to see results from our efforts.

In FY2020, the third year of our medium-term strategy dubbed Determination 21, we worked to establish high-earning models centered around improved earnings in our overseas IT subsidiaries, strengthen investment and finance strategies, and promote steps for digital transformation. To start with, we saw steady progress in the domestic IT business. The sales strategies we had been promoting along with measures to expand DX-related solutions started to bear fruit, and I believe this not only helped us secure large development projects from financial institutions, but also led to the development of new customers, a challenge we have grappled with for many years. The CRO business was dragged down by the postponement or cancellation of some projects due to COVID-19, a shortage of case numbers, and slowing growth of the market itself.

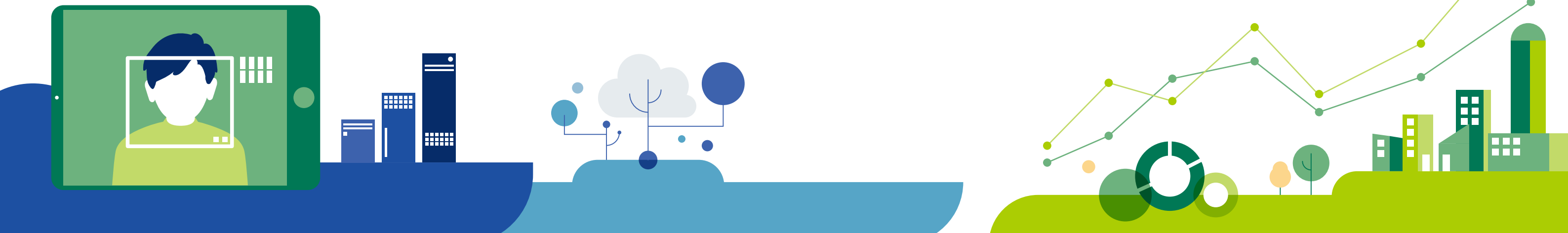
*On June 30, 2021, all shares of CAC Croit Corporation, which handles the CRO business, were transferred to EPS Corporation.

Meanwhile, the overseas IT business experienced a softening due to pressure on earnings at our mainstay Indian subsidiary from the prolonged COVID-19 pandemic, despite the contribution of earnings from our Indonesian subsidiary that was newly added to the Group. While the future is still uncertain, our first order of business will be to transform the business of the Indian subsidiary to ensure profits, and since forecasts suggest that the local Indian market is expected to recover, I think it is important for us to be on top of this trend and translate it into sales.

In FY2021, we will continue to promote DX while exploring where we want to be five and ten years from now.

As the final year of our medium-term strategy, FY2021 will be a key period in which we continue to pursue our

existing basic policy of “transforming into a corporate group which can meet the needs of DX,” while considering from various angles how the CAC Group will be involved in system development five and ten years from now. That is because as DX spreads further and gains deeper penetration in society, our business models are also likely to undergo considerable changes. Given this, strongly promoting steps for digital transformation will be one of the key initiatives we will tackle in FY2021. Our handling of DX is accelerating, primarily in the domestic IT business, and the share of digital projects across the entire Group has risen rapidly, from 22% in FY2019 to 36% in FY2020. In FY2021, we aim to raise this percentage to 50% by placing an even greater focus on the development and sale of digital solutions, especially on unique solutions including a remote work solution using AI, an emotion recognition solution, and cloud computing. In terms of agile development, we will also bring the expertise of the Indonesia-based IT company Mitrais to Japan, with the aim of actually applying that know-how to domestic projects. As our second key challenge, we will continue efforts to establish high-earning models. Due to the prolonged effects of the COVID-19 pandemic, we have revised numerical targets downward for net sales and operating income in FY2021, the final year of the medium-term strategy. In FY2021, we will work to increase revenue while taking advantage of the recovery trend in the overseas IT business, the progress of which was blocked by stalled economic activity, and aim to improve profitability by rearranging our portfolio into highly profitable businesses. At the same time, I believe we can achieve our vision of high-earning models by increasing the number of global projects we undertake on a Group-wide basis. In light of the revised forecast for FY2021, we have also set our target ROE to 7%, but we strongly recognize the need for this figure to exceed 8% in the medium to long term. In terms of shareholder return, there is no change to our existing policy of increasing shareholder returns in step with business growth. Although we will of



course consider the right balance with growth-oriented investments, even in the event of increased investment, there will be no sudden decrease in dividends. We also intend to further strengthen other aspects of shareholder return as part of our investment and finance strategy.

Becoming a company enabling people to work regardless of time or place.

With the spread of COVID-19 infections, a majority of CAC Group staff have been working from home. As we already had remote work systems and programs in place, the shift did not cause significant confusion, but there were certainly some areas that were unfamiliar to us. However, several cases of improved work efficiency have emerged. For example, our sales people can book more appointments thanks to the elimination of travel times, and the work we do in Japan can also be done overseas. Even as a part of workstyle reforms, we believe that remote work will become a common practice in the future, and we have been revising our systems in response. For example, since July last year we have eliminated commuter pass payments but also established a new work-from-home allowance covering the utility expenses incurred by employees working from home. Moving forward we will make further changes to personnel systems and pursue a diverse range of workstyles that are not restricted by time or place.

The CAC Group's business itself contributes to society.

IT has become increasingly important in today's world, so much so that whatever the industry, you cannot do business without IT systems in place. The work the CAC Group does represents social infrastructure supporting those many businesses, and we consider our activities safely operating and maintaining each of those systems to be a form of social contribution in itself. And while some have voiced concerns that advances in AI will eliminate people's jobs, we promote the concept of Human Centered Technology (HCTech) based on the belief that the utilization of AI will make it possible to observe people, utilize human resources, and promote human health. By utilizing and combining different digital technologies including AI, we are working to develop new products and services. Based on this HCTech concept going forward, we will fulfill our social responsibilities in the face of a declining and aging population. The CAC Group has for many years been a supporter of Boccia, which is a Paralympic sport. Unfortunately, last year we were unable to hold the Boccia tournament organized by the CAC Group (CAC Cup), but we will continue to support the sport and hope to resume promotional efforts including tournaments while considering the health of players and environmental changes.

Establishing separation between management and execution, while assuming a role that links the two together.

For some time now, we have been separating management from business execution, and I feel we have been able to establish mechanisms to control and supervise business execution. And as a result, the Board of Directors has been able to engage in effective discussions from a perspective one step above, without being dragged into deliberations over business execution. We are feeling the effects of the efforts we have made to date. Although I serve concurrently as President & CEO of CAC Holdings as well as CAC Corporation, the operating company, I believe that playing the role of linking management with execution is beneficial in that it enables speedy management with the direct communication of information. I am determined to fulfill my own roles well while switching between management and execution. In terms of directors, this year we added another outside director. By adding diverse talent with a policy of raising the proportion of outside directors to half, we will work to make decisions with fairness.

Becoming a partner that can give even better advice to our corporate clients.

The competitive environment in the IT industry will continue to intensify going forward. To achieve sustained growth in that environment, we must hold on to core technologies and strengths. The greatest strength of the CAC Group is our ability to quickly understand what our customers are thinking and what they need through direct engagement, and then form partnerships that allow us to make related proposals. The IT development at these companies in the future won't just be about managing data; the central focus will shift to utilizing that data for branding. We are in a position to give them accurate advice on how best to utilize their data, and need to build upon our existing



partnerships. We currently have many employees who are looking to learn new things and absorb new knowledge. To respond to those needs while retaining talented staff and ensuring those staff can work with us for a long time, I think we must continue to research and develop cutting-edge technologies and boost our corporate power. I hope that the CAC Group will continue to pursue businesses that attract people and consider new ways to develop human resources so that we will always be a company where people think they can pursue the work that interests them and achieve personal growth.

Becoming an excellent company known to the world.

Back when I joined Computer Applications, the predecessor to CAC, it was listed in a book of "unknown good companies." I wondered why we were an unknown company and thought we should be more well-known, and since that time, I've had an increasingly strong desire to make it a better company. What makes the CAC Group attractive is the ability to gain a wide range of experiences and absorb a large amount of knowledge to grow by having companies from various industries work together. The fact that we have human resources who continue to grow is why I am confident that the CAC Group itself still has plenty of room for growth. I would like to thank our valued investors for continuing to watch over that growth and for their enduring support.



We achieve growth and stable dividends.

At the CAC Group, our financial strategy aims to deliver both investment for growth and stable shareholder returns. The following section provides an overview of our approach to finance.

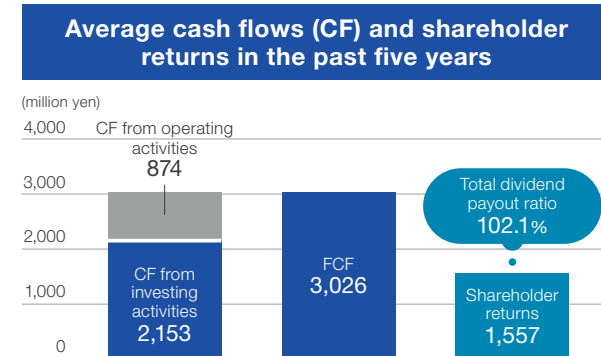


Cash flows

With regard to our cash flows (CF) from operating activities in FY2020, we posted net cash provided by operating activities of 1,110 million yen (compared with 104 million yen in FY2019). Revenues such as profit before income taxes of 2,699 million yen and depreciation of 686 million yen offset outlays including corporate tax payments of 1,431 million yen and loss on sales of investment securities of 1,066 million yen. Net cash provided by investing activities stood at 1,338 million yen (compared with 3,523 million yen in FY2019). Gain on the sale of investment securities of 1,057 million yen and revenue from the redemption of securities of 800 million yen offset outlays of 336 million yen from the acquisition of intangible fixed assets.

Net cash used in financing activities stood at 1,704 million yen (compared with 6,324 million yen in FY2019). Dividend payments amounted to 907 million yen while expenditures from venture capital investments and the like totaled 594 million yen. As a result, cash and cash equivalents at the end of FY2020 stood at 9,705 million yen, up 720 million yen from the end of FY2019. CF from investing activities changes significantly from

year to year due to the acquisition of companies, the sales of investment securities and other activities. Looking at the average for the past five years, CF from operating activities stands at around 874 million yen, CF from investing activities is around 2,153 million yen, and free cash flow (the difference between CF from operating activities and CF from investing activities, "FCF" hereafter) is 3,026 million yen. For the FCF of 3,026 million yen, we have provided 1,557 million yen as the return of profits to shareholders. The average total dividend payout ratio for the past five years is 102.1%.



Investments based on the medium-term strategy

Since around the year 2000, the year when we were listed on the First Section of the Tokyo Stock Exchange, we have actively pursued growth initiatives through aggressive M&A. Under the current medium-term strategy (Determination 21), we aim to create new businesses and technologies based on M&A and investments. M&A activities are pursued through a dedicated department established within CAC Holdings, primarily targeting companies that will contribute to the expansion of the IT business. We have placed a particular focus on digital transformation (DX) related technologies and companies,

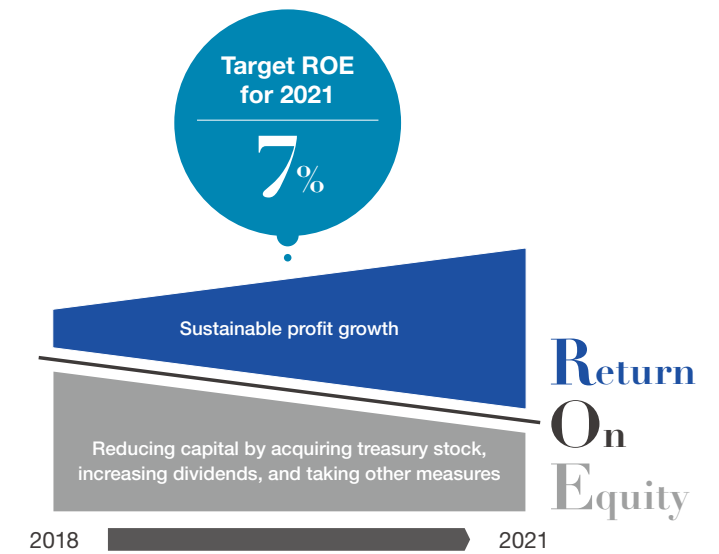
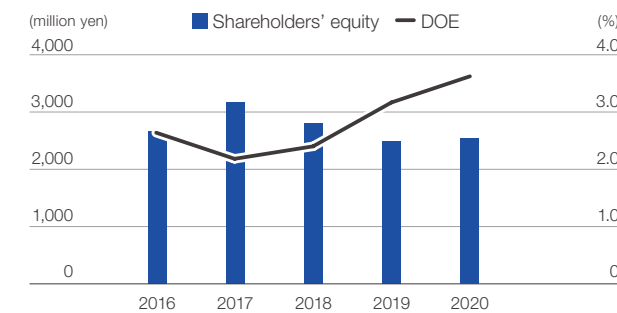
and in October 2019 we acquired shares in and made a subsidiary of Mitrais Pte. Ltd., which has a strong track record and expertise in agile development, an approach expected to become more widespread in Japan in the future. Meanwhile, in order to focus our management resources on the promotion of DX, we decided to transfer our CRO subsidiary to EPS Corporation on June 30, 2021. In addition, we invested around 0.6 billion yen in FY2020 and about 1.5 billion yen in FY2019 in startups that are considered beneficial for our future growth, from among domestic and overseas corporate venture capital funds.

Measures for improving shareholder value based on the medium-term strategy

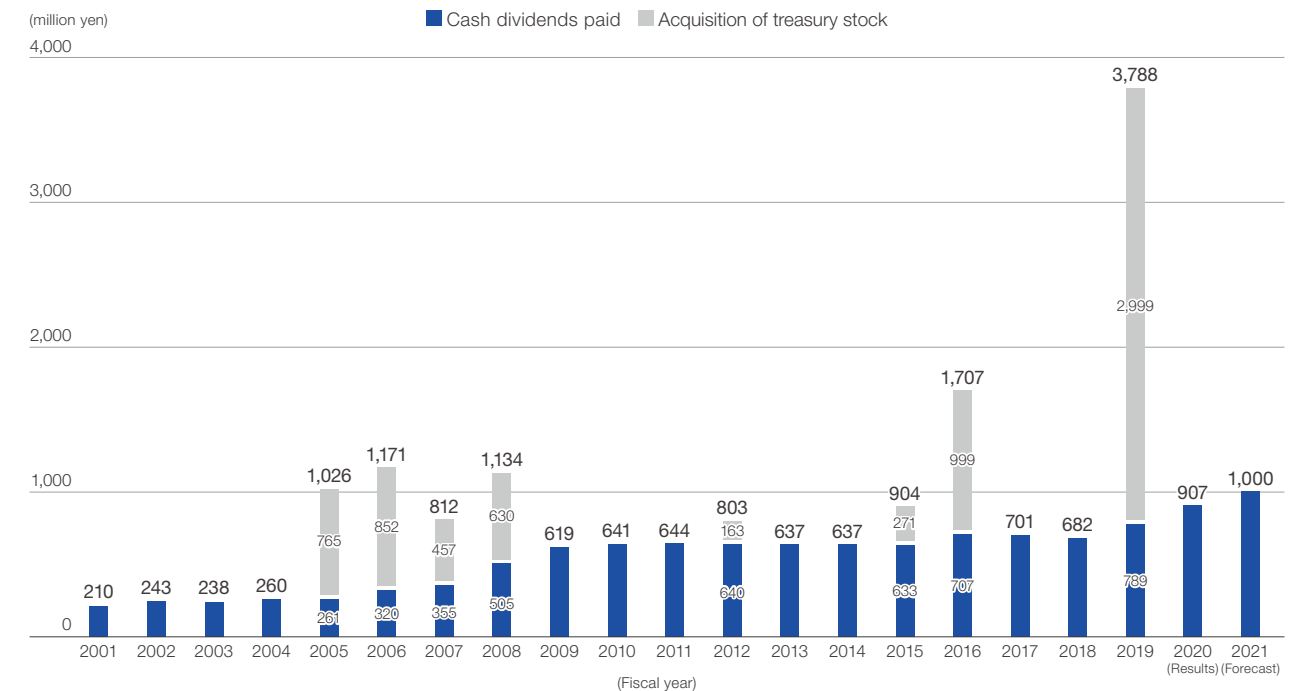
Improvement of capital efficiency and strengthening of return to shareholders

From FY2019, we added "maximization of shareholder value" to the concepts of the medium-term strategy and included measures for improving capital efficiency and strengthening returns to shareholders in the basic policy. To promote these measures, in FY2019 we paid a dividend per share of 50 yen, representing an increase of 12 yen, and acquired around 2 million shares of treasury stock (3,000 million yen). In FY2020 we paid a dividend per share of 60 yen, representing an increase of 10 yen. Dividend on equity (DOE) in FY2020 was 3.6%. Our forecast dividend for FY2021 is 60 yen per share. As we head into FY2021, the final year of our medium-term

strategy, we have reduced our target ROE from 8% to 7% in connection with changes to performance targets in the strategy, but going forward we will continue to improve capital efficiency and make active efforts to return profits to shareholders.



Changes in shareholder returns

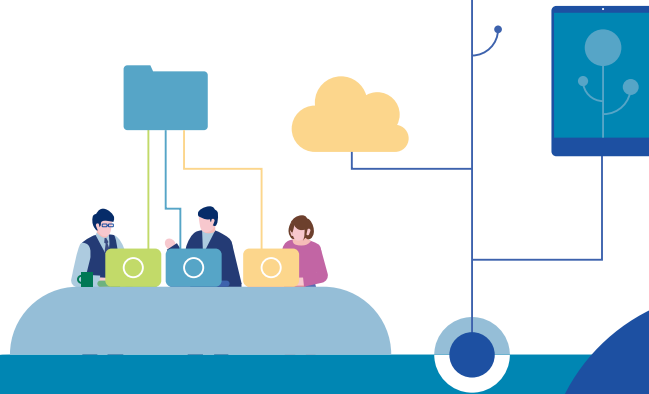
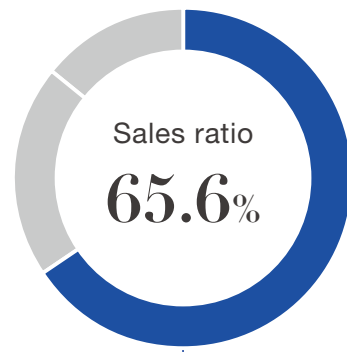


DOMESTIC IT BUSINESS

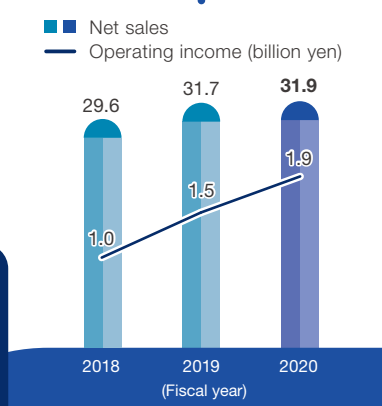
Our subsidiaries in Japan provide system development services, system operation and management services, human resource BPO services, and other services.

Major Affiliates

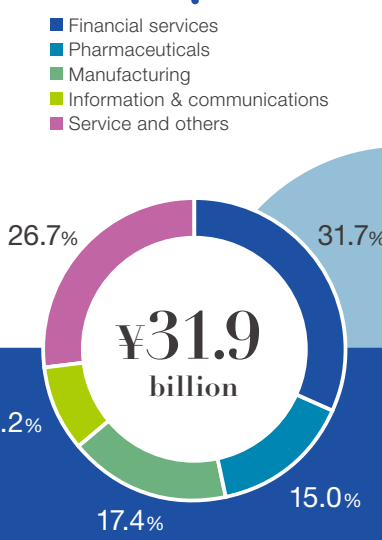
CAC Corporation, ARK Systems Co., Ltd.,
CAC ORBIS CORPORATION,
CAC MARUHA NICHIRO SYSTEMS CORPORATION



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 four companies: CAC, which dates back to the Group's foundation, and three IT affiliates of a company acquired in the early 2000s (as of February 1, 2021). 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 locations in the Osaka area, such as CAC ORBIS.

In addition, we established the Nagasaki BPO Center in Nagasaki, Nagasaki Prefecture as a nearshore business location for BPO services in July 2019. In addition to

personnel BPO services, the center currently provides IT services for manufacturers and financial institutions. We plan to expand the BPO center as an important domestic site going forward, due to its location in Nagasaki, which has a low risk of natural disasters, and in terms of diffusing and mitigating risks during the COVID-19 pandemic while ensuring the continuity of the services we provide.

Company dating back to our foundation	
System development services System operation services BPO services	CAC
Other group companies	
Mainly system operation services	ARK Systems CAC ORBIS CAC MARUHA NICHIRO SYSTEMS

*CAC Knowledge was made an equity method affiliate as of February 1, 2021.

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 of providing services to financial institutions (mega banks and trust banks) and pharmaceutical companies.

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.

FY2020 Business Performance and FY2021 Forecast

In FY2020, some customers were reluctant to make IT investments due to the COVID-19 pandemic, but IT investment rebounded in the second half of the year (starting July 2020). By tapping into the needs of our existing customers, including through major projects for financial institutions, we generated net sales of 31,852 million yen, on par with the previous fiscal year. Segment income rose 23% year on year to 1,856 million yen, mainly due to solid performance in system development

projects and similar activities. In FY2021, we expect domestic IT investment to remain strong. Although making one of our consolidated subsidiaries into an equity method affiliate (as of February 1, 2021) has some effect on business performance, we will endeavor to secure profits around the same level as the previous year. Moreover, we will push ahead with the provision of services using new digital technologies whilst tapping into IT demand from customers.



Focusing on HCTech (Human Centered Technology)

CAC is also working on areas including blockchain and RPA as part of the digital shift. As a new solution concept for the DX age, we promote HCTech (Human Centered Technology, which revolves around the utilization of technology to observe people, utilize human resources and promote human health. (See page 21 to learn more.) HCTech, a technology that can be used in various industries and fields, involves having AI take the place of people in performing tasks that are hugely time-consuming and require specialist knowledge, such as data analysis, data recognition and fault detection. In FY2020, there was growing interest in remote work, online classes and contactless services due to the spread of COVID-19 infections. In response we developed and launched a body surface temperature measurement solution capable of screening people

while accounting for individual average temperature differences and the ambient air temperature by combining contactless body surface temperature measurement with face recognition AI. We also developed and launched an avatar service that can be used for online classes and other purposes. Moving forward, we will persist with our vision of being a group that keeps on growing by not only meeting customers' needs but also coming up with new services through collaborative creation with customers.



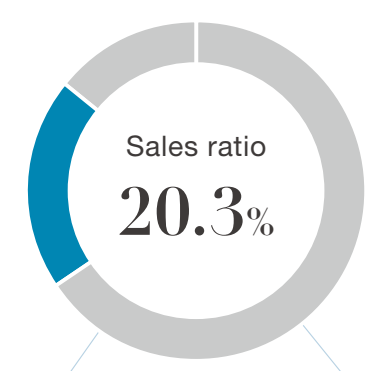
Emotion analysis using emotion recognition AI technology

OVERSEAS IT BUSINESS

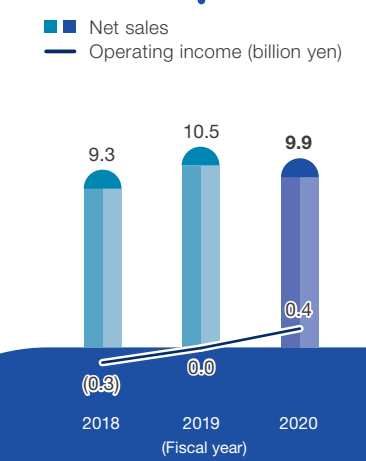
Provision of services including systems development and integration services, systems operation and management services, and maintenance services by our overseas subsidiaries

Major Affiliates

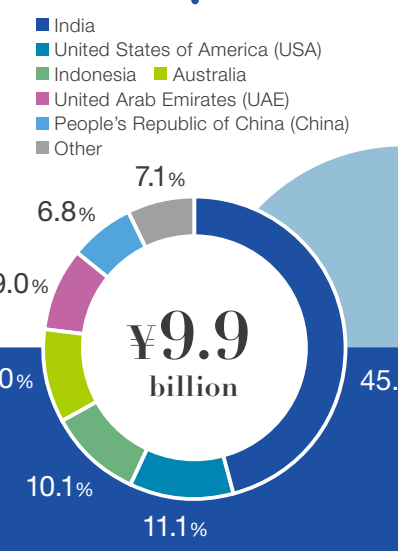
CAC AMERICA CORPORATION,
CAC EUROPE LIMITED,
CAC SHANGHAI CORPORATION,
Inspirisys Solutions Limited,
Mitrais Pte. Ltd.



Net sales and operating income



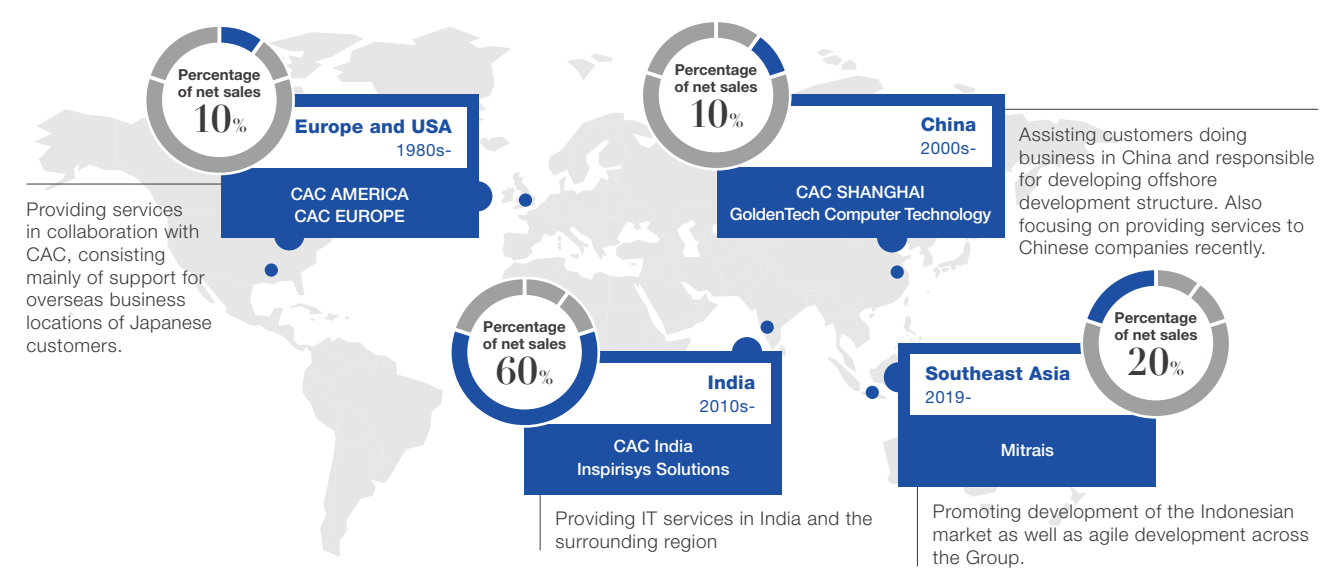
Net sales by country



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 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 the growth of the IT market in Asia and established a local subsidiary in India

while also acquiring the India-based Inspirisys Solutions Limited (then Accel Frontline Limited) to tap into local demand. In 2019 we acquired Mitrais Pte. Ltd., which has business locations in Indonesia. Even today, CAC AMERICA and CAC EUROPE coordinate with CAC to support the overseas sites of Japanese companies. Meanwhile in China (through CAC SHANGHAI and GoldenTech Computer Technology), we provide overseas site support and also operate as offshore sites. Each account for approximately 10% of overseas IT segment sales, respectively. Inspirisys Solutions and Mitrais provide IT services in the countries where they operate and account for 60% and 20% of overseas IT segment sales, respectively.



Medium-Term Strategy

To promote steps for digital transformation, we will strengthen DX-related initiatives at each Group company to take on more projects. As distributors of our emotion recognition AI product Affdex in China, our Chinese subsidiaries will provide the product to the educational sector, financial institutions and various other customers. Meanwhile, agile development approaches, an area in which Mitrais

possesses expertise and best practices, are effective in developing systems in a short time frame and are expected to become more widespread in the future. We will promote and enhance agile development approaches within the Group while driving market development in neighboring countries such as Indonesia and Australia with the aim of achieving further Group growth.

FY2020 Business Performance and FY2021 Forecast

In FY2020, net sales fell 5.7% to 9,865 million yen, reflecting restrictions on economic activities due to COVID-19 at Inspirisys Solutions, based mainly in India, and declines due to the absence of major projects that were recorded in the previous fiscal year. This was despite having the newly consolidated Mitrais contribute to business performance. Although the decline in sales had an impact, segment income amounted to 445 million yen, up 427% year on year,

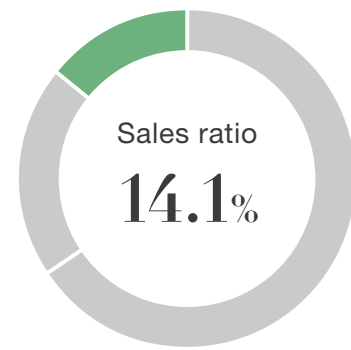
due to the contribution of Mitrais, which was newly added as a consolidated subsidiary. In FY2021, the end of the COVID-19 pandemic will remain uncertain, particularly in India, but we will work to increase sales in step with economic recovery. We will also aim to take on more projects through Mitrais, which maintains business locations in Indonesia, and our Chinese subsidiary CAC Shanghai, focusing on Australia and China, where the pandemic has had less impact.

CRO BUSINESS

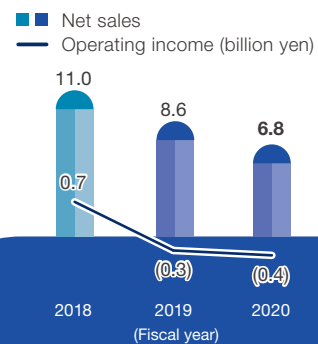
Undertaking outsourced operations of conducting clinical trials (clinical development) upon drug development by a pharmaceutical company and operations after manufacturing and sales

Major Affiliates

CAC Croit Corporation
 *On June 30, 2021, all shares held by the CAC Group in CAC Croit Corporation were transferred to EPS Corporation.



Net sales and operating income



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.

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 that have a high affinity with IT such as pharmacovigilance, where we collect, analyze, and evaluate information about the 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.

FY2020 Business Performance

In FY2020, net sales amounted to 6,820 million yen, down 20.4% year on year, given a decline in orders received from major clients, as well as the postponement or cancellation of some projects due to the spread of COVID-19 infections. We posted a segment loss of 353 million yen, compared with a segment loss of 278 million yen in the previous fiscal

year, due to the significant decline in sales, despite promoting business restructuring and working to reduce costs. Note that on April 27, 2021, we made the decision to transfer all shares in CAC Croit Corporation, which handles the CRO business, to EPS Corporation. The share transfer was completed on June 30, 2021.



The CAC Group promotes ESG (Environment, Social, Governance) initiatives as a global corporation and as a member of society.

Environment

- Environmental actions [▶ P.20](#)

Social

- Development and provision of new services for the DX era [▶ P.21](#)
- Utilizing and developing human resources [▶ P.23](#)
- Activities for promoting and supporting boccia [▶ P.25](#)
- Special Feature: The CAC Group's Engagement with Society [▶ P.27](#)

Governance

- Corporate governance [▶ P.31](#)
- Officers [▶ P.33](#)
- Outside Director + Investor Discussion [▶ P.35](#)
- Compliance/Risk management [▶ P.39](#)

Environment

Environmental actions

We contribute to CO₂ emissions reductions through the utilization of IT.

Promoting paperless operations

CAC Holdings and its core company CAC Corporation promoted the shift of internal materials and in-house procedures online as part of workstyle reforms implemented from 2011 through to 2014, triggered by the decision to shift to paperless Management Meeting materials (use of tablet devices) starting in 2009. Today, almost all in-house documents exist in paperless form. If our in-house procedures had been carried out in printed form, we would have used over 300 kg of A4 office paper in FY2020. Accordingly, our paperless operations represent an estimated CO₂ emissions reduction of 486 kg*. We have also helped reduce CO₂ emissions generated from transportation by encouraging employees to work from home.



*Based on A4 office paper weighing 4 g per piece, and an estimated 1,520 kg of lifecycle CO₂ emissions for every 1 ton of paper.

Social

Development and provision of new services for the DX era

Since 2020, the way people behave has changed significantly due to the COVID-19 pandemic. These changes to behavioral patterns have in turn changed social trends and people's values, out of which new challenges and needs have emerged.

The CAC Group will anticipate these social trends, promote the digital transformation it has already been working on with greater force, and promote new value at the forefront of society.

HCTech: Utilizing human resources to shape the future

HCTech, an abbreviation of Human Centered Technology, is a concept of solutions for a new era being driven by CAC Corporation, the Group's core operating company. Up to now, people have utilized various technologies and collected information by operating devices such as computers or smartphones on their own, and then taken action based on that information to achieve the desired results.

The HCTech future that CAC envisages is based on the theory that people will be able to benefit from technology without having to work for it, and enjoy its value to the fullest. The latest technologies such as AI, sensors and IoT observe situations and requests automatically in order to provide appropriate value.

However, in the future envisaged by HCTech, people play a central role in the world rather than being receptacles of technology or passive participants. This is a human centered technology to observe people, utilize human resources and promote human health by having an AI analyze and estimate all manner of data relating to people, goods and things obtained through various technologies such as sensors and IoT.

Through this approach, HCTech aims to shape a future where we solve the various issues facing society at the time and create a society in which people are healthier and happier.



Unprecedented value creation

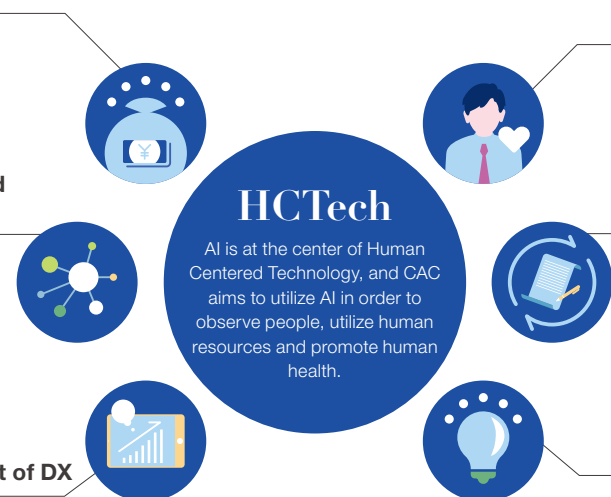
We provide reactive value through systems that observe people by utilizing AI and IoT.

Broad provision of advanced elemental technologies

Various AI implementations such as emotion recognition, pulse wave estimation, face recognition, posture and motion estimation, object detection, exterior inspection and chronological data analysis, along with blockchain, etc.

Support for the development of DX

We provide support on how to utilize advanced technologies to transform business models and boost competitiveness.



Making people happy and creating healthy environments with AI

With the use of AI, we help build healthy lifestyle and work environments that enable people to lead healthy lives.

Achieving workstyle reforms by promoting DX

By introducing IoT, 5G, AI and other technologies into business operations in a way that utilizes people, we facilitate workstyle reforms and improved business efficiency.

Environments designed for value creation that let people flourish

Striving to create environments designed for value creation that let people flourish. We develop environments that let people concentrate on the tasks that can only be performed by people, enhancing their creativity.

Case Study

CASE 01 > Detecting individual body surface temperature anomalies with a walkthrough-type individual body surface temperature measurement solution

There has been an emphasis placed on identifying people with fevers as a measure to combat the spread of COVID-19. Body surface temperature measurement devices have been installed in various locations, but average body temperature differs from person to person.

Accurately measuring the body temperature of each individual requires specialized work and the assignment of personnel. To solve this problem, we developed an individual body surface temperature measurement solution that combines face recognition AI, a thermography camera and an application developed in-house.

The face recognition AI better identifies individuals and can detect anomalous body surface temperatures in individual people.

Additionally, as it is a walkthrough-type capable of detection even when subjects are in motion, it can be used without issue even in locations that become crowded at certain times, such as offices.



CASE 02 > Solving issues with web conferencing and online classes with Kokoro Sensor for Communication

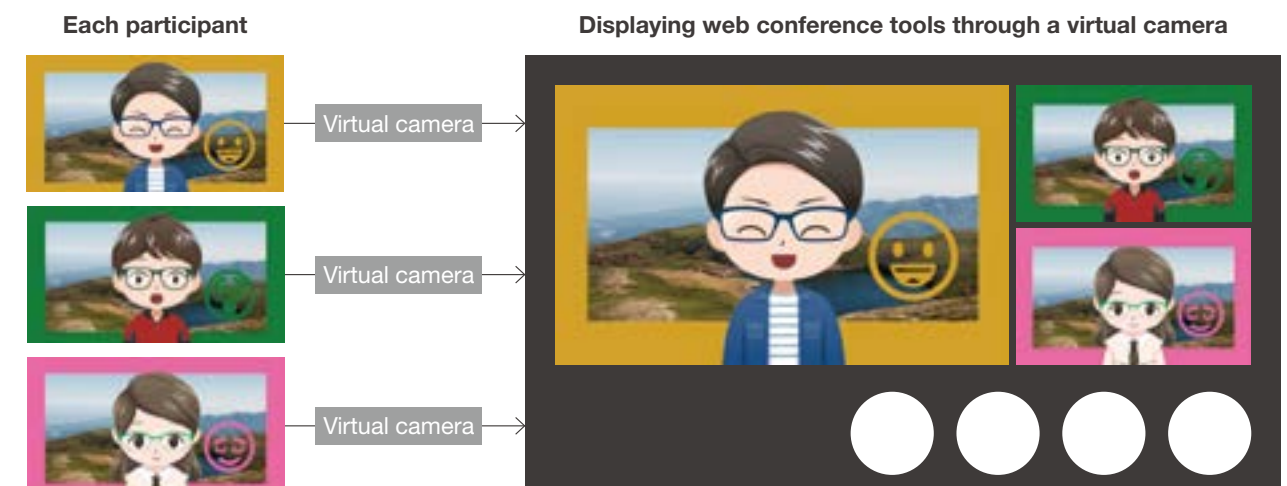
While the use of tools like web conferencing and remote classes increased due to the COVID-19 pandemic, a new issue emerged – it was difficult to know what the reactions of participants were.

Kokoro Sensor for Communication uses an emotion recognition AI to read the expressions and reactions of participants and reflect them in the color of the background, or detect gestures and display them as

icons, enabling the organizer to determine the mood or trends among all participants in real-time.

In addition, when an avatar display is selected, an avatar whose expressions change based on the reactions of the participant will be displayed on the screen.

This makes it easier for participants who are reluctant to switch on their camera to join web conferences.



Social

Utilizing and developing human resources

Under its medium-term strategy, the CAC Group is promoting a shift towards digital business. We are working to develop the human resources required to promote these efforts and striving to create a healthy and pleasant work environment for all employees.

Pleasant work environment Pursuing ways to work that are not restricted by time or place

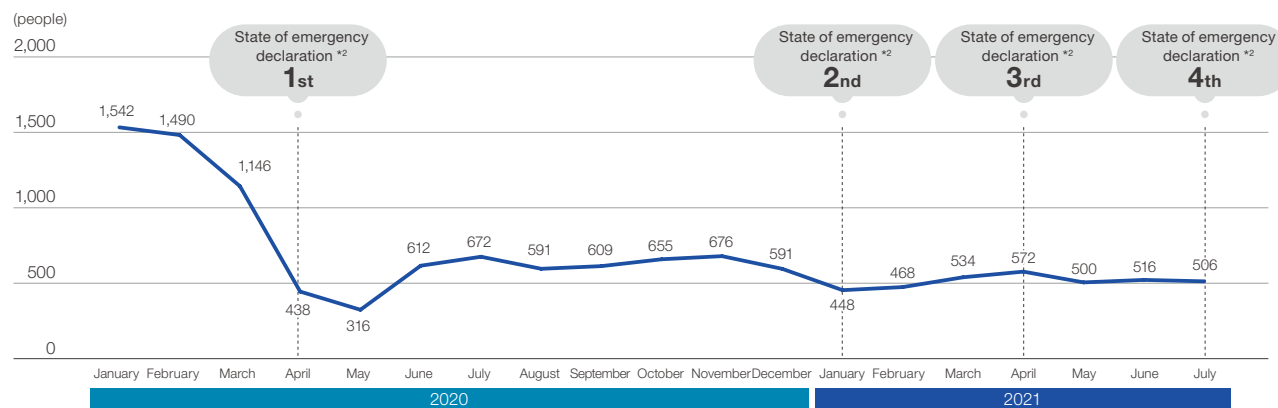
CAC Holdings and CAC, which is the core operating company, began promoting the systemization of internal procedures, the utilization of teleconferencing and the accompanying shift towards paperless operation in 2011 and built a teleworking environment and system that allow people to work anytime, anywhere and with anyone in 2012. We also redesigned the office, including the expansion of a flexible-use floor that facilitates various working styles even when employees are in the office. As we were able to continue business without major disruptions by utilizing remote work and web conferencing systems when employees were asked to

stay at home from early 2020 due to COVID-19, we made it possible for employees to select their work patterns as an initiative in anticipation of this new normal. Rather than something limited to during the COVID-19 pandemic, all employees can choose whether to work mainly at the office or mainly from home, so that each employee can achieve diverse working styles that reflect their individual circumstances and lifestyles. In the future, we also plan to introduce a flextime system in order to further enhance employee engagement, among other benefits.



Flexible-use floor in the head office building

Change in number of people entering and leaving the head office (Chuo-ku, Tokyo)*1



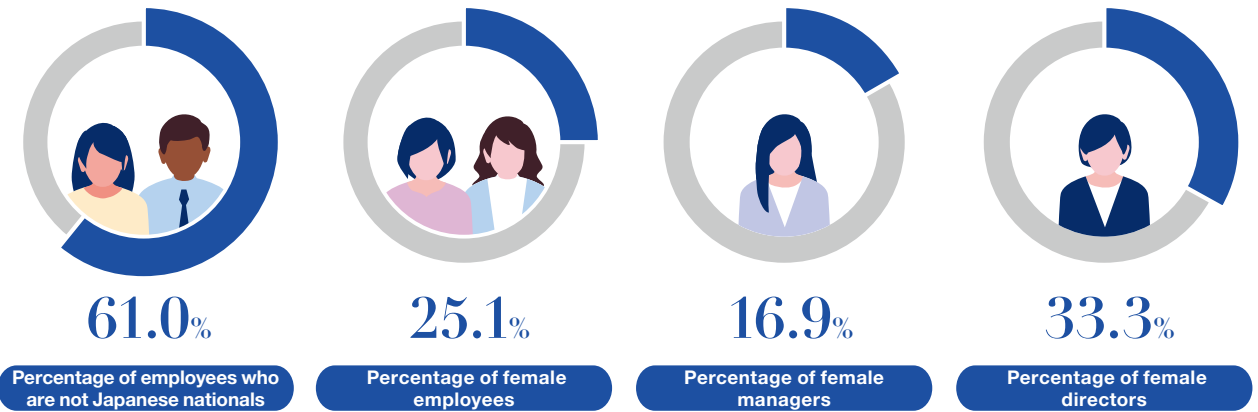
*1 Average number of people entering and leaving the building during business days each month
*2 State of emergency declared in Tokyo, where the head office building is located

Pleasant work environment Promotion of diversity

In recent years, the percentage of CAC Group employees of foreign nationality* has surpassed 60%. Through technology, we promote exchanges between human resources that go beyond nationality and advance diversity. The percentage of female employees in the group is also on the rise. At the end of 2020, women accounted for 25% of our

total workforce. The number of female managers has also risen. Since the General Meeting of Shareholders held in March 2021, two of the Board's six directors are female, creating a management structure with greater diversity than ever before.

*Information on the change in the number of directors is listed on [pages 31-32](#)

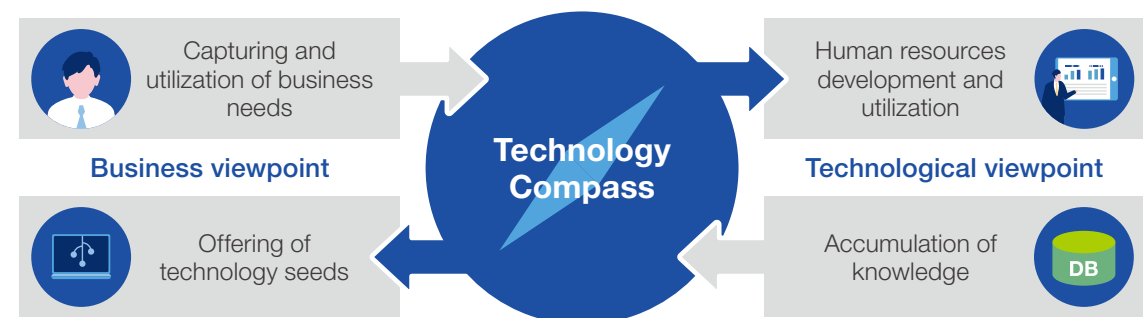


Human Resource Development Initiatives to promote digital shift

To accomplish the shift to digital business under our medium-term strategy, since 2018 CAC has compiled a list of the technological areas to be tackled as a technology strategy based on future business expansion and formulated a Technology Compass which plots those definitions, our current efforts, future action, examples, business values and other information.

This helps individual employees to understand what technologies they should acquire, the direction in which the Group is headed and what actions they should take. The Technology Compass is updated periodically to reflect advances in technology and the changes to required technologies and the company direction based on global trends.

Schematic of the Technology Compass



Social

Activities for promoting and supporting boccia

Since 2016, we have been conducting a range of initiatives with the aim of having all CAC Group employees maintain links with and contribute to society through activities to promote and support boccia, a sport for people with disabilities.

In addition to providing support as a Gold Partner of the Japan Boccia Association (JBoA), we provide support for boccia tournaments and trial sessions in Japan, and have Group employees who have obtained JBoA accredited referee qualifications officiate at tournaments held around Japan.

Additionally, with the aim of popularizing the sport, we provide support to boccia athletes, hold the CAC Cup student tournament, donate equipment to groups that find it difficult to purchase what is required, and allow the boccia court installed in the head office building to be rented out by the general public.



Athlete Shun Sato



Tournament support



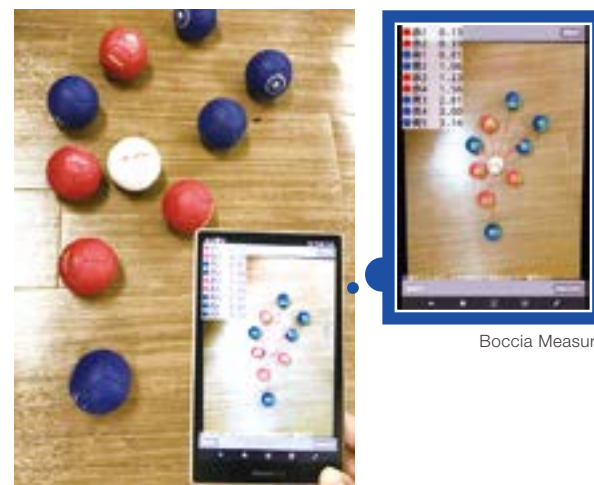
Donation of boccia equipment

Developing of boccia tools utilizing IT

Using IT, Group company CAC has developed Boccia Measure, an Android app available for free on the Google Play store that automatically measures the distance between boccia balls.

Boccia Measure is an Android app that measures the distance between the Jack ball, which is the target ball in Boccia, and colored balls, and displays images and data to help determine winners and losers.

By using a camera function of an Android device to capture an image of the area around the Jack ball from above, the app automatically measures the distances between the Jack and nearby balls.



Boccia Measure

Running Boccia Tournaments

Since 2017, the CAC Group has sponsored the CAC Cup every year, which is a boccia competition among schools for special needs education located in Tokyo. (The fourth tournament in 2020 was cancelled to prevent the spread of COVID-19.)

In addition to providing the participating students with the opportunity to engage with other schools and learn boccia techniques, competition manners, rules and sportsmanship, we also hold events alongside the main competition to give spectators hands-on experience with boccia, showing them that it is a healthy sport which everyone can enjoy regardless of disability, age or gender. Also note that the CAC Cup is planned and operated by CAC Group employees themselves, and has become

a valuable opportunity for tournament organizers and volunteer participants to experience health and welfare in action.



The CAC Cup (held in September 2019)



Opening up the boccia court to the general public

In July 2019, we set up a regulation-sized boccia court with a TARAFLEX sports floor, as used in major international tournaments, on the first floor of our head office building. In addition to using the court internally, it is also rented out to the general public, either as a proper practice court for athletes, or as somewhere for members of nearby companies and local residents to socialize or stay healthy. By providing a barrier-free environment with automatic doors at the court entrance/exit and disabled toilets, the court makes a healthy lifestyle accessible to everyone and also helps create a town which is comfortable to live in.



Boccia court (first floor of head office building)

Special Feature | The CAC Group's Engagement with Society



R&D Center, CAC
Daisuke Mitsutaka

Human Resources Department, CAC
Maiko Hori

Boccia athlete signed with CAC Holdings
Shun Sato

Chief Manager, Enterprise Value Up Group, CAC Holdings
Iori Sakai
(Facilitator)

We will provide new services in the era of DX through the utilization and success of a diverse range of human resources.

The CAC Group is working to create services enabling employees with extensive experience and excellent skills, employees with foreign nationalities, athletes and other members of the Group to each demonstrate their abilities and build a better society. On this occasion we spoke with three employees about diversity in the CAC Group.

The essential elements for a business itself to create a better society

Sakai I think the very services that the CAC Group develops and provides are beneficial to society, but I would like to ask you, Mr. Mitsutaka, about your work at the CAC R&D Center, which carries out R&D and service development to promote DX. As someone with a wealth of experience in not only system development but planning, sales and research, how do you approach service development on a regular basis?

Mitsutaka I also believe that system development itself is one of the functions that helps create a better society. For example, systems are used all over the place, like the commonly used convenience store payment terminals and ATMs, and as a company whose core business is as a system integrator, I think that in itself contributes to society. At the R&D Center I belong to, we are focused on digital transformation (DX) based on the concept of HCTech (Human Centered Technology to observe people, utilize human resources and promote human health).

The aim is to provide services and value that allow people to focus on more creative and higher added-value tasks and to make them healthier and happier, such as services where machines take action without people being aware of it, and to do so without technology getting ahead. For instance, we can improve the success rate of sales staff by utilizing an engine that can analyze emotions with AI to check expressions and facilitate training, or with the Rhythmiru contactless vitals sensing technology, a child's heart rate is monitored with a camera and issues an alert if an abnormality is detected to prevent infant deaths caused by a child sleeping on their stomach at a day-care center. In these ways, in a few years we will be able to do things with systems through AI and IoT that were never possible, and I hope that helps make a better society.

Sakai So you're saying that systems will naturally blend in as we go about our regular lives, allowing us to lead safer and more secure lives?

Mitsutaka That's right.

The system I am currently working on is something we are doing in partnership with a company involved with

spatial and urban design. The system will use AI and IoT so that people using wheelchairs or with physical strain will be able to live comfortably.

I would love to hear various feedback from Mr. Sato's perspective as well.

Sato I hope that I can contribute by taking part in discussions from the perspective of someone with a disability who uses a wheelchair regularly. Previously, when CAC competed in a contest known as the IoT Innovation Challenge, I was interviewed by some employees. Those employees planned and presented a Mobility as a Service (MaaS)* solution for mobility impaired people including wheelchair users such as myself.

As a result, an activity that was based on my own experience with disabilities was recognized, and the team received a special award.

I felt so happy as if it had been me, and I was really glad I could contribute.

Moving forward, I hope that I can continue to suggest hints on the development of DX services from a perspective that differs from able-bodied people, and from my viewpoint as an athlete.

That is why I personally need to study IT as well. In my university days I studied law, but when I learned how beneficial IT is to society, I began to develop that opinion. Boccia is a sport that athletes can compete in for a long time, so I hope to learn IT while remaining active as an athlete.

Mitsutaka The sport of boccia which Mr. Sato plays is a popular universal sport in over 50 countries and regions around the world. I think "universal" will also become an important keyword in system development going forward. Japan is quite conservative compared with other developed nations when it comes to incorporating the latest technologies.

But if we can combine AI, IoT and even blockchain, we will be able to create disaster-resilient systems.

Even with AI and IoT, which today are considered convenient to have, will probably become indispensable if their accuracy goes up.

*Mobility as a Service (MaaS): A service that optimally combines multiple forms of public transportation such as buses and trains utilizing ICT to provide one-stop search and reservation functions.



Special Feature | The CAC Group's Engagement with Society

Diverse human resources will create an equal and flexible society

Sakai Ms. Hori, you support the company as a team leader for mid-career hiring. How do you see human resources at CAC from a hiring perspective?

Hori My impression is that a lot of our personnel demonstrate teamwork while dealing with customers sincerely as they go about their duties.

As we are also an IT company, I think our staff are also highly ambitious. Some of them take an interest in the latest IT technologies and are motivated to take on challenges. In the case of CAC, there are no barriers that separate new graduate hires, mid-career hires or executives, so people can pursue their work while being able to exchange opinions in an equal structure.

As people are immediately assigned to the front lines after being hired, sometimes I am not able to see directly how the people we have hired are working, but I often hear about their successes from executives or their supervisors, and I feel good about hiring them at those times.

I place an importance on my own "sense" when hiring. If you have a firm handle on yourself, such as knowing what you want to do and what kind of engineer you want to become and being able to express that in your own words, I will get the impression that you will be successful at the company.

Particularly when it comes to mid-career hires, people are often different, with their own thoughts about work and experiences, and they often give great answers to our questions.

So when I hear those responses, I get the impression that this is someone we can feel comfortable with entrusting work to. However, as the CAC Group has a long history among domestic software companies, most people have a solid impression of the Group and I think many people give textbook answers.

My job is to parse through those answers to find what makes the person unique.

Honestly, it makes my job easier when people try to talk themselves up (laughs).

Having said that, it's very reassuring that we have a group of people with various experiences.

We have athletes like Mr. Sato, people who were hired mid-career such as Mr. Mitsutaka and myself, and there is wide variety of people both arts-oriented or sciences-oriented, along with various nationalities.

To employees and to the company, that diversity represents various different values and ways of thinking, and translates well when it comes to business.

I also think the company is in a very good place when I see how people are respecting one another's individuality and working towards mutual understanding.

Going forward, I hope to keep hiring unique individuals who will be a breath of fresh air in the company.

Sakai What effect do you feel having talented human resources and many employees of various nationalities has on the company?

Mitsutaka When I learned that around thirty percent of our new employees are foreign nationals, at first I was quite surprised. They come from many different countries, and many are from Europe and not just our Asian neighbors.

There are also foreign employees working at the R&D Center I belong to.

For example, there is a female employee from Malaysia in a place that is for lack of a better expression a "man's club." She considers the elements required for various services from viewpoints that Japanese people may not possess. Another is a male employee from Spain who is an AI specialist. He regularly checks technical papers released from the English-speaking world and builds systems that incorporate these new technologies.

The reason we have been able to create services that Japanese people could not achieve alone is precisely because we have brought together people with various experiences, values and knowledge. This has given rise to flexible services that are not rigid, but are instead flexible.

Sakai How do you honestly feel about the CAC Group from the perspective of a woman?

Hori The Group has developed a range of programs that make it easier for female employees to work long-term, such as maternity leave, childcare leave and shortened working hours. But I still think there are areas that can be changed, such as setting up opportunities for meetings where women can consult about issues in a relaxed setting, and the provision of mental health support.



Human Resources Department, Corporate Division, CAC Corporation

Maiko Hori

As the person in charge of mid-career hiring at CAC, Ms. Hori is working hard to secure the human resources who will make up the foundations of the CAC Group, including DX-oriented talent.



CAC Digital Solution Business Unit R&D Center

Daisuke Mitsutaka

At the CAC R&D Center promoting steps for digital transformation, Mr. Mitsutaka leads the planning and sales of new services that combine technologies such as AI and IoT.



Boccia athlete signed with CAC Holdings

Shun Sato

Mr. Sato joined CAC Holdings as a boccia athlete in 2018. As of 2021, he has achieved the highest ranking of 3rd in individual competition (BC2 class) in the Japanese championships. In addition to competitive activities, he is also involved with activities to popularize boccia as part of CSR efforts.



Chief Manager, Enterprise Value Up Group, Corporate Planning Department, CAC Holdings

Iori Sakai

Ms. Sakai heads up the Enterprise Value Up Group responsible for PR, IR and CSR activities at CAC Holdings, and is making every effort to enhance the corporate presence of the CAC Group.

If we consider the current situation as Phase 1, I think we are now at the stage of creating a comfortable work environment that is even more fleshed out as we aim to reach Phase 2 and Phase 3.

Going forward, I will continue to gather feedback from female employees working in the field and promote the success of female employees.

Sakai I think athletes are another part of our diversity. Mr. Sato, as a boccia athlete, do you feel your presence has had a positive impact inside and outside the company?

Sato I feel there are great expectations from those around me.

Recently, events such as Japan Boccia Association training camps have been livestreamed, and this has generated tension in a good way, in the sense that I feel that I must act in a way that does the CAC Group proud at all times.

When we have tournaments, our employees form a cheering squad to watch the competition, and this imparts a fighting spirit that we mustn't lose.

I also think that I am more concerned with winning and losing than ever before, because I want to show everyone that I am being successful.

If my winning can inspire people in positive ways, I'll be happy.

Diversity creates new value and brings joy to employees' work.

Sakai Finally, please tell us about your aspirations for the future.

Mitsutaka CAC is focused on the latest technologies, and in something that is rare for a major system integrator, we are

also a company that creates a variety of things on our own. We have won much acclaim for our willingness to do whatever it takes to create what our customers want. Moving forward, I want to continue using new technologies to create mechanisms enabling the development of a better society while also enjoying myself along the way.

Hori One of the strengths of CAC is that despite being a company that has continued to earn trust and maintain a stable economic foundation for over five decades, we are not afraid of change.

We are ambitious about new things, and the opinions of employees such as myself have a voice here.

At the moment, I think the battle with COVID-19 will be drawn out, but I want to be an HR person who can point to the way forward for the company with a management perspective while at the same time creating an environment that can flexibly adapt to change.

Sato One of the biggest appeals of this company is that it takes on initiatives in anticipation of the future, such as tackling the creation of services that pose benefits for disabled and able-bodied people alike. I think these efforts to solve social issues will help the company grow in the long term.

I hope to achieve success as an athlete to raise the profile of CAC Holdings, and as an employee, to help create systems that make society better.

Sakai President Nishimori always says, "a diverse workforce has a positive impact internally and makes it a better company."

Even though we have a long history as a company, people should look forward to the growth of the CAC Group in the future as it actively embraces diversity and continues to change.

Corporate governance

Basic approach

At the CAC Group, we have established the Basic Policy on Corporate Governance to fulfill our social responsibilities for our shareholders and various other stakeholders (including our customers, business partners, society and employees) and achieve the medium- and long-term improvement in our corporate value in accordance with our Corporate Philosophy and Our Credo. Under this basic policy, we continue striving to strengthen our corporate governance.

Corporate Philosophy of the CAC Group

Creating new value on a global level with the use of the latest ICT

Our Credo

- 1 Take pride in being part of a creative and resourceful engineering enterprise.
- 2 Act with integrity as a leading contributor to society.
- 3 Embrace challenges without fear of making mistakes.
- 4 Seek fulfillment working as members of a team who value one another.
- 5 Respect all stakeholders and deal with them in good faith.

Basic structure of governance and management execution system

At the CAC Group, we have been strengthening governance aiming for open management with an emphasis on the transparency of management.

In 2003, we set up the Management Advisory Board and began to take initiatives for obtaining advice and recommendations about corporate governance from external specialists.

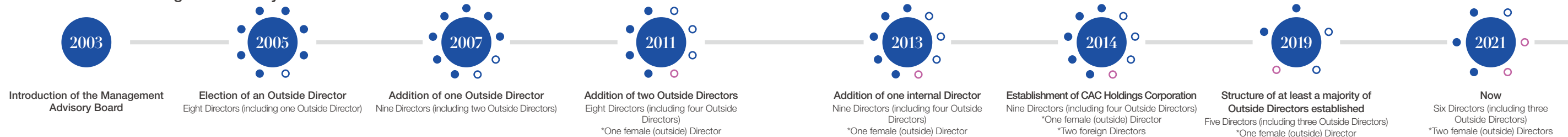
In 2005, we made the change to a management system that includes Outside Directors. Currently (as of March 24, 2021), our Board of Directors consists of six Directors, three of whom are Outside Directors (one man and two women). All of the Outside Directors are independent officers.

In 2014, we made the switch to a pure holding company structure to speed up the formulation of business strategies for the entire group and the business administration of group companies.

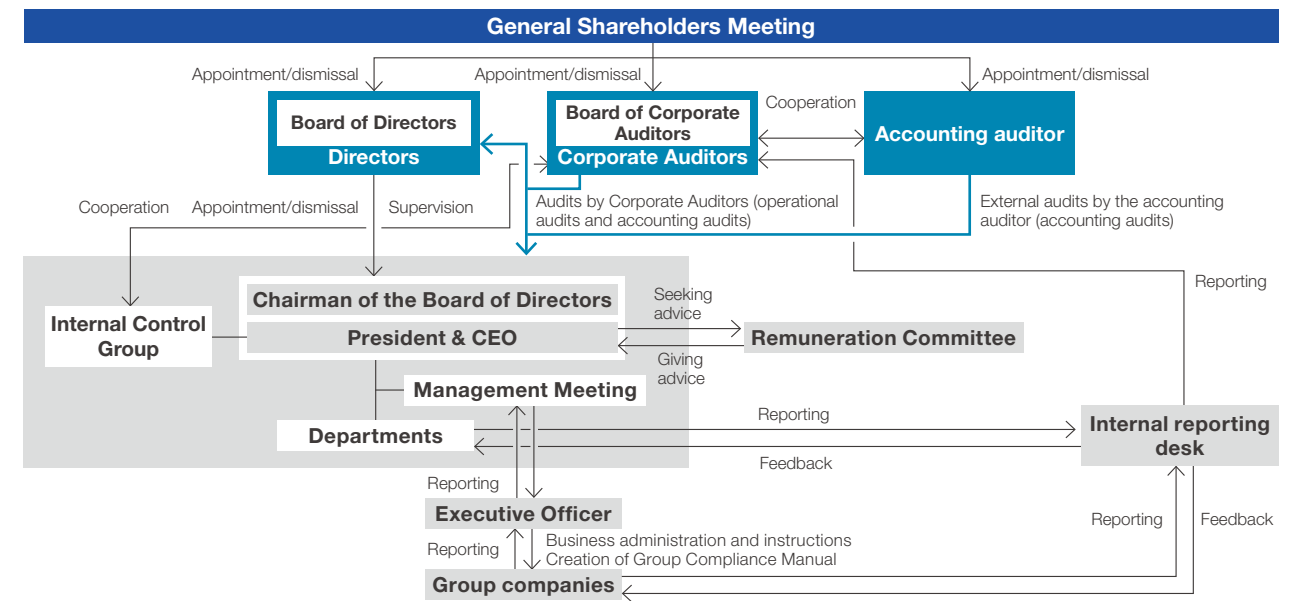
In 2019, we separated management decision-making and supervising functions from executive functions for the purpose of further strengthening corporate governance.

The Board of Directors determines management policies and strategies for the entire group and supervises business execution of the Executive Officers, while the Executive Officers focus on business execution in line with the policies determined by the Directors.

Reinforcement of the governance system



Corporate governance system chart



Remuneration Committee

The amount of remuneration, etc. for Directors is determined by the Board of Directors on the basis of a comprehensive assessment of each Director's role and level of contribution within an upper limit resolved at the General Shareholders Meeting, to serve as an incentive for the medium- to long-term improvement of corporate value.

The amount of remuneration, etc. for Corporate Auditors is determined through discussion by Corporate Auditors, comprehensively taking into account factors such as whether each corporate auditor is a full-time or part-time Corporate Auditor

and the distribution of auditing operations among Corporate Auditors, while making sure the range does not exceed the upper limit approved at the General Shareholders Meeting. The Remuneration Committee, which is chaired by an Outside Corporate Auditor (Yuichi Ishino), was established as an advisory committee for the purpose of deliberating the appropriateness of remuneration for Directors, etc. Moreover, to promote value sharing with shareholders, the Company introduced a restricted stock program at the 53rd Annual General Shareholders Meeting held on March 27, 2019.

Amount of remuneration for officers in FY2020

Position	Number of officers	Total amount of remuneration in millions of yen	Breakdown	Upper limit of the amount
Directors (Outside Directors)	6(3)*	131 (12)	Base remuneration: ¥90 million Stock-based remuneration: ¥16 million Bonus: ¥25 million (Only base remuneration was paid to Outside Directors)	Up to ¥240 million per year
Corporate Auditors (Outside Corporate Auditors)	4(2)	45(9)	Base remuneration only	Up to ¥4 million per month
Total	10(5)	176(21)		

*This includes one Outside Director who stepped down in March 2020.
Notes 1. The upper limit of the amount of remuneration for Directors, which is 240 million yen per year (excluding the amount of employee salaries), was approved at the 40th Annual General Shareholders Meeting held on March 30, 2006.
2. The upper limit of the amount of remuneration for Corporate Auditors, which is 4 million yen per month, was approved at an extraordinary General Shareholders Meeting held on December 11, 1997.
3. At the 42nd Annual General Shareholders Meeting held on March 27, 2008, the abolition of officers' resignation bonuses was approved. It was also decided that the amount to be paid as of the time of the abolition should be paid, and that the payment should be made at the time each Director or Corporate Auditor resigns.
4. The upper limit of monetary compensation claims to be paid to Directors (excluding Outside Directors) for the granting of restricted stock was approved at the 53rd Annual General Shareholders Meeting held on March 27, 2019, as an annual amount not exceeding 50 million yen (excluding the amount of employee salaries).

Governance

Officers (as of March 24, 2021)

Directors



Akihiko Sako
Chairman of the Board of Directors
Date of birth: June 15, 1960

Mr. Sako joined the Company in 1983. Starting in 1989, he worked on the establishment of the subsidiary in the United States and promoted local system development projects, etc. After returning to Japan, he served as General Manager of the 1st Section of Financial System Department, Senior Vice President of Corporate Division, etc. In January 2011, he assumed the post of President and CEO of the Company, and has been Chairman of the Board of Directors since January 2021.



Togo Shimizu
Senior Managing Director
Date of birth: September 28, 1956

Mr. Shimizu joined the Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.) in 1982. He held several positions in Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.), including General Manager of Career Development Division and Managing Executive Officer and deputy officer in charge of IT & Systems Group.

In 2013, he served as Deputy President and Representative Director of Mizuho Information & Research Institute, Inc. Since March 2019, he has held the post of Senior Managing Director of the Company.



Mika Matsuo
Outside Director
Date of birth: May 29, 1961

After serving as an executive and Chief of Staff at Tokyo Star Bank, Ltd., Ms. Matsuo served as a Director and Executive Officer and Chief Human Resource Officer at AIG Japan Holdings K.K., and then as an Advisor (current post) at Asahi Group Holdings, Ltd. She has been serving as a Director of the Company since March 2021.

Major concurrent positions Advisor at Asahi Group Holdings, Ltd.



Ryota Nishimori
President & CEO
Date of birth: December 18, 1967

Mr. Nishimori joined the Company in 1994. He was mainly engaged in system development projects for financial institutions both in Japan and overseas. After holding various posts including General Manager of the Corporate Planning Department, and Executive Officer and Deputy Head of Financial Business Unit at the Company, he held a president-level post at an overseas subsidiary and management-level posts at domestic and overseas subsidiaries. He was appointed President and CEO of CAC Corporation in 2018. He served as a Company Director in March 2020 and as President & CEO of the Company from January 2021.

Major concurrent positions President and CEO of CAC Corporation



Tokihiko Mori
Outside Director
Date of birth: July 17, 1952

Mr. Mori held several positions, including Director of GE Japan Corporation, Representative Director of Teradyne K.K., Representative Director of Riverside Partners Co., Ltd., a private equity firm, and Outside Director (current post) of Nihon M&A Center Inc. He has been serving as an Outside Director of the Company since March 2018.

Major concurrent positions Representative Director, Change Management Consulting Co., Ltd./Outside Director, Nihon M&A Center Inc.



Yuki Otsuki
Outside Director
Date of birth: February 9, 1986

Dr. Otsuki served as resident industrial physician at Toshiba Corporation and currently serves as resident industrial physician at Tokyo Business Service Co., Ltd. She was also Assistant Professor in the Department of Dermatology at Tokyo Medical and Dental University and Chief of Dermatology at Soka Municipal Hospital (current position). She is a dermatologist certified by the Japan Dermatological Association. She has been serving as a Director of the Company since March 2021.

Major concurrent positions Resident industrial physician at Tokyo Business Service Co., Ltd., Chief of Dermatology at Soka Municipal Hospital

Corporate Auditor



Masaaki Yoshida
Corporate Auditor
Date of birth: May 10, 1959

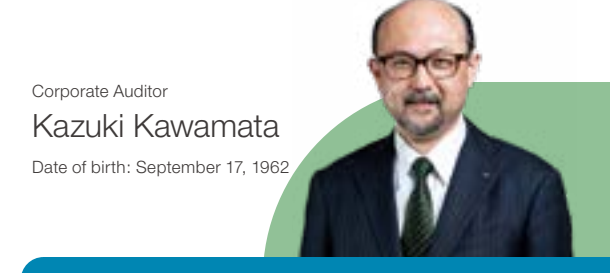
Mr. Yoshida joined Nippon Kangyo Kakumaru Securities Co., Ltd. (current Mizuho Securities Co., Ltd.) in 1990. After working as a security analyst, etc., he joined the Company in 2005. He has held several positions in the Company, including Vice President of Corporate Division and General Manager of Corporate Planning Department and General Manager of Corporate Division. He has been a Corporate Auditor of the Company since March 2017.



Hirokazu Honda
Outside Corporate Auditor
Date of birth: May 5, 1970

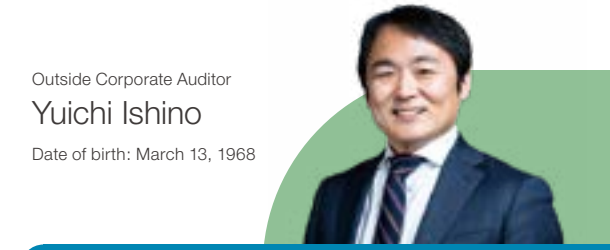
Mr. Honda was registered as a lawyer and joined the Abe, Ikubo & Katayama Law Office in 1997. In 2004, he was registered as a lawyer in the State of New York, the United States. He became Partner of the Abe, Ikubo & Katayama Law Office (current position). He held positions of Outside Corporate Auditor and Outside Director of Uoriki Co., Ltd. He has been serving as Outside Corporate Auditor of the Company since March 2017.

Major concurrent positions Partner of the Abe, Ikubo & Katayama Law Office/Senior Director, International Association for the Protection of Intellectual Property of Japan



Kazuki Kawamata
Corporate Auditor
Date of birth: September 17, 1962

Mr. Kawamata joined the Company in 1986 and has engaged in several system development projects, etc. for banks in and outside Japan. He held several positions, including General Manager of Financial System Business Unit, General Manager of Sales Division and Director and Managing Executive Officer of CAC Corporation. He has been serving as Corporate Auditor of the Company since March 2019.



Yuichi Ishino
Outside Corporate Auditor
Date of birth: March 13, 1968

Mr. Ishino has worked for the Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.), Booz Allen Hamilton Inc. (current PwC Consulting LLC) and other companies before he assumed the post of Representative Director (current position) of Ontrack Corporation, a management consulting firm. Has been an Outside Corporate Auditor of the Company since March 2019.

Major concurrent positions Representative Director, Ontrack Corporation

Name	Status of attendance at Board of Directors' Meetings (Fiscal year ended December 31, 2020)	Status of Attendance at Board of Corporate Auditors Meetings (Fiscal year ended December 31, 2020)	Number of years of service	Experience									
				Industry knowledge	Technological trends	Global business	Business management	Financial affairs/finance	Personnel affairs / organizational development / health and productivity management	Product development/marketing	Law		
Akihiko Sako	Attended 16 of 16 meetings	—	16	●	●	●	●	●	●	●	●	●	●
Ryota Nishimori	Attended 12 of 12 meetings*	—	1	●	●	●	●	●	●	●	●	●	●
Togo Shimizu	Attended 16 of 16 meetings	—	2	●	●	●	●	●	●	●	●	●	●
Tokihiko Mori	Attended 16 of 16 meetings	—	3	●	●	●	●	●	●	●	●	●	●
Mika Matsuo	Newly appointed	—	—	●	●	●	●	●	●	●	●	●	●
Yuki Otsuki	Newly appointed	—	—	●	●	●	●	●	●	●	●	●	●
Masaaki Yoshida	Attended 16 of 16 meetings	Attended 16 of 16 meetings	4	●	●	●	●	●	●	●	●	●	●
Kazuki Kawamata	Attended 16 of 16 meetings	Attended 16 of 16 meetings	2	●	●	●	●	●	●	●	●	●	●
Hirokazu Honda	Attended 16 of 16 meetings	Attended 16 of 16 meetings	4	●	●	●	●	●	●	●	●	●	●
Yuichi Ishino	Attended 15 out of 16 meetings	Attended 15 out of 16 meetings	2	●	●	●	●	●	●	●	●	●	●

Note: The above table shows core skills. *The figure indicates the number of meetings that were held after appointment as Director.

Executive Officer

Managing Executive Officer Bin Cheng (in charge of China Domain)	Executive Officer Hajimu Kato* (in charge of Healthcare Domain)	Managing Executive Officer Malcolm F Mehta (in charge of India Domain)	Executive Officer Koji Iketani (in charge of Future Domain)	Executive Officer Yoshikazu Toriumi (In charge of Core ICT field)
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*Stepped down on June 30, 2021 due to the transfer of shares in the consolidated subsidiary in the healthcare field (CAC Croit Corporation).



Outside Director + Investor Discussion



CAC Holdings
Outside Director
Tokihiko Mori

Amundi Japan Ltd.
Equity Investment Management Department,
Investment Management Division
Head of Japan Target Strategy
Naofumi Harukawa

With the demand for constructive dialogue between companies and their stakeholders, dialogue between outside directors who engage in the management from an objective perspective and institutional investors is being increasingly important.

An Outside Director of the Company and one of its institutional investors engaged in a discussion about what they think is necessary to enhance the corporate value of the CAC Group.

The challenge is raising the operating margin

Harukawa I've been looking at the CAC Group since 2010, and what concerns me is that profitability is unstable and the operating margin is low compared with other companies in the same industry. I would also add that while the CAC Group has actively implemented M&A activities for growth, it has repeatedly suffered impairment losses.

I don't think CAC will be able to enhance its corporate value unless these issues are solved, but to start with shall we look at this M&A strategy?

Mori As you noted, the Company's M&A strategy has not produced a high success rate to date. I think that raises the questions of what the Company has learned from those experiences and how it will utilize those lessons going forward.

I think we need to build up talent and skills internally to be able to handle everything from entrance to exit, including an

eye for selecting acquisition targets and how to deal with them following acquisition. I think that is where the Company stands at the moment.

However, from what I can confirm from Board of Directors meetings and the like, it doesn't look like it will take that long to develop those human resources, and I think we can bring those resources up to a certain level in about three years.

Improving profitability is the first step towards future growth

Harukawa The situation might call for not moving aggressively on M&A activities for a while.

Mori It seems the Company is currently in a learning phase and has other things to do before looking at M&A. You pointed out profitability and growth potential, and I think those are very good observations.

The outside environment greatly impacts sales and involves a lot of uncertain factors, but improving profitability is something that can be pursued to some extent through internal efforts.

Three years ago, I said that I wouldn't be surprised if the operating margin tripled or quadrupled.

Generally speaking, operating margin and market capitalization are correlated, and even if a company doesn't increase its sales, if its profit margin increases four-fold, it is not unusual for market capitalization to do the same. Starting this spring, improvements have been made to the tax system allowing for M&A activities where a target company is acquired in exchange for shares in the acquiring company. This has created an environment more conducive to M&A actions. This is just my personal opinion, but I think there is room for the Company's current market capitalization to double or triple. If we start out by improving profitability and market capitalization increases as a result, it will be possible to carry out M&A actions that utilize both Company shares and money. At the same time, pursuing human resource development would enable the Company to engage in more aggressive management and make preparations for launching a growth strategy.

Outside Director + Investor Discussion

Flexible and speedy decision-making is of vital importance



Overseas expansion is the concept of "incorporating new things"

Harukawa Many domestic system integration (SI) companies do not expand overseas.

The CAC Group has implemented overseas expansions in rapid succession, but looking at the results, perhaps it would have been better to focus on domestic operations?

Mori As an industry, SI itself is not that big overseas, particularly in the US.

That is because it is standard for a company to retain its own engineers to develop systems on a proprietary basis. SI involves working closely with a corporate client to build systems, and that might be a practice that is relatively unique to Japanese business.

In part due to those circumstances, there have been suggestions over last few years that the SI business might die out, but I don't hold that view.

What I will say, though, is that the size of the market that is currently expanding may shrink over the long-term, and

the technical skills required will likely change. That is why we must develop the human resources and build the strategies that can meet those requirements. I've heard that the Company's overseas expansion was because the Company founder always had strong overseas inclinations.

But looking back at history, the founder's overseas interest was based on the belief that "the source of ideas is the US, and we should learn from it." Over the past decade, however, from what I can see from the Company's M&A activities, there has been a focus on bringing companies from countries with higher growth potential than Japan into the Group, and that doesn't look like the "incorporate new things" concept that the founder had envisaged.

Harukawa On the other hand, recently there was an acquisition that was sold soon after it had been acquired. Perhaps it would be better to take a slightly more conservative approach before making acquisitions, and to follow through in dealing with those companies afterward.

Mori To the contrary, I think the Company was too slow in selling it off.

Once the Company realized its failure after the acquisition was made, it should have learned from that and then immediately changed its decision-making process. That's because sticking with the wrong decision is a failure in management.

Since I worked for an American company for over 20 years my feelings might be different from Japan, but I think the most important thing is for managers to not get hung up on their own decisions, and to instead favor speed in decision-making.

A vision and strategy to reward our valued long-term investors

Harukawa What about regarding capital efficiency?

The Company has actively implemented share buybacks. What is the intention behind these moves?

Mori At Board of Directors meetings each month, I always clearly state my own position as "speaking as a representative of shareholders" when taking part in discussions.

That is because we must reward those investors who have made long-term investments in the Company and want to earn a return in step with the company's development. I think the disclosure of numerical ROE targets in the mid-term strategy is a good trend.

But those targets have not been achieved, and I feel that there is a lot that needs to be done.

However, I personally do not think that share buybacks and high dividend payout ratios are a good idea.

That's because although they are of course not bad things for shareholders, I believe the Company can provide more profit to shareholders not in the short-term but in the long-term. Measures such as share buybacks are a measure to take when there are no investment opportunities for the business, and it is hard to say that there are no such investment opportunities in today's IT industry.

I recommend that the Company look for better investment targets, make strategic investments in those areas, and engage in management that drives improved profitability and growth while cultivating human resources.

Harukawa Regarding the growth strategy, we haven't seen any businesses promising strong growth over the next two to three years. What is going on in this area?

Mori My view is that the priority over the next two or three years will be on improving profitability rather than growth.

That is because any growth strategy will likely fail if management efficiency has not been improved first.

At the moment, I think the priority issues are to find two or three sources of future growth and invest in those

Find two or three sources of future growth to invest in



while revising management and refining the ability to generate profits.

President Nishimori, who assumed his post in January this year, is currently developing a new vision and strategy. I have great hopes moving forward, he will create a vision and strategy that the younger generation will be able to adopt for themselves and their families.

Harukawa Lastly, I think the most important aspect of an IT company is "people."

What is the Company's approach to human resource development, and what initiatives is it implementing?

Mori I think there are proper systems in place for skills training and project management.

I regard leadership training as the issue.

This is probably something that is true for Japanese businesses as a whole, but I believe we need to develop leaders who have strong aspirations and can motivate their colleagues.

I think it is important to properly disclose this situation to our valued long-term investors.





Compliance/Risk management

At the CAC Group, we believe that the strong awareness of our corporate social and public responsibilities and the actions we take to strengthen social understanding and trust leads to our sustainable development. To increase our sense of morality and our sincerity as a corporate entity, we have established our policies and systems on compliance and risk management and are striving to maintain these policies and systems.

Compliance

At the CAC Group, we define compliance as “increasing our sense of morality and our sincerity as a corporate entity by complying strictly with laws, regulations, rules and social norms.”

Based on Our Credo, we have formulated the Basic Guidelines for Business Conduct for Compliance of the overall Group. We have made it our basic compliance policy to establish a system for promoting compliance and to take actions to promote compliance.

In our system for promoting compliance, we have established a Compliance Control Division, which is a division in charge of legal compliance, under the Chief Compliance Officer (CCO), who is appointed by the Board of Directors.

The CCO supervises the Compliance Control Division,

which engages in activities related to compliance, including planning, training, supervision and improvements. We have also introduced the Compliance Helpline System (a whistleblowing system), which permits employees of the CAC Group to respond appropriately to compliance violations or potential compliance violations that they discover. We operate this system both within and outside the Group. As our basic policy for eliminating anti-social forces, we at the CAC Group will not be involved at all with any forces or groups that threaten social order and safety, will firmly reject demands from such forces or groups, and will not undertake any trade with any companies, groups or individuals related to such forces or groups.

CAC Group's system for promoting compliance



Risk Management

In business activities, a company faces not only risks generated in its external business environment but also internal risks that exist within the company.

The CAC Group needs to handle these risks appropriately to maintain and keep improving its corporate value.

At the CAC Group, we have established the Risk Management Principles as basic rules on risk management.

The Risk Management Principles clarify the guiding principle,

action guidelines, and risks to manage (such as risks related to disaster, employment, information security, project management and compliance), along with the system to promote the management of these risks.

As the system for promoting the appropriate identification, assessment and handling of risks, we have established the Risk Management Division under the Chief Risk Officer (CRO).

Initiatives for dealing with material risks (as of December 31, 2020)

Major risks that may have a significant impact on the Group's management and operating results are as follows. Recognizing the possibility that such risks may materialize, the Group endeavors to prevent them from occurring and appropriately deals with them in the event that they do materialize.

	Risks	Impact on the Group	Countermeasures
Business environment	Increasingly tough competitive environment	Failure to acquire projects will lead to a loss from fewer working hours for personnel and a deterioration in profits from projects.	<ul style="list-style-type: none"> ● Collection of information and monitoring regarding customers, market trends, competitors, etc. ● Reinforcement of sales capabilities
	Dependence on specific customers and industrial sectors	Changes in IT investment and management environment of the specific customers and industrial sectors that make up the majority of the Group's sales will make the Group's business results highly volatile.	<ul style="list-style-type: none"> ● Constant understanding of customer trends ● Development of new customers
	Development of overseas business	Politics and the economy, foreign exchange movements, legal restrictions, commercial practice, social turmoil, etc. in each country exert an adverse influence over the Group's overseas business activities.	<ul style="list-style-type: none"> ● Collection of information on politics, the economy, social situation, etc. of each country ● Maintenance of systems that ensure smooth contact with overseas bases
	Corporate acquisition/ Capital contribution	In the event that capital invested in acquired/ portfolio companies is not recoverable or that additional costs are incurred, it will have an adverse impact on the Group's operating results, business development, etc.	<ul style="list-style-type: none"> ● Ensuring of preliminary examinations and reviews ● Formation of standards for business acquisition and capital contribution and those for withdrawal ● Strengthening of post-merger integration (PMI) process
	COVID-19	The slowdown of economic activity due to the state of emergency declarations and lockdowns has an impact on finances, management results and other aspects.	<ul style="list-style-type: none"> ● Thoroughly preventing infections ● Business continuity by having employees work from home and holding meetings online
Business operation	Value of assets held	A decline in the value of investment securities and other assets held will have an adverse impact on the Group's operating results and financial situation.	<ul style="list-style-type: none"> ● Monitoring of asset value ● Prompt decision making on whether to continue holding the assets based on a policy on holding assets
	Securing and fostering of human resources	Failure to secure and foster excellent human resources as planned will have an adverse impact on the Group's business promotion.	<ul style="list-style-type: none"> ● Appropriate and effective hiring activities, personnel training ● Improving the corporate brand and creating an attractive workplace
Technology	Information security	Loss, destruction, leakage, etc. of confidential information will lead to a decline in, or loss of, social confidence and/or liability for damages.	<ul style="list-style-type: none"> ● Development of a policy, administrative procedures, etc. for information management ● Training of all employees on information management ● Security measures
	Unprofitable projects	Excess time spent on development and work will raise the cost of sales ratio.	<ul style="list-style-type: none"> ● Detailed examination of each project prior to receiving an order ● Monitoring of each project by specialized departments
	Suspension of service	System failure, natural disaster, etc. that disables the provision of systems operation and management services or human resources BPO services will have an adverse impact on the Group's operating results.	<ul style="list-style-type: none"> ● Formation of a business continuity plan (BCP) and training and education

Financial highlights and Non-Financial Data for the Past 11 Years

	45th term FY2010	46th term FY2011	47th term FY2012	48th term FY2013	49th term FY2014	50th term FY2015	51st term FY2016	52nd term FY2017	53rd term FY2018	54th term FY2019	55th term FY2020	
Net sales (million yen)	36,614	38,882	39,545	40,963	50,031	52,105	52,521	53,268	49,906	50,683	48,539	
Operating income (million yen)	1,822	2,610	2,694	2,528	3,191	1,209	1,202	698	1,426	1,314	1,948	
Ordinary income (million yen)	2,035	2,776	2,887	2,664	3,000	1,080	937	717	1,368	1,257	1,909	
Profit attributable to owners of parent (million yen)	1,026	39	1,194	1,514	2,343	(142)	2,039	1,100	1,319	1,500	1,669	
Net assets (million yen)	20,316	19,294	20,200	22,833	30,310	29,293	27,683	32,429	28,857	25,797	26,236	
Total assets (million yen)	31,781	31,363	32,233	37,020	53,387	51,783	50,344	54,125	46,968	45,626	44,565	
Cash flows from operating activities (million yen)	2,319	(1,509)	3,077	2,100	2,331	(770)	892	(1,014)	3,276	104	1,110	
Cash flows from investing activities (million yen)	488	1,076	1,419	(2,312)	432	(2,760)	3,233	307	2,362	3,523	1,338	
Cash flows from financing activities (million yen)	(908)	(407)	(1,248)	989	(1,388)	(796)	(1,920)	(2,196)	(2,310)	(6,324)	(1,704)	
Book value per share <BPS> (yen)	979.73	940.20	993.35	1,124.81	1,455.06	1,439.40	1,447.09	1,720.38	1,527.13	1,512.07	1,505.09	
Earnings per share <EPS> (yen)	51.09	1.98	59.99	76.07	117.69	(7.21)	105.54	59.69	71.57	84.83	100.55	
Return on equity <ROE> (%)	5.3	0.2	6.2	7.2	9.1	(0.5)	7.4	3.8	4.4	5.6	6.6	
Return on assets <ROA> (%)	6.5	8.8	9.1	7.7	6.6	2.1	1.8	1.4	2.7	2.7	4.2	
Equity ratio (%)	62.0	60.3	61.4	60.5	54.3	54.6	53.0	58.6	59.9	54.7	57.0	
Price-to-earnings ratio <PER> (times) <small>*Based on the closing share price at the end of each fiscal year</small>	12.3	317.9	11.4	12.1	10.0	—	8.4	17.8	13.0	18.5	14.2	
Amount of dividend per share (yen)	32.00	32.00	32.00	32.00	32.00	32.00	40.00	36.00	38.00	50.00	60.00	
Dividend payout ratio (%)	62.6	1,614.7	53.3	42.1	27.2	—	37.9	60.3	53.1	58.9	59.7	
Number of Employees	Overall	2,070	2,057	2,166	2,239	4,833	5,202	5,711	5,364	4,821	5,077	4,960
	Men	—	—	—	—	—	—	4,493	4,147	3,680	3,841	3,717
	Women	—	—	—	—	—	—	1,218	1,217	1,141	1,236	1,243
	(ratio of women)	—	—	—	—	—	—	21.3%	22.7%	23.7%	24.3%	25.1%
	Japanese nationality	—	—	—	—	—	—	2,015	2,023	1,969	1,959	1,934
	Foreign nationality	—	—	—	—	—	—	3,696	3,341	2,852	3,118	3,026
	(ratio of foreign nationality)	—	—	—	—	—	—	64.7%	62.3%	59.2%	61.4%	61.1%
Number of Managers	Overall	—	—	—	—	—	—	282	272	276	311	295
	Men	—	—	—	—	—	—	245	235	238	262	245
	Women	—	—	—	—	—	—	37	37	38	49	50
	(ratio of women)	—	—	—	—	—	—	13.1%	13.6%	13.8%	15.8%	16.9%

CONSOLIDATED BALANCE SHEETS (Millions of yen)

Assets	Previous fiscal year Fiscal 2019 (As of December 31, 2019)	Fiscal year under review December 31, 2020
Current assets:		
Cash and deposits	9,313	10,125
Notes and accounts receivable - trade	9,607	9,796
Securities	800	—
Merchandise and finished goods	255	95
Work in process	698	970
Supplies	34	63
Prepaid expenses	1,181	1,138
Other	867	1,029
Allowance for doubtful accounts	(288)	(302)
Total current assets	22,471	22,915
Non-current assets:		
Property and equipment:		
Buildings and structures	841	924
Machinery and vehicles	73	824
Land	193	190
Construction in progress	1,017	—
Other	512	422
Property and equipment, net	2,639	2,362
Intangible assets		
Software	524	669
Goodwill	623	513
Customer-related assets	673	552
Other	170	160
Total intangible assets	1,992	1,895
Investments and other assets:		
Investment securities	15,431	14,796
Long-term loans receivable	244	234
Long-term prepaid expenses	393	371
Guarantee deposits	710	646
Deferred tax assets	710	566
Other	1,277	1,014
Allowance for doubtful accounts	(246)	(237)
Total investments and other assets	18,522	17,392
Total non-current assets	23,155	21,650
Total assets	45,626	44,565

Liabilities	Previous fiscal year Fiscal 2019 (As of December 31, 2019)	Fiscal year under review December 31, 2020
Current liabilities:		
Notes and accounts payable - trade	3,440	3,661
Short-term loans payable	1,140	670
Current portion of long-term loans payable	2,020	—
Lease obligations	148	151
Accrued expenses	1,464	1,594
Income taxes payable	1,258	596
Consumption taxes payable	431	773
Provision for bonuses	398	743
Provision for loss on order received	—	4
Other	2,252	1,903
Total current liabilities	12,554	10,098
Non-current liabilities:		
Long-term loans payable	17	2,000
Lease obligations	416	248
Provision for loss on business of subsidiaries and associates	1,224	1,040
Provision for directors' retirement benefits	32	15
Net defined benefit liability	3,243	2,797
Deferred tax liabilities	756	547
Other	1,584	1,580
Total non-current liabilities	7,275	8,230
Total liabilities	19,829	18,329
Net assets		
Shareholders' equity		
Common stock	3,702	3,702
Capital surplus	3,692	3,726
Retained earnings	17,185	17,944
Treasury shares	(4,874)	(4,452)
Total shareholders' equity	19,705	20,920
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	5,150	4,471
Foreign currency translation adjustments	(78)	(225)
Remeasurements of defined benefit plans	199	216
Total accumulated other comprehensive income	5,271	4,462
Non-controlling interests	821	853
Total net assets	25,797	26,236
Total liabilities and net assets	45,626	44,565

CONSOLIDATED STATEMENTS OF OPERATIONS (Millions of yen)

	Previous fiscal year Year ended December 31, 2019	Fiscal year under review Year ended December 31, 2020
Net sales	50,683	48,539
Cost of sales	40,124	37,790
Gross profit	10,558	10,748
Selling, general and administrative expenses	9,243	8,799
Operating income	1,314	1,948
Non-operating income	432	277
Non-operating expenses	489	317
Ordinary income	1,257	1,909
Extraordinary income	5,300	1,067
Extraordinary losses	3,199	277
Profit before income taxes	3,358	2,699
Income taxes - Current	1,810	757
Income taxes - Deferred	(21)	220
Total income taxes	1,788	977
Profit	1,570	1,722
Profit attributable to non-controlling interests	70	52
Profit attributable to owners of parent	1,500	1,669

CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of yen)

	Previous fiscal year Year ended December 31, 2019	Fiscal year under review Year ended December 31, 2020
Cash flow from operating activities	104	1,110
Cash flow from investing activities	3,523	1,338
Cash flow from financing activities	(6,324)	(1,704)
Net increase (decrease) in cash and cash equivalents	(2,747)	727
Cash and cash equivalents at beginning of year	11,725	8,978
Cash and cash equivalents at end of year	8,978	9,705

General Information (as of December 31, 2020)

Number of Shares Authorized	86,284,000
Number of Shares Issued and Outstanding	20,541,400
Unit Share	100
Number of Shareholders	5,383
Fiscal Year End	December 31
Annual General Shareholders Meeting	End of March
Record Date	Year-end Dividend: December 31 Interim Dividend: June 30
Administrator of the Register of Shareholders	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Stock Exchange Listing	Tokyo Stock Exchange, 1st Section (Date of Listing: October 2000) (Securities Code: 4725)

Primary Shareholders (as of December 31, 2020)

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares
SHOGAKUKAN Inc.	3,102	18.39%
SHIFT Inc.	1,027	6.08%
The Master Trust Bank of Japan, Ltd. (Trust account)	922	5.47%
CAC Employee Shareholding Association	630	3.73%
Sumitomo Mitsui Banking Corporation	484	2.86%
Custody Bank of Japan, Ltd. (Trust account)	473	2.80%
Mitsubishi Tanabe Pharma Corporation	431	2.55%
KLab Inc.	300	1.77%
Maruha Nichiro Corporation	300	1.77%
Yuasa Trading Co., Ltd.	300	1.77%

*Treasury stock (3,676 thousand shares as of December 31, 2020) are not included in the above.

Breakdown of Shareholding by Investor Type (as of December 31, 2020)

Investor Type	Number of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares
Japanese Financial Institutions	22	3,110	15.14%
Japanese Securities Companies	24	52	0.25%
Other Japanese Companies	45	6,659	32.42%
Foreign Companies, etc.	69	1,866	9.09%
Japanese Individuals and Others	4,559	8,845	43.07%
Total	4,719	20,534	100.00%

*Treasury stock (3,676 thousand shares as of December 31, 2020) are included in "Japanese Individuals and Others."

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	Ryota Nishimori, President and CEO
Founded	August 8, 1966
Common stock	¥3,702 million
Consolidated sales	¥48,539 million (for the fiscal year ended December 31, 2020)

Major affiliates

CAC Corporation

Location	Chuo-ku, Tokyo, Japan
Main services	System development services System operation services BPO/BTO services

ARK Systems Co., Ltd.

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

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

Number of group employees (as of December 31, 2020)	4,960
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 AMERICA CORPORATION [CAC AMERICA]

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

CAC EUROPE LIMITED [CAC EUROPE]

Location	London, United Kingdom
Main services	System consulting services System integration

CAC SHANGHAI CORPORATION

Location	Shanghai, China
Main services	System consulting services 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

Mitrais Pte. Ltd.

Location	Singapore
Main services	Sales and maintenance of software products Contracted software development services

Corporate history

1966	Computer Applications Co., Ltd. (CAC) is established as one of Japan's first independent software companies.	2003	Acquire shares of ORBIS CORPORATION (presently CAC ORBIS CORPORATION), making the company a subsidiary.
1971	CAC invests in Nippon System Service Co., Ltd. (SSK). SSK changes its business focus to outsourcing services.	2005	Relocate the head office to Nihonbashi-Hakozaki-cho, Chuo-ku, Tokyo.
1973	System Utility Co., Ltd. (SUC), a facility management company, is established as a wholly owned subsidiary.	2006	Acquire shares of Arm Systex Co., Ltd., making the company and Arm Co., Ltd. subsidiaries.
1986	Formally enter the system consulting business.	2007	Acquire all the shares of Medical Ecology Co., Ltd. (later renamed CAC ClinIT Co., Ltd.), making the company a subsidiary.
1988	Certified as "System Integrator" by the first "Registration and Certification of System Integrator" of the Ministry of International Trade and Industry (MITI).	2009	Acquire shares of clinical trust Co., Ltd., making the company a subsidiary.
1989	CAC AMERICA CORPORATION, a wholly owned subsidiary, is established in New York, United States.	2010	Merger of CAC ClinIT Co., Ltd., Arm Systex Co., Ltd., and Arm Co., Ltd. CAC India Private Limited is established in Mumbai, India.
1990	CAC EUROPE LIMITED, a wholly owned subsidiary, is established in London, United Kingdom.	2012	CAC EXICARE Corporation is established through a company split.
1994	CAC, SSK, and SUC merge to form CAC Co., Ltd.	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.
1995	Certified as "Provider of Special Systems Operation Services" by the first "Certification of Provider of Special Systems Operation Services" of MITI.	2016	CAC Croit Corporation is established through the merger of CAC EXICARE Corporation and clinical trust Co., Ltd.
1996	Enter the business for integrated management services targeting distributed systems.	2019	Acquire shares of Mitrais Pte. Ltd., making the company a subsidiary.
1999	Listed on the OTC market.	2021	All shares in CAC Croit Corporation are transferred.
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.		

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, 2020 to December 31, 2020 (activities in January 2021 and thereafter are also included in some sections.)
- Subject organizations: CAC Holdings Corporation and 21 CAC Group companies (as of December 31, 2020)

Caution concerning forward-looking statements

This report contains descriptions of plans and strategies for the future and forecasts and prospects of 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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