

Note; This document is a partial translation of "Kessan Tanshin" for the first quarter of the Fiscal Year Ending December 31, 2022 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

**Summary of Financial Statements (Consolidated) for
the First Quarter of the Fiscal Year Ending December 31, 2022
(Japanese GAAP)**

May 12, 2022

Company Name: CAC Holdings Corporation
 Stock Exchange: Tokyo Stock Exchange
 Code Number: 4725
 URL: <https://www.cac-holdings.com/>
 Representative: Ryota Nishimori, President and Chief Executive Officer
 Contacts: Iori Sakai, Chief Manager, Corporate Communication Group, Corporate Planning Dept.
 Tel: +81-3-6667-8010
 Scheduled date to submit the annual securities report (Yukashoken Hokokusho): May 12, 2022
 Scheduled date of dividend payment: -
 Supplementary documents for financial results: Yes (on the website of CAC Holdings)
 Financial results briefing: None

(Note that all amounts are rounded down to the nearest million yen, unless otherwise specified)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022
(January 1, 2022 through March 31, 2022)

(1) Consolidated Results of Operations (cumulative) (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2022	11,600	(8.0)	1,064	15.3	907	(10.7)	606	(18.3)
Three months ended March 31, 2021	12,612	(2.0)	923	30.9	1,016	43.1	742	80.2

(Note) Comprehensive income Three months ended March 31, 2022 (819)million yen(−%)
 Three months ended March 31, 2021 2,512million yen (−%)

	Net income per share	Net income per share (fully diluted)
	Yen Sen	Yen Sen
Three months ended March 31, 2022	35.91	—
Three months ended March 31, 2021	44.01	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2022	44,960	30,066	65.4
As of December 31, 2021	47,261	31,398	65.1

(Reference) Equity As of March 31, 2022 29,415 million yen
 As of December 31, 2021 30,769 million yen

2. Dividends

	Dividend per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	End of the 4th quarter	Total dividends
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Year ended December 31, 2021	-	30.00	-	30.00	60.00
Year ending December 31, 2022	-				
Year ending December 31, 2022 (Forecast)		30.00	-	30.00	60.00

(Note) Revisions to dividends forecast published most recently: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 through December 31, 2022)

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen Sen
Full-year	45,000	(6.1)	3,000	(18.9)	2,900	(20.9)	2,000	(19.2)	118.05

(Note) Revisions to the forecast of Consolidated Financial Results published most recently: None

Earning forecast for the second quarter will not be disclosed because we manage performance on annual basis.

※Notes

- (1) Important changes in subsidiaries for the First Quarter of the fiscal year ending December 31, 2022 (changes in specified subsidiaries resulting in a change in the scope of consolidation): Not applicable
- (2) Apply specific accounting to the preparation of quarterly consolidated financial statements: Not applicable
- (3) Changes in accounting principles and changes or restatements of accounting estimates
- (i) Changes in accounting principles due to the amendment of accounting standards, etc.: Applicable
 - (ii) Changes in accounting principles other than (i): Not applicable
 - (iii) Changes in accounting estimates: Not applicable
 - (iv) Restatements of accounting estimates: Not applicable

(4) Number of shares outstanding (common stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:	As of March 31, 2022	20,541,400 shares	As of December 31, 2021	20,541,400 shares
(ii) Total number of treasury stock as of the end of each period:	As of March 31, 2022	3,656,849 shares	As of December 31, 2021	3,656,849 shares
(iii) Average number of issued shares for each period (cumulative period)	As of March 31, 2022	16,884,551 shares	As of March 31, 2021	16,863,789 shares

* This consolidated financial statements is not subject to audit.

* Cautionary note regarding the use of the Forecast of Financial Results and other special notes

The forecasts of financial results and other forward-looking statements contained in this document are calculated based on the information which is available to the Company and assumptions that the Company deems to be reasonable as of the date hereof. Therefore, they do not constitute a guarantee that they will be realized. Please note that the actual results may differ due to various factors. For matters related to the above forecasts, refer to the accompanying materials.

4. Qualitative Information on Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022

(1) Explanation of operating results

As announced in the "Notice of Change in Reporting Segments" released on February 14, 2022, the CRO segment has been discontinued effective from the first three months of the consolidated fiscal year under review. The Company now has two segments: domestic IT and overseas IT.

As for net sales for the first three months of the consolidated fiscal year under review (January 1, 2022 to March 31, 2022, hereinafter the "first three months under review"), although both the domestic IT and overseas IT businesses remained strong, especially in existing businesses, net sales decreased by 8.0% year on year, to ¥11,600 million, mainly because of the impact of the deconsolidation of a subsidiary engaging in the CRO business. Operating income increased 15.3%, to ¥1,064 million, due to the solid performance of the Indonesian and Indian subsidiaries and domestic consolidated subsidiaries, despite the impact of the deconsolidation. However, ordinary income fell 10.7%, to ¥907 million, primarily reflecting a rise in non-operating expenses resulting from fluctuations in investments in partnership. Profit attributable to owners of parent declined 18.3%, to ¥606 million.

This year, in light of the rapidly changing recent situation, the CAC Group has developed CAC Vision 2030, "Evolving into a corporate group that consistently makes a positive impact on society through technologies and ideas," as its vision for the next 10 years in order to achieve sustainable growth without being swayed by short-term volatility. Under CAC Vision 2030, we envisage that CAC Group solutions incorporating digital technology such as AI and IoT and data will enable people to demonstrate their diverse imagination and creativity and will help solve social issues. Our aim under the vision is to become a highly profitable, high growth corporate Group through the creation and growth of constant digital solutions which have such a positive impact.

In the medium-term management plan (FY2022-FY2025) ahead of the realization of CAC Vision 2030, the Company set the period for securing stable earnings from existing contracted businesses in Japan and overseas and building a framework for continuously creating digital products and services for FY2026 and beyond. In the fiscal year under review, we will focus mainly on expanding our structure, building a framework for creating new businesses, and acquiring co-creation partners. Further, to realize CAC Vision 2030 and to become a company that will continue to be successful in the years to come, we will develop measures for sustainability management and review our financial strategy, including the streamlining and optimization of group assets.

Results by segment are as follows. The net sales presented in this report represent the net value of goods and services sold to external customers.

Consolidated Net Sales

(Unit: million)

	Three months ended March 31, 2021		Three months ended March 31, 2022		YoY Change	
	Net Sales	%	Net Sales	%	Net Sales	%
Domestic IT	8,418	78.2%	8,997	77.6%	578	6.9%
Overseas IT	2,340	21.8%	2,603	22.4%	262	11.2%
TOTAL	10,759	100.0%	11,600	100.0%	841	7.8%

Reference

CRO	1,853	-	-	-	(1,853)	-
TOTAL Including CRO	12,612	-	11,600	-	(1,012)	(8.0)%

Consolidated Segment Income

(Unit: million)

	Three months ended March 31, 2021		Three months ended March 31, 2022		YoY Change	
	Segment Income	%	Segment Income	%	Segment Income	%
Domestic IT	748	8.9%	849	9.4%	101	13.6%
Overseas IT	92	3.9%	215	8.3%	123	133.3%
TOTAL	840	7.8%	1,064	9.2%	224	26.7%

Reference

CRO	82	4.5%	-	-	(82)	-
TOTAL Including CRO	923	7.3%	1,064	9.2%	141	15.3%

<Domestic IT>

Net sales increased 6.9% year on year, to ¥8,997 million, reflecting firm sales of projects mainly for financial institutions and manufacturers. Segment profit came to ¥849 million (up 13.6%).

<Overseas IT>

Net sales increased 11.2% year on year, to ¥2,603 million, primarily due to a rise in projects for major customers at the subsidiary in Indonesia. Segment profit amounted to ¥215 million (up 133.3% year on year) chiefly due to increased sales and a recovery in profits at the Indian subsidiary.

(2) Summary of financial position

(Assets)

Total assets at the end of the first three months of the consolidated fiscal year under review amounted to ¥44,960 million, a decrease of ¥2,301 million from the end of the previous consolidated fiscal year. The main factors of this change include an increase of ¥362 million in notes and accounts receivable - trade and contract assets (notes and accounts receivable - trade at the end of the previous fiscal year) and an increase of ¥270 million in goodwill, which were offset by a decrease of ¥2,951 million in investment

securities.

(Liabilities)

Total liabilities at the end of the first three months of the consolidated fiscal year under review amounted to ¥14,893 million, a decrease of ¥969 million from the end of the previous consolidated fiscal year. Major factors behind this change include an increase of ¥230 million in notes and accounts payable – trade which was offset by decreases of ¥214 million in income taxes payable, ¥178 million in provision for bonuses, ¥291 million in provision for loss on business of subsidiaries and associates, and ¥554 million in deferred tax liabilities.

(Net assets)

Total net assets at the end of the first three months of the consolidated fiscal year under review amounted to ¥30,066 million, a decrease of ¥1,331 million from the end of the previous consolidated fiscal year. Major factors for this change include increases of ¥111 million in retained earnings and ¥241 million in foreign currency translation adjustment, which were offset by a decrease of ¥1,696 million in valuation difference on available-for-sale securities

(3) Summary of future outlook including consolidated financial results forecast

We believe that our performance through the first three months under review has been generally in line with our forecast of consolidated financial results. Although our mainstay domestic IT business is performing well, there is uncertainty over the possible impact of significant exchange rate fluctuations and domestic and international changes in customer IT investment trends. Given that, at this point, our full-year earnings forecast for the fiscal year ending December 31, 2022, remains unchanged from that announced on February 14, 2022.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	December 31, 2021	March 31, 2022
Assets		
Current assets		
Cash and deposits	10,532	10,406
Notes and accounts receivable - trade	8,568	-
Notes and accounts receivable - trade, and contract assets	-	8,930
Securities	1,100	800
Merchandise	82	61
Work in process	356	271
Supplies	77	17
Other	1,440	2,024
Allowance for doubtful accounts	(354)	(314)
Total current assets	21,804	22,197
Non-current assets		
Property, plant and equipment	1,313	1,312
Intangible assets		
Goodwill	521	792
Other	1,157	1,194
Total intangible assets	1,679	1,986
Investments and other assets		
Investment securities	20,623	17,671
Deferred tax assets	438	389
Other	1,405	1,405
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	22,464	19,463
Total non-current assets	25,457	22,762
Total assets	47,261	44,960
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,701	2,931
Short-term borrowings	678	720
Income taxes payable	495	280
Provision for bonuses	946	768
Provision for loss on business of subsidiaries and associates	-	123
Other	4,057	4,056
Total current liabilities	8,879	8,881
Non-current liabilities		
Long-term borrowings	2,000	2,000
Provision for loss on business of subsidiaries and associates	414	-
Retirement benefit liability	1,898	1,923
Deferred tax liabilities	2,275	1,720
Other	394	366
Total non-current liabilities	6,982	6,011
Total liabilities	15,862	14,893
Net assets		
Shareholders' equity		
Share capital	3,702	3,702
Capital surplus	3,735	3,735
Retained earnings	19,408	19,519
Treasury shares	(4,411)	(4,411)
Total shareholders' equity	22,434	22,545
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,760	6,064
Foreign currency translation adjustment	84	325
Remeasurements of defined benefit plans	490	479
Total accumulated other comprehensive income	8,335	6,869
Non-controlling interests	629	651
Total net assets	31,398	30,066
Total liabilities and net assets	47,261	44,960

(2) Consolidated Statements of Income

(Rounded down to the nearest million yen)

	From January 1, 2021 to March 31, 2021	From January 1, 2022 to March 31, 2022
Net sales	12,612	11,600
Cost of sales	9,642	8,673
Gross profit	2,970	2,927
Selling, general and administrative expenses	2,047	1,862
Operating profit	923	1,064
Non-operating income		
Interest income	22	4
Dividend income	1	1
Foreign exchange gains	58	67
Share of profit of entities accounted for using equity method	4	10
Gain on investments in investment partnerships	3	-
Gain on adjustment of account payable	20	-
Other	27	14
Total non-operating income	139	99
Non-operating expenses		
Interest expenses	20	18
Commitment fees	1	1
Loss on investments in investment partnerships	-	215
Other	24	20
Total non-operating expenses	46	256
Ordinary profit	1,016	907
Extraordinary income		
Gain on sale of investment securities	-	0
Gain on sale of shares of subsidiaries and associates	1	-
Reversal of provision for loss on business of subsidiaries and associates	-	150
Total extraordinary income	1	150
Extraordinary losses		
Loss on sale of investment securities	2	-
Other	0	0
Total extraordinary losses	2	0
Profit before income taxes	1,015	1,056
Income taxes - current	223	177
Income taxes - deferred	27	244
Total income taxes	251	421
Profit	764	635
Profit attributable to non-controlling interests	21	28
Profit attributable to owners of parent	742	606

(3) Consolidated Statements of Comprehensive Income

(Rounded down to the nearest million yen)

	From January 1, 2021 to March 31, 2021	From January 1, 2022 to March 31, 2022
Profit	764	635
Other comprehensive income		
Valuation difference on available-for-sale securities	1,471	(1,696)
Foreign currency translation adjustment	190	252
Remeasurements of defined benefit plans, net of tax	85	(11)
Total other comprehensive income	1,748	(1,454)
Comprehensive income	2,512	(819)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,475	(859)
Comprehensive income attributable to non-controlling interests	37	40

(4) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Note on significant changes in the amount of shareholders' equity)

Not applicable

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. since the beginning of the first three months of the consolidated fiscal year under review and recognizes revenue at the amount of consideration to which the Company is expected to be entitled when control of the goods or services is transferred to the customer.

Regarding made-to-order software, the Company previously applied the percentage-of-completion method (cost-to-cost method for the estimation of progression rate) to contracts in which the reliability of results for progressed portions was recognized, while applying the completed-contract method to other contracts. However, the Company replaced those practices with a new method, which is applied for performance obligations to be fulfilled over a fixed period. With this method, the rate of progress in fulfillment of such performance obligations is reasonably estimated, and revenue is recognized over the fixed period based on the estimated rate of progress. The level of progress in fulfillment of performance obligations is estimated based on the actual cost as a percentage of estimated total cost (input method) where the result of performance obligation can be reasonably measured. Where the result of performance obligation cannot be reasonably measured, revenue is recognized only within the range of actual cost that was generated.

The Revenue Recognition Accounting Standard, etc. is applied according to the provisional measures stipulated in the proviso in Paragraph 84 of the standard. With respect to the application of a new accounting policy, it is applied to the balance of retained earnings at the beginning of the first three months of the consolidated fiscal year under review. This balance of retained earnings is obtained through calculation using the cumulative amount of the impact from retrospective application of the new accounting policy to periods prior to the beginning of the first three months, either by adding it to or deducting it from the retained earnings.

As a result, net sales, cost of sales, operating income, ordinary income and profit before income taxes for the first three months under review decreased by ¥66 million, ¥63 million, ¥3 million, ¥3 million, and ¥3 million, respectively. In addition, retained earnings at beginning of period increased ¥11 million.

Due to the application of Revenue Recognition Accounting Standard, etc., "Notes and accounts receivable - trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes, accounts receivable – trade and contract assets" from the first three months of the consolidated fiscal year under review. In accordance with the provisional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made to the consolidated financial statements for the

previous fiscal year based on the new presentation method. In accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on revenues from contracts with customers for the first three months of the previous consolidated fiscal year have not been broken down.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. at the beginning of the first three months of the consolidated fiscal year under review. Accordingly, the Company has decided to continue to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard, etc. according to the provisional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard has no impact on the consolidated quarterly financial statements.

(Additional Information)

(The Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

In relation to the transition to the group tax sharing system, which is newly established under the Act for Partial Revision of the Income Tax Act and Other Acts (Act No. 8 of 2020) and the items regarding which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the Company and part of its consolidated subsidiaries do not implement the provisions of Paragraph 44 of the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) but comply with the provisions of the tax regulations prior to the revision with respect to amounts of deferred tax assets and deferred tax liabilities, in accordance with the treatment stipulated in Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No.39, March 31, 2020)

(Segment information)

I The first quarter of the previous consolidated cumulative fiscal year (January 1, 2021 to March 31, 2021)

Information on amounts of net sales, profit (loss) by reportable segment

(Unit: million yen)

	Reportable segment				Adjustment	Amount on quarterly consolidated statement of income (Note)
	Domestic IT	Overseas IT	CRO	Total		
Net sales						
Net sales to external customers	8,418	2,340	1,853	12,612	-	12,612
Intersegment sales or transfers	42	393	1	437	(437)	-
Total	8,461	2,734	1,854	13,050	(437)	12,612
Segment profit (loss)	748	92	82	923	-	923

(Note) The total amount of segment profit (loss) corresponds to the amount of operating income in the consolidated income statement.

II The first quarter of the consolidated cumulative fiscal year (January 1, 2022 to March 31, 2022)

1. Information on amounts of net sales, profit (loss) by reportable segment

(Unit: million yen)

	Reportable segment			Adjustment	Amount on quarterly consolidated statement of income (Note)
	Domestic IT	Overseas IT	Total		
Net sales					
Net sales to external customers	8,997	2,603	11,600	-	11,600
Intersegment sales or transfers	79	453	533	(533)	-
Total	9,077	3,056	12,134	(533)	11,600
Segment profit (loss)	849	215	1,064	-	1,064

(Note) The total amount of segment profit (loss) corresponds to the amount of operating income in the consolidated income statement.

2. Material subsequent events

(Reclassification of Reportable Segments)

In the previous consolidated fiscal year, in order to concentrate its management resources on its IT business, the Company transferred all shares of CAC Croit Corporation, which was in charge of "CRO", and excluded it from the scope of consolidation. Accordingly, the "CRO" category has been abolished from the first three months of the consolidated fiscal year under review.

(Application of Accounting Standard for Revenue Recognition, etc.)

As described in "Changes in Accounting Policies", the Company adopted the Revenue Recognition Accounting Standard, etc. and changed its accounting methods for revenue recognition at the beginning of the first three months of the consolidated fiscal year under review. Reflecting this change, it modified its method for measuring the profits and losses of its business segments.

As a result of said change, the sales of the Domestic IT segment for the first three months under review decreased by ¥66 million and segment profit decreased by ¥3 million compared with the previous method.

3. Information on impairment loss or goodwill of fixed assets for each reporting segment
(Significant Changes in Amount of Goodwill)

In the Overseas IT business, new goodwill was recognized due to the finalized payment of the conditional consideration for the acquisition of shares of Mitrais Pte. Ltd. on October 18, 2019. This event resulted in an increase in goodwill of ¥348 million during the first three months under review.

(Notes on important subsequent event)

Not applicable

6. Supplementary Information

(1) Consolidated Orders Received by Segment

(Rounded down to the nearest million yen)

	Three months ended March 31, 2021		Three months ended March 31, 2022		YoY Change	
	Amount	Vs total(%)	Amount	Vs total(%)	Amount	%
Domestic IT	10,884	57.8	11,893	68.6	1,008	9.3
Overseas IT	3,369	17.9	5,435	31.4	2,065	61.3
CRO	4,577	24.3	-	-	(4,577)	-
Total	18,831	100.0	17,328	100.0	(1,502)	(8.0)

(note) The above amounts display orders received from external customers. CRO segment is abolished from the fiscal year ending December 2022, and segment is changed into two, domestic IT and overseas IT.

(2) Consolidated Order Backlog by Segment

(Rounded down to the nearest million yen)

	Three months ended March 31, 2021		Three months ended March 31, 2022		YoY Change	
	Amount	Vs total(%)	Amount	Vs total(%)	Amount	%
Domestic IT	9,932	44.0	11,196	64.1	1,264	12.7
Overseas IT	4,023	17.9	6,262	35.9	2,238	55.6
CRO	8,602	38.1	-	-	(8,602)	-
Total	22,558	100.0	17,458	100.0	(5,099)	(22.6)

(note) The above amounts display order backlog for external customers. CRO segment is abolished from the fiscal year ending December 2022, and segment is changed into two, domestic IT and overseas IT.

(3) Consolidated Net Sales by Industry

(Rounded down to the nearest million yen)

	Three months ended March 31, 2021		Three months ended March 31, 2022		YoY Change	
	Amount	Vs total(%)	Amount	Vs total(%)	Amount	%
Financial services	3,182	25.2	3,578	30.8	395	12.4
Pharmaceuticals	3,670	29.1	2,033	17.5	(1,636)	(44.6)
Manufacturing	1,737	13.8	1,934	16.7	196	11.3
Information & Communications Services and others	1,497	11.9	1,763	15.2	265	17.7
	2,524	20.0	2,291	19.8	(233)	(9.2)
Total	12,612	100.0	11,600	100.0	(1,012)	(8.0)

(note) The above amounts display net sales to external customers.

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