

Note: This document is a partial translation of "Kessan Tanshin" for the Fiscal Year Ended December 31, 2023 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 Fiscal Year Ended December 31, 2023 (Japanese GAAP)

February 13, 2024

Company Name: CAC Holdings Corporation  
Code Number: 4725

Stock Exchange: Tokyo Stock Exchange  
URL: <https://www.cac-holdings.com/>

Representative: Ryota Nishimori, President and Chief Executive Officer

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Scheduled date of annual general meeting of shareholders:

March 27, 2024

Scheduled date of dividend payment:

March 28, 2024

Scheduled date to submit the annual securities report (Yukashoken Hokokusho): March 28, 2024

Supplementary documents for financial results: Yes (on the website of CAC Holdings)

Financial results briefing: Yes (for institutional investors and analyst)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 through December 31, 2023)

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	50,539	5.4	3,327	4.4	3,118	(1.3)	2,473	18.1
December 31, 2022	47,971	0.1	3,187	(13.8)	3,158	(13.9)	2,093	(15.4)

(Note) Comprehensive income Year ended December 31, 2023 4,639 million yen (-%) Year ended December 31, 2022 (1,235) million yen (-%)

Year ended	Profit per share		Profit per share (fully diluted)		Return on equity	Total assets ordinary profit ratio		Net sales operating profit ratio	
	Yen	Sen	Yen	Sen		%	%	%	%
December 31, 2023	145.24	—	—	—	8.2	6.7	6.6	6.6	
December 31, 2022	123.60	—	—	—	7.1	6.9	6.6	6.6	

(Reference) Share of profit (loss) of entities accounted for using equity method

Year ended December 31, 2023 34 million yen

Year ended December 31, 2022 31 million yen

#### (2) Consolidated Financial Position

As of	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	%	Million yen	%	%	Yen	Sen	
December 31, 2023	48,532	65.8	32,346	65.8	65.8	1,873.73	—	
December 31, 2022	44,213	64.7	29,300	64.7	64.7	1,683.23	—	

(Reference) Shareholders' equity As of December 31, 2023 31,939 million yen

As of December 31, 2022 28,620 million yen

#### (3) Consolidated Cash Flows

Year ended	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at the end of the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	594	—	1,247	—	(2,070)	—	11,029	—
December 31, 2022	2,625	—	(591)	—	(1,711)	—	10,879	—

### 2. Dividends

Year ended	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Net asset dividend rate (consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	End of the 4th quarter	Annual			
December 31, 2022	—	30.00	—	30.00	60.00	1,018	48.5	3.4
December 31, 2023	—	40.00	—	40.00	80.00	1,378	55.1	4.5
Year ending December 31, 2024 (Forecast)	—	40.00	—	40.00	80.00	—	54.5	—

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 through December 31, 2024)

From the fiscal year ending December 31, 2024, the Group will adopt adjusted EBITDA, which reflects core earnings potential, as a KPI. Going forward, the Company will disclose its forecast of consolidated financial results in terms of net sales and adjusted EBITDA. For details, please see "1. Summary of Business Results etc. (1) Analysis of operating results [Outlook]."

\* Adjusted EBITDA= Operating profit + Depreciation + Goodwill amortization + Share-based payment expenses

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

Full-year	Net sales		Adjusted EBITDA	
	Million yen	%	Million yen	%
	51,500	1.9	4,500	8.6

\* Notes

(1) Important changes in subsidiaries for the fiscal year ended December 31, 2023 (changes in specified subsidiaries resulting in a change in the scope of consolidation): Not applicable

(2) Changes in accounting principles and changes or restatements of accounting estimates

(i) Changes in accounting principles due to the amendment of accounting standards, etc.: Yes

(ii) Changes in accounting principles other than (i): Not applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatements of accounting estimates: Not applicable

(3) Number of shares outstanding (common shares)

(i) Total number of shares outstanding (including treasury shares) as of the end of each period:

As of December 31, 2023 20,541,400 shares

As of December 31, 2022 20,541,400 shares

(ii) Total number of treasury shares as of the end of each period:

As of December 31, 2023 3,495,738 shares

As of December 31, 2022 3,537,978 shares

(iii) Average number of issued shares for each period (cumulative period)

Fiscal year ended December 31, 2023 17,031,983 shares

Fiscal year ended December 31, 2022 16,941,207 shares

(Note) The Company introduced an Employee Stock Ownership Plan (J-ESOP). The number of shares in the Company held by the J-ESOP trust is included in the number of the treasury shares that are excluded from the calculation of the number of treasury shares as of the end of the period and the average number of issued shares during the period.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 through December 31, 2023)

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

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	3,214	92.9	1,621	2,362.9	1,654	1,216.2	2,686	88.3
December 31, 2022	1,666	21.2	65	215.2	125	(51.2)	1,426	63.5

Year ended	Profit per share	Profit per share (fully diluted)
	Yen Sen	Yen Sen
December 31, 2023	157.76	—
December 31, 2022	84.22	—

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen Sen
December 31, 2023	28,710	24,624	85.8	1,444.62
December 31, 2022	24,857	22,143	89.1	1,302.31

(Reference) Shareholders' equity As of December 31, 2023 24,624 million yen

As of December 31, 2022 22,143 million yen

\* 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.
- Financial result briefing for institutional investors and analyst is scheduled to be held on February 13, 2024. Material in the briefing is posted on the CAC Holdings website.

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## 1. Summary of Business Results etc.

### (1) Analysis of operating results

Operating results for the fiscal year under review

During the fiscal year under review (January 1, 2023 to December 31, 2023), net sales increased 5.4% year on year, to ¥50,539 million, mainly due to a large-scale project at the Indian subsidiary and foreign exchange effects, despite the impact of deconsolidation in the domestic IT business. Operating profit rose 4.4% year on year, to ¥3,327 million, due to increased profit in the overseas IT business, which offset higher selling, general and administrative expenses due to investments to establish the foundations for growth under the Medium-term Management Plan launched the previous fiscal year. Ordinary profit decreased 1.3% year on year, to ¥3,118 million. Profit attributable to owners of parent amounted to ¥2,473 million, an increase of 18.1%, due to the posting of a gain on sale of investment securities under extraordinary income.

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. The Company has also changed, from the first three months of the fiscal year under review, its method for calculating segment profit. Consequently, the amounts of adjustment reflect corporate expenses that are not allocated to individual reportable segments. The figures for the previous fiscal year also reflect the same change.

Net sales

(Unit: million yen)

	Year ended December 31, 2022		Year ended December 31, 2023		YoY change	
	Net sales	%	Net sales	%	Net sales	%
Domestic IT Business	36,406	75.9%	35,905	71.0%	(501)	(1.4%)
Overseas IT Business	11,565	24.1%	14,633	28.9%	+3,068	+26.5%
TOTAL	47,971	100.0%	50,539	100.0%	+2,567	+5.4%

Segment profit

(Unit: million yen)

	Year ended December 31, 2022		Year ended December 31, 2023		YoY change	
	Segment profit	%	Segment profit	%	Segment profit	%
Domestic IT Business	3,668	10.1%	3,468	9.7%	(199)	(5.5%)
Overseas IT Business	1,089	9.4%	1,420	9.7%	+331	+30.4%
Adjustments	(1,569)	—	(1,561)	—	+8	—
TOTAL	3,187	6.6%	3,327	6.6%	+139	+4.4%

<Domestic IT>

Although the domestic IT business led by core subsidiary CAC Corporation performed solidly, net sales came to ¥35,905 million (down 1.4% year on year) due to the impact of the exclusion of one subsidiary from the scope of consolidation. Segment profit decreased 5.5% year on year, to ¥3,468 million, reflecting an increase in selling, general and administrative expenses due mainly to acceleration in investment in human resources and the development of new businesses, with an eye to establishing foundations for growth, as well as the impact of deconsolidation.

<Overseas IT>

Net sales increased 26.5% year on year, to ¥14,633 million, primarily due to the posting of a large-scale project for a financial institution at the subsidiary in India. Segment profit amounted to ¥1,420 million (up 30.4% year on year) chiefly due to increased sales and improved profits as a result of progress with structural reform at the Indian subsidiary.

## Outlook

In light of the rapidly changing recent situation, the CAC Group has developed and is focusing on 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.

We will divide the period for realization of CAC Vision 2030 into the first half from FY2022 to FY2025 (hereinafter, “Phase 1”) and the second half from FY2026 to FY2030 (hereinafter “Phase 2”). With Phase 1 positioned as a period for generating stable revenue in our existing contracted business both in Japan and overseas and building a framework for continuously creating digital products and services in preparation for Phase 2, and with Phase 2 positioned as a period for reaping the results of the preparations and efforts in Phase 1, we have formulated and are implementing a Medium-Term Management Plan for each phase.

Under the current Medium-term Management Plan (FY2022-FY2025, Phase 1), the CAC Group is mainly focusing on securing stable revenues in existing contracted business both in Japan and overseas, and the implementation of three strategies, namely, establishing foundations for growth, enhancing profitability, and reviewing and developing corporate functions, to prepare for the creation of digital products and services in Phase 2 from FY2026. In addition, we adopted net sales, operating profit, operating profit margin, ROE, equity spread and DOE as KPIs, and set targets for each of them for FY2025, which is the final fiscal year of the current plan.

In Phase 2 from FY2026, the Group as a whole will aim to achieve high growth by developing the products and services business into a pillar of the CAC Group, and from FY2024, we will concentrate on strengthening our ability to generate cash so that we can continue making bold investments in Phase 2. As a result, we have decided to adopt adjusted EBITDA, which reflects core earnings potential, as a Group KPI in place of operating profit. Accordingly, we have also changed our FY2025 targets under the current Medium-term Management Plan as follows. Adjusted EBITDA is calculated as Operating profit + Depreciation + Goodwill amortization + Share-based payment expenses.

(Unit: million yen)

		Before the revision FY2025 targets	FY2025 targets
Net sales		58,000	58,000
Adjusted EBITDA (as % of sales)		— —	5,500 9.5%
ROE		10% or more	10% or more
Equity spread		2.5% or more	2.5% or more
DOE		5% level	5% level
Reference value	Depreciation	—	600-700
	Goodwill amortization	—	200-800
Forecasts are for reference purposes only as it is difficult to make predictions about the future.	Share-based compensation, etc.	—	400-700
	Operating profit (as % of sales)	5,000 8% or more	3,600-4,300* 6.2%-7.4%
	Profit (as % of sales)	— —	3,000-3,400 5.2%-5.9%

\* The effect of delayed generation of profit in the products and services business, investment in employee engagement, and other costs are anticipated.

For the fiscal year ending December 31, 2024, the Group expects that both the domestic and overseas IT businesses will remain solid. However, given factors such as continued investment to establish the foundations for future growth, the forecast of consolidated financial results for the fiscal year ending December 31, 2024 is as follows.

(Unit: million yen)

		FY2023 results	FY2024 forecasts	YoY change
Net sales		50,539	51,500	+1.9%
Adjusted EBITDA		4,143	4,500	+8.6%
(as % of sales)		8.2%	8.7%	+0.5pt
ROE		8.2%	8.3%	+0.1pt
Equity spread		1.2%	1.3%	+0.1pt
Annual dividend		80 yen	80 yen	0 yen
DOE		4.6%	4.7%	+0.1pt
Reference value	Depreciation	555	600	+45
	Goodwill amortization	146	150	+4
Forecasts are for reference purposes only as it is difficult to make predictions about the future.	Share-based compensation, etc.	114	250	+136
	Operating profit	3,327	3,500	+173
	(as % of sales)	6.6%	6.8%	+0.2pt
Forecasts are for reference purposes only as it is difficult to make predictions about the future.	Profit	2,473	2,500	+27
	(as % of sales)	4.9%	4.9%	0pt

## (2) Analysis of financial position

### (i) State of assets, liabilities and net assets

#### (Assets)

Total assets at the end of the consolidated fiscal year under review amounted to ¥48,532 million, an increase of ¥4,319 million from the end of the previous consolidated fiscal year.

Current assets increased ¥649 million, to ¥25,408 million. Major factors behind this change include increases of ¥2,646 million in notes and accounts receivable - trade and contract assets, and ¥206 million in merchandise, which were partially offset by decreases of ¥1,452 million in cash and deposits and ¥1,300 million in securities.

Non-current assets increased ¥3,669 million, to ¥23,124 million. Major factors behind this change include increases of ¥175 million in goodwill, ¥2,964 million in investment securities and ¥496 million in guarantee deposits.

#### (Liabilities)

Total liabilities at the end of the consolidated fiscal year under review amounted to ¥16,185 million, an increase of ¥1,272 million from the end of the previous consolidated fiscal year.

Current liabilities increased ¥3,358 million from the end of the previous fiscal year, to ¥12,558 million. Major factors behind this change include increases of ¥1,184 million in notes and accounts payable - trade, ¥2,000 million in current portion of long-term borrowings, and ¥281 million in accrued expenses, partially offset by a decrease of ¥297 million in asset retirement obligations.

Non-current liabilities decreased by ¥2,085 million to ¥3,627 million. Major factors for this change include decreases of ¥2,000 million in long-term borrowings and ¥617 million in retirement benefit liability, which offset an increase of ¥611 million in deferred tax liabilities.

#### (Net assets)

Net assets at the end of the consolidated fiscal year under review amounted to ¥32,346 million, an increase of ¥3,046 million from the end of the previous consolidated fiscal year. Major factors behind this change include an increase of ¥1,281 million in retained earnings reflecting a rise of ¥2,473 million due to profit attributable to owners of parent and a decrease of ¥1,191 million due to dividends of surplus, and increases of ¥1,058 million in valuation difference on available-for-sale securities and ¥626 million in foreign currency translation adjustment.

### (ii) State of cash flows

Cash flows in the consolidated fiscal year under review were as follows:

#### (Net cash from operating activities)

Net cash provided by operating activities stood at ¥594 million (¥2,031 million less than in the previous consolidated fiscal year). This was mainly due to having posted ¥3,981 million in profit before income taxes, depreciation of ¥554 million, and an increase of ¥1,303 million in notes and accounts payable - trade, against a gain on sale of investment securities of ¥1,449 million, an increase in notes and accounts receivable-trade of ¥2,087 million, and income taxes paid of ¥1,813 million.

#### (Net cash from investing activities)

Net cash provided by investing activities stood at ¥1,247 million (net cash used in investing activities of ¥591 million in the previous fiscal year). This was mainly due to a decrease in time deposits of ¥1,699 million, a decrease in securities of ¥1,300 million, and proceeds from the sale of investment securities of ¥1,780 million, against the purchase of property, plant and equipment of ¥484 million, the purchase of investment securities of ¥1,385 million, an increase in guarantee deposits of ¥548 million, purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥394 million, and payments for transfer of business of ¥548 million.

#### (Net cash from financing activities)

Net cash used in financing activities stood at ¥2,070 million (¥359 million more than in the previous consolidated fiscal

year). This was mainly due to a net decrease in short-term borrowings of ¥174 million, dividends paid of ¥1,187 million, and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥594 million.

As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at ¥11,029 million, up ¥149 million from the end of the previous consolidated fiscal year.

Cash flow indicators are as follows:

	FY2021	FY2022	FY2023
Shareholders' equity ratio (%)	65.1	64.7	65.8
Shareholders' equity ratio at fair value (%)	63.1	66.5	73.6
Ratio of interest-bearing debt to cash flows (years)	1.0	1.1	4.4
Interest coverage ratio (times)	39.9	31.4	8.5

\* The methods used to calculate the indicators are as follows:

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio at fair value: Market capitalization / Total assets
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows from operating activities
- Interest coverage ratio: Cash flows from operating activities / Interest payments

\* Each indicator is calculated based on consolidated financial figures.

\* Market capitalization is calculated by multiplying the closing stock price at the fiscal year-end by the total number of shares issued at the fiscal year-end.

\* Cash flows from operating activities is net cash provided by (used in) operating activities on the consolidated statement of cash flows.

\* Interest-bearing debt is all the debt with interest on the consolidated balance sheet. Interest payments is interest expenses on the consolidated statement of income.

### (3) Basic policy for profit sharing and dividends for the current and next fiscal years

The Company positions shareholder returns as an important management issue. With this in mind, to further clarify its stance on shareholder returns for the second year of the current medium-term management plan period (from fiscal year ended December 31, 2022 to fiscal year ending December 31, 2025) and beyond, it will determine dividend amounts according to the basic policy of aiming to achieve a dividend on equity ratio (DOE)\* at the 5% level while taking into consideration business performance in each fiscal year and economic conditions.

Based on the above, for the fiscal year under review, the Company plans to pay a year-end dividend of ¥40 per share, which, combined with the interim dividend, will bring the annual dividend to ¥80 per share and DOE to 4.6%. The dividend forecast for the fiscal year ending December 31, 2024 is ¥80 per share (¥40 at the end of the second quarter and ¥40 at the end of the fiscal year), which will mean DOE of 4.7%. This is based on the assumption that profit attributable to owners of parent, calculated based on the adjusted EBITDA in the consolidated financial results forecast, will be ¥2.5 billion.

\* Dividend on equity (DOE) ratio = Total amount of dividend / ((Equity at the beginning of a fiscal year + Equity at the end of the fiscal year)/2)

## 2. Basic Approach to Selecting Accounting Standards

The CAC Group will continue to prepare its consolidated financial statements under Japanese standards for the foreseeable future, taking into account the comparability of the terms of consolidated financial statements and the comparability among companies.

It will consider adopting IFRS in the future, taking domestic and overseas circumstances into consideration.



### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated balance sheet

(Unit: million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,491	11,039
Notes and accounts receivable - trade, and contract assets	9,287	11,934
Securities	1,300	–
Merchandise	56	262
Work in process	174	214
Supplies	14	7
Prepaid expenses	1,006	1,163
Other	745	1,086
Allowance for doubtful accounts	(316)	(299)
<b>Total current assets</b>	<b>24,758</b>	<b>25,408</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	898	1,065
Machinery, equipment and vehicles	88	89
Land	178	185
Other	324	360
<b>Total property, plant and equipment</b>	<b>1,489</b>	<b>1,701</b>
<b>Intangible assets</b>		
Software	508	412
Goodwill	763	939
Customer-related intangible assets	456	451
Other	127	98
<b>Total intangible assets</b>	<b>1,856</b>	<b>1,901</b>
<b>Investments and other assets</b>		
Investment securities	14,543	17,508
Long-term prepaid expenses	242	198
Guarantee deposits	208	705
Deferred tax assets	346	272
Other	770	840
Allowance for doubtful accounts	(3)	(3)
<b>Total investments and other assets</b>	<b>16,108</b>	<b>19,522</b>
<b>Total non-current assets</b>	<b>19,454</b>	<b>23,124</b>
<b>Total assets</b>	<b>44,213</b>	<b>48,532</b>

(Unit: million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,172	4,356
Short-term borrowings	606	476
Current portion of long-term borrowings	—	2,000
Lease liabilities	139	51
Accrued expenses	1,347	1,628
Income taxes payable	432	494
Accrued consumption taxes	503	317
Provision for bonuses	851	708
Provision for loss on orders received	—	12
Provision for loss on business of subsidiaries and associates	20	—
Asset retirement obligations	297	—
Other	1,827	2,511
<b>Total current liabilities</b>	<b>9,199</b>	<b>12,558</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,000	—
Lease liabilities	214	116
Retirement benefit liability	2,225	1,608
Asset retirement obligations	227	252
Deferred tax liabilities	875	1,487
Other	169	162
<b>Total non-current liabilities</b>	<b>5,713</b>	<b>3,627</b>
<b>Total liabilities</b>	<b>14,912</b>	<b>16,185</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,702	3,702
Capital surplus	3,749	3,943
Retained earnings	20,498	21,780
Treasury shares	(4,267)	(4,417)
<b>Total shareholders' equity</b>	<b>23,683</b>	<b>25,008</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,293	5,351
Foreign currency translation adjustment	461	1,087
Remeasurements of defined benefit plans	182	491
<b>Total accumulated other comprehensive income</b>	<b>4,936</b>	<b>6,930</b>
<b>Non-controlling interests</b>	<b>679</b>	<b>407</b>
<b>Total net assets</b>	<b>29,300</b>	<b>32,346</b>
<b>Total liabilities and net assets</b>	<b>44,213</b>	<b>48,532</b>

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(Unit: million yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Net sales	47,971	50,539
Cost of sales	36,370	38,253
Gross profit	11,601	12,285
Selling, general and administrative expenses	8,414	8,958
Operating profit	3,187	3,327
Non-operating income		
Interest income	44	126
Dividend income	67	75
Foreign exchange gains	118	18
Share of profit of entities accounted for using equity method	31	34
Gain on adjustment of accounts payable	43	23
Other	245	121
Total non-operating income	550	399
Non-operating expenses		
Interest expenses	83	69
Loss on investments in investment partnerships	386	436
Commitment fees	6	6
Other	102	94
Total non-operating expenses	579	608
Ordinary profit	3,158	3,118
Extraordinary income		
Gain on sale of investment securities	857	1,449
Gain on sale of shares of subsidiaries and associates	–	31
Reversal of provision for loss on business of subsidiaries and associates	152	13
Gain on reversal of asset retirement obligations	–	110
Other	–	25
Total extraordinary income	1,009	1,631
Extraordinary losses		
Loss on valuation of investment securities	224	–
Impairment losses	332	–
Loss on specific project measures	–	360
Office refurbishment expenses	–	407
Other	5	–
Total extraordinary losses	561	768
Profit before income taxes	3,606	3,981
Income taxes - current	1,106	1,184
Income taxes - deferred	345	123
Total income taxes	1,451	1,307
Profit	2,155	2,673
Profit attributable to non-controlling interests	61	199
Profit attributable to owners of parent	2,093	2,473

Consolidated statement of comprehensive income

(Unit: million yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Profit	2,155	2,673
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,467)	1,058
Foreign currency translation adjustment	385	601
Remeasurements of defined benefit plans, net of tax	(308)	306
Total other comprehensive income	(3,390)	1,965
Comprehensive income	(1,235)	4,639
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,304)	4,467
Comprehensive income attributable to non-controlling interests	69	171

## (3) Consolidated statement of changes in equity

Year ended December 31, 2022

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,702	3,735	19,408	(4,411)	22,434
Cumulative effects of changes in accounting policies			11		11
Restated balance	3,702	3,735	19,419	(4,411)	22,445
Changes during period					
Dividends of surplus			(1,014)		(1,014)
Profit attributable to owners of parent			2,093		2,093
Purchase of treasury shares					–
Disposal of treasury shares		14		144	158
Purchase of shares of consolidated subsidiaries					–
Net changes in items other than shareholders' equity					
Total changes during period	–	14	1,079	144	1,238
Balance at end of period	3,702	3,749	20,498	(4,267)	23,683

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,760	84	490	8,335	629	31,398
Cumulative effects of changes in accounting policies						11
Restated balance	7,760	84	490	8,335	629	31,410
Changes during period						
Dividends of surplus						(1,014)
Profit attributable to owners of parent						2,093
Purchase of treasury shares						–
Disposal of treasury shares						158
Purchase of shares of consolidated subsidiaries						–
Net changes in items other than shareholders' equity	(3,467)	377	(308)	(3,398)	50	(3,348)
Total changes during period	(3,467)	377	(308)	(3,398)	50	(2,110)
Balance at end of period	4,293	461	182	4,936	679	29,300

Year ended December 31, 2023

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,702	3,749	20,498	(4,267)	23,683
Cumulative effects of changes in accounting policies					–
Restated balance	3,702	3,749	20,498	(4,267)	23,683
Changes during period					
Dividends of surplus			(1,191)		(1,191)
Profit attributable to owners of parent			2,473		2,473
Purchase of treasury shares				(648)	(648)
Disposal of treasury shares		221		497	719
Purchase of shares of consolidated subsidiaries		(27)			(27)
Net changes in items other than shareholders' equity					
Total changes during period	–	193	1,281	(150)	1,324
Balance at end of period	3,702	3,943	21,780	(4,417)	25,008

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,293	461	182	4,936	679	29,300
Cumulative effects of changes in accounting policies						–
Restated balance	4,293	461	182	4,936	679	29,300
Changes during period						
Dividends of surplus						(1,191)
Profit attributable to owners of parent						2,473
Purchase of treasury shares						(648)
Disposal of treasury shares						719
Purchase of shares of consolidated subsidiaries						(27)
Net changes in items other than shareholders' equity	1,058	626	309	1,994	(271)	1,722
Total changes during period	1,058	626	309	1,994	(271)	3,046
Balance at end of period	5,351	1,087	491	6,930	407	32,346

## (4) Consolidated statement of cash flows

(Unit: million yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,606	3,981
Depreciation	580	554
Amortization of goodwill	196	146
Share of loss (profit) of entities accounted for using equity method	(31)	(34)
Loss (gain) on investments in investment partnerships	386	436
Impairment losses	332	—
Increase (decrease) in retirement benefit liability	301	(451)
Increase (decrease) in provision for bonuses	(95)	(108)
Increase (decrease) in allowance for doubtful accounts	(51)	(35)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(394)	(20)
Interest and dividend income	(111)	(201)
Interest expenses	83	69
Loss (gain) on sale of investment securities	(857)	(1,449)
Loss (gain) on sale of shares of subsidiaries and associates	—	(31)
Loss (gain) on valuation of investment securities	224	—
Decrease (increase) in trade receivables	(432)	(2,087)
Decrease (increase) in inventories	175	(236)
Decrease (increase) in other current assets	181	(239)
Increase (decrease) in trade payables	354	1,303
Increase (decrease) in accrued expenses	76	246
Increase (decrease) in other current liabilities	(372)	(60)
Decrease (increase) in other non-current assets	(40)	(0)
Increase (decrease) in other non-current liabilities	37	(43)
Other, net	(378)	422
Subtotal	3,773	2,161
Interest and dividends received	116	210
Interest paid	(47)	(70)
Income taxes paid	(1,294)	(1,813)
Income taxes refund	78	106
Net cash provided by (used in) operating activities	2,625	594

(Unit: million yen)

	Year ended December 31, 2022	Year ended December 31, 2023
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,370)	1,699
Purchase of property, plant and equipment	(103)	(484)
Purchase of intangible assets	(147)	(43)
Net decrease (increase) in short-term investment securities	(200)	1,300
Purchase of investment securities	(385)	(1,385)
Purchase of shares of subsidiaries and associates	–	(34)
Proceeds from sale of investment securities	1,526	1,780
Proceeds from distributions from investment partnerships	5	64
Decrease (increase) in guarantee deposits	30	(548)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(394)
Payments for asset retirement obligations	–	(163)
Payments for acquisition of businesses	–	(548)
Other, net	50	7
Net cash provided by (used in) investing activities	(591)	1,247
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(177)	(174)
Repayments of lease obligations	(145)	(74)
Dividends paid	(1,020)	(1,187)
Dividends paid to non-controlling interests	(19)	(40)
Purchase of treasury shares	–	(648)
Proceeds from sale of treasury shares	–	648
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(348)	(594)
Net cash provided by (used in) financing activities	(1,711)	(2,070)
Effect of exchange rate change on cash and cash equivalents	189	335
Net increase (decrease) in cash and cash equivalents	511	108
Cash and cash equivalents at beginning of period	10,367	10,879
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	41
Cash and cash equivalents at end of period	10,879	11,029



## (5) Notes to the Consolidated Financial Statements

### (Notes on going concern assumption)

Not applicable

### (Basic and important matters in preparing the consolidated financial statements)

#### 1. Matters regarding scope of consolidation

##### (1) Number of consolidated subsidiaries and name of major consolidated subsidiaries

Number of consolidated subsidiaries: 20 companies

Names of major consolidated subsidiaries

CAC Corporation

ARK Systems Co., Ltd.

CAC ORBIS Corporation

CAC AMERICA CORPORATION

CAC EUROPE LIMITED

CAC SHANGHAI CORPORATION

Inspirisys Solutions Limited

Mitrais Pte. Ltd.

CAC MARUHA NICHIRO SYSTEMS CORPORATION (changed its trade name to MARUHA NICHIRO SOLUTIONS on April 1, 2023), which was previously a consolidated subsidiary, was excluded from the scope of consolidation from the fiscal year under review as a result of the transfer of all shares held.

M.Heart Co. Ltd., which was previously an affiliated company accounted for using the equity method, was included in the scope of consolidation from the fiscal year under review because it became a subsidiary due to an increase in the shareholding ratio.

##### (2) Names, etc. of non-consolidated subsidiaries

Names of non-consolidated subsidiaries

CAC Venture Capital Management, Inc.

Fenox Venture Company XI, L.P.

CAC CAPITAL CORPORATION

CAC CAPITAL Investment Limited Partnership

CAC SHANGHAI CORPORATION

CAC SHANGHAI CORPORATION

Reason for exclusion from the scope of consolidation

The non-consolidated subsidiaries are excluded from the scope of consolidation because they are small-scale companies and the aggregation of their total assets, net sales, profit/loss (corresponding to the Company's equity interest), or retained earnings (corresponding to the Company's equity interest) does not have any significant impact on the consolidated financial statements.

#### 2. Matters related to the application of the equity method

##### (1) Number and names of affiliates accounted for using equity method

Number of affiliates accounted for using equity method: 3 companies

Names of companies

CEN SOLUTIONS Co., Ltd.

YUASA SYSTEM SOLUTIONS Co., Ltd.

Shine Co., Ltd.

Shine Co., Ltd. was included in the scope of application of the equity method from the fiscal year under review due to acquisition of shares for the first time.

(2) Names, etc. of non-consolidated subsidiaries and affiliates to which the equity method does not apply

Names of companies

(i) Non-consolidated subsidiaries

CAC Venture Capital Management, Inc.  
Fenox Venture Company XI, L.P.  
CAC CAPITAL CORPORATION  
CAC CAPITAL Investment Limited Partnership  
CAC SHANGHAI CORPORATION  
CAC SHANGHAI CORPORATION

(2) Affiliates

BearMedi Inc.

Reason for not applying the equity method

The non-consolidated subsidiaries and affiliates to which the equity method does not apply are excluded from the scope of application of the equity method because profit/loss (corresponding to the Company's equity interest) and retained earnings (corresponding to the Company's equity interest), among other factors, at respective companies have only an insignificant impact on the consolidated profit/loss and they are of little importance overall.

3. Fiscal years of consolidated subsidiaries

Consolidated subsidiaries whose account closing dates are different from the consolidated closing date are as follows.

Company name	Balance date
Inspirisys Solutions Limited including its six subsidiaries	March 31 (Note)

(Note) Financial statements based on the provisional closing of accounts as of the consolidated closing dates were used.

(Changes in accounting policies)

The Company started to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance") at the beginning of the fiscal year under review. Moving forward, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard Implementation Guidance in accordance with transitional measures stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. The application of the accounting standard has no impact on the consolidated financial statements.

(Additional information)

(Transactions of delivering the Company's shares to employees, etc. through the trust)

(1) Overview of transaction

The Company and some of its consolidated subsidiaries introduced an Employee Stock Ownership Plan (J-ESOP) (hereinafter referred to as the "Plan") as an incentive program to grant the Company's stock to employees, etc. (includes employees of the Company and directors and employees of some consolidated subsidiaries; the same applies hereinafter) for the purpose of more strongly linking the compensation of employees, etc. to the Company's stock price and financial results and increasing their motivation and morale to improve the Company's stock price and financial results.

The Plan is a system that provides benefits in the form of the Company's stock to employees, etc. who meet certain requirements in accordance with the stock benefit regulations established by the Company and some consolidated subsidiaries.

The Company and some of its consolidated subsidiaries award points to employees, etc. according to the business performance, among other factors. If employees, etc. meet certain conditions for receiving shares of the Company's stock, they will receive shares from the Company in relation to the points they have earned. The shares to be granted to employees, etc. shall be acquired, including the future portion, using money set aside in advance in a trust, and shall be segregated and managed as trust assets.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value and number of these treasury shares were ¥648 million and 370,000 shares, respectively, as of December 31, 2023.

## (Segment information)

### 1. Outline of reportable segments

The Company's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic review to enable organs which make decisions on business execution to decide how to allocate resources and assess performance.

The Group is mainly engaged in the business of IT services in Japan and overseas. Accordingly, the Group operates across two segments: Domestic IT and Overseas IT.

Details of each reportable segment are as follows.

- Domestic IT Business Our subsidiaries in Japan provide system development services, system operation and management services, human resource BPO services, and other services.
- Overseas IT Business Our subsidiaries overseas provide services including systems development services, systems operation and management services, and maintenance services.

### (Matters related to changes in reportable segments)

To evaluate business performance more appropriately by reportable segment, we started to post our general and administrative expenses in the segment profit adjustment as corporate expenses, instead of allocating them to each reportable segment, in the fiscal year under review.

Segment information for the previous fiscal year has been restated to reflect the change to a method for calculating segment profit or loss.

### 2. Method used to calculate net sales, profit (loss), assets, liabilities and other items by reportable segment

Accounting methods for the reported business segments are almost the same as those used for the preparation of consolidated financial statements.

The profit for reportable segments is operating profit. Internal income and the transfer amount among the segments are based on the actual market prices.

3. Information by segment pertaining to net sales, profit (loss), assets, liabilities and other items by reportable segment  
Previous fiscal year (January 1, 2022 to December 31, 2022)

(Unit: million yen)

	Reportable segment			Adjustments (Notes 1 and 2)	Amount on consolidated financial statements (Note 3)
	Domestic IT Business	Overseas IT Business	Total		
Net sales					
Net sales to external customers	36,406	11,565	47,971	–	47,971
Intersegment sales or transfers	320	1,710	2,031	(2,031)	–
Total	36,727	13,276	50,003	(2,031)	47,971
Segment profit	3,668	1,089	4,757	(1,569)	3,187
Segment assets	15,896	11,001	26,897	17,315	44,213
Other					
Depreciation	253	312	566	14	580
Increase in property, plant and equipment and intangible assets	143	107	250	–	250

(Notes) 1. An adjustment to segment profit in the amount of ¥(1,569) million reflects corporate expenses that are not allocated to individual reportable segments.

2. The adjustments in segment assets and other are corporate assets and mainly consist of assets held by the Company.

3. Segment profit is reconciled to operating profit stated in the consolidated statements of income.

Fiscal year under review (January 1, 2023 to December 31, 2023)

(Unit: million yen)

	Reportable segment			Adjustments (Notes 1 and 2)	Amount on consolidated financial statements (Note 3)
	Domestic IT Business	Overseas IT Business	Total		
Net sales					
Net sales to external customers	35,905	14,633	50,539	–	50,539
Intersegment sales or transfers	251	1,416	1,667	(1,667)	–
Total	36,156	16,050	52,206	(1,667)	50,539
Segment profit	3,468	1,420	4,888	(1,561)	3,327
Segment assets	13,952	13,182	27,135	21,397	48,532
Other					
Depreciation	213	323	536	17	554
Increase in property, plant and equipment and intangible assets	240	137	377	150	528

(Notes) 1. An adjustment to segment profit in the amount of ¥(1,561) million reflects corporate expenses that are not allocated to individual reportable segments.

2. The adjustments in segment assets and other are corporate assets and mainly consist of assets held by the Company.

3. Segment profit is reconciled to operating profit stated in the consolidated statements of income.

(Per share information)

Item	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Net assets per share	1,683.23 yen	1,873.73 yen
Profit per share	123.60 yen	145.24 yen

(Notes) 1. Diluted profit per share is not stated because there is no potential dilution.

2. The following is the basis of calculating profit per share.

Item	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Profit attributable to owners of parent (million yen)	2,093	2,473
Amount not belonging to common shareholders (million yen)	–	–
Profit attributable to owners of parent pertaining to common shares (million yen)	2,093	2,473
Average number of common shares during the period (shares)	16,941,207	17,031,983

3. The shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets under the Employee Stock Ownership Plan (J-ESOP) are included in treasury shares that are subtracted from the total number of issued shares at the end of the period for the calculation of net assets per share. Also, in calculating profit per share, the shares of the Company's stock held by the J-ESOP are included in treasury shares that are deducted in the calculation of the average number of issued shares during the period.

For the purpose of calculating net assets per share, the number of shares at the end of the period of deducted treasury shares was 370,000 in the fiscal year under review and, for the purpose of calculating profit per share, the average number during the period of the deducted treasury shares was 35,479 in the fiscal year under review.

(Material subsequent events)

Not applicable

#### 4. Other

##### (1) Consolidated Orders Received by Segment

(Unit: million yen)

	Year ended December 31, 2022		Year ended December 31, 2023		YoY change	
	Amount	Vs total (%)	Amount	Vs total (%)	Amount	%
Domestic IT	37,540	75.8%	37,532	68.7%	(8)	(0.0%)
Overseas IT	11,971	24.2%	17,117	31.3%	5,146	43.0%
Total	49,512	100.0%	54,650	100.0%	5,137	10.4%

(Note) Orders Received in relation to external customers

##### (2) Consolidated Order Backlog by Segment

(Unit: million yen)

	As of December 31, 2022		As of December 31, 2023		YoY change	
	Amount	Vs total (%)	Amount	Vs total (%)	Amount	%
Domestic IT	9,435	71.1%	10,519	62.5%	1,083	11.5%
Overseas IT	3,836	28.9%	6,319	37.5%	2,483	64.7%
Total	13,272	100.0%	16,839	100.0%	3,567	26.9%

(Note) Order backlog in relation to external customers

##### (3) Consolidated Net Sales by Industry

(Unit: million yen)

	Year ended December 31, 2022		Year ended December 31, 2023		YoY change	
	Amount	Vs total (%)	Amount	Vs total (%)	Amount	%
Financial services	15,033	31.3%	18,382	36.4%	3,349	22.3%
Pharmaceuticals	8,135	17.0%	8,449	16.7%	314	3.9%
Manufacturing	7,693	16.0%	7,027	13.9%	(665)	(8.7%)
Information & communications	7,528	15.7%	7,130	14.1%	(398)	(5.3%)
Services and others	9,580	20.0%	9,549	18.9%	(31)	(0.3%)
Total	47,971	100.0%	50,539	100.0%	2,567	5.4%

(Note) Net sales to external customers