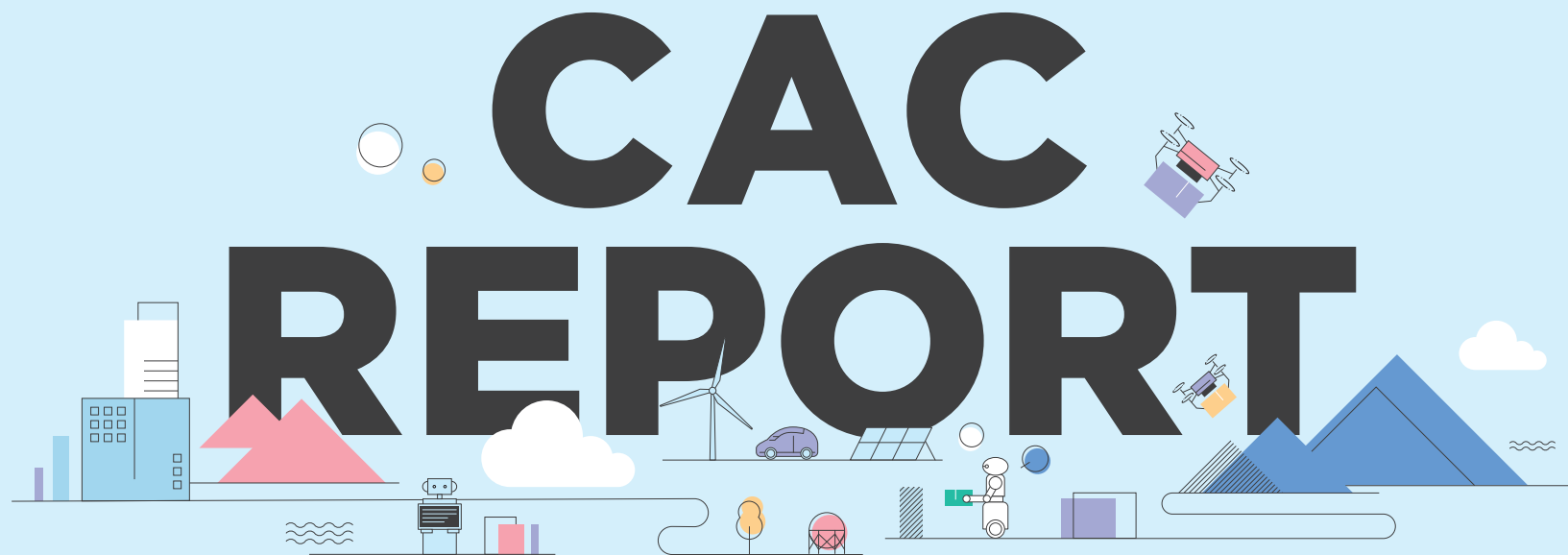


CAC REPORT



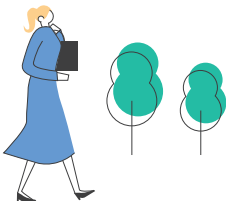
2024

Integrated Report for the Fiscal Year Ended December 31, 2023

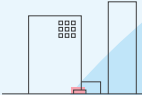
CAC Holdings Corporation

Group Corporate Philosophy

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

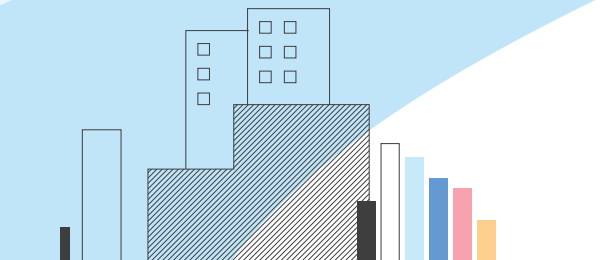
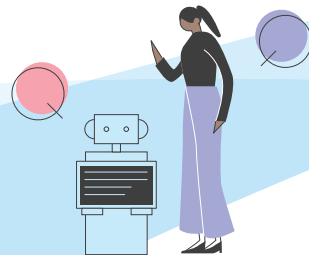
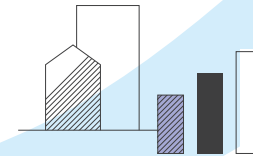
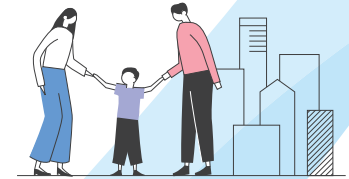


Who we are	Our Mission	01	Our Business	CAC Group Businesses	20
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Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas

We will take on challenges with pride and responsibility for our work. By combining leading-edge technologies with innovative ideas, without being bound by precedent or preconceptions, we continue to tackle social issues. By making a positive impact continually, we can definitely enrich society. We will make changes, together with people who share the same values.



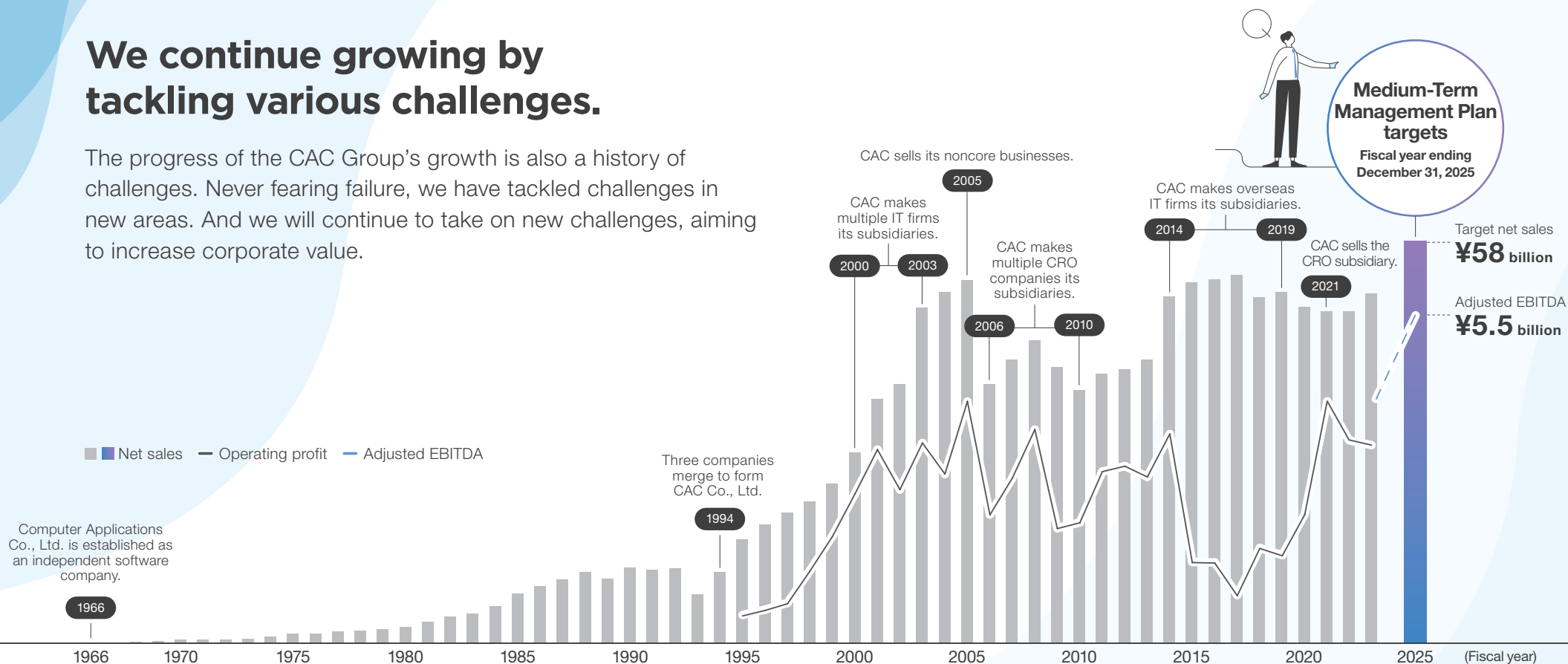
*Let's make an **Impact.***

CAC Vision 2030

P.10

We continue growing by tackling various challenges.

The progress of the CAC Group's growth is also a history of challenges. Never fearing failure, we have tackled challenges in new areas. And we will continue to take on new challenges, aiming to increase corporate value.



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

1994 Merger of three Companies

Computer Applications Co., Ltd. merges with two Group companies to form CAC Co., Ltd.

2000- IT system

Acquisition of IT affiliates as systems divisions of companies such as Maruha Nichiro Corporation and Toyo Tire Corporation and converting them into subsidiaries of the CAC Group

2006- BPO/BTO

Investments, business acquisitions, and business integration in CRO as a growth field

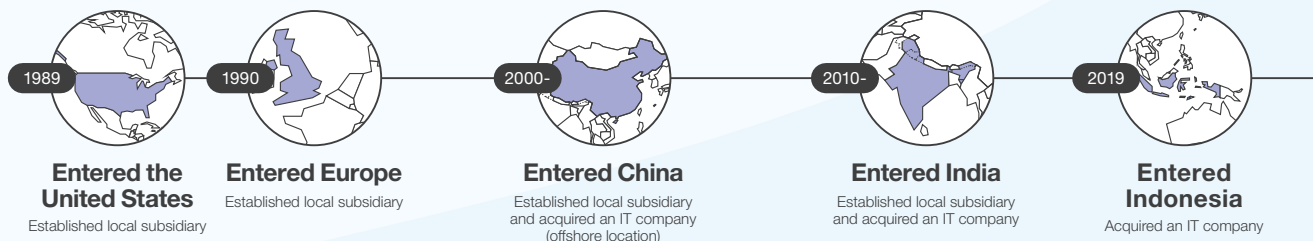
2014- Overseas

Investment in overseas IT companies

2021- IT Specialization

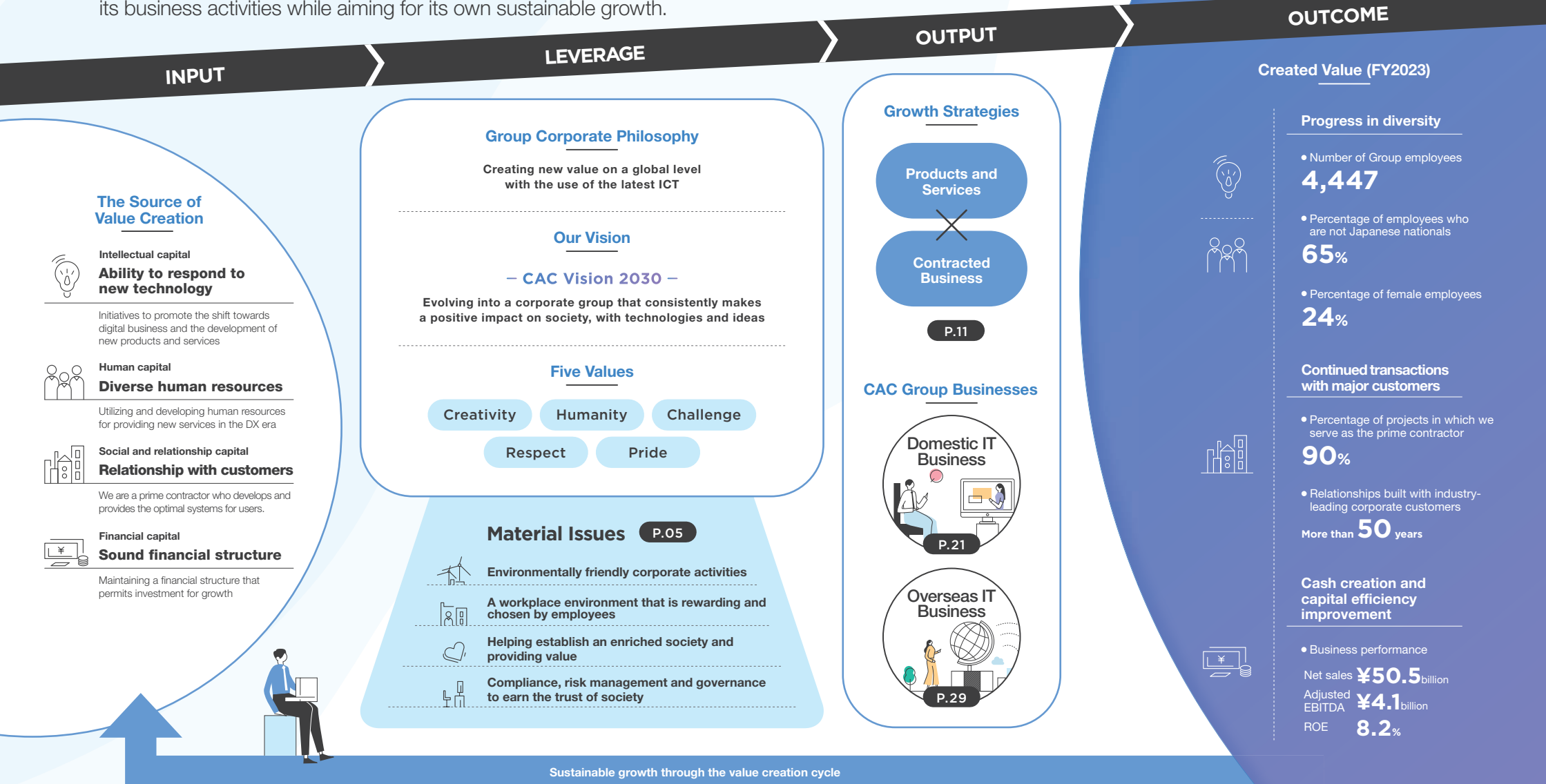
Sale of CRO business company and concentration of management resources on IT business

Expanded overseas before other Japanese companies



Value Creation Process

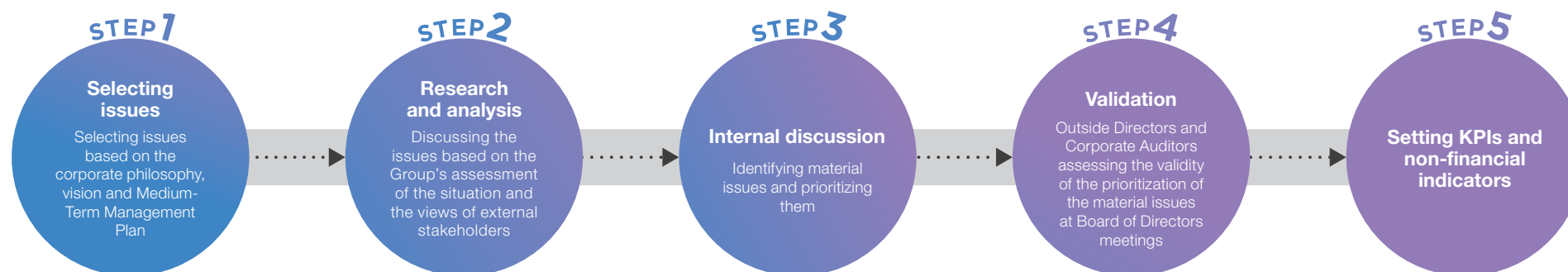
The CAC Group identifies social needs and challenges and works to contribute solutions to them through its business activities while aiming for its own sustainable growth.



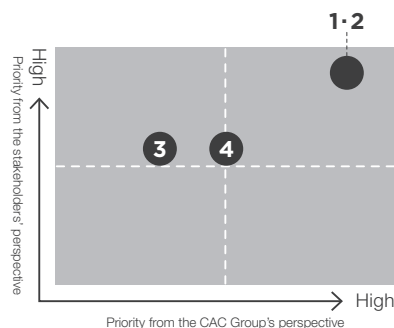
Material Issues

The CAC Group identified and prioritized material issues and set goals (company-wide) in 2022 to contribute to the establishment of a sustainable society and pursue the growth of the Company together with its stakeholders through business activities leveraging the Company's highly qualified IT personnel under its corporate philosophy and CAC Vision 2030.

Process for identifying material issues



Priority Material Issues



Solving social issues through business activities

Item	Goal	Related SDGs
1 A workplace environment that is rewarding and chosen by employees	1 Providing healthy and safe workplaces 2 Diversity and inclusion to respect the values of individual employees 3 Human resources development: building systems and developing human resources	
2 Helping establish a enriched society and providing value	1 Solving social issues using IT 2 Creating new value by creating new businesses with business partners 3 Promoting employment in regional areas and the revitalization of local communities through the creation of businesses with communities	

Foundation for value creation

Item	Goal	Related SDGs
3 Environmentally friendly corporate activities	1 Environmentally friendly investment and procurement 2 Resource and energy conservation in business activities	
4 Compliance, risk management and governance to earn the trust of society	1 Compliance with laws, regulations and social norms 2 Governance to ensure fair and transparent decision making, the fulfillment of social responsibilities to stakeholders, and appropriate decision making. 3 Ongoing risk and crisis management 4 Maintaining and improving a healthy financial base	

CEO MESSAGE

Towards a new CAC Group that continually produces value for society

Striving toward our 2030 vision

I am Ryota Nishimori, President and CEO. Since it was founded in 1966, the CAC Group has been operating in the rapidly changing IT industry while accumulating knowledge and technologies related to various industries and operations in the process of providing IT services enabling customer growth. At the same time, the Group has pursued growth under its own initiative by proactively expanding overseas, developing into a corporate group with more than 4,000 employees.

Digital transformation (DX) is recognized and promoted not only in business but in general. However in Japan, only a subset of companies have developed services utilizing digital technologies, or rebuilt their business processes and organizational structures to adapt to the digital world.



President & CEO
Ryota Nishimori

We recognize that there are still many companies and government bodies that are in the developmental stages of digital transformation. That is why the role we play as system integrators will continue to grow in the future, and without doubt this represents significant opportunities for the CAC Group.

While we are committed to firmly embracing these changes, because we are operating in a time of abundant opportunities, I feel it is the time to further strengthen the foundations to build an organization that continues to grow sustainably without being influenced by short-term fluctuations.

In CAC Vision 2030, our roadmap for the CAC Group in 2030, we state: Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas. Going forward, we will continue to embrace change, build upon daily efforts together with employees and boldly take on new challenges to become an organization that makes use of evolving technologies while transforming society with our own new ideas.

Our growth strategy of establishing a products & services base has achieved more progress than initially planned.

FY2023 was the second year of Phase 1 (FY2022 to FY2025) toward the realization of CAC Vision 2030. Phase 1 is the first step toward the realization of high growth, which will be implemented in Phase 2 (FY2026 to FY2030), and toward the CAC Vision 2030. We position Phase 1 as an important period during which we will lay a strong foundation.

The growth strategy of this Phase 1, to establish a products & services base, represents measures to continually create new value through new products, new services and other endeavors. While many companies have pursued such new business development to date, the truth is that we have heard of few success stories. That is why we studied past cases, consulted experts for insight and built a system that allows employees to freely submit

ideas based on imaginative thinking. As a result, during FY2023 we collected hundreds of submissions and were able to launch six of them as new services. In FY2024 we will continue to collect new and innovative ideas. At the same time, over a two year period up to FY2025 we plan to conduct careful market research and home in on target users for the new services that have launched, in order to steadily put these new endeavors on the road to profitability.

Meanwhile, we have also made progress with the development of managed services. This has involved integrated services such as system maintenance, management and operation that represent our existing business, and developing them into a menu of services to be provided on a contract basis, as new services. We thoroughly considered these changes together with existing customers, and consequently the switchover went smoothly and has also yielded positive results, including the ability to acquire new customers. As a result, in FY2023 the Products and Services Business achieved its FY2025 sales target of 5 billion yen two years ahead of schedule.

We also actively engaged in the concentration and selection of businesses as part of our increased profitability strategy.

We started by newly establishing the Global Strategy Division to supervise overseas businesses Groupwide. In particular, we took steps to liquidate unprofitable businesses, including the liquidation of a Dubai-based sub-subsidiary as part of structural reforms to an Indian subsidiary. We have also taken more in-depth steps to analyze and determine

the effectiveness of plans formulated by the Indian subsidiary, including the decision to close products deemed clearly unprofitable. Profit has improved considerably as a result. While these structural reforms are still a work in progress, as we head towards FY2026 when Phase 2 of the Medium-term Management Plan will commence, we will further pursue increased profitability in overseas markets, where we see greater room for growth than the domestic market.

Additionally, to streamline management in Japan we have reduced office space in our head office building, where employee remote work practices have taken root. This is expected to cut expenses by 500 million yen from FY2024 annually.

People are our greatest assets. We will create a workplace where employees can reach their full potential.

The most important thing to us in the CAC Group is people. The growth of employees directly represents the growth of the CAC Group. That's why in FY2023 we continued to strengthen recruitment efforts while promoting human resource development, including the running of next-generation leader development and women's empowerment programs.

According to a report issued by the Ministry of Economy, Trade and Industry, by the year 2030 there may be a shortage of up to 790,000 IT workers. Even today, DX



investment is being recommended to cover worker shortages, and various IT investments such as AI and the use of cloud environments are rapidly accelerating. But as this report states, if there is a shortage of IT workers there is a risk that the utilization of IT will not proceed, leading to a negative chain of events including lower productivity. Even if the shortfall could be covered to some extent with generative AI and other technologies, those measures would only cover a small fraction of the work for which system engineers are responsible.

Under these circumstances, over the past several years the CAC Group has continued to work on developing human resources to cope with ever-evolving technologies, and now we are seeing signs of growth in our junior employees. In addition, by bringing and supplementing care human resources from outside we have been able to launch various projects without issue, and this has yielded results including rising profit margins that exceed the break-even point.

What's more, in the IT industry, which has a high worker mobility, the turnover rate is said to be over 10%, but the CAC Group has maintained a low turnover rate in the 5% range. I believe this reflects the fact that upfront investment in human capital unites people with organizations, and allows both the organization and its people to contribute to one another's growth. In fact, we survey our employees on engagement twice a year, and the results of these efforts are also borne out in figures derived from these surveys.

As part of effects to further enhance employee engagement, starting in FY2023

we newly established a system to distribute shares in the Company among domestic Group employees* as compensation at the end of the Medium-term Management Plan period. The primary purpose of this is to share the joy of achieving our plans among all employees, but personally, I have great hopes that holding shares in the Company will provide employees with an opportunity to learn the point of view of management. By looking at the Group as a whole or the business they are personally involved with from the same perspective as shareholders or management, perhaps not only the way employees approach their jobs but their achievement rate of the Medium-term Management Plan itself will see significant changes.

While it is unnecessary to take the good with the bad when it comes to share prices, I hope it leads to employees going about their work with an awareness that share prices are like a report card from shareholders.

* Applies to employees of domestic subsidiaries

From FY2024, we will focus on generating cash. Our earning power has a promising future.

Our focus from FY2024 will be on earning power. We will strengthen our ability to generate cash.

To make the Products & Services Business one of the pillars of the CAC Group by FY2030, we need to develop the strength to make bold investments. By FY2025, we want to generate at least 5 billion yen in cash from

business activities each year, reaching a level where we can allocate that cash to investments during Phase 2, which will start from FY2026.

To accomplish that, we have adopted Adjusted EBITDA, which is an indicator of the ability to generate cash from business operations, as a KPI, and replaced operating profit and operating margin with this new KPI.

In modern corporate management, there is an emphasis on B/S-oriented management. We are in an age where companies are questioned about how much of their management resources are being invested to raise operating profit, or how they will use their limited management resources to generate profits, but going by the current status of the CAC Group, it is difficult to say that management resources are being utilized effectively. Moreover, we need to aggressively invest to achieve the 58 billion yen in net sales we have declared as a numerical target for FY2025, and M&A activities are an indispensable strategy for accomplishing this. By adopting adjusted EBITDA as our new KPI, our idea was to make it possible to quantitatively verify that we are properly generating cash and making upfront investments in future growth by converting cash, cash equivalents and investment securities into "earning assets," and in doing so reassure shareholders that they can continue to invest in us. I very much hope you will understand that this was a decision made in the interest of growth.

The Strategic Integration Division was established as a dedicated division comprising a small number of highly skilled people to actively pursue M&A activities. With this division playing a central role, we



aim to coordinate with members from other departments and operating companies to acquire companies that fulfill two aims: leading to the creation of products and services, and contributing to the building and operation of systems that will service as contracted businesses. Additionally, the Strategic Investment Committee, established internally, will carefully examine everything from feasibility to the valuation of each potential M&A target. Almost a year has passed since the committee was established, and since its judgment capabilities have steadily improved, I feel we have laid the foundations for further improving the probability of M&A success and the speed at which it develops.

We will contribute to the development of a sustainable society and achieve the growth of the CAC Group.

To achieve CAC Vision 2030, the CAC Group has summarized and prioritized its material issues. The Group has identified the following four material issues. **P.05**



- A workplace environment that is rewarding and chosen by employees
- Helping establish an enriched society and providing value
- Environmentally friendly corporate activities
- Compliance, risk management and governance to earn the trust of society

The first of these issues, a workplace environment that is rewarding and chosen by employees, truly relates to work style innovation itself. We are working to develop a corporate culture that respects the individual values of employees and frees them to speak their minds, while striving to establish a workplace environment that can share diversity by bringing together Managers to make recommendations to management. As a result, I feel that there has been an increase in the number of male leaders expressing support for their female colleagues, and the internal environment has become brighter and more comfortable to work in. In addition to cultivating IT workers, we are also spending time developing human resources who will manage the company in the future.

An example of the second issue, helping establish an enriched society and providing value, is Nagasaki City, where we maintain offices. This is a place where many of the issues faced by regional areas in Japan, such as aging society, are concentrated. As a result we work with foundations and companies based in Nagasaki City and Nagasaki Prefecture to promote initiatives to solve these issues. If we can produce results there, we

should be able to broaden the scope of our contributions to other regions and take more substantive action. As part of CSR activities, 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 particular, since 2017 the CAC Group has organized the CAC Cup (Student Boccia Exchange Tournament), a boccia tournament for students attending special needs schools in Tokyo, and recently we were accredited as one of the ten "model companies for Tokyo sports promotion." Rather than merely providing funding, having employees directly involved in providing support leads to individual growth and allows them to recognize the importance of diversity. In addition, from April 2024 we will add another boccia player to the other player currently at the company as part of efforts to further

promote the spread of the sport and support activities.

Regarding the third issue, environmentally friendly corporate activities, we have switched to green energy and are making efforts internally to use energy efficiently. We understand that this issue needs to be addressed not only in Japan but at our overseas subsidiaries as well.

We see the fourth issue, compliance, risk management and governance to earn the trust of society, as a matter of course for a company. To achieve our corporate philosophy and CAC Vision 2030, which represents the corporate vision we aspire to achieve in the medium-to long-term, the CAC Group has defined the Five Values as values to be shared among all employees. These Five Values represent how employees are expected to behave. We started to consider them based on the values we emphasize, and came upon five words that embody them: Creativity,

Humanity, Challenge, Respect and Pride.

These initiatives not only contribute to the sustainable growth of the CAC Group but also advance the sustainable development of society. We will spread these ideas throughout the company and tackle the challenges they pose throughout the Group, including overseas.

I think the CAC Group is now in its second founding phase. That's because unless we become a company that continually creates value for society through our own efforts rather than resting on the laurels of a corporate history that extends back almost six decades, we will enter an age in which sustainable growth is not possible. First, we will pour our energies into promoting change in the lead-up to 2030, aiming to become a company that is a shining example. I hope that we can count on the continued support of the valued shareholders who have supported our growth to date.



CAC Vision 2030

Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas

To achieve sustainable growth without being affected by short-term changes in the rapidly changing environment, in 2022 we discussed the direction the CAC Group should take in the decade ahead and the vision for the Group in 2030 and formulated CAC Vision 2030.

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 numerous digital solutions which have such a positive impact.

Positive impact

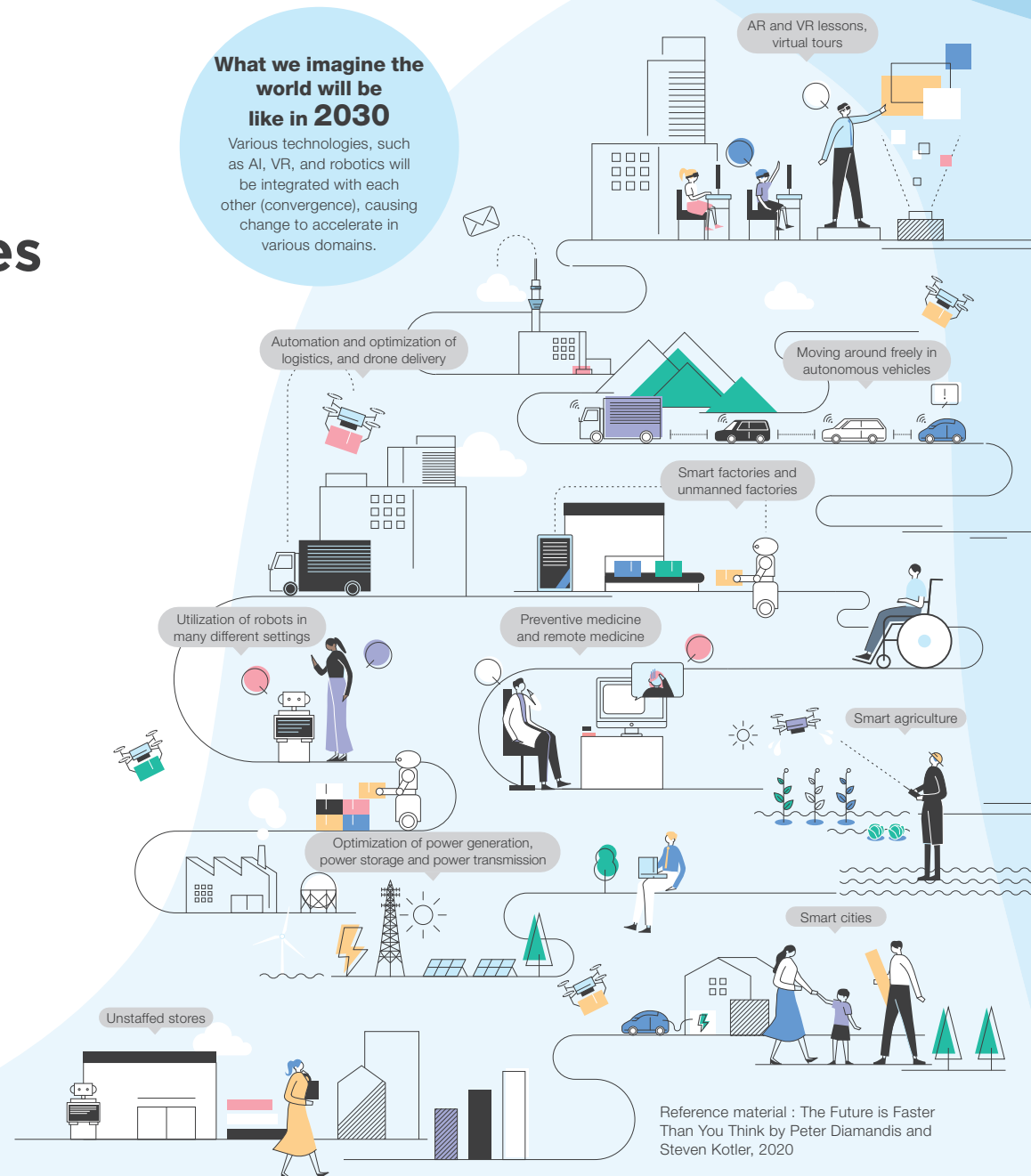
Providing the means through digital technology such as AI and IoT and data for people to be able to demonstrate their diverse imagination and creativity

Creation of digital solutions to social issues

Aiming to become a highly profitable, high-growth corporate Group through the creation and growth of numerous digital solutions which have a positive impact

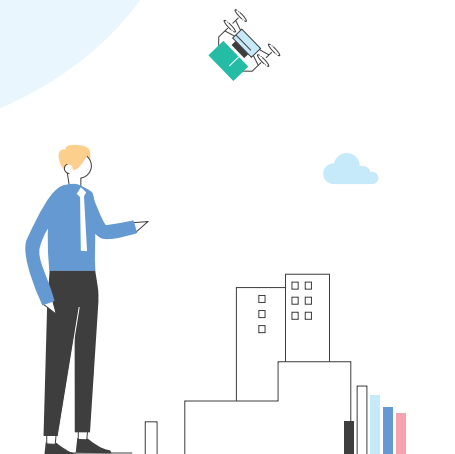
What we imagine the world will be like in 2030

Various technologies, such as AI, VR, and robotics will be integrated with each other (convergence), causing change to accelerate in various domains.



Reference material : The Future is Faster Than You Think by Peter Diamandis and Steven Kotler, 2020

: Current Medium-term Management Plan



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 will formulate and implement a Medium-term Management Plan for each phase.

Phase 1

FY2022-FY2025

Establishment of products & services base

- Generation of stable revenue in existing contracted business
- Establishment of framework for continuously producing new products & services for Phase 2

Phase 2

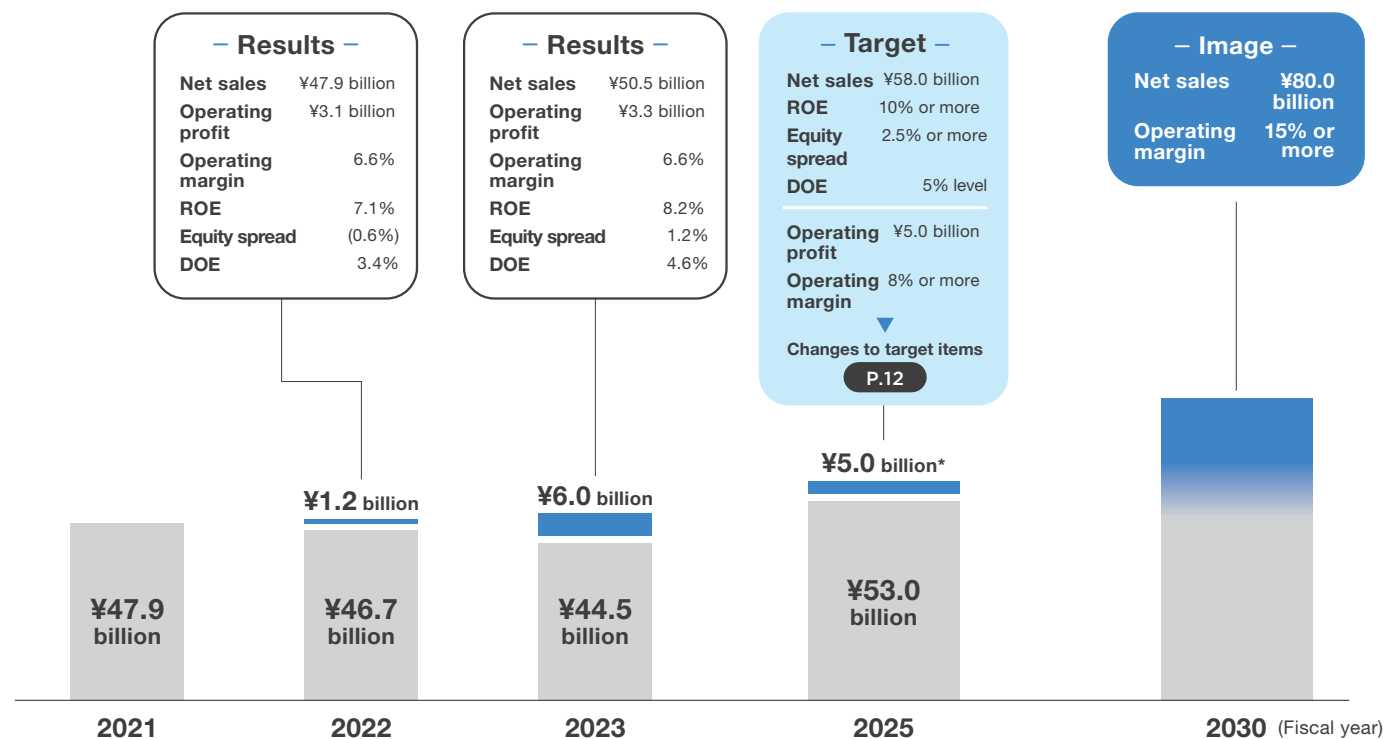
FY2026-FY2030

Realization of high growth

- Preparations in Phase 1 and Groupwide efforts lead to results

Numerical targets

■ Products and Services ■ Contracted business



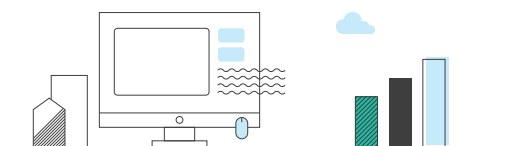
* Targets at the time of the formulation of the Medium-term Management Plan

Changes to Target Items | Phase 1 Profit items

KPI changed to adjusted EBITDA toward the next Medium-term Management Plan beginning in 2026

In Phase 2, which starts from FY2026, we are aiming to achieve a high rate of growth across the Group by making the Products and Services Business one of the pillars of the CAC Group. At present, we are moving ahead with up-front investments, including M&A, toward 2026. Accordingly,

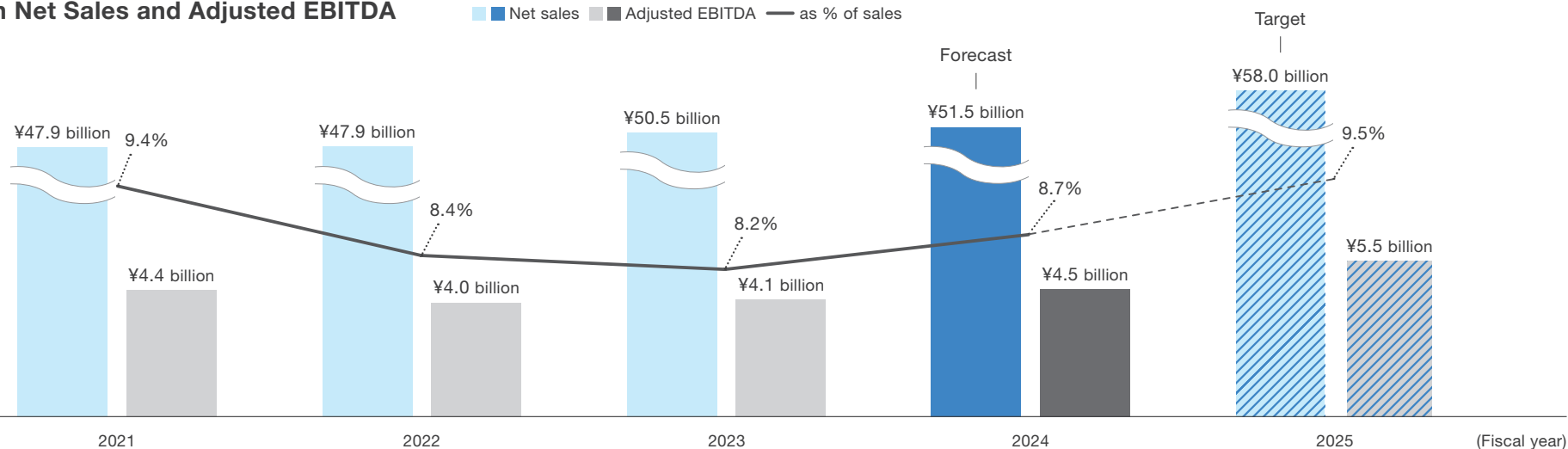
goodwill amortization and others may have a significant impact on operating profit. We consequently changed KPI from operating profit to adjusted EBITDA, so as to permit our stakeholders to confirm quantitatively that we are creating cash on an ongoing basis.



* Adjusted EBITDA: Operating profit + depreciation and amortization + goodwill amortization + stock-based compensation expenses

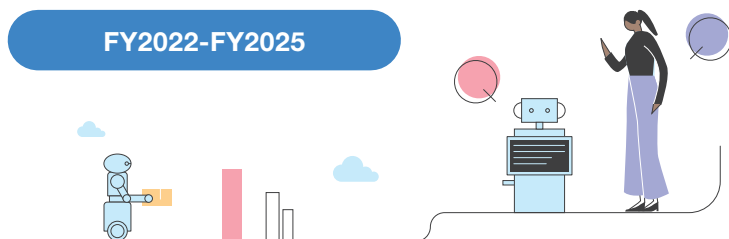
Change in Net Sales and Adjusted EBITDA

■ Net sales ■ Adjusted EBITDA — as % of sales



Medium-term Management Plan | Phase 1

FY2022-FY2025



In Phase 1 of the Medium-term Management Plan, in which we aim to realize CAC Vision 2030, we are implementing three strategies—the creation of a foundation for growth, the achievement of increased profitability, and the review and development of corporate capabilities—to earn stable revenue in the existing contracted business, both domestically and overseas, and to prepare for


the creation of digital products and services in and after FY2026.

In FY2023, we made progress in the initiatives for growth in the existing business and building a framework for continuously producing new products and services. We have also liquidated unprofitable overseas bases in order to achieve higher profitability.

Category	Description	Achievements in FY2023	Achievements in FY2024
Creation of a foundation for growth	We aim to build a framework and a business foundation for continuously launching new digital products and services while expanding internal resources in the contracted business to achieve growth in the business which is our revenue base.	<ul style="list-style-type: none"> ➢ Continuing launches of new businesses (strengthening R&D, M&A activities, alliances, collaborative creation with a range of stakeholders, etc.) <ul style="list-style-type: none"> • Launched six products and services, completed 2 M&A actions, implemented 1 investment, and formed 1 business alliance • Also made steady progress in the shift from existing businesses to new businesses ➢ Continuing to hire new employees <ul style="list-style-type: none"> • Increased new graduate hiring by 23% and mid-career hiring by 11% (year on year, domestic IT business) • Employee turnover rate of 5.3%, down 1 percentage point year on year (domestic IT business) ➢ Implemented measures to enhance human resources <ul style="list-style-type: none"> • Implemented a next-generation leader development program and women's empowerment program ➢ Implementation of initiatives to improve employee engagement, etc. <ul style="list-style-type: none"> • Introduced an Employee Stock Ownership Plan (J-ESOP) • Promoted sustainability KPI management, diversity and inclusion 	<ul style="list-style-type: none"> ➢ Improved the profitability of existing businesses <ul style="list-style-type: none"> • Worked to expand contracted operations in the domestic IT business by continually improving the revenue structure and monetizing human resources at an early stage ➢ Focused on the growth of new businesses <ul style="list-style-type: none"> • Continued to launch products and services while identifying products and services that produced a favorable response from target customers • Promoted business expansion for technologies and products in which our strengths lie
Achievement of increased profitability	We seek to increase operating profit by reorganizing businesses and improving management efficiency.	<ul style="list-style-type: none"> ➢ Promotion of the structural reform of overseas subsidiaries <ul style="list-style-type: none"> • Liquidated unprofitable overseas sites Plans to improve profit by ¥200 million from FY2024 and beyond • Reorganized businesses related to China Established new company in January 2024 ➢ Improvement of management efficiency <ul style="list-style-type: none"> • Took measures to cut costs by ¥500 million annually from FY2024 onwards due to reduced head office floor area • Reduced unnecessary fixed costs 	<ul style="list-style-type: none"> ➢ Continued to rebuild systems at overseas operating companies
Review and develop corporate capabilities	We aim to strengthen corporate governance and build a system promoting the understanding of new businesses and cooperation.	<ul style="list-style-type: none"> ➢ Made improvements to the governance structure <ul style="list-style-type: none"> • Raised the percentage of outside directors to account for a majority of directors • Redesigned the executive officer system to reflect measures in the Medium-term Management Plan 	<ul style="list-style-type: none"> ➢ Developed more sophisticated corporate functions Strengthened monitoring and risk management in anticipation of making multiple large-scale business investments ➢ Reorganized and strengthened group governance

Made preparations for the next Medium-term Management Plan

➢ Considered the group structure
➢ Considered overseas businesses, etc.



Deputy Officer in charge
of the Corporate Division,
Deputy General Manager
of the Corporate Division
and CFO

Tatsuo Mikoda

∴ CFO MESSAGE

We will strengthen our cash generating capabilities to drive our financial strategy

**FY2023 was a year in which
activities aimed at growth were
significantly increased in both
qualitative and quantitative terms.**

A year has passed since I was appointed CFO. Looking back on this past year, net sales and each level of profit were in line with our plans, financial indicators such as ROE largely beat expectations, and we made steady progress toward achieving CAC Vision 2030. In addition, since we made better than expected progress with M&A activities that will eventually lead to business results and the planting of seeds for the creation

of products and services, I expect that opportunities to reap the benefits of those efforts are not far off.

What enabled us to achieve these results was without a doubt the power of people. Whether the Product and Services Business responsible for continually creating new value such as new products and services, or the newly established Strategic Integration Division dedicated to executing M&A activities, as a result of executive officers who combine the ability to take action with decision-making capabilities leading both teams and team members demonstrating their potential, these activities have shown significant gains in terms



of both quantity and quality. For example, regarding M&A activities, where we have wanted to engage in aggressive investment but have lacked the capabilities to take action, in the six months or so since the new system was put in place, we have engaged in detailed studies and discussions regarding over 180 prospective companies. There are many uncertain factors determining whether or not a successful M&A deal can be made, including compatibility with our own investment criteria and the status of the potential acquisition, but due to the increased volume of activity and its specificity, I feel that we are getting closer to

achieving results. (In the first quarter of 2024 two M&A actions were implemented)

The CAC Group's strengths lie in its human capital, customer base and financial base.

Here I would like to share a little about my background. After working at auditing firms and consulting firms, I joined a foreign company operating in Japan, where I worked on things like the formulation of business plans, budget control, and activities to

improve management issues. At the CAC Group, after serving as Senior Managing Director of the Strategic Investment Department, since January 2023 I have serving as CFO, working with the CEO to craft and execute financial strategies as well as strategies to enhance corporate value from the perspectives of management and finance.

Since I took on this position, I have come to recognize three main strengths of the CAC Group.

The first is the Group's human capital. The Group boasts many engineers who possess knowledge and skills in cutting-

edge areas such as AI, and on top of showing a high Groupwide engagement score, the CAC Group maintains a low employee turnover rate in the 5% range, giving it a unique status in the IT industry.

The second is the Group's customer base. The Group has forged relationships of trust with many customers including leading Japanese firms, especially in the fields of finance and pharmaceuticals where mistakes are not tolerated. The third is the Group's financial base, which holds a large amount of financial assets that can be invested. It is because these bases are firmly established

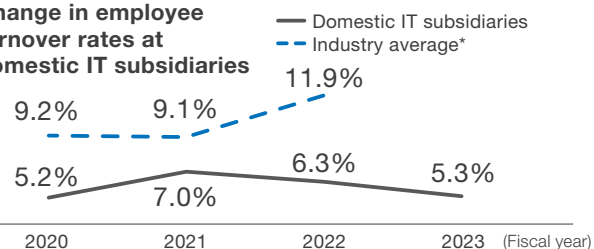
Human capital

Engagement score in the employee engagement survey

69.2% (FY2023) Industry average **62%**

* Atrae, Inc.'s Wevox Engagement
Average for system integrators and contracted development companies with between 1,001 and 5,000 employees

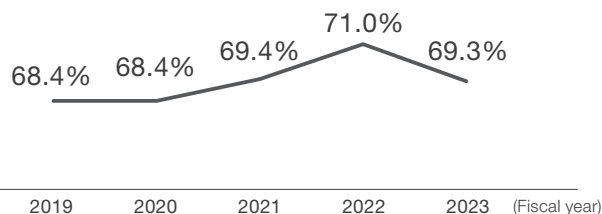
Change in employee turnover rates at domestic IT subsidiaries



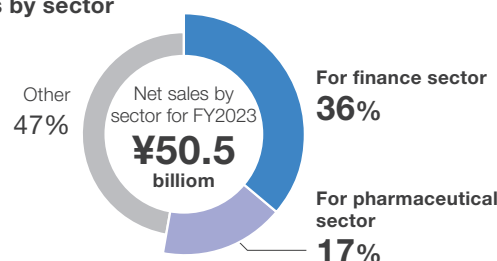
* Source: Ministry of Health, Labour and Welfare Statistical Employment Survey - Mobility of Permanent Workers (%) by Industry

Customer base

Top 30 customers as a percentage of total net sales

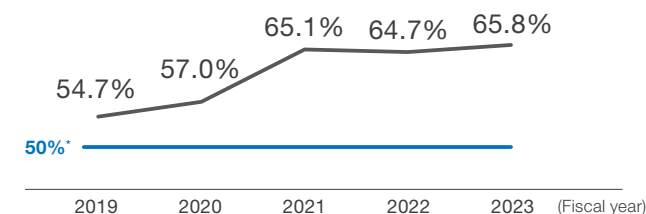


Net sales by sector

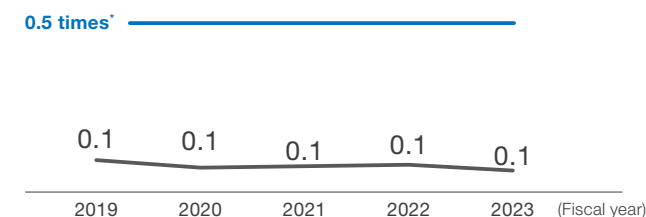


Financial base

Change in equity ratio



D/E ratio



* denotes the internal monitoring level

that the Challenge stated in the CAC Group's Five Values code of conduct can be pursued. Moreover, by helping to solve the social issues targeted in CAC Vision 2030 while achieving significant business growth, I believe we can provide enhanced returns to stakeholders, including shareholders.

We will focus on cash creation while building strength and developing systems for growth.

Looking to FY2025, the final year of CAC Vision 2030 Phase 1 (FY2022 to FY2025), and Phase 2 beyond it (FY2026 to FY2030), starting FY2024 we have adopted Adjusted EBITDA as an indicator of the ability to generate cash from business operations, replacing the existing metrics of operating profit and operating margin with this new KPI. As targets for FY2025, the Group will aim for net sales of ¥58 billion, Adjusted EBITDA of ¥5.5 billion, ROE of at least 10%, and equity spread of at least 2.5%, and DOE to 5% level.

Here I would like to talk about the reasons for these changes.

The task currently before us is building the strength to invest continuously. That is because the CAC Group's growth potential will improve at an accelerating rate if a cycle of allocating the cash generated from business operations to investments is established. We are working towards target net sales of ¥80 billion by FY2030, but to meet this ambitious target, I believe we need

to build the strength to invest continuously.

Another thing we need to do is to develop the Products and Services Business into one of the pillars of our operations. Not only is the IT industry rapidly changing, but it is also in the midst of a battle for talent. It is more difficult than in the past to achieve high levels of growth with system development and operation alone, where profits are earned based on the simple formula of people × person-hours × unit prices. There is an urgent need to develop systems to create new businesses that contribute to society with technology and ideas.

To build strength and develop systems in these ways, we will invest in a variety of measures going forward, including M&A activities, the creation of products and services, the improvements to the profitability of domestic IT businesses. However, if we actively pursue upfront investment with intent, such as M&A activities, it will push down "accounting profits" such as operating profit.

As we need to focus on enhancing the ability to generate cash from business operations to ensure further progress from 2026 and beyond, we decided to adopt a cash-based indicator of target profit with the use of Adjusted EBITDA, which is not impacted by accounting standards and policies. I think this an important update to ensure that internal and external stakeholders are not misled. While some aspects may be difficult to understand, by replacing the existing indicators of operating profit and operating margin with this new metric we hope to gain the understanding and eventual support of

shareholders for what is important to the CAC Group and what it is trying to achieve.

The CAC Group is in the process of growing.

I see the ¥80 billion net sales target for FY2030 as merely a transit point, and believe that the CAC Group has the ability to become a company generating net sales in the ¥100 billion range in the years that follow. To accomplish that, I think we need to expand our existing businesses, create new ones, and pursue operations globally. We already have various experiences in overseas

business development, including our share of successes and failures, and I believe this also represents one of our key assets.

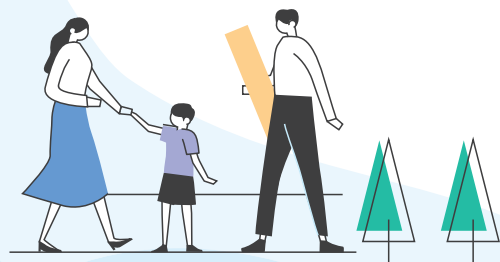
Going forward, we will increase opportunities for dialogue with shareholders and do more to communicate our thinking. In terms of shareholder return, in principle we will aim for a DOE in the 5% range, and work to return profits in a stable and ongoing fashion while taking the overall management environment into account.

While communicating with shareholders that the CAC Group is still in the process of growing, as CFO I will focus on growth by playing the dual role of acting as a good brake as well as an accelerator.



Financial Strategy

FY2025 targets

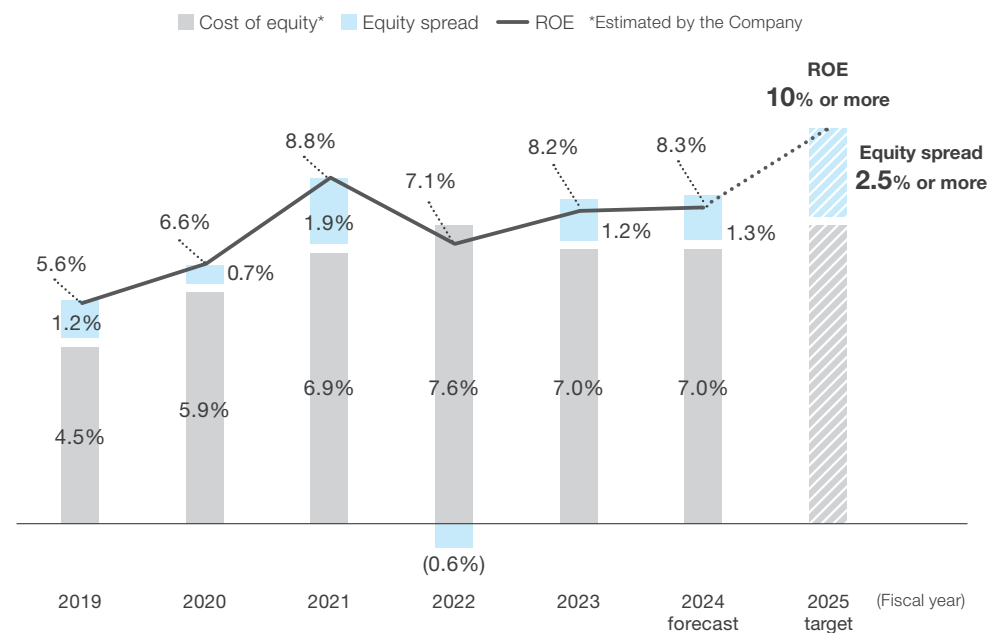


Capital efficiency

We will strive to earn stable revenue from the existing contracted business and establish a framework for continuously producing new products and services as set out in the Medium-term Management Plan. We will make optimal investment decisions to achieve an ROE of 10% or more in

FY2025, the final year of the Medium-term Management Plan. Taking advantage of the low cost of equity based on our strong financial foundation, we aim to achieve an equity spread of 2.5% or more (ROE exceeding the cost of equity) in FY2025.

Trends in ROE and equity spread



Financial Strategy

Cash allocation

To accomplish the Medium-term Management Plan, we need to invest optimally to create ideas that will result in the creation of new businesses and increase revenue from the existing contracted business. We have formulated a cash allocation plan for the period leading up to FY2025 to accelerate the necessary investments.

We will invest in human resources and

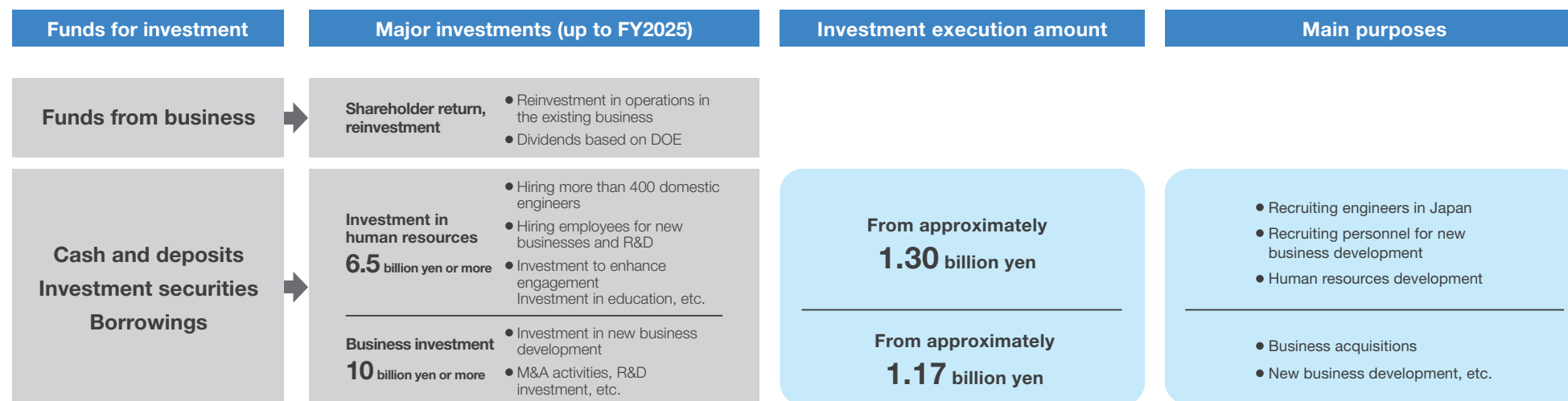
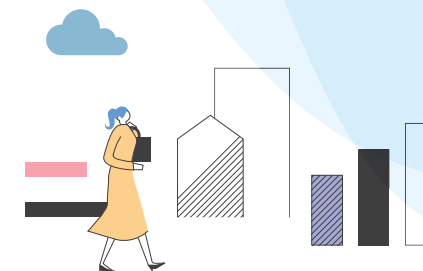
the development of new businesses, using cash and deposits and investment securities that we have.

We plan to use the assets we have because the level of uncertainty is high regarding the return on investment in new businesses. Since we can project return on investment (including M&A activities) in the contracted business to some extent, we

plan to invest in the contracted business using borrowings as needed.

From FY2022 to FY2023 we made investments totaling around ¥2.5 billion.

Measures undertaken independently such as recruitment and the development of new businesses were generally implemented as planned and within the scope of owned assets.



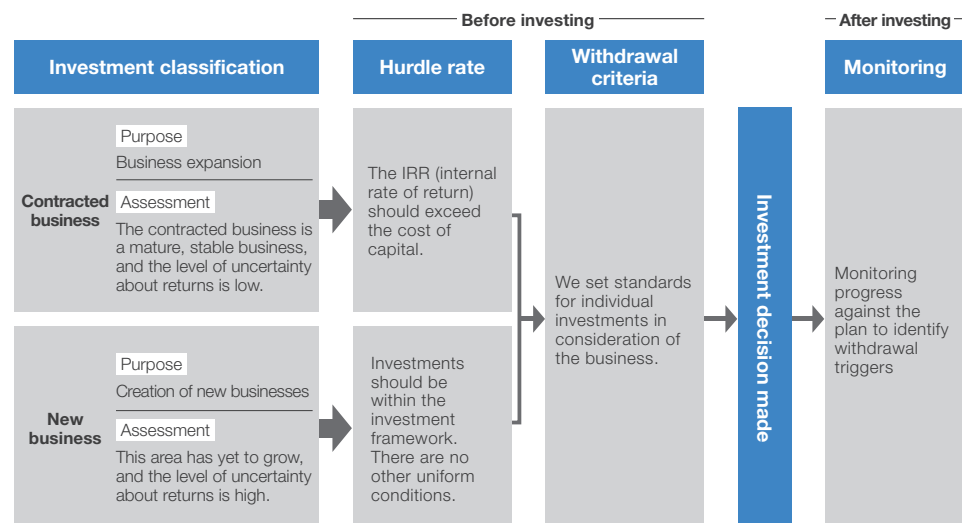
Financial Strategy

Investment criteria

In addition to allocating cash, we have determined investment criteria, including hurdle rates and withdrawal criteria, in the contracted business and new businesses. In the contracted business, we have set investment criteria—the key criterion is that returns should exceed the cost of capital—

and make investment decisions according to the criteria. In new businesses that will produce products and services, we have established an investment framework and set withdrawal criteria to expedite decision making, enable agile investment and speed up the cycle of business creation.

Setting of Investment Criteria for Each Investment Category and the Monitoring Flow



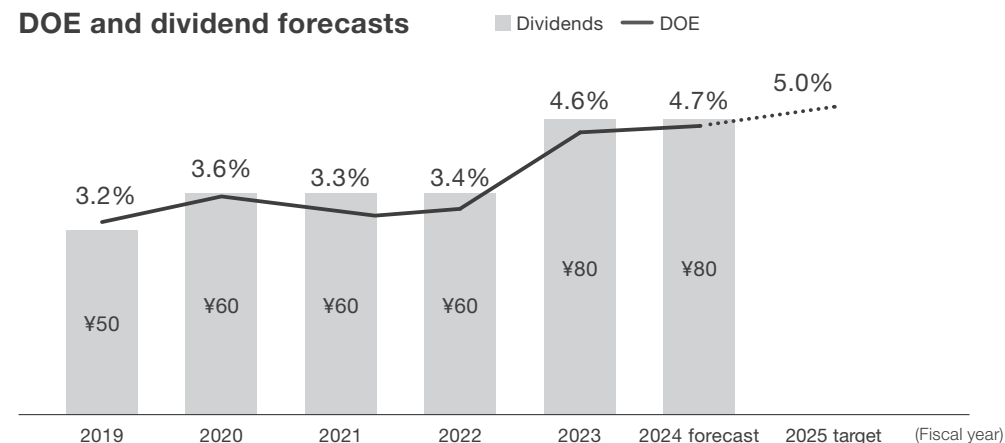
Shareholder return policy

Returning profits to shareholders is an important management issue. Our basic shareholder return policy is to put a greater emphasis on shareholder returns and raise the DOE* to the 5% level to maintain an internal reserve for future growth and to continue to pay stable dividends to shareholders from FY2023, the second year

of the Medium-term Management Plan. We will determine dividends for a particular year in consideration of operating results and the economic conditions.

Under this dividend policy, we forecast that we will pay annual dividends of 80 yen per share, up 20 yen year on year, for the fiscal year ended December 31, 2023.

DOE and dividend forecasts



$$\text{*Dividends on equity (DOE)} = \frac{\text{Total dividends}}{(\text{Equity capital at beginning of period} + \text{equity capital at end of period}) / 2}$$

CAC Group Businesses

The CAC Group provides IT services in Japan and other countries. Here we share information about the content of our businesses on a segment-by-segment basis.



Domestic IT Business

P.21

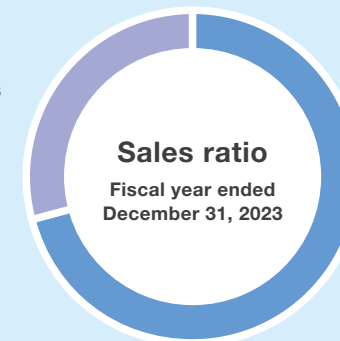
Our subsidiaries in Japan provide system development services, system operation and management services, human resource BPO services, and other services

Major Affiliates

CAC Corporation, ARK Systems Co., Ltd.,
CAC ORBIS CORPORATION

Overseas IT Business

29%



Domestic IT Business

71%

Overseas IT Business

P.29

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.



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



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 six companies including CAC Corporation, which dates back to the Group's foundation and four IT affiliates of a company acquired in the early 2000s (as of December 31, 2023).

CAC Corporation offers system development services, system operation services and BPO services, and accounts for approximately 80% of the domestic IT segment's total sales. The other Group

companies account for the remaining 20%. They primarily provide system operation services. We conduct business mainly in Tokyo and the surrounding area. Some companies, such as CAC ORBIS, are based in Osaka. The Nagasaki BPO Center, which was established as a nearshore base in Nagasaki, Nagasaki Prefecture in July 2019, provides a range of enterprise IT services in collaboration with employees at bases in Tokyo in addition to BPO services. We are expanding our bases in Nagasaki to promote the CAC Group's regional revitalization initiatives.

Company dating back
to our foundation

System development
services
System operation
services
BPO services

**CAC
Corporation**

Other group
companies

Mainly system
operation services

**ARK
Systems**

**HighTec
SYSTEMS**

**CAC
ORBIS**

FY2023 Business Performance/FY2024 Forecast

Affected by deconsolidation despite solid performance in FY2023

In FY2023, net sales declined (down 1.4% year on year) due to one subsidiary being removed from the scope of consolidation, despite solid performance capturing IT demand from customers, particularly by the Group's core subsidiary CAC Corporation.

Segment income decreased 5.5% year on year, reflecting an increase in selling, general and administrative expenses due mainly to investment in human resources

and the development of new businesses based on the Medium-term Management Plan (FY2022 to FY2025), and also due to the deconsolidation of one subsidiary.

Following the trend with net sales, orders received were strong, particularly at the Group's core subsidiary, but remained roughly on par with the previous year due to the deconsolidation. Order backlogs were firm.

Continuing with growth investments in FY2024

We expect that in FY2024, customers' IT investment appetite will not change significantly. The business will remain firm.

Meanwhile, we will continue investing to establish a foundation for growth during the

Medium-term Management Plan. Against this backdrop, in FY2024 we aim to achieve net sales and profit that are at the same level as the previous year.

Medium-term Management Plan

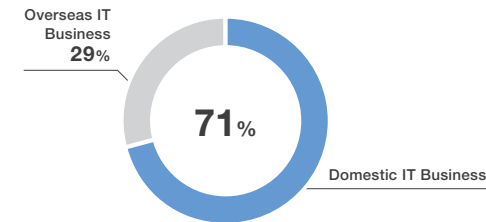
Developing existing businesses as the CAC Group's revenue base

In addition to continuing with efforts to reorganize existing businesses that are lacking in growth potential and connection to the other businesses and improving management efficiency, we will also work to strengthen our workforce with the recruitment of new engineers. We will also strive to expand the contract business through early monetization by strengthening human resource development.

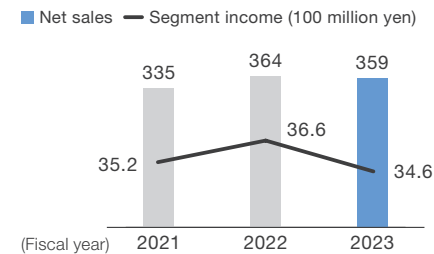
Focusing on growth in the Products and Services Business

For the Products and Services Business, we will continue to develop and launch new services and products while identifying products and services that generate a positive response from target customers and driving an expansion of sales in those areas.

Sales ratio (FY2023)

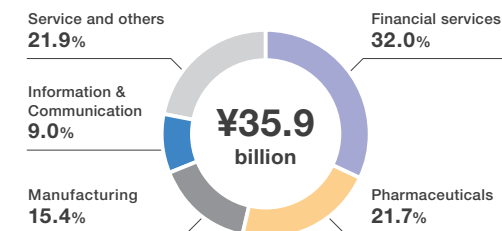


Net sales and segment income



* The method for calculating segment income has changed since FY2023. The figures for FY2021 and FY2022 also reflect the same change.

Net sales by industry (FY2023)



Special Feature

Initiatives in P&S business

Products and Services

CAC Vision 2030 envisions the corporate growth that the CAC Group will achieve by creating digital solutions that positively impact society. At its core lies the Products and Services (P&S) business. In Phase 1 of the Medium-term Management Plan (FY2022-FY2025), we are working to construct a mechanism for continually creating new products and services toward 2026 and beyond.

There are roughly two different P&S creation processes. One is to create them as completely new businesses. The other is to create them from existing services.

This special feature discusses P&S creation initiatives.

Two P&S creation processes

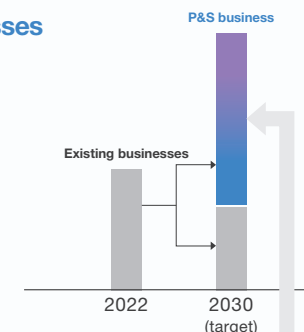
Creation of unprecedented products and services for new businesses

During the formulation CAC Vision 2030, we set up the Business Development Office under the direct control of the President in 2021. It was reorganized into one headquarters in the following year. In collaboration with the R&D division, which is in charge of technology development, it works to create products and services that have not been found in society or within the CAC Group.

It takes many different approaches to the development of new services. For example, it may use ideas and technologies being developed by the R&D division as the foundation or combine technologies with solutions to issues and ideas. It also actively combines technologies from outside and inside the CAC Group. **P.24**

Creation of new products and services from existing IT services

Both the division developing new businesses and also the division providing IT services are working to transform the technologies and knowledge the Group has cultivated and the services it provides in close cooperation with customers into new products and services. Currently, it is mainly the operation services offered by CAC Corporation, a core subsidiary of the Group, that are transformed into new services. **P.27**



Approaches to the creation of new products and services

Technology

Creating new services based on cutting-edge technologies in different countries and on technologies established through internal R&D activities

Social issues

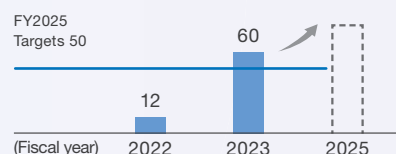
Creating services inspired by needs and ideas to address social issues

Method of provision

Introducing new approaches and methods of offering services to stimulate new IT demand from customers

Net sales target reached ahead of schedule

Net sales target and results (100 million yen)



When Phase 1 of the Medium-term Management Plan was developed at the end of 2021, a P&S Business net sales target of 5 billion yen in the final fiscal year of 2025 was set. As of the end of 2023, net sales have reached 6 billion yen, achieving the target ahead of schedule. This is due to the expansion of business following the progress in the transformation from existing IT services.

Special Feature Initiatives in the Products & Services (P&S) Business

: New business development



Executive Officer
In charge of New Business Promotion
and the General Manager of New
Business Promotion Headquarters
(Director and Executive Office,
CAC Corporation)

Eisuke Nakanishi

Unprecedented products and services to be created for new businesses

The new business development department of CAC Corporation, a core company in the CAC Group, is working to develop products and services that have not seen in society or at any company.

Eisuke Nakanishi, Executive Officer in charge of new business promotion and General Manager of New Business Promotion Headquarters, explains the initiatives.

Initiatives originating from a suggestion submitted to the president

A group of people inside and outside the CAC Group began to consider CAC Vision

2030 in around 2021. I was a member of this group. When we thought about the future and the direction of the CAC Group, we felt a sense of crisis about the sales from our existing businesses decreasing to half or even less at some point in the

Number of ideas

572

M&A, etc.*1

4

Commercialization*2

14

*1 Including investments and business partnerships *2 As of June 2024

Special Feature Initiatives in the Products & Services (P&S) Business

future. Existing artificial intelligence (AI) has the ability to process specific tasks with a high degree of precision. It is believed that this will evolve into artificial general intelligence (AGI) with general recognition capabilities like those of humans to solve different problems and then evolve into artificial superintelligence (ASI), surpassing human intelligence in about 10 years. In the near future, many of the jobs we do currently, such as the construction and operation of systems, will be done by AI and other technologies.

In thinking about what we should do to survive, I thought that the company should develop a business that has the opposite orientation of the commissioned development that is the main business of the company. I discussed a vision that included new businesses with the other members of the study group and submitted a suggestion to the president. Later, I was appointed to take charge of new businesses.

Advantage in AI technologies

The greatest advantage of the CAC Group's new businesses lies in the underlying

AI technologies. Another of the Group's strengths is combining AI with social issues to develop ideas for businesses. A specific example of this is creating products in the area of regional revitalization and in primary industries using AI technologies for image or emotion recognition.

Of course, we have IT knowledge for system integration and the ability to develop systems and applications for immediately transforming products and services into a tangible form. This is a great advantage we have. At the same time, we understand that a weakness that we have is in the marketing and sales processes. They are very important in the future phase where we will be selling services.

Currently, we are working on developing services in collaboration with the R&D division of CAC Corporation. We are also working with companies and services with attractive technologies and ideas to create new services.

Digital creative personnel will be a key to the future

We have established the steps for starting businesses. We will be entering the most

important phase of selling the new services that we will continually create. I expected that it will be as difficult as creation from scratch, or more difficult for us than that. Our nature is that of system integrators and we tend to prioritize the creation or development of something good. We need sales to be a higher priority in our activities. I hope that we can establish a new model in which we produce items after confirming that they will sell well as a result of strengthened marketing.

I am convinced that our most important asset in the future will be digital creative

personnel who will discover issues and create new digital businesses based on their ideas. By securing excellent team members and strong partners, collaborative creation and competition have advanced, and an increasing number of employees are standing out from the crowd. We will develop career paths and prepare a compensation system that ensures that employees creating new products and services from innovative ideas will emerge one after another and be rewarded for their success.



Communicating
information
about business
development

CAC
Innovation Hub

<https://innovationhub.cac.co.jp/>



Japanese only

Special Feature Initiatives in the Products & Services (P&S) Business

⋮ New business development products



Kachimen!

It is an app for practicing job interviews and using AI to analyze facial expressions and voices in practice videos. It analyzes videos captured using a smartphone in real time to provide advice. The analysis functions of the app are supervised by a job interview advisor and a specialist in facial expression analysis. As of June 2024, it was nearing a cumulative total of 10,000 downloads.

For more
information about
Kachimen!, visit

<https://kachimen.jp/>



mamoAI

It is an AI-assisted fall detection system. It detects any posture that could lead to a fall and sends an alarm together with an image of the person. Detecting behaviors related to fall instead of the falls themselves, it focuses on the prevention of fall accidents. It can also be used to study measures to prevent recurrence. It is designed to be used in hospitals and other facilities.

For more
information about
mamoAI, visit

<https://mamoai.jp/>



FairLenz

It is a system for examining the bodies of fish, using image recognition AI to estimate the weight of individual farmed fish from a video of fish inside a fish-farming pond filmed using an underwater camera and calculate the weight distribution and convert it into data. We are working to create a mechanism for procuring funds by collateralizing the asset value of the fish in the pond calculated using this system.

For more
information about
FairLenz, visit

https://www.cac.co.jp/news/topics_231226.html



hashigake

In this service, a system automatically matches employees and arranges talks between them. Today, the weakening of human relationships due to people working remotely and using other work styles is regarded as an issue. This service acts as a bridge between people to help energize companies, organizations and work styles. It is designed for companies with a large number of employees, companies with multiple bases and companies that are encouraging people to work remotely.

For more
information about
hashigake, visit

<https://hashigake.jp/>



WithGrow

It is a service matching businesses facing IT issues with outside IT professionals. Based on the CAC Group's experience and expertise, it examines companies' IT issues and the skills and experience of IT professionals, paving the way for matches that are optimal for both the companies and the IT professionals.

For more
information about
WithGrow, visit

<https://withgrow.jp/>

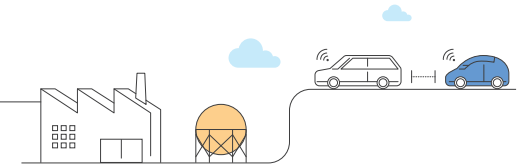


Empath

It is a program with an original algorithm that estimates a person's mood from their voice and other physical characteristics. It may have wide range of applications. It has been used by at least 4,300 companies in 50 countries in their call centers and for other purposes. It has also been widely used for other purposes that were not originally intended, such as acoustic analysis to detect the failure of machines and the automation of percussion testing.

For more
information about
Empath, visit

<https://webempath.com/>



Special Feature Initiatives in the Products & Services (P&S) Business

Transformation of Existing Businesses into Products and Services (P&S)

New Products and Services created from existing IT services

Currently, the CAC Group is working to transform its existing IT services into new products and services mainly in Japan. This special feature focuses on one leading example, the managed digital workplace service (DWS) provided by CAC Corporation, a core operating company of the Group.

Introduction to Managed DWS

Driven by a sense of crisis

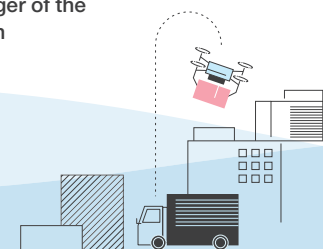
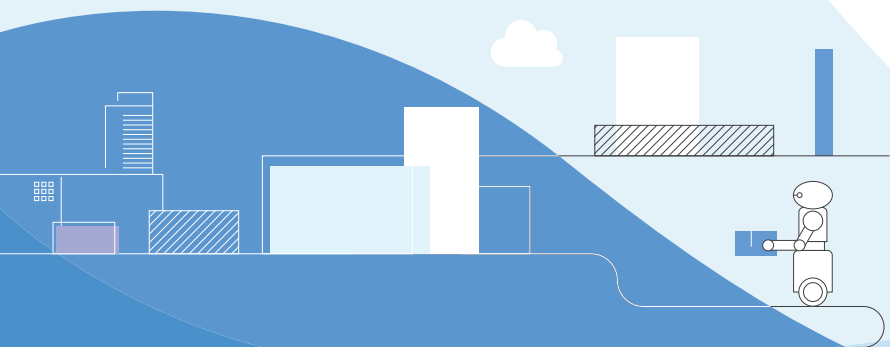
The goal of our system operation service is keeping systems available to users without problems on a 24/7 basis. Our main duties include management to ensure stable operation, measures to preventing problems, troubleshooting and responding to users' inquiries. System operation service contracts are usually made after consulting with customers and determining the details of the services that are required on a case-by-case basis. The service fees are set per engineer and per month in consideration of difficulty and workload. From the viewpoint of a service provider,

this helps secure stable earnings. At the same time, progress in automation and streamlining eventually results in lower sales and profit. Given that the details of services are determined with customers on a case-by-case basis, the engineers offering the services feel that they perform the processes on behalf of customers rather than that they are providing our services. This means it is difficult for them to envision their own career path and feel pride in their profession. I felt a sense of crisis. Seeing the rapid digital transformation after the beginning of the COVID-19 pandemic, I was concerned that system operation services would shrink



CAC Corporation
Director and Executive Officer
In charge of the Enterprise Services
Division and General Manager of the
Enterprise Services Division

Hironori Hozumi



Special Feature Initiatives in the Products & Services (P&S) Business

if no actions were taken and that we had to do something to stop the market's contraction. Customers became more and more aware of limitations and issues in their adaptation to the changing working environment during the pandemic and to the different ITC services and technologies that were being updated every day.

Standardization as a key to P&S transformation

Urged by my own sense of crisis and by the CAC Group's establishment of policy of focusing on the P&S business, I started to think about converting existing IT services to new products and services. Learning from the managed services used

outside Japan, we standardized part of our infrastructure operation services that had been customized for separate customers. We then achieved their servitization as managed DWS. This service allows multiple customers to share and use the environment we provide. In the area of infrastructure operation, in which the service was introduced, there were some factors that aided servitization.

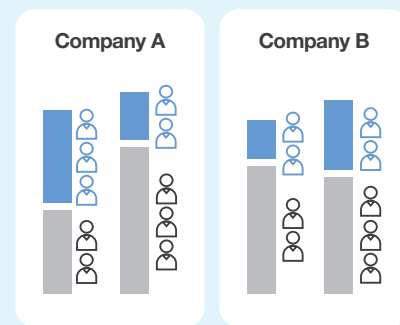
The service platform is common in many cases. In addition, if we can provide the cloud environment platform, customers do not have to invest their own capital in this. With the processes standardized, it is easier to train personnel and to specify the skills that engineers must have and their career paths. It is also easier to procure resources from overseas vendors and

other partners. Collaboration with overseas vendors paves the way to the provision of services with a consistent quality level anywhere and at any time to global businesses operating all over the world beyond the boundaries of time zones and languages. Customers have only to choose from a menu of options. They no longer need to determine the details of individual processes. This reduces their burdens regarding the internal training of personnel for the operation of infrastructure.

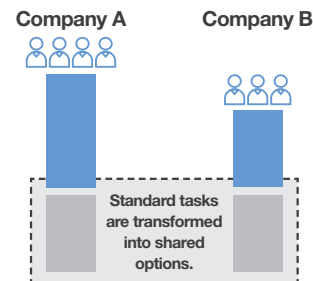
Continuing to develop new products and services

Managed DWS is being introduced by a steadily increasing number of customers, both new customers and customers with whom we have had transactions in the past. In addition, we released a managed application operation service (AOS) in May 2024, a comprehensive corporate IT application operation service. We are also actively using generative AI and tools to automate and streamline operation processes to increase their efficiency. In the future, we will capitalize on the expertise and assets that we have accumulated to operate multiple managed services tailored to specific industries or operations with the goal of leading the growth of the CAC Group.

■ Non-standard task ■ Standard task



A certain number of personnel are assigned to each task for the provision of services.



Tasks are divided into standard and non-standard tasks. Standard tasks are transformed into options to provide efficient services.

Customer Story Kyowa Kirin Co., Ltd.

Integrating service offices globally

Aiming to increase the satisfaction of end users and shift the ICT team to planning

Kyowa Kirin Co., Ltd. is a leading Japanese life science company that excels in biotechnology and therapeutic antibodies. As a global specialty pharmaceutical company that began in Japan, it is expanding its business in markets around the world. Aiming to shift the core tasks of its IT department from operation to planning, it integrated its global service offices with the help of CAC Corporation.



Left: Director, ICT Solution Department
Mr. Takuo Hirose

Right: Senior Manager,
Cloud & Global Infrastructure Group,
ICT Solution Department
Mr. Masayoshi Shibutani

*As of 2023

Details are available here
(Only available in Japanese)

<https://www.cac.co.jp/case/kyowa-kirin.html>



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.



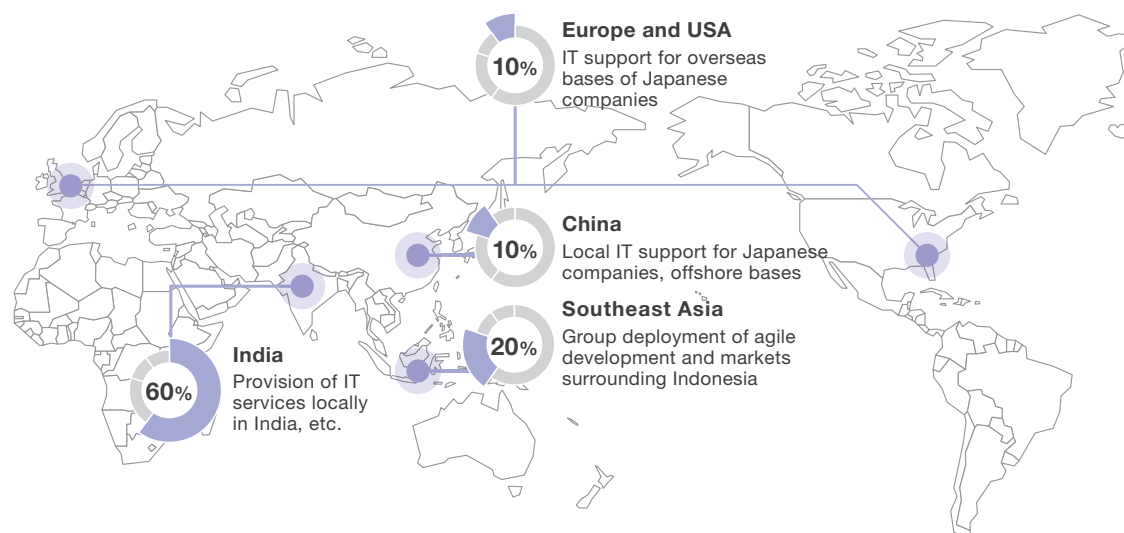
Constituent Companies and Business Activities

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. From early in the first decade of the 21st century, we established a local subsidiary and acquired a local company in China to support customers that expanded into China and

develop a system for offshore development. In the 2010s, we anticipated the growth of the IT market in Asia and established a local subsidiary and acquired 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. Currently, we have 14 Group companies (as of December 31, 2023). The map below shows a breakdown of sales at the major subsidiaries by region and business activities.

Distribution of sales by region and Business activities



Note: The pie charts show the percentage of sales from external customers.

FY2023 Business Performance/FY2024 Forecast

Growth due to large-scale project at Indian subsidiary and other factors

In FY2023, the Indian subsidiary recorded an increase in net sales (rising 26.5% year on year), reflecting the recording of a large-scale project for a financial institution, foreign exchange effects, and other factors. Regarding segment income, in addition to higher net sales, progress

on restructuring of the Indian subsidiary was among the factors driving improvements to profit, resulting in an increase of 30.4% year on year.

Orders and order backlogs rose significantly, reflecting solid performance by the Indian and Indonesian subsidiaries.

Profit improvements projected for FY2024

We do not expect to see major changes in the environment affecting orders received by the Indian and Indonesian subsidiaries, which are primarily responsible for the overseas IT business, and project solid performance as a result. We forecast that net sales will remain at roughly the same level as FY2023, taking into

account a reactionary decline due to the absence of the large-scale project undertaken by the Indian subsidiary during that period, among other factors.

However, as progress has been made in the restructuring of the Indian subsidiary, we expect segment income to improve and project an increase in profit compared with FY2023.

Medium-term Management Plan

We will continue to drive growth in the businesses of each subsidiary while pursuing efforts to increase the number of global projects on which Group companies can work collaboratively.

We aim to improve profit by reorganizing

businesses that are lacking in growth potential and their connection to other businesses and reducing fixed costs.

Business structures and roles in each region are as described below.

Business structures and roles in the period of the Medium-term Management Plan



United States & Europe

Provide support for local subsidiaries of Japanese companies as well as joint support for global projects with alliance partners (overseas IT vendors, etc.)



China

Seek to expand orders received for projects for local projects among both Japanese and non-Japanese companies whilst focusing on contracted business (mainly Japan offshore market)



India

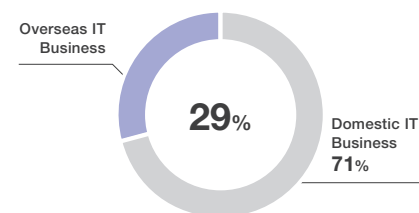
Focus on local projects mainly in India. Aim to improve profitability by continuously implementing structural reform initiatives



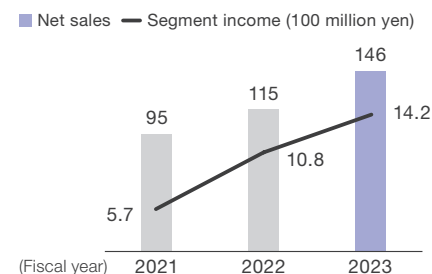
Indonesia

Play a leading role in agile development within the CAC Group, whilst focusing on contracted business in Indonesia and Australia

Sales ratio (FY2023)

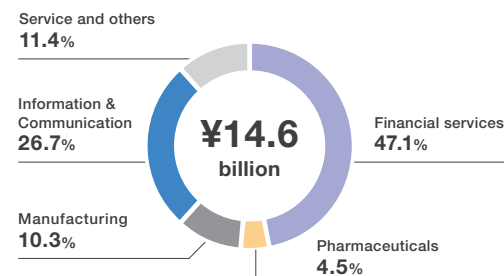


Net sales and segment income



* The method for calculating segment income has changed since FY2023. The figures for FY2021 and FY2022 also reflect the same change.

Net sales by industry (FY2023)



Sustainability

CAC Group's Sustainability

Basic Sustainability Policy

The Group pursues a vision of “Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas”, contributing to sustainable development for the Group and for society.



Relationship between the CAC Group Corporate Philosophy and sustainability management

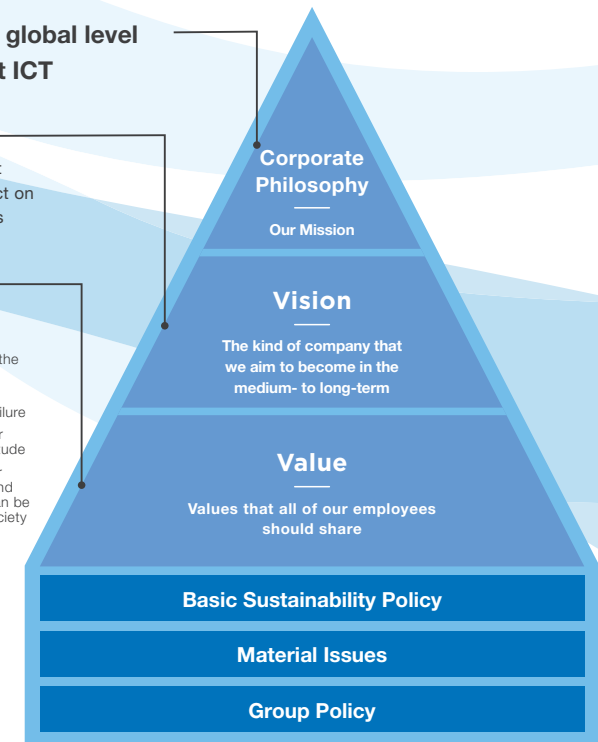
Creating new value on a global level with the use of the latest ICT

CAC Vision 2030

Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas

Five Values

- Creativity** Valuing ideas and thinking unbound by preconceptions
- Humanity** Living in a human way, with the emphasis on humanity
- Challenge** Continuing to attempt new challenges without fear of failure
- Respect** Respecting others and never forgetting our sense of gratitude
- Pride** Believing in the efforts of our colleagues and ourselves, and producing results that we can be proud of, with respect to society



Policies of individual companies, Medium-term Management Plan, annual plans, and other efforts

1

Aiming to be a company where employees can feel comfortable and that offers worthwhile work

- Providing employees with a healthy workplace and advancing work style reforms
- Expanding investment in human resource training and aiming to be a company where everyone can reach their potential
- Realizing diversity that respects individual values by hiring and appointing diverse human resources

2

Helping build a rich society through co-creating with our stakeholders

- Providing services that help clients achieve sustainable growth and contributing to corporate and community sustainable growth
- Providing ICT services that offer society new value together with our partners and clients
- Working to generate business through co-creation with local communities, while promoting employment in the countryside and revitalizing local society

3

Engaging in corporate activities that have a positive impact on the environment

- Working to contribute to solving environmental issues through the services and work we provide to our clients
- Actively investing in eco-friendly projects
- Engaging in environmental issues, such as saving resources, saving energy, and so forth, in the Group's business activities

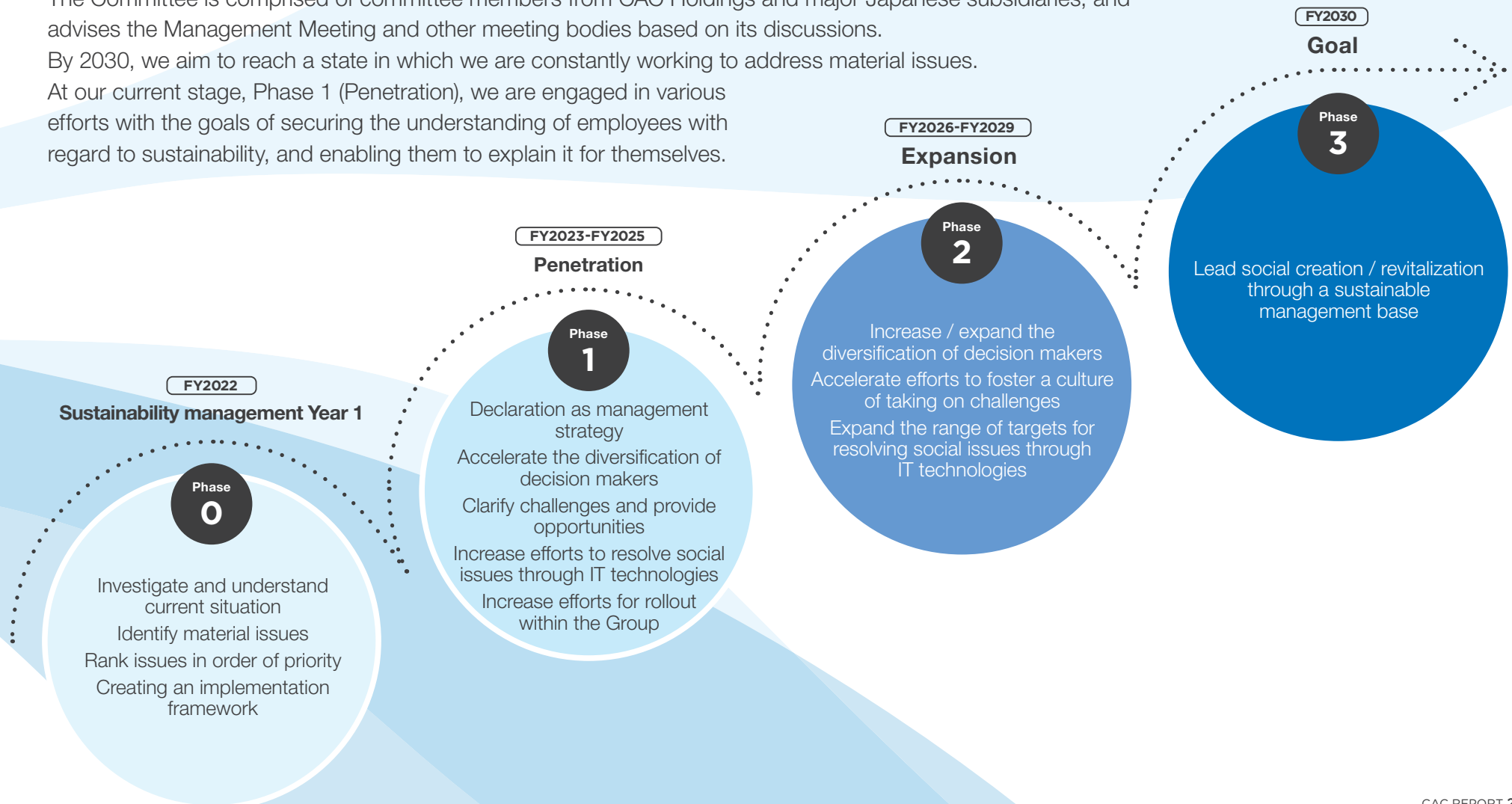
For the Group's Policy, please refer to our website.

<https://www.cac-holdings.com/csr/group-policy.html>



Sustainability Management Roadmap

As a system for implementing sustainability initiatives, the CAC Group has established a Sustainability Management Committee, chaired by the President & CEO. The Committee is comprised of committee members from CAC Holdings and major Japanese subsidiaries, and advises the Management Meeting and other meeting bodies based on its discussions. By 2030, we aim to reach a state in which we are constantly working to address material issues. At our current stage, Phase 1 (Penetration), we are engaged in various efforts with the goals of securing the understanding of employees with regard to sustainability, and enabling them to explain it for themselves.



Materiality Initiatives

Materiality

Related SDGs



A workplace environment that is rewarding and chosen by employees

The CAC Group has set targets for each of the four items **P.05** identified as material issues.

We have long believed that employees are our most important asset, and have made working to create a rewarding workplace environment that is chosen by employees our top priority.

We are also working to further implement health and productivity management, diversity and inclusion, and human resource development in order to foster a workplace environment and corporate culture that enables each and every one of our diverse employees to maximize their abilities by 2030.

Using periodical engagement surveys, the effectiveness of these efforts is assessed to further improve them. In FY2024, we are holding engagement workshops for managers to improve our internal organization based on the results of engagement surveys.

KPI

Engagement score in the employee engagement survey

68.6pt^{*2}
FY2022 Result

69.2pt^{*1}
FY2023 Result

In the top 20% across all industries
FY2030 Target

GOAL 1 Providing healthy and safe workplaces

It is only when employees are in good health—not only physically, but also mentally and socially—that they can maximize their abilities. To keep our employees are healthy, we are placing a focus on employee health management, keeping track of health issues, mental health measures, and preventing overwork.

In terms of health management, we conduct e-learning to raise health awareness and encourage employees to undergo health checks. As a mental health measure, we conduct stress checks to monitor and prevent mental health problems, and provide support for employees to return to work after illness. To prevent overwork, we encourage employees to take paid leave, and monitor and report nonstatutory working hours.

In recognition of its proactive efforts toward KENKO investment for health, CAC Corporation, one of our main subsidiaries, has been certified in the large enterprise category of the Certified KENKO Investment for Health Outstanding Organizations Recognition Program, which is run by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, since 2023. CAC Corporation will continue working to improve the health of its employees and create a comfortable working environment, aiming to be certified as a White 500* organization in the future.



*The top 500 companies in the large enterprise category are certified as White 500 companies.

KPI

Ratio of employees who undergo physical examinations*

87.0%
FY2022 Result

91.3%
FY2023 Result

100%
FY2030 Target

KPI

Ratio of employees who undergo a stress check*

92.6%
FY2022 Result

95.0%
FY2023 Result

100%
FY2030 Target

KPI

Ratio of taking annual paid leave*

53.1%
FY2022 Result

64.3%
FY2023 Result

80%
FY2030 Target

KPI

Average monthly overtime working hours*

15.2 hours
FY2022 Result

12.4 hours
FY2023 Result

10 hours or less
FY2030 Target

*CAC Holdings and all domestic subsidiaries



*1 CAC Holdings, CAC Corporation, ARK Systems Co., Ltd. *2 CAC Holdings, CAC Corporation

Materiality Initiatives

A workplace environment that is rewarding and chosen by employees

GOAL 2 Diversity and inclusion (D&I) to respect the values of individual employees

Realizing the CAC Vision 2030 of “evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas” will require the kind of innovation born out of diverse values and ways of thinking. D&I is essential for this purpose, and the CAC Group will continue to pursue D&I as a management strategy.

With D&I, the CAC Group aims to be a company where all employees—regardless of gender, age, nationality, or experience— have mutual respect for each other, and a company that is capable of practicing human resources management that makes use of diverse individual abilities and values. A corporate culture that respects the diversity of its employees and their abilities can encourage free and open discussion, and provide the essential foundation for creating new value as a company. We believe that it is precisely because of this foundation that we can create innovation to solve social issues utilizing digital technologies such as AI and IoT, and contribute to the creation of a sustainable society.

To achieve D&I, we have started by provided training to group companies in Japan to increase understanding of D&I and unconscious bias training to help trainees realize their unconscious prejudices and biased views. In addition, CAC Holdings and CAC Corporation encourage employees to communicate through Diversity Cafe events and the “hashigake” service to achieve D&I. Diversity Cafe events are periodically organized at lunch time. Participants share their experiences related to the subject selected for each session. Diversity Cafe provides participants with opportunities to learn about other participants’ diverse views and feel that their opinions are accepted. “hashigake” is an online matching service (<https://hashigake.jp/>) developed by CAC Corporation

to provide opportunities for employees to talk. Amid the diversification of work styles, including remote work and flextime working hours, communication between employees is an emerging new issue. To encourage communication, we use the service internally to build relationships and facilitate dialog beyond organizational boundaries. The President and CEO participates in both Diversity Cafe and “hashigake” to accelerate the progress in D&I.

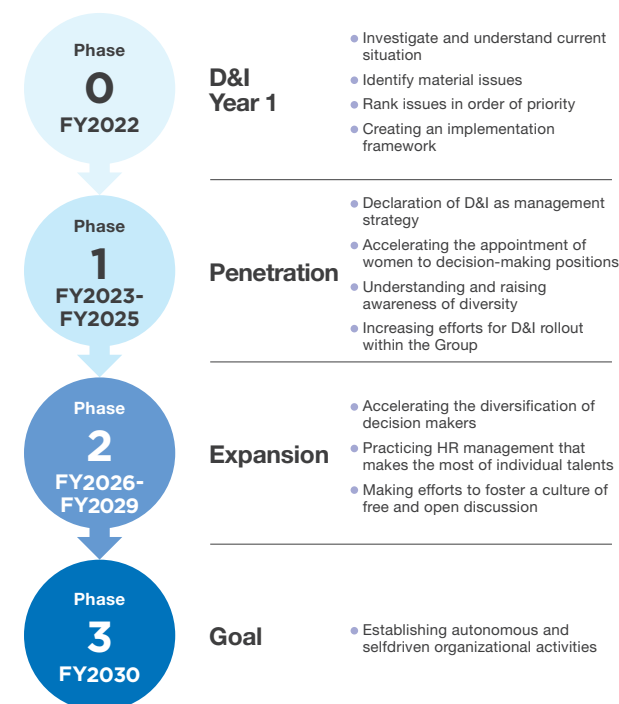


*1 CAC Holdings, CAC Corporation, and ARK System

*2 CAC Holdings and CAC Corporation



D&I Roadmap



Materiality Initiatives

A workplace environment that is rewarding and chosen by employees

Promoting active roles for female employees

Based on our philosophy that diverse human resources utilizing diverse ideas and values based on mutual acceptance for each other lead to an increase in corporate value, we have positioned D&I as a key management strategy and consider the promotion of women's participation and advancement in the workplace to be a particularly important diversity issue.

With the aim of supporting a healthy balance between work life and childcare and nursing care commitments, we are working to improve our internal working environment in compliance with laws relating to childcare and nursing care, optimize working hours, and facilitate diverse work styles utilizing our flextime system and working from home. As a result, the percentage of female employees returning to work after childcare leave has reached about 100%, enabling female employees to continue working even after important life events.

However, although strengthening governance by diverse executives is essential for the execution and monitoring of diversity management, the ratio of women in decision-making positions is not high. We will therefore continue to promote active participation for women with the aim of diversifying decision-making positions.

Firstly, we set the ratios of female executives and female employees with managerial titles as KPIs, and set a target of 30% for 2030. To achieve this target, we will build a system for developing executive candidates, pool candidates for next-generation top-level management, executive and managerial positions, and implement a training program. We have also established a female employee quota for each tier, and created a scheme to systematically produce executives and managers.

To take another step to encourage female employees to play active roles, CAC Holdings, CAC Corporation and ARK Systems Co., Ltd. launched a Female Managers Working Group and Group Mentoring. The Female Managers Working Group consists of around 20 female managers assembled from the three companies. Its objective is to listen to the perspectives that decision-making personnel must have. In FY2023, it addressed the subject of promoting active roles for female employees in the CAC Group. It analyzed general factors that affect women taking on active roles such as unconscious bias and the glass ceiling. It studied issues and approaches to solving these issues. It submits its findings to the management team as suggestions. The issues identified and the solutions studied will be incorporated into management strategies and personnel affairs measures. Group Mentoring provides opportunities female manager candidates to participate in group mentoring. Existing female managers act as mentors. They regularly mentor women who are expected to take managerial positions. This helps solve problems and difficulties encountered in career development.

Meanwhile, we have selected the percentage of eligible male employees taking childcare leave as a key performance indicator (KPI). Given that male employees' active participation in housework and childcare will help change conventional labor practices which are based on long working hours and that the continuous involvement of both men and women in housework and childcare can be expected to minimize the interruption of women's careers due to maternity and childcare leave, we are actively encouraging male employees to take childcare leave.

In terms of external recognition, in 2023, CAC obtained Eruboshi certification. CAC Holdings has also endorsed the

Women's Empowerment Principles (WEPs) jointly developed by the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), declaring its stance of promoting women's empowerment internationally, and also participates in the Male Leaders Coalition for Empowerment of Women, operated by the Gender Equality Bureau, Cabinet Office of Japan.



Female Managers Working Group

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office

Signing the Women's Empowerment
Principles (WEPs)



CAC Corporation obtains Eruboshi
certification



Participating in the Male Leaders
Coalition for Empowerment of Women

Materiality Initiatives

A workplace environment that is rewarding and chosen by employees

GOAL 3 Human resources development: building systems and developing human resources

We believe that people are the source of the CAC Group's value and that the growth of people is the most important factor for the sustainable growth and development of the Group itself, and are working actively to develop human resources.

In our Five Values, established as values that should be shared by all Group employees, "Challenge" is placed at the center of the five words. Based on our philosophy that increasing experience by taking on various challenges without fear of failure leads to personal growth, we are building a system for organizing and developing the image of human resources necessary for our business activities, and provide opportunities and offer support for employees who take an active approach to their own growth to take on new challenges.

Moving towards our 2025 goal, we are working hard to design a system that creates opportunities to take on challenges. We have been consistently refining a system that can provide opportunities to take on challenges through active assignment changes, rotations, internal recruitment, cross-border learning*, and recommendation of side jobs, striving to arouse and establish a spirit of challenge while ensuring it becomes entrenched. We will also work to build and operate schemes for developing human resources who will play a central role in the company and support the organization going forward. As part of these efforts, in FY2023, we ran the CAC Next Academy 2023 for young human resources. We will continue to operate CAC Next Academy in the future with the goal of establishing a pool of future executive candidates.

*Cross-border learning refers to learning opportunities to gain new perspectives through cross-industry exchanges, volunteer activities, and participation in community activities, etc., for employees to achieve growth for both themselves and the organization.

KPI

Ratio of employees who are given opportunities for new challenges*

FY2030 Targets

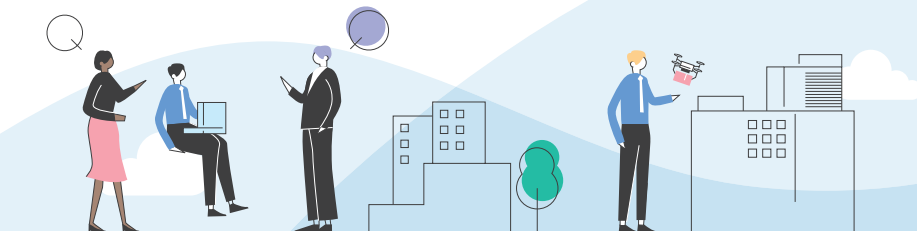
80%

Results not yet available because implementation and data collection began in 2024.

*CAC Holdings, CAC Corporation, and ARK System



Scenes of CAC Next Academy 2023



Materiality

Related
SDGs

Helping establish a enriched society and providing value

The CAC Group aims to contribute to the creation of a sustainable and prosperous society, by promoting the transformation of customer businesses through the creation of new value making fully effective use of ICT, and by solving social issues through innovation. Below we detail some examples of our initiatives.

GOAL 1 Solving social issues using IT

GOAL 2 Creating new value by creating new businesses with business partners

GOAL 3 Promoting employment in regional areas and the revitalization of local communities through the creation of businesses with communities

A fall detection system with image recognition AI — mamoiAI



CAC Corporation developed the mamoiAI fall detection system to help prevent care facility residents and patients at medical institutions from falling down, falling over or leaving their beds. It then released the minimum viable product (MVP) version of mamoiAI in December 2023.

At nursing care facilities and medical institutions, fall accidents involving elderly people and patients occur almost every day. These institutions face the critical challenges of preventing these accidents and implementing countermeasures. The fall detection systems using sensors that already exist often react to people simply rolling over in bed and trigger unnecessary alarms alerting staff. It is unlikely that these systems will help reduce the burdens on staff amid the labor shortage. In addition, another drawback of these systems is difficulty preventing fall accidents. Alarms are triggered only after sensors have been touched, meaning the person has already fallen. MamoiAI has been developed to resolve these problems.

Leveraging its strengths in the research and development of AI technologies, the CAC Corporation has been developing a technology that uses image recognition AI to capture a person's skeletal structure and evaluate their posture. CAC Corporation believed that this technology could be applied in fall prevention. With the aid of medical institutions, it verified the technology and achieved its practical application. By combining multiple technologies, mamoiAI was developed to detect a person's current posture and identify any potential danger. MamoiAI can send notifications to the mobile devices of staff on site when there is the risk of someone falling. CAC Corporation's unique expertise is incorporated into a device that produces appropriate output based on a person's posture and their positional relationship with the bed. It also collected thousands of images of human postures to enable its AI to learn what postures are likely to

lead to a fall. It also endeavored to remove postures that may lead to a false alarm.

In the future, CAC Corporation will add a whole-room monitoring function, instead of just the area around the bed, and an automatic report creation function. The name mamoiAI was coined to express its role as a loving (ai) partner (aibo) and supporting set of eyes (a homophone of ai) for care workers and nurses keeping watch in areas where nursing care and medical services are provided. Care workers, nurses and the AI work as one to ensure safety and enable people to have peace of mind in nursing care and medical treatment.

Please see our website for more information about the mamoiAI.

<https://mamoi.jp/>



Materiality Initiatives

Helping establish a enriched society and providing value

Regional revitalization initiatives in Nagasaki Prefecture



The CAC Group aims for collaborative creation with local communities to help build an affluent society. The goal of this collaborative creation is creating businesses, which we hope will eventually lead to the promotion of employment in local communities and their revitalization.

CAC Corporation opened the Nagasaki BPO Center, a satellite office, in Nagasaki City, Nagasaki Prefecture in 2019. The company has employed more than 120 local people at the office. In November 2021, we opened our second office in Nagasaki Prefecture—the Nagasaki NBC Office—adjacent to HCTech AI Lab Nagasaki, which is an R&D laboratory and base for open innovation. In addition, CAC Corporation signed an agreement to encourage new work styles and creating new businesses with the Nagasaki City government.

It will continue working to energize local communities.

Also, in a comprehensive collaboration agreement it signed with the Unzen City government in Nagasaki Prefecture, it provides support for digitalization, open innovation, tourism energization and other initiatives.



Interior of HCTech AI Lab Nagasaki

It conducted workcations in the cities of Nagasaki and Unzen. To date, CAC Holdings, CAC Corporation and CAC ORBIS Corporation have taken advantage of this program and interacted with local residents.

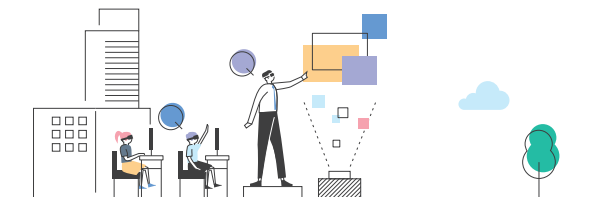


Educational support activities in Indonesia

Mitrais became a member of the CAC Group in October 2019. It has a major base in Indonesia, and continues to support children there through the provision of educational opportunities as a major sponsor of the Yayasan Kemanusiaan Ibu Pertiwi Foundation (YKIP).

YKIP was established to provide support for reconstruction after the 2002 Bali bombings, and has been working to break the cycle of poverty through education. It has now expanded its program to provide educational services through scholarship programs. Through this

foundation, Mitrais contributes to local communities by giving underprivileged children in Bali the opportunity to continue their studies from primary school to university.



A support party

Materiality Initiatives

Helping establish a enriched society and providing value

Activities for promoting and supporting boccia, a sport for people with disabilities

Since 2016, the CAC Group has been promoting and supporting boccia, as an initiative to help build an affluent society. In addition to providing support as a Gold Top Partner of the Japan Boccia Association (JBoA), we also provide hands-on experience trial sessions at schools in Japan, and have Group employees who have obtained JBoA accredited referee qualifications engage in refereeing activities throughout Japan. We also provide support for boccia athletes, developed Boccia Measure (an Android app that automatically measures the distance between boccia balls), hold the CAC Cup tournament, donate boccia equipment, and rent out boccia courts—to the general public.

We also support boccia athletes. As of April 2024, we employed two boccia players. We do not provide support just for their sporting activities, also help them develop into independent workers with an eye toward their future second careers.

Activities from FY2016–FY2023

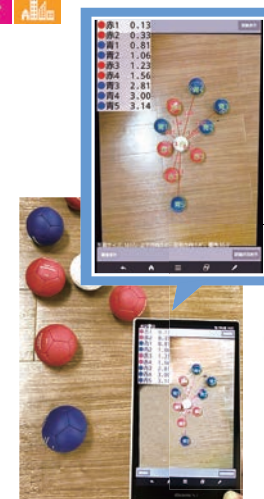
Activities for promoting boccia such as taster sessions and instruction sessions

82
eventsApprox.
6,800
participants

Refereeing by Group employees at 81 boccia tournaments

469 in total

Donation of boccia equipment

105 organizations

Boccia Measure



Ami Tonoshi

Sponsored by Tsunahiro World Co., Ltd.

Hosting boccia tournaments: Regional revitalization and exchange through sports for the disabled

Over 100 students attending special needs schools in Tokyo participated in the CAC Cup (Student Boccia Exchange Tournament), a boccia tournament sponsored by the CAC Group. It has been held since 2017, and will be held for the eighth time in the fall of 2024. The tournament is a valuable place for students from special needs education schools, who have few opportunities to enjoy boccia as a competitive sport, to play boccia seriously. Through inventive approaches such as adding lighting and sound effects and projecting video on a large screen, the tournament has grown into a goal for the students that participate in it and it has expanded to a size where most of the special needs schools for people with orthopedic disabilities in Tokyo participate in it.

While boccia has gained greater recognition than in

the past, there are still few opportunities for tournaments in regions outside of Kanto. Therefore, in April 2023 we organized the first regional event, the CAC Cup Inclusive Boccia Tournament 2023 in Unzen. We decided to hold it in the city of Unzen in Nagasaki prefecture, in consideration of our relationship with the city based on the comprehensive collaboration agreement between CAC Corporation and the city government. **P.38** Accordingly, the tournament was organized with two objectives: to help revitalize the city and to promote diversity and inclusion.

On the day of the tournament, we held not only individual events for people with disabilities but also team events in which anyone could play by forming teams. This enabled us to realize that boccia is a truly inclusive sport that can be enjoyed by anyone, irrespective of age, gender, or ability.

The CAC Cup is planned and operated by CAC Group employees themselves, and it has become a valuable opportunity for the employees and staff involved in the tournament to experience social contribution activities and deepen the communication between the companies in the Group.

Please see our website for more information about the CAC Cup. (Only available in Japanese)

<https://caccup-boccia.com/>



CAC Cup Inclusive Boccia Tournament 2023 in Unzen

Materiality

Related
SDGs

Environmentally friendly corporate activities

The CAC Group recognizes initiatives to address global environmental issues as shared global issues. Based on this understanding, we aim to ensure that our corporate activities are environmentally friendly, such as by engaging in environmentally friendly investment and procurement, and continuing efforts to save energy and resources in our business activities. At our offices, which are the main bases for our business activities, we are engaged in efforts such as working to implement environmentally friendly procurement, reduce electricity consumption, and shift to paperless operations.



GOAL 1 Environmentally friendly investment and procurement

In November 2022, we switched to green electricity—which has a lower impact on the global environment—for the electricity used at our head office building. By using electricity derived from renewable energy sources, we aim to

conduct corporate activities that are more environmentally friendly by not depleting petroleum-derived resources and emitting almost no CO₂ or harmful gases during power generation or heat use.

GOAL 2 Resource and energy conservation in business activities

In our business activities in our office, we engage in initiatives including the reduction of power consumption through the improvement of the energy efficiency of the office building and other measures, the implementation of paperless operations through the digitalization of internal documents, the introduction of an electronic contract system, the recycling of the paper used in the office, and other measures.

Related non-financial indicators(FY2023)

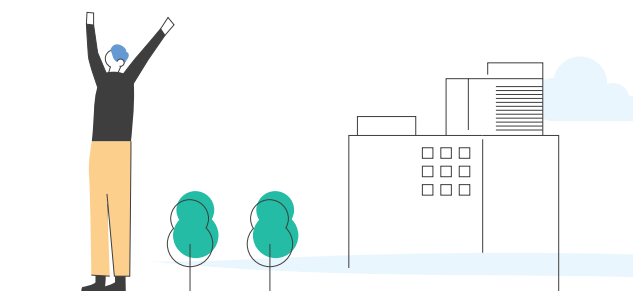
Power consumption

469,573_{kWh} **▶** **336,209_{kWh}**
FY2022 Result FY2023 Result

Amount of office paper purchased (A4 equivalent)

108,500_{sheets} **▶** **121,538_{sheets}**
FY2022 Result FY2023 Result

All figures are aggregated for CAC Holdings, CAC Corporation, and ARK System. Power consumption is the amount of electricity used by these three Group companies at our Hakozaiki head office building.



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- to long-term improvement in our corporate value in accordance with our Corporate Philosophy and Five Values. Under this basic policy, we continue striving to strengthen our corporate governance.

Corporate Philosophy of the CAC Group

Five Values

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

**Creativity
Humanity
Challenge
Respect
Pride**

Valuing ideas and thinking unbound by preconceptions
Living in a human way, with the emphasis on humanity
Continuing to attempt new challenges without fear of failure
Respecting others and never forgetting our sense of gratitude
Believing in the efforts of our colleagues and ourselves, and producing results that we can be proud of, with respect to society

Please refer to our website for our Basic Policy on Corporate Governance. (Only available in Japanese)

https://www.cac-holdings.com/ir/governance_policy.html



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.

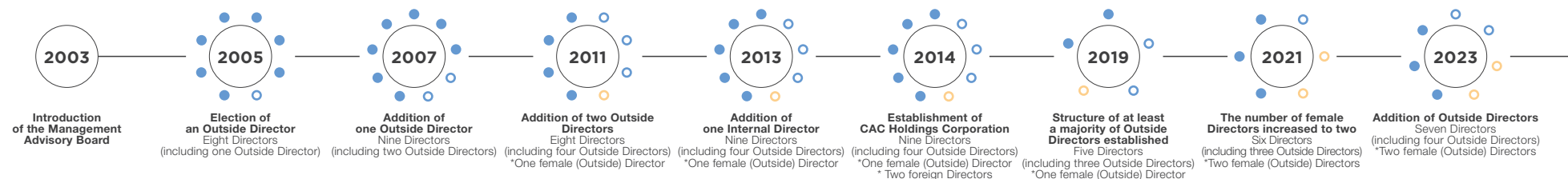
In 2005, we made the change to a management system that includes Outside Directors. Currently (as of March 27, 2024), our Board of Directors consists of seven Directors, four of whom are Outside Directors (two men and two women). All of the Outside Directors are independent officers. In 2014, we made 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.

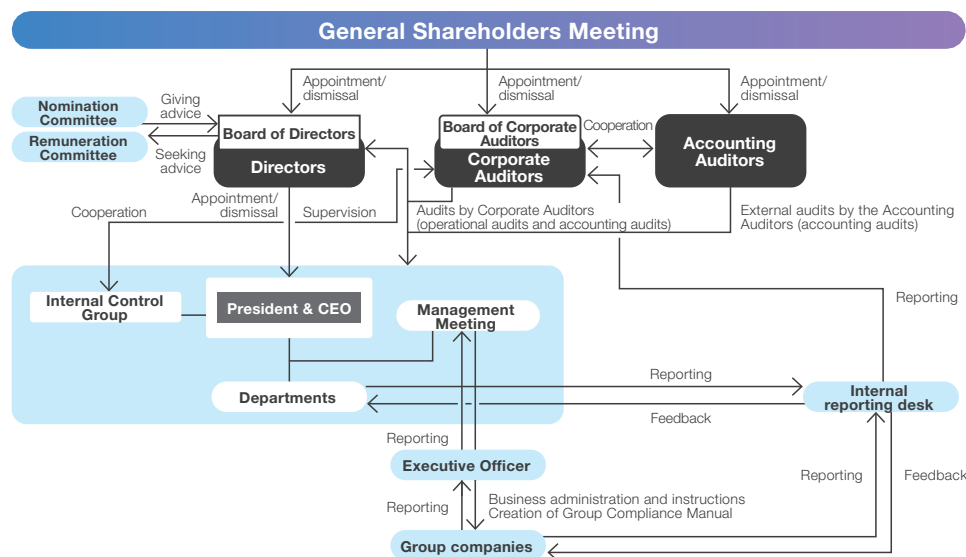
In 2019, we separated management decision-making and supervising functions from executive functions for the purpose of further strengthening corporate governance.

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



Board of Directors

The Board of Directors meets regularly every month and as needed. Important matters are submitted for discussion at the Board of Directors, and the status of operations is reported as needed. The Management Meeting has also been established as a body that deliberates and makes decisions on the execution of important

business for the entire CAC Group. In principle the Management Meeting convenes twice a month and on an ad hoc basis whenever needed, and endeavors to facilitate the agile execution of business. The Management Meeting is made up of the President & CEO and other persons he nominates.

Board of Corporate Auditors

Our Board of Corporate Auditors consists of four Corporate Auditors, two of whom are Outside Corporate Auditors. They meet regularly every month and as needed to hold discussions aimed at ensuring the adequacy and appropriateness of decisions made by the

Board of Directors. Corporate Auditors actively participate in Management Meetings and other important meetings in addition to the Board of Directors Meetings to properly monitor Directors in the performance of their duties.

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.

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.

Regarding the remuneration of individual Directors, the Board of Directors approved a policy on the determination of remuneration, etc. for individual Directors at its meeting on February 22, 2021. Accordingly, the Company has adopted a system of remuneration linked to shareholders' interests as an incentive to continue increasing

corporate value. The Company follows a basic policy of ensuring that the level of remuneration is appropriate based on the duties of the Directors.

The remuneration consists of base remuneration, performance-based remuneration and stock-based remuneration. It is determined based on the advice of the Remuneration Committee, comprehensively considering the rate of achievement of annual targets and other factors. As designed, the ratio of base remuneration to performance-based remuneration to stock-based remuneration is 2:1:1.

Nomination Committee

The Nomination Committee, which is chaired by an Outside Director (Mika Matsuo), was established as an advisory committee for the purpose of deliberating on the appropriateness of nominations concerning the content of proposals related to the appointment and removal of Directors and Corporate Auditors to be resolved at the General Shareholders Meeting.

Amount of remuneration for officers in FY2023

Position	Number of officers	Total amount of remuneration in millions of yen	Breakdown	Upper limit of the amount
Directors (Outside Directors)	7 (4)	166 (20)	Base remuneration: ¥91 million Stock-based remuneration: ¥40 million Bonus: ¥35 million (Only base remuneration was paid to Outside Directors)	Up to ¥240 million per year
Corporate Auditor (Outside Corporate Auditors)	4 (2)	52 (12)	Base remuneration only	Up to ¥96 million per year
Total	11 (6)	218		

Notes1. 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 96 million yen per year, was approved at the 56th Annual General Meeting of Shareholders held on March 29, 2022.
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).

Officers (As of March 27, 2024)

Directors



Ryota Nishimori Representative Director, 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

Representative Director, President & CEO of CAC Corporation



Yuki Otsuki 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 Medical Hospital (current Tokyo Medical and Dental University Hospital) and Chief of Dermatology at Soka Municipal Hospital. 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.

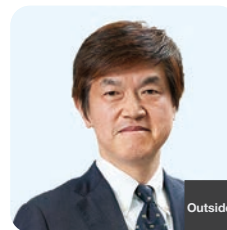


Akihiko Sako Chairman of the Board of Directors Date of birth: June 15, 1960

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, General Manager of Corporate Division, etc. In January 2011, he assumed the post of President and CEO of the Company, and in January 2021 he became Representative Director and Chairman of the Board. He has been Chairman of the Board since March 2023. Director of the Japan Computer Information Service Employees' Pension Fund from June 2023 (current position).

Major concurrent positions

Director of the Japan Computer Information Service Employees' Pension Fund



Tatsuo Watanabe Director Date of birth: June 11, 1964

Mr. Watanabe joined Sumitomo Life Insurance Company in 1987. He has been serving as an outside director and an auditor at a number of companies. He became a Full-time Auditor at All About, Inc. in 2004, a Director at general incorporated association Open Innovation Sokushin Kyogikai (current post) in 2012, an Outside Director and Audit and Supervisory Committee Member at WirelessGate, Inc. (current post) in 2016, an Outside Director at CELM Inc. in 2020. He has been serving as a Director of the Company since March 2023.

Major concurrent positions

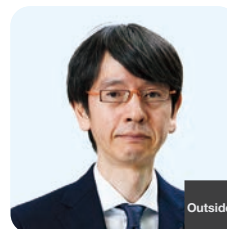
Outside Director and Audit and Supervisory Committee Member at WirelessGate, Inc. Auditor, internet infinity INC.

Outside Director and Audit and Supervisory Committee Member at All About, Inc. External Director and Audit and Supervisory Committee Member at CELM, Inc.



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. (current Mizuho Research & Technologies, Ltd.) Since March 2019, he has held the post of Senior Managing Director of the Company. Since January 2022, he has been serving concurrently as the Company's Senior Managing Director and Executive Officer in charge of Strategic Investment Department, Chairman of Strategic Investment Committee, and Head in charge of India. Since January 2023, he has been the Senior Managing Director and an Executive Officer at the Company. He is Chairman of Strategic Investment Committee. He is also in charge of Corporate Division and General Manager of Corporate Division.



Tatsuya Harada Director Date of birth: June 14, 1972

He became a PD fellow at the Japan Society for the Promotion of Science in 2001 and then a Visiting Researcher at Carnegie Mellon University. He became an Associate Professor at the Graduate School of Information Science and Technology (IST), the University of Tokyo in 2009 and a Professor at IST in 2013. He has been a Team Leader at the RIKEN Center for Advanced Intelligence Project (AIP) (current post) since 2016. He is also a Visiting Professor at the Research Center for Medical Bigdata at National Institute of Informatics (NII) (current post) and a Professor at the Research Center for Advanced Science and Technology, the University of Tokyo (current post). He has been serving as a Director of the Company since March 2023. August 2023: Vice President at the Institute of Physical and Chemical Research (RIKEN) (current position).

Major concurrent positions

Profecor of the Research Center for Advanced Sience and Technology, the University of Tokyo Vice President at the Institute of Physical and Chemical Research (RIKEN) and Team Leader at the Advanced Intelligence Project Visiting Professor at the Research Center for Medical Bigdata at National Institute of Informatics



Mika Matsuo Director Date of birth: May 29, 1961

After serving as an Executive and Chief of Staff at The Tokyo Star Bank, Ltd., she served as a Director and Executive Officer and Chief Human Resource Officer at AIG Japan Holdings K.K., as an Adviser (current post) of Asahi Group Holdings, Ltd. and as an Independent Director and Supervisory Committee Member (current post) at Semba Corporation. She has been serving as a Director of the Company since March 2021.

Major concurrent positions

Advisor at Asahi Group Holdings, Ltd./Independent Director and Supervisory Committee Member at Semba Corporation

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
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 and 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



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
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. He has been an Outside Corporate Auditor of the Company since March 2019.

Major concurrent positions
Representative Director, Ontrack Corporation

Skill Set

Name	Status of attendance at Board of Directors' Meetings (Fiscal year ended December 31, 2023)	Status of Attendance at Board of Corporate Auditors Meetings (Fiscal year ended December 31, 2023)	Experience							
			Business management	Finance	Legal affairs/risks/governance	IT/technological trends/products	Global experience	Personnel affairs/human resource development/health and productivity management	Society/environmental sustainability	Business development/sales/marketing
Akihiko Sako	17/17	-	●				●	●	●	●
Ryota Nishimori	17/17	-	●			●	●	●	●	●
Togo Shimizu	17/17	-		●			●	●		●
Mika Matsuo	Independent Officer	17/17					●	●	●	
Yuki Otsuki	Independent Officer	17/17						●	●	
Tatsuya Harada	Independent Officer	12/13				●				
Tatsuo Watanabe	Independent Officer	13/13	●	●	●					
Masaaki Yoshida	17/17	18/18		●	●					
Kazuki Kawamata	17/17	18/18				●				●
Hirokazu Honda	Independent Officer	17/17			●		●			
Yuichi Ishino	Independent Officer	17/17	●	●			●			●

*The above list does not show all of the knowledge and experience of each Director and Corporate Auditor.

Executive Officer

- Executive Officer**
Hiroto Sabetto
 In charge of Core ICT
- Executive Officer**
Eisuke Nakanishi
 In charge of New Business Promotion and the General Manager of New Business Promotion Headquarters
- Executive Officer**
Tatsuo Mikoda
 Deputy officer in charge of the Corporate Division, Deputy General Manager of the Corporate Division and CFO
- Executive Officer**
Toshinobu Matsuhashi
 In charge of global strategy and General Manager of the Global Strategy Division
- Executive Officer**
Takuya Maeda
 In charge of strategic Integration and General Manager of the Strategic Integration Division

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

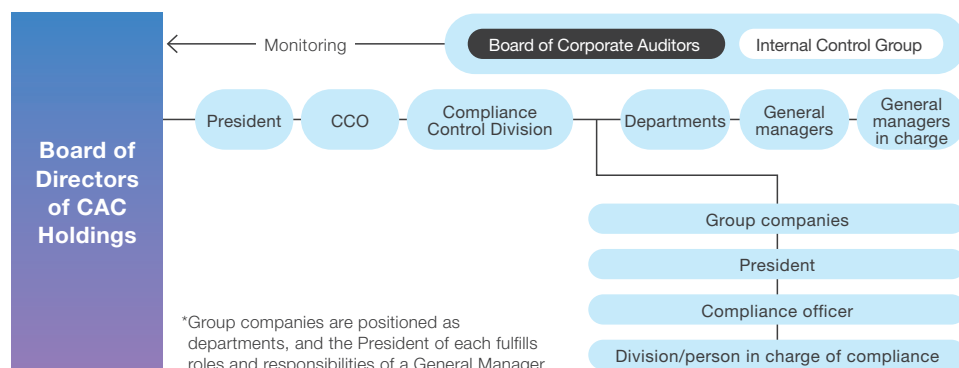
At the CAC Group, we define compliance as “increasing our sense of morality and our sincerity as a corporate entity by complying strictly with laws, regulations, rules and social norms.” Based on Five Values, we have formulated the Basic Guidelines for

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.



*Major CAC Group subsidiaries

CAC Group's system for promoting compliance



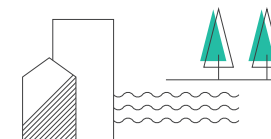
Risk Management

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, thus having clarified action guidelines to follow when managing risks, contents of risks that must be managed appropriately, and system to promote the management of these risks, among others. 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).

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.



Initiatives for dealing with material risks (as of December 31, 2023)

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
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 and human resources development Improvement in corporate brands and creation of 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	Different IT services will be interrupted by system failures, natural disasters, pandemics and other events which will adversely impact the Group's operating results.	<ul style="list-style-type: none"> Developing, maintaining, and updating of measures for early restoration of service

⋮ Talk between the Chairman of the Board of Directors and an Outside Director

The Board of Directors Is Responsible for Leading the Group's Evolution to Achieve Continued Growth.



Director and Chairman
(Chairman of the Board
of Directors)

Akihiko Sako



Outside Director

Tatsuo Watanabe

In a period of major change in the IT industry, the Board of Directors should pay attention to the speed of deliberations

Sako A year has now passed since Mr. Watanabe was appointed an Outside Director in March 2023. I believe you have been actively participating in discussions based on your experience working in many different areas, from your involvement with a new venture to your work in a publicly listed company, to unravel our entrenched views. What are your thoughts about the past year?

Watanabe In the past, I was often involved in the management of relatively young companies in the stage between when they were a start-up and when they did their IPO. This year, I experienced the real strengths of the CAC Group, backed by the expertise it has accumulated over its nearly 60 years of history and its enhanced engineering spirit.

I feel that the Board of Directors and other meeting bodies discuss issues

carefully. Aided by the elaborate materials prepared by executive officers and the administrative office, the participants in these meetings have made a real effort to engage in constructive discussion. Truthfully, it is very difficult for a group of people from different backgrounds who have different beliefs to discuss issues constructively. Additionally, one third of the Group's businesses are operated overseas. A relatively large amount of time must be allocated to deliberations on overseas businesses. I felt that I lacked information in this area. However, I believe that the chairman managed the proceedings in a smooth and well-balanced manner.

Sako It has been 58 years since the Group was founded and 24 years since it was listed on the then first section of the Tokyo Stock Exchange. As you mentioned, a strength of the Group is that we have accumulated a lot of experience. However, technology trends in the IT industry change on a cycle of roughly ten years. To survive the competition, we need to be capable of responding quickly. In my opinion, the Board of Directors should actively discuss issues that reflect the entrepreneurial spirit of a new enterprise as well as deliberate innovation in line with technological trends and the future vision of the Group. What are your thoughts on this?

Watanabe Rules regarding the listing of companies on stock exchanges and the many different regulations are significant issues and you cannot postpone discussion

of them. However, we are in a period in which technologies are changing rapidly, for instance with the use of generative AI. I suspect that many employees share your sense of discomfort about the timeline. In addition, many companies are beginning to have a sense of crisis in this period of change. They fear that they will fall behind if they fail to keep up with the trends. It is a major business opportunity for the CAC Group since we have survived using our expertise and technical strengths. In fact, a number of ideas for new businesses have sprung up from inside the Group. Going forward, we will need to change the direction and timeline for our discussions as well.

Not only to fulfill the responsibilities of the Board of Directors but to increase effectiveness

Sako The adoption of artificial intelligence is advancing more rapidly than in 2023, which is being called the first year of AI, and its pace is accelerating. This impacts the Group significantly. In anticipation of a situation like this, we had already promoted young officers to executive positions. They understand the essence of technologies and trends and they are now displaying their own strengths. The Board of Directors must lead and monitor the continued evolution of the company to ensure it continues to grow.

Watanabe We need to further increase the effectiveness of the Board of Directors. Essentially, the Board has two functions. One is the formulation of corporate strategies. It determines the future of the Group. The other is supervision. It should prevent executives from acting on their own discretion in a way that would impair shareholder value. We should be able to improve these functions by balancing directors' skillsets.

The things that each company emphasizes in the composition of its directors varies from company to company, but they all emphasize expertise and independence. Social responsibility should be added to this list. To ensure that

stakeholders are satisfied with us and view us as a reasonable team, it is vital that we squarely address issues. I believe that the appointment of directors based on these principles will ensure that the Board of Directors will perform its functions and that it will be more effective.

Sako As far as the Company is concerned, the fact that the listed company is a pure holding company poses difficulties. Generally speaking, if the parent company runs some business, its strategy is mostly consistent with its Group's strategy. At a pure holding company, the orientation of its strategy depends largely on the individual operating companies. As a result, the practical purpose of the



holding company tends to be merely managing resources. For reference, I analyzed the composition of the officers of other pure holding companies. Many of these companies had legal, accounting and other experts capable of playing roles that are significant to holding companies. I felt there was a gap there in comparison with the Group.

I myself have experience as a senior executive of an operating company. Based on this, I have come to believe that it is important to appoint people with expertise as well as experts in technology as directors to develop and carry out highly effective business strategies. It could also be a good idea to ask outside

directors with expertise to participate in the management of operating companies and to exchange information about specific technologies and other matters. If that is successful, the Group's strategy will more likely be consistent with the strategies of the individual operating companies, and our financial strategy will be better balanced and more efficient.

Watanabe In the past, one company introduced a structure consisting of business units under which a head of a business unit effectively acted as president of a company. This was combined with evaluations of their performance to determine remuneration. At that time, this approach was seen as advanced. However, the result was that the company prioritized short-term results and hesitated to make long-term investments. As a result, the whole company became smaller.

Sako An important role that holding companies have is to lead the group with a

grand vision to counteract the tendency to seek short-term results.

Watanabe Publicly listed companies are required to disclose their business results on a quarterly basis. They must both solve short-term issues and make investment decisions with an eye to the distant future, working from a long-term perspective. This is also a duty that the Board of Directors has to fulfill.

The history of the corporate governance of the CAC Group began with common sense

Sako We set up a Remuneration Committee before other companies, around 20 years ago. At that time, the word governance was still not heard in Japan. Simply put, we introduced a system based on the thinking that presidents should not be able to decide their salaries on their own. Today, our corporate governance is based on the idea of opening up to third-party eyes instead of following our own internal logic, so that we live up to the expectations of all stakeholders.

Watanabe I believe that few companies started to do this 20 years ago. I remember that other companies made similar moves several years later. Now it is common for public companies to disclose things that should be disclosed to stakeholders—to ensure transparency. Two decades ago, it was not common. The management team at that time was visionary. I imagine that

they engaged in a dialog with society what constitutes common sense and made their decision from an elevated perspective.

I myself believe that the core duty of directors is to be sensible. However, common sense is not simple. There are some things that are acceptable under today's common sense that will be questionable when using the common sense of the future. Even so, the Board of Directors is a key point of contact between the company and society. Even if the times change, we admire people who behave sensibly.

Sako Indeed. (Laugh) When listening to different explanations, I sometimes find something strange about them, but given my position as a chairman, it is sometimes hard for me to point that out during the discussions. At times like this, you change the course of discussions to bring them back to a common sense path. When we discussed the application of the Corporate Governance Code, you made very sensible and progressive remarks.

Watanabe The Corporate Governance Code has a very large number of principles and it is revised and added to each year. Every year, we identify problems and submit a report on them, but we can never catch up. We came up with the idea of reviewing the Corporate Governance Code from the perspective of CAC Vision 2030, which specifies what we want to be like in ten years. This vision sets many different detailed targets. It will be difficult to develop





the Corporate Governance Code in line with these targets, but I felt that we may possibly manage.

Sako It is indeed important but I feel we spend too much time discussing the Corporate Governance Code. If we focus our discussions on the future form of our Group, we can devote more time to other discussions, such as improving corporate value. There is a lot of room for improvement.

Quickly understanding the changes of the times to help realize CAC Vision 2030

Watanabe Moving towards CAC Vision 2030, we achieved net sales exceeding 50 billion yen in FY2023. The Products & Services (P&S) business was one of the businesses that achieved the 2025 targets ahead of schedule. It was a very challenging task. I want to express my respect for the management team and the working-level staff for achieving this.

Sako The P&S business demonstrates our determination that the Group must resolutely evolve in this period of major change. I see that achieving the targets earlier than planned as the result of all employees sharing a kind of sense of crisis or urgency to prepare for major change.

The long-term vision is based on a very challenging plan of reducing the businesses that we have traditionally developed to half of the Group and transforming the remaining half into new technologies businesses. We are still in the initial stage of the plan. I appreciate the things they have achieved by addressing major challenges head-on.

Watanabe I appreciate that, while new things are created internally, the changes are also made in the ways that things are done. In the IT industry, there are companies offering system integration services and product-oriented companies. They may look similar in the public eye, but they differ completely in substance. System integrators build systems according to the needs of the customer. Product-oriented companies anticipate the near-future needs of society and release products. They differ in their approach to business. The Group is in the course of shifting from the first business model to the second. People who have not done it before must create new products. This means that our human resources must change massively. This is a big challenge as well.

In our supervisory duties, we should identify the risks that can be presumed in advance and discuss them in detail in a timely manner to pass resolutions regarding them. This is the initial step toward quick solutions.

Sako That's right. Currently, the Board of Directors holds 16 meetings per year, in principle. Twelve of them are regular meetings and four are for discussing financial results. Based on this schedule, we develop an annual plan for what should be discussed. In my mind, following this plan includes an element of monitoring the progress. This is because the discussions are not only discussions of figures but also of directions. Additionally, we will increase the time spent discussing matters that we should study. I believe that will improve the effect of the progress monitoring.

In recent years, more time has been spent on deliberating management that is aware of the capital costs and the share price than in the past. It seems that the system for determining directors' remuneration, etc. in particular has been evaluated highly. It is designed to ensure that the remuneration is linked to quantitatively calculated figures such as the equity spread, the gap between the cost of equity and the return on equity (ROE), based on an overall evaluation of duties and contributions of individual directors by the Board of Directors. This firmly ensures both impartiality and transparency.

Watanabe For example, if AI and other technologies continue to change our

workstyles and increase our productivity in the future, it is possible that the focus may become the ways that people work. Currently, the Group has a very low employee turnover rate. I feel that group employees have high job satisfaction. In the future, management may also be assessed by how it protects employees' families and supports local communities. It is vital that we grasp changes swiftly and adjust our structure quickly.

As a matter of fact, an unforgettable thing happened at the Group's General Shareholders Meeting. The meeting was attended by two brothers who were probably in elementary school and junior high school. The Group's medium- to long-term goal is "Evolving into a corporate group that consistently makes a positive impact on society, with technologies and ideas." In other words, the aim of this corporate vision is that proposals are better than the previous week, code is more efficient than the code written in the previous month, and the support that is provided is more engaged with customers than ever before. I felt very happy that the brothers were involved in some way in the Company, which continues to make down-to-earth efforts like these.

Sako That's right. We have been incessantly continuing these efforts for more than 50 years. After overcoming the period of major change, we will evolve into a company that the brothers will find cool as grown-ups. This is another duty we have to fulfill.

Financial Data

	48th term FY2013	49th term FY2014	50th term FY2015	51st term FY2016	52nd term FY2017	53rd term FY2018	54th term FY2019	55th term FY2020	56th term FY2021	57th term FY2022	58th term FY2023
Net sales (million yen)	40,963	50,031	52,105	52,521	53,268	49,906	50,683	48,539	47,935	47,971	50,539
Operating profit (million yen)	2,528	3,191	1,209	1,202	698	1,426	1,314	1,948	3,697	3,187	3,327
Ordinary profit (million yen)	2,664	3,000	1,080	937	717	1,368	1,257	1,909	3,668	3,158	3,118
Profit attributable to owners of parent (million yen)	1,514	2,343	(142)	2,039	1,100	1,319	1,500	1,669	2,476	2,093	2,473
Net assets (million yen)	22,833	30,310	29,293	27,683	32,429	28,857	25,797	26,236	31,398	29,300	32,346
Total assets (million yen)	37,020	53,387	51,783	50,344	54,125	46,968	45,626	44,565	47,261	44,213	48,532
Cash flow from operating activities (million yen)	2,100	2,331	(770)	892	(1,014)	3,276	104	1,110	2,902	2,625	594
Cash flow from investing activities (million yen)	(2,312)	432	(2,760)	3,233	307	2,362	3,523	1,338	532	(591)	1,247
Cash flow from financing activities (million yen)	989	(1,388)	(796)	(1,920)	(2,196)	(2,310)	(6,324)	(1,704)	(2,930)	(1,711)	(2,070)
Book value per share <BPS> (yen)	1,124.81	1,455.06	1,439.40	1,447.09	1,720.38	1,527.13	1,512.07	1,505.09	1,822.34	1,683.23	1,873.73
Earnings per share <EPS> (yen)	76.07	117.69	(7.21)	105.54	59.69	71.57	84.83	100.55	146.75	123.60	145.24
Return on equity <ROE> (%)	7.2	9.1	(0.5)	7.4	3.8	4.4	5.6	6.6	8.8	7.1	8.2
Return on assets <ROA> (%)	7.7	6.6	2.1	1.8	1.4	2.7	2.7	4.2	8.0	6.9	6.7
Equity ratio (%)	60.5	54.3	54.6	53.0	58.6	59.9	54.7	57.0	65.1	64.7	65.8
Price-to-earnings ratio <PER> (times) * Based on the closing share price at the end of each fiscal year	12.07	9.97	—	8.38	17.77	13.02	18.50	14.16	9.89	11.59	11.97
Amount of dividend per share (yen)	32.00	32.00	32.00	40.00	36.00	38.00	50.00	60.00	60.00	60.00	80.00
Dividend payout ratio (%)	42.1	27.2	—	37.9	60.3	53.1	58.9	59.7	40.9	48.5	55.1

Non-Financial Data

Personnel data

		48th term FY2013	49th term FY2014	50th term FY2015	51st term FY2016	52nd term FY2017	53rd term FY2018	54th term FY2019	55th term FY2020	56th term FY2021	57th term FY2022	58th term FY2023
Number of employees	Overall	2,239	4,833	5,202	5,711	5,364	4,821	5,077	4,960	4,249	4,357	4,447
	Male	—	—	—	4,493	4,147	3,680	3,841	3,717	3,301	3,369	3,397
	Female	—	—	—	1,218	1,217	1,141	1,236	1,243	948	988	1,050
	(ratio of women)	—	—	—	21.3%	22.7%	23.7%	24.3%	25.1%	28.6%	22.7%	23.6%
	Japanese nationality	—	—	—	2,015	2,023	1,969	1,959	1,934	1,477	1,544	1,571
	Foreign nationality	—	—	—	3,696	3,341	2,852	3,118	3,026	2,772	2,813	2,876
	(ratio of foreign nationality)	—	—	—	64.7%	62.3%	59.2%	61.4%	61.1%	65.2%	64.6%	64.7

*Main subsidiaries of the Group, including those based overseas

		56th term FY2021	57th term FY2022	58th term FY2023
Average age	Overall	—	44.4	40.8
	Male	—	46.0	42.4
	Female	—	41.1	37.2
Average years of service	Overall	—	14.8	13.8
	Male	—	15.7	15.5
	Female	—	13	10.0
Number of new graduate hires	Overall	58	84	110
	Male	45	55	80
	Female	13	29	30
Number of mid-career hires	Overall	62	67	76
	Male	28	30	43
	Female	34	37	33

*Three main CAC Group companies (CAC Holdings, CAC Corporation, and ARK System).

		56th term FY2021	57th term FY2022	58th term FY2023
Employee turnover	Overall	—	86	71
	Male	—	62	43
	Female	—	24	28
Number of employees who are not Japanese nationals	Overall	44	48	51
	Male	25	28	28
	Female	19	20	23
Number of employees with disabilities	Overall	—	7	10
	Male	—	5	7
	Female	—	2	3
Number of Executive Officers	Overall	8	6	7
	Male	8	6	6
	Female	0	0	1

*Three main CAC Group companies (CAC Holdings, CAC Corporation, and ARK System).

		56th term FY2021	57th term FY2022	58th term FY2023
Employee satisfaction	Engagement survey response rate	—	78.3	84.6
	Engagement score (average)	—	67.3	69.2
Investment in human resource development (million yen)		—	58	82
Investment in human resource development (hours)		—	45,146	74,477
Social contribution expenses (thousand yen)		—	25,122	26,202
Total number of employees who have participated in social contribution activities		—	223	310
Average monthly total working hours		—	167.7	162.1
Average monthly overtime working hours		—	11.5	12.3
Percentage of taking annual paid leave		—	55.9	64.5

*Three main CAC Group companies (CAC Holdings, CAC Corporation, and ARK System).

Environmental

	56th term FY2021	57th term FY2022	58th term FY2023
Power and resource consumption			
Power consumption (kWh)*	—	469,573	336,209
Amount of office paper purchased (A4 equivalent, sheet)	—	108,500	121,538

*Electricity used by the three main Group companies occupying the Hakozaiki head office building

		56th term FY2021	57th term FY2022	58th term FY2023
Percentage of employees who took childcare leave	Overall	—	146.7	108.6
	Male	—	73.3	47.1
	Female	—	220.0	166.7
Percentage of return from childcare leave	Overall	—	66.7	97.7
	Male	—	33.3	97.4
	Female	—	66.7	98.2
Number of employees using shortened working hours for childcare	Overall	—	16	25
	Male	—	0	0
	Female	—	16	25
Number of employees taking family care leave		—	0	0
Number of employees using shortened working hours for family care		—	0	0
Percentage of employees who undergo physical examinations		—	85.3	91.4
Percentage of employees with irregularities in health checks		—	64.1	53.1
Percentage of employees who undergo a stress check		—	86	94.8
Percentage of employees experiencing high stress		—	7.6	10.5

*Three main CAC Group companies (CAC Holdings, CAC Corporation, and ARK System).

Corporate governance

	56th term FY2021	57th term FY2022	58th term FY2023
Legal and regulatory compliance (consolidated data)			
Percentage of employees who have received compliance training	—	83.1	98.7

Stock Information

General Information (as of December 31, 2023)

Number of shares authorized	86,284,000
Number of shares issued and outstanding	20,541,400
Unit share	100
Number of shareholders	6,701
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	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock exchange listing	Tokyo Stock Exchange, Prime Market (Date of Listing: October 2000) (Securities Code: 4725)

Breakdown of Shareholding by Investor Type (as of December 31, 2023)

Investor type	Number of shareholders	Number of shares held (thousands)	Percentage of total issued shares
Japanese financial institutions	15	3,611	17.60%
Japanese securities companies	20	411	2.01%
Other Japanese companies	63	6,425	31.32%
Foreign companies, etc.	85	1,706	8.32%
Japanese individuals and others	5,359	8,363	40.76%
Total	5,542	20,518	100.00%

*Treasury stock (3,125 thousand shares as of December 31, 2023) is included in "Japanese individuals and others."

*The number of shares held in "Other Japanese companies" includes 12 units of shares held under the name of Japan Securities Depository Center, Inc.

Primary Shareholders (as of December 31, 2023)

Name of shareholders	Number of shares held (thousands)	Percentage of total issued shares (excluding treasury stock)
SHOGAKUKAN Inc.	3,102	17.81
The Master Trust Bank of Japan, Ltd. (Trust account)	1,406	8.07
Custody Bank of Japan, Ltd. (Trust account)	874	5.02
CAC Employee Shareholding Association	493	2.83
Sumitomo Mitsui Banking Corporation	484	2.78
Mitsubishi Tanabe Pharma Corporation	431	2.47
Sumitomo Realty & Development Co., Ltd.	395	2.27
Custody Bank of Japan (account E in trust)	370	2.12
Tomoe Corporation	300	1.73
KLab Inc.	300	1.72
Maruha Nichiro Corporation	300	1.72
Yuasa Trading Co., Ltd.	300	1.72

*The 3,125 thousand shares of treasury stock as of December 31, 2023 are not included in the above.

*All of the shares held by the above trust bank are related to the trust business.

Corporate Information

Corporate Profile

Name	CAC Holdings Corporation
Head office	24-1, Nihonbashi-Hakozaki-cho, Chuo-ku, Tokyo 103-0015, Japan Phone: +81-3-6667-8001
Representative	Ryota Nishimori, President and CEO
Founded	August 8, 1966
Common stock	¥3,702 million
Consolidated sales	¥50,539 million (for the fiscal year ended December 31, 2023)
Number of Group employees (As of December 31, 2023)	4,447
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

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, 2023 to December 31, 2023 (activities in January 2024 and thereafter are also included in some sections.)
- Subject organizations: CAC Holdings Corporation and 20 consolidated subsidiaries (as of December 31, 2023)

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.

Major Group Companies

● 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

● Hitec Systems Corporation

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

● CAC AMERICA CORPORATION

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

● CAC EUROPE LIMITED

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

● Inspirisys Solutions Limited

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

● Mitrais Pte. Ltd.

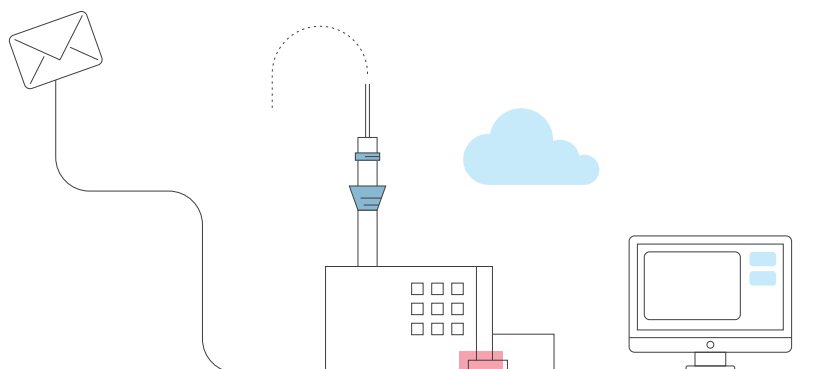
Location	Singapore
Main services	Sales and maintenance of software products Contracted software development services

Information

The Company discloses information in a timely and impartial manner to deliver useful information to all stakeholders, including shareholders and investors. The Company will enhance its investor relations activities and information disclosure to enable all stakeholders to better understand the CAC Group's business activities and to forge relationships of trust with them.

IR Calendar

First quarter			Second quarter			Third quarter			Fourth quarter		
January	February	March	April	May	June	July	August	September	October	November	December
<ul style="list-style-type: none"> Full-year financial results announcement Full-year financial results briefing 			<ul style="list-style-type: none"> 1Q financial results announcement 			<ul style="list-style-type: none"> 2Q financial results announcement 2Q financial results briefing 			<ul style="list-style-type: none"> 3Q financial results announcement 		
			<ul style="list-style-type: none"> Annual General Meeting of Shareholders Payment of year-end dividend 			<ul style="list-style-type: none"> Payment of interim dividend 					



Websites



Website

<https://www.cac-holdings.com/index.php>



Investor Relations page

<https://www.cac-holdings.com/ir/index.php>



CSR page

<https://www.cac-holdings.com/csr/index.php>



Initiative for the Popularization of Boccia



Facebook

<https://www.facebook.com/cac.boccia/>



YouTube

https://www.youtube.com/channel/UCzw6s74-QQJ6fyIZz_FFXGQ



CAC Cup

<https://caccup-boccia.com/>





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