

October 15, 2020

Notice of Establishment of Subsidiary

CANDEAL Co., Ltd. announces that at the meeting of the Board of Directors held today, we have resolved to establish a new subsidiary.

1. Background and purpose of the establishment of the subsidiary

Recently, the outbreak of COVID-19 has greatly affected the world's business operations and people's lives. The Group was one of the first companies to strengthen its antiviral business and has provided "antiviral and antibacterial space" to contribute to the recovery of business performance of a variety of companies. Our group decided to establish CANDEAL PARTNERS CO., LTD., as a new subsidiary, to further expand its antiviral and antibacterial space business.

This subsidiary will be responsible for the management of sales agents and franchisees, as well as improving the quality of services and obtaining solid evidence and patents for technology through collaboration with universities and other research institutions.

It will also be responsible for creating a franchise to provide the Group's repair services and other architectural services to the construction industry.

2. Profile of new subsidiary

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|-----------------------|---|
| (1) Company name | CANDEAL PARTNERS CO., LTD. |
| (2) Representative | Akira Gomita, President and Representative Director |
| (3) Head Office | 1-11 Kitayamabushicho, Shinjuku-ku, Tokyo |
| (4) Business | <ul style="list-style-type: none">• Management of sales agents and franchisees handling the services of our group• Research, development, manufacture and sale of antiviral and antibacterial equipment and related products |
| (5) Capital | 50 million yen |
| (6) Established | November 2, 2020 (planned) |
| (7) Major shareholder | CANDEAL Co., Ltd. 100% stake |

3. Schedule

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|------------------------|----------------------------|
| (1) Board Resolutions | October 15, 2020 |
| (2) Establishment date | November 2, 2020 (planned) |

4. Future Outlook

This matter is expected to contribute to the growth of our Group's performance over the medium to long term and to the improvement of corporate value. However, the impact on the consolidated results for the fiscal year ending September 2021 is immaterial. If there is a need to make a timely disclosure announcement, we will notify you immediately.