



Financial Results for the Fiscal Year Ended in September 2019

CANDEAL CO., Ltd.

TSE Mothers :1446

November 14, 2019

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- Business Outline
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FY9/19 Business Results

FY9/19 Summary of Consolidated Business Results



Both sales and profits **increased YoY and achieved record highs.**

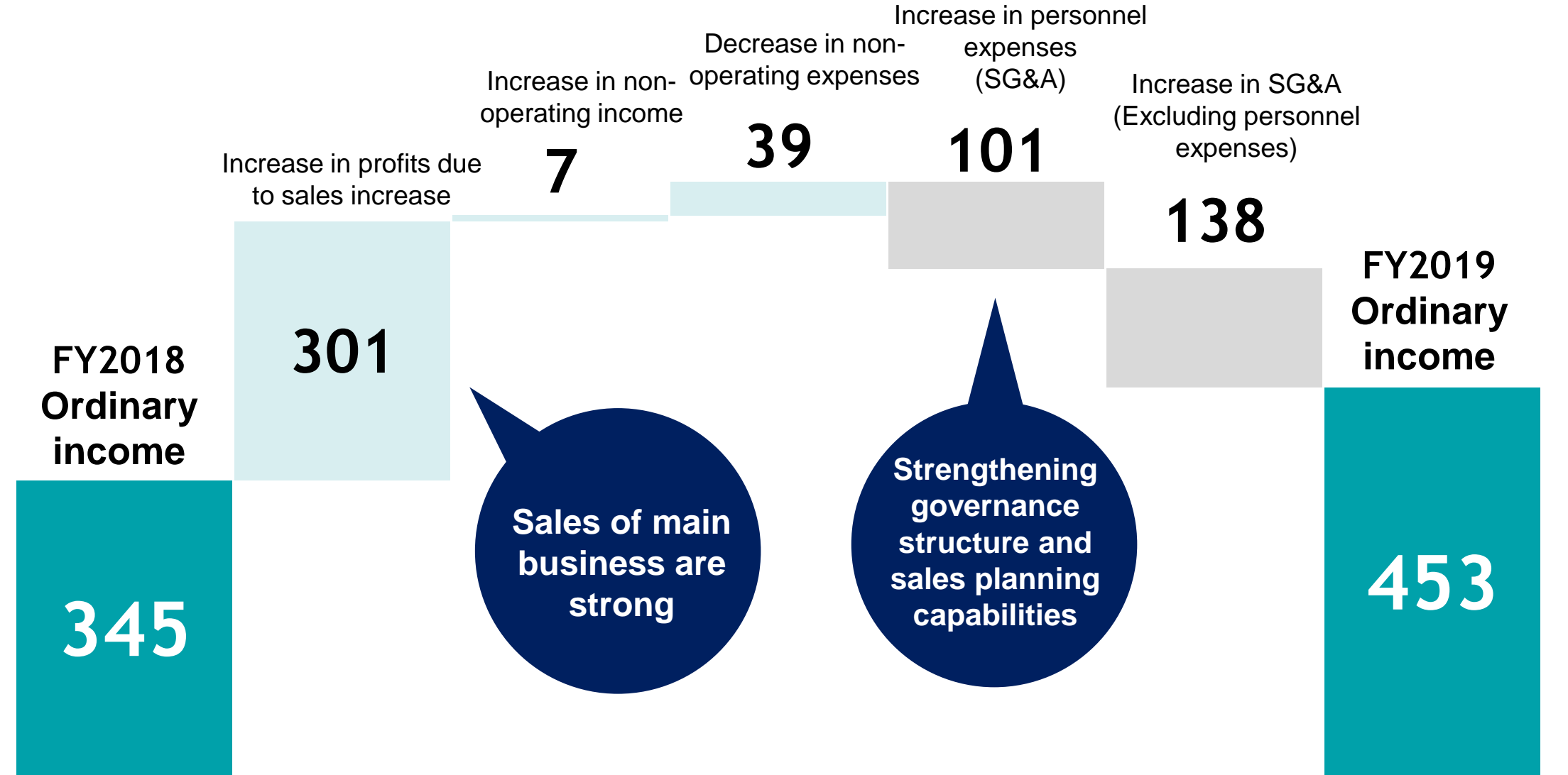
(Million yen)

	FY2018		FY2019 Plan	FY2019		YoY		Vs. Plan	
	Results	Profit ratio		Results	Profit ratio	Change	Change ratio	Change	Change ratio
Net sales	12,239		13,500	13,167		+927	107.6%	▲332	97.5%
Gross profit	4,369	35.7%	—	4,670	35.5%	+301	106.9%	—	—
Operating income	403	3.3%	485	465	3.5%	+61	115.1%	▲19	95.9%
Ordinary income	345	2.8%	440	453	3.4%	+108	131.3%	+13	103.0%
Net income	171	1.4%	218	247^{*1}	1.9%	+76	144.6%	+29	113.7%
Net income before amortization of goodwill	363	3.0%	410	440	3.3%	+76	121.0%	+29	107.3%

※ 1 In FY9/19, the Company recorded an extraordinary gain of 48 million yen due to the sale of real estate in Sapporo owned by its subsidiary Candéal Design Co., Ltd.

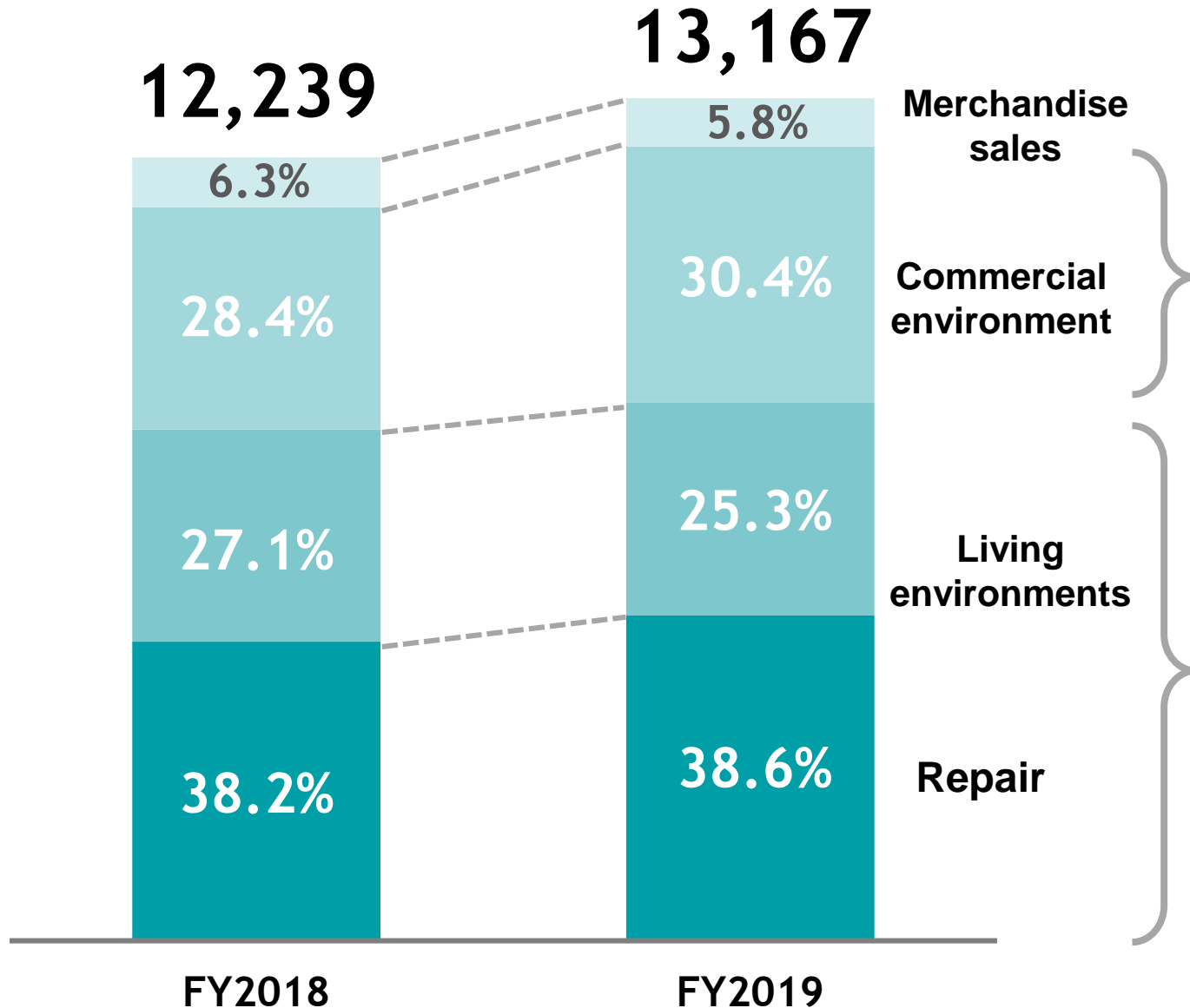
Analysis of Changes in Consolidated Ordinary Income

(Million yen)



FY9/19 Composition of Group sales

(Million yen)



For commercial facilities

About 1/3

For condominiums

About 2/3

Sales by Service

(Million yen)

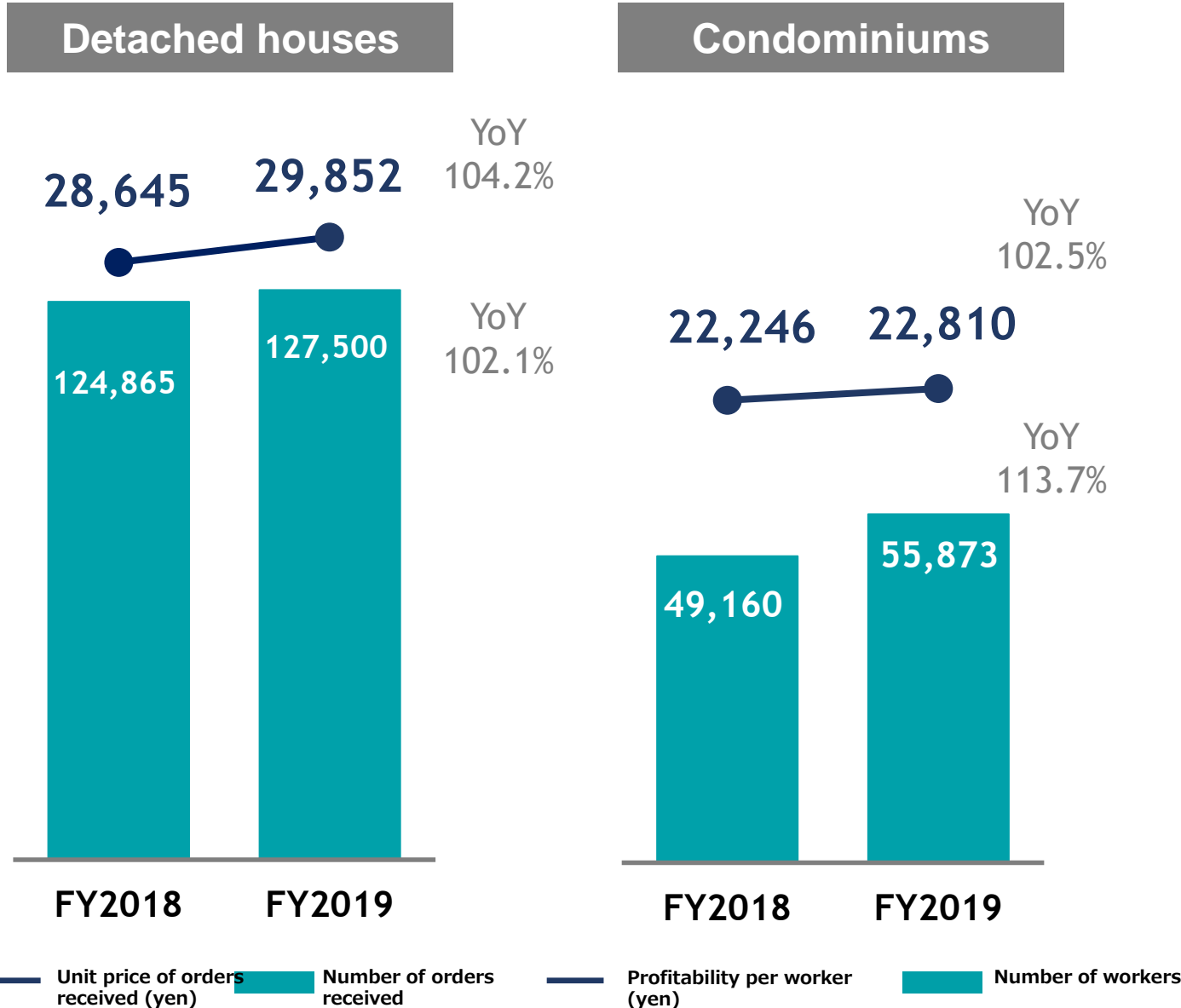
	FY2018 Results	Compositi on ratio	FY2019 Results	Compositi on ratio	YoY	
					Change	Change ratio
Repair service	4,670	38.2%	5,080	38.6%	+410	108.8%
Construction services for living environments	3,320	27.1%	3,326	25.3%	+5	100.2%
Architectural services for commercial environments	3,471	28.4%	4,000	30.4%	+528	115.2%
Merchandise sales	776	6.3%	759	5.8%	▲ 16	97.8%
Total	12,239		13,167		+927	107.6%

Status of Repair Service

(Million yen)

	FY2018 Results	Compositio n ratio	FY2019 Results	Compositi on ratio	YoY	
					Change	Change ratio
Repair service	4,670	38.2%	5,080	38.6%	+410	108.8%
Repair for detached houses	3,576	29.2%	3,806	28.9%	+229	106.4%
Repair for condominiums	1,093	8.9%	1,274	9.7%	+180	116.5%

Status of Repair Service



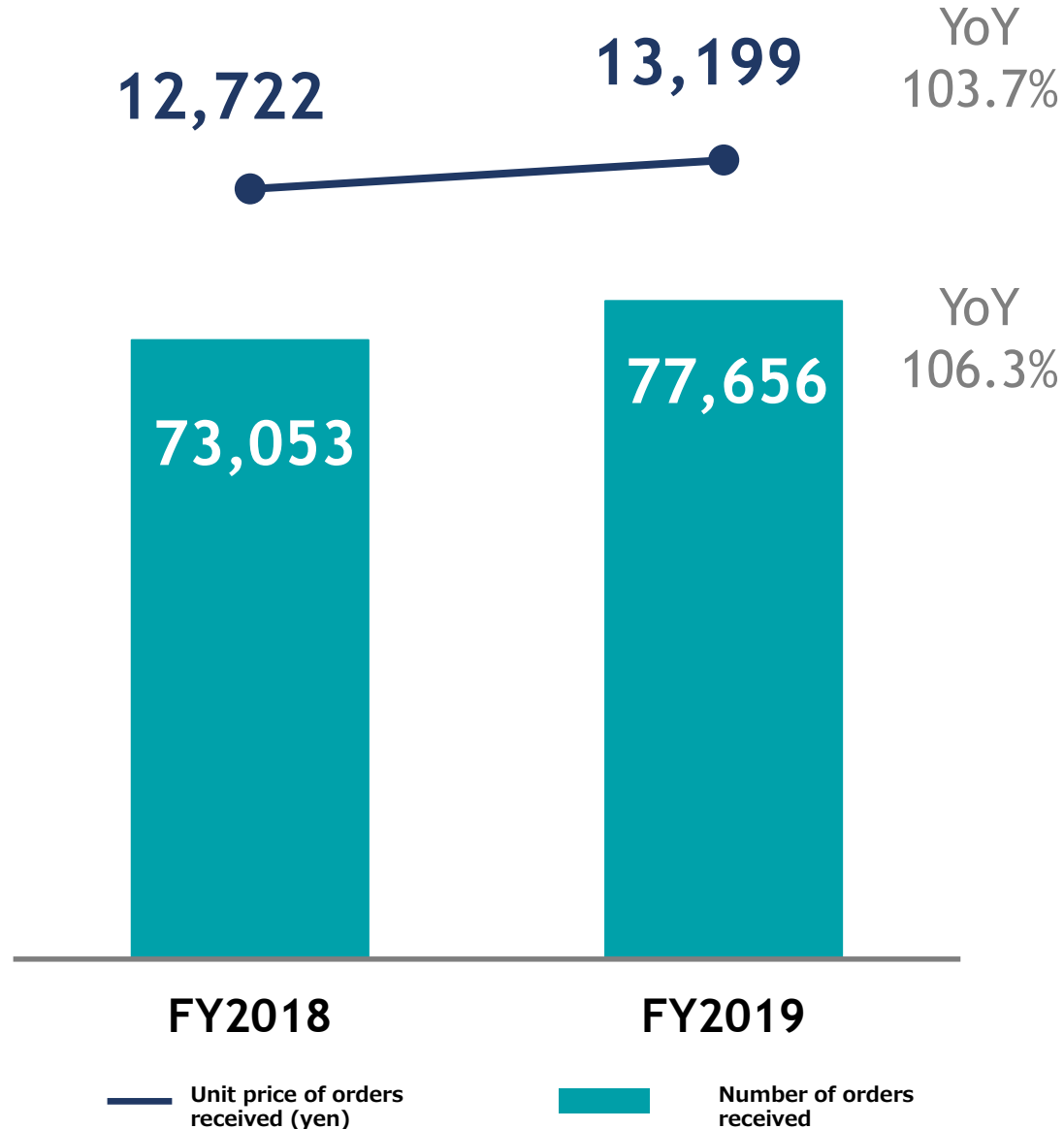
For both detached houses and condominiums, **orders increased** as a result of capturing demand for new houses.

Status of Construction Services for Living Environments

(Million yen)

	FY2018 Results	Compositi on ratio	FY2019 Results	Compositi on ratio	YoY	
					Change	Change ratio
Construction services for living environments	3,320	27.1%	3,326	25.3%	+5	100.2%
Inspection	929	7.6%	1,024	7.8%	+95	110.3%
Maintenance, construction, etc.	1,890	15.4%	1,925	14.6%	+34	101.8%
Refit	500	4.1%	375	2.9%	▲ 125	75.0%

Status of Construction Services for Living Environments: Periodic After-Sales Inspection



Unit price of orders received
increased by **3.7%**
through raising unit price

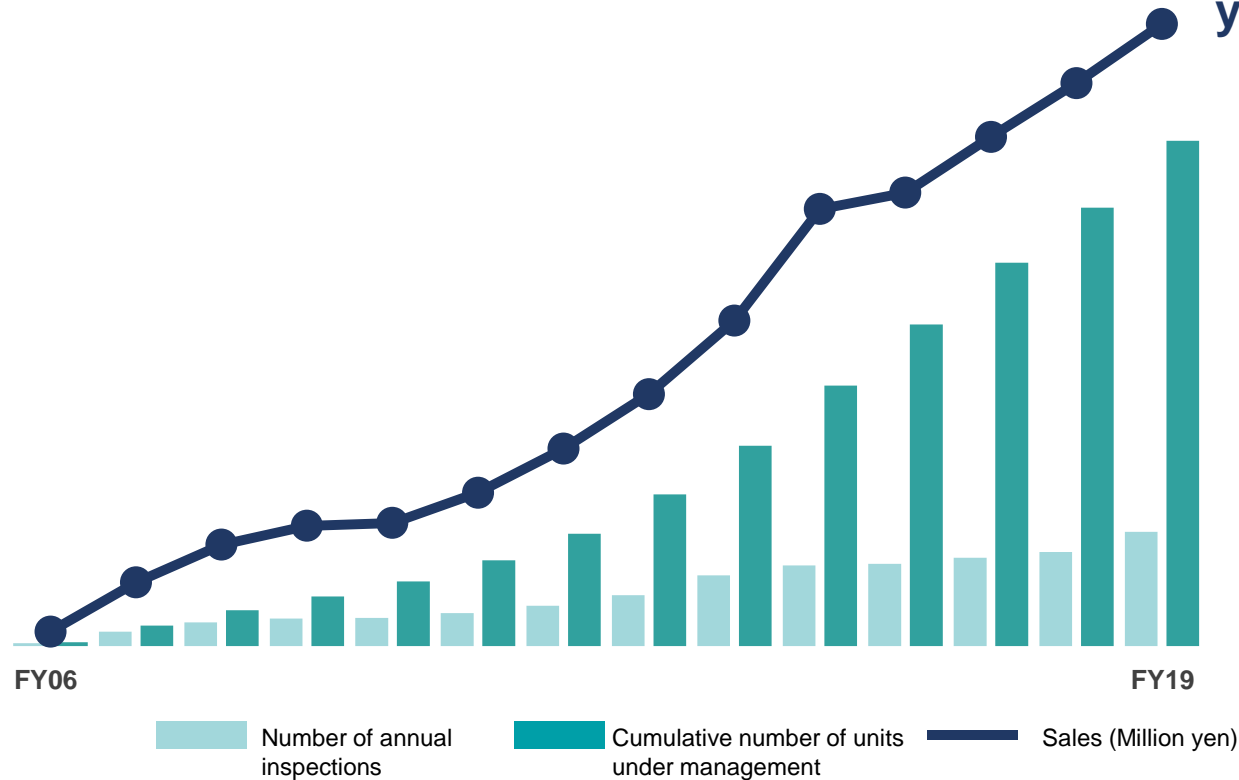
Number of orders received
increased by **6.3%**
with an increase in the number of
customer companies

Periodic After-Sales Inspection Results

Industry leader

Sales exceeded 100 million yen per month

Last 13 years CGAR 36.91% Sales **1,024** million yen



Cumulative number of units under management

FY2018	300,973	Units
FY2019	346,809	Units

Around the door Counting

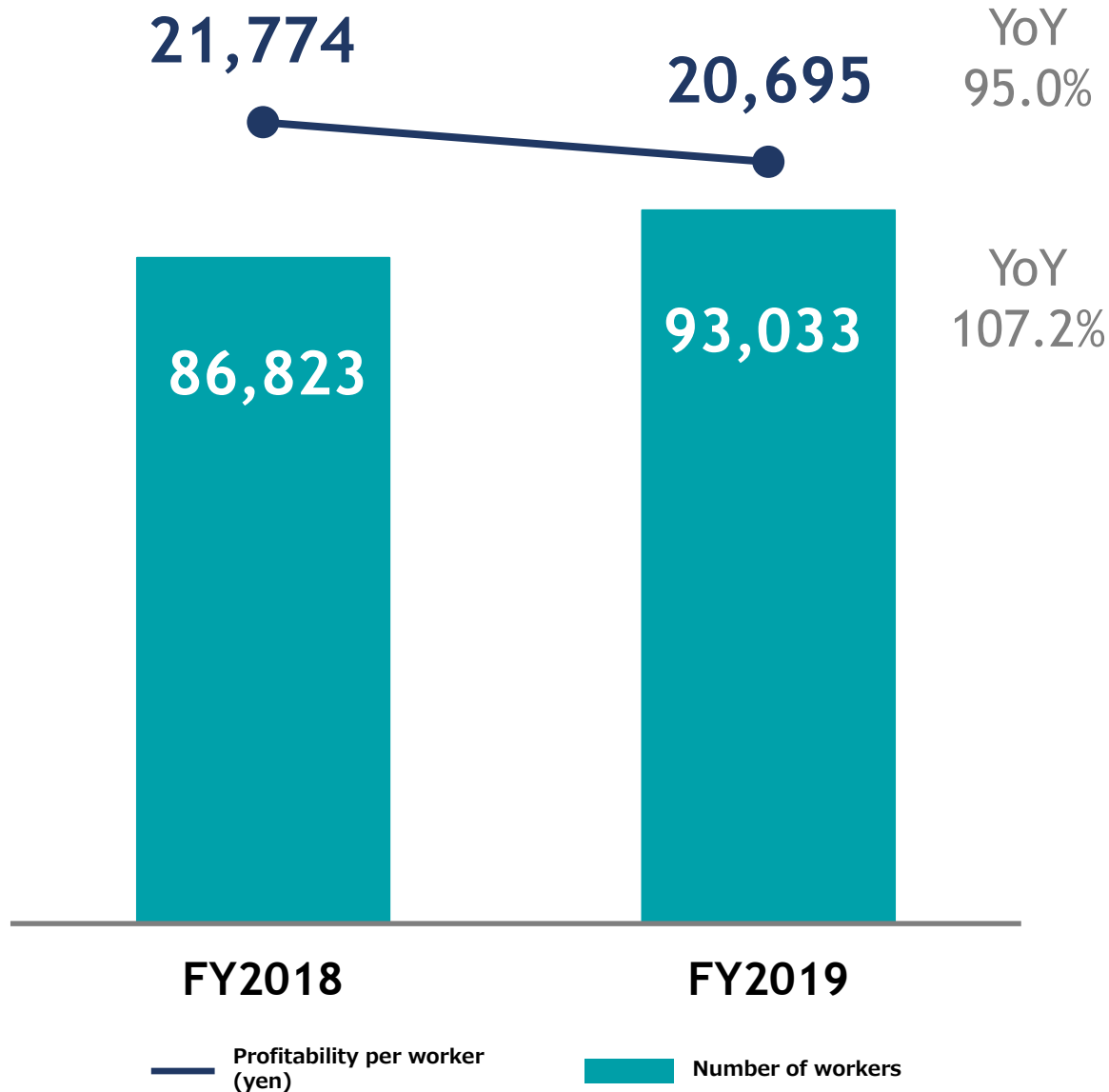
YoY 115.2%

Number of annual inspections

FY2018	74,663
FY2019	78,996

YoY 105.8%

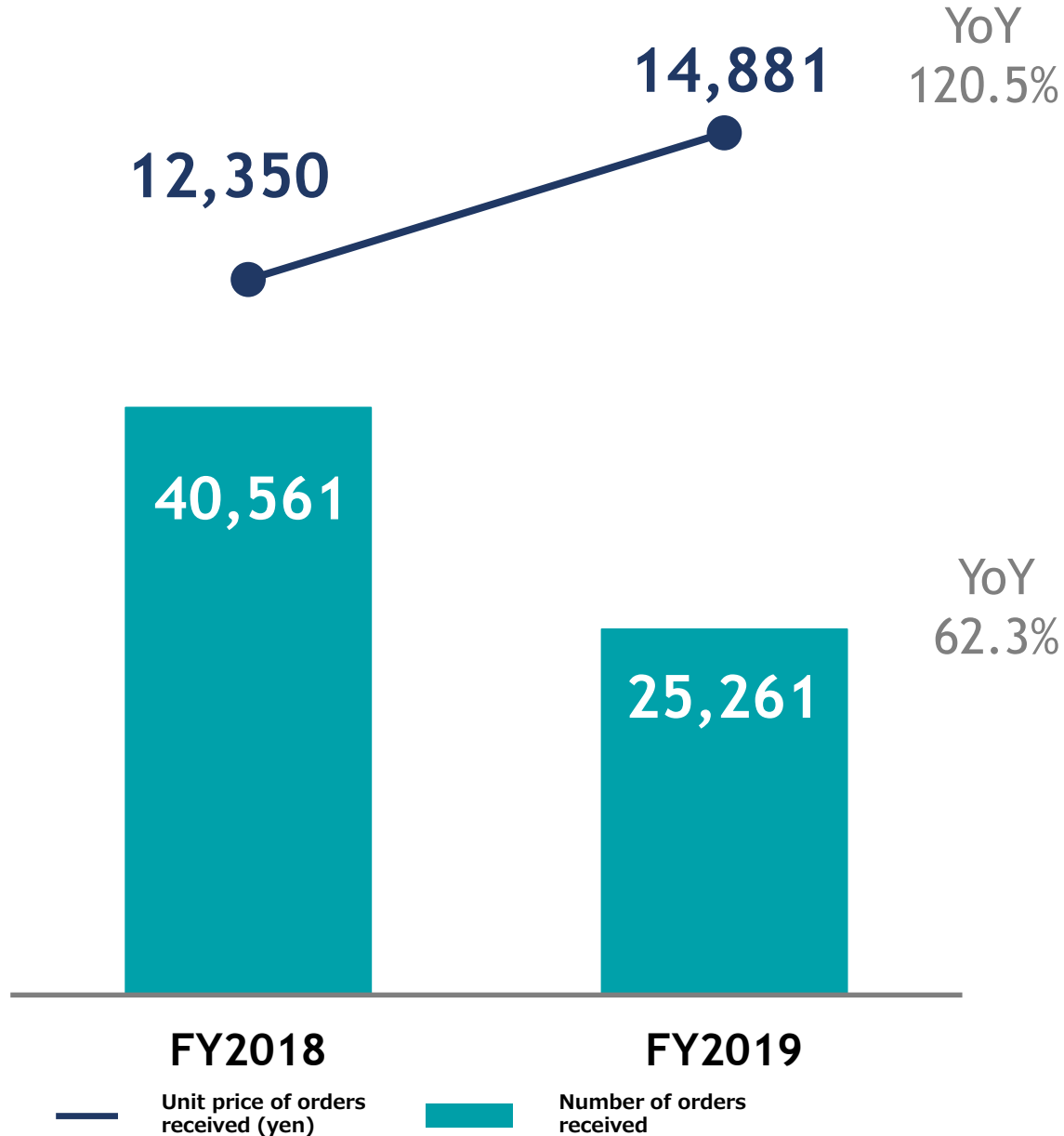
Status of Construction Services for Housing Environments



Total number of workers steadily increased
Up by 7.2%

Productivity per worker down by 5% due to the large number of small-scale projects

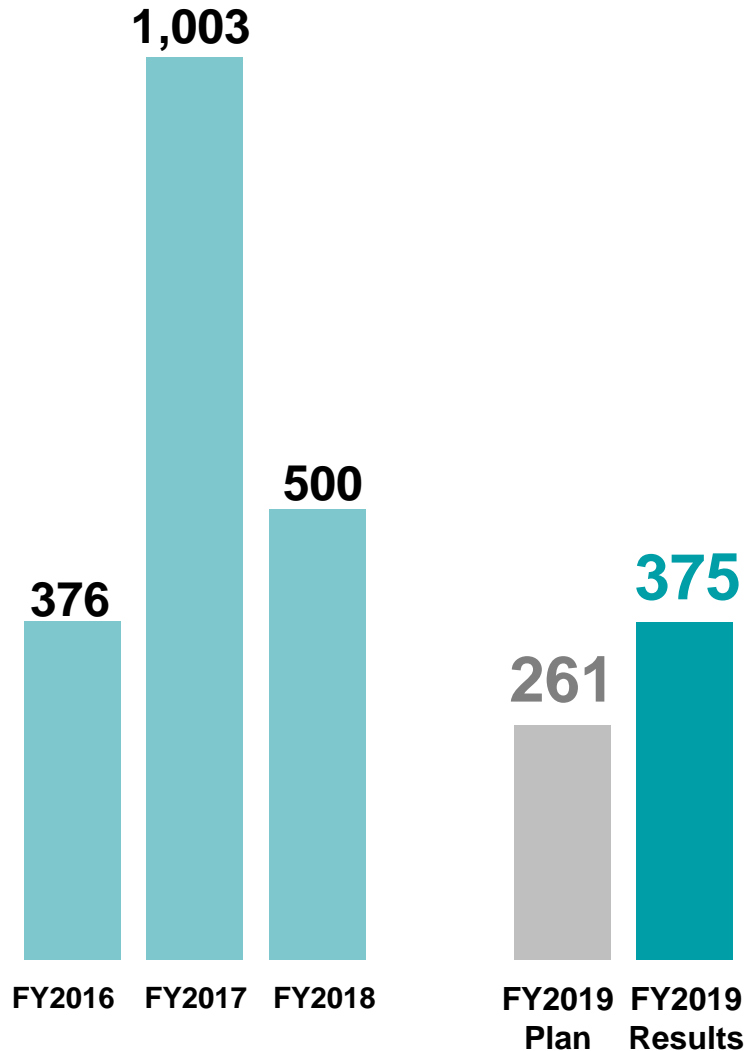
Status of Construction Services for Housing Environments



Unit price of orders received
up by **20.5%**
with focusing on projects
with high unit prices

Overview of Refit Service

Changes in Sales (Million yen)
(Million yen)



Difficult to estimate orders as this service is for recall products

Only the CANDEAL Group can offer recall service for centralized interior finishing materials in nationwide

Flexible approach as required for accomplishing our social mission and customer support.

Status of Construction Services for Commercial Environments and Merchandise Sales

(Million yen)

	FY2018 Results	Composition ratio	FY2019 Results	Composition ratio	YoY	
					Change	Change ratio
Construction services for the commercial environment	3,471	28.4%	4,000	30.4%	+528	115.2%
Commercial Facilities and Hotel Interior	1,465	12.0%	1,985	15.1%	+520	135.5%
Office Interior	808	6.6%	773	5.9%	▲35	95.7%
Furniture assembly	610	5.0%	614	4.7%	+3	100.6%
Lifting, etc.	587	4.8%	627	4.8%	+40	106.8%
Merchandise sales	776	6.3%	759	5.8%	▲16	97.8%

FY9/19 Top 20 Clients

	Repair service	Construction services for living environments	Architectural services for the commercial environment	Merchandise sales
Hajime Construction Co., Ltd	●	●		●
IKEA JAPAN CO., LTD.			●	
Yoshichu Mannequin Co. Ltd.			●	
Aim Create Co., Ltd.			●	
Asahi Kasei Homes Corporation	●	●		●
A Factory Co., Ltd.			●	
Obayashi Corporation	●	●	●	
Handy Crown Co., Ltd.				●
TEPCO HomeTech, Inc.	●	●		
Daiwa House Industry Co., Ltd.	●	●	●	●

Top 11th-20th

Sumitomo Realty & Development Co., Ltd. / Dai Nippon Printing Co., Ltd / YKK AP Inc. / Daito Trust Construction Co., Ltd.
 ALMETAX MANUFACTURING CO., LTD. / KOTOBUKI SEATING CO., LTD. / Jutakujohokan
 Haseko Corporation / Panasonic Interior Building Products Co., Ltd.

Platform to Support Growth of Service

Number of in-house engineers

(Number of directly employed persons)

YoY
111.1
(+117) Name

FY2018

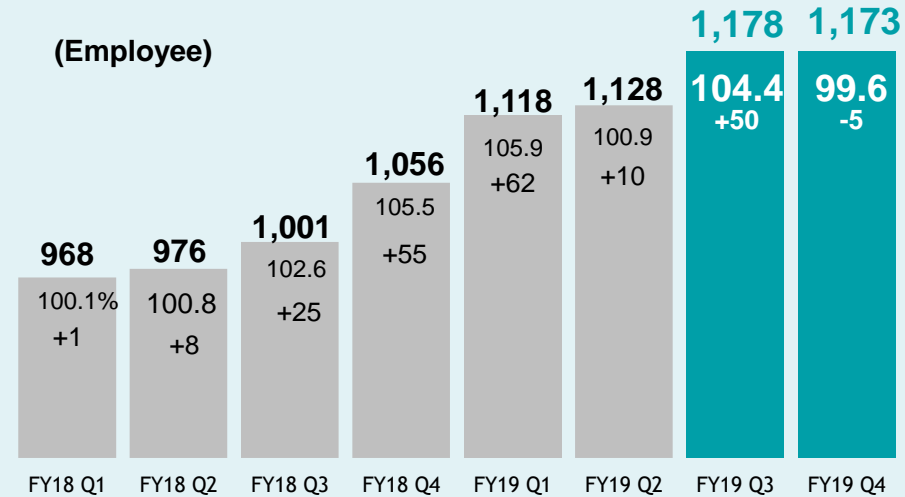
1,056



FY2019

1,173

(Employee)



Partner companies

YoY
117.9%
(+77 companies)

FY2019

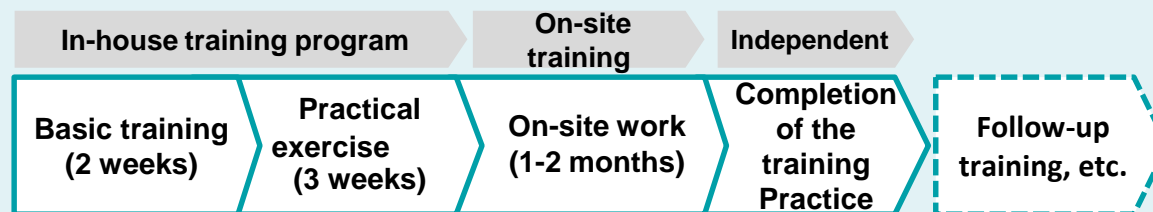
507
companies

*1 The number of partner companies is the sum of the three companies: Burn Repair Co., Ltd., Candéal Tec Co., Ltd., and Candéal Design Co., Ltd.

Technician training program

Unique education program manual and teaching materials for human resources development. Focusing not only on developing technical skills but also on software aspects, such as **appearance, communication skills, manners**, etc.

Technician training program



Turnover of engineers

Improved by
4.3%

FY2018

32.1%

FY2019

27.8%

2

FY9/20

Business Forecasts

FY9/20 Business Forecasts

Aiming for **higher sales and profits** by continuing strong performance in core businesses

(Million yen)

	FY2019 Results	FY2020 Forecast	YoY change
Net sales	13,167	14,010	106.4
Operating income	465	524	112.7
Ordinary income	453	492	108.6
Net income	247	256	103.5
Net income before amortization of goodwill	440	448	102.0

Sales Forecasts by Service Category



(Million yen)

	FY2019 Results	FY2020 Forecasts	YoY change	Point
Repair service	5,080	5,327	104.9	<ul style="list-style-type: none"> • Capturing demand for new housing
Construction services for living environments	3,326	3,634	109.3	<ul style="list-style-type: none"> • Win orders for correction cases through periodic after-sales inspections • Win orders for inspection services • Except project with high chance to close the deal
Construction services for commercial environments	4,000	4,278	106.9	<ul style="list-style-type: none"> • Expect special demand for interior installation • Win assembly projects for hotels to be opened by spring 2020
Merchandise sales	759	769	101.2	<ul style="list-style-type: none"> • Change of business model • Improve profitability through selection and concentration
Total	13,167	14,010	106.4	

(FY2/20)

Revision to dividend forecast

Interim

3 yen

Year-end

3 yen

Annual dividend

6 yen

Shareholder Benefit Program

For eligible shareholders, we present QUO Card according to the shares held.

Number of shares held	Shareholder Benefit Program
200 to less than 2,000 shares	QUO card (worth 3,000 yen)
2,000 to less than 6,000 shares	QUO card (worth 4,000 yen)
6,000 shares or more	QUO card (worth 5,000 yen)

*Eligible shareholders: Shareholders listed on the Shareholder Register as of September 30, 2019 will be eligible



Appendix

What is CANDEAL?

Business Overview

CANDEAL Core of the Group's business

We aim to eliminate various stresses associated with buildings, as well as the stress of people,
to provide peace of mind and comfort.

CANDEAL Group is a...

Building Lifecycle Support Company

Through repairs, renovations, maintenance and management of buildings, we eliminate sources of problems and dissatisfaction that create stress for people who use buildings

Outline of the Service

Our services include repairs, renovations, maintenance and management of buildings

Target of the Service

We can provide services to various types of buildings, including houses (detached houses, condominiums), commercial facilities, hotels and offices.

Business Model

**BtoBtoC Business Model
Dispatch engineers to work sites to provide services through orders from house manufacturers, general contractors, etc.**



Representative	Akio Hayashi, President and Executive Director
Head Office	3rd Floor Ushigome Syokuryo Building, 1-11 Kitayamabushi-cho, Shinjuku-ku, Tokyo
Business description	Control, management, and operation of corporate groups (pure holding company)
Capital stock	497.04 million yen
Established	Aug, 2014

100%

BURN REPAIR INC.

100%

CANDEAL TECT Co., Ltd.

100%

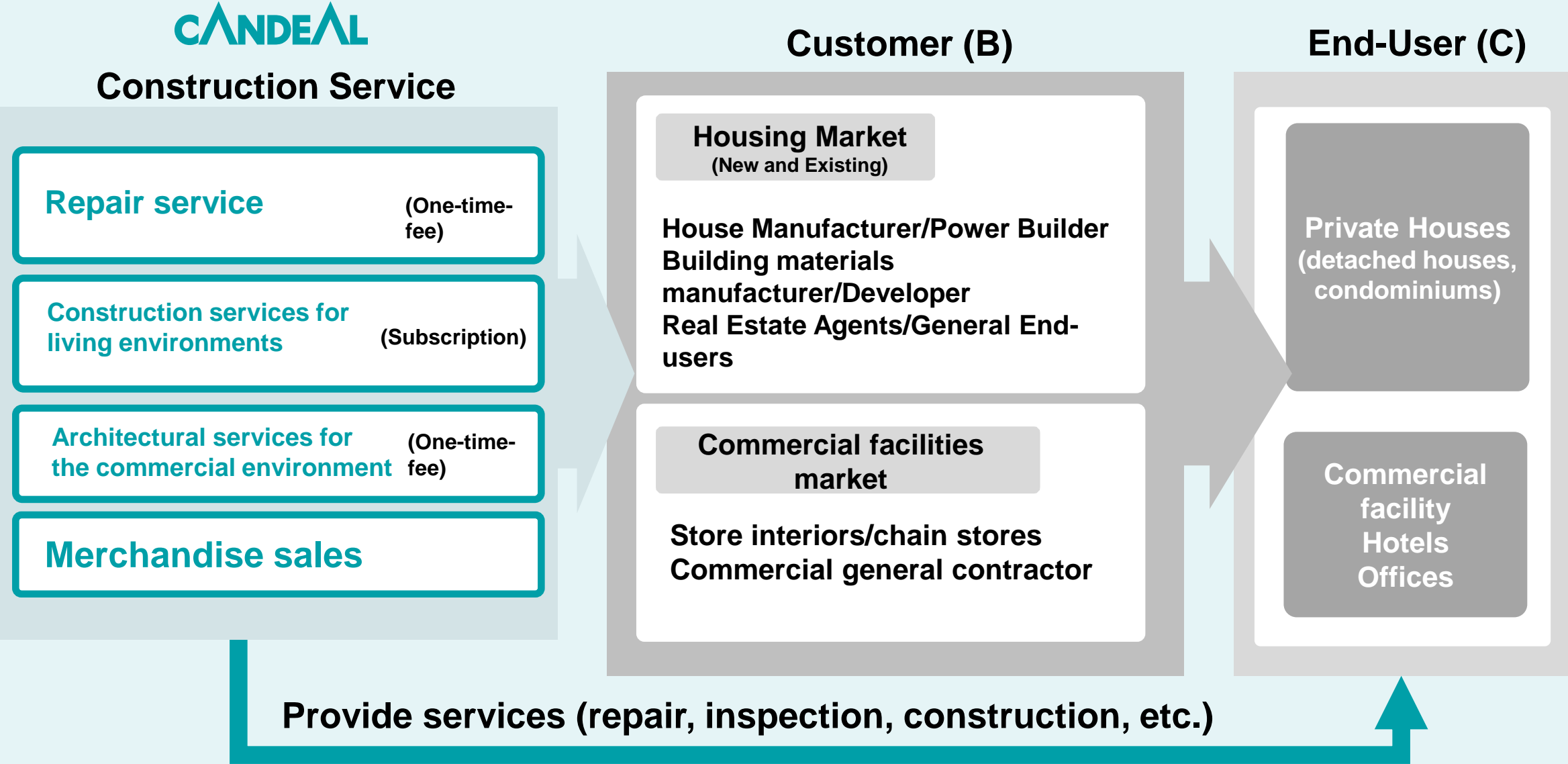
CANDEAL DESIGN Co., Ltd.

Representative	Yoshinori Fujimoto	Toshinari Abe	Kazuo Sato
Head Office	1-11 Kitayamabushi-cho, Shinjuku-ku, Tokyo	1-11 Kitayamabushi-cho, Shinjuku-ku, Tokyo	1-11 Kitayamabushi-cho, Shinjuku-ku, Tokyo
Business description	<ul style="list-style-type: none"> • Repair of damages and defects on wood, aluminum building materials, etc. • Housing after-sales service and construction services • Maintenance of defects in building materials necessary emergency response 	<ul style="list-style-type: none"> • Repair of damages and defects on wood, aluminum building materials, etc. • Interior finish work for offices • Interior finish work for commercial facilities and stores • Building materials lifting service 	<ul style="list-style-type: none"> • Planning, design, and construction of interior decorations • Interior coordination • Sales of interior products • Import of repair and maintenance products Sales
Capital stock	90 million yen	99 million yen	42.5 million yen
Established	August, 1995	Jul. 2008	February, 1984
History	Akio Hayashi founded in 1995	Acquired business in 2008 and made it a group. In 2016, the Company merged with Rayon Consulting Co., Ltd. and changed its name to the current 1.	Made a group through M & A in 2002. In 2017, the company merged with A-FIC Co., Ltd., which became a Group in 2015, and changed its name to its current name.

Business Model



BtoBtoC model [Construction services] are classified into 4 categories.

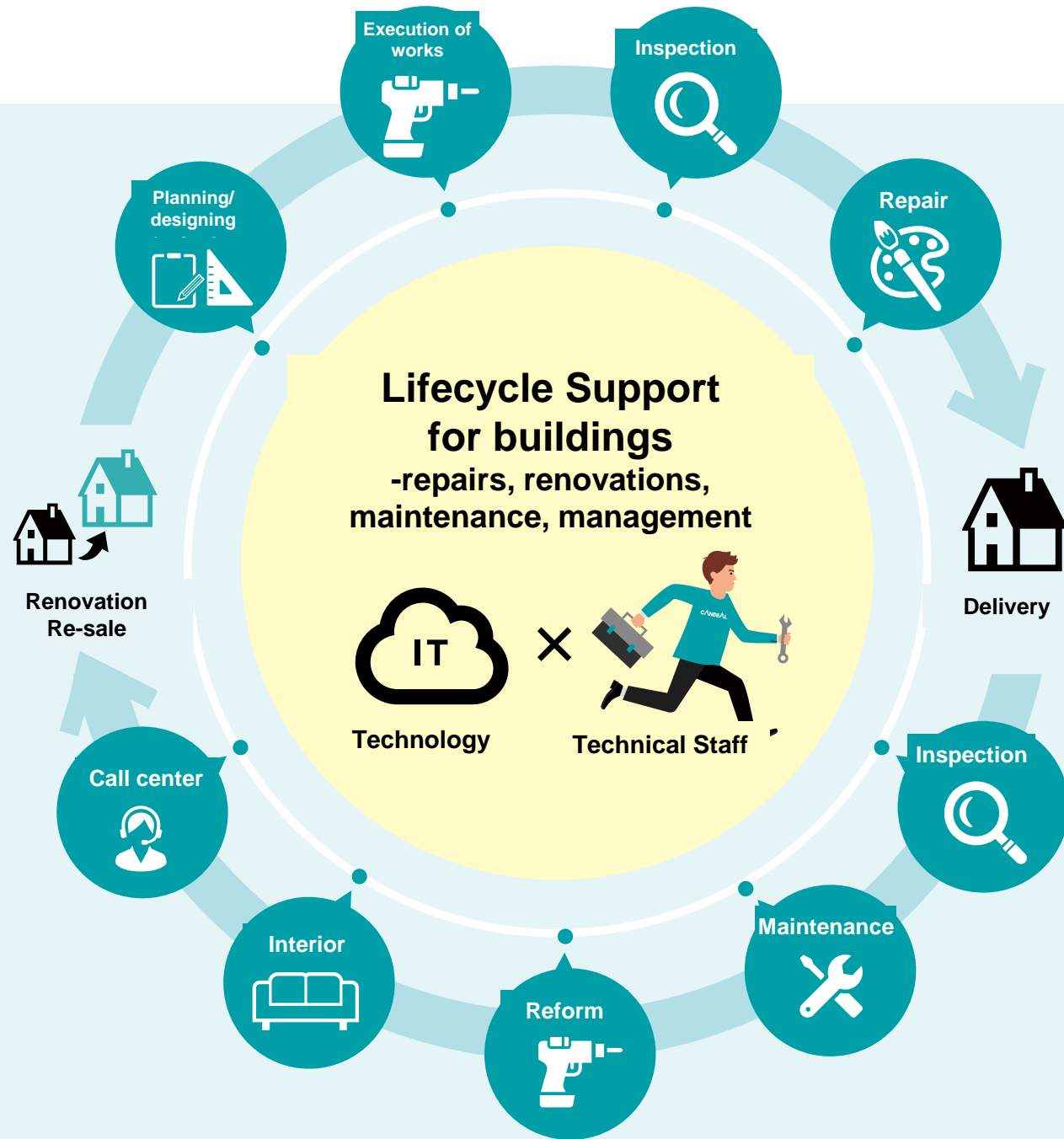


Business Model

Dismantling and re-construction.
Extends a building lifecycle

Support for rising demand for vacant houses

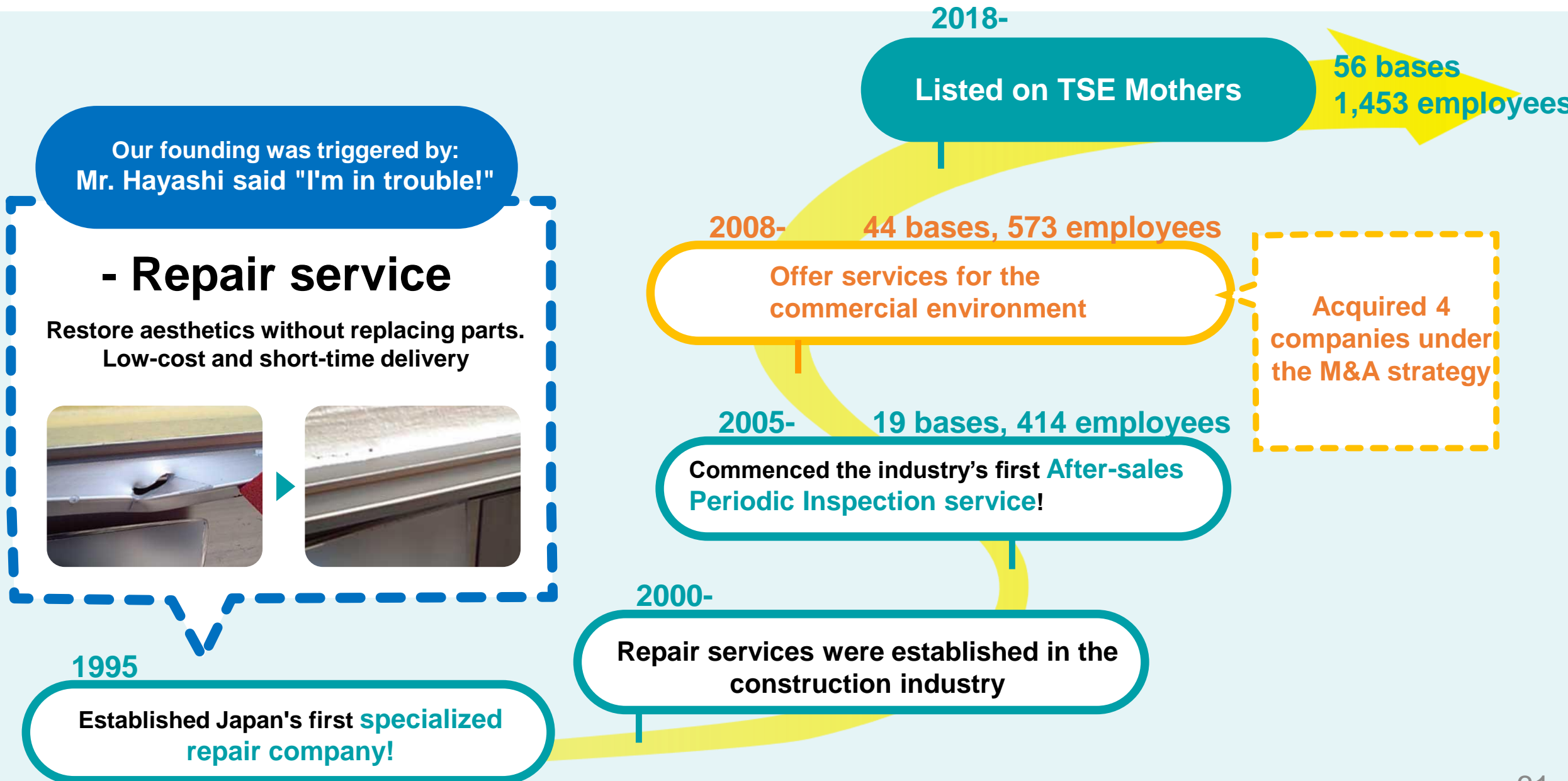
Aging, Replacement Renovation



Supports finishing of buildings under construction

Retain customers through after-sales service

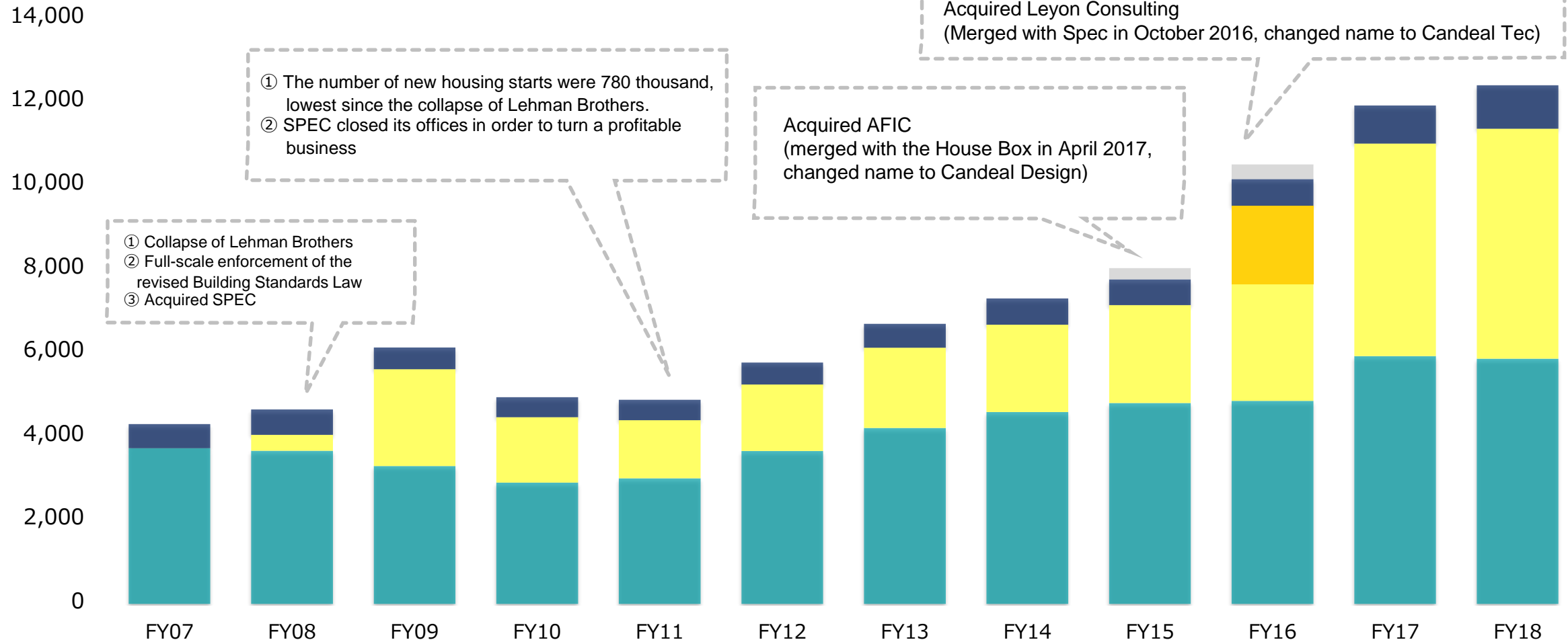
Founding Story (Group History)



Changes in Group Sales (FY9/07-FY9/18)

Grow our performance through Strategic M&A

(Million yen)



① The number of new housing starts were 780 thousand, lowest since the collapse of Lehman Brothers.
 ② SPEC closed its offices in order to turn a profitable business

Acquired Leyon Consulting (Merged with Spec in October 2016, changed name to Candead Tec)

Acquired AFIC (merged with the House Box in April 2017, changed name to Candead Design)

① Collapse of Lehman Brothers
 ② Full-scale enforcement of the revised Building Standards Law
 ③ Acquired SPEC

Burn Repair Co., Ltd.

Construction services for living environments: For detached houses (repair, inspection, call center, etc.)

SPEC Co., Ltd.

(Candead Tec Co., Ltd.)

Architectural services for the commercial environment (Interior installation, furniture assembly, lifting, etc.)

Rayon Consulting Co., Ltd.

(Candead Tec Co., Ltd.)

Construction services for living environments: For condominiums (repairs, inspections, residential services, etc.)

House Box Co., Ltd.

(Candead Design Co., Ltd.)

Merchandise sales (maintenance merchandise)

AFIC Co., Ltd.

(Candead Design Co., Ltd.)

Merchandise sales (interior products) Construction services for living environments (Interior Design/Planning/Design)

※ This graph is a simple monthly sum of the sales of each company from the time of consolidation in accordance with the fiscal year-end of Burn Repair Co., Ltd.
 ※ Our consolidated financial results are from August 7, 2014, to March 31, 2015, April 1, 2015, to September 30, 2015, and October 1, 2015, to September 30, 2016, which differ from our consolidated financial results.
 ※ House Box Co., Ltd. was consolidated in December 2002, SPEC Co., Ltd. in July 2008, Affect Co., Ltd. in March 2015, and Leyon Consulting Co., Ltd. in November 2015.

Outline of Services and Strengths

Industry No.1

Repair service

- Service to repair the damages during housing construction and everyday life
- Providing services at pre-delivery period as the final stages of housing construction and the time of maintenance of existing houses
- Orders are mainly received by house manufacturers, power builders and renovation companies
- One-time-fee business associated with the occurrence of damages



Need for repair services

- It is not uncommon to cause scratches on the floor during the construction of a new house. Our repair service restores the floor by repair without replacement of parts.
- Compared to the replacement of parts, it is possible to reduce costs, shorten the time, and prevent other defects by repairing only the defective parts.



Cumulative number of units under management exceeded 300,000!

Construction services for living environments

- Services provided primarily at the timing of maintenance after delivery.
The core service is “Periodic after-sales inspection”
- Subscription business model for existing houses
- We mostly focus on this service



Characteristics of Construction services for living environments

- Provide after-sales support on behalf of construction companies after homes are delivered. A service lineup that supports the lifecycle of a building will lead to a comfortable living environment and an increase in the asset value of housing.

[Service lineup]

Periodic after-sales inspections

Inspections are conducted at six months, one year, two years and five years after delivery.

Maintenance

Maintenance services to maintain a comfortable living environment

Call-center

Call center specialized for construction as a point of contact for after-sales service

Renovation

Planning and designing to create comfortable living environment and increase asset value



Architectural services for the commercial environment

- Strengths in simultaneous construction work for multiple stores, including nationwide chain stores
- Assume assembly services for major Scandinavian furniture manufacturers operating around the world, at all stores in Japan
- In the future, we will introduce and develop a subscription model for housing after-sales

Commercial facility

Multi-store construction, including chain stores, Interior finish work at department stores

Office hotels

Interior finish work including the installation of fixtures and furniture

Furniture assembly

Assembly and installation of all furniture including major furniture manufacturers' products



Merchandise sales

- In the repair material sales, we offer repair and maintenance materials for professionals and general use at home centers and mass retailers nationwide, and e-commerce websites
- In the interior products sales, we offer lighting equipment and curtains with the interior advice service.

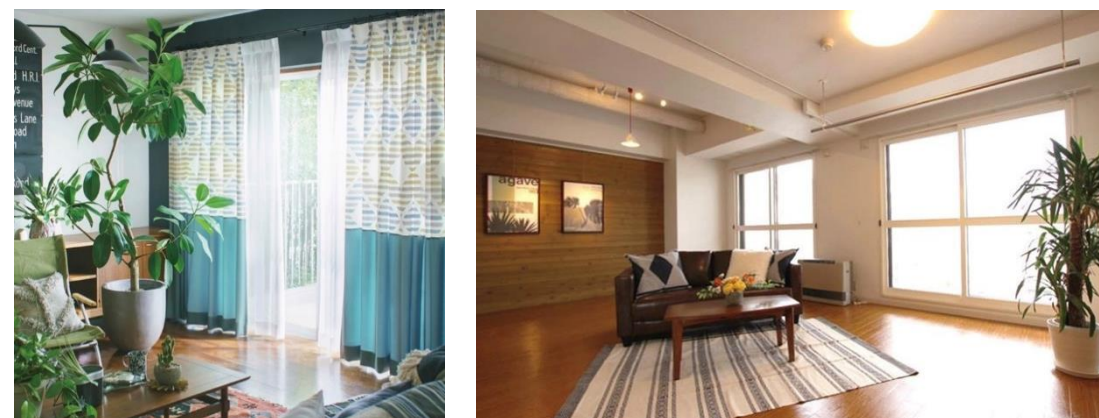
Repair materials

Sales of easy-to-use kits to general users



Interior products

Sales of interior products for after-sales service



Four Strengths Supporting Our Growth

1

Nationwide services network



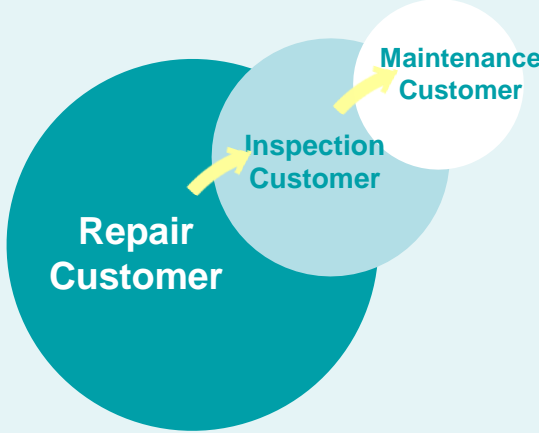
2

High-quality service engineers



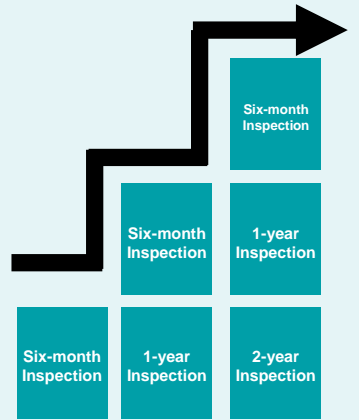
3

Large customer base nationwide



4

Subscription business model



Strengths: 1. Nationwide service network

We can provide services in all prefectures

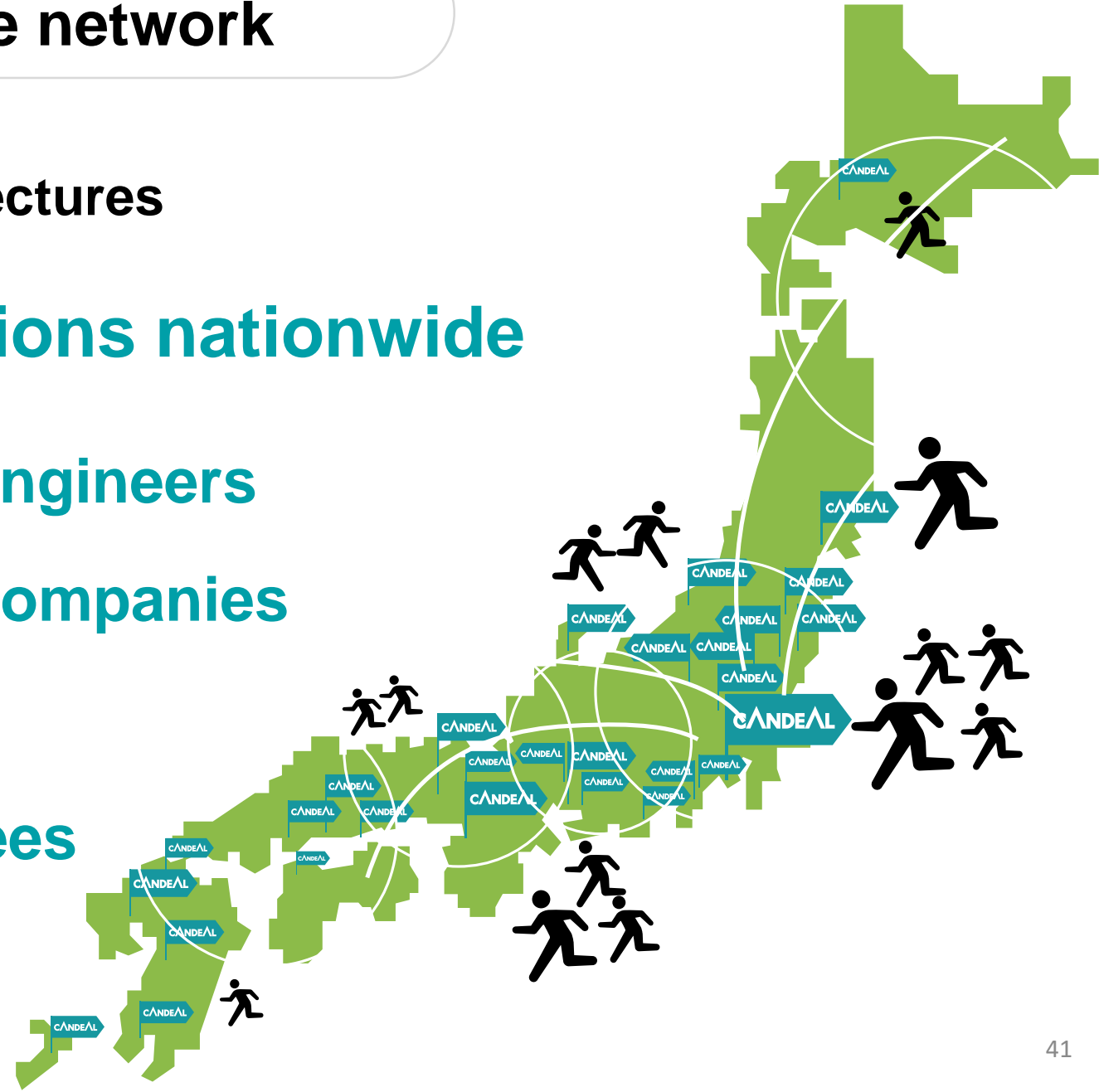
Service system extending to **56 locations nationwide**

Our engineers nationwide: **1,173 engineers**

Partner companies: About **507 companies**

Call center to support the network of engineers

3 locations with about **135 employees**



Strengths 2. High-quality service engineers

We have original training programs, manuals, and teaching materials to develop human resources

Focus not only on technical capabilities, but also on education for intangible factors such as **personal appearance, language skills, and manners.**



Technician training program



Training tools

Manuals by project and work



Abundant video teaching materials



Exceed 500 times a year training



Emphasis on on-the-job training and on-site guidance
Quality control through on-site visits



Strengths 3. Large customer base nationwide

Potential for next-generation services

Repair service customers nationwide
20,112 companies

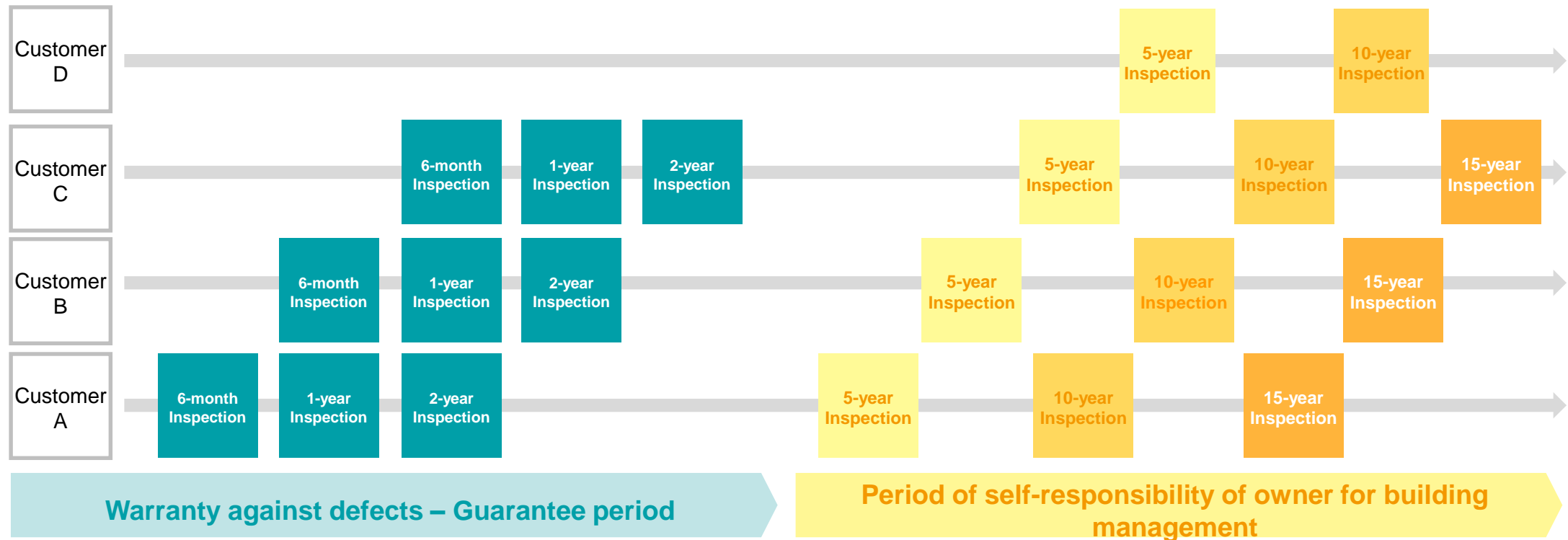
Customers for periodic after-sales inspection service

Customers for maintenance and construction service

Strengths 4. Subscription business model

- Periodic after-sales inspection is a “Subscription type”, building a stock of annual inspection sales
- Basically, inspection is carried out three times in the first two years after delivery. Five-year, 10-year and 15-year inspections are also increasing.
- Specialize in minor reform services, costing less than ¥3 million. Establish a relationship of coexistence with house builders.

Image of Accumulation of After-Sales Periodic Inspections



Growth Strategy

Growth Strategy

Reinforce services to the existing housing market against the backdrop of our “nationwide construction service network” not available with competitors.

- 1. Increasing number of new customers for the CANDEAL’s core repair services service**
- 2. Reinforcing and expanding maintenance and management service menus for houses**
- 3. Reinforcing and expanding maintenance and construction service for commercial facilities**
- 3. Enhancing profit margin (higher capacity utilization and cost reduction)**

Business alliance with Sompo Warranty Inc.

Began development of our original "Inspection & Warranty Service"
for housing equipment



SOMPOワランティ
Sompo Warranty Inc.

Insurance underwriter



損保ジャパン日本興亜

Sompo Japan Nipponkoa Insurance Inc.

Cumulative number of inspections: 506,708!

Nationwide construction network

Offer inspections of facilities for existing houses and after-sales inspections on a nationwide scale

Affiliated Subsidiaries: **BURN**

Largest provider of warranty products

**Member of the SOMPO Holdings Group
Providing Peace of Mind and Reliability throughout Japan
with firm capital strength**

Plans to announce detailed service menu in the near future!

Business alliance with Domans, Inc.

Entered into a business alliance with Domans, Inc., a leader in the new era
in the ordered furniture industry

Expand sales of newly developed mobile apps and provide furniture assembly
services



Sales & Construction

Furniture can be assembled nationwide.

(Assemble, install, and construct)

**Possess a nationwide customer
list in the construction industry**

Enable nationwide sales and marketing activities

Affiliated subsidiary: Candéal Design Co., Ltd.

Systems & Manufacturing

**Possess a system to provide
high-quality custom-made
furniture with inexpensive price**

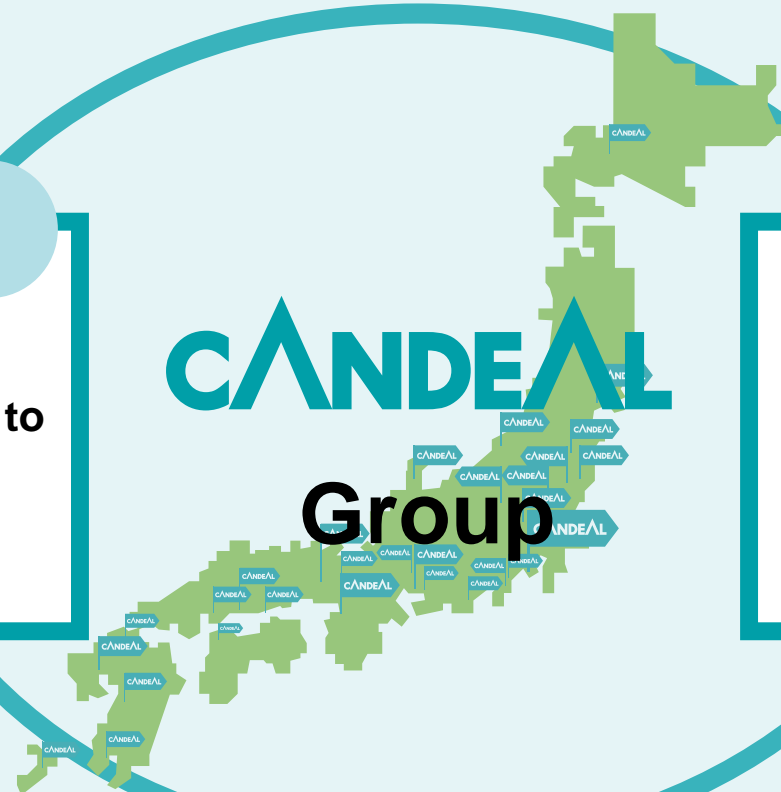
Expand services by leveraging strengths of nationwide construction network

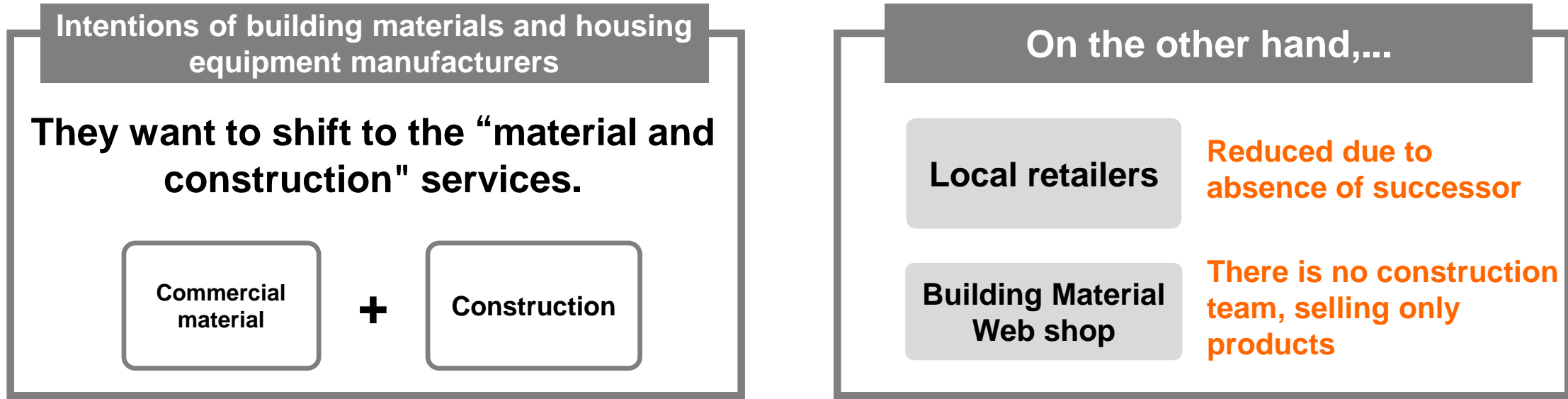
For building materials and housing equipment manufacturers

Construction players, such as construction materials manufacturers, to replace their existing construction networks

For accommodation facilities

Development of guest room maintenance and management services





CANDEAL
Group



Our group will be a “new construction player” that can offer both materials and construction together, and will respond to the last-one mile.

Undertake construction work by not only building material manufacturers but also other various manufacturers

Examples of companies that do not have their own maintenance or construction units

**Equipment
manufacturers for public
toilets, etc.**

Baby chair
Baby seats, etc.



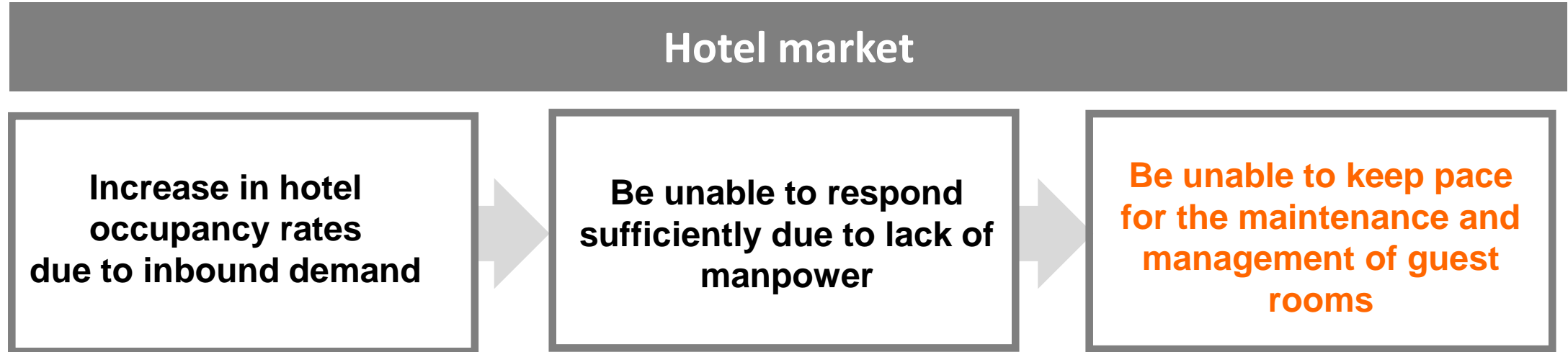
**Training
machine manufacturers,
etc.**

After the end-user purchase
Maintenance



**Overseas
Housing equipment
manufacturers, etc.**





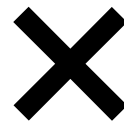
In collaboration with our group and management companies

Development of "services to maintain and manage comfortable spaces" for accommodation facilities

Expand periodic inspection for housing (stock-type model) to the commercial facility market

CANDEAL Group

Regular maintenance of accommodation facilities
(repair/renovation)

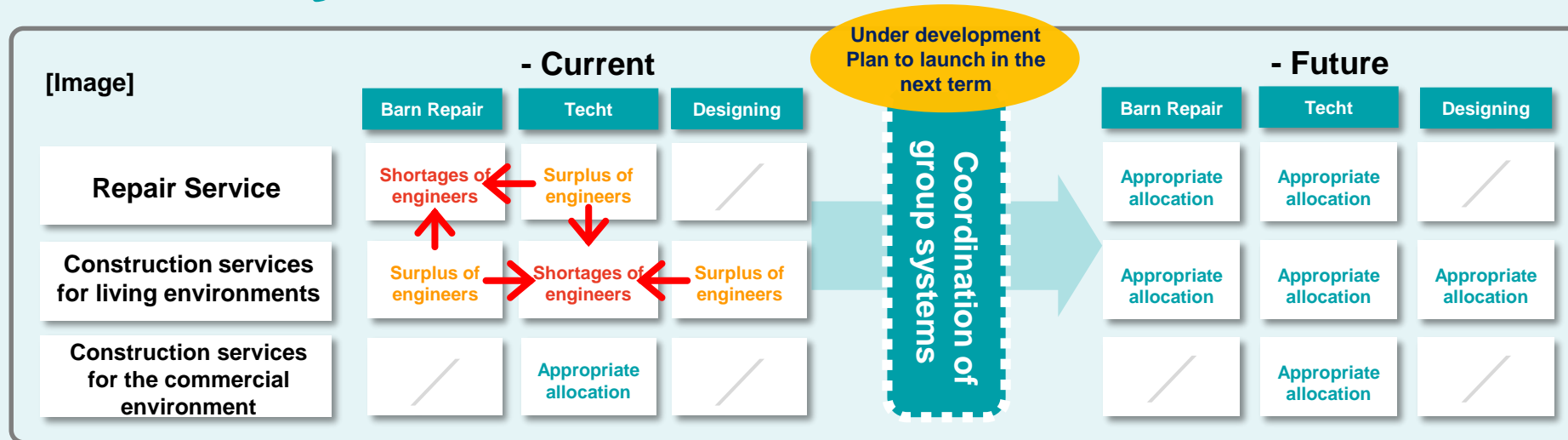


Management company for accommodation facilities

Facility management, cleaning management,
and interior management

① Improve utilization rate and reduce costs by improving efficiency by linking the group's systems

Between services } → Adjustment of supply-demand gap: **Increase of capacity utilization rate**
 Between subsidiaries } →
 Between regions } → Reduction of redundancy and waste: **Cost reduction**



Improvement of profit ratio

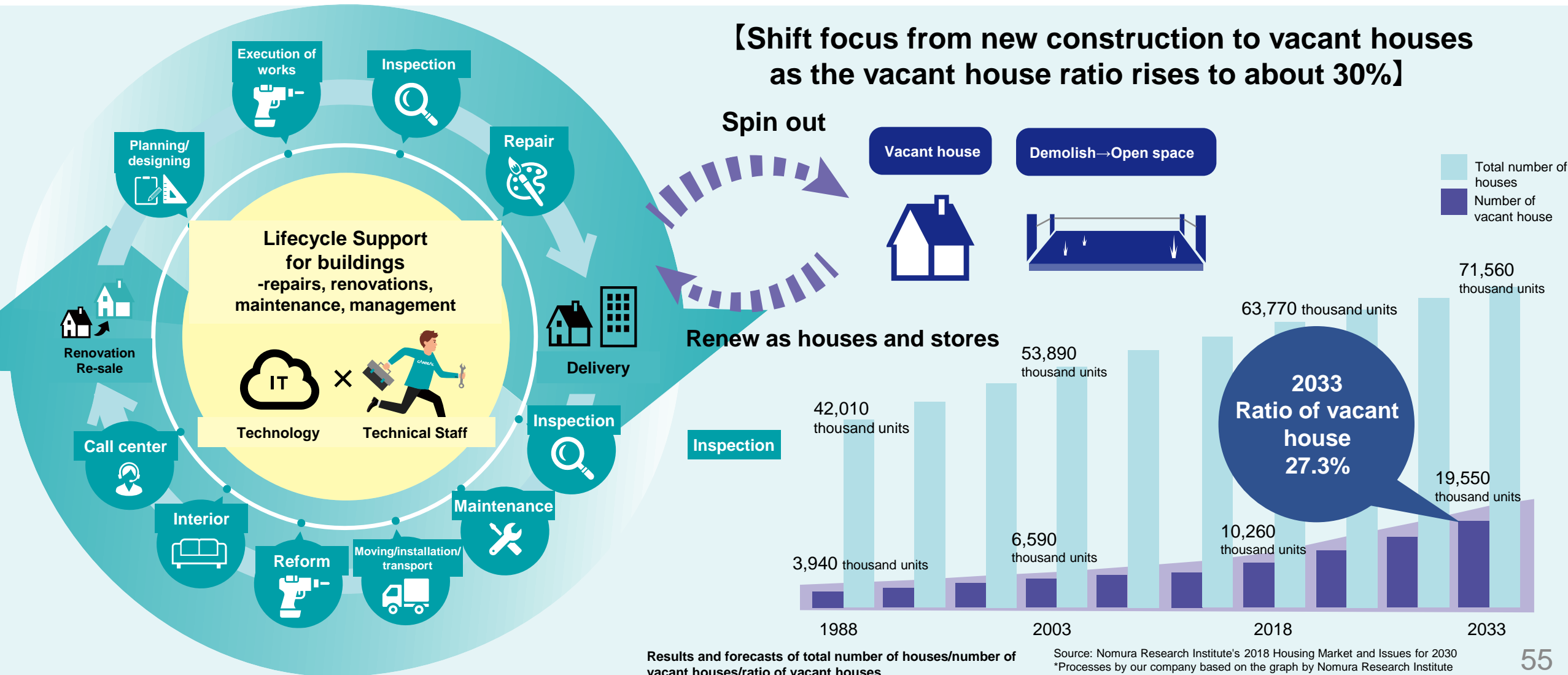
② Use RPA, etc. to improve operational efficiency in SG&A

Utilizing **120 units of BizRobo**, currently operating **100 units**

Future Goal of the CANDEAL Group

“Lifecycle Support for buildings” as a core, Consider expansion into businesses targeting vacant houses expected to see an increase.

【Shift focus from new construction to vacant houses
as the vacant house ratio rises to about 30%】



Emergence of secondary market in buildings and residential houses!

Maintenance
Management
Cleaning

Repair
Exchange

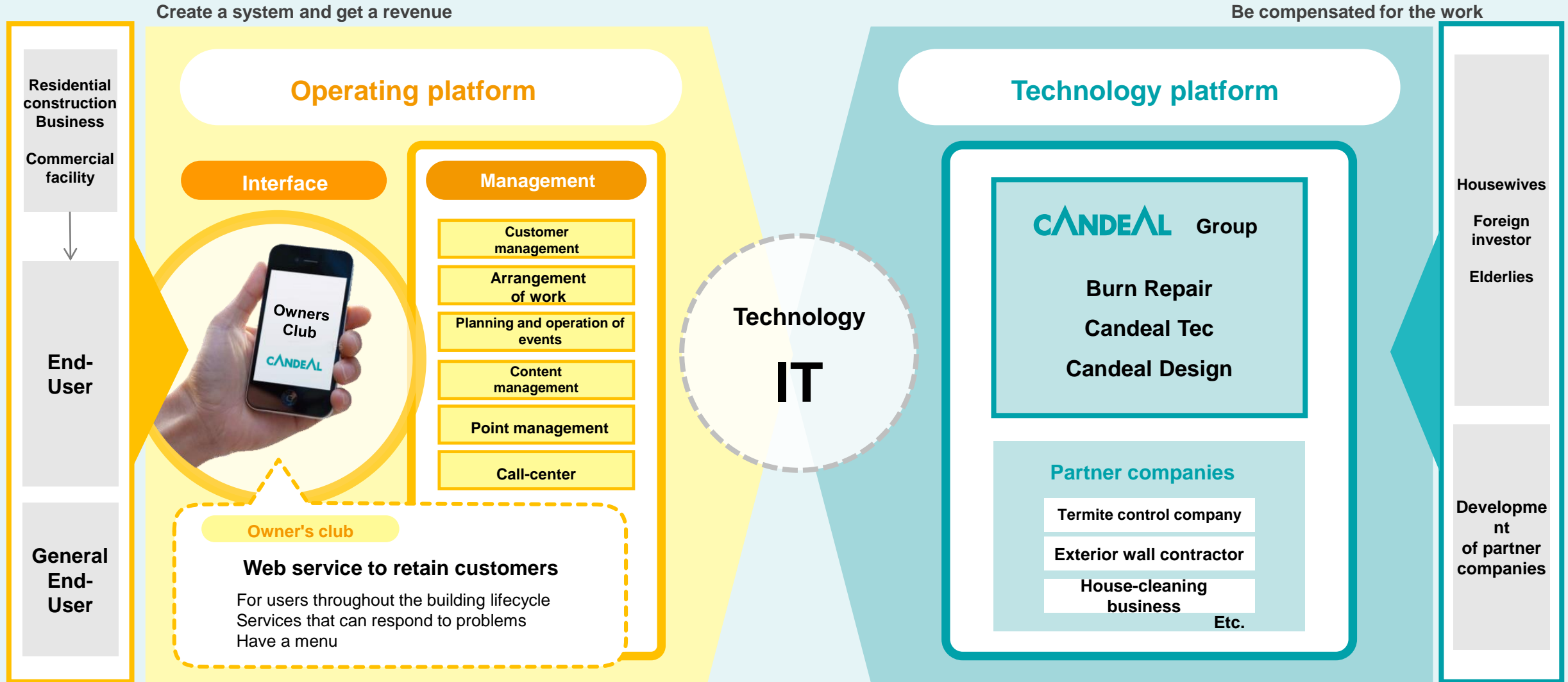
Evolution of the Sharing Economy



Insurance
Guarantee

Automation

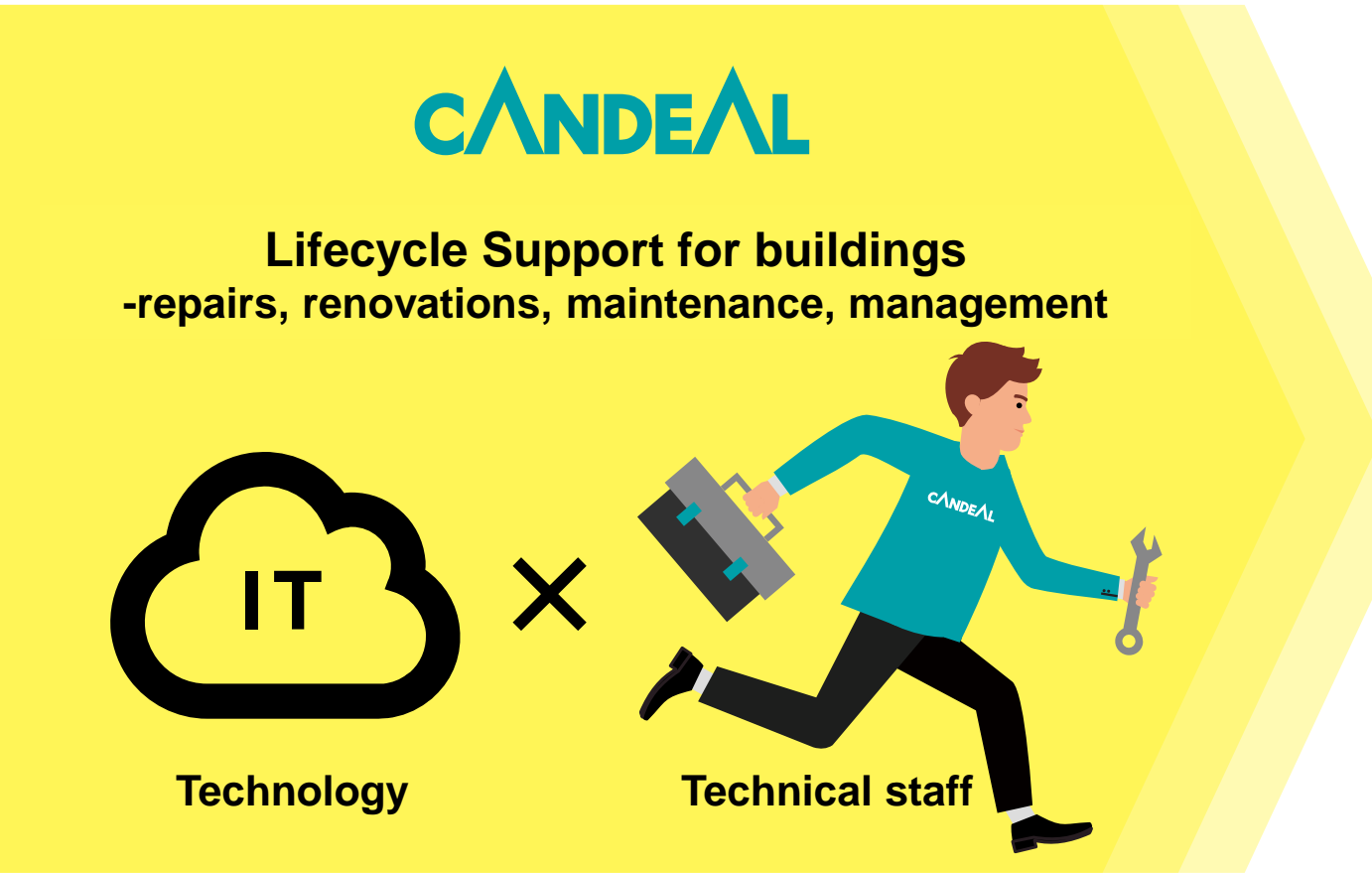
Establishment of a platform for building lifecycle support



※ The management platform is an image of the future.

Are the last point of contact in the building = “Last One-mile” human or technology?

CANDEAL resolves the last one-mile issues by fusing human (engineer) skills and IT technology.



**By multiplying two technologies,
Becoming a company that is indispensable in the building
lifecycle support**

"CANDEAL" in all buildings

CANDEAL

Manual & Technology

Disclaimer

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