



Capital Partners

MEDIA RELEASE

Sunrise Capital III's KK AB & Company has agreed to acquire Puzzle Co., Ltd.

Tokyo – Friday, 24 August, 2018 – CLSA Capital Partners, the asset management business of CLSA, is pleased to announce that Sunrise Capital III's ("Sunrise III") portfolio company, KK AB & Company ("AB & Company"), has agreed to acquire 100% of the shares of Puzzle Co., Ltd. ("Puzzle"). Sunrise III is a CLSA Capital Partners fund that invests in established, mid-cap companies with strong growth potential in Japan.

The transaction is expected to be completed in October 2018 and Puzzle will become a subsidiary of AB & Company following the transaction. To effect the transaction, AB & Company will issue new shares to which Sunrise III will subscribe.

Awarded a franchise by AB & Company (one of the largest beauty salon chains in Japan operating the Agu Group under the brand name "Agu") in 2014, Puzzle has expanded to approximately 70 salons (as of July 31, 2018), mainly in the Tohoku region (the northern part of mainland Japan), and established itself as the largest franchisee within the Agu Group. In addition to its scale, Puzzle has contributed to the salon development and operational expertise of the broader Agu Group. Following the transaction, Mr. Yusuke Tannai, President and CEO of Puzzle, will remain responsible for the management of Puzzle as a subsidiary of AB & Company. He will also join the management team of AB & Company and assist the Agu Group to continue achieving further growth along with the founder, Mr. Ichinose.

Since its inception in 2009, the Agu Group has consistently achieved double digit salon openings annually and currently manages approximately 300 salons across Japan. The Agu Group has expanded its business by providing high quality services at an affordable price to customers, offering a flexible and rewarding work culture to its hair stylists, and supporting the independence of hair stylists as franchise owners through its unique franchise system. Following the transaction, the Agu Group is targeting to grow its salon network to 1,000 salons nationwide in the next few years while remaining focused on delivering high levels of satisfaction to customers, hair stylists and franchise owners.

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About Puzzle

President and CEO: Mr. Yusuke Tannai

Location: 3-2-11 Honcho, Aoba-ku, Sendai-shi, Miyagi

For more information on Puzzle, please visit <http://puzzle-agu.jp/>

About Agu Group

Agu Group manages approximately 300 beauty salons nationwide (as of July 31, 2018) from Hokkaido to Okinawa. In addition to the directly managed salons, 20 franchise owners (as of July 31, 2018) operate salons under the Agu brand name. For more information visit <http://agu-hair.com/>



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About Sunrise Capital

Sunrise Capital, a Japan-dedicated private equity strategy of CLSA Capital Partners, capitalises on opportunities in the mid-cap buyout sector. Sunrise Capital's unique features include an extensive "body-on" approach, which includes seconding professionals to assist portfolio companies in realising their growth potential, and support with overseas expansion through CLSA's global network. Sunrise Capital has raised approximately US\$1 billion to date (as of May 31, 2018) and completed investments in 15 companies since its establishment in 2006.

About CLSA Capital Partners

CLSA Capital Partners is the asset management business of CLSA, Asia's leading capital markets and investment group. Established in 1995, CLSA Capital Partners manages a diversified range of strategies including private equity, real estate, credit and transportation and real assets. From eight offices across Asia-Pacific including Hong Kong, Singapore and Tokyo, the firm's experienced investment teams aim to generate attractive returns for clients while ensuring sustained value creation for portfolio companies and investment partners. For more information, visit www.clsacapital.com. For more information about CLSA visit www.clsa.com.

MEDIA CONTACTS

Simone Wheeler

Global Head, Group Communications, CLSA

T: +852 2600 8196

E: simone.wheeler@clsa.com

Mandy Ho

Senior Communications Manager, CLSA

T: +852 2600 8193

E: mandy.ho@clsa.com