

Sunrise Capital III signs agreement to invest in KK Loiness and B-first KK

Tokyo – Friday, 2 March, 2018 – CLSA Capital Partners, the asset management business of CLSA, is pleased to announce that Sunrise Capital III (“Sunrise III”) has signed an agreement to invest in KK Loiness and B-first KK (“Agu Group” or the “Company”), a leading nationwide beauty salon franchise in a transaction exceeding JPY10 billion. Sunrise III is a CLSA Capital Partners fund that invests in established, mid-cap companies with strong growth potential in Japan.

Following the transaction, Sunrise III will acquire a majority stake in the Agu Group through a special purpose company. Mr. Kazuhiro Ichinose, the current shareholder and CEO of Agu Group, will maintain a shareholding in the Company and will remain the CEO. There will be no material changes to the Company’s management policies or business operations. The closing of the transaction is anticipated to be late March 2018.

Including both franchise and directly managed stores, the Agu Group currently has 271 beauty salons nationwide (as of February 28, 2018) under the “Agu Hair Salon” brand. Since its inception in 2009, the Company has attracted frequent praise for its ability to attract loyal customers and committed hairstylists, both of which have contributed to the Company’s strong and continuous growth. Sunrise III intends to appoint three directors to the board of the Company to proactively assist with franchise operations including the enhancement of administrative and planning functions as well as new salon launches, leveraging Sunrise III’s experience in retail store development and marketing.

Mr. Kazuhiro Ichinose, CEO of Agu Group, commented: “The Agu Group has achieved high customer satisfaction and offered a flexible workstyle for hair stylists. To date, the Agu Group has opened nearly 300 salons across Japan and is targeting to grow the network to 1,000 salons nationwide. To achieve greater market penetration and expand our philosophy and business model, our partnership with Sunrise III is crucial. We look forward to leveraging their value-adding experiences, nationwide network and management resources to pursue new store launches and enhance corporate functions. Going forward, our goal is to become the No.1 beauty salon chain in Japan.”

Mr. Megumi Kiyozuka, Head of Sunrise Capital, commented: “It is the strong collaboration between Mr. Ichinose, young franchise owners and stylists that has contributed to Agu Group’s remarkable growth. Despite the fierce competition within the beauty salon industry, the Company has achieved 100 new store launches in 2017. We believe that the Agu Group has significant potential to be a “game-changer”, impacting the entire industry. In conjunction with Mr. Ichinose’s aspirations to grow the business to become the “No.1 beauty salon chain in Japan”, we are excited to collaborate and support the Agu Group in further expanding its presence across Japan. Sunrise III will provide management advice and assist with new store launches.”



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About Agu Group

Agu Group manages 271 beauty salons nationwide (as of February 28, 2018) from Hokkaido to Okinawa. In addition to the directly managed salons, 15 franchise owners (as of February 28, 2018) each operates between 1 and 70 salons across Japan. The Agu Group plans to expand the number of beauty salons to 1,000 and going forward intends to accelerate the rate of new store openings. For more information visit <http://agu-hair.com/>

About Sunrise Capital

Sunrise Capital is a Japan-dedicated private equity strategy, capitalizing on opportunities in the mid-cap buyout sector. Sunrise Capital's unique features include a hands-on approach, in assisting portfolio companies realize their growth potential, and support with overseas expansion through CLSA's global network. Sunrise Capital has completed investments in 11 companies since its establishment in 2006.

About CLSA Capital Partners

CLSA Capital Partners is the asset management arm of CLSA, Asia's leading capital markets and investment group. CLSA Capital Partners has more than US\$4 billion under management and offices across the region, including Hong Kong, Singapore and Tokyo. CLSA Capital Partners offers a diversified and increasing range of investment strategies managed by a diverse team of industry professionals with expertise in private equity, banking and finance, law and accountancy and various industry specializations. For more information, visit www.clsacapital.com. For more information about CLSA visit www.clsa.com.

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