



February 28, 2022

Company Name: Sanrio Company, Ltd.
President and Chief Executive Officer: Tomokuni Tsuji
Securities Code: 8136, First Section of Tokyo Stock Exchange
Inquiries: Jiro Kishimura, Managing Director
Tel.: +81-3-3779-8058

Notice Regarding Sanrio and YARUKI Switch Group Holdings' capital alliance

Sanrio Company, Ltd. ("Sanrio") and YARUKI Switch Group Holdings ("YARUKI Switch Group HD") announced today that they have concluded a capital alliance.

Sanrio acquired 10.00% of the issued shares of YARUKI Switch Group HD from the funds serviced by Advantage Partners Inc. ("AP Funds"), a shareholder of YARUKI Switch Group HD.

Since its establishment in 1960, Sanrio has conducted retail, entertainment, and licensing operations, focusing on its over 450 original intellectual properties, including Hello Kitty. Sanrio has 179 stores in Japan, e-commerce platforms and entertainment facilities, and subsidiaries in 10 locations overseas. Based on its corporate philosophy of "Minna Nakayoku", which means everyone getting along together, Sanrio has promoted its global entertainment ventures with the vision of "One World, Connecting Smiles."

YARUKI Switch Group's group philosophy of "Finding the jewel within every single child of the world and providing full support to make that jewel shine, consequently contributing to a society in which individuals live happily by performing to the best of their abilities" and over 40 years of teaching know-how from its general education business company YARUKI Switch Group Co., Ltd has allowed it to develop 7 different school brands, including the individual education cram school, School IE, the all-English afterschool care Kids Duo and the bilingual kindergarten, Kids Duo International.

◆Purpose of the capital alliance

We will consider the following possibilities for collaboration that can be achieved for both companies through this capital participation.

- (1) Sale of YARUKI Switch Group-branded educational toys at stores operated by Sanrio
- (2) Holding events at Sanrio Puroland and Harmonyland through the YARUKI Switch Group's educational brand services
- (3) Advancement and foundational enhancement of the YARUKI Switch Group in Southeast Asia and Taiwan, where Sanrio has a strong business base
- (4) Utilization and sale of educational materials being developed as a new Sanrio venture at the YARUKI Switch Group's classrooms
- (5) Utilization of licensing of Sanrio's characters within the YARUKI Switch Group

◆Capital participation overview

Sanrio will take over AP Funds shares as of February 28th, 2022 as stipulated below.

Number of transferred shares	Percentage of transferred shares to issued shares	Percentage of total shares after considering total dilution	Transfer price
365,000 Common Shares	10.00%	9.38% (※)	3 billion yen

※Total number of shares after all of YARUKI Switch Group's share options have been exercised

◆Comments

Comments from Tomokuni Tsuji, President and CEO of Sanrio Company, Ltd.:

As our original entertainment spread throughout Japan and overseas, we came to believe that education is an inseparable part of fulfillment of children and their families. We announced our initiatives in the education sector in our medium-term management plan released last year and the subsequent announcement of financial results. Through this capital participation in the YARUKI Switch Group Holdings, we hope to thoroughly demonstrate synergy based on the strengths of both companies, and provide new value in educational services in Japan and overseas. We have established the Edutainment Business Office* to apply Sanrio's creativity to new educational services, and we will leverage our resources to do so.

(*Office name in English is not yet fixed.)

Comments from Naoshi Takahashi, President and CEO of YARUKI Switch Group Holdings Co., Ltd.:

YARUKI Switch Group has supported the growth of children alongside parents for over 40 years. Recently, early childhood education has been gathering attention and our company has had a great increase in both the cram school business and the early childhood education business, expanding our contents to programming, thinking power and developing the 4 English skills in the 5 different areas. I feel an immense possibility for development and expansion of our education services that assist children's growth with this capital participation with Sanrio, an extremely renowned and trusted company in the parents' age group that also has a vast global network.

YARUKI Switch Group Holdings Co., Ltd.

Company name: YARUKI Switch Group Holdings, Co., Ltd.

Representative: President and CEO Naoshi Takahashi

URL: <https://www.yarukiswitch-holdings.co.jp/>

Business activities: The following activities as the holding company for YARUKI Switch Group Co., Ltd.

Management of individual education cram schools, English conversation schools, early childhood education and childcare facilities of the Group under this holding company and management of their franchises and any and all incidental or related work

Established: January 2020

Capital: 100 million yen (as of March 31st 2021)

Head office address Hatchobori Daiichi Seimei Bldg, 2-24-2 Hatchobori, Chuo-ku, Tokyo