

2022.11.18

Notice Regarding Sustainable Finance for Acquisition of Kids Corporation HD

It is with great pleasure to announce that on November 18, 2022, Kids Corporation Holdings Inc. ("Kids Corporation"), a portfolio company of the funds managed and/or advised by Unison Capital, Inc. (collectively "Unison"), and MUFG Bank, Ltd. ("MUFG") have completed amendment of the loan agreement that was originally signed in conjunction with the acquisition of Kids Corporation which was announced on July 29, 2022, with the aim of implementing sustainable finance clauses.

The abovementioned amendment applies to the debt financing arranged by MUFG (the "Loan") for the acquisition of Kids Corporation. On November 18, 2022, Kids Corporation received a third-party opinion from Japan Credit Rating Agency, Ltd. ("JCR") on the conformity of the Loan with the Sustainability Linked Loan ("SLL") Principlesⁱ. Concurrently the Loan also received a "Social 1" rating (the highest of five levels) as a social loanⁱⁱ based on the "JCR Social Finance Evaluation Methodology".

SLLs are loan instruments which incentivize the borrower's achievement of ambitious, predetermined sustainability performance targets ("SPTs") as measured by key performance indicators which are in line with the borrower's sustainability strategy. Kids Corporation is a childcare service company which operates outsourced hospital/corporate onsite daycare facilities nationwide. For the Kids Corporation's SLL, SPTs were set for the net increase in the number of outsourcing contracts and the turnover rate of childcare workers. Many companies in Japan have begun to recognize and embrace the need of flexible childcare-related solutions for working parents. However, amid growing labor shortage and the rising importance of ESG/SDGs-related perspectives, the shortage of companies addressing needs not met by government-licensed nurseries, such as childcare for night shift, has been a bottleneck for facilitating change. In this context, Unison and Kids Corporation have set the SPTs for the net increase in contracts because the expansion of Kids Corporation's outsourcing business will not only enhance the enterprise value of Kids Corporation but will also directly lead to addressing social issues. Reducing attrition

of childcare workers is also an important factor to support the increase in the number of contracts and to provide high-quality childcare services, and thus SPTs have also been set for the turnover rate.

Since Unison's inception, its business objective has been to pursue impact and social value beyond economic profit in addition to investment returns. Unison believes that buyout investment is the best governance model for promoting ESG initiatives and aims to create impact by establishing ESG themes for each portfolio company based on the nature and scale of its business, incorporating them into mid-term plans, and linking them to the evaluation and incentives of executives and employees. Kids Corporation's sustainable finance is a part of such efforts and is intended to further strengthen ESG initiatives by structuring M&A financing, which is closely linked to buyout investments, in the form of sustainable finance, particularly SLL.

Please direct all inquiries concerning this matter to Public Relations.

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ⁱ Formulated by the Loan Market Association whose key objective is to improve liquidity, efficiency, and transparency in the primary and secondary syndicated loan markets in Europe, the Middle East, and Africa with membership of 65+ countries and 800+ organizations. JCR also confirms conformity to the Sustainability Linked Loan Guidelines formulated by the Ministry of the Environment in March 2020 and revised in July 2022

ⁱⁱ Any type of loan instrument made available exclusively to finance or re-finance projects that solve social issues. Refer to "Social Loan Principles" formulated by Loan Market Association etc. in 2021