



May 14, 2021

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Representative: Representative Director & CEO  
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**Notice of Conclusion of Capital and Business Alliance Agreement with Dentsu Group Inc.,  
Secondary Offering of Shares, and Changes in Largest and Principal Shareholder  
and Other Affiliated Company**

Dream Incubator Inc. (“the Company”) hereby announces that it resolved at its Board of Directors’ meeting on May 14, 2021 to enter into a capital and business alliance agreement with Dentsu Group Inc. (the agreement shall hereinafter be referred to as “the Agreement” and the capital and business alliance based on the Agreement as “the Capital and Business Alliance”), and sell shares in connection with the Agreement through a secondary offering (the “Secondary Offering”), as outlined below.

Furthermore, the Company has received notice that in addition to the Secondary Offering, Dentsu Group will acquire a portion of the common shares of the Company (“Shares of the Company”) currently held by institutional investors through an off-market transaction (“the Share Transfer”). Combined with the shares acquired through the Secondary Offering, this is expected to bring Dentsu Group’s share of voting rights in the Company to over 20%. As a result of the Secondary Offering and Share Transfer, the Company expects changes to occur in its largest and principal shareholder and in an “other affiliated company,” as outlined below.

- I. Overview of Capital and Business Alliance
1. Purpose and reasons for Capital and Business Alliance

Since its inception, the Company has maintained the conviction that “producing major businesses is vital for the Japanese economy.” Building on its strategic consulting foundations, which are its strength, it has conceptualized solutions to various industrial and social problems by thinking outside the box, and provided unique professional services to support business creation and innovation at its clients. Its distinctive approach has received high praise, further raising the expectations of its clients. Amid growing demand for one-stop services that encompass the formulation of concepts and

strategies, networking that stretches beyond industry boundaries, and subsequent execution measures (specifically in areas such as systems development and deployment, design and implementation of marketing strategies, and integration with existing operations), the Company is facing the challenge of building an organization capable of meeting such needs.

Meanwhile, the Dentsu Group has contributed to the growth and development of the advertising industry in Japan by supporting its clients through marketing communication. In tandem with changes in the business environment and the maturation of markets in recent years, clients have started calling for integrated solutions in a broad array of fields that transcend the marketing category. In response, the Dentsu Group has worked to create new value by consolidating its internal and external resources. To resolve their challenges and accelerate growth, clients seek comprehensive solutions that formulate and execute strategies to drive topline growth. In particular, they urgently require an expansion in resources to support their business creation needs.

The missions of the Company and Dentsu Group are broadly aligned as both companies aim to “contribute to the business creation and topline growth of clients.” The Company decided to enter into a capital and business alliance with Dentsu Group—which pursues integrated growth solutions as its core business strategy—in the belief that pooling the diverse assets of both companies under its mission of “Creating businesses and Changing Societies,” and thus working to create major business projects for the next generation, will help facilitate the development and provision of new services and solutions by combining the strengths, characteristics and value provided by both companies.

Through the Capital and Business Alliance, the Company and Dentsu Group will form a unified team, and aim to grow together as partners of clients that pursue major business transformations.

## 2. Overview of Capital and Business Alliance

### (1) Overview of business alliance

The two companies are exploring the following direction for collaborative initiatives. In addition, they will flesh out the details through mutual discussion and consideration going forward.

- i. Promotion of, and support for, cross-selling to each other’s clients
- ii. Cultivation and development of new clients through joint efforts and collaboration
- iii. Development of joint solutions by taking advantage of existing services and asset portfolios
- iv. Personnel exchanges

### (2) Overview of capital alliance

In conjunction with the Capital and Business Alliance, Koichi Hori, who is the largest and principal shareholder of the Company, and Mr. Hori’s asset management company Wiseman Inc. are expected to reach an agreement with Dentsu Group to sell 1,821,000 Shares of the Company (18,210 voting rights amounting to 18.9% of the total voting rights) through the Secondary Offering. Dentsu Group

is scheduled to acquire 1,821,000 shares of the Company through the Secondary Offering.

Furthermore, as a result of the Secondary Offering and the Share Transfer, Dentsu Group's share of voting rights in the Company is expected to ultimately exceed 20%.

### 3. Overview of counterparty in Capital and Business Alliance (as of December 31, 2020)

(1) Name	Dentsu Group Inc.		
(2) Location	1-8-1 Higashi-shimbashi, Minato-ku, Tokyo		
(3) Title and name of representative	Representative Director, President and CEO, Toshihiro Yamamoto		
(4) Business	Providing comprehensive support and promoting good governance, for the continued growth and enhanced competitiveness of the entire group		
(5) Capital	74,609 million yen		
(6) Established	July 1, 1901		
(7) Major shareholders and ownership ratios	The Master Trust Bank of Japan, Ltd. (Trust accounts)		14.51%
	Kyodo News		6.74%
	JJI Press, Ltd.		5.69%
	Custody Bank of Japan, Ltd. (Trust accounts)		4.10%
	SMBC Nikko Securities Inc.		2.74%
	Merkle Group Inc.		2.60%
	Group Employees' Stockholding Association		2.23%
	Yoshida Hideo Memorial Foundation		1.77%
	Recruit Holdings Co., Ltd.		1.75%
	Custody Bank of Japan, Ltd. (Trust account 9)		1.56%
(8) Relationship between the Company and Dentsu Group	Capital relationship	Not applicable.	
	Personal relationship	Not applicable.	
	Transactional relationship	Not applicable.	
	Status as related party	Not applicable.	
(9) Consolidated financial condition and operating results for recent three years (IFRS)			
Fiscal year	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Equity attributable to owners of parent (million yen)	1,047,619	974,977	756,870
Total assets (million yen)	3,638,488	3,795,729	3,380,412

Equity attributable to owners of parent per share (yen)	3,716.33	3,523.11	2,690.36
Revenue (million yen)	1,018,512	1,047,881	939,243
Operating profit (loss) (million yen)	111,638	(3,358)	(140,625)
Profit (loss) attributable to owners of parent (million yen)	90,316	(80,893)	(159,596)
Basic profit (loss) per share (yen)	320.39	(287.94)	(571.19)

#### 4. Schedule for Capital and Business Alliance

(1)	Date of Board of Directors' resolution	May 14, 2021
(2)	Date of conclusion of Capital and Business Alliance Agreement	May 14, 2021
(3)	Commencement date for Capital and Business Alliance	May 14, 2021
(4)	Date of conclusion of Share Transfer agreement	May 14, 2021 (scheduled)

#### 5. Outlook

The concrete impact of the Capital and Business Alliance on the Company's earnings has yet to be determined. If any matters arise that require disclosure going forward, the Company will announce these without delay.

## II. Secondary Offering of Shares of the Company

### 1. Outline of Secondary Offering

(1)	Class and number of shares to be offered	1,821,000 common shares of the Company
(2)	Offer price	1,300 yen per share The offer price has been determined through deliberation between the parties to the sale.
(3)	Total offer price	2,367,300,000 yen
(4)	Owner and number of offered shares	Koichi Hori: 1,421,000 shares Wiseman Inc.: 400,000 shares
(5)	Method of offering	Koichi Hori will sell common shares of the Company to Dentsu Group through an off-market transaction.
(6)	Delivery date	May 14, 2021 (scheduled)

(7) Advance on subscription	Not applicable.
(8) Share unit for subscription	Not applicable.
(9) Other	With regard to the above, a written notice of securities pursuant to the Financial Instruments and Exchange Act has been submitted.

## 2. Purpose of Secondary Offering

In conjunction with the Capital and Business Alliance between the Company and Dentsu Group, Koichi Hori and Mr. Hori's asset management company Wiseman Inc. are expected to reach an agreement with Dentsu Group to sell 1,821,000 shares of the Company through an off-market transaction. Therefore, a transfer will be conducted through a secondary offering as the procedure stipulated under the relevant laws and ordinances.

## III. Changes in largest and principal shareholder and other affiliated company

### 1. Background giving rise to the changes

In conjunction with the Secondary Offering and Share Transfer outlined in "II. Secondary Offering of Shares of the Company" above, changes are expected to arise in the largest and principal shareholder of the Company and an "other affiliated company."

### 2. Overview of shareholders subject to change

#### (1) Overview of largest and principal shareholder and other affiliated company

(1) Name	Dentsu Group Inc.
(2) Location	1-8-1 Higashi-shimbashi, Minato-ku, Tokyo
(3) Title and name of representative	Representative Director, President and CEO, Toshihiro Yamamoto
(4) Business	Providing comprehensive support and promoting good governance, for the continued growth and enhanced competitiveness of the entire group
(5) Capital	74,609 million yen

For details, please refer to "3. Overview of counterparty in Capital and Business Alliance" under "I. Overview of Capital and Business Alliance."

#### (2) Overview of shareholder who will cease to be the largest and principal shareholder

(1) Name	Koichi Hori
(2) Location	Minato-ku, Tokyo

3. Number of voting rights held (number of shares held) by the shareholders and percentage of total voting rights before and after change

(1) Dentsu Group Inc.

	Number of voting rights (Number of shares held)	(Percentage of total voting rights)	Ranking among major shareholders
Before change (as of March 31, 2021)	– rights (– shares)	– %	–
After change	19,510 rights (1,951,000 shares)	19.49%	First

(2) Koichi Hori

	Number of voting rights (Number of shares held) (Percentage of total voting rights)			Ranking among major shareholders
	Portion directly owned	Portion subject to aggregation	Total	
Before change (as of March 31, 2021)	14,220 rights (1,422,000 shares) (14.20%)	4,000 rights (400,000 shares) (4.0%)	18,220 rights (1,822,000 shares) (18.20%)	First
After change	10 rights (1,000 shares) (0.01%)	– rights (– shares) (– %)	10 rights (1,000 shares) (0.01%)	–

Notes:

1. The percentages of total voting rights before and after the change are based on the 100,102 voting rights held by all shareholders calculated by subtracting the 409,600 shares without voting rights from the 10,421,600 shares outstanding as of March 31, 2021. The percentages have been rounded off to the second decimal place.
2. The data above include indirectly held shares.
3. The number of voting rights and the percentage of total voting rights before and after the change in (1) above, includes an increase of 130,000 shares through the Share Transfer. Furthermore, contingent on the receipt of a notice from the Japan Fair Trade Commission to the effect that it will not issue a cease and desist order, Dentsu Group Inc. is expected to hold over 20% of the total voting rights in the Company by purchasing additional shares of the Company through the Share Transfer.

4. Scheduled date of change

Change in largest and principal shareholder: May 14, 2021

Change in other affiliated company: Early June 2021

5. Outlook

Please refer to “5. Outlook” under “I. Overview of Capital and Business Alliance.”