



June 3rd, 2022

To our shareholders

Dream Incubator, Inc.
Representative Director & CEO
Tetsuro Harada

Dream Incubator's Response to ISS Report

Dream Incubator, Inc. (hereinafter referred to as "DI") is scheduled to hold its 22nd Annual Shareholders Meeting on June 17th, 2022. Among proposals to be resolved, Institutional Shareholder Services Inc. (hereinafter referred to as "ISS"), an advisory firm for the exercise of voting rights, has issued a report recommending against Proposal 5, Trust-Type Equity Compensation Plan.

DI's perspective on this matter is as follows.

1. ISS Report

ISS recommends voting against Proposal 5 because the total dilution from this plan and the company's other equity compensation plans reaches 14.6 percent.

2. DI's View

Trust-Type Equity Compensation Plan is intended to provide our directors the incentive to work to achieve sustainable growth of DI's corporate value to promote value sharing with our shareholders.

Under the plan, restricted stock compensation for the eligible directors will not exceed 400 million yen, in the following three fiscal years, and the total number of shares of common stock to be issued or disposed will not exceed 170,000 shares per year and 510,000 in total.

Therefore, the maximum possible dilution is 4.8 percent from this plan, and DI believes that the total possible dilution should not be considered as a reason to oppose Proposal 5.

We sincerely hope our shareholders would understand the above and exercise their voting rights after full understanding of the proposal.

End