



May 13, 2022

Company name	Dream Incubator Inc.
Representative	Representative Director and CEO Tetsuro Harada (TSE Prime: 4310)
Point of Contact	Corporate Officer Toshihiro Uemura (TEL (81)-3-5532-3200)

Notice of Partial Revisions to Stock Incentive Plan for Directors

Dream Incubator Inc. (the “Company”) hereby announces that at a meeting held on May 13, 2022, its Board of Directors resolved to submit a proposal (hereinafter, the “Proposal”) concerning partial revisions to the “Board Incentive Plan Trust” (hereinafter, the “BIP Trust”) adopted in fiscal 2014 (including continuation and revision of the plan) as a stock incentive plan (hereinafter, the “Plan”) for Company Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors; hereinafter, “Directors”) to the 22nd Annual General Meeting of Shareholders scheduled to be held on June 17, 2022 (hereinafter, the “General Meeting of Shareholders”).

1. Purpose of partial revisions to the Plan

- (1) The Company has introduced the Plan with the aim of motivating and inspiring its Directors to improve their performance over the medium to long term. We propose partially revising the contents of the Plan with the aim of simultaneously realizing our mission to “Create Businesses and Change Societies” and increasing corporate value, further promoting structural reforms to establish a sustainable growth model, meeting the expectations of shareholders, and further enhancing Directors’ awareness of the need to contribute to the enhancement of corporate value.

In line with the partial revisions, the Company will review the remuneration system for Directors to link it more strongly to performance.

2. Partial revisions to the Plan

(1) Overview of the Plan

The Company will conduct delivery and payment (hereinafter, “Delivery, etc.”) of the Company’s shares acquired by the BIP Trust or cash equivalent to the conversion price of the Company’s shares (hereinafter, “Company Shares, etc.”) to Directors following their retirement.

The Plan is valid for a three-year period, from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025 (hereinafter, the “Applicable Period”). Under the Plan, Directors may, following their retirement, receive Delivery, etc. of Company Shares, etc. according to such factors as the status of structural reform initiatives and the level of achievement of performance targets.

(2) Resolution of the General Meeting of Shareholders regarding the revisions

The General Meeting of Shareholders shall resolve the maximum amount of contribution to the trust for the acquisition of Company shares subject to Delivery, etc. to Directors, the maximum number of Company Shares, etc. for Delivery, etc. to Directors, and other necessary matters. In the event that the trust period is extended as described in (4) B below, the Board of Directors shall decide by resolution that the trust agreement shall be amended

and an additional trust shall be established at the expiration of the trust period for the remuneration intended for Directors, to the extent approved at the General Meeting of Shareholders.

(3) Eligibility under the Plan (beneficiary requirements)

Upon retirement, Directors may obtain from the trust Delivery, etc. of Company Shares, etc. corresponding to the number of points they have earned through the prescribed beneficiary determination procedures, provided that they satisfy the requirements for beneficiaries.

The beneficiary requirements are as follows.

- 1) The beneficiary (including persons who became a Director during the Applicable Period) is in office as a Director during the Applicable Period.
- 2) The beneficiary has retired from office as a Director.
- 3) The beneficiary has not resigned or has not been dismissed on grounds such as having committed certain unlawful acts during the term of office.
- 4) The beneficiary must have the number of points determined.
- 5) Other requirements deemed necessary to achieve the objectives of the stock compensation plan.

(4) Trust period

A Trust period following revisions

The trust period is the approximately three years from August 2022 (planned) to the end of August 2025 (planned).

B Continuation of the trust

At the conclusion of the Applicable Period, the trust may be continued by amending the trust agreement and placing an additional trust. In this event, the trust period for the trust would be extended by three years, and the next three fiscal years would constitute the new Applicable Period. For each new Applicable Period, the Company will make additional contributions to the trust within the maximum amount of the trust funds approved by the resolution of the General Meeting of Shareholders and will continue to grant points (as described (5) below) to Directors during the extended trust period. However, in the event that additional contributions are made and Company shares and monies (hereinafter, "Residual Shares, etc.") remain as trust assets at the time the trust agreement is revised (unless delivery of Company shares equivalent to the balance of the scheduled number of points allocated to Directors and Company shares equivalent to the number of points granted to Directors is incomplete), the total amount of Residual Shares, etc. and additional trust funds to be contributed shall be within the maximum amount of the trust funds approved at the General Meeting of Shareholders.

(5) Number of Company Shares, etc. for Delivery, etc. to Directors

Points are to be granted to Directors during the trust period according to such factors as the status of structural reform initiatives and the level of achievement of performance targets. One point shall be equivalent to one share. If an event occurs during the trust period that makes it fair to adjust the number of points, such as a stock split or reverse stock split, adjustments will be made according to the split ratio or reverse split ratio. Company Shares, etc. for Delivery, etc. shall correspond to the cumulative number of points (hereinafter, "Cumulative Number of Points") granted to individual Directors at the time of their retirement.

(6) Maximum amount of trust contribution and maximum number of Company Shares, etc. for Delivery, etc. to Directors

The maximum amount to be contributed by the Company to the trust and the maximum number of Company Shares, etc. for Delivery, etc. to Directors during the Applicable Period

are as follows, subject to approval by the resolution at the General Meeting of Shareholders.

Maximum amount of trust contribution: 400 million yen*¹

Note 1: The maximum amount of trust contribution is calculated by adding trust fees and expenses to the stock acquisition fund, taking into consideration the level of Directors' compensation.

Maximum number of Company Shares, etc. for Delivery, etc. to Directors during the trust period: 510,000 shares*^{2, *3}

Note 2: The maximum number of Company Shares, etc. for Delivery, etc. to Directors is set based on the maximum amount of trust contribution mentioned above and with reference to past stock price and other factors.

Note 3: The maximum number of Company Shares, etc. for Delivery, etc. to Directors during the trust period shall be 170,000, the maximum number per fiscal year, multiplied by three, the number of years of the Applicable Period, for a total of 510,000 shares. If the trust is continued in accordance with (4) B above, the maximum number of shares to be acquired during the Applicable Period shall be the maximum number of such shares per fiscal year multiplied by the number of years of the Applicable Period.

(7) Method of acquisition of Company shares by the trust

The initial acquisition of Company shares by the trust is planned to be made on the stock market or from the Company (disposal of treasury stock) within the maximum total amount of funds to be contributed to the trust and the maximum number of shares to be acquired as described in (6) above.

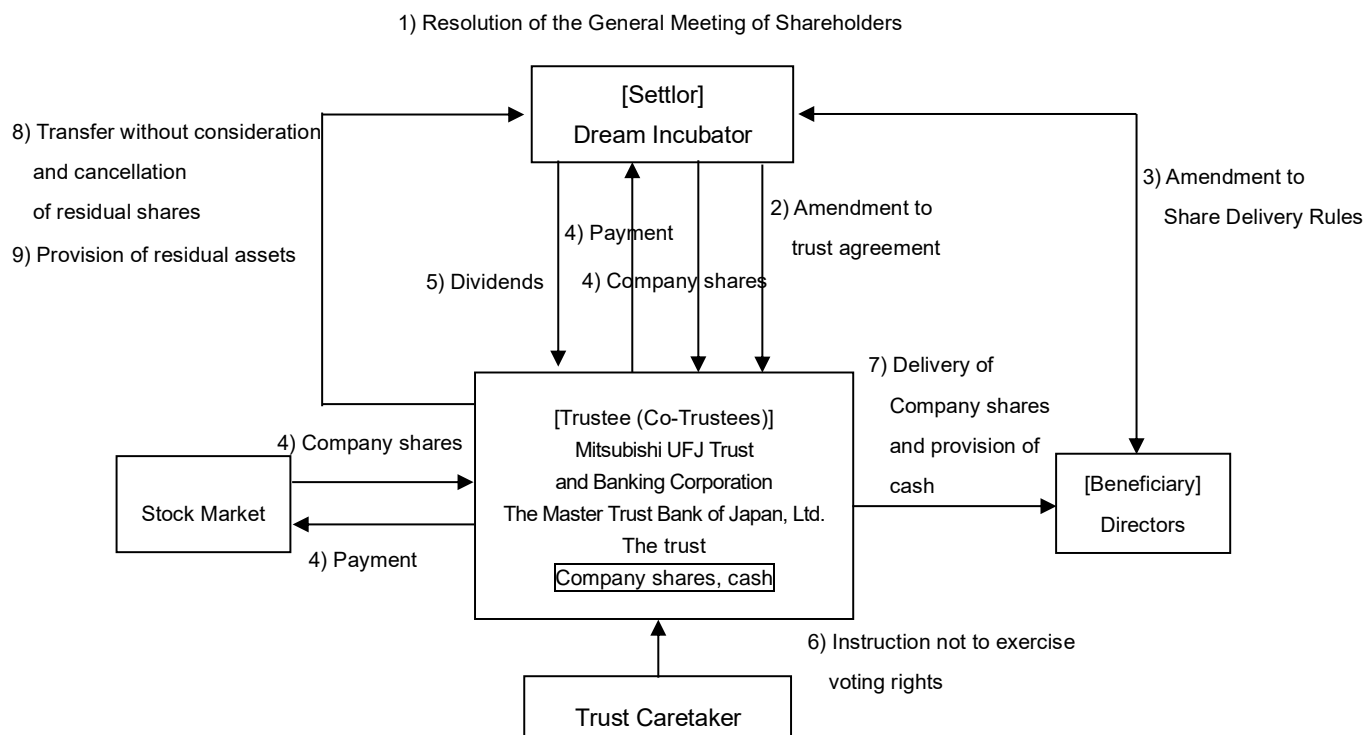
(8) Method and timing of Delivery, etc. of Company Shares, etc. to Directors

Directors who have satisfied the beneficiary requirements in (3) above may, at the time of their retirement, receive from the trust the delivery of Company shares equivalent to the Cumulative Number of Points. At that time, the Director shall receive from the trust a number of Company shares equal to the Cumulative Number of Points. In accordance with the trust agreement, from the perspective of securing funds for purposes of taxation, some of the shares shall be converted into cash within the trust, and the Director shall receive a cash payment equivalent to the conversion price.

(9) Handling of dividends on Company shares in the trust

For dividends paid on Company shares in the trust, an amount equivalent to one share dividend per point shall be retained in accordance with the Director's Cumulative Number of Points as of the dividend record date, and shall be paid to the Director along with Delivery, etc. of Company Shares, etc. as described in (8) above.

3. Overview of the Plan



- 1) The Company will obtain a resolution at the General Meeting of Shareholders to approve the compensation of Directors with respect to the partial revisions to the Plan.
- 2) Based on the determination to amend the trust agreement, the Company will place additional funds in the trust within the scope of the resolution approved at the General Meeting of Shareholders in 1) and amend the trust period for the trust, where Directors who satisfy the requirements will be the beneficiaries.
- 3) The Company will revise Share Delivery Rules in connection with the revision of the Plan.
- 4) The trust will acquire Company shares from the stock market or the Company (disposal of treasury stock) using the funds additionally entrusted in 2) above and the money remaining in the existing trust as the source of funds, in accordance with the instructions of the trust caretaker. The number of shares to be acquired by the trust shall be within the range approved by the resolution of the General Meeting of Shareholders in 1) above.
- 5) The payment of dividends for Company shares in the trust will be made in the same manner as paid for other Company shares.
- 6) Voting rights for Company shares in the trust will not be exercised throughout the trust period.
- 7) During the trust period, a certain number of points will be granted to Directors according to such factors as the status of structural reform initiatives and the level of achievement of performance targets. Directors who satisfy the beneficiary requirements may, at the time of their retirement, receive the delivery of Company shares equivalent to the cumulative number of points. In accordance with the trust agreement, from the viewpoint of securing funds for tax payment, some of the shares shall be converted into cash within the trust, and the Director shall receive a cash payment equivalent to the conversion price. The Director will also receive money for dividends paid on Company shares in the trust, corresponding to the number of points as of the record date.
- 8) If there are any residual shares at the time of termination of the trust, such shares will be transferred from the trust to the Company without consideration and will be cancelled by resolution of the Board of Directors.
- 9) Upon liquidation of the trust, the residual assets after distribution to the beneficiaries will belong to the Company.

Note: In the event that the number of shares in the trust falls short of the number of shares corresponding to the Cumulative Number of Points determined for each Director during the trust period, or that the amount of money in the trust assets is insufficient to fulfill the payment of trust fees and expenses, additional funds may be placed in the trust within the approved range.

(Reference)

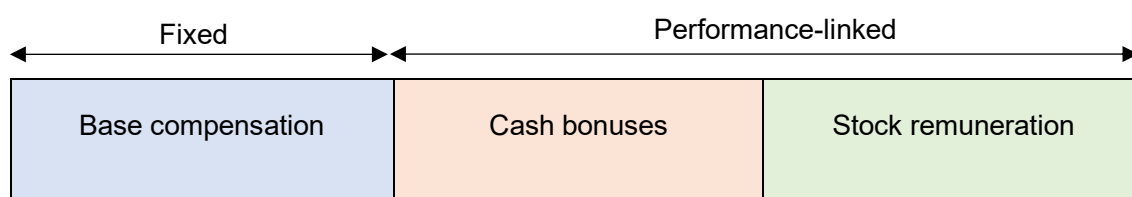
[Details of the trust agreement]

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|--------------------------------|--|
| 1) Type of trust: | Trust of money other than a specified individually operated monetary trust (third party beneficiary trust) |
| 2) Trust objective: | Granting of incentives to Directors |
| 3) Settlor: | Dream Incubator |
| 4) Trustee: | Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| 5) Beneficiary: | Directors of the Company who meet the beneficiary requirements |
| 6) Trust caretaker: | A third party (certified public accountant) with no interest in the Company |
| 7) Date of trust agreement: | July 31, 2014 (to be changed to August 2022) |
| 8) Trust period: | July 31, 2014–August 31, 2026
(to be changed to August 31, 2025 due to an amendment to the trust agreement dated August 2022) |
| 9) Maximum trust amount: | 400 million yen (planned; including trust fees and expenses) |
| 10) Share acquisition method: | Acquired from the stock market or from the Company
(treasury stock disposal) |
| 11) Exercise of voting rights: | Not exercisable |
| 12) Rights holder: | Dream Incubator |
| 13) Residual assets: | Residual assets to be received by the Company as the right holder shall be within the range of reserve for trust expenses, after deduction of funds for acquiring shares from the trust money. |

(Reference)

Executive compensation structure for fiscal 2022 and beyond

- Basic policy on executive compensation
 - The compensation system shall be designed to promote structural reforms aimed at simultaneously realizing the mission and corporate value and establishing a sustainable growth model.
 - Compensation levels shall rival those of competing industries to attract qualified personnel, and shall be determined by taking into consideration the compensation levels of the Company's employees and those of companies of similar size.
- Compensation composition of Representative Directors



The Company's remuneration for Representative Directors comprises a fixed base compensation plus variable compensation in the form of cash bonuses and stock remuneration. We aim to ensure that each of these types of compensation are approximately equal, in a ratio of 1:1:1.

- Overview of the system of remuneration for Representative Directors
 1. Base compensation
Monthly cash compensation paid to each Director in accordance with his or her position and responsibilities
 2. Cash bonuses
Short-term performance-linked compensation that is paid on the basis of the Company's performance in a single fiscal year
 3. Stock remuneration
Medium- to long-term performance-linked compensation that is linked to the status of structural reform initiatives, profit growth from producing businesses, and company-wide performance indicators such as stock price, and is paid upon retirement.