



November 7, 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 Concerning Conclusion of Agreement on Tender Offer for Shares of a Subsidiary and Expected Extraordinary Income

Dream Incubator Inc. (hereinafter, “DI” or the “Company”) hereby announces that it has entered into an agreement (hereinafter, “Tender Agreement”) with Dai-ichi Life Holdings, Inc. (hereinafter, “Dai-ichi Life Holdings”) to tender all of its shares of common stock in ipet Holdings, Inc. (hereinafter, “ipet Holdings”), a consolidated subsidiary, to a tender offer to be conducted by Dai-ichi Life Holdings for all of the common stock and stock acquisition rights of ipet Holdings (hereinafter, “Tender Offer”). Dai-ichi Life Holdings will conduct the Tender Offer as part of a transaction (hereinafter, “Transaction”) to acquire all of the common shares and stock acquisition rights of ipet Holdings (however, this excludes treasury stock held by ipet Holdings, while including its shares to be delivered upon exercise of stock acquisition rights), which is listed on the Growth Market of the Tokyo Stock Exchange, Inc. (hereinafter, “Tokyo Stock Exchange”), and to make ipet Holdings a wholly owned subsidiary. After the Tender Offer is completed, ipet Holdings will cease to be a consolidated subsidiary of the Company.

1. Purpose and background of the conclusion of the Tender Agreement

ipet Holdings is a pure holding company with main subsidiaries, ipet Insurance Co., Ltd. (hereinafter, “ipet Insurance”) and online pet health consultation company Pet’s All Right, Inc. ipet Holdings was established in October 2020 as a wholly owning parent company of ipet Insurance, which was listed on the Mothers Market of the Tokyo Stock Exchange on April 25, 2018 for the purpose of further enhancing its name recognition, improving social credibility, diversifying funding sources, increasing employee motivation, and securing talented human resources as it planned for further growth. On the same day as its establishment, ipet Holdings was also listed on the Mothers Market of the Tokyo Stock Exchange through a technical listing (moved to the Growth Market in April 2022, following the change in market classification by the Tokyo Stock Exchange). ipet Holdings’ core business is the non-life insurance business of ipet Insurance, and it conducts pet insurance underwriting and asset management.

ipet Holdings’ management philosophy is “to create a society where pets and people can live together in good health” and its vision is “to be a company that continues to think about the happiness of pets and people.” Through its pet insurance and online pet health consultation businesses, ipet Holdings strives to contribute not only to the health of pets, but also to the realization of a society where people can live together with pets in good health, both physically and mentally, and where pet owners and non-pet owners can coexist in good health. ipet Holdings will continue to focus on the pet insurance business as its core business, while working to realize its management philosophy and vision through the creation of group synergies, and to enhance its corporate value over the medium to long term.

DI invested in ipet Insurance in February 2011 as part of its Incubation business (currently, the

investment is in ipet Holdings, which was established through a share transfer solely by ipet Insurance effective as of October 1, 2020). As disclosed in the annual securities reports of the Company and ipet Holdings, DI continued to invest in and support ipet Holdings under the policy of selling all shares held by the Company once it had fulfilled its role. Considering the remarkable growth that ipet Holdings has achieved since the time of our investment, we believe that we have fulfilled our mission to invest in and nurture our investee. We also recognized that the current timing was appropriate to sell the shares of ipet Holdings, and that it was necessary to create an environment in which ipet Holdings could enter its next stage of growth to contribute to its continued expansion. On the other hand, ipet Insurance, a major subsidiary of ipet Holdings, continues to increase the number of policies in force, and ipet Holdings had discussed with us the need for capital reinforcement in order to achieve sustainable growth and to improve the solvency margin ratio.

Based on this recognition, on September 21, 2021, we were approached by ipet Holdings to consider measures for capital reinforcement, including the option of a capital and business alliance with a new partner. After careful consideration of the proposal, on October 22, 2021, as we had planned to sell all of our shares of ipet Holdings (6,068,004 shares of common stock; hereinafter, "ipet Holdings shares") as described above, and agreed, along with the sale of our ipet Holdings shares, to conduct the selection of candidates (hereinafter, "Candidate Selection") that will provide capital support to ipet Holdings, we informed ipet Holdings that we have decided to sell the ipet Holdings shares. The aim was to establish a relationship with a new partner who will support the capital policy of ipet Holdings through the sale of the ipet Holdings shares. Accordingly, both companies decided to consider candidates who could become a new partner of ipet Holdings.

Toward the end of February 2022, with the cooperation of ipet Holdings, we prepared an initial disclosure of information regarding ipet Holdings' business and financial affairs. Simultaneously, in mid-February 2022, we confirmed ipet Holdings' request regarding the Candidate Selection, and we considered candidates who could meet its capital reinforcement needs. From early March 2022, we approached a total of 17 operating companies and private equity funds that meet the requests of ipet Holdings regarding the Candidate Selection. We agreed with ipet Holdings to commence the first bidding process with a deadline of May 13, 2022 for the submission of the first letter of intent to select a potential bidder that can meet the capital reinforcement needs of ipet Holdings as well as to achieve further growth of the ipet Holdings Group in the future. After the initiation of the first bidding process, we provided initial disclosure to the candidates, including Dai-ichi Life Holdings, regarding the business and financial affairs of ipet Holdings. We then received first letters of intent from several operating companies and private equity funds, including Dai-ichi Life Holdings, on or within a few days of the submission deadline, and shared each of the first letters of intent with ipet Holdings. Subsequently, toward the end of May, we held several discussions with ipet Holdings regarding the contents of these letters of intent. Based on the results of these discussions, we decided which candidates we would invite to participate in the second bidding process, and on May 27, 2022, we notified each candidate of our invitation to participate in the second bidding process.

Subsequently, the candidates selected by DI based on ipet Holdings' intentions, including Dai-ichi Life Holdings, conducted business, financial and tax, and legal due diligence on ipet Holdings during the second bidding process, which lasted approximately eight weeks from late May 2022 to late July 2022.

Following this process, we received proposals from Dai-ichi Life Holdings and the other candidates based on the results of the above due diligence. On July 29, 2022, we received a formal proposal (hereinafter, "Second Letter of Intent") from Dai-ichi Life Holdings to value the shares of ipet Holdings in the event that the Tender Offer is implemented at a purchase price per share (hereinafter, "Tender Offer Price") of 3,450 yen and a purchase price per stock acquisition right (hereinafter, "Stock Acquisition Right Purchase Price") of 6,260 yen, and we shared this Second Letter of Intent and the proposals from the other candidates with ipet Holdings. We carefully compared and examined these proposals from the perspectives of the share valuation, the scheme of the Transaction, the fund-raising capacity and financing preconditions, and the management strategy after the Transaction is implemented, including

the growth strategy and capital support of ipet Holdings. As a result, we negotiated with Dai-ichi Life Holdings to request an increase in the Tender Offer Price in order to select them as a final candidate, and we also held several discussions with ipet Holdings. Dai-ichi Life Holdings then considered various factors, including the specific details of the corporate value enhancement measures, the management policy after the Transaction, the current performance and future business plan of ipet Holdings, the results of the due diligence on ipet Holdings conducted by Dai-ichi Life Holdings between late May 2022 and late July of the same year, the market price of ipet Holdings shares, economic conditions and trends in the stock market, and requests from us. In addition, they comprehensively considered whether the Board of Directors of ipet Holdings endorsed the Tender Offer and the outlook of tenders to the Tender Offer. As a result, in late August 2022, Dai-ichi Life Holdings made an additional proposal to us to set the Tender Offer Price at 3,550 yen and the Stock Acquisition Right Purchase Price at 6,460 yen. We shared with ipet Holdings the additional proposal we received from Dai-ichi Life Holdings, and we further carefully reviewed the proposal. As a result, we concluded that the additional proposal is the best offer among those obtained through an aggressive auction process in terms of the transfer price of ipet Holdings shares, certainty of implementation of the Transaction, and early realization of the Transaction, from the perspective that the transfer of ipet Holdings shares will require the approval of the Commissioner of the Financial Services Agency under the Insurance Business Act, and that Dai-ichi Life Holdings would be the best partner for ipet Holdings. Accordingly, we decided to enter into preferential negotiations with Dai-ichi Life Holdings as our basic negotiating policy. In response to this decision, on August 31, we entered into a memorandum of understanding with Dai-ichi Life Holdings, which provided that: (i) Dai-ichi Life Holdings shall make a final proposal for the Tender Offer Price of 3,550 yen; (ii) DI shall negotiate the Transaction exclusively with Dai-ichi Life Holdings until the expiration of 90 days from the date thereof or the date of the Transaction announcement, whichever comes earlier, and shall not take any action to realize a capital transaction of ipet Holdings similar to the Transaction with any third party other than Dai-ichi Life Holdings.

Subsequently, we held further discussions and negotiations with Dai-ichi Life Holdings regarding the terms and conditions of the Tender Offer, except for the Tender Offer Price and the Stock Acquisition Right Purchase Price, as well as the details of the Tender Agreement. As a result, DI and Dai-ichi Life Holdings agreed on the Tender Agreement, which set the Tender Offer Price at 3,550 yen and the Stock Acquisition Right Purchase Price at 6,460 yen, and the Company decided to conclude the Tender Agreement with Dai-ichi Life Holdings today.

We are convinced that, through these repeated and sincere proposals and discussions, the sale of ipet Holdings shares are made on the best possible terms and conditions for our Company, and we are also confident that Dai-ichi Life Holdings will be the best partner for ipet Holdings. The tender of ipet Holdings shares in the Tender Offer is the culmination of our investment in ipet Holdings, which has spanned more than 10 years. However, we believe that this agreement will allow ipet Holdings to lay the foundation for its next stage of growth under the umbrella of Dai-ichi Life Holdings.

For details of the Tender Offer, including the details of the Tender Agreement, please refer to the “Notice Regarding Commencement of Tender Offer for Shares, Etc. of ipet Holdings, Inc. (Securities Code: 7339)” released today by Dai-ichi Life Holdings and the “Announcement of Opinion to Support the Tender Offer for Shares, Etc. in ipet Holdings, Inc. by Dai-ichi Life Holdings, Inc. and to Recommend Tendering Shares, Etc. in the Tender Offer” released by ipet Holdings.

2. Outline of ipet Holdings

(1) Name	ipet Holdings, Inc.
(2) Location	5-6-15 Toyosu, Koto-ku, Tokyo
(3) Representative	Atsuko Yasuda, Representative Director and CEO
(4) Business	(1) Business administration of a non-life insurance company and other

	companies operating as subsidiaries pursuant to the provisions of the Insurance Business Act; and (2) Business activities incidental to the business listed in the preceding item		
(5) Capital	110 million yen		
(6) Date established	October 1, 2020		
(7) Major shareholders and shareholding ratio (as of March 31, 2022)	Dream Incubator Inc.	55.87%	
	GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	7.13%	
	GOLDMAN SACHS & CO.REG (Standing proxy: Goldman Sachs Japan Co., Ltd.)	6.28%	
	Sojitz Corporation	4.30%	
	YCP HOLDINGS (GLOBAL) LIMITED (Standing proxy: Mizuho Securities Co., Ltd.)	4.30%	
	SO-TWO, INC.	3.86%	
	NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	2.61%	
	Custody Bank of Japan, Ltd. (Trust Account)	2.13%	
	Focus Co., Ltd.	0.92%	
	Tepei Yamamura	0.79%	
(8) Relationship with the Company			
Capital relationship	As of today, the Company directly owns 6,068,004 shares of common stock of ipet Holdings (shareholding ratio: 55.21%) (Note 1).		
Personnel relationship	Tetsuro Harada, Representative Director and CEO of the Company, concurrently serves as a director of ipet Holdings and ipet Insurance.		
Business relationship	Not applicable.		
Status as a related party	ipet Holdings is a consolidated subsidiary of the Company, and the Company and ipet Holdings are mutually related parties.		
(9) Operating results and financial position of ipet Holdings for the last three years (millions of yen)			
Fiscal year	Ended March 31, 2020 (Note 2)	Ended March 31, 2021	Ended March 31, 2022
Net assets	5,580	4,992	5,033
Total assets	15,599	17,408	22,375
Net assets per share (yen)	516.96	461.79	464.65
Revenue	18,334	22,878	28,675
Recurring profit	413	381	191
Net income (loss) attributable to parent company shareholders	261	(727)	38
Net income per share (yen)	24.39	(67.30)	3.54

Note 1: The percentage represents the ratio of shares owned to the number of shares outstanding, which is calculated as follows. First, the number of shares outstanding as of September 30, 2022, as shown in the “Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2023 [J-GAAP] (Consolidated)” (hereinafter, “ipet Holdings Q2 Earnings Report”), released by ipet Holdings on November 7, 2022, of 10,890,423 shares is referenced. Then, the number of ipet Holdings shares to be issued upon exercise of the remaining stock acquisition rights of 100,000 shares (Series 1 stock acquisition rights of 43,500 and 6,500 units) is added to this number, for a total of 10,990,423 shares. Lastly, the number of treasury shares (42 shares) held by ipet Holdings as of the same date as stated in ipet Holdings Q2 Earnings Report is deducted from this number to arrive at the number of shares outstanding of 10,990,381 shares (rounded to two decimal places).

Note 2: Referred to financial figures for ipet Insurance for the fiscal year ended March 31, 2020.

Note 3: Recurring profit, net income, and net income per share are the consolidated operating results based on the initial-year balance method.

3. Outline of Dai-ichi Life Holdings

(1)	Name	Dai-ichi Life Holdings, Inc.	
(2)	Location	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	
(3)	Representative	Seiji Inagaki, President	
(4)	Business	<p>(1) Business administration of life insurance companies, non-life insurance companies, and other companies operating as subsidiaries pursuant to the provisions of the Insurance Business Act;</p> <p>(2) Business activities incidental to the business listed in the preceding item; and</p> <p>(3) In addition to the business listed in the preceding two items, business activities that are permitted to be performed by an insurance holding company under the Insurance Business Act</p>	
(5)	Capital	343.9 billion yen	
(6)	Date established	September 15, 1902	
(7)	Major shareholders and shareholding ratio (as of March 31, 2022)	The Master Trust Bank of Japan, Ltd. (Trust Account)	16.63%
		Custody Bank of Japan, Ltd. (Trust Account)	6.41%
		Mizuho Bank, Ltd.	2.72%
		SMP PARTNERS (CAYMAN) LIMITED (Standing proxy: Mizuho Bank, Ltd.)	2.38%
		Shinsei Trust & Banking Co., Ltd. ECM MF Trust Account 8299002	1.69%
		STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1.67%
		STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	1.42%
		SMBC Nikko Securities Inc.	1.34%
		SBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1.29%
		JPMorgan Securities Japan Co., Ltd.	1.27%

(8) Relationship with the Company	
Capital relationship	Not applicable.
Personnel relationship	As of today, three employees from The Dai-ichi Life Insurance Co., Ltd. have been seconded to the Company's consolidated subsidiary, ipet Insurance, and one of them is also seconded (concurrently) to ipet Holdings.
Business relationship	ipet Insurance, which is a subsidiary of the Company's consolidated subsidiary, ipet Holdings, has concluded a basic business alliance agreement with Dai-ichi Life Holdings and Dai-ichi Life Insurance, the core life insurance company of Dai-ichi Life Holdings Group (collectively refers to Dai-ichi Life Holdings and its 110 subsidiaries and 29 affiliated companies). Based on this basic business alliance agreement, ipet Insurance has a business relationship with Dai-ichi Life Holdings and Dai-ichi Life Insurance, with regard to brokerage service for conclusion of insurance contracts, etc.
Status as a related party	Not applicable.

4. Number of shares to be tendered in the Tender Offer, transfer price, and number of shares held before and after the Tender Offer

(1) Number of shares held before Tender Offer	6,068,004 shares (Number of voting rights: 60,680) (Percentage of voting rights held: 55.21%) (Note 1)
(2) Number of shares to be tendered	6,068,004 shares (Number of voting rights: 60,680) (Percentage of voting rights held: 55.21%)
(3) Transfer price	21.5 billion yen (3,550 yen per share)
(4) Number of shares held after Tender Offer	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0.00%)

Note 1: The number of voting rights of ipet Holdings (as of March 31, 2022) is the number of voting rights of all shareholders as stated in the Securities Report for the Second Fiscal Period filed by ipet Holdings on June 29, 2022 (and the number of shares per unit is 100 shares). However, because odd-lot shares (however, this excludes treasury stock of less than one unit held by ipet Holdings) and ipet Holdings shares that may be issued or delivered as a result of the exercise of stock acquisition rights are also subject to the Tender Offer, the percentage of voting rights held is calculated using the number of voting rights (109,903) pertaining to the number of shares (10,990,381) as the denominator.

5. Schedule of the Tender Offer

(1) Execution of the Tender Agreement	November 7, 2022
(2) Tender Offer period	From November 8, 2022 to December 20, 2022
(3) Announcement of the results of the Tender Offer	December 21, 2022
(4) Settlement commencement date	December 27, 2022

6. Future outlook

If the Company tenders its shares to the Tender Offer in accordance with the Tender Agreement and the Tender Offer is consummated, ipet Holdings will cease to be a consolidated subsidiary of the Company. As a result, we expect to record an extraordinary gain of approximately 18.2 billion yen in our consolidated financial statements for the fiscal year ending March 31, 2023, and an extraordinary gain of approximately 19.3 billion yen in our non-consolidated financial statements.