



March 26, 2024

Company name	Dream Incubator Inc.
Representative	Representative Director and President Takayuki Miyake (TSE Prime: 4310)
Point of contact	Corporate Officer Toshihiro Uemura (TEL (81)-3-5532-3200)

## **Notice of Conclusion of Capital and Business Alliance Agreement with Yamaguchi Financial Group Inc., Secondary Sale of Shares, and Changes in Principal Shareholder that is the Largest Shareholder and Other Affiliated Company**

Dream Incubator Inc. (“DI”) hereby announces that it resolved at its Board of Directors’ meeting on March 26, 2024 to enter into a capital and business alliance agreement (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”) with Yamaguchi Financial Group, Inc. (“YMFG”), as outlined below.

In connection with this, DI has received notice from YMFG that it has reached an agreement with VARECS Partners, Ltd., DI’s principal shareholder that is also the largest shareholder, to acquire common shares of DI through an off-market transaction in which VARECS Partners will be the seller and YMFG will be the buyer, and that this share acquisition is expected to bring YMFG’s share of voting rights in DI to over 20%. This transfer of shares (“the Share Transfer”) constitutes a secondary sale (the “Secondary Sale”). As a result of the Secondary Sale and Share Transfer, DI expects changes to occur in its principal shareholder that is the largest shareholder, and in an other affiliated company, as outlined below.

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

DI promotes industry and business production activities to solve various social issues by organically integrating the power of strategy, technology, and policy, and has been carrying out advanced projects targeting various issues in collaboration with relevant ministries and local governments, as well as multiple private companies. In July 2021, DI launched Asia’s largest social impact bond (SIB) business-related fund (total investment: 4.2 billion yen), and is also promoting initiatives for regional development through SIBs.

As a regional financial institution serving Yamaguchi, Hiroshima, and Fukuoka prefectures, YMFG’s mission is to add value to regions by going beyond the boundaries of finance to solve social issues. In line with this mission, YMFG has been promoting initiatives to solve regional social issues and enhance regional value by establishing companies such as regional development consulting firm YMFG ZONE Planning Co., Ltd., as well as Regional Trading Company Yamaguchi Co., Ltd. and recruitment agency YM Career Inc.

As announced on October 18, 2021 in the press release “Conclusion of Collaboration Agreement with Yamaguchi Financial Group and YMFG ZONE Planning,” DI and YMFG have concluded a comprehensive collaboration agreement to promote the use of SIBs with the aim of promoting regional development by enhancing regional value, and solving social issues in regional areas.

Through these activities, both companies recognized the need to further resolve regional issues and examined the possibility of regional development by leveraging the capabilities of both companies. As

a result, the two companies decided to enter into the Agreement based on the belief that leveraging each other's experience, human resources, and customer bases through a capital and business alliance, combined with collaborations on SIB-related activities, would help create a framework that solves regional social issues and enhances regional value.

DI has been working to create a framework for regional development through SIBs while creating major industries and businesses through its unique professional services. The Capital and Business Alliance is a part of DI's efforts to create a framework for regional development. By working together with YMFG and expanding its experience and achievements to other regions, DI will further contribute to solving regional social issues.

## 2. Details of the Capital and Business Alliance

### (1) Details of the business alliance

DI and YMFG have agreed to proceed with the business alliance with respect to the following items. The two companies plan to discuss the specific policies and details of the business alliance going forward.

- 1) Establish a new regional bank business that combines business production, finance, and regional features
- 2) Create businesses that revitalize regional areas
- 3) Promote collaboration in other areas related to the development of both companies, such as through personnel exchanges

### (2) Details of the capital alliance

In conjunction with the Capital and Business Alliance, YMFG is expected to enter into an agreement with VARECS Partners, DI's principal shareholder that is also the largest shareholder, regarding the share acquisition. YMFG is scheduled to acquire 2,100,000 shares of DI's common stock (21,000 voting rights amounting to 22.21% of the total voting rights) in an off-market transaction in April 2024, 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 based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

3. Overview of counterparty in the Capital and Business Alliance (as of September 30, 2023)

( 1 ) Name	Yamaguchi Financial Group, Inc.		
( 2 ) Address	4-2-36 Takezaki-cho, Shimonoseki, Yamaguchi Prefecture		
( 3 ) Name and title of representative	Keisuke Mukunashi, President, Representative Director and CEO		
( 4 ) Business	Management and administration of banks and companies that may be made subsidiaries under the Banking Act, and all related activities Activities that bank holding companies may engage in under the Banking Act		
( 5 ) Capital	50,000 million yen		
( 6 ) Established	October 2, 2006		
( 7 ) Major shareholders and ownership ratios	The Master Trust Bank of Japan, Ltd. (trust account)		12.53%
	Custody Bank of Japan, Ltd. (trust account)		4.49%
	Meiji Yasuda Life Insurance Company		2.58%
	Yamada Office Co., Ltd.		2.47%
	Tokuyama Corporation		2.32%
	Yamaguchi Financial Group Employee Stock Ownership Plan		1.86%
	SUMITOMO LIFE INSURANCE COMPANY		1.81%
	The Master Trust Bank of Japan, Ltd. (UBE Corporation Pension Fund)		1.79%
	Maruha Nichiro Corporation		1.71%
	Nippon Life Insurance Company		1.41%
( 8 ) Relationship between DI and YMFG	Capital relationship	Not applicable	
	Personal relationship	Not applicable	
	Transactional relationship	DI and YMFG have signed a comprehensive collaboration agreement to promote the use of SIBs to solve social issues.	
	Status as related party	Not applicable	
( 9 ) Consolidated financial condition and operating results for recent three years			
Fiscal year	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Consolidated net assets (million yen)	681,139	636,344	614,665
Consolidated total assets (million yen)	11,993,722	12,182,662	12,211,645
Net asset per share (yen)	2,729.94	2,652.26	2,718.04
Consolidated ordinary income (million yen)	183,255	147,016	157,324
Consolidated ordinary profit (loss) (million yen)	36,965	(7,635)	25,698
Earnings (losses) per share (yen)	99.63	(53.29)	77.41
Dividend per share (yen)	26.00	28.00	31.00

4. Schedule for the Capital and Business Alliance

( 1 )	Date of Board of Directors' resolution	March 26, 2024
( 2 )	Date of conclusion of the Capital and Business Alliance Agreement	March 26, 2024
( 3 )	Commencement date for the Capital and Business Alliance	April 2024 (scheduled)
( 4 )	Date of conclusion of share transfer agreement	April 2024 (scheduled)

5. Outlook

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

II. Secondary sale of DI shares

1. Outline of secondary sale

( 1 )	Class and number of shares to be sold	2,100,000 common shares of DI
( 2 )	Sale price	3,000 yen per share The sale price has been determined through deliberation between the parties to the sale.
( 3 )	Total sale price	6,300,000,000 yen
( 4 )	Owner and number of shares to be sold	VARECS Partners, Ltd.: 2,100,000 shares
( 5 )	Method of sale	VARECS Partners, Ltd. will sell common DI shares to Yamaguchi Financial Group, Inc. through an off-market transaction.
( 6 )	Delivery date	April 2024 (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 sale

In conjunction with the Capital and Business Alliance between DI and Yamaguchi Financial Group, Inc., VARECS Partners, Ltd. and Yamaguchi Financial Group, Inc. are expected to reach an agreement on the transfer of DI shares through an off-market transaction, and the purpose is to conduct the transfer through a secondary sale as part of the procedures prescribed by the relevant laws and regulations.

III. Change in principal shareholder that is the largest shareholder

1. Background giving rise to the change

In conjunction with the Secondary Sale and Share Transfer outlined in "II. Secondary sale of DI shares" above, DI expects a change in its principal shareholder that is also the largest shareholder.

2. Overview of shareholders in question

(1) Overview of principal shareholder that will become the largest shareholder

( 1 ) Name	Dentsu Group Inc.
( 2 ) Address	1-8-1 Higashi-Shimbashi, Minato-ku, Tokyo
( 3 ) Name and title of representative	Hiroshi Igarashi, Director, Representative Executive Officer, President & Global CEO
( 4 ) Business	Management of group companies
( 5 ) Capital	74,609 million yen

(2) Overview of shareholder that will no longer be the principal shareholder that is the largest shareholder

( 1 ) Name	VARECS Partners, Ltd.
( 2 ) Address	1-6-17 Nihonbashi Kayabacho, Chuo-ku, Tokyo
( 3 ) Name and title of representative	Jiro Yasu, CFA
( 4 ) Business	Investment management and advisory

3. Number of voting rights (number of shares held) and its percentage to total voting rights of all shareholders before and after change

(1) Dentsu Group Inc.

	Number of voting rights (number of shares held)	Percentage to total voting rights	Shareholder rank among major shareholders
Before change (as of December 31, 2023)	21,927 units (2,192,700 shares)	23.19%	—
After change	21,927 units (2,192,700 shares)	23.19%	1st

(2) VARECS Partners, Ltd.

	Number of voting rights (number of shares held)	Percentage to total voting rights	Shareholder rank among major shareholders
Before change (as of January 4, 2024)	24,326 units (2,432,600 shares)	25.72%	—
After change	3,326 units (332,600 shares)	3.52%	—

Notes

1. The percentages of voting rights to total voting rights before and after the change are calculated using the total number of voting rights of all shareholders (94,564 units) obtained by subtracting the number of non-voting shares (1,008,700 shares) from the total number of issued shares (10,465,100 shares) as of December 31, 2023, and are rounded to the nearest hundredth.
2. Dentsu Group Inc.'s shareholder rank before the change has not been provided because this information could not be confirmed.
3. The number of voting rights held by VARECS Partners, Ltd. is based on the Large Shareholding Report (a change report) submitted by the shareholder, and DI has not confirmed the actual number of shares held by the shareholder. Shareholder rank has not been provided because this information could not be confirmed.

4. Scheduled date of change  
April 2024 (scheduled)

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

IV. Change in principal shareholder that is an other affiliated company

1. Background giving rise to the change

In conjunction with the Secondary Sale and Share Transfer outlined in “II. Secondary sale of DI shares” above, Yamaguchi Financial Group, Inc. is expected to become DI’s principal shareholder that is also an other affiliated company.

2. Overview of shareholder that will be the principal shareholder that is an other affiliated company

For an overview of Yamaguchi Financial Group, Inc., please refer to “I. Overview of the Capital and Business Alliance, 3. Overview of counterparty in the Capital and Business Alliance”.

3. Number of voting rights (number of shares held) and its percentage to total voting rights of all shareholders before and after change

Yamaguchi Financial Group, Inc.

	Classification	Number of voting rights (number of shares held)			Percentage to total voting rights		
		Directly held	Aggregate portion	Total	Directly held	Aggregate portion	Total
Before change	—	—	—	—	—	—	—
After change	Principal shareholder than is an other affiliated company	21,000 units (2,100,000 shares)	—	21,000 units (2,100,000 shares)	22.21%	—	22.21%

Note

The percentages of voting rights to total voting rights before and after the change are calculated using the total number of voting rights of all shareholders (94,564 units) obtained by subtracting the number of non-voting shares (1,008,700 shares) from the total number of issued shares (10,465,100 shares) as of December 31, 2023, and are rounded to the nearest hundredth. The percentage of voting rights held by Yamaguchi Financial Group, Inc. to total voting rights is expected to increase to 22.21% following the purchase of additional shares in DI through the Share Transfer, 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 based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

4. Scheduled date of change  
April 2024 (scheduled)

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