

# **Q1 FY03/2020 Supplementary Materials for Consolidated Financial Results**

**July 30,2019**

**Dream Incubator Inc.**

**(Stock Code: 4310)**

The logo consists of a dark blue square containing the white letters "DI" in a serif font.

**DI**

- 1. Q1 FY03/2020 Financial Results Summary**
- 2. Net Asset Value (NAV)**

# Q1 FY03/2019 Consolidated P&L

(Before Insurance Item Adjustments)

(JPY100mn)

	Q1 FY03/2019	Q1 FY03/2020	YoY change	
			Amount	Percentage
Sales	54.3	52.1	-2.1	-4.0%
Gross profit	23.8	23.9	+0.0	+0.2%
Operating profit	2.0	-1.0	-3.0	—
Recurring profit	2.7	-1.0	-3.8	—
Net income attributable to parent company shareholders	4.3	-0.1	-4.5	—

# Adjusted Insurance Accounting Items and Amounts

(JPY100mn)

	Q1 FY03/2019	Q1 FY03/2020
<b>Unadjusted gross profit (consolidated)</b>	<b>23.8</b>	<b>23.9</b>
<ul style="list-style-type: none"> <li>● <b>Adjustment related to ordinary underwriting reserves*</b></li> <li>● <b>Catastrophe reserve provision**</b></li> </ul>	-0.2  +1.1	+0.7  +1.3
<b>Total adjustments</b>	<b>+0.9</b>	<b>+2.0</b>
<b>Adjusted gross profit (consolidated)</b>	<b>24.7</b>	<b>26.0</b>

\* Adjustment to revise the ordinary underwriting reserve calculation from the initial year balance method to the unearned premium method

\*\* Excludes the impact of transferred provision amount (negative if reversed)

# FY03/2019 Consolidated P&L

(After Insurance Item Adjustments)

(JPY100mn)

	Q1 FY03/2019	Q1 FY03/2020	YoY change	
			Amount	Percentage
Sales	54.3	52.1	-2.1	-4.0%
Gross profit	24.7	26.0	+1.2	+4.9%
Operating profit	2.9	1.0	-1.9	-65.1%
Recurring profit	3.6	1.0	-2.6	-72.3%
Net income attributable to parent company shareholders	1.6	0.6	-0.9	-58.7%

Note: Amounts affected by adjustments for insurance items are displayed in blue font

# FY03/2019 P&L by Business Field

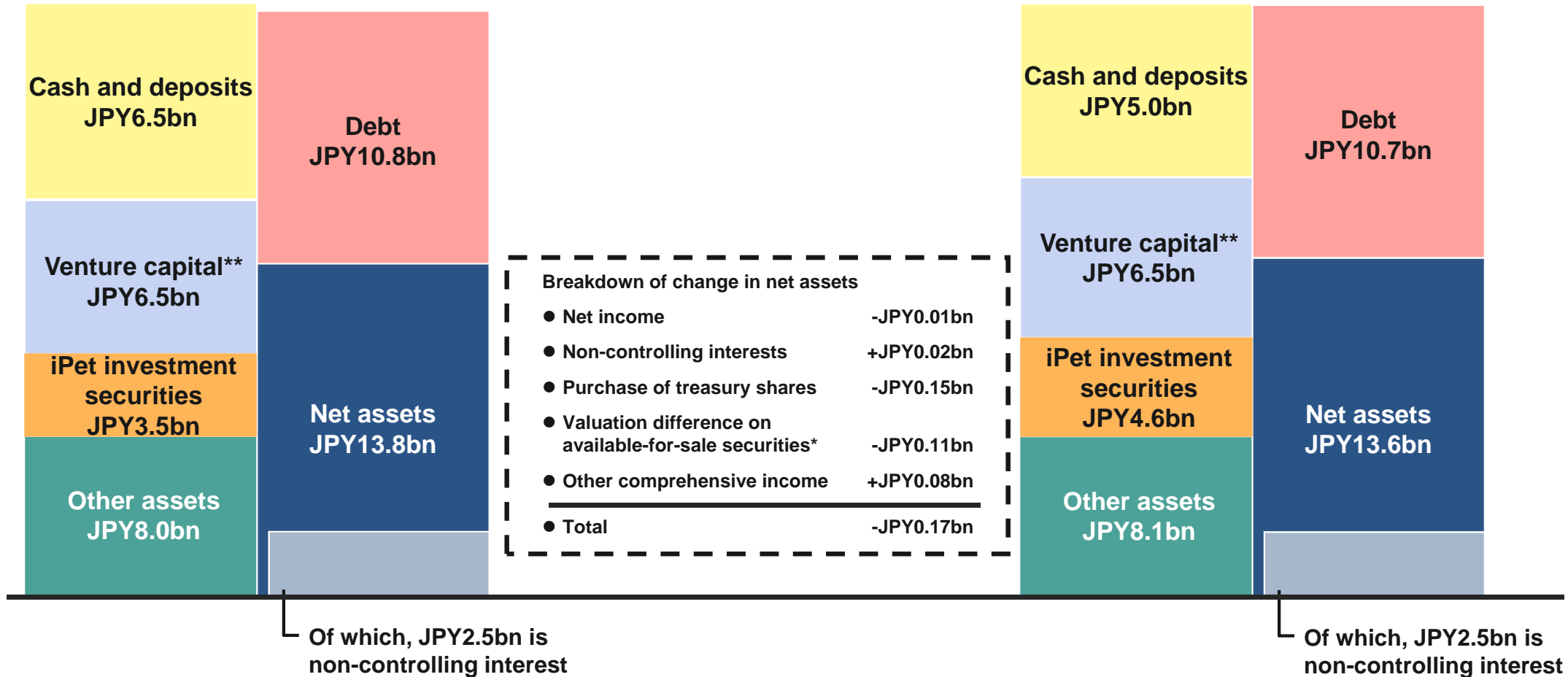
(JPY100mn)			Q1 FY03/2019	Q1 FY03/2020	YoY change
Venture Capital segment	● Sales		14.7	2.5	-82.9%
	● Recurring profit		2.9	0.5	-81.9%
Professional Services segment	● Sales		5.1	5.7	+12.1%
	● Recurring profit		-1.2	-1.1	—
Business Investment	Insurance segment	● Sales	34.4	41.9	+21.9%
		● Recurring profit*	1.9	1.9	+1.0%
	Other segment (WSL)	● Sales	—	1.9	—
		● Recurring profit	—	-0.3	—

Note : Recurring profit : Segment profit - HQ cost ± Non-operating profit and loss  
\* Factors in consolidated goodwill amortization; adjusted for accounting items

# Q1 FY03/2020 Consolidated Balance Sheet

**March 31, 2019**  
**(Total assets: JPY24.7bn)**

**June 30, 2019**  
**(Total assets: JPY24.3bn)**



Off-balance-sheet assets:  
 Approx. JPY8.0bn  
 (iPet unrealized gains)

\* Impact of exchange rate fluctuations on available-for-sale securities denominated in foreign currencies, etc.  
 \*\* Includes post-IPO

**1. Q1 FY03/2020 Financial Results Summary**

**2. Net Asset Value (NAV)**



# NAV in FY03/2020

(JPYbn)

**March 31, 2019**

**June 30, 2019**

**Forecast for March 31, 2020 at start of fiscal year**

**Total: 35.0**

**Total: 30.1**  
(JPY2,926 per share)

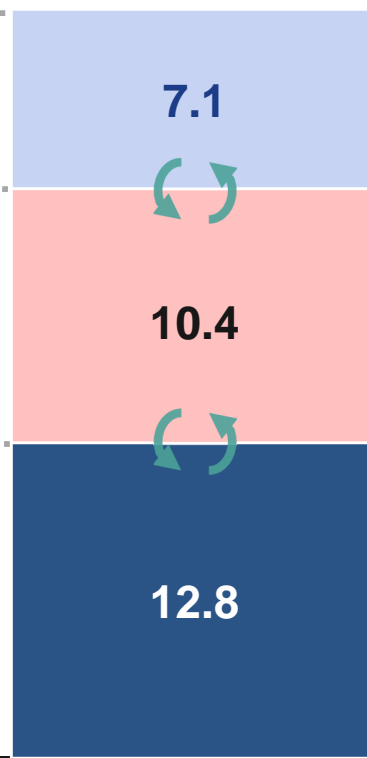
**Total: 30.0**  
(JPY2,939 per share)



- Cash recovered on several projects
- Change in value of holdings +JPY0.23bn

- Slight year-on-year improvement, but below five-year average
- PER: 25x⇒28x

- Fall in iPet share price
- Valuation stable on other business investments



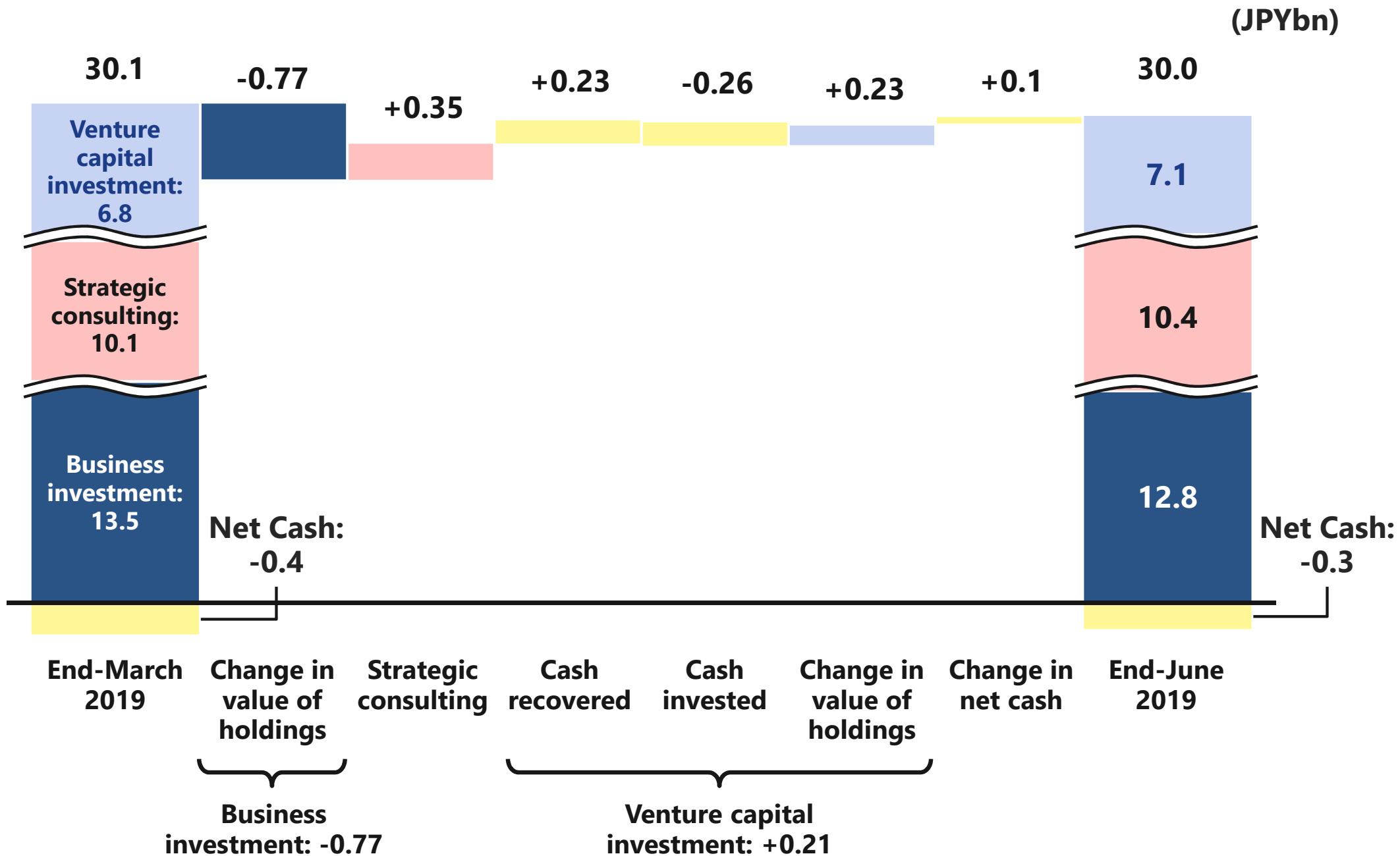
-0.4

-0.3

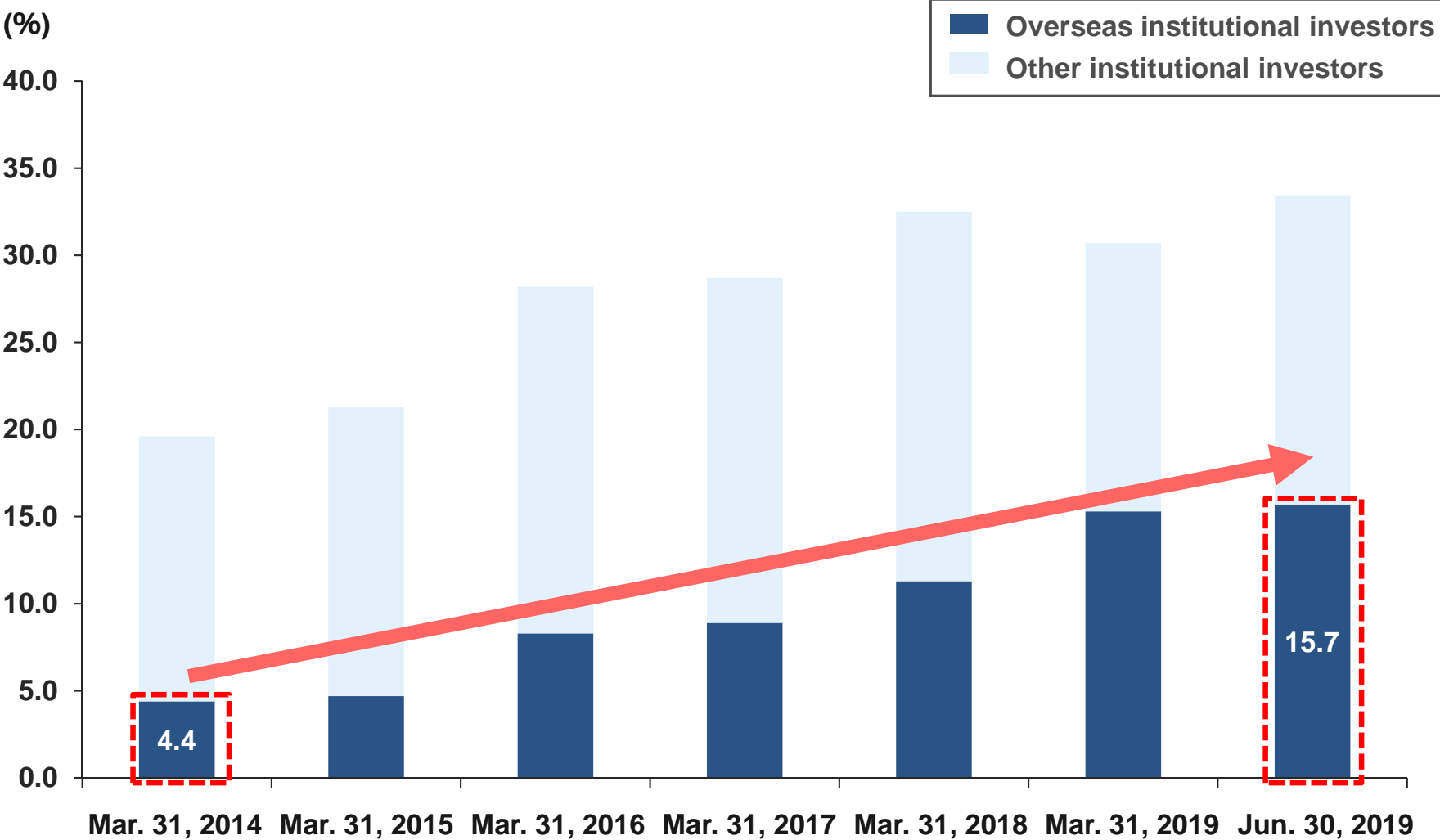
-2.0\*

\* Cash recovered from venture capital investment is incorporated into venture capital investment (light blue).

# Breakdown of Changes in NAV



# Percentage of Institutional Investors (Based on Number of Shares)



## Assessing corporate value with the incremental approach

- **Venture capital investment and business investment:**
  - **Listed companies**
    - **Market capitalization at fiscal year-end x DI's holdings**
  - **Unlisted companies**
    - **Book value of investment at fiscal year-end ± mark-to-market valuation difference**  
(Recent financing prices and third-party transaction prices)
    - **When these prices are unavailable, book value is used without revaluation**
      - **Going forward, we plan to improve the level of precision in valuation.**
- **Strategic consulting:**
  - **Five-year average of profit after taxes x Peer company PER\***

\* The median PER value of peer companies in similar industries as listed on the SPEEDA platform of UZABASE, Inc.

# Disclaimer

These materials contain forward-looking statements pertaining to forecasts and future strategies, which are based on information available to the Company at the time the materials were prepared. These statements are not guarantees that targets and forecasts will be reached, nor an assurance of future operating results. Future performance may vary substantially due to changes in the operating environment, downturns in performance at investee companies, share price fluctuations in the markets for financial products, and other factors.

Also, the content of these materials may change without notice. People using these materials are advised to refer also to other sources of information and make any decisions based on their own judgment. The Company accepts absolutely no responsibility for losses arising from the use of these materials.

# Dream Incubator Inc.

The Business Producing Company