

**Translation**

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

July 30, 2019

Company name: Dream Incubator Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4310 URL <https://www.dreamincubator.co.jp>  
 Representative: President and Representative Director Takayoshi Yamakawa  
 Corporate Administration Group  
 Inquiries: Leader Toshihiro Uemura TEL 03-5532-3200  
 Scheduled date to file Quarterly Securities Report: August 9, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	5,215	(4.0)	(105)	–	(106)	–	(18)	–
Three months ended June 30, 2018	5,431	55.0	201	27.3	274	82.5	435	847.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	(1.92)	–
Three months ended June 30, 2018	44.54	42.30

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	24,381	13,679	45.3
As of March 31, 2019	24,705	13,855	45.5

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	0.00	0.00	0.00	0.00	–
Year ending March 31, 2020	0.00				
Year ending March 31, 2020 (Forecast)		0.00	0.00	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2019	10,366,100 shares	As of March 31, 2019	10,350,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	540,878 shares	As of March 31, 2019	502,761 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	9,840,686 shares	Three months ended June 30, 2018	9,781,942 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	6,559	5,030
Notes and accounts receivable - trade	2,695	2,461
Operational investment securities	5,789	5,859
Allowance for investment loss	(93)	(93)
Inventories	29	29
Accounts receivable - other	220	95
Income taxes receivable	276	263
Other	452	517
Allowance for doubtful accounts	(3)	(3)
Total current assets	15,926	14,160
Non-current assets		
Property, plant and equipment	341	322
Intangible assets		
Goodwill	566	526
Software in progress	1,252	1,480
Other	221	214
Total intangible assets	2,041	2,221
Investments and other assets		
Investment securities	4,473	5,574
Long-term loans receivable	144	143
Deferred tax assets	1,131	1,320
Other	683	675
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	6,396	7,676
Total non-current assets	8,779	10,221
Total assets	24,705	24,381

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	131	117
Short-term borrowings	400	300
Current portion of long-term borrowings	289	289
Lease obligations	8	8
Accounts payable - other	599	460
Reserve for insurance policy liabilities	7,019	7,493
Outstanding claims	963	1,040
Policy reserve	6,056	6,452
Income taxes payable	398	98
Provision for shareholder benefit program	18	3
Provision for bonuses	126	197
Provision for bonuses for directors (and other officers)	30	30
Other	480	434
<b>Total current liabilities</b>	<b>9,502</b>	<b>9,434</b>
<b>Non-current liabilities</b>		
Long-term borrowings	998	965
Lease obligations	20	18
Deferred tax liabilities	53	48
Provision for share-based remuneration	267	226
Other	7	8
<b>Total non-current liabilities</b>	<b>1,347</b>	<b>1,267</b>
<b>Total liabilities</b>	<b>10,850</b>	<b>10,701</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,964	4,971
Capital surplus	4,411	4,413
Retained earnings	3,275	3,256
Treasury shares	(882)	(941)
<b>Total shareholders' equity</b>	<b>11,768</b>	<b>11,700</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(422)	(534)
Foreign currency translation adjustment	(105)	(119)
<b>Total accumulated other comprehensive income</b>	<b>(528)</b>	<b>(653)</b>
Share acquisition rights	49	44
Non-controlling interests	2,564	2,587
<b>Total net assets</b>	<b>13,855</b>	<b>13,679</b>
<b>Total liabilities and net assets</b>	<b>24,705</b>	<b>24,381</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	5,431	5,215
Cost of sales	3,042	2,822
Gross profit	2,388	2,393
Selling, general and administrative expenses	2,186	2,499
Operating profit (loss)	201	(105)
Non-operating income		
Interest income	5	6
Dividend income	9	16
Gain on sales of investment securities	45	–
Reversal of allowance for doubtful accounts	0	–
Other	16	1
Total non-operating income	76	24
Non-operating expenses		
Interest expenses	0	1
Commission expenses	0	0
Foreign exchange losses	0	1
Loss on sales of investment securities	–	8
Loss on valuation of investment securities	–	4
Other	1	9
Total non-operating expenses	3	25
Ordinary profit (loss)	274	(106)
Extraordinary income		
Gain on reversal of share acquisition rights	0	–
Total extraordinary income	0	–
Profit (loss) before income taxes	274	(106)
Income taxes - current	96	79
Income taxes - deferred	(465)	(168)
Total income taxes	(368)	(88)
Profit (loss)	643	(17)
Profit attributable to non-controlling interests	207	1
Profit (loss) attributable to owners of parent	435	(18)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss)	643	(17)
Other comprehensive income		
Valuation difference on available-for-sale securities	(110)	(112)
Foreign currency translation adjustment	12	(13)
Total other comprehensive income	(98)	(126)
Comprehensive income	544	(144)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	338	(144)
Comprehensive income attributable to non-controlling interests	206	0