

1H FY03/2020 Financial Results Briefing Presentation

November 1, 2019

Dream Incubator Inc.

(Stock Code: 4310)

The logo consists of the letters 'DI' in a white, serif font, centered within a dark blue square background.

DI

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.

1.1H FY03/2020 Results Summary

2. NetAssetValue (NAV)

3. Current Situation of Each Business

1) Business Investment

2) Professional Services

3) Venture Capital Investment

1H FY03/2020 Consolidated P&L

(After Insurance Item Adjustments)

(JPYbn)

	1H FY03/2019	1H FY03/2020	YoY change	
			Amount	Percentage
Sales	9.77	10.61	+0.84	+8.6%
Gross profit	4.70	5.19	+0.48	+10.3%
Operating profit	0.30	0.25	-0.05	-16.7%
Recurring profit	0.46	0.20	-0.26	-56.3%
Net income attributable to parent company shareholders	0.22	-0.00	-0.23	—

1H FY03/2020 Consolidated P&L

Reference

(Before Insurance Item Adjustments)

(JPYbn)

	1H FY03/2019	1H FY03/2020	YoY change	
			Amount	Percentage
Sales	9.77	10.61	+0.84	+8.6%
Gross profit	4.46	4.83	+0.37	+8.3%
Operating profit	0.06	-0.09	-0.16	—
Recurring profit	0.22	-0.14	-0.37	—
Net income attributable to parent company shareholders	0.41	-0.14	-0.55	—

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

© DI 2019- ALL RIGHTS RESERVED.

Adjusted Insurance Accounting Items and Amounts

Reference

(JPYbn)	1H FY03/2019	1H FY03/2020
Unadjusted gross profit (consolidated)	4.46	4.83
<ul style="list-style-type: none"> ● Adjustment related to ordinary underwriting reserves* ● Catastrophe reserve provision** 	+0.01	+0.07
	+0.22	+0.27
Total adjustments	+0.23	+0.34
Adjusted gross profit (consolidated)	4.70	5.19

* 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)

1H FY03/2020 P&L by Business Field

(JPYbn)

			1H FY03/2019	1H FY03/2020	YoY change
Venture Capital segment		● Sales	1.66	0.40	-75.7%
		● Recurring profit	0.27	-0.16	—
Professional Services segment	Strategic consulting	● Sales	0.90	1.09	+20.5%
		● Recurring profit	-0.09	0.02	—
	DI Asia	● Sales	0.16	0.19	+19.5%
		● Recurring profit	-0.07	-0.10	—
Business Investment	Insurance segment	● Sales	7.03	8.55	+21.6%
		● Recurring profit*	0.37	0.52	+39.7%
	Other segment (WorkStyleLab)	● Sales	—	0.38	—
		● Recurring profit	-0.01	-0.07	—

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

DI Asia Withdraws from the Market Research Business

Background

- Revised its business portfolio after failing to achieve profitability in FY03/2019
- Transferred consumer panels and market research business, and will concentrate resources on cooperation with the Strategic Consulting and Incubation businesses

Consumer panels

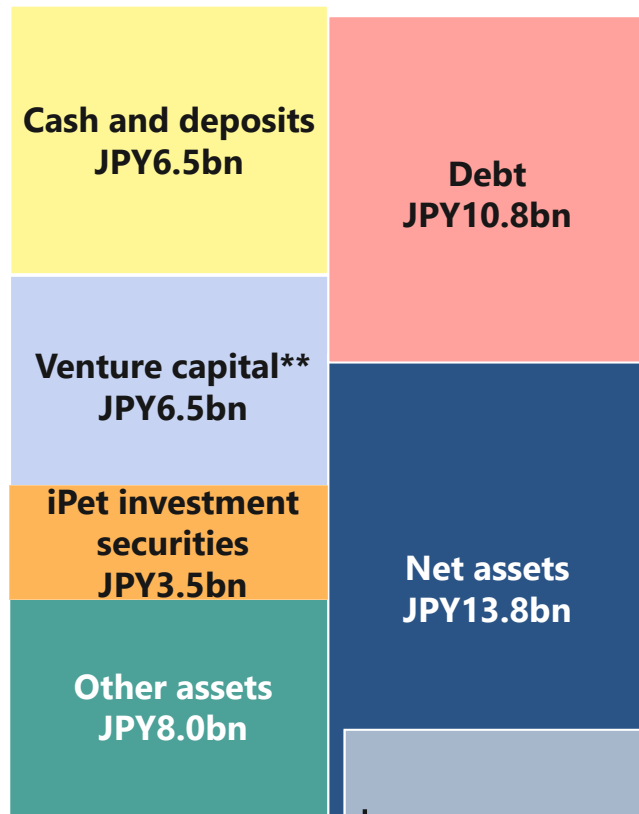
- Transferred its consumer panels in three Southeast Asian countries (Vietnam, Thailand, and Indonesia) to Macromill, Inc.

Market research business

- Transferred to N&S Partners

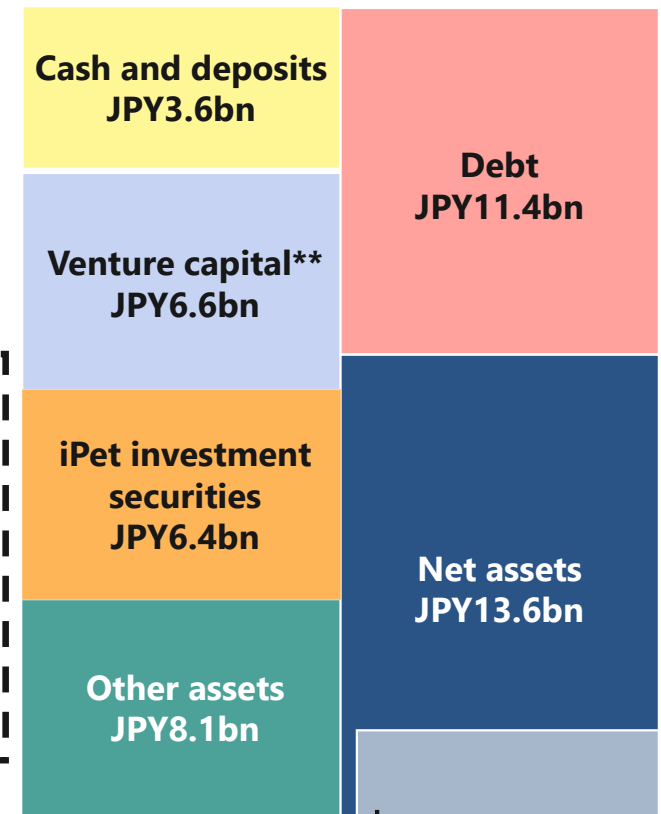
1H FY03/2020 Consolidated Balance Sheet

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



Of which, JPY2.5bn is non-controlling interest

September 30, 2019
(Total assets: JPY25.1bn)



Of which, JPY2.8bn is non-controlling interest

Breakdown of change in net assets	
● Net income	-JPY0.14bn
● Non-controlling interests	+JPY0.24bn
● Purchase of treasury shares	-JPY0.29bn
● Valuation difference on available-for-sale securities*	-JPY0.09bn
● Other comprehensive income	+JPY0.11bn
● Total	-JPY0.17bn

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

1.1H FY03/2020 Results Summary

2. Net Asset Value (NAV)

3. Current Situation of Each Business

- 1) Business Investment**
- 2) Professional Services**
- 3) Venture Capital Investment**

NAV in FY03/2020

(JPYbn)

March 31, 2019

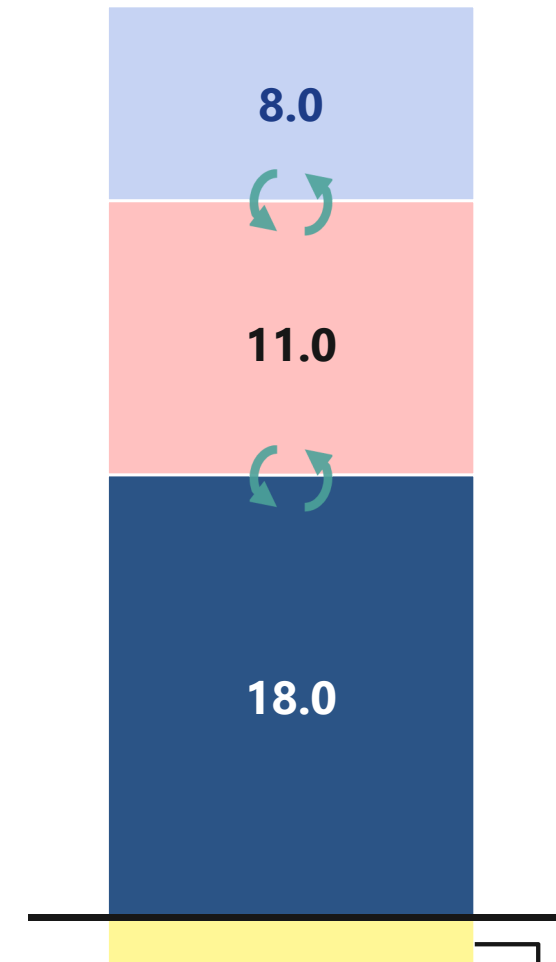
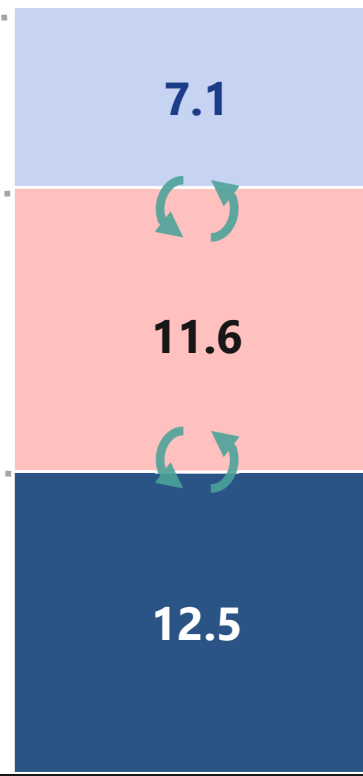
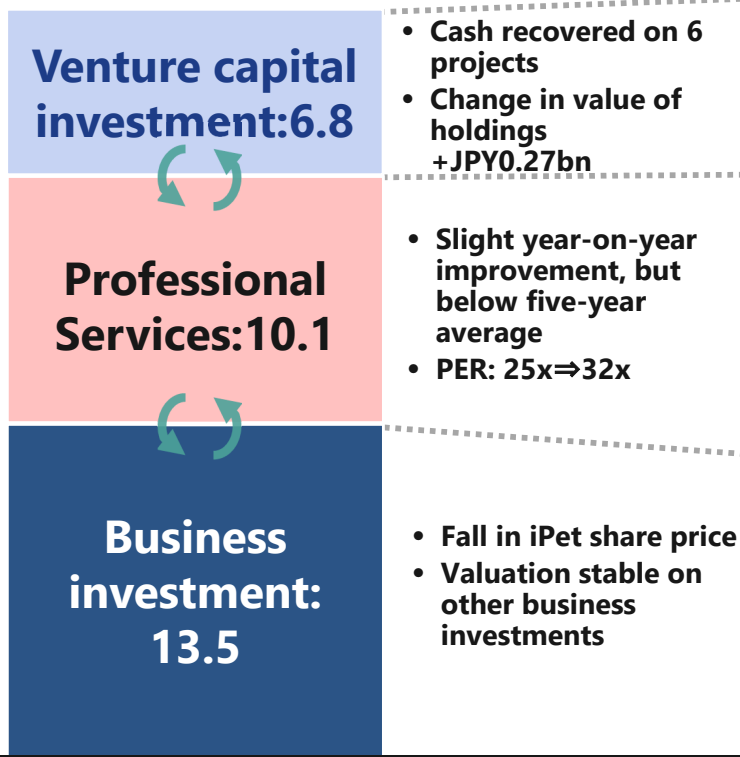
September 30, 2019

Forecast for March 31, 2020 at start of fiscal year

Total: 35.0

Total: 30.1
(JPY2,926 per share)

Total: 30.8
(JPY3,043 per share)



-0.4

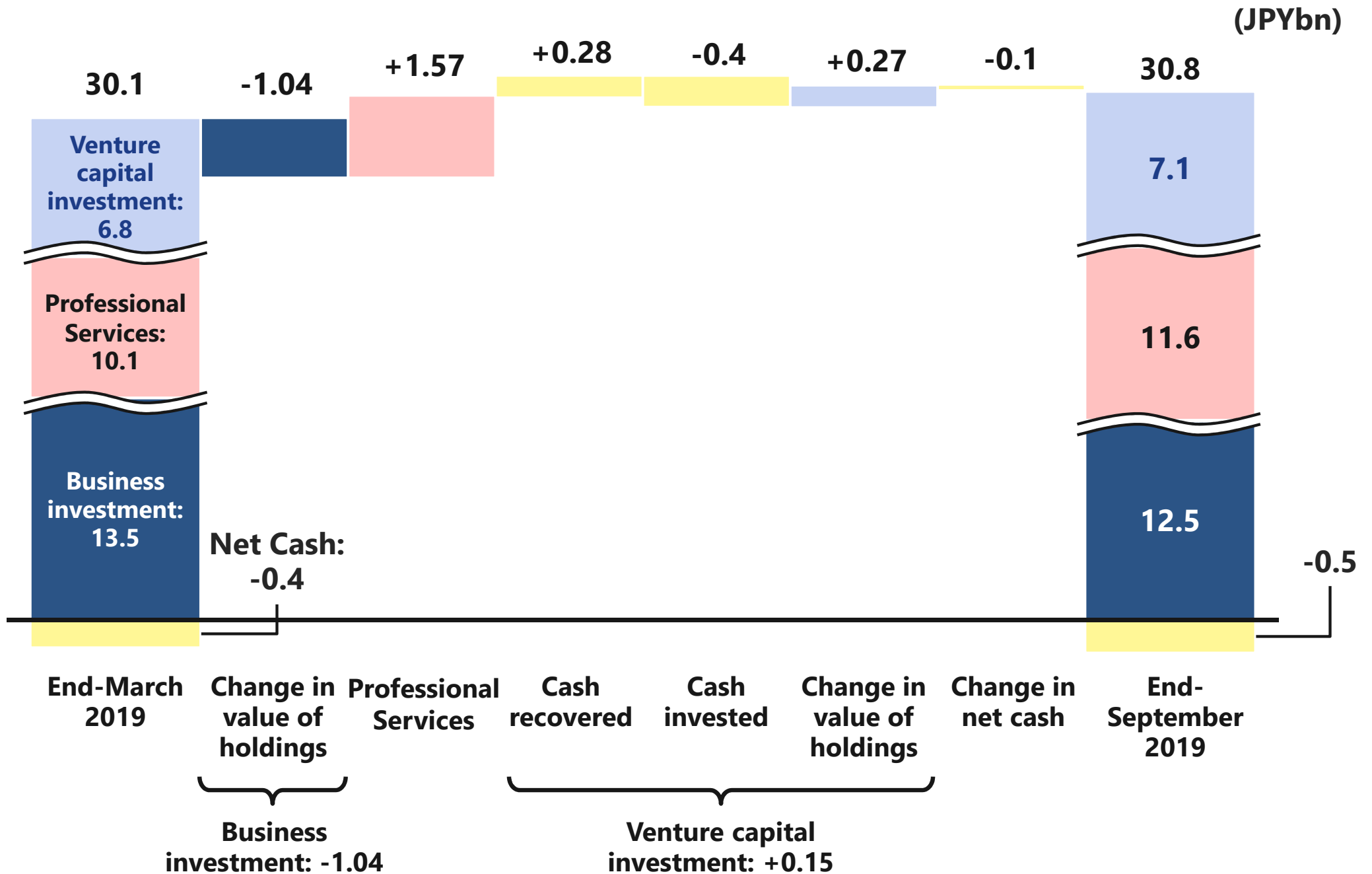
-0.5

-2.0*

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

© DI 2019- ALL RIGHTS RESERVED.

Breakdown of Changes in NAV



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 \pm 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.**
- **Professional Services:**
 - **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.

1.1H FY03/2020 Results Summary

2. NetAssetValue (NAV)

3. Current Situation of Each Business




1) Business Investment

2) Professional Services

3) Venture Capital Investment

Companies Targeted for Investment and Development

We focus on investment stake and management support, and are deeply committed to the growth of our investees.

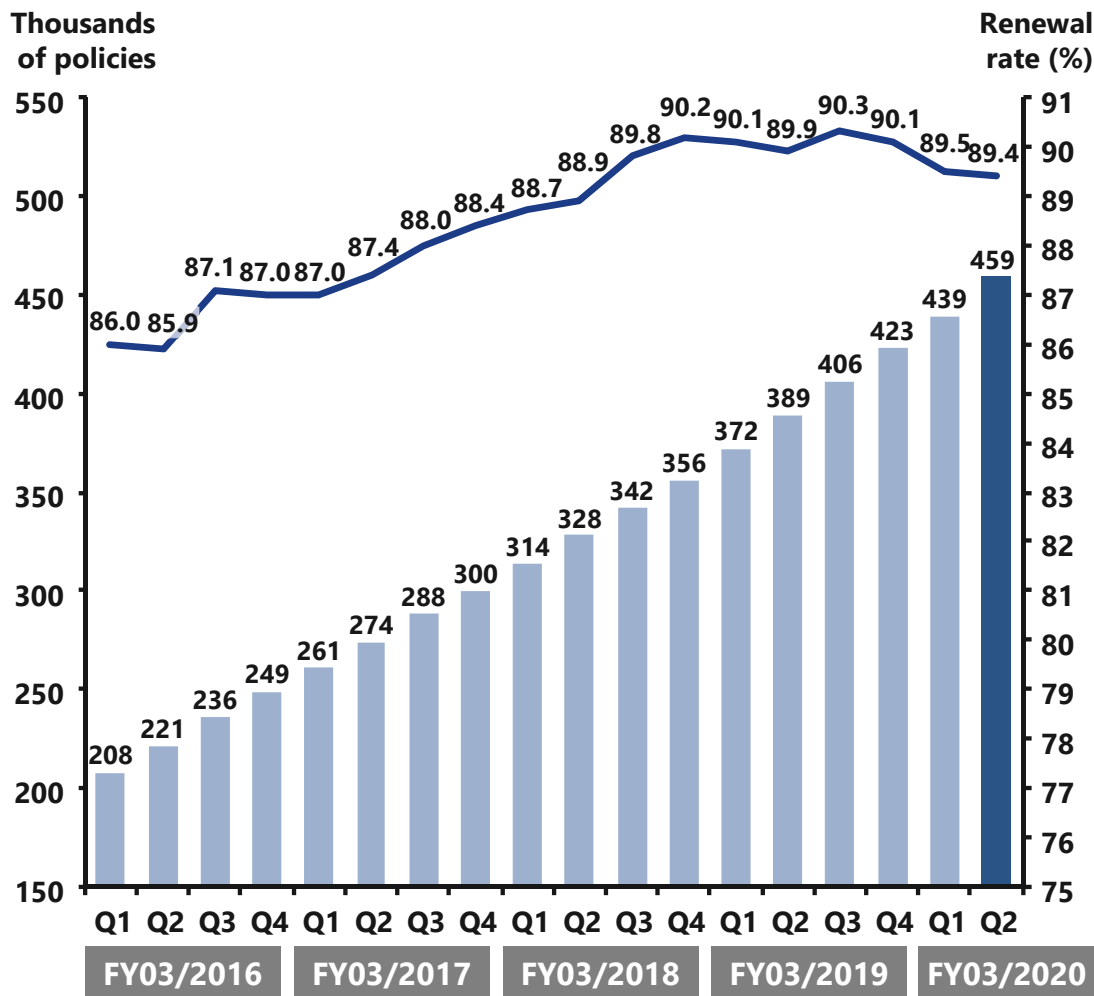
	Business	Stake	Most recent NAV (JPYbn)	Highlights
iPet Insurance Co., Ltd. 	Pet health insurance (No. 2 in sector)	56%	11.3	Trend of sustained growth
Boardwalk Inc. 	Event ticket sales, fan club operation business, e-commerce	30% (underlying basis: 46%)	0.3 (Not revalued)	Impact of dropout of demand in FY03/2020 less than expected, preparing for IPO
Work Style Lab, Inc. <small>はたらくことをかんがえる</small> 	Platform business that outsources services to freelance consultants	100%	0.5 (Not revalued)	Upfront investment to expand scale

DI Asia Inc.

- Sold off all businesses aside from the consulting business
- Will concentrate resources on coordinating with DI's Strategic Consulting and Incubation businesses

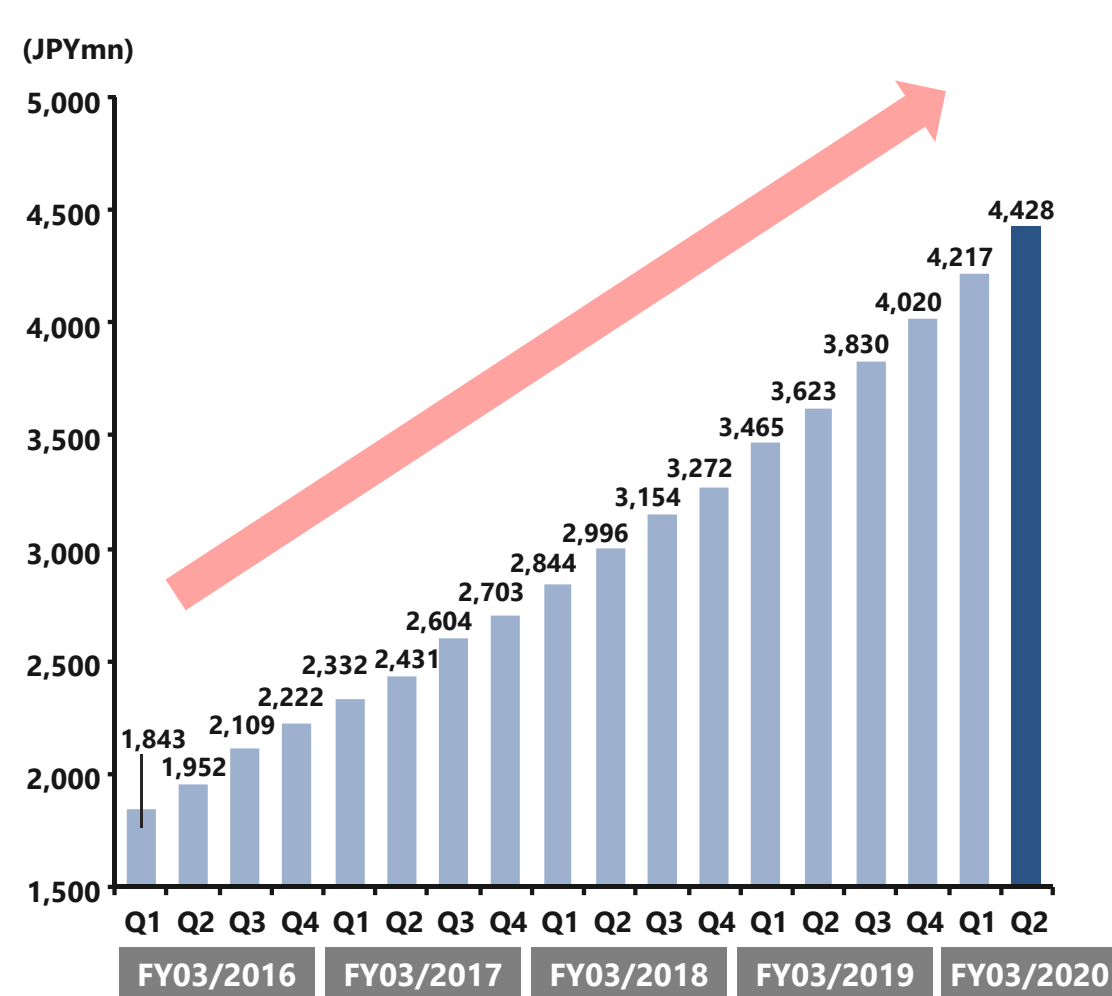
Insurance policies

- Steady growth
- High renewal rate maintained



Revenue (non-consolidated)

- Solid revenue growth following growth in insurance policies



Status of initiatives

“ticket board” members:

- Exceeded 8.3mn in September 2019

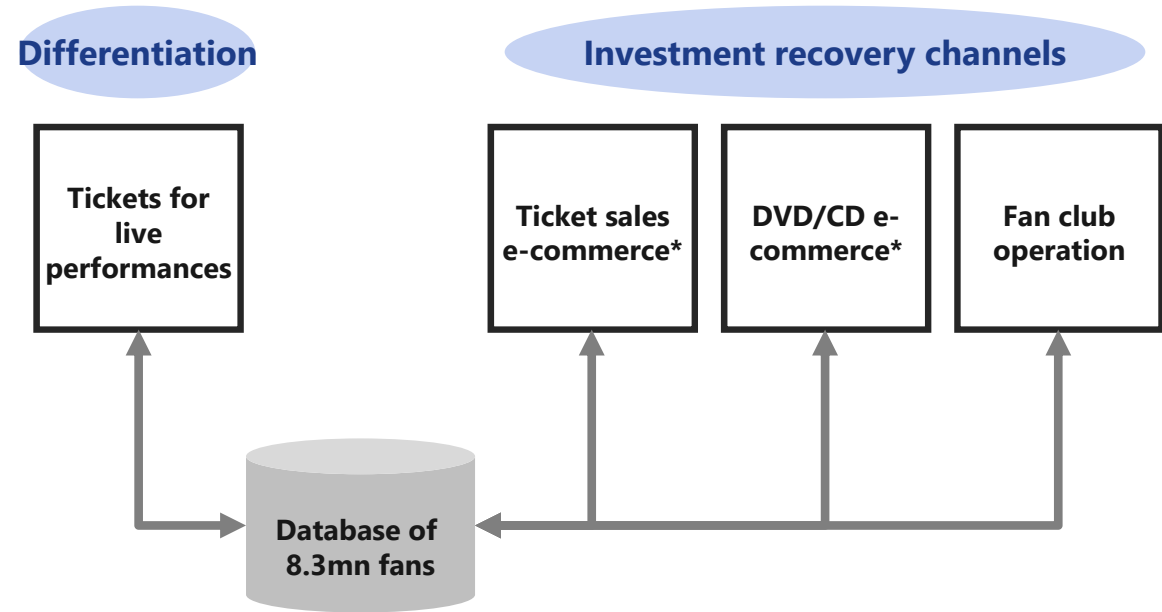
Key artists engaging in business (alphabetical)

- E-girls, Eikichi Yazawa, EXILE, GENERATIONS from EXILE TRIBE, Girls' Generation, J Soul Brothers III from EXILE TRIBE, Kyosuke Himuro, L'Arc-en-Ciel, Mr. Children, Namie Amuro, Naoto Inti Raymi, SHINee, SMTOWN LIVE, Tokyo Girls Collection, and TWICE

Current status

- Best-ever performance in FY12/2018
- Performance expected to dip in FY12/2019, due to extraordinary demand factors in previous year, but other business growing solidly
- Preparing for IPO

Business model

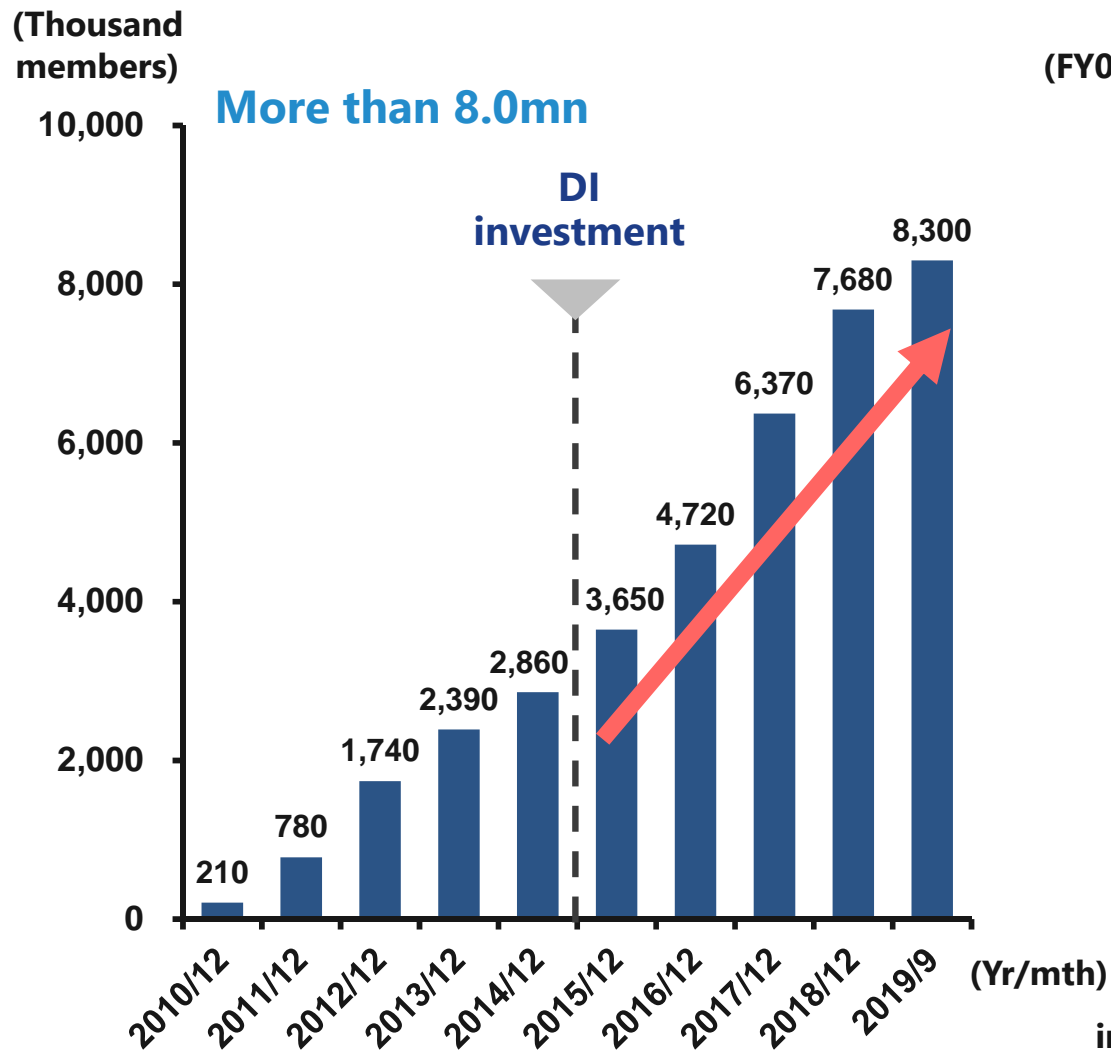


Low commission fees but platform enables acquisition of fan data

Leverage accumulated data toward direct sales

Business that not only handles ticketing, but also engages in direct marketing

Members

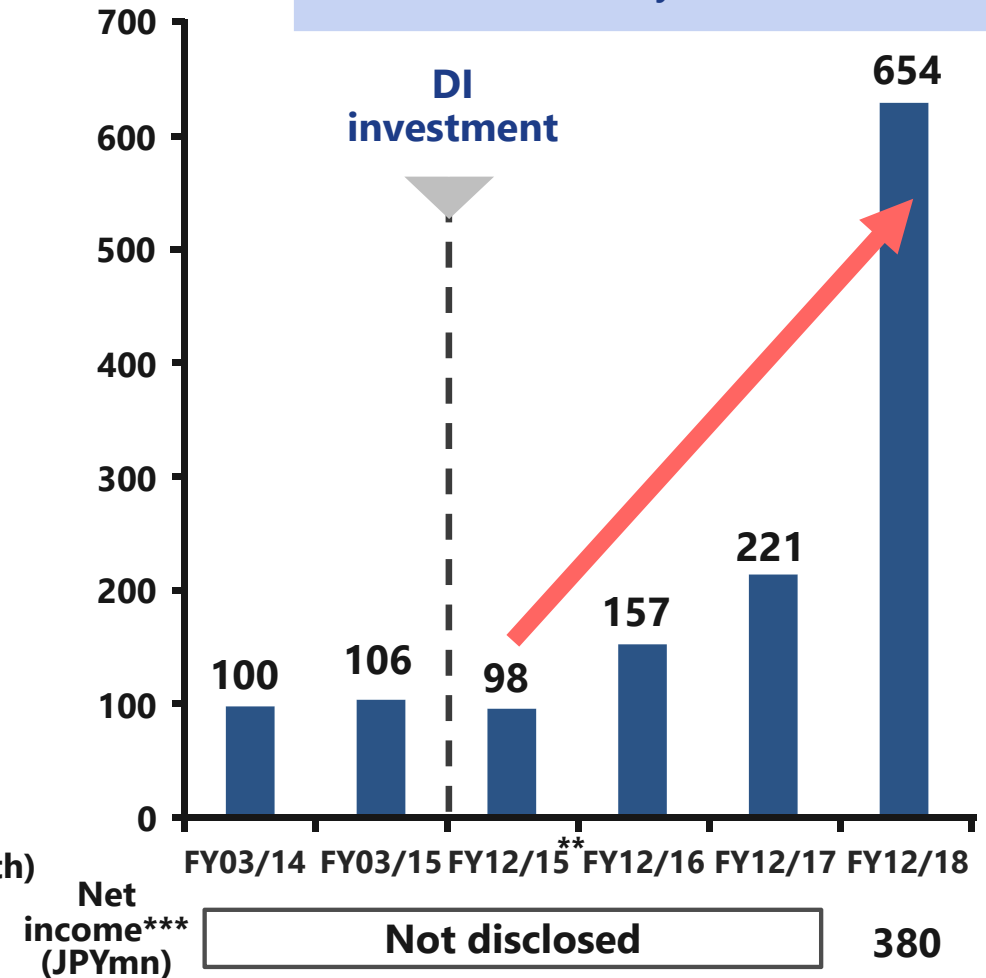


Sales*

(FY03/2014 = 100)

Support details:

- Build management foundation, build systems
- Accelerate recovery (e-commerce)

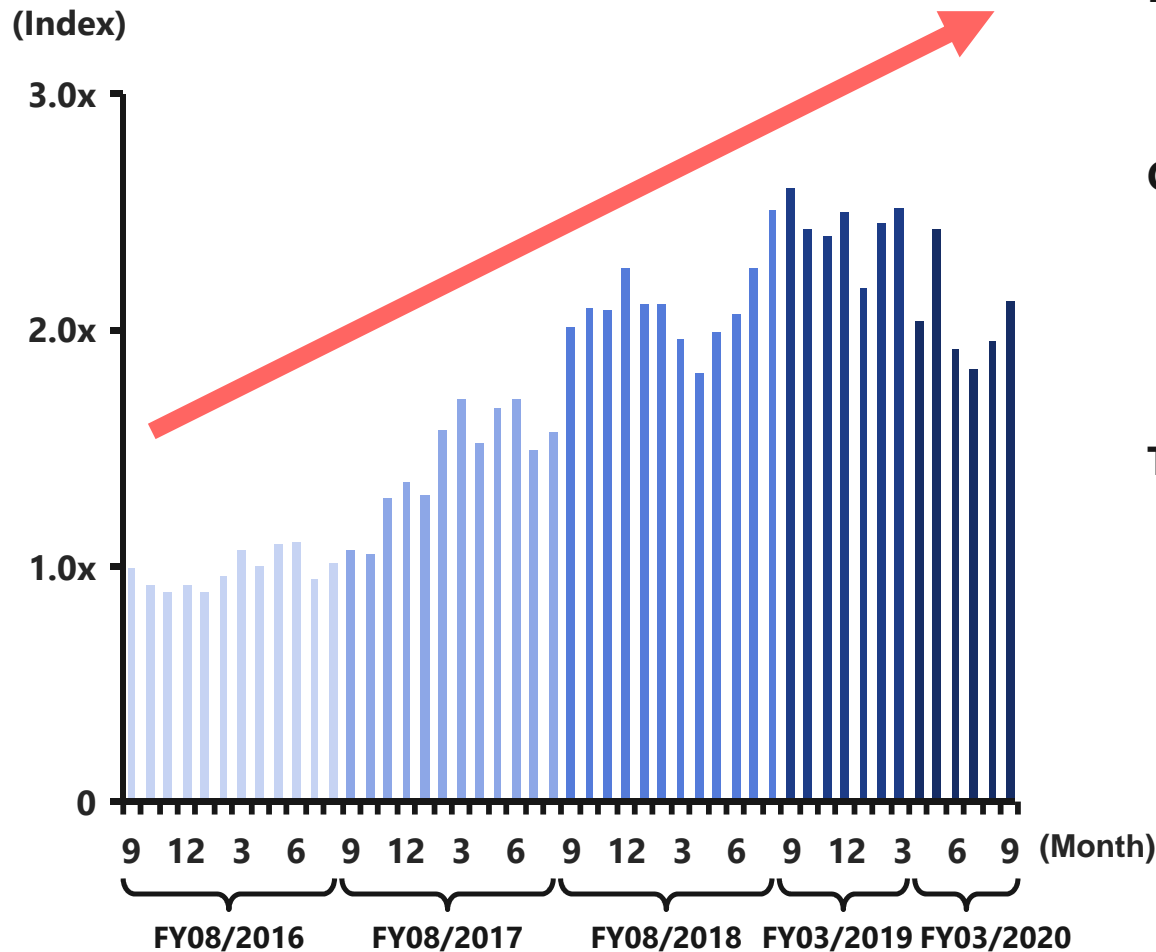


* Sales indexed to FY03/2014 = 100

** Nine-month period due to change in fiscal year

*** From Official Gazette database

Monthly gross profit*



Initiatives

Business model

- Operates a matching platform business for freelance consultants

Overview

- In FY03/2020, Work Style Lab conducts **upfront spending to scale its operations** (technology, hiring, etc.). Performance has been largely in line with plan.

Topics

- Granted the Innovation Award at the Fourth HR Technology Awards sponsored by The Ministry of Economy, Trade and Industry
- Concluded a strategic partnership with India's Flexing It Services Pvt. Ltd., which operates in the same industry



* Gross profit indexed to September 2015 = 1

1.1H FY03/2020 Results Summary

2. NetAssetValue (NAV)

3. Current Situation of Each Business

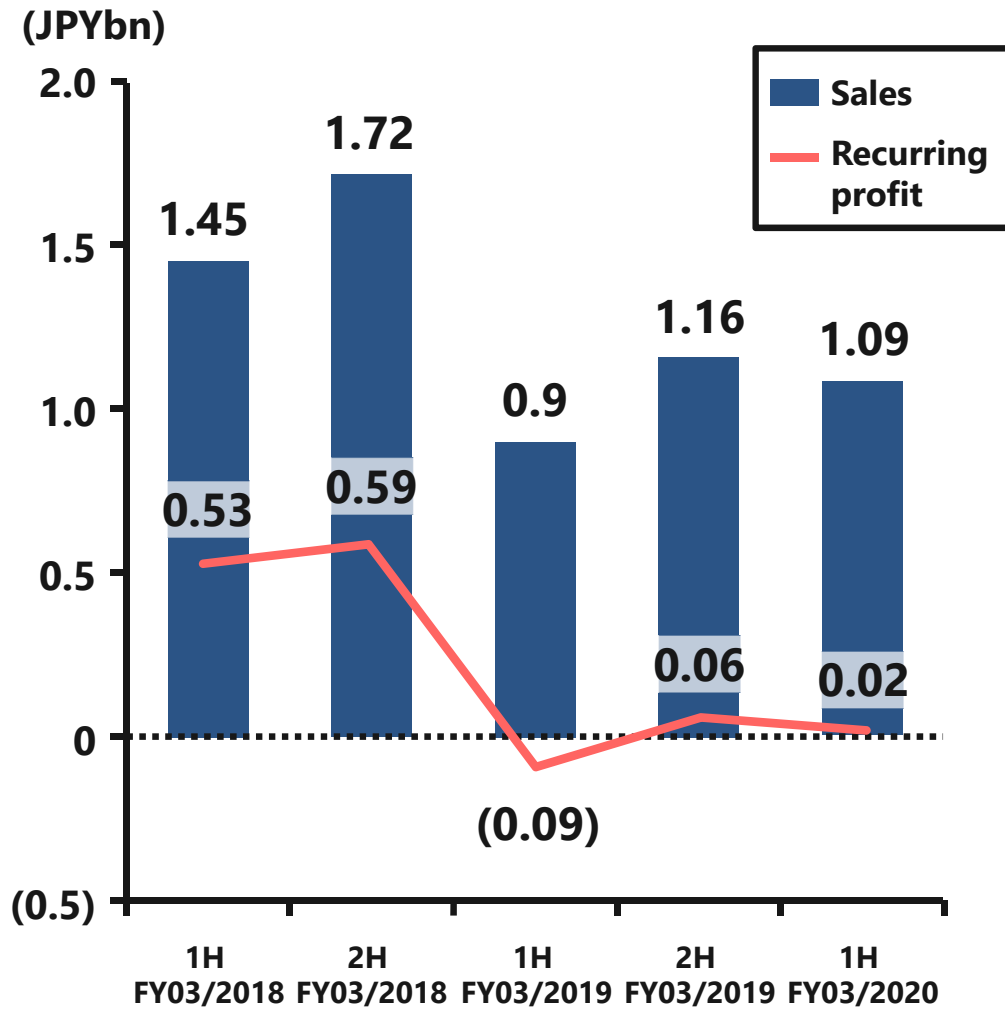
1) Business Investment

2) Professional Services

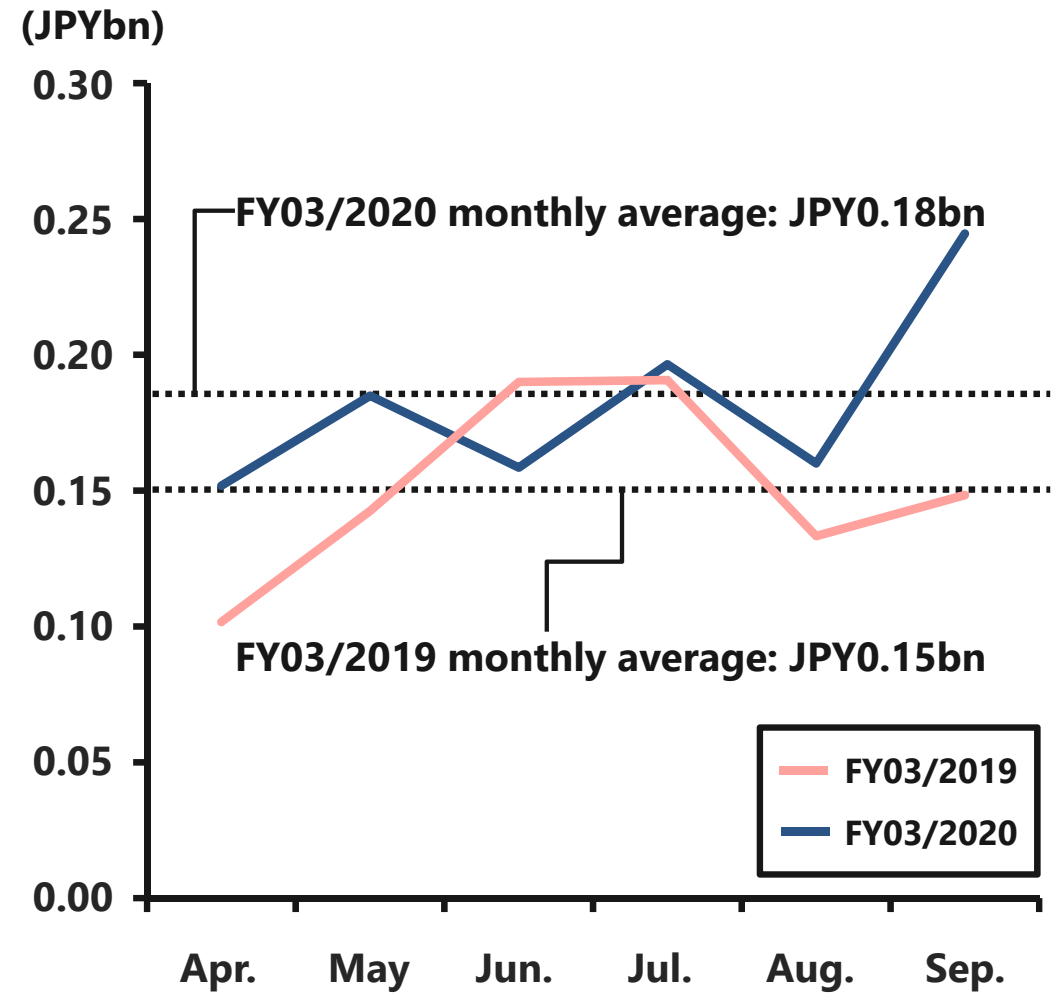
3) Venture Capital Investment

Professional Services*

Operating performance



1H monthly sales



1H performance improved slightly YoY

*Excluding DI Asia

Future Direction of the Consulting Business

Strengthen the business foundation through measures that respond to market needs

Market needs	Measures	
1. Accelerate business production projects that aim to solve large social issues	Form a consortium <ul style="list-style-type: none">● Initiatives for active involvement of seniors in society● Data platform, etc.	Amplify DI's unique strengths
2. Accelerate the process of turning technologies into businesses (DI's specialty)	Conclude a partnership with astamuse company, Ltd. (see following slides)	
<hr/>		
3. Expand implementation support offerings, which are in high demand	Revise the pricing structure Strengthen onsite projects	Expand offerings
4. Answer the needs of medium-sized companies	Dispatch young high-performing personnel Improve coordination with M&A advisory and education teams	

- Has shown solid growth since September
- In the long term, try new initiatives to bolster the balance sheet

Dream Incubator and astamuse conclude Strategic Partnership

2019/10/17

Dream Incubator and astamuse conclude strategic partnership

Dream Incubator Inc. (hereafter “DI”; Chiyoda-ku, Tokyo; Takayoshi Yamakawa, President and Representative Director) concluded a strategic partnership with astamuse company, Ltd. (Chiyoda-ku, Tokyo; Ayumu Nagai, President and CEO).



DI supports business creation and innovation at large companies that strive to drive the industry forward and develop new industries. Through our company’s core business production services, we continuously help companies solve social problems using the power of business. We recognize that global data related to new technology and innovation holds the key to these solutions. As such, astamuse’s initiatives, which collects and provides data in a completely new way, aligns with our vision. We have decided to form a partnership with astamuse because we strongly believed that our two companies could complement each other and create multiplier effects in customer acquisition and provided value.

Background to the Strategic Partnership

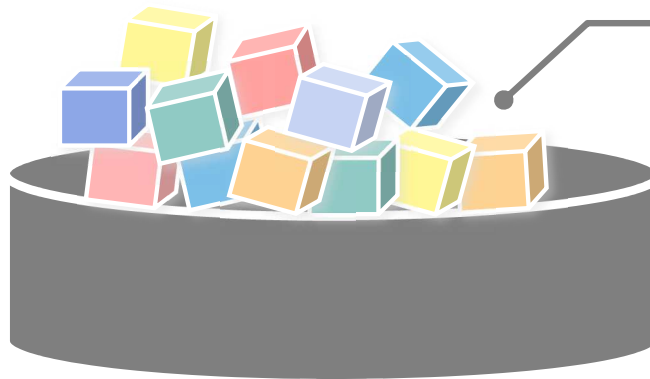
DI

Many years of experience turning technologies into businesses in the manufacturing sector



astamuse

Holds world's largest innovation database



Resources, space, products

Energy

Medical and health

Mobility

**Aerospace and marine resource development
and more...**

**Further accelerate the process of turning technologies into businesses
(DI's unique strength)**

1.1H FY03/2020 Results Summary

2. Net Asset Value (NAV)

3. Current Situation of Each Business

1) Business Investment

2) Professional Services

3) Venture Capital Investment

Venture Capital Results to Date



170

Investments



8

Countries invested in



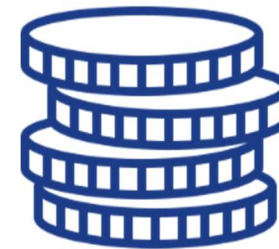
28

IPOs



2.3x

Investment multiple



16%

IRR

Portfolio Overview

(JPYbn)		End-March 2019	→	End-September 2019
		(Number of companies)		(Number of companies)
Main venture portfolio*	Japan	1.6 (18)		1.6 (19)
	India	1.0 (14)		1.1 (16)
	US	0.32 (7)		0.2 (4)
	Others	0.95 (4)		0.92 (4)
	Total	3.9 (43)		4.0 (44)
Other investment**		2.0		2.0
Investment balance		5.9		6.0

+ Investment (8 companies***)
 - Sold (6 companies)
 - Impairment losses (2 companies)

* Amounts reflect book value; book value of JPY2mn and above; excludes post-IPO and stock options

** LP investment in third-party funds and other investment

*** Includes additional investment

Status of Venture Capital Investees in Japan and India (Book Value of JPY50mn or More)

(JPY100mn)

Japan					India				
Investee	Book value	Unrealized gains	Investment multiple	IRR	Investee	Book value	Unrealized gains	Investment multiple	IRR
A	4.5	1.3	1.3	31%	K	1.6	0.4	1.3	40%
B	2.5	▲0.6	0.7	-6%	L	1.5	▲0.2	0.8	-11%**
C	1.7	0.0	1.0	4%	M	1.2	▲0.2	0.8	-12%**
D	1.1	2.4	3.1	47%	N	1.1	▲0.0	1.0	-5%**
E	1.0	0.1	1.2	6%	O	0.9	0.0	1.0	1%
F	1.0	0.1	1.1	9%	P	0.8	▲0.0	0.9	-3%**
G	0.7	0.3	1.5	8%	Q	0.7	0.4	1.5	48%
H	0.7	0.2	1.4	17%	R	0.7	Not revalued*		-
I	0.6	Not revalued*		-	S	0.7	Not revalued*		-
J	0.5	0.7	2.5	75%	T	0.5	0.3	1.7	40%
					U	0.5	0.1	1.2	11%
					V	0.5	0.0	1.0	0%**

* Because no recent financing price available
** Only by exchange rate fluctuations

RightHand Robotics , the investee of DI , established Japan Entity and installed the picking robot at a PALTAC CORPORATION distribution center

DI Press Release

October 21, 2019

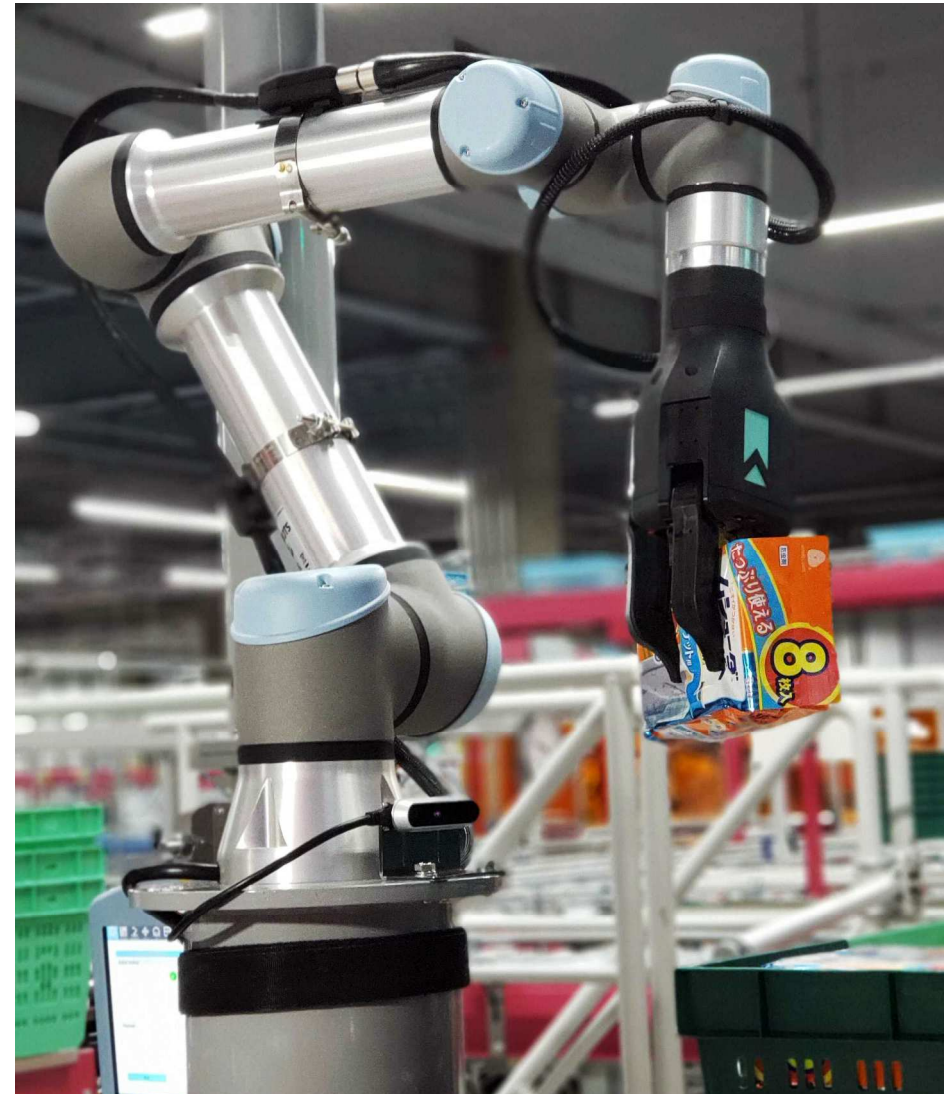
RightHand Robotics Establishes Japan Entity to Better Serve Japan and the Rest of Asia Pacific

~ First picking robot installation in Japan
at a PALTAC CORPORATION distribution center ~

RightHand Robotics (RHR), one of Dream Incubator's (DI) invested companies in the U.S. and a leader in providing autonomous robotic piece-picking solutions, established a new corporate entity in Japan. The subsidiary will enable RHR to better serve the fast-growing demand for robotic piece-picking in Japan and the rest of Asia Pacific.

"As the world's second-largest retail sector as well as the second-largest industrial robotics market, Japan represents a significant market opportunity for supply chain automation. Expanding into the Japanese market with the establishment of Japan entity is a major accomplishment for our team. Having a presence in Japan will increase our opportunities in Asia Pacific and play a pivotal role in our global growth." said Leif Jentoft, co-founder of RHR.

Furthermore, RHR's first deployment in Japan is with PALTAC CORPORATION (PALTAC), Japan's largest wholesaler of cosmetics, daily necessities and general pharmaceutical products. PALTAC has implemented RHR's piece-picking solution at its newly established distribution center, RDC Saitama, which commences operation in November. For more details, please refer to the link below.



Full-scale development of Japanese market

Model Investee (1): Gracia

Established: 2017

Founder

- **Hiroyasu Saito**
(23 years old)

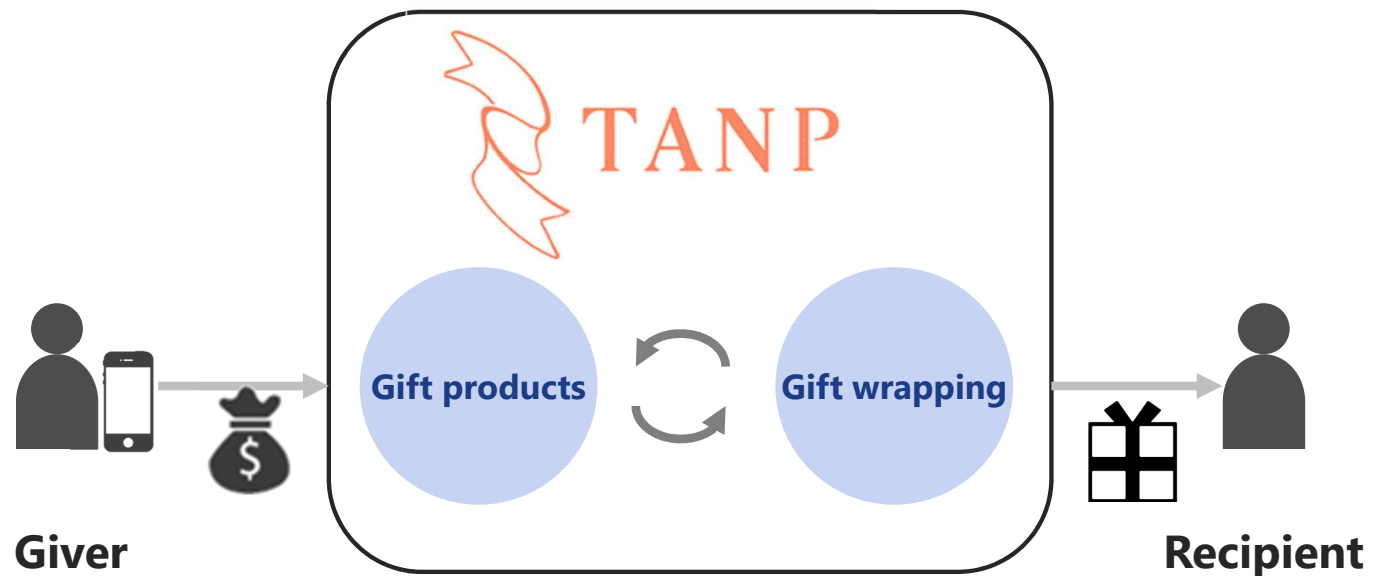


- **Started business with three classmates while studying at The University of Tokyo**

Investment stage: Early

Operates TANP, an e-commerce gift site

- E-commerce occupies 1% of the 6tn yen gift market, and will grow to occupy a larger portion in the near future
- 400% sales growth YoY

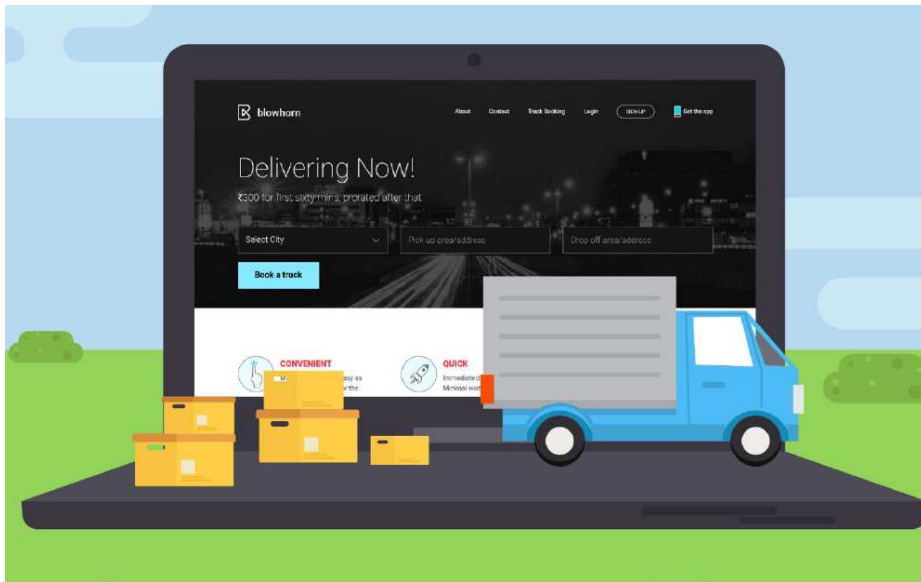


Raised JPY500mn in funding in 08/2019

Overview

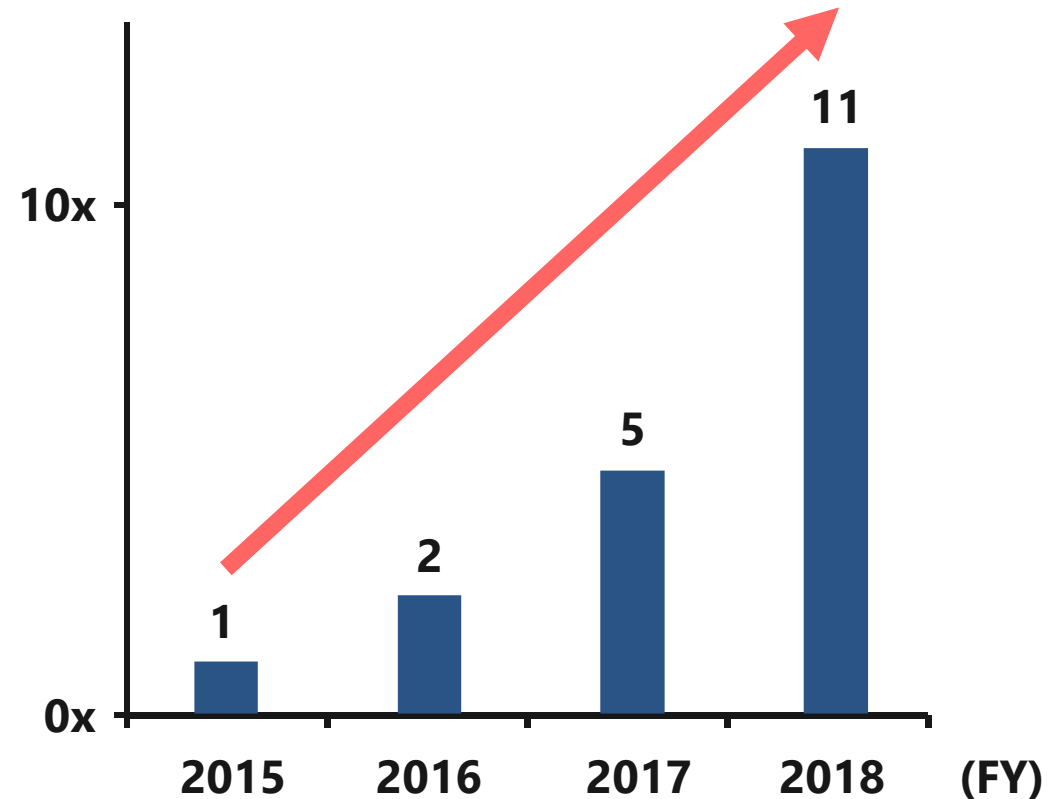
India's top urban logistics platform

- Matches self-employed delivery workers with small businesses and individuals who need their services
- The sole full-stack* service



Sales (Index: FY2015 = 1)

(Index)



*Handles supply and return deliveries in addition to regular delivery services

Overview

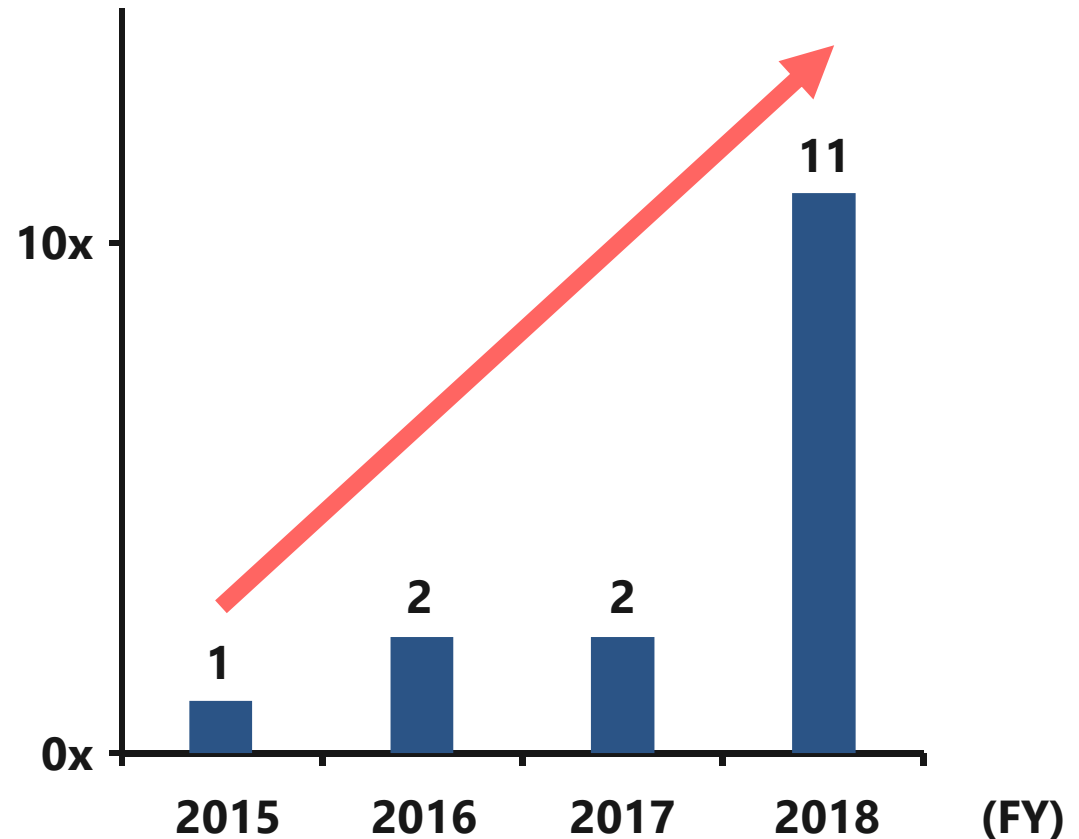
YouTuber support platform

- Develops a video business and live performance business by discovering and cultivating YouTuber talent
- Strength in music content

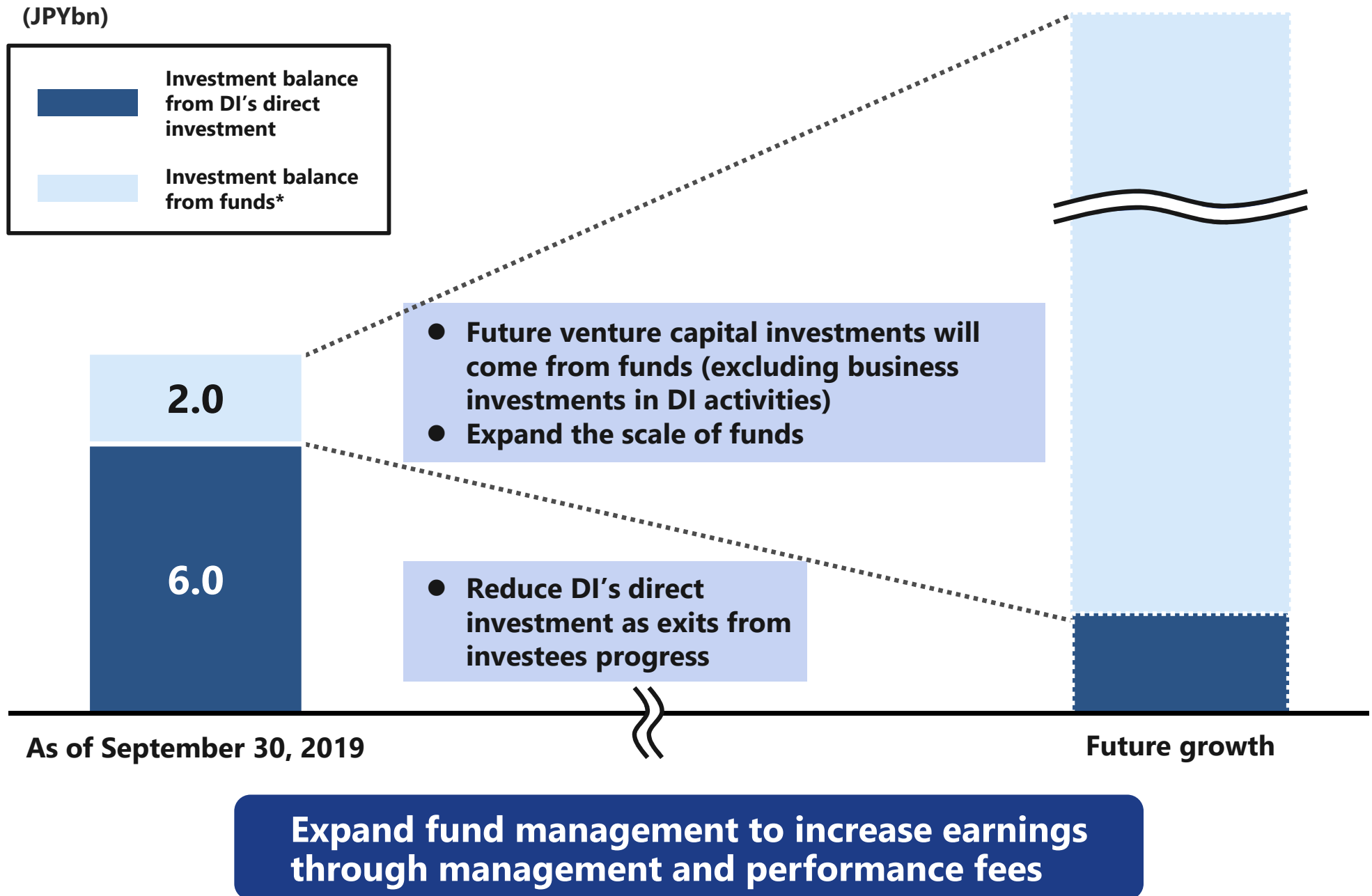


Sales (Index: FY2015 = 1)

(Index)



Future Direction of the Venture Capital Business



*Excludes DI equity, which is included in investment balance from DI's direct investment

Establishment of Dimension Venture Capital Fund in Japan

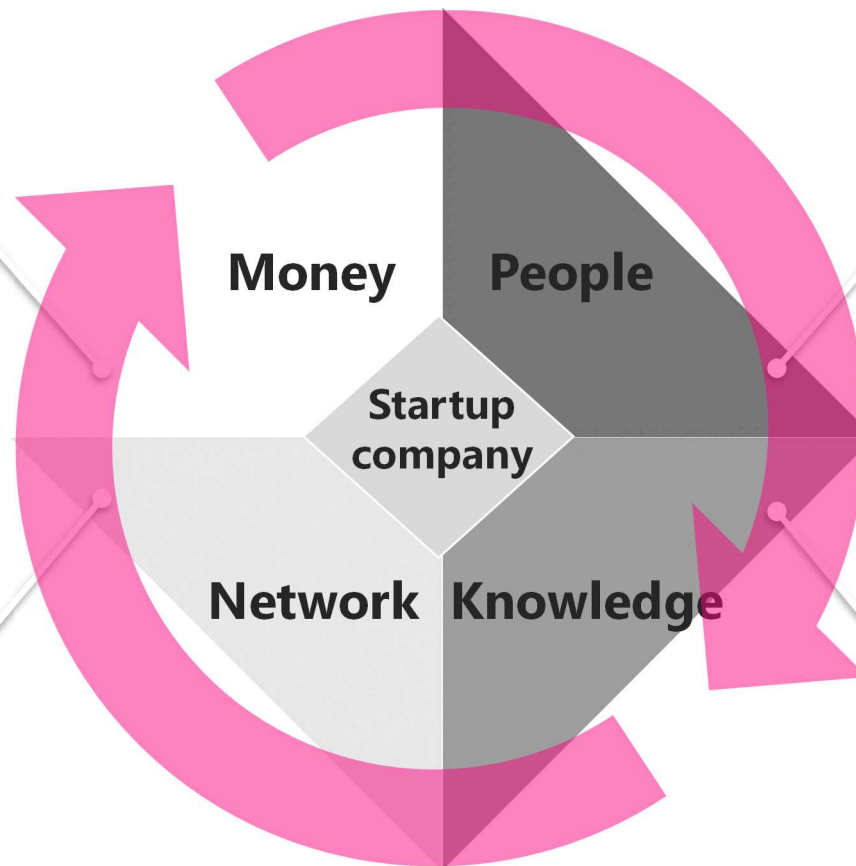
A “360° fund” providing one-stop support for entrepreneurs

DIMENSION

Investment support through funds

A hub for large companies and government agencies

DI



CAREEPOOL
for the chosen one by DIMENSION

Start an HR introduction service

Provide knowledge amassed through a proven incubation track record and owned media

Venture Navi

DIMENSION

■ Overview

Official name	Dimension Investment Partners Limited
Investment period	Nine years
Investment stage	Seed, early, and pre-IPO growth stages
Main limited liability partners	Yasushi Akimoto, Mizuho Bank, Akatsuki Securities, DI, and others
Fund size	JPY5.0bn (maximum)
Partner with unlimited liability	Dimension, Inc. (wholly owned subsidiary of Dream Incubator)

■ Dimension, Inc.

Founded	July 12, 2019
Head office	3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo
Representative director	Takamitsu Miyaso

Dimension's First Project: Gojo & Company, Inc.

Established: 2014

Founder

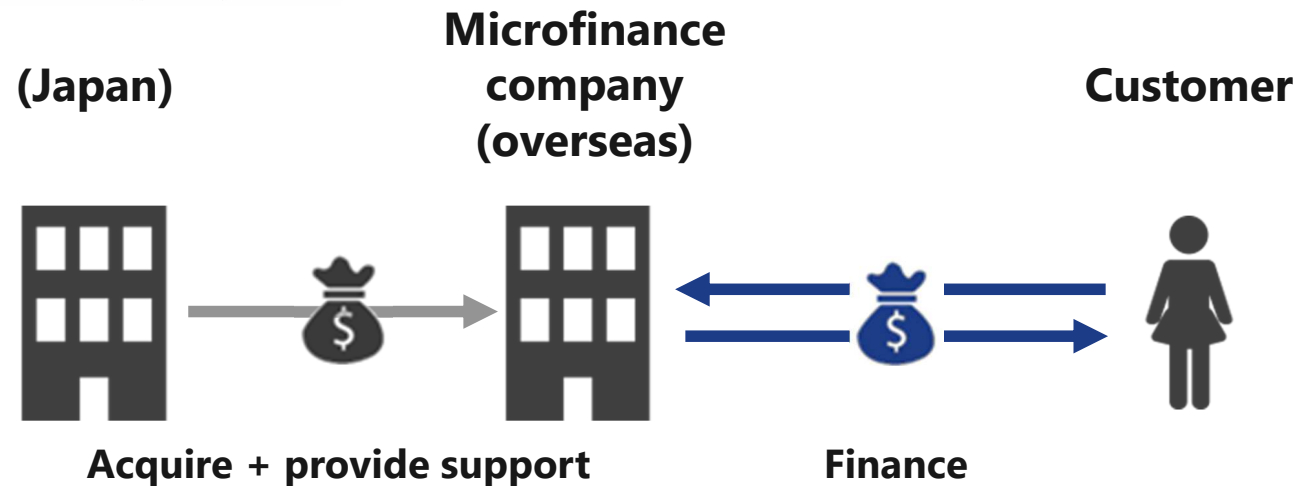
- Taejun Shin
(38 years old)



Investment stage: Later

Operates a microfinance business in four countries*
Has maintained a CAGR above 200% since its founding in 2014

Gojo & Company, Inc.



Raised JPY4.2bn in series C funding in 10/2019

*India, Cambodia, Myanmar, and Sri Lanka

Targets

Companies for which investment results are evident at fiscal year-end (recovery or effective insolvency)

- **Shares of listed companies calculated as if all shares were sold at the initial price**

Investment multiple

Total return ÷ total investment

IRR

(Total return ÷ total investment)^{1/average investment period}

Full-year FY03/2020 Forecasts

Professional Services segment

- Solid growth since September

Insurance segment

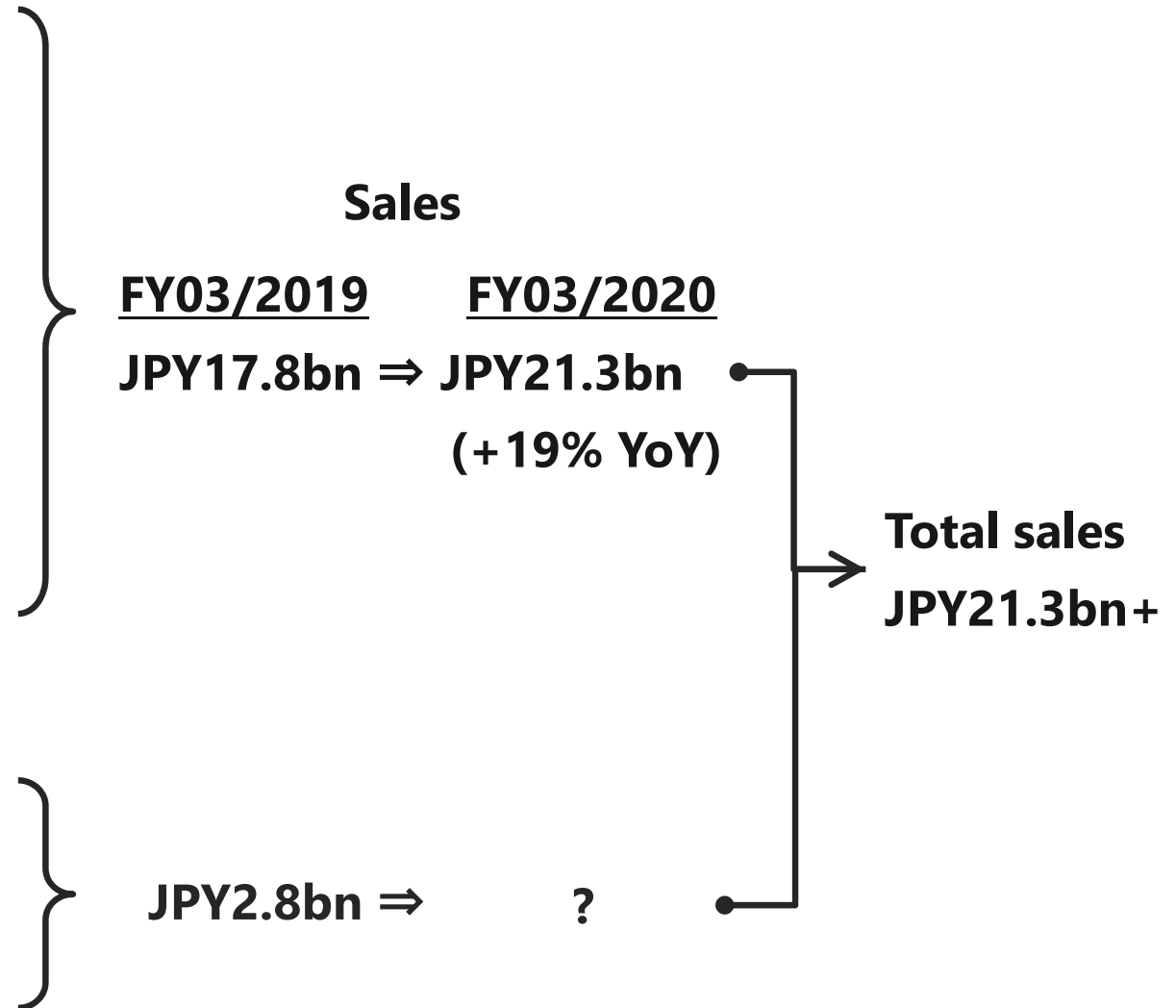
- Sustained growth

Other segment (Work Style Lab)

- Upfront investment phase

Venture Capital segment

- Multiple companies expected to sell in 2H through IPOs or trade sales



Dream Incubator Inc.

The Business Producing Company