

**Q1 FY03/2022
Supplementary
Materials for
Consolidated
Financial Results**

August 6, 2021

Dream Incubator Inc.

(Stock Code: 4310)



DI

SUMMARY

Recent results on track with plan (full-year recurring profit of JPY500mn to JPY1bn*)

- **Business Production: Steady orders; accelerating investment in personnel**
- **Venture Capital: Recorded non-operating profit from trade sales; expecting net gains in 2H, including from IPOs**
- **Business Investment: High growth in insurance sales; investing in digital transformation (DX) enhancements; other businesses still in investment phase**

Progress of structural reform initiatives

- **Strengthening of Business Production: Accelerating discussions on collaboration with Dentsu Inc. (formed alliance in May)**
- **Incorporating finance into Business Production**
 - Launched fund to materialize SIB****
 - Entered business alliance with Nippon Life Insurance Company**
- **Board of director reform: Majority outside directors, revitalization, and review of internal director responsibilities**

* After insurance item adjustments
** Social Impact Bond



1. Q1 FY03/2022 Financial Results Summary

2. Progress of Structural Reform Initiatives

Q1 FY03/2022 Consolidated P&L (After Insurance Item Adjustments)

(JPYbn)	Q1 FY03/ 2021	Q1 FY03/ 2022	YoY change	
			Amount	%
Sales	6.07	7.97	1.90	31.3%
Gross profit	2.71	3.64	0.93	34.5%
Operating profit	0.03	0.08	0.04	144.2%
Recurring profit	0.04	0.27	0.23	497.3%
Net income (attributable to parent company shareholders)	-0.05	0.06	0.12	—

Q1 FY03/2022 Consolidated P&L (Before Insurance Item Adjustments)

(JPYbn)	Q1 FY03/ 2021	Q1 FY03/ 2022	YoY change	
			Amount	%
Sales	6.07	7.97	1.90	31.3%
Gross profit	2.50	3.42	0.92	36.9%
Operating profit	-0.17	-0.13	0.03	—
Recurring profit	-0.16	0.05	0.22	—
Net income (attributable to parent company shareholders)	-0.14	-0.02	0.12	—

Note: Figures affected by insurance item adjustments are shown in blue.

Adjusted Insurance Accounting Items and Amounts

(JPYbn)	Q1 FY03/ 2021	Q1 FY03/ 2022
Unadjusted gross profit (consolidated)	2.50	3.42
<ul style="list-style-type: none"> • Adjustment related to ordinary underwriting reserves* • Catastrophe reserve provision** 	+0.04 +0.16	+0.01 +0.20
Total adjustments	+0.20	+0.21
Adjusted gross profit (consolidated)	2.71	3.64

* 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)

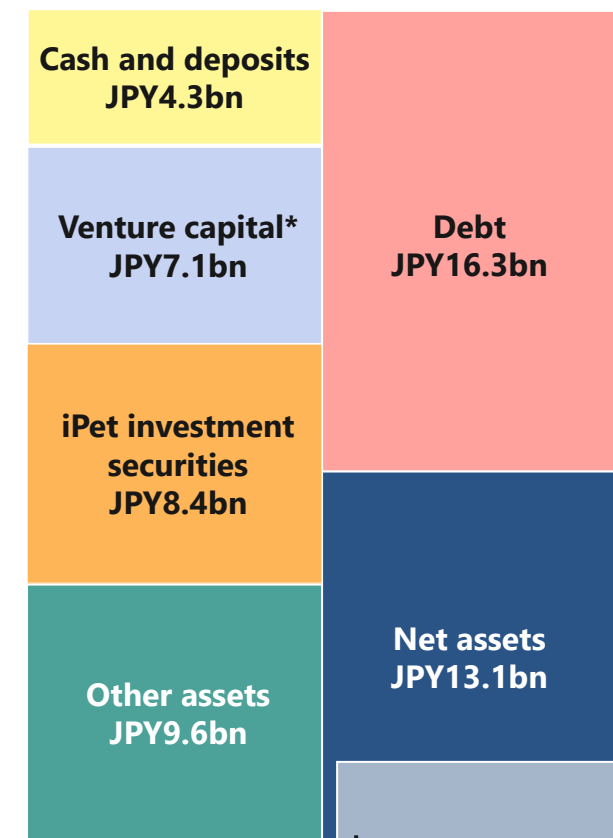
Q1 FY03/2022 P&L BY BUSINESS FIELD

(JPYbn)		Q1 FY03/2021	Q1 FY03/2022	YoY change	Notes	
Venture Capital	• Sales	0.14	0.03	-76.2%	<ul style="list-style-type: none"> Investment recovery of surplus funds invested in listed companies Expecting multiple investment recoveries from Q2 onward through IPOs and trade sales 	
	• Recurring profit	-0.12	0.04	—		
Business Production	• Sales	0.50	0.61	20.8%	<ul style="list-style-type: none"> Continued strong performance from Q4 FY03/2021 Planning to accelerate personnel investment to strengthen revenue base 	
	• Recurring profit	0.01	0.08	395.3%		
Business Investment	Pet Lifestyle	• Sales	5.19	6.63	27.9%	<ul style="list-style-type: none"> Continued steady growth in new policies Sales and profit rose YoY on a slightly lower-than-expected rise in loss ratio
		• Recurring profit*	0.19	0.30	55.6%	
	HR Innovation	• Sales	0.24	0.28	20.1%	<ul style="list-style-type: none"> Steady sales Continuing growth investment in personnel and digital transformation (DX); profit contribution still pending
		• Recurring profit	-0.03	-0.03	—	
	Fan Marketing	• Sales	—	0.40	—	<ul style="list-style-type: none"> Consolidated PEACS in Q4 FY03/2021 Expecting losses to contract from Q2 onward as orders tend to be concentrated on the last day of reporting periods (end of September, end of March, etc.)
		• Recurring profit	—	-0.11	—	

Note: Recurring profit was calculated as segment profit – companywide expenses ± non-operating profit/loss
 * After insurance item adjustments

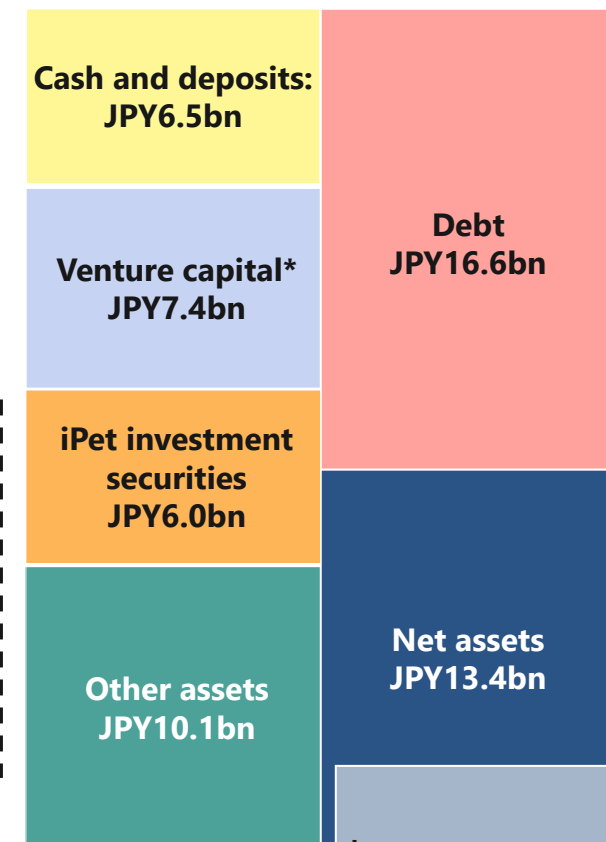
Q1 FY03/2022 Consolidated Balance Sheet

March 31, 2021 (Total assets: JPY29.5bn)



Includes non-controlling interests of JPY3.9bn

June 30, 2021 (Total assets: JPY30.1bn)



Includes non-controlling interests of JPY4.2bn

Breakdown of change in net assets

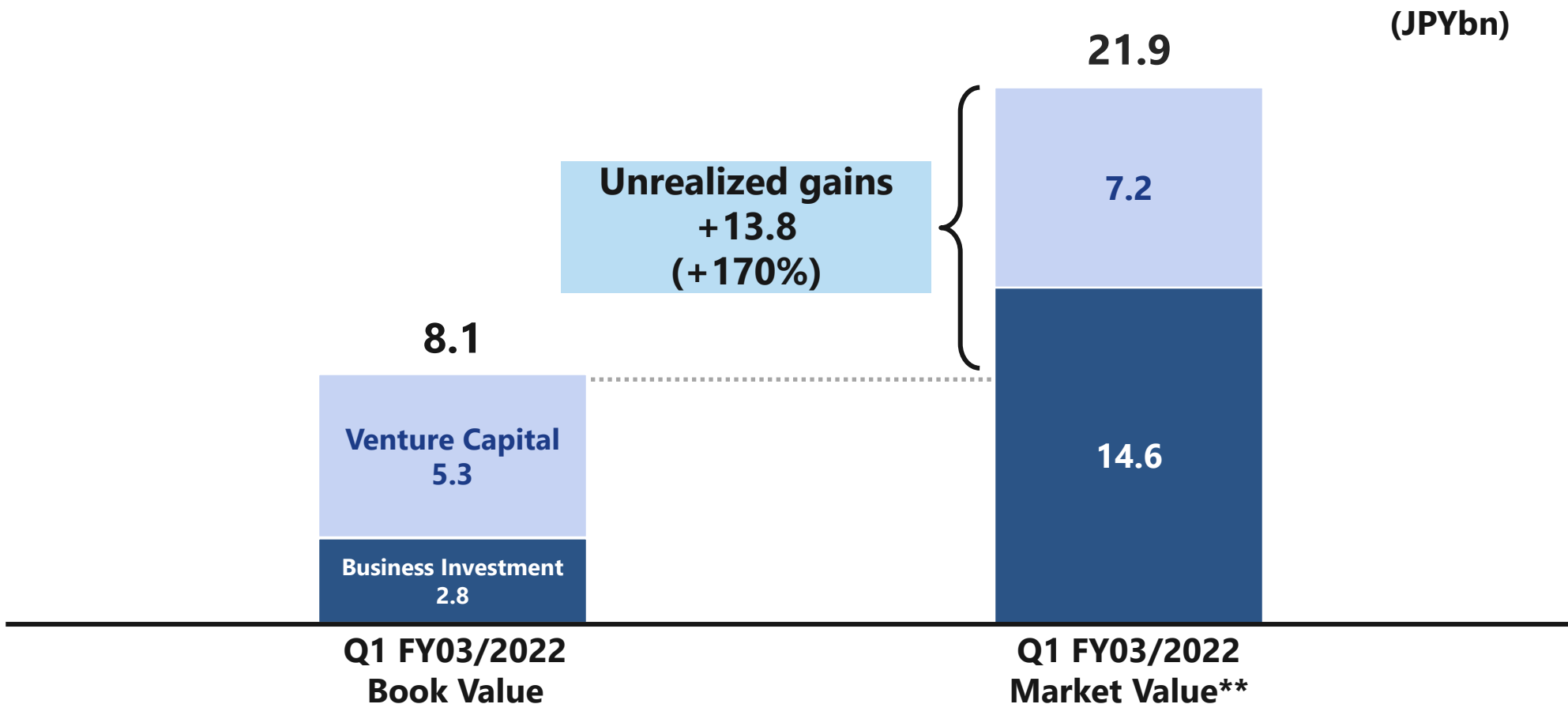
- Net income -JPY0.02bn
- Non-controlling interests +JPY0.27bn
- Valuation differences on available-for-sale securities +JPY0.05bn
- Other comprehensive income -JPY0.03bn
- **Total +JPY0.26bn**

* Includes post-IPO

UNREALIZED GAINS ON INVESTMENTS

Changed calculation method from NAV* (total value of all businesses) to clarify performance indicators based on the characteristics of each business.

- Market value used only for Incubation (investment assets held)
- Excluded valuation of Business Production



* Net Asset Value

** Listed companies: Market capitalization at period-end x DI's holdings

Unlisted companies: Book value of investment at period-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.



1. Q1 FY03/2022 Financial Results Summary

2. Progress of Structural Reform Initiatives

STRUCTURAL REFORM: PROGRESS OF INITIATIVES SINCE SHAREHOLDERS' MEETING

1. Launched a Social Impact Bond (SIB) fund

- Launched the "Next Rise Social Impact Fund Investment Limited Partnership" on July 1, 2021 for the purpose of funding the SIB business
- Development Bank of Japan Inc. and Nippon Life Insurance Company invested in this fund

2. Entered into a business alliance with Nippon Life Insurance Company

- Aiming to collaboratively promote initiatives that contribute to solving social issues related to public-private and industrial cooperation centered around SIB

3. Strengthened governance structure

- Established a governance structure with a majority of the board of directors consisting of outside directors by newly appointing three independent outside directors; revitalized the board; reviewed responsibilities of internal directors

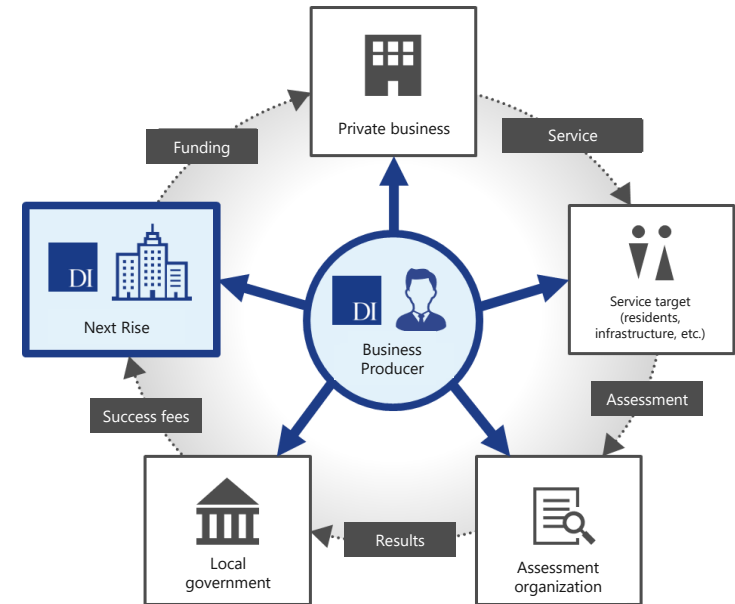
OVERVIEW OF NEXT RISE SOCIAL IMPACT FUND

Overview

Name	Next Rise Social Impact Fund Investment Limited Partnership	
Fund size	Initial fund of JPY3bn (up to JPY5bn) • Asia's largest SIB fund	
Established	July 1, 2021	
Investors	Development Bank of Japan Inc. Nippon Life Insurance Company Dream Incubator Inc.	
Fund term	10 years (yearly extension up to two years)	
GP*	DI Social Impact Capital Inc. • Wholly-owned subsidiary of Dream Incubator Inc.	
GP team	Rep. Director Directors	Takayuki Miyake Takashi Shimada, Tsutomu Fujita

Fund position and investment targets

Invest in projects that contribute to solving social issues of national/local governments



Preventive care

Already invested



Facility maintenance

Expanding target area going forward



Disaster prevention

BUSINESS ALLIANCE WITH NIPPON LIFE INSURANCE COMPANY

August 5, 2021

Dream Incubator forms a business alliance with Nippon Life Insurance Company **～ Accelerating collaborative initiatives to solve social issues ～**

Dream Incubator Inc. (headquartered in Chiyoda-ku, Tokyo; Representative Director & COO Takayuki Miyake; hereinafter “DI”) and Nippon Life Insurance Company (headquartered in Osaka City, Osaka; President Hiroshi Shimizu; hereinafter “Nippon Life”) have signed a business alliance agreement (hereinafter “this alliance”) for collaboration in solving social issues. Going forward, DI and Nippon Life will share and utilize each other’s knowledge and networks to promote initiatives that contribute to solving social issues related to public-private and industrial cooperation.



日本生命

NEW GOVERNANCE STRUCTURE

Directors

Diversified the board, with an outside director majority
Clarified division of responsibilities among full-time directors

	Name	Title
Internal	Tetsuro Harada	Representative Director & CEO, Chairperson of the Board
	Takayuki Miyake	Representative Director & COO
	Kyohei Hosono	Director & COO
External	Takashi Shimada	Director
	Tsutomu Fujita	Director
	Tadashi Naka	Director, Audit & Supervisory Committee Chairperson
	Akinori Uchida	Director, Audit & Supervisory Committee Member
	Soichiro Uno	Director, Audit & Supervisory Committee Member
	Yuriya Komatsu	Director, Audit & Supervisory Committee Member

Nomination and Compensation Committee

Strengthened effectiveness of the Nomination and
Compensation Committee

- Ensured objectivity by appointing an outside director as the committee chairperson

Name	Title
Soichiro Uno	Chairperson
Takashi Shimada	Member
Tsutomu Fujita	Member
Tadashi Naka	Member
Tetsuro Harada	Member

POLICY FOR EXECUTIVE OWNERSHIP OF COMPANY STOCK



To commit to boosting enterprise value and align our interests with our shareholders, we pay a certain percentage of annual executive compensation in the form of company stock.

- **Applicable persons:** 16 full-time directors and executive officers, 5 senior managers
- **Percentage of annual compensation paid in stock:** 20% for full-time directors and executive officers, 10% for senior managers
- **Notes:** Disclosure of shares held by each individual is not available as stock-based compensation is provided through an ESOP trust (BIP trust for directors) and is managed as points until the time of retirement.

DI = The Business Producing Company

Mission: **Create Businesses and Change Societies**

Vision: **Become the First Choice of Challengers**

Value: **Advance Beyond Boundaries.**

- Envision **Beyond Boundaries** of Areas
- Formulate **Beyond Boundaries** of Customaries
- Partner **Beyond Boundaries** of Organizations
- Challenge **Beyond Boundaries** of Ourselves

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.

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Dream Incubator Inc.

The Business Producing Company