

Q1 FY03/2021

Supplementary Materials for Consolidated Financial Results

July 31,2020

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

New Management

Shareholders



**Representative Director &
CEO**
(Chair of the Board)
Tetsuro Harada

Representative Director & COO
(Business Production
Representative)
Takayuki Miyake

**Representative Director &
COO**
(Incubation Representative)
Kyohei Hosono

**Division of
functions**

**Company-
wide
management**

**Business
promotion**

**Responsibilities to
earnings and
management**

**Ultimate
responsibility**

**Shared
responsibilities**

1. Q1 FY03/2021 Financial Results Summary

2. Net Asset Value (NAV)

Change in Business Segments

Segments in FY03/20

Professional Services

- Strategic consulting (Large corporations and Asia)
- M&A advisory
- Assistance in developing core management

Venture Capital

- Venture capital (Fund, principal)

Insurance



- Pet insurance

Other

はたらくことをかんがえる



- Freelance consultant matching platform

Segments in FY03/21

Business Production

- Change in name only

Venture Capital

- Change in Japanese name only

Pet Lifestyle

- Future acquisitions of peripheral businesses/companies will be included in this segment

HR Innovation

- Spun off from the Other segment
- Future acquisitions of peripheral businesses/companies will be included in this segment

Q1 FY03/2021 Consolidated P&L (After Insurance Item Adjustments)

(JPYbn)	Q1 FY03/ 2020	Q1 FY03/ 2021	YoY change	
			Amount	%
Sales	5.23	6.07	0.84	16.1%
Gross profit	2.61	2.71	0.10	3.8%
Operating profit	0.11	0.03	-0.07	-70.7%
Recurring profit	0.10	0.04	-0.05	-53.6%
Net income (attributable to parent company shareholders)	0.06	-0.05	-0.12	—

Note: In Q1 FY03/2021, DI booked an extraordinary loss of JPY0.06bn in bonuses paid to company founders.

Q1 FY03/2021 Consolidated P&L (Before Insurance Item Adjustments)

(JPYbn)	Q1 FY03/ 2020	Q1 FY03/ 2021	YoY change	
			Amount	%
Sales	5.23	6.07	0.84	16.1%
Gross profit	2.40	2.50	0.09	4.1%
Operating profit	-0.09	-0.17	-0.08	—
Recurring profit	-0.10	-0.16	-0.05	—
Net income	-0.01	-0.14	-0.12	—

(attributable to parent company shareholders)

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

Adjusted Insurance Accounting Items and Amounts

(JPYbn)	Q1 FY03/ 2020	Q1 FY03/ 2021
	<hr/>	<hr/>
Unadjusted gross profit (consolidated)	2.40	2.50
<ul style="list-style-type: none"> ● Adjustment related to ordinary underwriting reserves* ● Catastrophe reserve provision** 	+0.07 +0.13 <hr/>	+0.04 +0.16 <hr/>
Total adjustments	+0.20	+0.20
Adjusted gross profit (consolidated)	2.61	2.71

* 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 FY03/2021 P&L by Segment

(JPYbn)		Q1 FY03/ 2020	Q1 FY03/ 2021	YoY Change	Summary
Venture Capital	• Sales	0.25	0.14	-44.2%	<ul style="list-style-type: none"> • Invested primarily in funds • Recovered multiple investments, booked loss in one • Plans multiple IPOs and trade sales going forward (based on market conditions)
	• Recurring profit	0.05	-0.12	—	
Business Production	• Sales	0.57	0.50	-11.2%	<ul style="list-style-type: none"> • Sales fell but profit improved due to the impact of exiting from market research business (in Q2 FY03/2020) • Impact of COVID-19 outbreak began to emerge, e.g., delays in projects, voluntary restraints in sales activities • DI does not expect sales to decline significantly, but will keep a close eye on trends going forward
	• Recurring profit	-0.11	0.01	—	
Business Investment	Pet Lifestyle				<ul style="list-style-type: none"> • Limited impact of COVID-19 outbreak • Amid robust pet-related demand, the number of new contracts hit a record high
	• Net sales	4.21	5.19	23.2%	
	• Recurring profit*	0.19	0.19	-2.9%	
	HR Innovation				<ul style="list-style-type: none"> • Sales expanded on successful investments made in FY03/2020, but some of the positive effects were cancelled out by the COVID-19 outbreak
	• Net sales	0.19	0.24	22.1%	
	• Recurring profit	-0.03	-0.03	—	

* After insurance item adjustment

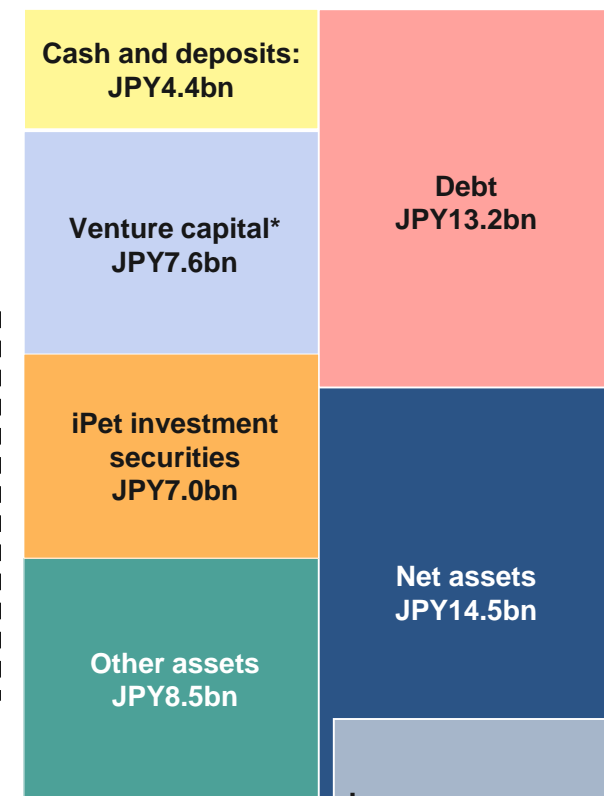
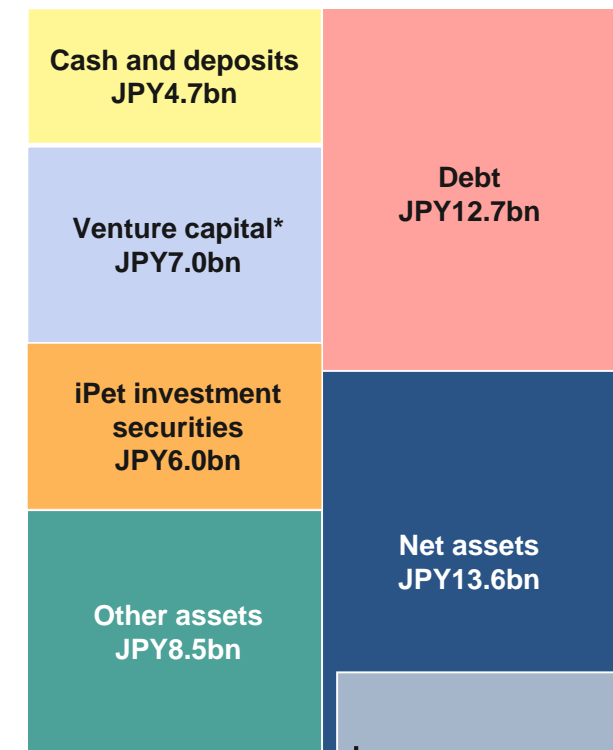
Note: Recurring profit was calculated as segment profit – companywide expenses ± non-operating profit or loss

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Q1 FY03/2021 Consolidated Balance Sheet

March 31, 2020
(Total assets: JPY26.4bn)

June 30, 2020
(Total assets: JPY27.7bn)



Breakdown of change in net assets	
• Net income	-JPY0.14bn
• Non-controlling interests	+JPY0.60bn
• Valuation differences on available-for-sale securities	+JPY0.42bn
• Other comprehensive income	+JPY0.01bn
Total	+JPY0.90bn

Includes non-controlling interests of JPY2.9bn

Includes non-controlling interests of JPY3.5bn

Off-balance-sheet assets: JPY8.7bn (iPet unrealized gains)

* Includes post-IPO

1. Q1 FY03/2021 Financial Results Summary

2. Net Asset Value (NAV)

FY03/2021 Net Asset Value (NAV)

(JPYbn)

March 31, 2020

FY03/2021

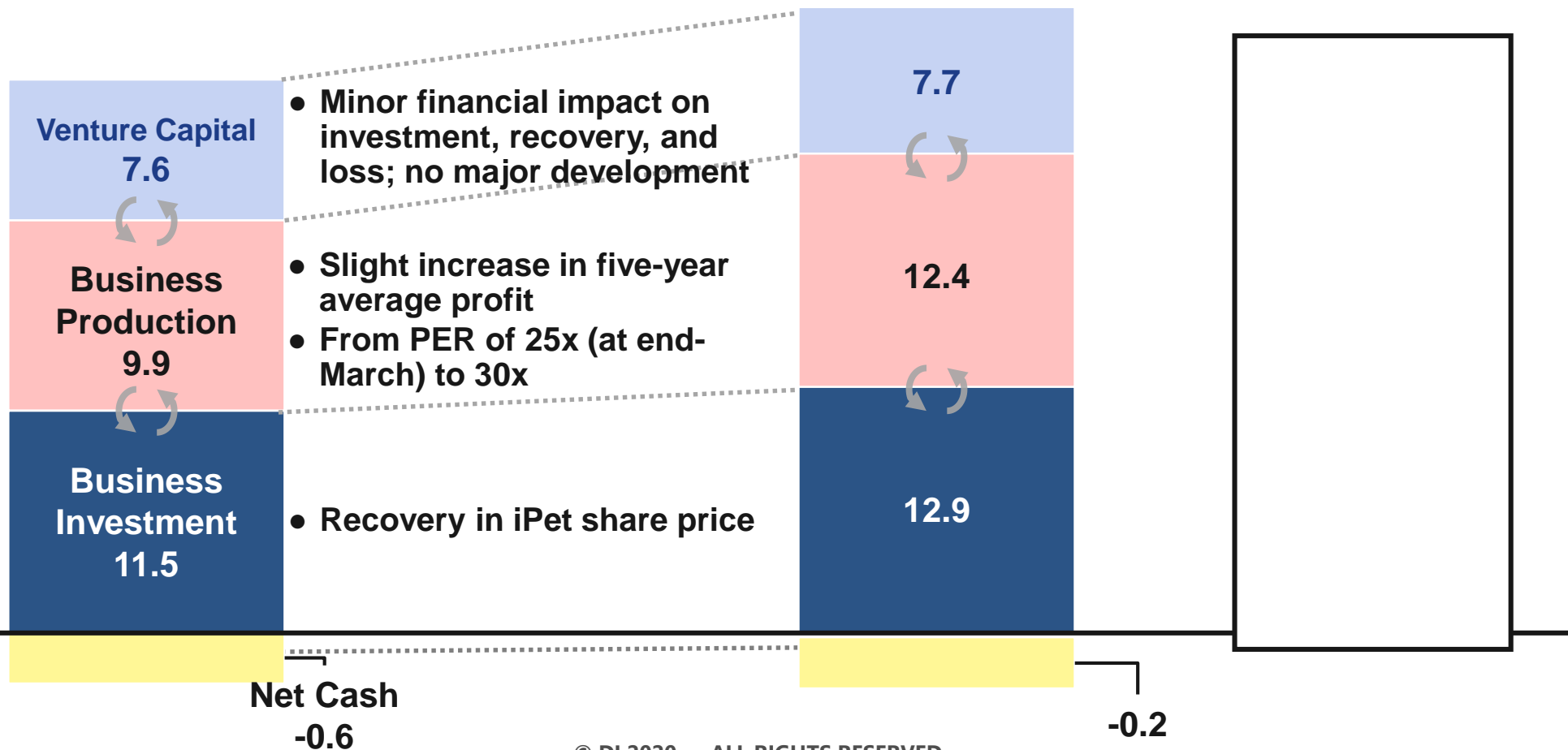
June 30, 2020

End-FY03/2021 est.

Total: 28.4
(JPY2,811/share)

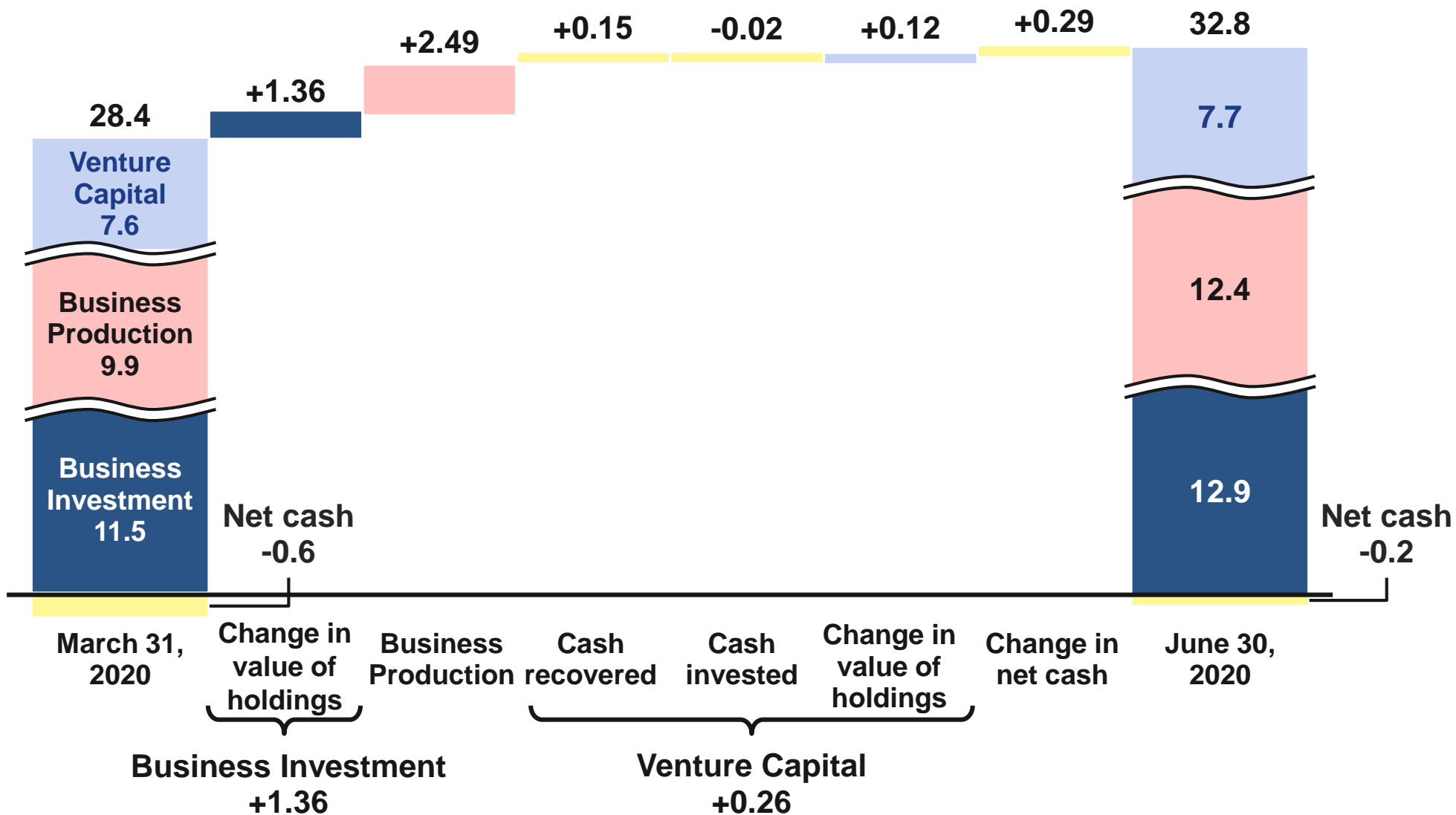
Total: 32.8
(JPY3,242/share)

Total: 32.0



Breakdown of Change in NAV

(JPYbn)



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.**
- **Business Production:**
 - **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.

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