

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 31, 2020

Company name: Dream Incubator Inc.
 Stock exchange listing: Tokyo
 Stock code: 4310 URL <https://www.dreamincubator.co.jp>
 Representative: Representative Director and CEO Tetsuro Harada
 Corporate Administration Group
 Inquiries: Leader Toshihiro Uemura TEL 03-5532-3200
 Scheduled date to file Quarterly Securities Report: August 7, 2020
 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, 2020 (from April 1, 2020 to June 30, 2020)

(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, 2020	6,074	16.1	(175)	–	(161)	–	(143)	–
Three months ended June 30, 2019	5,231	(3.8)	(94)	–	(106)	–	(18)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	(14.67)	–
Three months ended June 30, 2019	(1.92)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	27,765	14,544	39.4
As of March 31, 2020	26,424	13,638	40.2

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, 2020	0.00	0.00	0.00	0.00	–
Year ending March 31, 2021	0.00				
Year ending March 31, 2021 (Forecast)		0.00	0.00	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (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, 2020	10,399,100 shares	As of March 31, 2020	10,381,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	631,140 shares	As of March 31, 2020	638,047 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, 2020	9,755,126 shares	Three months ended June 30, 2019	9,840,686 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	4,745	4,455
Notes and accounts receivable - trade	2,917	2,772
Money held in trust	1,013	1,021
Operational investment securities	6,392	6,736
Securities	4,968	6,066
Allowance for investment loss	(150)	(149)
Inventories	34	33
Other	583	622
Allowance for doubtful accounts	(7)	(16)
Total current assets	20,497	21,543
Non-current assets		
Property, plant and equipment	491	474
Intangible assets		
Goodwill	403	362
Software in progress	1,982	2,081
Other	202	196
Total intangible assets	2,588	2,640
Investments and other assets		
Investment securities	992	1,267
Long-term loans receivable	147	148
Deferred tax assets	1,372	1,364
Other	402	396
Allowance for doubtful accounts	(67)	(69)
Total investments and other assets	2,847	3,106
Total non-current assets	5,927	6,221
Total assets	26,424	27,765

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	194	122
Short-term borrowings	825	825
Current portion of long-term borrowings	286	286
Lease obligations	11	11
Accounts payable - other	346	381
Reserve for insurance policy liabilities	8,869	9,540
Outstanding claims	1,290	1,492
Policy reserve	7,579	8,047
Income taxes payable	249	98
Provision for shareholder benefit program	31	12
Provision for bonuses	144	209
Other	564	535
Total current liabilities	11,521	12,023
Non-current liabilities		
Long-term borrowings	912	879
Lease obligations	28	25
Deferred tax liabilities	41	39
Provision for share-based remuneration	268	221
Other	14	31
Total non-current liabilities	1,265	1,196
Total liabilities	12,786	13,220
Net assets		
Shareholders' equity		
Share capital	4,978	4,987
Capital surplus	4,412	4,420
Retained earnings	3,078	2,935
Treasury shares	(1,073)	(1,058)
Total shareholders' equity	11,396	11,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(644)	(217)
Foreign currency translation adjustment	(125)	(121)
Total accumulated other comprehensive income	(769)	(339)
Share acquisition rights	40	20
Non-controlling interests	2,970	3,577
Total net assets	13,638	14,544
Total liabilities and net assets	26,424	27,765

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, 2019	Three months ended June 30, 2020
Net sales	5,231	6,074
Cost of sales	2,826	3,570
Gross profit	2,404	2,503
Selling, general and administrative expenses	2,499	2,679
Operating loss	(94)	(175)
Non-operating income		
Interest income	6	5
Dividend income	0	4
Gain on sales of investment securities	–	21
Other	1	2
Total non-operating income	9	33
Non-operating expenses		
Interest expenses	1	2
Loss on sales of investment securities	8	–
Foreign exchange losses	1	4
Provision of allowance for doubtful accounts	0	8
Other	10	3
Total non-operating expenses	21	19
Ordinary loss	(106)	(161)
Extraordinary income		
Gain on reversal of share acquisition rights	–	14
Total extraordinary income	–	14
Extraordinary losses		
Retirement benefits for directors (and other officers)	–	60
Total extraordinary losses	–	60
Loss before income taxes	(106)	(207)
Income taxes - current	79	83
Income taxes - deferred	(168)	(130)
Total income taxes	(88)	(46)
Loss	(17)	(160)
Profit (loss) attributable to non-controlling interests	1	(17)
Loss attributable to owners of parent	(18)	(143)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Loss	(17)	(160)
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	462
Foreign currency translation adjustment	(13)	3
Total other comprehensive income	(126)	466
Comprehensive income	(144)	305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(144)	287
Comprehensive income attributable to non-controlling interests	0	18