

# **Q3 FY03/2021**

## **Supplementary Materials for Consolidated Financial Results**

**February 3, 2021**

**Dream Incubator Inc.**

**(Stock Code: 4310)**

The logo consists of a dark blue square containing the white letters "DI" in a serif font.

**DI**

# **1. Q3 FY03/2021 Financial Results Summary**

## **2. Net Asset Value (NAV)**

## **3. Reference**

# Q3 FY03/2021 Consolidated P&L

(After Insurance Item Adjustments)

(JPYbn)	Q3 FY03/2020	Q3 FY03/2021	YoY change	
			Amount	%
<b>Sales</b>	<b>16.71</b>	<b>19.93</b>	<b>+3.22</b>	<b>19.3%</b>
<b>Gross profit</b>	<b>8.32</b>	<b>8.64</b>	<b>+0.31</b>	<b>3.8%</b>
<b>Operating profit</b>	<b>0.79</b>	<b>0.16</b>	<b>-0.63</b>	<b>-79.8%</b>
<b>Recurring profit</b>	<b>0.66</b>	<b>0.19</b>	<b>-0.46</b>	<b>-71.1%</b>
<b>Net income</b> (attributable to parent company shareholders)	<b>0.21</b>	<b>-0.24</b>	<b>-0.46</b>	<b>—</b>

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

# Q3 FY03/2021 Consolidated P&L

(Before Insurance Item Adjustments)

(JPYbn)	Q3 FY03/2020	Q3 FY03/2021	YoY change	
			Amount	%
<b>Sales</b>	<b>16.71</b>	<b>19.93</b>	<b>+3.22</b>	<b>19.3%</b>
<b>Gross profit</b>	<b>7.84</b>	<b>8.18</b>	<b>+0.33</b>	<b>4.3%</b>
<b>Operating profit</b>	<b>0.31</b>	<b>-0.29</b>	<b>-0.6</b>	<b>—</b>
<b>Recurring profit</b>	<b>0.17</b>	<b>-0.26</b>	<b>-0.44</b>	<b>—</b>
<b>Net income</b> (attributable to parent company shareholders)	<b>0.01</b>	<b>-0.43</b>	<b>-0.45</b>	<b>—</b>

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

# Adjusted Insurance Accounting Items and Amounts

(JPYbn)	Q3 FY03/ 2020	Q3 FY03/ 2021
	<hr/>	<hr/>
<b>Unadjusted gross profit (consolidated)</b>	<b>7.84</b>	<b>8.18</b>
<ul style="list-style-type: none"> <li>• <b>Adjustment related to ordinary underwriting reserves*</b></li> <li>• <b>Catastrophe reserve provision**</b></li> </ul>	<b>+ 0.05</b>  <b>+ 0.42</b> <hr/> <b>+ 0.48</b>	<b>-0.06</b>  <b>+ 0.52</b> <hr/> <b>+ 0.45</b>
<b>Total adjustments</b>	<b>+ 0.48</b>	<b>+ 0.45</b>
<b>Adjusted gross profit (consolidated)</b>	<b>8.32</b>	<b>8.64</b>

\* 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)

# Q3 FY03/2021 P&L by Segment

(JPYbn)

Q3  
FY03/2020

Q3  
FY03/2021

YoY  
Change

Summary

## Venture Capital

- Sales
- Recurring profit

0.71

0.97

35.7%

-0.05

-0.6

-

- Scheduled IPOs postponed to FY03/2022 or later due to COVID-19 pandemic
- Valuation losses widened

## Business Production

- Sales
- Recurring profit

2.02

1.63

-18.9%

0.08

0.19

124.4%

- Despite lower sales on a decline in 1H orders, secured profit growth with administrative cost cuts
- Orders recovered in Q3

## Business Investment

### Pet Lifestyle

- Sales
- Recurring profit\*

13.35

16.57

24.1%

0.73

0.66

-8.9%

- Number of policies in force remained favorable
- Expenses rose on a steady increase in newly acquired policies

### HR Innovation

- Sales
- Recurring profit

0.63

0.77

22.3%

-0.09

-0.06

-

- Inquiries down slightly, but the segment remained on a growth trajectory

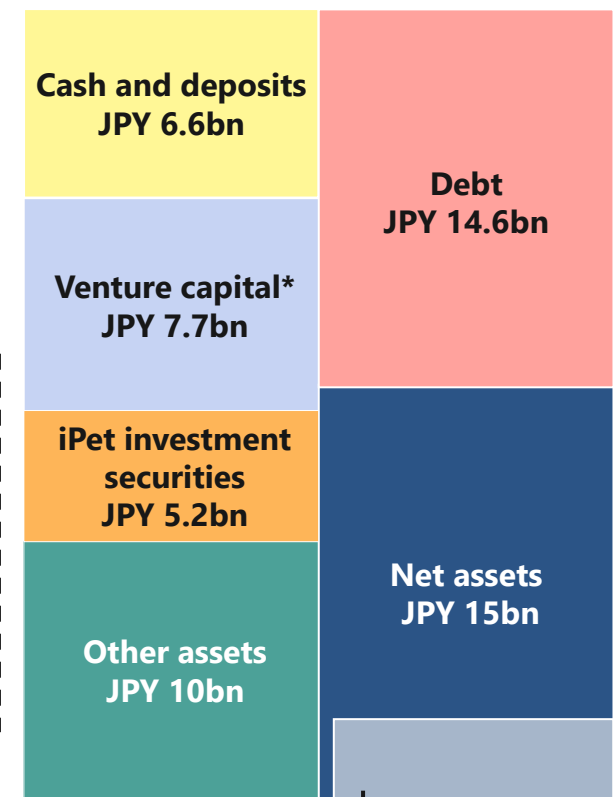
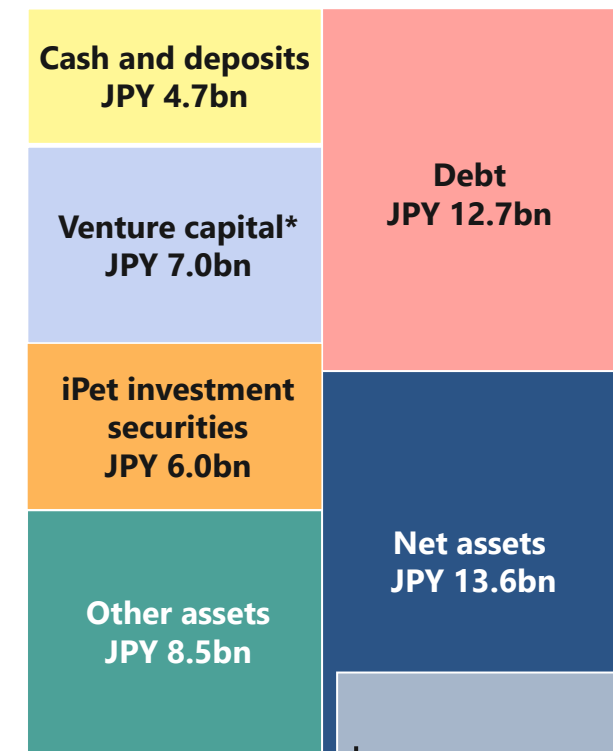
\*After insurance item adjustment

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

# Q3 FY03/2021 Consolidated Balance Sheet

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

**December 31, 2020**  
**(Total assets: JPY29.6bn)**



Breakdown of change in net assets	
• Net income	-JPY0.43bn
• Non-controlling interests	+JPY1.25bn
• Valuation differences on available-for-sale securities	+JPY0.47bn
• Other comprehensive income	+JPY0.07bn
<b>• Total</b>	<b>+JPY1.36bn</b>

Includes non-controlling interests of JPY2.9bn

Includes non-controlling interests of JPY4.2bn

**Off-balance-sheet assets: JPY10bn (iPet unrealized gains)**

\* Includes post-IPO

# **1. Q3 FY03/2021 Financial Results Summary**

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# FY03/2021 Net Asset Value (NAV)

(JPYbn)

**March 31, 2020**

**Total: 28.4**  
(JPY2,811/share)

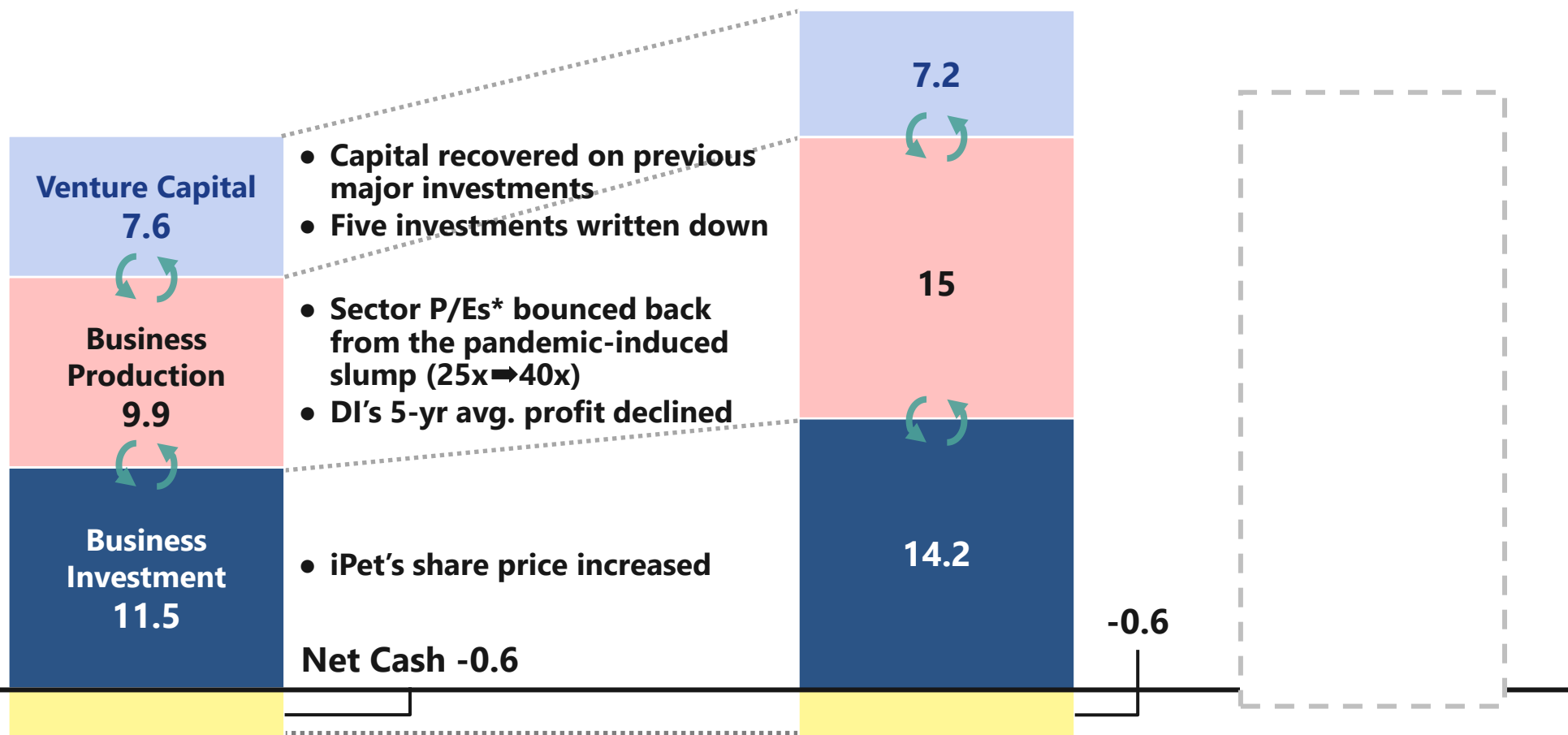
**FY03/2021**

**December 31, 2020**

**Total: 35.8**  
(JPY3,534/share)

**End-FY03/2021 est.**

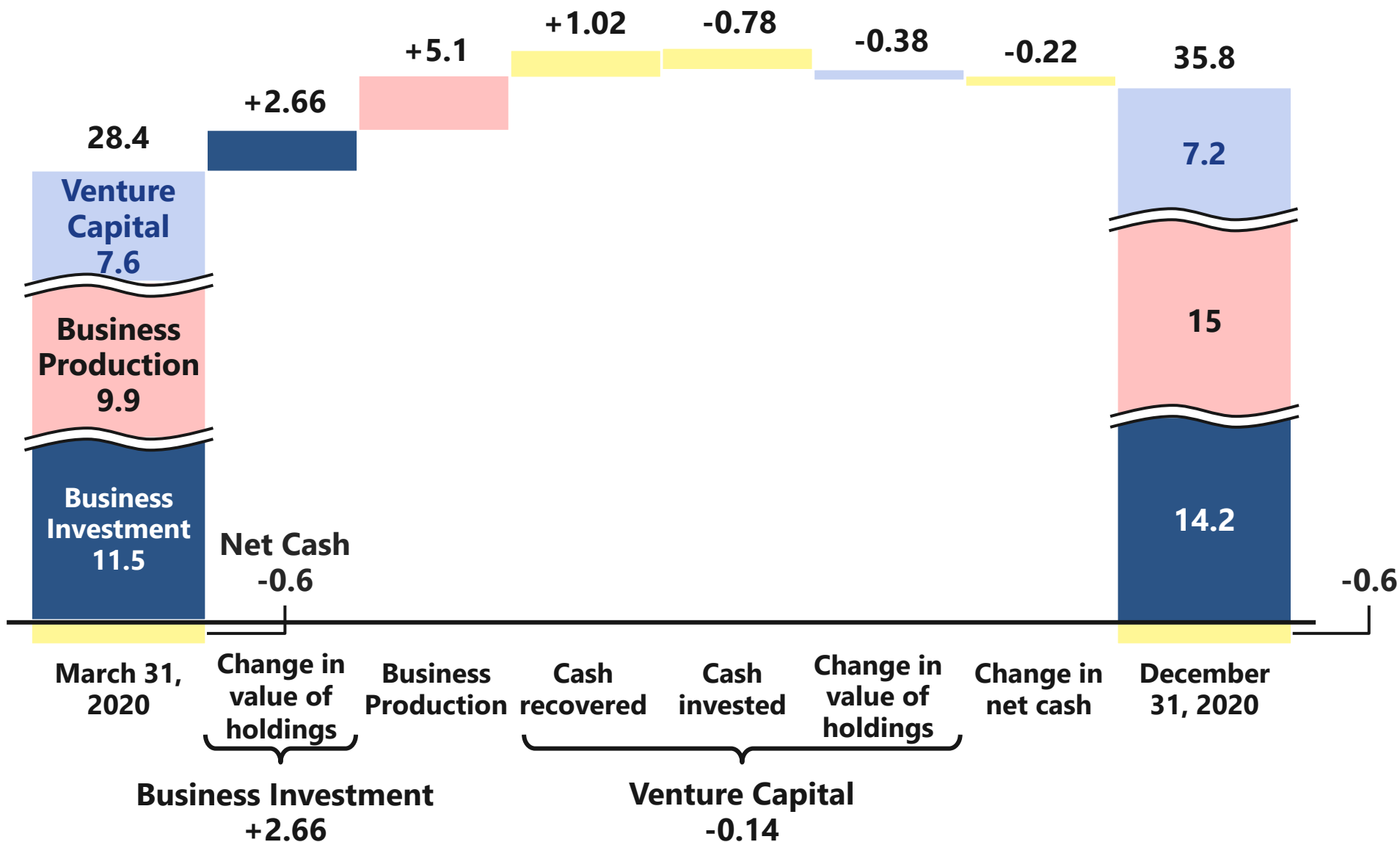
**Total: 32.0**



\* The median P/E of other companies listed in the same category on Uzabase, Inc.'s SPEEDA market info service

# 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.

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# Proceed to launch a new enterprise by utilizing SIB in collaboration with Toyota City (Release Excerpts)

January 5, 2021

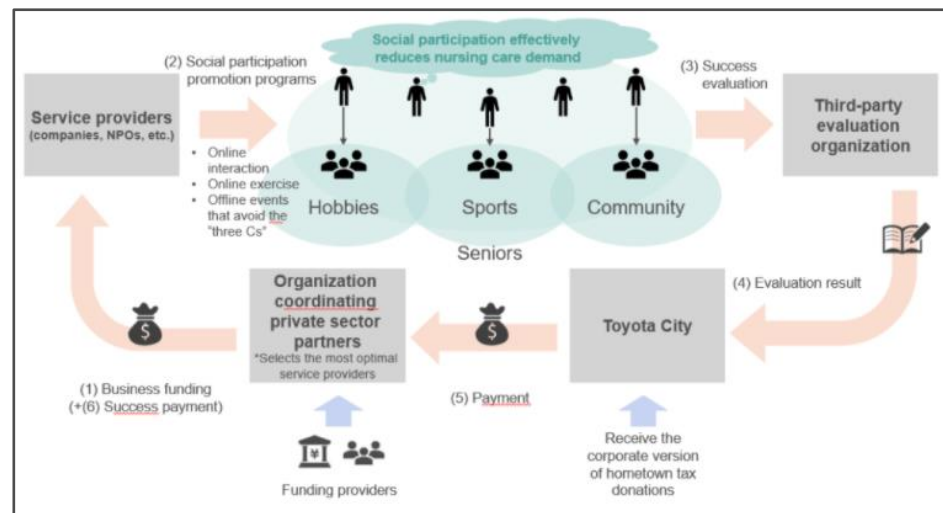
## Dream Incubator and Toyota City to Launch Business Aimed at Reduction in the Number of Seniors Requiring Nursing Care

Dream Incubator Inc. (headquartered in Chiyoda-ku, Tokyo; Representative Director & CEO Tetsuro Harada; "DI") will proceed to launch a new enterprise by utilizing social impact bonds in collaboration with Toyota City, Aichi Prefecture (Mayor Toshihiko Ota). The business aims to reduce the number of seniors requiring nursing care by providing them socialization opportunities.



### Summary:

Social impact bonds (SIBs) have garnered attention as a new type of public-private partnership aimed to solve social issues in which governments conduct social projects using private funding on a pay-for-success basis. The government leverages funding and ingenuity from one or more private companies to operate a project and pays the private sector partner(s) based on the success of the project. The arrangement is an innovative way of addressing social issues.



# Media coverage of SIB

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- Toyota City makes a winning move—“wise spending” aimed at curbing the number of seniors requiring nursing care through collaboration with private companies  
(Nikkei, February 2, 2021)
- DI supports government services contractors via SIB funds  
(Nikkei, February 2, 2021)
- Municipal projects utilizing the funds and know-how of private companies; companies paid based on project performance  
(Yomiuri Shimbun, January 6, 2021; members-only article)

# DI = The Business Producing Company

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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

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# Dream Incubator Inc.

The Business Producing Company