

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 6, 2021

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
 Inquiries: Executive Officer, Corporate Toshihiro Uemura TEL 03-5532-3200
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 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, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	7,974	31.3	(138)	–	59	–	(21)	–
Three months ended June 30, 2020	6,074	16.1	(175)	–	(161)	–	(143)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	(2.22)	–
Three months ended June 30, 2020	(14.67)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	30,127	13,463	30.6
As of March 31, 2021	29,549	13,196	31.3

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, 2021	0.00	0.00	0.00	0.00	–
Year ending March 31, 2022	0.00				
Year ending March 31, 2022 (Forecast)		0.00	0.00	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
(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: Yes
- 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, 2021	10,429,500 shares	As of March 31, 2021	10,421,600 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	755,076 shares	As of March 31, 2021	755,076 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, 2021	9,670,078 shares	Three months ended June 30, 2020	9,755,126 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,327	6,522
Notes and accounts receivable - trade	3,930	–
Notes and accounts receivable - trade, and contract assets	–	3,912
Operational investment securities	6,738	7,751
Securities	8,122	5,742
Allowance for investment loss	(357)	(357)
Inventories	35	57
Other	745	842
Allowance for doubtful accounts	(15)	(13)
Total current assets	23,528	24,458
Non-current assets		
Property, plant and equipment	680	966
Intangible assets		
Goodwill	817	920
Other	1,184	1,133
Total intangible assets	2,001	2,054
Investments and other assets		
Investment securities	1,176	435
Deferred tax assets	1,753	1,804
Other	471	470
Allowance for doubtful accounts	(62)	(62)
Total investments and other assets	3,339	2,648
Total non-current assets	6,021	5,669
Total assets	29,549	30,127

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	384	368
Short-term borrowings	1,400	875
Current portion of long-term borrowings	238	198
Reserve for insurance policy liabilities	11,287	11,874
Outstanding claims	1,801	1,804
Policy reserve	9,485	10,069
Income taxes payable	218	93
Provision for shareholder benefit program	28	5
Provision for bonuses	152	240
Other	1,110	1,444
Total current liabilities	14,819	15,100
Non-current liabilities		
Long-term borrowings	1,044	1,044
Deferred tax liabilities	132	152
Provision for share awards	272	301
Other	85	64
Total non-current liabilities	1,533	1,562
Total liabilities	16,353	16,663
Net assets		
Shareholders' equity		
Share capital	4,998	5,001
Capital surplus	4,446	4,449
Retained earnings	976	913
Treasury shares	(1,184)	(1,184)
Total shareholders' equity	9,237	9,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103	154
Foreign currency translation adjustment	(104)	(106)
Total accumulated other comprehensive income	(0)	47
Share acquisition rights	13	11
Non-controlling interests	3,945	4,223
Total net assets	13,196	13,463
Total liabilities and net assets	29,549	30,127

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, 2020	Three months ended June 30, 2021
Net sales	6,074	7,974
Cost of sales	3,570	4,547
Gross profit	2,503	3,427
Selling, general and administrative expenses	2,679	3,565
Operating loss	(175)	(138)
Non-operating income		
Interest income	5	4
Dividend income	4	1
Gain on sale of investment securities	21	186
Other	2	12
Total non-operating income	33	205
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	4	1
Price change reserve provision	1	1
Other	10	1
Total non-operating expenses	19	6
Ordinary profit (loss)	(161)	59
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	–
Profit (loss) before income taxes	(207)	59
Income taxes - current	83	51
Income taxes - deferred	(130)	24
Total income taxes	(46)	76
Loss	(160)	(16)
Profit (loss) attributable to non-controlling interests	(17)	4
Loss attributable to owners of parent	(143)	(21)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Loss	(160)	(16)
Other comprehensive income		
Valuation difference on available-for-sale securities	462	58
Foreign currency translation adjustment	3	(2)
Total other comprehensive income	466	56
Comprehensive income	305	39
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	287	27
Comprehensive income attributable to non-controlling interests	18	12