

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 7, 2022

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: February 10, 2022
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	26,109	31.0	12	–	256	–	41	–
Nine months ended December 31, 2020	19,935	19.3	(299)	–	(268)	–	(435)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	4.33		4.27	
Nine months ended December 31, 2020	(44.53)		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2021	31,969		12,231		29.8	
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				
Year ended March 31, 2021	0.00	0.00	0.00	0.00	–
Year ending March 31, 2022	0.00	0.00	0.00	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 December 31, 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 December 31, 2021	710,276 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)

Nine months ended December 31, 2021	9,693,834 shares	Nine months ended December 31, 2020	9,785,118 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	4,327	11,759
Notes and accounts receivable - trade	3,930	–
Notes and accounts receivable - trade, and contract assets	–	4,993
Operational investment securities	6,738	6,389
Securities	8,122	2,764
Allowance for investment loss	(357)	(357)
Inventories	35	55
Other	745	854
Allowance for doubtful accounts	(15)	(7)
Total current assets	23,528	26,452
Non-current assets		
Property, plant and equipment	680	897
Intangible assets		
Goodwill	817	848
Other	1,184	1,034
Total intangible assets	2,001	1,883
Investments and other assets		
Investment securities	1,176	399
Deferred tax assets	1,753	1,809
Other	471	527
Allowance for doubtful accounts	(62)	–
Total investments and other assets	3,339	2,735
Total non-current assets	6,021	5,516
Total assets	29,549	31,969

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	384	435
Short-term borrowings	1,400	1,000
Current portion of long-term borrowings	238	185
Reserve for insurance policy liabilities	11,287	13,637
Outstanding claims	1,801	2,088
Policy reserve	9,485	11,549
Income taxes payable	218	47
Provision for shareholder benefit program	28	2
Provision for bonuses	152	192
Other	1,110	1,744
Total current liabilities	14,819	17,244
Non-current liabilities		
Long-term borrowings	1,044	1,953
Deferred tax liabilities	132	188
Provision for share awards	272	290
Other	85	61
Total non-current liabilities	1,533	2,493
Total liabilities	16,353	19,737
Net assets		
Shareholders' equity		
Share capital	4,998	5,001
Capital surplus	4,446	4,446
Retained earnings	976	977
Treasury shares	(1,184)	(1,107)
Total shareholders' equity	9,237	9,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	103	303
Foreign currency translation adjustment	(104)	(87)
Total accumulated other comprehensive income	(0)	216
Share acquisition rights	13	11
Non-controlling interests	3,945	2,685
Total net assets	13,196	12,231
Total liabilities and net assets	29,549	31,969

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	19,935	26,109
Cost of sales	11,755	15,133
Gross profit	8,180	10,976
Selling, general and administrative expenses	8,479	10,963
Operating profit (loss)	(299)	12
Non-operating income		
Interest income	17	11
Dividend income	7	1
Gain on sale of investment securities	87	191
Other	9	62
Total non-operating income	122	267
Non-operating expenses		
Interest expenses	7	9
Foreign exchange losses	23	4
Price change reserve provision	4	2
Other	55	6
Total non-operating expenses	91	23
Ordinary profit (loss)	(268)	256
Extraordinary income		
Gain on reversal of share acquisition rights	14	–
Gain on sale of shares of subsidiaries and associates	–	5
Total extraordinary income	14	5
Extraordinary losses		
Extra retirement payments of subsidiaries and associates	–	24
Retirement benefits for directors (and other officers)	60	–
Total extraordinary losses	60	24
Profit (loss) before income taxes	(313)	237
Income taxes - current	236	67
Income taxes - deferred	(138)	39
Total income taxes	98	107
Profit (loss)	(412)	130
Profit attributable to non-controlling interests	23	88
Profit (loss) attributable to owners of parent	(435)	41

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss)	(412)	130
Other comprehensive income		
Valuation difference on available-for-sale securities	504	192
Foreign currency translation adjustment	(7)	17
Total other comprehensive income	496	209
Comprehensive income	83	339
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26	259
Comprehensive income attributable to non-controlling interests	57	80