

Q3 FY03/2020

**Supplementary Materials for
Consolidated Financial Results**

January 31,2020

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 FY03/2020 Financial Results Summary

2. Net Asset Value (NAV)

3. Reference

Results Summary

Consolidated results

(After insurance item adjustments*)

- Sales JPY16.5bn
- Recurring profit JPY0.66bn
- Net income JPY0.21bn
attributable to parent company shareholders

YoY change

- (+JPY1.92bn)
- (+JPY0.29bn)
- (+JPY0.23bn)

(Reference) Before

insurance item adjustments*

- JPY16.5bn
- JPY0.17bn
- JPY0.01bn

Key Points

- Strategic Consulting recovers (sales up 26.5% YoY)
- Insurance continues to be strong (sales up 21.7% YoY)
- One company completes IPO (Technoflex Corporation)

Topics

- Established Dimension venture capital fund in Japan and started operations
- Appointed senior advisors:
Takashi Shimada, former Vice-Minister of Economy, Trade and Industry
Hideka Morimoto, former Vice-Minister of the Environment
 - The two will provide advice on overall management and accelerate new business-creation projects that aim to address major social issues

Note: Monetary values rounded down to JPYbn

* P&L adjustments for insurance accounting (See page 5)

Q3 FY03/2020 Consolidated P&L

(After Insurance Item Adjustments)

(JPYbn)	Q3 FY03/2019	Q3 FY03/2020	YoY change		(Reference) Q2 FY03/2020
			Amount	Percentage	
Sales	14.66	16.59	+1.92	+13.2%	10.61
Gross profit	7.07	8.21	+1.13	+16.0%	5.18
Operating profit	0.28	0.68	+0.39	+138.3%	0.25
Recurring profit	0.36	0.66	+0.29	+82.0%	0.20
Net income attributable to parent company shareholders	-0.01	0.21	+0.23	—	-0.00

Q3 FY03/2020 Consolidated P&L

Reference

(Before Insurance Item Adjustments)

(JPYbn)	Q3 FY03/2019	Q3 FY03/2020	YoY change		(Reference) Q2 FY03/2020
			Amount	Percentage	
Sales	14.66	16.59	+1.92	+13.2%	10.61
Gross profit	6.80	7.72	+0.92	+13.6%	4.83
Operating profit	0.01	0.20	+0.18	+1697.8%	-0.09
Recurring profit	0.08	0.17	+0.09	+103.6%	-0.14
Net income attributable to parent company shareholders	0.15	0.01	-0.13	-86.8%	-0.14

Note: Amounts affected by adjustments for insurance items are displayed in blue font

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Adjusted Insurance Accounting Items and Amounts

Reference

(JPYbn)

	Q3 FY03/2019	Q3 FY03/2020
Unadjusted gross profit (consolidated)	6.80	7.72
<ul style="list-style-type: none"> ● Adjustment related to ordinary underwriting reserves* ● Catastrophe reserve provision** 	<ul style="list-style-type: none"> <li style="text-align: center;">-0.07 <li style="text-align: center;">+0.34 	<ul style="list-style-type: none"> <li style="text-align: center;">+0.05 <li style="text-align: center;">+0.42
Total adjustments	+0.27	+0.48
Adjusted gross profit (consolidated)	7.07	8.21

* 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)

Cumulative Q3 FY03/2020 P&L by Business Field

(JPYbn)

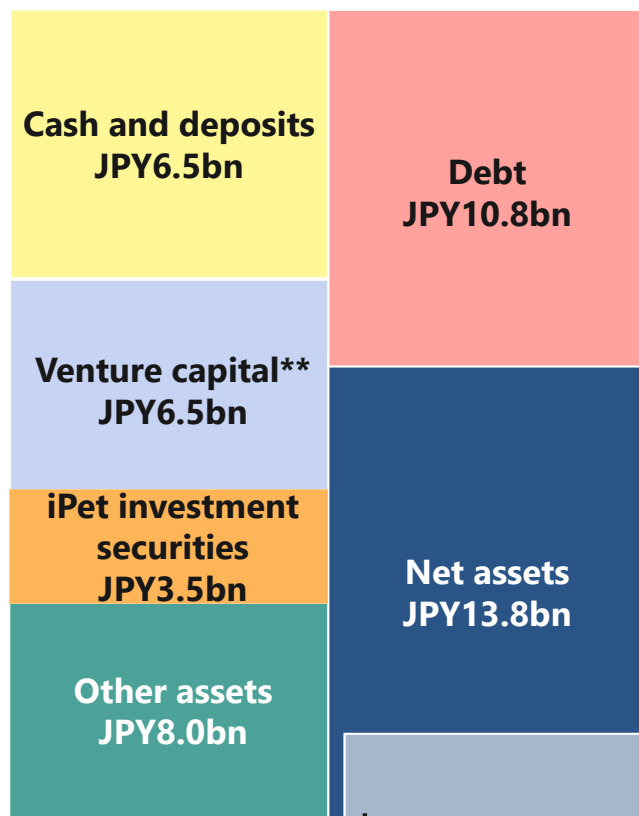
			Q3 FY03/2019	Q3 FY03/2020	YoY change	Highlights
Venture Capital segment		• Sales	1.89	0.71	-62.3%	<ul style="list-style-type: none"> • 1 IPO (Technoflex) • Invested in 17 projects, cash recovered on 8 projects • Established new fund
		• Recurring profit	-0.01	-0.05	—	
Professional Services segment	Strategic consulting	• Sales	1.41	1.79	+26.5%	<ul style="list-style-type: none"> • Solid Q3 growth despite 1H stagnation
		• Recurring profit	-0.09	0.22	—	
	DI Asia	• Sales	0.25	0.23	-6.0%	<ul style="list-style-type: none"> • Withdrew from market research business
		• Recurring profit	-0.14	-0.13	—	
Business Investment	Insurance segment	• Sales	10.87	13.23	+21.7%	<ul style="list-style-type: none"> • Solid new order flow • Profit growth despite higher expenses
		• Recurring profit*	0.63	0.73	+16.2%	
	Other segment (WorkStyleLab)	• Sales	0.22	0.63	+177.2%	<ul style="list-style-type: none"> • Investment phase • Consolidated in Q3 FY03/2019
• Recurring profit	-0.01	-0.09	—			

Note: Recurring profit: Segment profit - HQ cost ± Non-operating profit and loss
* Adjusted for insurance items

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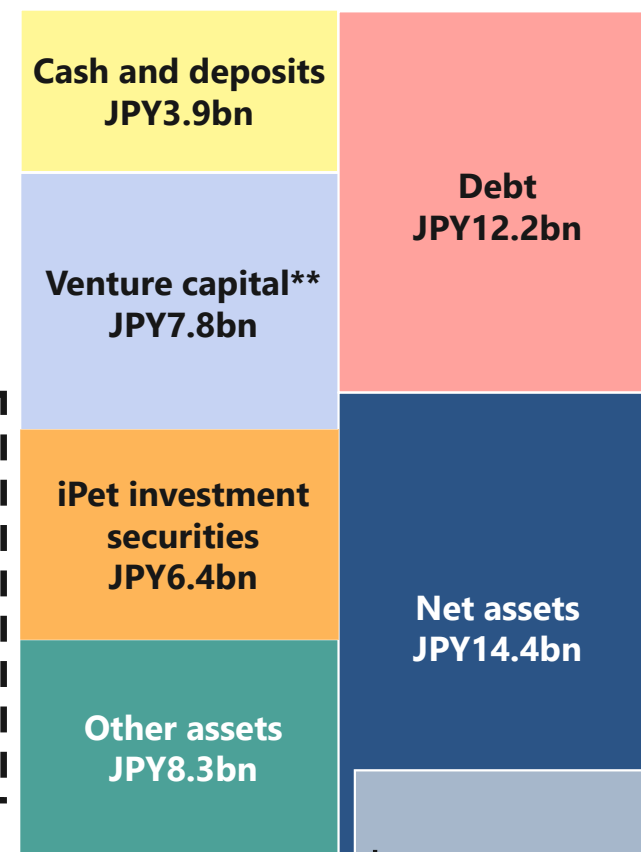
Q3 FY03/2020 Consolidated Balance Sheet

March 31, 2019
(Total assets: JPY24.7bn)



Of which, JPY2.5bn is non-controlling interest

December 31, 2019
(Total assets: JPY26.7bn)



Of which, JPY2.9bn is non-controlling interest

Breakdown of change in net assets	
● Net income	+JPY0.01bn
● Non-controlling interests	+JPY0.43bn
● Purchase of treasury shares	-JPY0.29bn
● Valuation difference on available-for-sale securities*	+JPY0.28bn
● Other comprehensive income	+JPY0.10bn
● Total	+JPY0.54bn

Off-balance-sheet assets : Approx. JPY8.8bn (iPet unrealized gains)

* Impact of exchange rate fluctuations on available-for-sale securities denominated in foreign currencies, etc.

** Includes post-IPO

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NAV in FY03/2020

(JPYbn)

March 31, 2019

December 31, 2019

Forecast for March 31, 2020 at start of fiscal year

Total: 30.1
(JPY2,926 per share)

Venture Capital Investment:

6.8

Professional Services:
10.1

Business Investment:
13.5

- Increase in investment projects with 17 so far in FY03/2020
- Cash recovered on 8 projects
- Change in value of holdings +JPY1.2bn
- Profit recovered
- PER 25x⇒35x
- Recovery in iPet share price
- Valuations unchanged in other invested businesses

Total: 34.2
(JPY3,380 per share)

8.1

13.4

13.4

Net Cash -0.4

-0.8

Total: 35.0

8.0

11.0

18.0

-2.0*

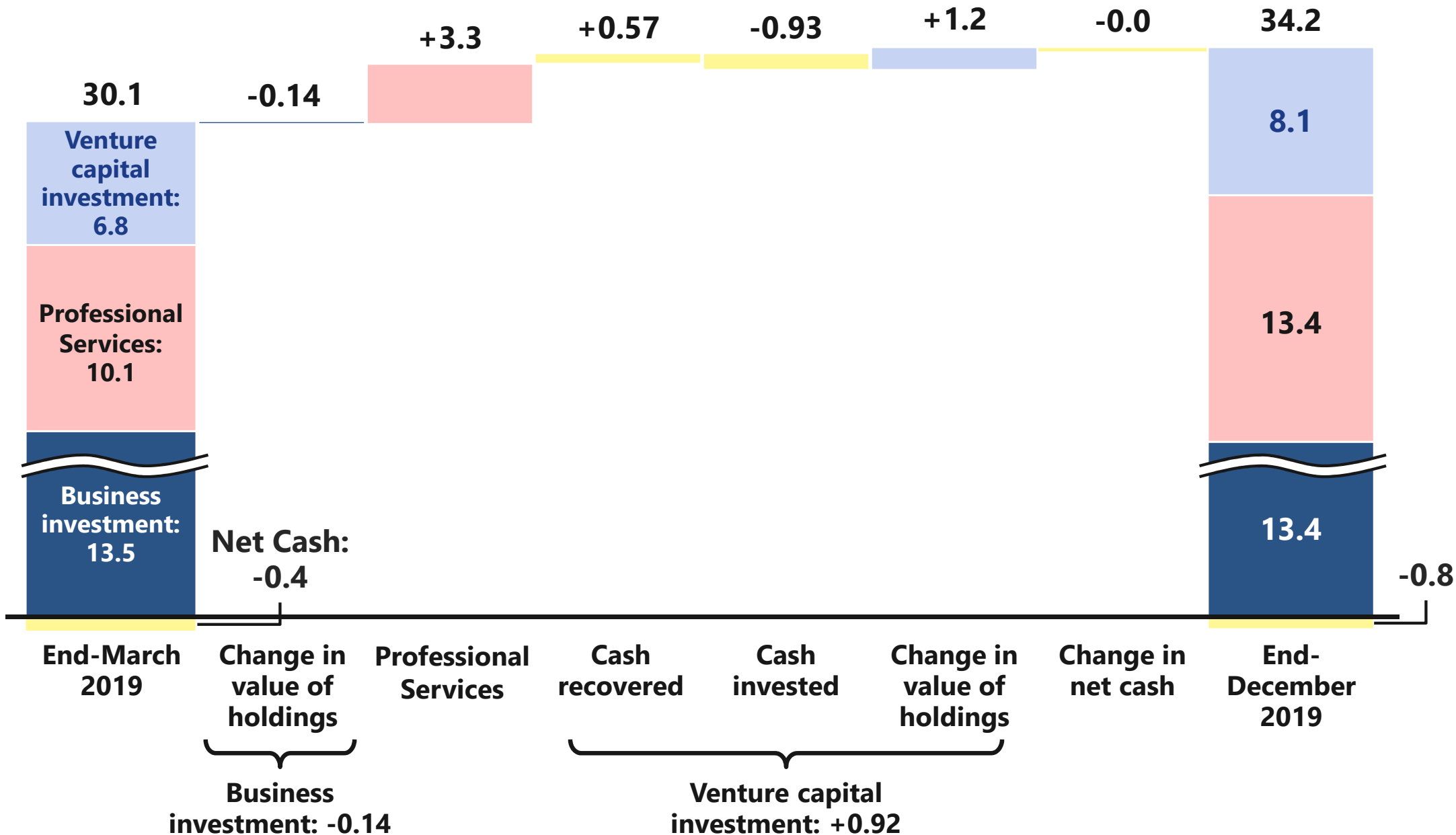
Note: DI Asia is not included in Professional Services, but in Business Investment

* Cash recovered from venture capital investments is incorporated into Venture Capital Investment (light blue)

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Breakdown of Changes 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.**
- **Professional Services:**
 - **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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Takashi Shimada



**Advisor to the Ministry of Economy,
Trade and Industry**

**Former Vice-Minister of Economy,
Trade and Industry**

Hideka Morimoto



**Advisor to the Ministry of
the Environment**

**Former Vice-Minister of
the Environment**

**Provide advice on overall management and accelerate new
business-creation projects that aim to address major social issues**

Establishment of Dimension Venture Capital Fund in Japan

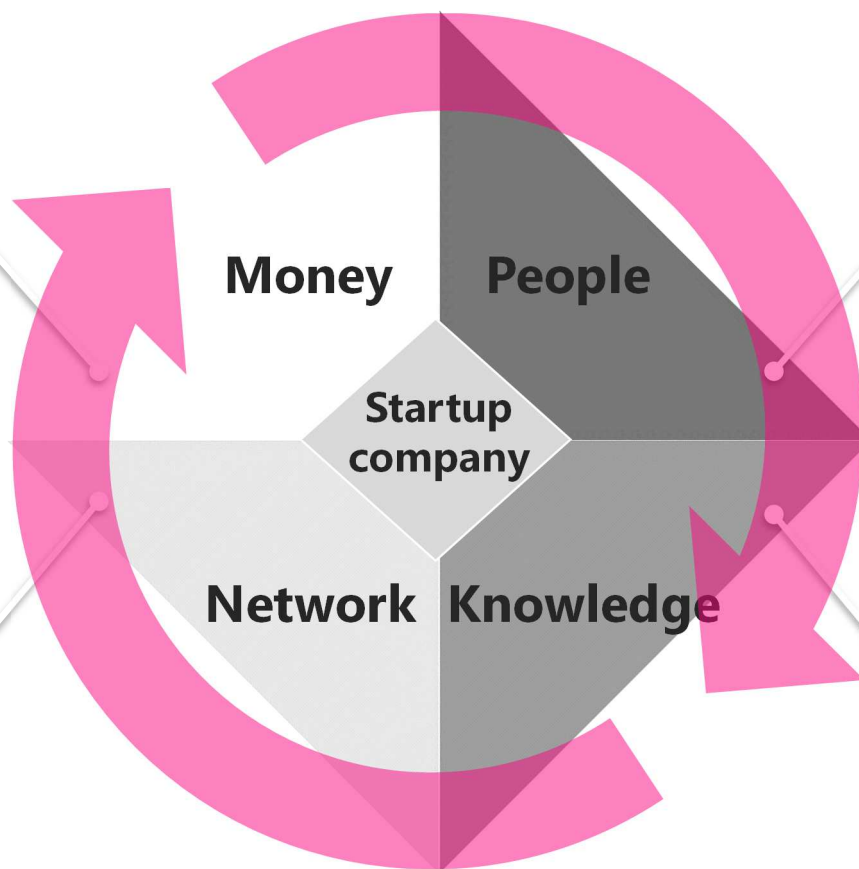
A “360° fund” providing one-stop support for entrepreneurs

DIMENSION

Investment support through funds

A hub for large companies and government agencies

DI



CAREEPOOL
for the chosen one by DIMENSION

Start an HR introduction service

Provide knowledge amassed through a proven incubation track record and owned media

Venture Navi

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Dream Incubator Inc.

The Business Producing Company