

Q3 FY03/2023

Supplementary Materials for Consolidated Financial Results

February 7, 2023

Dream Incubator Inc.

(Stock Code: 4310)

The logo consists of the letters 'DI' in a white, serif font, centered within a dark blue square. The background of the entire slide is a high-angle photograph of a coastline with white clouds and a bright sun in the sky.

DI

SUMMARY

Q3 performance

- **Business Production: Remained strong**
 - Q3 sales of JPY2.7bn (+33% YoY, 82% of full-year plan)
 - Record-high quarterly sales in Q3
 - Accelerate further investment (hiring) in Q4 looking to future growth
- **Incubation: Moving ahead with recovering profit**
 - **Business Investment: Subsidiary ipet Holdings tender offer completed in January**
 - **Venture Capital: Profit grew significantly YoY due to large-scale recovery of funds**

Impact of ipet sale

- **Set to book extraordinary income of roughly JPY18.1bn in Q4**
- **Roughly JPY15.0bn in cash (after tax). Uses decided at this stage:**
 - **Special year-end dividend of JPY2.0bn as preliminary shareholder return, targeting total return of JPY10.0bn**
 - **Special bonus of JPY2.0bn* as HR investment, targeting total growth investment of JPY5.0bn**
- **Remaining JPY8.0bn in planned returns to be completed by the end of the final year of the Medium-Term Management Plan (June 2025) through share buybacks and dividends**
 - **Further details to be announced when FY03/23 results released in May 2023**

* Portion exceeding annual remuneration limit for directors to be paid subject to approval at the June 2023 Annual General Meeting of Shareholders

Q3 FY03/2023 CONSOLIDATED P&L

(JPYbn)	Q3 FY03/ 2022	Q3 FY03/ 2023	YoY change	
			Amount	%
Sales	26.10	28.99	2.88	11.0%
Gross profit	10.97	12.99	2.01	18.4%
Operating profit	0.01	1.95	1.94	—
Recurring profit	0.25	2.00	1.74	679.8%
Net income	0.04	1.45	1.41	—

(attributable to parent company shareholders)

Note: Disclosure of profit (loss) after adjustment for insurance items discontinued due to the transfer of ipet Holdings

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Q3 FY03/2023 P&L by SEGMENT

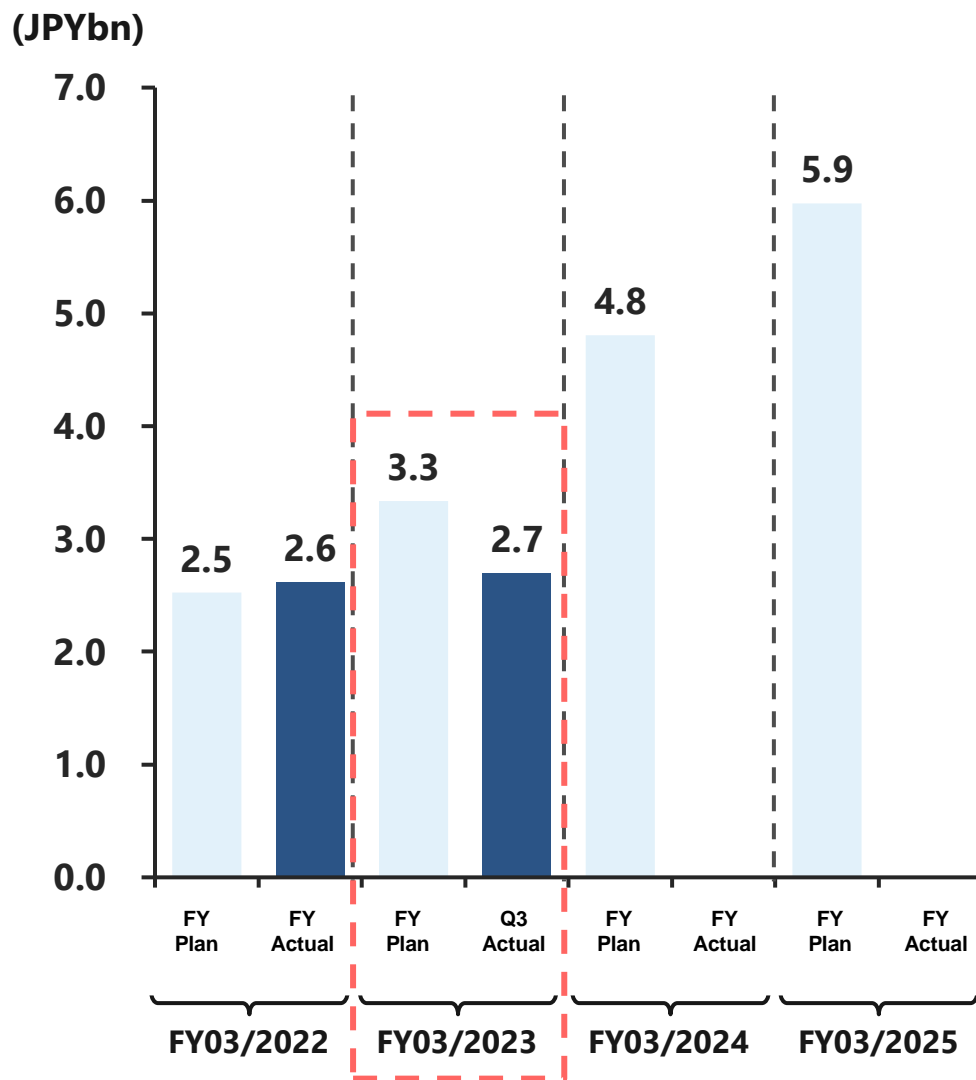
(JPYbn)		Q3 FY03/2022	Q3 FY03/2023	YoY change	Notes	
Business Production	• Sales	2.03	2.70	33%	<ul style="list-style-type: none"> Record-high quarterly sales in Q3 Accelerate further investment in Q4 looking to future growth 	
	• Recurring profit	0.27	0.29	10%		
Venture Capital	• Sales	0.77	1.91	148%	<ul style="list-style-type: none"> Recovery from one large-scale project, achieved major growth No significant recovery of profit expected in Q4 	
	• Recurring profit	0.27	0.83	203%		
Business Investment	Pet Lifestyle	• Sales	20.99	24.37	16%	<ul style="list-style-type: none"> Tender offer successful, extraordinary income of roughly JPY18.1bn set to be booked in Q4 Consolidated until Q3
		• Recurring profit*	0.10	0.87	761%	
	HR Innovation	• Sales	0.97	—	—	<ul style="list-style-type: none"> Sold in Q1 FY03/2023 and recorded JPY0.03bn in extraordinary income Excluded from consolidation from beginning of FY03/2023
		• Recurring profit	-0.12	—	—	
	Fan Marketing	• Sales	1.39	—	—	<ul style="list-style-type: none"> Sold in Q1 FY03/2023 and recorded JPY0.51bn in extraordinary income Excluded from consolidation from beginning of FY03/2023
		• Recurring profit	-0.26	—	—	

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

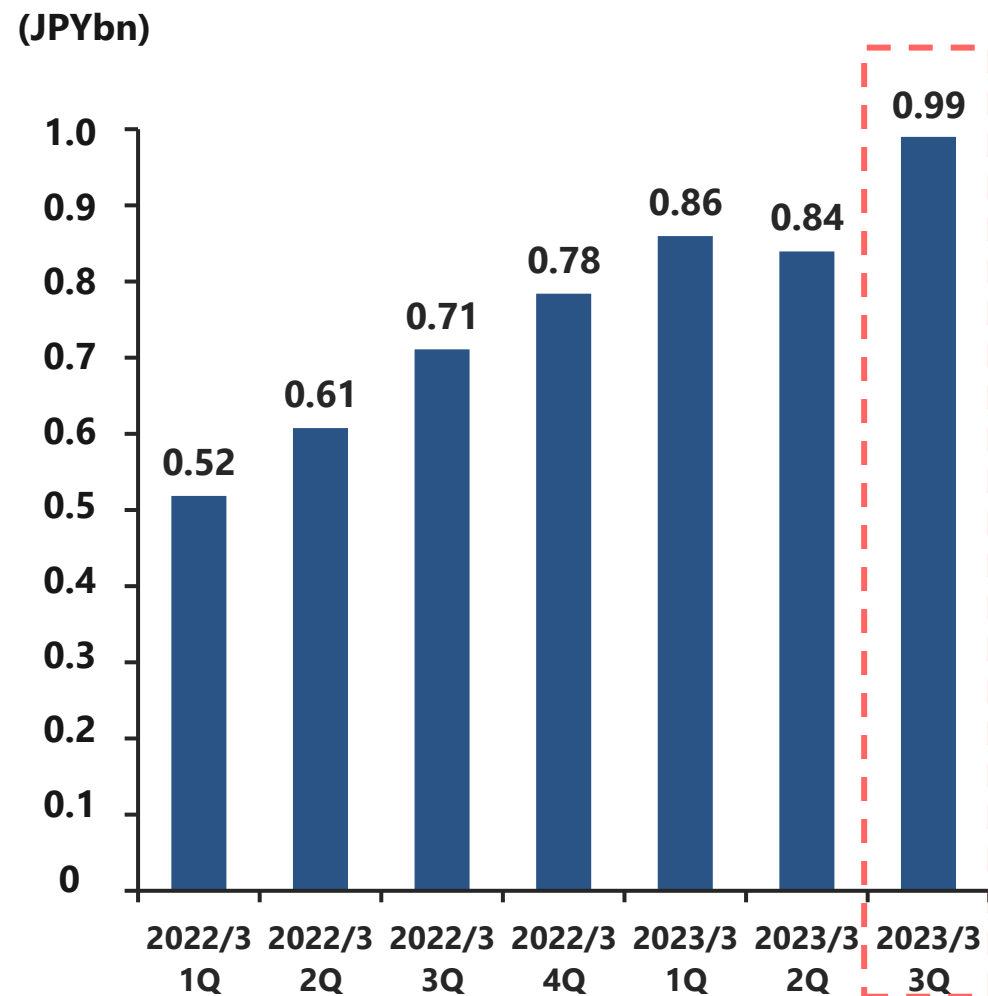
* Disclosure of profit (loss) after adjustment for insurance items discontinued due to the transfer of ipet Holdings

BUSINESS PRODUCTION SALES

Sales* progress vs. plan



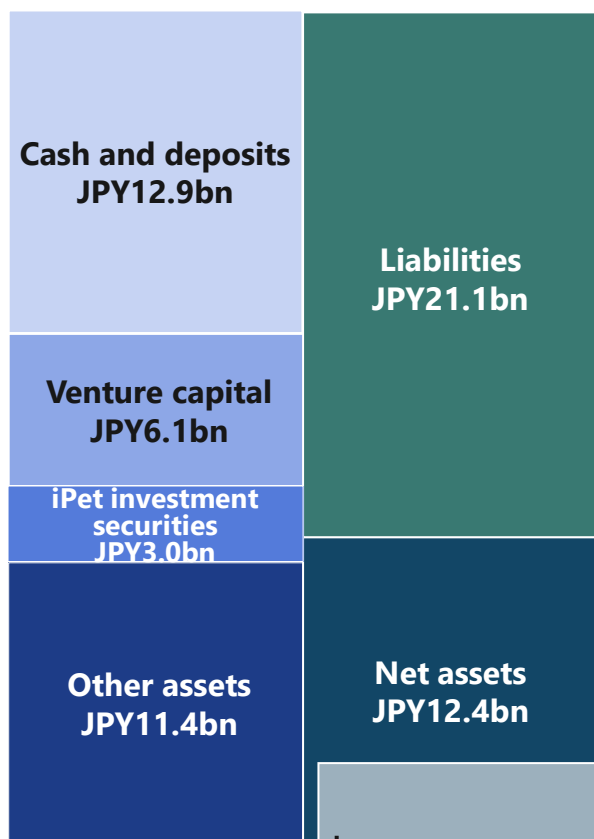
Quarterly sales*



* Excluding sales and profit from carved-out businesses © DI 2023 – ALL RIGHTS RESERVED.

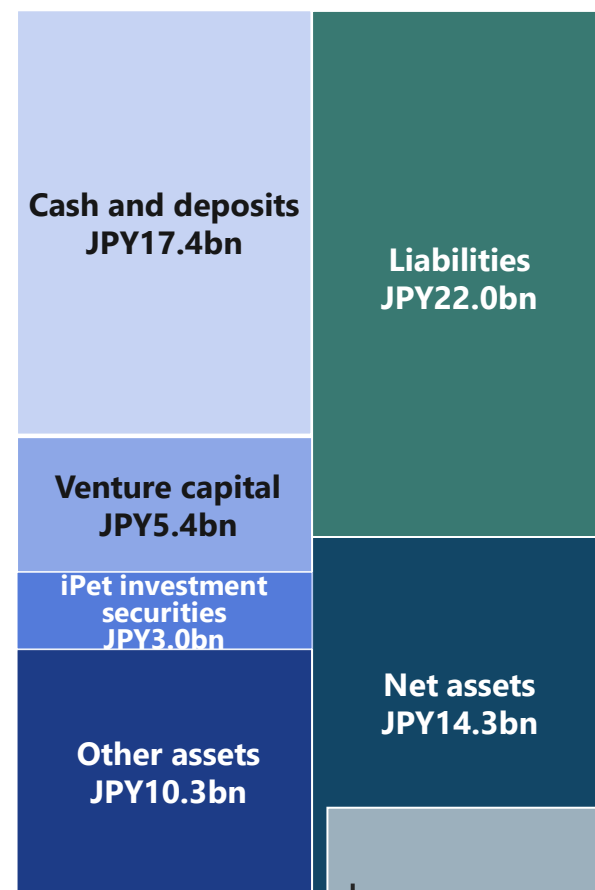
Q3 FY03/2023 CONSOLIDATED BALANCE SHEET

March 31, 2022
(Total assets: JPY33.5bn)



Includes non-controlling interests of JPY2.6bn

December 31, 2022
(Total assets: JPY36.3bn)

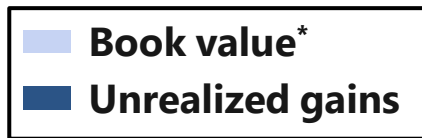


Includes non-controlling interests of JPY3.0bn

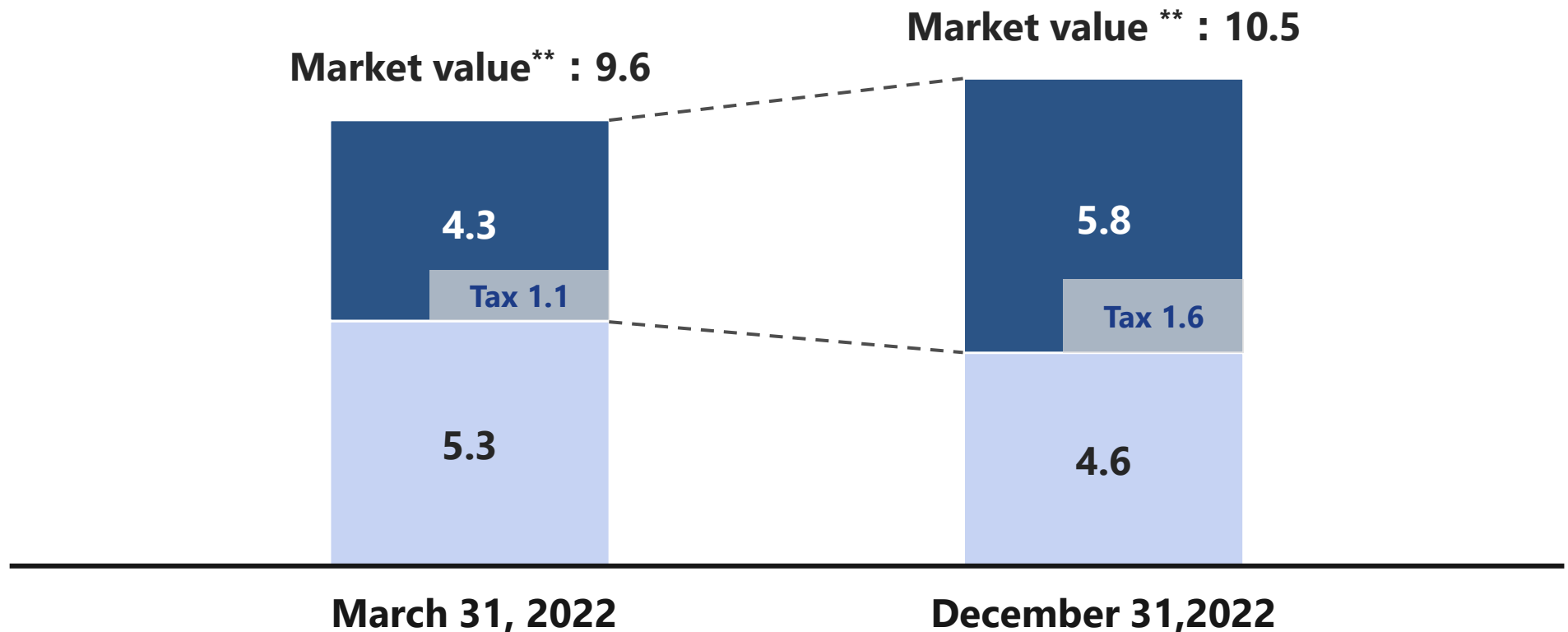
Breakdown of change in net assets

- Net income + JPY1.45bn
- Non-controlling interests + JPY0.36bn
- Valuation differences on available-for-sale securities + JPY0.06bn
- Other comprehensive income ▲ JPY0.10bn
- Capital surplus + JPY0.09bn
- Total + JPY1.86bn

STATUS OF INVESTMENT AS OF END-Q3 FY03/2023



(JPYbn)



* Fund investments include DI's interests only.
 ** Listed companies: Market capitalization at period-end × DI's interests
 Unlisted companies: Book value of investment at period-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.

PROCEEDS FROM IPET SALE: POLICY CURRENT DECISIONS

Further returns to be announced in May

Shareholder
return of
JPY10.0bn

Growth
investment
of JPY5.0bn

Implementation plan

While comprehensively taking into consideration stock prices and other factors, provide returns to reward shareholder support over the longer term

Allocate to investments that help strengthen the Business Production platform and expand, evolve (including acquisitions)

Current decisions

Special year-end dividend of JPY2.0bn

- Remaining JPY8.0bn in planned returns to be completed by the end of the final year of the Medium-Term Management Plan (June 2025) through share buybacks and dividends

Special bonus of JPY2.0bn for executives and employees as HR investment (to attract, retain highly talented personnel)

- JPY1.5bn in cash, JPY0.5bn in stock remuneration

DI = The Business Producing Company

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