

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 7, 2023

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, 2023
 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, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	28,993	11.0	1,952	–	2,002	679.8	1,453	–
Nine months ended December 31, 2021	26,109	31.0	12	–	256	–	41	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	148.97		148.49	
Nine months ended December 31, 2021	4.33		4.27	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	36,391	14,321	31.0
As of March 31, 2022	33,574	12,454	29.1

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, 2022	0.00	0.00	0.00	0.00	–
Year ending March 31, 2023	0.00	0.00	0.00		
Year ending March 31, 2023 (Forecast)				191.11	191.11

3. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(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 December 31, 2022	10,465,100 shares	As of March 31, 2022	10,454,500 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	705,419 shares	As of March 31, 2022	705,419 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, 2022	9,757,768 shares	Nine months ended December 31, 2021	9,693,834 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	12,933	17,458
Notes and accounts receivable - trade, and contract assets	5,325	4,780
Operational investment securities	6,530	5,864
Securities	2,767	3,023
Allowance for investment loss	(357)	(367)
Inventories	87	26
Other	740	720
Allowance for doubtful accounts	(26)	(26)
Total current assets	28,001	31,478
Non-current assets		
Property, plant and equipment	916	841
Intangible assets		
Goodwill	814	415
Other	982	645
Total intangible assets	1,796	1,061
Investments and other assets		
Investment securities	354	163
Deferred tax assets	2,015	2,442
Other	489	404
Total investments and other assets	2,859	3,010
Total non-current assets	5,572	4,913
Total assets	33,574	36,391

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	554	2
Short-term borrowings	1,100	–
Current portion of long-term borrowings	395	272
Reserve for insurance policy liabilities	14,594	17,027
Outstanding claims	2,075	2,265
Policy reserve	12,519	14,761
Income taxes payable	231	847
Provision for shareholder benefit program	23	–
Provision for bonuses	283	250
Other	1,833	1,636
Total current liabilities	19,017	20,037
Non-current liabilities		
Long-term borrowings	1,648	1,018
Deferred tax liabilities	81	542
Provision for share awards	313	418
Other	59	53
Total non-current liabilities	2,101	2,032
Total liabilities	21,119	22,070
Net assets		
Shareholders' equity		
Share capital	5,014	5,019
Capital surplus	4,458	4,548
Retained earnings	942	2,547
Treasury shares	(1,099)	(1,374)
Total shareholders' equity	9,316	10,741
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	523	587
Foreign currency translation adjustment	(61)	(48)
Total accumulated other comprehensive income	462	538
Share acquisition rights	3	–
Non-controlling interests	2,672	3,041
Total net assets	12,454	14,321
Total liabilities and net assets	33,574	36,391

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, 2021	Nine months ended December 31, 2022
Net sales	26,109	28,993
Cost of sales	15,133	15,999
Gross profit	10,976	12,993
Selling, general and administrative expenses	10,963	11,041
Operating profit	12	1,952
Non-operating income		
Interest income	11	14
Dividend income	1	–
Gain on sale of investment securities	191	–
Gain on sale of non-current assets	–	30
Foreign exchange gains	–	9
Other	62	11
Total non-operating income	267	67
Non-operating expenses		
Interest expenses	9	8
Foreign exchange losses	4	–
Loss on retirement of non-current assets	0	4
Price change reserve provision	2	1
Other	6	2
Total non-operating expenses	23	17
Ordinary profit	256	2,002
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	5	546
Total extraordinary income	5	546
Extraordinary losses		
Extra retirement payments of subsidiaries and associates	24	–
Tender offer related expenses	–	177
Total extraordinary losses	24	177
Profit before income taxes	237	2,371
Income taxes - current	67	899
Income taxes - deferred	39	(191)
Total income taxes	107	707
Profit	130	1,664
Profit attributable to non-controlling interests	88	210
Profit attributable to owners of parent	41	1,453

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	130	1,664
Other comprehensive income		
Valuation difference on available-for-sale securities	192	25
Foreign currency translation adjustment	17	12
Total other comprehensive income	209	38
Comprehensive income	339	1,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	259	1,529
Comprehensive income attributable to non-controlling interests	80	172