

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 1, 2023

Company name: Dream Incubator Inc.
 Stock exchange listing: Tokyo
 Stock code: 4310 URL <https://www.dreamincubator.co.jp>
 Representative: Representative Director & President Takayuki Miyake
 Inquiries: Executive Officer, Corporate Toshihiro Uemura TEL 03-5532-3200
 Scheduled date to file Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	2,414	(87.2)	(683)	–	(688)	–	(674)	–
Six months ended September 30, 2022	18,876	12.4	794	–	878	–	1,017	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(71.41)	–
Six months ended September 30, 2022	104.25	104.10

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	19,891	17,690	86.4
As of March 31, 2023	31,310	21,917	68.5

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, 2023	0.00	0.00	0.00	191.11	191.11
Year ending March 31, 2024	0.00	0.00			
Year ending March 31, 2024 (Forecast)			–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: No
- 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 September 30, 2023	10,465,100 shares	As of March 31, 2023	10,465,100 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,408,391 shares	As of March 31, 2023	700,977 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	9,440,533 shares	Six months ended September 30, 2022	9,756,807 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,397	6,913
Notes and accounts receivable - trade, and contract assets	1,074	1,339
Operational investment securities	5,463	5,246
Securities	13,800	5,300
Allowance for investment loss	(103)	(103)
Other	191	688
Allowance for doubtful accounts	(24)	(24)
Total current assets	30,800	19,360
Non-current assets		
Property, plant and equipment	249	273
Intangible assets		
Other	8	7
Total intangible assets	8	7
Investments and other assets		
Investment securities	65	65
Deferred tax assets	29	27
Other	158	157
Total investments and other assets	252	250
Total non-current assets	510	530
Total assets	31,310	19,891

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3	3
Current portion of long-term borrowings	50	–
Income taxes payable	6,158	53
Provision for shareholder benefit program	19	–
Provision for bonuses	1	1
Provision for bonuses for directors (and other officers)	240	–
Other	1,856	851
Total current liabilities	8,328	909
Non-current liabilities		
Deferred tax liabilities	124	273
Provision for share awards	939	1,017
Other	0	0
Total non-current liabilities	1,064	1,291
Total liabilities	9,393	2,201
Net assets		
Shareholders' equity		
Share capital	5,019	5,019
Capital surplus	4,548	4,548
Retained earnings	12,648	9,974
Treasury shares	(1,366)	(3,301)
Total shareholders' equity	20,850	16,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	944
Foreign currency translation adjustment	(39)	1
Total accumulated other comprehensive income	590	946
Non-controlling interests	475	502
Total net assets	21,917	17,690
Total liabilities and net assets	31,310	19,891

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	18,876	2,414
Cost of sales	10,755	1,933
Gross profit	8,121	481
Selling, general and administrative expenses	7,327	1,164
Operating profit (loss)	794	(683)
Non-operating income		
Interest income	11	11
Gain on sale of non-current assets	30	–
Foreign exchange gains	47	–
Other	7	2
Total non-operating income	97	14
Non-operating expenses		
Interest expenses	5	0
Commission expenses	1	11
Foreign exchange losses	–	7
Loss on retirement of non-current assets	4	0
Other	1	0
Total non-operating expenses	13	19
Ordinary profit (loss)	878	(688)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	546	–
Total extraordinary income	546	–
Profit (loss) before income taxes	1,425	(688)
Income taxes - current	636	36
Income taxes - deferred	(275)	41
Total income taxes	361	78
Profit (loss)	1,063	(767)
Profit (loss) attributable to non-controlling interests	46	(93)
Profit (loss) attributable to owners of parent	1,017	(674)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	1,063	(767)
Other comprehensive income		
Valuation difference on available-for-sale securities	454	353
Foreign currency translation adjustment	56	41
Total other comprehensive income	511	394
Comprehensive income	1,574	(372)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,505	(318)
Comprehensive income attributable to non-controlling interests	69	(53)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	1,425	(688)
Depreciation	165	30
Amortization of goodwill	26	–
Increase (decrease) in outstanding claims	168	–
Increase (decrease) in policy reserve	1,632	–
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	8	0
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(240)
Increase (decrease) in provision for share awards	67	77
Increase (decrease) in provision for shareholder benefit program	(16)	(19)
Interest and dividend income	(11)	(11)
Foreign exchange losses (gains)	(48)	0
Loss (gain) on sale of non-current assets	(30)	–
Loss (gain) on sale of shares of subsidiaries and associates	(546)	–
Decrease (increase) in operational investment securities	578	654
Decrease (increase) in short-term investment securities	(793)	–
Decrease(Increase) in trade receivables and contract assets	23	(290)
Decrease (increase) in inventories	5	–
Decrease (increase) in accounts receivable - other	100	(3)
Increase (decrease) in trade payables	0	(14)
Increase (decrease) in accounts payable - other	(44)	(624)
Other, net	(154)	(901)
Subtotal	2,556	(2,031)
Interest and dividends received	12	16
Interest paid	(5)	–
Income taxes refund	7	0
Income taxes paid	(106)	(5,874)
Net cash provided by (used in) operating activities	2,464	(7,889)
Cash flows from investing activities		
Payments into time deposits	(86)	(154)
Proceeds from withdrawal of time deposits	140	134
Purchase of securities	–	(1,500)
Proceeds from redemption of securities	–	10,000
Purchase of property, plant and equipment	(159)	(226)
Proceeds from sale of property, plant and equipment	157	–
Purchase of intangible assets	(0)	(3)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	793	–
Payments of leasehold and guarantee deposits	(0)	(0)
Proceeds from refund of leasehold and guarantee deposits	208	0
Loan advances	(3)	(2)
Proceeds from collection of loans receivable	156	2
Net cash provided by (used in) investing activities	1,204	8,250

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from issuance of shares	7	–
Net increase (decrease) in short-term borrowings	(900)	–
Proceeds from long-term borrowings	200	–
Repayments of long-term borrowings	(647)	(50)
Proceeds from share issuance to non-controlling shareholders	33	–
Contributions from non-controlling interests in consolidated investment funds	149	106
Distributions to non-controlling interests in consolidated investment funds	–	(21)
Purchase of treasury shares	–	(1,935)
Dividends paid	–	(1,995)
Other, net	(5)	0
Net cash provided by (used in) financing activities	(1,161)	(3,896)
Effect of exchange rate change on cash and cash equivalents	71	31
Net increase (decrease) in cash and cash equivalents	2,579	(3,503)
Cash and cash equivalents at beginning of period	12,810	10,263
Cash and cash equivalents at end of period	15,389	6,759