



1H FY03/2024

Financial Results Briefing Presentation

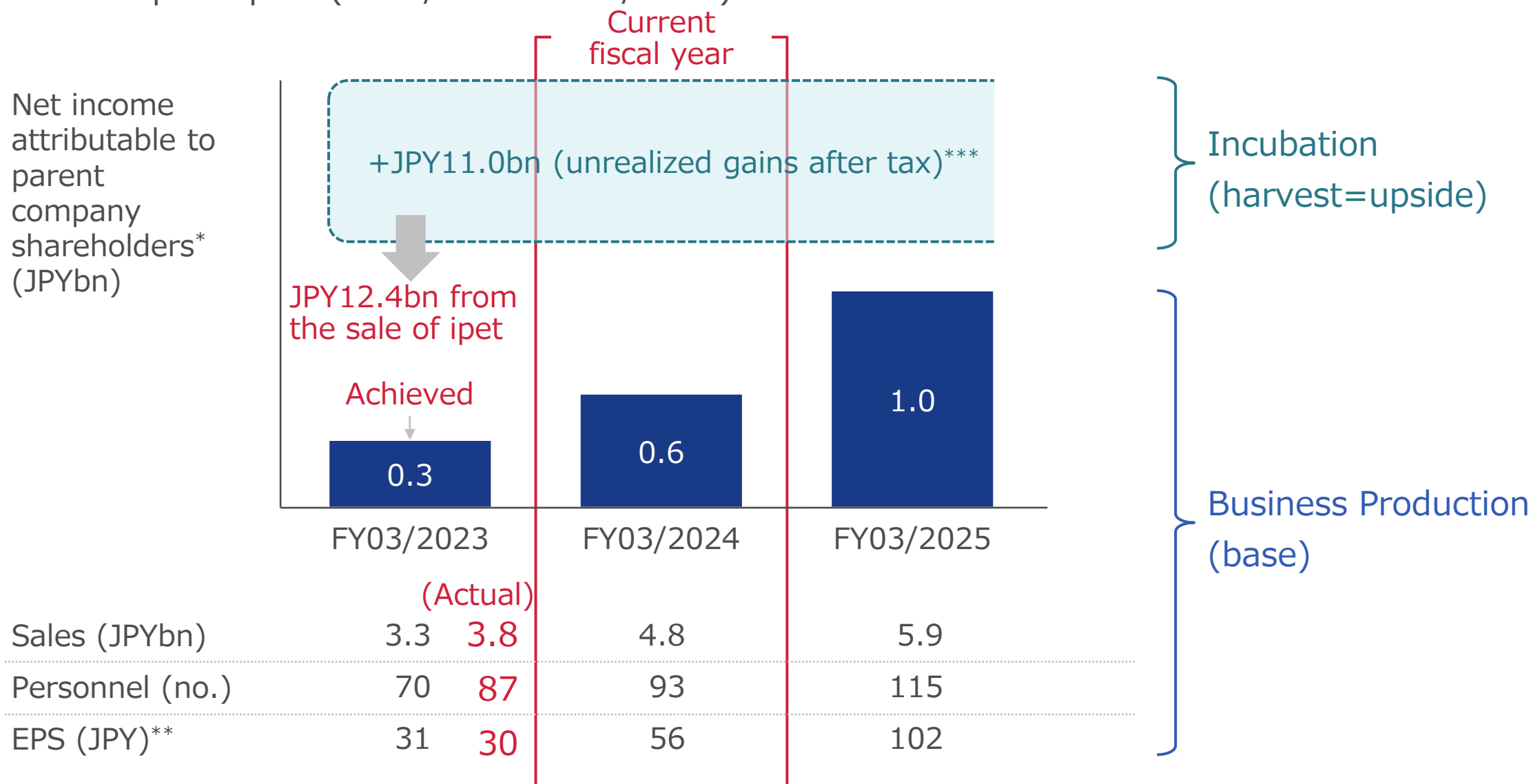
November 1, 2023

Dream Incubator Inc. (stock code: 4310)



INTRO: Positioning of FY03/2024 in the Medium-Term Management Plan

Medium-term profit plan (FY03/2023–FY03/2025)



• Simple calculation of recurring profit x tax rate of 30%
** Estimates are based on the total number of shares issued as of March 31, 2022
*** As of March 31, 2022. Unrealized gains after tax as of September 30, 2023: JPY3.8bn

SUMMARY

1H results: Business Production grew firmly, while Venture Capital booked impairment losses in three companies

- Business Production (base business):
 - Sales: JPY2.08bn (+22% YoY)
 - In addition to capturing the needs for business creation projects, orders for the new service, Technology & Amplify (T&A), began to grow in full-scale
 - Operating loss: JPY0.23bn
 - Sales growth accelerated despite ongoing aggressive hiring, and the business moved into the black on a monthly basis
- Venture Capital (harvesting investments appropriately):
 - Operating loss: JPY0.44bn
 - Posted impairment losses for investment in three Indian companies, due to the prolonged weak sentiment in the local financing market

Toward achieving the full-year targets

- Business Production: Demand continues holding firm. Plan to absorb cost increases with anticipated further growth in orders in 2H, and continue working toward achieving the full-year net income target of JPY0.6bn
- Venture Capital: Impairment losses preceded profit gains. Plan to continue recouping investments appropriately in 2H

Shareholder returns

- Announced a plan for returning a total of JPY10.0bn to shareholders in three years. Share buyback of up to JPY3.0bn is currently under way.



1H FY03/2024 Financial Results

Reference Materials

- Company profile
- Current medium-term management plan

1H FY03/2024 CONSOLIDATED P&L

Excludes businesses sold in FY03/2023

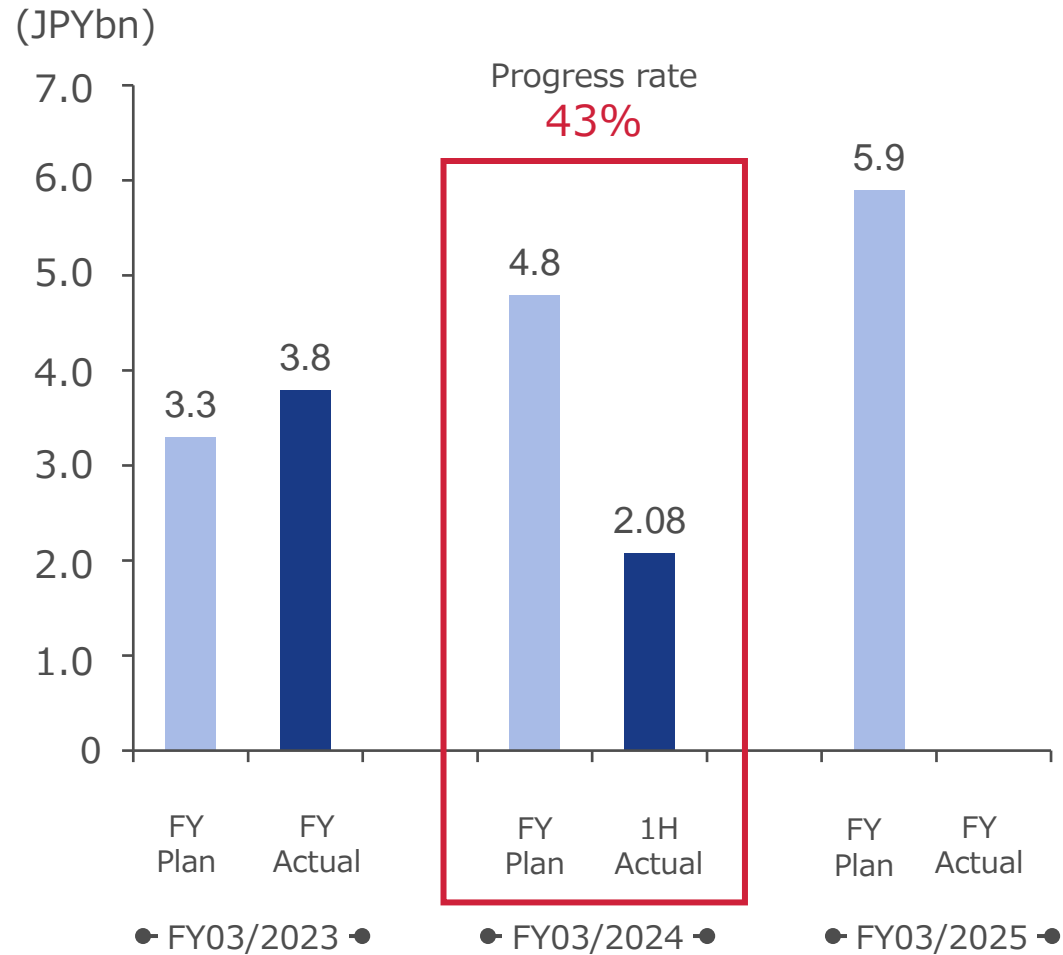
| | 1H FY03/2023 (JPYbn) | 1H FY03/2024 (JPYbn) | YoY change (%) |
|------------------------|-------------------------|-------------------------|-------------------|
| Sales | 2.87 | 2.41 | -16 |
| • Business Production | 1.70 | 2.08 | 22 |
| • Venture Capital | 1.17 | 0.32 | -72 |
| Operating profit | 0.48 | -0.68 | — |
| • Business Production* | 0.16 | -0.23 | — |
| • Venture Capital* | 0.32 | -0.44 | — |
| Recurring profit | 0.53 | -0.68 | — |
| Net income | — ** | -0.67 | — |

*
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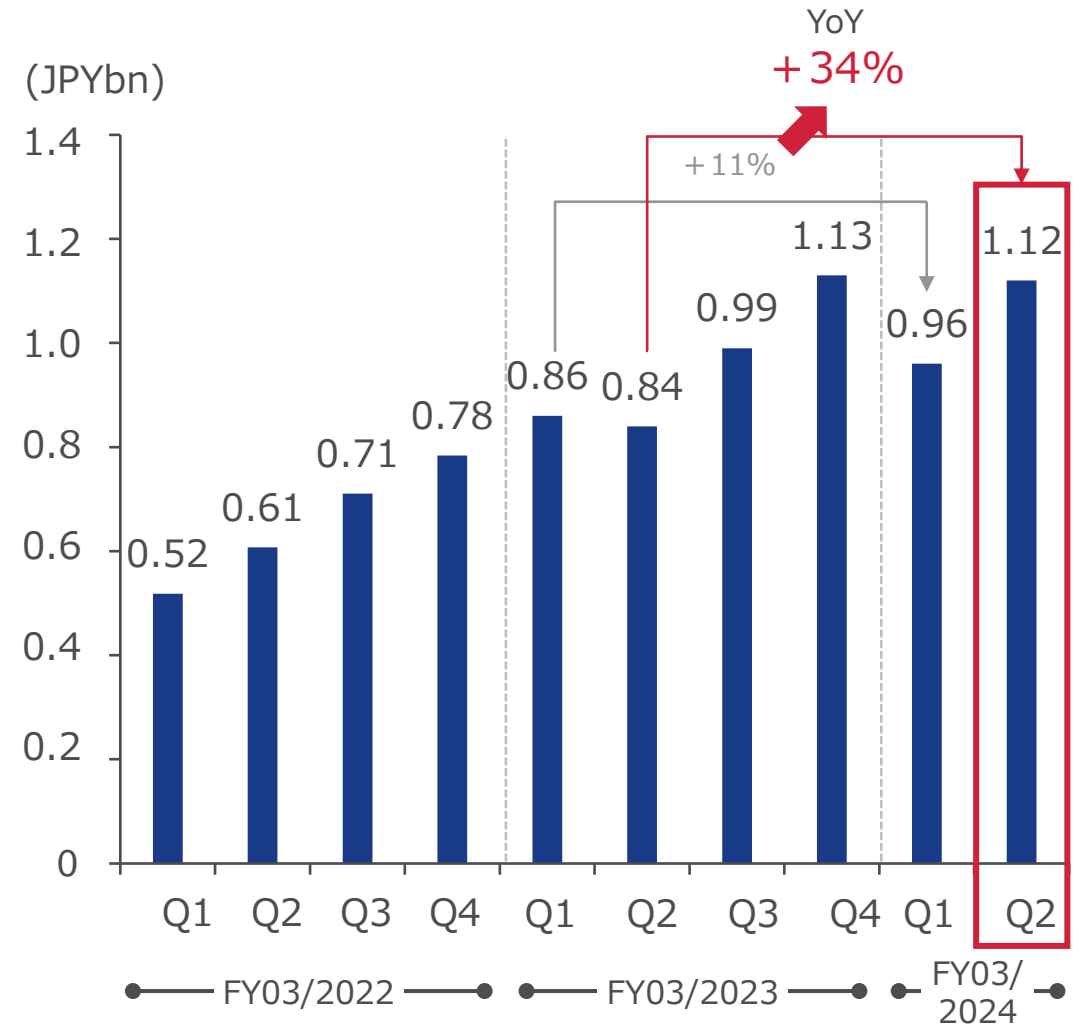
Segment operating profit = segment profit – companywide expenses
No figure provided for 1H FY03/2023, as net income for FY03/2023 was calculated based on all businesses, including those already sold

BUSINESS PRODUCTION: SALES

Sales progress vs. plan

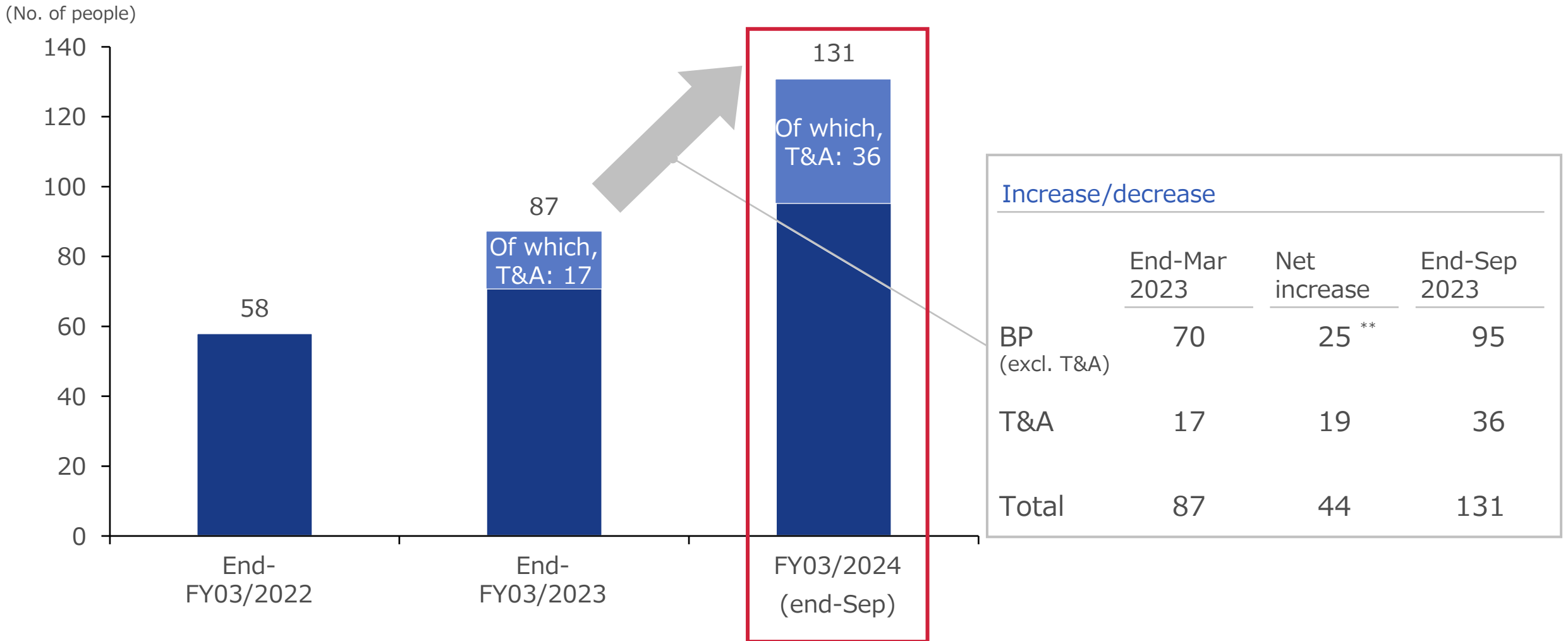


Quarterly sales*



* Excludes sales in businesses sold

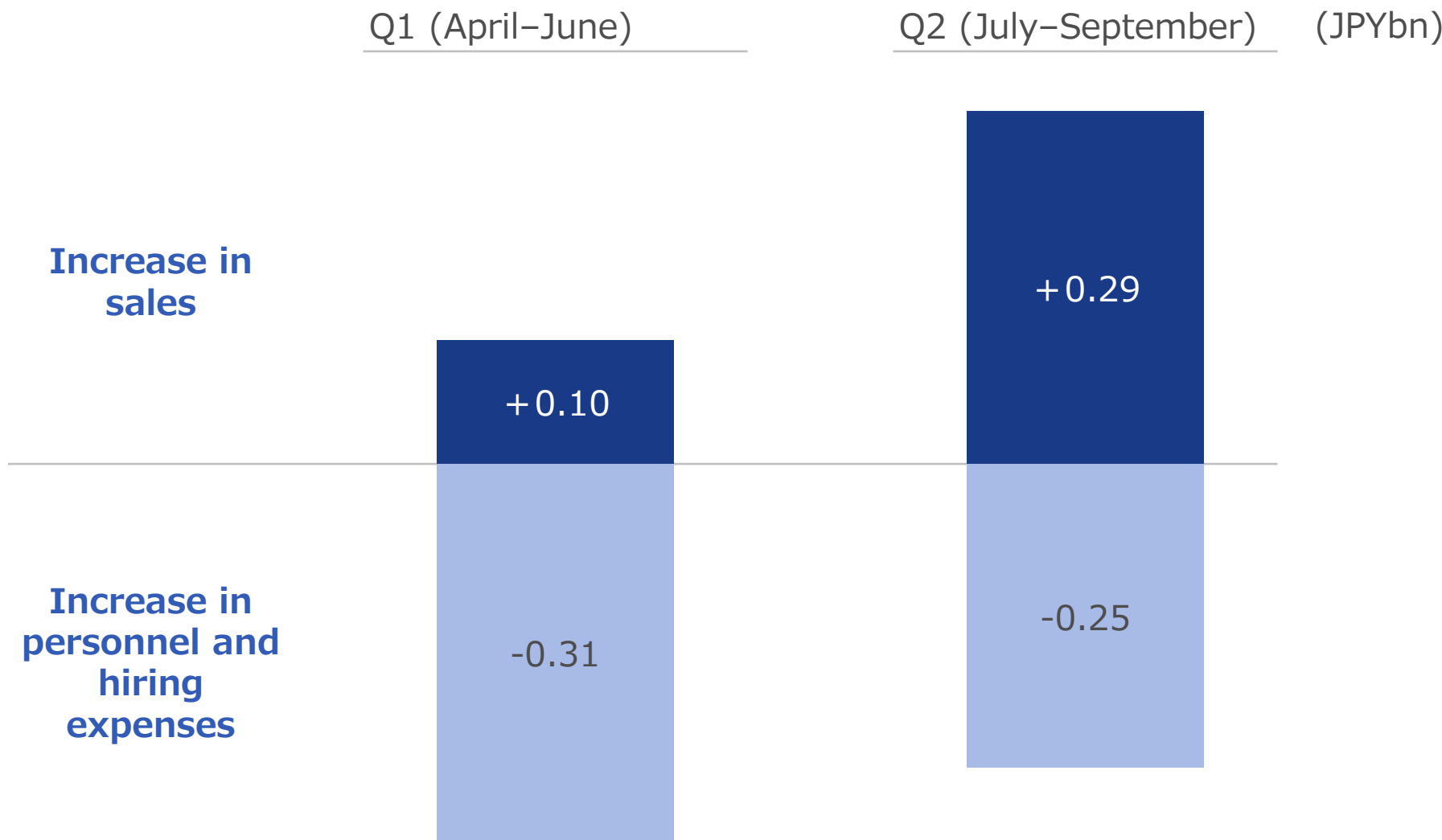
BUSINESS PRODUCTION: NUMBER OF BUSINESS PRODUCERS*



* Excludes employees dedicated to Incubation
** Includes two employees transferred from Incubation

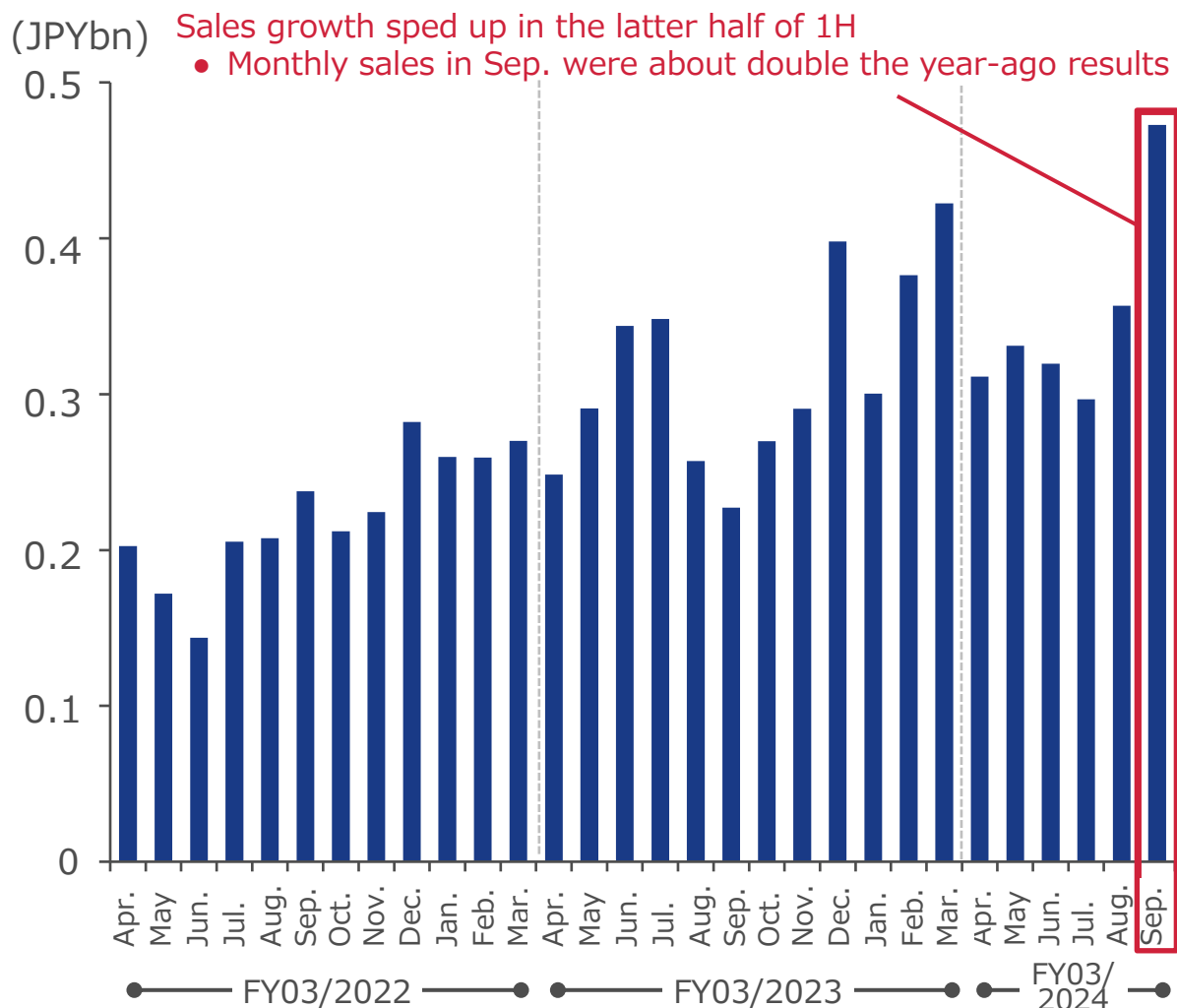
BUSINESS PRODUCTION: Q2 SALES GROWTH OFFSET HIGHER PERSONNEL AND OTHER EXPENSES

Year-on-year comparison of quarterly sales and personnel and hiring expenses

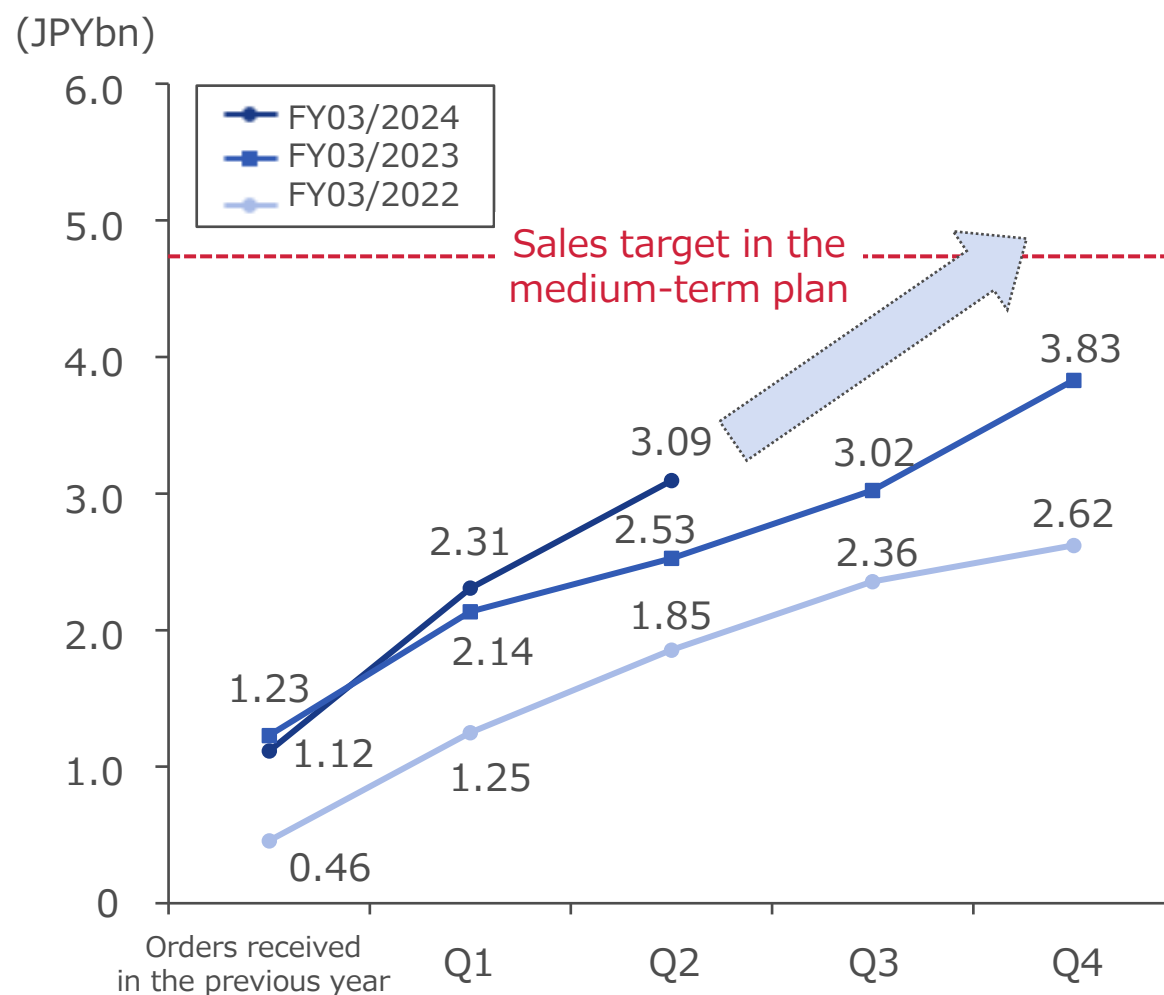


GROWTH IN MONTHLY SALES OF BUSINESS PRODUCTION ACCELERATED IN THE LATTER HALF OF 1H; CONTINUE AIMING FOR NET INCOME OF JPY0.6BN FOR FY03/2024

Monthly sales



Confirmed portion of full-year sales* (at each point in time)



* Of total orders, orders for which sales are recorded in the current fiscal year.
 FY03/2022 figures exclude sales of transferred businesses.

PROJECT CASE STUDIES

Projects outside the existing scope of Business Production are growing

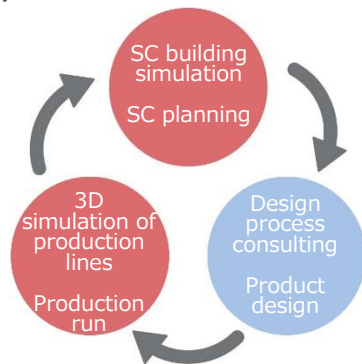
Platform development support utilizing digital twin technology (client: Chubu Electric Power)

Overview

- In collaboration with Chubu Electric Power, developed a novel production line system utilizing the metaverse for small and midsize manufacturers
 - Aimed to optimize and enhance the efficiency of production lines
 - Upgraded to a platform that various small and midsize companies can jointly use



From an article published on Nikkei xTECH
(From left: Miyashita [DI], General Manager Tanaka of Chubu Electric Power's Advanced Research & Innovation Center, Sato [DI], and Numata [DI])



Provided full support from platform design and development to operation

Verification testing to expand the use of My Number Card in the entertainment domain (client: Digital Agency)

Overview

- Verified the possibility of enhancing operational efficiency and preventing unauthorized resale of tickets through digitalization using My Number Card
- Through verification testing in community revitalization events, explored the requirements for digitalization initiatives that could curtail IT burden on local governments and business operators



Joint press conference

(From left: Takayuki Miyake, President of DI, Takayuki Higashide, Director of PIA Corp., Taro Kono, Minister for Digital Transformation, Digital Agency, and Masaki Ogushi, State Minister for Digital Transformation, Digital Agency)

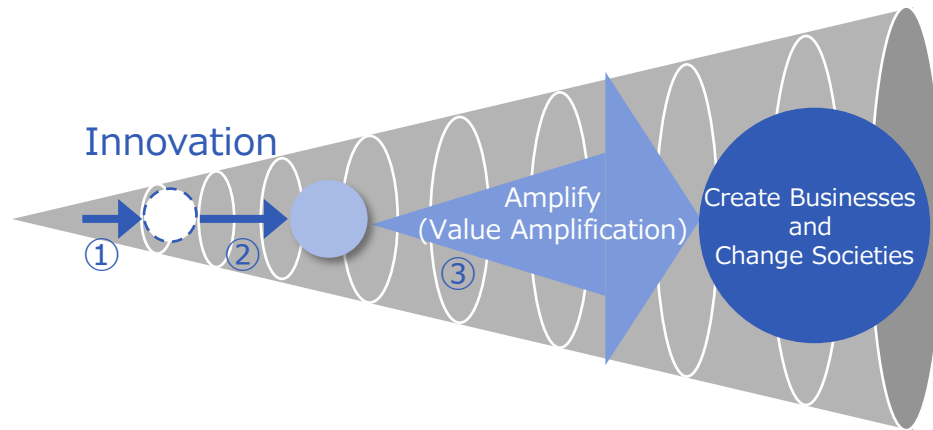
Project in which DI was able to take advantage of its new strength—its digital capabilities combined with its business experience in the entertainment industry

STATUS OF TECHNOLOGY & AMPLIFY (T&A)

Significance and aim of T&A

Businesses created in Business Production are *amplified* through technology

- Integration and collaboration with existing Business Production team



| | | |
|---|--|--|
| ① Conceptualize from 0 | ② Turn concepts from 0 to 1 | ③ Transform 1 into <u>10</u> and even <u>100</u> |
| Industry Production Business Production | Business Production Installation | Technology & <u>Amplify</u> |

Status

FY03/2023

FY03/2024 (as of Q2)

Focus

Established initial structure

Intend to get the business on track and expand the scope

Recruitment

Hired executives and established initial structure

- Six executives/managing directors

Promoting expansion of the member base

- **36-person** structure as of September 30
 - +19 from March 31

Orders

Began making proposals to customers in earnest

Orders in full swing

- Q1 sales of JPY0.05bn⇒ Q2 sales of JPY0.16bn
- **The pipeline of projects in negotiation amounts to several billions of yen**

STATUS OF BRANDING AND MARKETING ACTIVITIES

Published a new book related to business production

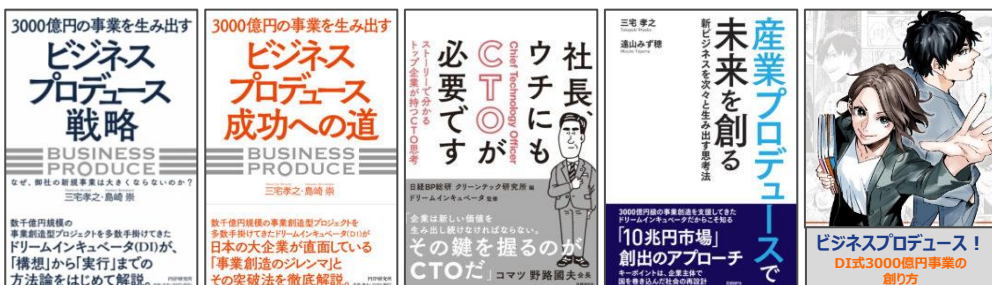
Empathy x Digging Deep Is the Strongest Business Skill

-The way of thinking for business production to create new businesses worth JPY300bn-

- PHP Institute
- Published July 20, 2023
- Author: Takayuki Miyake



(Publications to date)



Continued engaging in aggressive marketing activities

Published articles on owned media, DI COLUMN



DI's Works Vol.5

Executive Officers Kazuya Suzuki and Masaaki Tashiro

Breaking free from the vices of conventional R&D: How to create a new virtuous circle in R&D

DI's Works Vol.6

Senior Exec. Officer Masahito Ishikawa and Exec. Officer Taiji Yoshida

Industry production by DI. The now and future of SIBs in solving social issues



T&A posted an article ad on Nikkei



DI supports the hands-on use of AI for enhancing corporate value
-Business reform opportunities arising from AI transformation-

VENTURE CAPITAL: PORTFOLIO AND MARKET VALUE

We continued harvesting investments appropriately

| | | | | | | | | | | (JPYbn) |
|--------------------------------------|-------|--------------------------|----------|----------------------------|--|--------------------------|----------|----------------------------|--|---------|
| | | March 31, 2023 | | | | September 30, 2023 | | | | |
| | | Book value ¹⁾ | | Market value ²⁾ | | Book value ¹⁾ | | Market value ²⁾ | | |
| Core venture portfolio | Japan | 0.1 | (9 co.) | 1.4 | | 0.1 | (8 co.) | 1.0 | | |
| | India | 1.8 | (21 co.) | 6.5 | | 1.7 | (19 co.) | 5.8 | | |
| | Other | 0.0 | (1 co.) | 0.3 | | 0.0 | (1 co.) | 0.3 | | |
| | Total | 2.0 | (31 co.) | 8.2 | | 1.8 | (28 co.) | 7.2 | | |
| LP investment in funds ³⁾ | | 2.4 | (6 co.) | 2.4 | | 2.5 | (6 co.) | 2.5 | | |
| Total | | 4.5 | (37 co.) | 10.7 (1.7) | | 4.3 | (34 co.) | 9.7 (1.5) | | |

1) Excludes stocks that have been fully impaired and have no subsequent up-rounds, and stock options not subject to valuation (for stocks held in own funds, includes only the portion equivalent to DI's stake)
2) Before taxes. Taxes are shown in parentheses (included in the value above).
3) Book value takes into account the amount of gains/losses. Market value is not calculated because the calculation method differs for each fund.
4) Includes partial sales/impairment losses

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2023

March 31, 2023
(Total assets: JPY31.3bn)



September 30, 2023
(Total assets: JPY19.8bn)

| | |
|--|-------------------------|
| Cash and deposits JPY10.3bn | Liabilities JPY9.4bn |
| Short-term Investment assets* JPY13.8bn | Net assets JPY21.9bn |
| Venture capital JPY5.4bn | |
| Other assets JPY1.7bn | |

(Major increase/decrease)

Liabilities

- Income taxes payable: -JPY6.1bn

Net assets

- Dividends: -JPY2.0bn
- Share buyback: -JPY1.9bn

| | |
|---|-------------------------|
| Cash and deposits JPY 6.9bn | Liabilities JPY2.2bn |
| Short-term Investment assets* JPY5.3bn | Net assets JPY17.6bn |
| Venture capital JPY5.1bn | |
| Other assets JPY2.5bn | |

STATUS OF SHARE BUYBACK

Shareholder return policy during the medium-term plan period (FY03/2023–FY03/2025) (disclosed)

- Total shareholder returns of JPY10.0bn
 - FY03/2023: Paid special dividends of JPY2.0bn
 - FY03/2024: Return over JPY4.0bn to shareholders, primarily in the form of share buyback
 - Share buyback of up to JPY3.0bn currently under way
 - FY03/2025: Return the remaining amount to shareholders

Acquisition status as of October 31, 2023

- Number of shares acquired : 900,000 shares (about 9% of total issued shares*)
- Total acquisition price : JPY2.5bn (progress rate: 83%)

Future policy

- Plan to cancel acquired treasury shares by the time of full-year FY03/2024 earnings announcement (allocate only a small portion of acquired shares to stock-based compensation)
- Continue reviewing ways to return the remaining JPY1.0bn+ to shareholders

SUMMARY AND OBSERVATIONS

We are seeing greater-than-expected growth potential in Business Production, and aim to make a big leap forward by bringing forward HR investment.

- As a result, losses are preceding profits at the moment, but we expect annual sales, which had for a long time been in the low JPY2.0bn range, to double in the next three years. If the results of investments in hiring and other areas materialize, this will bring about profit growth as well.
- Owing to the launch of T&A and incorporation of Incubation's investment assets into Business Production, the range of projects we can offer to customers has expanded. By taking advantage of this, we have rolled out a number of social impact initiatives, and would like to disseminate development in this front when the opportunity arises.

In Incubation, we have recouped what we can, but due to the prolonged weak sentiment in the financing market in India, we incurred substantial impairment losses in the first half of the year.

- That being said, we still have a sizable amount of unrealized gains, and will continue striving to harvest investments appropriately.

We are buying back shares as planned as a means of returning profits to shareholders. We are currently reviewing ways to return the remainder of the scheduled amount to shareholders, but as previously announced, we

- will return profits to shareholders in an appropriate and reasonable manner as planned; and
- will return profits mainly in the form of share buybacks, and except for a small portion, will cancel all acquired shares.

In doing so, we intend to increase EPS in the medium to long term.

THEMES AND PROGRESS OF KEY INITIATIVES OF THE MEDIUM-TERM MANAGEMENT PLAN (FY03/2023–FY03/2025)

| Themes of key initiatives | Major progress in the 1st year (FY03/2023) | Focus of the 2nd year (FY03/2024) (1H progress in blue) | Targets after the end of the medium-term plan |
|--|---|--|---|
| Business Production | Expand service lineup | <ul style="list-style-type: none"> Reinforced organizational structure with three divisions Hired executive staff for T&A | <ul style="list-style-type: none"> Expand the scope of T&A business and put it on a growth trajectory ⇒ Orders grew. Aim for further growth in 2H |
| | Expand our team | <ul style="list-style-type: none"> Stepped up hiring ahead of schedule Began strengthening branding activities | <ul style="list-style-type: none"> Continue working on expanding our team and collaborations ⇒ Continued hiring ahead of plan, and strengthened branding activities |
| | Expand collaborations | <ul style="list-style-type: none"> Built a foundation for partnerships with clients and business partners | |
| | Expand functions | <ul style="list-style-type: none"> (Secured funds for the expansion of functions) | <ul style="list-style-type: none"> Continue considering ways to strengthen the business model ⇒ Multiple initiatives under way |
| | Quantitative targets | (Plan) → (Actual) | (Plan) |
| | Net income | JPY0.3bn→JPY0.3bn | JPY0.6bn |
| | Sales | JPY3.3bn→JPY3.8bn | JPY4.8bn |
| | Personnel | 70→87 | 93 |
| | EPS | JPY31→JPY30 | JPY56 |
| Incubation <ul style="list-style-type: none"> Appropriate harvests | <ul style="list-style-type: none"> Sold 13 companies, including ipet | <ul style="list-style-type: none"> Continue to appropriately harvest investments ⇒ Booked impairment losses in 1H. Continued harvesting unrealized gains appropriately | <ul style="list-style-type: none"> Reduce earnings volatility by realizing unrealized gains and reducing book value |
| Companywide management <ul style="list-style-type: none"> Balance between growth investment and shareholder returns | <ul style="list-style-type: none"> Determined distribution of harvested funds <ul style="list-style-type: none"> Shareholder return of JPY10.0bn (incl. special year-end dividend of JPY2.0bn in FY03/2023) Growth investment of JPY5.0bn | <ul style="list-style-type: none"> Continue steadily returning profits to shareholders ⇒ Share buyback of JPY3.0bn ongoing | <ul style="list-style-type: none"> Continue returning profits in a stable manner from profits generated in Business Production |



1H FY03/2024 Financial Results

Reference Materials

- Company profile
- Current medium-term management plan

OVERVIEW OF DREAM INCUBATOR (DI)

Company profile

| | | |
|------------------|--|--|
| Name | Dream Incubator Inc. | |
| Established | June 1, 2000 (launch of operations) | |
| Stock code | 4310 (TSE Prime) | |
| Head office | Tokyo Club Building, 4F 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo, Japan | |
| Capital* | JPY5.0bn | |
| Employees* | 143 | |
| Key subsidiaries | Dream Incubator (Vietnam) Joint Stock Company Next Rise Social Impact Fund Investment Limited Partnership DI India Digital Investment Fund | |
| Management | Takayuki Miyake Kyohei Hosono Tetsuro Harada Tsutomu Fujita Soichiro Uno Yuriya Komatsu Sakon Uda | Representative Director, President Director, Executive Vice President Director, Chairman of the Board Outside Director Outside Director, Audit & Supervisory Committee member Outside Director, Audit & Supervisory Committee member Outside Director, Audit & Supervisory Committee member |
| Business | Business Production (business creation support, growth strategy consulting, etc.) | |

Corporate philosophy

| | |
|-------|---|
| Credo | 1. Service (Strive to benefit clients and people) 2. Create (Generate profit by yielding added value) 3. Grow (Contribute to develop a better society) 4. Share (Harmonize with society for mutual prosperity) |
| MVV | Mission :Create Businesses and Change Societies Vision :Become the First Choice of Challengers Value :Advance Beyond Boundaries <ul style="list-style-type: none"> - Envision Beyond Boundaries of Areas - Formulate Beyond Boundaries of Customaries - Partner Beyond Boundaries of Organizations - Challenge Beyond Boundaries of Ourselves |

History

| | |
|------|--|
| 2000 | Launched operations with the aim of developing investment/incubation and consulting businesses |
| 2002 | Listed on TSE Mothers Market |
| 2005 | Listed on TSE First Section |
| 2007 | Established Dream Incubator Vietnam in Ho Chi Minh City, Vietnam |
| 2011 | Acquired shares in ipet (current ipet Holdings) and made it a consolidated subsidiary for incubation |
| 2018 | Formed DI India Digital Investment Fund |
| 2021 | Entered into a capital and business alliance with Dentsu Group Formed Next Rise Social Impact Fund Investment Limited Partnership |
| 2022 | Changed stock listing to TSE Prime Market |
| 2023 | Sold all shares in ipet Holdings and two other subsidiaries to concentrate resources on Business Production |

DI'S VALUE ADDED: BUSINESS PRODUCTION (BUSINESS CREATION SUPPORT)

| Support menu | Description |
|---|---|
| Industry Production | <ul style="list-style-type: none">• With the aim of resolving social issues through business, support customers' review of business creation potential, starting with the industry outlook• Design new concepts, with boundary-defying ideas that can change existing rules, through discussions with government bodies and other organizations |
| Business Production | <ul style="list-style-type: none">• Support the development of business strategies, leveraging the technologies, resources, and other strengths of customer companies• Focused on designing business models, develop a framework for large projects through networking and policy collaborations |
| Business Production Installation | <ul style="list-style-type: none">• In addition to strategy development, support business creation of customer companies through to execution and realization of results• Further support customer companies with resolving management issues they face in the process of business creation (related to organizational structure, personnel, infrastructure, etc.) |
| Technology & Amplify | <ul style="list-style-type: none">• To <i>amplify</i> the business value of customer companies through technology, provide comprehensive support from strategy development to conceptualization and execution• Support customers from the conceptualization stage, combining digital architecture and business strategies |
| Global SX* | <ul style="list-style-type: none">• Centered on Asia, support global business production of Japanese companies• In collaboration with JICA, develop and execute schemes for new public-private collaboration and social impact creation, primarily in emerging nations |

EXECUTIVES



Takayuki Miyake

Representative Director, President

- After his time at the Ministry of Economy, Trade and Industry (METI), where he developed a venture capital program, oversaw the development of a range of policies within the Ministry, including international energy policies, and formulated laws and regulations, he entered the consulting industry.
- To realize DI's founding philosophy (create 100 companies like Sony and Honda), which left much impression on him, Mr. Miyake established the concept of "industry production" and "business production," focused on creating businesses rooted in efforts to address social issues.
- He co-authored *Business Production Strategies to Create 300 Billion Yen Business* and *The Road to Success in Business Production to Create 300 Billion Yen Business* (PHP Institute); co-authored *Creating the Future through Industry Production: How to Think to Create New Businesses One after Another* (Nikkei BP); and authored *Empathy x Digging Deep Is the Strongest Business Skill* (PHP Institute).



Kyohei Hosono

Director, Executive Vice President

- At Japan Bank for International Cooperation, he was involved in ODA for former Soviet Union countries, efforts to resolve debt issues of emerging nations, and ODA reforms.
- Mr. Hosono joined DI because he was attracted to the Company's business model encompassing both strategic consulting and incubation.
- At DI, he was mainly in charge of global business and incubation. While in Vietnam, he supported global expansion of large companies, promoted investments in local companies, and experienced the ordeal of leading the revitalization of a listed local investee. Currently, he is involved in global business production to support Japanese companies striving to resolve social issues facing emerging nations, and he is also in charge of HR, finance, accounting, and IR as a corporate officer.



Tetsuro Harada

Director, Chairman of the Board

- While undergoing sonar operator training for naval vessels in the Japan Maritime Self-Defense Force in Etajima, Mr. Harada witnessed the devastation brought by war to Hiroshima and the city's recovery from it. Driven by his desire to contribute to the industrial development that propelled this recovery, he transitioned to the private sector.
- At Nippon Life Insurance, he was engaged in financial planning, loan sales planning, and HR planning.
- Mr. Harada joined DI shortly after its founding, after learning about the Company's purpose of fostering new businesses and new industries. He was engaged in strategic consulting, top management development, and investment and incubation for a range of major companies in IT, telecommunications, manufacturing, general trading, wholesale, retail, construction, etc. After leading structural reforms as CEO, he became chairman of the Board and supports the Company's succession for continued growth.



CORPORATE MISSION

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
- 



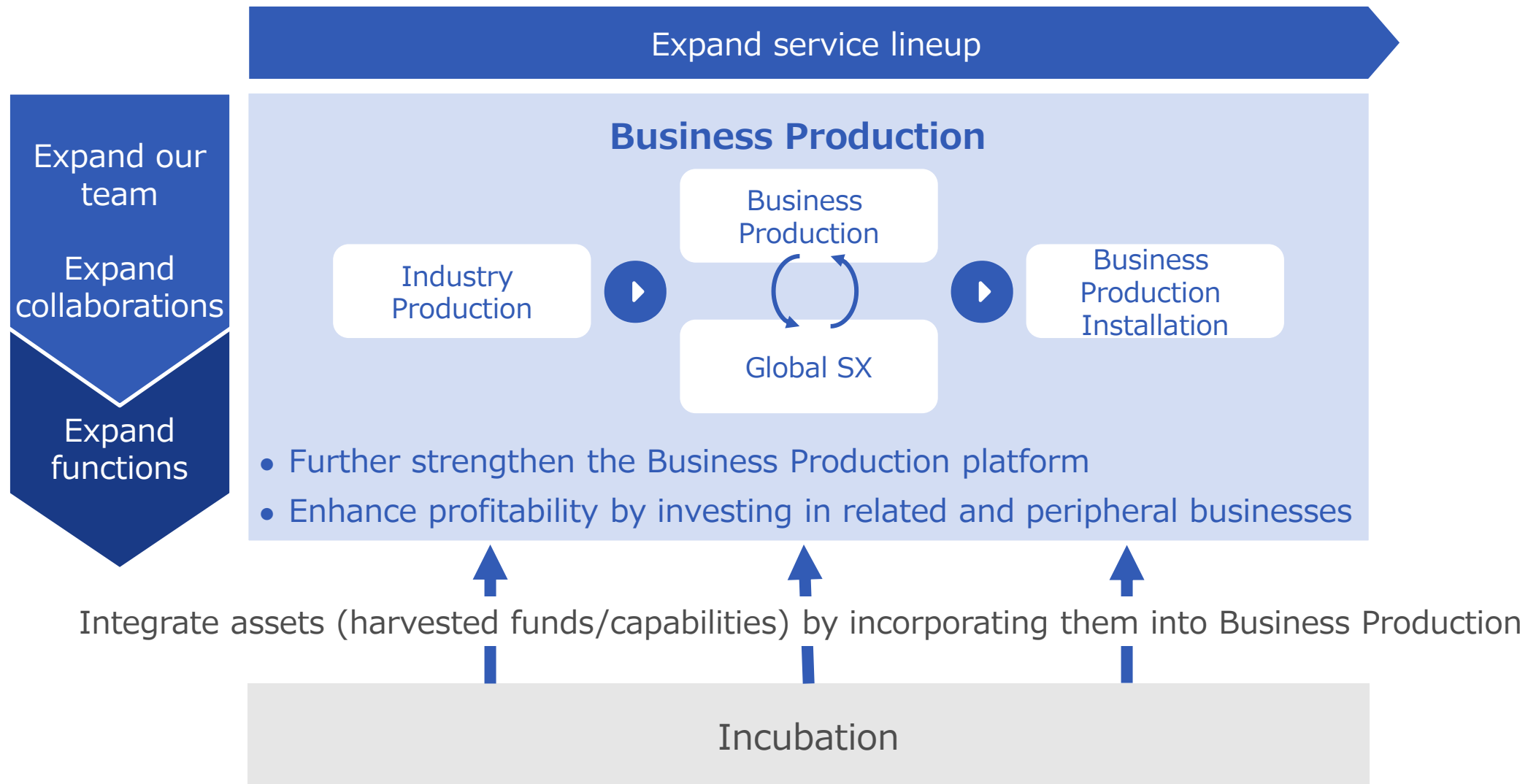
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DIRECTION DI AIMS TO TAKE

Incorporate investment assets to further strengthen Business Production



MAINTAIN BALANCE BETWEEN GROWTH INVESTMENT TOWARD ENHANCING CORPORATE VALUE AND SHAREHOLDER RETURNS

As we transition from NAV-based to P&L-based management, we will be resuming shareholder returns.

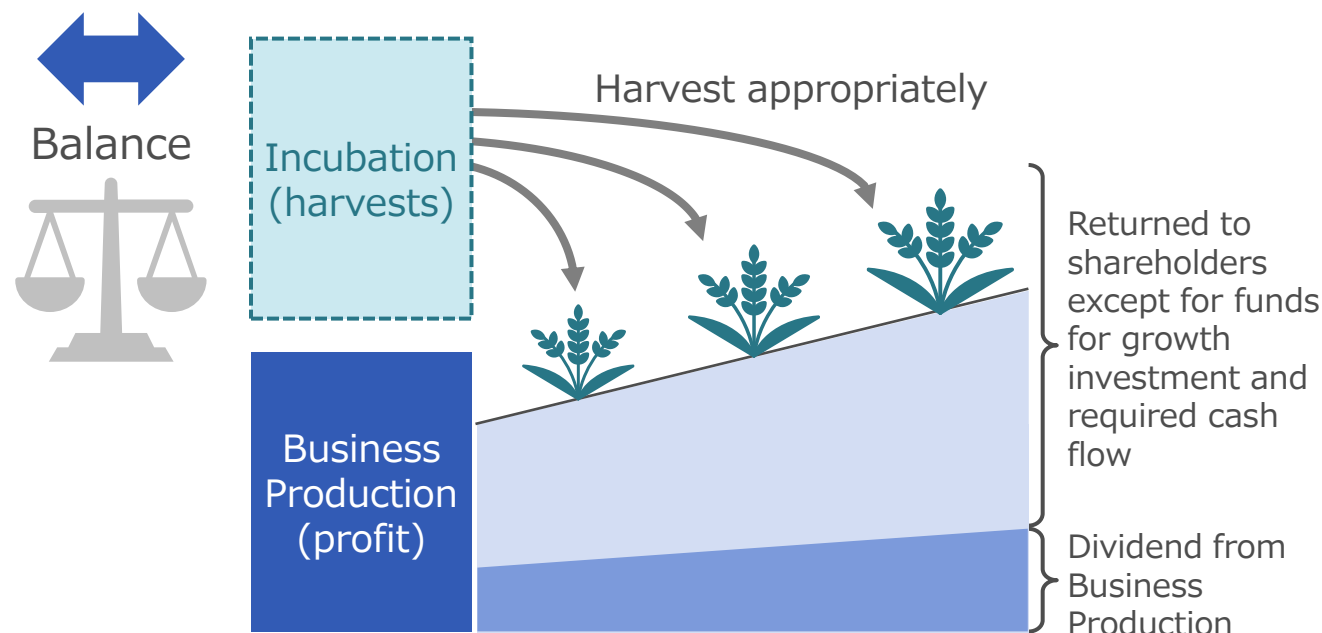
Growth investment (expansion of functions):
Grow profits

Disciplined investment (cost effectiveness)

- 1) Further strengthen our Business Production platform
 - Invest in recruitment and HR development
 - Invest in infrastructure to raise productivity
- 2) Enhance profitability by investing in related and peripheral businesses of Business Production
 - Invest to bolster capabilities and expand revenue opportunities, etc.
 - Anticipated ROIC* > 12%

Shareholder returns:
Increase EPS and PER

Based on profits from stable growth in P&L and harvested funds

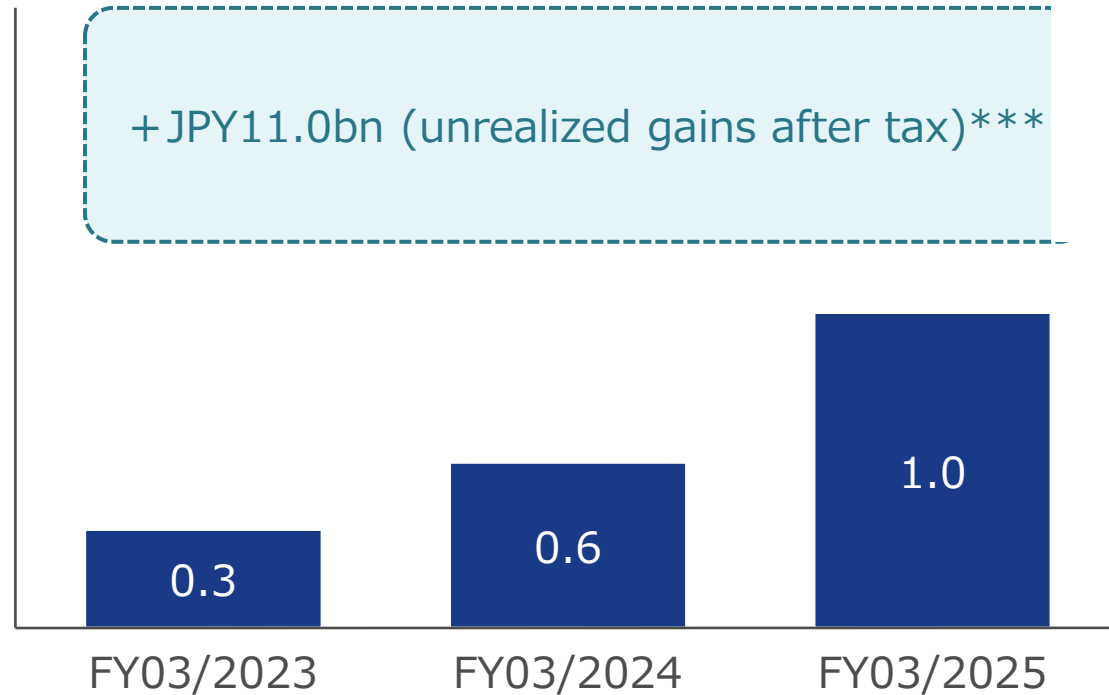


* $\text{Net income} \div \text{invested capital}$

MEDIUM-TERM PROFIT PLAN (FY03/2023–FY03/2025)

Net income from Business Production + Potential upside of harvests from Incubation

Net income
attributable to
parent
company
shareholders*
(JPYbn)



Incubation
(harvest=upside)

Business
Production
(base)

| | | | |
|----------------------|-----|-----|-----|
| Sales (JPYbn) | 3.3 | 4.8 | 5.9 |
| Personnel(headcount) | 70 | 93 | 115 |
| EPS (JPY)** | 31 | 56 | 102 |

* Simple calculation of recurring profit x tax rate of 30%
** Calculation assumes number of shares outstanding as of end-March 2022
*** As of end-March, 2022

DISCLAIMER

These materials contain forward-looking statements pertaining to forecasts and future strategies, which are based on information available to the Company at the time the materials were prepared. These statements are not guarantees that targets and forecasts will be reached, nor an assurance of future operating results. Future performance may vary substantially due to changes in the operating environment, downturns in performance at investee companies, share price fluctuations in the markets for financial products, and other factors.

Also, the content of these materials may change without notice. People using these materials are advised to refer also to other sources of information and make decisions based on their own judgement. The Company accepts absolutely no responsibility for losses arising from the use of these materials.

Dream Incubator Inc.

The Business Producing Company