

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 1, 2024

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: February 7, 2024
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	3,785	(86.9)	(1,089)	–	(1,117)	–	(1,038)	–
Nine months ended December 31, 2022	28,993	11.0	1,952	–	2,002	679.8	1,453	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	(112.34)	–
Nine months ended December 31, 2022	148.97	148.49

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	18,236	16,106	86.3
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	0.00		
Year ending March 31, 2024 (Forecast)				128.00	128.00

3. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2023	10,465,100 shares	As of March 31, 2023	10,465,100 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2023	1,705,932 shares	As of March 31, 2023	700,977 shares
-------------------------	------------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	9,246,012 shares	Nine months ended December 31, 2022	9,757,768 shares
-------------------------------------	------------------	-------------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	10,397	6,420
Notes and accounts receivable - trade, and contract assets	1,074	1,228
Operational investment securities	5,463	4,503
Securities	13,800	5,300
Allowance for investment loss	(103)	(103)
Other	191	400
Allowance for doubtful accounts	(24)	(24)
Total current assets	30,800	17,725
Non-current assets		
Property, plant and equipment	249	258
Intangible assets		
Other	8	6
Total intangible assets	8	6
Investments and other assets		
Investment securities	65	65
Deferred tax assets	29	27
Other	158	152
Total investments and other assets	252	245
Total non-current assets	510	511
Total assets	31,310	18,236

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3	–
Current portion of long-term borrowings	50	–
Income taxes payable	6,158	54
Provision for shareholder benefit program	19	–
Provision for bonuses	1	1
Provision for bonuses for directors (and other officers)	240	–
Other	1,856	798
Total current liabilities	8,328	853
Non-current liabilities		
Deferred tax liabilities	124	220
Provision for share awards	939	1,055
Other	0	0
Total non-current liabilities	1,064	1,277
Total liabilities	9,393	2,130
Net assets		
Shareholders' equity		
Share capital	5,019	5,019
Capital surplus	4,548	4,548
Retained earnings	12,648	9,609
Treasury shares	(1,366)	(4,155)
Total shareholders' equity	20,850	15,022
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	747
Foreign currency translation adjustment	(39)	(25)
Total accumulated other comprehensive income	590	721
Non-controlling interests	475	362
Total net assets	21,917	16,106
Total liabilities and net assets	31,310	18,236

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, 2022	Nine months ended December 31, 2023
Net sales	28,993	3,785
Cost of sales	15,999	3,108
Gross profit	12,993	676
Selling, general and administrative expenses	11,041	1,766
Operating profit (loss)	1,952	(1,089)
Non-operating income		
Interest income	14	15
Gain on sale of non-current assets	30	-
Foreign exchange gains	9	-
Other	11	4
Total non-operating income	67	20
Non-operating expenses		
Interest expenses	8	0
Commission expenses	1	36
Foreign exchange losses	-	10
Loss on retirement of non-current assets	4	0
Other	2	0
Total non-operating expenses	17	47
Ordinary profit (loss)	2,002	(1,117)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	546	-
Total extraordinary income	546	-
Extraordinary losses		
Tender offer related expenses	177	-
Total extraordinary losses	177	-
Profit (loss) before income taxes	2,371	(1,117)
Income taxes - current	899	39
Income taxes - deferred	(191)	75
Total income taxes	707	114
Profit (loss)	1,664	(1,231)
Profit (loss) attributable to non-controlling interests	210	(193)
Profit (loss) attributable to owners of parent	1,453	(1,038)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	1,664	(1,231)
Other comprehensive income		
Valuation difference on available-for-sale securities	25	117
Foreign currency translation adjustment	12	14
Total other comprehensive income	38	131
Comprehensive income	1,702	(1,100)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,529	(907)
Comprehensive income attributable to non-controlling interests	172	(192)