

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2024
(Based on Japanese GAAP)**

May 13, 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 of ordinary general meeting of shareholders: June 17, 2024
 Scheduled date to file Securities Report: June 17, 2024
 Scheduled date to commence dividend payments: June 18, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	5,378	(82.2)	(1,966)	–	(1,992)	–	(1,847)	–
Year ended March 31, 2023	30,132	(15.3)	1,190	–	1,227	–	11,553	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	(202.26)	–	(10.1)	(8.2)	(36.6)
Year ended March 31, 2023	1,183.92	1,183.34	74.0	3.8	3.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	17,454	15,182	86.0	1,714.41
As of March 31, 2023	31,310	21,917	68.5	2,195.94

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	(7,458)	8,161	(4,751)	6,245
Year ended March 31, 2023	3,669	(5,150)	(1,388)	10,263

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	0.00	0.00	0.00	191.11	191.11	1,999	16.14	11.9
Year ended March 31, 2024	0.00	0.00	0.00	128.00	128.00	1,210	–	6.5
Year ending March 31, 2025 (Forecast)	0.00	106.00	–	–	–	–	–	–

3. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	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 March 31, 2024	1,705,656 shares	As of March 31, 2023	700,977 shares
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Average number of shares during the period

Year ended March 31, 2024	9,133,685 shares	Year ended March 31, 2023	9,758,988 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	10,397	6,428
Notes and accounts receivable - trade, and contract assets	1,074	1,407
Operational investment securities	5,463	3,589
Securities	13,800	5,300
Allowance for investment loss	(103)	(103)
Accounts receivable - other	3	4
Income taxes refund receivable	18	–
Other	169	338
Allowance for doubtful accounts	(24)	–
Total current assets	30,800	16,965
Non-current assets		
Property, plant and equipment		
Buildings and structures	250	283
Accumulated depreciation	(96)	(112)
Buildings and structures, net	153	170
Other	155	191
Accumulated depreciation	(59)	(102)
Other, net	95	89
Total property, plant and equipment	249	259
Intangible assets		
Software	8	6
Other	0	0
Total intangible assets	8	6
Investments and other assets		
Investment securities	65	65
Deferred tax assets	29	3
Other	158	154
Total investments and other assets	252	223
Total non-current assets	510	489
Total assets	31,310	17,454

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3	–
Current portion of long-term borrowings	50	–
Accounts payable - other	1,285	271
Income taxes payable	6,158	39
Provision for shareholder benefit program	19	19
Provision for bonuses	1	1
Provision for bonuses for directors (and other officers)	240	29
Other	571	505
Total current liabilities	8,328	866
Non-current liabilities		
Deferred tax liabilities	124	310
Provision for share awards	939	1,094
Other	0	–
Total non-current liabilities	1,064	1,405
Total liabilities	9,393	2,271
Net assets		
Shareholders' equity		
Share capital	5,019	5,019
Capital surplus	4,548	4,548
Retained earnings	12,648	8,800
Treasury shares	(1,366)	(4,155)
Total shareholders' equity	20,850	14,214
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	804
Foreign currency translation adjustment	(39)	(1)
Total accumulated other comprehensive income	590	803
Non-controlling interests	475	165
Total net assets	21,917	15,182
Total liabilities and net assets	31,310	17,454

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	30,132	5,378
Cost of sales	16,746	4,925
Gross profit	13,386	452
Selling, general and administrative expenses	12,196	2,418
Operating profit (loss)	1,190	(1,966)
Non-operating income		
Interest income	19	20
Foreign exchange gains	9	–
Gain on sale of non-current assets	31	–
Other	14	7
Total non-operating income	74	27
Non-operating expenses		
Interest expenses	8	0
Commission expenses	2	36
Foreign exchange losses	–	16
Loss on retirement of non-current assets	24	0
Other	1	0
Total non-operating expenses	37	53
Ordinary profit (loss)	1,227	(1,992)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	18,948	–
Total extraordinary income	18,948	–
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	34	–
Tender offer related expenses	487	–
Special bonus	2,007	–
Total extraordinary losses	2,529	–
Profit (loss) before income taxes	17,646	(1,992)
Income taxes - current	6,558	67
Income taxes - deferred	(639)	164
Total income taxes	5,918	232
Profit (loss)	11,727	(2,224)
Profit (loss) attributable to non-controlling interests	173	(377)
Profit (loss) attributable to owners of parent	11,553	(1,847)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	11,727	(2,224)
Other comprehensive income		
Valuation difference on available-for-sale securities	80	163
Foreign currency translation adjustment	22	38
Total other comprehensive income	102	202
Comprehensive income	11,830	(2,022)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,682	(1,634)
Comprehensive income attributable to non-controlling interests	147	(387)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,014	4,458	942	(1,099)	9,316
Changes during period					
Issuance of new shares - exercise of share acquisition rights	5	5			10
Change in scope of consolidation			151		151
Profit (loss) attributable to owners of parent			11,553		11,553
Disposal of treasury shares		275		(266)	8
Deferred tax adjustment due to change in equity of prior year		(203)			(203)
Change in ownership interest of parent due to transactions with non-controlling interests		13			13
Net changes in items other than shareholders' equity					
Total changes during period	5	90	11,705	(266)	11,534
Balance at end of period	5,019	4,548	12,648	(1,366)	20,850

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	523	(61)	462	3	2,672	12,454
Changes during period						
Issuance of new shares - exercise of share acquisition rights						10
Change in scope of consolidation						151
Profit (loss) attributable to owners of parent						11,553
Disposal of treasury shares						8
Deferred tax adjustment due to change in equity of prior year						(203)
Change in ownership interest of parent due to transactions with non-controlling interests						13
Net changes in items other than shareholders' equity	106	21	128	(3)	(2,196)	(2,072)
Total changes during period	106	21	128	(3)	(2,196)	9,462
Balance at end of period	630	(39)	590	–	475	21,917

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,019	4,548	12,648	(1,366)	20,850
Changes during period					
Dividends of surplus			(1,999)		(1,999)
Profit (loss) attributable to owners of parent			(1,847)		(1,847)
Purchase of treasury shares				(2,790)	(2,790)
Disposal of treasury shares				1	1
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(3,847)	(2,789)	(6,636)
Balance at end of period	5,019	4,548	8,800	(4,155)	14,214

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	630	(39)	590	475	21,917
Changes during period					
Dividends of surplus					(1,999)
Profit (loss) attributable to owners of parent					(1,847)
Purchase of treasury shares					(2,790)
Disposal of treasury shares					1
Net changes in items other than shareholders' equity	174	38	212	(310)	(97)
Total changes during period	174	38	212	(310)	(6,734)
Balance at end of period	804	(1)	803	165	15,182

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	17,646	(1,992)
Depreciation	270	66
Loss on valuation of shares of subsidiaries and associates	34	–
Amortization of goodwill	40	–
Increase (decrease) in outstanding claims	185	–
Increase (decrease) in policy reserve and other	2,242	–
Increase (decrease) in allowance for investment loss	(253)	–
Increase (decrease) in allowance for doubtful accounts	(1)	(24)
Increase (decrease) in provision for bonuses	(35)	0
Increase (decrease) in provision for bonuses for directors (and other officers)	240	(210)
Increase (decrease) in provision for share awards	626	154
Increase (decrease) in provision for shareholder benefit program	(4)	0
Interest and dividend income	(19)	(20)
Foreign exchange losses (gains)	(10)	1
Loss (gain) on sale of non-current assets	(31)	–
Loss (gain) on disposal of non-current assets	24	–
Loss (gain) on sale of shares of subsidiaries and associates	(18,948)	–
Decrease (increase) in operational investment securities	1,253	2,125
Decrease (increase) in short-term investment securities	(372)	–
Decrease (increase) in accounts receivable - trade, and contract assets	(545)	(330)
Decrease (increase) in inventories	5	–
Decrease (increase) in accounts receivable - other	98	(1)
Increase (decrease) in trade payables	0	6
Increase (decrease) in accounts payable - other	860	(836)
Increase (decrease) in deposits received	224	(154)
Other, net	369	(354)
Subtotal	3,896	(1,570)
Interest and dividends received	25	21
Interest paid	(7)	–
Income taxes refund	7	0
Income taxes paid	(252)	(5,909)
Net cash provided by (used in) operating activities	3,669	(7,458)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(134)	(183)
Proceeds from withdrawal of time deposits	130	134
Purchase of securities	(13,800)	(1,500)
Proceeds from redemption of securities	–	10,000
Purchase of property, plant and equipment	(185)	(245)
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	8,348	–
Payments of leasehold and guarantee deposits	(28)	–
Proceeds from refund of leasehold and guarantee deposits	210	0
Loan advances	–	(11)
Proceeds from collection of loans receivable	158	6
Other, net	(6)	(35)
Net cash provided by (used in) investing activities	(5,150)	8,161
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	(902)	(50)
Proceeds from share issuance to non-controlling shareholders	65	–
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	–	(2,790)
Dividends paid	–	(1,996)
Other, net	(7)	1
Net cash provided by (used in) financing activities	(1,388)	(4,751)
Effect of exchange rate change on cash and cash equivalents	19	29
Net increase (decrease) in cash and cash equivalents	(2,848)	(4,017)
Cash and cash equivalents at beginning of period	12,810	10,263
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	302	–
Cash and cash equivalents at end of period	10,263	6,245