

Q1 FY03/2025

# Supplementary Materials for Consolidated Financial Results

August 2, 2024

Dream Incubator Inc. (stock code: 4310)

# SUMMARY

Structural reforms (establishing an earnings base in Business Production for stable growth, and harvesting investments appropriately in volatile Incubation) underway

## Q1 FY03/2025 results

- Business Production
  - Sales: JPY1.1bn (+15% YoY), operating loss: JPY0.32bn
    - Sales amounted to only 15% of the full-year target, as sales tend to be weighted toward 2H and due to the end of multiple large projects and delays in procedures caused by the diversifying earnings model
    - Project proposals were up sharply YoY, and we intend to continue working to accelerate sales growth from Q2 onward
- Venture Capital
  - Operating profit: JPY0.37bn
    - Exited investment in two companies and recorded a capital gain

## Progress of structural reforms

- Business Production
  - Made some progress in hiring versus the plan; shifting focus from hiring to training personnel
  - Continued expanding and deepening the customer base while diversifying the earnings model toward building a stable earnings base
- Incubation (Venture Capital + Business Investment)
  - Continued harvesting investments appropriately

## Shareholder returns

- Released the interim dividend forecast for FY03/2025 of JPY1.0bn (JPY106 per share)
- Plan to determine and disclose the specific use of the remaining JPY3.0bn at the time of the interim results announcement





## Q1 FY03/2025 Financial Results

### Reference Materials

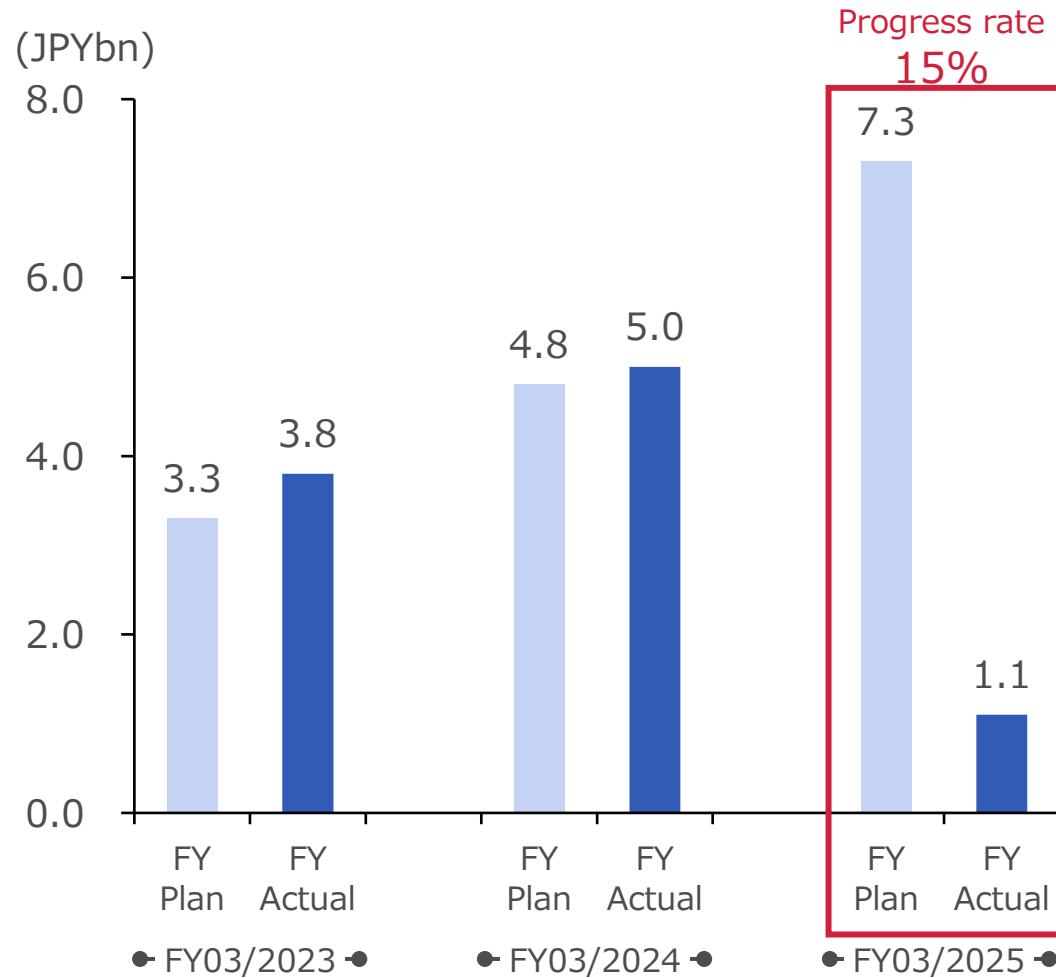
- Company profile
- Current medium-term management plan

# Q1 FY03/2025 CONSOLIDATED P&L

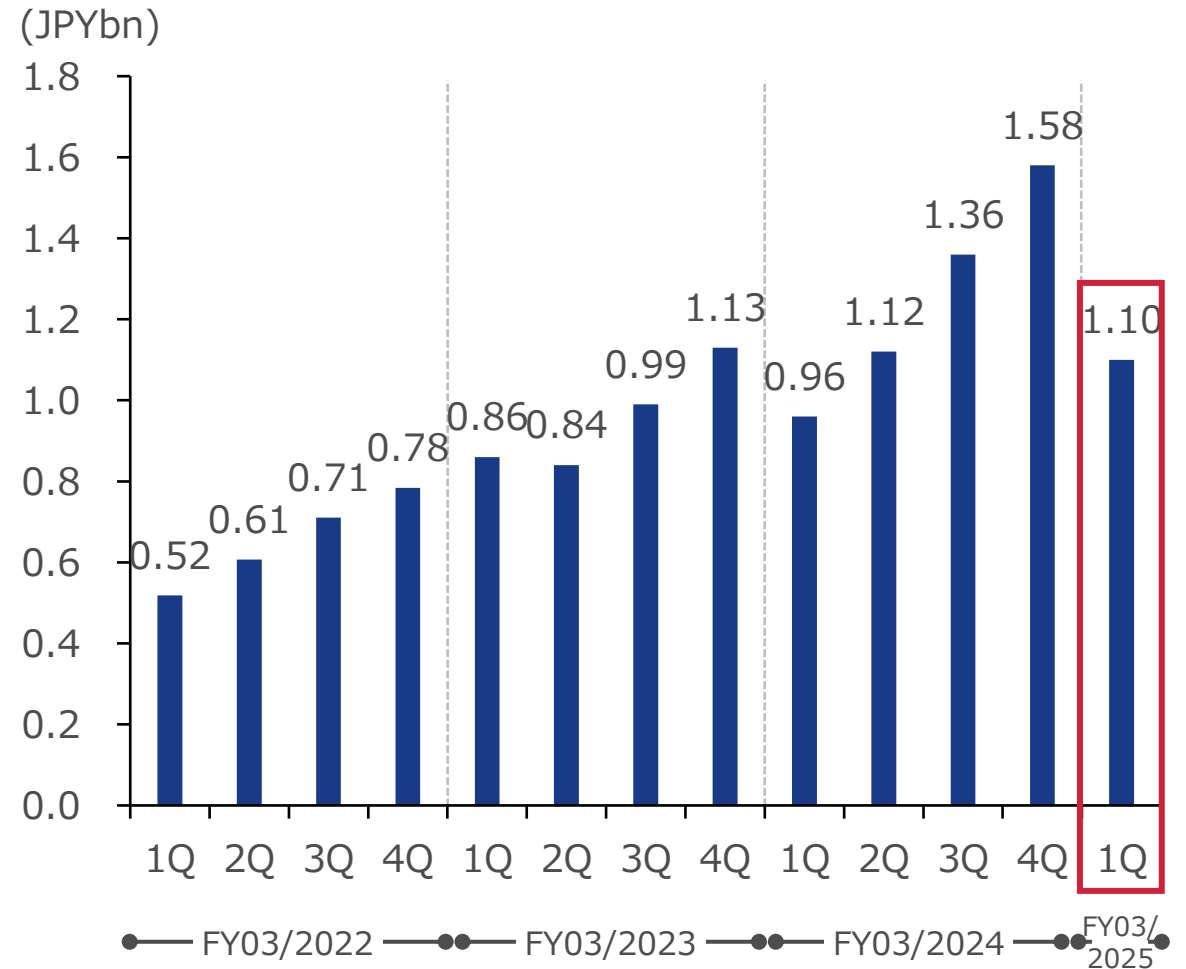
	<u>Q1 FY03/2024</u> (JPYbn)	<u>Q1 FY03/2025</u> (JPYbn)	<u>YoY change</u> (%)
Sales	1.17	1.62	38
• Business Production	0.96	1.10	15
• Venture Capital	0.21	0.52	148
Operating profit	-0.18	0.04	—
• Business Production*	-0.15	-0.32	—
• Venture Capital*	-0.02	0.37	—
Recurring profit	-0.19	0.05	—
Net income	-0.18	-0.07	—

# BUSINESS PRODUCTION: SALES

## Sales progress vs. plan



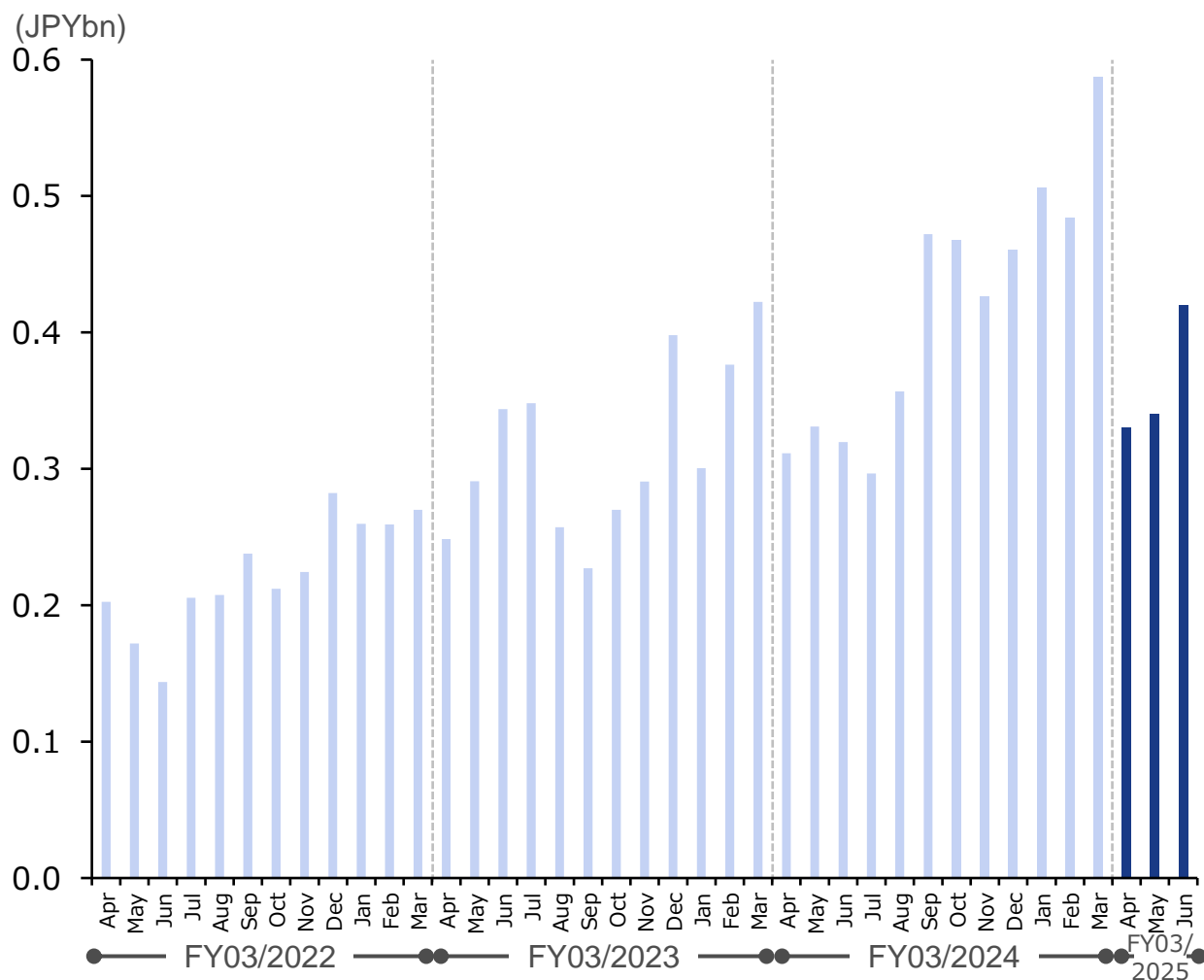
## Quarterly sales\*



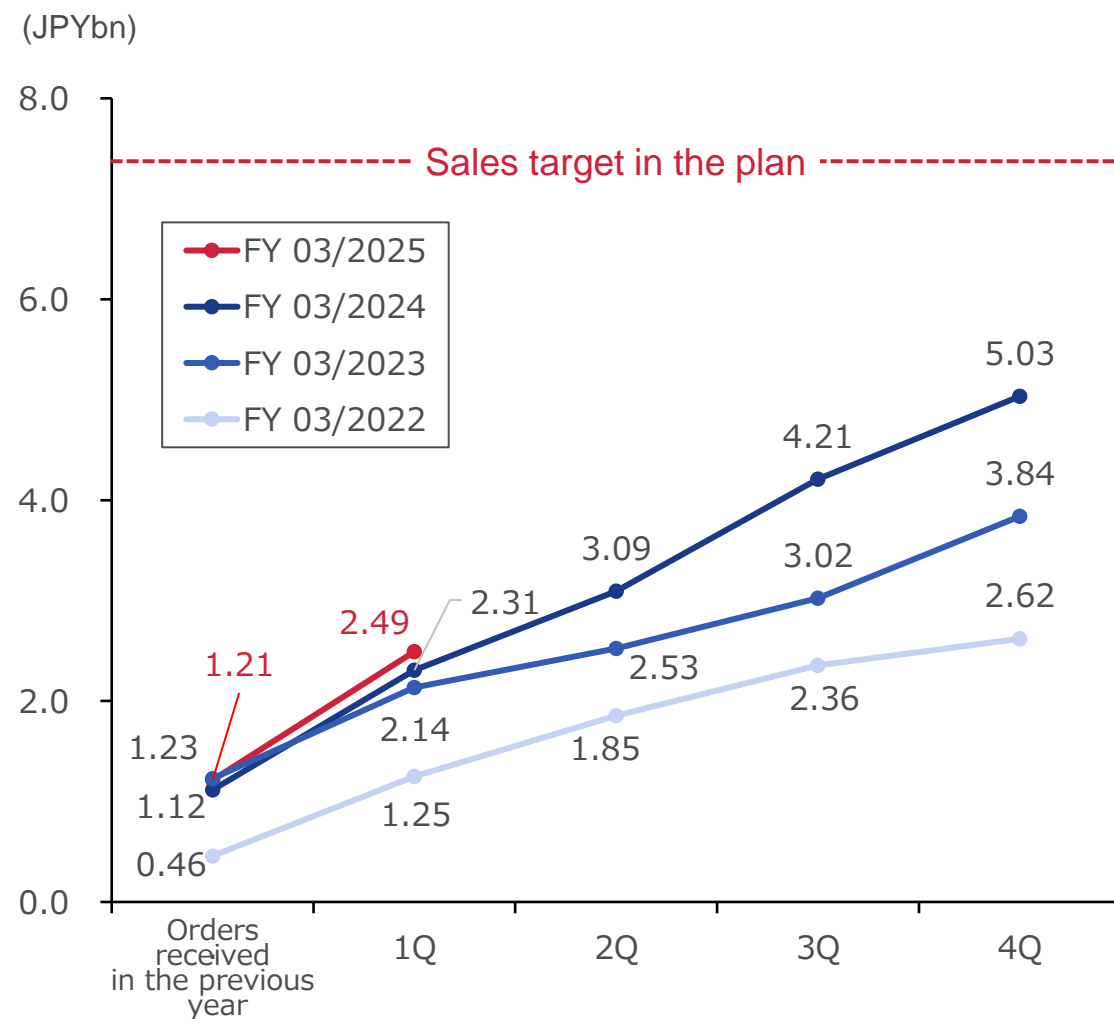
\* FY03/2022 figures exclude sales of transferred businesses.

# MONTHLY AND QUARTERLY SALES (CUMULATIVE)

## Monthly sales



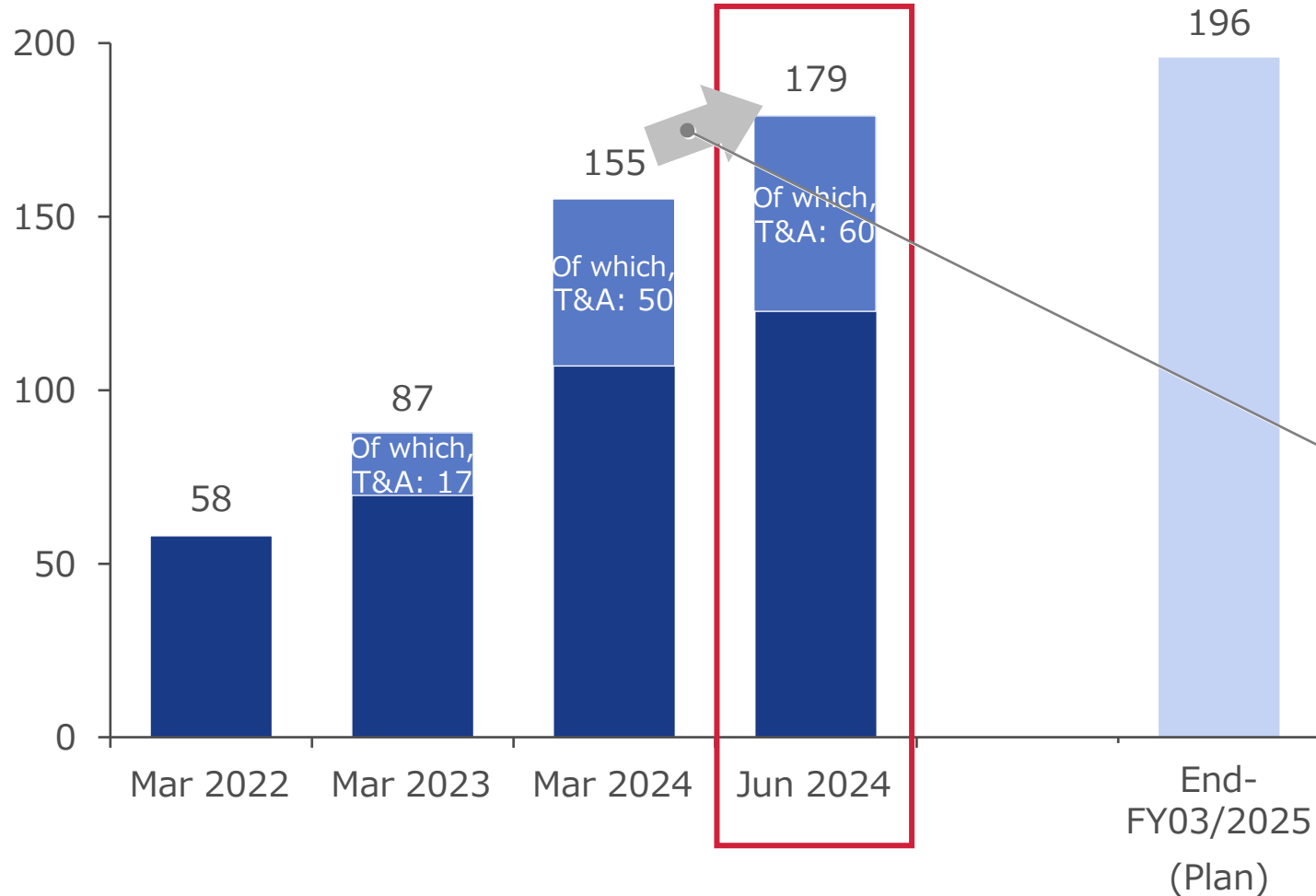
## Confirmed portion of full-year sales\* (at each point in time)



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

# NUMBER OF BUSINESS PRODUCERS\*

(No. of people)



Increase/decrease			
	End-Mar 2024	Net increase	End-Jun 2024
BP (excl. T&A)	105	+14	119
T&A	50	+10	60
Total	155	+24	179

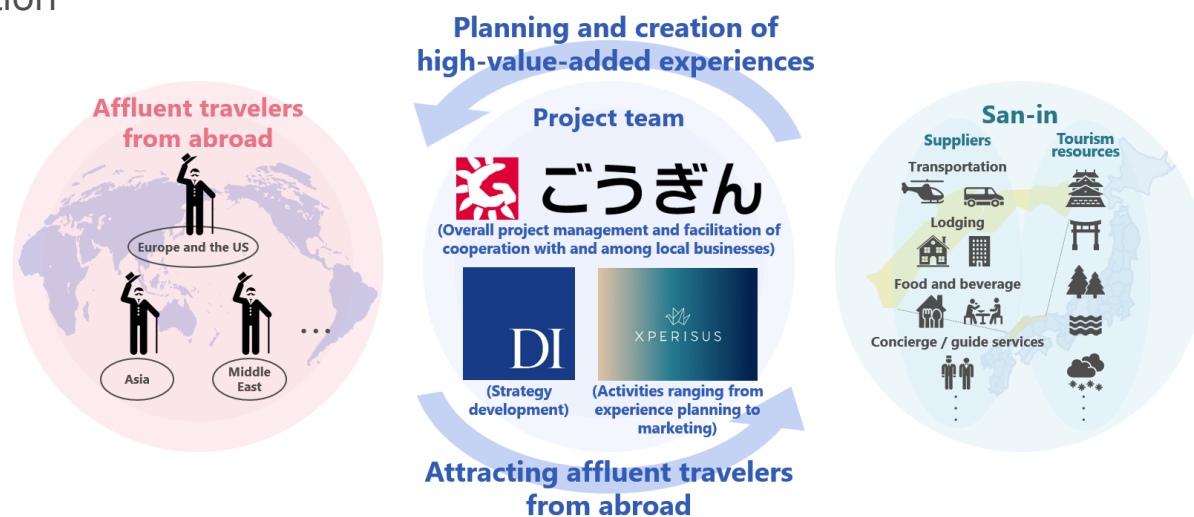
\* Excludes employees dedicated to Incubation

# PROJECT AIMED AT ATTRACTING AFFLUENT INBOUND TOURISTS TO THE SAN-IN REGION

An initiative to diversify the earnings model

Overview:

- Provide an end-to-end support to San-in Godo Bank, from devising inbound tourism strategies to attracting affluent global tourists
  - Develop high-value-added tour packages unique to the San-in region
  - Attract and sell to affluent tourists from around the world
- Implement the project jointly with XPERISUS, an expert in the development and global sales of high-value-added travel experiences
- With this project as the starting point, plan to roll out similar projects across the nation and promote the development of a new business model for DI's Business Production



Significance of the project:

- Industry production

Earnings model for DI:

- Fixed fees + performance-based fees

Expansion opportunities:

- Horizontal expansion to other regions
- Tourism infrastructure development



# CONCLUSION OF A BUSINESS PARTNERSHIP AGREEMENT WITH DENTSU SOKEN

An initiative to accelerate the expansion of Technology & Amplify (T&A)



電通総研

Press Release

本プレスリリースは、株式会社ドリームインキュベータと株式会社電通総研との通名配係のため、重複してお手元に届く場合がございますことを予めご理解ください。

2024 年 7 月 4 日

ドリームインキュベータと電通総研、業務提携契約を締結  
～構想・戦略立案からテクノロジー実装まで、両社協働でサービスを提供～

新たな事業や産業の創造・成長支援を行う株式会社ドリームインキュベータ（東京都千代田区、代表取締役社長 三宅 孝之、以下 DI）と、テクノロジーで企業と社会の進化を実現する株式会社電通総研（東京都港区、代表取締役社長 岩本 浩久、以下 電通総研）は、2024 年 7 月 4 日（木）、両社のさらなる事業拡大を目的に業務提携契約を締結したことをお知らせします。

本業務提携により、ものづくりや顧客接点領域のコンサルティングに強みを持つ電通総研と、ビジネスプロデュースなどの戦略領域およびテクノロジー領域のコンサルティングを通じて企業価値の創出・増幅に貢献する DI が提携し、さらに電通総研グループ全体のテクノロジー実装部隊が加わることで、多様なクライアント企業の経営課題に対してより広く、総合的な支援を実現します。

両社が独自に培ってきたノウハウ・知見やコンサルティング力といった強みを融合させ、経営・事業戦略立案から実行実装の支援まで、一気通貫で提供し、クライアント企業の企業価値創造と増幅に共に取り組んでまいります。

電通総研

ものづくり、顧客接点改革

業務知見  
会計・人事  
業界知見  
金融・製造・サービス・公共

テクノロジーコンサル、実装力  
独自製品・サービス・SI

顧客の企業価値向上

構想・戦略

業務オペレーション・組織マネジメント

テクノロジー活用

既存事業  
(金融・製造...)

新規事業

成長・変革

価値の創造・増幅

DI

産業/ビジネスプロデュース  
戦略コンサルティング

事業運営・マネジメント  
変革推進/伴走

デジタル変革  
プラットフォーム戦略・企画

## Overview and significance of the partnership

### Overview:

- By combining the respective strengths of each company, DI and Dentsu Soken will jointly provide a one-stop service covering all areas from concept formation and strategy planning to technology implementation

### Significance for DI:

- Increased opportunities to generate earnings by further deepening collaboration with the Dentsu Group
  - In particular, accelerate and expand the scale of the new service line, Technology & Amplify

Reference: Press release

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# VENTURE CAPITAL: PORTFOLIO AND MARKET VALUE

(JPY bn)

		March 31, 2024		→	June 30, 2024	
		Book value <sup>1)</sup>	Market value <sup>2)</sup>		Book value <sup>1)</sup>	Market value <sup>2)</sup>
Venture portfolio	Principal Investment	0.4 (11co.)	2.8	—Sold : 2co. <sup>4)</sup> →	0.4 (10co.)	3.2
	LP investment in funds <sup>3)</sup>	2.5 (6co.)	— (Same as Book value)		2.6 (6co.)	— (Same as Book value)
	Total	2.9 (17co.)	5.4 (0.7)		3.0 (16co.)	5.8 (0.8)

- 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

# CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2024

March 31, 2024  
(Total assets: JPY17.4bn)



June 30, 2024  
(Total assets: JPY16.6bn)

Cash and deposits JPY6.4bn	Liabilities JPY2.2bn
Short-term Investment assets* JPY5.3bn	Net assets JPY15.1bn
Venture capital JPY3.4bn	
Other assets JPY2.2bn	

(Major increase/decrease)  
Net assets

- Dividends for previous FY:  
-JPY1.2bn

Cash and deposits JPY4.6bn	Liabilities JPY2.4bn
Short-term Investment assets* JPY6.3bn	Net assets JPY14.1bn
Venture capital JPY3.5bn	
Other assets JPY2.1bn	

# SHAREHOLDER RETURNS

Aim for total shareholder returns of JPY10.0bn during the medium-term management plan period

	FY03/2023	FY03/2024	FY03/2025
Interim dividend	—	—	JPY1.0bn (forecast) (JPY106/share)
Year-end dividend	JPY2.0bn (JPY191.11/share)	JPY1.2bn (JPY128/share)	Undecided
Share buyback	—	JPY2.8bn <ul style="list-style-type: none"> <li>• Of which, cancelled JPY2.6bn*</li> <li>• Plan to allocate JPY0.2bn** to stock remuneration*** for employees</li> </ul>	Undecided

Total JPY3.0bn

- Choose the methods for returning profits, considering future share price and liquidity

Plan to determine and disclose the undecided figures at the time of the interim results announcement

\* Represents 930,784 shares (8.9% of total shares issued before cancellation as of March 31, 2024)  
 \*\* Represents 74,500 shares (0.7% of total shares issued before cancellation as of March 31, 2024)  
 \*\*\* Shares as a percentage of annual income: 10% for executive officers, 5% for senior managers and managing directors (from FY03/2025 onward)





## Q1 FY03/2025 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*	227	
Key subsidiaries	Dream Incubator (Vietnam) Joint Stock Company Next Rise Social Impact Fund Investment Limited Partnership DI India Digital Investment Fund	
Management	Takayuki Miyake	Representative Director, President
	Kyohei Hosono	Director, Executive Vice President
	Tetsuro Harada	Director, Chairman of the Board, Audit & Supervisory Committee member
	Tsutomu Fujita	Outside Director
	Yuriya Komatsu	Outside Director, Audit & Supervisory Committee member
	Sakon Uda	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 - 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
2024	Enter into a capital and business alliance agreement with Yamaguchi Financial Group

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

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

# BUSINESS CREATION PROJECTS UNDERTAKEN WITH MAJOR CORPORATIONS

A list of projects introduced on our homepage (links available)

## Technology & Amplify



### Client : Chubu Electric Power

- Supported the construction of a digital twin/metaverse platform to resolve issues facing SMEs

## Strategy Consulting



### Client : A major manufacturer

- Supported the optimization of corporate R&D portfolio

## Industry Produce



### Client : MUFG

- Joint industry production with MUFG: Devised concepts and strategies, and created mechanisms for industrialization

## Global SX



### Client : JICA

- Strategy formulation and execution support for social impact investment in Southeast and South Asia

## Installation / Execution support



### Client : EXEO Group

- In-team support for the Innovation Promotion Department (IBEX – Innovation Base of EXEO), whose mission is to address changes in the business environment over the medium to long term through innovation

## Installation / Execution support



### Client : EXEO Group

- Promoting Purpose formulation with an eye toward transformation into an innovative organization

## Installation / Execution support



### Client : TOYOTA

- Provided support for the establishment of Toyota Research Institute, Inc. (TRI), the hub of Toyota's AI/robotics research

## Installation / Execution support



### Client : OMRON

- Support for establishment and operation of Innovation Exploring Initiative Headquarters (IXI), an organization for new business creation

## Business Creation



### Client : A major manufacturer

- Comprehensive support for business creation in China, including strategy formulation, negotiations with potential local partners, and PoC design

## Business Creation M&A / FA / Financial Solutions



### Client : A major manufacturer

- Commercialization of technology, and accompanying overseas M&A support

## Business Creation



### Client : Metropolitan Expressway Group

- Development strategy formulation support for InfraDoctor (infrastructure maintenance & management support system)

# DIRECTORS



Representative  
Director, President

**Takayuki  
Miyake**

- Joined DI after working at the Ministry of Economy, Trade and Industry (METI) and in the consulting industry
- Established the concepts of “industry production” and “business production,” which focus on creating significant business opportunities from social issues. Currently, Mr. Miyake is engaged in expanding the social impact of DI’s industry and business production initiatives.



Director, Executive  
Vice President

**Kyohei Hosono**

- During his time at the Japan Bank for International Cooperation, Mr. Hosono was engaged in various ODA projects, including ODA for former Soviet Union countries, debt issues of developing countries, and ODA reforms.
- At DI, he is primarily responsible for global business and incubation, and also served as representative of a local subsidiary in Vietnam. Currently, he is overseeing global expansion and corporate operations.



Director, Chairman of  
the Board,  
Audit & Supervisory  
Committee member

**Tetsuro Harada**

- Joined DI after serving in the Japan Maritime Self-Defense Force (JMSDF) and later working at Nippon Life Insurance
- Mr. Harada was in charge of corporate consulting, venture (startup) investment and development, and corporate functions, before he was appointed CEO and led structural reforms. Currently, as a Chairman of the Board, he supports governance and Succession for Continued Growth.



Outside Director

**Tsutomu Fujita**

- Held multiple key positions, including Executive Vice Chairman of Citigroup Inc, outside director of several companies, and Visiting professor at School of Business Administration, Hitotsubashi University. Has over 30 years of experience in the securities market as a Japanese equity strategist, winning the top spot in the Nikkei Analyst Rankings for five consecutive years from 2006 to 2010.
- Currently, Mr. Fujita is serving as representative director and president of Strategy Advisors, outside director of RIZAP Group, and Outside Audit & Supervisory Board Member of ITOCHU.



Outside Director,  
Audit &  
Supervisory  
Committee member

**Yuriya Komatsu**

- After joining Nomura Securities, Ms. Komatsu spent over 20 years analyzing and investing in Japanese and Asian public and private companies at asset management firms in Japan and New York. Served as director of KADOKAWA DWANGO (now KADOKAWA), director and CFO of DWANGO, and director of IA Partners.
- Currently, she concurrently holds the positions of outside director and chairperson of the Board at NTN and outside director of Daicel.



Outside Director,  
Audit &  
Supervisory  
Committee member

**Sakon Uda**

- Held key positions at McKinsey & Company, JAPAN POST HOLDINGS, and Tokyo Star Bank. Having served as outside director and chairman of the Board at EBARA, Mr. Uda possesses extensive knowledge and experience in both consulting and corporate management.
- Currently, he serves as outside director and chairman of the Board at Hokkoku Financial Holdings, outside director of Pacific Consultants, and outside director of Ichigo.



# 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





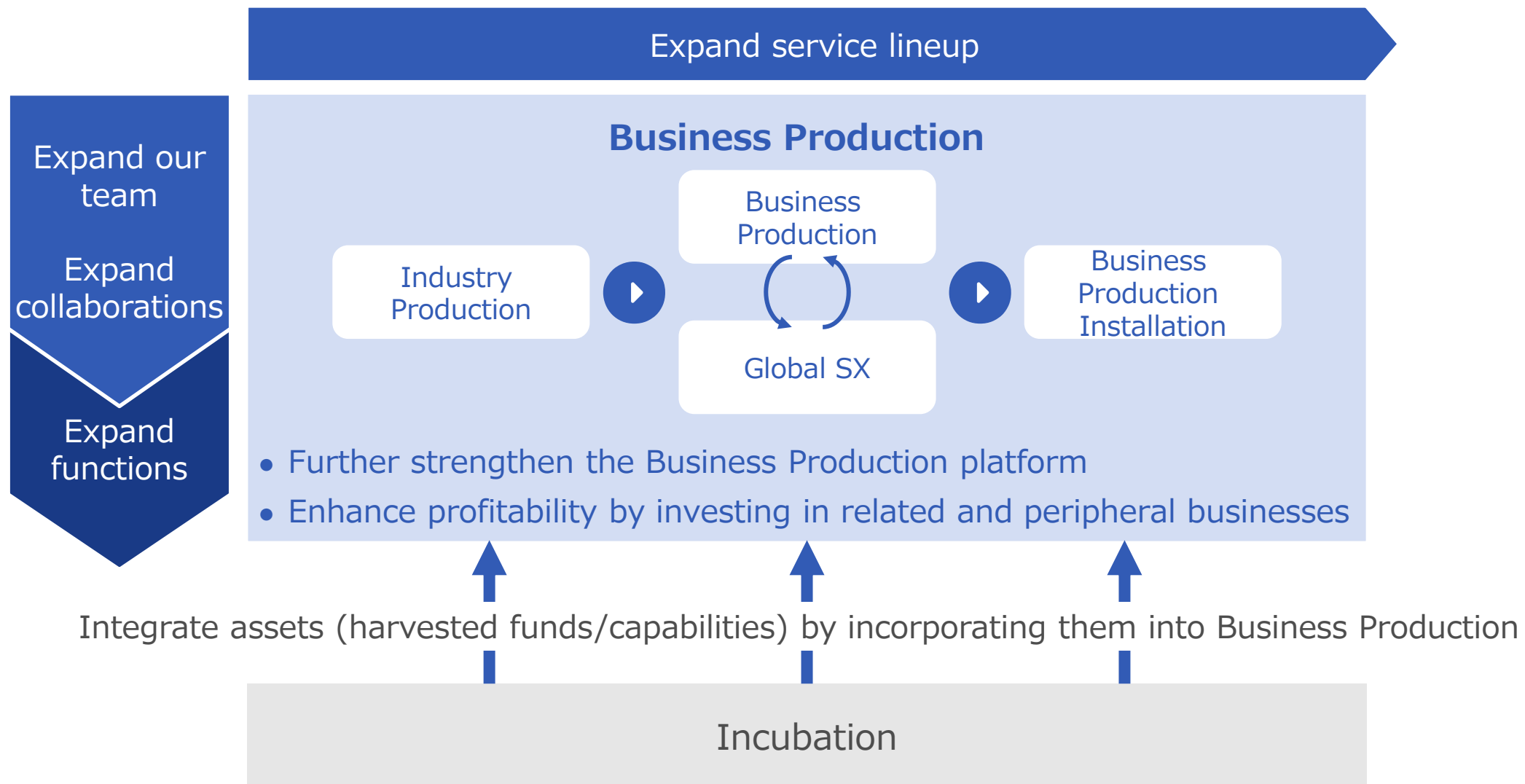
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# DIRECTION DI AIMS TO TAKE

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.

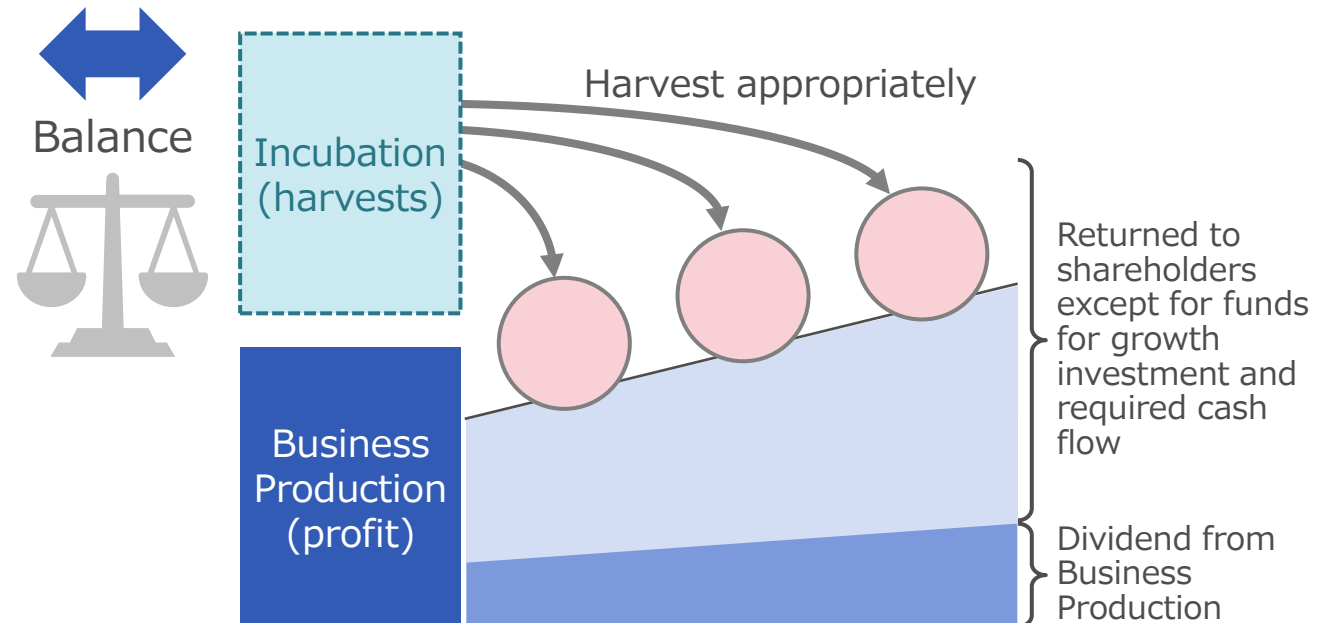
## Growth investment (expansion of functions): Grow profits

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



## FY03/2025 FORECAST FOR BUSINESS PRODUCTION

Compared with the medium-term plan targets, revised up the sales target while lowering the profit target

	FY03/2025 forecast	Medium-term profit plan	Reasons for discrepancy
Sales (JPYbn)	7.3 (FY03/2024 results: 5.0)	5.9	• Pursue further expansion of business scale with an eye to longer-term growth
Personnel (headcount)	196 (FY03/2024 results: 155)	115	
Net income attributable to owners of parent (JPYbn)	0.5 (FY03/2024 results: 0.04)	1.0	• Time required before sales growth can match the personnel increase, with the impact of upfront expenditures remaining to some degree
EPS (JPY)*	60 (FY03/2024 results: 4)	102	

\* EPS figure for the medium-term profit plan is based on the total number of shares issued as of March 31, 2022, and for the FY03/2025 forecast, on the total number of shares issued as of March 31, 2024, excluding treasury shares.

## 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