



Q3 FY03/2025

Supplementary Materials for Consolidated Financial Results

February 4, 2025

Dream Incubator Inc. (stock code: 4310)

SUMMARY

Structural reforms (establishing an earnings base in Business Production to drive stable growth and realizing appropriate returns on investments in volatile Incubation) underway

Q3 FY03/2025 results

- Business Production
 - Sales: JPY3.80bn (+10% YoY), operating loss: JPY0.22bn
 - Orders accumulated for 2H and beyond, resulting in operating profit of JPY0.28bn for the October–December period
 - No change to the full-year forecast (sales: JPY5.2–6.0bn, net income: loss of JPY0.6bn to profit of JPY0.2bn)
- Venture Capital
 - Operating profit: JPY0.40bn
 - Recorded capital gains mainly from divestments of three companies

Progress of structural reforms

- Business Production
 - Made progress in expanding our workforce and service lines, with steady talent development initiatives underway
- Incubation (Venture Capital + Business Investment)
 - Continued to reap investment returns appropriately

Shareholder returns

- No revision to the year-end dividend forecast of JPY3.0bn (JPY317/share)



Q3 FY03/2025 Financial Results

Reference Materials

- Company profile
- Current medium-term management plan

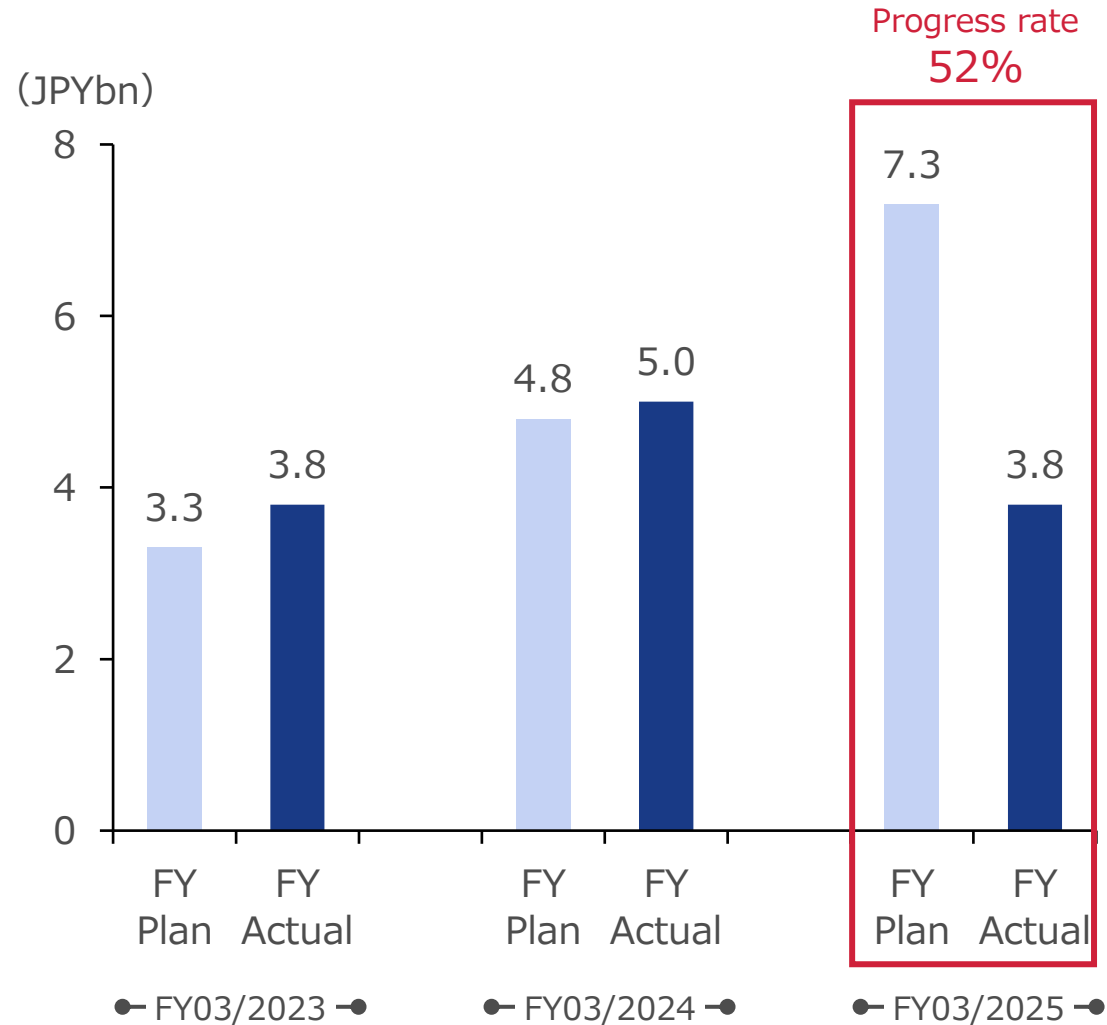
Q3 FY03/2025 CONSOLIDATED P&L

	Q3 FY03/2024 (JPYbn)	Q3 FY03/2025 (JPYbn)	YoY change (%)
Sales	3.78	4.53	+ 20
• Business Production	3.45	3.80	+ 10
• Venture Capital	0.33	0.72	+ 118
Operating profit	-1.08	0.17	—
• Business Production*	-0.17	-0.22	—
• Venture Capital*	-0.91	0.40	—
Recurring profit	-1.11	0.20	—
Net income	-1.03	0.09	—

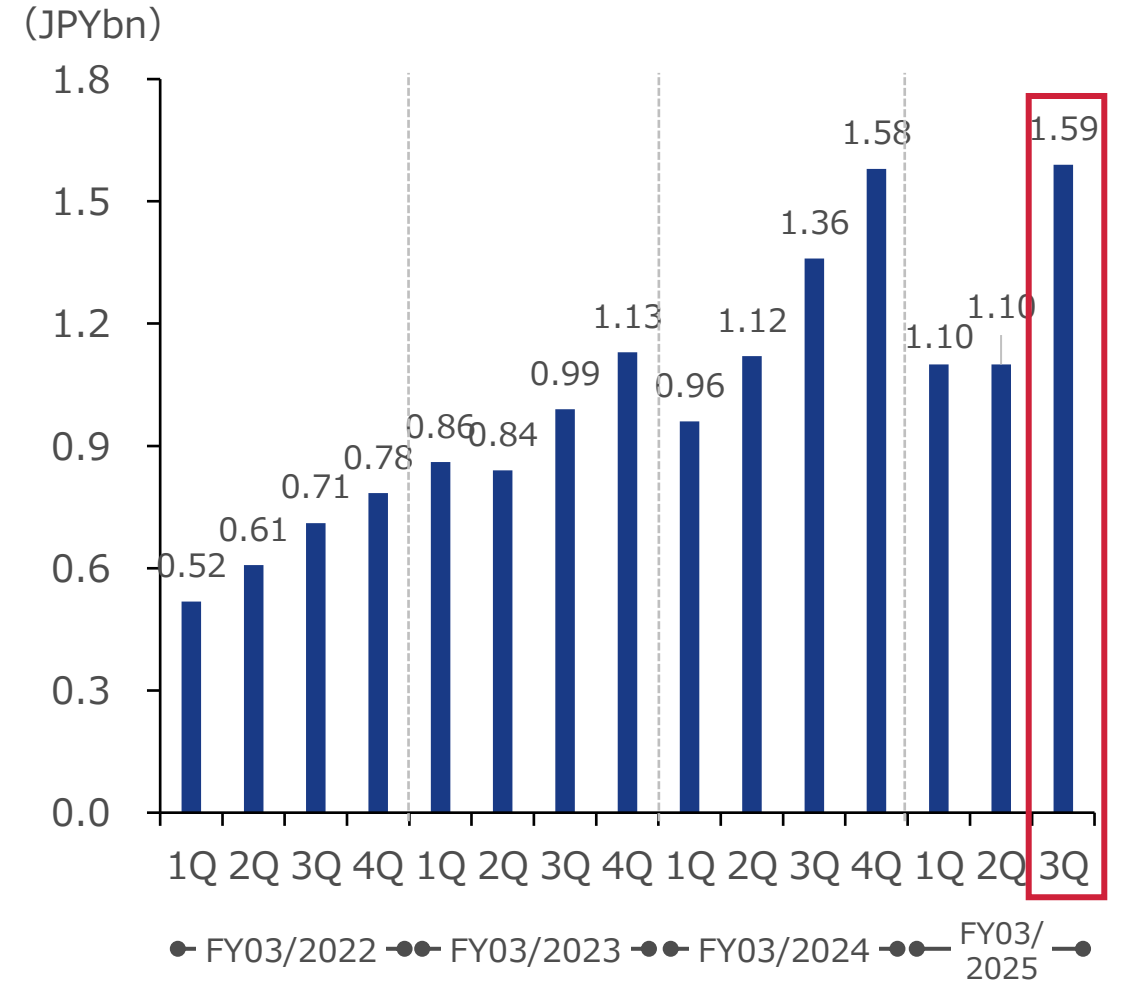
* Segment operating profit = segment profit – companywide expenses

BUSINESS PRODUCTION: SALES

Sales progress vs. plan



Quarterly sales*

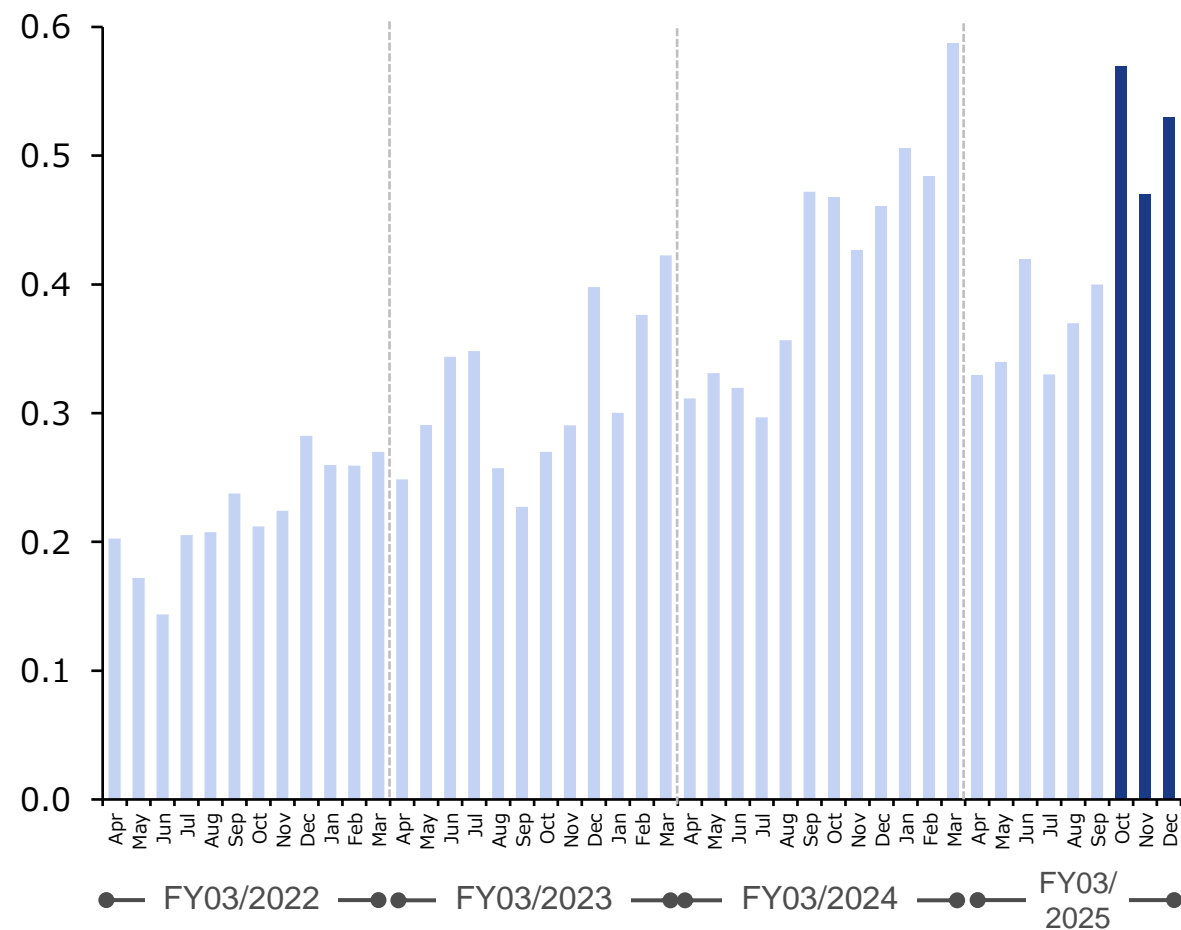


* FY03/2022 figures exclude sales of transferred businesses.

MONTHLY AND QUARTERLY SALES (CUMULATIVE)

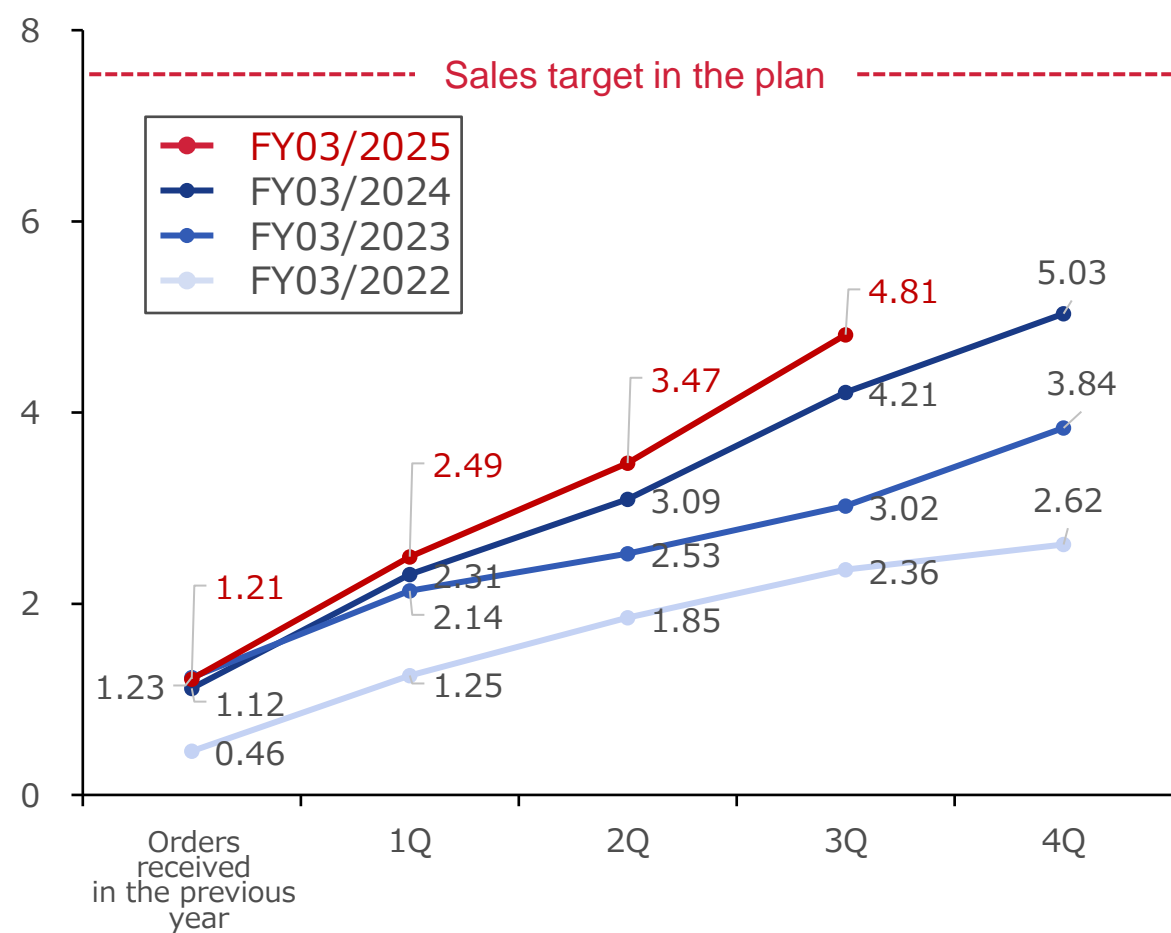
Monthly sales

(JPYbn)

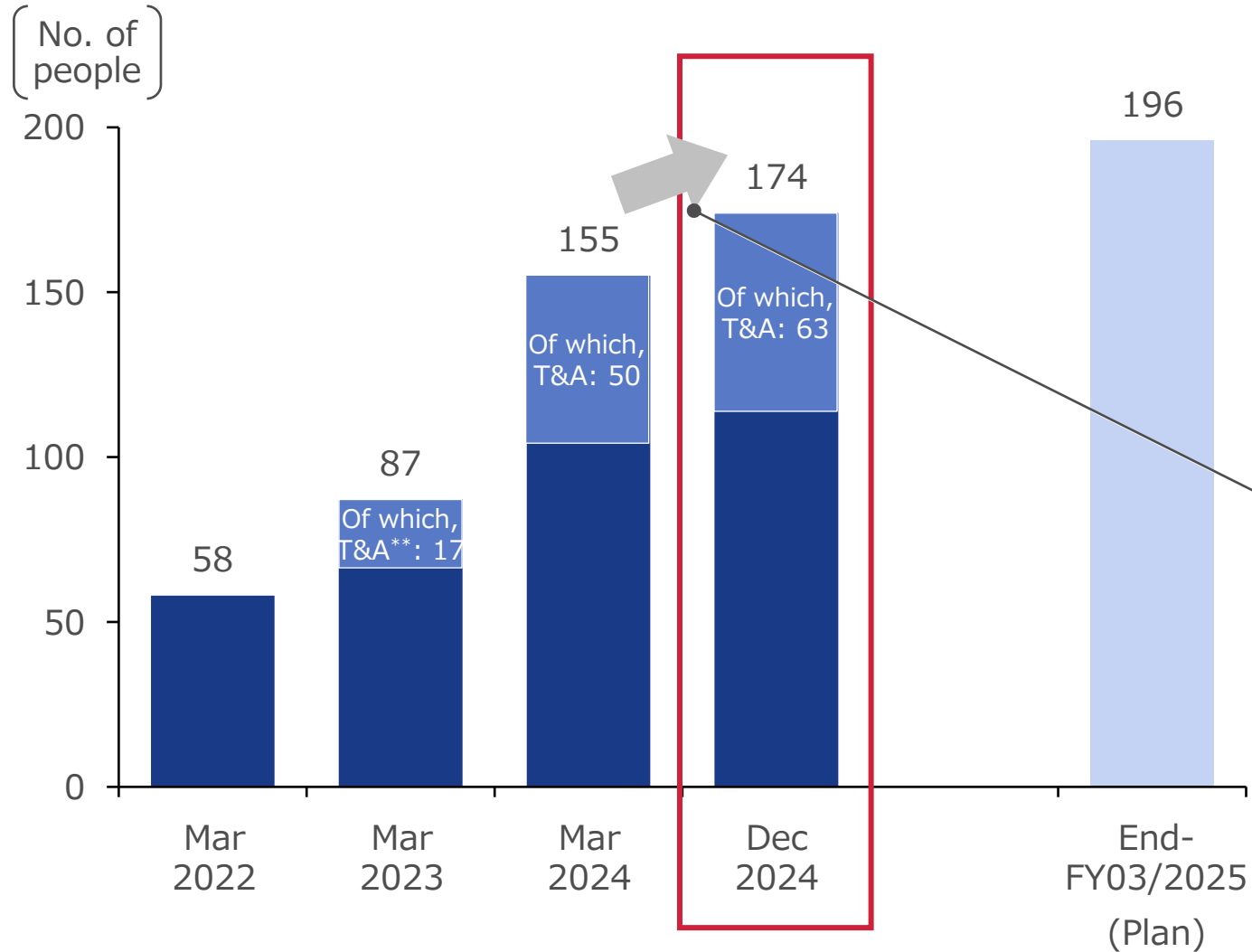


Confirmed portion of full-year sales* (at each point in time)

(JPYbn)



NUMBER OF BUSINESS PRODUCERS*



Increase/decrease			
	End-Mar 2024	Net increase	End-Jun 2024
BP (excl. T&A)	105	+6	111
T&A	50	+13	63
Total	155	+19	174

* Excludes employees dedicated to Incubation
 ** Abbreviation for new service line "Technology & Amplify"

VENTURE CAPITAL: PORTFOLIO AND MARKET VALUE

(JPY bn)

		March 31, 2024		→	December 31, 2024	
		Book value ¹⁾	Market value ²⁾		Book value ¹⁾	Market value ²⁾
Venture portfolio	Principal Investment	0.4 (11co.)	2.8	— Sold : 3co. ⁴⁾ →	0.3 (10co.)	3.5
	LP investment in funds ³⁾	2.5 (6co.)	— (Same as Book value)		2.5 (6co.)	— (Same as Book value)
	合計	2.9 (17co.)	5.4 (0.7)		2.9 (16co.)	6.0 (0.9)

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 DECEMBER 31, 2024

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



December 31, 2024
(Total assets: JPY15.7bn)

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
- Interim Dividends for
current FY:
-JPY1.0bn

Cash and deposits JPY4.0bn	Liabilities JPY2.5bn
Short-term Investment assets* JPY6.0bn	Net assets JPY13.2bn
Venture capital JPY3.4bn	
Other assets JPY2.4bn	

BUSINESS PRODUCTION: FULL-YEAR OUTLOOK

	<u>FY03/2025 Full-year outlook</u>	<u>FY03/2025 forecast</u>	<u>Medium-term profit plan</u>
Sales (JPYbn)	5.2~6.0	7.3 (FY03/2024 results: 5.0)	5.9
Personnel (headcount)	Around 180	196 (FY03/2024 results: 155)	115
Net income attributable to owners of parent (JPYbn)	-0.6~+2	0.5 (FY03/2024 results: 0.04)	1.0
EPS (JPY)*	-60~+20	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.

SHAREHOLDER RETURNS

	FY03/2023	FY03/2024	FY03/2025
Interim dividend	—	—	JPY1.0bn (JPY106/share)
Year-end dividend	JPY2.0bn (JPY191.11/share)	JPY1.2bn (JPY128/share)	JPY3.0bn (forecast) (JPY317/share)
Share buyback	—	JPY2.8bn <ul style="list-style-type: none">• Of which, cancelled JPY2.6bn*• Plan to allocate JPY0.2bn** to stock remuneration*** for employees	—

*
**

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)



Q3 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	TRepresentative 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 Enter into a business alliance agreement with Dentsu Soken

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 amplify 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

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



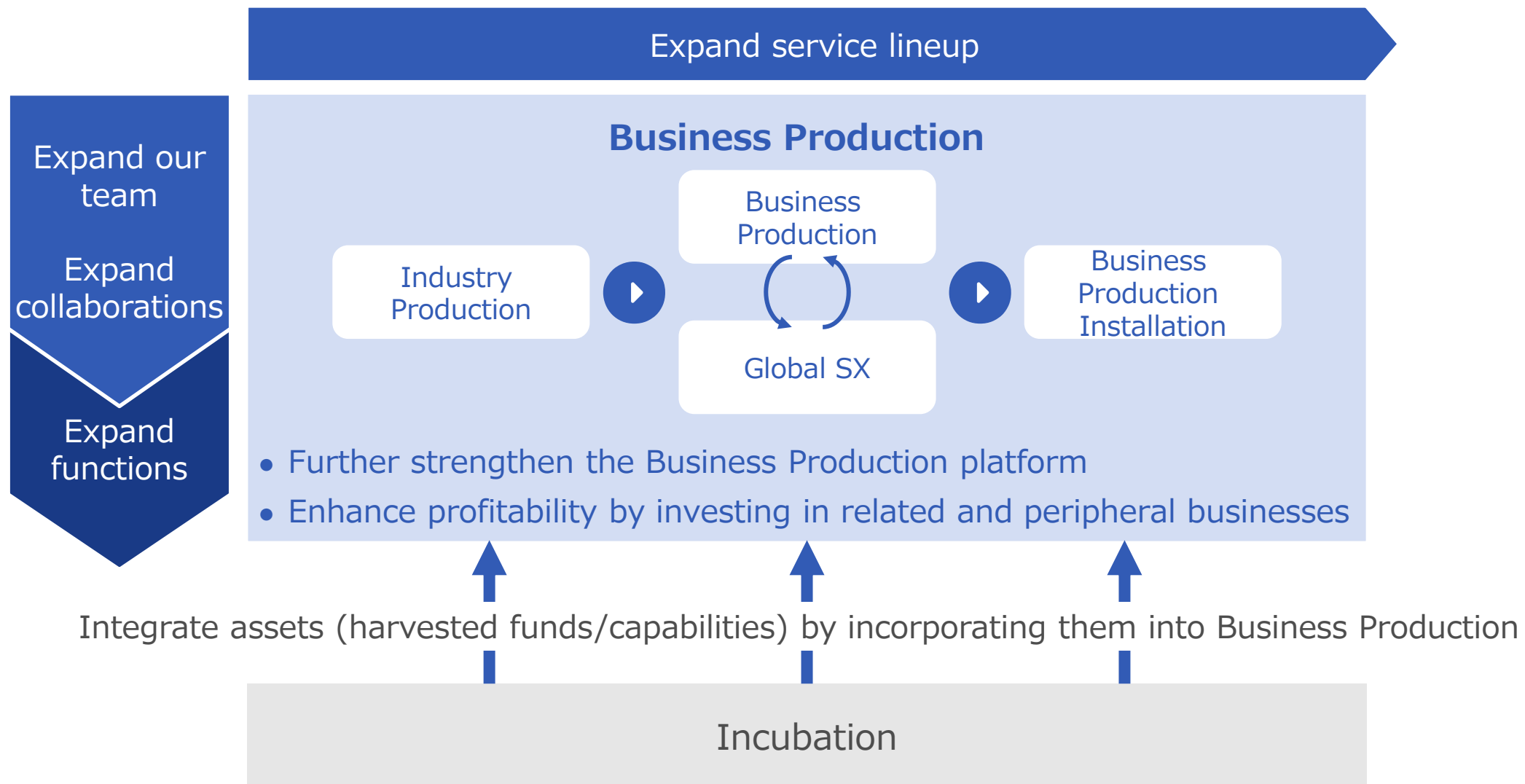
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DIRECTION DI AIMS TO TAKE

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

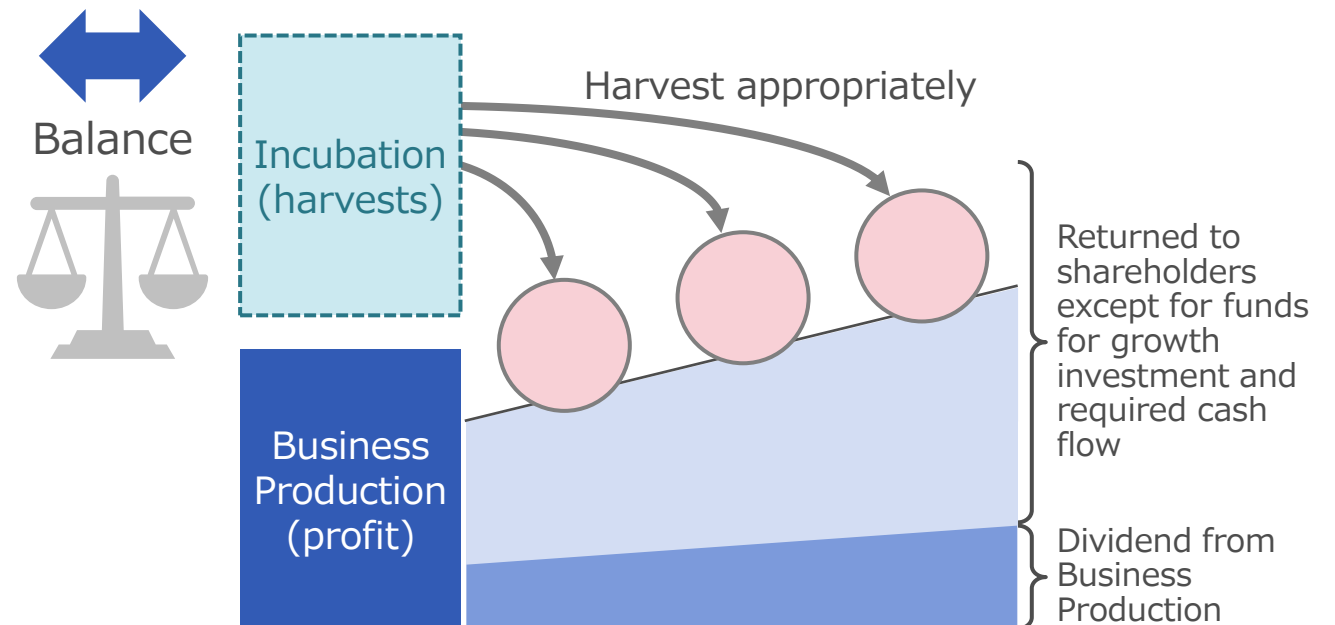
Growth investment (expansion of functions): Grow profits

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



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

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

The Business Producing Company