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On May 14, 2021, Dream Incubator Inc. announced earnings results for full-year FY03/21.

Quarterly earnings (JPYmn)	FY03/19				FY03/20				FY03/21				FY03/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	5,431	4,343	4,891	6,040	5,231	5,383	6,101	6,040	6,074	7,269	6,592	7,841		
YoY	55.0%	11.3%	-9.8%	8.0%	-3.7%	23.9%	24.7%	0.0%	16.1%	35.0%	8.0%	29.8%		
Gross profit	2,388	2,079	2,334	2,502	2,404	2,435	3,003	2,598	2,503	2,891	2,786	2,807		
YoY	24.6%	0.4%	-24.6%	1.3%	0.7%	17.1%	28.7%	3.8%	4.1%	18.7%	-7.2%	8.0%		
Gross profit margin	44.0%	47.9%	47.7%	41.4%	46.0%	45.2%	49.2%	43.0%	41.2%	39.8%	42.3%	35.8%		
SG&A expenses	2,186	2,219	2,385	2,388	2,499	2,440	2,592	2,785	2,679	2,861	2,939	3,465		
YoY	24.3%	19.7%	25.6%	9.3%	14.3%	10.0%	8.7%	16.6%	7.2%	17.3%	13.4%	24.4%		
SG&A ratio	40.3%	51.1%	48.8%	39.5%	47.8%	45.3%	42.5%	46.1%	44.1%	39.4%	44.6%	44.2%		
Operating profit	201	-139	-51	113	-94	-5	409	-186	-175	30	-154	-658		
YoY	27.2%	-	-	-60.4%	-	-	-	-	-	-	-	-		
Operating profit margin	3.7%	-	-	1.9%	-	-	6.7%	-	-	0.4%	-	-		
Recurring profit	274	-51	-136	190	-106	-41	325	-203	-161	93	-200	-703		
YoY	82.7%	-	-	-36.9%	-	-	-	-	-	-	-	-		
Recurring profit margin	5.0%	-	-	3.1%	-	-	5.3%	-	-	1.3%	-	-		
Net income	435	-24	-261	228	-18	-126	163	-217	-143	-100	-192	-1,670		
YoY	866.7%	-	-	686.2%	-	-	-	-	-	-	-	-		
Net margin	8.0%	-	-	3.8%	-	-	2.7%	-	-	-	-	-		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Sales	5,431	9,774	14,665	20,705	5,231	10,614	16,715	22,755	6,074	13,343	19,935	27,776		Undisclosed
YoY	55.0%	32.0%	14.4%	12.4%	-3.7%	8.6%	14.0%	9.9%	16.1%	25.7%	19.3%	22.1%		
Gross profit	2,388	4,467	6,801	9,303	2,404	4,839	7,842	10,440	2,503	5,394	8,180	10,987		
YoY	24.6%	12.1%	-4.0%	-2.6%	0.7%	8.3%	15.3%	12.2%	4.1%	11.5%	4.3%	5.2%		
Gross profit margin	44.0%	45.7%	46.4%	44.9%	46.0%	45.6%	46.9%	45.9%	41.2%	40.4%	41.0%	39.6%		
SG&A expenses	2,186	4,405	6,790	9,178	2,499	4,939	7,531	10,316	2,679	5,540	8,479	11,944		
YoY	24.3%	22.0%	23.2%	19.3%	14.3%	12.1%	10.9%	12.4%	7.2%	12.2%	12.6%	15.8%		
SG&A ratio	40.3%	45.1%	46.3%	44.3%	47.8%	46.5%	45.1%	45.3%	44.1%	41.5%	42.5%	43.0%		
Operating profit	201	62	11	124	-94	-99	310	124	-175	-145	-299	-957		
YoY	27.2%	-83.4%	-99.3%	-93.3%	-	-	2718.2%	-90.1%	-	-	-	-		
Operating profit margin	3.7%	0.6%	0.1%	0.6%	-	-	1.9%	0.5%	-	-	-	-		
Recurring profit	274	223	87	277	-106	-147	178	-25	-161	-68	-268	-971		
YoY	82.7%	-46.1%	-94.6%	-85.5%	-	-	104.6%	-	-	-	-	-		
Recurring profit margin	5.0%	2.3%	0.6%	1.3%	-	-	1.1%	-0.1%	-	-	-	-		
Net income	435	411	150	378	-18	-144	19	-198	-143	-243	-435	-2,105		
YoY	866.7%	328.1%	-82.8%	-58.0%	-	-	-87.3%	-	-	-	-	-		
Net margin	8.0%	4.2%	1.0%	1.8%	-	-	0.1%	-0.9%	-	-	-	-		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Earnings by segment: quarterly

By segment	FY03/19				FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>SALES</b>												
Business Production	-	-	-	-	573	708	739	659	508	664	467	680
YoY	-	-	-	-	-	-	-	-	-11.3%	-6.2%	-36.8%	3.2%
Incubation	-	-	-	-	4,662	4,763	5,281	5,382	5,573	6,611	6,134	7,176
YoY	-	-	-	-	-	-	-	-	19.5%	38.8%	16.2%	33.3%
Venture Capital	-	-	-	-	253	151	311	86	141	808	21	121
YoY	-	-	-	-	-	-	-	-	-44.3%	435.1%	-93.2%	40.7%
Pet Lifestyle	-	-	-	-	4,212	4,425	4,719	4,961	5,192	5,545	5,836	6,286
YoY	-	-	-	-	-	-	-	-	23.3%	25.3%	23.7%	26.7%
HR Innovation	-	-	-	-	197	185	251	324	240	257	278	326
YoY	-	-	-	-	-	-	-	-	21.8%	38.9%	10.8%	0.6%
Other	-	-	-	-	-	-	-	-	-	-	-	442
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Internal sales or transfer	-	-	-	-	-4	-6	0	-2	-8	-5	-9	-16
<b>Old segments</b>												
Professional Services	511	558	599	888	573	708	739	659	-	-	-	-
YoY	-16.6%	-39.3%	-31.1%	-15.6%	12.1%	26.9%	23.4%	-25.8%	-	-	-	-
Incubation	4,920	3,784	4,296	5,191	4,647	4,696	5,241	5,344	-	-	-	-
YoY	70.2%	26.9%	-5.6%	14.3%	-5.5%	24.1%	22.0%	2.9%	-	-	-	-
Venture Capital	1,478	189	227	973	253	151	311	86	-	-	-	-
YoY	2916.3%	950.0%	-83.8%	-24.2%	-82.9%	-20.1%	37.0%	-91.2%	-	-	-	-
HR Innovation	3,442	3,594	3,840	4,000	4,197	4,358	4,680	4,922	-	-	-	-
YoY	21.2%	21.3%	21.9%	22.7%	21.9%	21.3%	21.9%	23.1%	-	-	-	-
Other	-	-	228	220	197	-	-	-	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-	-
<b>OPERATING PROFIT</b>												
Business Production	-	-	-	-	67	245	342	313	215	379	147	313
YoY	-	-	-	-	-	-	-	-	220.9%	54.7%	-57.0%	0.0%
Incubation	-	-	-	-	60	68	204	-270	-155	-131	-106	-768
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Venture Capital	-	-	-	-	96	-82	116	-296	-108	-276	-198	-800
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Pet Lifestyle	-	-	-	-	-6	186	109	44	-13	156	103	30
YoY	-	-	-	-	-	-	-	-	-	-16.1%	-5.5%	-31.8%
HR Innovation	-	-	-	-	-30	-36	-21	-18	-34	-11	-11	2
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	54
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Company-wide expenses	-	-	-	-	-221	-241	-213	-229	-235	-219	-194	-257
<b>Old segments</b>												
Professional Services	49	96	132	375	67	245	342	313	-	-	-	-
YoY	-80.7%	-82.5%	-61.5%	-30.4%	36.7%	155.2%	159.1%	-16.5%	-	-	-	-
Incubation	366	-35	57	7	79	36	194	-254	-	-	-	-
YoY	221.1%	-	-94.7%	-	-78.4%	-	240.4%	-	-	-	-	-
Venture Capital	282	-40	-192	211	96	-82	116	-296	-	-	-	-
YoY	-	-	-	-	-66.0%	-	-	-	-	-	-	-
HR Innovation	84	5	249	-204	-17	118	78	42	-	-	-	-
YoY	-54.6%	-	72.4%	-	-	-	-68.7%	-	-	-	-	-
Other	-	-10	-2	-11	-30	-36	-21	-18	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-	-

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Effective Q1 FY03/21, the company changed the name of its reporting segments. The former Professional Services segment became the Business Production segment, the Venture Capital segment retained its name, the Insurance segment became the Pet Lifestyle segment. The Other business segment was replaced by the new HR Innovation segment, which consists of subsidiary Work Style Lab (WSL), formerly included under the Other segment. For purposes of comparison, segment results for Q1 last year were recalculated to match the new reporting segment scheme.

## Earnings by segment: cumulative

By segment Cumulative (JPYmn)	FY03/19				FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>SALES</b>												
Business Production	-	-	-	-	573	1,281	2,020	2,679	508	1,172	1,639	2,319
YoY	-	-	-	-	-	-	-	-	-11.3%	-8.5%	-18.9%	-13.4%
Incubation	-	-	-	-	4,662	9,425	14,706	20,088	5,573	12,184	18,318	25,494
YoY	-	-	-	-	-	-	-	-	19.5%	29.3%	24.6%	26.9%
Venture Capital	-	-	-	-	253	404	715	801	141	949	970	1,091
YoY	-	-	-	-	-	-	-	-	-44.3%	134.9%	35.7%	36.2%
Pet Lifestyle	-	-	-	-	4,212	8,637	13,356	18,317	5,192	10,737	16,573	22,859
YoY	-	-	-	-	-	-	-	-	23.3%	24.3%	24.1%	24.8%
HR Innovation	-	-	-	-	197	382	633	957	240	497	775	1,101
YoY	-	-	-	-	-	-	-	-	21.8%	30.1%	22.4%	15.0%
Other	-	-	-	-	-	-	-	-	-	-	0	442
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Internal sales or transfer	-	-	-	-	-4	-10	-10	-12	-8	-13	-22	-38
<b>Old segments</b>												
Professional Services	511	1,069	1,668	2,556	573	1,281	2,020	2,679	-	-	-	-
YoY	-16.6%	-30.2%	-30.6%	-26.0%	12.1%	19.8%	21.1%	4.8%	-	-	-	-
Incubation	4,920	8,704	13,000	18,191	4,647	9,343	14,584	19,928	-	-	-	-
YoY	70.2%	48.3%	24.7%	21.6%	-5.5%	7.3%	12.2%	9.5%	-	-	-	-
Venture Capital	1,478	1,667	1,894	2,867	253	404	715	801	-	-	-	-
YoY	2916.3%	2388.1%	29.0%	4.2%	-82.9%	-75.8%	-62.2%	-72.1%	-	-	-	-
HR Innovation	3,442	7,036	10,876	14,876	4,197	8,555	13,235	18,157	-	-	-	-
YoY	21.2%	21.2%	21.5%	21.8%	21.9%	21.6%	21.7%	22.1%	-	-	-	-
Other	-	-	228	448	197	382	633	969	-	-	-	-
YoY	-	-	-	-	-	-	177.6%	116.3%	-	-	-	-
<b>OPERATING PROFIT</b>												
Business Production	-	-	-	-	67	312	654	967	215	594	741	1,054
YoY	-	-	-	-	-	-	-	-	220.9%	90.4%	13.3%	9.0%
Incubation	-	-	-	-	60	128	332	62	-155	-286	-392	-1,160
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Venture Capital	-	-	-	-	96	14	130	-166	-108	-384	-582	-1,382
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Pet Lifestyle	-	-	-	-	-6	180	289	333	-13	143	246	276
YoY	-	-	-	-	-	-	-	-	-20.6%	-14.9%	-17.1%	-
HR Innovation	-	-	-	-	-30	-66	-87	-105	-34	-45	-56	-54
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	0	54
YoY	-	-	-	-	-	-	-	-	-	-	-	-
Company-wide expenses	-	-	-	-	-221	-462	-675	-904	-235	-454	-648	-905
<b>Old segments</b>												
Professional Services	49	145	277	652	67	312	654	967	-	-	-	-
YoY	-80.7%	-81.9%	-75.8%	-61.3%	36.7%	115.2%	136.1%	48.3%	-	-	-	-
Incubation	366	331	388	395	79	115	309	55	-	-	-	-
YoY	221.1%	-	-63.3%	-61.8%	-78.4%	-65.3%	-20.4%	-86.1%	-	-	-	-
Venture Capital	282	242	50	261	96	14	130	-166	-	-	-	-
YoY	-	-	-94.2%	-58.7%	-66.0%	-94.2%	160.0%	-	-	-	-	-
HR Innovation	84	89	338	134	-17	101	179	221	-	-	-	-
YoY	-54.6%	-36.0%	72.4%	-66.7%	-	13.5%	-47.0%	64.9%	-	-	-	-
Other	-	-10	-12	-23	-30	-66	-87	-105	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-	-

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Effective Q1 FY03/21, the company changed the name of its reporting segments. The former Professional Services segment became the Business Production segment, the Venture Capital segment retained its name, the Insurance segment became the Pet Lifestyle segment. The Other business segment was replaced by the new HR Innovation segment, which consists of subsidiary Work Style Lab (WSL), formerly included under the Other segment. For purposes of comparison, segment results for Q1 last year were recalculated to match the new reporting segment scheme.

## Full-year consolidated results for FY03/21 (out May 14, 2021)

### Summary

- ▷ Sales: JPY27.8bn (+22.1% YoY)
- ▷ Operating loss: JPY957mn (versus profit of JPY124mn in FY03/20)
- ▷ Recurring loss: JPY971mn (versus loss of JPY25mn in FY03/20)
- ▷ Net loss\*: JPY2.1bn (versus loss of JPY198mn in FY03/20)

\*Net loss attributable to owners of the parent

- ▷ Performance versus plan: The company does not make earnings forecasts due to the volatility of results at the Venture Capital segment, where earnings can vary greatly depending on conditions in the stock market and trends in initial public offerings.
- ▷ Full-year consolidated sales of JPY27.8bn were up 22.1% YoY. By segment, sales at the Business Production segment were down 13.4% YoY, due to the loss of sales from its market research business that it exited in Q2 FY03/20 as well as the lull of corporate interest in new business in the wake of the pandemic. At the Venture Capital segment, the company completed a number of trade sales and sales were up 36.2% YoY. At the Pet Lifestyle segment, sales were up 24.8% YoY, the strong growth driven by the record number of new policies in force, which benefited from strong growth in the pet insurance market. At the HR Innovation segment, sales were up 15.0% YoY, the growth driven by the expansion of its sales force (including those added to handle digital transformation projects), which easily offset the drag from the pandemic.
- ▷ The full-year consolidated operating loss of JPY957mn reflected a mixed bag of results at the individual segment level, with the Business Production segment reporting 9.0% growth in operating profit, the Venture Capital segment reporting operating loss of JPY1.4bn (versus loss of JPY166mn in FY03/20), the Pet Lifestyle segment reporting a 17.1% decline in operating profit, and the HR Innovation segment reporting operating loss of JPY54mn (versus loss of JPY105mn). The jump in earnings at the Business Production segment reflected the company's efforts to recoup the losses from the exit from its money-losing market research business and the result of management cost reviews. At the Venture Capital segment, the loss reflected a combination of fewer capital gains on stock sales as IPOs initially scheduled for FY03/21 were delayed to FY3/22 or later in the wake of the pandemic and writedowns of the carrying value of its investments in companies whose prospects dimmed in the wake of the pandemic, which also took into account the potential long-term impact of the pandemic. The losses at the Pet Lifestyle segment resulted from the increases in expenses (such as commissions and collection fees) that accompanied the increase in pet insurance policy sales, and the rise in net claims paid and loss adjustment expenses accompanying the increase in the number of insurance claims filed. The losses at the Pet Lifestyle segment did not paint a true picture, though, as a better gauge of the profitability of the insurance business is adjusted earnings, and on this measure the Pet Lifestyle segment reported operating profit of JPY1.0bn (versus adjusted profit of JPY978mn in FY03/20). The HR Innovation segment reported losses but the losses were smaller YoY.
- ▷ Net asset value (NAV) as calculated by the company came to JPY32.4bn (JPY3,244 per share) as of the end of FY03/21, up from JPY28.4bn (JPY2,811 per share) at the end of FY03/20, the increase driven in large part by a recovery in the Business Production segment's industry P/E ratio, which bounced up to 34x versus 25x in the immediate wake of the pandemic. and the rebound in the stock price of subsidiary ipet Insurance.

The company believes that profit calculated on the basis of the unearned premium method for regular policy reserves, and not taking into account provision of the catastrophe reserve, is a useful indicator of the profitability ipet Insurance Co., Ltd., one of its key subsidiaries. On that basis, Dream Incubator reported adjusted recurring loss of JPY233mn (adjusted recurring profit of JPY619mn in FY03/21).

Effective Q1 FY03/21, the company changed the name of its reporting segments. The former Professional Services segment will now be the Business Production segment, the Venture Capital segment will retain its name, the Insurance segment will now be the Pet Lifestyle segment. The Other business segment was replaced by the new HR Innovation segment, which consists of subsidiary Work Style Lab (WSL), formerly included under the Other segment. For purposes of comparison, segment results for Q1 last year were recalculated to match the new reporting segment scheme.

## Business Production business

### Business Production segment

For FY03/21, the Business Production segment reported full-year sales of JPY2.3bn (-13.4% YoY) and operating profit of JPY1.1bn (+9.0% YoY).

- ▷ Under the Business Production segment, the company operates a consulting business with the concept of creating leading businesses of next generation (“business producing”). In addition to providing strategic consulting services for major corporations to support new business creation and strategic long-term growth initiatives, the company also offers M&A financial advisory services.
- ▷ With the company having exited its money-losing market research business in Q2 FY03/20 and corporate interest in new business in a temporary slump (from summer to around fall) in the wake of the pandemic, the segment reported lower sales for the year. Segment operating profit finished higher, though, thanks to the dropout of losses from the market research business and cost-cutting efforts in other areas.
- ▷ Consolidated subsidiary DI Asia (which conducts strategic consulting and market research in Asia) sold off its market research business as part of a makeover of its business portfolio.

## Incubation business

Under its Incubation business, the company counts the Venture Capital segment, Pet Lifestyle segment, and HR Innovation segment.

### Venture Capital segment

For FY03/21, the Venture Capital segment reported full-year sales of JPY1.1bn (+36.2% YoY) and operating loss of JPY1.4bn (versus loss of JPY166mn in FY03/20).

- ▷ At the Venture Capital segment, the company works together with partner venture capital companies to invest in startup companies, most of which are located in Japan and India. Dream Incubator funnels both capital and human resources into the start-ups in which it invests when they are at the stage where the company’s deeper involvement is expected to help accelerate growth.
- ▷ In FY03/21, the company completed a number of trade sales but the segment still finished in the red, hurt by fewer capital gains on stock sales as IPOs initially scheduled for FY03/21 were delayed to FY03/22 or later in the wake of the pandemic and writedowns of the carrying value of its investments in companies whose prospects dimmed in the wake of the pandemic, which also took into account the possible long-term impact of the pandemic. .

### Pet Lifestyle segment

For FY03/21, the Pet Lifestyle segment reported full-year sales of JPY22.9bn (+24.8% YoY) and operating profit of JPY276mn (-17.1% YoY).

- ▷ The Pet Lifestyle segment consists of the pet medical insurance business operated by ipet Insurance, the largest company under the umbrella of consolidated subsidiary ipet Holdings. During FY03/21 ipet Holdings acquired Pet’s All Right, an online pet health consultation/pet-related information platform operator, making Pet’s All Right a subsidiary.

- ▷ As mentioned previously, the company uses adjusted earnings to gauge the true profitability of its pet insurance business. For FY03/21, the segment reported full-year adjusted earnings of JPY1.0bn (versus JPY978mn in FY03/20). The difference reflects adjustments to compensate for a change in its reserve calculation method (from the first-year income-expenditure balance method to the unearned premium method), which in the case of regular policy reserves meant an adjustment of JPY20mn and in the case of catastrophe reserves meant an adjustment of JPY71.7mn (excluding regular provisioning).
- ▷ Sales growth at the Pet Lifestyle segment reflected continued strong growth in the number of policies in force, driven by an increase in new insurance customers amid robust pet-related demand. At the end of FY03/21, the segment reported a total of 622,069 policies in force, up 113,844 policies from the end of FY03/20. On the cost side, the segment saw increases in expenses (such as commissions and collection fees) stemming from the growth in insurance policies sales and the increases in the number of policies in force, and increases in net claims paid and loss adjustment expenses due to an increase in the number of insurance claims filed.
- ▷ Owing to changes in the direction of core systems development at ipet Insurance, the company wrote off the remaining balance of JPY1.4bn in software in progress and booked an equal amount as an extraordinary loss on the disposal of a fixed asset.

## HR Innovation segment

For FY03/21, the HR Innovation segment reported full-year sales of JPY1.1bn (+15.0% YoY) and operating loss of JPY54mn (versus loss of JPY105mn in FY03/20).

- ▷ Formerly known as the Other segment, the HR Innovation segment consists of subsidiary Work Style Lab, Inc. (WSL), which operates a matching platform for freelance consultants and became a wholly owned subsidiary in August 2018.
- ▷ The strong sales growth and reduction in operating losses was driven by the expansion of its sales force (including those added to handle digital transformation projects) and other initiatives which together easily offset the drag from the pandemic.

## Company outlook for FY03/22

### Summary

Owing to the inherent difficulties in projecting sales and earnings at some of its businesses, the company does not issue a public forecast. While projecting sales and earnings for its Business Production segment is fairly easy, making projections for other businesses is more problematic. More specifically, under Incubation, the Venture Capital segment derives most of its sales from the sale of stock holdings, making it subject to the state of the stock market in general and conditions in the IPO market in particular.

- ▷ At the Business Production segment, the company reports that orders for new projects (representing future sales) have been on the mend since Q3 FY03/21. In the wake of the pandemic, the company saw an especially rapid increase in consulting projects to help companies take advantage of the growing number of transformative changes in industry structures in environment-related and social fields. In order to meet the broad range of needs and keep the Business Production segment growing, the company plans to continue working to build out related business infrastructure by accelerating its investments in human resources and taking advantage of its capital/business alliance with Dentsu Group. Although the increases in costs stemming from investments are expected to leave segment earnings down despite the rise in sales, over the medium to long term these investments are expected to help the company build a more stable earnings base.
- ▷ Incubation
  - At the Pet Lifestyle segment, the company sees ongoing growth in the pet insurance market as a whole underpinning sales growth at its own pet insurance business. Related costs are expected to rise, though, as plans call for pushing ahead with digital transformation initiatives so as to establish a firm foundation for the next growth phase of the pet insurance

business. As a result, the company expects adjusted recurring profit at ipet Holdings to finish FY03/22 at JPY880mn (-21.4% YoY).

- At the HR Innovation segment, the company is looking to continue growing its sales and earnings with the help of its ongoing digital transformation initiatives and investments in human resources, and sees very little drag from the pandemic.
- At the Other segment (PEACS Inc.), the company expects to finish FY03/22 in the red owing to its adoption of a new growth model that should take better advantage of PEACS's forte in fan marketing. The Other segment promises to move into the black before much longer, though, and so the company will continue putting the infrastructure in place to make that happen early.
- At the Venture Capital segment, as usual, the company does not expect to be in a position to make a reliable forecast for sales or earnings because so much depends on the ups and down of the stock market, particularly the IPO market. The company does have plans for multiple IPOs (including some fairly large ones) and is expecting to make some trade sales as well, but there is always the risk that in any given timeframe the stock market will suffer a downturn that would not only reduce the capital gains on stock sales but also lead to additions to reserves for losses on investments.

#### **ipet Insurance: Company forecast for FY03/22**

For FY03/22, ipet Insurance projects recurring revenue of JPY28.6bn (+25.0% YoY), the gains stemming largely from growth in insurance underwriting. ipet Insurance sees adjusted recurring profit coming in at JPY880mn (-21.4% YoY) and adjusted net profit coming in at JPY580mn, as earnings are weighed down in large part by increased spending on its digital transformation initiatives and other measures aimed at bringing its combined ratio down and increasing profitability over the long term.

This note is the most recent addition to the [full report](#).

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