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Company name: DRAFT Inc.
 (Code number: 5070, Mothers market of the Tokyo Stock Exchange)

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Notice regarding revisions of earnings forecast and dividend forecast (dividend increase)

DRAFT Inc., in light of recent earnings performance, has revised its consolidated earnings forecast for the fiscal year ended December 2021 (January 1–December 31, 2021) announced on May 12, 2021 and dividend forecast announced on August 12, 2021, as below.

1. Revision of consolidated earnings forecast

Full-year earnings forecast for the fiscal year ended December 2021 (January 1–December 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	Millions of yen 8,300	Millions of yen 700	Millions of yen 680	Millions of yen 440	Yen 47.56
Revised forecast (B)	8,032	950	945	570	61.38
Difference (B–A)	(268)	250	265	130	
Change (%)	(3.2)	35.7	39.0	29.5	

(Notes) 1. Previous fiscal year (April 1–December 31, 2020) was an irregular nine-month period, and hence results for this period have not been provided.

2. The Company issued new shares through public offering with December 21, 2021 as the payment date, raising the number of issued shares by 591,400. Further, the Company issued new shares through third-party allotment with December 28, 2021 as the payment date, subsequently increasing the number of issued shares by 208,600. The increases in the number of issued shares have been taken into account when calculating the earnings per share estimate for the fiscal year ended December 2021.

(Reasons for revision)

Despite the prolonged impact of the COVID-19 pandemic, the DRAFT Group, renowned for its strengths in high level of design and project proposal, continued to enjoy robust demand for its design operations, and performance in the fiscal year ended December 2021 was steady. While net sales in the fiscal year under review are expected to fall slightly below the previous, upwardly revised target as some projects were pushed back to the next fiscal year due to clients' circumstances, net sales are still projected to be in line with the initial target of ¥8,000 million.

On the profit front, gross profit is expected to substantially exceed the previous forecast due to increases in high-margin design and design-only projects as well as in special projects. Gross profit was also buoyed by contributions from a large project. Meanwhile, SG&A expenses are projected to finish the year below plan owed to reduced activities-related expenses in the wake of the pandemic.

As a result, the Company expects operating profit, ordinary profit, and profit attributable to owners of parent to substantially exceed the previously announced forecast.

2. Revision of dividend forecast

	Annual dividends per share (yen)		
	2nd quarter-end	Fiscal year-end	Total
Previous forecast (Announced on August 12, 2021)		4.50	4.50
Revised forecast		5.00	5.00
Dividends paid	0.00		
(Reference) Dividends paid in the previous fiscal year ended December 2020	0.00	4.00	4.00

(Reason for revision)

DRAFT views returning profits to shareholders as one of its key management policies. The Company aims to pay dividends (interim and year-end dividends) equivalent to 20% of consolidated profit attributable to owners of parent while maintaining sufficient retained earnings necessary for proactive future business development and the reinforcement of management structure.

In consideration of the upward revisions to the earnings forecast for the fiscal year ended December 2021, the Company revised its year-end dividend forecast for the fiscal year to ¥5.00 per share.

(Note) Earnings estimates provided above are based on information currently available to the Company and certain assumptions the Company deems reasonable. Hence, actual results may differ from these estimates due to changes in business conditions.