August 14, 2023

Company name: DRAFT Inc.
(Code number: 5070, Growth market of the Tokyo Stock Exchange)
Representative: Taiju Yamashita, Representative Director
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Notice Regarding Revision of Earnings and Dividend Forecasts (Dividend Increase)

In light of recent earnings performance, DRAFT Inc. (the "Company") has revised the consolidated earnings and dividend forecasts for the fiscal year ending December 31, 2023 (January 1, 2023–December 31, 2023) announced on February 14, 2023, as follows.

1. Revision of consolidated earnings forecast

Full-year earnings forecast for the fiscal year ending December 2023 (January 1–December 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A)	Millions of yen 10,000	Millions of yen 480	Millions of yen 466	Millions of yen 300	Yen 29.89
Revised forecast (B)	10,500	780	750	450	44.82
Difference (B–A)	500	300	283	150	
Change (%)	5.0	62.5	60.9	50.0	
(Ref.) Results for the fiscal year ended December 31, 2022	8,287	108	87	21	1.78

(Reasons for the revision)

As the economic recovery from the COVID-19 pandemic is becoming increasingly more evident, demand for the design business of the Group, which prides itself in its exceptional design and planning capabilities, is greater than initially expected, due to growth not only in short-term demand but also in demand for medium- to long-term projects. We expect net sales to exceed the initial forecast, backed by strong business performance.

In addition to the projected net sales growth, gross profit is also expected to surpass the initial plan owing to progress in the acquisition of high-margin projects, such as design projects solely handled by the Company, while SG&A expenses are projected to be largely in line with plan. As a result, we forecast operating profit, ordinary profit, and profit attributable to owners of parent to substantially exceed the previous forecast.

2. Revision of dividend forecast

	Annual dividend (yen)		
	Interim	Year-end	Total
Previous forecast (released February 14, 2023)		5.00	5.00
Revised forecast		6.00	6.00
Actual dividend	0.00		
(Ref.) Dividend for the fiscal year ended December 31, 2022	0.00	5.00	5.00

(Reasons for the revision)

The Company considers returning profits to shareholders a priority management policy, and aims to pay dividends (interim and year-end) with a target payout ratio of 20%, on a consolidated profit attributable to owners of parent basis, while securing retained earnings necessary to aggressively invest in future business development and reinforce the management structure.

Taking into account the upward revision to the earnings forecast, the Company revised the year-end dividend forecast for the fiscal year ending December 31, 2023 to ¥6.00 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.