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## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Japanese GAAP)

February 14, 2025

Company name: DRAFT Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 5070  
 URL: <https://ir.draft.co.jp/en/>  
 Representative: Masahiko Aranami, Representative Director  
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 Scheduled date of annual general meeting of shareholders: March 27, 2025  
 Scheduled date to commence dividend payments: March 28, 2025  
 Scheduled date to file annual securities report: March 28, 2025  
 Availability of supplementary briefing materials on financial results: Yes  
 Schedule of briefing session on financial results: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	12,276	14.7	1,022	17.5	1,017	19.9	646	25.2
December 31, 2023	10,702	29.1	870	703.3	848	868.6	516	—

Note: Comprehensive income: Fiscal year ended December 31, 2024: ¥654 million (24.2%)

Fiscal year ended December 31, 2023: ¥527 million (—%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	64.33	64.09	17.2	14.6	8.3
December 31, 2023	51.41	51.23	16.0	12.9	8.1

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2024:¥— million

For the fiscal year ended December 31, 2023:¥— million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	6,458	4,070	62.7	403.45
December 31, 2023	7,465	3,475	46.3	344.27

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of December 31, 2024: ¥4,052 million

As of December 31, 2023: ¥3,457 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	2,024	(898)	(766)	2,108
December 31, 2023	234	(470)	489	1,749

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	6.00	6.00	60	11.7	1.9
Fiscal year ended December 31, 2024	—	0.00	—	12.00	12.00	120	18.7	3.2
Fiscal year ending December 31, 2025 (Forecast)	—	0.00	—	14.00	14.00		—	

### 3. Consolidated financial results forecast for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Basic earnings (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half	4,600	(31.2)	(260)	—	(285)	—	(296)	—	(29.47)
Full year	13,300	8.3	1,150	12.4	1,110	9.1	670	3.7	66.71

## Notes

(1) Changes in major subsidiaries during the fiscal year ended December 31, 2024: No

Newly added:— subsidiaries (Company name) —

Excluded: — subsidiaries (Company name) —

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to amendment of accounting standards, etc.: No

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)

December 31, 2024: 10,043,600 shares

December 31, 2023: 10,043,300 shares

2) Number of treasury stock at the end of the period

December 31, 2024: — shares

December 31, 2023: — shares

3) Average number of shares outstanding for the period

Fiscal year ended December 31, 2024: 10,043,526 shares

Fiscal year ended December 31, 2023: 10,040,840 shares

## [Reference] Overview of non-consolidated financial results

### 1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

#### (1) Non-consolidated operating results

(Percentage figures indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	12,276	14.7	1,003	21.2	999	23.8	633	31.4
December 31, 2023	10,702	29.1	827	748.4	807	902.8	481	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	63.05	62.81
December 31, 2023	47.98	47.81

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	6,455	3,916	60.4	388.13
December 31, 2023	7,492	3,343	44.4	331.09

Reference: Equity (Shareholders' equity + Valuation and translation adjustments)

As of December 31, 2024: ¥3,898 million

As of December 31, 2023: ¥3,325 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

\* Explanation regarding proper use of financial results forecast, and other notes

Forward-looking statements in this document, including outlook on future performance, are based on currently available information and certain assumptions that the Company regards as reasonable, and the Company does not in any way guarantee their achievement.

Actual results may differ substantially from the projections herein depending on various factors. Please refer to “1. Overview of Operating Results, etc., (4) Future outlook” on page 2 of the attached materials for the assumptions used in forecasting financial results and precautions regarding the use of the financial results forecast.

## 1. Overview of Operating Results, etc.

### (1) Overview of operating results for the fiscal year under review

During the fiscal year ended December 31, 2024 (the “fiscal year under review”), the Japanese economy was on a moderate recovery trend as the economic activities had gotten back to normal. However, the outlook remained uncertain due mainly to concerns over the impact on household spending and corporate activities of rising prices for various commodities caused by the ongoing depreciation of the yen, and the lifting of negative interest rates.

Under the management philosophy “All Happy by Design,” since its foundation, the DRAFT Group has aimed to solve social issues through design, including unprecedentedly novel spatial design. In operating its business, the Group has strategically divided its projects into the following three categories: regular projects (Note 1), proposal projects (Note 2), and leading projects (Note 3).

During the fiscal year under review, the DRAFT Group, primarily TJ Institute of Design & Architecture established as an independent organization, continued activities to create new business formats and new design values through the proposal projects and leading projects, with regular projects as a revenue base.

Demand for the design work the Group provides based on these activities has remained brisk. During the fiscal year under review, backed by such brisk demand, coupled with growing scales of projects in line with the growth of the Group as a designing company, net sales marked a record high of ¥12,276 million, up 14.7% year on year.

SG&A expenses, primarily personnel expenses, increased 4.7% year on year, which fell far below the growth rate of net sales.

As a result of the above, operating profit came in at ¥1,022 million (+17.5% year on year), marking a significant increase in profits. Ordinary profit, reflecting non-operating income and non-operating expenses, such as foreign exchange losses, came in at ¥1,017 million (+19.9% year on year), with profit attributable to owners of parent at ¥646 million (+25.2% year on year), both hitting record highs.

The Group operates in a single reportable segment, the Design business, and hence has omitted results by segment. Net sales for the Design business by category are as shown below.

#### Net sales by category (reference)

Category	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	
	Results (Millions of yen)	Results (Millions of yen)	Year-on-year change (%)
Display design, Architecture design, Other	5,424	5,907	8.9
Office design, Project management, Other	5,278	6,369	20.7
Total	10,702	12,276	14.7

- Notes
1. Regular projects are order-driven projects that begin with a request from the client side. They form the Group's earnings base and include its office design, which is highly evaluated by customers.
  2. Proposal projects, positioned between regular projects and leading projects, are those which the Group plans, proposes, and at times invests in upfront. In these projects, we intend to realize an earnings model different from that of order-based projects.
  3. “Leading projects” are challenging projects we take on through large-scale architectural and design competitions. They represent our initiative to cultivate new design domains and enhance the Group's design skills and brand value.

## **(2) Overview of financial position for the fiscal year under review**

### **(Assets)**

Total assets as of December 31, 2024 were down ¥1,006 million from December 31, 2023 to ¥6,458 million. This change was attributable mainly to an increase of ¥359 million in cash and deposits, an increase of ¥863 million in construction in progress, and a decrease of ¥2,037 million in accounts receivable—trade and contract assets.

### **(Liabilities)**

Total liabilities as of December 31, 2024 were down ¥1,601 million from December 31, 2023 to ¥2,388 million. This change was primarily due to decreases of ¥1,016 million in accounts payable—trade, ¥362 million in short-term borrowings, and ¥296 million in long-term borrowings, respectively.

### **(Net assets)**

Total net assets as of December 31, 2024 were up ¥594 million from December 31, 2023 to ¥4,070 million. This change was primarily due to the recording of ¥646 million in profit attributable to owners of parent and dividend payment of ¥60 million.

## **(3) Overview of cash flows for the fiscal year under review**

As of the end of the fiscal year under review, the balance of cash and cash equivalents (“net cash”) increased by ¥359 million from the end of the previous fiscal year to ¥2,108 million.

### **Cash flows from operating activities**

Net cash provided by operating activities totaled ¥2,024 million (compared with ¥234 million provided in the previous fiscal year). This is attributable primarily to the recording of profit before income taxes of ¥1,017 million, a decrease in trade receivables of ¥2,042 million, and a decrease in trade payables of ¥1,016 million.

### **Cash flows from investing activities**

Net cash used in investing activities totaled ¥898 million (compared with ¥470 million used in the previous fiscal year). This is attributable primarily to purchase of property, plant and equipment of ¥888 million.

### **Cash flows from financing activities**

Net cash used in financing activities totaled ¥766 million (compared with ¥489 million provided in the previous fiscal year). This is attributable primarily to a decrease in short-term borrowings of ¥362 million and repayments of long-term borrowings of ¥336 million.

## **(4) Future outlook**

We have positioned the fiscal year ending December 31, 2025 as the year in which we are about to achieve net sales of ¥14,500 million, a target for the final year of the current medium-term management plan (the fiscal year ending December 31, 2026). In the run up to achieving this target, we plan to implement a range of initiatives, such as strengthening the Group’s operating structure and launching proposal projects full-scale.

The DRAFT Group forecasts net sales by comprehensively taking into account a number of factors including the value of project stocks (Note) built up to the beginning of the term, order forecasts based on the status of inquiries, and forecasts of sales from proposal projects.

Among these factors, project stocks, which amounted to approximately ¥7,300 million at the beginning of the term, historically tended to come in almost evenly in the first and second halves or more in the first half than the second half. However, during the fiscal year ending December 31, 2025, project stocks are expected to concentrate heavily in the second half. For this reason, we expect net sales in the second quarter of the fiscal year ending December 31, 2025 to decrease year on year to ¥4,600 million.

Meanwhile, for a number of reasons including that demand for the Group’s design work has remained strong, orders are expected to grow mainly in the second half, the value of project stocks coming in during the second half of the fiscal year ending December 31, 2025 is already expected to

outstrip the value during the same period a year ago, and project proposals are being launched full-scale, we forecast full-year net sales to increase 8.3% year on year to ¥13,300 million.

We also plan to curb the year-on-year increase in SG&A expenses, while implementing measures to strengthen our operating structure, such as restructuring our organization and increasing personnel. As a result of the above, we forecast line-item profits to increase year on year as follows: operating profit to increase 12.4% year on year to ¥1,150 million, ordinary profit to increase 9.1% year on year to ¥1,110 million, and profit attributable to owners of parent to increase 3.7% year on year to ¥670 million.

Note: The aggregate amount of the balance of orders received (orders for which evidenced documents, such as written contracts have been exchanged) and the balance of orders expected to be received is deemed the value of project stocks. Although the amount does not include the value of project stocks to be received in January 2026 and beyond, part of the value may be recognized in net sales for the fiscal year ending December 31, 2025 depending on the progress of related projects.

## **2. Basic Approach to Selection of Accounting Standards**

In consideration of the comparability with other companies and their reporting periods of financial statements, for some time in the future, the Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan.

In the future, we may apply International Financial Reporting Standards as appropriate in consideration of situations in both Japan and overseas.