

# DRAFT<sup>®</sup>

**Financial Results Presentation Materials for FY2024**

**February 14, 2025**

**TSE Growth Securities code: 5070**





# CONTENTS

## 01 COMPANY INFORMATION

About Us and Business Trends

## 02 FINANCIAL RESULTS

FY12/24 Results

## 03 FINANCIAL FORECAST

Outlook for Full-Year FY12/25

## 04 SHAREHOLDER RETURNS



01

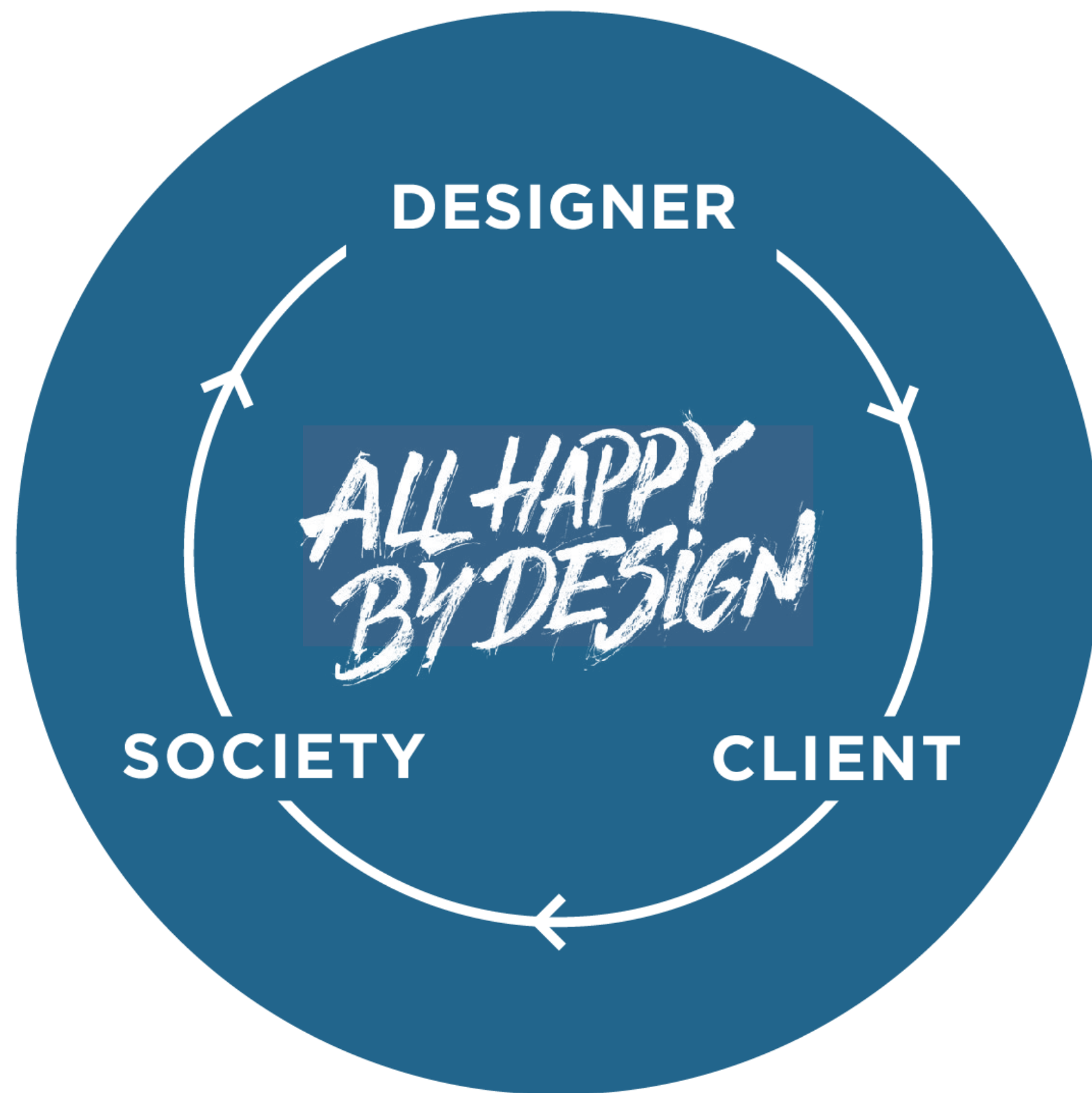
# COMPANY PROFILE

About Us



# COMPANY PROFILE

Embracing our corporate philosophy of “ALL HAPPY BY DESIGN,” we strive to contribute to global society by creating a cycle of happiness through the power of design.





# COMPANY PROFILE

Our Group operates as a single segment focused 100% on the Design business.

We engage in interdisciplinary activities centered on design, including work on interiors, architectural design, products, and branding, to address business and societal challenges through the power of design.



Workplace Consultancy



Retail



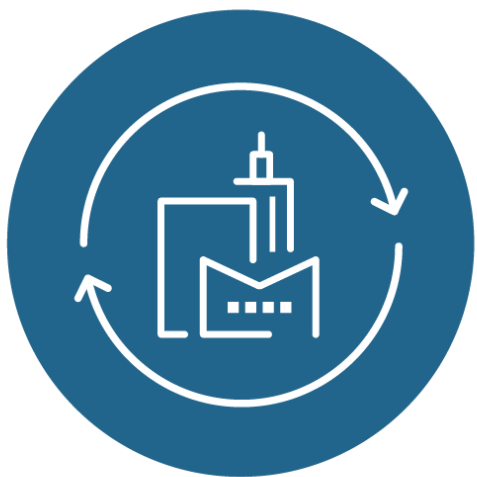
Hospitality



Architecture



Product



Urban Design



A D A S T R I A

Wantedly

GENIEE

KEIO

KDDI  
KDDI Web Communications

Coca-Cola

BoConcept

TORIDOLL→

CyberAgent

GA TECHNOLOGIES

JR  
JR東日本

JAXA

Sony Music

dip  
Labor force solution company

東急不動産

野村不動産

東京建物  
TOKYO TATEMONO

三井不動産  
MITSUI FUDOSAN

三菱地所

YAHOO!  
JAPAN



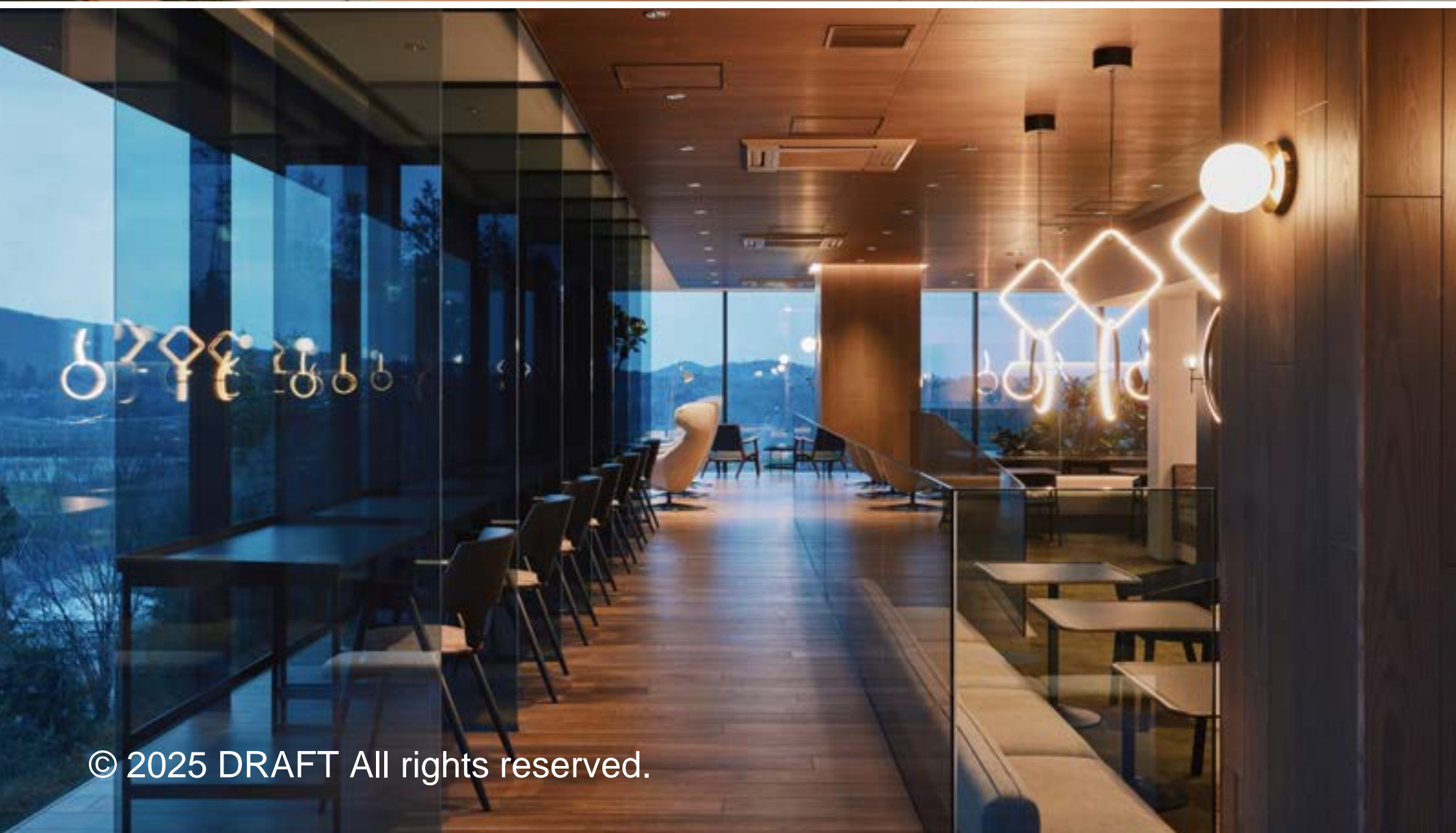


TAIYO INK “InnoValley”  
March 2024





TAIYO INK “InnoValley”  
March 2024





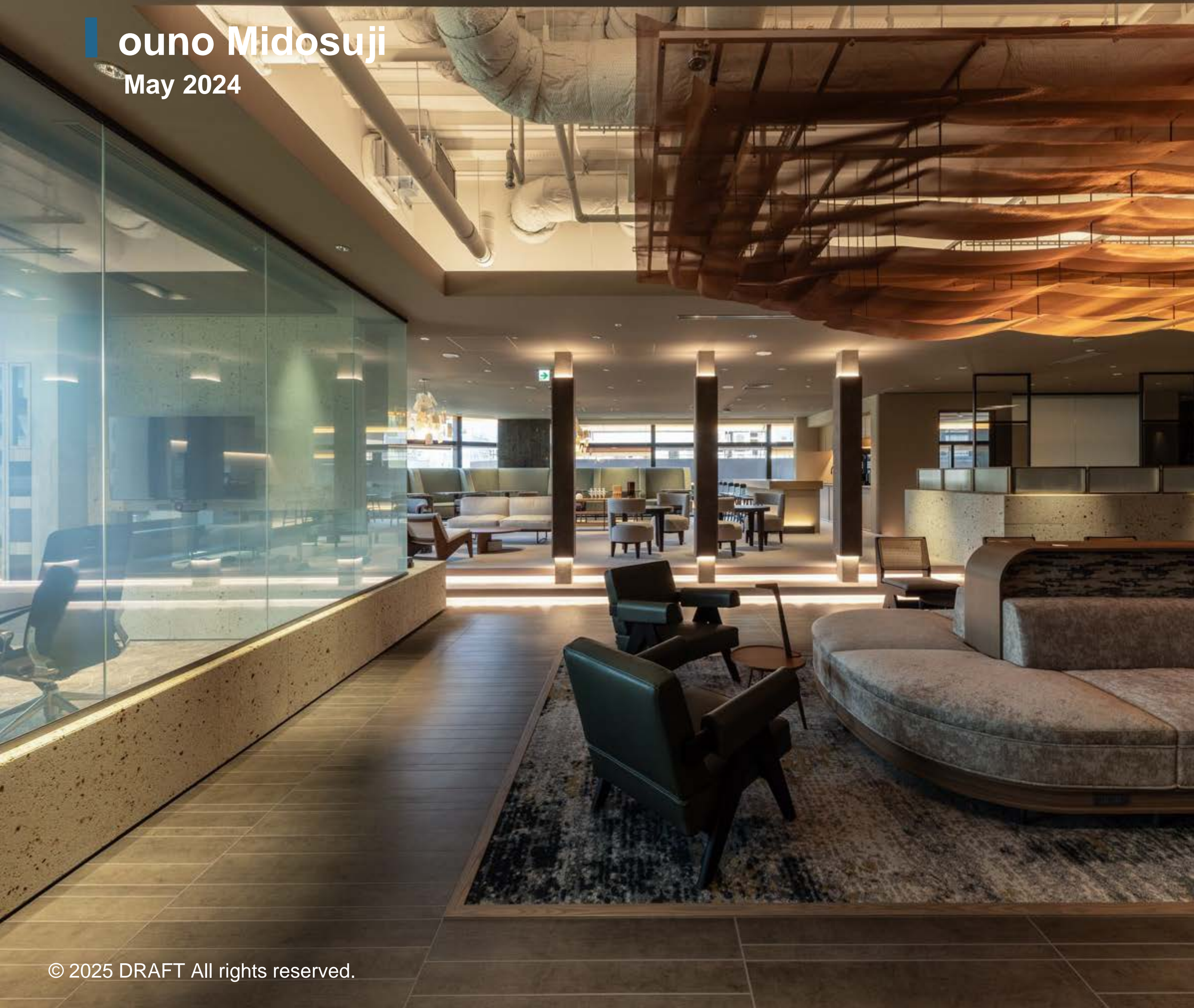
ouno Midosuji  
May 2024





# ouno Midosuji

May 2024





# Salone del Mobile.Milano 2024 “Pointillisme”

April 2024



DRAFT about  
DRAFT



# Salone del Mobile.Milano 2024 “Pointillisme”

April 2024



DRAFT about  
**DRAFT®**





# No.15

Released in October 2024





**No.15**  
Released in October 2024





## WonW Chair

Taiju Yamashita x Oliver  
collaboration chair announced and  
special seminar presentation





# WonW Chair

Taiju Yamashita x Oliver  
collaboration chair announced and  
special seminar presentation



WonW Chair



# Hibiya Central Building





# Hibiya Central Building





A modern office interior featuring a glass railing with a chrome handrail and several black ergonomic chairs. The background shows a large window with a view of a city skyline.

02

# FINANCIAL RESULTS

FY12/24 Results



# FY12/24 Financial Highlights, YoY Comparison

Net sales grew substantially due to robust demand for the Group’s design work, coupled with growing scales of projects as a design firm.  
SG&A expenses increased, primarily personnel expenses, due mainly to a higher headcount and salary increases, but SG&A expenses were significantly lower than the growth in net sales, which resulted in a significant increase in operating profit.  
As a result, all profit categories grew, and both net sales and profits reached record highs.

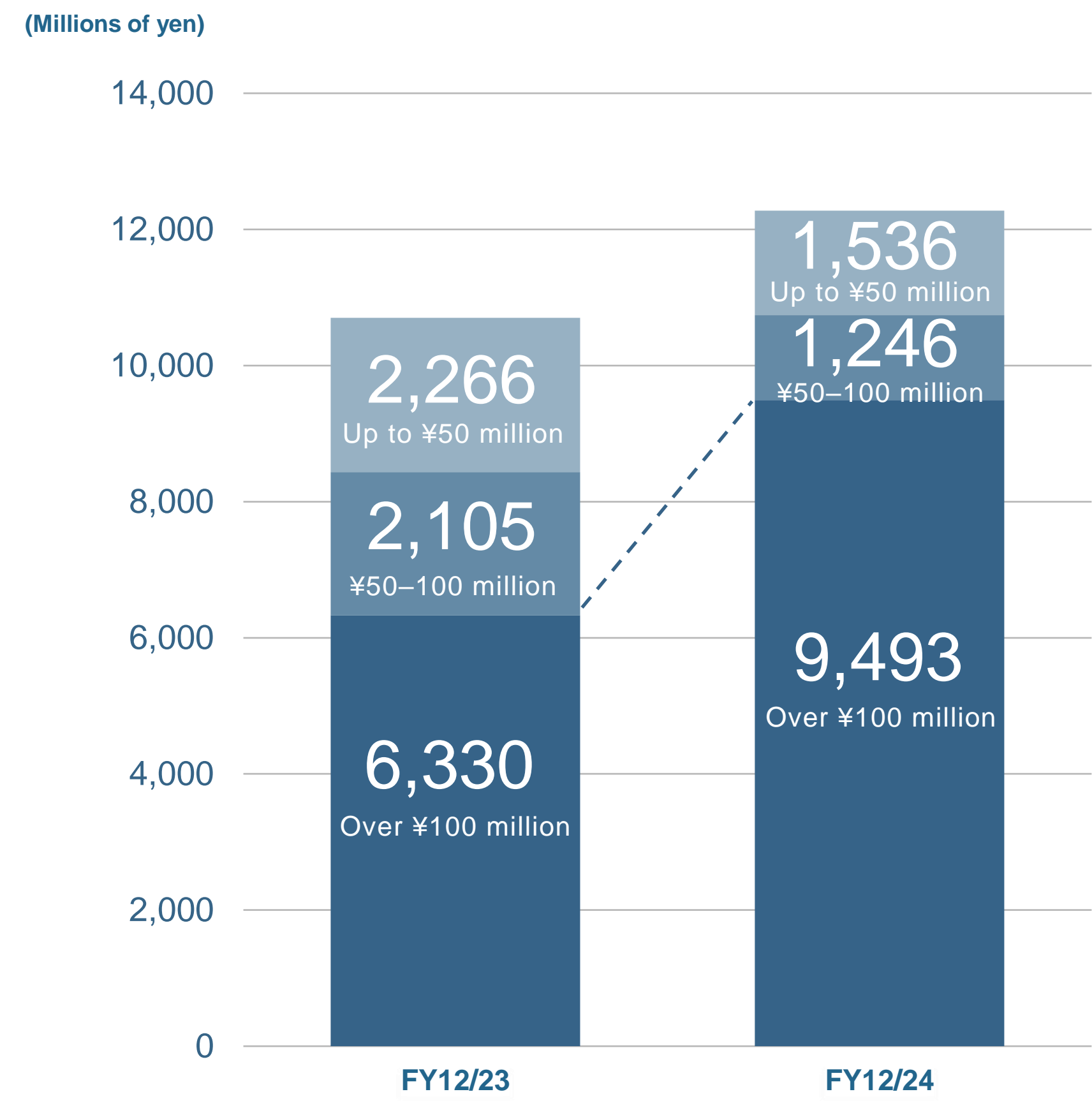
YoY comparison			
(Millions of yen)	FY12/23	FY12/24	YoY
Net sales	10,702	12,276	+14.7%
Operating profit	870	1,022	+17.5%
Ordinary profit	848	1,017	+19.9%
Profit attributable to owners of parent	516	646	+25.2%



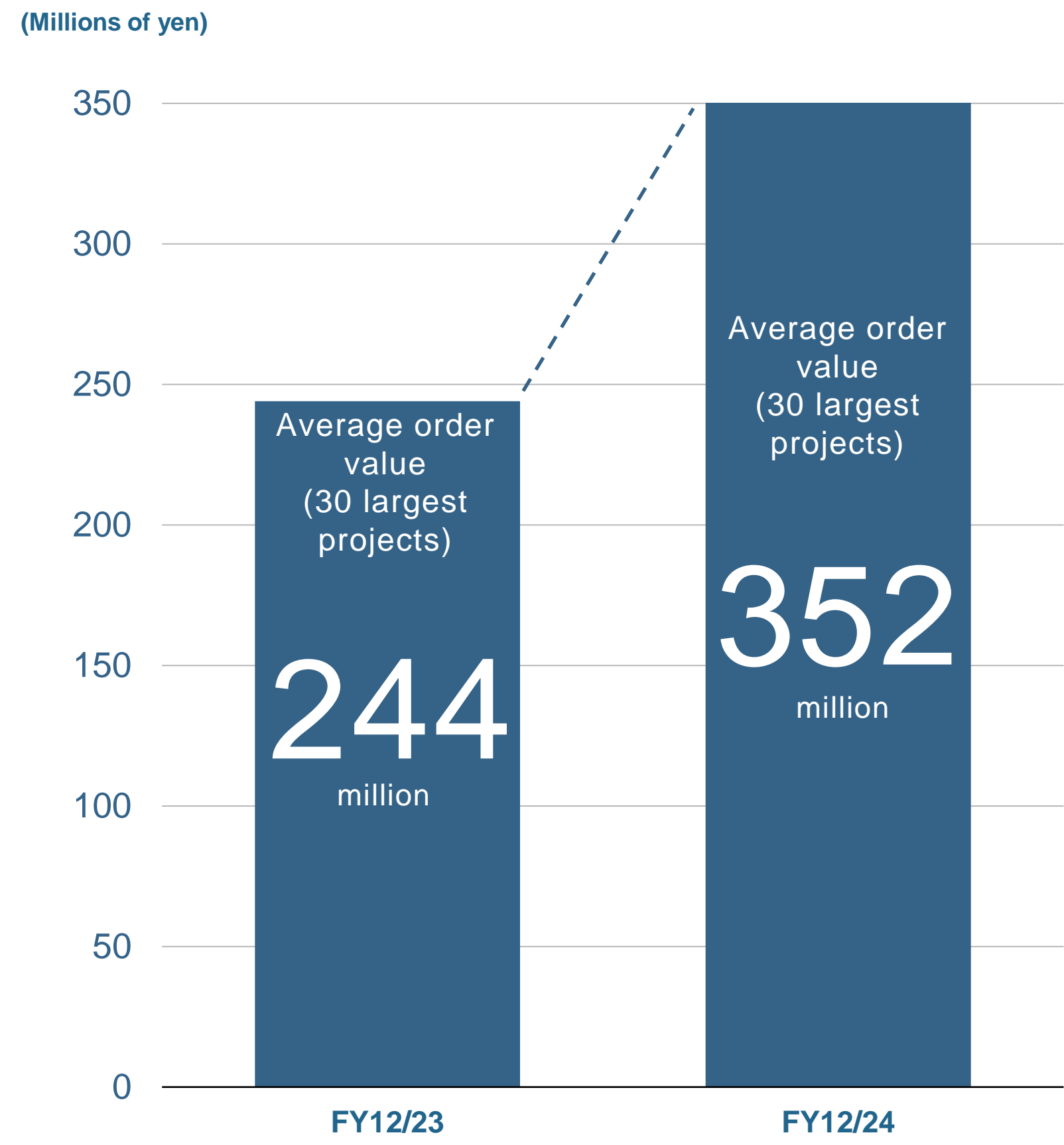
# Financial Highlights: Sales by Project Size and Average Project Order Value

Projects with sales value of over ¥100 million increased by about 50% YoY, with the average project order value for the top 30 projects up about 44%. The growth in project size became increasingly prominent.

Sales by project size



Average project order value (30 largest projects)

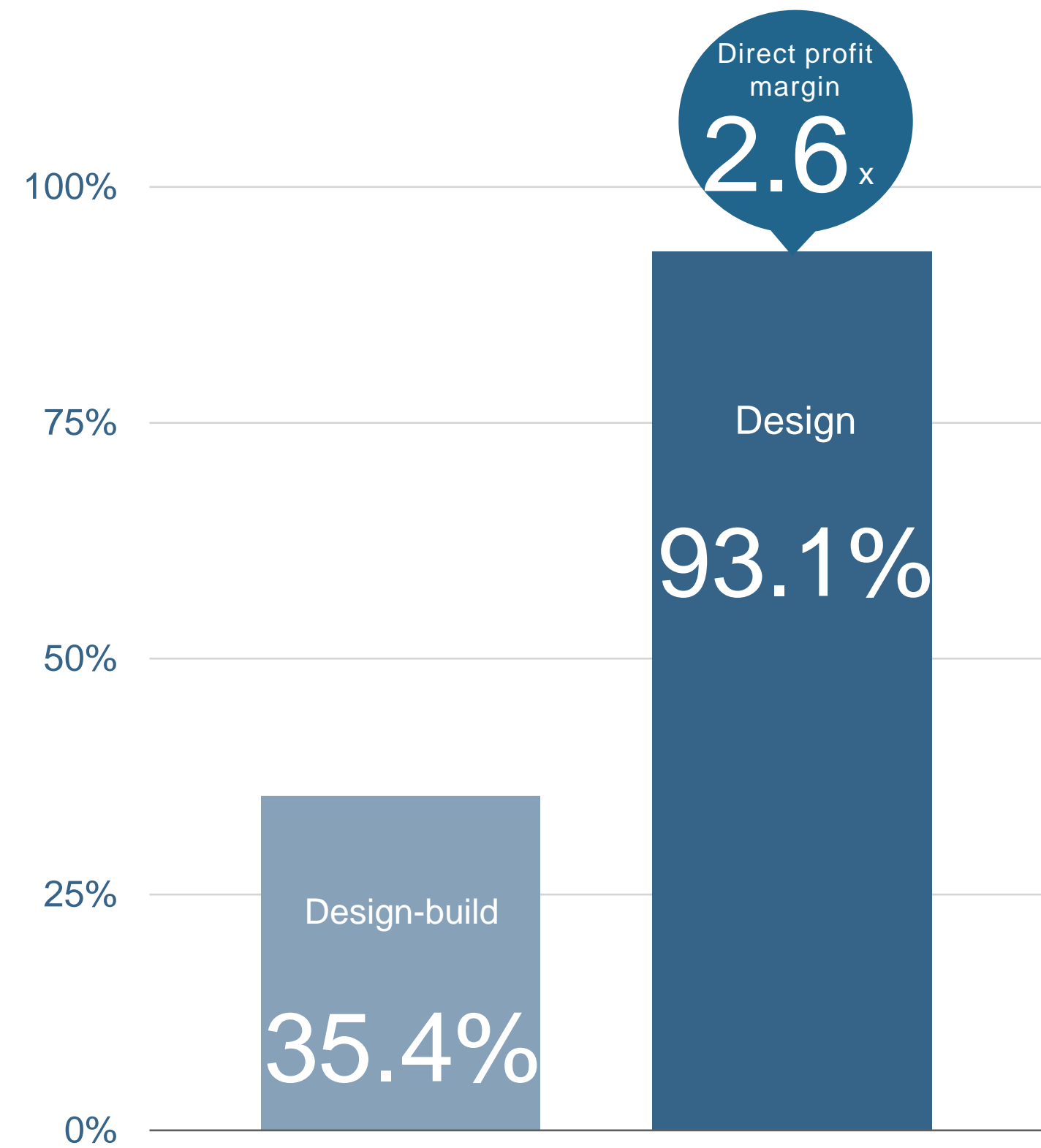




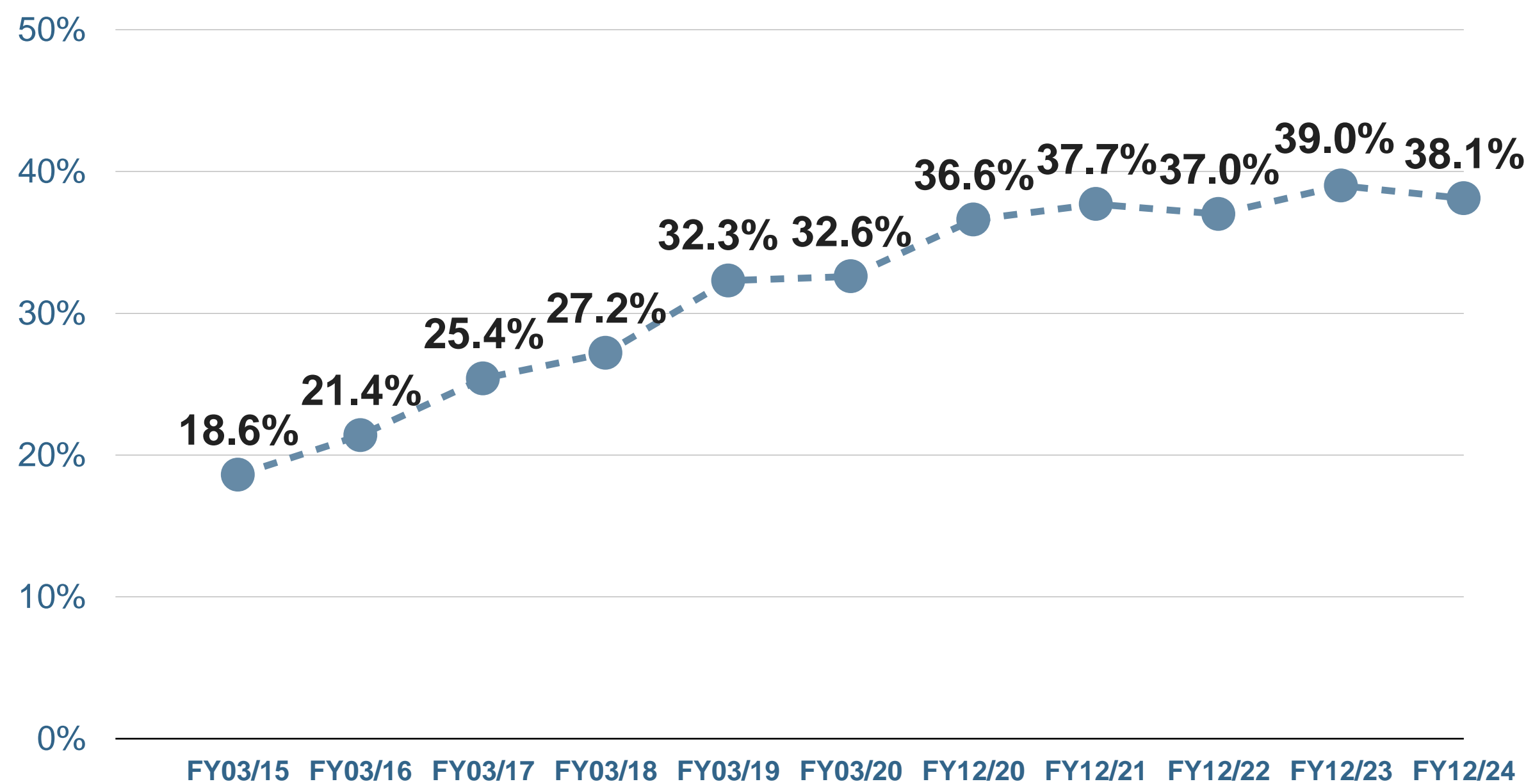
# Financial Highlights: Direct Profit Margin

The Group secured an appropriate level of direct profit margin, owing to thorough project management and contributions from high-margin design projects.

Direct profit margin by project type (FY12/24)



Direct profit margin

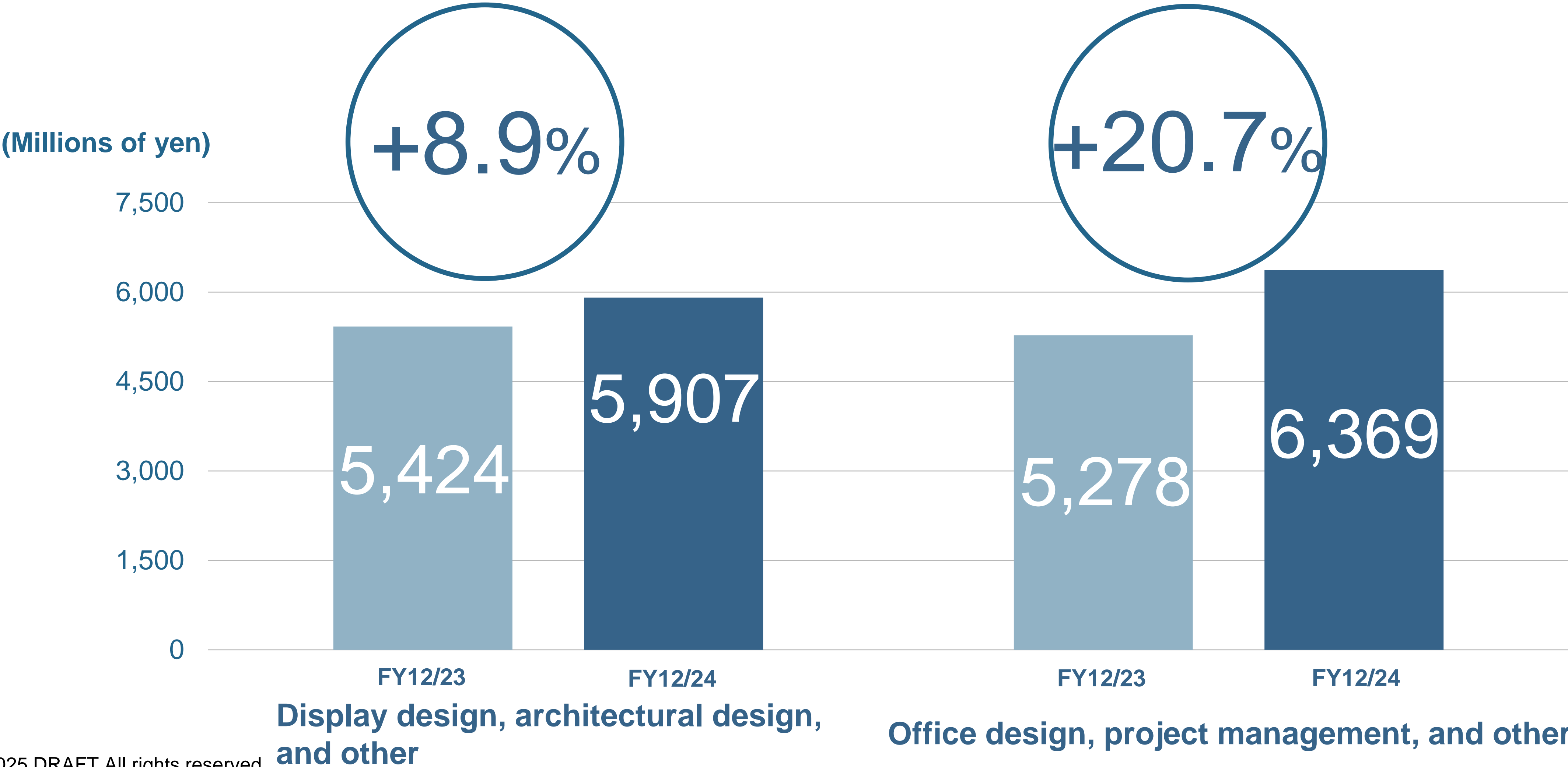


Notes: The figures above are based on management accounting by the Company.  
For management accounting purposes, the direct profit margin is calculated by subtracting direct outsourcing costs and material costs from net sales.  
The figures above do not include the net sales and profits of the brand design business operated by former SATISONE Co., Ltd., which was acquired by DRAFT, and the operation of Record.



# Financial Highlights: Sales by Category

Sales increased for both categories. Sales grew for office design, project management, and other in particular, due mainly to the completion of a large-scale office design project that had been ongoing since the previous fiscal year and a large additional order from an existing client.





03

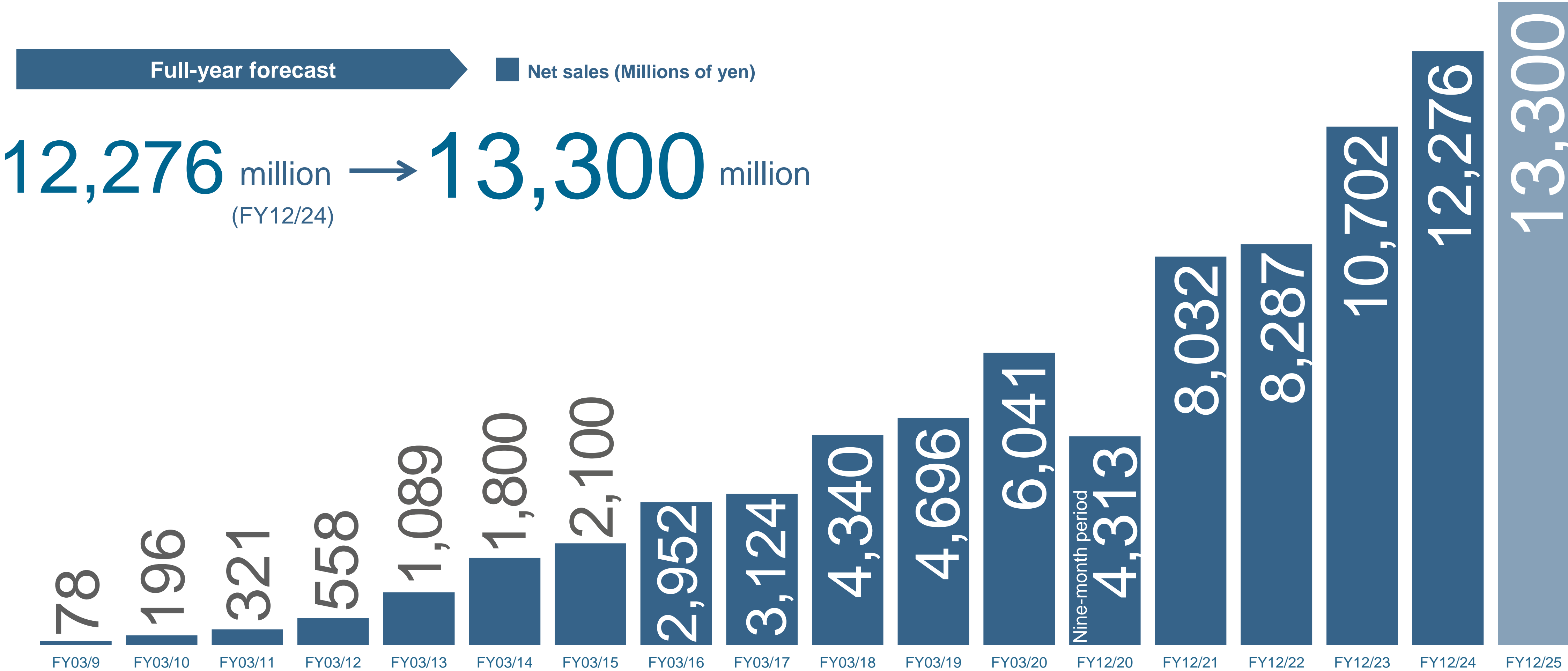
# FINANCIAL FORECAST

Outlook for Full-Year FY12/25



# Outlook for Full-Year FY12/25

We aim to increase sales including those from proposal projects, while steadily capturing demand for the Group’s design work.



Note: The results prior to FY03/17 reflect parent figures.



## ■ Outlook for Full-Year FY12/25—Project Stock—

Project stock at the beginning of FY12/25 was lower than that at the beginning of FY12/24; however, we forecast steady performance growth, given that we expect orders during FY12/25 to grow mainly in 2H, that the value of project stock coming in during 2H is already expected to outstrip the value during the same period a year ago, and that we plan to progress mainly with proposal projects.

Project stock (as of beginning of fiscal year)





## Outlook for Full-Year FY12/25

FY12/25 will be a year in which we are about to achieve a net sales target for the final year of the medium-term management plan. 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.

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.

### Full-year forecast

(Millions of yen)	FY12/24 results	FY12/25 forecast (announced on February 14)	YoY change	
Net sales	12,276	13,300	+1,023	+8.3%
Operating profit	1,022	1,150	+127	+12.4%
Ordinary profit	1,017	1,110	+92	+9.1%
Profit attributable to owners of parent	646	670	+23	+3.7%



# Yokohama Timber Wharf





# Yokohama Timber Wharf





# UMITO Amami Oshima Shiroura





UMITO Amami Oshima Kaminoko





A modern office lounge area with large floor-to-ceiling windows on the left, offering a view of a city skyline. Two large, potted green plants stand near the windows. In the foreground, two plush, rounded armchairs in a brownish-grey fabric are positioned on a light-colored wooden floor. A small, round, black metal side table with a glass top sits between the chairs, holding a small blue and white striped vase. To the right, a dark wood door with a large, arched, frosted glass panel is set into a wall of large, grey stone tiles. A modern, spherical wall sconce is mounted on the wall to the left of the door. The overall atmosphere is bright and professional.

# 04 SHAREHOLDER RETURNS



# Shareholder Return Policy

As we achieved record-high profits, a great milestone for the Company, we have revised the year-end dividend for FY12/24 from ¥7.0 (announced on October 25, 2024) to ¥12.0. Our dividend policy states that the Company aims to increase dividends every fiscal year to the extent possible under a basic policy to maintain progressive dividends\*, while securing retained earnings necessary to invest in future business development and reinforce the management structure.

## Dividend forecast

	Profit attributable to owners of parent	Earnings per share	Dividend per share (year-end)
FY12/24 (plan)	¥646 <sub>million</sub>	¥64.33	¥12.0
FY12/25 (forecast)	¥670 <sub>million</sub>	¥66.71	¥14.0

\* A progressive dividend policy is the one under which the Company does not, in principle, reduce dividends but maintains or increases dividends.



# Shareholder Return Policy

## Shareholder benefits

Shareholders with 100 shares or more

DRAFT-designed QUO gift card worth **¥1,000**

Shareholders with 1,000 shares or more

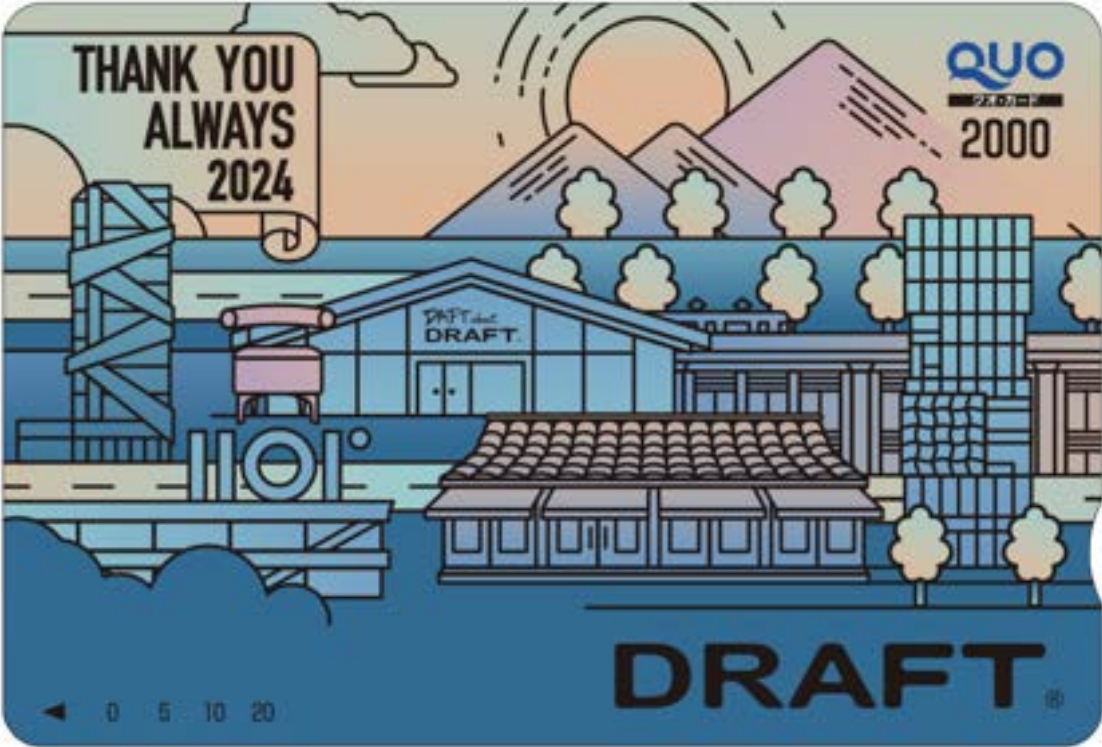
DRAFT-designed QUO gift card worth **¥2,000**



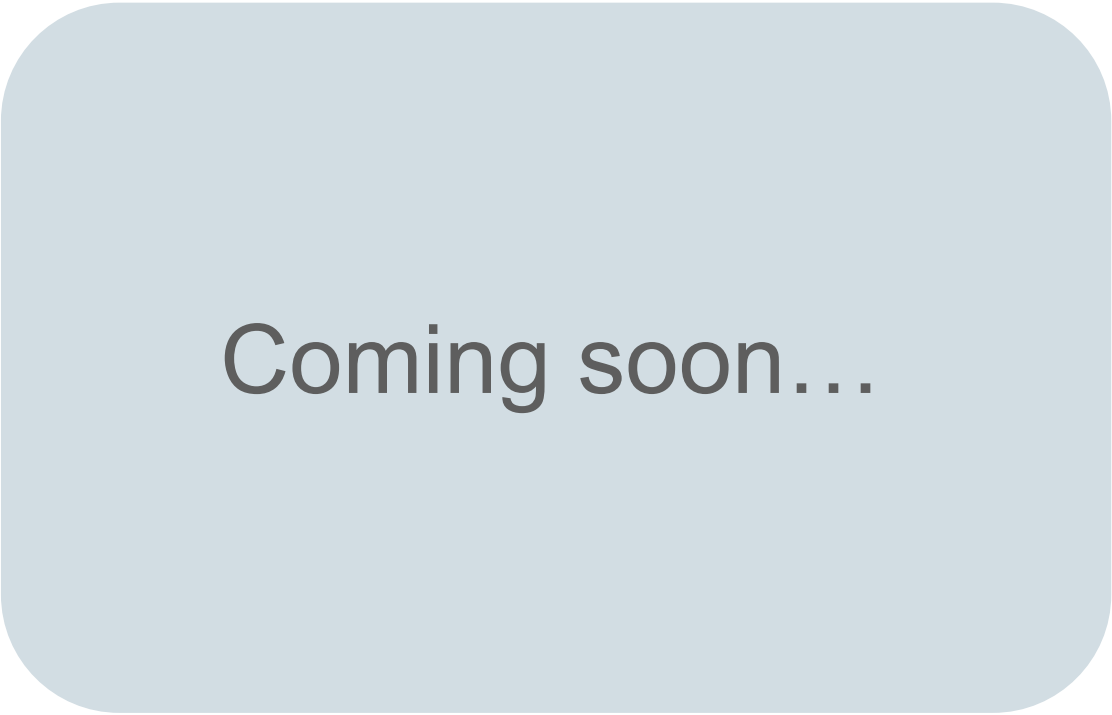
FY2021



FY2022



FY2023



FY2024





# Appendix

## Supplement



# Major Projects in FY12/24

Period of sales recognition	Project	Category
1H	Setup of a building in Nagoya owned by a real estate company	Display design, architectural design, and other
	Tokyo office of a company engaged in software quality assurance, etc.	
	HAZAAR, a commercial complex, in front of Hazawa Yokohama-Kokudai Station, Warehouse TERRADA	
	ouno Midosuji, a shared office space, DAIBIRU CORPORATION	
	InnoValley, a technology development center, the Taiyo Holdings Group and Taiyo Ink Mfg. Co., Ltd.	Office design, project management, and other
	Head office of a company that offers healthcare-related products and services	
	Osaka branch office of a company engaged in IT infrastructure development business (1st phase)	
	Office of a company that operates general supermarkets nationwide	
	Tokyo office of a company that operates restaurants nationwide	
2H	Renovation of Hibiya Central Building, Mitsui & Co. Real Estate Ltd.	Display design, architectural design, and other
	Construction of a new entertainment facility	
	Tokyo head office of an independent IT company	
	Setup of a building in Shibaura owned by a real estate company	
	Work related to UMITO Shiroura, UMITO Co., Ltd.	
	Osaka branch office of a general trading company	Office design, project management, and other
	Tokyo head office of a company engaged in IT infrastructure development, etc. of a general trading group	



**DRAFT<sup>®</sup>**



Supplementary material

# DRAFT<sup>®</sup>

## Medium-Term Management Plan

FY12/24–FY12/26

(Progress on business plan and growth potential)

TSE Growth Securities code: 5070



# CONTENTS

- 01 BUSINESS OVERVIEW**
- 02 LOOKING BACK ON THE PREVIOUS  
MEDIUM-TERM MANAGEMENT PLAN  
(FY12/21–FY12/23)**
- 03 MEDIUM-TERM MANAGEMENT PLAN  
(FY12/24–FY12/26)**
- 04 HUMAN CAPITAL-RELATED**
- 05 RISKS**



# 01

## **BUSINESS OVERVIEW**





# Company Overview

Company name:	DRAFT Inc.
Established:	April 1, 2008
Listed:	Growth market of the Tokyo Stock Exchange (securities code: 5070)
Capital:	¥807 million
Number of employees:	205 (consolidated basis as of December 31, 2024)
Consolidated subsidiaries:	Two companies (overseas)
Sales bases:	Three bases in Japan (Tokyo, Osaka, and Fukuoka)
Business:	Design business
Fiscal year-end:	December 31



# Corporate Philosophy

## ALL HAPPY BY DESIGN



DRAFT strives to contribute to global society by creating a cycle of happiness through the power of design.

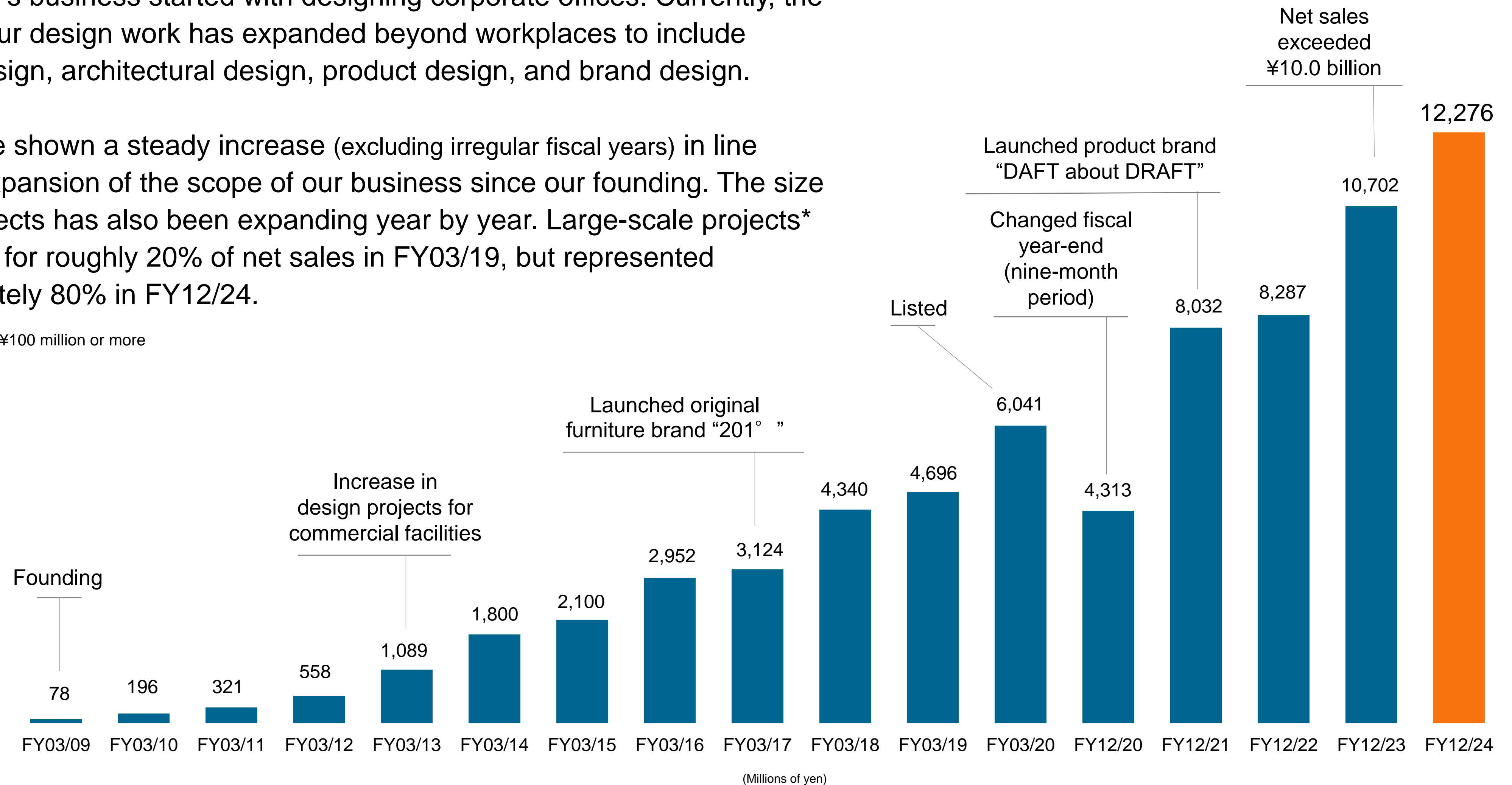


# Growth Process and Current Business Model

The Group's business started with designing corporate offices. Currently, the scope of our design work has expanded beyond workplaces to include display design, architectural design, product design, and brand design.

Sales have shown a steady increase (excluding irregular fiscal years) in line with the expansion of the scope of our business since our founding. The size of our projects has also been expanding year by year. Large-scale projects\* accounted for roughly 20% of net sales in FY03/19, but represented approximately 80% in FY12/24.

\* Projects totaling ¥100 million or more





# Business Domains

Our Group operates as a single segment focused 100% on the Design business. We engage in interdisciplinary activities centered on design, including work on interiors, architectural design, products, and branding, to address business and societal challenges through the power of design.



Workplace Consultancy



Retail



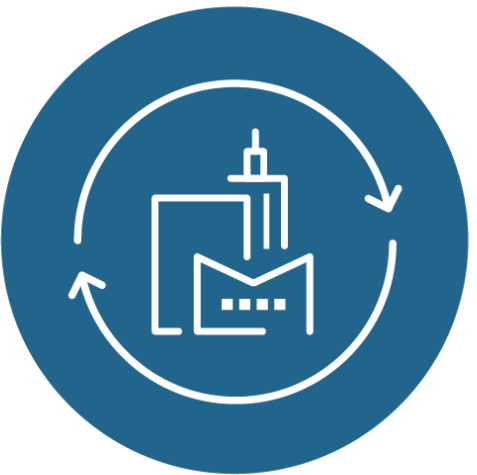
Hospitality



Architecture



Product



Urban Design



A D A S T R I A

W Wantedly

GENIEE

KEIO

KDDI  
KDDI Web Communications

Coca-Cola

BoConcept

TORIDOLL→

CyberAgent

GA TECHNOLOGIES

JR  
JR東日本

JAXA

SonyMusic

dip  
Labor force solution company

東急不動産

野村不動産

東京建物

三井不動産  
MITSUI FUDOSAN

三菱地所

YAHOO!  
JAPAN





# WORKPLACE & DESIGN

## Design for the Japanese office

When Taiju Yamashita established DRAFT in 2008, the prevailing trend in Japanese office design was a cramped style that prioritized economic efficiency. With the belief that “since offices are places where people spend a significant amount of time, it’s important to create comfortable spaces,” Yamashita has designed many workspaces that are not only comfortable but also stimulate motivation, enhance engagement, and generate added value. He has worked to spread these concepts throughout Japan.







# INTERIOR & DESIGN

Expanding the possibilities of new interior design through the pursuit of excellent design and specialized techniques

As our projects began receiving numerous design awards, our scope expanded to encompass interior design for various lifestyle areas such as hotels, commercial spaces, and coworking spaces. Through the utilization of data and advancements in specialized techniques, we have been pursuing interior design that offers exciting shopping experiences and flexible workspaces that cater to a better way of living and working.





# ARCHITECTURE & DESIGN

Design work extending to architecture  
and all urban spaces

The scope of Taiju Yamashita's design work  
has continued to rapidly expand, including  
into the field of architecture. It has broadened  
to include human-scale architecture that  
emphasizes the perspective of individuals,  
the redesign of entire buildings using 3D  
technology, and even urban planning that  
tackles sustainability and the challenges of  
the next generation.



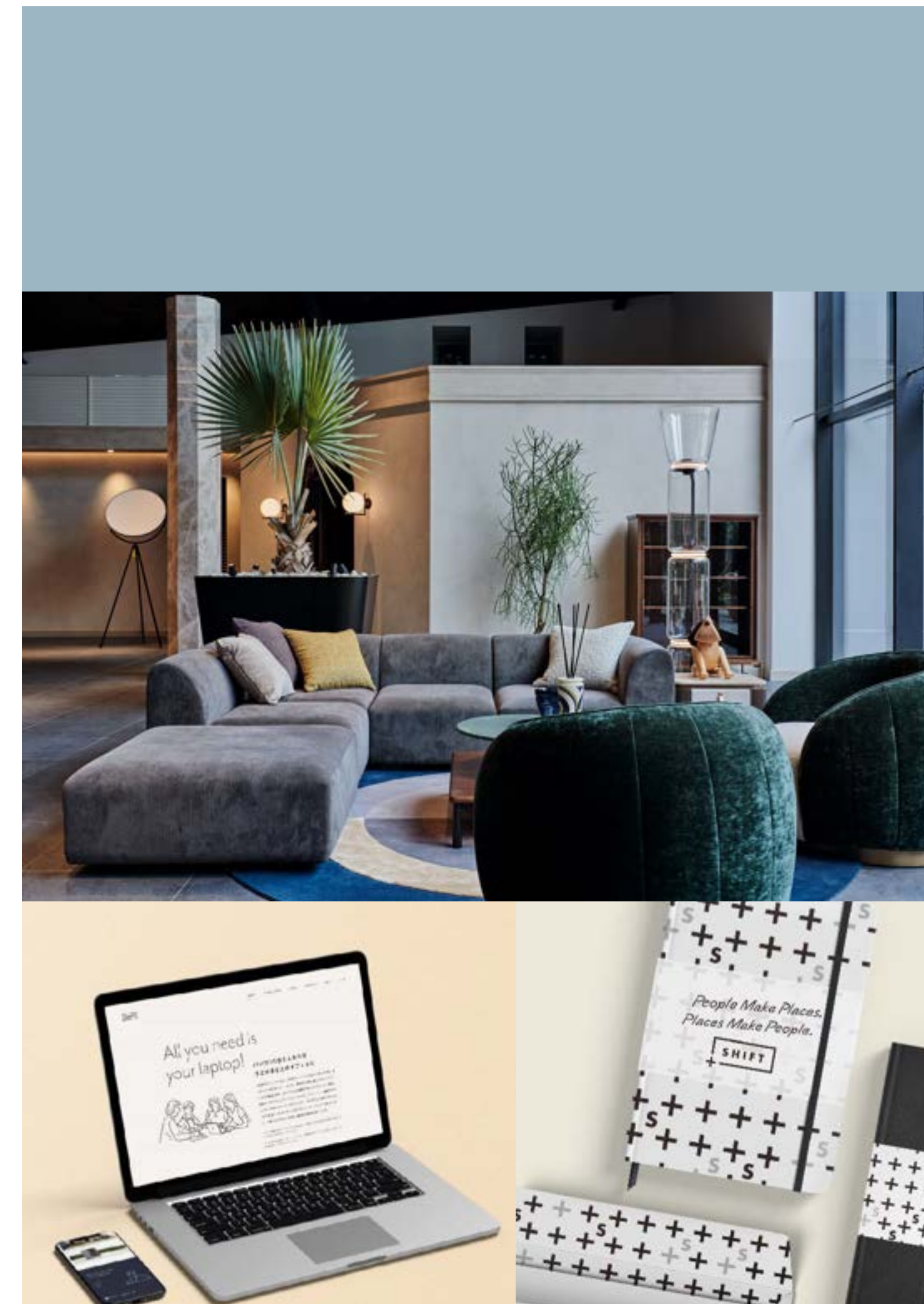




# SOCIETY &DESIGN

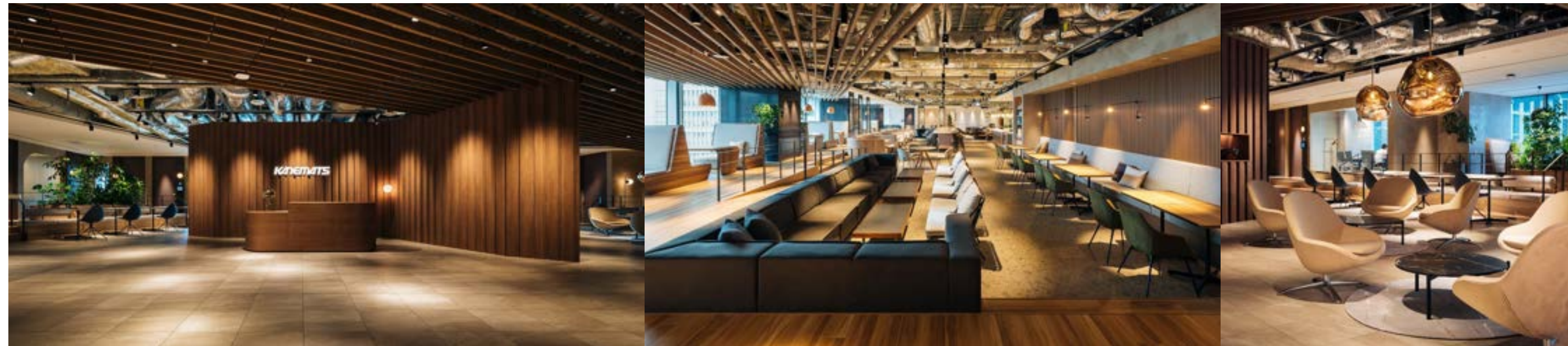
By expanding into new areas and pursuing excellence in design, our aim is to become a comprehensive design firm that contributes to a better society.

DRAFT performs design work in various domains, ranging from interior and architectural design to design of products that people interact with, websites that serve as touchpoints, and branding strategies. We aim to change society for the better, constantly challenging ourselves to explore new designs.





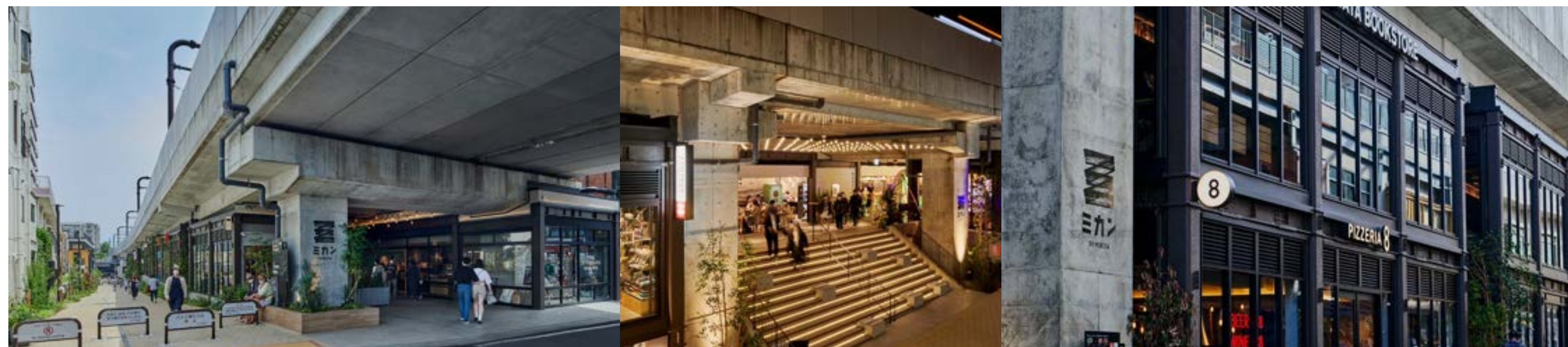
## Case Studies



Kanematsu Corporation, Tokyo Head Office



Villa ASO



Mikan Shimokita



Original brand “DAFT about DRAFT”

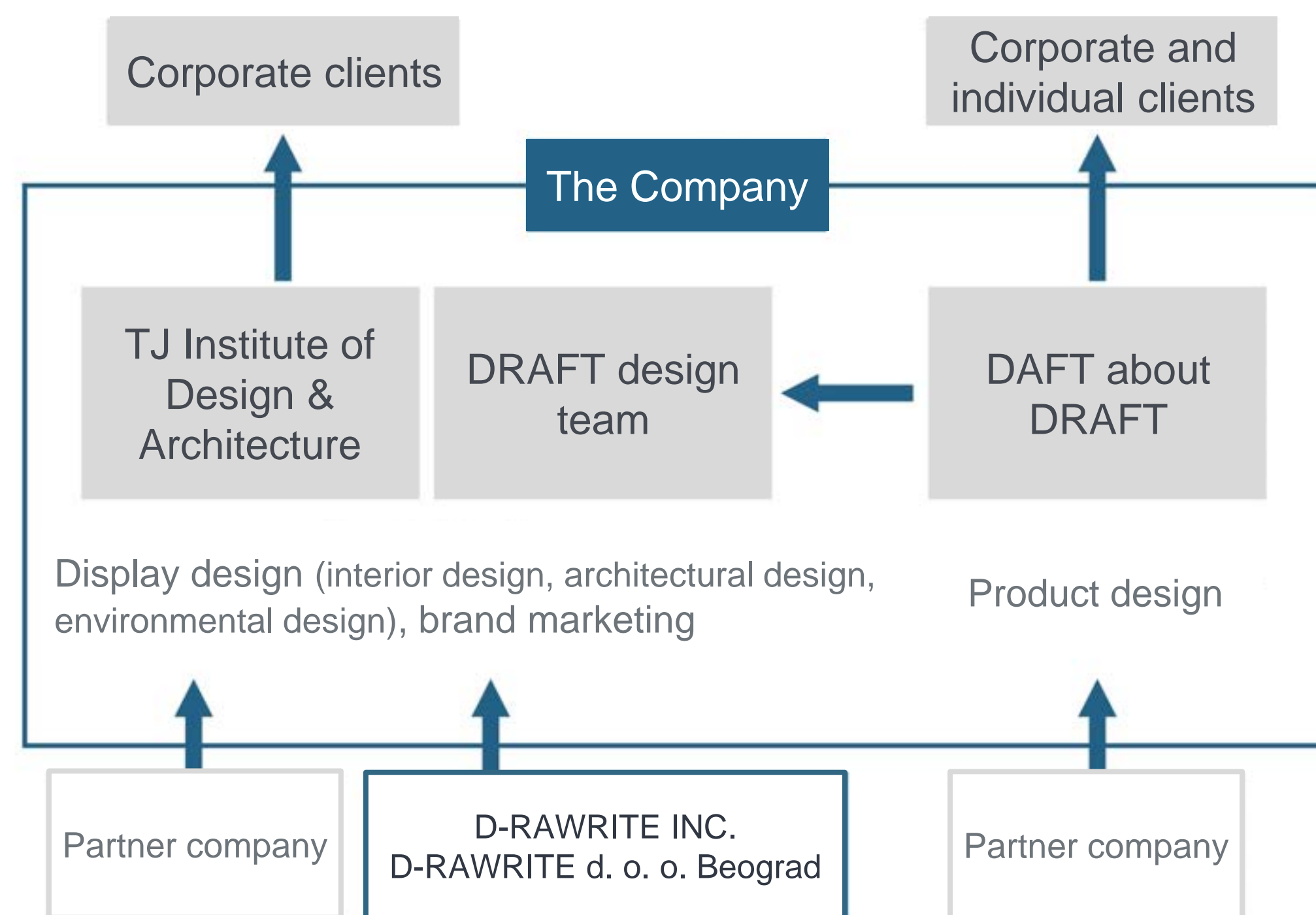


Branding of Playwork, TOKYU CORPORATION



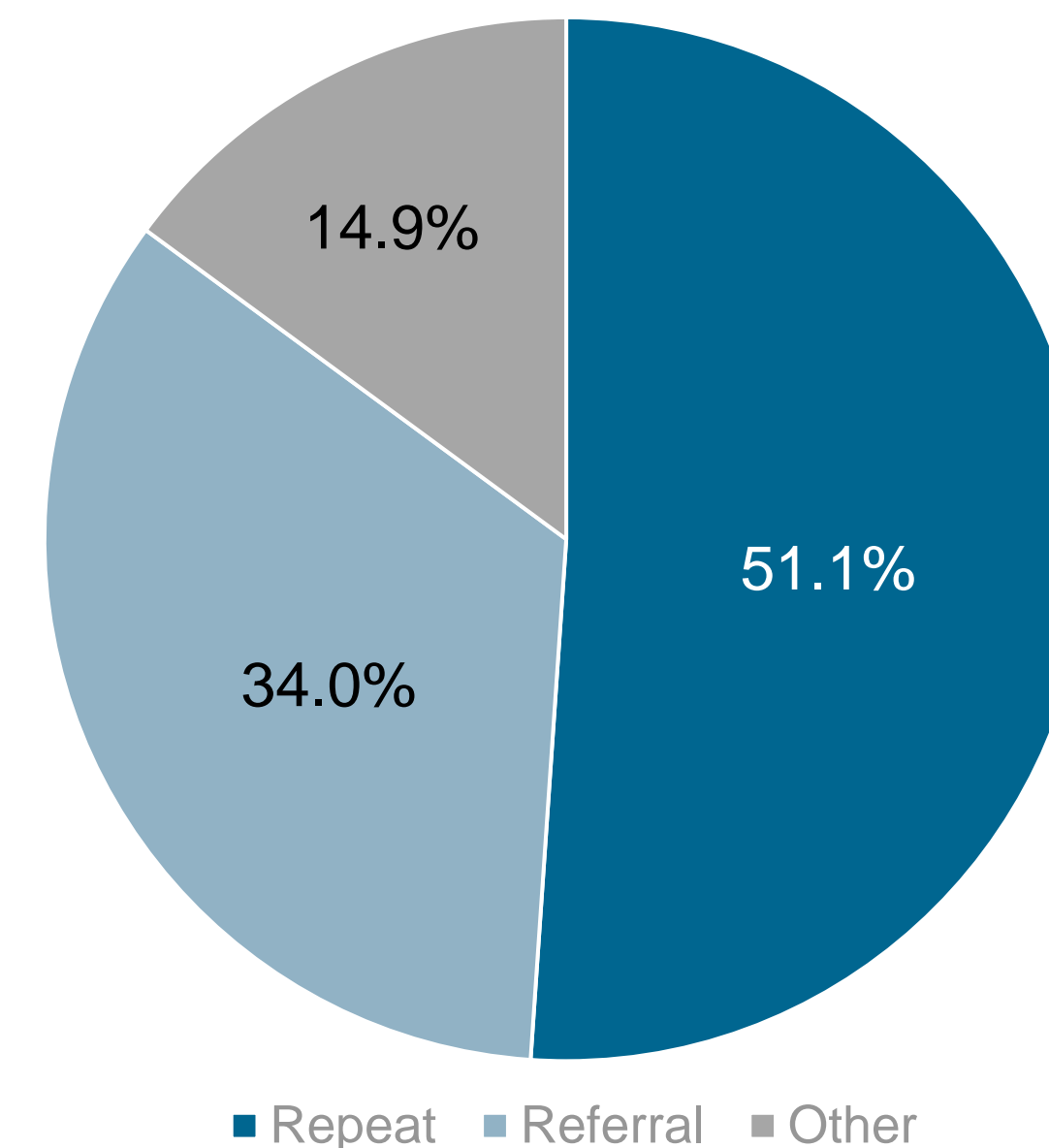
## Business Structure

The following diagram illustrates the Group's business structure.



## Order Types

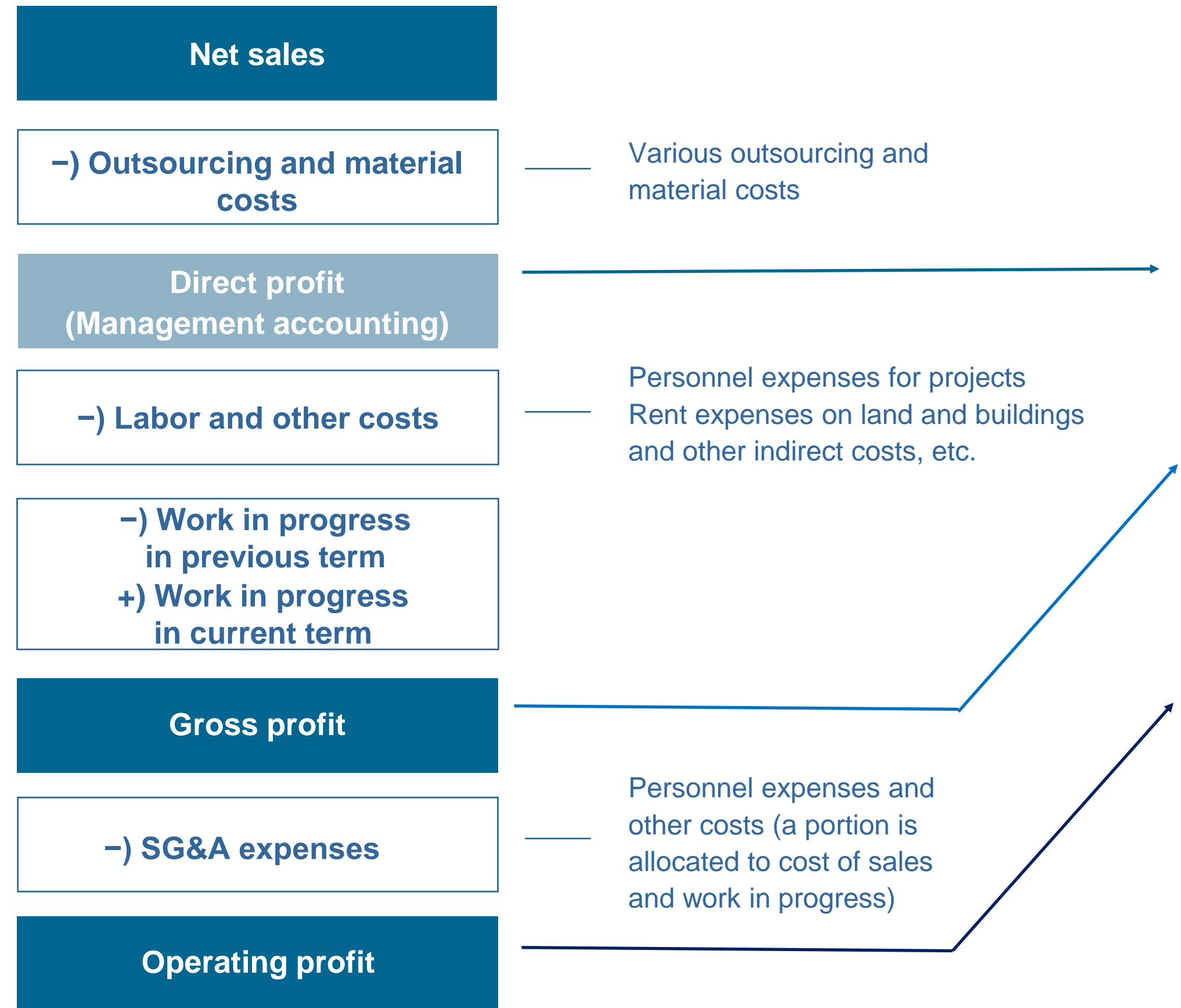
Group sales are mostly driven by repeat orders and referrals from clients who appreciate our designs. The following diagram shows the breakdown of order types as a percentage of total sales in FY12/24.





# Profit Structure

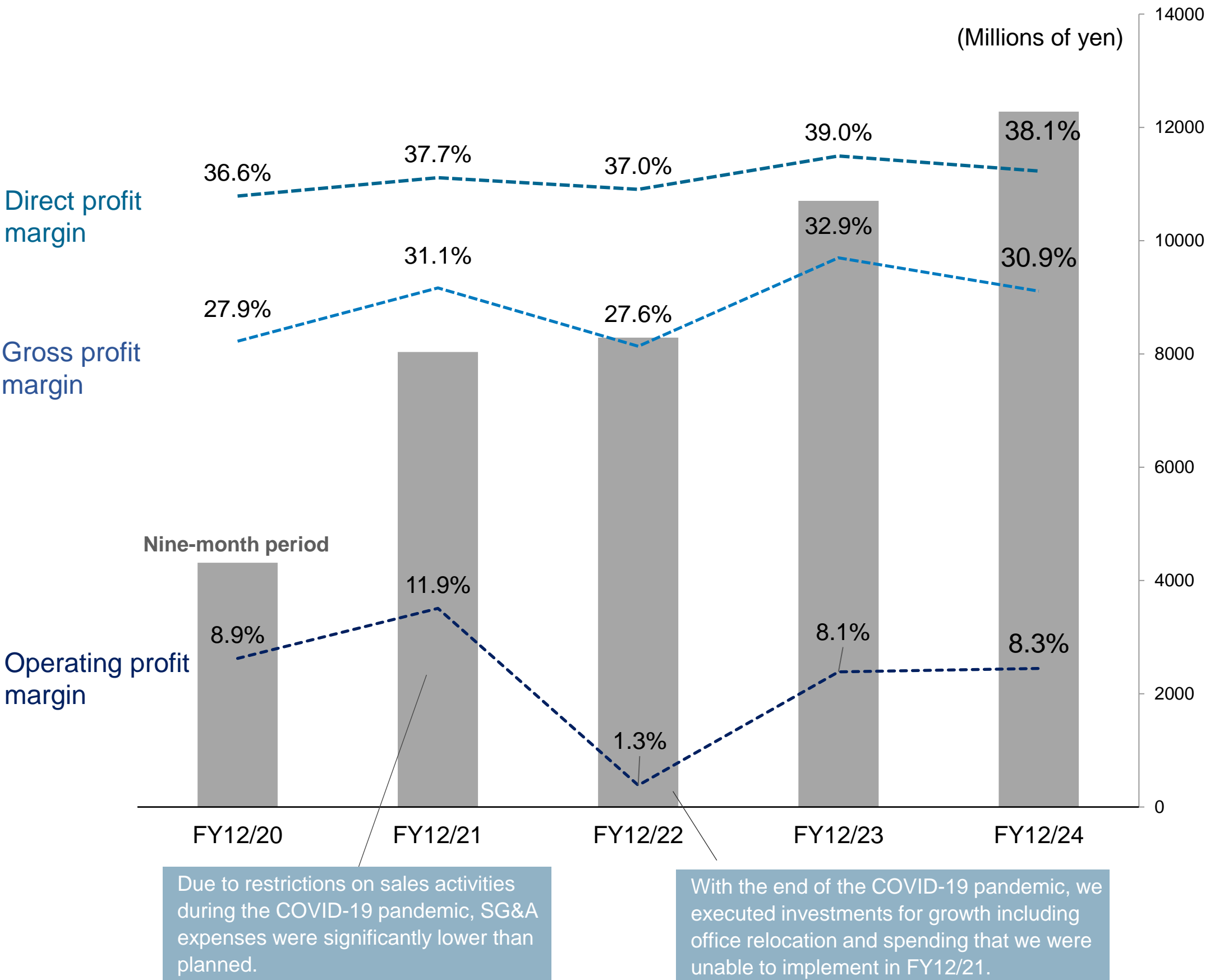
The Group places emphasis on direct profit (management accounting) derived from deducting outsourcing expenses and material costs from net sales.



# Profit Results

## Net sales and profit margin trends

The direct profit margin, which is the ratio of direct profit to net sales, has been steadily improving. At present, we believe that the current direct profit margin is generally at an appropriate level in terms of the contribution to clients and the growth of the Group.



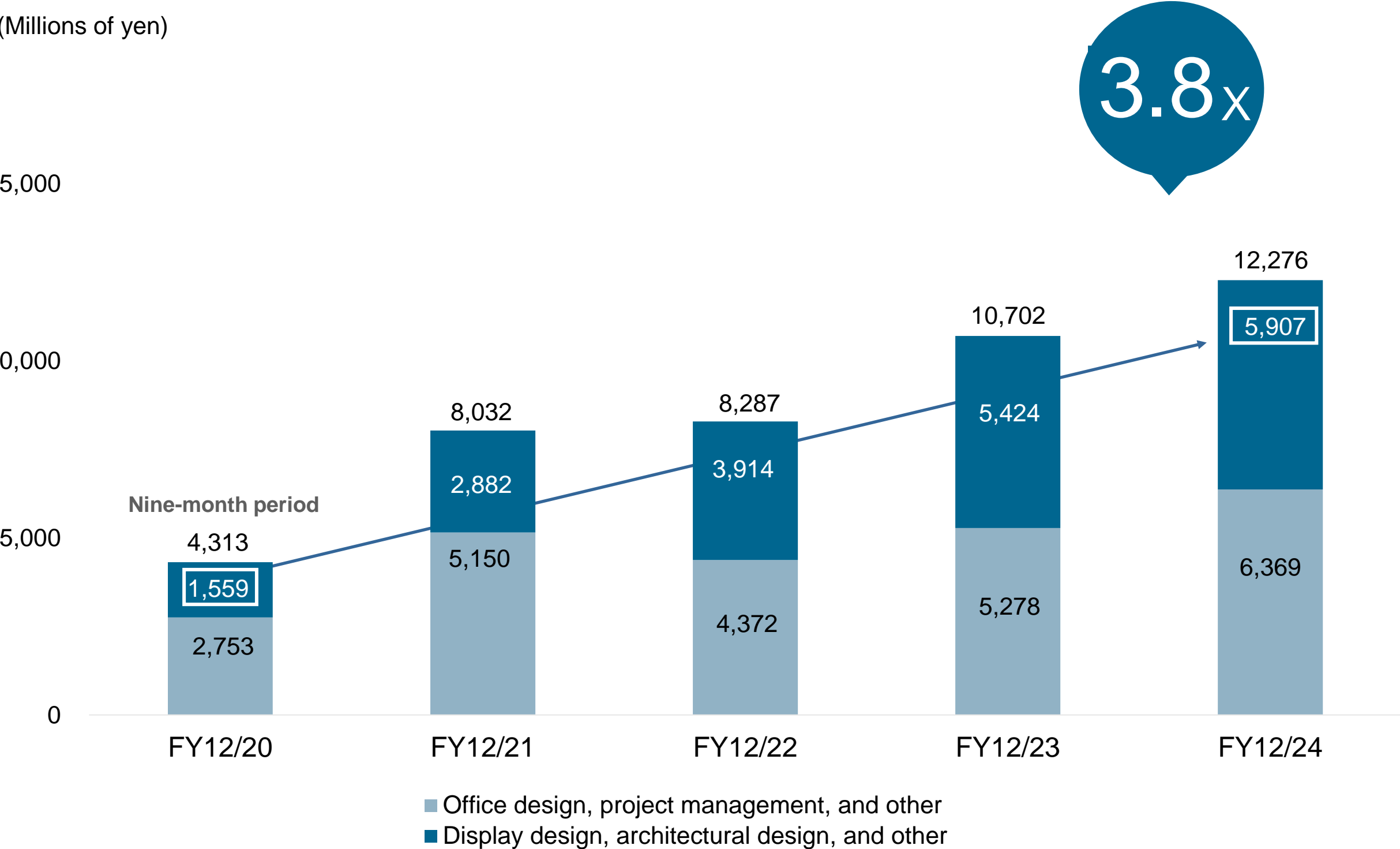
- The direct profit margin calculation excludes profits from the brand design business and DAFT about DRAFT external sales. For management accounting purposes, the direct profit margin is calculated by subtracting direct outsourcing costs and material costs from net sales.
- Please note that the fiscal year-end changed from March 31 to December 31 in FY2020, making the transitional FY12/20 a nine-month accounting period covering April 1, 2020 to December 31, 2020.



# Net Sales Breakdown

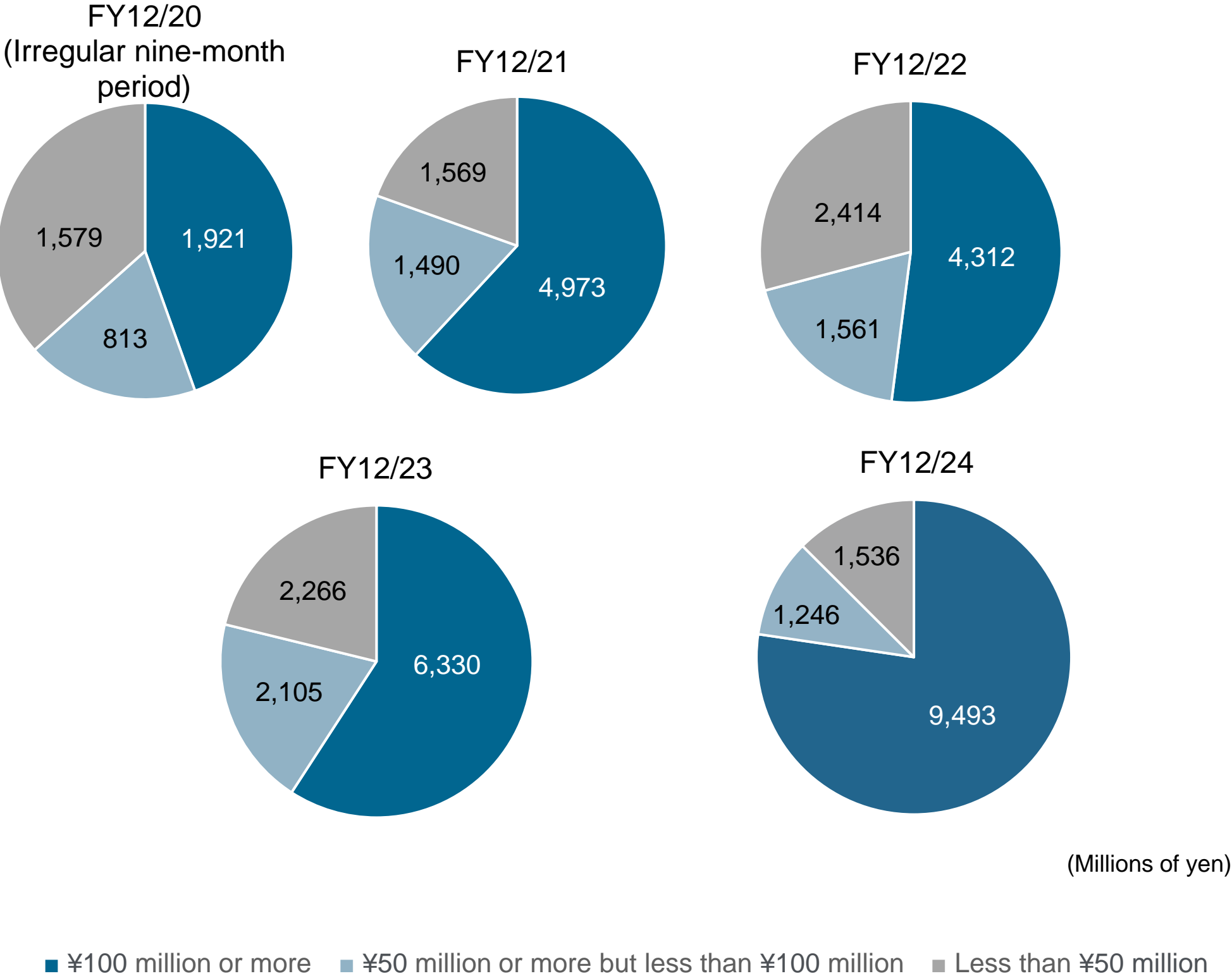
## By category

The size of each category has been increasing, and in recent years, the display design, architectural design, and other category has experienced particularly significant growth (increased 3.8x versus FY12/20).



## By project size

The proportion of large-scale projects (¥100 million or more) has been increasing continuously. In FY12/24, large-scale projects accounted for approximately 80% of the total amount.



• The company has changed the classification to “Display design, architectural design, and other” and “Office design, project management, and other” starting from FY12/23.  
 • Please note that the fiscal year-end changed from March 31 to December 31 in FY2020, making the transitional FY12/20 a nine-month accounting period covering April 1, 2020 to December 31, 2020.



# STOCK&FORECAST

## KPI Tool to Visualize Business Performance “STOCK&FORECAST”

In order to improve the accuracy of net sales forecasting, the DRAFT Group uses the KPI tool “STOCK & FORECAST,” which is based on project stock, forecast, and acquisition rate.





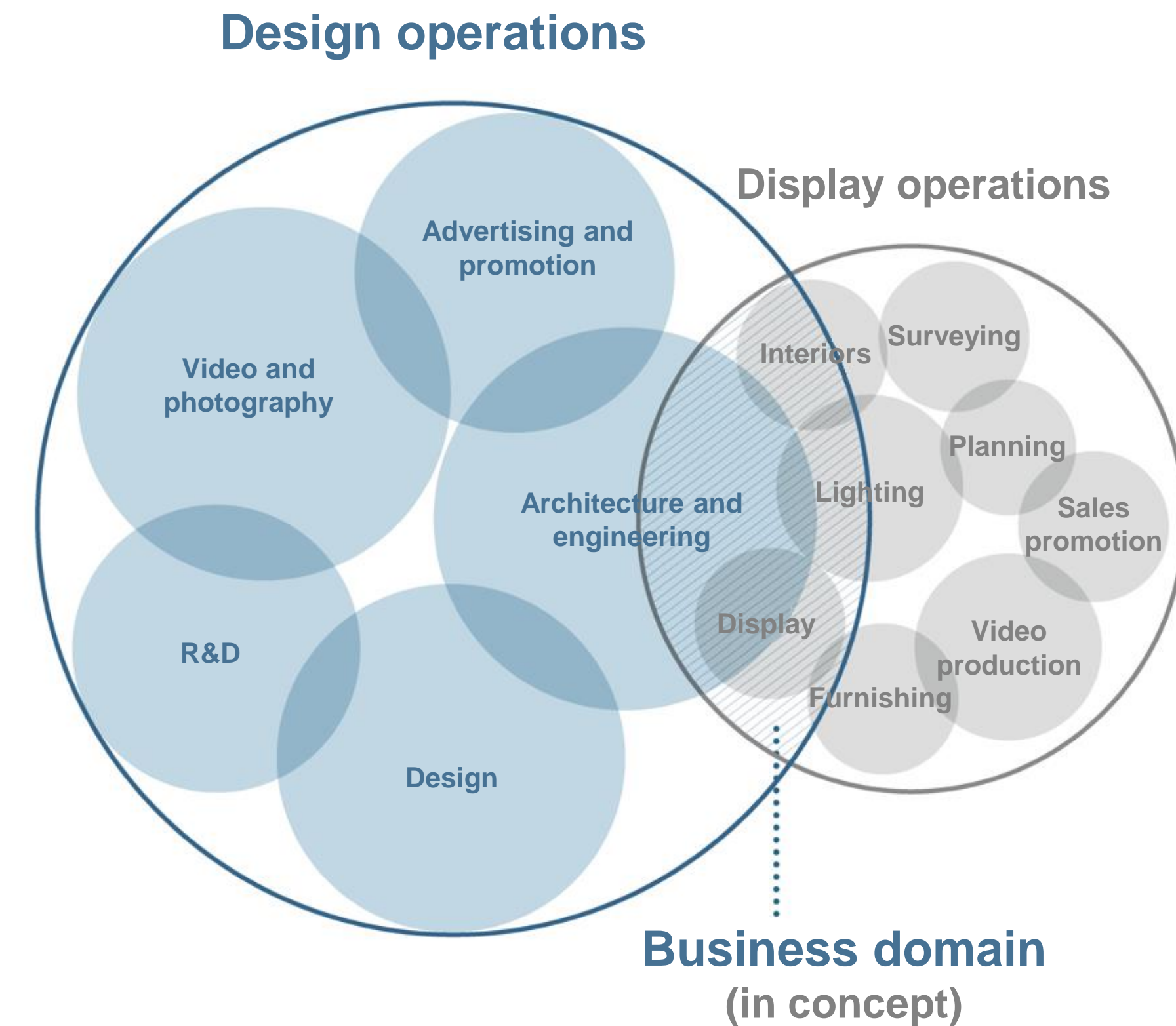
# Business Environment (Market and Competition)

The Group focuses on design as the core of its business.

While our main design projects revolve around spaces such as urban areas, commercial facilities, and offices, we also engage in brand design to support our clients' brand-building efforts based on their specific requests.

Additionally, our business scope includes product design, such as the design, planning, manufacture, and sale of original furniture, as well as the development of our own interior brand. The Group's business, which aims to enhance the value of spaces, also incorporates elements of the display business.

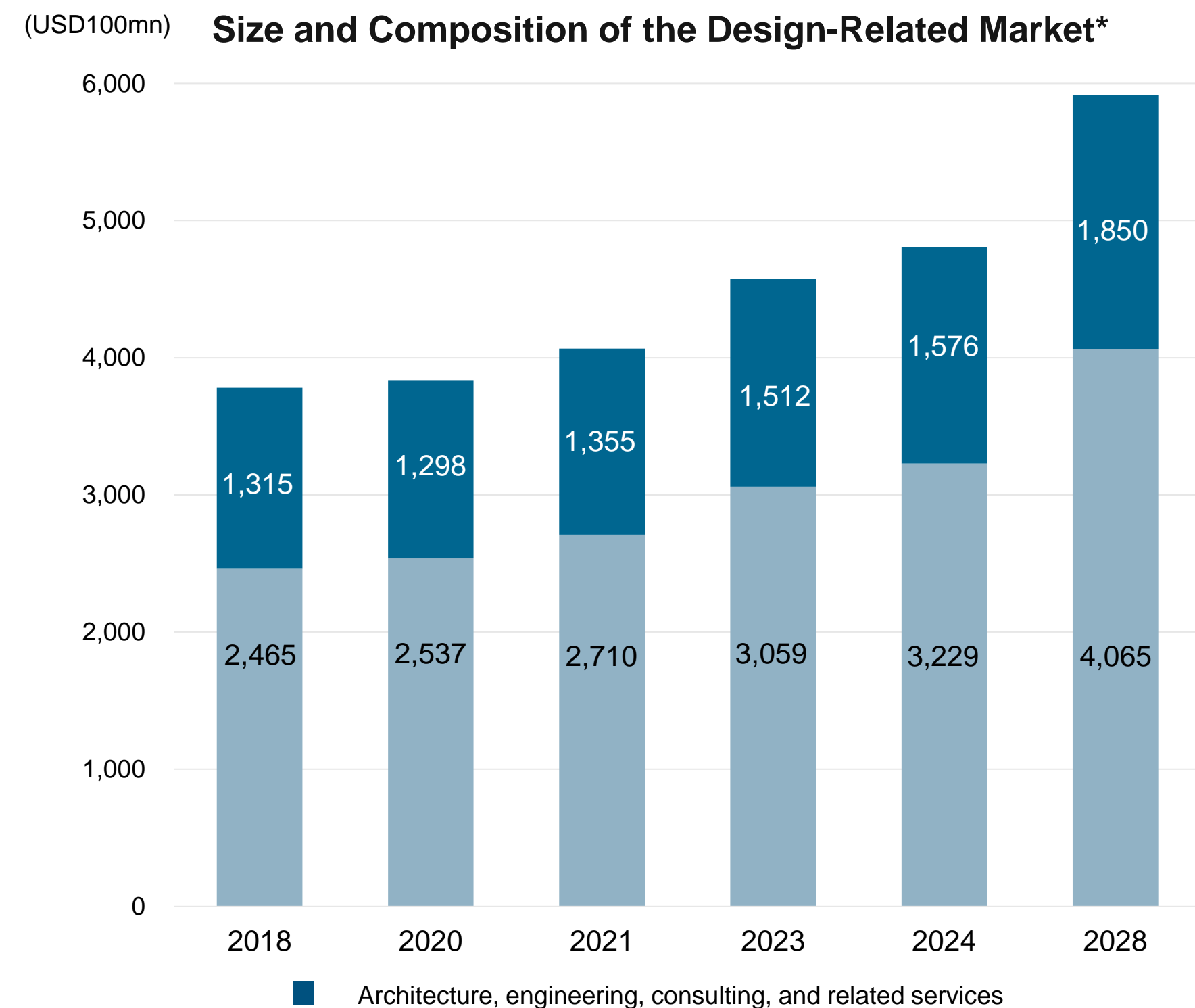
Given the uniqueness of our business, we believe there are no direct competitors that offer the same combination of services. However, there are competitors within specific business domains. For example, we compete with renowned design firms and comprehensive display companies in the field of large-scale commercial space design. In the case of office space design, we compete with dedicated office design companies and major office furniture manufacturers. When it comes to urban planning (area design), in some cases we are in competition with major real estate companies and their group companies.





## Design-Related Market

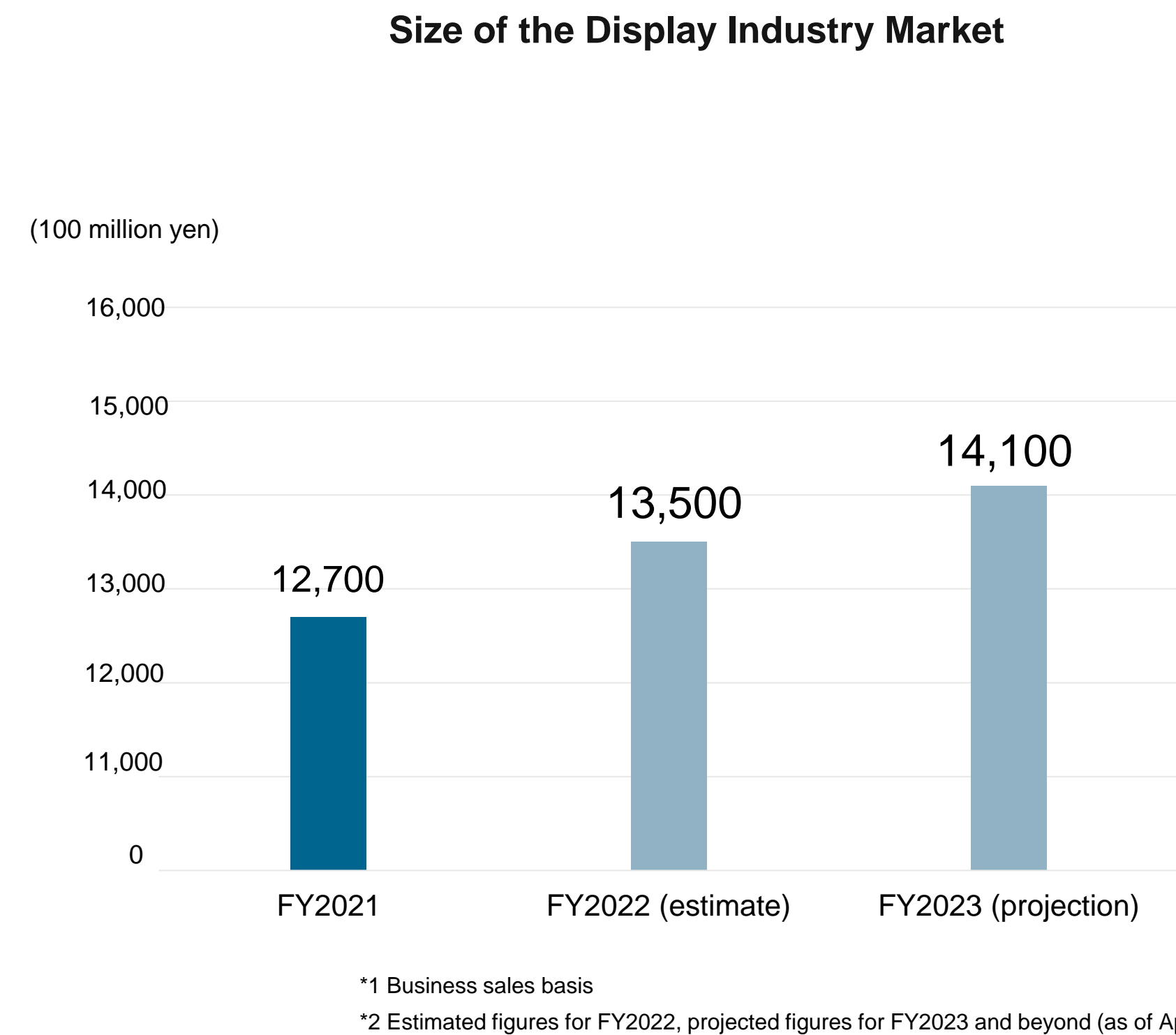
The design-related market has been expanding annually due to increased global demand. According to a study by The Business Research Company, the design-related (professional services) market, including advertising and promotion and consulting, is expected to grow to \$5.9 trillion (approximately ¥839 trillion) by 2028. Furthermore, the architectural design and engineering consulting field, which accounts for over 30% of this market, is projected to expand to ¥262 trillion by 2028 (as of February 2024).



\* Architecture and engineering, specialized design, research and development, advertising and promotion, video and photography, consulting, etc.

## Display Industry Market

The display industry has significantly expanded its scope, encompassing not only commercial and cultural facilities but also schools, offices, and residential spaces. The market in Japan is projected to increase by approximately 11% from FY2021 to FY2023, reaching ¥1.41 trillion, driven by the economic recovery from the COVID-19 pandemic. A further expansion of approximately 10% is expected in FY2025 compared to FY2023\*.



\* Source: Yano Research Institute Ltd. "Market Outlook and Business Strategy for the Display Industry (2023)"



# Competitive Advantage

## 1. Cutting-edge design led by TJ Institute of Design & Architecture

The design work led by Taiju Yamashita, who heads DRAFT, is not limited to one individual artistic style. The Company constantly updates its style to keep with the times and strives to create new value through design.

The TJ Institute of Design & Architecture, established as an internal organization in 2022, actively engages in the development of cutting-edge designs and landmark designs that attract attention. By reflecting the knowledge, expertise, and brand power gained from these activities into our regular project work, we aim to further expand our business.





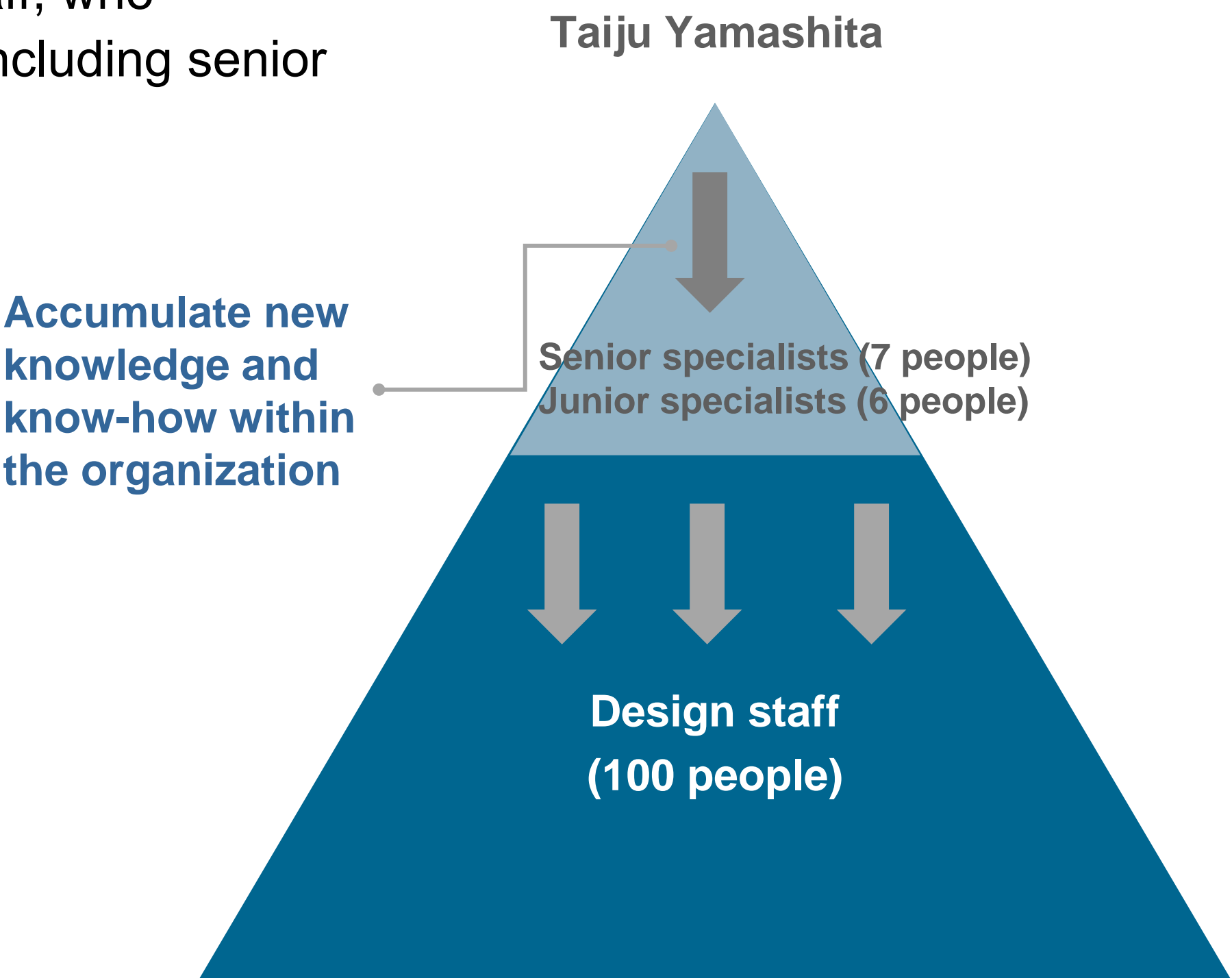
## 2. A strong organizational model that systematizes and passes down know-how

Through systematization of know-how and continuous initiatives aimed at improving project processes, the Company passes down know-how from advanced projects led by Taiju Yamashita to the design staff, who account for approximately 70% of the Group's members, including senior and junior specialists.

Staff members who have studied DRAFT's designs form teams and work on subsequent projects. The new insights and expertise gained here are accumulated within the organization through further systematization and project process improvement initiatives.

This mechanism is one of the factors that has enabled rapid expansion of the Company's scale.

We consider this style of passing down design expertise and putting it into practice as one of the Group's strengths.



\* Staff counts are as of December 31, 2024



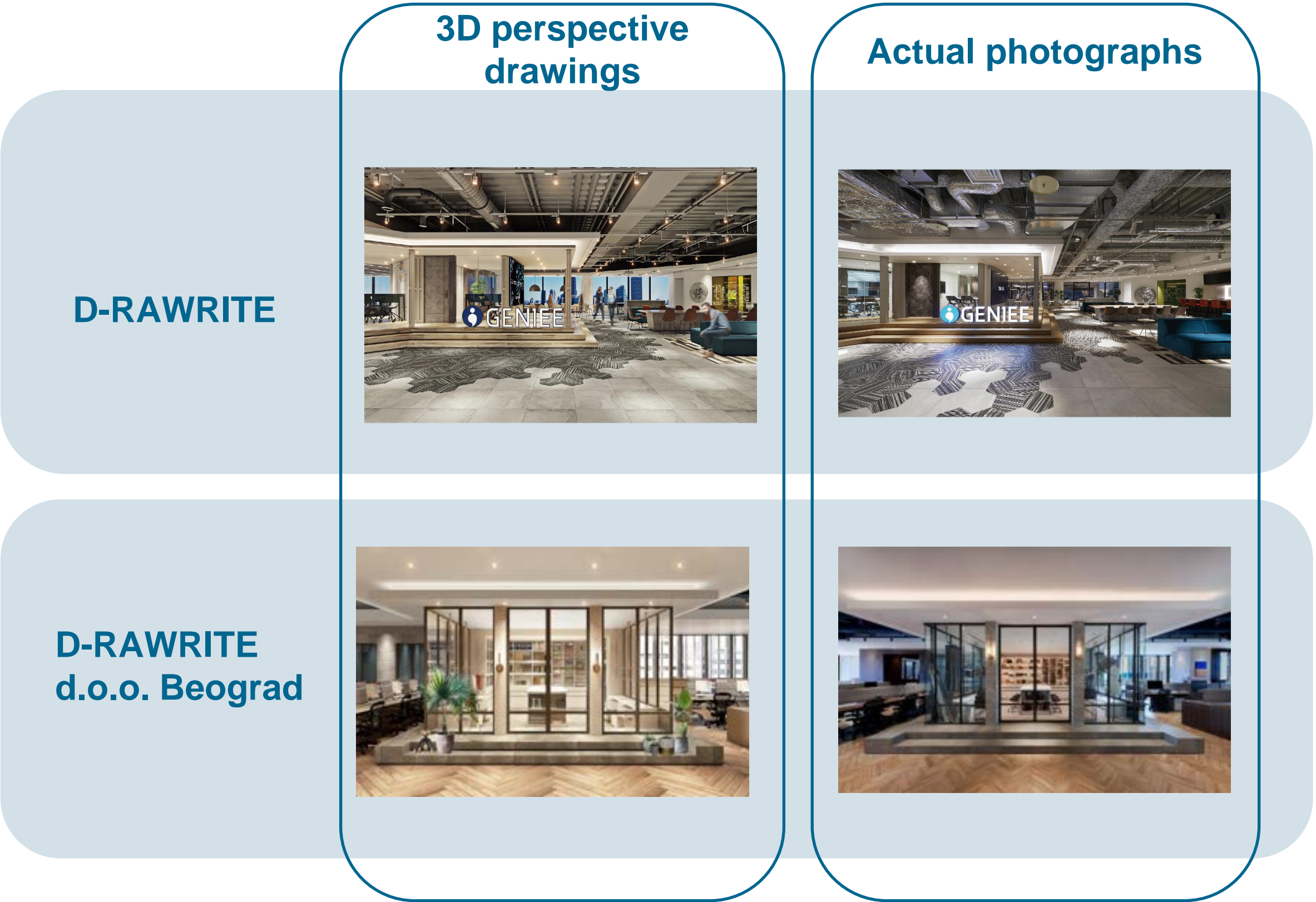


### 3. Proprietary 3D technology and R&D

Data-driven design and technological development are essential elements in the architecture and design industry, especially in the display field. Within the Group, we constantly conduct research on new design processes that integrate design and data, aiming to enhance not only the architectural design itself but also the efficiency of the design process.

In 2013, the Group established D-RAWRITE INC. in the Philippines, and in 2022, D-RAWRITE d.o.o. Beograd in Serbia to bring the production of 3D perspective drawings (visual representations based on design drawings) in-house.

The production of high-quality 3D perspective drawings greatly contributes to reducing discrepancies in client perception and human errors, leading to increased orders and smooth progress.





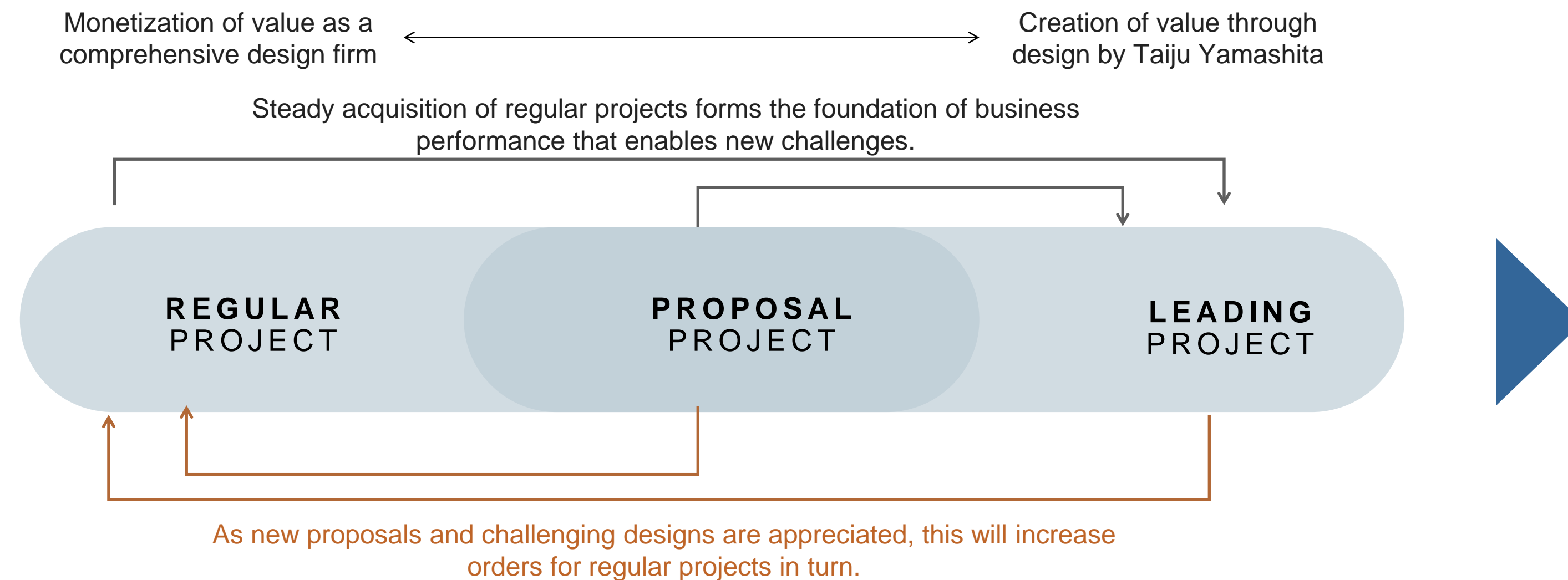
# 02

## **LOOKING BACK ON THE PREVIOUS MEDIUM-TERM MANAGEMENT PLAN (FY12/21– FY12/23)**



# Growth Strategy (Policy) and Results

## Policy 1. Project type strategy to cycle monetization and value creation



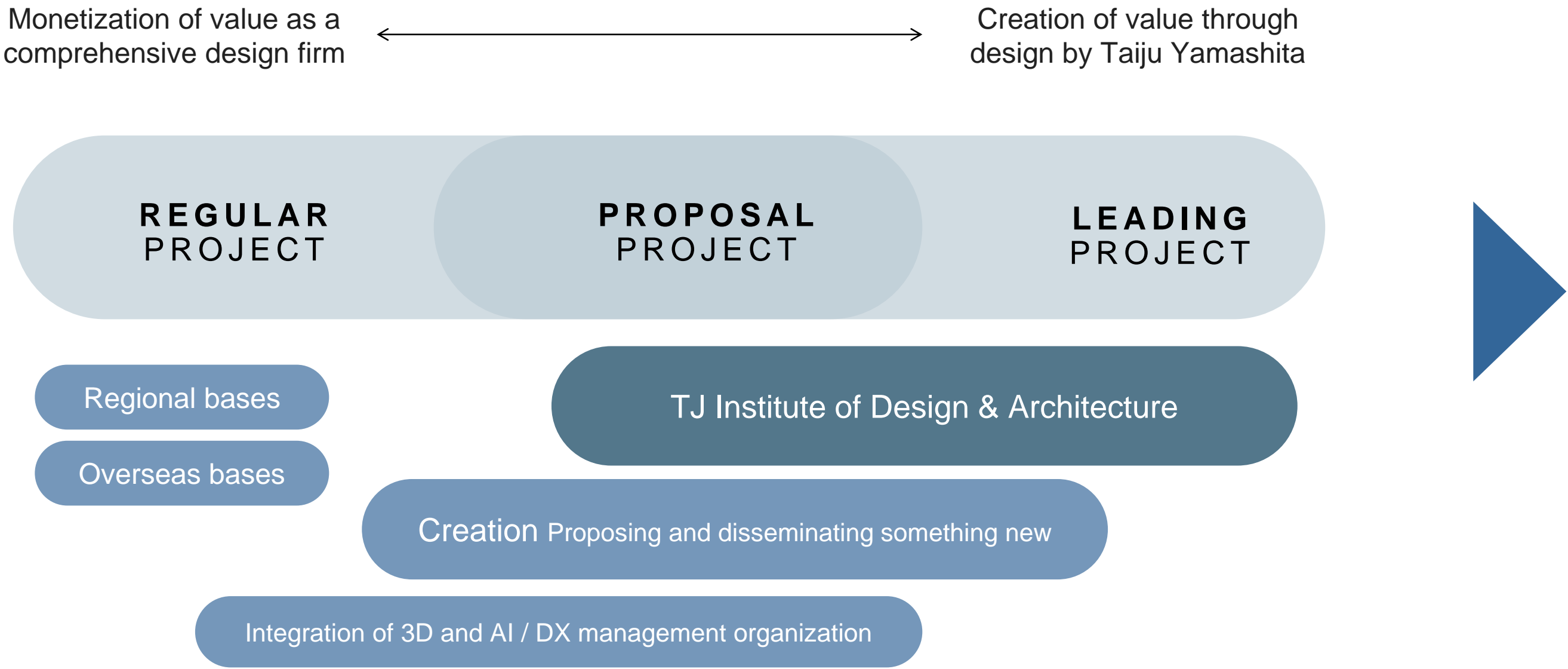
We classify our core business of interior and architecture into three types of projects. By simultaneously circulating regular projects that form the foundation of our business performance, proposal projects that increase business opportunities, and leading projects that improve our brand value, we aim to further expand our business.

- As regular projects expanded, we recorded sales for large-scale contracts from leading projects, with FY12/23 net sales exceeding ¥10.0 billion.
- The cycle from leading projects to regular projects began, and the number of referrals from clients increased from eight cases (FY03/20) to 28 cases (FY12/23).
- Realizing projects that garner attention in society





## Policy 2. Strengthening the organizational structure for continuous innovation



As another measure to support business growth under our growth strategy, we have strengthened our organizational structure and furthered efforts to create new value through new planning and content development.

- As the flagship leading project, established TJ Institute of Design & Architecture as an in-house organization.
- Established an overseas subsidiary in Serbia to expand the 3D design team.
- Set up a sales base in Fukuoka to capture the demand in the Kyushu region, where urban redevelopment is progressing.
- Launched the lifestyle brand “DAFT about DRAFT” as part of the creation business.
- Appointed a digital transformation promotion officer and strengthened the 3D team to drive R&D.



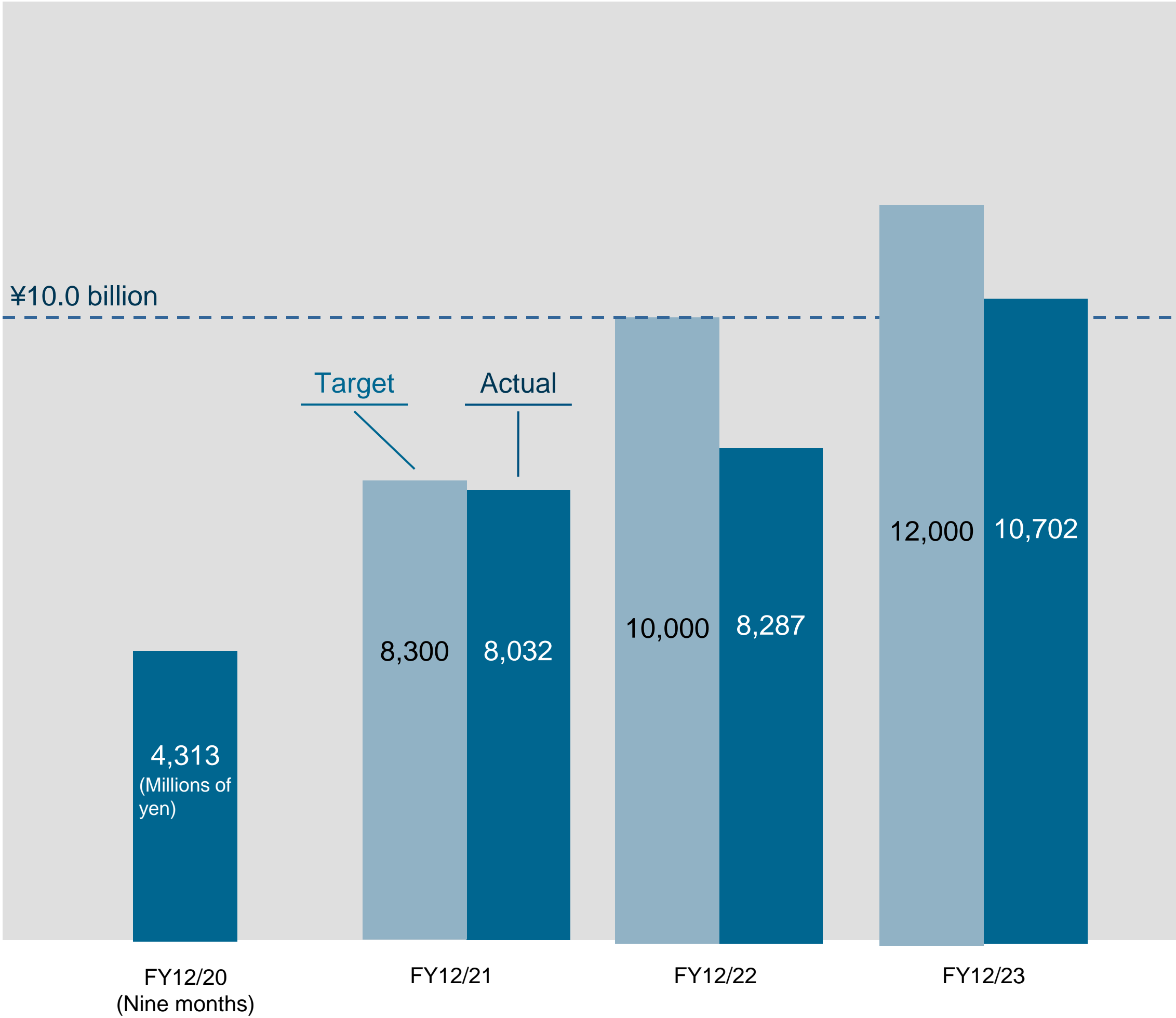


# Numerical targets and results

Results versus the numerical targets of the previous medium-term management plan (announced in 2021) are as shown in the figure on the right.

We had set a target of ¥10.0 billion in sales for FY12/22, but due to the loss of major projects and poor estimation accuracy of project stocks, we were unable to achieve the target.

However, we improved the accuracy of project management through review and systematization, achieving the target of ¥10.0 billion in sales for FY12/23, one year later than originally planned.





# 03

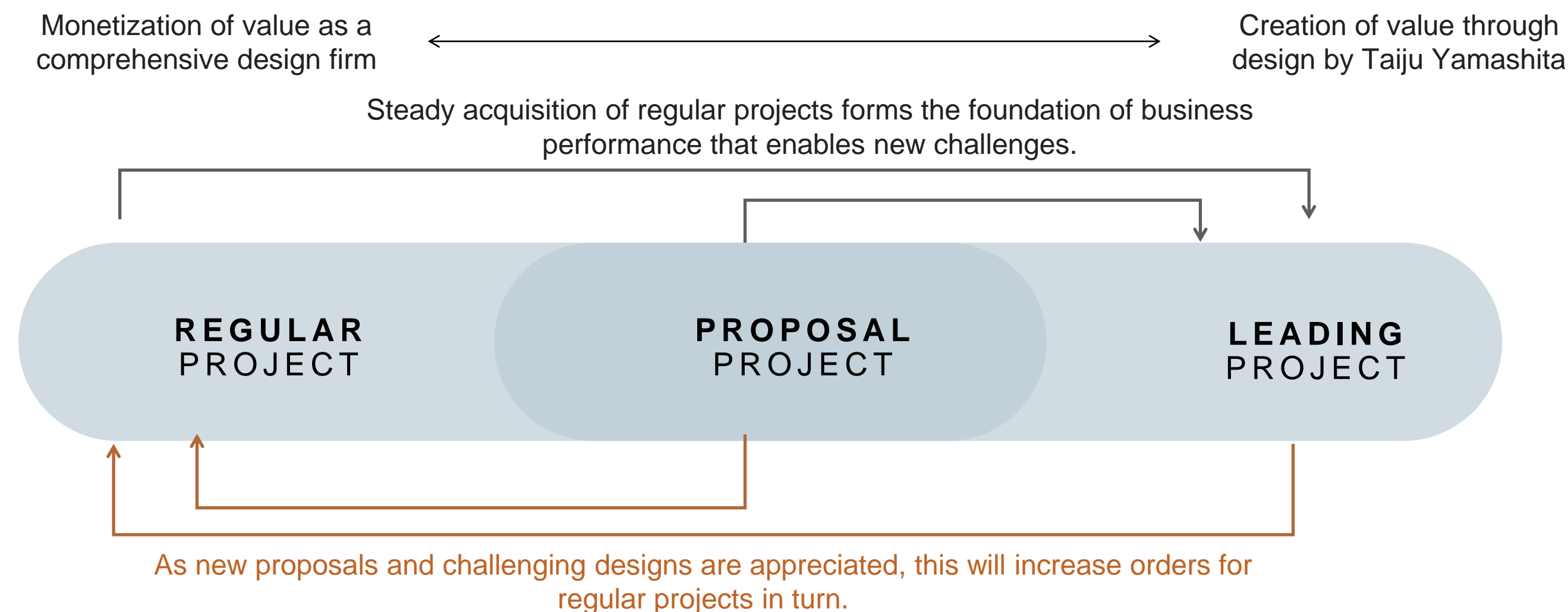
## **MEDIUM-TERM MANAGEMENT PLAN (FY12/24–FY12/26)**



# Growth Strategy and Awareness of Issues

## Basic policy: Project type strategy to cycle monetization and value creation

(Continuation of the basic policy of the previous medium-term management plan)



The Group's strength lies in its design capabilities, which drive value creation. To sustain continuous growth, it is crucial that we maximize the utilization of this strength in our business expansion. Therefore, we will continue to adopt a project type strategy, with leading projects serving as the engine.

On the other hand, it is essential to secure the human resources for each project to implement this strategy. Further enhancing our talent pool through robust recruitment and educational systems remains a critical management issue for our rapidly growing group.

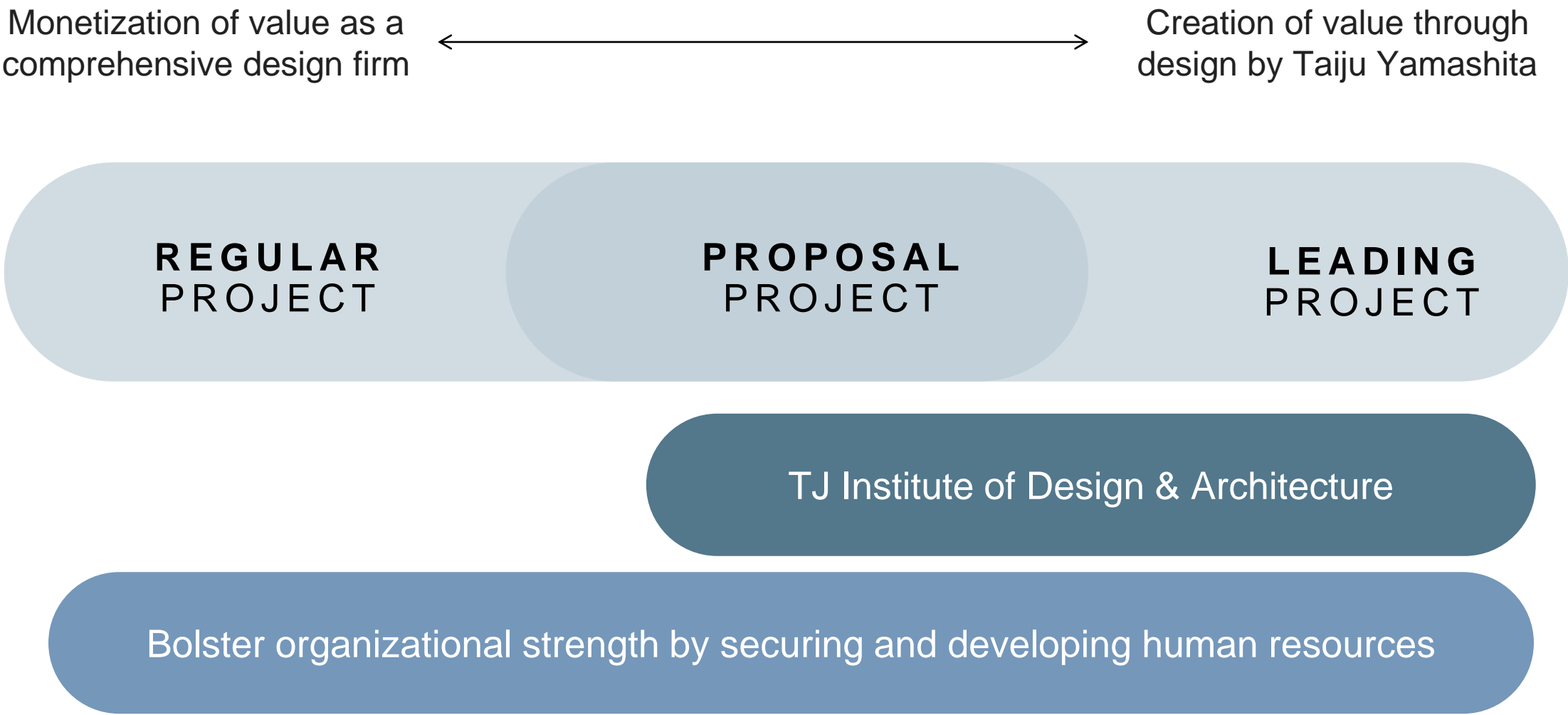


**Initiative 1. Realize new designs through the proactive activities of the TJ Institute of Design & Architecture and expand business based on these designs**

The creation of value through innovative design not only serves as a driving force for project acquisition but also enhances brand value. We will achieve business expansion through the proactive efforts of TJ Institute of Design & Architecture, a leader in cutting-edge design.

**Initiative 2. Strengthen organizational strength by securing and developing human resources**

To secure and develop the people who are the driving force behind our growth, we will establish and implement basic principles regarding our talent strategy. For more information on our talent strategy, please refer to “04 Human Capital-Related.”





# Progress in 2024:

## Major activities of TJ Institute of Design & Architecture

- **Hibiya Central Building**  
**A large-scale reborn project completed in August 2024**

Hibiya Central Building, originally constructed in 1983, was reborn as a classical space that blends the old and the new in harmony with the Hibiya area, under the concept of from demolition to revitalization of the building.



- **Yokohama Timber Wharf, a complex at Rinko Park in Yokohama, is underway (Construction began in March 2024)**

This project is underway at Rinko Park, a large park in the Minato Mirai area of Yokohama City. The complex will be characterized by its dynamic design which fully leverages the potential of wooden structures. The aim is to create a new landmark that is both environmentally friendly and promotes the utilization of wood building materials.



- **UMITO Amami Oshima Project is underway for accommodations**

The UMITO Amami Oshima Project is designed to construct accommodations that merge the comfort and privacy of a vacation home with the amenities of a hotel. Plans are underway for two properties, one along the Shiraura coast overlooking the East China Sea, and the other beside the Kaminoko Beach on the Pacific side.

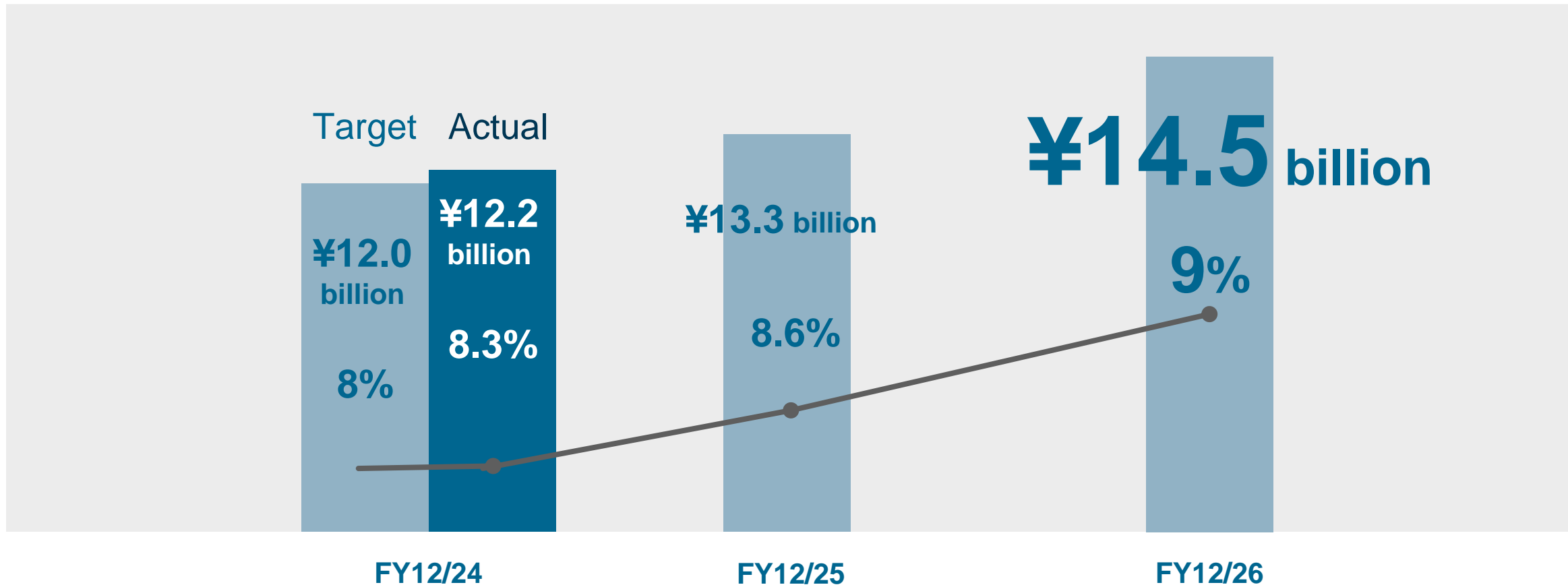




# Target KPIs

FY12/26

Net sales target	¥14.5 billion
Operating profit margin target	9%



Due to the increased size of the projects, we anticipate a wider range of fluctuations in growth during the period of the medium-term management plan. We have therefore set net sales and operating profit margin as targets for the final year of the medium-term management plan and will conduct our business accordingly.

## Net sales

The Group’s brand awareness has been increasing year by year through large-scale projects and landmark designs. Additionally, the design and display markets are in an uptrend, allowing for continued growth in line with our current business implementation structure. To achieve long-term growth, we believe it is necessary to diversify our earnings models, and we are actively considering diversification as needed. We will announce any developments when necessary.

## Operating profit margin

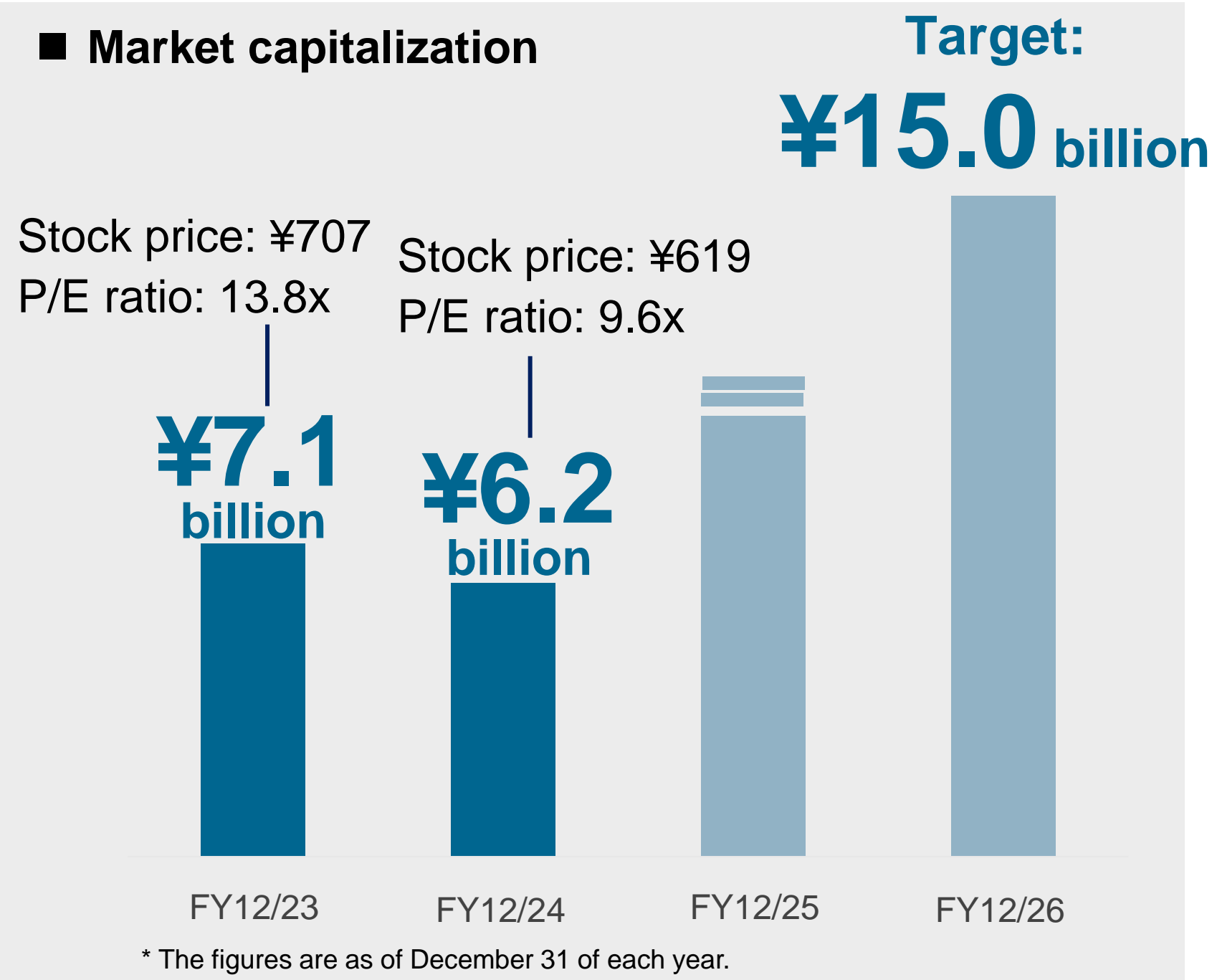
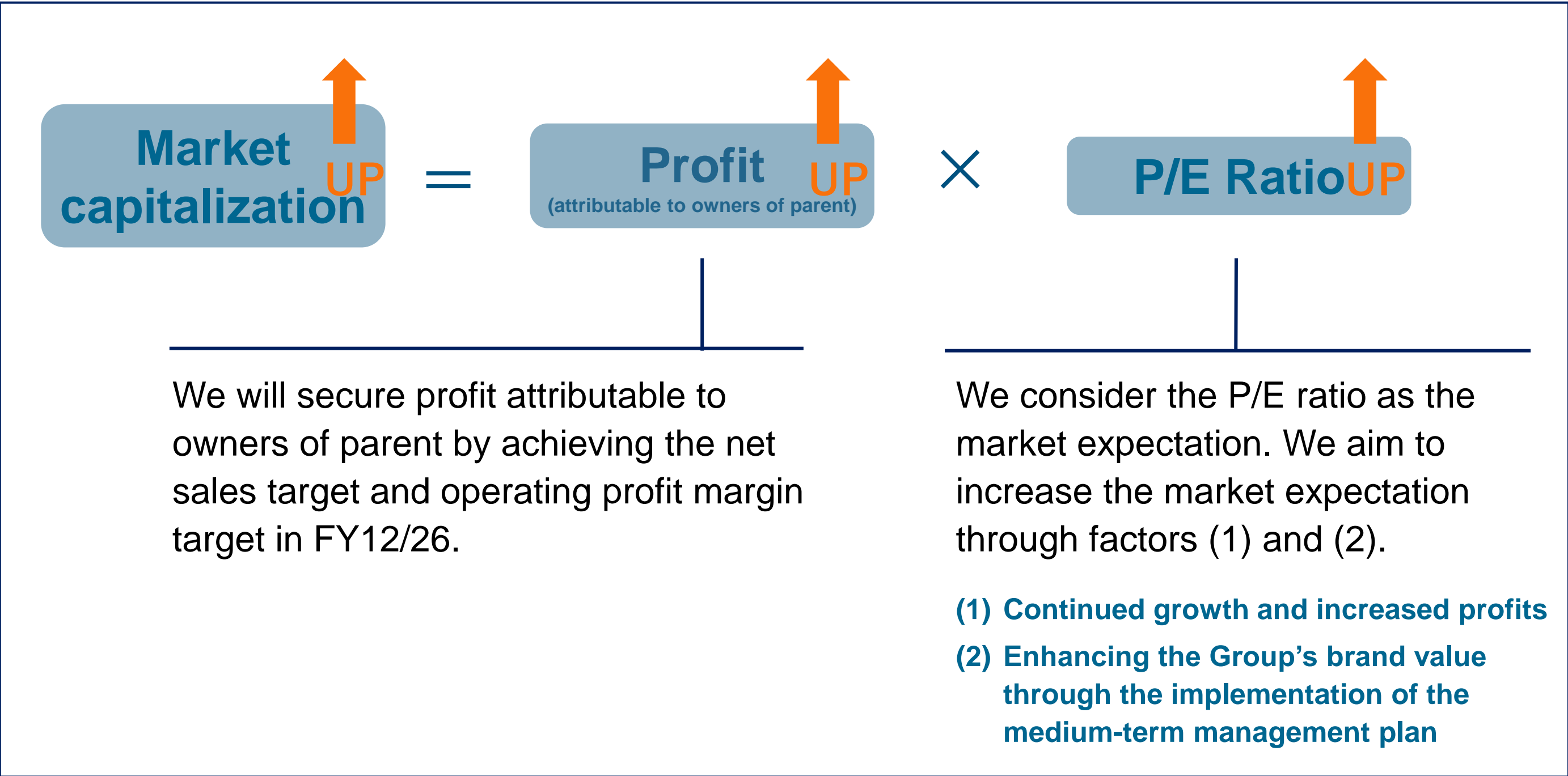
The Group has maintained its gross profit margin at around 30% and does not anticipate significant fluctuations during the period of the medium-term management plan. On the other hand, the main components of SG&A expenses are personnel expenses and rent. While personnel expenses are planned to increase in line with workforce expansion, we have already completed the relocation to an office that can accommodate the increased staff, so rental will remain at a similar level, causing the ratio of rent in SG&A expenses to decline. We have set the target of 9% on the assumption of maximizing profit while making necessary investments for growth.



We consider market capitalization (stock price) as a measure to quantify the Company's value.  
The Company has set market capitalization as a KPI in its medium-term management plan.  
Market capitalization for FY12/24 decreased year on year, but profit attributable to owners of parent exceeded the plan.  
We also made efforts to return profits to shareholders by changing our dividend policy and revising our dividend forecasts (dividend increase).  
We will continue to strive to improve profit attributable to owners of parent and the P/E ratio to achieve the targets of the medium-term management plan.

As of the end of December 2026

Market capitalization target **¥15.0 billion**





# 04

**HUMAN CAPITAL-  
RELATED**



## Basic Policy

Our Group operates under the corporate philosophy of “ALL HAPPY BY DESIGN.” Through this philosophy, DRAFT strives to contribute to global society by creating a cycle of happiness through the power of design. We aim to realize this philosophy by creating spaces that enhance human experience (HX). As a company engaged in the design business, we value the people who belong to our team as the driving force behind our operations. We believe the following three elements are crucial to realizing “ALL HAPPY BY DESIGN” and achieving sustainable growth:

- 1. Having happy group employees**
- 2. Ensuring diversity**
- 3. Fostering personnel who resonate with our corporate philosophy and can uphold our corporate culture**



# 1. Measures toward “having happy group employees”

While the meaning of happiness varies from person to person, the working environment is undoubtedly an important factor in ensuring the happiness of employees. The Group supports the happiness of its employees by addressing both the hard and soft aspects of the working environment.

Hard	<p><b>Head office relocation</b> (implemented in December 2022)</p> <p>Our CEO, Mr. Yamashita, personally designed a visually appealing and efficient office space to create a comfortable working environment. This design promotes communication among employees and fosters a sense of unity within the company. Additionally, the spacious layout allows for more a comfortable work life.</p>
Soft	<p><b>Optional three-day weekend system</b></p> <p>Employees have the option to choose a three-day weekend schedule on a quarterly basis. The system has been designed to ensure that even if an employee chooses the three-day weekend schedule, their salary will not decrease.</p> <p><b>Housing expense subsidy program</b></p> <p>For the Company, which specializes in designing spaces, the residences of our employees are also important spaces. We partially subsidize the expenses for employees who use residences that meet a certain standard.</p> <p><b>Company exclusive babysitter</b></p> <p>This service allows both men and women to entrust their children to the care of another with peace of mind.</p> <p><b>Program to support certification acquisition, certification allowance, and expansion of the scope of employees entitled to the benefit</b> (from 2025 onward)</p> <p>Employees who have acquired certain certifications (e.g., first-class registered architect) necessary for the Company, which specializes in designing spaces, will have their expenses covered. Such employees will be also provided with a certification allowance. The scope of employees entitled to the benefit will be expanded.</p>

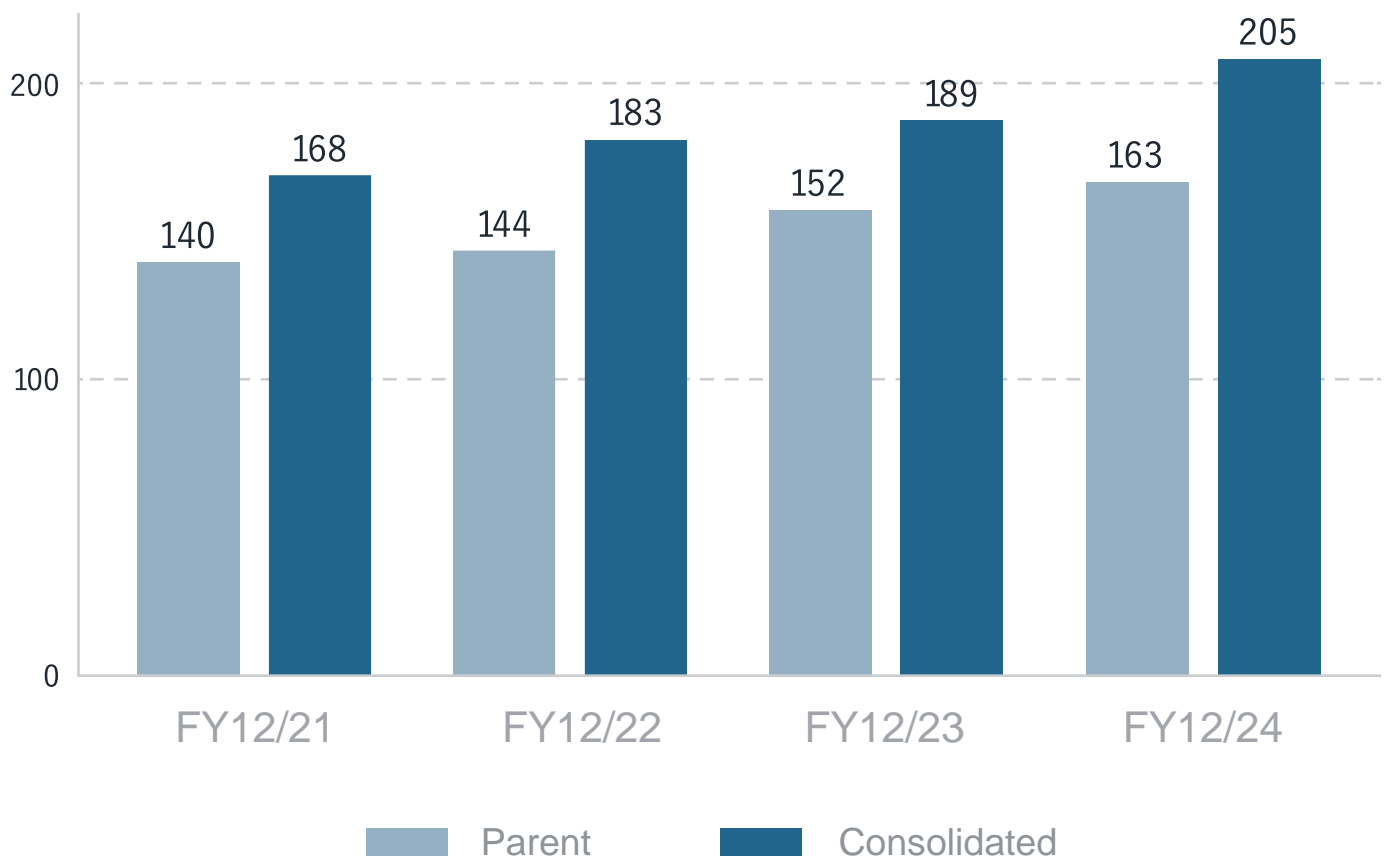


2. Measures toward “ensuring diversity”

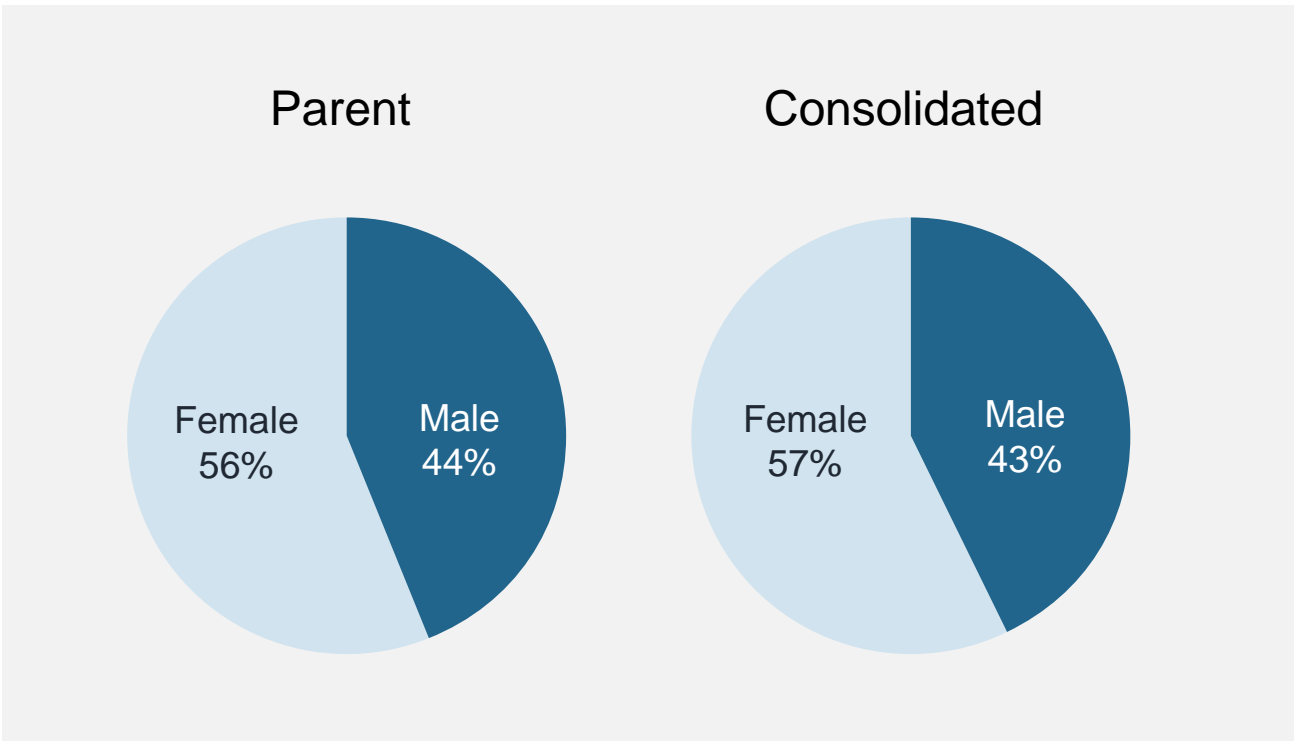
To continuously generate outstanding designs, it is essential for employees with diverse skills and abilities to demonstrate their individuality and work toward solving clients’ challenges.

The Group has therefore managed talent based on their capabilities and achievements since its founding, without considering factors such as gender, age, or nationality. We will continue to uphold this policy moving forward.

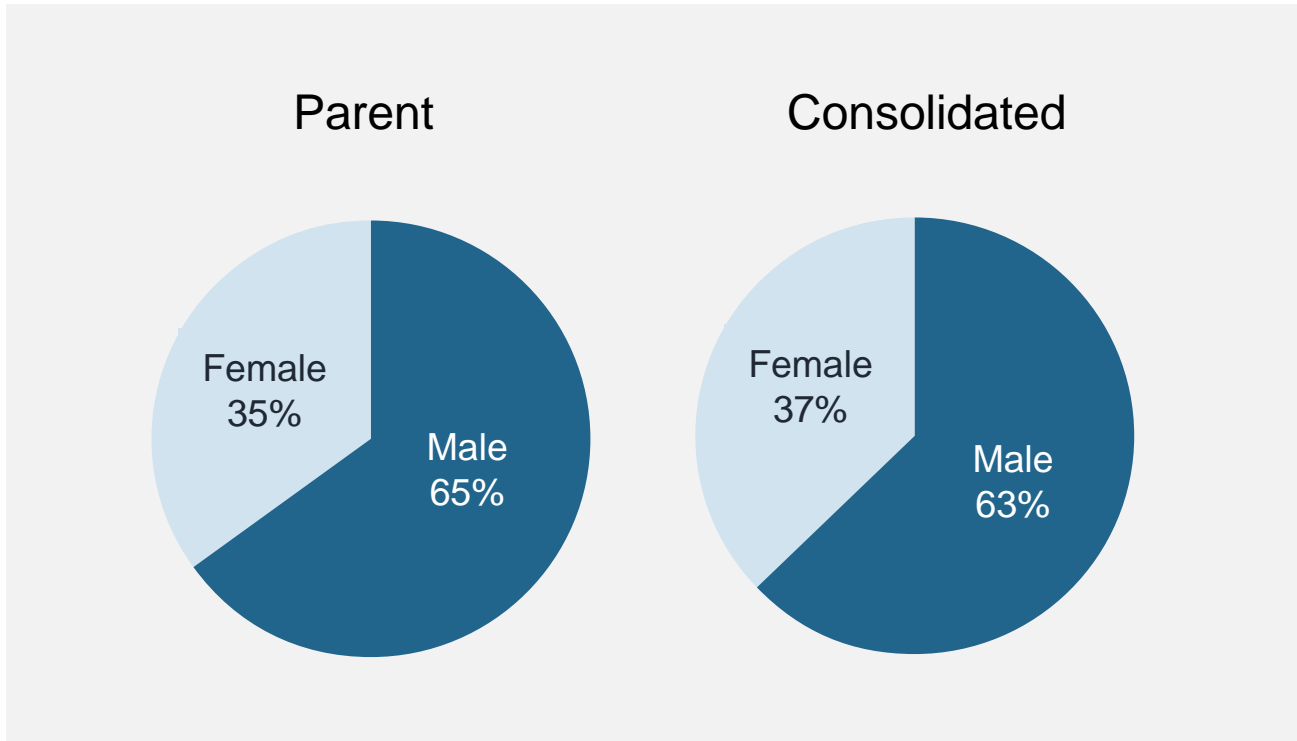
■ Number of employees



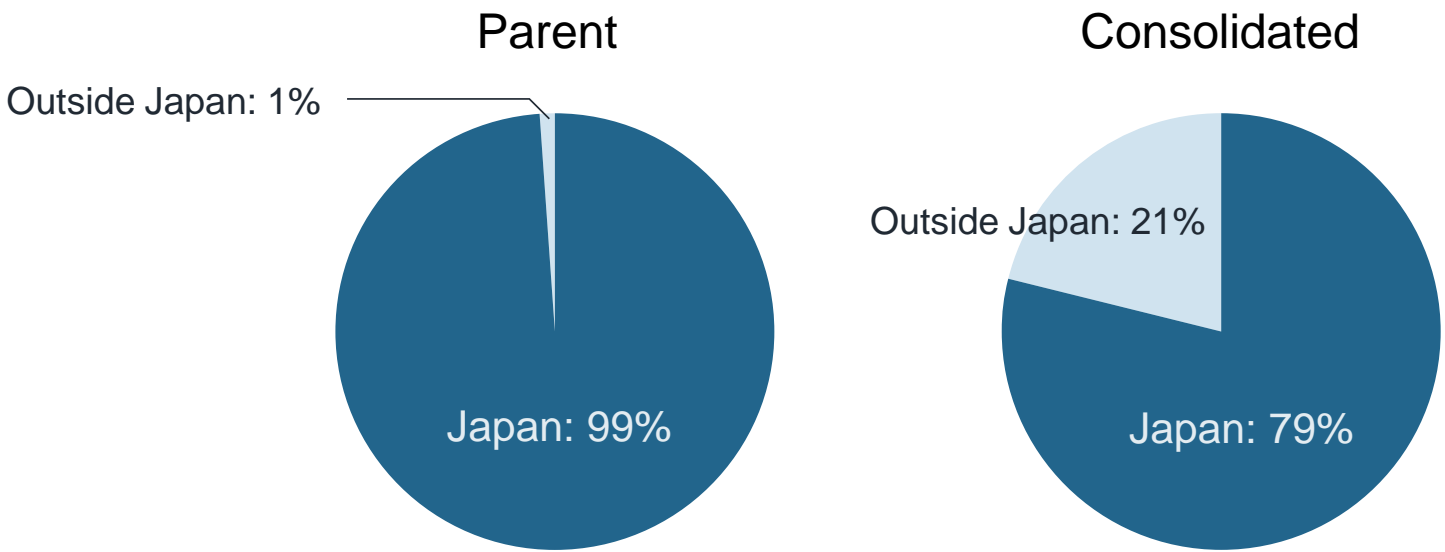
■ Male-to-female ratio (employees)



■ Male-to-female ratio (managers)



■ Employees by nationality



■ Return-to-work rate from parental leave (January–December 2024)

Parent

	Parental leave takers	Return-to-work rate
Men	1	100%
Women	5	100%

Consolidated

	Parental leave takers	Return-to-work rate
Men	1	100%
Women	5	100%

\* All figures are as of December 31, 2024



### 3. Measures toward “fostering personnel who resonate with our corporate philosophy and can uphold our corporate culture”

It requires a significant amount of time and effort to have intangibles like corporate philosophy and corporate culture permeate a company. At DRAFT, CEO and founder, Taiju Yamashita, takes the lead in promoting the spread of our corporate philosophy and corporate culture.

Through day-to-day communication and various events such as company-wide meetings (quarterly conferences) held several times a year, kick-off events at the beginning of the year, and others, we strive to promote the permeation of our culture and the sharing of our management policies. We will continue to implement these measures as we move forward.





# 05

## RISKS



The “Risks of Business, etc.” section of the Annual Securities Report contains items of particular interest to shareholders and investors.

### **Risks of design imitation or obsolescence**

The DRAFT Group is expanding its business by leveraging its design capabilities as a competitive edge. It is difficult to protect the rights of spatial designs, which are the core of its business, and there is a possibility that they may be imitated and offered at low prices. In addition, there is a possibility that the designs provided by us may become obsolete and out of step with current trends.

To avoid such risks, the Group, centered on the TJ Institute of Design & Architecture, will continue to develop cutting-edge designs and create a cycle of happiness in the world with designs that cannot be imitated by others and are always ahead of their time.

### **Dependence on a specific person**

Taiju Yamashita, Representative Director, who has led the DRAFT Group’s business since its establishment, is also an active designer and plays an extremely important role in planning and implementing management policies and business strategies, as well as in promoting our business.

To avoid excessive dependence on Mr. Yamashita, the Group will actively share its design know-how and other resources and strengthen its design team. We will further bolster our current structure and develop our business as an organization, while continuing to operate under the banner of Taiju Yamashita and the TJ Institute of Design & Architecture.

### **Risks related to fluctuations in the timing of sales recognition (timing of service delivery)**

The DRAFT Group’s business mainly consists of order-driven services in which the schedule for service delivery is planned based on the client’s preferences. As a result, the scheduled completion date of service delivery may deviate from the initial plan due to schedule changes made by the client, or from natural disasters such as earthquakes, typhoons, or floods.

In recent years, the Group has experienced a trend of concentrated net sales in Q4 (October to December). If there are changes in the timing of service delivery in this quarter, it can have an impact on the full-year financial results. The Group is thus actively working to flatten quarterly net sales to mitigate this effect.

### **Risks related to goodwill impairment**

The Group in some cases uses M&A as part of its business expansion strategy, and as of the end of December 2024, it had goodwill of approximately ¥80 million on its consolidated balance sheet. This goodwill arose from the acquisition and merger of SATISONE Co., Ltd., a company focused on brand marketing, in 2021. Currently, our brand marketing business is progressing well, but if there is a need to recognize impairment losses in the future, it could have a significant impact on the Group’s performance.



# DRAFT®

## Notes on the use of this document

This document has been prepared for the purpose of providing an understanding of DRAFT and is not intended as a solicitation for investment. The forward-looking statements and strategies contained in this document are based on information available to the Company at the time this document was prepared. Therefore, they involve risks and uncertainties, and we do not make any guarantees that they will be realized. We plan to explain the progress of various indicators in the semiannual financial results presentation materials. The business plan will be updated when the full-year results for FY12/24 are announced.