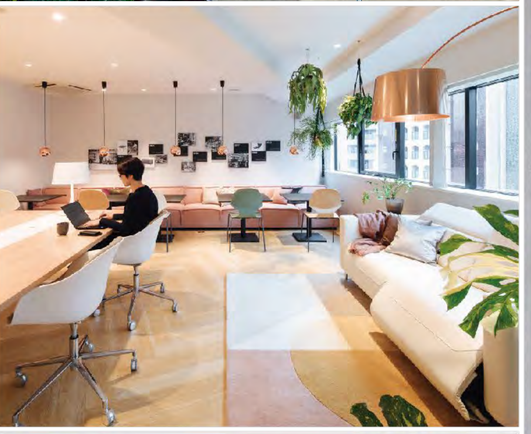
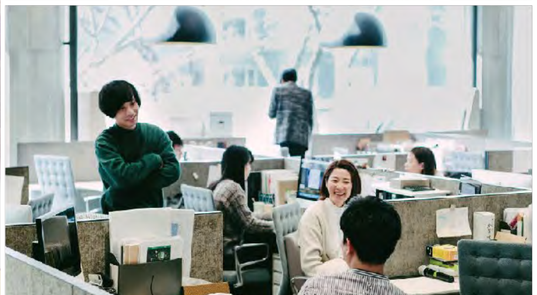
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Financial Results Presentation Materials
for the First Six Months of the Fiscal Year Ending December 31, 2024

August 13, 2024

TSE Growth Securities code: 5070

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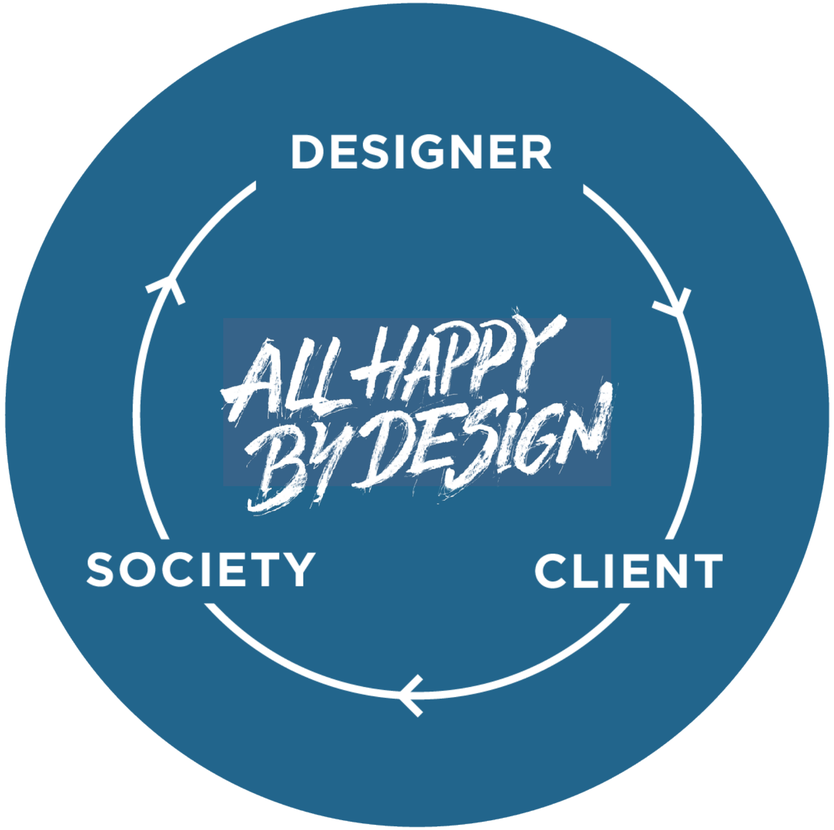
01

COMPANY PROFILE

About Us

COMPANY PROFILE

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











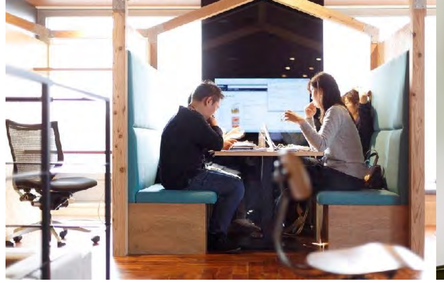


COMPANY PROFILE

The DRAFT Group operates as a single segment, with the Design business accounting for 100% of our operations.

We engage in cross-sector activities centered around design, such as interior design, architecture, product design, and branding. Through the power of design, we aim to solve business and societal issues.

- Workplace Consultancy
- Retail
- Hospitality
- Architecture
- Product
- Urban Design





ADASTRIA, Wantedly, GENIEE, KEIO, KDDI, Coca-Cola, BoConcept, TORIDOLL, CyberAgent, GA TECHNOLOGIES, 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





Villa ASO

September 2023



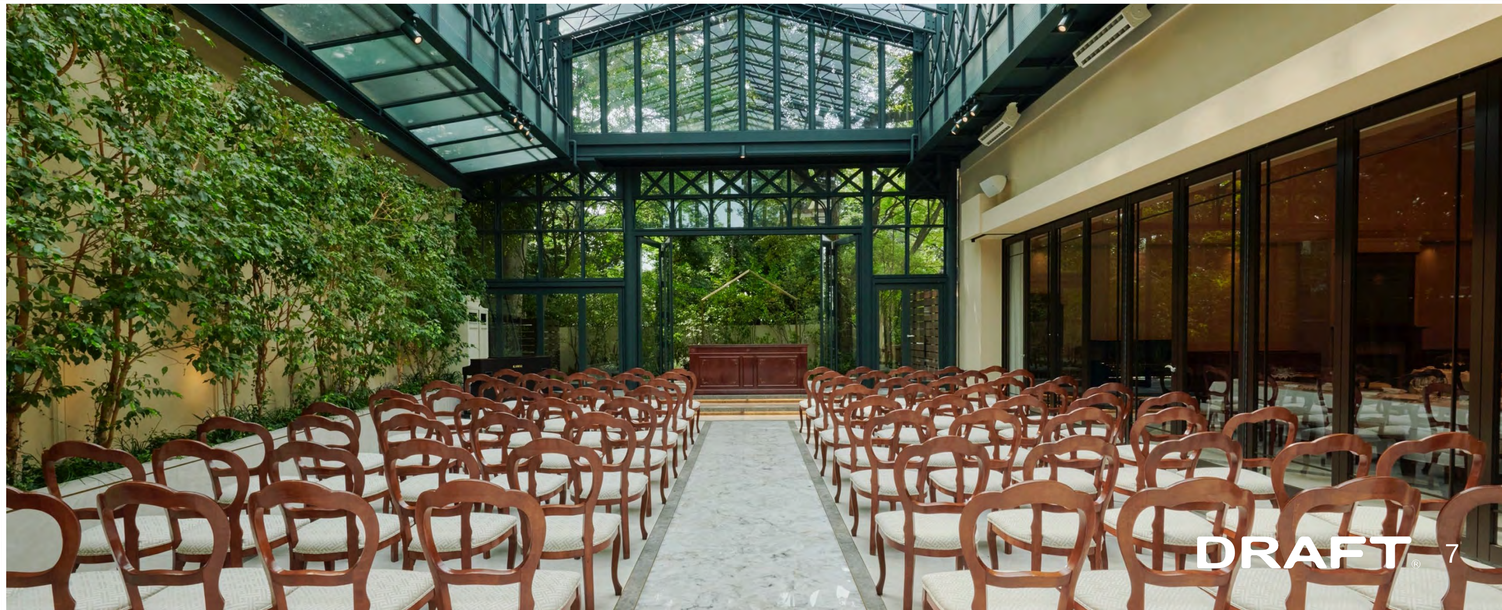
Villa ASO

September 2023









TAIYO INK “InnoValley”

March 2024



TAIYO INK “InnoValley”

March 2024









Salone del Mobile.Milano 2024 “Pointillisme”

April 2024



Salone del Mobile.Milano 2024 “Pointillisme”

April 2024







02

FINANCIAL RESULTS

1H FY12/24 Results

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1H FY12/24 Financial Highlights, YoY Comparison

Net sales grew substantially, due to robust demand for the Group's design work, sales activities to win orders with quarterly results in mind, and an increase in sales recorded based on the progress in the fulfillment of performance obligations (the "percentage-of-completion method").
SG&A expenses increased 9.5% YoY, despite a higher headcount and salary increases as well as expenses for participating in Salone del Mobile.Milano 2024, as the Group no longer paid double rents as it did in the same period of the previous fiscal year due to office relocation. As a result, all profit categories grew significantly year-on-year.

YoY comparison

(Millions of yen)	1H FY12/23	1H FY12/24	YoY
Net sales	3,905	6,685	+71.2%
Operating profit	(96)	579	- (+675)
Ordinary profit	(112)	559	- (+671)
Profit Attributed to owners of parent	(112)	342	- (+455)

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1H FY12/24 Financial Highlights, Comparison with Initial Forecast

Net sales surpassed the initial forecast by more than 11%, owing in part to sales recognized based on the percentage-of-completion method as of the end of June.
SG&A expenses were largely in line with expectations, resulting in all profit categories exceeding the forecast.

1H results, vs. initial forecast

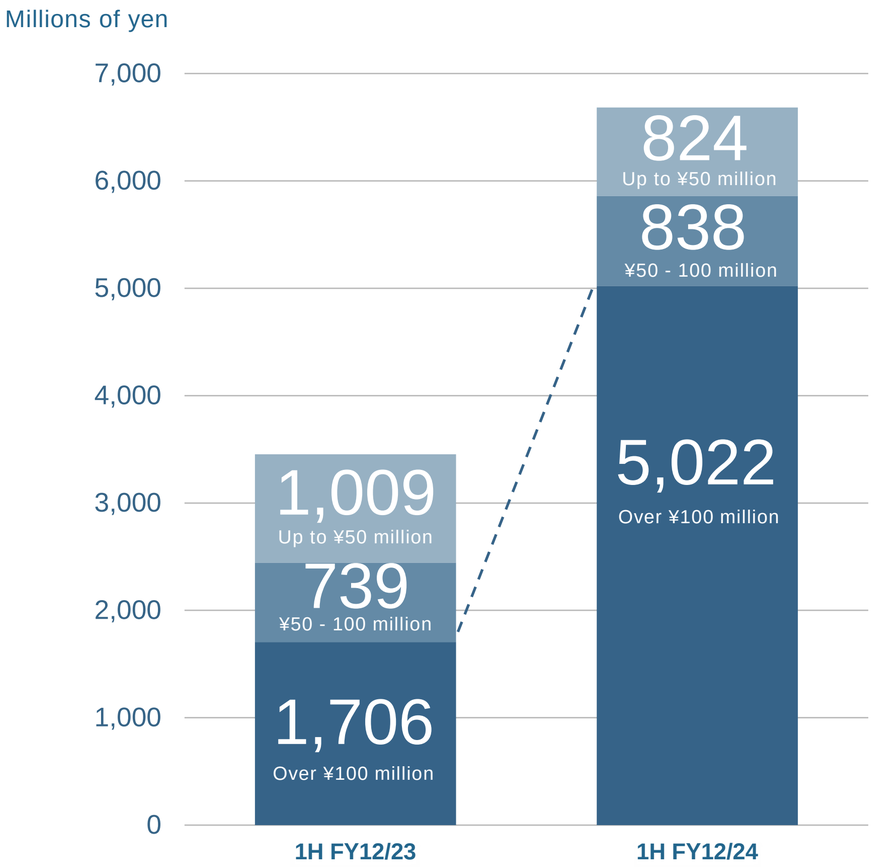
(Millions of yen)	1H FY12/24 (Initial Forecast)	1H FY12/24	Vs. Initial Forecast
Net sales	6,000	6,685	+11.4%
Operating profit	480	579	+20.7%
Ordinary profit	470	559	+19.0%
Profit **Attributed to owners of parent**	310	342	+10.6%

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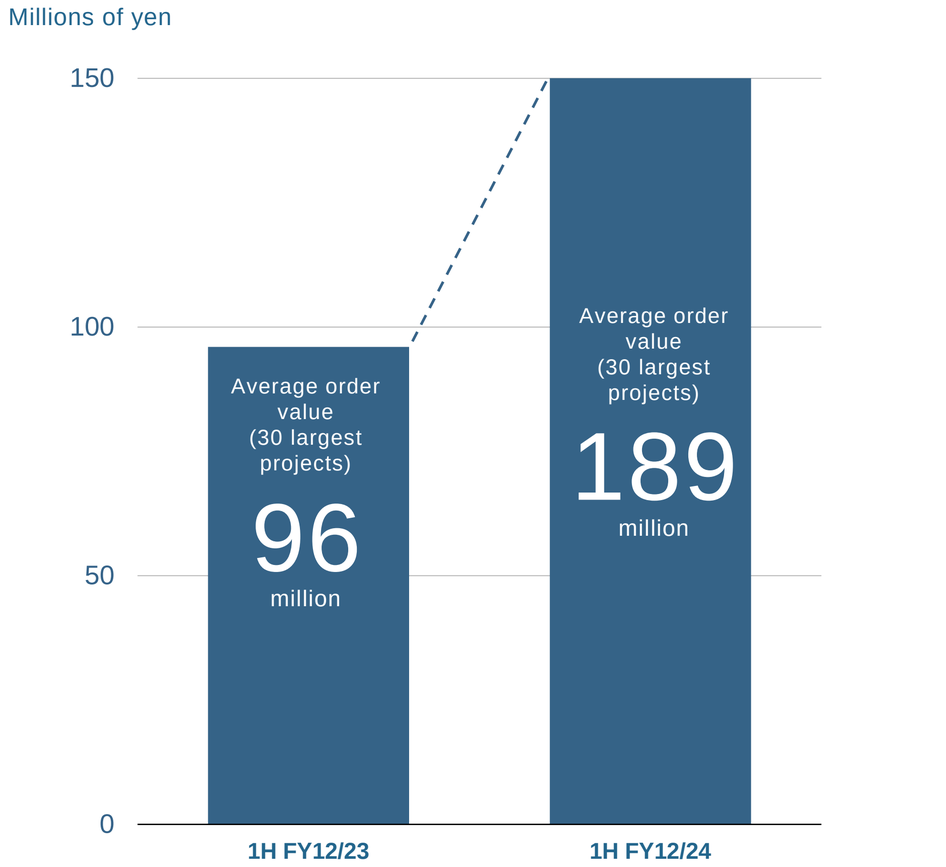
Financial Highlights: Sales by Project Size and Average Project Order Value

Projects with sales value of over ¥100 million increased by about 194% YoY, with the average project order value for the top 30 projects up about 97%. The growth in project size became increasingly prominent.

Sales by project size



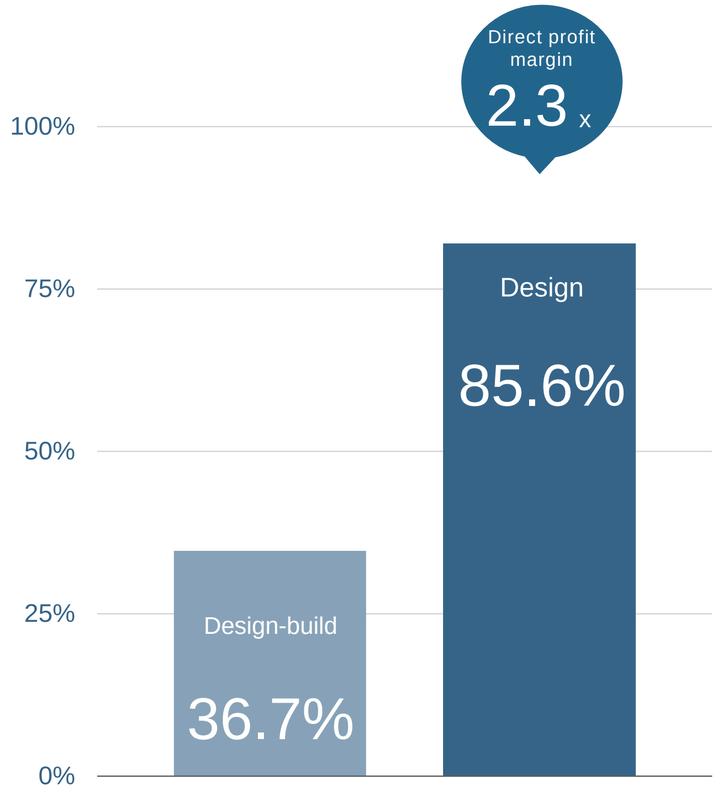
Average project order value (30 largest projects)



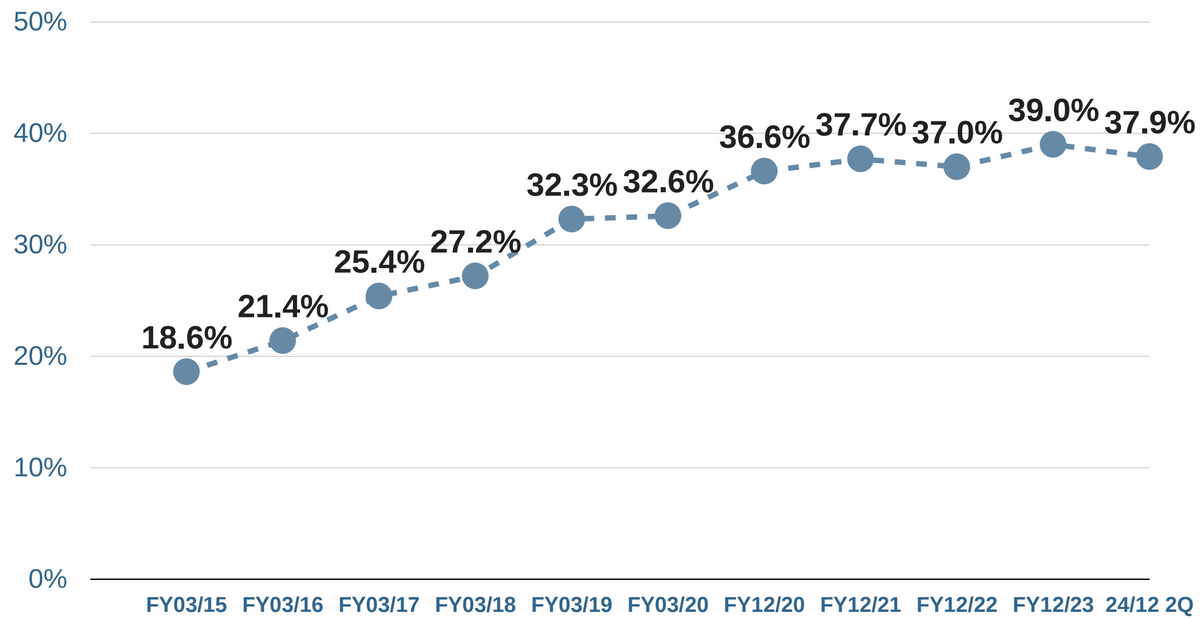
Financial Highlights: Direct Profit Margin

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 (1H FY12/24)



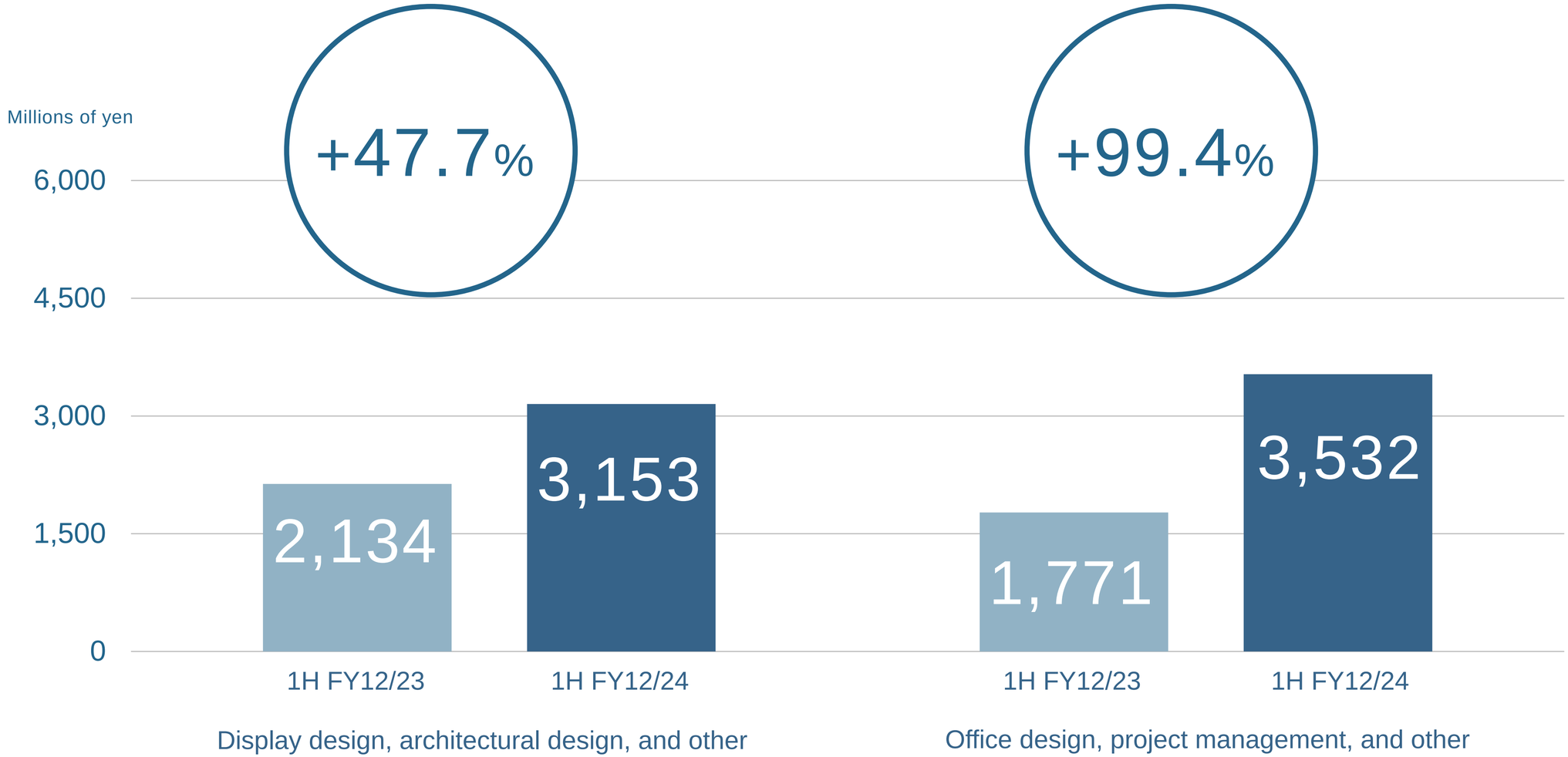
Direct profit margin



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 Re cord.

Financial Highlights: Sales by Category

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





03
FINANCIAL FORECAST

Outlook for Full-Year FY12/24

Outlook for Full-Year FY12/24

Progress in the first six months of FY2024 against the full-year forecast exceeded expectations, but we maintained the full-year forecast due to difficulty estimating sales based on the percentage-of-completion method as of end-December 2024.

Full-year forecast

(Millions of yen)	Full-year forecast	YoY
Net sales	12,000	+12.1%
Operating profit	980	+12.6%
Ordinary profit	960	+13.2%
Profit attributable to owners of parent	580	+12.3%

- **Inquiries are strong, and we expect to continue winning orders**
- **Expect for now to spend SG&A expenses as projected**

Note: We will promptly disclose any revisions to the forecast should we decide revisions are necessary

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04
SHAREHOLDER RETURNS

Shareholder Return Policy

We will continue to return profits to shareholders while retaining funds for growth.
We have made no change to the shareholder return policy, but will continue evaluating the policy based on the business environment and market trends.

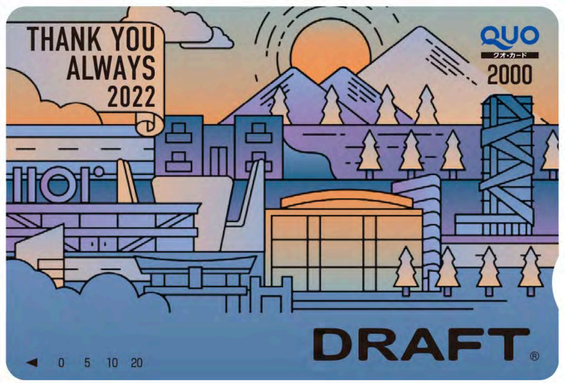
Dividend forecast

	Profit attributable to owners of parent	Earnings per share	Dividend per share (year-end)	Payout ratio
FY12/23	¥516 million	¥51.41	¥6.0	11.7%
FY12/24 (forecast)	¥580 million	¥57.75	¥6.0	10.4%

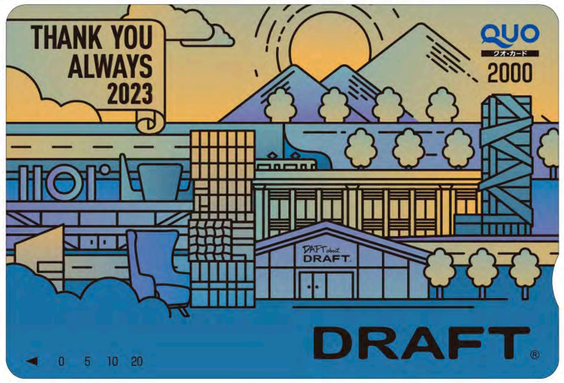
Shareholder Return Policy

Shareholder benefits

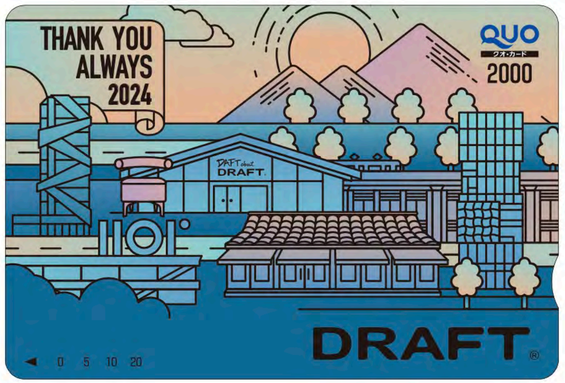
Shareholders with 100 shares or more	DRAFT-designed QUO gift card worth **¥1,000**
Shareholders with 1,000 shares or more	DRAFT-designed QUO gift card worth **¥2,000**



FY2021



FY2022



FY2023

DRAFT®