

Design company that handles designing of offices and stores, environment designing of retail facilities and buildings, and other operations

This report is an English translation of part of the report issued on October 22, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[5070 DRAFT Sector : Construction]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	6,041	28.6	478	25.5	464	26.9	297	14.1	39.4	193.7	4.0
Dec. 2020	4,313	-	384	-	354	-	240	-	26.6	210.5	4.0
Dec. 2021 CE	8,300	-	700	-	680	-	440	-	47.6	-	4.5
Dec. 2021 E	8,416	-	720	-	700	-	453	-	49.0	255.6	4.5
Dec. 2022 E	9,962	18.4	976	35.5	952	36.0	616	36.0	66.6	317.7	5.0
Dec. 2023 E	11,628	16.7	1,277	30.8	1,254	31.7	811	31.7	87.7	400.4	6.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

DRAFT is a design company that handles designing of offices and stores, environment designing of buildings, and other operations. In particular, the company has cultivated the field of office designing and is considered to be a pioneer by those in the industry.

2. Financial Analysis

From the fiscal year ended March 2015 to the fiscal year ended March 2020, the number and size of projects it handles has expanded, leading to an increase in net sales at a pace of 23.5% per year. On the other hand, due to the increase in costs for strengthening management structure, changes in accounting treatments and other factors, it recorded ordinary losses for the fiscal year ended March 2015 and the fiscal year ended March 2017, but has since recorded continuous increases in ordinary profit.

When comparing the company with listed companies that handle the designing of offices, commercial complexes, etc., the company has high ROE due to high operating profit margin and high financial leverage.

3. Non-Financial Analysis

The sources of intellectual capital of the company are the concepts of Taiju Yamashita, the founder and representative director of the company, and the company's organizational structure that enables designers to concentrate on designing operations.

4. Corporate Strategy Analysis

As for issues that should be addressed, the company needs to respond to the societal changes due to the COVID-19 pandemic, secure and cultivate personnel, evolve its operational structure and its handling of bigger projects.

The company's policy is to continue to secure personnel, expand its base of operations and streamline operations with the use of digital technologies in order to accelerate its growth. For the medium to long term, it plans to enrich its branding services, which is a peripheral field to design.

5. Analyst Evaluation

The Stock Research Center highly evaluates the point that the company has established a structure that divides labor according to function and enables designers to concentrate on designing operations. The company could launch a new concept in the future, and the Stock Research Center would like to keep our eyes on the details and how the company deploys the concept.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.	SMBC Nikko Securities Inc.	Daiwa Securities Co. Ltd.
Nomura Securities Co., Ltd.	Mizuho Securities Co., Ltd.	KPMG AZSA LLC
Ernst & Young ShinNihon LLC	ICMG Co., Ltd.	Grant Thornton Taiyo LLC
Deloitte Touche Tohmatsu LLC	SBI SECURITIES Co., Ltd.	BDO Sanyu
H.S. Securities Co., Ltd.	Ichiyoshi Securities Co., Ltd.	Japan Securities Dealers Association
TAKARA PRINTING CO., LTD.	PRONEXUS INC.	The Securities Analysts Association of Japan

A&A Partners

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.