



Members

Financial Results for 1Q FY2022

Members Co., Ltd. (TSE 2130)

July 30, 2021

Company Profile



Representative Director and President Tadashi Kenmochi

Members is the internet business partner that aims to create a spiritually rich society through “MEMBERSHIP” by supporting digital business with digital creators.



Corporate name Members Co., Ltd.

Date of establishment June 26, 1995

Mission (VISION2030)

Create a spiritually rich society through “MEMBERSHIP”

Locations

Headquarters: 37th floor of Harumi Island Triton Square Office Tower X, 1-8-10 Harumi, Chuo-ku, Tokyo
Web Garden Sendai: 8th floor of Daiichi Seimei Tower Bldg., 4-6-1 Ichiban-cho, Aoba-ku, Sendai-shi, Miyagi
Web Garden Kitakyushu: 9th floor of Meiji Yasuda Seimei Kokura Bldg., 9-1 Konya-machi, Kokurakita-ku, Kitakyushu-shi, Fukuoka
Web Garden Kobe: 16th floor of Kobe Commerce Industry and Trade Center Bldg., 5-1-14 Hamabedori, Chuo-ku, Kobe-shi, Hyogo
Sapporo Office: 5th floor of 11.CONCEPT SPERARE Bldg., 1-1-65 Minami-Jujo-Nishi, Chuo-ku, Sapporo-shi, Hokkaido

Capital 935 million yen (as of June 30, 2021)

Sales revenue 12,087 million yen (fiscal year ended March 31, 2021) (IFRS)

Securities code 2130; First Section of Tokyo Stock Exchange

No. of employees (consolidated) 1,824 (as of June 30, 2021)



Service Features

EMC business

(Engagement Marketing Center business)

Outline

Digital business operation support service

Websites, EC, SNS, apps, marketing automation (MA), digital transformation (DX), etc.

Features

- **Dedicated teams of digital creators for the client companies**, which deeply understand the management strategies, goals, products, and services of the clients, **drive the digital business.**
- **Methodization of the operation know-how by the dedicated teams**
 - ①Improvement in outcomes ②Enhancement of productivity ③Quality and security
 - ④Promotion of CSV marketing ⑤Team building ⑥Account plan ⑦Shift of cutting-edge technology fields
- Specializing in **large client companies, large-scale transactions, and continuous projects**

Major clients

Shiseido Co., Ltd., SKY Perfect JSAT Corporation, Daikyo Inc., Trend Micro Inc., Panasonic Corporation, Benesse Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Card Co., Ltd., etc.

PGT business (*)

(Product Growth Team business)

Outline

Provision of personnel for supporting the growth of digital products of clients

DX producers, UX designers, data scientists, marketing planners, data engineers, website directors, website designers, engineers, and others

Features

- **Provision of autonomous teams of digital creators**
- **To support growth in the cutting-edge technology fields**
To support the growth of digital products of clients by using the skills in the cutting-edge technology field with high added value
- **Creators first**
System of appointing creators as executive officers, remote work, and development of a sound working environment

Major clients

- **Internet-related enterprises** with great growth potential
- **Social innovation ventures** for solving social issues
- **Local medium-sized enterprises**

* In April 2021, "Digital Personnel business" was renamed "Product Growth Team (PGT) business."

1Q FY 2022 Overview

Thanks to the active digital shift and DX in enterprises, sales revenue increased 24.9% year on year. Operating profit turned positive in 1Q for the first time in 6 terms, due to the profitability enhancement through the improvement in utilization rate in the PGT business.

Consolidated results

Sales revenue

3,108 million yen

+24.9%
y/y

Operating profit

9 million yen

+67
million yen
y/y

Added-value sales

2,927 million yen

+28.6%
y/y

Business situation

EMC business
Sales revenue

2,129 million yen

+15.1%
y/y

PGT business
Sales revenue

1,132 million yen

+42.4%
y/y

No. of companies we offer the EMC model

44

-3 from the end of the previous term

No. of digital creators

EMC business **950**
PGT business **697**

+175 from the end of the previous term
+168 from the end of the previous term

Educational investment

Down 11 million yen y/y

73 million yen



Ratio of sales of services other than website operation

Up 4.7 points y/y

25.1 %



Estimated term-end dividend per share

Up 6.0 yen from the previous term

23.5 yen



Income Statement Summary

The y/y growth rate of sales revenue was as high as **24.9%**. New graduates were assigned to on-site duties earlier than usual, but gross profit margin was almost unchanged year on year. From 2Q, we will accelerate the assignment of new graduates to on-site duties to improve profitability.

[unit: million yen]	Results for 1Q of FY 3/2021	Results for 1Q of FY 3/2022	y/y	Forecast for 1H of FY 3/2022	Progress rate toward the forecast for 1H of FY 3/2022	Full-year forecast for FY 3/2022	Progress rate toward the full-year forecast for FY 3/2022
Sales revenue	2,489	3,108	+24.9%	7,000	44.4%	15,200	20.5%
Added value sales	2,277	2,927	+28.6%	—	—	—	—
Gross profit	721	892	+23.8%	—	—	—	—
(Gross profit margin)	29.0%	28.7%	—	—	—	—	—
SGA	801	890	+11.2%	—	—	—	—
Operating profit	(58)	9	+67	504	1.8%	1,800	0.5%
(Operating profit margin)	—	0.3%	—	—	—	—	—
Pretax profit	(59)	7	+67	490	1.5%	1,790	0.4%
Net profit	(11)	17	+29	328	5.5%	1,199	1.5%

* Added value sales = Sales revenue — Outsourcing and procurement costs = Sales from in-house resources

Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2021)	1 st quarter of the current consolidated accounting year (Jun. 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	4,140,847	3,810,108
Trade receivables and other receivables	2,842,456	2,088,082
Inventory assets	31,803	87,540
Other current assets	173,103	335,759
Total current assets	7,188,210	6,321,491
Non-current assets		
Tangible fixed assets	252,811	248,648
Rights to use as assets	491,002	410,963
Goodwill	116,115	116,115
Intangible assets	8,436	6,926
Other financial assets	266,909	264,627
Deferred tax assets	323,802	322,350
Other non-current assets	1,309	916
Total non-current assets	1,460,387	1,370,548
Total assets	8,648,597	7,692,039

Balance Sheet Summary

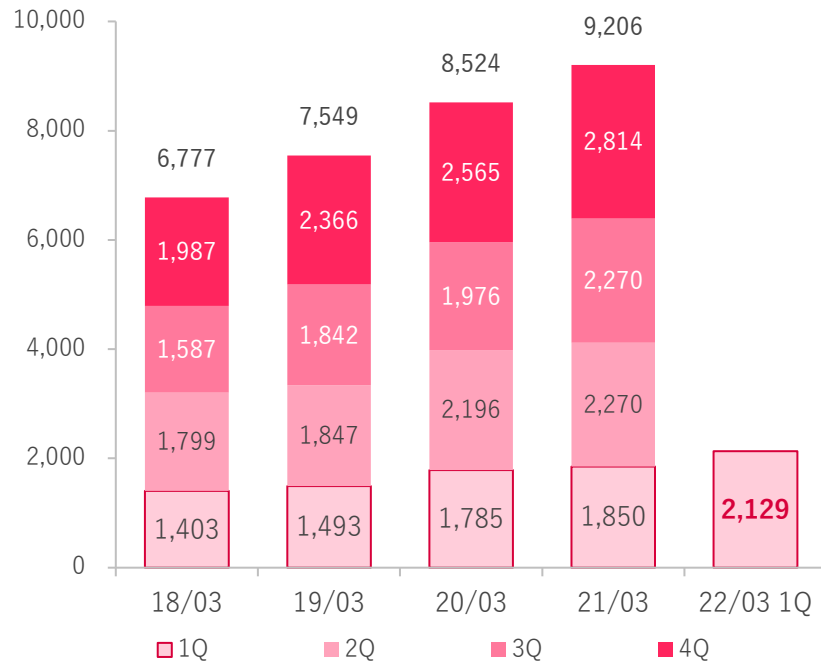
[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2021)	1 st quarter of the current consolidated accounting year (Jun. 30, 2021)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	234,773	194,119
Trade payables and other payables	974,844	806,051
Income taxes payable	356,050	20,885
Contract liabilities	234,351	145,765
Other current liabilities	1,970,892	1,853,487
Total current liabilities	3,770,912	3,020,310
Non-current liabilities		
Lease liabilities	157,327	115,300
Allowance	106,181	106,448
Total non-current liabilities	263,509	221,748
Total liabilities	4,034,422	3,242,059
Shareholders' equity		
Capital stock	910,405	935,493
Capital surplus	228,752	253,839
Treasury shares	-8,240	-8,370
Other components of equity	55,622	49,021
Retained earnings	3,427,635	3,219,996
Total equity attributable to owners of the parent	4,614,175	4,449,980
Total shareholders' equity	4,614,175	4,449,980
Total liabilities and equity	8,648,597	7,692,039

Sales by Segment-EMC Business

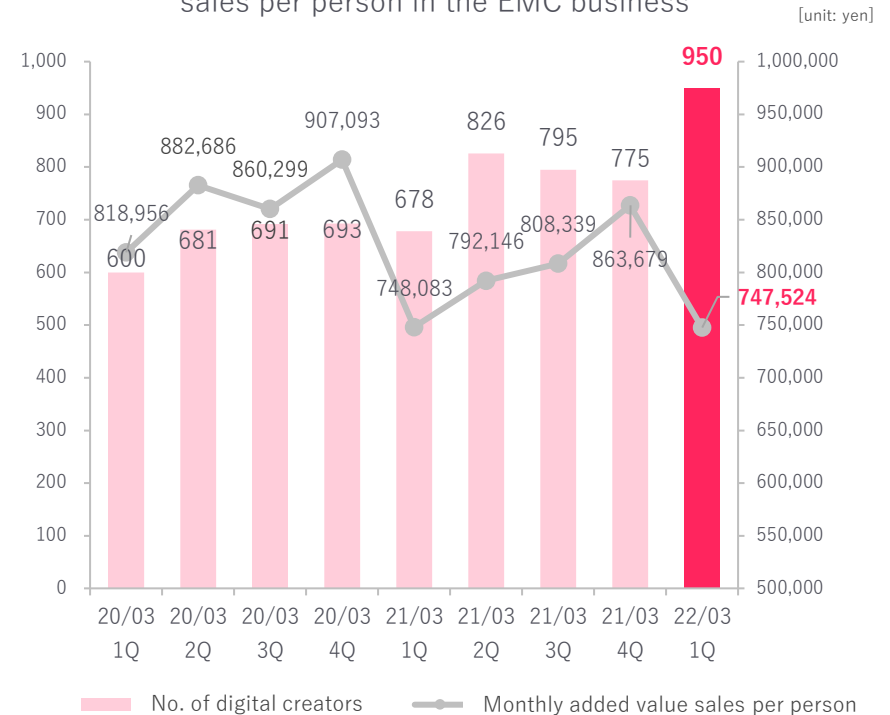
In the EMC business, sales revenue(*1) was **2,129 million yen (+15.1% year on year)** and the number of digital creators was **950 (+175 from the end of the previous term)**. Through the acceleration of digital shift, the sales from existing clients steadily expanded. While employees increased, added-value sales per person were almost unchanged from the same quarter of the previous year.

[unit: million yen]

Sales revenue of the EMC business



No. of digital creators and monthly added value sales per person in the EMC business



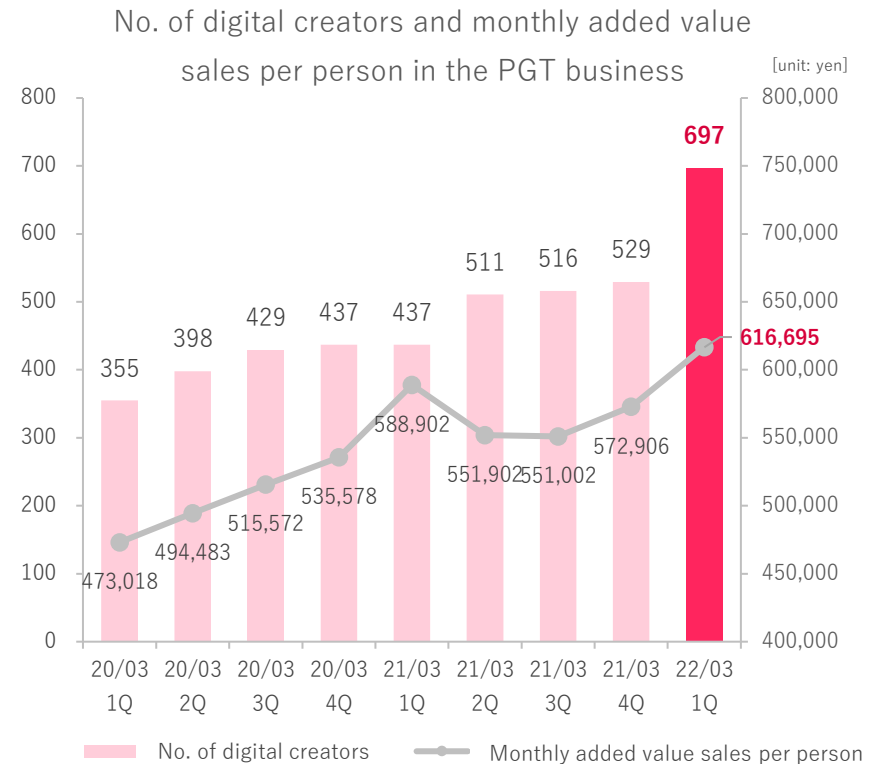
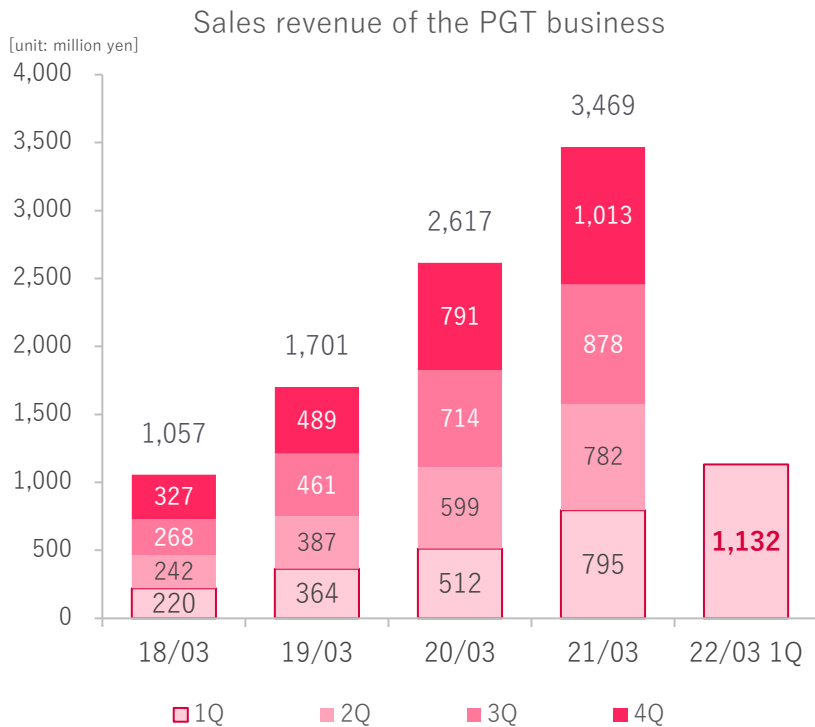
*1 Sales revenue was roughly estimated with reference to the IFRS standard (the transactions between the parent company and subsidiaries were not offset).

*2 No. of digital creators is the figure as of the end of 1Q.

*3 Monthly added value sales per person = Cumulative quarterly added value sales ÷ Average number of digital creators during the term

Sales by Segment-PGT Business(*1)

In the PGT business, sales revenue(*2) was **1,132 million yen (+42.4% year on year)** and the number of digital creators was **697 (+168 from the end of the previous term)**. Higher unit price services such as in the specialized domains of data, UX, and product/service development kept growing steadily; therefore, added value sales per person grew **4.7% year on year**.



*1 In April 2021, "Digital Personnel business" was renamed "Product Growth Team (PGT) business."

*2 Sales revenue was roughly estimated with reference to the IFRS standard (the transactions between the parent company and subsidiaries were not offset).

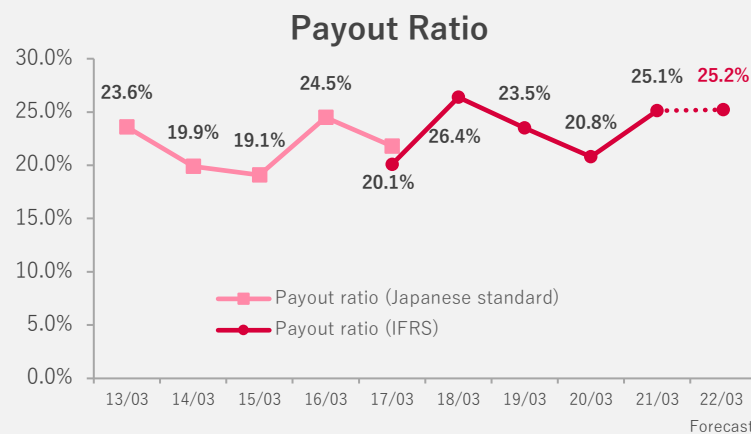
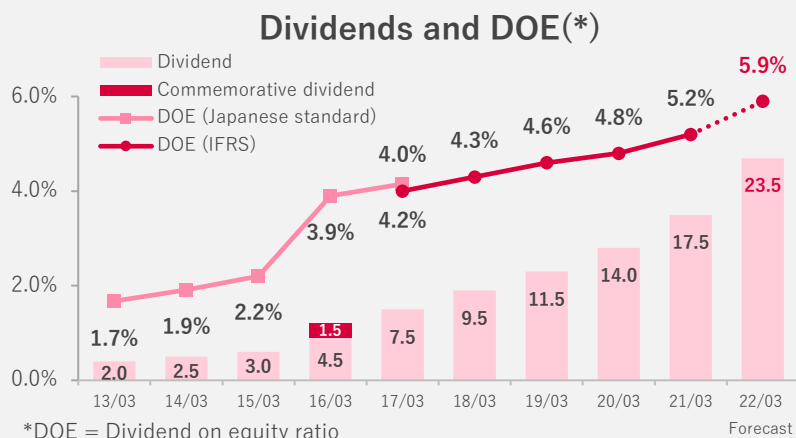
*3 No. of digital creators is the figure as of the end of 1Q.

*4 Monthly added value sales per person = Cumulative quarterly added value sales ÷ Average number of digital creators during the term

Dividend

In FY 3/2022, we will actively expand the DX domain under the management policy of our corporate group, and plan to increase sales by 25%. As we will offer high value-added services and assign 364 new graduates to tasks earlier than usual, full-year operating profit is estimated to rise 42.6% year on year.

	Full-year results for FY 2021 (IFRS)		Full-year forecast for FY 2022 (IFRS)			
	Full year	y/y increase/decrease rate	Cumulative 2Q	y/y increase/decrease rate	Full year	y/y increase/decrease rate
Sales revenue (million yen)	12,087	13.9%	7,000	29.4%	15,200	25.8%
Operating profit (million yen)	1,261	1.0%	504	242.9%	1,800	42.6%
Pretax profit (million yen)	1,248	0.6%	490	244.9%	1,790	43.4%
Net profit (million yen)	896	2.6%	328	174.3%	1,199	33.8%
Profit attributable to owners of parent (million yen)	896	4.0%	328	174.3%	1,199	33.8%



Cautionary Statement

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

For IR inquiries

**Members Co., Ltd.
Corporate Planning Office IR Team
ir@members.co.jp**