



**Members**

# Financial Results for 1Q FY2023

Members Co., Ltd. (TSE 2130)

July 29, 2022

# 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)	<b>Create a spiritually rich society through “MEMBERSHIP”</b>
Locations	Headquarters (Tokyo), Web Garden Sendai, Web Garden Kitakyushu, Web Garden Kobe, Sapporo Office
Capital	1,002 million yen (as of June 30, 2022)
Sales revenue	14,938 million yen (fiscal year ended March 31, 2022) (IFRS)
Securities code	2130; Prime Section of Tokyo Stock Exchange
No. of employees (consolidated)	2,303 (as of June 30, 2022)



# Management Policy and Service Features

Members is a platform on which **digital creators (DCs)**, who play a leading role in value creation in the rapidly expanding digital economy, can grow and play an active role.

We develop and provide optimal digital business operation services that meet social needs in order to realize a prosperous society.

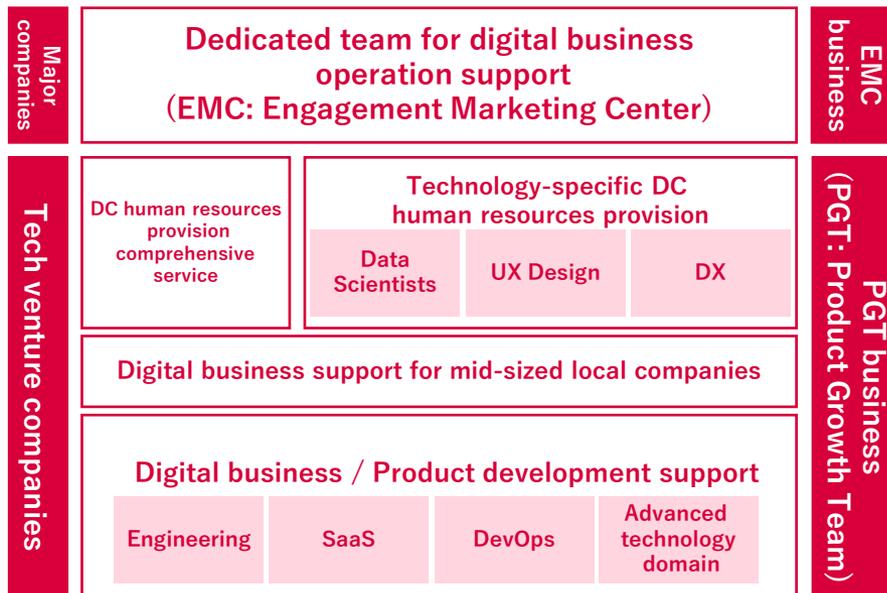


## An initiative to achieve 10,000 digital creators

A group of creators who embody the core values of "contribution, challenge, sincerity, and teamwork" and continue to improve their skills to maximize the results of client companies.

**Marketing transformation**  
Promoting CSV (\*)  
management and corporate value marketing

**Support to create social problem-solving business**  
Supporting the development of digital products and services



Pursuing happiness of digital creators

Creating social value

Optimizing the services provided

\* CSV (Creating Shared Value: A management method that simultaneously realizes economic and social value)

# 1Q FY 2023 Overview

As enterprises proceeded with digitalization, our performance was healthy. Our service of supporting business in high value-added fields, including data and UX, performed well continuously. Added-value sales kept growing by 25%. 484 new graduates joined our company, increasing the loss, but it is in line with our plan.

## Consolidated results

Sales revenue  
**3,831** million yen  +23.3% y/y

Operating loss  
**67** million yen  -76 million yen y/y

Added-value sales  
**3,677** million yen  +25.6% y/y

## Business situation

EMC business  
Sales revenue  
**2,486** million yen  +16.8% y/y

PGT business  
Sales revenue  
**1,559** million yen  +37.7% y/y

No. of companies we offer the EMC model	<b>53</b>	-1 from the end of the previous FY
No. of companies we offer the PGT model	<b>43</b>	+22 from the end of the previous FY

Operation rate during 23/1Q  Up 4.3 points y/y  
**86.0** %

Ratio of sales of services other than website operation during 23/1Q  Up 7.4 points compared to 22/4Q  
**36.0** %

No. of digital creators in EMC business	<b>876</b>	-24 from the end of the previous FY
No. of digital creators in PGT business	<b>733</b>	+10 from the end of the previous FY

# Income Statement Summary

Gross profit grew 31.4% year on year, and gross profit margin rose 1.9 points year on year, as the increase in average sales price exceeded the increase in remuneration for DCs. As the assignment of tasks to new graduates was postponed and we made more active investment in mid-career recruitment and sales marketing, SGA increased year on year. The profits in the first half and the full year are expected to rise, and we aim to achieve the forecast profits.

	Result in 1Q			First half year in FY3/2023		Full year in FY3/2023	
[Unit : million yen]	FY3/2022	FY3/2023	y/y	Forecast	Progress rate toward the forecast	Forecast	Progress rate toward the forecast
Sales revenue	3,108	3,831	+23.3%	8,280	46.3%	18,200	21.1%
Added value sales	2,927	3,677	+25.6%	—	—	—	—
Gross profit	892	1,173	+31.4%	—	—	—	—
(Gross profit margin)	28.7%	30.6%	—	—	—	—	—
SGA	890	1,239	+39.2%	—	—	—	—
Operating profit	9	(67)	—	450	—	2,200	—
(Operating profit margin)	0.3%	(1.8%)	—	—	—	—	—
Pretax profit	7	(93)	—	445	—	2,185	—
Net profit	17	(67)	—	320	—	1,573	—

\* 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, 2022)	1 <sup>st</sup> quarter of the current consolidated accounting year (Jun. 30, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,226,706	3,800,140
Trade receivables and other receivables	3,075,859	2,493,998
Inventory assets	48,632	77,222
Other current assets	224,303	312,570
<b>Total current assets</b>	<b>8,575,502</b>	<b>6,683,931</b>
<b>Non-current assets</b>		
Tangible fixed assets	237,803	358,000
Rights to use as assets	713,578	801,389
Goodwill	116,115	116,115
Intangible assets	12,425	11,819
Other financial assets	373,657	1,340,622
Deferred tax assets	375,346	396,055
<b>Total non-current assets</b>	<b>1,828,927</b>	<b>3,024,003</b>
<b>Total assets</b>	<b>10,404,429</b>	<b>9,707,935</b>

# Balance Sheet Summary

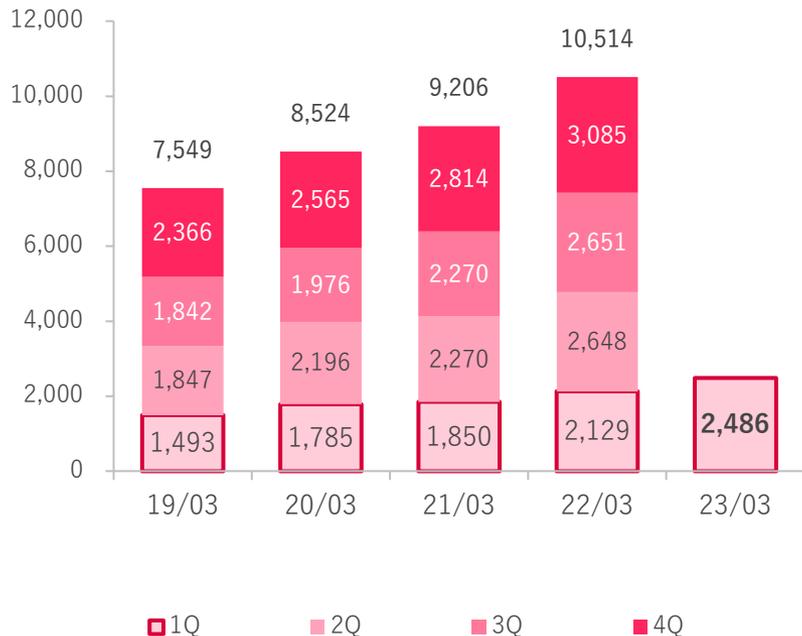
[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2022)	1 <sup>st</sup> quarter of the current consolidated accounting year (Jun. 30, 2022)
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Lease liabilities	400,434	381,052
Trade payables and other payables	1,068,471	1,050,260
Income taxes payable	370,219	19,762
Contract liabilities	30,200	34,576
Other current liabilities	2,326,547	2,240,467
<b>Total current liabilities</b>	<b>4,195,872</b>	<b>3,726,119</b>
<b>Non-current liabilities</b>		
Lease liabilities	197,817	219,112
Allowance	115,362	193,986
<b>Total non-current liabilities</b>	<b>313,180</b>	<b>413,099</b>
<b>Total liabilities</b>	<b>4,509,052</b>	<b>4,139,218</b>
<b>Shareholders' equity</b>		
Capital stock	963,358	1,002,154
Capital surplus	281,704	320,500
Treasury shares	(8,477)	(8,477)
Other components of equity	52,190	43,544
Retained earnings	4,606,602	4,210,994
<b>Total equity attributable to owners of the parent</b>	<b>5,895,377</b>	<b>5,568,716</b>
<b>Total shareholders' equity</b>	<b>5,895,377</b>	<b>5,568,716</b>
<b>Total liabilities and equity</b>	<b>10,404,429</b>	<b>9,707,935</b>

# Sales by Segment-EMC Business

In EMC business, sales revenue(\*1) was **2,486 million yen** (+16.8% year on year), the number of client companies for the EMC model was **53** (down 1 from the end of the previous term), and added-value sales per client was **36,659 thousand yen** (+2.0% year on year). This term, we will concentrate on customer success, and mainly aim to improve added-value sales per client company for the model as an indicator.

Sales revenue of the EMC business

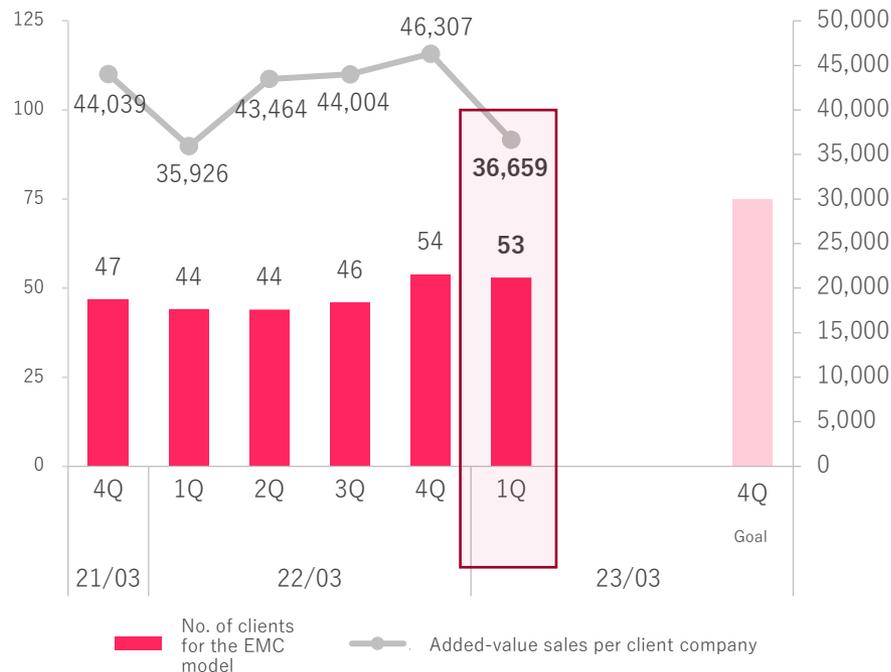
[unit: million yen]



No. of clients for the EMC model(\*2) ·  
Added-value sales per client company(\*3)

[unit: No. of clients]

[unit: thousand yen]



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

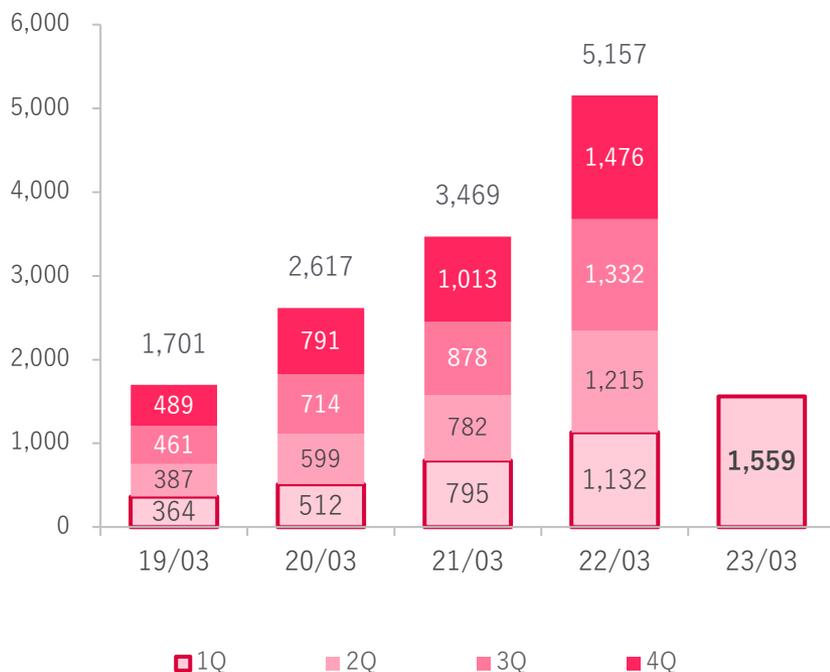
\*2 The number of clients for the service provided by a team composed of 3 or more DCs is defined and counted as the number of clients for the EMC and PGT models.

\*3 Added-value sales per client company [thousand yen] = Quarterly added-value sales ÷ Quarterly average number of clients

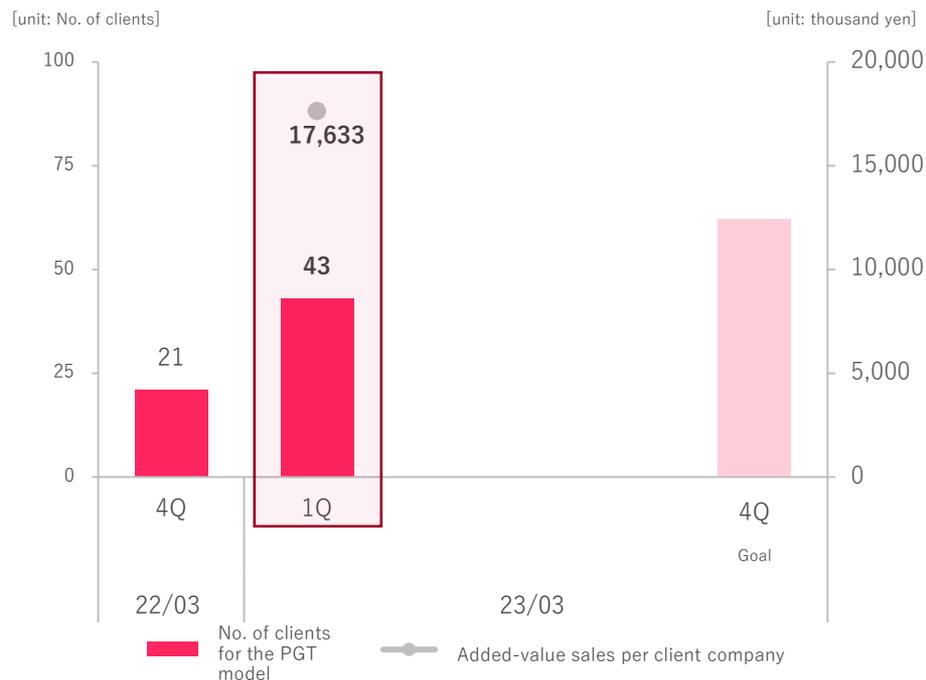
# Sales by Segment-PGT Business(\*1)

In PGT business, sales revenue(\*2) was **1,559 million yen** (+37.7% year on year). In PGT business, too, we will use the **number of clients for the service provided by a team composed of 3 or more DCs(\*3)** and added-value sales per client company(\*4) as major indicators from this term, like in EMC business. We will increase clients and support many enterprises in in-house production for digitalization.

[unit: million yen] Sales revenue of the PGT business



No. of clients for the PGT model(\*3) · Added-value sales per client company(\*4)



\*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).

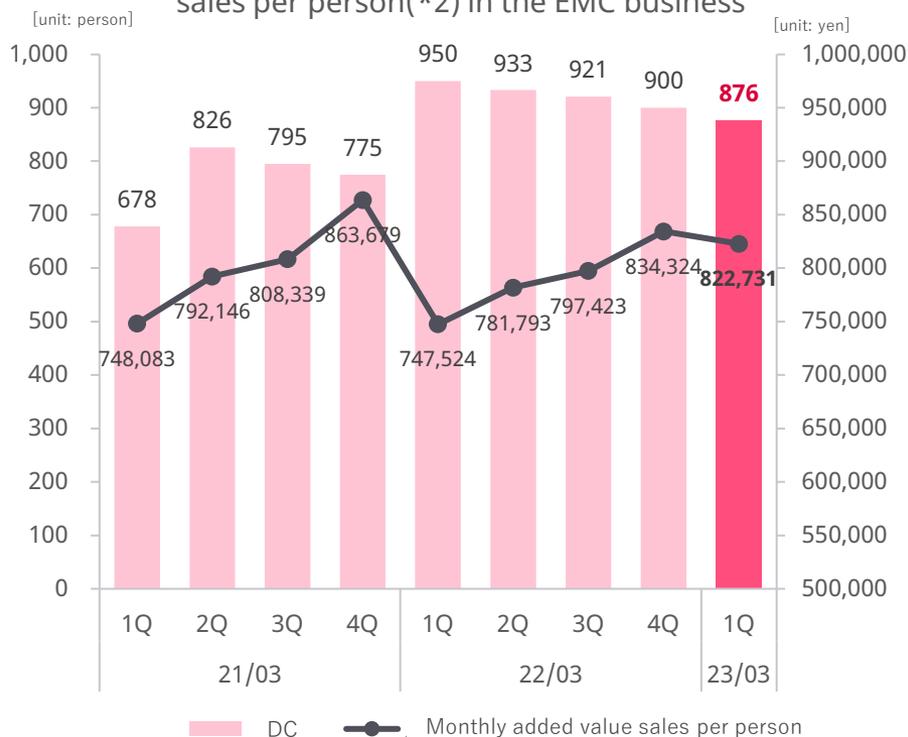
\*3 The number of clients for the service provided by a team composed of 3 or more DCs is defined and counted as the number of clients for the EMC and PGT models.

\*4 Added-value sales per client company [thousand yen] = Quarterly added-value sales ÷ Quarterly average number of clients

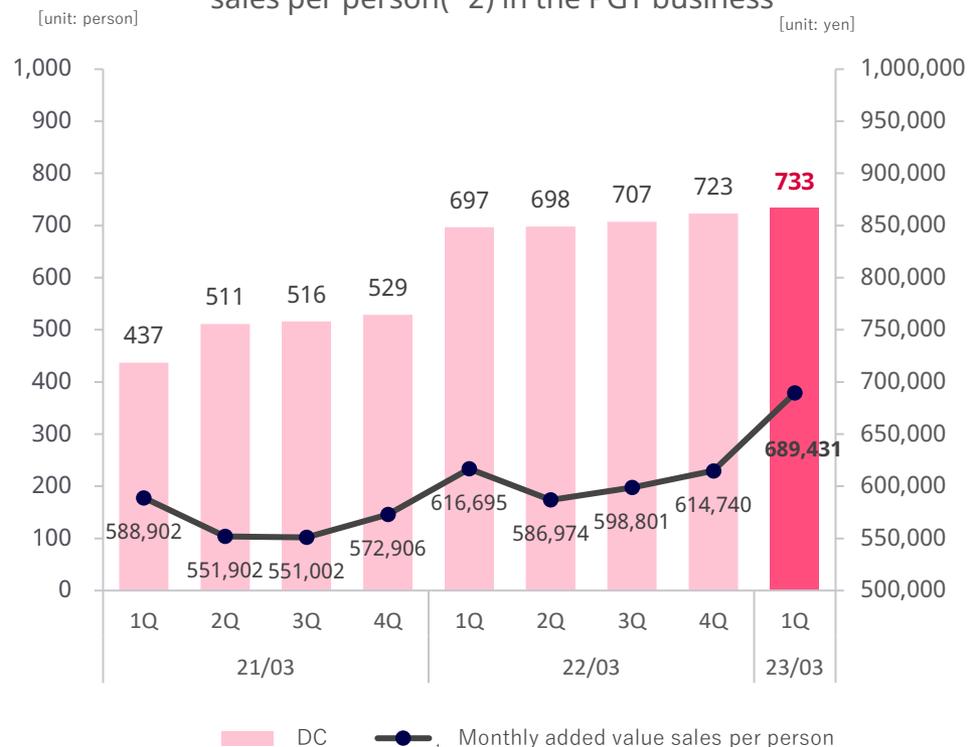
# No. of DC and Added Value Sales per Person by Segment

In EMC business, the number of digital creators (DCs) was **876** (-24 from the end of the previous term). The service of supporting existing customers in digital marketing performed well. Added value sales per person rose **10.1%** year on year. In PGT business, the number of digital creators (DCs) was **733** (+10 from the end of the previous term). Data and UX domains expanded as well as EC services, and added value sales per person rose **11.8%** year on year.

No. of digital creators(\*1) and monthly added value sales per person(\*2) in the EMC business



No. of digital creators(\*1) and monthly added value sales per person(\*2) in the PGT business

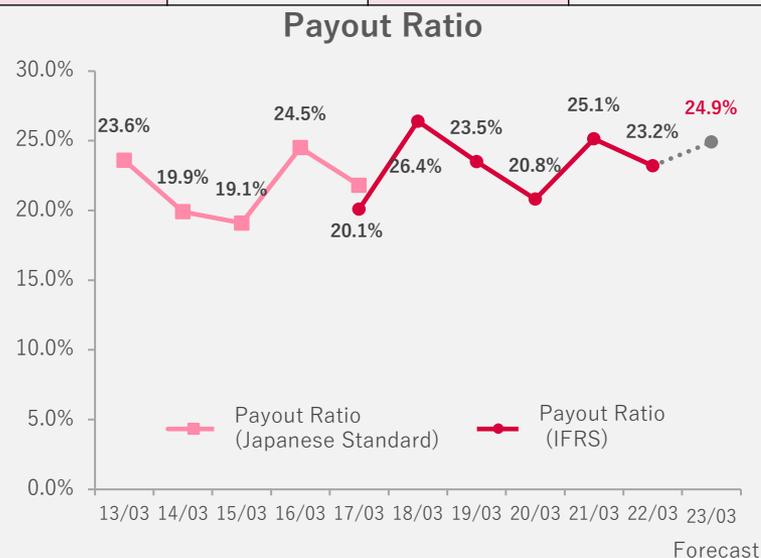
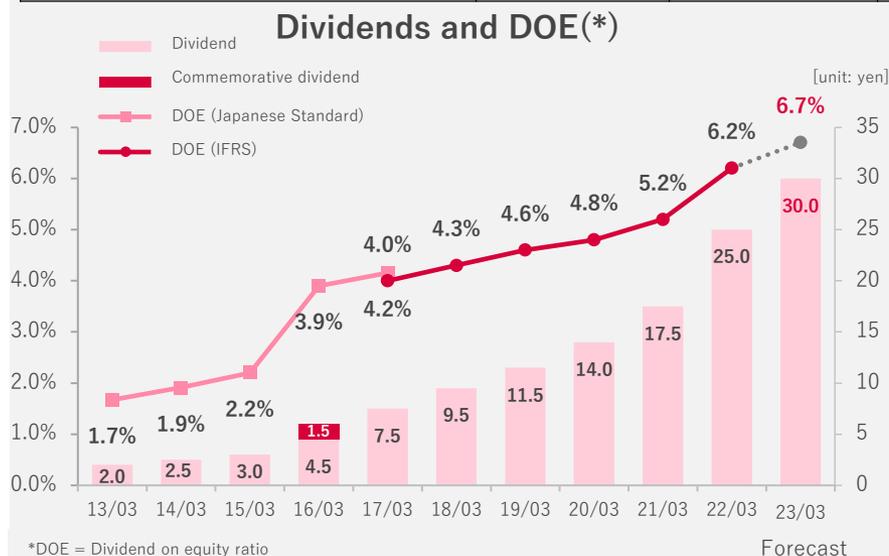


\*1 No. of digital creators is the figure as of the end of Q. New graduates were assigned to tasks in Aug. in FY 3/21 and Jun. in FY 3/22, and will be assigned in Jul. in FY 3/23.  
 \*2 Monthly added value sales per person = Cumulative quarterly added value sales ÷ Average number of digital creators during the term

## Consolidated Earnings and Dividend Forecasts for the Term Ending March 2023

By supporting client companies in digitization and forming a digital organization in house, we aim to keep increasing sales by over 20%. For further accelerating growth, we will actively invest in the recruitment of mid-career workers, personnel training, and sales and marketing in this term, and aim to continue increasing sales and profit.

	Full-year results for FY 2022 (IFRS)		Forecast for FY2023(IFRS)			
	Full year	y/y increase/decrease rate	First half year	y/y increase/decrease rate	Full year	y/y increase/decrease rate
Sales revenue (million yen)	14,938	23.6%	8,280	21.9%	18,200	21.8%
Operating profit (million yen)	1,876	48.7%	450	22.8%	2,200	17.3%
Pretax profit (million yen)	1,896	52.0%	445	22.2%	2,185	15.2%
Net profit (million yen)	1,404	56.7%	320	23.2%	1,573	12.0%
Profit attributable to owners of parent (million yen)	1,404	56.7%	320	23.2%	1,573	12.0%



# Cautionary Statement

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**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](mailto:ir@members.co.jp)**