



Members

Financial Results for 1Q FY2024

Members Co., Ltd. (TSE 2130)

July 31, 2023

Company Profile

Company name	Members Co., Ltd.
Locations	Headquarters (Tokyo), Web Garden Sendai, Web Garden Kitakyushu, Web Garden Kobe, Sapporo Office
Date of establishment	June 26, 1995
Consolidated capital	1,057 million yen (as of June 30, 2023) [IFRS]
No. of employees (consolidated)	2,861 (as of June 30, 2023)
Consolidated sales revenue	17,662 million yen (fiscal year ended March 31, 2023) [IFRS]
Securities code	2130; Prime Section of Tokyo Stock Exchange
Business content	Digital marketing business

Create a spiritually rich society through “MEMBERSHIP”

To achieve our mission, we will establish the world's best digital business operation support and achieve a high level of customer success.

Tadashi Kenmochi,
Representative Director and Chairman



Promoting “decarbonized DX” for companies and society

By realizing the world's best digital business operation and a system of 10,000 digital creators, we will make a significant contribution to our client companies and society in an era where digital transformation and green transformation are required.

Akihiko Takano,
Representative Director and President



Joined Japan Climate Leaders' Partnership in October, 2020.



Selected as “Nadeshiko Brand” in 2023 as the enterprise for the outstanding efforts in encouraging women’s success by METI and TSE



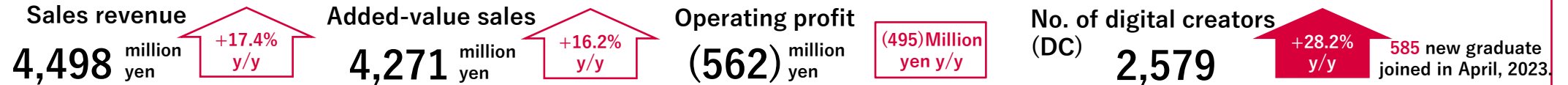
Financial Summary

FY2024 Policy

Due to the expansion of human capital through recruitment by looking ahead to the medium and long term, the operating rate and profitability will temporarily decline, and the first half is expected to be in the red. In 4Q, we aim to achieve 25% quarterly added-value sales growth and the same level of profitability (OP margin of 10% pace.)

1Q Performance

Consolidated sales revenue and added-value sales(*1) made a record high. Operating profit dropped year on year due to temporary decline of operating rate by organization change and continuing the upfront investment in human capital.



Sales situation (1Q)

- No. of all customers: 365 (+15 from PY)
- No. of companies we offer DGT: 123 (+7 from PY)
- * Target: 200 at the end of this FY
- Initial operating rate was sluggish due to organization change taking time.

Service situation (1Q)

- New specialized companies (SCs): 3
- Growth rate of all SCs: 41.9%
- SCs maintain high price and high growth. We will continue expanding SCs by new establishment and the cross-selling.

HR situation (1Q)

- Mid-career recruitment: 60 people (+93.5% y/y)
- Turnover rate: 1.6%(Same level of PY)
- Strengthen training of specialized HR by investing in education and introducing guilds by occupation.

On & after 2Q

We aim to achieve the first half and full year plans by increasing no. of companies we offer DGT(*2) by focusing on customer success, accelerating sales strategy by separating production and sales, and expansion of specialized companies.

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

*2 DGT (Digital Growth Team): A service that promotes and supports the digitization of client companies by forming a customer-dedicated team of three or more digital creators with various specialized skills while actually working hand in hand with the customers, in order to contribute to the business growth of the client company.

Income Statement Summary

Since assignment of new graduates is earlier than usual from May (July last year), cost of sales increased drastically; then, the gross profit margin declined. The establishment of service (DGT) and sales strategies are still in progress. On the other hand, the number of customers is increasing and the demand for specialized companies remains strong. We will improve the profit margin by expanding these services.

(Unit: million yen)	Result in 1Q			First half year in FY3/2024	
	FY3/2023	FY3/2024	y/y	Forecast	Progress rate toward the forecast
Sales revenue	3,831	4,498	+17.4%	9,940	45.3%
Added- value sales	3,677	4,271	+16.2%	—	—
Gross profit [Excl. new graduates]	1,173	712 [988]	(39.3%) [(15.8%)]	—	—
(Gross profit margin) [Excl. new graduates]	30.6%	15.8% [22.0%]	—	—	—
SGA	1,239	1,275	+2.9%	—	—
Operating profit	(67)	(562)	—	(160)	—
(Operating profit margin)	(1.8%)	(12.5%)	—	—	—
Pretax profit	(93)	(548)	—	(165)	—
Net profit	(67)	(389)	—	(169)	—

Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2023)	1 st quarter of the current consolidated accounting year (Jun. 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	4,479,967	3,909,848
Trade receivables and other receivables	3,387,822	2,830,925
Inventory assets	68,547	84,778
Other current assets	234,311	307,731
Total current assets	8,170,648	7,133,283
Non-current assets		
Tangible fixed assets	349,032	352,182
Rights to use as assets	918,446	865,454
Goodwill	116,115	116,115
Intangible assets	9,897	9,416
Other financial assets	1,340,550	1,358,498
Deferred tax assets	401,188	577,820
Total non-current assets	3,135,231	3,279,488
Total assets	11,305,879	10,412,772

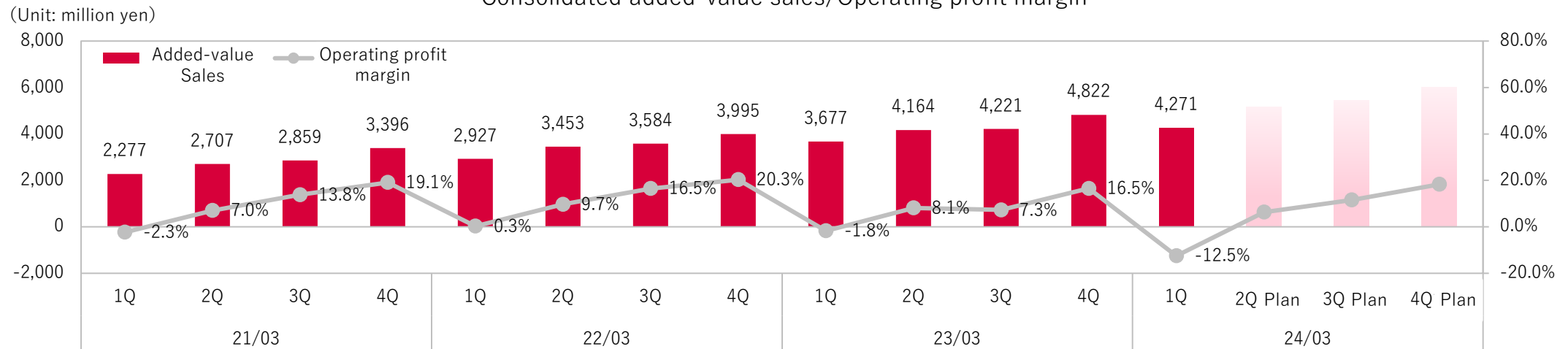
Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2023)	1 st quarter of the current consolidated accounting year (Jun. 30, 2023)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	360,860	346,196
Trade payables and other payables	1,201,535	983,807
Income taxes payable	204,338	48,356
Contract liabilities	66,737	39,131
Other current liabilities	2,551,526	2,817,115
Total current liabilities	4,384,998	4,234,607
Non-current liabilities		
Lease liabilities	301,917	284,480
Allowance	252,658	233,960
Total non-current liabilities	554,576	518,440
Total liabilities	4,939,574	4,753,048
Shareholders' equity		
Capital stock	1,017,504	1,057,702
Capital surplus	342,670	385,699
Treasury shares	(300,140)	(300,140)
Other components of equity	30,845	22,420
Retained earnings	5,275,424	4,494,042
Total equity attributable to owners of the parent	6,366,305	5,659,723
Total shareholders' equity	6,366,305	5,659,723
Total liabilities and equity	11,305,879	10,412,772

Consolidated Earnings Forecasts for the Term Ending March 2024

- In addition to the hiring of 585 new graduates in April 2023, we will increase human capital with a medium- to long-term perspective by actively investing in mid-career recruitment; therefore, operating profit is expected to land in the **red in the first half** as well due to decrease in operating rate and profitability.
- On the other hand, due to the implementation of the policies for this fiscal year, **in the 4Q**, we will realize a shift to a high-growth, high-profit model with **25% quarterly growth in added-value sales on a stand-alone basis** and the **same level of profitability as before** (10% operating margin for the full year). **In FY03/25**, the company aims for value-added sales growth of over 25% and operating profit margin of 10%.

Consolidated added-value sales/Operating profit margin



	Full-year results for FY2023 (IFRS)		Forecast for FY2024(IFRS)			
	Full year	y/y growth rate	1 st half year	y/y growth rate	Full year	y/y growth rate
Sales revenue (million yen)	17,662	18.2%	9,940	21.0%	21,500	21.7%
Operating profit (million yen)	1,441	(23.2%)	(160)	-	1,500	4.0%

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

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