



Members Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2024

November 1, 2023

Presentation

Moderator: Thank you very much for joining us today for the financial results briefing for Members Co., Ltd., for the second quarter of the fiscal year ending March 2024. The briefing will begin at 11:00 a.m. Please wait a moment.

Good morning, everyone. Thank you very much for taking the time out of your busy schedule to join us today. We will now begin the presentation of the financial results of Members, Inc. for Q2 of the fiscal year ending March 31, 2024.

We would like to start with an announcement. Today's briefing will be recorded and the video and transcript will be available on the IR page of our corporate website at a later date. We kindly ask for your understanding.

I would like to introduce today's attendees. Mr. Takano, Representative Director and President.

At today's meeting, we will begin with an overview of the financial results for Q2 of the fiscal year ending March 31, 2024, as well as an outlook for the future, in accordance with the financial results presentation materials.

There will then be time for the next round of responses. Please enter and submit your questions at any time in the Q&A function of Zoom. You may also speak up and we will let you know later.

Now, Mr. Takano, Please.

Takano: Yes. Thank you very much for participating in our financial results briefing today.

I would like to start by talking for 20 to 30 minutes about the current financial results and future policies, and then proceed to the Q&A session.

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 September 30, 2023) (IFRS)
No. of employees (consolidated)	2,838 (as of September 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 business operation support

Mission

Create a spiritually rich society through
"MEMBERSHIP"

VISION2030

With the power of creators across Japan, we will contribute to solving social issues centered on climate change and population decline, and lead the transformation to a sustainable society.



Joined Japan Climate Leaders' Partnership in October, 2020.



Continuation of 100% renewable energy from 2020 onwards



Selected as "Nadeshiko Brand" in 2023 as the enterprise for the outstanding efforts in encouraging women's success by METI and TSE



Members Co., Ltd.

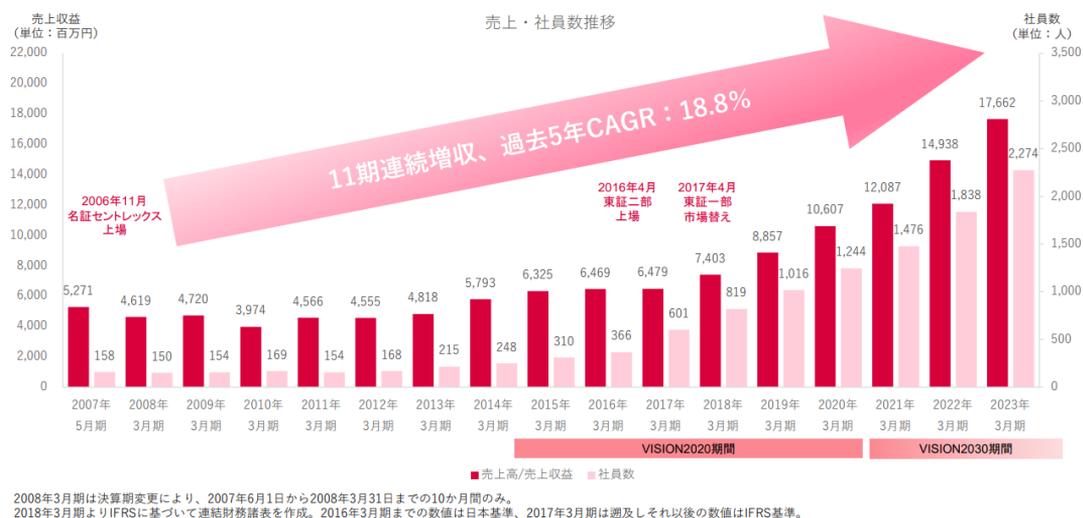
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Since our company's establishment in 1995, Mr. Kenmochi, our founder and the current chairman, had served as president for 28 years until last fiscal year, and I have been serving as president since this April.

Members places great importance on mission- and vision-driven management, and we are committed to leading digital transformation and solving social issues through the power of digital creators who have acquired such skills using Internet and digital technologies, Our vision is to make a significant contribution to social transformation and the resolution of social issues through the power of digital creators who have acquired such skills using Internet technology and digital technology, and to lead such transformation.

売上高／売上収益および社員数の推移

2006年の上場以降、社員数の拡大と共に売上が拡大。



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In 2006, the company was listed on the Nagoya Stock Exchange's market, Centrex, and later listed on the Tokyo Stock Exchange's Second Section in 2016 and moved to the First Section in 2017.

Since the start of Vision 2020 in 2014, as I mentioned earlier, we have continued to conduct challenging management based on our vision, and I think you can see that growth has accelerated significantly since then.

The sales revenue of our company has continued to grow for 11 consecutive fiscal years, with a growth rate of 18.8% over the past five years.

外部環境：急拡大するDX市場・DX推進を阻む人材不足

国内DX（デジタルトランスフォーメーション）市場は、2021年度 2兆3,174億円の実績から、**2030年度には6兆5,195億円(※)**に拡大する見通し。

一方で、日本では、**DXを推進する人材の量が、やや不足、もしくは、大幅に不足していると83.5%が回答しており、DXを推進する人材の確保は難航している。**



【国内DX市場の市場規模】 出典：「2023 デジタルトランスフォーメーション市場の将来展望<市場編>」（富士キメラ総研）(※)
 【DXを推進する人材の「量」の確保】 出典：「DX白書2023」（独立行政法人情報処理推進機構） P21 <https://www.ipa.go.jp/publish/wp-dx/gmcbt18000000botk-att/000108041.pdf>

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Our company's view of the external environment is very simple. Basically, we believe that the importance of Internet technology and digital technology will continue to increase in the future, and will probably continue to increase in earnest in the future.

In addition to the growing importance of technology, we believe that the shortage of human resources, especially digital and IT personnel with digital technology, will become even more serious in the future, given the declining population and other factors in Japanese society.

専門性の高いデジタル人材を多数育成

企業のDXの中でも、主にデジタルビジネス運用を強力に推進する**デジタル人材を多数育成**

プロデューサー/ディレクター系



1,000名以上

エンジニア系



600名以上

デザイナー系



900名以上

データ系



100名以上

< 専門育成による即戦力輩出を可能にするカンパニー制の採用 >

専門カンパニー数 **19**
※2023年9月現在

Web運用 Web制作 アプリ開発 データ UXデザイン
 MA/Salesforce SNS EC AI XR QA
 営業支援 脱炭素DX支援 Web3 Flutter LINE

“顧客企業ごとの専任チーム”によるビジネス成果最大化を実現

DGTモデル提供社数※

132社

※2023年9月現在

- ✓ クリエイター一人ひとりが顧客組織の一員として顧客ビジネスを理解
- ✓ チーム全員が顧客企業と共にマーケットの最前線に立ち、ビジネス成果にコミット
- ✓ 当社全社員に根付く、CSV・社会課題解決への強い達成意識
- ✓ 長年培ってきたデジタル運用の独自メソッドをフル活用

※ DGTモデル提供社数は、3名以上のDCが顧客専任チームとして成果を追求しサービスを提供する顧客の数。

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Based on this recognition of the market environment, we are considering a simple business model; how to recruit a large number of such digital human resources, train them to be highly skilled and skilled in various digital technologies, and keep them active for a long time.

In particular, we have recently established a number of specialized in-house companies in order to acquire various advanced digital skills. We have established a number of specialized companies that can acquire and enhance such advanced skills as app development, data scientists, UX design, marketing automation, various cloud platforms, and AI.

We have more than 2,000 digital creators with a variety of skills, which we combine and provide as a team according to the needs of each client company.

We call this the DGT model, and we currently have 132 major clients in this model.

Income Statement Summary

- Sales revenue grew by 17.1% and added-value sales (*) grew by 15.2%. Both are solid, with record highs.
- Growth rate was 15.2% compared to the plan of 21%. The number of creators who were not in operation increased compared to the original plan, and the profit margin decreased significantly.

(Unit: million yen)	Result in cumulative 2Q (First half year)			First half year in FY3/2024	
	FY3/2023	FY3/2024	y/y	Forecast	Variance
Sales revenue	8,213	9,616	+17.1%	9,940	(323)
Added- value sales	7,842	9,033	+15.2%	—	—
Gross profit	2,265	1,708	(24.6%)	—	—
(Gross profit margin)	27.6%	17.8%	—	—	—
SGA	1,981	2,258	+14.0%	—	—
(SGA ratio)	24.1%	23.5%	—	—	—
Operating profit	288	(551)	—	(160)	(391)
(Operating profit margin)	3.5%	—	—	—	—

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

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As I have outlined in a few words, I would like to explain our financial results and performance trends for the first half of the current fiscal year ending March 31, 2024.

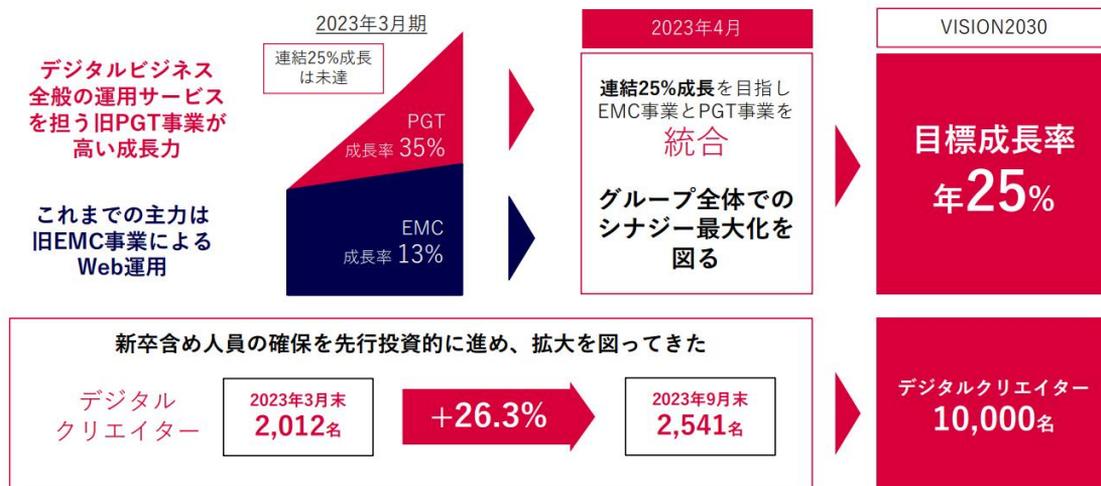
The key indicators are sales revenue and added-value sales, which are sales minus external costs, and these are up 17% and 15%, respectively, from the previous year.

We believe that each of these businesses is performing well, but on the other hand, we have fallen short of our initial plan, which called for growth of about 20%.

In terms of operating profit, we have been hiring more new graduates as an up-front investment compared to the current business scale in the current fiscal year. We had originally forecast a deficit of JPY160 million as of the end of Q2, but we have not met our original plan in terms of operating profit, reflecting the shortfall in sales that we just mentioned.

期初計画未達の背景

VISION2030で掲げるデジタルクリエイター10,000名・目標成長率25%を目指し、事業を統合。
デジタルクリエイター (DC) の積極的な採用を推進。



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I have already told you several times about the background of this, but let me reiterate that, as I mentioned earlier, we place great importance on challenging management based on our vision. Especially in this Vision 2030, which we started three years ago, we had a plan to take on the challenge of achieving a large growth, such as 10,000 digital creators by 2030.

We have been trying to achieve 25% growth in human resources, which is approximately the same figure as the 25% sales growth we are aiming for.

For the current fiscal year, by the hiring of new graduates, which is a bit difficult to control in detail, the number of digital creators has increased by 26%.

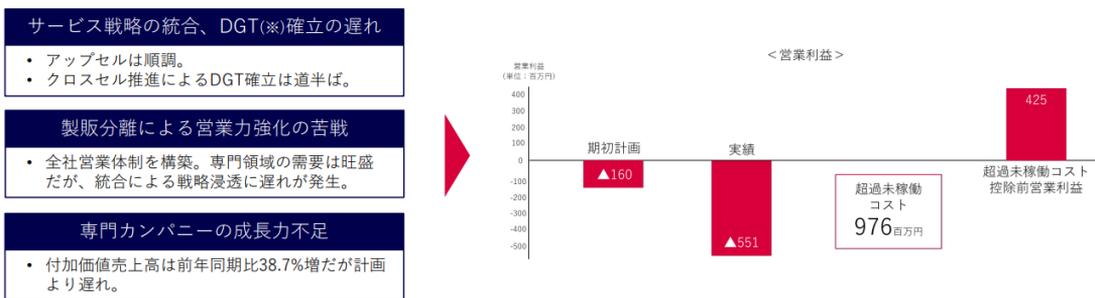
On the other hand, since the last fiscal year, our performance in terms of sales and added-value sales has been such that sales have been insufficient for the growth in the number of employees.

In the current fiscal year, we are aiming to increase the growth rate to 25% of sales, and we have been aiming to achieve this by the DGT business, which integrated the former EMC business and the PGT business. We have been able to realize high growth potential in former PGT business as utilizing the strength of our sales structure and specialized companies, etc., and we integrated our organizations in April with the aim of spreading this growth potential throughout the entire company.

On the other hand, we had hoped to increase the growth rate to 25% in Q4, but in the midst of the major organizational integration changes, there was a little bit of a slowdown in the internal integration, and this has caused the growth rate has been slightly declining.

期初計画未達の要因と今後の成長計画

- サービス確立／営業強化／人材育成は着実に進捗しているものの、当初想定より遅れ。
- 収益性改善を進めるものの1Hの進捗遅れにより、目標の当期4Q単体の『成長率25%』は引き下げ、通期業績予想を修正。



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Growth profitability is declining, but it is not because the profitability of the business service itself is declining, or there are significant project problems, but purely because sales are not sufficient for the growth in the number of hires and the cost of hiring personnel. There are simply a lot of unworked costs. As of the end of this half-year period, we had about JPY1 billion as the unworked costs. Without it, it is an assumption that is advantageous to us, but without it, we believe that the current situation is such that profitability as a business service can be sufficiently secured without that. I believe that this is the current situation.

As I mentioned earlier, we were aiming to raise the growth potential of the entire company by using a sales structure that separates production and sales within the former PGT business and the growth potential of specialized companies.

We think that we are not yet at the point where we are able to accelerate the integration and promotion of our strategies.

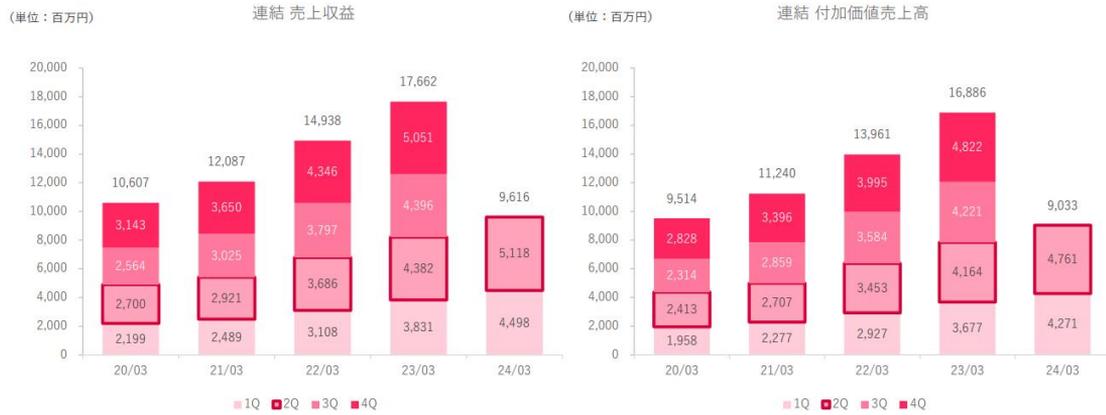
Today, in this briefing, or rather, in this financial statement, here is what I have to tell you as a major policy change. In accordance with our Vision 2030, we have been investing in human resource recruitment as an up-front investment in order to achieve a 25% growth rate, but we have also been challenging ourselves over the past year to catch up with the growth potential of our business. However, we think that the upfront investment has been somewhat excessive, or rather, somewhat distorted, in line with the current situation.

Once here, we have changed our policy to curtail hiring in line with current business growth. We intend to curb the hiring of new graduates to the point where we can restore an appropriate operation ratio of 90% and an operating margin of 10%, as well as an appropriate level of profitability. On the other hand, as I have repeatedly said, the recruitment of new graduates is not a number that can be controlled in the short term, and we are planning to have a little over 400 new employees join our company in the next fiscal year. However, the profit margin is expected to improve to a certain degree because the ratio will be lower than the current term's 580 new employees.

In addition, we believe that the recovery of profitability, even with the current growth potential, will be sufficient, at least in the fiscal year after next as the recruitment of new employees is further restrained.

連結 売上収益・付加価値売上高

- 売上収益：9,616百万円（前年同期比+17.1%）
- 付加価値売上高：9,033百万円（前年同期比+15.2%）



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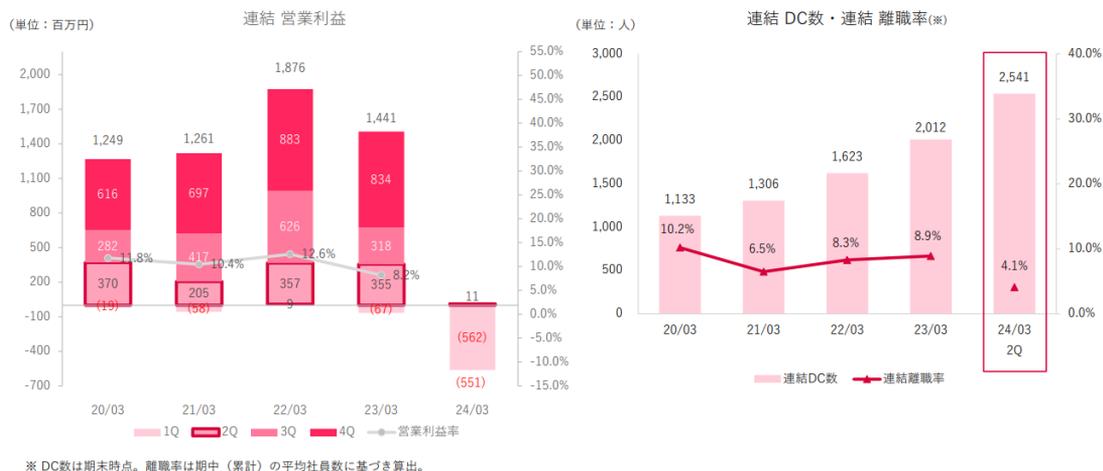
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From this point on, I would like to report on the progress of our basic business performance.

As of Q2, to reiterate, sales and added-value sales were up 17% and 15%, respectively, which is basically the same quarterly trend as in the past.

連結 営業利益・デジタルクリエイター（DC）数・離職率

- 営業利益：▲551百万円（前年同期より▲839百万円）
- 連結デジタルクリエイター（DC）数：2,541名（前期末比+529名、+26.3%）
- 連結離職率：4.1%（前年同期比+0.4ポイント）



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As I have repeatedly explained, the operating profit forecast has been lowered significantly to JPY550 million from the loss of JPY160 million that was originally projected due to the large amount of upfront investment-type work.

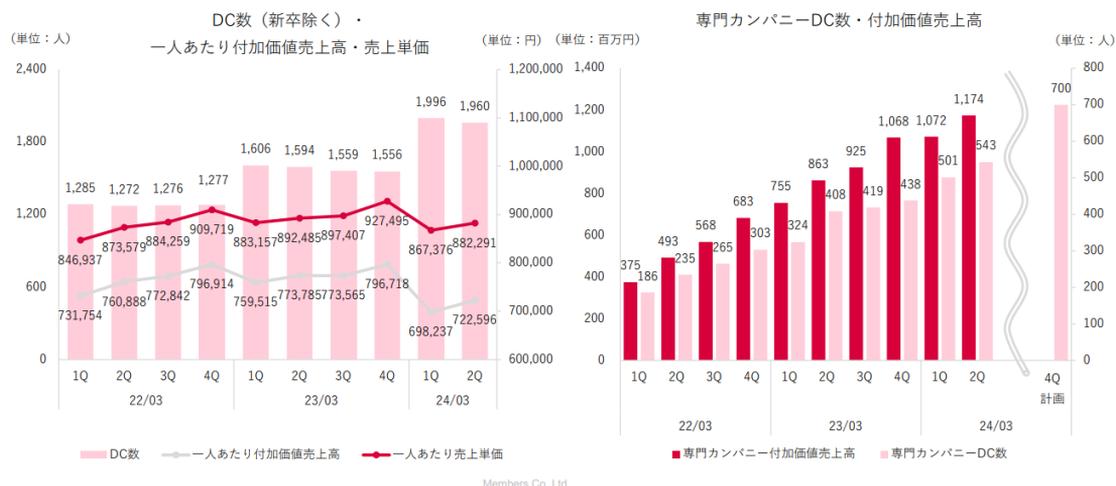
On the other hand, looking at Q2 alone, the company returned to profitability, albeit slightly.

As for the number of consolidated digital creators as a key indicator, it is 2,541. Although the number of digital creators increased by 26% from the previous fiscal year-end to an increase of 529, the increase was not linked with the increase in sales and added-value sales, which contributed to the deficit.

The turnover rate was 4.1%. This is slightly worse than the same period last year, but we do not see this as a major problem.

主要指標: 一人あたり付加価値売上高・売上単価、専門カンパニー推移

- 新卒を除くDCは前期末比404名増。前期に入社した新卒を含んだことで一人あたりの売上単価および付加価値売上高は、前年同期比減少。
- 専門カンパニーのDC数：543名（前期末比+105名、+24.0%）
- 専門カンパニーの付加価値売上高(2Q累計)：2,246百万円（前年同期比+38.7%）



This is about the unit price per digital creator and the number of digital creators in the specialized companies as key indicators.

The unit price was JPY882,000 in Q2, slightly down from the previous fiscal year, but the number of recruits has increased, and the ratio of young people is increasing. However, the unit price has increased by about JPY10,000 compared to the year before the previous fiscal year, the fiscal year ended March 31, 2022, so we believe that the unit price has remained almost flat.

The number of digital creators in the specialized companies, which are focusing on the shift from the web operation area to other digital areas, increased by 105 compared to the end of the previous fiscal year.

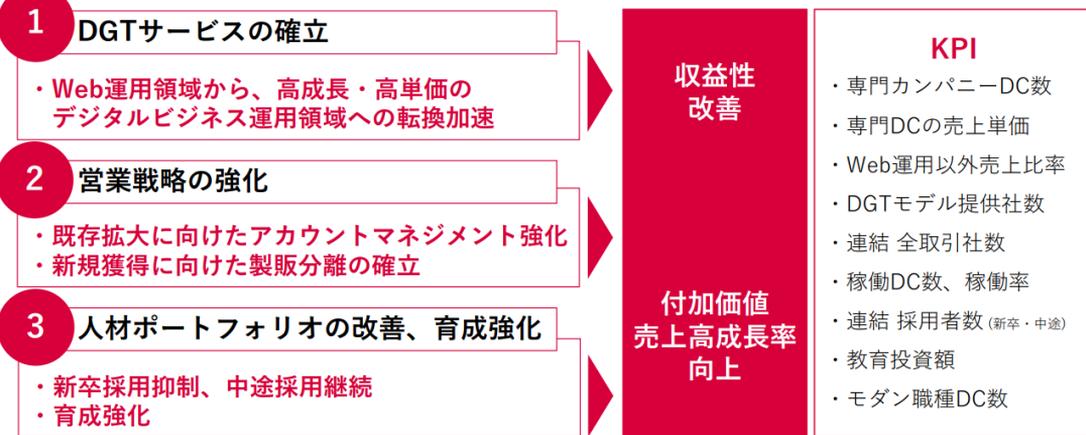
We have a target of 700 digital creators as of the end of the current fiscal year, and although we need to increase the number of creators to reach that goal, we see the number growing steadily.

As you can see from the graph, the growth in added-value sales stalled somewhat in the first quarter, which is one indication of the stagnation, or perhaps a standstill, in this fiscal year's integration. We believe that this is one of the reasons why the growth in added-value sales stalled somewhat in Q1, and we think that we can see a recovery in this Q2.

We have now explained the basic financial results for Q2.

更なる成長に向けた方針

- 現段階の成長率実績15%で推移したとしても、2026年3月期に営業利益率10%に回復するよう収益改善を最優先に実行。
- 同時に成長率引き上げに向けたサービス／営業／育成強化の取り組み継続。付加価値売上高成長率引き上げ、営業利益率10%の早期達成を目指す。



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We will change our policy to increase profitability by reducing recruitment, but we would like to challenge not only to increase profitability but also to further increase sales growth to 25% in the future. I will explain our policy for that.

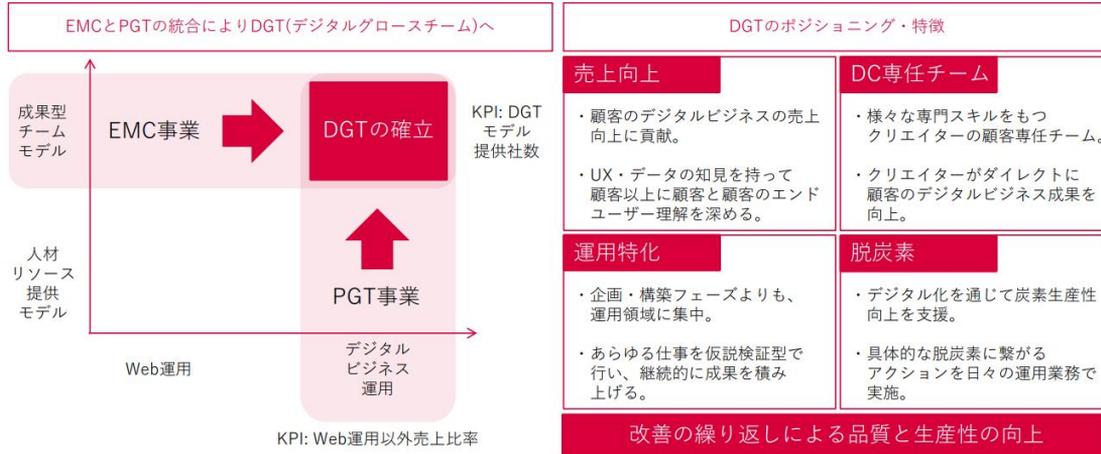
We will simply continue to strengthen our policies in areas such as service, sales, and human resource development. It does not mean that what we do will change drastically, but that we should continue to do the strategic policy we have taken so far as the basic thing we should do.

We would like to take on the challenge of raising the growth potential of the company by linking this to solid results.

高付加価値でユニークなポジションのデジタルビジネス運用の確立

従来のEMCサービスとPGTサービスを統合し、様々なデジタル専門スキルを持ったデジタルクリエイター専任チームによるハンズオンの継続的実行・グロース支援サービス：DGT(デジタルグロースチーム)を確立する。

当社のデジタルビジネス運用支援サービスの動画は[こちら](#)→



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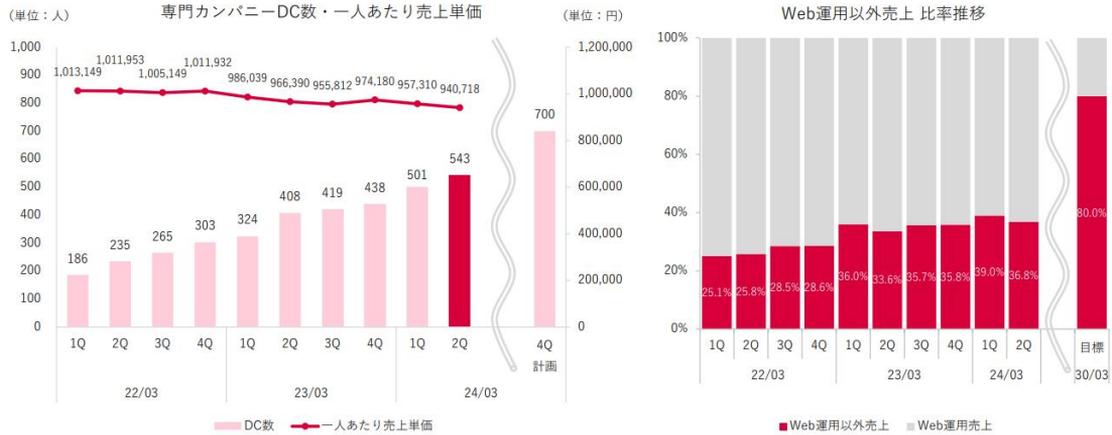
First of all, in terms of establishing the volume of digital business, we believe that our company, Members, has been able to take a very good position in focusing on web operations from the beginning. Based on future market trends, we believe that DX, digitalization, data and cloud platforms are the areas of future growth, and we will expand into such areas. We are considering increasing the weight of that area.

We think that DGT is originally a unique position in which digital creators with skills, rather than human resources such as consultants, sales, or planners, form a dedicated team and continuously support clients' digital businesses in the operational area to improve their results.

We would like to build on the position we have established in web operations to further establish ourselves in the area of digital business operations.

更なる成長に向けた方針①DGTサービスの確立

- データ/AI/クラウド等の先進性の高い領域へのサービス転換をスピード上げて実行。
- 専門カンパニーのDC数は**543名**（前期末比+105名）。Web運用以外売上比率は前年同期比**3.2ポイント増**。



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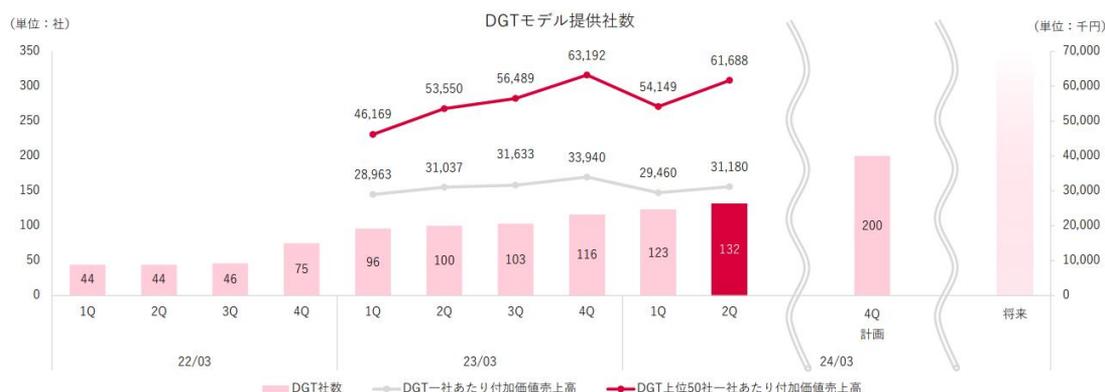
In this context, there is some overlap with what I explained earlier, but we place great importance on the growth of specialized companies.

Against the background that the number of digital creators has increased to 105 from the same period of the previous year, we believe that this is a major factor in the steady conversion of such services, with the ratio of sales other than traditional web services increasing by 3.2 percentage points from the same period of the previous year.

We would like to further accelerate this process.

更なる成長に向けた方針②営業戦略の強化(既存拡大に向けたアカウントマネジメント強化)

- DGTモデル提供社数(※1)は132社(前期末比+16社)、社数増でも一社あたり付加価値売上高(※2)は前年同期比0.5%増。DGT上位50社の一社あたり付加価値売上高(※2)は同15.2%増と順調に既存は拡大。
- 既存顧客へ非Web領域サービスを積極的に展開すべく、既存顧客へのアカウントマネジメント力の向上により、先進領域を中心にクロスセルを推進。



※1 DGTモデル提供社数は、3名以上のDCが顧客専任チームとして成果を追求しサービスを提供する顧客の数。
 ※2 一社あたり付加価値売上高は、四半期単独の平均付加価値売上高。

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The number of clients to whom we offer the DGT service model has increased by 16 companies from the end of the previous fiscal year to 132.

As you can see from the graphs of the past year, we have not been able to make much of an increase in the first half of the year.

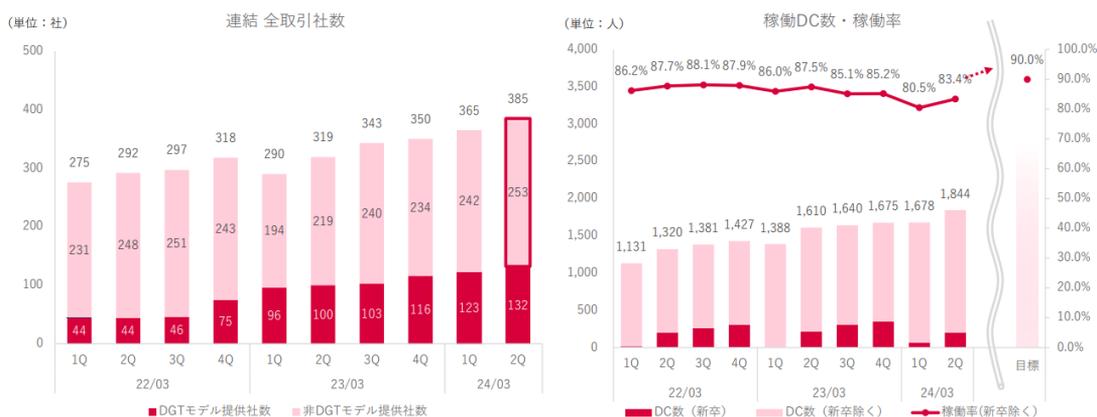
However, for the current fiscal year, we have been able to steadily increase that number as of Q1 and Q2.

In addition, as the number of clients increases, there is a concern that the unit price will tend to decrease because many of the first customers order rather small projects. However, instead of that, the unit price of the entire company is 0.5% higher than the same period of the previous year. In particular, when we look at the top 50 major clients, it is 15% higher than the same period of the previous year. As for the expansion of existing clients, the more companies that offer this DGT model, the deeper the existing clients will go.

As for the number of these DGT companies, we would like to expand it to 200 companies by the end of this fiscal year, which is somewhat of a delay, and we would like to accelerate it further.

更なる成長に向けた方針②営業戦略の強化(新規獲得に向けた製販分離の確立)

- 全社営業体制の構築等により、全取引社数は385社（前期末比+35社）となり大幅に増加。非DGTモデル取引である253社をDGTモデルに転換し拡大を図る。
- 稼働DC数は前四半期比166名増。稼働率(新卒除く)は前年同期比で低下。早期に90%に回復させることで収益改善を図る。



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In addition, as I mentioned, we have a sales structure as we separate production and sales, and we are focusing not only on existing clients, but also on new sales activities to further increase our client base.

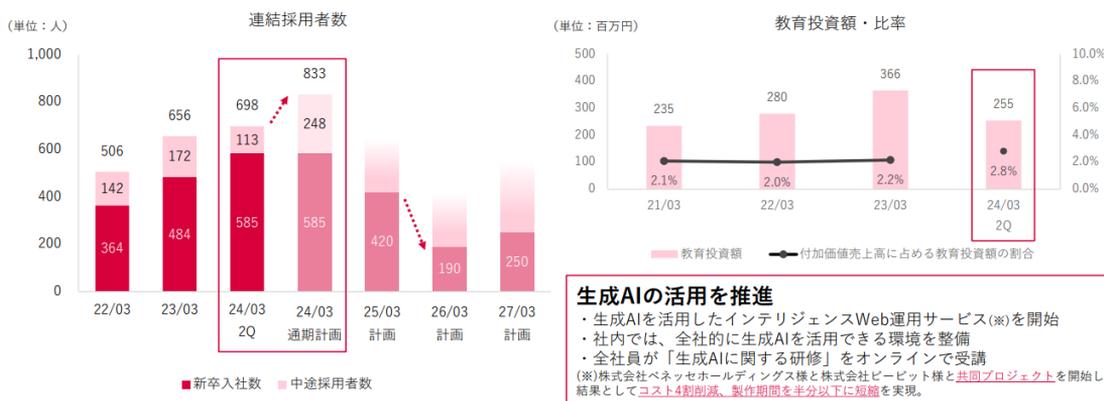
In the past, we thought that the stagnation in this area over the past two or three years since COVID-19 had a negative impact on growth potential, but in the current fiscal year, the total number of client companies was 385, up 35 from the end of the previous fiscal year, and we believe that this area is expanding steadily.

In addition, there are over 250 non-DGT clients that have not yet become DGT. We believe that the key will be how to convert clients here to the DGT model.

The number of digital creators in operation based on these business conditions increased steadily to 166 compared to the previous quarter, but the operation rate is still at 83%, including a slight delay in the first half of the year.

更なる成長に向けた方針③人材ポートフォリオの改善、育成強化

- 稼働率90%及び営業利益率10%を実現するまで新卒採用は抑制。来期400名強、再来期190名程度の想定。
- 中途採用は2Q累計で113名と順調。継続強化して人材ポートフォリオを改善し、サービス力向上の土台を作る。
- データ/AI/クラウド等の先進性の高い高付加価値人材の育成を強化。単価向上に繋げる。



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With an eye on how quickly we can recover to 90% for the operation rate, we will improve our human resource portfolio and reduce the hiring of new graduates.

As I mentioned earlier, we expect to land around 400 to 420 new graduates for the next fiscal year, and for the fiscal year after next, we are considering further reducing that number to around 190 new graduates.

On the other hand, it is not that sales are declining, but that we are able to continue double-digit growth, nearly 15% to 20% growth in the late double-digit range and beyond, so the idea is not to brake very sharply, but to restrain sales to a level where profitability can be improved.

On the other hand, mid-career hires are those who can be expected to start operations as soon as possible, so we will continue to actively recruit those who can be expected to start operations soon, rather than putting the brakes on the hiring process.

As of this Q2, we have been able to hire 113 mid-career creators, and we have a target of 248 for this fiscal year.

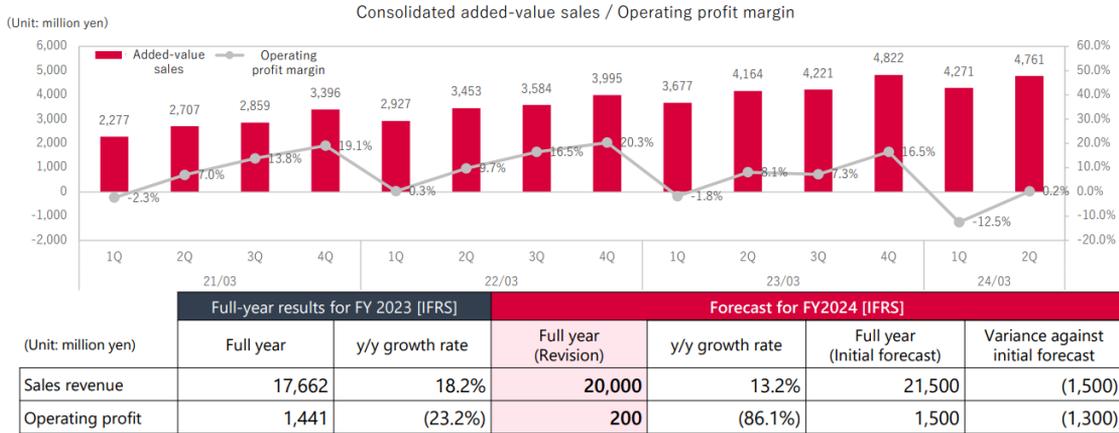
As of Q2, we see the situation as relatively favorable, but we would like to continue our efforts even more aggressively.

We are focusing on how to develop and produce human resources in highly advanced digital fields, such as data, AI, and cloud computing. We are also working on how to build up the educational system and investment in education for this purpose.

In particular, we have recently released an intelligent web operation service that utilizes AI generation with Benesse, one of our major business clients, we are now promoting such internal use of AI, training, service development, and so on.

Consolidated Earnings Forecasts for the Term Ending March 2024 (Revision)

- Although efforts are being made to improve profits with the aim of accelerating growth through the establishment of DGT services and the integration of company-wide organizations, the period required for improvement is expected to be longer than expected at the beginning of the fiscal year. Revised full-year forecasts of revenue: 20 billion yen and operating income: 200 million yen.
- As this is NOT due to deterioration in business profitability or project troubles, we will not apply excessive brakes and will aim to improve profitability and raise the growth rate while controlling new graduate recruitment.



Members Co., Ltd.

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Through these efforts, we intend to take on the challenge of further raising our sales growth potential.

Since our company's business model is basically an accumulation-type business model, it will be very difficult for us to make up for the delay in Q1.

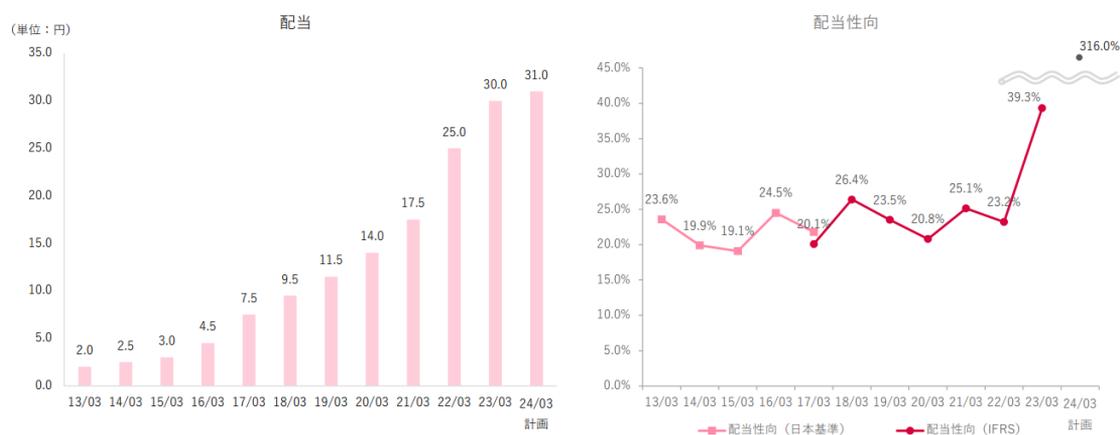
Originally, we had planned to challenge 25% sales growth in Q4, but we have lowered our growth target for the second half of the year, as it will be difficult to make up for this delay.

Since we have revised downward for two consecutive fiscal years, we have decided to present figures that we can be responsible for, and we are now forecasting sales of JPY20 billion and operating profit of JPY200 million for the full year. We will work on recovering profitability in the next fiscal year and beyond, and will continue to take on the challenge of raising growth potential.

Based on these factors, we believe that profitability can basically be maintained by controlling hiring costs rather than by deteriorating business viability.

配当予想・資本政策

- 成長性は維持・向上させつつ、採用抑制での未稼働コストコントロールにより収益性は改善する想定であり、**配当は当初計画通り31円を予定。初配より11期連続増配予定。**
- 機動的な資本政策の一環として、**2023年11月より一定期間、自己株式の取得を予定。**



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Based on the assumption that profitability will recover in the future, we plan to increase the dividend for the consecutive year to JPY31 per share, as planned at the beginning of the fiscal year.

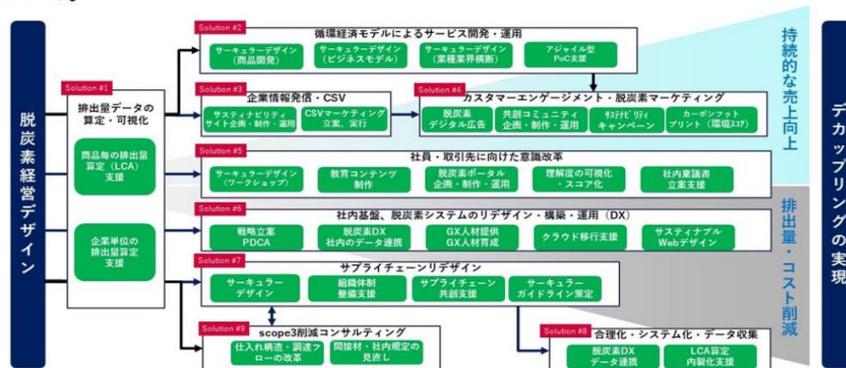
In addition, our confidence in our future growth potential has not changed, so we are announcing the share buyback in conjunction with the timing of this downward revision. We would like to proceed it for a certain period starting this November.

We have now explained the details of our business.

CSV経営の推進

企業・製品単位の温室効果ガス排出データをもとに売上向上・コスト削減を実現する「脱炭素DXソリューション」を提供開始

- 企業の温室効果ガス排出量の大半を占めるスコープ3の領域において、脱炭素および売上向上とコスト削減によって、持続的な利益向上を実現する9つのソリューションを提供開始。
- 排出量データの算定から開始し、効果的な脱炭素マーケティングなどメンバーズ独自の強みも生かしていく。



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Here is an introduction to sustainability and ESG topics.

This fiscal year, we will be working in earnest on decarbonizing DX in particular.

We have established the Decarbonization DX Company to take on the challenge of not only our own internal decarbonization efforts and carbon neutrality initiatives, but also to take on the full-scale challenge of decarbonizing our services to our clients. We have been working on it since the current fiscal year.

It is listed in this part because it does not contribute significantly as an achievement yet, but in terms of form, I would like to say that it is gradual, but the client's efforts are becoming more and more active, and I feel that GX in addition to DX will become a big wave in the future.

We are now developing services to contribute to this area using digital technology, and we would like to use these services to make a significant contribution to the GX area of society in the future.

全員参加型経営の推進

新行動指針により自律分散協働型の組織力を向上させ、全員参加型経営を推進

- 新行動指針の浸透活動として全社員を対象に研修を実施中。受け身姿勢ではなく自らスキルや顧客成果向上、CSV普及に取り組む姿勢を持つ自律型人材を育成し、組織力をも向上させる。
- 社員が当社株式を保有することを推奨。人員増でも従業員持株会加入率は55.8%を維持。

新行動指針 Members Standard

- 誠実さをもって心豊かな社会を創る
- ラストマン精神を持つ
- 自分自身を日々アップデートする
- スピードにこだわり価値を最大化する
- カスタマーサクセスを愚直に追求する
- 顧客と一緒に泣き笑う
- 最高のユーザー体験を創出する
- 異能を活かした成長し続けるチームを作る
- 1byteから世界を変える



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In addition, we have positioned our internal initiatives, particularly all member participatory management, which is also the origin of our company name, as an extremely important corporate management concept.

Instead of dividing employees into people who are considered to be managers, we emphasize how each employee takes initiative to improve his or her own skills, achieve customer success, contribute to society, and take action in CSV. We are also working on a new action guideline and joining an employee stock ownership plan, and we believe that we will be able to achieve steady results in these areas.

人的資本ストーリー

- 当社の人的資本戦略は単なるリソース戦略ではなく、経営戦略の根幹であり、CSV経営の実践でもある。「人的資本」と「組織資本」を最大化させ、真の「クリエイターが最も成長し活躍する会社」となり、事業戦略を遂行し世界一のデジタルビジネス運用を実現させる。

人的資本ストーリー		指標（一部抜粋）	目標	実績 (2023年3月期)	実績 (2023年9月末)
人的資本 の最大化	<ul style="list-style-type: none"> 採用方針 採用方針：コアバリュー・ミッションへの共感を重視した採用を推進 	ミッション・ビジョン研修受講率	100.0%	100.0%	—
	<ul style="list-style-type: none"> 育成方針 クリエイターの専門性の向上とともに、カスタマーサクセスを追求するプロデューサー人材や次世代経営人材を輩出 	次世代リーダー塾参加者数	—	累計24名	累計41名
組織資本 の最大化	<ul style="list-style-type: none"> 自律分散協働型組織の実現 権限移譲を推進するほか、新行動指針を浸透させ、全員参加型経営を推進 	地方勤務社員	2030年 50.0%	23.1%	19.0%
		女性社員比率	2030年 51.0%	44.9%	46.7%
	<ul style="list-style-type: none"> 多様性の確保 男女問わず自律した社員の働きやすさを追求し社内環境を整備 	男性育児休業取得率	30.0%	59.1%	—
		女性管理職比率	30.0%	31.8%	26.2%

2023年3月期 有価証券報告書 P12以降に「人的資本ストーリー」を掲載

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In recent years, human capital disclosure has been given great importance. Originally, Members is a model of professional human resources services, and while we did not use the term human capital management to refer to companies where digital creators are the happiest, the fastest growing, and the most active, we place great importance on management of human resources.

In this context, we are promoting such things as training to emphasize the company mission and vision I mentioned at the beginning, and training to develop the next generation of leaders.

In particular, we have been making efforts to promote diversity and women's activities, and we believe that our efforts to shorten working hours and to encourage male employees to take childcare leave are achieving results at a level that could be considered a representative case study in the world.

脱炭素アクションの取り組み

- 森林保全を目的に「メンバーズの森」として、岩手県住田町において植樹を実施。
- ユーザー会を開催。顧客企業22社と共に長崎県五島列島沖の浮体式洋上風力発電所を視察。
- 日々の業務で、脱炭素につながる取り組みを開始。半期のアクション完了数は約1,000件。

メンバーズの森、植樹の実施

植林・森林保全プロジェクト

- ・ 2023年10月に植樹を実施
- ・ 森に関する社内ワークショップを開催
- ・ 今後は住田町の人々との交流も促進し地域活性化への貢献も目指す



顧客企業と風力発電所の視察

ユーザー会 エグゼクティブツアー

- ・ 顧客企業22社34名と共に発電所を視察
- ・ 脱炭素社会の実現に向けたビジネス視点での取り組みや課題など情報交換を実施
- ・ 脱炭素推進に関する講演 など



社員によるアクションの推進

脱炭素アクション100

- ・ 企業がデジタルをはじめとした日々の業務で実践できる取り組みをリスト化し展開
- ・ 脱炭素アクションの実行は社員の評価にも反映

サステナブル
Webデザイン

脱炭素に寄与
するツール選定

DX推進による
ペーパーレス

環境負荷を軽減

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As for the company's decarbonization efforts, we have been working on solar sharing, aiming to generate the equivalent amount of electricity used by the company from solar renewable energy.

In addition, we have started a tree-planting and forest conservation project, aiming to absorb CO2, generate credits, and work toward biodiversity.

We also hold an executive tour every year with 34 executives and general managers from 22 of our client companies to deepen their understanding of Japan's efforts toward carbon neutrality in the future, and to accelerate our progress toward that goal. This is part of our efforts with our clients. This year, we are taking initiatives such as going to inspect offshore wind power generation on the Goto Islands in Nagasaki.

Another major initiative this year is the Decarbonization Action 100, which is about how employees can contribute to decarbonization in their daily work. In the end, we believe that if we want to achieve carbon neutrality, we have to work toward decarbonization in all areas one way or another. Toward this end, we have been working internally for the past six months to reduce carbon emissions and energy consumption in all areas, including web production, application development, and system development, and we believe that our efforts have produced significant results. We are disclosing the results of these efforts.

コーポレートガバナンスの取り組み

- 取締役・執行役員に7名女性を選任。女性比率は22.6%。(2023年9月現在)

<当社の取締役スキルマトリックス>

氏名	役職	重要な兼職の状況等	社外役員	スキル・マトリックス				
				経営/CSV	テクノロジー/IT	財務/会計/法務/コンプライアンス	人材/組織開発	グローバル経験
	代表取締役 兼 会長執行役員			○	○		○	
	代表取締役 兼 社長執行役員	㈱メンバーズエナジー 代表取締役社長		○		○	○	
	取締役 監査等委員	公認不正検査士 企業リスク管理コンサルタント	○			○		○
	取締役 監査等委員	㈱良品計画 代表取締役会長	○	○				○
	取締役 監査等委員	㈱プレステージ・ インターナショナル 代表取締役 社長執行役員 グループCEO	○	○				○
	取締役 監査等委員	デンマーク・ロスkilde大学 情報学 サステナブル・ デジタリゼーション 准教授	○		○			○
	取締役 監査等委員	三井住友信託銀行㈱フェロ-役員 ESG/リョウシエン企画推進部 主管 JCLP 共同代表	○	○		○		○

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Finally, in terms of corporate governance initiatives, Mr. Kenmochi and I are the only two executive directors of our company. The rest are outside directors and audit committee members.

They are clearly more senior and some of them are the executives of companies that represent Japan. Ms. Miyake, co-chairman of JCLP, a climate change business organization, has also joined us this term. I believe that we have a diverse and strong board of directors and board members.

That is my brief explanation. Again, we apologize for any concern that we have somewhat stalled in terms of performance, profitability, and profit.

However, we believe that this does not mean that our business and growth potential have been compromised, and from this point on, we will firmly rebuild profitability and achieve high growth once again.

Through this, we hope to continue to take on the challenge of contributing to our customers and to society.

That's all for my presentation.

Moderator: Thank you.

Question & Answer

Moderator [M]: We will now begin the question-and-answer session. First, we have received preliminary questions, which we would like to introduce.

Questioner [Q]: There are two questions. The first question is, what is the current condition and outlook for DGT, including customer feedback?

Takano [A]: Yes, thank you. In terms of numbers, as I explained, we believe the potential is still great.

One of the biggest issues is that our company's shift to digital business operations has yet to fully penetrate our existing major clients.

I often get asked by many customers, such as whether there are such human resources (who have various digital skills) at Members. Also, since the integration, we have been focusing on cross-selling, and I think we are seeing some results there, but I think we will see real results in the future, so I think our condition outlook is positive.

Questioner [Q]: Thank you. Then, please tell us about any changes in the current recruiting situation.

Takano [A]: Yes. We will be curtailing our hiring of new graduates, so the basic environment will become more difficult.

I think you already know it well and it may sound like preaching to the choir, the environment is getting tougher, especially in the area of digital human resources, and we continue to compete with each other.

However, by curbing the number of recruits, we stopped planning to take more, so that we ended up with about 400 to 420 new graduates, but I don't think this is a lack of our company's recruiting ability as we could recruit more but decide to decrease the number. I think there is no problem in curbing future recruits.

As for mid-career hiring, we believe that the competition is only accelerating day by day.

We have been able to hire 113 new employees in this way, and we believe that we have been able to increase the pace of hiring through our efforts to change from individual company hiring to centralized hiring, which has increased investment efficiency. We have been able to increase the pace of hiring through such efforts.

However, we believe that the competition for mid-career hiring is accelerating and becoming increasingly heated, so it will be necessary to continue to strengthen our efforts.

Moderator [M]: Yes. Thank you. That is all the questions submitted in advance.

We will then move on to a question-and-answer session with those of you attending today.

Naya [Q]: Hello. I am Naya from Ichiyoshi Research Institute.

I have several points, please take care of them one by one.

This is the first one. The number of digital creators who were not in the operation is increasing, and the operation rate is decreasing. In terms of the target for Q4, I think it is 90%, but it has been revised this time, so I think that 90% is a little difficult for this 4Q. What should we think about this area, and if the operation

rate is going to decrease, do we have to be prepared to cut the level a little bit more over the next fiscal year for the time being? That's my first question.

Takano [A]: Yes, thank you. I am sorry, I think the materials and my explanation were insufficient, but the target I am talking about here is not for Q4 of this fiscal year, but for the next fiscal year and beyond, which is stated as 90% of operation rate.

Therefore, as you pointed out, we believe that it will be difficult to achieve a 90% recovery during this fiscal year, and that it will be also difficult to achieve that 90% occupancy rate in the first half of the next fiscal year, at least in the first half, when more than 400 new graduates are expected to join the company.

We believe that we should challenge in the second half of the next fiscal year and beyond.

Naya [Q]: Is there any possibility of a devaluation over the next term?

Takano [A]: I think it depends on the current fiscal year, but of course it will go up toward Q4 of this fiscal year, and then it will go down again in Q1 of the next fiscal year, when another 400 new graduates will be hired.

In terms of the weight of the burden on the 580 employees in the current fiscal year and the 400 employees in the next fiscal year, the 400 employees in the next fiscal year will have a lighter impact than the 580 employees in Q1 of the current fiscal year. I believe that the impact of 400 employees in the next fiscal year will be light enough to have a solid impact.

Therefore, we are basically aiming to raise the operation rate in the next fiscal year compared to the current fiscal year.

Naya [Q]: Thank you. Secondly, you mentioned the sluggishness of integration, but I would like to ask you to analyze the factors more qualitatively.

I would appreciate it if you could explain a little bit about the biggest problem or what the cause is, whether the problem is one, two, three or more.

Takano [A]: Yes, thank you. In the simplest sense, what we had planned to achieve the simplest effect of this integration in terms of business performance is a sales structure that separates production and sales.

The simple aim was to accelerate sales and marketing through a sales structure that separates production and sales, including the former EMC domain, where the former PGT business had originally been able to develop its business with high growth potential under such a structure.

However, there was some difficulty in understanding how to create a sales structure, and although a company-wide sales team was of course established, the division of roles between this team and each department was not well understood by both parties.

Of the results that you are looking at this time, it is easy to understand that the results of Q1 of the specialized companies are stagnating.

In the original PGT business of the whole company, the sales team of the separation of production and sales also conducted sales of the specialized company, and of course we are not trying not to do that now, but once we established the sales team, somehow, which is a very irresponsible way of saying, there is a situation where the division of roles did not work well, and the sales team of the whole company conducted sales of the specialized company, which became a little insufficient.

In such a situation, we use the expression sluggishness, and there were some points where we failed to achieve the desired results.

Naya [Q]: Thank you very much. The third question is whether the number of digital creators, which was targeted to reach 10,000 in the medium to long term, is realistic, if we look at the current situation, the previous term, and the current term. I would like to ask you to explain a little about the point of lowering the target or continuing it.

Takano [A]: Yes. As you pointed out, once we lower the growth rate target, we will curb the hiring of new graduates for the next few years, so the numerical target of 10,000 for Vision 2030 itself will be postponed, or in other words, the achievement of 10,000 will be difficult at the current pace in the time slice of 2030.

We are not sure if the number itself, 10,000 people, will be achieved in 2030 or not, and even if it is delayed, we would like to continue to take on the challenge of developing and growing our business model for such a place.

However, we are thinking of presenting the figures as of 2030, or the timeframe for achieving them, at some earlier point in time.

I believe that you are right in pointing out that the actual number of 10,000 in 2030 is, of course, not realistic under the current situation, or rather under the current policy.

Naya [Q]: Thank you. Lastly, I would like to know how promising the decarbonization DX solution is as a commercial product that has been created this time. I am afraid that I don't really have a knowledge about it, but I would like to know if there are any other companies that are actively developing such service or something like that.

Also, I am afraid that this is too vague as a question, but I would like to ask you for some explanation.

Takano [A]: Yes. In terms of the business potential and promise of the service itself, we do not think we are yet at a level where we can present our achievements.

However, I see the market, at least in the consulting business, as a consulting company, as being very much on the upswing toward GX.

The other most obvious market that we are seeing now is a platform for measuring carbon emissions, and it is gaining momentum as a market.

We see this as a situation where tools and measurement platforms for measuring CO2 emissions in the so-called Scope 1, 2, and 3 areas are gaining momentum.

However, we believe that this will also become an area of support for our company in the future, and the measurement itself is very difficult to achieve accurately on a continuous basis, especially if we aim to achieve Scope 3 in the future and realize it accurately and efficiently on a continuous basis.

Therefore, I believe that our business lies in how to develop a system that connects the internal system with such a platform and how to establish an operational workflow.

Furthermore, I believe that if we are to encourage users to choose options such as how to decarbonize and choose services with low carbon emissions by changing their behavior in the future, it will become more important to measure carbon emissions by products and services, such as carbon footprints or life cycle assessments.

And we have a certain amount of experience with the services there.

We see this as a market that is yet to emerge, and we have certain expectations for it.

Naya [M]: Thank you very much.

Takano [M]: Thank you very much.

Moderator [M]: Thank you very much, Mr. Naya.

Does anyone have any further questions?

Questioner [Q]: I will ask one question then. Thank you for your explanation. Could you tell us how Chairman Kenmochi is currently involved in the company?

I would appreciate it if you could tell me the current situation, such as the division of roles between President Takano.

Takano [A]: Yes, thank you. Basically, I oversee all operations, so I am the president alone, with other executive officers below me, and Mr. Kenmochi is positioned above me.

However, he continues to participate in important client relations, such as the executive tours I mentioned earlier, as well as in decision-making on important management matters, management meetings, and board meetings, and he continues to develop leadership in management in these areas.

Mr. Kenmochi and I talk and discuss management issues at least once a week, and through such discussions, he and I are working together on management.

Questioner [M]: Thank you very much.

Moderator [M]: That is all the questions we received.

This concludes the presentation of the financial results of Members Inc. for Q2 of the fiscal year ending March 31, 2024.

Thank you very much for joining us today. We look forward to your continued interest in our company.

[END]

Document Notes

1. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
2. *This document has been translated by SCRIPTS Asia.*