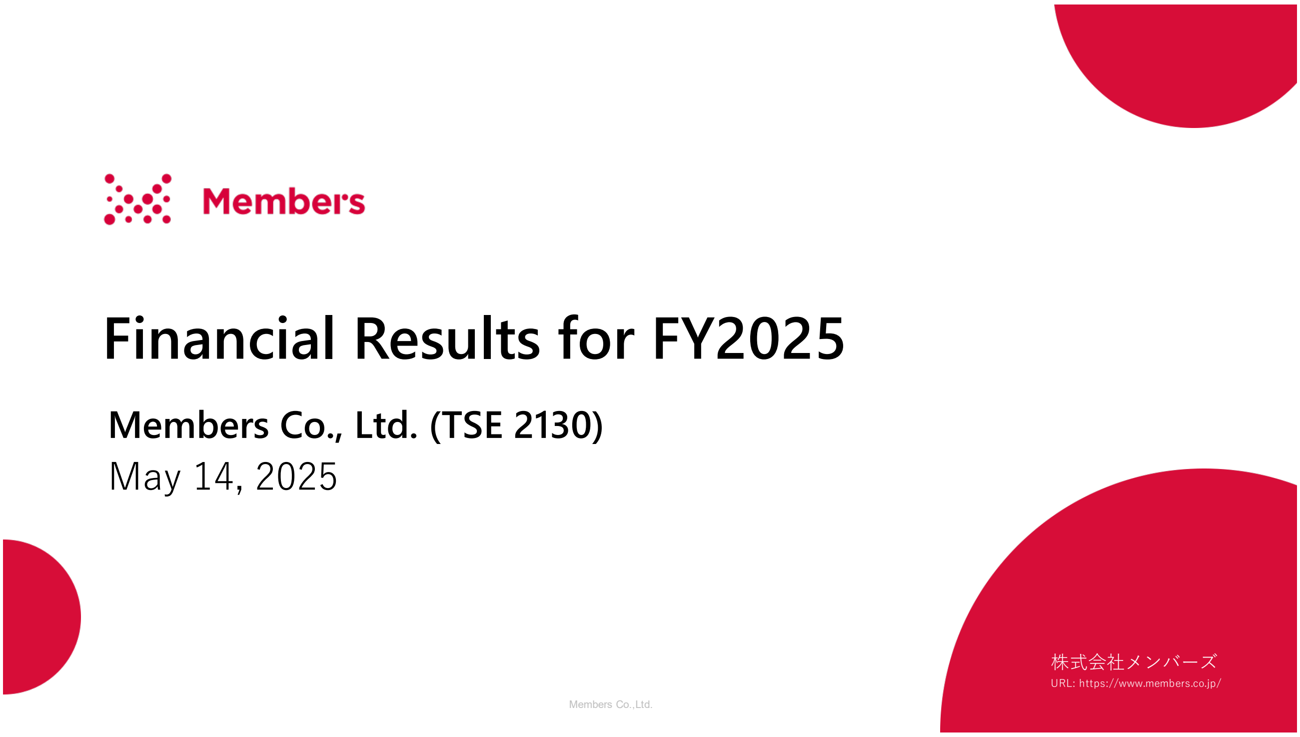
# Members Co., Ltd.

Financial Results Briefing for the Fiscal Year Ending March 2025

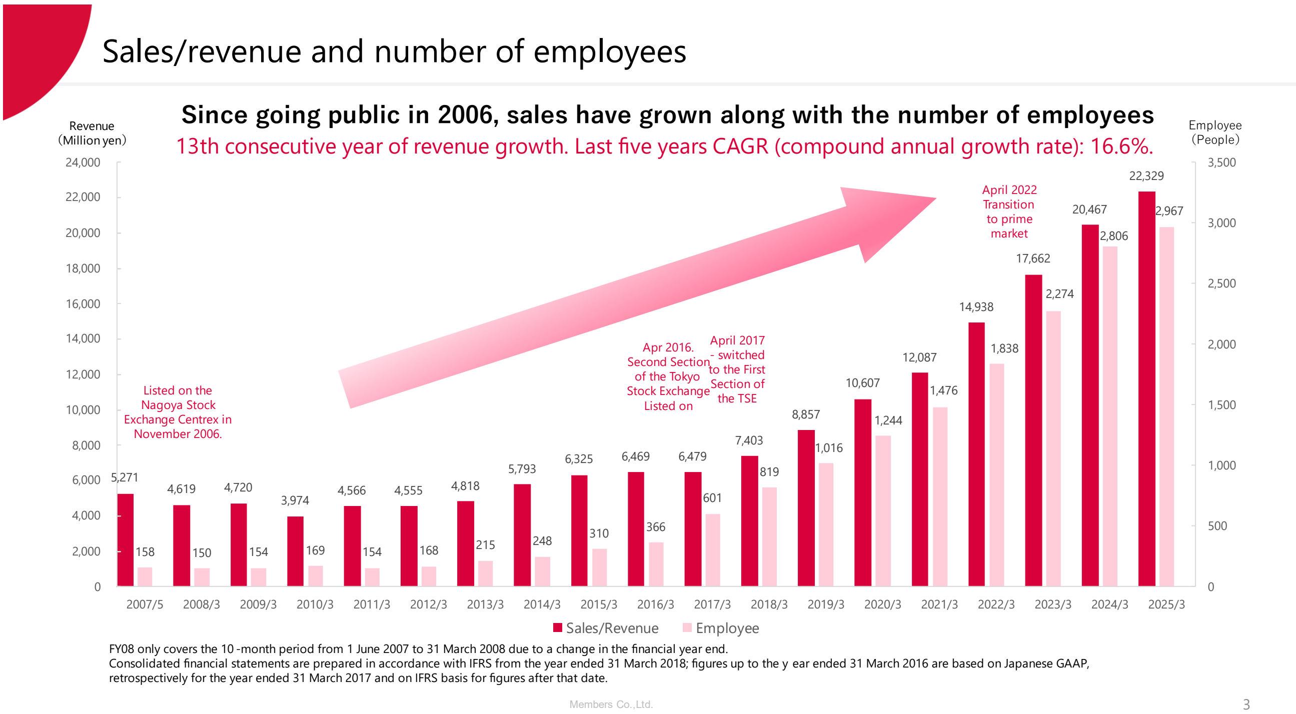
May 14, 2025

## Presentation

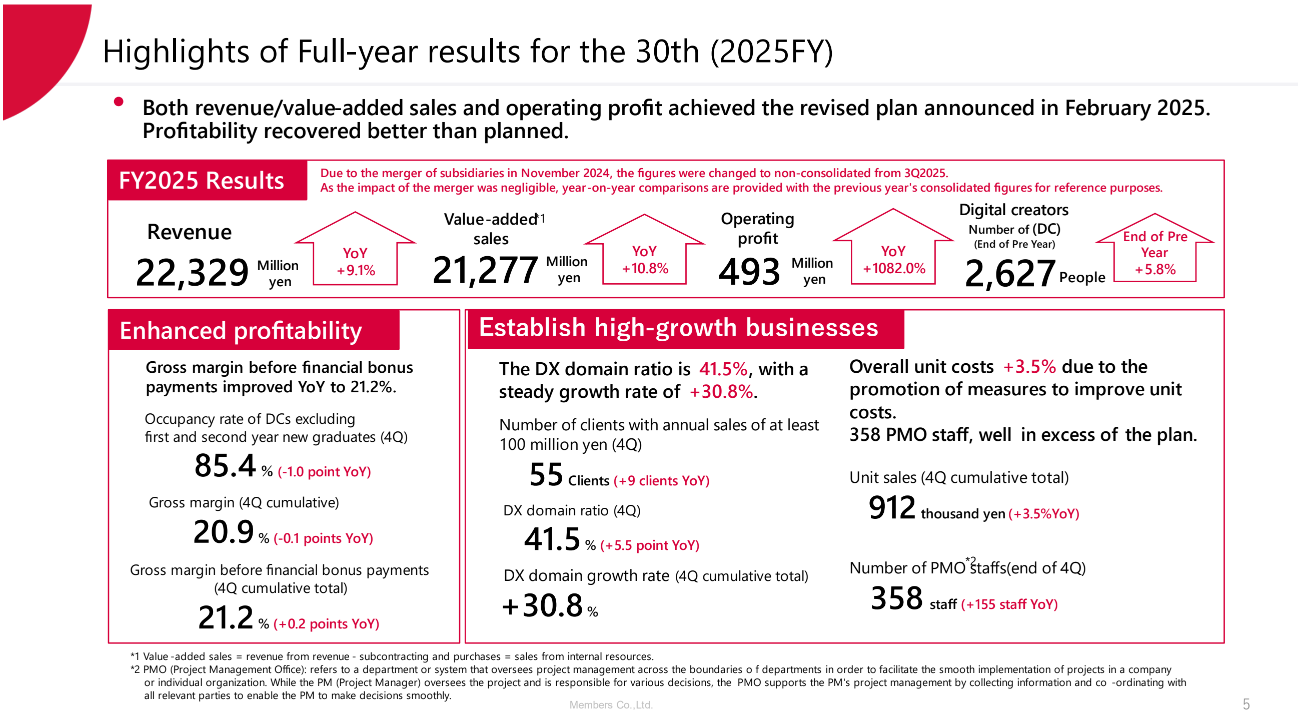



**Takano**: Thank you very much for taking time out of your busy schedule today to participate in FY3/2025 full-year financial results briefing of Members. I am Takano, the representative of Members. Let me begin my presentation immediately.

First of all, today, as just introduced, I would like to begin with an overview of the financial results for the previous fiscal year. After that, I would like to discuss the results of the previous fiscal year's initiatives for medium-term growth and our goals and policies for this fiscal year.




As a premise, Members' business model is based on the human resources business for digital specialists, and we have achieved long-term growth with the expansion of our human resources and the number of our employees. We have increased our revenue for 13 consecutive fiscal years, with an average annual growth rate of 16.6% over the past five years. June this year marks the 30th anniversary of Members. We hope to continue to achieve long-term growth in FY2026.




I would like to show you the highlights of FY3/2025 full-year financial results. Sales revenue was JPY22.3 billion, up 9.1% YoY. Add-value sales were JPY21.2 billion, up 10.8% YoY. Both hit record high. Operating profit was JPY493 million, which showed a slightly abnormal increase compared to the previous year because that of the previous year was very low. Profitability improved better than planned. Sales revenue, added-value sales, and operating profit all exceeded the February revised plan, and we believe that the recovery was on track to meet or exceed the plan.

An important indicator among others is the ratio of the DX domain. The growth rate of the DX domain, on which we are focusing our efforts, remained very strong at 30.8%. As the ratio increased to 40%, I think this is a very important indicator.

## 30th (2025FY) P/L

- **Revised plan announced in February 2025 was achieved. 60 million yen in bonuses was appropriated as a return to employees. Gross profit margin before financial bonuses was +0.2 pt YoY, and operating profit before financial bonuses was 562 million yen (operating margin of 2.5%).**
- **Thorough cost controls, including mid-career hiring expenses, kept the SG&A-to-sales ratio under control at -2.1 pt despite business expansion, and operating profit improved by 451 million yen y-o-y. The path for further improvement in profitability from the fiscal year ending March 2026 onward is clear.**

| | Full-year results for the 30th (2025FY) | | | | |
|---|---|---|---|---|---|
| (unit：million yen) | 2024/3 (Consolidated) | 2025/3 (Non-Consolidated) | YoY | Revision Plan (Non-Consolidated) | Rate of Achievement |
| Revenue | 20,467 | 22,329 | +9.1% | 22,100 | 101.0% |
| Value added sales | 19,208 | 21,277 | +10.8% | 21,100 | 100.8% |
| Gross profit | 4,292 | 4,671 | +8.8% | — | — |
| Gross profit margin ratio (%) | 21.0% | 20.9% | (0.1pt) | — | — |
| S.G.&A. expense | 4,263 | 4,168 | (2.2%) | — | — |
| S.G.&A. expense ratio (%) | 20.8% | 18.7% | (2.1pt) | — | — |
| Operating profit | 41 | 493 | 1082.0% | 400 | 123.3% |
| Operating profit ratio (%) | 0.2% | 2.2% | +2.0pt | 1.8% | — |
| Profit before tax | 136 | 472 | 246.1% | 390 | 121.3% |
| Profit | 126 | 349 | 176.5% | 260 | 134.5% |

Due to the merger of subsidiaries in November 2024, the Company has been deconsolidated from the third quarter of the fiscal year ended March 31, 2025; therefore, consolidated results for the fiscal year ended March 31, 2024 are presented as comparative information.
The plan for the year ended March 31, 2025 was also moved to deconsolidation.

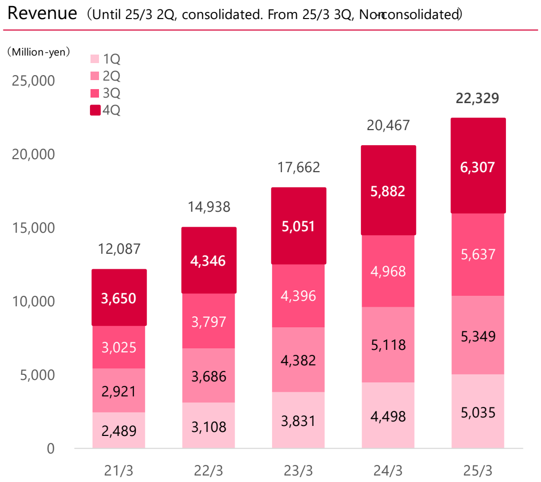


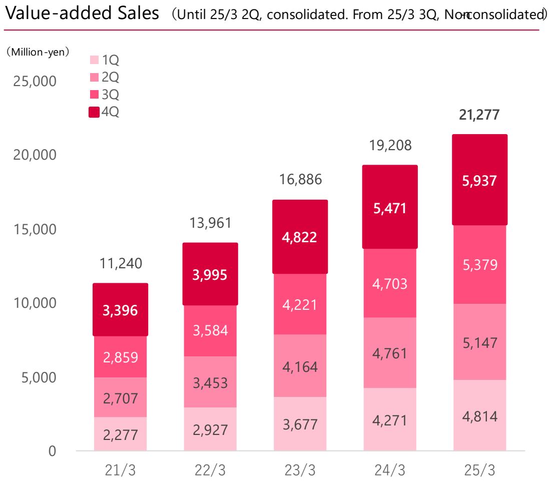

Next, the status of P/L. As we have already reported, we achieved the revised plan. We revised our operating profit forecast from JPY200 million to JPY400 million, and we achieved operating profit of JPY493 million. Since our business performance was better than planned, we recorded a bonus of JPY60 million as a return of profits to our employees. Before the bonus, operating profit was JPY550 million, so we believe that profitability improved better than planned.

Considering this, gross profit margin also improved YoY before the bonus. Added-value sales increased by 10.8% only, for our company it was only 10.8%. However, we could minimize SG&A expenses, and our operating profit improved. We believe that the path to profitability recovery was firmly established in FY2025.

## Revenues/Value-added Sales

- Revenue: 22,329 million yen ( +9.1% YoY). Value-added sales: 21,277 million yen ( +10.8% YoY).
- Value-added sales growth in the 2H was +11.2%, an improvement from the 1H (+10.3%).




Due to the merger of subsidiaries in November 2024, the company was deconsolidated from the third quarter of the fiscal year ended March 31, 2025, so consolidated results before the transition are presented as comparative information.

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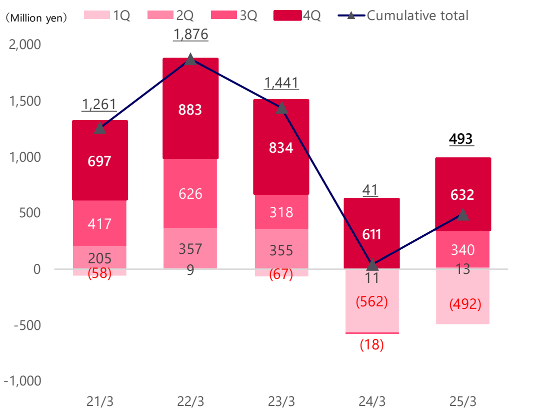
This shows quarterly changes in added-value sales. Quarterly seasonal changes look like leveling in FY3/2025. Looking at the growth rate on a half-yearly basis, the growth rate of added-value sales was 11.2% in 2H, and 10.3% in 1H. We believe that 2H of FY3/2025 saw an upturn in the growth rate, which had declined for the past two years. We would like to take on the challenge of raising the growth rate in this area.

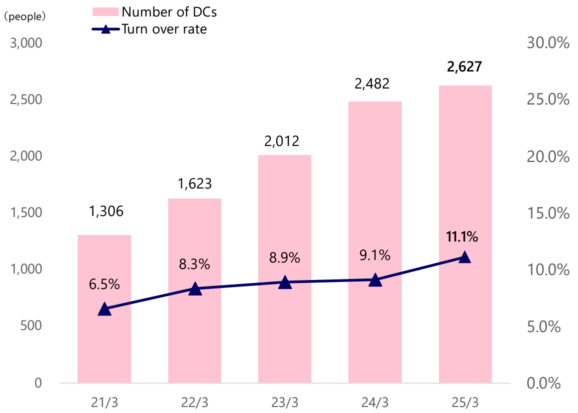
## Operating profit, number of digital creators (DCs), and turnover rate

- Operating profit is 493 million yen (+1,082.0% YoY) for the full year. Operating profit increased by 4.5 million yen from the previous year, a turnaround from two consecutive years of lower profits.
- Number of DCs: 2,627 (+145, +5.8% from the end of the previous period) .The turnover rate was 11.1%. The turnover rate worsened by 2.0 pt YoY, partly due to an increase in the number of under -employed workers.

Operating profit (Until 25/3 2Q, consolidated. From 25/3 3Q, Non-consolidated)




Number of DCs/Turnover rate (Until 25/3 2Q, consolidated. From 25/3 3Q, Non-consolidated)

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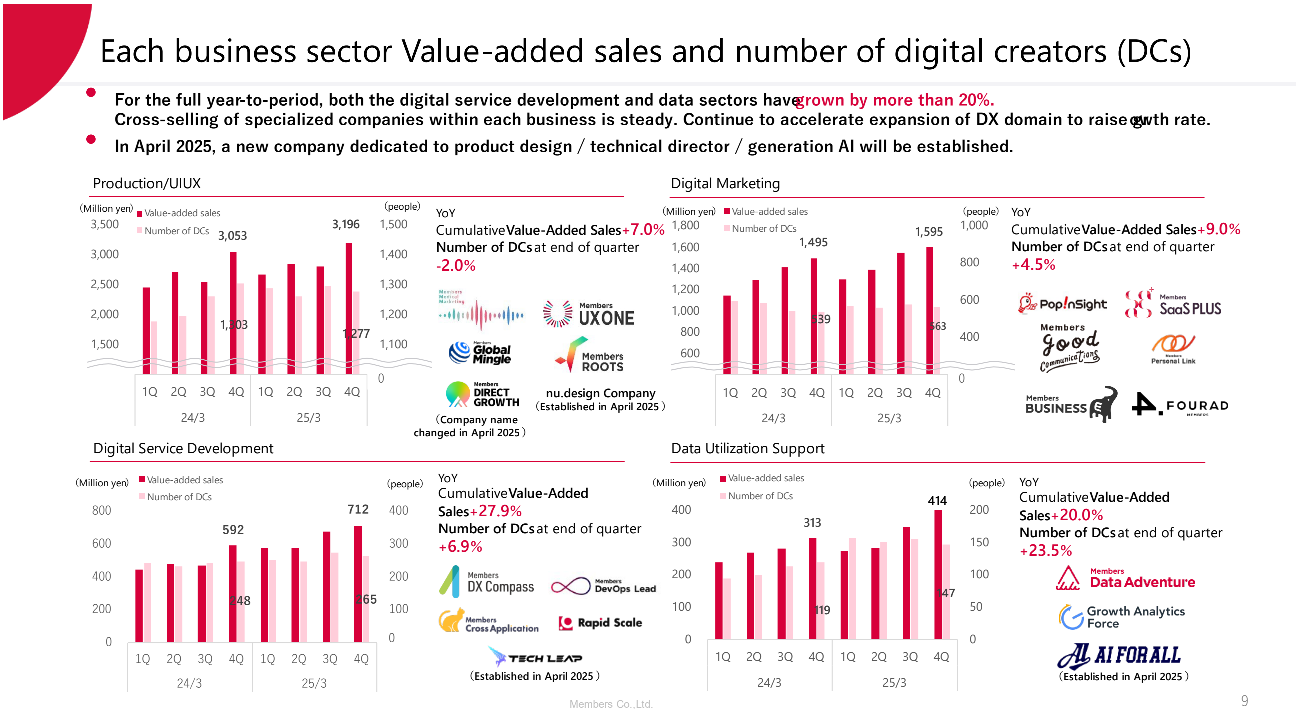
Operating profit, as I mentioned earlier, was JPY493 million for the full year, but profits had been declining for the past two years, and in FY3/2024, we were just barely in the black. The fact that we were able to increase profits from this point on indicates that our policy change is bearing fruit.

As for the number of digital creators, it increased by 145 to 2,627. The overall growth was limited due to curbing, especially mid-career employment. In addition, the turnover rate increased by 2 points to 11%. This is partly due to the overall mid-career recruitment market, and partly due to the fact that our company's low operating rate has continued for a rather long period of time. We will address this during FY2026.



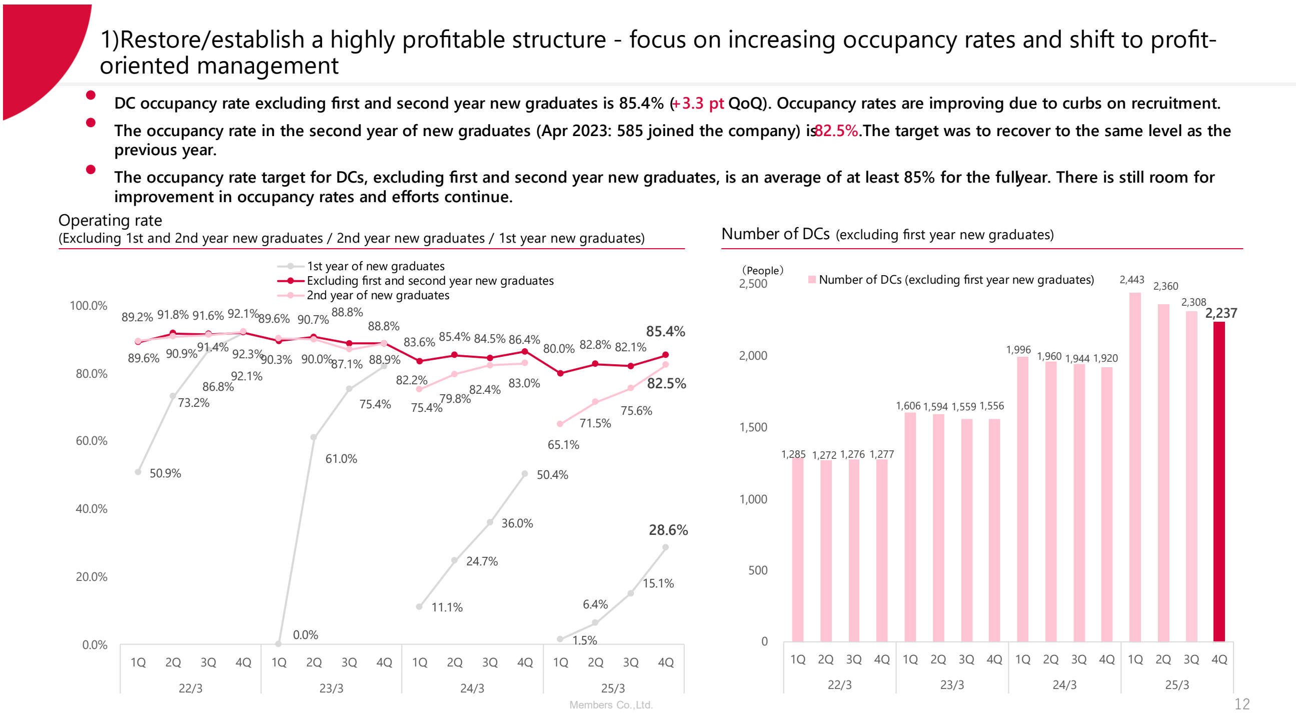

The next slide shows the results by business area. The growth rate of the Japan division, which focuses on the DX domain such as the digital service development and the data utilization support, is growing at a very high rate. The digital service development increased by 27.9% and the data utilization support increased by 20%. We would like to further increase sales in the DX domain by expanding services in this domain, increasing sales per company through cross-selling, and focusing on human resource development.

## Strategies for Medium-Term Growth

| | Strategies | KPI | Goal |
|---|---|---|---|
| Enhanced Profitability | **1) Focus on raising occupancy rates and shift to profit-oriented management**<br>➢ Improve human resources portfolio through planned hiring.<br>➢ Improved gross profit margin by eliminating unutilized human resources through improvement of utilization ratio of DCs excluding first and second year new graduates. | Occupancy rate of DCs excluding first and second year new graduates<br>Gross profit margin (consolidated) | Value-added sales growth 15% or higher<br>Operating profit ratio 10% |
| Establish high-growth business | **2) Reorganized into DX4 business to maximize existing customer sales**<br>➢ Restructured business domains into four areas, and promoted improvement of service quality and high value added in each business segment.<br>➢ Maximize value-added sales per client by strengthening services for existing clients through account management, and increase the number of large clients. | Value-added sales of DGT per company<br>Number of trading companies with full-year sales revenues of at least 100 million yen | |
| | **3) Obtain a position to support the client's internalization of DX**<br>➢ Expansion from the operational area to the execution planning area, strengthening the PMO<br>➢ Developing digital human resources with the industry's best accompanying skills to increase the operation of high unit cost DCs / Accumulating knowledge to support inhouse production | Unit sales per DC<br>Number of PMO staff | |
| Investment for the future | **4) Establish decarbonization DX business/develop decarbonization DX human resources** | Number of decarbonized DX human resources | |



I have discussed the overview of our financial results. From here, I would like to talk about the progress of our medium-term growth strategy in FY2025.




First, we focused on restoring and establishing a highly profitable structure by raising the operating rate and shifting to profit-oriented management. In FY3/2024, we expanded recruitment in a somewhat up-front investment manner, both for new graduates and mid-career hires, but last year we started to curb recruitment and focused on raising the internal operating rate.

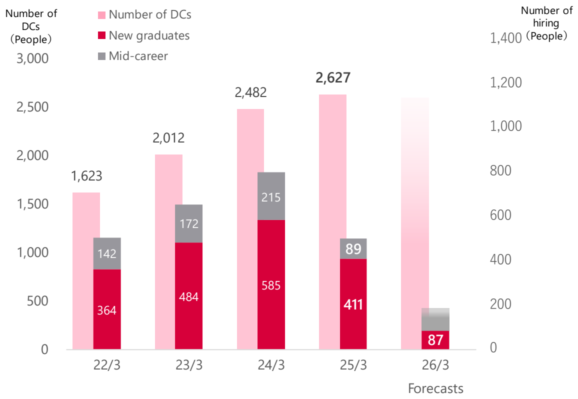
The operating rate, excluding first and second year new graduate employees, was 85.4% at the end of FY2025, which is just about on par with the level of FY3/2024. The number of second-year employees after graduating from university was 580, which was the record high new graduate employment. The operating rate improved to that of FY3/2024. I believe that our problem with the operating rate has been properly addressed.

On the other hand, more than 400 new graduates joined us in FY2025, and the operating rate was still 28.6%, which means that there is still room for improvement. The improvement is our challenge for FY2026. We believe that this is a challenge or a key point.

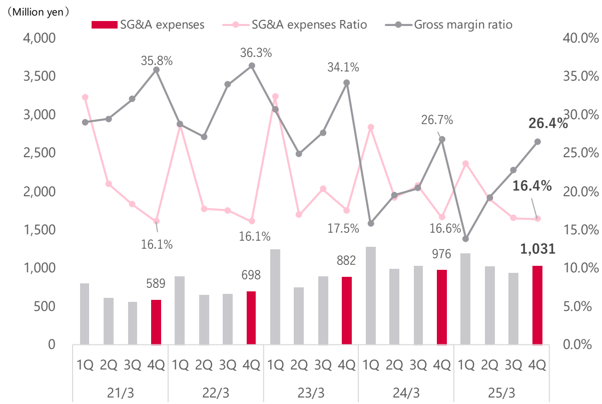
## 1)Restore/establish a highly profitable structure - focus on increasing occupancy rates and shift to profit-oriented management

- **Profitability has recovered steadilyas a result of curbing recruitment until utilization rates are at the right level; 87 new graduates joined the company in Apr 25; although the number of DCs is declining, profitability is expected to recover significantly in FY2026 due to improved unit costs and utilization rates.**
- **Gross profit margin in 4Q alone was at the same level as in the previous year, but before the payment of financial bonuses, it was 27.4%, up 0.7 pt YoY. The cumulative SG&A ratio was -2.1 pt due to thorough cost control. The transition to a more muscular organizational structure is progressing well.**

Number of DCs/new graduates and mid -career recruits




SG&A expenses/ratio/gross margin ratio
(consolidated until 25/3 2Q, unconsolidated from 25/3 3Q onwards)

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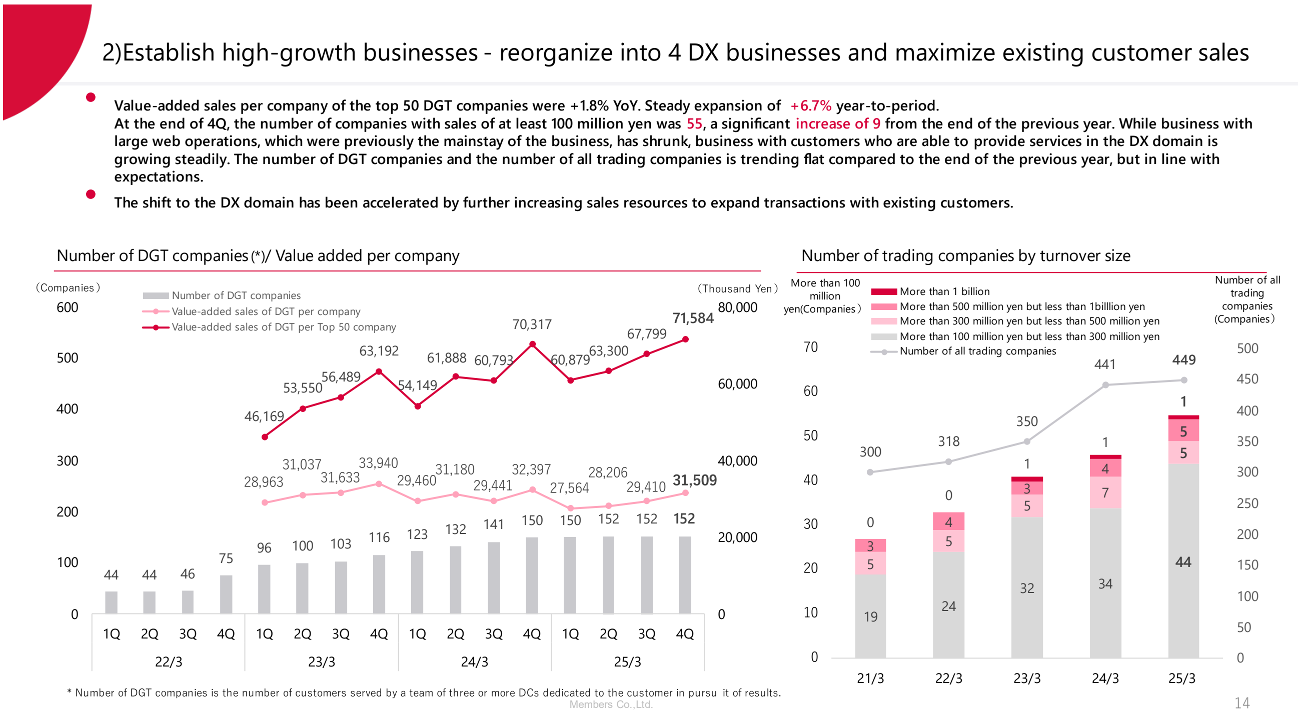
As I mentioned earlier, we are curbing the number of hires. We will curb our recruitment for an upfront investment until the operating rate returns to an appropriate level. The number of new graduates hired last April was 411 and this April was 87. The number of mid-career recruitment was 89 last year and 215 the year before. You can understand that we have curved the number of hires. As I mentioned earlier, there is still room to increase the operating rate. Although we reduced the number of hires to 87 in April this year, we believe that we can expect solid future growth with our existing employees.

As I mentioned in the previous section, we successfully controlled costs, mainly for mid-career hiring and SG&A expenses, and we are making good progress in building a highly profitable business structure as planned or even better than planned as the SG&A expense ratio decreased by 2.1%.

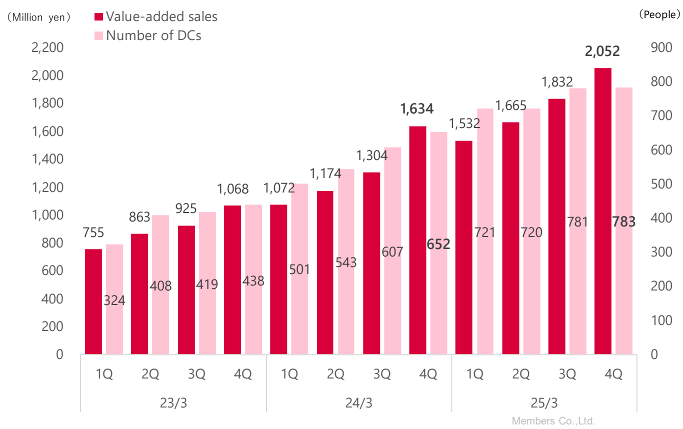



Next, we will transform our services to a high level within the 4 DX business to establish a high-growth business. In addition, the policy will be to maximize sales to existing customers. Sales per company for the top 50 companies were JPY71 million, up 1.8% YoY. On a full-year basis, we saw an increase of 6.7%. The number of clients with sales of JPY100 million or more as of the 4Q was 55 companies in total, a significant increase of 9 companies YoY. Our traditional mainstay, large-scale web operation domain slightly decreased. On the other hand, the expansion of services in the DX domain progresses steadily. We believe that the trend toward larger transactions with such clients is progressing steadily.

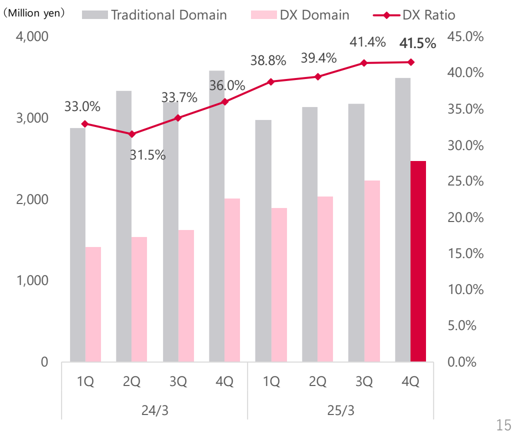
## 2)Establish high-growth businesses - reorganize into 4 DX businesses and maximize existing customer sales

- Value-added sales of specialized companies (full-year cumulative total) continued to expand significantly, to 7,083 million yen, +36.6% YoY. Accelerated cross-selling within the four business sectors, with growth driven by companies specializing in PMO, UX, Salesforce, and data.
- The DX domain accounted for 41.5% of total value-added sales (+5.5 pt YoY), and the cumulative growth rate for the full year was +30.8%, expanding steadily. On the other hand, growth in traditional domains has slowed. The company aims to further accelerate the shift to DX domains with high growth potential and raise the growth rate of the entire company.

Specialized Companies

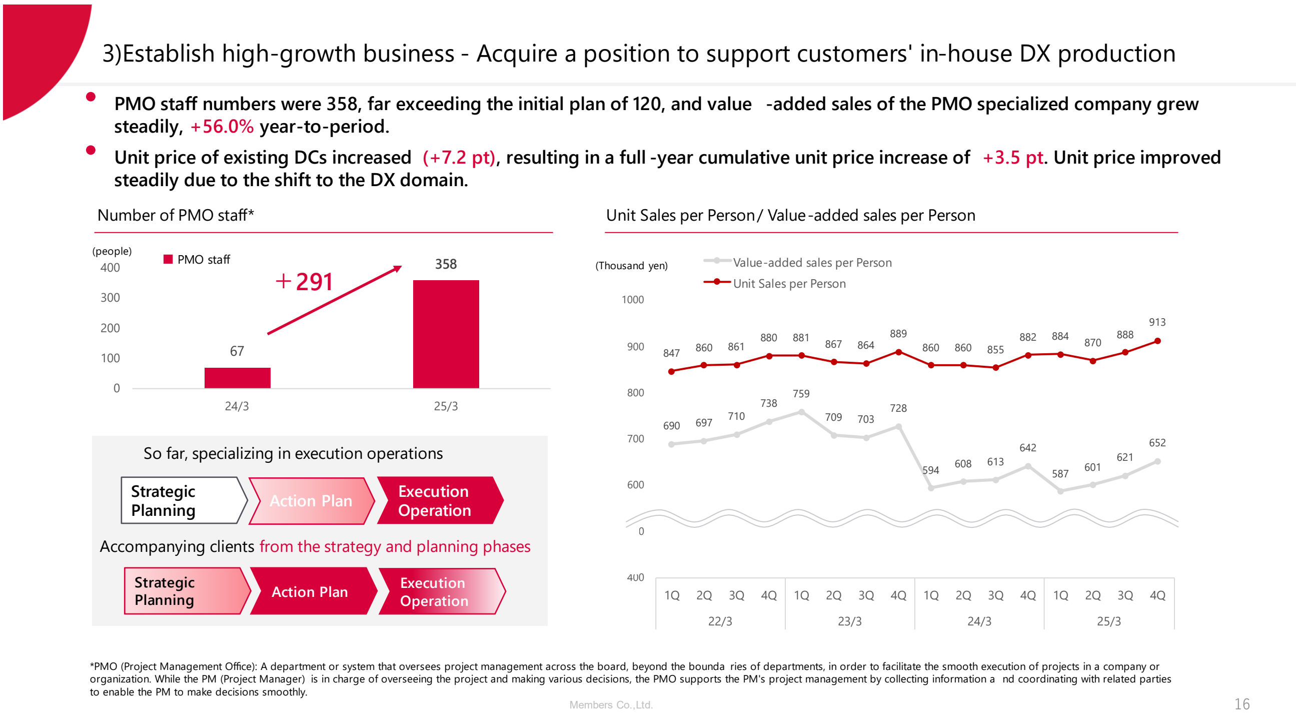



Value-added sales, by domains



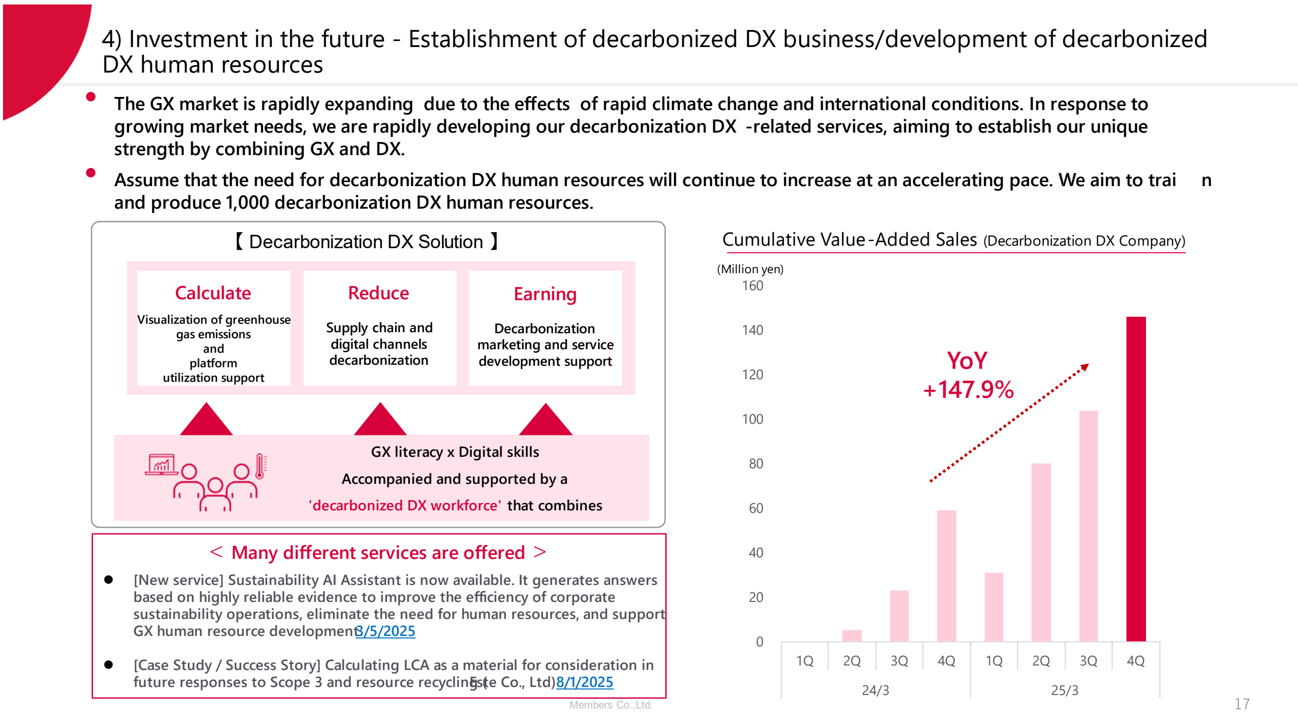

Looking more closely at the service side, we have a policy of specialized companies to enter the DX domain. We believe that the sales of the specialized companies increased YoY by 36.6% and grew very steadily. Cross-selling across the four businesses is increasing. We are expanding highly demanded services in the DX domain such as PMO specialized company that we are focusing on, UX specialized company, Salesforce specialized company, and data specialized company.

In 4Q, sales in the DX domain, which was driven by specialized companies, accounted for 41.5% of total added-value sales. It achieved a significant increase. It means a YoY improvement of 5.5%. The growth rate in this domain was positive 30.8%, which is a steady increase. While the ratio of this area is increasing, the growth of conventional domain slowed down or decreased. The growth rate of the DX domain was positive 30.8%. However, our overall business growth was about 10%, which is rather slow. As the ratio of the DX domain increases, the strong growth rate of 30% is expected to make a significant contribution to our company's growth. While we accept the slowdown in growth of the conventional domain, we will make our best effort to grow the DX domain. We will focus on further accelerating the shift to the high-growth DX domain to raise the growth rate of the entire company.

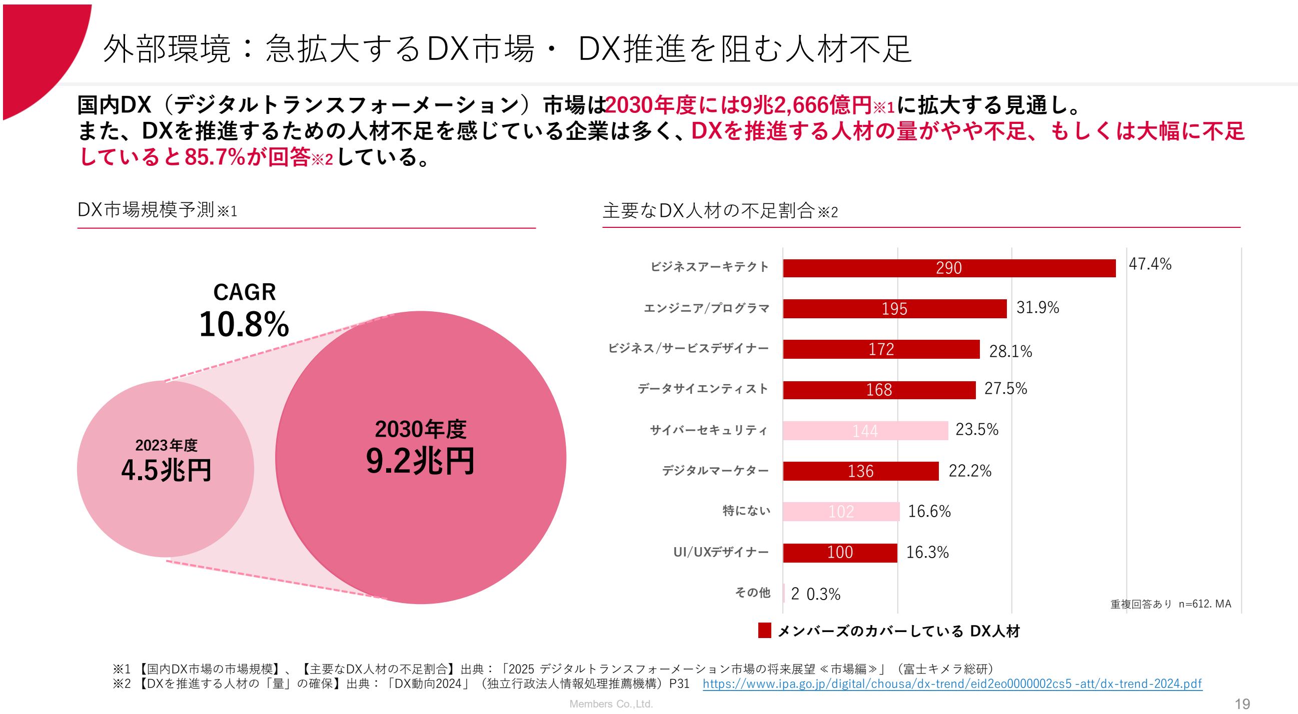



In addition, in order to establish a high-growth business, we have been working on a policy to obtain a position of the in-house DX running assistant. Our policy was to expand the PMO business, with the aim of advancing into the PMO area and the DX project execution planning area as the core, and we believe that this has been performing better than planned. We aimed to hire and train 120 people, but we trained 358 people, which is significantly more than we had planned.

As a result of this change in positioning, shifting from conventional web operations to on-site DX support and in-house DX running assistant, we are making steady progress in raising the unit price. The overall unit price of digital creators increased by 3.5 percentage points YoY to JPY913,000, and if we focus only on our existing digital creators, the unit price increased by 7.2 percentage points. A steady unit price rise has been achieved.



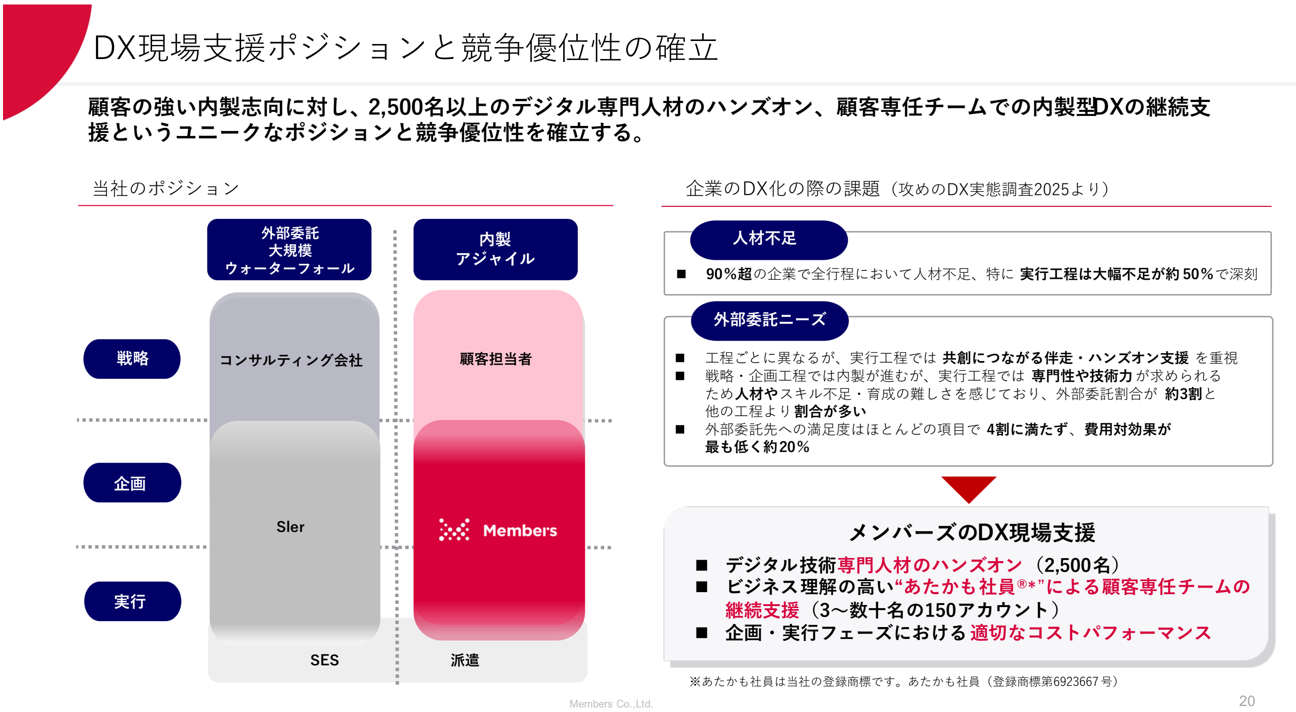

As an investment in the future, we are also expanding our services in areas such as decarbonization DX, how to contribute to climate change using the power of digital technology. Although this market is not yet large, we would like to establish a strong and unique service and develop it into one of our strengths, as our customers' investments are becoming very active.




I have discussed the results of our medium-term growth strategy initiatives in FY2025. From here, I would like to talk about our policy and goals for FY2026.

First of all, as to our market, in which we do not have major changes, we believe that investment in DX will continue to expand, especially among large companies. This is where, according to one statistical survey, it will continue to grow annually at a positive 10.8%. We would like to shift our position toward this market, which is estimated to be worth JPY9.2 trillion by 2030.

In spite of this, we believe that the shortage of human resources is becoming more and more acute, even though our customers are willing to make such investments. Recently, the Ministry of Economy, Trade and Industry has been making progress in understanding what kind of human resources are needed in this market, and it is said that there will be a significant shortage of business architects, engineers, service designers, data scientists, digital marketers, UI/UX designers, etc. We are covering and developing human resources in the dark red bars as our strengths. We believe that there is still a great deal of potential in this area.




Nevertheless, there are very many competitors in the DX market. Because it is such a booming market, many competitors are targeting it, and we are determined to establish a unique on-site DX support position and create a competitive advantage by doing so.

I mentioned earlier about in-house DX running assistants, which is the same as this on-site DX support. Basically, in the DX market, large-scale outsourced waterfall projects, such as large-scale mission-critical system development mainly by consulting companies and SIers, and the integration and maintenance of data infrastructures are now recognized as the trend in which large sums of money are invested. However, what will become very important in the future is the area of in-house proactive DX, in which customers establish in-house systems and proceed with agile projects over the long term. Many of our customers have a strong policy of creating such an in-house DX system.

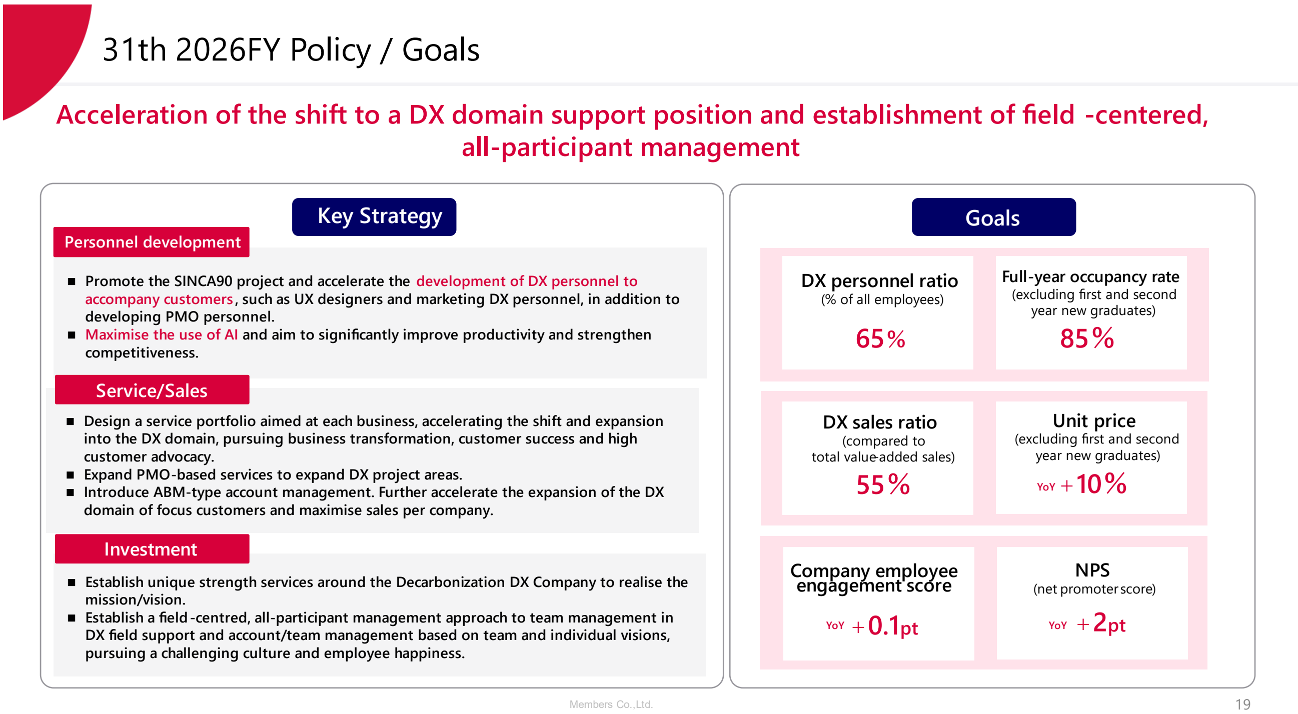
While such in-house DX is being promoted, there is a huge shortage of human resources in the area that requires practical and technical expertise, such as the area from project planning to execution. In our proactive DX reality survey, more than 50% of the clients experience their human resource shortage in the execution process, indicating that there is a significant shortage of human resources in this specialized technical area.

In other words, customers would promote in-house DX. We recognize that this is essential for the long-term success of DX, but on the other hand, there is a severe shortage of human resources. Especially in a situation where the number of specialized technical personnel is extremely tight, we believe that the key will be to create a clear and unique position as a support vendor for in-house DX.

Our strengths and characteristics at that time are summarized at the bottom right. First, hands-on support of specialized technical talents. In other words, you may often hear running assistants, but we do not just offer advice from running assistants but also have 2,500 to 3,000 specialized digital technical talents for hands-on support. This is one of its features.

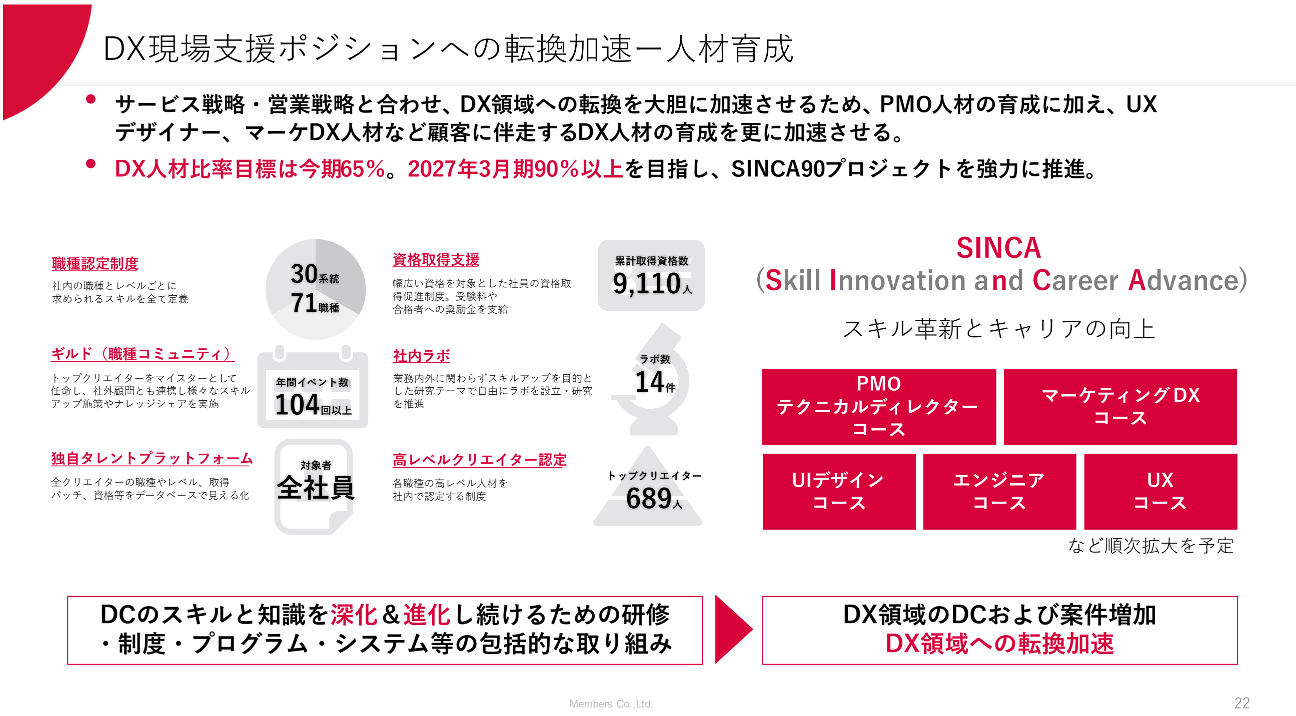
In addition, as the second feature, we are focusing on "Atakamo Shain" which name is registered, our employees with a high level of business understanding. They will work hard or even harder as if they are the employees of the customer for the highly challenging DX project. We have a business system in place in which our employees are dedicated to our customers and provide continuous support by forming a dedicated customer team. We believe that this enables us to have a high level of customer understanding and to provide ongoing running assistance.

In addition, we believe that appropriate cost effectiveness is necessary to provide long-term, continuous agile support. In the DX reality survey that I mentioned earlier, the level of satisfaction with cost effectiveness is very poor. We do not have a hierarchical structure of consultants and engineers or SIers and their subcontractors. As our DX specialists and digital specialists provide directly hands-on support, we believe that we are able to achieve appropriate cost effectiveness. In this context, we would like to establish a position of in-house DX running assistant to our customers as their in-house DX is promoted and thereby build a long-term competitive advantage.

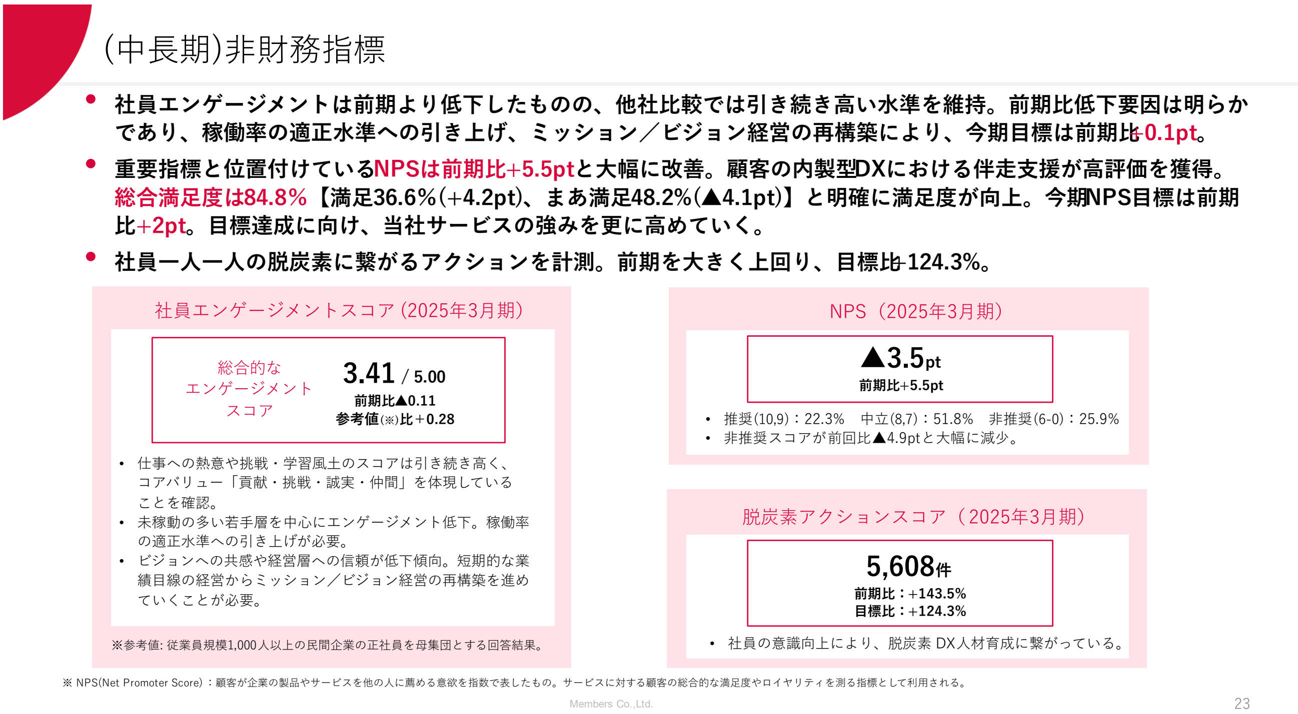



With this recognition of the environment, our policy for FY2026 is to further accelerate the shift to the on-site DX support position. We will put all our effort into this. We will focus our investment in this area. We will accelerate the shift to the on-site DX support position and establish a field-centered full-participatory management. As for our internal management issues, we would like to focus on how to improve employee engagement in our human capital management.

As for accelerating the shift of our position to the on-site DX support, the biggest challenge is first of all human resource development. The question is how to prepare a large number of high-level human resources for this purpose. In addition, we will further expand our services. There are many services and jobs that are required in the DX domain, so in addition to expanding our services, we would like to accelerate the shift to the on-site DX support position in terms of human resource development, services, and sales, including how to establish recognition of our on-site DX support position in the sales and marketing activates.




I will explain quickly one by one. First, our human resource development to accelerate the shift to on-site DX support position. Regarding this area, we have been working on an occupational certification system and a guild of occupational communities, and we started a project evolved from these initiatives in 2H of FY2025. This is an internal human resource development program that aims to train web creators who are currently working in the traditional domain to do high added-value work in the DX domain, where there are even greater needs. We will increase the ratio of the DX domain talents to 65% in FY2026. In the next fiscal year, we would like to increase this ratio to 90% or more.

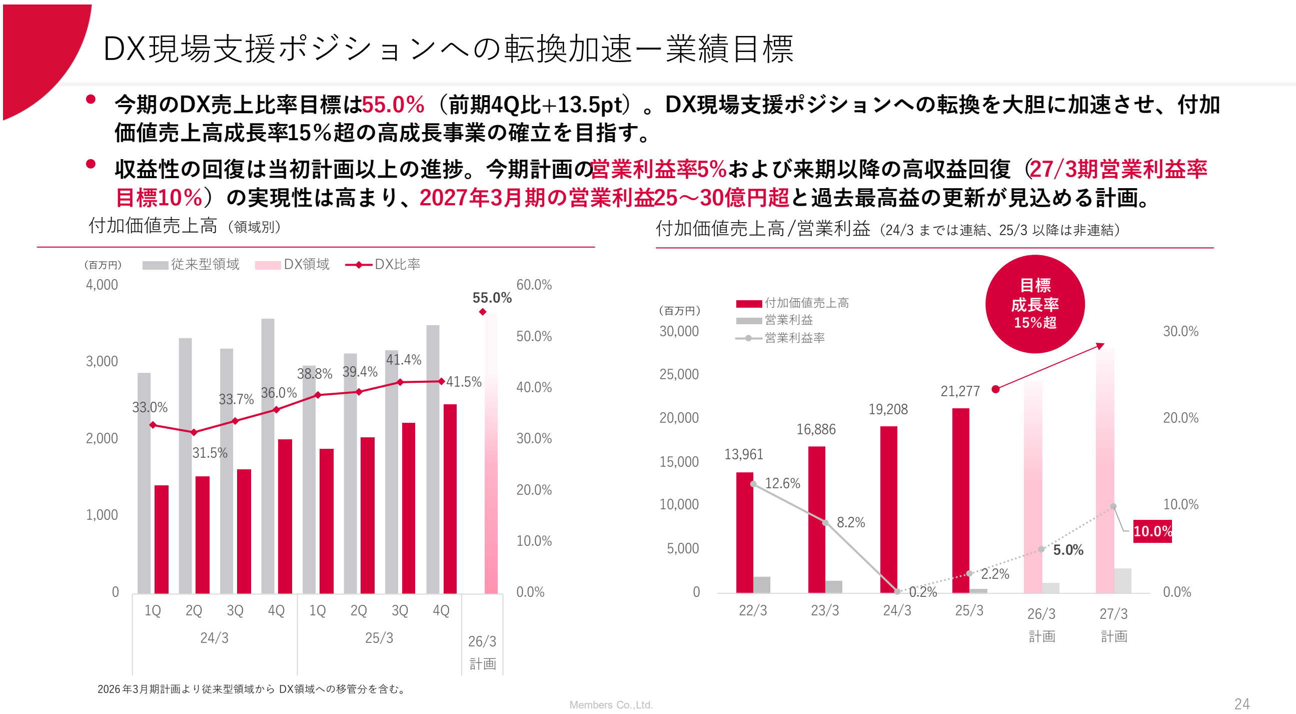



Furthermore, I would like to discuss our goals for medium- and long-term non-financial indicators, including human capital. In the summary of financial results, I mentioned earlier that the turnover rate increased slightly, but the biggest problem here is the continuously low operating rate. Our management regret that it was difficult to get a sense of growth and contribution in this area, but we believe that we have a good prospect of improving the internal operating rate from FY2026 onward, and one of the major factors can be improved.

Also, in FY2025, we focused on changing our policies and strategies, improving profitability, and restoring business performance, so the vision management and CSV management that were so unique to our company somewhat faded away as our internal management and operational issues. With this in mind, and with a roadmap for our performance recovery in place, we will once again firmly and strongly promote vision management and CSV management. We would like to regain employee engagement by involving our employees in this process. Although the score of 3.41 is still high compared to the average in society, we believe that this is one of our characteristics and a point where we can build on our strengths, and we would like to make a solid recovery in this area in FY2026.

Another indicator of the strength of our services in the DX domain is the Net Promoter Score, NPS, which is an indicator of our customers' intention to recommend us to other people. The score in FY2025 was minus 3.5 points. Those who do not know NPS may think a minus score is low score. However, the calculation method makes it difficult to have a positive score, and a positive score is considered very high. This minus 3.5 score is still considered to be at a high level. Our NPS score improved by 5.5 points in FY2025 from FY2024. We have received high customer satisfaction, but as the shift to services in the DX domain progresses, we believe that our customer satisfaction or NPS score will improve even further. We would like to improve this score by 2 points in FY2026.

And as an indicator of our vision management, here is a decarbonization action score. The score is an internal score, but it is also an indicator of the extent to which we can conduct operations that lead to decarbonization in our day-to-day operations or convert them to such operations. In FY2025, we could increase it significantly YoY by 143%.  By expanding the initiatives that lead to our vision, we hope to further improve employee engagement.




In this way, we will accelerate the shift to the on-site DX support in terms of human resource development, services, and sales. These are our business goals through the initiatives. We would like to increase the ratio of the DX domain from 41.5% in FY2025 to 55% in FY2026. However, there are divisions that were counted in the conventional domain in FY2025 but were converted to the DX domain as services within the conventional domain, thereby increasing the growth rate. We will shift these divisions into specialized companies and will be counted in the DX domain to increase the ratio to 55% in FY2026.

Through such efforts, we would like to raise the growth rate of the entire company to 15% or more, or close to 20% from the next fiscal year onward, but we are in a slight conflict with the slowdown in growth in the conventional domain. In FY2026, we expect to continue to face such a conflict. However, even so, we believe that we are on track to achieve our FY2026 operating profit margin target of 5% or that of 10% in FY2027 by improving our internal operating rate and by building a lean structure. We are confident that we will be able to achieve our operating profit margin targets for FY2026 and FY2027.

## FY2026 Policy/Performance Goals

- Although the shift to DX areas with high growth potential is progressing, growth in the traditional large web operations area is expected to slow down. Continue to boldly accelerate the shift to DX areas and establish high -growth businesses.
- As per the strategy for medium -term growth, the operating margin target for FY2026 is 5%. Significant profit growth is expected to be achieved, with a YoY increase of 720 million yen.

| (Unit: million yen) | FY2025 Result | | | | FY2026 Forecast | | | |
|---|---|---|---|---|---|---|---|---|
| | 2Q cumulative total | YoY Percentage change | Full-year | YoY Percentage change | 2Q cumulative total | YoY Percentage change | Full-year | YoY Percentage change |
| Revenue | 10,384 | 8.0% | 22,329 | 9.1% | 11,366 | 9.5% | 24,318 | 8.9% |
| Value-added sales | 9,961 | 10.3% | 21,277 | 10.8% | 11,057 | 11.0% | 23,620 | 11.0% |
| Operating profit | (479) | - | 493 | 1082.0% | (50) | - | 1,214 | 146.2% |
| Operating profit margin | (4.6%) | - | 2.2% | - | (0.4%) | - | 5.0% | - |

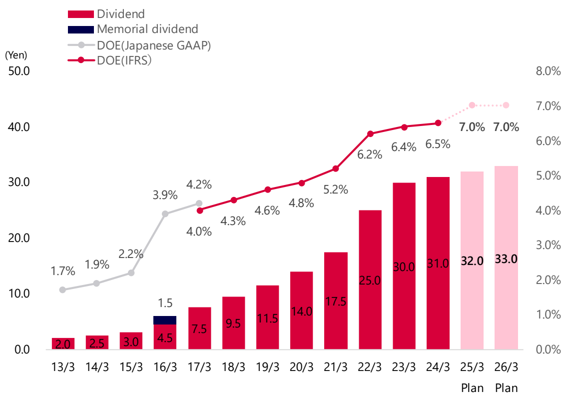



In this context, this is our announced plan for FY2026. Sales revenue increases YoY by about 9% to JPY24.3 billion and added-value sales increase YoY by 11% to JPY23.6 billion, with both sales revenue and added-value sales growth at almost the same rate as FY2025. On the other hand, operating profit margin is expected to recover from 2% in FY2025 to 5% in FY2026, and operating profit is JPY1.2 billion, a significant increase from approximately JPY500 million in FY2025.

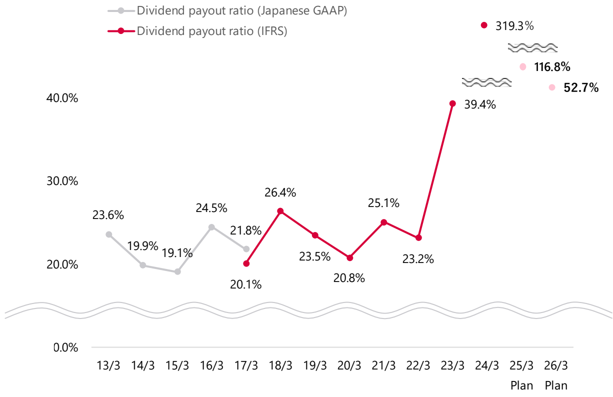
## Shareholder Return

- Dividend for FY2025: 32.0 yen, with plans to increase the dividend for 13 consecutive years after the initial dividend.
- Dividend for FY2026: 33.0 yen. Plans to increase dividend by JPY 1 per share in line with the policy of continuous dividend increases.
- The company will continue to pay a dividend of at least 5% DOE. Dividend payout ratio is a temporary outlier; target is 25%.

Dividend and DOE




Dividend payout ratio

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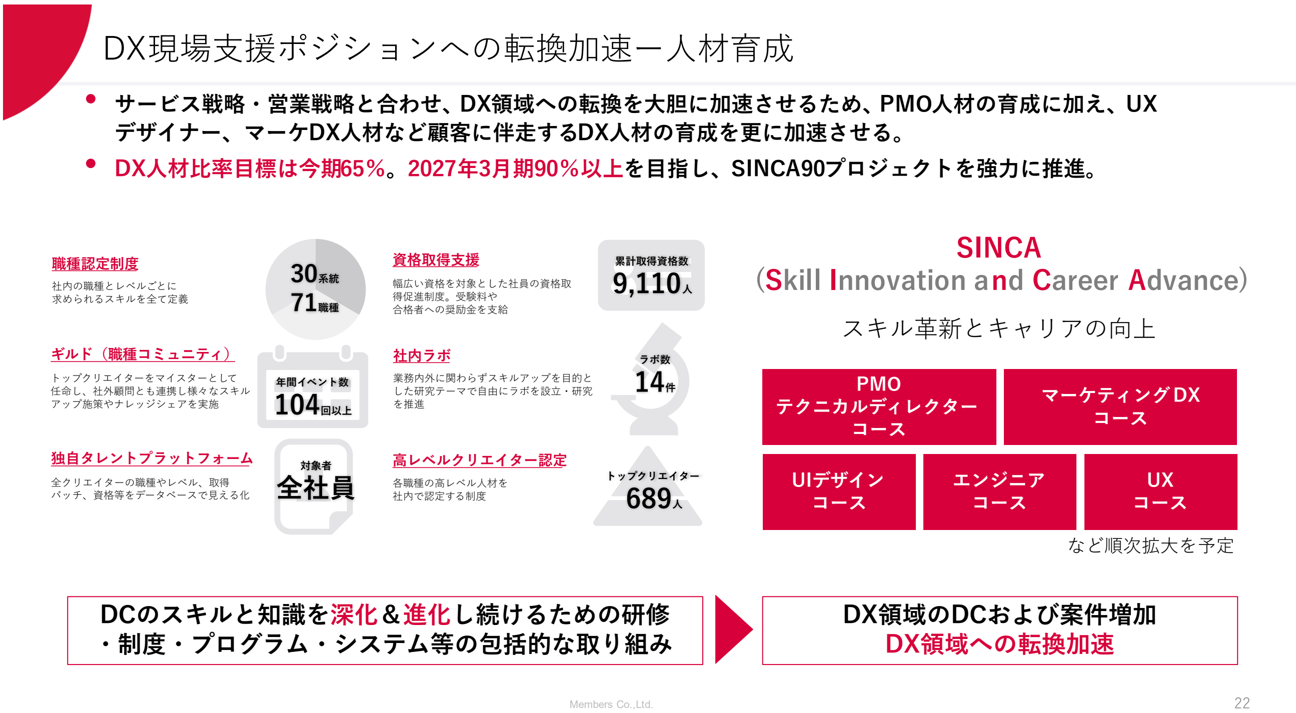
And finally, I would like to discuss shareholder returns. Basically, our policy is to increase dividends, and since the current operating profit is still low compared to our usual operating profit margin of 10%, we are planning to increase a dividend by JPY1. We have set a DOE target of 5% or more, and we plan to achieve a DOE of 7%, which is about the same as the previous year.

That concludes my explanation of our financial results and FY2026 policy and goals. I would like to move on to the Q&A session from here. Thank you for your understanding.

## Question & Answer

**Participant [Q]**: Please explain the status and progress of employee development so that we can understand the strengths of your company. Mr. Takano, please.



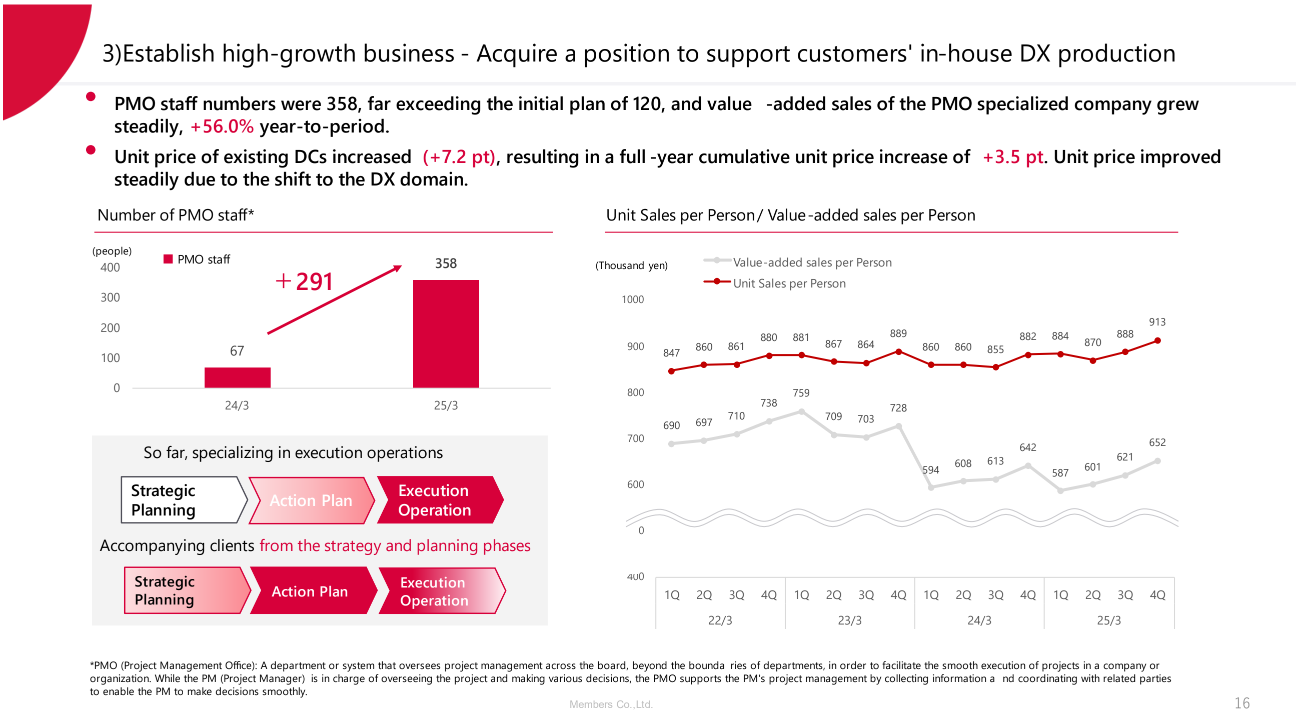

**Takano [A]**: Thank you for your question. I believe that we are proceeding with our employee development efforts with the firm policy and goal. We have about 20 specialized companies. These specialized companies are basically concentrated in the DX domain, so we believe that developing these specialized companies will foster DX human resources, which is one of our original strengths.  We started a program called "SINCA" to further develop human resources not only by entrusting the growth of these specialized companies, but also by developing human resources company-wide in advance. The program started in the second half of last year, and as of last year, the number of participants was nearly 1,000, and the program is well accepted.

On the other hand, we are now working to further sophisticate the SINCA program as well as to increase the job categories. Since its introduction in the second half of last year, we have achieved a big result. We are now making further efforts in this area this fiscal year, and I believe that we will be able to make even greater progress on reskilling our human resources for the DX domain in this fiscal year.

There are many large companies that offer a wide choice of courses. As to our strengths, we have work environments. As I mentioned earlier, there are 20 specialized companies, each of which has a wide range of DX service lineups in a wide range of areas, and these are all in place to play an active role in the field. I think there are some cases in DX human resource development where people feel that their learning does not bring any results. But this is not the case with our company, and there are many companies where they can play an active role. Our company allows our employees after their learning to change their job through the job posting system. I think it is very important to have such an environment that allows our employees to choose their career from a wide range of options.

In addition, we have employees with a strong desire to grow, especially in the digital domain, and they are also strongly peer-oriented. In fact, our evaluation system includes not only one's own growth, but also the training of colleagues and junior employees. So, our company values human resource development, which is our strength. There are many job opportunities internally in the DX domain. We believe that we can further accelerate the development of human resources in this area by establishing a company-wide program including this SHINKA initiative, whereas in the past we have left it up to the growth of each company.

**Participant [Q]**: have three questions. First, as to the DX domain and the conventional domain, may I understand that the profit margin in the DX area is already higher? Or is it going to get higher? Could you tell me the current situation?




**Takano [A]**: Thank you very much. Basically, we believe that the DX domain has higher unit prices and higher profit margins. As shown here, the increase in the unit prices is partly due to the shift to the DX domain, which is one of the major factors. It brings such a result.

**Participant [Q]**: The level required is very high, but the profitability is also high, is that your understanding?

**Takano [A]**: That is correct.

**Participant [Q]**: Secondly, in your plan for 1H of FY2026, sales are JPY11.3 billion, and operating profit is negative JPY50 million which was reported in the summary, and you assume a significant improvement especially in terms of profit. Is this a very firm estimate, or is it a target?

**Takano [A]**: This number is not a challenge target, and we believe it is achievable. Basically, the biggest factor is that, as shown here, the number of new graduates who joined us in FY2026 is 87, a significant reduction compared to 411 who joined us in the previous fiscal year. As I mentioned on the previous page, the operating rate for the 400 new employees in the previous fiscal year was still about 30%, which means it is improvable up to 70%. We hired 580 and 510 new graduates who were not operable in the first six months in the past. We made a significant reduction, which we believe will result in a higher overall operating rate and profitability improvement in 1H of FY2026.

## FY2026 Policy/Performance Goals

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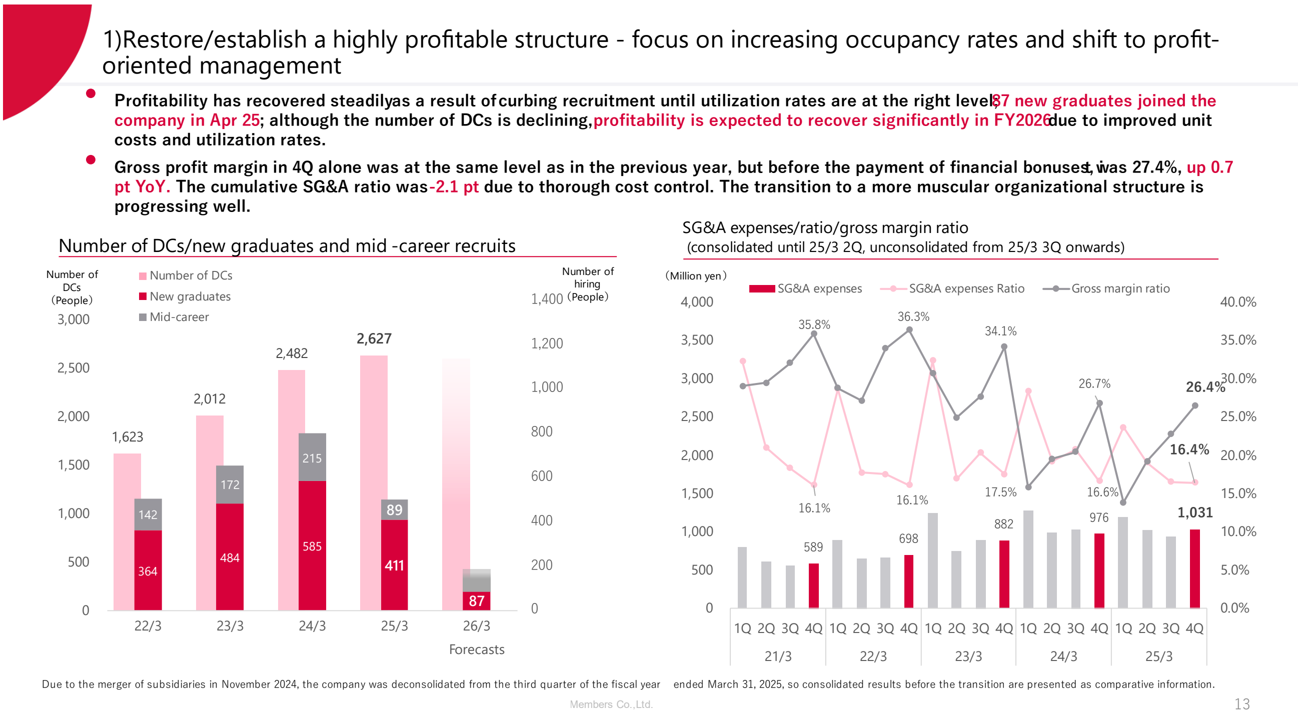
**Participant [Q]**: Thank you. Now that you mention new employees, I am wondering what kind of approach you would take to recruiting new graduates for April next year.

**Takano [A]**: Thank you very much. Basically, the current growth rate is about 10% or 11%, and our medium-term three-year strategy is to keep recruitment within that growth rate. In the future, we will aim for over 15% growth. We believe that we must eventually raise the number of recruits required to achieve it.

We significantly reduced the number of new recruits to 87 in FY2026. We expect to reach a human resource shortage situation for growth in this fiscal year or next fiscal year. We curbed significantly our recruitment in the current fiscal year, but we believe that it will be necessary to increase the number again later. We will not suddenly increase the number of new recruits to 400, but in any case, we will increase the number of employees again as we see a recovery in growth potential.

We have now 3,000 employees. If we were to increase the number of employees by 15%, we would have to hire 450 people. On the other hand, if the turnover rate is 10%, or if we lose 300 employees, we need to hire 750 people. Of course, this includes mid-career recruitment, but it is not so simple. We need to consider also improving our unit prices. Anyway, our business model is based on the human resource business, and our advantages include our ability to hire people. We are considering a recovery in the number of new recruits as well, while watching the pace of recovery in growth.




**Participant [Q]**: May I understand that the mix of new graduates and mid-career hires is more or less the same as in the past?

**Takano [A]** : The basic idea is that, considering what we want to do, we need someone to develop digital human resources, as there is a huge shortage of digital human resources in the world. I think that it is no good if we are competing with each other for mid-career hires.

However, of course, it is not a business domain in which we can only hire new graduates, so we will continue our mid-career recruitment as well, and we believe that the boundary between new graduates and mid-career workers will continue to narrow in the future. This is a global trend, including our company, but there are more and more young people changing jobs, and more people from other industries moving into the digital industry. In any case, considering recruitment from the perspective of human development, we need to focus on both new graduates and mid-career workers, as the barriers between the two types of workers are somewhat fading. Therefore, while our main focus is on new graduates, we will expand our mid-career recruitment activity in light of recruitment considering human development.

**Takano [M]**: Thank you very much for attending the financial results briefing of Members Co. Ltd. today. As I mentioned at the beginning, this year marks our 30th anniversary. We have been recognized as a web production company or a web marketing company for 30 years. We would like to make a major shift in our position to a DX support company and achieve the major transformation for our growth over the next decades.

In addition, two years ago, I took over the president position from Kenmochi, the founder of Members. During the past two years, we focused on the recovery of business performance, rebuilding, and changing strategies in response to the sluggish business performance. Again, I would like to establish a company independent from the leadership of the owner and management and ideal participatory management in which the power of the employees, our highly engaged and highly motivated employees, will enable us to achieve even greater growth. We will continue to communicate with you about these initiatives to achieve our growth, and we look forward to your continued support in the future. Thank you very much for your time today.

[END]

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