



**Members**

# Financial Results for 2Q FY2022

Members Co., Ltd. (TSE 2130)

October 29, 2021

# Company Profile



Representative Director and President Tadashi Kenmochi

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



Corporate name Members Co., Ltd.

Date of establishment June 26, 1995

Mission (VISION2030) **Create a spiritually rich society through “MEMBERSHIP”**

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

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

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

Securities code 2130; First Section of Tokyo Stock Exchange

No. of employees (consolidated) 1,827 (as of September 30, 2021)



# Service Features

## EMC business

(Engagement Marketing Center business)

### Outline

**Digital business operation support service**  
Websites, EC, SNS, apps, marketing automation (MA), digital transformation (DX), etc.

### Features

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

### Major clients

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

## PGT business (\*)

(Product Growth Team business)

### Outline

**Provision of personnel for supporting the growth of digital products of clients**  
DX producers, UX designers, data scientists, marketing planners, data engineers, website directors, website designers, engineers, and others

### Features

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

### Major clients

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

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

## 2Q FY 2022 Overview

We received many business inquiries from existing customers in the digital marketing field, and the specialized business domain with high added value kept growing year on year. On the other hand, a valuation loss of inventory assets of 92 million yen and an allowance of 78 million yen were posted due to the emergence of unprofitable transactions in the EMC business. In addition, plans for acquiring new customers were delayed somewhat, so sales revenue and operating profit fell below the forecasted amounts for the cumulative second quarter.

### Consolidated results

Sales revenue

**6,795** million yen

+25.6%  
y/y

Operating profit

**366** million yen

+149.3%  
y/y

Added-value sales

**6,381** million yen

+28.0%  
y/y

### Business situation

EMC business  
Sales revenue

**4,777** million yen

+15.9%  
y/y

PGT business  
Sales revenue

**2,347** million yen

+48.8%  
y/y

No. of companies we offer the EMC model	<b>44</b>	-3 from the end of the previous term
No. of digital creators	EMC business <b>933</b> PGT business <b>698</b>	+158 from the end of the previous term +169 from the end of the previous term

Educational investment

Up 20 million yen  
y/y

**139** million yen



Ratio of sales of services other than website operation during 22/2Q

Up 0.7 points compared to 22/1Q

**25.8** %



Estimated term-end dividend per share

Up 6.0 yen from the previous term

**23.5** yen



# Income Statement Summary

Both sales revenue and operating profit were healthy compared with those in the same period of the previous year. Gross profit margin declined year on year, as a valuation loss of inventory assets of 92 million yen and an allowance of 78 million yen were posted due to the emergence of unprofitable transactions.

[Unit : million yen]	Results in 2Q			Cumulative results in 1H		
	FY3/2021	FY3/2022	y/y	FY3/2021	FY3/2022	y/y
Sales revenue	2,921	3,686	+26.2%	5,411	6,795	+25.6%
Added value sales	2,707	3,453	+27.6%	4,984	6,381	+28.0%
Gross profit	859	997	+16.1%	1,580	1,890	+19.6%
(Gross profit margin)	29.4%	27.1%	—	29.2%	27.8%	—
SGA	613	650	+6.1%	1,414	1,539	+8.9%
Operating profit	205	357	+74.3%	146	366	+149.3%
(Operating profit margin)	7.0%	9.7%	—	2.7%	5.4%	—
Pretax profit	202	356	+76.5%	142	364	+156.2%
Net profit	131	241	+84.5%	119	259	+117.3%

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

# Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2021)	2 <sup>nd</sup> quarter of the current consolidated accounting year (Sep. 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,140,847	4,093,617
Trade receivables and other receivables	2,842,456	2,352,462
Inventory assets	31,803	49,118
Other current assets	173,103	196,004
<b>Total current assets</b>	<b>7,188,210</b>	<b>6,691,203</b>
<b>Non-current assets</b>		
Tangible fixed assets	252,811	243,652
Rights to use as assets	491,002	582,088
Goodwill	116,115	116,115
Intangible assets	8,436	9,523
Other financial assets	266,909	268,638
Deferred tax assets	323,802	366,733
Other non-current assets	1,309	523
<b>Total non-current assets</b>	<b>1,460,387</b>	<b>1,587,276</b>
<b>Total assets</b>	<b>8,648,597</b>	<b>8,278,479</b>

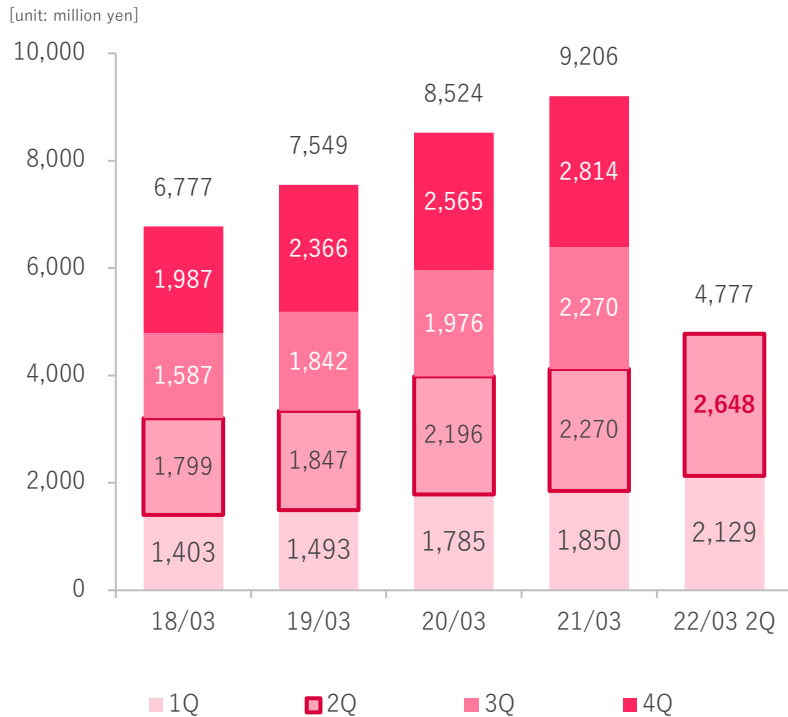
# Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2021)	2 <sup>nd</sup> quarter of the current consolidated accounting year (Sep. 30, 2021)
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Lease liabilities	234,773	287,894
Trade payables and other payables	974,844	653,383
Income taxes payable	356,050	209,003
Allowance	-	78,135
Contract liabilities	234,351	126,752
Other current liabilities	1,970,892	1,921,474
<b>Total current liabilities</b>	<b>3,770,912</b>	<b>3,276,643</b>
<b>Non-current liabilities</b>		
Lease liabilities	157,327	193,114
Allowance	106,181	106,716
<b>Total non-current liabilities</b>	<b>263,509</b>	<b>299,830</b>
<b>Total liabilities</b>	<b>4,034,422</b>	<b>3,576,474</b>
<b>Shareholders' equity</b>		
Capital stock	910,405	935,834
Capital surplus	228,752	254,181
Treasury shares	(8,240)	(8,370)
Other components of equity	55,622	58,469
Retained earnings	3,427,635	3,461,891
<b>Total equity attributable to owners of the parent</b>	<b>4,614,175</b>	<b>4,702,005</b>
<b>Total shareholders' equity</b>	<b>4,614,175</b>	<b>4,702,005</b>
<b>Total liabilities and equity</b>	<b>8,648,597</b>	<b>8,278,479</b>

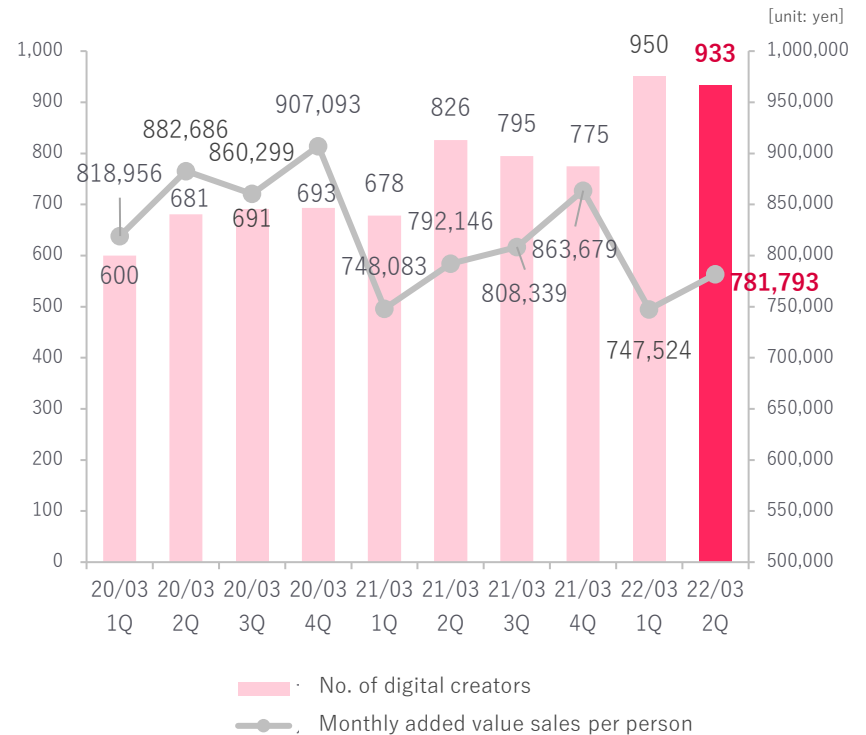
# Sales by Segment-EMC Business

The sales revenue\*1 and the number of digital creators in the EMC business were **4,777 million yen** (up 15.9% year on year) and **933** (up 158 from the end of the previous term), respectively. Digital marketing-related sales from existing customers increased, but the acquisition of new customers was delayed a little compared with the plan and added value sales per person decreased slightly year on year.

Sales revenue of the EMC business



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



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

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

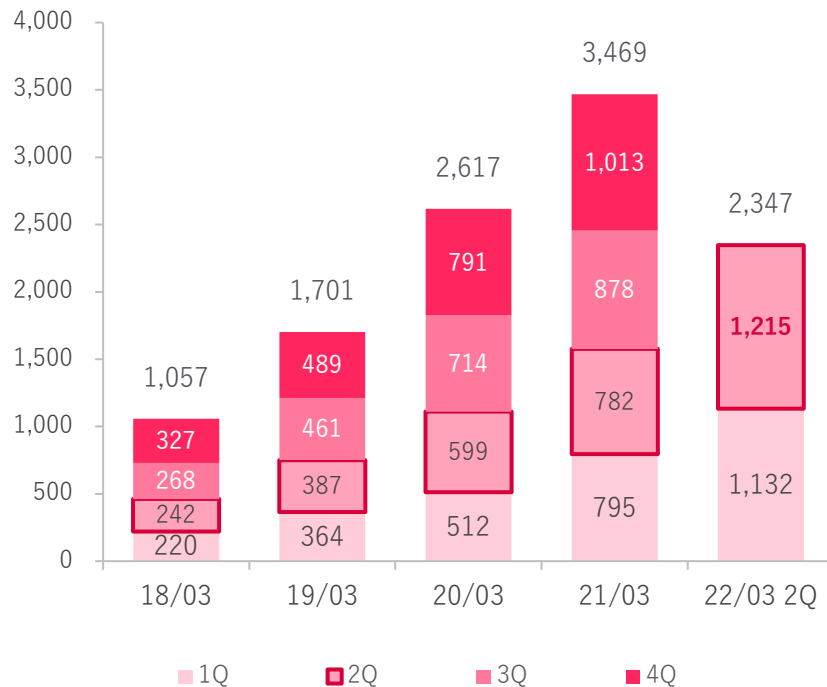
\*3 Monthly added value sales per person = Cumulative quarterly added value sales ÷ Average number of digital creators during the term



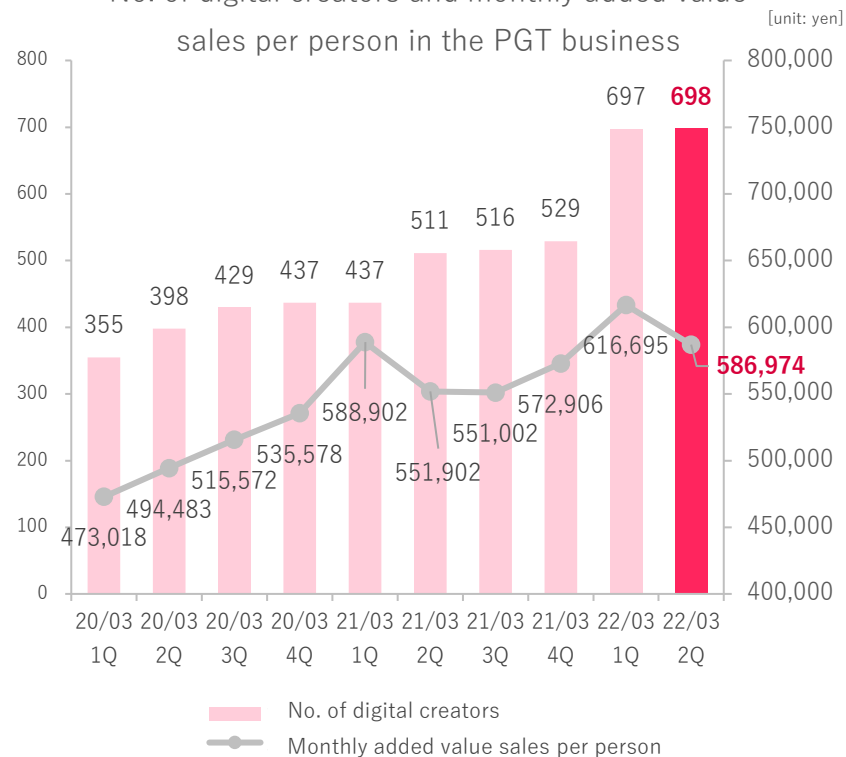
# Sales by Segment-PGT Business(※1)

The sales revenue\*2 and the number of digital creators in the PGT business were **2,347 million yen** (up 48.8% year on year) and **698** (up 169 from the end of the previous term), respectively. The business domain with high added value grew, and added value sales per person increased 6.4% year on year. In order to increase creators in the specialized business domain, in which average spending is high, we enhanced investment in education for honing their skills.

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



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



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

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

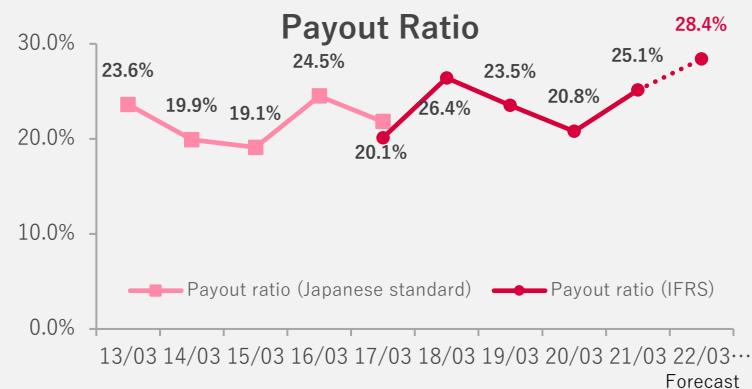
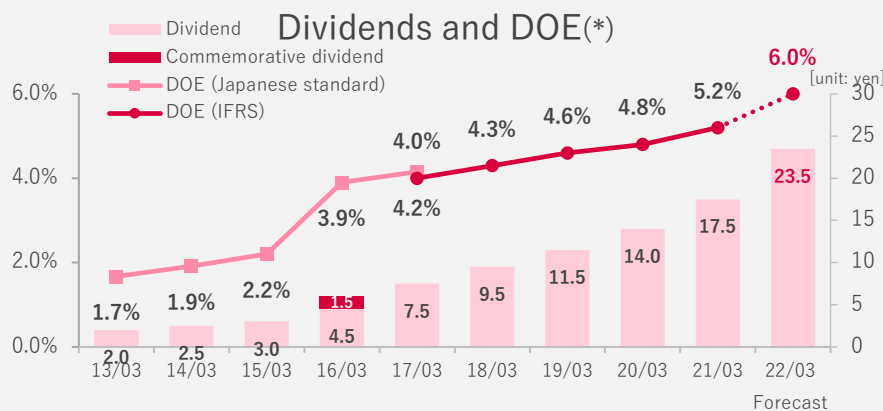
\*3 No. of digital creators is the figure as of the end of 2Q.

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

## Consolidated earnings and dividend forecasts for the term ending March 2022

A valuation loss of 92 million yen and an allowance of 78 million yen were posted due to the emergence of unprofitable transactions in the EMC business, and plans for acquiring new customers were delayed somewhat, so the results fell below the earnings forecast for the cumulative second quarter. Therefore, we have revised the full-year consolidated earnings forecast while considering the trend, etc. in the consolidated cumulative second quarter. There is no revision to the dividend forecast.

	Full-year results for FY 2021 (IFRS)		Full-year forecast for FY 2022 (IFRS)			
	Full year	y/y increase/ decrease rate	【Before revision】		【After revision】	
			Full year	y/y increase/ decrease rate	Full year	y/y increase/ decrease rate
Sales revenue (million yen)	12,087	13.9%	15,200	25.8%	14,800	22.4%
Operating profit (million yen)	1,261	1.0%	1,800	42.6%	1,600	26.8%
Pretax profit (million yen)	1,248	0.6%	1,790	43.4%	1,590	27.4%
Net profit (million yen)	896	2.6%	1,199	33.8%	1,065	18.8%
Profit attributable to owners of parent (million yen)	896	4.0%	1,199	33.8%	1,065	18.8%



# Cautionary Statement

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

**For IR inquiries**

**Members Co., Ltd.**

**Corporate Planning Office IR Team**

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