



Members

Financial Results for FY2023

Members Co., Ltd. (TSE 2130)

May 10, 2023

Company Profile

Company name	Members Co., Ltd.
Locations	Headquarters (Tokyo), Web Garden Sendai, Web Garden Kitakyushu, Web Garden Kobe, Sapporo Office
Date of establishment	June 26, 1995
Consolidated capital	1,017 million yen (as of March 31, 2023)
No. of employees (consolidated)	2,274 (as of March 31, 2023)
Consolidated sales revenue	17,662 million yen (fiscal year ended March 31, 2023)〔IFRS〕
Securities code	2130; Prime Section of Tokyo Stock Exchange
Business content	Digital marketing business

Create a spiritually rich society through “MEMBERSHIP”

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

Tadashi Kenmochi,
Representative Director and Chairman



Promoting “decarbonized DX” for companies and society

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

Akihiko Takano,
Representative Director and President



Joined Japan Climate Leaders' Partnership in October, 2020.



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



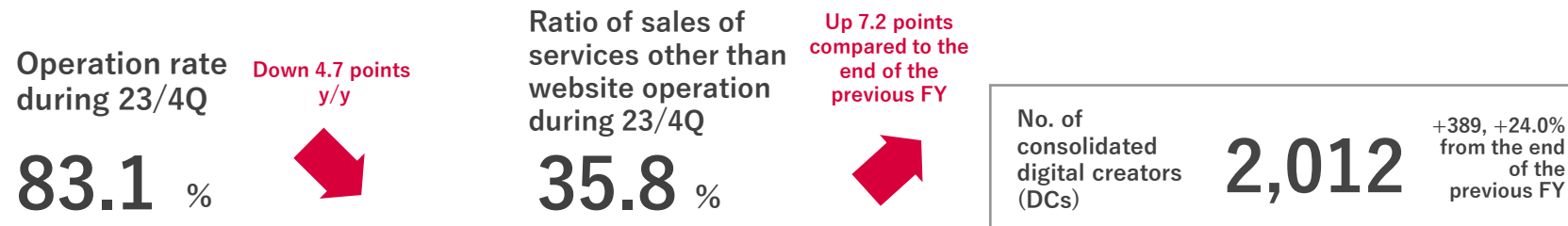
FY 2023 Overview

Consolidated sales revenue increased by 18.2%, and added-value sales(*1) increased by 20.9%, marking a record high. Operating rate declined due to the upfront investment in human capital and operating profit dropped year on year; however, we secured a profit margin of over 8%. As the improvement policy proceeded, the number of companies we offer our unique “result-oriented team” service has increased by 41 from the end of the previous FY. Sales revenue of the PGT business, centered on specialized companies, maintained a high growth rate of +33.7% year-on-year, and the ratio of sales of services other than website operation increased by 7.2 points from the previous fiscal year.

Consolidated results



Business situation



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

*2 No. of companies we offer our unique “result-oriented team” service is counted if the customer was provided services as a dedicated team of 3 or more DCs.

Income Statement Summary

The improvement policy started to show results from the 4Q, and the full-year consolidated earnings forecast announced on February 2, 2023 was achieved. Gross profit margin decreased year-on-year due to a decline in operating rate compared to the steady increase in the number of DCs secured and SGA expenses increased due to aggressive business investment for future growth and expansion of investment in mid-career recruitment. But we secured an operating profit margin of over 8%.

[Unit : million yen]	Full year result			Full year forecast in FY3/2023(revised)	
	FY3/2022	FY3/2023	y/y	Revised Forecast	Progress rate toward the revised forecast
Sales revenue	14,938	17,662	+18.2%	17,300	102.1%
Added value sales	13,961	16,886	+20.9%	—	—
Gross profit	4,756	5,201	+9.3%	—	—
(Gross profit margin)	31.8%	29.4%	—	—	—
SGA	2,901	3,758	+29.6%	—	—
Operating profit	1,876	1,441	(23.2%)	1,200	120.1%
(Operating profit margin)	12.6%	8.2%	—	—	—
Pretax profit	1,896	1,399	(26.2%)	1,180	118.6%
Net profit	1,404	1,010	(28.0%)	850	118.9%

Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2022)	Current consolidated accounting year (Mar. 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	5,226,706	4,479,967
Trade receivables and other receivables	3,075,859	3,387,822
Inventory assets	48,632	68,547
Other current assets	224,303	234,311
Total current assets	8,575,502	8,170,648
Non-current assets		
Tangible fixed assets	237,803	349,032
Rights to use as assets	713,578	918,446
Goodwill	116,115	116,115
Intangible assets	12,425	9,897
Other financial assets	373,657	1,340,550
Deferred tax assets	375,346	410,580
Total non-current assets	1,828,927	3,144,623
Total assets	10,404,429	11,315,271

Balance Sheet Summary

[unit: thousand yen]	Previous consolidated accounting year (Mar. 31, 2022)	Current consolidated accounting year (Mar. 31, 2023)
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Lease liabilities	400,434	360,860
Trade payables and other payables	1,068,471	1,201,535
Income taxes payable	370,219	204,338
Contract liabilities	30,200	66,737
Other current liabilities	2,326,547	2,551,526
Total current liabilities	4,195,872	4,384,998
Non-current liabilities		
Lease liabilities	197,817	301,917
Allowance	115,362	252,658
Total non-current liabilities	313,180	554,576
Total liabilities	4,509,052	4,939,574
Shareholders' equity		
Capital stock	963,358	1,017,504
Capital surplus	281,704	342,670
Treasury shares	(8,477)	(300,140)
Other components of equity	52,190	30,845
Retained earnings	4,606,602	5,284,816
Total equity attributable to owners of the parent	5,895,377	6,375,696
Total shareholders' equity	5,895,377	6,375,696
Total liabilities and equity	10,404,429	11,315,271

Consolidated Earnings Forecasts for the Term Ending March 2024

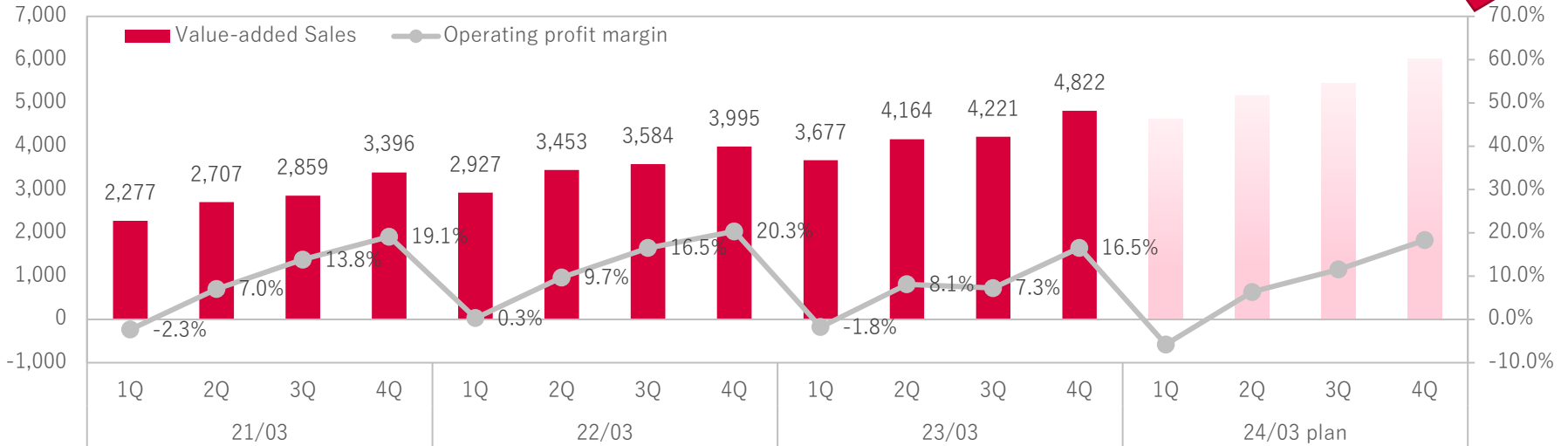
In addition to the hiring of 585 new graduates in April 2023, we will increase human capital with a medium- to long-term perspective by actively investing in mid-career recruitment; therefore, operating profit in **1Q will significantly be in the red**, and it is expected to land in the **red in the first half** as well due to decrease in operating rate and profitability.

On the other hand, due to the implementation of the policies for this fiscal year, **in the 4Q**, we will realize a shift to a high-growth, high-profit model with **25% quarterly growth in value-added sales** on a stand-alone basis and the **same level of profitability as before** (10% operating margin for the full year). In **FY03/25**, the company aims for value-added sales growth of over 25% and operating profit margin of 10%.

FY03/25 aims for over 25% of value-added sales and 10% operating margin for the full year

Consolidated Value-added Sales & Operating Profit Margin Progress

(Unit: million yen)



	Full-year results for FY 2023 (IFRS)		Forecast for FY2024 (IFRS)			
	Full year	y/y increase/decrease rate	1 st half year	y/y increase/decrease rate	Full year	y/y increase/decrease rate
Sales revenue (million yen)	17,662	18.2%	9,940	21.0%	21,500	21.7%
Operating profit (million yen)	1,441	(23.2%)	(160)	-	1,500	4.0%

Cautionary Statement

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

For IR inquiries

Members Co., Ltd.

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