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To whom it may concern,

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Actions to Achieve Cost of Capital and Stock Price Conscious Management (Updates)

Members Co., Ltd. hereby announce that we have once again analyzed and evaluated our current situation and updated the contents of our response policy to realize management conscious of cost of capital and stock price in order to achieve sustainable growth and enhance corporate value over the medium to long term, as described below.

1. Analysis of current situation

With the mission of “Creating a society with a rich heart through ‘MEMBERSHIP’”, we aim to realize on-site DX support for client companies and work with them to transform their management styles, marketing activities, services, and products into “sustainable products for the earth and society”.

In order to achieve sustainable growth and increase corporate value over the medium to long term, we are restructuring our business foundation with the aim of establishing a business structure that will achieve both high profitability and high growth as soon as possible, based on our “Strategy for Medium-Term Growth” starting from the fiscal year ending March 31, 2025.

We recognize that our cost of equity is around 8%. Although ROE in the fiscal year ending March 31, 2025, was lower than the cost of shareholders' equity, profitability has recovered and is improving compared to the fiscal year ended March 31, 2024, due to thorough cost control and a shift to high value-added DX areas. We further recover profitability by promoting “Strategies for Medium-Term Growth and expect a double-digit ROE level above the cost of shareholders' equity in the fiscal year ending March 31, 2026. Over the medium to long term, we can continue to exceed the cost of shareholders' equity by restoring ROE to 20% to 25%.

The PBR has been maintained above 1.0x on an ongoing basis and is expected to remain above the same level in the future as profitability recovers.

		Fiscal year ended March 31, 2021 (Results)	Fiscal year ended March 31, 2022 (Results)	Fiscal year ended March 31, 2023 (Results)	Fiscal year ended March 31, 2024 (Results)	Fiscal year ended March 31, 2025 (Results)	Fiscal year ended March 31, 2026 (Forecasts)
Revenue	(million yen)	12,087	14,938	17,662	20,467	22,329	24,318
Operating profit	(million yen)	1,261	1,876	1,441	41	493	1,214
Operating profit margin	(%)	10.4	12.6	8.2	0.2	2.2	5.0
ROE	(%)	20.5	26.7	16.5	2.1	6.0	13.3
PBR	(X)	7.0	7.1	2.7	1.9	2.5	-

(Notice) 1. ROE for the fiscal year ending March 31, 2026 (forecast) is calculated considering the Company's announced earnings forecast and other factors.

2. PBR is calculated based on the closing price of the stock at the end of each period.

3. ROE for the fiscal year ended March 31, 2023 (actual) is revised as follows.
(Previously updated on November 21, 2024) 16.4% (Today's update) 16.5%

4. Following the acquisition of our wholly owned subsidiary, Members Energy Co.,Ltd, effective November 1, 2024, Members has changed to a non-consolidated accounting. Therefore, the figures for the current period are the IFRS non-consolidated results after the reorganization and the comparative information is the previous IFRS consolidated results before the reorganization.

2. Policies, Targets and Initiatives

Based on the analysis of the current situation, we will set the policies and targets described below and promote our efforts.

(1) Promote strategies for mid-term growth

In the fiscal year ending March 31, 2026, we will continue to focus on the three key strategies of human resource development, service/sales, and investment for the future based on the "Strategy for Medium-Term Growth," aiming to establish highly profitable and high-growth businesses in the fiscal year ending March 31, 2027, by accelerating the shift to a DX field support position and establishing field-centered management with all employees participating. Our main strategies, KPIs, and outlook are as follows.

1) Accelerate transformation to DX field support position

As our clients' efforts to internalize DX production are progressing significantly, we will focus more on services in the "execution planning and promotion" phase of the project. The following human resource development and service/sales strategies will be promoted to accelerate the shift to a system in which the Digital Creator (Hereinafter referred to as DC) accompanies and supports the in-house production of DX projects as a dedicated team for the client company.

a) Human Resources Development

We will strengthen PMO (*1) staff training, UX designers, marketing DX staff, and other DX staff to accompany and support our clients' DX projects. By promoting the "SINCA90" project, which aims to train more than 90% of the company's DCs as DX personnel in the fiscal year ending March 31, 2027, and by developing programs that not only strengthen the development of specialized skills but also focus on project implementation, we aim to produce the largest number of DX personnel in the industry who can accompany client companies in their on-site improvement efforts.

Further, we will pursue full-scale utilization of AI on a company-wide scale to radically improve efficiency and productivity of business processes, and strongly promote the strategic use of AI to establish a competitive advantage.

Through these measures, we aim to raise the ratio of DX personnel to 65% by the end of the fiscal year ending March 31, 2026, and to achieve an average utilization ratio of at least 85% for DCs, excluding first- and second-year new graduates.

KPI	・Occupancy rate of DCs excluding first and second year new graduates ・Gross profit margin ratio ・DX human resources ratio

b) Service/Sales

By designing a service portfolio aimed at each of the four business domains, cross-selling services in the DX domain centered on specialized companies, and evolving services to client companies that are mainly in the web operation domain, we will gain high support from client companies and expand the scale of transactions.

To expand the DX project area, we provide trained PMO staff and expand PMO services.

For major clients, we will further accelerate the expansion of the DX domain by strengthening account management across business domains, maximize sales revenue per client company, and increase the number of major clients based on annual sales revenue of 100 million yen or more.

Through these efforts, we aim to achieve the ratio of DX domain in the company's total value-added sales (*2) of 55% by the end of the fiscal year ending March 31, 2026 (actual result at the end of the fiscal year ended March 31, 2025 was 41.5%), increase the sales per DC excluding first- and second-year new graduates by 10% and improve the client company NPS (*3) by 2 points from the previous fiscal year. year on year.

KPI	・Value-added sales per DGT (*4) ・Number of major clients based on annual sales revenue of at least 100 million or more ・DX sales ratio ・Unit sales ・NPS®

2) Investment for the future

To realize our mission and vision, we will assist our clients in establishing a foundation for sustainable management by developing multiple related services and building a business foundation around our decarbonized DX (*5). To achieve this goal, we aim to train and produce 1,000 decarbonized DX human resources in the fiscal year ending March 31, 2027, and will promote the development of decarbonized DX human resources with both GX literacy and digital skills.

We will pursue a challenging culture and employee happiness by establishing a field-centered, all-participant management style in which account management and team operations are based on team vision and individual DC vision, as well as team management in DX field support for client companies. Along with supporting the diverse career development of DCs and aiming to raise their compensation, we will improve turnover and employee engagement by promoting the all-hands-on-deck approach to management that we advocate.

These actions are expected to improve the employee engagement score for the fiscal year ending March 31, 2026, by 0.1 point from the previous fiscal year.

KPI	・Employee Engagement Score

(*1) PMO (Project Management Office): A department or system that oversees project management across departmental boundaries to ensure smooth project execution at a company or organization. The PM (Project Manager) is in charge of overseeing the project and making various decisions, while the PMO supports the PM's project management by collecting information and coordinating with related parties to enable the PM to make decisions smoothly.

(*2) Value-added sales: Sales from internal resources, which are revenues fewer external costs (subcontracting and purchases).

(*3) NPS (Net Promoter Score): An index of a customer's willingness to recommend a company's products or services to others. It is used as an indicator to measure the overall satisfaction and loyalty of a client company toward its services. NPS® is a registered trademark of Bain & Company, Inc., Mr. Fred Reichheld, and Satmetrix Systems, Inc. (now NICE Systems, Inc.).

(*4) DGT (Digital Growth Team): Hands-on continuous execution and growth support services by a dedicated team composed of digital creators with various specialized digital skills.

(*5) Decarbonized DX: Refers to the “decoupling model” in which economic growth continues while reducing GHG (Greenhouse Gas = carbon dioxide, methane, and other greenhouse gases) emissions, and is achieved through the power of digital technology.

(2) Continuous shareholder returns

To achieve sustainable growth and enhance corporate value by meeting the expectations of stakeholders such as shareholders and investors, we established our basic policy to distribute results commensurate with growth in business performance and to continuously increase dividends, while retaining earnings to prepare for new business investment and expansion of operations for long-term profit growth, with a medium-term target of a dividend on equity ratio (DOE) of around 5%.

For the fiscal year ending March 31, 2026, we plan to pay a year-end dividend of 33 yen, the 14th consecutive fiscal year of dividend increase since the first dividend in the fiscal year ended March 31, 2013, in consideration of our financial situation and medium- to long-term growth prospects.

Furthermore, we will implement financial strategies with an awareness of enhancing shareholder returns and improving capital efficiency, including the flexible and appropriate acquisition of treasury stock in a timely and appropriate manner.

(3) Enhancement of IR activities

Financial results briefings for institutional investors (at the time of the second quarter and full-year financial results) are held, and the video of the briefings and transcripts are available for viewing. In addition, on the day of the Annual General Meeting of Shareholders, the representative directors hold a presentation for shareholders and investors, and transcribed document or video, etc of the presentation is available.

We also intend to promote dialogue with investors by expanding opportunities for individual IR meetings and will utilize the results of such dialogue in our management strategies.

Besides, we are actively disseminating information through various means, including enhancement of English disclosure, disseminating information through social media including notes (https://note.com/members_ir) by our IR staff and the Members IR Official X (https://x.com/Members_IR), distributing IR emails to registrants, and holding company information sessions for individual investors.

To promote understanding of our corporate activities among stakeholders, we will continue to enhance our corporate value by expanding IR information and proactively disseminating information on our business and performance, decarbonization initiatives, and sustainability/ESG initiatives, as well as by maintaining dialogue with our stakeholders.

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