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To whom it may concern,

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Notice Regarding Revision of Earnings Forecasts

In light of recent business performance trends, Members Co., Ltd. (the “Company”) hereby announces that it has revised the consolidated earnings forecasts for the second quarter (first half) of the fiscal year ending March 31, 2027 and for the full fiscal year ending March 31, 2027, which were announced on May 14, 2026, as set out below.

I. Revision of Consolidated Earnings Forecasts

1. Consolidated earnings forecast for the first half of the fiscal year ending March 31, 2027 (April 1, 2026 to September 30, 2026)

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 12,593	Millions of yen 320	Millions of yen 320	Millions of yen 224	Millions of yen 224	Yen 17.52
Revised forecast (B)	11,800	(430)	(400)	(300)	(300)	(23.47)
Change (B–A)	(793)	(750)	(720)	(524)	(524)	
Change (%)	(6.3)	–	–	–	–	
(Reference) Results for the six months ended September 30, 2025	11,448	263	316	195	–	15.31

2. Consolidated earnings forecast for the fiscal year ending March 31, 2027 (April 1, 2026 to March 31, 2027)

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Millions of yen 26,866	Millions of yen 2,500	Millions of yen 2,480	Millions of yen 1,736	Millions of yen 1,736	Yen 135.79
Revised forecast (B)	25,000	200	200	150	150	11.73
Change (B–A)	(1,866)	(2,300)	(2,280)	(1,586)	(1,586)	
Change (%)	(6.9)	(92.0)	(91.9)	(91.4)	(91.4)	
(Reference) Results for the fiscal year ended March 31, 2026	24,424	1,600	1,641	1,213	1,213	94.92

Notes: 1. The above consolidated forecasts (for the first half and the full year) have been calculated based on IFRS.

2. Basic earnings per share for both the first half and the full year is calculated based on 12,784,542 shares, the average number of shares outstanding during the fiscal year ended March 31, 2026.

3. The Company transitioned to consolidated financial reporting from the fourth quarter of the fiscal year ended March 31, 2026. Accordingly, the results for the first half of the fiscal year ended March 31, 2026 are non-consolidated figures presented for reference.

II. Reasons for the Revision

(1) Factors behind first-half results falling short of the previous forecast

The Group now expects growth in both revenue and Value-added Revenue (*1) for the first half to be only marginal, falling significantly short of the previous forecast. This reflects the planned withdrawal from low-unit-price projects, reduced investment by some clients due to the situation in the Middle East, and a greater-than-expected decline, driven by AI, in demand for specialists whose work was limited to executing specific skills. As a result, revenue and profit at every level are expected to fall below the previous forecast. The slowdown in growth is mainly attributable to the external factors described below, as well as the decline in the utilization rate associated with the transformation of the Group's business structure and the delay in adapting services to change.

(i) External factors

In addition to reduced investment by some clients due to the unstable global situation, the rapid advance of generative AI caused demand for professionals specializing in routine execution work, such as operations and maintenance with clearly defined requirements, coding, research, and design production, to decline faster than expected as substitution by generative AI progressed. This factor reduced first-half revenue by approximately 550 million yen compared with the initial plan.

(ii) Decline in the utilization rate associated with the transformation of the business structure, and delay in adapting services to change

To improve growth and profitability, the Group has been expanding the DX domain while continuing its planned withdrawal from low-unit-price, low-growth projects, mainly in the conventional web operations domain. The Group had planned to offset the decline in utilization resulting from these withdrawals by expanding the DX domain. However, expansion of the DX domain has also fallen behind the initial plan because the rapid advance of AI has changed client needs. In response, each business division has been rapidly developing AI-enabled services suited to the characteristics of its business, but this has not been enough to make up for the delay.

As a result, the overall utilization rate for the first quarter fell to 74.2% (down 1.9 percentage points YoY), reducing first-half revenue by approximately 250 million yen compared with the initial plan. Since the second quarter, to address clients' AI transformation ("AX") challenges at their root, the Group has been developing highly competitive AX services that draw on company-wide capabilities, and it aims for an early recovery. However, the Group expects that closing this utilization gap will take some time, and it will seek a gradual recovery through the second half.

At the time of the first-quarter results announcement, the Group expected to offset the impact of external and other factors by accelerating the development of AX services. However, these impacts could not be fully offset in the first half, and the results of these efforts are now expected to be reflected in earnings from the second half onward. The Group has therefore revised its earnings forecasts.

(2) Replacing the growth driver

AI has significantly reduced the need to expand teams of specialists in terms of headcount to execute specific skills in DX. However, the Group believes that demand for AX talent capable of driving clients' AX is very strong. It also believes that the value its DX embedded support business, which has driven its growth to date, delivers through embedded support at the client's site, technology implementation, and the creation of results is becoming even more important in the age of AI. The Group has therefore concluded that, in light of rapidly evolving AI, it must boldly redirect its strengths in DX embedded support, namely embedded client support and technology implementation, to the AX domain and replace its growth driver, and it began this shift in earnest in the second quarter. The transition has progressed smoothly so far, but the Group expects the results to be reflected in earnings from the second half onward.

With the aim of establishing a virtuous cycle of business expansion, high employee engagement, a high NPS® (*2), and the realization of its VISION, the Group intends to strengthen collaboration across the Group and shift to AX services as quickly as possible, with the goal of turning the entire company into an AX business during the fiscal year ending March 31, 2027.

To work with clients from the inside and see their transformation into digital companies through, the Group will strengthen three capabilities: (a) a deep understanding of the client's domain, data, users, and decision-making; (b) the implementation capability to carry initiatives through to results rather than stopping at proofs of concept (PoCs); and (c) the learning agility to respond quickly to technological change.

In line with this policy, the Group will vigorously pursue the following specific measures to raise its growth rate.

(i) Strengthening and expanding competitive AX services

Led by the AX Division established on July 1, 2026, the Group aims to develop at least 30 highly competitive AX services during the current fiscal year, combining data utilization and engineering, which form the core of AX services, with its strength in on-site implementation. The Group will develop, across the Group, a portfolio of AX services tailored to client needs by combining industry and specialized domain expertise, and will standardize sales methods so that sales teams across the company can sell them. By packaging these offerings as services, the Group will enable its company-wide sales force to identify client issues and needs, and to agree on the direction of solutions, at an earlier stage.

(ii) Overhauling the company-wide AX service sales structure

The Group is expanding its target accounts, industries, and client departments. Specifically, it will significantly increase the number of priority accounts to deepen its knowledge of clients' domains, and strategically extend its targets beyond the industries and departments that have been its main clients to date.

The Group has set a target of generating 1,000 AX-related business opportunities, and will build a structure centered on the AX Division that enables the entire company to grow the AX business as quickly and as extensively as possible, maximizing leads and opportunities. Specifically, it will integrate its new business development and marketing functions into the AX Division and concentrate on AX services and target industries, thereby raising awareness of the Group as an AX company.

In addition, the Group will carry out account-based marketing (ABM) and account management focused on priority industries, and will establish a new framework for expanding business with existing clients, including assigning account expansion leads and staff to priority accounts. Through these initiatives, the Group will accumulate knowledge of clients' domains and effectively connect its AX services and the strengths of its diverse specialized companies to value for clients, thereby expanding awareness of the Group as an AX company and maximizing revenue per client.

(iii) AX transformation of existing businesses

The Group will convert existing businesses that are heavily affected by AI into AX businesses and drive a dramatic improvement in productivity.

Specifically, in the conventional operations domain, the Group will formulate and execute business transformation plans that include changing its business model, such as shifting to value-based revenue models that are not based on headcount and adopting a cost leadership strategy. In conjunction with this, it will develop AX skills and secure delivery capacity for AX, with the aim of increasing Value-added Revenue per employee.

(iv) Developing AX talent

The Group is developing talent for the AX domain. Specifically, it will accelerate the development of AX consultants and AX service engineers while equipping all employees with AI skills, aiming to build an AI service delivery capacity on the scale of 3,000 people.

The Group has set a target of developing a total of 230 AX consultants and AX engineers, and aims to turn all employees into AX talent during the fiscal year ending March 31, 2027. It has finalized and begun implementing an AX talent development plan that covers both general skills common to all employees and the specialized skills required for projects handled by the AX Division.

(v) Continued investment for medium- to long-term growth

As a vertical, medium- to long-term investment separate from the AX Division's strategy, the Group will launch two new AX-focused specialized companies to expand into new areas. In addition, unconstrained by the framework of its existing businesses, the Group will build a structure that can create new specialized companies and businesses targeting industries and areas with significant social issues, with a view to creating the impact cases envisioned in FUTURE VISION.

(3) Differentiation from competitors

Clients' challenges in AX include initiatives that stop at strategy formulation or PoCs without reaching implementation in production or delivering results, and cases where AI has been introduced at the system level but fails to deliver business transformation because of unresolved issues in organizing operations and preparing data. What distinguishes the Group from competitors in the AX domain is the scope of what it delivers. Through ATAKAMO-SHAIN® (*3) (the Group's embedded talent concept, in which professionals work inside the client's organization as if they were its own employees), the Group starts work while exploring the problem alongside the client, takes on everything end to end down to the hands-on work, and leaves results in a form that allows clients to operate independently of the Group (the in-house model). This earns the Group continued selection as the scope of its work expands. The Group will establish its position in the AX domain based on the following four enduring strengths, which underpin this difference from competitors.

Strength	Description
(1) ATAKAMO-SHAIN® embedded at the client's site	Understands the client's operations, systems, and organization, and works from the inside with the client's trust
(2) Designing the roles of people and AI, and the experience	Divides what AI handles and what people review task by task, and designs even how AI outputs are returned to users
(3) Implementation capability that gets full value from AI	Takes on everything end to end, including the painstaking work of data preparation
(4) Building knowledge on the client side	In-house model support that leaves knowledge with the client, without dependence on tools or on the Group

(4) Outlook for the second half and revision of the full-year forecast

Based on the above, in the second half the Group will aim to improve profitability, centered on replacing its growth driver by shifting from the conventional web operations domain to the AX domain. However, because a fundamental transformation of the business structure will take time, and because the Group will continue investing for medium- to long-term growth, it has decided to significantly lower its full-year forecast from the initial plan.

The full-year forecast has been calculated as a conservative level that can reasonably be estimated at present, taking into account first-half results and the time required for a fundamental business transformation, and is positioned as the minimum level to be secured. The assumptions underlying this forecast, an overall utilization rate of 75% and an average billing rate per DC up 8% YoY, are both in line with first-half results, and the Group believes the full-year forecast is fully achievable if current levels are maintained. Raising the billing rate is a measure that the Group has been pursuing continuously since the previous fiscal year to improve profitability.

If the AX-related measures described in (2) above progress ahead of this published plan, the Group believes that results may exceed the forecast.

In line with FUTURE VISION, the Group will accelerate its evolution into a Digital Implementation Partner that, through AI implementation that goes beyond PoCs and partial deployment, helps clients become digital companies and continuously deliver results.

The year-end dividend forecast remains unchanged at 35.00 yen per share.

(*1) Value-added Revenue: revenue generated by in-house resources, calculated as revenue less external costs (outsourcing and procurement).

(*2) 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 a client company's overall satisfaction and loyalty to its services. NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrics Systems (now NICE Systems, Inc.).

(*3) "ATAKAMO-SHAIN®" is a registered trademark of Members Co., Ltd. (Registration No. 6923667).

The above forecasts are based on judgments and assumptions made in light of information currently available. Actual results may differ from the forecasts in this document due to changes in risks, uncertainties, economic conditions, and other factors.