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To whom it may concern,

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Numerical Data for the First Half of the Fiscal Year Ending March 31, 2027, and Main Questions and Answers Regarding the Revision of Earnings Forecasts and Message from the Representative Director

Members Co., Ltd. (the “Company”) hereby announces numerical data such as the utilization rate for the first half of the fiscal year ending March 31, 2027, together with the main questions from shareholders and investors and the Company’s answers. These are set out below and relate to the “Notice Regarding Revision of Earnings Forecasts” disclosed on September 30, 2026.

This disclosure aims to strengthen communication with shareholders and investors and to ensure fair disclosure. Some of the questions and answers have been supplemented and edited for clarity.

I. Monthly Utilization Rate and Average Billing Rate per DC (YoY)

(1) Utilization Rate

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY ended Mar. 2026	76.2%	74.9%	77.2%	77.7%	78.9%	79.5%	80.0%	80.9%	81.7%	82.0%	83.6%	83.7%
FY ending Mar. 2027	78.8%	71.2%	72.7%	73.1%	75.1%	76.9%	—	—	—	—	—	—

	1Q	2Q	3Q	4Q	1H	2H	Full year
FY ended Mar. 2026	76.1%	78.6%	80.8%	83.1%	77.3%	82.0%	79.6%
FY ending Mar. 2027	74.2%	74.9%	—	—	74.6%	—	—

(Note) The utilization rate is calculated based on all digital creators (“DCs”).

(2) Cumulative Average Billing Rate per DC (YoY)

	Apr.	May	Jun.	Jul.	Aug.	Sep.
FY ending Mar. 2027	109.3%	107.4%	108.1%	108.0%	107.6%	107.2%

(Note) To eliminate the effect of differences in the number of new graduates joining each fiscal year, the average billing rate per DC for the fiscal year ended March 31, 2026 is calculated based on all DCs. For the fiscal year ending March 31, 2027, it is calculated based on DCs in their second year or later, excluding new graduates who joined in April 2026 (first-year employees). A comparison based on all DCs also shows a similar upward trend in the average billing rate.

The actual results disclosed here are preliminary figures and may differ from those in the quarterly and full-year financial results.

II. Main Questions and Answers

1. Please explain the basis for calculating the operating profit of 200 million yen in the revised plan.

The full-year operating profit forecast of 200 million yen was 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. The Company regards it as the minimum level that must be secured.

As shown in I (1) Utilization Rate and (2) Cumulative Average Billing Rate per DC, the forecast assumes an overall utilization rate of 75% and an increase of approximately 8% YoY in the average billing rate per DC.

The utilization rate has improved month by month since bottoming out in May, reaching 76.9% in September 2026. In addition, in previous fiscal years, the utilization rate tended to be higher in the second half than in the first half. The cumulative average billing rate per DC was up 7.2% YoY as of September 2026. The effects of the improved portfolio composition and price revisions (see Q3 below) are expected to become more evident from the second half onward.

In addition, for the company-wide shift to an AI transformation (“AX”) business, on which the Company has been working in earnest since the second quarter, the revised plan factors in the investment costs for its launch. However, it does not assume any increase in orders or utilization from AX-related services.

For these reasons, the Company believes that the operating profit of 200 million yen in the revised plan is fully achievable by maintaining the current levels of orders and utilization.

2. The utilization rate fell to 74.2% in the first quarter (down 1.9 percentage points YoY). Nevertheless, the Company maintained its earnings forecasts at the first-quarter results announcement on July 31 and disclosed the revision on September 30, the last day of the first half. Why? From a timely disclosure perspective, was the decision to revise the forecasts not delayed?

At the time of the first-quarter results announcement, the Company was aware that the utilization rate was declining. The causes were its withdrawal from low-priced projects, reduced investment by clients amid uncertain global conditions, and clients bringing work in-house as generative AI rapidly evolves. However, the Company expected orders for AX-related services to progress from the second quarter onward and price revisions for existing clients to take effect. On that basis, it judged that it could secure the planned levels for both the first half and the full year, and maintained its earnings forecasts. From August onward, however, it became clear that AX-related business opportunities would take longer than expected to translate into full-scale revenue recognition. In addition, clients continued to reduce investment and bring work in-house, and utilization in the second quarter remained below plan. As these factors combined, first-half results were expected to fall short by more than the threshold for timely disclosure, and the Company promptly disclosed the revision. The Company sincerely accepts the criticism that its judgment lagged behind events, as it was unable to communicate signs of deteriorating performance to investors at an earlier stage.

Going forward, in addition to revising its planning process to incorporate multiple scenarios, the Company will strengthen its monthly budget-versus-actual management. It will also strictly apply a practice of promptly disclosing any deviation from plan that reaches a certain level, without waiting for the quarterly results announcement.

3. The revised forecasts assume an increase of 8% YoY in the average billing rate per DC. On what basis can the Company maintain or raise rates when generative AI is reducing demand for talent engaged in routine processes more than expected? Is the 8% increase driven by an improved mix from withdrawing from low-priced projects, or by actual price increases?

Of the 8% increase in the average billing rate, roughly half comes from an improved portfolio composition (mix effect) following the withdrawal from low-priced, low-growth projects, and the remaining half from price revisions for existing clients (actual price increases). Based on actual results for the first half, this composition has not changed significantly. The decline in demand caused by generative AI is concentrated among talent engaged in routine execution processes with clearly defined requirements, such as coding, operations and maintenance, and routine research and design production. The Group is focusing its shift on areas where it handles everything end to end, from upstream design based on an understanding of clients' operations through to data preparation and implementation. The Group believes these areas are less exposed to price competition and that rates there are being maintained or improved. That said, the Group expects downward price pressure to continue for existing projects in which a certain amount of routine execution work remains. Even so, it will strengthen profitability and growth by advancing business transformation, including a shift to revenue models based on results and value.

4. Is it feasible to build an AI service supply capability on the scale of 3,000 employees? How does the Company plan to deal with employees who have handled routine processes but are unable to use AI?

The “AI service supply capability on the scale of 3,000 employees” refers to a state in which specialized talent plays a central role and all employees can provide services using AI. The Company began working toward building this capability this fiscal year.

First, for the general-purpose AI skills required of all employees, such as streamlining and automating work using AI agents, the Company has developed training programs. It is having all employees acquire these skills progressively from this fiscal year, while monitoring their participation.

Second, for specialized talent such as AX consultants and AX service engineers, the Company aims to produce a total of 230 people within this fiscal year. Because the pace of acquiring specialized skills varies from person to person, the Company understands that not all employees will reach the same level.

For employees who need more time to shift to AI skills, the Company will raise their basic skills through training. They will continue in their existing work with improved productivity while gradually participating in projects handled by the AX Division and gaining practical experience through on-the-job training (OJT). In this way, the Company will provide opportunities for growth at each employee’s own pace.

The Company does not currently plan any workforce reductions, but will continue to adjust the scale of new hiring in light of the recovery in the company-wide utilization rate.

5. The Company differentiates itself by “delivering results in a form that allows clients to become independent of the Company (an in-house model).” Is this not a model in which the Company itself eliminates clients’ reliance on it and loses recurring revenue? Does the Company have a design for the revenue it will continue to earn from clients after supporting them in bringing work in-house?

As you point out, when a specific project or process is viewed in isolation, supporting clients in bringing work in-house can reduce the Group’s revenue from that work. However, in the Group’s track record to date, in most cases, the deeper trust built through in-house capability building has led the scope of support to expand from the initial areas to adjacent areas and other departments. As a result, revenue per client has grown over the medium to long term. In the AX domain as well, the Group assumes a “scope expansion” transaction structure, in which it supports clients in bringing one area of work in-house while exploring the next target area in parallel. Under its ABM-type account management structure, the Group will assign managers and staff responsible for account expansion. This will build a structure that achieves such expansion systematically, without depending on the abilities of individual sales representatives.

6. The Company has maintained its year-end dividend forecast of 35 yen per share, but the revised EPS is 11.73 yen, implying a payout ratio of about 300%. Please explain the source of funds for dividends and the Company’s approach to its dividend policy (payout ratio, ratio of dividends to equity attributable to owners of parent (“DOE”), etc.). Please also explain its sustainability from the next fiscal year onward. What is the rationale for maintaining the dividend amid deteriorating performance?

The Group’s basic policy is to pay stable and continuous dividends regardless of single-year fluctuations in performance. It judges that the current decline in profit margin is a short-term effect arising in the process of the business structure transformation, and has therefore decided to maintain its year-end dividend forecast. Financially, in light of its liquidity on hand and equity levels, the Group believes there is no problem in securing funds for dividends. That said, as you point out, the payout ratio for this fiscal year is expected to be extremely high, and the Group does not envisage this situation continuing over multiple fiscal years. Regarding its dividend policy from the next fiscal year onward, the Group will first complete the business structure transformation and then aim for a sound level of shareholder returns linked to growth over the medium to long term.

7. The utilization rate is declining under a structure in which personnel costs for about 3,000 employees are carried as fixed costs. Will the Company revise its hiring plans (new graduates and mid-career)? What number of new graduate hires does the Company envisage for the next fiscal year?

The Company will welcome new graduates joining in April 2027 as planned in its hiring plan. This is because its view that developing new graduate talent is the foundation for medium- to long-term growth remains unchanged. Meanwhile, the Company will re-examine the scale of new graduate hiring for April 2028 onward in light of the outlook for talent demand in the AX domain. For mid-career hires, the Company is focusing on acquiring specialized talent in the AX domain, such as AX consultants and AX service engineers, and is curbing hiring aimed at quantitative expansion. As a management indicator, the Company has also shifted its emphasis from growth in headcount itself to improving Value-added Revenue (revenue less outsourcing and procurement costs) per employee. Future hiring decisions will be linked to this indicator.

III. Message from Akihiko Takano, Representative Director, President and Executive Officer

I sincerely apologize to shareholders and investors for the great concern and inconvenience caused by the downward revision of the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 31, 2027.

This downward revision substantially lowers the full-year operating profit plan from 2,500 million yen to 200 million yen. I take this result very seriously, and would first like to state this fact candidly, in my own words.

The Group's strength has been supporting companies' use of digital technology and their digital transformation ("DX") at the client's site with around 3,000 digital professionals. The Group set out to shift from web operations, its former core business, to DX embedded support and focused on expanding the DX domain. As a result, in the previous fiscal year (the fiscal year ended March 31, 2026), the DX revenue ratio reached 54.2% and Value-added Revenue in the DX domain grew 32.6% YoY. However, with the rapid evolution of generative AI, demand for support from large teams of specialized talent has been declining faster than expected in certain skill areas. This applies not only to web operations but also to DX execution, which has driven the Group's growth. The root cause of this revision is that the Group, overconfident in the high growth of the DX domain up to the previous fiscal year, underestimated signs of market change and was late in responding. I take it seriously that this is attributable not only to changes in the market environment, but also to delays in judgment and execution by management.

On that basis, the key management decision I have made at this juncture is to give top priority this fiscal year to transformation into an AX business, ahead of securing short-term profit. This means transforming the Group's entire business structure, services and talent so that they can grow strongly in the AI era. In existing businesses in particular, AI-based business transformation will dramatically improve productivity, but I believe it may bring short-term pain in the form of a lower utilization rate. However, by transforming the entire company into an AX business through these efforts and updating DCs' skills for the AI era, I believe the Group will build a structure capable of strong company-wide growth. This company-wide transformation will move the Group away from its previous structure, in which growth in the DX domain was offset by the contraction of conventional areas centered on web operations, and turn the entire company into a growth business.

The success of this management decision depends on executing it with speed. Rather than ending with a one-time explanation, I will report quantitatively on the progress of its execution at each future financial results announcement.

With regard to shareholder returns, the year-end dividend forecast for this fiscal year has been maintained at 35 yen per share, an increase of 2 yen from the previous fiscal year. Regarding its dividend policy from the next fiscal year onward, the Group will first complete the business structure transformation and then aim for a sound level of shareholder returns linked to growth over the medium to long term.

The Group will pursue, more strongly than ever, its position of "working with clients from the inside to see their transformation into digital companies through." I will personally take the lead in efforts to make the Company one that shareholders, investors and market participants can trust once again.

I respectfully ask shareholders and investors for their continued support.

The above forecasts are calculated based on judgments and assumptions made using information currently available. Please note that actual results may differ from the forecasts in this document due to changes in risks and uncertainties, economic conditions and other factors.

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Revision of Consolidated Earnings Forecasts (Announced on September 30, 2026)

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.