Financial Results for the Full Year Ended November 30, 2017

Money Forward, Inc.

2018.1.15

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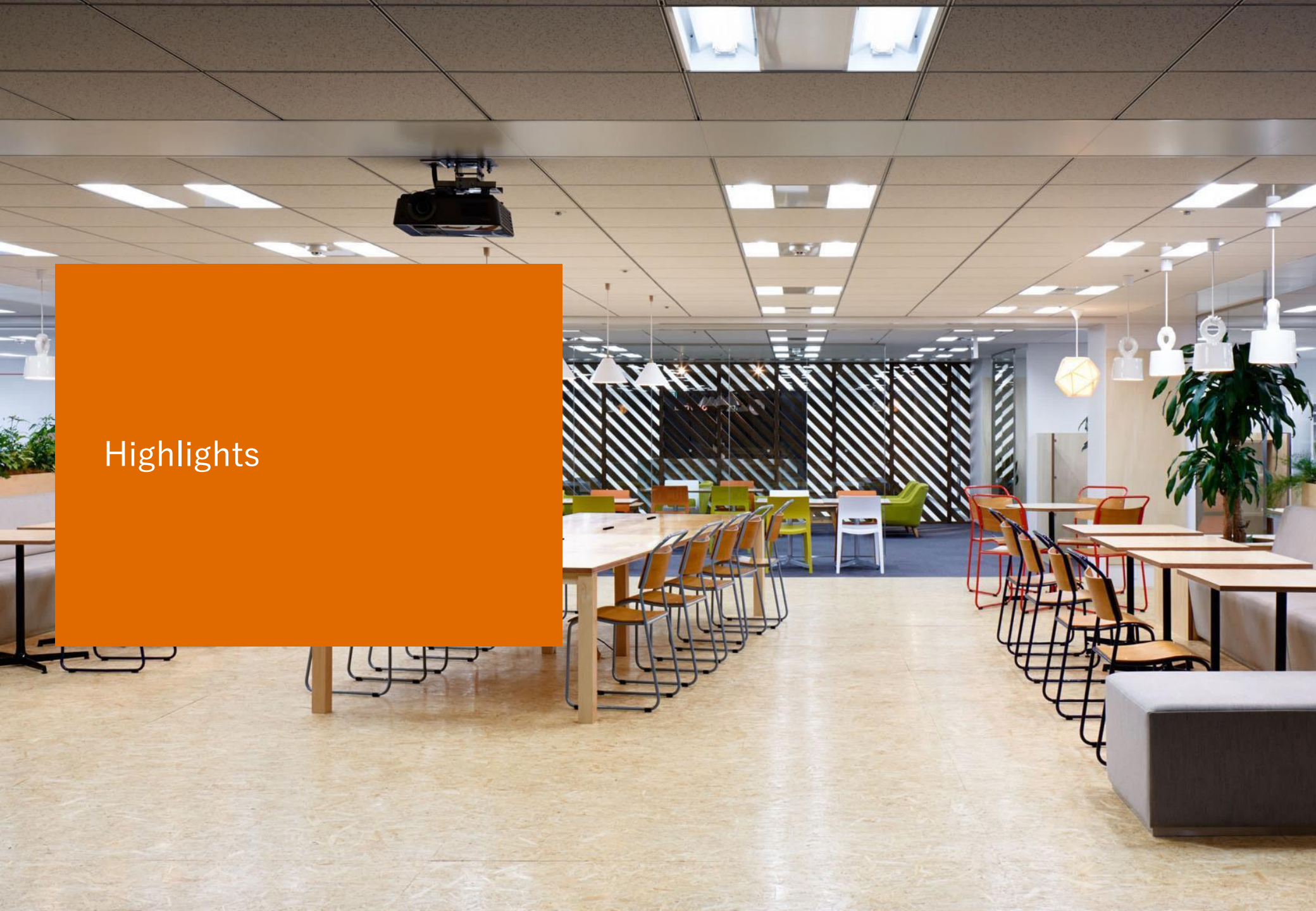


Highlights

Financial Highlights

- Full-year consolidated net sales increased significantly by 88% YoY to ¥2.9 billion, which was 8% above the forecast.
- Net sales of PFM Services increased 74% YoY, which was 14% above the forecast.
- Net sales of *MF Cloud* Services increased 105% YoY, which was 3% above the forecast.
- Consolidated operating loss was ¥0.8 billion, which was a ¥0.2 billion improvement compared to the forecast, and an ¥80 million YoY improvement.
- Operating profit excluding advertising expenses turned positive, at ¥40 million.

Key Topics in and after Q4 of FY11/17

- The number of *Money Forward* users topped 6 million.
- We added Klavis Inc., which provides cloud bookkeeping service, to the group.
- We established the *MF Blockchain/Cryptocurrency Lab,* which conducts research on transfer and settlement utilizing blockchains and cryptocurrencies.
- We opened the first *mirai talk* branch in Shinjuku, a place to learn about the “money of your future.”
- We launched the *Money Forward Fund*, which invests in SaaS/Fintech companies both in Japan and overseas.

FY11/18 Forecast

- We expect consolidated net sales of ¥4.35-4.65 billion, which is YoY growth of 50-60%.

- We expect an operating loss of ¥0.5-0.8 billion, and EBITDA of minus ¥0.37-0.67 billion. We will increase investment in areas including hiring, new business development, etc.

- The consolidation of the P/L of Klavis which we acquired in November 2017 starts from FY 18/11. *MF KESSAI* and *mirai talk* will also start monetizing.


About Us

Mission/Vision/Value

We alleviate individuals' concerns and insecure feelings about personal finance, boost businesses' growth potential, and aspire to become largest financial platform in Japan.



'Money' may be nothing more than a tool for living. However, money is also essential for guarding ourselves and our families, as well as for realizing our dreams.
Money Forward contributes to building a better society by providing services that enable users to "see money in a positive light and broaden their range of opportunities," thereby significantly enriching their lives.

Mainstay Services

We provide various B2C and B2B services.

PFM Services

Money Forward

Automated PFM Service
"Money Forward"

MONEY PLUS

Practical Economic Media
"MONEY PLUS"

MF Cloud Services

MF クラウド

SaaS platfotm for businesses
"MF Cloud"

MF クラウド会計 MF クラウド確定申告 MF クラウド請求書
MF クラウド給与 MF クラウド経費 MF クラウド消込
MF クラウドマイナンバー MF クラウドファイナンス

STREAMED

Cloud bookkeeping service
"STREAMED"

New Services

MF KESSAI

Inter-company post-pay settlement service
"MF KESSAI"

SiraTama

Savings app that makes life more fun
"SiraTama"

mirai talk

Place to learn about the money of your future
"mirai talk"

*PFM: Personal Financial Management
*SaaS: Software as a Service

Money Forward—Automated PFM Service

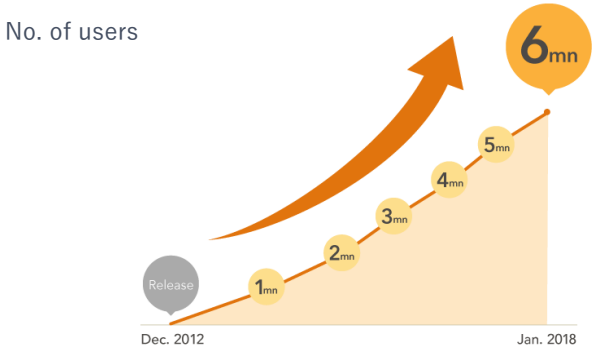
Money Forward has the top share in PFM apps. The number of users exceeded 6 million in January 2018, with one out of every four PFM app users now using *Money Forward.*

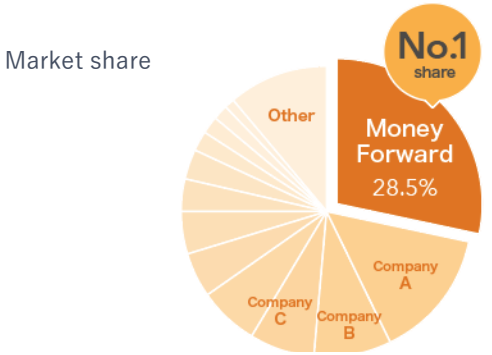
No.1 coverage: links with 2,650+ financial services/ Automatically creates household accounting books by aggregating multiple accounts



* Based on research by Money Forward, Inc. as of January 11, 2018

No. of users and market share





Source: Mar. 23 to 27, 2017, Rakuten Research, Inc., "PFM app currently used"
Survey targets: 685 PFM app users in their 20s to 60s

MONEY PLUS—Practical Economic Media

MONEY PLUS aims to encourage readers to familiarize themselves with money, which is often considered a complex matter. It delivers wide ranging information on how to use money wisely as a tool for living.

MONEY PLUS
くらしの経済メディア

A practical economic media that enriches readers' lives now and in the future



MF Cloud Series—SaaS Platform

The *MF Cloud Series* is a SaaS-type service platform for businesses providing comprehensive services for back office operations.

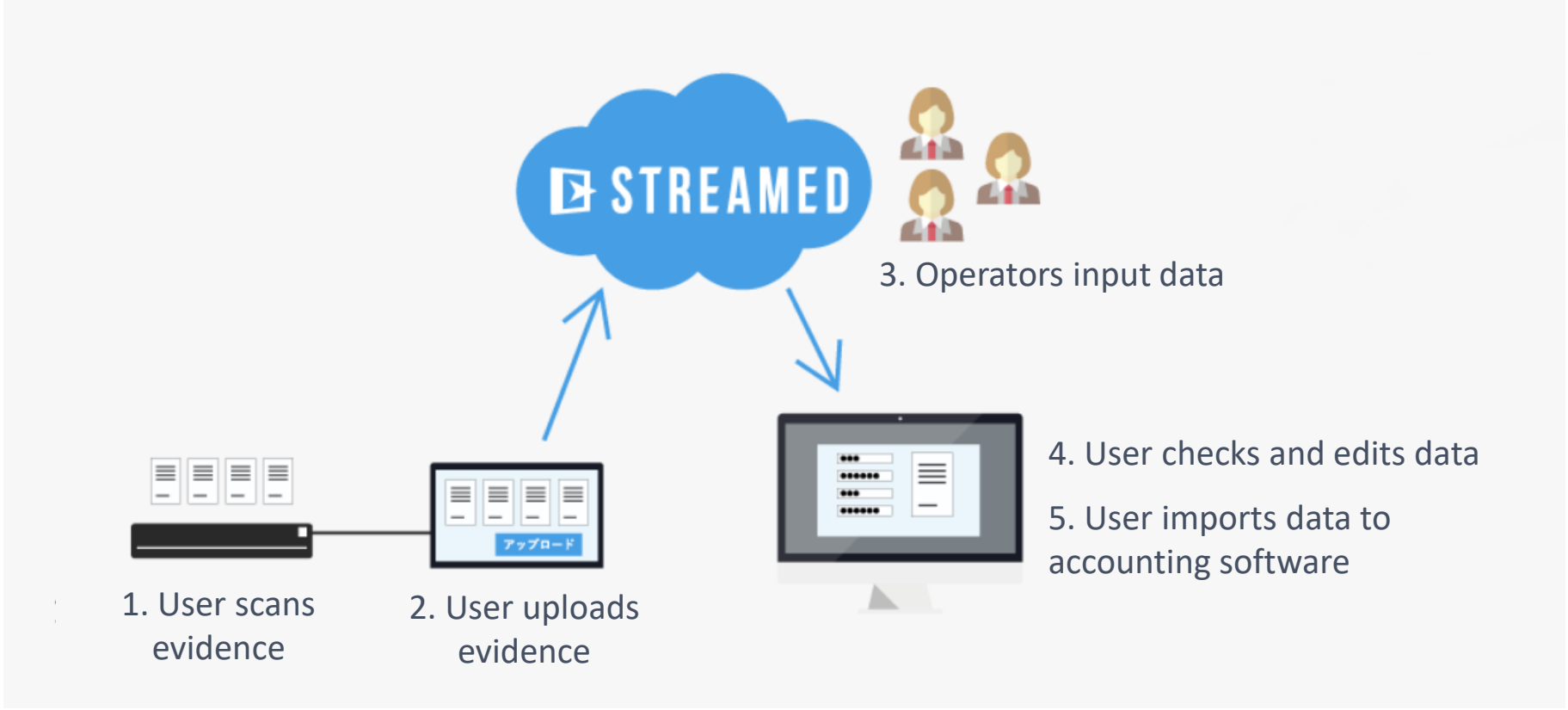


MF Cloud Accounting/Tax Return, MF Cloud Invoice, MF Cloud Payroll,
MF Cloud Reconciliation, MF Cloud My Number,
MF Cloud Expense, MF Cloud Finance

Tapping into the dissemination of cloud computing, we provide systems that would usually require large initial investments in the form of SaaS, thereby offering the benefits of IT to all businesses ranging from small businesses to large enterprises.

STREAMED—Cloud Bookkeeping Service

STREAMED is a cloud bookkeeping service in which users simply scan and upload images of receipts etc., and operators accurately and swiftly digitalize that data.
The service is provided by Klavis, Inc, which joined Money Forward group in November 2017.



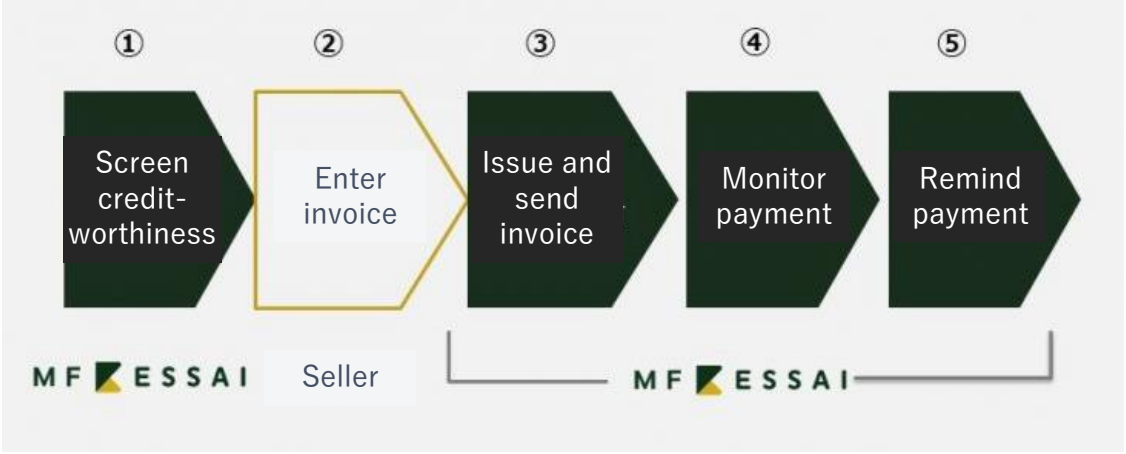
MF KESSAI—Inter-company Post-pay Settlement Service

MF KESSAI is a smart invoicing and settlement processing service released in June, 2017. By using *MF KESSAI*, companies can improve cash flow.

Simple and safe; a new inter-company post-pay settlement method

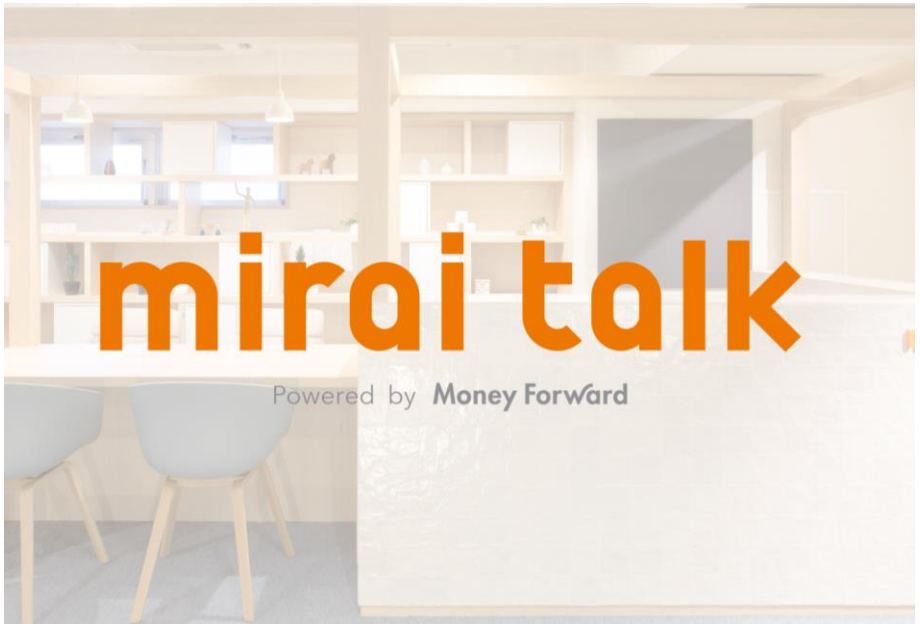
MF KESSAI

Making complex and risky credit sales (inter-company post-pay settlements) more simple and safe. The new credit sales method offered by MF KESSAI does not require any knowledge or accompany extra operations or risks.



mirai talk—Place to Learn about the “Money of Your Future”

We opened the first *mirai talk* branch in Shinjuku. *mirai talk* combines *Money Forward*’s data with the insight of FPs to deliver life-planning and household financial improvement advice, aiming to improve people’s financial footing.

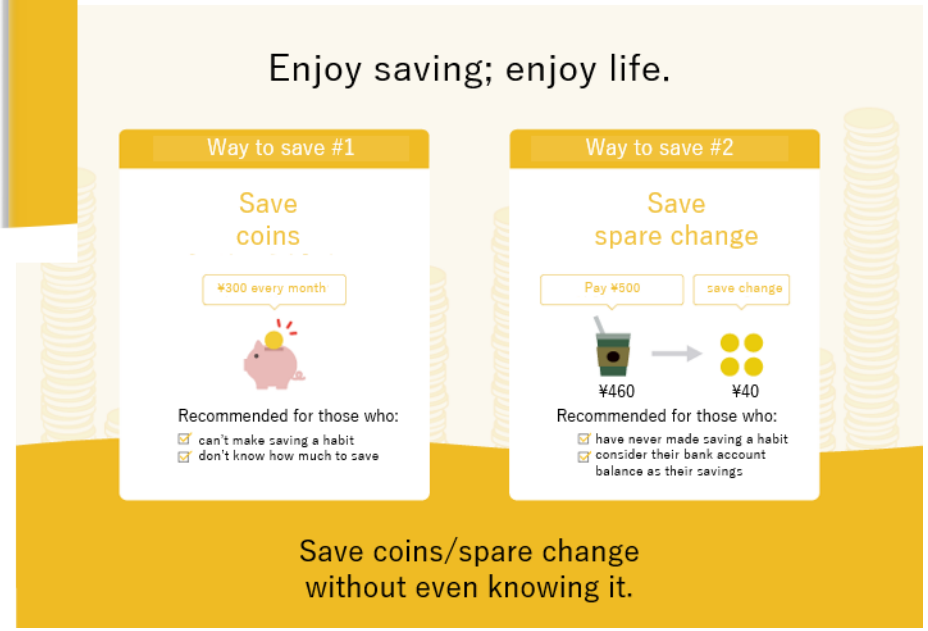




SiraTama—Savings App that Makes Life More Fun

SiraTama is an automatic savings app that enables users to unconsciously (*"sira"zu*) save money (*"tama"ru*) based on the concept to "make every day more delightful and a bit more luxurious."



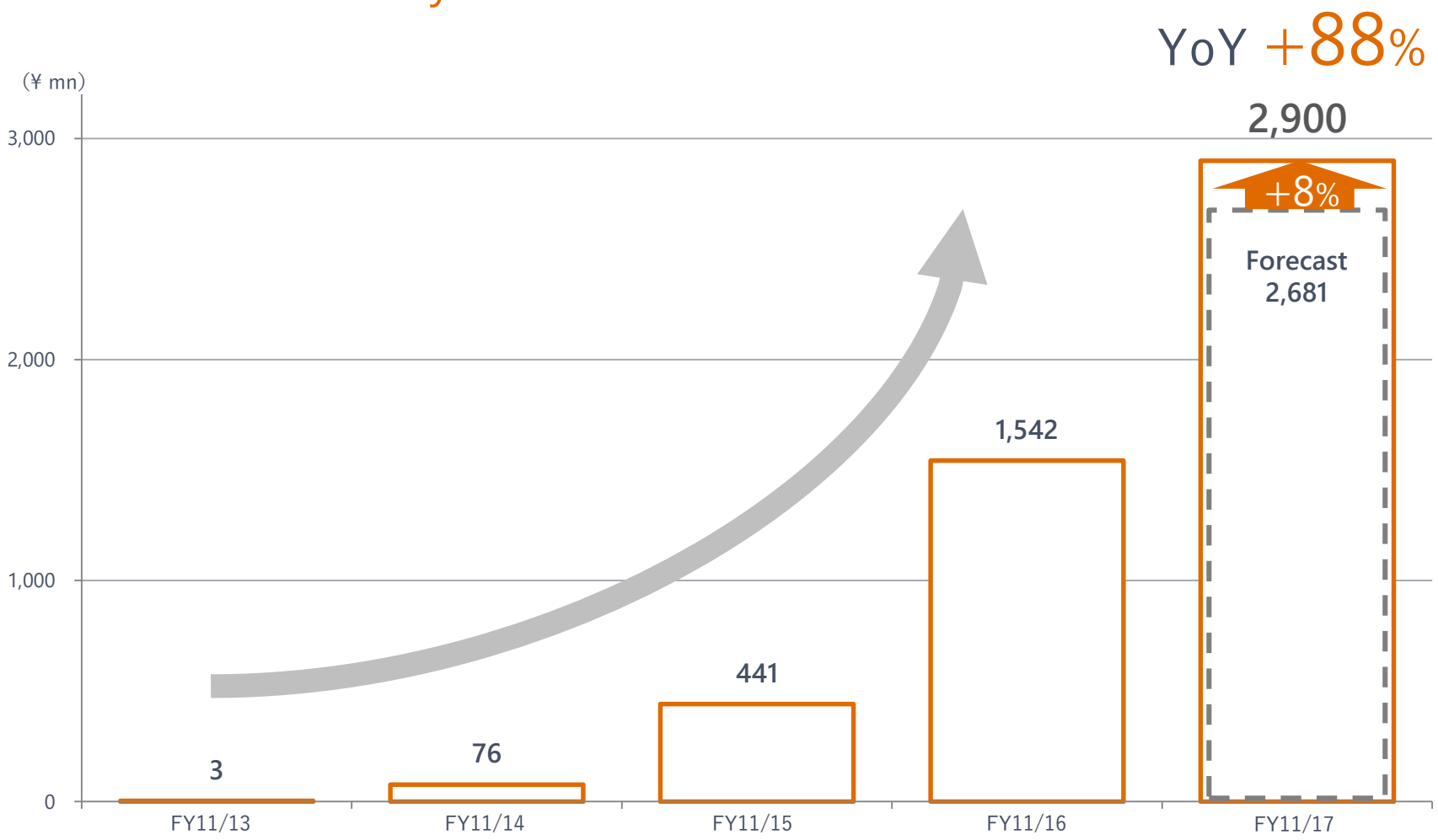


FY11/17 Financial Results



Net Sales (History)

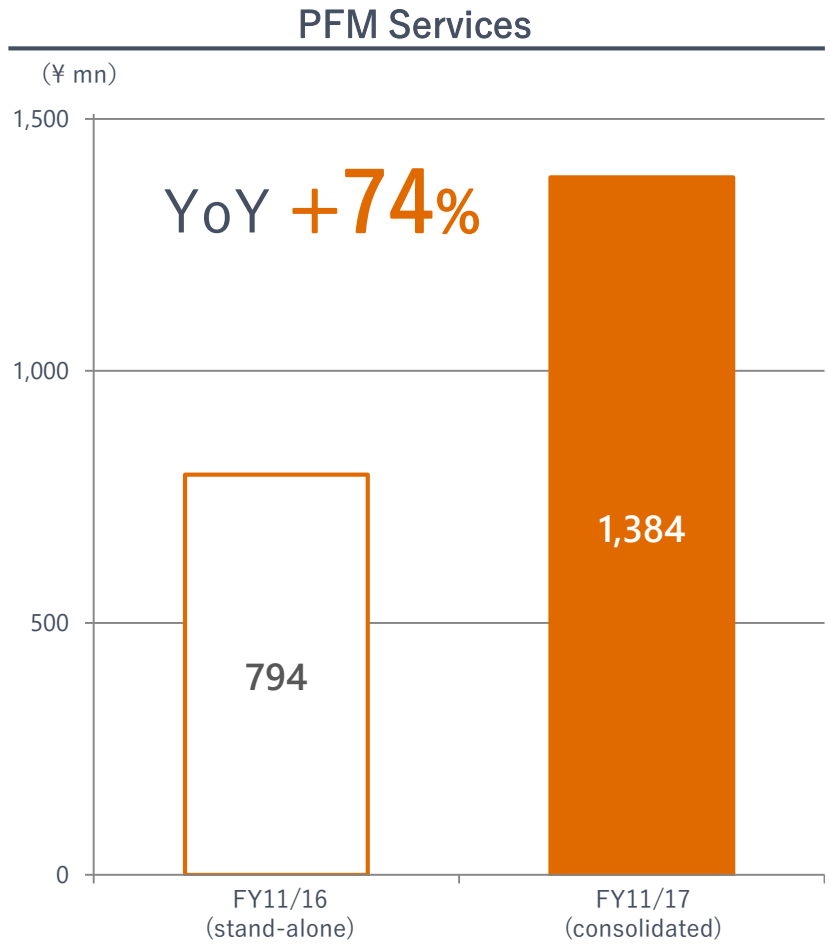
We achieved rapid YoY growth of 88%. Net sales were ¥2.9 billion, which exceeded our forecast by 8%.

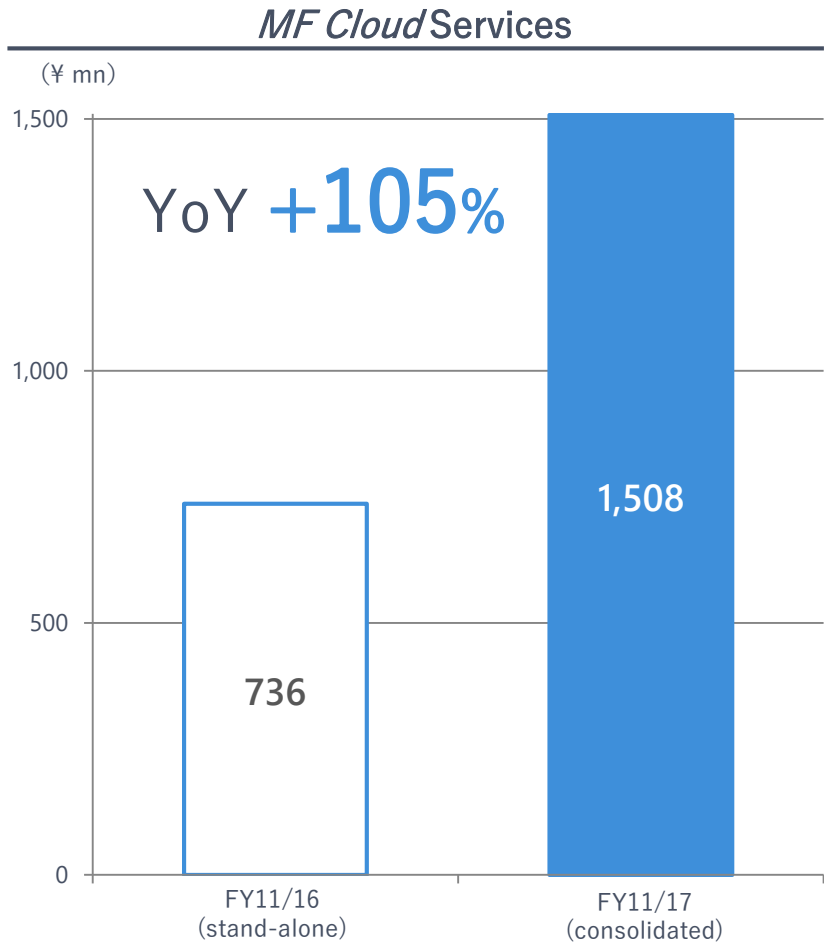


*Values in FY11/16 and before are stand-alone basis and values in FY11/17 are consolidated basis.

Net Sales (By Key Service, YoY Comparison)

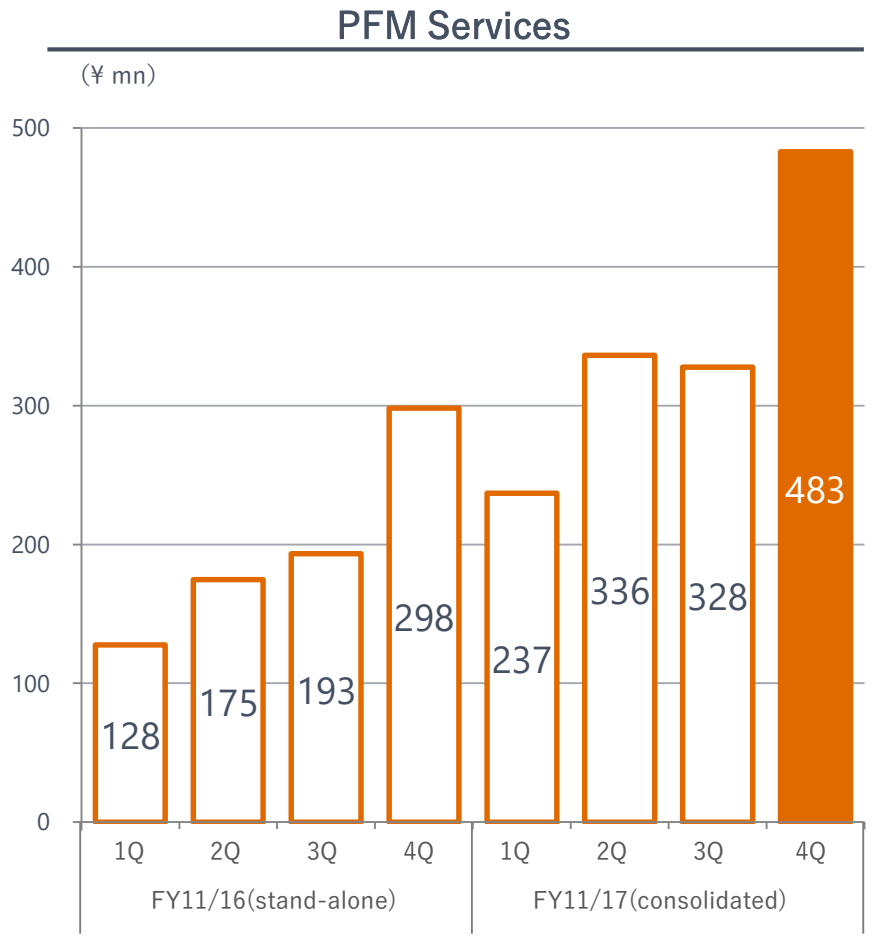
Net sales of both PFM and *MF Cloud* Services increased significantly, growing by 74% and 105%, respectively.

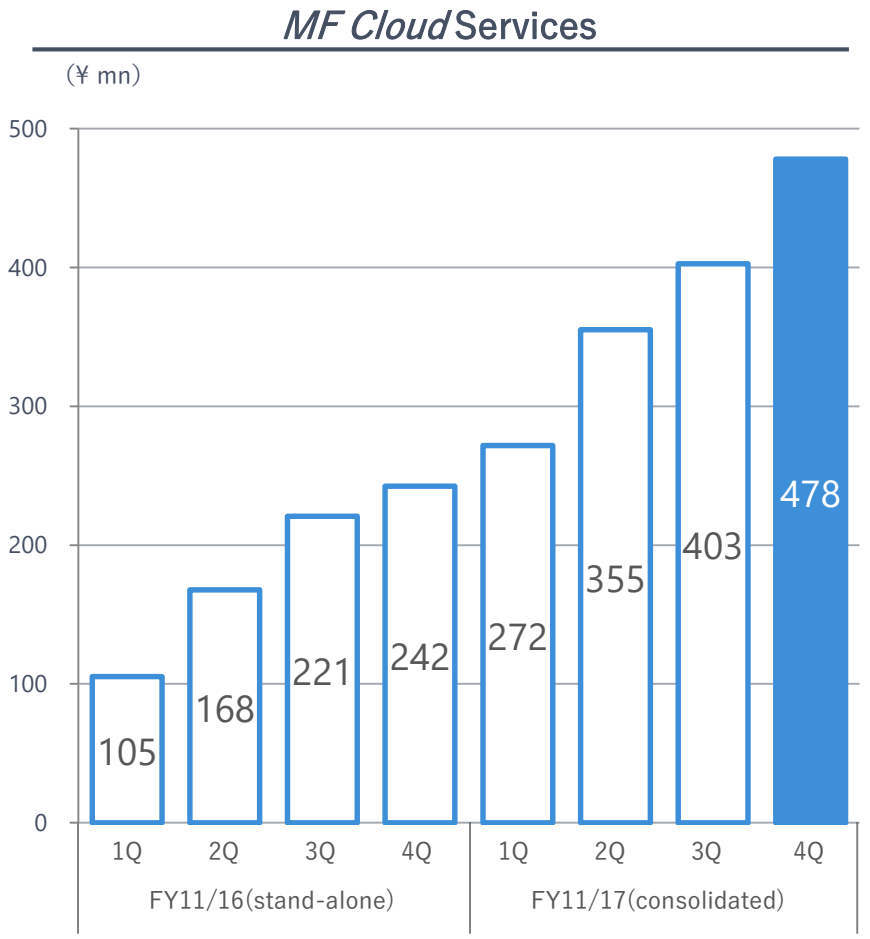




Net Sales (By Key Service, Quarterly Trend)

In Q4 of FY11/17, we achieved record-high net sales in both PFM and *MF Cloud* Services.

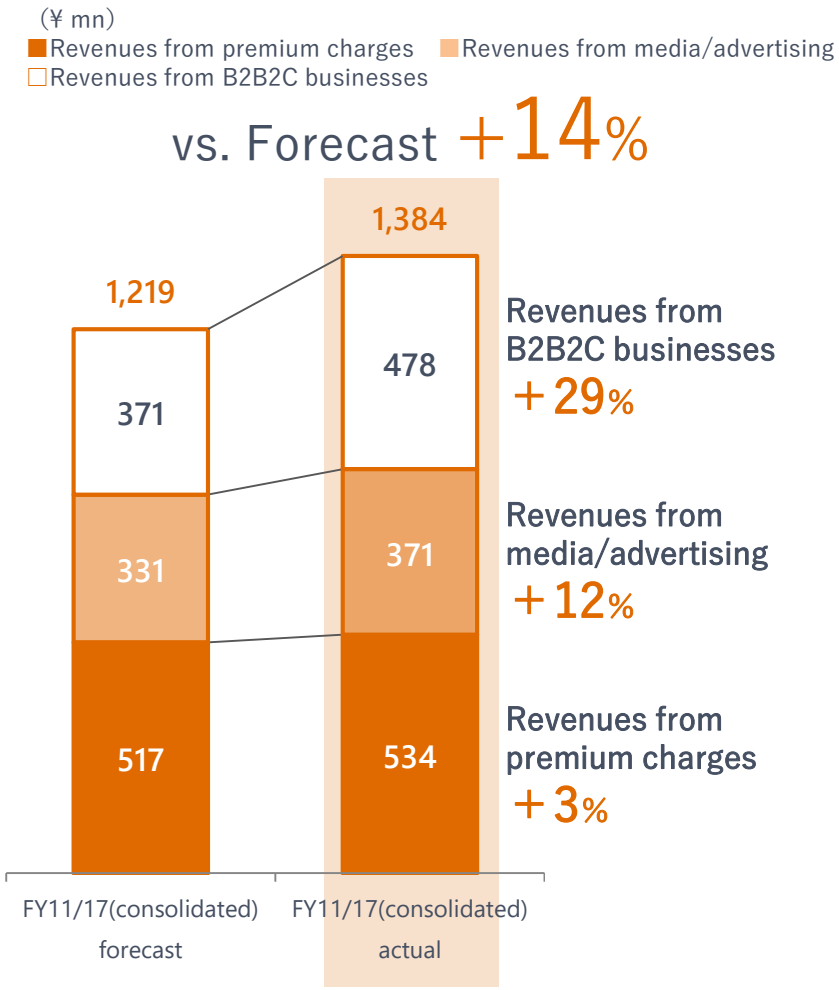




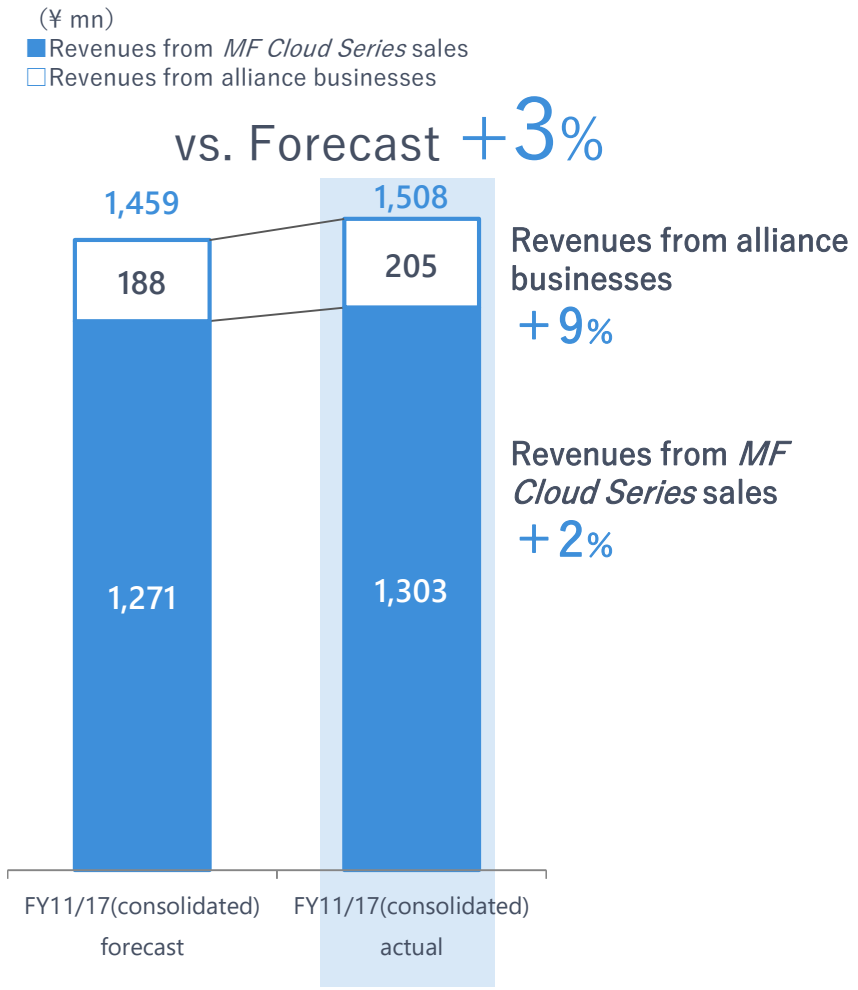
Net Sales vs. Forecast

We exceeded our forecasts in all categories. In particular, strong revenue from B2B2C businesses resulted in a significant 14% YoY increase in PFM Services.

PFM Services

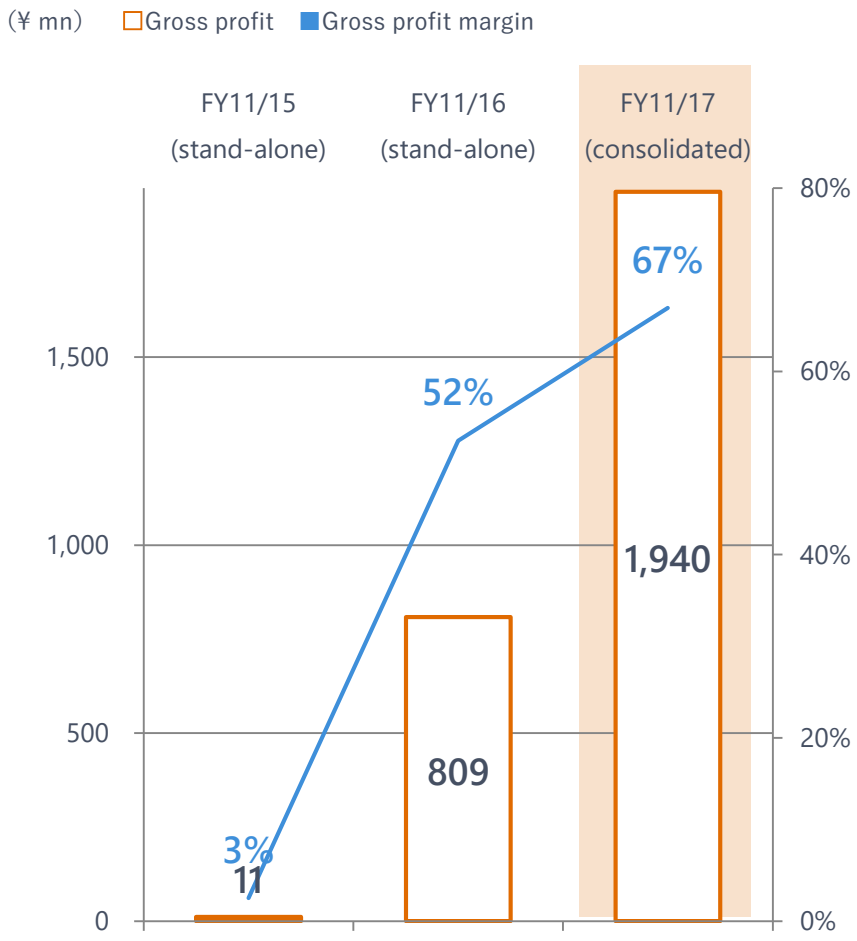


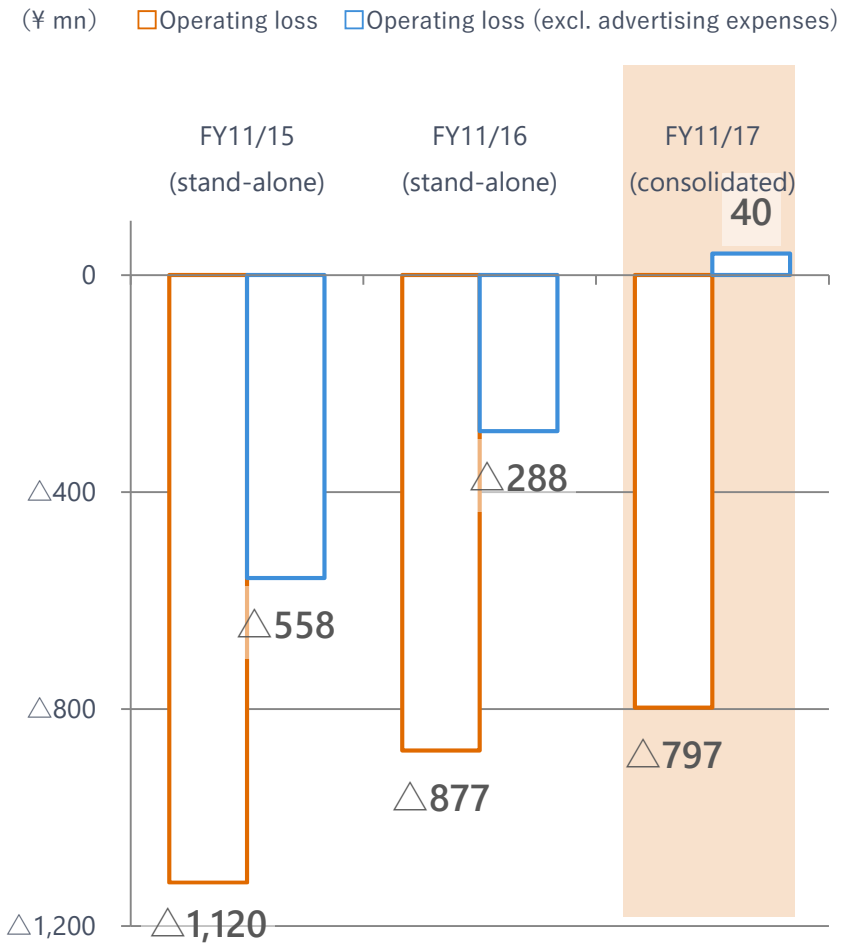
MF Cloud Services



Gross Profit & Operating Profit/Loss

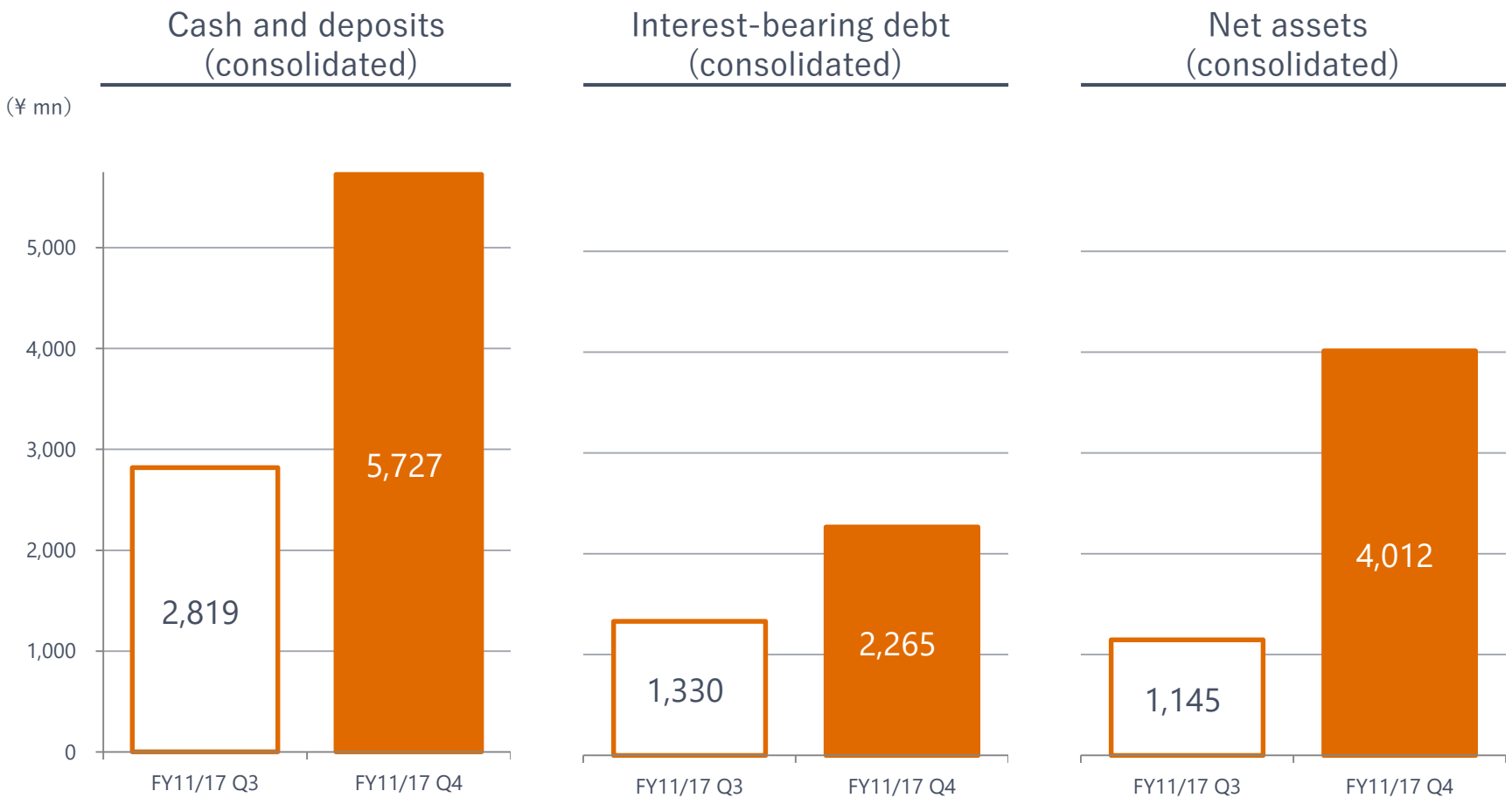
Gross profit ratio increased significantly by 15 percentage point from 52% to 67%. Operating profit excluding advertising expenses turned positive.





Bolstering the Financial Base

We increased consolidated cash and deposits to ¥5.7 billion. With IPO and bank borrowings, we now have strong balance sheet.



PFM Services

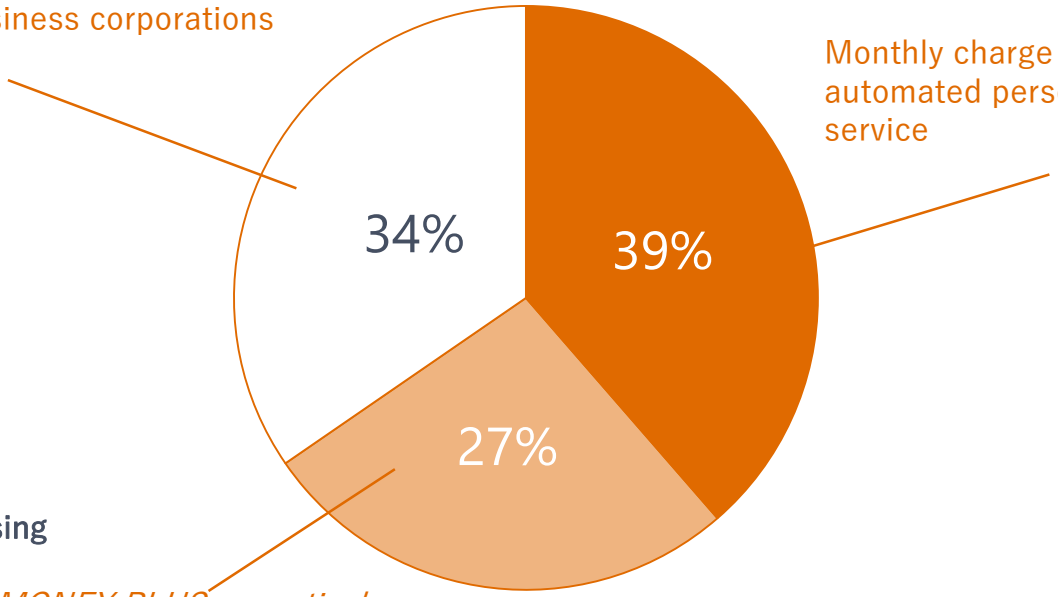


PFM Services: Revenue Profile

We maintain a well-balanced revenue profile among three pillars: revenues from premium charges, revenues from media/advertising and revenues from B2B2C businesses.

Revenues from B2B2C businesses

- Charge from *Money Forward for XX*—service for financial institution/business corporation customers
- API usage charge from business corporations



Revenues from premium charges

Monthly charge for *Money Forward*—automated personal financial management service

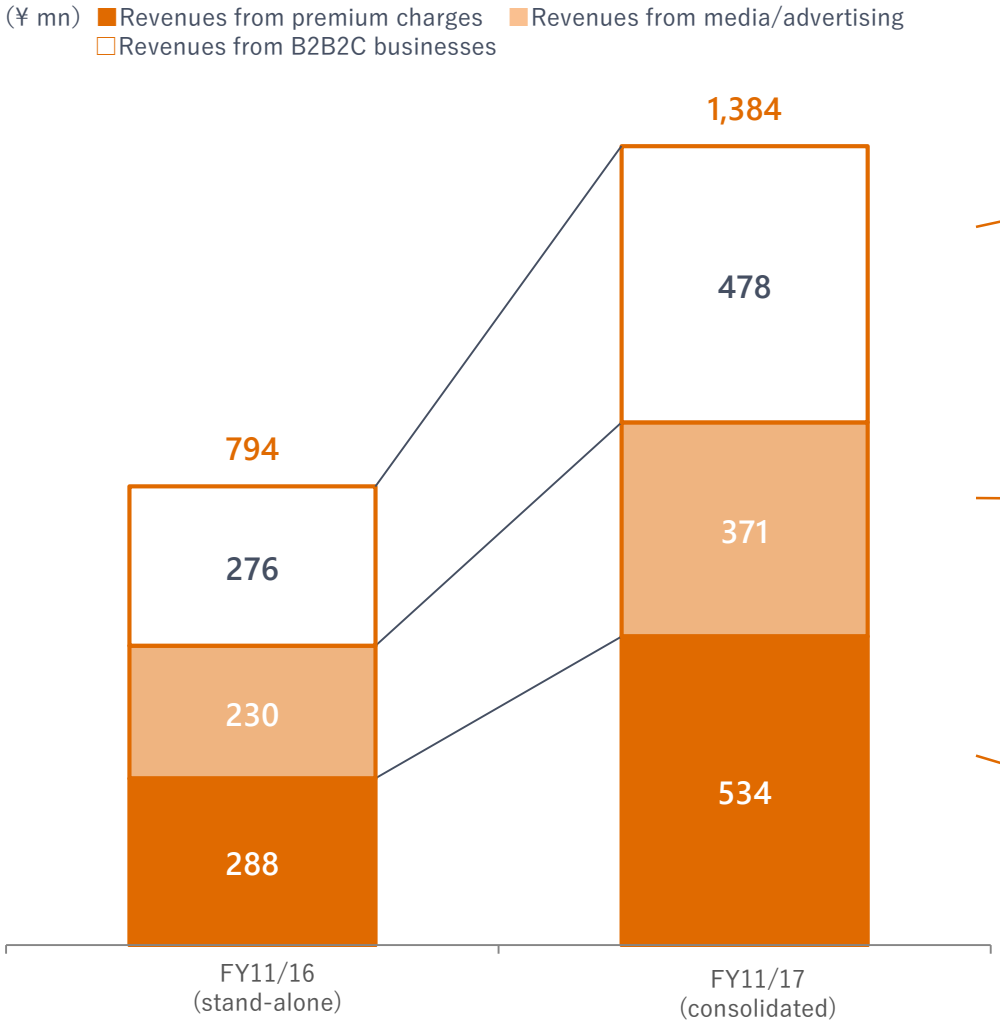
Revenues from media/advertising

- Advertising revenues from *MONEY PLUS*—*practical economic media*
- Revenues from events (Money EXPO) and seminars (e.g., on real estate and DC plan)

Results for Q4 YTD (Dec. 1, 2016 to Nov. 30, 2017)

Net Sales of PFM Services

We achieved strong growth, as all categories saw YoY increases above 60%.



Revenues from B2B2C businesses

+73%

Revenues from media/advertising

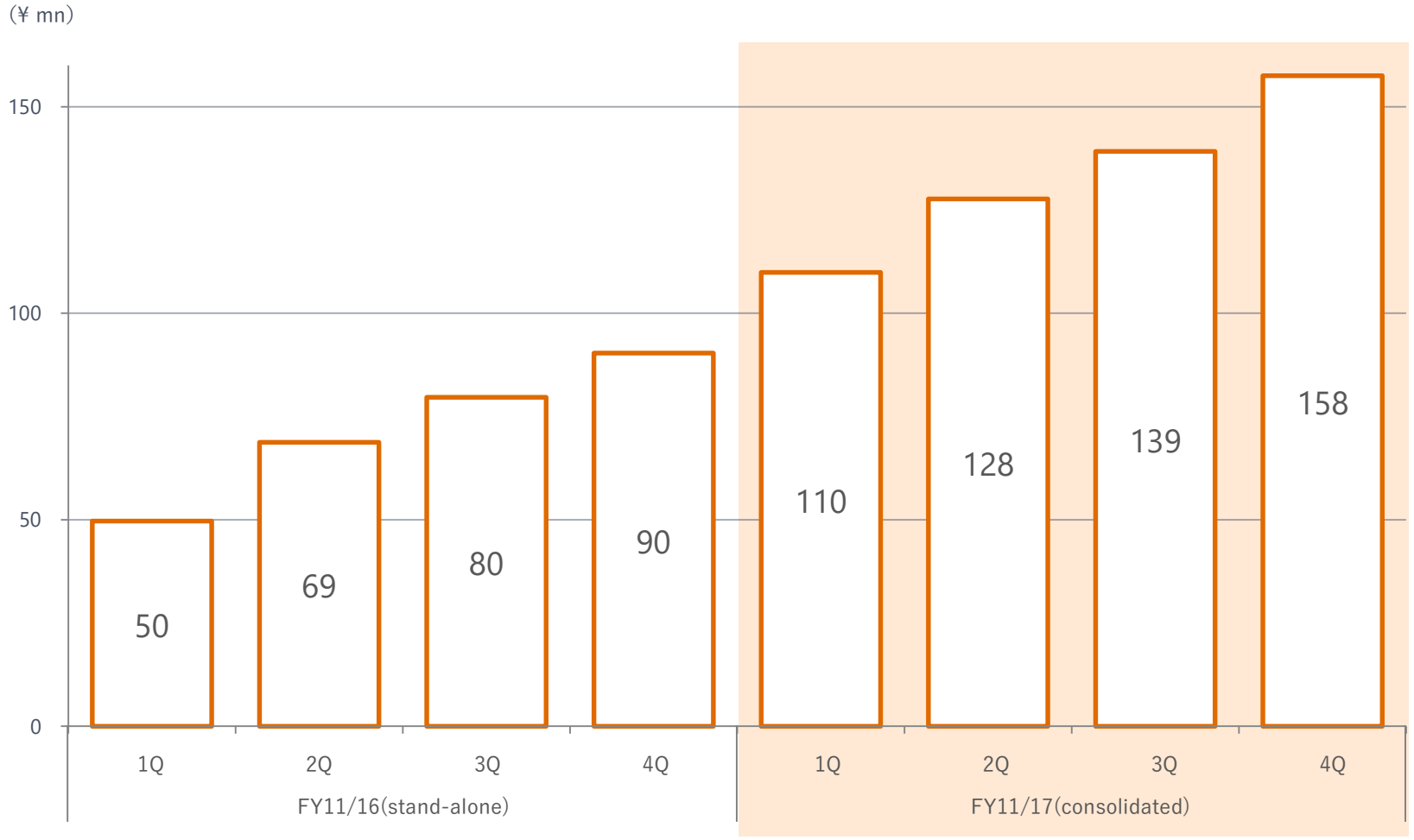
+61%

Revenues from premium charges

+85%

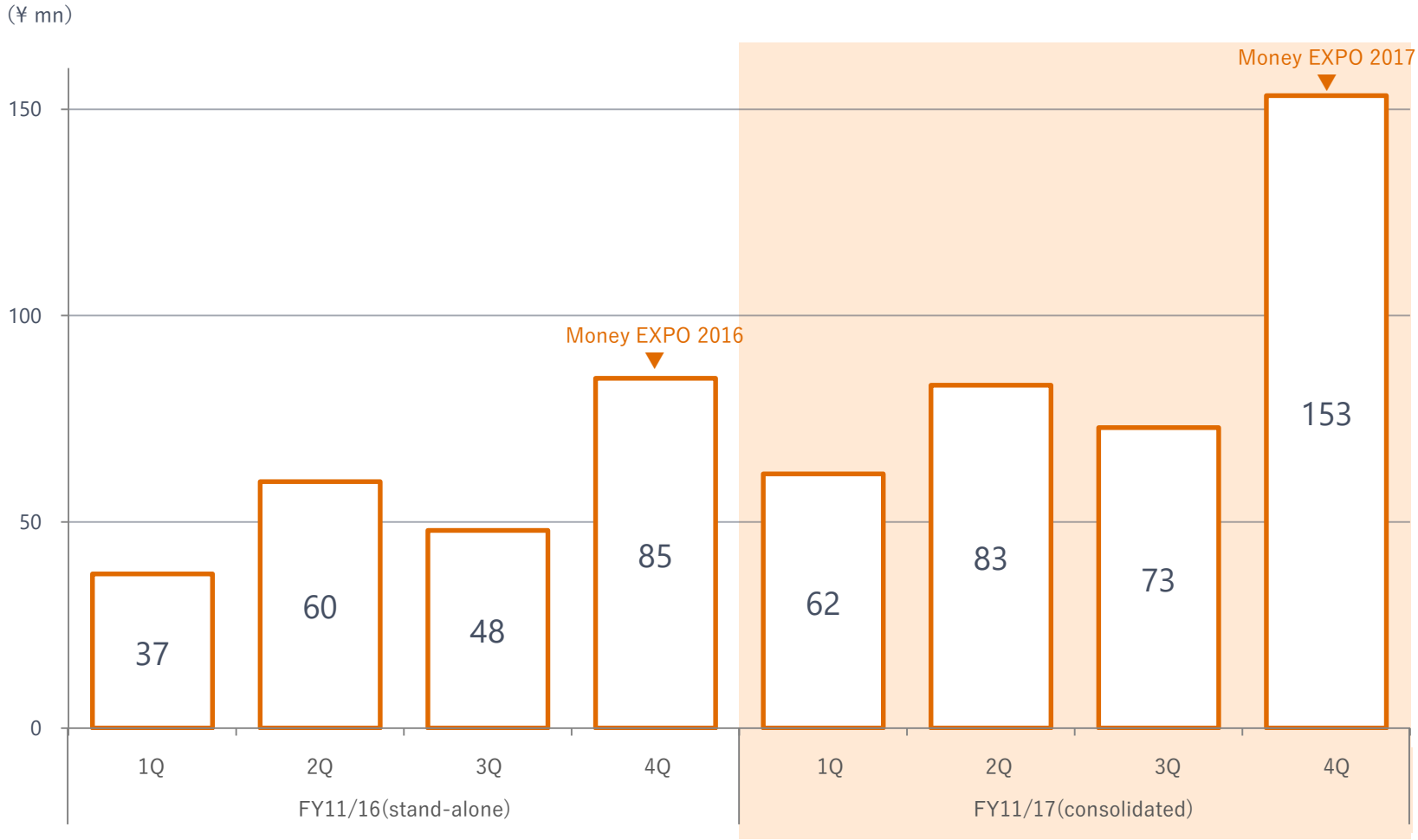
Revenues from Premium Charges (Net Sales)

The number of charged users steadily increased, reaching 120,000 members (as of 12/31/2017).



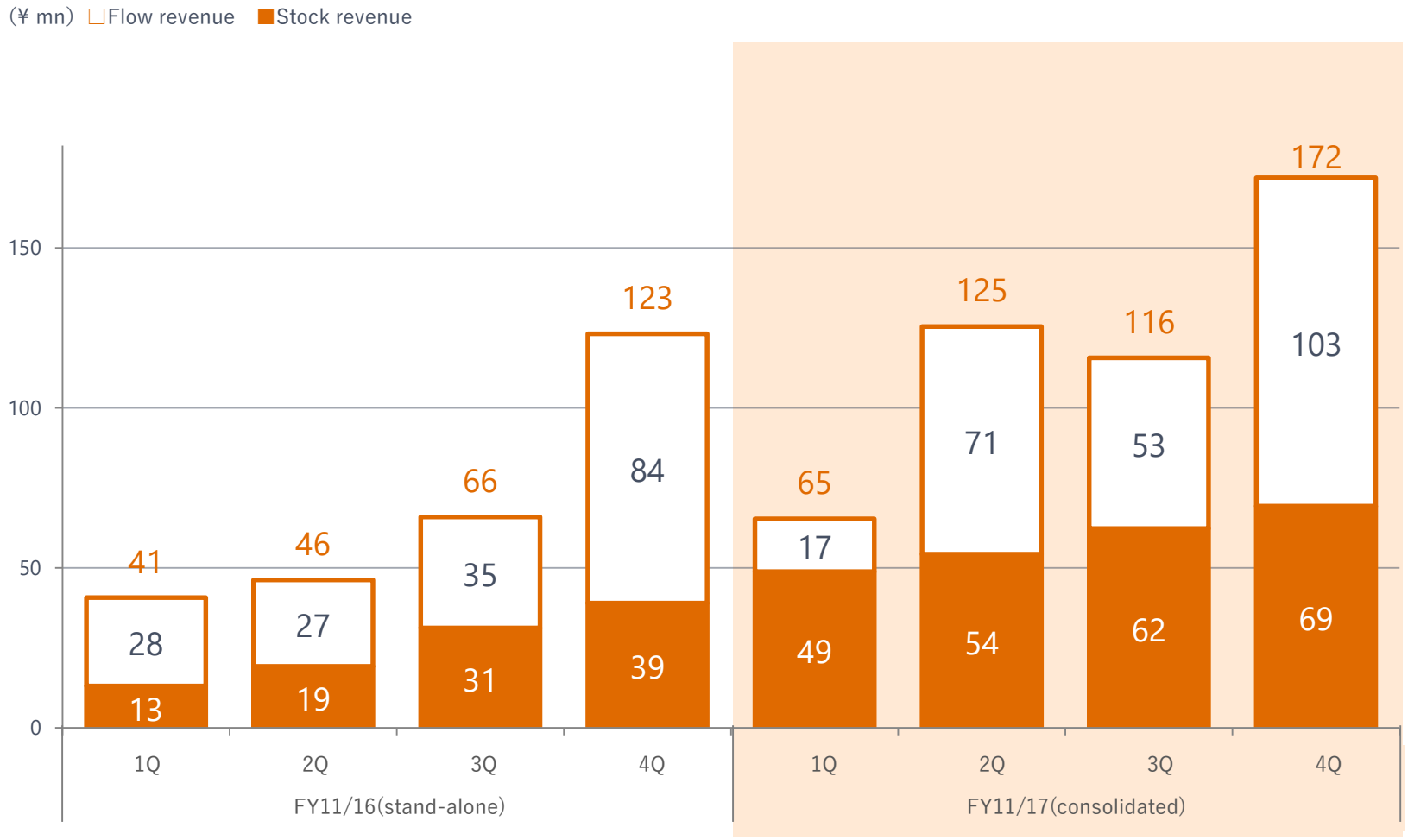
Revenues from Media/Advertising (Net Sales)

Due to the strong sponsorship revenue for “Money EXPO 2017”, we achieved record-high quarterly net sales in Q4.



Revenues from B2B2C Businesses (Net Sales)

The number of partners steadily increased, and we achieved record-high quarterly net sales in Q4.



Premium Charges (Topics)

We renewed the accounts page in August 2017 and the top page in January 2018. With further usability improvements, we will aim to boost both royalties and the charge ratio.





Media/Advertising (Topics)

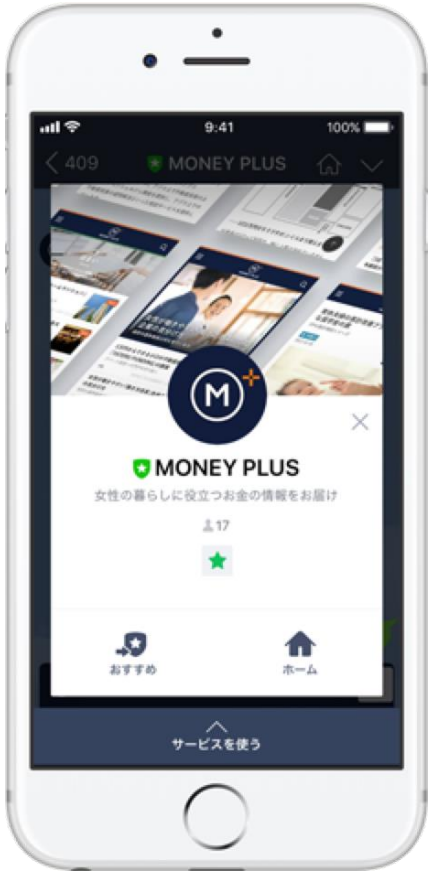
In Q4, we held the “Money EXPO 2017.” More than 2,000 people interested in asset management and life planning attended the event.





Media/Advertising (Topics)

In December 2017, we began distributing *MONEY PLUS* articles through *Line* accounts. With this, we are aiming to expand the range of readers.



MONEY PLUS
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B2B2C Businesses (Topics)

In December 2017, we began providing a new function *MF Unit,* which offers PFM function to third party apps. This function was first introduced by *JAL Card app*.

Began offering the asset management function on *JAL Card app*.








MF Cloud Services

MF Cloud Services: Revenue Profile

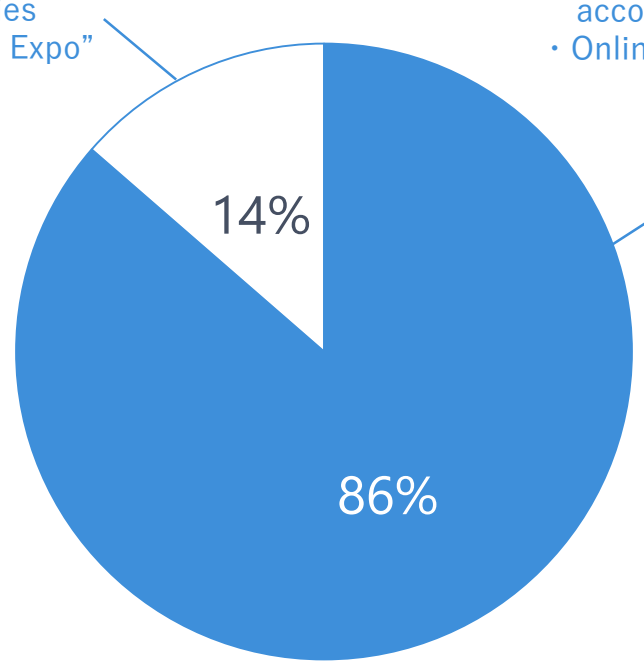
Over 80% is covered by revenues from web channel and direct marketing channel.

Revenues from alliance businesses

- Provision of OEM and other services to leading companies in various industries
- Organizing events such as “MF Cloud Expo”

Revenues from *MF Cloud Series* sales

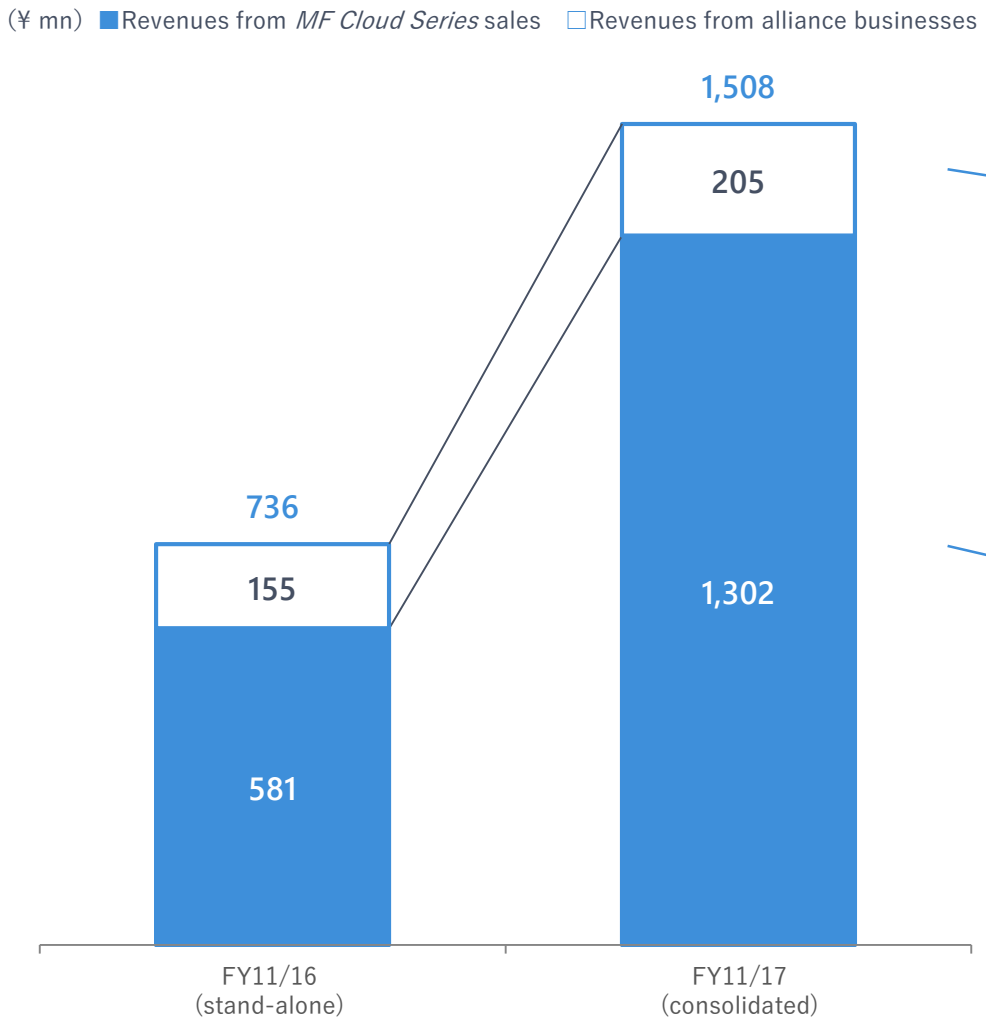
- Direct sales to business corporations and accounting firms, etc.
- Online sales through promotions, etc.



Results for Q4 YTD (Dec. 1, 2016 to Nov. 30, 2017)

Net Sales of *MF Cloud* Services

Revenues from *MF Cloud Series* sales increased significantly by 124% YoY.



Revenues from alliance businesses

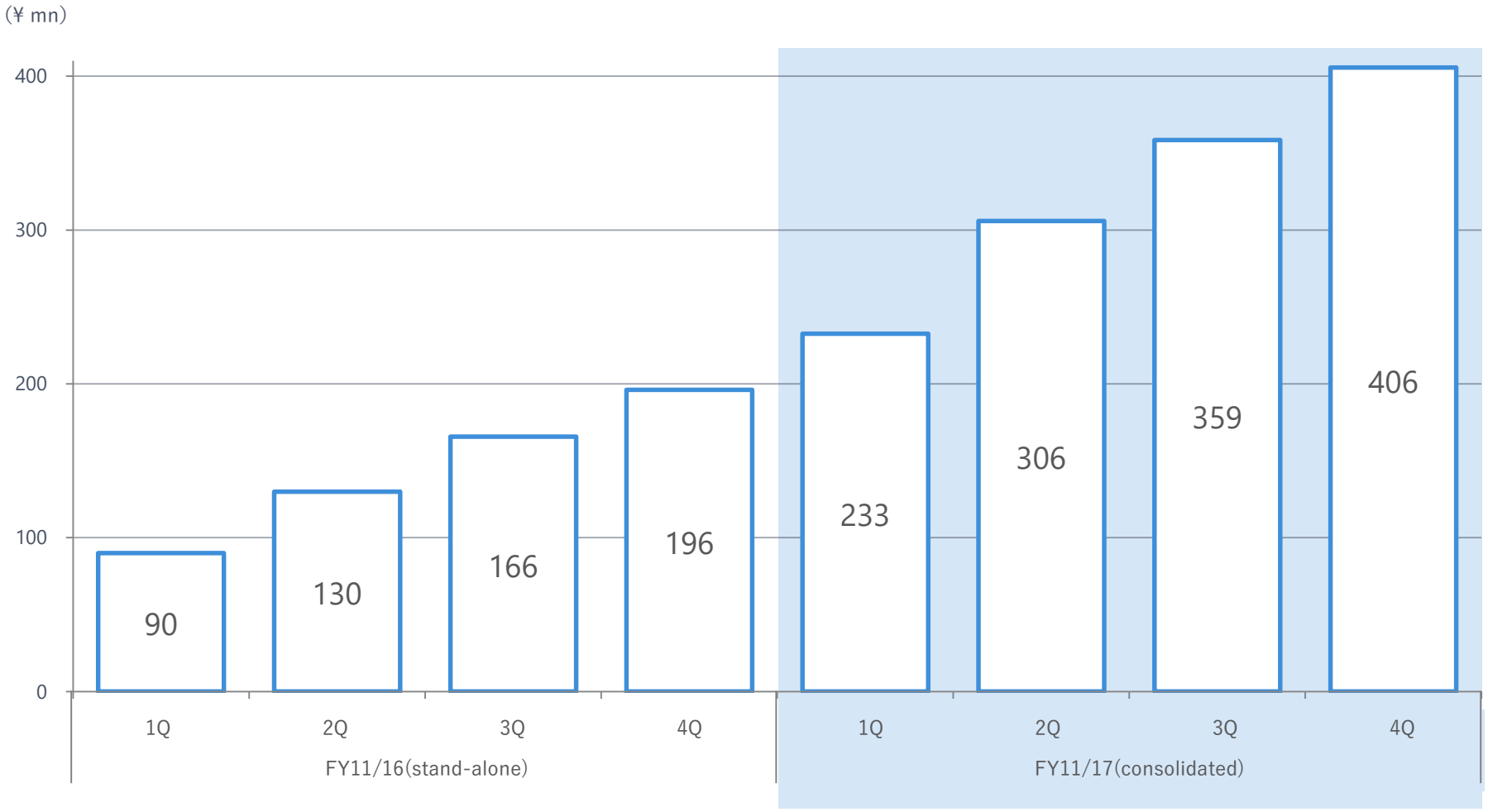
+33%

Revenues from *MF Cloud Series* sales

+124%

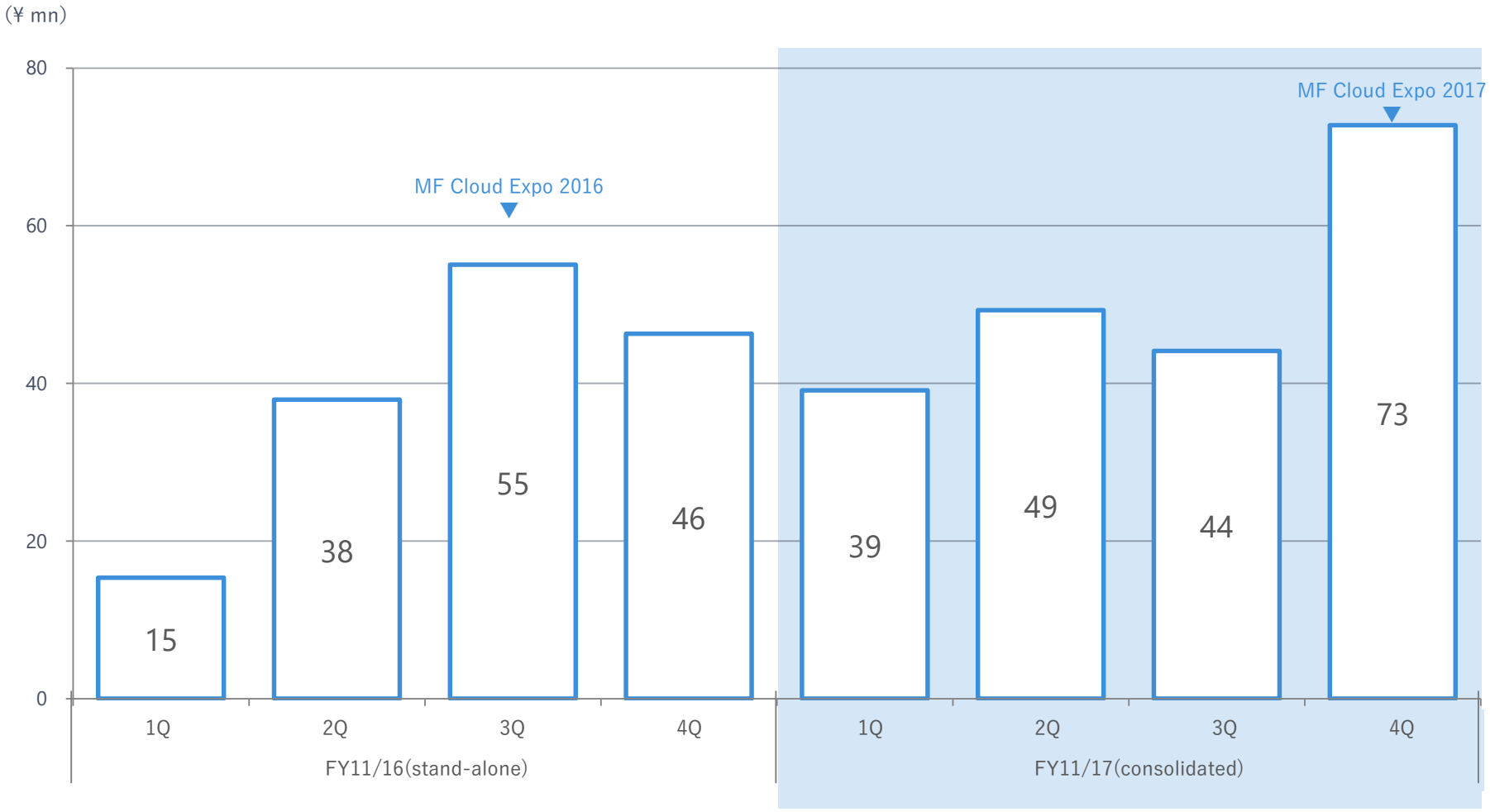
Revenues from *MF Cloud Series* Sales (Net Sales)

Net sales continued strong growth in each quarter.



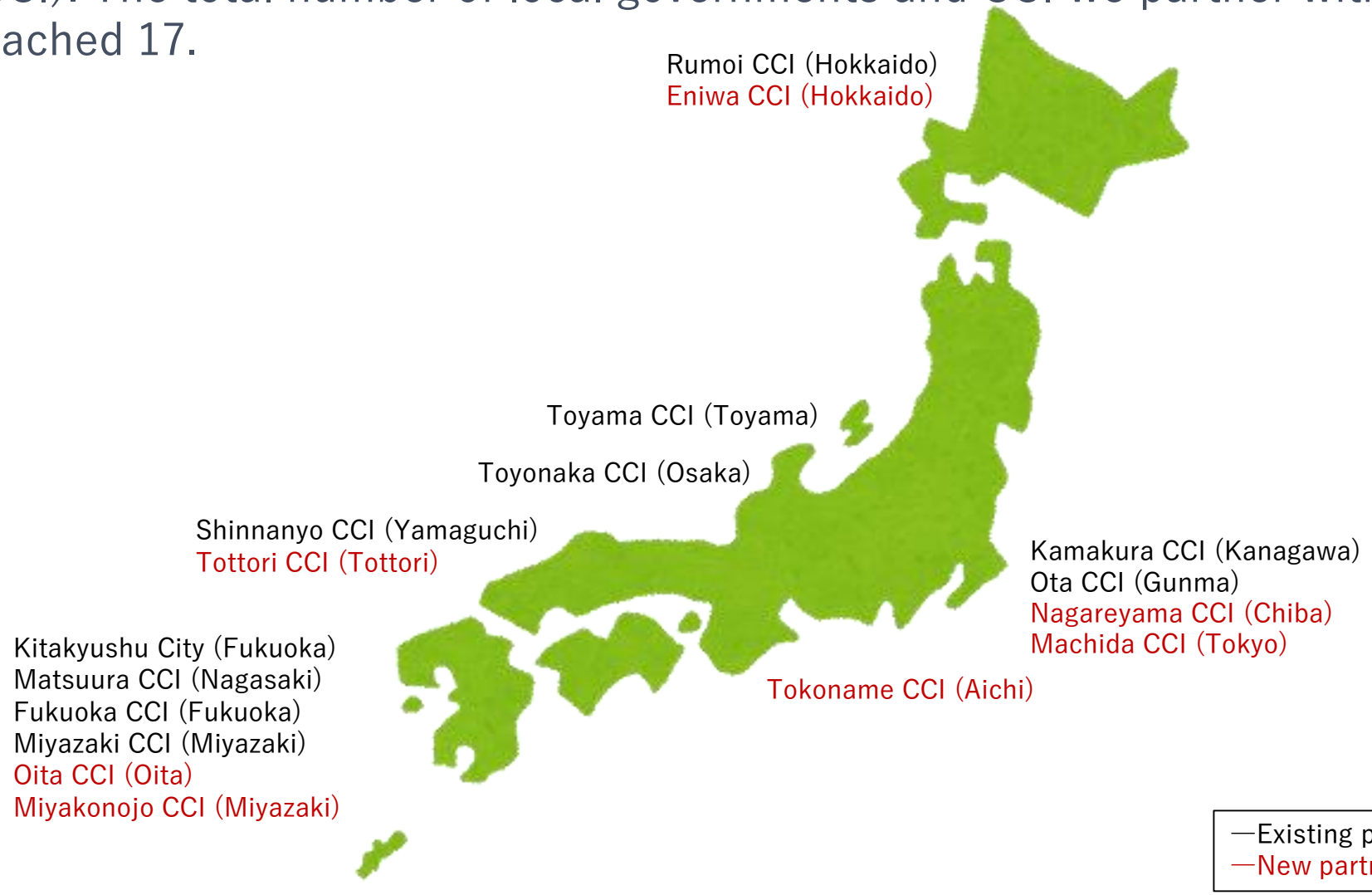
Revenues from Alliance Businesses (Net Sales)

In Q4, we held the “MF Cloud Expo” and achieved record-high quarterly net sales.



MF Cloud Series (Topics)

We began partnering with seven chambers of commerce and industry (CCI). The total number of local governments and CCI we partner with reached 17.

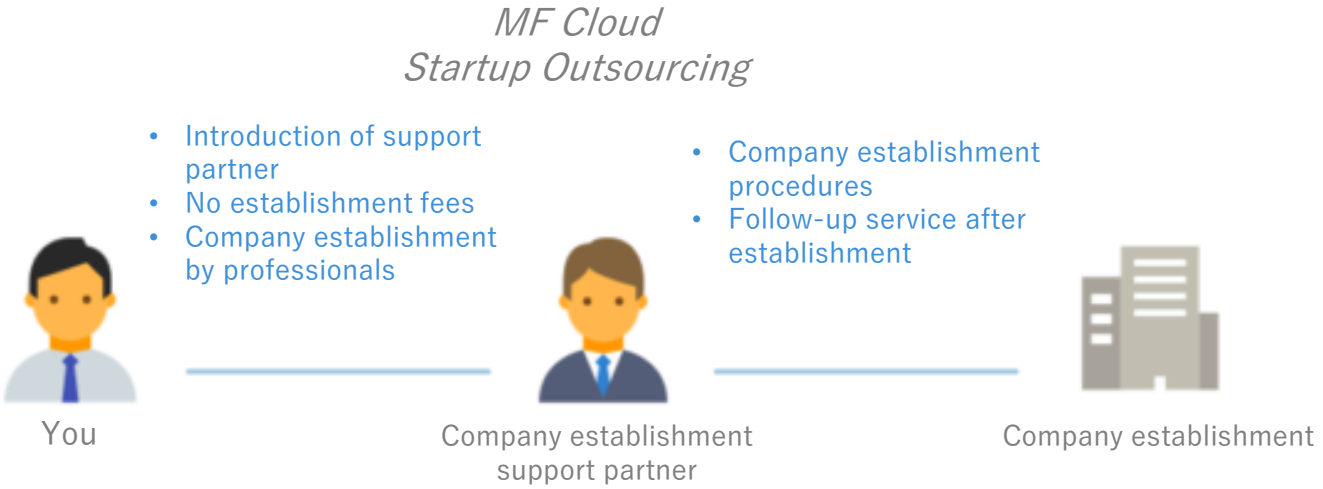


MF Cloud Series (Topics)

Targeting a business launch ratio of at least 10% as detailed in the “Future Investment Strategy 2017” by Japanese government, we released *MF Cloud Startup Outsourcing* which helps entrepreneurs establish companies.

Began offering *MF Cloud Startup Outsourcing*

Helping startups in focusing on more important business issues



MF Cloud Series (Topics)

In December 2017, NTT DoCoMo began promoting our services.
We aim to expand our reach targeting small- and medium-sized businesses nationwide.

Began sales of *MF Cloud Series* by NTT DoCoMo

Aiming to increase the productivity of small- and medium-sized businesses nationwide



Alliances (Topics)

We held the “MF Cloud Expo,” with the theme of “The future of corporate management that brings about connections.” Experts with cutting-edge insights in their respective fields gave presentations.







Other Strategic Initiatives

Establishment of the *MF Blockchain/Cryptocurrency Laboratory*

We established a laboratory to research blockchain technology as well as transfer and settlement using cryptocurrencies. We are proactively hiring in order to launch new services, and considering registering as a cryptocurrency exchange service provider.



Left: Executive Officer and CTO, Takuya Nakade, who was in charge of the development of FX trading system at Simplex Inc.
Right: Executive Officer for Public Relations and Business Development, Junichi Kanda, who was in charge of the design of Japanese Fintech system at the Bank of Japan and Financial Services Agency

Investment in BASE, Inc.

We made an investment in BASE, Inc., which provides the e-commerce platform *BASE*. In January 2018, we plan to start business tie-up utilizing the user bases of both companies.

Money Forward Enters into a Capital and Business Alliance with BASE



Start of Collaboration with Overseas SaaS Players

We concluded an agreement to invest in Sleekr Group, a provider of cloud services in Indonesia. President and CEO Yosuke Tsuji is expected to join Sleekr's board of directors.

Money Forward begins collaborations with overseas SaaS companies



Investment in Sleekr Group, which provides cloud-type accounting and HR services in Indonesia.

Launch of *Money Forward Fund*

We launched *Money Forward Fund* for capital and business alliance with domestic and overseas SaaS/Fintech companies with our own capital. We will work together in areas such as service development, user referrals, sales and marketing, as well as hiring.

Launch of the *Money Forward Fund* specializing in SaaS/Fintech

Portfolio

お金のデザイン
MONEY DESIGN Co., LTD.

LIFULL
株式会社LIFULL Social Funding

CAMPFIRE

BASE

sleekr

Accelerating alliances with domestic and overseas companies with the aim of
“Resolving everyone’s money issues.”

Bolstering Partnerships with Financial Institutions (Business Alliance)

By forming business alliance with financial institutions nationwide, we are expanding services for their individual and corporate customers.



Bolstering Partnerships with Financial Institutions (API Connection)

The number of banking APIs which we can access has been increasing steadily. “Future Investment Strategy 2017” targets the adoption of open banking APIs by 80+ banks by 2020.

Financial Institution	Start Timing
SBI Sumishin Net Bank	Mar. 2016 (Ref API for Individual & Corporate) Mar. 2017 (Transfer API for Individual & Corporate)
Shizuoka Bank	Apr. 2016 (Ref API for Individual)
Gunma Bank	Jun. 2016 (Ref API for Individual)
Mizuho Bank	Oct. 2016 (Ref API for Corporate) Mar. 2017 (Transfer API for Corporate)
Seven Bank	Jan. 2017 (Ref API for Corporate) Nov. 2017 (Transfer API for Corporate)
Aichi Bank	Feb. 2017 (Ref API for Individual & Corporate)
Sumitomo Mitsui Banking Corporation	Mar. 2017 (Ref and Transfer API for Corporate) Jul. 2017 (Ref API for Individual)
Minato Bank	Apr. 2017 (Ref API for Corporate)
Japan Net Bank	Aug. 2017 (Ref API for Individual)
Michinoku Bank	Dec. 2017 (Ref API for Individual)
Chiba Bank	To be released in the spring in 2018 (Ref API for Individual)
Hokuyo Bank	To be released in the spring in 2018 (Ref API for Individual)

*Ref API: Referential API
*Transfer API: Money transfer API

Bolstering Alliances with Financial Institutions (PFM Services)

We are releasing new services one after another, including *Simple Bankbook* and *MF Unit.*

Money Forward for XX

Developing *Money Forward* for financial institutions' customers

Simple Bankbook

Developing bankbook apps for financial institutions

MFUnit Series

Offering PFM functions in financial institutions' existing apps

Asset Monitoring Unit for *JAL Card app*

We are also proposing *Bankbook Unit*, *Article Distribution Unit*, and *Spare Change Saving Unit*

Bolstering Alliances with Financial Institutions (*MF Cloud* Services)

We started providing *MF Cloud Accounting/Tax Return* and *MF Cloud Finance* for the customers of financial institutions.

MF Cloud Finance A service that uses *MF Cloud* data for quick and easy funding







In addition, we are developing a product of Fukui Bank.

MF Cloud Accounting/Tax Return for BANK Accounting services for financial institutions' customers



In addition, we are developing services for the customers of North Pacific Bank.



Growth Strategy and Forecast for FY11/18

Medium- to Long-term Strategies

Growth Strategy

Since our business is mainly subscription model, we will prioritize maximizing the present value of medium- to long-term cash flows.

Human Resource Strategy

We will consistently invest in recruitment of exceptional talents and human resource development.

Brand Strategy

We will invest in enhancing brand awareness, while also focusing on social contributions and fostering a supportive corporate culture.

Contributions in Various Fields

We will make contributions to the realm of Fintech and to advances in technology.

1 Customer base expansion

2 ARPU enhancement / Monetize acceleration

3 Launch of new services

4 Value creation with data utilization

Progress in Growth Strategies

We have expanded our user base to maintain our top market share position in Japan for both individual and businesses. We bolster earnings capabilities and accelerate investment for future growth.

1

Customer base expansion

・Over 6 million individuals now use *Money Forward*.
・The number of accounting firms we work with surpassed 2,700.
・Delivered services to a wide range of users by expanding the service lineup.

2

ARPU enhancement/ Monetize acceleration

・FY11/17 net sales grew 88% YoY.
・Full-year operating profit/loss excluding advertising expenses turned positive. (However, we expect a operating loss in FY11/18 in order to accelerate the investment again.)

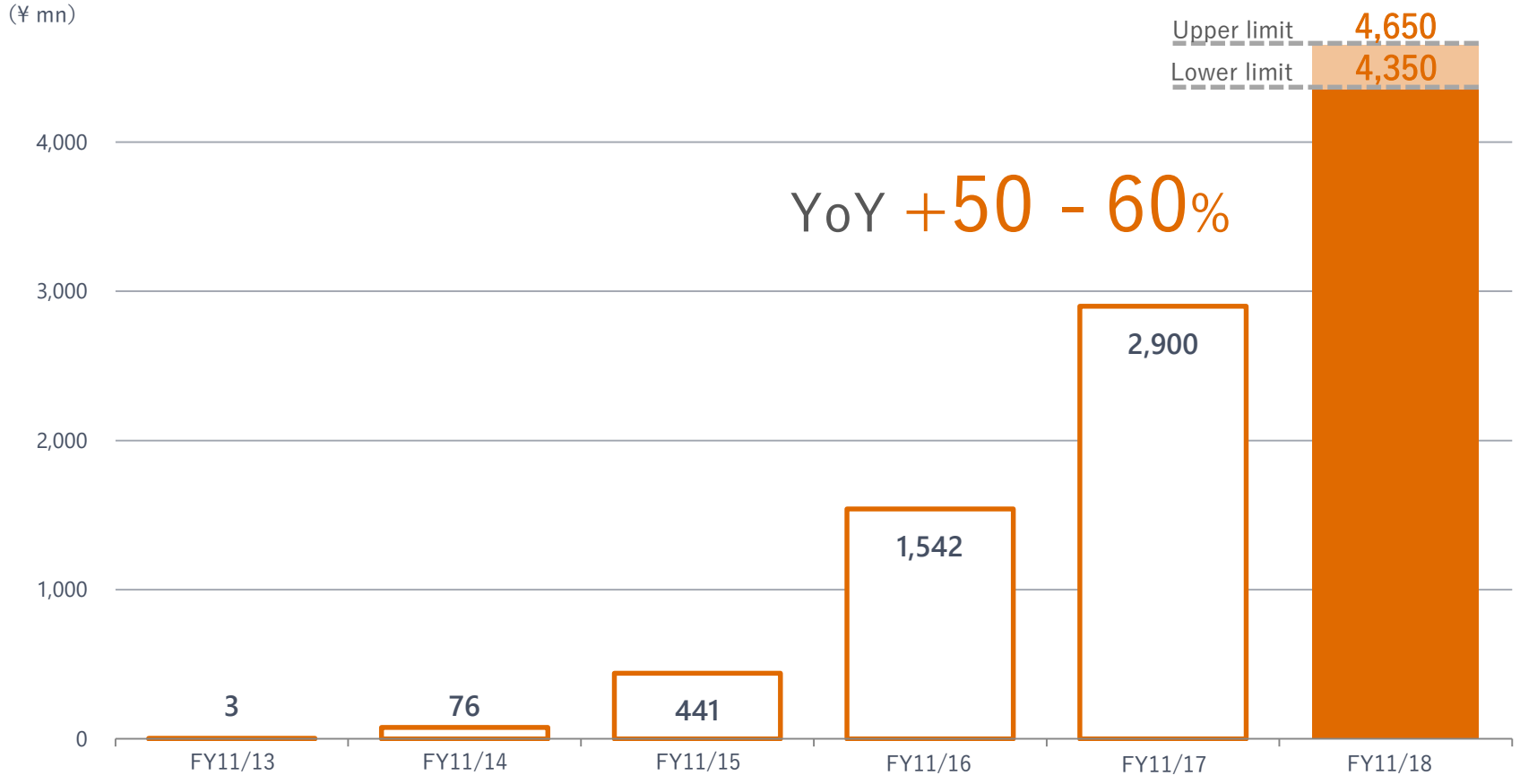
Progress in Growth Strategies

We launched new services, and are striving to develop and deliver value-added services by utilizing data.

3 Launch of new services	・Released *MF Unit* ・Released *MF Cloud Accounting/Tax Return for BANK* ・Launched *mirai talk* ・Started researching cryptocurrency and blockchain
4 Value creation with data utilization	・Plan to offer unique and value-added services unique to our company by leveraging on accumulated big data ・Bolster hiring in order to accelerate the data utilization

FY11/18 Consolidated Net Sales Forecast

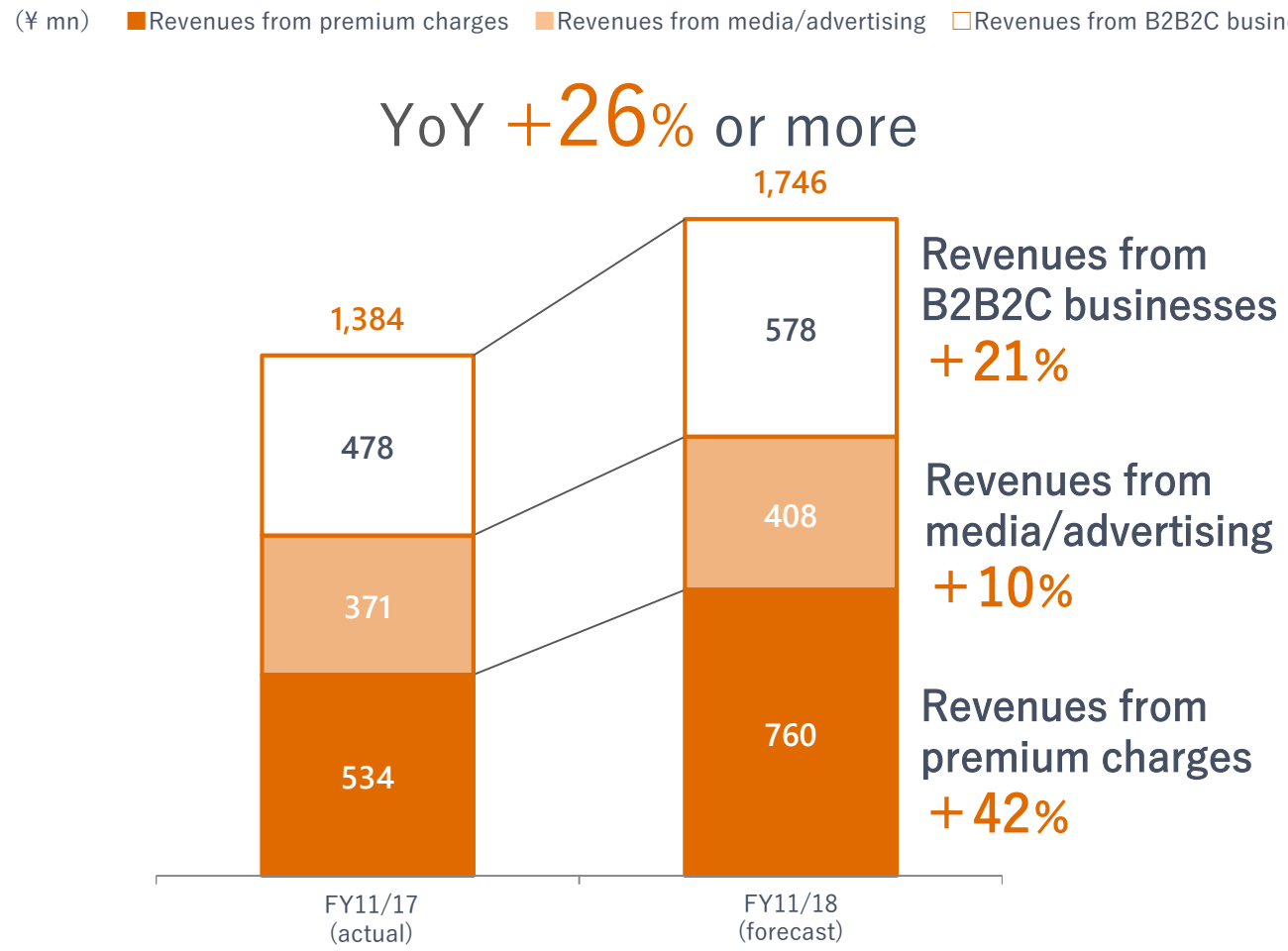
We expect net sales of ¥4.35 - 4.65 billion, which is YoY growth of 50 - 60%.



* Values in FY11/16 and before are stand-alone basis and values in and after FY11/17 are consolidated basis.

Net Sales Forecast (PFM Services)

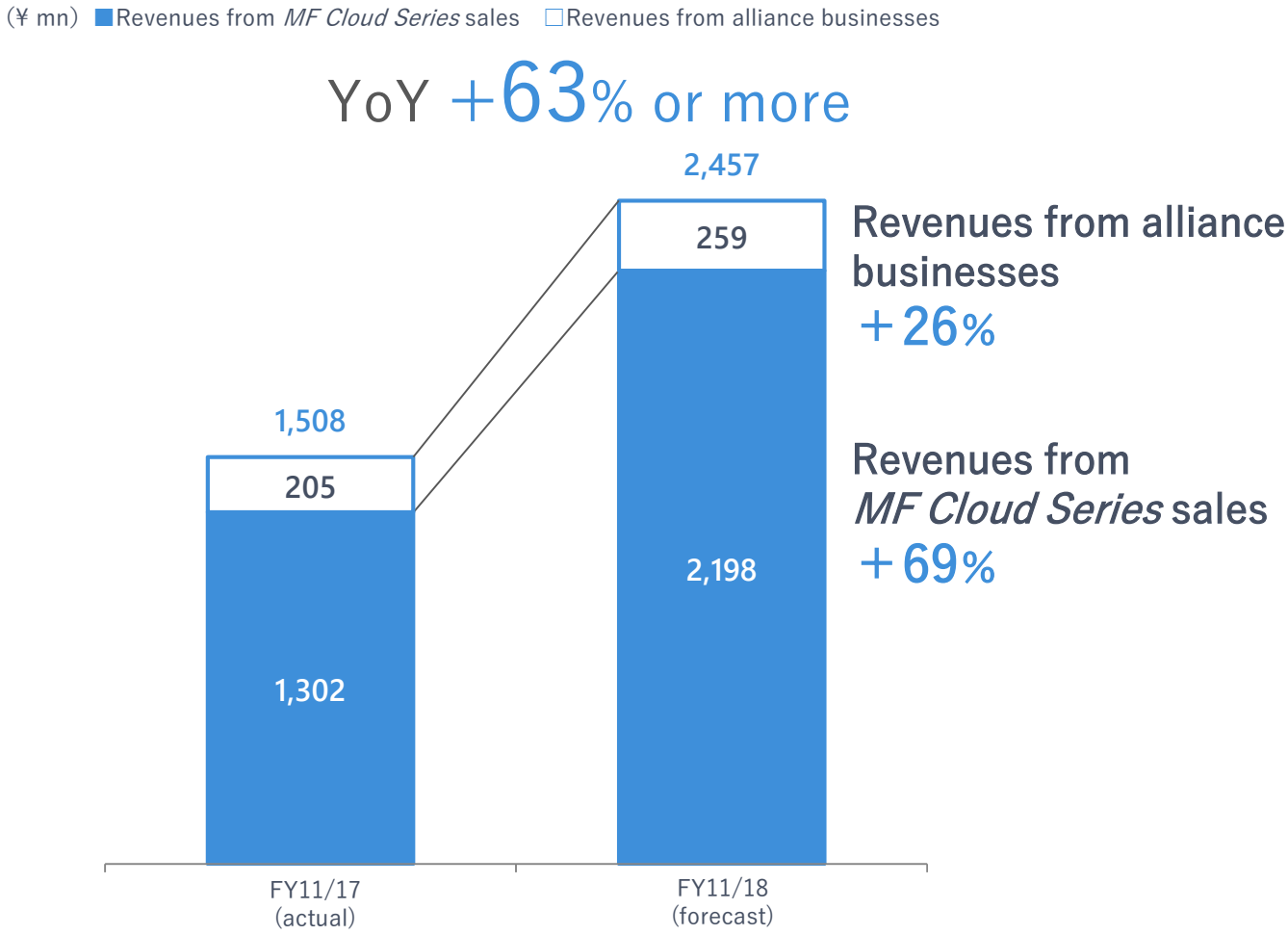
We expect continued growth in all categories. We are aiming for 26%+ YoY growth.



* Above is the breakdown of the FY11/18 net sales forecast when it's lower limit (¥4.35 billion.)

Net Sales Forecast (*MF Cloud*)

We will focus on expanding the customer base, and are aiming for 63%+ YoY net sales growth.



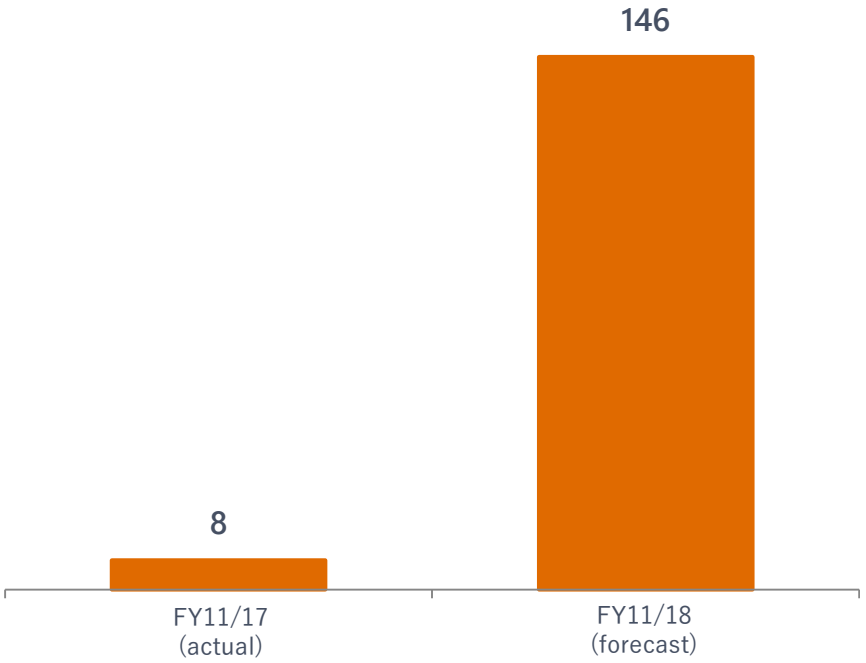
* Above is the breakdown of the FY11/18 net sales forecast when it's lower limit (¥4.35 billion.) *MF Cloud Series* sales revenues includes *STREAMED* sales revenues.

Net Sales Outlook (New Business etc.)

We will continue to invest in *MF KESSAI* and *mirai talk* to create new core businesses following PFM service and *MF Cloud* service. In this category, We are aiming for YoY net sales growth of at least ¥138 million.

(¥ mn)

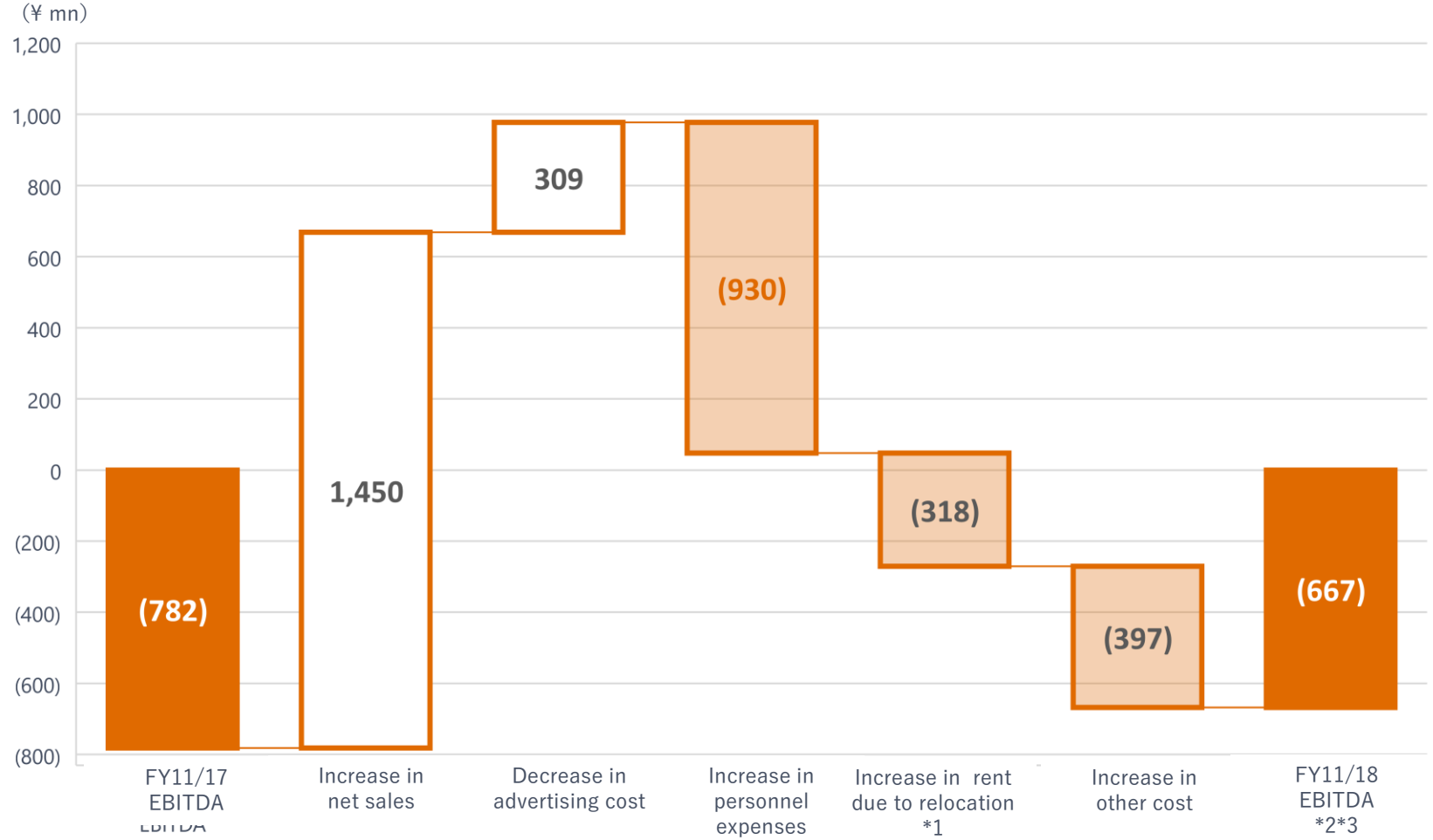
YoY +138mn or more



* Above is the breakdown of the FY11/18 net sales forecast when it's lower limit (¥4.35 billion.)

Factors Behind Change in EBITDA

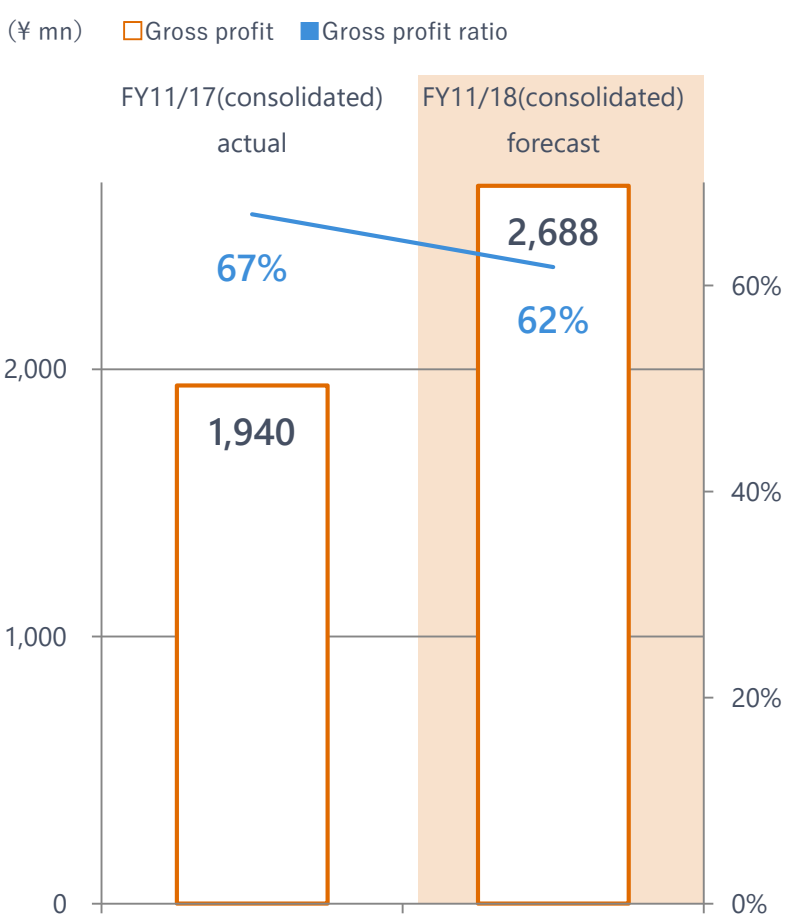
We will accelerate hiring especially engineers and sales personnel for future growth. Aiming to foster a strong corporate culture, we plan to relocate and consolidate the offices.

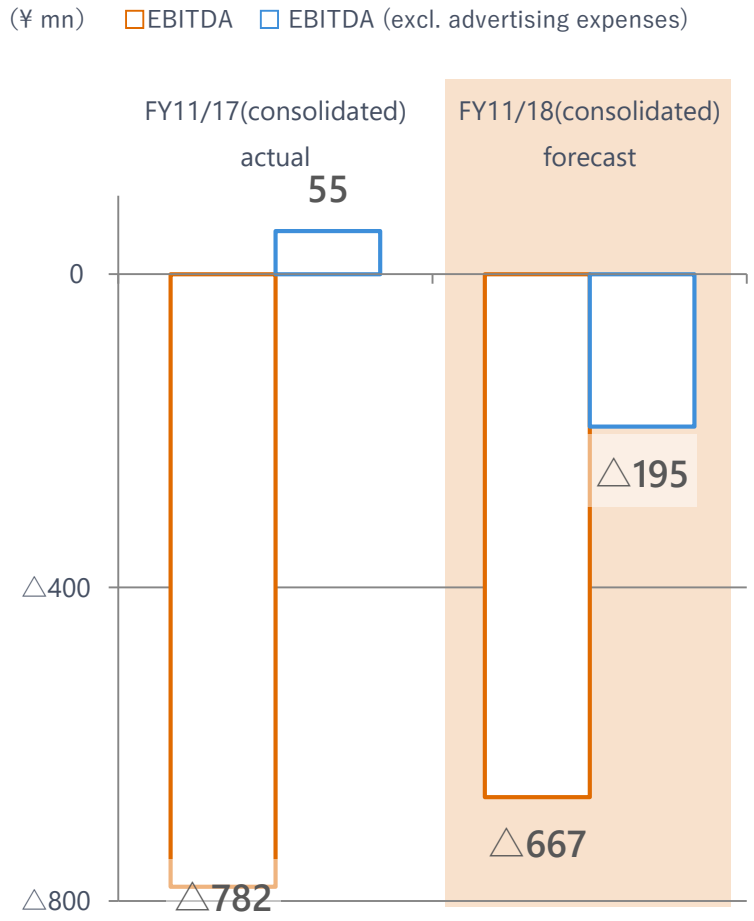


*1. Including one-time relocation expenses of ¥84.7 million.
*2. EBITDA = Operating profit/loss + Depreciation and amortization
*3. Above is the breakdown of the FY11/18 EBITDA forecast when the net sales is lower limit (¥4.35 billion.)

Gross Profit / EBITDA Forecast

Gross profit will continue to grow. However, due to the launch of new businesses and the increase in engineers' cost, the gross profit ratio and EBITDA excluding advertising expenses are expected to decline temporarily.

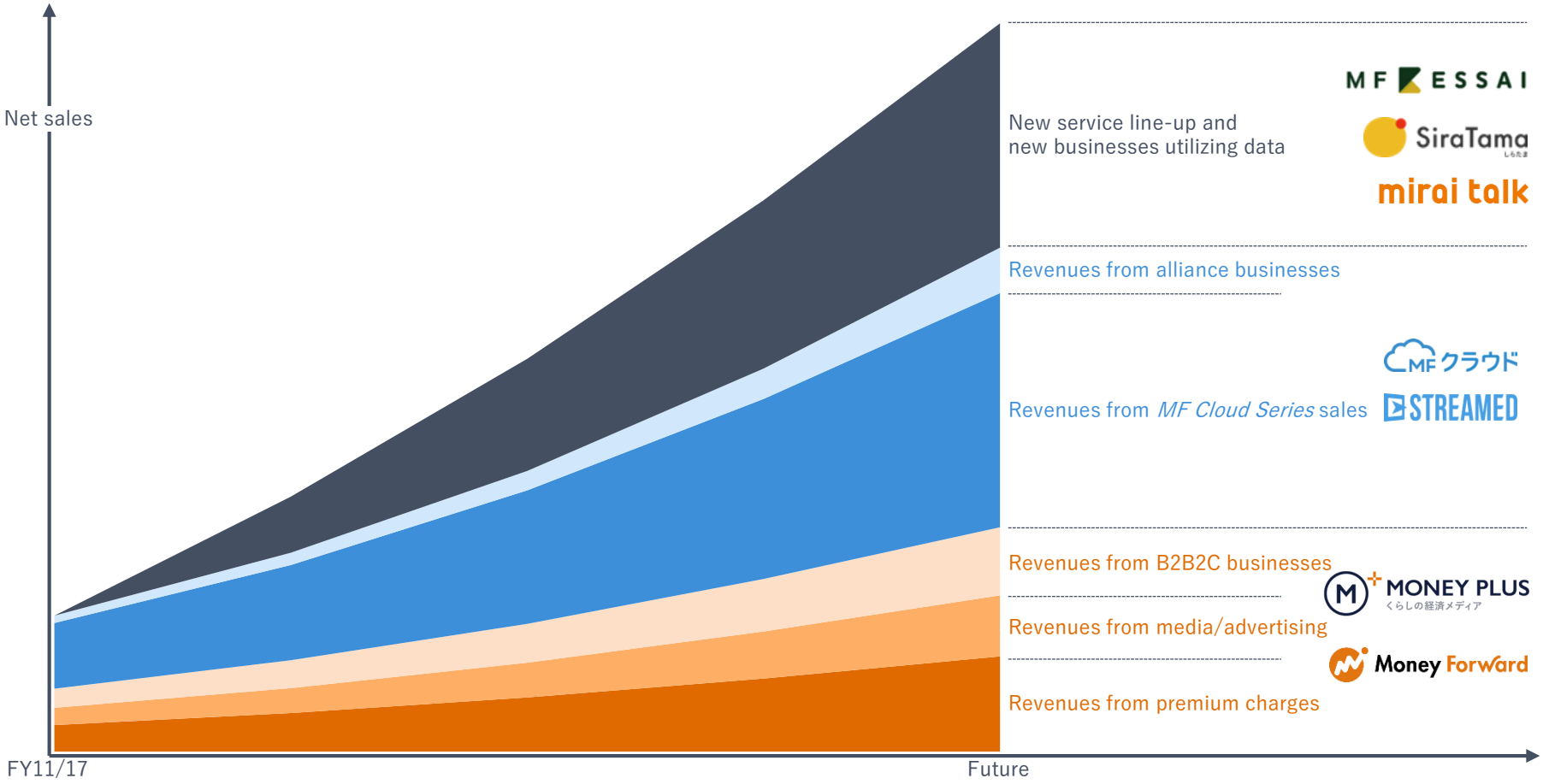




* Assuming FY11/18 net sales are the forecast lower limit (¥4.35 billion.)

Growth Strategies

We will aspire to grow further by expanding our user base, strengthening our monetization capabilities, extending our service line-up, and adding value by utilizing data.



Money Forward

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