# Money Forward, Inc.

Financial Results Briefing for the Fiscal Year Ended November 2020

January 14, 2021

# Presentation

**Moderator:** Ladies and gentlemen, thank you for waiting. It's time to start. We will now begin the online earnings presentation for the full year of the fiscal year ending November 2020 of Money Forward, Inc. Thank you for joining us today. We expect the meeting to last around 90 minutes, including the Q&A session.

First, we will introduce the speakers: Yosuke Tsuji, President and CEO, and Naoya Kanesaka, Director and CFO. These are the two speakers.

Next, I'll explain the materials. Today, we disclosed the financial results summary and earnings presentation on our corporate website. The meeting will proceed in accordance with the earnings presentation. The earnings presentation can be viewed on video streaming. But if you would also like to have it on hand, please access it from our website.

Next, I will introduce the agenda for today's briefing meeting. First, Mr. Tsuji will give his greetings, followed by an explanation of the results for the full year of the fiscal year ending November 2020 for about 40 minutes. After that, we will have a Q&A session. All questions will be handled via Zoom's Q&A feature. Please ask your questions, along with your name and affiliation, from the Q&A tab on your Zoom screen. When answering your questions, we will read out your names, so please ask questions only if you agree.

Due to time constraints, we will limit the number of questions to three per person. If there are questions that we cannot answer within that time, we will respond to them individually after the briefing meeting. We ask you for your understanding in advance.

We will first answer the questions from analysts and investors for about 20 minutes. After that, we will answer the questions from the media. This meeting is scheduled to end around 6:30 PM.

I will now turn the conference over to Yosuke Tsuji, President and CEO. Please go ahead.

**Tsuji:** Hello, everyone. It's a little late, but Happy New Year. I ask you for your continued support this year. This is Tsuji of Money Forward. Thank you very much for participating in our full-year briefing meeting for the fiscal year ending November 2020 despite your busy schedules. Given the circumstances around COVID-19, we are once again holding the briefing meeting in an online format.

Without further ado, I will explain our agenda for today. This is the table of contents. Given that this is the full-year earnings announcement, I would first like to introduce our vision for society and initiatives to tackle social issues. After that, I will briefly go over the activities from the past year.

Next, I will give the full-year highlights for each domain. And I will explain our growth strategy, as well as our earnings outlook for the next fiscal year.

# CEO Message

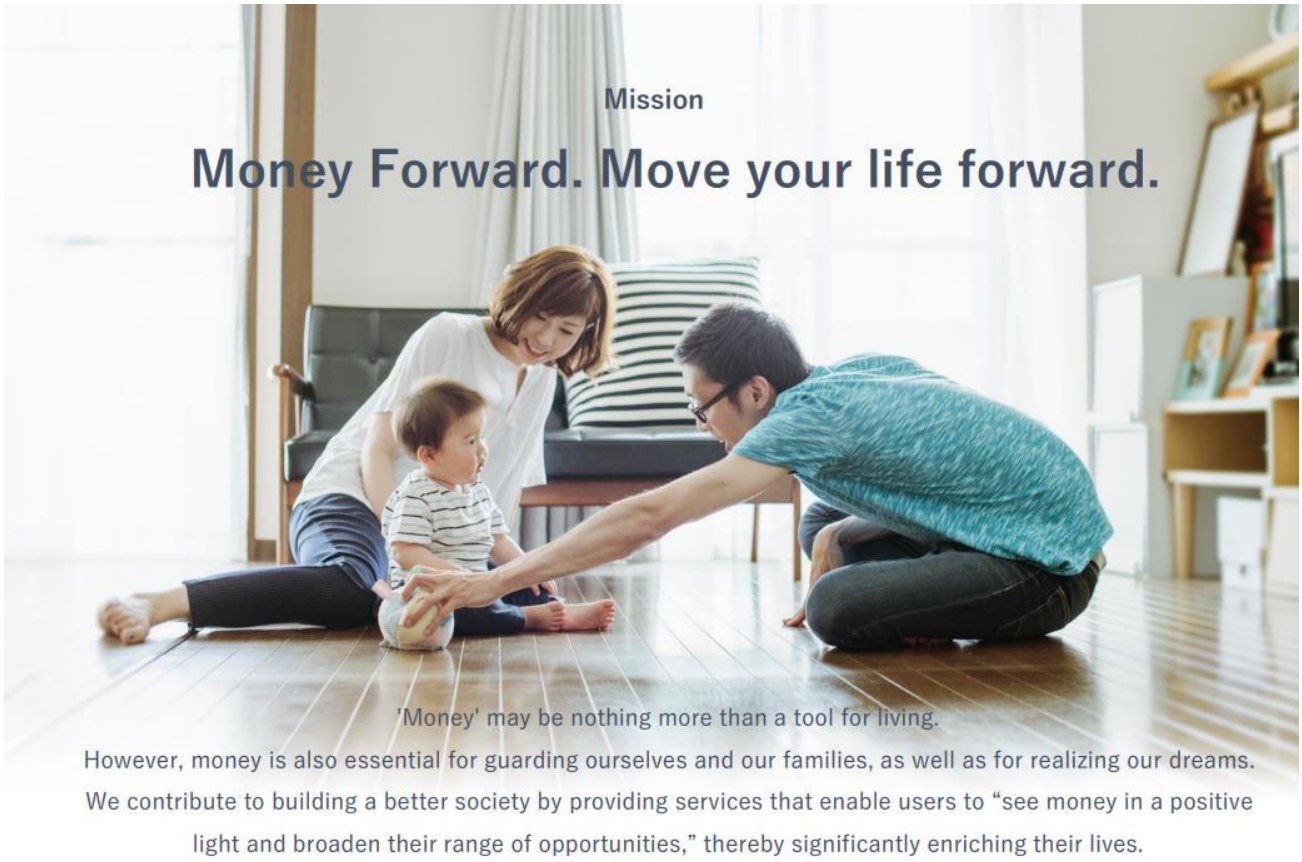
In 2020, COVID-19 spread around the world and had a great impact on our lives. We would like to express our condolences to those who have lost their lives and our heartfelt sympathy to the bereaved families. For those who have been confirmed to be infected, we hope for a quick recovery.

In addition, we would like to express our heartfelt gratitude to all the medical personnel and related parties who are performing their duties to provide treatment and prevent the spread of infection under the circumstances where the effects of COVID-19 are prolonged, and a state of emergency has been declared by Japanese government for the second time.

Although the economic impact of COVID-19 is unavoidable, we will continue our efforts to help society by improving productivity through digitalization, reducing the risk of infection through the promotion of remote work, and reducing future financial anxiety. In 2021, we will continue to work together to create and deliver better services.

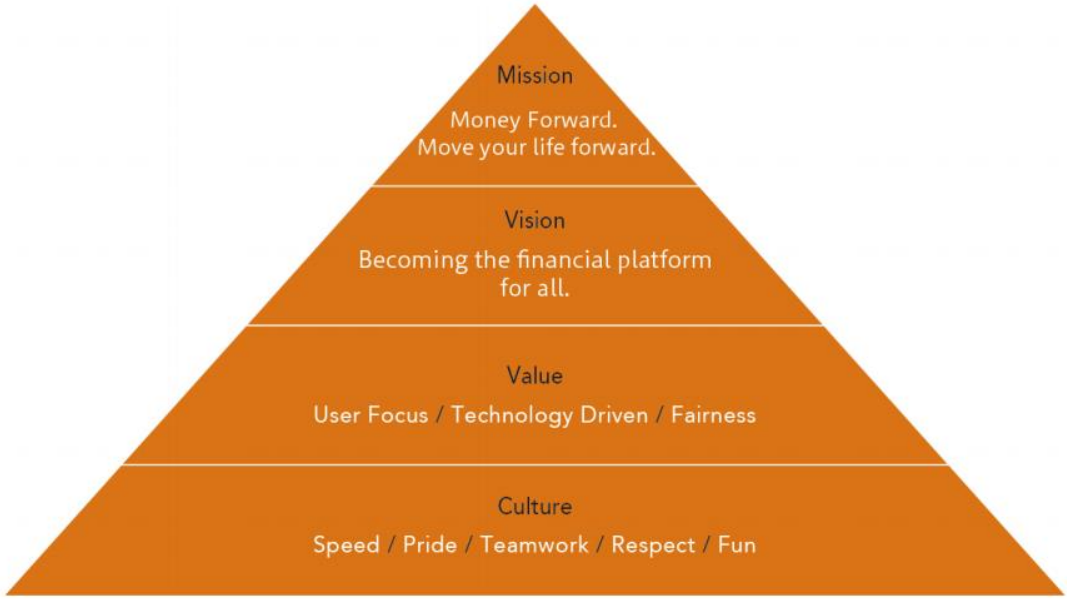
First, we are currently in the middle of the government's state-of-emergency declaration due to the spread of COVID-19. I am aware that there are many companies and individuals who are going through this phase with a lot of stress. I would like to express my deepest condolences to those who have lost their lives.

At Money Forward, we are currently running the business on a completely remote work system. The implementation of a remote work system has gone extremely smoothly due to the nature of our business. Under these circumstances, I would like to express my sincere gratitude for the health workers and related parties who are performing their duties for the treatment and prevention of the infection's spread. We will strive to contribute to society through all means within our capacity.




As I have explained before, our mission is “Money Forward. Move your life forward.” We aim to help people solve money-related problems through technology.

ALL | Mission / Vision / Value / Culture 5

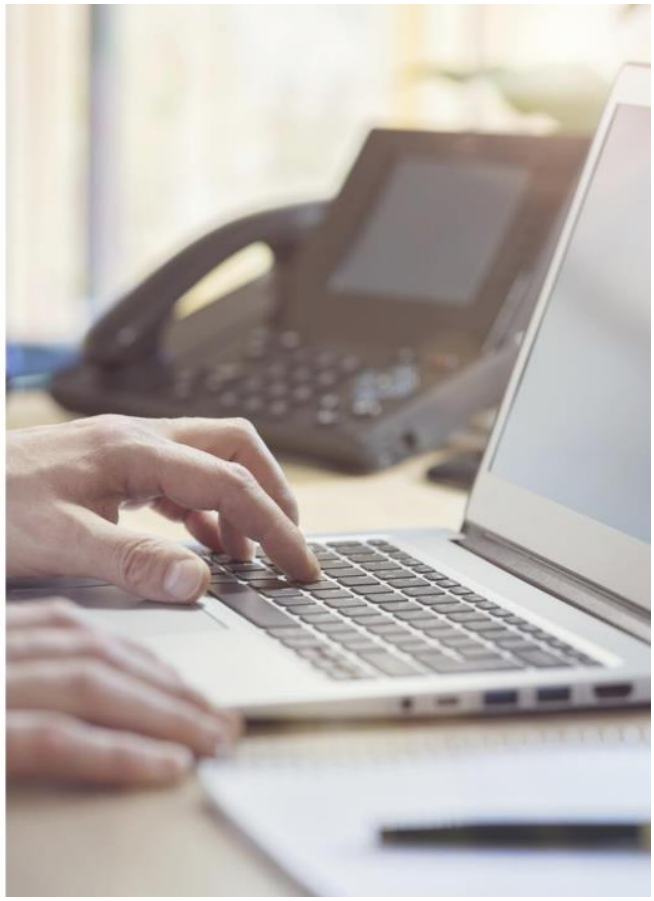



We manage the business placing great importance on Mission, Vision, Value, and Culture.

## Social Issues for Corporates

- Decreasing working population due to aging society
- Low labor productivity
- Lack of growth capital
- Lack of entrepreneurship
- Ensuring smooth business management and employee safety under remote working conditions
- Cash flow improvement

→ Issues that have become more important during COVID-19 pandemic



There are various social issues right now. These are the social issues for corporates, especially due to COVID-19, that we especially focus on solving. The issues that are growing in importance a lot under the pandemic are smooth business management based on remote work, ensuring the employee safety, and securing working capital.

## Social Issues for Individuals

- Insufficient financial literacy
- Vague anxiety for future financial conditions
  - Low birth rate derived from anxiety for future economy
  - Issues faced by senior citizens such as inheritance and dementia
  - Need for extra ¥20 million in addition to public pension benefits
- Deterioration of household income
- Need to use contactless services

→ Issues that have become more important during COVID-19 pandemic



In terms of individuals, there are many cases of unstable income and deterioration of household income. Another issue is the growing demand for using contactless services due to fear of infection.




Money Forward strives to solve these issues through business development in SaaS and Fintech field.

## ALL | Expanding Partnerships Nationwide to Solve Social Issues 9

We work with wide range of partners nationwide such as accounting and other professional firms, chamber of commerce, financial institutions, etc.




**No. of Certified Members:**
(Accounting firms and certified social insurance and labor consultant offices)

**4,400+**[*1]

**No. of Chambers of Commerce and Industry (CCI) that We Partner with**

**105**[*1]

**No. of Financial Institutions (FI) Served with Our Products:**

**39**[*1]

**# of API connections with FIs**

**1,108**[*2]

*1 As of end of November 2020
*2 As of 12 January 2021. Counting financial institutions (including Shinkin Banks, Labor Banks and Agricultural and Fishery Cooperative Savings Insurance Corporations) that have API connections or web scraping connections with contracts.

Our expertise is in creating services, but we also deploy services through partnerships with all kinds of entities nationwide to solve social issues. The number of certified members, including accounting firms and labor consultant offices, has exceeded 4,400. The number of Chambers of Commerce and Industry that we partner with has reached 105. And we serve our products to 39 financial institutions. We deliver our services to users together with partners throughout Japan to work towards solving the issues faced by users.

# Beyond the Anxiety, There is Something New.

How should we live in the future? What should we do to achieve this?
A great deal of anxiety lies in front of us.
However, we can find hope if we face what we can do now.
Let us face our financial concerns and work on improving our financial health.
Let us review the profit structure of our companies.
Let us make your working style more flexible.
Ask us anything you want to know and you need now.
We will make best effort to provide you with a variety of services and initiatives.
Move Your Money Forward. Move Your Life Forward. Now is the time.

I believe there are many people who are experiencing a lot of anxiety in the current environment. Previously, I issued a message about “Beyond the Anxiety, There is Something New.” At Money Forward, we are making Company-wide efforts to help people solve those worries as much as possible during the COVID-19 pandemic.

ALL | Our Actions During COVID-19 (1/3) 11

Released services and functions needed during COVID-19 and provide them free of charge to corporates that are in danger of losing business, and to individuals who are worried about their livelihood.

**Summary of Relief Programs for COVID-19**

**Launched a Website "Summary of Relief Programs for COVID-19".**

- March 31: Launched a website posting information on subsidy and grants for corporates.
- April 4 : Declaration of a state of emergency by the government of Japan.
- April 14 : Launched a website posting information on life support and benefits for individuals.

Money Forward

**Cloud Accounting/Tax Return**

**Launched Functions to Simulate "Subsidy for Sustaining Businesses"**
(COVID-19 Subsidy for Small Businesses in Japan)

*Money Forward Cloud Accounting/Tax Return*

**Launched Functions to Simulate Eligibility for Receiving "Subsidy for Sustaining Businesses"**

- April 14 : Launched the function.
- Estimate eligibility for receiving "Subsidy for Sustaining Businesses" and expected subsidy amount.

Specifically, there has been a rapid string of government initiatives to provide COVID-19 relief through assistance, subsidies, and other aid. We have worked to deliver this information. In addition, we have introduced functions to simulate "Subsidy Program for Sustaining Businesses". The calculation of this subsidy is quite complicated, but we have added a feature to automate this calculation.

ALL

## Our Actions During COVID-19 (2/3)

12

Announced proposals to review conventional business operations with papers and seals that hinder the promotion of remote work in order to contribute to the digitalization of society needed during COVID-19.

Money Forward

**Propose for Paperless and Seal-less Society**

### Released Proposal Document Aiming Paperless and Seal-less Society

- May 1: Released a proposal document which claims that **the guideline for electronic contract and electronic signature** is needed in order to transfer smoothly for companies from the conventional operations with papers and seals to digital operations.
- June 19: Cabinet Office released “Q&A regarding sealing”.

Money Forward

**Taking Initiatives to Promote the Use of Electronic Invoicing**

### Participated in the "Electronic Invoice Promotion Association" as a Founder

- July 29: Established the “Electronic Invoice Promotion Association”, which aims to digitalize business transactions and improve productivity.
- December 14: Decided to establish "Japanese Standard Specification" based on the international standard "Peppol".

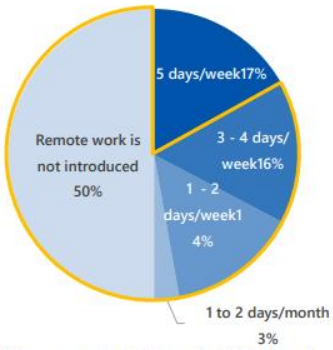
To contribute to the digital transformation of society, we have published a proposal for paperless and seal-less society, and we are taking steps to promote the use of electronic invoicing.

ALL

## Our Actions during COVID-19 (3/3)

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Promoting the remote work for back office operation by not only offering cloud services but also offering company's know-how on operation improvement.




**"Survey on Remote Work of Accounting Department"**

- More than 80% of accounting staff are still commuting even after the emergency declaration.
- More than 40% are commuting for paperwork such as financial closing and invoice related work.




**Promoting Remote Work for Back Office by Sharing Our Operation**

- Smooth transition to remote work for closing accounts at our Finance and Accounting Division using *Money Forward Cloud Accounting.*
- Shared the operation of our Finance and Accounting Division on the website.

The implementation of remote work is quite difficult simply by purchasing a service. It requires a thorough change in existing operations. The expertise of doing so becomes very important. We have the experience of completing all the work related to account settlement remotely, and we are probably the first listed company to do so through full remote work. We have published the details of how we shifted our operations as well as the workflow associated with accounting work, and we have disseminated this information through seminars.

ALL | Voice of Users 14

Using our services enables smooth business operations even in a remote environment.



### Owing to the use of cloud, operations were hardly affected.

**Ms. Kimi Narisawa, Director, Sming co., ltd.**

Our operations were hardly affected by the COVID-19 owing to utilizing cloud. We can check employees' working status at home using the attendance function, and payroll and accounting data are linked. Our invoice operations are also cloud-based, so we were able to smoothly collect accounts receivable. We are truly glad that we had digitized all possible operations.



### The shift to cloud was not only effective in remote work, but in all areas.

**Mr. Kazuhiro Watanabe, Director and Vice President, CLEAN HOUSE**

Without the implementation of cloud, I believe our company would not have been the same. We were able to adopt remote work since we had shifted to cloud using such services as *Cloud Accounting*, USEN's cash register and *G Suite*.
Using cloud brings about many changes since various services are introduced, causing many employees to adopt a positive mindset and leading to enhanced value of accounting personnel (i.e., they acquire skills in cloud utilization in addition to regular accounting operations). We feel the impact of implementing cloud services not only in remote work, but also in various other areas.

Thankfully, we have heard from our users that they were able to prevent any impact from COVID-19 on their operations by using the cloud, and they are happy to have implemented a digital shift.




Furthermore, we have set 3 priority themes unique to Money Forward to achieve a sustainable society and strengthening our ESG measures. Based on the theme of “solving the financial issues of all people,” which is part of our mission, we have designated the following priority themes: User Forward, Society Forward, and Talent Forward. We aim to help users move their life forward, society move forward, and employees move their potential forward. In addition to establishing these three priority themes, we will strive for the penetration of our Mission, Vision, Value, and Culture as the required foundation for realizing these themes. Furthermore, we will work towards strengthening our ESG initiatives while building a firm governance that balances offense and defense.

This concludes my introduction of Money Forward’s initiatives under the COVID-19 circumstances.

## ALL | Highlights in FY11/20 17

- Net sales, operating profit, and EBITDA **achieved initial forecasts** for four consecutive fiscal years since IPO.
- Consolidated net sales increased **58% YoY** to ¥11.3 billion (initial forecast: ¥11.1 billion to ¥11.5 billion). Net sales in Business domain grew **75% YoY** to ¥7.3 billion, driving high growth.
- Gross profit grew **76% YoY** to ¥7.6 billion, and EBITDA was negative ¥2.2 billion (initial forecast: negative ¥1.9 billion to negative ¥2.8 billion). EBITDA excluding advertising expenses was positive at ¥1.2 billion.
- SaaS ARR*1, which is the total of the Group's recurring revenue, reached **¥8.3 billion**.
- The number of paying customers*2 for the Group (individuals, sole proprietors, and corporations) exceeded **420,000**.

*1 SaaS ARR is 12 times the MRR of the last month of each period in Home domain, Business domain, and X domain. For the definition of SaaS ARR, please refer to page 21.
*2 The number of paying customers is the sum of paying users of *Money Forward ME* in Home domain and customers paying for *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, *Money Forward Certified Membership*, etc. in Business domain as of the end of November 2020.

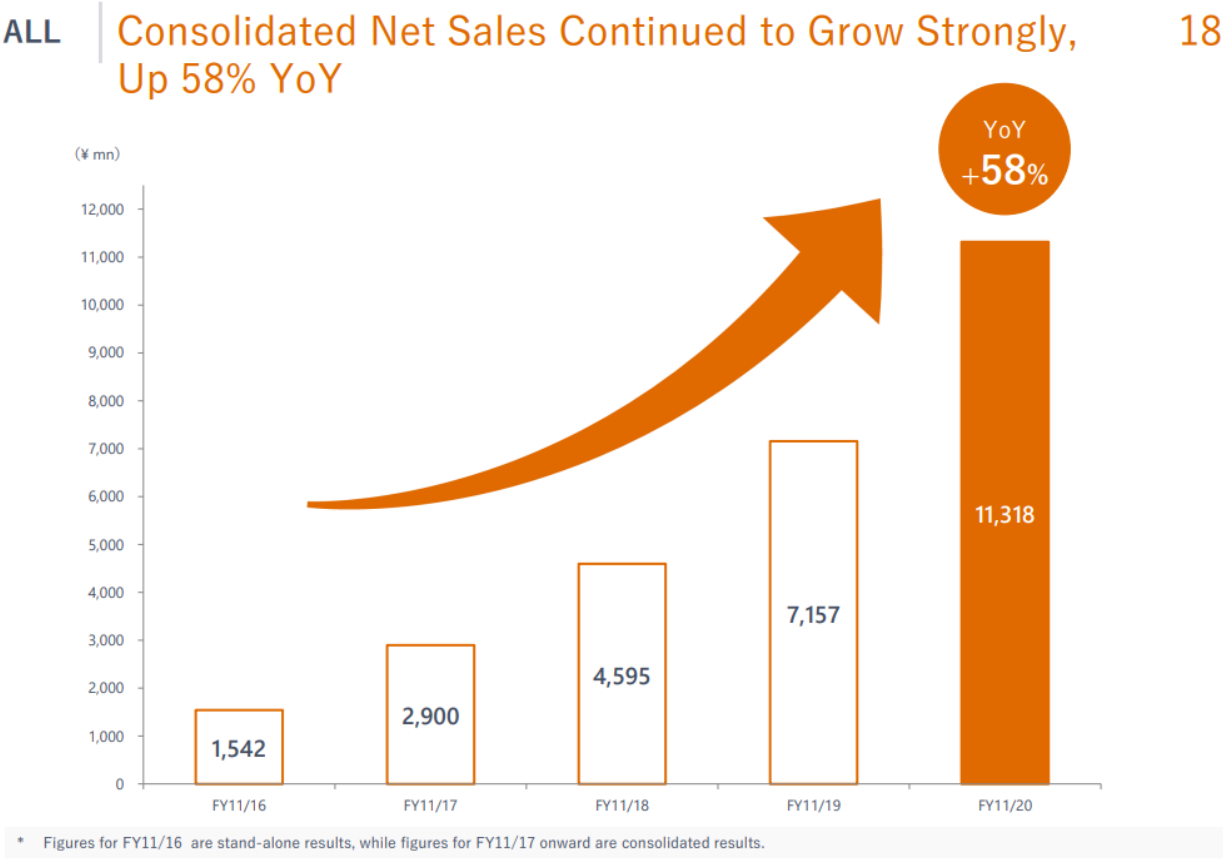
Next, I will move on to the full-year financial highlights.

For the fourth consecutive fiscal year, we have been able to meet our initial targets across all metrics, including net sales, operating profit, and EBITDA. I would like to thank the various stakeholders who have provided us with support.

Consolidated net sales were JPY11.32 billion, up 58% YoY. In particular, we saw strong growth in Business domain, which grew sales by 75% YoY. Gross profit was JPY7.62 billion, up 76% YoY. EBITDA was negative JPY2.17 billion, within the initial target range of negative JPY1.9 billion to negative JPY2.8 billion. EBITDA, excluding advertising expenses, was in the black, at JPY1.2 billion.

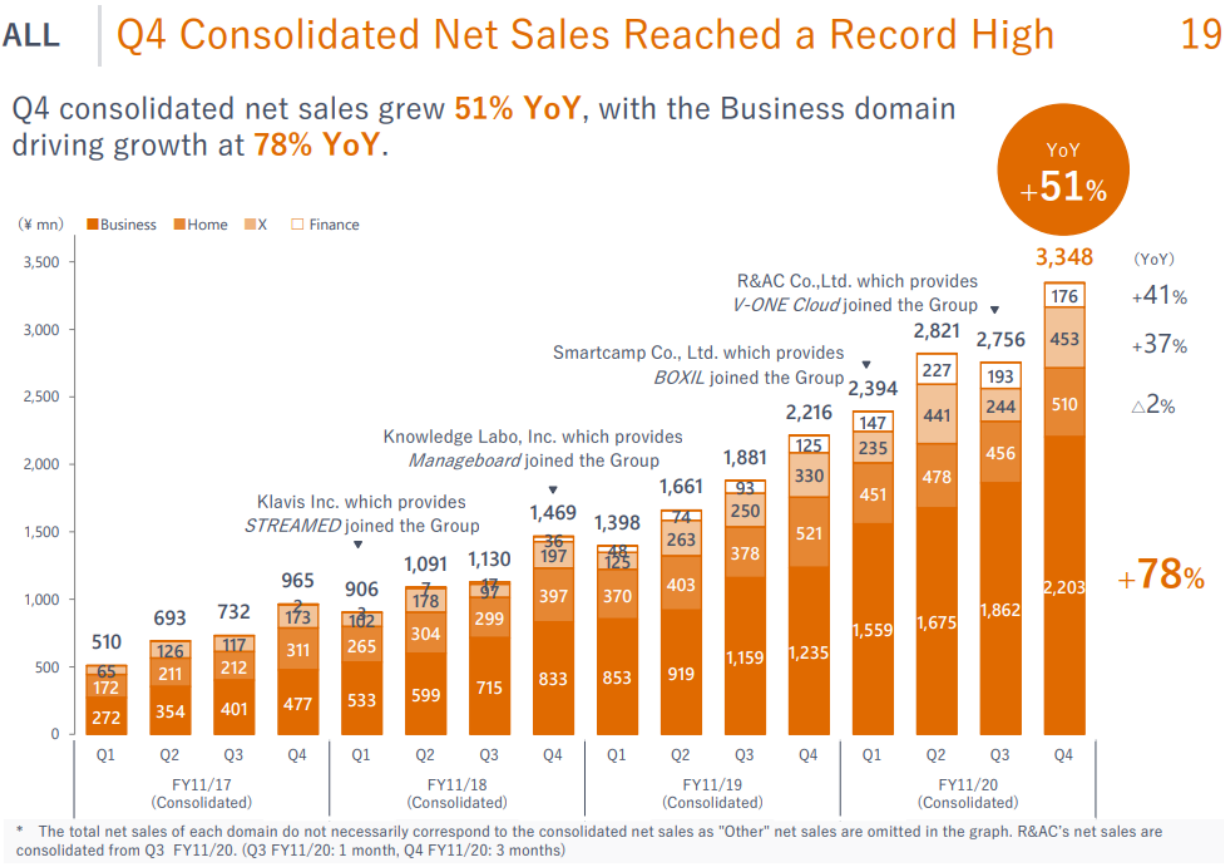
SaaS ARR, which represents the total of the Group's recurring revenues, i.e., total MRR in the Home, Business, and X domains multiplied by 12, excluding one-time revenues and which is an important indicator for us, reached JPY8.25 million.

The number of paying customers for the entire Group, including individuals, sole proprietors, and corporations, was 420,000. The details are described in the footnote at the bottom. This is the first time for us to disclose the Group's number of paying customers.




I would like to go over the topics one at a time.

As I just mentioned, the full-year consolidated net sales sustained high growth at 58% YoY.

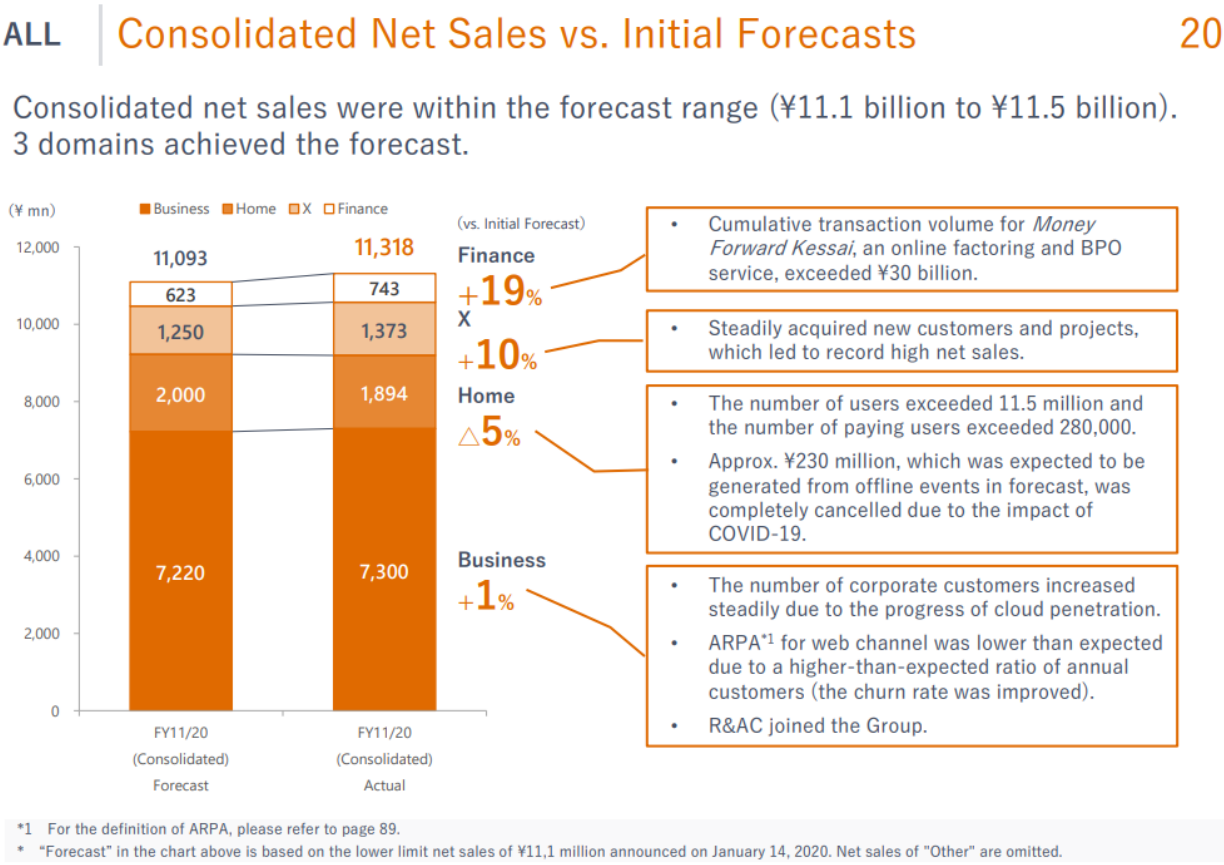



These are the details for each quarter.

In the fourth quarter, consolidated net sales increased by 51% YoY. As I mentioned earlier, net sales expanded by 78% YoY in Business domain, which was the growth driver.

In terms of Home domain, 4Q net sales were slightly lower than the same period last year. Although we had held events in 4Q last year, this year we were unable to do so due to COVID-19.

Domain-wise, X domain and Finance domain grew firmly by 37% and 41%, respectively.



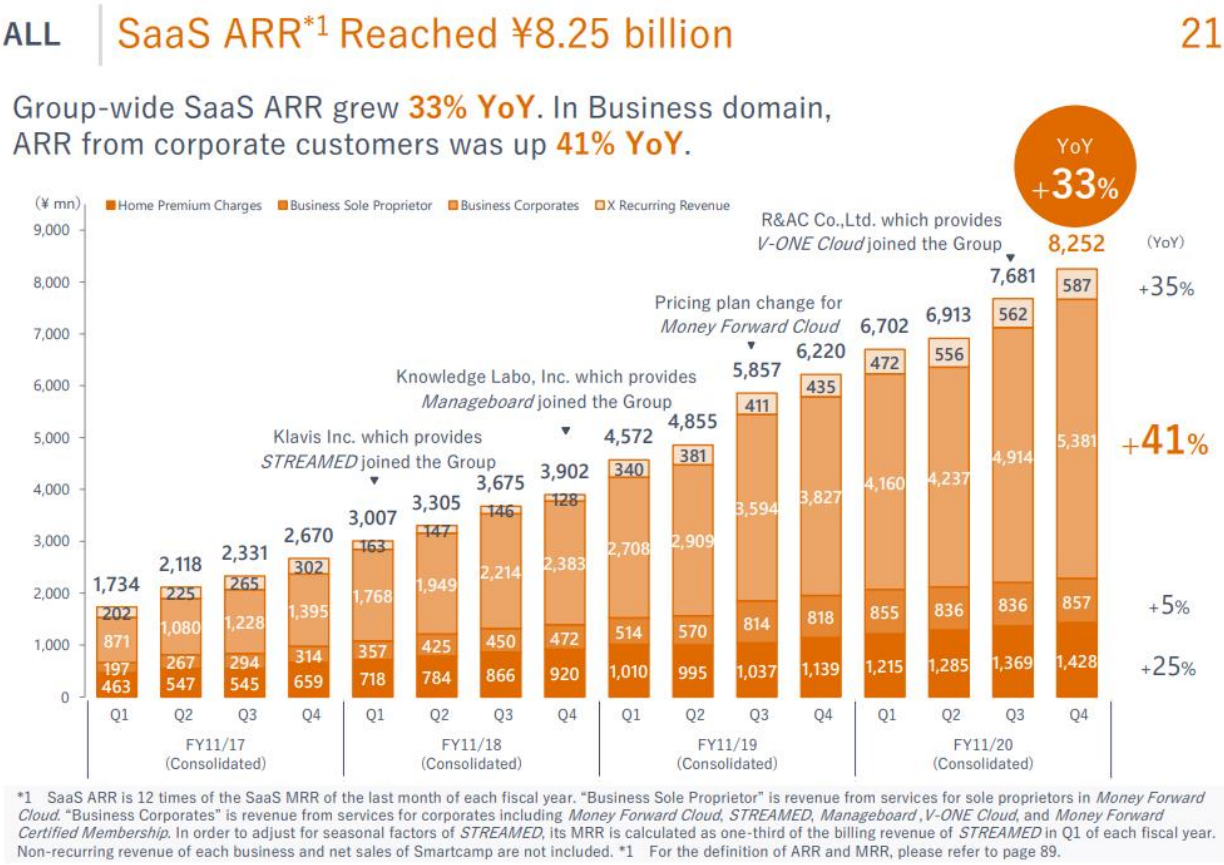

On page 20, we show the full-year results versus the initial forecast, which we shared with you a year ago.

We beat the forecast in three domains and fell short in one domain. In Business domain, we were in line with expectations. Positive factors included a steady increase in corporate customers with the progress in cloud adoption. On the other hand, ARPA came in below our expectations due to a higher-than-anticipated ratio of annual customers via the Web.

At the same time, the increase in the ratio of annual plans has led to an improvement in the churn rate. Also, the addition of R&AC to the Group has contributed to net sales.

In Home domain, the number of users reached 11.5 million, and the number of premium-paying users exceeded 280,000. As I stated earlier, we were unable to hold offline events. We anticipated roughly JPY230 million from offline events, but the cancellation of these events had a negative impact. As a result, net sales came in 5% below the initial target.

In X domain, we made steady progress in acquiring new customers and projects and achieved record sales. In Finance domain, we saw a steady expansion of Money Forward Kessai, a postpaid settlement service between companies. The cumulative transaction volume exceeded JPY30 billion, which is 19% higher than the initial forecast.




*1 SaaS ARR is 12 times of the SaaS MRR of the last month of each fiscal year. "Business Sole Proprietor" is revenue from services for sole proprietors in *Money Forward Cloud*. "Business Corporates" is revenue from services for corporates including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, and *Money Forward Certified Membership*. In order to adjust for seasonal factors of *STREAMED*, its MRR is calculated as one-third of the billing revenue of *STREAMED* in Q1 of each fiscal year. Non-recurring revenue of each business and net sales of Smartcamp are not included. *1 For the definition of ARR and MRR, please refer to page 89.

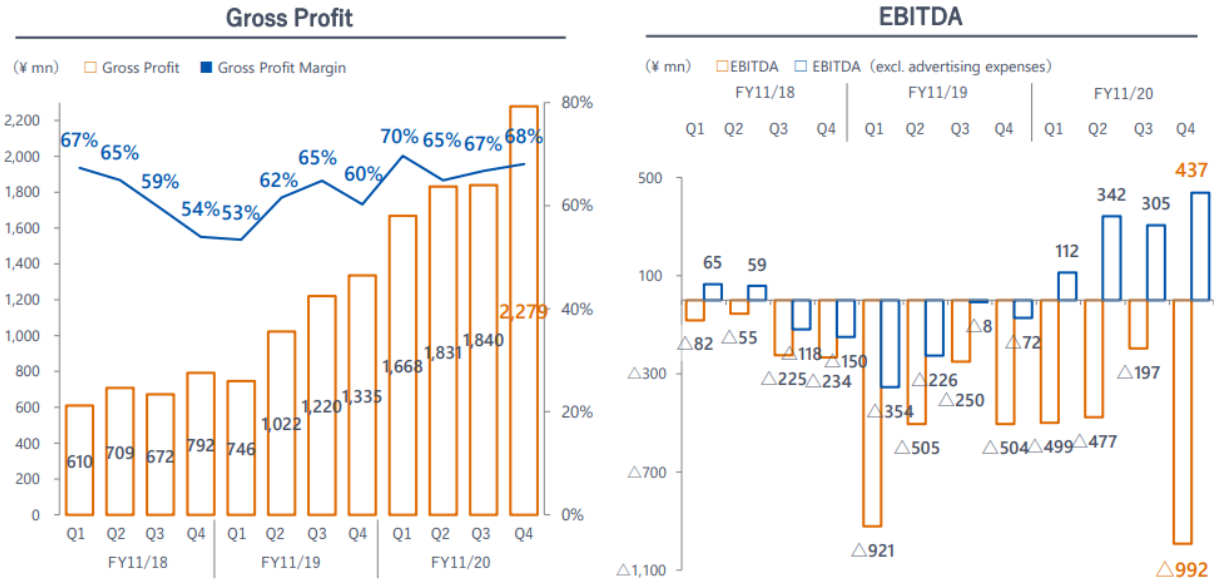
SaaS ARR, which I mentioned earlier, grew 33% YoY. We especially saw strong growth in Business domain for corporate users, with ARR for corporate users expanding 41% YoY.

From the bottom, the JPY1,428 million represents premium charges in Home domain, coming from the premium paying users of Money Forward ME. ARR for sole proprietors grew 5%. This represents the growth in our tax return service. At Money Forward, we are focusing more on corporate users, and ARR for corporate users grew 41%. For X domain, we have only indicated the recurring portion of net sales, which increased by 35%.

Note that the SaaS ARR figures described here do not include the one-time revenues in each business and net sales at Smartcamp.

ALL | Gross Profit / EBITDA (Quarterly Trend) 22

Q4 saw record-high gross profit and EBITDA excluding advertising expenses remained positive. In addition, Large marketing investments were executed in Business domain.




* EBITDA = operating profit/loss + depreciation and amortization + tax expenses included in operating expenses * From FY11/20, started capitalizing software for development projects that are expected to generate revenue going forward, owing to continued enhancement of development capabilities. *Share-based remuneration expenses will be added to EBITDA from FY11/20. Based on the new definition, EBITDA for FY11/20 is negative ¥1,956 million.

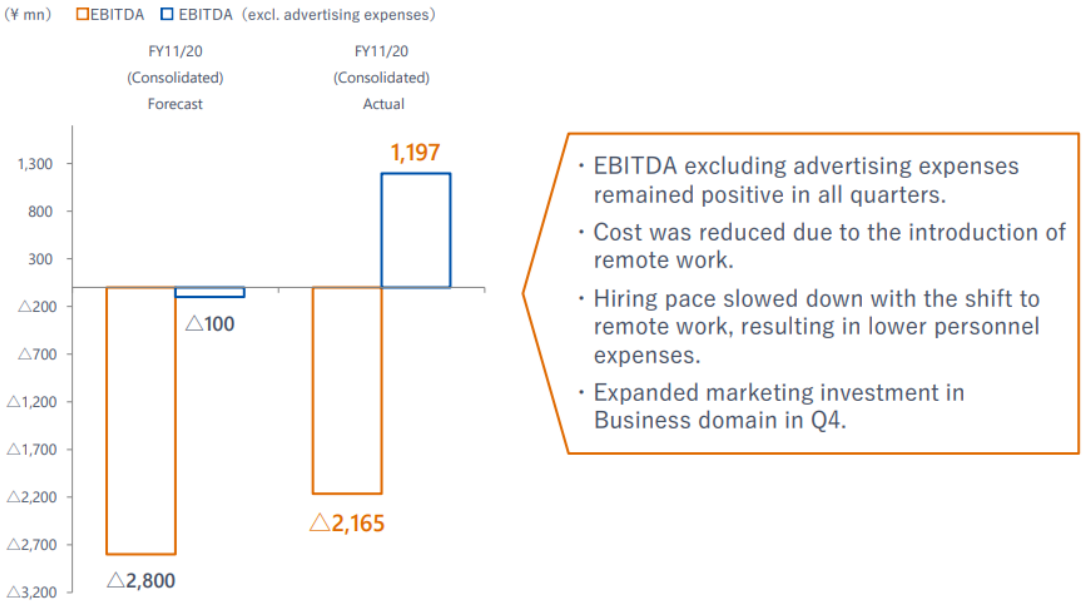
Next, page 22.

In the fourth quarter, we posted a record gross profit at JPY2,279 million with a gross margin of 68%.

As I explained during the previous IR meeting, we implemented a large-scale marketing investment during 4Q, resulting in a loss of JPY992 million. But, excluding advertising expenses, EBITDA was in the black at JPY437 million.

ALL | Consolidated EBITDA vs. Initial Forecast 23

EBITDA fell within the range of initial forecast with a loss of ¥2.2 billion. EBITDA excluding advertising expenses was positive at ¥1.2 billion.




* Initial forecast for EBITDA and EBITDA excl. advertising expenses are calculated based on the lower end of forecasts.
* EBITDA = operating profit/loss + depreciation and amortization + tax expenses included in operating expenses.

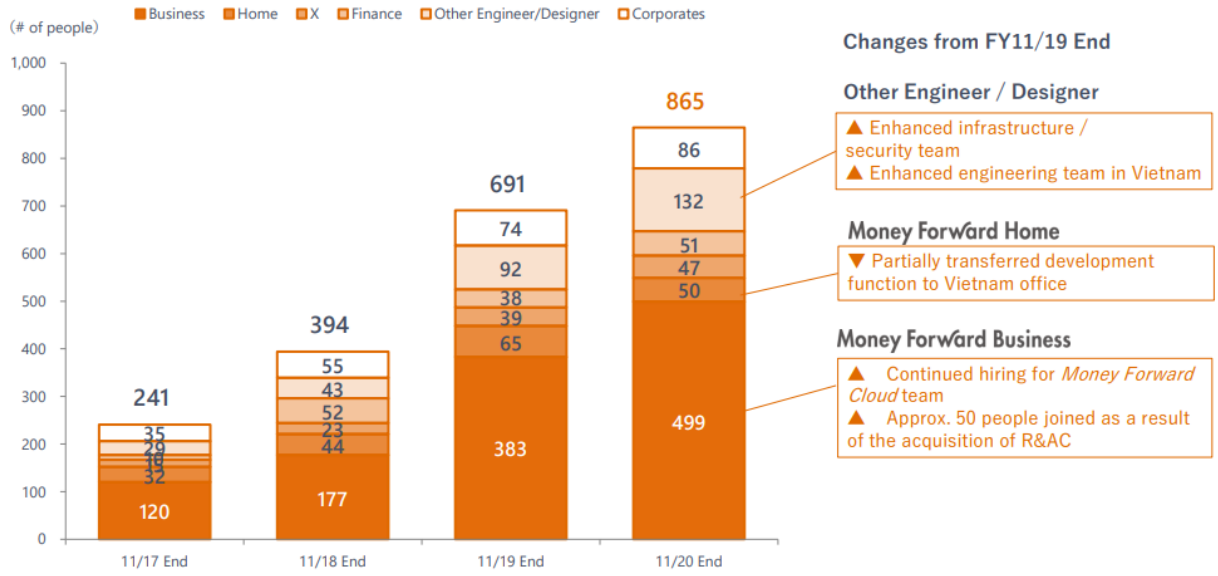
This is a comparison of consolidated EBITDA with the initial forecast.

At the beginning of the fiscal year, we forecast a loss of JPY2,800 million, or a loss of JPY100 million, excluding advertising expenses. As for the results, EBITDA was negative JPY2,165 million, or in the black, at JPY1,197 million, excluding advertising expenses.

The factors behind these results are described on the right side. We were able to reduce costs due to the shift to remote work, and personnel expenses came in below expectations as a result of a moderate slowdown in the pace of hiring.

ALL | Full-time Employees 24

In addition to the acquisition of R&AC, strengthened our engineers and designers, especially in business domain.




* Other Engineer/Designer includes CISO Dept., CTO Dept., Account Aggregation Dept., MONEY FORWARD VIETNAM etc. Corporate includes CEO's Office, Corporate Planning Dept., Finance Dept., Administrative Dept., People Forward Dept., Fintech Research Office, etc.

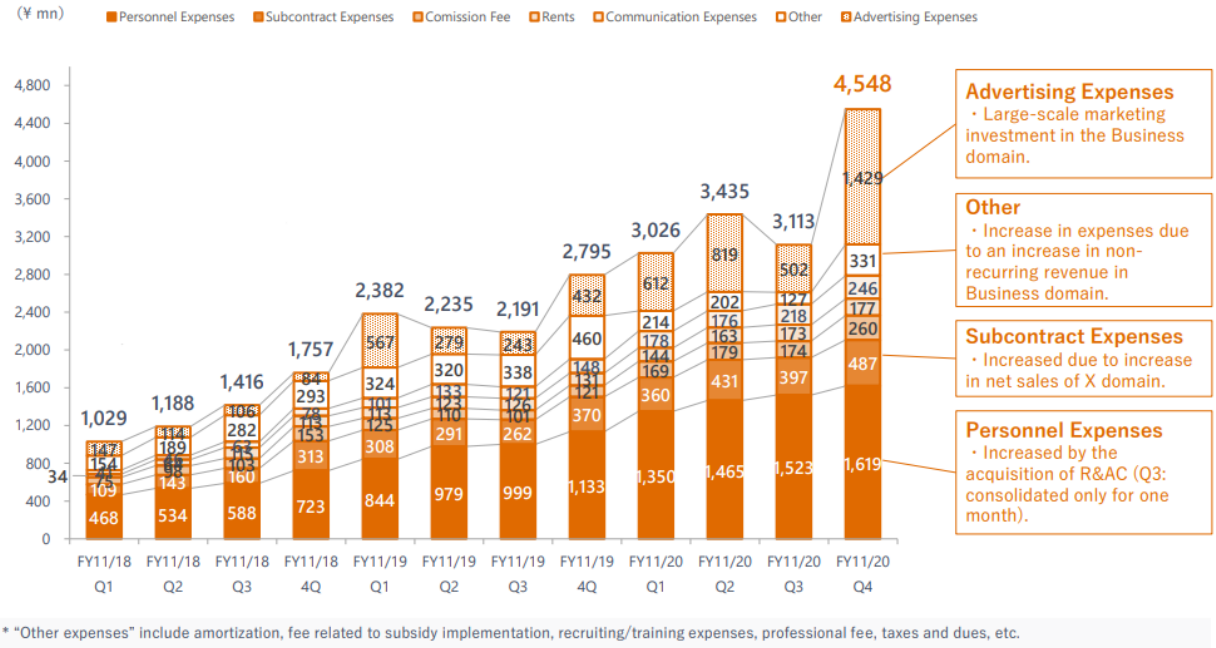
On page 24, we describe the details of the costs.

Currently, we have 865 full-time employees. The addition of R&AC to our Group resulted in an increase of roughly 50 employees.

The other details are as shown here.

ALL | Breakdown of Expenses (Cost of Sales & SGA) 25

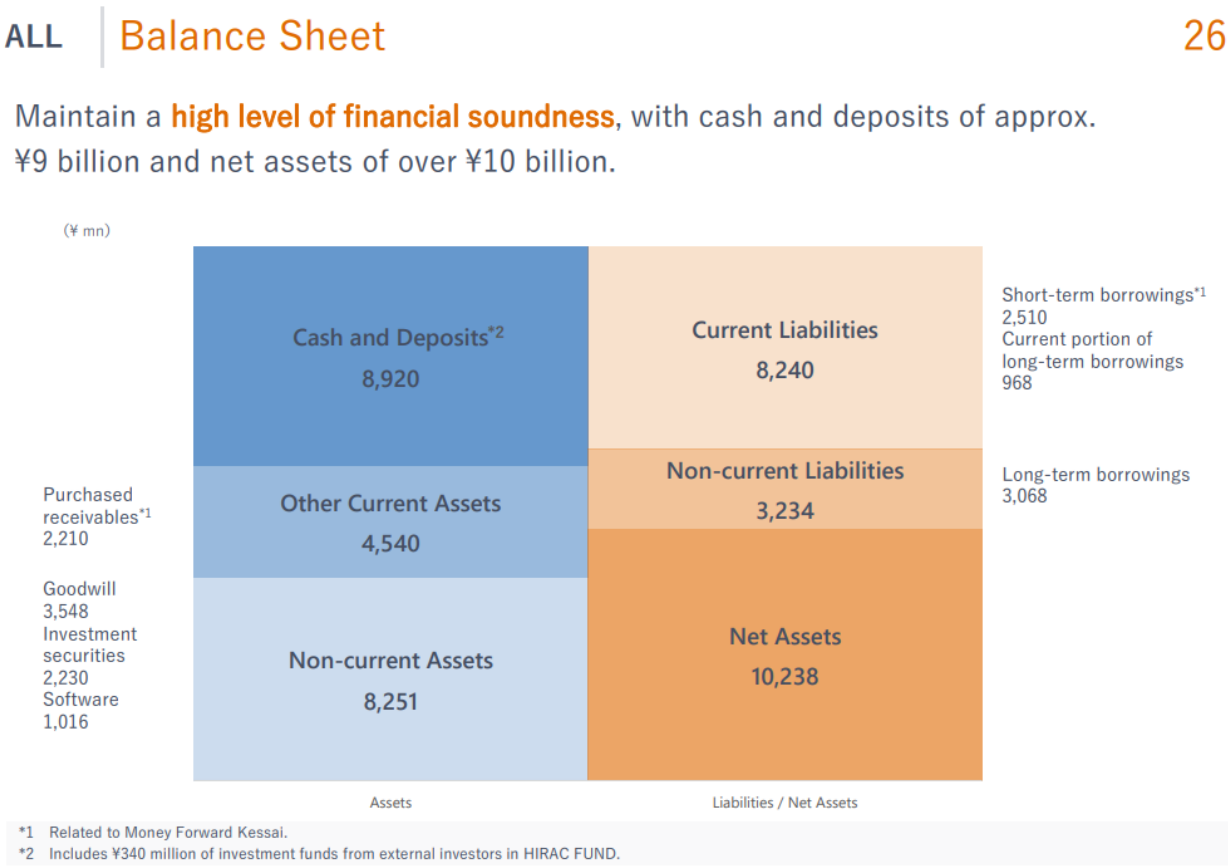
Executed large-scale marketing investment in Q4.




* "Other expenses" include amortization, fee related to subsidy implementation, recruiting/training expenses, professional fee, taxes and dues, etc.

Page 25 shows a breakdown of the costs.

The area where costs have seen a particularly large increase is advertising expenses. The increase in advertising expenses reflects the large-scale marketing investment we made in Business domain, including TV commercials.




Page 26 shows the status of our balance sheet.

Cash and deposits stood at roughly JPY9.0 billion and net assets are above JPY10 billion. I understand that we continue to maintain high financial soundness.

This concludes the overall summary of the Company.

## Business | Money Forward Business Highlights in FY11/20 Q4 28

- Q4 net sales reached a **record high** of ¥2.2 billion, growing significantly **78% YoY**. Recurring revenue from corporate customers also continued to grow **41% YoY**.
- In addition to **accelerated growth in recurring revenue from corporate customers**[*1], non-recurring revenue (mainly from corporate customers) and Smartcamp net sales were also solid.
- Started disclosing the number of paying customers and ARPA in a more granular manner. The number of paying customers, both corporates and sole proprietors, increased steadily and exceeded **140,000**[*2].
- Customer churn rate was **0.8%**[*3], **the lowest level ever**.

*1 The increase in recurring revenue was 81% QoQ. (Includes the impact of the acquisition of R&AC. Increase in recurring revenue from Q2 to Q3: ¥86 million, Increase in recurring revenue from Q3 to Q4: ¥156 million). If excluding the impact of the acquisition: +70%. (Increase in recurring revenue from Q2 to Q3: ¥67 million. Increase in recurring revenue from Q3 to Q4: ¥114 million) .
*2 For the definition of the number of paying customers, please refer to page 31.
*3 3-month average up to November 2020.

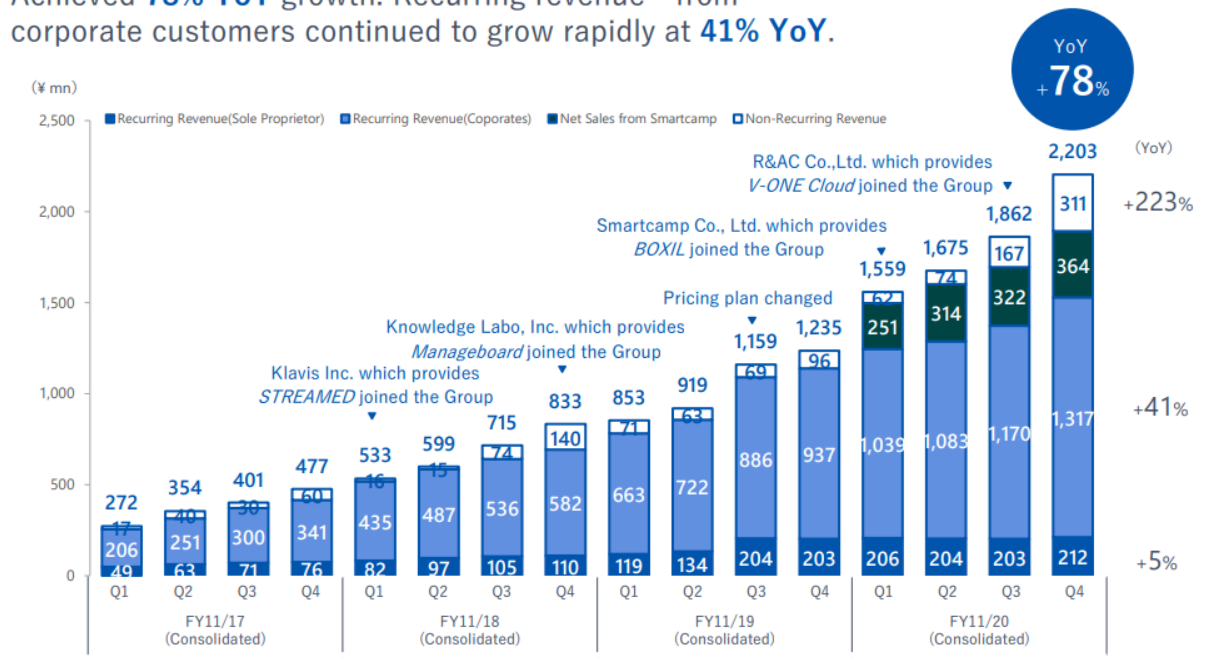
Next, I will go over the results in Business domain.

In Q4, net sales came to JPY2.2 billion and maintained high growth, driven by the 41% YoY growth in recurring corporate revenues. This time, we saw an acceleration in the increase in recurring corporate revenue, one-time revenue, mainly corporate, and steady sales at Smartcamp.

To make the disclosure clearer, we are newly disclosing the breakdown of the number of customers and ARPA. I will explain the details later, but the total number of paying customers has exceeded 140,000. The churn rate based on the number of paying customers was the lowest on record, at 0.8%.

Business | Net Sales (Quarterly Trend) 29

Achieved **78% YoY** growth. Recurring revenue*1 from corporate customers continued to grow rapidly at **41% YoY**.




*1 R&AC recorded recurring revenue (corporate) of ¥19 million and non-recuring revenue of ¥16 million in Q3 (consolidated for one month only), and recurring revenue (corporate) of ¥61 million and non-recurring revenue of ¥64 million in Q4.

* Recuring Revenue (Sole Proprietor) is revenue from services for sole proprietors in *Money Forward Cloud*. Recuring Revenue (Corporate) is revenue from services for corporates including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, and *Money Forward Certified Membership*.

I will go over each topic.

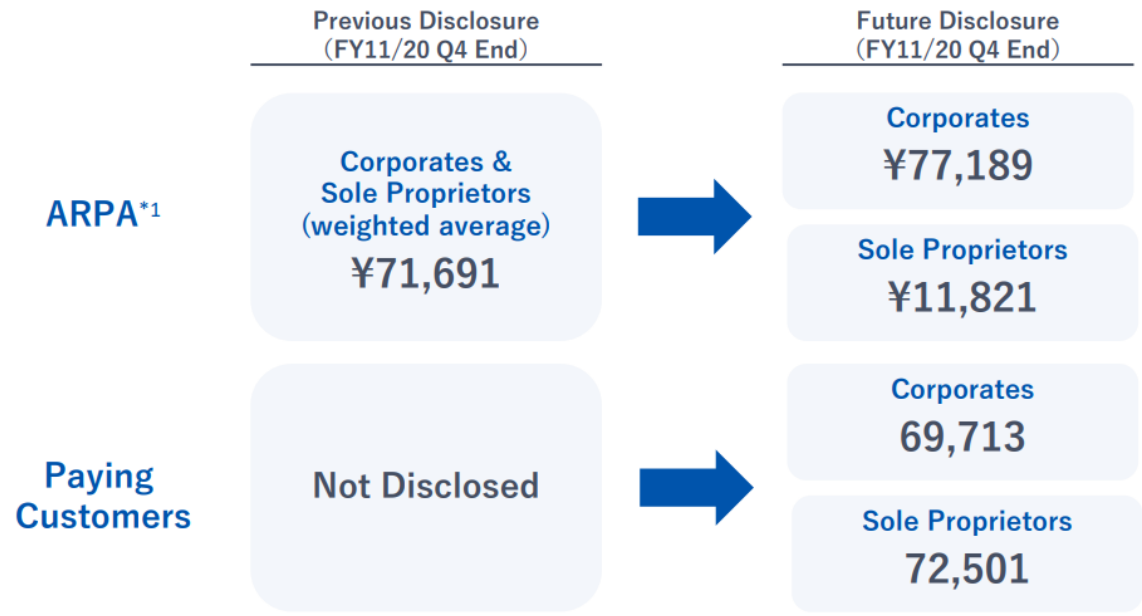
This is the quarterly net sales trend in Business domain. From the bottom to top, the figure on the very bottom is the recurring revenue from sole proprietors, up 5%, followed by the recurring revenue from corporates, up 41%, and then sales at Smartcamp, and lastly one-time sales.

As you can see here, recurring revenues sustained high growth and rose 41%. Overall, net sales expanded 78% YoY, with steady growth at SmartCamp.

Business

## ARPA and Number of Paying Customers are Broken down into Corporates and Sole Proprietors

30

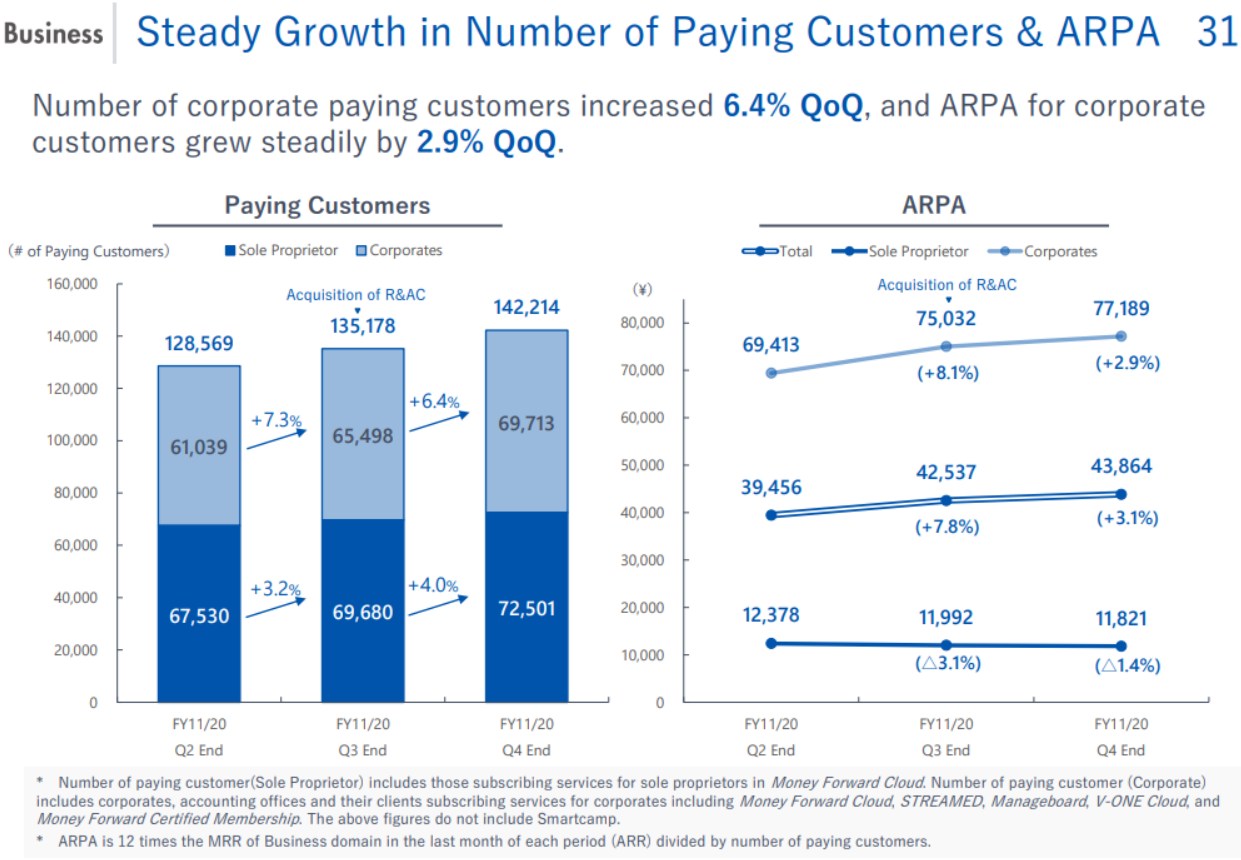



*1 In the previous disclosure, one accounting office was counted as one account when calculating APRA. In future disclosures, such accounting office and their clients will be counted separately. For definitions of ARPA and number of paying customers, please refer to page 89.

Here, we show the figures based on the previous method of disclosure side by side, with figures based on the method of disclose we will adopt going forward.

The key point is that we previously disclosed the weighted average for ARPA and did not disclose the number of paying customers. But, going forward, we will disclose the breakdown of both ARPA and the number of paying customers by corporates and sole proprietors. This is the area where we have elaborated in the disclosure this time.

As you can see, ARPA is much larger for corporates at JPY77,189, while ARPA is slightly less than JPY12,000 for sole proprietors. The number of paying customers is slightly less than 70,000 for corporates and slightly above 70,000 for sole proprietors.




This is the chronological trend.

On the left side is the number of paying customers. Both the numbers of sole proprietor and corporate customers are growing steadily. Particularly noteworthy is the growth rate for corporate customers, up 7.3% and 6.4% in the latest results.

On the right side is ARPA. This is the average revenue per customers. The line on the top is the corporate ARPA. The line in the middle is the overall weighted average, and it is the figure we disclosed previously. The line on the bottom is sole proprietor ARPA.

As you can see here, ARPA grew 8.1% as of end-3Q, and continued to grow steadily by 2.9%, as of end-4Q compared to end-3Q.

As for the overall average, ARPA grew by 3.1%. ARPA for sole proprietors declined 1.4%. The slight decline in ARPA for sole proprietors is attributable to the increase in annual plans, for which a discount is applied, as I stated earlier.

It is quite difficult to up-sell to sole proprietors. On the other hand, it is possible to cross-sell and up-sell to corporates. Hence, we intend to continue to focus on corporate customers.

Business

## Customer Churn Rate Further Improved to 0.8%

32

Churn rate further improved due to service improvements, enhanced customer support, and an increase in the ratio of annual subscriptions*1.




*1 Details on the ratio of annual subscriptions will be on P96 and P97.
*2 Three-month average of each quarter.
*3 Figures are from the beginning of FY11/19, before the start of the new pricing plan. (i.e., end of Q1 FY11/20 = 15-month average, end of Q2 FY11/20 = 18-month average, end of Q3 FY11/20 = 21-month average, end of Q4 FY11/20 = 24-month average)
* Please refer to page 89 for detailed definitions of KPIs. Results of Smartcamp Co., Ltd. are not included in the KPIs.

Next is the trend for the churn rate of paying customers.

The churn rate was 0.8%, a record low. The churn rate based on monthly recurring revenue, MRR, remained solid at a negative churn of 0.9%.

Multiple factors are probably behind this result, including service improvements, enhanced customer support, and the higher ratio of annual contracts.



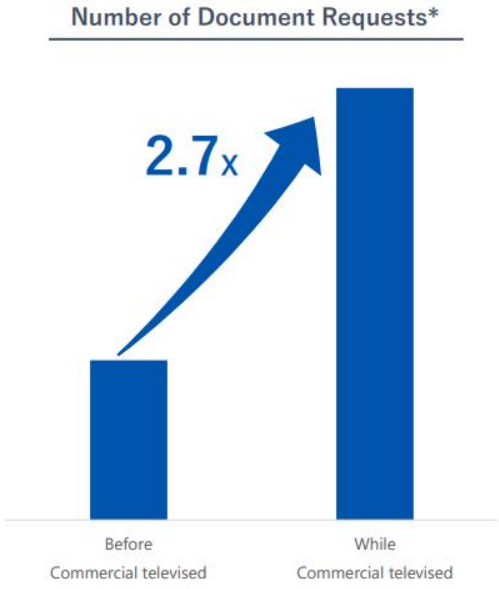

Next, we illustrate the track record of adoption at medium-sized companies on page 33.

Money Forward was originally a service with a strong edge in services catering to SMBs. Most recently, however, we see a rapid acceleration in adoption at listed and pre-IPO companies.

We now have a service lineup that can be used by many users. Our services have been adopted one after another at major Group companies like AEON; they are being used by companies listed on the Mothers market; and they are increasingly used by medium-sized and pre-IPO companies, as shown on the bottom.

Business | Online Document Requests Increased 2.7x 34

Conducted a large-scale marketing campaign including TV commercials from October to December 2020, which contributes to increased awareness and lead acquisition.







* The number of online documents of *Money Forward Cloud Accounting Plus* and *Money Forward Cloud ERP* downloaded.

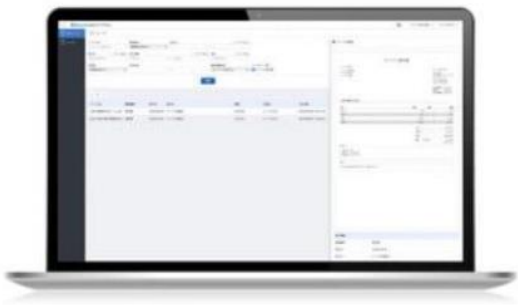
Next, page 34.

As I stated earlier, we ran a large-scale campaign, including TV commercials. I think some of you may have seen the commercial with the puppet characters, shown on the right side. The campaign was aimed at increasing the number of requests for materials, enhancing brand awareness, and acquiring new leads. As a result of the campaign, the number of requests for materials grew 2.7 times compared to before the commercial was aired. Thus, we think the campaign performance is robust.

Business | *Money Forward Cloud Box* Launched 35

Users will be able to digitize receipts, invoices and other documents and store them in the cloud. **This new service meets the requirements of the revised Electronic Books Maintenance Act**, which came into effect in October 2020.

Money Forward Cloud Box



In terms of products, the Revised Electronic Books Preservation Act was enforced in October, including highly advanced amendments. In response to the requirements of these revisions, we released a service called Cloud Box, which allows users to digitize documents like receipts and invoices and store them in the cloud.

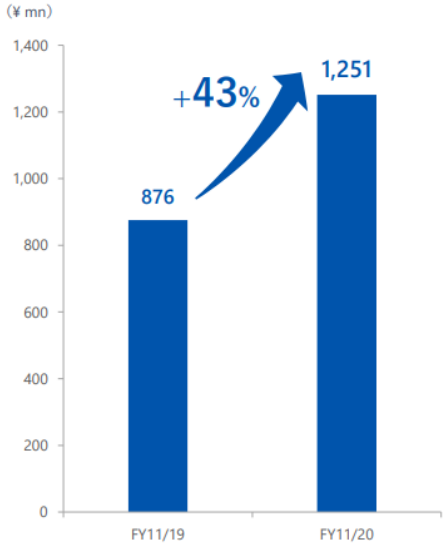
Business

## Smartcamp's Solid Growth After Acquisition



**Revenue growth accelerated to 43% YoY**. *BOXIL EXPO*, a marketing support business, has grown into one of the largest online exhibitions in Japan.

### Net Sales*1




### Online Exhibition of BOXIL EXPO

- **132** companies and over **10,000** audience participated in all 3 events*2 in 2020, making it one of the largest online exhibitions in Japan.
- Provides useful information through talk sessions.

| Schedule | Theme |
|---|---|
| Jun 2020 | Sales / Marketing |
| Sep 2020 | IT / SaaS / Remote Work |
| Dec 2020 | HR |
| Feb 2021 (planned) | Finance / Accounting / Admin |

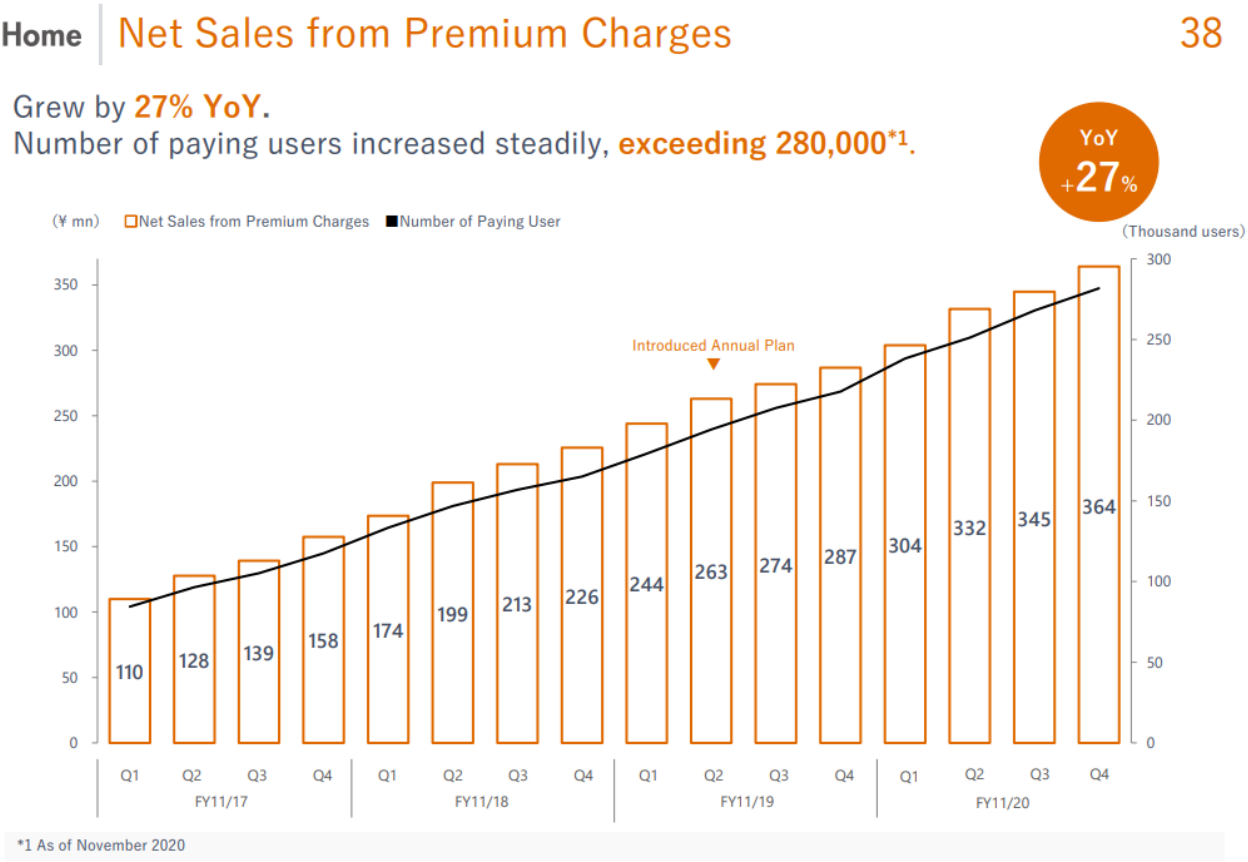
*1 FY11/19 full-year results are the sum of monthly sales from December 2018 to November 2019, based on the results for FY03/19 and FY03/20.
*2 Indicates "Sales / Marketing", ""IT / SaaS / Remote Work", and "HR". Number of companies and audiences are cumulative total figures.

Smartcamp continued to post rapid growth after joining our Group at 43% YoY. It has accelerated its growth even further after becoming part of our Group.

One interesting point is that, due to the difficulty of holding offline events, we took early steps to hold an online event called BOXIL EXPO. We held three events in 2020 attended by a total of over 130 companies and 10,000 participants. BOXIL EXPO is now one of the largest online expos in Japan.

In February 2021, we plan to hold a finance, accounting, and general affairs exhibition. We will do our best to become number one in this new market.

This concludes the explanation for Business domain.

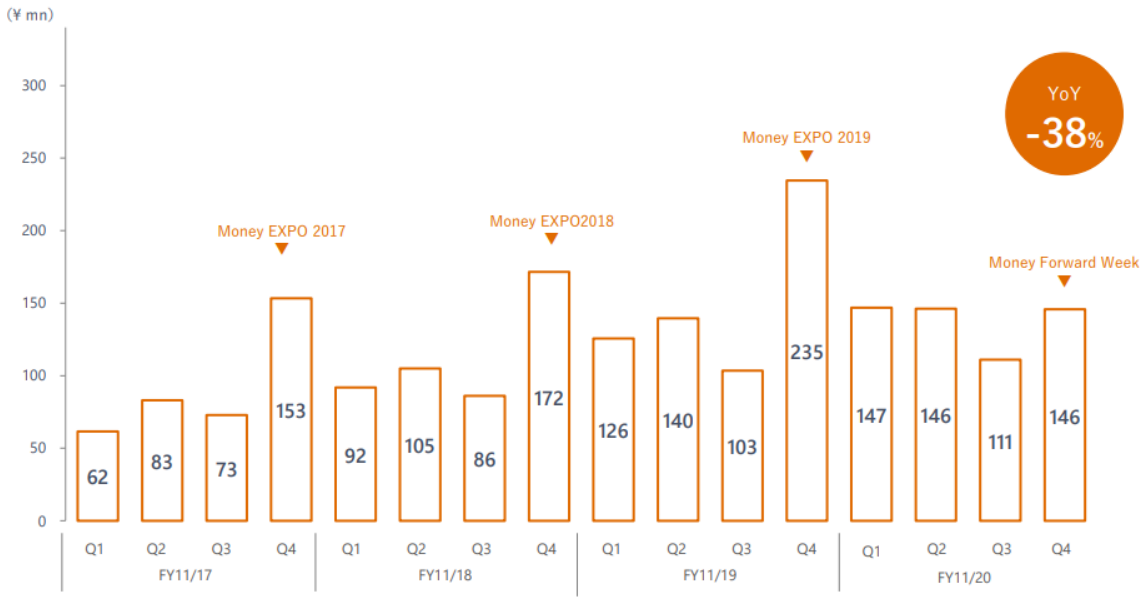



Next, I will go over Home domain. Please see page 38.

Net sales increased 27% YoY, and paying users exceeded 280,000. I believe the number of paying users is increasing steadily.

Home | Net Sales from Media/Advertising 39

The annual offline event “Money Expo” in Q4 was switched to an online event. The scale of sales decreased significantly, resulting in a YoY decline in net sales.

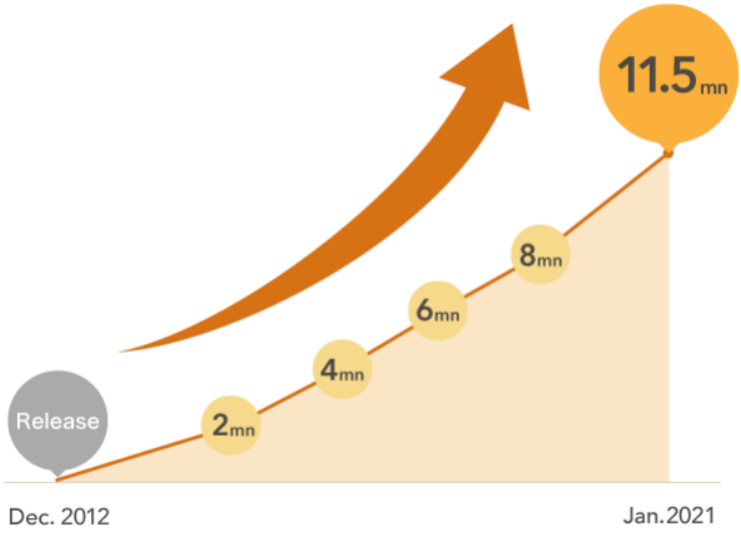



* Net sales from media/advertising include: 1) advertising sales from *MONEY PLUS* – lifestyle and finance online magazine, 2) sales from events (Money Expo) and seminars, and 3) sales from other PFM services including *Money Forward Money Consultation*.

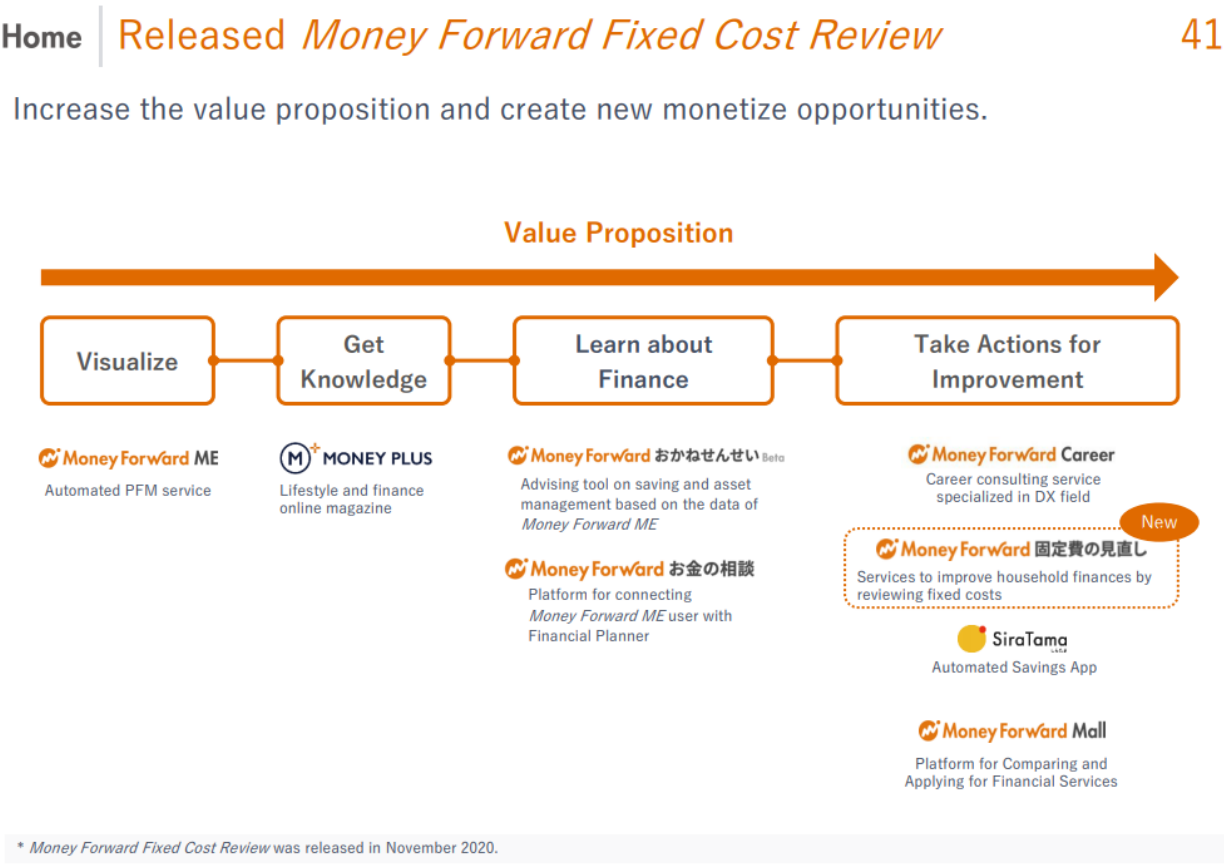
On the other hand, media advertising revenue fell sharply, down 38% YoY, largely because we couldn’t hold offline events. We switched to an online event, but unfortunately, the amount of sales decreased significantly.

Home | *Money Forward ME* Users Exceeds 11.5 Million 40

The number of new users continued to increase steadily amid growing awareness of household budget management.




The number of Money Forward ME users hit 115 million, including a strong increase in MAU that reflects the growing awareness toward household budgeting under COVID-19.




In Home domain, one of our major themes is to expand new services and new value provisions.

First, our aim is to visualize personal finance through Money Forward ME. From there, users will be able to spot the problems in their budgeting and use our services, like Okane no Sensei and Okane no Soudan. To help users learn more about money, we operate MONEY PLUS.

Furthermore, to support their action toward improvement, we newly released Money Forward Fixed Cost Review, which is a service that supports improvements in household budgeting.

## Home | “Let’s Start Finance Management 2021” Campaign 42

Ran a series of campaign to support household finance management, consisted of activities such as visualization of household finance and learning finance management.

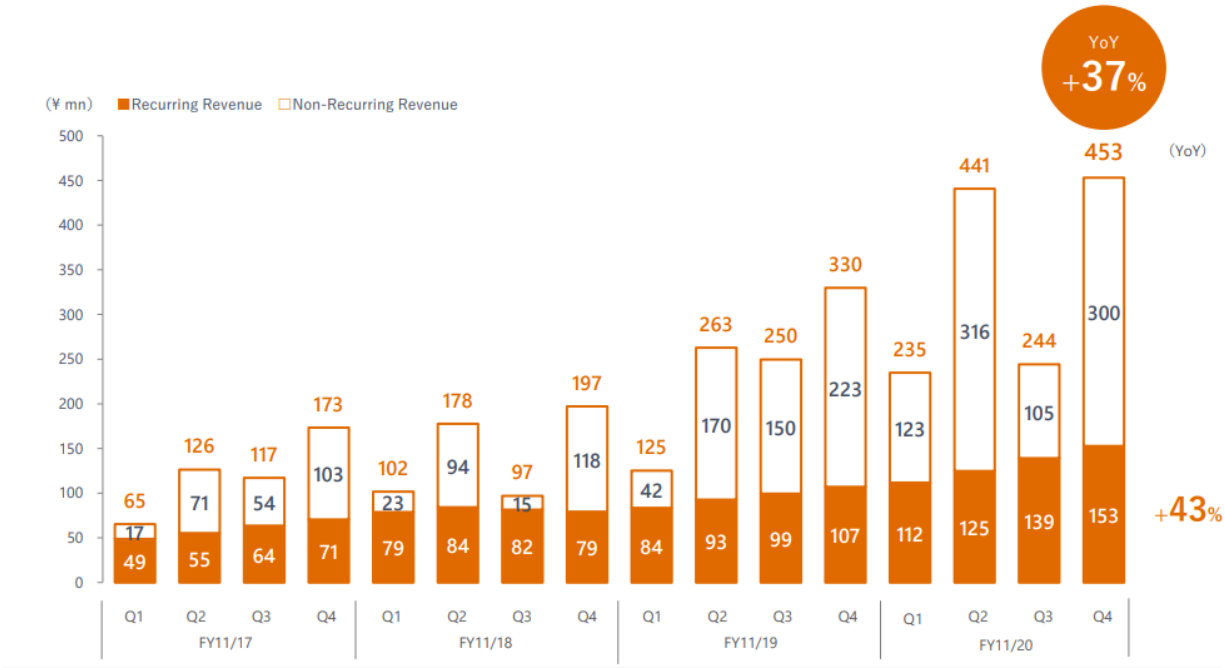



To support even more users in improving their household budgeting through the visualization of money and learning, we held a campaign called “Let’s Start Managing Money.”

This concludes my explanation for Home domain.

X | Net Sales from Money Forward X 44

Net sales increased **37% YoY**. Recurring revenue saw significant growth of **43% YoY**.




* Non-recurring revenue from initial development costs are recorded at the time of acceptance by partner financial institution, and not necessarily at the time of service launch.

Next, I will go over the Money Forward X domain.

This is a team that supports the digital transformation of financial institutions. Quarterly net sales were up 37% YoY. Recurring revenues are also up 43%, showing significant growth.

## X | Development of Web Service for Chiba Bank's Customers 45

Developed *Chiba Bank My Post*, which allows customers to check their housing loan information on the web. Considering to expand this service to other regional banks.




ちばぎん

Money Forward

I would like to share a few specific examples.

Here, we explain our participation in the development of Chiba Bank My Post, a web service for users of Chiba Bank.

X | UI/UX Design Consulting for Shizuoka Bank 46

Provided consultation for UI/UX design for Shizuoka Bank's Internet branch application, *Shizugin WebWallet App*.

静岡銀行

Money Forward





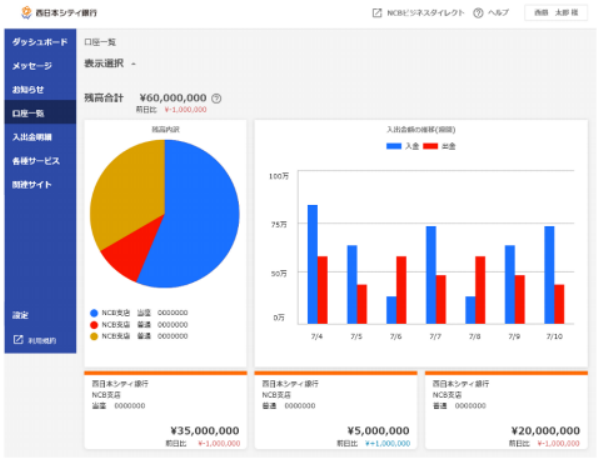


This is an app of Shizuoka Bank. We were in charge of UI and UX consulting for the official app of its Internet branch called Shizugin Web Wallet. We worked together with Shizuoka Bank to develop an app that is easy to use for new users.

X | *NCB Business Station* for Nishi-Nippon City Bank
Jointly developed with NTT Data

47

In addition to financial services, various corporate services are provided online through the platform.



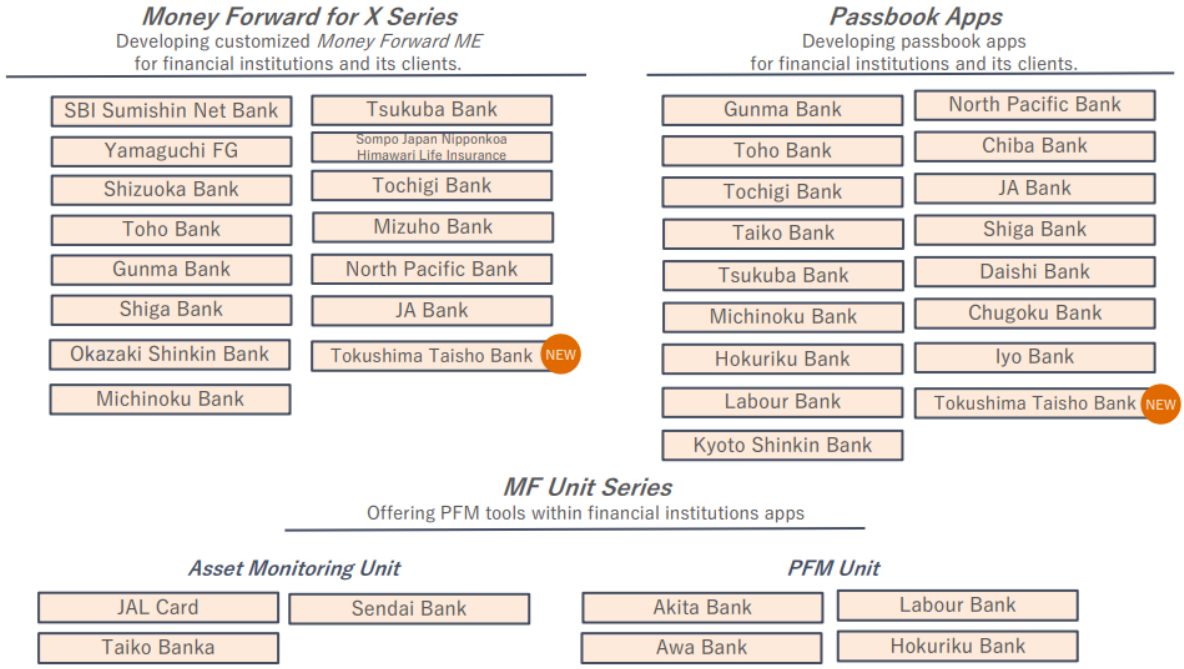

西日本シティ銀行

NTT DATA

Money Forward

The third example is NCB Business Station of The Nishi-Nippon City Bank. This service was co-developed with NTT DATA to provide online corporate services to customers on a corporate version platform.

## X Alliance with Financial Institutions 48
(Service for Individual Customers)




In these ways, we are expanding the provision of digital transformation services to financial institutions. On page 48, we show a list of services for individuals. We have new users of our Money Forward for XX service and Passbook app.

X

# Alliance with Financial Institutions

(Service for Individual Customers)






In addition, we are providing services to the companies shown here, including Docomo and KDDI.

# Alliance with Financial Institutions
(Service for Individual Customers)



Membership Portal for Corporate and Sole Proprietors
Jointly Developed with NTT DATA Corporation

横浜銀行 NTT DATA



〈Hamagin〉 Business Connect

北陸銀行 NTT DATA



Hokugin Business Portal

西日本シティ銀行 NTT DATA

NEW



NCB Business Station

Business Financial Management

岡崎信用金庫



*Okashin Cash Management Service*
*"One-stop Cash Management"*
Business financial management service for financial institutions

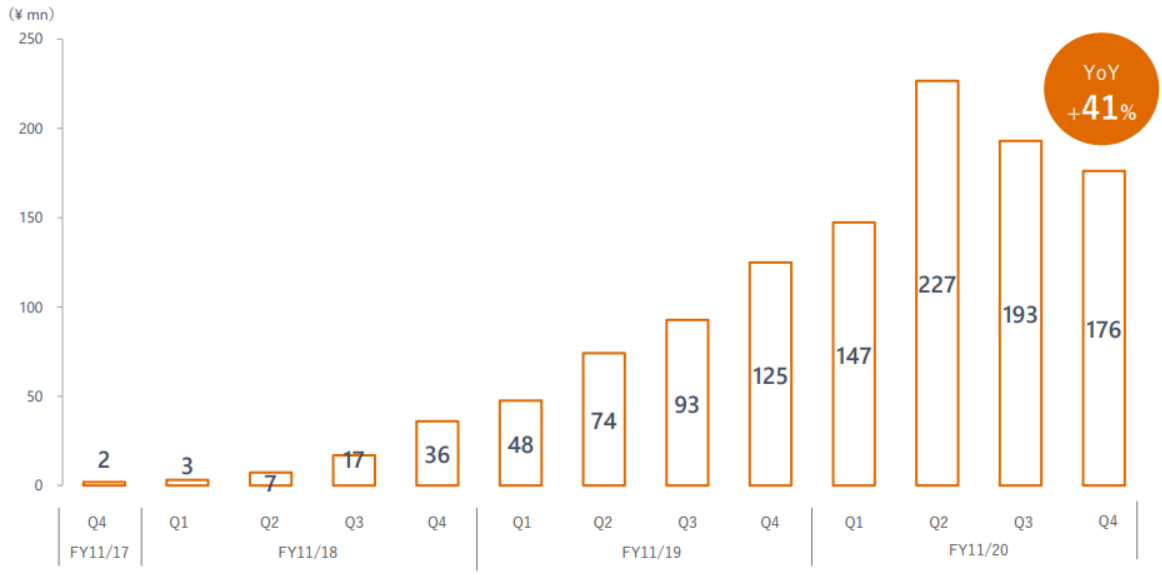
Furthermore, we have enhanced our corporate services.

We have developed services for Yokohama Bank, Hokuriku Bank, and this time for The Nishi-Nippon City Bank, in collaboration with NTT DATA. Our business financial management tool, BFM, has been adopted by The Okazaki Shinkin Bank.

This concludes the explanation for Money Forward X domain.

Finance | Net Sales from Money Forward Finance 52

Q4 achieved net sales growth of **41% YoY**. Due to tighter credit control, the amount of transactions in the factoring business decreased from Q3.




Next, I will go over Money Forward Finance.

In Finance domain, quarterly net sales grew 41% YoY. On the other hand, 3Q and 4Q sales decreased somewhat compared to 2Q, in part because we strengthened our credit management due to the impact of COVID-19. The transaction volume in the Factoring Business fell from the previous quarter.

Finance

## Money Forward Kessai Exceeded ¥30 billion in Cumulative Transaction Volume






* Money Forward Kessai changed its name from MF KESSAI in November 2020. The service names were also renamed; *MF KESSAI* was changed to *Money Forward Kessai* and *MF KESSAI Early Payment* was changed to *Money Forward Early Payment*.

Overall, the cumulative transaction volume exceeded JPY30 billion.

Finance | Improved Efficiency of Screening Operations 54

By expanding the scope of technology-based screening operations, Money Forward Kessai have reduced screening time to maximum 1 business day*.




*Excluding cases where there is incomplete or insufficient information required for screening, or where the credit amount per business partner is ¥10 million or more.

Our strength is our technology. We are expanding the scope of screening operations while utilizing technology in our payment factoring service. We have realized a process where users and companies can apply and complete the screening within one business day. We have implemented a major update to the screening model.

Finance | Money Forward Synca Assisted M&A 55

Provided M&A advisory service to Nagisa joining the Mediado group.

Nagisa



**Mr. Yoshiyuki Yokoyama**
**President and Representative Director of Nagisa Corporation** (front row, right)

It was good to learn all the details of M&A, including negotiations, procedures, steps to be taken, and potential risk from Synca. It was also very reassuring for us to know that we could always rely on Synca for advice on practical matters, including M&A schemes.

At Money Forward Synca, where Kanesaka serves as President, we supported the execution of an M&A deal by Nagisa, Inc. We intend to firmly support the growth of venture companies and startups, such as through these encounters and matchmaking.

Finance | HIRAC FUND Closed 1st Fund, Total of ¥3.04 Billion 56

In addition to experienced entrepreneurs, financial institutions and corporates have joined as LPs. We will further accelerate our investment activities.

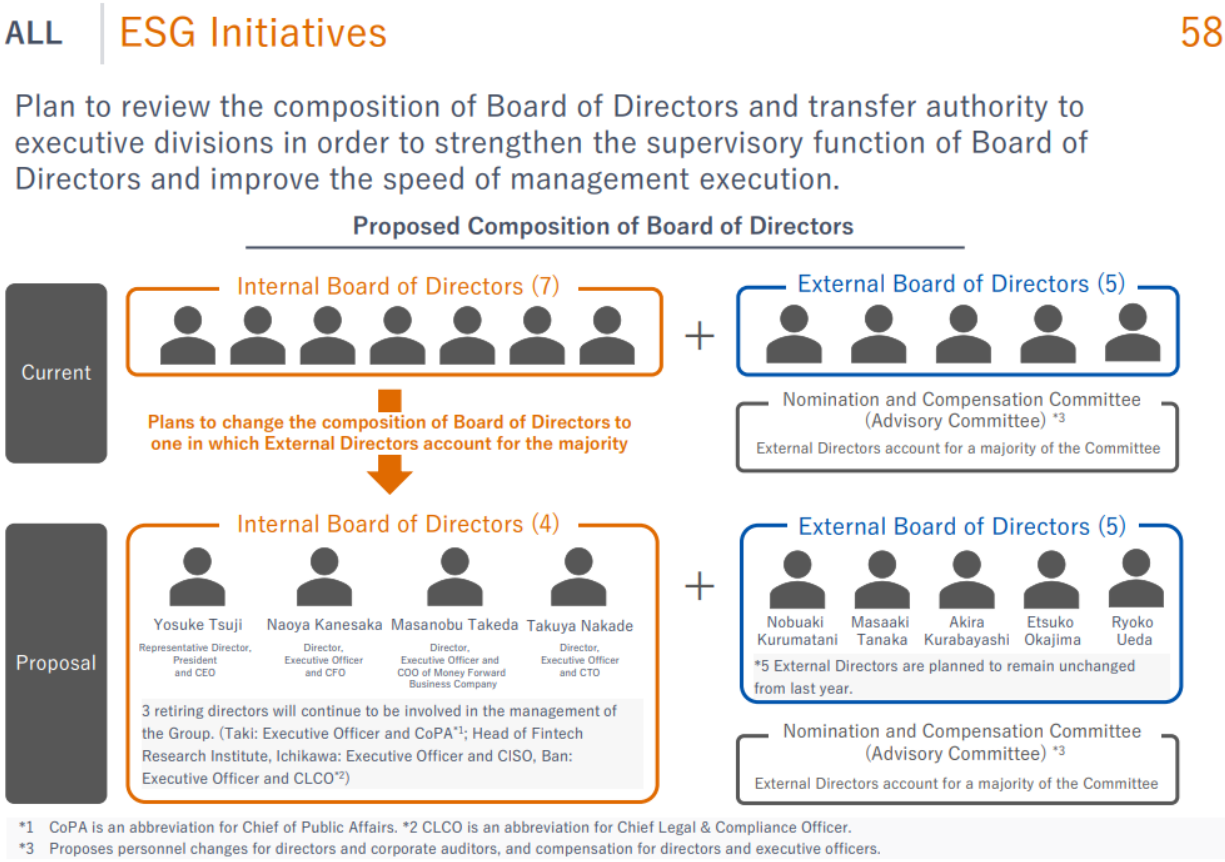



This page is about HIRAC FUND.

In our first fund, we had financial institutions and operating businesses join as LPs. We successfully closed a total of over JPY3 billion. Our investment activities are proceeding very smoothly, and we have been approached by many startups.

Naturally, we intend not only to provide cloud services but also offer other services, including money-related services and consulting at Synca. Through various measures, we hope to support the growth of startups and operating businesses.

This concludes my explanation of Finance domain.




Next, I will go over the other strategic initiatives.

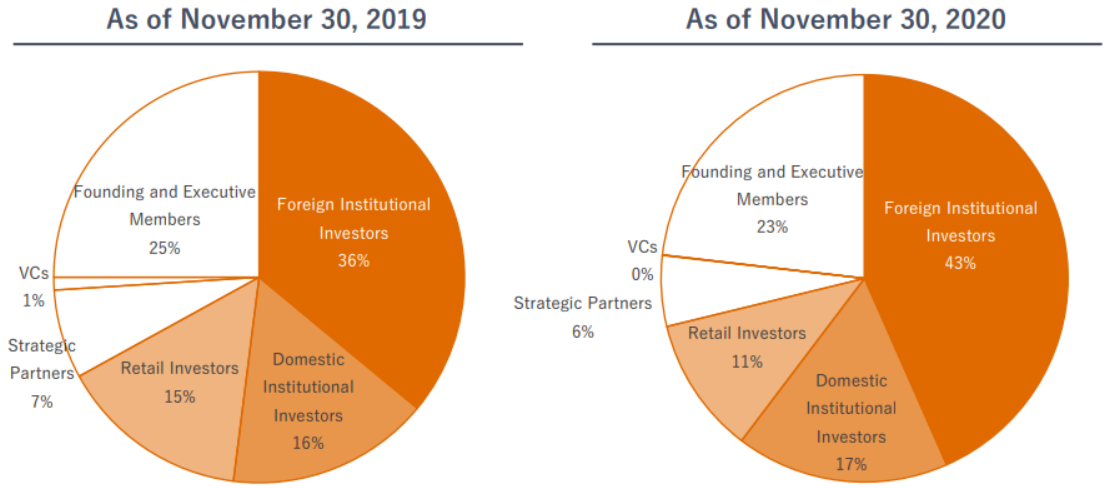
This time, we have reviewed the composition of the Board of Directors as part of our initiatives toward strengthening ESG measures, premised on obtaining approval at the annual general meeting. To reinforce the supervisory and governance functions, while at the same time increasing the speed of management execution, we plan to revise the structure by reducing the number of internal directors to four and having outside directors account for the majority of the Board.

The four internal directors will consist of me, CFO Kanesaka, COO of Money Forward Business, Takeda, and CTO Nakade. Taki, Ichikawa, and Ban are scheduled to retire, but Taki will continue to serve as Chief of Public Affairs, Ichikawa as CISO, and Ban as Chief Legal & Compliance Officer. They will continue to play active roles as executives.

As for the five outside directors, we would like the existing members to be reappointed. Thus, we plan to have no change from last year. In addition, we have engaged in very lively discussions in the Nomination and Compensation Committee. We plan to operate the Committee based on a structure where outside directors account for the majority, as we did last year.

ALL | Continued Increase in Institutional Investors Ratio 59

The ratio of foreign institutional investors has increased due to the issuance of new shares by way of international offering in February 2020. Plans to promote measures for individual investors too.




This is the breakdown of our shareholders.

On the right side, we show the breakdown of our shareholders as at end-November. Overseas institutional investors accounted for 43%, and domestic institutional investors 17%, for a total institutional investor ratio of 60%. These percentages are followed by individual investors, strategic partners, and founding management members.

Going forward, we look to promote measures catering to individual investors.

## ALL | Raising Brand Awareness and Contribute to Digitalization 60

Promoted partnerships with 3 soccer clubs, including a top partner agreement with Yokohama F. Marinos.

Yokohama F. Marinos
(J1)
Signed a top partner contract

Avispa Fukuoka
(to be promoted to J1 next term)
Signed a partner contract with the Kyushu/Okinawa branch

Hokkaido Consadole Sapporo
(J1)
Signed a partner contract with the Hokkaido Branch Office

We understand that we are gradually entering the phase of needing to gain awareness not just in the IT industry but also in the broader market.

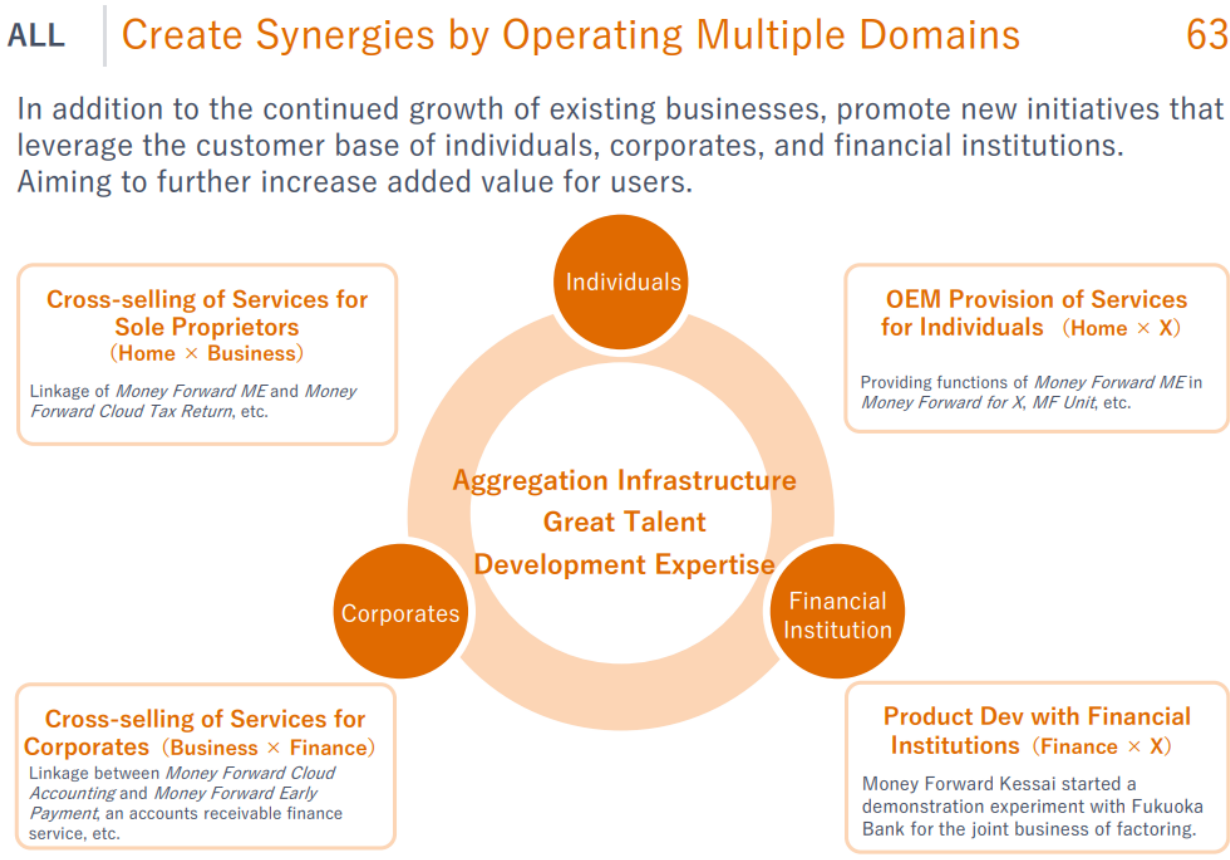
In this context, we aim to contribute to the digitalization of society by raising awareness through sports. We have entered into contracts with sports teams, including a top partner contract with Yokohama F. Marinos and partner contracts with Avispa Fukuoka and Hokkaido Consadole at our respective branch offices. We will promote these measures.

We have been considering various options over the last two years and have finally reached these contracts.




Next, I would like to explain our growth strategy.

I have described four points in terms of Group-wide growth strategy. We will continue to make strategic investments with a particular focus on Business domain, where we expect the highest growth. In addition, our strength is that we operate multiple businesses. We intend to create synergies through the operation of these multiple businesses. Furthermore, we will secure an advantage through investment in technology, which is our greatest strength. And we intend to execute M&A deals on a continuous basis.

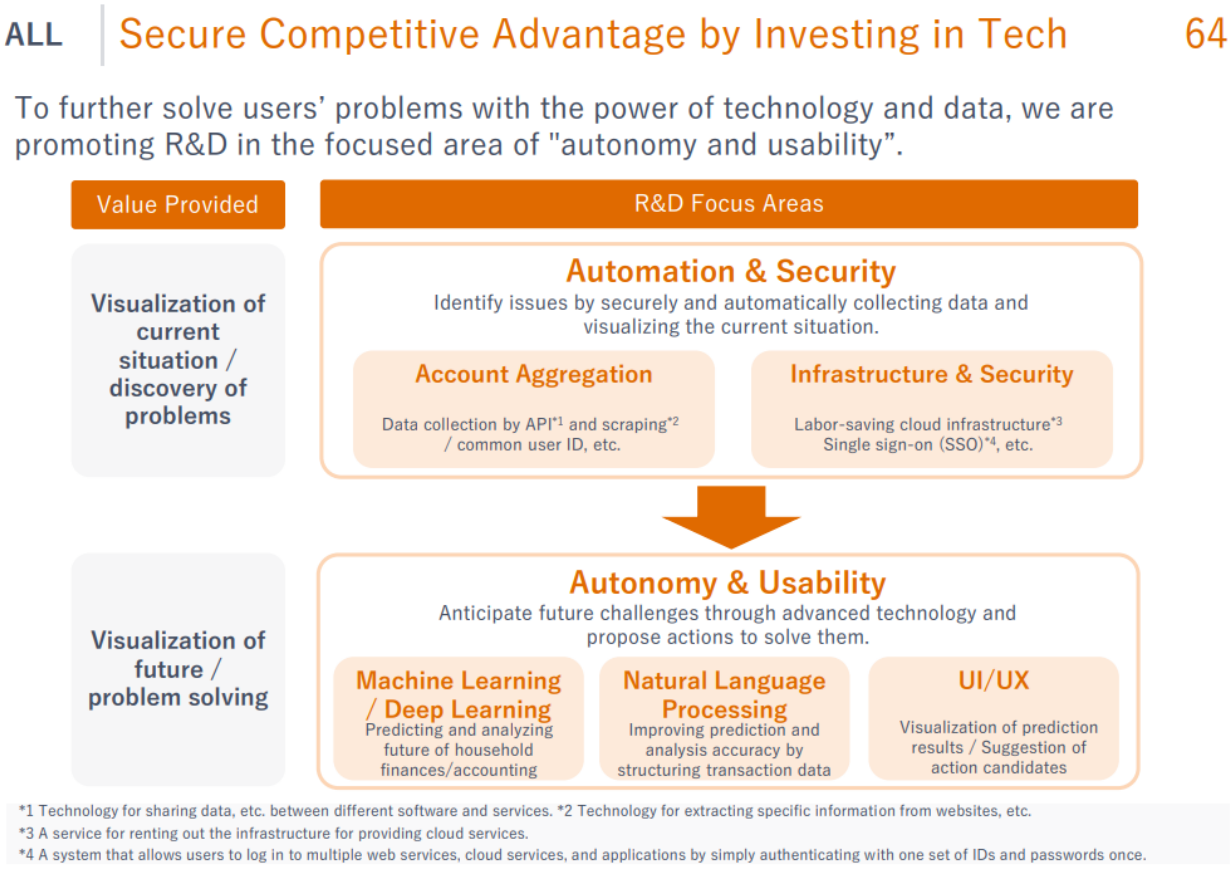



I will go over each strategy.

As for the creation of synergies across multiple domains, our strengths include our common aggregation platform, human resources, and development expertise. Our customers include individuals, corporates, and financial institutions. For example, a recent initiative has been the cross-selling between Home domain and Business domain. We have been taking measures to have Money Forward ME users to connect their accounts with Money Forward Cloud Tax Return.

Furthermore, as shown on the right side, we have started providing Money Forward ME services to individuals on an OEM basis in X domain. On the bottom left, we describe the strengthening of cross-selling between corporate services. We will be providing payment services through Money Forward Early Payment to users of Money Forward Cloud.

Also, we are working on developing services in collaboration with financial institutions. We have launched demonstration experiments toward the joint commercialization of two-party factoring between Kessai and Shizuoka Bank. We hope to continue to strengthen our collaboration with financial institutions.



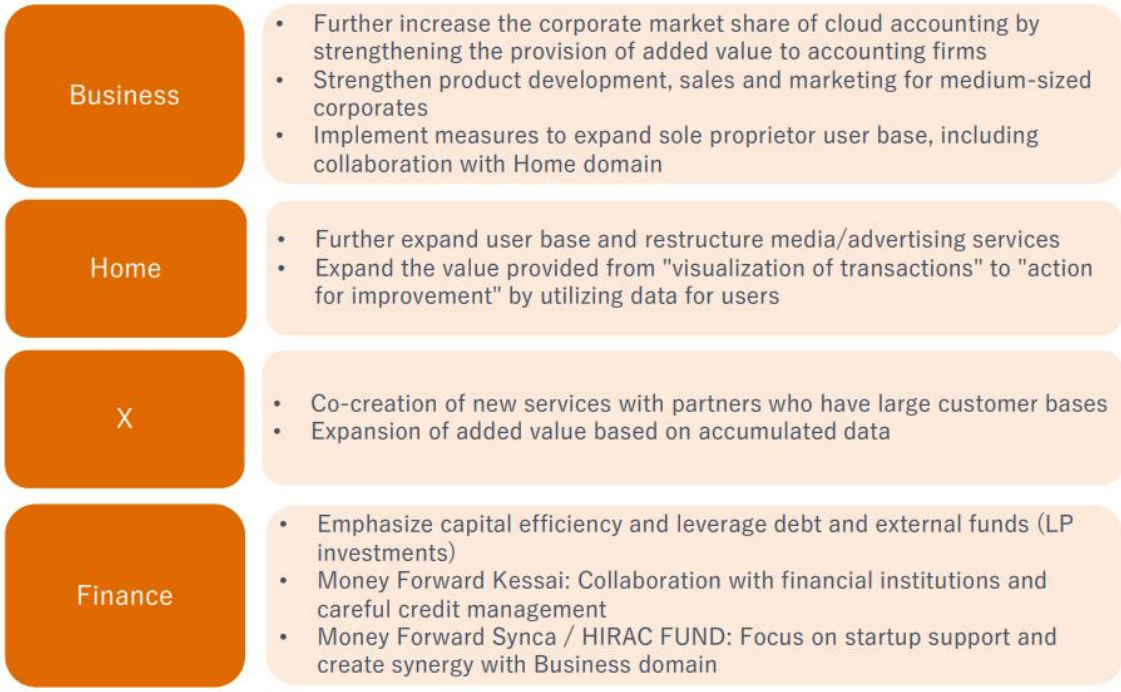

On page 64, we explain our investment in technology.

Currently, we offer automation and security on top of the value provision such as visualization and problem discovery, and our strength is in account aggregation and infrastructure/security.

Going forward, we think the concept behind visualization and problem-solving will be autonomous driving and operation. These are areas that we intend to strengthen. We are working on reinforcing our capabilities in machine learning, deep learning, and AI as well as natural language processing and UI/UX. Research is progressing steadily at Money Forward Lab. We intend to make investments in these technologies for realizing future services, and we will further reinforce our R&D activities.

## Business Direction in Each Domain






Next, I will explain the business direction for each domain. Our domains include Business, Home, X, and Finance. In Business domain, we aim to strengthen the provision of added value to accounting firms. I will explain this on the next page onward.

## Business | Value-added Services for Accounting Firms 66

Provide not only software but also useful information for accounting firms and their clients to promote DX.

### Provide Useful Information Through Professional Community




- Free sessions to discuss the role of accounting firms and the future they should aim for.
- Sharing of case studies of support for small and medium-sized enterprises by accounting firms.

### Customer Success for Accounting Firms



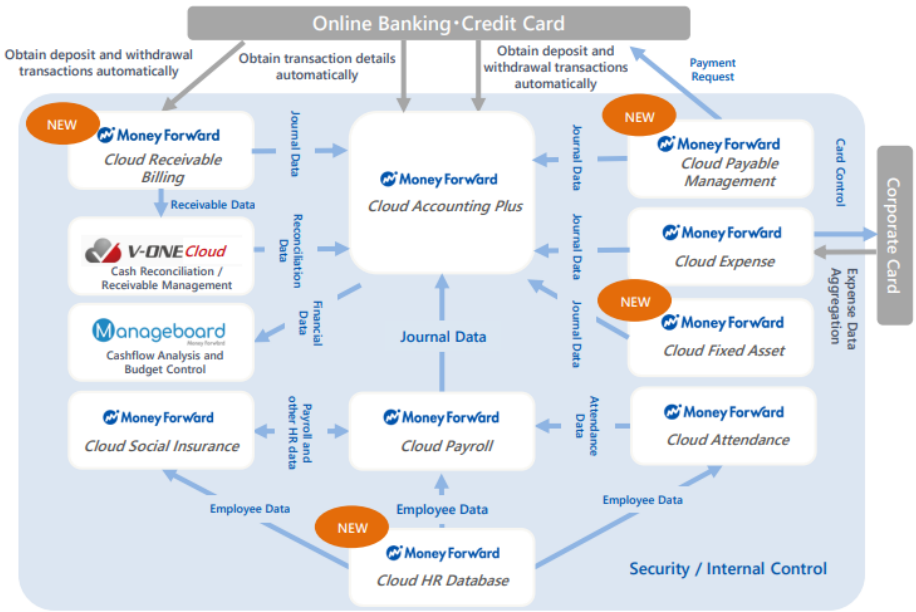

- Launched *BizBASE Portal*, a community site exclusively for accounting firms to share know-how on the use of *Money Forward Cloud* and to lead customer success for professional firms.

Accounting firms are our important partners. In addition to providing tools, we will disseminate information thoroughly. We also look to reinforce the customer success of professionals. We will share the expertise of these professionals through events like Professional Summit 2020. In addition, we aim to share their expertise by creating communities, such as through the launch of the BiZBASE Portal.

Given the current environment, accounting firms are in need of remote tools and the promotion of digital transformation. We hope to become a trusted partner that they would consult first when such needs arise.

## Business | Expand Product-lineup for Medium-sized Corporates 67

**4 new services for medium-sized corporates will be released**, delivering data connection between all operations in accounting/finance and HR areas.




Next, we have decided to provide four new services targeting medium-sized companies. We have realized the data integration between all services in the accounting and finance area as well as the personnel and labor area. As you can see here, all services are connected through API. We aim to realize a world where manual inputs aren't required, and productivity is improved by being able to generate the required data immediately.

Business | Measures to Expand Base of Sole Proprietor User 68

Enhance measures to acquire users without relying on advertising through collaboration with *Money Forward ME* and *Money Forward Business Registration*.

Connection with *Money Forward ME*




- Connection with *Money Forward ME* allows users to link their household income and expense data to their tax returns data and complete electronic filing process.
- To capture the tax return needs of *Money Forward ME* users.

*Money Forward Business Registration*




- A service that allows sole proprietors to create the necessary documents for opening a business on the web for free.
- The service aims to connect the business registration process to the use of cloud tax return.

Next, page 68. Here, we explain the newly released service we introduced earlier, where Money Forward ME users can connect the service with Cloud Tax Return, making it easy for users to complete all tasks from budgeting to electronic tax returns. This service has been well received by users.

We have seen a strong increase in corporate users and a rise in sole proprietor users. We released a free service that allows sole proprietors to create the necessary documents for opening a business online. This is a service that makes it truly simple for users to complete all required documents for opening a business. This is the policy for Business domain.

In Home domain, going back to page 65, we aim to further expand the user base and rebuild the Media/Advertising Business. Due to the COVID-19 pandemic, it has become quite difficult to operate the Media/Advertising Business. We consider this business will need to be rebuilt

Furthermore, we want to take our business beyond the visualization of money by prompting users to take action to improve their household budget. Above all, we want to provide users with results. We are currently developing new services aimed at enhancing the provided value.

In X domain, we will continue to create new services together with partners who possess a customer base. We intend to expand added value based on data.

In Finance domain, our balance sheet is not big, so we will actively utilize loans and LP investment such as HIRAC FUND while emphasizing capital efficiency. In terms of payments, we are advancing collaboration with financial institutions, and we have already started collaborating with Fukuoka Bank.

As for Synca and HIRAC FUND, we aim to create synergies with Business domain, while focusing on supporting startups. We will strive to raise awareness and build the brand profile so that startups trust and consult Money Forward Group.

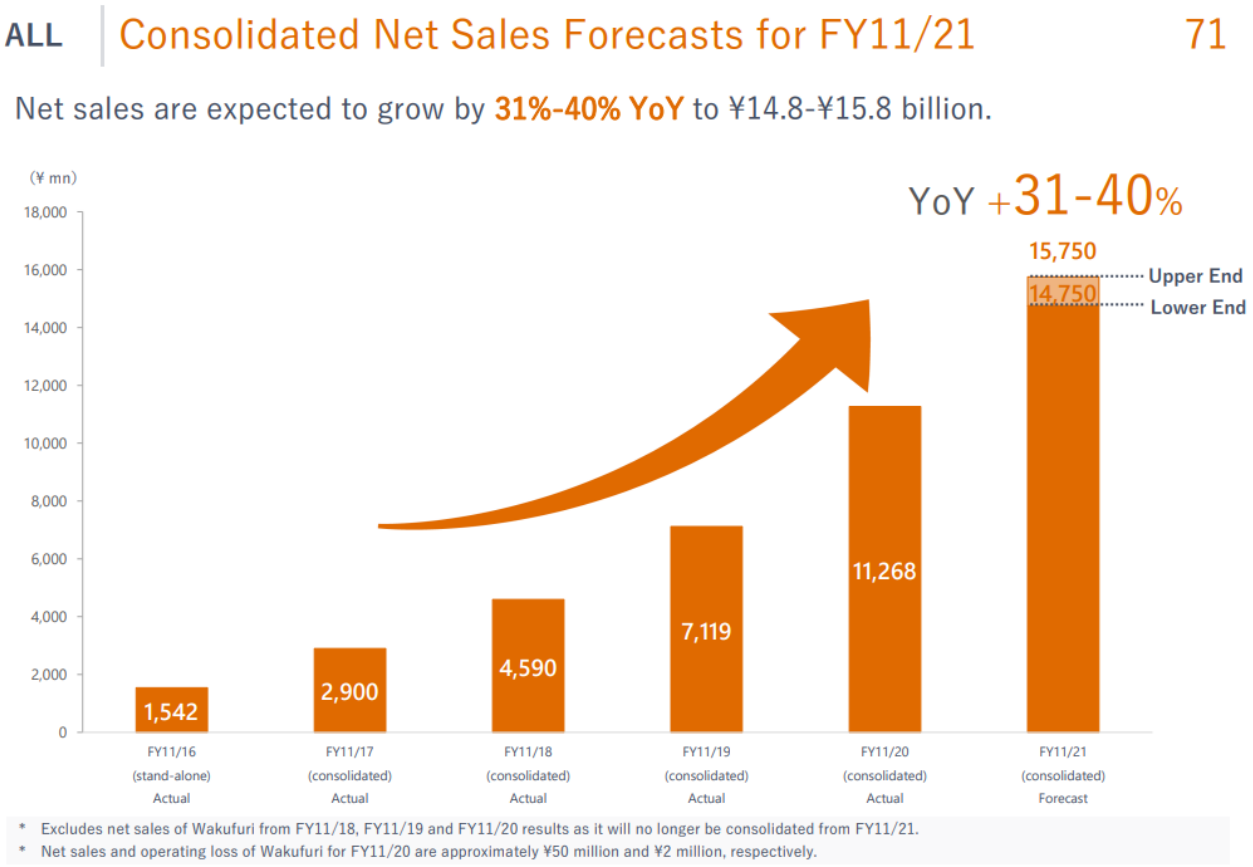



Next, I will explain the financial results forecast for the current fiscal year. This is on page 70.

The content of this page has been mostly unchanged for some time. We will continue to emphasize the maximization of medium-to-long-term cash flows, because our business model is a subscription model. We will execute growth investments while securing financial soundness. As for M&A, we will carefully select and work on projects that are in line with our strategic and financial discipline.

The following is a new topic. In Indonesia, we are invested in the Merkari Group, which is the leading company in the cloud accounting and HR market, targeting SMBs. We aim to further strengthen our partnership with this company.

As for our policy for profitability, we aim to achieve EBITDA profitability in the current fiscal year. We also aim to be listed on the First Section -- Prime market -- of the Tokyo Stock Exchange.

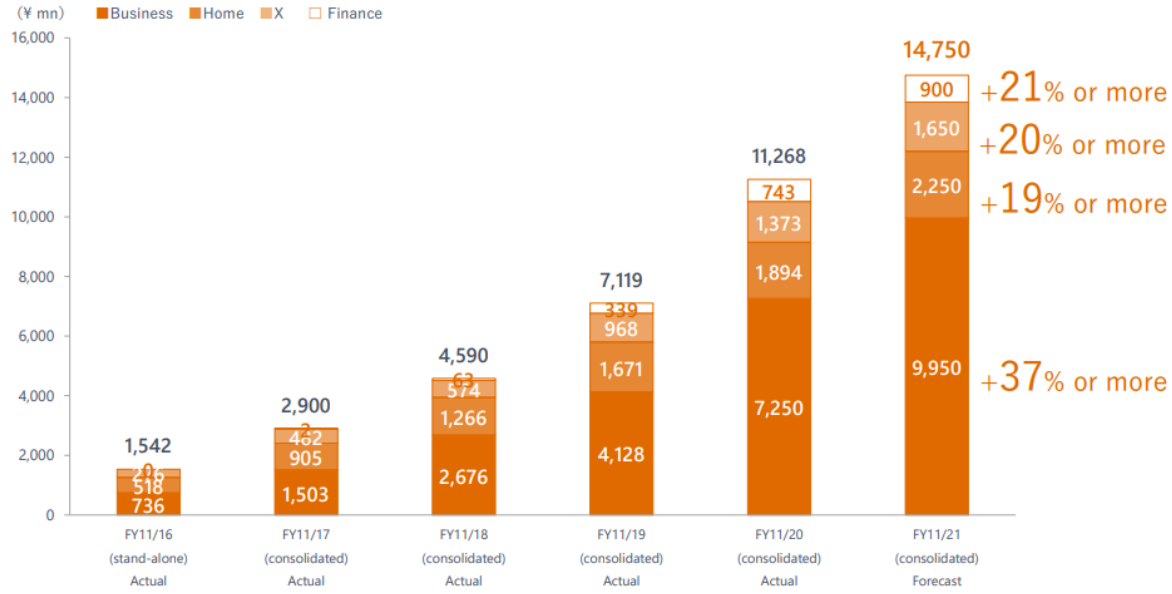



This is our net sales outlook.

We aim to achieve net sales between JPY14.75 billion and JPY15.75 billion, up 31% to 40% YoY. We will continue to work together as a Company, aiming for a growth rate of 40%.

ALL | Net Sales Forecasts by Domain 72

Continuous growth is expected in all domains. Growth of **more than 37% YoY** is expected in Business domain.

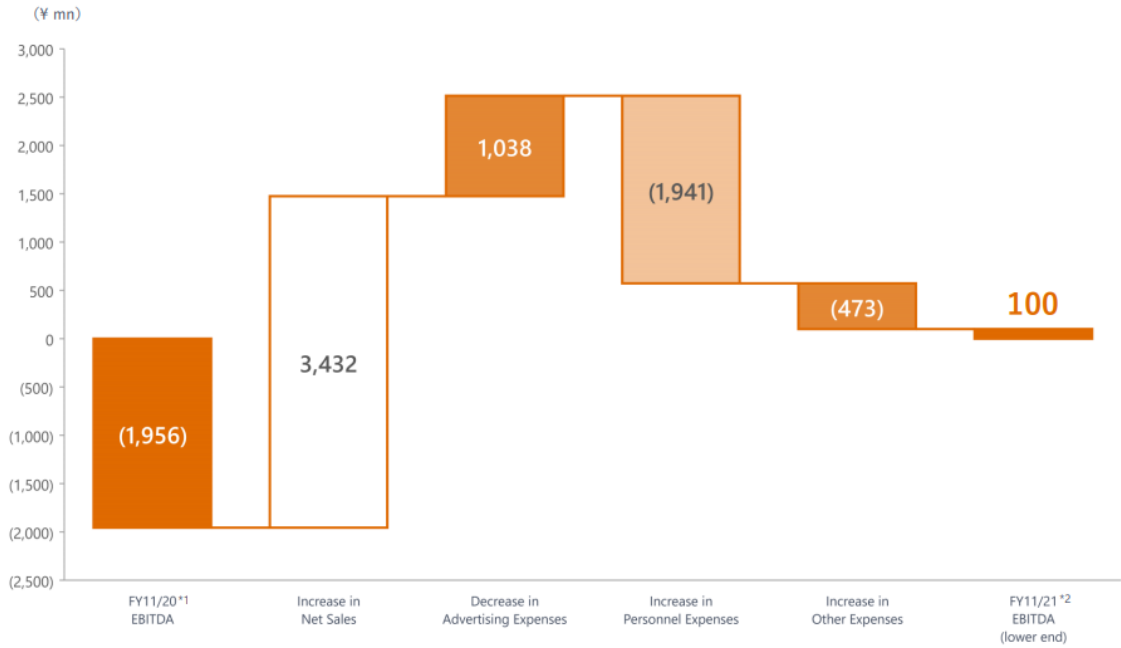



* Breakdown of the lower end of FY11/21 net sales forecasts of ¥14.8 billion.
* Excludes net sales of Wakufuri from FY11/18, FY11/19 and FY11/20 results as it will no longer be consolidated from FY11/21.

As for the breakdown of our net sales outlook by business domain, as you can see here, we expect net sales to grow 37% in Business domain, 19% in Home domain, 20% in X domain, and 21% in Finance domain. We intend to continue to deliver growth across all domains.

ALL | EBITDA Waterfall Forecasts 73

FY11/21 EBITDA is expected to be ¥100-500 million, in line with sales growth.



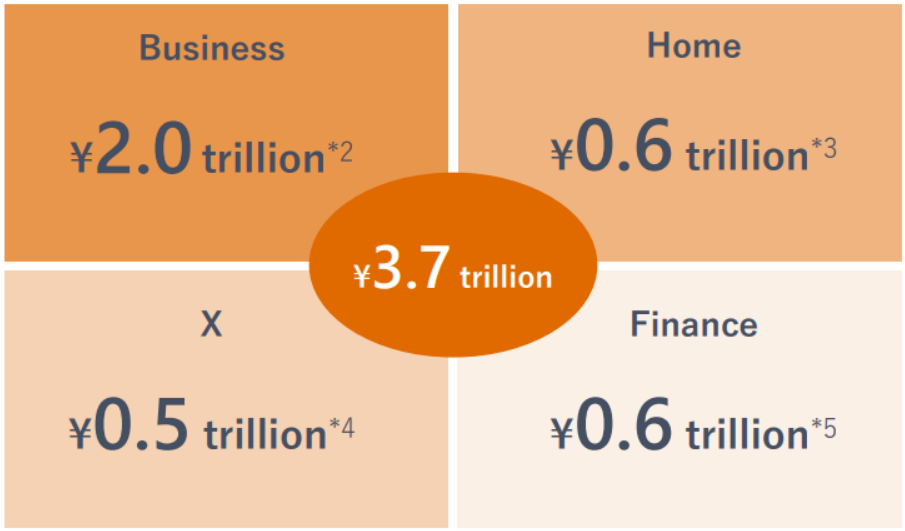

*1 FY11/21 EBITDA(revised definition) = operating profit/loss + depreciation and amortization + tax expenses included in operating expenses + share-based remuneration expenses. FY11/20 EBITDA based on the previous definition is negative ¥2,164 million. *2 Assuming FY11/21 EBITDA 100 million (lower end of the forecast).

We expect EBITDA profitability in the range of JPY100 million to JPY500 million in line with the growth in net sales. We expect an increase in net sales will push up EBITDA by over JPY3.4 billion, offset in part by advertising and personnel expenses.

The details can be seen here.

ALL | Immense Total Addressable Market (TAM*1) 74

TAM of the four domains of Money Forward Group totals ¥3.7 trillion.




* All footnotes are described on page 75.

Lastly, we operate Business, Home, X, and Finance domains in a huge potential market. Based on our calculations, we estimate the total addressable market at JPY3.7 trillion.

We aim to realize further growth in this potential market and deliver results that meet everyone's expectations in this fiscal year as well. We ask you for your continued support.

This concludes my presentation. Thank you for your attention.