Money Forward, Inc.

Q3 Financial Results Briefing for the Fiscal Year Ending November 2021

October 15, 2021

Presentation

Moderator: We will now begin the online earnings presentation for the third quarter of the fiscal year ending November 2021 of Money Forward, Inc. Thank you for joining us today. We expect the meeting to last about 90 minutes, including Q&A.

Here are today's attendees: Yosuke Tsuji, President and CEO; and Naoya Kanesaka, CFO.

The materials used in today's meeting are the financial results and presentation material, which have been posted on our website today. The first part of the meeting will be an explanation of the presentation material.

Here is the agenda of today's meeting. First, Mr. Tsuji will give his greetings and explain the third quarter results for about 40 minutes. We'll have a Q&A after that.

Due to time constraints, please limit your questions to up to 3 per person. If any questions cannot be answered in time, we will respond to them individually after the briefing. We ask for your understanding.

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

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

Tsuji: Good evening, everyone. Thank you for joining us. This is Tsuji of Money Forward. Let me turn to the explanatory material for the third quarter.

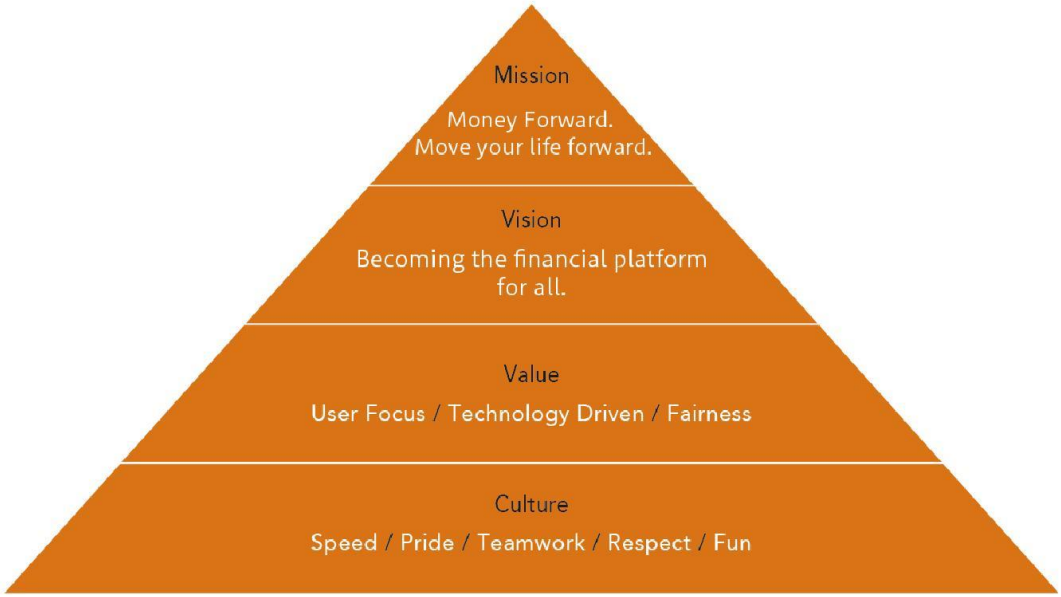


Here's the agenda.

I'll give an overview of our business and then cover the third quarter results for each domain.

Lastly, I'll explain our strategic efforts and policies related to strategic investments.

Mission / Vision / Value / Culture



First, in our business, we place a great emphasis on mission, vision, value, and culture.

Our mission is “Money Forward. Move your life forward.”

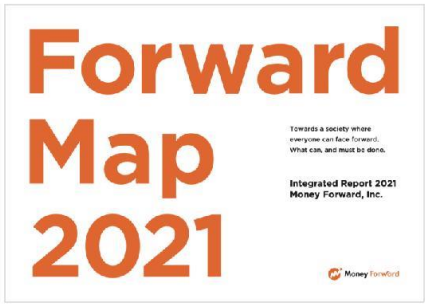


We strive to create a sustainable society through our efforts to realize our mission and vision. We have set 3 priority themes toward achieving the SDGs.

The priority themes are User Forward, Society Forward, and Talent Forward. We strive to move users forward, society forward, and the potential of employees forward.

Issued the English Version of the Integrated Report

In addition to the business overview and growth strategy, the report introduces various initiatives to contribute to the realization of a sustainable society.





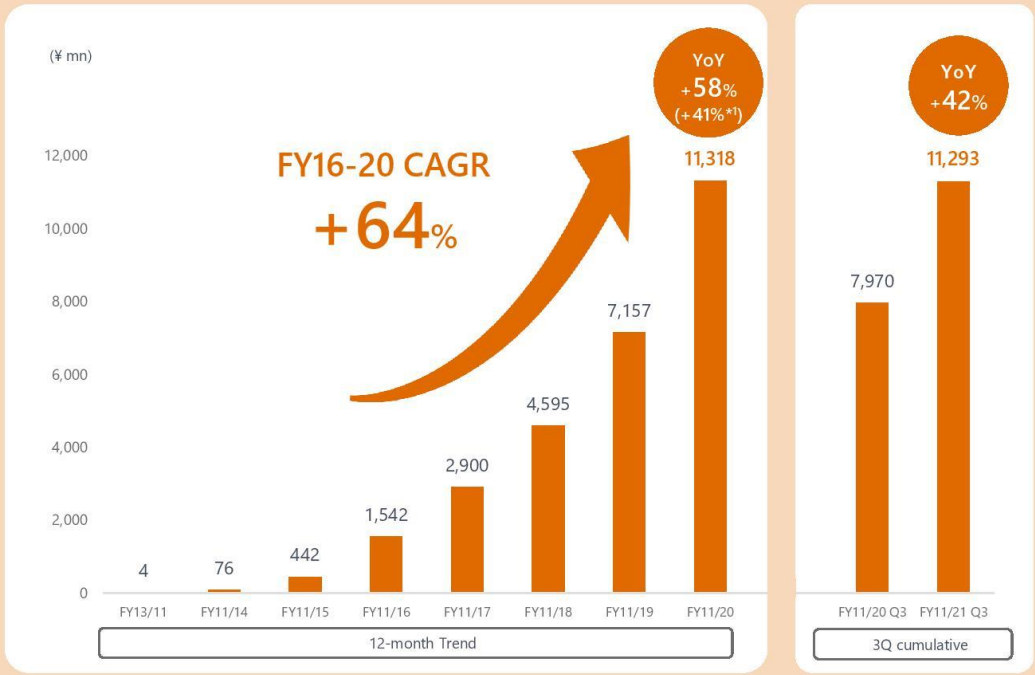




* English version is available on our website. https://s3-ap-northeast-1.amazonaws.com/mf-wp/wp-content/uploads/20210929165408/Money-Forward_Integrated-Report_20211.pdf

In particular, we work on moving society forward through co-creation activities with diverse partners with the aim of contributing to the digital transformation, DX, of society and realizing superior social systems. At the same time, we are practicing business management with environmental consciousness.

Historical Net Sales Growth



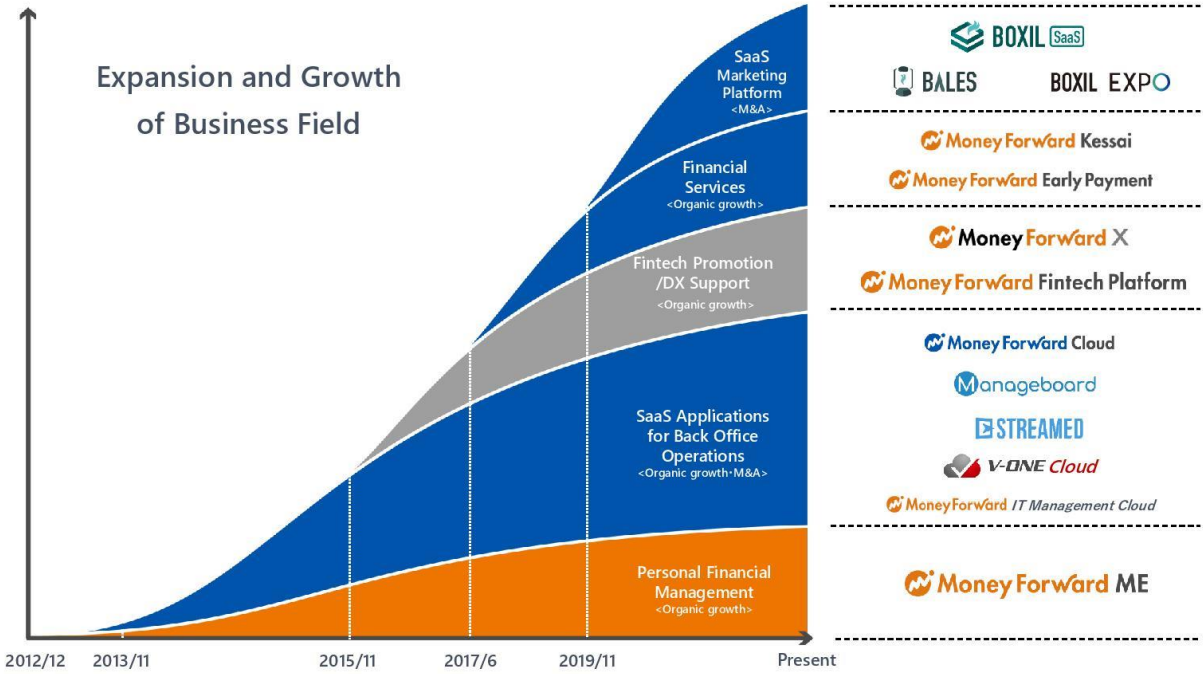
* Net sales of R&AC are included from Aug. 1, 2020. Net sales of Smartcamp are included from Dec. 1, 2019.
*1 YoY net sales growth rate which excludes the impact of acquisition of Smartcamp completed at the end of FY11/19 is 40.7%.

Here is our sales trend.

Net sales grew 58% YoY, demonstrating ongoing robust growth. On a cumulative Q3 basis, net sales grew 42% YoY, also demonstrating powerful growth.

Next, I will go over the details.

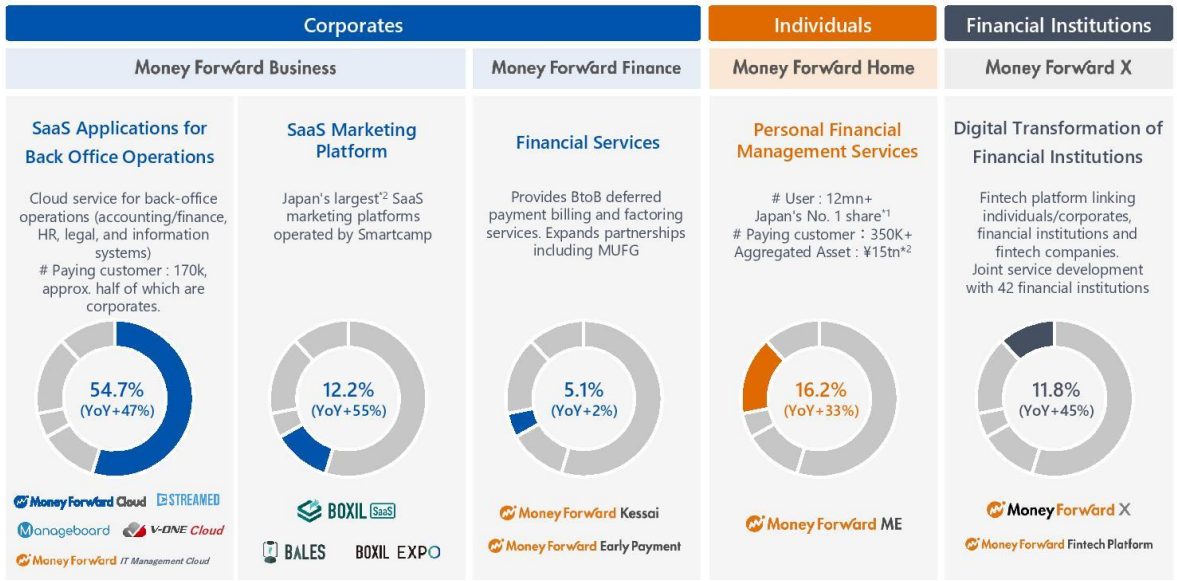
Expanding Business Field Through New Business Development and M&A



In 2012, we launched Money Forward ME, a household budget management service for individuals. Then, we worked on new service development and also conducted M&A, which we refer to as “group joins.” Our business expansion has been fueled by group joins.

We started out with Money Forward ME for individuals, then moved into the Back Office SaaS space, which is focused on Money Forward Cloud. Next, we launched Money Forward X, which is a digital transformation assistance service primarily for financial institutions, followed by Money Forward Kessai, which is a new type of financial service utilizing data. Then, we added Smartcamp, the leading company in SaaS marketing, to the Group. Smartcamp mainly operates a service called BOXIL.

Providing One of Japan's Largest User Base and Product Lineup in SaaS / Fintech Field



* Graph shows the proportion of FY11/21 3Q cumulative revenue.

*1 See P.90 for details. *2 As of May 31, 2021. Total amount of financial assets that is aggregated in *Money Forward ME* and white-label services for individuals provided by Money Forward X.

Here is a breakdown of net sales by business.

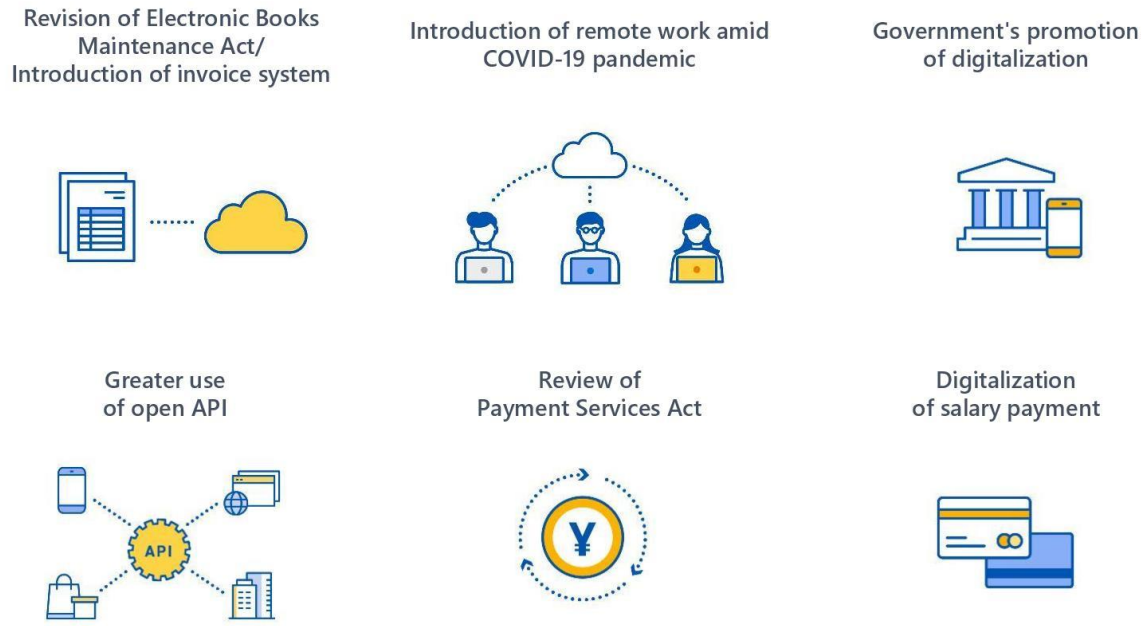
Our domain of operation is SaaS x Fintech. We have 1 of the largest user bases and the broadest product lineup among Japanese companies in this space.

The boxes colored in blue are our corporate offerings. Money Forward Business, which is our Back Office SaaS offering, accounts for 54.7% of total sales, while Smartcamp, our SaaS marketing service, accounts for 12.2% of total sales. Both have posted robust YoY growth of 47% and 55%, respectively.

Another service for corporate customers is Money Forward Finance, which accounts for over 5% of total sales. The YoY growth rate is 2%, and various challenges have come to the fore. We are currently working on solving these challenges.

Money Forward Home, which is our offering for individual customers, accounts for 16.2% of total sales, up 33% YoY. Lastly, Money Forward X, our offering for financial institutions, accounts for 11.8% of total sales, up 45% YoY.

Rapidly Expanding Business Opportunities Due to Changes in External Environment



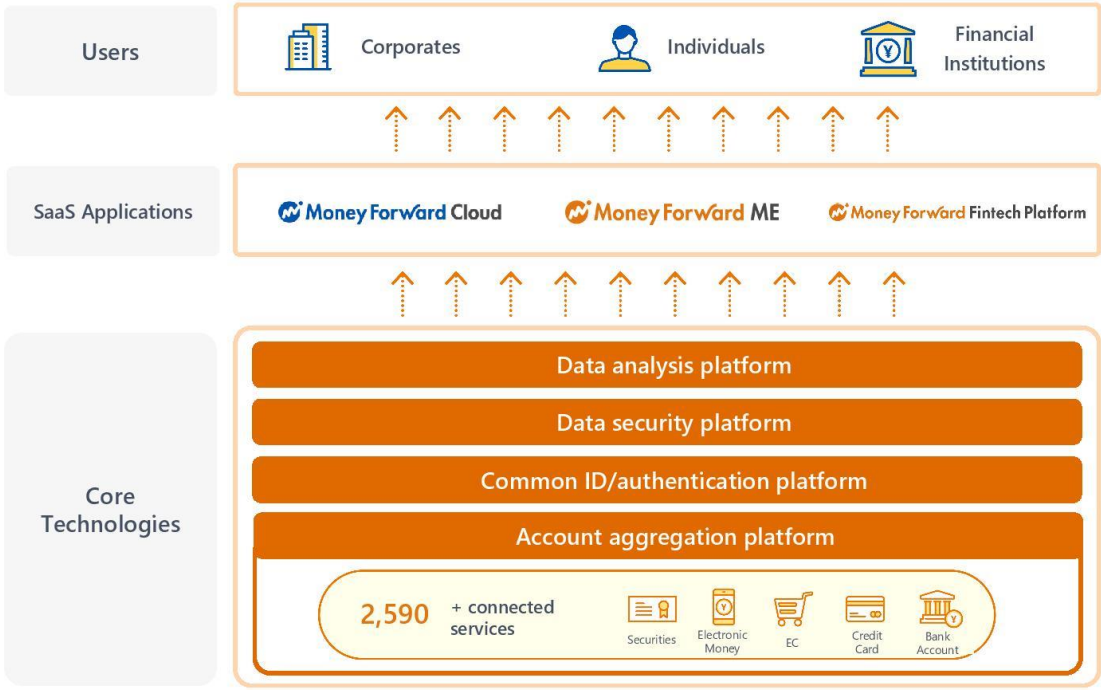
As you are aware, the business environment is rapidly changing, and these changes have also brought about a rapid expansion of business opportunities.

For example, the Japanese government has revised the Electronic Books Preservation Act and 2 years later, it looks to introduce an invoice system. The adoption of remote work has increased amid COVID-19.

In addition, the government has launched a Digital Agency and is promoting digitalization, there is greater use of open AI, the Payment Service Act has been reviewed, and salary payments are being digitalized.

In these ways, we are seeing a rapidly growing number of opportunities in the SaaS x Fintech domain, which is the domain in which we are advancing our business.

Developing Variety of Products Based on Common Core Technologies



While we are developing a variety of products, these development activities are based on common core technology. This utilization of a common core technology is 1 of our key features.

We have over 2,590 integrated services based on an account aggregation platform, common ID/authentication platform, data security platform, and data analysis platform. The application layers built on top of this common core technology include Money Forward Cloud for corporate customers, Money Forward ME for individuals, and our Money Forward Fintech Platform for financial institutions.

Domain Synergies Drive Unique Values to the Users



A distinctive feature of our business is that we operate our business across these diverse domains. Meanwhile, we also realize synergies between these domains, creating value that is unique to Money Forward.

For example, we are cross-selling our corporate offering to sole proprietors. As shown on the upper right, we are linking Money Forward ME in the Home domain with Money Forward Cloud Tax Return in the Business domain.

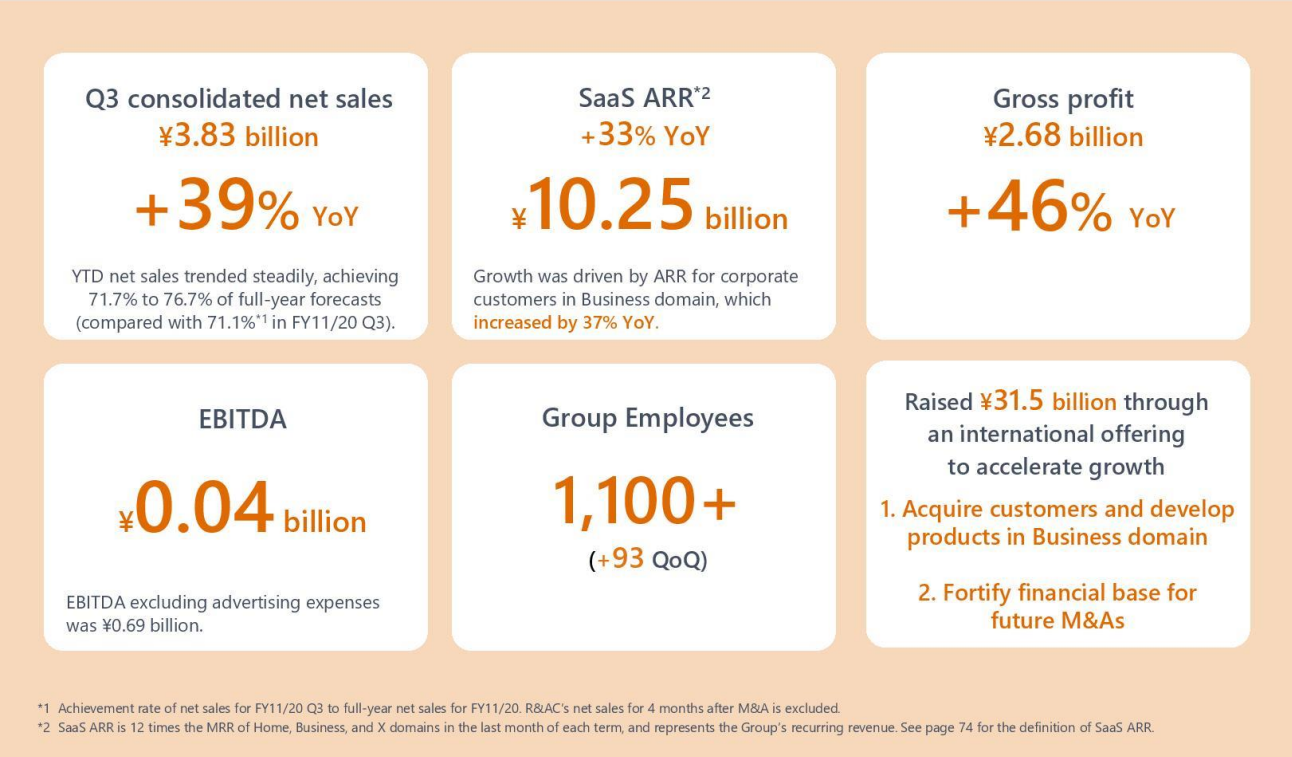
On the bottom right, we explain how we are cross-selling between the Home and X domains through the OEM provision of services originally developed for individuals.

On the upper left is an explanation of the cross-selling between the Business and Finance domains. We are providing Money Forward Early Payment service to Money Forward Cloud Accounting customers.

As for the cross-selling between the Finance and X domains, we announced the establishment of a JV between Money Forward Kessai and MUFG Bank in the last briefing meeting. We have been making progress in expanding our collaboration with various other banks.

This concludes the section on the business overview.

Highlights in FY11/21 Q3



Next, I will explain our financial performance for the third quarter.

Here are the highlights. We changed the design of the presentation material from this time to make it easier to see.

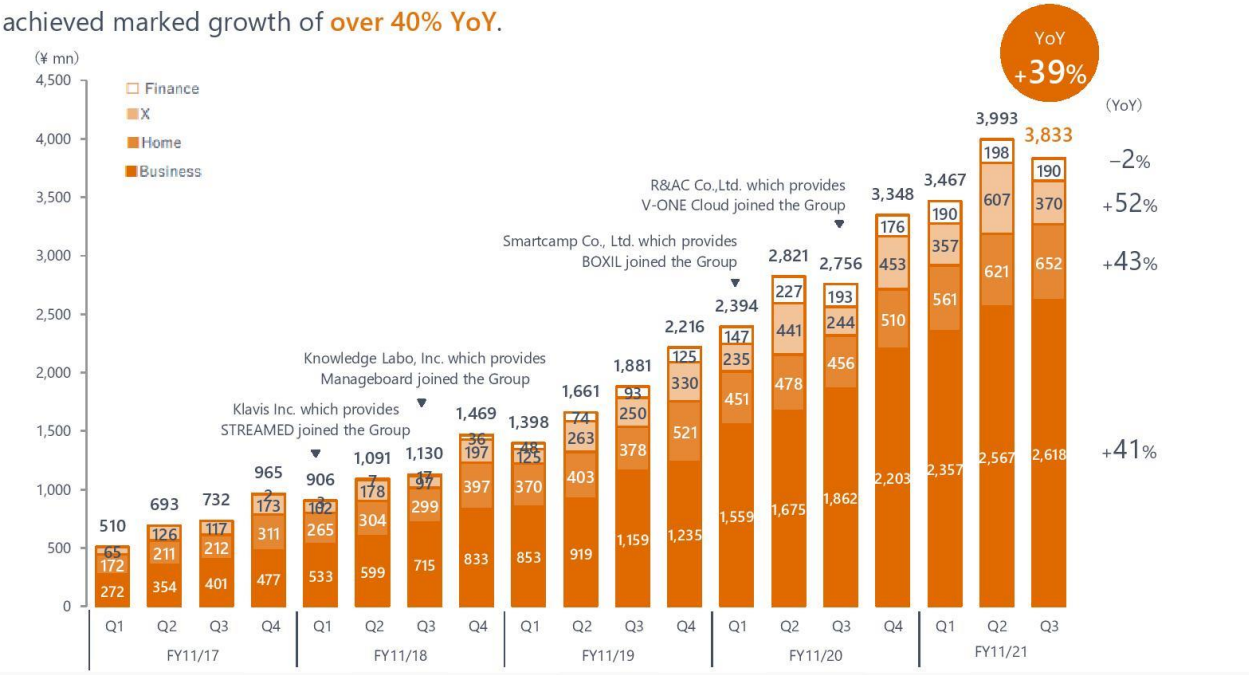
Consolidated third quarter net sales were JPY3.83 billion, up 39% YoY. We have made steady progress toward the full-year forecast. SaaS ARR came to JPY10.25 billion, exceeding JPY10 billion, up 33% YoY. ARR in the Business domain showed particularly strong growth, up 37% YoY.

Gross profit was JPY2.68 billion, up 46% YoY. EBITDA was JPY0.04 billion. EBITDA excluding advertising expenses was JPY0.69 billion. As for Group employees, even under a tough hiring environment, we have been able to strengthen our hiring capabilities. Currently, we have 1,100 employees, an increase of 93 talent from the previous quarter.

In addition, we raised JPY31.5 billion through an international offering to accelerate growth. The purpose of the fundraising was 2-fold: To acquire customers and develop products in the Business domain, and to fortify our financial base for future M&As.

Consolidated Net Sales Continued to Grow Rapidly in Q3, +39% YoY

While non-recurring revenue in X domain decreased QoQ, revenues in Business, Home, and X domains achieved marked growth of **over 40% YoY**.



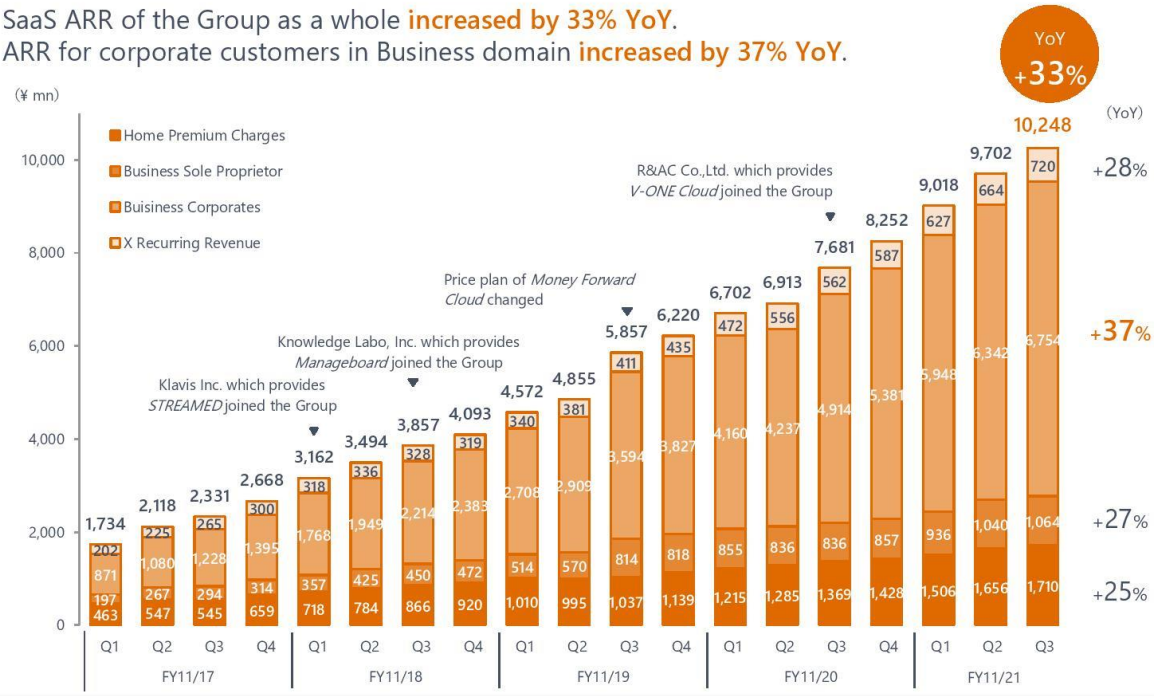
* The total net sales of each domain do not necessarily correspond to the consolidated net sales as "Other" net sales are omitted in the graph.

Here is a bar chart of the quarterly breakdown of consolidated net sales.

Although net sales fell modestly in the X domain due to the dropout of 1-off sales recorded in the previous quarter, net sales in the Business, Home, and X domains saw robust growth exceeding 40% YoY.

SaaS ARR*1 Exceeded ¥10 Billion

SaaS ARR of the Group as a whole **increased by 33% YoY.**
ARR for corporate customers in Business domain **increased by 37% YoY.**

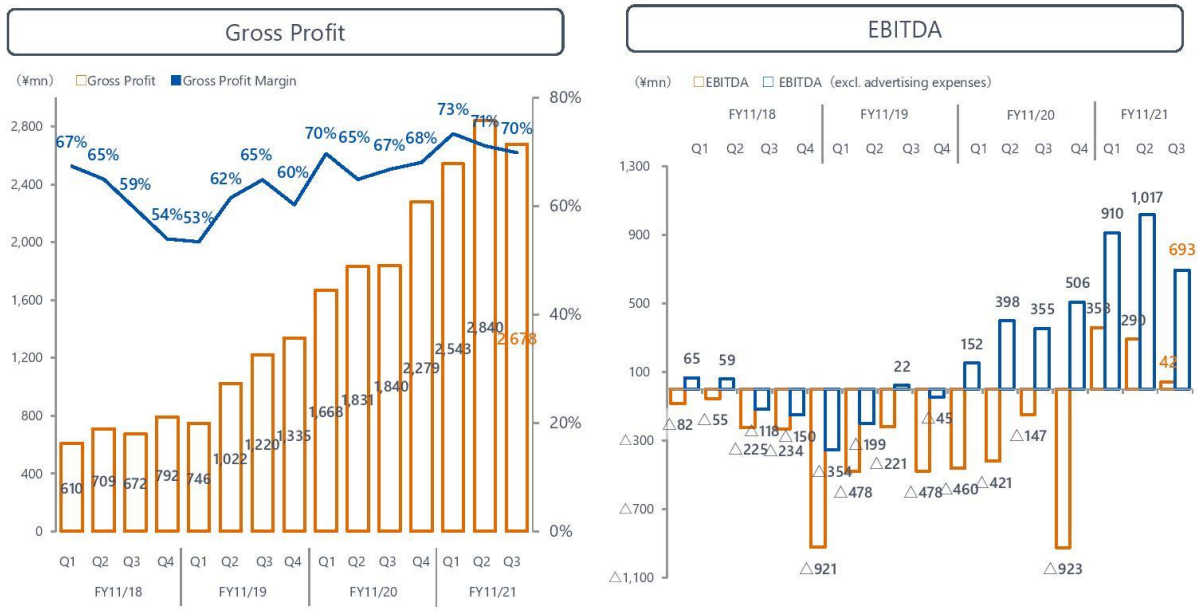


*1 SaaS ARR is 12 times of the SaaS MRR of the last month of each fiscal year. "Business Sole Proprietor" is revenue from services for sole proprietors in *Money Forward Cloud*. "Business Corporates" is revenue from services for corporates including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE 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. * For the definition of ARR and MRR, see page 74.

SaaS ARR expanded by 33% YoY. From the bottom of the bar chart to the top, the bar on the very bottom is ARR for Home Premium Charges, which increased 25% YoY. Above that are ARR for Business Sole Proprietor, up 27%, ARR for Business Corporate, up 37%, and ARR for X Recurring Revenue, up 28% YoY.

Gross Profit / EBITDA (Quarterly Trend)

Gross profit margin was **70%, increasing 3 ppts YoY.**
EBITDA excluding advertising expenses and EBITDA were ¥0.69 billion and ¥0.04 billion, respectively.



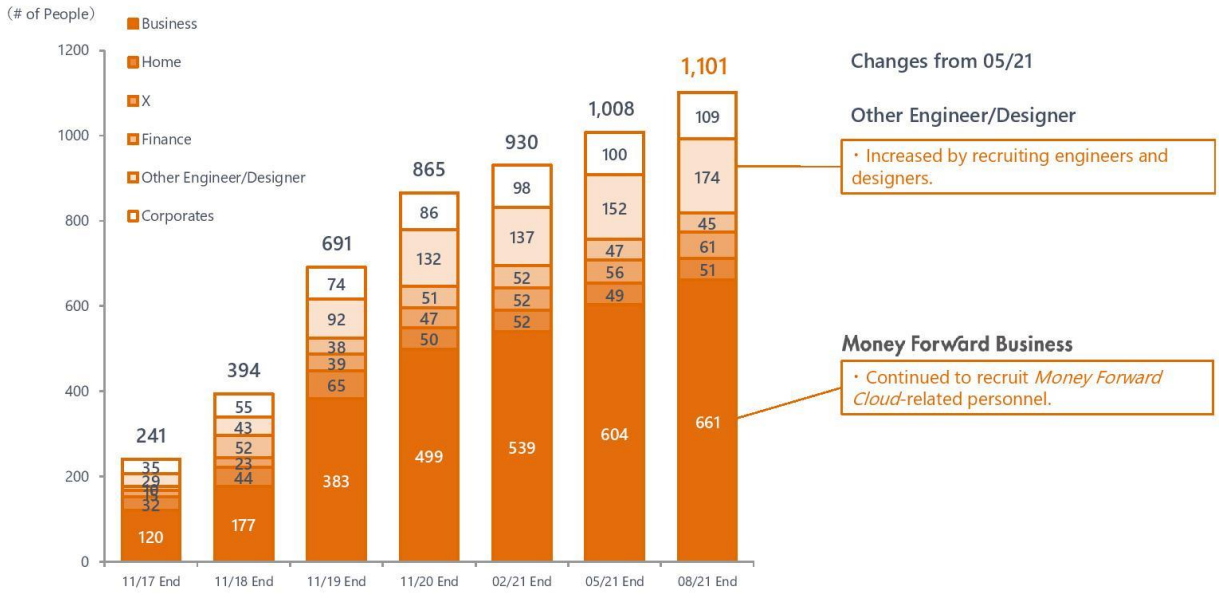
* EBITDA = operating profit/loss + depreciation and amortization + tax expenses included in operating expenses + share-based remuneration expenses
* From FY11/20, started capitalizing software for development projects that are expected to generate revenue going forward, owing to continued enhancement of development capabilities.

As for gross profit and EBITDA, the gross margin was 70%, up 3 percentage points YoY.

EBITDA excluding advertising expenses and EBITDA were JPY0.69 billion and JPY0.04 billion, respectively.

Full-time Employees

Steady progress was made in recruiting engineers and designers, as well as sales personnel in Business domain.



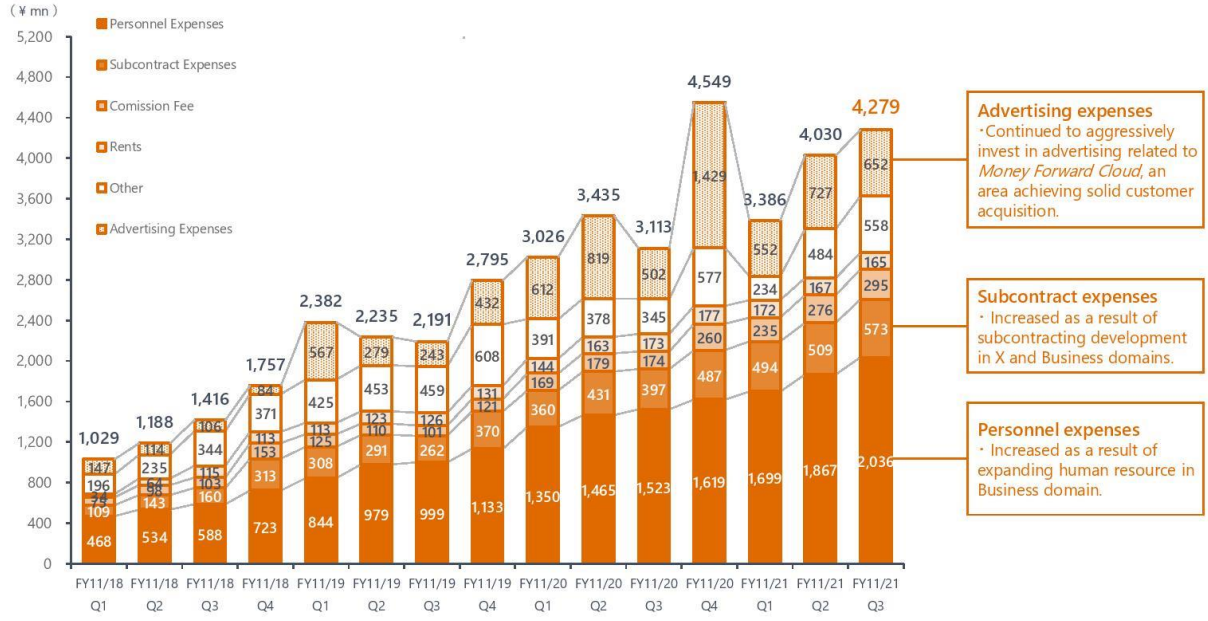
* Other Engineer/Designer includes CISO Dept., CTO Dept., Account Aggregation Dept., MONEY FORWARD VIETNAM etc. Corporate includes CEO's Office, Corporate Planning Dept., Finance Dept., Administrative Dept., People Forward Dept., Fintech Research Office, etc.

Here is a graph showing the trend in the number of our full-time employees.

As I stated in the beginning, I believe it is positive news that we are making steady progress in recruiting engineers, designers, and sales personnel in the Business domain.

Breakdown of Expenses (Cost of Sales & SGA)

Continued active investments (advertising and personnel expenses) in Business domain to drive growth.



* "Other expenses" include communication expenses, amortization, recruiting/training expenses, depreciation, tax expenses included in operating expenses, professional fee, etc.

Here is a breakdown of our expenses.

We made aggressive growth investments in the Business domain with ongoing investments in personnel and advertising. The expenses totaled JPY4,279 million, and the breakdown is as shown in the bar chart.

Balance Sheet

Raised ¥31.5 billion through an international offering in August, thereby securing a financial base for more active growth investments.



*1 Related to Money Forward Kessai, Inc.

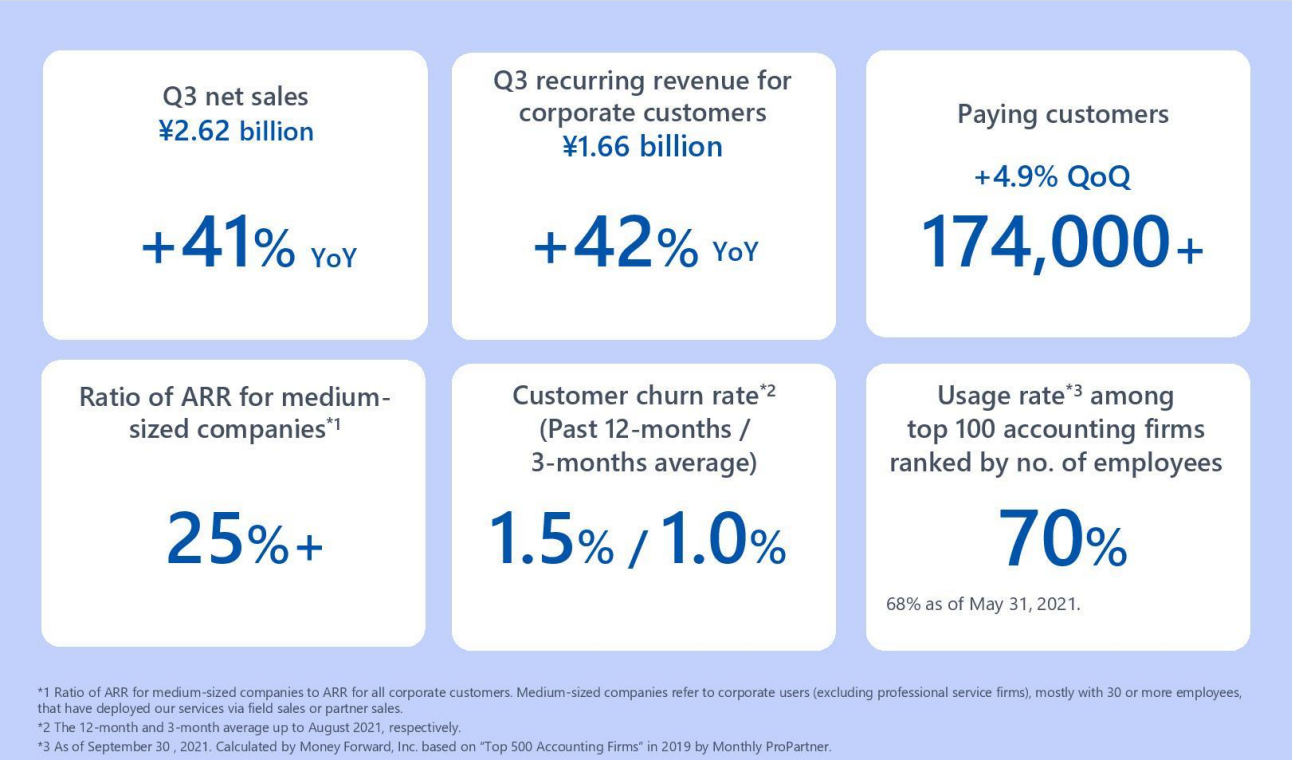
Here is the status of our balance sheet.

As a result of the international offering in August, our balance sheet has become extremely robust. This will allow us to make further aggressive growth investments.

This concludes the section on the overall performance.

Business domain

Highlights in FY11/21 Q3



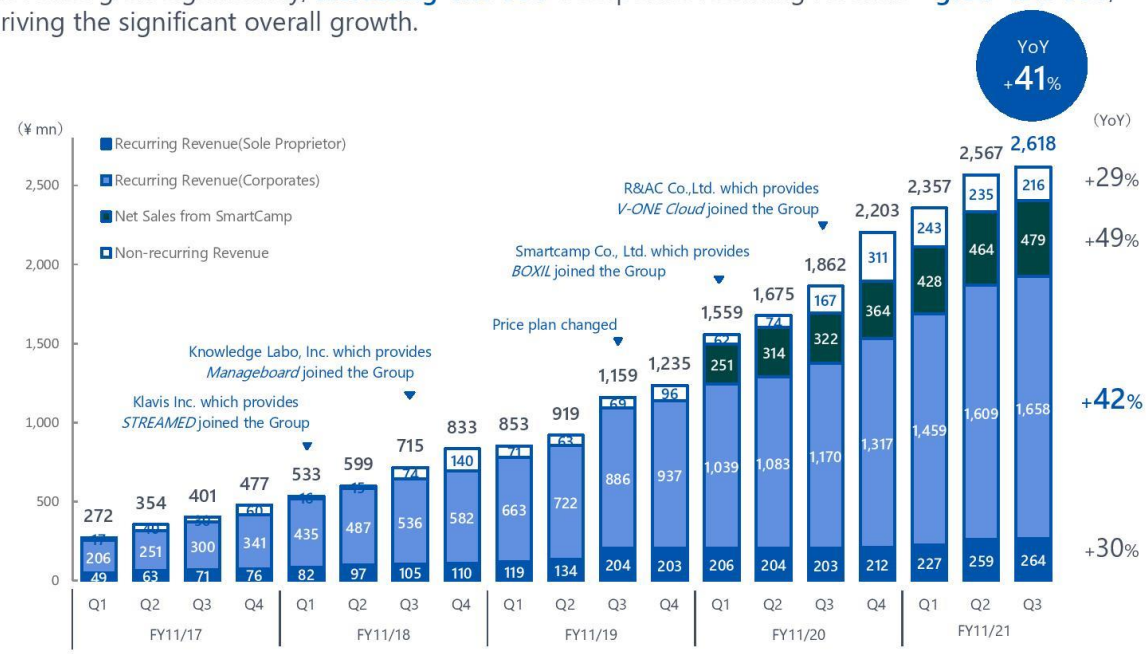
Next, I will explain the results by business segment.

In the Business domain, Q3 net sales were JPY2.62 billion, up 41% YoY. In particular, Q3 recurring revenue was up 42% YoY. The number of paying customers increased 4.9% QoQ to over 174,000. The ratio of ARR for medium-sized companies, a new indicator that was added from this time, exceeded 25%, showing that we are making solid progress in acquiring medium-sized corporate customers.

The customer churn rate over the past 12 months was 1.5%, and the 3-month average was 1%, indicating the churn rate remains low. Also, 1 of our strengths is our product penetration among accounting firms. The usage rate of our product among the top 100 accounting firms by the number of domestic employees is 70%, showing that our service has gained widespread adoption among accounting firms.

Net Sales (Quarterly Trend)

Net sales grew significantly, **increasing 41% YoY**[*1]. Corporate recurring revenue[*1] **grew 42% YoY**, driving the significant overall growth.



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

*1 Growth rate excluding the impact of acquisition of R&AC, is +35% YoY (Business Domain Net Sales) and +37% YoY (Recurring revenue from corporates). R&AC was consolidated since August 2020.

Here is the quarterly sales trend.

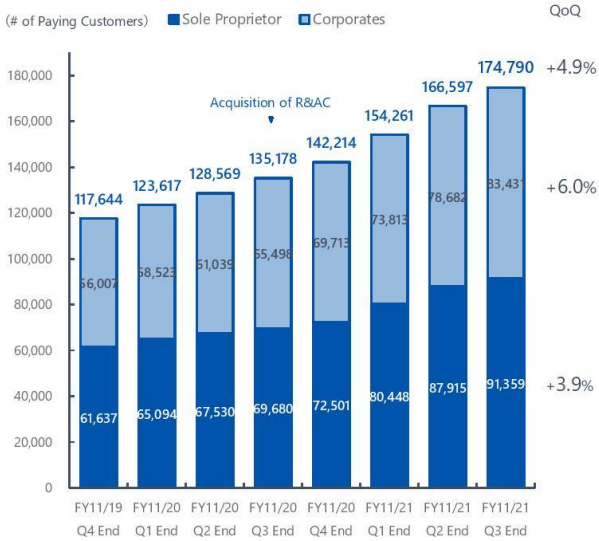
As stated in the beginning, net sales grew by 41% YoY.

The breakdown is shown in the bar chart. From the bottom to top, recurring revenue for sole proprietors increased by 30% YoY, recurring revenue for corporates increased by 42% YoY, and net sales from Smartcamp rose 49% YoY. Non-recurring revenue increased by 29% YoY.

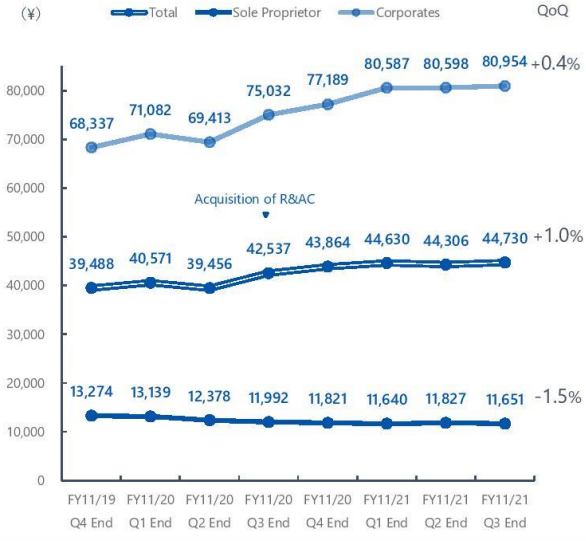
Increase in Both Paying Customers *1 and ARPA*2

Paying corporate customers grew at **+6.0% YoY.** ARPA of corporate customers increased at **+0.4% YoY.**

Paying Customers*1



ARPA*2



*1 Number of paying customer(Sole Proprietor) includes those subscribing services for sole proprietors in *Money Forward Cloud*. Number of paying customer(Corporate) includes corporates, accounting offices and their clients subscribing services for corporates including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, and *Money Forward Certified Membership*. The above figures do not include Smartcamp.

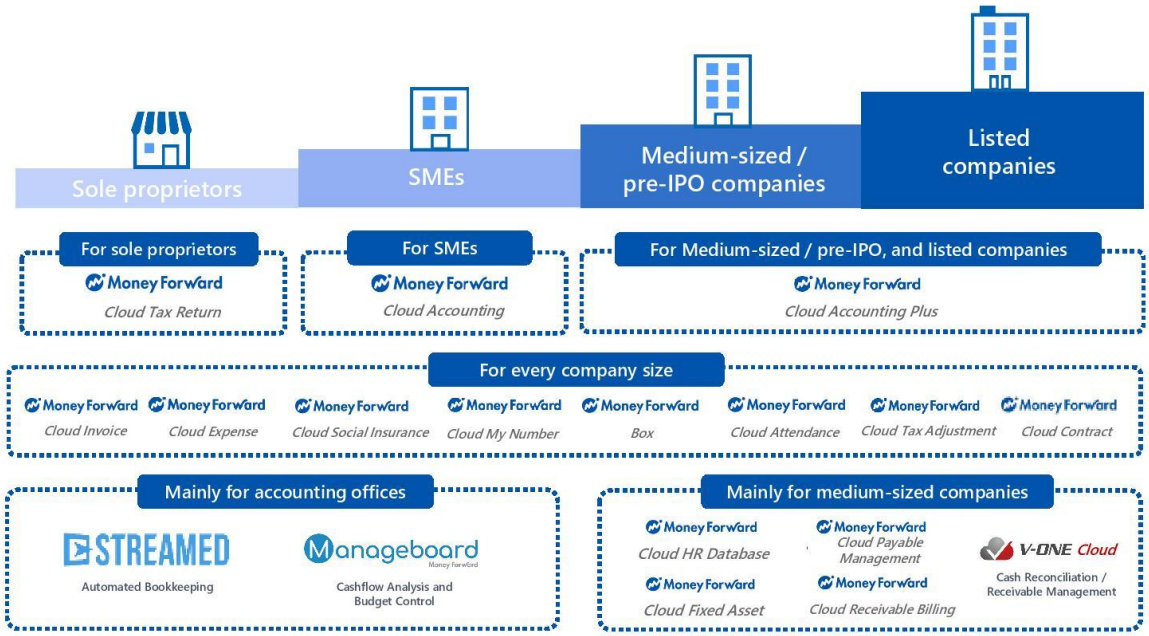
*2 ARPA is 12 times the MRR of Business domain in the last month of each period (ARR) divided by number of paying customers. In order to adjust for seasonal factors of *STREAMED*, its MRR is calculated as one-third of the billing revenue of *STREAMED* in Q1 of each fiscal year. See P.74 for details.

As for the breakdown of net sales, the number of corporate paying customers increased by 6% QoQ. The number of paying sole proprietors increased by 3.9% QoQ. In total, the number of paying customers rose by 4.9% QoQ, demonstrating robust growth.

Corporate ARPA increased by 0.4% QoQ. ARPA has grown robustly at slightly below 2% over the period of the Medium-Term Plan. However, due to the impact of the government's state-of-emergency declaration, the number of scans using the STREAMED service for accounting firms decreased. As a result, ARPA increased by 0.4% QoQ. We expect the ARPA growth rate to recover in the next quarter.

Product Lineup to Address Various Companies

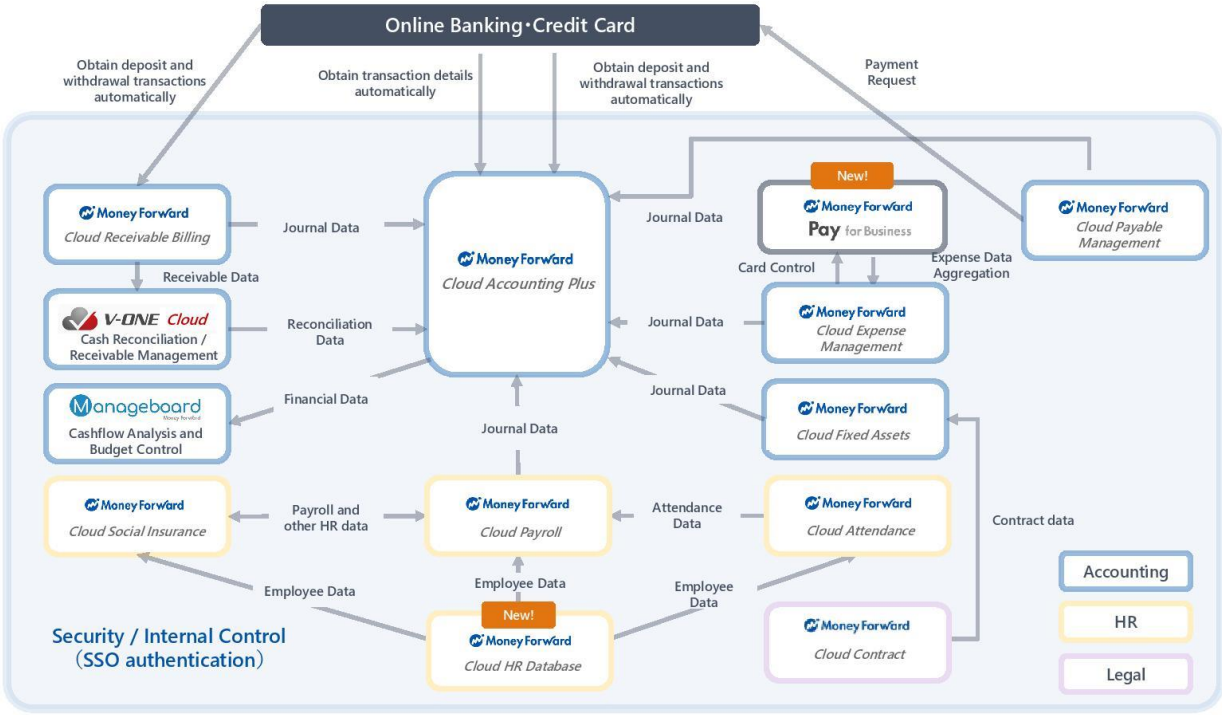
Expanding product lineup to target medium-sized / pre-IPO and listed companies, in addition to sole proprietors and SMEs, taking advantage of the strong product development capability.



Next, please see page [24].

We created a service lineup catering to companies in various stages of growth, starting from sole proprietors to publicly listed companies, ranging from accounting software to a diverse group of back-office services.

Product Lineup that Covers Accounting, HR and Legal



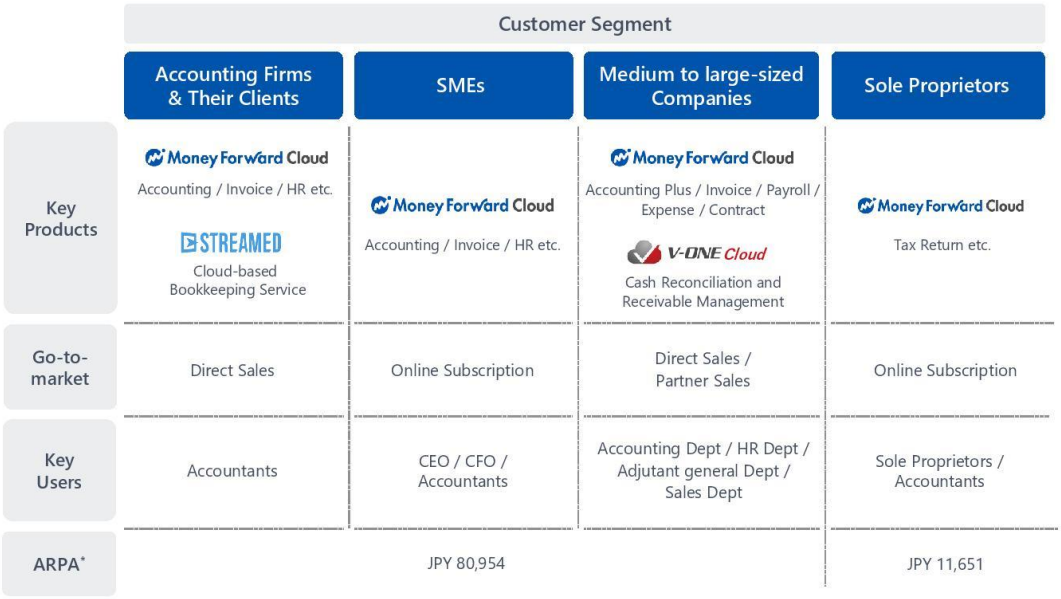
We particularly beefed up our service lineup for medium-sized companies with a range of developed services for accounting and finance, personnel affairs, and legal affairs.

The parts in blue are our accounting and finance-related products, the ones in yellow are for personnel affairs, and the parts in purple are for legal affairs.

As I will explain later, we have introduced Money Forward Pay for Business, which is a wallet plus prepaid card service. Money Forward Pay is a revolutionary service that will realize the real-time integration of payment data in Cloud Accounting and Cloud Accounting Plus.

Business domain

Effective Go-to-market and Market Strategy Depending on the Customer Segment



	Customer Segment			
	Accounting Firms & Their Clients	SMEs	Medium to large-sized Companies	Sole Proprietors
Key Products	Money Forward Cloud Accounting / Invoice / HR etc. STREAMED Cloud-based Bookkeeping Service	Money Forward Cloud Accounting / Invoice / HR etc.	Money Forward Cloud Accounting Plus / Invoice / Payroll / Expense / Contract V-ONE Cloud Cash Reconciliation and Receivable Management	Money Forward Cloud Tax Return etc.
Go-to-market	Direct Sales	Online Subscription	Direct Sales / Partner Sales	Online Subscription
Key Users	Accountants	CEO / CFO / Accountants	Accounting Dept / HR Dept / Adjutant general Dept / Sales Dept	Sole Proprietors / Accountants
ARPA*		JPY 80,954		JPY 11,651

* As of Aug 31, 2021.

This is a slide that organizes the various products by users, sales methods, and ARPA of main users.

Our users are accounting firms and their clients. Our key offerings are Money Forward Cloud and STREAMED.

We offer Money Forward Cloud to SMEs through online subscription via Web sale.

We offer Money Forward Cloud Plus, and a service catering to medium-to-large-sized companies called V-ONE Cloud, to medium-to-large-sized companies. As for V-ONE Cloud, we offer cash reconciliation and receivable management services through direct and partner sales. The ARPA of these customer segments average JPY80,954.

We offer Money Forward Cloud to sole proprietors and the ARPA is JPY11,651.

Business domain

Uniquely Positioned as a Highly Flexible Cloud-based ERP

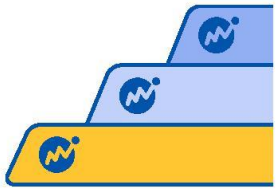
Flexibly accommodates changes in operation flows and systems of growing companies with rapidly transforming businesses.
Our strength lies in enabling phased or partial implementation without largely altering customers' existing operations.

Wide Range of Product Line-up



Covers end-to-end back-office operations, including areas of accounting and finance, HR, and legal affairs. Ranging from processing contracts, issuing invoices, and managing receivables, to accounting.

Phased or Partial Implementation



Adopts an architecture that allows partial or phased system implementation, for example, starting with only expense module, or only payroll and attendance modules.

High Scalability



Is highly scalable due to seamless integration among modules and API connections with third-party services.

We distinguish ourselves from peers with our highly flexible Cloud ERP, which has allowed us to establish a distinctive position.

Specifically, we have a full suite of product offerings covering everything from finance and accounting, personnel affairs, to legal affairs. Customers don't need to subscribe to all services at once or change their subscriptions at once. Those kinds of packaged services typically cause a lot of pain to customers. But our services allow phased or partial implementation, meaning that customers can introduce the services suitable to their needs. Therefore, we are seeing an increase in users who start out with the finance, payroll, or attendance management offering.

On top of that, our service is scalable, meaning that they can all be connected seamlessly between modules. We have a wide range of API connections with third-party services, thereby realizing robust scalability.

Our Customers (1/2)

Money Forward Cloud Accounting Plus **users increased steadily.**

Corporates using *Money Forward Cloud Accounting Plus* (Examples)



Here is a glance at our customers. We have seen a steady increase in users of Money Forward Cloud Accounting Plus, including publicly listed companies like VisasQ and AI Inside.

Our Customers (2/2)

Expanding the client base that includes listed companies, medium-sized companies, and companies preparing for IPO.



Next, here is a glance at companies using cloud payroll, attendance, expense, social insurance, V-ONE Cloud, and other products.

Included here are publicly listed companies in the first and second sections of the TSE, medium-sized companies, and pre-IPO companies.

As you can see here, a truly diverse range of customers is using our services.

Expansion of Partnerships with Accounting Firms

Focusing on helping accounting firms and their clients succeed, working through branches across Japan. **70%* of Japan's top 100 accounting firms** have already introduced our cloud accounting modules.



* As of September 30, 2021. Calculated by Money Forward, Inc. based on "Top 500 Accounting Firms" in 2019 by Monthly ProPartner.

Furthermore, we are continuing to build a robust partnership network with accounting firms across Japan. As I stated in the beginning, 70% of the top 100 accounting firms in Japan have introduced our service.

Hosting an Online Event “Forward Day 2021” on November 2

Will hold various sessions based on the theme of "moving businesses forward and encouraging challenges that drive society." "Forward Award" awards those who have taken on difficult challenges and driven the society forward.



On a different tangent, we will be hosting an event called Forward Day on November 2. As I stated initially, we are working on initiatives to advance society forward under our priority theme, Society Forward.

This is an online seminar, so we hope you can join if you have time. The keynote speaker will be Senior Advisor to Sony Group Corporation, Kazuo Hirai, who spearheaded Sony’s revival. The theme of his speech will be on leadership. We hope you will look forward to it.

Business domain

Promoting “#Invoice Forward” Project Toward Invoice Digitization

Promoting various initiatives with a view toward the enforcement of the invoice system from October 2023.

Special site for various initiatives

- Shares image of the future back office, free of paper-based invoicing
- Offers continuous promotional campaigns for invoice digitization, and provides information on the latest services and the invoice system



https://biz.moneyforward.com/pr/invoice-forward/
(Japanese only)

"Application for Registering to Invoice System”

- Enables creating registration applications by simply filling in a form
- Enables issuing eligible invoices by using *Money Forward Cloud Invoice*



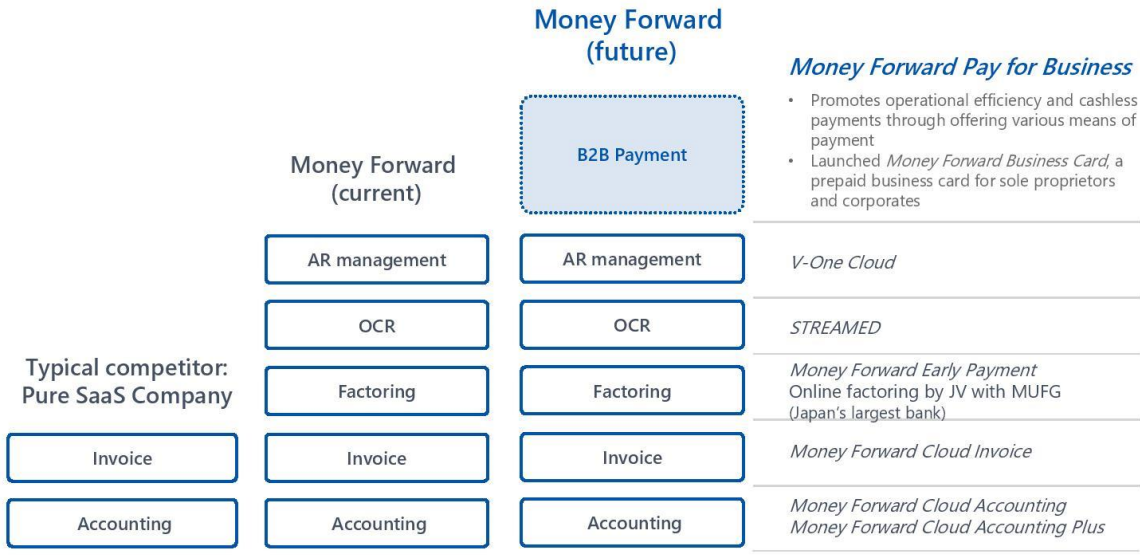
https://biz.moneyforward.com/invoice/qualified-invoice-registration/
(Japanese only)

As for the invoice system that is slated to be introduced in October 2023, about 2 years later, and is currently a hot topic, we are promoting various initiatives under the Invoice Forward project with a view toward the digitization of invoicing work.

We published a special website for our various initiatives and started a service to apply for registering to the invoice system. Users only need to fill out the form to complete the application for registration.

Business domain

Providing Payments as a SaaS and Fintech Services to offer Value that Goes Beyond Efficiency



We are also working in the domains of SaaS and Fintech that will gradually cover the area of payment settlement. We are working on creating the next value that goes beyond streamlining of operations.

As shown here, we originally provided services in accounting, invoice, factoring, OCR, and accounts receivable management. On top of that, we are now developing a B2B payment service called Money Forward Pay for Business, which is a prepaid business card for sole proprietors and corporates.

Business domain

Released *Money Forward Business Card*

Started offering businesses with prepaid cards that do not require credit screening and that allow high-volume payments of up to ¥50 million yen[*1] per transaction.
Connecting with *Money Forward Cloud*[*2] enables acquiring real-time data and streamlining accounting operations.



Features of *Money Forward Business Card*

(1) Cards can be issued without credit screening

(2) Enables high-volume payments of up to ¥50 million[*1] per transaction

(3) Consolidates its data to *Money Forward Cloud*[*2] in real time

(4) Deferred payment function has been released as closed β (to be officially released this winter)

(5) Rewards 1-3%[*3] of the payment amount as "Money Forward Points"

*1 Payments of up to ¥50 million per transaction can be made only to stores certified by preliminary screening (e.g., payment of cloud system subscription fee). The maximum amount is set to ¥1 million by default, and can be raised to ¥5 million by users. *2 Includes *Money Forward Cloud Accounting*, *Money Forward Cloud Tax Return*, and *Money Forward Cloud Expense*.
*3 Normally, 1% of the payment amount is rewarded as points (excluding certain cases), while for *Money Forward Cloud* and *Money Forward ME*, 3% of the payment amount is rewarded.

We developed this service based on the pain we experienced in our founding days. That has motivated us in developing a prepaid card with a credit limit, without screening, of up to JPY50 million per transaction.

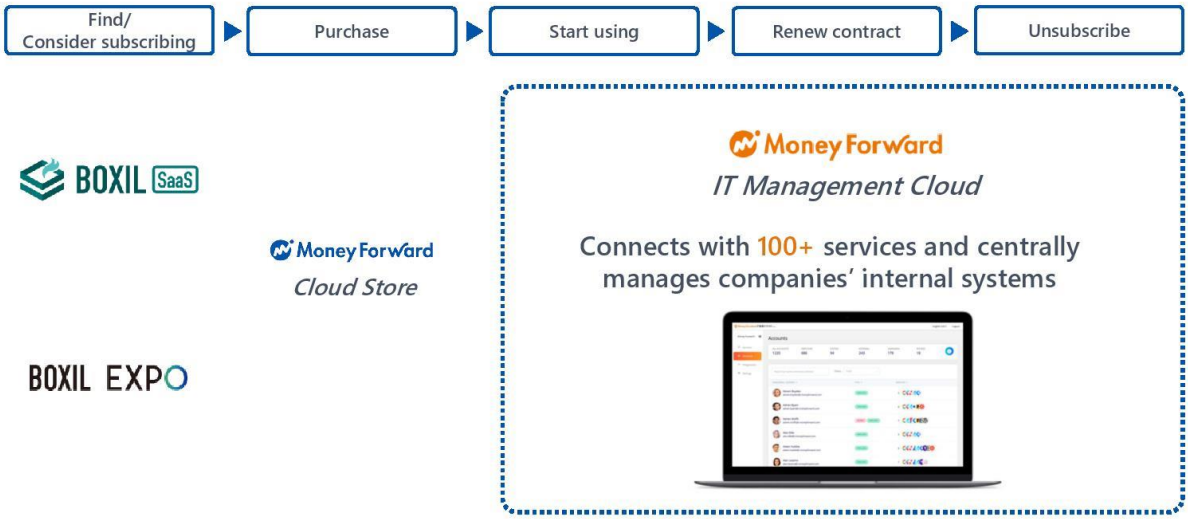
The distinctive feature of this card is that it does not require credit screening. As I stated earlier, transactions can be up to JPY50 million, and the data will be integrated with the Money Forward Cloud series in real-time. We plan on rolling out a closed Beta version of a pay-later function this winter. Another unique feature of the corporate card is a rebate system that will return 1% to 3% of the payment amount as Money Forward points.

We know firsthand that startups particularly struggle during their founding days because of obstacles to creating credit cards, or even if they are granted cards, the ceiling can be as low as JPY200,000. But, these startups have far more places where they want to use credit, such as for AWS or listings. There are startups that want to use credit even after fundraising. But the reality is that the credit limit is very difficult to raise. Back when I started this company, I had to register my personal card instead, and there were various other obstacles. So, we are developing this service to solve those kinds of pains.

Business domain

Released *Money Forward IT Management*

Leveraging our core account aggregation technology, centrally manages IDs of SaaS implemented by companies or used by each employee, including issuing, tracking usage, and deleting such IDs.



Next, we launched a new project called Money Forward IT Management and have rolled out the service.

This is a service that utilizes our core account aggregation technology to enable the centralized management of SaaS services adopted by companies, including the SaaS ID issuance of each employee, usage status, and ID deletion.

Business domain

Issues That *Money Forward IT Management* Tackles and Its Solutions

Reduce unnecessary costs by visualizing the usage of each SaaS for each employee and identifying retirees and external partners. It also reduces risks by preventing shadow IT*1.

As SaaS usage expands, burden of information system staff increases

Average usage # of SaaS per company in the US*2

110

Approximately 14 times from 2015

Average usage # of SaaS per company in Japan*3

7

Same as US in 2015

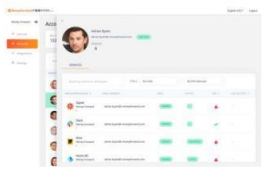
Mid-sized companies with 1 or less information system staff*4

37.4%

Companies that shadow IT *1 exist*5

76.5%

Reduce unnecessary management cost of SaaS



- Recognizes the usage status of SaaS of each member
- Identifies retirees and external partners
- Visualizes the costs of SaaS (to be released this autumn)
- Automates account creation and deletion (to be released next year)

Prevent overlooking of shadow IT*1



- Recognizes SaaS usage by login and payment information

*1 SaaS that are introduced and used at the discretion of employees or departments and thus not noticed or managed by the management or system administration departments.
*2 The Biggest SaaS Trends in 2020 | The Blissfully Report https://www.blissfully.com/saas-trends/2020-annual-report *3 Based on research by HENNGE K.K. on November. 14, 2019.
*4 Total number of companies with 1 or none information system staff in the "IT Investment Trends Survey", conducted by Dell Technologies among approximately 1,300 medium-sized companies (100 to 1,000 employees) between Dec. 9, 2019 and Jan. 24, 2020.
*5 Based on research by Money Forward, Inc. A survey on the "usage of cloud services" conducted by an Internet-based questionnaire, through March 22 to March 31, 2021. The survey targeted 120 managers and staff in charge of information system.

Despite the uptick in SaaS usage, the burden on information system representatives continues to mount. For example, in the US, the average number of SaaS used per company is 110. In contrast, the average in Japan is only 7. It's still a small number, but it was about the same as the US back in 2015.

On the other hand, 37% of medium-sized companies only have one information system representative or less. There's also the problem of shadow IT, which is when an employee uses an information system without registration. Those kinds of shadow activity could lead to various risks, including information leakage. According to one survey, shadow IT exists in 76.5% of companies.

Therefore, even though it used to be difficult to manage and monitor the status of SaaS services, by using Money Forward IT Management Cloud, customers will be able to grasp the usage status of each SaaS by employee and can delete their accounts immediately after they leave. The costs can also be visualized. In this way, customers are able to significantly reduce needless effort and time spent on SaaS management.

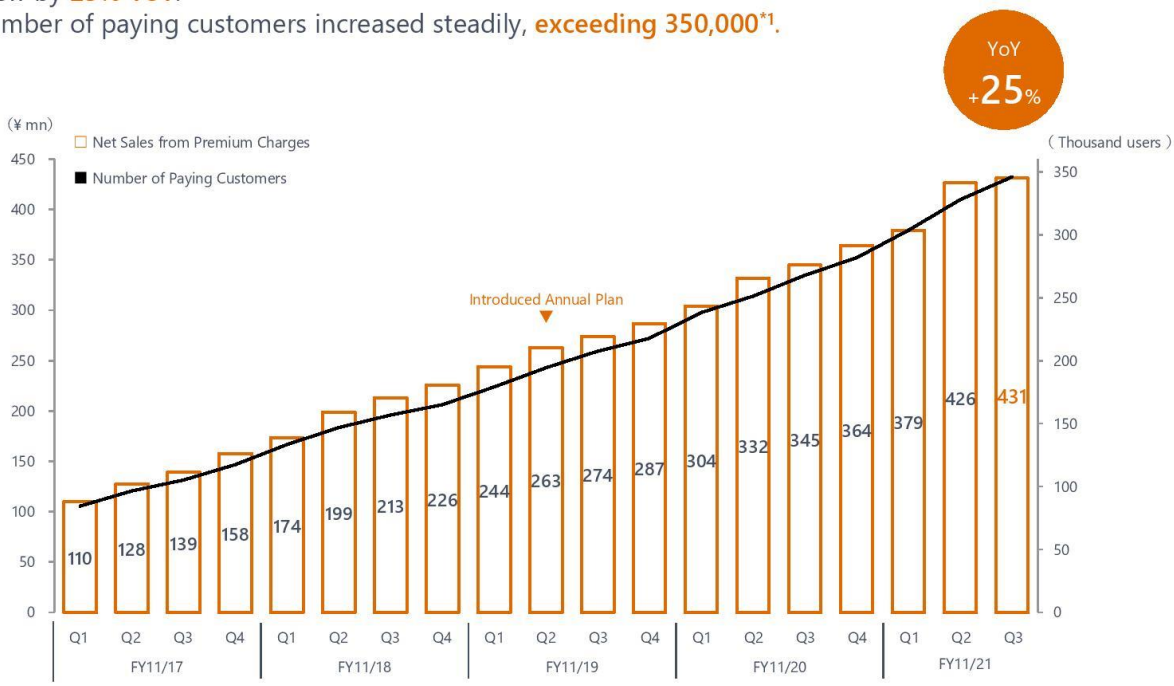
It's also an effective way of preventing overlooking shadow IT, so the service can improve governance and considerably reduce risks related to information leakage.

This concludes the section on the Business segment.

HOME domain

Net Sales from Premium Charges

Grew by 25% YoY.
Number of paying customers increased steadily, exceeding 350,000*1.



*1 As of Aug. 31,2021

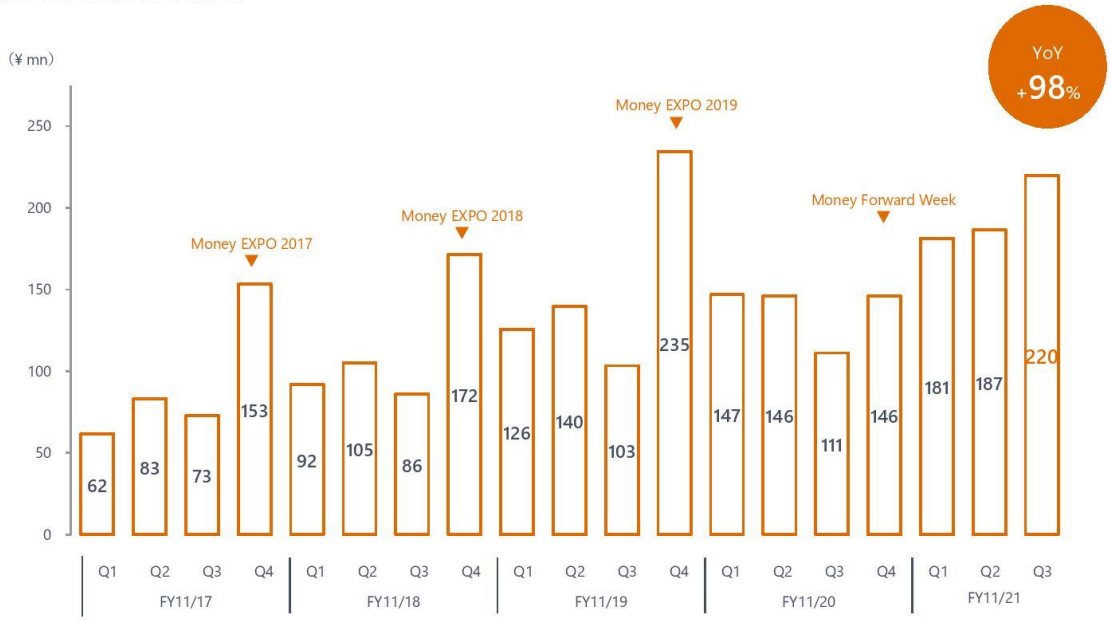
Next, I will explain the Money Forward Home segment.

Net sales from premium charges increased steadily, up 25% YoY, and the number of paying customers exceeded 350,000. You may notice the fluctuation in the number of paying customers from Q1, Q2, to Q3, as shown in the graph. The slight bumpiness in growth is because of payment receipts from Apple. The general trend continues to be upward.

HOME domain

Net Sales from Media/Advertising

Net sales grew **98% YoY**[*1]. New services, including *Money Forward Fixed Cost Review*, contributed to the revenue increase.



* 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*.
*1 Includes partial revenue from development of *Money Forward Cloud Fixed Assets*.

Here is the trend for net sales from media and advertising revenue.

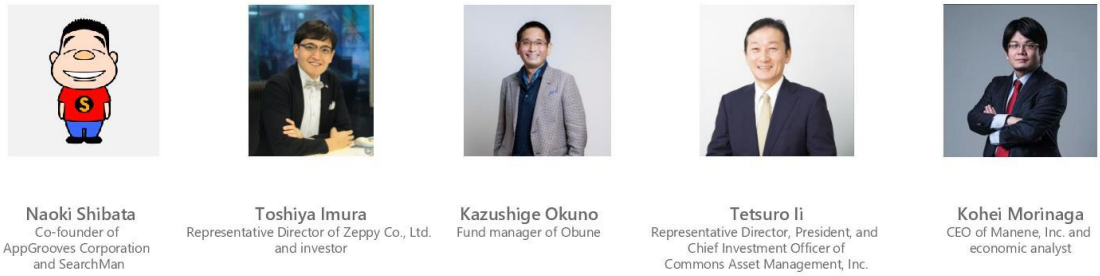
Net sales grew 98% YoY, driven by Money Forward Fixed Cost Review, and gradual contributions from sales growth of various new peripheral services centered on Money Forward ME.

HOME domain

Hosting "Money Forward Week" in November

Offering a three-day webinar by financial professionals with an aim to alleviate individuals' financial anxieties, which are rising in the COVID-19 era.





Naoki Shibata
Co-founder of AppGrooves Corporation and SearchMan

Toshiya Imura
Representative Director of Zeppy Co., Ltd. and investor

Kazushige Okuno
Fund manager of Obune

Tetsuro Ii
Representative Director, President, and Chief Investment Officer of Commons Asset Management, Inc.

Kohei Morinaga
CEO of Manene, Inc. and economic analyst

In November, we will be hosting Money Forward Week 2021, where money-related professionals will be holding online seminars for 3 consecutive days, consistent with our mission to solve money-related challenges. We hope you will join this seminar if you are interested.

HOME domain

Added Badge Icon Function to Drive Users' Actions in *Money Forward ME*

Encourage users to continue enjoying the app through exploring its various functions and to appreciate **improvements in their financial balance and assets.**







Next, we added a badge icon function to driver users' actions in Money Forward ME. We intend to have users continue enjoying the app by acquiring knowledge and learning how to manage money step-by-step.

Enhance Value Proposition by Encouraging Action to Resolve Issues

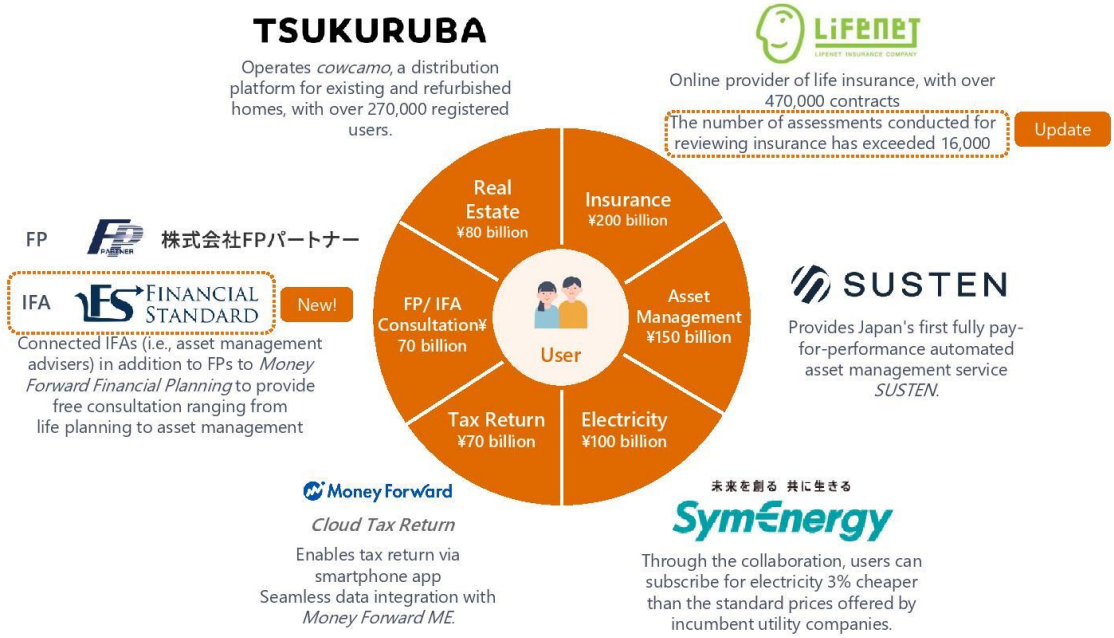


In addition, to expand the value proposition and encourage actions to solve problems, we allow users to visualize, get knowledge, learn about finance, and take action to implement change. Currently, we have established a wide range of partnerships in diverse sectors, as shown in this slide.

HOME domain

Collaborate with Partners to Solve Users' Issues

TAM has expanded to over **¥800 billion**[*1] due to the expansion of service areas.



*1 Including TAM of PFM services (¥200 billion). TAM of tax return service is not included as it's included in that of Business domain.

We have partnered with Lifenet Insurance in the field of online life insurance, and the number of assessments conducted for reviewing insurance has exceeded 16,000.

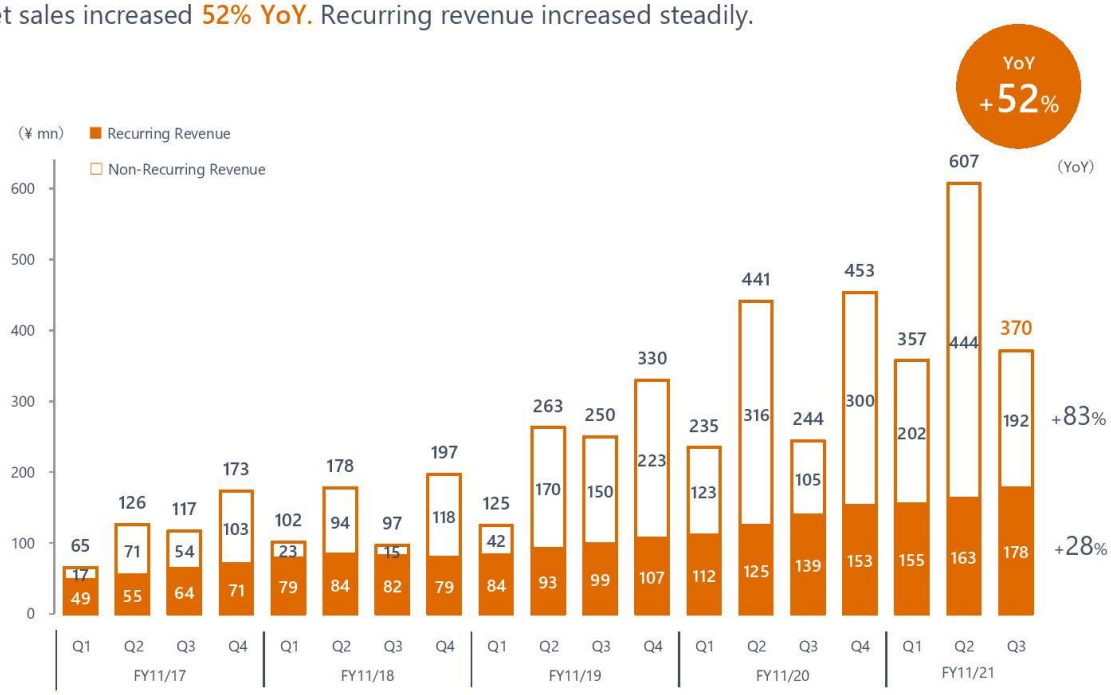
In addition, we have added consultations by Independent Financial Advisors, in addition to Financial Planners, to our Money Forward Okane no Soudan service, enabling us to meet a diverse range of needs from life planning to asset management.

This concludes the section on the Home service for individuals.

X domain

Net Sales from Money Forward X

Net sales increased 52% YoY. Recurring revenue increased steadily.



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

Next, I will explain the Money Forward X segment.

Here is the quarterly net sales trend. Net sales increased by 52% YoY, with a steady increase in recurring revenues.

Non-recurring revenues spiked in Q2 because of an uptick in new contracts, so the slight pullback in Q3 is due to that dropout of 1-off revenues. On the other hand, we achieved a steady increase in recurring revenues.

X domain

Collaborative Development of NTT Finance's Ending Note Application, "Rakkura Life Note"

This app provides centralized support for end-of-life concerns such as household and asset management, nursing care, and inheritance preparation. Contributed to UI/UX design, account aggregation technology, and development of this app.

楽クラライフノート



NTTファイナンス

Money Forward

Next, in terms of initiatives, we participated in the development of Rakkura Life Note, an ending note app by NTT Finance.

X domain

Money Forward Fintech Platform

Platform that can accumulate and analyze asset data and settlement data for corporate financial services and link them to third parties. Introduced at Bank of Yokohama.



*1 As of Sep 30, 2021.

We also released the Money Forward Fintech Platform, which utilizes our account aggregation platform to offer the services shown here.

X domain

Partnership with Financial Institutions, etc. (B2C)

Money Forward for X

Developing customized PFM service for financial institutions' customers.

Customers

SBI Sumishin Net Bank / Yamaguchi FG / Shizuoka Bank / Toho Bank / Gunma Bank / Shiga Bank / Okazaki Shinkin Bank / Tsukuba Bank / Sompo Japan Nipponkoa Himawari Life Insurance / Tochigi Bank / Mizuho Bank / JA Bank / Tokushima Taisho Bank / Aflac Life Insurance

Passbook Apps

Developing passbook apps for financial institutions' clients.

Customers

Gunma Bank / Tochigi Bank / Taiko Bank / Tsukuba bank / Michinoku Bank / Hokuriku Bank / Kyoto Shinkin Bank / JA Bank / Shiga Bank / Labour Bank / Saikyo Bank / Tokushima Taisho Bank

Asset Monitoring Unit・PFM Unit

Offering PFM tools within financial institutions' apps.

Customers

JAL card / Taiko Bank / Kyoto Shinkin Bank / Hokuriku Bank / Awa Bank / Akita Bank / Mitsubishi UFJ Morgan Stanley Securities / Michinoku Bank / Hokkoku Bank







Here is an overview of our partnerships with financial institutions. We partner with them to develop PFM services for their end customers. We call this service Money Forward for X.

In addition, we are developing passbook apps, asset monitoring units, and PFM units.

X domain

Partnership with Financial Institutions, etc. (B2C)

レンディングマネージャー

Jointly developed an advising function of the app for customers registered for loan service

docomo

スマー簿

Co-developed a PFM app linked to various NTT DOCOMO services

docomo

おかねのコンパスTT

Providing asset management function of the app that has such functions as investment service, insurance and pensions

マネーコンパス・ジャパン

OneStock

Asset management app that supports users' future asset formation through visualization of asset lives, centralized asset management and asset diagnosis functions.

NOMURA

Shizugin WebWallet app

Helped design UI and UX of the official app of the bank's online branch, making it closely address customer needs.

静岡銀行

au PAY "Money Management"

Jointly developed a function for managing accounts information in the au PAY app

KDDI

SAFETY

Enables monthly calculation of estimated fund shortage by grasping deposit balances, withdrawals/deposits, debiting of card use

伊予銀行

Chiba Bank My Post

Participating in the development of "Chiba Bank My Post," a service that allows users to check information such as mortgage loan repayment plans on the web

ちばぎん

Passbook app (for banks participating in TSUBASA Alliance)

Jointly developed passbook apps exclusively for the TSUBASA shared core banking system.
Provided to Chiba Bank, North Pacific Bank, Daishi Hokuetsu Bank, Chugoku Bank, and Toho Bank, Ryukyu Bank (New!)

Minna no Ginko

Offering the account aggregation function to their official app.
Support UI/UX design to meet customer needs.

Minna no Ginko

Furthermore, we have partnered with Docomo to develop Sma-bo and with Nomura Securities to develop OneStock.

We are carrying out a variety of initiatives, as shown on this slide.

X domain

Partnership with Financial Institutions, etc. (B2B)

In-house / Joint Development

Corporate portal

Membership portal site for corporate and sole-proprietor customers; jointly developed with NTT DATA

Advantages for financial institutions:

- Centralized management of information on deposits and withdrawals/deposits in multiple accounts
- Ability to conduct wide-ranging transactions, including the review of electronic documents
- Creates customer contact points online

Clients:

Bank of Yokohama, Hokuriku Bank, and Nishi-Nippon City Bank, Senshu Ikeda Bank (New!)



BFM
(Business Financial Management)

Service for corporate customers of financial institutions

Advantages for financial:

- Centralized management of information on deposits and withdrawals/deposits in multiple accounts
- Automatically updates account balances and statements
- Enables download of statements in CSV format

Clients:

Okazaki Shinkin Bank, Kyoto Shinkin Bank



Unit

フィンディ
(Online Service of THE BANK OF FUKUOKA)

Providing a data aggregation technology of multiple financial institutions.

Values of the function :

- Corporations and sole proprietors who do not have an account with the Bank of Fukuoka can apply for loans.
- Businesses will be able to raise their funds smoothly online.

Client:

福岡銀行



Next, I'll explain our partnership in B2B services.

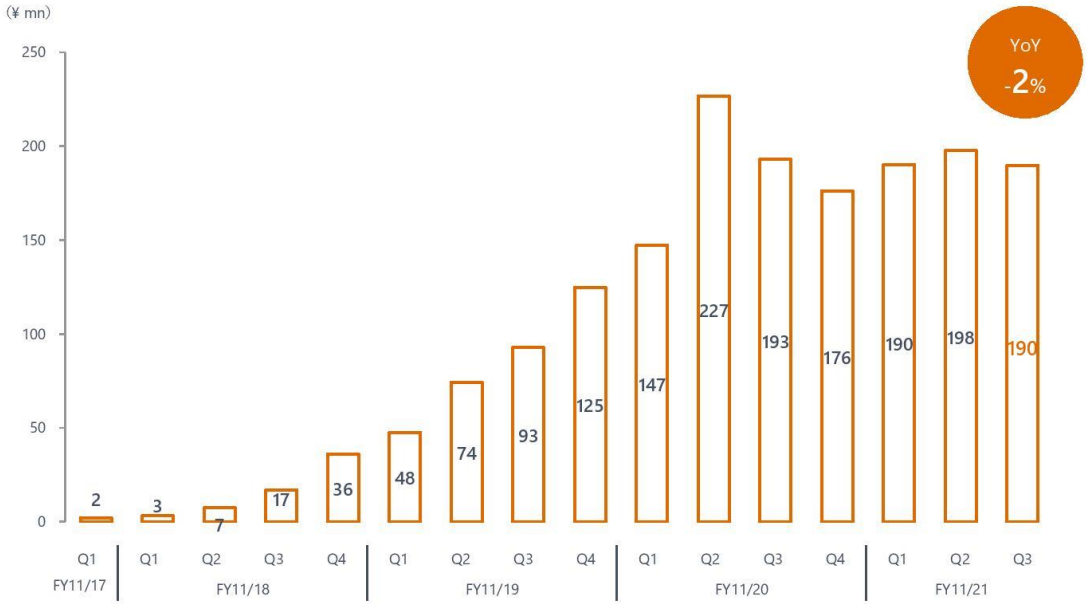
In addition to developing corporate portal sites, we offer a business financial management tool, which has been introduced by Okazaki Shinkin Bank and Kyoto Shinkin Bank. The corporate portal service has newly been introduced by Senshu Ikeda Bank.

We also offer our data aggregation function for Findy, an online lending service by The Bank of Fukuoka.

Finance domain

Net Sales from Money Forward Finance

Net sales -2% YoY. Continuing to tighten credit control.



Next, I will go over the Finance segment.

We are struggling a little in the Finance business. Due to some instances of bad debt, net sales were down 2% YoY. We are continuing to strengthen our credit control, including a renewed effort to reexamine our credit management. Re-inspections of the business are currently underway.

Finance domain

Cumulative Receivables*1 in *Money Forward Kessai* Exceeded ¥50 Billion

Services are provided to a wide range of users, from sole proprietors to large enterprises.



Voice of a Customer

Wantedly, Inc. Wantedly

Accompanying the increase in business partners, the number of payments we handle rose to several thousand per year, which increased the workload for our employees. By implementing *Money Forward Kessai,* we were able to significantly reduce the workload of payment management, including 2 person-months worth of invoicing operations. Also, the speed of credit screening, which we place emphasis on, is fast, while the pass rate has been 99% or more, enabling us to provide our services to customers without having to keep them waiting.

*1 As of Sep. 2021. The cumulative amount of receivables that Money Forward Kessai Inc. has acquired through its services, *Money Forward Kessai* and *Money Forward Early Payment.*

Cumulative receivables have exceeded JPY50 billion. We are providing services to a diverse group of users, including sole proprietors and large enterprises. We also provide our service to publicly listed companies like Wantedly.

Receivables management can be a huge burden to companies, especially when they are still young and growing. We received feedback from a customer that implementing our service has reduced 2 persons' worth of labor per month by reducing the work involved in receivables management and invoicing.

Finance domain

Jointly Establishing* Biz Forward, Inc. with MUFG Bank, Ltd.

Planning to launch online factoring and invoicing BPO services for SMEs by the end of 2021.

Biz Forward
A member of MUFG



* Shareholders are Money Forward, Inc. (51%) and MUFG Bank, Ltd. (49%).

Next, we established a JV with MUFG Bank called Biz Forward.

We plan on launching an online factoring and invoicing BPO service targeting SMEs. Development efforts are currently underway in preparation for the service's release by the end of 2021.

This concludes the section on the Finance domain.

Raised ¥31.5 Billion Through International Offering in August 2021

Conducting some 60 interviews in two days and captured demand equivalent to approximately ten-fold the allocated amount, including from numbers of long-only investors.
Successfully reached investors with in-depth understanding of our business.

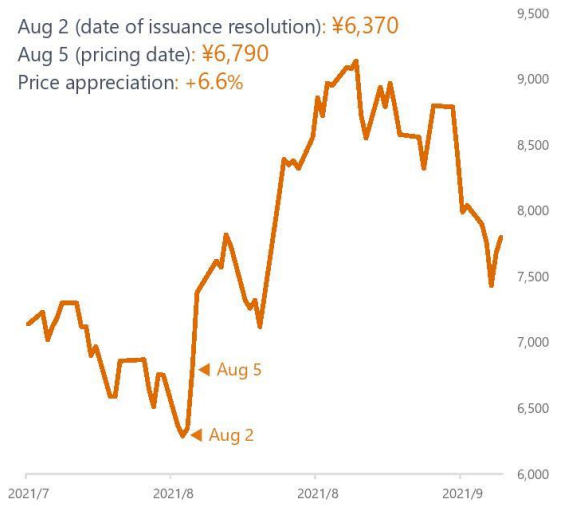
Primary Purposes of Offering

- Accelerate growth in the domestic SaaS and Fintech realm and solidify business foundation
- Secure a financial base for future M&As to achieve exponential growth
- Raise share liquidity and expand investor base

Distribution of Issued Shares

- More than half of the shares were allocated to long-only investors
- A number of U.S. institutional investors participated

Stock Price Since Launch



Lastly, I would like to explain our strategic initiatives and policy on growth investments.

In August, we raised funds through an international offering. We had about 60 interviews in 2 days and demand for the offerings was about 10 times as much as the amount offered. We would like to thank our investors for their cooperation.

The purpose of the procurement is to achieve further growth in the SaaS and Fintech domains and the implementation of M&A. The distinctive feature of the latest round of fundraising has been that the majority of issued shares were allotted to long-only funds, including several institutional investors in the US.

Also, the share price after the offering has increased by 6.6%, despite the tendency for share prices to typically fall after dilution. So, the share price has been trending steadily as well.

Key Areas of Investment



Sales & Marketing

- Net increase of paying customers accelerated in the first half of this fiscal year.
- Accelerate ARR growth
- Aggressive upfront investment based on appropriate payback month.



Product Development

- Expand flexible ERP line-up for medium to large-sized companies
- Invest in innovation: AI, UI/UX, and Natural Language Processing
- Leverage existing assets for new business: AP/AR automation



Strategic M&As

- Disciplined M&As with strategic rationale
- Proven PMI track records

There are 3 key areas of investment.

The first key area is sales and marketing. The rate of the net increase in paying customers has accelerated sharply in the first half, and our product lineup has broadened. We will expand our investments to accelerate growth in ARR. At the same time, we will make investments based on appropriate payback periods.

The second key area is product development. We look to expand our flexible ERP lineup geared toward medium-sized and large companies. In addition, we will invest in innovative domains in AI and UI/X, including in natural language processing. We have created a research organization called Money Forward Lab, which we intend to use as the driver for the creation of innovation. We are also working on creating new businesses by leveraging our data assets.

The third key area is strategic M&A. We aim to implement disciplined and strategic acquisitions. So far, we have had four companies join the Group since our IPO, and these companies have contributed significantly to our growth. We seek to continue to implement an aggressive acquisition strategy. Thankfully, we have been contacted by a sizable number of companies regarding M&A. These companies include highly attractive candidates.

Policy for Growth Investment and Profitability

Investment Policy for Future Growth

- Focus on **maximizing medium-to-long term cash flow** based on the **subscription business model**.
- In accordance with purpose of the international offering, **expand investment for growth acceleration** in Business domain (SaaS business).
- Investment for future growth to be executed **as long as unit economics metrics are reasonable and sound**, with an eye on external environment as well as competitions.

Policy for M&A

- Selectively pursue strategically meaningful M&A opportunities with emphasis on financial discipline.
- Continue to strengthen partnership with our existing investment partner, Mekari Group which is a leading company in the cloud accounting and HR market for SMBs in Indonesia.

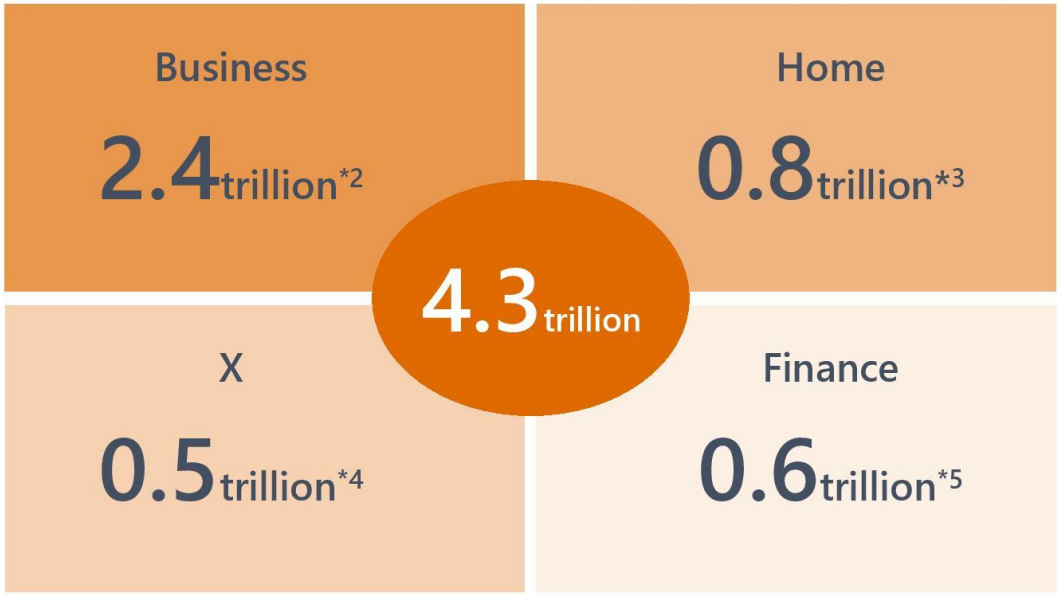
This is our policy for growth investments.

Our policy is mostly unchanged. We operate a subscription-model business, meaning that our eyes are not set on short-term profit or loss, but maximizing medium-to-long-term cash flow. The funds procured through the offering will be used to accelerate growth investments, especially in the Business domain. On the other hand, investments will be made based on an assessment of unit economics, LTV/CAC, to ensure the soundness of management indicators.

We consider strategic and financial discipline to be of utmost importance in M&A. Acquisitions will be carried out only after rigorous due diligence based on clear hurdles that we have set for ourselves. In addition, an important part of our overseas strategy is our partnership with Mekari Group, a portfolio company, which is a leading player in the cloud accounting and HR market targeting SMBs in Indonesia. We will continue to strengthen our partnership with Mekari.

TAM Continued to Expand, Driven by Expansion of Business Areas and Services*1

Continue to develop business in a huge TAM and aim for further growth.



* All footnotes are described on page 60.

The expansion of our business and service portfolio means that we now target a huge total addressable market. As you can see here, we operate a business with a TAM of JPY4.3 trillion. We intend to solidly provide value to users and grow our business in this context.

This concludes my presentation. We would now like to move on to the Q&A.

Thank you for your attention.