

Group Join of HiTTO Inc.





Money Forward to acquire

HiTTO Inc. (“HiTTO”) , which provides **AI chatbots for employees with No.1 share*1 in Japan.**

We will strengthen business alliances and create synergies.

Transaction Overview

Company	HiTTO Inc. Providing AI chatbots specialized in handling internal inquiries in the area of HR and labor relations
Date of Signing	November 30, 2021
Closing date	December 2021 (scheduled)
Acquisition price	2,000 million yen (Incl. share acquisition rights)
Percentage of ownership acquired	100%
Acquisition funds	Cash on hand
Impact on earnings	To be Included in the earnings forecast for Fiscal year ending November 30, 2022*2

Synergy created by the acquisition:




- 1 Enhancing the user experience through service integration
- 2 Cross-selling to user base
- 3 Expansion of *HiTTO* into areas other than HR and labor affairs

*1 According to research by Techno Systems Research Co., Ltd. (May 2019) : Business Automation Tools Market Marketing Analysis, Share of AI chatbots for corporate internal use. (Based on sales)

*2 Consolidation is scheduled in January 2022.

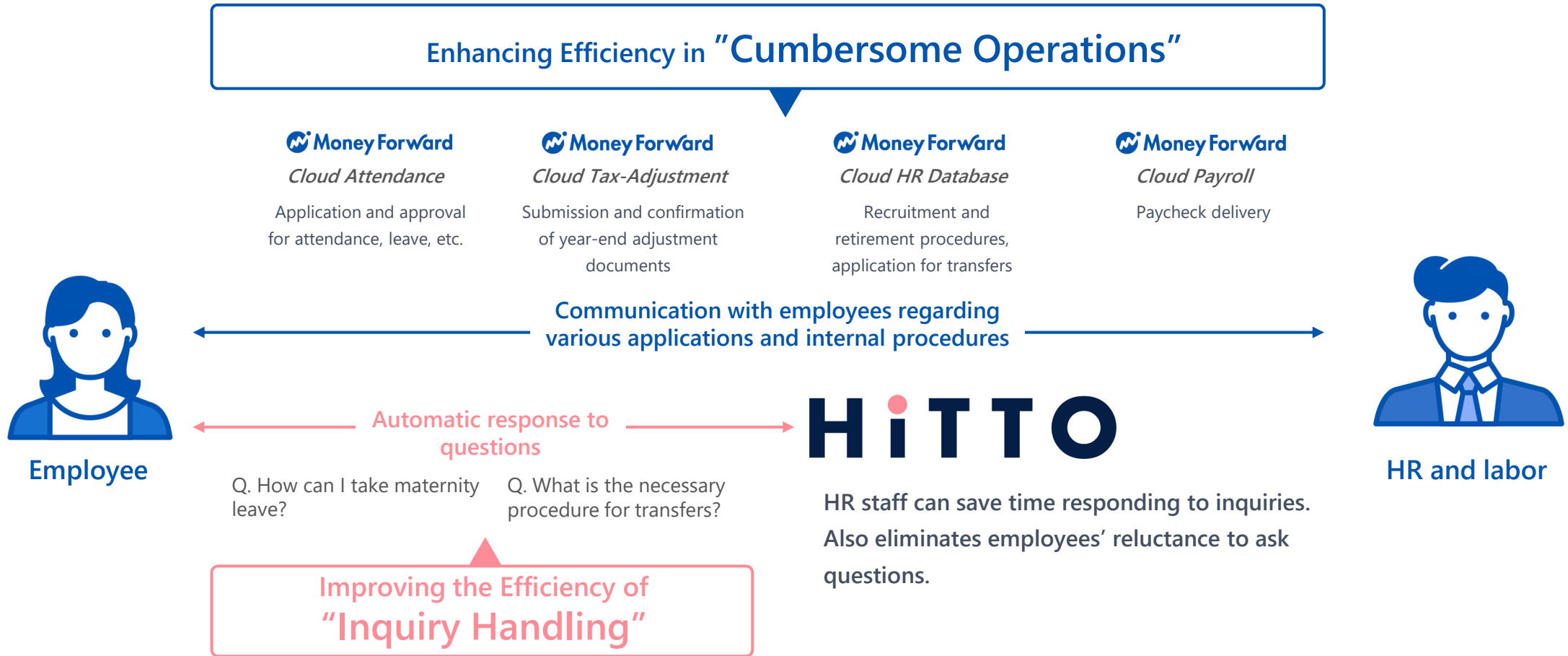
Our M&A Strategy and Track Record

By this acquisition, we will expand our product lineup of Back-office SaaS.

Business Area	Strategy	Track Records
<p>Business / Back-office SaaS</p>	<p>1 Expansion of Product Line-up</p> <ul style="list-style-type: none"> ● Upsell products to existing customers (accounting firms and corporates) for ARR expansion ● Expand range of best-in-class solutions to further enhance line-up to medium to large-sized/pre-IPO companies and listed companies <hr/> <p>2 Expansion of TAM(Geographical Expansion)</p> <ul style="list-style-type: none"> ● Access to cloud back-office SaaS market in SEA 	<p> (Nov. 2017)</p> <p> (Jul. 2018)</p> <p> (Oct. 2020)</p> <p>New  (Dec. 2021(scheduled))</p> <hr/> <p> (since Jan. 2018)</p>
<p>Business / SaaS Marketing</p>	<p>3 Expansion of TAM(Business Area Expansion)</p> <ul style="list-style-type: none"> ● Enter SaaS marketing business which has large market potential 	<p> (Feb. 2020)</p>

Expansion of *Money Forward Cloud* solutions in the HR area

In addition to current services provided by *Money Forward Cloud* such as recruitment and retirement procedures, payroll calculation, attendance management, and year-end adjustment, **we will expand our solution to back-office issues by improving the efficiency of responding to employee inquiries.**



About HiTTO Inc.

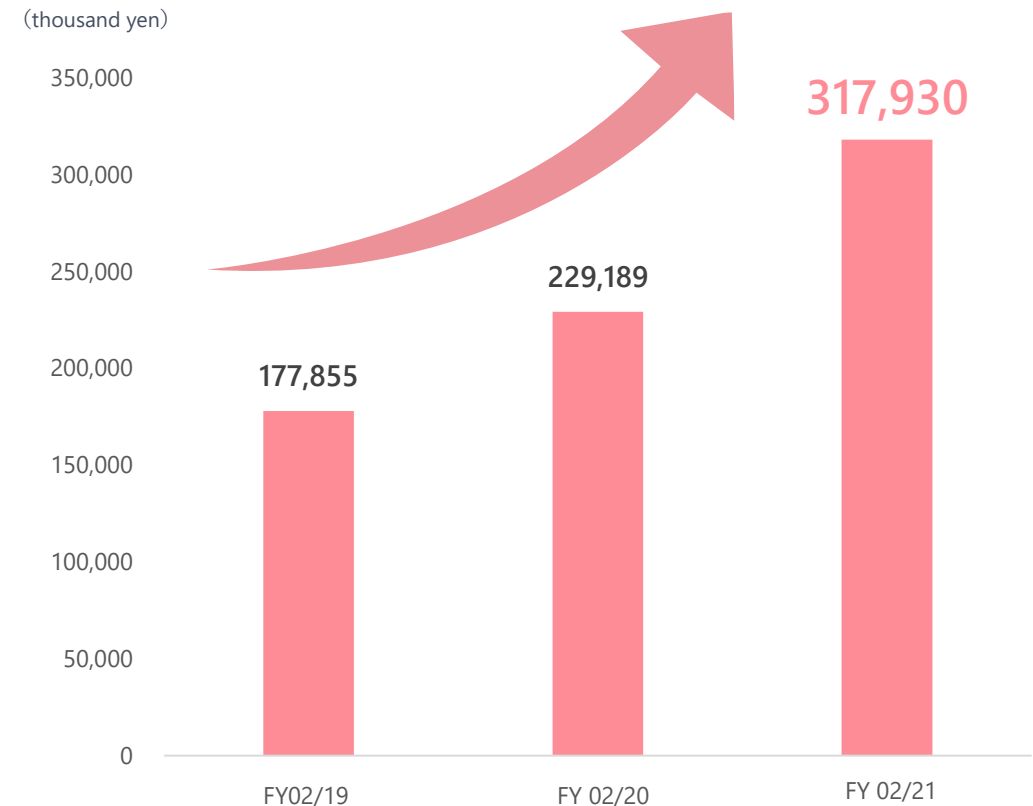
HITTO

About HITTO Inc.

Company Overview

Company name	HITTO Inc.
Mission	"Systematize knowledge of work and create new communication."
Date established	March 31, 2006
Location	Chiyoda-ku, Tokyo
No. of employees	16 (As of end of Oct. 2021)
Operating results	Net sales 318 million yen, Operating income 114 thousand yen (Fiscal year ending Feb. 2021)
Amount of capital	100,775,310 yen
Business	Development and sales of HR AI chatbot <i>HITTO</i> (Provided since 2017)

Sales of *HITTO* Business



* Operating income is mentioned only for the fiscal year ending Feb. 2021 since results for previous fiscal years includes sales and expenses of other businesses that are transferred and no longer belong to the company.



Management

Involved the *HITTO* business from its launch and appointed Co-CEOs after MBO.



Representative Director and Co-CEO

Akito Kimura

Worked as an engineer and director for an advertising distribution system and a human resources service.

Joined the company in 2019 as the head of product and led product renewal projects. Served as a director and CPO before assuming his current position.



Representative Director and Co-CEO

Tomohiro Igarashi

Lead launching and managing the SaaS business at a security software vendor.

Joined the company in 2017 as the first member of the *HITTO* business. Responsible for the overall business side of the company, including sales and CS marketing. Served as Director and COO before assuming his current position.

About *HiTTO*, an AI chatbot for employees

HR SaaS*¹ that specializes in responding to internal inquiries in the area of HR and labor affairs. Building a system of information sharing and an organization resistant to change.

HiTTO

Market share among
AI Chatbots
for Employees*²

27.9%

Number of
employees using
*HiTTO**³

300k+

Customers listed on the first
section of the TSE*⁴

2/3+

Churn rate*⁵
(Based on number of
customers)

0.36%



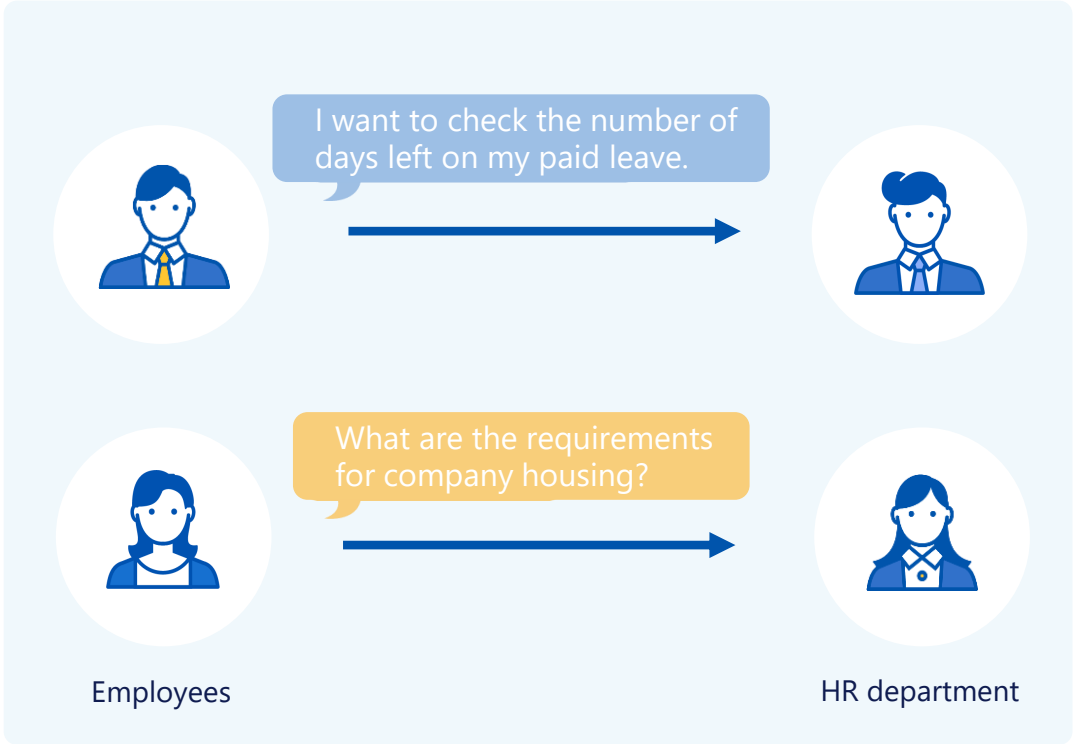
*1 HiTTO is available for a monthly fee based on the number of employees

*2 According to research by Techno Systems Research Co., Ltd. (May 2019) : Business Automation Tools Market Marketing Analysis, Share of AI chatbots for corporate internal use. (Based on sales)

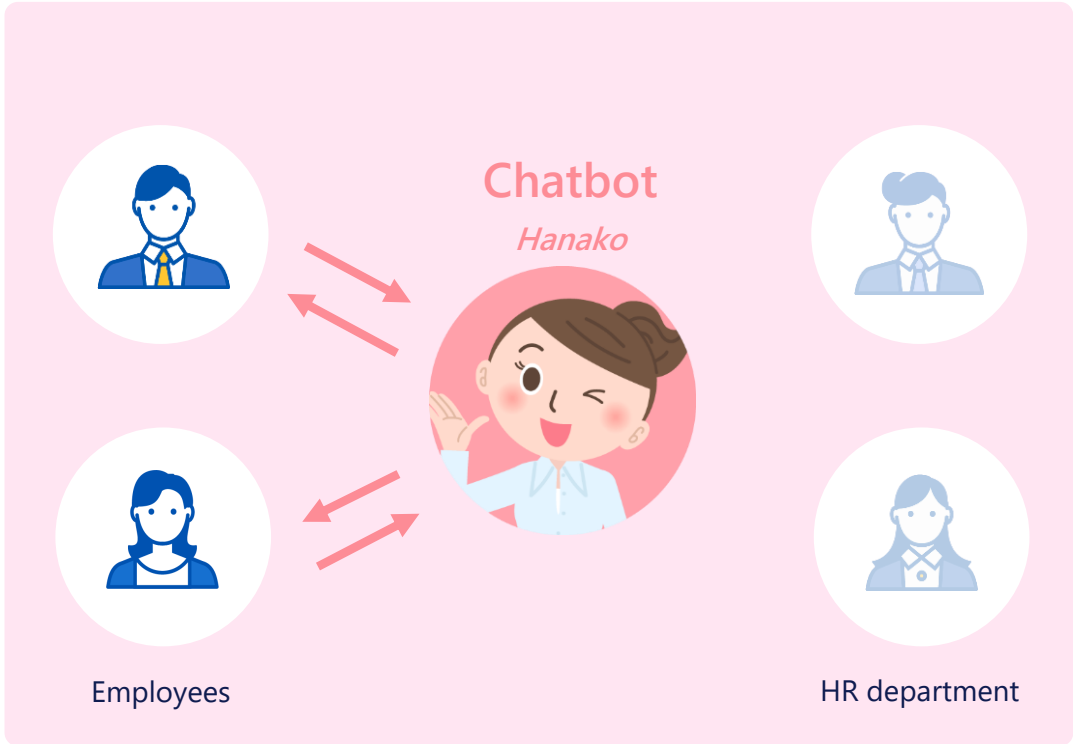
*3 The number of employees who have an account at the company introducing *HiTTO*. *4 As of September 16, 2021. Includes companies listed on the first section of the TSE and its subsidiaries. *5 12-month average from Mar. 2020 to Feb. 2021.

Enhancing the organization's productivity by *HiTTO*

Traditional Inquiry Handling
Manually handled by people



Inquiries responded by *HiTTO*
Automated and fast response by chatbots



Advantages of *HiTTO*

Rich Track Record in Major Companies and High Retention Rate



- Market leader in AI chatbots specializing in the HR and labor fields
- Systematized customer success through experience of building more than 200 chatbots, resulting in high retention and satisfaction rates
- Building a community that connects user companies, sharing expertise

Unique AI Specialized and Standardized for the Back Office



- Equipped with "HR/Labor AI" that has systematized knowledge in the area of HR/labor/general affairs and has learned a vast amount of question patterns
- Automatically analyzes the intent of employee questions with high accuracy
- AI accuracy is continuously improved as the number of users and teacher data increases

Greatly Reduced User Time for Installation and Maintenance



- A database of 965 answers and more than 1 million question patterns accumulated by major companies since its release
- No need to create FAQ data or design scenarios, and compared to ordinary chatbots, the time required to implement is significantly reduced

**Joining Forces:
Synergy created with
HiTTO**



Synergy of Group Join

- 1 Improving the user experience service integration
- 2 Cross-sell to user base
- 3 Further expansion of *HiTTO* into areas other than HR and labor affairs

1. Improving the user experience through service integration

Achieve excellent UX by using *Money Forward Cloud* and *HiTTO* together.
By cross-selling to both users, we can increase ARPA and decrease churn rate.

Efficient Guidance by Using the Services Together



What is the procedure after getting married?

Employee

Congratulations!
Please apply on *Money Forward Cloud HR Database* (URL) .

guide

Money Forward
Cloud HR Database
Application form

HiTTO

Personalized Answers and Responses by connecting the ID



How many paid vacations is left?

Employee

Hi X!
You have X days of paid holidays left . X days of them will expire on X.

HiTTO

Employee ID /
API connection

Money Forward
Cloud Attendance
Remaining paid days data

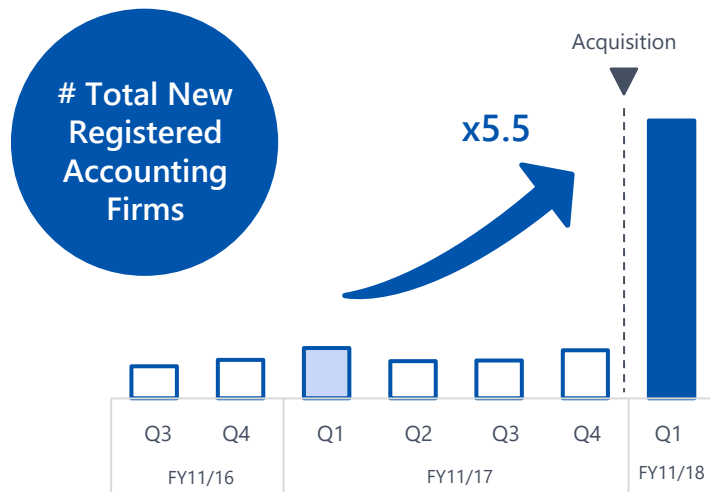
2. Cross-sell to user base

Track record of successful service integration and cross-selling in the past M&As.

Klavis, Inc.



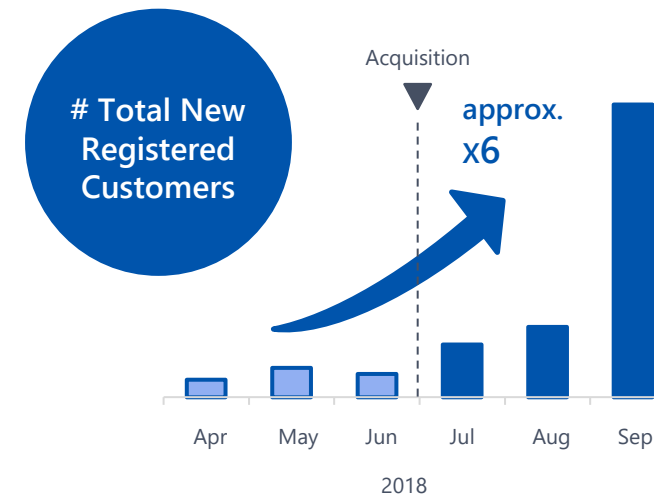
- Cross-sell to accounting firms
- Number of newly registered users increased 5.5 times after the acquisition*¹
- *STREAMED* has become one of our main products for the professional industry



Knowledge Labo, Inc.



- Cross-sell to accounting firms
- Number of newly registered users increased approx. 6 times after the acquisition*²
- Cross-selling to mid-sized customers has enhanced recently

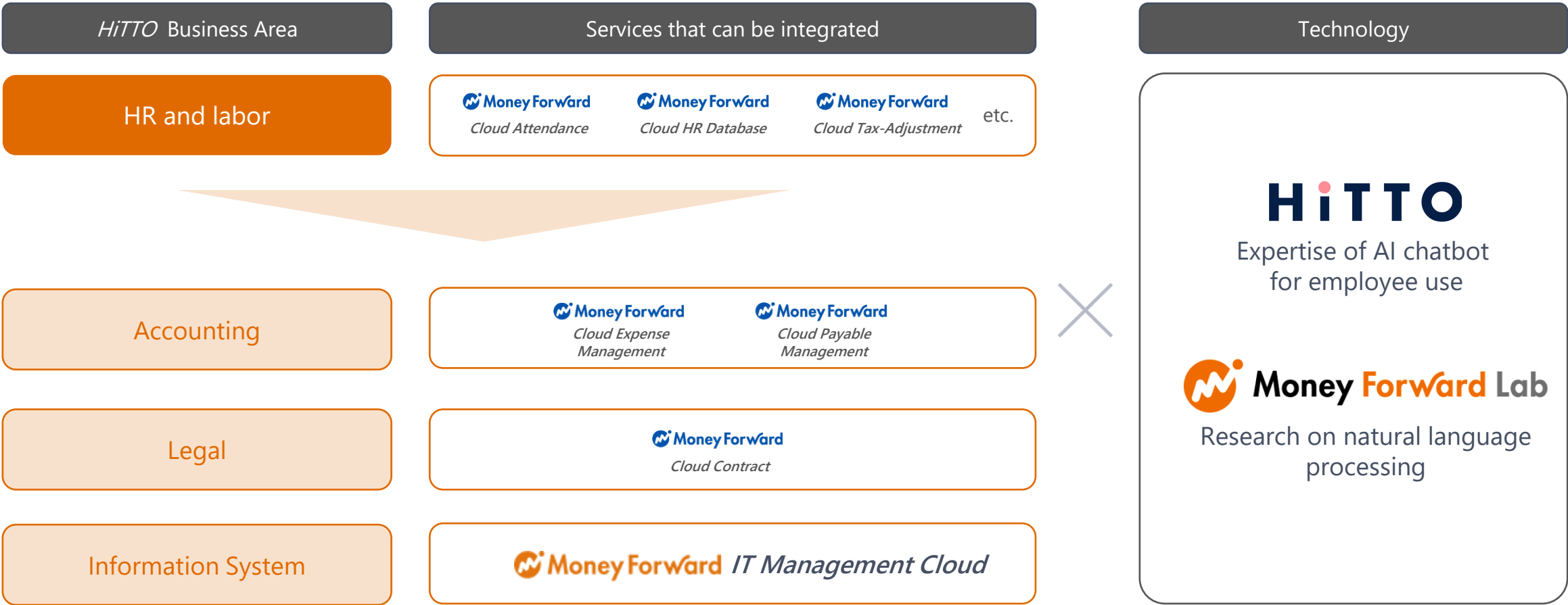


*1 Total new registered accounting firms in FY11/17 Q1 vs. FY11/18 Q1.

*2 Compared the 3-months total number of new customers before and after acquisition.

3) Further expansion of *HiTTO* into areas other than HR and labor affairs

Demand for AI chatbots for employees outside of the HR and labor departments exists. In the medium to long term, we will expand our business by collaborating with services for accounting, legal, and information system departments and by using the results of research on natural language processing by Money Forward Lab.





Systematize knowledge of work and
create new communication.

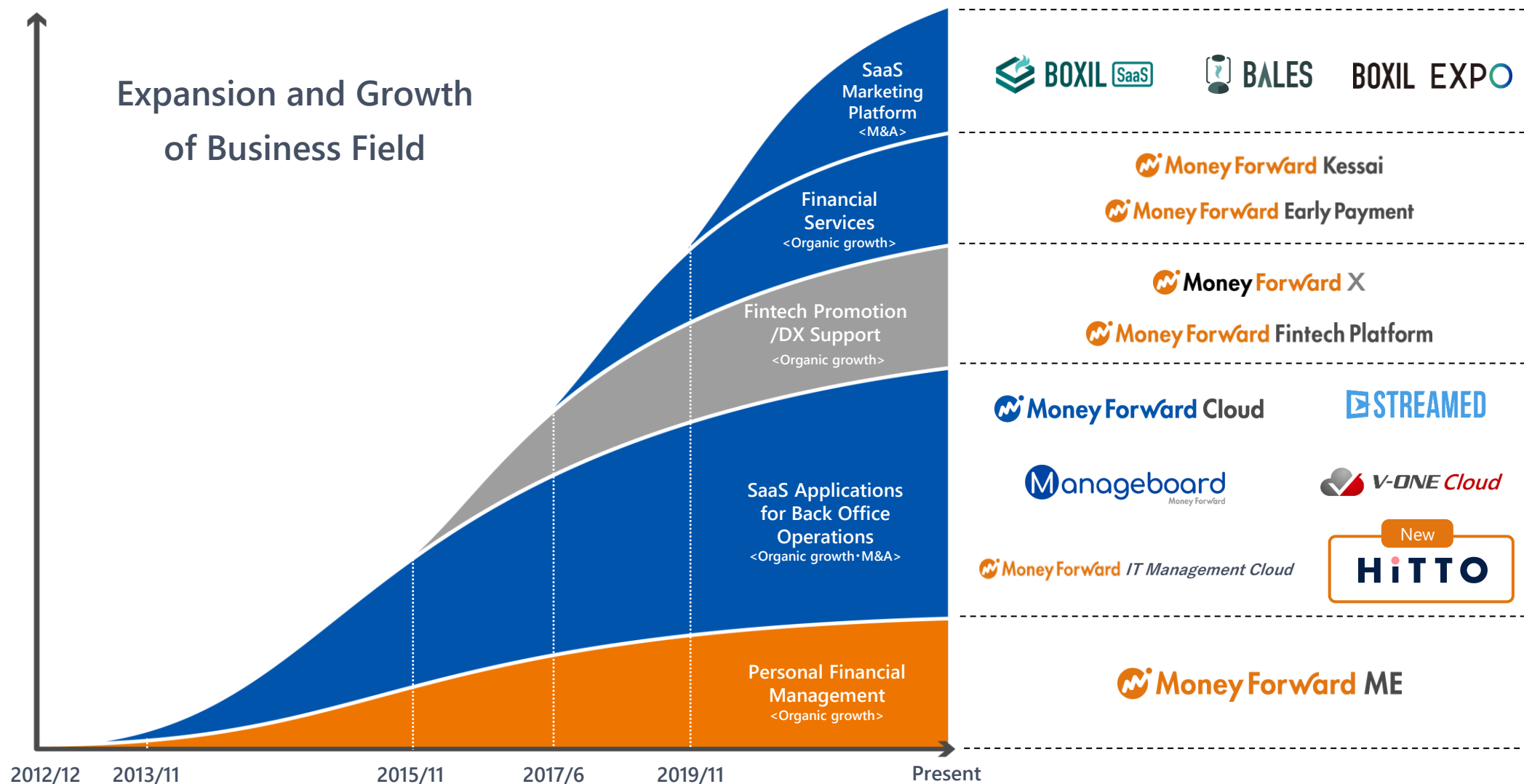
The cloud that touches your heart.

**Together, we will create a future
that goes beyond efficiency and convenience.**

Appendix



Expanding Business Field Through New Business Development and M&A



Policy for Growth Investment and Profitability

Investment Policy for Future Growth

- **Focus on maximizing medium-to-long term cash flow** over short-term accounting profit level **based on the subscription 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.



Money Forward. Move your life forward.

Disclaimer

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