# Money Forward, Inc.

Financial Results Briefing for the Fiscal Year Ended November 2021

January 14, 2022

# Presentation

**Moderator:** Ladies and gentlemen, thank you for your patience. As the time has come, Money Forward, Inc. will hold a web-based financial results briefing for the third quarter of the fiscal year ended November 30, 2021. Thank you very much for joining us today. This briefing is scheduled to last approximately 90 minutes, including Q&A.

First, I would like to introduce our attendees: Yosuke Tsuji, President and CEO; and Naoya Kanesaka, Director and CFO.

Next, I would like to explain about the materials. The financial results and explanatory materials were disclosed on the Company's website today. This presentation will proceed in accordance with the financial results presentation materials. The material will be shown on the screen of this video streaming, but if you would like to have a copy for yourself, please download it from our website.

Next, I would like to explain the agenda of today's financial results briefing. First, Mr. Tsuji, President and CEO, will deliver his remarks and explain the financial results for the fourth quarter of the fiscal year ended November 30, 2021, in about 40 minutes. This will be followed by a question-and-answer session.

If you have any questions, please use the Q&A function in Zoom. Please ask your questions, along with your name and affiliation, from the Q&A tab on your Zoom screen. Please be advised that we will be reading out your names along with the questions. Only send in your question if you agree with this. Also, due to time constraints, we will limit your questions to 3 per person. Any questions that could not be answered in the time available will be answered individually after the briefing. We ask you for your understanding in advance.

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 around 6:30 PM.

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

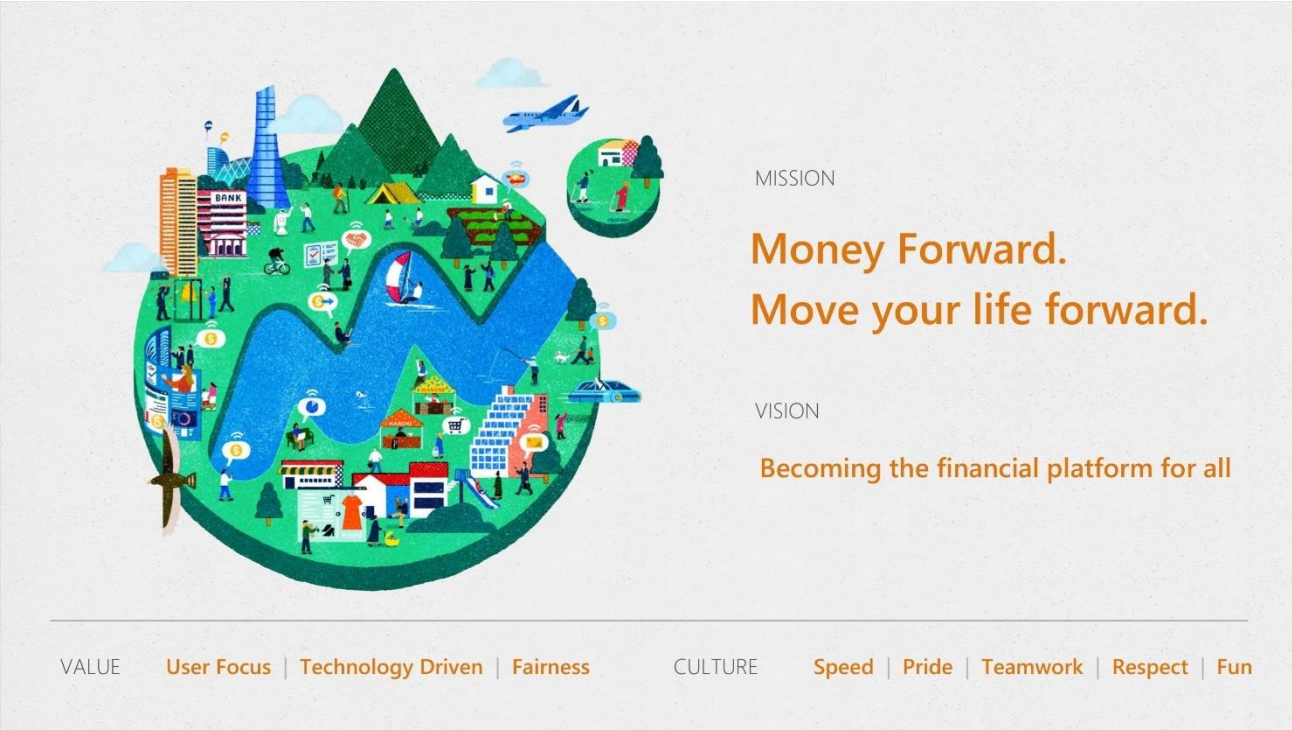


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**Tsuji:** This is Tsuji of Money Forward. Thank you all for joining us.

I would now like to explain the financial results for the full year.

I will explain our agenda for today, as you can see here. I will go over the full-year highlights, performance of each business domain, growth strategy, and our guidance.



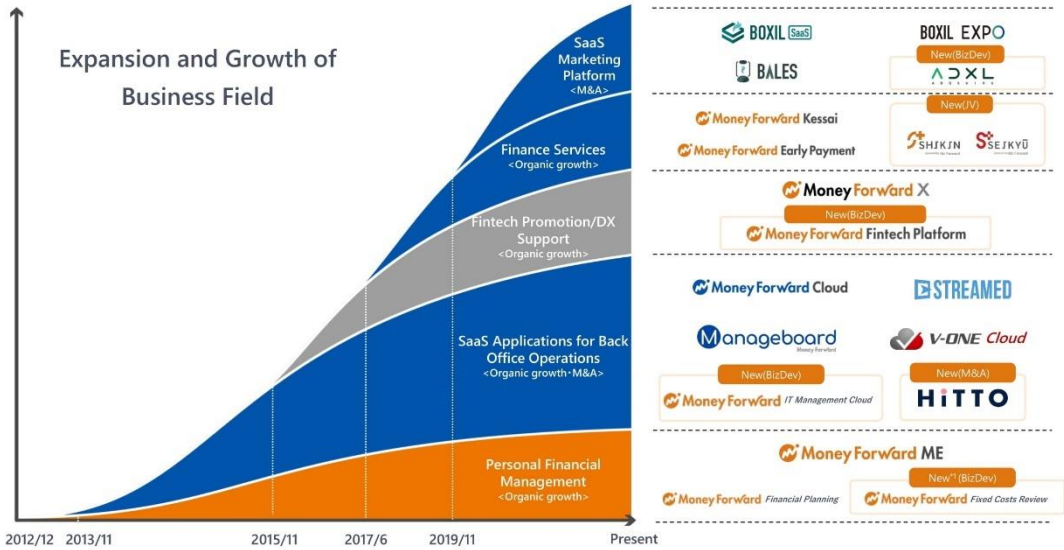

First, here are our initiatives to realize our mission and vision.

I'm afraid I'm repeating myself quarter after quarter here, but our mission is “Money Forward. Move your life forward.” We operate our business based on the vision of “Becoming the financial platform for all.”




In order to achieve the goal of the SDGs, which is to promote the creation of a sustainable society through initiatives aimed at realizing our mission and vision, we have established 3 key themes -- User Forward, Society Forward, and Talent Forward -- and are working to achieve the SDGs goals through each of these activities.

## Expanding Business Field Through New Business Development and M&A



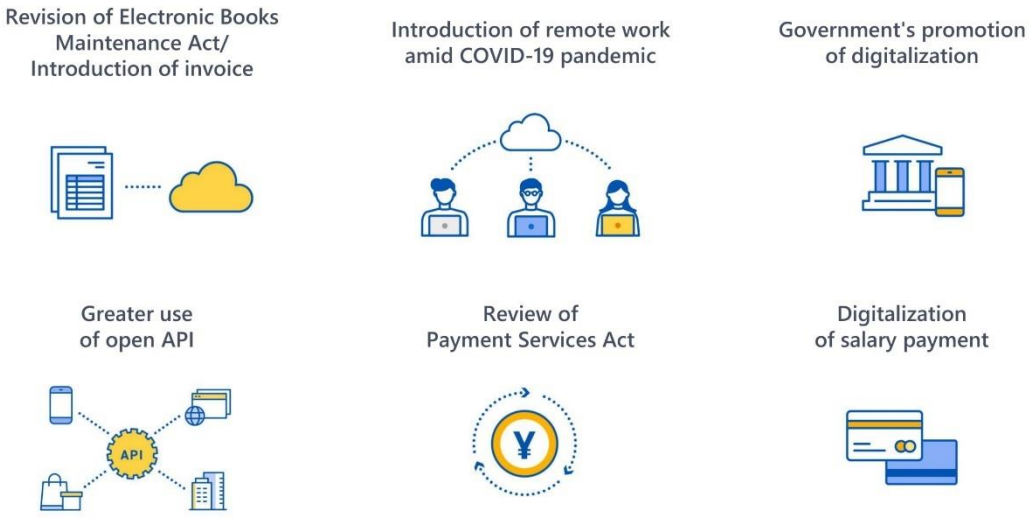

* "New" refers to initiatives launched or announced to be launched in the fiscal year ending November 30, 2021.
*1 Insurance review feature within Money Forward Fixed Review was launched in July 2021.

As for our business, as you can see, we started with the Money Forward ME service in 2012. We have continued to expand and grow our business domain in the form of SaaS services for back offices, Fintech promotion and DX support, finance services, and SaaS marketing support.

In the table, "New" refers to businesses that we have started or joined in the last year. For individuals, we started Money Forward Fixed Costs Review. For corporations, there's Money Forward's IT Management Cloud and the Group join of HiTTO at the bottom. Money Forward X's business for financial institutions is the Money Forward Fintech Platform. Also, in the finance service, we started a service together with MUFG. In addition, in the area of SaaS marketing support, we have started to develop businesses such as ADXL.

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## Rapidly Expanding Business Opportunities Due to Changes in External Environment

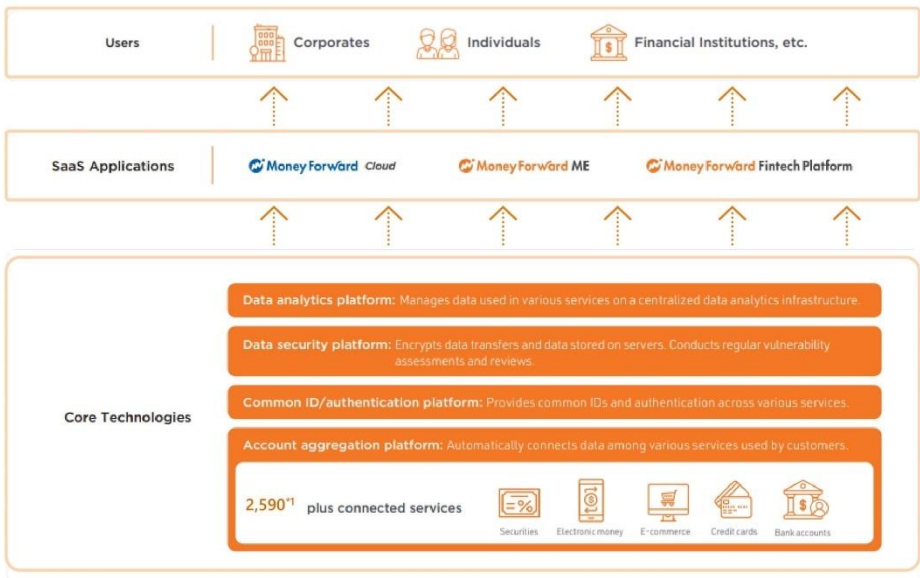



Next, I would like to explain our business environment.

As you know, the government has been promoting digitalization to a great extent. Business opportunities are expanding greatly, such as through the revision of the Electronic Books Maintenance Act, centered on the introduction of an invoice system, the introduction of remote work amid the COVID-19 pandemic, and the greater adoption of open API.

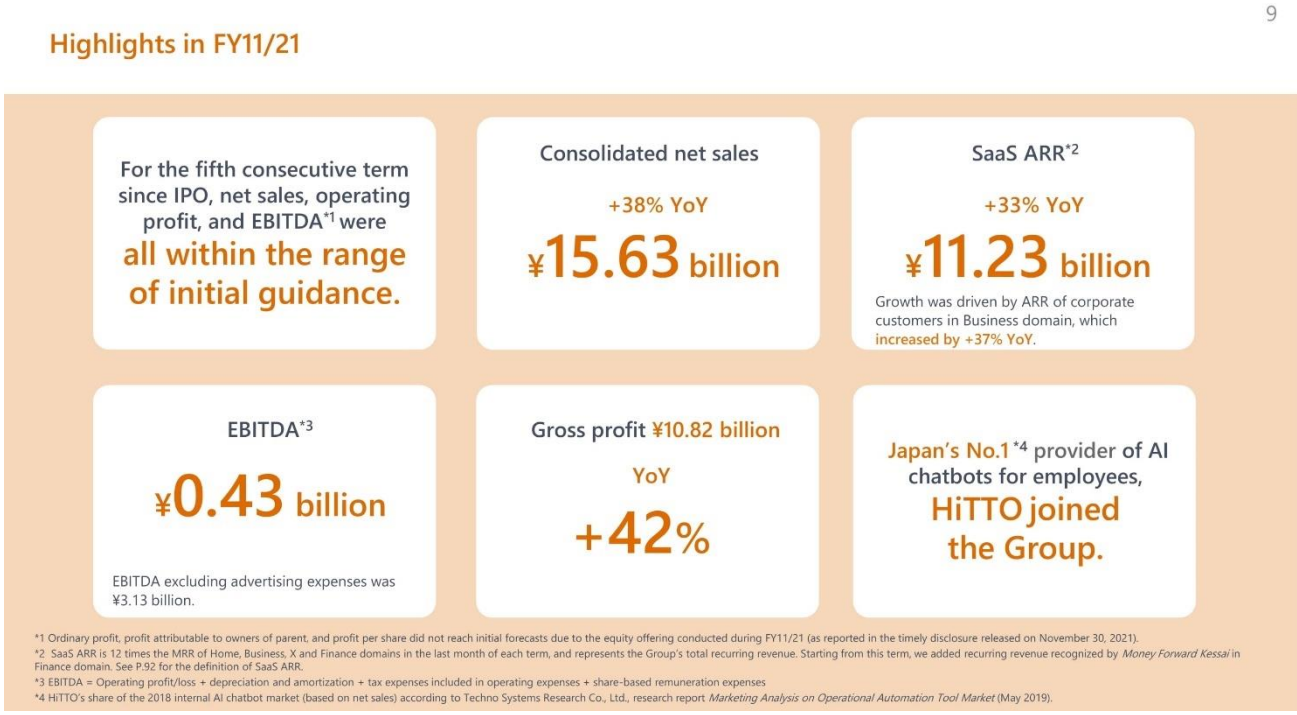
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## Developing Variety of Products Based on Common Core Technologies




*1 Based on research by Money Forward, Inc. as of Dec 2021.

Although we provide a variety of services, our business model is basically to develop applications based on our core technology, which is centered on our account aggregation platform, and deliver value to our users.




Next, I will go over the highlights of our financial performance in FY11/21. There are 6 major points.

First, for the fifth consecutive term since IPO, net sales, operating profit, and EBITDA were all within the range of initial guidance. We believe that it is extremely important to earn the trust of our investors by firmly fulfilling the commitments we have made to them, and we are truly relieved that we have been able to achieve this for 5 consecutive fiscal years.

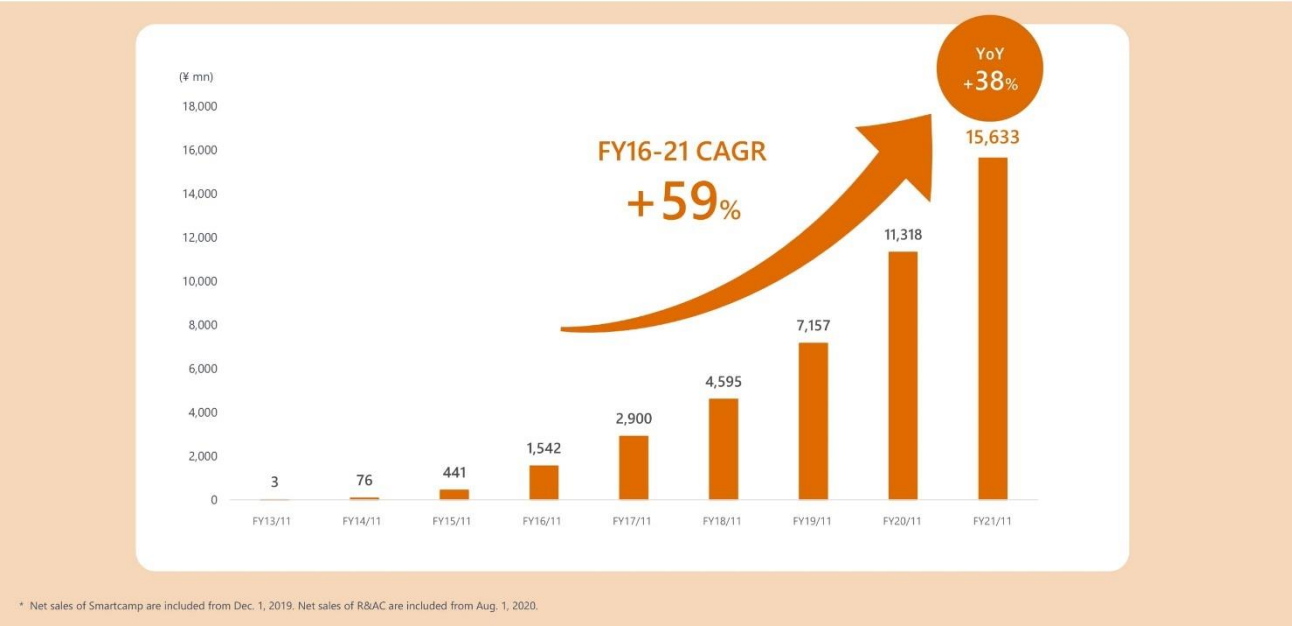
I would also like to express my deepest gratitude once again to the many users and stakeholders for their cooperation. I am sorry to talk about our own people, but I would like to thank the members for their daily efforts and accomplishments.

Consolidated net sales came to JPY15.6 billion, up 38% YoY. In particular, SaaS ARR, a metric that is closely monitored, came to JPY11.2 billion, up 33% YoY. ARR for corporates grew by 37% YoY leading the growth in the Business domain.

EBITDA was JPY430 million, or JPY3.13 billion excluding advertising expenses. Gross profit exceeded JPY10 billion, coming in at JPY10.8 billion, up 42% YoY.

Lastly, Japan's number 1 provider of AI chatbots for employees, HiTTO, joined the Group.

## Historical Net Sales Growth




* Net sales of Smartcamp are included from Dec. 1, 2019. Net sales of R&AC are included from Aug. 1, 2020.

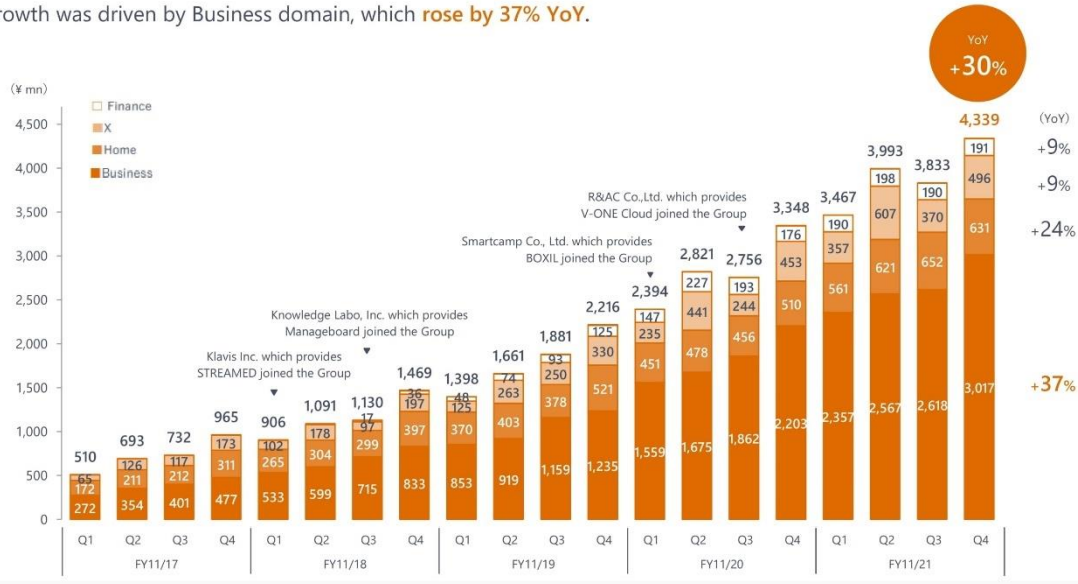
Here is our historical net sales growth.

Net sales have grown at a CAGR of 59% from 2016 to 2021, continuing to demonstrate robust growth.



## Consolidated Net Sales Continued to Grow Rapidly in Q4, +30% YoY

Growth was driven by Business domain, which **rose by 37% 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.

Next, I will go over the more detailed numbers broken down by quarter and domain.

In Q4, net sales were up 30% YoY, continuing the solid growth momentum.

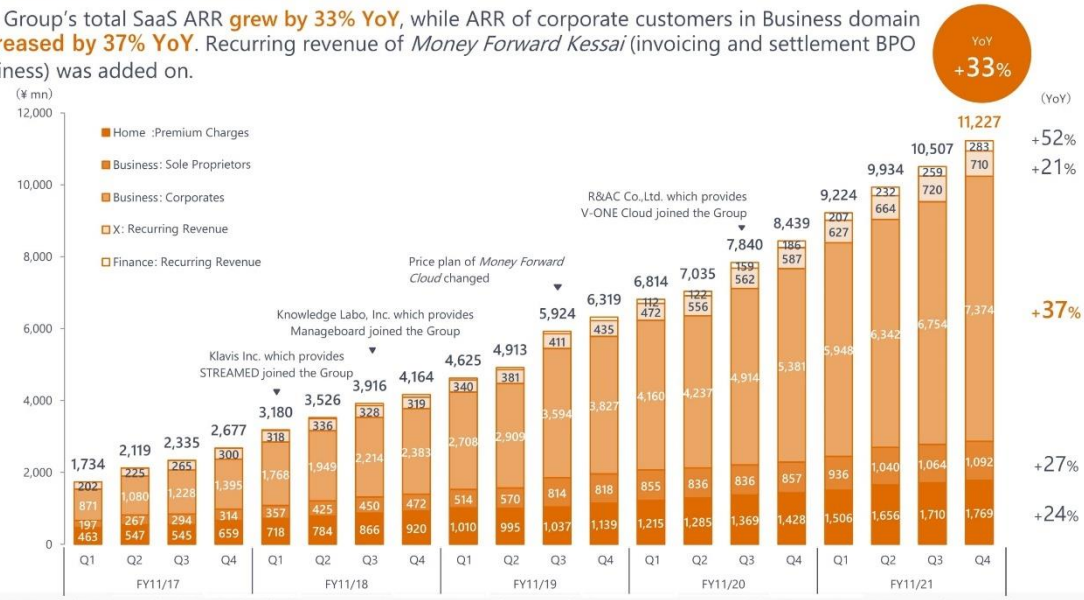
Leading the growth was the Business domain, with net sales expanding 37% YoY. Net sales grew by 24% YoY in the Home domain for individuals, and by 9% in the X and Finance domains, respectively.

I will explain the details later.



## SaaS ARR*1 Exceeded ¥11.2 Billion

The Group's total SaaS ARR **grew by 33% YoY**, while ARR of corporate customers in Business domain **increased by 37% YoY**. Recurring revenue of *Money Forward Kessai* (invoicing and settlement BPO business) was added on.




*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. "Finance Recurring Revenue" is revenue from *Money Forward Kessai*, the monthly basic fee, settlement fee and related fee. * For the definition of ARR and MRR, see page 92.

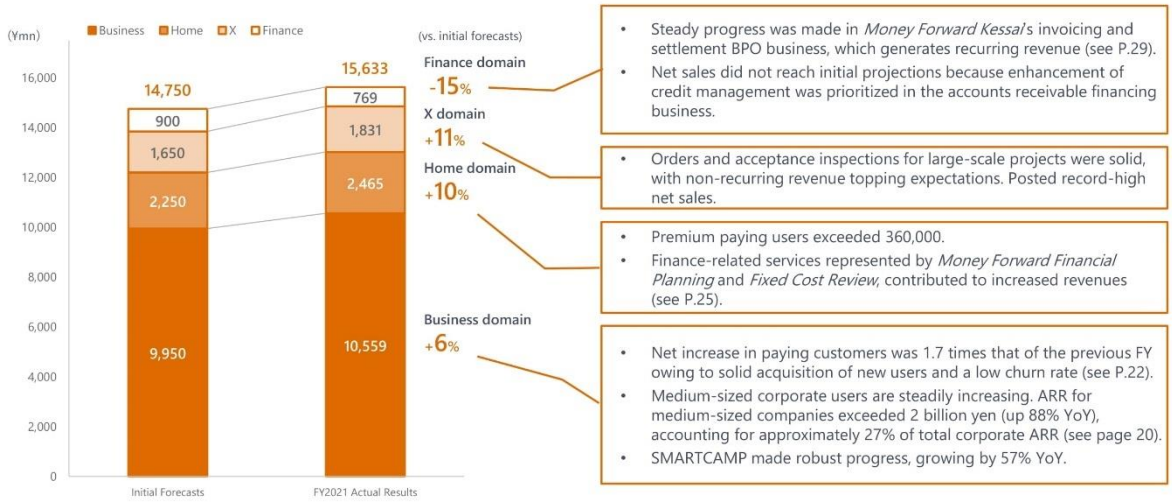
Here is our SaaS ARR.

From the bottom to the top, Home premium charges were up 24%, Business for sole proprietors was up 27%, Business for corporates was up 37%, and X recurring revenue was up 21%.

Finance recurring revenue was up 52%, in part due to the addition of recurring revenues from invoicing and settlement BPO business at Money Forward Kessai.

## Consolidated Net Sales vs. Initial Forecasts

Consolidated net sales were near the upper range of initial guidance (¥14.75–15.75 billion).
Three domains achieved initial forecasts.




* The ratio to initial forecasts is calculated based on the lower end of net sales forecasts ( ¥14,750 million) disclosed on January 14, 2021. Net sales of "Other" domain is omitted.

Here is the comparison between consolidated net sales versus our initial forecasts.

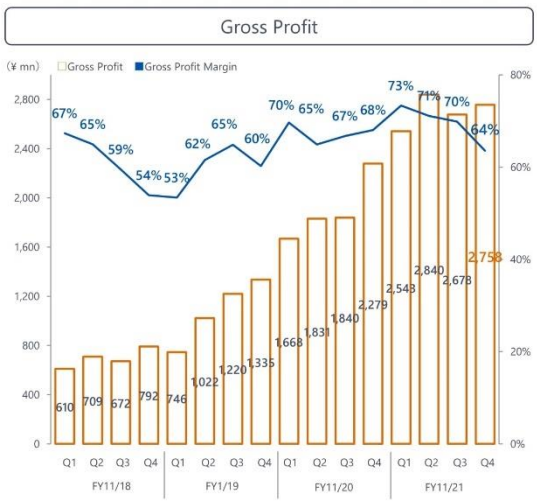
For the 4 domains combined, we initially forecast net sales between JPY14.75 billion and JPY15.75 billion. The results came in near the upper range of the forecast, at JPY15.6 billion. I personally felt a little disappointed, because I hoped that net sales would exceed the upper range of the forecast, but we were able to achieve the initial guidance, nonetheless.

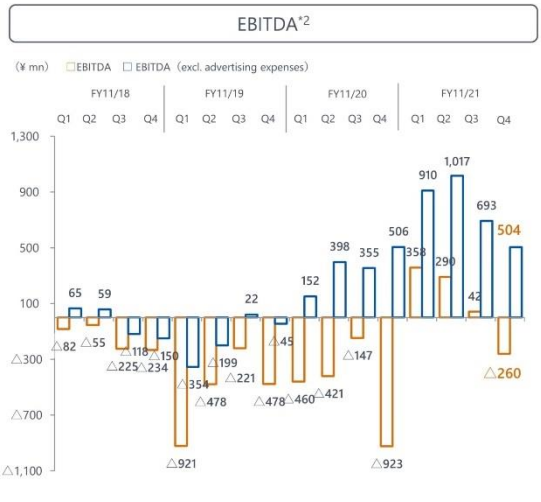
We basically scored 3 wins and 1 loss out of the 4 domains, as well fell short of the guidance in the Finance domain. Steady progress was made in the Invoicing and Settlement BPO business at Money Forward Kessai. However, we experienced some bad debt in our Factoring business, which prompted us to tighten the screws on our credit controls. As a result, net sales in the Finance domain came in below our initial forecast.

On the other hand, the X domain, Home domain, and Business domain all exceeded the initial forecast by 11%, 10%, and 6%, respectively.

## Gross Profit / EBITDA（Quarterly Trend）

Gross profit margin was 64% due to a one-off increase in costs*1 (**67%** after adjustment for this one-time factor).
EBITDA excluding and including advertising expenses were approximately ¥0.5 billion and negative ¥0.26 billion, respectively.




*1 Includes fees related to IT introduction subsidies and advertising media purchase costs of ADXL.
*2 EBITDA = Operating profit/loss + depreciation and amortization + tax expenses included in operating expenses + share-based remuneration expenses

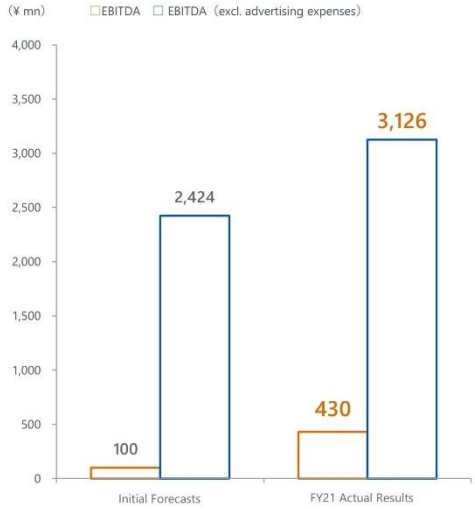
Here is a slide on our gross profit and EBITDA.

Gross profit in Q4 was 64%, a slight decline from previous quarters due to a temporary increase in costs. We don't think this would be any major [Inaudible], given that the gross margin after adjustment is at 67%. EBITDA came in at roughly JPY500 million, excluding advertising expenses.

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## Consolidated EBITDA vs. Initial Forecast

Positive EBITDA was recorded, at ¥0.43 billion, well within the projected range (of ¥0.1–0.5 billion).
EBITDA excluding advertising expenses was ¥3.13 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 + + share-based remuneration expenses

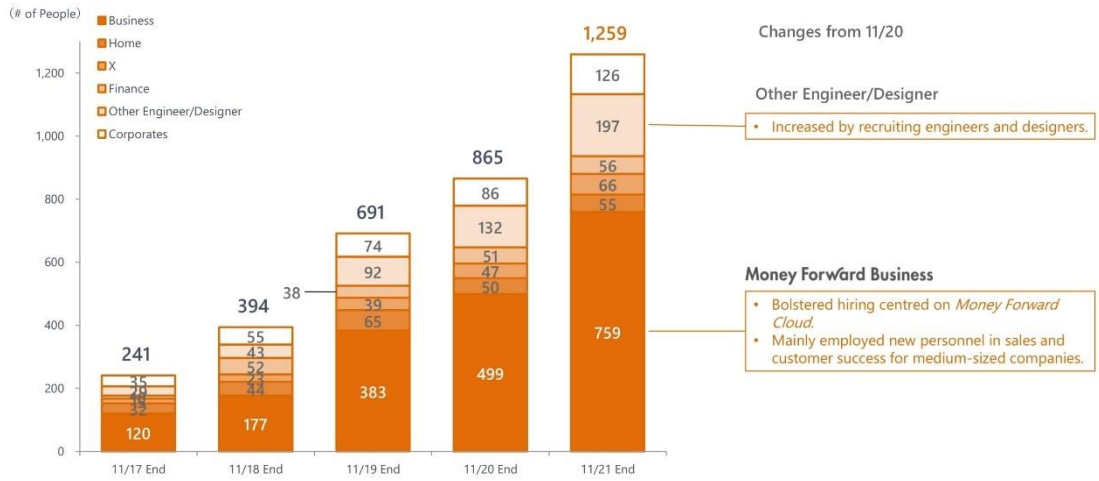
Here is a comparison of our consolidated EBITDA versus the initial forecast.

Our target was to achieve EBITDA between JPY100 million and JPY500 million, and the full-year EBITDA came in at JPY430 million. Excluding advertising expenses, EBITDA was JPY3.13 billion.

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## Full-time Employees

Steady progress was made in hiring of engineers and designers, as well as sales reps for medium-sized companies in Business domain, resulting in an increase of 158 members in Q4.




* 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 are the changes in the number of full-time employees.

The competition for human resources is getting fiercer year by year, but our competitiveness of recruitment has been increasing very much. I have been interviewing both new graduates and mid-career workers, and

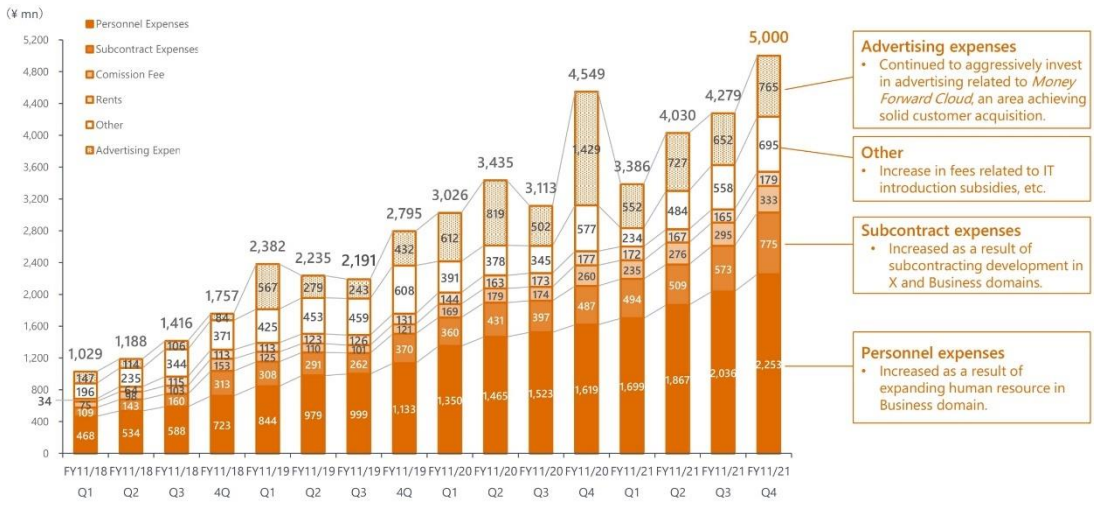
we have been getting very good candidates. I believe that there is now a greater probability of people choosing our company in the event of competition with others, and we are making very good progress.

We now have 1,259 employees, up by almost 400 from 865 last year. Engineers and designers have especially increased in the Business domain for SMEs, and we are continuing to place importance on recruitment 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, tax expenses included in operating expenses, recruiting/training expenses, amortization, depreciation and professional fee, etc.

Here is a breakdown of expenses.

In total, we invested JPY5 billion in Q4, mainly consisting of advertising expenses and personnel expenses, as before.

## Balance Sheet

We raised 31.5 billion yen by a public offering in August 2021, and sustains approximately 36 billion yen as cash and deposits. From FY11/22, we will aggressively invest for growth based on the use of proceeds announced at the time of the international offering (further acceleration of growth in the domestic SaaS/Fintech domain and establishment of a solid business foundation).




*1 Related to Money Forward Kessai, Inc.

Here is an overview of our balance sheet.

Last year, we conducted a public offering and raised JPY31 billion. As a result, our cash and deposits totaled JPY36 billion.

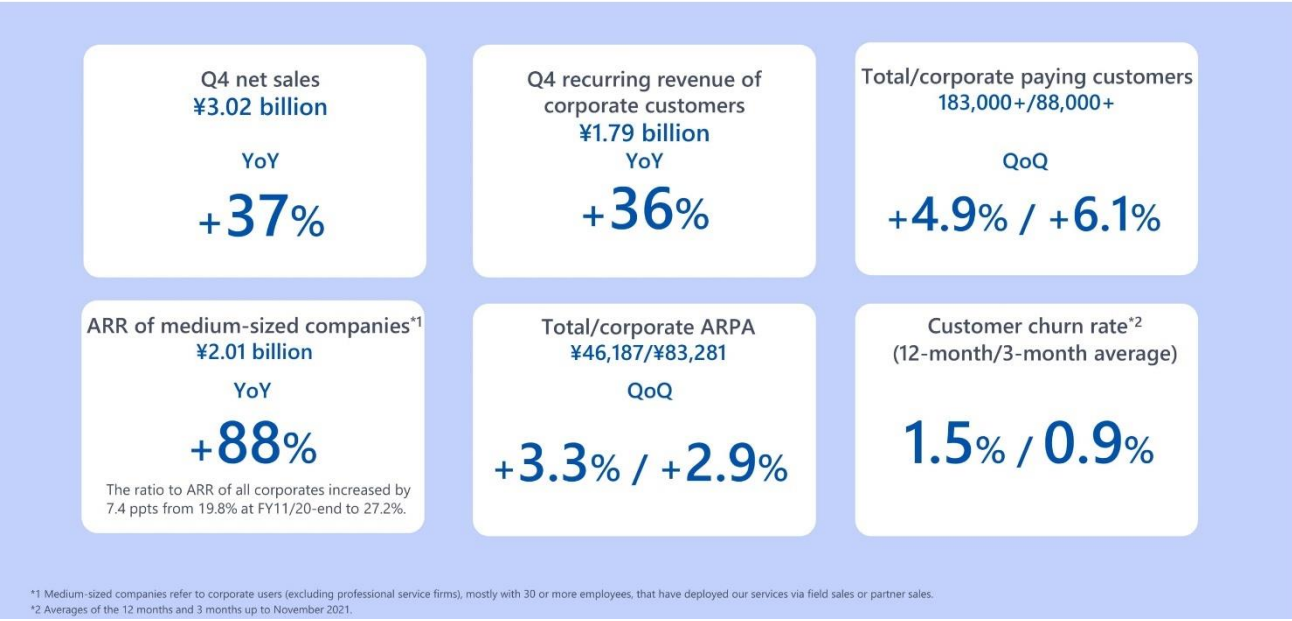
The theme for the upcoming fiscal year is to aggressively invest for growth based on the use of proceeds announced at the time of the international offering, including the further acceleration of growth in the SaaS/Fintech domain and establishment of a solid business foundation.

That covers the overall explanation.

Business domain



## Highlights in FY11/21 Q4




Next, I will go over the financial performance of each business domain in Q4 FY11/21.

In the Business domain, Q4 net sales were up 37% YoY, and recurring revenue was up 36% YoY.

As for the breakdown, the total number of paying customers reached 183,000, of which the number of corporate paying customers came to 88,000, up 4.9% QoQ and 6.1% QoQ, respectively. Both numbers have demonstrated robust growth from the previous year, and I see this as a very good trend.

1 of the highlights is that ARR of medium-sized companies exceeded JPY2 billion, up 88% YoY, showing that the business is greatly expanding in scale. The share of medium-sized companies in corporate ARR was 19.8% as of end-November 2020, but this has increased by 7.4% to 27.2%.

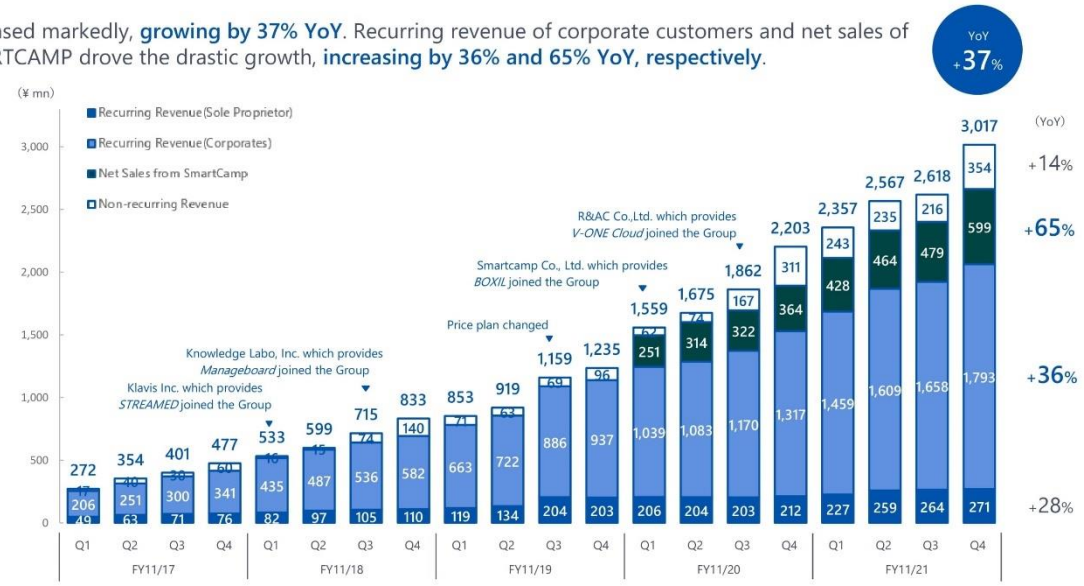
As a result, ARPA increased by 3.3% QoQ, and corporate ARA rose by 2.9% QoQ. The customer churn rate has continued to trend low, with the 3-month average at 0.9%, remaining below 1%.

Business domain

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## Business domain Net Sales (Quarterly Trend)

Increased markedly, **growing by 37% YoY**. Recurring revenue of corporate customers and net sales of SMARTCAMP drove the drastic growth, **increasing by 36% and 65% YoY, respectively**.




* 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*.

Here is the quarterly trend of net sales in the Business domain.

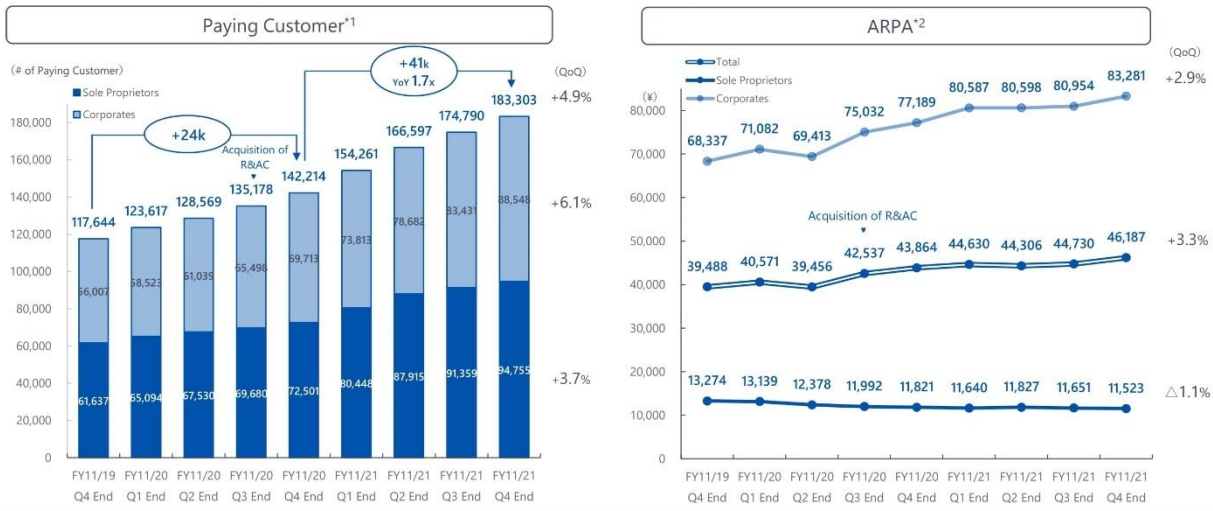
Net sales have expanded for sole proprietors, corporates, SMARTCAMP, and from non-recurring revenue. The lion's share of the expansion comes from the 36% growth in recurring revenue for corporates, but the drastic growth at SMARTCAMP, up 65% YoY, also contributed.

Business domain

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## Increase in Both Paying Customers*1 and ARPA*2

The increase in paying customers in FY11/21 was **1.7 times that of the previous FY**.
Total and corporate **ARPA increased by 3.3% and 2.9% QoQ, respectively**.




*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.92 for details.

This slide shows the number of paying customers and the breakdown of ARPA.

On the left side is the number of paying customers, which increased by 1.7 times, or 41,000 accounts.

The growth in ARPA has also been steady, up 3.3% QoQ in total, up 2.9% QoQ for corporates. On the other hand, ARPA was down 1.1% QoQ, or roughly flat, due to difficulties in cross-selling to sole proprietors.

Business domain

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## Our Customers（1/2）

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

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




Users of Accounting Plus has increased steadily at medium-sized companies, including growing companies such as VisasQ and LayerX.

Business domain

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## Our Customers（2/2）

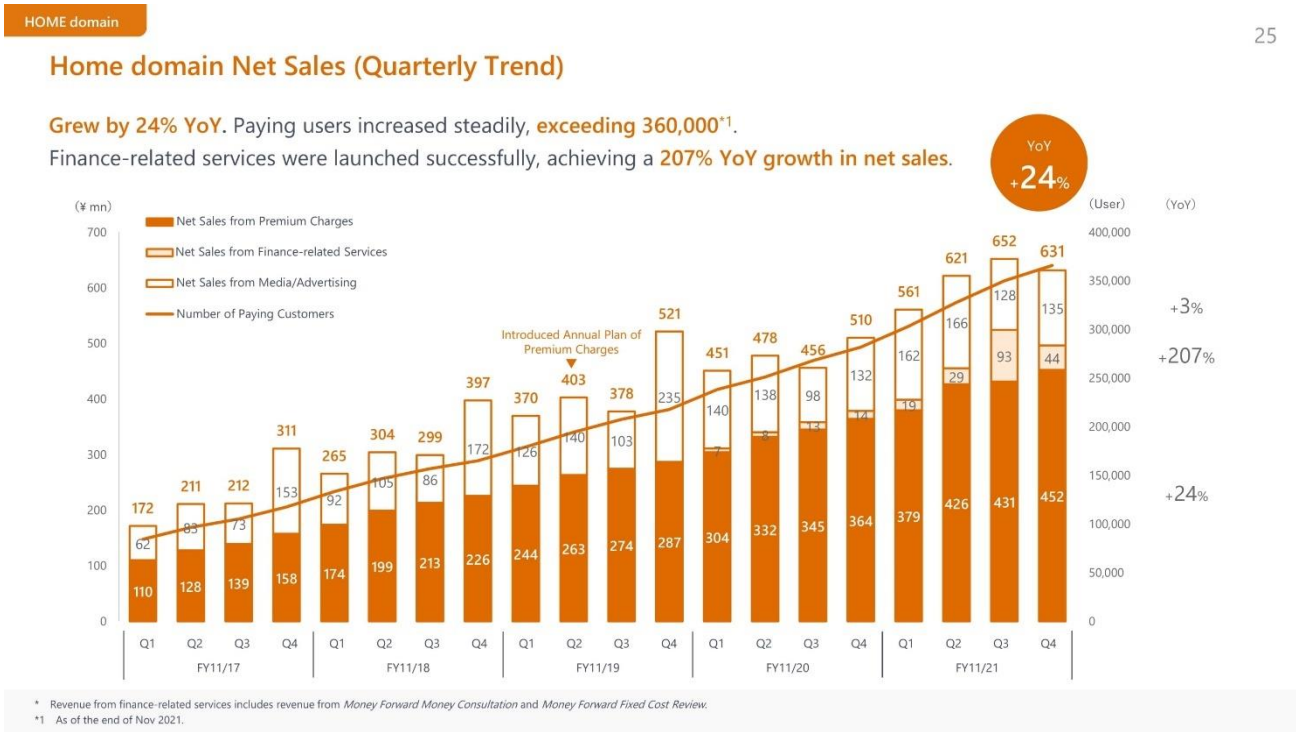
**Expanding the client base** that includes listed companies, medium-sized companies, and companies preparing for IPO.

Corporates using cloud payroll, attendance, expense, social insurance, *V-ONE Cloud* etc.（Examples）




As you can see here, our Cloud Payroll, Attendance, Expense, Social Insurance, V-ONE Cloud, and other services are being used by many companies, ranging from listed companies and medium-sized companies to pre-IPO companies, reflective of the significant improvements we have made in our products.

That covers our explanation of the Business domain.




Next, I will go over the Home domain.

Overall, net sales grew by 24% YoY. This breaks out as net sales from premium charges of JPY500 per month, up 24% YoY, with the number of paying users exceeding 360,000. Net sales from finance-related services have gradually entered a growth trajectory, up 207% YoY.

The sharp growth rate is due to the small denominator, but the service is gradually beginning to contribute to earnings. Net sales from media and advertising came to JPY135 million.

HOME domain



## TV Commercials Began in January 2022

Efficiently acquired customers in FY11/20 as a result of enhancement of brand awareness and effective marketing initiatives, and continuous UX enhancements. Launched PR campaigns to further expand our user base, accompanying the rise in premium charge rates for new users and increase in user lifetime value owing to the launch of finance-related services in FY11/21.













In the Home domain, during the period under review, we made efforts to improve our products and focused on online marketing instead of running commercials. Our focus has been on increasing the number of new users paying premium charges and starting up the finance-related services, and we have been able to realize a significant improvement in the lifetime value per user.

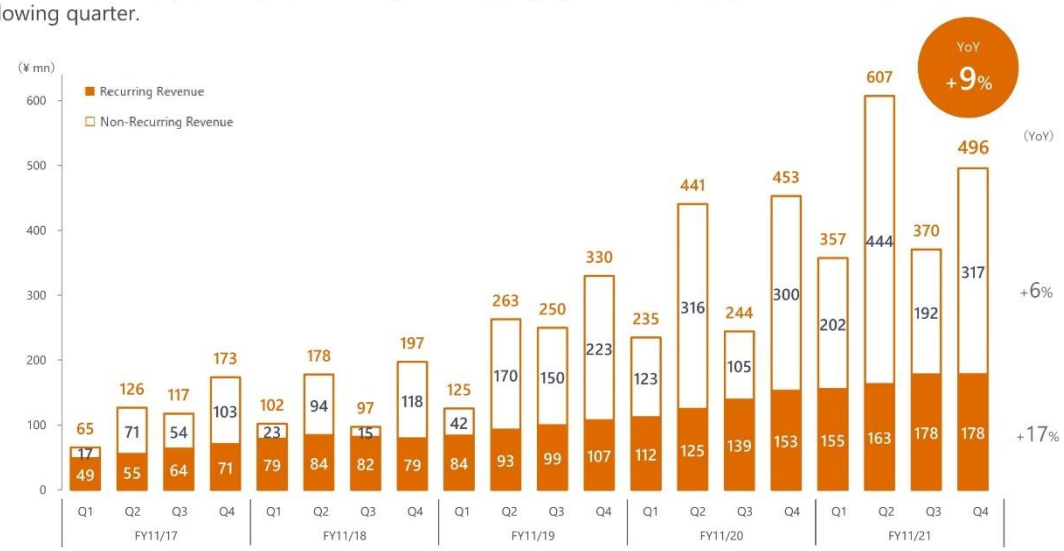
Considering how the profit margin has increased and in light of results in FY11/21, we decided to start a TV commercial from January 2022. The end of the year to the beginning of the new year is a particularly important period for our PFM service, so we will be running a relatively large number of TV commercials in January.

X domain

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## X domain Net Sales (Quarterly Trend)

Net sales increased by 9% YoY, with recurring revenue rising by 17% YoY and expected to rise further in and after the following quarter.




* 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 go over Money Forward X.

Overall, net sales grew by 9% YoY in the X domain. Recurring revenue increased by 17% YoY.

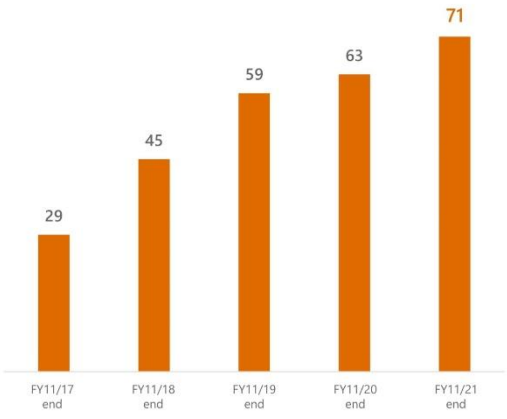
X domain

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## Continued Expansion of Service Lineup

Our service offerings have risen to 71 in response to heightened demand for digital transformation among financial institutions.

Number of Services*1




Partnership with Financial Institutions, etc.

**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

**スマー簿**
Co-developed a PFM app linked to various NTT DOCOMO services

***au PAY "Money Management"***
Jointly developed a function for managing accounts information in the au PAY app

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

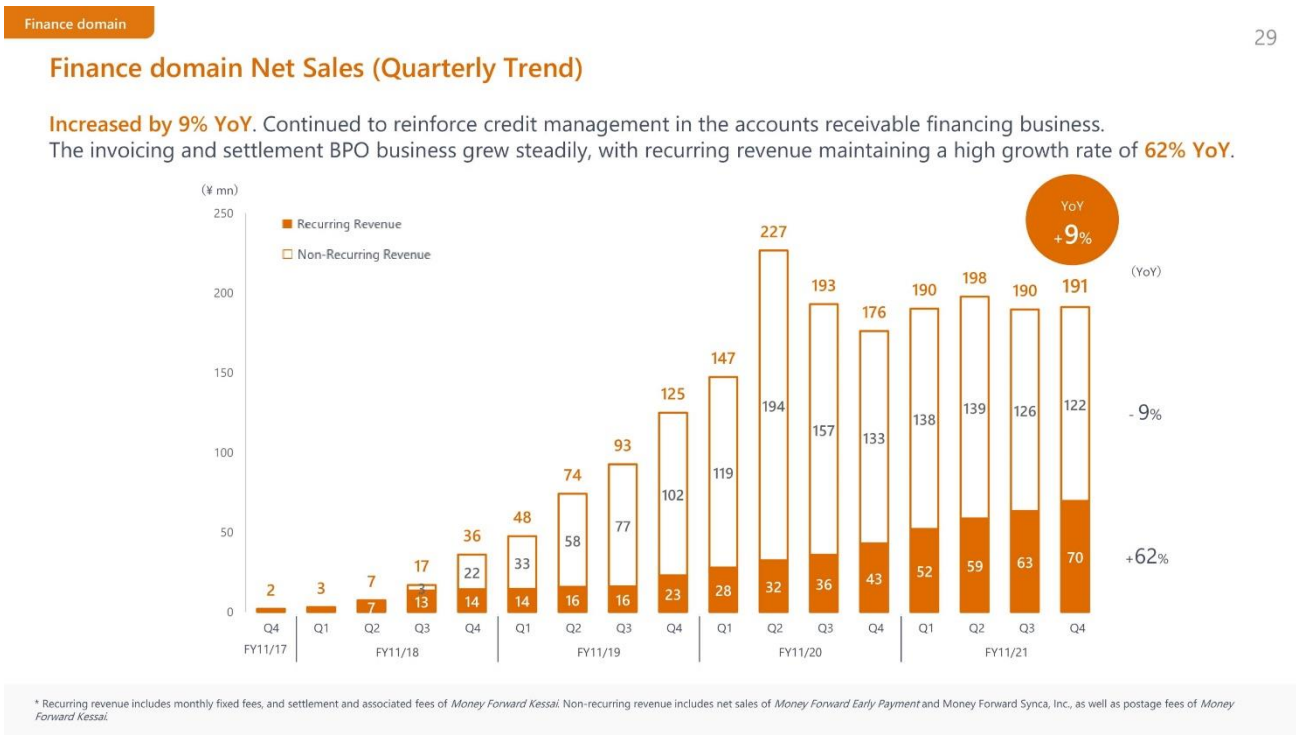
**Minna no Ginko**
Offering the account aggregation function to their official app. Support UI/UX design to meet customer needs.

*1 Number of services provided by X domain; X domain customers include non-financial institutions such as NTT DoCoMo and KDDI.

There was a change in accounting standards, and the 1-time revenue is now recorded in installments instead of all at once, so the growth rate of 9% compared to the same period last year may seem weak.

However, the need for digital transformation, or DX, at financial institutions continues to grow, with the number of companies to whom we offer this service increasing to 71, and I think our service lineup is expanding well.

The business realm of X is like that of recently IPOed Finatext, referred to as BaaS, or brokerage as a service. We will continue to provide this service to financial institutions.




Next, I will go over the Finance domain.

Net sales increased by 9% YoY, with the growth rate constrained due to the tighter credit controls that we implemented.

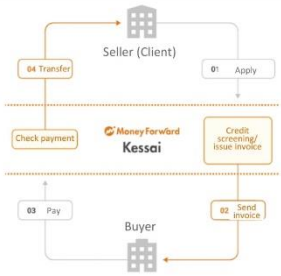
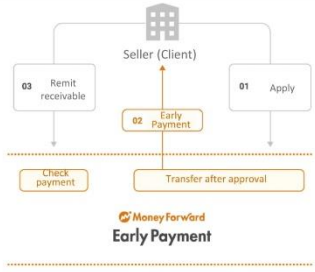
On the other hand, new sales increased by 62% YoY in the invoicing and settlement BPO business, demonstrating a steady buildup in growth.

Finance domain



## Business Outline of Money Forward Kessai, Inc.

Deploys two businesses: *Money Forward Kessai*, a B2B invoicing and settlement BPO business, and *Money Forward Early Payment*, an accounts receivable financing business.
Both services are also offered by Biz Forward, a joint venture established with MUFJ Bank, Ltd.

| | Money Forward Kessai | Money Forward Early Payment |
|---|---|---|
| Scheme |  |  |
| Service | B2B invoicing and settlement BPO service | Accounts receivable financing service |
| Value Proposition | Streamlines credit screening/invoicing/collection and offers payment guarantee | Enables early financing |
| Business Model | Recurring revenue | Non-recurring revenue |

This is the business outline of Money Forward Kessai, Inc.

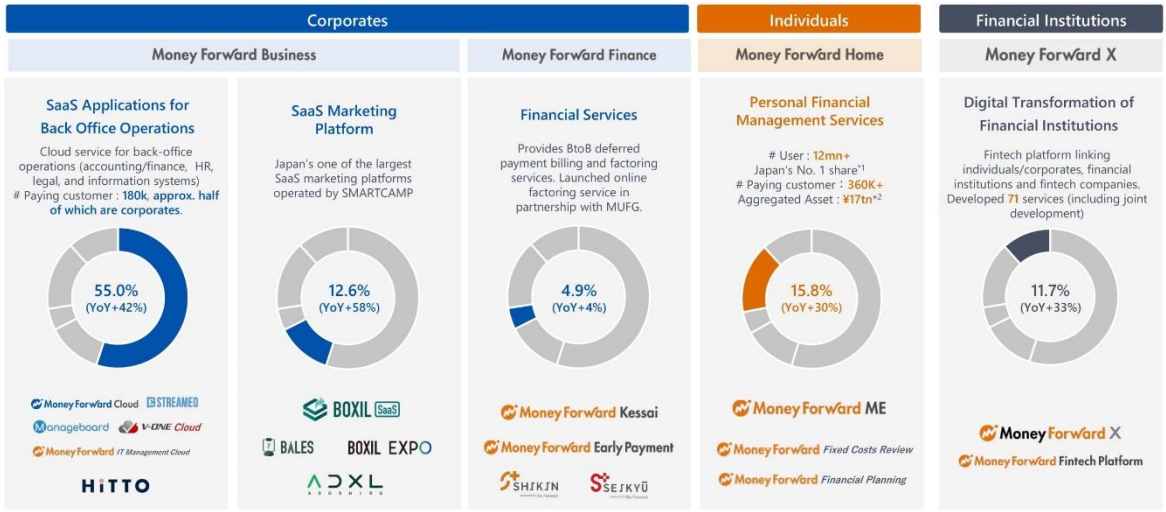
1 of its businesses is Money Forward Kessai, a B2B invoicing and settlement BPO service, ranging from credit to invoicing and collection.

The other business is Money Forward Early Payment, which is an early payment service for accounts receivable, and sales are mostly booked as 1-time revenue.

In addition to the tighter credit controls that we enforced, we launched a JV with Mitsubishi UFJ Bank, called Biz Forward. We have started to put efforts into providing both services -- Kessai and Early Payment -- mainly to the corporate customers of Mitsubishi UFJ Bank. We hope to put the Finance domain back onto a solid growth trajectory, driven by these businesses.

That covers the full-year highlights.

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




* Graph shows the proportion of FY11/21 revenue. Paying customers and revenue does not include those of HiTTO Inc.
*1 See P.108 for details. *2 As of Nov 30, 2021. Total amount of financial assets that is aggregated in *Money Forward ME* and white-label services for individuals provided by Money Forward X.

Next, I will go over our growth strategy.

Money Forward has 1 of the largest user bases and offers 1 of the broadest product lineups in Japan in the SaaS and Fintech fields.

Here is a breakdown of consolidated net sales.

The sales weighting of SaaS applications for back-office operations is about 55%, up 42% YoY; 12.6% for SMARTCAMP, a SaaS marketing platform, up 58% YoY; 4.9% for financial services, up 4% YoY; 15.8% for individuals, up 30% YoY; and 11.7% at Money Forward X, for financial institutions, up 33% YoY.

## Growth Strategy




Our growth strategy consists of 4 parts.

First, we will develop a superior back-office SaaS platform with a differentiated go-to-market strategy. Second, we will explore multiple avenues for future growth with significant synergies. Third, we will execute a disciplined M&A strategy with a proven track record. Fourth, we will leverage our existing assets to create new opportunities and develop new products.

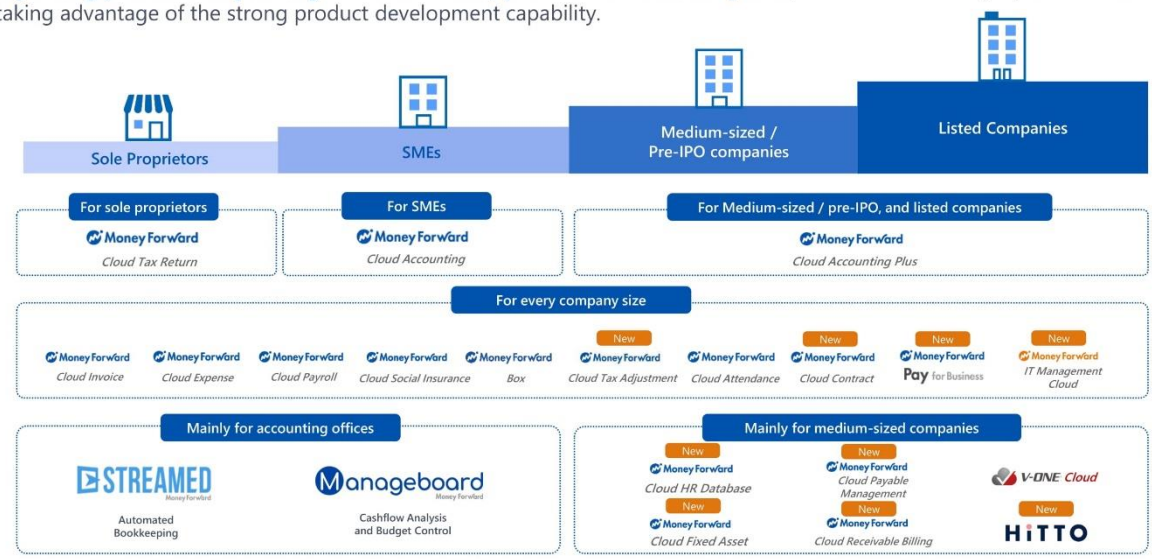
These are our 4 major growth strategies. I will go over each strategy.

Business domain

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## 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.




* "New" indicates products that were either released in FY11/21 or developed by a company that joined Money Forward Group in FY11/21 (as in the case of *HiTTO*).

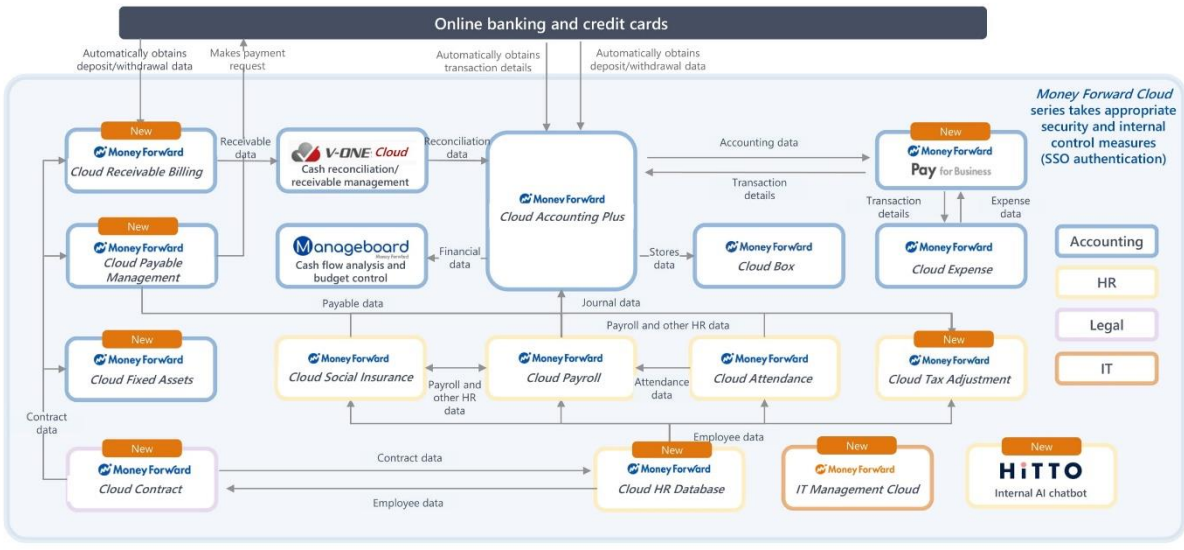
First, in terms of building a superior back-office SaaS platform with a differentiated go-to-market strategy, the offerings marked as “New” are services released within that past year.

I believe it was positive news over the last year that we have realized a broad service lineup, especially for medium-sized companies, in part due to a significant improvement in our development capabilities.

Business domain

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## Product Lineup that Covers the Four Back-Office Areas of Accounting, HR, Legal, and IT




* "New" indicates products that were either released in FY11/21 or developed by a company that joined Money Forward Group in FY11/21 (as in the case of *HiTTO*).

In total, there are 4 fields of back-office services we offer to medium-sized companies. As shown in the index on the right, they are color-coded as blue for accounting, yellow for HR, purple for legal, and orange for IT.

Major progress has been made in our accounting products, especially in Accounting Plus, and our lineup has been solidified in terms of HR, legal, and IT services.

Business domain



## Added Value Through Continuous Product Enhancements (1 / 2)

**Speedier processing of trial balance**

Money Forward Cloud Accounting



**Significantly improved processing (display) speed of the frequently used "Trial Balance" screen.**
Also planning to improve processing speed of other screens.

**Covers pages 3 and 4 of the final tax return form**

Money Forward Cloud Tax Return




Additionally covers the Separate Taxation Form and Case of Loss Form (pages 3 and 4 of the final tax return form).

I would like to introduce the added value that are the most representative of our day-to-day efforts to make improvements in response to user needs.

First, we have improved the processing speed of the “trial balance” screen. A major issue has been the slow response in the Cloud compared to downloaded files, even after 8 of 9 years since the software’s release. Significant improvements were made to this processing speed, an issue we had worked on for many years. This major update was also received very well by our tax accountant clients.

Another improvement has been the support for cover pages 3 and 4 of the final tax return form. This allows our software to be used for the Separate Taxation Form and Case of Loss Form.

## Added Value Through Continuous Product Enhancements (2 / 2)

### Added customized formula in payroll calculations

Money Forward Cloud Payroll




Enables setting up flexible formulas using if statements, rounding, and the four basic arithmetic operations to calculate monthly, daily, or hourly salaries, thereby accommodating various work styles.

### Added aggregation function for attendance

Money Forward Cloud Attendance Money Forward Cloud Payroll




Enables creating items related to attendance, such as the number of commutes to the office, or the number of office cafeteria lunches, and aggregating such numbers. The aggregated number can then be linked to *Money Forward Cloud Payroll* and reflected in payroll calculations.

We also made improvements to payroll calculations.

This may not be something most people are familiar with, but there are diverse formulas used to calculate payrolls in Excel. We added customized formulas that enables flexible settings.

Developing this feature required 4 years and we are glad to be finally releasing it. We believe this upgrade has truly made Money Forward Cloud Payroll the Number 1 Cloud payroll service in Japan.

Money Forward Cloud Attendance has also been upgraded through the flexible aggregation of optional items, which are required for the calculation of detailed items, such as the number of times in attendance or the number of lunch box orders made, depending on the needs of various companies.

Business domain

39

## 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<br>Accounting / Invoice / HR etc.<br>STREAMED<br>Cloud-based Bookkeeping Service | Money Forward Cloud<br>Accounting / Invoice / HR etc. | Money Forward Cloud<br>Accounting Plus / Invoice / Payroll / Expense / Contract<br>V-ONE Cloud<br>Cash Reconciliation and Receivable Management<br>HiTTO<br>AI Chatbot for Employees | Money Forward Cloud<br>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 / Admin Dept / Sales Dept | Sole Proprietors / Accountants |
| ARPA*1 | | JPY 83,281 | | JPY 11,523 |

*1 As of Nov 30, 2021. *HiTTO* is not be included in ARPA because its consolidation will start in January 2022.

In addition to making various product improvements in this manner, we will implement an effective go-to-market strategy. We will deploy sales strategies that are tailored to each user segment.

Business domain

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## 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.

What makes us unique is the modularization of Cloud-based ERP services, whereby customers can choose only the functions they need. The following are our 3 features.

First, we have a wide-ranging product line-up. We believe our product line-up is the best in Japan. On top of that, it enables the integration of each function separately through API, enabling phased or partial

implementation. Lastly, our product is highly scalable, and we are actively working to integrate our services with that of other companies. The popularity of our product has largely been due to this scalability.



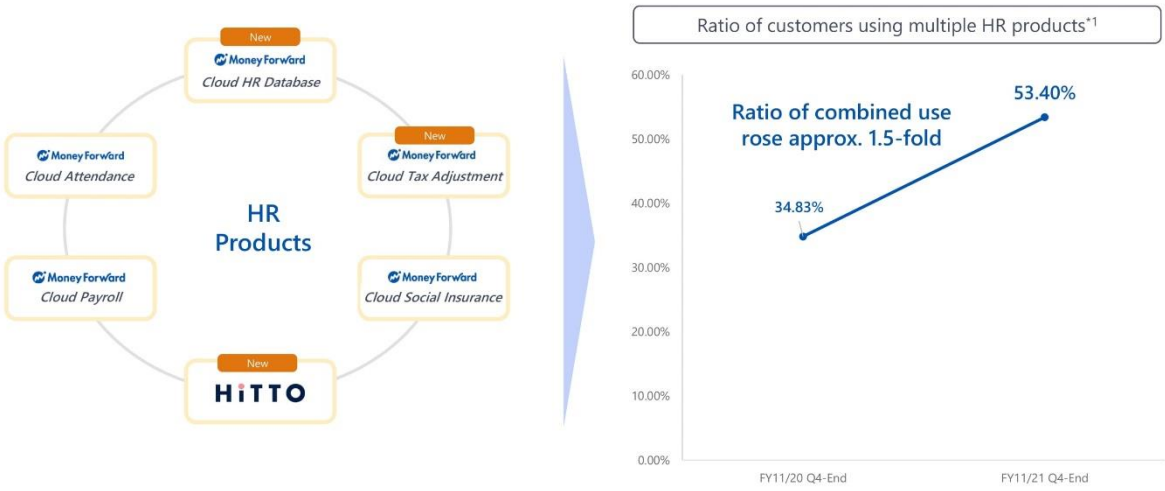

Each time during these meetings, I mention that we have strong partnerships with accounting firms. Out of the top 100 accounting firms in Japan, which is based on the number of employees, 70% have adopted our Cloud accounting service. Many new corporate clients are now interested in a Cloud solution, leading to the acquisition of clients by accounting firms.

Business domain



## ARPA of Medium-Sized Companies Rose by Enhancing HR Product Lineup and Linkage

The ratio of customers using multiple HR products*1 **increased some 1.5-fold YoY**.




*1 Among users of *Money Forward Cloud Payroll*, the percentage of those who also use other *Money Forward Cloud* HR products (*Attendance*, *Social Insurance*, *Tax Adjustment*, or *HR Database*). Does not include *HiTTO*.

In the HR field, what started out as a payroll service has now expanded to attendance and social insurance. In addition, 3 new products were added last year, including HR database, tax adjustment, and HiTTO, which joined the Group.

As a result, the core service is payroll, but a growing number of customers is combining the use of multiple offerings. The ratio of combined use increased by approximately 1.5 times, with 53% of customers using multiple HR products.

Most of these customers are only using 2 products out of the 6 products at present, meaning that there is still significant room for improvement in ARPU.

Business domain



## Airing TV Commercials for *Money Forward Cloud* from January 14, 2022

"Accounting Work"




"Payment Work"




"Expense Claim Work"




"HR Work"




"Contract Work"




"ERP"




Next, we started a new commercial from today. I would like to take this time to show the commercial. It's about 3 minutes.

[Video Begins]

**Company Representative:** Money Forward. Buried under a mountain of paperwork and a sea of data, I entered the data manually today, taking care not to make any inaccuracies in the journal entries. Tomorrow will be another day of manual data entry. Nowhere near telecommuting. That's the fate of accounting. But Cloud computing can help. Sales and expenses are automatically entered and sorted. Online work also allows for telecommuting. Money Forward Cloud.

Money Forward. Disorderly invoices! Disparate forms for each company! Deadlines approaching. My heart is racing! Payment approvals needed within 3 days. I need a seal, but the manager is out. Under pressure. Oh! No! The cloud can help with that problem. Automatically convert disparate invoices into data. The approval flow is also crisp and clear in the system. Money Forward Cloud.

Money Forward. Don't forget to attach the receipt! No! Entertainment expenses without the number of people cannot be processed! I hate to say it, but you must meet the deadline. That's the rule for reimbursement. Don't call me a picky woman. But Cloud computing can help. Automatic input and checking functions drastically reduce incomplete content and make online communication smoother. Money Forward Cloud.

Money Forward. Omissions on entry forms. Year-end adjustment and insurance premium errors. Oh, the depressing revision process. Everyone makes mistakes, but in HR, errors are unacceptable. But Cloud computing can help. The collection of documents is also completed online. Input guidance reduces mistakes. Money Forward Cloud.

Money Forward. Every time you sign a contract, you print, seal, mail, and sign. Documents piling up, impatience growing. Oh, the dream of telework, far away. But Cloud computing can help. All contracting work is done electronically. Dramatically reduces costs and time and allows for telecommuting. Money Forward Cloud.

Money Forward. ERP! The cost of replacing the whole system is too large. ERP! Workers would struggle if the whole system were replaced. The hurdle to a complete switchover in payroll, HR, and accounting is high. No support for partial installation? Inflexible and difficult to use. I'm working late again tonight! Overnight work! The Cloud can help you with your problems. Can be installed in order of required functions. Dramatically improve business flow at low cost. Money Forward Cloud.

[Video Ends]

**Tsuji:** Thank you. What did you think?

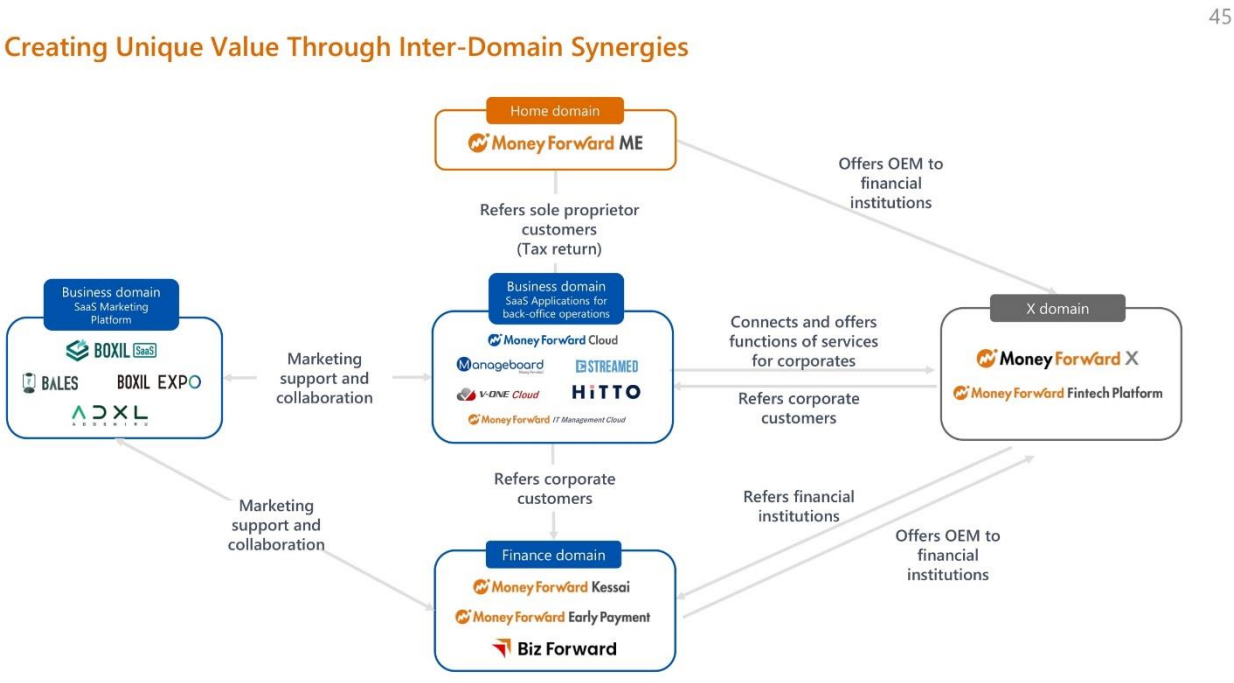
We wanted to reflect the insights we received from users to create a commercial that promotes our product as a solution to their pain points. Commercial can often be ignored, so we wanted visuals that would leave a strong impact, though not to the extent of being crude, to build an appropriate brand image of Money Forward.

We understand that hiring celebrities is effective, but that would also result in contractual obligations, such as being able to air the commercial on YouTube for a certain period. That would prevent us from turning the commercial into an accumulative asset, and that's why it's designed to be like a puppet show using puppets.

There are various themes we are tackling behind the scenes and improvements are being made with specific aims for each commercial. The latest commercial will be aired starting today in January. The first quarter is when the number of users growth most, not only for PFM but also for tax returns by sole proprietors. We will be making solid investments in Q1 as it is an important period to invest in customer acquisition.

I hope you will share this commercial with your acquaintances, too.

That covers the first growth strategy.

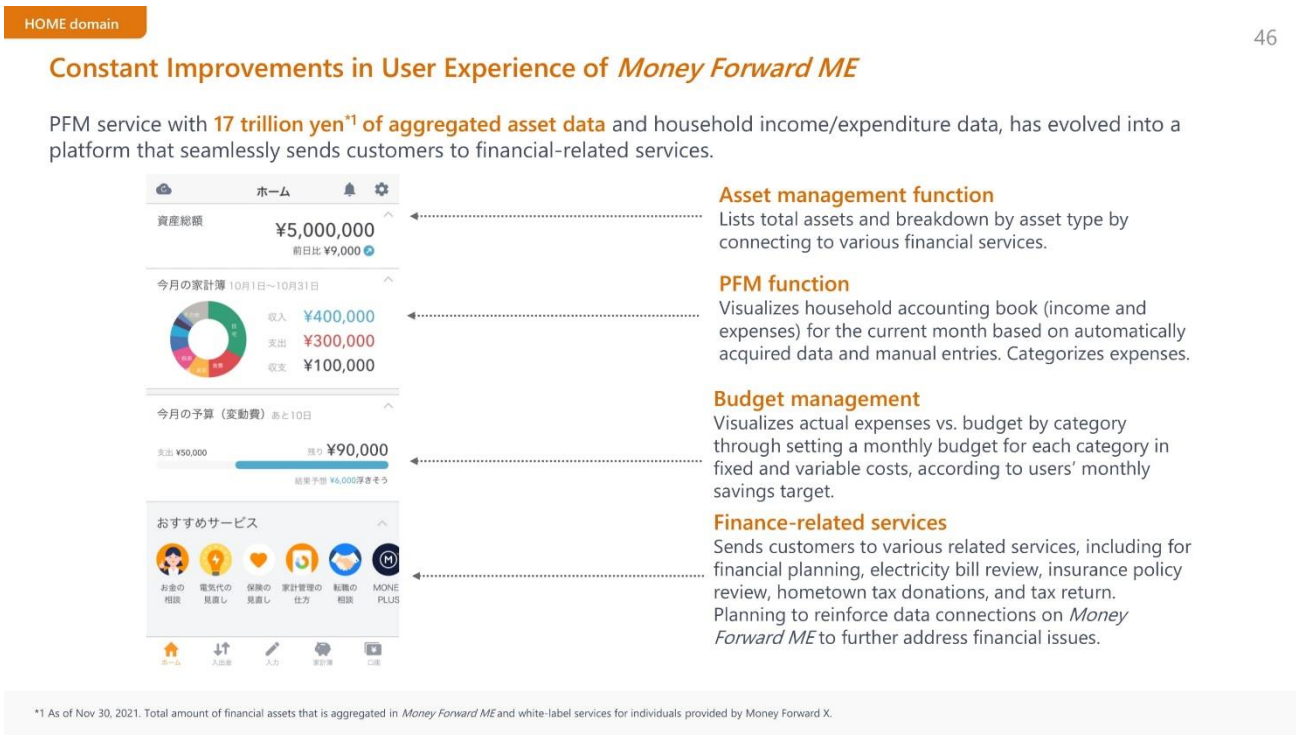



The next growth strategy is about synergies.

Rakuten and other mega ventures have expanded their businesses through inter-domain synergies. We also have services across multiple domains, which target individuals, corporates, and financial institutions, and we are focusing on producing synergies between each domain.

In the Home and Business domains, we started offering tax return services for sole proprietors to ME users from last year to fully utilize our existing user base. We also provide services originally under Money Forward ME to financial institutions on an OEM basis in the Money Forward X domain.

In the Business and X domains, we have integrated corporate services to mutually refer corporate customers, and we are also working on referring corporate users to the Finance domain. We have started working on creating inter-domain synergies in various ways.




In the Home domain, we have been making constant improvements to the UX of Money Forward ME.

The registered asset data of ME users has swelled to JPY17 trillion. We intend to evolve into a platform that realizes the seamless referral of customers to financial-related services using household income and expenditure data as a starting point.

As you can see here, ME now includes an asset management function, PFM function, budget management, and finance-related services at the very bottom under recommended services. These links refer customers to related services such as Okane no Soudan, or FP consultation; electricity bill review; insurance review; hometown tax payment; and tax return filing.

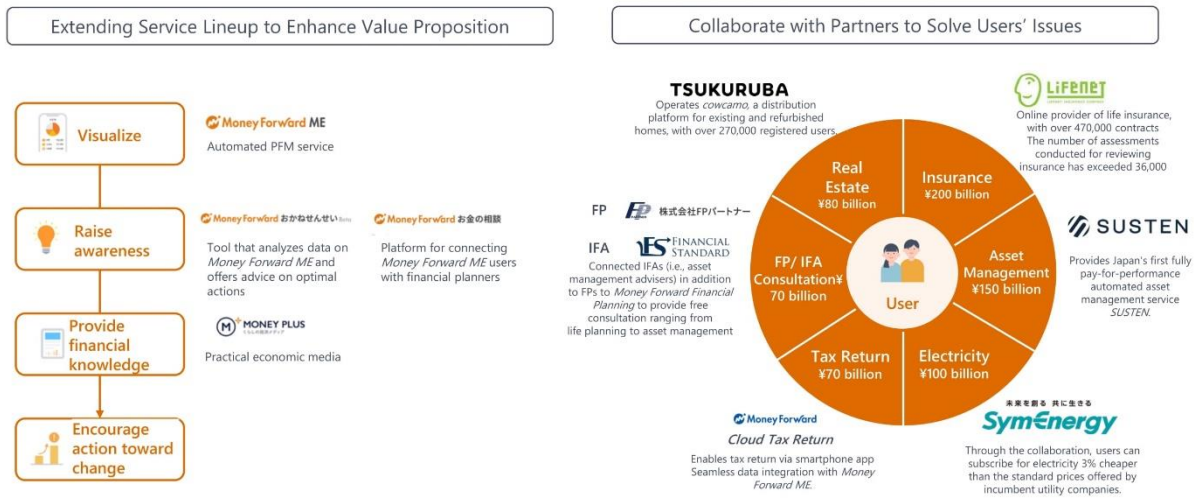
In the future, we would like to strengthen the data linkage with Money Forward ME to provide more personalized solutions to issues.

HOME domain



## Expanding the Values to Provide and Encouraging Actions to Resolve Issues

Expanded its service area and TAM to over **800 billion yen**[*1], aiming to solve financial issues of users.




*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.

Next, this is our strategy in the Home domain.

As I mentioned in the previous quarter, we are moving forward from the value of visualizing money to providing awareness, learning, and action for improvement.

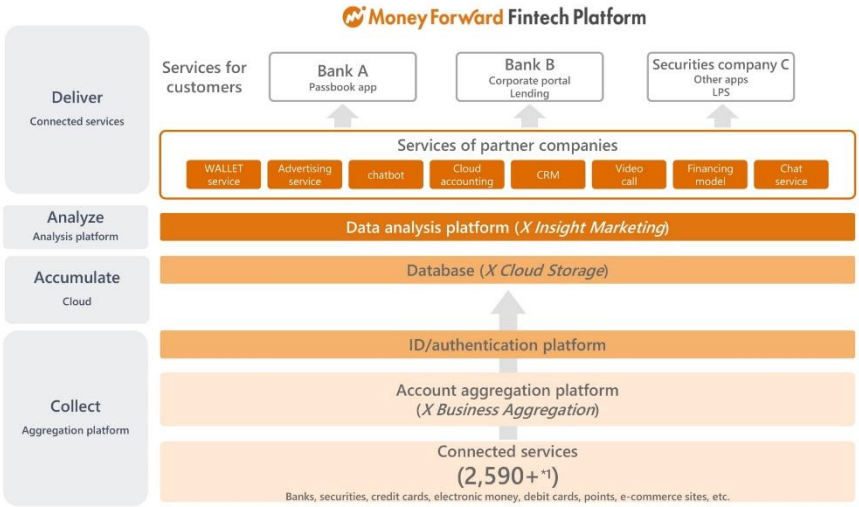
To achieve this, it is difficult for us to do it alone, so we are promoting collaboration with our partners. We are promoting discussions with partners in the form of Lifenet Insurance and Tsukuruba on the right, susten for asset management, electricity, tax returns, and FP.

X domain

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## Driving Digital Transformation of Banks and Their Customers via *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.




*1 As of December 31, 2021.

Next, this is our strategy in the Money Forward X domain.

In X, we have created a Fintech platform, which includes ID/authentication and database based on linked services and account aggregation infrastructure. We have created a data analysis platform called X Insight Marketing to provide each customer with a data analysis platform.

On top of this foundation, we will provide services to banks by collaborating with various partners, such as a passbook application, a corporate portal, lending, or an LPS for securities companies. We will provide such life plan simulations.

X domain



## Shift to a Revenue Structure Centered on a Recurring Model

To sustain high growth, we aim to raise the share of services for corporates among total net sales to **over 30%** (was 10% in FY21), and share of recurring revenue to **over 60%** (was 36% in FY21) by FY24.

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, Nishi-Nippon City Bank, Senshu Ikeda Bank, and San-in Godo Bank(New!)



### BFM

**(Business Financial Management)**

Service for corporate customers of financial institutions

**Advantages for financial institutions:**

- 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, and Tama Shinkin Bank(New!)



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 :**

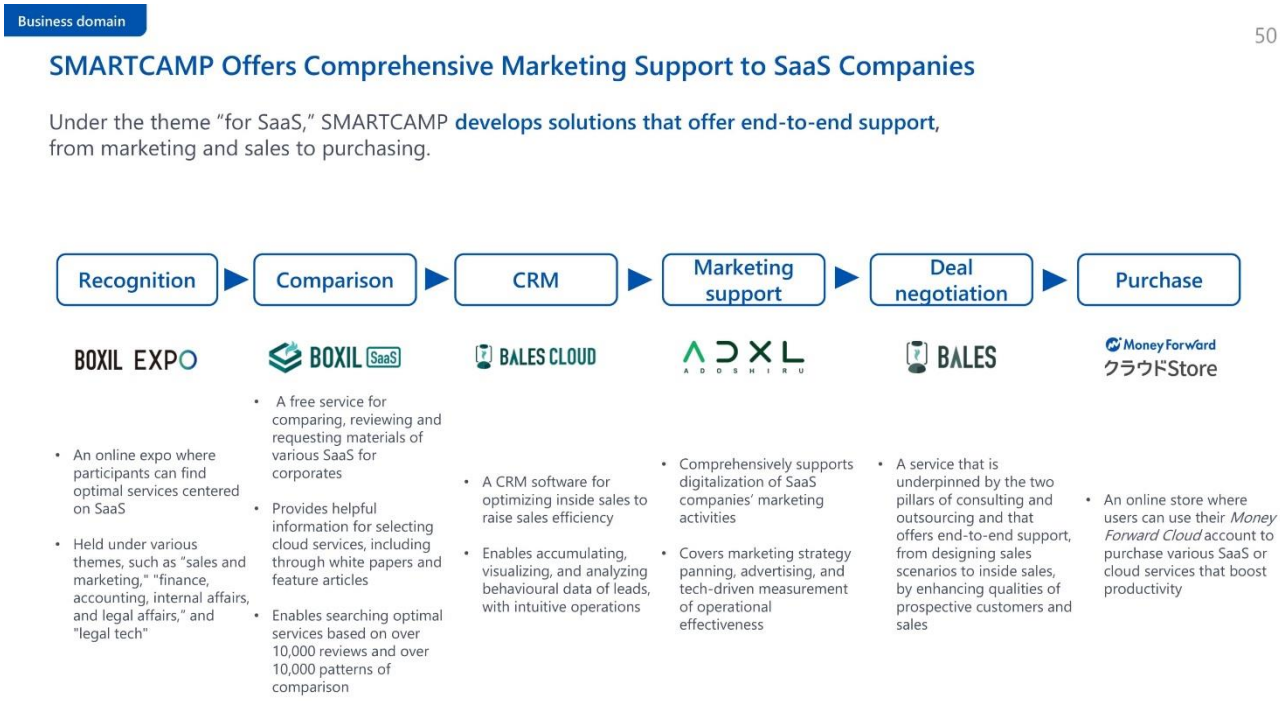
- Corporations and sole proprietors who do not have an account with the Bank of Fukuoka can apply for loans.
- Businesses will be able to raise their funds smoothly online.

**Client:** Fukuoka Bank 福岡銀行




While providing these services, our strategy is to change our sales portfolio by further strengthening our DX solutions for corporate customers.

We aim to raise the share of services for corporates among total net sales to over 30% by FY2024, from 10% in FY2021, and share of recurring revenue to over 60% from 36%. We aim to evolve into a BaaS business model and are making efforts toward this end.




Returning to the Business domain, the concept under which SMARTCAMP operates is "for SaaS," meaning that it aims to support SaaS startups that still do not have the resources to conduct marketing on their own. Awareness-raising can be done through exhibiting at BOXIL EXPO, comparisons can be made on BOXIIL SaaS, and customer management can be done with BALES CLOUD.

In addition, marketing support is offered through our new company, ADXL, deal negotiations or inside marketing are supported by BALES, and purchases can be made on Cloud Store.

In this way, SMARTCAMP offers an end-to-end solution for SaaS startups, resulting in robust growth.

Business domain

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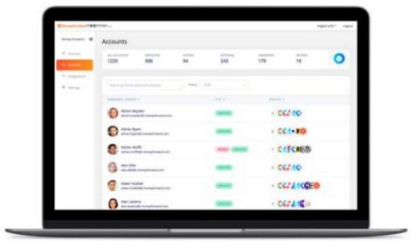
## Released *Money Forward IT Management*

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.

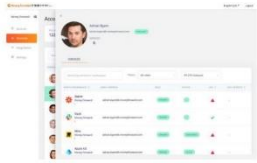
Money Forward

*IT Management Cloud*

Connects with 100+ services and centrally manages companies' internal systems



### 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 in this year)
- Automates account creation and deletion (to be released this spring)

### 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.

A new service that we released in the Business domain is Money Forward IT Management Cloud, which reduces unnecessary management cost of SaaS and prevents overlooking of shadow IT.

That covers the first 2 strategies.

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## Our M&A Strategy and Track Record

| Business Area | Strategy | Track Records |
|---|---|---|
| Business / Back-office SaaS | 1 Expansion of Product Line-up<br>● Upsell products to existing customers (accounting firms and corporates) for ARR expansion<br>● Expand range of best-in-class solutions to further enhance line-up to medium to large-sized/pre-IPO companies and listed companies | STREAMED (Nov. 2017)<br>Manageboard (Jul. 2018)<br>V-ONE Cloud (Oct. 2020)<br>New HiTTO (Dec. 2021) |
| | 2 Expansion of TAM(Geographical Expansion)<br>● Access to cloud back-office SaaS market in SEA | mekari Multiple follow-on investments since January 2018.<br>New FLOWACCOUNT.COM (Jun. 2021)<br>New Bizzi (Sep. 2021)<br>* We hold minority stakes in Mekari, FlowAccount, and Bizzi. |
| Business / SaaS Marketing | 3 Expansion of TAM(Business Area Expansion)<br>● Enter SaaS marketing business which has large market potential | BOXIL SaaS (Feb. 2020) |

The third strategy is to execute a disciplined M&A strategy.

There are 3 sub-strategies within this M&A strategy, the first of which is to expand our product line-up. We are working to expand our product line-up to upsell products to existing customers for ARR expansion. Our

track record has been the most extensive in this strategy, with the acquisition of STREAMED, Manageboard, V-ONE Cloud, and HiTTO.

The second sub-strategy is geographical expansion. Challenges abound when Japanese people try to sell products to local customers, so we are working together with excellent partners in Southeast Asia, including Mekari in Indonesia, FlowAccount in Thailand, and Bizzi in Vietnam. They are the Number 1 company in Cloud accounting services in their respective countries, and our partnership with them will be strengthened further.

The third sub-strategy is to expand TAM, that is, expand our business area. Our track record so far has been the acquisition of SMARTCAMP to enter the SaaS Marketing business.



## Implementing Strategic and Disciplined M&As

Mainly in Business domain, acquired companies with sustained growth rates, at a disciplined PSR level of 8.0x or less*1.

| Company/ service | MF ownership ratio/acquired period | Share value | Net sales growth rate at time of acquisition*2 | Products | Strategic positioning |
|---|---|---|---|---|---|
| Klavis STREAMED | 100% November 2017 | ¥0.8 billion PSR 8.0x | + 400% | Automated bookkeeping service for accounting firms | Enhance product lineup |
| Knowledge Lab Manageboard | 51.4% July 2018 | ¥0.2 billion PSR 5.4x | #N/A *Started developing and selling *Manageboard* after acquisition | Cloud business management software | Enhance product lineup |
| SMARTCAMP BOXIL SaaS | 100% February 2020 *3 | ¥3.4 billion PSR 5.7x | + 121% | Online SaaS marketing platform | Expand TAM (business coverage) |
| R&AC V-ONE Cloud | 12.3%→100% October 2020 *4 | ¥1.8 billion PSR 5.3x | + 32% | Receivable and reconciliation software | Enhance product lineup |
| HiTTO HiTTO | 100% December 2021 | ¥2.0 billion PSR 6.3x | + 39% | Internal AI chatbot | Enhance product lineup |

*1 We calculate PSR as the ratio of the total equity value based on the total transaction consideration paid to last full fiscal year of revenue as of the year of acquisition announcement of the majority stake. PSR for HiTTO is calculated based on net sales from HiTTO business only. Total consideration includes stock acquisition rights.
*2 The year-on-year growth of the last full fiscal year of revenue as of the date of acquisition of the majority stake versus the previous fiscal year. *3 We acquired a majority stake in Nov. 2019 then converted to a wholly owned subsidiary in Feb. 2020 *4 We acquired a majority stake in Aug. 2020 then converted to a wholly owned subsidiary in Oct. 2020.

This is a slide that we are disclosing for the first time.

A crucial part of our goal to implement strategic and disciplined M&A is to acquire companies at an appropriate valuation, assigning a share value with a P/S ratio that is no higher than 8 times.

## Continued Growth of Companies After M&A (Joining Group)




* FY11/19 full-year results of SMARTCAMP are the sum of monthly sales from December 2018 to November 2019, based on the results for FY03/19 and FY03/20.

In addition, the growth of these companies should be faster after joining the Group. All efforts will be made on our end to ensure that they growth at an accelerated pace after joining the Group.

R&AC is excluded on this table because it has only joined the Group recently, but as you can see here, powerful growth has been realized at Klavis, Knowledge Lab, and SMARTCAMP. The management teams are committed to Group-wide management and contributing greatly to the Group's growth.



## Announced an M&A of HiTTO, a Provider of AI Chatbots for Employees, in November 2021

Profit and Loss [*1] is to be consolidated from January 2022. Aim to cross-sell to existing customers.

| 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[*1] | Net sales 318 million yen,<br>Operating income 114 thousand yen<br>(Fiscal year ending Feb. 2021) |
| Amount of capital | 100,775,310 yen |
| Business | Development and sales of HR AI chatbot *HiTTO*<br>(Provided since 2017) |

HiTTO




Synergy created by the acquisition

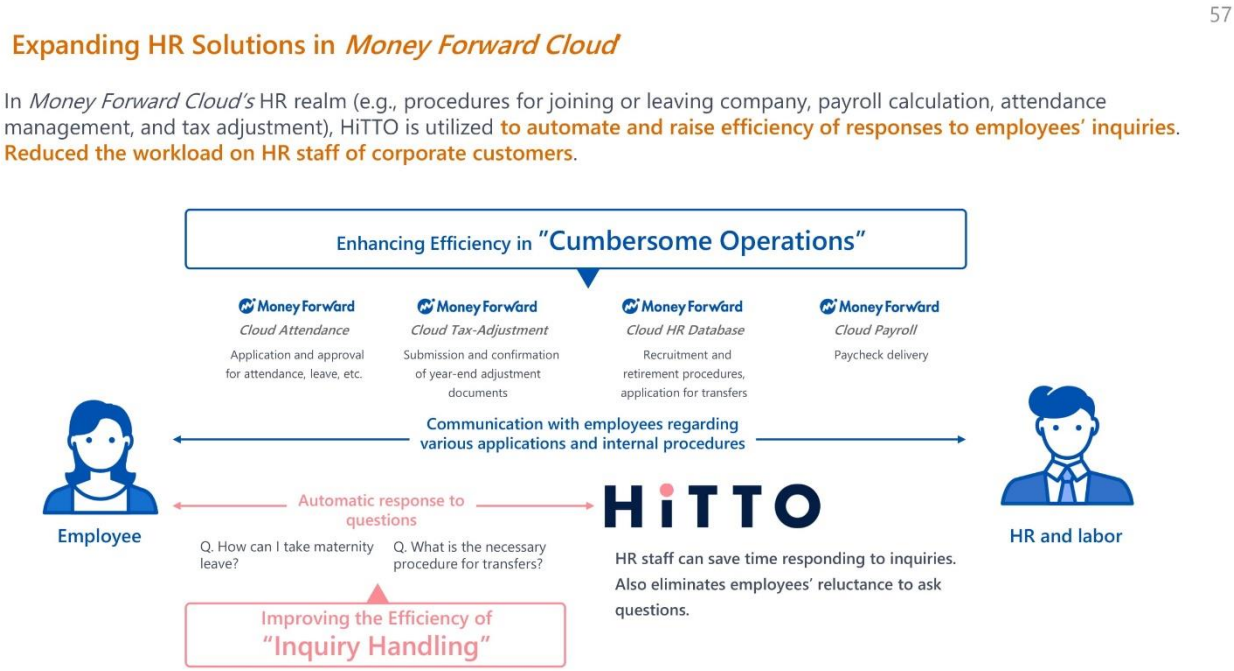
1. Enhancing the user experience through service integration
2. Promotion of cross-selling
3. Expansion of *HiTTO* into areas other than HR

*1 Balance Sheet is consolidated from December 2021. Net Sales from HiTTO business only. Total net sales including business that have since been transferred was ¥ 322 million.

In November, we announced the acquisition of HiTTO Inc., a provider of AI chatbots for employees. The details are shown here.

In FY2/21, net sales were JPY318 million, and operating profit was JPY114 million.

We see HiTTO's business as being highly complementary with Money Forward, with Group synergies such as enhancing the user experience through service integration, promotion of cross-selling, and expansion of HiTTO into areas other than HR.




Money Forward Cloud services range from HR, attendance, year-end adjustment, HR database, to payroll. In many cases, employees in charge of each separate function contact the HR representative about things they do not know regarding applications.

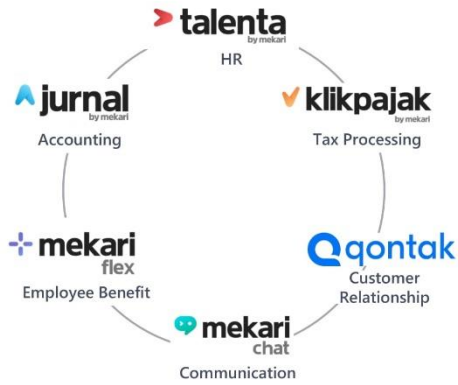
There is a great need to automate this process with AI chatbots, and we think that adding HiTTO's products to each of these products will create a lot of value. We think it's a very compatible and synergistic service.

## Reinforced Partnership with Mekari*1, One of Indonesia's Largest SaaS Firms

**Company Overview*2**

| | |
|---|---|
| Group Name | Mekari*1 |
| CEO | Suwandi Soh<br>Founder and CEO |
| # Paying Customers | 14,000+ |
| # Employees | 500+ |
| Accumulated Investment by MF | USD28.23mn |
| Our Ownership Ratio | 29.49% |
| Our Voting Rights Ratio | 14.96% |
| Other | Yosuke Tsuji (Money Forward CEO) serves as a director |

**Service Offering**




*1 "Mekari" is brand name of the group. We hold shares of SLEEKR PTE. LTD. which is the holding company registered in Singapore.
*2 As of Dec 31, 2021. Number of paying customers and employees are as of May 31, 2021.

Next is the second sub-strategy.

We aim to strengthen our partnership even further with the largest SaaS provider in Indonesia, Mekari.

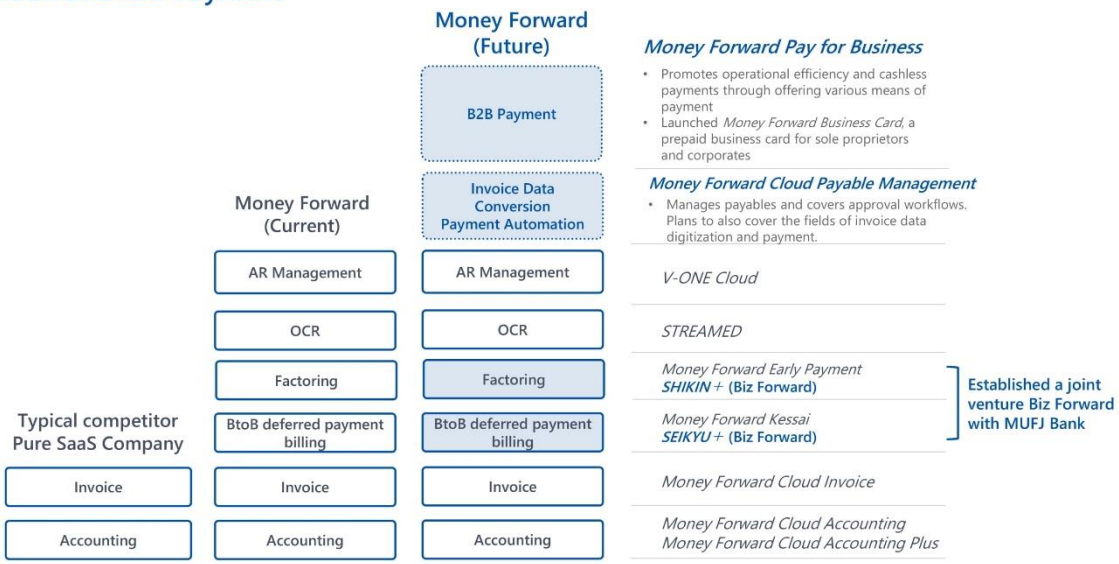
Our equity share is a little less than 30%. Mekari is the Number 1 provider of various SaaS services, including accounting, HR, tax processing, CRM, employee benefit, and internal communication.

I serve as an Outside Director. I believe it is a very good company based on our discussions. The company is led by an excellent CEO, Suwandi Soh.

Business domain



## Extended SaaS and Fintech Field to Invoice Data Conversion/Payment Automation and B2B Payment




Lastly, our strategy is to leverage existing assets to create new opportunities.

As I have said in the past, I think there is a lot of potential in this area of SaaS x Fintech to improve the user experience.

As you can see, we started with accounting and invoicing, and based on that, we established a joint venture with Mitsubishi UFJ Bank to provide new funds to existing customers for Money Forward Early Payment and Kessai.

In addition, our business includes OCR, cash reconciliation management, and deferred payment billing.

Based on that foundation, we will enter the invoice data conversion and payment automation fields through money Forward Cloud Payable Management.

On top of that, we will be handling B2B payments through Money Forward Pay for Business. We announced the rollout of prepaid cards, which we will expand going forward.

We are making efforts to enhance the added value to users.

Business domain



## Providing *Money Forward Business Card* to Cover the Payment Area

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.

As explained last time, these business cards are extremely convenient ways to settle payments without credit screening. Payments of up to JPY50 million can be made per transaction, and the payment data can be integrated in real-time.

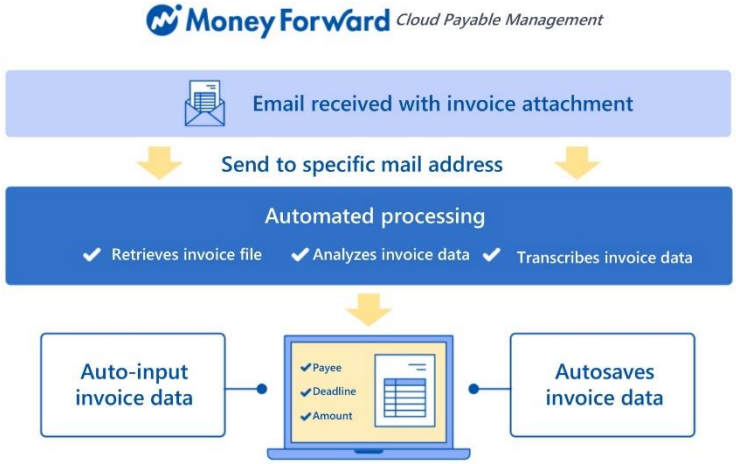
We also plan on officially releasing a deferred payment function in the winter, with a rebate of 1% to 3% of the settlement amount as Money Forward points. User incentives in the form of points are likely to be highly effective.

Business domain

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## Added Automatic Loading of Emailed Invoices in *Money Forward Cloud Payable Management*

Leveraging AI-OCR originating from our proprietary AI analysis engine, automatically saves and populates data of PDF format invoices received via email.




Next, we added the automatic loading of emailed invoices in Money Forward Cloud Payable Management.

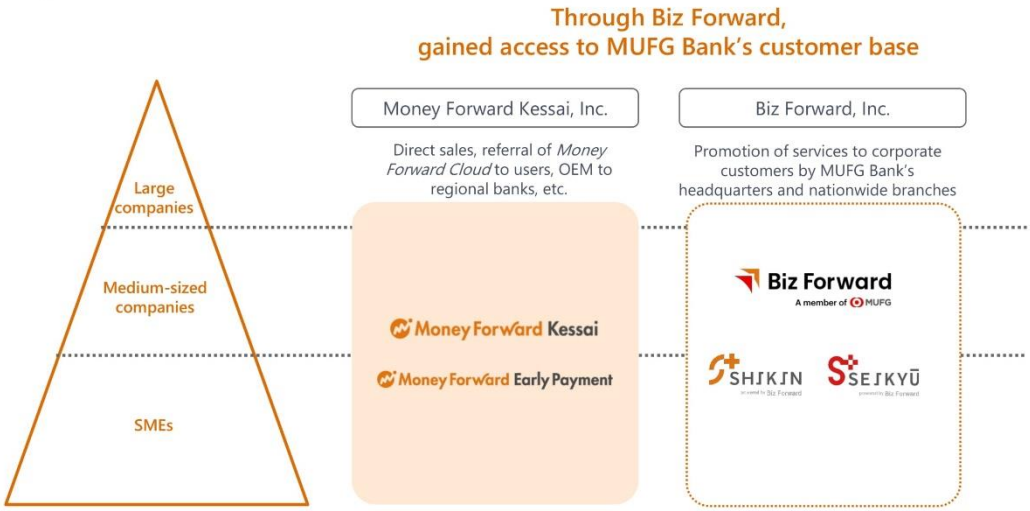
Several other companies have also developed Cloud-based invoicing services. Our service allows users to receive invoices by e-mail, which will then be converted to data automatically with AI-OCR. The automatically processed invoice data is then automatically saved through our technology, which was developed at Money Forward Lab. We hope to start offering this function to customers.

Finance domain



## Established Joint Venture Biz Forward, Inc. with MUFG Bank, Ltd.

Reinforced offering of online account receivable financing, and invoicing and settlement BPO services catered to MUFG Bank's corporate customers.



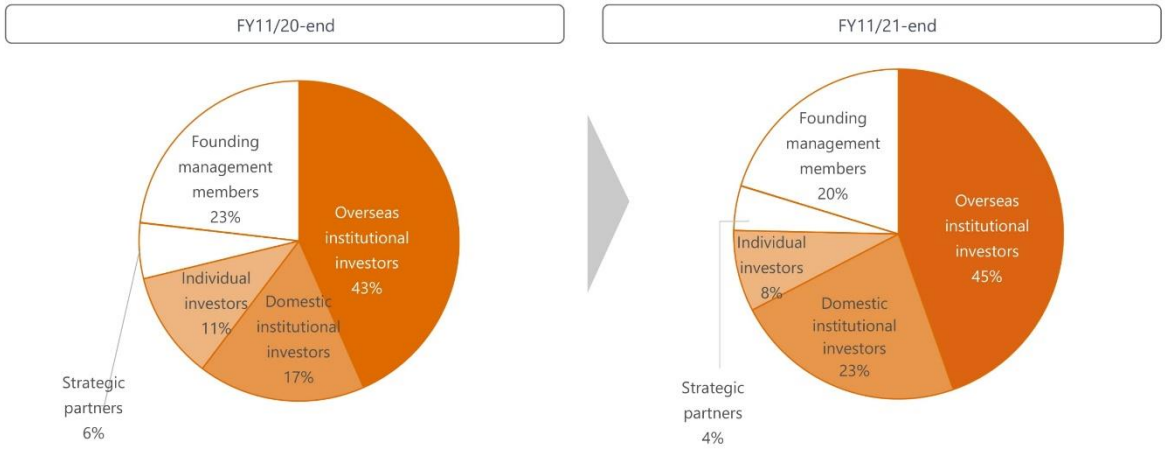

* Shareholders are Money Forward, Inc. (51%) and MUFG Bank, Ltd. (49%). As of the end of Nov. 2021.

As mentioned earlier, we have partnered with Mitsubishi UFJ Bank in the Finance domain, and we will be expanding our collaboration.

That covers my explanation for each domain.

## Shareholder Composition

After changing its market to the First Section of the Tokyo Stock Exchange and the International Offering, the ratio of institutional investors(total of overseas and domestic investors) increased from 60% to 68%.
We have selected the Prime Market in the new market segmentation of TSE, which was announced by TSE on January 11, 2012.
We are scheduled to move to the Prime Market on April 4, 2022.



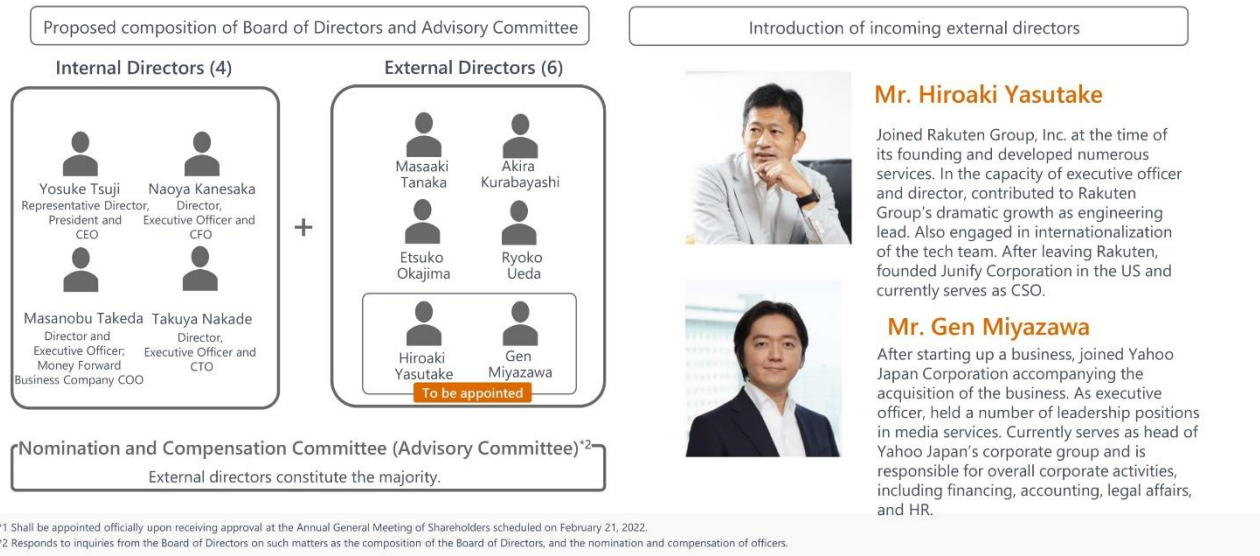

Next, I will go over our other strategic initiatives.

As for our shareholder composition, institutional investors in Japan and abroad now account for 68% of the total, up from 60% in the previous fiscal year-end.

Also, as announced by the TSE on January 11 this year, we decided to move to the Prime Market on April 4.

## Mr. Hiroaki Yasutake and Mr. Gen Miyazawa to Be Appointed as External Directors*1

Fortifying our management structure by welcoming Mr. Yasutake and Mr. Miyazawa, who both have experience managing mega ventures*1. External directors constitute the majority.



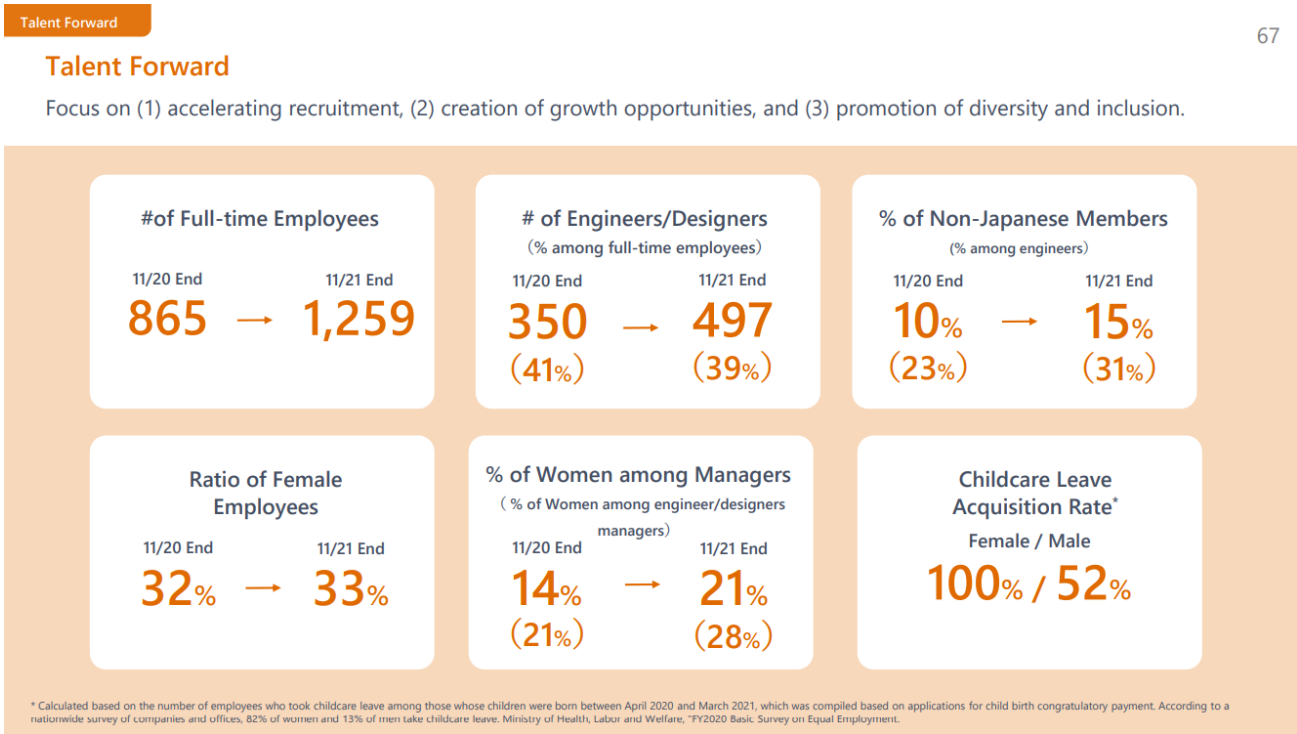

*1 Shall be appointed officially upon receiving approval at the Annual General Meeting of Shareholders scheduled on February 21, 2022.
*2 Responds to inquiries from the Board of Directors on such matters as the composition of the Board of Directors, and the nomination and compensation of officers.

Next, we have added new members to the management team.

Mr. Hiroaki Yasutake is the former CTO of Rakuten, and Mr. Gen Miyazawa is currently the youngest executive officer and director of Yahoo!. By having them join us as Outside Directors, we hope to further expand our business globally and develop into a mega venture, drawing on the wealth of experience that they possess.

We will continue to have 4 Internal Directors, and the number of Outside Directors will increase to 6. We hope to accelerate the next phase of our growth with this management team, premised on obtaining approval at the AGM.

In addition, the Nomination and Compensation Committee is managed by a majority of Outside Directors. Although we have made some major changes, these Outside Directors are playing leading roles in the committee.




Another new page that we have added to the disclosure is Talent Forward, where we have strengthened the disclosure of human capital.

We believe that further advancing the potential of our employees is the most important factor for the growth of a company. Under the concept of Talent Forward, we are focusing on 3 areas: accelerating recruitment, creating growth opportunities, and promoting diversity and inclusion.

As I mentioned earlier, the total number of employees has increased to 1,259, of which about 40% are engineers and designers. Engineers and designers are very important for a software development company, so we will continue to focus on hiring engineers and designers, even though the environment is becoming more difficult.

Also, the ratio of non-Japanese members has improved greatly. For the entire company, the percentage is 15%, but for engineers only, the percentage has increased significantly from 23% in the previous fiscal year to 31% at present.

In terms of diversity and inclusion, the ratio of female employees increased from 32% to 33%. The percentage of women among managers increased from 14% in the previous year to 21% company-wide. However, engineers tend to be men, and not many of them are women, so if we look at business professions only, the percentage of women among managers is 31%, almost the same as the percentage of female employees.

Childcare leave acquisition rate, which is a metric for inclusion, is another indicator that we consider to be very important. The female acquisition rate is 100%, while the male acquisition rate is 52%, and we intend to increase this rate further.

## (1) Accelerating Recruitment : Efforts to Attract Superior Talents

### Efforts to Enhance Recruitments

- Promote the employee referral program "GOEN"
- Increase blog posts by the members (450 posts per year)
- Selected as one of the "200 Companies to Watch for Students 2021"*
- Strengthen year-round recruitment of new graduates and global recruitment of new graduates
- Proactive hiring of non-Japanese speaking engineers
- U-turn and I-turn career change support (Fukuoka, Osaka, Kyoto, Nagoya, Tokyo)
- Promoting childcare leave by management
- Expansion of development bases in Japan and overseas. Actively recruit engineers in regional areas (Fukuoka, Kyoto, Nagoya, etc.) and overseas (Ho Chi Minh City, Hanoi)

"GOEN card" to promote referral hiring



Money Forward Official Blog



* No Company "No Company Announces Students' Hot Companies 2021" Based on SNS Data! "(November 9, 2021) https://prtimes.jp/main/html/rd/p/000000001.000089446.html

Allow me to go over each item, even though it may be a little detailed.

Our efforts to attract superior talents are wide ranging. We promote an employee referral program called GOEN. As you can see on the right side of the page, we distribute GOEN cards, and to promote a better understanding of our company, our members post about 450 blog posts a year.

As a result of these efforts, we were selected as 1 of the “200 Companies to Watch for Students 2021.” We are currently hiring new graduates and are receiving applications from very talented new graduates.

In addition, we are hiring new graduates all year round, strengthening global recruitment of new graduates, actively hiring engines who are non-Japanese speakers, and providing job change support for U-turn and I-turn employees, as we have offices in Fukuoka, Osaka, Kyoto, Nagoya, and Tokyo.

In addition, we have been promoting the use of childcare leave through communication by management. My co-founder, Taki, was also on childcare leave. We are also expanding development bases in Japan and overseas. We are actively recruiting engineers in regional areas and overseas.

Talent Forward



## (2) Creating Growth Opportunities for the Members : Establishing a Personnel System that Both Encourages Members' Growth and Retain Talents

### HR and training programs that encourage growth

- "Leadership Forward Program" for future managers led by the CEO and managements
- Implementation of challenging placement of employees through discussions on the development of next-generation leaders by the management team
- "MF Challenge System," an internal recruitment system to realize members' voluntary transfer requests
- Semi-annual "MF Group Survey," to understand members' satisfaction and career aspirations, and implement measures for improvement
- Strengthen the onboarding program

### Evaluation and compensation system

- 1-on-1 training and goal setting training
- Salary table revised upward
- Performance-based compensation for management*
- Increased employee stock ownership subsidy rate from 5% to 15%

"Leadership Forward Program"



* Management refers to internal directors and executive officers. As for internal directors, it will be formally introduced following approval of the election of directors at the annual shareholders' meeting scheduled for February 21, 2022.

Second, we are creating growth opportunities for members.

We believe it is important to establish a personnel and training system that truly encourages growth. I and the rest of the management team are committed to the growth of employees, such as by offering a Leadership Forward Program to members and promoting or transferring members through discussions.

We also have an internal recruitment system, the MF Challenge System, which allows members to voluntarily request transfers, and we conduct regular group surveys.

In addition, since we have a large number of mid-career hires, we are strengthening our onboarding program so that they can be active once they join our company.

In the area of personnel evaluation and compensation systems, we have started 1-on-1 training and training on goal setting. We have also revised the salary table upward every year. We adopted a performance-based compensation for management as pointed out by the Nomination and Compensation Committee. We have also introduced systems such as raising the employee stock ownership subsidy rate from 5% to 15%, at once.

## (3) Promoting Diversity and Inclusion : Provide a Comfortable Working Environment Regardless of Background or Life Stage

**Creating a work environment in which diverse members can play an active role**

- Unconscious bias training for management members
- Establishment of a global development team (e.g., Implementation of interpretation and translation)
- Congratulatory payment system*1 for all partnerships
- Expansion of the number of employees eligible for nursing and care leave
- Expansion of the employees eligible for nursing and care leave
- Introduction of short-time and flexible work hours (for members who are pregnant, raising children up to junior high school age, or have relatives who require support or nursing care)
- Initiatives to promote MVVC*2 (semi-annual group all-hands meetings, internal broadcast of managements' fireside chats , awards for those who embody the culture, etc.)

Group all-hands meeting




Blog about childcare leave for male members




*1 Congratulatory payments for all partnerships, including same-sex and de facto marriages.
*2 Mission、Vision、Value、Culture

The last point is the promotion of diversity and inclusion.

We believe it is very important to have people of all backgrounds transcending nationality to play active roles in the company. Unconscious bias is something that tends to exist among management members no matter how hard you try. Therefore, we try to identify what kind of unconscious bias exists among us, and how to respond to them.

We are working to create a culture that includes communicating in English to establish a global development team. We introduced a congratulatory payment system for all partnerships. But the most important thing is that we work to raise awareness of our mission, vision, value, and culture, and our efforts toward that end are being strengthened.

## Investor Day 2022

Investor Day 2022 will be held on February 28 and March 1, 2022. (Online, Conducted in English) The heads of each business domain as well as members in charge of public affairs, M&A, R&D, design, and HR will talk about initiatives and future plans. We will also introduce voices of external members, including our business partners and clients.

**Speakers (Excerpt.)**



**Yosuke Tsuji**
Representative Director, President and CEO



**Masanobu Takeda**
Director, Executive Officer and COO of Money Forward Business Company



**Daisuke Sergio Ito**
Executive Officer and CDO



**Yumiko Nagao**
Head of Corporate Development (covers M&A)



**Nana Nagai**
COO of Money Forward Vietnam



**Takuya Nakade**
Director, Executive Officer and CTO
D&I Head



**Tatsuya Kanto**
Executive Officer and CSO, Money Forward Home Company CSO



**Toshio Taki**
Executive Officer, Sustainability Head
CoPA(Chief of Public Affairs)
Head of Money Forward Fintech Institute



**Chiaki Ishihara**
Department Manager of People Forward Department



**Ikuo Kitagishi**
Head of Money Forward Lab

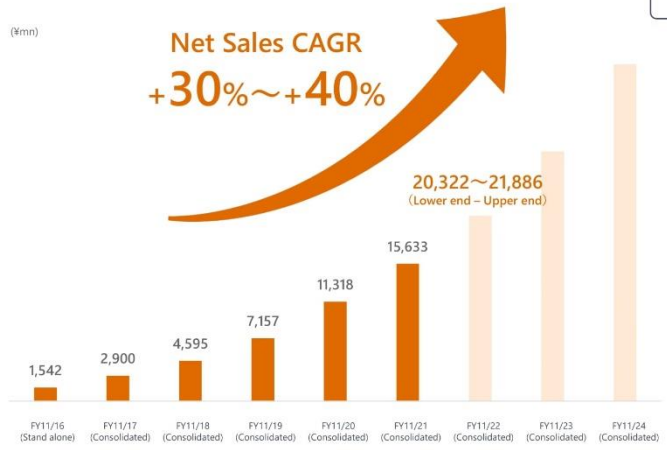
An Investor Day will be held on February 28 and March 1.

In addition to the managers in charge of each business domain, various persons in charge and responsible persons will introduce their initiatives and explain their future policies.

We hope that you will be able to join us.

## Policy for Medium-Term Growth Investment and Guidance for FY11/22

Aiming to **sustain a growth rate of 30–40% in net sales**.
In particular, we will focus on raising recurring revenue represented by SaaS ARR, and accelerate upfront investments mainly in Business domain.




Forecasts for FY11/22

- FY11/22 consolidated net sales are expected to be **¥20.32–21.89 billion (+30–40% YoY)**, with Q1 net sales projected at ¥4.30–4.37 billion(+24%–26% YoY), and Q1-end SaaS ARR at ¥12.54 – 12.73 billion(+36%–38% YoY).
- In FY11/22 Q1, we will make large-scale marketing investments in Business and Home domains, including 1.7-1.9 billion yen in advertising expenses and **expect EBITDA to fall between minus ¥(1.9)–(2.4) billion.**
- Regarding profit/loss, we will **continue to disclose projections for the following quarter**.

* Chart created by projecting annual growth rate of net sales at +35%.

Lastly, I will go over our guidance for FY11/22 and beyond.

This is our medium-term growth investment policy.

We aim to continue to grow net sales at a CAGR of 30% to 40%. That goal doesn't just apply to next year, but over multiple years, and we have decided to make investments toward this end.

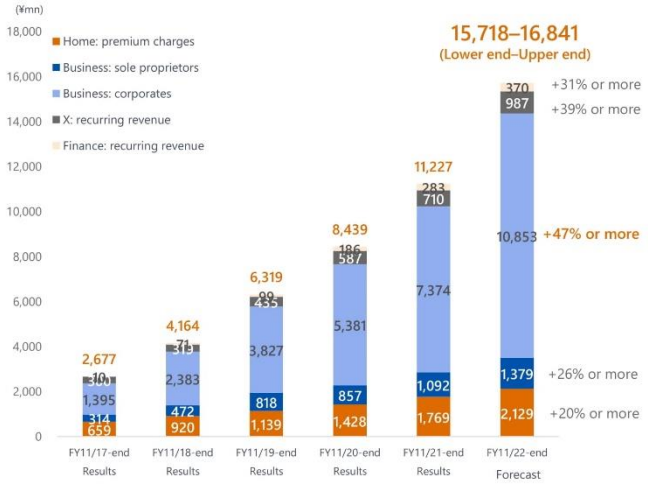
Our theme for the next few years will especially be focused on growing our recurring revenues as represented by SaaS ARR. Therefore, we will aim for consolidated net sales growth of 30% to 40%, or if possible, even beyond the upper bound of 40%, targeting JPY20.3 billion to JPY21.8 billion.

We will be investing in a major marketing campaign in the first quarter and expect advertising expenses to come in at around JPY1.7 billion to JPY1.9 billion. As a result, we expect EBITDA to fall back into the negative between JPY1.9 billion to JPY2.4 billion.

Regarding profit or loss, we will continue to disclose projections for the following quarter, as swift decision-making will be necessary in these investments, while monitoring their cost effectiveness.

## FY11/22 Earnings Forecast

SaaS ARR at FY11/22-end is expected to be **¥15.7–16.8 billion (+40–50% YoY)**.




FY11/22 Forecasts

- **Place top priority on boosting SaaS ARR**, and accelerate upfront investments, especially in Business domain. Aim to achieve ¥20 billion in SaaS ARR during FY11/23.
- FY11/22-end ARR of corporate customers in Business domain is projected to **exceed ¥10.9 billion (+47% YoY or more)**.
- The upside of SaaS ARR (difference between lower end and upper end) is assumed to mainly consist of ARR from corporates in Business domain.
- Will maintain soundness in unit economics while making agile investments in recruiting and marketing. Specifically, **customer acquisition cost (CAC) payback period*1 is anticipated to be between 24 and 36 months.**

*1 See P.92 for details.

The metric that we will be focused on the most is SaaS ARR.

We aim to achieve a growth rate of 40% to 50% YoY, with 50% as the upper end of our forecast, targeting JPY15.7 billion to JPY16.8 billion. We hope to reach a SaaS ARR of JPY20 billion at an early stage, by 2023.

We expect corporate ARR in the Business domain to exceed JPY10.85 billion, up by more than 47% YoY, by the end of FY11/22.

The upside of SaaS ARR, the difference between the lower end and upper end projections, is assumed to mainly consist of ARR from corporates in the Business domain.

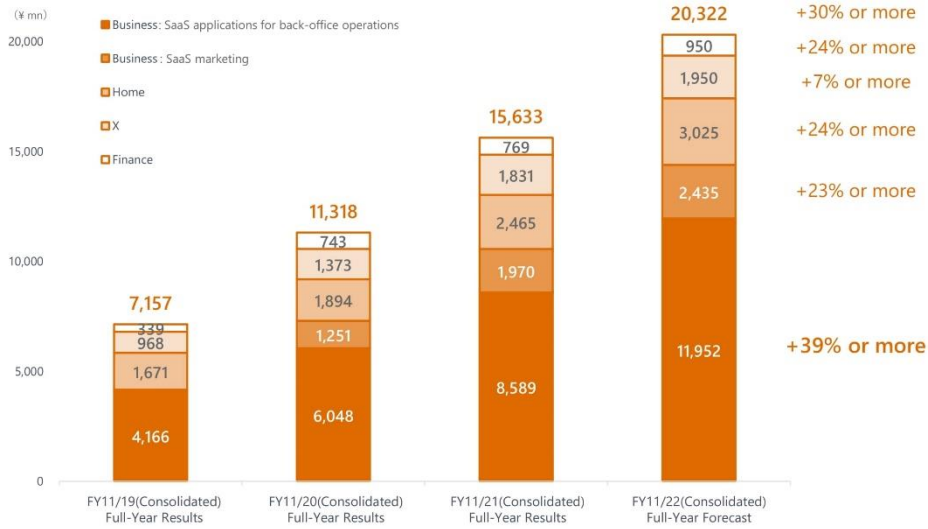
On the other hand, it would be pointless to spend money wastefully. We will maintain soundness in unit economics while making agile investments in recruiting and marketing.

Specifically, we anticipate a customer acquisition cost payback period between 24 and 36 months.

Investments will be made with these metrics in consideration, so we have refrained from disclosing single-year projections.

## FY11/22 Net Sales Forecast by Each Business Domain Based on Lower End Projections

SaaS applications for back-office operations is expected to **grow rapidly by over 39% YoY**.



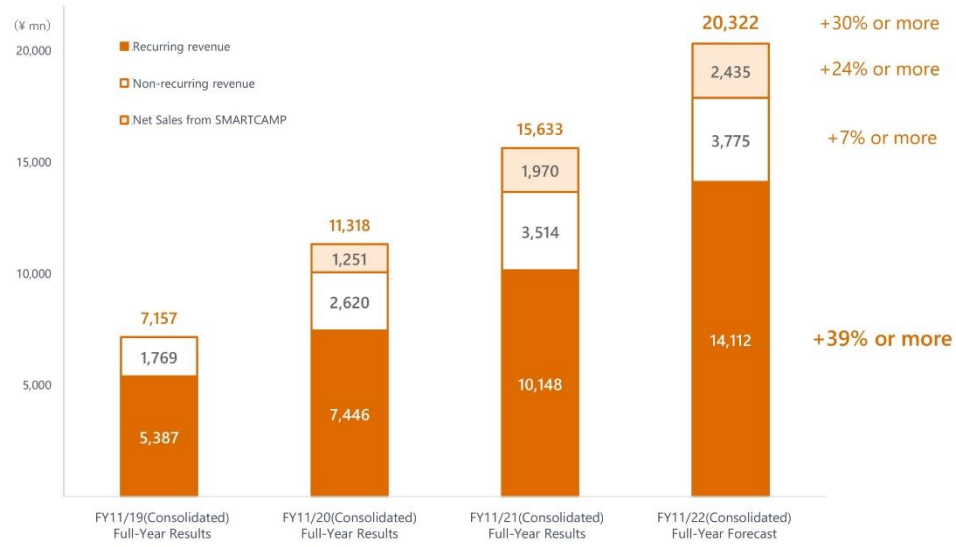

* Includes other net sales.

Here is our net sales forecast by each business domain, based on lower end projections.

From the bottom to top, we expect net sales growth of 39% YoY or more in SaaS applications for back-office operations, 24% YoY in SaaS marketing, 23% YoY in the Home business, 7% YoY in X, and 24% YoY in Finance, with a growth rate of 30% YoY or more overall.

## FY11/22 Net Sales Forecast Based by Revenue Model on Lower End Projections

Focus on growth of recurring revenue and is expected to **grow rapidly by over 39% YoY**.




* Includes other net sales.

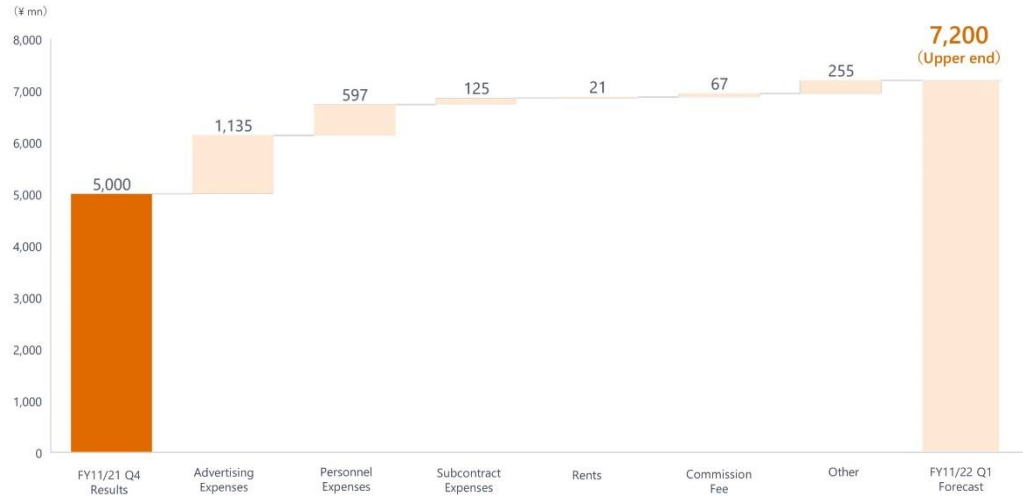
Here is our net sales forecast by revenue model, based on lower end projections.

As I stated before, our focus is on the growth of recurring revenues. We forecast growth of 39% or more for recurring revenue and about 7% for non-recurring revenue.

Although this isn't included in recurring or non-recurring revenues, we forecast net sales growth of 24% YoY or more at SMARTCAMP.

## FY11/22 Q1 Cost Forecast

We expect to record ¥6.8–¥7.2 billion in costs in Q1 from large-scale marketing investment in Home and Business domains and an increase in personnel in Business domain.



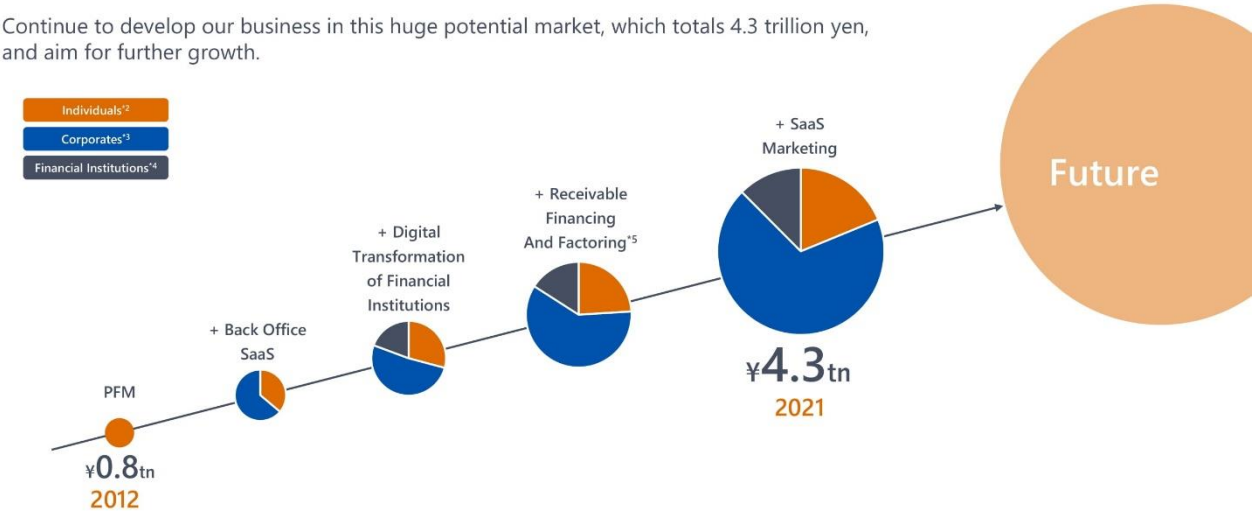

* Advertising expenses in the graph are based on the assumption of 1.9 billion(upper limit).

Here is our cost forecast for Q1.

As I mentioned earlier, the first quarter is our busy season, or rather, it is a very good investment opportunity to acquire customers, so we will be investing heavily, and advertising and personnel expenses will increase. We expect costs to reach JPY7.2 billion in the upper end, though they are likely to come in lower than that.

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

Continue to develop our business in this huge potential market, which totals 4.3 trillion yen, and aim for further growth.




*1 Total Addressable Market. Potential market size for four domains of Money Forward is estimated, by using certain assumptions, based on third party research, publication as well as Money Forward historical data. *2 See page 109 for the calculation of Individuals TAM. *3 See pages 105 and 106 for the calculation of Corporates TAM, including back office SaaS, SaaS marketing. See *6 for receivable financing and factoring markets. *4 Calculated based on the market size for the Japanese contract software development market size according to the Ministry of Internal Affairs and Communications/Ministry of Economy, Trade and Industry's 2018 Basic Survey on Information and Communications Industry multiplied by an estimated market share. *5 Calculated based on an annual required working capital for Japanese companies with revenues of ¥500 million or less according to the Small and Medium Enterprise Agency of Japan's Report on Basic Survey on SMEs in 2016 multiplied by an estimated usage rate for accounts receivables financing services multiplied by a rate based on *Money Forward Kessai*'s past fees received.
*These figures are not intended as an objective indicator of the size of the market for our businesses as of December 2021. Actual market size may differ from this estimate due to the limitations peculiar to such third party research and publications in terms of their accuracy.

Lastly, I would like to talk about our business domains and TAM.

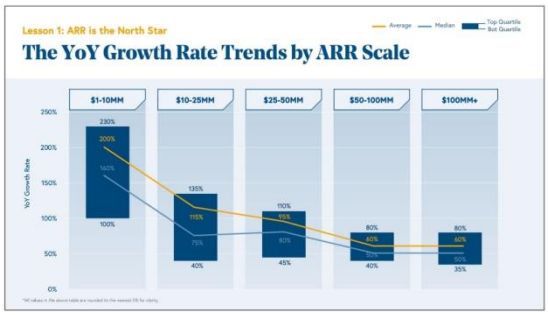
As you know, our business domains have expanded a lot, and we continue to develop our business in a huge potential market, which totals JPY4.3 trillion. Our business is characterized by very low churn, so we intend to continue to develop our business while making solid upfront investments to achieve further growth.

## Bessemer Venture Partners "Scaling to $100 Million"

US SaaS companies prioritize high growth even with ARR of above $100 million and continue to make upfront investments.

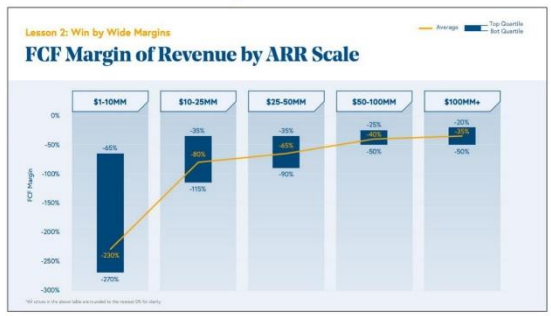
Correlation between ARR and growth rate

**Companies with over $100 million in ARR still continue to grow at a high rate**




Correlation between ARR and FCF margin

**For scaling companies, ARR of $100 million is still a phase demanding upfront investments, with FCF margin averaging negative 35%**




* Source of charts: Bessemer Venture Partners, *Scaling to $100 Million*, September 21, 2021, <https://www.bvp.com/atlas/scaling-to-100-million>.

I have 1 additional point.

Recently, due to the revaluation of interest rates in the US, there has been a shift of funds from growth stocks to value stocks, but in light of this, I believe that achieving solid sales growth is important for maximizing corporate value over the medium to long term.

I would like to explain this with reference to a document published by Bessemer Venture Partners in the US.

The graph on the left shows the correlation between ARR and growth rate. Good companies are those with over USD100 million in ARR and still continue to grow at a high rate. The growth rate would naturally decelerate when the denominator becomes larger, but an excellent SaaS companies in the US is identified as those that continue to grow at a rate of 355%, 50%, or 80%.

The graph on the right shows the correlation between ARR and FCF margin. Companies with ARR under USD100 million are still in a phase requiring upfront investments, with FCF margin averaging negative 35%. Many of our shareholders are foreign institutional investors, so we hope to achieve solid growth in the business while watching these global SaaS KPIs.

This concludes my presentation. Next, I would like to move on to the Q&A session.

Thank you for your attention.