

Translation

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Summary of Consolidated Financial Results for the Six Months Ended May 31, 2023 (Based on Japanese GAAP)

July 18, 2023

Company name: Money Forward, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3994 URL <https://corp.moneyforward.com>
 Representative: Representative Director, President and CEO Yosuke Tsuji
 Group Executive Officer and Accounting Department Manager
 Inquiries: Shun Matsuoka TEL 03(6453)9160
 Scheduled date to file Quarterly Securities Report: July 18, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2023 (from December 1, 2022 to May 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		SaaS ARR		EBITDA		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2023	14,087	43.2	19,860	42.1	(1,322)	–	(3,207)	–	(3,374)	–
Six months ended May 31, 2022	9,841	31.9	13,976	37.9	(2,734)	–	(3,796)	–	(3,875)	–

(Note) Comprehensive income (millions of yen)

Six months ended May 31, 2023: (3,355) (-%). Six months ended May 31, 2022: (3,671) (-%)

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Six months ended May 31, 2023	(3,381)	–	(62.78)	–
Six months ended May 31, 2022	(3,887)	–	(72.78)	–

(Note 1) SaaS ARR is 12 times the monthly recurring revenue of Home, Business, X and Finance domains in the last month of each term. In order to adjust for seasonal factors of STREAMED, its MRR is calculated as one-third of the revenue from STREAMED in Q1 and Q2 of each fiscal year (rounded to the nearest million yen).

(Note 2) EBITDA=Operating profit(loss) + depreciation and amortization + tax expenses included in operating expenses + share-based remuneration expenses.

(Note 3) Diluted earnings per share for Six months ended May 31, 2023 is not disclosed because it is anti dilutive due to the Company's net loss position.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2023	71,153	33,634	42.3
As of November 30, 2022	65,986	35,082	49.4

(Reference) Equity (millions of yen)

Six months ended May 31, 2023: 30,109. Six months ended May 31, 2022: 32,600

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended November 30, 2022	–	0.00	–	0.00	0.00
Year ending November 30, 2023	–	0.00			
Year ending November 30, 2023 (Forecast)			–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

3. Forecast of consolidated financial results for the year ending November 30, 2023 (from December 1, 2022 to November 30, 2023)

In the fiscal year ending November 30, 2023, the Company will execute investments more flexibly mainly in Business domain, while monitoring the return on investment and market environment. As such, it is difficult to calculate reasonable earnings forecast for the full year, and the Company plans to continuously disclose the earnings forecast for the next quarter.

Percentages indicate year-on-year changes

	Net sales		SaaS ARR		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	29,209 ~30,283	36.0 ~41.0	22,329 ~23,144	37.0 ~42.0	–	–

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	–	–	–	–	–	–	–

The percentages indicate changes from the same period of the previous fiscal year

	Net sales		SaaS ARR		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ending	7,310 ~7,637	34.0 ~40.0	20,766 ~21,368	38.0 ~42.0	(800) ~(300)	–

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Nine months ending	(1,800) ~(1,300)	–	(1,900) ~(1,400)	–	(1,920) ~(1,420)	–	(35.50) ~(26.26)

(Note 1) Revisions to most recent dividend forecast: Yes

(Note 2) SaaS ARR is 12 times the monthly recurring revenue of Home, Business, X and Finance domains in the last month of each term. In order to adjust for seasonal factors of STREAMED, its MRR is calculated as one-third of the revenue from STREAMED in Q1 and Q2 of each fiscal year (rounded to the nearest million yen).

(Note 3) EBITDA=Operating profit(loss) + depreciation and amortization + tax expenses included in operating expenses +share-based remuneration.

(Note 4) Advertising expenses for the six months ending May 31, 2023, are expected to range from 1,300 million yen to 1,500 million yen.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2023	54,135,310 shares	As of November 30, 2022	53,828,535 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	74,053 shares	As of November 30, 2022	61,247 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2023	53,861,678 shares	Six months ended May 31, 2022	53,417,679 shares
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Quarterly Consolidated Financial Statements

Consolidated Balance Sheets

	(Thousands of yen)	
	As of November 30, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	26,712,865	26,944,356
Notes and accounts receivable - trade, and contract assets	2,327,171	3,321,263
Operational investment securities	1,769,083	2,147,919
Inventories	20,426	22,932
Purchased receivables	5,454,012	6,631,002
Other	2,626,285	2,685,469
Allowance for doubtful accounts	(94,815)	(108,031)
Total current assets	38,815,030	41,644,913
Non-current assets		
Property, plant and equipment	731,066	1,214,025
Intangible assets		
Goodwill	4,504,481	4,171,395
Software	4,552,583	6,061,435
Software in progress	1,919,275	2,068,852
Other	507	540
Total intangible assets	10,976,847	12,302,222
Investments and other assets		
Investment securities	13,284,537	13,883,187
Leasehold and guarantee deposits	1,156,316	1,011,409
Other	1,022,906	1,097,800
Total investments and other assets	15,463,760	15,992,397
Total non-current assets	27,171,675	29,508,646
Total assets	65,986,706	71,153,559

(Thousands of yen)

	As of November 30, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	340,994	267,989
Short-term loans payable	8,240,000	9,250,000
Current portion of long-term loans payable	2,295,000	3,412,400
Accounts payable - other	5,386,371	4,779,753
Accrued expenses	1,352,406	1,509,776
Income taxes payable	169,550	186,387
Contract liabilities	3,486,806	4,378,792
Provision for bonuses	190,600	207,430
Provision for bonuses for directors (and other officers)	58,029	33,448
Provision for points	47,608	65,380
Other	2,397,401	1,986,461
Total current liabilities	23,964,769	26,077,820
Non-current liabilities		
Long-term loans payable	6,367,157	9,764,119
Bonds payable	–	1,000,000
Retirement benefit liability	4,848	5,120
Provision for bonuses	–	12,407
Provision bonuses for directors (and other officers)	–	1,210
Other	567,107	658,776
Total non-current liabilities	6,939,113	11,441,632
Total liabilities	30,903,882	37,519,453
Net assets		
Shareholders' equity		
Capital stock	26,316,141	26,687,781
Capital surplus	15,804,942	7,558,070
Retained earnings	(10,693,566)	(5,444,840)
Treasury shares	(1,219)	(1,219)
Total shareholders' equity	31,426,298	28,799,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,073,608	1,244,607
Foreign currency translation adjustment	101,059	64,975
Total accumulated other comprehensive income	1,174,667	1,309,583
Share acquisition rights	32,860	226,613
Non-controlling interests	2,448,996	3,298,116
Total net assets	35,082,823	33,634,105
Total liabilities and net assets	65,986,706	71,153,559

Consolidated Statements of Income (cumulative) and Consolidated Statements of Comprehensive Income (cumulative)

Consolidated Statements of Income (cumulative)

	(Thousands of yen)	
	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	9,841,023	14,087,642
Cost of sales	3,479,301	5,251,322
Gross profit	6,361,721	8,836,319
Selling, general and administrative expenses	10,157,798	12,044,304
Operating profit (loss)	(3,796,076)	(3,207,984)
Non-operating income		
Interest income	198	252
Dividend income	521	1,348
Foreign exchange gains	–	7,486
Gain on investments in investment partnerships	231	2,164
Other	3,612	4,469
Total non-operating income	4,563	15,721
Non-operating expenses		
Interest expenses	33,391	64,010
Foreign exchange losses	26,137	–
Share of loss of entities accounted for using equity method	387	71,003
Loss on investments in investment partnerships	19,037	29,317
Other	4,719	18,041
Total non-operating expenses	83,673	182,373
Ordinary loss	(3,875,187)	(3,374,636)
Extraordinary income		
Gain on reversal of share acquisition rights	966	505
Total extraordinary income	966	505
Extraordinary losses		
Loss on retirement of non-current assets	–	7,680
Total extraordinary losses	–	7,680
Loss before income taxes	(3,874,220)	(3,381,811)
Income taxes	126,249	133,685
Loss	(4,000,469)	(3,515,497)
Loss attributable to non-controlling interests	(112,725)	(134,049)
Loss attributable to owners of parent	(3,887,744)	(3,381,448)

Consolidated Statements of Comprehensive Income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Loss	(4,000,469)	(3,515,497)
Other comprehensive income		
Valuation difference on available-for-sale securities	305,453	196,315
Foreign currency translation adjustment	23,088	(36,083)
Total other comprehensive income	328,541	160,232
Comprehensive income	(3,671,927)	(3,355,265)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,559,202)	(3,246,532)
Comprehensive income attributable to non-controlling interests	(112,725)	(108,732)

Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(3,874,220)	(3,381,811)
Depreciation	378,466	755,166
Amortization of goodwill	310,007	333,086
Share-based payment expenses	190,887	601,040
Increase (decrease) in provision for bonuses	102,920	28,617
Increase (decrease) in provision for bonuses for directors (and other officers)	30,439	(23,523)
Increase (decrease) in allowance for doubtful accounts	(26,530)	13,216
Increase (decrease) in provision for point	23,465	17,772
Interest and dividend income	(719)	(1,600)
Loss (gain) on sale of investment securities	–	(726)
Interest expenses	33,391	64,010
Share issuance costs	4,126	3,763
Bond issuance costs	–	11,168
Share of loss (profit) of entities accounted for using equity method	387	71,003
Decrease (increase) in trade receivables and contract assets	(239,982)	(994,242)
Decrease (increase) in investment securities for sale	(515,895)	(351,081)
Decrease (increase) in inventories	5,208	(2,722)
Decrease (increase) in purchased receivables	(1,684,146)	(1,176,989)
Increase (decrease) in notes and accounts payable - trad	24,167	(73,004)
Increase (decrease) in accounts payable - other	2,497,323	(623,424)
Increase (decrease) in accrued expenses	171,849	169,713
Decrease (increase) in contract liability	751,249	891,986
Other, net	(782,708)	(363,617)
Subtotal	(2,600,311)	(4,032,198)
Interest and dividends income received	719	1,600
Interest expenses paid	(35,336)	(66,445)
Income taxes paid	(127,513)	(34,606)
Net cash provided by (used in) operating activities	(2,762,441)	(4,131,651)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	400,000
Purchase of property, plant and equipment	(141,202)	(550,790)
Purchase of intangible assets	(1,606,176)	(2,321,768)
Purchase of investment securities	(7,310,688)	(515,787)
Proceeds from sale of investment securities	–	58,473
Proceeds from share of profits on investments in capital	1,698	415
Payments of leasehold and guarantee deposits	(184,666)	(931)
Proceeds from refund of leasehold and guarantee deposits	60,904	131,666
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,808,290)	–
Other, net	(190)	7,635
Net cash provided by (used in) investing activities	(10,988,612)	(2,791,087)

	(Thousands of yen)	
	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	3,900,000	1,010,000
Proceeds from long-term loans payable	4,000,000	6,000,000
Repayments of long-term loans payable	(856,185)	(1,485,500)
Proceeds from issuance of common shares	70,960	105,982
Proceeds from issuance of bonds	–	988,831
Proceeds from issuance of share acquisition rights	–	3,994
Purchase of treasury shares	(168)	–
Proceeds from share issuance to non-controlling shareholders	294,000	–
Proceeds from partnership	546,000	960,000
Other, net	(111)	–
Net cash provided by (used in) financing activities	7,954,495	7,583,308
Effect of exchange rate change on cash and cash equivalents	14,376	(26,697)
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of consolidated subsidiaries	–	(2,123)
Net increase (decrease) in cash and cash equivalents	(5,782,182)	631,749
Cash and cash equivalents at beginning of period	36,020,522	26,309,014
Cash and cash equivalents at end of period	30,238,339	26,940,763