

Translation

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

October 13, 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
 Inquiries: Department Manager Shun Matsuoka TEL 03(6453)9160
 Scheduled date to file Quarterly Securities Report: October 13, 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 nine months ended August 31, 2023 (from December 1, 2022 to August 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	%
Nine months ended August 31, 2023	21,584	41.1	21,134	40.4	(1,660)	–	(4,564)	–	(4,943)	–
Nine months ended August 31, 2022	15,296	35.4	15,048	43.2	(4,605)	–	(6,306)	–	(7,356)	–

(Note) Comprehensive income (millions of yen)

Nine months ended August 31, 2023: (3,923) (-%). Nine months ended August 31, 2022: (6,518) (-%)

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Nine months ended August 31, 2023	(4,935)	–	(91.51)	–
Nine months ended August 31, 2022	(7,345)	–	(137.32)	–

(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 Nine months ended August 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 August 31, 2023	85,934	35,594	33.8
As of November 30, 2022	65,986	35,082	49.4

(Reference) Equity (millions of yen)

Nine months ended August 31, 2023: 29,052. Nine months ended August 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)

Percentages indicate year-on-year changes

	Net sales		SaaS ARR		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	29,639 ~30,283	38.0 ~41.0	22,411 ~23,144	37.5 ~42.0	(2,660) ~(2,160)	—

	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	(6,665) ~(6,165)	—	(7,093) ~(6,593)	—	(7,136) ~(6,636)	—	(132.19) ~(122.92)

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	%
Fourth quarter	8,054 ~8,699	30.3 ~40.7	22,411 ~23,144	37.5 ~42.0	(1,000) ~(500)	—

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fourth quarter	(2,100) ~(1,600)	—	(2,150) ~(1,650)	—	(2,200) ~(1,700)	—	(40.65) ~(31.41)

(Note 1) Revisions to most recent financial 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 twelve months ending November 30, 2023, are expected to range from 1,850 million yen to 2,050 million yen.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 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 August 31, 2023	54,218,270 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 August 31, 2023	96,549 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)

Nine months ended August 31, 2023	53,936,687 shares	Nine months ended August 31, 2022	53,494,370 shares
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Quarterly Consolidated Financial Statements
Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	26,712,865	36,985,613
Notes and accounts receivable - trade, and contract assets	2,327,171	3,476,810
Operational investment securities	1,769,083	3,517,771
Inventories	20,426	21,139
Purchased receivables	5,454,012	7,275,574
Other	2,626,285	2,615,308
Allowance for doubtful accounts	(94,815)	(139,063)
Total current assets	38,815,030	53,753,154
Non-current assets		
Property, plant and equipment	731,066	1,207,417
Intangible assets		
Goodwill	4,504,481	4,004,851
Software	4,552,583	6,980,752
Software in progress	1,919,275	1,909,532
Other	507	522
Total intangible assets	10,976,847	12,895,659
Investments and other assets		
Investment securities	13,284,537	16,095,178
Leasehold and guarantee deposits	1,156,316	1,000,955
Other	1,022,906	981,867
Total investments and other assets	15,463,760	18,078,002
Total non-current assets	27,171,675	32,181,079
Total assets	65,986,706	85,934,234

(Thousands of yen)

	As of November 30, 2022	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	340,994	206,098
Short-term borrowings	8,240,000	9,600,000
Current portion of long-term borrowings	2,295,000	3,136,300
Accounts payable - other	5,386,371	5,147,623
Accrued expenses	1,352,406	1,567,939
Income taxes payable	169,550	111,648
Contract liabilities	3,486,806	4,510,594
Provision for bonuses	190,600	164,966
Provision for bonuses for directors (and other officers)	58,029	56,786
Provision for point card certificates	47,608	95,242
Other	2,397,401	2,746,031
Total current liabilities	23,964,769	27,343,230
Non-current liabilities		
Long-term borrowings	6,367,157	9,146,469
Convertible-bond-type bonds with share acquisition rights	–	12,000,000
Bonds payable	–	1,000,000
Retirement benefit liability	4,848	5,279
Reserve for bonuses	–	13,579
Reserve for directors' bonuses	–	1,364
Other	567,107	830,081
Total non-current liabilities	6,939,113	22,996,774
Total liabilities	30,903,882	50,340,004
Net assets		
Shareholders' equity		
Share capital	26,316,141	26,701,861
Capital surplus	15,804,942	7,578,481
Retained earnings	(10,693,566)	(6,999,256)
Treasury shares	(1,219)	(1,219)
Total shareholders' equity	31,426,298	27,279,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,073,608	1,654,470
Foreign currency translation adjustment	101,059	117,665
Total accumulated other comprehensive income	1,174,667	1,772,136
Share acquisition rights	32,860	369,756
Non-controlling interests	2,448,996	6,172,470
Total net assets	35,082,823	35,594,229
Total liabilities and net assets	65,986,706	85,934,234

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

Consolidated statements of Income (cumulative)

	(Thousands of yen)	
	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Net sales	15,296,090	21,584,117
Cost of sales	5,616,050	7,988,809
Gross profit	9,680,039	13,595,308
Selling, general and administrative expenses	15,986,823	18,159,930
Operating loss	(6,306,783)	(4,564,622)
Non-operating income		
Interest income	369	502
Dividend income	524	1,350
Subsidy income	1,009	3,353
Other	4,493	5,534
Total non-operating income	6,396	10,741
Non-operating expenses		
Interest expenses	59,335	100,830
Bond issuance costs	–	105,346
Foreign exchange losses	84,880	43,138
Loss on investments in investment partnerships	21,152	29,084
Share of loss of entities accounted for using equity method	885,656	103,744
Other	5,256	7,110
Total non-operating expenses	1,056,281	389,254
Ordinary loss	(7,356,668)	(4,943,135)
Extraordinary income		
Gain on reversal of share acquisition rights	966	1,279
Total extraordinary income	966	1,279
Extraordinary losses		
Loss on retirement of non-current assets	–	7,680
Total extraordinary losses	–	7,680
Loss before income taxes	(7,355,701)	(4,949,537)
Income taxes	158,477	159,247
Loss	(7,514,178)	(5,108,784)
Loss attributable to non-controlling interests	(168,365)	(172,921)
Loss attributable to owners of parent	(7,345,813)	(4,935,863)

Consolidated Statements of Comprehensive Income (cumulative)

	(Thousands of yen)	
	Nine months ended August 31, 2022	Nine months ended August 31, 2023
Loss	(7,514,178)	(5,108,784)
Other comprehensive income		
Valuation difference on available-for-sale securities	927,378	1,167,724
Foreign currency translation adjustment	68,733	16,606
Share of other comprehensive income of entities accounted for using equity method	–	1,451
Total other comprehensive income	<u>996,111</u>	<u>1,185,782</u>
Comprehensive income	<u>(6,518,067)</u>	<u>(3,923,002)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,349,701)	(4,338,395)
Comprehensive income attributable to non- controlling interests	(168,365)	415,392