

Translation

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November 28, 2023

Company Name: Money Forward, Inc.
Representative: Yosuke Tsuji
Representative Director, President and CEO
(Securities Code: 3994,
Stock Exchange: TSE Prime)
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Notice of Absorption-Type Merger of Consolidated Subsidiary

Money Forward, Inc. (the “Company”) hereby announces that during today’s Board of Directors meeting, it was resolved to effectuate the absorption-type of merger (the ‘merger’) of our consolidated subsidiary HiTTO, Inc (“HiTTO”), with an effective date of March 1, 2024. Subsequently, we have executed the merger agreement today.

Due to this merger, we anticipate recognizing a non-consolidated special loss attributed to the elimination of minority interests in the fiscal year ending November 2024. However, this special loss will be offset and eliminated in the consolidated financial statements, thus not impacting our consolidated performance.

Additionally, as this merger involves the absorption of a wholly-owned consolidated subsidiary, certain disclosure items and details have been partially omitted.

1. Reason for absorption-type merger

HiTTO provides an internal AI chatbot named "HiTTO," widely adopted by medium-sized and larger companies. "HiTTO" automatically responds to internal inquiries from employees regarding attendance management, tax adjustments, expense management, welfare benefits, and more, contributing to the optimization of back-office operations.

Since becoming a wholly-owned subsidiary in December 2021, leveraging our network and customer base, we've been advancing the expansion of "HiTTO" usage. Recently, there has been an increase in cases where "HiTTO" is utilized to automate inquiries related to various applications and operations using Money Forward Cloud, such as expenses, attendance, and contracts, thereby reducing manual efforts.

We have decided to merge our wholly-owned consolidated subsidiary, HiTTO into our company, with the objective of integrating "HiTTO" into Money Forward Cloud to promote both services' collaboration. This step aims to further expand the user base and enhance convenience. Notably, considering the burden related to contract succession for customers and business partners, as well as tax implications arising from business transfers, we have opted for a merger rather than a business transfer.

Furthermore, regarding the anticipated difference between the net assets received from the absorbed merger-dissolved company, HiTTO and the book value of the shares owned by our company, we plan to record this variance as the elimination of minority interests (special loss). Consequently, in accordance with the provisions of Article 796, paragraph 2, and Article 795, paragraph 2, of the Company Law, we will seek explanation and approval (special resolution) at the general meeting of shareholders regarding the implementation of this merger.

2. Summary of absorption-type merger

(1) The schedule of absorption-type merger

Date of Board Resolutions (Both the Company and HiTTO.):	November 28, 2023
Date of Merger Contract Signing:	November 28, 2023
Approval Shareholders' Meeting for Merger Contract (HiTTO):	November 28, 2023
Approval Shareholders' Meeting for Merger Contract (the Company):	February 28, 2024(Scheduled)
Merger Effective Date:	March 1, 2024(Scheduled)

(2) The measure of absorption-type merger

In the absorption-type merger, HiTTO will be dissolved.

(3) The details of the allocation related to absorption-type merger

The company holds all of the issued shares of HiTTO, so no allocation of shares, money, or other assets will occur in this merger. Furthermore, the merger will not result in any changes to the company's capital or capital reserve amounts.

(4) The treatment of new share subscription rights or bonds with new share subscription rights pertaining to the extinguished company due to the merger

There are no relevant matters pertaining to this.

3. The Overview of the Parties to this Merger (As of November 2022 Fiscal Year)

	Surviving company in absorption-type merger (the Company)	Disappearing company to be absorbed (HiTTO)
(1) Company name	Money Forward, Inc.	HiTTO, Inc
(2) Address	21F Tamachi Station Tower S, 3-1-21 Shibaura, Minato-ku, Tokyo 108-0023	20F Tamachi Station Tower S, 3-1-21 Shibaura, Minato-ku, Tokyo 108-0023
(3) Name and title of representative	Yosuke Tsuji, Representative Director, President and CEO	Akito Kimura, Representative Director and CEO
(4) Nature of business	Development and provision of PFM services and cloud services	Provision of AI chatbots for employees "HiTTO"
(5) Capital	26,316 million yen	100 million yen
(6) Date of incorporation	May, 2012	March, 2006
(7) No. of shares issued	53,828,535 shares	9,780 shares
(8) Fiscal year end	November 30	November 30
(9) Major shareholders and Percentage of shares held	Yosuke Tsuji 13.27% The Master Trust Bank of Japan, Ltd.(trust account) 13.06%	Money Forward, Inc. 100%
(10) Financial position and results of operations (Note 1)		
Fiscal year-end	Year ended November 30, 2022 (consolidated)	Year ended November 30, 2022 (non-consolidated)
Net assets	35,082 million yen	-104 million yen
Total assets	65,986 million yen	431 million yen
Net assets per share	606.33 yen	-10,734.96 yen

Net sales	21,477 million yen	303 million yen
Operating loss	-8,469 million yen	-171 million yen
Ordinary loss	-9,581 million yen	-173 million yen
Net loss (Note 2)	-9,449 million yen	-173 million yen
Net loss per share	-176.44 yen	-17,762.68 yen

(Note 1) With regard to HiTTO, due to a change in the fiscal year-end, the results for the November 2022 period discloses the results for nine months from March 2022 to November 2022.

(Note 2) For the Company case, net loss attributable to the parent company's shareholders.

4. The situation after the merger.

The merger will not result in any changes to our company's name, address, the position or name of the representative director, business activities, capital, or fiscal year-end.

5. The impact on our performance

In our individual financial statements for the fiscal year ending November 2024, we plan to record an anticipated special loss of 772 million yen as the elimination of minority interests (expected). However, this special loss will be offset and eliminated in the consolidated financial statements. Moreover, this merger involves our company and our wholly-owned consolidated subsidiary, hence it will not impact the consolidated performance.