

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended May 31, 2024
(Based on Japanese GAAP)**

July 12, 2024

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 12, 2024
 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, 2024 (from December 1, 2023 to May 31, 2024)

(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, 2024	19,864	41.0	26,835	35.1	1,071	–	(1,827)	–	(2,145)	–
Six months ended May 31, 2023	14,087	43.2	19,860	42.1	(1,322)	–	(3,207)	–	(3,374)	–

(Note) Comprehensive income (millions of yen)

Six months ended May 31, 2024: (2,150) (-%). Six months ended May 31, 2023: (3,355) (-%)

	Profit attributable to owners of parent		Earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Six months ended May 31, 2024	(2,597)	–	(47.83)	–
Six months ended May 31, 2023	(3,381)	–	(62.78)	–

(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 the six months ended May 31, 2024 is not disclosed although the company has dilutive shares, due to its net loss position.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	85,320	33,463	31.3
As of November 30, 2023	88,282	34,660	31.5

(Reference) Equity (millions of yen)

Six months ended May 31, 2024: 26,737. Year ended November 30, 2023: 27,822.

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, 2023	–	0.00	–	0.00	0.00
Year ending November 30, 2024	–	0.00			
Year ending November 30, 2024 (Forecast)			–	0.00	0.00

(Note) Revisions to most recent dividend forecast: No

3. Forecast of consolidated financial results for the year ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

Percentages indicate year-on-year changes

	Net sales		SaaS ARR		EBITDA	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	39,500 ~42,000	30.0 ~38.3	30,005 ~31,613	29.6 ~36.6	1,000 ~3,000	—

	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	(3,898) ~(1,898)	—	(4,397) ~(2,397)	—	(4,725) ~(2,725)	—	(86.92) ~(50.13)

(Note 1) Revisions to most recent financial forecast: No

(Note 2) Rounded to the nearest million yen.

(Note 3) 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.

(Note 4) EBITDA=Operating profit(loss) + depreciation and amortization + tax expenses included in operating expenses +share-based remuneration.

(Note 5) The advertising expenses to sales ratio are expected to be 15.0-17.0%, and the personnel and subcontract expenses to sales ratio are expected to be 64.0-69.0%.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2024
(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: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| Changes in accounting policies due to other reasons: | Yes |
| 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, 2024	54,647,760 shares	As of November 30, 2023	54,235,305 shares
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Number of treasury shares at the end of the period

As of May 31, 2024	132,399 shares	As of November 30, 2023	115,124 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, 2024	54,298,019 shares	Six months ended May 31, 2023	53,861,678 shares
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*Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

*Regarding the proper use of earnings forecasts and other special notes

(Cautionary statement regarding forward-looking statements)

The forward-looking statements in this document, including earnings forecasts, are based on information currently available and assumptions that the company believes are reasonable. These statements are not guarantees of future performance, and actual results may differ significantly due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	38,855,733	28,046,924
Notes and accounts receivable - trade, and contract assets	4,139,325	5,002,487
Operational investment securities	3,667,981	3,239,430
Inventories	12,008	25,364
Purchased receivables	5,827,883	6,302,142
Allowance for doubtful accounts	(155,775)	(116,504)
Other	2,650,063	5,077,065
Total current assets	54,997,220	47,576,910
Non-current assets		
Property, plant and equipment	1,163,345	1,086,093
Intangible assets		
Goodwill	3,843,595	3,723,845
Customer-related intangible assets	–	426,880
Software	7,848,892	8,785,182
Software in progress	1,772,113	2,567,461
Other	459	427
Total intangible assets	13,465,061	15,503,797
Investments and other assets		
Investment securities	16,640,845	18,650,025
Leasehold and guarantee deposits	984,183	1,052,891
Allowance for doubtful accounts	–	(25,103)
Other	1,031,754	1,475,575
Total investments and other assets	18,656,783	21,153,388
Total non-current assets	33,285,190	37,743,278
Total assets	88,282,410	85,320,188

(Thousands of yen)

	As of November 30, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	370,317	289,261
Short-term borrowings	4,937,000	6,229,000
Current portion of long-term borrowings	3,488,750	3,495,750
Accounts payable - other	8,563,985	7,027,946
Accrued expenses	1,519,897	1,780,365
Income taxes payable	219,037	233,024
Contract liabilities	4,849,429	6,012,976
Deposits received	5,422,686	3,193,274
Provision for bonuses	297,960	235,704
Provision for bonuses for directors (and other officers)	80,042	33,142
Provision for point card certificates	260,316	226,315
Other	771,154	474,234
Total current liabilities	30,780,576	29,230,997
Non-current liabilities		
Long-term borrowings	8,947,869	8,329,569
Convertible-bond-type bonds with share acquisition rights	12,000,000	12,000,000
Bonds payable	1,000,000	1,000,000
Retirement benefit liability	6,454	6,469
Provision for bonuses	6,288	7,090
Provision for directors' bonuses	1,317	2,129
Other	879,440	1,280,843
Total non-current liabilities	22,841,370	22,626,101
Total liabilities	53,621,947	51,857,098
Net assets		
Shareholders' equity		
Share capital	26,716,695	27,174,416
Capital surplus	7,595,957	2,338,536
Retained earnings	(8,378,442)	(5,260,620)
Treasury shares	(1,352)	(1,620)
Total shareholders' equity	25,932,858	24,250,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,766,439	2,360,159
Foreign currency translation adjustment	123,445	126,912
Total accumulated other comprehensive income	1,889,884	2,487,071
Share acquisition rights	504,492	1,157,512
Non-controlling interests	6,333,228	5,567,793
Total net assets	34,660,463	33,463,089
Total liabilities and net assets	88,282,410	85,320,188

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, 2023	Six months ended May 31, 2024
Net sales	14,087,642	19,864,450
Cost of sales	5,251,322	6,472,876
Gross profit	8,836,319	13,391,573
Selling, general and administrative expenses	12,044,304	15,219,152
Operating loss	(3,207,984)	(1,827,579)
Non-operating income		
Interest income	252	2,147
Dividend income	1,348	–
Foreign exchange gains	7,486	–
Subsidy income	2,164	3,072
Other	4,469	2,750
Total non-operating income	15,721	7,970
Non-operating expenses		
Interest expenses	64,010	70,906
Foreign exchange losses	–	61,470
Share of loss of entities accounted for using equity method	71,003	146,521
Loss on investments in investment partnerships	29,317	40,657
Other	18,041	6,247
Total non-operating expenses	182,373	325,802
Ordinary loss	(3,374,636)	(2,145,411)
Extraordinary income		
Gain on reversal of share acquisition rights	505	284
Total extraordinary income	505	284
Extraordinary losses		
Loss on retirement of non-current assets	7,680	72
Loss on valuation of investment securities	–	9,999
Total extraordinary losses	7,680	10,072
Loss before income taxes	(3,381,811)	(2,155,199)
Income taxes	133,685	116,329
Loss	(3,515,497)	(2,271,529)
Profit (loss) attributable to non-controlling interests	(134,049)	325,790
Loss attributable to owners of parent	(3,381,448)	(2,597,319)

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended May 31, 2023	Six months ended May 31, 2024
Loss	(3,515,497)	(2,271,529)
Other comprehensive income		
Valuation difference on available-for-sale securities	196,315	119,079
Foreign currency translation adjustment	(36,083)	3,467
Share of other comprehensive income of entities accounted for using equity method	–	(1,084)
Total other comprehensive income	160,232	121,462
Comprehensive income	(3,355,265)	(2,150,067)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,246,532)	(2,000,132)
Comprehensive income attributable to non- controlling interests	(108,732)	(149,934)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from operating activities		
Loss before income taxes	(3,381,811)	(2,155,199)
Depreciation	755,166	1,312,365
Amortization of goodwill	333,086	342,292
Share-based payment expenses	601,040	976,941
Increase (decrease) in provision for bonuses	28,617	(66,605)
Increase (decrease) in provision for bonuses for directors (and other officers)	(23,523)	(46,297)
Increase (decrease) in allowance for doubtful accounts	13,216	(14,167)
Increase (decrease) in provision for point card certificates	17,772	(34,000)
Interest and dividend income	(1,600)	(2,147)
Loss (gain) on sale of investment securities	(726)	–
Loss (gain) on valuation of investment securities	–	9,999
Interest expenses	64,010	70,906
Share issuance costs	3,763	4,404
Bond issuance costs	11,168	–
Share of loss (profit) of entities accounted for using equity method	71,003	146,521
Decrease (increase) in trade receivables and contract assets	(994,242)	(789,544)
Decrease (increase) in accounts receivable - other	(311,482)	(1,405,839)
Decrease (increase) in prepaid expenses	100,051	(769,546)
Decrease (increase) in operational investment securities	(351,081)	(78,993)
Decrease (increase) in inventories	(2,722)	(13,335)
Decrease (increase) in purchased receivables	(1,176,989)	(474,258)
Increase (decrease) in trade payables	(73,004)	(81,055)
Increase (decrease) in accounts payable - other	(623,424)	(1,703,553)
Increase (decrease) in accrued expenses	169,713	256,232
Decrease (increase) in Contract liability	891,986	1,163,546
Increase (decrease) in deposits received	(607,824)	(2,230,570)
Other, net	455,637	(924,386)
Subtotal	(4,032,198)	(6,506,290)
Interest and dividends received	1,600	2,147
Interest paid	(66,445)	(70,906)
Income taxes paid	(34,606)	(101,864)
Net cash provided by (used in) operating activities	(4,131,651)	(6,676,913)
Cash flows from investing activities		
Payments into time deposits	–	(3,560)
Proceeds from withdrawal of time deposits	400,000	–
Purchase of property, plant and equipment	(550,790)	(55,260)
Purchase of intangible assets	(2,321,768)	(2,795,081)
Purchase of investment securities	(515,787)	(1,307,921)
Proceeds from sale of investment securities	58,473	–
Proceeds from share of profits on investments in capital	415	3,649
Payments of leasehold and guarantee deposits	(931)	(99,738)
Proceeds from refund of leasehold and guarantee deposits	131,666	13,076
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(465,165)
Other, net	7,635	(466)
Net cash provided by (used in) investing activities	(2,791,087)	(4,710,467)

	(Thousands of yen)	
	Six months ended May 31, 2023	Six months ended May 31, 2024
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,010,000	1,292,000
Proceeds from long-term borrowings	6,000,000	1,060,000
Repayments of long-term borrowings	(1,485,500)	(1,671,300)
Proceeds from issuance of shares	105,982	198,341
Proceeds from issuance of bonds	988,831	–
Proceeds from issuance of share acquisition rights	3,994	–
Proceeds from partnership	960,000	–
Distributions paid to investment partners	–	(713,500)
Proceeds from share issuance to non-controlling shareholders	–	98,000
Net cash provided by (used in) financing activities	7,583,308	263,541
Effect of exchange rate change on cash and cash equivalents	(26,697)	311,695
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	631,749	(10,812,144)
Cash and cash equivalents at beginning of period	26,309,014	38,818,193
Cash and cash equivalents at end of period	26,940,763	28,006,049