

## Financial Results for the 1st Quarter of Fiscal Year Ending November 30, 2019

### Q&A Session Summary

Q1 Assuming that the impairment loss (regarding Money Forward Financial and mirai talk) was not incorporated into the initial forecast, how would this affect net sales and expenses for FY11/19?

A1 We did not expect the impairment loss at the beginning of FY11/19. We have checked FY11/19 forecasts for net sales and expenses for each domain again and decided to remain the forecast unchanged. Given we have set a guidance range when announcing FY11/19 net sales forecast at the beginning of the fiscal year, vast majority of net sales from Money Forward Financial were not incorporated into the lower end of the range. This is due to some uncontrollable factors, including the timing to be registered as a cryptocurrency exchange and market conditions. On the other side, the net sales from the company were partly incorporated into the upper end of the range. Regarding mirai talk, we incorporated its net sales even into the lower end of the guidance range, but the impact was limited. Overall, we believe FY11/19 full year forecast remains within the announced guidance range.

Q2 How will you allocate human resources of Money Forward Financial (cryptocurrency-related business)? What is the outlook for its operation?

A2 Although we announced to postpone (not "withdraw") the business of Money Forward Financial, 33 employees will be transferred to new positions within Money Forward Group, given the uncertainty such as market conditions. As all business domains are open for hiring, they will be transferred where they can add more value. We have explained the plan to the employees soon after the announcement today (15 April) and will offer them new positions later today (15 April). Money Forward Financial entity continue to exist, and Kanda remains as Money Forward Financial CEO and will look into the next opportunity to tap the market. In addition, other than being Money Forward Financial CEO, Kanda will be active in various projects at Money Forward (a parent company), including regional currency project, collaboration with financial institutions for X domain, Fintech Research Office, etc.

Q3 How will Money Forward Cloud Attendance contribute towards FY11/19 net sales? How do you see the progress being made for investment in Money Forward Cloud business?

A3 As for Money Forward Cloud Attendance, we are seeing good traction with companies saying "interested" or "want to use". Our sales team has been approaching companies larger than certain size. And now the team has limited availability for more meetings until soon after the Golden Week holidays (a series of national holidays ends on 6 May). The new service is expected to start generating sales from this June and July. Yet, we refrain from commenting on its impact and contribution on net sales as customers with less than or equal to 30 employees are using the service for free at this stage.

Regarding Money Forward Cloud business overall, steady progress has been made for the investment.

Q4 How much do you expect ARPPU (Average Revenue Per Paid User) will increase after the pricing change?

A4 Although ARPPU is expected to be increased, customer churn rate should also be monitored carefully. As the pricing will be revised starting from May 2019, we would like to update once we identify the customer behavior.

Q5 How do you evaluate the progress on net sales of core domains versus the initial forecast? Specifically, Home domain's initial forecast for FY11/19 was set at 46% YoY, but Q1 saw 39% growth YoY. I got an impression that the guidance was bit too bullish. Is there any room for catching up?

A5 Business domain is basically on track, growing by 60% YoY in Q1 versus the forecast of 52%. Even though Home domain saw some weakness, as we conducted TV ad campaign in December to January, the expanded user base is expected to start contributing to net sales towards 2H of the fiscal year. Yet, we had expected more positive impact from the TV ad campaign. X domain has been growing steadily.

Q6 Regarding Money Forward Cloud's new pricing table, this means a price increase for users who only want to use the Accounting / Tax return service. As a result, do you expect the churn rate to temporarily increase, and what are your expectations for ARPPU going forward?

A6 As of now customer churn is within expectation but we will be keeping close watch over the next few months when the new pricing table will be put into effect from May and June. Since the start of this company, we have been expanding our service lineup and have continued to improve our products, however we have generally kept our price the same. We made the decision to revise the pricing based on numerous feedbacks from users that the pricing table to use multiple products was complicated, and that we wanted to encourage user to use multiple products to make their business more efficient. Going forward, basically we expect the ARPPU to increase, but we will be keeping a close eye on the KPIs as we go along.

Q7 What are included in advertising costs other than costs for the TV ad for Money Forward ME, as well as its timing of expenditure and effectiveness? Does this include costs to acquire SMEs for the Money Forward Cloud domain?

A7 Advertising costs for FY19/11 Q1 is largely TV ad-related. Another fairly large contribution would be the marketing costs for Money Forward Cloud since Q1 coincides with the tax return season in Japan. We are keeping a close watch on our KPIs as we invest in marketing, hence the costs are within expectation. We are also running ads that target SMEs, increasing our exposure to the target market not only for the tax return service.

Q8 Please explain the competitive advantages for Money Forward Business and Money Forward X.

A8 Our strength are our products and our relationship with our partners. As for the Business domain, we believe that each of our products, as well as our product line-up as a whole, is one of the best cloud-based services in the country in terms of value proposition. We also have strong partnerships with accounting firms and tax accounting firms.

Regarding Money Forward X, our clients choose us and trust us because of our mission, which is to provide the solution and to create the product for our clients, together with our clients. More specifically, our team is involved in the concept making and defining what needs to be delivered, by target user research, design tests and creating prototypes and so on.

Q9 Please let us know the background to the public offering in December, and under what condition you would do it again.

A9 We decided that, under the economics at that point of time, it would be the right time to increase investment to accelerate growth, and that it would lead to increasing our enterprise value. As a result of enhanced investment in product development and sales & marketing, obviously it would impact our earnings and balance sheet, hence the need to increase our net assets through an equity offering. We plan to invest the ¥66 billion raised in where it would lead to growth. We expect our EBITDA to turn positive in FY21/11 hence we do not see the need for another equity offering for a while. Our focus is on EBITDA, to keep our doors open for M&As that would also accelerate growth.

Cloud-base SaaS has a low churn rate and high switching cost. Penetration ratio for cloud-base services continue to grow. To be No.1 in such environment, we believe it is appropriate to invest in our product development and sales & marketing.

Q10 Regarding the new lending service (Money Forward BizAccel), are you going to use the company's balance sheet, or will it be funded by financial institutions?

A10 It would be the same approach as MF KESSAI, one our group companies, which optimizes cash flow for SMEs by BPO and factoring. MF KESSAI currently uses its own balance sheet, mostly borrowed funds from financial institutions, while it optimizes its credit risk model and operation. Credit risk is largely mitigated by insurance. Financial resource is not our strong point, so we will be considering partnerships with financial institutions as the business expands.