

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended May 31, 2019
(Based on Japanese GAAP)**

July 16, 2019

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
 Inquiries: Executive Officer and CFO Shun Uchikawa TEL 03(6453)9160
 Scheduled date to file Quarterly Securities Report: July 16, 2019
 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, 2019 (from December 1, 2018 to May 31, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2019	3,058	53.2	(1,466)	–	(1,558)	–	(1,662)	–	(1,733)	–
Six months ended May 31, 2018	1,996	66.0	(160)	–	(221)	–	(235)	–	(232)	–

(Note) Comprehensive Income (millions of yen)

Six months ended May 31, 2019: (1,782) (-%). Six months ended May 31, 2018: (246) (-%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2019	(80.44)		–	
Six months ended May 31, 2018	(12.07)		–	

*EBITDA=Operating profit(loss) + depreciation + amortization

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of May 31, 2019	14,811		8,598		57.2	
As of November 30, 2018	8,660		3,383		37.3	

(Reference) Equity (millions of yen) As of May 31, 2019: 8,468. As of November 30, 2018: 3,229

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended November 30, 2018	–	0.00	–	0.00	0.00
Year ending November 30, 2019	–	0.00	–	–	–
Year ending November 30, 2019 (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, 2019 (from December 1, 2018 to November 30, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	7,122	55.0	(2,600)	–	(2,760)	–	(2,790)	–	(128.51)	
	~7,581	~65.0	~(2,100)	–	~(2,260)	–	~(2,290)	–	~(105.48)	

(Note) Revisions to most recent consolidated results forecast: None

(Reference) Forecast of EBITDA for the year ending November 30, 2019 (millions of yen): (2,420)~(1,920)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2019
 (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
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- 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, 2019	21,923,100 shares	As of November 30, 2018	19,329,640 shares
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Number of treasury shares at the end of the period

As of May 31, 2019	– shares	As of November 30, 2018	– 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, 2019	21,547,147 shares	Six months ended May 31, 2018	19,219,010 shares
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Quarterly Consolidated Financial Statements
Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2018	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	4,951,530	10,094,894
Notes and accounts receivable - trade	590,982	504,917
Inventories	8,889	16,979
Purchased receivables	362,115	1,031,301
Other	305,332	408,839
Allowance for doubtful accounts	(5,404)	(6,417)
Total current assets	6,213,445	12,050,514
Non-current assets		
Property, plant and equipment	288,642	341,304
Intangible assets		
Goodwill	893,407	838,315
Other	10,646	15,375
Total intangible assets	904,053	853,690
Investments and other assets	1,254,027	1,566,356
Total non-current assets	2,446,723	2,761,352
Total assets	8,660,169	14,811,866
Liabilities		
Current liabilities		
Accounts payable - trade	189,917	103,136
Short-term loans payable	555,000	1,293,000
Current portion of long-term loans payable	510,000	510,000
Accounts payable - other	236,959	411,862
Accrued expenses	428,688	537,621
Income taxes payable	29,172	46,732
Unearned revenue	774,649	915,670
Other	124,543	69,888
Total current liabilities	2,848,930	3,887,911
Non-current liabilities		
Long-term loans payable	2,425,000	2,320,000
Other	2,804	5,638
Total non-current liabilities	2,427,804	2,325,638
Total liabilities	5,276,735	6,213,549
Net assets		
Shareholders' equity		
Capital stock	3,378,155	6,893,427
Capital surplus	726,723	3,977,684
Retained earnings	(873,822)	(2,372,813)
Total shareholders' equity	3,231,057	8,498,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,677)	(27,063)
Foreign currency translation adjustment	1,761	(2,951)
Total accumulated other comprehensive income	(2,915)	(30,014)
Share acquisition rights	60,007	58,109
Non-controlling interests	95,284	71,922
Total net assets	3,383,433	8,598,316
Total liabilities and net assets	8,660,169	14,811,866

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, 2018	Six months ended May 31, 2019
Net sales	1,996,571	3,058,846
Cost of sales	677,940	1,290,124
Gross profit	1,318,631	1,768,721
Selling, general and administrative expenses	1,539,691	3,327,035
Operating loss	(221,060)	(1,558,313)
Non-operating income		
Interest income	21	36
Subsidy income	–	570
Other	2	1,466
Total non-operating income	24	2,072
Non-operating expenses		
Interest expenses	11,263	13,068
Share issuance cost	2,165	90,735
Other	755	2,285
Total non-operating expenses	14,184	106,089
Ordinary loss	(235,220)	(1,662,330)
Extraordinary income		
Gain on reversal of share acquisition rights	2,622	848
Total extraordinary income	2,622	848
Extraordinary losses		
Impairment loss	–	12,533
Loss on liquidation of business	–	61,395
Total extraordinary losses	–	73,928
Loss before income taxes	(232,597)	(1,735,410)
Income taxes - current	5,139	18,961
Income taxes - deferred	–	1,428
Total income taxes	5,139	20,389
Loss	(237,736)	(1,755,800)
Loss attributable to non-controlling interests	(5,710)	(22,442)
Loss attributable to owners of parent	(232,026)	(1,733,357)

Consolidated Statements of Comprehensive Income (cumulative)

	(Thousands of yen)	
	Six months ended May 31, 2018	Six months ended May 31, 2019
Loss	(237,736)	(1,755,800)
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,883)	(22,386)
Foreign currency translation adjustment	–	(4,712)
Total other comprehensive income	(8,883)	(27,098)
Comprehensive income	(246,620)	(1,782,898)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(240,910)	(1,760,456)
Comprehensive income attributable to non-controlling interests	(5,710)	(22,442)

Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended May 31, 2018	Six months ended May 31, 2019
Cash flows from operating activities		
Loss before income taxes	(232,597)	(1,735,410)
Depreciation	19,052	36,966
Amortization of goodwill	41,205	55,092
Increase (decrease) in allowance for doubtful accounts	(775)	1,013
Interest and dividend income	(21)	(36)
Interest expenses	11,263	13,068
Share issuance cost	2,165	90,735
Impairment loss	–	12,533
Loss on liquidation of business	–	61,395
Decrease (increase) in notes and accounts receivable - trade	24,594	86,064
Decrease (increase) in inventories	4,220	(8,089)
Decrease (increase) in purchased receivables	(107,669)	(669,185)
Increase (decrease) in notes and accounts payable - trade	(31,179)	(86,781)
Increase (decrease) in accounts payable - other	(15,072)	178,243
Increase (decrease) in accrued expenses	56,113	109,234
Increase (decrease) in unearned revenue	76,541	141,020
Other, net	(41,268)	(104,726)
Subtotal	(193,426)	(1,818,862)
Interest and dividend income received	21	36
Interest expenses paid	(10,899)	(13,523)
Income taxes paid	(9,831)	(12,267)
Net cash provided by (used in) operating activities	(214,136)	(1,844,617)
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,534)	(93,224)
Purchase of intangible assets	(56,906)	(13,520)
Purchase of investment securities	(239,152)	(223,902)
Payments for lease and guarantee deposits	(196,872)	(15,169)
Proceeds from collection of lease and guarantee deposits	144	3,732
Other, net	267	865
Net cash provided by (used in) investing activities	(556,054)	(341,218)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	–	738,000
Proceeds from long-term loans payable	–	240,000
Repayments of long-term loans payable	(155,000)	(345,000)
Proceeds from issuance of common shares	38,594	6,700,469
Proceeds from issuance of share acquisition rights	46,992	–
Proceeds from share issuance to non-controlling shareholders	13,500	–
Other, net	–	(167)
Net cash provided by (used in) financing activities	(55,912)	7,333,302
Effect of exchange rate change on cash and cash equivalents	–	(4,102)
Net increase (decrease) in cash and cash equivalents	(826,103)	5,143,363
Cash and cash equivalents at beginning of period	5,727,354	4,951,530
Cash and cash equivalents at end of period	4,901,251	10,094,894