

Translation

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September 18, 2020

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Representative Director, President and CEO
(Securities Code: 3994,
Stock Exchange: TSE Mothers)
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Notice of Conversion of R&AC Co.,Ltd. into a Wholly Owned Subsidiary via Simplified Share Exchange

Money Forward, Inc. (the “Company”) hereby announces that it has decided, by a resolution of its Board of Directors on September 18, 2020, to conduct share exchange in which R&AC Co.,Ltd. (“R&AC”) will become a wholly owned subsidiary of the Company (the “Share Exchange”). The Company has concluded the share exchange agreement (the “Share Exchange Agreement”) with R&AC on September 18, 2020, as follows. The Company will carry out the Share Exchange through a simplified share exchange procedure (*kani kabushiki kokan*) without obtaining an approval by a resolution of its general meeting of shareholders, based on the provision of Article 796, Paragraph 2 of the Companies Act.

Since the Share Exchange will be a simplified share exchange intended to convert a consolidated subsidiary into a wholly owned subsidiary, disclosure items and details are partially omitted in this notice.

1. Purpose of the Share Exchange

Victory-ONE® and *V-ONE Cloud®* offered by R&AC (Headquarters: Chuo-ku, Tokyo, Representative Director: Tomoyasu Takayama) are Japan’s No.1* software specialized in cash reconciliation and receivable management that are widely used in both large corporates and SMEs. R&AC offers not only cloud-based versions but also on-premise versions, having strength in offering value-added services for medium-to large-sized corporates.

The Company has been focusing on expanding the medium-sized customer base including pre-IPO companies by offering *Money Forward Cloud Accounting Plus*, *Money Forward Cloud Expense* and *Money Forward Cloud Payroll* to enhance medium to long-term shareholder and corporate value and consolidated R&AC on August 11, 2020, with an aim to enhance the product lineup for medium-to large-sized corporates, and to promote *V-ONE Cloud®* using its current network and customer base.

Since the consolidation, business integration and alliance has made positive progress. By wholly owning R&AC, the Company will be able to make the most of the management resources of both companies and to make management decisions more expeditiously, accelerating business growth and enhancement of the Company’s corporate value.

*According to research by Shopper’s Eye Inc. (July 22, 2020): No.1 in number of companies using cloud-based cash reconciliation software

2. Outline of the Share Exchange

(1) Timeline for the Share Exchange

Date of resolution of the Board of Directors (the Company)	September 18, 2020
Date of execution of the Share Exchange Agreement (both companies)	September 18, 2020
Date of the extraordinary general meeting of shareholders (R&AC)	October 7, 2020 (scheduled)
Effective date of the Share Exchange	October 12, 2020 (scheduled)

(2) Method of the Share Exchange

By this Share Exchange, R&AC will become a wholly owned subsidiary of the Company. The Company will carry out the Share Exchange through a simplified share exchange procedure without obtaining approval by resolution of its general meeting of shareholders based on the provision of Article 796, Paragraph 2 of the Companies Act. R&AC will carry out the Share Exchange upon obtaining approval by resolution of its extraordinary general meeting of shareholders to be held on October 7, 2020.

(3) Allocation of shares for the Share Exchange

	The Company (Wholly owning parent company in the Share Exchange)	R&AC (Wholly owned subsidiary company in the Share Exchange)
Share exchange ratio for the Share Exchange	1	348.034
Number of shares of the Company to be allotted upon the Share Exchange	62,646 common shares	

* In the Share Exchange, the Company will allot 348.034 ordinary shares of the Company for each ordinary share of R&AC to the shareholder of R&AC immediately before the time the Company acquires all outstanding shares of R&AC (excluding shares of R&AC already owned by the Company). However, the Company will not allot its shares for R&AC's shares already held by the Company (630 shares as of today) in the Share Exchange. The share exchange ratio is subject to change by discussion between the two companies if any material changes occur with respect to any factors based on which the share exchange ratio is calculated.

* Number of new shares the Company issues for the Share Exchange: 62,646 Ordinary Shares

* For the existing shareholder of R&AC who will receive a distribution of an allotment of odd lots of less than one common share of the Company, the Company will conduct procedures in accordance with Article 234 of the Companies Act and other related regulations.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights under the Share Exchange

R&AC, which will be a wholly owned subsidiary of the Company by the Share Exchange, has not issued any stock options or bonds with stock options.

3. Basis of the Calculation for allotment in the Share Exchange

(1) Basis and reason for the calculation for allotment in the Share Exchange

Since the Company is a listed company, share value of the Company was determined by the average market share price method at 7,183.2 yen per share (the simple average of the daily closing prices on the Tokyo Stock Exchange Mothers Market for the preceding trading days in the three months prior to the reference date for this calculation, which is September 17, 2020).

Since R&AC is a private company, R&AC's share value was assessed comprehensively considering factors such as financial status,

asset status and future outlook, referring to the result of share value calculation conducted by the Company and by WARC Inc., an independent third party, in order to ensure fairness and validity of share exchange ratio for the Share Exchange. After careful deliberation between the Company and R&AC, the companies agreed that the formula for the share exchange ratio in the Share Exchange described in 2.(3) above is appropriate and contributes to the interests of shareholders of both companies.

(2) Matters related to calculations

Share value of R&AC, which is the basis of calculating the share exchange ratio for the Share Exchange, was determined by discounted cash flow method (the “DCF method”). Based on this calculation, the price per share of R&AC, which is the basis of calculating the share exchange ratio, ranges from 2,417,580 yen to 2,684,317 yen. Referring the calculation results, the Company and R&AC discussed and determined the appropriate per share value as 2,500,000 yen. Significant growth in profit is expected in R&AC’s projection used for the calculation by DCF method, since R&AC offers SaaS business in back-office area, where market is expected to continue to expand due to the cloud shifting trend, and net sales from new and existing clients accumulate year over year. The share price of R&AC is same as its acquisition price per share when the Company additionally acquired its shares announced on July 31,2020.

(3) Expectation to become delisted and its reason

Through the Stock Exchange, the Company will be a wholly owning parent company. R&AC, that will be a wholly owned subsidiary, is a private company. As such, delisting is not applicable.

4. Outline of companies involved in Stock Exchange

	Wholly owning parent company in the Share Exchange	Wholly owned subsidiary company in the Share Exchange
(1) Company name	Money Forward, Inc.	R&AC Co.,Ltd.
(2) Location	21F, msb Tamachi, Tamachi Station Tower S, 3-1-21 Shibaura, Minato-ku, Tokyo	3F, Higashi-nihonbashi Green Building, 2-8-3 Higashi-nihonbashi, Chuo-ku, Tokyo
(3) Title and name of Representative	Representative Director, President and CEO, Yosuke Tsuji	Representative Director, Tomoyasu Takayama
(4) Business	Development of internet services	Development and sales of cash reconciliation and receivable management system <i>Victory-ONE Series</i>
(5) Amount of capital	9,564 million yen (as of August 31, 2020)	173 million yen (as of September 18, 2020)
(6) Date established	May 2012	November 2004
(7) Number of issued shares	23,477,272 ordinary shares (as of May 31, 2020)	810 ordinary shares (as of September 18, 2020)
(8) Fiscal year end	November 30	September 30
(9) Major shareholders and shareholding ratio	Yosuke Tsuji 15.31% (as of May 31, 2020)	Money Forward, Inc. 77.8% Tomoyasu Takayama 22.2% (as of September 18, 2020)
(10) Operating results and financial position for the previous fiscal year *1		
Fiscal year	Fiscal year ended November 2019	Fiscal year ended September 2019

Net assets	8,080 million yen	363 million yen
Total assets	16,313 million yen	452 million yen
Net assets per share	355 yen	449,037 yen
Net sales	7,156 million yen	382 million yen
Operating income (loss)	(2,446) million yen	7 million yen
Ordinary income (loss)	(2,567) million yen	7 million yen
Net income (loss) *2	(2,572) million yen	4 million yen
Net income (loss) per share *2	(117) yen	5,987 yen

*1 For the Company, consolidated business results and consolidated financial position are stated.

*2 For the Company, profit (loss) attributable to owners of parent is stated.

5. Status after the Share Exchange

(1) Company name	Money Forward, Inc.
(2) Location	21F, msb Tamachi, Tamachi Station Tower S, 3-1-21 Shibaura, Minato-ku, Tokyo
(3) Title and name of representative	Representative Director, President and CEO, Yosuke Tsuji
(4) Business	Development of internet services
(5) Amount of capital	9,564 million yen
(6) Date established	November 30

* The Representative Director of R&AC will continue to be involved with its management after the Share Exchange.

6. Future outlook

The impact of the Share Exchange to the Company's consolidated operating results for the fiscal year ended November 2020 is expected to be immaterial. Should any matters arise that require an announcement, the Company will disclose such matters promptly.