

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2020 (Based on Japanese GAAP)

October 15, 2020

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: Director, Executive Officer and CFO Naoya Kanesaka TEL 03(6453)9160
 Scheduled date to file Quarterly Securities Report: October 15, 2020
 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 nine months ended August 31, 2020 (from December 1, 2019 to August 31, 2020)

(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	%
Nine months ended August 31, 2020	7,970	61.3	(1,172)	–	(1,603)	–	(1,662)	–	(1,561)	–
Nine months ended August 31, 2019	4,940	58.0	(1,676)	–	(1,867)	–	(1,981)	–	(2,043)	–

(Note) Comprehensive Income (millions of yen)

Nine months ended August 31, 2020: (1,285) (-%). Nine months ended August 31, 2019: (2,146) (-%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 31, 2020	(67.50)		–	
Nine months ended August 31, 2019	(94.16)		–	

*EBITDA=Operating profit(loss) + depreciation + amortization + tax expenses included in operating expenses

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of August 31, 2020	21,454		10,907		49.0	
As of November 30, 2019	16,313		8,030		48.2	

(Reference) Equity (millions of yen) As of August 31, 2020: 10,521. As of November 30, 2019: 7,870.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended November 30, 2019	–	0.00	–	0.00	0.00
Year ending November 30, 2020	–	0.00	–	–	–
Year ending November 30, 2020 (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, 2020 (from December 1, 2019 to November 30, 2020)

Percentages indicate year-on-year changes

	Net sales		EBITDA		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	%	Millions of yen	%	Yen
Full year	11,093	55.0	(2,800)	–	(3,411)	–	(3,571)	–	(3,601)	–	(165.05)
	~11,451	~60.0	~(1,900)	–	~(2,511)	–	~(2,671)	–	~(2,701)	–	~(123.79)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 2020
(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: Yes
- (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: Yes
- Changes in accounting estimates: Yes
- 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 August 31, 2020	23,577,092 shares	As of November 30, 2019	22,165,360 shares
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Number of treasury shares at the end of the period

As of August 31, 2020	4,483 shares	As of November 30, 2019	1,158 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended August 31, 2020	23,136,456 shares	Nine months ended August 31, 2019	21,701,347 shares
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Quarterly Consolidated Financial Statements
Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	7,192,537	9,009,019
Notes and accounts receivable - trade	890,638	886,722
Operational investment securities	–	99,995
Inventories	7,297	74,316
Purchased receivables	2,068,872	2,230,747
Other	750,749	911,056
Allowance for doubtful accounts	(41,953)	(48,474)
Total current assets	10,868,142	13,163,382
Non-current assets		
Property, plant and equipment	387,384	447,188
Intangible assets		
Goodwill	2,621,095	3,668,537
Software	18,870	242,094
Software in progress	–	424,789
Total intangible assets	2,639,965	4,335,421
Investments and other assets		
Investment securities	1,789,955	2,528,256
Other	640,387	992,935
Allowance for doubtful accounts	(12,619)	(12,619)
Total investments and other assets	2,417,722	3,508,572
Total non-current assets	5,445,073	8,291,181
Total assets	16,313,216	21,454,564
Liabilities		
Current liabilities		
Accounts payable - trade	184,730	199,495
Short-term borrowings	2,000,000	2,420,000
Current portion of long-term borrowings	620,776	663,344
Accounts payable - other	755,661	821,177
Accrued expenses	646,781	697,497
Income taxes payable	77,188	51,402
Provision for bonuses	11,641	6,991
Unearned revenue	872,713	1,281,064
Other	225,189	616,313
Total current liabilities	5,394,682	6,757,286
Non-current liabilities		
Long-term borrowings	2,809,533	3,544,827
Other	78,840	244,533
Total non-current liabilities	2,888,373	3,789,360
Total liabilities	8,283,056	10,546,646

(Thousands of yen)

	As of November 30, 2019	As of August 31, 2020
Net assets		
Shareholders' equity		
Share capital	6,942,818	9,564,745
Capital surplus	4,026,306	2,782,603
Retained earnings	(3,211,257)	(2,249,612)
Treasury shares	(146)	(146)
Total shareholders' equity	7,757,721	10,097,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	120,126	431,183
Foreign currency translation adjustment	(6,917)	(6,106)
Deferred gains or losses on hedges	–	(996)
Total accumulated other comprehensive income	113,208	424,080
Share acquisition rights	54,541	48,948
Non-controlling interests	104,687	337,298
Total net assets	8,030,159	10,907,917
Total liabilities and net assets	16,313,216	21,454,564

Consolidated Statements of Income (cumulative) and Consolidated Statements of Comprehensive Income (cumulative)

Consolidated Statements of Income (cumulative)

	(Thousands of yen)	
	Nine months ended August 31, 2019	Nine months ended August 31, 2020
Net sales	4,940,342	7,970,396
Cost of sales	1,951,628	2,631,774
Gross profit	2,988,713	5,338,622
Selling, general and administrative expenses	4,856,099	6,942,009
Operating loss	(1,867,385)	(1,603,387)
Non-operating income		
Interest income	93	109
Subsidy income	902	3,718
Other	552	1,755
Total non-operating income	1,548	5,583
Non-operating expenses		
Interest expenses	21,162	27,602
Share issuance cost	90,735	25,351
Other	3,924	11,579
Total non-operating expenses	115,822	64,533
Ordinary loss	(1,981,659)	(1,662,337)
Extraordinary income		
Gain on reversal of share acquisition rights	1,889	1,790
Gain on step acquisitions	–	100,000
Total extraordinary income	1,889	101,790
Extraordinary losses		
Impairment loss	12,533	–
Loss on liquidation of business	61,395	–
Total extraordinary losses	73,928	–
Loss before income taxes	(2,053,699)	(1,560,547)
Income taxes	28,896	35,814
Loss	(2,082,596)	(1,596,361)
Loss attributable to non-controlling interests	(39,110)	(34,742)
Loss attributable to owners of parent	(2,043,485)	(1,561,619)

Consolidated Statements of Comprehensive Income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2019	Nine months ended August 31, 2020
Loss	(2,082,596)	(1,596,361)
Other comprehensive income		
Valuation difference on available-for-sale securities	(55,526)	311,171
Foreign currency translation adjustment	(8,305)	811
Deferred gains or losses on hedges	—	(996)
Total other comprehensive income	(63,832)	310,985
Comprehensive income	(2,146,428)	(1,285,375)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,107,317)	(1,250,747)
Comprehensive income attributable to non-controlling interests	(39,110)	(34,628)