**Financial Results for the 1st Quarter of Fiscal Year Ending November 30, 2021**
**Q&A Session Summary**

Q1. Please tell us about the effects of the active advertising in Q4 for Business domain.

A1. As stated on page 25 of the financial results presentation, ARPA for corporates grew by 4.4% QoQ mainly due to accelerated adoption by medium-sized companies with higher unit prices. 2% pt. of the increase in ARPA is due to accelerated adoption by medium-sized companies, and the rest is mainly due to the use of *STREAMED* by accounting firms related to tax returns. As shown in the chart, ARPA tends to decline from Q1 to Q2 (due to the impact of tax returns), and there is a possibility that it will decline in Q2 FY11/21 as well.
As an effect of the active advertising, we have gained recognition that our products can be used by listed and pre-IPO companies, so we feel it was successful. The number of inquiries and appointments are also increasing, as is the traction via Web. We believe that the advertising has had an indirect positive impact on the acquisition of sole proprietorship customers.

Q2. The pace of EBITDA turnaround seems to be faster than your guidance, but is this within your expectations? You mentioned that the full year result would be within the guidance range, but how should we think about the remaining quarters?

A2. We achieved EBITDA positive a little early compared to the guidance, but this was within our expectations. Q1 saw steady revenue growth, which resulted in the slightly positive operating profit. We believe it is important to continue to grow revenue and keep the churn rate low. We will continue to make necessary investments for growth, and quarterly profit is not that important.

Q3. Regarding the situation in Finance domain, have there been any changes in demand, credit standards, or bad debt ratio?

A3. Demand for Money Forward Kessai's business remains strong. However, we continue to focus on credit management as the business is subject to balance sheet risk. Recently, timely disclosure was made for the bankruptcy of a startup client that had intentionally misrepresented its financials. The total transferred receivables related to this matter is 50 million yen, but we have hedged the risk with insurance, and we expect to incur a loss of 5 million yen (since the 90% will be covered by insurance). We recognize that this is a unique case, however we will take measures to prevent recurrence, including a close examination of the credit screening methodologies, so that similar cases will not occur in the future. In addition, we have identified cases with large transaction volume and reported the situation at today's board meeting. Overall, we believe that we have been managing credit appropriately. *Money Forward Kessai* is an important business in the context of SaaS x Fintech.

Q4. I think the positive revenue growth is a result of the advertising effects at the end of last year. EBITDA and profit are positive now, but I believe the advertising expenses can still be kept active. What are your thoughts on advertising expenses going forward?

A4. We are not particularly expecting profits (on an operating income basis in FY11/21). We focus on medium- to long-term profits. We will continue active investment in advertising while being conscious of cost effectiveness.

Q5. Given EBITDA is now in the black, and you are going to invest in costs, how do you project EBITDA looking in the future on a quarterly basis?

A5. EBITDA is greatly affected by the amount of advertising expenses for each quarter. In Q4 FY11/20, the amount of advertising expenses was particularly large due to a large-scale campaign. From the perspective of competitive strategy, we will refrain from commenting on the outlook for quarterly advertising expenses in the future. Q1 saw the investment in line with the initial expectation.

Q6. Regarding *Money Forward Cloud Contract* to be launched in May 2021, how much would it impact on the revenue?

A6. We believe that the contribution to earnings for FY11/21 will be limited. We have started marketing activity, and some companies have already expressed their intention to introduce the service even before the launch. We will work on product market fit and cross-selling to existing corporate customers.

Q7. I would like to ask a question regarding the growth rate of corporate ARR in Business domain. How do you assess (i) the ARR growth rate (YoY+43%), (ii) the sustainability of the upward trend in ARPA, and (iii) the possibility of acceleration of the ARPA growth? Also, am I correct in understanding that the contracts that you won for medium-sized corporates through last year's large-scale marketing have not yet contributed much to Q1 revenue?

A7. At present, the pace of acquisition of corporate customers and the trend of ARPA are in line with the initial forecast. ARPA tends to increase seasonally in Q1 due to the impact of *STREAMED* (associated with tax returns), so there is a possibility that ARPA will decline slightly in Q2. We do not expect the 4% QoQ increase in ARPA to continue every quarter. The impact of new contracts due to the large-scale marketing is still limited, but overall lead acquisition is going well and there are many appointments with potential customers. The revenue contribution is expected to materialize from 2Q.

Q8. Please explain the factors behind the QoQ decrease in advertising expenses and the YoY improvement in gross profit margin. Did Business domain's advertising expenses also decrease?
Regarding your approach to advertising expenses, we understand that at the previous earnings call, you explained that you would actively invest in advertising expenses if revenues exceeded your expectations. What is your internal assessment of the progress of revenues, and what is your stance on marketing investment going forward?

A8. Although advertising expenses decreased compared to Q4, when large-scale marketing was conducted, they were almost the same level compared to Q1 FY11/20. The main reason for the improvement in gross profit margin is the continued growth in revenues. Regarding our approach to advertising expenses, our policy remains unchanged, and we will aggressively invest in advertising expenses when revenues exceed our expectations. Since customer acquisition has been progressing well, we will continue to aggressively invest in marketing from Q2 onward.

Q9. I have a question regarding your entry into the financial services intermediary business. I would like to know the status of internal discussions, the direction of the business strategy, and the expected impact on earnings.

A9. In the midst of establishment of various new laws and regulations, we are discussing internally what kind of new value we can provide to users. We would like to provide unique services that only we can provide, but there are no concrete decisions to be made at this point. We will make announcement when we have decided on the direction.

Q10. R&AC's net sales are around 60 million yen. However, given that sales were just under 400 million yen at the time of the acquisition, the growth in sales seems to be slow. Are there any synergies from the acquisition yet? Are you struggling in terms of sales?

A10. The figure of "60 million yen" that you asked about may have been calculated based on the figures in the footnote on page 24 of the financial results presentation, but R&AC's sales consist of recurring revenue (SaaS) and non-recurring revenue (on-premises service), and the sales composition is roughly 50:50 (R&AC's Q1 net sales were not 60 million yen). The number of customers has been increasing steadily, and sales growth has been maintained through the accumulation of recurring revenue. Synergies have also been observed in terms of sales and marketing.

Q11. Your competitors did M&A in the legal tech market, but you will launch *Money Forward Cloud Contract* through in-house development. What were the hurdles for your company, which has no expertise in the legal tech, to bring this legal service in-house, and did you consider the M&A opportunity?
In addition, please tell us about the potential of *Money Forward Cloud Contract*. Do you assume that many customers who use your existing SaaS platform will use *Money Forward Cloud Contract* and that it will start up quickly?

A11. When entering the legal tech market, we were also considering M&A, but given our own development capabilities and human resources and expertise in the legal, we decided that it would be possible to internally develop a competitive product in the cloud contract service. I would be happy to explain deeper on our competitive advantage after the service is released, but I believe it will be of great value in eliminating customer pain points in operations, as we can digitize not only contracts, but also streamline the workflow process. It is also possible to provide integrated value by combining it with our other SaaS. We will first focus on cross-selling it to our existing customers.

Q12. Can you give us an update on the progress toward the launch of new service with the alliance with Lifenet Insurance and the scale of future revenue contribution?

A12. Lifenet Insurance is an online insurance company that offers life insurance at low cost based on the vision of “Comprehensible, Cost-Competitive, Convenient”. We believe that Lifenet Insurance is a great partner for us to help users to reduce insurance costs. In addition to insurance, the financial sector has huge potential such as asset management and lending, and we will continue to consider what kind of new value we can offer for the 12 million users of *Money Forward ME*.

Q13. Regarding the breakdown of expenses on page 20 of the financial results presentation, how much are communication expenses which are included in "Other"?

A13. The level of granularity of disclosure has been changed since this Q1 financial results presentation, and communication expenses are included in “Other” expenses. The amount has slightly increased from 240 million yen in the previous quarter (Note: Other expenses include the capitalized amount of software as a negative expense item).