

Translation

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Summary of Consolidated Financial Results for the Six Months Ended May 31, 2021 (Based on Japanese GAAP)

July 15, 2021

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
 Executive Officer and Accounting Department Manager
 Inquiries: Shun Matsuoka TEL 03(6453)9160
 Scheduled date to file Quarterly Securities Report: July 15, 2021
 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, 2021 (from December 1, 2020 to May 31, 2021)

(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, 2021	7,460	43.1	648	–	44	–	28	–	20	–
Six months ended May 31, 2020	5,214	70.5	(880)	–	(1,245)	–	(1,287)	–	(1,274)	–

(Note) Comprehensive income (millions of yen)

Six months ended May 31, 2021: 29 (-%). Six months ended May 31, 2020: (1,221) (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2021	0.43	0.41
Six months ended May 31, 2020	(27.77)	–

* EBITDA=Operating profit(loss) + depreciation and amortization + tax expenses included in operating expenses + share-based remuneration expenses

* Diluted earnings per share for the six month period ended May 31, 2020, is not disclosed because it is anti dilutive due to the Company's net loss position.

* The Company conducted a 2-for-1 stock split of common stock effective on December 1, 2020. Therefore, earnings per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	24,251	11,452	42.5
As of November 30, 2020	21,711	10,237	44.3

(Reference) Equity (millions of yen) As of May 31, 2021: 10,297. As of November 30, 2020: 9,618

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended November 30, 2020	–	0.00	–	0.00	0.00
Year ending November 30, 2021	–	0.00			
Year ending November 30, 2021 (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, 2021 (from December 1, 2020 to November 30, 2021)

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	14,750	30.3	100	—	(1,196)	—	(1,261)	—	(1,308)	—	(27.42)
	~15,750	~39.2	~500	—	~(796)	—	~(861)	—	~(908)	—	~(19.04)

(Note) Revisions to most recent dividend forecast: None

4. Notes

- (1) Changes in significant subsidiaries during the six months ended May 31, 2021
(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: 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, 2021	48,069,060 shares	As of November 30, 2020	47,702,436 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	26,821 shares	As of November 30, 2020	17,836 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, 2021	47,829,028 shares	Six months ended May 31, 2020	45,890,284 shares
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* The Company conducted a 2-for-1 stock split of common stock effective on December 1, 2020. Therefore, total number of issued shares (common shares) is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

Quarterly Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	8,919,850	6,758,528
Notes and accounts receivable - trade	1,228,255	1,276,063
Operational investment securities	219,851	553,866
Inventories	83,005	26,356
Purchased receivables	2,210,303	2,997,726
Other	855,801	1,090,641
Allowance for doubtful accounts	(56,747)	(67,464)
Total current assets	13,460,320	12,635,718
Non-current assets		
Property, plant and equipment	478,231	484,011
Intangible assets		
Goodwill	3,547,877	3,305,813
Software	623,057	1,054,935
Software in progress	393,400	945,713
Total intangible assets	4,564,335	5,306,462
Investments and other assets		
Investment securities	2,230,427	4,460,382
Leasehold and guarantee deposits	580,220	580,196
Other	410,833	821,733
Allowance for doubtful accounts	(12,619)	(37,196)
Total investments and other assets	3,208,861	5,825,115
Total non-current assets	8,251,428	11,615,589
Total assets	21,711,748	24,251,308
Liabilities		
Current liabilities		
Accounts payable - trade	175,032	152,085
Short-term loans payable	2,510,000	3,520,000
Current portion of long-term loans payable	968,344	1,433,199
Accounts payable - other	1,664,797	1,255,188
Accrued expenses	717,171	737,803
Income taxes payable	89,930	110,320
Provision for bonuses	16,874	17,269
Unearned revenue	1,454,299	1,514,794
Other	643,955	702,529
Total current liabilities	8,240,405	9,443,190
Non-current liabilities		
Long-term loans payable	3,067,741	3,206,314
Other	165,833	149,505
Total non-current liabilities	3,233,574	3,355,819
Total liabilities	11,473,980	12,799,009

(Thousands of yen)

	As of November 30, 2020	As of May 31, 2021
Net assets		
Shareholders' equity		
Capital stock	9,614,410	9,926,740
Capital surplus	2,910,162	1,384,508
Retained earnings	(3,111,275)	(1,252,880)
Treasury shares	(146)	(850)
Total shareholders' equity	9,413,150	10,057,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	214,893	237,273
Foreign currency translation adjustment	(9,752)	2,675
Total accumulated other comprehensive income	205,140	239,948
Share acquisition rights	46,549	43,817
Non-controlling interests	572,927	1,111,014
Total net assets	10,237,768	11,452,298
Total liabilities and net assets	21,711,748	24,251,308

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, 2020	Six months ended May 31, 2021
Net sales	5,214,512	7,460,296
Cost of sales	1,715,527	2,077,343
Gross profit	3,498,985	5,382,952
Selling, general and administrative expenses	4,744,894	5,338,583
Operating profit (loss)	(1,245,909)	44,369
Non-operating income		
Interest income	32	40
Consumption taxes refund	–	9,013
Subsidy income	3,718	2,281
Other	1,436	5,311
Total non-operating income	5,187	16,646
Non-operating expenses		
Interest expenses	17,538	22,217
Foreign exchange losses	–	6,063
Share issuance costs	25,351	–
Other	4,049	4,198
Total non-operating expenses	46,939	32,478
Ordinary profit (loss)	(1,287,660)	28,536
Extraordinary income		
Gain on reversal of share acquisition rights	1,712	1,210
Total extraordinary income	1,712	1,210
Profit (loss) before income taxes	(1,285,947)	29,747
Income taxes	17,166	35,401
Loss	(1,303,114)	(5,653)
Loss attributable to non-controlling interests	(28,699)	(26,064)
Profit (loss) attributable to owners of parent	(1,274,415)	20,410

Consolidated Statements of Comprehensive Income (cumulative)

(Thousands of yen)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Loss	(1,303,114)	(5,653)
Other comprehensive income		
Valuation difference on available-for-sale securities	82,644	22,380
Foreign currency translation adjustment	(906)	12,427
Deferred gains or losses on hedges	(451)	–
Total other comprehensive income	81,287	34,808
Comprehensive income	(1,221,826)	29,154
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,193,127)	55,218
Comprehensive income attributable to non-controlling interests	(28,699)	(26,064)

Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended May 31, 2020	Six months ended May 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(1,285,947)	29,747
Depreciation	48,733	146,846
Amortization of goodwill	157,196	236,373
Share-based remuneration expenses	67,718	108,414
Increase (decrease) in provision for bonuses	(2,608)	251
Increase (decrease) in allowance for doubtful accounts	7,585	35,294
Interest and dividend income	(32)	(40)
Interest expenses	17,538	22,217
Share issuance costs	25,351	–
Decrease (increase) in trade receivables	(140,654)	(63,352)
Decrease (increase) in investment securities for sale	–	(334,014)
Decrease (increase) in inventories	(15,342)	56,661
Decrease (increase) in purchased receivables	(143,435)	(787,423)
Increase (decrease) in trade payables	(53,751)	(22,946)
Increase (decrease) in accounts payable - other	344,236	(381,824)
Increase (decrease) in accrued expenses	52,522	22,212
Increase (decrease) in unearned revenue	193,986	60,495
Other, net	(208,794)	(65,738)
Subtotal	(935,700)	(936,824)
Interest and dividends received	32	40
Interest paid	(18,645)	(22,911)
Income taxes paid	(22,616)	(37,118)
Net cash provided by (used in) operating activities	(976,929)	(996,814)
Cash flows from investing activities		
Payments into time deposits	(200,000)	(200,000)
Proceeds from withdrawal of time deposits	–	200,000
Purchase of property, plant and equipment	(30,189)	(93,000)
Purchase of intangible assets	(388,431)	(1,093,124)
Purchase of investment securities	(355,160)	(2,252,456)
Proceeds from sales of investment securities	–	18,596
Payments of leasehold and guarantee deposits	(130,788)	(29,243)
Proceeds from refund of leasehold and guarantee deposits	8,723	19,159
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(14,218)
Other, net	210	(190)
Net cash provided by (used in) investing activities	(1,095,635)	(3,444,478)

	(Thousands of yen)	
	Six months ended May 31, 2020	Six months ended May 31, 2021
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	1,030,000	1,010,000
Proceeds from long-term loans payable	1,012,000	1,000,000
Repayments of long-term loans payable	(299,052)	(374,572)
Proceeds from issuance of common shares	4,825,187	64,811
Purchase of treasury shares	–	(704)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,390,629)	–
Proceeds from partnership	–	570,000
Other, net	(167)	(167)
Net cash provided by (used in) financing activities	5,177,339	2,269,367
Effect of exchange rate change on cash and cash equivalents	(1,425)	10,602
Net increase (decrease) in cash and cash equivalents	3,103,348	(2,161,321)
Cash and cash equivalents at beginning of period	7,192,537	8,719,850
Cash and cash equivalents at end of period	10,295,886	6,558,528