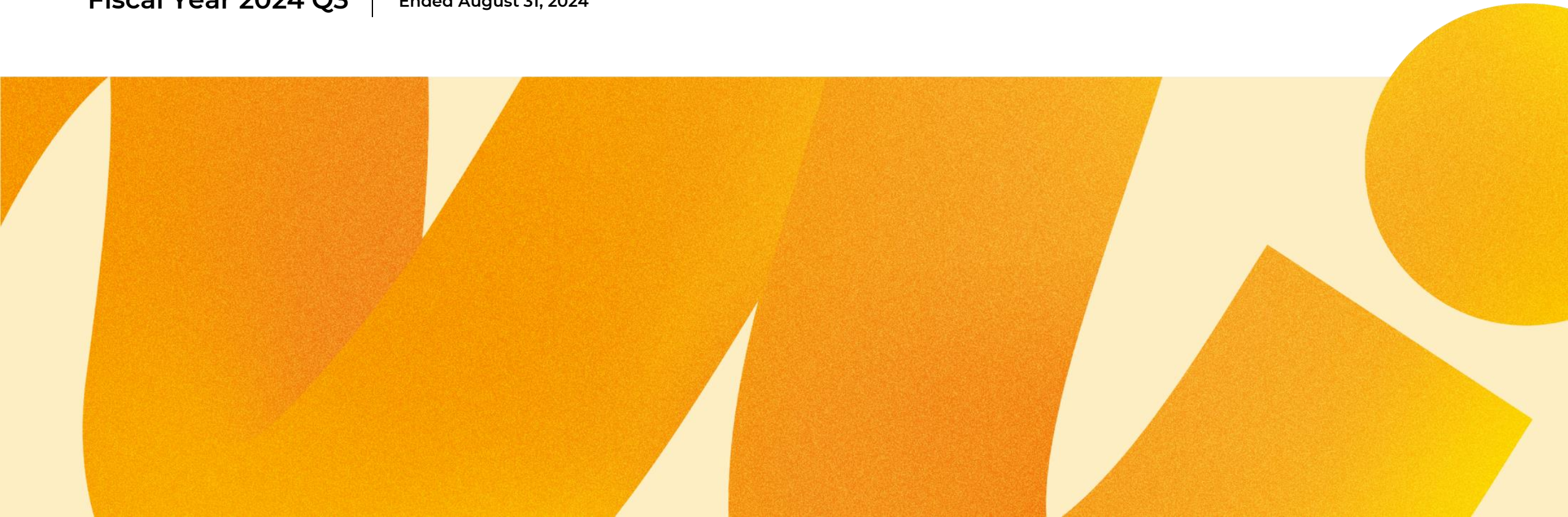
Financial Results

Money Forward

Fiscal Year 2024 Q3 | Ended August 31, 2024



01 **Companywide Financial Highlights in FY11/24 Q3** P.2

02 **Business Highlights and Initiatives in Focus Areas** P.20

03 **Appendix 1: Financial Highlights by Domain** P.37

04 **Appendix 2: FY11/24 Guidance and Medium- to Long-Term Financial Targets** P.44

Companywide Financial Highlights in FY11/24 Q3

Highlights in Q3 of FY11/24

Both Net sales and EBITDA made steady progress toward achieving FY11/24 full-year forecasts[*1]

Continued to achieve a quarterly EBITDA surplus

Q2 Consolidated net sales

+31% YoY

9.81 bn

Q3 consolidated net sales declined QoQ as proceeds on sale of VC business HIRAC FUND were not included in Q3.

SaaS ARR[*2]

+32% YoY

27.96 bn

Organic growth rate without impact of M&As.

Q3 EBITDA [*3] / Gross profit

0.41 bn / 6.53 bn

EBITDA margin was 4%.
EBITDA margin adjusted for HIRAC FUND improved by 2% QoQ.

Home domain

Establishing JV with SUMITOMO MITSUI CARD for B2C Services in *Money Forward ME*

Definitive agreement signed on September 26, 2024. Aim to provide personalized financial services by combining SMBC Group's offerings, such as *Olive* and *V Point*.

Key KPIs for corporate services in Business domain

Net increase in corporate customers (total/SMB)

+10,651 /+10,075

Net increase in midmarket ARR

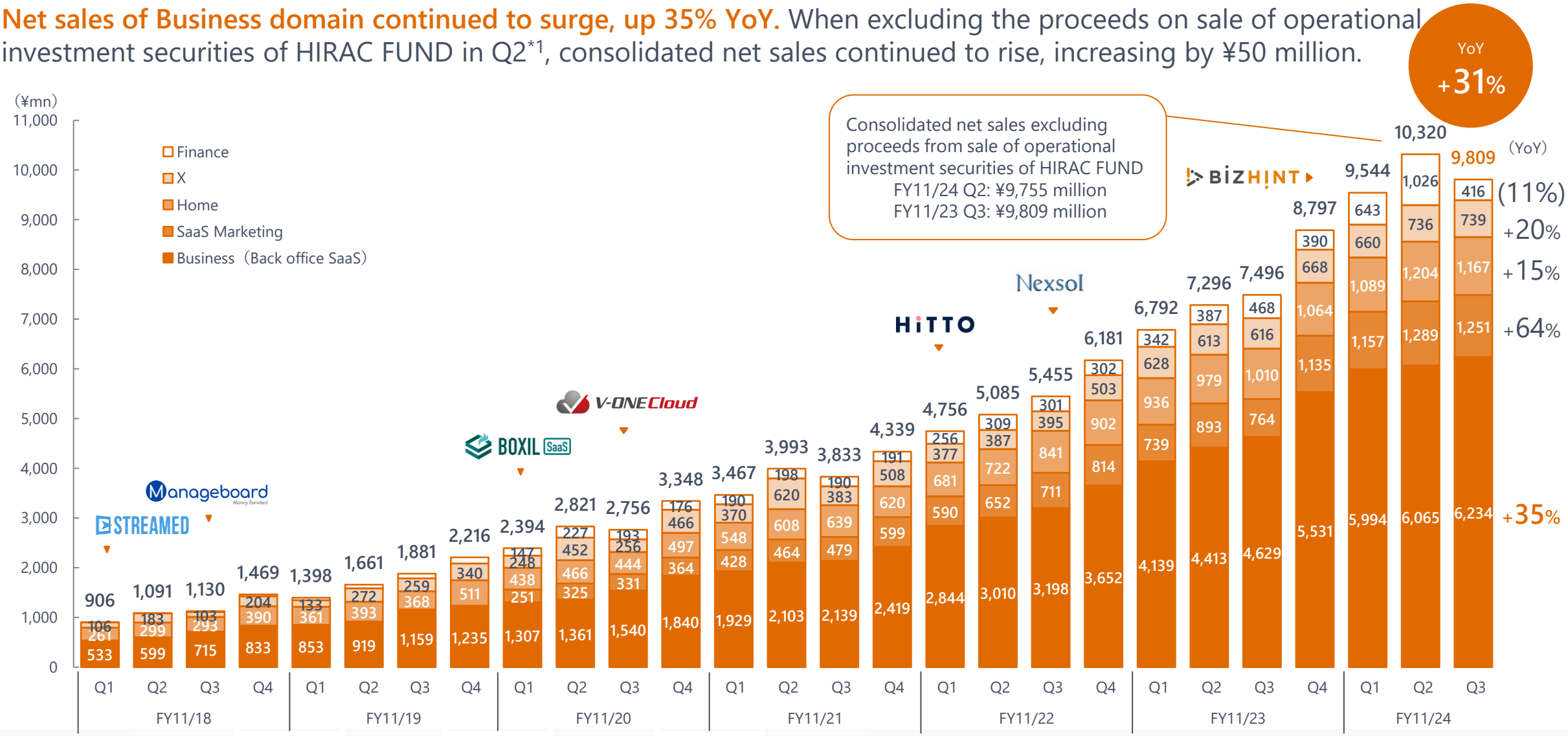
+0.74 bn

Growth in major KPIs accelerated QoQ. Net increase in corporate customers hit a record high

*1 Forecasts disclosed on January 12, 2024. See P.45 for details.
*2 See P.51 for the definition of SaaS ARR.
*3 EBITDA = Operating profit/loss + Depreciation and amortization + Tax expenses included in operating expenses + Share-based remuneration expenses.

Q3 Consolidated Net Sales Up 31% YoY, QoQ Growth Continues When Adjusted for HIRAC FUND

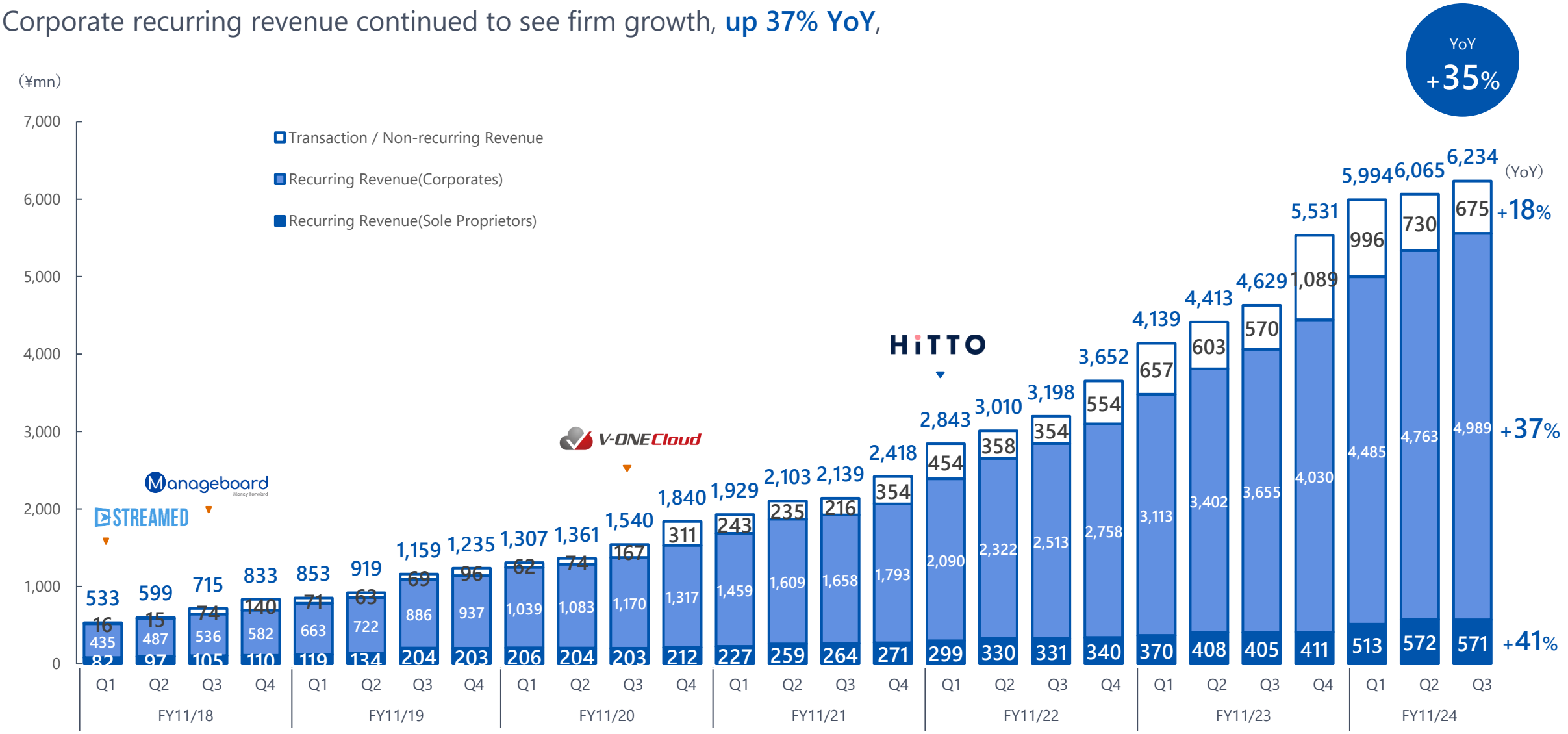
Net sales of Business domain continued to surge, up 35% YoY. When excluding the proceeds on sale of operational investment securities of HIRAC FUND in Q2[*1], consolidated net sales continued to rise, increasing by ¥50 million.



* The aggregate of net sales of each domain do not necessarily correspond to consolidated net sales as net sales of "Other" are omitted from the graph.

Quarterly Net Sales of Business Domain

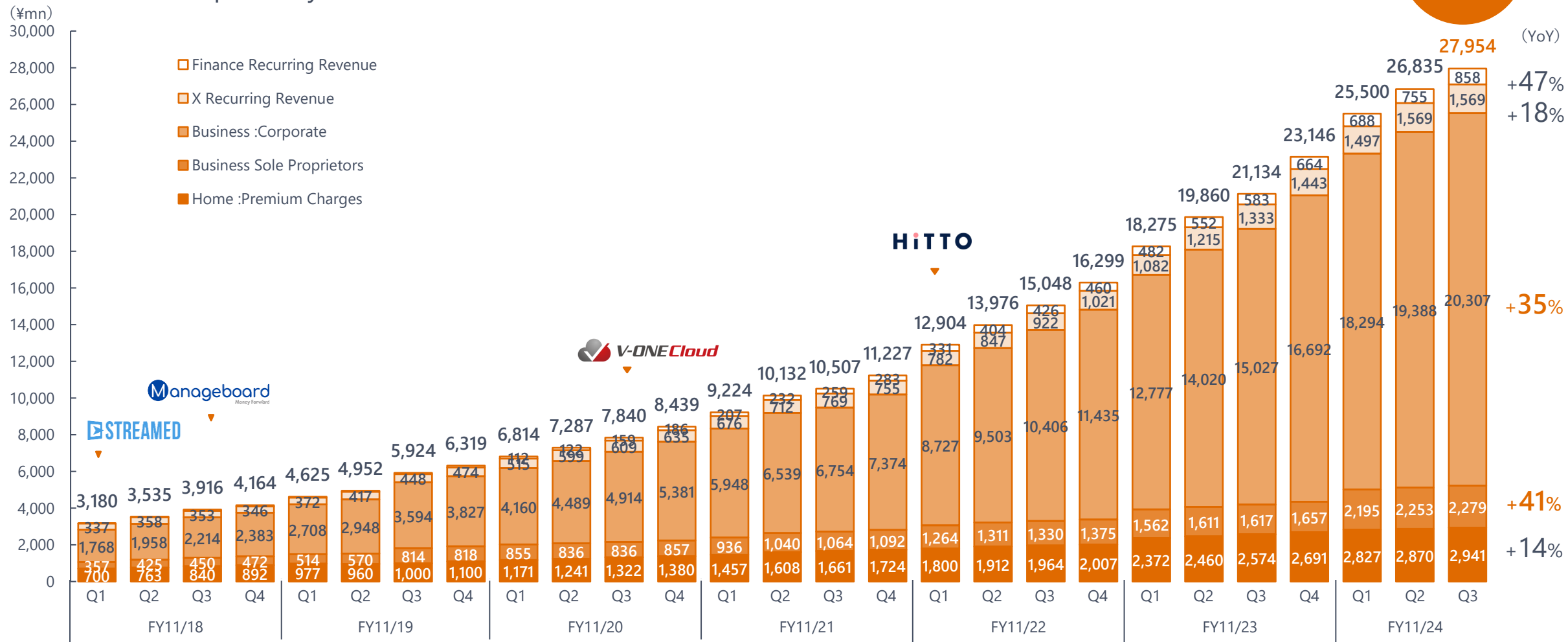
Corporate recurring revenue continued to see firm growth, **up 37% YoY**,



* "Recurring Revenue (Sole Proprietors)" is the revenue from services for sole proprietors in *Money Forward Cloud*. "Recurring Revenue (Corporates)" is the revenue from services for corporate customers, including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, *Money Forward Certified Member System*, *HiTTO*, and *Money Forward Admina*. "Transaction/Non-Recurring Revenue" primarily consists of sales from IT introduction subsidies, sales from initial implementations of *Money Forward Cloud* and *V-ONE Cloud* mainly by medium-sized companies, sales from consulting by Knowledge Labo, Inc., and sales from card payment fees in *Money Forward Pay for Business*.

SaaS ARR*1 Continued to Soar, Up 32% YoY

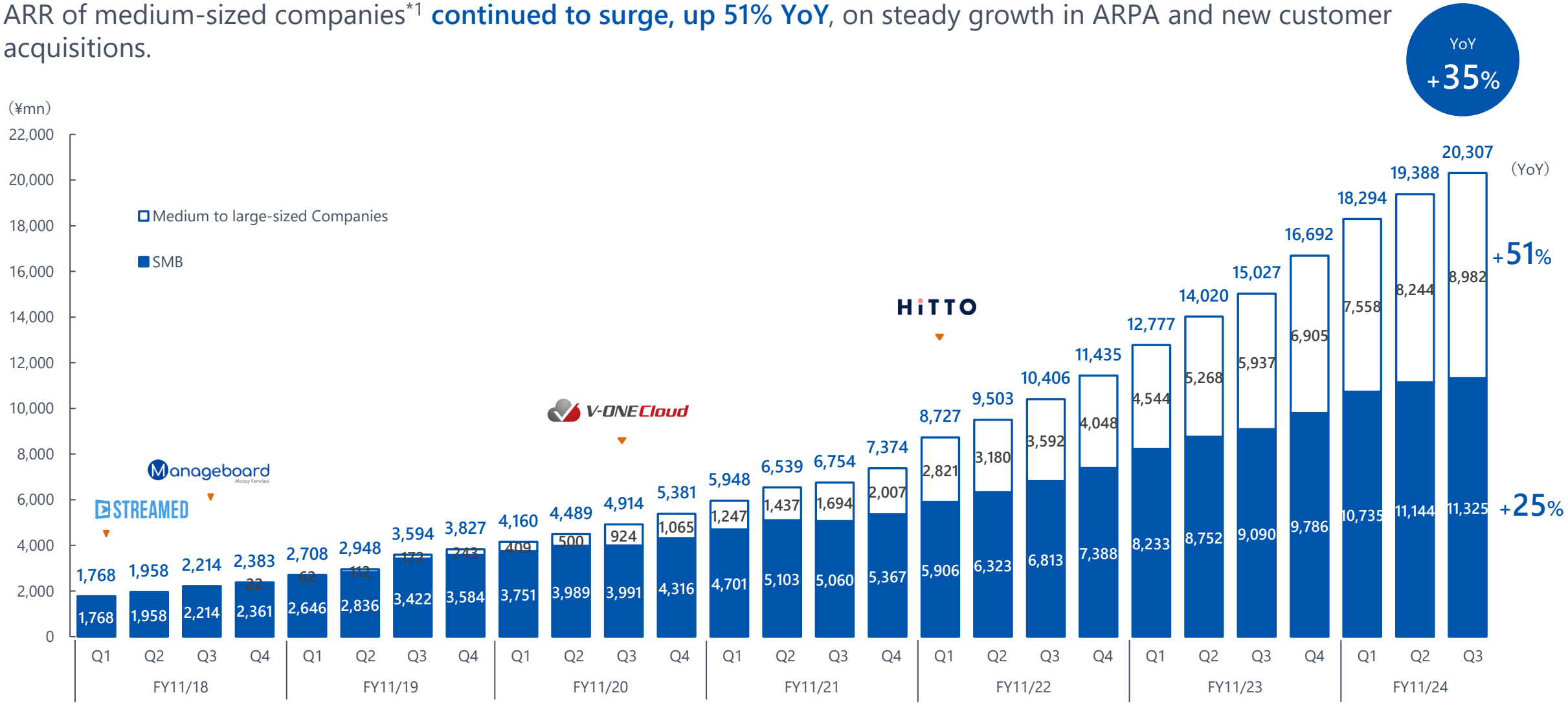
Achieved high growth in all domains. Corporate ARR and sole proprietor ARR in Business domain **climbed 35% and 41% YoY**, respectively.



*1 "Business: Sole Proprietors" is revenue from services for sole proprietors in *Money Forward Cloud*. "Business: Corporates" is revenue from services for corporate customers, including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, *Money Forward Certified Member System*, *HiTTO*, and *Money Forward Admina*. "X: Recurring Revenue" includes maintenance fees of co-creation projects with financial institutions and revenue from services for customers of financial institutions, including the *Mikatano* series and *Money Forward for XX*. As a seasonal adjustment, the MRR of *STREAMED* is calculated as one-third of its revenue in Q1 and Q2 of each fiscal year. Non-recurring revenue of each business is not included. Figures for Finance domain include monthly fixed fees, and settlement and associated fees of *Money Forward Kessai* and *SEIKYU+*. See P.51 for the definitions of ARR, MRR, etc.

Corporate ARR in Business Domain Rose 35% YoY on Robust Growth in SMB/Midmarket Space

ARR of medium-sized companies*1 **continued to surge, up 51% YoY**, on steady growth in ARPA and new customer acquisitions.



*1 "SMB" is revenue from services for corporate customers, including *Money Forward Cloud*, *STREAMED*, *Manageboard*, and *Money Forward Certified Membership System*, as well as from professional service firms and their clients. As a seasonal adjustment, the MRR of *STREAMED* is calculated as one-third of its revenue in Q1 and Q2 of each fiscal year. Revenue from *STREAMED* tends to rise in Q1 and Q2 as transactions increase during the fiscal year-end of corporate customers, but drop in Q3 (mainly in August) relative to Q2 since there are less business days. "Medium-sized companies" includes general corporate users (excluding professional service firms) that have adopted such services as *Money Forward Cloud*, *Manageboard*, *V-ONE Cloud*, *HiTTO*, and *Money Forward Admina* via field sales, with the majority of companies having 50 or more employees. See P.51 for the definitions of ARR, MRR, etc.

Business Domain: Highlights in Q3 of FY11/24

Q3 Net Sales

¥6.23bn

+35%

YoY

Paying customers (total/corporate)

357,718 /178,754

+25.5% /+28.5%

YoY

ARPA (total/corporate/sole proprietor)

¥63,139 / ¥113,601/ ¥12,737

+8.2%/+5.2%/ +15.1%

YoY

ARR (total/corporate/medium-sized *2)

¥22.59bn / ¥20.31bn/ ¥ 8.98bn

+36%/+35%/+51%

YoY

Q3 net increase in paying corporate customers (total/SMB)

+10,651/ +10,075

Steady progress was made in large-scale acquisitions via professional service firms as well as acquisitions via the online channel.

Corporate customer churn rate*3 (Avg. of last 12 months/3 months)

0.8% / 0.7%

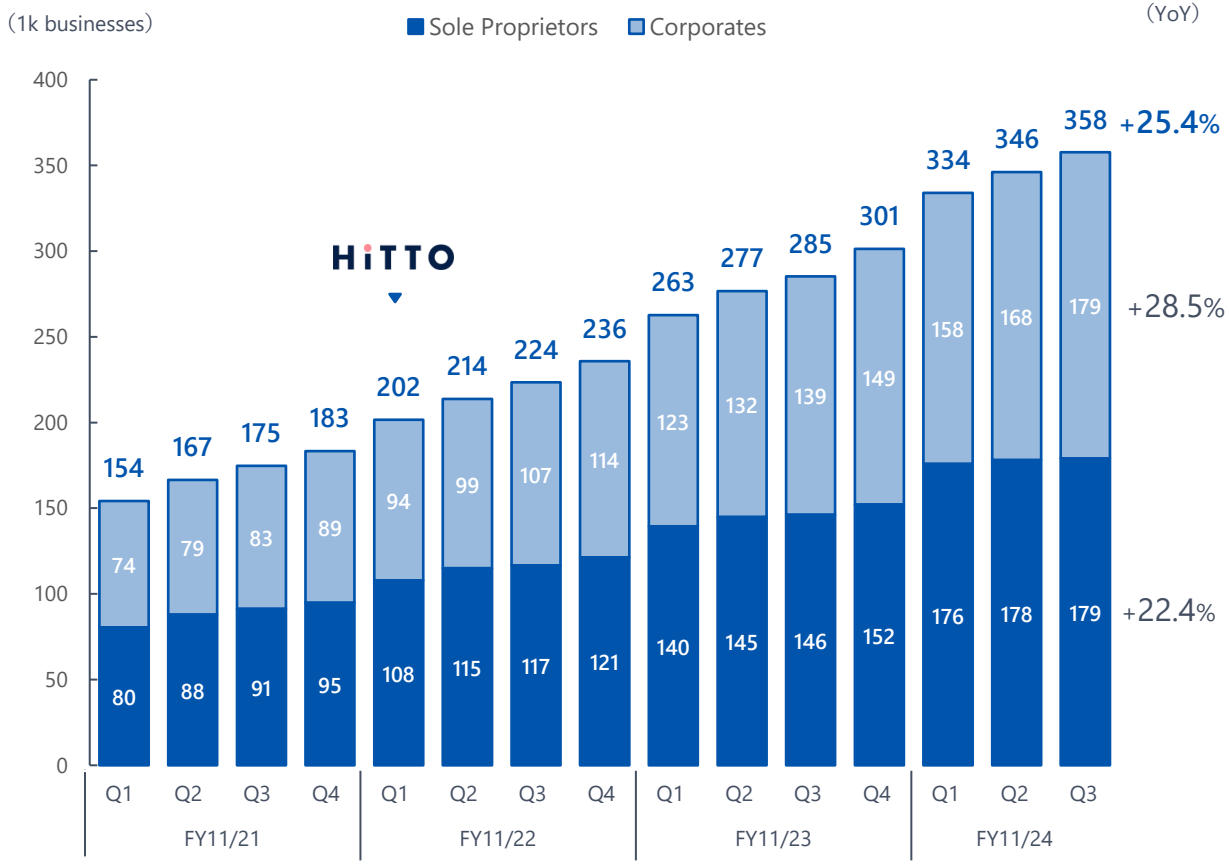
The 12- and 3-month average churn rate of sole proprietors was 2.2% and 1.5%.

*1 "Medium-sized" companies refer to corporate users (excluding professional service firms), mostly with 50 or more employees, that have deployed our services via field sales.
*2 Averages of the 12 months and 3 months up to August 2024.

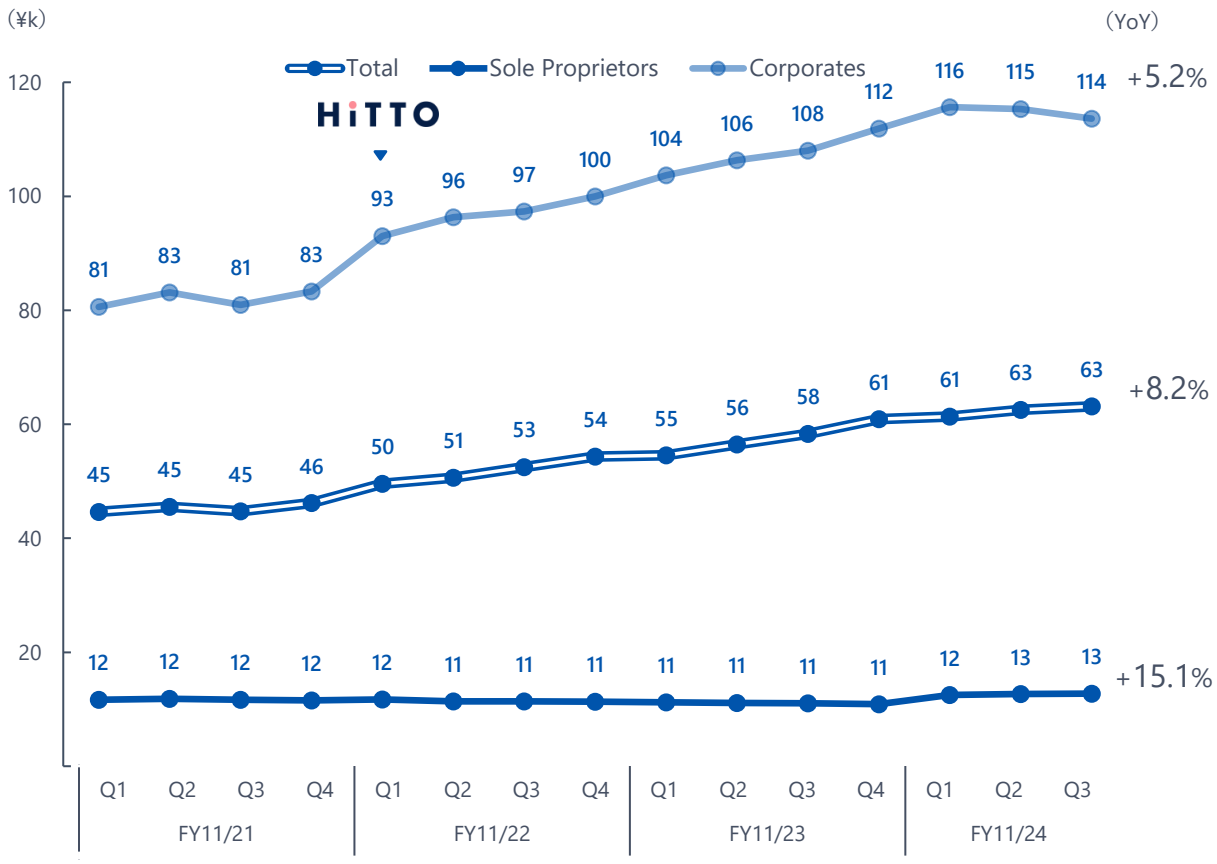
Corporate Paying Customers*1 and ARPA*2 Continued to Rise

Total paying customers **increased by 25.4% YoY**, with corporate customers steadily climbing 28.5%. Corporate ARPA decreased QoQ due to the seasonal impact of the tax return period of *STREAMED* for SMBs. Medium-sized company ARPA continued to rise.

Paying customers*1



ARPA*2



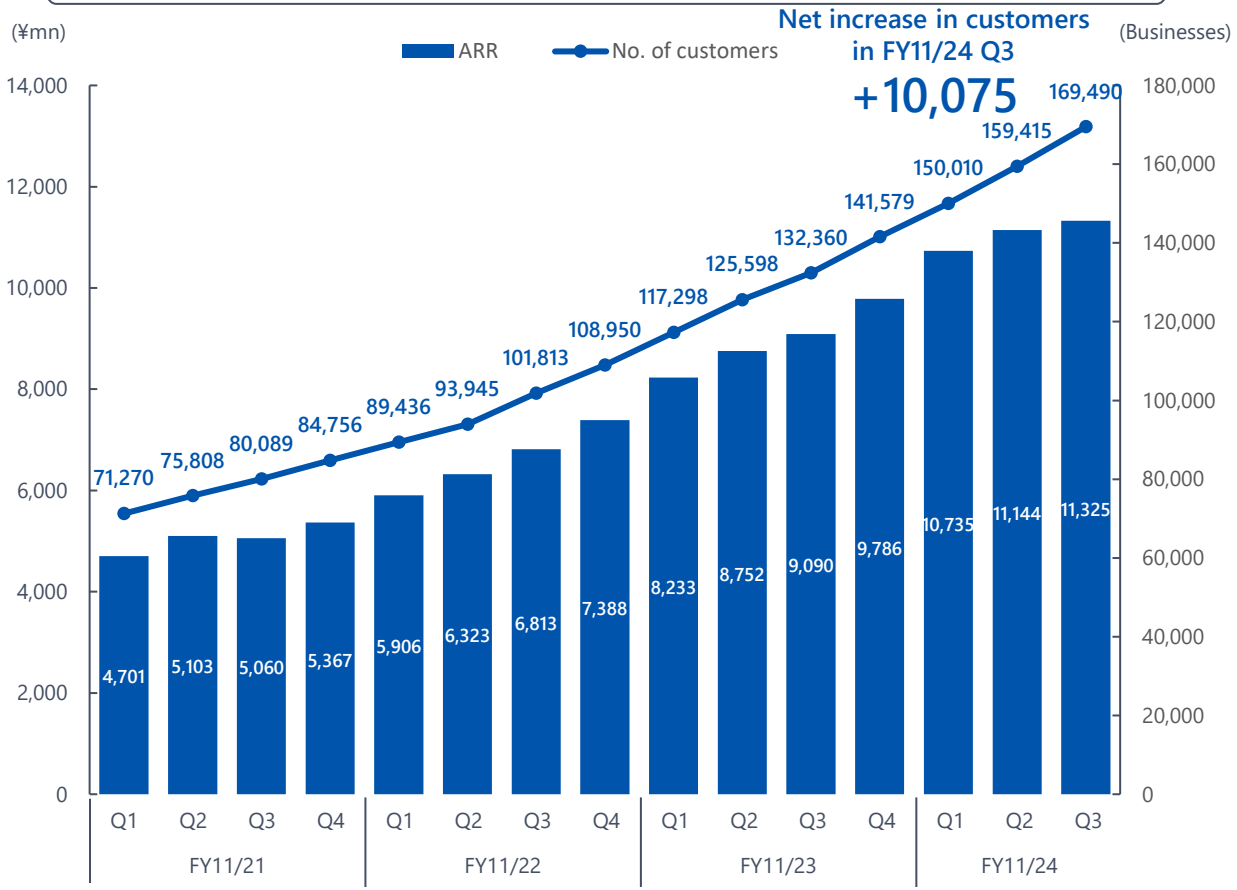
*1 The number of paying sole proprietor customers is the number of those who pay for *Money Forward Cloud* services for individuals. The number of corporate paying customers includes business corporations, and professional service firms and their clients that pay for services catering to corporations, including *Money Forward Cloud*, *STREAMED*, *Manageboard*, *V-ONE Cloud*, *HiTTO*, and *Money Forward Admina*, as well as professional service firms that pay for *Money Forward Cloud Certified Member System*.

*2 ARPA: 12 times the monthly recurring revenue of Business domain in the last month of each term (ARR), divided by the number of paying customers. See P.51 for detailed definitions.

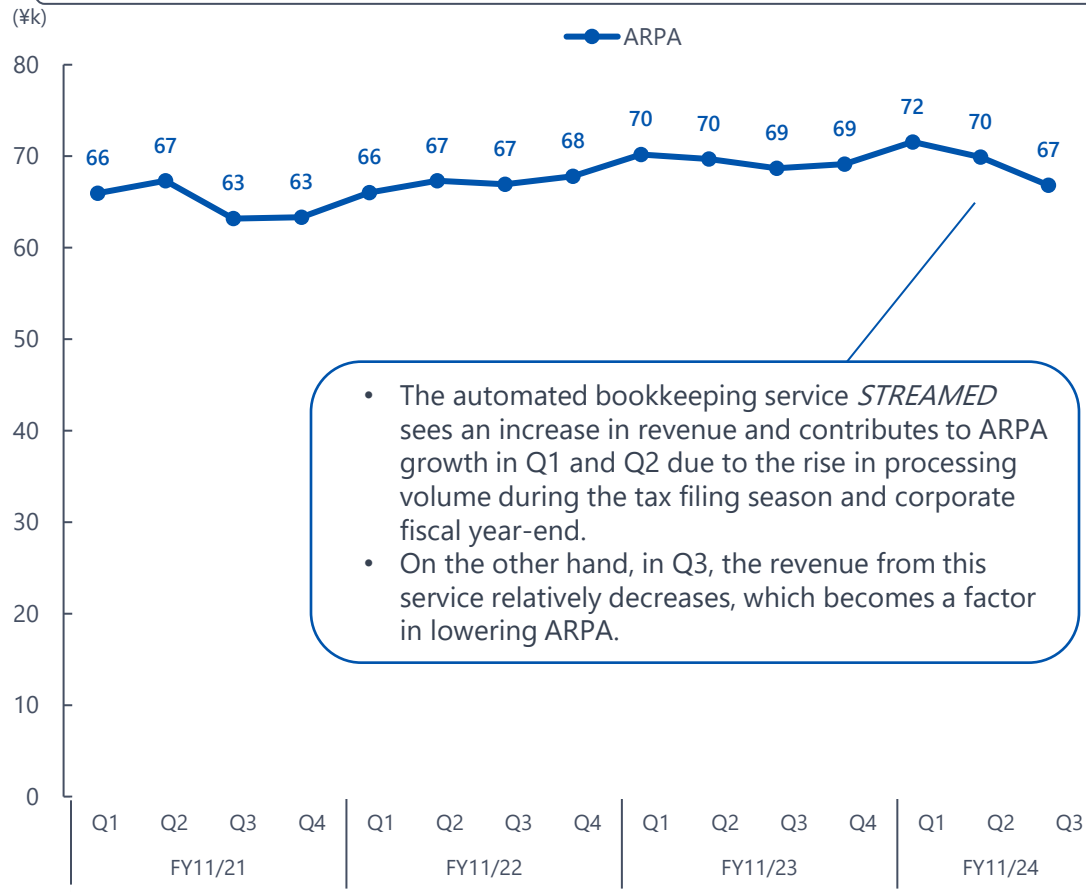
SMB ARR Continues to Grow on Increase in Customers

The net increase in customers reached a record high of 10,075 businesses. The slowdown in ARR growth and the decrease in ARPA this quarter are due to seasonal factors related to *STREAMED*, and recovery is expected from Q4 onwards (excluding *STREAMED*, the quarterly net increase of SMB ARR has remained at almost the same level (+0.4-0.5bn) over the past three quarters.

SMB ARR*2 and No. of customers



SMB ARPA



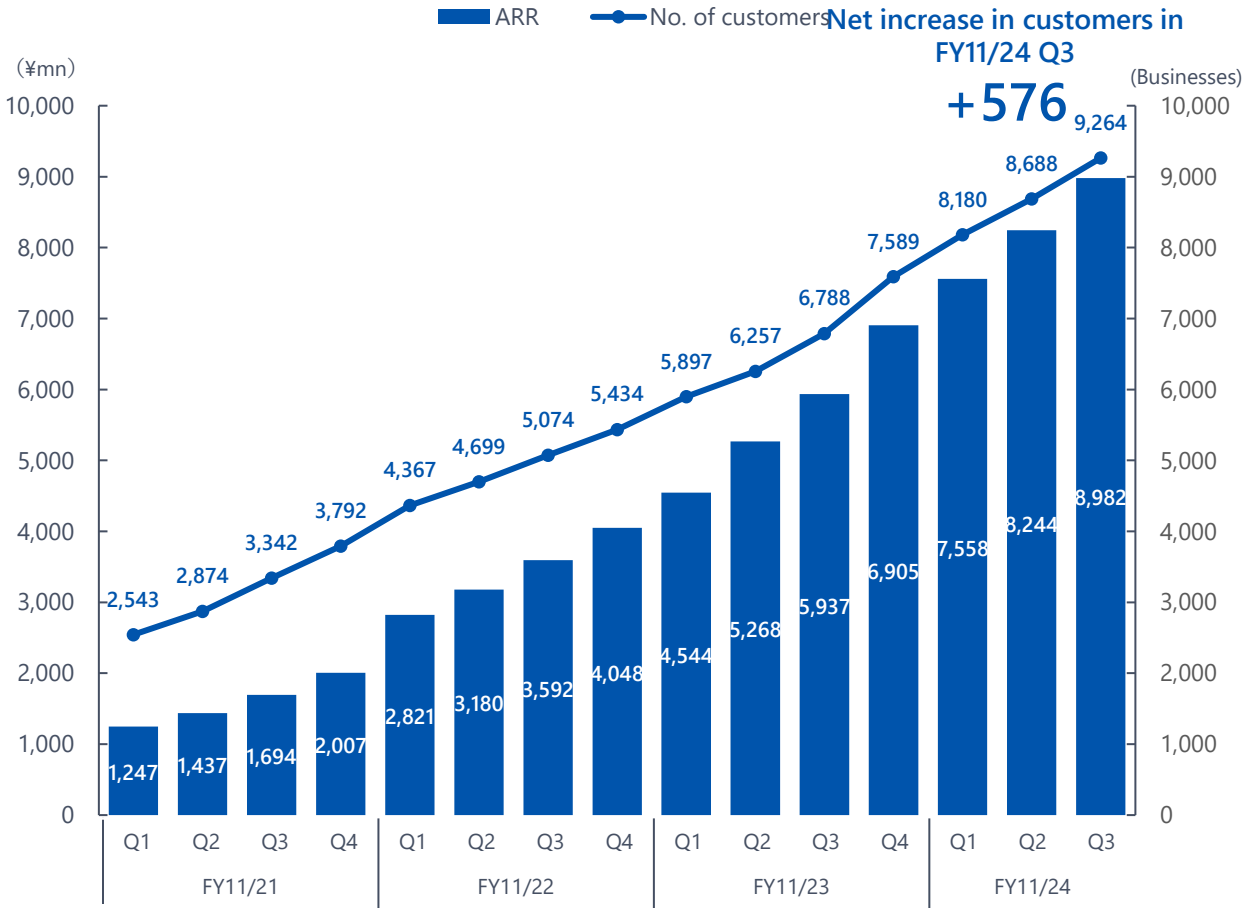
- The automated bookkeeping service *STREAMED* sees an increase in revenue and contributes to ARPA growth in Q1 and Q2 due to the rise in processing volume during the tax filing season and corporate fiscal year-end.
- On the other hand, in Q3, the revenue from this service relatively decreases, which becomes a factor in lowering ARPA.

*2 "SMB" is revenue from services for corporate customers, including *Money Forward Cloud*, *STREAMED*, *Manageboard*, and *Money Forward Certified Membership System*, as well as from professional service firms and their clients. As a seasonal adjustment, the MRR of *STREAMED* is calculated as one-third of its revenue in Q1 and Q2 of each fiscal year. Revenue from *STREAMED* tends to rise in Q1 and Q2 as transactions increase during the fiscal year-end of corporate customers but drop in Q3 (mainly in August) compared to Q2 since there are less business days.

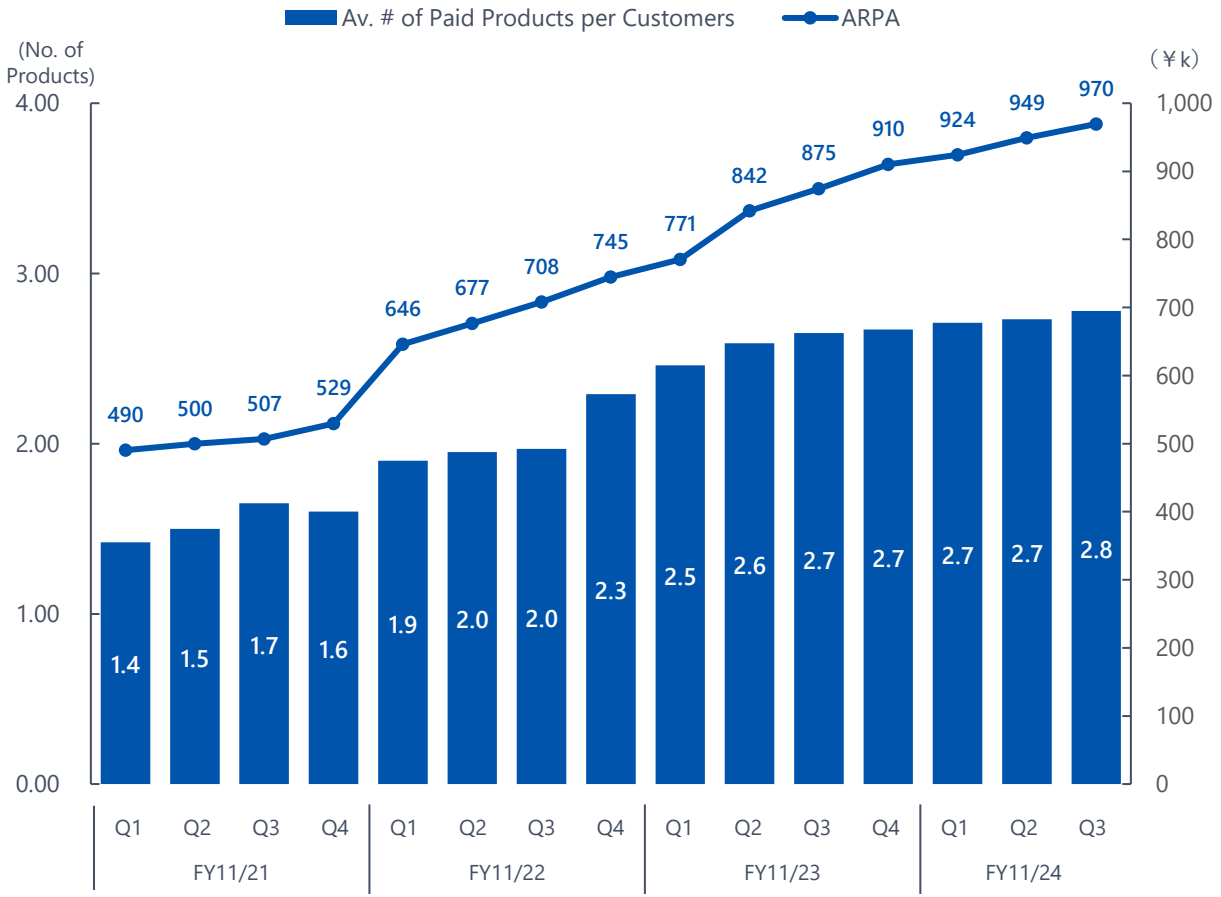
Medium-Sized Company ARR Continues to Rise in Terms of Both No. of Customers and ARPA

The net increase in ARR was higher than Q2 owing to new customer acquisitions and the rise in ARPA on the expansion in the business size of customers.

Medium-sized company ARR*1 and No. of customers



Average No. of paid products and ARPA per 1 medium-sized company

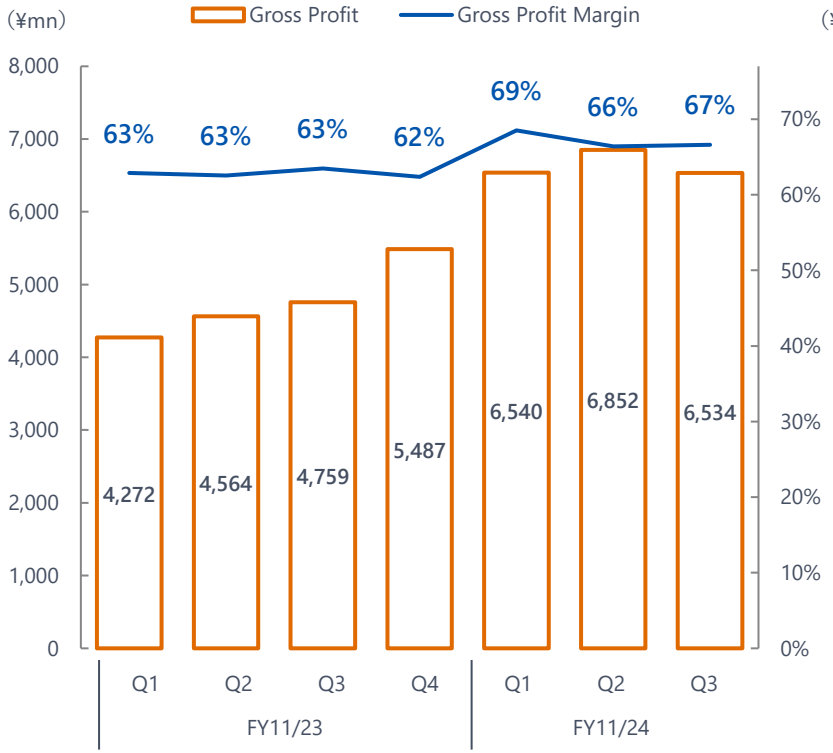


* "Medium-sized companies" includes general corporate users (excluding professional service firms) that have adopted such services as *Money Forward Cloud*, *Manageboard*, *V-ONE Cloud*, *HiTTO*, and *Money Forward Admina* via field or partner sales, with the majority of companies having 50 or more employees.

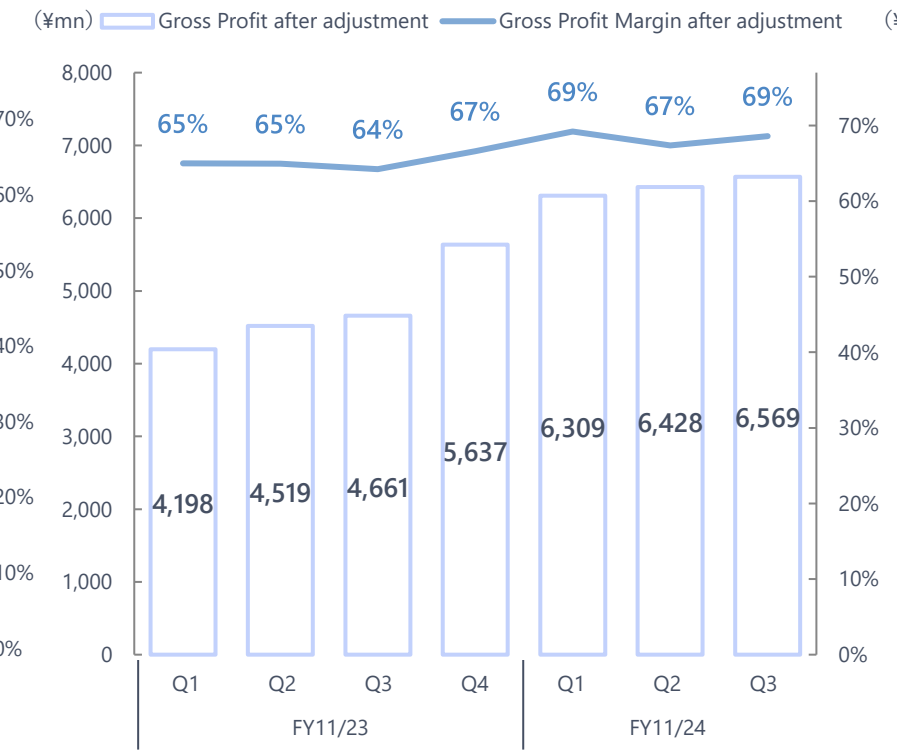
Consolidated Gross Profit (Before/After Adjustment), Gross Margin of Back-Office SaaS Business

Consolidated gross profit after adjustment *1 and gross margin of SaaS applications for back-office operations continued to increase. The gross margin rate*2 of back-office SaaS applications, as commonly defined by global SaaS companies, came in at 86%.

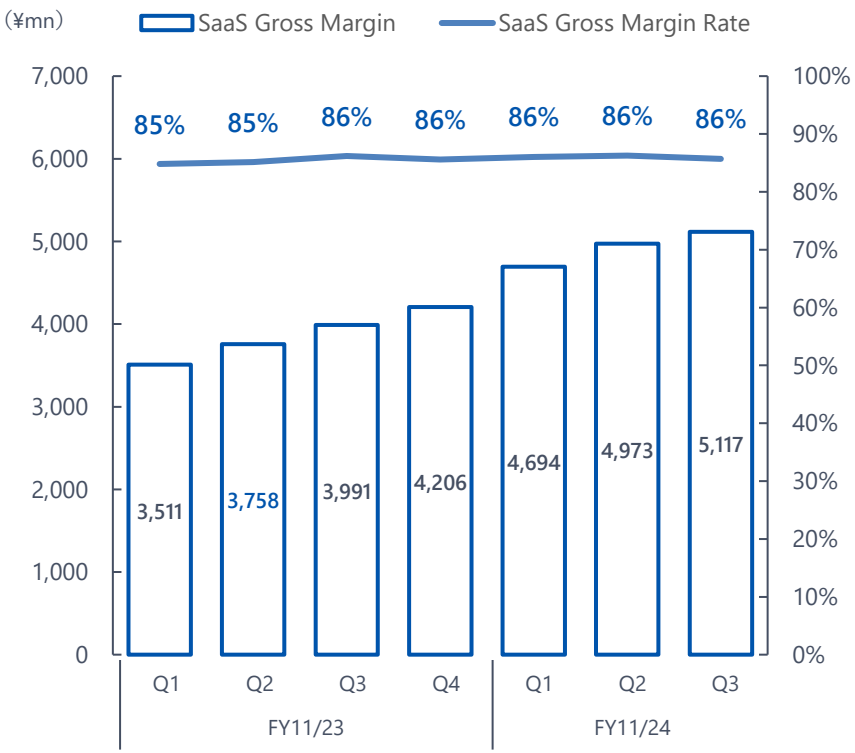
Consolidated gross profit (financial accounting basis)



Consolidated gross profit after adjustment*1 (financial accounting basis)



Gross margin rate of back-office SaaS*2 (management accounting basis)

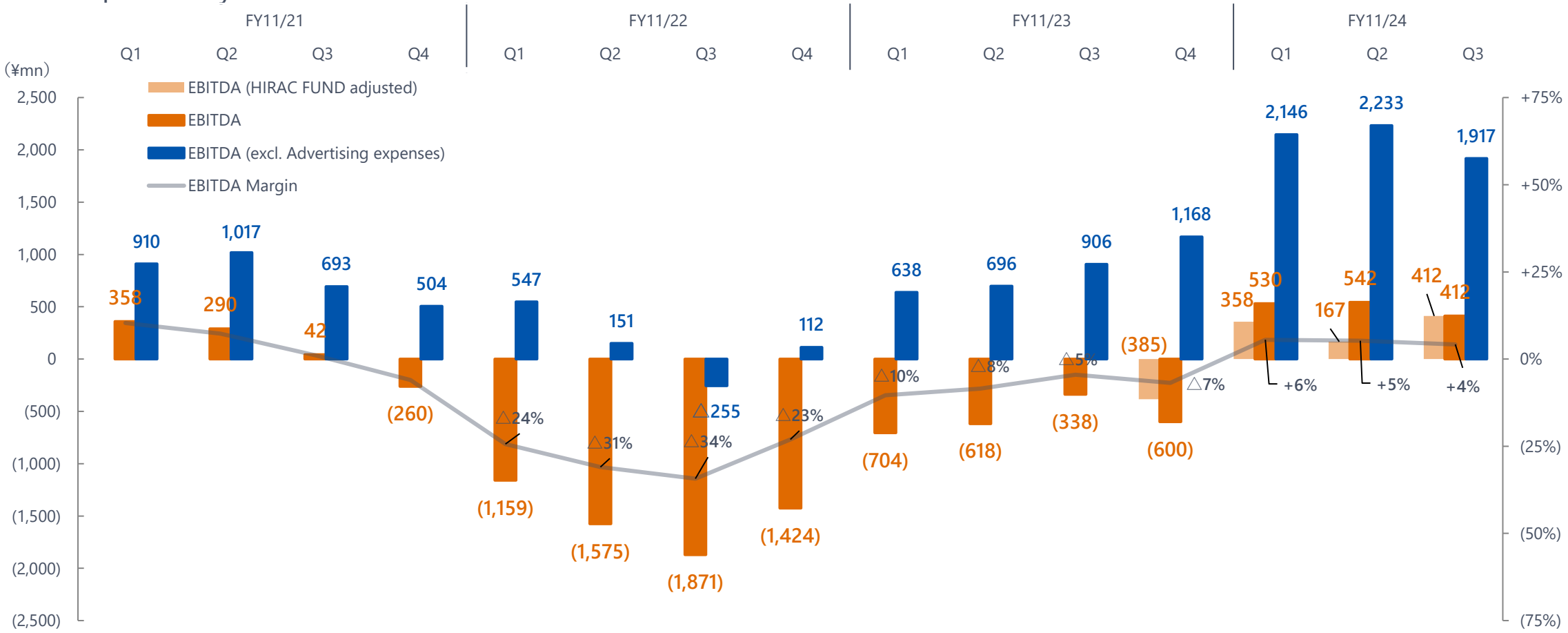


*1 Gross profit margin after adjustment is calculated by excluding sales and fees related to IT introduction subsidies from both net sales and costs as the seasonal impact is large. Also, when advertising of Group companies is conducted by SMARTCAMP Co., Ltd. (ADXL business), the relevant advertising expenses are booked as cost of sales (net sales of SMARTCAMP Co., Ltd. and subcontract expenses of the Group companies are offset, while advertising media purchase costs of SMARTCAMP Co., Ltd. are booked as cost of sales). Thus, gross profit is adjusted. Furthermore, HIRAC FUND's proceeds on sale of operational investment securities, cost of securities sold, and impairment losses are excluded from both sales and costs because they cause large fluctuations in quarterly gross profit margins.

*2 Calculated based on the definition used by typical global SaaS companies for Business domain (SaaS applications for back-office operations). The cost portion includes communication expenses and system subscription fees related to product development, server fees including for AWS, API connection fees, as well as personnel expenses related to customer support, service infrastructure, and operators of *STREAMED*. Personnel expenses for engineers and designers involved in product development are included in cost of sales in the Japanese accounting standards and the Company's statement of income. Net sales of *Pay for Business* are included up to F11/23 Q3 but excluded from Q4 due to its expansion.

EBITDA*1 (Quarterly Trend)

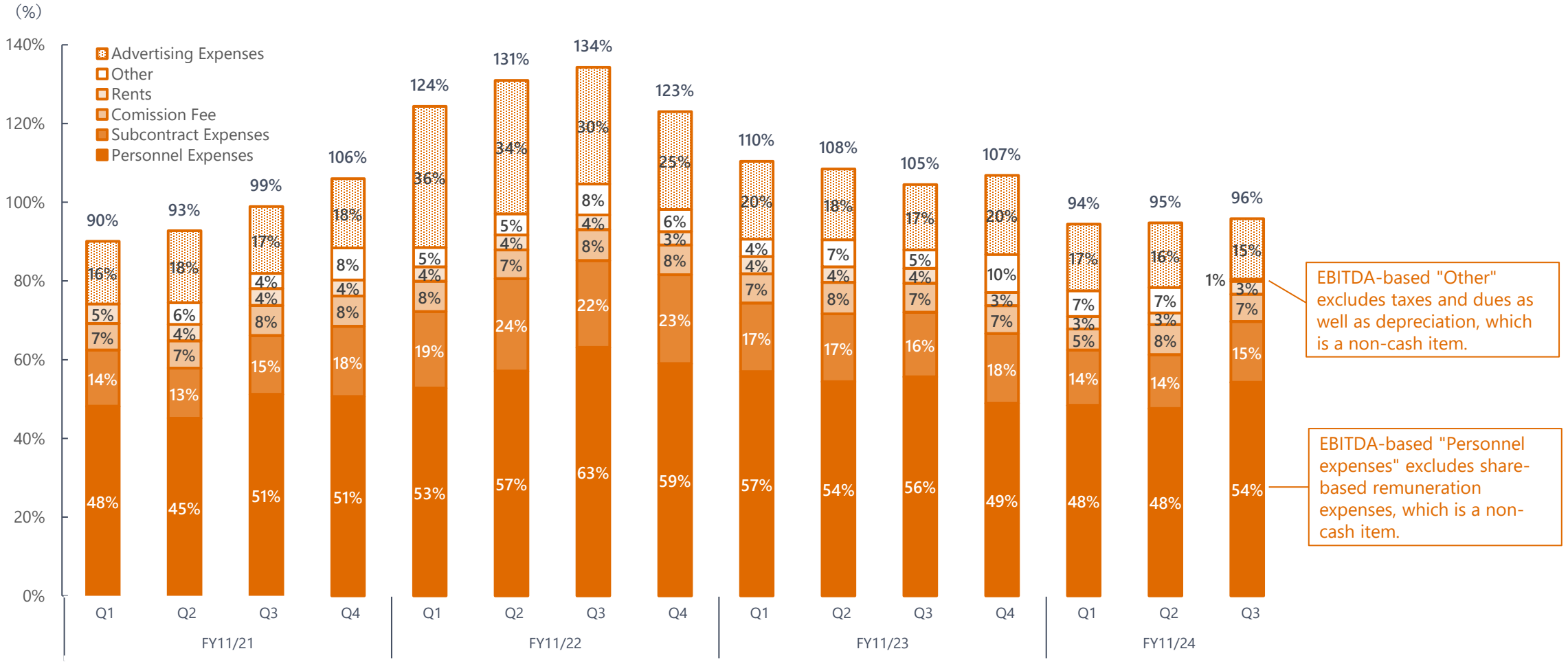
Q3 EBITDA was ¥0.41 billion (EBITDA margin 4%), maintaining a surplus on a quarterly basis. EBITDA excluding advertising expenses was ¥1.92 billion. Advertising expenses was ¥1.51 billion, down ¥0.19 billion QoQ, while EBITDA adjusted for HIRAC FUND improved by 2%.



*1 EBITDA = Operating profit/loss + Depreciation and amortization + Tax expenses included in operating expenses + Share-based remuneration expenses

Breakdown of Cost of Sales and SGA (% to Net Sales, Based on EBITDA)

The cost of sales ratio increased slightly due to the decline in consolidate net sales. The full-year outlook for FY11/24 is 15-17% for advertising to sales ratio and a 10-15% improvement in EBITDA margin compared to FY11/23*1.

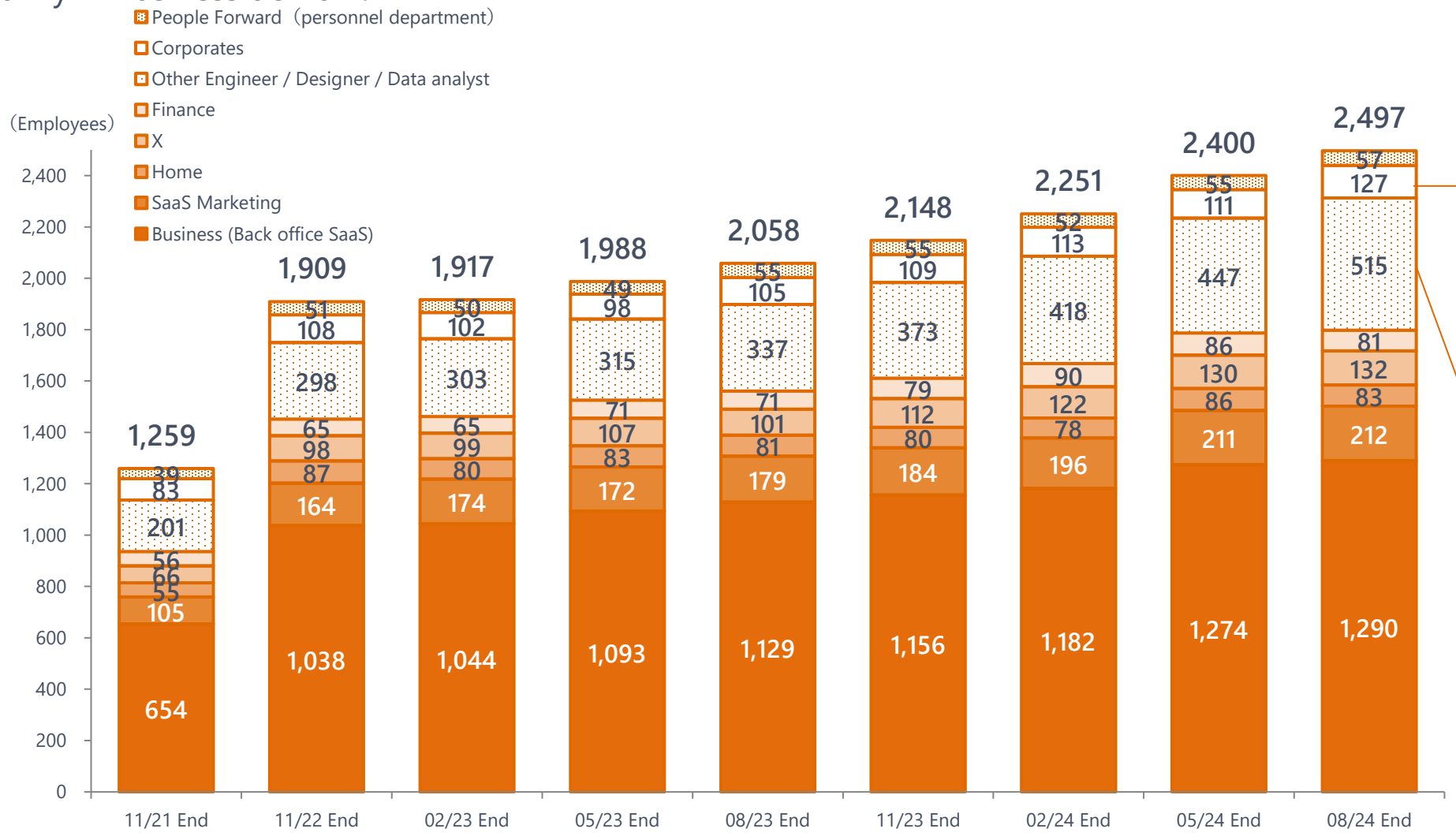


" Other" includes IT introduction subsidy fees, communication expenses, recruiting/training expenses, fee expenses, and point expenses related to *Pay for Business*. The ratio of other expenses to sales decreased compared to the previous quarter because the amount transferred to other accounts related to the capitalization of software assets, which is a deduction item, increased this quarter.

*1 In FY11/23, the advertising to sales ratio was 19%, and EBITDA margin was (7)%.

Employees*1

The number of employees increased by 97 from the previous quarter. Continued to hire employees based on careful selections mainly in Business domain.



Major changes from FY11/24 Q2-end

Employees on leave are included in the corporate figures. Net increase excluding employees on leave is +8.

- An increase of 18 employees on the transfer of several departments from Business domain due to reorganization (Thus, no actual increase in costs.)
- Also continued to hire engineers at overseas bases.

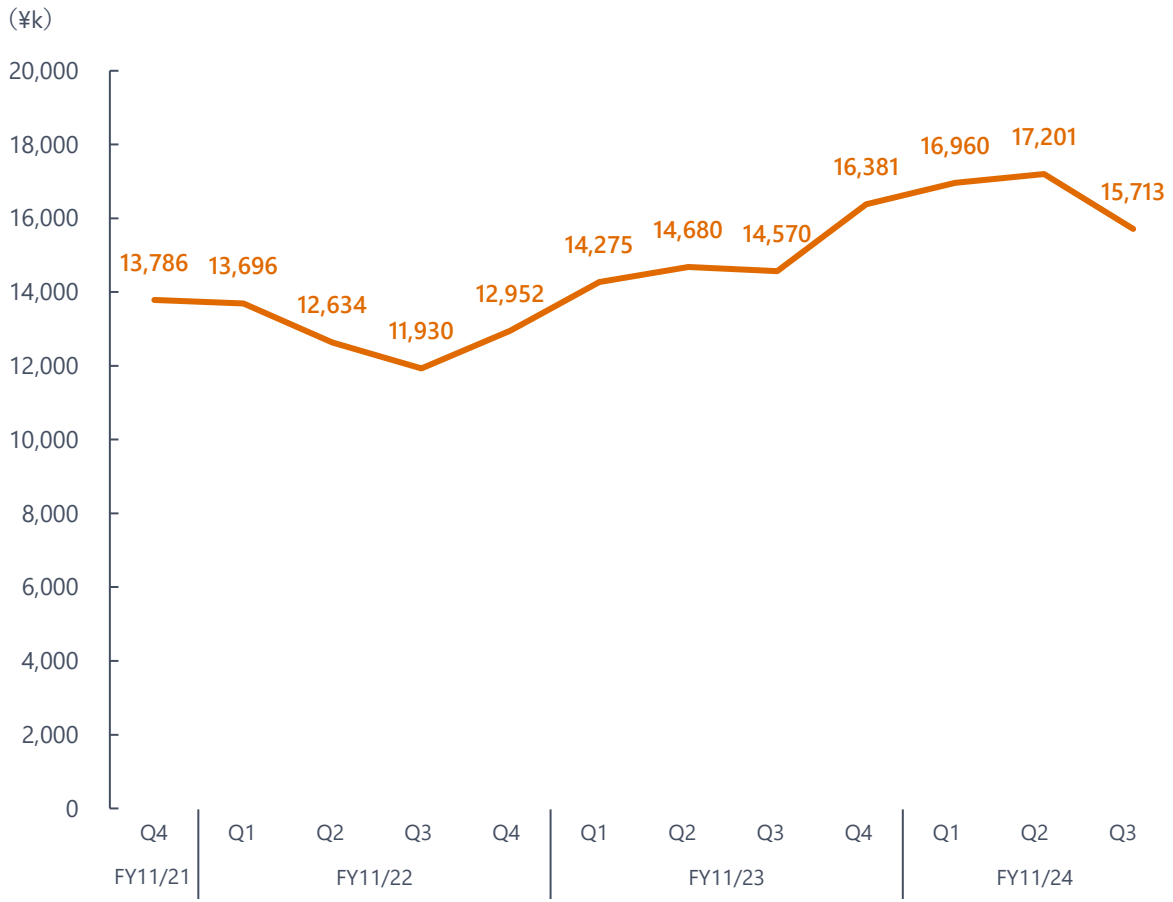
* "Engineers/Designers/Data Analysts" includes Lab, the Analysis Promotion Office, Data Strategy Office, Design Strategy Office, CISO Office, CIO Office, CTO Office, Global IT Dept., Product AI Solution DivisionAccount Aggregation Dept., and Money Forward Vietnam, Co., Ltd. "Corporate" includes the CEO Office, Corporate Development Dept., Accounting Dept., Legal Dept., Public Affairs Office, and Intellectual Property Strategy Office.Additionally, employees on leave are counted in the corporate figures.

*1 The total number of employees (excluding contract, part-time, dispatched, and other temporary workers) and executive officers who do not concurrently serve as directors. Delegated executive officers will be excluded from the employee headcount from FY11/24 accompanying the Company's adoption of the "delegated executive officer system."

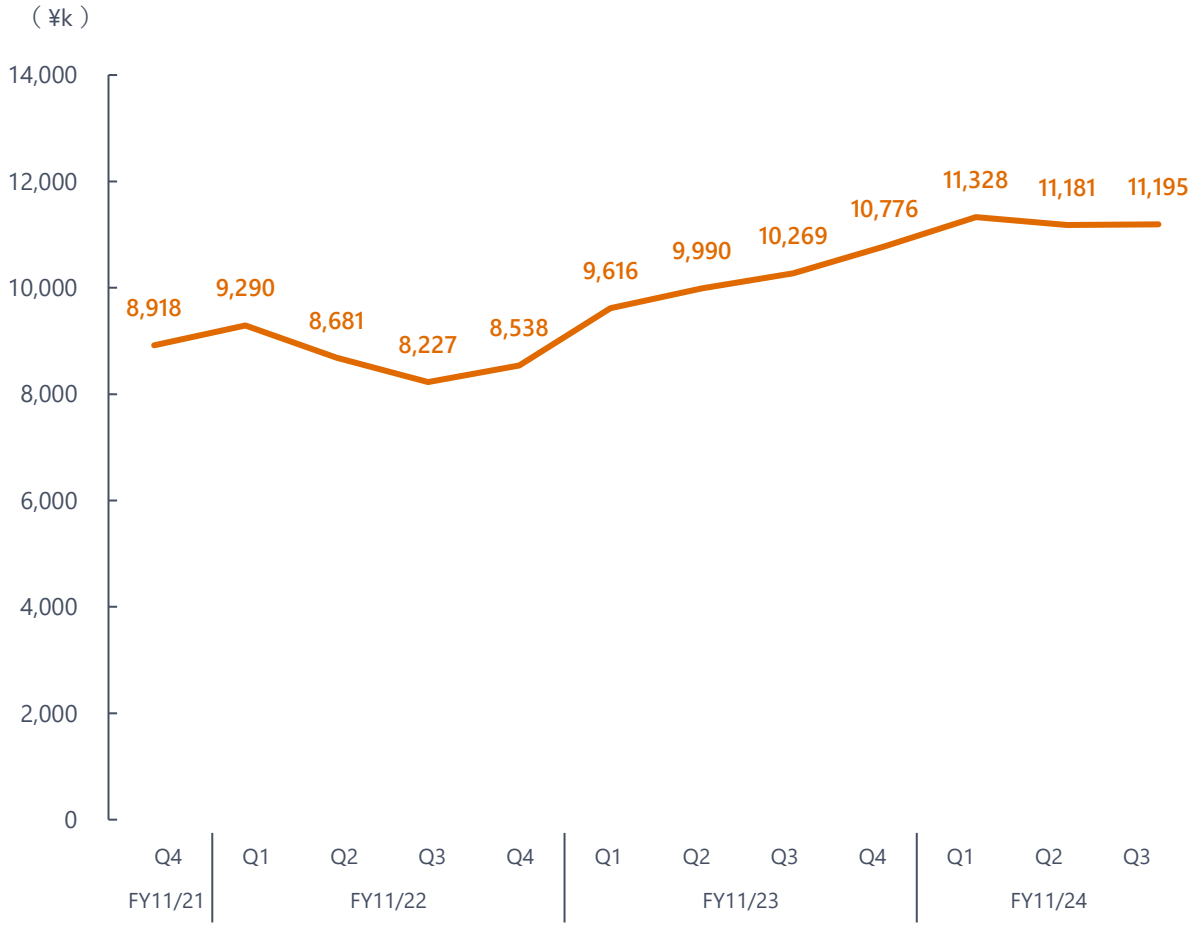
Annual Sales per Employee[*1] and ARR[*2] per Employee

ARR per employee continues an increasing trend after bottoming out in FY11/22 Q3. Annual sales per employee for FY11/24 Q3 declined temporarily since there were no proceeds on sale of operational investment securities by HIRAC FUND which was booked in 1H.

Annual sales per employee[*1]



ARR per employee[*2]



* See P.15 for the number of employees.

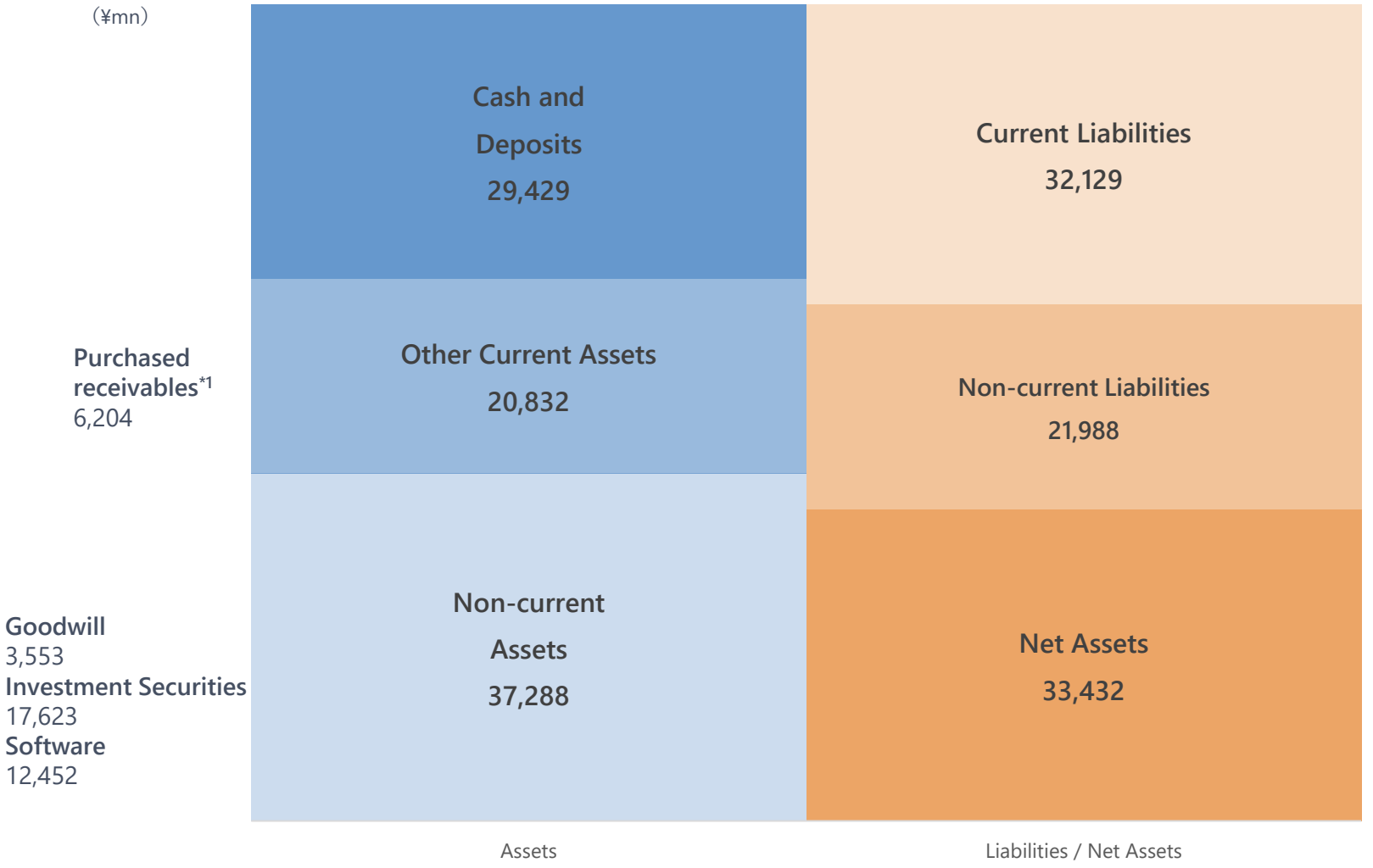
*1 Calculated by dividing four-fold of net sales for each quarter by the number of employees at the end of each quarter.

*2 Calculated by dividing ARR at the end of each quarter by the number of employees at the end of each quarter.

Balance Sheet Items

Continued to maintain a high level of financial soundness. The impact of establishing a joint venture with Sumitomo Mitsui Card Co., Ltd. (SMCC) is not reflected yet.

(¥mn)



Purchased receivables[*1]
6,204

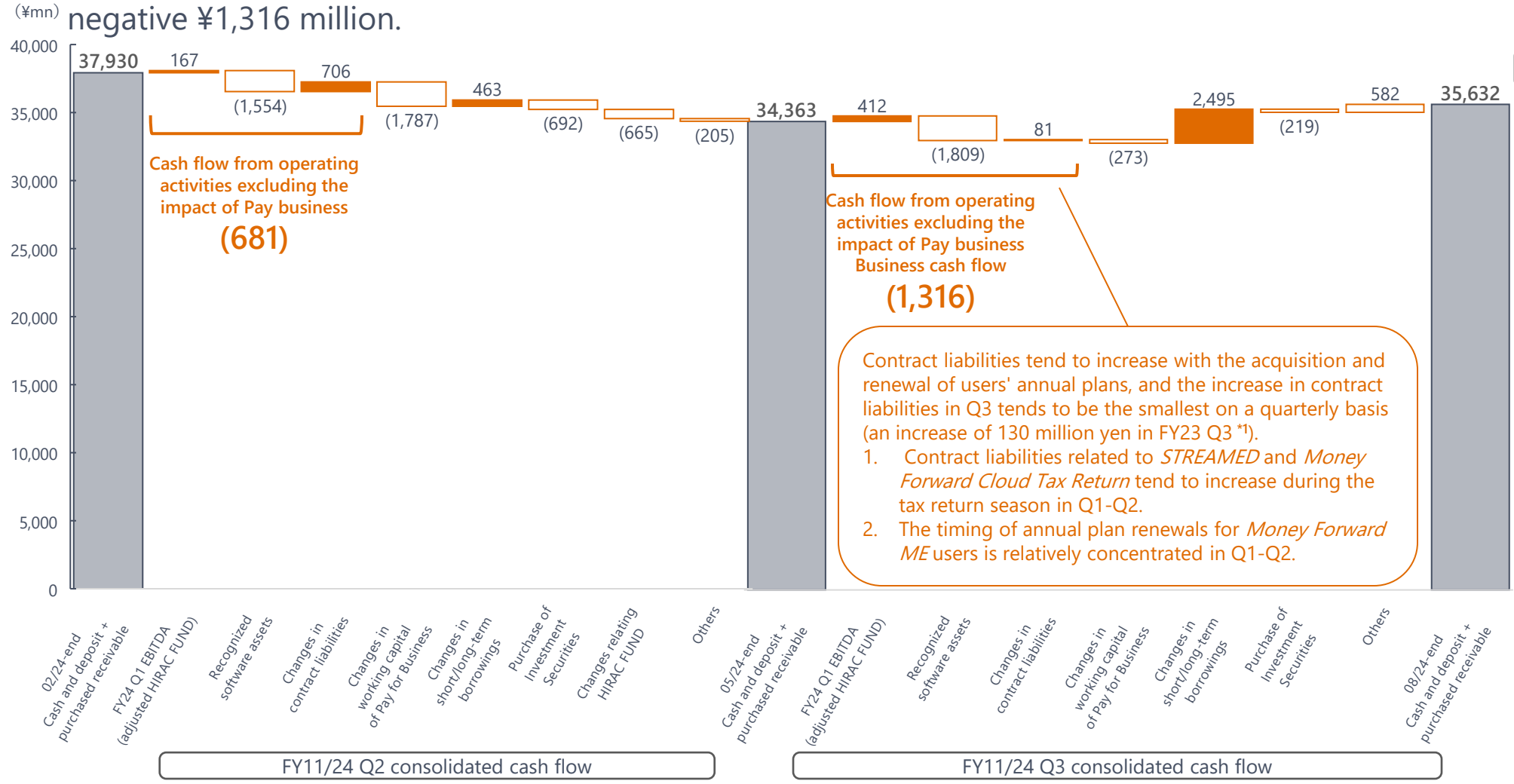
Goodwill
3,553
Investment Securities
17,623
Software
12,452

Short-time borrowings[*2]
9,043
Current portion of long-term borrowings
3,495
Accounts payable
6,554
Contract liabilities
6,094
Deposit
3,133
Long-term borrowings
8,011
Corporate bonds
1,000
Convertible bonds (CBs)
12,000

*1 Mainly related to Money Forward Kessai, Inc. and Biz Forward, Inc. *2 Mainly related to Money Forward Kessai, Inc., Biz Forward, Inc., and Pay for Business.

Analysis of Changes in Cash and Deposits Balance

Despite a QoQ improvement in EBITDA(HIRAC FUND Adjusted), the increase in contract liabilities was limited, similar to Q3 of the previous year. As a result, the cash flow from operating activities in Q3, excluding the impact of the Pay business, was negative ¥1,316 million.



Breakdown of cash flow

Cash and deposits + purchased receivable
Since the Company's purchased receivable is highly equivalent to cash, the amount is aggregated with the amount of cash. Funds for purchasing receivable are procured via short-term borrowings.

Recognized software assets
Amount newly recorded as software assets in each quarter. No impact on EBITDA, but cash balance decreases.

Changes in contract liabilities
Mainly attributable to unearned revenue from users paying an annual subscription fee. Cash and deposits increase in line with contract liabilities.

Changes in working capital of Pay business
The Pay business provides *Pay for Business*, a prepaid card service targeting business operators. Changes in working capital include changes in deposits received from users and accounts payable/ receivable pertaining to the Pay business. Cash and deposits increase when deposits or accounts payable increase, and decrease when accounts receivable increases*1.

Purchase of investment securities
Includes changes deriving from the purchase of shares of subsidiaries and associates.

Other
Cash flow items that are not reflected in EBITDA, such as tax payments, and cash flow items from changes in the balance sheet, such as increase/decrease in accounts receivable.

*1 Net increase in contract liabilities, FY23/11 Q1: 340mn, Q2:550mn, 3Q:0.130mn, 4Q: 360mn.

*2 In the consolidated balance sheets in the Company's "Annual Report" and "Summary of Consolidated Financial Results," accounts payable, deposits received, and accounts receivable are respectively included in "accounts payable," "deposits received," and "other current assets." Prior to FY11/23 Q3, deposits received were included in "other current liabilities."

Business Highlights and Initiatives in Focus Areas

1. Key Initiatives in SaaS Applications for Back-Office Operations for Corporate Customers P.21

1-1. SMB Space

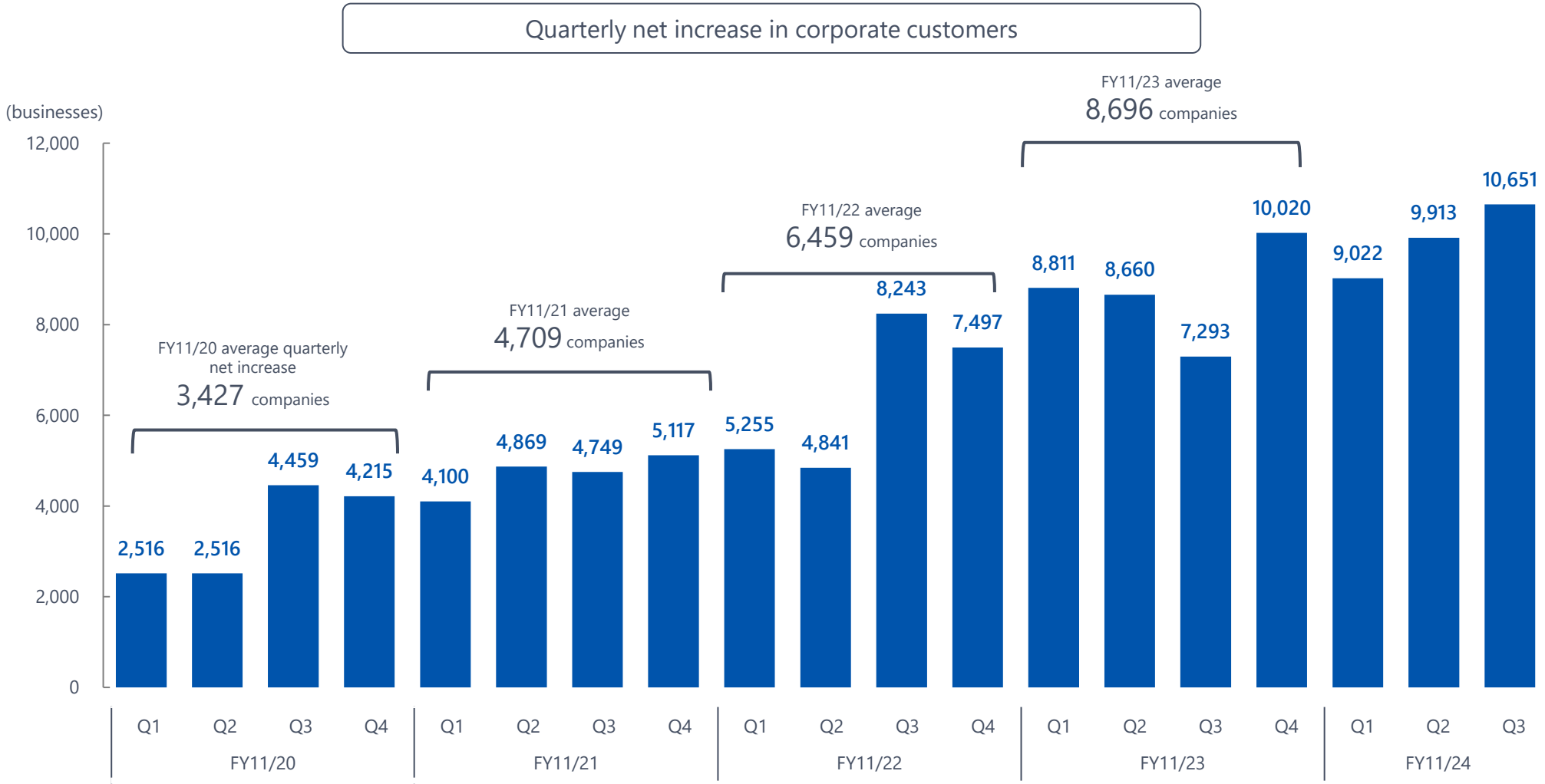
1-2. Midmarket Space

2. Progress in SaaS and Fintech Strategies P.31

3. Tie-Up with SMCC in Home Domain P.33

1. Net Increase in Corporate Customers Hits Record High

Achieved a significantly higher increase continuing to customers via large professional service firms and deploying promotional campaigns.



FY11/24 Q3 net increase in corporate customers

+10,651 companies

1-1. Promoted Use of *Money Forward Cloud* via Accounting Firms as Well

Mikata Tax Accountant Corporation supports its clients by implementing an automated accounting and back-office scheme using multiple *Money Forward Cloud* products, a significant advancement from the conventional paper-based bookkeeping support.

Mikata Tax Accountant Corporation

MIKATA

A tax accountant corporation with 20 bases across Japan.
Has promoted the adoption of *Money Forward Cloud* among over 1,000 companies centered on SMBs under its vision, "Be an ally in management and life."

Products used

- Money Forward Cloud Accounting
- Money Forward Cloud Expense
- Money Forward Cloud Payroll
- Money Forward Cloud Invoice Issuing
- Money Forward Cloud Payable Management
- Money Forward Cloud Attendance
- Money Forward Cloud Social Insurance
- Money Forward Cloud Tax Adjustment
- Money Forward Cloud Contract
- Money Forward Cloud My Number

Background and Impact of Implementation

- Selected *Money Forward Cloud Accounting* based on its **stance and design concept, which are aligned with the needs of tax accountant corporations and accounting firms**.
- **Increased productivity by automating and expediting operations** through automation and the integration of accounting operations with payable, expenses, and invoicing management.
- Achieved an increase in the number of clients per accountant and improvement in customer satisfaction. Accountants have also been able to **offer tax and accounting advice based on a more managerial perspective.**

* Refer to https://biz.moneyforward.com/mfc-partner/case/7689/ (in Japanese) for other cases of implementation.

1-1. Professional Service Summit 2024 - Japan's Largest Event Targeting This Sector

Under the theme, "The new era of professional services. Embarking on a new adventure," discussions will be held on future-oriented initiatives that address drastic changes of the times, such as legal revisions and generative AI. Also planning to present a development roadmap for functions targeting professional service firms, our future direction, and updates on Generative AI utilization.



For more information, See this link (in Japanese).

1-1. To Update *Money Forward Cloud* Subscription Plans for SMBs from June 1, 2025

SMB subscription pricing plan to be updated in light of changes in laws and regulation, the need to develop new functions, and the rise in development costs due to inflation. Additionally, with the establishment of One-person corporation plan, offering *Money Forward Cloud* at a rate that is affordable from the business launch phase.

Plan		Before revision	After revision	Features
One-person corporation	Annual rate	-	¥ 2,480/monthly ¥29,760/year	• **Comprehensive features covering back-office operations,** including accounting and finance, human resources and labor management, and electronic contracts, are **available within a single plan.** • ***Money Forward Cloud HRIS*** is newly added, enabling users to centrally manage employee data.
	Monthly rate	-	¥3,980/monthly	
Small business	Annual rate	¥2,980/month ¥35,760/year	¥4,480/month ¥53,760/year	
	Monthly rate	¥3,980/month	¥5,980/month	
Business	Annual rate	¥4,980/month ¥59,760/year	¥ 6,480/monthly ¥77,760/year	
	Monthly rate	¥5,980/month	¥ 7,980/month	

* All rates shown above are tax-exclusive.

Enhancing User Experience for Existing Users and Professional Offices through Continuous Feature Updates

New Features Using Generative AI



- Request financial data analysis and reporting in chat format
- conduct analysis, evaluation, and improvement suggestions to support management decisions

Enhanced Convenience through Integration with External Services



- Following the government's push for electronic tax filing, the number of electronic filings by SMB companies is increasing.
- API integration with the "Tatsujin Series" allows for easy import of accounting data, reducing the effort required for tax filing and improving operational efficiency.

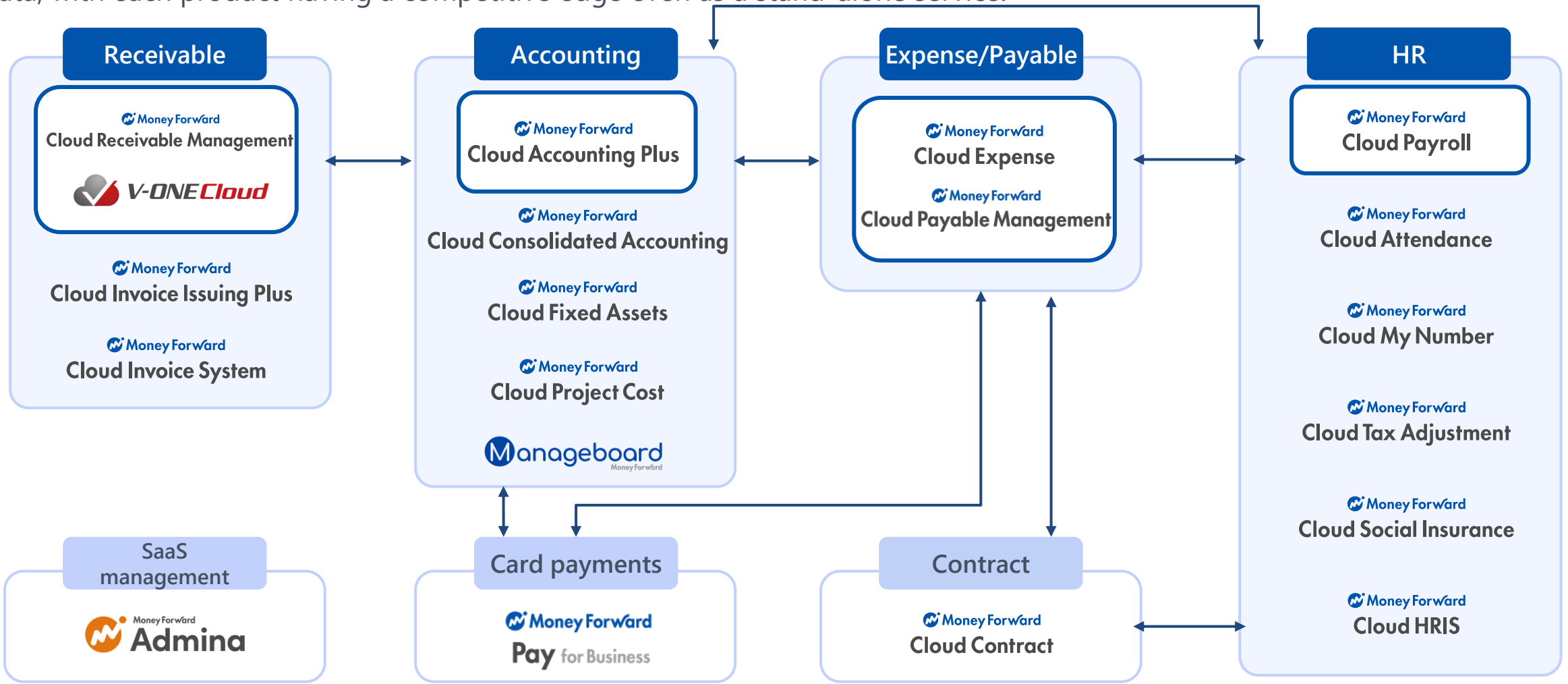
Improved Features to Support Legal Compliance and Daily Operations

- Added functionality for fixed-amount income tax reduction
- Enabled display/hide options for all sub-accounts in the trial balance
- Display the estimated funding amount available using *SHIKIN+* online factoring for SMEs, based on accounting data

* Examples of New Features and Updates Released from March 2024 Onwards.

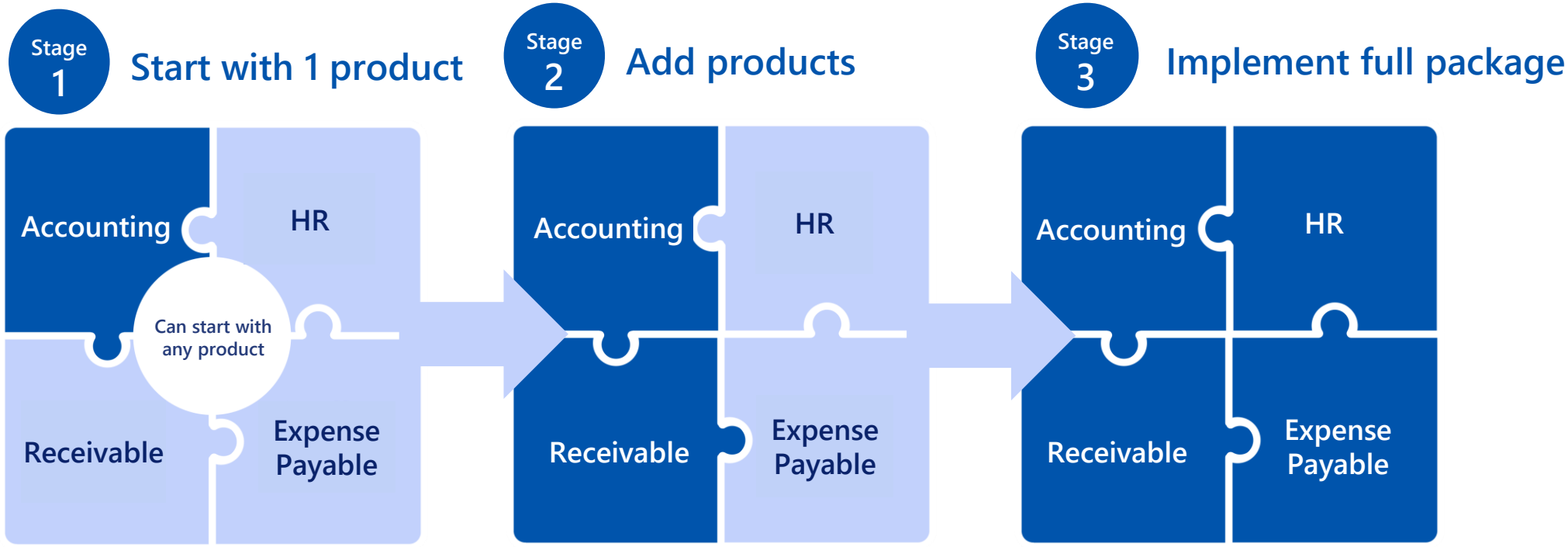
1-2. Covering Back-office Operations of Medium-sized Companies

Offers a broad product lineup centered on four core segments while sharing accounting, documented evidence, and employee data, with each product having a competitive edge even as a stand-alone service.



1-2. Deploying Composable ERP model with Flexibility and Scalability

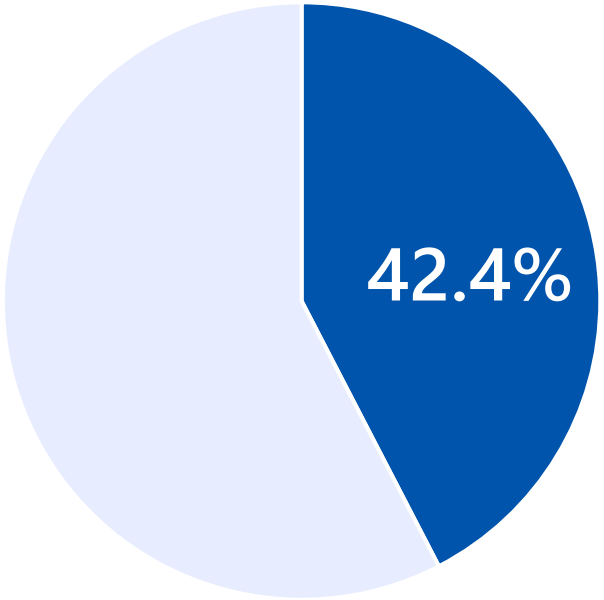
Develops and provides stand-alone functions for customer to speedily realize the optimal system configuration.
Customers can implement individual functions as necessary while combining them with their existing systems and gradually adding new functions.



1-2. Expanding to companies with more than 300 employees

Through extensive enhancements in product, sales & marketing, and customer support, the adoption by companies with over 300 employees is progressing.

The proportion of companies with 300 or more employees within the New MRR for the mid-sized enterprise *1 segment



Cumulative from 23/11 Q1 to 24/11 Q3

1. Accelerated Product Development

- Providing a composable ERP that can be gradually expanded while integrating with existing systems, enabling flexible DX and cloud adoption
- Continuously developing features tailored to the needs of larger companies, allowing for flexible settings and utilization.

2. Accumulating Knowledge in the Mid-Sized Companies space

- Expanding track record and gradually improving brand recognition through proposals and approaches tailored to each company size and stage.
- Enabling the sharing of similar-sized and same-industry case studies during new business discussions, leads to an increase in comparative applicability for potential customers.

3. Customer Support for New and Existing Users

- Conducting operational validation during implementation and providing post-implementation follow-up tailored to the specific needs of each company, especially for mid-sized and larger companies. This also contributes to cross-selling opportunities.

*1 "Medium-sized companies" includes general corporate users (excluding professional service firms) that have adopted such services as *Money Forward Cloud*, *Manageboard*, *V-ONE Cloud*, *HiTTO*, and *Money Forward Admina* via field or partner sales, with the majority of companies having 50 or more employees.

1-2. New *Money Forward Cloud Accounting Plus* Functions for Midmarket

Released division master data that can be shared between *Money Forward Accounting Plus* and ***Money Forward Cloud Project Cost*** on September 26, 2024. Also updated functions in *Money Forward Accounting Plus*, including **adding division tiers for medium-sized companies with multi-tiered divisions**.

Previous setting (example)



- Division master data had to be prepared separately for each product using different methods.
- Only up to two tiers could be set up.

Current and future settings



- Division changes and additions can be **reflected in multiple products with a single action**
- Users can now tally data for up to 10-tiered divisions. By utilizing this feature in departmental summary reports and other tools, it enables **flexible management accounting that meets the needs of medium- to large-sized companies.**

1-2. Subsidiary of Major Trading Company chooses Composable ERP to Drive DX

Other subsidiaries under Marubeni Corporation are also adopting or considering the implementation of *Money Forward Cloud* as it fulfills the security and internal control standards required by such large enterprises.

DIGITAL EXPERTS

Company name	Digital Experts Co., Ltd.
Business	Planning, development, operation, and training services in digital space
Founded	2023
Parent company	Marubeni Corporation

Products used

Money Forward Cloud Accounting Plus
Money Forward Cloud Expense
Money Forward Cloud Payroll
Money Forward Cloud Invoice Issuing
Money Forward Cloud Payable Management
Money Forward Cloud Attendance
Money Forward Cloud Social Insurance
Money Forward Cloud Tax Adjustment
Money Forward Cloud Contract
Money Forward Cloud HRIS

Background of implementation

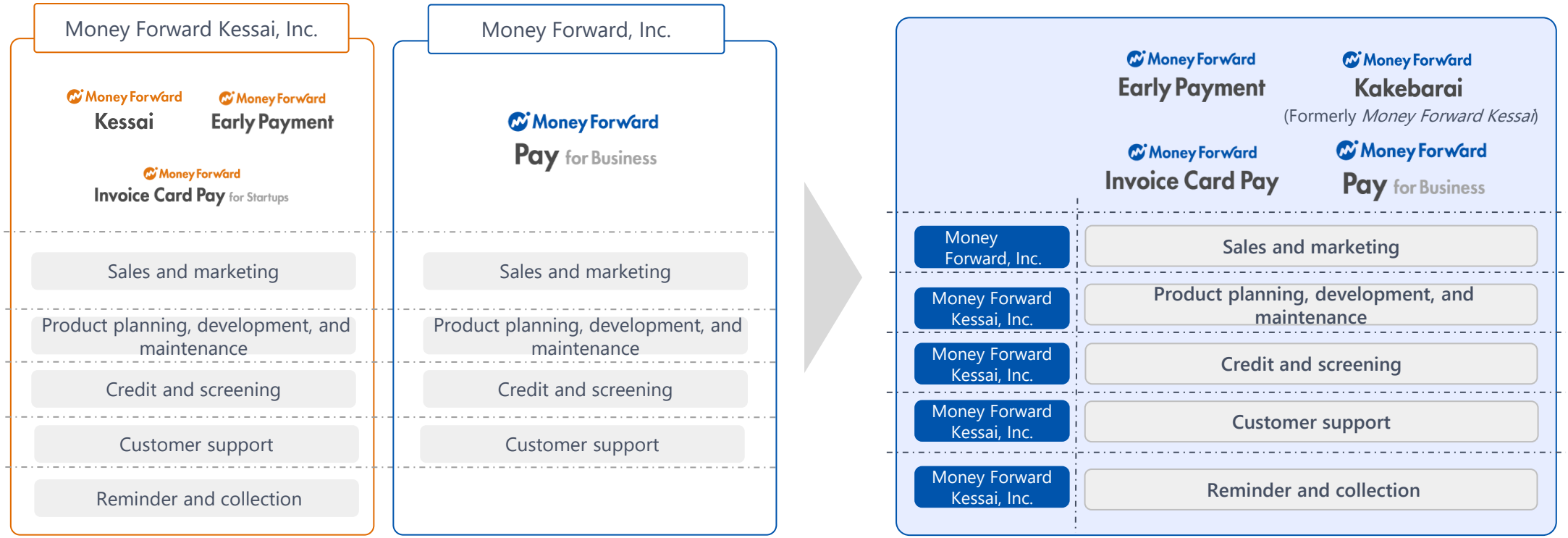
- As the product is based on a composable ERP model, **functions can be added on an as-needed basis in line with the company's growth**. This minimizes the burden of implementations on frontline personnel.
- As the product adopts a double-entry bookkeeping format, **accounting staff can use the product smoothly,** without requiring extra training costs.
- The product **fulfills standards set out by the parent company** in terms of both **security**, such as authentication and access, and **internal control,** such as decision-making standards and approval workflow.



Seminar on implementation

2. Announced Reorganization of Financing Services to Bolster SaaS and Fintech Strategies

To promote the Company's growth strategy, "Creation of new user values through SaaS and Fintech," the Business and Finance domains will be restructured in FY11/25 by consolidating their financing services[*1]. Undergoing rebranding, logos and service names will be unified.



*1 The company split (simplified absorption-type split) is schedule to be effectuated on March 1, 2025. For details, please refer to "Notice Regarding Company Split (Simplified Absorption-Type Company Split) with Wholly Owned Subsidiary," issued on August 23, 2024.

2. Offering Comprehensive Solutions That Fulfill Customer Needs Via Diverse Product Lineup

Shoei Bijutsu Co., Ltd. systemized complex receivable management and invoicing operations by adopting cloud. Providing comprehensive solutions related to receivable management by utilizing invoicing BPO service *Money Forward Kessai* (to be renamed to *Money Forward Kakebarai*)*1.

Shoei Bijutsu Co., Ltd.

SHOEI THINK YOUR VISION

Business	Planning, design, production, construction and operation of exhibitions and events
Founded	1979
Employees	300



Click here to see an article on the implementation (in Japanese).

Money Forward Cloud Invoice Issuing Plus for Salesforce®

V-ONE Cloud

- Started considering systemization in the wake of the enactment of Japan's Invoice System. Was able to save implementation time and costs without drastically changing existing workflows. Cut back on work hours by about 40 hours per month.
- Data entered in *Salesforce* is now reflected directly to invoices. Reduced time spent on invoicing and payment management by about 40 hours per month.

×

Money Forward Kakebarai *1

Former *Money Forward Kessai*

- When handling exhibitions that involved many counterparties, the company had difficulty managing the large number of invoices and varying invoicing methods.
- Since implementing *Money Forward Kakebarai*, the company no longer needs to issue invoices or confirm payments, reducing operation time by 10 to 20 hours per month.
- The company also no longer needs to handle credit screening or send reminders for outstanding payments.

*1 *Money Forward Kessai*'s service name and logo will be changed to *Money Forward Kakebarai* from December 1, 2024.

2. Change in Domain that Books Sales related to Financing Services

Accompanying the reorganization, sales related to financing services*1 will be recorded in Business domain, not Finance domain, from FY25/11. Only sales of services related to VC business HIRAC FUND will be booked in Finance domain.

Area	Payment	Invoicing and receivable collection	Fundraising needs and enhanced cash flow	
	Business card payment	Invoicing BPO service	Factoring service*1	Invoice Card Payment
Services	Money Forward Pay for Business	Money Forward Kakebarai (Former Money Forward Kessai) *2 SEIKYU *5	Money Forward Early Payment *3 SHIKIN *5	Money Forward Invoice Card Pay *4
Domains (revenue structure)	Business domain Non-recurring revenue (transaction)	Finance domain Recurring revenue ▼ **Business domain Recurring revenue**	Finance domain Non-recurring revenue (transaction) ▼ **Business domain Non-recurring revenue (transaction)**	Finance domain Non-recurring revenue (transaction) ▼ **Business domain Non-recurring revenue (transaction)**

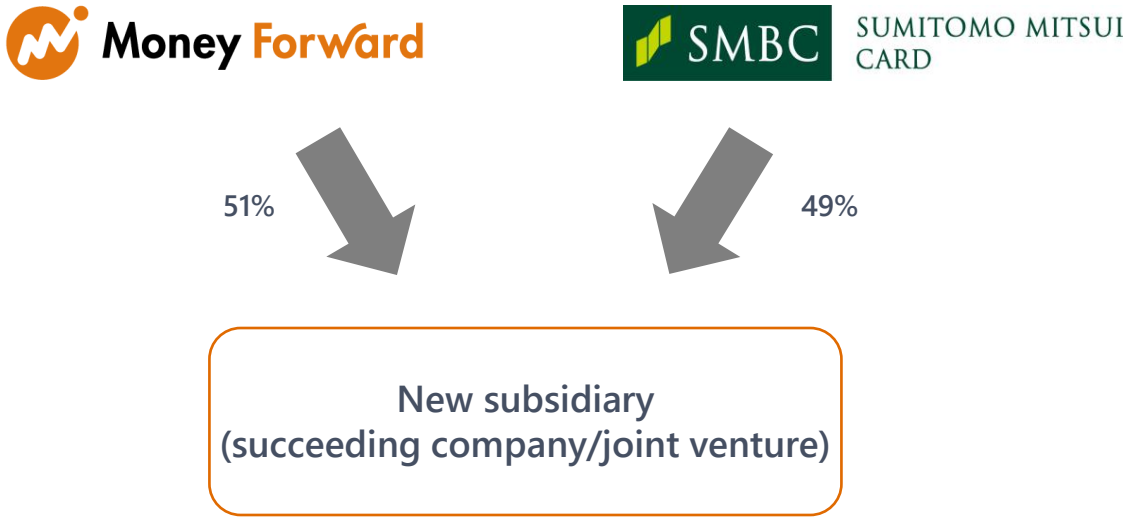
*1The following items, which are currently recorded under Finance domain, will be recorded under Business domain from FY25/11: recurring revenue and settlement and associated fees of *Money Forward Kessai* (*Money Forward Kakebarai* from December 2024) and *SEIKYU+*, non-recurring revenue (transactions) of *Money Forward Early Payment*, *SHIKIN+*, and *Money Forward Invoice Card Pay for Startups*, and postal fees of *Money Forward Kessai* and *SEIKYU+*.

*2 *Money Forward Kessai*'s service name and logo will be changed to *Money Forward Kakebarai* from December 1, 2024. *3 *Money Forward Early Payment*'s logo will be changed from December 1, 2024. *4 *Money Forward Invoice Card Payment*'s logo will be changed from December 1, 2024. *5 There are no plans to change the service names and logos of *SEIKYU+* and *SHIKIN+* as they are being developed by Biz Forward, Inc., a joint venture with Mitsubishi UFJ Financial Group, Inc.

3. Establishing JV with SMCC for B2C Services in *Money Forward ME*

Definitive agreement was signed on September 26, 2024. Planning on establishing a joint venture with SMCC **to provide personalized B2C financial services by combining Japan's largest[*1] PFM[*2] service *Money Forward ME* with SMBC Group's financial services including *Olive* and *V Point*.**

Outline of structure



An absorption-type company split of B2C businesses (Money Forward Home domain business) [*3] including Money Forward's PFM service[*2] *Money Forward ME*.

Outline of joint venture

Name and title of representatives (plan)	**Yukihiko Onishi**, Representative Director and Chairperson (President and Representative Director of SMCC) **Yosuke Tsuji**, Representative Director and President (Representative Director, President and CEO of Money Forward)
Business	Development and provision of PFM services[*2]
Business launch	December 2024 (plan)
Fiscal year-end	November 30 (plan)
Investment ratio	Before share transfer and investment: Money Forward 100% After share transfer and investment: Money Forward 51%　　SMCC 49%
Net Sales of the Business(FY11/23)	¥3,523 million (Net sales of Home Domain excluding Nexsol and Money Forward PrivateBank)

For more details, see the supplemental material

*1 Accumulated number of users of *Money Forward ME* in Home domain, consisting of number of app downloads and online registrations. As of August 31,2024.. *2 "PFM service" is the abbreviation for "personal financial management service" and refers to a service that helps individuals manage their financial assets and personal finances. *3 Among Money Forward Home Domain, shares of Nexsol, Co., Ltd., Money Forward PrivateBANK, Inc., and Susten Capital Management Inc. are not included.

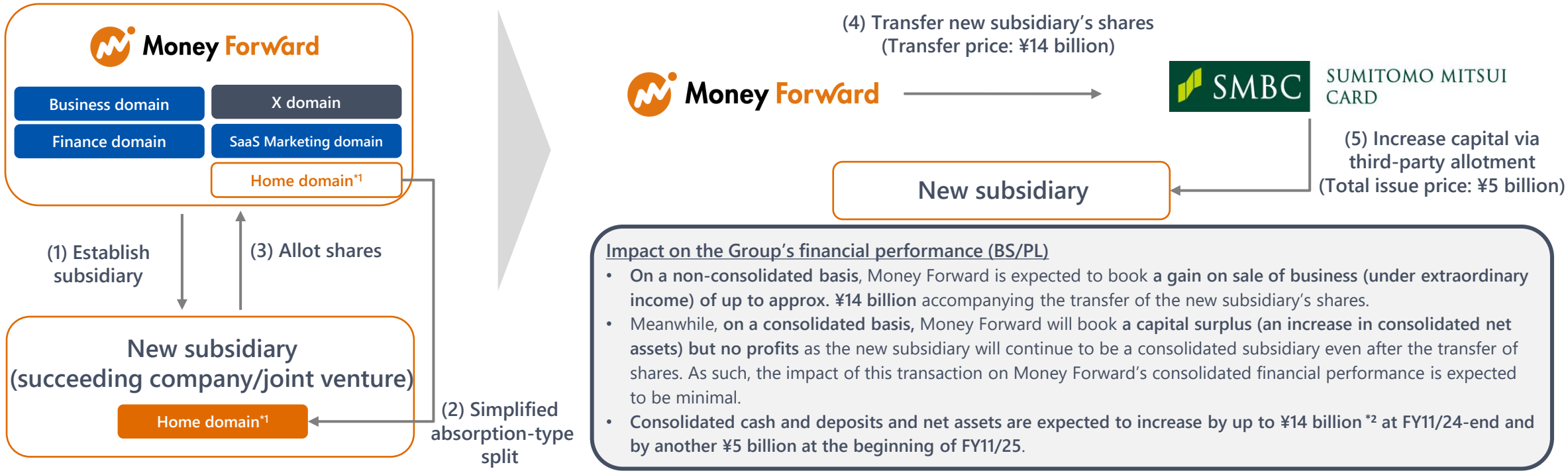
Transaction Scheme

The joint venture will be established following the three steps described below, with Money Forward ultimately owning 51% and SMCC 49%. The scheme includes **transferring a portion of the shares of the joint venture (share value at ¥33.8 billion) to SMCC (¥14 billion) and increasing the joint venture's capital through a third-party allotment to SMCC (¥5 billion)**.

Step 1: Establish new company through absorption-type company split
(Split planned by November 2024)

Step 2: Transfer new subsidiary's shares to SMCC
(Planned for November 2024)

Step 3: Raise capital of new subsidiary through third-party allotment to SMCC
(Planned for December 2024)



<u>Impact on the Group's financial performance (BS/PL)</u>

- **On a non-consolidated basis**, Money Forward is expected to book **a gain on sale of business (under extraordinary income) of up to approx. ¥14 billion** accompanying the transfer of the new subsidiary's shares.
- Meanwhile, **on a consolidated basis,** Money Forward will book **a capital surplus (an increase in consolidated net assets) but no profits** as the new subsidiary will continue to be a consolidated subsidiary even after the transfer of shares. As such, the impact of this transaction on Money Forward's consolidated financial performance is expected to be minimal.
- **Consolidated cash and deposits and net assets are expected to increase by up to ¥14 billion *2 at FY11/24-end and by another ¥5 billion at the beginning of FY11/25.**

*1 For details on Home domain, please see P6. Among Money Forward Home Domain, shares of Nexsol, Co., Ltd., Money Forward PrivateBANK, Inc., and Susten Capital Management Inc. are not included in the absorption-type split.
*2 Before tax on capital gains.

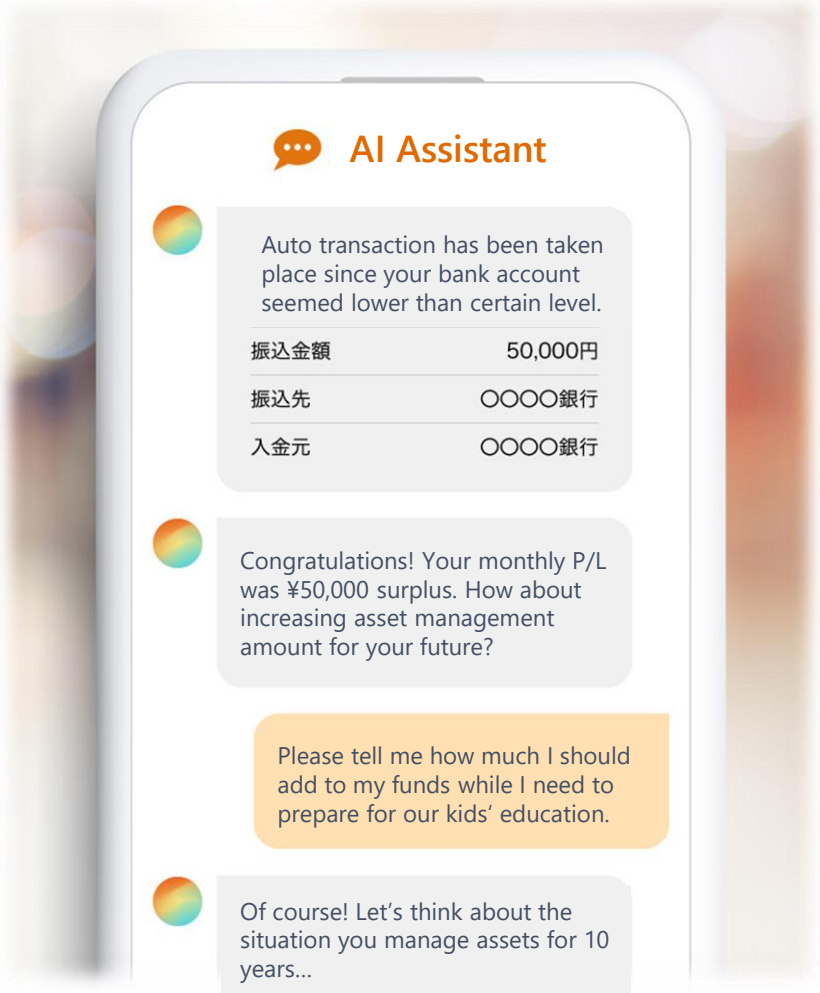
The partnership greatly enhances the user experience

Provide the unprecedented user experience that is only possible through a partnership between *Money Forward ME* and *Olive*, which is plan to offer in the future.

Managing multiple accounts is difficult. Transferring money individually is troublesome.	**Easily move money with drag and drop while seeing amount in your other accounts.**
Worrying about overusing or fraudulent credit card use.	**Instant notification of card usage. Sense of security in knowing that household finances are in control.**
Expenses that come suddenly. I'm worried about borrowing money.	**Know in advance how much you can borrow. Easy to repay.**
Reviewing household finances is important, but also want to enjoy more benefit.	**Points reward based on how much you use *Money Forward ME***
Household budget management, repayment plans, asset management... I don't know the right method for me.	**AI Assistant helps your money matters. More freedom to send, borrow, and increase your money.**







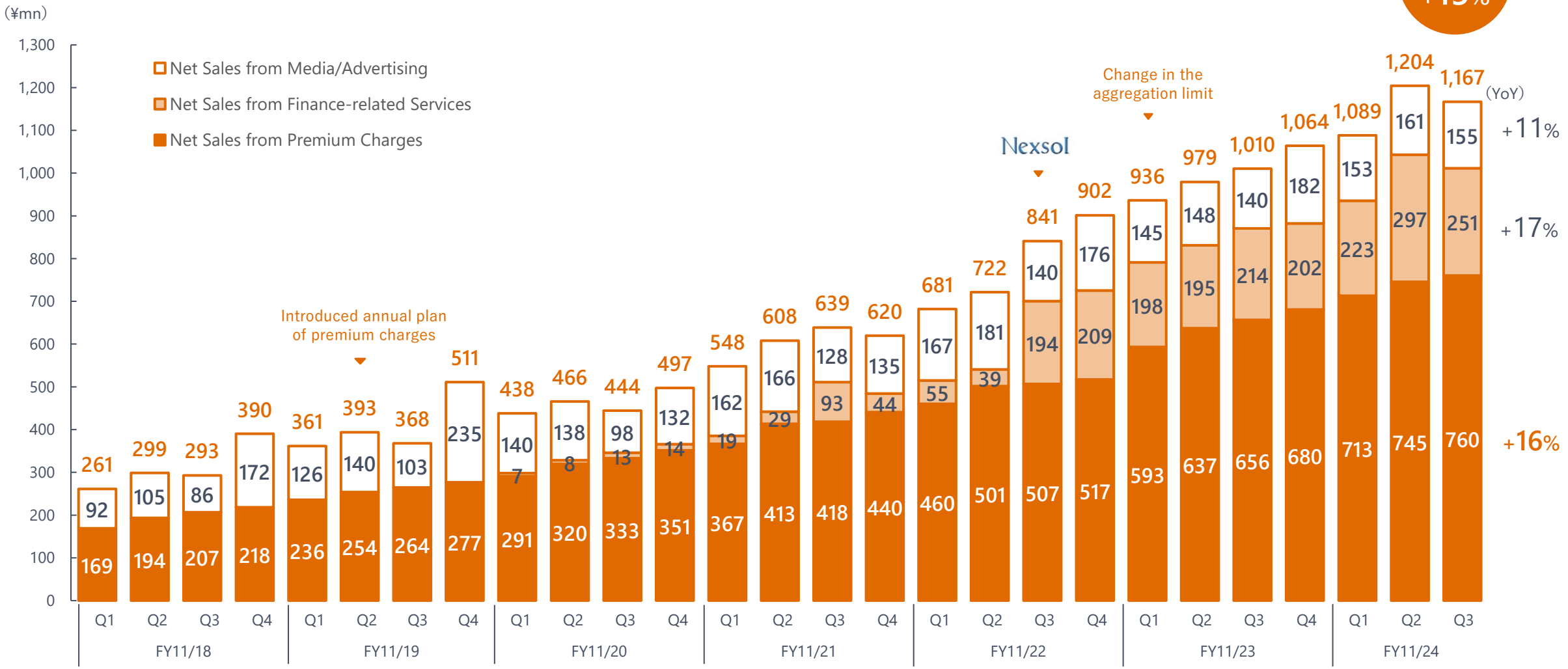
Appendix

Financial Highlights by Domain

Quarterly Net Sales of Home Domain

Revenue from premium paying users of *Money Forward ME* continued to grow firmly, **up 16% YoY**.
Money EXPO 2024 is scheduled to be held on November 30[*1].

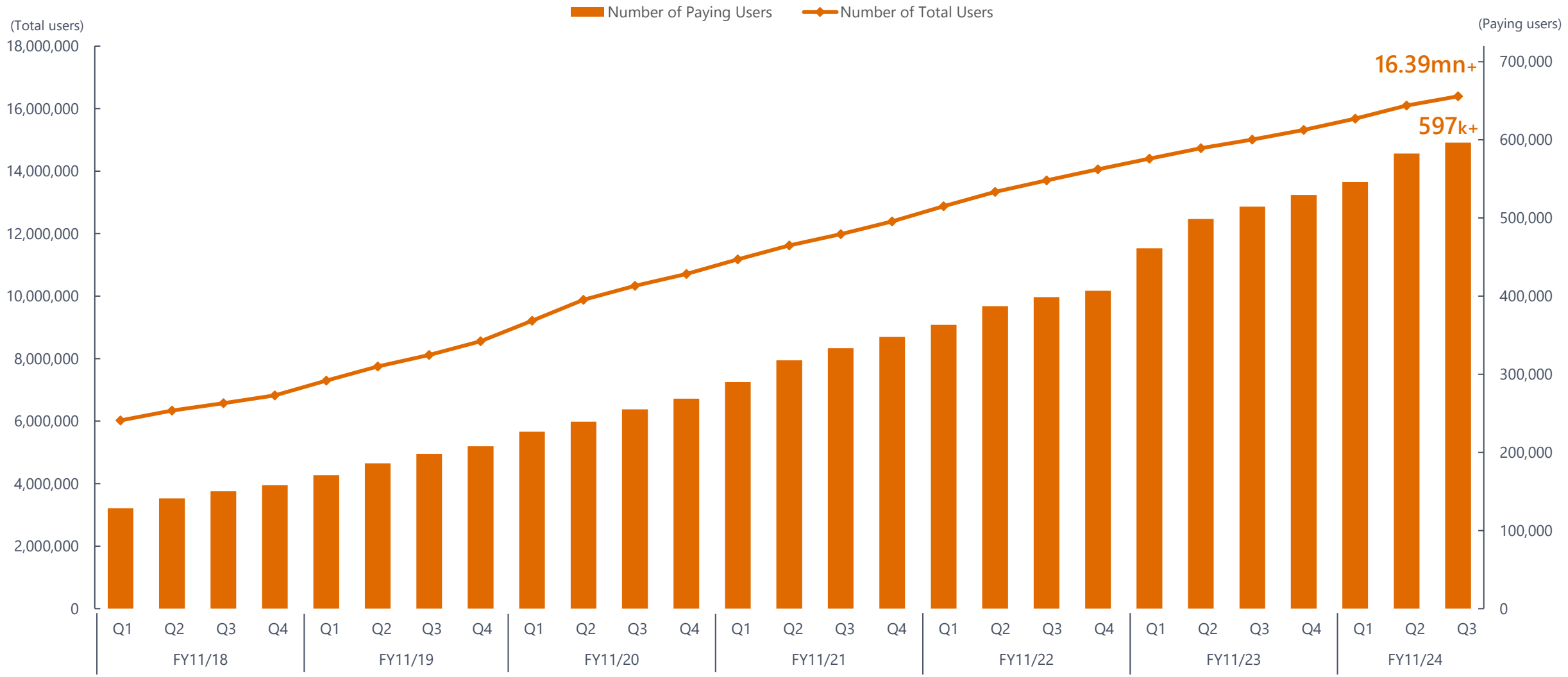
YoY +15%



* Net sales from financial services include revenues from *Money Forward Personal Financial Consulting*, *Money Forward Fixed Cost Review*, and Nexsol Co., Ltd. *1 See the Money EXPO 2024 website (in Japanese) for details.

Total and Paying Users of *Money Forward ME*

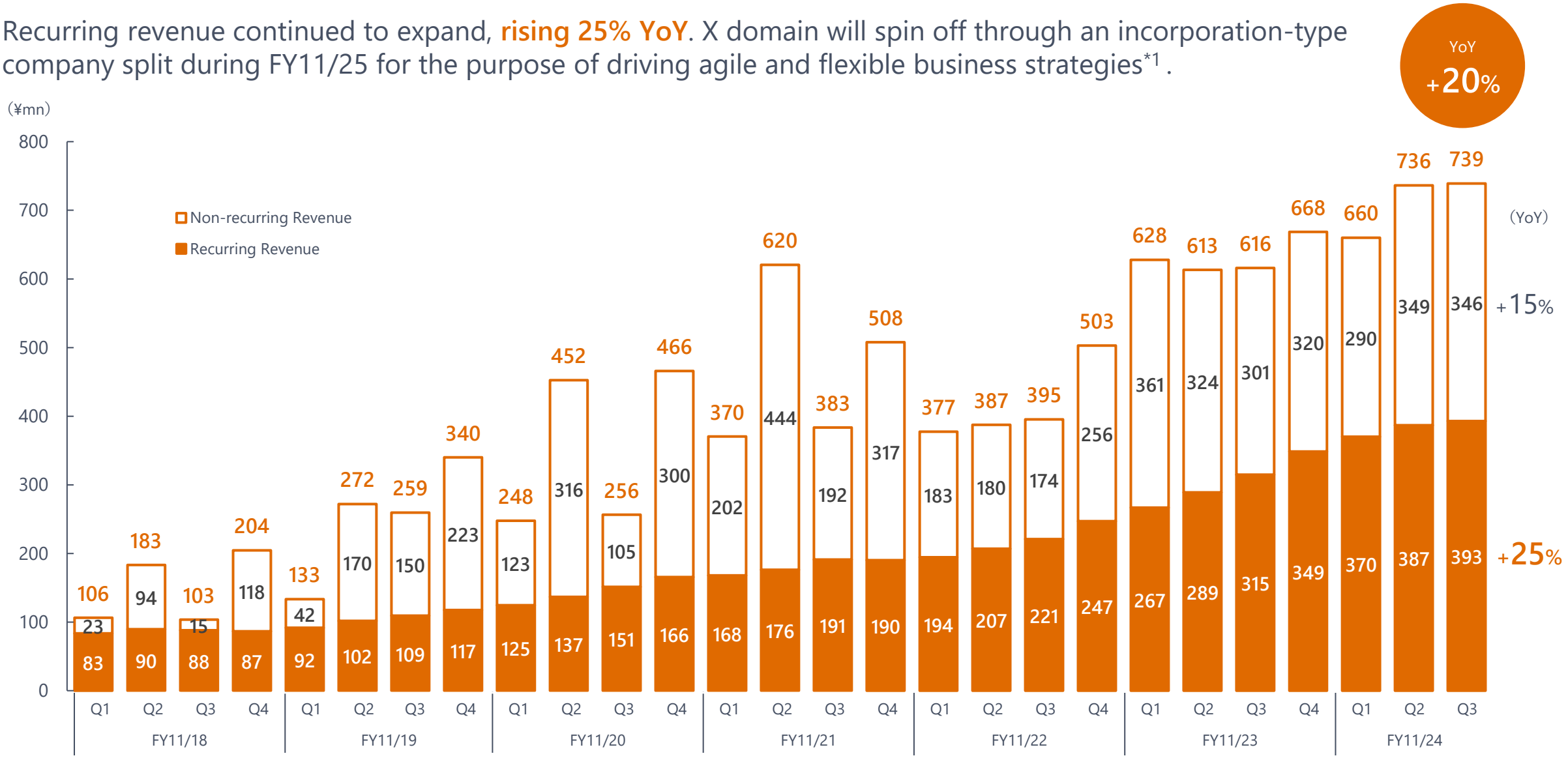
The number of total and paying users expanded steadily, topping 16.39 million*1 and 590,000, respectively.



*1 Accumulated number of users of *Money Forward ME* in Home domain, consisting of app downloads and online registrations.

Quarterly Net Sales of X Domain

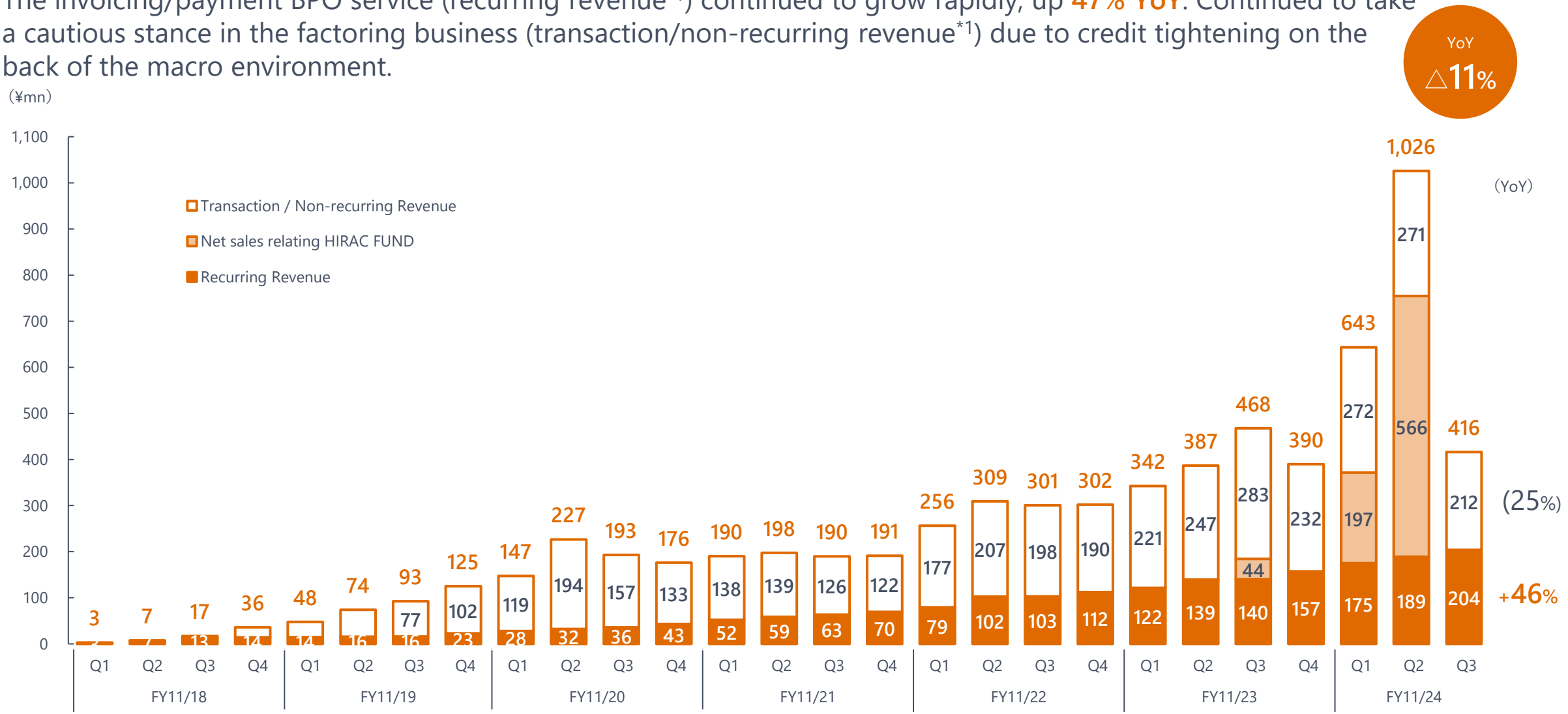
Recurring revenue continued to expand, **rising 25% YoY**. X domain will spin off through an incorporation-type company split during FY11/25 for the purpose of driving agile and flexible business strategies*1 .



*1 Scheduled to be effectuated on December 2, 2024. For details, please refer to "Notice Regarding Establishment of Subsidiary through Company Split (Simplified Incorporation-Type Company Split)," issued on June 25.

Quarterly Net Sales of Finance Domain

The invoicing/payment BPO service (recurring revenue*1) continued to grow rapidly, up **47% YoY**. Continued to take a cautious stance in the factoring business (transaction/non-recurring revenue*1) due to credit tightening on the back of the macro environment.



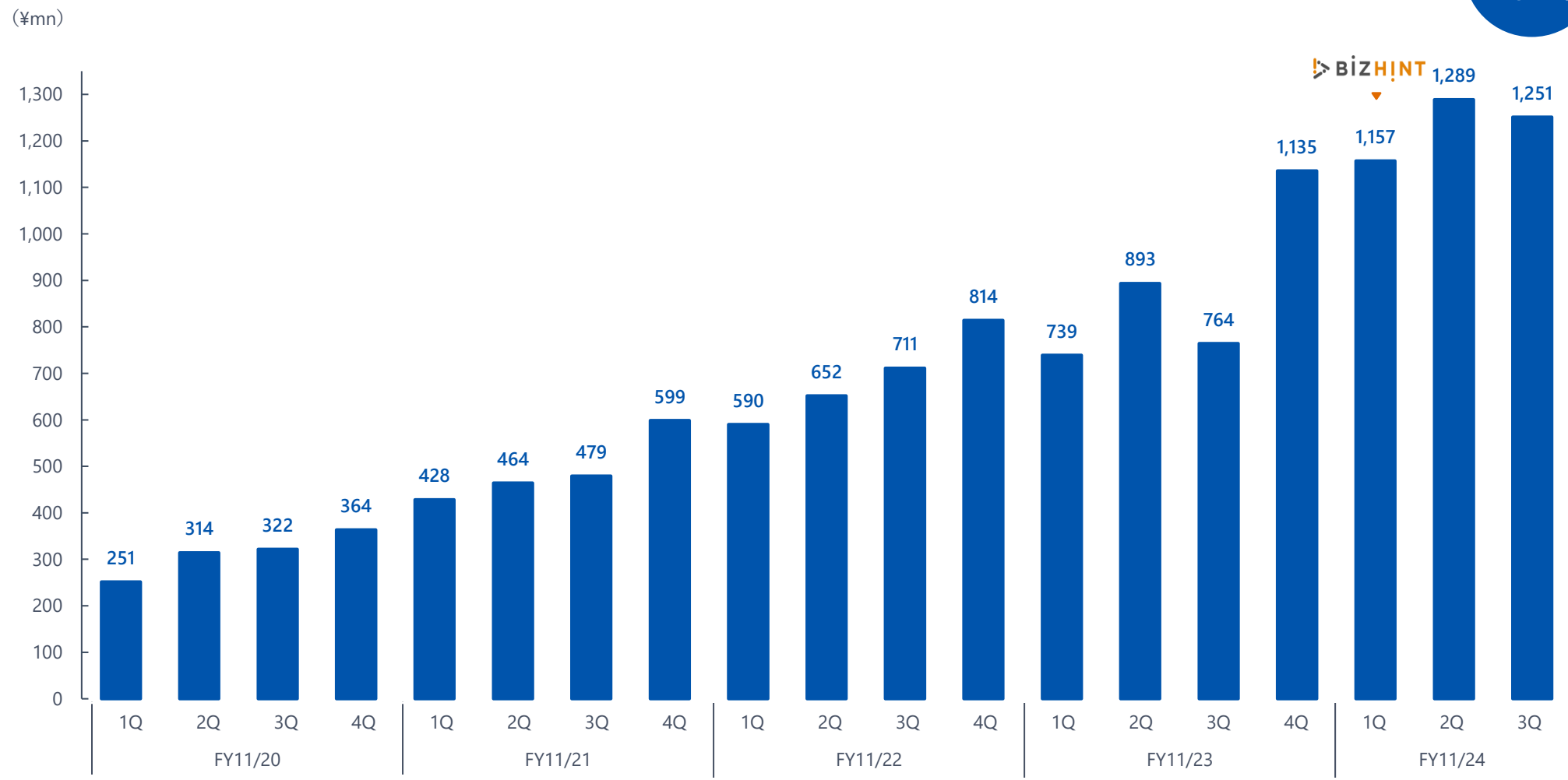
*1 Recurring revenue includes monthly fixed fees, and settlement and associated fees of *Money Forward Kessai* (to be renamed to *Money Forward Kakebarai* in December 2024) and *SEIKYU+*. Non-recurring revenue (transactions) includes net sales of *Money Forward Early Payment*, *SHIKIN+*, *Money Forward Invoice Card Pay for Startup*, as well as postage fees of *Money Forward Kessai* (to be renamed to *Money Forward Kakebarai* o December 2024) and *SEIKYU+*.

*HIRAC FUND-related sales are shown only in the quarters in which a large volume of proceeds on sale of investments incurred and included in non-recurring revenue in the quarters in which the volume is ¥10 million or less.

Quarterly Net Sales of SaaS Marketing Domain

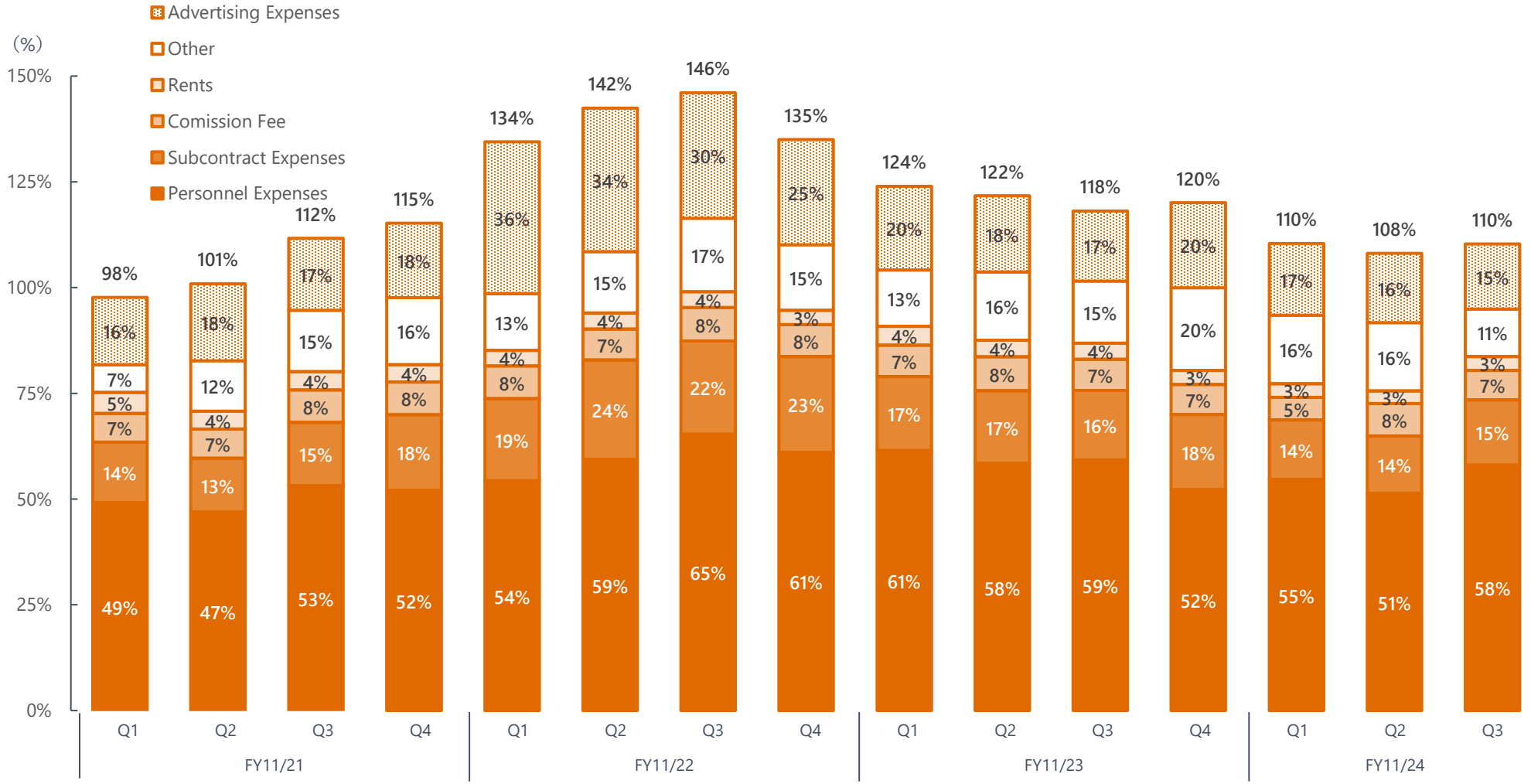
Net sales dropped slightly QoQ due to a decrease in the number of events held, including BOXIL EXPO. Meanwhile, other businesses such as ADXL performed well, contributing **to a sales increase of 64% YoY**.

YoY +64%



[Reference]Breakdown of Cost of Sales and SGA (% to Net Sales, Based on Operating Profit)

The cost of sales ratio increased slightly due to the decline in consolidate net sales. For full-year outlook for FY11/24 is an improvement to 15-17% for advertising to sales ratio and 64-69% for personal and outsourcing expenses to sales ratio*1.



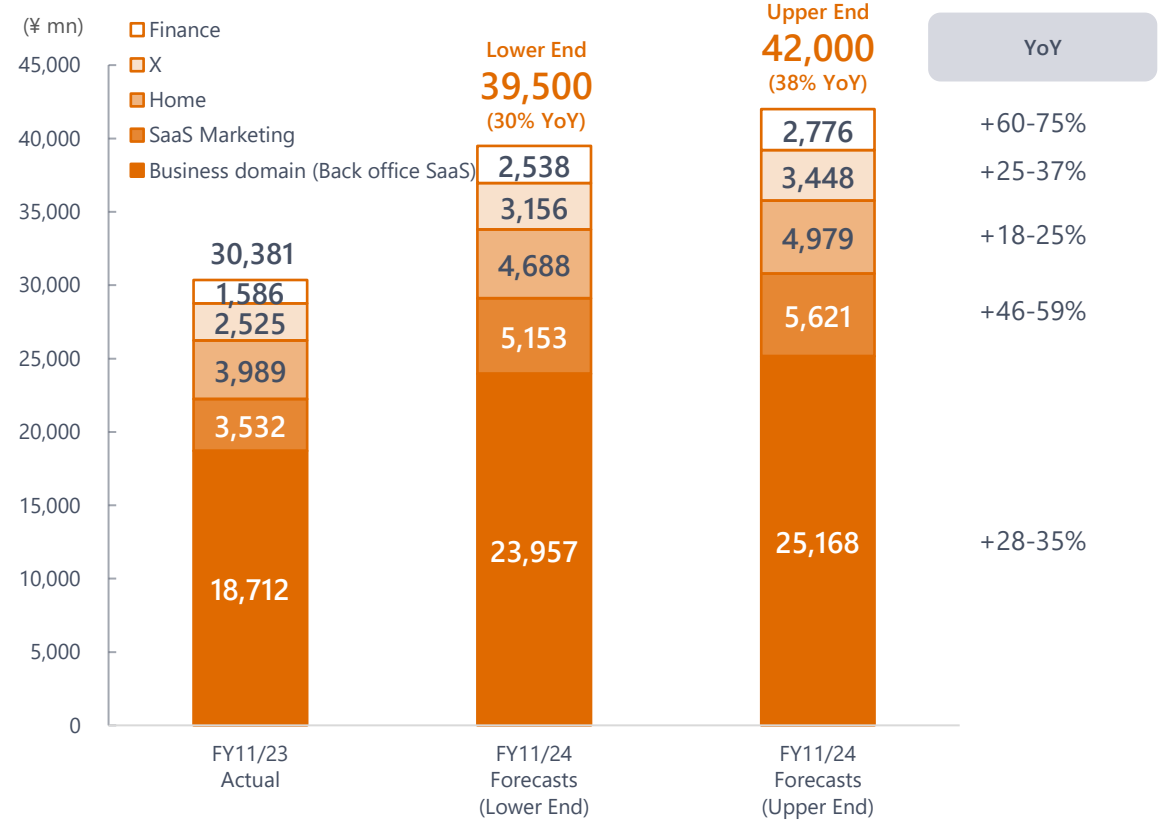
* "Other" includes IT introduction subsidy fees, taxes and dues, communication expenses, recruiting/training expenses, amortization of goodwill, depreciation, fee expenses, expenses related to reward points in *Pay for Business*, and transfer to other account (subtractive item).
* Non-cash items are: share-based remuneration expenses under "Personal expenses" and amortization of goodwill, depreciation, and provisions under "Other."
*1 In FY11/23, the advertising to sales ratio was 19%, while the personnel and outsourcing expenses to sales ratio was 75%.

FY11/24 Guidance and Medium to Long Term Financial Targets

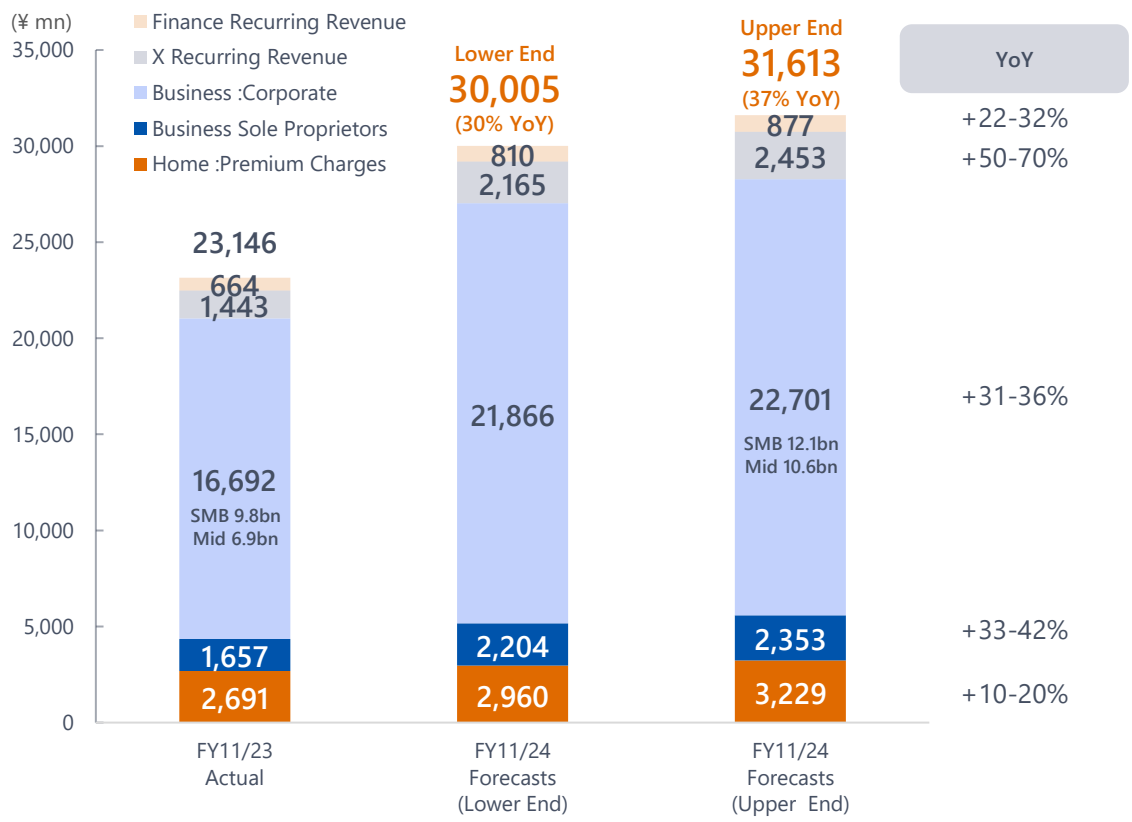
FY11/24 Net Sales / SaaS ARR Forecasts (Reference)

For FY11/24, the target is to achieve net sales in the range of ¥39.5-42.0 bn(YoY+30-38%), SaaS ARR in the range of ¥30.0-31.6 bn(YoY +30-37%), and EBITDA within ¥1.0-3.0 bn. The target for the advertising expenses to sales ratio is an improvement to 15-17%, and the personnel and subcontract expenses to sales ratio are expected to be 64-69% [*1]. Additionally, the EBITDA Margin is aimed to improve by +10-15% compared to FY11/23 [*2].

Net Sales[*3] Forecasts



SaaS ARR Forecasts



*1 See P.43 for details. Each % to net sales are based on Operating Profit. *2 As for FY11/23, the advertising expenses to sales ratio was 19%, the personnel and subcontract expenses to sales ratio was 75%, and EBITDA Margin was (7)%.
*3 Includes other net sales.

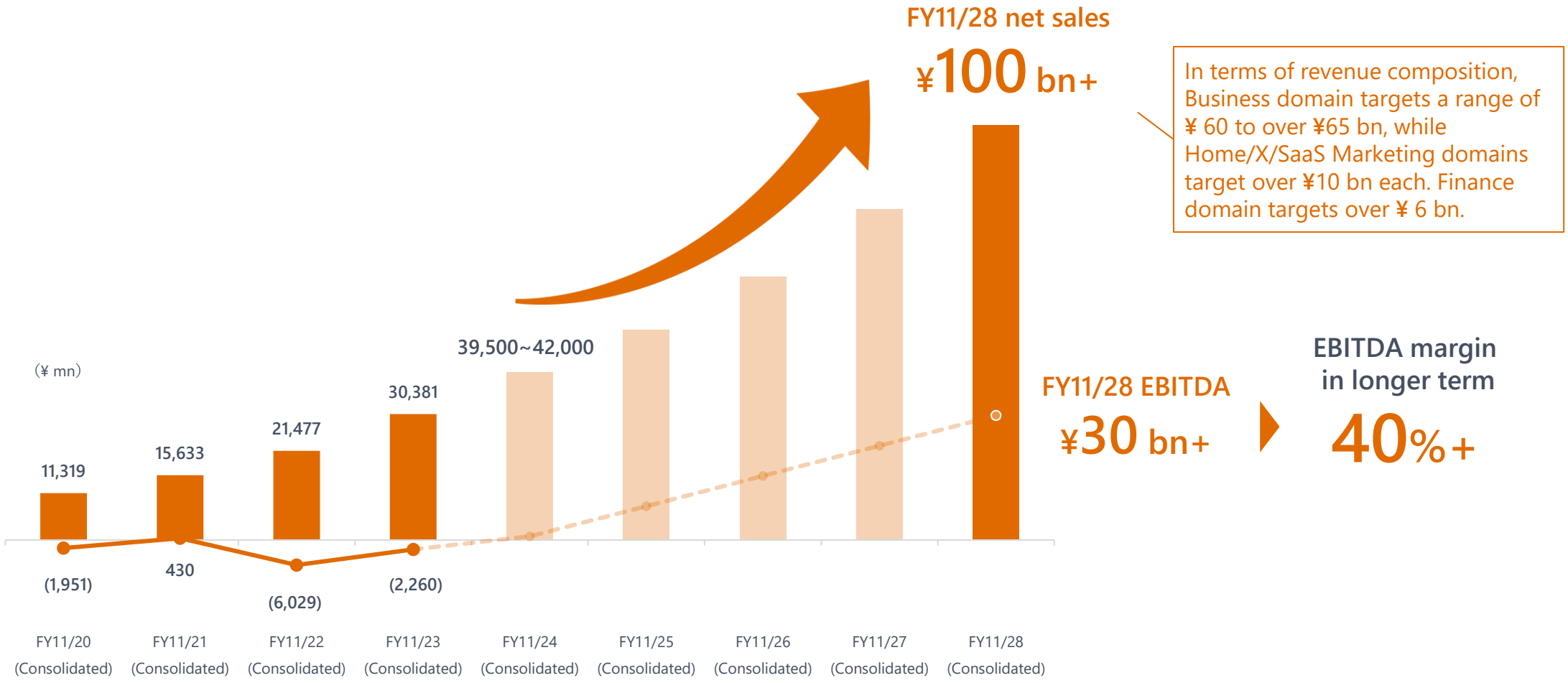
FY11/24 Business Directions by Domain

	Business directions
Entire Group	• As with FY11/23, **concentrate resources to Business domain (SaaS applications for back-office operations of corporations), where the ARR growth rate is accelerating rapidly. As for the other domains, prioritize improving profitability while sustaining growth.** • Raise profitability, primarily by reducing the ratio of advertising expenses and personnel/outsourcing expenses to total sales, with a target of **improving EBITDA margin by +10-15%**.
Business	• Continue to bolster the professional service networks of SMB while **concentrating investments to midmarket products and sales/marketing**. • **Continue to strengthen links between products** to enhance usability.
Home	• Establishing a joint venture with SMCC strengthens **the collaboration between *Money Forward ME* and *Olive* to seamlessly address users' financial challenges.** • Enhance functions in the *Wealth Formation Advanced Course* with a focus on asset management to boost user value and ARPA. • Bolster customer referrals to financing services by utilizing the Group's user base, which is one of Japan's largest.
X	• Continue to shift toward a business model that focuses on recurring revenues by **upgrading functions in the *Mikatano* series**. • Reinforce sales structure including by expanding partnerships with financial institutions and driving customer success.
Finance	• **Promote the accounts receivable purchase business with caution** in light of the current macro environment. • Expecting to record proceeds from the sale of operational investment securities *1 (non-recurring revenue) in FY11/24 of approx. ¥0.7bn. • From FY11/25, financing services in Finance and Business domains will be integrated through a reorganization for the purpose of streamlining operations.
SaaS Marketing	• **Maximize PMI and synergetic effects in BizHint, Inc.** and enhance *BOXIL* services. • BizHint, Inc. was consolidated in FY11/24 Q1.
M&A and Group capital strategies	• **Continue careful selections of strategic M&A deals** while deploying active sourcing. • Currently preparing an IPO of SaaS Marketing domain (SMARTCAMP Co., Ltd.), which has grown rapidly in the three years since its acquisition (CAGR of +41%), with the aim of maximizing and manifesting corporate value.

*1 To be incurred in HIRAC FUND, a venture capital business.

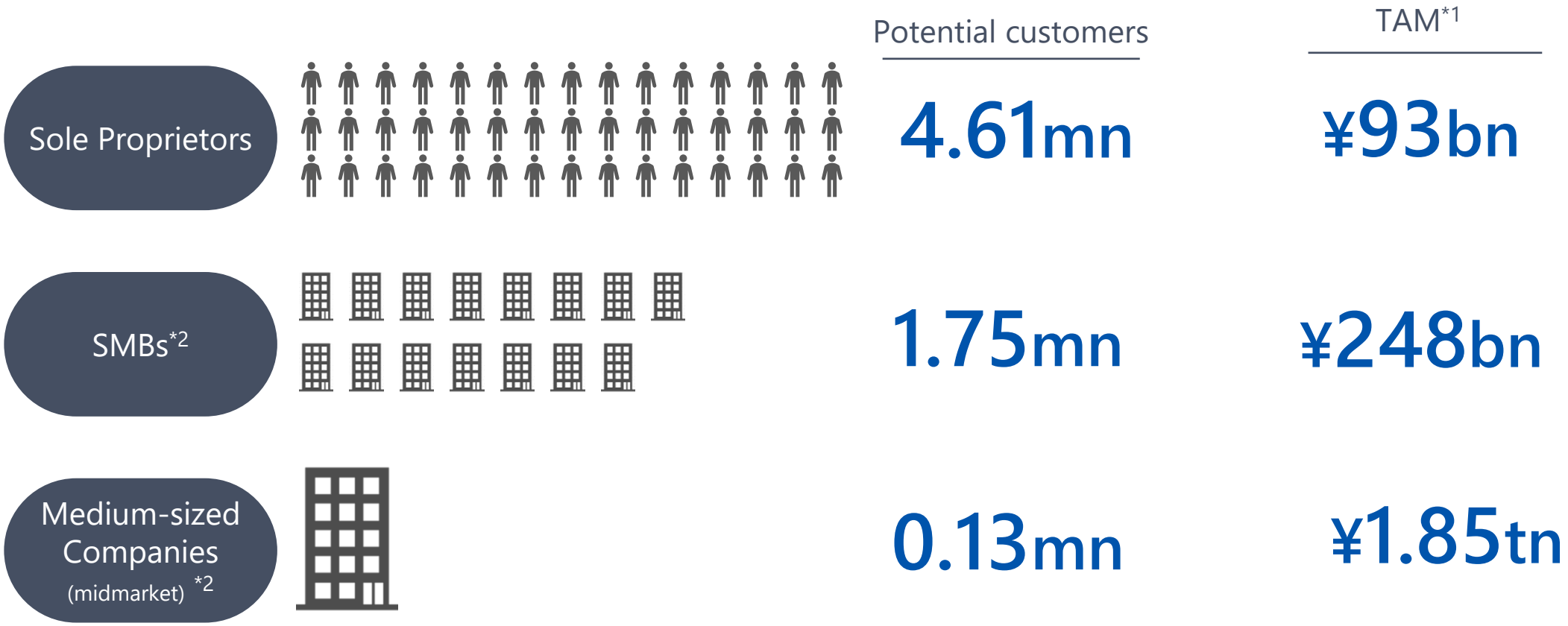
Medium to Long Term Financial Targets (Reference)

Aiming to achieve both high growth and better margins, with FY11/28 target net sales set to ¥100 bn+(SaaS ARR ¥80bn+) and EBITDA to ¥30 bn+. In the longer term, **eyeing an EBITDA margin of 40%+**. Expecting EBITDA margin to improve 10-15% in FY11/24 and continue improvement FY11/25 and onward.



Back Office SaaS Potential Market Size

Potential market size of back-office SaaS, Group's current area of focus, is estimated to be about **¥2.20 trillion**[*1].

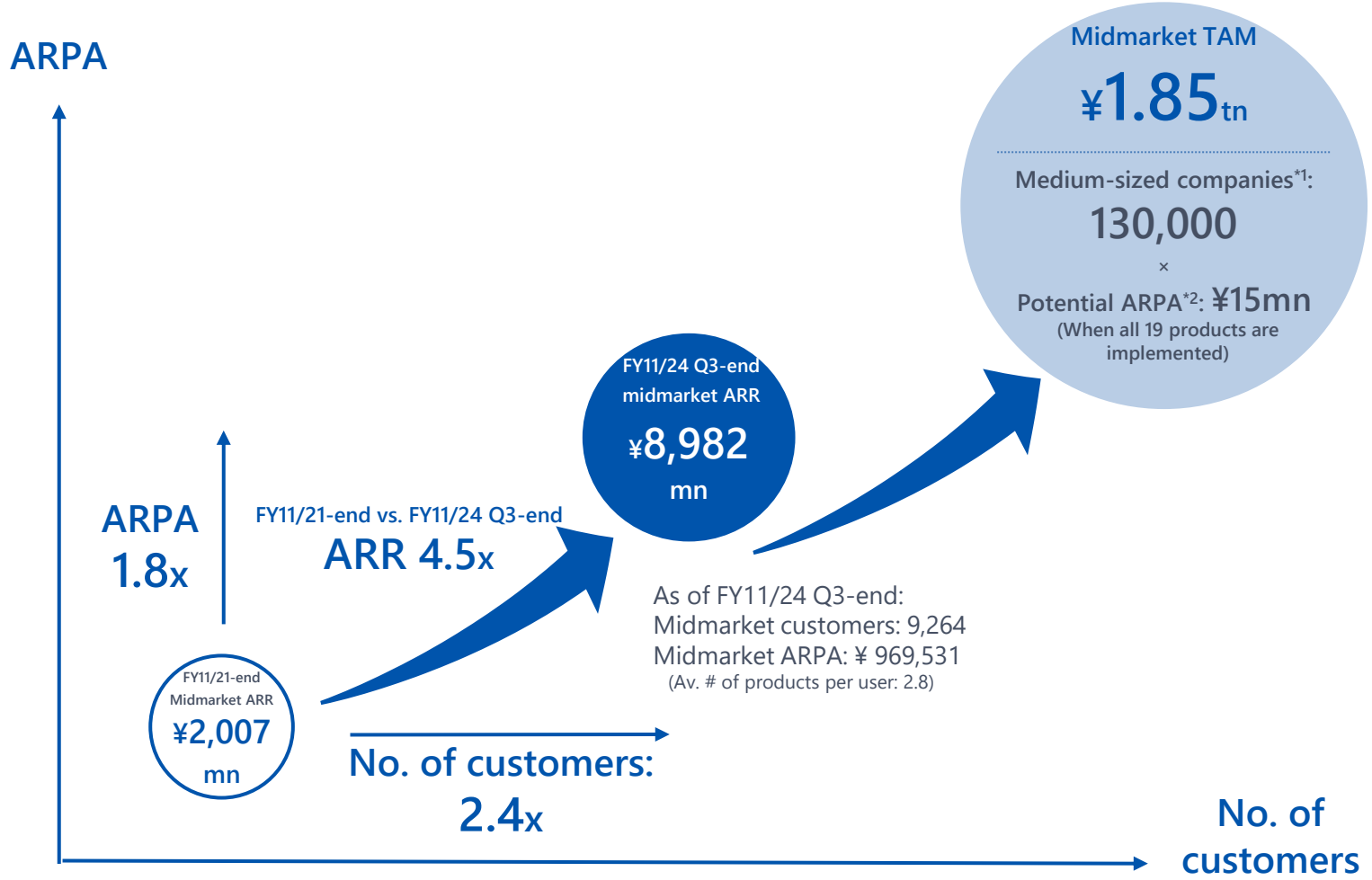


*1 Created by Money Forward, Inc. based on National Tax Agency *2021 Survey*, MIAC *June 2016 Economic Census Activity Survey,* TEIKOKU DATABANK, Ltd, and *Final tabulation report of the "Survey on the Actual Conditions Concerning the Administrative Workload of Settlement Affairs, etc."*, October 26, 2016. Total annual expenditure when the Group's all potential customers introduced *Money Forward Cloud* in Japan. The total number of potential customers is the sum of sole proprietors and corporates with less than 2,000 employees.

*2 Revised the definitions of "Small Enterprise" (corporate with less than 20 employees) and "Medium Enterprise" (corporate with between 20 and 999 employees) which were used previously so that they will align with the company's latest classification. The definition of "SMBs" is corporate with less than 50 employees and that of "Medium-sized Companies" is corporate with between 50 and 1,999 employees.

Potential of Midmarket

Further growth is expected driven by the expansion of the midmarket customer base and increase in ARPA .

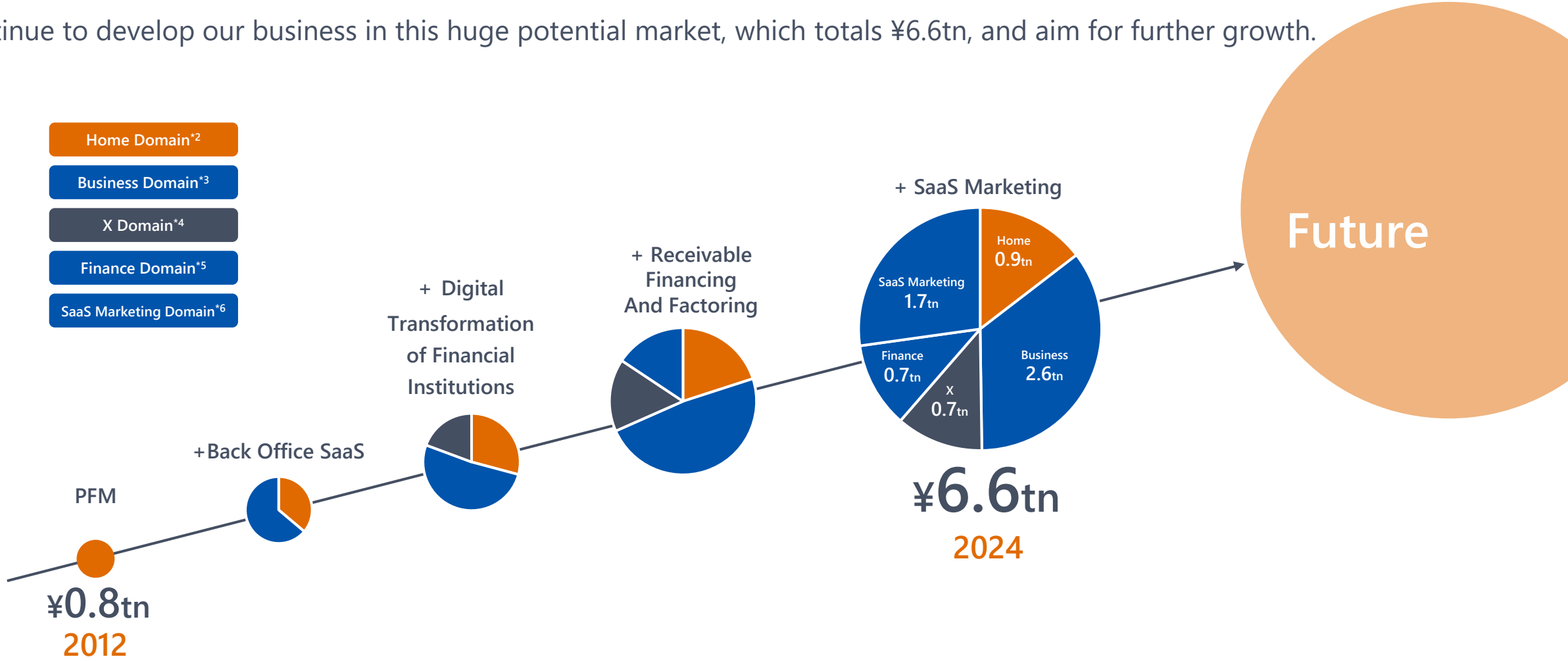


*1 The total annual expenditure of all the Group's potential corporate users in Japan if they were to implement *Money Forward Cloud* or other *Money Forward* services The total of potential corporate users is the sum of sole proprietors and companies with less than 2,000 employees. Prepared by Money Forward, Inc. based on the National Tax Agency's (NTA) 2021 survey, the Ministry of Internal Affairs and Communications' (MIC) June 2016 economic census activity survey, and Teikoku Databank, Ltd.'s *Final Aggregation Report of Survey on Administrative Workload of Payment Operations* (October 26, 2016). Companies with between 50 and 1,999 employees are defined as "medium-sized companies."

*2 Annual fees paid by each company if they were to implement all 19 of the Group's services targeting the midmarket, based on the definition provided by the National Tax Agency, that the average number of employees of all medium-sized companies (50 to 1,999 employees) is 170 (NTA 2021 survey).

TAM*1 Continued to Expand, Driven by Expansion of Business Areas and Services

Continue to develop our business in this huge potential market, which totals ¥6.6tn, and aim for further growth.



*1 Total Addressable Market. Potential market size for five domains of Money Forward is estimated, by using certain assumptions, based on third party research, publication as well as Money Forward historical data. *2 See Business Overview's P21. *3 The total TAM for Back Office SaaS and Pay for Business combined. See P46. *4 Created by Money Forward, Inc. Calculated based on the market size for the Japanese contract software development market size and for *Mikatano* according to the Ministry of Internal Affairs and Communications/Ministry of Economy, Trade and Industry's 2021 Basic Survey on Information and Communications Industry multiplied by an estimated market share. *5 Calculated based on an annual required working capital for Japanese companies with revenues of under ¥500 million according to the Small and Medium Enterprise Agency of Japan's Report on Basic Survey on SMB in 2021 multiplied by an estimated usage rate for accounts receivables financing services multiplied by a rate based on *Money Forward Kessai*'s past fees received. Created by Money Forward, Inc. *6 Estimated by the potential market size of back-office SaaS and the costs to net sales ratio. The potential market size of back-office SaaS is estimated by Fuji Chimera Research Institute, Inc., "2022 New Software Business Market" and the costs to net sales ratio is based on financial reports and presentation documents of Money Forward, RAKUS, Uzabase, User Local, kaonavi, Chatwork, Sansan, freee, Cybozu, TeamSpirit, and Yappli available as of December 31, 2022. All of those are created by Money Forward, Inc.

*These figures are not intended as an objective indicator of the size of the market for our businesses as of October 2023. Actual market size may differ from this estimate due to the limitations peculiar to such third-party research and publications in terms of their accuracy.

Definition of KPIs

MRR	Monthly recurring revenue. Total recurring revenue as of the end of a particular month.
ARR	Annual recurring revenue. Calculated by multiplying the MRR as of the end of a particular period by 12.
SaaS ARR	Calculated by multiplying the MRR of Home, Business, X, and Finance domains at the end of a particular period by 12. Includes: 1) revenue from premium charges in Home domain, 2) revenue from sales of services, including *Money Forward Cloud*, *STREAMED, Manageboard*, *V-ONE Cloud*, *Money Forward Certified Member System*, *HiTTO*, and *Money Forward Admina*, in Business domain, 3) maintenance income of co-creation projects with financial institutions and revenue from services for customers of financial institutions, including the *Mikatano* series and *Money Forward for XX*, in X domain, and 4) monthly fixed fees as well as settlement and associated fees of *Money Forward Kessai* in Finance domain. In order to adjust for seasonal factors of *STREAMED*, its MRR is calculated as one-third of its revenue in Q1 and Q2 of each fiscal year.
Paying customer	Paid subscribers of services provided in Business domain, consisting of 1) professional service firms and their clients and 2) businesses and sole proprietors who have subscribed via direct marketing, including the web channel or field sales.
ARPA	Average revenue per paying account. Calculated as: (ARR as of the end of a particular period) / (number of customers).
New ARPA	Calculated as: (MRR deriving from new paying customers) / (number of new paying customers).
Customer churn rate	Average monthly churn rate of a particular period. Calculated as [number of customer churns during (N) months] / [number of customers as of the end of (N-1) month].
MRR churn rate (based on MRR)	Average monthly churn rate based on MRR of a particular period. Calculated as: 1 - [MRR as of the end of (N) month from customers as of the end of (N-1) month] / [MRR as of the end of (N-1) month]. A negative value (negative churn) indicates cases where the impact of the increase in revenue from upselling or cross-selling among existing customers surpasses the impact of the decrease in revenue due to customer churns.
CAC payback period	Customer acquisition cost payback period (months). CAC Payback Period is calculated as (customer acquisition cost / number of new customers) / (new ARPA * gross margin * NRR).). The customer acquisition cost included the total expenses associated with sales and marketing, such as advertising and personnel costs for sales and marketing departments for corporate services like *Money Forward Cloud*, *Streamed, Manageboard, V-ONE Cloud, HiTTO*, and *Money Forward Admina*. The gross margin was derived by deducting costs related to service operations personnel, customer support department expenses, and commission expenses from revenue. Prior to FY23 Q2 the Customer Acquisition Cost Payback Period was calculated as (customer acquisition cost / number of acquired customers) / (ARPA * gross margin). Unlike the prior calculation based on the ARPA of existing customers, this revised method appropriately considers the expected revenue from new customers. It factors in the improvements in the new revenue per account (new ARPA) and the enhancement in ARPA after acquisitions through cross-selling (NRR).
NRR	Net revenue retention. Metric that indicates the change in MRR of a cohort of paying customers from the same month of the previous year, calculated as: (MRR of the cohort in the current month) / (MRR of the cohort in the same month of the previous year).

Disclaimer

The forward-looking statements and other contents included in this material are determined based on information currently available and may be subject to change due to macro economic trends, changes in the market environment or industry in which the Group operates, or for other internal/external factors.
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FY11/24 full-year financial results briefings call is scheduled to be held on 16:00 or later on January 14, 2025.