



Money Forward

TSE 1st Section 3994 Industry: Internet service, SaaS, Fintech

Announced upward revision of 1Q guidance

Upward revision of sales and profit guidance. A mix of good and bad news

Money Forward (3994, the company) announced a revision to its 1Q FY11/22 guidance. The company raised its sales guidance by 350m yen and raised its EBITDA and OP guidance by 800m yen.

The upward revision of sales guidance is due to 1) higher recurring and non-recurring revenue in the Business domain and 2) higher non-recurring revenue in the Finance domain. The revised sales guidance is 4.649 to 4.718bn yen. Our forecast is 4.363bn yen. Also, the company raised SaaS ARR guidance by 100m yen. The revised SaaS ARR guidance is 12.645 to 12.829bn yen. Our forecast is 12.537bn yen.

The upward revisions to EBITDA and OP guidance reflect the upward revision to sales guidance as well as lower-than-expected personnel costs. The revised guidance is for EBITDA of -1.6 to -1.1bn yen and OP of -2.1 to -1.6bn yen. Our forecast is for EBITDA of -2.239bn yen and OP of -2.683bn yen.

Overall, there is a mix of positive and negative factors, in our view. Since the upward revision to SaaS ARR guidance is only 100m yen, the main reason for the upward revision to 1Q sales guidance seems to be the upturn in non-recurring revenue. While the upward revision of SaaS ARR is a positive sign, the failure to meet the personnel cost plan should mean that upfront investments are not progressing as expected, which might not be welcomed by the market.

Please refer to the report dated February 7, 2022 for the rationale of the rating and target price.

MITA SECURITIES Co., Ltd.
Junichi Shimizu
Chief Analyst, Head of Research

Update

Rating
Hold

Target price (JPY)	5,650
Stock price (JPY) (Mar 1)	5,550
Market cap (JPYbn)	296.3

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		11/20	11/21	11/22E	11/23E	11/24E
Sales	JPYbn	11.3	15.6	20.6	26.4	33.9
OP	JPYbn	-2.8	-1.1	-6.0	-3.9	-2.8
RP	JPYbn	-2.5	-1.4	-6.1	-4.0	-2.9
NP	JPYbn	-2.4	-1.5	-6.2	-4.1	-3.0
EPS	JPY	-50.8	-27.8	-116.3	-77.2	-57.1
BPS	JPY	201.7	759.0	642.7	565.5	508.5
DPS	JPY	0.0	0.0	0.0	0.0	0.0
PER	x	NA	NA	NA	NA	NA
PBR	x	23.4	10.3	8.6	9.8	10.9
Div. yield	%	0.0	0.0	0.0	0.0	0.0
ROA	%	-12.7	-3.8	-11.1	-7.6	-5.7
ROE	%	-27.7	-5.9	-16.6	-12.8	-10.6

Source: Company data, Mita Securities

Company profile

Money Forward is a provider of back-office SaaS for SMEs and sole proprietors, personal budgeting apps for consumers, Fintech promotion and DX support services for financial institutions, and financial services for small businesses. The company was listed on the TSE Mothers in September 2017 and changed its market to the First Section in June 2021. FY11/21 sales were 15.6bn yen, and OP was -1.1bn yen. The company had 1,259 full-time employees at the end of FY11/21.

Comparison of valuations and stock prices with peers

Figure: Comparison of valuations with peers (Japanese companies)

Company name	Ticker	PX 2/28	Mkt cap JPYbn	Sales YoY	Sales YoY	Sales YoY	EBITDA Mgn	ROE	ROE	PER	PER	PBR	EV/EBITDA	EV/EBITDA	EV/Sales	EV/Sales	EV/Sales	Div yield	1M	3M	1YR
				LTM	Cur E	Nxt E	LTM	LTM	Cur E	LTM	Cur E	Last	LTM	Cur E	LTM	Cur E	LTM	Cur E	Nxt E	Cur E	Chg
RAKUS CO LTD	3923	1,877	355.7	34.6	34.0	31.4	14.9	22.2	11.9	201.4	349.3	42.8	195.6	183.6	29.1	17.1	13.0	0.1	-16.5	-35.6	5.7
MONEY FORWARD INC	3994	5,030	291.5	38.1	26.8	30.0	-1.3	-5.9	-7.8	NA	NA	7.2	NA	NA	24.7	12.7	9.7	0.1	4.4	-27.8	14.0
SMAREGI INC	4431	1,503	30.7	29.7	NA	36.8	27.2	17.2	NA	32.4	58.1	7.6	64.6	39.0	17.7	6.5	4.7	0.0	-13.9	-45.8	-35.9
SANSAN INC	4443	998	136.0	23.3	24.6	26.2	8.9	3.2	3.8	337.7	146.9	11.3	594.2	97.1	21.0	6.2	4.9	0.0	-13.4	-62.7	-52.3
FREEE KK	4478	3,815	235.8	48.1	37.5	28.7	-20.7	-11.4	-4.3	NA	NA	5.1	NA	NA	24.8	13.1	10.1	0.0	-7.1	-37.2	-61.8
OBC BUSINESS CONSULTANTS	4733	4,180	323.9	17.8	NA	NA	NA	9.0	NA	27.3	26.6	2.4	NA	NA	7.4	NA	NA	1.6	0.0	-13.6	-31.2
BENGO4.COM INC	6027	4,275	103.2	31.7	NA	NA	14.7	19.1	NA	200.9	194.2	38.0	135.7	NA	20.5	NA	NA	NA	-5.8	-28.7	-51.6
Average				31.9	30.7	30.6	7.3	7.6	0.9	160.0	155.0	16.3	247.5	106.5	20.7	11.1	8.5	0.3	-7.5	-35.9	-30.4
Median				31.7	30.4	30.0	11.8	9.0	-0.3	200.9	146.9	7.6	165.6	97.1	21.0	12.7	9.7	0.0	-7.1	-35.6	-35.9

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

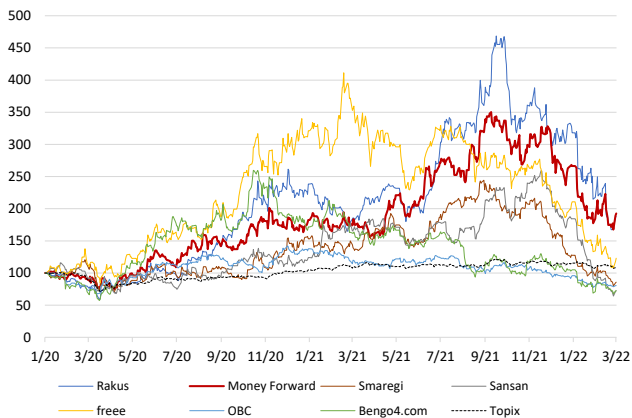
Figure: Comparison of valuations with peers (overseas companies)

Company name	Ticker	PX 2/28	Mkt cap USDbn	Sales YoY	Sales YoY	Sales YoY	EBITDA Mgn	ROE	ROE	PER	PER	PBR	EV/EBITDA	EV/EBITDA	EV/Sales	EV/Sales	EV/Sales	Div yield	1M	3M	1YR
				LTM	Cur E	Nxt E	LTM	LTM	Cur E	LTM	Cur E	Last	LTM	Cur E	LTM	Cur E	LTM	Cur E	Nxt E	Cur E	Chg
AUTODESK INC	ADSK	220	48.4	15.7	16.4	14.6	16.2	54.8	130.5	97.0	32.5	57.1	66.9	25.8	12.8	9.8	8.5	0.0	-11.8	-11.8	-22.5
ALTERYX INC-CLASS A	AYX	62	4.2	8.2	23.0	19.2	-19.6	-40.9	-12.3	NA	NA	10.4	NA	NA	8.0	6.2	5.2	0.0	11.2	-0.2	-35.2
COUPA SOFTWARE INC	COUP	121	9.0	42.1	14.0	22.2	-17.4	-51.2	5.2	NA	174.6	9.7	NA	108.5	25.8	13.9	11.4	0.0	-9.9	-33.3	-65.5
INTUIT INC	INTU	474	134.3	47.9	32.2	15.7	27.5	17.8	22.8	59.7	40.7	8.0	47.8	29.8	13.3	11.4	9.8	0.6	-15.4	-28.5	16.7
NEW RELIC INC	NEWR	66	4.4	14.9	18.9	19.5	-18.3	-66.7	-9.2	NA	NA	13.0	NA	133.4	9.4	5.3	4.5	NA	-37.6	-36.2	4.2
SERVICENOW INC	NOW	580	116.0	30.4	25.0	24.6	13.7	7.0	32.8	495.7	78.8	31.3	155.0	48.5	21.8	15.5	12.4	NA	-1.1	-3.3	4.2
OKTA INC	OKTA	183	28.4	50.0	53.1	37.1	-45.8	-20.5	-7.5	NA	NA	4.7	NA	NA	33.0	21.9	16.0	0.0	-9.2	-7.7	-32.2
PAYCOM SOFTWARE INC	PAYC	339	20.4	25.4	26.1	23.2	30.5	25.3	24.4	100.4	61.9	22.0	74.4	38.4	22.6	15.4	12.5	NA	0.3	-19.6	-12.3
QUALYS INC	QLYS	125	4.9	13.3	16.9	16.4	33.9	16.9	25.2	68.9	43.1	11.2	36.0	24.6	12.2	9.4	8.1	NA	-2.5	0.0	25.6
SPLUNK INC	SPLK	118	18.8	10.6	4.9	18.7	-45.5	-149.7	-39.4	NA	NA	105.5	NA	NA	11.1	8.0	6.8	0.0	-4.8	5.7	-21.9
ATLASSIAN CORP PLC-CLASS A	TEAM	306	77.5	34.8	23.2	23.9	-15.2	-362.6	129.9	NA	194.0	625.0	753.2	123.5	39.8	28.9	23.3	0.0	-6.2	-14.4	21.6
VEEVA SYSTEMS INC-CLASS A	VEEV	229	35.2	27.7	20.8	17.6	29.8	17.8	23.0	80.7	62.0	12.7	88.5	42.4	26.3	17.8	15.2	NA	-3.8	-15.8	-22.0
WORKDAY INC-CLASS A	WDAY	229	57.9	19.0	19.8	19.6	4.9	0.8	20.2	1,908.8	63.7	12.6	166.5	38.8	12.0	9.2	7.7	NA	-9.4	-12.2	-9.4
ZENDESK INC	ZEN	117	14.2	30.0	29.1	24.7	-9.3	-48.6	19.8	NA	142.6	29.0	NA	80.0	9.2	8.2	6.6	0.0	16.4	17.4	-22.5
ZSCALER INC	ZS	239	33.5	60.4	53.8	35.9	-26.3	-63.5	14.8	NA	435.6	62.3	NA	240.1	41.3	31.3	23.1	0.0	-8.4	-24.8	13.8
Average				28.7	25.2	22.2	-2.7	-44.2	25.4	401.6	120.9	67.6	173.5	77.8	19.9	14.1	11.4	0.1	-6.1	-12.3	-10.5
Median				27.7	23.0	19.6	-9.3	-20.5	20.2	97.0	63.7	13.0	81.4	45.4	13.3	11.4	9.8	0.0	-6.2	-12.2	-12.3

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus.

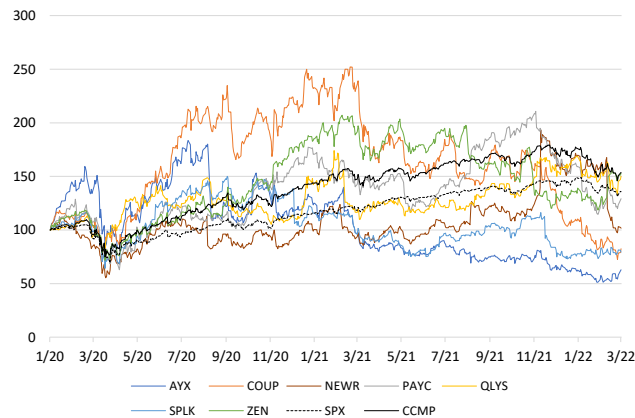
Figure: Stock price trends



Source: Bloomberg Finance LP data, Mita Securities

Note: Indexed 100 at the end of 2019

Figure: Stock price trends



Source: Bloomberg Finance LP data, Mita Securities

Note: Indexed 100 at the end of 2019

APPENDIX

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