



# Money Forward

TSE 1<sup>st</sup> Section 3994 Industry: Internet service, SaaS, Fintech

## Takeaways from Investor Day

### Investor Day held for overseas institutional investors

Money Forward (3994, the company) held Investor Day on February 28 and March 1. The event started at 8:30 pm JST on both days, and the language used was English. The reason for holding this event seems to be the high percentage of overseas institutional investors (45% as of the end of November 2021) in the company's shareholder mix.

The speakers at the briefing included Mr. Tsuji, CEO, executives from each business unit and subsidiary, clients, and business partners. The company's business landscape is benefiting from a number of tailwinds, including the revision of the Electronic Books Maintenance Act, the spread of remote work due to the pandemic, the government's promotion of DX, the increased use of open APIs, and the introduction of the invoice system. The company intends to increase its sales force to acquire medium-sized enterprise customers and its engineers to enhance its products, and to promote inorganic growth through M&A. As for hiring, the company has established recruiting bases in regional areas and is also focusing on hiring engineers in Vietnam. As for M&A, the company's acquisition targets are likely to be primarily SaaS companies, and the recent decline in the multiples of high-tech stocks appears to present an opportunity to make additional M&A deals. In addition, the company has been appointing executives from past acquisitions to lead its business units, giving the impression that it has a growing pool of executives with a wealth of entrepreneurial and management experience.

### Key points and issues going forward

This year marks the 10th anniversary of the company's founding and the 5th anniversary of its listing, and the company has grown to become one of Japan's leading SaaS and Fintech companies. As the company continues to invest aggressively based on its management policy of placing top-line growth as its top priority, however, it has been suffering from a net loss and negative free cash flow and has received support from the capital markets. In fact, the company has raised capital three times through overseas offerings since listing. Although this was not the focus of this Investor Day, we believe that investors need to pay attention to the company's financial strategy in light of the current trends in the capital markets.

In addition to its high-growth back-office SaaS business (Business domain), the company has a variety of businesses at different stages of growth, including services for individuals (Home domain), services for financial institutions (X domain), and financial services (Finance domain). With the growing volatility in the capital markets, it should be interesting to see how the company allocates its management resources to areas other than the Business domain. Furthermore, the number of employees at the company has nearly doubled since before the pandemic, suggesting that talent management and team building are becoming increasingly important.

*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 3/1	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	Nxt E	Cur E	Chg	Chg	Chg
RAKUS CO LTD	3923	1,994	361.3	34.6	34.0	31.4	14.9	22.2	11.9	213.9	371.0	43.5	195.6	186.5	29.1	17.3	13.2	0.1	-20.1	-33.1	7.8
MONEY FORWARD INC	3994	5,550	296.3	38.1	26.8	30.1	-1.3	-5.9	-7.8	NA	NA	7.3	NA	NA	24.7	12.9	9.9	0.0	-18.5	-42.1	-35.0
SMAREGI INC	4431	1,568	30.8	29.7	NA	36.8	27.2	17.2	NA	33.8	60.6	7.6	64.6	39.0	17.7	6.5	4.7	0.0	-20.9	-60.9	-53.1
SANSAN INC	4443	1,092	136.4	23.3	24.6	26.2	8.9	3.2	3.8	369.5	160.7	11.3	594.2	97.4	21.0	6.2	4.9	0.0	-13.7	-34.1	-61.8
FREEE KK	4478	4,255	238.6	48.1	37.4	28.7	-20.7	-11.4	-4.3	NA	NA	5.1	NA	NA	24.8	13.3	10.3	0.0	1.6	-2.2	-11.2
OBC BUSINESS CONSULTANTS	4733	4,320	325.7	17.8	NA	NA	NA	9.0	NA	28.2	26.6	2.4	NA	NA	7.4	NA	NA	NA	NA	-13.6	-28.6
BENGO4.COM INC	6027	4,655	103.6	31.7	NA	NA	14.7	19.1	NA	218.8	211.5	38.1	135.7	NA	20.5	NA	NA	0.3	-12.7	-33.1	-29.8
Average				31.9	30.7	30.6	7.3	7.6	0.9	172.9	166.1	16.5	247.5	107.6	20.7	11.2	8.6				
Median				31.7	30.4	30.1	11.8	9.0	-0.3	213.9	160.7	7.6	165.6	97.4	21.0	12.9	9.9				

Source: Bloomberg Finance LP data, Mita Securities

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

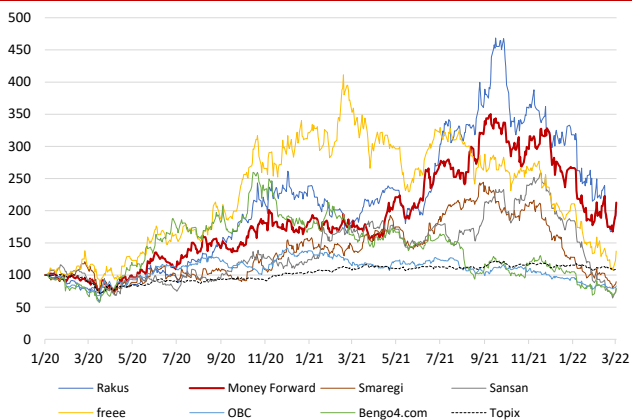
Figure: Comparison of valuations with peers (overseas companies)

Company name	Ticker	PX 3/1	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	Nxt E	Cur E	Chg	Chg	Chg
AUTODESK INC	ADSK	214	47.1	15.7	16.4	14.7	16.2	54.8	130.5	94.3	31.6	55.4	66.9	25.0	12.8	9.5	8.3	0.0	-14.3	-14.3	-24.7
ALTERYX INC-CLASS A	AYX	63	4.3	8.2	23.0	19.2	-19.6	-40.9	-12.3	NA	NA	10.6	NA	NA	8.0	6.3	5.2	0.0	12.9	1.3	-34.3
COUPA SOFTWARE INC	COUP	126	9.4	42.1	14.0	22.2	-17.4	-51.2	5.2	NA	182.2	10.1	NA	112.8	25.8	14.5	11.9	0.0	-6.0	-30.4	-64.0
INTUIT INC	INTU	469	132.7	47.9	32.2	15.7	27.5	17.8	22.8	59.0	40.2	7.9	47.8	29.4	13.3	11.2	9.7	0.6	-16.4	-29.4	15.3
NEW RELIC INC	NEWR	65	4.3	14.9	18.9	19.5	-18.3	-66.7	-9.2	NA	NA	12.7	NA	130.7	9.4	5.2	4.4	NA	-38.8	-37.4	2.2
SERVICENOW INC	NOW	571	114.2	30.4	25.0	24.6	13.7	7.0	32.8	488.1	77.6	30.8	155.0	47.8	21.8	15.2	12.2	NA	-2.6	-4.8	2.6
OKTA INC	OKTA	184	28.6	50.0	53.1	37.1	-45.8	-20.5	-7.5	NA	NA	4.8	NA	NA	33.0	22.1	16.1	0.0	-8.6	-7.0	-31.8
PAYCOM SOFTWARE INC	PAYC	335	20.1	25.4	26.1	23.2	30.5	25.3	24.4	99.0	61.0	21.7	74.4	37.9	22.6	15.2	12.3	NA	-1.0	-20.7	-13.5
QUALYS INC	QLYS	126	4.9	13.3	16.9	16.4	33.9	16.9	25.2	69.0	43.2	11.2	36.0	24.6	12.2	9.4	8.1	NA	-2.4	0.2	25.9
SPLUNK INC	SPLK	117	18.5	10.6	4.2	18.7	-45.5	-149.7	-39.4	NA	NA	104.1	NA	NA	11.1	7.9	6.7	0.0	-6.0	4.3	-23.0
ATLASSIAN CORP PLC-CLASS A	TEAM	307	77.9	34.8	23.2	23.9	-15.2	-362.6	129.9	NA	195.0	628.2	753.2	124.1	39.8	29.0	23.4	0.0	-5.7	-14.0	22.2
VEEVA SYSTEMS INC-CLASS A	VEEV	232	35.7	27.7	21.0	17.6	29.8	17.8	23.0	81.7	62.8	12.9	88.5	42.9	26.3	18.1	15.4	NA	-2.5	-14.7	-21.0
WORKDAY INC-CLASS A	WDAY	240	60.8	19.0	21.2	19.9	4.7	0.8	17.5	2,002.8	66.3	13.3	157.4	39.4	12.1	9.6	8.0	NA	-4.9	-7.9	-4.9
ZENDESK INC	ZEN	117	14.2	30.0	29.1	24.7	-9.3	-48.6	20.5	NA	146.0	29.0	NA	80.1	9.2	8.2	6.6	0.0	16.5	17.5	-22.4
ZSCALER INC	ZS	248	34.7	60.4	53.8	35.9	-26.3	-63.5	14.8	NA	451.4	64.6	NA	249.0	41.3	32.5	23.9	0.0	-5.1	-22.1	17.9
Average				28.7	25.2	22.2	-2.7	-44.2	25.2	413.4	123.4	67.8	172.4	78.6	19.9	14.3	11.5				
Median				27.7	23.0	19.9	-9.3	-20.5	20.5	94.3	66.3	13.3	81.4	45.4	13.3	11.2	9.7				

Source: Bloomberg Finance LP data, Mita Securities

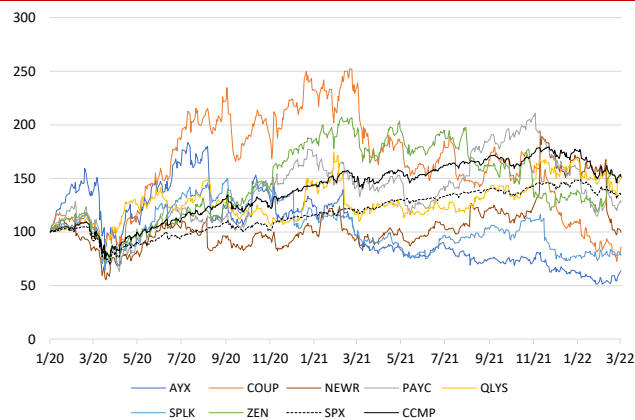
Note: Forecasts are based on Bloomberg consensus.

Figure: Stock price trends



Source: Bloomberg Finance LP data, Mita Securities

Figure: Stock price trends



Source: Bloomberg Finance LP data, Mita Securities

## APPENDIX

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