



Money Forward

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

Announces additional investment in susten

susten becomes an equity-method affiliate

Money Forward (3994, the company) announced on March 28 that it will invest in a third-party allotment of new shares by Susten Capital Management, Inc. (susten), making susten an equity-method affiliate. The acquisition price of the new shares is 650 million yen. The company's voting rights in susten will increase from 10.0% to 16.6% as a result of this additional investment. The company plans to book an equity-method investment gain/loss from 3Q FY11/22. The company announced that it has not changed its full-year earnings forecast for FY11/22, but it had not originally disclosed a profit forecast.

susten was founded in July 2019 and offers SUSTEN, a fully performance-based robo-advisor asset management service. It posted a net loss of 9 million yen in FY12/19, 113 million yen in FY12/20, and 432 million yen in FY12/21. Since SUSTEN is a completely performance-based service, we assume that in order to resolve the losses, it would be necessary not only to increase assets under management, but also to improve investment performance.

Since Money Forward's stake in susten increases to 16.6%, if susten were to continue to post losses similar to the previous year, the negative impact on the company's earnings would be less than 100 million yen per year. We will be watching to see if susten's services can contribute to Money Forward ME's growth.

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

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

Update

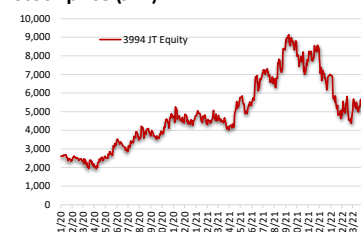
Rating
Hold

Target price (JPY)	5,650
Stock price (JPY) (Mar 28)	5,100
Market cap (JPYbn)	272.3

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	7.9	9.0	10.0
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 3/28	Mkt cap JPYbn	Sales YoY			EBITDA Mgn LTM	ROE LTM	ROE Cur E	PER LTM	PER Cur E	PBR Last	EV/EBITDA LTM	EV/EBITDA Cur E	EV/Sales			Div yield Cur E	1M Chg	3M Chg	1YR Chg
				LTM	Cur E	Nxt E									LTM	Cur E	Nxt E				
RAKUS CO LTD	3923	1,528	304.4	34.6	34.0	31.6	14.9	22.2	12.0	163.9	284.2	36.6	195.6	156.7	29.1	14.6	11.1	0.1	-10.5	-47.2	-20.8
MONEY FORWARD INC	3994	5,100	299.5	38.1	30.2	30.8	-1.3	-5.9	-8.6	NA	NA	7.4	NA	NA	24.7	12.9	9.9	0.0	11.5	-19.3	34.9
SMAREGI INC	4431	1,340	26.6	29.7	NA	25.6	27.2	17.2	12.2	28.9	43.7	6.6	64.6	28.8	17.7	5.5	4.4	0.0	-9.8	-39.3	-50.1
SANSAN INC	4443	1,158	161.3	23.3	24.6	26.2	8.9	3.2	3.8	391.9	170.4	13.4	594.2	116.6	21.0	7.4	5.9	0.0	29.4	-49.1	-48.0
FREEE KK	4478	4,005	243.9	48.1	38.6	29.1	-20.7	-11.4	-6.8	NA	NA	5.2	NA	NA	24.8	13.6	10.6	0.0	13.5	-33.7	-52.8
OBC BUSINESS CONSULTANTS	4733	4,310	330.6	17.8	NA	NA	NA	9.0	NA	28.2	26.6	2.5	NA	NA	7.4	NA	NA	1.6	4.9	-12.1	-27.5
BENGO4.COM INC	6027	3,595	85.8	31.7	NA	NA	14.7	19.1	NA	169.0	163.3	31.6	135.7	NA	20.5	NA	NA	NA	-9.8	-38.0	-54.5
Average				31.9	31.8	28.7	7.3	7.6	2.5	156.4	137.6	14.8	247.5	100.7	20.7	10.8	8.4	0.3	4.2	-34.1	-31.3
Median				31.7	32.1	29.1	11.8	9.0	3.8	163.9	163.3	7.4	165.6	116.6	21.0	12.9	9.9	0.0	4.9	-38.0	-48.0

Source: Bloomberg Finance LP data, Mita Securities

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

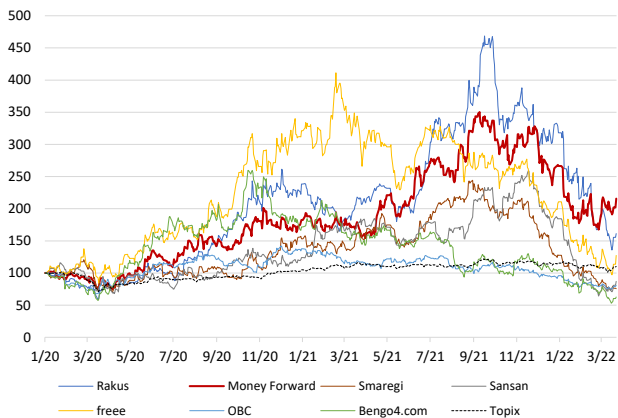
Figure: Comparison of valuations with peers (overseas companies)

Company name	Ticker	PX 3/28	Mkt cap USDbn	Sales YoY			EBITDA Mgn LTM	ROE LTM	ROE Cur E	PER LTM	PER Cur E	PBR Last	EV/EBITDA LTM	EV/EBITDA Cur E	EV/Sales			Div yield Cur E	1M Chg	3M Chg	1YR Chg
				LTM	Cur E	Nxt E									LTM	Cur E	Nxt E				
AUTODESK INC	ADSK	215	46.8	15.7	16.3	14.8	16.8	54.8	128.0	94.9	31.9	55.4	64.5	24.8	12.7	9.5	8.2	0.0	-2.2	-23.8	-20.4
ALTERYX INC-CLASS A	AYX	71	4.8	8.2	23.1	19.3	-19.6	-40.9	-12.2	NA	NA	11.9	NA	NA	8.0	7.0	5.9	0.0	14.3	16.8	-10.7
COUPA SOFTWARE INC	COUP	103	7.7	33.9	14.0	22.0	-10.6	-39.2	3.3	NA	559.2	8.6	NA	112.0	15.2	10.3	8.5	0.0	-15.0	-35.4	-57.5
INTUIT INC	INTU	481	135.9	47.9	32.1	15.5	27.7	17.8	22.8	60.5	41.2	8.7	51.1	30.1	14.3	11.5	9.9	0.6	1.3	-25.9	28.3
NEW RELIC INC	NEWR	67	4.5	14.9	18.9	19.5	-18.3	-66.7	-9.2	NA	NA	13.2	NA	136.1	9.4	5.4	4.6	NA	1.9	-38.7	15.5
SERVICENOW INC	NOW	583	116.6	30.4	25.0	24.7	13.7	7.0	32.7	498.1	79.1	31.5	155.0	48.7	21.8	15.6	12.5	NA	0.5	-11.0	20.1
OKTA INC	OKTA	150	23.5	55.6	55.0	33.6	-52.0	-25.6	-8.4	NA	NA	4.0	NA	NA	23.5	12.9	9.6	0.0	-18.0	-33.2	-30.6
PAYCOM SOFTWARE INC	PAYC	348	21.0	25.4	26.0	23.2	30.5	25.3	24.4	103.0	63.5	22.6	74.4	39.5	22.6	15.8	12.8	NA	2.6	-16.6	-4.5
QUALYS INC	QLYS	142	5.5	13.3	16.9	17.0	33.9	16.9	25.2	78.0	48.8	12.7	36.0	28.1	12.2	10.7	9.2	NA	13.3	0.7	34.0
SPLUNK INC	SPLK	144	23.1	19.9	25.4	22.5	-43.1	-147.4	3.4	NA	NA	103.3	NA	219.8	8.1	7.6	6.2	0.0	21.8	24.5	6.5
ATLASSIAN CORP PLC-CLASS A	TEAM	302	76.6	34.8	23.3	24.8	-15.2	-362.6	131.4	NA	191.7	618.1	753.2	121.7	39.8	28.6	22.9	0.0	-1.1	-21.0	47.8
VEEVA SYSTEMS INC-CLASS A	VEEV	200	30.7	26.3	14.3	16.9	29.3	16.5	20.1	71.6	49.8	9.5	56.4	33.4	16.5	13.1	11.2	NA	-12.7	-22.8	-20.0
WORKDAY INC-CLASS A	WDAY	244	61.8	19.0	21.2	19.9	4.7	0.8	16.9	2,035.3	67.7	13.5	157.4	40.0	12.1	9.7	8.1	NA	6.6	-11.4	0.5
ZENDESK INC	ZEN	119	14.5	30.0	29.1	24.8	-9.3	-48.6	20.6	NA	149.9	29.5	NA	83.0	9.2	8.3	6.7	0.0	1.9	16.0	-6.7
ZSCALER INC	ZS	238	33.6	60.4	54.0	36.7	-26.3	-63.5	14.8	NA	433.4	62.2	NA	240.1	41.5	31.4	23.0	0.0	-0.5	-26.4	43.5
Average				29.1	26.3	22.3	-2.5	-43.7	27.6	420.2	156.0	67.0	168.5	89.0	17.8	13.2	10.6	0.1	1.0	-13.9	3.0
Median				26.3	23.3	22.0	-9.3	-25.6	20.1	94.9	67.7	13.5	69.5	48.7	14.3	10.7	9.2	0.0	1.3	-21.0	0.5

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus.

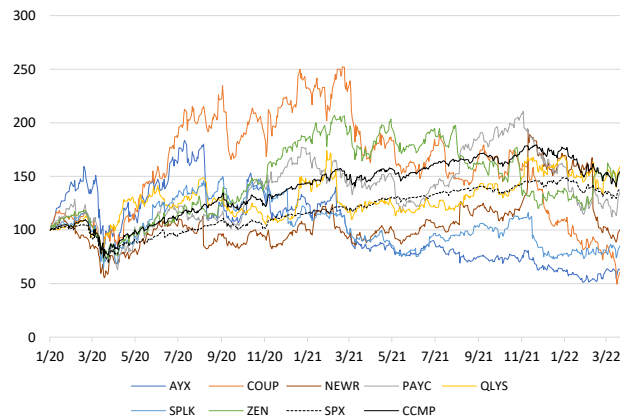
Figure: Stock price trends



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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