

Fast Accounting (5588)

Fiscal Year (Parent)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
FY12/2022		785	(83)	(78)	(79)	(8.24)	-	(130.74)
FY12/2023		1,232	126	117	125	12.89	0.78	83.41
FY12/2024CoE		1,653	167	167	438	40.88	1.10	-
FY12/2023	YoY	56.9%	-	-	-	-	-	-
FY12/2024CoE	YoY	34.2%	32.4%	42.4%	248.6%	-	-	-
Q1 to Q3 (Parent)		Sales	Operating Profit	Recurring Profit	Net Profit	EPS (Yen)	DPS (Yen)	BPS (Yen)
(Million Yen)								
Q1 to Q3 FY12/2023		877	76	68	67	-	-	-
Q1 to Q3 FY12/2024		1,236	170	172	144	-	-	-
Q1 to Q3 FY12/2024	YoY	41.0%	121.9%	153.3%	113.7%	-	-	-

Source: Company Data, WRJ Calculation (per share data: retroactively adjusted for one-for-two share split on 1 May 2024)

1.0 Results Update (26 November 2024)

Growth Potential

On 14 November 2024, Fast Accounting, which advocates business reform through the use of accounting-specific AI, released its Q1 to Q3 (January to September) FY12/2024 results. It has been revealed that sales are persistently growing fast and are likely to continue doing so from a long-term perspective as well. The Company aims at achieving sales of ¥10,000m by FY12/2028. For Q1 to Q3 (January to September), sales have increased 41.0% over the same period of the previous year, while the Company calls for future CAGR of higher than 30% in sales related to the existing operations of Account Payable Automation. At the moment, the Company operates a SaaS business serving 135 client companies, including 106 large-sized ones acquired through a combination of direct sales and partner sales activities, which is rare in Japan, while seeing Average Revenue per Account (ARPA, i.e., MRR, divided by the number of client companies) of some ¥1.0m with a stability. The Company suggests that the number of large-sized companies stands at some 4,000 in Japan, when based on the concept of Service Available Market (SAM), implying a great room for further development. On top of this, the Company is to begin posting sales related to E2E (ERP to ERP) Process Realm from FY12/2025, which is based on a horizontal expansion of the existing Account Payable Automation. Then, this is to be followed by another one of Platform Realm from FY12/2026, resulting in a potential to achieve sales of ¥10,000m in the future, according to the Company.

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2.0 Company Profile

Realize Accurate, Quick and Strategic Accounting with AI

Company Name	Fast Accounting Co., Ltd. Company HP IR Information (Japanese) Share Price (Japanese)	
Established	3 June 2016	
Listing	22 September 2023: Tokyo Stock Exchange Growth Market (ticker: 5588)	
Capital	¥377m (as of the end of September 2024)	
No. of Shares	10,846,580 shares, including 60 treasury shares (as of the end of September 2024)	
Main Features	<ul style="list-style-type: none">● Automation of accounting work with AI technology to achieve greater efficiency● Development of services, using character recognition technology centered around computer vision● Developing generative AI and trying to enter foreign markets	
Representative	Director and CEO: Keitaro Mori	
Shareholders	Keitaro Mori 23.96%, MoriSpaceManagement 22.24%, Custody Bank of Japan, T. 7.43%, Master Trust Bank of Japan, T. 5.06%, Mynavi 4.63% (as of the end of June 2024, but for treasury shares)	
Head Office	Minato-ku, Tokyo, JAPAN	
No. of Employees	Parent: 98 (as of the end of December 2023, including temporary employees)	

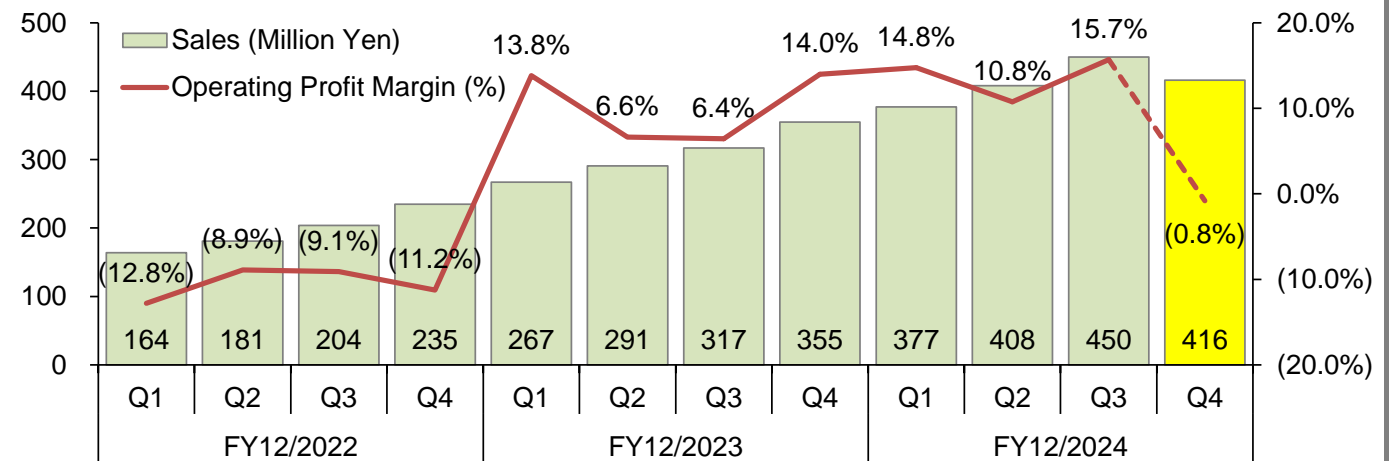
Source: Company Data

3.0 Recent Trading and Prospects

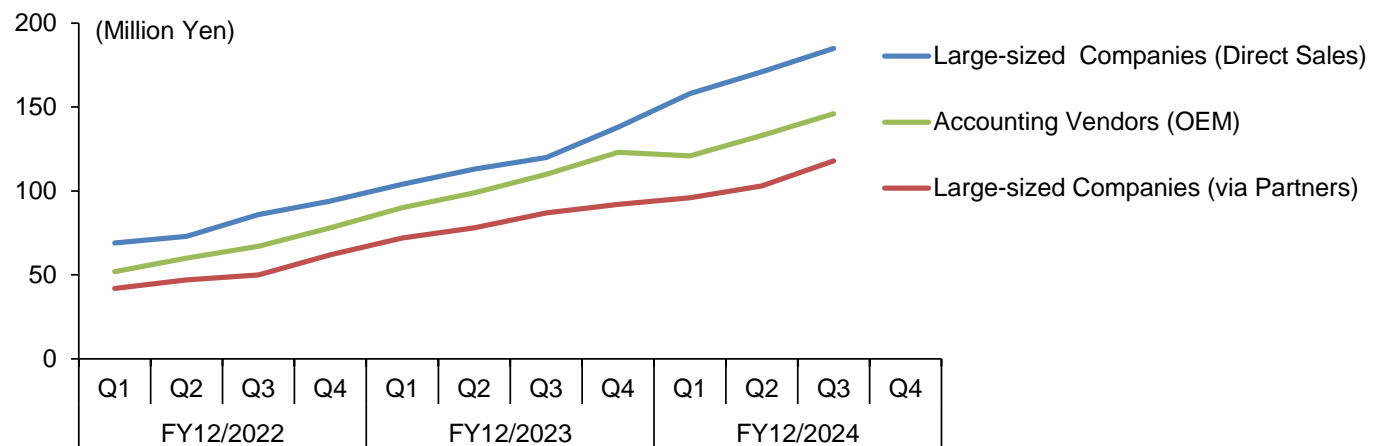
Q1 to Q3 (January to September) FY12/2024

For Q1 to Q3 (January to September) FY12/2024, sales came in at ¥1,236m (up 41.0% YoY), operating profit ¥170m (up 121.9%), recurring profit ¥172m (up 153.3%) and net profit ¥144m (up 113.7%), while operating profit margin 13.8% (up 5.0% points). The progress rate against full-year Company forecasts equates to 74.8% in sales and 102.1% in operating profit, so Company forecasts have already been exceeded in earnings.

Sales and Operating Profit Margin



Sales



Source: Company Data, WRJ Calculation

By sales channel, the trends of sales are as described above, while sales for Q3 (July to September) comprised those of cumulative MRR (81.0% of total), pay-per-use fees (12.1%) and initial setup fees, etc. (6.8%) by category. In light of MRR in September 2024, the Company suggests that the size of ARR has expanded up to ¥1,707m, having seen CAGR of 43.8% during the past two years. The Company's sales, comprising all those constituents, have continued to increase on a quarter on quarter basis and the Company suggests that this trend will continue for Q4 (October to December) and thereafter. This is thought to be a natural consequence, given that there is still a lot of room for developing new client companies and that the latest gross churn rate has remained at a low level, i.e., 1.31%.

FY12/2024 Company Forecasts

FY12/2024 initial Company forecasts, announced on 13 February 2024, have remained unchanged, going for prospective sales of ¥1,653m (up 34.2% YoY), operating profit of ¥167m (up 32.4%), recurring profit of ¥167m (up 42.4%) and net profit of ¥438m (up 248.6%), while operating profit margin of 10.1% (down 0.1% point). At the same time, Company forecasts have remained unchanged also for planned annual dividend, going for ¥1.10 per share, implying payout ratio of 2.7%, for FY12/2024.

To repeat, sales are to continue rising on a quarter on quarter basis for Q4 (October to December) and it appears that the above-mentioned Company forecasts will be exceeded in sales as a result. Meanwhile, the Company that moved into profitability at the operating level from FY12/2022 to FY12/2023, has announced a policy of investing in forward-looking initiatives for long-term growth as much as possible to an extent to maintain 10.0% in terms of operating profit margin. Elsewhere, the Company is to see net profit significantly boosted by the impact of tax-effect accounting for FY12/2024, but this is to be followed by a normalization for FY12/2025 and thereafter, where net profit equates to some 70% of recurring profit based on the effective tax rate of 30.6%, according to the Company.

Further details of the business model, performance trends and so on are shown in [the Company's results briefing material](#). For example, on pages 31 and 32, specific examples of how Account Payable Automation is being deployed at OMRON and Kissei Pharmaceutical, respectively. In the first place, Account Payable Automation refers to the services provided by the Company to its own client companies for promoting efficiency in the processing of accounts payable in their financial and/or accounting divisions. The Company plans to achieve sales of ¥5,000m in this realm by FY12/2028. When setting the Company's sales of ¥1,232m for FY12/2023 as the point of origin, the implied CAGR equates to 32.3% by FY12/2028.

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Sales	267	559	877	1,232	377	785	1,236	-		+359
Cost of Sales	90	205	335	462	114	239	368	-		+32
Gross Profit	177	353	542	769	262	546	868	-		+326
SG&A Expenses	140	297	465	643	206	447	698	-		+232
Operating Profit	36	56	76	126	55	99	170	-		+93
Non Operating Balance	(0)	(2)	(8)	(9)	1	1	1	-		+10
Recurring Profit	36	54	68	117	57	101	172	-		+104
Extraordinary Balance	-	-	-	-	-	-	-	-		-
Profit before Income Taxes	36	54	68	117	57	101	172	-		+104
Total Income Taxes	(0)	0	0	(8)	9	16	27	-		+27
Net Profit	36	54	67	125	48	85	144	-		+76
Sales YoY	+62.6%	+61.5%	+59.4%	+56.9%	+41.0%	+40.5%	+41.0%	-		-
Operating Profit YoY	-	-	-	-	+50.8%	+77.0%	+121.9%	-		-
Recurring Profit YoY	-	-	-	-	+55.9%	+87.0%	+153.3%	-		-
Net Profit YoY	-	-	-	-	+31.2%	+57.6%	+113.7%	-		-
Gross Profit Margin	66.3%	63.2%	61.8%	62.5%	69.6%	69.6%	70.2%	-		+8.4%
SG&A Ratio	52.5%	53.2%	53.0%	52.2%	54.8%	56.9%	56.4%	-		+3.4%
Operating Profit Margin	13.8%	10.1%	8.8%	10.3%	14.8%	12.7%	13.8%	-		+5.0%
Recurring Profit Margin	13.8%	9.7%	7.8%	9.5%	15.3%	12.9%	13.9%	-		+6.2%
Net Profit Margin	13.7%	9.7%	7.7%	10.2%	12.8%	10.8%	11.7%	-		+4.0%
Total Income Taxes / Profit before Income Taxes	-	0.5%	0.6%	-	16.1%	16.2%	16.1%	-		+15.5%

Income Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Sales	267	291	317	355	377	408	450	-		+132
Cost of Sales	90	115	129	127	114	124	129	-		(0)
Gross Profit	177	176	188	227	262	284	321	-		+133
SG&A Expenses	140	156	167	177	206	240	250	-		+83
Operating Profit	36	19	20	49	55	43	70	-		+50
Non Operating Balance	(0)	(2)	(6)	(0)	1	(0)	0	-		+6
Recurring Profit	36	17	13	49	57	43	70	-		+57
Extraordinary Balance	-	-	-	-	-	-	-	-		-
Profit before Income Taxes	36	17	13	49	57	43	70	-		+57
Total Income Taxes	(0)	0	0	(8)	9	7	11	-		+11
Net Profit	36	17	13	58	48	36	59	-		+45
Sales YoY	+62.6%	+60.5%	+55.7%	+51.1%	+41.0%	+40.1%	+41.8%	-		-
Operating Profit YoY	-	-	-	-	+50.8%	+127.1%	+245.1%	-		-
Recurring Profit YoY	-	-	-	-	+55.9%	+153.3%	+414.8%	-		-
Net Profit YoY	-	-	-	-	+31.2%	+113.9%	+336.2%	-		-
Gross Profit Margin	66.3%	60.4%	59.2%	64.1%	69.6%	69.6%	71.4%	-		+12.1%
SG&A Ratio	52.5%	53.8%	52.8%	50.1%	54.8%	58.8%	55.7%	-		+2.9%
Operating Profit Margin	13.8%	6.6%	6.4%	14.0%	14.8%	10.8%	15.7%	-		+9.2%
Recurring Profit Margin	13.8%	5.9%	4.3%	13.9%	15.3%	10.7%	15.7%	-		+11.4%
Net Profit Margin	13.7%	5.9%	4.3%	16.4%	12.8%	9.0%	13.2%	-		+8.9%
Total Income Taxes / Profit before Income Taxes	-	2.3%	1.0%	-	16.1%	16.2%	16.1%	-		+15.1%

Source: Company Data, WRJ Calculation

Sales by Sales Channel (Cumulative/Quarterly)

Sales by Sales Channel	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Net Chg.	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Large-sized Companies (Direct Sales)	104	218	339	477	158	330	515	-	-	+176
Large-sized Companies (via Partners)	72	151	238	331	96	200	318	-	-	+80
Accounting Vendors (OEM)	90	189	299	423	121	255	402	-	-	+102
Sales	267	559	877	1,232	377	785	1,236	-	-	+359
Large-sized Companies (Direct Sales)	+49.5%	+51.9%	+47.2%	+47.0%	+51.6%	+51.1%	+52.1%	-	-	-
Large-sized Companies (via Partners)	+72.6%	+69.1%	+70.6%	+63.7%	+33.0%	+32.3%	+33.6%	-	-	-
Accounting Vendors (OEM)	+72.0%	+67.8%	+66.2%	+63.9%	+35.1%	+34.8%	+34.2%	-	-	-
Sales (YoY)	+62.6%	+61.5%	+59.4%	+56.9%	+41.0%	+40.5%	+41.0%	-	-	-
Large-sized Companies (Direct Sales)	39.1%	39.1%	38.7%	38.8%	42.0%	42.0%	41.7%	-	-	-
Large-sized Companies (via Partners)	27.2%	27.0%	27.2%	26.9%	25.7%	25.5%	25.8%	-	-	-
Accounting Vendors (OEM)	33.7%	33.9%	34.2%	34.4%	32.3%	32.5%	32.5%	-	-	-
Sales (composition ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-

Sales by Sales Channel	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Net Chg.	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Large-sized Companies (Direct Sales)	104	113	120	138	158	171	185	-	-	+65
Large-sized Companies (via Partners)	72	78	87	92	96	103	118	-	-	+31
Accounting Vendors (OEM)	90	99	110	123	121	133	146	-	-	+36
Sales	267	291	317	355	377	408	450	-	-	+132
Large-sized Companies (Direct Sales)	+49.5%	+54.1%	+39.5%	+46.6%	+51.6%	+50.6%	+54.0%	-	-	-
Large-sized Companies (via Partners)	+72.6%	+65.9%	+73.3%	+48.4%	+33.0%	+31.7%	+35.6%	-	-	-
Accounting Vendors (OEM)	+72.0%	+64.2%	+63.4%	+58.8%	+35.1%	+34.5%	+33.2%	-	-	-
Sales (YoY)	+62.6%	+60.5%	+55.7%	+51.1%	+41.0%	+40.1%	+41.8%	-	-	-
Large-sized Companies (Direct Sales)	39.1%	39.0%	37.9%	39.0%	42.0%	42.0%	41.2%	-	-	-
Large-sized Companies (via Partners)	27.2%	26.9%	27.4%	26.1%	25.7%	25.3%	26.3%	-	-	-
Accounting Vendors (OEM)	33.7%	34.1%	34.6%	34.9%	32.3%	32.8%	32.5%	-	-	-
Sales (composition ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Net Chg.	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Operating Cash Flow	-	143	-	292	-	236	-	-	-	-
Investing Cash Flow	-	(35)	-	(163)	-	(205)	-	-	-	-
Operating Cash Flow and Investing Cash Flow	-	108	-	130	-	32	-	-	-	-
Financing Cash Flow	-	(8)	-	568	-	(2)	-	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	Par.Act	YoY
	Q1 12/2023	Q2 12/2023	Q3 12/2023	Q4 12/2023	Q1 12/2024	Q2 12/2024	Q3 12/2024	Q4 12/2024	Net Chg.	
Cash and Deposit	-	-	1,263	1,302	1,381	1,333	1,376	-	+112	
Accounts Receivables	-	-	50	33	38	28	41	-	(9)	
Other	-	-	20	43	67	29	52	-	+32	
Current Assets	-	-	1,334	1,379	1,488	1,392	1,470	-	+135	
Tangible Assets	-	-	22	129	109	296	268	-	+245	
Intangible Assets	-	-	64	66	67	66	68	-	+3	
Investments and Other Assets	-	-	12	42	42	72	60	-	+47	
Fixed Assets	-	-	99	239	219	436	396	-	+296	
Total Assets	-	-	1,434	1,618	1,708	1,828	1,866	-	+432	
Current Portion of Long-term Debt	-	-	10	9	9	-	-	-	(10)	
Contract Liabilities	-	-	377	446	528	551	497	-	+119	
Other	-	-	211	258	213	243	265	-	+54	
Current Liabilities	-	-	599	714	752	795	762	-	+162	
Long-Term Debt	-	-	19	18	15	-	-	-	(19)	
Other	-	-	3	3	3	39	39	-	+35	
Fixed Liabilities	-	-	23	21	18	39	39	-	+15	
Total Liabilities	-	-	622	736	771	834	801	-	+178	
Shareholders' Equity	-	-	808	879	934	991	1,062	-	+254	
Other	-	-	2	2	2	2	2	-	(0)	
Net Assets	-	-	811	882	937	994	1,065	-	+253	
Total Liabilities and Net Assets	-	-	1,434	1,618	1,708	1,828	1,866	-	+432	
Equity Capital	-	-	808	879	934	991	1,062	-	+254	
Interest-Bearing Debt	-	-	30	27	25	-	-	-	(30)	
Net Debt	-	-	(1,234)	(1,275)	(1,357)	(1,334)	(1,377)	-	(143)	
Equity Ratio	-	-	56.4%	54.4%	54.7%	54.2%	56.9%	-	-	
Net Debt-to-Equity Ratio	-	-	(152.6%)	(145.0%)	(145.2%)	(134.6%)	(129.6%)	-	-	
ROE (12 months)	-	-	-	24.0%	-	-	21.7%	-	-	
ROA (12 months)	-	-	-	9.9%	-	-	13.4%	-	-	

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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