



Financial Results Presentation for Q3 2023

Fast Accounting Co., Ltd. (TOKYO:5588)
November 14, 2023



Executive summary

(Unit: Thousand Yen)

FY2023 Q3 performance

- Achieved 72% of the earnings forecast in Q3
- Existing contracts at the end of September confirm 96% of the full-year sales forecast.
- Shareholding by venture capitalists decreased from 26% to 5% (only one fund)

Sales

877,321

YoY +59.4%

Gross Profit

542,076

Gross profit margin
61.8%

Operating Profit

76,803

Profit margin 8.8%

Monthly average
customer spend
(ARPA)

1,031

Monthly gross
churn rate

0.5%

EBITDA

151,022

ROE

18.5%

ROA

8.3%

ROIC

13.6%

Business
Highlights

Support for the
invoice system

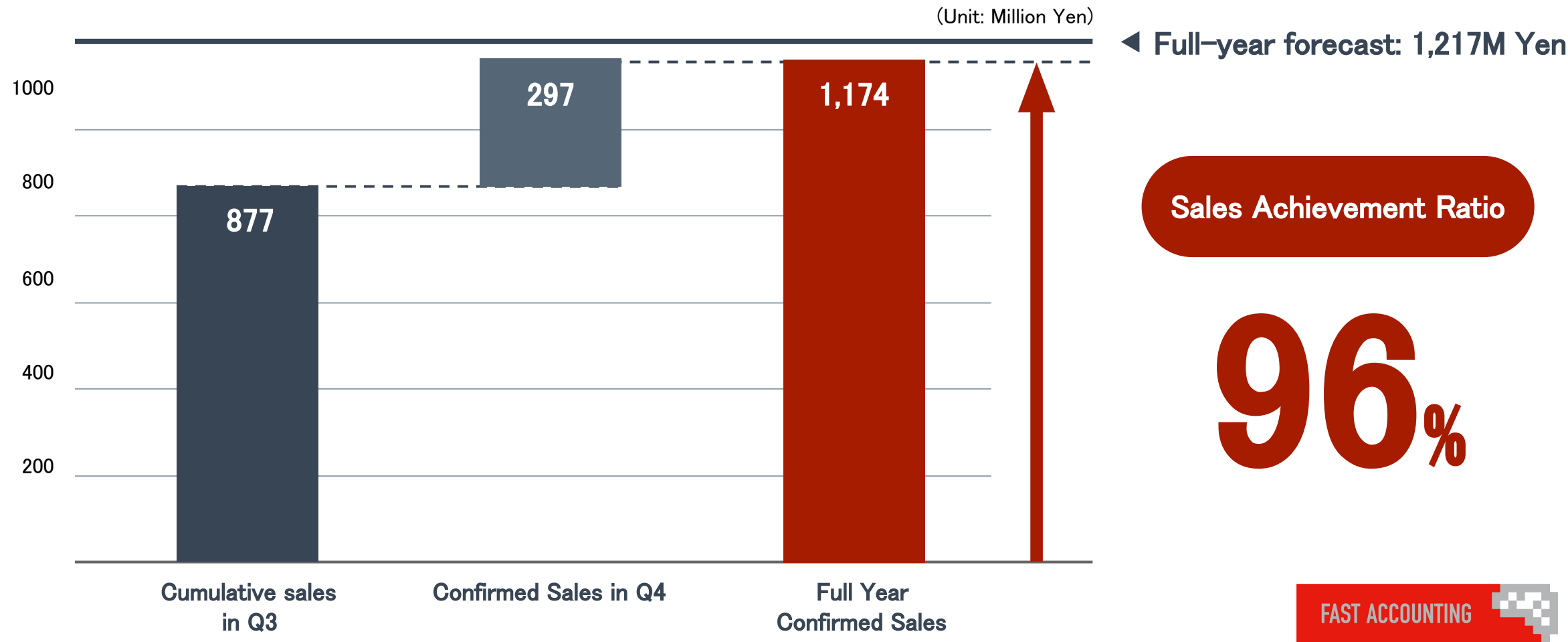
Update AI-OCR and improve accuracy
of character reading function

Strengthening PR
capabilities



Progress of Full-Year Sales Forecasts

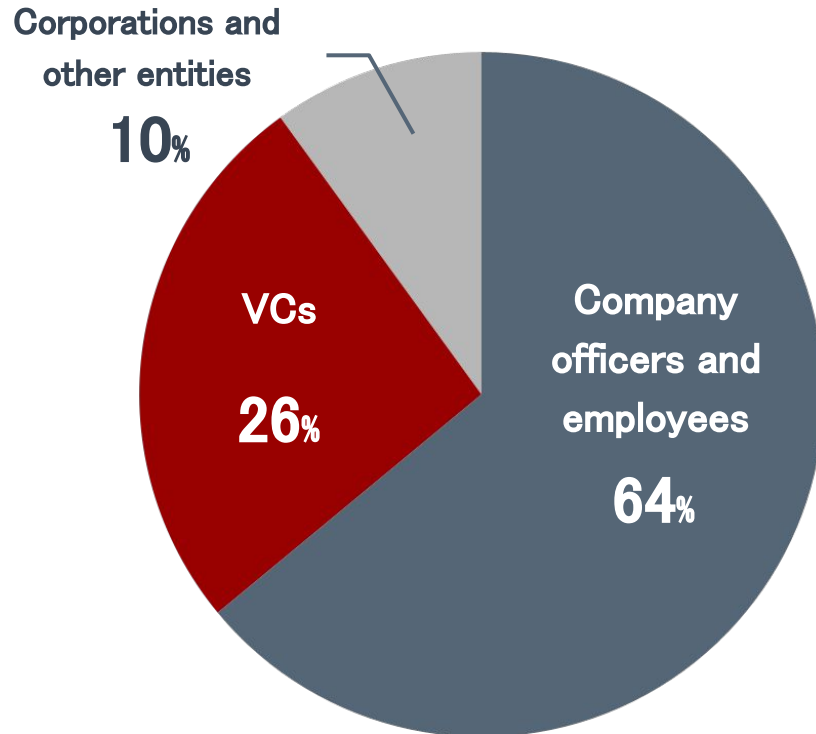
96% of sales has been confirmed with contracts signed by the end of September, and the company expects to land on its full-year forecast of 1.2 billion yen



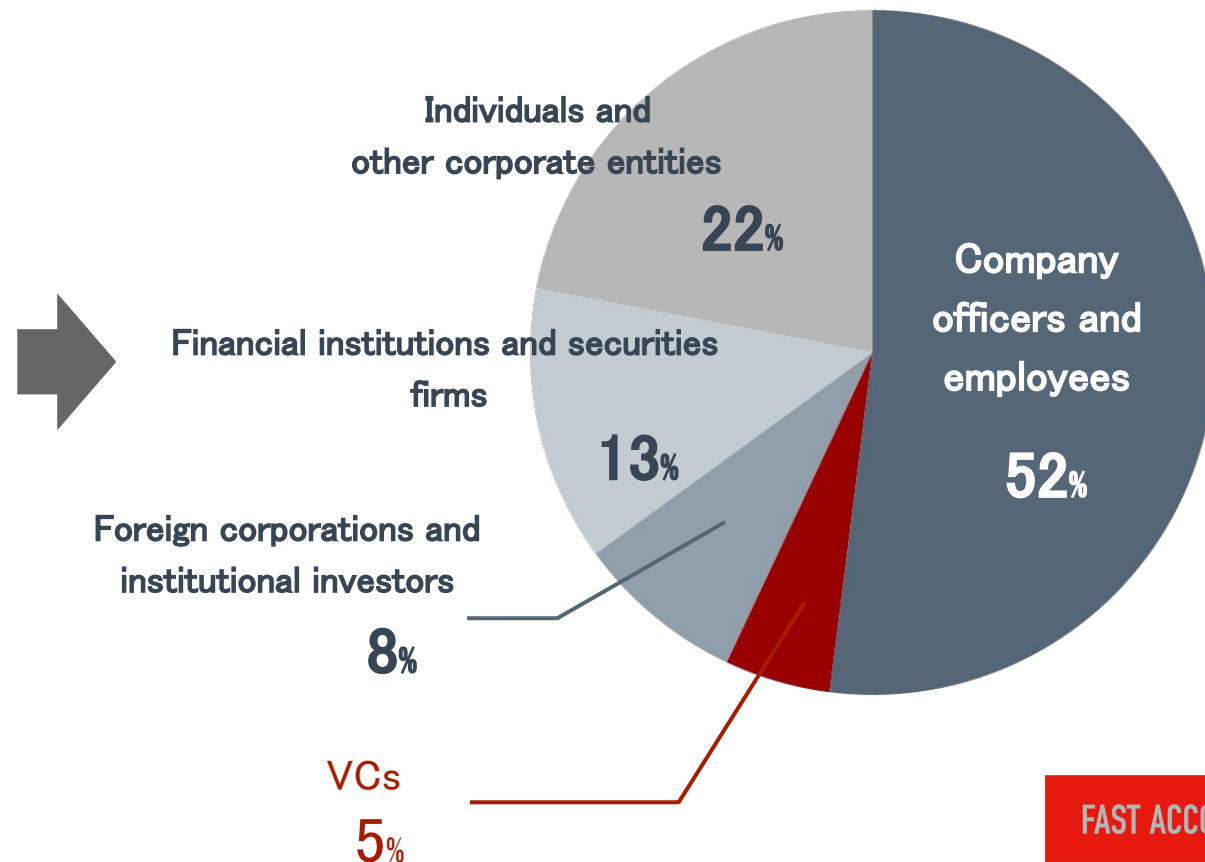
Changes in Shareholding Structure After Listing

Shareholding by venture capitalists **decreased from 26% to 5%** (Only one fund)

Before listing



As of October 25th, 2023



01

FY2023 Q3 performance

Profit and Loss Statement

We have been profitable through FY2023, and the operating income margin in Q3 was **8.8%**.

(Unit: Thousand Yen)

	Q3 of FY2022 (Cumulative)		Q3 of FY2023 (Cumulative)			FY2023 (Full year)	
	Results	As % of sales	Results	As % of sale	YoY	Earnings forecast	Progress rate
Sales	550,522	100.0%	877,321	100.0%	159.4%	1,217,262	72.1%
Gross Profit	336,831	61.2%	542,076	61.8%	160.9%	780,530	69.4%
Selling, general and administrative expenses	392,675	71.3%	465,272	53.0%	118.5%	678,986	68.5%
Operating income (Loss)	△55,843	△10.1%	76,803	8.8%	—	101,544	75.6%
Ordinary income (Loss)	△51,013	△9.3%	68,009	7.8%	—	93,425	72.8%
Net income (Loss)	△51,410	△9.3%	67,612	7.7%	—	109,676	61.6%

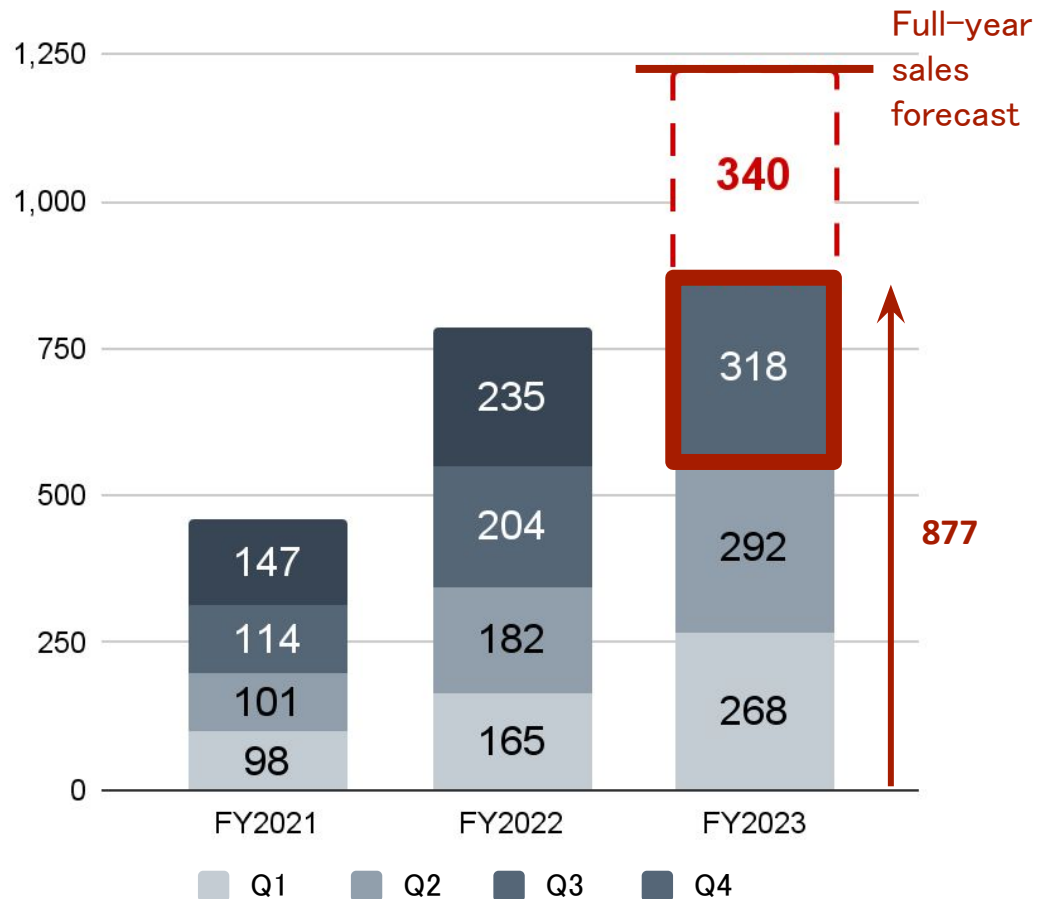
- **59.4%** sales growth YoY
- Progress rate of earnings forecast: Sales 72.1%, Operating profit 75.6%

Quarterly results

Sales and operating profit are steadily growing

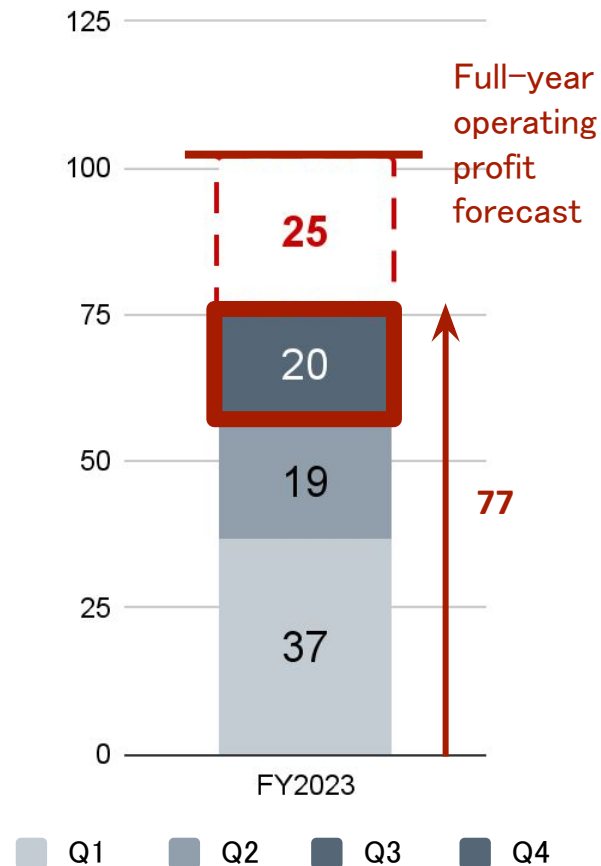
Sales

(Million yen)



Operating profit

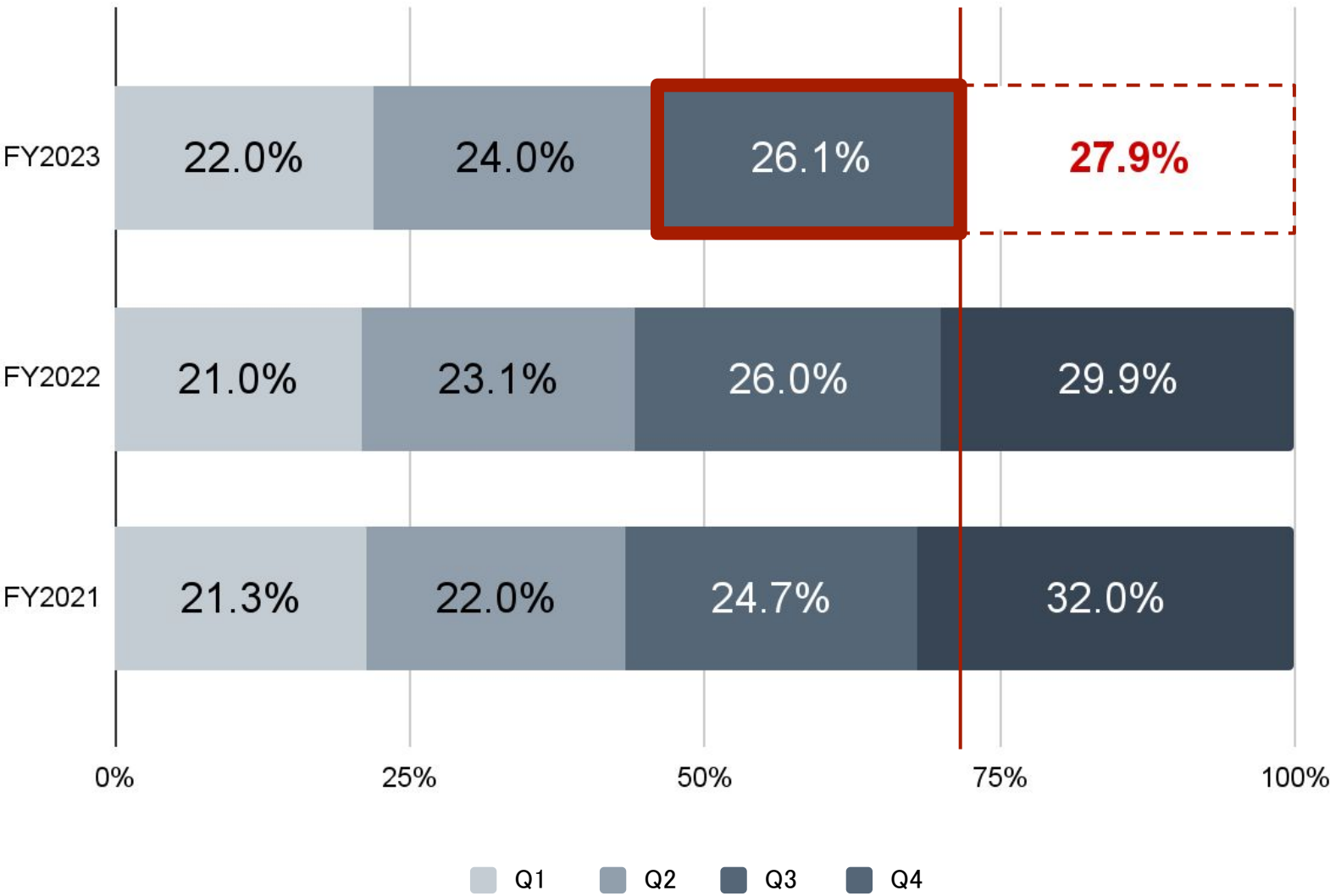
(Million yen)



- ❑ As of 2023/Q3, sales reached **877 million yen**, with 340 million yen remaining to meet the full-year sales forecast
- ❑ Operating profit is also steadily growing, with 25 million yen remaining to meet the full-year operating profit forecast
- ❑ The second quarter saw an increase in sales, but with the ongoing hiring of engineers, operating profit decreased
- ❑ The third quarter witnessed an increase in sales; however, there was a plateau due to Investor Relations expenses associated with the listing, participation in partner events, and the application of external standard taxation

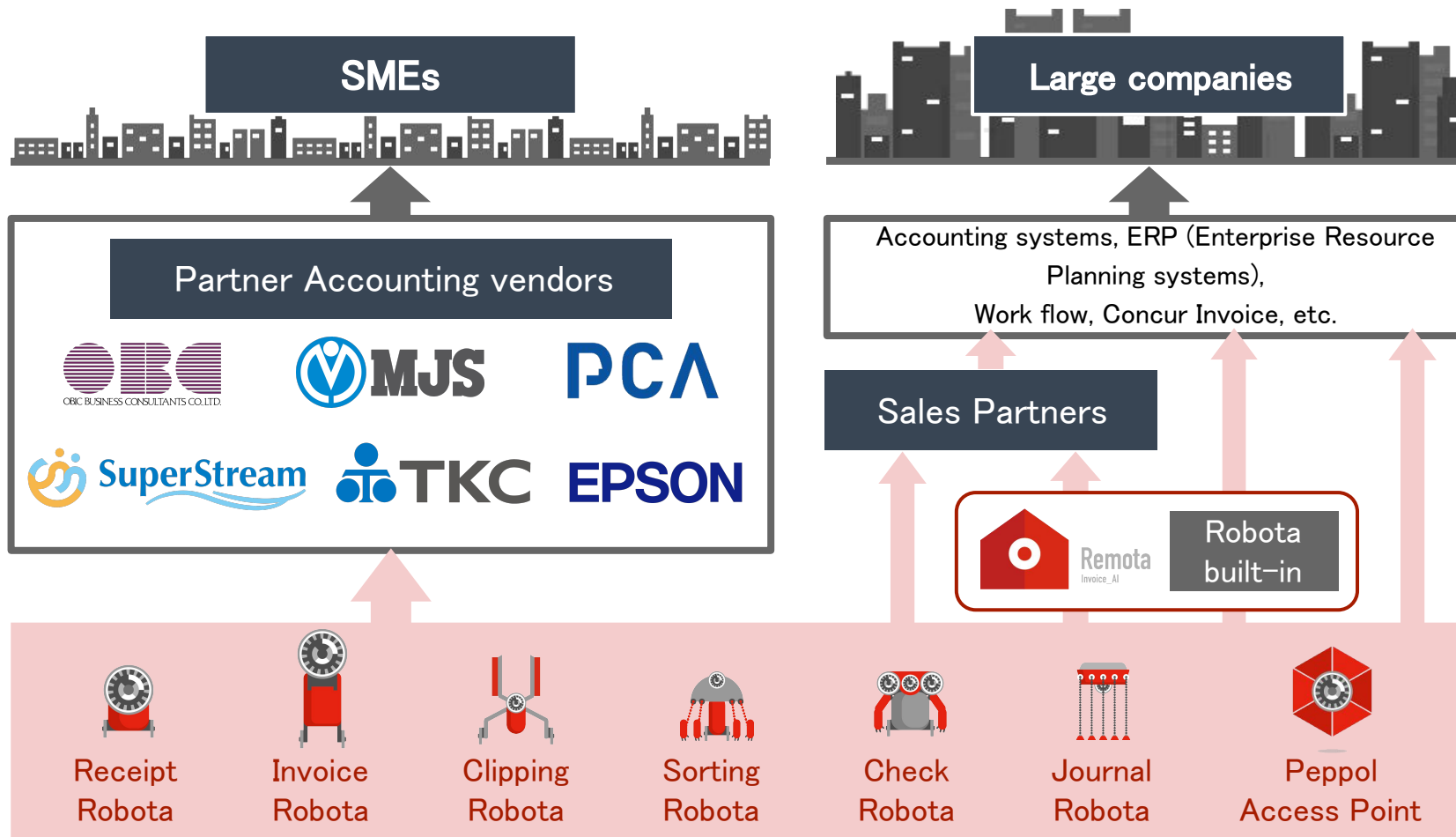
Quarterly Business Performance

In light of past performance, **progress is favorable**



There are no major seasonal fluctuations, and the component ratio tends to increase with each passing quarter as orders exceed churn

Business flows



Sales partners:

Dealers who sell our products and services to user companies

Partner Accounting vendors:

Accounting software vendors who incorporate our products and services into their own services and sell them to end users

- Fast Accounting provides AI services to companies of any size to achieve DX in their accounting works and related systems.
- We have established a sales route to major companies through direct approaches by sales staff and by putting in place a partner sales system in which partners take the lead in approaching major companies that increases our customer pipelines.
- And as a sales route to SMEs with the aim of having our AI services for large companies widely used, we also provide them as functions for services offered by accounting vendors and other entities.

Accounting DX for large companies

We support accounting DX for large companies with over 50 billion yen in sales, and provide AI services to many of our customers

Asahi**KASEI**

 伊藤ハム

 SB C&S

 大林組

OMRON

CAINZ

KaO

 KADOKAWA

kaneka
カガクでナガイをカナエル会社

 関西電力

よろこびがつなぐ世界へ
 **KIRIN**

kuraray


KOKUSAI ELECTRIC

 国分グループ
KOKUBU

SUNTORY

JR九州

 Daiichi-Sankyo

DUSKIN
喜びのタネをまこう

 中部電力

TBS

 東洋水産
TOYO SUISAN

T&REI
東洋冷蔵株式会社

TOPPAN

NISSIN
GROUP


NITORI

 日本郵便
POST

FUJITSU
富士通 Japan

brother
at your side

MinebeaMitsumi
Passion to Create Value through Difference

muRata
INNOVATOR IN ELECTRONICS


Metro Business Associate


MORINAGA

 **YAMAHA**

 **YAMAHA**

yonekyu

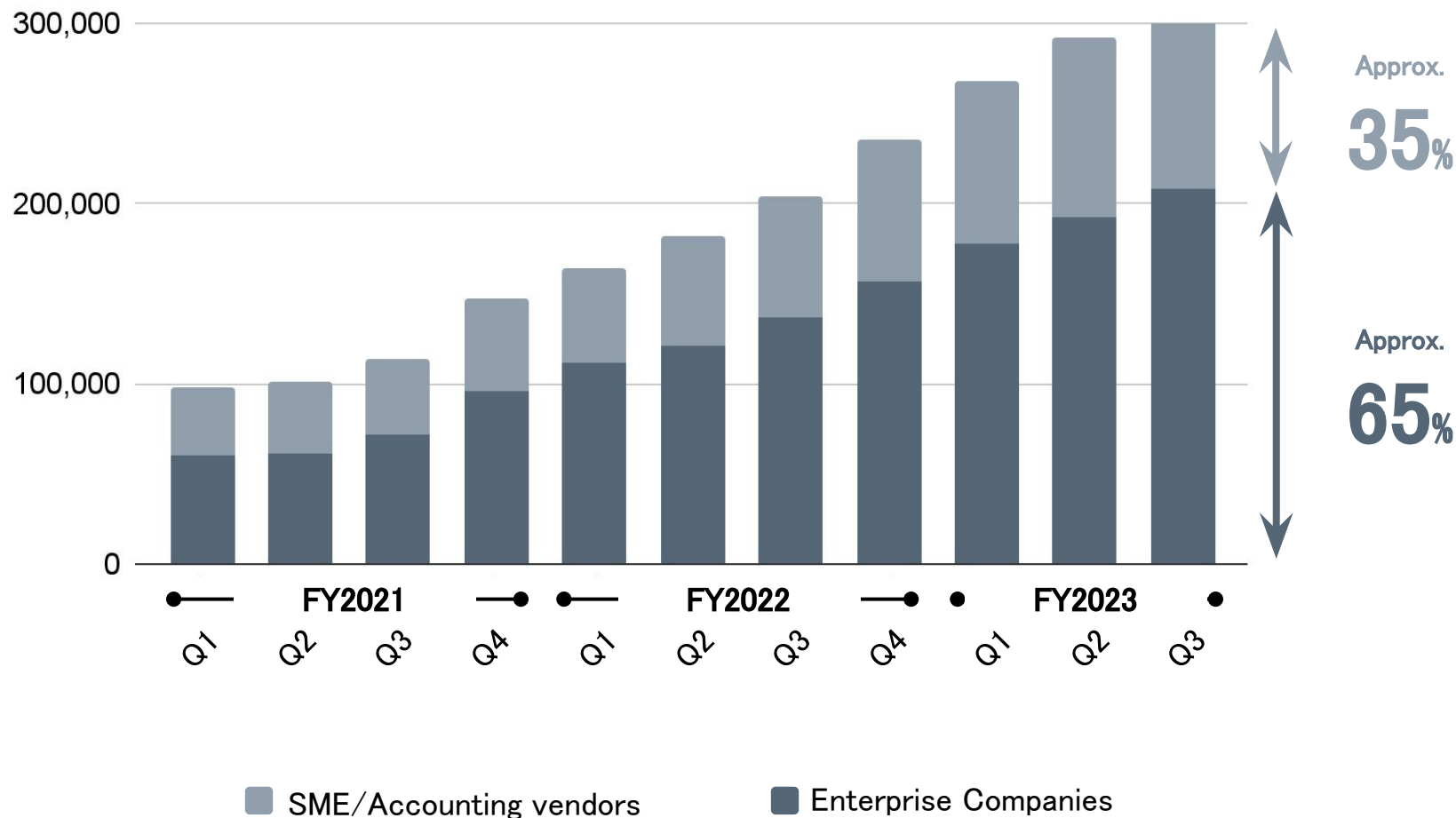
 WACOAL HOLDINGS CORP.

FAST ACCOUNTING

Sales by sales type

Enterprise sales account for about two-thirds

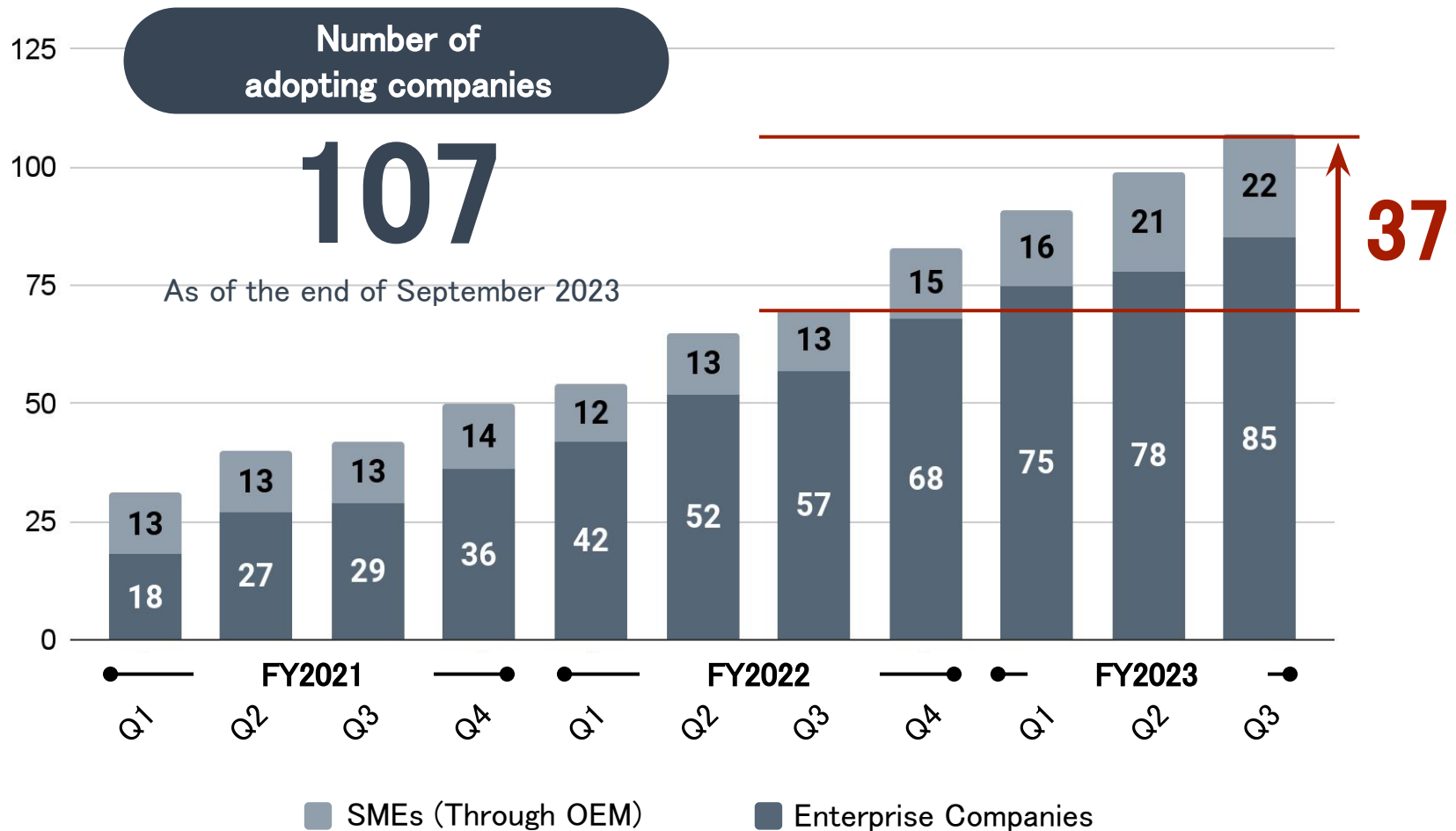
(Unit: Thousand yen)



- Enterprise sales: 65.4%
- SMEs sales (Through accounting vendors): 34.6%

Number of adopting companies

Number of adopting companies grew steadily, **surpassed 100**

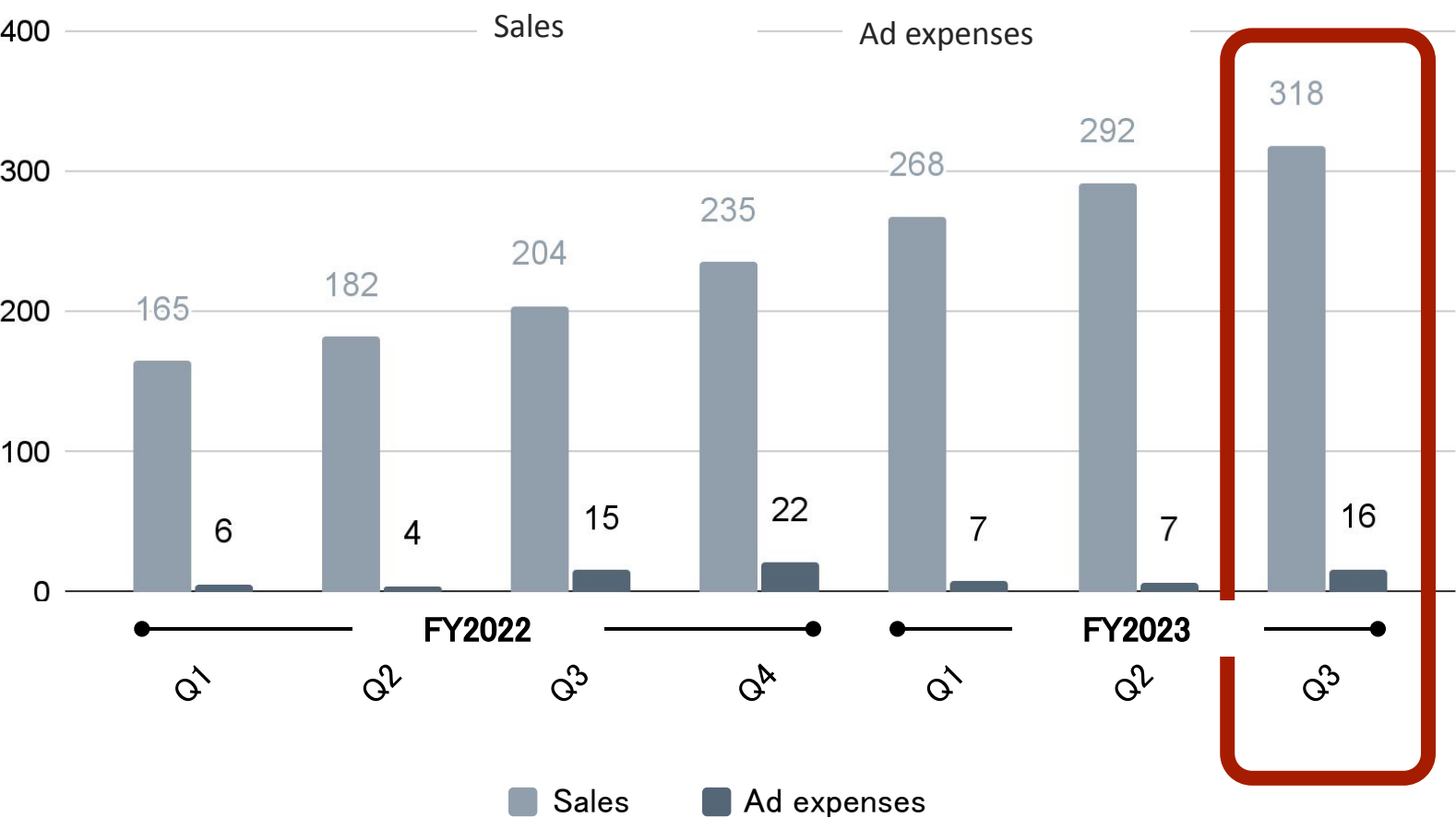


- ❑ Number of adopting enterprises: 85
- ❑ Number of adopting OEMs: 22
(Many end-users are utilizing the accounting vendors / OEMs)
- ❑ An increase of 37 companies in the past one year (of which 28 are enterprises)

Trends in advertising and promotion expenses

Sales system not reliant on advertising

Advertising and promotion expenses vs. sales (Million Yen)

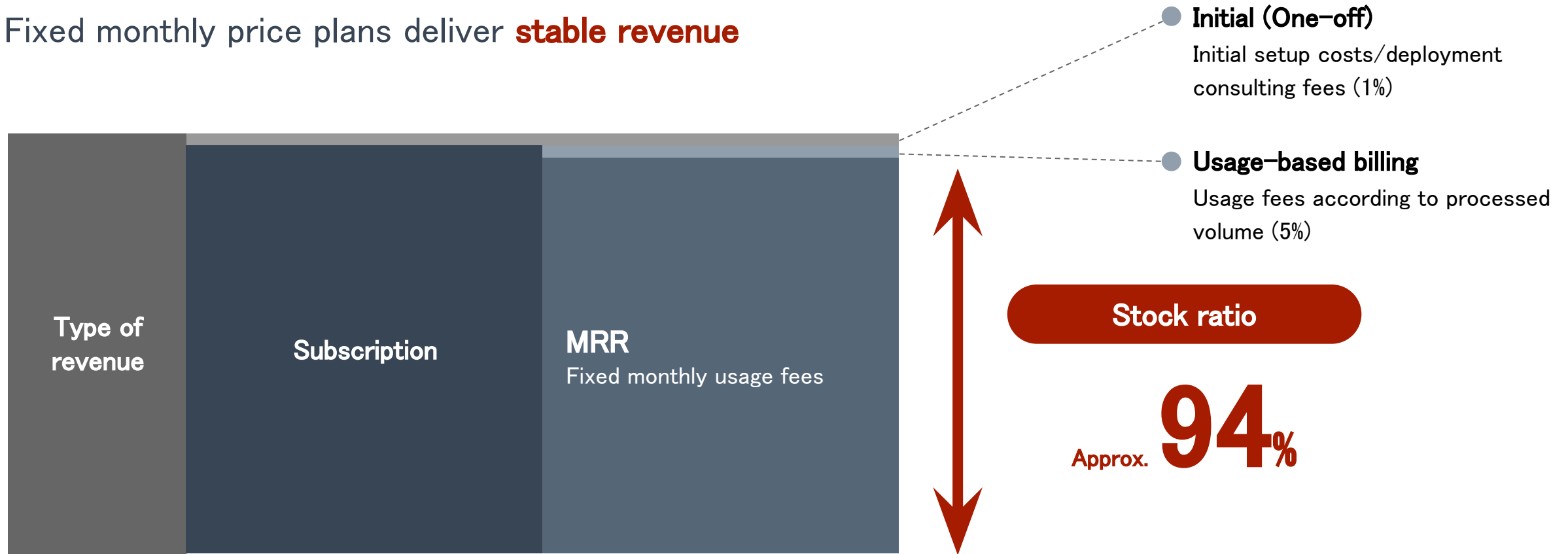


Participated in SAP Concur Fusion Exchange 2023 Tokyo hosted by Concur in 2023/Q3

KPI (Stock ratio)

Our revenue structure is focused mainly
on recurring billing through subscriptions

Fixed monthly price plans deliver **stable revenue**



Stock ratio:

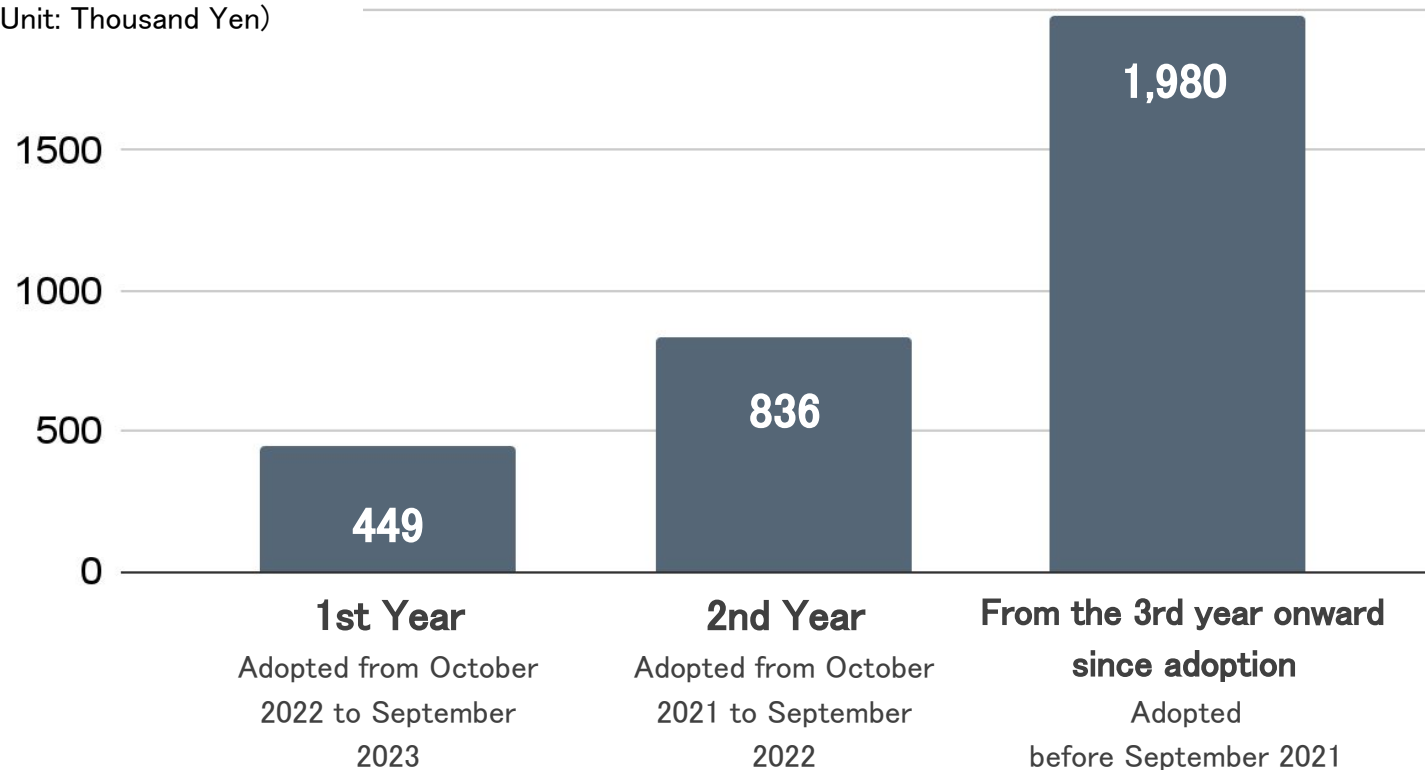
The percentage of MRR (fixed monthly recurring revenue) in the sales for the fiscal year ended September 31, 2023.

KPI: Average Revenue Per Account (APRA)

Aim to expand SAM by increasing ARPA after adoption through upselling and cross-selling

Monthly ARPA by number of years of adoption

(Unit: Thousand Yen)

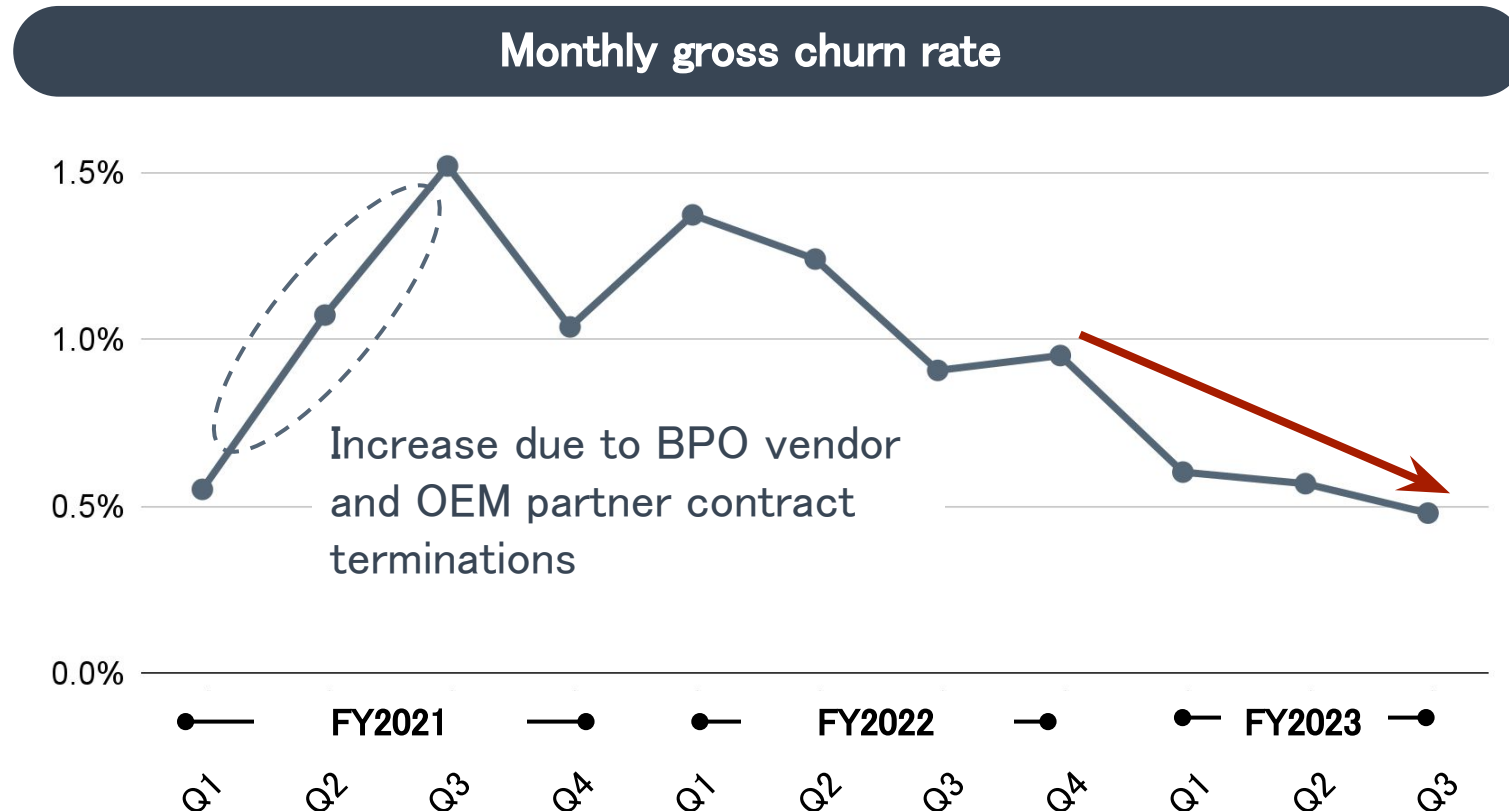


ARPA: Average Revenue Per Account

Calculated as end-of-month MRR / number of accounts at the end of the month

KPI: Monthly churn rate (Gross churn rate)

Trend toward more adoptions at large companies and **lower churn rate**



Monthly gross churn rate:

Monthly churn rate, calculated as the simple average of MRR lost in the current month / MRR at the end of the previous month over the last 12 months.

Balance sheet

Increase in equity ratio due to listing

(Unit: Thousand Yen)

	FY2023/Q3		FY2022/Q4
	Results	Percentage change	Results
Current assets	1,334,501	102.9%	657,690
Of which, cash and deposits	1,263,684	109.3%	603,792
Fixed assets	99,867	15.6%	86,370
Total assets	1,434,369	92.8%	744,061
Current liabilities	599,534	10.2%	544,067
Fixed liabilities	23,207	-25.6%	31,208
Equity	808,793	387.4%	165,951
Equity ratio	56.39%	34.1pt	22.30%
Stock acquisition rights	2,835	0.0%	2,835

ROE (Reference)	
FY2023/Q3	FY2022/Q4
18.5%	△38.1%
ROIC (Reference)	
FY2023/Q3	FY2022/Q4
13.6%	△7.1%
ROA (Reference)	
FY2023/Q3	FY2022/Q4
8.3%	△11.1%

02

Business Highlights

Support for the invoice system

Reduce the increased accounting workload under the new system with AI and support labor saving

1 Automatic confirmation of registration numbers

Patent #: 6794564 Y2020

- AI uses the National Tax Agency's database to automatically confirm whether the invoice registration numbers stated on receipts and invoices match the issuing businesses.

2 Automatic calculation of consumption tax

Patent #:6771121 Y2020

- AI automatically confirms whether the consumption tax amount stated excluding tax and the total payment amount are appropriately recorded without contradictions



Differentiation through research and development

Including character recognition with imprints, **achieved a benchmark of 96.2%** (An international AI-OCR: 35.9%)

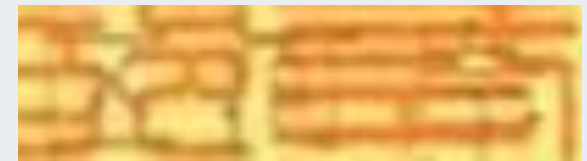
- Research results have improved the recognition rate of characters that were difficult traditionally, such as those overlapped by stamps
- Updated to AI-OCR equivalent to human reading comprehension



Sumitomo Mitsui Banking Corporation
(in Kanji character)



6371



Kukawagishi
(in Kanji character)

Strengthening PR capabilities

Timely dissemination of the corporate information

[Q3 press release list]

- Image processing technology research paper accepted for the world-renowned IEEE ICIP 2023 Conference
- **Won the grand prize in the field of DX solutions category at the MM Research Institute Awards 2023**
- Fast Accounting and OBC succeeded in testing the transmission and reception of digital invoices in customer environments
- **Paper on generative AI accepted at the computer vision international conference WACV 2024**
- Billing and accounts receivable management cloud Billing Management Robo by ROBOT PAYMENT and OBC's invoice receipt and payment management service Bugyo Edge Digitalization of Pay Slips Cloud completed tests for transmitting and receiving digital invoice data
- Selected as a Great Place to Work certified company
- OBC's Bugyo Edge Digitalization of Pay Slips Cloud and TIS's cloud-based expense settlement system Spendia completed tests for transmitting and receiving digital invoices, promoting further efficiency and productivity improvement in accounting tasks
- **Fast Accounting's accounting AI solution won the No. 1 market share in the OCR Solution Market Trends FY2023 Edition**



Case Study – KOKUBU GROUP CORP.



Adoptions by partners remain strong

Overview

- Implementation in the Kokubu Group, one of the leading companies in the food wholesale industry, with 35,000 customers and 10,000 manufacturers.
- Kokubu Group decided to adopt our service to improve efficiency of accounting operations due to compliance with legal systems such as the Electronic Bookkeeping Act and the invoice system.
- **Implemented with our partner, NTT Data Smart Sourcing**

Challenges

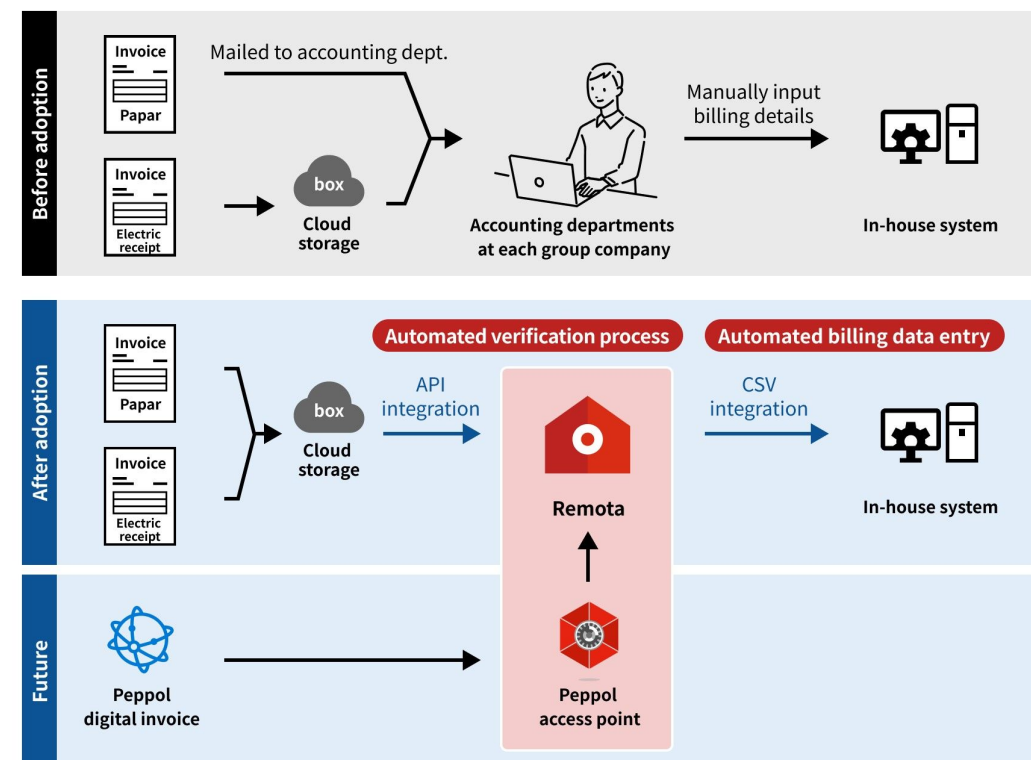
- Paper invoices are mailed to the accounting department and entered manually
- Electronic received invoices are stored in the cloud and managed by address assignment
- Hard to make it paperless and to do working remotely.

Solutions

- Remota and Peppol Access Point

Results

- Automated input of vouchers saved in "Box" with Remota's OCR processing
- Various rules set to automate the confirmation process
- Successfully ensured support for scanner preservation and increased efficiency and certainty of operations



**We give confidence and courage
by removing restriction**

FAST ACCOUNTING



03

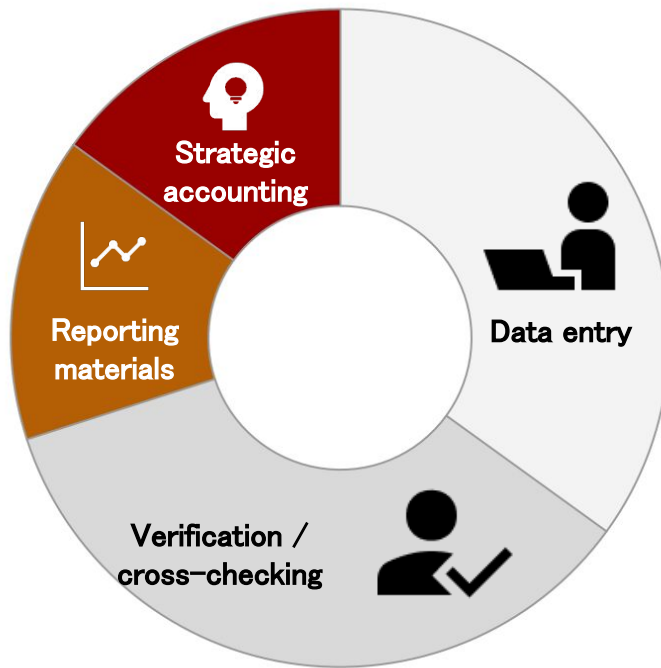
APPENDIX

(Market environment, business strategy, and our team)

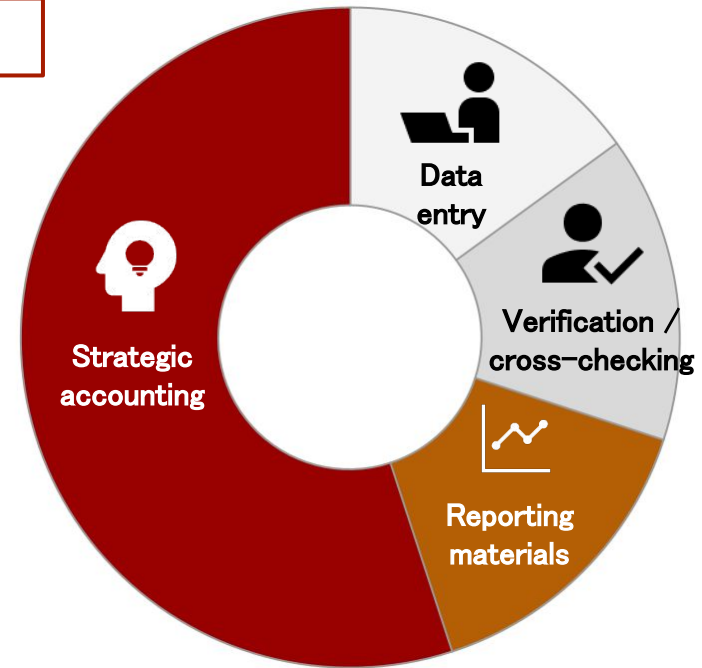
Our value proposition

Listed companies are strongly demanded by institutional investors and exchanges to improve corporate value. By streamlining accounting tasks with our AI services, accountants can create time to achieve **strategic accounting that enhances corporate value**

As-is

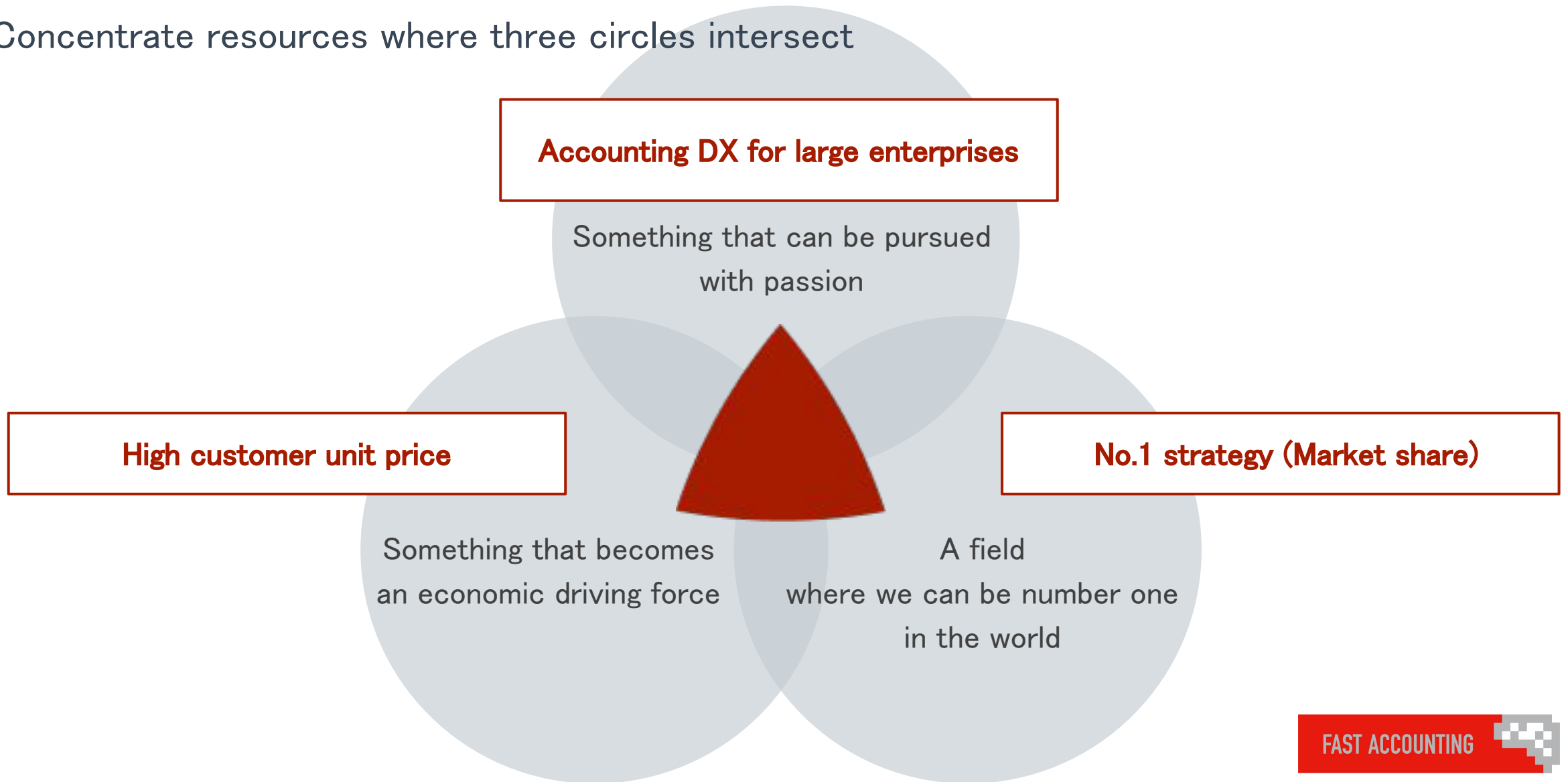


To-be



Basic Strategy

Concentrate resources where three circles intersect



Market environment

TAM/SAM for accounting-related business



1.69 million people involved in accounting work: e-sTat Workforce Survey June 2023

4.5 million yen average labor cost: e-sTat Basic Survey on Wage Structure 2022

3,887 large companies: companies with sales of 100 billion yen or more: 2,118 / 50 billion yen or more: 1,769
(As of August 31, 2023, Plainworks, Inc [Fuma])

TAM (Total Addressable Market): Overall scale of the market that a given business can potentially acquire

SAM (Serviceable Available Market): The maximum scale of the market that a given business can potentially acquire

- ❑ Our services automate the work of persons involved in accounting work, TAM multiplies the labor costs for persons involved in accounting work by the work automation ratio. The business automation ratio was set based on automation results at several companies obtained through customer interviews
- ❑ SAM was calculated by multiplying the number of large companies targeted by ARPA results from customers who have deployed our services for two years or more
- ❑ The services for SMEs that we provide to accounting software vendors are omitted due to difficulties in calculation

1 Higher added value for existing services

Now

Improved OCR processing accuracy through use of generative AI

Short term

Creation of information concerning accounting work from digital invoices, and linking with registered data in accounting systems, etc.

2 R&D related to generative AI

Now

Fundamental research into generative AI centering mainly on authors of papers for top AI conferences

Short term

Establishment of advanced elemental technology that leads to future services and development based on research achievements

3 Decision making support with generative AI

Now

More advanced cross-checking work

Short term

Support for decision making required for accounting work based on generative AI, and development of services to automate work



Initiatives going forward are classified as

- short term (up to 1 year),
- medium term (up to 3 years), and
- long term (up to 5 years)

on the basis of development schedule and sales planning circumstances

Growth Strategy – 2

Development of an invoice sending service

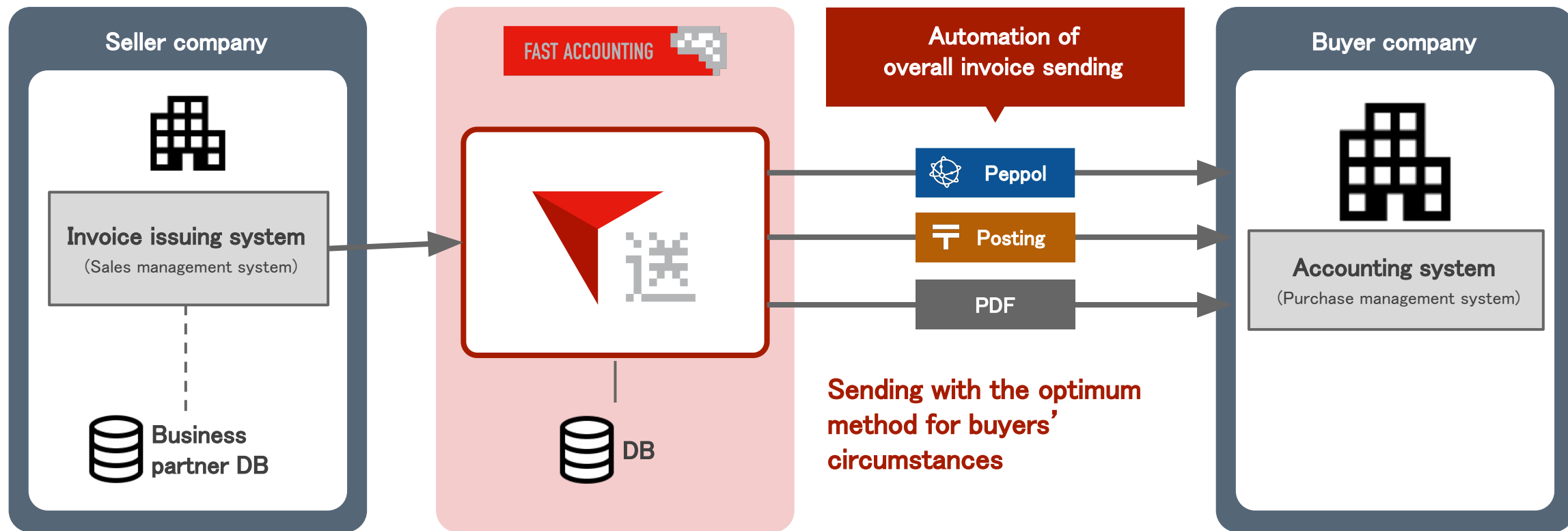
Using our Peppol invoice sending function, we shall reduce the invoice sending work faced by accounting departments at large companies

Now

Development of Peppol sending function complete

Short term

Linking with mailing service and development of PDF email function



Overseas expansion

1 Strengthening the recruitment of international talent

Global rollout of services and increased hiring of non-Japanese nationals for overseas expansion

Now

Engineers

Short term

Sales & Customer Success

2 Support for non-digital invoices overseas

We are preparing for global service rollout by implementing AI learning to handle overseas PDF and paper invoice formats

Now

English

Short term

Chinese, other

3 Support for digital invoices overseas

As well as Peppol, we plan to support digital invoices from overseas

Now

Peppol

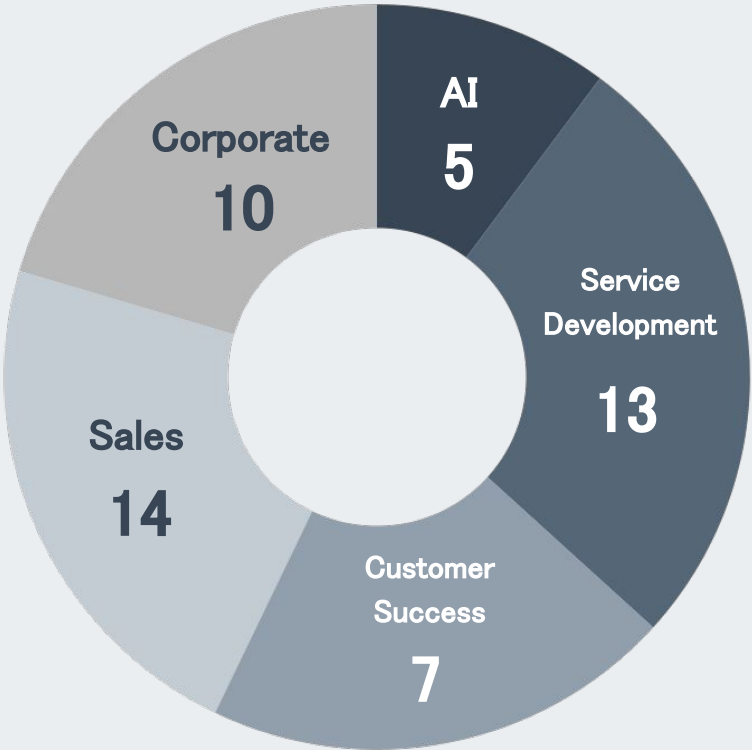
Medium term

Other overseas formats



Organizational status

Aiming to improve the ratio of women in the workforce and reduce wage disparities

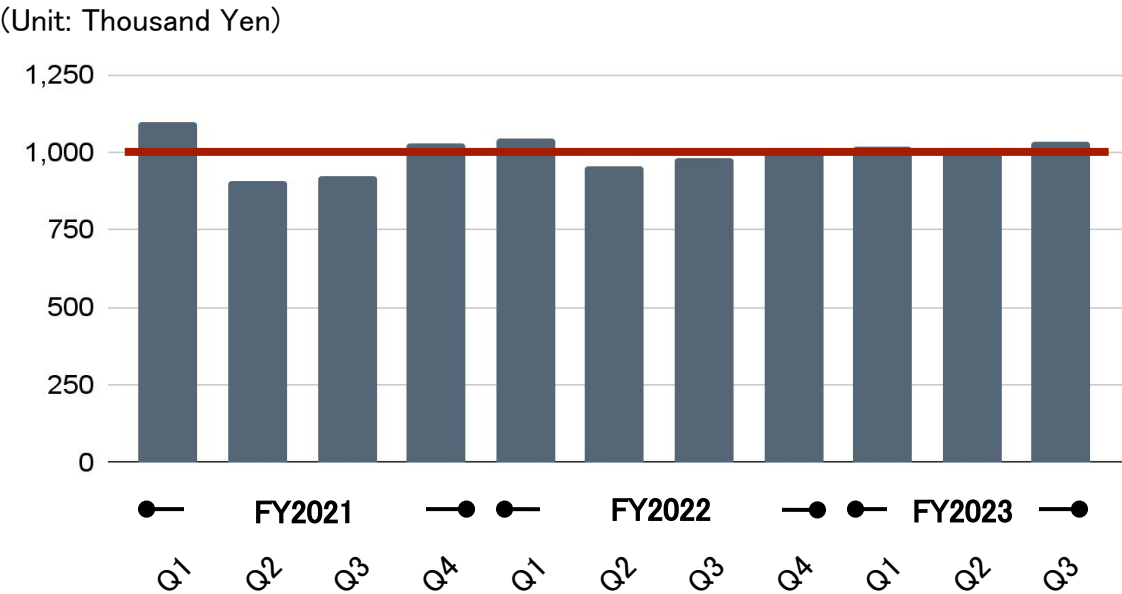


Managements			Non-managements		
Female 0.0%	Male 7	Female 0	Female 28.6%	Male 30	Female 12
Gender wage gap			Gender wage gap		
—			100 83.1		
Average wage (Thousand Yen)			Average wage (Thousand Yen)		
10,681			8,048		

Trend of Average Revenue Per Account (ARPA)

Monthly ARPA

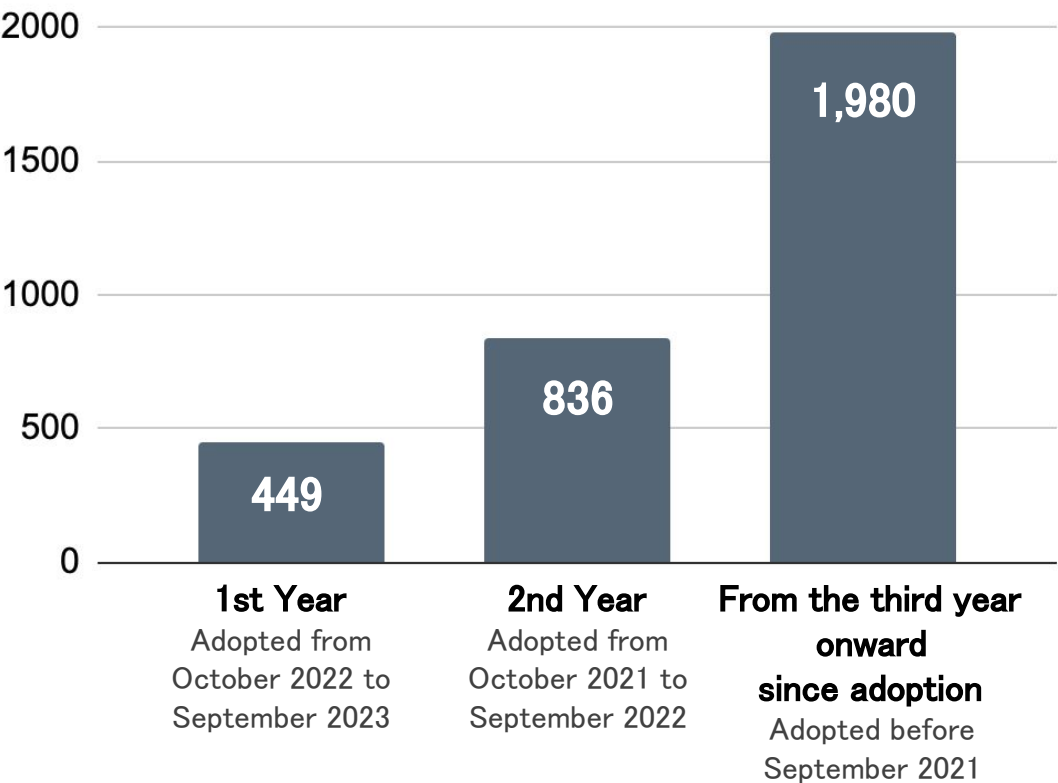
Although monthly ARPA has been increasing every year since service adoption, new contracts have also increased and ARPA has generally **remained at around 1 million yen** since the past.



ARPA: Average Revenue Per Account
Calculated as end-of-month MRR / number of accounts at the end of the month

Monthly ARPA by number of years of adoption

(Unit: Thousand Yen)



About this document

- This document has been prepared by the Company for informational purposes only, and none of the information contained herein constitutes an offer to buy or sell shares of the Company.
- Information in this document regarding matters and organizations other than the Company is based on publicly available information, and the Company has not verified the accuracy or appropriateness of such publicly available information.
- This document contains forward-looking statements. These statements are based on information available at the time this document was prepared and are not guarantees of future results or performance.
- Forward-looking statements involve known and unknown risks and uncertainties that could cause actual future results or performance to differ materially from any future results or performance expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, changes in economic conditions and trends in the industries in which the Company operates. The Company assumes no obligation to update or revise any information contained in this document based on future events, except as required by applicable law or stock exchange rules.



**We give confidence and courage
by removing restriction**

FAST ACCOUNTING

