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Summary of Non-consolidated Financial Results for the Second Quarter of the Fiscal Year 2020

October 30, 2020

Company name: Quest Co., Ltd.
 Stock exchanges: TSE JASDAQ(Standard)
 Stock code: 2332 URL <https://www.quest.co.jp/>
 Representative: Representative Director Akio Oka
 President and Chief Executive Officer
 Inquiries: Director, Senior Executive Officer Yutaka Koizumi TEL 03-3453-1181
 Scheduled date of filing of Quarterly Business Report: November 9, 2020
 Preparation of supplementary on quarterly financial results: Yes (in Japanese)
 Holding of quarterly financial results meeting: Yes (for Analyst)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the Q2 of FY2020 (April 1, 2020 – September 30, 2020)

(1) Non-consolidated operating results (Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020 Q2	5,277	6.8	379	4.7	398	5.4	273	4.6
FY2019 Q2	4,943	6.9	362	26.7	377	26.0	261	24.7

	Earnings per share		Earnings per share (Diluted)	
	Yen		Yen	
FY2020 Q2	52.86		-	
FY2019 Q2	50.63		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Book value per share	
	Millions of yen		Millions of yen		%		Yen	
FY2020 Q2	6,631		4,994		75.3		963.29	
FY2019	6,323		4,528		71.6		874.75	

(Reference) Shareholder's equity: FY2020 Q2: 4,994 Million yen, FY2019: 4,528 Million yen

2. Dividends

	Annual dividends per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	0.00	-	35.00	35.00
FY2020	-	0.00	-	-	-
FY2020(Forecast)	-	-	-	35.00	35.00

(Notes) Changes from the previous forecast of dividends : None

3. Forecast of non-consolidated financial results for the FY2020(April 1, 2020 – March 31, 2021)

(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	10,521	2.0	742	0.7	772	0.4	533	55.7	103.01

(Notes) Changes from the previous forecast of financial results : None

4. Notes

(1)Application of special accounting method for preparing quarterly non-consolidated financial statements. None

(2)Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements after error corrections: None

(3)Number of issued shares (Common shares)

Total number of issued shares(including treasury shares)

FY2020 Q2	5,487,768 shares	FY2019	5,487,768 shares
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Number of treasury shares

FY2020 Q2	303,269 shares	FY2019	310,800 shares
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Average number of shares

FY2020 Q2	5,180,129 shares	FY2019 Q2	5,171,872 shares
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* This document is not within the scope of the auditing process by the external auditor.

* Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons.

* Supplementary on quarterly financial results in Japanese

- The quarterly financial results meeting for the analysts is scheduled on November 30, 2020. The meeting material will be available on our website immediately after the meeting.

Quarterly Non-consolidated Financial Statements
Quarterly Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	2,693,425	2,699,511
Notes and accounts receivable - trade	2,218,349	2,079,020
Work in process	29,269	86,681
Prepaid expenses	104,643	97,840
Other	5,533	5,829
Total current assets	5,051,221	4,968,882
Non-current assets		
Property, plant and equipment		
Buildings, net	22,257	20,935
Vehicles, net	3,489	2,906
Tools, furniture and fixtures, net	24,108	20,720
Land	376	376
Leased assets, net	12,800	11,200
Total property, plant and equipment	63,031	56,138
Intangible assets		
Software	18,147	14,825
Other	5,643	5,643
Total intangible assets	23,791	20,469
Investments and other assets		
Investment securities	695,766	1,319,438
Shares of subsidiaries and associates	76,399	76,399
Long-term loans receivable	7,200	6,000
Long-term prepaid expenses	46,367	24,715
Deferred tax assets	233,766	31,242
Other	125,521	128,527
Total investments and other assets	1,185,020	1,586,323
Total non-current assets	1,271,843	1,662,932
Total assets	6,323,065	6,631,815

(Thousand yen)

	As of March 31,2020	As of September 30,2020
Liabilities		
Current liabilities		
Accounts payable - trade	309,306	308,978
Lease obligations	3,333	3,406
Accounts payable - other	78,267	68,297
Accrued expenses	162,530	155,003
Income taxes payable	86,198	115,125
Accrued consumption taxes	186,259	123,944
Advances received	35,926	51,886
Deposits received	31,471	29,365
Provision for bonuses	591,749	505,802
Provision for loss on projects	240	704
Other	-	562
Total current liabilities	1,485,283	1,363,078
Non-current liabilities		
Lease obligations	10,913	9,191
Provision for retirement benefits	295,055	262,118
Provision for retirement benefits for directors (and other officers)	3,275	3,275
Total non-current liabilities	309,244	274,585
Total liabilities	1,794,527	1,637,663
Net assets		
Shareholders' equity		
Share capital	491,031	491,031
Capital surplus		
Legal capital surplus	492,898	492,898
Other capital surplus	1,985	6,173
Total capital surpluses	494,884	499,072
Retained earnings		
Legal retained earnings	29,890	29,890
Other retained earnings		
General reserve	830,000	830,000
Retained earnings brought forward	2,710,750	2,803,362
Total retained earnings	3,570,640	3,663,252
Treasury shares	(217,218)	(212,000)
Total shareholders' equity	4,339,336	4,441,355
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	189,200	552,796
Total valuation and translation adjustments	189,200	552,796
Total net assets	4,528,537	4,994,151
Total liabilities and net assets	6,323,065	6,631,815

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	4,943,108	5,277,427
Cost of sales	4,108,882	4,373,186
Gross profit	834,225	904,241
Selling, general and administrative expenses		
Salaries and bonuses	167,285	172,232
Remuneration for directors (and other officers)	36,831	79,894
Provision for bonuses	38,728	42,022
Retirement benefit expenses	5,480	5,775
Depreciation	8,154	6,946
Rent expenses	44,357	43,271
Other	170,734	174,341
Total selling, general and administrative expenses	471,572	524,484
Operating profit	362,652	379,756
Non-operating income		
Interest income	11	13
Dividend income	14,823	17,393
Other	578	1,776
Total non-operating income	15,412	19,182
Non-operating expenses		
Interest expenses	364	295
Loss on investments in investment partnerships	-	391
Other	0	0
Total non-operating expenses	365	687
Ordinary profit	377,699	398,252
Profit before income taxes	377,699	398,252
Income taxes - current	101,685	82,391
Income taxes - deferred	14,168	42,055
Total income taxes	115,853	124,446
Profit	261,845	273,805

Quarterly Non-consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Cash flows from operating activities		
Profit before income taxes	377,699	398,252
Depreciation	11,744	11,563
Increase (decrease) in provision for bonuses	(26,317)	(85,947)
Increase (decrease) in provision for loss on project contracts	94	464
Increase (decrease) in provision for retirement benefits	8,630	(32,937)
Interest and dividend income	(14,834)	(17,406)
Interest expenses	364	295
Share-based remuneration expenses	2,037	4,412
Loss (gain) on investments in investment partnerships	-	391
Decrease (increase) in trade receivables	334,243	139,328
Decrease (increase) in inventories	(25,198)	(57,411)
Decrease (increase) in prepaid expenses	14,166	33,543
Increase (decrease) in trade payables	(19,963)	(328)
Increase (decrease) in accounts payable - other	(61,013)	(8,835)
Increase (decrease) in advances received	12,943	15,959
Increase (decrease) in deposits received	(38,402)	(2,106)
Increase (decrease) in accrued consumption taxes	(29,713)	(62,314)
Other, net	(17,222)	(3,102)
Subtotal	529,257	333,822
Interest and dividends received	14,834	17,406
Interest paid	(364)	(295)
Income taxes paid	(221,316)	(57,621)
Net cash provided by (used in) operating activities	322,409	293,311
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,889)	(3,390)
Purchase of intangible assets	(2,281)	-
Purchase of investment securities	-	(100,000)
Collection of short-term loans receivable	1,200	1,200
Payments of leasehold and guarantee deposits	(63)	(3,263)
Proceeds from refund of leasehold and guarantee deposits	120	30
Net cash provided by (used in) investing activities	(3,914)	(105,423)
Cash flows from financing activities		
Repayments of lease obligations	(1,579)	(1,648)
Purchase of treasury shares	(15)	(93)
Proceeds from disposal of treasury shares	47	-
Dividends paid	(169,861)	(180,059)
Net cash provided by (used in) financing activities	(171,408)	(181,802)
Net increase (decrease) in cash and cash equivalents	147,086	6,085
Cash and cash equivalents at beginning of period	2,254,311	2,693,425
Cash and cash equivalents at end of period	2,401,398	2,699,511