

Quest Co.,Ltd
FY2020(Ending Mar/2021)

Financial result briefing

Representative Director, President and
Chief Executive Officer

Akio Oka

26/May/2021

- 1. FY20 Financial result outlook**
- 2. FY21~23 Mid Range Plan**
- 3. FY21 Financial forecast**

Highest-ever Sales & Profits

- Sales increased by 8.4% compared to FY2019
 - ☀ System development increased by 7.7%
 - ☀ Infrastructure services increased by 9.4%
- Operating Profit increased by 19.3% compared to FY2019
 - ☀ Due to sales increment and activities for efficiency improvement
 - ☀ Strengthen HQ function and increase of Biz. Tax

1. Summary of Financial results (vs Previous year)

In million Yen
Round down below decimal

	FY2019 (Act.)	FY2020 (Act.)	Diff.	Diff. ratio
Sales	10,314	11,181	+867	+8.4%
Op. Profit	736	879	+143	+19.3%
<i>Ratio vs sales</i>	7.1%	7.9%	—	+0.8Point
Ord. Profit	768	917	+149	+19.3%
<i>Ratio vs sales</i>	7.5%	8.2%	—	+0.7Point
Net Profit	342	636	+294	+85.8%
EPS(yen)	66.17	122.77	+56.60	—

1. Sales by Biz. Segment (vs Previous year)

In million Yen
Round down below decimal

	FY2019		FY2020		Diff.	Diff. ratio
	Act.	<i>ratio</i>	Act.	<i>ratio</i>		
System Dev.	5,635	54.6%	6,067	54.3%	+432	+7.7%
Infra-services	4,643	45.0%	5,079	45.4%	+436	+9.4%
others	35	0.4%	33	0.3%	-2	-3.8%
Total	10,314	100.0%	11,181	100.0%	+867	+8.4%

1. Sales by Biz. Segment (vs Previous year)

In million Yen
Round down below decimal

	FY2019		FY2020		Diff.	Diff. ratio
	Act.	ratio	Act.	ratio		
System Development	5,635	54.6%	6,067	54.3%	+432	+7.7%

- Increase Service to Semiconductor manufacturer
 - Increase services corresponding to their high production.
- Enhancement of Digital Workplace business
 - Booming demand of Telework Environment installation under coronavirus crisis
- Customers' DX Support
 - Increase system development for global contents distribution in entertainment business customer.

1. Sales by Biz. Segment (vs Previous year)

In million Yen
Round down below decimal

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	Act.	<i>ratio</i>	Act.	<i>ratio</i>		
Infra-services	4,643	45.0%	5,079	45.4%	+436	+9.4%

■ Increase Cloud service business

- Lift and Shift to Cloud Environment of B2C data center in electronics business customer

■ Increase Network service business

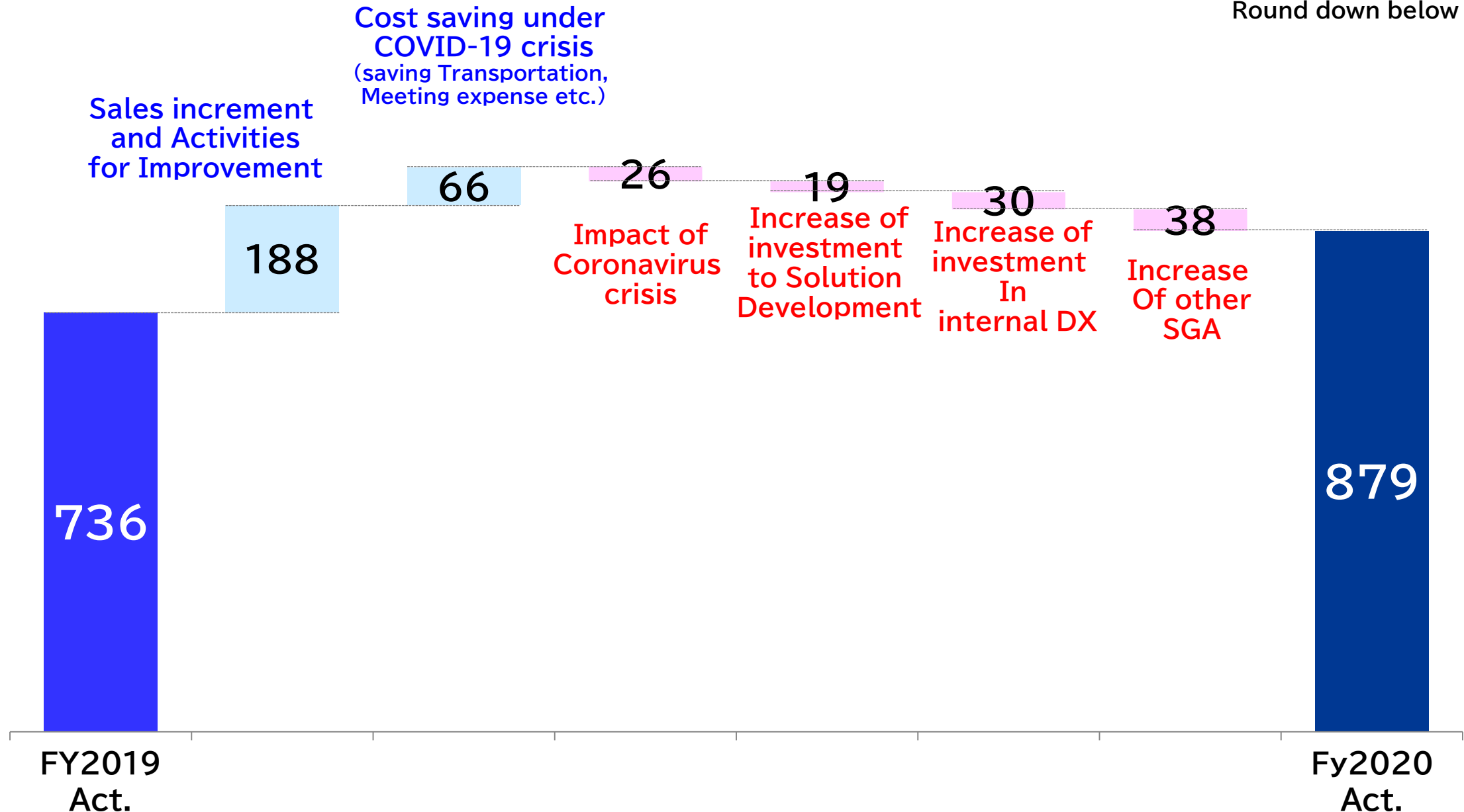
- Installation of Network and Telework environment upon needs from customers in Elec., Public and IT communication sectors

■ Increase Security service business

- Security service to High-Tech customers

1. Analysis of Operating profit (vs Previous year)

In million Yen
Round down below decimal



(Ref.) Comparison to forecast

In million Yen
Round down below decimal

	FY2020 (org. forecast)	FY2020 (rev. forecast on Jan.27)	FY2020 (Act.)	Diff. ratio (vs org. forecast)
Sales	10,521	11,123	11,181	+6.3%
Op. Profit	742	863	879	+18.5%
<i>Ratio vs Sales</i>	<i>7.1%</i>	<i>7.8%</i>	<i>7.9%</i>	<i>+0.8Point</i>
Ord. Profit	772	901	917	+18.8%
<i>Ratio vs Sales</i>	<i>7.3%</i>	<i>8.1%</i>	<i>8.2%</i>	<i>+0.9Point</i>
Net Profit	533	624	636	+19.4%
Dividend per share(Yen)	35yen	38yen	40yen	—

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Awareness of business environment

Novel coronavirus

- Vaccination just started in Japan
(Vaccine supply and operation were pointed out)
- Sustained due to Virus mutant
- Telework requirement from GOV.
- Restricted biz activities

Customer & Market trend

- Acceleration of DX
- Reinforcement of new working style
- Investment for automation & labor saving
- Potential of slow-down in IT investments

- ✓ **The novel coronavirus infection is expected to continue for a long time.**
- ✓ **Economic activities will continue to be in difficult conditions.**
- ✓ **IT investment plans may be suspended, postponed, or scaled down in some customers.**

My thought into Quest Vision2030

- ✓ DX is expected to accelerate worldwide in the after corona, and the social environment and people's lives are expected to change at a remarkable speed.
- ✓ Quest's challenge is to develop new pillars for growth in addition to strengthening its traditional business style.
- ✓ Quest was required for long term biz plan and has established "QCSV" (Quest Creating Shared Value towards to 2030)

Quest Vision2030

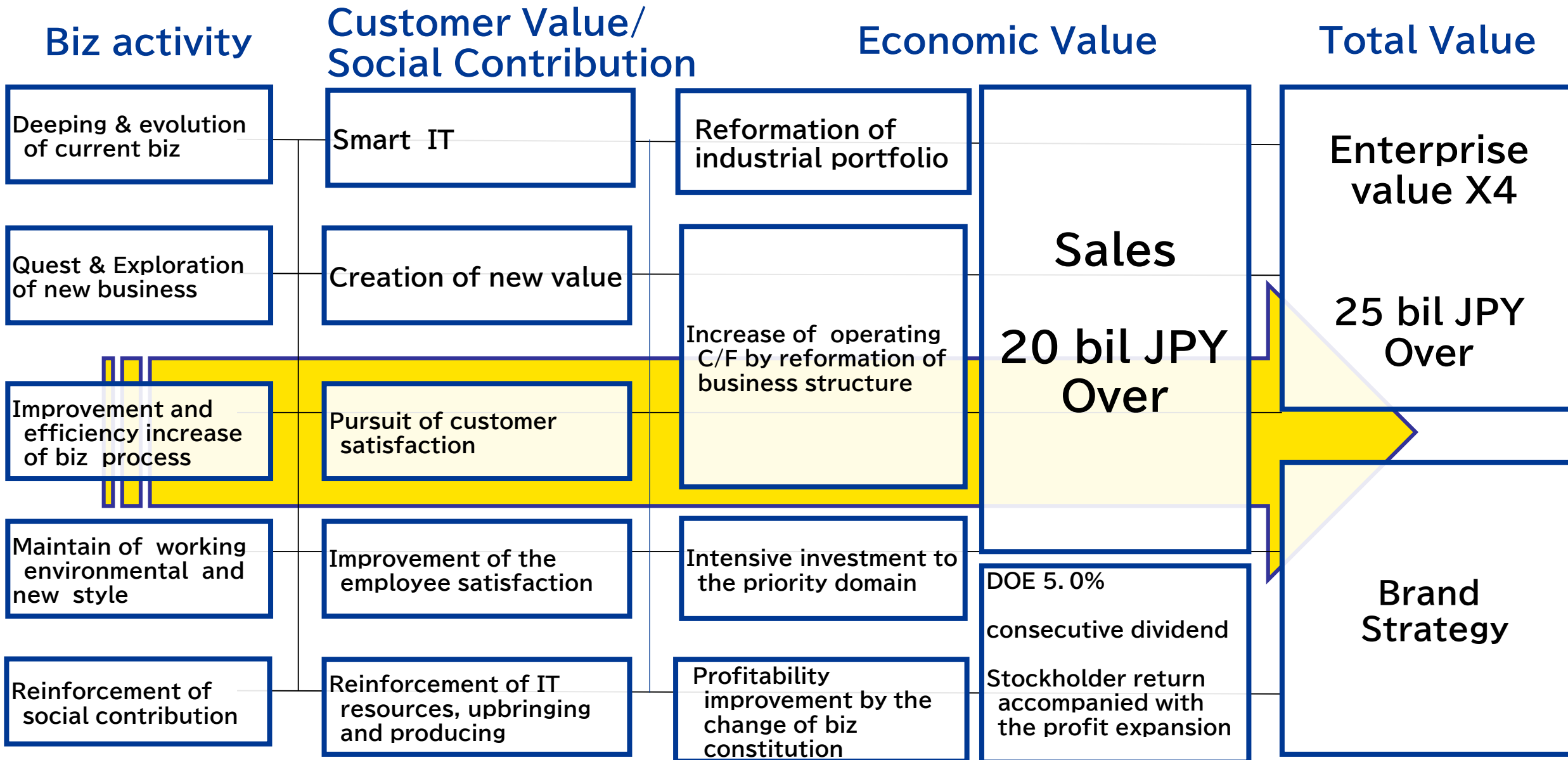
Aiming for digital data society in coming 2030.

- Contribute to a social problem solution by DX promotion.
- Realization of enterprise value improvement supported by continuous growth
- Cultivating and upbringing of new reinforcement business domain

Our six commitments

- | | |
|--|--|
| 1. Further Quest & Exploration | Creating new value together through acquisition of new technology and innovation |
| 2. Workplace to be full of job satisfaction | Foster a culture of self-learning, honoring and nurturing |
| 3. To the enterprise trusted most. | Provide customers with personalized services |
| 4. Realization of the future society with sustainability | Act for a society where everyone can live in peace |
| 5. Challenge to over 20bil Sales | Drastic reform of business structure to achieve further growth |
| 6. Challenge to enterprise value X4 | Progressing towards a company in which all assets generate synergies |

Vision2030: Quest Creating Shared Value story



Vision2030: Quest Creating Shared Value story

Established Phase 1 Mid Range plan to realize Vision 2030

Quest Vision2030

Phase1
(2021-2023)

FY21 Mid Range Plan

Phase2
(2024-2026)

Phase3
(2027-2029)

FY2030

FY2020

Sales
11.1 bil
Enterprise
Value
6 bil

FY2023

Sales
13.0 bil

Cultivation & Exploration
of new & build up domain

Deeping & evolution
of current biz

Sales
Over
20 bil

Enterprise
Value
Over
25 bil

Realization of the digitization promotion, data driven management in the company

Reinforcement of a brand strategy and Investor Relations

Reinforcement of a company structure and execution of internal climate reform

2. FY21~23 Mid Range Plan

In order to achieve sustainable growth and maintain a highly profitable structure, Quest will make the largest investments in new solution development and growth enhancement domain.

➤ Basic Policy

Quest will commit to execute three changes to an environmental change surely.

No.1

Change of the business structure

No.2

Change of the industrial portfolio

No.3

Change of the business constitution

2. FY21~23 Mid Range Plan

No.1

Change of the business structure

We will explore and provide new service forms such as maintenance and operation, application development, and solution provision that can respond quickly to changes in the times and customer needs.

Expansion of current solution

- **Cloud service business**
(AWS, Azure/Lift&Shift, PaaS etc)
- **Platform service business**
(D365/M365, RPA + Biz template)
- **Security service business**

Cultivation of new solution

- **New enhancement domain**

Data engineering
AI(:Artificial Intelligence)
BI(:Business Intelligence)

- Reinforcement, acceleration from new service plan, development

Investment for future's new business

Acquisition of technology and skills for data analysis tools to advance into the field of enhancement

2. FY21~23 Mid Range Plan

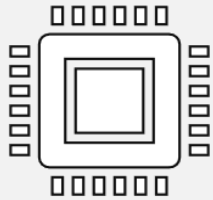
No.2

Change of the industrial portfolio

Of the 8 industry segments, Quest will work to achieve a balance between external and domestic demand and respond appropriately and promptly to changes in the market environment.

Focus domain

Semiconductor



Electronics



Finance



Information and
Communications

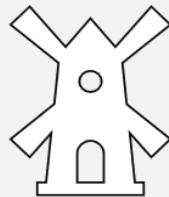


New domain

Entertainment



Public service



Transportation



Healthcare and
Medical service



2. FY21~23 Mid Range Plan

No.3

Change of the business constitution

With the aim of becoming a data-driven digital company that continues to evolve and accumulate digital data in its business operations, Quest will accelerate and promote the construction of a corporate operating system (infrastructure) that will be the foundation of the future, the enhancement of human resource development, and service improvements.

① Acceleration of DX promotion

Strengthen business strategies through early implementation of operational efficiency improvements and multifaceted data analysis

② Reinforcement of an upbringing system of human resources

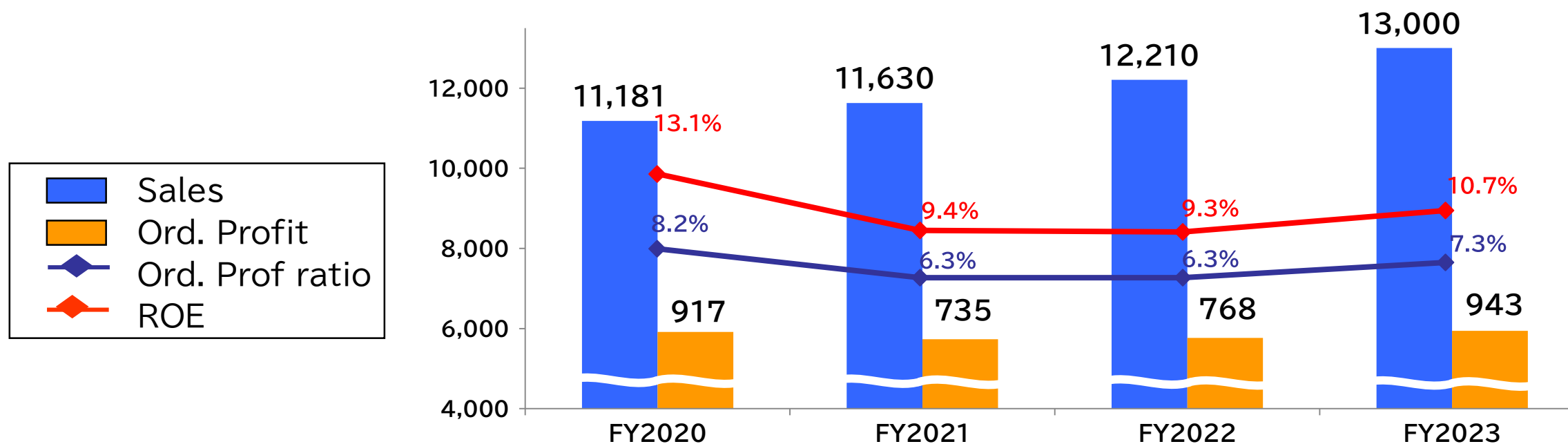
- *Establish strategic units to successfully take on new challenges and acquire operations and skills in growth areas.
- *Improvement of working environment and strengthening of training and personnel treatment system to maximize individual abilities

③ Profitability reinforcement by improvement reinforcement of service

Improve operations and build new supply chains to deliver attractive pricing that can beat the strategic pricing of leading IT companies

2. FY21~23 Mid Range Plan

Management index		FY2020 (Act.)	FY2021 (Forecast)	FY2022 (Plan)	FY2023 (Plan)
Growth	Sales(mil. yen)	11,181	11,630	12,210	13,000
	Ord. profit(mil. yen)	917	735	768	943
	Ratio of sales incr.	+8.4%	+4.0%	+5.0%	+6.5%
	Ratio of Ord. prof	+19.3%	-19.9%	+4.5%	+22.8%
Profit-ability	Ord. profit ratio	8.2%	6.3%	6.3%	7.3%
	ROE	13.1%	9.4%	9.3%	10.7%



■ Growth target: sales **13bil yen**, Ord. prof **943mil yen**
■ Profit target : Ord. prof ratio **7.3%**, ROE **10.7%**

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3. FY2021(full year) forecast

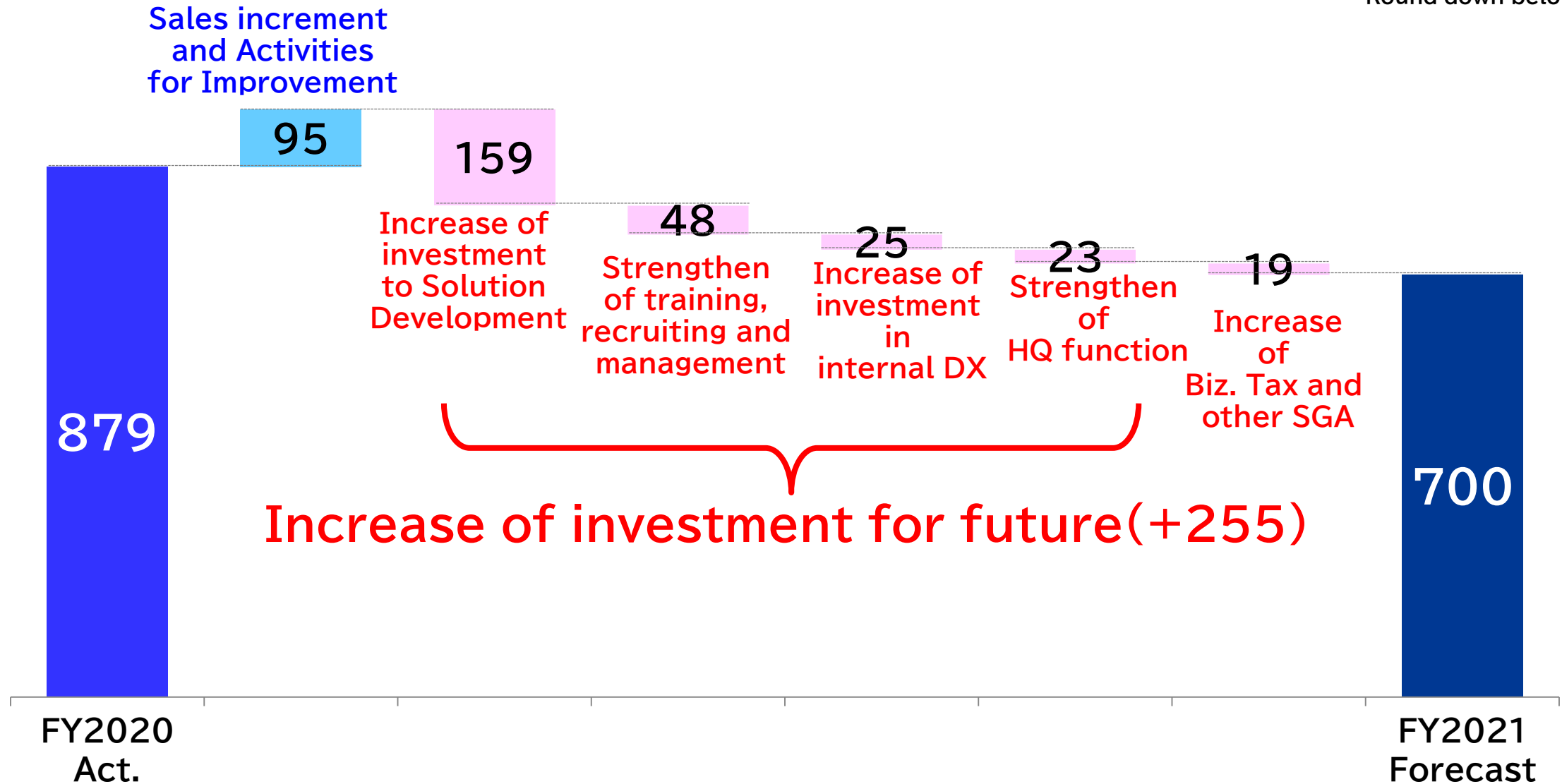
In million Yen
Round down below decimal

	FY2020 (Act.)	FY2021 (Forecast)	Diff.	Diff. ratio
Sales	11,181	11,630	+449	+4.0%
Op. profit	879	700	-179	-20.4%
<i>Ratio vs sales</i>	<i>7.9%</i>	<i>6.0%</i>	—	<i>-1.9Point</i>
Ord. profit	917	735	-182	-19.9%
<i>Ratio vs sales</i>	<i>8.2%</i>	<i>6.3%</i>	—	<i>-1.9Point</i>
Net profit	636	503	-133	-20.9%

3. Factor of changes in Op. profit (vs FY2020 Act.)

<Investment for sustainable growth by 4% of gross sales>

In million Yen
Round down below decimal



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