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## Summary of Non-consolidated Financial Results for the First Quarter of the Fiscal Year 2021

July 30, 2021

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 +81-3-3453-1181  
 Scheduled date of filing of Quarterly Business Report: August 6, 2021  
 Preparation of supplementary on quarterly financial results: None  
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

### 1. Non-consolidated financial results for the Q1 of FY2021 (April 1, 2021 – June 30, 2021)

(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	%
FY2021 Q1	2,856	12.0	215	46.6	224	43.0	155	42.3
FY2020 Q1	2,551	9.2	146	25.3	156	25.9	109	25.9

	Earnings per share		Earnings per share (Diluted)	
	Yen		Yen	
FY2021 Q1	30.07		-	
FY2020 Q1	21.16		-	

### (2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Book value per share	
	Millions of yen		Millions of yen		%	Yen		
FY2021 Q1	6,751		5,125		75.9	988.63		
FY2020	7,233		5,198		71.9	1,002.66		

(Reference) Shareholder's equity: FY2021 Q1: 5,125 Million yen, FY2020: 5,198 Million yen

### 2. Dividends

	Annual dividends per share				
	Q1	Q2	Q3	Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	40.00	40.00
FY2021	-	0.00	-	0.00	0.00
FY2021(Forecast)	-	0.00	-	40.00	40.00

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

### 3. Forecast of non-consolidated financial results for the FY2021 (April 1, 2021 – March 31, 2022)

(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
First half	5,735	8.7	346	△ 8.9	365	△ 8.3	250	△ 8.7	48.20
Full year	11,815	5.7	752	△ 14.5	789	△ 14.0	540	△ 15.1	104.10

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

We revised up the financial results forecast for the FY2021.

Please refer to "Notice of the forecast of the Financial Results for FY2021" issued on July 26, 2021.

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: Yes

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)

FY2021 Q1	5,487,768 shares	FY2020	5,487,768 shares
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Number of treasury shares

FY2021 Q1	303,650 shares	FY2020	303,388 shares
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Average number of shares

FY2021 Q1	5,184,147 shares	FY2020 Q1	5,176,968 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.

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## Qualitative information of this quarterly financial statements

### (1) Explanation of operation results

During the first quarter of the current fiscal year (April 1, 2021 to June 30, 2021), the Japanese economy continued to face an unstable environment due to the impact of the new coronavirus, however, vaccinations are accelerating and economic activities are expected to normalize in the future. On the other hand, there are concerns about the impact on the spread of infectious variant coronavirus, on the problems with the supply-demand balance of semiconductors in the automobile and other industries, as well as the impact on the economy due to the repeated declarations of a state of emergency. Under those, the uncertain economic environment may last unchanged onwards.

In this economic conditions, the IT services market is experiencing a higher-than-expected increase in demand due to the accelerating pace of DX (\*1), which is driving client companies to improve their productivity, to promote investments in labor-saving and automation using AI (\*2) and RPA (\*3), and also to promote IT investments in response to human resource shortages and work style reforms. From the Ministry of Economy, Trade and Industry's "Current Survey of Selected Service Industries, May 2021", in the section on information service industry, sales by business category from April 2021 to May 2021 (cumulative total), which is the sum of "made-to-order software" and "outsourced system operations and maintenance", to which the Company mainly belongs, increased by 25.5% compared to the same period of the last fiscal year.

In those situations, the Company is preparing to create sustainable growth and new strengths based on the following basic policies, set forth in the "Medium-term management plan for fiscal years 2021-2023" as the first phase of the medium- to long-term vision "Quest Vision 2030", formulated in the previous fiscal year.

#### ① Change of Business structure

The Company will seek and provide new services for operations and maintenance, application development, and system solutions that can respond immediately to changes in the times and customer needs.

#### ② Change of Industrial portfolio

Defining semiconductors as a domain to be strengthened and healthcare and medical as new domains to be entered, the Company will strive to diversify its business between external and domestic demand and respond appropriately and swiftly to changes in the market environment.

### ③ Change of Business constitution

In order to become a data-driven digital company that accumulates business activities as digital data and continues to evolve, we will accelerate and promote the construction of a corporate operating system (infrastructure) that will serve as the foundation for the future, strengthen human resource development, and enhance the improvement of services.

As a result of these efforts, the Company's operating results for the first quarter of the current fiscal year are as follows.

Net sales increased by 12.0% year on year to 2,856 million yen. Operating income increased by 46.6% to 215 million yen, ordinary income increased by 43.0% to 224 million yen, and net income for this quarter increased by 42.3% to 155 million yen.

Operating results by business segment are as follows.

In the system development business, net sales increased 11.4% year on year to 1,539 million yen due to an increase in development projects from customers in the semiconductor field (41.2% of the total), the financial field (17.8%), and the information and telecommunications field (12.9%), as well as an expansion of solutions such as cloud ERP and digital workplace. Segment profit increased 19.3% year on year to 279 million yen, due to the effect of increased sales and business operations improvement activities. In the infrastructure services business, net sales increased 12.7% year on year to 1,308 million yen due to the expansion of network services, cloud services, security services, remote monitoring, and other services for customers in the semiconductor field (13.5%), electronics field (excluding semiconductors) (27.4%), and public and social sectors (8.1%). Segment profit increased 20.8% year on year to 243 million yen, due to the effect of increased sales and business operations improvement activities.

Notes 1. Inter-segment transactions have been offset and eliminated.

2. Segment profit is stated before allocation of corporate expenses, etc.

\*1. DX: Digital Transformation

\*2. AI: Artificial Intelligence

\*3. RPA: Robotic Process Automation

## (2) Explanation of Financial Position

### <Assets>

The balance of assets at the end of the first quarter of the current fiscal year was 6,751 million yen, a decrease of 482 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 283 million yen in cash and deposits, and a decrease of 166 million yen in notes and accounts receivable - trade.

### <Liabilities>

The balance of liabilities at the end of the first quarter of the current fiscal year was 1,626 million yen, a decrease of 409 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 366 million yen in provision for bonuses, a decrease of 192 million yen in income taxes payable, and a decrease of 170 million yen in deposits received.

### <Net assets>

The balance of net assets at the end of the first quarter of the current fiscal year was 5,125 million yen, a decrease of 72 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 51 million yen in retained earnings brought forward and a decrease of 21 million yen in valuation difference on available-for-sale securities.

## (3) Explanation for the forecast of financial results and other future information

No revisions have been made to Notice of the forecast of the Financial Results for FY2021, announced on July 26, 2021.

Quarterly Non-consolidated Financial Statements

Quarterly Non-consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of June 30,2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,853,917	2,570,300
Notes and accounts receivable - trade	2,452,636	-
Notes and accounts receivable - trade, and contract assets	-	2,286,392
Money held in trust	200,000	200,000
Work in process	69,150	63,753
Prepaid expenses	69,544	83,692
Income taxes receivable	-	1,424
Other	4,229	9,486
Total current assets	5,649,477	5,215,050
Non-current assets		
Property, plant and equipment		
Buildings, net	19,693	19,123
Vehicles, net	2,323	2,032
Tools, furniture and fixtures, net	19,931	20,178
Land	376	376
Leased assets, net	9,600	8,800
Total property, plant and equipment	51,925	50,511
Intangible assets		
Software	12,051	10,768
Other	5,643	5,643
Total intangible assets	17,695	16,412
Investments and other assets		
Investment securities	1,087,730	1,057,443
Shares of subsidiaries and associates	76,399	76,399
Long-term loans receivable	4,800	4,200
Long-term prepaid expenses	19,318	16,884
Prepaid pension costs	67,992	114,655
Deferred tax assets	130,037	71,431
Other	128,340	128,682
Total investments and other assets	1,514,618	1,469,697
Total non-current assets	1,584,239	1,536,620
Total assets	7,233,717	6,751,670

(Thousand yen)

	As of March 31,2021	As of June 30,2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	366,371	332,554
Lease obligations	3,480	3,518
Accounts payable - other	113,496	194,513
Accrued expenses	182,102	124,910
Income taxes payable	212,346	19,452
Accrued consumption taxes	196,126	170,714
Advances received	39,669	49,570
Deposits received	28,402	199,088
Provision for bonuses	635,578	268,744
Provision for loss on projects	575	575
Other	742	2,165
Total current liabilities	1,778,892	1,365,807
Non-current liabilities		
Lease obligations	7,432	6,538
Provision for retirement benefits	245,931	250,858
Provision for retirement benefits for directors (and other officers)	3,275	3,275
Total non-current liabilities	256,639	260,672
Total liabilities	2,035,531	1,626,479
<b>Net assets</b>		
Shareholders' equity		
Share capital	491,031	491,031
Capital surplus		
Legal capital surplus	492,898	492,898
Other capital surplus	6,173	6,210
Total capital surplus	499,072	499,109
Retained earnings		
Legal retained earnings	29,890	29,890
Other retained earnings		
General reserve	830,000	830,000
Retained earnings brought forward	3,165,785	3,114,311
Total retained earnings	4,025,675	3,974,201
Treasury shares	(212,170)	(212,714)
Total shareholders' equity	4,803,609	4,751,628
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	394,576	373,563
Total valuation and translation adjustments	394,576	373,563
Total net assets	5,198,185	5,125,191
Total liabilities and net assets	7,233,717	6,751,670

Quarterly Non-consolidated Statements of Income

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

(Thousand yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	2,551,583	2,856,598
Cost of sales	2,114,139	2,332,256
Gross profit	437,444	524,342
Selling, general and administrative expenses		
Salaries and bonuses	104,168	104,646
Remuneration for directors (and other officers)	37,506	42,437
Provision for bonuses	24,538	26,951
Retirement benefit expenses	3,071	2,971
Depreciation	3,488	2,935
Rent expenses	23,896	23,490
Other	94,044	105,859
Total selling, general and administrative expenses	290,716	309,293
Operating profit	146,728	215,049
Non-operating income		
Dividend income	8,993	9,301
Other	1,348	101
Total non-operating income	10,341	9,403
Non-operating expenses		
Interest expenses	152	115
Other	0	4
Total non-operating expenses	152	119
Ordinary profit	156,917	224,333
Profit before income taxes	156,917	224,333
Income taxes - current	552	552
Income taxes - deferred	46,828	67,879
Total income taxes	47,380	68,431
Profit	109,537	155,901