

Quest Co.,Ltd  
2<sup>nd</sup> Quarter of FY2021(Ending Mar/2022)

# Financial result briefing

Representative Director, President and  
Chief Executive Officer

**Akio Oka**  
17/November/2021



## 1. Financial results for the 2<sup>nd</sup> Qtr of FY2021

(April 1,2021 – September 30,2021)

## 2. FY2021 Financial forecast

## 3. Topics



- Sales increased by 9.1% compared to the same period of FY2020
  - ✓ System development increased by 10.5%
  - ✓ Infrastructure services increased by 7.8%
- Operating Profit increased by 17.9% compared to the same period of FY2020
  - ✓ Due to sales increment and activities for efficiency improvement (+)
  - ✓ Investment to acquire new technologies in growth areas (–)
  - ✓ Investments related to internal DX activities. (–)

# 1. 2<sup>nd</sup> Qtr of FY2021(y-to-d) Financial results(vs same period of FY2020)



in mil JPY

	FY2020 2 <sup>nd</sup> Qtr (Act.)	FY2021 2 <sup>nd</sup> Qtr (Act.)	Diff.	Diff. ratio
Sales	5,277	5,759	+482	+9.1%
Op. Profit	379	447	+68	+17.9%
<i>Ratio vs sales</i>	7.2%	7.8%	–	+0.6Point
Ord. Profit	398	472	+74	+18.5%
<i>Ratio vs sales</i>	7.5%	8.2%	–	+0.7Point
Net Profit	273	328	+55	+19.9%
EPS(yen)	52.86yen	63.28yen	+10.42yen	+19.7%

# 1. Sales by Biz. Segment (vs same period of FY2020)



in mil JPY

	FY2020 2 <sup>nd</sup> Qtr		FY2021 2 <sup>nd</sup> Qtr		Diff.	Diff. Ratio
	Act.	<i>ratio</i>	Act.	<i>ratio</i>		
System Development	2,869	54.4%	3,169	55.0%	+300	+10.5%

## ■ Increase services to Semiconductor manufacturer

- Increase services corresponding to high production upon high demand
- Expansion and continuation of services in new area (Accounting, Product supply and demand etc.)

## ■ Increase system development and maintenance projects for customers in Finance sector

- Increase in system development and maintenance projects for securities and banks

# 1. Sales by Biz. Segment (vs same period of FY2020)



in mil JPY

	FY2020 2 <sup>nd</sup> Qtr		FY2021 2 <sup>nd</sup> Qtr		Diff.	Diff. Ratio
	Act.	<i>ratio</i>	Act.	<i>ratio</i>		
Infra- services	2,392	45.3%	2,577	44.8%	+185	+7.8%

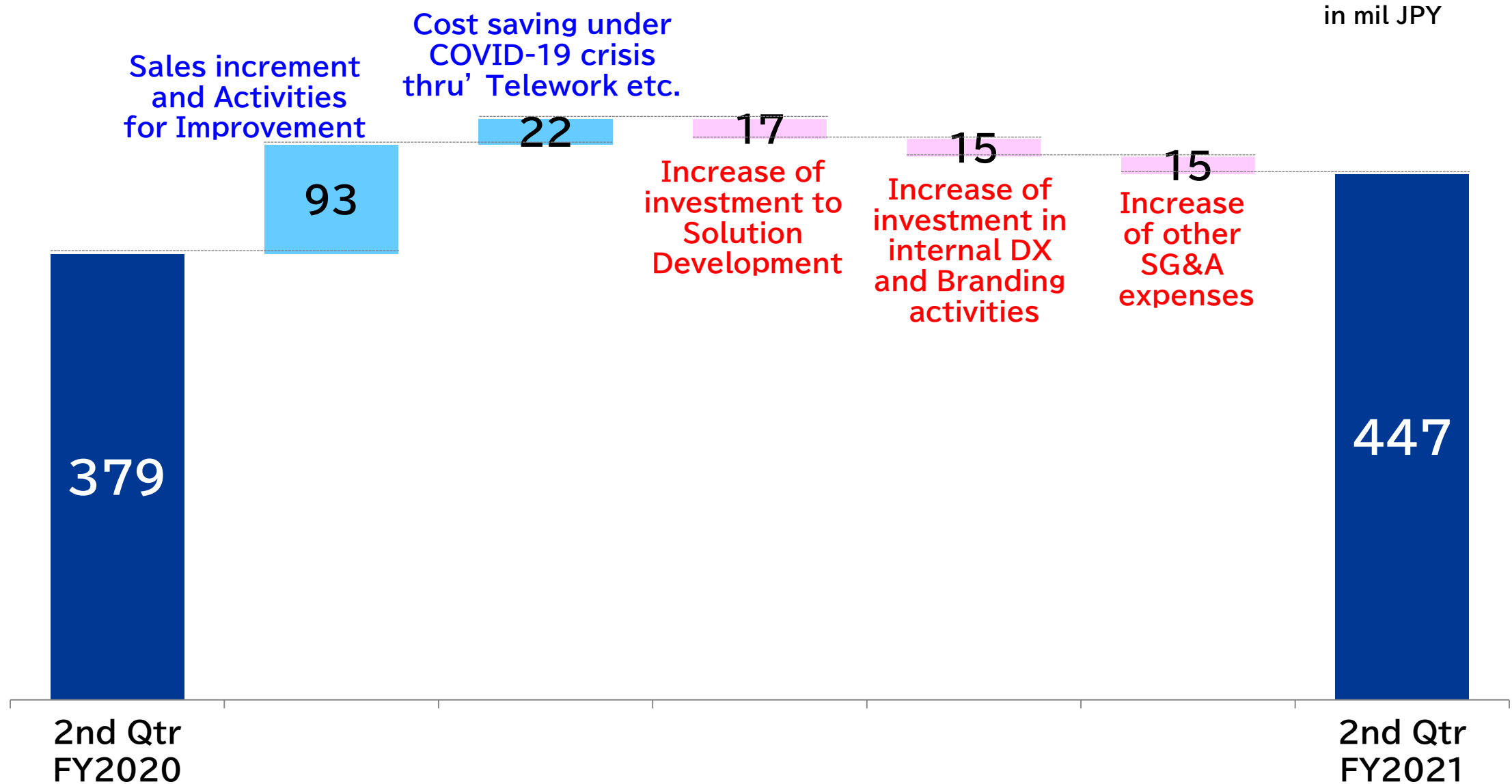
## ■ Expansion of Network service business

- Increase installation of Network and Telework environment upon needs from customers in Semiconductor, Telecommunications and Public sectors.

## ■ Expansion of Cloud service business and remote monitoring / operation services

- Increase Lift-and-Shift services to Cloud Environment of data center for B2C business of Elec. customer etc.

# 1. Analysis of Operating profit (vs same period of FY2020)



# 1. Comparison to forecast



in mil JPY

	FY2021 2 <sup>nd</sup> Qtr (forecast on May 13)	FY2021 2 <sup>nd</sup> Qtr (rev. forecast on July 26)	FY2021 2 <sup>nd</sup> Qtr (Act.)	Diff. (vs forecast on May 13)	Diff. ratio (vs forecast on May 13)
Sales	5,550	5,735	5,759	+209	+3.8%
Op. Profit	294	346	447	+153	+52.3%
<i>Ratio vs sales</i>	5.3%	6.0%	7.8%	—	+2.5Point
Ord. Profit	311	365	472	+161	+51.8%
<i>Ratio vs Sales</i>	5.6%	6.4%	8.2%	—	+2.6Point
Net Profit	213	250	328	+115	+54.1%
EPS(yen)	41.10 yen	48.20 yen	63.28yen	+22.18 yen	+54.0%



# 1. Progress of Mid-term plan for FY2021-2023



## 【Basic Policy】

## 【Measures and Progress】

### Change of the business structure

- Expansion of current solution
  - Expansion of Cloud, Platform, Security business
- Acquisition of technology and skills in data analysis tools to expand into enhanced areas
- Business alliance and entering into partner agreement
  - Promote expansion of ERP services and digital workplace business



### Change of the industrial portfolio

- Strengthening entry into priority areas
  - Increase in demand from semiconductor-related customers
  - Increase in new business and inquiries from healthcare and medical related customers
- Allocate resources responding to changes in the market and business environment



### Change of the business constitution

- Preparing an environment for data-driven management
  - Investment exceeding the previous fiscal year (☁️ slightly delayed than expected)
- Hiring leaders of the next generation and strengthening the personnel system (☁️)
- Improve profitability through operational improvements





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## 2. Awareness / assumptions of Business environment



	Original awareness / assumptions	Current awareness / assumptions
<b>Novel coronavirus</b>	<ul style="list-style-type: none"> <li>• Vaccination just started in Japan (Vaccine supply and operation were pointed out)</li> <li>• Sustained due to Virus mutant</li> <li>• Telework requirement from GOV.</li> <li>• Restricted biz activities</li> </ul>	<ul style="list-style-type: none"> <li>• Acceleration of vaccination (more than 70% of vaccination rate)</li> <li>• Reducing the severe cases due to vaccine effect</li> <li>• Signs of recovery and normalization of economic activity</li> </ul>
<b>Customer &amp; Market trend</b>	<ul style="list-style-type: none"> <li>• Acceleration of DX</li> <li>• Reinforcement of new working style</li> <li>• Investment for automation &amp; labor saving</li> <li>• Potential of slow-down in IT investments</li> </ul>	<ul style="list-style-type: none"> <li>• Acceleration of DX</li> <li>• Impact of semiconductor supply-demand balance issues and rising raw material and purchase prices due to the ongoing depreciation of JPY</li> </ul>

- ✓ Steadily implement investments to achieve the goals set forth in our mid- to long-term plan “Quest Vision 2030”
- ✓ Further strengthen cooperation with customers, grasp market changes accurately, and respond to the demand of digitalization with a sense of speed.

## 2. Full-year forecast



- Upwardly revised full-year earnings forecast based on progress up to 2<sup>nd</sup> Qtr

in mil JPY

	FY2020 (Act.)	FY2021 (Rev. forecast on Jul. 26)	FY2021 (Cur. forecast on Oct. 29)	Diff. ratio vs FY2020
Sales	11,181	11,815	11,860	+6.1%
Op. Profit	879	752	888	+0.1%
<i>Ratio vs sales</i>	7.9%	6.4%	7.5%	-0.4Point
Ord. Profit	917	789	932	+1.6%
<i>Ratio vs sales</i>	8.2%	6.7%	7.9%	-0.3Point
Net Profit	636	540	646	+1.5%

## 2. Shareholder Return Policy



~Toward the realization of shareholder-oriented management~

### 【Shareholder Return Policy】

We have always positioned the stable return of profits to our shareholders as an important management issue, and will actively distribute profits as our business performance grows, while securing sufficient internal reserves to prepare for unforeseen circumstances, acquire future technologies, and secure human resources.

### 【Basic Policy on Dividends from Surplus】

- We will adopt DOE\* (dividend on equity) as an index and aim to achieve a DOE of 5.0%.

### 【Shareholder Return Policy for FY2021】

- The year-end dividend is planned to be 40 yen per share.
- FY2020 actual 40 yen (DOE 4.3%)

(note)\*:DOE=  $\frac{\text{Individual dividends per share for common stock (annual)}}{(\text{Net assets per share at beginning} + \text{Net assets per share at end}) \div 2} \times 100$



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# 3-1. Redefining the management philosophy system



- Redefine the management philosophy by considering what the company should be in 2030, adopting the voices of employees.

## Corporate Message/Brand slogan **Quest For More**

### Philosophy

Pursue technology, create value and grow together with customers.

### Purpose

Quest will continue to support the safety and well-being of people and society with our technological capabilities and creativity.

### Vision

For realization of the digital data society performing co-creates the value, Quest will continue to become a leading company in “IT services trusted by you”.

### Values

Quest use innovative technologies to provide “sincere service” . Sincere service means “Beyond the constraints of time and place, automating operations and supplementing and reinforcing human power”.

### Quest Way

- ◇Quest & Exploration
- ◇Technology focused
- ◇Customer-focused
- ◇Cultivation of Human resources
- ◇Social contribution
- ◇Corporate ethics and compliance with laws
- ◇Steadiness & sincerity
- ◇Diversity and communication
- ◇Teamwork
- ◇Speedy decision making

# 3-1. QuestVision2030



## QuestVision2030

Phase1  
(2021-2023)

FY2021 Mid Range Plan

Phase2  
(2024-2026)

Phase3  
(2027-2029)

2030年度

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



## 3-2. Brand strategy: Corporate logo change



私たちの新ロゴ  
Our new logo



 **Quest**

から  
to

 **Quest**

青空のブルーに太陽のイエローが加わり、  
Joining yellow of sun with blue of sky,  
輝く未来へ、今にも前へ動き出すカタチに。  
the shape about to move towards the happier future.

## 3-2. Brand strategy: Brand slogan and Brand promise



- Create a brand slogan and brand promise through a mid - to long-term planning project involving the entire company

### Brand slogan

## Quest For More

The slogan expresses our will to “Explore and Quest further”, driven by the “spirit of sincere inquiry” that Quest values most as a corporate gene.

Explore: Through a sincere mind and creativity, we will make our customers’ operations more efficient and provide value that exceeds their expectations.

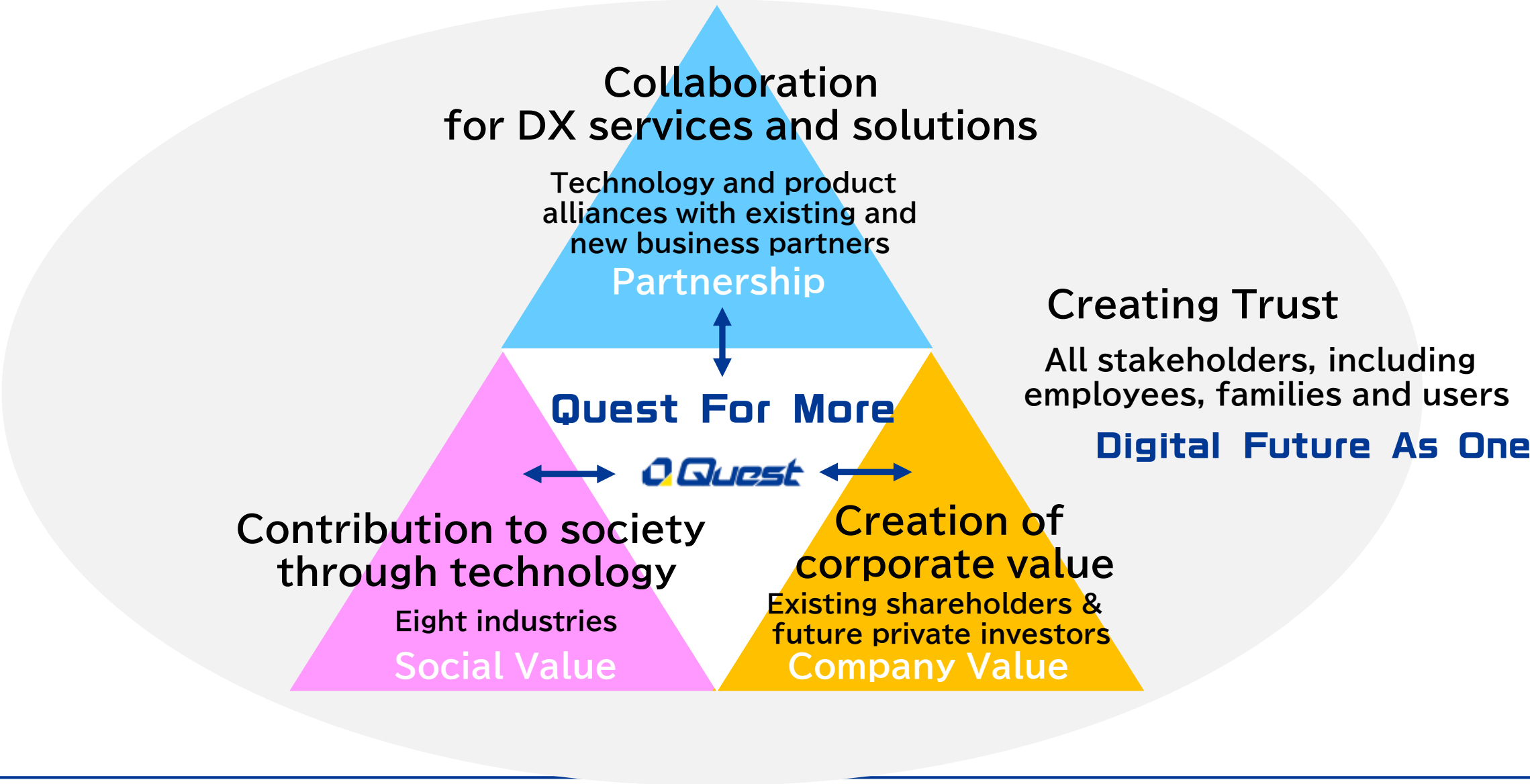
Search: We will take on the challenge of developing new markets and acquiring new technologies to contribute to the realization of a more convenient and happier society.

### Brand promise

## Digital Future As One

We will contribute to a new society by providing services and solutions that bring higher value to our customers, partners, employees, and families as we work toward the realization of a digital data society, or Digital Future, as envisioned in Quest Vision2030.

# 3-2. Brand strategy: Brand Aspirations and Relationships





# NEWS RELEASE



14/Sep/2021

## Announcement of Business Alliance with Avanade

Quest Co., Ltd.(Headquarters: Minato-ku, Tokyo; President and CEO: Akio Oka) has reached an agreement with Japan Avanade (Headquarters: Minato-ku, Tokyo; General Manager: Yutaka Yasuma), a leading digital innovator in the Microsoft ecosystem, to establish a strategic structure to strengthen cooperation in areas such as Microsoft Dynamics 365 and Microsoft 365.

### 1. Aim of the alliance

As part of the strategic alliance, our company will establish a new organization for this business alliance with Avanade. In each service field, we will integrate the expertise, technical capabilities, and thinking ability of each industry with Avanade Corporation,

# 3-4. Our efforts in the Corona crisis



- Promotion of telework and continuation of proactive external announcements
- Implementing measures to thoroughly prevent infection and support the safety of working employees

## Telework promotion



- Obtained "Telework Tokyo Rules" declaration.
- Participation in "Telework Days 2021" (\*)
- Continue to achieve telework rate target of 70%  
(\*Jul. 19 ~ Sep. 5)

## Continuous publicity



- Opening special page of Corona measure
  - Continue to disclose the information on telework status, in accordance with government policies and requests.

## Infection prevention and control



- Reduction in face-to-face opportunities
  - Promote remote meetings, reduce unnecessary business trips, etc.
- Implementation of basic infection prevention measures
  - Wearing masks, alcohol disinfection, thorough ventilation, etc.

## Improving the security of employees' work



- Enhancement of special leave
- Vaccination in the workplace
- Incentive payments.



- This information is intended to provide information about our performance and business strategy and is not intended to solicit the purchase or sale of our shares.
- Estimates, targets and outlooks included in this report are forward-looking statements based on information available as of the date of publication and including potential risk and uncertainty. Therefore, results and outcomes may differ materially from the forward-looking statements and no guarantee is made that targets will be reached. All such statements are subject to change without notice.
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# Digital Future As One



– Appendix –



# (Ref.)Balance sheet



in mil JPY

	Mar.31 2021	Sep. 30 2021	Diff.	Descriptions
<b>Assets</b>	<b>7,233</b>	<b>7,105</b>	<b>-128</b>	
Current assets	5,649	5,492	-157	Notes account receivables and money held in trust (-76) Cash and deposits (-67)
Non-current assets	1,584	1,612	+28	Prepaid pension costs (+94) Deferred tax assets (-30)
<b>Liabilities and net assets</b>	<b>7,233</b>	<b>7,105</b>	<b>-128</b>	
Liabilities	2,035	1,796	-239	Income taxes payable(-72) Accrued cons. taxes (-69) Account payable - oth. (-40)
Net assets	5,198	5,309	+111	Retained earnings brought forward (+120)

# (Ref.) Cash flow statement



in mil JPY

	For the 6 months ended Sep.30 2020	For the 6 months ended Sep.30 2021	Descriptions
Cash flows from operating activities	293	142	Profit before income taxes (+472) Income taxes paid (-177)
Cash flows from investing activities	-105	-2	Purchase of property, plant and equipment (-2)
Cash flows from financing activities	-181	-207	Dividends paid (-205)
Net increase (decrease) in cash and cash equivalents	6	-67	
Cash and cash equivalents at end of period	2,699	2,986	



– EOF –