



# Financial Results for the Six-Month Period Ended September 30, 2023 [Japan GAAP] (Consolidated)

November 9, 2023

Company Name: Honyaku Center Inc.

Exchange listed on: Tokyo Stock Exchange

Securities Code: 2483 URL <https://www.honyakuctr.com>

Representative: (Title) President

(Name) Shunichiro Ninomiya

Contact: (Title) Administrative and Accounts Director

(Name) Masashi Uotani

TEL. 06-6282-5013

Scheduled date for submission of quarterly report: November 14, 2023

Scheduled commencement date of dividends payment: -

Preparation of supplementary materials for quarterly report: None

Convening quarterly results briefing: Yes

(Amounts rounded down to the nearest millions of yen)

## 1. Consolidated Financial Results for the Six-Month Period Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

### (1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company's shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
Six-month period ended September 30, 2023	5,429	3.6	350	(9.8)	364	(6.7)	236	(8.6)
Six-month period ended September 30, 2022	5,238	5.4	389	20.5	390	17.9	259	17.9

(Note)

Comprehensive income Six-month period ended

September 30, 2023 247 million yen [(-11.8)%]

Six-month period ended

September 30, 2022 280 million yen [23.9%]

	Net income per share	Net income per share – diluted
	Yen	Yen
Six-month period ended September 30, 2023	70.97	-
Six-month period ended September 30, 2022	77.81	-

### (2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Six-month period ended September 30, 2023	7,691	5,782	75.1
Fiscal year ended March 31, 2023	7,486	5,672	75.7

(Reference)

Shareholders' equity

Six-month period ended

September 30, 2023 5,782 million yen

Fiscal year ended

March 31, 2023 5,672 million yen

## 2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	45.00	45.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (forecast)			-	50.00	50.00

(Note) Revision of the dividend forecast released most recently: None

### 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to the parent company's shareholders		Net income per share
Full year	million yen	%	million yen	%	million yen	%	million yen	%	Yen
	11,550	5.5	1,000	7.6	1,020	6.1	700	1.9	209.56

(Note) Revision of the consolidated results forecast released most recently: None

#### \*Notes

(1) Changes in major subsidiaries during the period under review (Change in specific subsidiaries resulting in a change in scope of consolidation): None

Newly consolidated: - company (companies) (company name)

Excluded: - company (companies) (company name)

(2) Adoption of special accounting procedures for preparation of the quarterly consolidated financial statements: Yes

(Note) For details, see “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to quarterly consolidated financial statements (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on Page 10 of the attachments

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards: None

2) Change in accounting policies other than item 1) above: None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

2) Number of treasury shares at the end of the period

3) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)

Six-month period ended September 30, 2023	3,369,000shares	Fiscal year ended March 31, 2023	3,369,000shares
Six-month period ended September 30, 2023	25,522shares	Fiscal year ended March 31, 2023	32,222shares
Six-month period ended September 30, 2023	3,338,692shares	Six-month period ended September 30, 2022	3,332,707shares

\* Quarterly financial results are not subject to quarterly reviews by a Certified Public Accountant or audit firm.

\* Explanation of appropriate use of the financial forecast and other special remarks

The forward-looking statements, such as the financial forecast, provided in this material are based on information currently available to Honyaku Center Inc. (“Company”) and certain assumptions that the Company believes are reasonable, and are not intended as a guarantee that the Company will achieve the same. In addition, actual results, including financial performance, may significantly differ due to various factors. For assumptions for operating results forecasts and points to consider in utilizing them, please see “1. Qualitative Information on Quarterly Financial Results under Review, (3) Explanation of future forecast information such as consolidated financial results forecasts” on Page 5 of the attachments.

○ Table of Contents of Attachments

1. Qualitative Information on Quarterly Financial Results under Review .....	4
(1) Explanation of operating results .....	4
(2) Explanation of financial position .....	5
(3) Explanation of future forecast information such as consolidated financial results forecasts .....	5
2. Quarterly Consolidated Financial Statements and Key Notes .....	6
(1) Quarterly consolidated balance sheet .....	6
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income .....	7
(Quarterly consolidated statement of income)	
(Six-month period) .....	7
(Quarterly consolidated statement of comprehensive income)	
(Six-month period) .....	8
(3) Quarterly consolidated statement of cash flows .....	9
(4) Notes to quarterly consolidated financial statements .....	10
(Notes to assumptions for going concerns) .....	10
(Notes when there is a significant change in the amount of shareholders' equity) .....	10
(Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements) ...	10
(Segment information) .....	11

## 1. Qualitative Information on Quarterly Financial Results under Review

### (1) Explanation of operating results

Concerning the financial results for the six-month period under review, there were signs of moderate improvement in the Japanese economy as various restrictions to deal with the novel coronavirus (COVID-19) were relaxed. However, there were concerns over a downturn of the global economy due to factors such as increasing geopolitical risks, soaring raw materials prices, rising prices and global monetary tightening, and thus the outlook of the Japanese economy remains uncertain.

Under these circumstances, the Group, based on the Medium-Term Management Plan, a three-year plan that started in the fiscal year ended March 2023, aimed for sustainable growth in its core Translation Business, and strove to capture the demand for translation and interpretation accompanying corporate global expansion by actively utilizing the latest technologies, such as translation support tools and machine translation.

As a result, for the operating results for the six-month period under review, the Honyaku Center Group (Group) posted net sales of 5,429 million yen, up 3.6% on a year-on-year basis, as the Translation Business, which is the core business, performed well, while the Temporary Staffing Business recovered and the Interpretation Business saw growth. In terms of profit, the Group posted operating income of 350 million yen, down 9.8% on a year-on-year basis; ordinary income of 364 million yen, down 6.7% on a year-on-year basis; and net income attributable to the parent company's shareholders of 236 million yen, down 8.6% on a year-on-year basis due to increased selling, general and administrative expenses, mainly personnel expenses.

The Group's business performance by segment is as follows.

#### 1) Translation Business

In the Patent field, net sales increased by 8.8% on a year-on-year basis to 1,447 million yen due to strong orders from patent firms, one of the major customers of the Group, and intellectual property departments of corporations, continuing from the previous fiscal year. In the Medical field, net sales declined by 8.7% on a year-on-year basis to 1,232 million yen as a result of lower orders from foreign pharmaceutical companies and contract research organizations (CRO), in spite of the recovery in orders from domestic pharmaceutical companies due to increased orders from several customers. The Industrial & Localization field saw growing orders from the manufacturing industry, such as automobile, machinery, and electric equipment manufacturers, and the winning of orders for one-off projects, and net sales increased by 8.5% on a year-on-year basis, to 1,088 million yen. In the Finance & Legal field, net sales increased by 5.5% on a year-on-year basis to 317 million yen due to an increase in orders from administration departments of corporations in addition to continued orders for IR documents given the demand for disclosure of English documents by listed companies.

As a result, net sales of the Translation Business were 4,086 million yen, up 2.5% on a year-on-year basis.

#### 2) Temporary Staffing Business

In the Temporary Staffing Business, net sales amounted to 595 million yen, up 6.9% on a year-on-year basis, because the number of staff under regular employment exceeded the same period of the previous year due to steady demand for staff with strong language skills.

#### 3) Interpretation Business

In the Interpretation Business, net sales increased by 22.1% on a year-on-year basis to 514 million yen due to the Group's winning of large one-off projects from precision equipment manufacturers, in addition to continued orders from financial institutions, pharmaceutical companies, precision/telecommunications equipment manufacturers, and foreign consulting firms, which are major customers of the Group.

#### 4) Convention Business

In the Convention Business, net sales decreased by 32.6% on a year-on-year basis to 58 million yen because orders for international conferences and various exhibitions declined due to fiercer competition.

#### 5) Other

In the Other segment, net sales amounted to 175 million yen, down 7.7% on a year-on-year basis, as a result of factors such as low enrollment in the interpreter and translator school ISS Institute, Inc., in the Language Education Business, although FIPAS Inc., which provides support for foreign patent applications, including the preparation of patent specifications and the application process, was on a recovery track.

(2) Explanation of financial position

(Assets)

Current assets as of the end of the second quarter under review were 6,704 million yen, up 93 million yen compared with the end of the previous fiscal year. This was mainly due to an increase in work in process. Non-current assets increased by 111 million yen from the end of the previous fiscal year to 987 million yen. This was mainly due to an increase in goodwill.

As a result, total assets were 7,691 million yen, up 204 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the second quarter under review were 1,705 million yen, up 87 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in accounts payable - other and income taxes payable. Non-current liabilities were 203 million yen, up 7 million yen from the end of the previous fiscal year. This was mainly due to an increase in retirement benefit liability.

As a result, total liabilities were 1,909 million yen, up 95 million yen compared to the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the second quarter under review were 5,782 million yen, up 109 million yen compared to the end of the previous fiscal year. This was mainly due to recording net income attributable to the parent company's shareholders and the payment of dividends of surplus.

(Cash flows)

Cash and cash equivalents as of the end of the second quarter under review were 4,114 million yen, up 175 million yen compared to the end of the previous fiscal year.

Cash flows and factors for changes thereof in the six-month period under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 426 million yen (118 million yen of proceeds in the same period of the previous year).

This was mainly due to 362 million yen of net income before income taxes and 233 million yen provided by a decrease in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 109 million yen (20 million yen of payments in the same period of the previous year).

This was mainly due to 117 million yen of payments for acquisition of businesses.

(Cash flows from financing activities)

Net cash used in financing activities was 150 million yen (133 million yen of payments in the same period of the previous year) due to the payment of dividends.

(3) Explanation of future forecast information such as consolidated financial results forecasts

For the financial results forecasts for the fiscal year ending March 2024, there is no change in the consolidated financial results forecasts for the full year disclosed in "Financial Results for the Fiscal Year Ended March 31, 2023" released on May 11, 2023.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly consolidated balance sheet

(Thousand yen)

	Previous fiscal year As of March 31, 2023	Second quarter under review As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	4,133,859	4,312,851
Notes and accounts receivable - trade, net	2,172,330	1,938,471
Work in process	150,234	266,144
Other	154,701	186,989
Total current assets	6,611,126	6,704,457
Non-current assets		
Property, plant and equipment	36,656	33,638
Intangible assets		
Goodwill	-	75,740
Other	46,555	38,366
Total intangible assets	46,555	114,107
Investments and other assets	792,476	839,305
Total non-current assets	875,688	987,052
Total Assets	7,486,815	7,691,509
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	772,164	810,299
Income taxes payable	113,490	154,363
Refund liability	3,243	1,859
Provision for bonuses	292,532	278,787
Other	436,983	460,503
Total current liabilities	1,618,413	1,705,813
Non-current liabilities		
Provision for directors' retirement benefits	3,200	3,200
Retirement benefit liability	192,277	200,081
Total non-current liabilities	195,477	203,281
Total Liabilities	1,813,891	1,909,094
<b>Net assets</b>		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	4,642,907	4,725,180
Treasury shares	(79,267)	(62,785)
Total shareholders' equity	5,630,906	5,729,661
Accumulated other comprehensive income		
Foreign currency translation adjustment	44,195	54,659
Accumulated remeasurements of defined benefit plans	(2,178)	(1,906)
Total accumulated other comprehensive income	42,017	52,752
Total Net Assets	5,672,923	5,782,414
Total liabilities and net assets	7,486,815	7,691,509

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(Six-month period)

(Thousand yen)

	Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)	Six-month period under review (From April 1, 2023 to September 30, 2023)
Net sales	5,238,786	5,429,955
Cost of sales	2,763,826	2,874,383
Gross profit	2,474,959	2,555,572
Selling, general and administrative expenses	2,085,891	2,204,764
Operating income	389,068	350,807
Non-operating income		
Share of profit of entities accounted for using equity method	15,400	17,675
Other	594	1,267
Total non-operating income	15,994	18,942
Non-operating expenses		
Foreign exchange losses	14,288	5,364
Other	0	0
Total non-operating expenses	14,288	5,364
Ordinary income	390,774	364,385
Extraordinary losses		
Loss on retirement of non-current assets	12	2,040
Total extraordinary losses	12	2,040
Net income before income taxes	390,762	362,345
Income taxes	131,418	125,368
Net income	259,343	236,977
Net income attributable to the parent company's shareholders	259,343	236,977

(Quarterly consolidated statement of comprehensive income)  
(Six-month period)

(Thousand yen)

	Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)	Six-month period under review (From April 1, 2023 to September 30, 2023)
Net income	259,343	236,977
Other comprehensive income		
Foreign currency translation adjustment	21,107	10,463
Remeasurements of defined benefit plans	515	271
Total other comprehensive income	21,622	10,735
Comprehensive income	280,965	247,712
(Components)		
Comprehensive income attributable to the parent company's shareholders	280,965	247,712
Comprehensive income attributable to non-controlling interests	-	-



## (3) Quarterly consolidated statement of cash flows

(Thousand yen)

	Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)	Six-month period under review (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Net income before income taxes	390,762	362,345
Depreciation	16,513	12,654
Share-based remuneration expenses	3,409	4,808
Amortization of goodwill	-	5,867
Increase (decrease) in allowance for doubtful accounts	735	848
Increase (decrease) in provision for bonuses	9,957	(13,745)
Increase (decrease) in provision for directors' bonuses	(10,000)	(8,100)
Increase (decrease) in net defined benefit liability	9,945	8,195
Decrease (increase) in net defined benefit asset	(1,437)	(679)
Interest and dividend income	(18)	(19)
Share of loss (profit) of entities accounted for using equity method	(15,400)	(17,675)
Loss on retirement of non-current assets	12	2,040
Decrease (increase) in trade receivables	164,434	233,490
Decrease (increase) in inventories	(45,118)	(116,431)
Increase (decrease) in notes and accounts payable – trade	(17,024)	37,749
Other	(164,263)	1,540
Subtotal	342,508	512,887
Interest and dividends received	18	19
Income taxes paid	(224,176)	(86,821)
Net cash provided by (used in) operating activities	118,349	426,085
Cash flows from investing activities		
Purchase of property, plant and equipment	(796)	(2,284)
Purchase of intangible assets	(5,202)	(1,200)
Payments for acquisition of businesses	-	(117,345)
Payments into time deposits	(3,000)	(3,000)
Payments for guarantee deposits	(11,972)	(11,282)
Proceeds from collection of guarantee deposits	206	25,733
Net cash provided by (used in) investing activities	(20,765)	(109,380)
Cash flows from financing activities		
Dividends paid	(133,243)	(150,155)
Net cash provided by (used in) financing activities	(133,243)	(150,155)
Effect of exchange rate change on cash and cash equivalents	18,790	9,441
Net increase (decrease) in cash and cash equivalents	(16,868)	175,990
Cash and cash equivalents at beginning of period	3,710,407	3,938,982
Cash and cash equivalents at end of period	3,693,539	4,114,973

(4) Notes to quarterly consolidated financial statements

(Notes to assumptions for going concerns)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Adoption of special accounting procedures for preparation of the quarterly consolidated financial statements)

With respect to tax expenses, the Company reasonably estimated the effective tax rate after applying tax effect accounting to net income before income taxes in the fiscal year containing the second quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.

(Segment information)

Segment information

I. Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)

1. Information on net sales, income or loss, and breakdown of revenue by reporting segment

(Thousand yen)

	Reporting segment					Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretatio n Business	Convention Business	Total		
Net sales							
Translation							
Patent	1,329,960	-	-	-	1,329,960	-	1,329,960
Medical	1,350,702	-	-	-	1,350,702	-	1,350,702
Industrial & Localization	1,002,446	-	-	-	1,002,446	-	1,002,446
Finance & Legal	300,862	-	-	-	300,862	-	300,862
Temporary Staffing	-	556,785	-	-	556,785	-	556,785
Interpretation	-	-	421,623	-	421,623	-	421,623
Convention	-	-	-	86,692	86,692	-	86,692
Other	-	-	-	-	-	189,714	189,714
Revenue from customer contracts	3,983,971	556,785	421,623	86,692	5,049,072	189,714	5,238,786
Other revenue	-	-	-	-	-	-	-
Sales to external customers	3,983,971	556,785	421,623	86,692	5,049,072	189,714	5,238,786
Intersegment sales or transfer	25,482	-	32,274	-	57,757	838	58,595
Total	4,009,454	556,785	453,897	86,692	5,106,829	190,552	5,297,382
Segment income (loss)	404,542	25,470	3,523	(16,299)	417,237	(30,463)	386,773

(Note) "Other" represents segments not included in reporting segments and includes the overseas patent application support business.

2. Difference between total income or loss of reporting segment and amounts reported in quarterly consolidated statement of income and major components thereof (matters concerning difference adjustment)

(Thousand yen)

Income	Amount of payment
Reporting segment total	417,237
"Other" income	(30,463)
Elimination of intersegment transactions	2,294
Operating income in quarterly consolidated statement of income	389,068

II. Six-month period under review (From April 1, 2023 to September 30, 2023)

1. Information on net sales, income or loss, and breakdown of revenue by reporting segment

(Thousand yen)

	Reporting segment					Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretatio n Business	Convention Business	Total		
Net sales							
Translation							
Patent	1,447,395	-	-	-	1,447,395	-	1,447,395
Medical	1,232,928	-	-	-	1,232,928	-	1,232,928
Industrial & Localization	1,088,197	-	-	-	1,088,197	-	1,088,197
Finance & Legal	317,509	-	-	-	317,509	-	317,509
Temporary Staffing	-	595,650	-	-	595,650	-	595,650
Interpretation	-	-	514,811	-	514,811	-	514,811
Convention	-	-	-	58,408	58,408	-	58,408
Other	-	-	-	-	-	175,055	175,055
Revenue from customer contracts	4,086,030	595,650	514,811	58,408	5,254,900	175,055	5,429,955
Other revenue	-	-	-	-	-	-	-
Sales to external customers	4,086,030	595,650	514,811	58,408	5,254,900	175,055	5,429,955
Intersegment sales or transfer	16,877	3,304	351	-	20,533	1,448	21,981
Total	4,102,907	598,954	515,162	58,408	5,275,433	176,503	5,451,937
Segment income (loss)	393,206	26,183	33,561	(49,945)	403,005	(54,070)	348,934

(Note) "Other" represents segments not included in reporting segments and includes the overseas patent application support business.

2. Difference between total income or loss of reporting segment and amounts reported in quarterly consolidated statement of income and major components thereof (matters concerning difference adjustment)

(Thousand yen)

Income	Amount of payment
Reporting segment total	403,005
"Other" income	(54,070)
Elimination of intersegment transactions	1,873
Operating income in quarterly consolidated statement of income	350,807