



Financial Results for the Nine-Month Period Ended December 31, 2023 [Japan GAAP] (Consolidated)

February 8, 2024

Company Name: Honyaku Center Inc. Exchange listed on: Tokyo Stock Exchange
 Securities Code: 2483 URL <https://www.honyakuctr.com>
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 Scheduled date for submission of quarterly report: February 13, 2024 Scheduled commencement date of dividends payment: -
 Preparation of supplementary materials for quarterly report: None
 Convening quarterly results briefing: None

(Amounts rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the Nine-Month Period Ended December 31, 2023 (From April 1, 2023 to December 31, 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	%
Nine-month period ended December 31, 2023	8,323	3.2	578	(6.9)	597	(4.7)	400	(4.2)
Nine-month period ended December 31, 2022	8,060	7.0	622	19.1	627	17.1	417	16.8

(Note)

Comprehensive income Nine-month period ended December 31, 2023 414 million yen (-7.1%) Nine-month period ended December 31, 2022 446 million yen (22.6%)

	Net income per share	Net income per share – diluted
	Yen	Yen
Nine-month period ended December 31, 2023	119.80	-
Nine-month period ended December 31, 2022	125.34	-

(2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine-month period ended December 31, 2023	7,677	5,949	77.4
Fiscal year ended March 31, 2023	7,486	5,672	75.7

(Reference)

Shareholders' equity Nine-month period ended December 31, 2023 5,949 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 (3) Notes to quarterly consolidated financial statements (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on Page 8 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)

Nine-month period ended December 31, 2023	3,369,000shares	Fiscal year ended March 31, 2023	3,369,000shares
Nine-month period ended December 31, 2023	25,522shares	Fiscal year ended March 31, 2023	32,222shares
Nine-month period ended December 31, 2023	3,340,128shares	Nine-month period ended December 31, 2022	3,333,928shares

* 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.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

Concerning the financial results for the nine-month period under review, there were signs of improvement in the Japanese economy as economic activities normalized due to the relaxation of various restrictions to deal with the novel coronavirus (COVID-19). However, there were concerns over an economic slowdown 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 nine-month period under review, the Honyaku Center Group (Group) posted net sales of 8,323 million yen, up 3.2% on a year-on-year basis, as the Temporary Staffing Business, the Interpretation Business and the Convention Business saw growth, while sales slightly declined in the Translation Business, which is the core business. In terms of profit, the Group posted operating income of 578 million yen, down 6.9% on a year-on-year basis; ordinary income of 597 million yen, down 4.7% on a year-on-year basis; and net income attributable to the parent company's shareholders of 400 million yen, down 4.2% 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 6.7% on a year-on-year basis to 2,159 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 8.3% on a year-on-year basis to 1,870 million yen as a result of lower orders from Japanese pharmaceutical companies and foreign contract research organizations (CRO), although orders from foreign pharmaceutical companies remained nearly unchanged from the same period of the previous fiscal year.

In the Industrial & Localization field, net sales decreased by 0.7% on a year-on-year basis, to 1,652 million yen due to a reactionary decline after winning large projects in the same period of the previous fiscal year, despite growing orders from the manufacturing industry, such as automobile, machinery, and electric equipment manufacturers.

In the Finance & Legal field, net sales increased by 5.4% on a year-on-year basis to 449 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 6,132 million yen, down 0.3% on a year-on-year basis.

2) Temporary Staffing Business

In the Temporary Staffing Business, net sales amounted to 896 million yen, up 6.3% 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 25.9% on a year-on-year basis to 825 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 increased by 61.8% on a year-on-year basis to 210 million yen due to winning orders for the management of several international medical conventions.

5) Other

In the Other segment, net sales amounted to 258 million yen, down 6.2% on a year-on-year basis, as a result of factors such as low enrollment in the interpreter and translator school ISS Institute, Inc., 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 third quarter under review were 6,693 million yen, up 82 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 108 million yen from the end of the previous fiscal year to 984 million yen. This was mainly due to an increase in goodwill.

As a result, total assets were 7,677 million yen, up 190 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the third quarter under review were 1,520 million yen, down 98 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in provision for bonuses. Non-current liabilities were 208 million yen, up 12 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 1,728 million yen, down 85 million yen compared to the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the third quarter under review were 5,949 million yen, up 276 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.

(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

(Unit: Thousand yen)

	Previous fiscal year As of March 31, 2023	Third quarter under review As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,133,859	4,231,411
Notes and accounts receivable - trade, net	2,172,330	2,085,759
Work in process	150,234	221,230
Other	154,701	155,274
Total current assets	6,611,126	6,693,675
Non-current assets		
Property, plant and equipment	36,656	32,020
Intangible assets		
Goodwill	-	73,447
Other	46,555	34,212
Total intangible assets	46,555	107,659
Investments and other assets	792,476	844,381
Total non-current assets	875,688	984,061
Total Assets	7,486,815	7,677,737
Liabilities		
Current liabilities		
Accounts payable - trade	772,164	781,496
Income taxes payable	113,490	89,969
Refund liability	3,243	2,558
Provision for bonuses	292,532	160,774
Other	436,983	485,320
Total current liabilities	1,618,413	1,520,119
Non-current liabilities		
Provision for directors' retirement benefits	3,200	3,200
Retirement benefit liability	192,277	204,815
Total non-current liabilities	195,477	208,015
Total Liabilities	1,813,891	1,728,135
Net assets		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	4,642,907	4,888,373
Treasury shares	(79,267)	(62,785)
Total shareholders' equity	5,630,906	5,892,854
Accumulated other comprehensive income		
Foreign currency translation adjustment	44,195	58,518
Accumulated remeasurements of defined benefit plans	(2,178)	(1,770)
Total accumulated other comprehensive income	42,017	56,747
Total Net Assets	5,672,923	5,949,602
Total liabilities and net assets	7,486,815	7,677,737

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

(Unit: Thousand yen)

	Nine-month period in the previous fiscal year (From April 1, 2022 to December 31, 2022)	Nine-month period under review (From April 1, 2023 to December 31, 2023)
Net sales	8,060,471	8,323,013
Cost of sales	4,313,263	4,442,030
Gross profit	3,747,207	3,880,982
Selling, general and administrative expenses	3,125,122	3,302,316
Operating income	622,085	578,666
Non-operating income		
Share of profit of entities accounted for using equity method	29,196	26,869
Other	872	1,385
Total non-operating income	30,068	28,254
Non-operating expenses		
Foreign exchange losses	24,764	9,135
Other	0	72
Total non-operating expenses	24,765	9,208
Ordinary income	627,389	597,713
Extraordinary losses		
Loss on retirement of non-current assets	12	2,040
Total extraordinary losses	12	2,040
Net income before income taxes	627,377	595,672
Income taxes	209,485	195,502
Net income	417,891	400,170
Net income attributable to the parent company's shareholders	417,891	400,170

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

(Unit: Thousand yen)

	Nine-month period in the previous fiscal year (From April 1, 2022 to December 31, 2022)	Nine-month period under review (From April 1, 2023 to December 31, 2023)
Net income	417,891	400,170
Other comprehensive income		
Foreign currency translation adjustment	28,342	14,323
Remeasurements of defined benefit plans	669	407
Total other comprehensive income	29,011	14,730
Comprehensive income	446,903	414,900
(Components)		
Comprehensive income attributable to the parent company's shareholders	446,903	414,900
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for going concern)

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 third quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.

(Segment information)

Segment information

I. Nine-month period in the previous fiscal year (From April 1, 2022 to December 31, 2022)

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

(Unit: Thousand yen)

	Reporting segment					Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretation Business	Convention Business	Total		
Net sales							
Translation							
Patent	2,023,766	-	-	-	2,023,766	-	2,023,766
Medical	2,041,806	-	-	-	2,041,806	-	2,041,806
Industrial & Localization	1,664,716	-	-	-	1,664,716	-	1,664,716
Finance & Legal	426,350	-	-	-	426,350	-	426,350
Temporary Staffing	-	842,843	-	-	842,843	-	842,843
Interpretation	-	-	655,319	-	655,319	-	655,319
Convention	-	-	-	129,967	129,967	-	129,967
Other	-	-	-	-	-	275,701	275,701
Revenue from customer contracts	6,156,640	842,843	655,319	129,967	7,784,770	275,701	8,060,471
Other revenue	-	-	-	-	-	-	-
Sales to external customers	6,156,640	842,843	655,319	129,967	7,784,770	275,701	8,060,471
Intersegment sales or transfer	35,618	-	65,696	-	101,315	1,694	103,009
Total	6,192,258	842,843	721,016	129,967	7,886,085	277,395	8,163,480
Segment income (loss)	637,098	36,537	19,341	(25,927)	667,049	(48,073)	618,975

(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)

(Unit: Thousand yen)

Income	Amount of payment
Reporting segment total	667,049
"Other" income	(48,073)
Elimination of intersegment transactions	3,110
Operating income in quarterly consolidated statement of income	622,085

II. Nine-month period under review (From April 1, 2023 to December 31, 2023)

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

(Unit: Thousand yen)

	Reporting segment					Other (Note)	Total
	Translation Business	Temporary Staffing Business	Interpretation Business	Convention Business	Total		
Net sales							
Translation							
Patent	2,159,592	-	-	-	2,159,592	-	2,159,592
Medical	1,870,520	-	-	-	1,870,520	-	1,870,520
Industrial & Localization	1,652,992	-	-	-	1,652,992	-	1,652,992
Finance & Legal	449,519	-	-	-	449,519	-	449,519
Temporary Staffing	-	896,449	-	-	896,449	-	896,449
Interpretation	-	-	825,120	-	825,120	-	825,120
Convention	-	-	-	210,289	210,289	-	210,289
Other	-	-	-	-	-	258,528	258,528
Revenue from customer contracts	6,132,625	896,449	825,120	210,289	8,064,485	258,528	8,323,013
Other revenue	-	-	-	-	-	-	-
Sales to external customers	6,132,625	896,449	825,120	210,289	8,064,485	258,528	8,323,013
Intersegment sales or transfer	26,307	4,786	838	96	32,028	1,460	33,489
Total	6,158,932	901,236	825,958	210,385	8,096,514	259,988	8,356,502
Segment income (loss)	587,500	39,518	72,463	(50,676)	648,805	(72,842)	575,962

(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)

(Unit: Thousand yen)

Income	Amount of payment
Reporting segment total	648,805
"Other" income	(72,842)
Elimination of intersegment transactions	2,703
Operating income in quarterly consolidated statement of income	578,666