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Notice Concerning Extraordinary Losses and Revision of Financial Results Forecasts

Honyaku Center Inc. (the “Company”) announces that the Company expects to record extraordinary losses for the fiscal year ending March 31, 2020 as shown below and has made the following revision to the full-year forecast of consolidated results for the fiscal year ending March 31, 2020 announced on May 10, 2019.

1. Extraordinary losses

In a bid to streamline the Company's translation business process, the Company has outsourced development of a business process management system (BPMS) and been preparing for its implementation. However, as a result of reviewing the recoverability of the development expenses spent to date in accordance with the “Accounting Standard for Impairment of Fixed Assets” and considering future recoverability, the Company decided to record extraordinary losses of 320 million yen. System development to achieve operational efficiency is ongoing.

2. Revision of financial results forecasts

(1) Revision of the Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to the parent company's shareholders	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	12,600	1,030	1,030	680	204.90
Revised forecast (B)	11,370	750	750	270	81.25
Change (B – A)	(1,230)	(280)	(280)	(410)	
Percentage change (%)	(9.7)	(27.1)	(27.1)	(60.2)	
(Reference) Results of previous year (Fiscal year ended March 31, 2019)	12,008	900	905	630	187.39

(2) Reasons for the revision

Orders for the fourth quarter, one of the busiest times of the year, remain sluggish due to effects of the lingering U.S.–China trade friction and expansion of new coronavirus infections. In addition, due to recording the extraordinary losses in (1) above, net sales, operating income, ordinary income and net income attributable to the parent company's shareholders for the fiscal year under review will fall short of the previous forecast.

However, the annual dividend payment for the fiscal year ending March 31, 2020 will remain the same.

Note: The forecast above is based on information available as of the date of this notice. In addition, actual financial results may significantly differ due to various factors.