



Financial Results for the Six-Month Period Ended September 31, 2021 [Japan GAAP] (Consolidated)

November 10, 2021

Company Name: Honyaku Center Inc.

Exchange listed on: Tokyo Stock
Exchange

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

Representative: (Title) President (Name) Shunichiro Ninomiya

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Director

Scheduled date for submission of quarterly report: November 12, 2021
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, 2021 (From April 1, 2021 to September 30, 2021)

(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, 2021 | 4,968 | 9.9 | 322 | — | 331 | — | 219 | — |
| Six-month period ended September 30, 2020 | 4,519 | -20.0 | -10 | — | -8 | — | -49 | — |

(Note) Comprehensive income: Six-month period ended September 30, 2021 226million yen (-%) Six-month period ended September 30, 2020 -51million yen (-%)

| | Net income per share | Net income per share – diluted |
|---|----------------------|--------------------------------|
| | Yen | Yen |
| Six-month period ended September 30, 2021 | 66.05 | — |
| Six-month period ended September 30, 2020 | -14.97 | — |

(Note) We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter, and such standards have been applied to figures for the second quarter of the fiscal year ending March 2022.

(2) Consolidated Financial Positions

| | Total assets | Net assets | Shareholders' equity ratio |
|---|--------------|-------------|----------------------------|
| | million yen | million yen | % |
| Six-month period ended September 30, 2021 | 6,471 | 4,733 | 73.1 |
| Fiscal year ended March 2021 | 6,295 | 4,524 | 71.8 |

(Note) Shareholders' equity: Six-month period ended September 30, 2021 4,733million yen Fiscal year ended March 2021 4,524million yen

(Note) We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter, and such standards have been applied to figures for the second quarter of the fiscal year ending March 2022.

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 2021 | — | 0.00 | — | 20.00 | 20.00 |
| Fiscal year ending March 2022 | — | 0.00 | | | |
| Fiscal year ending March 2022 (forecast) | | | — | 35.00 | 35.00 |

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

3. Forecast of Consolidated Results for the Fiscal Year Ending March 2022 (from April 1, 2021 to March 31, 2022)

(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 |
|-----------|-------------|-----|------------------|------|-----------------|------|--|-------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | Yen |
| Full year | 10,350 | 4.4 | 750 | 79.3 | 750 | 61.2 | 500 | 324.8 | 150.17 |

(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 that will accompany a change in scope of consolidation): None

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

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

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

1) Change in accounting policies in accordance with revision of accounting standards: Yes

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)

| | | | |
|-------------------------------------|-----------------|------------------------------------|-----------------|
| Q2 of fiscal year ending March 2022 | 3,369,000shares | Fiscal year ended March 2021 | 3,369,000shares |
| Q2 of fiscal year ending March 2022 | 37,922shares | Fiscal year ended March 2021 | 41,922shares |
| Q2 of fiscal year ending March 2022 | 3,328,221shares | Q2 of fiscal year ended March 2021 | 3,324,221shares |

*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 3 of the attachments.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

During the six-month period under review, the Japanese economy continued to face difficult circumstances due to sluggish earnings of some corporates and consumer spending caused by restrictions on economic activities resulting from the intermittent declaration of a state of emergency amid the prolonged impact of the novel coronavirus (COVID-19) pandemic. While it is expected that COVID-19 will subside owing to the gradual progress of vaccinations, the situation remains uncertain as there are concerns over a resurgence of the pandemic due to virus variants.

In terms of the business environment of the Group, the business activities of customer companies were normalized as remote work has taken hold, and demand remained steady in the Translation Business. While the voluntary restraint and restrictions on holding face-to-face meetings and business talks have been prolonged, demand is on a recovery track in the Interpretation Business as the use of online interpretation services is gradually increasing. Meanwhile, the Convention Business has been facing difficult times due to the impact from the repeated revision of plans for international conferences (academic and research societies), seminars and symposiums, and various exhibitions as a result of the continued restrictions on people's movement on a global level.

Under these circumstances, the Group aimed for sustainable growth in its core Translation Business, and strove to capture the demand for translation accompanying corporate global expansion by utilizing the latest technologies, such as translation support tools and machine translation. In the Interpretation Business and the Convention Business, the Group supported the creation of opportunities for corporate global communication and worked to capture demand by actively proposing online interpretation and online conference support service that digitalize the existing face-to-face services.

As a result, concerning the operating results for the six-month period under review, net sales increased by 9.9% on a year-on-year basis to 4,968 million yen as the Translation Business, which is the core business, performed well and the Interpretation Business, the Language Education Business, and the Convention Business recorded results that exceeded the same period of the previous year. In terms of profit, the Group posted operating income of 322 million yen (operating loss of 10 million yen for the same period of the previous year); ordinary income of 331 million yen (ordinary loss of 8 million yen for the same period of the previous year); and net income attributable to the parent company's shareholders of 219 million yen (net loss attributable to the parent company's shareholders of 49 million yen for the same period of the previous year) due to the improvement of gross profit owing to increased sales and productivity improvement in the Translation Business.

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

1) Translation Business

In the Translation Business, demand has remained on a recovery track, and each field grew steadily.

In the Patent field, net sales increased by 10.2% on a year-on-year basis to 1,124 million yen due to strong sales to intellectual property departments of patent firms, one of the major customers of the Group. In the Medical field, net sales increased by 7.9% on a year-on-year basis, to 1,448 million yen as orders from foreign pharmaceutical companies remained strong and business transactions with Japanese pharmaceutical companies grew steadily. Although the Industrial & Localization field saw a gradual rebound in demand from the manufacturing industry, such as automobile and machinery, orders from service-related companies remained low. Thus, net sales declined by 0.6% on a year-on-year basis, to 871 million yen. In the Finance & Legal field, net sales increased by 14.5% on a year-on-year basis, to 284 million yen due to strong orders received from administrative departments of corporations and the Group's receipt of orders for large projects from insurance companies.

As a result, net sales of the Translation Business were 3,727 million yen, up 6.9% on a year-on-year basis.

2) Temporary Staffing Business

In the Temporary Staffing Business, in which the Company dispatches interpreters and translators, net sales amounted to 610 million yen, down 2.4% on a year-on-year basis, due to the impact of the completion of fixed-term services, although the Business remained solid, supported by strong demand for staff with strong language skills.

3) Interpretation Business

In the Interpretation Business, net sales increased by 64.7% on a year-on-year basis to 325 million yen by actively capturing the demand for interpretation from the expansion of online meeting services, although customer companies' voluntary restraint on holding face-to-face meetings and business talks has been prolonged.

4) Language Education Business

In the Language Education Business, net sales amounted to 78 million yen, up 43 million yen on a year-on-year basis, as online courses of the interpreter and translator training school ISS Institute, Inc. have been taking hold in the fiscal year under review, although the number of students declined due to the switch to online courses in the previous fiscal year as it became difficult to provide face-to-face classes.

5) Convention Business

In the Convention Business, net sales increased by 75.9% on a year-on-year basis to 95 million yen as projects started to move

forward gradually, such as the holding of the “19th International Symposium on Epstein-Barr Virus and associated diseases”, which had been postponed, while large-scale international conventions and events remain restricted.

6) Other

In other segments, net sales rose by 8.3% on a year-on-year basis to 130 million yen due to steady orders received by FIPAS Inc., which provides support for foreign patent applications, including the preparation of patent specifications and the application process.

The company changed its trade name to FIPAS Inc. as of October 1.

(2) Explanation of financial position

(Assets)

Net assets as of the end of the second quarter under review were 5,656 million yen, up 141 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in cash and deposits. Non-current assets increased by 34 million yen from the end of the previous fiscal year to 814 million yen. This was mainly due to an increase in guarantee deposits.

As a result, total assets were 6,471 million yen, up 176 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 1,551 million yen, down 44 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in advances received. Non-current liabilities were 186 million yen, up 11 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 1,737 million yen, down 32 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 4,733 million yen, up 208 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.

(Cash flows)

Cash and cash equivalents as of the end of the second quarter under review were 3,317 million yen, up 327 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 (179 million yen of proceeds in the same period of the previous year).

This was mainly due to 331 million yen of net income before income taxes and 296 million yen provided by a decrease in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 40 million yen (32 million yen of payments in the same period of the previous year).

This was mainly due to the payment of 27 million yen for guarantee deposits and the payment of 9 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 66 million yen (140 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 consolidated financial results forecasts, there is no change in the full-year forecasts announced in the “Announcement of Revision of Consolidated Financial Forecast” on August 11, 2021.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

| | Previous fiscal year March 31, 2021 | Second quarter under review September 30, 2021 |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,172,634 | 3,503,044 |
| Notes and accounts receivable - trade, net | 2,003,965 | 1,828,314 |
| Work in process | 112,789 | 145,156 |
| Other | 225,900 | 180,296 |
| Total current assets | 5,515,289 | 5,656,812 |
| Non-current assets | | |
| Property, plant and equipment | 54,789 | 48,530 |
| Intangible assets | 78,473 | 75,761 |
| Investments and other assets | 646,960 | 690,476 |
| Total non-current assets | 780,222 | 814,768 |
| Total Assets | 6,295,512 | 6,471,580 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 720,311 | 728,344 |
| Income taxes payable | 151,476 | 131,130 |
| Refund liability | — | 9,563 |
| Provision for bonuses | 272,384 | 269,797 |
| Other | 451,158 | 412,216 |
| Total current liabilities | 1,595,330 | 1,551,052 |
| Non-current liabilities | | |
| Provision for directors' retirement benefits | 3,200 | 3,200 |
| Retirement benefit liability | 172,167 | 183,652 |
| Total non-current liabilities | 175,367 | 186,852 |
| Total Liabilities | 1,770,698 | 1,737,904 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 588,443 | 588,443 |
| Capital surplus | 478,823 | 478,823 |
| Retained earnings | 3,550,599 | 3,741,647 |
| Treasury shares | -103,119 | -93,283 |
| Total shareholders' equity | 4,514,745 | 4,715,630 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 13,452 | 21,155 |
| Accumulated remeasurements of defined benefit plans | -3,384 | -3,110 |
| Total accumulated other comprehensive income | 10,068 | 18,045 |
| Total Net Assets | 4,524,814 | 4,733,675 |
| Total liabilities and net assets | 6,295,512 | 6,471,580 |

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

(Unit: Thousand yen)

| | Six-month period in the previous fiscal year (From April 1, 2020 to September 30, 2020) | Six-month period under review (From April 1, 2021 to September 30, 2021) |
|--|--|--|
| Net sales | 4,519,081 | 4,968,443 |
| Cost of sales | 2,530,540 | 2,613,736 |
| Gross profit | 1,988,541 | 2,354,707 |
| Selling, general and administrative expenses | 1,998,652 | 2,032,083 |
| Operating profit (loss) | -10,110 | 322,624 |
| Non-operating income | | |
| Interest income | 20 | 14 |
| Foreign exchange gains | 546 | — |
| Share of profit of entities accounted for using equity method | - | 15,283 |
| Subsidy income | 2,191 | 440 |
| Other | 970 | 611 |
| Total non-operating income | 3,729 | 16,349 |
| Non-operating expenses | | |
| Share of loss of entities accounted for using equity method | 867 | — |
| Commission expenses | 969 | 386 |
| Foreign exchange losses | - | 7,305 |
| Other | 226 | 0 |
| Total non-operating expenses | 2,064 | 7,692 |
| Ordinary profit (loss) | -8,445 | 331,281 |
| Net income (loss) before income taxes | -8,445 | 331,281 |
| Income taxes | 41,341 | 111,422 |
| Net income (loss) | -49,786 | 219,858 |
| Net income (loss) attributable to the parent company's shareholders | -49,786 | 219,858 |

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

(Unit: Thousand yen)

| | Six-month period in the previous fiscal year (From April 1, 2020 to September 30, 2020) | Six-month period under review (From April 1, 2021 to September 30, 2021) |
|---|--|--|
| Net income (loss) | -49,786 | 219,858 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | -2,036 | 7,702 |
| Remeasurements of defined benefit plans | 377 | -875 |
| Total other comprehensive income | -1,658 | 6,827 |
| Comprehensive income | -51,445 | 226,685 |
| (Components) | | |
| Comprehensive income attributable to the parent company's shareholders | -51,445 | 226,685 |
| Comprehensive income attributable to non-controlling interests | - | — |

(3) Quarterly consolidated statement of cash flows

(Unit: Thousand yen)

| | Six-month period in the previous fiscal year (From April 1, 2020 to September 30, 2020) | Six-month period under review (From April 1, 2021 to September 30, 2021) |
|--|--|--|
| Cash flows from operating activities | | |
| Net income (loss) before income taxes | -8,445 | 331,281 |
| Depreciation | 20,485 | 18,619 |
| Amortization of goodwill | 13,764 | — |
| Share-based remuneration expenses | 4,306 | 2,565 |
| Increase (decrease) in allowance for doubtful accounts | 1,262 | -2,123 |
| Increase (decrease) in provision for bonuses | -38,599 | -2,587 |
| Increase (decrease) in provision for directors' bonuses | 3,000 | 8,000 |
| Increase (decrease) in provision for directors' retirement benefits | -18,200 | — |
| Increase (decrease) in net defined benefit liability | 9,539 | 11,878 |
| Decrease (increase) in net defined benefit asset | 309 | -72 |
| Interest and dividend income | -20 | -14 |
| Share of loss (profit) of entities accounted for using equity method | 867 | -15,283 |
| Decrease (increase) in trade receivables | 410,609 | 296,855 |
| Subsidy income | -2,191 | -440 |
| Commission expenses | 969 | — |
| Decrease (increase) in inventories | -7,720 | -32,471 |
| Increase (decrease) in notes and accounts payable – trade | -152,019 | -85,504 |
| Other | -54,765 | 1,688 |
| Subtotal | 183,153 | 532,391 |
| Interest and dividends received | 20 | 14 |
| Proceeds from subsidy income | 2,191 | 440 |
| Income taxes paid | -6,142 | -105,899 |
| Cash flows from operating activities | 179,223 | 426,946 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | -1,873 | -210 |
| Purchase of intangible assets | -26,130 | -9,908 |
| Payments into time deposits | -12,002 | -3,000 |
| Proceeds from withdrawal of time deposits | 6,000 | — |
| Payments for guarantee deposits | -1,700 | -27,803 |
| Proceeds from collection of guarantee deposits | 3,094 | 728 |
| Cash flows from investing activities | -32,612 | -40,193 |
| Cash flows from financing activities | | |
| Dividends paid | -139,569 | -66,541 |
| Commission expenses | -1,066 | — |
| Cash flows from financing activities | -140,636 | -66,541 |
| Effect of exchange rate change on cash and cash equivalents | -1,767 | 7,199 |
| Net increase (decrease) in cash and cash equivalents | 4,207 | 327,410 |
| Cash and cash equivalents at beginning of period | 2,678,130 | 2,989,761 |
| Cash and cash equivalents at the end of the period | 2,682,337 | 3,317,171 |

(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 used in 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 including the second quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.

(Change in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the first quarter under review, and we recognize revenue when the ownership of the promised goods or services has transferred to a customer, in the amount expected to be received in exchange for such goods or service.

Accordingly, for certain transactions of the Translation Business for which the fulfillment of the Company's obligations in a contract with customers is considered to constitute a service provided as an agent who makes arrangements so that another party can provide goods or services, we now offset sales to customers that were traditionally recorded in the full amount against the corresponding cost of sales, and recognize net revenue. In addition, for certain transactions whose revenue was recognized over the period of service provision, we now recognize revenue at the beginning of service provision as a result of reviewing the timing of fulfilling obligations to be performed.

Additionally, in the Convention Business, we have changed the timing of revenue recognition from the first day of an event to the closing day as a result of reviewing the timing of fulfilling obligations to be performed.

Furthermore, although the processing of rebates used to be presented as "Notes and accounts receivable - trade" under "Current assets," due to the application of the Accounting Standard for Revenue Recognition, we have decided to present it as "Refund liability" under "Current liabilities" from the first quarter under review. In accordance with the handling stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, we have not performed reclassification for the previous consolidated fiscal year based on the new presentation method.

We have applied the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition. We added/deducted the cumulative effect of the retroactive application of the new accounting policy to periods before the beginning of the first quarter under review to/from the beginning balance of retained earnings for the first quarter under review, and applied the new accounting policy starting from that beginning balance.

As a result, net sales declined by 113.493 million yen; cost of sales decreased by 120.514 million yen; and operating income, ordinary income, and net income before income taxes increased by 7.021 million yen, respectively, for the six-month period under review. In addition, the beginning balance of retained earnings increased by 41.567 million yen.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

We have applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the first quarter under review, and we prospectively apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application of the standards has no impact on the quarterly consolidated financial statements.

(Additional information)

(COVID-19 impacts on accounting estimates)

No material change has been made to the additional information regarding the underlying assumptions used for accounting estimates concerning COVID-19 impacts, which was included in the securities report for the previous fiscal year.

(Segment information)

Segment information

I. Six-month period in the previous fiscal year (From April 1, 2020 to September 30, 2020)

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 | Interpretati on Business | Language Education Business | Convention Business | Total | | |
| Net sales | | | | | | | | |
| Translation | | | | | | | | |
| Patent | 1,019,814 | — | — | — | — | 1,019,814 | — | 1,019,814 |
| Medical | 1,341,405 | — | — | — | — | 1,341,405 | — | 1,341,405 |
| Industrial & Localization | 876,749 | — | — | — | — | 876,749 | — | 876,749 |
| Finance & Legal | 247,855 | — | — | — | — | 247,855 | — | 247,855 |
| Temporary Staffing | — | 625,690 | — | — | — | 625,690 | — | 625,690 |
| Interpretation | — | — | 197,285 | — | — | 197,285 | — | 197,285 |
| Language Education | — | — | — | 35,098 | — | 35,098 | — | 35,098 |
| Convention | — | — | — | — | 54,318 | 54,318 | — | 54,318 |
| Other | — | — | — | — | — | — | 120,863 | 120,863 |
| Revenue from customer contracts | 3,485,824 | 625,690 | 197,285 | 35,098 | 54,318 | 4,398,217 | 120,863 | 4,519,081 |
| Other revenue | — | — | — | — | — | — | — | — |
| Sales to external customers | 3,485,824 | 625,690 | 197,285 | 35,098 | 54,318 | 4,398,217 | 120,863 | 4,519,081 |
| Intersegment sales or transfer | 32,428 | — | 6,302 | 640 | — | 39,372 | 417 | 39,790 |
| Total | 3,518,253 | 625,690 | 203,587 | 35,739 | 54,318 | 4,437,590 | 121,281 | 4,558,872 |
| Segment income (loss) | 101,278 | 47,199 | -53,774 | -36,137 | -57,492 | 1,072 | -15,831 | -14,758 |

(Note) "Other" represents segments not included in reporting segments and includes 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 | 1,072 |
| "Other" income | -15,831 |
| Elimination of intersegment transactions | 4,648 |
| Operating loss in quarterly consolidated statement of income | -10,110 |

II. Six-month period under review (From April 1, 2021 to September 30, 2021)

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 | Interpretati on Business | Language Education Business | Convention Business | Total | | |
| Net sales | | | | | | | | |
| Translation | | | | | | | | |
| Patent | 1,124,371 | — | — | — | — | 1,124,371 | — | 1,124,371 |
| Medical | 1,448,028 | — | — | — | — | 1,448,028 | — | 1,448,028 |
| Industrial & Localization | 871,298 | — | — | — | — | 871,298 | — | 871,298 |
| Finance & Legal | 284,017 | — | — | — | — | 284,017 | — | 284,017 |
| Temporary Staffing | — | 610,200 | — | — | — | 610,200 | — | 610,200 |
| Interpretation | — | — | 325,124 | — | — | 325,124 | — | 325,124 |
| Language Education | — | — | — | 78,840 | — | 78,840 | — | 78,840 |
| Convention | — | — | — | — | 95,563 | 95,563 | — | 95,563 |
| Other | — | — | — | — | — | — | 130,998 | 130,998 |
| Revenue from customer contracts | 3,727,716 | 610,200 | 325,124 | 78,840 | 95,563 | 4,837,445 | 130,998 | 4,968,443 |
| Other revenue | — | — | — | — | — | — | — | — |
| Sales to external customers | 3,727,716 | 610,200 | 325,124 | 78,840 | 95,563 | 4,837,445 | 130,998 | 4,968,443 |
| Intersegment sales or transfer | 26,846 | — | 13,277 | 449 | 49 | 40,622 | 472 | 41,094 |
| Total | 3,754,562 | 610,200 | 338,402 | 79,289 | 95,612 | 4,878,067 | 131,470 | 5,009,538 |
| Segment income (loss) | 311,548 | 46,600 | -10,027 | -886 | -14,016 | 333,218 | -13,149 | 320,069 |

(Note) "Other" represents segments not included in reporting segments and includes 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 | 333,218 |
| "Other" income | -13,149 |
| Elimination of intersegment transactions | 2,554 |
| Operating income in quarterly consolidated statement of income | 322,624 |

(Important subsequent events)

Not applicable.