



## Financial Results Summary for the Nine-Month Period Ended December 31, 2021 [Japanese GAAP] (Consolidated)

February 9, 2022

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

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Scheduled date for submission of quarterly report: February 14, 2022  
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, 2021 (From April 1, 2020 to December 31, 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	%
Nine-month period ended December 31, 2021	7,530	6.1	521	318.0	535	230.7	357	—
Nine-month period ended December 31, 2020	7,092	-17.4	124	-75.9	161	-69.2	-115	—

(Note) Comprehensive income  
 Nine-month period ended December 31, 2021 364million yen (-%)  
 Nine-month period ended December 31, 2020 -118million yen (-%)

	Net income per share	Net income per share – diluted
	Yen	Yen
Nine-month period ended December 31, 2021	107.44	—
Nine-month period ended December 31, 2020	-34.63	—

(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. Accordingly, the figures for the nine-month period ended December 31, 2021 are those after the application of this Accounting Standard.

### (2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine-month period ended December 31, 2021	6,547	4,871	74.3
Fiscal year ended March 2021	6,295	4,524	71.8

(Note) Shareholders' equity  
 Nine-month period ended December 31, 2021 4,871million 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. Accordingly, the figures for the nine-month period ended December 31, 2021 are those after the application of this Accounting Standard.

## 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	%	
Full year	10,350	4.4	750	79.3	750	61.2	500	324.8	Yen 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)

Q3 of fiscal year ended March 2022	3,369,000shares	Fiscal year ended March 2021	3,369,000shares
Q3 of fiscal year ended March 2022	37,922shares	Fiscal year ended March 2021	41,922shares
Q3 of fiscal year ended March 2022	3,329,078shares	Q3 of fiscal year ended March 2021	3,325,078shares

\*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 notes on the assumptions used for the financial forecast and instructions on how to use the financial forecast, please see “1. Qualitative Information (3) Explanation of future forecast information such as consolidated financial results forecasts” on Page 3.

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

### (1) Explanation of operating results

During the nine-month period under review, the Japanese economy continued to face difficult circumstances as economic activities were restricted by the intermittent declaration of a state of emergency and certain corporate earnings and consumer spending faltered, associated with the prolonged effect of the novel coronavirus (COVID-19) pandemic. While COVID-19 was expected to be brought under control due to vaccination efforts, the further spread of COVID-19 triggered by a new variant strain became a concern, and the outlook remained uncertain.

As for the business environment surrounding the Group, the business activities of corporate customers have returned to normal due to the expansion of remote work, and demand has grown steadily in the Translation Business. In the Interpretation Business, while the voluntary restraint and restrictions on holding face-to-face meetings and negotiations have been prolonged, the use of online interpretation services is gradually increasing, with demand on a recovery trend. Meanwhile, the Convention Business continued to be in a difficult situation due to the repeated re-examination of plans for international conferences (academic and research societies), seminars and symposiums, as well as various exhibitions as a result of the continued restrictions on the global movement of people.

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 and Convention Business, the Group has supported the creation of opportunities for global communication between companies to meet their demands by actively proposing online interpretation and online meeting support services that digitalize the existing face-to-face services.

As a result, for the operating results for the nine-month period under review, the Group recorded net sales of 7,530 million yen, up 6.1% on a year-on-year basis, due to the steady growth of its core Translation Business and better results for the Interpretation Business and Language Education Business; operating income of 521 million yen, up 318.0%; ordinary income of 535 million yen, up 230.7%; and net income attributable to the parent company's shareholders of 357 million yen (net loss attributable to the parent company's shareholders of 115 million yen for the same period of the previous year) due to higher revenue in the Translation Business and an improved gross profit ratio as a result of an increase in productivity.

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

#### 1) Translation Business

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

In the Patent field, net sales increased by 9.4% on a year-on-year basis to 1,710 million yen due to strong sales to patent firms, the Group's main customer.

In the Medical field, net sales increased by 4.7% on a year-on-year basis to 2,175 million yen due to steady business transactions with Japanese pharmaceutical companies in addition to strong orders from foreign pharmaceutical companies.

In the Industrial & Localization field, net sales increased by 1.5% on a year-on-year basis to 1,359 million yen due to a gradual recovery in demand mainly from manufacturers such as automobiles and machinery.

In the Finance & Legal field, net sales increased by 13.5% on a year-on-year basis to 413 million yen due to large orders from insurance companies in addition to steady orders from administrative departments of corporations.

As a result, net sales of the Translation Business were 5,659 million yen, up 5.9% 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 914 million yen, down 0.8% on a year-on-year basis, due to the completion of fixed-term projects, although the Business itself grew steadily supported by robust demand for staff with strong language skills.

#### 3) Interpretation Business

In the Interpretation Business, net sales increased by 46.4% on a year-on-year basis to 499 million yen by actively meeting the demand for interpretation associated with the widespread use of online meetings, although corporate customers' voluntary restraint on holding face-to-face meetings and negotiations has been prolonged.

#### 4) Language Education Business

In the Language Education Business, net sales amounted to 117 million yen, up 65.5% on a year-on-year basis, due to an increase in students enrolled in the online courses of the interpreter and translator school ISS Institute, Inc. during the period under review, although it became difficult to hold in-person courses and the number of students declined due to the switch to online courses in the previous fiscal year.

#### 5) Convention Business

In the Convention Business, net sales decreased by 37.1% on a year-on-year basis to 139 million yen due to the continued restrictions on large-scale international conferences and events although projects are gradually moving forward, such as the holding of the "19th International Symposium on Epstein-Barr Virus and associated diseases" that had been postponed.

6) Other

In other segments, net sales rose by 3.1% on a year-on-year basis to 199 million yen due partly 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)

Current assets as of the end of the third quarter under review were 5,737 million yen, up 221 million yen compared with the end of the previous fiscal year. This was mainly due to an increase in cash and deposits. Non-current assets increased by 30 million yen from the end of the previous fiscal year to 810 million yen. This was mainly due to an increase in guarantee deposits.

As a result, total assets were 6,547 million yen, up 252 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 1,486 million yen, down 108 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in advance received. Non-current liabilities were 189 million yen, up 14 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 1,676 million yen, down 94 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 4,871 million yen, up 346 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.

(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	Third quarter under review (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	3,172,634	3,639,934
Notes and accounts receivable - trade, net	2,003,965	1,787,684
Work in process	112,789	162,022
Other	225,900	147,532
<b>Total current assets</b>	<b>5,515,289</b>	<b>5,737,172</b>
Non-current assets		
Property, plant and equipment	54,789	42,954
Intangible assets	78,473	74,688
Investments and other assets	646,960	692,847
<b>Total non-current assets</b>	<b>780,222</b>	<b>810,490</b>
<b>Total Assets</b>	<b>6,295,512</b>	<b>6,547,663</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	720,311	730,248
Income taxes payable	151,476	96,977
Refund liability	—	14,257
Provision for bonuses	272,384	194,243
Other	451,158	450,723
<b>Total current liabilities</b>	<b>1,595,330</b>	<b>1,486,450</b>
Non-current liabilities		
Provision for directors' retirement benefits	3,200	3,200
Retirement benefit liability	172,167	186,798
<b>Total non-current liabilities</b>	<b>175,367</b>	<b>189,998</b>
<b>Total Liabilities</b>	<b>1,770,698</b>	<b>1,676,449</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	3,550,599	3,879,475
Treasury shares	-103,119	-93,283
<b>Total shareholders' equity</b>	<b>4,514,745</b>	<b>4,853,457</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	13,452	20,730
Accumulated remeasurements of defined benefit plans	-3,384	-2,973
<b>Total accumulated other comprehensive income</b>	<b>10,068</b>	<b>17,756</b>
<b>Total Net Assets</b>	<b>4,524,814</b>	<b>4,871,214</b>
<b>Total liabilities and net assets</b>	<b>6,295,512</b>	<b>6,547,663</b>



(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, 2020 to December 31, 2020)	Nine-month period under review (From April 1, 2021 to December 31, 2021)
Net sales	7,092,111	7,530,601
Cost of sales	3,982,454	3,962,811
Gross profit	3,109,657	3,567,790
Selling, general and administrative expenses	2,984,803	3,045,857
Operating income	124,853	521,932
Non-operating income		
Interest income	42	20
Share of profit of entities accounted for using equity method	—	19,088
Foreign exchange gains	2,101	—
Subsidy income	35,188	1,040
Other	1,960	1,111
Total non-operating income	39,293	21,261
Non-operating expenses		
Share of loss of entities accounted for using equity method	471	—
Commission expenses	1,275	386
Foreign exchange losses	—	7,475
Other	534	0
Total non-operating expenses	2,281	7,861
Ordinary income	161,865	535,331
Extraordinary losses		
Loss on retirement of non-current assets	655	2,930
Impairment loss	192,703	—
Total extraordinary losses	193,358	2,930
Net income (loss) before income taxes	-31,493	532,400
Income taxes	83,684	174,714
Net income (loss)	-115,178	357,686
Net income (loss) attributable to the parent company's shareholders	-115,178	357,686

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

(Unit: Thousand yen)

	Nine-month period in the previous fiscal year (From April 1, 2020 to December 31, 2020)	Nine-month period under review (From April 1, 2021 to December 31, 2021)
Net income (loss)	-115,178	357,686
Other comprehensive income		
Foreign currency translation adjustment	-4,193	7,277
Remeasurements of defined benefit plans	566	-738
Total other comprehensive income	-3,627	6,539
Comprehensive income	-118,806	364,225
(Components)		
Comprehensive income attributable to the parent company's shareholders	-118,806	364,225
Comprehensive income attributable to non-controlling interests	—	—

(3) 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 third 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, 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. 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 to/from the beginning balance of retained earnings for the first quarter, and applied the new accounting policy starting from that beginning balance.

As a result, net sales declined by 194.149 million yen; cost of sales decreased by 193.910 million yen; and operating income, ordinary income, and net income before income taxes increased by 0.238 million yen, respectively, for the nine-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, 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. Nine-month period in the previous fiscal year (From April 1, 2020 to December 31, 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	1,562,976	—	—	—	—	1,562,976	—	1,562,976
Medical	2,076,488	—	—	—	—	2,076,488	—	2,076,488
Industrial & Localization	1,338,374	—	—	—	—	1,338,374	—	1,338,374
Finance & Legal	364,451	—	—	—	—	364,451	—	364,451
Temporary Staffing	—	922,354	—	—	—	922,354	—	922,354
Interpretation	—	—	341,353	—	—	341,353	—	341,353
Language Education Business	—	—	—	71,135	—	71,135	—	71,135
Convention	—	—	—	—	221,286	221,286	—	221,286
Other	—	—	—	—	—	—	193,689	193,689
Revenue from customer contracts	5,342,290	922,354	341,353	71,135	221,286	6,898,421	193,689	7,092,111
Other revenue	—	—	—	—	—	—	—	—
Sales to external customers	5,342,290	922,354	341,353	71,135	221,286	6,898,421	193,689	7,092,111
Intersegment sales or transfer	51,316	—	11,417	956	—	63,690	514	64,205
Total	5,393,606	922,354	352,771	72,091	221,286	6,962,111	194,204	7,156,316
Segment income (loss)	226,630	74,571	-61,894	-37,361	-62,221	139,724	-22,238	117,485

(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	139,724
"Other" income	-22,238
Elimination of intersegment transactions	7,367
Operating income in quarterly consolidated statement of income	124,853

## 3. Information on impairment loss of non-current assets or goodwill by reporting segment

(Material change in the amount of goodwill)

Impairment loss on goodwill was recorded in the Translation Business segment. Goodwill decreased by 192,703,000 yen for the nine-month period in the previous fiscal year due to the said event.

II. Nine-month period under review (From April 1, 2021 to December 31, 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	1,710,174	—	—	—	—	1,710,174	—	1,710,174
Medical	2,175,413	—	—	—	—	2,175,413	—	2,175,413
Industrial & Localization	1,359,570	—	—	—	—	1,359,570	—	1,359,570
Finance & Legal	413,917	—	—	—	—	413,917	—	413,917
Temporary Staffing	—	914,838	—	—	—	914,838	—	914,838
Interpretation	—	—	499,940	—	—	499,940	—	499,940
Language Education Business	—	—	—	117,781	—	117,781	—	117,781
Convention	—	—	—	—	139,159	139,159	—	139,159
Other	—	—	—	—	—	—	199,805	199,805
Revenue from customer contracts	5,659,075	914,838	499,940	117,781	139,159	7,330,795	199,805	7,530,601
Other revenue	—	—	—	—	—	—	—	—
Sales to external customers	5,659,075	914,838	499,940	117,781	139,159	7,330,795	199,805	7,530,601
Intersegment sales or transfer	46,191	—	21,807	762	49	68,811	820	69,631
Total	5,705,267	914,838	521,747	118,544	139,208	7,399,606	200,626	7,600,232
Segment income (loss)	510,704	67,750	-14,156	299	-25,632	538,965	-20,617	518,348

(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	538,965
“Other” income	-20,617
Elimination of intersegment transactions	3,583
Operating income in quarterly consolidated statement of income	521,932