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## Financial Results for the Three-Month Period Ended June 30, 2022 [Japan GAAP] (Consolidated)

August 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

Contact: (Title) Administrative and Accounts Director (Name) Masashi Uotani TEL 06-6282-5013

Scheduled date for submission of quarterly report: August 12, 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 Three-Month Period Ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

#### (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	%
Three-month period ended June 30, 2022	2,480	0.6	165	-7.6	168	-2.9	108	-3.4
Three-month period ended June 30, 2021	2,465	12.7	178	—	174	—	111	—

(Note)

Comprehensive income Three-month period ended June 30, 2022 115 million yen (-2.3%) Three-month period ended June 30, 2021 118 million yen (-%)

	Net income per share	Net income per share – diluted
	Yen	Yen
Three-month period ended June 30, 2022	32.45	—
Three-month period ended June 30, 2021	33.64	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three-month period ended June 30, 2022	6,685	5,073	75.8
Fiscal year ended March 31, 2022	7,172	5,090	70.9

(Reference)

Shareholders' equity Three-month period ended June 30, 2022 5,073 million yen Fiscal year ended March 31, 2022 5,090 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, 2022	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 2023 (forecast)		0.00	—	45.00	45.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent changes from the previous year for full year, and on a year-on-year basis for quarterly results.)

	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
Q2 (cumulative)	5,350	7.6	340	5.3	345	4.1	230	4.6	69.02
Full year	11,100	7.3	910	12.1	920	9.3	620	8.1	185.98

(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: 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)

Three-month period ended June 30, 2022	3,369,000shares	Fiscal year ended March 31, 2022	3,369,000shares
Three-month period ended June 30, 2022	37,922shares	Fiscal year ended March 31, 2022	37,922shares
Three-month period ended June 30, 2022	3,331,078shares	Three-month period ended June 30, 2021	3,327,078shares

\*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 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

Concerning the financial results for the three-month period under review, there were signs of improvement in the Japanese economy as the measures to deal with the novel coronavirus (COVID-19) and various movement restrictions were relaxed. However, there were concerns over a slowdown in economic recovery, such as restrictions on the supply of raw materials and energy and rising prices associated with the rapid depreciation of the yen as a result of the prolonged Russia-Ukraine conflict and the resurgence of COVID-19 in China, and thus the outlook of the Japanese economy remains uncertain.

As for the business environment surrounding the Group, demand has grown steadily in the Translation Business, and that in the Interpretation Business is also on a recovery track as a result of the online interpretation service taking hold. 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 in spite of the partial relaxation of the restrictions on the global movement of people.

Under these circumstances, the Group, based on the 5th Medium-Term Management Plan, a three-year plan starting in the fiscal year ending March 31, 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.

Accordingly, as for the operating results for the three-month period under review, the Group saw an increase in sales and a decrease in profit on a year-on-year basis. Net sales increased by 0.6% on a year-on-year basis to 2,480 million yen, as the Translation Business, which is the core business, performed well although the Temporary Staffing Business, which experienced an increase in temporary staff whose dispatch period expired, and the Convention Business, which has been affected by the spread of COVID-19, recorded results that fell below the same period of the previous year. In terms of profit, the Group posted operating income of 165 million yen, down 7.6% on a year-on-year basis; ordinary income of 168 million yen, down 2.9% on a year-on-year basis; and net income attributable to the parent company's shareholders of 108 million yen, down 3.4% on a year-on-year basis due to the decreased sales in the Temporary Staffing Business and Convention Business.

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

#### 1) Translation Business

In the Patent field, net sales increased by 13.5% on a year-on-year basis to 631 million yen due to the winning of large projects from intellectual property departments of corporations in addition to continued strong orders from patent firms, one of the major customers of the Group. In the Medical field, net sales declined by 8.5% on a year-on-year basis to 654 million yen as a result of decreased orders from Contract Research Organizations (CRO) as well as a temporary decline in translation demand due to clients' trial schedules. The Industrial & Localization field saw strong demand from the manufacturing industry, such as automobile and machinery, and net sales increased by 1.9% on a year-on-year basis, to 461 million yen. In the Finance & Legal field, net sales increased by 14.9% on a year-on-year basis to 153 million yen as orders for IR-related documents have increased significantly as a result of the reorganization of the TSE's market structure.

As a result, net sales of the Translation Business were 1,901 million yen, up 2.3% on a year-on-year basis.

#### 2) Temporary Staffing Business

In the Temporary Staffing Business, in which the Company dispatches staff with strong language skills, net sales amounted to 276 million yen, down 10.3% on a year-on-year basis, because new orders remained low and the number of staff under regular employment fell below the same period of the previous year due to an increase in those whose dispatch period expired.

#### 3) Interpretation Business

In the Interpretation Business, net sales increased by 20.6% on a year-on-year basis to 184 million yen due to an increase in orders from foreign consulting firms in addition to strong orders from pharmaceutical companies and precision/telecommunications equipment manufacturers, one of the major customers of the Group.

#### 4) Convention Business

In the Convention Business, net sales decreased by 65.4% on a year-on-year basis to 14 million yen because restrictions on large-scale international conferences and events were prolonged, and, furthermore, some projects continued to be held in smaller scales due to the digitalization of services.

#### 5) Other

In the Other segment, net sales amounted to 104 million yen, up 0.5% on a year-on-year basis, due to the low enrollment for spring regular courses of the interpreter and translator school ISS Institute, Inc., in the Language Education Business, in addition to the sluggish sales of FIPAS Inc., which provides support for foreign patent applications, including the preparation of patent specifications and the application process.

(2) Explanation of financial position

(Assets)

Current assets as of the end of the first quarter under review were 5,785 million yen, down 525 million yen compared with the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable - trade as a result of the collection of fees in the Translation Business. Non-current assets increased by 38 million yen from the end of the previous fiscal year to 899 million yen.

As a result, total assets were 6,685 million yen, down 487 million yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities as of the end of the first quarter under review were 1,416 million yen, down 474 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in income taxes payable and provision for bonuses. Non-current liabilities were 195 million yen, up 4 million yen from the end of the previous fiscal year.

As a result, total liabilities were 1,611 million yen, down 470 million yen compared to the end of the previous fiscal year.

(Net assets)

Net assets as of the end of the first quarter under review were 5,073 million yen, down 17 million yen compared with the end of the previous fiscal year. This was mainly due to 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 2023, there is no change in the consolidated financial results forecasts for the six-month period as well as for the full year disclosed in the “Financial Results for the Fiscal Year Ended March 31, 2022” released on May 12, 2022.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

	Previous fiscal year As of March 31, 2022	First quarter under review As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,899,282	3,737,926
Notes and accounts receivable - trade, net	2,110,625	1,750,737
Work in process	135,705	177,945
Other	165,660	119,072
<b>Total current assets</b>	<b>6,311,274</b>	<b>5,785,682</b>
Non-current assets		
Property, plant and equipment	40,625	38,763
Intangible assets	66,484	64,913
Investments and other assets	754,298	796,050
<b>Total non-current assets</b>	<b>861,408</b>	<b>899,727</b>
<b>Total Assets</b>	<b>7,172,683</b>	<b>6,685,409</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	812,213	680,761
Income taxes payable	252,171	78,373
Refund liability	5,772	1,763
Provision for bonuses	287,477	142,783
Other	533,801	512,916
<b>Total current liabilities</b>	<b>1,891,437</b>	<b>1,416,598</b>
Non-current liabilities		
Provision for directors' retirement benefits	3,200	3,200
Retirement benefit liability	187,063	191,885
<b>Total non-current liabilities</b>	<b>190,263</b>	<b>195,085</b>
<b>Total Liabilities</b>	<b>2,081,701</b>	<b>1,611,684</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	4,094,968	4,069,824
Treasury shares	-93,283	-93,283
<b>Total shareholders' equity</b>	<b>5,068,951</b>	<b>5,043,806</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	25,778	33,304
Accumulated remeasurements of defined benefit plans	-3,747	-3,386
<b>Total accumulated other comprehensive income</b>	<b>22,031</b>	<b>29,918</b>
<b>Total Net Assets</b>	<b>5,090,982</b>	<b>5,073,725</b>
<b>Total liabilities and net assets</b>	<b>7,172,683</b>	<b>6,685,409</b>

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

(Unit: Thousand yen)

	Three-month period in the previous fiscal year (From April 1, 2021 to June 30, 2021)	Three-month period under review (From April 1, 2022 to June 30, 2022)
Net sales	2,465,142	2,480,715
Cost of sales	1,291,227	1,287,440
Gross profit	1,173,914	1,193,275
Selling, general and administrative expenses	995,021	1,028,050
Operating income	178,893	165,224
Non-operating income		
Share of profit of entities accounted for using equity method	2,794	7,118
Other	164	420
Total non-operating income	2,959	7,538
Non-operating expenses		
Foreign exchange losses	7,334	3,815
Other	386	0
Total non-operating expenses	7,720	3,815
Ordinary income	174,131	168,947
Extraordinary losses		
Loss on retirement of non-current assets	—	12
Total extraordinary losses	—	12
Net income before income taxes	174,131	168,935
Income taxes	62,204	60,837
Net income	111,927	108,098
Net income attributable to the parent company's shareholders	111,927	108,098

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

(Unit: Thousand yen)

	Three-month period in the previous fiscal year (From April 1, 2021 to June 30, 2021)	Three-month period under review (From April 1, 2022 to June 30, 2022)
Net income	111,927	108,098
Other comprehensive income		
Foreign currency translation adjustment	7,834	7,526
Remeasurements of defined benefit plans	-1,012	360
Total other comprehensive income	6,821	7,887
Comprehensive income	118,749	115,986
(Components)		
Comprehensive income attributable to the parent company's shareholders	118,749	115,986
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for ongoing 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 first quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.



(Segment information)

I. Three-month period in the previous fiscal year (From April 1, 2021 to June 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	Interpretation Business	Convention Business	Total		
Net sales							
Translation							
Patent	556,157	—	—	—	556,157	—	556,157
Medical	715,422	—	—	—	715,422	—	715,422
Industrial & Localization	452,796	—	—	—	452,796	—	452,796
Finance & Legal	133,619	—	—	—	133,619	—	133,619
Temporary Staffing	—	308,434	—	—	308,434	—	308,434
Interpretation	—	—	152,722	—	152,722	—	152,722
Convention	—	—	—	42,291	42,291	—	42,291
Other	—	—	—	—	—	103,697	103,697
Revenue from customer contracts	1,857,996	308,434	152,722	42,291	2,361,445	103,697	2,465,142
Other revenue	—	—	—	—	—	—	—
Sales to external customers	1,857,996	308,434	152,722	42,291	2,361,445	103,697	2,465,142
Intersegment sales or transfer	12,026	—	6,450	—	18,476	156	18,632
Total	1,870,022	308,434	159,173	42,291	2,379,921	103,853	2,483,775
Segment income (loss)	170,694	25,787	-6,888	-7,021	182,571	-5,047	177,524

(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	182,571
"Other" income	-5,047
Elimination of intersegment transactions	1,368
Operating income in quarterly consolidated statement of income	178,893

II. Three-month period under review (From April 1, 2022 to June 30, 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	631,723	—	—	—	631,723	—	631,723
Medical	654,446	—	—	—	654,446	—	654,446
Industrial & Localization	461,559	—	—	—	461,559	—	461,559
Finance & Legal	153,542	—	—	—	153,542	—	153,542
Temporary Staffing	—	276,388	—	—	276,388	—	276,388
Interpretation	—	—	184,214	—	184,214	—	184,214
Convention	—	—	—	14,621	14,621	—	14,621
Other	—	—	—	—	—	104,219	104,219
Revenue from customer contracts	1,901,271	276,388	184,214	14,621	2,376,495	104,219	2,480,715
Other revenue	—	—	—	—	—	—	—
Sales to external customers	1,901,271	276,388	184,214	14,621	2,376,495	104,219	2,480,715
Intersegment sales or transfer	14,127	—	10,777	—	24,905	295	25,200
Total	1,915,399	276,388	194,991	14,621	2,401,401	104,514	2,505,916
Segment income (loss)	186,658	13,017	-3,960	-22,858	172,856	-9,159	163,697

(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	172,856
“Other” income	-9,159
Elimination of intersegment transactions	1,526
Operating income in quarterly consolidated statement of income	165,224

3. Changes in reporting segments

The “Language Education Business,” which used to be disclosed as one of the reporting segments, was removed from the reporting segment and has been included in “Other” from the beginning of the previous fiscal year because its quantitative importance has decreased.

The disclosed segment information for the three-month period in the previous fiscal year was prepared according to the classification of reporting segments of the three-month period under review.