



Financial Results for the Nine-Month Period Ended December 31, 2022 [Japan GAAP] (Consolidated)

February 9, 2023

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, 2023
 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, 2022 (From April 1, 2022 to December 31, 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	%
Nine-month period ended December 31, 2022	8,060	7.0	622	19.1	627	17.1	417	16.8
Nine-month period ended December 31, 2021	7,530	6.1	521	318.0	535	230.7	357	-

(Note) Comprehensive Nine-month period ended December 31, 2022 446 million yen(22.6%) Nine-month period ended December 31, 2021 364 million yen (-%)

	Net income per share	Net income per share – diluted
	Yen	Yen
Nine-month period ended December 31, 2022	125.34	-
Nine-month period ended December 31, 2021	107.44	-

(2) Consolidated Financial Positions

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine-month period ended December 31, 2022	7,144	5,413	75.7
Fiscal year ended March 2022	7,172	5,090	70.9

(Reference) Nine-month period ended December 31, 2022 5,413 million yen Fiscal year ended March 2022 5,090 million yen
 Shareholders' equity:

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 2022	-	0.00	-	40.00	40.00
Fiscal year ending March 2023	-	0.00	-		
Fiscal year ending March 2023 (forecast)				45.00	45.00

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

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

(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	11,100	7.3	960	18.3	960	14.1	650	13.4	194.92

(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 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 7 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)

Nine-month period ended December 31, 2022	3,369,000 shares	Fiscal year ended March 2022	3,369,000 shares
Nine-month period ended December 31, 2022	32,222 shares	Fiscal year ended March 2022	37,922 shares
Nine-month period ended December 31, 2022	3,333,928 shares	Nine-month period ended December 31, 2021	3,329,078 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)

*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.

○ Table of Contents of Attachments

1. Qualitative Information on Quarterly Financial Results under Review	2
(1) Explanation of operating results	2
(2) Explanation of financial position	3
(3) Explanation of future forecast information such as consolidated financial results forecasts	3
2. Quarterly Consolidated Financial Statements and Key Notes	4
(1) Quarterly consolidated balance sheet	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	5
Quarterly consolidated statement of income	
Nine-month period	5
Quarterly consolidated statement of comprehensive income	
Nine-month period	6
(3) Notes to quarterly consolidated financial statements	7
(Notes to assumptions for going concern)	7
(Notes when there is a significant change in the amount of shareholders' equity)	7
(Adoption of special accounting procedures for preparation of the quarterly consolidated financial statements)	7
(Segment information)	7

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 due to the measures to deal with the novel coronavirus (COVID-19) and the effect of various measures to support economic and social activities. However, there were concerns such as rising prices for energy as well as raw materials as a result of the prolonged Russia-Ukraine situation and rapid foreign exchange fluctuations, 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 gradual relaxation of the restrictions on the global movement of people.

Under these circumstances, the Group, based on the Medium-Term Management Plan, a three-year plan starting in the fiscal year ending 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 8,060 million yen, up 7.0% on a year-on-year basis, as the Translation Business, which is the core business, performed well, and the Interpretation Business stayed on a recovery track. In terms of profit, the Group posted operating income of 622 million yen, up 19.1% on a year-on-year basis; ordinary income of 627 million yen, up 17.1% on a year-on-year basis; and net income attributable to the parent company's shareholders of 417 million yen, up 16.8% on a year-on-year basis, due to the increased sales in the Translation Business.

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

1) Translation Business

In the Patent field, net sales increased by 18.3% on a year-on-year basis to 2,023 million yen due to strong orders from patent firms, one of the major customers of the Group, and intellectual property departments of corporations.

In the Medical field, net sales declined by 6.1% on a year-on-year basis to 2,041 million yen as a result of decreased orders from Contract Research Organizations (CRO) and a reactionary decline in projects related to COVID-19, which were won in the previous term, as well as sluggish translation demand due to clients' trial schedules.

The Industrial & Localization field saw strong demand from the manufacturing industry and won large projects from information and telecommunication companies, and net sales increased by 22.4% on a year-on-year basis, to 1,664 million yen.

In the Finance & Legal field, net sales increased by 3.0% on a year-on-year basis to 426 million yen as orders for IR-related documents have increased as a result of the reorganization of the TSE's market structure.

As a result, net sales of the Translation Business were 6,156 million yen, up 8.7% 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 842 million yen, down 7.8% on a year-on-year basis, because 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, in spite of strong new orders.

3) Interpretation Business

In the Interpretation Business, net sales increased by 31.0% on a year-on-year basis to 655 million yen due to the Group's winning of large conference projects from several financial institutions, in addition to strong orders from pharmaceutical companies and precision/telecommunications equipment manufacturers, one of the major customers of the Group, and stable orders from foreign consulting firms.

4) Convention Business

In the Convention Business, net sales decreased by 6.6% on a year-on-year basis to 129 million yen because restrictions on large-scale international conferences and events were prolonged, and 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 275 million yen, down 13.1% on a year-on-year basis, due to low enrollment in 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 third quarter under review were 6,246 million yen, down 65 million yen compared with the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits. Non-current assets increased by 36 million yen from the end of the previous fiscal year to 898 million yen. This was mainly due to an increase in investment securities and guarantee deposits.

As a result, total assets were 7,144 million yen, down 28 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 1,537 million yen, down 353 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in income taxes payable. Non-current liabilities were 193 million yen, up 3 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 1,731 million yen, down 350 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 5,413 million yen, up 322 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

Regarding the consolidated financial results forecasts, there is no change in the consolidated financial results forecasts for the full year disclosed in the "Announcement of Revision of Consolidated Financial Forecast" released on November 10, 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	Third quarter under review As of December 31, 2022
Assets		
Current assets		
Cash and deposits	3,899,282	3,680,490
Notes and accounts receivable - trade, net	2,110,625	2,175,452
Work in process	135,705	217,537
Other	165,660	172,755
Total current assets	6,311,274	6,246,235
Non-current assets		
Property, plant and equipment	40,625	34,290
Intangible assets	66,484	52,675
Investments and other assets	754,298	811,044
Total non-current assets	861,408	898,010
Total Assets	7,172,683	7,144,246
Liabilities		
Current liabilities		
Accounts payable - trade	812,213	786,169
Income taxes payable	252,171	75,728
Refund liability	5,772	3,868
Provision for bonuses	287,477	179,036
Other	533,801	492,975
Total current liabilities	1,891,437	1,537,778
Non-current liabilities		
Provision for directors' retirement benefits	3,200	3,200
Retirement benefit liability	187,063	190,166
Total non-current liabilities	190,263	193,366
Total Liabilities	2,081,701	1,731,144
Net assets		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	4,094,968	4,374,059
Treasury shares	(93,283)	(79,267)
Total shareholders' equity	5,068,951	5,362,058
Accumulated other comprehensive income		
Foreign currency translation adjustment	25,778	54,120
Accumulated remeasurements of defined benefit plans	(3,747)	(3,077)
Total accumulated other comprehensive income	22,031	51,042
Total Net Assets	5,090,982	5,413,101
Total liabilities and net assets	7,172,683	7,144,246

(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, 2021 to December 31, 2021)	Nine-month period under review (From April 1, 2022 to December 31, 2022)
Net sales	7,530,601	8,060,471
Cost of sales	3,962,811	4,313,263
Gross profit	3,567,790	3,747,207
Selling, general and administrative expenses	3,045,857	3,125,122
Operating income	521,932	622,085
Non-operating income		
Interest income	20	23
Share of profit of entities accounted for using equity method	19,088	29,196
Subsidy income	1,040	-
Other	1,111	848
Total non-operating income	21,261	30,068
Non-operating expenses		
Commission expenses	386	-
Foreign exchange losses	7,475	24,764
Other	0	0
Total non-operating expenses	7,861	24,765
Ordinary income	535,331	627,389
Extraordinary losses		
Loss on retirement of non-current assets	2,930	12
Total extraordinary losses	2,930	12
Net income before income taxes	532,400	627,377
Income taxes	174,714	209,485
Net income	357,686	417,891
Net income attributable to the parent company's shareholders	357,686	417,891

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

(Unit: Thousand yen)

	Nine-month period in the previous fiscal year (From April 1, 2021 to December 31, 2021)	Nine-month period under review (From April 1, 2022 to December 31, 2022)
Net income	357,686	417,891
Other comprehensive income		
Foreign currency translation adjustment	7,277	28,342
Remeasurements of defined benefit plans	(738)	669
Total other comprehensive income	6,539	29,011
Comprehensive income	364,225	446,903
(Components)		
Comprehensive income attributable to the parent company's shareholders	364,225	446,903
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 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 including 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, 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	Interpretation 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
Convention	-	-	-	139,159	139,159	-	139,159
Other	-	-	-	-	-	317,587	317,587
Revenue from customer contracts	5,659,075	914,838	499,940	139,159	7,213,014	317,587	7,530,601
Other revenue	-	-	-	-	-	-	-
Sales to external customers	5,659,075	914,838	499,940	139,159	7,213,014	317,587	7,530,601
Intersegment sales or transfer	46,191	-	21,807	49	68,048	1,583	69,631
Total	5,705,267	914,838	521,747	139,208	7,281,062	319,170	7,600,232
Segment income (loss)	510,704	67,750	(14,156)	(25,632)	538,665	(20,317)	518,348

(Note) "Other" represents segments not included in reporting segments and includes the overseas patent application support business.

2. Difference between the total income or loss of the reporting segment and the amounts reported in the quarterly consolidated statement of income and major components thereof (matters concerning difference adjustment)

(Unit: Thousand yen)

Income	Amount of payment
Reporting segment total	538,665
"Other" income	(20,317)
Elimination of intersegment transactions	3,583
Operating income in quarterly consolidated statement of income	521,932

II. Nine-month period under review (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 the total income or loss of the reporting segment and the amounts reported in the 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

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 nine-month period in the previous fiscal year was prepared according to the classification of reporting segments of the nine-month period under review.