



Financial Results for the Nine-Month Period Ended December 31, 2024 [Japan GAAP] (Consolidated)

February 7, 2025

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 commencement date of dividends payment: -
 Preparation of supplementary materials for financial results: None
 Convening financial results briefing: None

(Amounts rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the Nine-Month Period Ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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, 2024	8,298	(0.2)	570	(1.4)	580	(2.8)	418	4.6
Nine-month period ended December 31, 2023	8,323	3.2	578	(6.9)	597	(4.7)	400	(4.2)

(Note) Nine-month period ended December 31, 2024 Comprehensive income 366million yen (-11.5%)
 Nine-month period ended December 31, 2023 Comprehensive income 414million yen (-7.1%)

	Net income per share	Net income per share – diluted
	Yen	Yen
Nine-month period ended December 31, 2024	125.11	—
Nine-month period ended December 31, 2023	119.80	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine-month period ended December 31, 2024	8,118	6,414	79.0
Fiscal year ended March 31, 2024	8,326	6,250	75.0

(Reference) Nine-month period ended December 31, 2024 Shareholders' equity 6,414million yen
 Fiscal year ended March 31, 2024 Shareholders' equity 6,250million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
Fiscal year ended March 31, 2024	Yen —	Yen 0.00	Yen —	Yen 65.00	Yen 65.00
Fiscal year ending March 31, 2025	—	0.00	—		
Fiscal year ending March 31, 2025 (forecast)				75.00	75.00

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

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	12,100	7.0	1,050	16.3	1,080	15.0	720	1.2	215.07

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

* Notes

(1) Significant changes in the scope of consolidation during the period under review: 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 (Notes to special accounting procedures used for preparation of the quarterly consolidated financial statements)" on Page 8 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: 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)

Nine-month period ended December 31, 2024	3,369,000shares	Fiscal year ended March 31, 2024	3,369,000shares
Nine-month period ended December 31, 2024	18,822shares	Fiscal year ended March 31, 2024	25,522shares
Nine-month period ended December 31, 2024	3,346,828shares	Nine-month period ended December 31, 2023	3,340,128shares

* Review of the attached quarterly consolidated financial statements by a Certified Public Accountant or audit firm: None

* 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. Overview of Operating Results, etc., (3) Explanation of future forecast information such as consolidated financial results forecasts" on Page 5 of the attachments.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the nine-month period ended December 31, 2024

Concerning the financial results for the nine-month period under review, there were signs of a moderate recovery in the Japanese economy, including an improved employment and income environment and companies' increased appetite for capital investment, as economic activities further normalized. However, there were concerns such as soaring raw material and energy prices caused by prolonged volatility around the globe, the impact of exchange rate fluctuations, and continued global monetary tightening, and thus the outlook of the Japanese economy remains uncertain.

Under these circumstances, the Group, based on the Medium-Term Management Plan, a three-year plan ending in the fiscal year ending March 31, 2025, 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 nine-month period ended December 31, 2024, the Honyaku Center Group (Group) posted net sales of 8,298 million yen, down 0.2% on a year-on-year basis, as the performance of the Translation Business, which is the core business, remained at the same level on a year-on-year basis and sales declined due to the downsizing of the Convention Business, although the Interpretation Business saw continued growth. In terms of profit, the Group posted operating income of 570 million yen, down 1.4% on a year-on-year basis, as net sales decreased on a year-on-year basis and failed to offset an increase in selling, general and administrative expenses mainly consisting of personnel expenses; ordinary income of 580 million yen, down 2.8% on a year-on-year basis due to a decline in the share of profit of entities accounted for using the equity method; and net income attributable to the parent company's shareholders of 418 million yen, up 4.6% on a year-on-year basis due to the recording of gain on sale of shares of subsidiaries.

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

The "Convention 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 first quarter 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.

1) Translation Business

In the Patent field, net sales increased by 2.2% on a year-on-year basis to 2,207 million yen due to strong orders from patent firms despite a decrease in orders from the intellectual property departments of some major corporate clients.

In the Medical field, amid efforts to build lasting relationships with client companies and expand the client base to capture demand, net sales increased 1.8% on a year-on-year basis to 1,904 million yen, as a decline in orders from foreign pharmaceutical companies was offset by an increase in orders from Japanese pharmaceutical companies and contract research organizations (CRO).

The Industrial & Localization field saw strong demand from the manufacturing industry including increased orders from clients in the automobile and electrical machinery fields and the winning of large projects from energy companies. However, net sales decreased 2.3% on a year-on-year basis to 1,614 million yen due to sluggish orders from the non-manufacturing industry.

In the Finance & Legal field, net sales increased by 6.9% on a year-on-year basis to 480 million yen due to an increase in orders from administration departments of corporations in addition to strong orders for IR documents given the growing momentum for the disclosure of English documents by listed companies.

As a result, net sales of the Translation Business were 6,207 million yen, up 1.2% on a year-on-year basis.

2) Temporary Staffing Business

In the Temporary Staffing Business, net sales were nearly unchanged on a year-on-year basis at 895 million yen due to a decline in referral fees although the number of staff under regular employment remained almost unchanged on a year-on-year basis due to steady demand for staff with strong language skills.

3) Interpretation Business

In the Interpretation Business, net sales increased by 13.3% on a year-on-year basis to 935 million yen, reaching a record high in the nine-month period under review, due to continued orders from existing customers, such as financial institutions, pharmaceutical companies, precision/telecommunications equipment manufacturers and foreign consulting firms, in addition to an increase in the number of customers.

4) Other

In the Other segment, net sales amounted to 260 million yen, down 44.3% on a year-on-year basis, as a result of decreased sales due to the downsizing of the Convention Business and weak performance of FIPAS Inc., which provides support for foreign patent applications, including the preparation of patent specifications and the application process, although enrollment in the interpreter and translator school ISS Institute, Inc. remained solid.

(2) Overview of financial position as of December 31, 2024

(Assets)

Current assets as of the end of the third quarter under review were 6,945 million yen, down 344 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 136 million yen from the end of the previous fiscal year to 1,173 million yen. This was mainly due to an increase in investments and other assets.

As a result, total assets were 8,118 million yen, down 207 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 1,466 million yen, down 386 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in provision for bonuses and income taxes payable. Non-current liabilities were 237 million yen, up 15 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 1,704 million yen, down 370 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 6,414 million yen, up 163 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

For the financial results forecasts for the fiscal year ending March 2025, there is no change in the consolidated financial results forecasts for the full year disclosed in "Financial Results for the Fiscal Year Ended March 31, 2024" released on May 13, 2024.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

	Previous fiscal year As of March 31, 2024	Third quarter under review As of December 31, 2024
Assets		
Current assets		
Cash and deposits	4,691,074	4,633,488
Notes and accounts receivable - trade, net	※ 2,292,548	※ 1,891,014
Work in process	154,713	218,955
Other	151,278	201,824
Total current assets	7,289,616	6,945,283
Non-current assets		
Property, plant and equipment	59,412	55,637
Intangible assets		
Goodwill	69,366	57,125
Other	30,274	25,260
Total intangible assets	99,640	82,386
Investments and other assets	※ 877,752	※ 1,035,680
Total non-current assets	1,036,806	1,173,704
Total Assets	8,326,422	8,118,987
Liabilities		
Current liabilities		
Accounts payable – trade	841,584	731,677
Income taxes payable	213,290	58,572
Refund liability	3,097	2,194
Provision for bonuses	287,010	169,506
Other	508,579	504,991
Total current liabilities	1,853,562	1,466,942
Non-current liabilities		
Provision for directors' retirement benefits	11,408	11,408
Retirement benefit liability	210,477	226,144
Total non-current liabilities	221,885	237,552
Total Liabilities	2,075,448	1,704,494
Net assets		
Shareholders' equity		
Capital stock	588,443	588,443
Capital surplus	478,823	478,823
Retained earnings	5,199,430	5,398,204
Treasury shares	(62,785)	(46,303)
Total shareholders' equity	6,203,911	6,419,167
Accumulated other comprehensive income		
Foreign currency translation adjustment	52,319	—
Accumulated remeasurements of defined benefit plans	(5,256)	(4,674)
Total accumulated other comprehensive income	47,062	(4,674)
Total Net Assets	6,250,974	6,414,492
Total liabilities and net assets	8,326,422	8,118,987

(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, 2023 to December 31, 2023)	Nine-month period under review (from April 1, 2024 to December 31, 2024)
Net sales	8,323,013	8,298,833
Cost of sales	4,442,030	4,376,896
Gross profit	3,880,982	3,921,937
Selling, general and administrative expenses	3,302,316	3,351,556
Operating income	578,666	570,380
Non-operating income		
Share of profit of entities accounted for using equity method	26,869	14,273
Other	1,385	1,443
Total non-operating income	28,254	15,717
Non-operating expenses		
Foreign exchange losses	9,135	5,692
Other	72	1
Total non-operating expenses	9,208	5,693
Ordinary income	597,713	580,404
Extraordinary income		
Gain on sale of shares of subsidiaries	—	37,384
Total extraordinary income	—	37,384
Extraordinary losses		
Loss on retirement of non-current assets	2,040	491
Total extraordinary losses	2,040	491
Net income before income taxes	595,672	617,297
Income taxes	195,502	198,570
Net income	400,170	418,726
Net income attributable to the parent company's shareholders	400,170	418,726

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

(Unit: Thousand yen)

	Nine-month period in the previous fiscal year (from April 1, 2023 to December 31, 2023)	Nine-month period under review (from April 1, 2024 to December 31, 2024)
Net income	400,170	418,726
Other comprehensive income		
Foreign currency translation adjustment	14,323	(52,319)
Remeasurements of defined benefit plans	407	581
Total other comprehensive income	14,730	(51,737)
Comprehensive income	414,900	366,989
(Components)		
Comprehensive income attributable to the parent company's shareholders	414,900	366,989
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Notes to changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes”)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”) from the beginning of the first quarter.

For the revision regarding the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “2022 Revised Guidance”). This change in accounting policies has no effect on the quarterly consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Guidance from the beginning of the first quarter for the revision related to the review of the treatment in consolidated financial statements of deferrals for tax purposes of gains or losses on sale of investments in subsidiaries among consolidated companies. This change in accounting policies has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the quarter of the previous year and the previous full fiscal year have been prepared on a retrospective basis. This change in accounting policies has no effect on the quarterly consolidated financial statements for the quarter of the previous year and the consolidated financial statements for the previous full fiscal year.

(Notes to assumptions for going concern)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Notes to special accounting procedures used 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 containing the third quarter under review and calculated them by multiplying this estimated effective tax rate by net income before income taxes.

(Notes to quarterly consolidated balance sheet)

*Allowance for doubtful accounts deducted directly from the amount of assets

	Previous fiscal year As of March 31, 2024	Third quarter under review As of December 31, 2024
Current assets	733 thousand yen	656 thousand yen
Investments and other assets	2,160	422

(Notes to quarterly consolidated statement of cash flows)

The Company has not prepared a quarterly consolidated statement of cash flows for the nine-month period under review. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine-month period under review are as follows.

	Nine-month period in the previous fiscal year (from April 1, 2023 to December 31, 2023)	Nine-month period under review (from April 1, 2024 to December 31, 2024)
Depreciation	18,988 thousand yen	15,342 thousand yen
Amortization of goodwill	8,160	12,241

(Notes to segment information)

Segment information

I. Nine-month period in the previous fiscal year (from April 1, 2023 to December 31, 2023)

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	Total		
Net sales						
Translation						
Patent	2,159,592	—	—	2,159,592	—	2,159,592
Medical	1,870,520	—	—	1,870,520	—	1,870,520
Industrial & Localization	1,652,992	—	—	1,652,992	—	1,652,992
Finance & Legal	449,519	—	—	449,519	—	449,519
Temporary Staffing	—	896,449	—	896,449	—	896,449
Interpretation	—	—	825,120	825,120	—	825,120
Other	—	—	—	—	468,818	468,818
Revenue from customer contracts	6,132,625	896,449	825,120	7,854,195	468,818	8,323,013
Other revenue	—	—	—	—	—	—
Sales to external customers	6,132,625	896,449	825,120	7,854,195	468,818	8,323,013
Intersegment sales or transfer	26,307	4,786	838	31,932	1,556	33,489
Total	6,158,932	901,236	825,958	7,886,128	470,374	8,356,502
Segment income (loss)	587,500	39,518	72,463	699,482	(123,519)	575,962

(Note) "Other" represents segments not included in reporting segments and includes the 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	699,482
"Other" income	(123,519)
Elimination of intersegment transactions	2,703
Operating income in quarterly consolidated statement of income	578,666

II. Nine-month period under review (from April 1, 2024 to December 31, 2024)

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	Total		
Net sales						
Translation						
Patent	2,207,358	—	—	2,207,358	—	2,207,358
Medical	1,904,685	—	—	1,904,685	—	1,904,685
Industrial & Localization	1,614,256	—	—	1,614,256	—	1,614,256
Finance & Legal	480,830	—	—	480,830	—	480,830
Temporary Staffing	—	895,781	—	895,781	—	895,781
Interpretation	—	—	935,056	935,056	—	935,056
Other	—	—	—	—	260,862	260,862
Revenue from customer contracts	6,207,131	895,781	935,056	8,037,970	260,862	8,298,833
Other revenue	—	—	—	—	—	—
Sales to external customers	6,207,131	895,781	935,056	8,037,970	260,862	8,298,833
Intersegment sales or transfer	21,786	4,322	268	26,377	643	27,021
Total	6,228,918	900,104	935,325	8,064,348	261,506	8,325,854
Segment income (loss)	470,937	75,355	129,097	675,390	(108,195)	567,194

(Note) "Other" represents segments not included in reporting segments and includes the 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	675,390
"Other" income	(108,195)
Elimination of intersegment transactions	3,185
Operating income in quarterly consolidated statement of income	570,380

3. Changes in reporting segments

The "Convention 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 first quarter 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.