Consolidated Financial Results
for the Nine Months Ended September 30, 2019 [Japanese GAAP]

November 8, 2019

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Securities Code: 6789
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Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of commencing dividend payments: –
Availability of supplementary briefing material on quarterly consolidated financial results: Available
Schedule of quarterly consolidated financial results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2019 (From January 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended September 30, 2019	29,885	(4.2)	2,316	(18.6)	2,189	(19.1)	1,648	(10.1)
Nine months ended September 30, 2018	31,206	(1.9)	2,846	10.7	2,707	6.5	1,832	115.8

(Note) Comprehensive income: Nine months ended September 30, 2019: 1,312 million yen [(21.9)%]
Nine months ended September 30, 2018: 1,679 million yen [51.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2019	131.63	–
Nine months ended September 30, 2018	146.11	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2019	37,732	24,439	64.8	1,957.04
As of December 31, 2018	36,710	24,182	65.9	1,926.09

(Reference) Equity: As of September 30, 2019: 24,439 million yen
As of December 31, 2018: 24,182 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	–	25.00	–	45.00	70.00
Fiscal year ending December 31, 2019	–	25.00	–		
Fiscal year ending December 31, 2019 (Forecast)				25.00	50.00

(Note) Revision of dividend forecasts from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (From January 1, 2019 to December 31, 2019)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	42,000	(1.8)	3,000	(29.4)	2,800	(29.6)	1,900	(34.1)	151.33

(Note) Revision of financial results forecasts from recently announced figures: No

*** Notes**

(1) Significant changes of subsidiaries during the nine months ended September 30, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: No

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

Nine months ended September 30, 2019	12,656,311 shares
Fiscal year ended December 31, 2018	12,656,311 shares

2) Total number of treasury shares at the end of the period:

Nine months ended September 30, 2019	168,495 shares
Fiscal year ended December 31, 2018	101,195 shares

3) Average number of shares during the period:

Nine months ended September 30, 2019	12,524,605 shares
Nine months ended September 30, 2018	12,544,949 shares

(Note) The total number of treasury shares at the end of the nine months ended September 30, 2019 and at the end of the fiscal year ended December 31, 2018 includes 168,300 shares and 101,000 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively. The number of treasury shares excluded from calculation of the average number of shares during the period for the nine months ended September 30, 2019 and ended September 30, 2018 includes 131,511 shares and 111,167 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively.

* These consolidated financial results are outside the scope of audit.

* Explanation of the proper use of financial results forecast and other notes

  Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 9.

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1. Results of Operations

(1) Analysis of Results of Operations

During the nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019), the Japanese economy recovered moderately as improvements in employment and income conditions continued despite continuing weakness mainly in exports. Prospects remained uncertain overseas owing to concern over the impact on the world economy of factors stemming from trade friction between the US and China.

Although the group formulated a five-year medium-term business plan beginning in FY 2016 and was working toward its achievement, as it has become apparent that business results will substantially differ from initial targets, performance goals for the final fiscal year and the initiatives to achieve them have been revised, and the "Notice of Revision of Medium-Term Business Plan" was announced on August 8, 2018. Specifically, the period until the final fiscal year has been positioned as a transitional period toward a new growth stage, and emphasis has been placed on changing the business portfolio and enhancing operational effectiveness, with "expanding growing markets," "stopping the down trend of sales of printers in the sign market," and "improving profitability" as key issues. Among these, in "expanding growth markets," fields of focus have been revised and reselected to the three businesses of the "DP (Digital Printing) Business," the "COTO Business," and the "DGSHAPE Business," and business operations have begun. By further clarifying focus areas and allocation of management resources and swift business operations with speedy decision-making that accurately grasp market changes, the group will work to expand growth areas and create new markets.

During the nine months ended September 30, 2019, the Company worked to revitalize the sign market in addition to expanding the dental market and the retail market, which we see as growth areas. In the dental market, aiming to become the top global manufacturer as we target dental clinics in addition to dental labs, we engaged in activities toward accelerated regional expansion and share expansion, including enhancing distributors and solutions proposals in collaboration with CAD/CAM software vendors. In the retail market, in addition to launching new UV printers and adding laser engravers to the product lineup, the Company has provided solutions to help customers' business expansion for the application of in-store decorative services for smartphone cases and home appliances, etc. In the COTO business, which focuses on personalization needs to optimize goods based on individual interests, concerns, and events, we placed emphasis on in-store creation of personalized goods and proposal activities on decorative services for retail businesses. By taking advantage of our desktop product lineup, which are compact in size and create products on demand, we are proposing new businesses that provide great buying experiences for customers, such as having customers experience the fun and joy of forming their own designs into shapes at retail stores and event sites.

Meanwhile, in our conventional mainstay sign market, to respond to the situation in which the market has matured and competition has become fierce, we introduced a new product that provided much higher expressiveness and higher reliability through the latest technologies. Also, we developed products that will lead to the development of adjacent markets for signs through co-creation with regional partners in order to cultivate new opportunities in the digital printing market.

Partially due to a negative impact of the stronger yen, net sales for the nine months ended September 30, 2019 decreased by 4.2% compared with the same period of the previous term to 29,885 million yen. The ratio of cost of sales rose by 0.7 percentage points, and selling, general and administrative expenses decreased from the same period of the previous term, mainly due to lower personnel expenses. As a result, operating profit decreased by 18.6% compared with the same period of the previous term to 2,316 million yen, and ordinary profit decreased by 19.1% compared with the same period of the previous term to 2,189 million yen. Due to a decrease of income taxes – deferred and the negative effect of recording extraordinary losses including the disposal of software assets and loss on sales and retirement of non-current assets in the same period of the previous term, profit attributable to owners of parent was 1,648 million yen, decreasing by 10.1% from the same period of the previous term.

The exchange rates for major currencies during the nine months ended September 30, 2019 (average rate during the period from January 2019 to September 2019) were 109.16 yen to the U.S. dollar (109.62 yen for the same period of the previous term) and 122.69 yen to the euro (131.00 yen for the same period of the previous term).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral devices and there are no other segments, it is represented as a single segment. Sales by product are as follows.

Net sales by product

(Millions of Yen)

Product	Nine months ended September 30, 2018		Nine months ended September 30, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	10,339	33.1	9,545	31.9	(794)	(1.2)	92.3
Plotters	998	3.2	820	2.8	(177)	(0.5)	82.2
3D products	3,952	12.7	4,027	13.5	75	0.8	101.9
Supplies	10,183	32.6	10,016	33.5	(167)	0.9	98.4
Others	5,734	18.4	5,476	18.3	(257)	(0.1)	95.5
Total	31,206	100.0	29,885	100.0	(1,321)	—	95.8

[Printers]

In the sign market, to respond to the situation in which the market has matured and competition has become fierce with the entry of major manufacturers, we made efforts to maintain our customer base in this market by strengthening our products' competitiveness. On the other hand, we developed products which meet customer needs for specific applications through co-creation with regional partners, in order to open up new opportunities in the digital printing market. In March 2019, we launched the TrueVIS VG2 series eco-solvent printer into the sign market with the newly-developed TR2 ink, which supports orange ink. Industry associations in the US and Europe highly praised the VG2 series' features including smooth gradation expression from a broad color gamut, excellent color reproduction, and advanced print & cut functions. We won the "2019 Product of the Year" award from the U.S.-based SGIA (Specialty Graphic Imaging Association) in September, for our contribution to the development of the digital printing industry with superior products and technologies. With the greatest achievement in expressiveness, the VG2 series will stimulate the sign market and awaken replacement demand in existing customers. In retail markets, we have been proposing UV printers, etc., to small retailers engaging in decoration services for products such as smartphone cases and home appliances, in addition to small-scale plants engaging in creating original products such as novelties. We launched the VersaUV LEF2-200 desk-top UV printer in March and the LEF2-300 model with increased productivity in September.

In January, we launched our first garment printer, the VersaSTUDIO BT-12. This A4 size desk-top printer can print photos and other graphics directly onto T-shirts, polo shirts, tote bags, and other cotton fabrics to create original products. By connecting with our software "cotodesign," customers can easily start printing services for merchandise sold at shops. We propose these as the optimal solutions for small retailers who aim to offer new services to customers.

We also launched the VersaUV LEC2-300 printer/cutter in September. With UV ink that can be printed on various materials and a print & cut function that allows users to cut out printed graphics to any shape, we are proposing using it for applications such as making stickers and labels on-demand and in low quantity and creating design prototypes.

As a result of these factors, printer sales were 9,545 million yen in the nine months ended September 30, 2019, or 92.3% of the same period of the previous fiscal year. Despite the launch effect of the new VG2 series printers for the sign market, there was a drop in sales of UV printers for the sign market that are suitable for print on large boards such as acrylic and foam board signs and cardboard display fixtures, and a drop in sales of UV printers for the retail market.

[Plotters]

In September, we released the LV-290/180 desk-top laser engravers that can engrave and cut shapes out of acrylic and other resins, wood, and leather. Together with desktop UV printers, they can produce full-color acrylic stands and accessories in various shapes. We will provide these products as solutions for customers to expand their printing businesses.

As sales of large format cutters for the sign market decreased, plotter sales were 820 million yen in the nine months ended September 30, 2019, or 82.2% of the same period of the previous fiscal year.

[3D products]

While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, DGSHAPE Corporation, which engages in the 3D business, aims to become the top global manufacturer through regional expansion and share expansion in the growing dental market.

In the dental market, we focused on sales promotion activities such as actively setting up exhibits at major tradeshows across the world including IDS 2019, the world’s largest dental tradeshow held in Germany in March 2019, and presenting the latest dental solutions centering on the new dental milling machine launched in the previous fiscal year. Although sales growth was sluggish due to restrained buying before tradeshows in some regions, sales increased in Europe, notably in Russia and Eastern Europe, owing to development of new sales networks. In the 3D digital fabrication market, we made progress in introducing the MDX-540 and MDX-50 3D milling machines for prototypes in the manufacturing industry and at educational institutions, boosting their sales, but sales of engravers dropped.

As a result of these factors, sales of 3D products were 4,027 million yen, or 101.9% of the same period of the previous fiscal year.

[Supplies]

Sales of TrueVIS INK have been strong in line with the increase in sales volume of the TrueVIS VG2 series and SG series, the mainstay printer models for the sign market. However, lower sales of ink suitable for existing models led to a decline in sales of printer ink for the sign market as compared to the same period of the previous fiscal year. Sales of ink for UV printers and textile printers increased, but sales of supplies were lower than the same period of the previous fiscal year at 10,016 million yen, or 98.4% of the same period of the previous fiscal year, partly due to the stronger yen.

[Others]

Sales of maintenance services, service parts, and other sales were lower than the same period of the previous fiscal year at 5,476 million yen, or 95.5% of the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Nine months ended September 30, 2018		Nine months ended September 30, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	3,339	10.7	3,610	12.1	270	1.4	108.1
North America	8,937	28.7	8,422	28.2	(515)	(0.5)	94.2
Europe	11,798	37.8	11,102	37.2	(695)	(0.7)	94.1
Asia	2,470	7.9	2,402	8.0	(68)	0.1	97.2
Others	4,661	14.9	4,347	14.5	(313)	(0.4)	93.3
Total	31,206	100.0	29,885	100.0	(1,321)	－	95.8

[Japan]

In printers, sales exceeded the same period of the previous fiscal year due to strong sales of the new VG2 series printers for the sign market and higher sales of textile printers. In 3D products, sales of the DWX-52DCi, a dental milling machine that incorporates an automatic tool changer function for continuous milling and high productivity, significantly increased in the dental market.

As a result, net sales in Japan were 3,610 million yen, or 108.1% of the same period of the previous fiscal year.

[North America]

In printers, sales fell below the same period of the previous fiscal year as there was a drop in sales of UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures, as well as sales of UV printers for the retail market, despite strong sales of the new VG2 series printers for the sign market. Sales of 3D products were lower than the same period of the previous fiscal year, owing to sluggish sales of main models in the dental market, as well as the absence of the effect of the launch of new products in the same period of the previous fiscal year.

As a result, net sales in North America were 8,422 million yen, or 94.2% of the same period of the previous fiscal year.

[Europe]

In 3D products, we carried out sales promotion activities for the dental market by actively setting up exhibits at tradeshows in multiple places, including IDS 2019, the world’s largest dental tradeshow held in March 2019. Sales exceeded the same period of the previous fiscal year due to strong sales of the DWX-52DCi, a dental milling machine with an automatic tool changer function for continuous milling and high productivity, and development of new sales networks. In printers, although sales were strong for the new VG2 series printers for the sign market, sales of the existing models decreased. In addition, sales decreased for UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures.

As a result, along with the effects of the appreciated yen against the euro, net sales in Europe were 11,102 million yen, or 94.1% of the same period of the previous fiscal year.

[Asia]

In China, while there was an increase in sales of 30" printers for the sign market that are used to create original T-shirts and goods, sales of dental milling machines decreased. Sales of printers for the sign market and dental milling machines increased in South Korea. In the ASEAN region and India, sales decreased primarily in printers for the sign market.

As a result, along with the effects of the stronger yen, net sales in Asia were 2,402 million yen, or 97.2% of the same period of the previous fiscal year.

[Other Regions]

In Australia, sales of new models of printers for the sign market were solid, but in the South America region including Brazil, sales of printers for the sign market decreased.

As a result, net sales in these regions were 4,347 million yen, or 93.3% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets as of the end of the third quarter increased by 1,022 million yen compared with end-of-term consolidated totals last year to a total of 37,732 million yen (102.8% of year-end consolidated totals last term). With regard to current assets, while cash and deposits and other current assets including accounts receivable – other decreased by 611 million yen and 577 million yen, respectively, inventories increased by 1,742 million yen. In non-current assets, while software decreased by 183 million yen due to amortization and other factors, leased assets-use rights increased by 687 million yen due to application of IFRS 16.

Liabilities as of the end of the third quarter increased by 765 million yen to a total of 13,293 million yen (106.1% of year-end consolidated totals last term). With regard to current liabilities, current portion of long-term loans payable and income taxes payable increased by 720 million yen and 338 million yen, respectively. In addition, due to application of IFRS 16, lease obligations increased by 319 million yen. In non-current liabilities, while long-term loans payable decreased by 1,080 million yen, long-term lease obligations increased by 384 million yen due to application of IFRS 16.

Net assets as of the end of the third quarter increased by 256 million yen to a total of 24,439 million yen (101.1% of year-end consolidated totals last term). Compared with the end of the previous fiscal year, while retained earnings increased by 749 million yen due mainly to the performance of this period and treasury shares increased by 155 million yen due to the acquisition of treasury shares, foreign currency translation adjustment decreased by 379 million yen due mainly to the stronger yen.

Additionally, the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28; February 16, 2018), etc., have been applied from the beginning of the first quarter ended March 31, 2019. In its treatment of the fiscal year ended December 31, 2018, the Company retrospectively applies the aforementioned accounting changes to perform comparative analysis.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the full year of the fiscal year ending December 31, 2019, which was announced on February 14, 2019. Any changes that may occur in the future will be appropriately disclosed.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	11,170,003	10,559,000
Notes and accounts receivable - trade	4,998,945	4,832,869
Merchandise and finished goods	5,766,572	6,926,183
Work in process	64,025	101,172
Raw materials and supplies	2,211,111	2,756,855
Other	2,065,172	1,487,385
Allowance for doubtful accounts	(87,942)	(72,549)
Total current assets	26,187,888	26,590,918
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,037,881	7,090,195
Accumulated depreciation	(4,491,880)	(4,577,482)
Buildings and structures, net	2,546,000	2,512,712
Machinery, equipment and vehicles	947,285	921,644
Accumulated depreciation	(696,498)	(666,812)
Machinery, equipment and vehicles, net	250,786	254,832
Tools, furniture and fixtures	3,789,006	3,886,611
Accumulated depreciation	(3,043,209)	(3,129,857)
Tools, furniture and fixtures, net	745,796	756,753
Land	3,124,848	3,134,418
Leased asset-use rights	—	687,909
Construction in progress	27,195	26,844
Total property, plant and equipment	6,694,627	7,373,471
Intangible assets		
Goodwill	274,443	200,469
Software	973,252	790,233
Telephone subscription right	8,258	8,009
Total intangible assets	1,255,954	998,711
Investments and other assets		
Investment securities	19,384	18,749
Deferred tax assets	1,668,522	1,830,716
Other	884,191	920,265
Total investments and other assets	2,572,097	2,769,731
Total non-current assets	10,522,680	11,141,914
Total assets	36,710,568	37,732,832

(Thousands of Yen)

	As of December 31, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,994,581	1,909,846
Current portion of long-term loans payable	360,000	1,080,000
Lease obligations	2,387	321,789
Income taxes payable	224,968	562,995
Provision for bonuses	723,324	849,357
Provision for directors’ bonuses	60,000	42,750
Provision for product warranties	458,315	463,836
Other	3,314,380	3,321,427
Total current liabilities	7,137,958	8,552,002
Non-current liabilities		
Long-term loans payable	2,880,000	1,800,000
Lease obligations	6,548	391,100
Provision for employee stock ownership plan trust	113,374	143,204
Provision for management board incentive plan trust	191,756	166,207
Provision for loss on dissolution of employees’ pension fund	4,671	4,411
Net defined benefit liability	858,387	843,746
Long-term accounts payable - other	39,880	38,788
Other	1,295,689	1,354,111
Total non-current liabilities	5,390,308	4,741,570
Total liabilities	12,528,266	13,293,572
Net assets		
Shareholders’ equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	18,152,407	18,901,540
Treasury shares	(442,217)	(598,013)
Total shareholders’ equity	25,079,498	25,672,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,246)	(2,143)
Foreign currency translation adjustment	(612,127)	(991,487)
Remeasurements of defined benefit plans	(283,903)	(240,040)
Total accumulated other comprehensive income	(897,277)	(1,233,672)
Non-controlling interests	80	96
Total net assets	24,182,301	24,439,260
Total liabilities and net assets	36,710,568	37,732,832

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the nine months ended September 30, 2018 and September 30, 2019)

(Thousands of Yen)

	For the nine months ended September 30, 2018 (From January 1, 2018 to September 30, 2018)	For the nine months ended September 30, 2019 (From January 1, 2019 to September 30, 2019)
Net sales	31,206,951	29,885,414
Cost of sales	17,258,493	16,730,792
Gross profit	13,948,457	13,154,621
Selling, general and administrative expenses		
Transportation and warehousing expenses	754,585	798,243
Advertising and promotion expenses	742,890	825,621
Provision of allowance for doubtful accounts	20,365	6,849
Provision for product warranties	—	54,740
Salaries and bonuses	5,320,715	5,035,205
Provision for bonuses	530,876	494,570
Provision for directors' bonuses	45,000	42,750
Provision for employee stock ownership plan trust	8,091	28,868
Provision for management board incentive plan trust	37,850	28,278
Retirement benefit expenses	222,576	223,275
Traveling and transportation expenses	454,778	424,017
Depreciation	513,956	685,017
Commission fee	905,454	859,943
Other	1,545,147	1,330,901
Total selling, general and administrative expenses	11,102,289	10,838,283
Operating profit	2,846,168	2,316,338
Non-operating income		
Interest income	10,136	12,696
Gain on valuation of investments in money held in trust	28,407	54,761
Reversal of reserve for loss on dissolution of employees' pension fund	44,728	—
Other	56,673	55,479
Total non-operating income	139,945	122,937
Non-operating expenses		
Interest expenses	12,141	32,900
Sales discounts	113,770	93,490
Foreign exchange losses	137,268	120,788
Other	15,434	2,709
Total non-operating expenses	278,615	249,889
Ordinary profit	2,707,498	2,189,386

(Thousands of Yen)

	For the nine months ended September 30, 2018 (From January 1, 2018 to September 30, 2018)	For the nine months ended September 30, 2019 (From January 1, 2019 to September 30, 2019)
Extraordinary income		
Gain on sales of non-current assets	8,094	9,940
Total extraordinary income	8,094	9,940
Extraordinary losses		
Loss on sales and retirement of non-current assets	123,802	15,894
Total extraordinary losses	123,802	15,894
Profit before income taxes	2,591,790	2,183,432
Income taxes - current	755,505	746,711
Income taxes - deferred	3,329	(211,934)
Total income taxes	758,834	534,777
Profit	1,832,955	1,648,654
Profit attributable to non-controlling interests	5	11
Profit attributable to owners of parent	1,832,950	1,648,643

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the nine months ended September 30, 2018 (From January 1, 2018 to September 30, 2018)	For the nine months ended September 30, 2019 (From January 1, 2019 to September 30, 2019)
Profit	1,832,955	1,648,654
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,677)	(897)
Foreign currency translation adjustment	(174,977)	(379,355)
Remeasurements of defined benefit plans, net of tax	23,065	43,863
Total other comprehensive income	(153,589)	(336,390)
Comprehensive income	1,679,366	1,312,264
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,679,358	1,312,248
Comprehensive income attributable to non-controlling interests	7	16

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

The Company

(Application of "Implementation Guidance on Tax Effect Accounting")

The "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) has been applied from the first quarter ended March 31, 2019. The effect of this change is immaterial and has not applied retroactively.

The overseas consolidated subsidiaries

(Application of IFRS 16 "Leases")

Some overseas consolidated subsidiaries have applied IFRS 16 "Leases" from the first quarter ended March 31, 2019. Under this standard, the lessee should in principle recognize assets and liabilities arising from all leases.

In applying IFRS 16 "Leases," the Company has adopted a method that recognizes the cumulative effect of applying this standard on the effective date of application as a transitional measure as of the beginning of the first quarter ended March 31, 2019.

As a result, as of the beginning of the first quarter ended March 31, 2019, leased assets increased by 466,645 thousand yen, deferred tax assets increased by 2,054 thousand yen, lease obligations in current liabilities increased by 199,604 thousand yen, lease obligations in non-current liabilities increased by 282,677 thousand yen, and retained earnings decreased by 13,582 thousand yen. The effect of this change on profit or loss and per share information during the nine months ended September 30, 2019 is minimal.

(Significant Subsequent Events)

Not applicable.