



**Consolidated Financial Results [Japanese GAAP]
for the Third Quarter of the Fiscal Year Ending January 20, 2024**

Takasho Co., Ltd.

November 27, 2023

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Scheduled date to submit statutory quarterly financial report:	December 1, 2023		
Scheduled date of starting payment of dividend:	N/A		
Availability of supplementary explanatory material on quarterly results:	No		
Quarterly results briefing (exclusive for institutional investors and analysts):	No		

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

**Figures are rounded down to the nearest million yen, except share and per share data*

**“ % ” indicates year-on-year changes from the previous corresponding quarter*

1. Consolidated Financial Results for the Nine Months Ended October 20, 2023 (From January 21, 2023, to October 20, 2023)

(1) Consolidated Operating Results (Cumulative)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%
FY2024 3Q (Nine months ended October 20, 2023)	15,162	△4.5	12	△98.0	389	△65.8	49	△92.1
FY2023 3Q (Nine months ended October 20, 2022)	15,884	△0.5	619	△55.7	1,138	△22.9	629	△37.8

(Note) Comprehensive income:

FY2024 3Q (Nine months ended October 20, 2023): 434 million yen (△66.7%)

FY2023 3Q (Nine months ended October 20, 2022): 1,305 million yen (△0.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024 3Q (Nine months ended October 20, 2023)	2.91	—
FY2023 3Q (Nine months ended October 20, 2022)	35.90	35.87

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	JPY MM	JPY MM	%
As of the end of			
FY2024 3Q (As of October 20, 2023)	25,079	12,933	51.1
FY2023 4Q (As of January 20, 2023)	23,640	13,389	56.2

(Ref.) Issued capital and reserves attributable to owners of the parent:

FY2024 3Q (As of October 20, 2023): 12,806 million yen

FY2023 4Q (As of January 20, 2023): 13,274 million yen

2. Dividends

	Annual cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023 4Q ended Jan. 20, 2023	—	0.00	—	23.00	23.00
FY2024 3Q ended Oct. 20, 2023	—	0.00	—		
FY2023 4Q ending Jan. 20, 2024 (forecast)				5.00	5.00

(Note) Revisions to the dividends forecast since the latest announcement: Yes

3. Forecast for the Fiscal Year Ending January 20, 2024 (From Jan. 21, 2023, to Jan. 20, 2024)

	Net sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent company		Basic Earnings Per Share
	JPY MM	%	JPY MM	%	JPY MM	%	JPY MM	%	Yen
FY2024 4Q (full year)	19,250	△5.4	△150	—	250	△74.5	△170	—	△10.00

(Notes) Revisions to the forecast since the latest announcement: Yes

Please refer to the “Notice Regarding the Revision of the Full-Year Earnings Forecasts and Year-End Dividend Forecasts for the Fiscal Year Ending January 20, 2024” released today for details of the revisions to the consolidated earnings forecasts.

※ **Notes;**

(1) Changes in Significant Subsidiaries during the Current Quarter

Changes in specified subsidiaries that caused a change in the scope of consolidation: None

Newly included companies: None

Newly excluded companies: None

(2) Simplified Accounting Procedures and Specific Accounting Procedures: None

(3) Changes in Accounting Policies and Accounting Estimates

(i) Changes in accounting policies as required by newly promulgated account pronouncement: None

(ii) Changes other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of Shares Outstanding (Ordinary Shares)

	FY2024 3Q (As of Oct. 20, 2023)	FY2023 4Q (As of Jan.20, 2023)
Number of shares outstanding at end of period (Treasury shares included)	17,590,114	17,590,114
Number of treasury shares at end of period	735,658	47,658
	FY2024 3Q (From Jan.21, 2023, to Oct. 20, 2023)	FY2023 3Q (From Jan.21,2022, to Oct. 20, 2022)
Average number of shares during period	17,042,505	17,531,126

* This quarterly financial results report is out scope of the quarterly review by a certified public accountant nor audit firm.

* Explanation on appropriate use of performance forecasts and other special notes.

The performance forecast described in this report are based on information that is available to the Company, as well as certain assumptions and estimates that are deemed to be reasonable, and we make no assurance that such descriptions prove to be correct. Actual figures may significantly differ due to various factors. For information regarding the forecast of consolidated financial results, due attention should be paid to "Explanation of Forward-Looking Statements" on page 5 of the attached documents.

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1. Status of the Company

(1) Business Overview and Results for the Third Fiscal Quarter

Business Overview

During the third quarter of the current consolidated fiscal year (hereafter, referred to as “FY2024”), the prospects of Japanese economy continue to be highly uncertain and are unpredictable. The economy showed signs of recovery in accordance with the change in the positioning of novel coronavirus (hereafter referred to as “COVID-19”) under the Infectious Disease Control Law. Nonetheless, the volatile global factors, which includes prolonged Ukraine affairs and conflicts in the Middle East, continued yen’s depreciation and resulting soaring prices of materials and energy, as well as fluctuations in financial markets, to name a few, are still rampant and have been amplifying this uncertainty.

Against these headwinds, we have taken several important steps to enhance our brand value and fuel future growth. Especially, we intensified sales promotion campaigns. We delivered DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform to increase customer touchpoint and engagement.

Also, leveraging our state-of-the-art technologies, such as XR (AR/VR/MR) and metaverse, we further strengthened sales promotion campaign utilizing “GLD-LAB Design Network Service” which supports housing providers and housing reformers to propose housings and exteriors.

Innovation is our heritage and at the heart of our vision “Always Ahead of Changes, Bringing Innovation and Create New Values; Towards the One and Only Global Enterprise”.

Ever since our establishment, nurturing great urban environment and gardening culture is what we do. With our passion for innovation, at this juncture, we have been pioneering clean-energy products and solutions which integrate sustainability into the gardening life.

As for the overseas business, in U.S., though customer attraction at home center and garden center has been recovering, our retail partners’ stock overload and adjustments have been continued. In Europe, on the other hand, refrained consumption due to the price rise in energy and necessities has largely affected our performance.

As such, business performance for the third quarter of FY2024 has been resulted in as follows.

3rd Quarter of FY2024 Highlight (January 21, 2023, to October 20, 2023)

	FY2024 3Q (Nine months ended October 20, 2023) (JPY MM)	FY2023 3Q (Nine months ended October 20, 2022) (JPY MM)	Increase or Decrease (JPY MM)	3Q-on-3Q Comparison (%)
Revenue	15,162	15,884	△ 721	95.5
Operating income	12	619	△ 607	2.0
Ordinary income	389	1,138	△ 749	34.2
Net income attributable to owners of the parent	49	629	△ 579	7.9

As mentioned above, while sales declined, due to the occurrence of unparallel events, such as a sharp rise in purchase costs stemming from the impact of the yen's depreciation by 3% to 11% against the assumed exchange rate and recording of inventory write-down (98 million yen) by oversea subsidiaries to make high-cost inventory purchased in the previous fiscal year and dormant stock possible sales price, the gross margin has been declined 3Q-on-3Q.

Also, in selling, general and administrative expenses, despite a decrease in variable expenses, operating profit also declined significantly from the same period of the previous fiscal year due to continued efforts to hold exhibitions and other events to expand sales, DX-type sales promotion activities, capital investment, and personnel recruitment.

In ordinary income, although foreign exchange gains of 346 million yen were recorded due to the yen's depreciation in the current 3Q, ordinary income decreased 3Q-on-3Q due to the decline in operating income. Net

income attributable to the parent company decreased significantly 3Q-on-3Q due to an increase in the tax burden rate from the impact of tax effect accounting.

Sales Metrics by Business Segments

<Pro-use segment>

Despite decreased housing construction, the sales of Pro-use accounted for 66% our total sales and has been stable (3Q-on-3Q 101.3 % growth).

For the purpose of enhancing its brand value and fueling future growth, we intensified sales promotion campaigns. Leveraging on its technology and accelerating digital transformation (hereafter referred to as “DX”), we hosted its original exhibition, TGEF2023 (Takasho Garden Exterior Fair 2023), of which impactful hybrid style using both real and website mobilized a lot of visitors.

Also, to accelerate our successful growth, we promoted our new multidimensional business model. This is innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals of lifestyles and sales closing through web-based showrooms and VR parks, as well as through our original Garden & Exterior showrooms located throughout Japan. Of course, in our showroom, customers can experience and feel a wide selection of our products. We have our own factory in Japan, which enables flexible “mass customization” to each customer’s order. In our “mass customization”, we comprehensively propose "Facade Exterior & Living Garden" lifestyle through abundance of color variation tailored to each customers’ aesthetics sense, tastes, and interests.

What’s more, since the sales of "Low Volt Light," a safe and secure exterior illumination for nighttime gardens, has been continuously increasing.

Pro-use segment Highlight (January 21, 2023, to October 20, 2023)

	FY2024 3Q (Nine months ended October 20, 2023) (JPY MM)	FY2023 3Q (Nine months ended October 20, 2022) (JPY MM)	Increase or Decrease (JPY MM)	3Q-on-3Q Comparison (%)
Revenue	9,990	9,859	131	101.3%

On the other hand, TAKASHO DIGITEC CO., LTD. (hereafter referred to as “DIGITEC”), our consolidated subsidiary, dedicatedly promoted LED sign and lightening/illumination business. Due to the cooperation with our landscape building material team, DIGITEC increased transactions with non-housing fields (such as public and commercial facilities) and achieved 116% 3Q-on-3Q growth.

Also, first in the industry, DIGITEC was officially certified under the "Eco-First System," a program established by the Ministry of the Environment, as an environmentally advanced company.

<Home-use segment>

Sales by home-use segment has been slightly decreased (3Q-on-3Q 82.1%). In order to neutralize negative factors such as rebound decrease in sales by COVID-19, inflation and decreased customer attraction at large retail stores due to bad weather, we strengthened web marketing and revised selling price for large retail stores.

In this business environment, we have launched new initiatives in anticipation of business demand and will proactively pursue the establishment of a new business model.

Home-use segment Highlight (January 21, 2023, to October 20, 2023)

	FY2024 3Q (Nine months ended October 20, 2023) (JPY MM)	FY2023 3Q (Nine months ended October 20, 2022) (JPY MM)	Increase or Decrease (JPY MM)	3Q-on-3Q Comparison (%)
Revenue	3,838	4,673	△834	82.1%

<Overseas segment>

Although customer attraction at home center and garden center has been recovering, overseas sales slightly decreased (3Q-on-3Q 98.1%) due to the continued stock adjustments caused by our retail partners’ stock overload and

corresponding delivery adjustment. Also, in Europe, people refrained from buying due to the price rise in energies and necessities.

Nonetheless, we've witnessed that "Lifestyle with gardening" has been penetrated and embedded in everyday life. In the face of COVID-19, and continuously in "with and after COVID-19" era, people worldwide reaffirmed the importance of health (garden therapy), culture (emotion, arte), and environment (green, nature).

Especially in U.S., surging demand for Gardening & Exterior has raised the average expenditure for lawn care and horticultural activities. Also, people, especially young generation, are convinced of the importance and necessity of gardening out of growing consciousness for health and cost; at the face of pricing increase in fruit and vegetables, self-sufficient and self-reliant in growing their own food.

Also, we will further foster our effort and boost overseas business by horizontally roll-out our success model in Australian market to U.S. market.

Overseas segment Highlight (January 21, 2023, to October 20, 2023)

	FY2024 3Q (Nine months ended October 20, 2023) (JPY MM)	FY2023 3Q (Nine months ended October 20, 2022) (JPY MM)	Increase or Decrease (JPY MM)	3Q-on-3Q Comparison (%)
Revenue	1,308	1,334	△25	98.1%

Gross margin and operating income etc.

Although we maintained approximately same level of sales 3Q-on-3Q, gross margin decreased by 0.5 points to 6,467 million yen. In addition to the aforementioned inventory write-down (98 million yen), comparatively high-cost inventories, caused by price increase in freights and materials, were included in the calculation of cost of goods for sales in FY2024, and lowered gross profit margin accordingly.

As for the sales and administrative costs, sales and administrative costs increased, since, to enhance our brand value and fuel future growth, we continued proactive advertising, and sales promotion, etc., such as real exhibitions reopened after COVID-19 pandemic, and DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform.

Other up-front investments in the value creation levers, such as CAPEX and recruiting for higher productivities, also increased sales and administrative costs.

As a result, operating income decreased by 98% 3Q-on-3Q to 12 million yen.

Ordinary income decreased by 65.8% 3Q-on-3Q to 389 million yen. Foreign exchange gain (346 million yen) was not sufficient to compensate for the decreased operating income.

Our mission, SDGs initiatives and business development

Passion for our establishment was "Heart and Art", which has never been changed nor forgotten ever since. Underpinned with our passion and mission, we have a long history of and reputation for designed gardening and innovation, inspired by traditional Japanese aesthetics (such as wabi-sabi, elegance and refinement) and British garden cultures etc., integrating the beauty of nature into daily lives and spiritual values.

As society has been taking a transformational shift to low-carbon and resource-smart products, we have determined to accelerate the ambitions commitments and foster the proactive efforts in our journey towards ESG and SDGs excellence. We believe ESG is embedded into our business itself, i.e., the promotion of our products directly leads to the solution or mitigation of environmental and social problems.

We are continuously pioneering products and solutions that help customers make more sustainable choices every day. For example, our Eco Garden (3R: Recycle, Reduce, Reuse) ensures sustainable consumption and production patterns. Especially, since customers can virtually experience quasi-real feelings at our DX-enabled showroom, namely, a resource-smart customer experience, we don't need to produce waste (Reduce waste in advance); produce

only high-quality products that can be cherished for a long time. Of course, this DX is also introduced into our product development and manufacturing phases; resulting in higher quality, shortened time to market and making factories and workplaces more energy-operational efficient.

Also, aforementioned eco-electrification gatepost equipped with V2H is part of our sustainability agenda and will promote GX (Green transformation) and contributes to reduce our carbon footprint.

Compliance requirements pertaining to sustainability issues are on the rise. Increasingly, investors, customers and other affected communities are becoming more aware about sustainability considerations and implications. Beyond as a mere compliance issue, the company positioned climate change measures as a significant management theme and opportunities and will begin considering the disclosure in accordance with the TCFD (Task force on Climate-related Financial Disclosures), starting in the 4th quarter of FY2024.

In addition, to ensure proper implementation of such climate change measures, the Board of Directors will develop the necessary mechanism, including the establishment of a Sustainability Committee, which supports the management and oversight of sustainability in a focused and coordinated way across the company.

As for the business development by each segment, in pro-use segment, we further promote our new multidimensional business model, innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals leveraging AR & VR, in order not only to enhance our brand value and fuel future growth in sales promotions, but also to strengthen sales and promotion campaign of landscape business. Also, as we are socially and environmentally engaged company, we will further implement sales initiatives towards galvanization of regional economy and sustainability.

In home-use segment, we will further promote our growing e-commerce, product development in our own factories, and horizontal roll-out of global products. Also, we will launch “Living Garden Store (owned media for e-commerce)” and revise product mix so that our sales volume will be unaffected by bad weather.

In overseas segment, we will reorganize our management structure, and promote new transactions with home centers in U.S., and pioneer untapped regions (France, Italy, etc). Also, in order to strengthen online sales, focusing “VEGTRUG.COM (owned media for e-commerce)”, we will develop and introduce new products. There, we comprehensively propose "Facade Exterior & Living Garden" lifestyle. In the pro-use business in Australia and the U.S., we will also strengthen sales promotion activities for exterior products.

(2) Explanation on the Financial Position Status of Assets, Liabilities, and Net assets

<Assets>

Current assets at the end of FY2024 3Q amounted to 16,283,637 thousand yen, an increase of 899,660 thousand yen from the end of FY2023 4Q, primarily due to increased cash and deposits of 4,809,664 thousand yen (up 602,778 thousand yen from the end of FY2023 4Q) and increased note receivable, account receivable and contract assets of 3,579,682 thousand yen (up 251,388 thousand yen from the end of FY2023 4Q).

Fixed assets at the end of FY2024 3Q amounted to 8,796,286 thousand yen, an increase of 540,260 thousand yen from the end of FY2023 4Q, mainly due to increased construction in progress of 406,675 thousand yen (up 370,999 thousand yen from the end of FY2023 4Q).

As a result, total assets at the end of FY2024 3Q amounted to 25,079,924 thousand yen, an increase of 1,439,921 thousand yen from the end of FY2023 4Q.

<Liabilities>

Current liabilities at the end of FY2024 3Q amounted to 10,947,622 thousand yen, an increase of 1,561,101 thousand yen from the end of FY2023 4Q, mainly due to an increased notes and accounts payable-trade of 4,004,394 thousand yen (up 236,836 thousand yen from the end of FY2023 4Q) and increased short-term loans payable of 5,169,362 thousand yen (up 1,253,565 thousand yen from the end of FY2023 4Q).

Fixed liabilities at the end of FY2024 3Q amounted to 1,198,520 thousand yen, an increase of 334,305 thousand yen from the end of FY2023 4Q, mainly due to an increase of long-term loans payable of 423,050 thousand yen (up 348,050 thousand yen from the end of FY2023 4Q).

As a result, total liabilities at the end of FY2024 3Q amounted to 12,146,143 thousand yen, an increase of 1,895,406 thousand yen from the end of FY2023 4Q.

<Net assets>

Total net assets at the end of FY2024 3Q amounted to 12,933,780 thousand yen, a decrease of 455,485 thousand yen from the end of FY2023 4Q, mainly due to treasury shares of 496,877 thousand yen (up 484,363 thousand yen from the end of FY2023 4Q) and retained earnings of 5,899,023 thousand yen (down 353,832 thousand yen from the end of FY2023 4Q), partially offset by an increase of other comprehensive income of 1,263,724 thousand yen (up 372,170 thousand yen from the end of FY2023 4Q).

(3) Explanation on Future Performance Forecast

There has been changes to the consolidated earnings forecast for the full year announced on March 3, 2023.

Please refer to the "Notice Regarding the Revision of the Full-Year Earnings Forecasts and Year-End Dividend Forecasts for the Fiscal Year Ending January 20, 2024" released today for details of the revisions to the consolidated earnings forecasts.

2. Quarterly Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY2023 4Q (As of Jan. 20, 2023)	FY2024 3Q (As of Oct. 20, 2023)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	4,206,885	4,809,664
Note receivable, account receivable and contract assets	2,690,448	2,886,038
Electronically recorded receivables	637,845	693,643
Merchandise and finished goods	4,964,609	5,201,284
Work in process	498,257	547,337
Raw materials and supplies	1,581,365	1,523,678
Other current assets	947,746	764,028
Allowance for doubtful accounts	△143,182	△142,039
Total current assets	15,383,976	16,283,637
NON-CURRENT ASSETS:		
Tangible assets		
Property, plant and equipment		
Buildings and structures, net	3,825,373	3,755,131
Land	1,136,609	1,136,609
Construction in progress	35,675	406,675
Others	1,249,059	1,226,911
Total tangible assets	6,246,717	6,525,326
Intangible assets		
Goodwill	51,722	31,696
Others	459,309	547,876
Total intangible assets	511,032	579,573
Investments and other assets		
Investment securities	281,434	363,084
Deferred tax assets	177,502	207,513
Others	1,059,441	1,140,075
Allowance for doubtful accounts	△20,102	△19,288
Total investment and other assets	1,498,276	1,691,386
Total non-current assets	8,256,026	8,796,286
TOTAL ASSETS	23,640,002	25,079,924
LIABILITIES		
CURRENT LIABILITIES:		
Note and accounts payable	2,570,448	2,612,661
Electronically recorded payables	1,197,109	1,391,733
Short-term borrowings	3,915,796	5,169,362
Current portion of long-term borrowings	36,000	135,960
Income taxes payable	313,029	211,020
Provision for bonuses	27,141	145,879
Other current liabilities	1,326,996	1,281,007
Total current liabilities	9,386,521	10,947,622
LONG-TERM LIABILITIES:		
Long-term borrowings	75,000	423,050
Retirement benefit liability	11,110	12,910
Asset retirement obligations	236,166	240,498
Other long-term liabilities	541,938	522,060
Total long-term liabilities	864,215	1,198,520
TOTAL LIABILITIES	10,250,736	12,146,143
NET ASSETS		
Shareholders' equity		
Share capital	3,043,623	3,043,623
Capital surplus	3,099,197	3,097,443
Retained earnings	6,252,855	5,899,023

Treasury shares	△12,514	△496,877
Total shareholders' equity	12,383,162	11,543,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140,290	196,918
Deferred gains or losses on hedges	△7,052	21,962
Foreign currency translation adjustment	751,031	980,501
Remeasurements of defined benefit plans	7,284	64,341
Total accumulated other comprehensive income	891,554	1,263,724
Stock subscription rights	1,025	533
Non-controlling interests	113,524	126,310
TOTAL NET ASSETS	13,389,266	12,933,780
TOTAL LIABILITIES and NET ASSETS	23,640,002	25,079,924

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(Thousands of yen)

	FY2023 3Q (From Jan. 21, 2022, to Oct. 20, 2022)	FY2024 3Q (From Jan. 21, 2023, to Oct. 20, 2023)
Net sales	15,884,176	15,162,317
Cost of revenue	9,019,102	8,694,580
Gross profit	6,865,074	6,467,736
Selling, general and administrative expenses	6,245,108	6,455,327
Operating income	619,966	12,409
Non-operating income		
Interest income	6,202	5,057
Dividends income	3,376	3,816
Foreign exchange gain	463,162	346,305
Royalty income	33,493	33,937
Miscellaneous income	81,273	80,173
Total non-operating income	587,508	469,290
Non-operating expenses		
Interest expense	52,572	74,228
Commitment fee	1,961	306
Other	14,548	17,862
Total non-operating expenses	69,081	92,398
Ordinary income	1,138,392	389,300
Extraordinary gains		
Gain on sales of non-current assets	4,454	8,651
Total extraordinary gains	4,454	8,651
Extraordinary losses		
Loss on retirements of non-current assets	2,418	475
Loss on sales of non-current assets	—	1,697
Impairment losses	13,688	16,664
Total extraordinary losses	16,107	18,836
Income before income taxes	1,126,739	379,115
Income tax - current	499,077	392,304
Income tax - deferred	△7,591	△67,132
Total income taxes	491,485	325,171
Quarterly net income	635,254	53,944
attributable to noncontrolling interests	5,957	4,299
attributable to owners of the parent	629,296	49,644

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(Thousands of yen)

	FY2023 3Q (From Jan. 21, 2022, to Oct. 20, 2022)	FY2024 3Q (From Jan. 21, 2023, to Oct. 20, 2023)
Quarterly net income	635,254	53,944
Other comprehensive income		
Valuation difference on available-for-sale securities	26,899	56,628
Deferred gains or losses on hedges	7,699	29,015
Foreign currency translation adjustment	661,680	237,956
Remeasurements of defined benefit plans	△26,384	57,056
Total accumulated other comprehensive income	669,894	380,656
Comprehensive income	1,305,148	434,600
attributable to owners of parent	1,285,976	421,815
attributable to non-controlling interests	19,172	12,785

(3) Notes to Quarterly Consolidated Financial Statement

(Note on Going Concern): None

(Note on Significant Change in Equity Capital):

The Company repurchased 700,000 shares of treasury stocks in accordance with a resolution of the Board of Directors on March 3, 2023. As a result, treasury stocks at the end of FY2024 3Q amounted to 496,877 thousand yen, an increase of 492,465 thousand yen from the end of FY2023 4Q.