

December 13, 2019

To All Shareholders and Stakeholders:

**Company Name:** Toyo Ink SC Holdings Co., Ltd.  
**Representative:** Katsumi Kitagawa,  
President and Representative Director  
**Stock Code:** 4634; Tokyo Stock Exchange First  
Section  
**Inquiries:** Hiroya Aoyama, Senior Managing  
Director in charge of Finance  
**Phone:** +81-3-3272-5731 (Japan)

## **Notice of Partial Correction to Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2017**

Toyo Ink SC Holdings Co., Ltd. (the “Company”) hereby announces that it has made partial corrections to its consolidated financial results (Japanese accounting standards) for the First Quarter of the Fiscal Year Ending December 31, 2017, which were announced on August 7, 2017.

### **1. Details of and reason for the corrections**

The details of and reasons for the corrections are described in the “Notice of Partial Corrections to Consolidated Financial Results for Past Fiscal Years” dated December 13, 2019.

### **2. Corrected areas**

Because the corrections are numerous, a full report reflecting the corrections is attached with the corrected areas underlined.

# Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2017

August 7, 2017

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange  
 Code: 4634 URL: <http://schd.toyoinkgroup.com>  
 Representative: Katsumi Kitagawa, President, CEO  
 Contact: Hiroya Aoyama, Senior Managing Director, CFO Tel: +81-3-3272-5731  
 Scheduled date of submission of quarterly report: August 10, 2017  
 Scheduled date of commencement of dividend payments: –  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: No

(Amounts of less than million yen are omitted.)

## 1. Consolidated business results for the first quarter of fiscal 2017 ending December 31, 2017 (From April 1, 2017 to June 30, 2017)

### (1) Business results (cumulative totals) (Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter, Fiscal 2017	66,252	1.2	<u>4,562</u>	<u>20.3</u>	<u>4,943</u>	<u>50.1</u>	<u>3,591</u>	<u>67.9</u>
First Quarter, Fiscal 2016	65,497	-4.0	<u>3,792</u>	<u>1.6</u>	<u>3,294</u>	<u>-21.1</u>	<u>2,138</u>	<u>-20.8</u>

(Note) Comprehensive income: First quarter, fiscal 2017: 5,577 million yen (-%)  
 First quarter, fiscal 2016: -3,458 million yen (-%)

	Profit per share(Basic)	Profit per share (Diluted)
	Yen	Yen
First Quarter, Fiscal 2017	<u>12.30</u>	<u>12.29</u>
First Quarter, Fiscal 2016	<u>7.21</u>	<u>7.21</u>

### (2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Quarter, Fiscal 2017	<u>371,011</u>	<u>220,179</u>	<u>57.6</u>
Fiscal 2016	<u>364,066</u>	<u>216,979</u>	<u>57.9</u>

(Note) Net worth: First quarter, fiscal 2017: 213,760 million yen  
 Fiscal 2016: 210,681 million yen

## 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	–	8.00	–	8.00	16.00
Fiscal 2017	–				
Fiscal 2017 (Forecast)		8.00	–	8.00	16.00

(Note) Revision to dividend forecasts published most recently: No

## 3. Forecasts for the year ending December 31, 2017 (From April 1, 2017 to December 31, 2017)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	136,000	2.2	9,200	<u>4.7</u>	9,400	<u>20.5</u>	6,000	<u>15.8</u>	20.55
Full-year	235,000	–	16,300	–	16,600	–	10,000	–	34.25

(Note) Revision to consolidated business performance forecasts published most recently: No

The Company has changed its fiscal year-end from March 31 to December 31 following the approval of the “Partial Amendment to the Articles of Incorporation” at the Ordinary General Meeting of Shareholders on June 29, 2017. Accordingly, with regard to the fiscal year ending December 31, 2017 that falls under the transitional period, the consolidated fiscal year of the Company and its domestic consolidated subsidiaries whose fiscal year-end date has been March 31 is the nine-month period from April 1, 2017 to December 31, 2017. For overseas consolidated subsidiaries that have already adopted a fiscal year-end date of December 31, the consolidated fiscal period is the 12-month period from January 1, 2017 to December 31, 2017.  
 [Reference]

The following percentages (increase-decrease rates after adjustment) are calculated by comparing the results for nine months (from April 1, 2016 to December 31, 2016) of the previous fiscal year of the Company and its domestic subsidiaries with the forecasts for the fiscal year under review.

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	(Million yen)
235,000 2.7%	16,300 5.0%	16,600 <u>7.3%</u>	10,000 <u>19.6%</u>	

\* Notes

- (1) Important changes of subsidiaries during the term (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies due to the modification in accounting methods: No
  - (ii) Changes in accounting policies other than (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No
- (4) Numbers of shares issued (common shares)
- (i) Numbers of shares issued at the end of the terms (including treasury shares):
    - First quarter, fiscal 2017: 303,108,724 shares
    - Fiscal 2016: 303,108,724 shares
  - (ii) Numbers of treasury shares at the end of the terms:
    - First quarter, fiscal 2017: 11,166,406 shares
    - Fiscal 2016: 11,163,641 shares
  - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
    - First quarter, fiscal 2017: 291,943,883 shares
    - First quarter, fiscal 2016: 296,687,918 shares

\* This financial summary does not need to undergo a quarterly review.

\* Explanations about the proper use of financial forecasts and other important notes

1. The above forecasts are based on the information available on the date these materials are released and incorporate assumptions about uncertainties that may affect future earnings. The forecasts do not constitute an assurance that the Company promises to achieve the earnings. Actual earnings could differ materially from these forecasts due to various factors in the future. For notes about assumptions of earnings forecasts and the use of earnings forecasts, refer to “(3) Information on the consolidated earnings forecasts and other future forecasts” of “1. Qualitative Information on Financial Results, etc., for the First Quarter Ended June 30, 2017” on page 3 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on August 7, 2017 (Monday).

Accompanying Materials – Contents

1. Qualitative Information on Financial Results, etc., for the First Quarter Ended June 30, 2017.....	2
(1) Details of operating results .....	2
(2) Details of financial position.....	3
(3) Information on the consolidated earnings forecasts and other future forecasts .....	3
2. Consolidated Financial Statements and Primary Notes .....	4
(1) Consolidated balance sheet.....	4
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	6
(3) Notes to consolidated quarterly financial statements.....	8
(Notes on assumption of going business) .....	8
(Notes on significant changes in the amount of shareholders' equity) .....	8
(Segment information, etc.) .....	8

## 1. Qualitative Information on Financial Results, etc., for the First Quarter Ended June 30, 2017

### (1) Details of operating results

During the first quarter of the consolidated fiscal year under review, the U.S. economy continued to recover on the back of strong personal consumption. In China and other countries in Asia, growth continued, although the pace of growth slowed. Concern about an economic downturn, and uncertainty over the economic outlook, remained, reflecting political and geopolitical risk and risk related to financial markets. In response to this, Japan faced continued sluggishness, although its economy was on a recovery trend.

The Tokyo Ink Group faced a challenging business environment due to sluggish growth in demand and rising prices of raw materials. In this environment, the Group advanced its businesses under the following policies: to execute its new growth strategy through expansion of the value chains in all corporate activities, to evolve supply chain management (SCM) through manufacturing from a viewpoint with an awareness of innovation, and to promote the reform of the culture by reviewing the management foundation (management resources and governance).

Consequently, net sales for the first quarter under review increased to 66,252 million yen (up 1.2% year on year). Profits also rose with operating profit of 4,562 million yen (up 20.3% year on year), ordinary profit of 4,943 million yen (up 50.1% year on year) and profit attributable to owners of parent of 3,591 million yen (up 67.9% year on year).

Results by segment are as follows:

#### (i) Colorants and Functional Materials Related Business

Despite continued sluggish growth for end products such as smartphones, sales of high-function pigments and materials for LCD color filters expanded in China and Taiwan, reflecting strong demand for high-definition, large TV sets.

Domestic sales of commodity-type pigments were weak, particularly for offset printing inks, but sales of commodity-type pigments for coatings and plastic expanded in China.

Domestic sales of plastic colorants for caps for containers of beverages and for containers of toiletries were strong, and sales of plastic colorants for office equipment recovered in Southeast Asia. However, sales of plastic colorants for automobiles were weak in Europe and the United States.

As a result of these factors, net sales and operating profit in the overall Colorants and Functional Materials Related Business rose. Net sales stood at 16,924 million yen (up 7.8% year on year), and operating profit was 1,747 million yen (up 253.2% year on year).

#### (ii) Polymers and Coatings Related Business

In the coating materials segment, sales of electromagnetic shielding films were weak due to intensifying price competition, but sales of higher-quality conducting adhesive sheets for smartphones expanded. Sales of adhesive films related to electronics expanded. The medicated patch business, which commenced operation in July last year, performed well.

In the adhesives segment, demand for use in the packaging of foods and beverages was strong in Japan, South Korea, and Southeast Asia. In the adhesive compounds segment, sales were strong for use in labels and electronics in Japan, but profits were squeezed due to rising prices of raw materials.

Sales of can coatings (finishes) for coffee cans remained weak in Japan and saw sluggish growth in Southeast Asia.

As a result of these factors, both net sales and operating profit rose in the overall Polymers and Coatings Related Business. Net sales came to 14,917 million yen (up 2.8% year on year), and operating profit was 1,585 million yen (up 1.7% year on year).

#### (iii) Packaging Materials Related Business

Although domestic demand for gravure inks for publication continued to decline, domestic sales of mainstay gravure inks for packaging were strong, mainly for beverage and private brand applications and for convenient stores. Domestic sales of gravure inks for construction materials increased.

Overseas, sales expanded in India, Turkey, and Brazil, but saw sluggish growth in Southeast Asia and China. Profits were squeezed due to rising prices of raw materials.

In the gravure cylinders business, revenue was sluggish for packaging, but revenue from precision plate-making related to electronics expanded.

As a result of these factors, both net sales and operating profit in the overall Packaging Materials Related Business rose. Net sales stood at 15,733 million yen (up 1.1% year on year), and operating profit was 640 million yen (up 9.2% year on year).

(iv) Printing and Information Related Business

Given the shrinking domestic information-related print market associated with the progress of digitization, the Group sought to optimize its business scale by product line and refined its focus in Japan, while bolstering sales overseas by expanding global bases. Meanwhile, the Group focused on the development and sale of highly sensitive UV ink using leading-edge technology as well as inkjet ink for on-demand printing, while taking steps to expand its business by strengthening collaboration among different businesses.

However, sales were weak, reflecting weaker-than-expected domestic demand for offset printing inks for commercial printing, including circulars, newspapers, and magazines, and related materials and a decline in capacity utilization at printing companies in China and Southeast Asia due to an economic slowdown and environmental regulations.

As a result of these factors, both net sales and operating profit in the overall Printing and Information Related Business decreased. Net sales amounted to 18,687 million yen (down 6.3% year on year), and operating profit was 445 million yen (down 23.1% year on year).

(v) Others

This segment covers businesses not included in the above segments and services provided mainly by TOYO INK SC HOLDINGS CO., LTD. Net sales in this segment declined to 1,537 million yen (down 1.4% year on year). Operating profit decreased to 150 million yen (down 73.5% year on year) mainly due to an increase in development expenses for the integrated global systems at the Holdings.

(2) Details of financial position

Total assets at the end of the first quarter under review stood at 371,011 million yen, up 6,944 million yen from the end of the previous consolidated fiscal year. Liabilities were 150,831 million yen, up 3,744 million yen from the end of the previous consolidated fiscal year. Net assets came to 220,179 million yen, up 3,199 million yen from the end of the previous consolidated fiscal year.

On the last day of the first quarter under review, the exchange value of the yen rose above its level on the last day of the previous consolidated fiscal year. As a result, foreign currency translation adjustments fell. In the meantime, investment securities, deferred tax liabilities, and a valuation difference on available-for-sale securities each rose, reflecting increased stock prices in Japan.

(3) Information on the consolidated earnings forecasts and other future forecasts

The Company has not revised its consolidated financial forecast for the first half and full year ending December 31, 2017, which was announced on May 12, 2017.

2. Consolidated Financial Statements and Primary Notes  
 (1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2017)	End of the consolidated first quarter accounting period (As of June 30, 2017)
(Assets)		
Current assets		
Cash and bank deposits	44,903	46,571
Notes and accounts receivable	89,049	88,034
Marketable securities	116	502
Goods and products	<u>27,228</u>	<u>28,912</u>
Work-in-process	<u>1,279</u>	<u>1,271</u>
Raw material and supplies	<u>13,963</u>	<u>14,391</u>
Deferred income tax assets	1,908	2,309
Others	3,852	4,432
Allowance for doubtful receivables	-1,086	-1,082
Total current assets	<u>181,214</u>	<u>185,343</u>
Fixed assets		
Property, plant and equipment		
Building and structures	<u>98,960</u>	<u>98,596</u>
Accumulated depreciation	<u>-58,320</u>	<u>-58,654</u>
Building and structures (net amount)	<u>40,639</u>	<u>39,942</u>
Machinery and vehicles	<u>147,205</u>	<u>147,348</u>
Accumulated depreciation	<u>-122,081</u>	<u>-122,696</u>
Machinery and vehicles (net amount)	<u>25,124</u>	<u>24,652</u>
Tools, furniture and fixtures	<u>23,734</u>	<u>23,812</u>
Accumulated depreciation	<u>-20,907</u>	<u>-21,069</u>
Tools, furniture and fixtures (net amount)	<u>2,827</u>	<u>2,743</u>
Land	30,003	29,947
Leased assets	617	680
Accumulated depreciation	-420	-447
Leased assets (net amount)	196	232
Construction in progress	2,607	2,472
Total property, plant and equipment	<u>101,398</u>	<u>99,991</u>
Intangible fixed assets	4,487	4,258
Investments and other assets		
Investment in securities	66,718	71,018
Net defined benefit asset	5,927	6,095
Deferred income tax assets	833	811
Others	3,904	3,911
Allowance for doubtful receivables	-419	-418
Total investments and other assets	<u>76,964</u>	<u>81,418</u>
Total fixed assets	<u>182,851</u>	<u>185,667</u>
Total assets	<u>364,066</u>	<u>371,011</u>

(Million yen)

	End of the previous consolidated fiscal year (As of March 31, 2017)	End of the consolidated first quarter accounting period (As of June 30, 2017)
(Liabilities)		
Current liabilities		
Notes and accounts payable	49,588	48,699
Short-term loans payable	30,660	33,603
Accrued income taxes	3,088	1,532
Others	14,175	16,298
Total current liabilities	97,513	100,132
Long-term liabilities		
Long-term loans payable	33,262	33,085
Deferred income tax liabilities	10,884	12,286
Provision for environmental measures	2,504	2,379
Net defined benefit liability	1,865	1,911
Asset retirement obligations	29	29
Others	1,027	1,006
Total long-term liabilities	49,573	50,699
Total liabilities	147,087	150,831
(Net assets)		
Shareholders' equity		
Common stock	31,733	31,733
Capital surplus	32,918	32,710
Retained earnings	130,496	131,752
Treasury stock, at cost	-4,992	-4,994
Total shareholders' equity	190,155	191,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,726	20,890
Foreign currency translation adjustments	1,144	30
Remeasurements of defined benefit plans	1,653	1,638
Total accumulated other comprehensive income	20,525	22,558
Subscription rights to shares	95	94
Non-controlling interests	6,202	6,324
Total net assets	216,979	220,179
Total of liabilities and net assets	364,066	371,011



## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

Consolidated first quarter

(Million yen)

	Previous first quarter period (From April 1, 2016 to June 30, 2016)	First quarter under review (From April 1, 2017 to June 30, 2017)
Net sales	65,497	66,252
Cost of sales	<u>50,148</u>	<u>50,052</u>
Gross profit	<u>15,349</u>	<u>16,199</u>
Selling, general and administrative expenses		
Packing expenses and freight charge	1,566	1,514
Salaries and allowance	3,006	2,939
Bonuses	673	696
Welfare expenses	747	744
Depreciation expenses	<u>391</u>	<u>463</u>
Research and development expenses	690	846
Others	4,479	4,431
Total selling, general and administrative expenses	<u>11,556</u>	<u>11,637</u>
Operating profit	<u>3,792</u>	<u>4,562</u>
Non-operating income		
Interest income	56	43
Dividend income	384	421
Foreign exchange gains	–	43
Investment income according to the equity method	7	34
Others	100	166
Total non-operating income	548	709
Non-operating expenses		
Interest expenses	<u>243</u>	<u>229</u>
Foreign exchange losses	687	–
Others	115	99
Total non-operating expenses	<u>1,046</u>	<u>328</u>
Ordinary profit	<u>3,294</u>	<u>4,943</u>
Extraordinary profit		
Gain on sales of fixed assets	4	12
Gain on sales of investment securities	3	85
Total extraordinary profit	8	98
Extraordinary loss		
Loss on sales of fixed assets	84	23
Loss on valuation of investment securities	139	–
Others	3	–
Total extraordinary loss	227	23
Profit before income taxes	<u>3,075</u>	<u>5,018</u>
Income taxes, current	1,254	1,659
Income taxes, deferred	-435	-340
Total income taxes	818	1,319
Profit	<u>2,256</u>	<u>3,699</u>
Profit attributable to non-controlling interests	<u>118</u>	<u>108</u>
Profit attributable to owners of parent	<u>2,138</u>	<u>3,591</u>

Consolidated statements of comprehensive income  
Consolidated first quarter

(Million yen)

	Previous first quarter period (From April 1, 2016 to June 30, 2016)	First quarter under review (From April 1, 2017 to June 30, 2017)
Profit	<u>2,256</u>	<u>3,699</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,928	3,163
Foreign currency translation adjustments	<u>-3,429</u>	<u>-1,284</u>
Remeasurements of defined benefit plans, net of tax	-92	-15
Share of other comprehensive income of associates accounted for using equity method	-263	14
Total other comprehensive income	<u>-5,715</u>	<u>1,877</u>
Comprehensive income	<u>-3,458</u>	<u>5,577</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>-3,242</u>	<u>5,624</u>
Comprehensive income attributable to non-controlling interests	<u>-215</u>	<u>-46</u>

## (3) Notes to consolidated quarterly financial statements

(Notes on assumption of going business)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Segment information, etc.)

## I. From April 1, 2016 to June 30, 2016

## 1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated statements of income (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total				
Net sales									
Sales to customers	15,024	14,054	15,407	19,909	64,395	1,101	65,497	–	65,497
Intersegment sales	680	451	159	26	1,319	457	1,776	-1,776	–
Total	15,705	14,506	15,567	19,935	65,714	1,559	67,273	-1,776	65,497
Segment profits	494	1,558	586	580	3,220	568	3,788	4	3,792

(Notes) 1. The “Others” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of 4 million yen in segment profits mainly represents the deduction of intersegment transactions.

3. Segment profits have been adjusted with operating income recorded in the consolidated quarterly income statement.

## II. From April 1, 2017 to June 30, 2017

## 1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments					Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded in consolidated statements of income (Note) 3
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total				
Net sales									
Sales to customers	16,299	14,616	15,577	18,676	65,169	1,083	66,252	–	66,252
Intersegment sales	625	300	156	11	1,093	454	1,547	-1,547	–
Total	16,924	14,917	15,733	18,687	66,262	1,537	67,800	-1,547	66,252
Segment profits	1,747	1,585	640	445	4,418	150	4,569	-6	4,562

(Notes) 1. The “Others” segment comprises business segments that are not included in the reportable segments, which include sales of raw materials, other profit-earning business activities carried out by the Company as a parent, and delivery of services.

2. An adjustment of -6 million yen in segment profits mainly represents the deduction of intersegment transactions.

3. Segment profits have been adjusted with operating income recorded in the consolidated quarterly income statement.