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, 2019

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, 2019, which were announced on May 10, 2019.

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, 2019

May 10, 2019

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange
Code: 4634 URL: https://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: May 15, 2019
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 2019 ending December 31, 2019 (From January 1, 2019 to March 31, 2019)

(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 2019	69,082	1.2	2,786	-27.6	3,044	-10.9	2,393	10.4
First Quarter, Fiscal 2018	68,261	–	3,848	–	3,415	–	2,168	–

(Note) Comprehensive income: First quarter, fiscal 2019: 2,316 million yen (–%)
First quarter, fiscal 2018: -5,739 million yen (–%)

	Profit per share (basic)	Profit per share (diluted)
	Yen	Yen
First Quarter, Fiscal 2019	41.00	40.93
First Quarter, Fiscal 2018	37.14	37.09

* The Company conducted a consolidation of common stock at the ratio of five to one (5:1) effective as of July 1, 2018. In this regard, the basic profit per share and the diluted profit per share are calculated on the assumption that the said stock consolidation was implemented at the beginning of the previous fiscal year.

The Company changed its fiscal year-end from March 31 to December 31 as of the fiscal year ended December 31, 2017. Because of this change, the increase-decrease rates from the previous fiscal year are not presented because the period of the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018) is different from the period of the first quarter of the fiscal year ended December 31, 2017 (from April 1, 2017 to June 30, 2017), which is the target period for comparison.

(2) Financial position

	Total assets	Net assets	Net worth/total assets
	Million yen	Million yen	%
First Quarter, Fiscal 2019	368,511	220,394	58.0
Fiscal 2018	371,610	221,091	57.6

(Note) Net worth: First quarter, fiscal 2019: 213,706 million yen
Fiscal 2018: 214,170 million yen

* The Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16, 2018), etc. at the beginning of the first quarter of the current fiscal year, and the values for the fiscal year ended December 31, 2018 are those after the said Standard, etc. are applied retrospectively.

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	–	8.00	–	45.00	–
Fiscal 2019	–				
Fiscal 2019 (Forecast)		45.00	–	45.00	90.00

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

* For the year-end dividend per share for the fiscal year ended December 31, 2018, the amount considering the impact of the said stock consolidation is stated, and the specific total annual dividends are not stated, with only "–" stated. The annual dividend per share recalculated based on the standards after the stock consolidation is 85 yen for the fiscal year ended December 31, 2018.

3. Forecasts for the year ending December 31, 2019 (From January 1, 2019 to December 31, 2019)

(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
Full-year	300,000	3.4	17,500	14.6	18,000	16.7	12,000	1.3	205.51

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

* 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: Yes
- (ii) Changes in accounting policies other than (i): Yes
- (iii) Changes in accounting estimates: Yes
- (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 2019: 60,621,744 shares
  - Fiscal 2018: 60,621,744 shares
- (ii) Numbers of treasury shares at the end of the terms:
  - First quarter, fiscal 2019: 2,230,233 shares
  - Fiscal 2018: 2,238,409 shares
- (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
  - First quarter, fiscal 2019: 58,391,705 shares
  - First quarter, fiscal 2018: 58,384,902 shares

* The Company conducted a consolidation of common stock at the ratio of five to one (5:1) effective as of July 1, 2018. In this regard, the average numbers of shares issued during the terms are calculated on the assumption that the said stock consolidation was implemented at the beginning of the previous fiscal year.

* These quarterly financial results are not subject to quarterly audits by certified public accountants or audit corporations.

* 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 March 31, 2019" on page 3 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company's website on May 10, 2019 (Friday).

Accompanying Materials – Contents

1. Qualitative Information on Financial Results, etc., for the First Quarter Ended March 31, 2019

(1) Details of operating results

During the first quarter of the consolidated fiscal year under review, the global economy showed rapidly growing signs of a slowdown associated with trade friction between the United States and China and the increasing political risk, although growth continued in the United States and China. In Japan, a sense of stagnation was also growing, particularly in exports, while a moderate recovery trend was said to continue.

In this business environment, the Toyo Ink Group operated its businesses based on the following three policies: “developing new businesses and providing value that captures changes in the market and customer needs,” “leading the market with leading-edge technology by fundamentally reviewing the supply chains, the product structure, and manufacturing processes and procedures at bases in Japan and overseas as a manufacturing company,” and “reforming the culture, personnel system and operations so as to be willing to change and encourage challenges.”

As a result, net sales for the first quarter under review increased to 69,082 million yen (up 1.2% year on year). Profits fell, however, mainly due to the sluggish consumption market of high-performance products such as smartphones in the wake of trade friction between the United States and China and the sustained high prices of raw materials with operating profit of 2,786 million yen (down 27.6% year on year) and ordinary profit of 3,044 million yen (down 10.9% year on year). However, profit attributable to owners of parent rose to 2,393 million yen (up 10.4% year on year).

Operating results by segment are as follows.

(i) Colorants and Functional Materials Related Business

Sales of high-functional pigments and materials for LCD color filters did not grow much because utilization shrank, particularly among customers in Japan that deal with high-definition products, due to weak demand for smartphones and TV sets. Profits were also squeezed, with demand for the reduction of costs for parts and materials becoming stronger in China and Taiwan.

Sales of commodity-type pigments, particularly those for printing inks for publications, continued to be weak, and those for automobile coatings also grew at a sluggish pace. The prices of raw materials, mainly caused by the supply shortage associated with environmental regulations, continued to rise, and an effort to shift some of the higher raw material prices onto sales prices was not enough to make up for the decline in profits.

While sales of plastic colorants for containers in Japan and those for office equipment in Southeast Asia continued to grow, sales of high-performance products such as plastic colorants for automobiles, construction materials and solar cells remained weak.

As a result, net sales in the overall Colorants and Functional Materials Related Business decreased to 16,807 million yen (down 4.8% year on year), and operating profit fell to 928 million yen (down 26.0% year on year).

(ii) Polymers and Coatings Related Business

In the coating materials segment, both sales and operating profit grew at a sluggish pace in general due to the weak smartphone market in China and South Korea, although the Group advanced the development and sales of electromagnetic shielding films for high-speed communication and other products.

In the adhesives segment, domestic sales of those for use in packaging remained firm, and sales of those for use in lithium-ion batteries also expanded. In the overseas business, sales expansion advanced in China and Southeast Asia.

In the adhesive compounds segment, demand for those for labels recovered in Japan, and sales of those for LCD polarization plates expanded overseas.

In the can coatings (finishers) segment, profits were squeezed by the rising prices of raw materials, in addition to sluggish sales of those for coffee cans in Japan, although sales of eco-friendly type products expanded in North America.

As a result, net sales in the overall Polymers and Coatings Related Business increased to 15,761 million yen (up 3.6% year on ear), but operating profit fell to 1,174 million yen (down 3.9% year on year).

(iii) Packaging Materials Related Business

Although domestic sales of gravure inks for construction materials remained flat from the previous year, in addition to a continued fall in domestic demand for gravure inks for publication, sales of those for the packaging of food and drinks, mainly for private brands and convenience stores, remained firm. Above all, sales of biomass inks grew strongly. Overseas, sales of eco-friendly type products expanded in Southeast Asia and India, while sales did not grow much in China.

Following a sharp rise in raw material prices from the previous fiscal year in Japan and overseas, the Group systematically promoted cost reductions and shifted some of the higher costs onto sales prices.
In the gravure cylinder platemaking segment, sales of those for packaging grew at a sluggish pace, but sales from precision plate-making related to electronics expanded.
As a result, net sales of the overall Packaging Materials Related Business increased to 16,439 million yen (up 3.7% year on year), and operating profit also rose to 478 million yen (up 38.2% 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 strongly sought to optimize its business scale by product and reduce costs in Japan, while bolstering sales overseas by expanding its global bases, which resulted in the advancement of sales expansion in India and South America. In addition, the Group promoted sales expansion in the growing African market by establishing a sales company in Morocco. The Group also focused on the development and sale of highly sensitive UV ink using leading-edge technology and other products such as inkjet ink for on-demand printing.
However, domestic demand for offset inks for the commercial printing of circulars and other materials, as well as existing information publications including newspapers and magazines, declined more than expected. In addition, the rising prices of raw materials, mainly due to the supply shortage associated with environmental regulations, also put a squeeze on profits. In this environment, the Group undertook revisions of sales prices.
As a result, net sales of the overall Printing and Information Related Business rose to 19,562 million yen (up 2.1% year on year), but operating profit decreased to 76 million yen (down 79.4% 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 increased to 1,799 million yen (up 5.9% year on year), but operating profit fell to 139 million yen (down 78.1% year on year) due to an increase in expenses for global system integration and retirement benefit expenses.

(2) Details of financial position

The Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc. at the beginning of the first quarter of the current fiscal year, and in the details of financial position, a comparison with the previous consolidated fiscal year and an analysis are carried out using the values after the said Standard, etc. are applied retrospectively.
Total assets at the end of the first quarter under review stood at 368,511 million yen, down 3,099 million yen from the end of the previous consolidated fiscal year. Liabilities were 148,116 million yen, down 2,402 million yen from the end of the previous consolidated fiscal year. Net assets came to 220,394 million yen, down 696 million yen from the end of the previous consolidated fiscal year.
Cash and deposits decreased, mainly due to the repayment of loans. Both notes and accounts receivable – trade and notes and accounts payable – trade declined. Investment securities, deferred tax liabilities, and valuation difference on available-for-sale securities decreased, reflecting a fall in 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 full year ending December 31, 2019 that was announced on February 14, 2019.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2018)	End of the consolidated first quarter accounting period (As of March 31, 2019)
(Assets)		
Current assets		
Cash and deposits	52,706	51,564
Notes and accounts receivable - trade	95,553	92,738
Securities	43	13
Merchandise and finished goods	29,873	29,758
Work-in-process	1,034	1,521
Raw material and supplies	17,872	18,693
Other	6,744	6,643
Allowance for doubtful accounts	-765	-762
Total current assets	203,063	200,171
Non-current assets		
Property, plant and equipment		
Building and structures	98,588	98,684
Accumulated depreciation	-61,760	-62,221
Buildings and structures, net	36,828	36,463
Machinery, equipment and vehicles	149,386	150,478
Accumulated depreciation	-127,551	-128,690
Machinery, equipment and vehicles, net	21,834	21,787
Tools, furniture and fixtures	24,249	24,475
Accumulated depreciation	-21,527	-21,647
Tools, furniture and fixtures, net	2,722	2,827
Land	30,272	30,259
Leased assets	678	3,481
Accumulated depreciation	-542	-655
Leased assets, net	136	2,825
Construction in progress	2,219	2,759
Total property, plant and equipment	94,013	96,922
Intangible assets	4,649	4,771
Investments and other assets		
Investment in securities	58,302	56,769
Net defined benefit asset	6,423	6,508
Deferred tax assets	2,163	2,236
Other	3,228	1,357
Allowance for doubtful accounts	-234	-227
Total investments and other assets	69,883	66,645
Total non-current assets	168,547	168,339
Total assets	371,610	368,511

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2018)	End of the consolidated first quarter accounting period (As of March 31, 2019)
(Liabilities)		
Current liabilities		
Notes and accounts payable – trade	62,460	60,436
Short-term loans payable	20,593	32,130
Income taxes payable	1,470	1,015
Provision for environmental measures	884	884
Other	15,429	16,203
Total current liabilities	100,839	110,670
Non-current liabilities		
Long-term loans payable	38,845	26,615
Deferred tax liabilities	7,847	7,424
Provision for environmental measures	538	503
Net defined benefit liability	1,784	1,736
Asset retirement obligations	30	30
Other	632	1,134
Total non-current liabilities	49,679	37,445
Total liabilities	150,518	148,116
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,500	32,500
Retained earnings	143,379	143,144
Treasury shares	-5,012	-4,994
Total shareholders' equity	202,600	202,384
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,888	11,034
Foreign currency translation adjustments	-1,513	-928
Remeasurements of defined benefit plans	1,195	1,216
Total accumulated other comprehensive income	11,570	11,322
Share acquisition rights	248	230
Non-controlling interests	6,671	6,457
Total net assets	221,091	220,394
Total of liabilities and net assets	371,610	368,511

(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 January 1, 2018 to March 31, 2018)	First quarter under review (From January 1, 2019 to March 31, 2019)
Net sales	68,261	69,082
Cost of sales	53,024	54,207
Gross profit	15,237	14,874
Selling, general and administrative expenses		
Packing and transportation expenses	1,633	1,708
Salaries and allowance	2,960	2,932
Bonuses	682	671
Welfare expenses	762	765
Depreciation	431	459
Research and development expenses	774	827
Others	4,143	4,722
Total selling, general and administrative expenses	11,389	12,088
Operating profit	3,848	2,786
Non-operating income		
Interest income	41	42
Dividend income	161	154
Foreign exchange gains	–	131
Share of profit of entities accounted for using equity method	117	14
Other	126	192
Total non-operating income	446	535
Non-operating expenses		
Interest expenses	162	162
Foreign exchange losses	622	–
Other	94	114
Total non-operating expenses	879	277
Ordinary profit	3,415	3,044
Extraordinary income		
Gain on sales of non-current assets	3	21
Gain on sales of investment securities	0	360
Total extraordinary income	3	381
Extraordinary losses		
Loss on sales and retirement of non-current assets	48	22
Fire loss	93	–
Other	1	3
Total extraordinary loss	143	25
Profit before income taxes	3,275	3,400
Income taxes, current	1,148	1,058
Income taxes, deferred	-129	-120
Total income taxes	1,019	937
Profit	2,256	2,463
Profit attributable to non-controlling interests	96	70
Profit attributable to owners of parent	2,168	2,393

Consolidated statements of comprehensive income

Consolidated first quarter

(Million yen)

	Previous first quarter period (From January 1, 2018 to March 31, 2018)	First quarter under review (From January 1, 2019 to March 31, 2019)
Profit	2,256	2,463
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,880	-855
Foreign currency translation adjustments	-3,075	628
Remeasurements of defined benefit plans, net of tax	63	20
Share of other comprehensive income of entities accounted for using equity method	-103	59
Total other comprehensive income	-7,996	-147
Comprehensive income	-5,739	2,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-5,624	2,146
Comprehensive income attributable to non-controlling interests	-115	170

(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

(Changes in accounting policies)

(Adoption of IFRS 16 Leases)

Overseas consolidated subsidiaries other than those in the United States have adopted IFRS 16 Leases in the first quarter under review, and the Company has adopted a method of recognizing the cumulative effect of applying the Standard on the day of the initial application, which is permitted as a transitional measure.

As a result, lease assets, "Other" of current liabilities, and "Other" of non-current liabilities increased 2,710 million yen, 279 million yen, and 607 million yen, respectively, while "Other" of investments and other assets decreased 1,827 million yen at the end of the first quarter under review. The impact on profit and loss and per-share information in the first quarter under review is minor.

(Changes in accounting policies that are difficult to differentiate from accounting estimates)

(Changes in the depreciation method of property, plant and equipment)

While the Company and its consolidated subsidiaries in Japan previously used the declining-balance method (however, the straight-line method for buildings (excluding facilities attached to buildings) acquired on or after Aril 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016) as the depreciation method of property, plant and equipment (excluding lease assets), the Company has changed to the straight-line method from the first quarter under review.

The Group conducts business activities by positioning the medium-term management plan "SIC-I" starting from fiscal 2018 as a period when the Group will build its foundation for sustainable growth, and closely examines the actual utilization and operational status of the production facilities it owns once again in the process of strengthening the global production system amid the rising overseas sales ratio.

As a result, it has been discovered that the long-term stable operation of the domestic production facilities of the Group is expected in general, given that investments are made primarily for their renewal and higher efficiency associated with the shift to the global production and sales systems by changing the focus on Japan in its effort to promote the review and revitalization of domestic and overseas bases and build the global manufacturing network. For this reason, the Group has decided that it is more appropriate to change the depreciation method of property, plant and equipment in Japan to the straight-line method.

As a result of this change, operating profit, ordinary profit and profit before income taxes each increased 196 million yen in the first quarter under review in comparison with the previous method.

The impact of this change on the segments is stated in (Segment information, etc.).

(Additional information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 issued on February 16, 2018), etc. at the beginning of the first quarter of the current fiscal year. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Segment information, etc.)

I. From January 1, 2018 to March 31, 2018

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	17,093	15,178	15,667	19,145	67,085	1,175	68,261	–	68,261
Intersegment sales	556	28	185	13	783	524	1,307	-1,307	–
Total	17,650	15,207	15,853	19,158	67,869	1,699	69,569	-1,307	68,261
Segment profits	1,254	1,222	346	371	3,195	639	3,834	13	3,848

(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 13 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 January 1, 2019 to March 31, 2019

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	16,256	15,709	16,252	19,549	67,768	1,314	69,082	–	69,082
Intersegment sales	551	51	186	13	802	485	1,288	-1,288	–
Total	16,807	15,761	16,439	19,562	68,570	1,799	70,370	-1,288	69,082
Segment profits	928	1,174	478	76	2,658	139	2,798	-11	2,786

(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 -11 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.

2. Matters concerning changes in reportable segments

(Changes in the depreciation method of property, plant and equipment)

As stated in (Changes in accounting policies that are difficult to differentiate from accounting estimates), while the Company and its consolidated subsidiaries in Japan previously used the declining-balance method (the straight-line method for buildings [excluding facilities attached to buildings] acquired on or after Aril 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016) as the depreciation method of property, plant and equipment (excluding lease assets), the Company has changed to the straight-line method from the first quarter under review.

As a result of this change, segment profits in the first quarter under review increased 64 million yen in the Colorants and Functional Materials Business, 45 million yen in the Polymers and Coatings Related Business, 39 million yen in the Packaging Materials Business, 26 million yen in the Printing and Information Business and 19 million yen in Other Business in comparison with profits based on the previous method.