



## Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2021

May 14, 2021

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange  
 Code: 4634 URL: <https://schr.toyoinkgroup.com>  
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 Scheduled date of submission of quarterly report: May 14, 2021  
 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 2021 ending December 31, 2021 (From January 1, 2021 to March 31, 2021)

#### (1) Business results (cumulative totals)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter, Fiscal 2021	68,359	7.8	3,527	17.4	4,222	112.3	3,159	171.9
First Quarter, Fiscal 2020	63,424	-8.2	3,004	7.8	1,989	-34.7	1,161	-51.5

(Note) Comprehensive income: First quarter, fiscal 2021: 10,411 million yen (-%)  
 First quarter, fiscal 2020: -12,631 million yen (-%)

	Profit per share (Basic)		Profit per share (Diluted)	
	Yen		Yen	
First Quarter, Fiscal 2021	55.75		55.64	
First Quarter, Fiscal 2020	19.89		19.86	

#### (2) Financial position

	Total assets		Net assets		Net worth/Total assets	
	Million yen		Million yen		%	
First Quarter, Fiscal 2021	384,724		220,124		55.1	
Fiscal 2020	380,227		217,325		55.2	

(Note) Net worth: First quarter, fiscal 2021: 212,017 million yen  
 Fiscal 2020: 209,705 million yen

### 2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
Fiscal 2020	–	45.00	–	45.00	90.00
Fiscal 2021	–				
Fiscal 2021 (Forecast)		45.00	–	45.00	90.00

(Note) Revision to dividend forecasts published most recently: None

### 3. Forecasts for the year ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(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	270,000	4.8	14,000	8.4	14,000	11.6	7,500	24.6	133.89

(Note) Revisions to the most recently announced earnings forecasts: None

\* 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 of accounting methods: No
  - (ii) Changes in accounting policies other than (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at the end of the terms (including treasury shares):
    - First quarter, fiscal 2021: 60,621,744 shares
    - Fiscal 2020: 60,621,744 shares
  - (ii) Numbers of treasury shares at the end of the terms:
    - First quarter, fiscal 2021: 4,823,385 shares
    - Fiscal 2020: 2,195,524 shares
  - (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):
    - First quarter, fiscal 2021: 56,674,387 shares
    - First quarter, fiscal 2020: 58,404,135 shares

\* 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, 2021” on page 3 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on May 14, 2021 (Friday).

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## 1. Qualitative Information on Financial Results, etc. for the First Quarter Ended March 31, 2021

### (1) Details of operating results

During the first quarter of the consolidated fiscal year under review, despite the recovery in China and signs of recovery in developed countries such as Japan, the United States and Europe, the outlook for the global economy remained uncertain due to the re-expansion of the COVID-19 and the re-restriction of economic activities.

The Toyo Ink Group's business environment remained challenging, as consumer spending was still in the process of recovering both domestically and overseas. In addition, plant damage at several raw material manufacturers and stagnation logistics caused difficulties in procuring raw materials. In this environment, the Group responded to these challenges and worked to realize its annual policies of "enhancing the profitability of its businesses," "creating and expanding priority development areas," and "enhancing the value of management resources for sustainable growth." As a result, net sales in the first quarter of the fiscal year under review increased to 68,359 million yen (up 7.8% year on year), which was higher than the same period of the previous fiscal year due to the spread of new corona viruses. In addition, operating profit increased to 3,527 million yen (up 17.4% year on year), ordinary profit was 4,222 million yen (up 112.3% year on year), and Profit attributable to owners of parent came to 3,159 million yen (up 171.9% year on year).

Operating results by segment are as follows.

From the first quarter of the fiscal year under review, the Company changed the classification of reportable segments for certain businesses. Comparison and analysis for the first quarter of the fiscal year under review are based on the new classification.

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

Demand for high performance pigments and materials for LCD color filters was strong for use in TVs, tablets, and displays for PCs due to restraint on going out. We also made progress in expanding sales in Taiwan and China.

In commodity-type pigments, sales for information-related printing inks remained sluggish, but those for liquid inks were firm. Demand for digital printing in inkjet inks recovered, particularly in China and other countries.

Sales of plastic colorants in Japan were firm for food compounds due to restraint on going out for the mainstay compounds, and sales of products for automobile and office equipment were strong in other countries. In Europe and Southeast Asia, we are moving ahead with the withdrawal from unprofitable bases according to targets.

As a result, overall sales in this segment rose 16.6% year on year, to 18,516 million yen, and operating profit rose 70.8%, to 1,176 million yen.

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

In functional films and tapes, sales of conductive adhesive sheets and electromagnetic shielding films for smartphones, for which demand is strong, were strong, and sales of heat durable and low adhesive films for LCD panels and automobile applications were strong.

In adhesives, sales of products for packaging, such as snacks and pet foods, were firm domestically, and sales of products for food also recovered abroad. In pressure sensitive adhesives, demand for use in labels in Japan was firm, while domestic and overseas demand for use in polarizing films was strong. However, rising raw material prices weighed on earnings.

In the can coatings, demand for can coatings for beverage cans applications in Japan was robust due to the consumption of home goggles. Overseas demand recovered in China and Thailand. As a result, overall sales in this segment increased 9.7% year on year, to 16,285 million yen, and operating profit increased 2.3%, to 1,196 million yen.

#### (iii) Packaging Materials Related Business

In Japan, sales of liquid inks for use in paper bags for souvenirs and apparel were sluggish due to restraint on going out. However, sales of products for household food items such as frozen foods and noodles were firm, and sales expanded. Demand also recovered for use in construction materials. In overseas, sales recovered from the same period of the previous fiscal year, when operations were suspended in China, and were also strong in India and the Middle East. On the other hand, profits were squeezed by soaring raw material prices and procurement difficulties on a global basis, as well as expenses associated with the transfer of plants in China.

In the gravure cylinder platemaking business, sales of precision plate-making related to electronics were strong, but sales for packaging were sluggish.

As a result, net sales for this segment as a whole increased to 17,047 million yen (up 4.4% year on year), but

operating profit decreased to 717 million yen (down 16.0% year on year).

(iv) Printing and Information Related Businesses

Structural contraction in the information-related printing market was further advanced by the spread and prolongation of the infectious disease of the new corona viruses and the limitation of economic activities. Domestic sales for flyers, advertising, and publishing were sluggish, but we made progress in improving our business structure, including collaboration with other companies in the same industry, cost reductions, and the passing on of a portion of the increase in raw material prices to sales prices.

Overseas, demand recovered in China, where operations were suspended in the same period of the previous fiscal year, and sales for paper containers, such as food and medical products, were firm. In line with demand, we worked to optimize our global supply system and rebuild the business structure of each base.

As a result, overall sales in this segment rose 0.5% year on year, to 16,156 million yen, and operating profit rose 12.1%, to 263 million yen.

(v) Other

This report covers businesses not included in the above segments, as well as services provided by TOYO INK SC HOLDINGS CO., LTD. and other means. Net sales decreased to 1,543 million yen (down 0.5% year on year), but operating profit increased to 181 million yen (up 218.1% year on year) due to a decrease in retirement benefit expenses and other factors.

(2) Details of financial position

Total assets at the end of the first quarter under review were 384,724 million yen, up 4,496 million yen from the end of the previous fiscal year. Liabilities were 164,600 million yen, an increase of 1,697 million yen from the end of the previous fiscal year. Net assets were 220,124 million yen, an increase of 2,798 million yen from the end of the previous fiscal year.

Assets, liabilities, and foreign currency translation adjustments held in foreign subsidiaries increased due to the yen's depreciation against foreign currencies compared to the exchange rates at the end of the previous fiscal year on the last day of the first quarter of the fiscal year under review. In addition, investment securities, deferred tax liabilities, and unrealized gains on available-for-sale securities each increased, reflecting rising stock prices in Japan. On the other hand, cash and deposits decreased due to the effect of the last day of the previous fiscal year being a holiday for financial institutions and the purchase of treasury stock.

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

The forecast for the fiscal year ending December 2021 remains unchanged from the one announced on February 12, 2021.

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

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2020)	End of the consolidated first quarter accounting period (As of March 31, 2021)
(Assets)		
Current assets		
Cash and deposits	76,469	66,672
Notes and accounts receivable - trade	87,126	87,453
Securities	57	12
Merchandise and finished goods	28,328	30,087
Work in process	1,070	1,373
Raw materials and supplies	16,790	18,859
Other	5,178	5,563
Allowance for doubtful accounts	-924	-974
Total current assets	214,097	209,048
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,156	101,163
Accumulated depreciation	-65,629	-66,275
Buildings and structures, net	34,526	34,888
Machinery, equipment and vehicles	152,140	152,967
Accumulated depreciation	-131,816	-132,591
Machinery, equipment and vehicles, net	20,324	20,375
Tools, furniture and fixtures	25,303	25,615
Accumulated depreciation	-22,067	-22,244
Tools, furniture and fixtures, net	3,236	3,371
Land	30,529	30,660
Leased assets	4,996	5,329
Accumulated depreciation	-1,269	-1,303
Leased assets, net	3,726	4,026
Construction in progress	10,273	14,121
Total property, plant and equipment	102,616	107,444
Intangible assets	3,113	2,898
Investments and other assets		
Investment securities	48,440	53,315
Retirement benefit asset	8,608	8,655
Deferred tax assets	2,398	2,446
Other	1,143	1,110
Allowance for doubtful accounts	-191	-195
Total investments and other assets	60,399	65,332
Total noncurrent assets	166,130	175,676
Total assets	380,227	384,724

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2020)	End of the consolidated first quarter accounting period (As of March 31, 2021)
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	54,608	54,998
Short-term loans payable	19,379	18,463
Income taxes payable	1,082	1,165
Other	16,340	16,894
Total current liabilities	91,411	91,521
Non-current liabilities		
Long-term borrowings	60,492	60,829
Deferred tax liabilities	6,561	7,647
Provision for environmental measures	1,485	1,484
Retirement benefit liability	1,914	1,965
Asset retirement obligations	31	32
Other	1,005	1,118
Total non-current liabilities	71,491	73,078
Total liabilities	162,902	164,600
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,499	32,498
Retained earnings	147,390	147,920
Treasury shares	-4,916	-9,882
Total shareholders' equity	206,706	202,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,699	9,113
Foreign currency translation adjustment	-5,284	-1,861
Remeasurements of defined benefit plans	2,583	2,495
Total accumulated other comprehensive income	2,998	9,747
Subscription rights to shares	249	244
Non-controlling interests	7,370	7,862
Total net assets	217,325	220,124
Total liabilities and net assets	380,227	384,724

## (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, 2020 to March 31, 2020)	First quarter under review (From January 1, 2021 to March 31, 2021)
Net sales	63,424	68,359
Cost of sales	49,120	53,444
Gross profit	14,303	14,915
Selling, general and administrative expenses		
Packing and transportation costs	1,665	1,851
Salaries and allowances	2,896	2,884
Bonuses	670	697
Welfare expenses	767	791
Depreciation	489	532
Research and development expenses	756	819
Other	4,053	3,810
Total selling, general and administrative expenses	11,299	11,387
Operating profit	3,004	3,527
Non-operating income		
Interest income	58	43
Dividend income	150	148
Foreign exchange gains	–	544
Other	182	248
Total non-operating income	391	984
Non-operating expenses		
Interest expenses	140	125
Foreign exchange losses	1,007	–
Share of loss of entities accounted for using equity method	53	57
Other	204	107
Total non-operating expenses	1,405	289
Ordinary profit	1,989	4,222
Extraordinary income		
Gain on sales of non-current assets	3	0
Gain on sales of investment securities	–	92
Total extraordinary income	3	92
Extraordinary losses		
Loss on sales and retirement of non-current assets	30	29
Loss on liquidation of business	–	139
Other	5	4
Total extraordinary loss	35	173
Profit before income taxes	1,957	4,142
Income taxes - current	1,170	1,289
Income taxes - deferred	-424	-367
Total income taxes	746	922
Profit	1,211	3,219
Profit attributable to non-controlling interests	49	60
Profit attributable to owners of parent	1,161	3,159



Consolidated statements of comprehensive income  
Consolidated first quarter

(Million yen)

	Previous first quarter period (From January 1, 2020 to March 31, 2020)	First quarter under review (From January 1, 2021 to March 31, 2021)
Profit	1,211	3,219
Other comprehensive income		
Valuation difference on available-for-sale securities	-10,174	3,414
Foreign currency translation adjustment	-3,542	3,731
Remeasurements of defined benefit plans, net of tax	23	-87
Share of other comprehensive income of entities accounted for using equity method	-148	132
Total other comprehensive income	-13,842	7,191
Comprehensive income	-12,631	10,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-12,508	9,907
Comprehensive income attributable to non-controlling interests	-123	503

(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.

(Additional information)

(Application of tax effect accounting in the transition from the consolidated taxation system to the Group tax sharing system)

The Company and some domestic consolidated subsidiaries did not apply the provisions of paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) in accordance with the treatment of paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 39, March 31, 2020) for items for which a review of the non-consolidated taxation system was conducted in conjunction with the transition to the Group Total System established in the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and the transition to the Group Total System. The amount of deferred tax assets and deferred tax liabilities is based on the provisions of the pre-revision tax law.

(Accounting estimates regarding the impact of the COVID-19 coronavirus pandemic)

There have been no material changes in the accounting estimates assumptions related to the impact of the spread of the COVID-19 described in (Additional Information) in the previous fiscal year's securities report.

## (Segment information, etc.)

## I. From January 1, 2020 to March 31, 2020

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

(Million yen)

	Reported segments					Other (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 Businesses	Total				
Net sales									
Sales to customers	15,271	14,797	16,178	16,063	62,310	1,113	63,424	-	63,424
Intersegment sales	602	49	142	7	802	437	1,240	-1,240	-
Total	15,873	14,847	16,321	16,071	63,113	1,551	64,664	-1,240	63,424
Segment profit	689	1,169	854	234	2,947	56	3,004	-0	3,004

(Note) 1. The “Other” 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 -0 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated quarterly income statement.

## II. From January 1, 2021 to March 31, 2021

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

(Million yen)

	Reported segments					Other (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 Businesses	Total				
Net sales									
Sales to customers	17,935	16,207	16,892	16,155	67,191	1,168	68,359	-	68,359
Intersegment sales	580	77	155	0	813	374	1,188	-1,188	-
Total	18,516	16,285	17,047	16,156	68,004	1,543	69,547	-1,188	68,359
Segment profit	1,176	1,196	717	263	3,353	181	3,535	-7	3,527

(Note) 1. The “Other” 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 -7 million yen in segment profits mainly represents the deduction of intersegment transactions.
3. Segment profits have been adjusted with operating profit recorded in the consolidated quarterly income statement.

## 2. Changes in reportable segments

(Change in the method of classifying reportable segments)

Effective from the first quarter of the current fiscal year, the Company has reviewed its business management classifications in order to further accelerate development. Consolidated businesses previously included in “Printing and Information Related Business” have been reclassified into “Colorants and Functional Materials Related Business.”

Segment information for the first quarter of the previous fiscal year has been prepared based on the revised reportable segment classification.