

**TRANSLATION:**

This is an English translation of Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2023. This is an English translation of the Japanese original, prepared only for the convenience of shareholders residing outside Japan. The original Japanese version will prevail should there be any difference in the meaning between the English version and the Japanese version.



## Consolidated Quarterly Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2023

May 12, 2023

Name of Listed Company: TOYO INK SC HOLDINGS CO., LTD. Listings: Tokyo Stock Exchange  
Code: 4634 URL: <https://schd.toyoinkgroup.com>  
Representative: Satoru Takashima, President and Representative Director, Group CEO  
Contact: Takeshi Arimura, Operating Officer and General Manager of Finance & Accounting Department  
Tel: +81-3-3272-6002

Scheduled date of submission of quarterly report: May 12, 2023

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 2023 ending December 31, 2023

(From January 1, 2023 to March 31, 2023)

#### (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 2023	74,826	0.8	1,909	-32.2	1,594	-59.2	487	-84.6
First Quarter, Fiscal 2022	74,245	8.6	2,817	-20.1	3,906	-7.5	3,161	0.1

(Note) Comprehensive income: First quarter, fiscal 2023: 8,690 million yen (6.5%) First quarter, fiscal 2022: 8,158 million yen (-21.6%)

	Profit per share (Basic)	Profit per share (Diluted)
	Yen	Yen
First Quarter, Fiscal 2023	9.20	9.19
First Quarter, Fiscal 2022	56.62	56.54

#### (2) Financial position

	Total assets	Net assets	Net worth/Total assets
	Million yen	Million yen	%
First Quarter, Fiscal 2023	412,005	234,006	54.7
Fiscal 2022	411,177	227,877	53.3

(Note) Net worth: First quarter, fiscal 2023: 225,180 million yen Fiscal 2022: 219,047 million yen

### 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	–	45.00	–	45.00	90.00
Fiscal 2023	–				
Fiscal 2023 (Forecast)		45.00	–	45.00	90.00

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

### 3. Forecasts for the year ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(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	330,000	4.5	11,000	60.2%	9,500	20.1	6,000	-35.5	113.23

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

\* Notes

- |  |                   |
|--|-------------------|
| (1) Important changes of subsidiaries during the term  | 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):  | No                |
| (iii) Changes in accounting estimates:   | No                |
| (iv) Restatement:  | No                |
| (4) Numbers of shares issued (ordinary shares)   |                   |
| (i) Numbers of shares issued at the end of the terms (including treasury shares):                                  |                   |
| First quarter, fiscal 2023:  | 58,286,544 shares |
| Fiscal 2022:   | 58,286,544 shares |
| (ii) Numbers of treasury shares at the end of the terms:   |                   |
| First quarter, fiscal 2023:  | 5,294,896 shares  |
| Fiscal 2022:   | 5,298,507 shares  |
| (iii) Average numbers of shares issued during the terms (consolidated accumulation periods):                       |                   |
| First quarter, fiscal 2023:  | 52,991,709 shares |
| First quarter, fiscal 2022:  | 55,846,025 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 note

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, 2023” on page 4 of the accompanying materials.
2. Supplementary documents for financial results will be posted on the Company’s website on May 12, 2023 (Friday).

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## 1. Qualitative Information on Financial Results, etc., for the First Quarter Ended March 31, 2023

### (1) Details of operating results

During the first quarter of the fiscal year under review, the global economy showed signs of gradual recovery especially in areas such as the travel and food service sectors; however, in addition to downside risks to the economy from rising prices and monetary policy tightening, energy prices remain at a high level due to the protracted Ukraine situation and the outlook is uncertain.

In this environment, the Toyo Ink Group worked to achieve its policies for the year 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 74,826 million yen (up 0.8% year on year), operating profit decreased to 1,909 million yen (down 32.2% year on year), and ordinary profit fell to 1,594 million yen (down 59.2% year on year). Profit attributable to owners of parent decreased to 487 million yen (down 84.6% year on year).

Operating results by segment are as follows.

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

Sales of materials for LCD color filters production remained sluggish amid continued production cuts at LCD panel manufacturers; however, progress was made with market share expansion in China and Taiwan, as the Company's products gained a good reputation among customers.

Sales of plastic colorants for food containers decreased, reflecting consumer reluctance due to rising prices and increased eating-out. Sales of plastic colorants for automobiles and office equipment also showed slow growth under the impact of reduced production as a result of shortages of semiconductors and other components.

Sales of inkjet inks were weak due to inventory adjustments in overseas markets. Sales of lithium-ion battery materials for automotive applications grew through the ramp-up of supply in the U.S. and Europe, and the Group decided to expand facilities to meet further expansion in demand in the U.S. and China.

As a result, net sales for this segment as a whole decreased to 18,709 million yen (down 2.1% year on year), and operating profit decreased to 542 million yen (down 45.6% year on year).

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

Among functional films and tapes, sales of electromagnetic shielding films and heat-resistant films with low adhesion were lackluster, amid continued adjustment in the smartphone and LCD panel markets.

Slow growth in domestic sales of pressure sensitive adhesives for labels and displays was offset by increased sales of pressure sensitive adhesives in the U.S. and India, driven by facility expansion. Domestic sales of adhesives for packaging held firm; however, growth in overseas sales of adhesives for food packaging was slow due to decline in consumption.

Domestic sales of can coatings for beverage cans decreased, reflecting lackluster customer operations and overseas sales of can coatings for food cans were also weak due to decline in fish catches; however, the Group expanded its network aiming for business expansion through the acquisition of a local can coating manufacturer in Thailand.

As a result, net sales for this segment as a whole decreased to 17,325 million yen (down 5.5% year on year), but operating profit increased to 804 million yen (up 1.1% year on year) due to progress made on revising selling prices.

**(iii) Packaging Materials Related Business**

In Japan, sales of mainstay liquid ink products for packaging remained strong, reflecting firm demand for packaging materials for convenience stores and outdoor recreation-related applications as well as customers' large order backlogs at the end of the previous year, and demand for products for construction materials also showed signs of bottoming out. Sales of products for cardboard boxes used for online sales were strong; however, sales of products for cardboard boxes used in beverage and processed food applications were lackluster, reflecting consumer reluctance due to rising prices.

Overseas, demand in Southeast Asia and India was solid and sales also held firm. Profitability also improved both in Japan and overseas thanks to progress with the revision of selling prices in response to rising raw material prices.

In the gravure cylinder platemaking business, while sales of products for packaging were firm partly due to demand for new plates, sales of precision platemaking related to electronics were weak.

As a result, net sales for this segment as a whole increased to 20,215 million yen (up 7.1% year on year), and operating profit increased to 697 million yen (up 142.1% year on year).

**(iv) Printing and Information Related Business**

While domestic sales of products for flyers, advertising, and publishing were sluggish due to the continued structural contraction of the information-related printing market, sales of products for paper containers and packaging held firm partly due to an upturn in consumption. In face of persistently high energy and raw material costs, the Group continued to reduce costs through collaboration with competitors and business structure reforms while at the same time making revisions to selling prices to cover cost increases the Group could not absorb through its own efforts.

In overseas markets, sales were lackluster, partly due to the economic downturn in China caused by the depressed property market and weak export; however, progress was made in expanding sales of functional coatings for paper containers and packaging.

As a result, net sales for this segment as a whole increased to 17,876 million yen (up 2.2% year on year); however, the segment reported an operating loss of 141 million yen (operating profit of 359 million yen in the same period of the previous year) due to stubbornly high energy costs and raw material prices.

**(v) Other**

This Other segment includes businesses not included in the above segments, services provided by Toyo Ink SC Holdings Co. Ltd., etc., and other businesses. Net sales for the first quarter increased to 1,469 million yen (up 20.1% year on year) mainly due to an increase in sales of raw materials, but operating profit decreased to 12 million yen (down 96.7% year on year) mainly due to a decrease in revenue from the rendering of services.

**(2) Details of financial position**

Total assets at the end of the first quarter under review stood at 412,005 million yen, up 827 million yen from the end of the previous consolidated fiscal year. Liabilities were 177,998 million yen, down 5,301 million yen from the end of the previous consolidated fiscal year. Net assets came to 234,006 million yen, up 6,129 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 decreased from its level on the last day of the previous consolidated fiscal year. As a result, assets and liabilities held by overseas subsidiaries and foreign currency translation adjustments increased. Property, plant and equipment also increased as a result of the construction of a new plant overseas. Furthermore, investment securities, deferred tax liabilities, and valuation difference on available-for-sale securities each increased, reflecting rising stock prices in Japan. Meanwhile, the final day of the previous fiscal year fell on a financial institution holiday, resulting in a decrease in cash and deposits,

accounts receivable - trade and accounts payable - trade. Additionally, some long-term loans payable were restated as short-term loans payable because they will mature within a year.

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

No changes have been made to the full-year forecasts of consolidated financial results for the fiscal year ending December 31, 2023 that were announced on February 14, 2023.

## 2. Consolidated Financial Statements and Primary Notes

## (1) Consolidated balance sheet

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2022)	End of the consolidated first quarter accounting period (As of March 31, 2023)
(Assets)		
Current assets		
Cash and deposits	55,117	46,793
Notes and accounts receivable - trade	100,390	96,648
Securities	430	407
Merchandise and finished goods	38,494	39,690
Work in process	1,000	1,423
Raw materials and supplies	28,088	28,186
Other	6,881	7,513
Allowance for doubtful accounts	-1,154	-1,176
Total current assets	229,247	219,485
Non-current assets		
Property, plant and equipment		
Buildings and structures	113,121	114,268
Accumulated depreciation	-70,863	-71,887
Buildings and structures, net	42,258	42,380
Machinery, equipment and vehicles, net	165,907	168,706
Accumulated depreciation	-138,746	-140,741
Machinery, equipment and vehicles, net	27,160	27,964
Tools, furniture and fixtures	28,442	28,768
Accumulated depreciation	-23,092	-23,369
Tools, furniture and fixtures, net	5,349	5,398
Land	30,490	30,440
Leased assets	6,978	7,333
Accumulated depreciation	-1,944	-2,140
Leased assets, net	5,033	5,193
Construction in progress	12,075	14,431
Total property, plant and equipment	122,366	125,808
Intangible assets	2,619	2,631
Investments and other assets		
Investment securities	42,791	50,189
Retirement benefit asset	7,645	7,683
Deferred tax assets	2,826	2,810
Other	3,881	3,570
Allowance for doubtful accounts	-200	-175
Total investments and other assets	56,944	64,079
Total non-current assets	181,930	192,520
Total assets	411,177	412,005

(Million yen)

	End of the previous consolidated fiscal year (As of December 31, 2022)	End of the consolidated first quarter accounting period (As of March 31, 2023)
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	70,738	62,119
Short-term loans payable	24,022	38,862
Income taxes payable	726	900
Other	17,975	18,335
Total current liabilities	113,463	120,217
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	54,851	40,409
Deferred tax liabilities	6,276	8,593
Provision for environmental measures	251	251
Retirement benefit liability	1,676	1,671
Asset retirement obligations	33	33
Other	1,746	1,821
Total non-current liabilities	69,836	57,780
Total liabilities	183,300	177,998
(Net assets)		
Shareholders' equity		
Capital stock	31,733	31,733
Capital surplus	32,530	32,468
Retained earnings	151,414	149,518
Treasury shares	-10,687	-10,680
Total shareholders' equity	204,990	203,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,007	10,620
Foreign currency translation adjustment	7,986	10,546
Remeasurements of defined benefit plans	1,062	973
Total accumulated other comprehensive income	14,056	22,140
Subscription rights to shares	98	89
Non-controlling interests	8,731	8,737
Total net assets	227,877	234,006
Total liabilities and net assets	411,177	412,005



**(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, 2022 to March 31, 2022)	First quarter under review (From January 1, 2023 to March 31, 2023)
Net sales	74,245	74,826
Cost of sales	60,091	60,976
Gross profit	14,154	13,849
Selling, general and administrative expenses		
Packing and transportation costs	1,828	1,772
Salaries and allowances	2,943	3,122
Bonuses	691	642
Welfare expenses	786	772
Depreciation	448	448
Research and development expenses	817	908
Other	3,821	4,272
Total selling, general and administrative expenses	11,337	11,940
Operating profit	2,817	1,909
Non-operating income		
Interest income	48	67
Dividend income	153	32
Foreign exchange gains	1,079	188
Other	174	186
Total non-operating income	1,456	474
Non-operating expenses		
Interest expenses	165	436
Share of loss of entities accounted for using equity method	0	12
Loss on net monetary position	-	104
Other	200	237
Total non-operating expenses	367	790
Ordinary profit	3,906	1,594
Extraordinary profit		
Gain on sales of non-current assets	4	96
Other	204	13
Total extraordinary profit	208	109
Extraordinary losses		
Loss on sales and retirement of non-current assets	107	34
Loss on sales of investment securities	-	297
Business restructuring expenses	-	290
Other	25	103
Total extraordinary loss	133	726
Profit before income taxes	3,981	977
Income taxes - current	1,160	673
Income taxes - deferred	-336	-118
Total income taxes	824	554
Profit	3,157	423
Loss attributable to non-controlling interests	-4	-64
Profit attributable to owners of parent	3,161	487

## Consolidated statements of comprehensive income

Consolidated first quarter

(Million yen)

	Previous first quarter period (From January 1, 2022 to March 31, 2022)	First quarter under review (From January 1, 2023 to March 31, 2023)
Profit	3,157	423
Other comprehensive income		
Valuation difference on available-for-sale securities	-360	5,613
Foreign currency translation adjustment	5,321	2,307
Remeasurements of defined benefit plans, net of tax	-113	-89
Share of other comprehensive income of entities accounted for using equity method	152	435
Total other comprehensive income	5,000	8,267
Comprehensive income	8,158	8,690
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,607	8,572
Comprehensive income attributable to non-controlling interests	550	117

**(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)**

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance") at the beginning of the first quarter. Moving forward, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard Implementation Guidance in accordance with transitional measures stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. The application of the accounting standard has no impact on the consolidated quarterly financial statements.

**(Additional information)**

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its consolidated subsidiaries in Japan made a shift from the consolidated taxation system to the group tax sharing system in the first quarter of the fiscal year under review. Consequently, regarding accounting processing and disclosures for income taxes, local corporate income taxes and tax effect accounting, the Company started to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force No. 42 issued August 12, 2021, hereinafter "PITF No. 42"). In addition, based on Paragraph 32-(1) of PITF No. 42, the Company considers that there will be no impact of changes in its accounting policy resulting from the application of PITF No. 42.

**(Segment information, etc.)**

## I. From January 1, 2022 to March 31, 2022

## 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 Business	Total				
Net sales									
Sales to customers	18,789	18,249	18,643	17,488	73,170	1,075	74,245	-	74,245
Intersegment sales	316	85	235	0	637	147	784	-784	-
Total	19,105	18,334	18,878	17,488	73,807	1,223	75,030	-784	74,245
Segment profits	996	795	287	359	2,439	378	2,818	-0	2,817

(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.

## 2. Information on impairment loss on non-current assets by reportable segment

Not applicable

## II. From January 1, 2023 to March 31, 2023

## 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 Business	Total				
Net sales									
Sales to customers	18,439	17,291	20,054	17,870	73,656	1,169	74,826	-	74,826
Intersegment sales	270	33	161	6	471	299	770	-770	-
Total	18,709	17,325	20,215	17,876	74,127	1,469	75,597	-770	74,826
Segment profits and losses(-)	542	804	697	-141	1,901	12	1,913	-4	1,909

(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 -4 million yen in segment profits and losses(-) mainly represents the deduction of intersegment transactions.

3. Segment profits and losses(-) have been adjusted with operating profit recorded in the consolidated quarterly income statement.

## 2. Information on impairment loss on non-current assets by reportable segment

(Million yen)

	Reported segments					Other	Adjustment	Total
	Colorants and Functional Materials Related Business	Polymers and Coatings Related Business	Packaging Materials Related Business	Printing and Information Related Business	Total			
Impairment loss	290	–	–	–	290	–	–	290

(Note) An impairment loss of 290 million yen related to Colorants and Functional Materials Related Business is business restructuring expenses in the quarterly consolidated statement of income.

**(Important subsequent events)**

(Business combination through acquisition)

Toyo Ink (Thailand) Co., Ltd. (hereinafter “TIT”), which is a wholly owned subsidiary of the Company, acquired Thailand-based Thai Eurocoat Ltd. (hereinafter “TEC”) and made it into a wholly owned subsidiary on April 3, 2023.

## 1. Outline of the business combination

## (1) Name and business of acquired company

Acquired company: Thai Eurocoat Ltd.

Business description: Manufacture and sale of coatings for the interiors and exteriors of food cans and lids

## (2) Main reasons for carrying out the business combination

TIT has been producing can coatings in Thailand since 1988. Thailand has a thriving marine product processing industry and is home to many food can manufacturers. TIT has expanded its business by taking advantage of its ability to develop advanced resins, mainly for can coatings that require high functionality. Global demand for processed foods is strong and metal packaging is garnering greater attention due to its recyclability. As a result of such trends, the global canned food market is expected to grow by more than 130% by 2026 compared to 2020. As a result of the share purchase, TIT, the top manufacturer of external coatings for printed cans in the Thai canned food market, has acquired TEC, the top manufacturer of external coatings for non-printed cans in the Thai canned food market. Through the acquisition, TIT aims to become the top metal coatings supplier in the ASEAN canned food market, which is expected to continue growing in the future.

TEC has earned customer trust through the technology development capabilities and customer support capabilities of its talented human resources who are experts in can manufacturing. By combining TIT’s resin synthesis technology and TEC’s product commercialization knowhow, TIT aims to further improve the development of products which meet customer needs and use its overseas network to expand exports to surrounding markets.

## (3) Date of the business combination

April 3, 2023 (deemed acquisition date: April 1, 2023)

## (4) Legal form of the business combination

Cash acquisition of shares

## (5) Name of the combined entity

Thai Eurocoat Ltd.

## (6) Percentage share of voting rights acquired

100%

(7) Main reason for the decision to acquire the company

Availability of the method of share acquisition in exchange for cash

2. Costs of the acquisition of acquired company and breakdown by type of consideration

Details are omitted based on an agreement with the other party to the share purchase.