

Translation — Original text in Japanese



FY2021 2Q (April 1, 2021 to September 30, 2021)

Financial Results Materials (Highlights)

October 26, 2021

Forecasts for operational performances, as well as future predictions described in this document, were prepared based on information available as of the day on which this document was released. This document in no way guarantees the contents and operational performances of the company in the future.

CHORI CO., LTD.

Key Points of the Summary

~Second year of the Medium-Term Management Plan “Chori Innovation Plan 2022 (CIP2022)”~

Steady progress toward early achievement of the new stage to “consistently deliver ordinary income at the ¥10.0 billion level”

▶ Business Results Summary

Significantly increased sales YOY, significant increase in income for each income item.

- Increased sales in all segments (Fibers, Textiles and Garments, Chemicals and Machinery). Recovery in the chemicals market was the driving force.
- Ordinary income in FY2021 1H was ¥5.3 billion and net income attributable to owners of the parent was ¥4.0 billion, both record highs on a first-half basis.

Confer ROA (ordinary income basis): 9.0%, ROE (net income basis): 13.1%

▶ Financial Base

Equity ratio: 51.1% Maintained at a high level

▶ Shareholder returns

Implemented an interim dividend of ¥42 per share (interim dividend in the previous fiscal year was ¥14 per share).

Interim dividend: ¥42 per share ⇒ forecast year-end dividend: ¥42 per share annual dividend: ¥84 per share

⇒ dividend payout ratio: 30%

▶ Topics

1) Conducted large-scale M&A in the Fibers, Textiles, and Garments Business

Sumitex International Company Limited, a textile trading company, made a subsidiary of the Company (annual sales of ¥34.4 billion in FY2020).

Consolidated in B/S at end of FY2021 1Q, P/L from 2Q.

2) New market segments

Under the new market segments of the Tokyo Stock Exchange (applicable from April 2022), Chori has chosen the Prime Market, for which it satisfies the listing standards, and applied to the Tokyo Stock Exchange.

As a listed company, 1) secured a ratio of at least one-third of independent outside directors and

2) established a governance committee (comprised of a majority of independent outside directors).

* The Accounting Standard for Revenue Recognition has been applied since FY2020.

Business Results Breakdown (YoY Comparison)

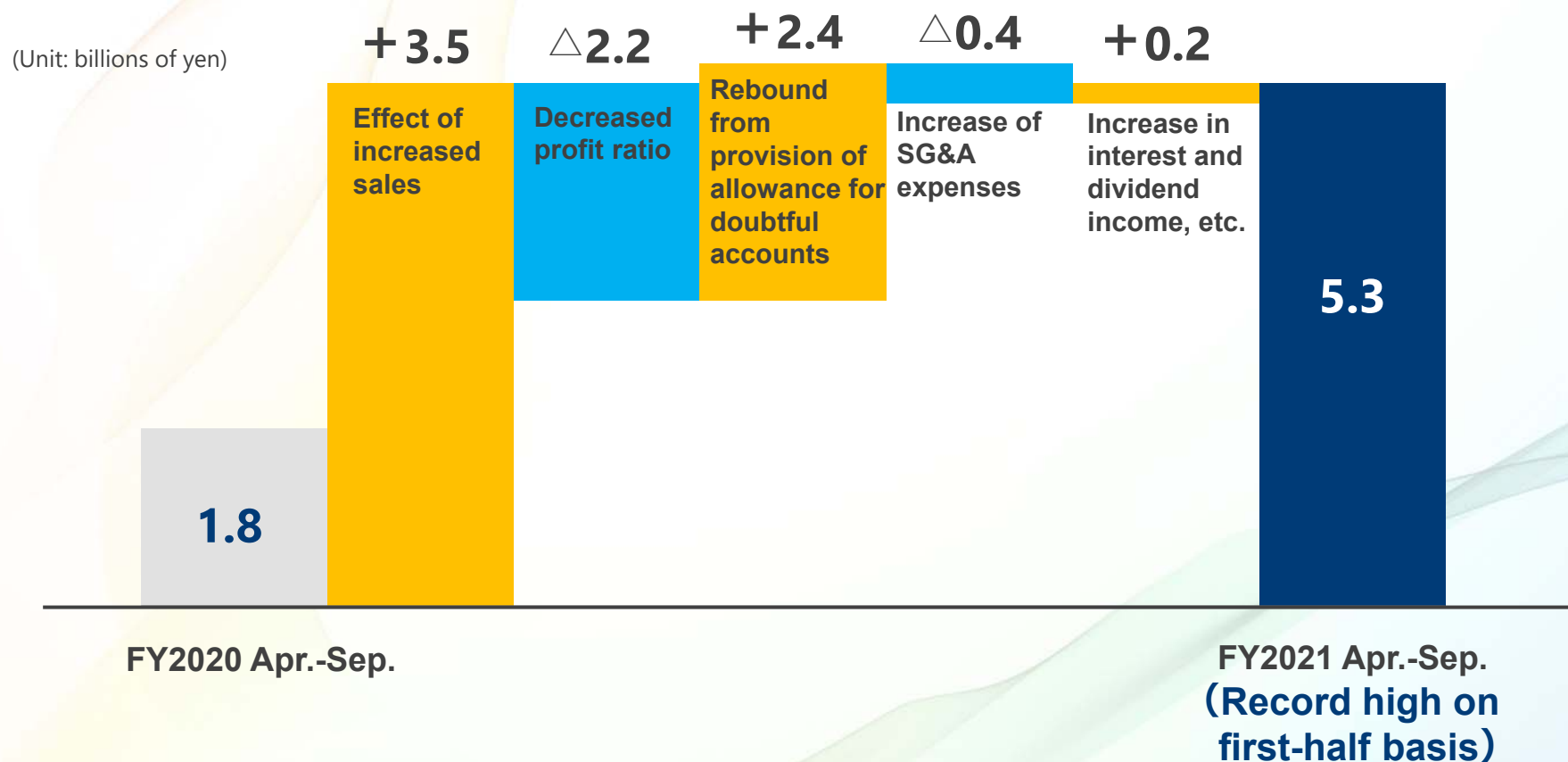
POINT

- Domestic and global economic conditions remain uncertain due to the prolonged spread of COVID-19.
Domestically, manufacturing is showing signs of recovery, but consumer markets in sectors such as apparel remain sluggish.
- Net sales increased significantly due to reasons including recovery in the Chemicals market conditions. The main reason for the significant increase in income in Chemicals was due to the effect of increased sales in addition to a rebound from the provision of allowance for doubtful accounts made in the previous fiscal year (not applicable in this fiscal year).
(The Chinese accounts receivable problem was fully recorded in provision of allowance for doubtful accounts in FY2020.)

Unit: billions of yen

	FY2020 Apr.-Sep.	FY2021 Apr.-Sep.	Difference	Ratio
Net Sales	102.2	130.0	+27.9	+27.3%
Gross Profit	13.0	14.3	+1.3	+10.1%
Selling, general and administrative expenses	11.4	9.5	-1.9	-16.7%
Operating income	1.6	4.8	+3.2	+201.3%
Ordinary income	1.8	5.3	+3.4	+188.6%
Net income attributable to owners of the parent	0.3	4.0	+3.7	+1,425.5%

Reasons for Changes in Ordinary Income



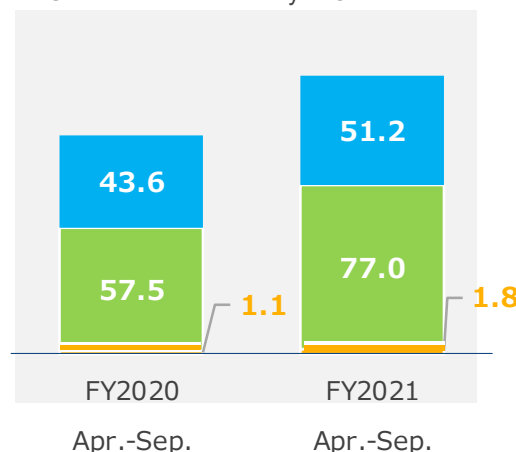
Segment Results

Net sales

Unit: billions of yen

	FY2020 Apr.-Sep.	FY2021 Apr.-Sep.	Difference
Fibers, Textiles and Garments	43.6	51.2	+7.7
Chemicals	57.5	77.0	+19.5
Machinery	1.1	1.8	+0.7
Others	0.0	0.0	+0.0
Total	102.2	130.0	+27.9

■ Fibers, Textiles and Garments
■ Chemicals ■ Machinery ■ Others



Fibers, Textiles and Garments

... Increased sales and decreased profit

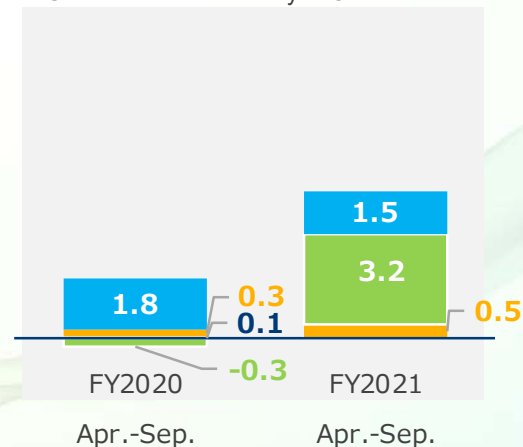
- Steady** Synthetic raw materials
Hygienic materials
- Sluggish** Domestic apparel-related

Ordinary income (loss)

Unit: billions of yen

	FY2020 Apr.-Sep.	FY2021 Apr.-Sep.	Difference
Fibers, Textiles and Garments	1.8	1.5	-0.2
Chemicals	-0.3	3.2	+3.5
Machinery	0.3	0.5	+0.2
Others	0.1	0.0	-0.0
Total	1.8	5.3	+3.4

■ Fibers, Textiles and Garments
■ Chemicals ■ Machinery ■ Others



Chemicals

... Increased sales and profit

- Steady** Fine chemicals
Organic chemical materials
- Recovering** Materials for Electronics

Machinery

... Increased sales and profit

- Steady** Vehicles

Reference: Trading amount handled
¥18.3 billion

* Adjusted amounts for Others are included.

* Provision of allowance for doubtful accounts of ¥2.4 billion was recorded for Chemicals in FY2020 2Q.

Net Sales by Operation

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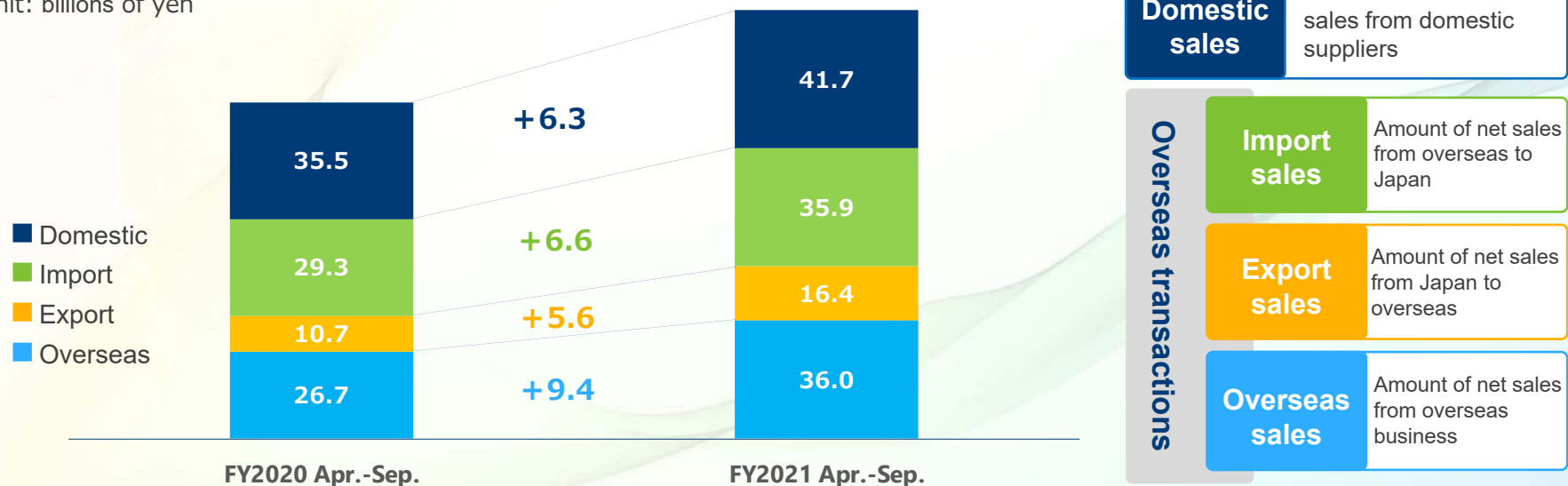
● Trade ratio: 67.9% (+2.6% YoY)

Domestic sales: Increased sales both in the Fibers, Textiles and Garments Business, and the Chemicals Business

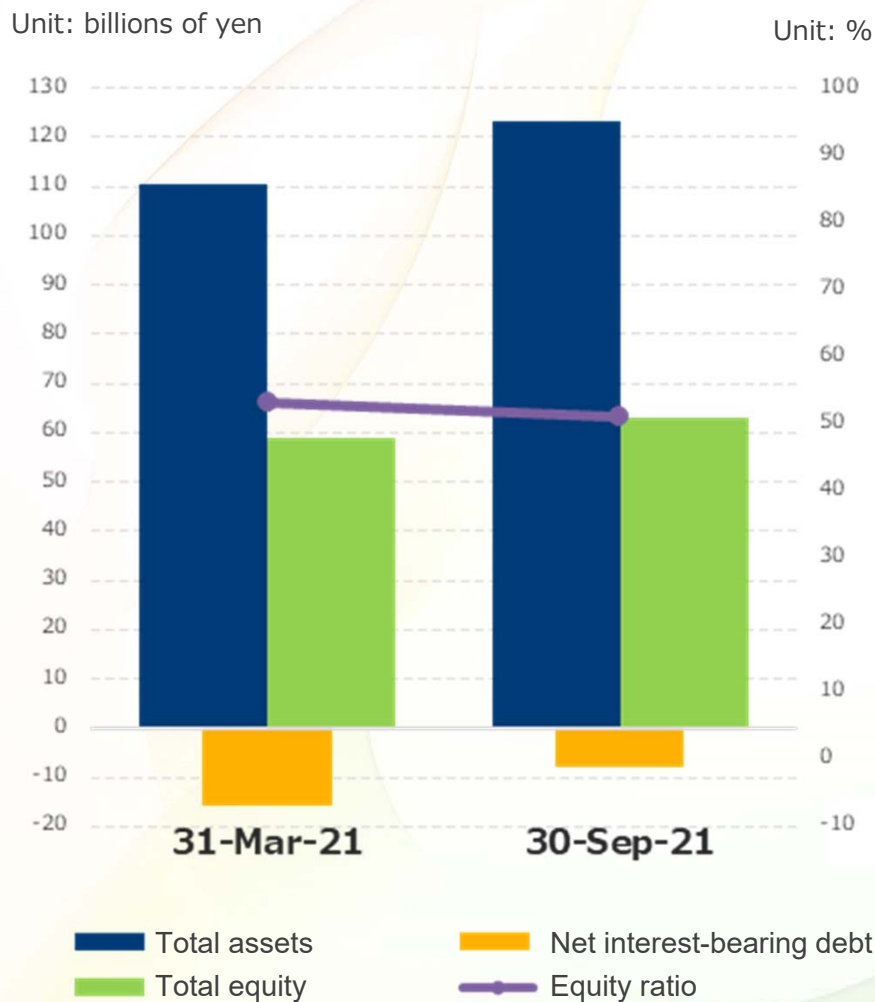
Overseas transactions: Increased sales across all segments

Net sales	102.2	Net sales	130.0	Net sales	+27.9
Overseas transactions	66.7	Overseas transactions	88.3	Overseas transactions	+21.6
(Trade ratio)	(65.3%)	(Trade ratio)	(67.9%)	(Trade ratio)	(+2.6%)

Unit: billions of yen



Financial Position



Financial soundness

Unit: billions of yen

	31-Mar-21	30-Sep-21	Difference
Total assets	110.6	123.1	+12.5
Net interest-bearing debt	-15.5	-7.9	+7.7
Total equity	58.8	63.0	+4.2
Equity ratio	53.2%	51.1%	-2.0%

Profitability/Capital efficiency

	31-Mar-21	30-Sep-21(*)	Difference
ROA (Ordinary income basis)	4.1%	9.0%	+4.9%
ROA (Net income basis)	1.1%	6.8%	+5.7%
ROE (Net income basis)	2.2%	13.1%	+10.9%

* Annual basis

Cash Flows

POINT

- **Cash flows from operating activities:**
Used ¥2.6 billion due to increases in notes and accounts receivable-trade and inventories.
- **Cash flows from financing activities:**
Used ¥0.7 billion due to payments, etc. for dividends
- **Cash and cash equivalents maintained a high standard of ¥15.1 billion.**

Unit: billions of yen

	FY2020 Apr.-Sep.	FY2021 Apr.-Sep.	Difference
Cash flows from operating activities	1.2	-2.6	-3.7
Cash flows from investing activities	-0.5	0.4	+1.0
Cash flows from financing activities	-0.7	-0.7	+0.1
Effect of exchange rate changes on cash and cash equivalents	-0.1	0.3	+0.5
Total cash flows	-0.2	-2.5	-2.2
Cash and cash equivalents at end of period	12.7	15.1	+2.4

FY2021 Business Results Forecast

POINT

- **Steadily made progress on “Chori Innovation Plan 2022,” the Company’s medium-term management plan.
Looking for ordinary income to reach ¥10.0 billion. ROA (ordinary income basis): 9.0%, ROE (net income basis): 11.0%
Confer Ordinary income in FY2022 (final year of the plan) is expected to be ¥11.0 billion**
- **In FY2021 2Q, the rate of progress for the full-year profit forecast saw each level of income exceed 50%.**

Unit: billions of yen

	FY2020 Result	FY2021 Forecast	Difference	Ratio	FY2021 Apr.-Sep. Result	FY2021 Forecast Progress
Net Sales	216.2	280.0	+63.8	+29.5%	130.0	46.4%
Operating income	3.7	9.5	+5.8	+159.3%	4.8	50.7%
Ordinary income	4.7	10.0	+5.3	+114.8%	5.3	52.7%
Net income attributable to owners of the parent	1.2	6.8	+5.6	+445.2%	4.0	58.6%

FY2021 Dividend

1. Basic dividend policy

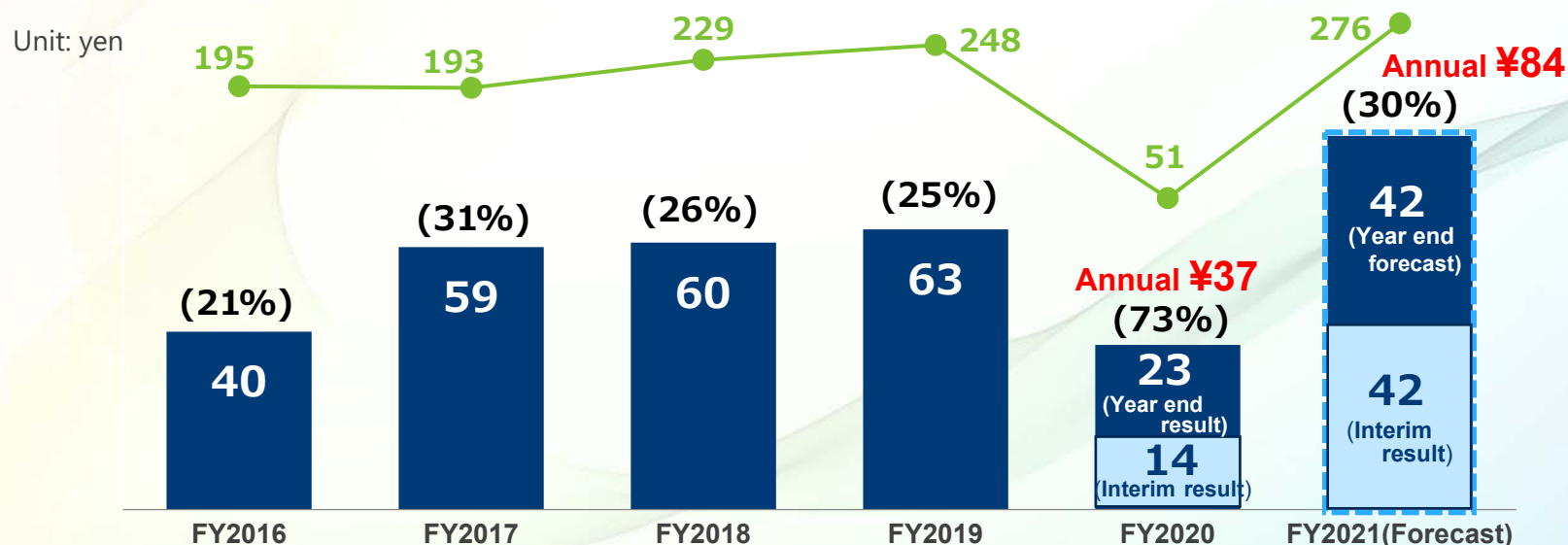
- The policy is to provide performance-based dividends in accordance with the standards for net income attributable to owners of the parent from the perspectives of flexibly returning profits to shareholders and ensuring stable management and finances while securing appropriate funds for investments in growth strategies.
- Dividend policy: From FY2020, dividend payout ratio raised from at least 25% [to 30% or more].

2. Annual dividend forecast

An annual dividend of ¥84 per share will be paid, based on the business results forecast announced on May 11, 2021 and the abovementioned dividend policy.

3. Trends in per-share dividend (Annual)

- Dividends () Payout ratio
- EPS : Net income per share



M a k i n g y o u r d r e a m s c o m e t r u e

CHORI CO., LTD.