



FY03/2024 Q2
(April 1, 2023 to September 30, 2023)

Financial Results
Materials
(Highlights)

October 27, 2023

CHORI CO., LTD.

Key Points of the Summary

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Promoted the first year of The Medium-Term Management Plan

“Chori Innovation Plan 2025”

- Steadily implemented the plan to achieve its full-year forecast of financial results for the fiscal year ending March 31, 2024
- Posted ordinary profit of 7.6 billion yen, profit before income taxes of 7.8 billion yen, and net profit attributable to owners of the parent of 5.0 billion yen in FY03/2024 Q2, which were all record highs for a second straight year

Business results summary

- Despite a year-on-year decline in sales, profit increased due to improved profitability.
- The Fibers, Textiles and Garments business grew substantially. The Chemicals business also performed well.

Financial base

- Equity-to-asset ratio: 53.2% Maintained at a high level.
- ROE (net income/annual basis) 13.3%
- ROIC (annual basis) 12.8%

Topics

- The company-wide business transformation project (mission critical system (SAP) implementation project, called CARAT) transitioned to system development in the implementation phase and is progressing as planned towards full scale operation from FY2025.
- Having established the Sustainability Promotion Preparation Committee, the Company is considering materiality candidates.

Business Results Breakdown (YoY Comparison)

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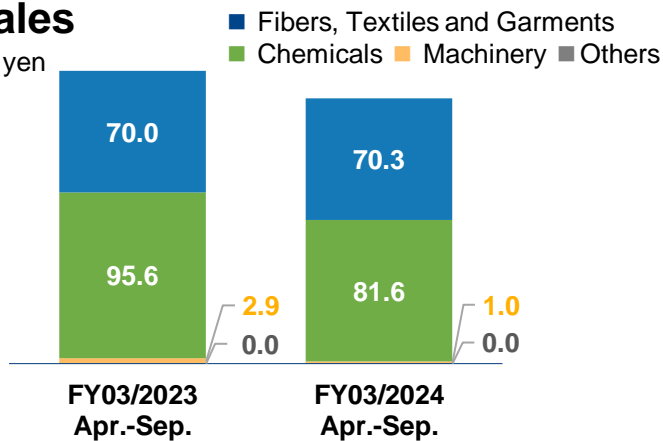
- The global economy sees no end to geopolitical risks symbolized by the conflict in Europe and faces an economic slowdown in China, which is accompanied by a downturn in the real estate market. They are causes for concern with respect to economic growth.
- The Japanese economy is on a recovery trend, thanks to a pickup in manufacturing such as automobiles and increased inbound tourism demand.
- Despite a decrease in net sales due to lower sales in the Chemicals business outside Japan, substantial growth in the Fibers, Textiles and Garments business thanks to a rebound in the Japanese apparel market led to increases in profit at each stage.

	Unit: billions of yen			
	FY03/2023 Apr.-Sep.	FY03/2024 Apr.-Sep.	Difference	Ratio
Net sales	168.5	152.9	-15.6	-9.2%
Gross profit	18.7	19.3	+0.6	+3.4%
Selling, general and administrative expenses	11.9	11.5	-0.4	-3.4%
Operating profit	6.8	7.8	+1.0	+15.2%
Ordinary profit	7.4	7.6	+0.2	+3.3%
Profit before income taxes	7.8	7.8	+0.0	+0.0%
Net profit attributable to owners of the parent	4.8	5.0	+0.2	+4.8%

Segment Results

Net sales

Unit: billions of yen

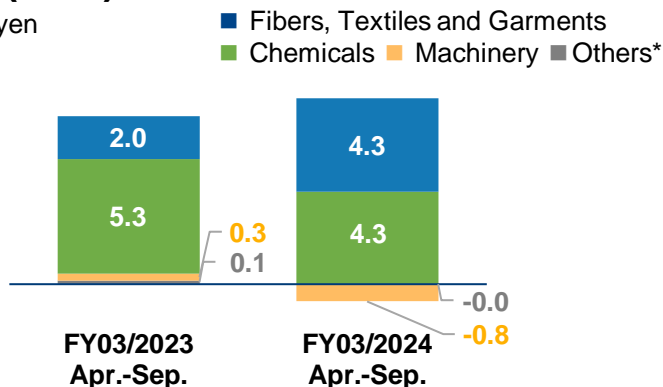


Unit: billions of yen

	FY03/2023 Apr.-Sep.	FY03/2024 Apr.-Sep.	Difference
Fibers, Textiles and Garments	70.0	70.3	+0.3
Chemicals	95.6	81.6	-14.0
Machinery	2.9	1.0	-1.9
Others	0.0	0.0	+0.0
Total	168.5	152.9	-15.6

Profit (loss) before income taxes

Unit: billions of yen



Unit: billions of yen

	FY03/2023 Apr.-Sep.	FY03/2024 Apr.-Sep.	Difference
Fibers, Textiles and Garments	2.0	4.3	+2.3
Chemicals	5.3	4.3	-1.0
Machinery	0.3	-0.8	-1.1
Others*	0.1	-0.0	-0.2
Total	7.8	7.8	+0.0

*Adjusted amounts for Others are included.

Fibers, Textiles and Garments

Significant increased profit

Strong

Overall

Expansion

Domestic apparel-related

Chemicals

Decreased sales and profit

Steady

Fine chemicals

Sluggish

Overall decrease in demand and poor market conditions

Machinery

Decreased sales and segment loss

Loss

Foreign exchange loss

Net sales by Operation

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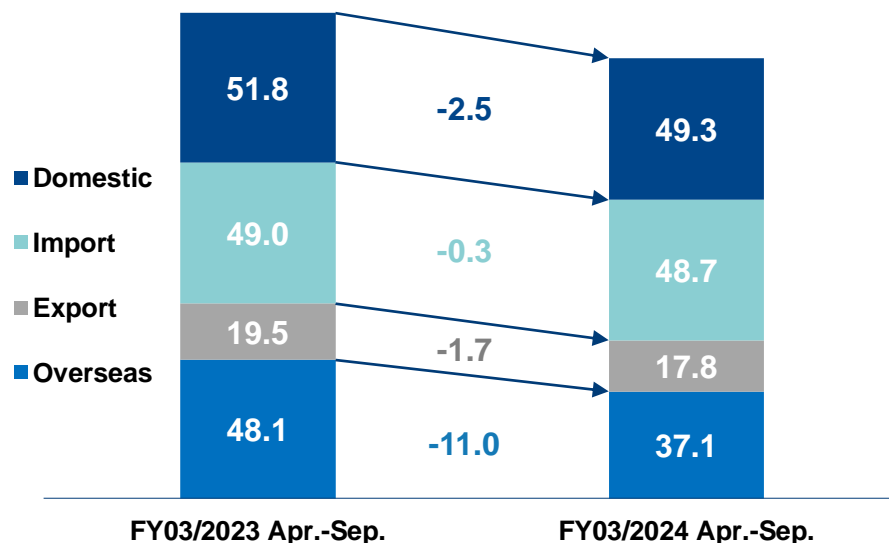
- Trade ratio: 67.8% (-1.4pt YoY)
- Overseas sales decreased primarily in the China business and the Chemicals business .

Unit: billions of yen

Net sales	168.5	Net sales	152.9
Overseas transactions	116.7	Overseas transactions	103.6
(Trade ratio)	(69.2%)	(Trade ratio)	(67.8%)



Net sales	-15.6
Overseas transactions	-13.0
(Trade ratio)	(-1.4pt)

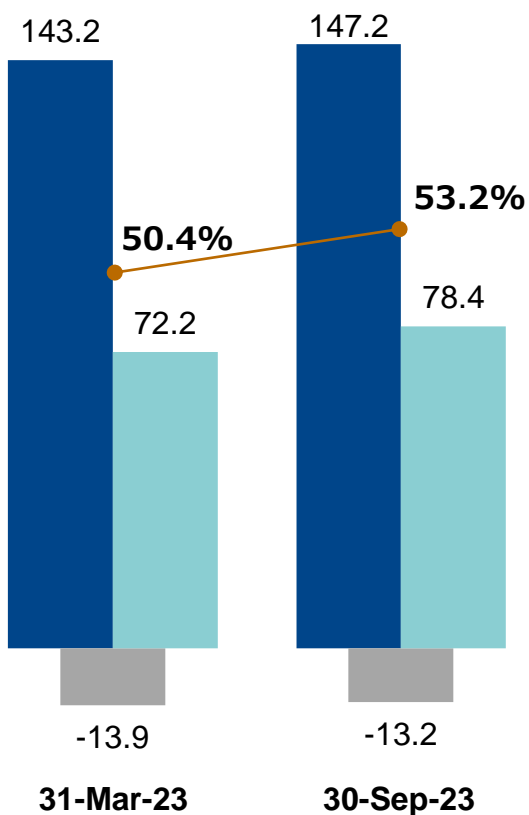


Domestic sales	Amount of domestic sales from domestic suppliers
Overseas transactions	
Import sales	Amount of net sales from overseas to Japan
Export sales	Amount of net sales from Japan to overseas
Overseas sales	Amount of net sales from overseas business

Financial Position

■ Total assets ■ Net interest-bearing debt
■ Total equity ● Equity-to-asset ratio

Unit: billions of yen



Financial soundness

Unit: billions of yen	31-Mar-23	30-Sep-23	Difference
Total assets	143.2	147.2	+4.0
Net interest-bearing debt	-13.9	-13.2	+0.7
Total equity	72.2	78.4	+6.2
Equity-to-asset ratio	50.4%	53.2%	+2.8pt

Profitability/Capital efficiency

	31-Mar-23	30-Sep-23*	Difference
ROA (Net income basis)	5.9%	6.9%	+1.0pt
ROE (Net income basis)	11.8%	13.3%	+1.5pt
ROIC	10.8%	12.8%	+2.0pt
(Reference) ROA (Ordinary income basis)	9.0%	10.5%	+1.5pt

* Annual basis

Cash Flows

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- Cash and cash equivalents remained at a high level of ¥17.0 billion.

Operating activities: Provided ¥1.5 billion due to profit before income taxes and others

Investing activities : Used ¥1.3 billion mainly due to the acquisition of intangible assets associated with the introduction of a mission-critical system

Financing activities: Used ¥2.8 billion mainly due to dividend payments, repayments of short-term borrowings and others

Unit: billions of yen

	FY03/2023 Apr.-Sep.	FY03/2024 Apr.-Sep.	Difference
Cash flows from operating activities	2.7	1.5	-1.2
Cash flows from investing activities	0.2	-1.3	-1.5
Cash flows from financing activities	0.3	-2.8	-3.1
Effect of exchange rate changes on cash and cash equivalents	1.0	0.6	-0.4
Total cash flows	4.2	-1.9	-6.1
Cash and cash equivalents at end of period	16.3	17.0	+0.7

FY03/2024 Business Results Forecast

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- The progress rate for full-year profit estimates at each stage is over 50%.
- The Company advances standardization and streamlining of company-wide operations, strengthening of compliance, promotion of DX, utilization and development of human resources, etc. towards the business transformation through the implementation of SAP (FY2025). The organizational transformation project has also started.

	Unit: billions of yen			
	FY03/2024 Apr.-Sep. Result	FY03/2024 Apr.-Mar. Forecast	FY03/2024 Progress	FY03/2023 Result
Net sales	152.9	340.0	45.0%	329.4
Operating profit	7.8	14.2	54.9%	12.7
Ordinary profit	7.6	14.0	54.5%	12.4
Profit before income taxes	7.8	14.0	55.4%	12.8
Net profit attributable to owners of parent	5.0	9.4	53.4%	8.1

FY03/2024 Dividend

Basic dividend policy

- Recognizing the return of profits to shareholders as one of its most important management issues, the Company's policy is to provide performance-based dividends in accordance with the levels of net profit attributable to owners of parent with a view to continuously and stably returning profits to shareholders and ensuring stable management and finances.
- Dividend policy: Consolidated dividend payout ratio of 30% and dividend on equity ratio (DOE) of 3.5% or more (FY03/2024~)

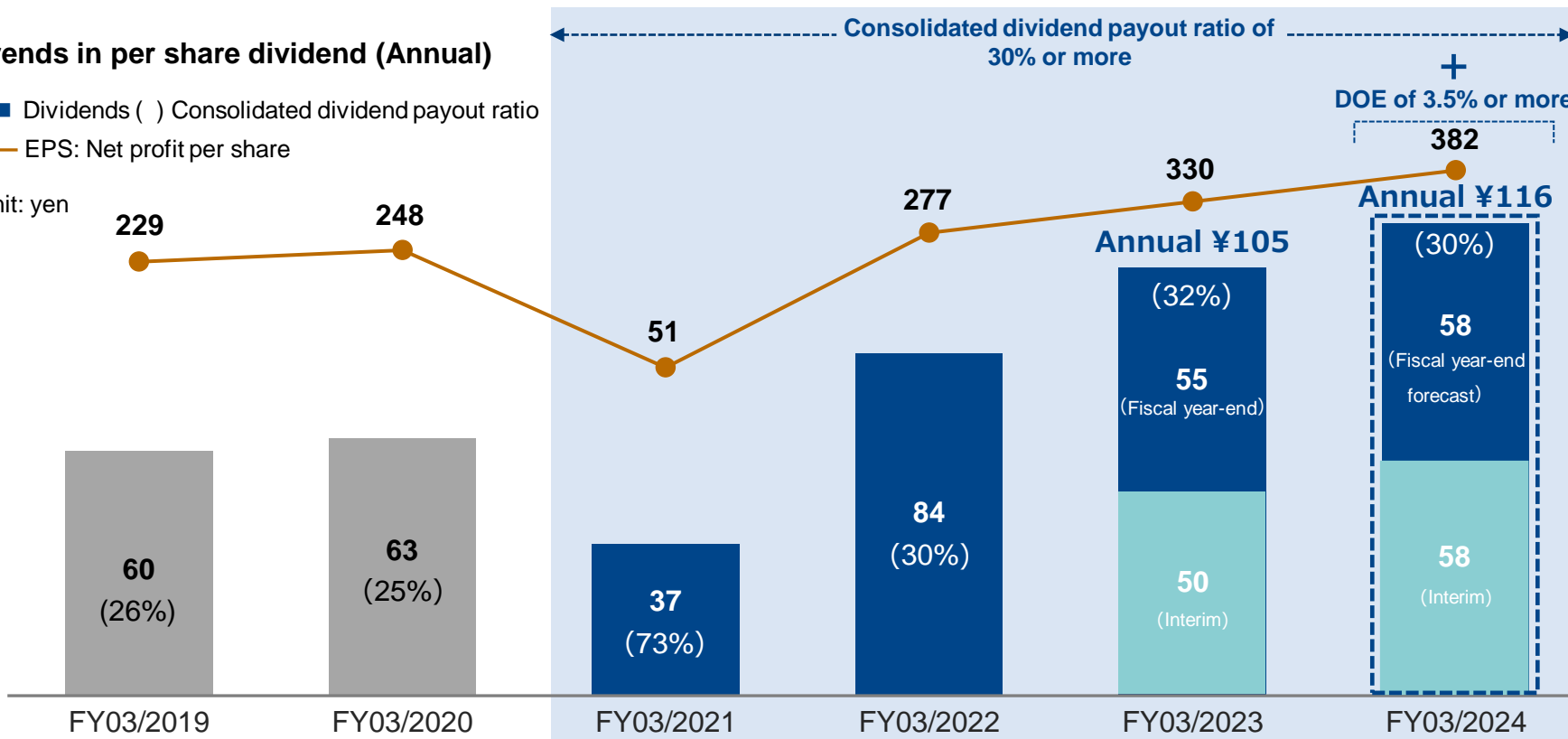
FY03/2024 Annual dividend forecast

Based on the business results forecast announced on April 28, 2023, and the policy above, an interim dividend of ¥58 per share will be paid. The annual dividend forecast is ¥116 per share (year-end dividend of ¥58 per share).

Trends in per share dividend (Annual)

■ Dividends () Consolidated dividend payout ratio
 — EPS: Net profit per share

Unit: yen





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CHORI CO.,LTD.

Forecasts of operational performance, 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 condition and operational performance of the company in the future.