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もしかすると、あなたがずっと待ちつづけたビジネスパートナーかもしれない。
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無限に広がる繊維・化学品・機械の可能性の中から、
あなたにとって、社会にとって、そして世界にとって、
最高の価値を提供していきます。

私たちは蝶理です。



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Printed in Japan
Issued in December 2025

CHORI CO., LTD.

CHORI

TSUMUGU REPORT 2025

Fiscal 2024 (FY03/2025)

Corporate Slogan

Making your dreams come true

Incorporating the voices of its employees, Chori's corporate slogan was formulated in 2008 to commemorate its 60th anniversary. It expresses Chori's will and ability to take on challenges to help realize the dreams of its stakeholders. The slogan was created in multiple languages and has become a representation of Chori's passion and determination across the Group.



Corporate Philosophy

As members of the global community, we will work for the betterment of society. We take pride in being fair and sincere, and in continuing to offer superb service in order to deliver superior customer satisfaction.

Regarding the Name of the Report

Since its establishment as a raw silk wholesaler in 1861, Chori has been weaving ("Tsumugu") a variety of connections and bonds with stakeholders in the same manner as it has been weaving silk over the years. The report's name "Tsumugu Report" reflects our corporate stance that has remained intact since our founding. With a track record spanning more than 160 years, Chori will continue to remain a company that weaves dreams into reality by cherishing its relationships with all stakeholders.



Editorial Policy

The Tsumugu Report was issued to provide all readers, including shareholders, investors, and all other stakeholders, with information on Chori's management vision, corporate philosophy, strengths, and businesses in order to broaden their understanding of the Company. The report also functions as a tool for engaging in new dialogues with stakeholders. The Tsumugu Report is issued in both Japanese and English, and it is also available for viewing on our corporate website.



Scope of Reporting

CHORI CO., LTD. and its Group companies; however, certain information applies only to CHORI CO., LTD.

Period of Reporting

The information contained in this report is primarily for fiscal 2024 (April 1, 2024 to March 31, 2025); however, certain sections of the report contain information on fiscal 2025 and thereafter.

Cautionary Notice Regarding Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this report are based on Chori's judgments and information available as of the issuance of this report and are subject to change due to a variety of factors. Accordingly, such forward-looking statements are not guarantees of any achievement of targets or forecasts or future performance. In addition, the information contained in this report may change without prior notice. For this reason, we hope that readers make their own judgment when utilizing the information and materials contained in this report with the use of other information that may be available. Chori does not take responsibility for any losses or damages incurred through the use of this report.

S	Chori's Value Creation	
T	President's Message	3
N	Financial Strategy	7
E	Chori's History	11
T	Value Creation Process	13
N	Chori's Strengths	15
O	Value Creation History of Evolution and Change	17
C	Medium-Term Management Plan: Chori Innovation Plan 2025	19
	DX Strategy	21

Overview and Strategies by Business Segment

Overview	23
Fibers, Textiles, and Garments Business	25
Chemicals Business	29
Machinery Business	33

Management Foundation Tailored to Sustainable Growth

Chori's Sustainability Initiatives	35
Our Approach to Sustainability	37
Promote Businesses That Contribute to the Realization of a Sustainable and Prosperous Society	39
Promote Human Resource Development and Diversity	47
Strengthen Supply Chain Management	57
Strengthen Governance and Ensure Compliance	59
Message from a Newly Appointed Outside Director	70
Roundtable Discussion with Outside Directors	71

Data Section

Directors, Audit & Supervisory Committee Members, and Executive Officers	75
10-Year Financial Summary	77
ESG Data	79
Chori's Global Network	81
Corporate Information	83



Tatsuyuki Sakoda

President, CEO & COO
President and Executive Officer

Achievements and Challenges in Fiscal 2024

From a financial perspective, we can say that fiscal 2024 results were favorable. On the other hand, excluding one-time gains, business performance was less than satisfactory as we were unable to fully pass on the increased costs, primarily due to human capital investment, to our sales prices. The increase in human capital investment costs is the result of our efforts to secure and develop human resources suitable for our business based on our medium- to long-term strategy, which looks ahead to even further growth in the future. This is crucial to our sustainable growth and will lead to the enhancement of our corporate value.

In terms of business performance, we have improved our overall profitability by focusing on health and the environment, shifting our focus from existing products to more sustainable ones. We recognize, however, that we have not been able to fully reflect the higher costs stemming from our efforts to enhance added value in our sales prices and that there is plenty of room for improvement on this issue. We will aim to further enhance profitability by continuing to promote businesses that contribute to the realization of a sustainable and prosperous society.

We aim to be the company of choice for all stakeholders by continuing to change and evolve.

Development of a Robust Management Foundation to Achieve VISION2030

To achieve net sales of ¥400.0 billion as set forth in VISION2030, we aim to shift the sales ratio between the Japanese market and the overseas market from 60:40 to 50:50. In fiscal 2024, sales for the Japanese market totaled ¥188.3 billion. Given that an annual growth rate of approximately 1% is necessary to increase this figure to ¥200.0 billion by 2030, we should be able to reach this goal. However, Japan's ongoing issue of its declining and aging population will limit the growth of the industry overall as well as GDP. Against this backdrop, it is essential to develop a business strategy focused on securing profits through differentiated products, and we will redouble our efforts in this area going forward.

Meanwhile, sales for the overseas market totaled ¥123.2 billion in fiscal 2024, requiring an annual growth rate of approximately 8% to reach our 2030 target of ¥200.0 billion. Currently, sales in Greater China and Asia stand at approximately ¥50.0 billion each and the Middle East at approximately ¥10.0 billion. Going forward, we will expand our business in these regions as well as in emerging countries. We see significant potential in the Indian market in particular. Although our business in India currently focuses on sourcing pharmaceutical intermediates, we will expand business to include the distribution of raw materials by tapping into the growth of the local economy. In expanding our overseas business, we will draw on the know-how cultivated in the Fibers, Textiles, and Garments Business and the Chemicals Business and collaborate with thriving Chinese companies to further develop our business in Southeast Asia, the Middle East, and emerging markets. We also believe there is potential for further growth in Greater China and will continue to invest management resources in this market.

Underpinning this business strategy is our evolution into a robust company capable of sustainable growth. We are actively investing in human resources and developing infrastructure to achieve both business growth and expansion. To become the company of choice for all stakeholders, we must always manage our business determinedly and from a medium- to long-term perspective. While those in charge of executing

business tend to focus on the short term, the Board of Directors is developing a system to supervise business execution from a medium- to long-term perspective. We are developing a system to facilitate strategic decision-making by sharing our winning formula for achieving a competitive advantage—our value creation story—within the Board. In June 2025, we increased the number of outside directors by one, bringing the total to four out of nine members. Outside directors are not directly involved in Chori's business or corporate culture; therefore, we are able to gain valuable third-party opinions from an unbiased and objective point of view. Through this exchange of opinions, we will further strengthen our competitive advantage and enhance our corporate value.

Progress in the Second Year of Chori Innovation Plan 2025

Basic Strategy 1: Promote Consolidated Management Centered on Our Global Business

The Fibers, Textiles, and Garments Business and the Chemicals Business are bolstering their overseas operations using distinct strategies. In the Fibers, Textiles, and Garments Business, we are sharing know-how overseas, including the deployment of our B-LOOP™ recycling initiative, which was cultivated in Japan, to Vietnam. In the Chemicals Business, we are expanding collaborations with growth companies in China. While we previously focused primarily on selling products of Japanese chemical manufacturers overseas, we are now focusing on introducing products of highly competitive Chinese companies, such as the Huafeng Group, to the Japanese market as well as other Asian and third-country markets.

Basic Strategy 2: Develop Sustainable Businesses That Adapt Quickly to the Changing Business Environment

In April 2024, we declared the Chori Group's four material issues, one of which is to "promote businesses that contribute to the realization of a sustainable and prosperous society." To achieve this, we are focusing on the development of a wide range of products, including BLUE CHAIN™ products in the Fibers, Textiles, and Garments Business and biodegradable

President's Message

resin products in the Chemicals Business. However, these value-added products are often caught in price competition with existing products, making it difficult to develop them into high-profit businesses. We understand that this is due to the lack of public awareness of our business and products and our passive approach to information disclosure. We are strengthening our branding efforts, particularly for sportswear, to actively promote the appeal of our business. For example, we are collaborating with J.League soccer team Tokyo Verdy on a clothing recycling and collection initiative using B-LOOP™ and with Japan's national surfing team NAMINORI JAPAN on beach cleanup activities related to our ECO BLUE™ recycled polyester fiber made from used plastic bottles. These initiatives enhance Chori's brand value by uniting sustainable products and social contribution activities. Going forward, we will integrate these activities into our business operations to further enhance our corporate presence and in turn, attract talent who will sustain our business into the future.

Basic Strategy 3: Promote ESG Management

From the perspective of environmental, social, and governance (ESG) management, we believe we have established a system conducive to a company listed on the Prime Market of the Tokyo Stock Exchange and are now in a transition phase in which we are working to evolve and change toward our next stage of growth. If we were to compare the Prime Market to a restaurant, we have acquired all the necessary attire for the dress code but have not yet been able to style it in a way that reflects our identity. We will instill our corporate philosophy so that all employees align with our unique identity and enhance employee engagement while advancing to our next stage.

In fiscal 2024, three working teams—the Risk Management Team, the Sustainable Business Management Team, and the Policy and System Design Team—were established under the Sustainability Promotion Committee. The Risk Management Team aimed to visualize risks, ensure awareness of risks throughout the Group, and develop a system that allows employees to take on new challenges. We will continuously strive to reduce risks and appropriately allocate management resources in pursuit of further growth. The Sustainable Business Management Team established the criteria for determining sustainable products, and going forward we will utilize our SAP system to quantify environmental contributions. The Policy and System Design Team established policies and systems related to sustainability. We believe ensuring each employee understands and acts in accordance with our policies will enhance the sustainability of our business. Aiming to be the company of choice for all stakeholders, we will continue to foster internal awareness and share information externally to achieve this goal.

Among our efforts to promote ESG management, we place the highest priority on those related to people. We have

declared “be a company that provides employees with a rewarding and enjoyable workplace environment” as our key theme and aim to secure a stable workforce, even in Japan where the population is declining and aging. Furthermore, based on the Chori Group Basic Policy on Human Resources, established in fiscal 2024, we are making every effort to become a company chosen by talented individuals who take pride in being a part of Chori and act with fairness and integrity. As a matter of fact, the majority of the cost increases in fiscal 2024 are related to people, including the relocation of the Osaka Head Office. Our newly constructed office building on the main street of the city of Osaka incorporates various features to promote communication among employees, thereby fostering a workplace culture where everyone can enjoy working.

Moreover, as a trading company that operates globally, we believe respect for human rights is an important responsibility. In addition to the supply chain survey we have been conducting every two years since 2013 (見 page 57), we will continue to strengthen our efforts in this area based on the Chori Group Human Rights Policy, established in fiscal 2024.

Promotion of Business Transformation and Management Reform Through DX

In April 2025, we began fully operating our SAP system. Despite some challenges during the implementation stage, we are now transitioning to the phase of fully utilizing the system. Our goal is to maximize use of the SAP system and its accompanying systems to enhance corporate value. This system is aimed at not only improving operational efficiency but also continuously generating revenue and developing a solid management foundation that will support the growth of future generations. In the trading industry in particular, sales-related know-how depends on the individual, often making it difficult to share knowledge. In light of this, Chori is promoting digital transformation (DX) to accumulate and share knowledge as a corporate asset, rather than letting it remain solely with individual employees. For example, unless it is stored as data, customer information cannot be passed on when the person in charge leaves or is transferred, diminishing its organizational strength. To overcome this issue, we will accumulate information within the Company as corporate assets and develop a business management system that enables skilled employees to effectively utilize their knowledge.

Our Aim to Become the Company of Choice

The Fibers, Textiles, and Garments Business boasts comprehensive strengths in the development of apparel and



textile materials, encompassing everything from raw materials to finished products. The Chemicals Business specializes in niche areas within expanding markets, leveraging its unique strengths. While these businesses have different roles, the strength of Chori's sales lies in its frontline capabilities, the ability to connect closely with customers and respond precisely to their needs. Even during COVID-19, when our existing businesses struggled, we secured profits by firmly addressing the urgent demand arising from societal changes. We will continue to refine our frontline capabilities and develop them into a business foundation that underpins the entire organization, rather than relying on individual capabilities.

Resolving social issues is also essential for sustainable corporate growth. At Chori, we set profit-focused goals for sustainable products that address social needs and define a clear path to achieving them. The global trend toward environmental conservation remains unchanged, and we will continue to address this issue with urgency. Even in the case of supply chain disruptions, we will adapt quickly to change, as we did during the pandemic.

We believe the harmonization of our three key themes for realizing VISION2030, sustainability, well-being, and innovation, is the path to becoming the company of choice for all stakeholders. To realize a sustainable and prosperous society, we must be a company chosen by society. To ensure the well-being of our employees and be a company where they can work happily with a sense of pride and fulfillment, we must first earn the trust and respect of our employees, among all stakeholders. Furthermore, we must invest management resources in growth areas, specifically innovation, in order to sustainably generate profits in a rapidly changing society. We believe the harmonization of these three key themes will lead to the enhancement of corporate value. While we are proud of our achievements to date, we will remain on a growth path for the foreseeable future. To take our business to the next level, we must build a robust foundation and enhance all our business operations. We must continuously evolve and adapt in order to be a company that sustains growth into the future. This

requires not only the relentless dedication of the CEO but also the commitment and understanding our employees. Since becoming president, I have stressed the importance of everyone sharing the same end goal and working together as a team. In identifying the material issues disclosed in April 2024, we conducted a survey of all employees, of whom 80% responded. The number of responses was much greater than I expected, reaffirming the high level of expectations and interest from employees in the Company. Having prioritized the full-scale implementation of our SAP system this past year, we must continue to improve our ability to instill awareness of our material issues and sustainability-related policies among employees. The foundation of our business is people. We will reflect on our fundamental beliefs and continue to advance our business while sharing the direction of the Company with all our employees.

To Our Stakeholders

A year has passed since I assumed the role of president. Over this period, I have been reminded of the enormous expectations for Chori's future through repeated discussions with many stakeholders. My role is to ensure that Chori remains the company of choice, creating a virtuous cycle in which we are chosen by society, people, and business partners in the supply chain. We will do so by ensuring that everyone in the Group shares the same end goal and works together as a team to drive further growth. We ask for the continued support and expectations of our stakeholders.

Tatsuyuki Sakoda
President, CEO & COO
President and Executive Officer



We will shift to higher-value-added products and strengthen our management foundation with a view to achieving sustainable growth.

Hiroshi Yoshida

Director, Managing Executive Officer
General Manager of Corporate Planning Division

Review of Fiscal 2024 Performance

In fiscal 2024, ordinary profit, profit before income taxes, and net profit attributable to owners of parent reached record highs for the fourth consecutive year. Over these four years, the business environment was highly unstable, even after transitioning from the COVID-19 era to the post-COVID-19 era. In light of this situation, we achieved further growth by responding to changes in the business environment, such as raw material supply constraints and supply chain restructuring, while steadily advancing management reforms at our subsidiaries. STX Company Limited, which became a consolidated subsidiary in 2021, endured challenges during the pandemic, including being forced to temporarily suspend its production facilities. However, through a joint effort with Chori, STX increased the production rate at its facilities and turned a business with profitability issues into a profitable one.

In our overseas business, despite strict lockdown measures during the pandemic, we monitored and assessed the progress of Chori Innovation Plan 2025 and adapted our approach to achieving VISION2030 in accordance with the changing environment through our employees' efforts to develop relationships of trust with local customers. In our domestic business, despite the need to adjust import product prices as a result of the depreciating Japanese yen, we achieved further growth by shifting to higher-value-added products, rather than simply raising prices.

In line with our basic strategy of Chori Innovation Plan 2025 to "promote consolidated management centered on our global business," we are promoting product development both in Japan and overseas. Overseas, we have shifted to higher-value-added products to address customer needs, and these efforts have been recognized, as reflected in our business performance.

Consolidated Financial Results

	FY2023	FY2024	Amount Change	Percentage Change
Net sales	307.7	311.5	+3.8	+1.3%
Gross profit	38.7	40.5	+1.8	+4.6%
Selling, general and administrative expenses	23.7	26.0	+2.3	+9.8%
Operating profit	15.0	14.5	−0.5	−3.6%
Ordinary profit	14.5	16.2	+1.7	+11.9%
Profit before income taxes	14.7	16.3	+1.6	+11.0%
Net profit attributable to owners of parent	9.6	11.7	+2.0	+21.1%

Profitability and Capital Efficiency

At the end of March 2025, our return on assets (ROA) and return on equity (ROE) were exceptionally high due to one-time factors, such as the reversal of allowance for doubtful accounts and the recording of gain on sale of investment securities. From an operational perspective, the Company is transitioning to a business structure with higher profitability and added value. Going forward, we must further emphasize this shift to achieve stable profit growth.

Return on invested capital (ROIC), which was added as a management indicator in fiscal 2023, decreased as of March 31, 2025, compared with the same period in the previous fiscal year. This decrease was primarily due to a year-on-year decline in operating profit. Currently, Chori is taking a cost-first approach to strengthening its management foundation, and higher personnel expenses and expenses related to the relocation of the Osaka Head Office have negatively impacted

operating profit. Furthermore, we are in a transition period focused on improving capital efficiency and shifting to higher-value-added products, and the speed of this shift will be key to improving operating profit.

It has a been a year since the addition of ROIC as a management indicator and awareness of it is increasing internally. At the Executive Committee and Board of Directors' meetings, monthly results for each department are shared and discussed, which have led to reductions in inventory and improvements in working capital turnover. Moreover, at the operational level, we continue to focus on capital-efficient, highly profitable businesses. If ROIC does not exceed cost of capital, it means that funds are not being utilized effectively. Therefore, we share cost of capital figures across various committees and continuously strive to improve capital efficiency.

From a capital utilization perspective, we have emphasized business investments and M&As over the past 10 years. However, since the latter half of Trump's first term in office, more and more projects have not lived up to expectations due to various changes in markets and supply

chains around the world. Amid these changes, we are carefully assessing risks and opportunities and adapting accordingly. Meanwhile, the rapid increase in consumption of locally produced products due to U.S. tariff measures and changing lifestyles in recent years also present new business opportunities for Chori. We must seize these opportunities, leverage them through investment, and ensure that they facilitate the growth of our business. We must also make strategic use of cash going forward. As a trading company, Chori will not only invest cash but also effectively leverage resources while incurring additional costs, including investments in our highly specialized human resources with market expertise.

Profitability/Capital Efficiency

	Mar. 31, 2024	Mar. 31, 2025	Difference
ROA*1	6.7%	8.1%	+1.4pt
ROE*1	12.5%	13.4%	+0.9pt
ROIC*2	12.4%	11.1%	−1.3pt

Progress and Evaluation of Chori Innovation Plan 2025 and Approach to Achieving VISION2030

In fiscal 2024, both profit before income taxes and net profit attributable to owners of parent exceeded our final year targets for Chori Innovation Plan 2025, indicating that we are making significant progress. Chori continues to invest in its management foundation to overcome the drastic changes in the global environment. We are making steady advances in our infrastructure development, such as the relocation of our Osaka Head Office in September 2024 and the implementation of our new mission-critical system in April 2025. In the first half of fiscal 2025, the final year of Chori Innovation Plan 2025, we expect to incur upfront costs associated with infrastructure development. While the Company is transitioning to a business structure with higher added value, results will not appear immediately but rather little by little. Accordingly, we expect this shift to have a greater impact in the second half of fiscal 2025. In terms of net sales, our fiscal 2025 forecast is lower than our final year target for Chori Innovation Plan 2025 because we reduced the handling of high-volume generic products. However, given that these products have low profit margins, shifting to higher-value-added products will allow us to maintain profitability even with lower net sales. In the Fibers, Textiles, and Garments Business, we are expanding our line

of higher-value-added materials for which we have secured a strong market position and share, in addition to extending these efforts to final products. We are also transitioning to higher-value-added products in the Chemicals Business, where we will place greater emphasis on pharmaceutical and agrochemical intermediates, food materials, cosmetic ingredients, electronics and semiconductor materials, and other products with growth potential.

Under Chori Innovation Plan 2025, we have continued to actively invest in not only our mission-critical system but also human capital. We have achieved positive results in both new graduate and mid-career recruitment and are focusing on hiring more women, promoting diversity, and improving our training programs.

The key to realizing VISION2030 is our approach to developing and deploying higher-value-added products that are accepted by and meet the demands of people all over the world. We will identify which areas of our supply chain—from upstream to downstream—need to be strengthened and actively pursue investments and M&As as necessary while establishing a development system for higher-value-added products that meet customer needs.

Fiscal 2025 Performance Forecast

	FY2025 (Forecast)	Chori Innovation Plan 2025 (Final Year Target)	VISION2030
Nat sales	330.0	360.0	400.0
Profit before income taxes	16.0	16.0	20.0
Net profit attributable to owners of parent	11.0	11.0	—
ROA*1	—	7% or more	—
ROE*1	—	12% or more	—
ROIC*2	—	Approx. 10%	—

*1 Net profit attributable to owners of parent basis

*2 ROIC = Operating profit after income taxes / Invested capital (Equity + Interest-bearing debt, Avg. of beginning and end of fiscal year) × 100

Cash Allocation

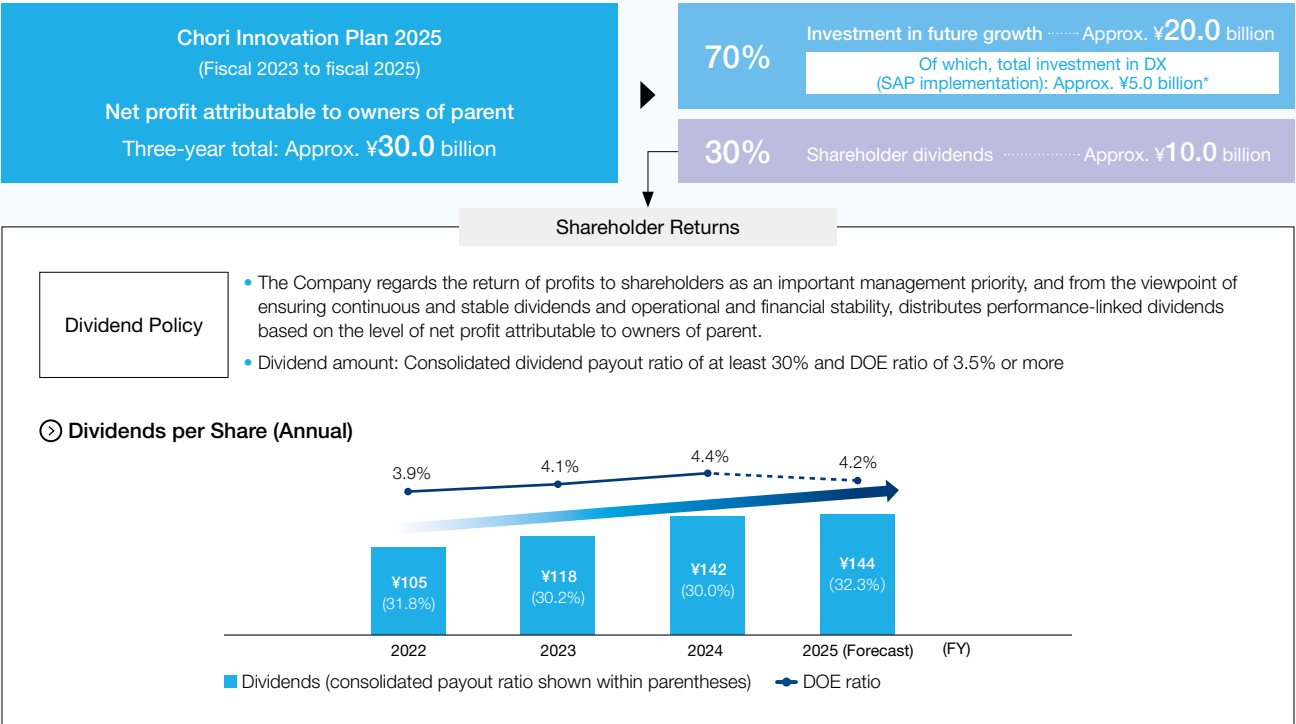
With regard to shareholder returns, we will continue to provide stable dividends to shareholders based on our dividend policy, which calls for a consolidated dividend payout ratio of at least 30% and a dividend on equity (DOE) ratio of 3.5% or more. Meanwhile, the remaining cash will be used for investments aimed at future growth.

During the first two years of Chori Innovation Plan 2025, we prioritized the strengthening of our management foundation, focusing on relocating our Osaka Head Office and implementing our mission-critical system. Going forward, we will set our sights on further strengthening business investments and M&A activities. In fiscal 2024, we invested in PT. TAKAHA MULTICHEM INDONESIA, a trading company in Indonesia specializing in the distribution of cosmetic ingredients, making it an equity-method affiliate. The Business Investment Committee and the M&A Promotion Committee discuss potential investments and M&As from a multifaceted perspective, for both new and existing business areas, based on potential contributions to business growth and possible synergies relative to the amount invested. With supply chains and industry structures changing on a global scale and increasing focus on business spin-offs, especially among major corporations, the number of potential investments is gradually increasing. Business

investments and M&As are a way of acquiring time and resources and an opportunity to further enhance Chori's capabilities and expertise and expand its business domain. We will carefully examine and steadily capture such opportunities going forward.

We will also continue to invest in DX and human resources. Regarding DX, we began implementing our new mission-critical system SAP in April 2025 to improve operational efficiency and accelerate decision-making through the use of business intelligence. Leveraging robotic process automation and AI, we will build a next-generation business environment centered on SAP. With respect to human resource investment, while our new graduate and mid-career recruitment in Japan continues to see positive results, we are recruiting new talent overseas in line with business growth. Despite Japan's shrinking labor force, we continue to secure highly qualified individuals, and will enhance their skills through various training programs to boost productivity.

Furthermore, the relocation of our Osaka Head Office has improved our corporate environment, having a positive impact on employee work practices and recruitment efforts. We will continue to invest in our future with the aim of achieving sustainable growth.



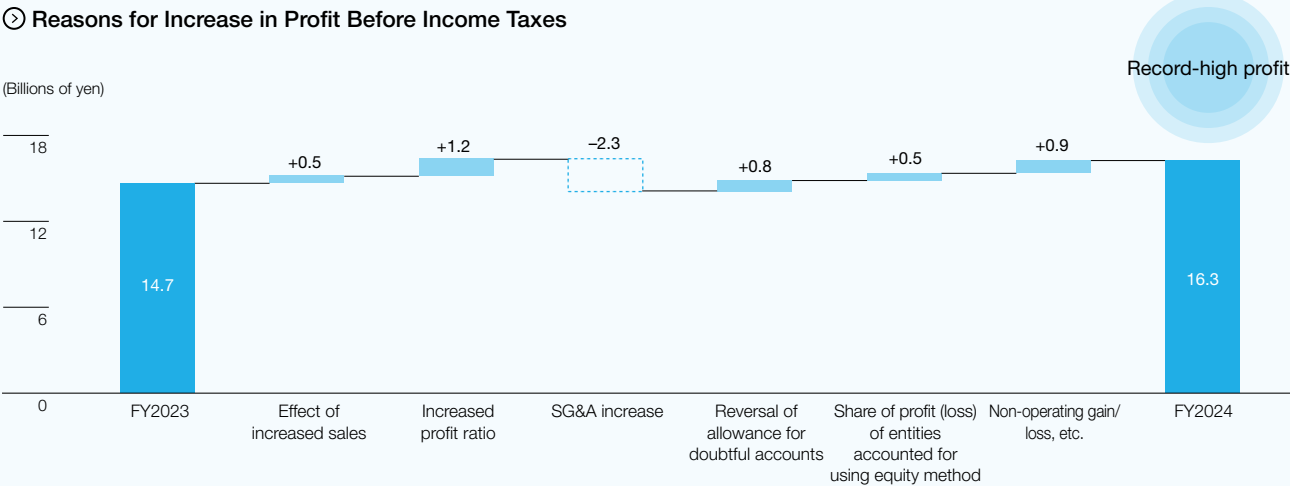
To Our Stakeholders

Chori celebrated its 164th anniversary in 2025. Guided by the spirit of coexistence and co-prosperity set out by our founding president Riichiro Ohashi, which is to “to develop our business for the benefit of the world and people and to always strive to grow together with our customers,” we are committed to realizing a better society through our business activities. Even in this age of drastic change,

we are able to adapt quickly because of our human resources, who are respected and knowledgeable with exceptional capabilities and expertise. By fully leveraging this strength, we aim to continue to grow toward our 170th and 200th anniversaries as a company that contributes to the betterment of society and is trusted by all stakeholders.

Reference Material

Year-on-Year Change and Reasons for Increase in Profit Before Income Taxes



Trends in Business Performance

	FY2023					FY2024				
	1Q	2Q	3Q	4Q	Full-year total	1Q	2Q	3Q	4Q	Full-year total
Net sales	75.8	77.1	80.5	74.3	307.7	77.0	77.5	75.8	81.3	311.5
Profit (loss) before income taxes	3.6	4.2	4.2	2.7	14.7	5.6	3.7	3.4	3.6	16.3
Fibers, Textiles, and Garments	1.9	2.4	2.1	1.6	8.0	2.6	1.8	1.7	1.6	7.7
Chemicals	2.1	2.1	1.9	1.5	7.6	2.8	1.8	2.2	2.2	8.9
Machinery	(0.5)	(0.3)	0.4	(0.2)	(0.6)	0.1	0.2	0.1	0.2	0.6
Other*	0.0	(0.0)	(0.3)	(0.1)	(0.4)	0.1	(0.0)	(0.6)	(0.4)	(0.9)
Net profit attributable to owners of parent	2.2	2.8	3.0	1.6	9.6	4.2	2.9	2.1	2.5	11.7

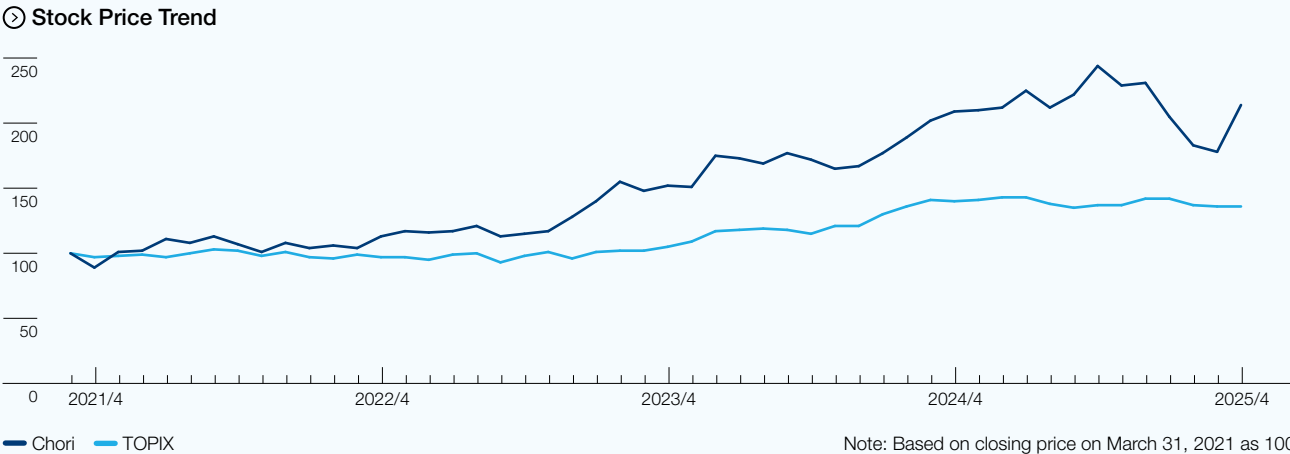
* Other includes income taxes

Total Shareholder Return (TSR)

Total Shareholder Return (TSR)-Related Data

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Stock price at end of March (yen)	1,537	1,685	1,759	2,508	3,405	3,010
Dividends per share (yen)	63	37	84	105	118	142
TSR (%)						
Chori	—	112.0%	122.3%	177.9%	243.9%	227.5%
TOPIX (incl. dividends)	—	142.1%	145.0%	153.4%	216.8%	213.4%

Note: TSR is based on investments carried out at the closing price on March 31, 2020.



Chori's History

Transformation of Business Portfolio

Chori has continued to expand its business portfolio centered on the Fibers, Textiles, and Garments Business, its founding business. Through the lessons learned from diversification and setbacks over the years, we are constantly working to optimize our business portfolio.

Branching Out into the Chemical and Machinery Fields on the Strength of Our Fibers, Textiles, and Garments Business

Evolving from a Raw Silk Wholesaler to a Trading Company
Specializing in Fibers, Textiles, and Garments



Since its establishment in 1861, Chori has continued to conduct business as a raw silk wholesaler for nearly half a century and has been handling rayon yarn since 1926. Chori's handling of rayon yarn expanded as a result of the widening use of this man-made fiber, becoming the foundation of its synthetic fiber, which has become a strength of its business today.

Since establishing a branch office in Fukui Prefecture in 1929, we have been working closely for over 90 years with businesses in the Hokuriku region, one of the world's leading textile-producing regions, forming an important supply chain foundation for the Fibers, Textiles, and Garments Business, which handles a wide range of high-performance, high-quality materials.

In 1933, Chori Shoten was established, and by transforming this general partnership from a traditional, privately owned business in Japan to a more modern business, we expanded our sales channels in not only Japan but also China, India, Mexico, and other areas overseas to coincide with the expanding sales of rayon yarn.

By 1937, Chori accounted for approximately 30% of rayon yarn production in Japan, establishing a solid foundation as a trading company specializing in fibers, textiles, and garments.

In 1948, after World War II, Chori Shoten was restructured, resulting in the establishment of CHORI CO., LTD.

By this time, the Company had formed a network of 20 overseas branch offices, primarily in China and other countries in Asia.



Founded in the Nishijin District of Kyoto, Japan

Chori was founded as a raw silk wholesaler during a turbulent time, as Japan was transitioning from the Edo Period to the Meiji Era. Moreover, the name "Chori" originates from the combination of the Japanese characters "蝶" (cho), derived from the image of a moth creating raw silk, and "理" (ri), stemming from the first name of Chori's first president, Riichiro Ohashi.

1929 Establishes branch office in Fukui Prefecture | 1934 Establishes branch office in Ishikawa Prefecture

In 1953, the Fibers, Textiles, and Garments Business began handling woolly nylon, a material used in a variety of products, leading to steady growth of the business. In 1956, we entered the field of synthetic resins, which use the same raw materials as synthetic fibers. This was the beginning of our expansion of the Chemicals Business through the supply of textile auxiliaries to textile processing plants. While demand for synthetic resins grew steadily owing to their widening range of applications, other areas of the Chemicals Business continued to go through a period of trial and error. We also began handling textile machinery with the aim of enhancing business efficiency, which led to the establishment of the Machinery Business and the accumulation of our knowledge of machinery.

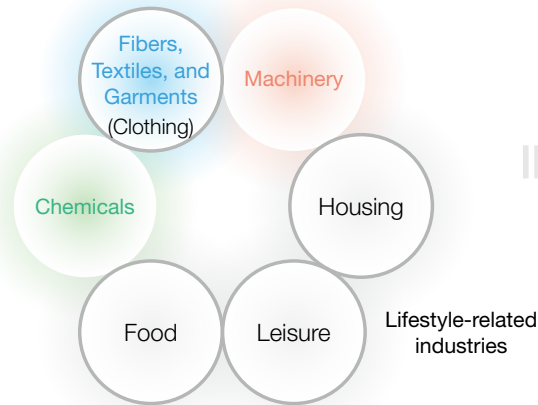
In 1961, prior to the normalization of Japan-China diplomatic relations, Chori was designated as one of the first friendly trading companies by China, paving the way for the launch of its China business ahead of competitors. Chori has established a robust supply chain in China through the extensive ties it has developed with the country over the years. Despite the expansion of our business fields, the Fibers, Textiles, and Garments Business still represented 90% of our net sales in the fiscal year ended March 31, 1967.

A Period of Growth

Handling of Synthetic Resin, Chemical Products, and Various Types of Machinery

1948	CHORI CO., LTD. established	1959	Stock listed on Osaka Securities Exchange
1952	Moves head office to Osaka	1961	Stock listed on Tokyo Stock Exchange
1953	Commences exclusive sales of woolly nylon through the establishment of a joint venture for the manufacture of woolly nylon with Toyo Rayon Co., Ltd. (currently Toray Industries, Inc.)		Designated as one of the first friendly trading companies by China
1956	Launches the Chemicals Business	1963	Establishes subsidiary Chori GmbH (currently Chori Europe GmbH)
1957	Establishes Chori New York Co., Ltd. (currently CHORI AMERICA, INC.), Chori's first overseas subsidiary	1973	Establishes subsidiary CHORI SINGAPORE PTE LTD
		1974	Establishes subsidiary THAI CHORI CO., LTD

Diversifying Our Business to Become a Major Specialized Trading Company



In addition to the synthetic resin business, inorganic chemicals grew into a pillar of the Chemicals Business through the launch of the phosphoric acid business, while new businesses such as the animal and plant extract and feed additives businesses were introduced. The Chemicals Business later expanded to include chemical raw materials and urethane raw materials, and various attempts were made to build on the business' current foundation, including the development of the food and organic intermediates businesses, the launch of electronic equipment-related products, and the handling of pharmaceutical ingredients.

Meanwhile, in addition to textile machinery, the Machinery Business expanded its handling of machinery to various types of industrial machinery in Japan and overseas, began exporting vehicles to Central and South America, and entered the field of information equipment and electronic devices.

Aiming to become a major trading company that specializes in the lifestyle-related industries of food, clothing, housing, and leisure, we launched a fast-food business, constructed large-scale recreation centers, created new communities, invested in real estate, developed golf courses, began operating a hotel business, and developed a wide range of other businesses.

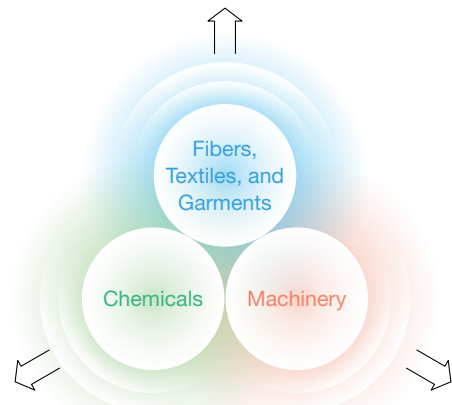
In 1997, when the Company advocated itself as a trading company that contributes to the betterment of lifestyles and culture, it received an order for the construction of a railroad in Kazakhstan. The Company then focused on the natural resource and construction businesses and invested a large amount of capital in promoting the development of various other businesses, but was ultimately unable to withstand the challenges of the unstable Japanese economy after the collapse of the bubble economy, becoming trapped in a state of financial dependency.

A Period of Setbacks

Selection and Concentration of Businesses Due to Significant Losses

1975	Begins company restructuring with drastic streamlining and downsizing of management	1993	Establishes CHORI (SHANGHAI) CO., LTD., Chori's first subsidiary in China
1976	Establishes Fukui Chori Committee and Kanazawa Chori Committee (currently Hokuriku Chori Committee) with twisted yarn manufacturers and other business partners in the Hokuriku region	1995	Establishes P.T. CHORI INDONESIA
		2001	Establishes Chori Middle East FZE
1987	Establishes subsidiary CHORI COMPANY, (HONG KONG) LIMITED	2002	Spins off the Synthetic Resin Business Division into a separate company
1989	Establishes subsidiary CHORI TRADING (MALAYSIA) SDN. BHD.	2003	Launches the Reborn Management Plan and undergoes sweeping structural reforms

Selecting and Concentrating on Promising Businesses



Under the Reborn Management Plan, announced in 2003, we analyzed our businesses from the perspectives of function, capital, and profitability and classified them based on priority. The Company also sold its synthetic resin and kimono businesses and focused on selecting and concentrating on promising businesses. This led to the creation of the prototype for our current business portfolio as a multifaceted specialized trading company consisting of the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses.

Optimization of Business Portfolio

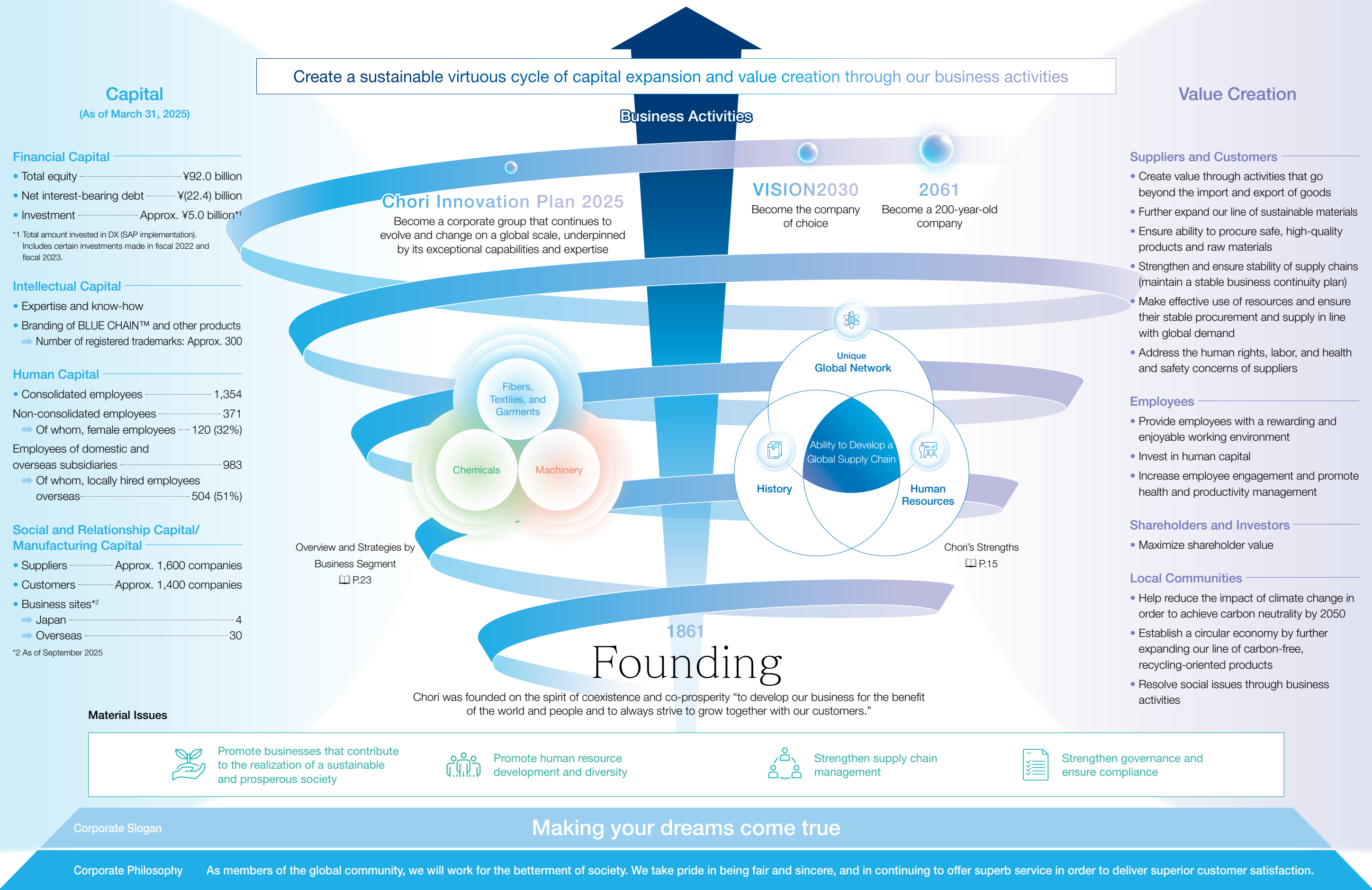
In the period that followed the Reborn Management Plan, we established and strictly enforced exit rules for business withdrawal. In addition, we invested in growth fields and regions to further optimize our business portfolio and tied this to improvements in our ROA and ROIC.

A Period of Breakthrough Results

Steady Improvements in Business Performance and Expansion of Business

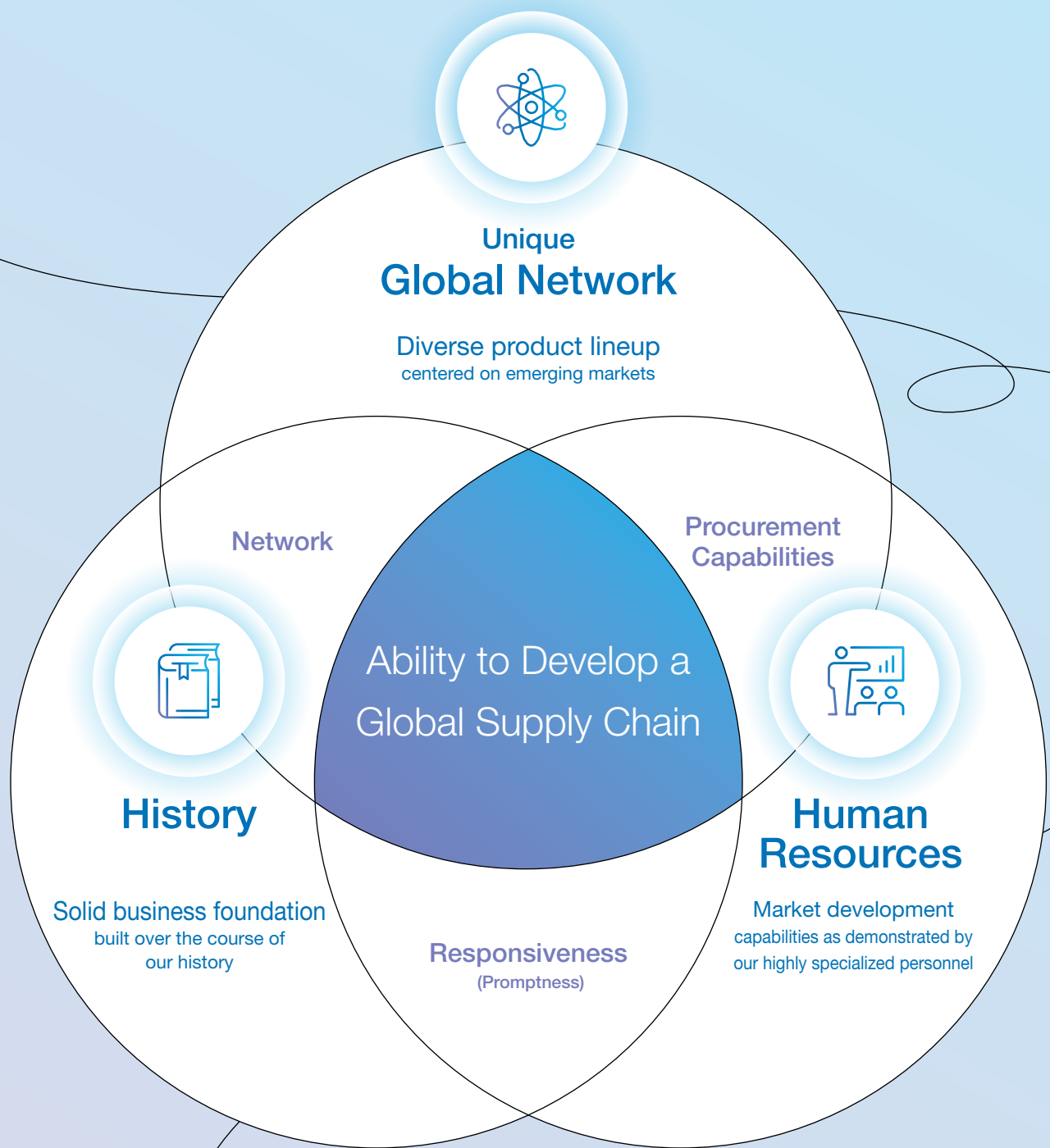
2004	Becomes a consolidated subsidiary of Toray Industries, Inc. Establishes subsidiaries CHORI (TIANJIN) CO., LTD. and CHORI (DALIAN) TRADING CO., LTD.	2017	Splits off the Machinery Business and establishes Chori Machinery Co., Ltd. Makes ASADA U CO., LTD., a sales company of automotive interior and packaging materials, a consolidated subsidiary Establishes subsidiary CHORI COMERCIAL DE MEXICO, S.A. DE C.V.
2005	Establishes CHORI (CHINA) CO., LTD., the first Japanese trading company subsidiary with the rights to sell and trade in China		
2010	Establishes a representative office in Dhaka, Bangladesh	2018	Makes KOZAKURA SHOKAI CO., LTD., a trading company specializing in chemicals, a consolidated subsidiary Establishes subsidiary TAIWAN CHORI MERCHANDISE COOPERATION LTD.
2012	Establishes subsidiary CHORI KOREA CO., LTD.	2019	Establishes CHORI (DALIAN) COMMERCIAL IMPORT EXPORT CO., LTD.
2013	Makes PTI Japan Limited (currently CHORI GLEX CO., LTD.), a trading company specializing in chemicals, a consolidated subsidiary	2021	Makes STX Company Limited, a trading company specializing in textiles, a consolidated subsidiary
2014	Relocates Tokyo Head Office to Shinagawa Establishes subsidiary CHORI TRADING INDIA PRIVATE LIMITED	2022	Launches Companywide business transformation project CARAT (based on SAP mission-critical system)
2015	Makes Miyako Kagaku Co., Ltd., a trading company specializing in chemicals, a consolidated subsidiary	2025	Launches new mission-critical system (SAP)
2016	Holds first annual Hokuriku Yarn Fair Establishes subsidiary CHORI VIETNAM COMPANY LIMITED		

Contributing to a Sustainable Society



Chori's Strengths

Stemming from Its Commitment to Making a Variety of Dreams Come True



Years Since Founding

164

Since our founding as a raw silk wholesaler, we have expanded our customer base and business know-how while broadening our business domain to synthetic fibers and chemicals to evolve by responding quickly to changes in society.



Overseas Network

30 locations^{*1}

We have continued to expand our overseas network since the establishment of our first overseas subsidiary in the United States in 1957. We conduct procurement, production, and sales activities at the most suitable locations by drawing on our business networks centered on China and the ASEAN region.



Subsidiaries and Affiliates

40 companies^{*2}

The Chori Group consists of 33 subsidiaries and seven affiliates. We will continue to expand the Group through M&As of companies in the same industry or related industries that offer the potential for synergies.



Suppliers

Approx. 1,600 companies

We acquire a wide range of raw materials from various manufacturers in Japan and overseas. We also work with suppliers to develop new products in accordance with their needs.



Customers

Approx. 1,400 companies

We maintain a steady supply of products by meeting the needs of our customers through efforts that include securing raw materials, ensuring the transparency of the supply chain, and responding to issues when they arise. We have also been receiving an increasing number of inquiries for sustainable products.



Consolidated Employees

1,354^{*2}

We create added value through our extensive range of know-how and expertise cultivated over many years. Leveraging our versatility, we nurture employees who can respond quickly and flexibly to customer needs.

^{*1} As of September 30, 2025 ^{*2} As of March 31, 2025

Market Development Capabilities Based on a Human-Centered Approach to Business: The Essence of Chori's Global Expansion

Teruyoshi Shimizu

General Manager
P.T. CHORI INDONESIA



I joined the Company in 2009 and worked in the Chemicals Division from 2012. In April 2021, I transferred to Indonesia, where I am currently in my fifth year of assignment.

Through my experience here, I have come to realize Chori's greatest strengths—the integrity of each employee and our ability to build relationships of trust with customers. It has been 30 years since P.T. CHORI INDONESIA's founding, and the names of our predecessors are mentioned no less often. I believe this is a testament to the values they created, which are deeply rooted in the market and underpin our business to this day.

To continue to grow our business, we must nurture and locally recruit talent who can carry on such a human-centered approach to business. Our local recruitment efforts are ongoing and include recent hiring in Surabaya, the second largest city in Indonesia. We aim to be part of the local community and establish relationships in which we grow together with our customers.

In addition to maintaining our reputation as a solid business in China, we will do everything in our power to be recognized for our work in Indonesia to enhance Chori's corporate value.

Value Creation History of Evolution and Change

Though we have endured long periods of hardship over our more than 160 years in business, we made a fresh start in 2003 with the establishment of our Reborn Management Plan and have since continued to evolve and change while enhancing our corporate value. As a part of this regrowth, we have focused on ROA as a key management indicator in order to fulfill the needs of all stakeholders, including shareholders, business partners, employees, and society as a whole.

Strengthen management foundation and launch M&A strategy

Strengthen financial base and select and concentrate management resources on certain businesses

Chori Innovation Plan 2025
Fiscal 2023 to Fiscal 2025

Sustainability

Well-being

Innovation

VISION2030:
The Company
We Aspire to Be

Net Sales ¥400.0 billion
Profit Before
Income Taxes ¥20.0 billion

Evolve and transform business model and strengthen corporate governance
Advance to a new stage of consistently delivering ordinary profit at the ¥10.0 billion level

Reborn Management Plan

Fiscal 2003 to
Fiscal 2005

Basic Strategies

- Strengthen financial base
- Strengthen corporate governance
- Ensure business profitability

Results

Improved financial position through our efforts to select and concentrate management resources on certain businesses with the aim of maximizing ROA. Targets for total assets, net interest-bearing debt, and ROA were achieved ahead of schedule.

Net Sales (Yen)

FY	Plan	Result
2003	286.9 billion	299.5 billion
2004	255.3 billion	242.2 billion
2005	261.0 billion	223.3 billion

Ordinary Profit (Yen)

FY	Plan	Result
2003	2.8 billion	2.9 billion
2004	4.1 billion	3.4 billion
2005	4.7 billion	4.5 billion

ROA (Net Profit Basis)*3

FY	Plan	Result
2003	2.1%	0.9%
2004	3.1%	4.0%
2005	3.4%	5.2%

Yakushin 2006

Fiscal 2005 to
Fiscal 2006

Basic Strategies

- Rapidly increase business profitability
- Further improve operational efficiency

Results

Continued to strengthen financial position as the steady improvement in profitability led to a turnaround in revenue growth and record ordinary profit.

Net Sales (Yen)

FY	Plan	Result
2005	240.0 billion	223.3 billion
2006	255.0 billion	232.1 billion

Ordinary Profit (Yen)

FY	Plan	Result
2005	5.0 billion	4.5 billion
2006	6.0 billion	4.9 billion

ROA (Net Profit Basis)*3

FY	Plan	Result
2005	5.0%	5.2%
2006	6.0%	4.8%

Yakushin 2008

Fiscal 2007 to
Fiscal 2008

Basic Strategies

- Establish a high-profit structure conducive to sustainable growth
- Further promote open and honest compliance management

Results

Aggressively developed business centered on China, achieved record ordinary profit for the fourth consecutive year, and purchased and redeemed preferred shares, resuming dividend payments for the first time in 17 and a half years.

Net Sales (Yen)

FY	Plan	Result
2007	240.0 billion	252.1 billion
2008	270.0 billion	223.0 billion

Ordinary Profit (Yen)

FY	Plan	Result
2007	5.1 billion	5.7 billion
2008	5.5 billion	6.0 billion

ROA (Net Profit Basis)*3

FY	Plan	Result
2007	4.3%	4.0%
2008	4.4%	5.9%

Yakushin 2010

Fiscal 2009 to
Fiscal 2010

Basic Strategies

- Reorganize business structure in response to changes in the business environment
- Develop and inspire employees
- Further promote open and honest compliance management

Results

Successfully reorganized business structure in response to changes in the business environment as a result of the global financial crisis of 2007 to 2009 and achieved our planned goals despite the impacts of the stagnant Japanese economy.

Net Sales (Yen)

FY	Plan	Result
2009	200.0 billion	191.1 billion
2010	230.0 billion	222.1 billion

Ordinary Profit (Yen)

FY	Plan	Result
2009	4.0 billion	4.7 billion
2010	5.0 billion	5.3 billion

ROA (Net Profit Basis)*3

FY	Plan	Result
2009	4.0%	5.1%
2010	4.5%	8.3%

Yakushin 2013*1

Fiscal 2012 to
Fiscal 2013

Basic Strategies

- Promote consolidated global management
- Strengthen management foundation
- Develop new businesses, conduct business investments, and engage in M&As

Results

Continued to review existing businesses while establishing new businesses, increased the ratio of non-consolidated to consolidated ordinary profit through the expansion of business overseas, and carried out business investments of approximately ¥4.0 billion, including M&As.

Net Sales (Yen)

FY	Plan	Result
2012	230.0 billion	221.8 billion
2013	260.0 billion	224.3 billion

Ordinary Profit (Yen)

FY	Plan	Result
2012	6.3 billion	5.5 billion
2013	7.0 billion	5.8 billion

ROA (Ordinary Profit Basis)*4

FY	Plan	Result
2012	9.0%	7.6%
2013	9.0%	7.5%

Yakushin 2016

Fiscal 2014 to
Fiscal 2016

Basic Strategies

- Reinforce consolidated management structure
- Strengthen human resource development structure
- Develop new businesses and engage in M&As

Results

Strengthened the foundation of our overseas businesses and carried out business investments of approximately ¥9.0 billion, including a large-scale M&A in the Chemicals Business (Miyako Kagaku Co., Ltd.).

Net Sales (Yen)

FY	Plan	Result
2014	260.0 billion	248.4 billion
2015	280.0 billion	291.6 billion
2016	300.0 billion	270.9 billion

Ordinary Profit (Yen)

FY	Plan	Result
2014	6.2 billion	6.0 billion
2015	6.8 billion	5.5 billion
2016	7.5 billion	7.0 billion

ROA (Ordinary Profit Basis)*4

FY	Plan	Result
2014	8.0%	7.1%
2015	8.0%	5.6%
2016	8.0%	7.1%

Chori Innovation Plan 2019

Fiscal 2017 to
Fiscal 2019

Basic Strategies

- Reinforce consolidated management structure
- Develop new businesses, conduct business investments, and engage in M&As
- Strengthen corporate governance
- Strengthen human resource development structure

Results

Carried out business investments of approximately ¥6.0 billion, including M&As; improved overall profitability; and achieved record ordinary profit in two consecutive years through the contributions of subsidiaries acquired through M&As.

Net Sales (Yen)

FY	Plan	Result
2017	280.0 billion	311.7 billion
2018	300.0 billion	356.5 billion
2019	330.0 billion	329.4 billion

Ordinary Profit (Yen)

FY	Plan	Result
2017	7.2 billion	7.5 billion
2018	7.8 billion	8.7 billion
2019	8.5 billion	8.7 billion

ROA (Ordinary Profit Basis)*5

FY	Plan	Result
2017	7.2%	6.9%
2018	7.3%	7.3%
2019	7.5%	7.5%

Chori Innovation Plan 2022

Fiscal 2020 to
Fiscal 2022

Basic Strategies

- Reinforce consolidated management structure
- Create next-generation business models
- Strengthen corporate governance
- Promote compliance
- Strengthen human resource development structure

Results

Established the foundation for our new stage of consistently delivering ordinary profit at the ¥10.0 billion level through the expansion of our overseas business and the contributions of subsidiaries acquired through M&As, in addition to engaging in a large-scale M&A in the Fibers, Textiles, and Garments Business (STX Company Limited).

Net Sales*2 (Yen)

FY	Plan	Result
2020		216.2 billion
2021		284.1 billion
2022	280.0 billion	329.4 billion

Ordinary Profit (Yen)

FY	Plan	Result
2020		4.7 billion
2021		10.3 billion
2022	11.0 billion	12.4 billion

ROA (Ordinary Profit Basis)*5

FY	Plan	Result
2020		4.1%
2021		8.4%
2022	8.0% or more	9.0%

*1 The formulation of this medium-term management plan was postponed in fiscal 2011 due to the effects of the Great East Japan Earthquake.

*2 Effective from the beginning of fiscal 2020, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 30, 2018) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 30, 2018).

*3 ROA = Net profit attributable to owners of parent / Total assets × 100 *4 ROA = Ordinary profit / Total assets × 100

*5 ROA = Ordinary profit / Total assets (Avg. of beginning and end of fiscal year) × 100

Medium-Term Management Plan

Chori Innovation Plan 2025

Chori Innovation Plan 2025 is our medium-term management plan covering the three-year period from fiscal 2023 to fiscal 2025 and marks the final stage of the Chori Innovation Plan, which we have been promoting since fiscal 2017. Under the Chori Innovation Plan, we are transforming businesses and management structures to achieve further growth and expansion to achieve VISION2030.

Chori Innovation Plan 2025



🕒 Financial Targets	Fiscal 2024 Results	Fiscal 2025 Forecast	Fiscal 2025 Chori Innovation Plan 2025
Net sales	311.5 billion	330.0 billion	360.0 billion
Profit before income taxes	16.3 billion	16.0 billion	16.0 billion
Net profit attributable to owners of parent	11.7 billion	11.0 billion	11.0 billion
ROA*1	8.1%	—	7% or more
ROE*1	13.4%	—	12% or more
ROIC*2	11.1%	—	Approx. 10%

*1 Net profit attributable to owners of parent basis

*2 Return on invested capital (ROIC) = Operating profit after income taxes / Invested capital (Equity + Interest-bearing debt, Avg. of beginning and end of fiscal year) × 100

Basic Strategy 1. Promote Consolidated Management Centered on Our Global Business

Chori will strengthen the operating bases of its major overseas business sites by enhancing its mission-critical system and expanding its overseas workforce while improving the profitability of its overseas operations. In addition, by reviewing and refining our business portfolio and promoting integrated operations as a specialized company through the leveraging of Group synergies, we will strive to develop next-generation products and expand our line of existing products.

Progress

Fibers, Textiles, and Garments Business	- Continuously pursuing and optimizing Group synergies - Promoting collaboration with MCC Industry on textile and sportswear products
Chemicals Business	- Focusing on organizational management to create new businesses, expanding and utilizing human capital, and securing and developing global talent - Strengthening collaboration with overseas bases - Dispatching human resources overseas and increasing the number of locally hired employees to strengthen business in China, Southeast Asia, India, South Korea, and South America

◆ Business-Specific Strategies for the Final Year of Chori Innovation Plan 2025

Fibers, Textiles, and Garments Business	The evolution of “GLOBAL ONE STOP CHORI” Cooperate with overseas business sites and Group companies to further strengthen supply chain capabilities, from upstream to downstream, and establish a system conducive to conducting production and sales activities at the most suitable locations Strengthen Our Global Structure Strengthen workforce and collaboration at overseas business sites in each business segment Focus regions Fibers and textiles: China Industrial textiles: Indonesia and North America Apparel: China and Europe / United States (MCC Industry)
Chemicals Business	Refine the Structure of the Chori Group Overall, Including Overseas Business Sites Expand workforce, implement job rotation, and invest in human resources Focus regions China, Southeast Asia, and India



Net Sales
¥400.0 billion
Profit Before Income Taxes
¥20.0 billion

Basic Strategy 2. Develop Sustainable Businesses That Adapt Quickly to the Changing Business Environment

We will respond to the drastic changes in this era of volatility, uncertainty, complexity, and ambiguity by taking a bird's-eye view of business risks and opportunities, diversifying our global supply chain, and actively undertaking business investments, new development projects, and M&As in growth sectors and regions.

Progress

Fibers, Textiles, and Garments Business	- Ratio of sales of BLUE CHAIN™ and other differentiated products increased to approximately 50% of sales of fiber raw materials - Cf. Sales of fiber raw materials (non-consolidated): Approximately ¥13.4 billion - Launched short-fiber differentiated product SPUNLAB, which we had not handled previously, to address a wide range of needs - Expanded handling of BLUE CHAIN™ and other sustainable (SDG-oriented) products in the environmental fields of the Fibers, Textiles, and Garments Business - Diversification of sewing facilities delayed due in part to the coup d'état in Bangladesh, but permanent staff assigned in March 2025 to get the process back on schedule
Chemicals Business	- Market-oriented product development increasing in fields such as pharmaceuticals, agrochemicals, functional intermediates for semiconductors and electronics materials markets, food materials, and animal feed and fertilizers - On the other hand, development speed remains insufficient. Need to secure new supply sources for the future

◆ Business-Specific Strategies for the Final Year of Chori Innovation Plan 2025

Fibers, Textiles, and Garments Business	Strengthening of BLUE CHAIN™ Products - Expand focus in growth areas (environment, health, and comfort) from our current approach based on raw materials to textile development and product applications - Enhance product lineup, including through new product development, and expand recycling schemes such as B-LOOP™ - Heighten our ability to deliver effective messages and enhance brand recognition Further Globalization of Business Strengthen brand marketing for overseas markets and participate in overseas exhibitions through activities of the Textile Division
Chemicals Business	Establishment of a System to Prepare for Unforeseen Circumstances Promote globalization of business to ensure business continuity and development, even in the event of unforeseen circumstances Focus on Seven Key Business Fields While Promoting Digitalization Expand business in the key fields of electronics and semiconductor materials; battery materials and nonferrous metals; healthcare; cosmetics; agrochemicals, animal feed, and fertilizers; food materials and processed foods; and green business based on a market-in approach with an emphasis on speed Establishment of a Next-Generation Business Model in Multiple Fields Establish a highly functional, highly profitable, and environmentally conscious business model in the fields of healthcare, food, CO₂ reduction, bio-based material, recycling, and environmental impact reduction

Basic Strategy 3. Promote ESG Management

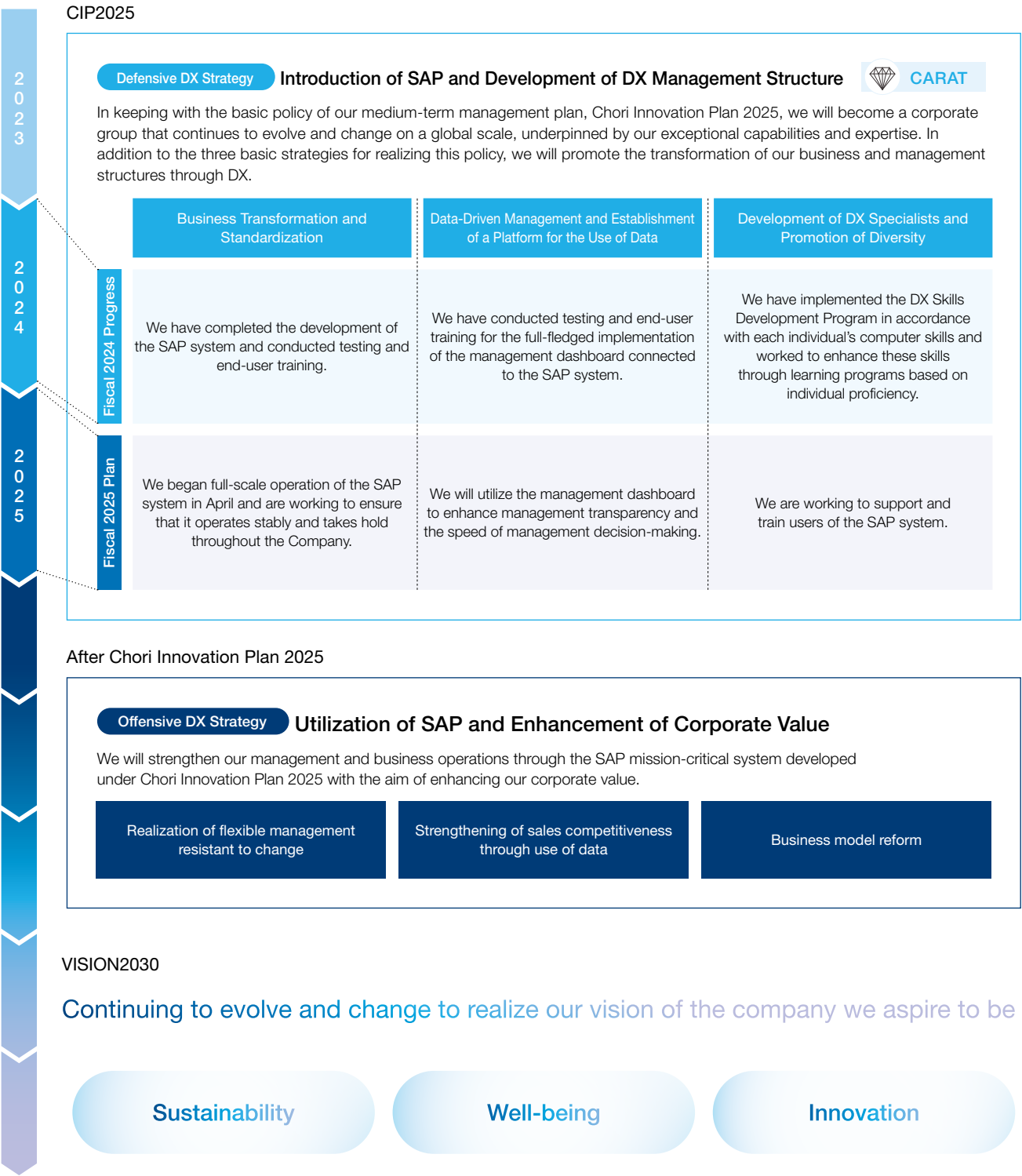
We strive to strengthen ESG management by addressing climate change and expanding our line of environment-friendly products, developing a diverse workforce and promoting respect for human rights to ensure the well-being of stakeholders, and continuing to strengthen and promote corporate governance, compliance, and risk management.

🕒 Non-Financial Targets

	Fiscal 2024 Results
Expand our line of environment-friendly SDG-oriented products	Consolidated sales: ¥32.6 billion (Fibers, Textiles, and Garments Business: ¥22.5 billion, Chemicals Business: ¥10.1 billion)
Increase the percentage of women among career-track hires and employees who have transferred to career-track positions to over 30%	24.3% (-1.3pt YoY)
Increase the percentage of male employees taking childcare leave	53.8% (-4.5pt YoY)
Increase the percentage of women in management positions	3.0% (up 1.0 percentage point year on year)
Continue to acquire certification as an outstanding organization under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program	Acquired certification as an outstanding organization under the Ministry of Economy, Trade and Industry's 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category) for the seventh consecutive year
Invest approximately ¥5.0 billion in DX measures, including the adoption of SAP software	SAP went into operation in April 2025

DX Strategy

Chori is promoting DX from both defensive and offensive perspectives. To solidify our defensive DX strategy, in 2022 we launched the Companywide business transformation project Chori Accelerate Renovation Achievement Transformation (CARAT) as the base from which we have continued to develop our DX management structure. By standardizing and streamlining business processes, we are solidifying our business foundation. Going forward, we will strengthen businesses based on management structure established as part of our offensive DX strategy and utilize these efforts as a springboard to realize VISION2030, our vision of the company we aspire to be.



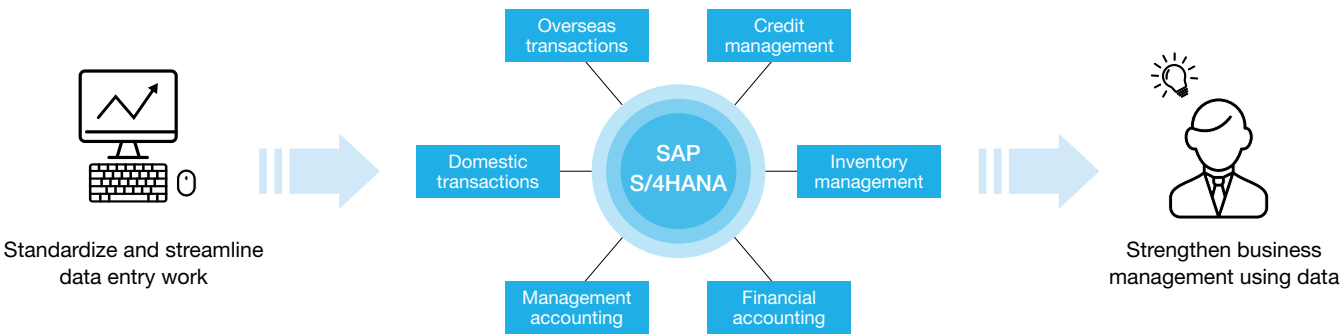
We will continue to build our foundation for offensive DX strategies.

Katsuhito Aoki
Department Manager
Information System Department



The decision to implement the SAP system stemmed from the increasing limitations of our previous mission-critical IS system. Although the IS system, developed 25 years ago to suit our business operations, functioned flawlessly in business processes, it encountered issues when collecting and analyzing data. To move forward with our business transformation and DX, we

required a system that can more flexibly utilize data. With the SAP system, data from sales to accounting is integrated in real time, enabling faster processing. It can also be paired with other cloud systems to utilize various services, which was a key factor in our decision.



Led by our Companywide business transformation project CARAT, launched in April 2022, the SAP system became fully operational in April 2025. Completing such a large project on time and within budget demonstrates our unwavering commitment to standardizing business processes Companywide and the collective efforts of the CARAT project team and our frontline employees. One significant outcome of the project was the growth of dedicated team members in their 30s and 40s who have developed strong initiative skills and the ability to bridge management and the front lines. At operation launch, delays occurred due to several factors including a lack of data transfer from the previous system and insufficient master data, and while the increased number of data entry fields initially presented a challenge, as of June 2025, frontline employees have adjusted to the new system.

Our current challenge is allotting time to explore DX initiatives. The newly launched status of our SAP system precludes optimizing data utilization and digitalization on a Companywide level, despite having the personnel in place to do so. To promote DX, I believe a strong knowledge of the business and the desire to implement change are even more

important than pure digital knowledge. Looking ahead, we aim to foster employees with a deep understanding of our business, who can analyze past and present situations and are able to utilize new technologies, such as AI, in future simulations. To cultivate such digital-savvy talent, in fiscal 2024 we developed a DX training program that encompasses generative AI with the Human Resources & General Affairs Department. In addition, we made IT Passport certification a requirement for members of our management team, including executives, all of whom are now certified. In fiscal 2025, we will prioritize stable SAP operations and enhancing awareness of DX through practical experience.

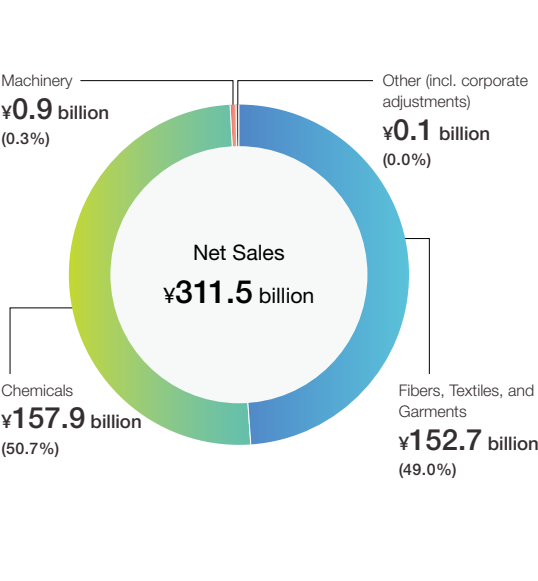
It is here that we reach the true starting point for promoting DX. To shift from a defensive DX strategy to an offensive one, we are developing a platform to utilize collected data. We are considering the creation of a data reservoir that collects and stores not only that entered into the SAP system but all data in our peripheral systems. We aim to develop a data analytics platform that visualizes the output of stored data using business intelligence and enables all employees to freely perform statistical analysis and predictive analytics.

Overview

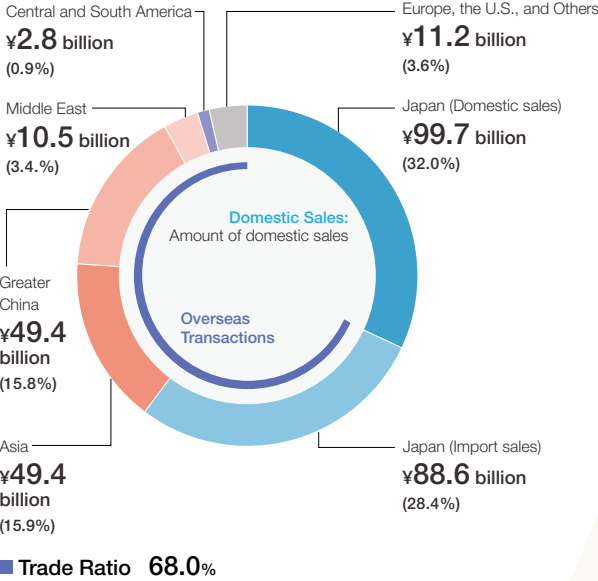
Group Structure			(As of March 31, 2025)
	Major Subsidiaries	Main Business	
CHORI CO., LTD.	Fibers, Textiles, and Garments Business: 10 companies	STX Company Limited ASADA U CO., LTD.	Manufacturing and sale of clothing, fabric materials, etc. Sale of vehicle interior materials and packaging materials
	Chemicals Business: 9 companies	Miyako Kagaku Co., Ltd. KOZAKURA SHOKAI CO., LTD. CHORI GLEX CO., LTD.	Sale of raw materials and products, etc., of chemicals, synthetic resins, pharmaceuticals, food, electronic components, etc. Sale of chemical products (lubricating oil additives, fuel oil additives, etc.) Import and sales of chemicals, construction materials, and industrial products
	Machinery Business: 1 company	Chori Machinery Co., Ltd.	Sale of transportation equipment, etc.
	Other: 1 company	Business Anchor Corporation	Office outsourcing services
	Overseas subsidiaries: 19* companies	CHORI AMERICA, INC. CHORI (CHINA) CO., LTD. THAI CHORI CO., LTD	Sales in the United States, export and import, and overseas transactions of various products Sales in China, export and import, and overseas transactions of various products Sales in Thailand, export and import, and overseas transactions of various products

* Includes dormant companies

Fiscal 2024 Net Sales by Segment

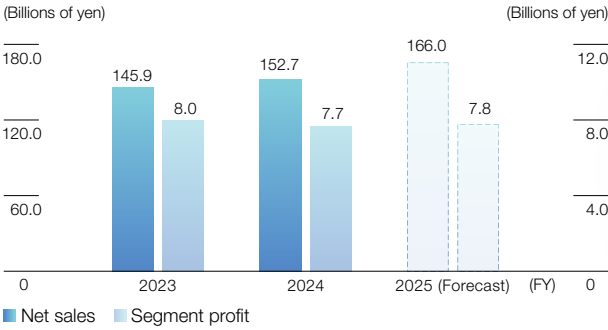


Fiscal 2024 Net Sales by Region



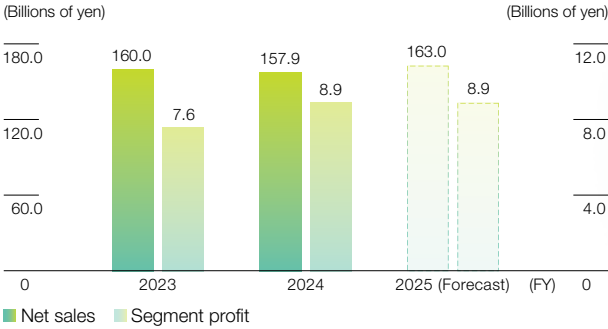
Fibers, Textiles, and Garments Business

Owing to strong performance overall, led by solid results for fabric materials, textiles (exports), and women's apparel, net sales increased 4.7% from the previous fiscal year, to ¥152.7 billion. Meanwhile, segment profit (profit before income taxes) decreased 4.2%, to ¥7.7 billion, primarily due to a reactionary decrease in demand for men's apparel and uniforms, which grew following the COVID-19 pandemic.



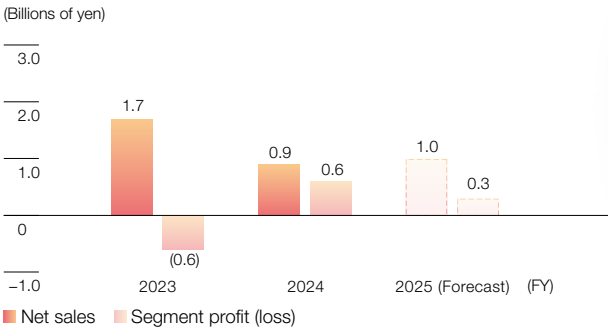
Chemicals Business

Net sales decreased 1.3%, to ¥157.9 billion, due to continuous declines in demand and market conditions. Meanwhile, segment profit (profit before income taxes) increased 16.0% year on year, to ¥8.9 billion, mainly due to the recording of a reversal of allowance for doubtful accounts for the partial recovery of receivables from a chemical manufacturing group in China.



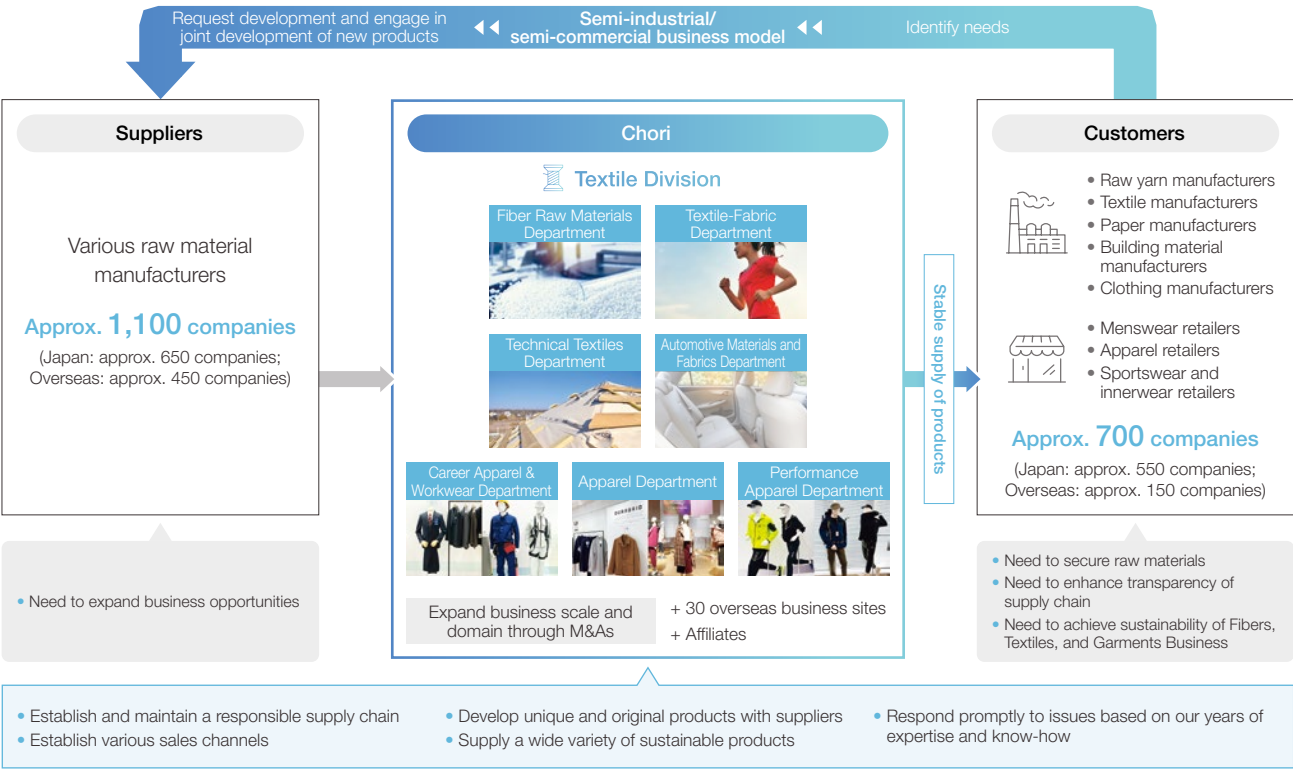
Machinery Business

Through implementation of our business selection and concentration strategy, while net sales decreased 50.1%, to ¥0.9 billion, we restored profitability with a segment profit (profit before income taxes) of ¥0.6 billion, which is largely attributable to the absence of losses from the impact of foreign exchange fluctuations recorded in the previous fiscal year (a segment loss (loss before income taxes) of ¥0.6 billion in fiscal 2023).

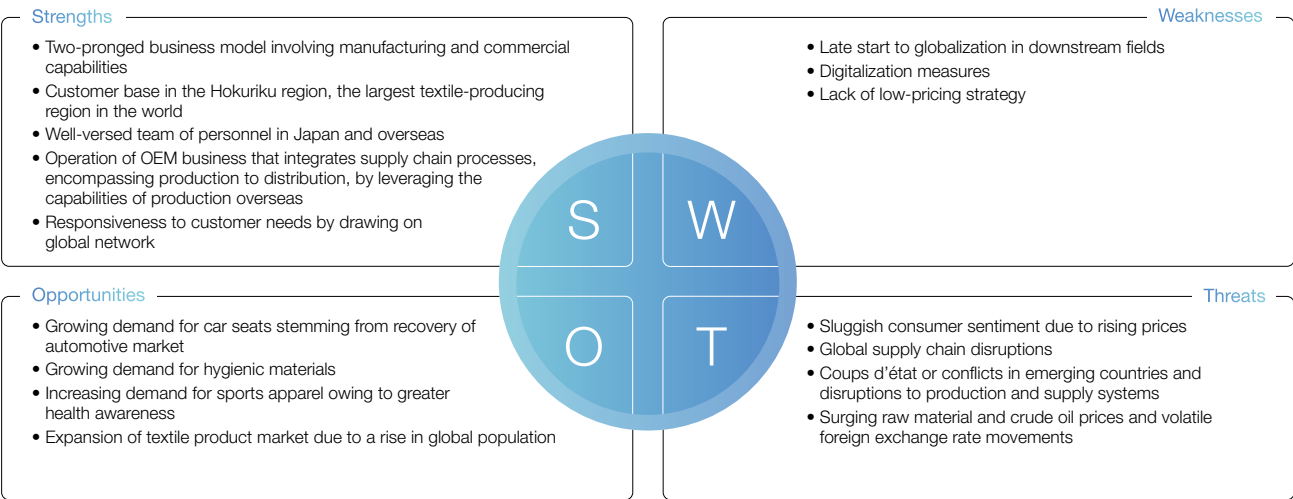


Fibers, Textiles, and Garments Business

The Fibers, Textiles, and Garments Business has been Chori's core business for over 160 years. Since its establishment as a raw silk wholesaler, Chori has built strong relationships of trust within and outside the industry by drawing on its long-cultivated expertise and extensive knowledge. Today, we engage in every stage of the value chain, from the handling of raw materials (upstream) to the management of fabrics and other materials (midstream) and the manufacture and distribution of apparel and other finished products (downstream). In the areas of materials, products, and resources, we have defined growth sectors such as the environment, health and comfort, and global as key themes and continue to expand our business with the aim of realizing a sustainable society.



SWOT Analysis of the Fibers, Textiles, and Garments Business



Road to Achieving

Chori Innovation Plan 2025

We will draw on our extensive track record and experience to further expand our business.

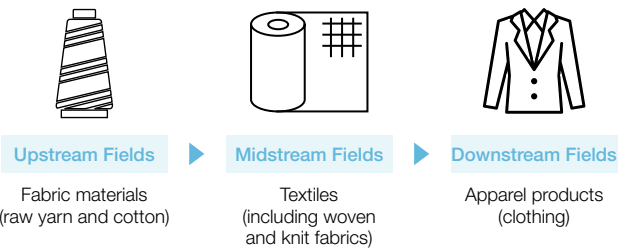
Naohiko Ashida

Managing Executive Officer
General Manager of Textile Division



Overview of Fiscal 2024 Performance and Market Environment of the Fibers, Textiles, and Garments Business

In fiscal 2023, the apparel industry showed strong performance following the COVID-19 pandemic. However, fiscal 2024 saw a decline in demand across the menswear and uniform industries, where replacement demand is relatively low, having a wide impact on the upstream to downstream fields of the Fibers, Textiles, and Garments Business.



In downstream fields, we steadily increased sales by grasping changes in the market conditions of fashion apparel resulting from the extreme summer heat in Japan. During the pandemic, Chori shifted its focus from coats and other heavy clothing, which had been a strength of the Apparel Business Department, to products that sell throughout the year. These efforts came to fruition in fiscal 2024, when we developed products that sold well year-round. In the performance apparel field, although we cut back on production of golf wear, which performed favorably during COVID-19, demand for other casual sportswear and fitness wear remained stable. In the innerwear field, we faced difficulties due to the entry of fast fashion brands.

In midstream fields, sales grew significantly through the solid performance of exports to the Middle East, which has always been a

strength of the Company, and the region's high regard for products made in Japan. We also captured demand for PCs and smartphone cases overseas, driving substantial improvements in sales.

In upstream fields, the raw material market was sluggish overall. Raw material prices continued to rise as a result of the weak Japanese yen, and it took time for these higher costs to be reflected in sales prices. Nonetheless, we secured a profit margin by increasing the number of high-value-added differentiated products in our lineup. In the automotive materials and fabrics field, we overcame a period of stagnant vehicle production, securing record-high profits. In the materials field, nonwoven fabric, such as diapers, performed favorably, but construction materials struggled somewhat due to the declining number of new detached houses. Overall, we maintained strong performance by focusing on sales of high-value-added products.

An issue to address going forward is strengthening our overseas sales capabilities. Since our downstream sales are primarily from Japan, we are collaborating with MCC Industry COMPANY LIMITED to expand globally via Hong Kong. Compared with developed countries, where population and GDP growth are sluggish, and Japan, where the population and GDP are shrinking, emerging markets offer significant growth potential. With this in mind, we are increasing participation in overseas exhibitions and working to expand our sales channels. Furthermore, we established our new Material Innovation Team and Material Development Team to develop high-value-added products by combining the product-out approach of upstream fields and the market-in approach of downstream fields. We will accurately grasp customer needs to actively develop products with high added value.

	FY2023	FY2024	Amount Change	Percentage Change
Net sales	145.9	152.7	+6.8	+4.7%
Profit before income taxes	8.0	7.7	-0.3	-4.2%

Progress of Chori Innovation Plan 2025

CIP2025 Segment Strategies

- 1) Reinforce our proprietary business model
- 2) Ensure stable growth in the three areas of materials, products, and resources
- 3) Expand business in growth sectors (the environment, health, and comfort)
- 4) Continue to grow the business across the globe
- 5) Pursue exceptional levels of functionality and expertise and further set ourselves apart from the competition

1) Reinforce our proprietary business model

A distinctive feature of our business is our semi-industrial and semi-commercial business model. Through collaboration with partner companies, we engage in both manufacturing and development. Aiming to expand our market share of fabric materials in Japan and overseas, we are working to procure raw materials through sales to the Hokuriku region so that we can fully convey the quality of these materials.

2) Ensure stable growth in the three areas of materials, products, and resources

Although shifts in the market have been felt to some degree, the three areas of materials, products, and resources have all maintained stable growth. While working to improve our branding capabilities and enhance awareness of our products, we must tackle the challenge of strengthening overseas sales. Rather than building sales channels from scratch, we intend to rapidly expand them through business

Promoting ESG Management

We believe that respecting the initiative of each employee is essential to growing our business. Creating an open organization is crucial to encouraging employees to take on new challenges, and therefore, we constantly focus on fostering a work environment in which they can

Implementing Business and Management Reform Through DX

Although our SAP system is now fully operational, this is just the start of our DX. With the establishment of the Digital Promotion Team within the Business Administration Department (Textile), we are developing a system to take our DX strategy. In the future, we will leverage

Approach Going Forward

The Fibers, Textiles, and Garments Business boasts comprehensive capabilities as a one-stop global provider of solutions from upstream to downstream. Leveraging these capabilities, we will further strengthen our structure to compete on the global stage, aiming to achieve our next step: segment profit of ¥10.0 billion. While there is a risk that the changing business environment will lead to the contraction of our existing businesses, we will solidify our position to prevent this and create value through our new businesses. Although the Japanese market is unlikely to expand, it remains our most important market. While maintaining our foothold in Japan, we will strengthen collaboration with overseas bases for global expansion and advance further into Asia, India, the Middle East, and other countries and regions with growth potential. With a market size of approximately 600 million people, the Middle East and North Africa are particularly important targets going forward. While our sales activities in the Middle East currently focus solely on textiles, we would like to expand our sales channels in the region to final products. We will not rest on the laurels of our existing businesses, but instead cultivate new markets and adapt to changes while preserving what needs to be protected. This commitment is what we believe will lead to sustainable growth.

investments and M&A in companies with strengths overseas. We are carefully selecting business partners that enable us to demonstrate Chori's strengths, particularly in raw materials and textiles.

3) Expand business in growth sectors (the environment, health, and comfort)

To further expand our line of environmental products, such as ECO BLUE™, which are seeing increased sales, and environmental initiatives, such as B-LOOP™, we must strengthen our branding strategies by enhancing awareness among general consumers. In the health and comfort fields, we are seeing growing sales of TEXBRID™ and SPX™ yarn due to the recognition they have received for their stretchability.

4) Continue to grow the business across the globe

Although overseas sales are trending upward, we will continue to aggressively advance into countries and regions with growth potential. While some markets pose challenges for new entrants due to the presence of established vendors, we will capitalize on opportunities presented by changes in tariff policies and supply chain restructuring and promote collaboration with companies looking to shift their focus to the ASEAN market.

5) Pursue exceptional levels of functionality and expertise and further set ourselves apart from the competition

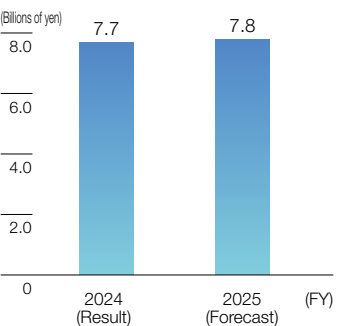
Based on our unique business model, we have established a system that allows us to develop products and materials ourselves, rather than relying on manufacturers. We have also strengthened our development capabilities by leasing equipment and engaging in joint development projects. In addition, we are forging ahead with the introduction of testing equipment to achieve technological differentiation and enhance competitiveness.

comfortably speak their minds. Meanwhile, improving individual productivity and organizational strength is also important. For tasks that tend to be performed individually, we are shifting to a system in which they will be performed by the organization.

accumulated data to gradually expand our business. We intend to actively invest in our areas of strength while utilizing the power of digital technology to improve our areas of weakness.

Being the company of choice is fundamental to any business. To that end, it is important to constantly provide information that is truly valued by customers and deliver added value. Since becoming general manager of the Textile Division, I have been amazed by the wealth of creativity in each department. Our product, material, and raw material teams are exceptionally capable of proposing solutions and winning over customers. While embracing that Chori spirit, we will continuously strive to become the company of choice.

Segment Profit of Fibers, Textiles, and Garments Business



Major Group Companies in the Fibers, Textiles, and Garments Business



STX Company Limited

Became a wholly owned subsidiary in June 2021

With Chori specializing in synthetic fibers and STX Company Limited specializing in natural fibers, this collective effort between two companies with strengths in different materials has improved our ability to propose solutions to customers. Since June 2024, we have regularly held joint exhibitions.

Summit Garment Saigon (SGS), a sewing factory operated in Vietnam, has played an integral role in our sales proposals through the strong reputation it has built for production capacity. Since joining the Group, STX has continued to increase the number of orders from sports brands, particularly golf-related products, and for new high-end brands. Going forward, STX will strive to continually grow its business by ensuring that SGS becomes the largest production plant in the ASEAN region.



ASADA U CO., LTD.

Became a wholly owned subsidiary in July 2017

Founded in 1950 as Asada Shoten in the Ozone area of Nagoya City, ASADA U CO., LTD. handles a wide range of textile products used in packaging and automotive interior materials.

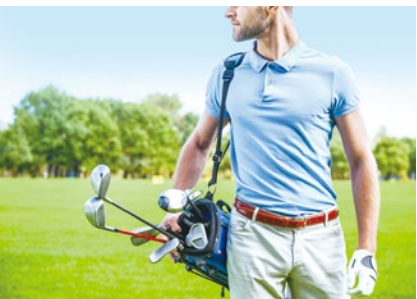
The automotive interior materials business tailors its plans and proposals to diversifying lifestyles and various customer needs based on its years of achievements and experience. Having received ISO 9001 certification, the company is committed to maintaining high levels of quality. In addition, the functional materials business handles construction and automotive materials.



MCC Industry COMPANY LIMITED

In March 2021, MCC Industry COMPANY LIMITED was established in Hong Kong to serve as a sales hub for sportswear manufacturers in Europe. The company's headquarters is based in Hong Kong and its branch office is in Tokyo.

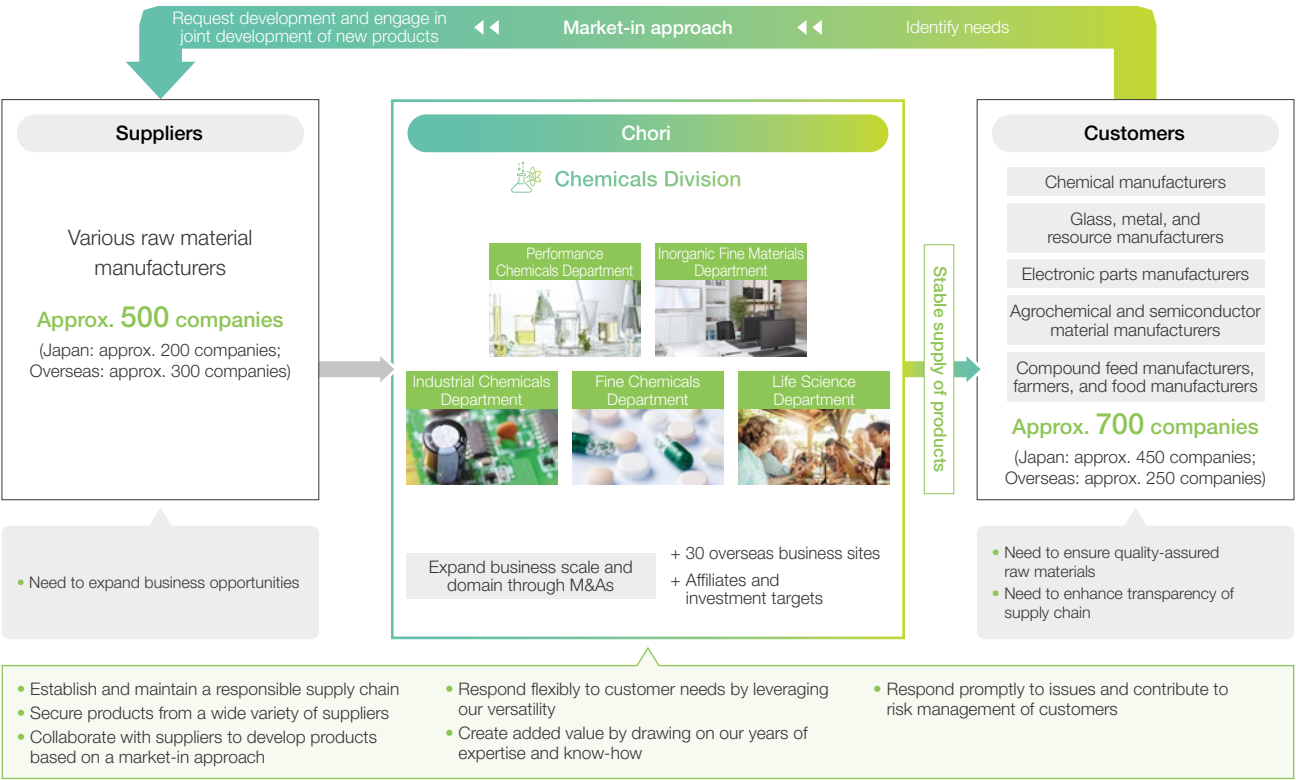
MCC Industry produces and supplies fashionable and highly functional sportswear, outdoor wear, and sports casual products, as well as the fabrics used in these products, in Japan and overseas, mainly for golf and athletic use for leading brands. Many manufacturers are inclined to increase the use of environment-friendly materials and have therefore transitioned to the use of ECO BLUE™ recycled polyester fiber made of recycled plastic bottles, a well-regarded raw material.



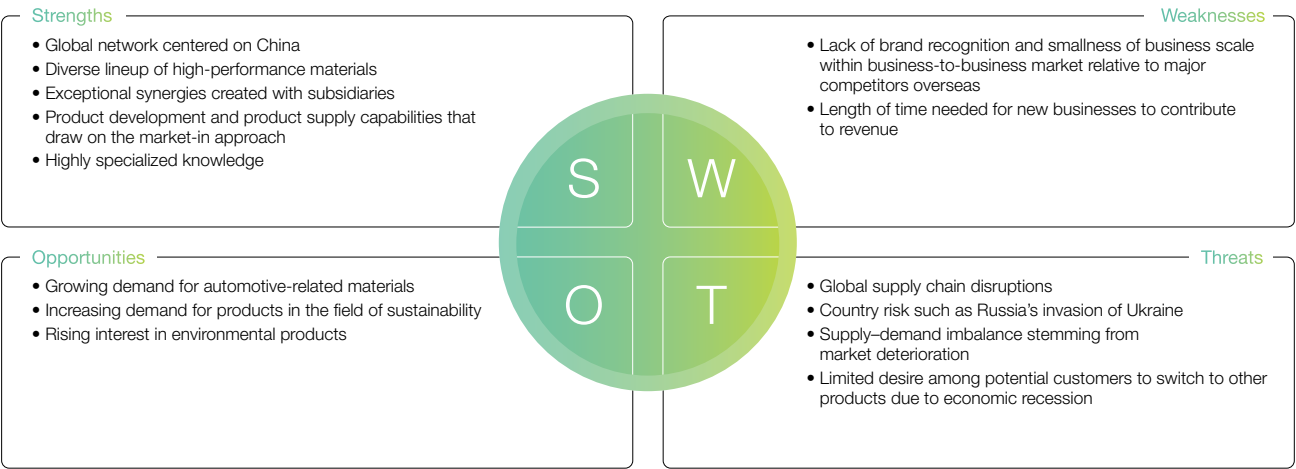
Chemicals Business

Established in 1956, the Chemicals Business has a track record spanning nearly 70 years. We have continued to take advantage of our global network, not only in terms of procurement and sales within China but also through imports, exports and intermediary transactions with Southeast Asia, India, the Middle East, and other regions. Through these efforts, coupled with our ability to meet the needs of our clients for niche products, we have set ourselves apart from our competitors and enhanced our market presence.

With an extensive product portfolio that encompasses electronics, semiconductor, and battery materials; nonferrous metals; healthcare; agrochemicals; feed; fertilizer; food materials; green business; and digitalization, Chori caters to the wide-ranging needs of its customers.



SWOT Analysis of the Chemicals Business



Road to Achieving

Chori Innovation Plan 2025

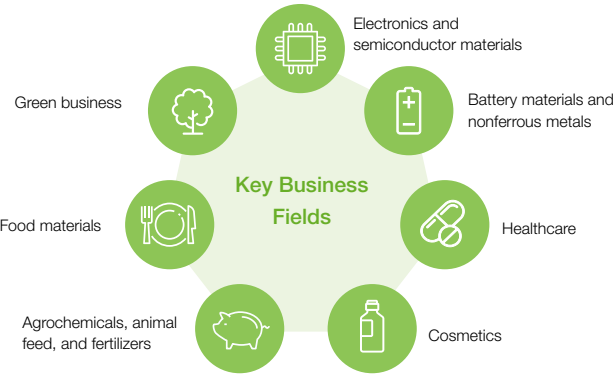
We will strive to be the company of choice in our markets from a medium- to long-term perspective.

Yoshihiro Teratani
Managing Executive Officer
General Manager of Chemicals Division



Overview of Fiscal 2024 Performance and Market Environment of the Chemicals Business

Fiscal 2024 was a year in which the Chemicals Business showed steady improvements in profitability. Excluding the reversal of allowance for doubtful accounts, segment profit reached ¥8.1 billion, our second-highest figure ever, behind our record profit of ¥9.1 billion achieved in fiscal 2022. One factor that led to the achievement of our record profit in fiscal 2022 was that two to three years' worth of inventory were purchased by customers in advance to avoid the risk of supply chain disruptions due to the pandemic. Inventory levels in the Fine Chemicals Department, which handles pharmaceuticals and semiconductors, were significantly impacted in fiscal 2024, but are now gradually returning to normal. We believe our ability to secure high profits despite these headwinds is a testament to the steady improvements in our earning power.



I will now review our fiscal 2024 performance by business division. In the Chemical & Materials Business Department, the Performance Chemicals Department encountered difficulties with business in China. The Chinese economy has slumped due to the stagnant real estate industry, slowing the movement of cargo for related products. Although cosmetics-related products performed well, resulting in increased revenue and profits on a consolidated basis, they fell short of our target. In the Inorganic Fine Materials Department, we saw a steady flow of

cargo movement for glass raw materials and other display-related materials and a recovery in demand for some electronic components, enabling us to nearly meet our target. In the Industrial Chemicals Department, we felt the impact of purchase restrictions on capacitor foils, but we achieved our target owing to the strong performance of phosphoric acid, including small-lot demand. In the Life & Fine Chemicals Business Department, we fell short of our target as the Fine Chemicals Department was affected by inventory adjustments until around September 2024. Semiconductors and electronics saw a steady flow of cargo volume and pharmaceutical products showed signs of a recovery from October 2024 onward. Despite its strong performance in fiscal 2023, the Life Science Department faced challenges in fiscal 2024 due to the depreciating Japanese yen. The reduced use of food additives by customers stemming from the rising prices of corn, a main ingredient in animal feed, led to results that were significantly below our target. We also saw a greater reluctance among consumers to purchase food chemicals due to the rising prices of ingredients. The Life Science Department was least impacted by COVID-19 and demand has now stabilized, resulting in lower sales volume.

The sluggish demand in China has led to an outflow of Chinese products overseas, driving down prices of petrochemicals and other products. Furthermore, new challenges have emerged, such as a decline in the effectiveness of agrochemicals caused by climate change, which have affected demand. Although the Chemicals Business does not have any prominent growth drivers, we will continuously strive to secure users by focusing on small-lot demand for existing products. Chori is expanding its procurement of products that have been withdrawn by Japanese manufacturers from China and other areas overseas, and we expect this trend to continue. We have concluded a strategic partnership agreement with the Huafeng Group, a long-standing business partner, to promote the spread and innovation of bio-based materials. We expect this to lead to new opportunities for business growth.

	FY2023	FY2024	Amount Change	Percentage Change
Net sales	160.0	157.9	-2.1	-1.3%
Profit before income taxes	7.6	8.9	+1.2	+16.0%

Progress of Chori Innovation Plan 2025

CIP2025 Segment Strategies

- 1) Promote consolidated management centered on our global business
- 2) Establish environmentally conscious businesses that offer high levels of functionality and profitability in place of existing substandard businesses
- 3) Develop frameworks and product domains that are resilient to changes in market and economic conditions
- 4) Strengthen cooperative efforts with China, India, South Korea, and countries in Southeast Asia and South America

1) Promote consolidated management centered on our global business

We continuously strive to provide a better work environment for our representatives dispatched overseas. At overseas bases operated by a single employee, we address labor needs through our trainee system and long-term business trips.

2) Establish environmentally conscious businesses that offer high levels of functionality and profitability in place of existing substandard businesses

We will respond to the increasing demand for bio-based materials by expanding our development of such materials based on a market-in approach. We seek to engage in business where Chori has the power to determine prices, and we are making steady progress toward this goal. Environmental products, such as agricultural vinyl sheets made from biodegradable resin, cater to the needs of society. By providing

such products that meet customer needs, we are achieving positive results while remaining on track with our corporate vision.

3) Develop frameworks and product domains that are resilient to changes in market and economic conditions

The main focus of this strategy is the development of food, pharmaceuticals, and other fields handled by the Life & Fine Chemicals Business Department that are essential to human activity. Although they are subject to market fluctuations, we continue to invest in human capital for these fields as their products are consistently in high demand. To expand our cosmetics-related business, we have invested in PT. TAKAHA MULTICHEM INDONESIA. In addition to this successful initiative, we are expanding into new fields alongside our existing cosmetics-related business activities. We are looking to expand into Vietnam and India, and although this will likely take several years, we hope to grow them into a ¥5.0 billion–¥10.0 billion business.

4) Strengthen cooperative efforts with China, India, South Korea, and countries in Southeast Asia and South America

While Chori continues to strengthen cooperative efforts in the various regions in which it operates, challenges remain. One of which is that our products in these regions are primarily for midstream fields. The Synthetic Resin Business Division, which was spun off over 20 years ago, had expanded into India and Southeast Asia, handling large volumes. We have finally begun expanding into the Indian market, but strengthening our sales capabilities remains a challenge. Our cooperative efforts with South Korea and countries in South America are showing positive results, and we will continue to strengthen initiatives with other countries going forward.

Promoting ESG Management

Chori has remained committed to its policy of expanding environment-friendly products and continues to push forward with its lithium compound production project in Chile. We have also increased the proportion of female employees in the Chemicals Division and intend to increase the number of female managers in our Logistics Department (Chemicals) going forward. Based on our past two employee

engagement surveys, we have held repeated dialogue with relevant parties regarding survey items with poor results. Rather than simply improving these scores, our focus is on creating a work environment where employees can comfortably speak their minds.

Implementing Business and Management Reform Through DX

DX is more than just converting to a new mission-critical system; mastering the use of this system is equally as important. We will utilize previously dispersed information and difficult-to-obtain data as a tool for our business. We have implemented Salesforce Service Cloud in all business divisions of the Chemicals Division to share information and

enhance the quality of business negotiations. However, digitalizing everything is not the solution; on-the-spot decision-making is also critical. Problems occur in the field, and we value an attitude of making judgments based on our observations of the front lines.

Approach Going Forward

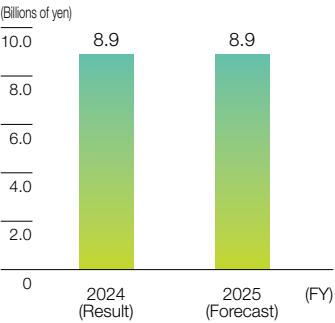
When I joined the Company, the Synthetic Resin Business Division was located next to the Chemicals Division at our Osaka Head Office and was more highly regarded. The Synthetic Resin Business Division was spun off into a separate company through a strategy of business selection and concentration; however, given the size of the synthetic resin market, it is a field we should consider reentering. In addition to addressing our current situation for food additives, we will expand our lineup of high-volume products to further expand the Chemicals Business.

In the future, I would like to see sales of the Chemicals Business grow to ¥500.0 billion. This cannot be achieved simply through the extension of its existing business activities, and therefore, we must grow the business through M&A. However, it has not been easy to find companies that align with our business objectives. Until now, companies that have been consolidated into the Group have mostly been domestic distributors, but going forward, it would be ideal to partner with companies that have a strong presence in overseas markets and a vast pool of human resources. Looking ahead to 2030, we will focus primarily on Southeast Asia and India, where the population is expected to continue to grow, with the African market in our sights beyond that.

To remain a company of choice for customers, we must promote a market-oriented business model. To do so, we will select partner companies with the ability to provide high-quality products that reflect customer needs and develop collaborative relationships with them.

Chori engages in a vast array of fields, even within the chemical industry alone, enabling it to address deteriorating market conditions in a particular field by compensating with growth in other fields. We will continue to expand our business by leveraging this comprehensive strength and positioning all fields of the Chemicals Business as growth drivers.

Segment Profit of Chemicals Business



Major Group Companies in the Chemicals Business



Miyako Kagaku Co., Ltd.

Became a wholly owned subsidiary in May 2015

Founded in Osaka City in 1921, Miyako Kagaku Co., Ltd. handles basic materials, various synthetic resin materials, food ingredients, pharmaceuticals, cosmetics materials, and packaging materials. The company also engages in the painting business for petrochemical complexes in Mie Prefecture (Yokkaichi City) and Chiba Prefecture.

In fiscal 2024, the company posted net sales of ¥44.4 billion and ordinary profit of ¥1.2 billion (accounting for more than 10% of Chori's consolidated net sales). Over the course of its medium-term management plan, it will expand the scope of this business in environment-related fields, such as bioplastics and microbial formulations; healthcare fields, such as lactic acid bacteria; and electronics materials fields, and build an even stronger revenue base.



KOZAKURA SHOKAI CO., LTD.

Became a wholly owned subsidiary in March 2018

Since its founding in 1949, KOZAKURA SHOKAI CO., LTD. has established itself as a trading company that specializes in chemical products through the supply of various additives, catalysts, solvents, and other chemical products, primarily to businesses in the petroleum industry and related industrial fields.

The company handles lubricant additives and other performance chemicals used in the automotive, construction machinery, and metal processing industries; industrial chemicals used in general chemical industries and petroleum refining processes; and oleo fine chemicals, such as raw materials for daily consumables (including personal care and food products).



CHORI GLEX CO., LTD.

Became a wholly owned subsidiary in February 2013

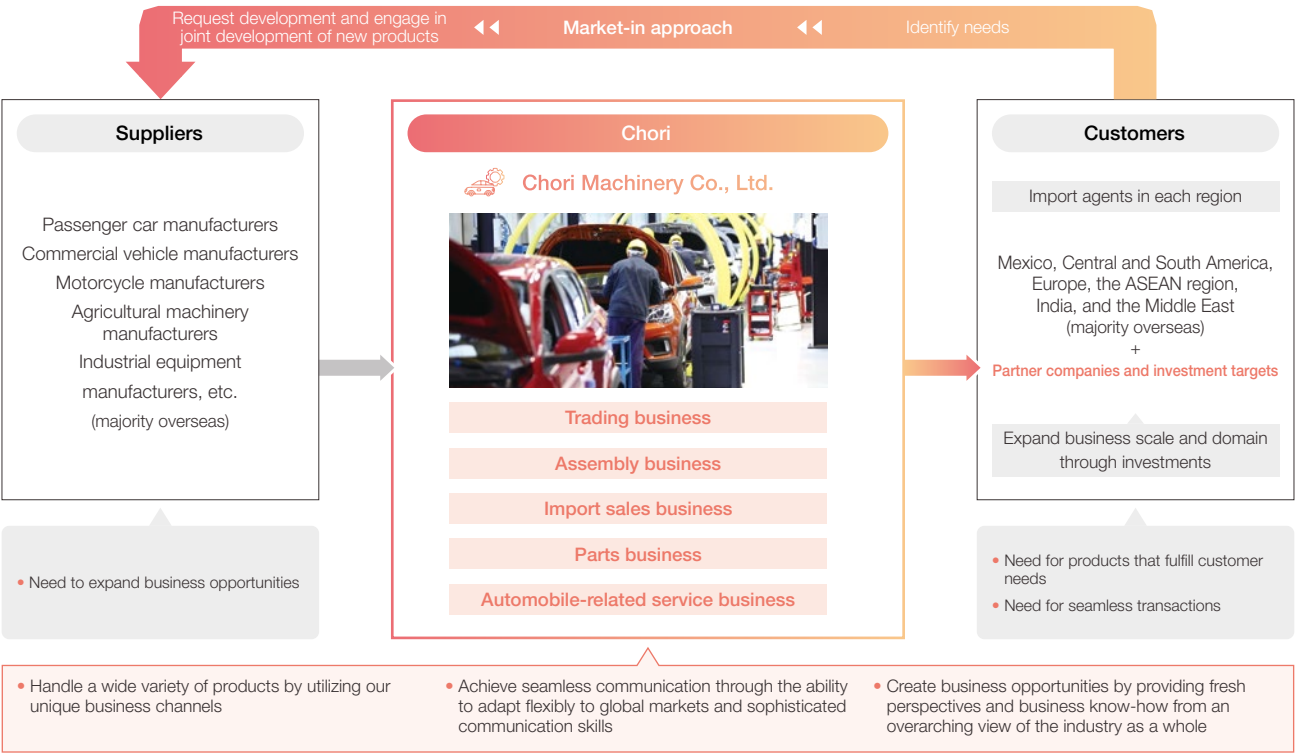
Founded in Nagasaki Prefecture in 1859 as Frazer Company, the first foreign-capitalized company in Japan, CHORI GLEX CO., LTD. introduced the steam locomotive, electric streetcar, and Ford Model T automobile to Japan. The company currently engages in the import and export of specialty chemical and industrial products.

CHORI GLEX handles chemical products, such as epoxy resin and other thermosetting resin-related products; construction materials, such as stones and bricks; hearing device components, such as transducers and other electronic components and peripheral parts; and industrial products, such as organic and inorganic chemicals, paint materials, and rubber chemicals.

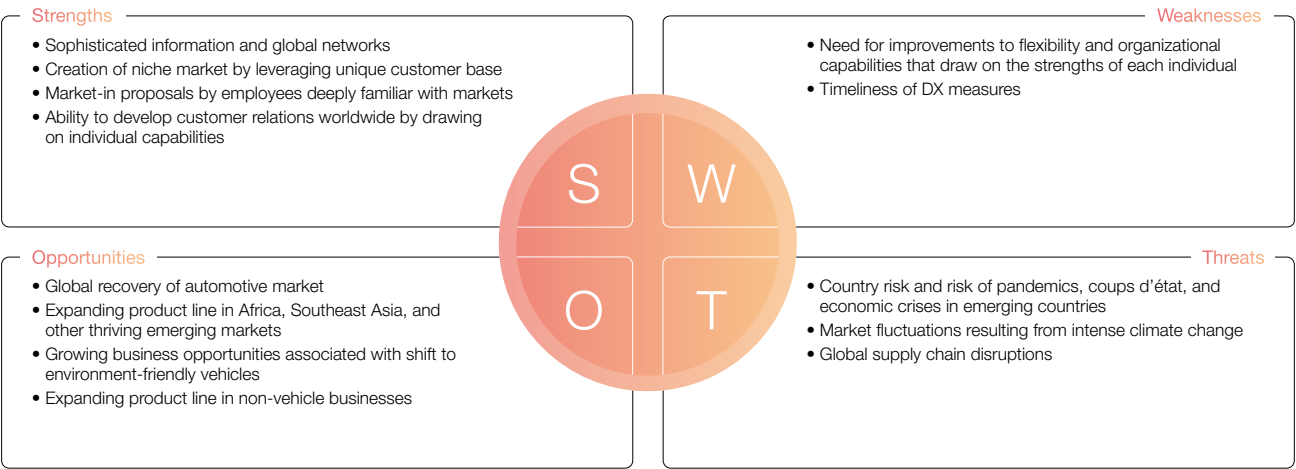


Machinery Business

Leveraging the Group's unique global network, which has continued to expand over the years, Chori Machinery commercializes products acquired from China and other countries in markets such as Europe and Central and South America. Most notably, the company engages in a project in which the automobiles of Chinese automakers are assembled through semi-knocked-down production and sold in Mexico. Recently, the company has been expanding its business in emerging markets. By drawing on its long-cultivated know-how in global trade and unique trade routes, Chori Machinery will continue to expand its business in the years ahead.



SWOT Analysis of the Machinery Business



Overview of Fiscal 2024 Performance and Approach Going Forward

In fiscal 2024, net sales decreased to ¥0.9 billion while segment profit (profit before income taxes) increased to ¥0.6 billion. While net sales decreased significantly due mainly to the implementation of a strategy of selection and concentration on certain businesses, profit turned positive owing to the absence of foreign exchange losses recorded in the previous fiscal year, a result of the impact of foreign exchange rate fluctuations. Moreover, strong market conditions in Mexico and Italy spurred growth in automobile sales,

as a result of which, profits exceeded our forecast announced at the beginning of the fiscal year.

Going forward, we aim to secure stable profits by improving profitability and absorbing costs. Chori Machinery has the functions and capabilities to develop new suppliers and customers, and a distinctive characteristic of this business is that most of its transactions are conducted outside of Japan. We will leverage this to develop new businesses and products in the future.

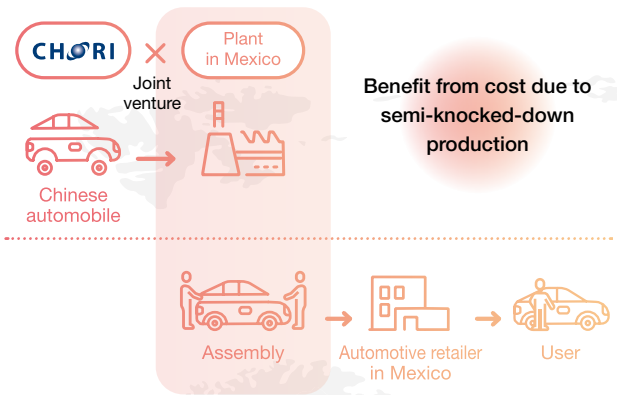
	FY2023	FY2024	Amount Change	Percentage Change
Net sales	1.7	0.9	-0.9	-50.1%
Profit (loss) before income taxes	(0.6)	0.6	+1.2	—

Core Initiatives of the Machinery Business

1. Semi-Knocked-Down Production in Mexico

In semi-knocked-down production, automobile parts and components are transported to the country of destination where they are assembled and the automobile is completed. It differs from completely knocked-down production in that the frame, engine, powertrain, and other main components have already been assembled by the time they are transported overseas.

Semi-knocked-down production offers a variety of economic benefits, such as job creation and tax benefits for the country of destination. As a result, more employment opportunities are available for local residents in not only assembly processes but also at sales agencies and for after-sales services. Automobile production in Mexico increased 5.6% from the previous year to a record 3.99 million units in 2024. Moving forward, Chori Machinery will continue to seek greater business opportunities centered on Mexico's mainstream automotive industry.



2. Expansion of Our Automobile Business in Italy and Other Parts of Europe

We have partnered with a company based in Italy to establish a presence in the country's 1.6-million unit market. The stylish vehicles developed by our partner company have been well received by the younger generation and the local markets, spurring a growth in sales. In addition, Chori Machinery is aggressively moving forward in the development of EVs, which will play a key role in achieving the SDGs.

We are also aiming to develop a business to export vehicles throughout Europe, including Spain and parts of Eastern Europe.



Chori's Sustainability Initiatives

As the Chori Group engages with stakeholders across the globe, it constantly promotes business with sustainability and the development of the entire world in mind.

In April 2024, we identified material issues and formulated sustainability-related policies.

Aiming to become the company of choice for all our stakeholders, we will establish a management foundation and promote business activities that align with the key themes of our material issues.

Chori Group Basic Policy on Sustainability

The Chori Group's spirit of coexistence and co-prosperity, which has remained unchanged since the Company's founding, declares that we aim "to develop our business for the benefit of the world and people and to always strive to grow together with our customers." Guided by this unwavering spirit, we work unstintingly for "the betterment of society as members of the global community," as set forth in our corporate philosophy. In keeping with our corporate slogan, "Making your dreams come true," we remain firmly dedicated to achieving a sustainable society by continuously growing as a group through our steadfast approach to materiality.

Material Issues



Promote businesses that contribute to the realization of a sustainable and prosperous society



Promote human resource development and diversity



Strengthen supply chain management



Strengthen governance and ensure compliance

Key Themes

- Help reduce the impact of climate change in order to achieve carbon neutrality by 2050
- Establish a circular economy by further expanding our line of carbon-free, recycling-oriented products
- Resolve social issues through business activities
- Create value through activities that go beyond the import and export of goods
- Further expand our line of sustainable materials
- Provide employees with a rewarding and enjoyable working environment
- Invest in human capital (human resource development, strengthening of recruitment, promotion of diversity)
- Increase employee engagement (create a rewarding, comfortable working environment) and promote health and productivity management
- Ensure ability to procure safe, high-quality products and raw materials
- Strengthen and ensure stability of supply chains (maintain a stable and effective business continuity plan)
- Make effective use of resources and ensure their stable procurement and supply in line with global demand
- Address the human rights, labor, and health and safety concerns of suppliers
- Strengthen governance structure with a view to achieving sustainable growth
- Continue to foster employee awareness of the importance of compliance



Please refer to our corporate website for details on our material issue identification process.
<https://www.chori.co.jp/english/sustainability/strategy.html>





Our Approach to Sustainability

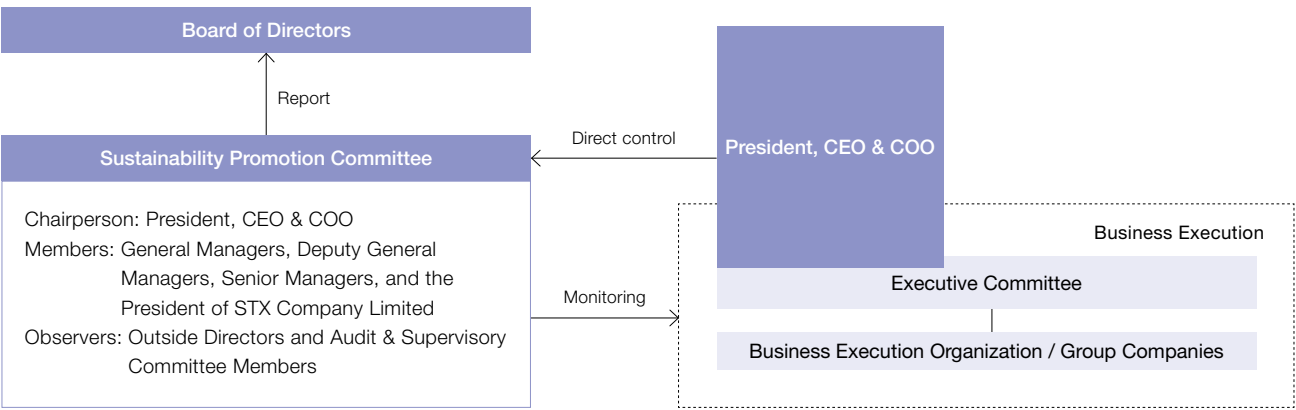
➤ 1. Governance

At the Chori Group, we engage in business with sustainability at the forefront of our minds so that we can contribute to the realization of a better society as global citizens, as set forth in our corporate philosophy. We strive to strengthen corporate governance while positioning the Board of Directors as a body for making strategic decisions and overseeing business operations, complying with laws and social norms, carrying out effective and efficient business operations, and ensuring the credibility of our financial reports.

With regard to our general efforts to address the issue of sustainability, we established the Sustainability Promotion Committee on April 1, 2024 with a view to promoting sustainability management—a goal set forth in Chori Innovation Plan 2025.

Sustainability Promotion Structure

The Sustainability Promotion Committee, chaired by the president, CEO & COO, engages in discussions focusing on measures related to the Group's sustainability management and the sustainable enhancement of corporate value. Outside Directors and Members of the Audit & Supervisory Committee also participate as observers to share opinions and discuss various measures. The Sustainability Promotion Committee meets at least once each quarter and reports to the Board of Directors once a year.



➤ 2. Strategy

In building a management foundation for sustainable growth, the Chori Group recognizes the importance of taking a proactive approach to environmental issues, cooperating with suppliers in corporate social responsibility (CSR) procurement, undertaking measures related to occupational safety management, and implementing initiatives for regional and social development. In Chori Innovation Plan 2025, which was disclosed on April 28, 2023, we set forth VISION2030 to steadily implement three basic strategies for becoming a corporate group that continues to evolve and change on a global scale, underpinned by its exceptional capabilities and expertise, while enhancing corporate value.



Working Teams

In June 2024, three working teams were established under the Sustainability Promotion Committee to address the Group's material issues. The proposals made by the working teams were discussed and ultimately selected by the Sustainability Promotion Committee.

Risk Management Team	
Purpose	Establish a system to manage risks that may arise in the course of business operations
Structure	Leader: Deputy General Manager of Corporate Planning Division (Corporate Management Department and Affiliate Business Department) Members: Textile Division (6), Chemicals Division (7), and Corporate Planning Division (6) Observer: Manager of Internal Auditing Department
Results	📖 Please refer to page 67 for details.

Sustainable Business Management Team	
Purpose	Organize business activities related to the SDGs
Structure	Leader: Deputy General Manager of Corporate Planning Division (Human Resources & General Affairs Department and Information System Department) Members: Textile Division (5), Chemicals Division (6), and Corporate Planning Division (1)
Results	📖 Please refer to page 43 for details.

Policy and System Design Team	
Purpose	Organize and design policies and systems
Structure	Leader: Deputy General Manager of Corporate Planning Division (Corporate Management Department and Affiliate Business Department) Members: Textile Division (1), Chemicals Division (1), and Corporate Planning Division (3) Observer: Manager of Internal Auditing Department
Results	The Policy and System Design Team organized sustainability-related policies and systems to build a management foundation for sustainable growth. The following policies were newly established or revised in fiscal 2024. - Guidelines for Corporate Behavior (revised) - Chori Group Environmental Policy (revised) - Chori Group Basic Policy on Human Resources (newly established) - Chori Group CSR Procurement Policy (newly established) - Chori Group Compliance Policy (newly established) - Chori Group Basic Policy on Promoting Dialogue with Stakeholders (newly established) - Chori Group Basic Policy on Information Security (newly established)

➤ 3. Risk Management

Composed of members selected from across the Chori Group, the Risk Management Team was formed to serve as a subcommittee of the Sustainability Promotion Committee established in April 2024. The team identified and formulated countermeasures to address sustainability-related risks, including those related to securing human resources, climate change (transition and physical risks), human rights issues, and environmental pollution.

➤ 4. Indicators and Targets

Recognizing the ongoing need to address sustainability issues, the Chori Group has established non-financial targets (📖 See page 20) in an effort to “promote ESG management,” one of the basic strategies of Chori Innovation Plan 2025.

Promote Businesses That Contribute to the Realization of a Sustainable and Prosperous Society

We believe it is important to consider sustainability in our business activities and that it is our corporate responsibility to do so in a proactive manner.

Key Themes

- ✓ Help reduce the impact of climate change in order to achieve carbon neutrality by 2050
- ✓ Establish a circular economy by further expanding our line of carbon-free, recycling-oriented products
- ✓ Resolve social issues through business activities
- ✓ Create value through activities that go beyond the import and export of goods
- ✓ Further expand our line of sustainable materials

Environmental Management

The Chori Group aims to achieve carbon neutrality by 2050, as declared in Chori Innovation Plan 2025.

Chori Group Environmental Policy

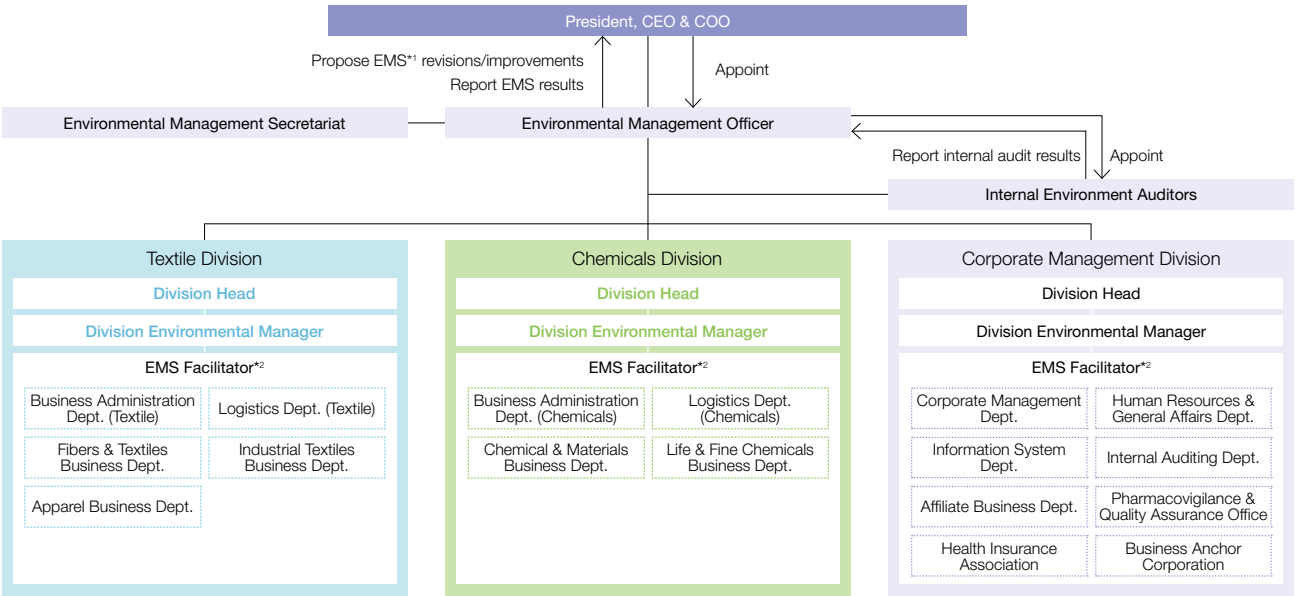
Basic Principle

With a view to generating substantive value and helping to realize a more enriched society, Chori strives to provide accurate information and exceptional products tailored to the needs of its customers. As the environment continues to garner global attention, we believe the role we play in contributing to environmental conservation is essential to establishing a solid management foundation.

Chori Group Environmental Policy
<https://www.chori.co.jp/english/sustainability/environment/em.html>

Environmental Management Structure (As of June 20, 2025)

We have established the following structure in pursuit of our environmental initiatives.



*1 Environmental management system

*2 EMS facilitators concurrently serve as internal environment auditors and conduct internal audits in other divisions.

Environment-Friendly Business Activities

Since its acquisition of the ISO 14001 international standard for environmental management systems in 2000, Chori has continued to conduct and engage in environmental conservation activities. We adopted the 2015 standard in December 2017, acquired ISO 14001 certification for our Hokuriku Branch and Okayama Liaison Office in December 2019, and continue to engage in Groupwide efforts with Business Anchor Corporation and other subsidiaries in our aim to help preserve the environment.



Responding to climate change

Information Disclosure Based on the TCFD Recommendations

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) at the request of the G20. We seek to encourage companies to disclose climate-related financial information in a manner that enables investors to appropriately make investment decisions, thereby aligning with the Paris Agreement of 2015 and its stipulated aim of keeping the increase in the earth's average temperature to sufficiently below 2°C compared to pre-industrial levels, and furthermore striving to keep the increase in temperatures 1.5°C. At Chori, we will work to appropriately disclose information on the recommended disclosure items in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures, the final report released by the TCFD in June 2017.

Governance

The Board of Directors' system for monitoring climate-related risks and opportunities and management's role in assessing and managing such risks and opportunities

The Company's response to climate change and other environmental issues is reported twice a year at Board of Directors' meetings and discussions are held based on the details of these reports. Ultimately, it is the responsibility of the Board of Directors to assess, respond to, and disclose details of the Company's risks and opportunities related to climate change.

With the general manager of the Corporate Planning Division, who also serves as a director, in charge and the Corporate Management Department as the responsible division, the Company manages and promotes organization-wide measures against climate change, including the TCFD recommendations, and other environmental issues as well as compiling important Companywide policies and measures, which are reported and proposed to the Board of Directors for discussion at Board meetings. With regard to business-specific strategies, etc., on climate change and other environmental issues, the general managers of the respective sales departments, in cooperation with the general manager of the Corporate Planning Division and the Corporate Management Department, report summaries of such strategies, etc., to the Board of Directors, which are then assessed and discussed at Board meetings.

Please refer to our medium-term management plan Chori Innovation Plan 2025 which was disclosed on April 28, 2023, for information on our overall sustainability strategy and initiatives, including the Task Force on Climate-related Financial Disclosures (TCFD).

Moreover, we have been promoting sustainability initiatives upon having established the Sustainability Promotion Committee on April 1, 2024, in seeking to address issues of sustainability overall, including those associated with climate change.

Medium-Term Management Plan: Chori Innovation Plan 2025
<https://www.chori.co.jp/english/ir/management/plan.html>

Strategy

Short-, medium-, and long-term climate-related risks and opportunities identified by the organization and the impact thereof on the organization's business, strategies, and financial plan

Chori conducts scenario analyses to assess the transition risks and physical risks of climate change. Whereas analysis was performed enlisting the 2°C and 4°C scenarios in fiscal 2021, analysis and examination enlists the 1.5°C and 4°C scenarios from fiscal year 2022 onward. Under the 1.5°C scenario, similar to the 2°C scenario, the increase in physical risks is expected to be moderate, and we expect an increasing number of opportunities to develop and expand sales of environment-friendly products. Meanwhile, under the 4°C scenario, physical risks, such as unseasonable weather, will likely increase due to the lack of progress in climate change measures.

Based on the above assumptions and background, we conducted a scenario analysis for the period up to 2030. On the basis of these results, we identified the following risks and opportunities related to climate change and determined their impact on our business and the measures we will take in response.

Promote Businesses That Contribute to the Realization of a Sustainable and Prosperous Society

🕒 Major Risks and Opportunities Related to Climate Change, Their Impact on Our Business, and Measures to Take in Response

Risk Type		Risks and Opportunities		Impact on Business (▲ Risk/O Opportunity)	Key Countermeasures	Financial Impact	
						1.5°C	4°C
Transition Risk	Policies and Regulations	Strengthening of decarbonization measures	Introduction and expansion of carbon taxes	▲ Increase in purchase prices and various costs	Continue to monitor the actual amount and impact of the Company's GHG emissions Strengthen lineup of zero-carbon products	Low impact*	
			Strengthening of regulations on China, our largest export partner	▲ Temporary declines in trading volume due to reduced production		Strengthen and expand global supply chain	Medium impact
	Technology	Rapid expansion of circular economy	Expansion of waste-reduction efforts	● Greater demand for recycling-related products ● Greater demand for products that contribute to waste reduction	Expand trading of recycled products ・ Recycled plastic chips ・ Recycled polyester fiber (ECO BLUE™)	Medium impact	
			Increased use of renewable resources	● Greater demand for bio-related products	Expand trading of biodegradable resin products ・ Seed sheets	Medium impact	
	Market	Market changes associated with the transition to decarbonization	Expansion of policies and initiatives aimed at achieving carbon neutrality throughout the automotive life cycle	● Greater demand for lithium-ion-related products due to the shift to electric vehicles	Expand trading of lithium-ion-related materials ・ Participate in lithium compound production project	Medium impact	
			Expansion of policies and initiatives aimed at achieving a carbon-free supply chain in the textile industry	● Reduced cost of decarbonization measures by spearheading sustainability initiatives across the supply chain	Promote sustainability initiatives throughout Chori's unique supply chain (BLUE CHAIN™)	Medium impact	
		Increased stakeholder interest in sustainability	Greater demand for non-petrochemical products and other sustainable products	● Greater demand for environmentally conscious products	Enhance lineup of environmentally conscious products ・ Highly stretchable functional yarn (TEXBRID™) ・ Environmentally conscious fiber materials ・ ECOSOL™ ・ BLUENY™ ・ Non-toxic materials ・ Water-repellent, recycled yarn fabric (free of fluorine) ・ Chemicals for cleaning agents (free of chlorine gas)	Medium impact	
			Reluctance to buy petrochemical products	▲ Temporary decline in trading volume arising from the shift to environmentfriendly products		Low impact	
			Strengthening of information disclosure requirements related to climate change measures	▲ Decrease in corporate value and investments due to inadequate response ● Increase in customers and investments due to climate change measures	・ Promote GHG reduction measures and disclose information based on the TCFD framework	Medium impact	
	Physical Risk	Acute/Chronic	Increasing frequency and severity of natural disasters and unseasonable weather	Water shortages	▲ Temporary declines in trading volume due to reduced production	Strengthen global supply chain ・ Strengthen lineup of water-conscious products ・ ECO BLUE™ x WS™	Low impact
Large-scale natural disasters				▲ Temporary reduction in trading volume and longer lead times due to supply chain disruptions	Low impact		
Rising sea levels					Low impact		
Rising average temperatures				▲ Reduced trade of fall and winter apparel ● Greater demand for agrochemical-related products ● Greater demand for disinfection (mouthwash)-related products	Examples of products ・ Strengthen lineup of next-generation products ・ Agrochemical ingredients (disinfectants, rice herbicides, acaricides, and herbicides) ・ Pharmaceutical products (iodine) ・ Sustainable sources of protein	Medium impact	

Note: 1. Classified according to the scale of impact on sales and segment profit. Those deemed to have a greater impact are indicated with a darker shade.
2. Key reference scenarios include the World Energy Outlook 2024 of the International Energy Agency and the Intergovernmental Panel on Climate Change's Shared Socioeconomic Pathways.

🕒 * Financial Impact of Introducing and Expanding Carbon Tax (Quantitative Assessment of Business Impact)

1.5°C Scenario	
2030	US\$102,000 (approx. ¥15 million)
2050	US\$61,000 (approx. ¥9 million)

Note: Calculated by multiplying the GHG emissions forecasts for 2030 and 2050 by the amount of carbon taxes projected under the 1.5°C scenario. No estimates were made under the 4°C scenario as carbon trading in Japan is expected to remain unchanged.

In both scenarios, we found that the impact on our business will be very minimal and that opportunities to develop and expand sales of environment-friendly products will increase. We will continue to conduct business impact assessments to ensure appropriate risk management and translate business opportunities, such as the greater demand for environmentally conscious products, into increased earnings.

Risk Management

The process for identifying, assessing, and managing climate-related risks and the approach to integrating this process into the organization's overall risk management

Operation of Risk Management Regulations

At Chori, we have established and operate risk management regulations with the aim of identifying potential risks in our business activities, reducing risks and preventing crises from occurring during the course of normal business conditions, establishing a system for responding to crises that may pose a significant impact on our business activities, and responding promptly and appropriately to prevent the situation from deteriorating and recover and normalize the situation as swiftly as possible.

Risk Management Under Normal Business Conditions

Under the guidance of the risk management officer (the president of the Company), the risk management promotion officer (the general manager of the Corporate Planning Division) and the organization responsible for risk management (the Corporate Management Department) identify material issues within the organization; formulate various measures to mitigate, prevent, and promptly detect risks that may exist within the Company; and implement the necessary educational and training programs in a voluntary and systematic manner. They also follow up on the results of crisis response measures, verify their impact, identify issues, and seek measures toward improvement.

The Company's risk management regulations define climate-related risks as those risks that relate to either the "external business environment, including society, the economy, and politics," or the "business continuity plan." As demonstrated by the results of the aforementioned scenario analyses, ensuring a stable supply chain is extremely important to the continuation of our business. With respect to transaction-related risks classified in our risk management regulations, in order to address the risk of supply chain disruptions that stem from various supplier-inflicted issues and to fulfill our social responsibilities for procurement activities in Japan and overseas, the Company has established CSR procurement guidelines and promotes procurement activities that underline the importance of corporate ethics, legal compliance, safety, disaster prevention, environmental conservation, product safety, quality assurance, human rights, and working conditions.

Crisis Response Measures

In the event of a crisis, placing the highest priority on ensuring the safety and protecting the lives of each individual, the following measures must be taken in accordance with Company regulations: communicate and report details of the crisis based on the crisis communication system; establish a crisis response headquarters under the direction of the Risk Management Deputy Officer; and execute tasks, communicate the emergency, report the results of investigations, and implement measures to prevent recurrence through the crisis response headquarters.

Indicators used to assess climate-related risks and opportunities in accordance with the organization's strategies and risk management processes, targets used by the organization to manage these risks and opportunities, and progress toward the achievement of these target

The Group has been compiling data on the actual amount of GHG emissions produced by its business activities since fiscal 2020 and is aiming to reduce GHG emissions (Scope 1 and Scope 2) and achieve carbon neutrality by 2050. We will also look to reduce Scope 3 emissions in order to reduce GHG emissions throughout our entire supply chain.

The aforementioned Sustainability Promotion Committee will examine GHG emission reduction targets.

🕒 GHG Emissions Results

	Category	Type	Actual Amount of FY2020 (t-CO ₂)	Actual Amount of FY2021 (t-CO ₂)	Actual Amount of FY2022 (t-CO ₂)	Actual Amount of FY2023 (t-CO ₂)	Scope of Calculation
Scope 1	Direct emissions	—	385	330	312	260	Consolidated
Scope 2	Indirect emissions	—	956	866	872	862	
	Total (Scope 1 + Scope 2)		1,341	1,196	1,184	1,122	
Scope 3	Category 1	Purchased goods and services	—	1,090,766	1,209,416	1,105,555	Non-consolidated
	Category 2	Capital goods	—	131	372	115	
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	—	41	36	30	
	Category 4	Upstream transportation and distribution	—	113,462	126,087	110,068	
	Category 5	Waste generated in operations	—	102	108	89	
	Category 6	Business travel	126	128	168	190	Consolidated
	Category 7	Employee commuting	238	243	317	356	
	Category 9	Downstream transportation and distribution	—	461	454	424	Non-consolidated
	Category 12	Processing of sold products	—	1,318	1,292	1,195	
	Scope 3 Total		364	1,206,654	1,338,251	1,218,021	

Scope 1: Direct emissions
Scope 2: Indirect emissions
Scope 3: Supply chain emissions (actual amounts for fiscal 2020 consist only of emissions from "business travel" (category 6) and "employee commuting" (category 7))
Note: GHG emissions are estimated using the GHG emissions calculation method defined in the GHG Protocol.

Promote Businesses That Contribute to the Realization of a Sustainable and Prosperous Society

Sustainable Products (Formerly SDG-Oriented Products)

Under Chori Innovation Plan 2025, we will develop sustainable businesses that adapt quickly to the changing business environment in line with our basic strategy and expand our line of environment-friendly SDG products, which we have set as a non-financial target.

To continuously expand our portfolio of sustainable products, the Sustainable Business Management Team reconsidered their definition and categorized them into two main functions: protecting the environment and enriching lifestyles. In addition, these products are divided into subcategories based on specific criteria. Furthermore, the products the Chori Group is directly in charge of and those that offer added value through the Group's unique wisdom and ingenuity have been designated as "Plus Value" products, which we aim to strategically expand going forward.

Protecting the Environment

Reducing GHG emissions

✓ Contribute to CO₂ absorption

✓ Contribute to reduction of GHG emissions during manufacturing, use, and disposal



Building Materials

PV

Building materials, such as heat-shielding housewraps and roofing, help maintain comfortable indoor temperatures and reduce energy consumption, thereby reducing CO₂ emissions.



WSTM

BLUE CHAINTM

WSTM is a material we developed together with KOMATSU MATERE Co., Ltd. that can be dyed quickly at low temperatures. This quick-dyeing yarn also reduces CO₂ emissions from the fabric dyeing process by 31.7%* compared with conventional yarn.
* Based on measurements using standard WSTM materials

Improving energy efficiency

Promoting renewable energy use

✓ Contribute to energy efficiency

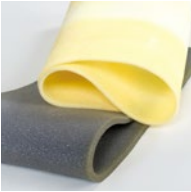
✓ Contribute to promotion of renewable energy



Lithium Compound Production Project in Chile

PV

Chori has been involved in a project to extract lithium compounds from brine water without reducing the water volume of salt flats.



Urethane for Residential Solutions

Urethane offers exceptional thermal insulation, so using it in walls and roofs helps maintain stable indoor temperatures and reduce energy consumption.

Reducing environmental impact (Preventing environmental pollution)

✓ Contribute to reduction of environmental impact from manufacturing, use, and disposal

✓ Contribute to reduction of environmental impact using biodegradable materials



ECOSOLTM

PV BLUE CHAINTM

ECOSOLTM is a polyester yarn that is colored by blending pigments into the yarn during the spinning stage. Adding colors at the yarn-making stage uses less water and produces less CO₂ emissions than dyeing fabric.



Biodegradable Resin

PV

Chori handles the biodegradable resin used in seed sheets, which are eventually decomposed into water and CO₂ by microorganisms, and is proposing the use of this naturally derived synthetic resin in garbage bags and other products.

Promoting resource recycling

✓ Contribute to resource recycling by utilizing waste and by-products



ECO BLUETM

PV BLUE CHAINTM

ECO BLUETM is a recycled polyester fiber produced by turning used plastic bottles into plastic pellets, which are used to manufacture over 200 types of products, including long- and short-fiber fabric.



NEXUEDETM

BLUE CHAINTM

NEXUEDETM is a high-quality woven microfiber fabric that can be used as an alternative to artificial leather. Due to its suede-like feel, NEXUEDETM is used on car seats and a number of other products.

PV Plus Value products BLUE CHAINTM BLUE CHAINTM products

Enriching Lifestyles

Protecting food (Ensuring sustainable food production)

✓ Contribute to reduction of food loss

✓ Contribute to safe and secure food production

✓ Contribute to sustainable food supply



Shelf-Life Extenders

PV

Shelf-life extenders contribute to reducing food loss by helping preserve food quality and extending shelf life.



Pesticide Ingredients and Intermediates

PV

Pesticide ingredients and intermediates that do not leave residue on agricultural products contribute to reducing environmental impact during food production more than conventional products.

Protecting clothing

✓ Contribute to a sustainable society by providing comfortable clothing



TEXBRIDTM

PV BLUE CHAINTM

TEXBRIDTM is a highly stretchable material that offers excellent elongation recovery capabilities through its spring-like molecular structure, making it especially comfortable to wear. This wrinkle-resistant material caters to a variety of situations, including sports activities and business environments.



SPXTM

PV BLUE CHAINTM

SPXTM is a stretchable, highly crimped polyester yarn made by PIN texturizing, a unique Japanese yarn processing technology that has been used for over 50 years in the Hokuriku region. Due to the unique puffiness and lightness of this yarn, SPXTM is remarkably soft on the skin and comfortable to wear.

Protecting health

✓ Contribute to longer healthy life expectancy



Raw Materials and Intermediates of Generic and Brand-Name Drugs

PV

Chori contributes to extending healthy life expectancy by supplying ingredients and intermediates for generic and brand name drugs and anticancer and antiallergic agents as well as by supporting drug discovery.

Pick up

blue chainTM

SUSTAINABILITY COMES FROM THE WHOLE SUPPLYCHAIN.

Chori's Unique Concept for the Fibers, Textiles, and Garments Business

Achieving Sustainability Throughout the Entire Supply Chain

BLUE CHAINTM is a concept unique to Chori that aims to achieve optimal sustainability across the entire supply chain through a versatile combination of sustainability-focused initiatives carried out along each stage of the textile industry chain, from upstream to downstream (from yarn to fabric to the final product). BLUE CHAINTM was established as a means to address the various issues associated with the textile industry, such as GHG emissions and water use.



BLUENYTM

BLUENYTM is a line of three types of nylon: LOOP, a nylon made from recycled fiber waste; OCEAN, a post-consumer nylon derived from used fishing nets; and SAVE, a bio-nylon derived from plants.



B-LOOPTM

B-LOOPTM is a recycling initiative for textile products in which polyester and other materials are processed into recycled cotton and yarn and used in clothing and various materials, such as soundproofing materials for automobiles and pavement materials for riverbeds and to prevent flooding.

43

CHORI CO., LTD.

Tsumugu Report 2025

44

Promote Businesses That Contribute to the Realization of a Sustainable and Prosperous Society

Create value through activities that go beyond the import and export of goods

At Chori, we go beyond the scope of our import and export business to create value.

Fibers, Textiles, and Garments Business

Cooperation with the Hokuriku Region

The Hokuriku region (Fukui Prefecture, Ishikawa Prefecture, and Toyama Prefecture) boasts an extensive track record in the manufacture of yarn and textiles spanning over 400 years and thrives on the production of synthetic fiber fabric. Since the establishment of branch offices in Fukui Prefecture in 1929 and Ishikawa Prefecture in 1934, Chori has worked to develop a yarn and textile business that is deeply rooted in this region. In cooperation with synthetic fiber manufacturers, Chori began wholesaling raw yarn to the textile industry (textile manufacturers) and producing textiles with the industry. After the end of World War II, Chori took sole responsibility for the sale of woolly nylon, a raw material used in stockings, and grew in step with the Hokuriku region during a period of high economic growth in Japan.

SPX™ is a highly crimped polyester stretch yarn made from PIN texturizing processing technology in the Hokuriku region of Japan that is highly regarded for its unique texture and is used in a wide range of products from fashion to sportswear. In anticipation of growing demand, we have decided to lease our SPX™ mass-production equipment and testing machines to partner companies in the Hokuriku region free of charge. By doing so, we aim to enhance production capacity and efficiency, expanding our raw materials business in Japan and overseas.

On the strength of our high quality and footwork that can only be realized through domestically made products, we will continue to work with local companies to provide products that fulfill the needs of each customer and share the quality of products made in Japan with the rest of the world.

Related Content

Highly Crimped Stretch Yarn SPX™



<https://youtu.be/ZxGvD0XZWE8?si=wzWgqrOyMwVl4SQx>

Chemicals Business

Introducing a New Method of Using Ionic Liquid to Produce Electrolytic Aluminum

Zhejiang Ldet Energy Technology Development Co., Ltd., a company based in the Zhejiang Province of China, plans to launch a pilot plant in 2025 to introduce a new method of using ionic liquid to produce electrolytic aluminum. Chori signed an exclusive distributorship agreement with Zhejiang Ldet Energy Technology Development in July 2022 for Japan, South Korea, Taiwan, and India, and the two companies have since worked to expand sales of ionic liquids in these markets. We also reached an exclusive distributorship agreement to sell ionic liquids for electrolytic aluminum production worldwide, excluding mainland China. Since the ionic liquid method is a new approach, we will work to develop practical applications going forward.

What is the ionic liquid method for electrolytic aluminum production?

Groundbreaking method that significantly reduces environmental impact

Conventional Method	Ionic Liquid Method
• Immense use of energy • Electrolytic temperature of over 900°C* • CO₂ emissions approximately 10 times the production volume* → Industry with high CO₂ emissions	✓ Reduces energy use to around 40% of conventional method ✓ Electrolytic temperature of below 100°C ✓ No CO₂ emissions generated during the ionic liquid production process

Contributes to the sustainable supply of aluminum, a base metal essential to daily life, and the realization of a carbon-free society

* Source: Data published by the Japan Aluminum Association

Chori's Social Contribution Activities

We conduct activities that contribute to the betterment of society and the development of local communities in accordance with the Chori Group Social Contribution Activity Policy, established in April 2024.

Chori Group Social Contribution Activity Policy

Under the corporate slogan of “Making your dreams come true,” the Chori Group is committed to promoting social contribution activities that help ensure a bright future for our stakeholders based on the three priority areas of environmental consideration and protection, contribution to local communities, and the education and development of the next generation.

1) Environmental Consideration and Protection

We shall strive to protect the future of our stakeholders by conducting activities that safeguard the environment and help realize a carbon-free society.

2) Contribution to Local Communities

We shall strive to shape the future of local communities by promoting activities that foster the development of the communities in which we do business.

3) Education and Development of the Next Generation

We shall enrich the future of the next generation by engaging in activities that help the youth of today pursue their dreams.

Fiscal 2024 Activities



We cosponsored the World Food Programme (WFP) Walk the World event, a charity walk organized by the United Nations WFP Association, in which 200 people from the Chori Group participated.



We visited junior high schools in Suita and Sakai, Osaka, to collaborate on the Waku-Waku Doki-Doki SDGs Junior Project, which is promoted by the Osaka Prefectural Board of Education.



We held beach cleanup activities following the World Surf League whitebuffalo OMAEZAKI Pro QS 3000 professional surfing competition with approximately 300 participants, including athletes, fans, and residents of Omaezaki City (Shizuoka Prefecture).



We made a donation to the Nakanoshima Children's Book Forest, a cultural facility established in 2020 to nurture children's creativity and imagination through books, arts, and culture.



A total of 10 Chori associates participated in an hour-long cleanup event held by the Toray Group on the banks of the Arakawa River in Tokyo Prefecture in cooperation with the NPO Arakawa River Clean-aid Forum.



Chori was a sponsor of the 9th IR Presentation Contest for University Students and was represented by Team A of Hitotsubashi University's investment club TOWALY, which came in second place.



Management Foundation Tailored to Sustainable Growth



Promote Human Resource Development and Diversity

The Chori Group regards each employee as its most important management resource and has established its policy for human resources, “Empowering people, and working together. Developing people, and growing together. Connecting people, and thriving together,” to secure and nurture exceptionally talented individuals who are indispensable to the growth of its business. As a company that has been in business for over 160 years, we believe it is our mission to continue to grow together with our employees and pass on our traditions to the next generation.

We aim to realize a cycle in which each employee gains a sense of pride and accomplishment in their work, feels a sense of personal and professional growth, and gets a sense of happiness, which in turn, leads to the improvement of corporate value.

Key Themes

- ✓ Provide employees with a rewarding and enjoyable working environment
- ✓ Invest in human capital (human resource development, strengthening of recruitment, promotion of diversity)
- ✓ Increase employee engagement (create a rewarding, comfortable working environment) and promote health and productivity management

Enhancement of Corporate Value

VISION2030

Chori strives to be a company that contributes to the well-being of each stakeholder and provides employees with a rewarding and enjoyable workplace environment.

Chori Innovation Plan 2025 KPIs

- Increase the percentage of women among career-track hires and employees who have transferred to career-track positions to over 30%
- Increase the percentage of male employees taking childcare leave
- Increase the percentage of women in management positions

Investment in human capital

“Nurture people, and develop with them.”
Promote diversity and inclusion
Enhance recruiting capabilities

Promotion of health and productivity management

Improve the health of employees and their families

Boost in engagement

Achieve work that is rewarding
Promote effective two-way communication
Create a better working environment



Promote Human Resource Development and Diversity

Message from the Executive Officer in Charge of Human Resources and General Affairs



Empowering, Nurturing, and Connecting People:
Deciding What to Change and What Not to Change

Satoko Nakayama
Senior Executive Officer
Deputy General Manager of Corporate Planning Division
(Human Resources & General Affairs Department and Information System Department)

Continuing to Leverage Our Strength in People in Future Generations

Chori was founded in 1861 as a raw silk wholesaler in the Nishijin district of Kyoto. We have faced several crises throughout our turbulent history of over 160 years, and I believe it is truly miraculous that this company, with its unique name, has been able to persevere through all of its challenges. I have experienced some of these crises myself, but I recall a uniquely optimistic and positive atmosphere within the Company at the time, rather than a sense of despair. On the other hand, experiencing the feeling that the Company might go out of business remains vivid in my memory.

Chori’s employees are recognized as one of its strengths by many outside the Company because of their high energy and enthusiasm. Perhaps this reputation was built through our

experience of overcoming numerous major crises and is the result of our ability and confidence to view change as an opportunity. Chori, which began as a raw silk wholesaler and would later become a trading company specializing in textiles, has now evolved into a trading company specializing in two vastly different fields: textiles and chemicals. The Company’s long history and this two-pronged business approach are the defining features of Chori’s business, and the individual strengths of its relatively small workforce of less than 400 employees has shaped its unique identity. We take pride in our individual strengths and sense of optimism that have allowed us to overcome change and crises.

Empowering and Developing People:
Adapting Our Strategies for the Recruitment and Development of Human Resources to the Changing Times

Recruitment

In recent years, an increasing number of students have expressed an interest in working at Chori. Many of these students first learn about the Company through their job search and say that the people at Chori are their reason for applying or deciding to join. I am pleased to see that the value we place in our human resources is gaining the attention of those outside the Company.

I am truly excited about the prospect of building Chori’s future alongside young talent who aim to succeed on the global stage, possess the qualities to express their individuality, and bring diverse expertise and experience. Additionally, our mid-career recruitment has steadily increased with the

expansion of our business, now accounting for 25% of our total workforce. Initially, our intention for increasing mid-career hires was to bring in people who can make an immediate impact and complement our existing workforce, but the fresh perspectives and insights brought by these employees have played a valuable role in our decision to reexamine Chori’s culture, rules, and work practices. This fusion of various types of employees is the essence of Chori’s diversity.

Development: Employee Training

Due to our relatively small workforce, every employee plays a key role in our business and the growth of each individual is of vital significance. Two years ago, we hired a training specialist

and significantly revamped the content and structure of our employee training programs. Training is offered to employees as a voluntary initiative to improve their knowledge through constructive feedback, rather than as a company requirement. We have doubled the budget for our employee training programs and intend to increase it even further going forward. We are dedicating more time to developing our employees and supporting their personal and professional growth and the impact of these efforts is already starting to show.

Empowerment: Women’s Advancement and Localization of Overseas Operations

As a company with a relatively small workforce where employees are familiar with each other, Chori promotes women’s advancement in a manner that is fair to all employees, without being fixated on achieving numerical targets. Currently, women account for only 3% of management positions, but they are active in a variety of other positions, including in sales and administration. We view this as a period to build a talent pool of women who will take on significant roles going forward. In fiscal 2024, we transferred two female employees to career-track positions, and we continue to maintain a ratio of 30% or more for women in new graduate positions. We are very excited about the prospect of seeing management candidates emerge from this talent pool. Furthermore, the percentage of male employees taking childcare leave, which is essential to promoting women’s advancement, increased to 53.8% in fiscal 2024.

Chori’s business centers on the development of its global operations. Employees dispatched overseas and many locally hired employees overseas are active throughout our global network. When hiring new graduates, we focus on people with a global mindset, language abilities, and international experience. We encourage them to gain overseas experience early in their careers through trainee programs, overseas assignments, and language training. To further expand our global operations, we will strengthen our recruitment and training activities in each region. Moreover, to address the key issue of developing locally hired employees overseas, we have introduced a reverse trainee system, in which these employees are trained in Japan.

Empowerment: Health and Compliance as Chori’s Foundation

In fiscal 2024, Chori conducted CHOI-Katsu (Companywide CHORI Innovation Activities) for the 13th year. While the activity themes, including compliance, health, communication, environment-friendliness, and digitalization, change on an annual basis, health and compliance are constantly at the core of Chori’s foundation. To promote health in an enjoyable way, we implement a variety of initiatives, such as a walking competition between departments, the announcement of health rankings for each department, and the setting of health-related goals. We have continued to promote health through the concerted efforts of the Human Resources & General Affairs Department, Labor Union, Health Insurance Association, corporate housing residents, and doctors and nurses at our in-house health clinics, as a result of which, Chori was certified as an outstanding organization under the Certified

Health & Productivity Management Outstanding Organizations Recognition Program for the seventh consecutive year.

Ensuring That Employees’ Voices Are Heard:
Compliance and Engagement Through Communication

To foster an open corporate culture, we place great importance on listening to the voices of all our employees. In addition to our annual compliance and harassment survey, stress checks, and internal whistleblower system, we have received an astonishing amount of feedback through our employee engagement survey, which we began conducting in fiscal 2023. The response rate for the compliance and harassment survey has improved from 70% in 2019 to 88% in 2023 and 89% in 2024. We believe this is due to our efforts to continuously monitor responses and disclose the results. We have deepened discussions on harassment-related matters and received a wide range of opinions through our KIITE (fully confidential) and KOTAETE (confidentiality possible at the request of the whistleblower) internal whistleblower systems. Although our employee engagement survey has only been conducted since fiscal 2023, we consider it an important tool for reviewing management practices and communication by visualizing the strengths and weaknesses of each organization as well as the characteristics of the Company as a whole. We will continue to promote communication by ensuring that information is effectively conveyed and understood.

Sharing the Same Sentiment Across Generations:
The Meaning of Continuity

In September 2024, we relocated our Osaka Head Office. With a layout featuring a free address workspace, various meeting spaces, and everyone gathered on the same floor, we have created a work environment that emphasizes unity and communication. Employees are moving more freely than expected, leading to lively interaction across departments and more smiles on their faces than ever before. We have also made significant progress with the shift to paperless operations and organizational improvements and will continue to evolve the office into one that fosters a sense of unity across the Company and employee autonomy.

The relocation also holds great significance in Chori’s history. We left the Midosuji area 47 years ago due to declining performance and have returned to the same area where we saw our initial period of growth. We have received many messages of joy and gratitude, as this marks a new beginning for our current employees while evoking deep emotions for our alumni who experienced difficult times. It has allowed us to reaffirm how, through Chori as an organization, sentiments are shared from person to person and across generations.

Throughout its long history, Chori has overcome numerous crises by resetting and revitalizing its business. Amid all the change, we have continued to ensure that people are the essence of our business. It is our mission to flexibly evolve our human resource policies with the changing times and pass them on to the next generation.

Management Foundation Tailored to Sustainable Growth

Promote Human Resource Development and Diversity

Chori Group Basic Policy on Human Resources

The Chori Group regards people as its most important management resource and believes that each employee's sense of pride and accomplishment and personal growth will lead to corporate growth and contribute to a better society. We will continue to invest in people to achieve the sustainable growth of both Chori and its employees.

Slogan

Utilize people, and be useful to them. Nurture people, and develop with them. Connect people, and join together with them.

I. Policy on Recruitment

- 1. Equitable and impartial hiring practices
- 2. Diversity and adaptability
- 3. Reciprocal dialogue

II. Policy on Training and Development

- 1. Always act responsibly as a member of Chori and keep the Company charter close to their heart
- 2. Have a spirit of independence
- 3. Constantly work hard and come up with creative ideas as results-focused professionals
- 4. Expect the best and prepare for the worst
- 5. Respect the values and cultures of people around the world
- 6. Continuously learn and adapt to changes in society

III. Policy on Diversity, Equity, and Inclusion

- 1. Women's empowerment
- 2. Professionals with various backgrounds
- 3. Various workstyles

IV. Policy on Health



Please refer to our corporate website for details.
<https://www.chori.co.jp/english/sustainability/social/human-capital/policy.html>



➤ Nurture People, and Develop with Them (Human Resource Development)

LET's Training Program for New Employees

Our LET's (Learning Education Training System) training program was introduced in April 2009 to provide new employees with intensive education and training on the basic responsibilities of becoming a working adult, as well as the fundamentals of accounting and trade practices and internal rules, upon joining the Company. The program was revised in fiscal 2023, establishing a framework to train employees for a period of one year. Human resource personnel; assigned section members (coordinators, tutors, and instructors); and mentors collaborate to provide comprehensive support for new employees.

Responsible Units	First Quarter		Second Quarter	Third Quarter	Fourth Quarter
Human resource personnel	Initial training		Certification	Training	Meeting
Assigned section members	Training	Formulation of development plan	Assignment	Monthly development meeting	Information exchange meeting
Mentors	Training				Mentor meeting



Kento Sakoda
Instructor
Section Manager,
Automotive Materials and
Fabrics Department, Section 1

Chori's supportive corporate culture has helped many new employees get acclimated to their new surroundings right away, including myself, and I have noticed that internal communication has become livelier with the establishment of the LET's training program.

I believe guidance from instructors plays a major role in the development of new employees, as we are the ones they first look to. I focused on two points in Mr. Furuta's development: encouraging him to take on challenges without fear of failure and to build even better relationships with business partners than the ones I have.

I will continue to provide the support he needs to achieve the growth we envision for the Company over the short, medium, and long term and the growth he envisions for himself. I will do my utmost to ensure that he is fulfilled in his daily work and continues to enjoy coming to work for years to come.

Based on the philosophy that "learning through experience is essential," I was given many opportunities to take on challenges upon being assigned to the Automotive Materials and Fabrics Department. This has helped me develop the ability to think and act on my own and become independent in my daily work right away.

My instructor, Mr. Sakoda, is very meticulous about his work, always staying focused on the big picture and being considerate of those around him. I have been able to learn firsthand about the commitment necessary to further my growth through his sense of responsibility for work and his awareness of the entire team.

I aim to be a trusted presence who proudly represents this team, steadily achieve the goals I have set, and grow as a businessperson who can expand opportunities, turn them into results, and strike a balance between offense and defense.



Haruto Furuta
Joined the Company in
April 2024
Automotive Materials and
Fabrics Department, Section 1

Career Development Training

We provide training programs for young employees to help them think more deeply about their future careers and develop guidelines for their individual growth and skill development. A total of 36 employees participated in these training programs in fiscal 2024.



Etsuko Aiko
Fine Chemicals Department,
Section 1

Upon joining the Company, I was assigned to the Corporate Management Department.

Inspired by the story of a senior colleague, who achieved success after transferring to a sales department and who I had trained with, I transferred to the Fine Chemicals Department in my third year. I find great satisfaction in contributing to cutting-edge research of pharmaceuticals, agrochemicals, and semiconductors by addressing the various challenges associated with raw materials and engaging in production activities at manufacturing sites overseas.

I am now more confident about my career path after taking part in career development training. Comparing the "wills," "musts," and "cans" that I set out to do upon joining the Company with my current situation through self-analysis and group discussions has deepened my self-awareness, and I have also come to understand my strengths through the support of my group members.

I was particularly impressed by the words, "In today's rapidly changing world, careers are not necessarily built according to plan but are shaped by turning random events and encounters into opportunities." I will work to continue to broaden my career possibilities by expanding my connections both personally and professionally through company events and other venues as well as studying for qualifications.

► Diversity and Inclusion

Basic Policy

Chori actively recruits people who are diverse in terms of career background, nationality, age, and ethnicity. The active participation of diverse personnel has changed not only our approach to business but also the mindsets of our employees.

Moreover, to allow our employees to continue to work, we have established a system that accommodates the life events of our employees and their families, such as marriage, childcare, illness, and nursing care.

Supporting Work–Life Balance and Childcare

Chori’s shortened work-hour childcare system is being utilized by an increasing number of employees who have returned from childcare leave to balance their work and family life. Also, as a part of our employee benefit program, we have a variety of support systems in place that provide employees with financial assistance for childbirth and childcare, such as our cafeteria plan.



Katsunori Waku
Corporate Management
Department, Planning Section

Immediately after the birth of our third child, I took three and a half months of childcare leave, mainly to look after our older kids. We were able to spend precious time together as a family, watching over our newest family member. My wife told me that I not only provided her with the physical support necessary but also a great sense of emotional security, and I am truly glad that I took childcare leave. I realized once again the challenges of balancing work and childcare as a dual-income family as well as the importance of family support. I would like to contribute to the creation of a workplace culture that encourages more men to take childcare leave so that they can lead fulfilling lives both at home and in the workplace.

Promoting Diverse Human Resources

We promote diversity and Inclusion in the workplace by creating an environment that allows women to realize their full potential and employing people with disabilities. One of our many goals is to increase the percentage of women among new graduate hires to over 30%.

During my first four years with the Company, I gained experience in sales administration, production management, and as a sales representative in the department that later became the current Performance Apparel Department. I was then transferred to the Risk Management Section where I was in charge of credit control for clients for around 12 years. Subsequently, I spent nearly three years in the Internal Auditing Department, conducting internal control audits for the sales departments of our head office and domestic and overseas subsidiaries. In June 2025, I returned to the Risk Management Section and assumed the position of section manager.

Within the Risk Management Section, we are implementing new systems, communicating with new databases, and considering comprehensive maintenance. We are working to build operational and system frameworks to optimize the balance between risk and profit, supporting the realization of sustainable growth.

There are only a few women in management positions at Chori, so I look up to my female acquaintance who holds a managerial position at another company as a role model. I admire her outstanding communication skills and judgment as well as how she enjoys her life away from work, and I am quietly trying to follow in her footsteps. I will continue to work diligently each day and strive to be a role model for others at Chori.



Akiko Togawa
Section Manager,
Corporate Management
Department,
Risk Management Section

► Strengthening of Recruiting Capabilities

In order to achieve sustainable growth, Chori is focusing on acquiring human resources, both new graduate and mid-career hires, who can thrive on the global stage. As part of our new graduate recruitment efforts, we hold online events regularly to promote applications from a wide range of regions. We are also equally active in our efforts to recruit mid-career hires, hiring around the same number of people as we do for new graduates.

Moreover, we have effective systems in place to ensure a smooth transition into the Company. For example, we have introduced a mentor system in which new employees can receive direct guidance from more experienced employees of a similar age. We also promote understanding of our corporate culture and business processes in our new employees through the LET’s training program. Furthermore, we provide programs to ensure that our mid-career hires become fully aware of our operations and internal rules and regulations right away so that they can quickly become an asset to the Company.

In the first few years of my previous job at a logistics company, I was in charge of warehouse inventory operations and later worked in sales, mainly for customers handling nonferrous metals and chemicals. While managing the logistics operations for these products, I developed a desire to engage in logistics planning from the customers’ point of view, so I decided to make a career change. When I came across Chori, I was drawn to the fact that it had an independent unit called the Logistics Department (Chemicals), which led to my decision to join the Company.

I am currently in charge of logistics for a sales department that handles food additives and pharmaceutical ingredients and intermediates. Chori’s corporate culture encourages even young employees to comfortably speak their minds and take on any challenge. That said, there is still plenty of room for improvement when it comes to systematizing our operations. I hope to contribute to the development of a team with exceptional knowledge in trade practices by leveraging my previous work experience.



Shoji Sekine
Logistics Department (Chemicals),
Section 2

► Improving Employee Engagement

Through effective two-way communication from both top-down and bottom-up approaches, we will work to create an open and psychologically safe work environment and improve the corporate culture so that each employee feels a sense of pride and accomplishment in their work.

Since fiscal 2023, we have conducted an employee engagement survey through an external organization to visualize the status of engagement in each organization, ensure awareness of issues, and implement improvement measures. In addition, we are working to raise employee motivation by increasing their base salaries and granting shares of the Company’s stock through the employee stock ownership plan.

Creation of a Comfortable Workplace Environment

We regard people as our most valuable management resource, and for that reason it is essential that we provide employees with workplace environments that allow them to work in a healthy and active manner. We conduct the following initiatives with this in mind, particularly with the aim of providing employees with a healthy work–life balance.

- | Eliminate Long Work Hours | Encourage Employees to Take Annual Paid Leave | Promote Flexible Workstyles |
|--|---|--|
| <ul style="list-style-type: none">• In principle, designate one day of the week as a no-overtime day• Require all staff to leave their workplace by 9 p.m. every day• Restrict the number of overtime hours• Automate work processes with robotic process automation• Improve the efficiency of meetings | <ul style="list-style-type: none">• Require use of annual paid leave (five days)• Encourage employees to take seasonal holidays• Eliminate restrictions on the number of times half-day leave can be taken for the purpose of childcare, nursing care, or hospital visits | <ul style="list-style-type: none">• Utilize work-at-home system and web conferencing system• Conduct one-on-one meetings between employees and their superiors• Provide option to relocate to other locations (transfer to other branches domestically and regionally) |

Promote Human Resource Development and Diversity

CHOI-Katsu (Companywide CHORI Innovation Activities)

CHOI-Katsu is our unique Companywide improvement initiative aimed at sharing and realizing Chori's priority themes. Since its introduction in 2013, CHOI-Katsu has continued to evolve by setting different themes each year in accordance with the changing times and our business environment.

These activities are based on our philosophy of continuing to become better individuals, a better organization, and a better Chori. Through this Companywide initiative, in which all employees actively participate to achieve personal growth and organizational development, Chori will continue to evolve and enhance its corporate strengths.

Each year, our various departments set goals based on the established themes while employees set personal goals based on the goals of their respective departments, which they strive to achieve through their daily work.

Fiscal 2024 Activity Themes

- Compliance and communication
- Health
- Cleanliness
- Digitalization

Fiscal 2025 Activity Themes

- Data utilization
- Health
- Compliance and communication
- Environment

Career Challenge System

This system aims to revitalize our employees by providing them with the opportunity to transfer internally or make career changes. The Human Resources & General Affairs Department compares the requests submitted by transfer applicants with the job description, work location, and desired candidate profile of the recruitment department to find an appropriate match. Transfers are finalized when there is mutual agreement between both parties.

Compliance and Harassment Survey

Chori has been conducting a compliance and harassment survey each year since 2019 to foster a corporate culture free of misconduct and to establish a safe and secure work environment. The survey results are shared on a Companywide basis by the deputy general manager of the Corporate Planning Division (Human Resources & General Affairs Department and Information System Department) to promote continuous improvement.

Dialogue with the Labor Union

At Chori, all non-management employees belong to the Labor Union. We have concluded a labor agreement with the Labor Union and hold labor-management meetings twice a year to continually engage in dialogue on working conditions and the creation of better workplace environments.

➤ Safety and Health Management

Each month, a Safety and Health Committee member visits our head offices in Tokyo and Osaka to assess the workplace environment. Comprising employees of the Human Resources & General Affairs Department, nurses of our in-house health clinics, and representatives from the Labor Union, the Safety and Health Committee ensures a safe workplace environment for all of our employees through the regular monitoring of humidity, temperature, and CO₂ concentration levels by the floor patrol officer.

Moreover, our Tokyo and Osaka head offices, Hokuriku Branch, and Okayama Liaison Office operate in compliance with the Building Sanitation Law of the Ministry of Health, Labour and Welfare, with the facilities constantly ventilated at a rate of 30 m³/h or more per person.

🕒 Safety and Health Committee

Committee Members		Number of Members
Chairperson		1
Company	Occupational physician	1
	Health clinic	1
	Safety officer	1
	Health officer	1
Labor Union	Referee	4 or more
Total		9 or more

➤ Promotion of Health and Productivity Management

Health Declaration February 14, 2018

1. Enhancement of Awareness of the Health of Employees

Chori believes that the health of its employees and their families is significant to the success of its business and that the vitality of its employees translates into the vitality of the Company. Based on this belief, we strive on an ongoing basis to enhance awareness of the health of our employees.

2. Approach to Health and Productivity Management

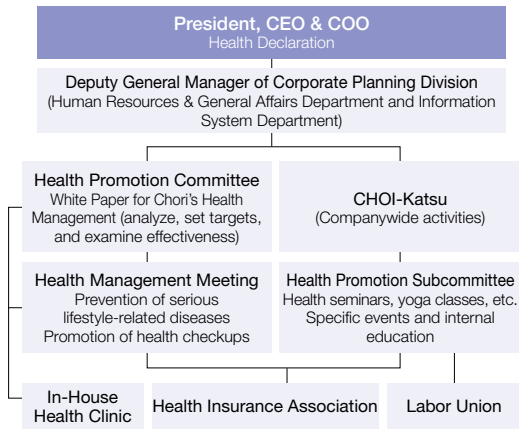
Chori actively supports and promotes initiatives that help maintain and improve the health of its employees and their families with the goal of realizing health and productivity management.

3. Responsibility to Society and the Future

Chori will do what is necessary to ensure the health of its employees and achieve sound corporate management. In so doing, we will make a difference to society and realize sustainable growth.

Health and Productivity Management Promotion Structure

We established our Health Promotion Committee in April 2018 and have since been promoting efforts to realize health and productivity management. Chaired by the deputy general manager of the Corporate Planning Division (Human Resources & General Affairs Department and Information System Department), the Health Promotion Committee consists of industrial physicians and nurses from Chori's in-house health clinics as well as the employees of the Human Resources & General Affairs Department and members of the Health Insurance Association. Chori conducts a debriefing on White Paper for Chori's Health Management, which is published once a year, to assess the current state of health management and to discuss any issues. Through the initiatives of the Health Promotion Committee, Chori aims to maintain and improve the health of its employees and their families and fulfill its Health Declaration.



Ensuring the Health of Employees

Chori has established its own standards together with the Health Insurance Association and is working to manage the health of employees who are highly concerned about the risks of lifestyle-related diseases. As part of the regular health examinations, employees aged 30 and 35 years and over can undergo a comprehensive medical checkup once a year free of charge, and dependents aged 35 years and over of the insured party are entitled to subsidies for medical checkups once a year.

We work to ensure the health of our employees through the support of medical experts. Employees who work over 40 hours of overtime in a month are required to consult with an industrial physician in the following month. Stress checks are also conducted to prevent the possibility of our employees suffering from mental illnesses.



Certified for the seventh consecutive year since 2019

💬 COMMENT

Aiming to realize health and productivity management, we are committed to creating an environment where employees can work long term with peace of mind.



Yuya Fujishima

Supervising physician at Chori's in-house health clinic inside Osaka Head Office

In fiscal 2023, we began fully implementing online medical consultations and established a health portal site, further improving access to health management services through our in-house clinics. In addition, we are utilizing self-management tools, such as a blood pressure monitoring app, to encourage our employees to be more mindful of their health on a regular basis. Furthermore, aiming to enhance employee health literacy, we conducted an e-learning health seminar on the theme of cancer prevention in fiscal 2024. In addition

to providing health checkups, we have introduced a new subsidy program for positron emission tomography (PET) scans for employees aged 50 years, further strengthening our support system for early cancer detection and prevention. Meanwhile, in Japan, the number of employees taking leave due to mental health issues has increased in

recent years and the number of employees receiving workers' compensation due to mental disorders has reached a record high. In addition to the loss of valuable labor, long-term employee absences pose serious economic issues for companies, including business slowdowns, the need for replacement workers, and increased costs to support employees returning to work. Chori arranges consultations with industrial physicians for employees working long hours and based on stress check results. We have also established a consultation system in cooperation with external specialists to promote early intervention and prevent recurrence. In addition to these occupational health measures, mental health measures require a Companywide cultural transformation, such as expanding flexible work options, tailoring support to the circumstances of each employee, and providing educational opportunities for both managers and regular employees. At Chori's in-house clinics, we remain committed to creating an environment where all our employees can work long term with peace of mind with the goal of realizing health and productivity management by providing preventative support for mental and physical health.

Strengthen Supply Chain Management

Key Themes

- ✓ Ensure ability to procure safe, high-quality products and raw materials
- ✓ Strengthen and ensure stability of supply chains (maintain a stable and effective business continuity plan)
- ✓ Make effective use of resources and ensure their stable procurement and supply in line with global demand
- ✓ Address the human rights, labor, and health and safety concerns of suppliers

Chori Group CSR Procurement Policy

The Chori Group has established the Chori Group CSR Procurement Policy and strives to build a sustainable supply chain by promoting CSR throughout it. Through this policy, we communicate our approach to suppliers and other business partners, expecting them to understand and implement the items.



Please refer to our corporate website for more information on the Chori Group CSR Procurement Policy.
<https://www.chori.co.jp/english/sustainability/social/supplychain/>

CSR-Based Procurement Surveys

To promote procurement activities that focus on corporate ethics, legal compliance, safety, disaster prevention, environmental protection, product safety, quality assurance, human rights, and working conditions, Chori conducts a CSR-based procurement survey once every two years, in principle, to periodically check the status of the CSR-based promotion activities of each supplier. In the fiscal 2023 survey, we received responses from 90% of companies in Japan and overseas that participated. Of these companies, 1.5% responded that suppliers did not meet the CSR-based procurement standards. Therefore, we will work with the sales departments to monitor the non-conforming items more closely and seek improvement as necessary.

Address the Human Rights, Labor, and Health and Safety Concerns of Suppliers

Chori Group Human Rights Policy

As a global company, the Chori Group recognizes and respects the different values and cultures of people around the world. In addition to complying with the laws and regulations of each country and region in which we operate, we strive to fulfill our responsibility to respect the rights of all stakeholders by supporting and respecting international norms, such as the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

1. We shall respect the fundamental rights of each employee and not tolerate, under any circumstance, unfair discrimination based on nationality, race, religion, gender, age, disability, or any other attribute, nor harassment or other acts of behavior that bring harm to others. Moreover, we shall not engage in child labor, forced labor, or unfair low-wage labor.
2. We shall aim to promote respect for human rights throughout the supply chains of our business by promoting CSR procurement. Furthermore, we shall not engage in human rights violations of any kind.
3. We shall strive to identify the negative impacts of our business on human rights and not only mitigate such impacts but do everything in our power to prevent them.
4. We shall take prompt and appropriate measures, including remedial action, in the event that we cause or contribute to negative impacts on human rights.
5. We shall promote awareness of human rights issues among our employees and provide opportunities for further education in this regard to ensure proper understanding of all matters involving human rights.

Ensuring the Safety of Our Employees Overseas

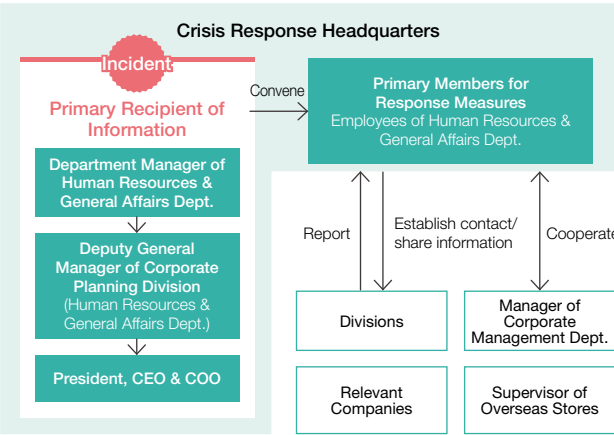
In the event of a natural disaster or a terrorist attack, whether in Japan or overseas, we must be fully prepared to immediately identify the whereabouts of our directors and employees, confirm their safety, and respond appropriately in a timely manner. Chori has in place a proprietary system dubbed the Overseas Business Trip Inquiry, which manages the overseas business trips of domestic employees as well as the business trips of employees dispatched abroad and of the employees of overseas offices, and helps to identify the location of each employee at a particular point in time.

Employees dispatched overseas and their families as well as employees on business trips outside of Japan are also enrolled in Chori's overseas healthcare support program, which provides medical assistance in Japanese in the event of an accident or illness while abroad. The program helps to minimize employee concerns regarding healthcare overseas due to its differences from Japan.

Business Continuity Plan

Chori's business continuity plan has been designed to place the utmost priority on the safety of its directors and employees and to enable the swift recovery of business operations after serious disasters. We have implemented a safety confirmation system, which verifies the safety of all directors and employees and their families in a timely manner, and examine the system regularly. A business continuity plan training course is also held once a year, ensuring that we are fully prepared in the event of an emergency.

Chori's business continuity plan manual calls for a swift recovery of business operations by the sales divisions. For the corporate divisions, we have established a core operations manual to maintain systems, finances, and other basic business functions. Moreover, we have established a crisis response headquarters and operational procedures in preparation for major disasters and pandemics.



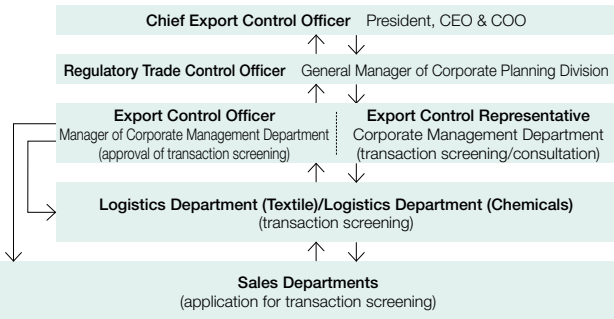
Security Trade Control

With the objective of maintaining peace and security around the world, Chori has formulated its Internal Regulations on Compliance with Export-Related Regulations and Regulations on Fair Reporting and Management of Imports and Exports. We undertake strict export controls to prevent countries in possession of weapons of mass destruction and conventional weapons from getting access to the highly sophisticated equipment and technology of developed countries.

Export Control Process and Training

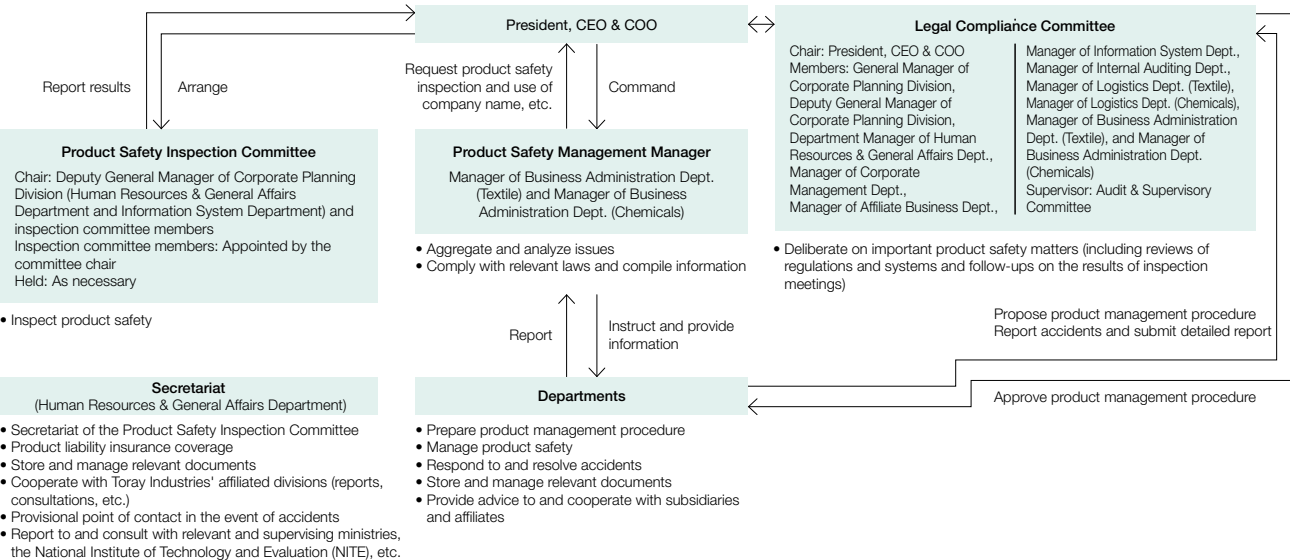
Once applications for list control and catch-all control are filed by Chori's sales departments, the Corporate Management Department conducts final approval. In October 2020, we began implementing a system that integrates the management of information on export products and transactions, ensuring rigorous security trade control and stronger compliance measures. This system is also designed to improve work efficiency and eliminate the use of paper.

In addition, Chori encourages its employees to obtain the STC Associate certificate and holds internal workshops and training sessions to enhance their understanding of export control. In fiscal 2024, 30 employees acquired the STC Associate certificate.



Product Safety Initiatives

In accordance with product safety management regulations, Chori establishes a product safety inspection committee whenever a product is launched, sold, or used externally for the first time.



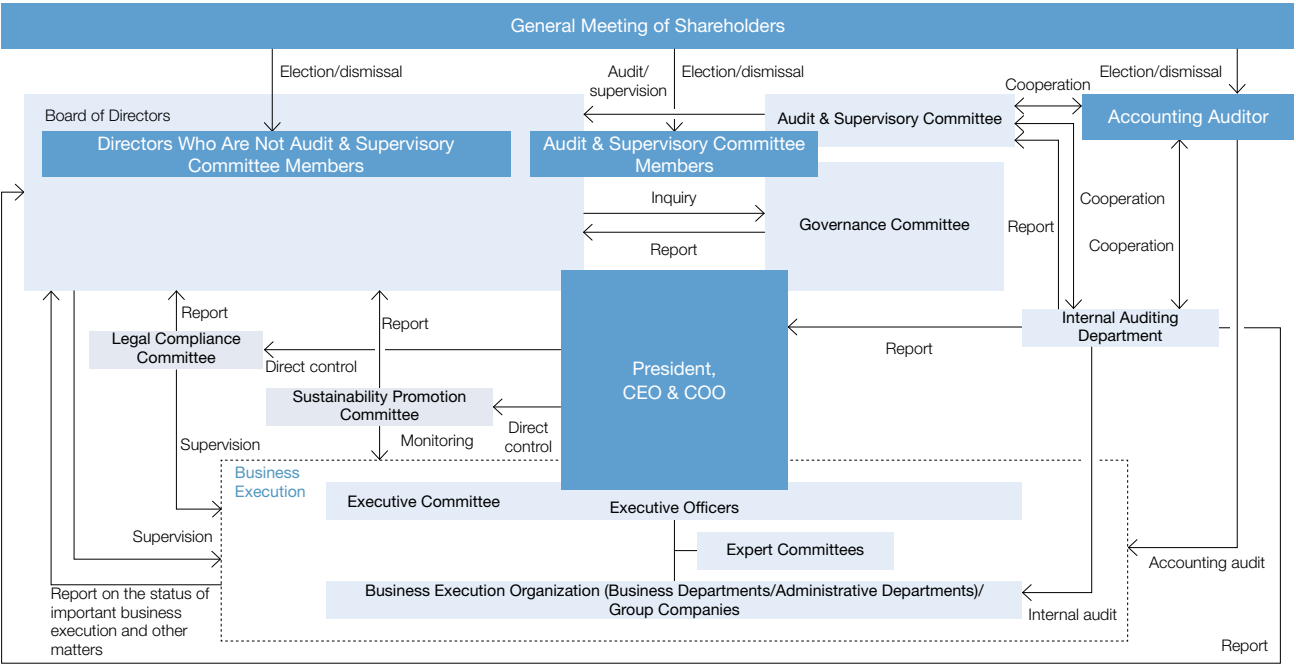
Strengthen Governance and Ensure Compliance

“As members of the global community, we will work for the betterment of society. We take pride in being fair and sincere, and in continuing to offer superb service in order to deliver superior customer satisfaction.” With the corporate philosophy as its foundation, Chori has established systems to ensure the appropriate operation of its business with the aim of realizing sound business management and sustainable growth. We strive to constantly strengthen corporate governance by complying with laws and social norms, conducting efficient and effective operations, and ensuring the credibility of our financial reports, while positioning the Board of Directors as a strategic decision-making and supervisory body for business execution.

Key Themes

- Strengthen governance structure with a view to achieving sustainable growth
- Continue to foster employee awareness of the importance of compliance

Corporate Governance Structure (As of June 20, 2025)



Overview of Corporate Governance Structure and Reasons for Its Adoption

To strengthen the management transparency and oversight function of the Board of Directors, Chori has an Audit & Supervisory Committee in place, the majority of which consists of outside directors.

At Board of Directors' meetings, the directors (including those who are Audit & Supervisory Committee members) engage in lively and sufficient discussions and deliberations from a free and independent perspective in regard to the supervisory status of decision-making and business execution. The Board also consists of three outside directors who are Audit & Supervisory Committee members that audit the legitimacy and appropriateness of the status of business execution from an external perspective in an objective and rational manner. The Company therefore believes that it is sufficiently fulfilling its management supervisory function. Moreover, to ensure the prioritization of results, the Company has set the term of office of directors (excluding those who are Audit & Supervisory Committee members) and executive officers to one year and has established a management structure that can respond to changes in business conditions in a timely manner.

Organizational structure	Company with audit and supervisory committee
Number of directors (excluding those who are Audit & Supervisory Committee members)	5 (of whom, 1 is an outside director)
Term of office of directors according to the Articles of Incorporation	1 year
Number of directors who are Audit & Supervisory Committee members	4 (of whom, 3 are outside directors)
Term of office of directors who are Audit & Supervisory Committee members according to the Articles of Incorporation	2 years
Number of independent officers	4
Executive officer system	Yes
Performance-linked compensation system	Yes
Accounting auditor	Deloitte Touche Tohmatsu LLC

Composition and Overview of the Board of Directors, Executive Committee, and Other Principal Committees

Name	Description	Number of Meetings Held in Fiscal 2024	Attendance Rate of All Directors and Executive Officers	Attendance Rate of Outside Directors
Board of Directors	The Board of Directors consists of all directors and has been positioned as the committee responsible for making strategic decisions and overseeing the Company's operations. The Board of Directors meets at least once a month, in principle, to make decisions on important management matters and to supervise the directors' execution of duties.	16	99.2%	100%
Executive Committee	The Executive Committee consists of executive officers and those who were approved by the Board of Directors, and was established as an organization for conducting discussions and exchanging important information and opinions on matters related to business execution.	26	100%	—
Audit & Supervisory Committee	Directors who are Audit & Supervisory Committee members attend meetings of the Board of Directors and other important meetings, meet with those in charge of the sales departments and the Corporate Planning Division to make decisions on important management-related matters (including processes), and audit and monitor the appropriateness of the execution of duties by each director (excluding those who are Audit & Supervisory Committee members) and executive officer. The Audit & Supervisory Committee meets regularly once a month to share information with outside directors regarding the status of management, audit results, and other matters and to exchange opinions.	15	100%	100%
Governance Committee	The Governance Committee aims to enhance the Company's corporate governance structure in order to strengthen the independence and objectivity of the functions and accountability of the Board of Directors regarding director nomination, compensation, etc., and to protect the interests of minority shareholders. The committee consists of three members: President and Executive Officer Tatsuyuki Sakoda, Outside Director Hiromasa Suzuki, and Outside Director Masaaki Sawano, who also serves as chairman.	5	100%	100%
Legal Compliance Committee	The Legal Compliance Committee is chaired by the president, CEO & COO and consists of directors (excluding those who are Audit & Supervisory Committee members) and executive officers. The committee deliberates on important compliance-related issues and reports the results to the Board of Directors and the Executive Committee as necessary.	6	94.4%	88.9%
Sustainability Promotion Committee	The Sustainability Promotion Committee is chaired by the president, CEO & COO and consists of directors and executive officers. With the aim of continuously enhancing corporate value, the committee checks and monitors the progress of sustainability-related measures and reports the results to the Board of Directors and the Executive Committee as necessary.	5	82.8%	73.3%
Business Investment Committee	The Business Investment Committee is chaired by the president, CEO & COO and consists of members including the general managers of the sales departments. The committee discusses and deliberates the appropriateness of risk-return assessments and plans and the feasibility of important investments and financing.	3	100%	—
M&A Promotion Committee	The M&A Promotion Committee is chaired by the general manager of the Corporate Planning Division and consists of members including the general managers of the sales departments. The committee deliberates on and examines matters pertaining to the business portfolio of Group companies, including M&As and the Group's medium- to long-term management plan, from the perspective of promoting consolidated management centered on our global business.	3	100%	—

* Based on the attendance of committee members

Discussions at Board of Directors' Meetings

At Chori, we strive to invigorate discussions at Board of Directors' meetings by organizing and improving the quality of meeting materials and providing explanations of agenda items to outside directors in advance.

Main Topics of Discussion

Sustainability initiatives	At the Board of Directors' meeting held in April 2024, a resolution was passed to identify material issues and establish sustainability-related policies (including disclosure). Outside directors offered their views on the operation of the Sustainability Promotion Committee and the composition and activities of its working teams.
IR activities	At the Board of Directors' meetings held in September 2024 and March 2025, we reported on the status of engagement with institutional investors and related IR initiatives. External directors offered their views on improving the content of these reports, enhancing information disclosure to institutional investors, and strengthening efforts aimed at increasing corporate value.
Dividends	At the Board of Directors' meeting held in March 2025, a report was made on the budget for fiscal 2024. Outside directors offered their views on setting dividend levels that ensure the effective use of shareholders' equity.

Strengthen Governance and Ensure Compliance

Committee Members (As of June 20, 2025)

Name	Position	Committees and Committee Members							
		Board of Directors	Executive Committee	Audit & Supervisory Committee	Governance Committee	Legal Compliance Committee	Sustainability Promotion Committee	Business Investment Committee	M&A Promotion Committee
Tatsuyuki Sakoda	President, CEO & COO, President and Executive Officer	●	●		●	●	●	●	▲
Hiroshi Yoshida	Director, Managing Executive Officer	●	●			●	●	●	●
Kazuhiro Tohge	Director, Executive Officer	●	●						
Nobuyuki Inohara	Director	●							
Chizu Sekine	Outside Director	●				▲	▲		
Shigemasa Yabu	Director, Full-Time Audit & Supervisory Committee Member	●	▲	●		▲	▲		
Masaaki Sawano	Outside Director, Audit & Supervisory Committee Member	●		●	●	▲	▲		
Hiromasa Suzuki	Outside Director, Audit & Supervisory Committee Member	●		●	●	▲	▲		
Hiroko Noda	Outside Director, Audit & Supervisory Committee Member	●		●		▲	▲		

Diversity of the Board of Directors

The Board of Directors must decide on matters in a transparent, fair, prompt, and decisive manner, and therefore consists of members with a diverse range of views, experience, and skills. To strengthen corporate governance by ensuring the objectivity and appropriateness of decisions made by the Board of Directors, at least one-third of the members are independent outside directors.

Directors

Name	Gender Male Female	Length of Service*1	Areas of Expertise and Experience				
			Corporate Management	Global	Finance and Accounting	Risk Management	Sustainability and ESG
Tatsuyuki Sakoda	Male	3 years	●	●	●	●	●
Hiroshi Yoshida	Male	1 year				●	●
Kazuhiro Tohge	Male	7 years	●	●			●
Nobuyuki Inohara	Male	1 year	●				●
Chizu Sekine	Female	Newly appointed	●	●			●

Directors Who Are Audit & Supervisory Committee Members

Name	Gender Male Female	Length of Service*1	Areas of Expertise and Experience				
			Corporate Management	Global	Finance and Accounting	Risk Management	Sustainability and ESG
Shigemasa Yabu*2	Male	3 years			●	●	
Masaaki Sawano	Male	7 years				●	
Hiromasa Suzuki*3	Male	3 years	●				●
Hiroko Noda*4	Female	1 year			●	●	●

*1 Indicates number of full years of service as of June 20, 2025
*2 Shigemasa Yabu served as a director of the Company for seven years prior to concurrently serving as an Audit & Supervisory Committee member.
*3 Hiromasa Suzuki served as a director of the Company for one year prior to concurrently serving as an Audit & Supervisory Committee member.
*4 Hiroko Noda served as a director of the Company for two years prior to concurrently serving as an Audit & Supervisory Committee member.

Definition of Each Skill



Corporate Management

Experience as a corporate manager and considerable knowledge of group management and management strategies



Global

Experience working overseas and managing an overseas company and considerable knowledge of global corporate management



Finance and Accounting

Experience as a certified public accountant or certified public tax accountant or experience working in a finance and accounting department, etc., at a corporation and considerable knowledge of these fields



Risk Management

Business experience in the fields of risk management, corporate legal affairs, and compliance and considerable knowledge in supervising corporate management



Sales and Marketing

Business experience in a sales department and considerable knowledge of sales and marketing in a wide range of business domains



Sustainability and ESG

Experience in corporate management focused on sustainable growth and considerable knowledge of sustainability and ESG

Reason for Nomination of Outside Directors

The Company's outside directors were nominated for the reasons outlined below as well as their ability to supervise management from an external point of view, such as through the proactive exchange of opinions and advice at the Board of Directors' and other important meetings.

Name	Reason for Nomination
Chizu Sekine	She has been appointed as she has been engaged in research and development in the field of electronic chemicals for many years and has extensive management experience as the head of a company providing chemical technology information. She is expected to provide appropriate advice regarding the management of the Company. In addition, it has been deemed that she has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.
Masaaki Sawano	He has been appointed as an outside director as he is expected to provide appropriate advice regarding the management of the Company and on the grounds that he is deeply familiar with corporate legal work as a lawyer and has sufficient insight to supervise corporate management. In addition, it has been deemed that he has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.
Hiromasa Suzuki	He has been appointed as an outside director based on his many years of involvement in corporate management and his wealth of experience in group management as a top executive of a company, which involved orchestrating the establishment of a company. As an outside director, he is expected to provide appropriate advice regarding the management of the Company. In addition, it has been deemed that he has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.
Hiroko Noda	She has been appointed as an outside director based on her knowledge, experience, and abilities as a certified public accountant as well as her sufficient expertise in management gained through her years of experience as an outside director and a management consultant. As an outside director, she is expected to provide appropriate advice to the Company's management. In addition, it has been deemed that she has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.

Strengthen Governance and Ensure Compliance

Executive Compensation

Basic Policy

A compensation structure in which the compensation of Chori’s directors (excluding directors who are Audit & Supervisory Committee members; the same shall apply hereafter) is linked to shareholder interests shall be in place in order to fully function as an incentive to continuously improve corporate value. Our basic policy in determining the compensation of each director is to set it at an appropriate level based on their position, performance, and other factors. Specifically, director compensation consists of three types: monthly base compensation, a yearly bonus, and performance-linked stock compensation based on a stock compensation scheme called Board Benefit Trust-Restricted Stock (BBT-RS).

Overview of Executive Compensation System

	Fixed compensation		Variable compensation	
	45%	45% (single year)	10% (medium to long term)	
	Basic Compensation		Bonuses	Performance-Linked Stock Compensation
Compensation type	Fixed compensation	Short-term incentive compensation (Linked to performance in relevant business year)	Medium- to long-term incentive compensation (Linked to degree of achievement of medium-term management plan)	
Eligible recipients	• Directors who are not Audit & Supervisory Committee members • Directors who are Audit & Supervisory Committee members • Outside directors	• Directors who are not Audit & Supervisory Committee members — —	• Directors who are not Audit & Supervisory Committee members — —	
Grant Method	Cash	Cash	Stocks and cash	
Evaluation index (Variable compensation)	—	• Profit before income taxes results • Progress of medium-term management plan, etc.	• Profit before income taxes over three-year period • Progress of medium-term management plan, etc.	
Maximum amount of compensation	Directors who are not Audit & Supervisory Committee members: No more than ¥300 million annually (However, excludes the portion of employee salary of directors who concurrently serve as employees)	Directors who are not Audit & Supervisory Committee members: No more than ¥300 million annually (However, excludes the portion of employee salary of directors who concurrently serve as employees)	Directors who are not Audit & Supervisory Committee members: Maximum number of points The maximum number of points that may be granted to directors during each applicable term (the adjusted number of points after the end of each term) is the number of points obtained by multiplying the number of fiscal years during the applicable term by 80,000 points (of which, 40,000 points are for directors).	
	Directors who are Audit & Supervisory Committee members: No more than ¥100 million annually (Resolution passed at the 69th General Meeting of Shareholders held on June 15, 2016)	(Resolution passed at the 69th General Meeting of Shareholders held on June 15, 2016)	(Resolved at the 76th Ordinary General Meeting of Shareholders held on June 16, 2023)	
Grant and calculation method	Monthly fixed compensation based on position	• Paid at a certain time of the year • Amount calculated according to the progress of the medium-term management plan and profit before income taxes in the given business year	Based on their position, the Company shall provisionally grant points to directors each fiscal year as stipulated in the director stock benefit regulations. The number of points shall be determined based on the directors' contribution to business performance by multiplying the degree of achievement of profit before income taxes and other achievements by the performance-linked coefficient at the conclusion of the medium-term management plan, in principle. As a general rule, the Company will grant one share per point in proportion to the number of points determined.	

Director Compensation in Fiscal 2024

Classification	Total Compensation (Millions of Japanese Yen)	Total of Compensation by Type (Millions of Japanese Yen)			Number of Eligible Directors
		Fixed compensation: (monetary)	Bonus*3 (monetary)	Board Benefit Trust-Restricted Stock*3,4 (nonmonetary compensation, etc.)	
Directors (excluding Audit & Supervisory Committee members)*1,2 (Of which, outside directors)	205 (1)	88 (1)	87 (—)	29 (—)	5 (1)
Directors (Audit & Supervisory Committee members) (Of which, outside directors)	44 (25)	44 (25)	— (—)	— (—)	4 (3)
Total (Of which, outside directors)	250 (27)	133 (27)	87 (—)	29 (—)	9 (4)

*1 Not including the portion of employee salary for directors who concurrently serve as employees.
*2 The number of eligible directors above does not include two directors (excluding directors who are Audit & Supervisory Committee members) serving without compensation.
*3 Of the above items, bonuses are stated as payment amounts corresponding to profit before income taxes of ¥16.3 billion for fiscal 2024 and Board Benefit Trust-Restricted Stock is stated as payment amounts corresponding to the cumulative profit before income taxes target of the medium-term management plan.
*4 Of the above items, the amounts stated as Board Benefit Trust-Restricted Stock are the amounts recorded as expenses for the current fiscal year.

Evaluation of the Effectiveness of the Board of Directors

Chori conducts an evaluation of the effectiveness of the Board of Directors each year in order to realize a more effective Board of Directors. The evaluation process involves conducting a questionnaire with all directors on the composition, operation, discussions, and support system of the Board of Directors and then compiling the views of each director. Based on the results of the questionnaire, the Governance Committee and the Board of Directors evaluate and analyze the effectiveness of the Board of Directors as a whole. Through this process, it was determined that the Board of Directors is composed of suitably qualified members, including outside directors, and the Board of Directors’ meetings are held in a free and open environment that facilitates constructive discussions and the exchange of opinions. Accordingly, it has been deemed that the Board of Directors is operating appropriately on the whole and that its effectiveness is ensured.

Respondents	All eight directors (including those who are Audit & Supervisory Committee members) in fiscal 2024 (anonymous questionnaire)	
Method of evaluation and analysis	Evaluation and analysis conducted by the Governance Committee and the Board of Directors upon aggregation of results by a third-party institution and ensuring confidentiality	
Questionnaire content	Questions are based on the following 10 major themes • Composition of the Board of Directors • Operation of the Board of Directors • Discussions of the Board of Directors • Monitoring function of the Board of Directors • Support system for directors (including those who are Audit & Supervisory Committee members) • Training • Dialogue with shareholders (investors) • Governance Committee operations • Individual initiatives • General overview	

Evaluation Results

Initiatives for fiscal 2024 and improvements from the previous fiscal year	Improvements were made in establishing internal control systems and monitoring and supervising their operations, including at subsidiaries	Followed up on the progress of both quantitative and qualitative targets of our medium-term management plan and expanded discussions and deliberations accordingly
Ongoing issues	• Need for further discussions and more thorough reviews on the follow-up process for the progress of the medium-term management plan • Need for sufficient discussions on management plans and strategies, focusing on profitability and capital efficiency • Need for further reviews on the status of discussions and reporting at the Board of Directors’ meetings for determining succession plans and director compensation, based on deliberations by the Governance Committee	

We will engage in further discussions to continuously enhance the effectiveness of the Board of Directors.

Maintaining Independence from the Parent Company

Relationship with the Parent Company

- Parent company: Toray Industries, Inc. (holds 12,967 thousand shares of common stock (52.41% of voting rights) as of March 31, 2025)
- We aim to create synergies by developing a stronger connection between the parent company’s material development capabilities and Chori’s information gathering and sales capabilities, thereby increasing the corporate value of both.
- We can gain a better understanding of market trends and the business environment, enhance our credibility, and enjoy other benefits that come with being a Group company.
- With the exception of one non-executive director, no executives or employees of the Company hold concurrent positions at the parent company or its Group companies and the Company does not accept seconded employees.
- We have our own management plan in place to develop our business.

Matters Regarding Transactions with the Parent Company

- We trade textiles, chemicals, and other products with the parent company (net sales of ¥1,257 million and net purchases of ¥6,128 million).
- Transaction terms are determined through appropriate procedures, making reference to fair market prices, just like regular transactions.
- Transactions between the parent company and its corporate group are regularly discussed by the Governance Committee, chaired by an outside director, to ensure appropriateness.
- The Toray Group cash management system applies a rational interest rate based on market interest rates. We utilize the system as one means of settling funds (maximum transaction amounts of ¥1.5 billion for borrowings and ¥7.5 billion for deposits as of March 31, 2025).
- When we need to deliberate on important transactions or actions involving a conflict of interest between the controlling shareholder and minority shareholders, a special committee is established for this purpose, comprising only independent outside directors and outside experts.

Outline of Agreements with the Parent Company Regarding Important Financial and Business Policies

- 1 Examination of the appropriateness of maintaining the Company’s listing
- 2 Execution of appropriate transactions between Chori and Toray Industries, Inc.
- 3 Ensuring the effectiveness of governance that takes into consideration the interests of Chori’s general shareholders
- 4 Appropriate execution of risk management as the Toray Group (including matters for prior consultation on certain matters pertaining to governance and internal control)

Based on these factors, we believe that the Company’s independence from the parent company in its business operations is sufficiently ensured.

*1 As of March 31, 2025

*2 Fiscal 2024 (non-consolidated basis)

Strengthen Governance and Ensure Compliance

CEO Succession Plan

To enhance corporate value over the medium to long term, Chori has positioned the formulation and implementation of a CEO succession plan as one of its key management issues and has established and is working to develop the CEO Succession Planning Guidelines.

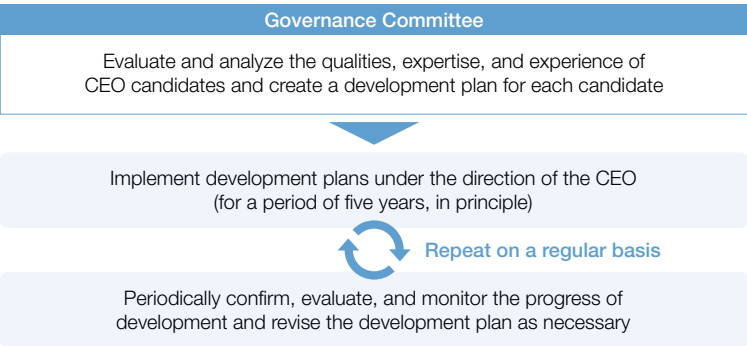
Basic Policies for CEO Succession Planning

- 1 The CEO is best qualified to lead the Group's transformation and growth and the enhancement of corporate value to realize Chori's corporate philosophy and management strategy. Therefore, based on the view that the appointment of the CEO is the most important strategic decision of the Company, we have positioned the formulation and implementation of a CEO succession plan as a key theme of our management strategy.
- 2 The qualities required of a CEO are discussed by the Board of Directors and the Governance Committee, the majority of which is composed of outside directors. The requirements of the CEO position are reviewed as appropriate in accordance with changes in society and the business environment.
- 3 Candidates for the position of CEO who meet the required qualifications shall be selected from not only within the Company but also from outside the Company. In any case, the Governance Committee shall deliberate on the selection process and ensure its transparency and objectivity in cooperation with the parent company.
- 4 The selected candidates shall be given the opportunity to systematically acquire and develop the qualities, expertise, and experience required of a CEO under the direction of the current CEO, and the Governance Committee shall periodically confirm and monitor the status of this progress.
- 5 The Governance Committee shall report to the Board of Directors in a timely manner on the replacement of the CEO in the case of an emergency or in the event that the current CEO is unable to return to their position.

Selection of CEO Candidates

Candidates to succeed the CEO are selected from among directors, executive officers, and other members through deliberations by the Governance Committee. If necessary, the committee will deliberate on the appointment of candidates from outside the Company. Based on our corporate philosophy, management policy, and specific management strategies, the Governance Committee shall engage in sufficient discussions with CEO candidates and deliberate objectively and transparently based on the qualities required of a CEO (determination, integrity, conceptualization skills, decision-making ability, and communication skills) as stipulated in the CEO Succession Planning Guidelines.

CEO Succession Planning Process



Tatsuyuki Sakoda's appointment as CEO in June 2024 was based on the above process, including his appointment as president and representative director of Miyako Kagaku Co., Ltd. in June 2020 and as the general manager of the Corporate Planning Division in June 2022.

Cybersecurity System

Chori has implemented various cybersecurity measures in response to the increasing risk of unauthorized access and cyberattacks in recent years.

Cybersecurity Measures

- Introduction of a risk management system, with the president, CEO & COO in charge of risk management; a risk management promotion officer; and an organization responsible for risk management
- Under normal conditions, the Information Security Committee is chaired by the chief information security officer, while in the event of a crisis, such as a cyberterrorism attack, the risk management promotion officer serves as the head of a crisis response headquarters
- Periodic reports on the status of the Group's cybersecurity to the Board of Directors
- Conducting of internal audits by the Internal Auditing Department, including on cybersecurity
- Response to periodic audits by parent company Toray Industries
- Response to semi-annual attack tests on Chori's external servers by parent company Toray Industries

No security issues were found as a result.

Information Security

In March 2025, the Chori Group established its Basic Policy on Information Security, recognizing the increasing importance of information security governance as a key mechanism for strengthening the Group's overall security environment, complying with laws and regulations, and ensuring the trust of customers and business partners.

Chori Group Basic Policy on Information Security

The Chori Group recognizes that the information systems related to its business activities and the customer and sales information it handles are extremely important information assets for its corporate management. To ensure and maintain a level of information security that can protect these assets, we have established the Basic Policy on Information Security.

- 1 **Compliance with Laws and Regulations**
We shall comply with laws, regulations, social norms, and internal rules related to information security.
- 2 **Security Management System for Information Assets**
We shall establish a security management system for information assets.
- 3 **Prevention and Handling of Information Security Incidents and Accidents**
We shall take every precaution to ensure and maintain information security to prevent incidents and accidents. However, in the event of an incident, accident, or any other occurrence related to information security, we will promptly investigate the cause, minimize the spread of damage, analyze the root cause, and work to prevent recurrence.
- 4 **Employee Education and Training**
We shall provide all directors and employees with ongoing education and training to ensure information asset management and security through e-learning, level-specific training, and other means.
- 5 **Continuous Improvement of Information Security Activities**
We shall periodically review our information security activities and work to improve this basic policy, related rules and regulations, and security management system as necessary.

Cross-Shareholdings

The Chori Group may acquire and hold shares of listed companies (hereinafter "cross-shareholdings") in order to maintain, expand, and sustainably develop its business. In such cases, the Board of Directors and other bodies decide on acquisitions after determining the department in charge of the acquisition and considering the business conditions of the investees and the profitability of the investment.

Each year, the Board of Directors verifies the economic rationality of cross-shareholdings from the perspectives of the significance of each acquisition and holding, profitability of the investment, transaction scale, and relevant profits. The Company reduces the number of shares of stocks that have become less significant due to changes in business relationships or for some other reason.

The Group appropriately exercises the voting rights of cross-shareholdings from the perspective of whether or not the Group and investee companies can expect increases in their corporate value over the medium to long term, while respecting the management policies of investee companies.

Holding of Shares for Purposes Other than Pure Investment (Cross-Shareholding)

	FY2022	FY2023	FY2024
Shares held	27	23	22
Total amount (Billions of yen)	4.2	5.5	2.8

Note: The shareholdings of CHORI CO., LTD. for which the largest monetary amount is recognized on the balance sheets in relation to investment in equity securities (the monetary amount of equity securities recognized) have been stated.

Strengthen Governance and Ensure Compliance

Risk Management

The Company shall identify the potential risks of business activities of the Group, make efforts to reduce the level of such risks, and prevent the occurrence of risk events, as well as develop a system to promptly respond and take appropriate actions in case of the occurrence of risk events.

Risk Management System and Activities

Under the Sustainability Promotion Committee established in April 2024, we have established the Risk Management Team composed of members selected from throughout the Company, which has identified risks and formulated response measures.

1 Risk detection and assessment

We ensured that a comprehensive range of risks were covered and then classified the risks into approximately 30 categories. We conducted a questionnaire survey on specific details and assessments of each risk. The information obtained from the questionnaire survey was then aggregated and analyzed.

2 Current awareness and identification of response measures

Based on the questionnaires, we visualized the risks via risk mapping. For each risk, we examined the current response status and considered necessary response measures.

3 Deliberation and determination

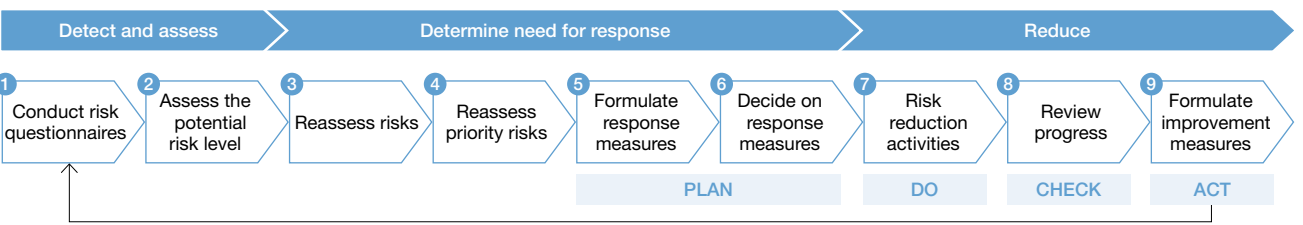
The Group's risk visualization (risk map) and risk management process (PDCA cycle) were discussed and confirmed by the Sustainability Promotion Committee and subsequently reported to and approved by the Board of Directors.

From fiscal 2025 onward, the Group will undertake initiatives to reduce risk based on the process described above.

Risk Management System

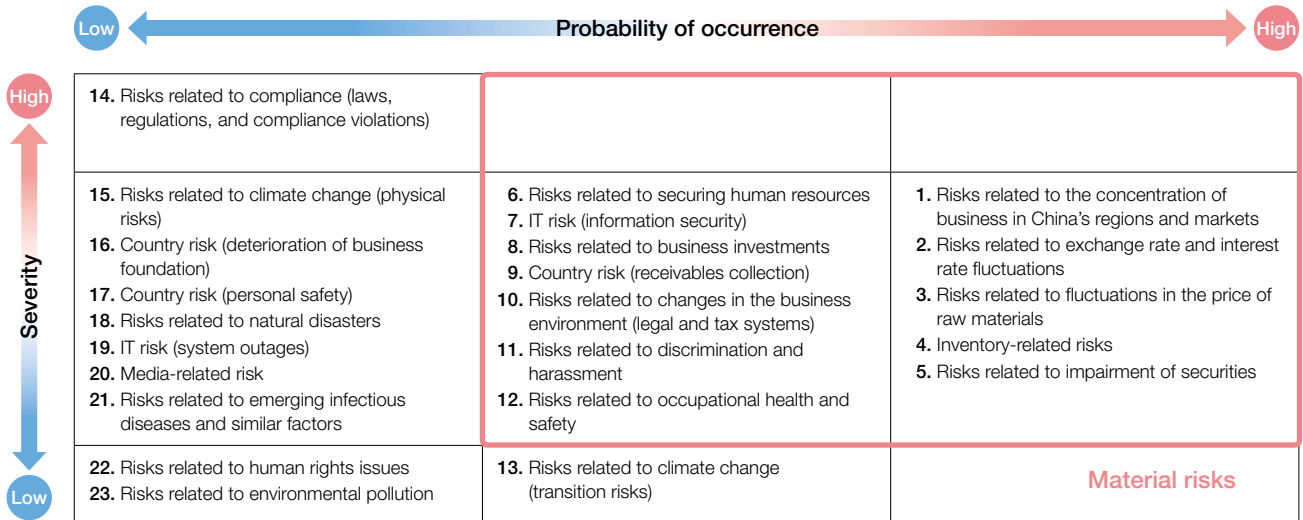


Risk Management Process



Risk Factors

Regarding the risks classified into approximately 30 categories, we evaluated and reclassified them based on the questionnaire results. We then placed 23 risk factors on a risk map using probability of occurrence and severity as key factors. Of these, risk factors judged to have a high probability of occurrence and severity (the 12 factors in the red box) were designated as material risks.



Material Risks

Risk Factors	Description of Risks	Probability of Occurrence	Severity
1. Risks related to the concentration of business in China's regions and markets	Threat of new entrants, bargaining power of buyers and sellers, threat of substitutes, and changes in the competitive environment among industry peers	High	
2. Risks related to exchange rate and interest rate fluctuations	Unanticipated fluctuations in foreign exchange rates and interest rates		
3. Risks related to fluctuations in the price of raw materials	Fluctuations in commodity prices and supply chain diversification		
4. Inventory-related risks	Prolonged inventory turnover period due to factors such as declining sales prices		
5. Risks related to impairment of securities	Decline in the share prices of securities held in the stock market		
6. Risks related to securing human resources	Shortage of human resources required to execute the Company's strategies and business plans	Moderate	Moderate
7. IT risk (information security)	Breaches of information and data security due to factors such as cyberattacks, and the occurrence of information and data security incidents in business activities		
8. Risks related to business investments	Excessive risk-taking and the occurrence of events arising from business management and commercial transactions (such as defaults, complaints, and litigation)		
9. Country risk (receivables collection)	Suspension of foreign currency remittances and exchanges by banks, etc., due to factors such as the deterioration of fiscal conditions in specific countries		
10. Risks related to changes in the business environment (legal and tax systems)	Infringement of the Company's rights in its businesses due to policy shifts or changes of government in specific countries	Moderate	
11. Risks related to discrimination and harassment	Incidents of discrimination and harassment		
12. Risks related to occupational health and safety	Incidents of long working hours, forced labor, etc., and occupational accidents (physical injuries and mental health issues)		

Specific measures for material risks are disclosed in the annual securities report (in Japanese only). <https://www.chori.co.jp/ir/library/report/>



Business Investment Process

The Chori Group makes new investments and periodically reviews whether to continue them based on a thorough evaluation and consideration of factors, such as the relevance of potential investments to existing businesses, potential synergies, investment returns, exit conditions, and the progress of investments and financing businesses. The feasibility of important investments and financing are deliberated and discussed by the Business Investment Committee, which is chaired by the president and executive officer and consists of members including the general managers of the sales departments.

Internal Control

Our Basic Policy on the Internal Control System was formulated in May 2006 to serve as a set of fundamental guidelines for the establishment of a framework for ensuring the appropriate execution of business to realize sound corporate management and sustainable growth. Since then, this policy has been amended to reflect changes in the Group's business environment and business activities.

For details on our internal control system, please refer to our Corporate Governance Report. <https://contents.xj-storage.jp/xcontents/AS04137/b242e6b8/0ae0/4d4b/9132/003bb7727e4f/140120250620594746.pdf>



Internal Audit

In regard to internal audits, the Company has established the Internal Auditing Department (consisting of seven members as of June 20, 2025) directly under the president, CEO & COO. The Internal Auditing Department conducts audits on the appropriateness and efficiency of the Company's business activities from a fair and independent point of view. The Internal Auditing Department also evaluates the status of the implementation and operation of internal controls concerning financial reporting in accordance with the Financial Instruments and Exchange Act.

The Audit & Supervisory Committee receives reports regularly on audits conducted by the Internal Auditing Department and verifies the status of business execution of each department and subsidiary. The Audit & Supervisory Committee reports the results of audits to and exchanges opinions with the Internal Auditing Department. The Audit & Supervisory Committee requests the Internal Auditing Department to provide information or conduct investigations when necessary, thereby working closely together to ensure that audits are carried out efficiently.

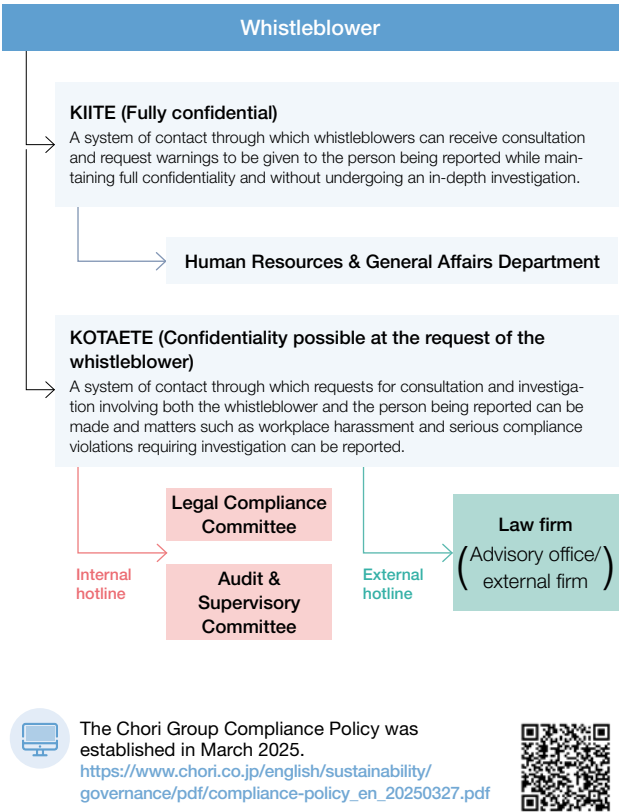
Strengthen Governance and Ensure Compliance

Ensuring of Thorough Compliance

Rules concerning compliance systems, such as the Guidelines for Corporate Behavior, shall be established to set compliance with laws and regulations and social ethics as a code of conduct of our business. In order to make all directors, executive officers, and employees of the Group fully aware of the initiatives for compliance, corporate divisions shall collaborate to hold compliance training and other training programs. The Legal Compliance Committee, with the president, CEO & COO as the chairman, shall discuss important matters regarding the compliance of the Group and report the results to the Board of Directors and the Executive Committee as necessary. In the event of a significant legal violation or compliance violation on the part of a management executive, in accordance with the laws and regulations and the Articles of Incorporation, the Governance Committee shall deliberate on the dismissal of the management executive in question and the Board of Directors shall adequately discuss and consider their dismissal based on those results.

A system of contact has been established throughout Chori whereby executives and employees (including contract, temporary, and other employees) can receive consultation and report on compliance violations and other matters. In this way, we have established a framework for reporting incidents by ensuring the full confidentiality of whistleblowers, who are able to receive consultation either in-house or through an external point of contact depending on the nature of the incident.

Internal Whistleblower System



Message from a Newly Appointed Outside Director



For many years, I was a chemical engineer at a chemical manufacturer, where I was involved in research and development and business development. During that time, I became keenly aware of the reality that even exceptional technologies and products are not always accepted by society, while also realizing the difficulty of creating technologies that are truly needed. Through joint development with overseas group companies, cooperation with research institutes in Europe and the United States, intellectual property negotiations with overseas companies and research institutes, and international standardization activities, I gained experience working in an international environment while based in Japan. Learning the “etiquette” of collaboration while acknowledging cultural differences without being overly conscious of them has been a valuable asset. Currently, I draw on this experience as an outside director at four companies, including Chori, in addition to actively engaging in activities to support universities and public institutions in the areas of science and human resource development.

As a trading company with exceptional capabilities and expertise, I see great potential in Chori’s future. Differentiation will be key to corporate growth in the coming years, and I believe expertise is what will drive this differentiation. Based on my experience in chemical research and business development, I aim to focus on how to utilize this expertise in business and how to establish a connection between expertise and management. As an outside director, I see my role as assessing the direction of Chori’s business from a broader perspective. In doing so, I hope to support the Company in taking on various

challenges and contribute to its growth in any way possible. Risks and opportunities are always two sides of the same coin. Regardless of the industry, the major risks we face today are the accelerating flow of time and the blurring of boundaries. We are in an era where rapidly advancing technology, such as AI, is causing drastic changes in the business environment, leading to situations in which unexpected companies are becoming competitors. Within this context, addressing environmental issues and geopolitical risks will be a turning point for growth in the chemical industry. For example, in fields such as green chemistry and sustainable materials, deciding what to choose and when to proceed requires both advanced expertise and frontline execution capabilities. Chori possesses both of these qualities, and I believe that by using our ability to discern trends, we turn risks into opportunities.

Chori’s strength lies in the exceptional level of trust it has built. Upon my appointment, executives from other companies mentioned that they also do business with Chori and that it is a great company. This kind of reputation is not something that happens overnight. It attests to the solidarity of our business foundation.

On the other hand, one of Chori’s issues is the homogeneity of its workforce. This is common among many long-established companies, and overcoming this issue from the perspectives of adapting to changing times and fostering diversity will be key to achieving growth and promoting DX going forward.

While my participation in Board of Directors’ meetings has been limited so far, under the leadership of President Sakoda, sincere and thorough discussions are held, creating an environment in which outside directors can easily express their opinions. I get the sense that the Board of Directors is determined to further deepen discussions toward more effective governance.

Companies contribute to society through their business activities. I will strive to help contribute in this endeavor as well. Chori is a long-established company with a culture of integrity and strong frontline capabilities. However, in these rapidly changing times, flexibility and the willingness to take on challenges are essential. As an outside director, I will do my utmost to ensure that Chori continues to grow through new challenges while embracing its unique identity and that it remains a company that future generations can trust and of which they can be proud.

Chori Group Basic Policy on Promoting Dialogue with Stakeholders (Established in March 2025)

The Chori Group places significant importance on dialogue with its various stakeholders. Through such dialogue, we gain insight on the expectations and demands of society and reflect them in our corporate activities, contributing to the sustainable enhancement of our corporate value and, ultimately, the sustainable development of society.

Outline of Initiatives

Stakeholders	Outline of Initiatives	Main Dialogue Methods
Customers and business partners	In our dealings with customers and business partners, we prioritize corporate ethics, legal compliance, safety, disaster prevention, environmental protection, product safety, quality assurance, human rights, and working conditions.	- Individual dialogue with customers and business partners - Tsumugu Report - Website - Inquiries - CSR Procurement Guidelines - CSR-based procurement surveys
Shareholders and investors	Regarding information disclosure, we ensure equal access for all market participants by disclosing information in accordance with relevant laws, regulations, and rules. The Company promotes the sharing and use of information obtained from dialogues through the reporting of opinions of shareholders and investors to the Board of Directors and their disclosure to the directors, management executives, and relevant departments as necessary.	- Meeting of shareholders - Tsumugu Report - Website - Financial results briefing - Company briefings for individual investors - Individual meetings - Inquiries
Employees	Chori regards every employee as its most important management resource. We aim to realize a cycle in which each employee gains a sense of pride and accomplishment in their work, feels a sense of personal and professional growth, and gets a sense of happiness, which in turn, will lead to the improvement of corporate value.	- Intranet - Company newsletter - Various training - Employee engagement surveys - Tsumugu Report - Website
Local communities	We contribute to the development of local communities through our business activities and social contribution activities.	- Tsumugu Report - Website - Social contribution activities

Roundtable Discussion with Outside Directors

Toward the Sustainable Enhancement of Chori’s Corporate Value

Hiroko Noda

Outside Director
Audit & Supervisory
Committee Member

Masaaki Sawano

Outside Director
Audit & Supervisory
Committee Member

Hiromasa Suzuki

Outside Director
Audit & Supervisory
Committee Member



Q. How would you assess Chori’s performance in fiscal 2024?

Suzuki In terms of business results, I give high praise to Chori for exceeding its final year profit targets in just the second year of its medium-term management plan. Compared with the previous fiscal year, there were no outstanding receivables or other qualitative concerns for the most part. While the first year under a new president usually involves various challenges and uncertainties, performance remained stable, indicating that the business is in a healthy state.

Sawano Chori has continued to steadily improve its overall strength, and I believe its fiscal 2024 achievements should be tied to the efforts of the current management team. For President Sakoda, fiscal 2024 was a year in which the groundwork was laid to solidify the management foundation. The Board of Directors continued to engage in open and candid discussions while constructive discussions were held by the Governance Committee. Although Chori’s business performance has been strong in recent years, in fiscal 2025, I will thoroughly assess whether it truly possesses the ability to generate profits and continue to achieve sustainable growth.

Noda Achieving record profits is a highly commendable accomplishment. President Sakoda has made appropriate management decisions based on his long-cultivated expertise at Chori and his on-site experience. He has also utilized his experience as general manager of the Corporate Planning Division to achieve stable management. Going forward, the Company will need to further advance sustainability initiatives, such as decarbonization and human resource strategies, in addition to its DX strategies. As outside directors, we will steadily manage and oversee this progress from a medium- to long-term perspective.

Q. What challenges do you foresee for fiscal 2025?

Sawano I believe it is necessary to reanalyze Chori’s core values, which are the source of its earning power. Clarifying and sharing these core values internally will enable the Company to continue reinforcing its core values, while building flexibility will allow it to adapt to the changing business environment and expand its potential for further growth.

Noda I believe the core values of a trading company lie in its people. To fully demonstrate that potential, each employee must clearly understand their own value. Meanwhile, from a sustainability perspective, climate change and human rights are key risk areas, and insufficient understanding of and response to these risks could lead to pitfalls. These are not merely risks but also new opportunities, and ensuring that this is understood by everyone in the Company will contribute to further growth.

Suzuki In recent years, we have seen rapid changes in the external environment, such as the COVID-19 pandemic and tariff policies in the United States. Amid these changes, Chori has maintained stable performance by accurately grasping these changes and demonstrating its ability to adapt accordingly. To continue to achieve sustainable growth, it is important to take an overarching view of these changes and translate this into business growth. With the change in leadership, the question is how much the corporate culture can be transformed to adapt to these changing times. It is necessary to create a virtuous cycle of strengthening the management foundation, expanding business, and adapting to change. Expanding business involves the potential for both success and failure. However, failing to make bold changes and losing competitiveness entails even greater risk. Clearly defining the value Chori provides to society and incorporating

sustainability aspects into our business strategy will be key to the Company’s sustainable growth going forward.

Noda Since the formulation of its Reborn Management Plan in 2003, Chori has diligently focused on business at hand, steadily improving results. In order to take further steps forward, I believe it needs to strengthen its ability to develop business from a long-term perspective.

Q. What is your assessment of the management structure in President Sakoda’s first year?

Noda I have the impression that the business is in a steady state. He has also been actively involved in the Sustainability Promotion Committee. How his vision is communicated to employees and how this translates to their autonomous actions will be pivotal in determining the future of management.

Sawano This past year, he utilized his experience as general manager of the Corporate Planning Division to steadily implement change. Without these changes, the business will not continue to grow. I expect it will soon be time for him to fully demonstrate his leadership as president.

Suzuki While the president is the core of management, ideally, change should be implemented by the management team, whose role is to support the president. The majority of current management remains unchanged from the previous structure. However, bringing in new talent and expertise will likely be necessary for future transformation. I believe President Sakoda has a sound vision for the direction of Chori’s transformation, but how quickly and to what extent these changes can be implemented depends on the structure and functions of the management team.

Q. What are your thoughts on the Board of Directors and its challenges?

Suzuki Essentially, the Board of Directors is a committee that oversees a company’s business execution. As a company grows and strengthens its management foundation, its board typically shifts from direct involvement in business operations to solely focusing on supervisory duties. While gradual changes are occurring, there is still a strong need to align Board discussions with the shareholders’ point of view, and it is also important to heighten this awareness among executive directors.

Sawano A company’s sustainability depends on its ability to create value for shareholders and other stakeholders. For a company to determinedly drive business growth, it must focus on the importance of generating and providing value to all stakeholders. Chori has continued to grow its business by pursuing its own business strategies, having limited transactions with parent company Toray Industries, Inc. However, compared

with other large-cap companies listed on the Prime Market of the Tokyo Stock Exchange, Chori still has plenty of room for improvement and many issues to address. Going forward, it must be conscious about becoming an indispensable member of society from a sustainability perspective and discuss management strategies that reflect Chori’s position and capabilities within the Board of Directors. Regarding profitability, we will deepen discussions within the Executive Committee and encourage members to articulate their dreams and vision for the future. The Board will evaluate the status of management overall by aiming to ensure Chori’s sustainable growth in the future.

Suzuki A company that is trusted by its shareholders can achieve sustainable growth and accomplish many things. On the other hand, losing shareholder trust can lead to loss of credibility, potentially impacting other stakeholders. To ensure that this does not occur, it is important to clearly communicate the future vision, consistently implement policies and goals, and in so doing, gain the support and trust of shareholders.

Noda While discussions among the Board of Directors are held in an open and frank manner, further deepening these discussions from a medium- to long-term perspective is crucial for Chori’s continued growth. As outside directors, we want to understand Chori’s current state and the direction it will take in the future, in accordance with its medium- to long-term strategies. To that end, we hope that matters discussed by the Executive Committee are reported to the Board based on Chori’s medium- to long-term strategies, in addition to sharing information on setting KPIs, M&A, and business investments from a medium- to long-term perspective. We will closely monitor the systematic implementation of these initiatives going forward.

Q. What are your thoughts on the Governance Committee and its challenges?

Sawano The Governance Committee was established as a voluntary committee, equivalent to a nomination and compensation committee in a company with nominating committee, etc. In recent years, measures have been taken to invigorate discussions and fulfill its functions more effectively as a committee. At Chori, in addition to nomination- and



Roundtable Discussion with Outside Directors

compensation-related matters, other important matters that are difficult to present directly to the Board of Directors are discussed by the Governance Committee, which thereby plays a truly important role. Because it complements the Board through the discussion of certain matters, the Governance Committee must consistently share information and ensure close communication with the Board of Directors. In questionnaires on the effectiveness of the Board, there was some feedback suggesting that it was difficult to get a clear view of the Governance Committee's activities. For this reason, developing a method to enhance the transparency of its activities is a matter of urgency going forward.

Suzuki While the Board of Directors imposes certain constraints on discussions regarding parent–subsidiary relationships due to the presence of directors from Toray Industries, the Governance Committee objectively and carefully reviews transactions with the parent company. The increase in ratio of outside directors to four out of nine directors in June 2025 has enabled outside directors to more strongly incorporate external perspectives. This is expected to increase the weight of opinions of outside directors and enhance transparency and accountability in corporate management when ensuring accountability to investors and shareholders. The Governance Committee also functions as a forum for discussion on important matters, such as executive compensation and CEO succession planning, which are difficult to address at Board of Directors' meetings, while maintaining independence. I believe that achieving consensus and sharing information with the Board is the next important step.

Noda Although I am not a member of the Governance Committee, based on examples from other companies, strengthening the secretariat structure and sharing information with the Board of Directors are important issues for nomination and compensation committees. Chori should consider such collaboration and role allocation as measures to continuously strengthen its organizational structure.

Q. What are your thoughts on the Legal Compliance Committee and its challenges, and how do you view Chori's compliance-related initiatives?

Noda Chori is a company that is deeply committed to compliance. To enhance internal compliance awareness, the

Company holds compliance handbook reading sessions, monthly compliance workshops, and other activities. Due to the growing need to address human rights and environmental regulations and the significance of the roles of both the Sustainability Promotion Committee and the Legal Compliance Committee on these issues, clarifying the roles and responsibilities of each committee is a matter to consider going forward. Furthermore, Chori operates in many areas overseas, placing considerable importance on effectively managing and overseeing compliance activities in these regions. Currently, the Internal Auditing Department diligently handles these duties and provides appropriate reports. However, the Company must also be prepared to respond flexibly to further changes in the external business environment. Additionally, I believe it also needs to reassess its understanding of work practices from a compliance perspective and promote measures to secure and retain talent.

Suzuki The Legal Compliance Committee analyzes issues and develops solutions to resolve and improve them, functioning effectively as a corrective mechanism in the event of an incident or any signs thereof. Meanwhile, in terms of promoting self-improvement, the roles of promoting and overseeing business operations seem to overlap somewhat due to the limited number of employees, and this issue needs to be addressed going forward. In the business divisions, sales teams are actively performing to their abilities and driving the Company's growth. In contrast, the efforts of administrative departments to strengthen risk control is essential to ensuring Chori's sustainable growth, and therefore, the next step is to consider developing a more effective risk management structure.

Sawano I believe the Legal Compliance Committee is functioning effectively. However, the overlap in membership across multiple committees is an issue that needs to be addressed to strengthen the governance structure. Although Chori is listed on the Prime Market of the Tokyo Stock Exchange, it has fewer than 500 employees. Due to its limited workforce, experienced managers at Chori hold multiple positions. There is a need for a system that incorporates more diverse perspectives. The sharing of values on diversity and women's empowerment is steadily increasing and as this awareness continues to grow, the functions of various committees, including the Legal Compliance Committee, are expected to become even stronger.

Q. What are your thoughts on the Sustainability Promotion Committee and its challenges?

Noda I believe the Sustainability Promotion Committee's activities in fiscal 2024 were extremely successful as a first step, but matters discussed at its meetings will now need to be disseminated internally. While Chori's material issues focus on themes such as the environment, human resources, and human rights, these issues are rarely raised as top priorities when assessing internal risk awareness. I feel that all employees need to relearn what constitutes corporate risk. In

fiscal 2025, I hope the Company makes a greater effort to foster and promote this awareness. Furthermore, while clarifying the definition of sustainable products is a positive step, it still needs to determine what constitutes a sustainable product, establish KPIs for diversity, and promote other effective measures. For example, since BLUE CHAIN™ features a wide range of sustainable products, I would like to see the Company obtain third-party certification and disclose this information as well as monitor progress by establishing KPIs. From the perspective of increasing the percentage of women in management positions, some companies are taking concrete measures, such as conducting awareness-raising training and developing personal career development plans. Chori needs to take such measures as well, by clearly defining what needs to be done.

Suzuki In fiscal 2024, Chori has established various policies and systems, clarified the definition of sustainable products, and organized risks through the activities of the Sustainability Promotion Committee. Currently, sustainability is addressed in a broad, general context. Moving forward, Chori needs to organize each aspect of sustainability and clearly illustrate what must be done. For example, it is essential to understand the difference between managing risks from a business strategy perspective and a sustainability perspective and determine policies and strategies accordingly. While the committee's efforts to enhance disclosure have been positive, there is also a need to improve the quality of various information. These actions require a sense of urgency, given the rapidly changing business environment. I feel that Chori needs to move more quickly in establishing a framework for sustainability strategies.

Sawano I think a framework is important. The Company needs to clarify its approach to sustainability because it contributes to the well-being of employees, business partners, and other stakeholders and ultimately leads to long-term profitability. Once a framework is in place, the next step is changing the mindset of each employee. We are no longer in an era of simply turning profits; sustainability needs to be understood and incorporated into business activities. In terms of empowering women, the Company may need to focus more on hiring female employees in its mid-career recruitment. While this topic has been discussed in the past, I feel that more effort needs to be made.

Q. Based on your respective areas of expertise, how do you intend to contribute to enhancing Chori's corporate value?

Suzuki As outside directors, I believe we are expected to act as catalysts between the Company and its external stakeholders by accurately identifying general social trends and offering advice from a more comprehensive perspective than internal directors. In my case, I believe I can contribute by offering advice from an investor's perspective, not only to enhance corporate value but also to achieve management practices that are accepted by various stakeholders.

Sawano I believe it is important for a company to understand that it is a physical entity within society. A company's existential



mission includes creating economic value, contributing to sustainability, and promoting diversity. I want Chori to be a company that fulfills this mission as a member of society. I would like to see the profits generated be used for meaningful social purposes and applied to management practices with a view to realizing Chori's vision of the company it aspires to be. Merely complying with regulations and turning profits is not enough. I want Chori to be a company that is truly of value to society, and should issues arise, I intend to offer advice from that perspective.

Noda The executive team will be tasked with formulating strategies and setting KPIs aimed at enhancing corporate value, while we, as outside directors, will monitor and oversee their progress. I feel it is particularly important to develop strategies that incorporate material issues, such as climate change and human rights, while considering risks and opportunities, and necessary to monitor and oversee these KPIs. Regarding diversity, I cannot say that the representation of women is high. The importance of this issue must be reaffirmed as a key element of enhancing corporate value, the actions that need to be taken should be identified and implemented by the executive team, and the progress thereof will be monitored and overseen by the outside directors.

Q. What do you see as the key to achieving VISION2030?

Noda I believe the key to achieving VISION2030 is viewing social issues, such as climate change and human rights, as not only risks but also business opportunities and incorporating them into business models and strategies.

Sawano Companies must continue to generate profits. To do so, they need to identify their core values, build a solid foundation, and forge ahead with their feet firmly on the ground. For Chori, the next medium-term management plan will be key to this end.

Suzuki Currently, Chori is nearly debt-free and unlike times when business was difficult, it has a wide range of management options available. I believe Chori can grow even further by leveraging its solid financial base and shifting toward a more ambitious, risk-taking approach to management. The key is leverage not only from a financial perspective but considering and selecting different approaches, such as M&A and investments. I hope that the next medium-term management plan outlines growth strategies that are not mere extensions.

Directors, Audit & Supervisory Committee Members, and Executive Officers
(As of June 20, 2025)

Directors



President, CEO & COO,
President and Executive Officer

Tatsuyuki Sakoda

■ Number of shares held: 9,437
CEO & COO



Director,
Managing Executive Officer

Hiroshi Yoshida

■ Number of shares held: 10,763
General Manager of Corporate Planning Division and
General Manager of Pharmacovigilance & Quality
Assurance Office



Director,
Executive Officer

Kazuhiro Tohge

■ Number of shares held: 7,424
Special Appointee of the President (in relation to the
Textile Division)



Director

Nobuyuki Inohara

■ Number of shares held: 0
Significant concurrent position
• Corporate Vice President of Toray Industries, Inc.



Outside Director*

Independent Director

Chizu Sekine

■ Number of shares held: 0
Significant concurrent positions
• Outside Director of KOKUSAI ELECTRIC CORPORATION
• Outside Director of rVirogen, Inc.
• Outside Director of SBS Holdings Inc.



Director,
Full-Time Audit & Supervisory Committee
Member

Shigemasa Yabu

■ Number of shares held: 18,891



Outside Director,*
Audit & Supervisory Committee Member

Independent Director

Masaaki Sawano

■ Number of shares held: 0
Significant concurrent positions
• Establishment and foundation partner of CITY-YUWA
PARTNERS
• Member of Advisory Council on Fundamental Issues in
Corporate Management of Urban Renaissance Agency
• Chairman of Advisory Council on Fundamental Issues
in Corporate Management and Rent Council of Urban
Renaissance Agency
• Member of Business Evaluation Monitoring Committee
of Urban Renaissance Agency
• Outside Auditor of Japan Federation of Certified Public
Tax Accountants' Associations
• Member of Kanto Regional Government Asset Council,
Kanto Local Finance Bureau, Ministry of Finance
• Chairperson of Tokyo Metropolitan Government
Election Administration Commission
• Outside Auditor of JS Corporation



Outside Director,*
Audit & Supervisory Committee Member

Independent Director

Hiromasa Suzuki

■ Number of shares held: 0
Significant concurrent position
• Outside Director of Nitta Gelatin Inc.



Outside Director,*
Audit & Supervisory Committee Member

Independent Director

Hiroko Noda

■ Number of shares held: 0
Significant concurrent positions
• Representative of Noda Certified Public Accountant Office
• Representative Director of Probit Consulting Co., Ltd.
• Part-Time Lecturer at Graduate School of Asian and
International Business Strategy, Asia University
• External Director (Audit and Supervisory Committee
Member) of MODEC, Inc.
• Outside Director (Audit & Supervisory Committee
Member) of Okabe Co., Ltd.
• Outside Director of S.T. CORPORATION

Executive Officers (Excluding Those Who Concurrently Serve as Directors)

■ "Number of shares held" indicates the
number of CHORI CO., LTD. shares held.
(As of March 31, 2025)



Managing Executive Officer

Yoshihiro Teratani

■ Number of shares held: 14,365
General Manager of Chemicals Division



Managing Executive Officer

Naohiko Ashida

■ Number of shares held: 3,038
General Manager of Textile Division, Senior Manager of
Fibers & Textiles Business Department, and General
Manager of Hokuriku Branch



Senior Executive Officer

Satoko Nakayama

■ Number of shares held: 14,898
Deputy General Manager of Corporate Planning Division
(Human Resources & General Affairs Department and
Information System Department) and General Manager
of CHORI Innovation Activities



Senior Executive Officer

Masao Nakamura

■ Number of shares held: 3,037
Senior Manager of Chemical & Materials Business
Department



Executive Officer

Yasuhiro Oiwa

■ Number of shares held: 700
Executive Chief Representative for China of the
Company, Chairman and President of CHORI (CHINA)
CO., LTD., and Chairman and President of CHORI
(SHANGHAI) CO., LTD.



Executive Officer

Masahiro Takamaru

■ Number of shares held: 6,152
President of STX Company Limited



Executive Officer

Yasutaka Kawamura

■ Number of shares held: 3,300
Deputy General Manager of Corporate Planning Division
(Corporate Management Department, Affiliate Business
Department, Logistics Department (Textile), and
Logistics Department (Chemicals)) and President of
Chori Machinery Co., Ltd.

* Outside director as stipulated in Article 2, Item 15 of the Companies Act.

10-Year Financial Summary

CHORI CO., LTD. and Group Companies

											(Millions of yen)
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results	Net sales ^{*1}	291,578	270,908	311,705	356,537	329,360	216,233	284,096	329,389	307,699	311,546
	Fibers, Textiles, and Garments Business	117,050	110,992	113,349	120,240	114,520	90,094	115,539	144,846	145,892	152,738
	Chemicals Business	133,742	120,205	142,269	176,525	150,634	123,325	164,155	180,013	160,007	157,864
	Machinery Business	40,704	39,630	56,009	59,696	64,133	2,747	4,323	4,448	1,724	860
	Other	80	80	77	74	72	65	77	81	74	82
	Gross profit	24,799	25,149	26,400	28,585	28,310	26,357	30,650	37,058	38,732	40,515
	Selling, general and administrative expenses	19,429	18,701	19,174	20,538	20,091	22,693	21,321	24,401	23,692	26,022
	Operating profit	5,369	6,448	7,226	8,047	8,219	3,663	9,328	12,656	15,039	14,492
	Ordinary profit (loss) ^{*2}	5,518	6,967	7,499	8,660	8,685	4,656	10,274	12,437	14,476	16,198
	Fibers, Textiles, and Garments Business	—	3,429 ^{*10}	3,480	3,710	4,028	3,877	2,980	5,102	—	—
	Chemicals Business	—	2,522 ^{*10}	3,132	3,890	3,515	(323)	7,410	8,775	—	—
	Machinery Business	—	73 ^{*10}	169	323	417	704	(6)	(1,256)	—	—
	Other ^{*3}	—	941 ^{*10}	716	734	724	397	(110)	(184)	—	—
	Profit (loss) before income taxes ^{*2}	7,018	7,157	7,393	8,609	9,290	4,175	10,778	12,788	14,698	16,316
	Fibers, Textiles, and Garments Business	4,762	3,812	—	—	—	—	—	5,099	8,030	7,690
	Chemicals Business	2,159	3,218	—	—	—	—	—	9,134	7,647	8,873
	Machinery Business	19	57	—	—	—	—	—	(1,256)	(616)	612
	Other ^{*3}	77	69	—	—	—	—	—	(190)	(363)	(859)
	Net profit attributable to owners of parent	4,297	4,780	4,730	5,630	6,101	1,247	6,811	8,124	9,624	11,658
Financial Position (As of March 31)	Total assets	98,736	97,983	119,055	118,499	114,400	110,591	134,121	143,200	143,350	146,076
	Net assets	42,882	46,343	51,153	53,897	57,279	58,831	65,096	72,158	82,097	92,101
	Net interest-bearing debt ^{*4}	(8,029)	(6,824)	(11,134)	(10,887)	(11,962)	(15,547)	(6,939)	(13,902)	(18,705)	(22,411)
Cash Flows	Cash flows from operating activities (A)	4,992	625	6,653	3,196	2,857	5,889	(2,330)	9,596	9,693	7,141
	Cash flows from investing activities (B)	(4,442)	58	821	(1,421)	8	(357)	197	(261)	(2,706)	(1,027)
	Free cash flows (A + B)	550	683	7,474	1,774	2,866	5,532	(2,133)	9,335	6,986	6,114
	Cash flows from financing activities	(1,510)	(1,363)	(2,352)	(4,350)	(1,899)	(887)	(4,015)	(3,099)	(5,381)	(4,775)
Per Share Data (Yen)	Net profit per share	175.31	195.00	192.74	229.28	248.46	50.73	276.82	330.16	390.87	473.06
	Net assets per share	1,746.27	1,887.37	2,079.84	2,191.45	2,328.79	2,390.06	2,643.55	2,932.46	3,330.03	3,733.26
	Dividends per share ^{*5}	36.00	40.00	59.00	60.00	63.00	37.00	84.00	105.00	118.00	142.00
Key Indicators (%)	Return on assets (ordinary profit basis) (ROA) ^{*6}	6.0	7.1	6.9	7.3	7.5	4.1	8.4	9.0	10.1	11.2
	Return on assets (net profit basis) (ROA) ^{*7}	4.7	4.9	4.4	4.7	5.2	1.1	5.6	5.9	6.7	8.1
	Return on equity (ROE) ^{*8}	10.2	10.7	9.7	10.7	11.0	2.2	11.0	11.8	12.5	13.4
	Return on invested capital (ROIC) ^{*9}	6.0	8.5	8.6	9.1	8.8	1.1	8.2	10.8	12.4	11.1
	Equity-to-asset ratio	43.4	47.2	42.9	45.4	50.0	53.2	48.5	50.4	57.2	63.0
	Consolidated dividend payout ratio	20.5	20.5	30.6	26.2	25.4	72.9	30.3	31.8	30.2	30.0
	Price-earnings ratio	8.3	9.9	10.9	6.8	6.2	33.2	6.4	7.6	8.7	6.4
	Price-book value ratio	0.8	1.0	1.0	0.7	0.7	0.7	0.7	0.9	1.0	0.8
Other Data	Stock price at end of March (yen)	1,457	1,939	2,097	1,556	1,537	1,685	1,759	2,508	3,405	3,010
	Number of employees (consolidated)	924	939	991	1,023	1,014	969	1,322	1,285	1,304	1,354
	Number of consolidated subsidiaries	27	27	29	29	29	30	33	32	31	31

*1 Effective from the beginning of fiscal 2020, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 30, 2018).
*2 Ordinary profit is presented as profit before income taxes for fiscal 2015, fiscal 2016, and fiscal 2022 onward and as segment profit for fiscal 2017 to fiscal 2021.
*3 “Other” includes adjustments.
*4 Net interest-bearing debt = Interest-bearing debt – (Cash and deposits + Deposits paid to subsidiaries and associates)
*5 Dividends per share in fiscal 2017 include a commemorative dividend of ¥10 for the Company’s 70th anniversary.

*6 Return on assets (ROA) = Ordinary profit / Total assets (Avg. of beginning and end of fiscal year) × 100
*7 Return on assets (ROA) = Net profit attributable to owners of parent / Total assets (Avg. of beginning and end of fiscal year) × 100
*8 Return on equity (ROE) = Net profit attributable to owners of parent / Total equity (Avg. of beginning and end of fiscal year) × 100
*9 Return on invested capital (ROIC) = Operating profit after income taxes / Invested capital (Equity + Interest-bearing debt, Avg. of beginning and end of fiscal year) × 100
*10 The figures shown reflect changes to segment classification and the calculation method for segment profit implemented in fiscal 2017.

ESG Data

		Data Collection Period	FY2020	FY2021	FY2022	FY2023	FY2024	
Environment	Electricity consumption (kWh) ^{*1}	Fiscal year	585,465	588,428	636,896	588,638	517,138	
	Of which, renewable energy consumption (kWh) ^{*1}	Fiscal year	—	—	199,310	199,240	309,130	
	Wastewater use (GJ) ^{*2}	Fiscal year	993	1,096	1,229	1,197	1,132	
	Copy paper usage (sheets) ^{*1}	Fiscal year	5,713,397	5,365,221	5,250,637	5,133,711	5,042,093	
	General waste generation ^{*2}	Recycled waste (kg)	Fiscal year	35,397	37,539	37,823	36,532	36,274
		Non-recycled waste (kg)	Fiscal year	12,642	13,287	12,900	15,222	15,996
	General waste recycling rate (%) ^{*2}	Fiscal year	73.7	73.9	74.6	70.6	69.4	
	Number of ISO 14001-certified business sites	Fiscal year	4	4	4	4	4	

*1 Non-consolidated

*2 Tokyo Head Office

			Data Collection Period	FY2020	FY2021	FY2022	FY2023	FY2024
Human Resources	Number of employees	Non-consolidated	As of the end of the fiscal year	340	340	331	343	371
		Percentage of female employees (non-consolidated) (%)	As of the end of the fiscal year	32.1	31.5	31.4	30.3	32.3
		Consolidated	As of the end of the fiscal year	969	1,322	1,285	1,304	1,354
	Number of new graduate hires ^{*1}	Men	Fiscal year	14	8	13	14	16
		Women	Fiscal year	4	4	5	4	6
	Number of mid-career hires ^{*1}	Men	Fiscal year	3	17	9	16	12
		Women	Fiscal year	0	4	2	8	17
	Average salary (thousand yen) ^{*2}		Fiscal year	8,666	8,117	9,255	9,631	9,885
	Percentage of women in management positions ^{*3} (%)		Fiscal year	0.0	2.1	3.2	2.0	3.0
	Percentage of people with disabilities ^{*4} (%)		Fiscal year	2.3	2.3	2.1	2.0	1.8

*1 Non-consolidated

*2 Non-consolidated. Excludes dispatched employees

*3 Non-consolidated. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)

*4 Non-consolidated. Includes employees dispatched to other companies

			Data Collection Period	FY2020	FY2021	FY2022	FY2023	FY2024
Work-Life Balance	Total annual working hours (monthly average) ¹		Fiscal year	1,805.4	1,796.2	1,815.9	1,810.6	1,809.6
	Overtime hours (monthly average) ²		Fiscal year	12.4	14.7	15.0	14.2	15.7
	Percentage of paid leave taken (yearly average) ³		Fiscal year	43.3	51.0	54.8	59.3	56.5
	Average age ⁴		Fiscal year	39.6	39.8	40.3	40.2	39.7
	Average years of service ⁴		Fiscal year	13.9	13.7	14.1	13.6	12.8
	Number of employees taking childcare leave ^{*5, 6}	Men	Fiscal year	9	9	6	14	7
		Women	Fiscal year	4	8	7	5	5
	Number of employees working shorter hours due to childcare ⁵		Fiscal year	9	12	14	16	16

*1 Non-consolidated

*2 Non-consolidated. Excludes managers and dispatched employees

*3 Non-consolidated. Includes dispatched employees

*4 Non-consolidated. Excludes dispatched employees

*5 Non-consolidated. Includes employees dispatched to other companies

*6 Number of employees who began taking childcare leave in each fiscal year

		Data Collection Period	FY2020	FY2021	FY2022	FY2023	FY2024
Health-Related	Percentage of employees who undergo regular health checkups ^{*1, *2}	Fiscal year	100.0	100.0	100.0	100.0	100.0
	Percentage of employees taking stress checks ^{*1}	Fiscal year	84.6	85.2	84.0	87.2	95.2
	Number of workplace accidents ^{*3}	Accidents resulting in fatalities	Fiscal year	0	0	0	0
		Accidents resulting in lost workdays	Fiscal year	0	0	0	0
		Accidents not resulting in lost workdays	Fiscal year	1	0	0	0

*1 Non-consolidated. Includes dispatched employees

*2 Excludes expatriates who were unable to return to Japan due to COVID-19

*3 Non-consolidated

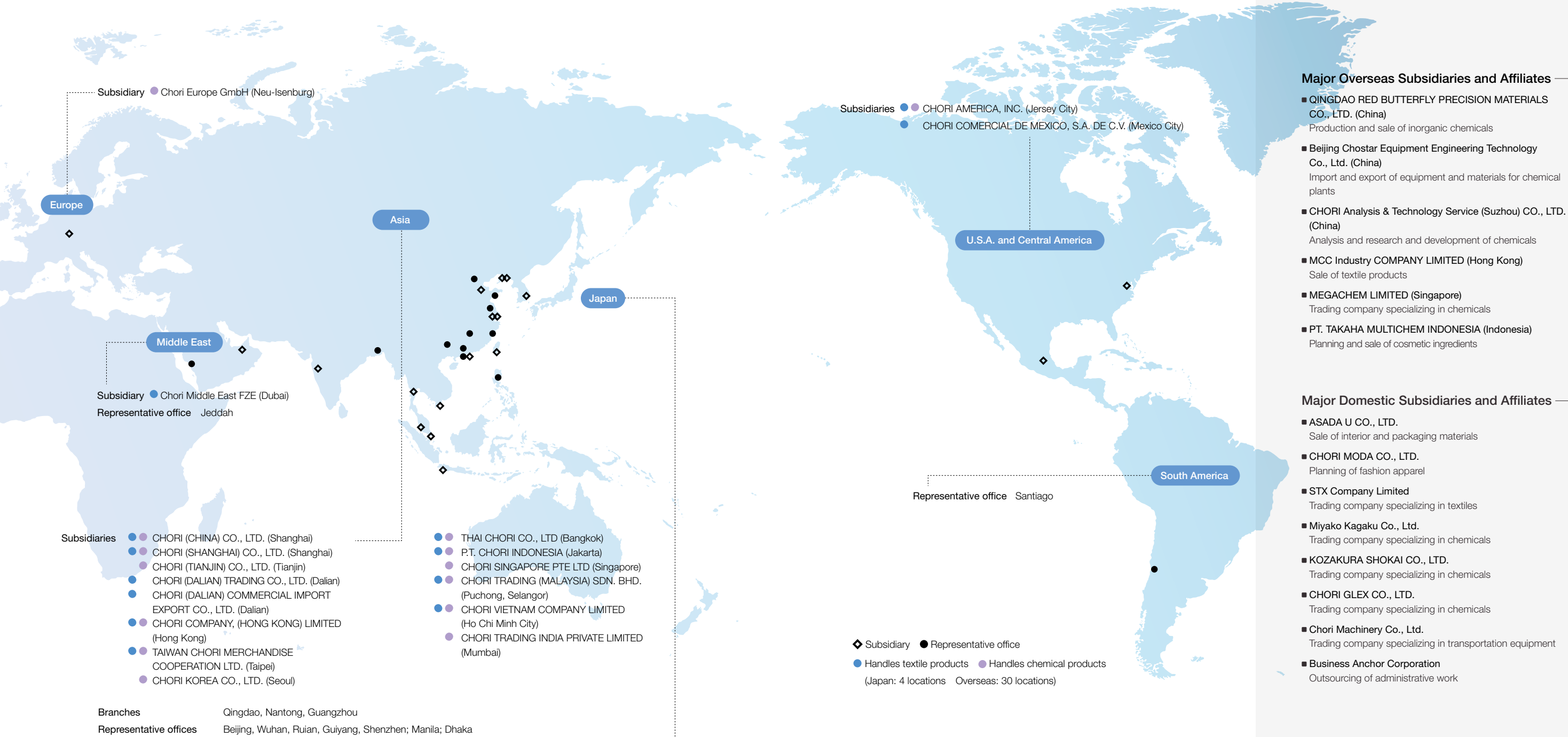
		Data Collection Period	FY2021	FY2022	FY2023	FY2024	FY2025
Corporate Governance	Number of directors (including Audit & Supervisory Committee members)	As of June 30	8	8	8	8	9
	Number of female directors (including Audit & Supervisory Committee members)	As of June 30	1	1	1	1	2
	Percentage of female directors (including Audit & Supervisory Committee members) (%)	As of June 30	12.5	12.5	12.5	12.5	22.2
	Number of outside directors (including Audit & Supervisory Committee members)	As of June 30	3	3	3	3	4
	Percentage of outside directors (including Audit & Supervisory Committee members) (%)	As of June 30	37.5	37.5	37.5	37.5	44.4

		Data collection period	FY2020	FY2021	FY2022	FY2023	FY2024
Compliance	Amount of political donations or contributions ^{*1}	Fiscal year	0	0	0	0	0
	Number of legal violations ^{*1}	Fiscal year	0	0	0	0	0

*1 Non-consolidated

Chori's Global Network (As of September 30, 2025)

After the end of World War II, Chori recommenced the full-scale development of its overseas business in 1949, when private foreign trade resumed. Today, Chori boasts a global network consisting of subsidiaries and offices located in various regions of the world. As we move forward, we will step up the pace of our globalization efforts while addressing the needs of our customers.



Domestic Offices

Tokyo Head Office
Tower C, Shinagawa Intercity,
2-15-3, Konan, Minato-ku, Tokyo
108-6216, Japan
Tel: +81-3-5781-6200

Osaka Head Office
Urbannet Midotsuji Bldg.,
4-2-13, Awajimachi, Chuo-ku, Osaka
540-8603, Japan
Tel: +81-6-6228-5000

Hokuriku Branch
15F Visage Office Zone,
16-1, Showa-machi, Kanazawa
920-8676, Japan
Tel: +81-76-232-3521

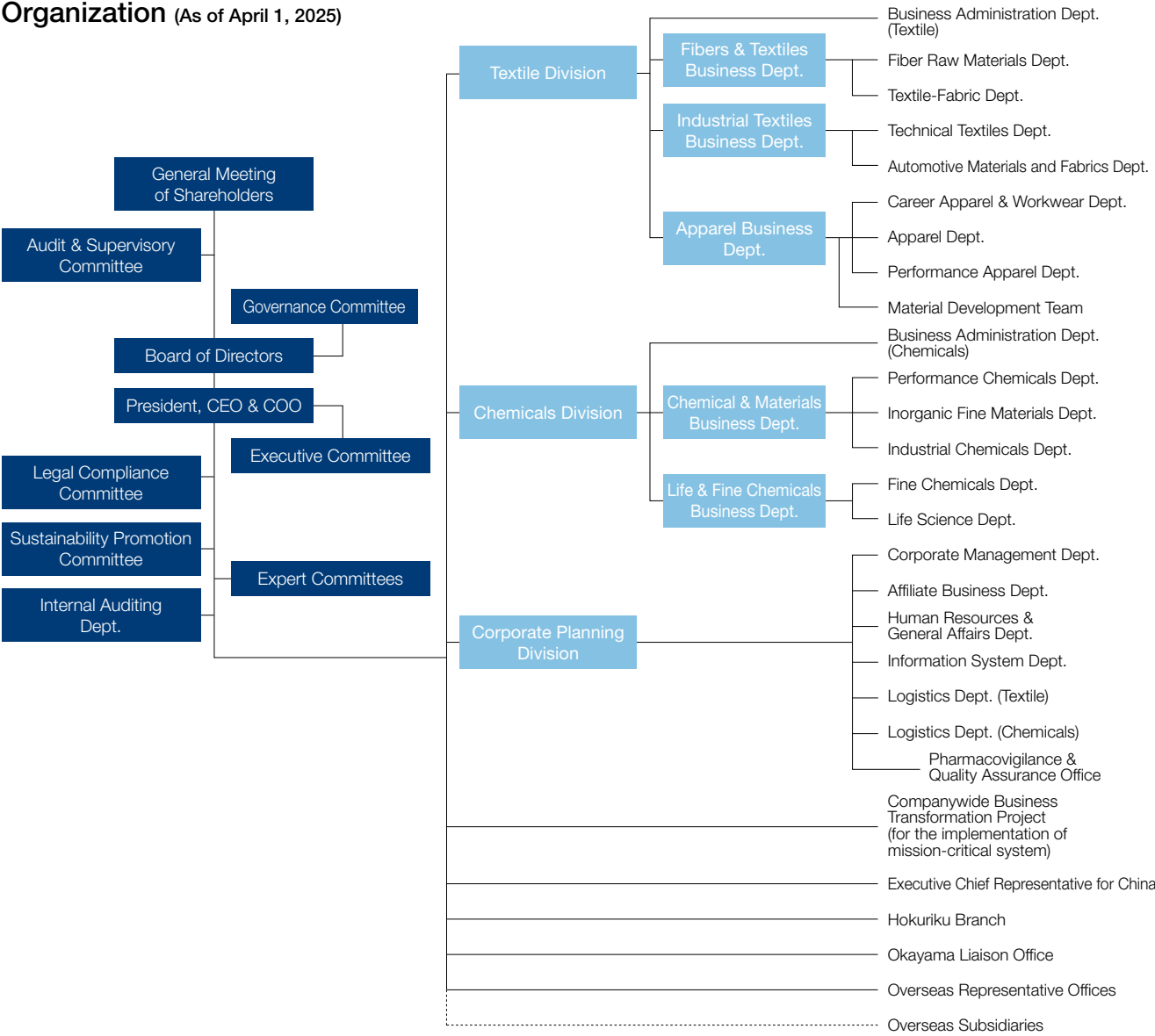
Okayama Liaison Office
10F Okayama
Fukokuseimei-ekimae Bldg.,
1-6, Ekimotomachi,
Kita-ku, Okayama
700-0024, Japan
Tel: +81-86-224-6188

Corporate Information (As of March 31, 2025)

Company Overview

Company Name	CHORI CO., LTD.
Headquarters	Tokyo Head Office 2-15-3, Konan, Minato-ku, Tokyo 108-6216, Japan Tel: +81-3-5781-6200 Osaka Head Office (Main Headquarters) 4-2-13, Awajimachi, Chuo-ku, Osaka 540-8603, Japan Tel: +81-6-6228-5000
Capital	¥6.8 billion
Date of Incorporation	September 2, 1948 (Founded in 1861)
Closing Date	March 31
Number of Employees	Consolidated: 1,354 Non-consolidated: 445 (Including 74 employees dispatched to other companies)
Corporate Website	https://www.chori.co.jp/english/

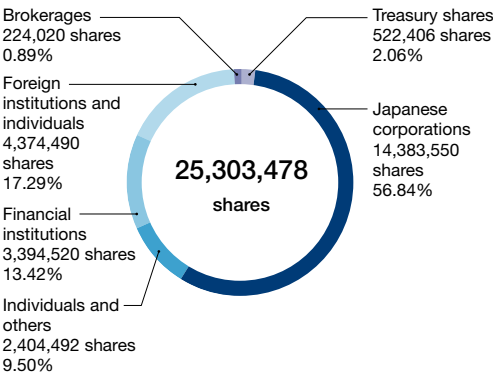
Organization (As of April 1, 2025)



Investor Information

Securities Code	8014 (Prime Market of the Tokyo Stock Exchange)
Total Number of Shares Authorized to Be Issued	55,000,000
Total Number of Shares Outstanding	25,303,478
Number of Shareholders	7,230
Trading Unit	100
Shareholder Register Agent for Common Stock	Mizuho Trust & Banking Co., Ltd.
Accounting Auditor	Deloitte Touche Tohmatsu LLC

Breakdown of Shareholders by Investor Type



Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Percentage of Shares Held (%)
Toray Industries, Inc.	12,967	52.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,606	6.48
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	962	3.89
Hurex Co., Ltd.	735	2.97
Custody Bank of Japan, Ltd. (Trust Account)	635	2.56
MSIP CLIENT SECURITIES	560	2.26
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	555	2.24
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	522	2.11
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT	296	1.19
HIKARI TSUSHIN, INC	239	0.97

Notes: 1. In addition to the above, the Company owns 522,406 shares of treasury stock.
2. The percentages of shares held exclude the 522,406 shares of treasury stock.
3. The number of shares held are rounded down to the nearest thousand shares.
4. The percentages of shares held are rounded to the nearest second decimal place.
5. All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), Custody Bank of Japan, Ltd. (Trust Account), and The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) are related to trust services.

IR Activities

Chori is working to strengthen dialogue with shareholders and investors. The executive officer in charge of information handling oversees matters related to investor relations (IR) and public relations, cooperates with the Corporate Management Department and relevant departments, and communicates information to shareholders and investors. If a request is made for an interview with an executive officer other than those in charge of matters related to IR and public relations (including outside directors), the Company will consider responding to the request within reasonable limits based on its details. The relevant internal departments proactively cooperate to achieve constructive dialogues with shareholders and investors through the preparation of disclosure materials and the sharing of important information while conducting their business activities. The opinions gathered through these dialogues are reported to the relevant committees as necessary and fed back to management executives and the relevant departments, ensuring that such information is shared and utilized.

Fiscal 2024 Activities

Financial results briefings for institutional investors and analysts: Twice / Company briefings for individual investors: Once / Individual IR meetings: 11 times

Results of Dialogues

Results of Dialogues	Legend
◆ We would like to see regional sales figures included in the financial results briefing materials. ◆ We would like to see exchange rate forecasts disclosed when formulating management plans. ◆ It is difficult to understand which markets will become key drivers of the Company's future growth, the size of these markets, and the extent of potential growth.	◆ Chori ◆ Already addressed ◇ To be addressed / under consideration ◆ Regional sales figures have been incorporated into the financial results briefing materials for fiscal 2024. ◇ Disclosure of exchange rate forecasts is under consideration for the next medium-term management plan and beyond. ◇ Issues will be brought up for discussion during the formulation process of the next medium-term management plan.