

Translation — Original text in Japanese



FY2021 1Q (April 1, 2021 to June 30, 2021)

Financial Results Materials (Highlights)

July 26, 2021

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

CHORI CO., LTD.

Key Points of the Summary

**Second Year of the Medium-Term Management Plan “Chori Innovation Plan 2022 (CIP2022)”
Strong start in the new stage to “consistently deliver ordinary income at the ¥10.0 billion level”**

▶ Business Results Summary

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

- Increased sales and income in all segments all segments (Fibers, Textiles and Garments, Chemicals and Machinery). Significant recovery in the chemicals market was the driving force.
- Ordinary income in FY2021 1Q was ¥2.9 billion, a record high on a quarterly basis.

(Loss was recorded below operating income due to recording a ¥2.5 billion of provision of allowance for doubtful accounts in the same period of the previous fiscal year)

Confer ROA (ordinary income basis): 10.0%, ROE (net income basis): 15.1%

▶ Financial Base

Equity ratio: 50.8% Maintained at a high level

▶ Topics

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

Made textile trading company Sumitex International Company Limited a subsidiary on June 1, 2021 (annual sales of ¥34.4 billion in FY2020).

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

2) New market segments

Under the new market segments of the Tokyo Stock Exchange (applicable from April 2022), Chori conformed to listing standards for the Prime Market. As a listed company, 1) secured a ratio of at least one-third of independent outside directors and 2) established a governance committee (comprised of a majority of independent outside directors).

Business Results Breakdown (YoY Comparison)

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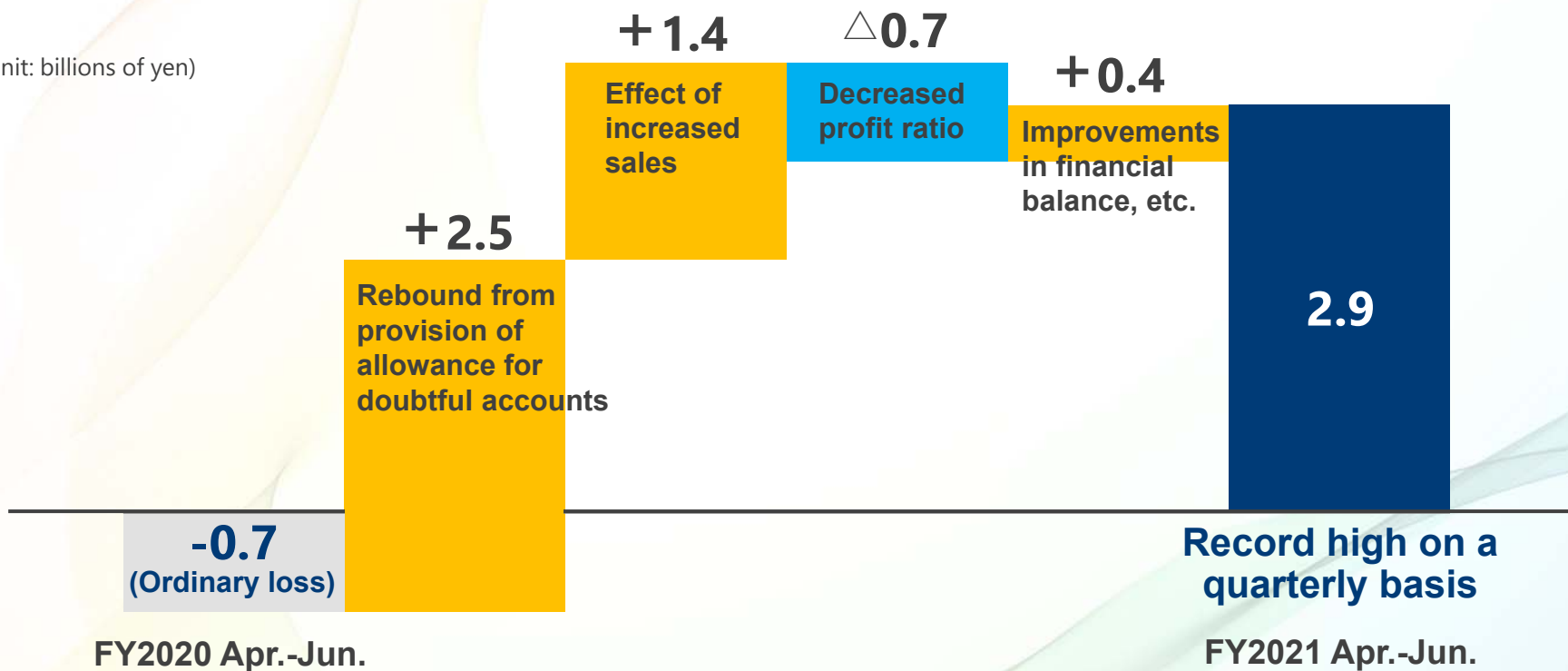
- Domestic and global economic conditions remain uncertain due to the prolonged spread of COVID-19. Domestically, there were signs of recovery in manufacturing industries such as automobiles, but consumer demand remains sluggish in fields such as apparel.
- Sales increased significantly due largely to recovery in the chemicals market. In terms of income, profitability in the main business has been steady and income increased significantly, bouncing back from having recorded a provision of allowance for doubtful accounts in the same period of the previous fiscal year (not applicable this year). (The Chinese accounts receivable problem was fully recorded in provision of allowance for doubtful accounts in FY2020.)

Unit: billions of yen

	FY2020 Apr.-Jun.	FY2021 Apr.-Jun.	Difference	Ratio
Net Sales	49.0	60.7	+11.7	+23.8%
Gross Profit	6.1	6.8	+0.8	+12.4%
Selling, general and administrative expenses	7.0	4.3	-2.7	-38.8%
Operating income (loss)	-0.9	2.6	+3.5	—
Ordinary income (loss)	-0.7	2.9	+3.6	—
Net income (loss) attributable to owners of the parent	-1.2	2.3	+3.5	—

Reasons for Changes in Ordinary Income

(Unit: billions of yen)

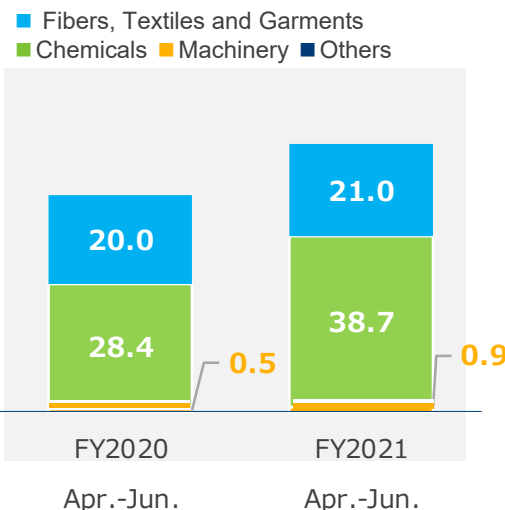


Segment Results

Net sales

Unit: billions of yen

	FY2020 Apr.-Jun.	FY2021 Apr.-Jun.	Difference
Fibers, Textiles and Garments	20.0	21.0	+1.0
Chemicals	28.4	38.7	+10.3
Machinery	0.5	0.9	+0.4
Others	0.0	0.0	+0.0
Total	49.0	60.7	+11.7



Fibers, Textiles and Garments

... Increased sales and profit

Steady Synthetic raw materials
Hygienic materials

Chemicals

... Increased sales and profit

Steady Fine chemicals
Organic chemical materials

Recovering Materials for Electronics

Machinery

... Increased sales and profit

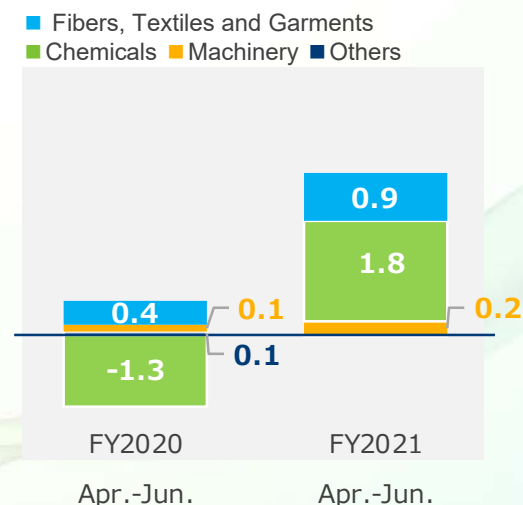
Steady Vehicles

Reference: Trading amount handled
¥9.2 billion

Ordinary income (loss)

Unit: billions of yen

	FY2020 Apr.-Jun.	FY2021 Apr.-Jun.	Difference
Fibers, Textiles and Garments	0.4	0.9	+0.4
Chemicals	-1.3	1.8	+3.1
Machinery	0.1	0.2	+0.1
Others	0.1	-0.0	-0.1
Total	-0.7	2.9	+3.6



* Adjusted amounts for Others are included.

* Provision of allowance for doubtful accounts of ¥2.5 billion was recorded for Chemicals in FY2020 1Q.

Net Sales by Operation

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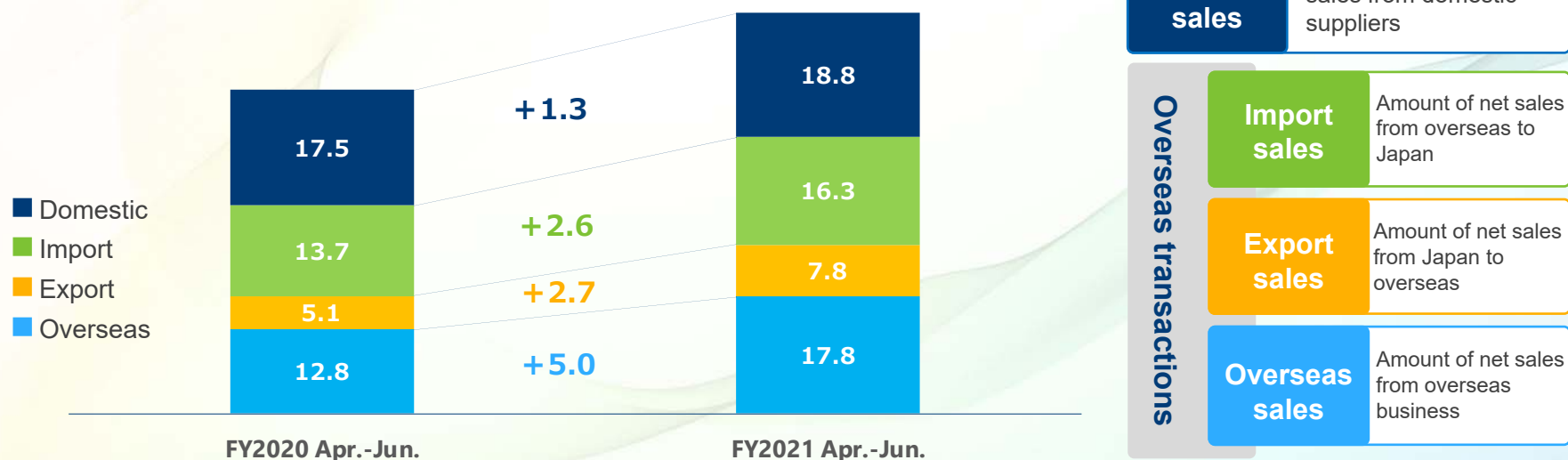
● Trade ratio: 69.0% (+4.7% YoY)

Domestic sales: Sales increased in the Chemicals Business, but decreased in the Fibers, Textiles and Garments Business. Increased sales for domestic market (including imports) in both the Chemicals Business and Fibers, Textiles and Garments Business.

Overseas transactions: Increased sales across all segments

Net sales	49.0	Net sales	60.7	Net sales	+11.7
Overseas transactions	31.5	Overseas transactions	41.9	Overseas transactions	+10.4
(Trade ratio)	(64.3%)	(Trade ratio)	(69.0%)	(Trade ratio)	(+4.7%)

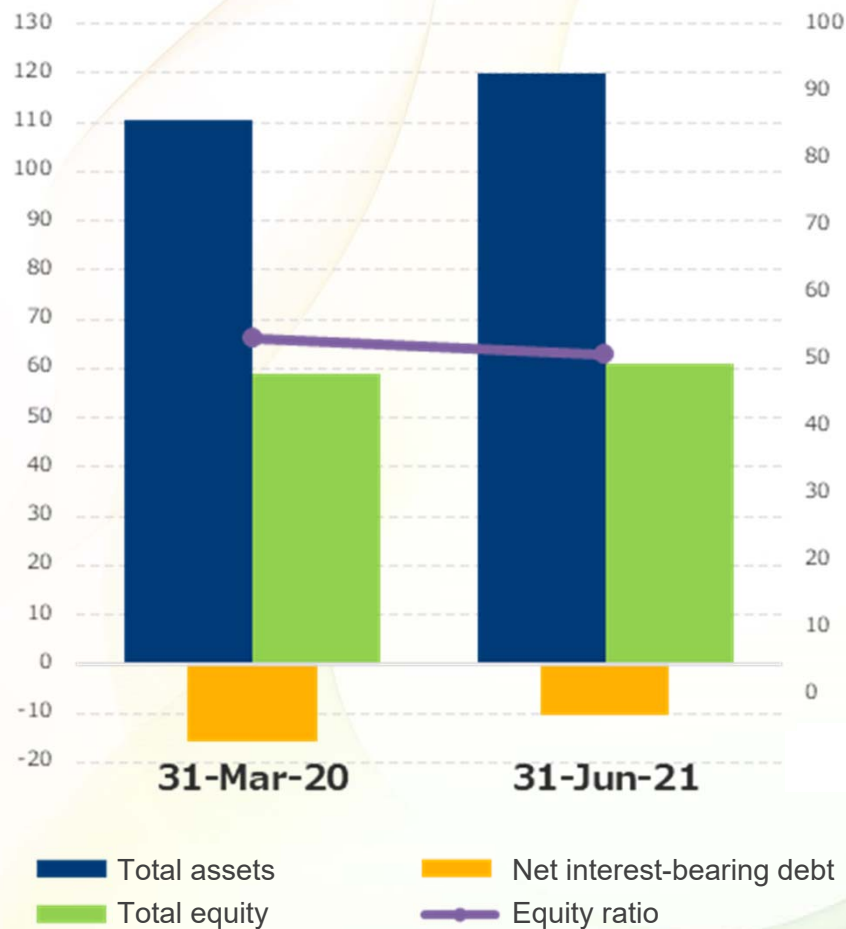
Unit: billions of yen



Financial Position

Unit: billions of yen

Unit: %



Financial soundness

Unit: billions of yen

	31-Mar-21	30-Jun-21	Difference
Total assets	110.6	120.0	+9.4
Net interest-bearing debt	-15.5	-10.5	+5.0
Total equity	58.8	60.9	+2.1
Equity ratio	53.2%	50.8%	-2.4%

Profitability/Capital efficiency

	31-Mar-21	30-Jun-21(*)	Difference
ROA (Ordinary income basis)	4.1%	10.0%	+5.8%
ROA (Net income basis)	1.1%	7.9%	+6.8%
ROE (Net income basis)	2.2%	15.1%	+13.0%

* Annual basis

FY2021 Business Results Forecast

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- Steadily made progress on “Chori Innovation Plan 2022,” the Company’s medium-term management plan.
Looking for ordinary income to reach ¥10.0 billion. ROA (ordinary income basis): 9.0%, ROE (net income basis): 11.0%
Confer Ordinary income in FY2022 (final year of the plan) is expected to be ¥11.0 billion
- In FY2021 1Q, the rate of progress for the full-year profit forecast saw each level of income exceed 25%.

Unit: billions of yen

	FY2021 Apr.-Jun. Result	FY2021 Forecast	FY2021 Progress	FY2020 Result
Net Sales	60.7	280.0	21.7%	216.2
Operating income	2.6	9.5	27.0%	3.7
Ordinary income	2.9	10.0	28.8%	4.7
Net income attributable to owners of the parent	2.3	6.8	33.3%	1.2

FY2021 Dividend

1. Basic dividend policy

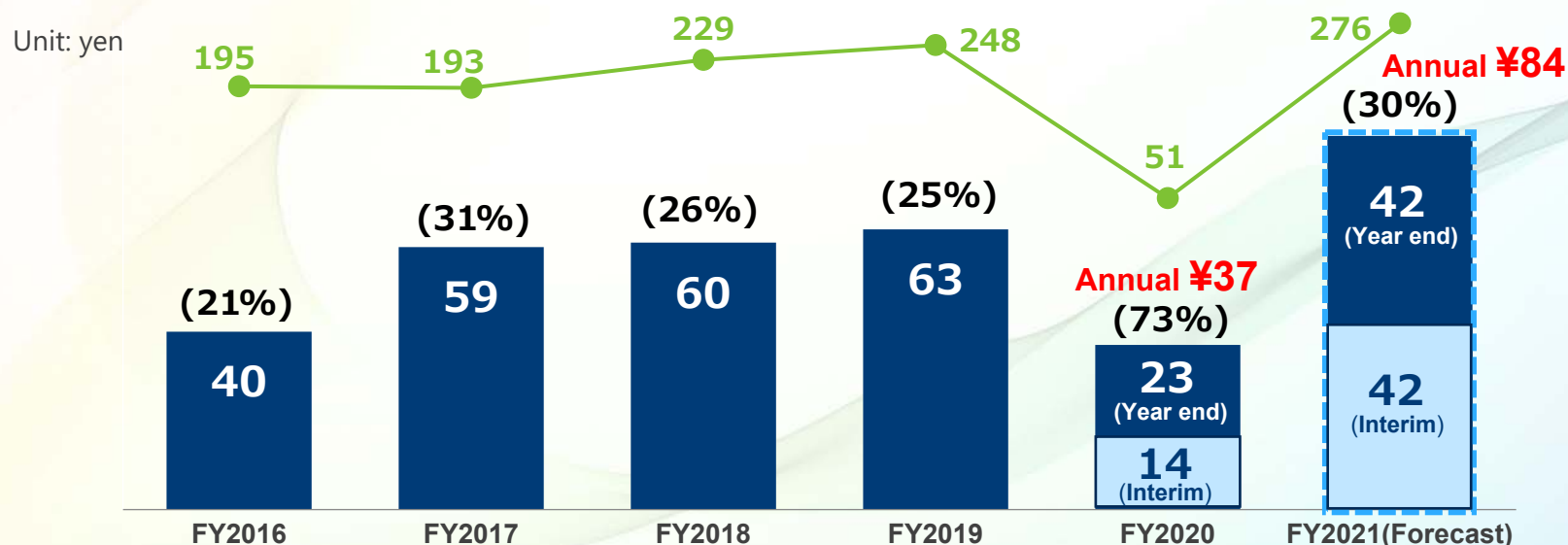
- The policy is to provide performance-based dividends in accordance with the standards for net income attributable to owners of the parent from the perspectives of flexibly returning profits to shareholders and ensuring stable management and finances while securing appropriate funds for investments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

2. Annual dividend forecast

An annual dividend of ¥84 per share will be paid (interim and year-end dividends of ¥42 per share), based on the business results forecast announced on May 11, 2021 and the abovementioned dividend policy.

3. Trends in per-share dividend (Annual)

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



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

CHORI CO., LTD.