

**FY2021 (April 1, 2021 to March 31, 2022)**

**Financial Results Materials  
(Highlights)**

**April 28, 2022**

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

## POINT

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

- Reached a new stage to “consistently deliver ordinary income at the ¥10.0 billion level,” with steady progress on CIP2022
- Achieved initial forecasts, with ordinary income and net income attributable to owners of the parent hitting new record highs
- Enhanced consolidated businesses

## Business results summary

### Net sales rose sharply YoY; significant increase in income at each income level.

- Increased net sales across all segments. The Chemicals segment was the driving force.  
Cf. ROA (ordinary income basis): 8.4% versus 4.1% in previous fiscal year,  
ROE (net income basis): 11.0% versus 2.2% in previous fiscal year

## Financial base

- **Equity ratio: 48.5% Maintained at a high level**

## Shareholder returns

- **The year-end dividend is as announced on May 11, 2021.**  
▶ Interim dividend of ¥42 per share, annual dividend of ¥84 per share (dividend payout ratio of 30.3%)

## Topics

- **The new market segments of the Tokyo Stock Exchange were launched on April 4, 2022. Chori has transferred to the Prime Market.**  
**As a listed company, we have 1) ensured that at least one-third of all directors are independent outside directors, and 2) established a governance committee (comprised of a majority of independent outside directors).**
- **Initiated a Company-wide business transformation project in April 2022 to overhaul Chori’s mission-critical system**  
**Efforts are under way to raise the sophistication of business management and improve productivity through the deployment of ERP**

## Business Results Breakdown (YoY Comparison)

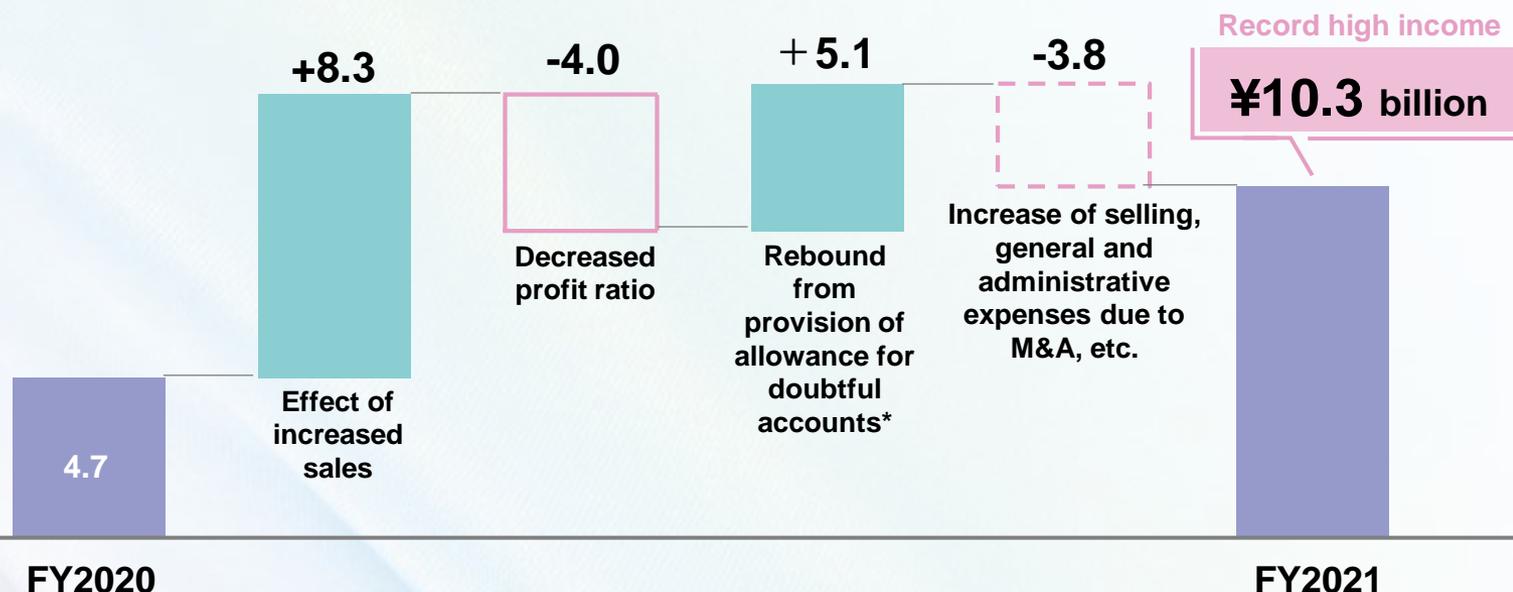
### POINT

- Domestic and global economic conditions remained unstable from beginning to end due to the prolonged spread of COVID-19 and supply chain disruptions caused by logistics problems and other factors. Domestically, manufacturing showed signs of recovery, but consumer spending was sluggish. Geopolitical risk was brought into focus toward the end of the fiscal year.
- Net sales increased significantly due to reasons including recovery in the Chemicals market conditions. Income rose substantially, primarily in the Chemicals segment. This was because of the effect of increased net sales, as well as a rebound from a provision of allowance for doubtful accounts of ¥5.1 billion recorded in the previous fiscal year. No such provision was recorded in the fiscal year under review. (The Chinese accounts receivable problem was fully recorded in provision of allowance for doubtful accounts in FY2020.)

Unit: billions of yen	FY2020	FY2021	Difference	Initial forecast	Achievement rate
Net sales	216.2	284.1	+67.9	280.0	101.5%
Gross profit	26.4	30.7	+4.3		
Selling, general and administrative expenses	22.7	21.3	-1.4		
Operating income	3.7	9.3	+5.7	9.5	98.2%
Ordinary income	4.7	10.3	+5.6	10.0	102.7%
Net income attributable to owners of the parent	1.2	6.8	+5.6	6.8	100.2%

※In FY2020, recorded ¥5.1 billion of provision of allowance for doubtful accounts under selling, general and administrative expenses

## Reasons for Changes in Ordinary Income Unit: billions of yen



\* In FY2020, Chori recorded a provision of allowance for doubtful accounts of ¥5.1 billion against a Chinese chemical manufacturing company group.

## Trends in ordinary income

Unit: billions of yen	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Full-year total	1Q	2Q	3Q	4Q	Full-year total
<b>Net sales</b>	49.0	53.2	55.2	58.9	216.2	60.7	69.4	75.8	78.3	284.1
<b>Operating income (loss)</b>	-0.9	2.5	2.4	-0.3	3.7	2.6	2.3	2.6	2.0	9.3
<b>Ordinary income (loss)</b>	-0.7	2.5	2.5	0.3	4.7	2.9	2.4	2.9	2.1	10.3
<small>(excluding the provision of allowance for doubtful accounts)</small>	1.8	2.5	2.5	2.9	9.7					
<b>Net income (loss) attributable to owners of the parent</b>	-1.2	1.4	1.6	-0.6	1.2	2.3	1.7	1.9	1.0	6.8

# Segment Results Unit: billions of yen

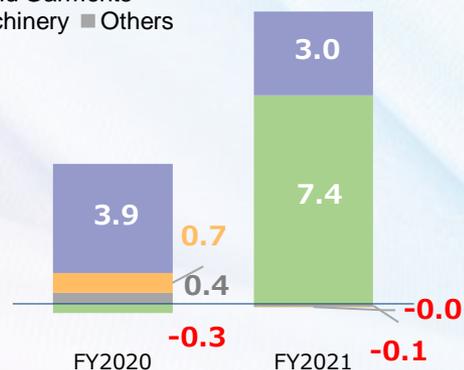
## Net sales

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



## Ordinary income (loss)

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



Unit: billions of yen	FY2020	FY2021	Difference
<b>Fibers, Textiles and Garments</b>	90.1	115.5	+25.4
<b>Chemicals</b>	123.3	164.2	+40.8
<b>Machinery (*)</b>	2.7	4.3	+1.6
<b>Others</b>	0.1	0.1	+0.0
<b>Total</b>	<b>216.2</b>	<b>284.1</b>	<b>+67.9</b>

\* Reference: Trading amount handled ¥40.0 billion

Unit: billions of yen	FY2020	FY2021	Difference
<b>Fibers, Textiles and Garments</b>	3.9	3.0	-0.9
<b>Chemicals</b>	-0.3	7.4	+7.7
<b>Machinery</b>	0.7	-0.0	-0.7
<b>Others</b>	0.4	-0.1	-0.5
<b>Total</b>	<b>4.7</b>	<b>10.3</b>	<b>+5.6</b>

※ Adjusted amounts for Others are included.

### Fibers, Textiles and Garments

**Increased sales and decreased profit**

**Steady**

Synthetic raw materials  
Hygienic materials

**Sluggish**

Domestic apparel-related

### Chemicals

**Significantly increased sales and profit**

**Steady**

Overall

**Strong**

Organic and inorganic  
chemical materials  
Fine chemicals

**Recovering**

Materials for electronics

### Machinery

**Increased sales and ordinary loss**

**Steady**

Vehicles

**Loss**

Recorded allowance for doubtful  
accounts for overdue collection of  
receivables

# Net sales by Operation

**POINT**

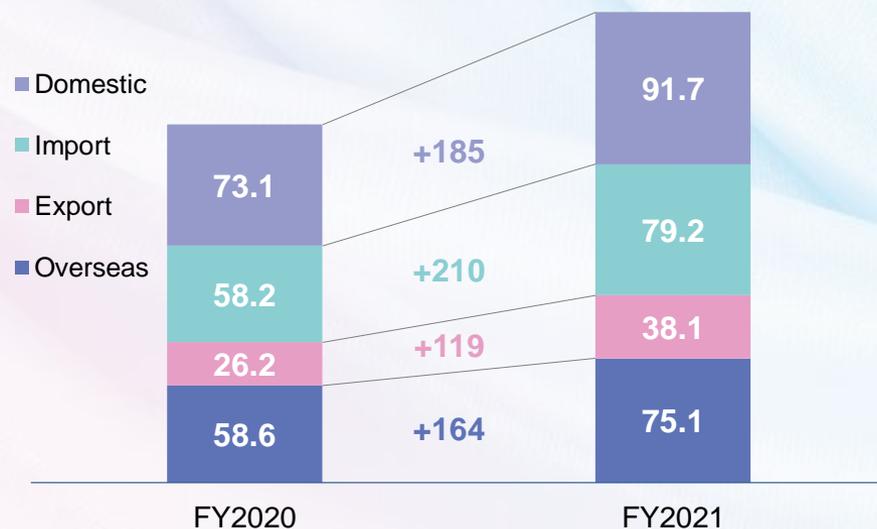
- **Trade ratio: 67.7% (+1.5% YoY)**
- **Domestic sales: Increased sales both in the Fibers, Textiles and Garments Business, and the Chemicals Business**
- **Overseas transactions: Increased sales across all segments**

**Net sales** 216.2  
**Overseas transactions** 143.1  
**(Trade ratio)** 66.2%

**Net sales** 284.1  
**Overseas transactions** 192.4  
**(Trade ratio)** 67.7%

**Net sales** +67.9  
**Overseas transactions** +49.3  
**(Trade ratio)** +1.5%

Unit: billions of yen



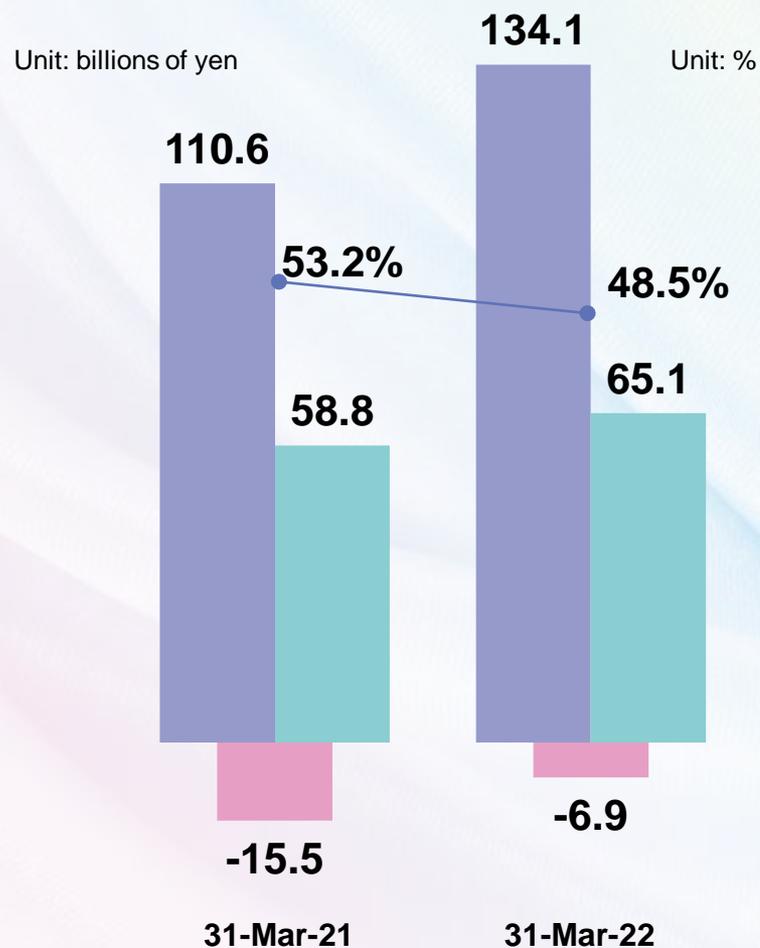
**Domestic sales** Amount of domestic sales from domestic suppliers

**Overseas transactions**

- Import sales** Amount of net sales from overseas to Japan
- Export sales** Amount of net sales from Japan to overseas
- Overseas sales** Amount of net sales from overseas business

# Financial Position

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



## Financial soundness

	Unit: billions of yen		
	31-Mar-21	31-Mar-22	Difference
<b>Total assets</b>	110.6	134.1	+23.5
<b>Net interest-bearing debt</b>	-15.5	-6.9	+8.6
<b>Total equity</b>	58.8	65.1	+6.3
<b>Equity ratio</b>	53.2%	48.5%	-4.7%

## Profitability/Capital efficiency

	Unit: billions of yen		
	31-Mar-21	31-Mar-22	Difference
<b>ROA (Ordinary income basis)</b>	4.1%	8.4%	+4.3%
<b>ROA (Net income basis)</b>	1.1%	5.6%	+4.5%
<b>ROE (Net income basis)</b>	2.2%	11.0%	+8.8%

\* Annual basis

## Cash Flows

### POINT

- Cash flows from operating activities : Used ¥2.3 billion due to increases in notes and accounts receivable-trade and inventories
- Cash flows from investing activities : Used ¥4.0 billion mainly due to dividend payments

	Unit: billions of yen	FY2020	FY2021	Difference
Cash flows from operating activities		5.9	-2.3	-8.2
Cash flows from investing activities		-0.4	0.2	+0.6
Cash flows from financing activities		-0.9	-4.0	-3.1
Effect of exchange rate changes on cash and cash equivalents		-0.0	0.6	+0.6
Total cash flows		4.6	-5.6	-10.2
Cash and cash equivalents at end of period		17.6	12.0	-5.6

## FY2022 Business Results Forecast

### POINT

- Supply chain disruptions are being protracted by heightened geopolitical risk and China's zero-COVID policy. Against this backdrop, volatility in commodity prices and foreign exchange rates is increasing, leading to an even more opaque and uncertain outlook.
- Chori making steady progress on “Chori Innovation Plan 2022,” the Company's medium-term management plan.

FY2022 is the final year of the medium-term management plan.

Initial targets: Net sales of ¥280.0 billion, ordinary income of ¥11.0 billion, ROA (ordinary income basis) of 8% or more, and ROE (net income basis) of 11% or more.  
 Business results forecasts: Net sales of ¥330.0 billion, ordinary income of ¥12.0 billion, ROA (ordinary income basis) of 9.0%, and ROE (net income basis) of 12.0%.

Unit: billions of yen

	FY2021 Result	FY2022 Forecast	Difference	Ratio
Net sales	284.1	330.0	+45.9	+16.2%
Operating income	9.3	11.5	+2.2	+23.3%
Ordinary income	10.3	12.0	+1.7	+16.8%
Net income attributable to owners of the parent	6.8	8.2	+1.4	+20.4%

## 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].

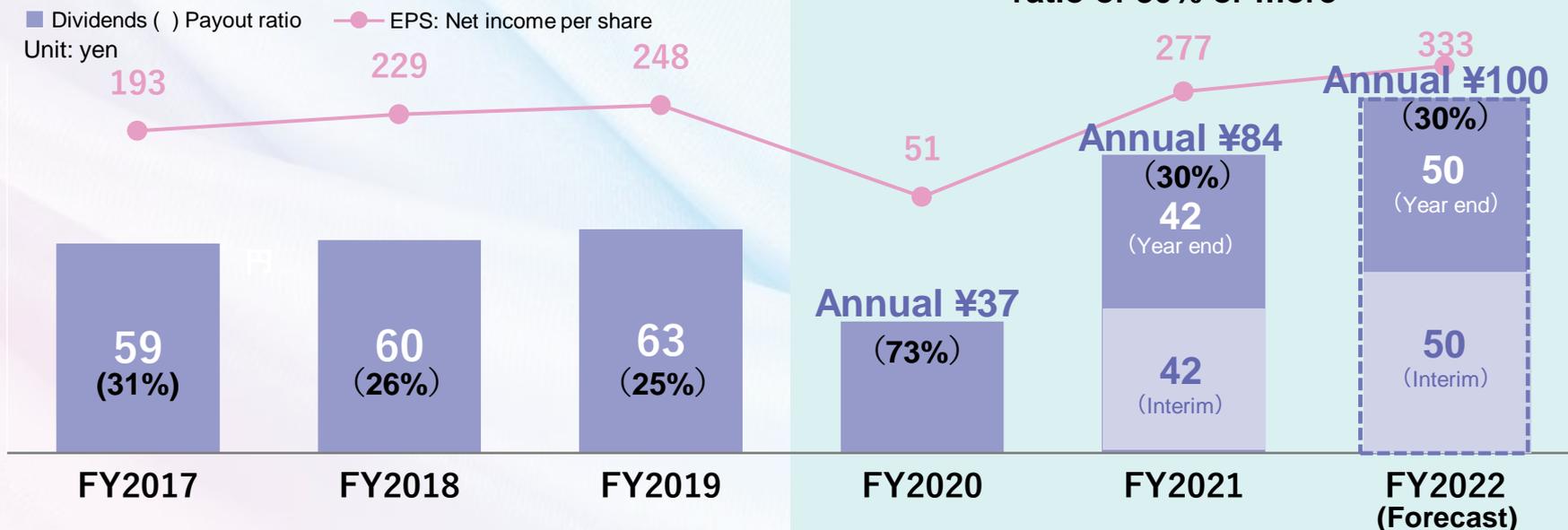
### ② FY2021 dividend

- An interim dividend of ¥42 per share and year-end dividend of ¥42 per share will be paid as initially announced, bringing the annual dividend to ¥84 per share.

### ③ FY2022 dividend forecast

- The annual dividend forecast is ¥100 per share, (interim dividend of ¥50 per share, year-end dividend of ¥50 per share), an increase of ¥16 per share from the FY2021 dividend.

### ④ Trends in per-share dividend (Annual)



**Making your dreams come true**

**CHORI CO., LTD.**