



Financial Results for the Six Months Ended September 30, 2019 [Based on Japanese GAAP] (Consolidated)

October 25, 2019

Company name: CHORI CO., LTD. Stock exchange listing: Tokyo (1st section)
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Scheduled date to file Quarterly Securities Report: November 13, 2019

Scheduled date to commence dividend payments: December 2, 2019

Supplementary materials on quarterly financial results: Yes

Quarterly results explanatory meeting: Yes (for institutional investors and securities analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
Sep. 30, 2019	164,370	(5.1)	4,618	12.3	4,877	7.6	3,236	9.3
Sep. 30, 2018	173,171	19.4	4,110	19.7	4,533	27.9	2,961	26.8

Note: Comprehensive income

Sep. 30, 2019: 2,944 million yen (8.4%)

Sep. 30, 2018: 2,717 million yen (-16.9%)

	Net income per share	Diluted net income per share
Six months ended	yen	yen
Sep. 30, 2019	131.78	—
Sep. 30, 2018	120.59	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2019	110,894	55,961	50.4
Mar. 31, 2019	118,499	53,897	45.4

Reference: Total equity

As of Sep. 30, 2019: 55,879 million yen

As of Mar. 31, 2019: 53,813 million yen

2. Dividends

	Dividends per share				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2019	—	26.00	—	34.00	60.00
Year ending Mar. 31, 2020	—	31.00	—	—	—
Year ending Mar. 31, 2020 (forecast)	—	—	—	31.00	62.00

Note: Revisions to the most recently announced forecast of the dividend: None

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	370,000	3.8	8,300	3.1	9,000	3.9	5,800	3.0	236.19

Note: Revisions to the most recently announced forecasts of consolidated financial results: None

* Notes

(1) Changes in significant subsidiaries during the six months ended Sep. 30, 2019: None

(Transfer of specified subsidiaries resulting in changes in the scope of consolidation)

Inclusion: None

Exclusion: None

(2) Specific accounting process applied to the preparation of the consolidated financial statements for the quarter:

None

(3) Changes in accounting policies, changes in financial forecasts and retrospective restatement

1. Changes in accounting policies due to the revision of accounting standards, etc. : None

2. Changes in accounting policies other than 1. : None

3. Changes in accounting estimates : None

4. Restatements : None

(4) Number of outstanding shares (common shares)

1. Number of outstanding shares at the end of the period (including treasury stock)	As of Sep. 30, 2019	25,303,478 shares	As of Mar. 31, 2019	25,303,478 shares
2. Number of treasury stocks at the end of the period	As of Sep. 30, 2019	747,272 shares	As of Mar. 31, 2019	747,117 shares
3. Average number of shares during the period (quarterly cumulative)	Six months ended Sep. 30, 2019	24,556,287 shares	Six months ended Sep. 30, 2018	24,555,535 shares

* Quarterly financial reports are out of the scope of quarterly review by certified public accountants or audit corporations.

* Explanation on the appropriate use of the forecasts of financial results and other comments.

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. The Company is under no obligation to guarantee their achievement. Actual financial results may vary significantly due to various reasons.

Quarterly Consolidated Financial Statements

Quarterly consolidated balance sheets

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposit	12,896	11,514
Deposit paid in subsidiaries and affiliates	—	500
Notes and accounts receivable - trade	66,537	59,066
Merchandise and finished goods	14,159	14,218
Work in process	25	52
Raw materials and supplies	4	5
Goods in transit	936	698
Other	4,447	4,526
Allowance for doubtful accounts	(10)	(30)
Total current assets	98,997	90,552
Non-current assets		
Property, plant and equipment	2,772	3,013
Intangible assets		
Goodwill	1,956	1,369
Other	346	344
Total intangible assets	2,303	1,714
Investment and other assets	14,426	15,614
Total non-current assets	19,502	20,341
Total assets	118,499	110,894
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,635	42,581
Short-term loans payable	1,937	2,012
Accrued income taxes	1,411	1,496
Accrued employee bonuses	872	858
Allowance for losses from liquidation of subsidiaries and affiliates	42	42
Other	4,752	4,787
Total current liabilities	61,651	51,778
Non-current liabilities		
Long-term loans payable	71	52
Deferred tax liabilities	729	791
Retirement benefit liabilities	2,053	2,056
Other	97	255
Total non-current liabilities	2,951	3,154
Total liabilities	64,602	54,933

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Net assets		
Shareholders' equity		
Capital stock	6,800	6,800
Capital surplus	1,753	1,753
Retained earnings	45,337	47,693
Treasury stock	(740)	(740)
Total shareholders' equity	53,149	55,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	773	806
Deferred gains or losses on hedges	249	157
Foreign currency translation adjustments	(323)	(557)
Remeasurements of defined benefit plans	(35)	(32)
Total accumulated other comprehensive income	664	373
Non-controlling interests	83	81
Total net assets	53,897	55,961
Total liabilities and net assets	118,499	110,894

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

	(Unit: Millions of yen)	
	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Net sales	173,171	164,370
Cost of sales	159,086	149,954
Gross profit	14,084	14,416
Selling, general and administrative expenses	9,973	9,797
Operating income	4,110	4,618
Non-operating income		
Interest income	60	119
Dividend income	120	123
Share of profit of entities accounted for using equity method	126	109
Foreign exchange gains	112	—
Gain on adjustment of account payable	42	36
Miscellaneous income	161	120
Total non-operating income	624	510
Non-operating expenses		
Interest expenses	45	49
Loss on sales of notes receivable - trade	89	89
Foreign exchange losses	—	56
Miscellaneous expenses	65	55
Total non-operating expenses	200	250
Ordinary income	4,533	4,877
Extraordinary income		
Gain on sales of investment securities	—	11
Gain on sales of non-current assets	1	0
Total extraordinary income	1	11
Extraordinary losses		
Loss on valuation of investment securities	0	83
Loss on sales of investment securities	—	3
Loss on disposal of non-current assets	0	2
Total extraordinary loss	0	89
Profit before income taxes	4,534	4,799
Income taxes - current	1,533	1,602
Income taxes - deferred	36	(37)
Total income taxes	1,569	1,565
Net income	2,965	3,234
Net income attributable to non-controlling interests	3	(1)
Net income attributable to owners of the parent	2,961	3,236

Quarterly consolidated statements of comprehensive income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Net income	2,965	3,234
Other comprehensive income		
Valuation difference on available-for-sale securities	31	33
Deferred gains or losses on hedges	188	(92)
Foreign currency translation adjustment	(371)	(174)
Remeasurements of defined benefit plans, net of tax	2	3
Share of other comprehensive income of entities accounted for using equity method	(98)	(58)
Total other comprehensive income	(247)	(289)
Comprehensive income	2,717	2,944
Comprehensive income attributable to:		
Owners of the parent	2,714	2,945
Non-controlling interests	2	(0)

Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	4,534	4,799
Depreciation	177	264
Amortization of goodwill	587	587
Increase (decrease) in retirement benefit liabilities	(15)	8
Increase (decrease) in allowance for doubtful accounts	(15)	(14)
Interest and dividend income	(181)	(242)
Interest expenses	45	49
Foreign exchange losses (gains)	(19)	(7)
Share of loss (profit) of entities accounted for using equity method	(126)	(109)
Loss (gain) on sales of property, plant and equipment and others	(0)	2
Loss (gain) on sales of investment securities	—	(7)
Loss (gain) on valuation of investment securities	0	83
Decrease (increase) in notes and accounts receivable - trade	(1,367)	7,219
Decrease (increase) in inventories	(1,446)	94
Increase (decrease) in notes and accounts payable - trade	(293)	(9,912)
Increase (decrease) in accrued consumption taxes	(31)	196
Decrease (increase) in other assets	(331)	(388)
Increase (decrease) in other liabilities	(1,242)	(52)
Other, net	(9)	27
Subtotal	263	2,596
Interest and dividends received	206	289
Interest paid	(50)	(49)
Income taxes (paid) refund	(1,427)	(1,513)
Net cash provided by (used in) operating activities	(1,007)	1,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(116)	(75)
Proceeds from sales of property, plant and equipment	1	0
Purchase of intangible assets	(55)	(65)
Purchase of investment securities	(34)	(42)
Proceeds from sales of investment securities	101	56
Purchase of shares of subsidiaries and affiliates	(708)	(10)
Proceeds from sales of investments in capital	—	12
Payments for investments in capital of subsidiaries and affiliates	(329)	—
Payments of loans receivable	(1)	(1,277)
Collection of loans receivable	47	102
Other, net	40	6
Net cash provided by (used in) investing activities	(1,055)	(1,292)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	618	120
Repayments of long-term loans payable	(27)	(27)
Redemption of bonds	(1,492)	—
Purchase of treasury stock	(1)	(0)
Dividends paid	(881)	(834)
Other, net	42	(97)
Net cash provided by (used in) financing activities	(1,742)	(838)
Effect of exchange rate changes on cash and cash equivalents	(103)	(72)
Net increase (decrease) in cash and cash equivalents	(3,909)	(880)
Cash and cash equivalents at beginning of period	14,776	12,042
Cash and cash equivalents at end of period	10,867	11,161