



Financial Results for the Six Months Ended September 30, 2020 [Based on Japanese GAAP] (Consolidated)

October 26, 2020

Company name: CHORI CO., LTD. Stock exchange listing: Tokyo (1st section)
 TSE Code: 8014 URL: <https://www.chori.co.jp>
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Scheduled date to file Quarterly Securities Report: November 13, 2020

Scheduled date to commence dividend payments: December 1, 2020

Supplementary materials on quarterly financial results: Yes

Quarterly results explanatory meeting: Yes (Planning video briefing of FY2020 2Q financial results.)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020

(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, 2020	102,155	—	1,597	(65.4)	1,825	(62.6)	261	(91.9)
Sep. 30, 2019	164,370	(5.1)	4,618	12.3	4,877	7.6	3,236	9.3

Note: Comprehensive income

Six months ended Sep. 30, 2020: 281 million yen (- 90.4%)

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

	Net income per share	Diluted net income per share
Six months ended	yen	yen
Sep. 30, 2020	10.64	—
Sep. 30, 2019	131.78	—

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 30, 2018) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 30, 2018) have been adopted from the beginning of the year ending March 31, 2021. Consequently, the percentage of changes in net sales for the six months ended June 30, 2019, before the standard was applied, has not been stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2020	99,871	56,847	56.9
Mar. 31, 2020	114,400	57,279	50.0

Reference: Total equity

As of Sep. 30, 2020: 56,811 million yen

As of Mar. 31, 2020: 57,185 million yen

2. Dividends

	Dividends per share				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
	yen	yen	yen	yen	yen
Year ended Mar. 31, 2020	—	31.00	—	32.00	63.00
Year ending Mar. 31, 2021	—	14.00			
Year ending Mar. 31, 2021 (forecast)			—	14.00	28.00

Notes: Revisions to the most recently announced forecast of the dividend: Yes

For details, please refer to "Notice Regarding Revision to Business Results Forecast, Dividends of Surplus (Interim Dividend) and Revision in the Dividends Forecast" that was issued today (October 26, 2020).

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	210,000	(36.2)	4,700	(42.8)	5,000	(42.4)	2,200	(63.9)	89.43

Notes: Revisions to the most recently announced forecasts of consolidated financial results: Yes

For details, please refer to "Notice Regarding Revision to Business Results Forecast, Dividends of Surplus (Interim Dividend) and Revision in the Dividends Forecast" that was issued today (October 26, 2020).

*** Notes**

- (1) Changes in significant subsidiaries during the six months ended Sep. 30, 2020: 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. : Yes
 3. Changes in accounting estimates : Yes
 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, 2020	25,303,478 shares	As of Mar. 31, 2020	25,303,478 shares
2. Number of treasury stocks at the end of the period	As of Sep. 30, 2020	702,739 shares	As of Mar. 31, 2020	747,620 shares
3. Average number of shares during the period (quarterly cumulative)	Six months ended Sep. 30, 2020	24,575,082 shares	Six months ended Sep. 30, 2019	24,556,287 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
(Notes regarding Forward-Looking Statements)

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.

(Obtaining Details of the Quarterly Financial Results Briefing)

From the standpoint of preventing the further spread of COVID-19, the Company plans to broadcast the quarterly financial results briefing by video and post the quarterly supplemental materials on financial results on the company website on October 30, 2020.

Quarterly Consolidated Financial Statements
Quarterly consolidated balance sheets

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Assets		
Current assets		
Cash and deposit	13,342	13,591
Deposit paid in subsidiaries and affiliates	500	—
Notes and accounts receivable - trade	64,034	53,102
Merchandise and finished goods	12,746	11,924
Work in process	64	746
Raw materials and supplies	5	2
Goods in transit	1,006	339
Other	4,517	3,664
Allowance for doubtful accounts	(39)	(2,527)
Total current assets	96,178	80,842
Non-current assets		
Property, plant and equipment	2,376	2,695
Intangible assets		
Goodwill	781	634
Other	353	346
Total intangible assets	1,135	980
Investment and other assets	14,710	15,351
Total non-current assets	18,221	19,028
Total assets	114,400	99,871
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,235	31,576
Short-term loans payable	1,843	1,597
Accrued income taxes	1,618	1,264
Accrued employee bonuses	819	770
Allowance for losses from liquidation of subsidiaries and affiliates	42	42
Other	4,522	4,199
Total current liabilities	54,081	39,451
Non-current liabilities		
Long-term loans payable	35	415
Deferred tax liabilities	565	777
Retirement benefit liabilities	2,233	2,221
Other	205	157
Total non-current liabilities	3,039	3,572
Total liabilities	57,121	43,024

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Net assets		
Shareholders' equity		
Capital stock	6,800	6,800
Capital surplus	1,753	1,792
Retained earnings	49,797	49,262
Treasury stock	(741)	(697)
Total shareholders' equity	57,608	57,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42	681
Deferred gains or losses on hedges	148	58
Foreign currency translation adjustments	(497)	(976)
Remeasurements of defined benefit plans	(116)	(109)
Total accumulated other comprehensive income	(423)	(346)
Non-controlling interests	93	35
Total net assets	57,279	56,847
Total liabilities and net assets	114,400	99,871

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, 2019	Six months ended Sep. 30, 2020
Net sales	164,370	102,155
Cost of sales	149,954	89,193
Gross profit	14,416	12,961
Selling, general and administrative expenses	9,797	11,363
Operating income	4,618	1,597
Non-operating income		
Interest income	119	41
Dividend income	123	119
Share of profit of entities accounted for using equity method	109	109
Gain on adjustment of account payable	36	48
Miscellaneous income	120	123
Total non-operating income	510	442
Non-operating expenses		
Interest expenses	49	44
Loss on sales of notes receivable - trade	89	39
Foreign exchange losses	56	93
Miscellaneous expenses	55	38
Total non-operating expenses	250	214
Ordinary income	4,877	1,825
Extraordinary income		
Gain on sales of investment securities	11	15
Gain on sales of golf memberships	—	1
Gain on sales of non-current assets	0	0
Total extraordinary income	11	17
Extraordinary losses		
Loss on liquidation of subsidiaries and affiliates	—	238
Loss on valuation of investment securities	83	98
Loss on sales of investment securities	3	25
Loss on disposal of non-current assets	2	7
Total extraordinary loss	89	369
Profit before income taxes	4,799	1,473
Income taxes - current	1,602	1,422
Income taxes - deferred	(37)	(155)
Total income taxes	1,565	1,267
Net income	3,234	206
Net income attributable to non-controlling interests	(1)	(55)
Net income attributable to owners of the parent	3,236	261

Quarterly consolidated statements of comprehensive income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Net income	3,234	206
Other comprehensive income		
Valuation difference on available-for-sale securities	33	639
Deferred gains or losses on hedges	(92)	(90)
Foreign currency translation adjustment	(174)	(344)
Remeasurements of defined benefit plans, net of tax	3	6
Share of other comprehensive income of entities accounted for using equity method	(58)	(135)
Total other comprehensive income	(289)	75
Comprehensive income	2,944	281
Comprehensive income attributable to:		
Owners of the parent	2,945	338
Non-controlling interests	(0)	(56)

Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Cash flows from operating activities		
Profit before income taxes	4,799	1,473
Depreciation	264	263
Amortization of goodwill	587	147
Increase (decrease) in retirement benefit liabilities	8	0
Increase (decrease) in allowance for doubtful accounts	(14)	2,710
Interest and dividend income	(242)	(161)
Interest expenses	49	44
Foreign exchange losses (gains)	(7)	29
Share of loss (profit) of entities accounted for using equity method	(109)	(109)
Loss (gain) on sales of property, plant and equipment and others	2	6
Loss (gain) on sales of investment securities	(7)	10
Loss (gain) on valuation of investment securities	83	98
Loss on liquidation of subsidiaries and affiliates	—	238
Decrease (increase) in notes and accounts receivable-trade	7,219	10,677
Decrease (increase) in inventories	94	597
Increase (decrease) in notes and accounts payable-trade	(9,912)	(13,519)
Increase (decrease) in accrued consumption taxes	196	409
Decrease (increase) in other assets	(388)	222
Increase (decrease) in other liabilities	(52)	(296)
Other, net	27	(75)
Subtotal	2,596	2,768
Interest and dividends received	289	209
Interest paid	(49)	(44)
Income taxes (paid) refund	(1,513)	(1,774)
Net cash provided by (used in) operating activities	1,322	1,159
Cash flows from investing activities		
Purchase of property, plant and equipment	(75)	(561)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(65)	(55)
Purchase of investment securities	(42)	(200)
Proceeds from sales of investment securities	56	96
Purchase of shares of subsidiaries and affiliates	(10)	—
Proceeds from sales of investments in capital	12	4
Payments of loans receivable	(1,277)	(1)
Collection of loans receivable	102	201
Other, net	6	(21)
Net cash provided by (used in) investing activities	(1,292)	(536)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	120	(307)
Proceeds from long-term loans payable	—	500
Repayments of long-term loans payable	(27)	(47)
Purchase of treasury stock	(0)	(0)
Dividends paid	(834)	(784)
Other, net	(97)	(96)
Net cash provided by (used in) financing activities	(838)	(736)
Effect of exchange rate changes on cash and cash equivalents	(72)	(133)
Net increase (decrease) in cash and cash equivalents	(880)	(247)
Cash and cash equivalents at beginning of period	12,042	12,988
Cash and cash equivalents at end of period	11,161	12,741