

Translation — Original text in Japanese



FY2019 (April 1, 2019 to March 31, 2020)

Financial Results Materials (Highlights)

May 19, 2020

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

- YoY: Revenue down YoY, profits up at main stages (operating income, ordinary income, Net income attributable to owners of the parent)
- Consolidated business performance for FY19 3Q solid (consolidated ordinary income up 9% YoY), FY19 4Q sluggish due to impact of COVID-19 outbreak toward end of year
- Achieved profit goals under Chori Innovation Plan 2019 medium-term management plan

▶ Business Results Summary

- Ordinary income ⇒ Record high for 4 consecutive years
(FY16: ¥6.97 bil.→FY17: ¥7.5 bil.→FY18: ¥8.66 bil.)
→FY19: ¥8.69 bil. (Medium-term management plan target: ¥8.5 bil.)
- Net income attributable to owners of the parent
⇒ Record high for 2 consecutive years
(FY18: ¥5.63 bil.→FY19: ¥6.1 bil. (Medium-term management plan target: ¥5.5 bil.)

▶ Profitability

- ROA (ordinary income basis) and ROE (net income basis) both up YoY
ROA: 7.5% (YoY+0.2%) (Medium-term management plan target: 7.5%)
ROE: 11.0% (YoY+0.3%) (Medium-term management plan target: 10% or higher)

▶ Financial Base Equity ratio: 50.0% Maintained at a high level

▶ Shareholder returns

- Year-end dividend up ¥31→¥32, annual dividend ¥63 (+¥3 compared to ¥60 in FY18)
⇒ 7 consecutive increase in dividend

New Medium-term Management Plan (Period: from April 1, 2020 to March 31, 2023) planned to be announced in late May

Business Results Breakdown (YoY Comparison)

POINT

- Net sales down YoY due to factors including a sluggish organic chemicals sector in the Chemicals Business
- Ordinary income up YoY due to factors including sound performance by the overseas base materials sector and improved profitability in the domestic apparel sector in the Fibers, Textiles, and Garments Business
- Net income attributable to owners of the parent up significantly due to factors including the recording of an extraordinary income

Unit: billions of yen

	FY2018	FY2019	Difference	Ratio
Net Sales	356.5	329.4	-27.2	-7.6%
Gross Profit	28.6	28.3	-0.3	-1.0%
Selling, general and administrative expenses	20.5	20.1	-0.4	-2.2%
Operating income	8.0	8.2	+0.2	+2.1%
Ordinary income	8.7	8.7	+0.0	+0.3%
Net income attributable to owners of the parent	5.6	6.1	+0.5	+8.4%

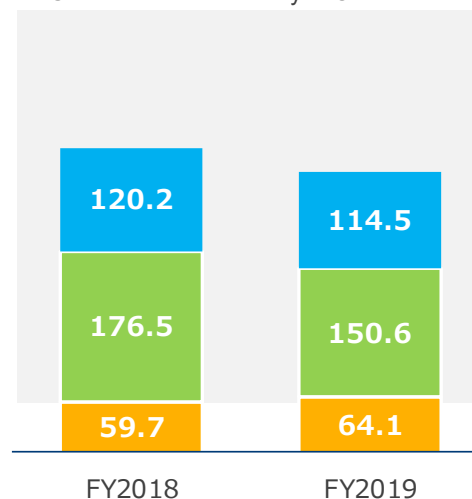
Segment Results

Net sales

Unit: billions of yen

	FY2018	FY2019	Difference
Fibers, Textiles and Garments	120.2	114.5	-5.7
Chemicals	176.5	150.6	-25.9
Machinery	59.7	64.1	+4.4
Others	0.1	0.1	-0.0
Total	356.5	329.4	-27.2

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



Fibers, Textiles and Garments

...Decreased sales and increased profit

Steady

Overseas base materials

Improvement

Domestic fibers, textiles, and garments

Chemicals

...Decreased sales and profit

Steady

Fine chemicals

Sluggish

Organic chemical materials

Machinery

...Increased sales and profit

Steady

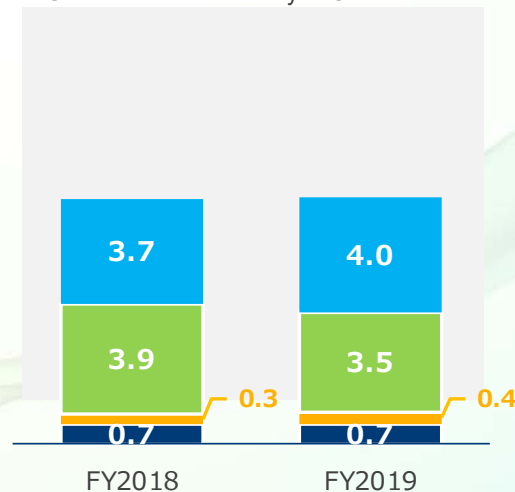
Vehicles

Ordinary income

Unit: billions of yen

	FY2018	FY2019	Difference
Fibers, Textiles and Garments	3.7	4.0	+0.3
Chemicals	3.9	3.5	-0.4
Machinery	0.3	0.4	+0.1
Others	0.7	0.7	-0.0
Total	8.7	8.7	+0.0

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



* Adjusted amounts for "Others" are included.

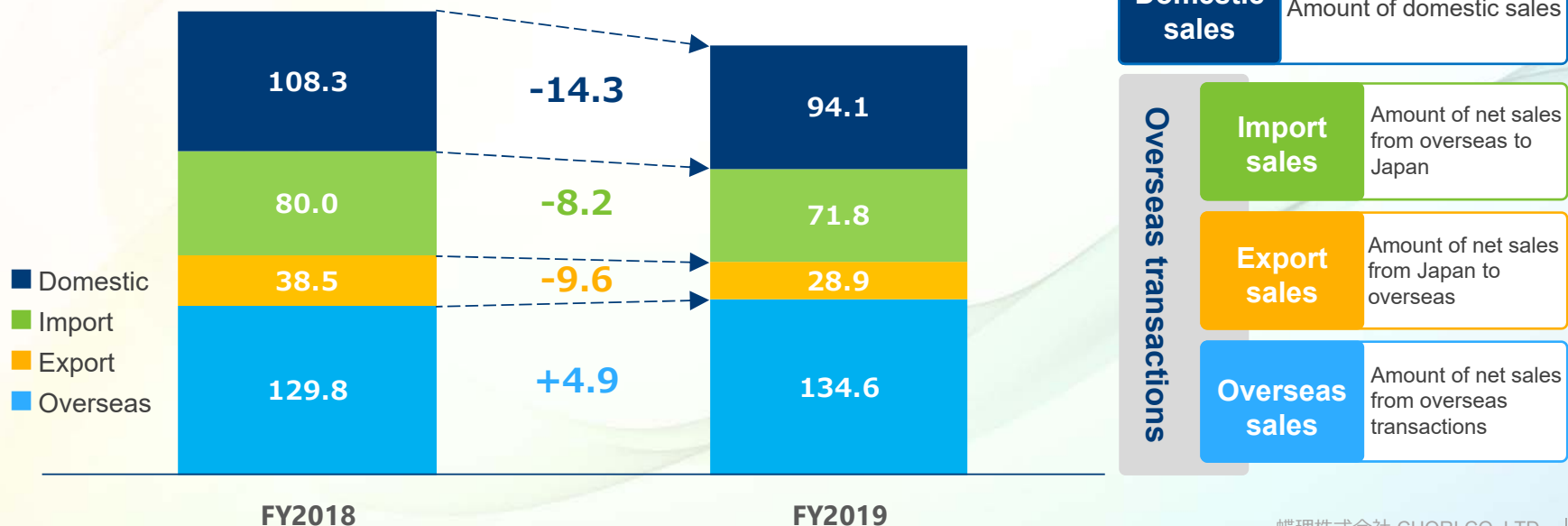
Net Sales by Operation

POINT

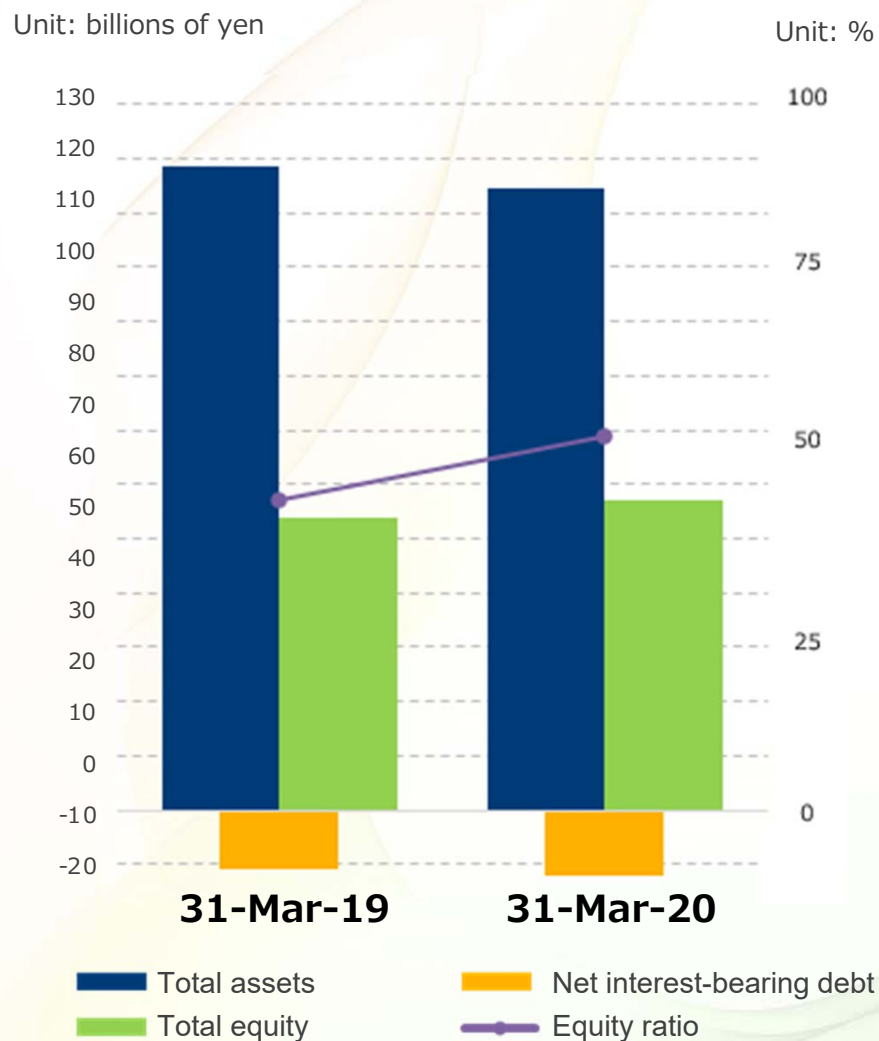
- **Trade ratio: 71.4% (+1.8% YoY)**
Domestic sales: Decreased sales centered on domestic chemical product subsidiaries
Export sales: Increased sales centered on the Fibers, Textiles and Garments Business and the Machinery Business

Net sales	356.5	Net sales	329.4	Net sales	-27.2
Overseas transactions	248.2	Overseas transactions	235.3	Overseas transactions	-12.9
(Trade ratio)	(69.6%)	(Trade ratio)	(71.4%)	(Trade ratio)	(+1.8%)

Unit: billions of yen



Financial Position



Financial soundness

Unit: billions of yen

	31-Mar-19	31-Mar-20	Difference
Total assets	118.5	114.4	-4.1
Net interest-bearing debt	-10.9	-12.0	-1.1
Total equity	53.8	57.2	+3.4
Equity ratio	45.4%	50.0%	+4.6%

Profitability/Capital efficiency

	31-Mar-19	31-Mar-20	Difference
ROA (Ordinary income basis)	7.3%	7.5%	+0.2%
ROA (Net income basis)	4.7%	5.2%	+0.5%
ROE (Net income basis)	10.7%	11.0%	+0.3%

Cash Flows

POINT

- **Cash flows from operating activities:**
¥2.9 billion due to effects of increased profits
- **Cash flows from financing activities:**
Used ¥1.9 billion due to payments, etc. for dividends
- **Total cash flows of ¥0.9 billion**

Unit: billions of yen

	FY2018	FY2019	Difference
Cash flows from operating activities	3.2	2.9	-0.3
Cash flows from investing activities	-1.4	0.0	+1.4
Cash flows from financing activities	-4.4	-1.9	+2.5
Effect of exchange rate changes on cash and cash equivalents	-0.2	-0.0	+0.1
Total cash flows	-2.7	0.9	+3.7
Cash and cash equivalents at end of period	12.0	13.0	+0.9

FY2020 Business Results Forecast

POINT

- COVID-19 continues spreading globally and greatly impacting domestic and overseas economies, not possible to project convergence of the pandemic, making the future uncertain

Unit: billions of yen

	FY2019 Result	FY2020 Forecast	Difference	Ratio
Net Sales	329.4	200.0	-129.4	-39.3%
Operating income	8.2	6.7	-1.5	-18.5%
Ordinary income	8.7	7.0	-1.7	-19.4%
Net income attributable to owners of the parent	6.1	4.6	-1.5	-24.6%

* Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30) adopted and applied to net sales from FY20.

FY2019 Dividend

Basic Dividend Policy

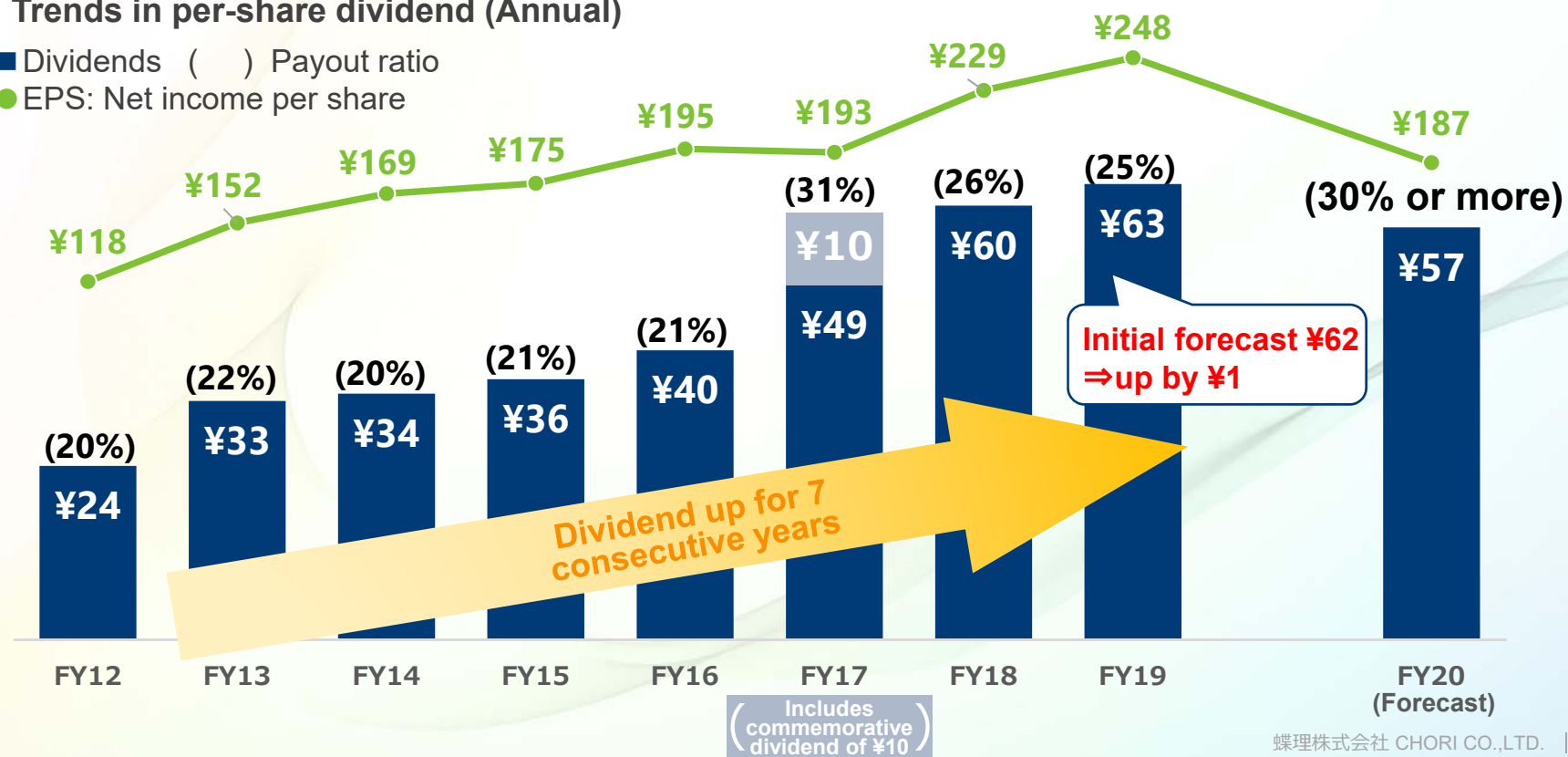
We seek to make performance-based dividends based on net income levels for the current term from the perspective of motivational profit distribution and ensuring stable management finances with enough internal funds for business development reserved.

Basic Dividend Policy

- Dividend policy: Dividend payout ratio of 25% or more
- From FY20, dividend payout ratio raised from at least 25% [to 30% or more].

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.