



Financial Results for the Year Ended March 31, 2020 [Based on Japanese GAAP] (Consolidated)

May 19, 2020

Company name: CHORI CO., LTD. Stock exchange listing: Tokyo (1st section)
 TSE Code: 8014 URL: <https://www.chori.co.jp>
 Representative: Kazuo Sakihama, President, CEO & COO
 Inquiries: Yasutaka Kawamura, Manager of Corporate Management Dept.
 Tel.: +81-3-5781-6201
 Scheduled date of Annual General Meeting of Shareholders: June 16, 2020
 Scheduled date to commence dividend payments: June 17, 2020
 Scheduled date to file Securities Report: June 17, 2020
 Supplementary materials on financial results: Yes
 Results explanatory meeting: None

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

1. Consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(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	%
For the year ended								
Mar. 31, 2020	329,360	(7.6)	8,219	2.1	8,685	0.3	6,101	8.4
Mar. 31, 2019	356,537	14.4	8,047	11.4	8,660	15.5	5,630	19.0

Note: Comprehensive income

For the year ended Mar. 31, 2020: 5,024 million yen (17.7%)

For the year ended Mar. 31, 2019: 4,269 million yen (-26.8%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income to net sales
For the year ended	yen	yen	%	%	%
Mar. 31, 2020	248.46	—	11.0	7.5	2.5
Mar. 31, 2019	229.28	—	10.7	7.3	2.3

Reference: Share of profit of entities accounted for using equity method

For the year ended Mar. 31, 2020: 339 million yen

For the year ended Mar. 31, 2019: 326 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
Mar. 31, 2020	114,400	57,279	50.0	2,328.79
Mar. 31, 2019	118,499	53,897	45.4	2,191.45

Reference: Total equity

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

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

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
For the year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar. 31, 2020	2,857	8	(1,899)	12,988
Mar. 31, 2019	3,196	(1,421)	(4,350)	12,042

2. Dividends

	Dividends per share					Total dividends	Dividends payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
For the year ended	yen	yen	yen	yen	yen	Millions of yen	%	%
Mar. 31, 2019	—	26.00	—	34.00	60.00	1,473	26.2	2.8
Mar. 31, 2020	—	31.00	—	32.00	63.00	1,547	25.4	2.8
For the year ending Mar. 31, 2021 (forecast)	—	28.00	—	29.00	57.00		30.4	

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	200,000	(39.3)	6,700	(18.5)	7,000	(19.4)	4,600	(24.6)	187.33

Notes: Effective from the beginning of the year ending March 31, 2021, the Company has opted for early adoption of the Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29, issued on March 30, 2018) and amounts in the aforementioned consolidated business performance forecast are displayed after applying the standard.

* Notes

(1) Changes in significant subsidiaries during the period: None

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

Inclusion: None

Exclusion: None

(2) 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

(3) Number of outstanding shares (common shares)

1. Number of outstanding shares at the end of the period (including treasury stock)	As of Mar. 31, 2020	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 Mar. 31, 2020	747,620 shares	As of Mar. 31, 2019	747,117 shares
3. Average number of shares during the period	For the year ended Mar. 31, 2020	24,556,156 shares	For the year ended Mar. 31, 2019	24,555,978 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for the Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020)

(1) Unconsolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
Mar. 31, 2020	147,665	(12.7)	5,317	3.4	6,442	5.2	4,658	4.6
Mar. 31, 2019	169,190	2.5	5,140	2.3	6,125	2.9	4,452	6.1

	Net income per share	Diluted net income per share
For the year ended	yen	yen
Mar. 31, 2020	189.72	—
Mar. 31, 2019	181.33	—

(2) Unconsolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	yen
Mar. 31, 2020	74,911	48,468	64.7	1,973.79
Mar. 31, 2019	77,464	45,895	59.2	1,868.98

Reference: Total equity

As of Mar. 31, 2020: 48,468 million yen

As of Mar. 31, 2019: 45,895 million yen

* This Financial Results is out of the scope of 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 Mar. 31, 2020
Assets		
Current assets		
Cash and deposit	12,896	13,342
Deposit paid in subsidiaries and affiliates	—	500
Notes and accounts receivable - trade	66,537	64,034
Merchandise and finished goods	14,159	12,746
Work in process	25	64
Raw materials and supplies	4	5
Goods in transit	936	1,006
Other	4,447	4,517
Allowance for doubtful accounts	(10)	(39)
Total current assets	98,997	96,178
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,967	1,055
Accumulated depreciation	(1,237)	(650)
Buildings and structures, net	729	405
Machinery, equipment and vehicles	1,484	1,382
Accumulated depreciation	(1,068)	(948)
Machinery, equipment and vehicles, net	415	433
Tools, furniture and fixtures	693	672
Accumulated depreciation	(490)	(476)
Tools, furniture and fixtures, net	203	195
Construction in progress	—	225
Land	1,367	806
Leased assets	124	576
Accumulated depreciation	(68)	(266)
Leased assets, net	56	309
Total property, plant and equipment	2,772	2,376
Intangible assets		
Goodwill	1,956	781
Other	346	353
Total intangible assets	2,303	1,135
Investment and other assets		
Investment securities	11,011	9,913
Long-term loans receivable	346	1,473
Retirement benefit asset	14	5
Deferred tax assets	675	856
Other	2,848	2,881
Allowance for doubtful accounts	(469)	(420)
Total investment and other assets	14,426	14,710
Total non-current assets	19,502	18,221
Total assets	118,499	114,400

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,635	45,235
Short-term loans payable	1,937	1,843
Accrued income taxes	1,411	1,618
Accrued employee bonuses	872	819
Allowance for losses from liquidation of subsidiaries and affiliates	42	42
Other	4,752	4,522
Total current liabilities	61,651	54,081
Non-current liabilities		
Long-term loans payable	71	35
Deferred tax liabilities	729	565
Retirement benefit liabilities	2,053	2,233
Other	97	205
Total non-current liabilities	2,951	3,039
Total liabilities	64,602	57,121
Net assets		
Shareholders' equity		
Capital stock	6,800	6,800
Capital surplus	1,753	1,753
Retained earnings	45,337	49,797
Treasury stock	(740)	(741)
Total shareholders' equity	53,149	57,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	773	42
Deferred gains or losses on hedges	249	148
Foreign currency translation adjustments	(323)	(497)
Remeasurements of defined benefit plans	(35)	(116)
Total accumulated other comprehensive income	664	(423)
Non-controlling interests	83	93
Total net assets	53,897	57,279
Total liabilities and net assets	118,499	114,400

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

Quarterly consolidated statements of income

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net sales	356,537	329,360
Cost of sales	327,951	301,050
Gross profit	28,585	28,310
Selling, general and administrative expenses	20,538	20,091
Operating income	8,047	8,219
Non-operating income		
Interest income	114	202
Dividend income	199	202
Share of profit of entities accounted for using equity method	326	339
Foreign exchange gains	89	—
Gain on adjustment of account payable	89	91
Miscellaneous income	256	179
Total non-operating income	1,076	1,015
Non-operating expenses		
Interest expenses	102	95
Loss on sales of notes receivable - trade	249	227
Sales discounts	60	42
Foreign exchange losses	—	93
Miscellaneous expenses	50	89
Total non-operating expenses	463	549
Ordinary income	8,660	8,685
Extraordinary income		
Gain on sales of non-current assets	2	777
Gain on sales of investment securities	10	11
Total extraordinary income	12	788
Extraordinary losses		
Loss on valuation of investment securities	32	131
Impairment loss	—	32
Loss on disposal of non-current assets	15	11
Loss on sales of investment securities	15	4
Other	—	2
Total extraordinary loss	63	183
Profit before income taxes	8,609	9,290
Income taxes - current	2,995	3,184
Income taxes - deferred	(23)	(4)
Total income taxes	2,972	3,179
Net income	5,637	6,110
Net income attributable to non-controlling interests	7	9
Net income attributable to owners of the parent	5,630	6,101

Quarterly consolidated statements of comprehensive income

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net income	5,637	6,110
Other comprehensive income		
Valuation difference on available-for-sale securities	(868)	(731)
Deferred gains or losses on hedges	186	(101)
Foreign currency translation adjustments	(509)	(106)
Remeasurements of defined benefit plans, net of tax	(4)	(81)
Share of other comprehensive income of entities accounted for using equity method	(172)	(66)
Total other comprehensive income	(1,367)	(1,085)
Comprehensive income	4,269	5,024
Comprehensive income attributable to:		
Owners of the parent	4,262	5,013
Non-controlling interests	6	11

Consolidated Statements of Changes in Shareholders' Equity
For the year ended Mar. 31, 2019 (from Apr. 1, 2018 to Mar. 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance on Apr. 1, 2018	6,800	1,747	41,241	(744)	49,044
Changes of items during the period					
Cash dividends			(1,522)		(1,522)
Net income attributable to owners of the parent			5,630		5,630
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		5		6	12
Changes in scope of equity method					—
Other			(12)		(12)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	5	4,095	3	4,105
Balance on Mar. 31, 2019	6,800	1,753	45,337	(740)	53,149

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance on Apr. 1, 2018	1,642	63	357	(31)	2,031	77	51,153
Changes of items during the period							
Cash dividends							(1,522)
Net income attributable to owners of the parent							5,630
Purchase of treasury stock							(2)
Disposal of treasury stock							12
Changes in scope of equity method							—
Other							(12)
Net changes of items other than shareholders' equity	(868)	186	(680)	(4)	(1,367)	6	(1,361)
Total changes of items during the period	(868)	186	(680)	(4)	(1,367)	6	2,743
Balance on Mar. 31, 2019	773	249	(323)	(35)	664	83	53,897

Consolidated Statements of Changes in Shareholders' Equity
For the year ended Mar. 31, 2020 (from Apr. 1, 2019 to Mar. 31, 2020)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance on Apr. 1, 2019	6,800	1,753	45,337	(740)	53,149
Changes of items during the period					
Cash dividends			(1,596)		(1,596)
Net income attributable to owners of the parent			6,101		6,101
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					—
Changes in scope of equity method			(28)		(28)
Other			(16)		(16)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	4,460	(0)	4,459
Balance on Mar. 31, 2020	6,800	1,753	49,797	(741)	57,608

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance on Apr. 1, 2019	773	249	(323)	(35)	664	83	53,897
Changes of items during the period							
Cash dividends							(1,596)
Net income attributable to owners of the parent							6,101
Purchase of treasury stock							(0)
Disposal of treasury stock							—
Changes in scope of equity method							(28)
Other							(16)
Net changes of items other than shareholders' equity	(731)	(101)	(174)	(81)	(1,087)	10	(1,077)
Total changes of items during the period	(731)	(101)	(174)	(81)	(1,087)	10	3,381
Balance on Mar. 31, 2020	42	148	(497)	(116)	(423)	93	57,279

Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Cash flows from operating activities		
Profit before income taxes	8,609	9,290
Depreciation	361	529
Impairment loss	—	32
Amortization of goodwill	1,241	1,175
Increase (decrease) in retirement benefit liabilities	(6)	179
Increase (decrease) in allowance for doubtful accounts	(50)	(16)
Interest and dividend income	(313)	(404)
Interest expenses	102	95
Foreign exchange losses (gains)	(3)	(11)
Share of loss (profit) of entities accounted for using equity method	(326)	(339)
Loss (gain) on sales of property, plant and equipment and others	13	(765)
Loss (gain) on sales of investment securities	4	(6)
Loss (gain) on valuation of investment securities	32	131
Decrease (increase) in notes and accounts receivable-trade	(3,181)	2,313
Decrease (increase) in inventories	(808)	1,280
Increase (decrease) in notes and accounts payable-trade	(341)	(7,307)
Increase (decrease) in accrued consumption taxes	(101)	(47)
Decrease (increase) in other assets	461	(124)
Increase (decrease) in other liabilities	42	(367)
Other, net	76	(149)
Subtotal	5,811	5,487
Interest and dividends received	370	439
Interest paid	(102)	(96)
Income taxes (paid) refund	(2,883)	(2,973)
Net cash provided by (used in) operating activities	3,196	2,857
Cash flows from investing activities		
Purchase of property, plant and equipment	(196)	(459)
Proceeds from sales of property, plant and equipment	3	1,634
Purchase of intangible assets	(143)	(122)
Purchase of investment securities	(291)	(72)
Proceeds from sales of investment securities	281	58
Purchase of shares of subsidiaries and affiliates	(708)	(10)
Proceeds from sales of investments in capital	—	36
Payments for investments in capital of subsidiaries and affiliates	(329)	—
Proceeds from sales of investments in capital of subsidiaries and affiliates	—	26
Payments of loans receivable	(203)	(1,279)
Collection of loans receivable	92	153
Other, net	73	45
Net cash provided by (used in) investing activities	(1,421)	8
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,263)	(32)
Repayments of long-term loans payable	(54)	(78)
Redemption of bonds	(1,492)	—
Purchase of treasury stock	(2)	(0)
Dividends paid	(1,520)	(1,594)
Other, net	(17)	(192)
Net cash provided by (used in) financing activities	(4,350)	(1,899)
Effect of exchange rate changes on cash and cash equivalents	(159)	(20)
Net increase (decrease) in cash and cash equivalents	(2,734)	946
Cash and cash equivalents at beginning of period	14,776	12,042
Cash and cash equivalents at end of period	12,042	12,988