

FY2022 2Q (April 1, 2022 to September 30, 2022)

Financial Results Materials (Highlights)

October 28, 2022

Forecasts of operational performance, 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 condition and operational performance of the company in the future.

CHORI CO., LTD.

Key Points of the Summary

POINT

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

- Steady progress to our new stage, “consistently deliver ordinary profit at the ¥10.0 billion level.”

Business results summary

- Increased sales and profit YoY significantly
 - Ordinary profit in FY2022 2Q was ¥7.4 billion and net profit attributable to owners of parent was ¥4.8 billion, hitting new record highs.
 - Increased sales across all segments. The Chemicals segment was the driving force.
- Cf. ROA (ordinary profit basis): 10.4%, ROE (net profit basis): 14.0%

Financial base

- Equity-to-asset ratio: 47.5% Maintained at a high level

Topics

- On June 16, 2022, made disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are promoting measures.
- Company-wide business transformation project (Chori’s new mission-critical system implementation project planned to be launched in October 2024, called CARAT): Business Design Phase started.

Business Results Breakdown (YoY Comparison)

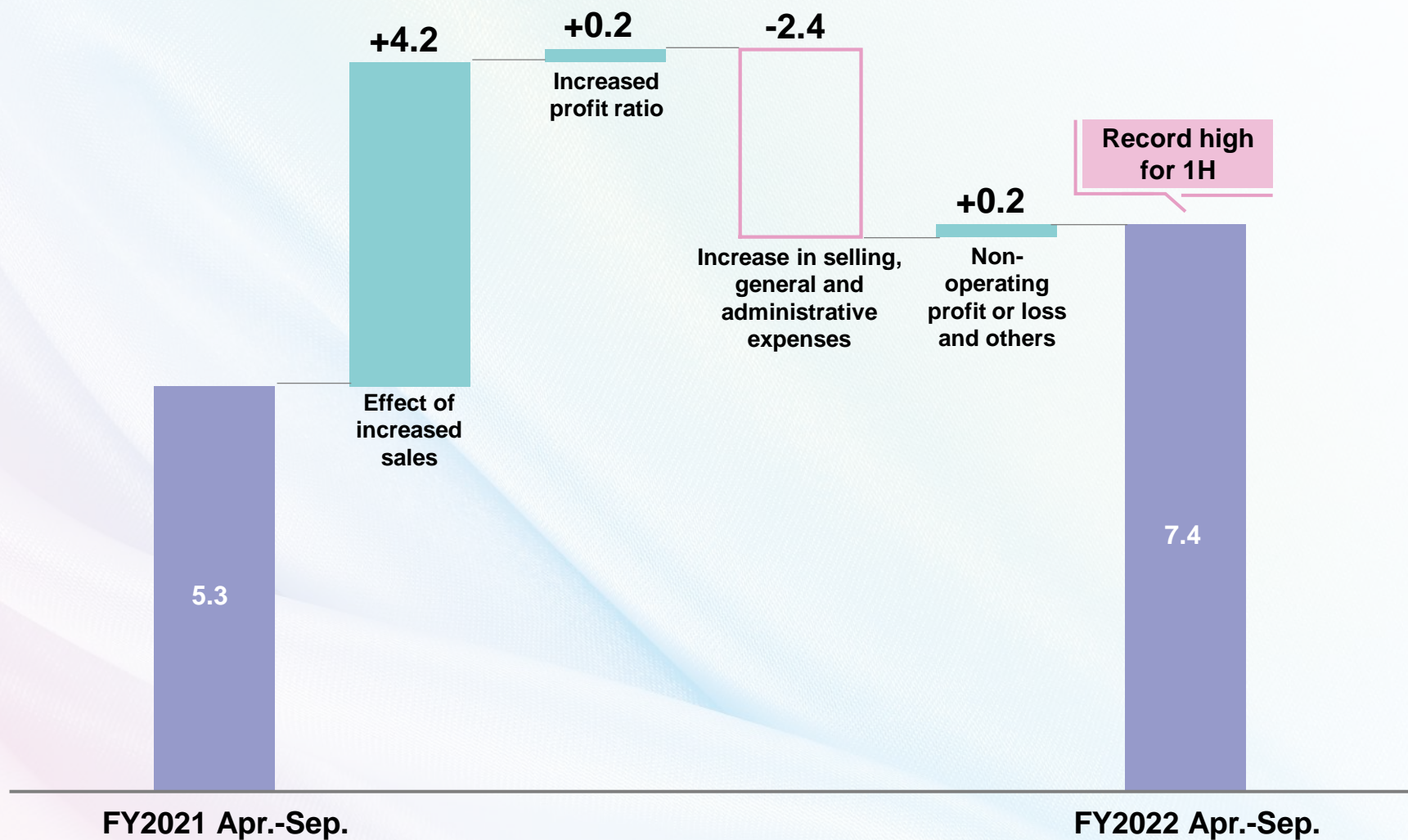
POINT

- Global economic activity advanced further toward stabilization, premised on an era of living alongside COVID-19.
- In contrast, financial authorities in various countries restricted finances and raised interest rates. There are concerns about a recession.
- Sales and profits largely increased with a focus on the Chemicals business which continued to be favorable from the previous period.

Unit: billions of yen	FY2021 Apr.-Sep.	FY2022 Apr.-Sep.	Difference	Ratio
Net sales	130.0	168.5	+38.4	+29.6%
Gross profit	14.3	18.7	+4.4	+30.7%
Selling, general and administrative expenses	9.5	11.9	+2.4	+25.7%
Operating profit	4.8	6.8	+2.0	+40.5%
Ordinary profit	5.3	7.4	+2.1	+40.1%
Net profit attributable to owners of parent	4.0	4.8	+0.8	+20.1%

Reasons for Changes in Ordinary Profit

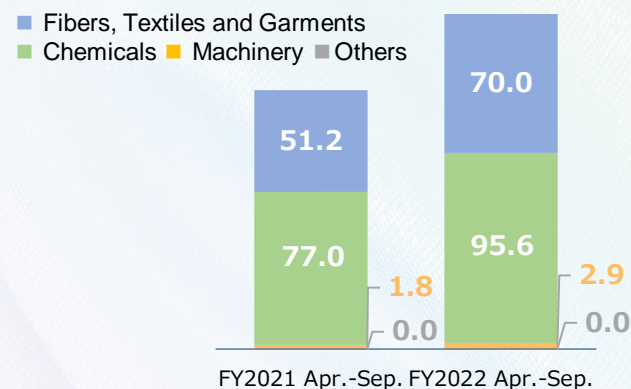
Unit: billions of yen



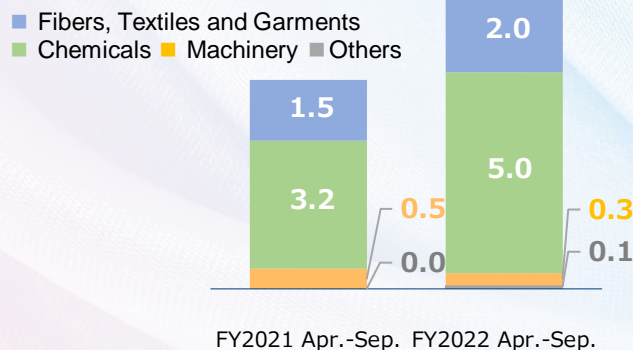
Segment Results

Unit: billions of yen

Net sales



Ordinary profit



Unit: billions of yen	FY2021 Apr.-Sep.	FY2022 Apr.-Sep.	Difference
Fibers, Textiles and Garments	51.2	70.0	+18.7
Chemicals	77.0	95.6	+18.6
Machinery (*)	1.8	2.9	+1.1
Others	0.0	0.0	-0.0
Total	130.0	168.5	+38.4

* Reference: Trading amount handled ¥28.4 billion

Unit: billions of yen	FY2021 Apr.-Sep.	FY2022 Apr.-Sep.	Difference
Fibers, Textiles and Garments	1.5	2.0	+0.4
Chemicals	3.2	5.0	+1.7
Machinery	0.5	0.3	-0.1
Others (*)	0.0	0.1	+0.1
Total	5.3	7.4	+2.1

* Adjusted amounts for "Others" are included.

Fibers, Textiles and Garments

Increased sales and profit

Recovering

Domestic apparel-related

Strong

Sustainable products

Chemicals

Increased sales and profit

Strong

Overall

Steady

Fine chemicals
Inorganic fine materials

Machinery

Increased sales and decreased profit

Increased sales

Vehicles for Europe and
Central America

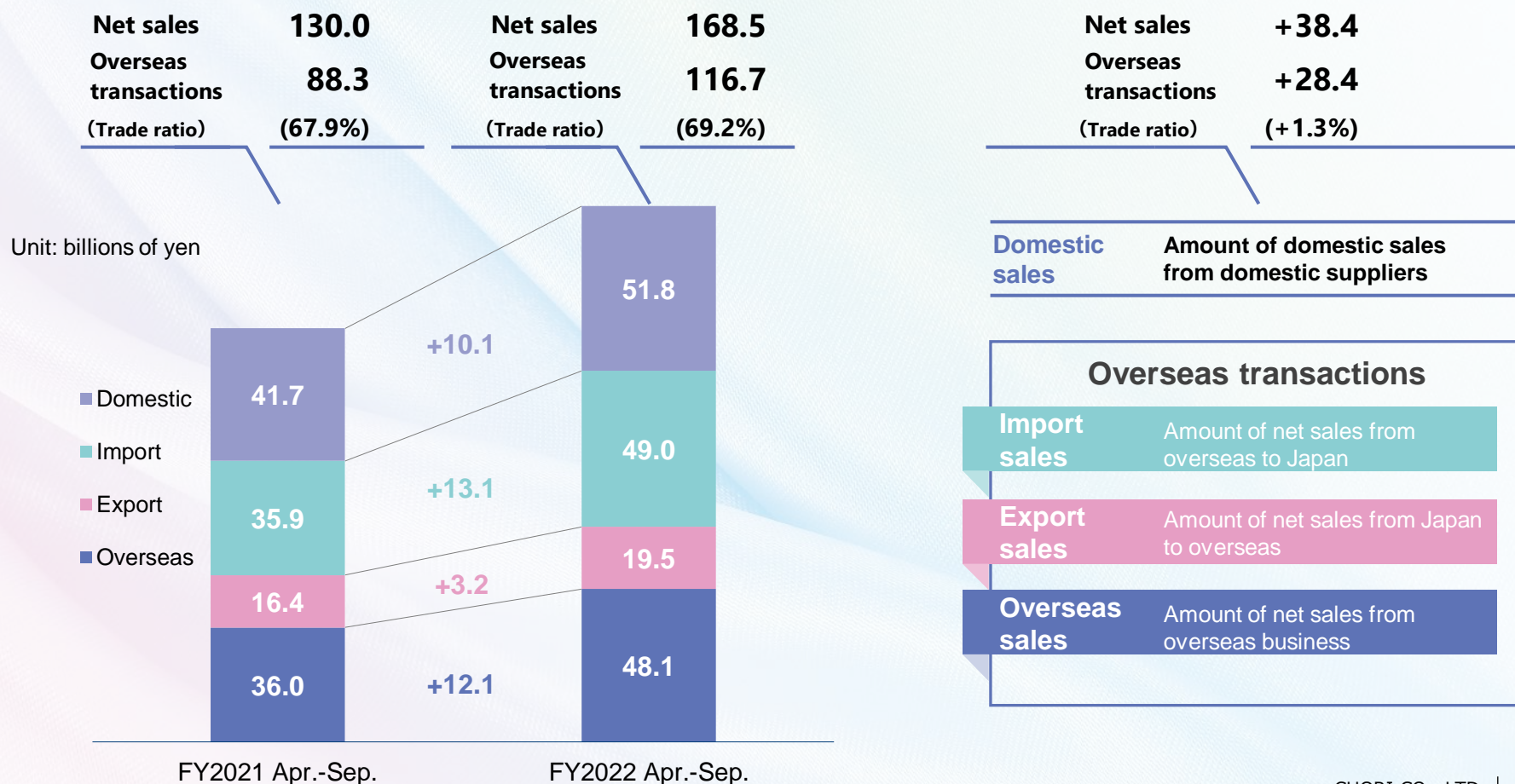
Loss

Additional recording of allowance
for doubtful accounts

Net Sales by Operation

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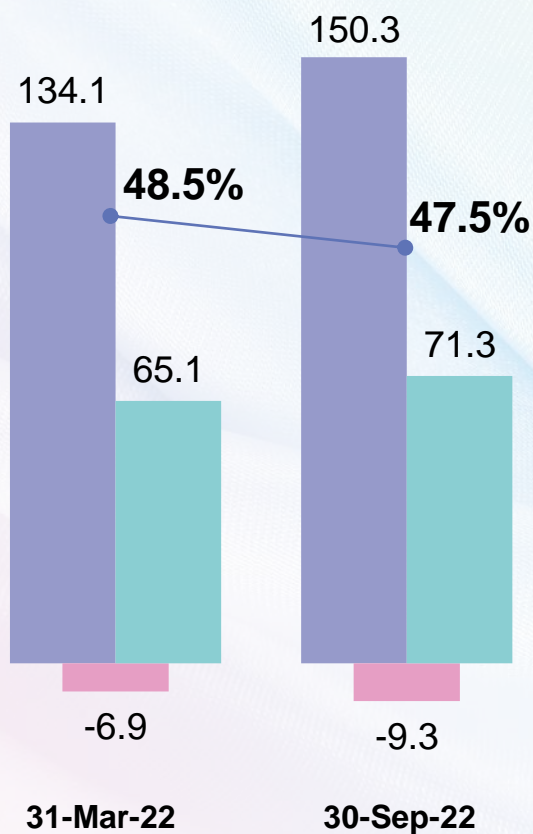
- Increased sales across all operations
- Trade ratio: 69.2% (+1.3% YoY)



Financial Position

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

Unit: billions of yen



Financial soundness

Unit: billions of yen	31-Mar-22	30-Sep-22	Difference
Total assets	134.1	150.3	+16.2
Net interest-bearing debt	-6.9	-9.3	-2.3
Total equity	65.1	71.3	+6.3
Equity-to-asset ratio	48.5%	47.5%	-1.0%

Profitability/Capital efficiency

Unit: billions of yen	31-Mar-22	30-Sep-22 (*)	Difference
ROA (Ordinary profit basis)	8.4%	10.4%	+2.0%
ROA (Net profit basis)	5.6%	6.7%	+1.1%
ROE (Net profit basis)	11.0%	14.0%	+3.0%

* Annual basis

Cash Flows

POINT

- **Cash flows from operating activities** : Provided ¥2.7 billion due to net profit before income taxes and others despite an increase in working capital
- **Cash flows from investing activities** : Provided ¥0.2 billion due to proceeds from sale of investment securities and others

	Unit: billions of yen		
	FY2021 Apr.-Sep.	FY2022 Apr.-Sep.	Difference
Cash flows from operating activities	-2.6	2.7	+5.3
Cash flows from investing activities	0.4	0.2	-0.3
Cash flows from financing activities	-0.7	0.3	+1.0
Effect of exchange rate changes on cash and cash equivalents	0.3	1.0	+0.7
Total cash flows	-2.5	4.2	+6.7
Cash and cash equivalents at end of period	15.1	16.3	+1.1

FY2022 Business Results Forecast

POINT

- Making active and steady progress on “Chori Innovation Plan 2022 (CIP2022),” the Company’s medium-term management plan.
FY2022 ordinary profit forecast of ¥12.0 billion
(ROA (ordinary profit basis): 9.0%, ROE (net profit basis): 12.0%)
- Each rate of progress compared to the full-year forecast is progressing at over 50%.
- Established a project to formulate the Company's next medium-term management plan.

Unit: billions of yen	FY2021 Apr.-Sep. Result	FY2022 Forecast	FY2022 Progress	FY2021 Result
Net sales	168.5	330.0	51.1%	284.1
Operating profit	6.8	11.5	58.8%	9.3
Ordinary profit	7.4	12.0	61.5%	10.3
Net profit attributable to owners of parent	4.8	8.2	58.4%	6.8

FY2022 Dividend

Basic dividend policy

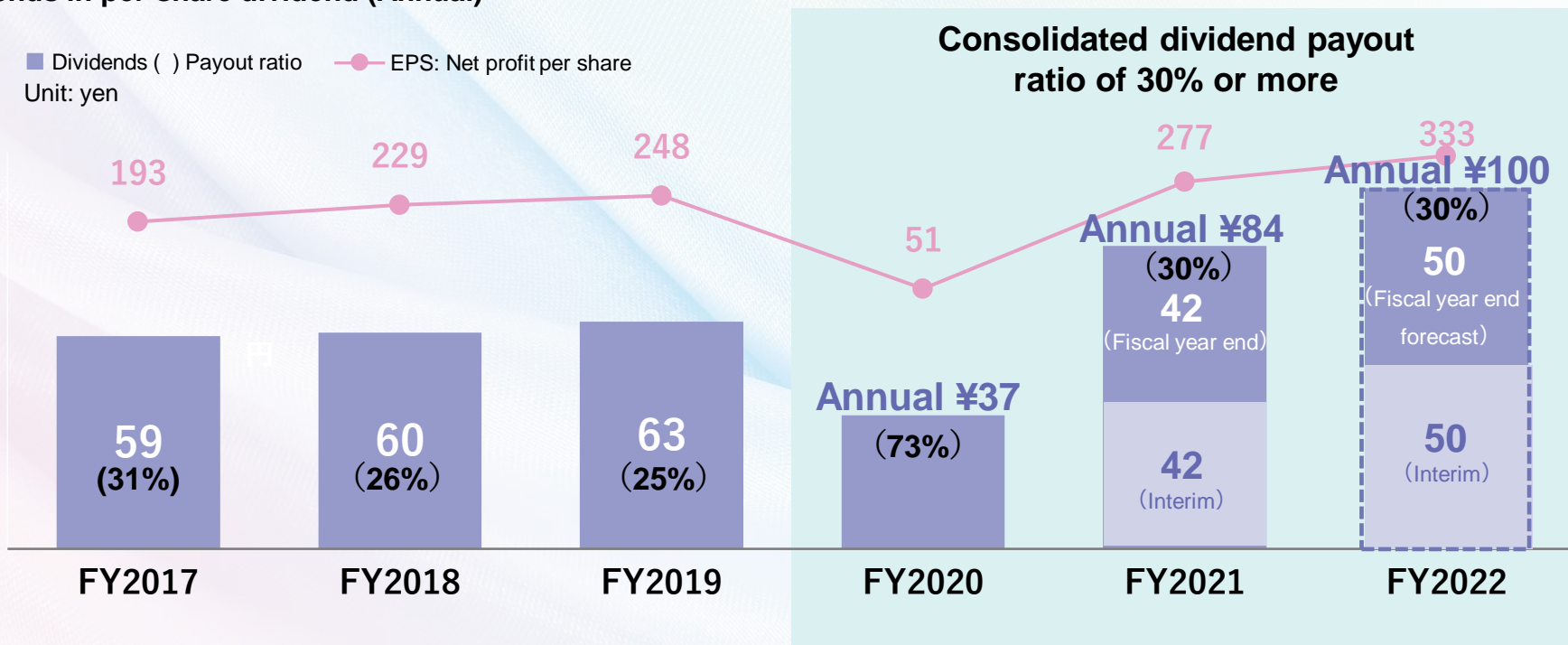
- The policy is to provide performance-based dividends in accordance with the levels of net profit attributable to owners of parent from the perspectives of flexibly returning profits to shareholders and ensuring stable management and finances while securing appropriate funds for investments in growth strategies.
- Dividend policy: From FY2020, the dividend payout ratio has been raised from at least 25% [to 30% or more].

Annual dividend forecast

Based on the business results forecast announced on April 28, 2022, and the policy above, an interim dividend of ¥50 per share will be paid. The annual dividend forecast is ¥100 per share as initially announced (year-end dividend of ¥50 per share).

Trends in per-share dividend (Annual)

■ Dividends () Payout ratio ● EPS: Net profit per share
Unit: yen



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CHORI CO., LTD.