



FY03/2024 Q1
(April 1, 2023 to June 30, 2023)

Financial Results Materials (Highlights)

July 28, 2023

CHORI CO., LTD.

Key Points of the Summary

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The Medium-Term Management Plan “Chori Innovation Plan 2025” starts.

- The Company is off to a smooth start toward achieving its full-year forecast of financial results for the fiscal year ending March 31, 2024.

Business results summary

- Despite a year-on-year decline in sales, segment profit (profit before income taxes) remained on par with the previous year.
- The Fibers, Textiles and Garments business recovered with higher sales and a significant increase in profits. The Chemicals business also performed well.

Financial base

- Equity-to-asset ratio: 52.3% Maintained at a high level
- ROE (net income/annual basis) 12.1%
- ROIC (net income/annual basis) 13.1%

Topics

- The company-wide business transformation project (mission critical system (SAP) implementation project, called CARAT) is progressing as planned, with full-scale operation scheduled for April 2025. The project has transitioned from the design phase to the implementation phase.
- The Company is enhancing disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), including calculating GHG emissions for a 1.5°C scenario and Scope 3.

Business Results Breakdown (YoY Comparison)

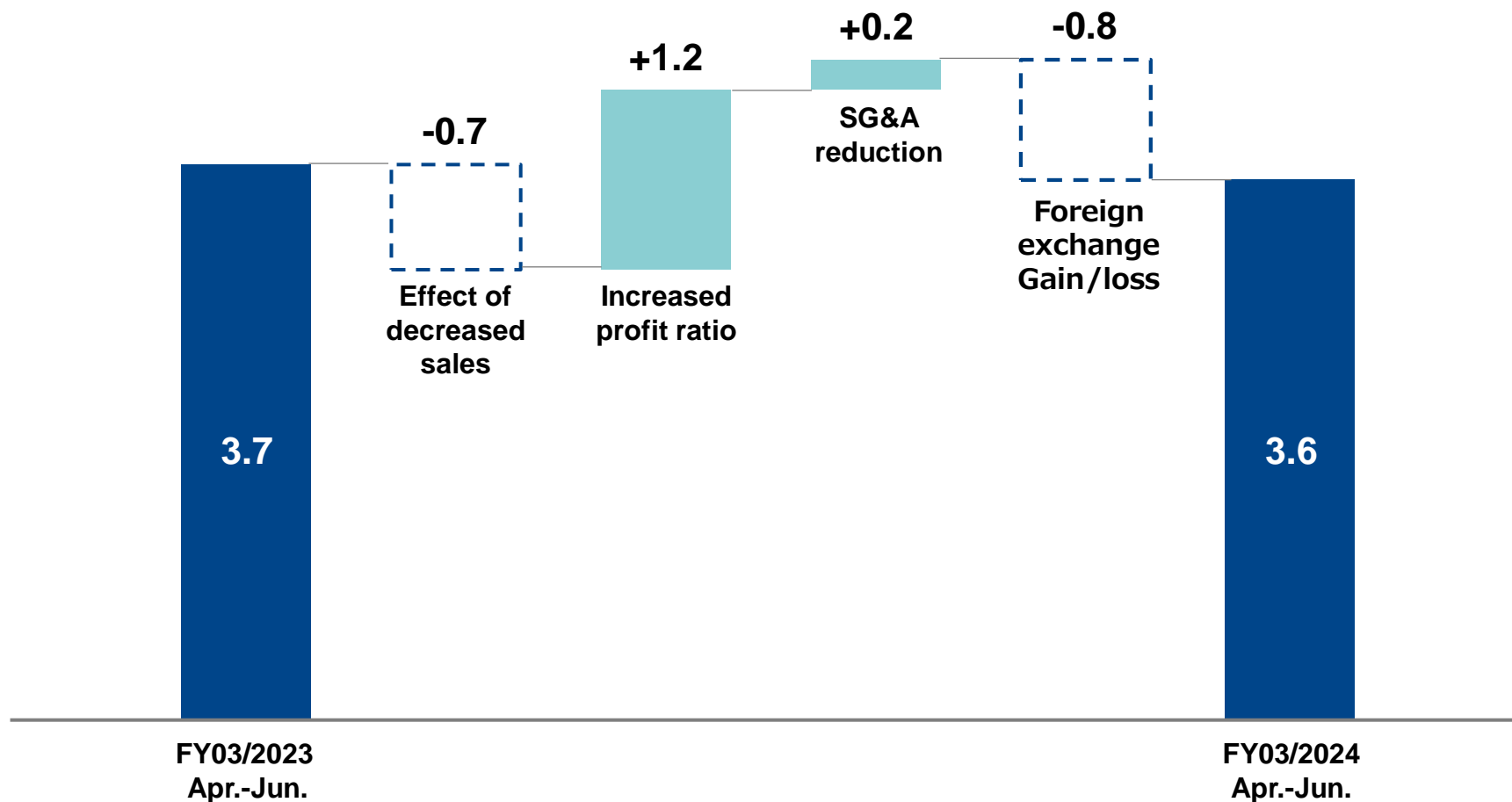
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- There were hopes for a pick-up in economic activity in China following the end of its zero-COVID policy. However, the prolonged slump in the real estate market has slowed the pace of economic recovery. Western countries remain concerned about inflation.
- The Japanese economy continues to face an uncertain business environment due to rising prices for various consumer goods.
- However, the Japanese apparel market is rebounding, leading to positive performance in the Fibers, Textiles and Garments business.

Unit: billions of yen	FY03/2023 Apr.-Jun.	FY03/2024 Apr.-Jun.	Difference	Ratio
Net sales	81.9	75.8	-6.1	-7.5%
Gross profit	9.1	9.6	+0.5	+5.6%
Selling, general and administrative expenses	5.9	5.7	-0.2	-3.6%
Operating profit	3.2	3.9	+0.7	+22.6%
Ordinary profit	3.7	3.6	-0.0	-1.3%
Profit before income taxes	3.7	3.6	-0.1	-1.4%
Net profit attributable to owners of the parent	2.3	2.2	-0.1	-3.6%

Reasons for Changes in Profit before Income Taxes

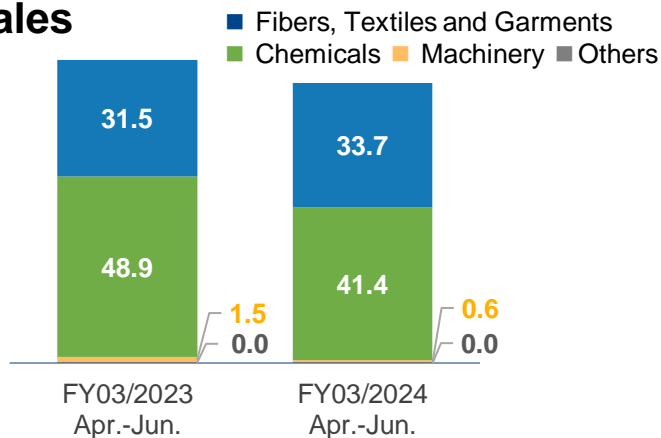
Unit: billions of yen



Segment Results

Unit: billions of yen

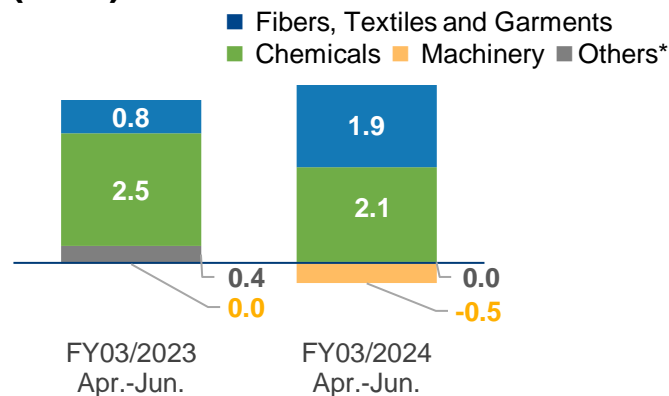
Net sales



Unit: billions of yen

	FY03/2023 Apr.-Jun.	FY03/2024 Apr.-Jun.	Difference
Fibers, Textiles and Garments	31.5	33.7	+2.2
Chemicals	48.9	41.4	-7.4
Machinery	1.5	0.6	-0.9
Others	0.0	0.0	+0.0
Total	81.9	75.8	-6.1

Profit (loss) before income taxes



Unit: billions of yen

	FY03/2023 Apr.-Jun.	FY03/2024 Apr.-Jun.	Difference
Fibers, Textiles and Garments	0.8	1.9	+1.1
Chemicals	2.5	2.1	-0.4
Machinery	-0.0	-0.5	-0.4
Others*	0.4	0.0	-0.4
Total	3.7	3.6	-0.1

*Adjusted amounts for Others are included.

Fibers, Textiles and Garments

Increased sales and significant increased profit

Steady

Overall

Recovering

Domestic apparel-related

Chemicals

Decreased sales and profit

Steady

Fine chemicals

Struggling

Overall decrease in demand and poor market conditions (Performance chemicals, Inorganic fine materials)

Machinery

Decreased sales and segment loss

Loss

Foreign exchange loss

Net sales by Operation

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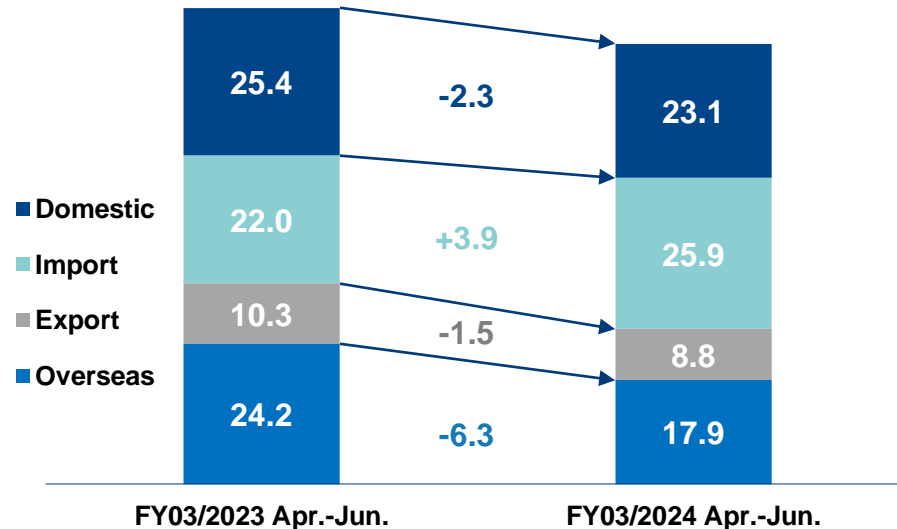
- Trade ratio: 69.5% (+0.5% YoY)
- Overseas sales decreased primarily in the China business.
Import sales increased in the Fibers, Textiles and Garments business.

Unit: billions of yen

Net sales	81.9	Net sales	75.8
Overseas transactions	56.5	Overseas transactions	52.7
(Trade ratio)	(69.0%)	(Trade ratio)	(69.5%)

Diff.

Net sales	-6.1
Overseas transactions	-3.9
(Trade ratio)	(+0.5%)

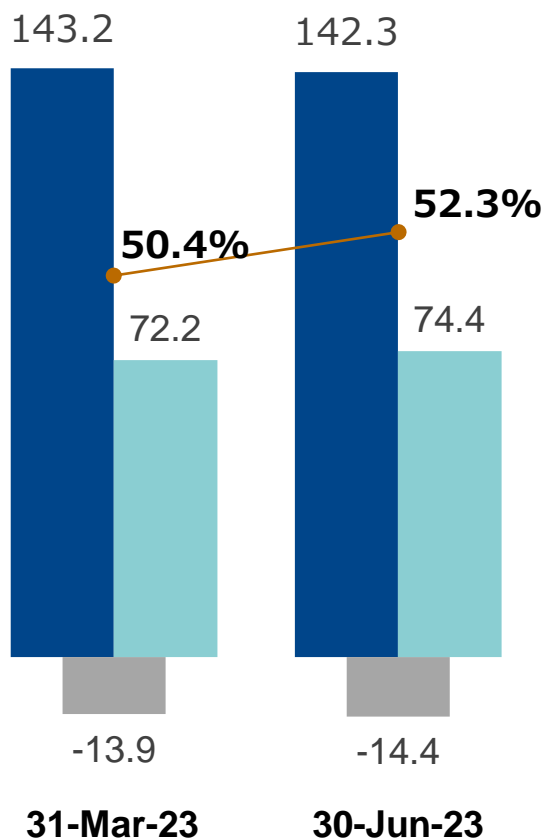


Domestic sales	Amount of domestic sales from domestic suppliers
Overseas transactions	
Import sales	Amount of net sales from overseas to Japan
Export sales	Amount of net sales from Japan to overseas
Overseas sales	Amount of net sales from overseas business

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-23	30-Jun-23	Difference
Total assets	143.2	142.3	-0.9
Net interest-bearing debt	-13.9	-14.4	-0.5
Total equity	72.2	74.4	+2.2
Equity-to-asset ratio	50.4%	52.3%	+1.9%

Profitability/Capital efficiency

	31-Mar-23	30-Jun-23*	Difference
ROA (Ordinary income basis)	9.0%	10.1%	+1.1%
ROA (Net income basis)	5.9%	6.2%	+0.4%
ROE (Net income basis)	11.8%	12.1%	+0.3%
ROIC	10.8%	13.1%	+2.3%

* Annual basis

FY03/2024 Business Results Forecast

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- The progress rate for full-year profit estimates at each stage is around 25%.
- The Company established the Sustainability Promotion Preparation Committee and began considering a basic sustainability policy (with the plan to set up a specialized committee in April 2024 and formulate a basic sustainability policy).

Unit: billions of yen	FY03/2024 Apr.-Jun. Result	FY03/2024 Apr.-Mar. Forecast	FY03/2024 Progress	FY03/2023 Result
Net sales	75.8	340.0	+22.3%	329.4
Operating profit	3.9	14.2	+27.7%	12.7
Ordinary profit	3.6	14.0	+25.8%	12.4
Profit before income taxes	3.6	14.0	+25.8%	12.8
Net profit attributable to owners of parent	2.2	9.4	+23.6%	8.1

FY03/2024 Dividend

Basic dividend policy

- Recognizing the return of profits to shareholders as one of its most important management issues, the Company’s policy is to provide performance-based dividends in accordance with the levels of net profit attributable to owners of parent with a view to continuously and stably returning profits to shareholders and ensuring stable management and finances.
- Dividend policy: Consolidated dividend payout ratio of 30% and dividend on equity ratio (DOE) of 3.5% or more (FY03/2024~)

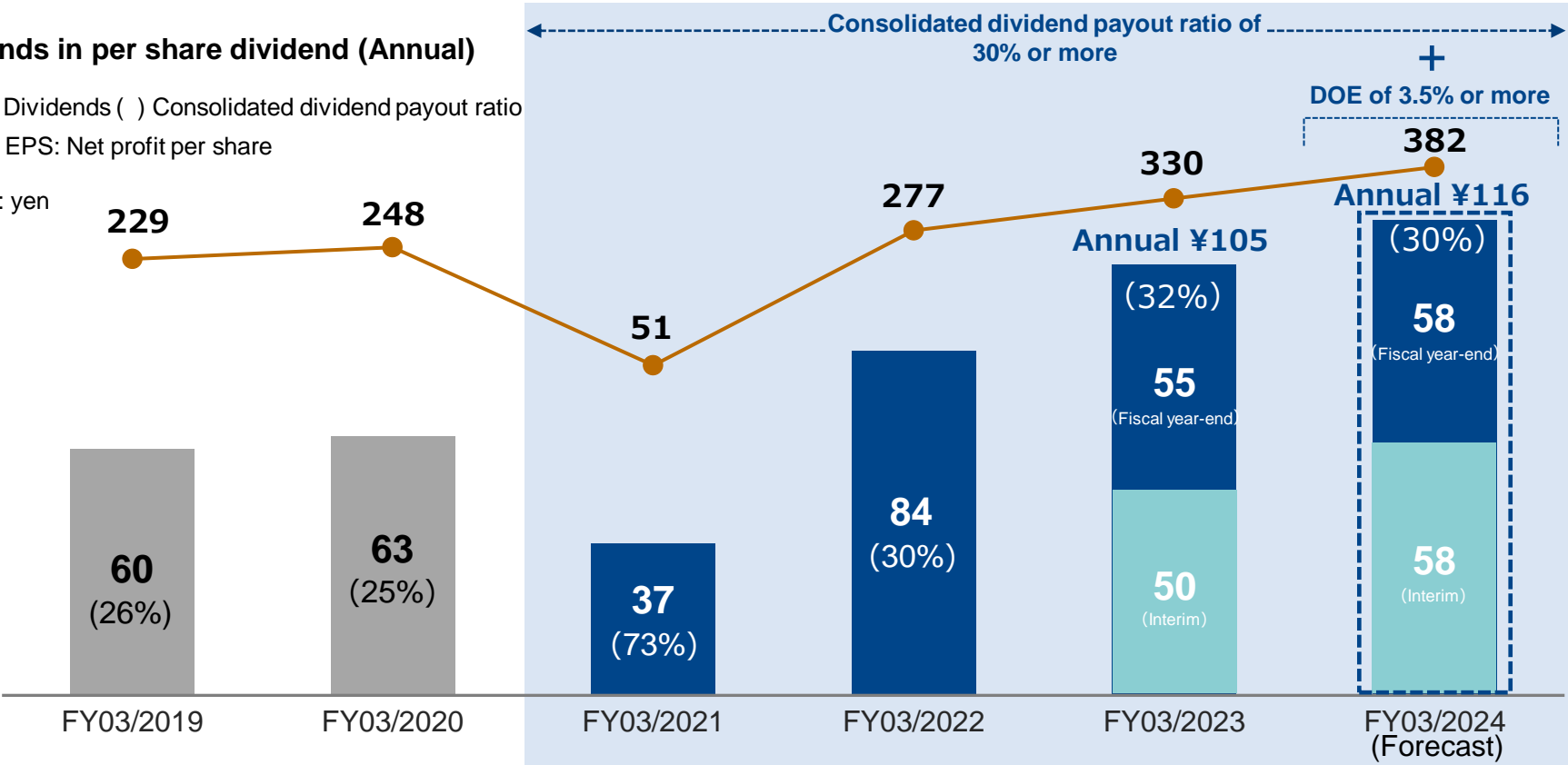
FY03/2024 Annual dividend forecast

The annual dividend forecast is ¥116 per share (interim dividend of ¥58 per share, year-end dividend of ¥58 per share).

Trends in per share dividend (Annual)

■ Dividends () Consolidated dividend payout ratio
— EPS: Net profit per share

Unit: yen





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CHORI CO., LTD.

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.