

Translation — Original text in Japanese



FY2021 3Q (April 1, 2021 to December 31, 2021)

Financial Results Materials (Highlights)

January 27, 2022

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

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

Set sights on a new stage to “consistently deliver ordinary income at the ¥10.0 billion level”

- Continued to maintain strong results in FY2021 3Q (October to December 2021).
- In the total nine-month period, ordinary income and net income attributable to owners of the parent reached record highs. Record high projected for the full-year profit forecast.

▶ Business Results Summary

Significantly increased sales YOY, significant increase in income for each income item.

Increased sales in all segments. Chemicals segment was the driving force.

Confer ROA (ordinary income basis): 9.0%, ROE (net income basis): 12.7%

▶ Financial Base

Equity ratio: 48.6% Maintained at a high level

▶ Shareholder returns

Interim dividend of ¥42 per share, year-end dividend forecast of ¥42 per share

Annual dividend forecast of ¥84 per share (as announced)

⇒ dividend payout ratio of 30% (an annual dividend of ¥37 per share in the previous fiscal year)

▶ Topics

1) Sumitex International Company Limited changed its corporate name to STX Company Limited on January 1, 2022. Consolidated in B/S at end of FY2021 1Q, P/L from 2Q.

2) New market segments

Under the new market segments of the Tokyo Stock Exchange (applicable from April 2022), Chori has chosen to transfer to the Prime Market (announced by the Tokyo Stock Exchange on January 11, 2022.)

As a listed company, 1) secured a ratio of at least one-third of independent outside directors and

2) established a governance committee (comprised of a majority of independent outside directors).

* The Accounting Standard for Revenue Recognition has been applied since FY2020.

Business Results Breakdown (YoY Comparison)

POINT

- Domestic and global economic conditions remain uncertain due to the prolonged spread of COVID-19. Domestically, consumer spending was sluggish due to the impact of the long-term state of emergency.
- Net sales increased significantly due to reasons including recovery in the Chemicals market conditions. The main reason for the significant increase in income in Chemicals was due to the effect of increased sales in addition to a rebound from provision of allowance for doubtful accounts recorded in the previous fiscal year (not recorded in this fiscal year). (The Chinese accounts receivable problem was fully recorded in provision of allowance for doubtful accounts in FY2020.)

Unit: billions of yen	FY2020 Apr.-Dec.	FY2021 Apr.-Dec.	Difference	Ratio
Net sales	157.3	205.8	+48.5	+30.8%
Gross profit	19.6	22.3	+2.7	+13.8%
Selling, general and administrative expenses ※	15.6	14.9	-0.7	-4.5%
Operating income	4.0	7.4	+3.4	+86.2%
Ordinary income	4.4	8.2	+3.8	+86.7%
Net income attributable to owners of the parent	1.9	5.9	+4.0	+213.5%

* In FY2020 3Q, recorded ¥2.4 billion of provision of allowance for doubtful accounts under selling, general and administrative expenses

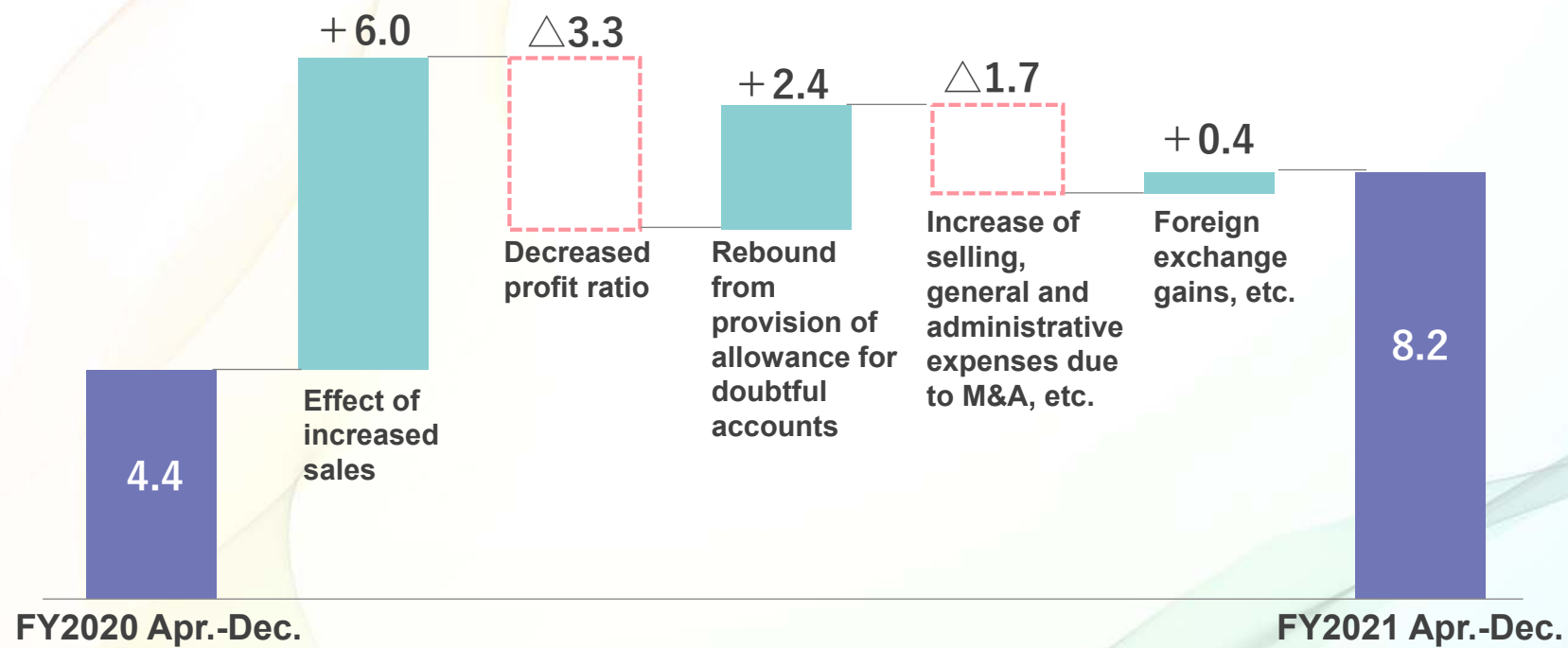
Trends in ordinary income

Unit: billions of yen

	FY2020						FY2021			
	1Q	2Q	3Q	Apr.-Dec.	4Q	Full-year total	1Q	2Q	3Q	Apr.-Dec.
Net Sales	49.0	53.2	55.2	157.3	58.9	216.2	60.7	69.4	75.8	205.8
Operating income (loss)	-0.9	2.5	2.4	4.0	-0.3	3.7	2.6	2.3	2.6	7.4
Ordinary income (loss) (excluding provision of allowance for doubtful accounts)	-0.7 (1.8)	2.5 (2.5)	2.5 (2.5)	4.4 (6.7)	0.3 (2.9)	4.7 (9.7)	2.9	2.4	2.9	8.2
Net income (loss) attributable to owners of the parent	-1.2	1.4	1.6	1.9	-0.6	1.2	2.3	1.7	1.9	5.9

Reasons for Changes in Ordinary Income

Unit: billions of yen



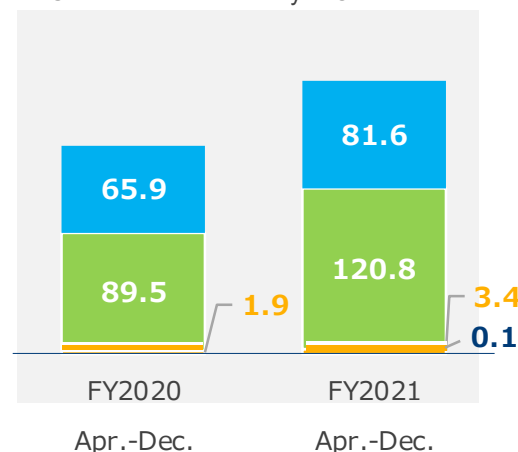
Segment Results

Net sales

Unit: billions of yen

	FY2020 Apr.-Dec.	FY2021 Apr.-Dec.	Difference
Fibers, Textiles and Garments	65.9	81.6	+15.7
Chemicals	89.5	120.8	+31.3
Machinery	1.9	3.4	+1.5
Others	0.0	0.1	+0.0
Total	157.3	205.8	+48.5

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



Fibers, Textiles and Garments

... Increased sales and decreased profit

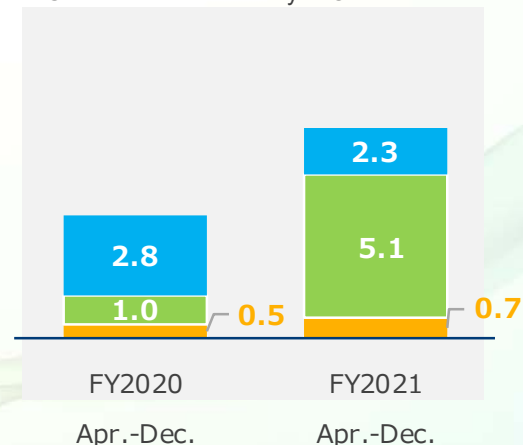
- Steady** Synthetic raw materials
Hygienic materials
- Sluggish** Domestic apparel-related

Ordinary income

Unit: billions of yen

	FY2020 Apr.-Dec.	FY2021 Apr.-Dec.	Difference
Fibers, Textiles and Garments	2.8	2.3	-0.5
Chemicals	1.0	5.1	+4.1
Machinery	0.5	0.7	+0.2
Others	0.0	0.0	+0.0
Total	4.4	8.2	+3.8

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



Chemicals

... Significantly increased sales and profit

- Steady** Overall
- Strong** Organic and inorganic chemical materials
Fine chemicals
- Recovering** Materials for electronics

Machinery

... Increased sales and profit

- Steady** Vehicles

Reference: Trading amount handled
¥30.6 billion

* Adjusted amounts for Others are included.
* Provision of allowance for doubtful accounts of ¥2.4 billion was recorded for Chemicals in FY2020 3Q.

Net Sales by Operation

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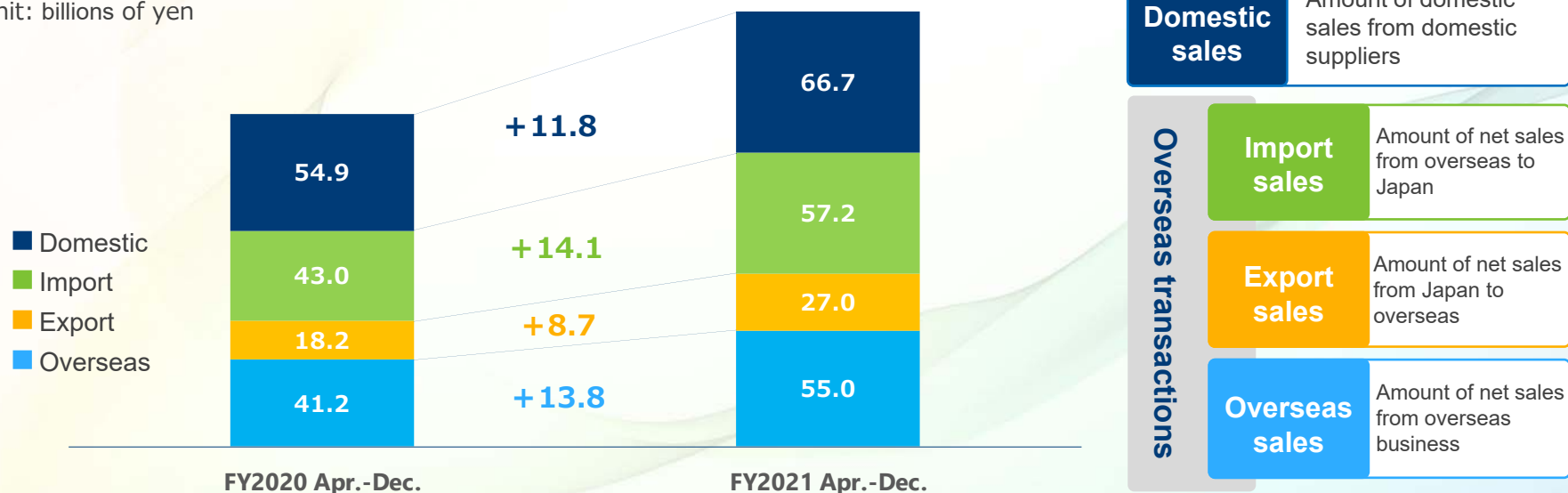
● Trade ratio: 67.6% (+2.5% YoY)

Domestic sales: Increased sales both in the Fibers, Textiles and Garments Business, and the Chemicals Business

Overseas transactions: Increased sales across all segments

Net sales	157.3	Net sales	205.8	Net sales	+48.5
Overseas transactions	102.5	Overseas transactions	139.1	Overseas transactions	+36.7
(Trade ratio)	(65.1%)	(Trade ratio)	(67.6%)	(Trade ratio)	(+2.5%)

Unit: billions of yen

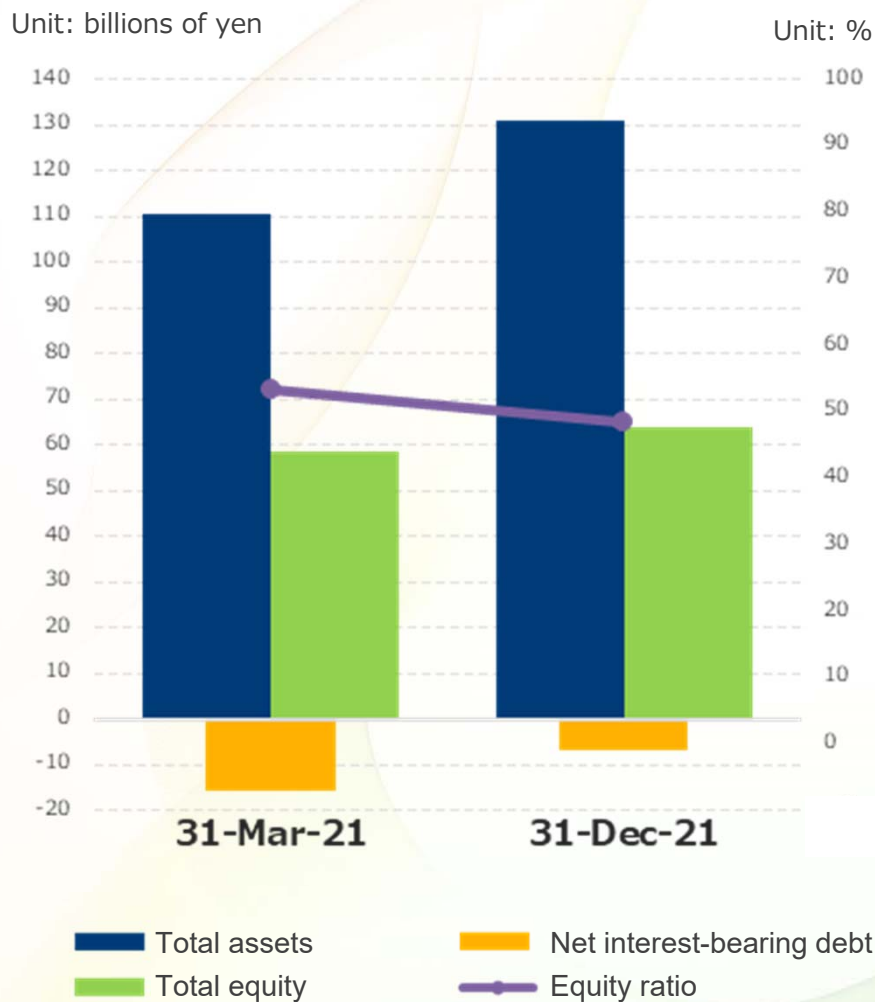


Domestic sales
Amount of domestic sales from domestic suppliers

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



Financial soundness

Unit: billions of yen

	31-Mar-21	31-Dec-21	Difference
Total assets	110.6	131.2	+20.6
Net interest-bearing debt	-15.5	-6.8	+8.8
Total equity	58.8	63.7	+5.0
Equity ratio	53.2%	48.6%	-4.6%

Profitability/Capital efficiency

	31-Mar-21	31-Dec-21(*)	Difference
ROA (Ordinary income basis)	4.1%	9.0%	+4.9%
ROA (Net income basis)	1.1%	6.5%	+5.3%
ROE (Net income basis)	2.2%	12.7%	+10.6%

* Annual basis

FY2021 Business Results Forecast

POINT

- **Steadily made progress on “Chori Innovation Plan 2022,” the Company’s medium-term management plan.
Looking for ordinary income to reach ¥10.0 billion. ROA (ordinary income basis): 9.0%, ROE (net income basis): 11.0%
Confer Ordinary income in FY2022 (final year of the plan) is expected to be ¥11.0 billion**
- **In FY2021 3Q, the rate of progress for the full-year profit forecast saw each level of income exceed 75%.
Ordinary income and net income attributable to owners of the parent are progressing steadily, and are projected to reach record highs.**

Unit: billions of yen

	FY2020 Result	FY2021 Forecast	Difference	Ratio	FY2021 Apr.-Dec. Result	FY2021 Forecast Progress
Net Sales	216.2	280.0	+63.8	+29.5%	205.8	73.5%
Operating income	3.7	9.5	+5.8	+159.3%	7.4	77.7%
Ordinary income	4.7	10.0	+5.3	+114.8%	8.2	81.6%
Net income attributable to owners of the parent	1.2	6.8	+5.6	+445.2%	5.9	86.0%

FY2021 Dividend

1. Basic dividend policy

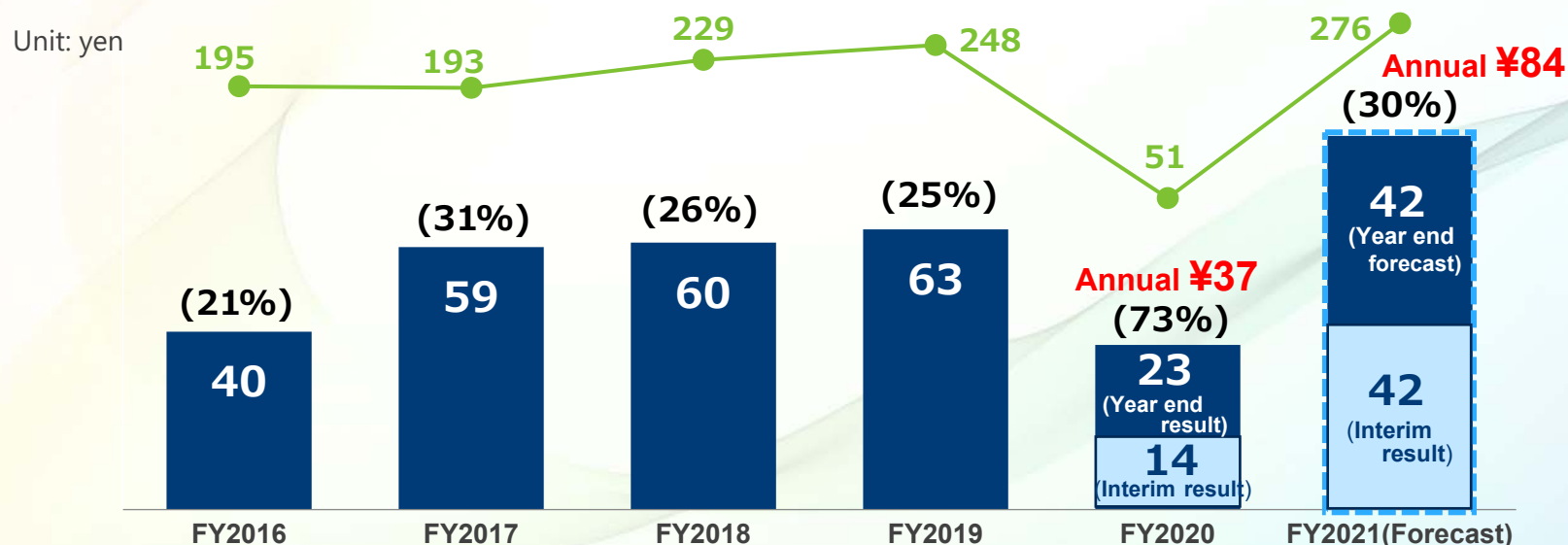
- The policy is to provide performance-based dividends in accordance with the standards for net income attributable to owners of the parent from the perspectives of flexibly returning profits to shareholders and ensuring stable management and finances while securing appropriate funds for investments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

2. Annual dividend forecast

An annual dividend of ¥84 per share will be paid, based on the business results forecast announced on May 11, 2021 and the abovementioned dividend policy.

3. 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.