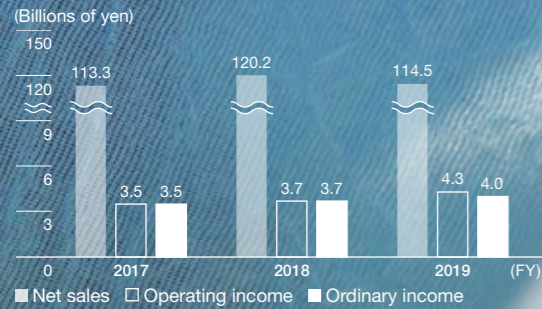


Overview and Strategies by Business Segment

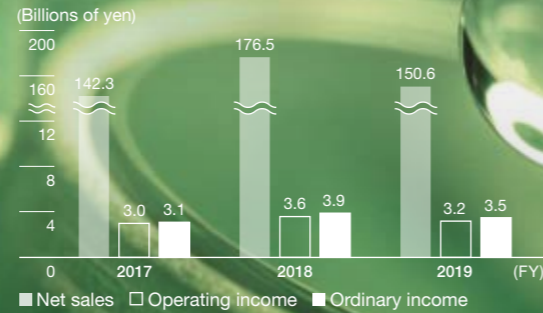
Fibers, Textiles, and Garments Business

Due to the lack of recovery in domestic consumer sentiment and the unfavorable state of the Japanese market, net sales in fiscal 2019 came to ¥114.5 billion, a 4.8% decline over the previous fiscal year. However, on the back of brisk results in the overseas base materials sector and higher profitability in the domestic apparel sector, operating income climbed 16.1%, to ¥4.3 billion, while ordinary income rose 8.6%, to ¥4.0 billion.



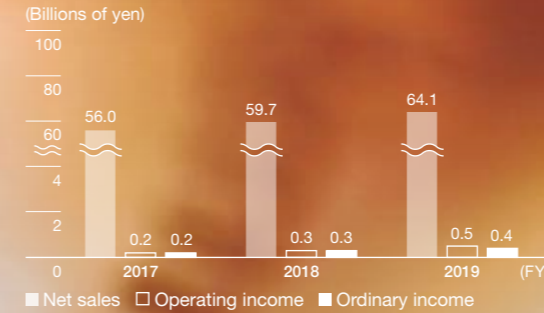
Chemicals Business

As a result of sluggish market conditions for bulk products in the organic chemicals sector, net sales dropped 14.7% year on year, to ¥150.6 billion, operating income fell 12.9%, to ¥3.2 billion, and ordinary income declined 9.6%, to ¥3.5 billion.

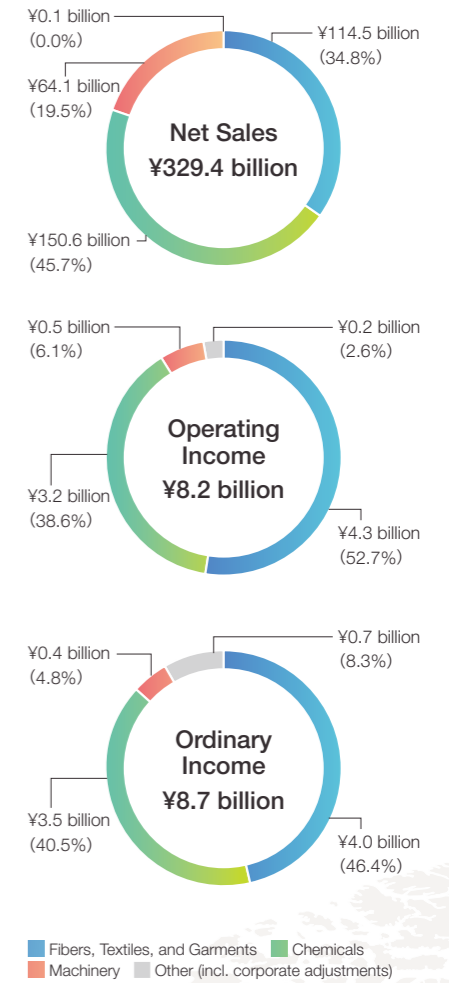


Machinery Business

Due to the steady performance of the vehicles business and its transactions with Central and South America as well as its entry into the European and African markets, net sales grew 7.4% from the previous fiscal year, to ¥64.1 billion, operating income surged 44.4%, to ¥0.5 billion, and ordinary income soared 28.9%, to ¥0.4 billion.

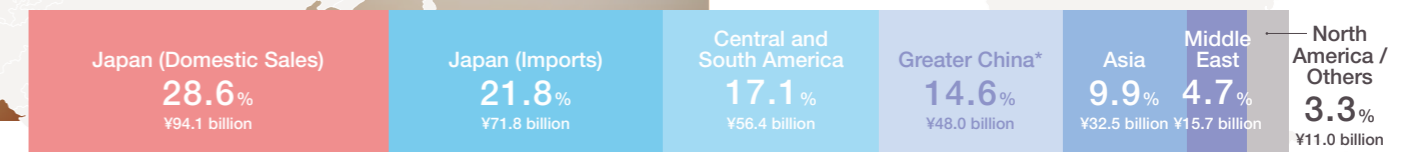


Fiscal 2019 Business Results by Segment



Overview

Ratio of Net Sales in Fiscal 2019 by Region



Group Structure

Business Segment	Number of Companies	Major Subsidiaries	Main Business
Fibers, Textiles, and Garments Business	10 companies	ASADA U CO., LTD. CHORI MODA CO., LTD.	Sales of automotive interior and packaging materials Planning of fashion apparel
Chemicals Business and Machinery Business	10 companies	Chori Machinery Co., Ltd. Miyako Kagaku Co., Ltd. CHORI GLEX CO., LTD.	Sales of transportation equipment and other products Sales of chemical products, industrial materials, pharmaceuticals, and food-related ingredients Import sales of chemical products, construction materials, and industrial products
Other	2 companies	Business Anchor Corporation	Outsourcing of administrative work
Overseas subsidiaries	19 companies	CHORI (CHINA) CO., LTD. CHORI AMERICA, INC.	Import and export sales, overseas transactions, and domestic sales of various products in China Import and export sales, overseas transactions, and domestic sales of various products in the U.S.

Note: In general, overseas subsidiaries are classified into multiple business segments.

Domestic sales declined from the previous fiscal year in the face of sluggish market conditions in the organic chemicals sector of the Chemicals Business and a slowdown in domestic consumption attributable to the spread of COVID-19. By contrast, sales overseas were brisk owing to steady transactions of the vehicles business in the Middle East with Central and South America as well as entry into the European and African markets.

* Includes China, Taiwan, and Hong Kong

Overview and Strategies by Business Segment

Fibers, Textiles, and Garments Business



By merging the three divisions of the Fibers, Textiles, and Garments Business to form a single division, Chori established its new Textile Division. Doing so has eliminated divisional boundaries and united the divisions to operate as a single entity.

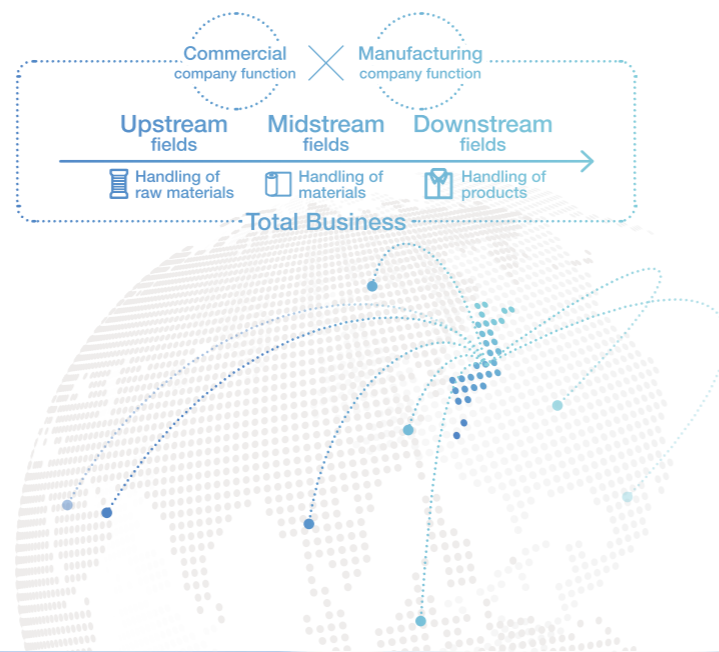
Through the ability to seamlessly conduct operations as a result of the restructuring, the Fibers, Textiles, and Garments Business has launched cross-divisional projects, shared ideas and know-how, and engaged in joint efforts with manufacturers as well as with partners in industry and academia. The restructuring has also facilitated the development of unique materials with water-repellent, odor-eliminating, and antibacterial features, in addition to proposals of optimal solutions at each stage of the material production process.

Strengths of the Fibers, Textiles, and Garments Business

A Global Supply Chain Combining Commercial and Manufacturing Capabilities

The Fibers, Textiles, and Garments Business has been the cornerstone of Chori's business throughout the nearly 160 years since its establishment. We have been building trust alongside our track record by leveraging our sound expertise and extensive insight. Today, on the strength of its global network, the business engages in every stage of the textile manufacturing process, from the handling of raw materials (upstream) to the management of textiles and other materials (midstream) and the manufacture and distribution of finished products (downstream).

Another strength of the business is its "commercial" capabilities, which include the marketing of products and procurement of raw materials, and its "manufacturing" capabilities, which cover the production, manufacture, and quality control of textiles. By merging these capabilities, Chori will continue to evolve the Fibers, Textiles, and Garments Business into a high-value-added business.



Medium-Term Management Strategy:

GLOBAL ONE STOP Operation By CHORI

① Bolster collective strength in the business

In a bid to further solidify the integrated management of the Fibers, Textiles, and Garments Business, Chori reorganized its three-division structure into a single-division structure, realizing an optimal management system. In so doing, we will bolster the collective strengths of the business, which integrate the entire textile manufacturing process, from upstream to downstream, on a global basis.

② Enhance global supply chain management

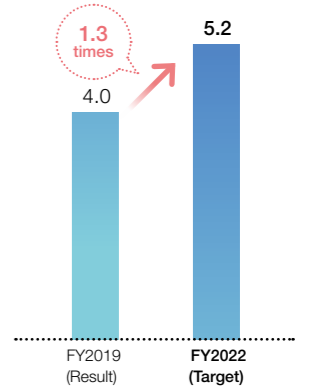
By forming strategic partnerships with competitive manufacturers across the globe, Chori will improve the sophistication of its manufacturing, procurement, processing, and sewing platforms and build a unique supply chain. We will also execute an exit strategy for global SPA apparel and sporting goods manufacturers and enhance our six-region global framework.

③ Strengthen global proposals and marketing capabilities for Chori's original products

Chori will step up its proposals of product lineups based on the themes of the environment and recycling. We will also distinguish our products from those of our competitors through branding of functional products.

Ordinary Income Target

(Billions of yen)



Initiative to Realize Medium-Term Management Plan

Joint Project with Utsumi Recycle Systems Inc.

Chori has continued to promote business investments in growth fields since its previous medium-term management plan. Recognizing the potential of and growing demand for recycled materials, in September 2019 Chori decided to engage in a joint project with Utsumi Recycle Systems Inc.

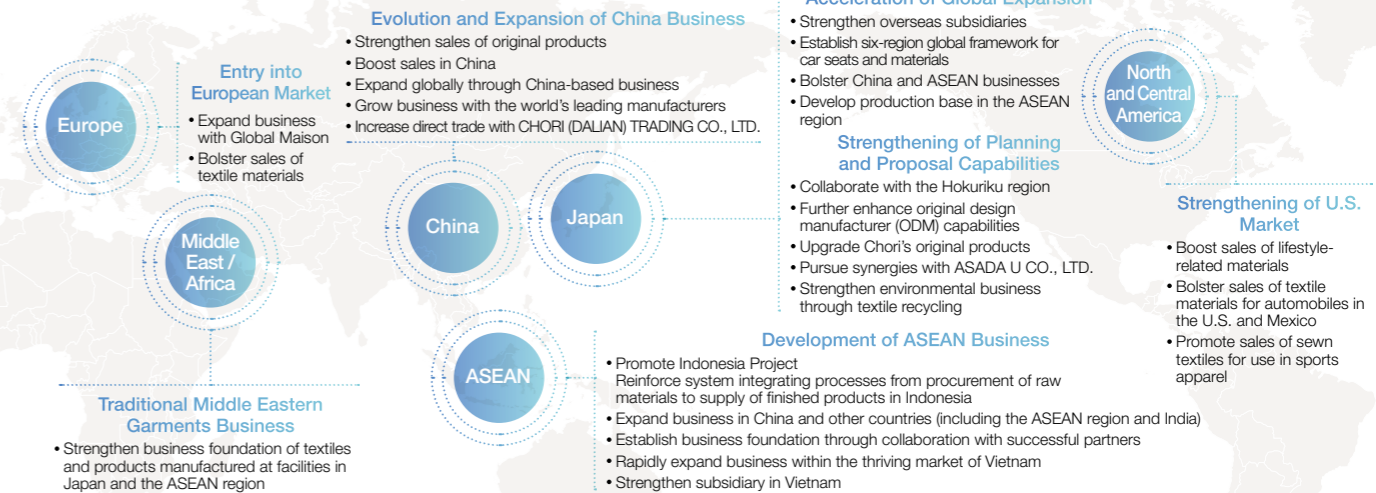
For this business project, we have provided a recycled pellet extruder to Utsumi Recycle Systems—which collects, cleans, and pulverizes used plastic bottles and produces pellets out of them—and have jointly engaged in sales of recycled pellets. Approximately ¥900 million will be invested toward the establishment of this machinery, which will generate roughly 15,000 tons of recycled pellets per year.

Moreover, we have implemented traceability for its manufacturing process, spanning the procurement of raw materials to the manufacture of the finished product. In the future, we will look to acquire identification information to verify the use of Chori's pellets in apparel products in an effort to build a production system that caters to high levels of safety and quality.



Please refer to page 30 for more information on our environment-related products.

Regional Strategies



Overview and Strategies by Business Segment

Chemicals Business



By separating management of the Machinery Business from the previous Chemicals & Life Science, Machinery, Electronics Operations, Chori established its new Chemicals Division. Also, with the aim of realizing strategic and functional business management, the Chemicals Division consists of multiple departments in the same manner as the Fibers, Textiles, and Garments Business.

This restructuring will facilitate the exchange of personnel and information among divisions, departments, and subsidiaries, while enabling Chori to promptly respond to the needs of communities worldwide with the potential for economic growth.

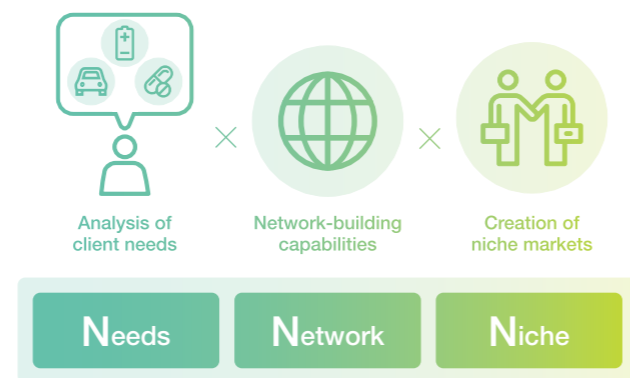
Strengths of the Chemicals Business

Global Pursuit of the Three "N"s

Chori is developing its business activities in accordance with its three "N"s: Needs (analyzing client needs), Network (building a network with domestic and overseas manufacturers), and Niche (creating niche markets). Recognizing the potential of petrochemicals, Chori began handling chemical products in 1956 and has since built a track record spanning over 60 years in the Chemicals Business. Over the course of this time, we have built a robust global network and centered our efforts not only on procurement and sales within China, but also on exports to and intermediary transactions with countries in the Middle East and Africa.

We have set ourselves apart from the competition and enhanced our market presence by addressing the needs of our clients for niche products while taking advantage of our global network. Looking ahead, we will step up our approach in new fields where we foresee further needs, such as pharmaceutical

products and agrochemical intermediates, food ingredients, raw materials for cosmetics, electronics and battery materials, and biodegradable plastics and other environment-related materials.



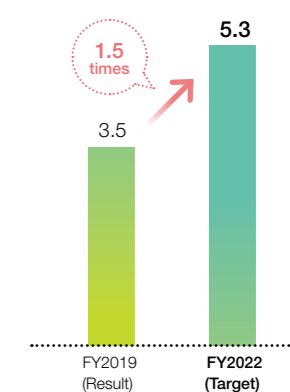
Medium-Term Management Strategy:

Accelerate the Transformation to a Business Model Based on Business Investments

- Enhance business investments and promote development of new businesses**
Chori will concentrate its management resources in fields with growth potential, such as environmental, 5G-related, electronics and battery materials, healthcare, and agriculture. We will also expedite the creation of new products and bolster our development capabilities.
- Accelerate global expansion**
Chori will continue to strengthen and expand its China-based business and fast-track its establishment of businesses within the ASEAN region. We will also move ahead with the development of large-scale projects in South America and Africa.
- Transfer business headquarters to optimal location**
Chori will promote the expansion of business operations at overseas subsidiaries and optimally deploy human resources with a wealth of experience.
- Strengthen subsidiaries centered on Miyako Kagaku Co., Ltd.**
Chori will pursue business synergies through the exchange of personnel with Miyako Kagaku Co., Ltd. and other subsidiaries. We will also look to expand our lineup of new products.
- Expand business domain through M&A**
Chori will invest in fields with growth potential and expand its business domain.

Ordinary Income Target

(Billions of yen)



Initiative to Realize Medium-Term Management Plan

Expansion of Business of Miyako Kagaku Co., Ltd.

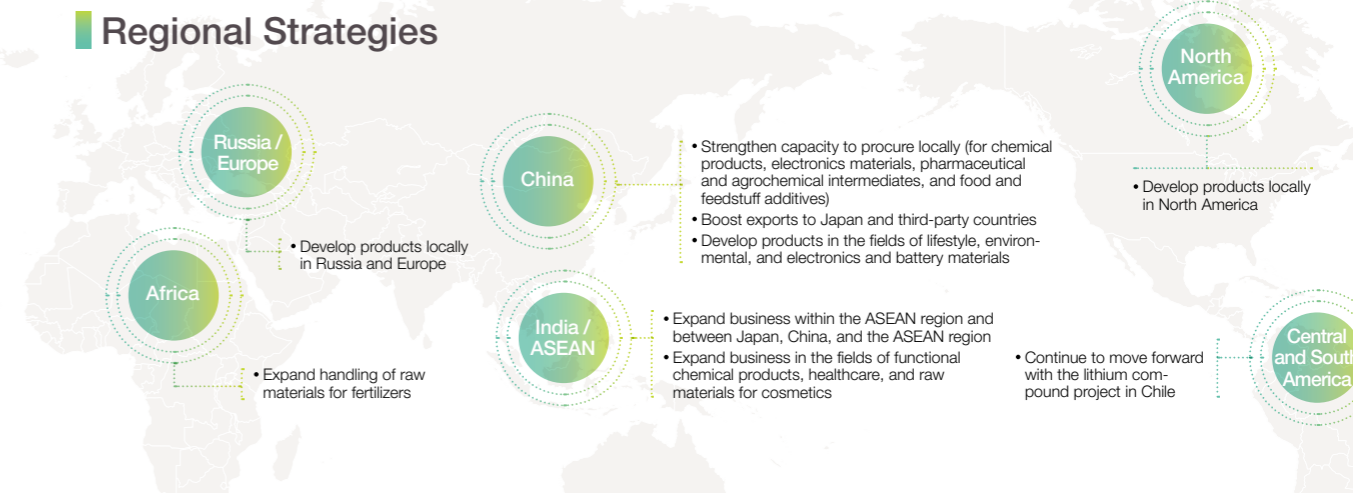
While "fortifying defensive measures," as laid out in the new medium-term management plan, Miyako Kagaku Co., Ltd. will strive to expand its business in order to realize medium- to long-term growth. Miyako Kagaku, which became a Group subsidiary in 2015 through an M&A, is a trading company that handles chemical products, industrial materials, and pharmaceutical and food-related ingredients. The company was founded in 1921 and has since developed solid relationships with business partners mainly in Japan. Miyako Kagaku will work to contribute to higher profits as a member of the Group through the continued growth of its business by drawing on Chori's extensive global network.

In an effort to realize the new medium-term management plan, the company will adopt a more environmentally responsive approach aimed at achieving a decarbonized society, such as by reducing sludge at plants through the use of biodisinfectants in the chemical products field and rolling out biodegradable resin to the agricultural industry and other primary sectors in the industrial materials field. Moreover, in the pharmaceutical and food ingredients fields, the company will address the needs of the flourishing healthcare market by building a platform for the supply of amino acids, which it specializes in, and by incorporating functional lactic acid materials. In order to transform into such a next-generation business, Miyako Kagaku will leverage the Group's global network in its product procurement.



Use of biodegradable resin for the cultivation of seedlings

Regional Strategies



Overview and Strategies by Business Segment

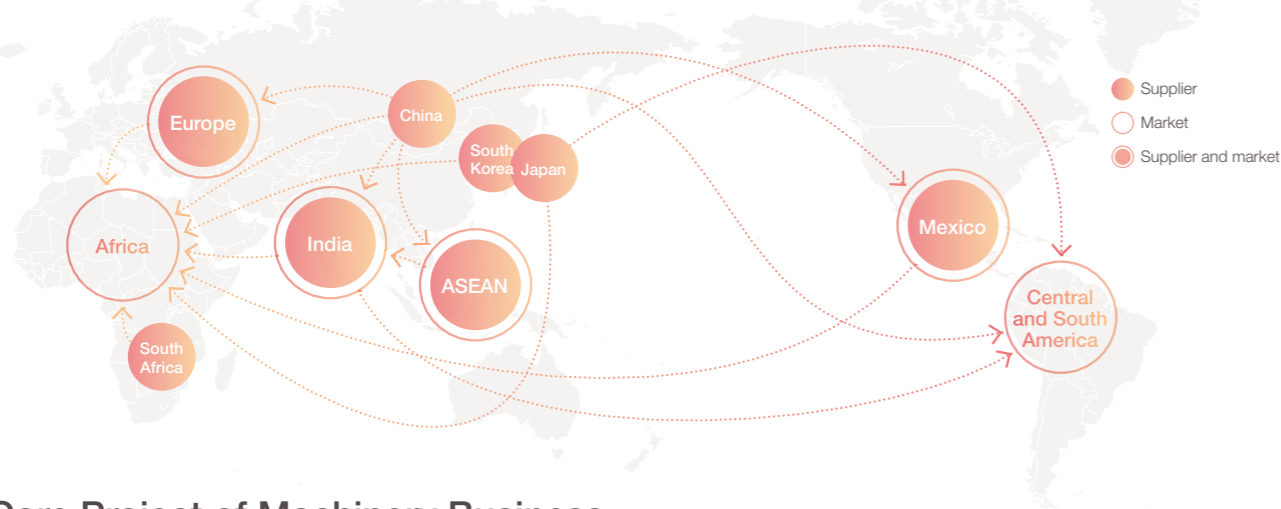
Machinery Business

Operating Company		
Chori Machinery Co., Ltd.	Wholly owned consolidated domestic subsidiary	Four-wheel vehicles, two-wheel vehicles, and trucks; agricultural machinery; industrial equipment; construction materials; construction machinery; and marine equipment

With the aim of providing greater flexibility, in April 2017 Chori spun off Chori Machinery Co., Ltd., which supplies automobiles, machinery, and related materials to Central and South America.

Leveraging the Group's unique global network, which has expanded over the years, Chori Machinery commercializes products acquired from China, India, South Africa, and Mexico in markets such as Europe, the ASEAN region, and North, Central, and South America. Most notably, the company engages in a project in which the automobiles of Chinese automakers are assembled through semi-knocked-down production and sold in Mexico.

Recently, the company has been growing its business in the new markets of Africa and Southeast Asia. By drawing on its long-cultivated know-how and unique trade routes, Chori Machinery will continue to expand its business in the years ahead.

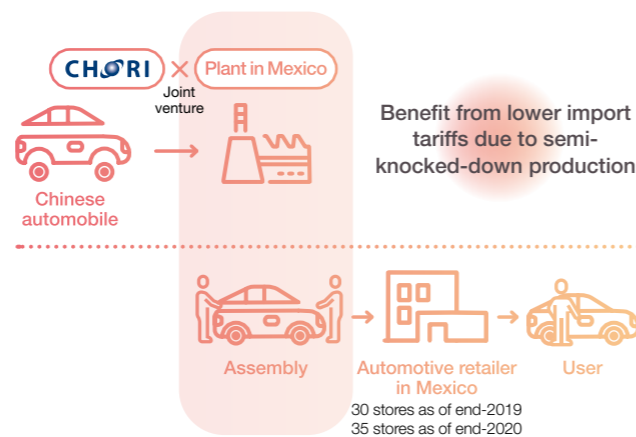


Core Project of Machinery Business

Semi-Knocked-Down Production in Mexico

In semi-knocked-down production, automobile parts are transported to another country, where the parts are assembled and the automobile is completed. It differs from knocked-down production in that the engine, suspension, and other main components have already been assembled by the time they are transported overseas. Accordingly, semi-knocked-down production offers the benefit of lower import tariffs.

In 2014, Mexico's annual automobile production volume surpassed that of Brazil, becoming the seventh highest in the world, and in 2018 it reached the 4.1 million-unit mark. Moving forward, Chori Machinery will continue to seek greater business opportunities within Mexico's prominent automotive industry.



Medium-Term Management Strategy:

Develop the Global Market by Leveraging the Vehicles Business Platform

① Develop markets of four regions + India

Chori Machinery will strengthen its presence in the four regions of Mexico and Central and South America, the Middle East and Africa, Southeast Asia, and Europe, while expanding the Indian market.

② Expand product lineups through vehicles business and convert to revenue model

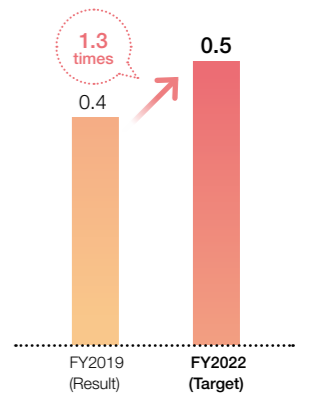
Chori Machinery will expand its business and revenue by extending beyond the scope of its vehicles business to the supply of such products as construction materials and food products of conglomerate companies, with which it has established business ties.

③ Promote strategic alliances with global corporations in each region

On the back of solid business relationships established through core products, Chori Machinery will pursue the growth of its business and revenue by swiftly adapting to the changing market conditions of each region and tapping into new businesses in areas with the potential for economic growth.

Ordinary Income Target

(Billions of yen)



Initiative to Realize Medium-Term Management Plan

Establishment of the Economic Community of West African States (ECOWAS) as a Priority Area

In 2017, Chori Machinery began working with a company equipped with an automobile production system that handles food products, automobiles, chemical fertilizers, and other consumer goods. Through this joint venture, we will assemble Japanese, Korean, Chinese, and Indian automobiles through semi-knocked-down and knocked-down production in Nigeria. In addition, we will enhance our portfolio of construction materials and food products for the Nigerian market and pursue multiple projects in ECOWAS.

In 2020, Chori Machinery embarked on the business of three-wheeled vehicles. We have partnered with a company that handles such automobiles to export parts from India to Nigeria, where the automobiles are assembled in knocked-down production and then sold. Going forward, Chori Machinery will look to expand its business in the ECOWAS region as a priority area.



ECOWAS

The Economic Community of West African States (ECOWAS) was founded in 1975 as a subregional group that promotes the economic integration of the countries constituting West Africa. ECOWAS currently consists of 15 nations in West Africa, including Nigeria, which accounts for a significant portion of the group's overall GDP.