

# 蝶所は人間力

もしかすると、あなたの会社のイメージを変えてしまうかもしれないし、  
もしかすると、あなたがずっと待ちつづけたビジネスパートナーかもしれない。

枠にとらわれず、既成概念を飛び超えていく。  
無限に広がる繊維・化学品・機械の可能性の中から、  
あなたにとって、社会にとって、そして世界にとって、  
最高の価値を提供していきます。

## 私たちは蝶理です。



CHORI CO., LTD.

Tokyo Head Office 2-15-3, Konan, Minato-ku, Tokyo 108-6216, Japan  
Tel: +81-3-5781-6200

Osaka Head Office 1-7-3, Awajimachi, Chuo-ku, Osaka 540-8603, Japan  
Tel: +81-6-6228-5000

URL: <https://www.chori.co.jp/english/>



Printed in Japan  
Issued in November 2023



Making your dreams come true

# Tsumugu

Report 2023

Fiscal 2022 (the year ended March 31, 2023)

**CHORI** CO., LTD.

**CHORI**

## Corporate Slogan

# Making your dreams come true

## Corporate Philosophy

As members of the global community, we will work for the betterment of society. We take pride in being fair and sincere, and in continuing to offer superb service in order to deliver superior customer satisfaction.

## Regarding the Name of the Report

Since its establishment as a raw silk wholesaler in 1861, Chori has been weaving (“Tsumugu”) a variety of connections and bonds with stakeholders in the same manner as it has been weaving silk over the years. The report’s name “Tsumugu Report” reflects our corporate stance that has remained intact since our founding. With a track record spanning more than 160 years, Chori will continue to remain a company that weaves dreams into reality by cherishing its relationships with all stakeholders.



#### Editorial Policy

The Tsumugu Report was issued to provide all readers, including shareholders, investors, and all other stakeholders, with information on Chori's management vision, corporate philosophy, strengths, and businesses in order to broaden their understanding of the Company. The report also functions as a tool for engaging in new dialogues with stakeholders. The Tsumugu Report is issued in both Japanese and English, and it is also available for viewing on our corporate website.



<https://www.chori.co.jp/english/>



#### Scope of Reporting

CHORI CO., LTD. and its Group companies; however, certain information applies only to CHORI CO., LTD.

#### Period of Reporting

The information contained in this report is primarily for fiscal 2022 (April 1, 2022 to March 31, 2023); however, certain sections of the report contain information on fiscal 2023 and thereafter.

#### Cautionary Notice regarding Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this report are based on Chori's judgments and information available as of the issuance of this report and are subject to change due to a variety of factors. Accordingly, such forward-looking statements are not guarantees of any achievement of targets or forecasts or future performance. In addition, the information contained in this report may change without prior notice. For this reason, we hope that readers make their own judgment when utilizing the information and materials contained in this report with the use of other information that may be available. Chori does not take responsibility for any losses or damages incurred through the use of this report.

## Contents

### Overview of Chori

- 3 President's Message
- 7 Financial Strategy
- 11 New Medium-Term Management Plan:  
Chori Innovation Plan 2025
- 15 CARAT: A Companywide Business  
Transformation Project Based on the  
Renewal of Our Mission-Critical System
- 17 Chori's Strengths

### Overview and Strategies by Business Segment

- 23 Overview
- 25 Fibers, Textiles, and Garments Business
- 29 Chemicals Business
- 33 Machinery Business

### Special Feature

- 37 Branding in the Fibers, Textiles, and  
Garments Business

### Management Foundation Tailored to Sustainable Growth

- 41 Chori's Sustainability Initiatives
  - 43 Environment
  - 48 Society
- 55 Corporate Governance
- 62 Roundtable Discussion with  
Outside Directors
- 65 Directors, Audit & Supervisory  
Committee Members, and Executive  
Officers

### Data Section

- 67 11-Year Financial Summary
- 69 Chori's Global Network
- 71 Corporate Information

President's Message



**Kazuo Sakihama**

President, CEO & COO  
President and Executive Officer

## As a company that has continued to grow by adapting to the changing times, Chori will strive to further demonstrate its uniqueness while building a foundation for the next generation.

---

### Chori's Uniqueness and Mission

Chori is a company with a long history that dates back more than 160 years. However, we are also a relatively young company in the sense that in 2003 we made a fresh start as a renewed Chori with the establishment of our Reborn Management Plan. In the past, Chori branched out into a wide range of business fields by accumulating significant debt through bank loans but failed to adapt to the changing times, resulting in substantial losses and succumbing to a financial crisis. From there, we changed our management approach to one that focuses on asset efficiency by selecting and concentrating on highly profitable businesses where we could demonstrate our expertise, leading to the establishment of the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses that exist today. Under our Reborn Management Plan, we continued to steadily improve our business results year after year. As a result, in fiscal 2022 we posted net sales of ¥329.4 billion and ordinary profit of ¥12.4 billion and, as we did in fiscal 2021, achieved our highest results ever for both ordinary profit and net profit attributable to owners of parent. In addition, our ROA (ordinary profit basis), which demonstrates a company's earnings power, improved to 9.0% at the end of fiscal 2022. The main reason behind these achievements is the efforts of our employees, who have boldly taken on the challenge of developing new markets and expanding existing ones by leveraging our respective global networks in the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses. Despite being a small yet highly skilled group, we have been able to identify growth areas in each business and expand these businesses by capitalizing on every business opportunity.

There have often been claims that trading companies are no longer necessary in times of change, such as during the period of high economic growth in Japan, when we saw substantial improvements in the business performances of automobile and consumer electronics manufacturers, and the 1990s, when the internet became widely used by the general public. However, trading companies have continued to exist and improve their business performances. Although the global supply chain was hit hard by COVID-19 in 2020, Chori continued to supply the products that were needed by customers without delay while meeting their demands by adding value that was unique to Chori. Coincidentally, the COVID-19 pandemic has reaffirmed Chori's role and mission as a company, and the confidence levels of our employees have increased as a result

of our experience in continuing to respond to customer needs in line with our mission of ensuring that our products are constantly delivered. Chori has adapted to the changes of each generation throughout its long history. Going forward, we will continue to draw on this responsiveness and flexibility to further expand our business in the next generation as a multifaceted specialized trading company.

---

### Review of Chori Innovation Plan 2022

In fiscal 2022, the final year of Chori Innovation Plan 2022, the future of the economy in Japan and the rest of the world remained uncertain. Despite this, by demonstrating the strengths of Chori's business foundation, we were able to conclude our previous medium-term management plan by increasing revenues in every business segment and achieving all of our quantitative targets. In the Fibers, Textiles, and Garments Business, the business environment remained challenging from fiscal 2020 to the first half of fiscal 2022 due to the sluggish apparel market in Japan stemming from the effects of COVID-19. In light of this environment, we set out to further strengthen our business foundation by reorganizing the Textile Division into a single division, establishing a global business foundation, and optimizing our business portfolio, which led to an increase in ordinary profit over the three-year period of the previous plan. As we began to finally see improvements in the business environment from the second half of fiscal 2022, such as the increasing demand for SDG-oriented products, we were able to expand our business by distinguishing ourselves from the competition with high-performance products. As a result, our profit level in the final year of Chori Innovation Plan 2022 came within reach of our initial targets. In the Chemicals Business, we were able to maintain a high profit level by riding the wave of favorable market conditions from the second quarter of fiscal 2020, further enhancing our existing businesses, and building a new supply chain. Meanwhile, although the business has lost some momentum since the second half of fiscal 2022 due to sluggish demand overall and deteriorating market conditions, we acknowledge the fact that we were able to steadily raise our profitability to pre-COVID-19 levels. We will continue to carry out business investments and a variety of other measures to proceed even further in our transition to a highly profitable business model. In the Machinery Business, we are expanding business in Europe and Central and South America, where demand for automobiles is on the rise. On the other hand,

## President's Message

despite an increase in revenue, we incurred an ordinary loss of ¥1.3 billion in fiscal 2022 due to an additional provision of allowance for doubtful accounts that was recorded for the delay in collecting receivables from business partners in the United Arab Emirates (UAE). We will do our utmost to collect these receivables and, as a measure to prevent recurrence, we will pay due consideration to country risk when making business investments as well as strengthen our risk management system.

From the viewpoint of strengthening our human resource development structure, we made substantial upgrades to our human resource system and worked to establish evaluation criteria and a remuneration system that enables employees to work with a sense of satisfaction. We will continue to make significant changes in order to remain a company that is selected by highly talented individuals in both our new-graduate and mid-career hires.

### Awareness of the Business Environment

In China, where Chori has been building a business foundation over many years and established a robust supply chain, the zero-COVID policy was eased significantly from December 2022. As a result, domestic consumption in China was expected to increase from the latter part of January 2023, the time of Chinese New Year, but demand has not grown to the level we had anticipated. Globally, demand for consumer-related products remains sluggish due to the effects of inflation. The supply-demand balance in China is in disarray, and we are closely monitoring the deteriorating market conditions of chemicals and other products.

While paying close attention to global divides centered on the decoupling between the United States and China, we will continue to take measures to establish a stable supply chain in the ASEAN region and other Asian countries, particularly in India, and respond to diversifying needs, including risk aversion. Meanwhile, we will continue to focus on our business in China, where its factories and market have a significant impact on the global economy, while remaining keenly aware of the risks and expand our business globally centered on Tokyo, Osaka, and Shanghai.

### VISION2030 and Basic Strategies of Chori Innovation Plan 2025

VISION2030 has been newly formulated as a vision of the company we aspire to be by 2030. In order to achieve sustainable growth, we at Chori must constantly bear in mind the importance of the health of our employees, who serve as the foundation of our business management; our coexistence with society; and the innovation of our business by adapting to changing times. To this end, we further clarified our vision of the company we aspire to be based on the three themes of "sustainability," "well-being," and "innovation" (see "VISION2030" on page 12). While bearing these themes in mind, we will strengthen those areas where we are lacking and further refine those where we are making progress in our efforts. In terms of quantitative targets,

we aim to achieve net sales of ¥400.0 billion and net profit before income taxes and other adjustments of ¥20.0 billion in fiscal 2030.

In April 2023, we formulated our new medium-term management plan Chori Innovation Plan 2025. Chori Innovation Plan 2025 represents the final stage of Chori Innovation Plan, under which we proceeded with measures to consistently deliver ordinary profit at the ¥10.0 billion level since fiscal 2017. Under our previous medium-term management plan, Chori Innovation Plan 2022, we took measures to "promote consolidated management centered on our global business" and improved our business performance starting with our overseas operations. We will continue this same strategy as one of our basic strategies under Chori Innovation Plan 2025 while diversifying our supply chain and adapting to changing markets. Under the basic strategy of "develop sustainable businesses that adapt quickly to the changing business environment," we will develop suppliers to meet diversifying customer needs and carry out business investments and M&As, which were put on hold during the COVID-19 era, in order to develop sustainable businesses. Although the lithium compound production project in Chile, which was postponed due to COVID-19, is still in the process of being completed, the direction of the project should be set by the end of fiscal 2023. In business fields that Chori can develop on its own initiative, we intend to make concrete plans to carry out business investments in growth areas, such as the health and environmental fields.

We will also "promote ESG management" as one of our basic strategies under Chori Innovation Plan 2025. From an environmental point of view, the Chori Group aims to become carbon neutral by 2050 and began disclosing information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022. Under Chori Innovation Plan 2025, we will refine our scenario analyses, including the 1.5°C scenario, and continue to calculate results for Scope 1, Scope 2, and Scope 3 emissions. Chori will also play a key role in resolving environmental issues through its business activities. In the Fibers, Textiles, and Garments Business, we will continue to focus on our BLUE CHAIN™ initiatives and aim to achieve sustainability throughout the supply chain, while in the Chemicals Business we will expand our portfolio of SDG-oriented products, such as biodegradable resins and plant-based foods, with the aim of increasing our sales of SDG-oriented products to ¥50.0 billion (two and a half times fiscal 2022 levels) in fiscal 2025.

To promote the social aspects of our ESG management, we will strengthen our human resource initiatives. Specifically, we will increase employee engagement and promote health management so that our employees can engage in their daily work by gaining a sense of personal and professional growth and a sense of pride and accomplishment. For Chori to continue to grow into the future, it is especially important that we secure and develop highly skilled personnel. By recruiting talented individuals with the ability to make an immediate impact and professionals from various backgrounds for both new-graduate and mid-career positions, Chori will continue to expand the scope of its business. In addition, the Company will invest in redeveloping its human resource development system, such as



by enhancing the effectiveness of its training programs. From the viewpoint of respect for human rights, we conduct CSR-based procurement surveys regularly as a part of our measures to establish a sustainable supply chain. In the future, we will consider conducting human rights due diligence while expanding the scale of our measures to promote human rights.

In terms of the governance aspect of its ESG management, Chori will strengthen its measures against country and geopolitical risks, particularly in developing countries, and adopt return on invested capital (ROIC) as a management indicator from fiscal 2023 to proceed further ahead with a management approach that focuses on the cost of capital. Moreover, we will continue to diversify our management perspectives by placing greater emphasis on the lack of women in director and other management positions as an issue as well as appointing more women and taking other measures to increase the diversity of our management team.

Our digital transformation (DX) strategy will serve as the foundation for the three basic strategies I discussed previously. In April 2022, we launched the Companywide business transformation project Chori Accelerate Renovation Achievement Transformation (CARAT), in which we aim to begin full-scale operation of SAP in fiscal 2025 by moving on from our proprietary system that has been used for more than 20 years. Although this transformation will entail a lot of work, the adoption of SAP will allow us to standardize operations and thereby improve efficiency as well as accumulate data, thus strengthening our sales competitiveness through the use of data. In order to realize flexible management that can adapt to change, we will forge ahead with the implementation of SAP and develop a framework for Chori's transformation into a new organization.

## Looking Ahead to Chori's Future Growth

In the eight short years since I became the Company's president and CEO in 2015, society has undergone significant changes. In recent years, there has been an increasing focus on climate change and the trend toward carbon neutrality, which stems from the commitment to mitigate climate change, as a megatrend. In order to achieve its CO<sub>2</sub> reduction targets by 2030 and carbon neutrality by 2050, Chori must adapt to a new society that is influenced by the SDGs, gender equality, rapidly advancing digitalization, the use of AI, and other factors. With the likelihood

of further growth in demand for SDG-oriented products and significant changes in the manufacturing industry, we will do what is necessary to adapt to these changes while aiming to achieve the sustainable growth of our business, particularly in the thriving region of Asia. In the 1970s and 1980s, Chori established local subsidiaries in Singapore, Thailand, and Malaysia as it embarked on the Southeast Asian market from early on. In 2016, we established a local subsidiary in Vietnam, where the sewing factory of STX Co., Ltd., which became a consolidated subsidiary in fiscal 2021, has resumed full-scale operations upon recovering from the effects of COVID-19. We will harness the strengths of these business sites to further expand our business in the ASEAN region, where the GDP is expected to become double the size of Japan by fiscal 2030. In India, a country that is experiencing remarkable growth, we have already dispatched a representative from Japan and will continue to develop a foundation for further growth.

In the 20 years since the introduction of its Reborn Management Plan, Chori has grown to what it is today by addressing the various changes and needs of society and continuing to evolve as a company. To continue to achieve sustainable growth in the future, we will aggressively implement new changes, such as restructuring the organization by promoting DX and expanding and utilizing our human capital, which includes promoting more active roles for women. Meanwhile, what will remain unchanged 20 and 30 years from now is Chori's DNA. We will continue to respond to the needs of our customers through not only our trading activities but also our provision of high-value-added products while continuing to make our customers' dreams come true by leveraging our expertise and responding meticulously to their needs and pursuing our own dreams in the process. This will remain a part of our DNA in the years to come. Our customers have high hopes for Chori's ability to take on new and difficult challenges. While responding to these expectations, we will turn the changes taking place in our world into business opportunities and build a foundation for our achievement of VISION2030.

Kazuo Sakihama  
President, CEO & COO  
President and Executive Officer



## Financial Strategy



We will implement the basic strategies of Chori Innovation Plan 2025 and build a foundation for Chori's next generation of growth.

**Tatsuyuki Sakoda**

Director, Managing Executive Officer  
General Manager of Corporate Planning Division

### Review of Fiscal 2022 Results

In fiscal 2022, the final year of Chori Innovation Plan 2022, we recorded net sales of ¥329.4 billion, ordinary profit of ¥12.4 billion, ROA (ordinary profit basis) of 9.0%, and ROE (net profit\* basis) of 11.8%, achieving all of the quantitative targets we had declared in our previous plan. Moreover, as it did in fiscal 2021, the Company achieved its highest results ever for both ordinary profit and net profit attributable to owners of parent. We credit this achievement to our efforts to “promote consolidated management centered on our global business,” which has strengthened cooperation with business sites overseas through our business activities. Although Chori Innovation Plan 2022 turned out to be our medium-term management plan for the COVID-19 era, we believe we were able to harness Chori's ability to respond positively to changes in market conditions, such as global supply chain disruptions and soaring raw material costs, as well as its market expertise, which is a defining strength of the Company. In addition, the M&A strategy we are promoting under our Chori Innovation Plan has been a key factor in the steady growth of our business performance thus far.

Meanwhile, in the Machinery Business, an additional provision of allowance for doubtful accounts in the amount of

\* Net profit attributable to owners of parent

¥1.7 billion was recorded in fiscal 2022 due to a delay in collecting receivables from a business partner in the UAE. While we had been expanding our business to Nigeria, which boasts the largest population and GDP in Africa, the supply chain disruptions arising from the effects of COVID-19 and the declining oil production resulted in a lack of foreign currency in the country, which led to the delay in collecting receivables. In addition, a further provision was recorded due to the ongoing restrictions on the transfer of funds from Nigeria, raising the cumulative amount of provision of allowance for doubtful accounts to ¥2.4 billion. The Company will continue to make every effort to collect these receivables, for which the accounting process has already been completed. Under Chori Innovation Plan 2025, we will take all the necessary measures to prevent a recurrence of such situations by keeping a close eye on not only the trends and developments of our business partners and markets but also the state of the countries in which we operate and funding streams while continuing to expand our business.

### Consolidated Financial Results and Rate of Achievement of Chori Innovation Plan 2022 Targets

(Billions of yen)

	FY2021	FY2022	Difference	FY2022 Plan	Achievement Rate
Net Sales	284.1	329.4	+45.3	280.0	117.6%
Gross Profit	30.7	37.1	+6.4	—	—
Selling, General and Administrative Expenses	21.3	24.4	+3.1	—	—
Operating Profit	9.3	12.7	+3.3	10.8	117.2%
Ordinary Profit	10.3	12.4	+2.2	11.0	113.1%
Net Profit Attributable to Owners of Parent	6.8	8.1	+1.3	7.3	111.3%

## Basic Strategies of Chori Innovation Plan 2025

Chori Innovation Plan 2025 is the final stage of our Chori Innovation Plan, which we introduced in fiscal 2017. Under the Chori Innovation Plan, we have increased profits beyond expectations and gained confidence in our ability to improve profitability. Based on this ability to continue to generate earnings, we established VISION2030, our vision as a company that will continue to achieve sustainable growth into the future by striking the right balance between the achievement of “sustainability,” “well-being,” and “innovation.” While continuing to “promote consolidated management centered on our global business” as well as its other basic strategies, Chori will draw on its ability to adapt to changes that was put to the test during the pandemic and, in the process, aim to expand its business globally in each segment. Meanwhile, in order to continue to grow over the medium to long term, it is imperative that we take our business to new heights. To ensure that Chori continues to achieve sustainable growth into the future, one of the major themes of Chori Innovation Plan 2025 is to establish the foundation that it still lacks to this day. Specifically, we will focus on strengthening our governance structure as a company listed on the Prime Market of the Tokyo Stock Exchange and coexisting with local communities and society through our business activities. Moreover, in April 2022 we launched CARAT to proceed with our Companywide business transformation, and we aim to begin full-scale operations of our mission-critical system in fiscal 2025. Through the standardization of our business operations and the promotion of data-driven management, we will develop a DX management structure that will underpin the future of our business.

Meanwhile, we are concerned about the risks that the conflict between Russia and Ukraine and the polarization of the

global economy will have on our ability to achieve our fiscal 2025 targets. Although these risks currently do not have a significant impact on Chori’s supply chain, many of our business partners are developing systems that do not rely on specific countries as a measure to ensure business continuity. In response, Chori is assigning more representatives from Japan to ASEAN countries and developing a new supply chain. We will continue to expand our business in key regions by capitalizing on the business opportunities presented by changes in market and global trends.

During the times of hardship up until the early 2000s, we poured our heart and soul into reviewing and restructuring our business portfolio. By selecting and concentrating on certain business areas, we formed the current Fibers, Textiles, and Garments, Chemicals, and Machinery businesses, which have continued to grow ever since as highly profitable businesses. In this sense, we believe our current business portfolio is strong, and we will strive to optimize our business portfolio by monitoring the profitability of each segment. We will also continue to aggressively engage in M&As to spur the further growth of our businesses.

### Fiscal 2023 Performance Forecast

(Billions of yen)

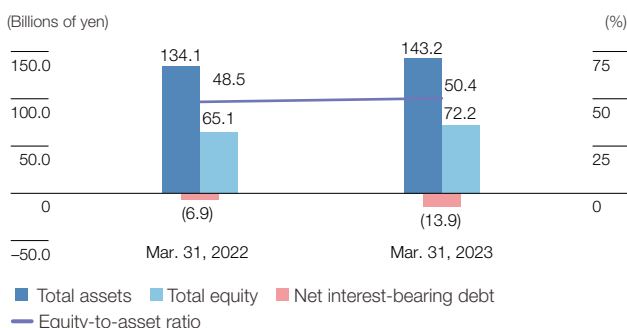
	FY2023 (Forecast)	Medium-Term Management Plan (Final Year Target)
Nat Sales	340.0	360.0
Net Profit before Income Taxes	14.0	16.0
Net Profit Attributable to Owners of Parent	9.4	11.0
ROA (Net Profit Basis)	—	7% or more
ROE (Net Profit Basis)	—	12% or more
ROIC	—	Approx. 10%

## Financial Position

As a result of increases in cash and deposits and trade receivables, total assets amounted to ¥143.2 billion and the equity ratio was 50.4% as of the end of fiscal 2022. Although our aim is to continue to maintain our equity ratio at around 50% over the medium to long term, we plan to carry out business investments and M&As, which we were forced to discontinue during COVID-19.

In terms of balance sheet management, in fiscal 2023 we adopted ROIC as a new management indicator in each business segment. After overcoming years of hardship, in 2003 we formulated our Reborn Management Plan, under which we promoted structural reforms to develop a more robust organizational structure by focusing on highly profitable business areas. Accordingly, in the past, each business segment promoted a management approach that placed emphasis on capital efficiency. By adopting ROIC as a management indicator once again, we will develop a system that enables our business segments to invest capital in more profitable business areas while focusing on Chori’s medium- to long-term growth.

### Financial Soundness



### Profitability / Capital Efficiency

	Mar. 31, 2022	Mar. 31, 2023	Difference
ROA (Ordinary Profit Basis)	8.4%	9.0%	+0.6pt
ROA (Net Profit Basis)	5.6%	5.9%	+0.3pt
ROE (Net Profit Basis)	11.0%	11.8%	+0.8pt

## Financial Strategy

### Cash Allocation

During the three-year period of Chori Innovation Plan 2025, we expect to achieve net profit after taxes of approximately ¥30.0 billion. We plan to distribute around ¥10.0 billion of this amount as dividends to shareholders and allocate the remaining ¥20.0 billion to growth investments. To ensure that our shareholders feel secure about investing in Chori's shares, our dividend policy calls for a consolidated dividend payout ratio of at least 30% and a dividend on equity ratio (DOE) of 3.5% or more from fiscal 2023. In terms of investments, as described earlier, the Company will focus on business investments that were postponed as a result of COVID-19 and allocate resources into its human resources, who are the backbone of its business activities, as well as its DX efforts. For business investments and M&As, we will concentrate on the health and environmental fields, where demand has continued to grow in recent years. Specifically, we will identify the areas where we must expand our business and keep our eyes open for global business opportunities to ensure that Chori continues to grow over the medium to long term. Also, given that we are a trading company without manufacturing facilities, our human resources are all the more important. Chori will increase investments and strengthen its management foundation to secure and develop highly skilled personnel. Moreover, with respect to intellectual

property, the Company is devoting more attention to its branding strategies, particularly in the Fibers, Textiles, and Garments Business, and registering original brand names as trademarks. We have also obtained several patents on technologies developed together with our business partners and customers. We will continue to enhance awareness of Chori's original products and our ongoing BLUE CHAIN™ initiatives while promoting investments to protect intellectual property rights.

### Cash Flows

(Billions of yen)

	FY2021	FY2022	Difference
Cash Flows from Operating Activities	(2.3)	9.6	+11.9
Cash Flows from Investing Activities	0.2	(0.3)	-0.5
Cash Flows from Financing Activities	(4.0)	(3.1)	+0.9
Effect of Exchange Rate Change on Cash and Cash Equivalents	0.6	0.6	+0.0
Total Cash Flows	(5.6)	6.8	+12.4
Cash and Cash Equivalents at End of Period	12.0	18.9	+6.8

### Toward Chori's Medium- to Long-Term Growth

While Chori is a company with an extensive track record that spans more than 160 years, it is also a relatively young company in the sense that it made a fresh start in 2003 with the establishment of its Reborn Management Plan. In fiscal 2023, 20 years after the introduction of this plan, we introduced Chori Innovation Plan 2025 to serve as the final stage of our development of a foundation for the next stage of growth. In addition to achieving its coefficient target in fiscal 2023 by expanding its global business, Chori will forge ahead to become a company that continues to coexist with society through the contributions of its business activities.

The Company has expanded its business to date by extending its efforts beyond trading activities and continuing to develop the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses. While continuing to grow in the years ahead, Chori will seek to further differentiate itself from the competition by refining its uniqueness as a company and ensuring that this vibrant uniqueness leaves an impression on all of its stakeholders.

# Reference Material

## Reasons for Changes in Ordinary Profit and Trends in Ordinary Profit

### Reasons for Changes in Ordinary Profit

(Billions of yen)



### Trends in Business Performance

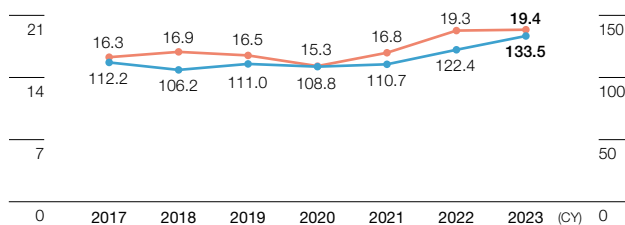
(Billions of yen)

	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Full-year total	1Q	2Q	3Q	4Q	Full-year total
Net Sales	60.7	69.4	75.8	78.3	284.1	81.9	86.6	86.9	74.0	329.4
Operating Profit	2.6	2.3	2.6	2.0	9.3	3.2	3.6	4.2	1.7	12.7
Ordinary Profit	2.9	2.4	2.9	2.1	10.3	3.7	3.7	3.6	1.4	12.4
Net Profit Attributable to Owners of Parent	2.3	1.7	1.9	1.0	6.8	2.3	2.5	2.8	0.6	8.1

## Market Trends

### Foreign Exchange Rate

(Yen)



— RMB (left scale) — USD (right scale)

Note: As of March 31

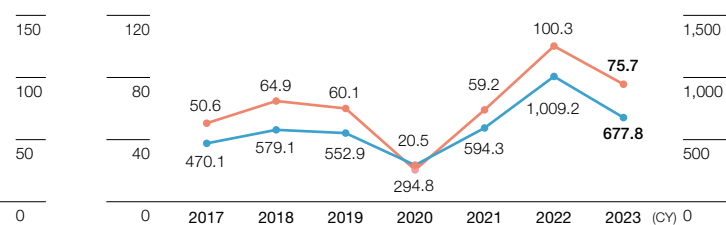
Source: Rate as of the Company's term-end

### Oil Prices

(Yen)

(US\$/barrel)

(US\$/ton)



— New York crude oil (left scale) — Naphtha (imports) (right scale)

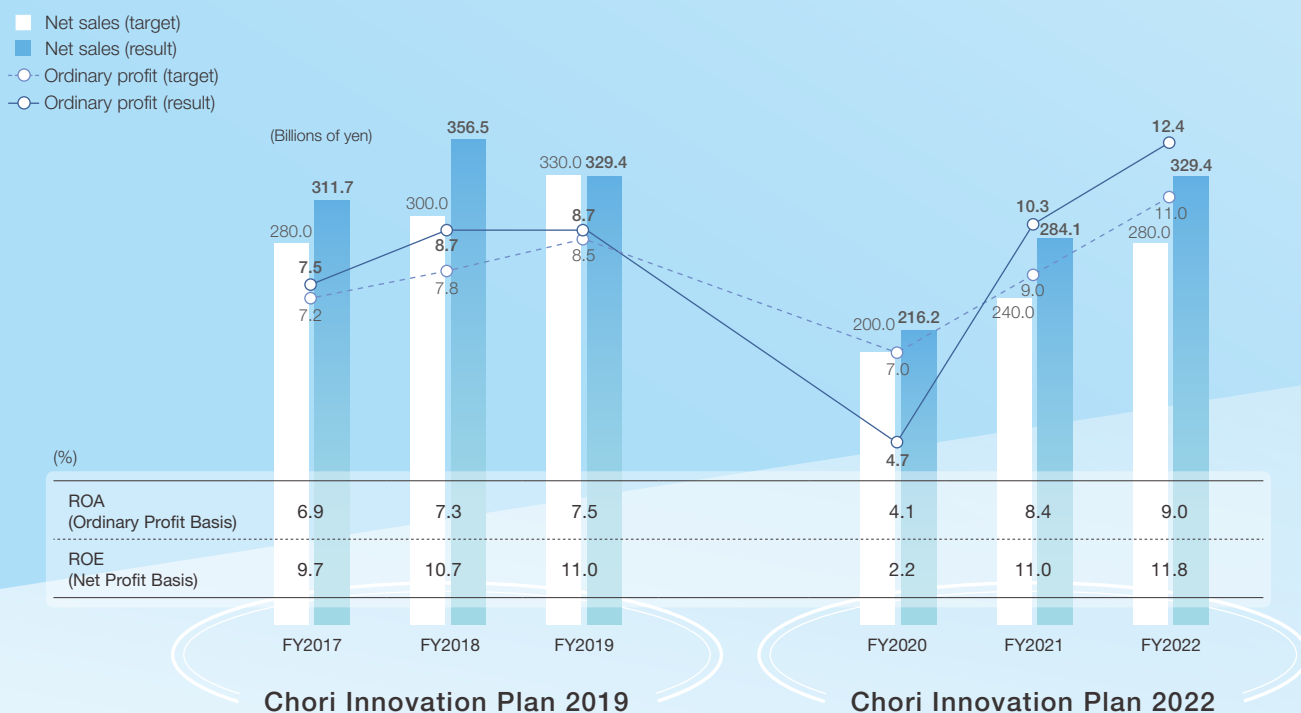
Note: New York crude oil is as of March 31; Naphtha is single-month average for March

Source: Company research

New Medium-Term Management Plan:

# Chori Innovation Plan 2025

In April 2023, we established Chori Innovation Plan 2025, our new medium-term management plan covering the three-year period from fiscal 2023 to fiscal 2025. Chori Innovation Plan 2025 is a continuation of the Chori Innovation Plan, which we began promoting in fiscal 2017, and is the final stage of our commitment to achieving VISION2030. The Chori Group will strive to further increase corporate value based on its basic policy of becoming a corporate group that continues to evolve and change on a global scale, underpinned by its outstanding capabilities and expertise.



Note: Effective fiscal 2020, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 30, 2018).

## Review of Chori Innovation Plan 2022

In fiscal 2022, the final year of Chori Innovation Plan 2022, we posted our highest results ever for ordinary profit, at ¥12.4 billion, and net profit attributable to owners of parent, at ¥8.1 billion, and achieved all our numerical targets of the medium-term management plan. We reached the ¥10.0 billion level for ordinary profit two years in a row, in fiscal 2021 and fiscal 2022, despite the recording of provision of allowance for doubtful accounts in fiscal 2020 in relation to a chemical manufacturing group in China. As a result, we established a foundation for our new stage of consistently delivering ordinary profit at the ¥10.0 billion level.

- Fibers, Textiles, and Garments Business
 We moved ahead with the creation of synergies with STX Co., Ltd. and bolstered our collective strength in the Fibers, Textiles, and Garments Business by virtue of our BLUE CHAIN™ concept (a new concept for all aspects of our sustainability) and the expansion of our global supply chain management.
- Chemicals Business
 We accelerated our transformation to a business model based on business investments by strengthening our supply chain, making additions to our line of new products, reinforcing and promoting business investments and new product development, and expanding our business scale by strengthening subsidiaries and engaging in M&As.
- Machinery Business
 We proceeded with the development of markets in the four regions of Mexico and Central and South America, the Middle East and Africa, Southeast Asia, and Europe, as well as India. Moreover, in light of geopolitical and country risks, such as COVID-19 and the conflict between Russia and Ukraine, we dedicated our efforts to the automobile and automobile-related businesses and focused on our business in Europe and Central America.

**Ongoing challenges**

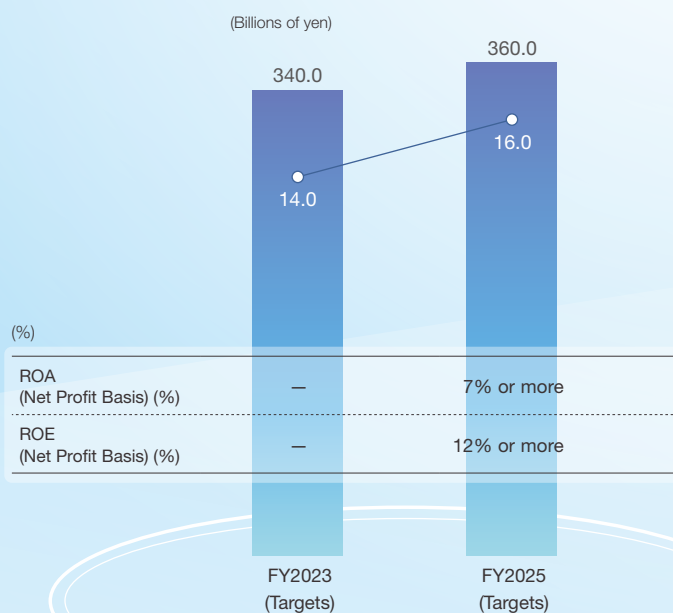
- Expansion of business revenue
- Sustainability response
- Management structure suited to the new stage (human capital and DX)
- Risk management

## Becoming a corporate group that continues to evolve and change on a global scale, underpinned by its exceptional capabilities and expertise

We aim to achieve our key performance indicators (KPIs) by transforming our business and management structures through the promotion of digital transformation (DX) while implementing our basic strategies of “promote consolidated management centered on our global business,” “develop sustainable businesses that adapt quickly to the changing business environment,” and “promote ESG management.”

For more details on our basic strategies, please refer to pages 13 to 14.

■ Net sales (target)  
○ Net profit before income taxes (target)



(%)	FY2023 (Targets)	FY2025 (Targets)
ROA (Net Profit Basis) (%)	—	7% or more
ROE (Net Profit Basis) (%)	—	12% or more

## Chori Innovation Plan 2025

### A New Stage

The final stage of consistently delivering ordinary profit of ¥10.0 billion or more

### Sustainability

A company that can coexist in harmony with society and contribute to the realization of its sustainable and prosperous future.

### VISION2030:

The Company We Aspire to Be

Net Sales ¥400.0 billion

Net Profit before Income Taxes ¥20.0 billion

### Well-Being

A company that contributes to the well-being of each stakeholder and provides employees with a rewarding and enjoyable workplace environment.

### Innovation

A company that can constantly generate higher levels of profit by developing new businesses through continuous innovation and investment in growth areas.

### Chori Innovation Plan

Priority Measures and KPIs	Chori Innovation Plan			
	FY2016	FY2019	FY2022	FY2025
Consolidated Management Centered on Global Business Overseas subsidiaries, trends in ordinary profit	¥1.2 billion	¥1.9 billion	¥3.2 billion	¥4.5 billion
M&A Effect*1 Subsidiaries through M&A	¥0.3 billion	¥0.6 billion ASADA U CO., LTD. and KOZAKURPA SHOKAI CO., LTD.	¥2.5 billion STX Co., Ltd.	¥4.0 billion
Shareholder Returns Trends in dividend payout ratio	Around 20%	25% or more	30% or more	30% or more DOE of 3.5% or more
Trends in Ordinary Profit	¥7.0 billion	¥8.7 billion	¥12.4 billion	¥16.0 billion
Trends in Net Profit before Income Taxes	¥7.2 billion	¥9.3 billion	¥12.8 billion	¥16.0 billion

\*1 Ordinary profit of M&A subsidiaries, amortization of goodwill, etc.

## Chori Innovation Plan 2025 KPIs

### Financial Targets

	FY2025 plan
Net Sales	¥360.0 billion
Net Profit before Income Taxes	¥16.0 billion
Net Profit Attributable to Owners of Parent	¥11.0 billion
ROA (Net Profit*2 Basis)	7% or more
ROE (Net Profit*2 Basis)	12% or more
ROIC*3	Approx. 10%

\*2 Net profit attributable to owners of parent

\*3 ROIC (return on invested capital) = Operating profit after income taxes / (Equity + Interest-bearing debt)

### Non-Financial Targets

- Expand our line of environment-friendly SDG-oriented products
- Increase the percentage of women among career-track hires and employees who have transferred to career-track positions to over 30%
- Increase the percentage of male employees taking childcare leave
- Increase the percentage of women in management positions
- Continue to acquire certification as an outstanding organization under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program
- Invest approximately ¥5.0 billion in DX measures, including the adoption of SAP software

# The Basic Strategies of Chori Innovation Plan 2025

Chori will press ahead with the following three basic strategies in its bid to become a corporate group that continues to evolve on a global scale, underpinned by its exceptional capabilities and expertise, while addressing the drastically changing social environment.

## 01. Promote Consolidated Management Centered on Our Global Business

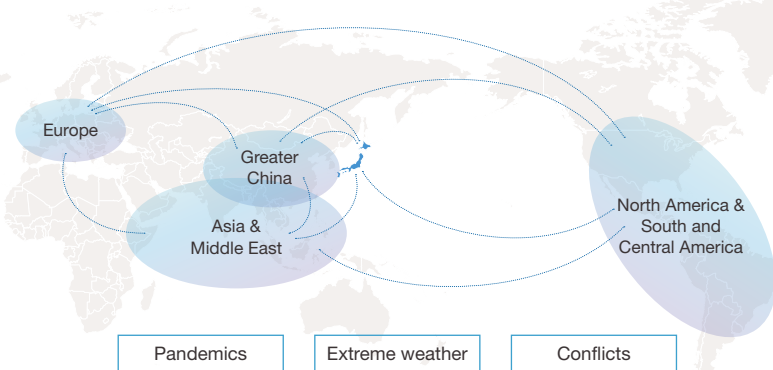
Chori will strengthen the operating bases of its major overseas business sites by implementing its mission-critical system and enhancing its overseas workforce while enhancing the profitability of its overseas operations. In addition, by reviewing and refining our business portfolio and promoting integrated operations as a specialized company through the leveraging of Group synergy, we will strive to develop next-generation products and expand our line of existing products.



## 02. Develop Sustainable Businesses That Adapt Quickly to the Changing Business Environment

We will respond to the drastic changes in this era of volatility, uncertainty, complexity, and ambiguity by taking a bird’s-eye view of business risks and opportunities, diversifying our global supply chain, and actively undertaking business investments, new development projects, and M&As in growth sectors and regions.

### ⌚ Diversification of Global Supply Chains



- ✓ Develop suppliers to meet diversifying customer needs
- ✓ Turn changes in the global supply–demand balance into opportunities

### ⌚ Proactive Business Investment in Growth Areas and Regions



- ✓ Growth areas: environment, health and comfort, global
- ✓ Market entry
- ✓ Complement strengthened areas with business investment and M&A

## 03. Promote ESG Management

### Climate Change

We are proceeding with a variety of measures based on the TCFD recommendations to ensure that the Chori Group becomes carbon neutral by 2050.

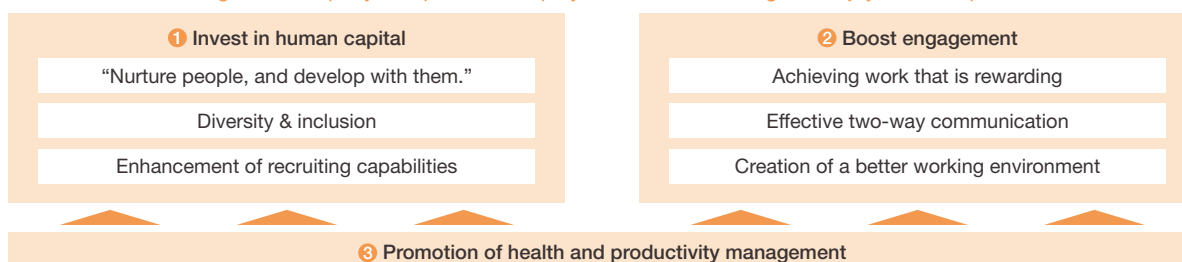
Category	Results of CIP2022	New Initiatives in CIP2025
Governance	Regularly reported and discussed at Board of Directors' meetings	Specialized committees to study and promote specific measures to be taken
Strategy	Analyzed under 2°C and 4°C scenarios	Brush up scenario analysis, including 1.5°C scenario
Risk Management	Organized risks related to climate change	Promote and strengthen establishment throughout the Group
Indexes and Targets	FY2020 emissions: 1,705 (t-CO <sub>2</sub> ) (Scope 1, 2, 3 (Category 6: Business travel, 7: Employee commuting)). Small amount of emissions. Ongoing regular inspections	Continue calculation and disclosure of Scope 1, 2, and 3 results, aiming for carbon neutrality by 2050

### More Environmentally Friendly Products

Expand sales of environment-friendly SDGs products such as ECO BLUE™, a recycled polyester fiber made from used plastic bottles, and biodegradable resin, etc. Aim for sales of ¥50.0 billion in FY2025 (2.5 times the FY2022 level)

### Human Resource Development

Ensure well-being = Be company that provides employees with a rewarding and enjoyable workplace environment



### Respect for Human Rights

In addition to conducting CSR-based procurement surveys on a regular basis, we are strengthening our initiatives with ESG-conscious companies with the aim of realizing a sustainable supply chain.

### Strengthening of Governance

The Company is working to strengthen its governance system by enforcing an array of corporate governance, compliance, and risk management measures.

Corporate Governance	Compliance	Risk Management
Strengthening governance through the Governance Committee	Focus on reinforcing corporate ethics and zero compliance violations	Strengthening risk management capabilities
Awareness of cost of capital and stock price	Continuing to develop internal whistleblower system and conducting internal training sessions and surveys	Systematizing and managing risks and strengthening of risk sensitivity
Enhanced dialogue with shareholders and investors to improve PBR	Strengthening product safety and quality assurance systems	Strengthening response to emerging market risks and geopolitical risks

## 04. Business and Management Transformation through DX

For more details, please refer to pages 15 to 16.



# CARAT: A Companywide Business Transformation Project

## Based on the Renewal of Our Mission-Critical System

In April 2022, Chori launched its Companywide business transformation project Chori Accelerate Renovation Achievement Transformation (CARAT). Through this project, we aim to deploy our digital functions across the entire Group, streamline and standardize business operations, strengthen business management using data, and improve productivity while exploring the possibility of retraining our workforce and restructuring our organization.

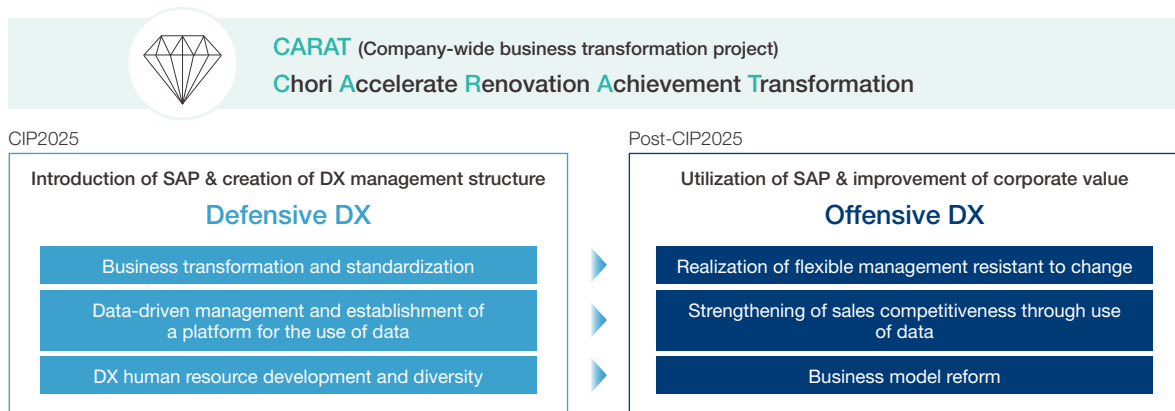
### Chori's Digital Management

In accordance with the basic policy of Chori Innovation Plan 2025, Chori will become "a corporate group that continues to evolve and change on a global scale, underpinned by its exceptional capabilities and expertise." Along with the three basic strategies we have established in order to realize this

basic policy, we are promoting "business and management transformation through DX." The Company plans to invest approximately ¥5.0 billion into its DX activities over the course of Chori Innovation Plan 2025.

#### Promotion of DX strategy: **defensive** and **offensive** perspectives

SAP introduction project CARAT launched in April 2022 (full-scale operation from fiscal 2025)



### Project Outline

Our Companywide business transformation project was launched in April 2022 with the intention of completely rebuilding Chori as an organization. The project was named "CARAT" to liken Chori, which consists of the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses, to a diamond with several facets and incorporate the meaning that the Company will continue to refine its attractiveness and shine even more brightly in the future. We aim to develop a next-generation mission-critical system (SAP S/4HANA Cloud ERP)

that facilitates our business and management transformation by standardizing and then automating and visualizing operations and further restructuring our operations and organization.

By deploying DX functions across the entire Group, streamlining and standardizing business operations, enhancing business management, and improving productivity, we aim to build a foundation that will enable us to continue to achieve sustainable growth.

### Timeline for Implementation of New Mission-Critical System

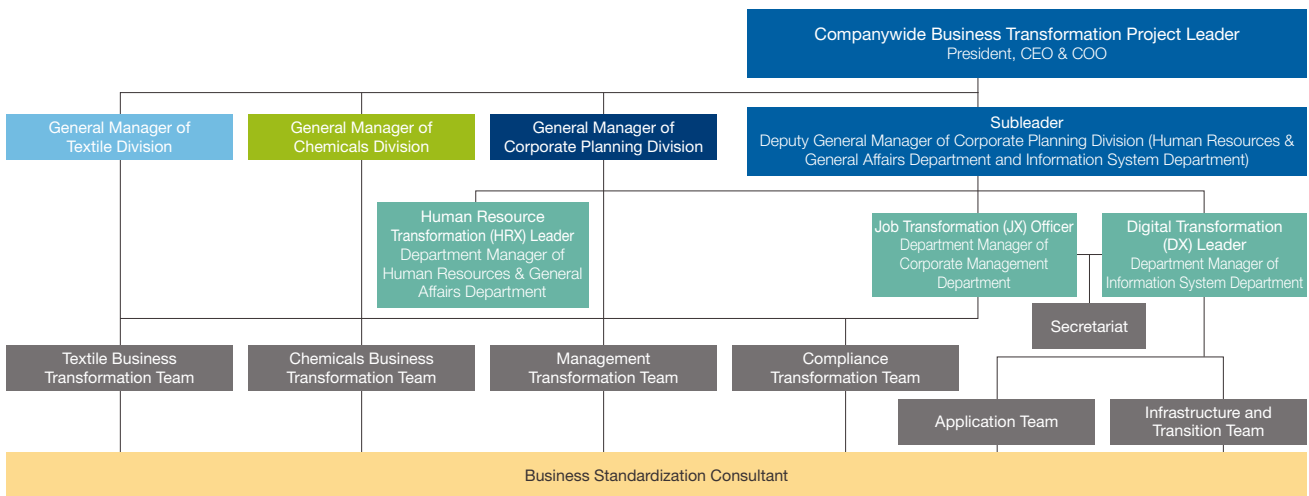
We aim to launch full-scale operations of our new mission-critical system in April 2025.



## Promotion Structure

The project is conducted under the direction of the Company's president, CEO & COO, who assumes the role of the project leader, with the overall policy formulated mainly by members selected from each department and Chori's new business

model created through the participation of all employees. Discussions are held between project members and at each business site to create a framework that will serve as the foundation for Chori's further growth.

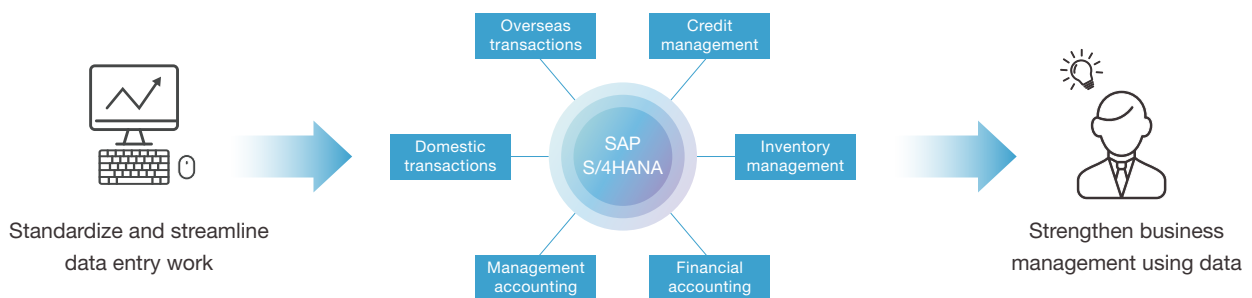


### Development of Digital Experts

Chori will secure and develop the business unit personnel and systems personnel necessary to promote DX.

- Business unit personnel are well-versed in the Company's business activities and understand the role of digital technology. They are responsible for securing the human resources who will spearhead DX in each business segment and implementing DX throughout the organization.
- Systems personnel are well-versed in digital technology and the use of data. They are capable of designing and developing a Companywide platform for data use.

## Goals



1 Establish a platform for data use, realize strategic management, and strengthen sales competitiveness to achieve increases in corporate value

Implement a management dashboard and make quick and accurate management decisions through the use of data

2 Enhance productivity of administrative duties by standardizing, automating, and consolidating operations and transition to a more sophisticated human resource and organizational structure

Reduce the workload of data entry and other tasks and transition to a more sophisticated and strategic operational system for data analysis and other duties

3 Standardize and automate business operations across the Group to mitigate internal control risks and ensure compliance

Ensure compliance by strengthening system controls and reduce the workload of internal control audits

4 Promote new workstyles, such as remote work and paperless operations

Enhance productivity and quality of remote work through digitalization and improved workflow

# Chori's Strengths

Stemming from Its Commitment  
to Making a Variety of Dreams Come True





# Diverse product lineup centered on emerging markets

Chori has been aggressively expanding its business in emerging countries since the prewar period through efforts including the export of rayon yarn to China, India, and Mexico since the 1930s. Since then, the Company has expanded its global network to Southeast Asia, Europe, the United States, the Middle East, and other parts of the world, and its overseas transactions now account for roughly 70% of its total net sales.

Overseas: **30** business sites\*<sup>1</sup>

Consolidated employees: **1,285**<sup>\*2</sup>

\*1 As of June 2023  
\*2 As of March 2023

## Handling of Products with High Import Barriers

Since the establishment of its first overseas subsidiary, Chori has developed a variety of product procurement routes centered on emerging markets through its more than 60 years of doing business outside of Japan. We have expanded the scale of our business by leveraging this product procurement route, and our years of doing business worldwide have allowed us to also handle an array of products with high import barriers.

### Lithium Salt

Securing access to lithium salt is believed to be difficult in the producing nations of Chile and China.



### Examples of Products Handled by Chori



### Pharmaceutical Ingredients / Food Additives

Ensuring the stable procurement of quality raw materials in India and China is essential to the production of pharmaceutical ingredients and food additives.



# Solid business foundation built over the course of our history



## 1861 Founded in the Nishijin District of Kyoto, Japan

Chori was founded as a raw silk wholesaler during a turbulent time when Japan was transitioning from the Edo Period to the Meiji Era. Moreover, the name "Chori" originates from the combination of the Japanese characters "蝶" (cho), derived from the image of a moth creating raw silk, and "理" (ri), stemming from the first name of Chori's first president, Riichiro Ohashi.

# 1948-1975



## A Period of Growth

Handling of Synthetic Resin, Chemical Products, and Various Types of Machinery

### **POINT** Our Connection with the Hokuriku Region, the World's Largest Textile-Producing Region

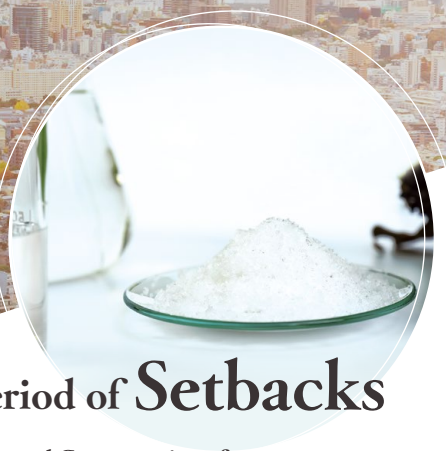
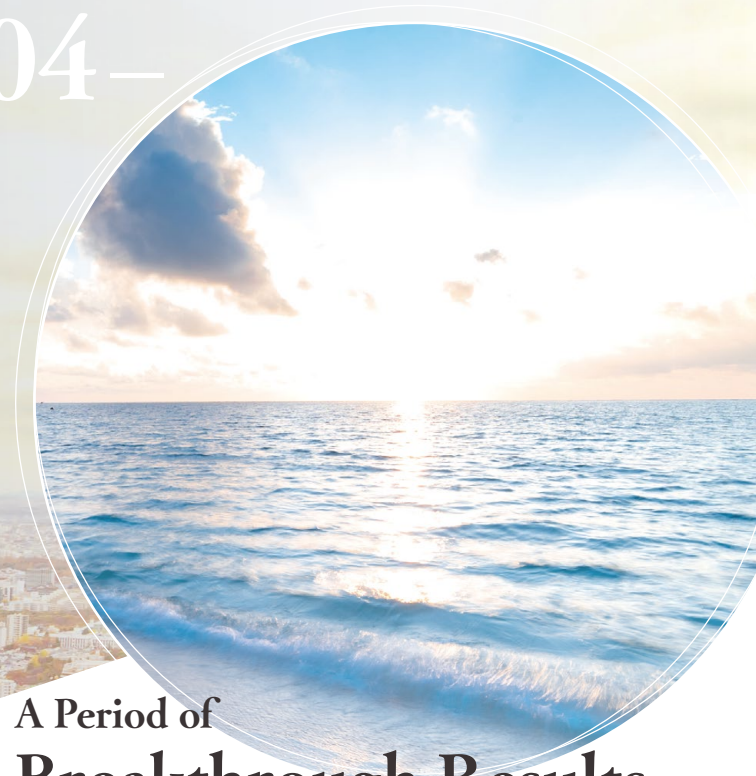
Chori has been working together with the Hokuriku region of Japan, one of the world's largest producing regions for textiles, for more than 90 years. Over the years since establishing the Hokuriku Branch in the early days of the Showa Period, we have sold synthetic yarn to companies in the region and developed fabrics together that are marketed in both Japan and overseas.

This diverse network we have developed with business partners in the Hokuriku region has become the foundation of the supply chain of the Fibers, Textiles, and Garments Business, which handles a wide range of high-performance, high-quality materials.

- 1929 Establishes branch office in Fukui Prefecture
- 1934 Establishes branch office in Ishikawa Prefecture
- 1948 CHORI CO., LTD. established
- 1952 Moves head office to Osaka
- 1953 Commences exclusive sales of woolly nylon through the establishment of a joint venture for the manufacture of woolly nylon with Toyo Rayon Co., Ltd. (currently Toray Industries, Inc.)
- 1956 Launches the Chemicals Business
- 1957 Establishes Chori New York Co., Ltd. (currently CHORI AMERICA, INC.), Chori's first overseas subsidiary
- 1959 Stock listed on Osaka Securities Exchange
- 1961 Stock listed on Tokyo Stock Exchange  
Designated as one of the first friendly trading companies by China
- 1963 Establishes subsidiary Chori GmbH (currently Chori Europe GmbH)
- 1972 Develops a large-scale condominium
- 1973 Establishes subsidiary CHORI SINGAPORE PTE LTD
- 1974 Establishes subsidiary THAI CHORI CO., LTD.

# 2004–

# 1975– 2003



## A Period of Breakthrough Results

Four Consecutive Years of Record-High Ordinary Profit

## A Period of Setbacks

Selection and Concentration of Businesses Due to Significant Losses

- 1975 Begins company restructuring with drastic streamlining and downsizing of management
- 1976 Establishes Fukui Chori Committee and Kanazawa Chori Committee (currently Hokuriku Chori Committee) with twisted yarn manufacturers and other business partners in the Hokuriku region
- 1987 Establishes subsidiary CHORI CO., (HONG KONG) LTD.
- 1989 Establishes subsidiary CHORI TRADING (MALAYSIA) SDN. BHD.
- 1993 Establishes CHORI (SHANGHAI) CO., LTD. as first subsidiary in China
- 1995 Establishes PT. CHORI INDONESIA
- 1996 Secures order for railway project in Kazakhstan
- 1997 Establishes joint venture Chongqing Dazu Red Butterfly Strontium Industry Co., Ltd.
- 2001 Establishes Chori Middle East FZE
- 2002 Spins off the Synthetic Resin Business Division into a separate company
- 2003 Launches the Reborn Management Plan and undergoes sweeping structural reforms  
Holds Textiles Exhibition (currently CHORI Exhibition)

- 2004 Becomes a consolidated subsidiary of Toray Industries, Inc.  
Establishes subsidiaries CHORI (TIANJIN) CO., LTD. and CHORI (DALIAN) TRADING CO., LTD.
- 2005 Establishes CHORI (CHINA) CO., LTD., the first Japanese trading company subsidiary with the rights to sell and trade in China
- 2010 Establishes a representative office in Dhaka, Bangladesh
- 2012 Establishes subsidiary CHORI KOREA CO., LTD.
- 2013 Makes PTI Japan Limited (currently CHORI GLEX CO., LTD.), a trading company specializing in chemicals, a consolidated subsidiary
- 2014 Relocates Tokyo head office to Shinagawa  
Establishes subsidiary CHORI TRADING INDIA PRIVATE LIMITED
- 2015 Makes Miyako Kagaku Co., Ltd., a trading company specializing in chemicals, a consolidated subsidiary
- 2016 Holds first annual Hokuriku Yarn Fair  
Establishes subsidiary CHORI VIETNAM CO., LTD.
- 2017 Participates in lithium compound production project in Chile  
Splits off the Machinery Business and establishes Chori Machinery Co., Ltd.  
Makes ASADA U CO., LTD., a sales company of automotive interior and packaging materials, a consolidated subsidiary  
Establishes subsidiary CHORI COMERCIAL DE MEXICO, S.A. DE C.V.
- 2018 Makes KOZAKURA SHOKAI CO., LTD., a trading company specializing in chemicals, a consolidated subsidiary  
Establishes subsidiary TAIWAN CHORI MERCHANDISE COOPERATION LTD.
- 2019 Establishes joint project with Utsumi Recycle Systems Inc. for the sale of recycled pellets
- 2021 Makes STX Co., Ltd., a trading company specializing in textiles, a consolidated subsidiary
- 2022 Launches Companywide business transformation project CARAT

### POINT Our Commitment to Niche Markets

In the 1970s, Chori expanded its lifestyle-related business and bolstered its business results. However, the Company began selecting and concentrating on certain businesses as a result of incurring significant losses in the finance and real estate segments of its operations. The organizational system was restructured, leading to the establishment of the Fibers, Textiles, and Garments Business; the Chemicals Business; and the Machinery Business as our core business segments and of our strategy of focusing on the handling of highly profitable products. As a result, ROA (ordinary profit basis) has grown to 9.0% (as of March 31, 2023). Chori has been expanding its business in niche markets where it can utilize its knowledge and expertise to the fullest, rather than in products with fiercely competitive prices and overwhelming competition.

### POINT Our Supply Chain in China

In 1961, prior to the normalization of Japan–China diplomatic relations, Chori became one of the first to be designated as a friendly trading company by China, which paved the way for the launch of its China business ahead of the competition. Meanwhile, in 2005 we established the first Japanese trading company subsidiary with the rights to sell and trade in China, and currently, in 2023 we boast a network consisting of 14 business sites in Greater China.\*  
Chori has established a robust supply chain in China through the extensive ties it has developed with the country over the years. We continue to expand our operations in the country as a hub for the production, procurement, and domestic sales activities of the Fibers, Textiles, and Garments Business as well as for exports to third-party markets in the Chemicals and Machinery businesses.

\* Consisting of China, Taiwan, and Hong Kong



## Market development capabilities as demonstrated by our highly specialized personnel

At Chori, our employees engage in the same line of business for many years and therefore boast a wealth of expert knowledge in everything from product quality and manufacturing know-how to the technological capabilities of our suppliers. Drawing on their expertise, these employees are contributing to the creation of major markets for our products in the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses. In this section, we will discuss the strengths of the fine chemicals field, which played a major role in the success of the Chemicals Division in fiscal 2022.



Create new markets through  
Chori's ability to  
**innovate as a trading company**

**Hiromasa Kondo**  
President of CHORI TRADING INDIA PRIVATE LIMITED

After joining the Company in 2010, Mr. Kondo was assigned to the Chemicals and Machinery Logistics Department in 2011. In 2013, he was reassigned to the Fine Chemicals Department, and in April 2021 he was appointed as the temporary president of CHORI TRADING INDIA PRIVATE LIMITED in India, where he has been stationed since April 2023. The Fine Chemicals Department handles a wide range of products from pharmaceutical and agrochemical ingredients and intermediates to raw materials for dyes, resins, and semiconductors, spanning 200 to 300 items in the Indian market alone.

### 1 Chori's Long-Cherished Strengths

It has been 10 years since I was assigned to the Fine Chemicals Department. The strength of the Fine Chemicals Department is the close relationships it has built with its customers, and the department has worked to develop new markets by leveraging Chori's meticulousness in making proposals, which has been passed on as part of the Company's DNA from generation to generation. This meticulousness means our ability to identify the suppliers that meet the niche needs of our customers and provide customers with the appropriate information on these suppliers. For example, when we find multiple suppliers that meet customer needs, we provide such information as differences in quality and price and the risks faced by each supplier. When we are unable to find a suitable supplier, we will propose that the manufacturing be outsourced by drawing on Chori's network of outsourcing partners. The most rewarding part of my job is seeing the smiles on the faces of our customers when, after three to five years, their new product has been completed using the raw materials we have procured from scratch. Although the products they handle are different, whether it be textiles, chemicals, or machinery, our sales representatives' meticulous responses to customer needs have, I believe, spurred the expansion of these businesses and the growth of Chori as a whole.

## 2 Strengths of the Fine Chemicals Department: Leveraging the Ability to Provide Meticulous Responses toward Becoming the Company of Choice for Customers

The Fine Chemicals Department caters to a wide range of customer needs by not only drawing on Chori's long-cultivated overseas network but also developing an outsourcing business in which products that are difficult to manufacture in Japan are outsourced to overseas manufacturers. Our ability to address the needs of customers for niche products and specific quality requirements, in particular, has led to the creation of added value and the development of new markets. Such meticulous responses require a high level of expertise in the chemicals field. For that reason, we conduct internal and external

seminars, provide chemistry textbooks, and hold on-the-job training led by senior staff in order to build a foundation that allows even sales representatives with non-science backgrounds to engage in discussions on an equal footing with customers. Another strength of Chori's Fine Chemicals Department is its highly reliable support system that includes the Pharmacovigilance & Quality Assurance Office, which is staffed by pharmacists, the Business Administration Department (Chemicals), which assists in legal proceedings, and an analysis center in Suzhou, China.

## 3 Expansion of Our Business in India, a Highly Promising Country with Distinctive Advantages

Along with Japan, South Korea, and China, India is one of the few countries in Asia where organic synthesis can be performed. The country has cemented its position as a fine chemical producing nation through its role as a supplier while doing business with manufacturers in Europe and the United States. In addition to the impact of population growth and the expansion of the middle class, the Indian market will likely continue to grow due to the current national policy to expand the proportion of its overall economy accounted for by the manufacturing industry from the current 18% to 25%. India's government is also taking measures to develop its electronics and semiconductor industries, which have lagged behind other countries, and has provided significant incentives to promote the local production of products that are largely imported from overseas, which is expected to increase the line of products handled by the Fine Chemicals Department.

## 4 Honing of Our Strengths in Pursuit of Our Customers' Dreams

In order to continue to reinforce Chori's strengths going forward, we must incorporate more digital tools into our information sharing. By integrating the knowledge that has been accumulated by each individual in our departments into a single system using digital tools, the knowledge of the entire department can be outputted to customers as if it was their own. We have high hopes for the impact that our adoption of SAP, which we are promoting under CARAT, will have, particularly on the Fine Chemicals Department due to the large number of products it handles.

Moreover, the development of our market-in approach being promoted by the Chemicals Division is also a matter of importance. Although CHORI TRADING INDIA's product sales are currently based mainly on the product-out approach, we will identify the needs of our customers in India and propose

and sell products that reflect their needs by seeking them from around the world. Having been assigned to and lived in India, I can sense how much the people in this country value their ethnic background, that there is a culture of being kind to those in need, and that they have a positive outlook on everything. For those reasons, I would like to build a business that contributes to the mutual growth of India and Japan. To this end, I will ensure that I am fully aware of my role as a leader and that we respond even more meticulously to customer needs and strengthen our ability to develop new markets while continuing to expand the scale of CHORI TRADING INDIA, which is still relatively small in scale. In so doing, we aim to pass on a successful business to our younger generation of employees who will shape the future of our company.

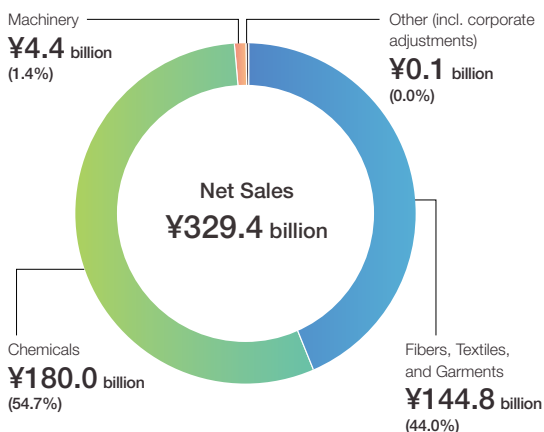


# Overview

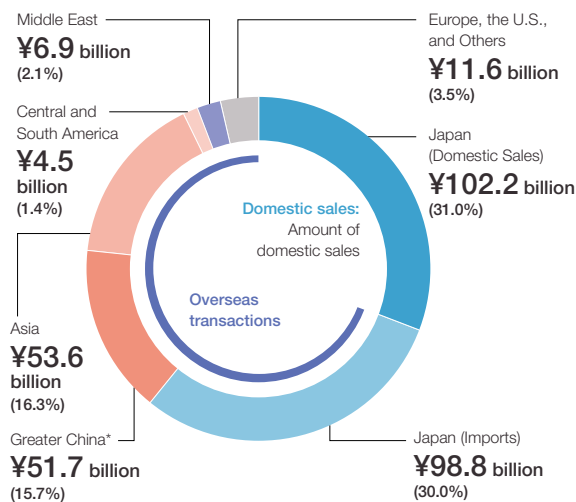
## Group Structure

	Major Subsidiaries	Main Business	(As of March 31, 2023)
CHORI CO., LTD.	<b>Fibers, Textiles, and Garments Business: 12 companies</b>	STX Co., Ltd. ASADA U CO., LTD.	Sale of textile-related products (including clothing and fabric materials) Sale of automotive interior and packaging materials
	<b>Chemicals Business: 8 companies</b>	Miyako Kagaku Co., Ltd. KOZAKURA SHOKAI CO., LTD. CHORI GLEX CO., LTD.	Sale of chemical products, industrial materials, pharmaceuticals, and food-related ingredients Sale of lubricating oil additives and various other chemicals Import sales of chemical products, construction materials, and industrial products
	<b>Machinery Business: 1 company</b>	Chori Machinery Co., Ltd.	Sale of transportation equipment and other products
	<b>Other: 1 company</b>	Business Anchor Corporation CHORI AMERICA, INC.	Outsourcing of administrative work Import and export sales, overseas transactions, and domestic sale of various products in the U.S.
	<b>Overseas subsidiaries: 20 companies</b>	CHORI (CHINA) CO., LTD. THAI CHORI CO., LTD.	Import and export sales, overseas transactions, and domestic sale of various products in China Import and export sales, overseas transactions, and domestic sale of various products in Thailand

## Fiscal 2022 Net Sales by Segment



## Net Sales in Fiscal 2022 by Region



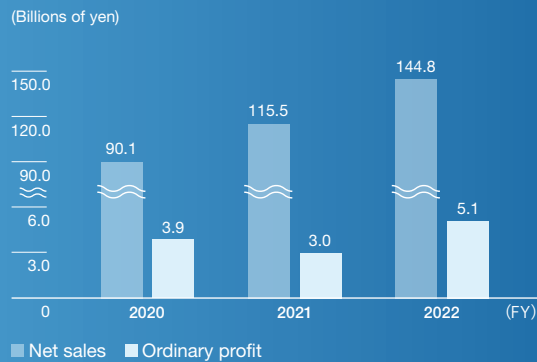
### Overseas Transactions 69.0%

- 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 transactions

\* Includes China, Taiwan, and Hong Kong

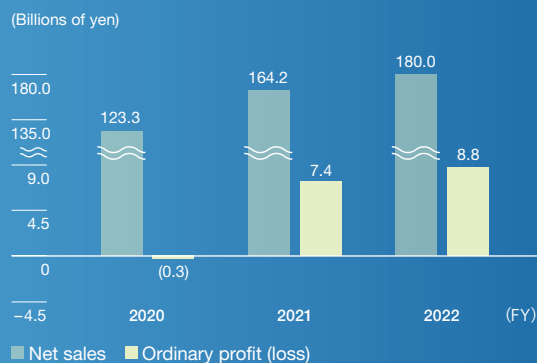
# Fibers, Textiles, and Garments Business

The business achieved profit growth as it accurately captured customer needs stemming from the recovery of demand in the apparel market in Japan, transactions increased due to the strong demand for SDG-oriented products, and the higher costs of raw materials were passed on to selling prices. As a result, sales increased 25.4% from the previous year to ¥144.8 billion and ordinary profit soared 71.2% to ¥5.1 billion.



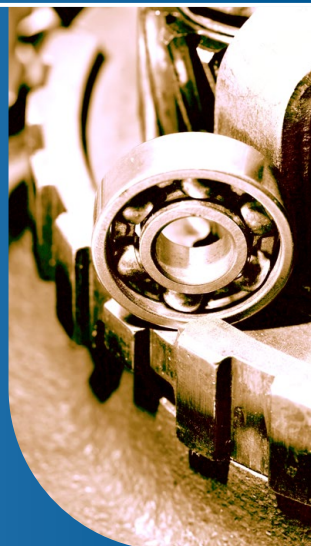
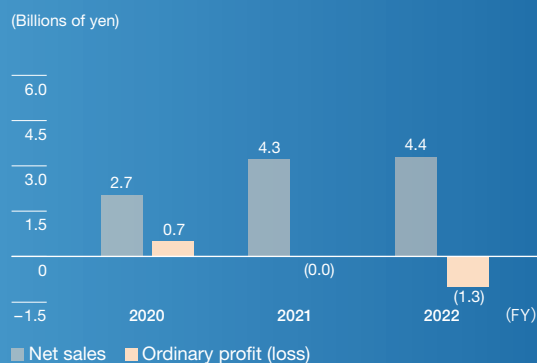
# Chemicals Business

Despite the effects of deteriorating market conditions in the fourth quarter, sales increased 9.7% from the previous year to ¥180.0 billion and ordinary profit climbed 18.4% to ¥8.8 billion, due mainly to an increase in overseas transactions as well as brisk results overall led by the performance of organic chemicals, agrochemical intermediates, and industrial chemicals.



# Machinery Business

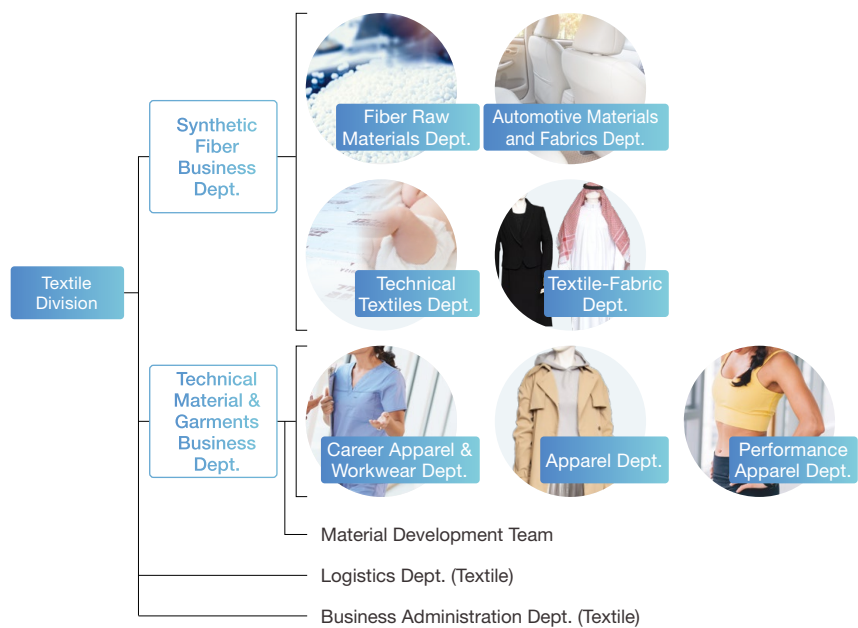
Sales improved 2.9% from the previous year to ¥4.4 billion due to the recovery of the automobile market in Europe and Central America, our core sales regions. On the profit side, however, the business posted an ordinary loss of ¥1.3 billion as the delay in collecting receivables from business partners in the United Arab Emirates (UAE) resulted in an additional recording of provision of allowance for doubtful accounts.



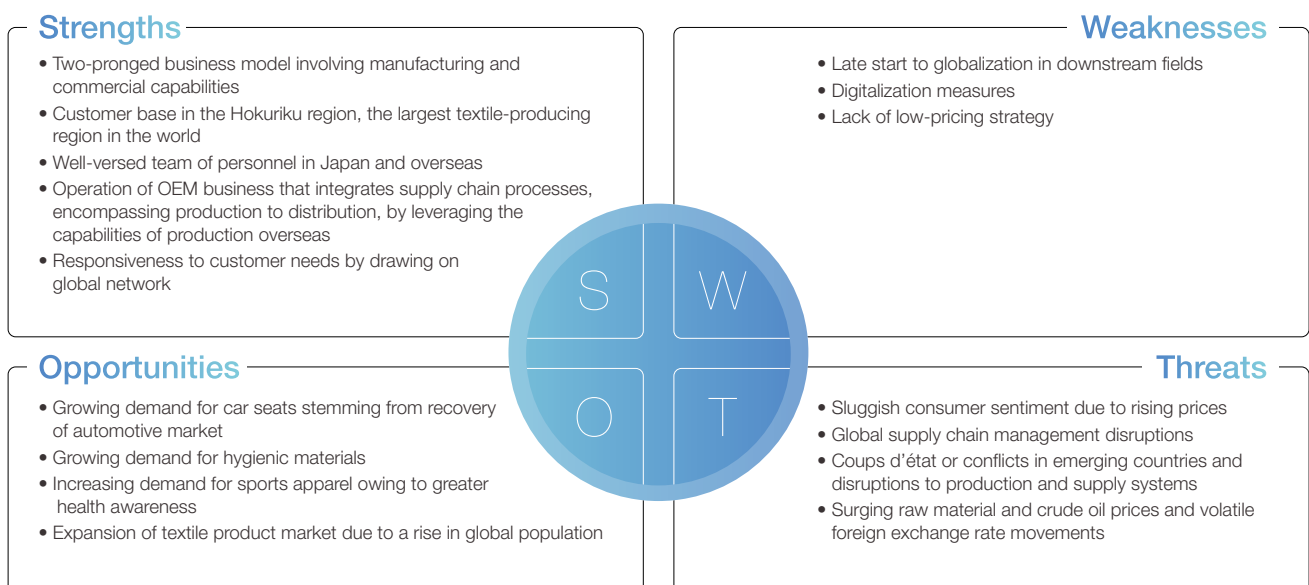
# Fibers, Textiles, and Garments Business

By merging the three divisions of the Fibers, Textiles, and Garments Business to form a single division in fiscal 2020, Chori established its Textile Division. This action has improved our flexibility and united the divisions to operate as a single entity.

The ability to seamlessly conduct operations as a result of establishing this single division has allowed the Fibers, Textiles, and Garments Business to conduct cross-divisional projects, share ideas and know-how, and engage in joint efforts with manufacturers as well as with partners in industry and academia. In addition, we are expanding our business activities for materials, products, and resources in the growth sectors of the environment, health, and comfort, in addition to overseas.



## SWOT Analysis of the Fibers, Textiles, and Garments Business



# Road to Achieving Chori Innovation Plan 2025

**We will leverage Chori's strengths to pursue new business ventures that cater to the needs of changing markets.**

**Hiroshi Yoshida**

Managing Executive Officer  
General Manager of Textile Division



## Overview of Fiscal 2022 Performance and Market Environment of the Fibers, Textiles, and Garments Business

In the first half of fiscal 2022, the business environment remained challenging due mainly to the sluggish apparel market in Japan resulting from the effects of COVID-19, global supply chain disruptions, and the soaring prices of raw materials. In the second half, however, we saw a recovery in demand for apparel and automotive materials, for which we were able to accurately meet the needs of customers, resulting in a year-on-year increase in both sales and operating profit to ¥144.8 billion and ¥5.1 billion, respectively. With respect to the soaring raw material prices, rather than just passing on the higher costs to selling prices, we focused on developing and proposing products that offer higher added value and increased our line of mid- to high-priced products, an area of strength for Chori, which improved our profitability. Moreover, Summit Garment Saigon (SGS), a sewing factory in Vietnam operated by STX Co., Ltd. that temporarily discontinued operations in fiscal 2021, nearly fully resumed operations in fiscal 2022. Also, we reduced costs through the strengthening of

cooperation and more timely sharing of information between the overseas branches of STX, contributing to a ¥2.1 billion increase in ordinary profit. Going forward, we will strive to develop new products by uniting Chori's strengths in synthetic fibers with STX's strengths in natural fibers.

In terms of the market environment, demand for highly functional and mid- to high-priced products is on the rise across the globe, and Chori will continue to focus on these areas in which it excels. While the supply chain in Asia and other textile producing regions is showing signs of recovery from the effects of COVID-19, we are keeping a close eye on the impact of geopolitical risks and unseasonable weather on the textile industry. In particular, the decoupling of the United States and China is spurring greater emphasis on local production for local consumption. Chori will continue to promote measures that are geared to the specific needs of each country by leveraging the global network it has cultivated over its long history.

## Business Strategies of Chori Innovation Plan 2025

Under our business strategy of "reinforce our proprietary business model" set forth in Chori Innovation Plan 2025 (CIP2025), we will continue to enhance the strengths of our GLOBAL ONE STOP CHORI supply chain development from upstream (materials) to

downstream (finished products). While many of its competitors are strengthening their downstream operations, over the years Chori has been handling and refining its expertise for high-quality, differentiated products in the upstream and midstream areas of the

	FY2021	FY2022	Difference	Ratio
Net Sales	115.5	144.8	+29.3	+25.4%
Ordinary Profit (Segment Profit)	3.0	5.1	+2.1	+71.2%

(Billions of yen)

## Overview and Strategies by Business Segment

### Fibers, Textiles, and Garments Business

#### Road to Achieving

## Chori Innovation Plan 2025

supply chain with high entry barriers. Meanwhile, the demand for environment-friendly products has continued to grow in recent years. In order to develop business activities that are truly friendly to the environment, we must incorporate environmentally conscious solutions from the manufacturing stages of raw materials. Our knowledge of upstream and midstream manufacturing structures allows us to propose environment-friendly solutions that meet the specific needs of our customers. Through these and other measures, we will seek to differentiate ourselves even further from the competition. Another strength of Chori is its semi-industrial/semi-commercial business model. In addition to overseas trade, the Company has been working with manufacturers to create high-value-added products over its many years in business. Most notably, we have developed a relationship with the Hokuriku region of Japan that spans over 90 years, and a number of high-quality products from the region have been used by some of Europe's leading brands. While our transactions with the Hokuriku region amounted to ¥22.1 billion in fiscal 2022, we aim to increase this value to ¥25.0 billion by fiscal 2025 through not only the sale of materials but also the sale of fabric to businesses overseas and the expansion of our finished product business. In this way, under Chori Innovation Plan 2025 we will strive to achieve stable growth in each of the areas of materials, products, and resources, rather than focusing specifically on a single area. Under the business strategy of "ensure stable growth in the three areas of materials, products, and resources," we will strengthen our proposal-based sales for materials used in car seats and other automotive components in response to the rapidly advancing shift to electric vehicles (EVs) that is taking place across the globe.

Meanwhile, under the business strategies of "expand business in growth sectors (the environment, health, and comfort)" and "pursue exceptional levels of functionality and expertise and further set ourselves apart from the competition," we will promote our BLUE CHAIN™ initiatives, which aim to achieve sustainability throughout the supply chain. In addition to ECO BLUE™, a recycled

polyester fiber made of used plastic bottles, we will move ahead with the B-Loop™ recycling initiative by collecting around 300 tons of industrial waste per month in the Hokuriku region, which is reused in pavement materials for riverbeds and automotive materials, as well as recycling used clothing into new textile products. We will continue to expand our recycling efforts in such ways to develop a circular economy and increase our sales from BLUE CHAIN™ initiatives to ¥30.0 billion by fiscal 2025.

In order to continue to expand the Fibers, Textiles, and Garments Business over the medium to long term, we must execute our business strategy of "continue to grow the business across the globe." To that end, we will strengthen our response to the needs of Japanese manufacturers with which we have continued to do business with in China as well as the local needs of the Chinese markets. The demand for highly functional products used in sportswear and other apparel continues to grow in China. Going forward, we will steadily capture this demand through the proposal of Chori's differentiated highly functional products. While enhancing our presence in China not only as a production hub but also as a market, we will work to integrate the operations of our production sites in Thailand, Indonesia, Hong Kong, Taiwan, and other ASEAN countries as a measure to overcome geopolitical risk.

#### CIP2025 Segment Strategy

- (1) Reinforce our proprietary business model
- (2) Ensure stable growth in the three areas of materials, products, and resources
- (3) Expand business in growth sectors (the environment, health, and comfort)
- (4) Continue to grow the business across the globe
- (5) Pursue exceptional levels of functionality and expertise and further set ourselves apart from the competition

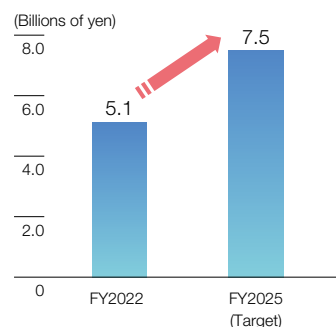
### Toward the Achievement of Fiscal 2025 Targets

In response to the late start to globalization in downstream fields, which was identified as a weakness in the SWOT analysis, the Company established MCC Industry COMPANY LIMITED in Hong Kong in 2021. Through this move, we will expand our sales of apparel to the global market, mainly in China, Europe, and the United States, and strengthen our business with partner companies that specialize in overseas sales. With respect to digitalization measures, Chori is revamping its core system through the Companywide business transformation project CARAT. In fiscal 2022, we made preparations to begin full-scale operations of our new system from fiscal 2025. By streamlining operations, we will improve efficiency and lay the groundwork for the further growth of the Fibers, Textiles, and Garments Business.

In order to achieve our segment profit target of ¥7.5 billion by fiscal 2025, we must remain both progressive and unchanging in our approach going forward. In other words, we will create new value by pursuing new businesses that address the needs of changing markets and continuing to focus on our strengths of

mid- to high-priced products. Chori's high level of expertise in engaging in every stage of the supply chain, from upstream to downstream, and its semi-industrial/semi-commercial business model are both the source of growth and the strengths of the Fibers, Textiles, and Garments Business. The Textile Division is full of people who are fond of this kind of business. We will continue to harness these strengths and increase Chori's impact on the market through relentless pursuit with our sights set on long-term business growth.

#### Segment Profit of Fibers, Textiles, and Garments Business





## Major Group Companies in the Fibers, Textiles, and Garments Business



### STX Co., Ltd.

Became a wholly owned subsidiary in June 2021

With Chori specializing in synthetic fibers and STX Co., Ltd. specializing in natural fibers, this collective effort between two companies with their own specialties has improved our ability to propose solutions to customers. In June 2023, the two companies held an exhibition together.

Summit Garment Saigon (SGS), a sewing factory in Vietnam operated by STX, has played an integral role in our customer proposals through the strong reputation it has built for production capacity. Since joining the Group, STX has continued to increase the number of orders from sports brands, including golf-related products, and for new high-end brands. Going forward, STX will strive to ensure that SGS becomes the largest production plant in the ASEAN region.



### ASADA U CO., LTD.

Became a wholly owned subsidiary in July 2017

Founded in 1950 as Asada Shoten in the Ozone area of Nagoya City, ASADA U CO., LTD. handles a wide range of textile products used in packaging and automotive interior materials.

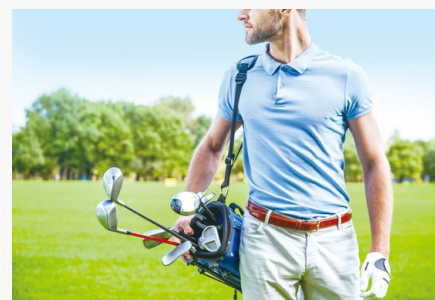
The automotive interior materials business tailors its plans and proposals to diversifying lifestyles and various customer needs based on its years of achievements and experience. Having received ISO 9001 certification, the company is committed to maintaining high levels of quality. In addition, the functional materials business handles construction and automotive materials.



### MCC Industry COMPANY LIMITED

In March 2021, MCC Industry COMPANY LIMITED was established in Hong Kong to serve as a sales hub for sportswear manufacturers in Europe. The company's headquarters is based in Hong Kong and its branch office is in Tokyo.

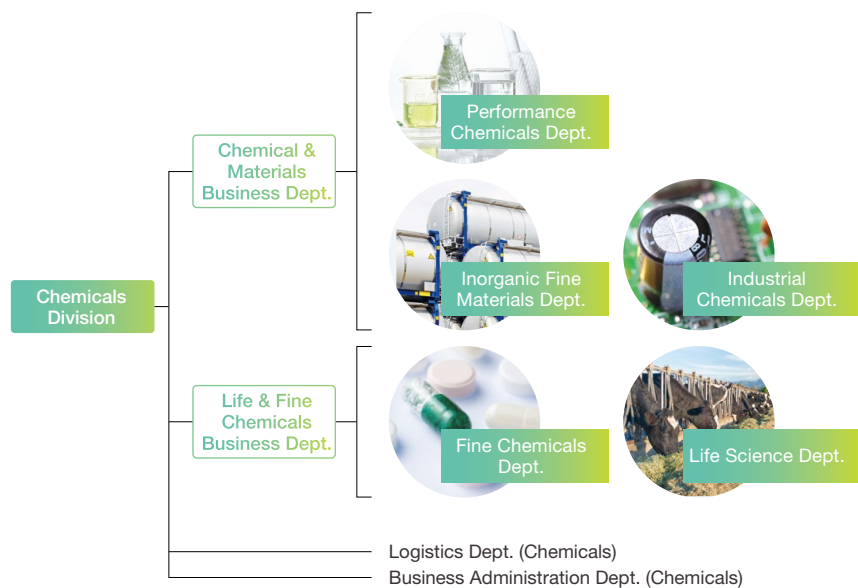
MCC Industry produces and supplies fashionable and highly functional sportswear, outdoor wear, and sports casual products in Japan and overseas, mainly for golf and athletic use for the leading brands of major manufacturers. Many manufacturers are highly conscious of sustainability and are inclined to increase the use of environment-friendly materials. Such manufacturers have therefore transitioned to the use of ECO BLUE™ recycled polyester fiber made of recycled plastic bottles, which is well-regarded as a raw material.



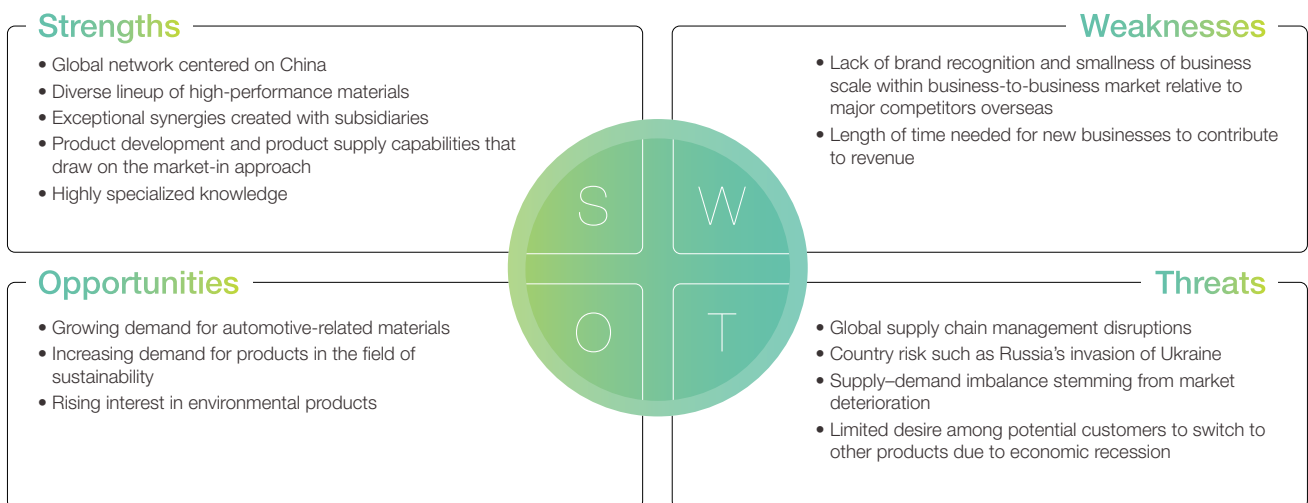
# Chemicals Business

Established in 1956, the Chemicals Business has a track record spanning over 60 years. We have continued to take advantage of our global network not only in terms of procurement and sales within China but also through exports and intermediary transactions with Southeast Asia, India, the Middle East, and other regions. Through these efforts, coupled with our ability to meet the needs of our clients for niche products, we have set ourselves apart from our competitors and enhanced our market presence.

With an extensive product portfolio that encompasses the environmental, electronics and battery materials, 5G-related, personal care and healthcare, and agricultural fields, Chori caters to the wide-ranging of needs of its customers.



## SWOT Analysis of the Chemicals Business



# Road to Achieving Chori Innovation Plan 2025

**We will expand our global network  
and build a foundation for  
our next stage of growth.**

**Yoshihiro Teratani**

Managing Executive Officer  
General Manager of Chemicals Division



## Overview of Fiscal 2022 Performance and Market Environment of the Chemicals Business

In the first half of fiscal 2022, the Chemicals Business performed favorably in all areas owing to the soaring prices of raw materials. In this environment, we were able to improve earnings by securing and supplying products without delay. Despite a gradual decline in raw material prices and deteriorating market conditions from the second half of the fiscal year, we maintained the positive results of the first half, leading to increases in both sales and ordinary profit to ¥180.0 billion and ¥8.8 billion, respectively. In addition to the particularly strong performances of the fine chemicals segment (see “Chori’s Strengths” on pages 21 to 22), which handles agrochemicals; the electronics and battery materials segment; and the semiconductor materials segment, the food additive business, which took a downturn in fiscal 2021 due to stay-at-home mandates set as a result of COVID-19, recovered in fiscal 2022 owing to higher demand for eating out that stemmed from the easing of COVID-19 restrictions. Because of this, we not only rode the wave of higher demand but also looked to increase our sales outlets in order to improve profitability. Although food additives were sold primarily to dealers in the past, we have expanded sales to food manufacturers and other end users, allowing us to offer a wider variety of products.

Although the sales of some products are showing signs of recovery from the effects of COVID-19, the market for chemical products, in general, has been on a downward trend since October 2022. Due to supply chain disruptions arising from the spread of COVID-19 and the conflict between Russia and Ukraine, manufacturers stocked up on inventory by ordering various products in larger quantities as a part of their business continuity plans until the end of the first half of fiscal 2022. From the second half, however, their inventory levels swelled as we began to see a gradual recovery in supply chain disruptions. For example, replacement demand for TVs, PCs, mobile phones, and other products, which remained high for a period of time, has subsided due to their increased durability, resulting in a stagnant market for flat panel displays. Although China has substantially eased its zero-COVID policy since December 2022, domestic demand has not reached the levels we had anticipated. Therefore, in fiscal 2023 we will focus on building a foundation and framework for our next stage of growth while steadily promoting the basic strategies of Chori Innovation Plan 2025 in response to our market conditions, which will likely begin to gradually recover from October 2023.

(Billions of yen)

	FY2021	FY2022	Difference	Ratio
Net Sales	164.2	180.0	+15.9	+9.7%
Ordinary Profit (Segment Profit)	7.4	8.8	+1.4	+18.4%



### Business Strategies of Chori Innovation Plan 2025

As one of the business strategies of the Chemicals Business, we will continue to “promote consolidated management centered on our global business” as set forth in Chori Innovation Plan 2025. During our previous medium-term management plan, we were unable to develop new businesses due to COVID-19 and fewer opportunities to engage in face-to-face sales as a result. During that time, however, we worked to establish an organizational structure that is conducive to creating new businesses. In addition to increasing our mid-career hires, who will have an immediate impact on our business, we have developed a global organizational structure in which our employees are assigned to overseas bases in Malaysia, Vietnam, and now India. Through these measures, we will address the rising demand for biodegradable resins, plant-based meats, and other SDG-oriented products and expand our product portfolio by devoting more attention to over-the-counter pharmaceuticals in the life sciences field, where ethical pharmaceuticals have traditionally been the mainstay.

With respect to our business strategy of “establish environmentally conscious businesses that offer high levels of functionality and profitability in place of existing substandard businesses,” we will transition from a product-out business model, which allows manufacturers to be in control, to a market-in business model, which enables Chori to take initiative. Chori’s strength lies in its proposal-based business, which makes use of its high levels of expertise. While some businesses are based on product output and others are based on market entry, we will promote the market-in approach for all areas of our business going forward. We will provide optimal products that cater to specific customer needs with a view to expanding profits. To that end, we will promote our outsourcing business, in which products desired by customers are produced and imported from overseas, in line with our business

### Toward the Achievement of Fiscal 2025 Targets

To address the lack of brand recognition and the smallness of business scale within the business-to-business market relative to major competitors overseas, which was identified as a weakness through the SWOT analysis of the Chemicals Business, Chori is working to enhance awareness of its brand through measures such as placing advertisements in publications for chemical products around the world. We also intend to engage in M&As to expand the scale of our business going forward. Meanwhile, the COVID-19 pandemic has also led to increased business opportunities. In response to the risk of changes in the supply chain, Chori has been able to gain new business opportunities with first-time customers. Accordingly, we will diversify our product portfolio so that Chori can serve as a second and third source of supply in a timely manner. In addition to such responsiveness, the promptness of our sales activities is a source of our competitiveness. At Chori, our sales activities are carried out in a prompt and thorough manner, even by our younger employees who gain practical experience through overseas business trips. We will continue to draw on this DNA of the Chemicals Business while aiming to remain a prominent presence in the market.

strategy of “develop frameworks and product domains that are resilient to changes in market and economic conditions.” In addition, for the inorganic fine chemicals and the chemical raw materials domains in particular, we will expand our business model, in which we meet the demands of customers by assuming the role of a manufacturer and securing products procured from overseas. In so doing, we will establish a system that is less susceptible to changes in the economy while working to mitigate geopolitical risk by diversifying our procurement sources overseas.

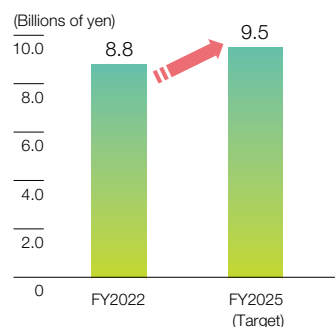
As for our basic strategy of “strengthen cooperative efforts with China, India, South Korea, and countries in Southeast Asia and South America,” we will step up our efforts with various countries that have the potential for further growth. We will respond to geopolitical risk and strive to achieve medium- to long-term growth by strengthening our measures in a number of countries, such as India, where the market will likely continue to expand; ASEAN countries, where the average age of the population is low and the market is flourishing; and South America, where the lithium compound production project is ongoing, in addition to leveraging our strong track record in pharmaceuticals.

#### CIP2025 Segment Strategy

- (1) Promote consolidated management centered on our global business
- (2) Establish environmentally conscious businesses that offer high levels of functionality and profitability in place of existing substandard businesses
- (3) Develop frameworks and product domains that are resilient to changes in market and economic conditions
- (4) Strengthen cooperative efforts with China, India, South Korea, and countries in Southeast Asia and South America

Fiscal 2023 is a period of preparation for our next stage of growth. We are investing even more in our human resources with an eye on the medium- to long-term growth of the Chemicals Business. We will continue to focus on securing, developing, and providing the most suitable opportunities to our employees, who are Chori’s greatest asset, while steadily seizing business opportunities in an effort to achieve the goals of Chori Innovation Plan 2025.

#### Segment Profit of Chemicals Business





## Major Group Companies in the Chemicals Business



### Miyako Kagaku Co., Ltd.

Became a wholly owned subsidiary in May 2015

Founded in Osaka City in 1921, Miyako Kagaku Co., Ltd. handles basic materials, various synthetic resin materials, food ingredients, pharmaceuticals, cosmetics materials, and packaging materials. The company also engages in the painting work business for petrochemical complexes in the areas of Yokkaichi and Chiba.

In fiscal 2022, despite the impact of the lockdown in China, sales and ordinary profit amounted to ¥45.9 billion (accounting for more than 10% of Chori's consolidated net sales) and ¥1.2 billion, respectively. Over the course of Chori Innovation Plan 2025, we will expand the scope of this business in environment-related fields, such as bioplastics and microbial formulations; healthcare fields, such as lactic acid bacteria; and electronics materials fields and build an even stronger revenue base.



### KOZAKURA SHOKAI CO., LTD.

Became a wholly owned subsidiary in March 2018

Since its founding in 1949, KOZAKURA SHOKAI CO., LTD. has established itself as a trading company that specializes in chemical products through the supply of various additives, catalysts, solvents, and other chemical products, primarily to businesses in the petroleum industry and related industrial fields.

The company handles lubricant additives and other performance chemicals used in the automotive, construction machinery, and metal processing industries; industrial chemicals used in general chemical industries and petroleum refining processes; and oleo fine chemicals, such as raw materials for lifestyle-related products (including personal care and food products).



### CHORI GLEX CO., LTD.

Became a wholly owned subsidiary in February 2013

Founded in Nagasaki Prefecture in 1859 as Frazer Company, the first foreign-capitalized company in Japan, CHORI GLEX CO., LTD. introduced the steam locomotive, electric streetcar, and Ford Model T automobile to Japan. The company currently engages in the import and export of specialty chemical and industrial products.

CHORI GLEX handles chemical products, such as epoxy resin and other thermosetting resin-related products; construction materials, such as stones and bricks; hearing device components, such as transducers and other electronic components and peripheral parts; and industrial products, such as organic and inorganic chemicals, paint materials, and rubber chemicals.



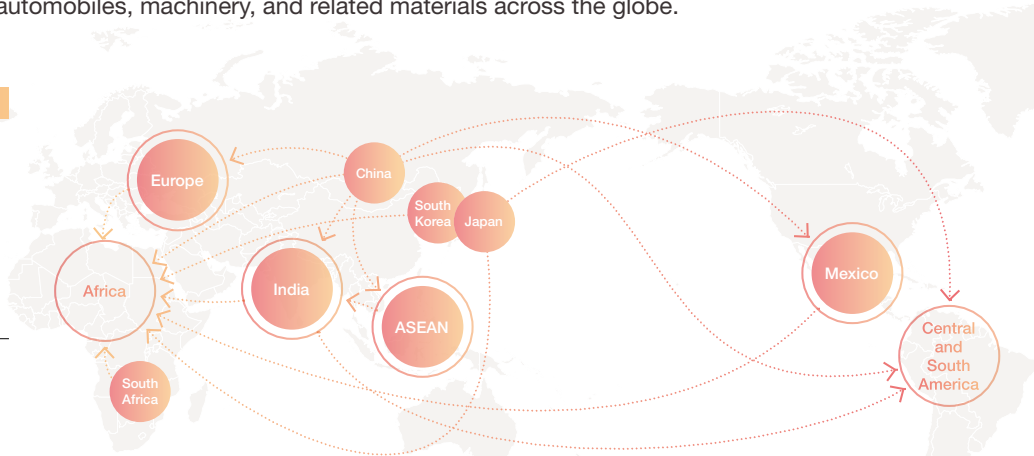
# Machinery Business

Chori Machinery Co., Ltd., which was spun off in April 2017 to enhance the flexibility of Chori's business operations, has been expanding its portfolio of automobiles, machinery, and related materials across the globe.

**Operating Company**

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

- Supplier
- Market
- Market
- Supplier and market



Leveraging the Group's unique global network, which has expanded over the years, Chori Machinery commercializes products acquired from China, India, South Africa, and other countries in markets such as Europe and the ASEAN region. 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 Africa and other emerging markets in particular. By drawing on its long-cultivated know-how in global trade and unique trade routes, Chori Machinery will continue to expand its business in the years ahead.

## SWOT Analysis of the Machinery Business

### Strengths

- Sophisticated information and global networks
- Creation of niche market by leveraging unique customer base
- Market-in proposals by employees deeply familiar with markets
- Ability to develop customer relations worldwide by drawing on individual capabilities

### Weaknesses

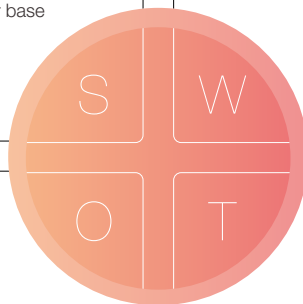
- Need for improvements to flexibility and organizational capabilities that draw on the strengths of each individual
- Timeliness of digital transformation measures

### Opportunities

- Global recovery of automotive market
- Expanding product line in Africa, Southeast Asia, and other thriving emerging markets
- Growing business opportunities associated with shift to environment-friendly vehicles
- Expanding product line in non-vehicles businesses

### Threats

- Country risk and risk of pandemics, coups d'état, and economic crises in emerging countries
- Market fluctuations resulting from intense climate change
- Global supply chain management disruptions



# Road to Achieving Chori Innovation Plan 2025

We will continue to expand our business by leveraging our sales expertise and adapting to the needs of each country.

**Jun Hayami**

President, CEO & COO  
Chori Machinery Co., Ltd.



## Overview of Fiscal 2022 Performance and Market Environment of the Machinery Business

In fiscal 2022, the Machinery Business posted sales of ¥4.4 billion and an ordinary loss of ¥1.3 billion. In Mexico and Italy, key sales regions of the business, the market recovered to a greater degree than anticipated as new and replacement demand for automobiles increased around the world on the back of pent-up demand and the easing of COVID-19 restrictions. Mexico in particular has benefited from the recovery of the U.S. economy, with which it is closely linked due to geographical factors, as the vehicles business demonstrated brisk results. On the other hand, the business recorded an additional allowance for doubtful accounts due to a delay in collecting receivables from business partners in the UAE. The delay is mainly due to a lack of foreign currency in the country stemming from monetary policies and cutbacks in the production of oil for sale to Nigeria. While the economy in the UAE is taking a while to recover due to delays in economic recovery measures, the new administration, which was introduced in August 2023, is focusing on stabilizing the foreign currency policy and establishing oil refining operations in the country. Although the future remains uncertain, we will continue to work to restore the situation as quickly as possible while keeping an eye on the state of the economy in Nigeria.

The flagship product of the Machinery Business is automobiles. Although the demand for automobiles can be

susceptible to economic changes, it is steady for the most part due to their importance as a means of transportation as well as in daily life. The automobiles handled by Chori Machinery are mainly those produced in China. Based on 2023 projections, China will account for approximately one-third of the 85 million automobiles that will be sold around the world throughout the year. It is also estimated that around four million units of the automobiles produced in China will be exported in 2023. Considering that the number of cars exported from China annually between 2006, when we began handling vehicles from China, and the years leading up to COVID-19 was around one million leads us to believe that the image and reputation of Chinese cars has dramatically improved over the past decade or so. The Chinese government is particularly focused on the development and sale of EVs as a part of its national policy, and demand for such vehicles is growing worldwide. In response to such changes in its business environment, Chori Machinery will address the demand for environment-friendly vehicles, which continues to increase particularly in Europe, as well as gasoline vehicles, which are still the mainstream in developing countries. Meanwhile, several new manufacturers are entering the EV scene, which is expected to intensify competition even more in the future. In view of this, we will do our utmost to seize every business opportunity by forming relationships with these new manufacturers as quickly as possible.

(Billions of yen)

	FY2021	FY2022	Difference	Ratio
Net Sales	4.3	4.4	+0.1	+2.9%
Ordinary Loss (Segment Loss)	(0.0)	(1.3)	-1.2	-

### Business Strategies for Fiscal 2023

While continuing to quickly and thoroughly adapt to the changes in our key markets of Mexico, Italy, and Central and South America, we are focusing on India as our second largest supplier next to China, due to its large population and diverse market. Motorcycle culture has been deeply ingrained in India over the years and our business in the country for two-wheeled vehicles continues to thrive. We are currently expanding our network of suppliers in India in an effort to develop a business structure for the intermediary export of electric two-wheeled vehicles produced by Indian manufacturers to developing countries.

In the Machinery Business, we aim to improve profitability by expanding our automobile business and our line of peripheral products. Specifically, we are developing an infrastructure for everything from telematics (a vehicle movement monitoring system that incorporates telecommunications and information processing), which will continue to evolve going forward, and devices centered on vehicle safety to after-sales services, such as repair parts. In this way, we will continue to propose products and other tangible solutions and also develop a proposal-based business model that allows us to utilize our sales know-how, an intangible asset that has been cultivated in Mexico and other markets.

### Our Approach Going Forward

One of the strengths of the Machinery Business is the market-in proposals made by its employees who have a profound knowledge of the market. To continue to make the most of the strengths of our employees, who are our greatest asset at Chori Machinery, we will focus on creating a workplace environment where each employee can work comfortably and gain a sense of fulfillment.

Although the Machinery Business has expanded over the years through the collective strengths of each employee, in order to grow even further going forward, it must continue to enhance its flexibility and organizational capabilities that draw on the strengths of each individual. We will continue to improve our organizational capabilities by enhancing internal communication to share ideas on projects and holding study sessions, in addition to establishing an organizational structure that facilitates timely responses to drastic changes in market conditions and country risks. From the viewpoint of digital transformation, we will standardize our sales support operations to further reduce the use of labor.

One example of the changes that are taking place in this industry is that although just a decade ago automobiles equipped with CD players and other car audio equipment were the mainstream, today these devices have been replaced with new technologies, such as the screen mirroring functions on smartphones. Given such extremely rapid changes in this industry, simply focusing on the trade of goods, which has been our approach to date, will become relatively risky. Therefore, we will also direct our attention to the sale of ideas and know-how. Seeing that Chori's efforts to date have been recognized by the automotive industry and are used as best practices, we believe there is demand for its platforms.

In fiscal 2022, we also achieved success in our joint initiative with a business partner in Italy. For this initiative, we developed environment-friendly vehicles that use natural gas, which earned the support of the local markets. Italy is unrivaled when it comes to its culture of being very particular about automobile design. Taking this into account, we have entrusted the customization of designs to our partner company in Italy, which is well aware of the local tastes and preferences and continues to enhance its presence in this market. In the future, this business will be expanded to neighboring countries in Europe.

In the Machinery Business, we developed the China-based automobile business ahead of our competitors. Accordingly, we will harness our strengths as a front-runner in this industry while continuing to build on our foundation to address new demands, such as for EVs.

The majority of the markets served by Chori Machinery Co., Ltd. are developing countries that offer tremendous future potential. In these countries, the population of young people is particularly large, and the economy is expected to continue to grow, albeit at different speeds, leading to even further demand for automobiles and electric two-wheeled vehicles. We will invest all of our management resources to fulfill the various demands that stem from the growth of each market with the aim of achieving stable growth over the medium to long term.



## Core Initiatives of the Machinery Business

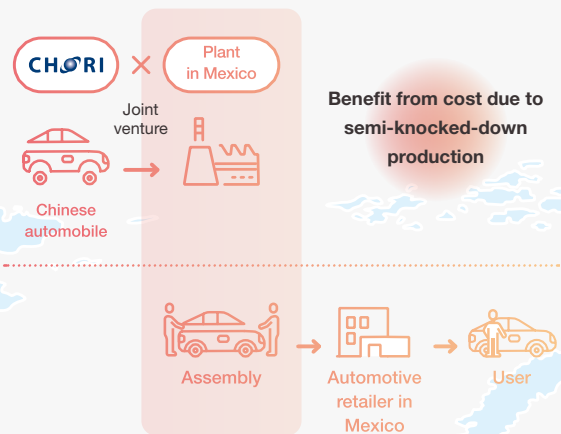
Initiative

1

### Semi-Knocked-Down Production in Mexico

In semi-knocked-down production, automobile parts and components are transported to the country of destination, where they are assembled and the automobile is completed. It differs from completely knocked-down production in that the frame, engine, powertrain, and other main components have already been assembled by the time they are transported overseas.

Semi-knocked-down production offers a variety of economic benefits, such as job creation and tax benefits for the country of destination. As a result, more employment opportunities are available for local residents in not only assembly processes but also at sales agencies and for after-sales services. Although it fell short of reaching the 4.0 million-unit mark that had been achieved prior to COVID-19, in fiscal 2022 Mexico's annual automobile production volume steadily recovered to the level of 3.3 million units due to the inevitable effects of the semiconductor shortage. Moving forward, Chori Machinery will continue to seek greater business opportunities centered on Mexico's mainstream automotive industry.



2

Initiative



### Enhancement of Our Presence in Italy and Other Parts of Europe

Chori Machinery has partnered with a company based in Italy to develop businesses in the country and other parts of Europe, including Spain. The stylish and environment-friendly vehicles developed by Chori's business partner have been well received by the younger generation and the local markets and continue to increase in sales.

This joint initiative began with the establishment of our presence in Italy, a market on the scale of 1.3 million units. Since then, in addition to expanding our business in Europe, we have continued to form partnerships with other companies to examine new business opportunities in Asia and Central and South America.

# Branding in the Fibers, Textiles, and Garments Business

—Adding Value to Our Sustainability Practices—

Chori unveiled its redesigned logos for BLUE CHAIN™ and ECO BLUE™ at FaW TOKYO—FASHION WORLD TOKYO in April 2022. Since then, the Company has been devoted to strengthening its branding strategies in the Fibers, Textiles, and Garments Business.



SUSTAINABILITY  
COMES FROM THE WHOLE SUPPLYCHAIN.

## BLUE CHAIN™ Products and Initiatives



### ECO BLUE™

A recycled polyester fiber produced by turning used plastic bottles into plastic pellets



### WS™

A material that can be dyed quickly at low temperatures



### TEXBRID™

A highly durable, long-lasting, and stretchable material



### SPX™

A stretchable highly crimped polyester yarn made using PIN texturizing technology in the Hokuriku region



### BLUENY™

Sustainable nylon derived from fiber scraps and other recycled materials



### B-Loop™

A recycling initiative carried out in Japan and overseas in which new textiles are created from old ones



**MEDITERRANEAN GIZA™**

A material that has reduced the amount of water used in cotton cultivation processes through the extensive use of a drip irrigation system



**MILLENNIUM ORGANIC™**

A material made of ultra-white raw cotton that eliminates the need for chlorine bleach and excess reducing agents



**NEXUEDE™**

A high-quality woven microfiber fabric that can be used as an alternative to artificial leather



**FREETEQ**

A fully elastic material that accommodates a wide range of sizes and body shapes



**Natural Dye™**

An environment-friendly material that uses plants and food residue as dyes



**ki re ri**

A washable fabric that is refreshingly cool on the skin and combines exceptional appearance and comfort



## Special Feature



### 01

#### Branding of SDG-Oriented Products

Chori began branding its SDG-oriented products in 2007, when it named its recycled polyester yarn derived from used plastic bottles ECO BLUE™ and registered it as a trademark. Recycling was becoming the center of attention in the textile industry at the time, and when a customer expressed the desire to make polyester out of recycled materials, we began focusing on expanding our line of SDG-oriented products.

While many associate the image of environmental conservation with the green color of forests, the ECO BLUE™ brand name was designed in blue to add some original flavor and to align with Chori's brand color. In continuing this trend, the word "blue" has been incorporated into a number of other SDG-oriented products and initiatives, such as BLUE CHAIN™ and BLUENY™, and has become the essence of the Chori brand.

### 02

#### Rebranding of BLUE CHAIN™ and ECO BLUE™

In light of the increasing focus on sustainability throughout the textile industry, we examined how we could differentiate ourselves even further from the competition and hold a competitive advantage to increase our market share. After careful consideration, we redesigned our logos for BLUE CHAIN™ and ECO BLUE™ in 2021. Given that BLUE CHAIN™ is the leading brand of Chori's SDG-oriented products and that ECO BLUE™ is the core line of products for that brand, we aimed to establish a uniform design. We approached designer Naomi Hirabayashi for this role because she is active on the front lines of the fashion industry, and we were convinced that she had the ability to further differentiate and enhance the competitiveness of the two brands. From the many incredible monochrome designs that were proposed, we selected the logos that caught our attention the most. The logos featuring rounded lowercase letters that offer an eco-friendly appearance and blue tones evoking an image of the earth and ocean were unanimously selected as we believed they would attract the attention of a wide range of customers.

After renewing these logos, we limited the scope of ECO BLUE™ products to recycled polyester fiber made from used plastic bottles, allowing us to differentiate these brands to an even greater degree.





### 03 | Significance of Branding

In an age where we are flooded with similar products, it is essential that we differentiate our products so that they do not get buried in the market. Chori's raw material business offers outstanding product capabilities in Japan and excels at working with the world's leading material manufacturers and textile manufacturers who are adept at differentiating themselves from competitors. We worked with partner companies to create and strategically promote SDG-oriented products that accurately met the needs of the markets in Japan and overseas, leading to our recognition as a key supplier by world-renowned luxury and high-end brands, which we do business with from midstream to downstream. This has allowed us to expand our business beyond expectations. By building on this success, we have been able to gain a secure foothold in the market for SDG-oriented products, and we are now becoming more and more recognized by end-consumers as well.

### 04 | Looking Ahead

In 2022, we also rebranded our PIN texturized yarn SPX™. Since then, we have continued to actively engage in branding practices such as registering trademarks for our names and logos associated with "blue," including BLUENY™ sustainable nylon yarn and the B-Loop™ recycling initiative.

The Textile Division aims to achieve sales of ¥30.0 billion from sustainability-based products by 2025. Our BLUE CHAIN™ initiatives are steadily expanding through the endorsement of approximately 140 partner companies from upstream to downstream, mainly those in the Hokuriku region. In addition to continuing to pursue higher levels of product quality, we will remain committed to our branding practices in order to further enhance our presence in the industry and strengthen our relationships of trust with customers.



# Sustainability

## Chori's Sustainability Initiatives

The spirit of coexistence and co-prosperity that our first president Riichiro Ohashi maintained, which is “to develop our business for the benefit of the world and people and to always strive to grow together with our customers,” and the integrity, dignity, and compassion that has continued to support this spirit have been passed down to this present day.

As a multifaceted specialized trading company that handles fibers, textiles, and garments, as well as chemicals and machinery, Chori not only builds relationships with its clients but also engages in capital investment and production on the strength of its semi-industrial/semi-commercial business scheme. Underscoring the value of its relationships with various stakeholders around the world, the Company strives to address poverty, health, resource waste, climate change, water shortages, and a range of other global concerns. In the face of our radically changing social and economic environments, we are advancing our business in pursuit of not only the growth of the Company but also the sustainability and development of the world as a whole.

As declared in our corporate philosophy, at Chori we engage in business with sustainability at the forefront of our minds by developing environment-friendly products, conducting procurement and export control activities that ensure compliance, and establishing a system to optimize operations so that we can contribute to the realization of a better society as global citizens.

### ▶ Business Environment and Chori's Countermeasures

Business Environment	Chori's Countermeasures
<p>Climate change</p>	<ul style="list-style-type: none"> <li>• Importance placed on reducing companies' financial risk through measures to address climate change</li> </ul> <p>Page 45</p>
<p>Marine plastic pollution</p>	<ul style="list-style-type: none"> <li>• Disclosure of information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</li> </ul> <p>Pages 37 and 44</p>
<p>Escalation of human rights issues</p>	<ul style="list-style-type: none"> <li>• Need to ensure traceability and develop a recycling system</li> </ul> <p>Page 53</p>
<p>Changes in consumer awareness</p>	<ul style="list-style-type: none"> <li>• Global need to improve working conditions and respect human rights along the supply chain</li> </ul> <p>Pages 37 and 44</p>

# Our Approach to Sustainability

## Governance

The Chori Group has established systems to ensure appropriate operations with the aim of achieving sound management and sustainable growth. The Company strives to strengthen corporate governance by complying with laws and social norms, carrying out effective and efficient business operations, and ensuring the credibility of its financial reports while positioning the Board of Directors as a body for making strategic decisions and overseeing business operations.

### ! Key Points

#### ● Establishment of Sustainability Promotion Preparatory Committee

With a view to establishing a specialized committee to promote sustainability (from fiscal 2024), as announced in Chori Innovation Plan 2025, the Sustainability Promotion Preparatory Committee was established in July 2023 to examine Chori's basic policy on sustainability, material issues, its value creation story, and other sustainability-related matters. A working team consisting of members selected from various departments and CARAT will also establish.



#### ● CHORI Innovation Activities (“CHOI-Katsu”)

We have been working to improve our employees' operational efficiency through our Companywide CHORI Innovation Activities (“CHOI-Katsu”), established in fiscal 2013 with the aim of achieving department- and division-specific goals.

#### Action Policies in Fiscal 2023

- Compliance with communication
- Health and communication
- Eco-friendliness and cleanliness

## Strategy

In establishing a management foundation aimed at achieving sustainable growth, the Chori Group recognizes the importance of taking a proactive approach to environmental issues, cooperating with business partners in CSR procurement and other activities, promoting occupational safety management, developing human resources, and contributing to the betterment of society and local communities. On April 28, 2023, we announced Chori Innovation Plan 2025, our new medium-term management plan based on VISION2030—The Company We Aspire to Be—focusing on the themes of “sustainability,” “well-being,” and “innovation.” Under Chori Innovation Plan 2025, we will enhance our corporate value by steadily implementing our three basic strategies and becoming a corporate group that continues to evolve and change on a global scale, underpinned by our exceptional capabilities and expertise. The Sustainability Promotion Preparatory Committee will examine our strategies related to all areas of sustainability.

## Risk Management

The Chori Group has established and operates its risk management regulations for the purpose of identifying potential risks in its business activities, reducing risks and preventing crises from occurring during the course of normal business conditions, establishing a system for responding to crises that may present a significant impact on its business activities, and responding promptly and appropriately to prevent the situation from deteriorating and recover and normalize the situation as swiftly as possible.

## Indicators and Targets

Recognizing the ongoing need to address sustainability issues, the Chori Group has established non-financial targets (see page 12) in an effort to “promote ESG management,” one of the basic strategies of Chori Innovation Plan 2025.

## Chori's Sustainability Initiatives



# Environment

We understand the importance of respecting the environment when conducting our business activities and that it is our responsibility to address environmental issues in a proactive manner.

### Basic Principle

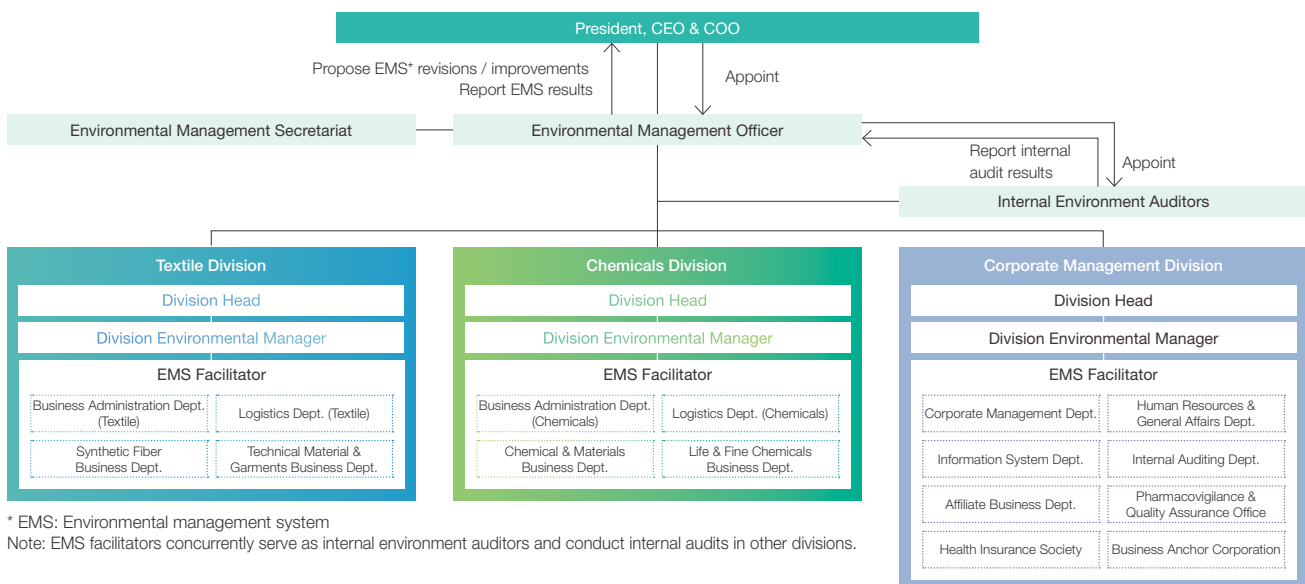
With a view to generating substantive value and helping to realize a more enriched society, Chori strives to provide accurate information and exceptional products tailored to the needs of its customers. As the environment continues to garner global attention, we believe the role we play in contributing to environmental conservation is essential to establishing a solid management foundation.

### Basic Policies

1. Consideration for the global environment
2. Compliance with environmental laws and regulations
3. Establishment and continuous improvement of environmental management system

### Environmental Management Structure (As of July 1, 2023)

We have established the following structure in pursuit of our environmental initiatives.



\* EMS: Environmental management system

Note: EMS facilitators concurrently serve as internal environment auditors and conduct internal audits in other divisions.

### Environment-Friendly Business Activities

Since its acquisition of the ISO 14001 international standard for environmental management systems in 2000, Chori has continued to conduct and engage in environmental conservation activities. We adopted the 2015 standard in December 2017, acquired ISO 14001 certification for our Hokuriku Branch and Okayama Liaison Office in December 2019, and continue to engage in Groupwide efforts with Business Anchor Corporation and other subsidiaries in our aim to help preserve the environment.



## Close Up

### In Pursuit of the SDGs

Chori's initiatives in pursuit of the Sustainable Development Goals (SDGs) are featured on its official YouTube channel. The channel offers viewers an illustrated look into Chori's involvement in the world of environment-friendly, plant-based foods and its participation in the lithium compound production project in Chile.



<https://www.youtube.com/watch?v=EfGtYiJVL0E>



## ▶ Chori's Environment-Friendly Initiatives

Chori is committed to expanding its line of environment-friendly SDG-oriented products in the Fibers, Textiles, and Garments Business and the Chemicals Business. As declared in Chori Innovation Plan 2025, we aim to increase sales of SDG-oriented products to ¥50.0 billion (two and a half times fiscal 2022 levels) in fiscal 2025.

### BLUE CHAIN™ ----- Fibers, Textiles, and Garments Business

The problem of environmental degradation, which has been a focus of attention for a variety of industries in recent years, has become a matter of significant concern in the fiber, textile, and garment industries. The creation of new apparel made in response to recent trends and consumer needs requires massive volumes of water and produces substantial amounts of greenhouse gases. It is also true that large quantities of unsold clothing are discarded unused. To address these issues, Chori introduced its BLUE CHAIN™ initiatives to create environment-friendly products by seamlessly linking the vast and complex fiber, textile, and garment industries and integrating the functions of each company.

📖 See “Branding in the Fibers, Textiles, and Garments Business” on pages 37 to 40.



### Lithium Compound Production Project in Chile ----- Chemicals Business

The evaporation method commonly used to extract lithium components from brine water was associated with concerns over its significant environmental impact. In contrast, Chori has been participating in a project to produce lithium compounds through the use of a new method that enables only lithium components to be extracted from brine water, thereby maintaining the water volume of salt flats. Compared with our conventional approach, this new extraction method contributes to significant reductions in production time, and because it does not hinge on weather conditions, the production volume can be adjusted in line with market conditions. Through such means, Chori will address the needs of the lithium-ion battery market, which we anticipate will expand even more going forward.



### Biodegradable Resin ----- Chemicals Business

At Chori, we have recently been expanding our lineup of biodegradable resin, a raw material used in seed sheets. Seed sheets serve as a means to prevent the evaporation of soil moisture and are used for weed and pest control. As they are made of biodegradable resin, seed sheets eventually decompose into water and carbon dioxide. Accordingly, they eliminate the need for disposing waste while reducing the use of plastic, and because the seed sheets do not need to be collected, they help enhance agricultural productivity.

We are also working to enhance our lineup of biodegradable resin derived from plants such as cassava and taro, which we are utilizing as raw materials for garbage and shopping bags due to the soft texture they generate.



### Promotion of the Use of New Protein Sources ----- Chemicals Business

With the global population projected to reach approximately 10 billion by 2050, there are concerns over the potential imbalance between supply and demand for protein sources such as beef and pork. At Chori, we have been focusing on soybeans, wheat, and green peas as a source of ingredients; procuring ingredients of the highest quality and safety that comply with the Non-GMO Project Standard from overseas; and supplying these ingredients to food processing companies in Japan. We are also working to promote the use of sunflower protein, cricket powder, and other new sources of protein throughout the Group. In addition, through our measures to prevent deforestation for livestock and reduce the use of water and crops, we strive to help realize a greener and more enriched global environment.



## Chori's Sustainability Initiatives

---

# Information Disclosure Based on the TCFD Recommendations

---

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) at the request of the G20.

As the world strives to limit the increase in the earth's average temperature to below 2°C above preindustrial levels as stipulated in the Paris Agreement in 2015, the aim of the TCFD is to encourage companies to disclose climate-related financial information to enable investors to make appropriate investment decisions.

At Chori, we will work to appropriately disclose information on the recommended disclosure items in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures, the final report released by the TCFD in June 2017.



### Governance

#### The Board of Directors' system for monitoring climate-related risks and opportunities and management's role in assessing and managing such risks and opportunities

The Company's response to climate change and other environmental issues is reported regularly at Board of Directors' meetings and discussions are held based on the details of these reports. Ultimately, it is the responsibility of the Board of Directors to assess, respond to, and disclose details of the Company's risks and opportunities related to climate change.

With the general manager of the Corporate Planning Division, who also serves as a director, in charge and the Corporate Management Department as the responsible division, the Company manages and promotes organization-wide measures against climate change, including the TCFD recommendations, and other environmental issues as well as compiling important Companywide policies and measures, which are reported and proposed to the Board of Directors for discussion at Board meetings.

With regard to business-specific strategies, etc., on climate change and other environmental issues, the general managers of the respective sales departments, in cooperation with the general manager of the Corporate Planning Division and the Corporate Management Department, report summaries of such strategies, etc., to the Board of Directors, which are then assessed and discussed at Board meetings.

In addition, on April 28, 2023 we launched our medium-term management plan Chori Innovation Plan 2025. To address all sustainability issues, including climate change, we will establish an expert committee and strengthen discussions on strategies and initiatives related to all aspects of sustainability, including the TCFD recommendations.



### Strategy

#### Short-, medium-, and long-term climate-related risks and opportunities identified by the organization and the impact thereof on the organization's business, strategies, and financial plan

Chori conducts scenario analyses to assess the transition risks and physical risks of climate change. In fiscal 2021, we analyzed the 2°C and 4°C scenarios, and in fiscal 2022 we reanalyzed and examined the 1.5°C and 4°C scenarios. Under the 1.5°C scenario, similar to the 2°C scenario, the increase in physical risks is expected to be moderate, and we expect an increasing number of opportunities to develop and expand sales of environment-friendly products. Meanwhile, under the 4°C scenario, physical risks, such as unseasonable weather, will likely increase due to the lack of progress in climate change measures.

Based on the above assumptions and background, we conducted a scenario analysis for the period up to 2030. On the basis of these results, we identified the following risks and opportunities related to climate change and determined their impact on our business and the measures we will take in response.

## Major Risks and Opportunities Related to Climate Change, Their Impact on Our Business, and Measures to Take in Response

Risk Type	Risks and Opportunities		Impact on Business (▲ Risk / ● Opportunity)	Key Countermeasures	Financial Impact	
					1.5°C   4°C	
Transition Risk	Policies and Regulations	Strengthening of decarbonization measures	Introduction and expansion of carbon taxes	▲ Increase in purchase prices and various costs	Continue to monitor the actual amount and impact of the Company's GHG emissions Strengthen lineup of zero-carbon products	Low impact*
		Strengthening of regulations on China, our largest export partner		▲ Temporary declines in trading volume due to reduced production	Strengthen and expand global supply chain	Medium impact
	Technology	Rapid expansion of circular economy	Expansion of waste-reduction efforts	● Greater demand for recycling-related products ● Greater demand for products that contribute to waste reduction	Expand trading of recycled products · Recycled plastic chips · Recycled polyester fiber (ECO BLUE™)	Medium impact
			Increased use of renewable resources	● Greater demand for bio-related products	Expand trading of biodegradable resin products · Seed sheets	Medium impact
	Market	Market changes associated with the transition to decarbonization	Expansion of policies and initiatives aimed at achieving carbon neutrality throughout the automotive life cycle	● Greater demand for lithium-ion-related products due to the shift to electric vehicles	Expand trading of lithium-ion-related materials · Participate in lithium compound production project	Medium impact
			Expansion of policies and initiatives aimed at achieving a carbon-free supply chain in the textile industry	● Reduced cost of decarbonization measures by spearheading sustainability initiatives across the supply chain	Promote sustainability initiatives throughout Chori's unique supply chain (BLUE CHAIN™)	Medium impact
		Increased stakeholder interest in sustainability	Greater demand for non-petrochemical products and other sustainable products	● Greater demand for environmentally conscious products	Enhance lineup of environmentally conscious products · Highly stretchable functional yarn (TEXBRID™) · Environmentally conscious fiber materials · Black and colored spun-dyed yarn · Natural Dye™ · MEDITERRANEAN GIZA™ · MILLENNIUM ORGANIC™	Medium impact
	Reluctance to buy petrochemical products		▲ Temporary decline in trading volume arising from the shift to environment-friendly products	· Non-toxic materials · Water-repellent, recycled yarn fabric (free of fluorine) · Chemicals for cleaning agents (free of chlorine gas)	Low impact	
	Strengthening of information disclosure requirements related to climate change measures		▲ Decrease in corporate value and investments due to inadequate response ● Increase in customers and investments due to climate change measures	· Promote GHG reduction measures and disclose information based on the TCFD framework	Medium impact	
	Physical Risk	Acute / Chronic	Increasing frequency and severity of natural disasters and unseasonable weather	Water shortages	▲ Temporary declines in trading volume due to reduced production	Strengthen global supply chain · Strengthen lineup of water-conscious products · ECO BLUE™ × WS™
Large-scale natural disasters				▲ Temporary reduction in trading volume and longer lead times due to supply chain disruptions	Low impact	
Rising sea levels					Low impact	
Rising average temperatures			▲ Reduced trade of fall and winter apparel ● Greater demand for agrochemical-related products ● Greater demand for disinfection (mouthwash)-related products	Examples of Products · Strengthen lineup of next-generation products · Agrochemical ingredients (disinfectants, rice herbicides, acaricides, and herbicides) · Pharmaceutical products (iodine)	Medium impact	

Note: 1. Classified according to the scale of impact on sales and segment profit. Those deemed to have a greater impact are indicated with a darker shade.  
2. Key reference scenarios include the *World Energy Outlook 2022* of the International Energy Agency and the Intergovernmental Panel on Climate Change's Shared Socioeconomic Pathways.

### \* Financial Impact of Introducing and Expanding Carbon Tax (Quantitative Assessment of Business Impact)

1.5°C Scenario	
2030	US\$107,000 (approx. ¥13 million)
2050	US\$191,000 (approx. ¥23 million)

Note: Calculated by multiplying fiscal 2021 GHG emissions by the amount of carbon taxes projected under the 1.5°C scenario (for Scope 2 emissions, calculated by multiplying the CO<sub>2</sub> emissions factor)

No estimates were made under the 4°C scenario as carbon trading in Japan is expected to remain unchanged.

In both scenarios, we found that the impact on our business will be very minimal and that opportunities to develop and expand sales of environment-friendly products will increase. We will continue to conduct business impact assessments to ensure appropriate risk management and translate business opportunities, such as the greater demand for environmentally conscious products, into increased earnings.



## Chori's Sustainability Initiatives



### The process for identifying, assessing, and managing climate-related risks and the approach to integrating this process into the organization's overall risk management

#### Operation of Risk Management Regulations

At Chori, we have established and operate risk management regulations with the aim of identifying potential risks in our business activities, reducing risks and preventing crises from occurring during the course of normal business conditions, establishing a system for responding to crises that may pose a significant impact on our business activities, and responding promptly and appropriately to prevent the situation from deteriorating and recover and normalize the situation as swiftly as possible.

#### Risk Management under Normal Business Conditions

Under the guidance of the risk management deputy officer (the president of the Company), the risk management promotion officer (the deputy general manager of the Corporate Planning Division, in charge of the Human Resources & General Affairs Department) and the Human Resources & General Affairs Department (the organization responsible for risk management) identify material issues within the organization; formulate various measures to mitigate, prevent, and promptly detect risks that may exist within the Company; and implement the necessary educational and training programs in a voluntary and systematic manner. They also follow up on the results of crisis response measures, verify their impact, identify issues, and seek measures toward improvement.

In the Company's risk management regulations, climate-related risks are defined as risks that relate to either the "external business environment, including society, the economy, and politics," or the "business continuity plan," and are addressed by the Corporate Management Department in cooperation with the risk management promotion officer and the Human Resources & General Affairs Department. As demonstrated by the results of the aforementioned scenario analyses, ensuring a stable supply chain is extremely important to the continuation of our business. With respect to transaction-related risks classified in our risk management regulations, in order to address the risk of supply chain disruptions that stem from various supplier-inflicted issues and to fulfill our social responsibilities for procurement activities in Japan and overseas, the Company has established CSR procurement guidelines and promotes procurement activities that underline the importance of corporate ethics, legal compliance, safety, disaster prevention, environmental conservation, product safety, quality assurance, human rights, and working conditions.

#### Crisis Response Measures

In the event of a crisis, placing the highest priority on ensuring the safety and protecting the lives of each individual, the following measures must be taken in accordance with Company regulations: communicate and report details of the crisis based on the crisis communication system; establish a crisis response headquarters under the direction of the Risk Management Deputy Officer; and execute tasks, communicate the emergency, report the results of investigations, and implement measures to prevent recurrence through the crisis response headquarters.



### Indicators used to assess climate-related risks and opportunities in accordance with the organization's strategies and risk management processes, targets used by the organization to manage these risks and opportunities, and progress toward the achievement of these targets

The Group has been compiling data on the actual amount of GHG emissions produced by its business activities since fiscal 2020 and is aiming to reduce GHG emissions (Scope 1 and Scope 2) and achieve carbon neutrality by 2050. We will also look to reduce Scope 3 emissions in order to reduce GHG emissions throughout our entire supply chain.

In regard to our GHG emissions reduction targets, we intend to determine them through a dedicated sustainability committee that is currently being developed.

#### GHG Emissions Results

	Category	Type	Actual Amount of FY2020 (t-CO <sub>2</sub> )	Actual Amount of FY2021 (t-CO <sub>2</sub> )	Scope of Calculation	
Scope 1	Direct emissions	—	385	330	Consolidated	
Scope 2	Indirect emissions	—	956	866		
	<b>Total (Scope 1 + Scope 2)</b>		<b>1,341</b>	<b>1,196</b>		
Scope 3	Category 1	Purchased goods and services	—	1,090,766	Nonconsolidated	
	Category 2	Capital goods	—	131		
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	—	41		
	Category 4	Upstream transportation and distribution	—	113,462		
	Category 5	Waste generated in operations	—	102		
	Category 6	Business travel	126	128		Consolidated
	Category 7	Employee commuting	238	243		
	Category 9	Downstream transportation and distribution	—	461	Nonconsolidated	
	Category 12	Processing of sold products	—	1,318		
		<b>Scope 3 Total</b>		<b>364</b>	<b>1,206,654</b>	

Scope 1: Direct emissions

Scope 2: Indirect emissions

Scope 3: Supply chain emissions (actual amounts for fiscal 2020 consist only of emissions from "business travel" (category 6) and "employee commuting" (category 7))

Note: GHG emissions are estimated using the GHG emissions calculation method defined in the GHG Protocol.



# Society

At Chori, we promote activities aimed at realizing the well-being of all stakeholders, including employees, business partners, and local communities.



# Human Capital

Chori regards each and every one of its Group employees as its most valuable management resource and has established its policy for human resources, “Utilize people, and be useful to them. Nurture people, develop with them. Connect people, and join together with them,” to secure and nurture exceptionally talented individuals who are indispensable to the growth of its business.

As a company that has been in business for over 160 years, we believe it is our mission to continue to grow together with our employees and pass on our traditions to the next generation. We aim to realize a cycle in which each employee gains a sense of pride and accomplishment in their work, feels a sense of personal and professional growth, and gets a sense of happiness, which in turn, leads to the improvement of corporate value.

## Comment

### A Company That Will Continue to Nurture and Utilize Its Employees



**Satoko Nakayama**

Senior Executive Officer,  
Deputy General Manager of  
Corporate Planning Division  
(Human Resources &  
General Affairs Department and  
Information System Department)

Over its more than 160 years in business, Chori has faced a number of challenges amid some turbulent times. Through it all, what enabled Chori to overcome such challenges was its employees. As a trading company, Chori’s most valuable management resource is not its products but rather its employees—a competitive strength of the Company that has endured years of adversity. The willingness to boldly take on challenges is a part of the DNA that Chori has carefully cultivated over the years. “Utilize people, and be useful to them. Nurture people, and develop with them,” which comprises a part of our policy for human resources, tells the tale of Chori, a company that will continue to nurture and utilize its employees.

Meanwhile, since 2003 Chori has continued to transform and grow as a company in accordance with the needs of the times. Based on the theme of establishing various foundations to further evolve our business, in Chori Innovation Plan 2025 we declared “improve employee engagement” as one of our top priorities for developing human resources, given the importance of growing together with our employees in today’s age. Unlike the approaches we have taken in the past, in order for the Company and its employees to continue to truly grow together, we must align our vectors by facing the same direction and pursuing the same goals, and the Company must be fully committed to ensuring that its employees feel a sense of fulfillment and happiness throughout this process of mutual growth.

Through this transformation and growth, Chori will advance together with its employees to its next stage as a company.

#### Diversity and Inclusion

CARAT is a Companywide business transformation project to be completed in April 2025 that involves replacing our manual mission-critical system that has been used for over 20 years with SAP, a management resource planning software, while changing various aspects of our business, our organization, and employee mindsets. By transitioning from our current organizational structure centered on the sales division to a flat organizational structure, we will create an organization that allows women in divisions other than sales, such as logistics, to advance to management positions and beyond. Many of our locally hired employees overseas are women, and we will continue to move gradually forward by promoting the advancement of women with immense potential, such as is the case with one of our Japanese employees working in China, who is the first employee with children to be assigned overseas, and our second such employee who will be assigned to Taiwan this fall to become a store manager.

Chori also promotes diversity in its recruiting process. We are raising the percentage of women among new graduates while hiring more students with foreign nationalities. Their global perspectives and sincere attitudes toward work are a tremendous source of inspiration for Japanese students. Our new-graduate employees are the people who will continue to pass on Chori’s DNA to future generations. In addition, for the past seven years we had devoted our time and resources to our mid-career hiring, which was relatively small in scale, but recently our recruitment of new graduates has surpassed that of mid-career employees. In the past, mid-career employees were hired for their ability to make an immediate impact, but now they have become an extremely valuable presence that brings a breath of fresh air into the organization. Upon joining the Company, mid-career employees are asked to offer their opinions in regard to the areas of our business that need to be improved as well as our areas of strength. In so doing, we are able to gain an overarching view of our business through the eyes of mid-career employees, which is used to make further improvements to our business. Our business opportunities have expanded as a result, and it has become completely ordinary for mid-career employees to be promoted to management positions. We are also actively recruiting foreign nationals for mid-career positions, which truly embodies our commitment to diversity and inclusion.

In the final interviews for mid-career hires, we always ask if our potential employees would enjoy being a part of a company that will continue to change into the future. We strive to make Chori an even stronger organization by bringing in fresh perspectives from various angles.

At Chori, diversity is about respecting all genders, nationalities, backgrounds, experiences, and individualities, while inclusion is about building an organization that embraces the uniqueness of each individual.

## Chori's Sustainability Initiatives



### Human Capital

#### ▶ Human Resource Strategies and the Personnel We Seek

As globalization continues to spread at a rapid rate, employees will be expected to utilize their full capabilities. We cultivate our employees to be able to respond quickly to changes, to think and act on their own will with a sense of curiosity and a broad perspective, and to become an integral part of carrying the Group forward into the future.

Personnel We Seek				
<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>
Always act responsibly as a member of Chori and keep the Company charter close to their heart	Have a spirit of independence	Constantly work hard and come up with creative ideas as results-focused professionals	Expect the best and prepare for the worst	Respect the values and cultures of people from around the world

#### New Employee Training

Upon joining the Company, new employees receive orientation to acquire the basic knowledge and proper etiquette to become a responsible working adult and attend 30 lecture sessions and take certification exams twice a year. New employee training was held online once again in fiscal 2022.

#### Career Development Support

At Chori, we hold level-specific training for directors and employees, invite instructors from outside of the Company, and conduct lectures led by our employees. Moreover, in fiscal 2022, these programs were once again held through online venues and the use of video. Moreover, to speed up the pace of globalization, we will capitalize on our system for dispatching trainees overseas while continuing to conduct our in-house training program.



#### ▶ Employee Engagement

Through effective two-way communication from both top-down and bottom-up approaches, we will work to create an open and psychologically safe work environment and improve the corporate culture so that each employee feels a sense of pride and accomplishment in their work.

In fiscal 2022, we began engaging in face-to-face communication once again whenever possible, which we were unable to do during the COVID-19 era, and held luncheon meetings for the president and employees on 20 occasions, which were attended by around 100 employees in total. Through such opportunities to establish direct communication, we will expand the circle of communication between senior management and employees.

An employee engagement survey will be conducted through an external organization to reconfirm the Company's issues and further improve its corporate culture and working environment.

#### Creation of a Comfortable Workplace Environment

We regard people as our most valuable management resource, and for that reason it is essential that we provide employees with workplace environments that allow them to work in a healthy and active manner. We conduct the following initiatives with this in mind, particularly with the aim of providing employees with a healthy work-life balance.

##### Eliminate Long Work Hours

- In principle, designate one day of the week as a no-overtime day
- Require all staff to leave their workplace by 9 p.m. every day
- Restrict the number of overtime hours
- Automate work processes with robotic process automation
- Improve the efficiency of meetings

##### Encourage Employees to Take Annual Paid Leave

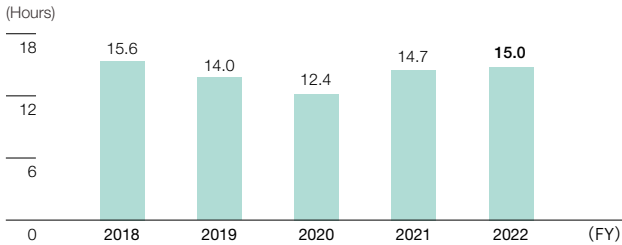
- Require use of annual paid leave (five days)
- Encourage employees to take seasonal holidays
- Eliminate restrictions on the number of times half-day leave can be taken for the purpose of childcare, nursing care, or hospital visits

##### Promote Flexible Workstyles

- Improve flextime system (no core hours)
- Utilize work-at-home system and web-conferencing system
- Conduct one-on-one meetings between employees and their superiors
- Provide option to relocate to other locations (transfer to other branches domestically and regionally)

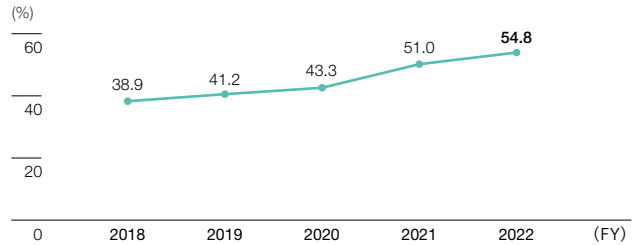
## Data Related to Work–Life Balance

### Monthly Overtime Work



Note: Monthly average overtime hours for nonconsolidated employees (excluding managers and dispatched employees)

### Use of Annual Paid Leave



Note: Average number of paid leave days taken per year by employees, including those assigned overseas

## Diversity and Inclusion

### Basic Policy

Chori actively recruits people who are diverse in terms of career background, nationality, age, and ethnicity. The active participation of diverse personnel has changed not only our approach to business but also the mindsets of our employees.

Moreover, to allow our employees to continue to work, we have established a system that accommodates the life events of our employees and their families, such as marriage, childcare, illness, and nursing care.

### Chori Innovation Plan 2025 KPIs

- Increase the percentage of women among career-track hires and employees who have transferred to career-track positions to over 30%
- Increase the percentage of male employees taking childcare leave
- Increase the percentage of women in management positions

### Supporting the Balance of Work Life and Childcare

An increasing number of employees who have returned from childcare leave are utilizing the shortened work-hour system for childcare to balance their work and family life.

Also, as a part of our employee benefit program, we have a variety of support systems in place that provide employees with financial assistance for childbirth, self-development, and childcare.

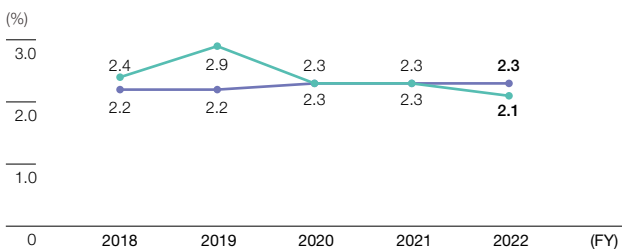
	FY2020	FY2021	FY2022
Number of Employees Taking Childcare Leave*	13 (9 of whom are male)	17 (9 of whom are male)	13 (6 of whom are male)
Number of Employees Working Shorter Hours Due to Childcare	9	12	14

\* Number of employees who began taking childcare leave in each fiscal year

### Recruiting Diverse Human Resources

As a part of its action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, Chori established the goal of raising the percentage of women among new graduates to 20% between fiscal 2016 and fiscal 2022. Going forward, Chori will strive to continue to promote diversity and inclusion in the workplace, which includes creating an environment where women can maximize their potential and employing people with disabilities.

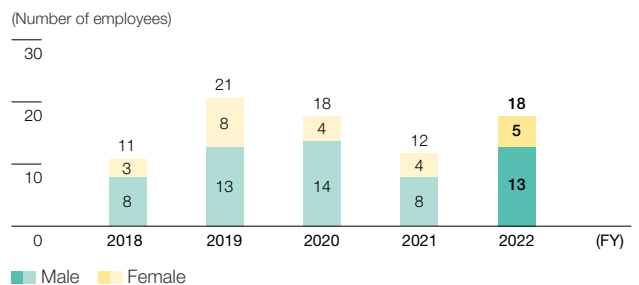
### Ratio of People with Disabilities



Legend: Company employment rate (green line), Statutory employment rate (blue line)

Note: Results as of March 31 of each fiscal year

### Number of New Graduates



## Chori's Sustainability Initiatives



### Health and Productivity Management

#### Health Declaration February 14, 2018

##### 1. Enhancement of Awareness of the Health of Employees

Chori believes that the health of its employees and their families is significant to the success of its business and that the vitality of its employees translates into the vitality of the Company. Based on this belief, we strive on an ongoing basis to enhance awareness of the health of our employees.

##### 2. Approach to Health and Productivity Management

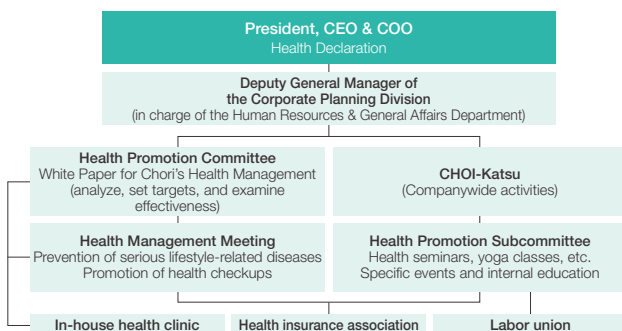
Chori actively supports and promotes initiatives that help maintain and improve the health of its employees and their families with the goal of realizing health and productivity management.

##### 3. Responsibility to Society and the Future

Chori will do what is necessary to ensure the health of its employees and achieve sound corporate management. In so doing, we will make a difference to society and realize sustainable growth.

#### ▶ Health and Productivity Management Promotion Structure

We established our Health Promotion Committee in April 2018 and have since been promoting efforts to realize health and productivity management. Chaired by the deputy general manager of the Corporate Planning Division (in charge of the Human Resources & General Affairs Department), the Health Promotion Committee consists of industrial physicians and nurses from Chori's in-house health clinics as well as the employees of the Human Resources & General Affairs Department and members of the Chori Health Insurance Society. Through the initiatives of the Health Promotion Committee, Chori aims to maintain and improve the health of its employees and their families and fulfill its Health Declaration. In addition, a debriefing session on White Paper for Chori's Health Management is held once a year to assess the current state of health management and to discuss any issues.



#### Ensuring the Health of Employees

We conduct oral and dental checkups and flu vaccinations on a yearly basis. As part of the regular health examinations, employees aged 30 and 35 years and over can undergo a comprehensive medical checkup once a year at the expense of the Company, and dependents aged 35 years and over of the insured party are entitled to receive up to ¥32,000 in subsidies for medical checkups.

We also conduct stress checks to prevent the possibility of our employees suffering from mental illnesses. Employees who work over 40 hours of overtime in a month are required to consult with an industrial physician in the following month. In these ways, we work to ensure the health of our employees through the support of medical experts.



Certified for the fifth consecutive year since 2019

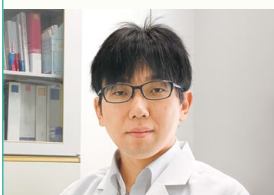
#### Rate of Employees and Family Members Who Undergo Regular Health Checkups

	FY2020	FY2021	FY2022
Employees	100%*	100%	100%
Family Members	52.9%	61.5%	62.1%

\* Excludes expatriates who were unable to return to Japan due to COVID-19

#### Comment

We offer a health support system that is attuned to changes in lifestyles.



**Yuya Fujishima**  
Supervising physician at Chori's in-house health clinic inside Osaka Headquarters

At Chori, we have internal health clinics in place at both headquarters in Tokyo and Osaka where employees can receive medical care and health guidance after receiving the results of their medical checkups. This enables the early prevention of lifestyle-related and various other diseases from becoming more serious and the therapeutic intervention for such diseases.

In recent years, we have seen a decline in the percentage of male smokers as well as a reduction in excessive alcohol consumption due mainly to the effects of COVID-19. However, I have the impression that the conditions of employees with preexisting lifestyle-related diseases, such as diabetes and dyslipidemia, and mental health issues have worsened due to a lack of exercise. In the post-COVID-19 era, it will become essential to introduce health initiatives that are suited to new ways of living as well as to individual workstyles and work environments. Our clinics will continue to do everything possible to help maintain the health of each employee and provide information and support that helps promote healthier lives amid these new ways of living.



## Occupational Safety Management

### ► Ensuring of the Safety of Our Employees Overseas

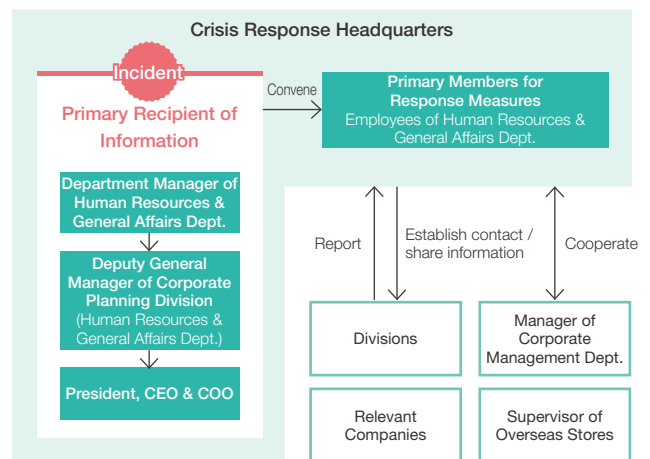
In the event of a natural disaster or a terrorist attack, whether in Japan or overseas, we must be fully prepared to immediately identify the whereabouts of our directors and employees, confirm their safety, and respond appropriately in a timely manner. Chori has in place a proprietary system dubbed Overseas Business Trip Inquiry (OBTI), which manages the overseas business trips of domestic employees as well as the business trips of employees dispatched abroad and of the employees of overseas offices and helps to identify the location of each employee at a particular point in time.

Employees dispatched overseas and their families as well as employees on business trips outside of Japan are also enrolled in Chori's overseas healthcare support program, which provides medical assistance in Japanese in the event of an accident or illness while abroad. The program helps to minimize employee concerns regarding healthcare overseas due to its differences from Japan.

### ► Business Continuity Plan

Chori's business continuity plan has been designed to place the utmost priority on the safety of its directors and employees and to enable the swift recovery of business operations after serious disasters. We have implemented a safety confirmation system, which verifies the safety of all directors and employees and their families in a timely manner, and we examine the system regularly. A business continuity plan training course is also held once a year, ensuring that we are fully prepared in the event of an emergency.

Chori's business continuity plan manual calls for a swift recovery of business operations by the sales divisions. For the corporate divisions, we have established a core operations manual to maintain systems, finances, and other basic business functions. Moreover, we have established a response headquarters and operational procedures in preparation for major disasters and pandemics.



### ► Safety and Health Management

Each month, a Safety and Health Committee member visits our head offices in Tokyo and Osaka to assess the workplace environment. Comprising employees of the Human Resources & General Affairs Department, nurses of our in-house health clinics, and representatives from the Chori Labor Union, the Safety and Health Committee ensures a safe workplace environment for all of our employees through the regular monitoring of humidity, temperature, and CO<sub>2</sub> concentration levels by the floor patrol officer.

Moreover, our Tokyo and Osaka head offices, Hokuriku Branch, and Okayama Liaison Office operate in compliance with the Building Sanitation Law of the Ministry of Health, Labour and Welfare, with the facilities constantly ventilated at a rate of 30 m<sup>3</sup>/h or more per person.

### Safety and Health Committee

Committee Members		No. of Members
Chairperson		One
Company	Occupational physician	One
	Health clinic	One
	Safety officer	One
	Health officer	One
Union	Referee	Four or more
Total		Nine or more

## Chori's Sustainability Initiatives



### Supply Chain Management

#### Operational Rules Regarding CSR-Based Procurement

In order to fulfill its social responsibilities for procurement activities in Japan and overseas, Chori has established its CSR Procurement Guidelines and promotes procurement activities that underline the importance of corporate ethics, legal compliance, safety, disaster prevention, environmental protection, product safety, quality assurance, human rights, and working conditions. Within these guidelines, the Company has prescribed its 11 Guidelines for Corporate

Behavior in order to ensure that employees are fully aware of its social mission and the ways in which they must act at all times.



Declaration of Partnership Building

#### CSR-Based Procurement Surveys

In an effort to promote procurement activities that focus on corporate ethics, legal compliance, safety, disaster prevention, environmental protection, product safety, quality assurance, human rights, and working conditions, Chori conducts a CSR-based procurement survey once every two years, in principle, to periodically check the status of the CSR-based promotion activities of each supplier. In fiscal 2022, a follow-up survey was conducted with suppliers that did not meet the CSR procurement standards in fiscal 2021. By working collectively with the sales departments, we identified the specific reasons for not meeting these standards and urged these suppliers to make the necessary improvements. As a result, all but one supplier taking part in the survey met the CSR procurement standards. We will continue to follow up with the one remaining supplier to ensure that it meets the standards.

#### Ensuring of Strict Compliance

Recognizing the importance of complying with laws and social norms when engaging in business activities with our suppliers, we undertake the following measures to ensure rigorous compliance throughout our operations.

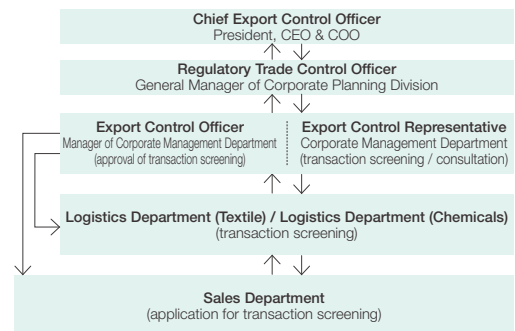
##### Security Trade Control

With the objective of maintaining peace and security around the world, Chori has formulated its Internal Regulations on Compliance with Export-Related Regulations and Regulations on Fair Reporting and Management of Imports and Exports. We undertake strict export controls to prevent countries in possession of weapons of mass destruction and conventional weapons from getting access to the highly sophisticated equipment and technology of developed countries.

##### Export Control Process and Training

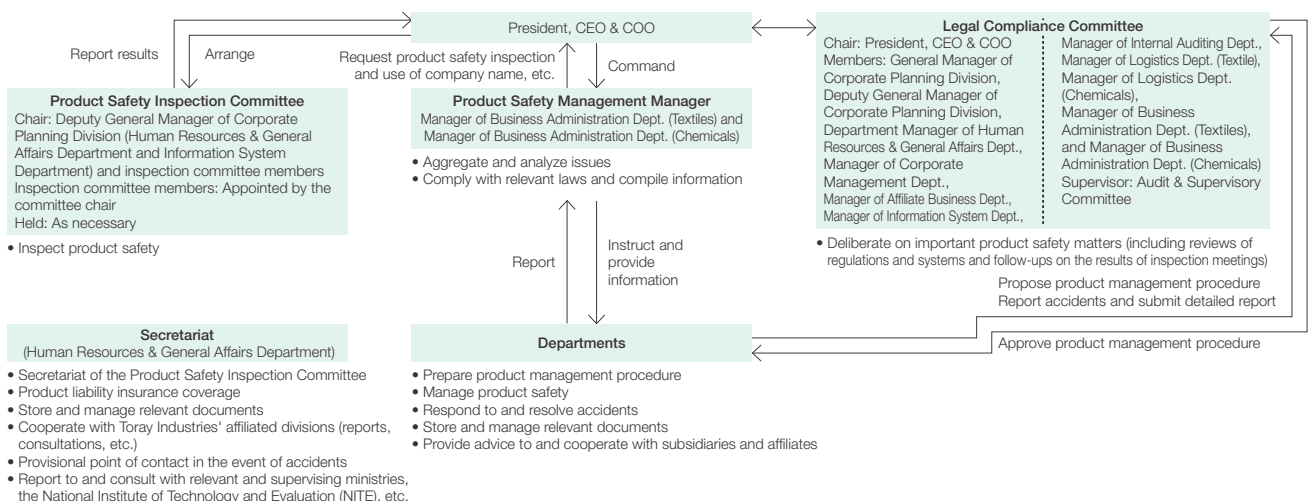
Once applications for list control and catch-all control are filed by Chori's Sales Department, the Corporate Management Department conducts final approval. In October 2020, we began implementing a system that integrates the management of information on export products and transactions, ensuring rigorous security trade control and stronger compliance measures. This system is also designed to improve work efficiency and eliminate the use of paper.

In addition, Chori encourages its employees to obtain the STC Associate certificate and holds internal workshops and training sessions to enhance their understanding of export control. In fiscal 2022, 27 employees acquired the STC Associate certificate.



##### Product Safety Initiatives

In accordance with product safety management regulations, Chori establishes a product safety inspection committee whenever a product is launched, sold, or used externally for the first time.





## Local Communities and Society

### ▶ Cooperation with the Hokuriku Region

The Hokuriku region (Fukui Prefecture, Ishikawa Prefecture, and Toyama Prefecture) boasts an extensive track record in the manufacture of yarn and textiles spanning over 400 years and thrives on the production of synthetic fiber fabric. Since the establishment of branch offices in Fukui Prefecture in 1929 and Ishikawa Prefecture in 1934, Chori has worked to develop a yarn and textile business that is deeply rooted in this region. In cooperation with synthetic fiber manufacturers, Chori began wholesaling raw yarn to the textile industry (textile manufacturers) and producing textiles with the industry. After the end of World War II, Chori took sole responsibility for the sale of woolly nylon, a raw material used in stockings, and grew in step with the Hokuriku region during a period of high economic growth in Japan. SPX™ is a highly crimped polyester stretch yarn made from PIN texturizing processing technology in the Hokuriku region of Japan that is highly regarded for its unique texture and is used in a wide range of products from fashion to sportswear. On the strength of our high quality and footwork that can only be realized through domestically made products, we will continue to work with local companies to provide products that fulfill the needs of each customer and communicate the value of made-in-Japan quality to the rest of the world.



### ▶ Charity Walk Event

Chori is a co-sponsor of the WFP Walk the World charity walk event organized by the United Nations World Food Programme (WFP). The Company also conducts a charity-linked project called “CHOI-Aruki” in which donations are made to the WFP according to the number of steps walked by participants.

### ▶ Sponsor of the 7th IR Presentation Contest for University Students

Chori was a sponsor of the 7th IR Presentation Contest for University Students held on February 17, 2023. This year, thirteen teams belonging to the Union of Student Investment Clubs (USIC) conducted 10-minute presentations based on their respective reports and research on a listed company, whom they were assigned to at random. The companies provided information to their respective teams, reviewed their presentations, and helped students improve their presentation skills. Chori was represented by Seinan Investment, an investment club of Seinan Gakuin University (Fukuoka City), which won the Special Jury Award.

### Activities of the Hokuriku Chori Committee

Chori has been able to maintain its presence in yarn and textiles in the Hokuriku Region because of the cooperation of its local business partners. The Fukui Chori Committee and the Kanazawa Chori Committee were established by these business partners as support groups for Chori’s business in the region. These committees were combined and renamed as the Hokuriku Chori Committee in 2001 and it continues to operate to this day. Chori works alongside its member companies to hold annual meetings, cross-industrial exchanges, and lectures, as well as publish newsletters to facilitate member interaction and share information.

## Close Up

### Highly Crimped Stretch Yarn SPX™

Chori’s official YouTube channel features a video with interviews conducted at its cooperating plants in the Hokuriku region. Along with the features of SPX™, the video showcases the strengths of the Hokuriku region and the issues facing these companies such as labor shortage.



<https://youtube.com/playlist?list=PL7CfBM6ul5LZ-is6RI9tBUE1ncJF69qUQ>

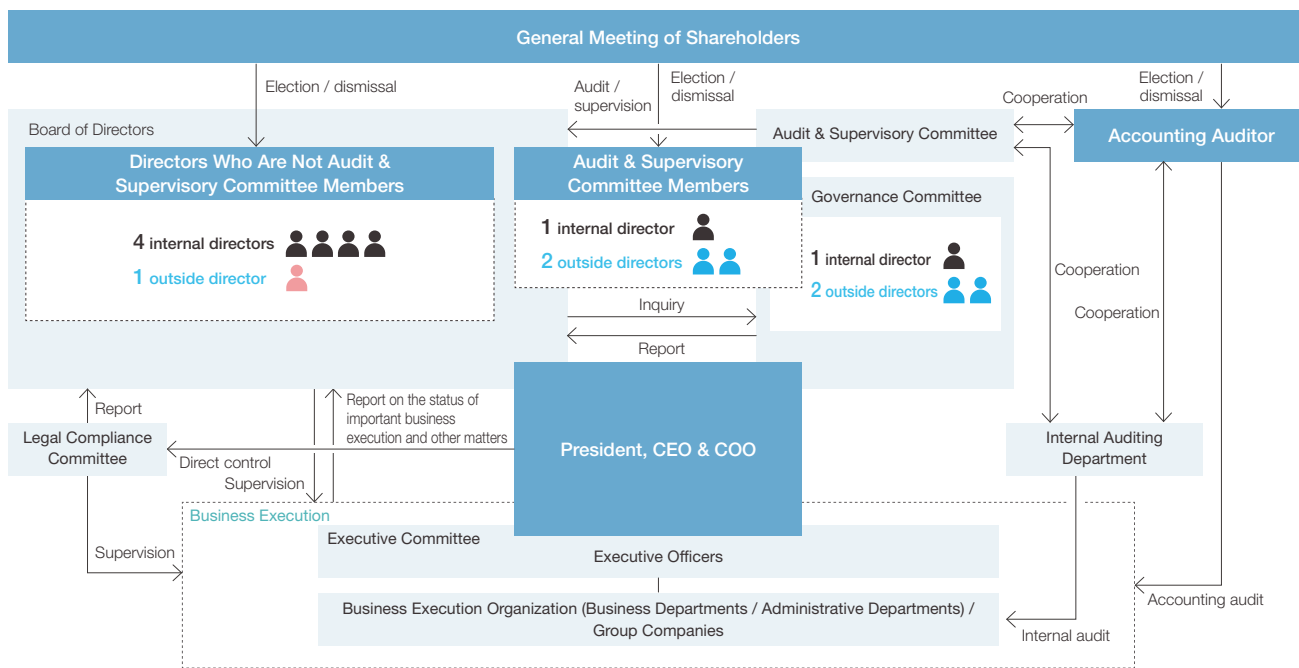




# Corporate Governance

Chori has established systems to ensure appropriate operations with the aim of achieving sound management and sustainable growth. The Company strives to strengthen corporate governance by complying with laws and social norms, conducting operations efficiently and effectively, and ensuring the credibility of its financial reports, while positioning the Board of Directors as a body for conducting strategic decision-making and business oversight.

## Corporate Governance Structure (As of June 16, 2023)



### Overview of Corporate Governance Structure and Reasons for Its Adoption

To strengthen the management transparency and oversight function of the Board of Directors, Chori has an Audit & Supervisory Committee in place, the majority of which consists of outside directors.

At the Board of Directors' meetings, the directors (including those who are Audit & Supervisory Committee members) engage in lively and sufficient discussions and deliberations from a free and independent perspective in regard to the supervisory status of decision-making and business execution. The Board also consists of two outside directors who are Audit & Supervisory Committee members that audit the legitimacy and appropriateness of the status of business execution from an external perspective in an objective and rational manner. The Company therefore believes that it is sufficiently fulfilling its management supervisory function. Moreover, to ensure the prioritization of results, the Company has set the term of office of directors (excluding those who are Audit & Supervisory Committee members) and executive officers to one year and has established a management structure that can respond to changes in business conditions in a timely manner.

Organizational Structure	Company with an Audit and Supervisory Committee
Number of Directors (excluding Those Who Are Audit & Supervisory Committee Members)	5 (of whom, 1 is an outside director)
Term of Office of Directors According to the Articles of Incorporation	1 year
Number of Directors Who Are Audit & Supervisory Committee Members	3 (of whom, 2 are outside directors)
Term of Office of Directors Who Are Audit & Supervisory Committee Members According to the Articles of Incorporation	2 years
Number of Independent Officers	3
Executive Officer System	Yes
Performance-Linked Remuneration System	Yes
Accounting Auditor	Deloitte Touche Tohmatsu LLC

## Composition and Overview of the Board of Directors, Executive Committee, and Other Principal Committees

Name	Description	Number of Meetings Held in Fiscal 2022	Attendance Rate of All Directors and Executive Officers	Attendance Rate of Outside Directors
Board of Directors	The Board of Directors consists of all directors and has been positioned as the committee responsible for making strategic decisions and overseeing the Company's operations. The Board of Directors meets at least once a month, in principle, to make decisions on important management matters and to supervise the directors' execution of duties.	16	96.1%	95.8%
Executive Committee	The Executive Committee consists of executive officers and those who were approved by the Board of Directors and was established as an organization for conducting discussions and exchanging important information and opinions on matters related to business execution.	26	100%	—
Audit & Supervisory Committee	The Audit & Supervisory Committee convenes regularly once a month to discuss matters related to management conditions and audit results upon the exchange of information with outside directors. In addition to attendance at important meetings of the Board of Directors, directors who are Audit & Supervisory Committee members conduct individual meetings with those in charge of the Sales Department and the Corporate Planning Division to make decisions on important management-related matters (including on their process) and sufficiently audit and monitor the appropriateness of the execution of duties by each director (excluding those who are Audit & Supervisory Committee members) and executive officer.	15	100%	100%
Governance Committee	The Governance Committee aims to enhance the Company's corporate governance structure in order to strengthen the independence and objectivity of the functions and accountability of the Board of Directors regarding director nomination, remuneration, etc., and to protect the interests of minority shareholders.	5	100%	100%
Legal Compliance Committee	The Legal Compliance Committee is chaired by the president, CEO & COO and consists of the general manager of the Corporate Planning Division, the heads of corporate divisions, and other members. The committee deliberates on important compliance-related issues and reports the results to the Board of Directors and the Executive Committee as necessary.	6	—	—
Business Investment Committee	Chaired by the president, CEO & COO, the Business Investment Committee discusses and deliberates the appropriateness of risk-return assessments and plans and the feasibility of important investments and financing.	3	—	—
M&A Promotion Committee	The M&A Promotion Committee is chaired by the general manager of the Corporate Planning Division and consists of the general manager of the Sales Department and other members. The committee deliberates on and examines matters pertaining to the business portfolio of Group companies, including M&As and the Group's medium- to long-term management plan, from the perspective of improving consolidated management.	1	—	—

## Committee Members

○ : Committee chair ● : Committee member ▲ : Nonmember attendee

Name	Position	Fiscal 2023 Committees and Committee Members / Fiscal 2022 Attendance (Number of Meetings Attended/Number of Meetings Held*)						
		Board of Directors	Executive Committee	Audit & Supervisory Committee	Governance Committee	Legal Compliance Committee	Business Investment Committee	M&A Promotion Committee
Kazuo Sakihama	President, CEO & COO, President and Executive Officer	○ 16/16	○ 26/26		● 5/5	○ 6/6	○ 3/3	
Tatsuyuki Sakoda	Director, Managing Executive Officer	● 12/12	● 26/26			● 5/5	● 3/3	○ 1/1
Kazuhiro Tohge	Director, Executive Officer	● 16/16	● 26/26					
Kazuhiko Shuto	Director	●						
Hiroko Noda	Outside Director	● 11/12				▲ 3/3		
Shigemasa Yabu	Director, Full-Time Audit & Supervisory Committee Member	● 16/16	▲ 6/6	○ 11/11		▲ 6/6		
Masaaki Sawano	Outside Director, Audit & Supervisory Committee Member	● 15/16		● 15/15	○ 5/5	▲ 4/6		
Hiomasa Suzuki	Outside Director, Audit & Supervisory Committee Member	● 16/16		● 11/11	● 3/3	▲ 5/5		






\* Number of meetings held indicates the number of meetings held during each director's term of office in fiscal 2022.

## Corporate Governance

### Diversity of the Board of Directors




The Board of Directors must decide on matters in a transparent, fair, prompt, and decisive manner, and therefore consists of members with a diverse range of views, experience, and skills. To strengthen corporate governance by ensuring the objectivity and appropriateness of decisions made by the Board of Directors, at least one-third of the members are independent outside directors.

#### Directors

Name	Gender	Length of Service*1	Area of Expertise and Experience				
			Independent Director (Outside)	Corporate Management	Global Business	Finance & Accounting	Legal & Compliance
Kazuo Sakihama		10 years		●	●		
Tatsuyuki Sakoda		1 year		●	●	●	
Kazuhiro Tohge		5 years		●	●		
Kazuhiko Shuto		Newly appointed		●	●		
Hiroko Noda		1 year	●			●	●

\*1 Indicates number of full years of service as of June 16, 2023

#### Directors Who Are Audit & Supervisory Committee Members

Name	Gender	Length of Service*2	Area of Expertise and Experience				
			Independent Director (Outside)	Corporate Management	Global Business	Finance & Accounting	Legal & Compliance
Shigemasa Yabu*3		1 year				●	●
Masaaki Sawano		5 years	●				●
Hiromasa Suzuki*4		1 year	●	●			

\*2 Indicates number of full years of service as of June 16, 2023

\*3 Shigemasa Yabu served as a director of the Company for six years prior to concurrently serving as an Audit & Supervisory Committee member.

\*4 Hiromasa Suzuki served as a director of the Company for one year prior to concurrently serving as an Audit & Supervisory Committee member.

### Reason for Nomination of Outside Directors

The Company's outside directors were nominated for the reasons outlined below as well as their ability to supervise management from an external point of view, such as through the proactive exchange of opinions and advice at the Board of Directors' and other important meetings.

Name	Reason for Nomination
Masaaki Sawano	He has been appointed as an outside director as he is expected to provide appropriate advice regarding the management of the Company and on the grounds that he is deeply familiar with corporate legal work as a lawyer and has sufficient insight to supervise corporate management. In addition, it has been deemed that he has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.
Hiromasa Suzuki	He has been appointed as an outside director based on his many years of involvement in the management of Fujirebio Inc. and his wealth of experience in group management as a top executive of a company, which involved orchestrating the establishment of Miraca Holdings Inc. As an outside director, he is expected to provide appropriate advice regarding the management of the Company. In addition, it has been deemed that he has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.
Hiroko Noda	She has been appointed as an outside director based on her knowledge, experience, and abilities as a certified public accountant as well as her sufficient expertise in management gained through her years of experience as an outside director and a management consultant. As an outside director, she is expected to provide appropriate advice to the Company's management. In addition, it has been deemed that she has no material conflict of interest with the Company and that no conflict of interest will arise with general shareholders.

## Executive Remuneration

### ① Basic Policy

A remuneration structure in which the remuneration of Chori's directors (excluding directors who are Audit & Supervisory Committee members; the same shall apply hereafter) is linked to shareholder interests shall be in place in order to fully function as an incentive to continuously improve corporate value. Our basic policy in determining the remuneration of each director is to set it at an appropriate level based on their position, performance, and other factors. Specifically, director remuneration consists of three types: monthly base remuneration, a yearly bonus, and performance-linked stock remuneration based on a stock remuneration scheme called Board Benefit Trust-Restricted Stock (BBT-RS).

### ② Overview of Executive Remuneration System

	Fixed remuneration		Variable remuneration	
	45%	45% (single year)	10% (medium to long term)	
	Basic Remuneration	Bonuses	Performance-Linked Stock Compensation	
Remuneration Type	Fixed remuneration	Short-term incentive remuneration Linked to performance in relevant business year	Medium- to long-term incentive remuneration Linked to degree of achievement of medium-term management plan	
Eligible Recipients	<ul style="list-style-type: none"> <li>Directors who are not Audit &amp; Supervisory Committee members</li> <li>Directors who are Audit &amp; Supervisory Committee members</li> <li>Outside directors</li> </ul>	<ul style="list-style-type: none"> <li>Directors who are not Audit &amp; Supervisory Committee members</li> </ul>	<ul style="list-style-type: none"> <li>Directors who are not Audit &amp; Supervisory Committee members</li> </ul>	
Grant Method	Cash	Cash	Stocks and cash	
Evaluation Index (Variable Remuneration)	—	<ul style="list-style-type: none"> <li>Net profit before income taxes results</li> <li>Progress of medium-term management plan, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Net profit before income taxes over three-year period</li> <li>Progress of medium-term management plan, etc.</li> </ul>	
Maximum Amount of Remuneration	Directors who are not Audit & Supervisory Committee members: No more than ¥300 million annually (However, excludes the portion of employee salary of directors who concurrently serve as employees)  Directors who are Audit & Supervisory Committee members: No more than ¥100 million annually  (Resolution passed at the 69th General Meeting of Shareholders held on June 15, 2016)	Directors who are not Audit & Supervisory Committee members: No more than ¥300 million annually (However, excludes the portion of employee salary of directors who concurrently serve as employees)  (Resolution passed at the 69th General Meeting of Shareholders held on June 15, 2016)	Directors who are not Audit & Supervisory Committee members: Maximum Number of Points The maximum number of points that may be granted to directors during each applicable term (the adjusted number of points after the end of each term) is the number of points obtained by multiplying the number of fiscal years during the applicable term by 80,000 points (of which, 40,000 points are for directors).  (Resolved at the 76th Ordinary General Meeting of Shareholders held on June 16, 2023)	
Grant and Calculation Method	Monthly fixed remuneration based on position	<ul style="list-style-type: none"> <li>Paid at a certain time of the year</li> <li>Amount calculated according to the progress of the medium-term management plan and net profit before income taxes in the given business year</li> </ul>	Based on their position, the Company shall provisionally grant points to directors each fiscal year as stipulated in the director stock benefit regulations. The number of points shall be determined based on the directors' contribution to business performance by multiplying the degree of achievement of net profit before taxes and other achievements by the performance-linked coefficient at the conclusion of the medium-term management plan, in principle. As a general rule, the Company will grant one share per point in proportion to the number of points determined.	

### ③ Director Remuneration in Fiscal 2022

Classification	Total Remuneration (Millions of Japanese Yen)	Total of Remuneration by Type (Millions of Japanese Yen)			No. of Eligible Directors*4
		Fixed remuneration (monetary)	Performance-Linked Remuneration		
			Bonus*3 (monetary)	Restricted stock compensation*3 (non-monetary)	
Directors (excluding Audit & Supervisory Committee Members)*1,2 (Of Which, Outside Directors)	165 (7)	91 (7)	58 (—)	15 (—)	6 (2)
Directors (Audit & Supervisory Committee Members) (Of Which, Outside Directors)	36 (18)	36 (18)	— (—)	— (—)	5 (3)
Total (Of Which, Outside Directors)	201 (25)	128 (25)	58 (—)	15 (—)	11 (5)

\*1 Not including the portion of employee salary for directors who concurrently serve as employees.

\*2 The number of eligible directors above does not include one director (excluding directors who are Audit & Supervisory Committee members) serving without remuneration.

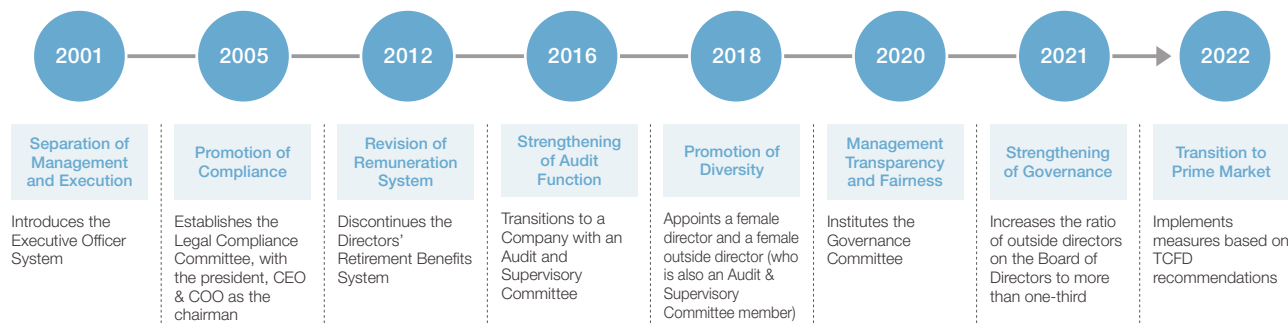
\*3 Of the above items, bonuses and restricted stock compensation are stated as payment amounts corresponding to a performance benchmark of ¥12,400 million for consolidated ordinary profit for fiscal 2022.

\*4 Although the total number of directors paid is shown, the actual number of directors eligible for payment was 9 (including 4 outside directors).

## Corporate Governance

### Measures to Strengthen Corporate Governance

Chori recognizes that the enhancement of its corporate governance is a matter of priority for management and has taken and will continue to take the following measures. We have expanded our profit margin through the introduction of a performance-linked remuneration system and the efforts of directors to instill the same level of awareness for profits in all shareholders in order to strengthen the Company's performance over the medium to long term.



### Evaluation of the Effectiveness of the Board of Directors

Chori conducts an evaluation of the effectiveness of the Board of Directors each year in order to realize a more effective Board of Directors. The evaluation process involves conducting a questionnaire with all directors on the composition, operation, discussions, and support system of the Board of Directors and then compiling the views of each director.

Based on the results of the questionnaire, the Governance Committee and the Board of Directors evaluate and analyze the effectiveness of the Board of Directors as a whole. Through this process, it was determined that the Board of Directors is composed of suitably qualified members that include outside directors, and the Board of Directors' meetings are held in a free and open environment that facilitates constructive discussions and the exchange of opinions. Accordingly, it has been deemed that the Board of Directors is operating appropriately on the whole and that its effectiveness is ensured.

<b>Respondents</b>	All eight directors (including those who are Audit & Supervisory Committee members) in fiscal 2022 (anonymous questionnaire)
<b>Method of Evaluation and Analysis</b>	Evaluation and analysis conducted by the Governance Committee and the Board of Directors upon aggregation of results by a third-party institution and ensuring confidentiality
<b>Questionnaire Content</b>	Questions are based on the following nine major themes <ul style="list-style-type: none"> <li>• Composition of the Board of Directors</li> <li>• Operation of the Board of Directors</li> <li>• Discussions of the Board of Directors</li> <li>• Monitoring function of the Board of Directors</li> <li>• Support system for directors (including those who are Audit &amp; Supervisory Committee members)</li> <li>• Training</li> <li>• Dialogue with shareholders (investors)</li> <li>• Individual initiatives</li> <li>• General overview</li> </ul>
<b>Overview of Evaluation Results</b>	In our medium-term management plan, we have adopted ROE and ROIC as key performance indicators of profitability and capital efficiency, which were viewed as issues in fiscal 2021, and set the ROIC for the fiscal 2025 plan at approximately 10% with the aim of increasing corporate value. Although the status of dialogue with shareholders and investors is reported to the Board of Directors by the director in charge of investor and public relations, directors expressed the desire for more detailed feedback on the content of dialogues on a regular basis. In following up on the progress of our medium-term management plan, we will promote further discussions on the management and business issues that are identified going forward in order to continue to enhance the effectiveness of the Board of Directors.

### Maintenance of a Certain Level of Independence from Our Parent Company

As of March 31, 2023, Chori's parent company Toray Industries, Inc. held 52.77% of voting rights in the Company. We constantly work to strengthen the combination of our ability to sell and collect information on textiles and chemicals, which represent our core business, in Japan and overseas and Toray Industries' ability to develop materials in order to generate synergies and enhance corporate value for both companies. By operating under a parent company, Chori is able to gain a better understanding of market trends and the business environment, enhance its credibility, and enjoy other benefits that come with being a Group company.

With the exception of one director who does not execute business, the executives and employees at Chori do not concurrently serve as executives or employees at the parent company or Group companies and the Company does not accept employees through transfers from other companies. In addition, at Chori we have our own management plan in place, through the execution of which we have developed and will continue to develop our business. Transactions between Chori's parent company, Toray Industries, Inc., and its corporate group are assessed and verified annually by the Governance Committee.

## Risk Management

The Company shall identify the potential risks of business activities of the Group, make efforts to reduce the level of such risks, and prevent the occurrence of risk events, as well as develop a system to promptly respond and take appropriate actions in case of the occurrence of risk events. The Risk Management Rules, the Credit Management Rules, the Rules for Information Security Management, the Rules for Protection and Management of Personal Information, and other rules shall be established in respective departments in charge and be fully understood by all through training and the preparation and distribution of manuals. Those rules shall be continuously reviewed and revised. Corporate divisions and business administration departments shall collaborate in monitoring the status of the Group's risks and responding to risks. For newly identified risks, departments shall be promptly assigned to be responsible for said risk management and appropriate measures shall be taken.

## Ensuring of Thorough Compliance

Rules concerning compliance systems, such as the Guidelines for Corporate Behavior, shall be established to set compliance with laws and regulations and social ethics as a code of conduct of our business. In order to make all directors, executive officers, and employees of the Group fully aware of the initiatives for compliance, corporate divisions shall collaborate to hold compliance training and other training programs. The Legal Compliance Committee, with the president, CEO & COO as the chairman, shall discuss important matters regarding the compliance of the Group and report the results to the Board of Directors and the Executive Committee as necessary. In the event of a significant legal violation or compliance violation on the part of a management executive, in accordance with the laws and regulations and the Articles of Incorporation, the Governance Committee shall deliberate on the dismissal of the management executive in question and the Board of Directors shall adequately discuss and consider his or her dismissal based on those results.

A system of contact has been established throughout Chori whereby executives and employees (including contract, temporary, and other employees) can receive consultation and

## Internal Control

Our Basic Policy on the Internal Control System was formulated in May 10, 2006 to serve as a set of fundamental guidelines for the establishment of a framework for ensuring the appropriate execution of business toward realizing sound corporate management and sustainable growth.

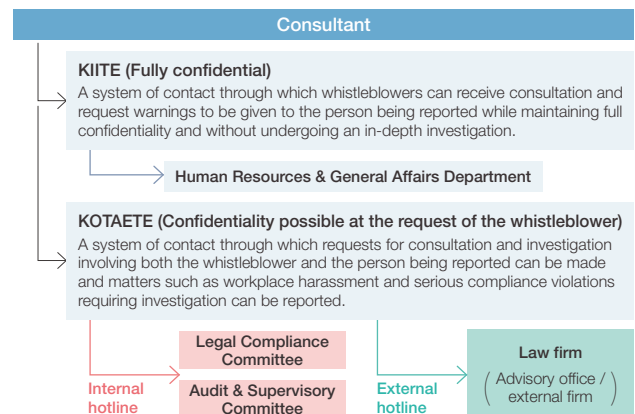
Since then, this policy has been amended to reflect changes in the Group's business environment and business activities.

### Business and Other Risks

- Risks related to changes in the external business environment
- Risks related to the concentration of business in China's regions and markets
- Country risk
- Credit risk of business partners
- Risks related to exchange rate and interest rate fluctuations
- Risks related to fluctuations in the price of raw materials
- Inventory-related risks
- Risks related to tax litigation
- Risks related to business investments
- Risks related to impairment of securities
- Risk related to information systems and security
- Compliance-related risks
- Risks related to social and environmental issues and climate change
- Risks related to human resource activities
- Risks related to natural disasters, infectious diseases, etc.

report on compliance violations and other matters. In this way, we have established a framework for reporting incidents by ensuring the full confidentiality of whistleblowers, who are able to receive consultation either in-house or through an external point of contact depending on the nature of the incident.

### Internal Whistleblower System



For details on our internal control system, please refer to our Corporate Governance Report (in Japanese only).

[https://www.chori.co.jp/sustainability/governance/pdf/governance-report\\_20230616.pdf](https://www.chori.co.jp/sustainability/governance/pdf/governance-report_20230616.pdf)



## Corporate Governance

### Internal Audit

In regard to internal audits, the Company has established the Internal Auditing Department (consisting of six members as of June 16, 2023) directly under the president, CEO & COO. The Internal Auditing Department conducts audits on the appropriateness and efficiency of the Company's business activities from a fair and independent point of view. The Internal Auditing Department also evaluates the status of the implementation and operation of internal controls concerning financial reporting in accordance with the Financial Instruments and Exchange Act.

Outside directors and the Audit & Supervisory Committee receive reports regularly on audits conducted by the Internal Auditing Department and verify the status of business execution of each department and subsidiary. The Audit & Supervisory Committee reports the results of audits to and exchanges opinions with the Internal Auditing Department. The Audit & Supervisory Committee requests the Internal Auditing Department to provide information or conduct investigations when necessary, thereby working closely together to ensure that audits are carried out efficiently.

### Cross-Shareholdings

The Company and its subsidiaries may acquire and hold shares of listed companies (hereinafter "cross-shareholdings") in order to maintain, expand, and sustainably develop their businesses. In such cases, the Board of Directors and other bodies decide on acquisitions after determining the department in charge of the acquisition and considering the business conditions of the investees and the profitability of the investment. The Board of Directors verifies the significance of the cross-shareholdings each year and considers the sale or reduction of shares that are deemed to be of no significance. Those shares that are held are verified each year for their economic rationality from the perspectives of the significance of each acquisition and holding, profitability of the investment, transaction scale, and relevant profits and are either held or replaced upon resolution of the Board of Directors and other bodies.

The Company appropriately exercises the voting rights of cross-shareholdings from the perspective of whether or not the Company and the investee company can expect increases in their corporate value over the medium to long term, while respecting the management policies of investee companies.

### Holding of Shares for Purposes Other than Pure Investment (Cross-Shareholding)

	FY2020	FY2021	FY2022
Shares Held	30	31	27
Total Amount (Billions of Yen)	4.1	4.6	4.2

Note: The shareholdings of CHORI CO., LTD. for which the largest monetary amount is recognized on the balance sheets in relation to investment in equity securities (the monetary amount of equity securities recognized) have been stated.

### Policies Regarding Constructive Dialogues with Shareholders

The Company promotes constructive dialogues with shareholders based on the following five policies.

- (1) The executive officer in charge of information handling oversees matters related to investor relations (IR) and public relations, cooperates with the Corporate Management Department and relevant departments, and communicates information to shareholders and investors. If a request is made for an interview with an executive officer other than those in charge of matters related to IR and public relations (including outside directors), the Company will consider responding to the request within reasonable limits based on its details.
- (2) The relevant internal departments proactively cooperate to achieve constructive dialogues with shareholders and investors through the preparation of disclosure materials and the sharing of important information while conducting their business activities.
- (3) Methods of dialogue other than individual meetings

#### General meeting of shareholders

The Company regards the general meeting of shareholders as an opportunity to fulfill its responsibility of providing explanations to shareholders and works accordingly to carefully address their questions and understand the intent of their opinions.

#### Individual investors

The Company promotes dialogue with its individual shareholders by holding company briefings exclusively for such investors, which are attended by the president, CEO & COO of the Company.

#### Institutional investors

For institutional investors, the Company holds financial briefings attended by the president, CEO & COO and management executives upon the conclusion of its six-month and full-year financial results announcements. At these financial briefings, the Company reports on the details of its financial performance, addresses various questions, and collects the opinions of its shareholders. In addition, the department in charge of IR and public relations conducts individual visits and briefings for institutional investors.

- (4) Results of fiscal 2022 activities
  - Financial briefings for institutional investors and analysts: Twice
  - Company briefings for individual investors: Once
  - Individual IR meetings: 10 times
- (5) Feedback
 

The Company promotes the sharing and use of information obtained from dialogues through the reporting of opinions of shareholders to the respective committees and their disclosure to the directors, management executives, and relevant departments as necessary.



Outside Director,  
Audit & Supervisory  
Committee Member

Masaaki Sawano

Outside Director,  
Audit & Supervisory  
Committee Member

Hiromasa Suzuki

Outside Director

Hiroko Noda

## Leveraging Chori's Strengths to Achieve Further Growth

As outside directors, we will support Chori in its efforts to continue to evolve over the medium to long term and strengthen its governance to facilitate this growth.

Q1

What is your assessment of Chori's governance structure?

**Sawano** Chori has been working to develop its internal audit system in order to realize a more robust governance structure. As a part of this effort, the departments in charge of internal audits at Chori's head office and consolidated subsidiaries were centralized in the Internal Auditing Department in fiscal 2021. It has been stipulated that the activities of the Internal Auditing Department be reported to the Board of Directors and the Audit & Supervisory Committee on a regular basis and to the Legal Compliance Committee as necessary.

**Suzuki** The centralization of auditing operations has enabled the entire Group to be internally audited based on a single set of auditing standards. I applaud the fact that a foundation for Group governance has been put in place once again. Moreover, in fiscal 2022 the reporting of activities of the Internal Auditing Department enabled the Audit & Supervisory Committee to discuss issues from a different perspective than in the past. In

this way, the Internal Auditing Department's operations are also making improvements each year.

**Noda** I was appointed as an outside director at Chori in 2022, upon the establishment of its internal audit system. I believe the Internal Auditing Department is operating at an exceptionally high level and the contents of its reports to the Board of Directors are highly sufficient. I commend the fact that Chori is highly committed to steadily enhancing its governance structure as a company that is listed on the Prime Market of the Tokyo Stock Exchange. Meanwhile, one of the challenges to address moving forward is ensuring that the skills and knowledge gained by employees in the Internal Auditing Department over the years are passed on to the next generation of employees to support their development.

**Sawano** In addition to improving its internal audit system, in fiscal 2019 Chori established its Governance Committee, consisting of a majority of outside directors. The Governance Committee is a voluntary advisory body that assumes the duties of a nomination committee, remuneration committee, and other committees that do not exist within the organization.



Roundtable Discussion with Outside Directors

In fiscal 2022, the committee held concrete discussions on the selection and dismissal of directors, succession planning, and other matters based on the medium- to long-term projections for the business. The substance of discussions has been improving over these last few years, and going forward we will continue to invigorate discussions that contribute to Chori's next generation of growth.



Hiromasa Suzuki

Q2

What kind of discussions were held by the Board of Directors in regard to the formulation of Chori Innovation Plan 2025?

**Suzuki** In formulating Chori Innovation Plan 2025, discussions were held, including by outside directors, on the issues facing Chori in achieving medium- to long-term growth and its approach to overcoming them. One of the issues raised was the need to strengthen not only the financial aspects of its operations but also the non-financial aspects, such as ESG considerations. In order to clearly define the type of company Chori should be in light of its corporate social responsibility, non-financial targets were declared, in addition to financial targets, under Chori Innovation Plan 2025. Further, VISION2030 was compiled to serve as a vision of the company Chori aspires to be seven years from now based on the three themes of "sustainability," "well-being," and "innovation." Although it is still in the preliminary stages of achieving these goals, the Company has been making strides toward its next stage of growth by duly taking into account the non-financial aspects of its business. As an outside director, I will offer advice to ensure that Chori steadily achieves these targets and that it establishes its non-financial targets more effectively by bearing in mind the needs of society.

**Sawano** Under Chori Innovation Plan 2025, the Company has declared "promote ESG management" as a basic strategy with the aim of further strengthening its governance structure. When operating a business in this era of increasing uncertainty, particular emphasis must be placed on risk management. We will fulfill our supervisory function as outside directors by ensuring that Chori strengthens its measures against developing country and geopolitical risks. In so doing, when we look back on Chori Innovation Plan 2025 in its final year, we will be able to acknowledge it as a three-year period in which steady progress was made in strengthening its governance.

Q3

What are the key elements to strengthening Chori's human capital?

**Noda** The key to strengthening Chori's human capital is the promotion of diversity and inclusion. Improvements must be made particularly in the area of recruiting women and promoting them to management positions. Although the number of women in career-track positions in the trading industry is lower than the average of other industries, Chori will not evolve as a company over the medium to long term unless it continues to improve in this area. Because this is not a problem that can be easily overcome in two or three years, it is important that a number of concrete measures be taken immediately. As a step in that direction, a Companywide business transformation project called Chori Accelerate Renovation Achievement Transformation (CARAT), which also aims to reform workstyles, was launched in 2022. I hope the creation of a more comfortable workplace environment for everyone through the standardization, automation, and integration of business processes will encourage more active participation by women.

**Sawano** In order to continue to attract highly qualified personnel in this day and age, where various industries are being called upon to address the issue of labor shortage, Chori must first develop an awareness of its brand. The key to doing so is to reiterate the Company's strengths and uniqueness in comparison to its competitors. Chori draws on its strengths in covering every stage of the supply chain, from upstream to downstream, in all of its businesses and, while collaborating with manufacturers from time to time, provides high-value-added products to markets around the world. Chori's semi-industrial/semi-commercial business model, which extends beyond the confines of trading, is one aspect of its uniqueness as well as its appeal. In the past, Chori's human resources and business activities were featured in a TV program. Enhancing media exposure may be one means of attracting human resources.



Masaaki Sawano

**Suzuki** It is important, first and foremost, that people know about the Company. Chori has the ability to deliver whatever is needed at times of need while adjusting to the changing times, as was the case in the COVID-19 era when it continued to improve business results. Along with contributing to the betterment of society through its role as a trading company, it is

important that Chori reiterates the strengths of its human resources—a defining feature of the Company—to the outside world. One of the many strengths of Chori's human resources is their high level of expertise. Chori's employees possess highly specialized knowledge of the wide range of products handled by the Fibers, Textiles, and Garments Business, the Chemicals Business, and the Machinery Business and of the markets in which they operate. Moreover, its younger employees are also active on the global stage. Each employee plays a significant role in society, and this is what makes Chori intriguing. The key to attracting highly qualified personnel is to continue to be a company where people want to work or, in other words, assume a role that only Chori can fulfill.

**Noda** Along with acquiring human resources, developing them is also important. As a company, it must support its employees, regardless of gender, so that they can continue to hone their skills and develop with the right opportunities. For Chori to continue to grow as a company, it will also be essential to develop a human resource portfolio that determines the type of employees that are needed in each department. Chori is a company brimming with employees who work to the best of their abilities by taking the initiative. I will continue to offer advice to ensure that Chori becomes a company where diverse employees can play an even more active role in the years to come.

**Q4** What is your assessment of Chori's initiatives on climate change and other sustainability issues?

**Suzuki** Chori began disclosing information based on the TCFD recommendations in 2022 and continues to strengthen its measures against climate change one step at a time in response to the needs of society. Meanwhile, because Chori engages in every stage of the supply chain, from upstream to downstream, it can monitor the progress of measures against climate change throughout the supply chain. Through the use of this information, I believe Chori can play an even greater role in society by encouraging its business partners to become carbon neutral and contributing in other ways to overcome the issue of climate change. Chori will aim to further strengthen its climate change initiatives by capitalizing on its ability to monitor the flow of goods. The Company is also focusing on expanding its lineup of environment-friendly SDG-oriented products, particularly in the Fibers, Textiles, and Garments Business. Under Chori Innovation Plan 2025, the Company has declared the goal of achieving ¥50.0 billion (two and a half times fiscal 2022 levels) in sales from SDG-oriented products in fiscal 2025. As an outside director, I will oversee the Company's efforts to reduce its environmental impact so that it continues to climb up the ranks of the industry.

**Noda** In addition to its handling of SDG-oriented products, Chori is also a strong contributor to regional revitalization. Since the early days of the Showa Period, Chori has been working together with the Hokuriku region of Japan. Even today, the Company still works with manufacturers in this region to

expand the scope of its sustainability initiatives, such as the use of scrap wood and the recycling of textile products. Having reaffirmed the fact that the Company is expanding its business while valuing its connection with the local community and contributing to regional revitalization as a result, we will ensure that the Company continues to promote such activities through our advice. On the other hand, Chori's supply chain extends across the globe, and therefore it must also focus on its measures to promote the human rights of its employees. I will do my part in continuing to grow the business by remaining up to date on the latest information regarding the types of risks facing not only the Company but also its business partners and customers.

**Q5** Do you have any additional messages for Chori's stakeholders?

**Suzuki** Since the arduous years of the 1970s, Chori has continued to grow as a company by focusing on profitable businesses. As a company that has quickly responded to the changes in its business environment and created new value over the years, Chori offers potential for even further growth. As outside directors, we will continue to support Chori from a governance point of view to ensure that it steadily realizes this potential.

**Noda** It is our duty to ensure that Chori achieves sustainable growth and increases in corporate value over the medium to long term. While the Company has continued to improve its business results by making quick decisions in response to the times, we will ensure that it is even better prepared to respond to country risks through the advice we provide.



**Sawano** Chori is responsible not only for achieving the financial targets of Chori Innovation Plan 2025 but also for actively fulfilling its corporate social responsibility while promoting business management by paying due consideration to all stakeholders, including employees, business partners, and shareholders. Setting our sights on Chori's future growth, we will make sure that it seizes every business opportunity, strengthen its human resource development structure with an eye on medium- to long-term growth, and provide oversight to ensure that it steadily advances toward the launch of its digital transformation project CARAT.

# Directors, Audit & Supervisory Committee Members, and Executive Officers

(As of June 16, 2023)

## Directors



President, CEO & COO,  
President and Executive  
Officer

### Kazuo Sakihama

- Number of shares held: 35,017  
CEO & COO



Director, Managing Executive  
Officer

### Tatsuyuki Sakoda

- Number of shares held: 9,302  
General Manager of Corporate Planning  
Division,  
Executive Chief Representative for China  
of the Company,  
and General Manager of  
Pharmacovigilance & Quality Assurance  
Office



Outside Director\*

### Hiroko Noda

- Number of shares held: 0
- Significant concurrent positions
- Representative of Noda Certified Public Accountant Office
- Representative Director of Probit Consulting Co., Ltd.
- Part-Time Lecturer at Graduate School of Asian and International Business Strategy, Asia University
- External Director of MODEC, Inc.
- Outside Director (Audit & Supervisory Committee Member) of Okabe Co., Ltd.
- Outside Director of S.T. CORPORATION

Independent Director



Director, Full-Time Audit &  
Supervisory Committee  
Member

### Shigemasa Yabu

- Number of shares held: 18,138

## Executive Officers (Excluding Those Who Concurrently Serve as Directors)



Managing Executive Officer

### Hiroshi Yoshida

- Number of shares held: 13,491  
General Manager of Textile Division,  
Senior Manager of Synthetic Fiber  
Business Department,  
General Manager of Logistics Department  
(Textile),  
and General Manager of Hokuriku Branch



Managing Executive Officer

### Yoshihiro Teratani

- Number of shares held: 14,210  
General Manager of Chemicals Division,  
Senior Manager of Life & Fine Chemicals  
Business Department,  
and General Manager of Logistics  
Department (Chemicals)



Senior Executive Officer

### Naohiko Ashida

- Number of shares held: 2,965  
Senior Manager of Technical Material &  
Garments Business Department,  
Chairman of CHORI (DALIAN) TRADING  
CO., LTD.,  
and Chairman of CHORI (DALIAN)  
COMMERCIAL IMPORT EXPORT CO., LTD.



Executive Officer

### Satoshi Shiragami

- Number of shares held: 2,592  
Deputy General Manager of the  
Corporate Planning Division (Corporate  
Management Department and Affiliate  
Business Department)

■ "Number of shares held" indicates the number of CHORI CO., LTD. shares held.



Director, Executive Officer

### Kazuhiro Tohge

- Number of shares held: 9,551  
Special Appointee of the President  
(in relation to the Textile Division)



Director (Part-Time)

### Kazuhiko Shuto

- Number of shares held: 0  
Significant concurrent positions  
Toray Industries, Inc.  
Executive Vice President (Member of the Board)



Outside Director,\* Audit & Supervisory Committee Member

### Masaaki Sawano

- Number of shares held: 0  
Significant concurrent positions
  - Partner of CITY-YUWA PARTNERS
  - Member of Advisory Council on Fundamental Issues in Corporate Management of Urban Renaissance Agency
  - Member of Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency
  - Member of Business Evaluation Monitoring Committee of Urban Renaissance Agency
  - Outside Auditor of Japan Federation of Certified Public Tax Accountants' Associations
  - Member of Kanto Regional Government Asset Council, Kanto Local Finance Bureau, Ministry of Finance
  - Chairperson of Tokyo Metropolitan Government Election Administration Commission
  - Director of Japan Bar Association

Independent Director



Outside Director,\* Audit & Supervisory Committee Member

### Hiromasa Suzuki

- Number of shares held: 0  
Significant concurrent positions
  - Outside Director of Nitta Gelatin Inc.

Independent Director



Senior Executive Officer

### Satoko Nakayama

- Number of shares held: 14,729  
Deputy General Manager of Corporate Planning Division (Human Resources & General Affairs Department and Information System Department) and General Manager of CHORI Innovation Activities



Senior Executive Officer

### Masao Nakamura

- Number of shares held: 2,965  
Senior Manager of Chemical & Materials Business Department



Executive Officer

### Yasuhiro Oiwa

- Number of shares held: 700  
Chairman and President of CHORI (CHINA) CO., LTD.,  
Chairman and President of CHORI (SHANGHAI) CO., LTD.,  
and Chairman and President of CHORI (TIANJIN) CO., LTD.

\* Outside director as stipulated in Article 2, Item 15 of the Companies Act.

# Data Section

## 11-Year Financial Summary

CHORI CO., LTD. and Group Companies

Medium-Term Management Plan  
Yakushin 2013

Medium-Term Management Plan  
Yakushin 2016

	FY2012	FY2013	FY2014	FY2015
<b>Operating Results:</b>				
Net sales*1	221,847	244,286	248,396	291,578
Gross profit	19,770	21,530	22,157	24,799
Selling, general and administrative expenses	14,665	16,037	16,604	19,429
Operating profit	5,105	5,492	5,552	5,369
Ordinary profit	5,466	5,831	5,966	5,518
Net profit attributable to owners of parent	2,944	3,715	4,153	4,297
<b>Financial Position (As of March 31):</b>				
Total assets	71,851	78,221	84,289	98,736
Net assets	31,385	36,417	41,473	42,882
Net interest-bearing debt*2	(7,491)	(8,820)	(10,703)	(8,029)
<b>Cash Flows:</b>				
Cash flows from operating activities (A)	5,792	1,716	3,320	4,992
Cash flows from investing activities (B)	(2,980)	(208)	(813)	(4,442)
Free cash flows (A+B)	2,812	1,508	2,507	550
Cash flows from financing activities	(1,641)	(506)	(840)	(1,510)
<b>Per Share Data*3 (Yen):</b>				
Net profit per share	117.57	151.54	169.40	175.31
Net assets per share	1,275.84	1,481.00	1,688.74	1,746.27
Dividends per share*4	24.00	33.00	34.00	36.00
<b>Key Indicators (%):</b>				
Ordinary profit to net sales	2.5	2.4	2.4	1.9
Return on assets (ROA)*5	7.8	7.8	7.3	6.0
Return on equity (ROE)*6	9.8	11.0	10.7	10.2
Equity-to-asset ratio	43.5	46.4	49.1	43.4
Consolidated dividend payout ratio	20.4	21.8	20.1	20.5
Price earnings ratio	9.1	7.4	10.9	8.3
Price book-value ratio	0.8	0.8	1.1	0.8
<b>Other Data:</b>				
Stock price at end of March (yen)*3	1,066	1,124	1,851	1,457
Number of employees (consolidated)	1,286	1,292	1,091	924
Number of consolidated subsidiaries	26	27	25	27

\*1 In the first quarter of fiscal 2020, Chori adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 30, 2018).

\*2 Net interest-bearing debt = Interest-bearing debt – (Cash and deposits + Deposits paid to subsidiaries and associates)

\*3 The Company carried out a 1-for-10 reverse stock split of common shares on October 1, 2012. Net profit per share and net assets per share were provisionally calculated at the beginning of fiscal 2012 based on this reverse stock split. Dividends per share and stock price at year-end for fiscal years prior to the reverse stock split have been retroactively adjusted to reflect its impact.

Medium-Term Management Plan  
Chori Innovation Plan 2019

Medium-Term Management Plan  
Chori Innovation Plan 2022

(Millions of yen)

FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
270,908	311,705	356,537	329,360	216,233	284,096	<b>329,389</b>
25,149	26,400	28,585	28,310	26,357	30,650	<b>37,058</b>
18,701	19,174	20,538	20,091	22,693	21,321	<b>24,401</b>
6,448	7,226	8,047	8,219	3,663	9,328	<b>12,656</b>
6,967	7,499	8,660	8,685	4,656	10,274	<b>12,437</b>
4,780	4,730	5,630	6,101	1,247	6,811	<b>8,124</b>
97,983	119,055	118,499	114,400	110,591	134,121	<b>143,200</b>
46,343	51,153	53,897	57,279	58,831	65,096	<b>72,158</b>
(6,824)	(11,134)	(10,887)	(11,962)	(15,547)	(6,939)	<b>(13,902)</b>
625	6,653	3,196	2,857	5,889	(2,330)	<b>9,596</b>
58	821	(1,421)	8	(357)	197	<b>(261)</b>
683	7,474	1,774	2,866	5,532	(2,133)	<b>9,335</b>
(1,363)	(2,352)	(4,350)	(1,899)	(887)	(4,015)	<b>(3,099)</b>
195.00	192.74	229.28	248.46	50.73	276.82	<b>330.16</b>
1,887.37	2,079.84	2,191.45	2,328.79	2,390.06	2,643.55	<b>2,932.46</b>
40.00	59.00	60.00	63.00	37.00	84.00	<b>105.00</b>
2.6	2.4	2.4	2.6	2.2	3.6	<b>3.8</b>
7.1	6.9	7.3	7.5	4.1	8.4	<b>9.0</b>
10.7	9.7	10.7	11.0	2.2	11.0	<b>11.8</b>
47.2	42.9	45.4	50.0	53.2	48.5	<b>50.4</b>
20.5	30.6	26.2	25.4	72.9	30.3	<b>31.8</b>
9.9	10.9	6.8	6.2	33.2	6.4	<b>7.6</b>
1.0	1.0	0.7	0.7	0.7	0.7	<b>0.9</b>
1,939	2,097	1,556	1,537	1,685	1,759	<b>2,508</b>
939	991	1,023	1,014	969	1,322	<b>1,285</b>
27	29	29	29	30	33	<b>32</b>

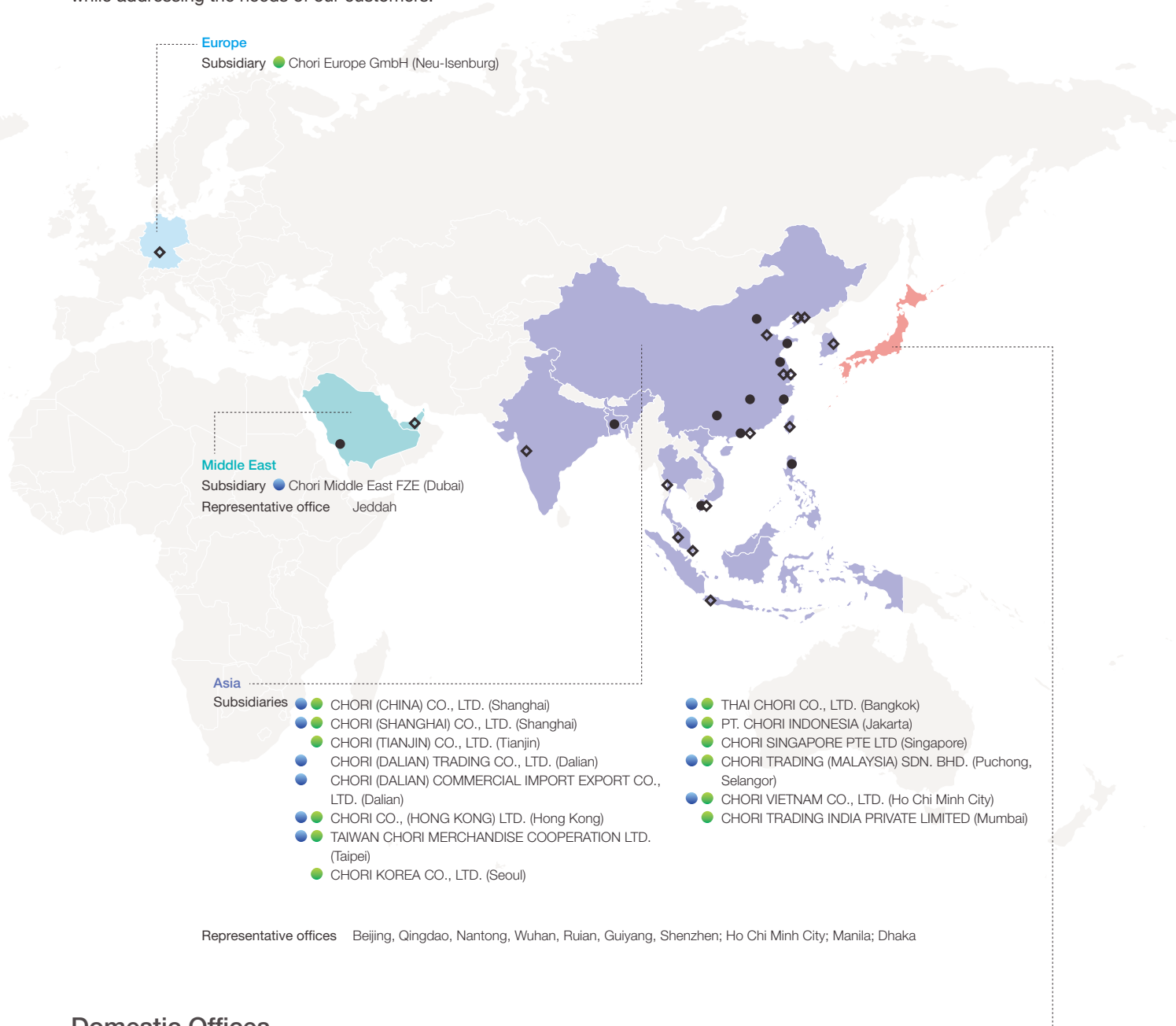
\*4 Dividends per share in fiscal 2017 include a commemorative dividend of ¥10 for the Company's 70th anniversary.

\*5 Return on assets (ROA) = Ordinary profit / Total assets (Avg. of beginning and end of fiscal year) x 100

\*6 Return on equity (ROE) = Net profit attributable to owners of parent / Total equity (Avg. of beginning and end of fiscal year) x 100

# Chori's Global Network

After the end of World War II, Chori recommenced the full-scale development of its overseas business in 1949, when private foreign trade resumed. Today, Chori boasts a global network consisting of subsidiaries and offices located in various regions of the world. As we move forward, we will step up the pace of our globalization efforts while addressing the needs of our customers.



## Domestic Offices



**Tokyo Head Office**  
Tower C, Shinagawa Intercity,  
2-15-3, Konan, Minato-ku, Tokyo  
108-6216, Japan  
Tel: +81-3-5781-6200



**Osaka Head Office**  
Nittochi Sakaisuji Bldg.,  
1-7-3, Awajimachi, Chuo-ku, Osaka  
540-8603, Japan  
Tel: +81-6-6228-5000

### U.S.A. and Central America

- Subsidiaries**
- CHORI AMERICA, INC. (Jersey City)
  - CHORI COMERCIAL DE MEXICO, S.A. DE C.V. (Mexico City)

### South America

Representative office Santiago

- ◆ Subsidiary ● Representative office
  - Handles textile products ● Handles chemical products
- (Japan: 4 locations Overseas: 30 locations)

### Major Overseas Subsidiaries and Affiliates

- QINGDAO RED BUTTERFLY PRECISION MATERIALS CO., LTD. (China)  
Production and sale of inorganic chemicals
- Beijing Chostar Equipment Engineering Technology Co., Ltd. (China)  
Import and export of equipment and materials for chemical plants
- CHORI Analysis & Technology Service (Suzhou) Co., Ltd. (China)  
Analysis and research and development of chemicals
- MCC Industry COMPANY LIMITED (Hong Kong)  
Sale of textile products
- MEGACHEM LIMITED (Singapore)  
Trading company specializing in chemicals
- PT. MATSUOKA INDUSTRIES INDONESIA (Indonesia)  
Sewing of textile products

### Major Domestic Subsidiaries and Affiliates

- ASADA U CO., LTD.  
Sale of interior and packaging materials
- CHORI MODA CO., LTD.  
Planning of fashion apparel
- STX Co., Ltd.  
Trading company specializing in textiles
- Miyako Kagaku Co., Ltd.  
Trading company specializing in chemicals
- KOZAKURA SHOKAI CO., LTD.  
Trading company specializing in chemicals
- CHORI GLEX CO., LTD.  
Trading company specializing in chemicals
- Chori Machinery Co., Ltd.  
Trading company specializing in transportation equipment
- Business Anchor Corporation  
Outsourcing of administrative work

#### Hokuriku Branch

15F Visage Office Zone,  
16-1, Showa-machi, Kanazawa  
920-8676, Japan  
Tel: +81-76-232-3521

#### Okayama Liaison Office

10F Okayama  
Fukokuseimei-ekimae Bldg.,  
1-6, Ekimotomachi,  
Kita-ku, Okayama  
700-0024, Japan  
Tel: +81-86-224-6188

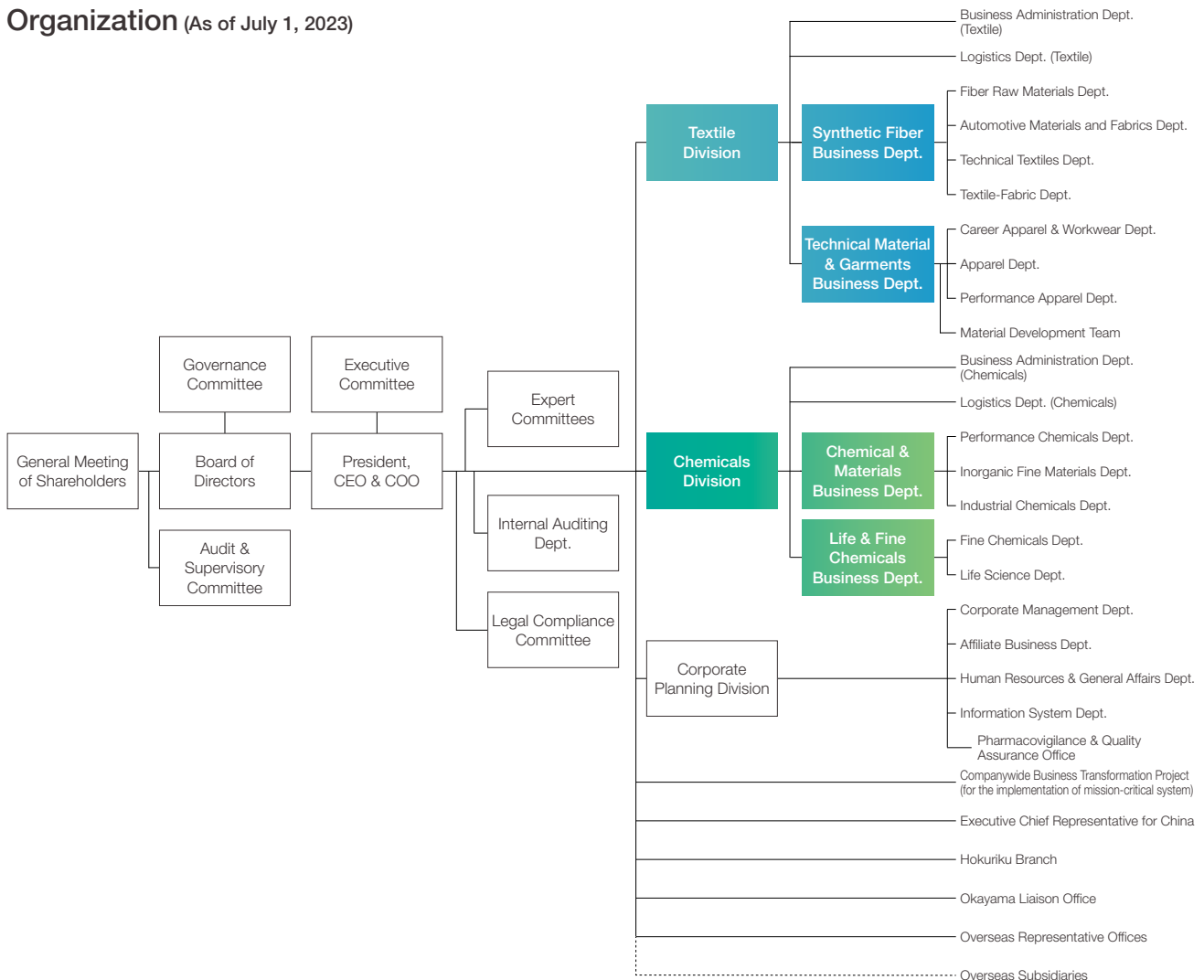


# Corporate Information (As of March 31, 2023)

## Company Overview

Company Name	CHORI CO., LTD.
Headquarters	<p><b>Tokyo Head Office</b>                  2-15-3, Konan, Minato-ku, Tokyo                  108-6216, Japan                  Tel: +81-3-5781-6200</p> <p><b>Osaka Head Office (Main Headquarters)</b>                  1-7-3, Awajimachi, Chuo-ku, Osaka                  540-8603, Japan                  Tel: +81-6-6228-5000</p>
Capital	¥6.8 billion
Date of Incorporation	September 2, 1948 (Founded in 1861)
Closing Date	March 31
Number of Employees	Consolidated: 1,285 Nonconsolidated: 405 (Including 74 employees dispatched to other companies)
Corporate Website	<a href="https://www.chori.co.jp/english/">https://www.chori.co.jp/english/</a>

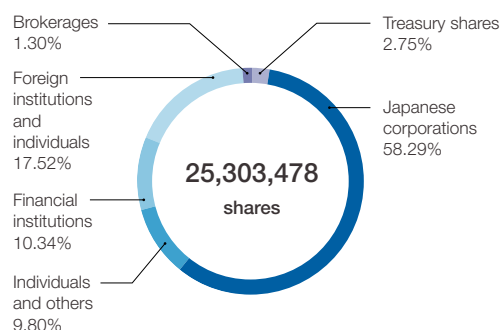
## Organization (As of July 1, 2023)



## Investor Information

Securities Code	8014 (Prime Market of the Tokyo Stock Exchange)
Total Number of Shares Authorized to Be Issued	55,000,000
Total Number of Shares Outstanding	25,303,478
Number of Shareholders	7,202
Trading Unit	100
Shareholder Register Agent for Common Stock	Mizuho Trust & Banking Co., Ltd.
Accounting Auditor	Deloitte Touche Tohmatsu LLC

## Breakdown of Shareholders by Investor Type



## Major Shareholders

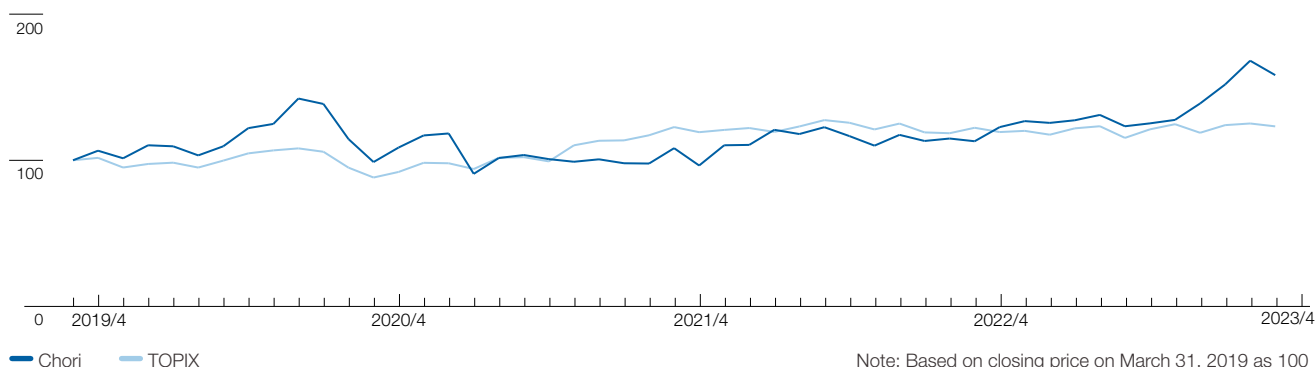
Shareholder name	Number of shares held (Thousand shares)	Percentage of shares held (%)
Toray Industries, Inc.	12,967	52.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,428	5.80
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	1,418	5.76
Hurex Co., Ltd.	735	2.99
Custody Bank of Japan, Ltd. (Trust Account)	627	2.55
Wacoal Corporation	548	2.23
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT	296	1.20
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	253	1.03
BBH FIDELITY GROUP TRUST BENEFIT (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	205	0.84
HSBC PRIVATE BANK (SUISSE) SA GENEVA - SEGREG UK IND 1 CLT ASSET	204	0.83

- Notes: 1. In addition to the above, the Company owns 696,464 shares (2.75%) of treasury stock.  
 2. The percentages of shares held exclude the 696,464 shares of treasury stock.  
 3. The number of shares held are rounded down to the nearest thousand shares.  
 4. The percentages of shares held are rounded to the nearest third decimal place.  
 5. All shares held by the Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are related to trust services.

## Total Shareholder Return (TSR) Total Shareholder Return (TSR)-Related Data

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Stock price at year-end (yen)	2,097	1,556	1,537	1,685	1,759	2,508
Dividends per share (yen)	59	60	63	37	84	105
TSR (%)	Chori		77.1%	79.2%	88.0%	95.5%
	TOPIX (incl. dividends)		95.0%	85.9%	122.1%	131.8%

Note: TSR is based on investments carried out at the closing price on March 31, 2018.



Note: Based on closing price on March 31, 2019 as 100