



Tatsuyuki Sakoda

President, CEO & COO
President and Executive Officer

We will aim to be the company of choice by enhancing our frontline capabilities and leveraging our exceptional capabilities and expertise.

Drawing on Our Experience in Times of Hardship

My name is Tatsuyuki Sakoda, and I was appointed as president in June 2024. First, please allow me to talk briefly about my background. I joined the Company in 1989 and was assigned to the Finance Department, where I was in charge of dealing with banks. Since I had joined a trading company, I kept expressing my willingness to work overseas, and in 1995 I was transferred to the United States, where I worked for around seven years. When I returned to Japan in 2003, the Company was going through a period of setbacks. Under these circumstances, I was pressed to implement the Reborn Management Plan, which had been announced in the same year, pursuing a strategy of selection and concentration in order to create a structure that can generate profits by reorganizing our businesses and inventory. Although Chori has been in business for over 160 years, it is essentially a 20-year-old company because it was largely reborn through this strategy of selection and concentration. Under the Reborn Management Plan, our business scale was reduced to half the size of what it was at the peak of our success, leaving only our core businesses, which have become the foundation of our business today.

Once the reorganization had settled down, I expressed my desire to utilize my previous experience from the sales division and began working in the business planning section of the Fibers, Textiles, and Garments Business. Then, in 2017, I returned once again to the Corporate Management Division. At that time, I felt that society's expectations for companies had changed dramatically over the seven-year period in which the Stewardship Code and the Corporate Governance Code were enacted. It also became clear that Chori needed to change as well.

In 2020, I was appointed as president of Miyako Kagaku Co., Ltd. This trading company, which became a Group subsidiary in 2015, is well respected in the chemical industry. I was convinced that it would be a good experience for me, but my contributions were unfortunately limited due to the overlap in timing with the COVID-19 pandemic. Most recently, as general manager of the Corporate Planning Division, I have been working to enhance Chori's corporate value as the project leader for the formulation of our medium-term management plan Chori Innovation Plan 2025 and as the chairman of the Sustainability Promotion Preparatory Committee.

I am proud to say that my life as a company employee has been an extraordinary experience. I have seen the Company experience setbacks on several occasions, such as the decline in the number of nonconsolidated employees, from around 1,200 when I joined the Company to roughly 400 at present, as well as the downsizing of our business, from a company that once consisted of several business segments to one that now consists of only three business segments. Our executives and employees over a certain age who experienced the period of setbacks together engage in business knowing full well that they cannot continue to do so unless they generate profits in their respective lines of business. The hard work of this generation of employees is the main reason why Chori has been able to revive and grow to its current level of profitability. Chori's strength lies in its human resources who are respected and knowledgeable with exceptional capabilities and expertise, and this strength must be passed on to the next generation. When I announced the change in presidency internally, I told the executives and employees gathered in the conference room that I wanted Chori to become the company of choice. By ensuring that we remain a company that is chosen by potential employees with the qualities to take on Chori's strengths as well as our current employees, we will dedicate ourselves to becoming the company of choice for society.

President's Message



Fiscal 2023: A Year of Steady Growth

Under the lead of our former president Kazuo Sakihama, the Company continued to grow and achieved record profits in fiscal 2023. To maintain this growth, we will enhance our frontline capabilities to ensure that our products continue to be chosen, capitalize on our exceptional capabilities and expertise, and create a virtuous cycle in which we continue to be the company of choice for our stakeholders. In doing so, we will aim to achieve net sales of ¥400.0 billion and profit before income taxes of ¥20.0 billion, as we have declared in VISION2030.

Looking at our fiscal 2023 performance by segment, the Fibers, Textiles, and Garments Business posted record-high profits owing to the relaxation of restrictions following the reclassification of COVID-19 to Class 5 and demand for apparel-related products in Japan, which increased beyond our expectations. Meanwhile, the Chemicals Business faced a setback due to the impact of declining raw material prices. Fortunately, because some of our chemical related businesses involve processing steps in which Chori can capitalize on its expertise and these businesses performed favorably, the Chemicals Business was not affected as significantly as we had anticipated.

It is a given that the market will always fluctuate and there will be both good times and bad. We have been doing what we can to prepare for our next period of setbacks, by virtue of which we have caught the tailwind of the market and continued to achieve steady growth.

A Promising Start to Chori Innovation Plan 2025

As set forth in our management policy, "We aim to transform the Chori Group into a constantly evolving company of exceptional competence and expertise." To that end, we have enhanced profitability by developing differentiated and high-value-added products. These products include ECO BLUE™ recycled polyester fiber made from used plastic bottles, SPX™ polyester stretch yarn produced using traditional techniques in the Hokuriku region, and other products that align with the goals of the Sustainable Development Goals (SDGs). Chori Innovation Plan 2025 is off to a great start, with profits exceeding our targets at each stage since the completion of its first year.

In terms of our overseas business, we believe there is still room for growth. Although overseas transactions account for roughly 70% of our total net sales, domestic sales and import sales combined account for around 60%, and therefore sales to the Japanese market represent more than half of our total net sales. With its declining birth rate and aging population,

the Japanese market is not expected to grow anytime soon. We have fallen slightly behind in the overseas market, which will likely continue to expand, but we believe that increasing our sales outside of Japan will drive the future growth of our business. We have declared the goal of increasing our trade volume to ¥260.0 billion during the period of Chori Innovation Plan 2025. While our trade volume and trade ratio declined from the previous year to ¥206.5 billion and 67.1%, respectively, profits from our overseas business increased in fiscal 2023. Going forward, we will steadily enhance profitability by continuing to showcase our high functionality as a selling point, rather than simply increasing sales.

Building a Management Foundation and Structure by Doing All We Can Now

Under Chori Innovation Plan 2022, we established the foundation for our new stage of consistently delivering ordinary profit at the ¥10.0 billion level. During the three years of Chori Innovation Plan 2025, we will focus on building a management foundation and structure that will serve as the basis for our strategies and improvements to business performance, thereby laying the groundwork for future growth. One of these strategies is the Companywide business transformation project Chori Accelerate Renovation Achievement Transformation (CARAT), established in fiscal 2022 (See page 21), in which we are implementing SAP, the global standard for mission-critical systems, and reforming our corporate structure.

Prior to the introduction of the Sustainability Promotion Committee in fiscal 2023, we established and began operating the Sustainability Promotion Preparatory Committee. The Chori Group's material issues, basic policy on sustainability, and human rights policy announced in April 2024 were all studied by this preparatory committee and mark our first step in creating a foundation for sustainable growth (See page 39). In addition to holding dialogues with experts and investors, we conducted a Companywide survey on proposed material issues. Through this survey, we were able to obtain votes for or against proposals and the views of many executives and employees. We adopted proposals that reflect the interests of not only the secretariat or a few people but of many executives and employees, with a focus on contributing to a sustainable society.

Although views are being shared more frequently on a number of matters than in the past, when I consider the level of information disclosure of companies that are recognized as excellent companies, I feel that Chori still has a number of issues to address. However, rather than jumping straight into the problem at hand, we will steadily proceed with what we can do now.

Initiatives for Future Business Growth

In April 2024, we declared four material issues. The first material issue is "promote businesses that contribute to the realization of a sustainable and prosperous society." Its key themes embody Chori's commitment to addressing the issue of climate change, resolving social issues, and creating value through activities that go beyond trading. Recognizing the importance of focusing on people's health and the environment in our business development, we established the Sustainable Business Management Team under the Sustainability Promotion Committee to define and manage our SDG-oriented products (See page 49). SDG-oriented products are gaining increasing attention from customers, and the market is expected to continue to expand. Chori will remain committed to strengthening and expanding its line of SDG-oriented products with a view to further growing its business in the years ahead.

Our second material issue is "promote human resource development and diversity." We believe its key themes are essential to becoming the company of choice for our stakeholders. In Chori Innovation Plan 2025, we declared our aim to become a company that "provides employees with a rewarding and enjoyable workplace environment." We are working to create an environment in which each employee can engage ambitiously in their day-to-day work while demonstrating their creativity and skills. As part of these measures, we relocated our Osaka Head Office and are working to enhance our training programs on compliance, digital transformation, business knowledge, and a variety of other areas. In fiscal 2023, we also conducted an employee engagement survey for the first time. The results showed varying trends in each department, so we began conducting interviews and other Companywide efforts to improve employee engagement.

Our third material issue is "strengthen supply chain management." It is our duty to fortify the supply chain so that it is resilient against geopolitical risks. However, risk and opportunity are inextricably linked in that while our business may take a hit, opportunities may arise for new projects as manufacturers become increasingly aware of supply chain restructuring. We are focusing on the ASEAN region as a new procurement location (See the Special Feature section on page 37). We aim to expand our business by working alongside suppliers we have established close relationships with. At the same time, recognizing that human rights issues in the supply chain are an important risk, we will continue to respect the human rights of all stakeholders in accordance with the newly established Chori Group Human Rights Policy.

Our fourth material issue is "strengthen governance and ensure compliance." The Sustainability Promotion Committee declared that risk management is its most important theme to address in fiscal 2024. Since fiscal 2020, Chori has been involved in two cases in which it recorded a significant

allowance for doubtful accounts. Although we have always taken on challenges by assessing the risks involved, I have personally raised the need to visualize risks with more precision and established the Risk Management Team as a result. We are constantly monitoring changes, maintaining awareness of and addressing the risks involved, and putting ourselves in a position to move our business forward.

Growing toward Realizing Our Corporate Vision

Our corporate slogan is "Making your dreams come true." I decided to take on the major responsibility of becoming president upon reflecting on what I can and should do to create a foundation that enables our employees, young people in particular, to ambitiously pursue their dreams. I want Chori to become a company that continues to achieve sustainable growth, not only in the short term, such as three to five years, but also in the long term, of a decade and beyond. At Chori, our employees are the source of our competitiveness. We will not become a company that achieves sustainable growth unless we continue to develop our employees and refine our exceptional capabilities and expertise. We will continue to compete in areas where we can leverage our expertise, such as fibers, textiles, and garments and chemicals. I hope we can extend this focus to outside of Japan and become a company that shines brightly all over the world.

In addition to becoming the company of choice, I have another message for our executives and employees. That is, we must all share the same end goal. As a company, we will not succeed all the time. This message expresses my desire to overcome the wave of highs and lows of our business by working happily together to make the journey as great as possible. We will continue to solidify our systems and structures to facilitate Chori's further growth, so we hope that investors look forward to our continued success in the years to come.

Tatsuyuki Sakoda
President, CEO & COO
President and Executive Officer

We aim to achieve unprecedented growth through a management approach that focuses on capital efficiency.

Appointment as General Manager of the Corporate Planning Division

We are in a world full of increasing uncertainty as a result of such factors as the multipolarity of geopolitical power and the fragmentation of the global economy, and the speed at which things change has only accelerated. Under these circumstances, I was appointed as the general manager of the Corporate Planning Division based on the judgment that in order for Chori to continue to grow, our business divisions and the Corporate Planning Division must work together to create new value. It is uncommon for Chori to appoint a managing executive officer with a sales background. In the 34 years since I joined the Company, I have experienced almost all aspects of the textile business, from upstream to downstream, and contributed to business growth through reforms in Japan and overseas. This made me realize that it was time to move on to my next challenge. I will continue to utilize my years of experience in the field to further enhance Chori's corporate value from the perspective of business operations and management.



Hiroshi Yoshida
Director, Managing Executive Officer
General Manager of Corporate Planning Division

Review of Fiscal 2023 Performance

In fiscal 2023, net sales decreased to ¥307.7 billion while profit before income taxes increased to ¥14.7 billion from the previous fiscal year. Despite the decline in net sales due to lower overseas sales in the Chemicals Business resulting from a slowdown in overall demand and sluggish market conditions, we performed favorably as a Group owing to the increase in profit before income taxes, mainly due to improved profitability. The addition of ROIC as a management indicator has enhanced awareness of capital efficiency in each business division, ensuring that capital is invested in more profitable areas. This has led to the development of more efficient businesses, which is reflected in our overall performance.

Meanwhile, due to significant fluctuations in foreign exchange rates, the Machinery Business recorded a foreign exchange loss from outstanding receivables denominated in foreign currency. Although we have had to endure this issue for

about two years, it will no longer affect our business from fiscal 2024 as we have claimed payments for trade insurance. To prevent recurrence of such a situation, the Accident Investigation Committee exchanged views on this issue and took countermeasures including conducting thorough investigations of country risks at export destinations, formulating initial protocols in the event of delayed payments, and obtaining trade insurance to minimize foreign exchange risks. In addition to using forward exchange contracts for foreign currency denominated transactions, we negotiate prices with customers on a case-by-case basis, so foreign currency denominated transactions generally do not have a significant impact on profitability. While profits in our import business will deteriorate as a result of the weak Japanese yen, we have been offsetting this impact through the expansion of exports and business overseas.

Consolidated Financial Results

(Billions of yen)

	FY2022	FY2023	Amount Change	Percentage Change
Net Sales	329.4	307.7	-21.7	-6.6%
Gross Profit	37.1	38.7	+1.7	+4.5%
Selling, General and Administrative Expenses	24.4	23.7	-0.7	-2.9%
Operating Profit	12.7	15.0	+2.4	+18.8%
Ordinary Profit	12.4	14.5	+2.0	+16.4%
Profit before Income Taxes	12.8	14.7	+1.9	+14.9%
Net Profit Attributable to Owners of Parent	8.1	9.6	+1.5	+18.5%

Progress of Chori Innovation Plan 2025 and Strategies Going Forward

We have demonstrated solid progress in achieving our targets for fiscal 2025, the final year of our medium-term management plan Chori Innovation Plan 2025. However, we must continue to solidify Chori's position in the marketplace by leveraging our exceptional capabilities and expertise and responding quickly to the drastic changes in market and social conditions.

We continue to focus on expanding our range of products and differentiating products in our existing businesses while aggressively investing in businesses and engaging in M&As. Throughout its history, Chori has utilized its unique supply chain to expand business in its areas of expertise and secure new sources of revenue. In the Fibers, Textiles, and Garments Business, we will promote leveraged, aggressive investments in growth sectors, such as the environment, health, and comfort. We will also develop our market-in business globally and expand our high-value-added businesses in the pharmaceutical and agrochemical fields in the Chemicals Business.

We are actively taking measures to address the changes in our external business environment, such as prolonged inflation, exchange rate fluctuations, commodity price fluctuations due to market conditions, and geopolitical risks. These measures include leveraging the strengths of our human resources in supply chain management, developing a supply chain that is

resilient against geopolitical risks, and dispatching the human resources necessary to achieving such a supply chain.

Chori Innovation Plan 2025 is merely one step in the direction of realizing VISION2030 and achieving sustainable growth. We will steadily develop a foundation for future growth, evolve our mission-critical system, improve our human resource development system, and prepare for organizational reform, not only to achieve our numerical targets but to grow as an organization.

Fiscal 2024 Performance Forecast

(Billions of yen)

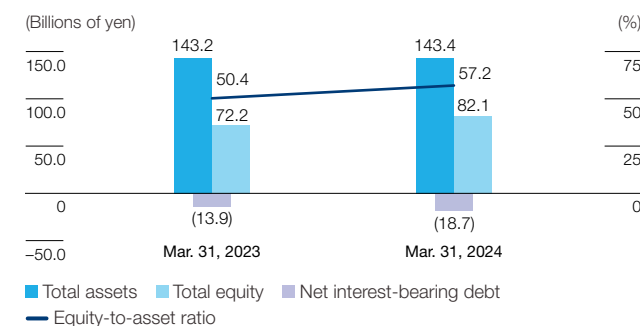
	FY2024 (Forecast)	Chori Innovation Plan 2025 (Final Year Target)
Nat Sales	320.0	360.0
Profit before Income Taxes	15.0	16.0
Net Profit Attributable to Owners of Parent	10.0	11.0
ROA*1	6.8%	7% or more
ROE*1	11.7%	12% or more
ROIC*2	11.4%	Approx. 10%

Current Financial Position

Total assets were ¥143.4 billion and total equity was ¥82.1 billion as of March 31, 2024. Meanwhile, ROA,*1 ROE,*1 and ROIC*2 all improved from the previous year to 6.7%, 12.5%, and 12.4%, respectively. Although we have already achieved the targets of Chori Innovation Plan 2025 for ROE and ROIC, we will aim even higher. In order to continuously improve ROIC

and other indicators, we must expand our business through aggressive business investments and M&As. Our frontline employees are becoming increasingly aware of this need, and we will carry out major reforms, such as establishing a supply chain for a wide range of business areas and regions.

Financial Soundness



Profitability/Capital Efficiency

	Mar. 31, 2023	Mar. 31, 2024	Difference
ROA*1	5.9%	6.7%	+0.8pt
ROE*1	11.8%	12.5%	+0.7pt
ROIC*2	10.8%	12.4%	+1.6pt

*1 Net profit attributable to owners of parent basis

*2 Return on invested capital (ROIC) = Operating profit after income taxes / Invested capital (Equity + Interest-bearing debt, Avg. of beginning and end of fiscal year)

Cash Allocation

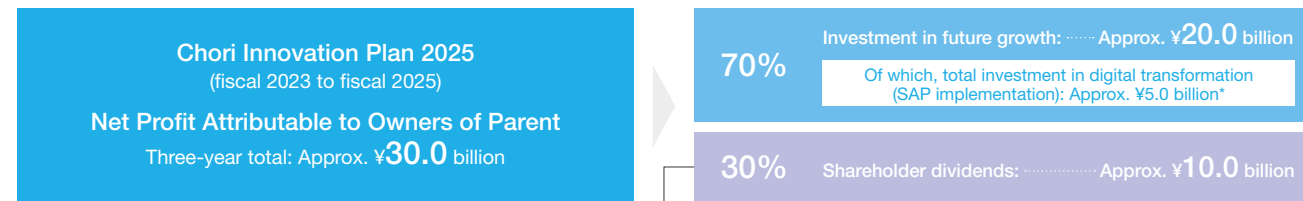
We expect net profit attributable to owners of parent to amount to approximately ¥30.0 billion over the three-year period of Chori Innovation Plan 2025. Approximately 30% of this amount, or ¥10.0 billion, will be distributed as dividends to shareholders while the remaining ¥20.0 billion will be used for investments in future growth and retained as cash necessary for business operations.

While we were able to generate nearly ¥10.0 billion in cash from operating activities in fiscal 2023, part of that cash was used to acquire intangible assets for the implementation of SAP, our new mission-critical system. For the remainder of Chori Innovation Plan 2025, we will continue to invest in the implementation of this system to strengthen our business foundation while continuing to invest in human capital, including recruitment activities, based on our commitment to employees as our most important management resource. In terms of business investment, we will analyze each business

portfolio and aggressively invest funds in growth areas and regions. Currently, we are aggressively promoting business investments that we were forced to put on hold as a result of COVID-19, such as the leasing of equipment in the Hokuriku region to expand product sales to overseas markets. We will continue to promote business investments and M&As with a focus on creating synergies with our existing businesses.

With regard to shareholder returns, we aim to provide stable dividends to shareholders based on our dividend policy, which calls for a consolidated dividend payout ratio of at least 30% and a dividend on equity (DOE) ratio of 3.5% or more from fiscal 2023. We will return profits to shareholders through steady business growth.

We understand the importance of cash management and capital efficiency improvements on capital allocation. By using equity as a foundation and promoting leveraged business investments, we aim to achieve unprecedented business growth.

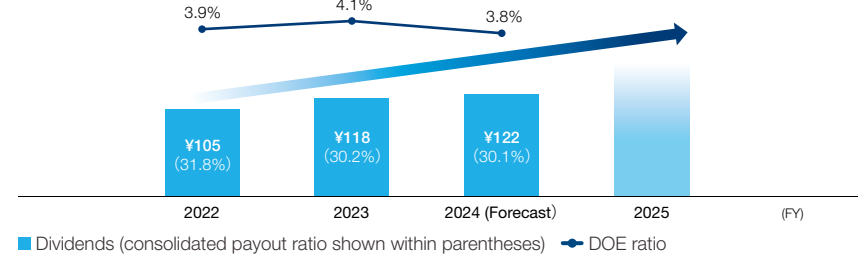


Shareholder Returns

Dividend Policy

- The Company regards the return of profits to shareholders as an important management priority, and from the viewpoint of ensuring continuous and stable dividends and operational and financial stability, distributes performance-linked dividends based on the level of net profit attributable to owners of parent.
- Dividend amount: Consolidated dividend payout ratio of at least 30% and DOE ratio of 3.5% or more

Dividends per Share (Annual)



Note: Includes certain investments made in fiscal 2022

Chori's Medium- to Long-Term Growth

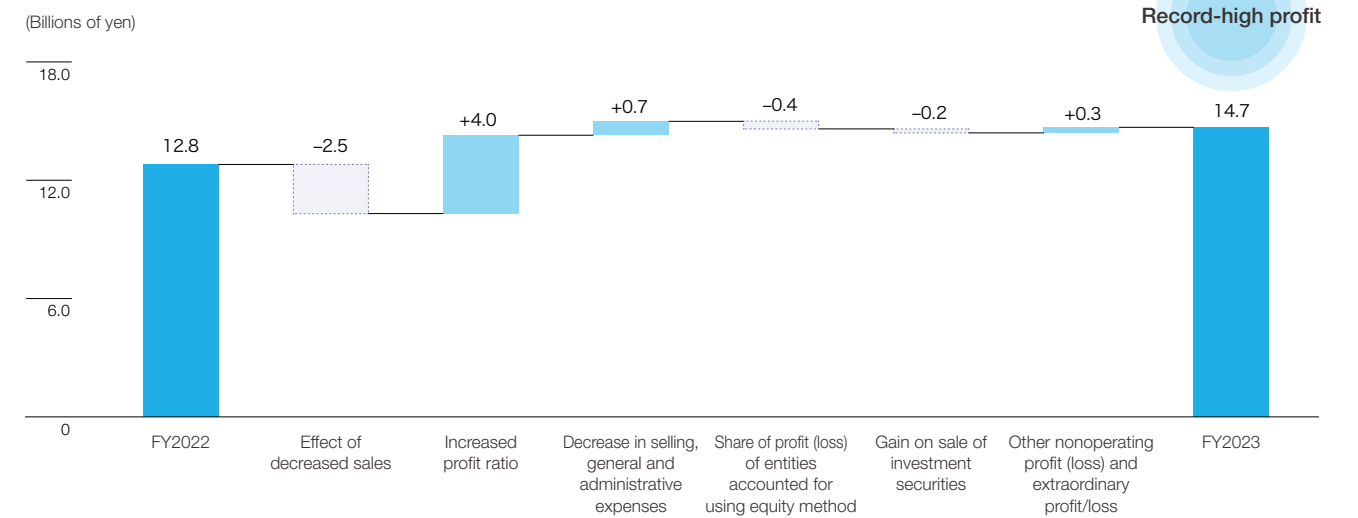
Although we have gone through a period of setbacks on many occasions in our 163-year history, we are now on a growth track owing to steady improvements in our business results that began with the introduction of the Reborn Management Plan in 2003. We aim to further grow our business by focusing on ROIC in our business management and financial leverage in our business strategy. In line with our spirit of coexistence and

co-prosperity that has been passed down since our founding, which is "to develop our business for the benefit of the world and people and to always strive to grow together with our customers," we aim to become a company that earns our customers' appreciation and works for the benefit of people and society, not only in Japan but all over the world. In doing so, we strive to be the company of choice for all of our stakeholders.

Reference Material

Year-on-Year Change and Reasons for Increase in Profit before Income Taxes

Reasons for Increase in Profit before Income Taxes



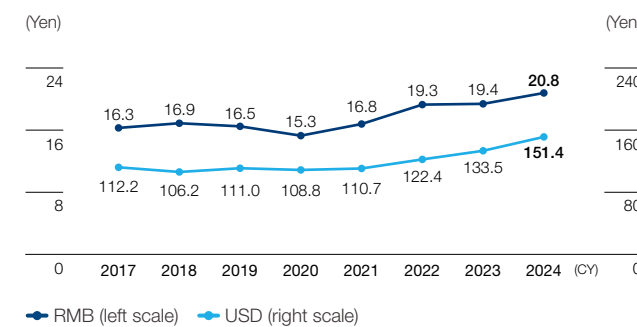
Trends in Business Performance

	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Full-year total	1Q	2Q	3Q	4Q	Full-year total
Net Sales	81.9	86.6	86.9	74.0	329.4	75.8	77.1	80.5	74.3	307.7
Profit (Loss) before Income Taxes	3.7	4.1	3.6	1.4	12.8	3.6	4.2	4.2	2.7	14.7
Fibers, Textiles, and Garments	0.8	1.2	1.7	1.4	5.1	1.9	2.4	2.1	1.6	8.0
Chemicals	2.5	2.8	2.2	1.6	9.1	2.1	2.1	1.9	1.5	7.6
Machinery	(0.0)	0.3	(0.2)	(1.4)	(1.3)	(0.5)	(0.3)	0.4	(0.2)	(0.6)
Other*	0.4	(0.2)	(0.1)	(0.2)	(0.2)	0.0	(0.0)	(0.3)	(0.1)	(0.4)
Net Profit Attributable to Owners of Parent	2.3	2.5	2.8	0.6	8.1	2.2	2.8	3.0	1.6	9.6

* Other includes income taxes

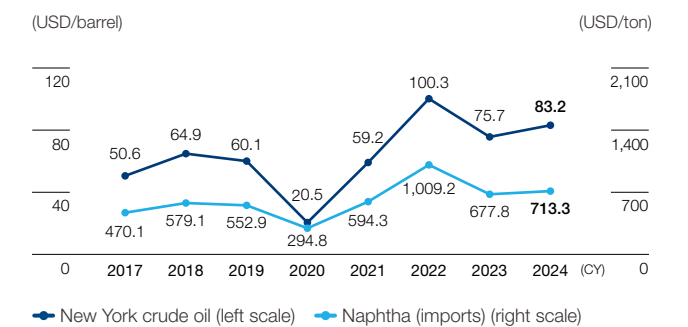
Market Trends

Foreign Exchange Rate



Note: As of March 31
Source: Rate as of the Company's term-end

Oil Prices



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

Chori's History

Transformation of Business Portfolio

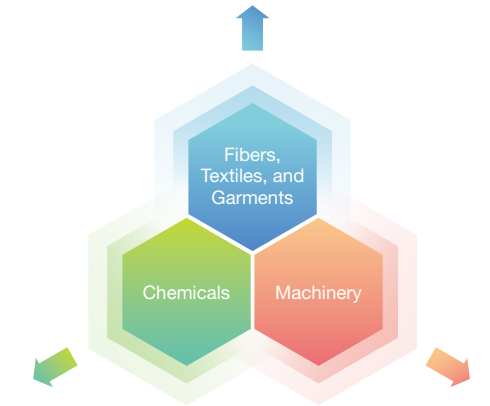
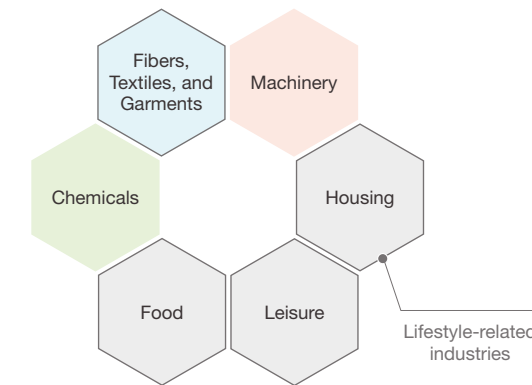
Chori has continued to expand its business portfolio centered on the Fibers, Textiles, and Garments Business, its founding business.

Through the lessons learned from diversification and setbacks over the years, we are constantly working to optimize our business portfolio.

Branching Out into the Chemical and Machinery Fields on the Strength of Our Fibers, Textiles, and Garments Business

Diversifying Our Business to Become a Major Specialized Trading Company

Selecting and Concentrating on Promising Businesses



Evolving from a Raw Silk Wholesaler to a Trading Company Specializing in Fibers, Textiles, and Garments

Fibers, Textiles, and Garments

Since its establishment in 1861, Chori has continued to conduct business as a raw silk wholesaler for nearly half a century and has been handling rayon yarn since 1926. Chori's handling of rayon yarn expanded as a result of the widening use of this man-made fiber, becoming the foundation of its synthetic fiber, which has become a strength of its business today.

Since establishing a branch office in Fukui Prefecture in 1929, we have been working closely for over 90 years with businesses in the Hokuriku region, one of the world's leading textile producing regions, forming an important supply chain foundation for the Fibers Textiles, and Garments Business, which handles a wide range of high-performance, high-quality materials.

In 1933, Chori Shoten was established, and by transforming this general partnership from a traditional, privately owned business in Japan to a more modern business, we expanded our sales channels in not only Japan but also China, India, Mexico, and other areas overseas to coincide with the expanding sales of rayon yarn.

By 1937, Chori accounted for approximately 30% of rayon yarn production in Japan, establishing a solid foundation as a trading company specializing in fibers, textiles, and garments.

In 1948, after World War II, Chori Shoten was restructured, resulting in the establishment of CHORI CO., LTD.

By this time, the Company had formed a network of 20 overseas branch offices, primarily in China and other countries in Asia.

In 1953, the Fibers, Textiles, and Garments Business began handling woolly nylon, a material used in a variety of products, leading to steady growth of the business. In 1956, we entered the field of synthetic resins, which use the same raw materials as synthetic fibers. This was the beginning of our expansion of the Chemicals Business through the supply of textile auxiliaries to textile processing plants. While demand for synthetic resins grew steadily owing to their widening range of applications, other areas of the Chemicals Business continued to go through a period of trial and error. We also began handling textile machinery with the aim of enhancing business efficiency, which led to the establishment of the Machinery Business and the accumulation of our knowledge of machinery.

In 1961, prior to the normalization of Japan-China diplomatic relations, Chori was designated as one of the first friendly trading companies by China, paving the way for the launch of its China business ahead of competitors. Chori has established a robust supply chain in China through the extensive ties it has developed with the country over the years. Despite the expansion of our business fields, the Fibers, Textiles, and Garments Business still represented 90% of our net sales in the fiscal year ended March 31, 1967.

In addition to the synthetic resin business, inorganic chemicals grew into a pillar of the Chemicals Business through the launch of the phosphoric acid business, while new businesses such as the animal and plant extract and feed additives businesses were introduced. The Chemicals Business later expanded to include chemical raw materials and urethane raw materials, and various attempts were made to build on the business's current foundation, including the development of the food and organic intermediates businesses, the launch of electronic equipment related products, and the handling of pharmaceutical ingredients.

Meanwhile, in addition to textile machinery, the Machinery Business expanded its handling of machinery to various types of industrial machinery in Japan and overseas, began exporting vehicles to Central and South America, and entered the field of information equipment and electronic devices.

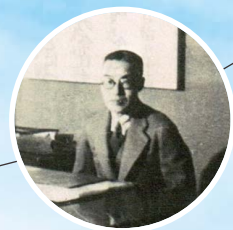
Aiming to become a major trading company that specializes in the lifestyle-related industries of food, clothing, housing, and leisure, we launched a fast-food business, constructed large-scale recreation centers, created new communities, invested in real estate, developed golf courses, began operating a hotel business, and developed a wide range of other businesses.

In 1997, when the Company advocated itself as a trading company that contributes to the betterment of lifestyles and culture, it received an order for the construction of a railroad in Kazakhstan. The Company then focused on the natural resource and construction businesses and invested a large amount of capital in promoting the development of various other businesses, but was ultimately unable to withstand the challenges of the unstable Japanese economy after the collapse of the bubble economy, becoming trapped in a state of financial dependency.

Under the Reborn Management Plan, announced in 2003, we analyzed our businesses from the perspectives of function, capital, and profitability and classified them based on priority. The Company also sold its synthetic resin and kimono businesses and focused on selecting and concentrating on promising businesses. This led to the creation of the prototype for our current business portfolio as a multifaceted specialized trading company consisting of the Fibers, Textiles, and Garments, Chemicals, and Machinery businesses.

Optimization of Business Portfolio

In the period that followed the Reborn Management Plan, we established and strictly enforced exit rules for business withdrawal. In addition, we invested in growth fields and regions to further optimize our business portfolio and tied this to improvements in our ROA and ROIC.



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.

1929 Establishes branch office in Fukui Prefecture

1934 Establishes branch office in Ishikawa Prefecture

1948 ————— 1974

A Period of Growth

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

- | | |
|---|---|
| <p>1948 CHORI CO., LTD. established</p> <p>1952 Moves head office to Osaka</p> <p>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.)</p> <p>1956 Launches the Chemicals Business</p> <p>1957 Establishes Chori New York Co., Ltd. (currently CHORI AMERICA, INC.), Chori's first overseas subsidiary</p> | <p>1959 Stock listed on Osaka Securities Exchange</p> <p>1961 Stock listed on Tokyo Stock Exchange</p> <p>Designated as one of the first friendly trading companies by China</p> <p>1963 Establishes subsidiary Chori GmbH (currently Chori Europe GmbH)</p> <p>1973 Establishes subsidiary CHORI SINGAPORE PTE LTD</p> <p>1974 Establishes subsidiary THAI CHORI CO., LTD</p> |
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1975 ————— 2003

A Period of Setbacks

Selection and Concentration of Businesses Due to Significant Losses

- | | |
|--|---|
| <p>1975 Begins company restructuring with drastic streamlining and downsizing of management</p> <p>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</p> <p>1987 Establishes subsidiary CHORI COMPANY, (HONG KONG) LIMITED</p> <p>1989 Establishes subsidiary CHORI TRADING (MALAYSIA) SDN. BHD.</p> | <p>1993 Establishes CHORI (SHANGHAI) CO., LTD., Chori's first subsidiary in China</p> <p>1995 Establishes P.T. CHORI INDONESIA</p> <p>2001 Establishes Chori Middle East FZE</p> <p>2002 Spins off the Synthetic Resin Business Division into a separate company</p> <p>2003 Launches the Reborn Management Plan and undergoes sweeping structural reforms</p> |
|--|---|

2004 —————

A Period of Breakthrough Results

Steady Improvements in Business Performance and Expansion of Business

- | | |
|---|---|
| <p>2004 Becomes a consolidated subsidiary of Toray Industries, Inc. Establishes subsidiaries CHORI (TIANJIN) CO., LTD. and CHORI (DALIAN) TRADING CO., LTD.</p> <p>2005 Establishes CHORI (CHINA) CO., LTD., the first Japanese trading company subsidiary with the rights to sell and trade in China</p> <p>2010 Establishes a representative office in Dhaka, Bangladesh</p> <p>2012 Establishes subsidiary CHORI KOREA CO., LTD.</p> <p>2013 Makes PTI Japan Limited (currently CHORI GLEX CO., LTD.), a trading company specializing in chemicals, a consolidated subsidiary</p> <p>2014 Relocates Tokyo Head Office to Shinagawa Establishes subsidiary CHORI TRADING INDIA PRIVATE LIMITED</p> <p>2015 Makes Miyako Kagaku Co., Ltd., a trading company specializing in chemicals, a consolidated subsidiary</p> <p>2016 Holds first annual Hokuriku Yarn Fair Establishes subsidiary CHORI VIETNAM COMPANY LIMITED</p> | <p>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.</p> <p>2018 Makes KOZAKURA SHOKAI CO., LTD., a trading company specializing in chemicals, a consolidated subsidiary Establishes subsidiary TAIWAN CHORI MERCHANDISE COOPERATION LTD.</p> <p>2019 Establishes CHORI (DALIAN) COMMERCIAL IMPORT EXPORT CO., LTD.</p> <p>2021 Makes STX Company Limited, a trading company specializing in textiles, a consolidated subsidiary</p> <p>2022 Launches Companywide business transformation project CARAT (based on SAP mission-critical system)</p> |
|---|---|

Contributing to a Sustainable Society

Create a sustainable virtuous cycle of capital expansion and value creation through our business activities

Business Activities

Value Creation

Capital

(as of March 31, 2024)

Financial Capital

- Total equity ¥82.1 billion
- Net interest-bearing debt ¥(18.7) billion
- Investment Approx. ¥5.0 billion*1

*1 Total amount invested in digital transformation (SAP implementation). Includes certain investments made in fiscal 2022.

Intellectual Capital

- Expertise and know-how
- Branding of BLUE CHAIN™ and other products
→ Number of registered trademarks: Approx. 300

Human Capital

- Consolidated employees 1,304
- Nonconsolidated employees 343
→ Of whom, female employees 104 (30%)
- Employees of domestic and overseas subsidiaries 961
→ Of whom, locally hired employees overseas 473 (49%)

Social and Relationship Capital/ Manufacturing Capital

- Suppliers Approx. 1,600 companies
- Customers Approx. 1,400 companies
- Business sites*2
→ Japan 4
→ Overseas 31

*2 As of September 2024

Chori Innovation Plan 2025

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

VISION2030

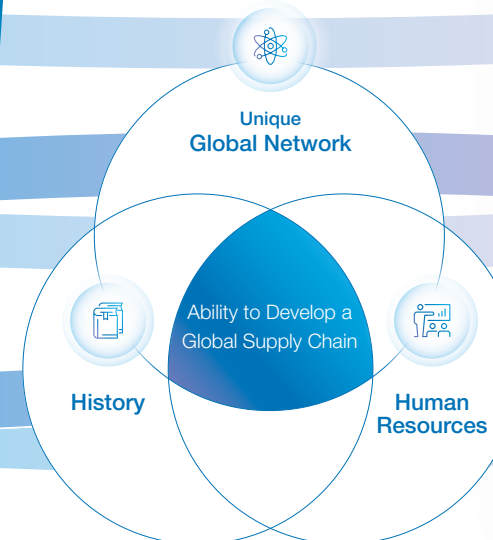
Become the company of choice

2061

Become a 200-year-old company

Overview and Strategies by Business Segment
Page 23

Chori's Strengths
Page 15



1861 Founding

Chori was founded on the spirit of coexistence and co-prosperity "to develop our business for the benefit of the world and people and to always strive to grow together with our customers."

Suppliers and Customers

- Create value through activities that go beyond the import and export of goods
- Further expand our line of sustainable materials
- Ensure ability to procure safe, high-quality products and raw materials
- Strengthen and ensure stability of supply chains (maintain a stable business continuity plan)
- Make effective use of resources and ensure their stable procurement and supply in line with global demand
- Address the human rights, labor, and health and safety concerns of suppliers

Employees

- Provide employees with a rewarding and enjoyable working environment
- Invest in human capital
- Increase employee engagement and promote health and productivity management

Shareholders and Investors

- Maximize shareholder value

Local Communities

- Help reduce the impact of climate change in order to achieve carbon neutrality by 2050
- Establish a circular economy by further expanding our line of carbon-free, recycling-oriented products
- Resolve social issues through business activities

Material Issues



Promote businesses that contribute to the realization of a sustainable and prosperous society



Promote human resource development and diversity



Strengthen supply chain management



Strengthen governance and ensure compliance

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.

Chori's Strengths

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



Years since founding

163

Since our founding as a raw silk wholesaler, we have expanded our customer base and business know-how while broadening our business domain to synthetic fibers and chemicals to evolve by responding quickly to changes in society.



Overseas Network

31 locations*¹

We have continued to expand our overseas network since the establishment of our first overseas subsidiary in the United States in 1957. We conduct procurement, production, and sales activities at the most suitable locations by drawing on our business networks centered on China and the ASEAN region.



Subsidiaries and Affiliates

39 companies*²

The Chori Group consists of 33 subsidiaries and six affiliates. We will continue to expand the Group through M&As of companies in the same industry or related industries that offer the potential for synergies.



Suppliers

Approx. 1,600 companies

We acquire a wide range of raw materials from various manufacturers in Japan and overseas. Taking into account the needs of our customers, we work with suppliers to develop new products through our market-in approach.



Customers

Approx. 1,400 companies

We maintain a steady supply of products by meeting the needs of our customers through efforts that include securing raw materials, ensuring the transparency of the supply chain, and responding to issues when they arise. We have also been receiving an increasing number of inquiries for SDG-oriented products.



Consolidated Employees

1,304*²

We create added value through our extensive range of know-how and expertise cultivated over many years. Leveraging our versatility, we nurture employees who can respond quickly and flexibly to customer needs.

*¹ As of September 30, 2024 *² As of March 31, 2024

Differentiating Chori's Supply Chain through the Collective Efforts of Employees across the Group

Yoko Kotani

General Manager
TAIWAN CHORI MERCHANDISE COOPERATION LTD.



Owing to the strength of our textile-related businesses, we have continued to develop stronger ties with people and companies with diverse backgrounds, experiences, and perspectives, including sewing factories, various suppliers, and customers. Even in countries I visited for the first time, there were many cases in which the support and cooperation of the Chori Group's overseas business sites led to new business opportunities, and I have come to realize the strength of Chori's global supply chain, which is backed by its history of over 160 years.

TAIWAN CHORI MERCHANDISE COOPERATION LTD., where I currently serve as general manager, has been developing close relationships with manufacturers in Taiwan for many years,

mainly in the yarn, textile, and chemical businesses. Our main business is the supply of functional materials to customers. TAIWAN CHORI MERCHANDISE COOPERATION has been positioned as an important strategic base for the continued development of the Company's already extensive business reach in Asia and the further growth of the Group's business. In light of Japan's rapidly changing external business environment and the need for further globalization of Chori's production sites and sales network, I believe we can differentiate our supply chain through the collective efforts of employees across the Group, including overseas bases, and their ability to develop new markets.

Chori's Value Creation History of Evolution and Change

Chori Innovation Plan 2025
Fiscal 2023 to Fiscal 2025



Though we have endured long periods of hardship over our more than 160 years in business, we made a fresh start in 2003 with the establishment of our Reborn Management Plan and have since continued to evolve and change while enhancing our corporate value.

As a part of this regrowth, we have focused on ROA as a key management indicator in order to fulfill the needs of all stakeholders, including shareholders, business partners, employees, and society as a whole.

Reborn Management Plan

Fiscal 2003 to Fiscal 2005

Basic Strategies

- Strengthen financial base
- Strengthen corporate governance
- Ensure business profitability

Results

Improved financial position through our efforts to select and concentrate management resources on certain businesses with the aim of maximizing ROA. Targets for total assets, net interest-bearing debt, and ROA were achieved ahead of schedule.

Net Sales (Yen)

FY	Plan	Result
2003	286.9 billion	299.5 billion
2004	255.3 billion	242.2 billion
2005	261.0 billion	223.3 billion

Ordinary Profit (Yen)

FY	Plan	Result
2003	2.8 billion	2.9 billion
2004	4.1 billion	3.4 billion
2005	4.7 billion	4.5 billion

ROA (Net Profit Basis)^{*3}

FY	Plan	Result
2003	2.1%	0.9%
2004	3.1%	4.0%
2005	3.4%	5.2%

Yakushin 2006

Fiscal 2005 to Fiscal 2006

Basic Strategy

- Rapidly increase business profitability
- Further improve operational efficiency

Results

Continued to strengthen financial position as the steady improvement in profitability led to a turnaround in revenue growth and record ordinary profit.

Net Sales (Yen)

FY	Plan	Result
2005	240.0 billion	223.3 billion
2006	255.0 billion	232.1 billion

Ordinary Profit (Yen)

FY	Plan	Result
2005	5.0 billion	4.5 billion
2006	6.0 billion	4.9 billion

ROA (Net Profit Basis)^{*3}

FY	Plan	Result
2005	5.0%	5.2%
2006	6.0%	4.8%

Yakushin 2008

Fiscal 2007 to Fiscal 2008

Basic Strategy

- Establish a high-profit structure conducive to sustainable growth
- Further promote open and honest compliance management

Results

Aggressively developed business centered on China, achieved record ordinary profit for the fourth consecutive year, and purchased and redeemed preferred shares, resuming dividend payments for the first time in 17 and a half years.

Net Sales (Yen)

FY	Plan	Result
2007	240.0 billion	252.1 billion
2008	270.0 billion	223.0 billion

Ordinary Profit (Yen)

FY	Plan	Result
2007	5.1 billion	5.7 billion
2008	5.5 billion	6.0 billion

ROA (Net Profit Basis)^{*3}

FY	Plan	Result
2007	4.3%	4.0%
2008	4.4%	5.9%

Yakushin 2010

Fiscal 2009 to Fiscal 2010

Basic Strategy

- Reorganize business structure in response to changes in the business environment
- Develop and inspire employees
- Further promote open and honest compliance management

Results

Successfully reorganized business structure in response to changes in the business environment as a result of the global financial crisis of 2007 to 2009 and achieved our planned goals despite the impacts of the stagnant Japanese economy.

Net Sales (Yen)

FY	Plan	Result
2009	200.0 billion	191.1 billion
2010	230.0 billion	222.1 billion

Ordinary Profit (Yen)

FY	Plan	Result
2009	4.0 billion	4.7 billion
2010	5.0 billion	5.3 billion

ROA (Net Profit Basis)^{*3}

FY	Plan	Result
2009	4.0%	5.1%
2010	4.5%	8.3%

Yakushin 2013^{*1}

Fiscal 2012 to Fiscal 2013

Basic Strategy

- Promote consolidated global management
- Strengthen management foundation
- Develop new businesses, conduct business investments, and engage in M&As

Results

Continued to review existing businesses while establishing new businesses, increased the ratio of nonconsolidated to consolidated ordinary profit through the expansion of business overseas, and carried out business investments of approximately ¥4.0 billion, including M&As.

Net Sales (Yen)

FY	Plan	Result
2012	230.0 billion	221.8 billion
2013	260.0 billion	224.3 billion

Ordinary Profit (Yen)

FY	Plan	Result
2012	6.3 billion	5.5 billion
2013	7.0 billion	5.8 billion

ROA (Ordinary Profit Basis)^{*4}

FY	Plan	Result
2012	9.0%	7.6%
2013	9.0%	7.5%

Yakushin 2016

Fiscal 2014 to Fiscal 2016

Basic Strategy

- Reinforce consolidated management structure
- Strengthen human resource development structure
- Develop new businesses and engage in M&As

Results

Strengthened the foundation of our overseas businesses and carried out business investments of approximately ¥9.0 billion, including a large-scale M&A in the Chemicals Business (Miyako Kagaku Co., Ltd.).

Net Sales (Yen)

FY	Plan	Result
2014	260.0 billion	248.4 billion
2015	280.0 billion	291.6 billion
2016	300.0 billion	270.9 billion

Ordinary Profit (Yen)

FY	Plan	Result
2014	6.2 billion	6.0 billion
2015	6.8 billion	5.5 billion
2016	7.5 billion	7.0 billion

ROA (Ordinary Profit Basis)^{*4}

FY	Plan	Result
2014	8.0%	7.1%
2015	8.0%	5.6%
2016	8.0%	7.1%

Chori Innovation Plan 2019

Fiscal 2017 to Fiscal 2019

Basic Strategy

- Reinforce consolidated management structure
- Develop new businesses, conduct business investments, and engage in M&As
- Strengthen corporate governance
- Strengthen human resource development structure

Results

Carried out business investments of approximately ¥6.0 billion, including M&As; improved overall profitability; and achieved record ordinary profit in two consecutive years through the contributions of subsidiaries acquired through M&As.

Net Sales (Yen)

FY	Plan	Result
2017	280.0 billion	311.7 billion
2018	300.0 billion	356.5 billion
2019	330.0 billion	329.4 billion

Ordinary Profit (Yen)

FY	Plan	Result
2017	7.2 billion	7.5 billion
2018	7.8 billion	8.7 billion
2019	8.5 billion	8.7 billion

ROA (Ordinary Profit Basis)^{*5}

FY	Plan	Result
2017	7.2%	6.9%
2018	7.3%	7.3%
2019	7.5%	7.5%

Chori Innovation Plan 2022

Fiscal 2020 to Fiscal 2022

Basic Strategy

- Reinforce consolidated management structure
- Create next-generation business models
- Strengthen corporate governance
- Promote compliance
- Strengthen human resource development structure

Results

Established the foundation for our new stage of consistently delivering ordinary profit at the ¥10.0 billion level through the expansion of our overseas business and the contributions of subsidiaries acquired through M&As, in addition to engaging in a large-scale M&A in the Fibers, Textiles, and Garments Business (STX Company Limited).

Net Sales^{*2} (Yen)

FY	Plan	Result
2020		216.2 billion
2021		284.1 billion
2022	280.0 billion	329.4 billion

Ordinary Profit (Yen)

FY	Plan	Result
2020		4.7 billion
2021		10.3 billion
2022	11.0 billion	12.4 billion

ROA (Ordinary Profit Basis)^{*5}

FY	Plan	Result
2020		4.1%
2021		8.4%
2022	8.0% or more	9.0%

^{*2} Effective fiscal 2020, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 30, 2018) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued on March 30, 2018).

Strengthen financial base and select and concentrate management resources on certain businesses

Strengthen management foundation and launch M&A strategy

Evolve and transform business model and strengthen corporate governance
Advance to a new stage of consistently delivering ordinary profit at the ¥10.0 billion level

^{*3} ROA = Net profit attributable to owners of parent / Total assets × 100 ^{*4} ROA = Ordinary profit / Total assets × 100 ^{*5} ROA = Ordinary profit / Total assets (Avg. of beginning and end of fiscal year) × 100

Chori Innovation Plan 2025

Chori Innovation Plan 2025, our medium-term management plan covering the three-year period from fiscal 2023 to fiscal 2025, marks the final stage of the Chori Innovation Plan, which we have been promoting since fiscal 2017. Under the Chori Innovation Plan, we are transforming businesses and management structures to achieve further growth and expansion to achieve VISION2030. Aiming to further enhance corporate value, the Chori Group will move forward as a corporate group that constantly evolves and changes on a global scale, underpinned by our exceptional capabilities and expertise.

Financial Targets		Non-Financial Targets	
	Fiscal 2025 Plan		
Net Sales	¥360.0 billion	✓ Expand our line of environment-friendly SDG-oriented products	
Profit before Income Taxes	¥16.0 billion	✓ Increase the percentage of women among career-track hires and employees who have transferred to career-track positions to over 30%	
Net Profit Attributable to Owners of Parent	¥11.0 billion	✓ Increase the percentage of male employees taking childcare leave	
ROA*1	7% or more	✓ Increase the percentage of women in management positions	
ROE*1	12% or more	✓ 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	
ROIC*2	Approx. 10%	✓ Invest approximately ¥5.0 billion in digital transformation (DX) measures, including the adoption of SAP software	

*1 Net profit attributable to owners of parent basis
 *2 Return on invested capital (ROIC) = Operating profit after income taxes / Invested capital (Equity + Interest-bearing debt, Avg. of beginning and end of fiscal year)

VISION2030:
The Company We Aspire to Be

Net Sales ¥400.0 billion

Profit before Income Taxes ¥20.0 billion

Sustainability

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

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

Material Issues



Promote businesses that contribute to the realization of a sustainable and prosperous society



Promote human resource development and diversity



Strengthen supply chain management



Strengthen governance and ensure compliance

We will continue to create value beyond the period of Chori Innovation Plan 2025 through our approach to material issues.

Promote Consolidated Management Centered on Our Global Business

Basic Strategy

01

Chori will strengthen the operating bases of its major overseas business sites by enhancing its mission-critical system and expanding its overseas workforce while improving 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 synergies, we will strive to develop next-generation products and expand our line of existing products.

Develop Sustainable Businesses That Adapt Quickly to the Changing Business Environment

Basic Strategy

02

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.

Promote ESG Management

Basic Strategy

03

We strive to strengthen ESG management by addressing climate change and expanding our line of environment-friendly products, developing a diverse workforce and promoting respect for human rights to ensure the well-being of stakeholders, and continuing to strengthen and promote corporate governance, compliance, and risk management.

Business-Specific Strategies to Achieve the Goals of Chori Innovation Plan 2025

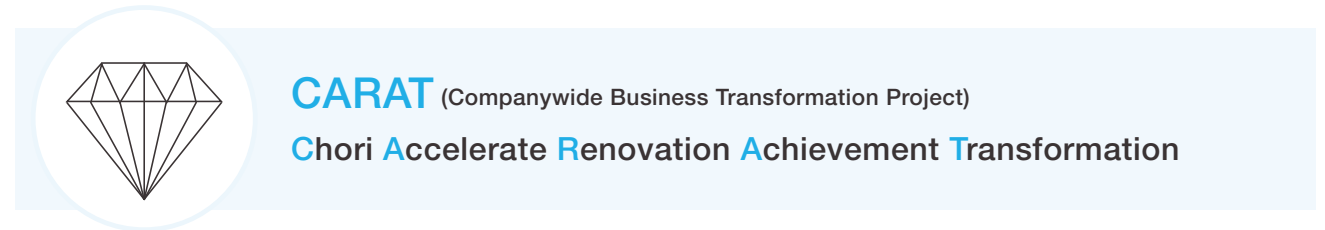
POINT	Business	Strategy
POINT 1	Fibers, Textiles, and Garments	Strengthen consolidated management centered on our global business, including overseas subsidiaries and Group companies Pursue and optimize Group synergies with STX Company Limited, ASADA U CO., LTD., and MCC Industry COMPANY LIMITED
	Chemicals	Accelerate creation of new businesses by strengthening collaboration with overseas subsidiaries and Group companies
POINT 2	Fibers, Textiles, and Garments	Expand our line of environment-friendly SDG-oriented products Strengthen development of BLUE CHAIN™ products
	Chemicals	Strengthen development of SDG-oriented products and expand scope of mobility and eco-friendly solutions
POINT 3	Fibers, Textiles, and Garments	Expand business areas through growth investments and M&As Accelerate business growth through M&As and investments, in addition to expanding our business of automotive, hygienic, construction, and lifestyle-related materials in the Industrial Textiles Business Department
	Chemicals	Promote product development through a market-in approach that allows Chori to take initiative, including for business investments

Fiscal 2023 Progress

- ✓ Management focused on capital efficiency as a measure of ROIC (Page 7)
- ✓ Steadily expanding our line of SDG-oriented products (Page 47)
- ✓ Steady progress of CARAT, the Companywide business transformation project for the development of a DX management structure (Page 21)
- ✓ Steady progress in each business: Fibers, Textiles, and Garments (Page 25), Chemicals (Page 29), and Machinery (Page 33)

DX Strategy

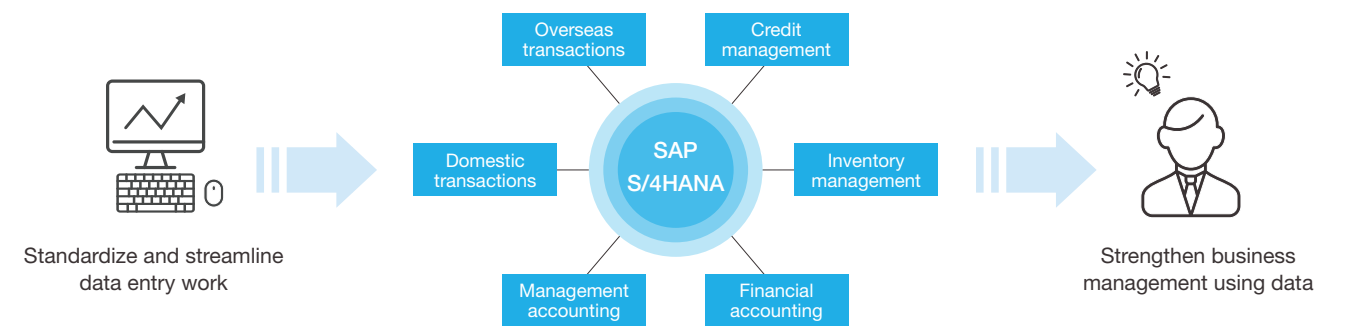
Chori is promoting digital transformation (DX) from both defensive and offensive perspectives. To solidify its defensive DX strategy, the Company has continued to forge ahead with the creation of its DX management structure based on CARAT, our Companywide business transformation project, since 2022. Following the launch of full-scale operation in 2025, we will focus on strengthening businesses based on the management structure we have established as part of our offensive DX strategy and utilize these efforts as a springboard to realize VISION2030, our vision of the company we aspire to be by 2030.



Based on the slogan "Fit to Standard," in April 2022, we launched a Companywide business transformation project with the aim of completely rebuilding Chori as an organization. The project was named CARAT (Chori Accelerate Renovation Achievement Transformation) to liken Chori, which engages in the Fibers Textiles, and Garments, Chemicals, and Machinery businesses, to a diamond with several facets and convey the meaning that the Company will continue to refine its appeal 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. We plan to fully operate this system in April 2025 and invest approximately ¥5.0 billion in the DX platform.

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.



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.

