

These documents have been translated from Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translations.

(Securities Code 8014)  
May 31, 2022

**To Shareholders with Voting Rights:**

Kazuo Sakihama  
President, CEO & COO  
Chori Co., Ltd.  
1-7-3, Awajimachi, Chuo-ku, Osaka,  
Japan

**NOTICE OF  
THE 75TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We are pleased to announce that the 75th Annual General Meeting of Shareholders of Chori Co., Ltd. (the “Company”) will be held for the purposes as described below.

From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), we request that you exercise your voting rights in advance in writing or via electromagnetic means (the Internet, etc.) whenever possible, and please do not force yourself to attend the General Meeting of Shareholders in person on the date of the meeting.

Please review the information in the Reference Documents for the General Meeting of Shareholders provided later in this Notice and submit your vote by no later than 5:30 p.m. on Wednesday, June 15, 2022, with reference to the Guidance for Exercising Your Voting Rights described on pages 3 to 4.

**Date and Time:** Thursday, June 16, 2022 at 10:00 a.m. Japan time (Reception opens at 9:30 a.m.)

**Place:** Shinagawa Intercity Hall, located at 2-15-4, Konan, Minato-ku, Tokyo, Japan

**Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 75th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
  2. Nonconsolidated Financial Statements for the Company's 75th Fiscal Year (April 1, 2021 - March 31, 2022)

**Proposals to be resolved:**

- Proposal No. 1:** Partial Amendments to the Articles of Incorporation
- Proposal No. 2:** Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal No. 3:** Election of Three (3) Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 4:** Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

- Any updates to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Nonconsolidated Financial Statements will be posted on the Company's website.
- This Notice consists of the Business Report, Consolidated Financial Statements and Nonconsolidated Financial Statements, excluding the items stated below, that are subject to audit by the Audit & Supervisory Committee and Accounting Auditor for the purposes of preparing the audit reports. The items stated below are posted on the Company's website pursuant to the laws and regulations as well as Article 16 of the Articles of Incorporation of the Company.
  - Business Report: "Accounting Auditor," "Company's Systems and Policies"
  - Consolidated Financial Statements: "Consolidated Statement of Changes in Equity," "Notes to the Consolidated Financial Statements"
  - Nonconsolidated Financial Statements: "Nonconsolidated Statement of Changes in Equity," "Notes to the Nonconsolidated Financial Statements"

**Measures in Response to the Novel Coronavirus Disease (COVID-19)**

- From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), we request that you exercise your voting rights in advance in writing or via the Internet whenever possible, and please do not force yourself to attend the General Meeting of Shareholders in person on the date of the meeting.
- The number of seats available at the venue of this General Meeting of Shareholders will be significantly fewer than that in previous years due to the increased space between seats. We appreciate your understanding and cooperation.
- We would like to ask all shareholders who attend the General Meeting of Shareholders in person on the day of the Meeting to take measures such as wearing a mask to prevent yourself and others from becoming infected. We also ask for your cooperation in taking measures to prevent infection, such as alcohol disinfection and temperature measurement using non-contact thermometers at the entrance to the venue of the Meeting. If you have a temperature higher than 37.5 degrees Celsius as a result of the temperature measurement, or if you appear to be in poor health, you may be refused admission.
- The operational staff of the General Meeting of Shareholders will wear masks while on duty after checking their health conditions thoroughly.
- If there are any major changes to the operation of the General Meeting of Shareholders, including the above measures, due to future circumstances, an announcement will be made on the Company's website.

We would like to ask for your understanding and cooperation for the safety and health of you and the people around you.

The Company's website:  
<https://www.chori.co.jp/ir/assembly.html>

## Guidance for Exercising Your Voting Rights

Please review the information provided in the Reference Documents for the General Meeting of Shareholders (from pages 5 to 17) and exercise your voting rights.

You can exercise your voting rights through any of the three methods set out below.

### Exercising of Voting Rights by attending the General Meeting of Shareholders

Date and time of the General Meeting of Shareholders: Thursday, June 16, 2022 at 10:00 a.m. Japan time

Please submit the enclosed Voting Rights Exercise Form at the reception desk of the venue. In addition, attendees are requested to bring the Notice of the 75th Annual General Meeting of Shareholders (this document) with them.

### Exercise of Voting Rights in Writing

Deadline for the exercise of voting rights: Wednesday, June 15, 2022 at 5:30 p.m. Japan time

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it to us by the deadline.

### Exercise of Voting Right via the Internet

Deadline for the exercise of voting rights: Wednesday, June 15, 2022 at 5:30 p.m. Japan time

Please access the Website for Exercising Voting Rights using a PC, smartphone or mobile phone to indicate your vote for or against the proposals.

Website for Exercising Voting Rights: <https://soukai.mizuho-tb.co.jp/>

For more information, please read the instructions on page 4.

- When exercising your voting rights by proxy, (1) a letter of attorney signed by the shareholder, the grantor, or with his/her signature and seal and (2) Voting Rights Exercise Form of the shareholder, the grantor, or other documents to confirm the identification of the shareholder, need to be submitted.  
A proxy is limited to one shareholder who owns the Company's Voting Rights as stipulated in the Articles of Incorporation of the Company.
- If there is no indication of your vote for or against each proposal when you exercise your voting rights in writing, the Company will deem that you have voted for the proposals.
- If you exercise your voting rights both via the Voting Rights Exercise Form and the Internet, the vote exercised via the Internet will be recognized as valid. If you exercise your voting rights several times via the Internet, only the final vote will be deemed valid.

## Guidance for Exercising your Voting Rights via the Internet

### Scanning the QR Code “Smart Exercise”

1. Scan the QR code on the bottom right of your Voting Rights Exercise Form.
  2. Please follow the instructions on the screen to indicate your vote for or against the proposals.
- You can log in to the Website for Exercising Voting Rights without entering your voting rights exercise code or password.

### You can only exercise your voting rights once using “Smart Exercise”.

If you would like to change your votes after exercising your voting rights, please access the PC website and log in by entering the “voting rights exercise code” and “password” provided on the back of the right hand side of your Voting Rights Exercise Form, and exercise your voting rights again.

\*If you scan the QR code again, you can access the PC website.

### Entering your voting rights exercise code and password

Website for Exercising Voting Rights URL: <https://soukai.mizuho-tb.co.jp/>

1. Access the Website for Exercising Voting Rights.
2. Enter the “voting rights exercise code” provided on your Voting Rights Exercise Form.
3. Enter the “password” provided on your Voting Rights Exercise Form.
4. Please follow the instructions on the screen to indicate your vote for or against the proposals.

### Inquiries

- Contact information for PC related technical inquiries  
Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.  
Internet related technical support  
Telephone: 0120-768-524 (Weekdays from 9:00 a.m. to 9:00 p.m.)
- Contact for other inquiries for stock-related administrative work  
Telephone: 0120-288-324 (Weekdays from 9:00 a.m. to 5:00 p.m.)
- The password serves as a tool to verify the voter’s identity. Please be sure to keep it in a safe place until the conclusion of this General Meeting of Shareholders. We are unable to provide your password over the phone.
- If you enter the wrong password for a specified number of times in succession, the web page will be locked and become unusable. In this case, you need to follow the instructions on the screen to try again.
- Please understand that shareholder is solely responsible for any expenses incurred to connect to the Internet.
- The Company has tested and confirmed the operation of the Website for Exercising Voting Rights, using general Internet access devices, but certain types of devices may not be able to access the website.
- If you are an institutional investor, you may use the Electronic Voting System Platform for institutional investors operated by ICJ, Inc.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1 Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the amendments

The revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders.

- (1) Article 16, Paragraph 1 of the proposed amendments stipulates that information contained in the Reference Documents for the General Meeting of Shareholders, etc., shall be provided electronically.
- (2) Article 16, Paragraph 2 of the proposed amendments establishes a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) As the provision concerning Internet disclosure and deemed provision of Reference Documents for General Meetings of Shareholders (Article 16 of the current Articles of Incorporation) will no longer be necessary, the provision shall be deleted.
- (4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishment and deletion as above.

#### 2. Details of the amendments

The details of the amendments are as follows:

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 16 (Internet disclosure and deemed provision of Reference Documents for General Meetings of Shareholders)</u></p> <p><u>The Company may, when convening a general meeting of shareholders, deem that it has provided its shareholders with information pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p>&lt;Deleted&gt;</p>
<p>&lt;Newly established&gt;</p>	<p><u>Article 16 (Measures for electronic provision, etc.)</u></p> <p><u>1. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting right.</u></p>

Current Articles of Incorporation	Proposed amendments
<Newly established>	<p data-bbox="810 192 1114 219"><u>(Supplementary provisions)</u></p> <p data-bbox="810 224 1358 412"><u>1. The amendments to Article 16 shall take effect on September 1, 2022, the date of enforcement of the revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (“Enforcement Date”).</u></p> <p data-bbox="810 416 1358 604"><u>2. Notwithstanding the provision of the preceding paragraph, Article 16 (Internet disclosure and deemed provision of Reference Documents for General Meetings of Shareholders) shall remain in force for a general meeting of shareholders held within six months from the Enforcement Date.</u></p> <p data-bbox="810 609 1358 797"><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Enforcement Date or the lapse of three months from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 2 Election of Five (5) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

All of five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company will complete their terms of office at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members).


This proposal was determined by the Board of Directors after deliberation on the proposal by the Governance Committee, which is an advisory body for the Board of Directors. It was also reviewed by the Audit & Supervisory Committee, and no objection was raised.


The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.		Name	(Age)	Term of office	Current positions at the Company
1	[Reappointment]	Kazuo Sakihama	(66 years old)	9 years	President, CEO & COO President and Executive Officer
2	[New appointment]	Tatsuyuki Sakoda	(57 years old)	0 year	Senior Executive Officer
3	[Reappointment]	Kazuhiro Tohge	(61 years old)	4 years	Director Executive Officer
4	[Reappointment]	Mitsuo Ohya	(66 years old)	2 years	Director
5	[New appointment] [Outside Director] [Independent Officer]	Hiroko Noda	(61 years old)	0 year	

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 <p>Kazuo Sakihama May 2, 1956 66 years old</p> <p>[Term of office as Director] 9 years</p> <p>[Reappointment]</p>	<p>Apr. 1980 Joined the Company</p> <p>Jun. 2010 Executive Officer, Deputy General Manager of Chemicals &amp; Life Science, Machinery, Electronics Operations (China Business) of the Company, Deputy General Manager of Chori (China) Co., Ltd. and General Manager of Chori (Tianjin) Co., Ltd.</p> <p>Jun. 2013 Director, Executive Officer, Deputy General Manager of Chemicals &amp; Life Science, Machinery, Electronics Operations of the Company</p> <p>Jun. 2014 Director, Executive Officer, General Manager of Chemicals &amp; Life Science, Machinery, Electronics Operations of the Company</p> <p>Jan. 2015 President, CEO &amp; COO, President and Executive Officer of the Company (to present)</p> <p>■ Reasons for nominating the candidate for Director Since joining the Company in 1980, Mr. Kazuo Sakihama has worked mainly in chemicals and machinery businesses. He has served as Deputy General Manager of Chori (China) Co., Ltd., General Manager of Chemicals &amp; Life Science, Machinery, Electronics Operations, and in other positions, and since his appointment as the President in 2015, he has led the implementation of growth strategies based on the medium-term management plan, and has achieved record-high profits (ordinary income) every fiscal year under the previous medium-term management plan. We believe that he is capable of contributing to the sustainable development of the Company and objectively supervising the management of the Company, and have therefore continuously nominated him as a candidate for Director.</p>	33,717 shares
2	 <p>Tatsuyuki Sakoda November 4, 1964 57 years old</p> <p>[Term of office as Director] 0 year</p> <p>[New appointment]</p>	<p>Apr. 1989 Joined the Company</p> <p>Jun. 2018 Executive Officer, Deputy General Manager of Corporate Planning Division and Department Manager of Corporate Management Department of the Company, and President of Chori America, Inc.</p> <p>Jun. 2020 Executive Officer of the Company, President &amp; CEO of Miyako Kagaku Co., Ltd.</p> <p>Jun. 2021 Senior Executive Officer of the Company, President &amp; CEO of Miyako Kagaku Co., Ltd. (to present)</p> <p>■ Reasons for nominating the candidate for Director Since joining the Company in 1989, Mr. Tatsuyuki Sakoda has worked mainly in finance and accounting operations. He has served as Deputy General Manager of Corporate Planning Division and has been the President &amp; CEO of Miyako Kagaku Co., Ltd. since 2020. He has abundant business experience in the Company and the Group and broad knowledge in all the areas of management of trading company. We believe that he is capable of carrying out appropriate business execution and objectively supervising the management of the Company, and have therefore newly nominated him as a candidate for Director.</p>	8,406 shares



No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 <p data-bbox="284 810 480 902">Kazuhiro Tohge September 5, 1960 61 years old</p> <p data-bbox="252 936 512 987">[Term of office as Director] 4 years</p> <p data-bbox="300 1021 464 1050">[Reappointment]</p>	<p data-bbox="564 309 1262 817">           Apr. 1984 Joined TORAY INDUSTRIES, INC.            Jun. 2010 Chief in charge of Corporate Marketing Planning Department and Chief in charge of Automotive Material Strategic Planning Department of TORAY INDUSTRIES, INC.            Jun. 2014 Director of P.T. Toray Industries Indonesia, Vice President of P.T. Indonesia Toray Synthetics and Director of P.T. OST FIBRE INDUSTRIES            May 2016 General Manager of Industrial &amp; Clothing Textile Division of TORAY INDUSTRIES, INC.            Jun. 2018 Director, Executive Officer, General Manager of Promoting Textile &amp; Garment Business Globalization of the Company            Jun. 2019 Director, Executive Officer, Special Appointee of the President (Textile Division) of the Company (to present)         </p> <p data-bbox="564 824 1414 1247"> <b>■ Reasons for nominating the candidate for Director</b>            Since joining TORAY INDUSTRIES, INC. in 1984, Mr. Kazuhiro Tohge has engaged mainly in sales operations related to the fiber and textile business. He has served as Vice President of P.T. Indonesia Toray Synthetics and General Manager of Industrial &amp; Clothing Textile Division of TORAY INDUSTRIES, INC., and since 2018, as the Director, Executive Officer, General Manager of Promoting Textile &amp; Garment Business Globalization, and Special Appointee of the President (Textile Division) of the Company (current position), he has been promoting operations in the fiber and textile business for which he is responsible based on the medium-term management plan. He has abundant global business experience, and we believe that he is capable of carrying out appropriate business execution and objectively supervising management in the businesses and fields for which he is responsible, and have therefore continuously nominated him as a candidate for Director.         </p>	9,351 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 <p data-bbox="309 931 456 1016">Mitsuo Ohya June 11, 1956 66 years old</p> <p data-bbox="252 1055 512 1104">[Term of office as Director] 2 years</p> <p data-bbox="301 1137 462 1164">[Reappointment]</p>	<p data-bbox="564 311 1286 987">           Apr. 1980 Joined TORAY INDUSTRIES, INC.            Jun. 2002 General Manager, Filament Dept. of TORAY INDUSTRIES, INC.            Jun. 2008 Vice President of P.T. Indonesia Toray Synthetics and Director of PT. OST Fibre Industries            Jun. 2009 General Manager, Industrial &amp; Textile Fibers Division and General Manager, Fibers &amp; Textiles Recycling Dept. of TORAY INDUSTRIES, INC.            Jun. 2011 General Manager, Industrial &amp; Textile Fibers Division of TORAY INDUSTRIES, INC.            Jun. 2012 Vice President (Member of the Board) of TORAY INDUSTRIES, INC.            Jun. 2014 President and Representative Member of the Board of Toray International, Inc.            Jun. 2016 Senior Vice President (Member of the Board &amp; Member of the Executive Committee) of TORAY INDUSTRIES, INC.            Jun. 2020 Director of the Company (to present)            Jun. 2020 Executive Vice President and Representative Member of the Board of TORAY INDUSTRIES, INC. (to present)         </p> <p data-bbox="564 1003 1406 1480"> <b>■ Reasons for nominating the candidate for Director</b>            Since joining TORAY INDUSTRIES, INC. in 1980, Mr. Mitsuo Ohya has worked mainly in sales operations related to the fiber and textile business. Together with possessing abundant experience and a depth of expertise in the fiber and textile business, he has achievements and knowledge related to all the areas of management, including serving as President and Representative Member of the Board of Toray International, Inc. from June 2014, as Senior Vice President (Member of the Board &amp; Member of the Executive Committee), General Manager of the Fibers &amp; Textiles Division and General Manager of the Osaka Head Office of TORAY INDUSTRIES, INC., and then as Executive Vice President and Representative Member of the Board of TORAY INDUSTRIES, INC. (current position). In the Company, he has objectively supervised management from a perspective of corporate management and provided useful suggestions for achieving sustainable growth, and we have therefore continuously nominated him as a candidate for Director.         </p>	0 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	 <p>Hiroko Noda July 3, 1960 61 years old</p> <p>[Term of office as Director] 0 year</p> <p>[New appointment] [Outside Director] [Independent Officer]</p>	<p>Apr. 1987 Joined Minato Audit Corporation (currently KPMG AZSA LLC)</p> <p>Aug. 1987 Joined Tokyo Branch of Prudential Securities Incorporated</p> <p>Mar. 1990 Registered as a certified public accountant, Representative of Noda Certified Public Accountant Office (to present)</p> <p>Aug. 1992 Joined Tokyo Branch of Banque Indosuez S.A. (currently Crédit Agricole CIB)</p> <p>Jun. 2000 Joined Tokyo Branch of Canadian Bank of Commerce</p> <p>Jul. 2006 Joined BUSICOM Co., Ltd.</p> <p>Sep. 2007 Established Prominent Consulting Co., Ltd., Representative Director</p> <p>May 2010 Established Probity Consulting Co., Ltd., Representative Director (to present)</p> <p>Apr. 2014 Part-time lecturer, Graduate School of Asian and International Business Strategy, Asia University (to present)</p> <p>Mar. 2019 External Director of MODEC, Inc., (to present) Outside Director (Audit &amp; Supervisory Committee Member) of Okabe Co., Ltd. (to present)</p> <p>Jun. 2021 Outside Director of S.T. CORPORATION (to present)</p> <p>■ Reasons for nominating the candidate for Outside Director and outline of expected roles Ms. Hiroko Noda has knowledge, experience and capabilities as a certified public accountant. She also has sufficient knowledge on management based on her abundant experience as an outside director and management consultant. We expect her to objectively supervise management and provide useful suggestions for achieving sustainable growth based on her knowledge and capabilities, and have therefore newly nominated her as a candidate for Director.</p> <p>■ Matters concerning independence Ms. Hiroko Noda is a candidate for Outside Director pursuant to Article 2, Paragraph 3, Item 7 of the Regulations for Enforcement of the Companies Act. She satisfies the requirements of an Independent Officer as prescribed by the Tokyo Stock Exchange and the Company, and the Company believes that her independence as Outside Director is sufficiently ensured. Accordingly, the Company plans to register her as Independent Director with the Tokyo Stock Exchange.</p>	0 shares


- (Note) 1. No material conflict of interest exists between the Company and any of the candidates for Directors.
2. The Company plans to enter into an agreement with Ms. Hiroko Noda to limit the liability for damages based on the Articles of Incorporation. Under this agreement, the limit of liability for damages shall be the minimum liability amount prescribed in Paragraph 1, Article 427 of the Companies Act, if she perform her duties in good faith and without gross negligence.


Proposal No. 3 Election of Three (3) Directors Who Are Audit & Supervisory Committee Members


All of three (3) Directors who are Audit & Supervisory Committee Members of the Company will complete their terms of office at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of three (3) Directors who are Audit & Supervisory Committee Members.

This proposal was determined by the Board of Directors after deliberation by the Governance Committee, which is an advisory body to the Board of Directors. The Audit & Supervisory Committee has also consented to this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 <p>Shigemasa Yabu April 7, 1961 61 years old</p> <p>[Term of office as Director] 7 years</p> <p>[New appointment]</p>	<p>Apr. 1985 Joined the Company</p> <p>Jun. 2013 Executive Officer, General Manager of Corporate Planning Department of Corporate Planning Division of the Company</p> <p>Jun. 2015 Director, Executive Officer, General Manager of Corporate Planning Department of Corporate Planning Division, General Manager of Corporate Accounting Department of Corporate Administration Division, and General Manager of Pharmacovigilance &amp; Quality Assurance Office of the Company</p> <p>Jun. 2019 Director, Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company</p> <p>Jun. 2021 Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company (to present)</p> <p>■ Reasons for nominating the candidate for Director Since joining the Company in 1985, Mr. Shigemasa Yabu has worked mainly in finance and accounting, legal work and compliance, and IR and public relations operations. He is currently the Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company. We believe that he is capable of objectively supervising the management of the Company by utilizing his abundant experience in the Company and broad knowledge related to all the areas of management, including serving as the chair of the project to formulate the current “Chori Innovation Plan 2022” medium-term management plan. We have therefore nominated him as a candidate for Director.</p>	22,693 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 <p data-bbox="288 947 478 1032">Masaaki Sawano March 2, 1954 68 years old</p> <p data-bbox="253 1068 512 1229">[Term of office as Director] 4 years (Of which, term of office as Director who is an Audit &amp; Supervisory Committee Member: 4 years)</p> <p data-bbox="280 1265 485 1346">[Reappointment] [Outside Director] [Independent Officer]</p>	<p data-bbox="564 347 1276 1355"> Apr. 1985 Registered as a lawyer  Apr. 1990 Joined Itoh &amp; Matsuda  Feb. 2003 Establishment and foundation partner of CITY-YUWA PARTNERS (to present)  Sep. 2012 Outside Audit &amp; Supervisory Board Member of Homemade Cooking Co., Ltd.  Apr. 2014 Member of Advisory Council on Fundamental Issues in Corporate Management of Urban Renaissance Agency (to present)  Chairman of Rent Council of Urban Renaissance Agency (to present)  Jun. 2015 Substitute Audit &amp; Supervisory Board Member of the Company  Jun. 2016 Substitute Director who is Audit &amp; Supervisory Committee Member of the Company  Apr. 2017 President of Dai-Ichi Tokyo Bar Association, Vice-president of Japan Federation of Bar Associations  Apr. 2018 Summary Court Judge Selection Committee Member of the Supreme Court  Apr. 2018 Member of Business Evaluation Monitoring Committee of Urban Renaissance Agency (to present)  Jun. 2018 Director who is an Audit &amp; Supervisory Committee Member of the Company (to present)  Jun. 2019 Outside Auditor of Japan Federation of Certified Public Tax Accountants' Associations (to present)  Jun. 2019 National Property Kanto Region Deliberation Committee Member of Kanto Local Finance Bureau, Ministry of Finance (to present)  Dec. 2019 Chairperson of Tokyo Metropolitan Government Election Administration Commission (to present)  Oct. 2021 Director of Japan Bar Association (to present) </p> <p data-bbox="564 1368 1390 1639"> <b>■Reasons for nominating the candidate for Outside Director and outline of expected roles</b>  Although Mr. Masaaki Sawano has never been involved in corporate management other than as Outside Audit &amp; Supervisory Board Member, the Company believes that he will appropriately perform his duties as Audit &amp; Supervisory Committee Member, on the grounds that he is deeply familiar with corporate legal work as a lawyer and he has sufficient insight to supervise corporate management. Accordingly, we have continuously nominated him as a candidate for Outside Director. </p>	0 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	 <p>Hiromasa Suzuki September 21, 1956 65 years old</p> <p>[Term of office as Director] 1 year</p> <p>[New appointment] [Outside Director] [Independent Officer]</p>	<p>Apr. 1981 Joined Fujizoki Pharmaceutical Co., Ltd. Mar. 2001 Director of Fujirebio Inc. Director of Fujirebio America, Inc. Feb. 2002 Managing Director of Fujirebio Inc. Mar. 2003 President &amp; CEO of Fujirebio Inc. Jun. 2005 Established Miraca Holdings Inc. President &amp; CEO of Miraca Holdings Inc. Jul. 2005 President &amp; CEO of Fujirebio Inc. Jun. 2006 Director of SRL, Inc. Jun. 2010 Chairman &amp; Representative Director of Fujirebio Inc. Jun. 2014 Chairman &amp; Director of Fujirebio Inc. Oct. 2016 Director, Executive Officer of Miraca Holdings Inc. Jun. 2017 Director of Miraca Holdings Inc. Jun. 2018 Senior Advisor of Miraca Holdings Inc. Jun. 2021 Director of the Company (to present)</p> <p>■ Reasons for nominating the candidate for Outside Director and outline of expected roles Mr. Hiromasa Suzuki has been involved in the management of Fujirebio Inc. for many years and has abundant experience in group management as a top executive of a company, including leading the establishment of Miraca Holdings Inc. We expect him to objectively supervise management from a perspective of corporate management and provide useful suggestions for achieving sustainable growth at the Company, and have therefore nominated him as a candidate for Outside Director.</p>	0 shares


- (Notes)
1. No material conflict of interest exists between the Company and any of the candidates for Directors.
  2. Mr. Masaaki Sawano and Mr. Hiromasa Suzuki are candidates for Outside Directors. Both of them satisfy the requirements of an Independent Officer as prescribed by the Tokyo Stock Exchange.
  3. The Company has entered into an agreement with Mr. Masaaki Sawano and Mr. Hiromasa Suzuki to limit the liability for damages based on the Articles of Incorporation. Under this agreement, the limit of liability for damages shall be the minimum liability amount prescribed in Paragraph 1, Article 427 of the Companies Act, if they perform their duties in good faith and without gross negligence. In addition, if the election of Mr. Masaaki Sawano and Mr. Hiromasa Suzuki is approved, the Company intends to continue the limited liability agreement with each of them.

Proposal No. 4 Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

In order to prepare for cases where the number of Directors who are Audit & Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company proposes the election of one (1) Substitute Director who is an Audit & Supervisory Committee Member.

This proposal was determined by the Board of Directors after deliberation by the Governance Committee, which is an advisory body to the Board of Directors. The Audit & Supervisory Committee has also consented to the proposal.

The candidate for Substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
 <p data-bbox="240 1182 491 1279">Yoshitomo Nagatsuka March 30, 1965 57 years old</p> <p data-bbox="263 1308 469 1364">[Outside Director] [Independent Officer]</p>	<p data-bbox="549 633 1262 1236">Apr. 1996 Registered as a lawyer Apr. 2009 Civil Conciliator of Tokyo District Court (to present) May 2012 Auditor of Nichibenren Traffic Accident Consultation Center Jul. 2013 Outside Auditor of Nisshou Byoura Co., Ltd. (to present) Jun. 2016 Outside Director of Sanyu Construction Co., Ltd. (to present) Apr. 2017 Vice-president of Dai-Ichi Tokyo Bar Association, Managing Director of Kanto Federation of Bar Associations Feb. 2019 Deputy Secretary General of Japan Federation of Bar Associations Feb. 2021 Special Contract Advisor to Secretary General of Japan Federation of Bar Associations Mar. 2021 Outside Auditor of Oncolys BioPharma Inc. (to present) Jun. 2021 Outside Director of NIPPON KINZOKU CO., LTD. (to present)</p>	<p data-bbox="1294 904 1366 965">0 shares</p>
<p data-bbox="544 1245 1366 1305">■ Reasons for nominating the candidate for Substitute Outside Director and outline of expected roles</p> <p data-bbox="544 1305 1374 1576">The Company believes that Mr. Yoshitomo Nagatsuka will appropriately fulfill his duties as Audit &amp; Supervisory Committee Member of the Company, on the grounds that he has high level legal knowledge as a lawyer and abundant experience and broad insight as outside auditor and outside director. We expect him to objectively supervise management and provide appropriate advice on the establishment of the Company's governance system, etc., based on his insight on corporate legal affairs as a lawyer, and have therefore nominated him as a candidate for Substitute Director who is an Audit &amp; Supervisory Committee Member.</p>		

- (Notes) 1. No material conflict of interest exists between the Company and the candidate.
2. Mr. Yoshitomo Nagatsuka is a candidate for Substitute Outside Director. If Mr. Yoshitomo Nagatsuka assumes the office of Outside Director, the Company plans to register him as Independent Director as stipulated by the Tokyo Stock Exchange.
3. The Company intends to enter into an agreement with Mr. Yoshitomo Nagatsuka to limit the liability for damages based on the Articles of Incorporation. Under this agreement, the limit of liability for damages shall be the minimum liability amount prescribed in Paragraph 1, Article 427 of the Companies Act, if he performs his duties in good faith and without gross negligence.

## (Reference) Stance on Corporate Governance and Corporate Governance Structure

### 1. The Company's Stance on the Appointment of Candidates for Directors

#### (1) Policies and Procedures for the Appointment of Candidates for Directors

The Board of Directors consists of members with diverse perspectives, experiences, and skills so that it can make transparent, fair, prompt, and decisive decisions. With respect to Outside Directors who are Audit & Supervisory Committee Members, a high degree of independence is ensured in order for them to exercise effective supervisory functions. In addition, they are expected to have a certain level of knowledge of the trading industry to which the Company belongs.

##### 1) Directors (excluding Directors who are Audit & Supervisory Committee Members)

The nomination of candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) is proposed to the Board of Directors by the President, CEO & COO and the Governance Committee after deliberation by the Governance Committee, and submitted as a proposal to the General Meeting of Shareholders after a resolution of the Board of Directors.

##### 2) Directors (Directors who are Audit & Supervisory Committee Members)

The nomination of candidates for Directors who are Audit & Supervisory Committee Members is also proposed to the Board of Directors by the President, CEO & COO and the Governance Committee after deliberation by the Governance Committee and with the consent of the Audit & Supervisory Committee, and submitted as a proposal to the General Meeting of Shareholders.

#### (2) Independence of Outside Directors

In accordance with the requirements under the Companies Act and the requirements for independence set forth by the Tokyo Stock Exchange, Inc., the Company determines independence based on the fact that there is no special personal relationship, capital relationship, or other interests between the Company and Outside Directors.

#### (3) Composition of the Board of Directors

In order to ensure the objectivity and appropriateness of the Board of Directors, more than one-third of Directors are Outside Directors, and thereby the Company is striving to strengthen corporate governance.

### Skill Matrix of the Board of Directors after the General Meeting of Shareholders (Planned)

(Note) The skill matrix of the Board of Directors if the candidates described in this Notice are elected as proposed is as follows:

Name	Positions	Expertise and Experience				
		Independence	Corporate Management Experience	Global Business	Finance and Accounting	Legal Work and Compliance
Kazuo Sakihama	President, CEO & COO President and Executive Officer		●	●		
Tatsuyuki Sakoda	Director Managing Executive Officer		●	●	●	
Kazuhiro Tohge	Director Executive Officer		●	●		
Mitsuo Ohya	Director		●	●		
Hiroko Noda	Outside Director	●			●	●
Shigemasa Yabu	Director Audit & Supervisory Committee Member				●	●
Masaaki Sawano	Outside Director Audit & Supervisory Committee Member	●				●
Hiromasa Suzuki	Outside Director Audit & Supervisory Committee Member	●	●			

(Note) The above table represents expertise and does not represent all the knowledge possessed by each officer.



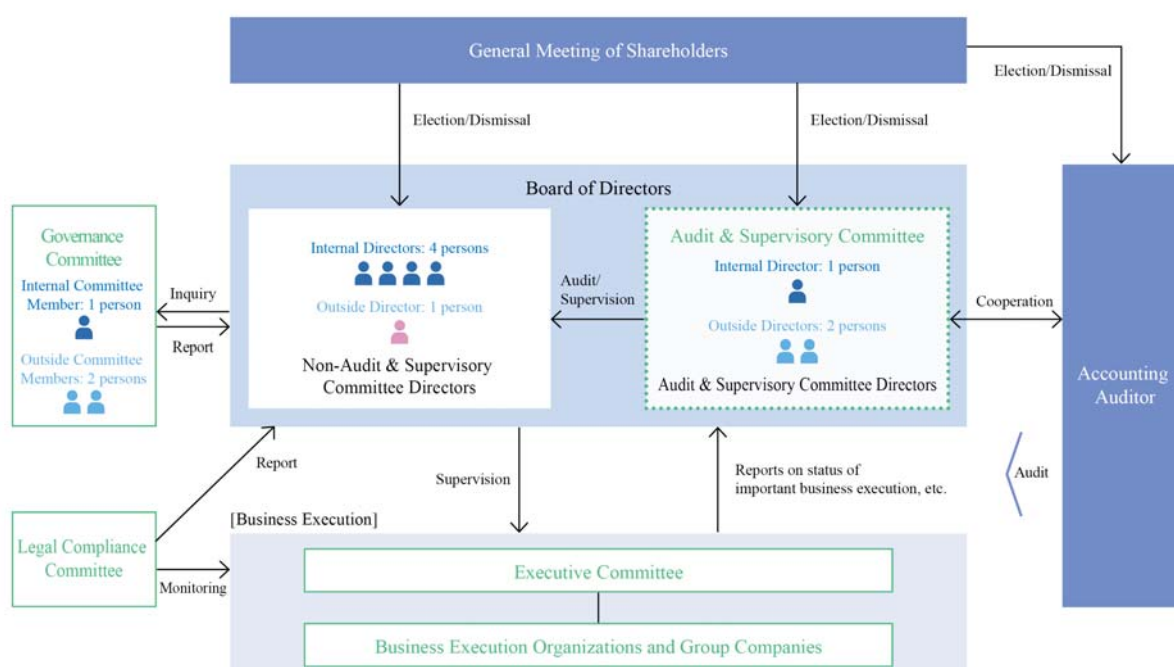
## 2. Basic Stance on Corporate Governance

Aiming for sound management and sustainable growth, the Company is working to develop a structure to ensure the appropriateness of its operations.

The Company positions the Board of Directors as a body to make a strategy decision and oversight business, and is striving to strengthen corporate governance while complying with laws and social norms, conducting operations effectively and efficiently, and ensuring the reliability of financial reporting. Furthermore, as a company with an Audit & Supervisory Committee, the Company has established an Audit & Supervisory Committee in which the majority of members are Outside Directors, and the Company is working to further strengthen the supervisory function of the Board of Directors and to enhance the transparency of management through the exercise of voting rights at the Board of Directors' meetings by Directors who are Audit & Supervisory Committee Members.

In addition, on March 25, 2020, the Company established the Governance Committee as a voluntary advisory body for the board of Directors, where the majority of members are Outside Directors. The Governance Committee deliberates on matters such as the nomination of candidates for Directors, policies for determining the compensation of Directors, and matters related to the protection of minority shareholder interests, and reports on these matters at the Board of Directors meeting, and thereby the Company is working to further strengthen corporate governance.

### ●Corporate Governance Structure



\*The number of persons indicates the status if Proposals No. 2 and 3 are approved at this General Meeting of Shareholders.

## **Business Report**

(April 1, 2021 - March 31, 2022)

### **1. Overview of the Company Group**

#### **1. Business Progress and Results**

During the fiscal year ended March 31, 2022 (hereinafter the “current fiscal year”), economic activities were forced to face certain restrictions due to the impact of the prolonged spread of the novel coronavirus disease (COVID-19). Although the Japanese economy saw robust production conditions in the manufacturing industry, consumer spending was sluggish due to a prolonged state of emergency declaration and the issuance of a quasi-state of emergency. The world economy is experiencing continued supply chain disruptions caused by a further rise in raw material and crude oil prices, sluggish distribution and surging transport costs due to a container shortage, a global supply shortage in semiconductors, etc., although economic activities recovered under a policy of coexistence with COVID-19 mainly in Europe and the U.S. In addition, the Russian invasion of Ukraine began in February 2022 and the international situation has become increasingly chaotic. The Japanese government has strengthened economic sanctions against Russia in concert with Western countries. We still cannot foresee the end of the COVID-19 pandemic in Japan and overseas and future prospects are extremely unpredictable.

Under these circumstances, the Group is further implementing “defensive” measures such as risk management, while steadily promoting basic strategies for sustainable growth in order to immediately respond to the drastically changing social and economic environment, based on the basic strategies of the medium-term management plan “Chori Innovation Plan 2022” published on May 29, 2020.

With regard to the consolidated performance for the current fiscal year, sales and profits significantly increased year on year. Ordinary income reached the ¥10,000 million level for the first time and ordinary income and net income attributable to owners of the parent hit a record high. Net sales increased 31.4% year on year to ¥284,096 million. In terms of earnings, gross profit increased mainly due to the effect of sales growth. In addition, during the previous fiscal year, provision of allowance for doubtful accounts of ¥5,085 million pertaining to a Chinese chemical manufacturer group was recorded in selling, general and administrative expenses, leading to a rebound and as a result, operating income increased 154.6% year on year to ¥9,328 million and ordinary income increased 120.6% year on year to ¥10,274 million, while net income attributable to owners of the parent increased 446.2% year on year to ¥6,811 million.

## 2. Trends in Assets and Income

(Millions of Japanese Yen)

Item	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022 (Current fiscal year)
Net sales	356,537	329,360	216,233	284,096
Operating income	8,047	8,219	3,663	9,328
Ordinary income	8,660	8,685	4,656	10,274
Net income attributable to owners of the parent	5,630	6,101	1,247	6,811
Net income per share (Yen)	229.28	248.46	50.73	276.82
Total assets	118,499	114,400	110,591	134,121
Total net assets	53,897	57,279	58,831	65,096
Net assets per share (Yen)	2,191.45	2,328.79	2,390.06	2,643.55

(Notes) 1. Net income per share is calculated based on the average number of shares during the period, while net assets per share is calculated based on the number of shares outstanding at the end of the period. The total number of shares outstanding at the end of the period does not include treasury stocks.

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 30, 2018) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 30, 2018) have been applied from fiscal 2021. The Accounting Standard for Revenue Recognition, etc. have been applied in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition.

## Business Performance by Segment

The Group engages in domestic sales, export and import of various products, and overseas transactions, which are classified into four business segments: fibers, textiles and garments, chemicals, machinery, and others as follows.

### Fibers, textiles and garments

Major products or services

- Raw materials for various synthetic fibers and natural fibers, various textiles, knitting, nonwoven fabrics and related products, various clothing products, as well as industrial fiber materials and related products

In this segment, mainly due to making STX Company Limited (trade name changed from Sumitex International on January 1, 2022; hereinafter, notes regarding the change in the trade name are omitted) a new consolidated subsidiary, net sales increased 28.2% year on year to ¥115,539 million. Segment income (ordinary income) decreased 23.1% year on year to ¥2,980 million due to sluggish consumer spending resulting in weakness in the clothing field as well as the impact of surging raw material prices, etc.

### Chemicals

Major products or services

- Various chemicals such as urethane raw materials, raw materials for resins, additives for resins, raw materials for cosmetics, raw materials for glass, raw materials for electronic components, battery-related materials, pharmaceutical and agrochemical intermediates, surface treatment agents, food ingredients and additives, and feed and feed additives

This segment has remained robust overall. Particularly, the organic chemicals, inorganic chemicals, and fine chemicals fields remained strong. As a result, net sales increased 33.1% year on year to ¥164,155 million. In terms of earnings, due to gross profit increasing owing to the effect of sales growth and a rebound from the previous fiscal year during which provision of allowance for doubtful accounts pertaining to a Chinese chemical manufacturing group of ¥5,085 million was recorded in selling, general and administrative expenses (not recorded in the current fiscal year), segment income (ordinary income) was ¥7,410 million (segment loss (ordinary loss) in the previous fiscal year was ¥323 million).

### Machinery

Major products or services

- Transportation equipment such as automobiles, motorcycles and trucks, agricultural machinery, construction machinery and related materials

In this segment, net sales increased 57.4% year on year to ¥4,323 million mainly due to recovering demand for automobiles in Europe, the Americas, Africa, and other regions. In terms of earnings, a robust trend continued due partly to the effect of sales growth. However, segment loss (ordinary loss) was ¥6 million (segment income (ordinary income) in the previous fiscal year was ¥704 million) due to the recording of provision of allowance for doubtful accounts of ¥739 million in selling, general and administrative expenses at fiscal year-end as there was a delay in collection of trade receivables from a counterparty in the United Arab Emirates.

### Others

Major products or services

- Office outsourcing services

In this segment, net sales were ¥77 million, and segment income (ordinary income) increased 146.2% year on year to ¥45 million.

Fiscal years		Fiscal 2021	Fiscal 2022	Year-on-year comparison	Sales composition ratio
Business segment	Account	Amount	Amount	Increase (decrease) ratio	
		Millions of Japanese Yen	Millions of Japanese Yen	%	%
Fibers, Textiles and Garments	Net sales	90,094	115,539	28.2	40.7
	Ordinary income	3,877	2,980	(23.1)	—
Chemicals	Net sales	123,325	164,155	33.1	57.8
	Ordinary income (loss)	(323)	7,410	—	—
Machinery	Net sales	2,747	4,323	57.4	1.5
	Ordinary income (loss)	704	(6)	—	—
Others	Net sales	65	77	17.4	0.0
	Ordinary income	18	45	146.2	—

(Note) Net sales represent net sales from external customers.

### 3. Fund Procurement

The Company has been promoting the liquidation of notes receivable-trade, etc. during the current fiscal year aimed at the diversification and lower levels of interest in fund procurement. The Company concluded a commitment line contract with a total amount of ¥10,000 million with three financial institutions centered on Mizuho Bank, Ltd. as an arranger for the purpose of stabilizing fund procurement.

### 4. Issues to be Addressed

There is currently no end in sight to the COVID-19 pandemic due to repeated resurgence of infections with the virus. In particular, the restriction of activities due to China's current zero-COVID policy may cause significant impacts on the global supply chain. In addition, the Russian invasion of Ukraine has further thrown the international situation into chaos, making a slowdown in the global economy increasingly clear. Meanwhile in Japan, sharp fluctuations in foreign exchange rates have made corporate activities unstable and there are concerns about the negative impact of rising prices on consumer confidence, rendering the future outlook uncertain both domestically and internationally. Under these circumstances, the Group has steadily promoted "consolidated management," "creation of a next-generation business model," "corporate governance," "compliance," and "human resources," which are the five basic strategies of the medium-term management plan "Chori Innovation Plan 2022."

For details of the medium-term management plan, please refer to the following Company's website:  
Company's website: <https://www.chori.co.jp/english/ir/plan.html>

## Basic Strategies and Progress

### 1) Consolidated management

We will strengthen our management structure, expand the consolidated to nonconsolidated ratio of ordinary income, and enhance functions of core subsidiaries by “consolidated global operations by each business department,” “consolidated management,” “portfolio management,” and “digital management,” and promote group management. During the current fiscal year, we decided on the introduction of an ERP (integrated core business system) as part of efforts to promote advanced business management and improve productivity. At the same time, we have launched a company-wide business transformation project that will thoroughly standardize, automate and integrate business operations. We will further strengthen our management and business foundation by connecting these business transformations to the transformation of individual awareness and skills as well as to the transformation of the organization.

### 2) Creation of next-generation business model

We will strive to expand our business scope and transform our profit structure through active business investments in growing fields and regions, as well as M&As that will bring out consolidated contributions and business synergies. Particularly, we will promote business investments under themes of “environment,” “health,” “sustainability,” “advanced technologies,” etc. During the current fiscal year, we conducted M&A of Sumitex International (currently, STX Company Limited), a textile trading company which comprehensively handles matters from procuring raw materials to manufacturing and sales of products.

### 3) Human resources

Based on our Human Resources Vision “Utilize people, and be useful to them. Nurture people, and develop with them. Connect people, and join together with them,” we consider “people” as our most valuable management resources. As development of next-generation human resources, we are promoting our initiatives based on the key words of “Utilize, Nurture, Connect” and focusing on the recruitment of not only new graduates but also human resources with a diverse range of professional backgrounds, while promoting diversity within the Company in conjunction with achieving diverse work styles. Furthermore, we are making efforts to stimulate internal communication and improve employee engagement through measures such as one-on-one interviews between superiors and subordinates, enhancement of employee training through the use of video distribution, and company-wide activities to foster compliance and health awareness.

### 4) Corporate governance and compliance

We will aim to further enhance our corporate value by improving corporate governance and reinforcing compliance through the “establishment of a governance committee,” “improvement in dividend policies,” “enhancement of the Chori brand value,” “global risk management,” and “strengthening of various auditing functions for the consolidated subsidiaries.” The Governance Committee, a majority of whose members are Independent Outside Directors, was established in 2020 as an advisory body to the Board of Directors. During the current fiscal year, the committee held six meetings and had lively discussions. We will continue to pursue a governance structure with even greater transparency.

Composition of the Governance Committee (as of March 31, 2022)

Chair: Masaaki Sawano, Outside Director

Member: Noriko Morikawa, Outside Director

Member: Kazuo Sakihama, CEO & COO

<Major discussion theme>

- Matters concerning nomination of and compensation for Directors and Executive Officers

<Other discussion theme>

- Effectiveness of the overall Board of Directors
- Trading conditions with TORAY INDUSTRIES, INC., the parent company

### Numerical Plan and Progress

For the next fiscal year (fiscal 2023) which is the final year of the “Chori Innovation Plan 2022” medium-term management plan, consolidated numerical targets are as follows. Even under the impact of the worldwide spread of the COVID-19 pandemic, the Group has enhanced business profitability by steadily promoting its basic strategies in the current fiscal year (year ended March 31, 2022). Based on the above, the planned consolidated numerical targets for the next fiscal year (fiscal 2023) are projected to exceed all of the medium-term management plan targets for fiscal 2023.

(Millions of Japanese Yen)

	(Reference) Current fiscal year	Consolidated numerical target for fiscal 2023	Medium-term management plan target for fiscal 2023
Net sales	284,100	330,000	280,000
Ordinary income	10,300	12,000	11,000
Net income attributable to owners of the parent	6,800	8,200	7,300
Ordinary income ROA	8.4%	9%	≥8%
Net income ROE	11.0%	12%	≥11%

## 5. Parent Company and Major Subsidiaries

### 1) Relationship with parent company

The Company's parent company, TORAY INDUSTRIES, INC., holds the Company's common stock of 12,967 thousand shares (voting right ratio of 52.76%).

The Company's transactions with the parent company for the current fiscal year amounted to ¥2,420 million in net sales and ¥5,493 million in net purchase.

### 2) Agreement with parent company on important financial and business policies and outline of the agreement

The Company and its parent company, TORAY INDUSTRIES, INC., have entered into an agreement to implement the following items in order to achieve sustainable growth and enhance corporate value.

(a) Examination of the appropriateness of maintaining the Company's listing

(b) Execution of appropriate transactions between the Company and TORAY INDUSTRIES, INC.

(c) Ensuring the effectiveness of governance that takes into consideration the interests of the Company's general shareholders

(d) Appropriate execution of risk management as the TORAY Group (including matters for prior consultation on certain matters pertaining to governance and internal control)

### 3) Status of major subsidiaries

Company name	Capital	Voting right ratio (%)	Principal business
STX Company Limited	¥830 million	100.00	Manufacturing and sale of clothing, fabric materials, etc.
Asada U Co., Ltd.	¥20 million	100.00	Sale of vehicle interior materials and packaging materials
Miyako Kagaku Co., Ltd.	¥296 million	100.00	Sale of raw materials and products, etc. of chemicals, synthetic resins, pharmaceuticals, food, electronic components, etc.
Kozakura Shokai Co., Ltd.	¥60 million	100.00	Sale of Chemicals products (lubricating oil additives, fuel oil additives, etc.)
CHORI GLEX CO., LTD.	¥499 million	100.00	Import and sales of chemicals, construction materials and industrial products
Chori Machinery Co., Ltd.	¥100 million	100.00	Sale of transportation equipment, etc.
Business Anchor Corporation	¥10 million	100.00	Office outsourcing services
Chori America, Inc.	US\$4,000 thousand	100.00	Sales in the United States, export and import, and overseas transactions of various products
Chori (China) Co., Ltd.	CNY55,314 thousand	100.00	Sales in China, export and import, and overseas transactions of various products
Thai Chori Co., Ltd.	THB202,000 thousand	98.94	Sales in Thailand, export and import, and overseas transactions of various products
Chori Co., (Hong Kong) Ltd.	HK\$20,000 thousand	100.00	Sales in Hong Kong and its neighboring countries, export and import, and overseas transactions of various products
Taiwan Chori Merchandise Cooperation Ltd.	NT\$30,000 thousand	100.00	Sales in Taiwan, export and import, and overseas transactions of various products
PT. Chori Indonesia	US\$750 thousand	100.00	Sales in Indonesia, export and import, and overseas transactions of various products



Company name	Capital	Voting right ratio (%)	Principal business
Chori Vietnam Co., Ltd.	US\$250 thousand	100.00	Sales in Vietnam, export and import, and overseas transactions of various products
Chori (Dalian) Trading Co., Ltd.	CNY8,112 thousand	100.00	Sales in China, export and import, and overseas transactions of various products
Chori Singapore Pte. Ltd.	S\$4,000 thousand	100.00	Export and import and overseas transactions of various products
Chori Europe GmbH	€1,375 thousand	100.00	Sales in European countries, export and import, and overseas transactions of various products

4) Specified wholly-owned subsidiaries as of the balance sheet date

There are no subsidiaries that fall under specified wholly-owned subsidiaries.

## 6. Major Locations, etc.

1) Major offices of the Company

- 1 Osaka Head Office (Chuo-ku, Osaka)
- 2 Tokyo Head Office (Minato-ku, Tokyo)
- 3 Hokuriku Branch (Kanazawa-shi, Ishikawa)

2) Offices of principal subsidiaries

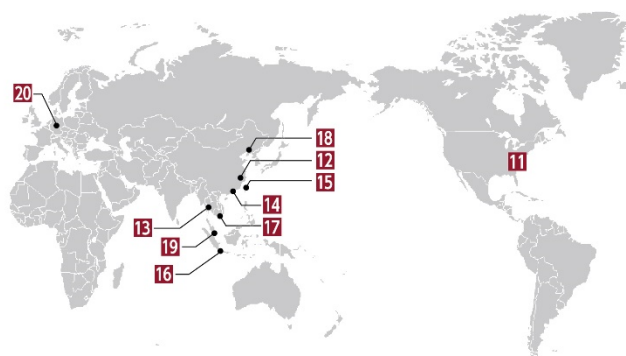
Domestic subsidiaries:

- 4 STX Co., Ltd. (Chiyoda-ku, Tokyo)
- 5 Asada U Co., Ltd. (Nagoya-shi, Aichi)
- 6 Miyako Kagaku Co., Ltd. (Chiyoda-ku, Tokyo)
- 7 Kozakura Shokai Co., Ltd. (Minato-ku, Tokyo)
- 8 CHORI GLEX CO., LTD. (Minato-ku, Tokyo)
- 9 Chori Machinery Co., Ltd. (Minato-ku, Tokyo)
- 10 Business Anchor Corporation (Chuo-ku, Osaka)



Overseas subsidiaries:

- 11 Chori America, Inc. (United States)
- 12 Chori (China) Co., Ltd. (China)
- 13 Thai Chori Co., Ltd. (Thailand)
- 14 Chori Co., (Hong Kong) Ltd. (China)
- 15 Taiwan Chori Merchandise Cooperation Ltd. (Taiwan)
- 16 PT. Chori Indonesia (Indonesia)
- 17 Chori Vietnam Co., Ltd. (Vietnam)
- 18 Chori (Dalian) Trading Co., Ltd. (China)
- 19 Chori Singapore Pte. Ltd. (Singapore)
- 20 Chori Europe GmbH (Germany)



## 7. Employees

Status of employees of the Chori Group

Business segment	Number of employees		Year-on-year comparison
Fibers, Textiles and Garments	783	< 37 >	342
Chemicals	351	< 51 >	14
Machinery	16	< 5 >	3
Others	51	< 16 >	(13)
Companywide (common)	121	< 24 >	7
Total	1,322	< 133 >	353

(Notes) 1. The number of employees represents the number of persons in employment.

2. The number in < > in the column of the number of employees represents the average number of temporary staff for the current fiscal year.

3. The number of employees increased by 353 compared to the end of the previous fiscal year mainly due to an increase in the number of employees in the Fibers, Textiles and Garments segment as a result of the inclusion of STX Company Limited and its two overseas subsidiaries in the scope of consolidation through acquisition of shares.

The status of employees of the Company is as follows.

Number of employees	Year-on-year comparison	Average age (years old)	Average years of service
340	—	39.8	13.7

(Note) The number of employees represents the number of persons in employment. However, employees hired locally at overseas representative offices are not included.

## 8. Major Lenders

There are no loans payable at the end of the current fiscal year that need special mention.

(Note) The Company has concluded a commitment line contract with a total amount of ¥10,000 million with a syndicate of three financial institutions. There was no outstanding loan balance under such contract as of the end of the current fiscal year.

## 2. Status of Shares

**1. Total Number of Shares Authorized to be Issued** 55,000,000 shares

**2. Total Number of Shares Outstanding** 25,303,478 shares

**3. Number of Shareholders** 5,546 persons

**4. Number of Shares of One Unit** 100 shares

## 5. Major Shareholders

Shareholder name	Number of shares held (shares)	Percentage of shares held (%)
TORAY INDUSTRIES, INC.	12,967,310	52.69
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	1,566,400	6.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,488,700	6.05
Hurex Co., Ltd.	735,700	2.99
Custody Bank of Japan, Ltd. (Trust Account)	588,800	2.39
Wacoal Corporation	548,890	2.23
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	479,622	1.95
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	325,000	1.32
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	296,000	1.20
HSBC PRIVATE BANK (SUISSE) SA GENEVA, CLIENT ACCOUNT	204,000	0.83

- (Notes)
1. Treasury stocks of the Company of 694,494 shares are excluded from the above table of Major Shareholders.
  2. The Company's treasury stocks (694,494 shares) were excluded in the calculation of the percentage of shares held.

## 6. Stocks Delivered to Company Officers as Consideration for the Execution of Their Duties During the Current Fiscal Year

### (Restricted Stock)

At the 70th Annual General Meeting of Shareholders held on June 15, 2017, the Company resolved to introduce a restricted stock compensation system with the objectives of offering incentives to achieve the sustained enhancement of the corporate value of the Company, of further promoting the sharing of that value between the relevant officers and shareholders, and of utilizing treasury stocks held by the Company. Based on this resolution, the Company resolved at the Board of Directors meeting held on June 25, 2021 to dispose of treasury stocks as restricted stock compensation.

The number of restricted stocks delivered to the Company's Directors and Executive Officers as consideration for the execution of their duties during the current fiscal year is as follows.

Officer position	Number of allotted shares	Number of recipients
Director (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members)	811	1
Outside Directors (excluding Directors who are Audit & Supervisory Committee Members)	—	—
Directors (Audit & Supervisory Committee Members)	—	—
Executive Officers	8,666	5

### 3. Company Officers

#### 1. Directors (as of March 31, 2022)

Position	Name	Responsibilities and significant concurrent positions
President, CEO & COO	Kazuo Sakihama	
Director	Shigemasa Yabu	General Manager of Corporate Planning Division
Director	Kazuhiro Tohge	Special Appointee of the President (Textile Division)
Director	Mitsuo Ohya	Executive Vice President and Representative Member of the Board of TORAY INDUSTRIES, INC.
Director	Hiromasa Suzuki	
Director (Full-time Audit & Supervisory Committee Member)	Jun Furuya	
Director (Audit & Supervisory Committee Member)	Masaaki Sawano	Partner of CITY-YUWA PARTNERS Member of Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency Member of Advisory Council on Fundamental Issues in Corporate Management 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 Chairman of Tokyo Metropolitan Government Election Administration Commission Director of Japan Bar Association
Director (Audit & Supervisory Committee Member)	Noriko Morikawa	Outside Director of Showa Denko K.K. Outside Director of Mitsubishi Heavy Industries, Ltd.

(Notes) 1. Changes in Directors for the current fiscal year

Appointment: At the 74th Annual General Meeting of Shareholders held on June 17, 2021, Mr. Hiromasa Suzuki was newly elected and appointed as Director.

Retirement: At the conclusion of the 74th Annual General Meeting of Shareholders held on June 17, 2021, Mr. Hiroshi Yoshida, Mr. Yoshihiro Teratani and Ms. Satoko Nakayama retired from the office of Director.

- Directors, Mr. Hiromasa Suzuki, Mr. Masaaki Sawano and Ms. Noriko Morikawa, are Outside Directors as provided in Item 15, Article 2 of the Companies Act.
- Directors, Mr. Hiromasa Suzuki, Mr. Masaaki Sawano and Ms. Noriko Morikawa, are registered as Independent Officer with the Tokyo Stock Exchange.
- Deeming that audits by a full-time member are essential to ensure the effectiveness of Audit & Supervisory Committee activities, the Company has elected a Full-time Audit & Supervisory Committee Member.
- A Director (Full-time Audit & Supervisory Committee Member), Mr. Jun Furuya, has considerable knowledge of all the areas of the management, legal affairs, finance and accounting of trading companies, gained through the engagement mainly in business management, credit control and legal work, human resources and general affairs.
- An Outside Director (Audit & Supervisory Committee Member), Mr. Masaaki Sawano, has extensive experience and broad insight acquired in his career as a lawyer.
- An Outside Director (Audit & Supervisory Committee Member), Ms. Noriko Morikawa, has many years of experience in accounting and finance and has completed her Financial Accounting of MBA, and has considerable knowledge of finance and accounting.
- The Company has introduced the Executive Officer System to promptly and appropriately respond to changes in the business environment, to speed up decision-making related to business executions, as well as to enhance management efficiency.

The following are 9 Executive Officers. (as of March 31, 2022)

Title	Name	Major positions and responsibilities
President and Executive Officer	Kazuo Sakihama	CEO & COO
Senior Managing Executive Officer	Shigemasa Yabu	General Manager of Corporate Planning Division, Executive Chief Representative for China, and General Manager of Pharmacovigilance & Quality Assurance Office
Managing Executive Officer	Hiroshi Yoshida	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	General Manager of Chemicals Division, Senior Manager of Life & Fine Chemicals Business Department and General Manager of Logistics Department (Chemicals)
Senior Executive Officer	Satoko Nakayama	Deputy General Manager of Corporate Planning Division (Human Resources & General Affairs Department, Information System Department), and General Manager of CHORI Innovation Activities
Senior Executive Officer	Tatsuyuki Sakoda	President & CEO of Miyako Kagaku Co., Ltd.
Executive Officer	Kazuhiro Tohge	Special Appointee of the President (Textile Division)
Executive Officer	Masao Nakamura	Senior Manager of Chemical & Materials Business Department
Executive Officer	Naohiko Ashida	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.

## 2. Summary of the Limited Liability Agreement

The Company has entered into an agreement with its Directors (excluding Executive Directors, etc.) to limit their liability for damages due to their negligence of duties, pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act. Under the agreement, amount limit of liability for damages shall be the minimum liability amount prescribed by laws and regulations.

### 3. Compensation to Directors for the Current Fiscal Year

#### (1) Total compensation to Directors

	Total compensation (Millions of Japanese Yen)	Total of compensation by type (Millions of Japanese Yen)			No. of eligible Directors
		Fixed compensation (monetary)	Performance-linked compensation		
			Bonus (monetary) *3	Restricted stock compensation (non-monetary)*3	
Directors (excluding Audit & Supervisory Committee Members) *1 *2 (Of which, Outside Directors)	148 (5)	105 (5)	25 (-)	17 (-)	7 (1)
Directors (Audit & Supervisory Committee Members) (Of which, Outside Directors)	36 (18)	36 (18)	- (-)	- (-)	3 (2)
Total (Of which, Outside Directors)	185 (23)	141 (23)	25 (-)	17 (-)	10 (3)

\*1)Not including the portion of employee's 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 compensation.

\*3)Of the above items, bonuses and restricted stock compensation are stated as payment amounts corresponding to a performance benchmark of ¥10,200 million for consolidated ordinary income for fiscal 2022.

#### (2) Matters pertaining to benchmarks for performance-linked compensation (bonuses and restricted stock compensation)

To ensure sustainable improvement in corporate value, the Company strives to improve growth prospects and efficiency. With regard to the decision concerning performance-linked compensation (bonuses and restricted stock compensation) for Directors (excluding Directors who are Audit & Supervisory Committee Members), the benchmarks include consolidated ordinary income performance and progress in implementation of the medium-term management plan.

Performance-linked compensation introduced by the Company is as stated in “Method of calculation of monetary or other totals for performance-linked compensation” of (5) Decision-making policy regarding details of compensation for individual Directors.

#### (3) Details of non-monetary compensation (restricted stock compensation)

Details of restricted stock compensation, a performance-linked non-monetary form of compensation introduced by the Company, are stated in “Method of calculation of monetary or other totals for performance-linked compensation” of (5) Decision-making policy regarding details of compensation for individual Directors. In the current fiscal year, a total of 9,477 restricted shares were allotted through disposal of treasury stock to Directors of the Company (excluding Outside Directors and Audit & Supervisory Committee Members) and its Executive Officers (including 811 for Directors).

(4) Matters concerning determination of compensation

Breakdowns and maximum totals for compensation (decided by resolution of the General Meeting of Shareholders) for Directors of the Company are as follows.

	Basic compensation	Bonuses (performance-linked)	Restricted stock compensation (performance-linked)
Payable to			
Directors *1 (excluding Audit & Supervisory Committee Members)	●	●	●
Directors *1 (Audit & Supervisory Committee Members)	●	-	-
Outside Directors	●	-	-
Fixed/Variable	Fixed	Variable (single fiscal year)	Variable (mid-to-long-term)
Maximum amount of compensation *2	Up to ¥300 million per year for Directors (excluding Audit & Supervisory Committee Members) (69th Annual General Meeting of Shareholders held on June 15, 2016) (Number of members*3: 7)		Up to ¥100 million per year (70th Annual General Meeting of Shareholders held on June 15, 2017) (Number of members*3: 6) Maximum of shares for allocation: up to 65,000 per year
	Directors (Audit & Supervisory Committee Members) Up to ¥100 million per year (69th Annual General Meeting of Shareholders held on June 15, 2016) (Number of members*3: 3)		-
Mechanism for performance-linked compensation	-	Calculations are made in light of consolidated ordinary income performance, progress in implementing the medium-term management plan, and other factors.	The level of compensation is decided based on the position of the individual Director. A basic total of compensation is determined for each position for a single business year; as a rule, the total of shares to be allocated for each position is decided by division of a sum equivalent to remuneration of performance of duties over three years, the same as the period of the medium-term management plan, by a baseline share price. Conditions for removal of restrictions: Contingent on degree of achievement of the cumulative consolidated ordinary income target in the medium-term management plan and on fulfilment of duties.

\*1) Excluding Outside Directors

\*2) Not including the portion of employee's salary for Directors who concurrently serve as employees.

\*3) Number of eligible Directors is stated as the number of such Directors at the time of conclusion of the relevant General Meeting of Shareholders.



(5) Decision-making policy regarding details of compensation for individual Directors

- Method of establishing decision-making policy

The Governance Committee, a voluntary advisory body for the Board of Directors comprising two independent Outside Directors and the President, CEO & COO (established March 25, 2020), deliberates on policy for decision-making on the specifics of compensation for individual Directors of the Company. Based on the details reported by this committee, the Board of Directors of the Company passed a resolution at a meeting held on February 26, 2021 regarding policy on decision-making on the specifics of compensation of individual Directors of the Company (the “Decision-Making Policy”).

- Decision-Making Policy

The system of compensation for Directors of the Company (excluding Audit & Supervisory Committee Members; the same applies hereinafter) shall be linked with shareholder interests, in such a way as to fully bring to bear incentive mechanisms intended to sustainably improve corporate value. Compensation for individual Directors shall as a basic policy be set at an appropriate level in light of executive position and performance.

Director compensation comprises three elements: basic monthly compensation and annual bonus, to which is added restricted stock compensation. With regard to decision-making on compensation, decisions shall be made within the scope of a compensation framework adopted by a resolution of the General Meeting of Shareholders, within which appropriate levels shall be determined.

Fixed compensation, a monetary element, is paid as a monthly sum. A basic annual total, pegged to the role and position, etc. of the Director, is divided into 12 monthly payments.

Policies for bonuses, a performance-linked monetary form of compensation, and performance-linked non-monetary restricted stock compensation, are described below.

Compensation for Outside Directors comprises fixed monetary compensation only, determined in light of the role and independence of the individual concerned. This is an annual total divided into 12 monthly payments.

- Method of calculation of monetary or other totals for performance-linked compensation

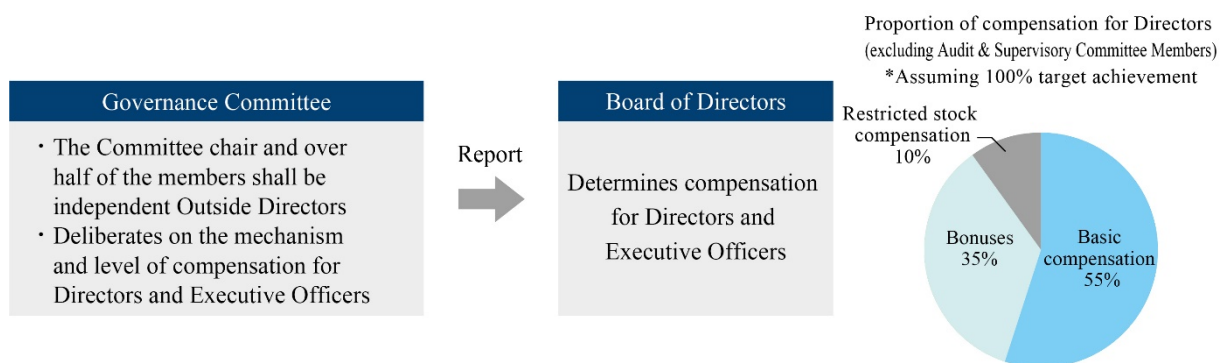
The Company pays its Directors (excluding Audit & Supervisory Committee Members) performance-linked compensation in the forms of bonuses and restricted stock. The bonus is calculated by multiplying a basic amount for each position by a coefficient reflecting consolidated ordinary income performance (consolidated ordinary income for fiscal 2022: ¥10,200 million) and progress in implementing the medium-term management plan for the fiscal year in question, in such a way as to realize the incentive program for the plan. Payment is made at a predetermined time each year.

This system was introduced based on a resolution of the 70th Annual General Meeting of Shareholders, held on June 15, 2017. At the same time as further strengthening the linkage with performance, the system aims to raise awareness of improvement of mid-to-long-term business performance and of contribution to increased corporate value. The compensation standard is decided based on the position of individual Directors: the standard amount of compensation is set for a single fiscal year, and as a rule, the number of allotted shares for each position is decided by division of an amount equivalent to remuneration of performance of duties over three years, the same as the period of the medium-term management plan, by a baseline share price. All the shares are granted in the first fiscal year of the medium-term management plan, and the restriction on transfer is lifted after three years in principle, according to the degree of achievement of cumulative consolidated ordinary income targets in the medium-term management plan and fulfilment of duties, in such a way as to serve as an incentive for the achievement of the plan.

- Policy regarding proportions for allocation of Director compensation by type

Policy regarding proportions for allocation of compensation for Directors (excluding Audit & Supervisory Committee Members) by type is decided at a Board of Directors meeting after deliberation by the Governance Committee.

In the case of 100% attainment of cumulative consolidated ordinary income targets in the medium-term management plan and of targets for consolidated ordinary income in the final year of the mid-term plan, the proportions of compensation are, broadly: 55% basic compensation and 45% performance-linked compensation (including non-monetary compensation). In performance-linked compensation, the ratio of bonus to stock compensation shall be 35% to 10%.



- Policy for procedures for deciding the specifics of compensation on an individual basis

Among compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), specific details of bonus decisions in individual cases are entrusted to the President, CEO & COO. When deciding amounts of compensation in individual cases, the President, CEO & COO as entrusted by the Board of Directors shall make a decision based on the content of a report received from the Governance Committee, which deliberates the draft version; such decision being conditional on compliance with a resolution of the General Meeting of Shareholders and geared to ensuring the appropriateness of the compensation level and the transparency of the performance evaluation.

For compensation of Directors (excluding Directors who are Audit & Supervisory Committee Members), decisions on basic compensation and restricted stock compensation are made on an individualized basis through resolution of the Board of Directors, based on deliberations at the Governance Committee.

(6) Reasons why the Board of Directors judged that the details of the compensation for individual Directors for the current fiscal year are in line with the Decision-Making Policy

Regarding the determination of details of compensation for individual Directors, the Governance Committee undertook a comprehensive review of the draft, including its consistency with the Decision-Making Policy, and the Board of Directors likewise reached its decision with due respect for the contents of the report, so that the Board of Directors concluded that the Decision-Making Policy was complied with.

(7) Matters pertaining to delegation of authority relating to decisions on compensation for individual Directors

In the current fiscal year, a resolution was passed at a Board of Directors meeting on June 17, 2021 with regard to performance-linked bonuses for Directors, to the effect that delegation of authority for details of decision-making in individual cases shall be vested in President, CEO & COO Kazuo Sakihama.

The reason for delegating these matters to the President, CEO & COO is that he is best positioned to judge the remits and duties of individual Directors while keeping an eye on performance on a Companywide basis. Assigned from the Board of Directors, the President, CEO & COO when deciding on a sum of bonus on a case-by-case basis shall, as a measure to ensure the proper exercise of his authority, the draft proposal is reviewed by the Governance Committee to ensure the appropriateness of the compensation level and the transparency of performance evaluation. Based on the report, the Board of Directors shall make a decision on the draft proposal.

#### 4. Outside Officers

- 1) Significant concurrent positions of Outside Officers held in other companies and relationship between the Company and such companies

A Director of the Company, Mr. Hiromasa Suzuki holds no significant concurrent positions in other companies.

A Director (Audit & Supervisory Committee Member) of the Company, Mr. Masaaki Sawano, concurrently serves as a Partner of CITY-YUWA PARTNERS, a member of Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency, a member of Advisory Council on Fundamental Issues in Corporate Management of Urban Renaissance Agency, a member of Business Evaluation Monitoring Committee of Urban Renaissance Agency, an Outside Auditor of Japan Federation of Certified Public Tax Accountants' Associations, a member of Kanto Regional Government Asset Council, Kanto Local Finance Bureau, Ministry of Finance, the Chairman of Tokyo Metropolitan Government Election Administration Commission, and a Director of Japan Bar Association. There are no relationships between the Company and these organizations that should be disclosed.

A Director (Audit & Supervisory Committee Member) of the Company, Ms. Noriko Morikawa, concurrently serves as an Outside Director of Showa Denko K.K. and an Outside Director of Mitsubishi Heavy Industries, Ltd. There is no relationship between the Company and said companies that should be disclosed.

- 2) Main activities

Name	Attendance at Board of Directors meetings, etc. (Note)	Main activities (including an outline of duties performed in relation to the expected role)
Hiromasa Suzuki (appointed in June 2021)	Board of Directors meetings 12/12	Mr. Suzuki attended all of the Board of Directors meetings held after assuming the office of Outside Director. Mr. Suzuki was expected to perform objective supervision of management from a perspective of a corporate manager and provide valuable suggestions for achieving sustainable growth, and he actively provided opinions and advice based on such expertise and contributed to the deepening of discussions. In fiscal 2022, Mr. Suzuki contributed to discussions regarding all the areas of management and played an important role in establishing a highly transparent governance structure.
Masaaki Sawano (appointed in June 2018)	Board of Directors meetings 16/16 Audit & Supervisory Committee meetings 14/14 Governance Committee meetings 6/6	Mr. Sawano attended all of the Board of Directors meetings, Audit & Supervisory Committee meetings, and Governance Committee meetings held during fiscal 2022. Mr. Sawano was expected to play a role in supervising the execution of business at the Company by utilizing his insight related to corporate legal work acquired in his career as a lawyer, and he actively provided opinions and advice based on such expertise and contributed to the deepening of discussions. In fiscal 2022, Mr. Sawano served as chairman of the Governance Committee and contributed to discussions regarding the compensation, nomination, and evaluation of Directors and Executive Officers, and played an important role in establishing a highly transparent governance structure.
Noriko Morikawa (appointed in June 2018)	Board of Directors meetings 16/16 Audit & Supervisory Committee meetings 14/14 Governance Committee meetings 6/6	Ms. Morikawa attended all of the Board of Directors meetings, Audit & Supervisory Committee meetings, and Governance Committee meetings held during fiscal 2022. Ms. Morikawa was expected to play a role in supervising the execution of business at the Company by utilizing her broad insight based on her abundant achievements and knowledge of finance and accounting as a corporate manager and experience working overseas, and she actively provided opinions and advice based on such expertise and contributed to the deepening of discussions. In fiscal 2022, Ms. Morikawa contributed to discussions regarding the compensation, nomination, and evaluation of Directors and Executive Officers as a member of the Governance Committee, and played a role as a member of the Governance Committee in establishing a highly transparent governance structure.

(Note) Attendance at the Board of Directors meetings, Audit & Supervisory Committee meetings, and Governance Committee meetings held in fiscal 2022

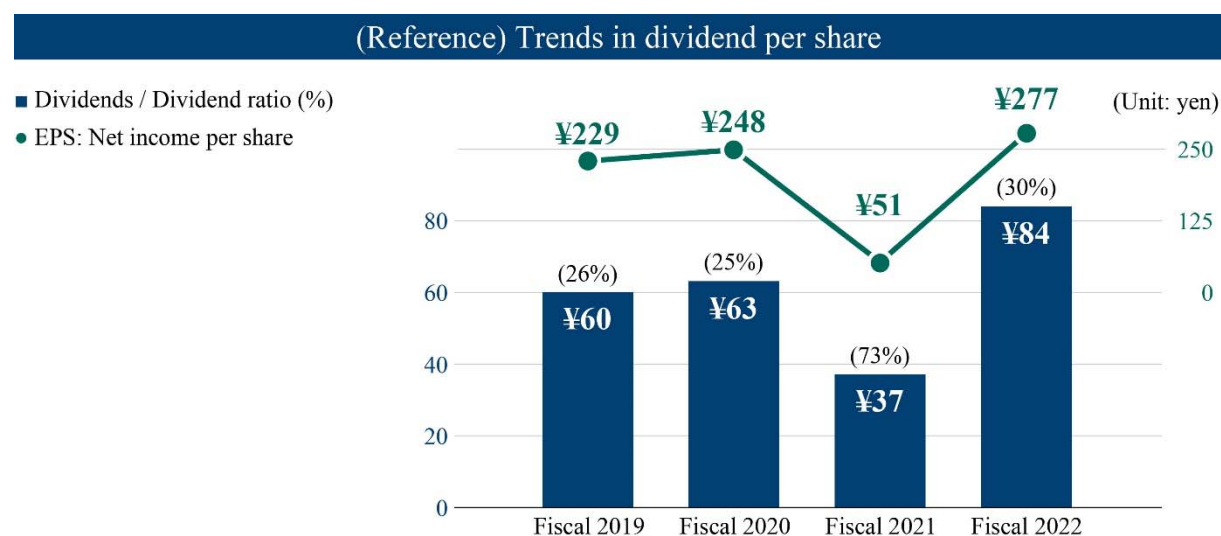
## 4. A Policy concerning the Decision on the Distribution of Surplus

The Company recognizes that the distribution of profits to shareholders is an important management issue, and sets it as its basic policy to pay dividends twice a year, an interim dividend and a year-end dividend, which are performance-linked dividends corresponding to net income attributable to owners of the parent of the year, from the viewpoint of ensuring the flexible return of profits and the stability of management and financial affairs.

The decision-making body for these dividends is not the General Meeting of Shareholders, but the Board of Directors, based on Paragraph 1, Article 459 of the Companies Act, except as otherwise provided in laws and regulations. With regard to the amount of dividends for the current fiscal year, the Company targets approximately 30% (annual) or more of the consolidated dividend ratio based on net income attributable to owners of the parent, considering the business environment and other matters comprehensively while maintaining sufficient investment funds for business growth.

Based on the above-mentioned policy, the Company plans to pay a year-end dividend of ¥42 yen per share, as per the year-end forecast announced on May 11, 2021. Consequently, the total dividend for the current fiscal year will be ¥84 per share, including an interim dividend of ¥42 per share.

In addition, based on the aforementioned consolidated numerical targets for the next fiscal year and the dividend policy as above, the Company expects to pay an annual dividend of ¥100 per share (interim dividend of ¥50 and year-end dividend of ¥50) for the next fiscal year, which is an increase of ¥16 per share from the current fiscal year.



(Remarks)

Figures shown in millions of Japanese yen in this Report are rounded down to the nearest million.

## CONSOLIDATED BALANCE SHEET

As of March 31, 2022

ASSETS	
Item	Amounts
	Millions of Japanese Yen
<b>Current assets</b>	¥113,871
Cash and deposits	12,242
Notes and accounts receivable-trade	74,272
Merchandise and finished goods	17,346
Work in process	1,045
Raw materials and supplies	4
Goods in transit	3,704
Other	6,220
Allowance for doubtful accounts	(964)
<b>Non-current assets</b>	20,249
<b>Property, plant and equipment</b>	1,964
Buildings and structures	859
Accumulated depreciation	(546)
Machinery, equipment and vehicles	2,645
Accumulated depreciation	(1,665)
Tools, Furniture and fixtures	790
Accumulated depreciation	(579)
Construction in progress	12
Land	262
Leased assets	767
Accumulated depreciation	(582)
<b>Intangible assets</b>	2,449
Goodwill	1,053
Customer-related assets	993
Other	401
<b>Investments and other assets</b>	15,836
Investment securities	10,616
Long-term loans receivable	1,258
Distressed receivables	6,146
Retirement benefit asset	78
Deferred tax assets	692
Other	3,186
Allowance for doubtful accounts	(6,142)
<b>Total assets</b>	¥134,121

<b>LIABILITIES AND NET ASSETS</b>	
<b>Item</b>	<b>Amounts</b>
	Millions of Japanese Yen
<b>Current liabilities</b>	¥65,461
Notes and accounts payable-trade	52,213
Short-term loans payable	4,944
Current portion of long-term loans payable	113
Accrued income taxes	2,028
Accrued employee bonuses	916
Allowance for losses from liquidation of subsidiaries and associates	42
Other	5,203
<b>Non-current liabilities</b>	3,562
Long-term loans payable	245
Deferred tax liabilities	843
Retirement benefit liabilities	2,366
Other	107
<b>Total liabilities</b>	69,024
<b>Net assets</b>	
<b>Shareholders' equity</b>	62,714
Capital stock	6,800
Capital surplus	1,799
Retained earnings	54,804
Treasury stock	(689)
<b>Accumulated other comprehensive income</b>	2,340
Valuation difference on available-for-sale securities	1,221
Deferred gains or losses on hedges	285
Foreign currency translation adjustments	917
Remeasurements of defined benefit plans	(84)
<b>Non-controlling interests</b>	41
<b>Total net assets</b>	65,096
<b>Total liabilities and net assets</b>	¥134,121

## CONSOLIDATED STATEMENT OF INCOME

Year Ended March 31, 2022

Item	Amounts	
	Millions of Japanese Yen	
Net sales		¥284,096
Cost of sales		<u>253,446</u>
Gross profit		30,650
Selling, general and administrative expenses		<u>21,321</u>
Operating income		9,328
Non-operating income		
Interest income	286	
Dividend income	291	
Share of profit of entities accounted for using equity method	295	
Foreign exchange gains	193	
Gain on adjustment of account payable	64	
Miscellaneous income	<u>241</u>	1,374
Non-operating expenses		
Interest expenses	75	
Loss on sale of notes receivable - trade	177	
Miscellaneous expenses	<u>175</u>	<u>428</u>
Ordinary income		10,274
Extraordinary income		
Gain on sale of non-current assets	318	
Gain on sale of investment securities	221	
Gain on revision of retirement benefit plan	79	
Gain on sale of shares of subsidiaries and associates	<u>18</u>	638
Extraordinary losses		
Loss on valuation of investment securities	51	
Loss on liquidation of subsidiaries and associates	48	
Impairment losses	21	
Loss on sale of investment securities	7	
Loss on disposal of non-current assets	<u>4</u>	<u>134</u>
Profit before income taxes		10,778
Income taxes		
Current	4,083	
Deferred	<u>(118)</u>	<u>3,964</u>
Net income:		6,814
Net income attributable to non-controlling interests		<u>2</u>
Net income attributable to owners of the parent		¥6,811

## NONCONSOLIDATED BALANCE SHEET

As of March 31, 2022

ASSETS	
Item	Amounts
	Millions of Japanese Yen
<b>Current assets</b>	¥54,943
Cash and deposits	2,196
Deposit paid in subsidiaries and associates	3,000
Notes receivable-trade	7,491
Accounts receivable-trade	27,796
Merchandise and finished goods	10,760
Work in process	352
Goods in transit	469
Advance payments	576
Prepaid expenses	56
Short-term loans receivable	1
Other	2,309
Allowance for doubtful accounts	(67)
<b>Non-current assets</b>	29,528
<b>Property, plant and equipment</b>	1,016
Buildings	154
Structures	0
Machinery and equipment	760
Tools, Furniture and fixtures	102
<b>Intangible assets</b>	178
Software	106
Other	71
<b>Investments and other assets</b>	28,333
Investment securities	4,590
Investments in shares of subsidiaries and associates	18,547
Investments in capital	148
Investments in capital of subsidiaries and associates	2,422
Long-term loans receivable	1,227
Long-term loans receivable from subsidiaries and associates	30
Distressed receivables	6,080
Deferred tax assets	652
Other	686
Allowance for doubtful accounts	(6,053)
<b>Total assets</b>	¥84,471



<b>LIABILITIES AND NET ASSETS</b>	
<b>Item</b>	<b>Amounts</b>
	Millions of Japanese Yen
<b>Current liabilities</b>	¥29,659
Notes payable-trade	5,760
Accounts payable-trade	16,238
Current portion of long-term loans payable	113
Accounts payable-other	644
Accrued expenses	113
Accrued income taxes	1,307
Advances received	594
Deposits received	4,194
Accrued employee bonuses	647
Allowance for losses from liquidation of subsidiaries and associates	42
Other	3
<b>Non-current liabilities</b>	2,269
Long-term loans payable	245
Liability for retirement benefits	2,024
<b>Total liabilities</b>	31,929
<b>Net assets</b>	
<b>Shareholders' equity</b>	51,673
Capital stock	6,800
Capital surplus	1,799
Legal capital surplus	1,700
Other capital surplus	99
Retained earnings	43,763
Other retained earnings	43,763
Retained earnings brought forward	43,763
Treasury stock	(689)
<b>Valuation and translation adjustments</b>	868
Valuation difference on available-for-sale securities	695
Deferred gains or losses on hedges	173
<b>Total net assets</b>	52,541
<b>Total liabilities and net assets</b>	¥84,471

## NONCONSOLIDATED STATEMENT OF INCOME

Year Ended March 31, 2022

Item	Amounts	
	Millions of Japanese Yen	
Net sales		¥146,897
Cost of sales		<u>130,580</u>
Gross profit		16,317
Selling, general and administrative expenses		<u>10,136</u>
Operating income		6,180
Non-operating income		
Interest income	25	
Dividend income	1,690	
Foreign exchange gains	717	
Gain on adjustment of account payable	39	
Miscellaneous income	<u>117</u>	2,589
Non-operating expenses		
Interest expenses	55	
Loss on sale of notes receivable-trade	29	
Provision of allowance for doubtful accounts	538	
Miscellaneous expenses	<u>56</u>	<u>681</u>
Ordinary income		8,089
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	361	
Gain on sale of investment securities	<u>221</u>	583
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	265	
Loss on liquidation of subsidiaries and associates	38	
Loss on sale of investment securities	7	
Loss on disposal of non-current assets	1	
Loss on valuation of investment securities	<u>0</u>	<u>314</u>
Profit before income taxes		8,358
Income taxes		
Current	2,518	
Deferred	<u>(110)</u>	<u>2,407</u>
Net income		¥5,950