

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

January 31, 2025

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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit before income taxes		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended										
Dec. 31, 2024	230,257	(1.3)	10,518	(11.8)	11,996	1.7	12,748	6.7	9,123	13.1
Dec. 31, 2023	233,357	(8.6)	11,927	9.2	11,799	7.2	11,951	4.9	8,065	6.9

Note: Comprehensive income

For the nine months ended Dec. 31, 2024: 9,583 million yen [(12.5%)]

For the nine months ended Dec. 31, 2023: 10,955 million yen [20.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
Dec. 31, 2024	370.23	—
Dec. 31, 2023	327.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2024	143,687	88,682	61.7
Mar. 31, 2024	143,350	82,097	57.2

Reference: Equity

As of Dec. 31, 2024: 88,628 million yen

As of Mar. 31, 2024: 82,056 million yen

2. Dividends

	Annual dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended Mar. 31, 2024	—	58.00	—	60.00	118.00
Fiscal year ending Mar. 31, 2025	—	61.00	—		
Fiscal year ending Mar. 31, 2025 (Forecast)				61.00	122.00

Note: Revisions to the most recently announced forecast of dividends: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit before income taxes		Net profit attributable to owners of parent		Basic earnings per share yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Full Year	320,000	4.0	15,000	(0.3)	15,000	3.6	15,000	2.1	10,000	3.9	405.82

Note: Revisions to the most recently announced forecasts of consolidated financial results: None

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- Newly included: —
- Excluded: —
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
1. Changes in accounting policies due to the revision of accounting standards, etc.: Yes
 2. Changes in accounting policies due to other reasons: None
 3. Changes in accounting estimates: None
 4. Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 9 of the Appendix for details.

(4) Number of issued shares (common shares)

1. Total number of issued shares at the end of the period (including treasury shares)	As of Dec. 31, 2024	25,303,478 shares	As of Mar. 31, 2024	25,303,478 shares
2. Number of treasury shares at the end of the period	As of Dec. 31, 2024	657,452 shares	As of Mar. 31, 2024	662,180 shares
3. Average number of shares outstanding during the period	Nine months ended Dec. 31, 2024	24,644,167 shares	Nine months ended Dec. 31, 2023	24,617,216 shares

Note: The Company has introduced the Board Benefit Trust - Restricted Stock (BBT-RS), and the number of shares of the Company held by the trust are included in that of treasury shares to be deducted in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

- * Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document are based on the information available at the time of publication and certain assumptions that the Company judges as rational. In addition, actual financial results may vary significantly due to various reasons. The Company, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements.

Please refer to “1. Overview of Operating Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 4 of the Appendix for the prerequisites for the forward-looking statements and precautions on their use.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Quarterly Consolidated Accounting Period

During the nine months ended December 31, 2024, the Japanese economy was on a moderate recovery trend as improvement was seen in consumer spending with favorable employment and income environment on the back of solid corporate earnings. However, despite the U.S. economy remaining firm thanks to a solid labor market and a recovery in consumer spending, the global economy continued to face uncertainty. This was mainly due to the lingering geopolitical risks such as the Russia-Ukraine situation and that in the Middle East, and a continued economic slowdown in China, where consumer spending was taking a long time to recover, despite economic stimulative measures taken by the government.

Under these circumstances, CHORI CO., LTD. (the “Company”) and its subsidiaries (the “Chori Group” or the “Group”) are steadily implementing the basic strategy of the medium-term management plan Chori Innovation Plan 2025 announced on April 28, 2023, and are working to achieve sustainable growth on a global basis and transform the Group’s business through digital transformation.

Consolidated financial results for the quarterly consolidated period under review grew year on year, with ordinary profit, profit before income taxes, and net profit attributable to owners of parent reaching record highs for the April-December period for a fourth consecutive fiscal year. Net sales decreased by 1.3% year on year to 230,257 million yen, operating profit decreased by 11.8% year on year to 10,518 million yen, ordinary profit increased by 1.7% year on year to 11,996 million yen, profit before income taxes increased by 6.7% year on year to 12,748 million yen, and net profit attributable to owners of parent increased by 13.1% year on year to 9,123 million yen.

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Increase (decrease)	Year on year (%)
Net sales	233,357	230,257	(3,099)	(1.3)
Operating profit	11,927	10,518	(1,409)	(11.8)
Ordinary profit	11,799	11,996	196	1.7
Profit before income taxes	11,951	12,748	796	6.7
Net profit attributable to owners of parent	8,065	9,123	1,057	13.1

The results of each business segment are as follows.

(i) Fibers, Textiles, and Garments

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Increase (decrease)	Year on year (%)
Net sales	108,492	111,874	3,381	3.1
Profit before income taxes	6,439	6,066	(372)	(5.8)

In this segment, net sales increased by 3.1% year on year to 111,874 million yen, primarily due to the solid sales of fiber raw materials, textile-fabrics (exports), and women’s clothing-related items. However, segment profit (profit before income taxes) decreased by 5.8% year on year to 6,066 million yen, mainly due to the saturation of demand for some occasion clothing items after the COVID-19 pandemic.

(ii) Chemicals

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Increase (decrease)	Year on year (%)
Net sales	123,363	117,698	(5,664)	(4.6)
Profit before income taxes	6,172	6,702	529	8.6

In this segment, net sales decreased by 4.6% year on year to 117,698 million yen, mainly due to continued declining demand and sluggish market conditions in the fine chemicals field. Segment profit (profit before income taxes) increased by 8.6% year on year to 6,702 million yen, as the Company collected part of the receivables from a chemical manufacturing group in China and recorded a reversal of allowance for doubtful accounts.

(iii) Machinery

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Increase (decrease)	Year on year (%)
Net sales	1,440	621	(818)	(56.8)
Profit (loss) before income taxes	(376)	443	820	—

In this segment, net sales decreased by 56.8% year on year to 621 million yen, mainly due to the selection and concentration of businesses. Meanwhile, a segment profit (profit before income taxes) of 443 million yen (compared to a segment loss of 376 million yen [loss before income taxes] in the corresponding period of the previous year) was posted in reaction to the recording of foreign exchange losses caused by the impact of currency fluctuations in the corresponding period of the previous year.

(2) Overview of Financial Position for the Current Quarterly Consolidated Accounting Period

(Assets)

Total assets at the end of the quarterly consolidated period under review were 143,687 million yen, an increase of 337 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 6,169 million yen in notes and accounts receivable - trade and 1,703 million yen in software in progress, and decreases of 3,500 million yen in deposits paid to subsidiaries and associates, 1,552 million yen in cash and deposits, and 1,551 million yen in investments and other assets.

(Liabilities)

Liabilities at the end of the quarterly consolidated period under review were 55,005 million yen, a decrease of 6,247 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 4,049 million yen in notes and accounts payable - trade and 1,458 million yen in income taxes payable.

(Net assets)

Net assets at the end of the quarterly consolidated period under review were 88,682 million yen, an increase of 6,584 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 9,123 million yen resulting from the recording of net profit attributable to owners of parent and 818 million yen in foreign currency translation adjustment, offsetting decreases of 2,998 million yen due to the payment of dividends and 651 million yen in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

There have been no changes to the consolidated financial results forecast announced on April 26, 2024.

The financial results forecast is based on the information available at the time of publication and certain assumptions that the Company judges as rational. As such, actual financial results may vary significantly due to various reasons.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Assets		
Current assets		
Cash and deposits	17,960	16,408
Deposits paid to subsidiaries and associates	3,500	-
Notes and accounts receivable - trade	70,337	76,507
Merchandise and finished goods	18,689	18,307
Work in process	837	1,092
Raw materials and supplies	31	21
Goods in transit	1,805	935
Other	5,527	5,426
Allowance for doubtful accounts	(265)	(204)
Total current assets	118,423	118,494
Non-current assets		
Property, plant and equipment	1,847	2,184
Intangible assets		
Goodwill	444	295
Customer-related assets	793	718
Software in progress	2,922	4,626
Other	378	380
Total intangible assets	4,538	6,020
Investments and other assets	18,540	16,988
Total non-current assets	24,926	25,193
Total assets	143,350	143,687
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,538	41,489
Short-term borrowings	2,623	2,325
Current portion of long-term borrowings	113	47
Income taxes payable	2,706	1,248
Provision for bonuses	1,097	741
Provision for loss on liquidation of subsidiaries and associates	42	42
Other	5,506	5,366
Total current liabilities	57,627	51,260
Non-current liabilities		
Long-term borrowings	19	-
Deferred tax liabilities	1,128	1,223
Provision for share awards	51	91
Retirement benefit liability	2,164	2,242
Other	262	186
Total non-current liabilities	3,625	3,745
Total liabilities	61,253	55,005

(Unit: Millions of yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Net assets		
Shareholders' equity		
Share capital	6,800	6,800
Capital surplus	2,152	2,152
Retained earnings	67,429	73,542
Treasury shares	(935)	(921)
Total shareholders' equity	<u>75,446</u>	<u>81,573</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,006	2,355
Deferred gains or losses on hedges	(5)	274
Foreign currency translation adjustment	3,578	4,397
Remeasurements of defined benefit plans	29	28
Total accumulated other comprehensive income	<u>6,609</u>	<u>7,055</u>
Non-controlling interests	41	53
Total net assets	<u>82,097</u>	<u>88,682</u>
Total liabilities and net assets	<u>143,350</u>	<u>143,687</u>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024
Net sales	233,357	230,257
Cost of sales	203,730	200,744
Gross profit	29,626	29,513
Selling, general and administrative expenses	17,698	18,995
Operating profit	11,927	10,518
Non-operating income		
Interest income	683	561
Dividend income	263	278
Share of profit of entities accounted for using equity method	-	285
Foreign exchange gains	-	17
Reversal of allowance for doubtful accounts	18	807
Gain on adjustment of accounts payable	29	20
Miscellaneous income	282	159
Total non-operating income	1,276	2,131
Non-operating expenses		
Interest expenses	565	97
Loss on sale of notes receivable - trade	641	541
Share of loss of entities accounted for using equity method	131	-
Foreign exchange losses	51	-
Miscellaneous expenses	14	14
Total non-operating expenses	1,404	653
Ordinary profit	11,799	11,996
Extraordinary income		
Gain on sale of investment securities	172	770
Gain on sale of non-current assets	0	6
Gain on liquidation of subsidiaries and associates	2	-
Other	0	-
Total extraordinary income	176	777
Extraordinary losses		
Loss on disposal of non-current assets	19	25
Loss on valuation of investment securities	4	-
Total extraordinary losses	24	25
Profit before income taxes	11,951	12,748
Income taxes - current	3,711	3,465
Income taxes - deferred	121	145
Total income taxes	3,832	3,610
Net profit	8,118	9,137
Net profit attributable to non-controlling interests	53	13
Net profit attributable to owners of parent	8,065	9,123

Quarterly Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024
Net profit	8,118	9,137
Other comprehensive income		
Valuation difference on available-for-sale securities	1,182	(651)
Deferred gains or losses on hedges	(78)	279
Foreign currency translation adjustment	1,411	653
Remeasurements of defined benefit plans, net of tax	7	(1)
Share of other comprehensive income of entities accounted for using equity method	313	165
Total other comprehensive income	2,836	445
Comprehensive income	10,955	9,583
Comprehensive income attributable to:		
Owners of parent	10,902	9,569
Non-controlling interests	52	14

(3) Notes to Quarterly Consolidated Financial Statements

(Note regarding assumptions of a going concern)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Adoption of the "Accounting Standard for Current Income Taxes," etc.)

On April 1, 2024, the Group adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as "ASBJ Statement No. 27 (revised 2022)").

Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of ASBJ Statement No. 27 (revised 2022), as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as "ASBJ Guidance No. 28 (revised 2022)"). These changes in accounting policies have no impact on the Group's quarterly consolidated financial statements.

Also, on April 1, 2024, the Group adopted ASBJ Guidance No. 28 (revised 2022), regarding the amendment related to the review of the treatment in the consolidated financial statements when deferring for tax purposes the gain or loss on the sale of subsidiary shares and others among the Group companies. This change in accounting policy has been applied retrospectively and has no impact on the Group's consolidated financial statements for the fiscal year ended March 31, 2024, as well as the quarterly consolidated financial statements for the quarterly periods of that fiscal year.

(Additional information)

(Performance-linked stock compensation plan for Directors, etc.)

Based on the resolution of the 76th Annual General Meeting of Shareholders held on June 16, 2023, the Company has introduced a performance-linked stock compensation plan, i.e. the Board Benefit Trust - Restricted Stock (BBT-RS), with the aim of clarifying the linkage between the compensation for directors (excluding directors who are Audit & Supervisory Committee members and non-executive Directors) and executive officers (together with directors, collectively, the "Directors, etc.") and the Company's business performance and share value, and enhancing their motivation to contribute to the improvement of the Company's business performance in the medium to long term and the enhancement of its corporate value.

The Company accounts for this plan in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

(i) Summary of the transaction

This is a performance-linked stock compensation plan under which the Company's shares are acquired through a trust using money contributed by the Company, and the Directors, etc. are provided with the Company's shares and an amount of money equivalent to the market value of the Company's shares through the trust, pursuant to the Share Benefit Regulations for Directors and Officers established by the Company.

In principle, the time when the Directors, etc. receive the Company's shares shall be a certain time after the end of each applicable period.

(ii) The Company's shares remaining in the trust

The Company's shares remaining in the trust is recorded as treasury shares under net assets at their book value in the trust (excluding ancillary costs). There were 140 thousand such treasury shares carried at 417 million yen at the end of the previous consolidated fiscal year, and there were 135 thousand such treasury shares carried at 403 million yen at the end of the quarterly consolidated period under review.

(Notes on segment information, etc.)

[Segment information]

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Unit: Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Fibers, Textiles, and Garments	Chemicals	Machinery	Subtotal				
Net sales								
Net sales to outside customers	108,492	123,363	1,440	233,296	60	233,357	—	233,357
Inter-segment net sales or transfers	—	—	—	—	344	344	(344)	—
Total	108,492	123,363	1,440	233,296	405	233,701	(344)	233,357
Segment profit (loss)	6,439	6,172	(376)	12,234	44	12,279	(327)	11,951

- Notes:
1. The “Others” category is a business segment that is not attributable to reportable segments and includes the provision of various services such as commissioned back-office operations.
 2. Adjustment to segment profit (loss) of negative 327 million yen represents company-wide profit (loss) that has not been allocated to reportable segments. Company-wide profit (loss) represents finance-related gains and losses that are not attributable to reportable segments.
 3. The total of segment profit (loss) and adjustment for reportable segments and the Others business segments is consistent with profit before income taxes in the quarterly consolidated statements of income.

For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information on net sales and profit (loss) by reportable segment

(Unit: Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Fibers, Textiles, and Garments	Chemicals	Machinery	Subtotal				
Net sales								
Net sales to outside customers	111,874	117,698	621	230,194	63	230,257	—	230,257
Inter-segment net sales or transfers	—	—	—	—	354	354	(354)	—
Total	111,874	117,698	621	230,194	417	230,612	(354)	230,257
Segment profit	6,066	6,702	443	13,212	46	13,258	(510)	12,748

- Notes:
1. The “Others” category is a business segment that is not attributable to reportable segments and includes the provision of various services such as commissioned back-office operations.
 2. Adjustment to segment profit of negative 510 million yen represents company-wide profit (loss) that has not been allocated to reportable segments. Company-wide profit (loss) represents finance-related gains and losses that are not attributable to reportable segments.
 3. The total of segment profit and adjustment for reportable segments and the Others business segments is consistent with profit before income taxes in the quarterly consolidated statements of income.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the current quarterly consolidated accounting period have not been prepared.

Depreciation expenses (including amortization expenses pertaining to intangible assets excluding goodwill) and amortization expenses of goodwill pertaining to the quarterly consolidated period under review are as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	655 million yen	657 million yen
Amortization of goodwill	147 million yen	147 million yen