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(Securities Code 8014)

May 31, 2024

(Date of commencement of electronic provision measures: May 27, 2024)

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 77TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We are pleased to announce that the 77th Annual General Meeting of Shareholders of Chori Co., Ltd. (the “Company”) will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision and thus posted the matters subject to electronic provision on the Company’s website on the Internet as the “Notice of the 77th Annual General Meeting of Shareholders.”

The Company’s website: <https://www.chori.co.jp/english/ir/stock/assembly/>

In addition to the above website, matters subject to electronic provision are also made available on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website below, enter “CHORI” into “Issue name (company name)” or “8014” into “Code,” and select “Basic information” and “Documents for public inspection/PR information” in that order to find “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in the “Filed information available for public inspection” section.

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please review the information in the Reference Documents for the General Meeting of Shareholders as stated below and submit your vote by no later than 5:30 p.m. on Monday, June 17, 2024, with reference to the Guidance for Exercising Your Voting Rights described on pages 3 to 4.

Date and Time: Tuesday, June 18, 2024 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 77th Fiscal Year (April 1, 2023 - March 31, 2024) 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 77th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- Proposal No. 1:** Election of Four (4) Directors (Excluding Directors on the Audit & Supervisory Committee Member)
- Proposal No. 2:** Election of Four (4) Directors on the Audit & Supervisory Committee Member
- Proposal No. 3:** Election of One (1) Substitute Director on the Audit & Supervisory Committee Member

- In the event of any revisions to the matters subject to electronic provision, the revised information will be posted on the aforementioned websites where such matters are posted.
- The following matters are not included in the document delivered to the shareholders who requested the delivery of the document, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company. Therefore, this document is a part of the documents audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing the Audit Report.
 - Business Report: "Accounting Auditor" and "Company's Systems and Policies"
 - Consolidated Financial Statements: "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements"
 - Nonconsolidated Financial Statements: "Nonconsolidated Statement of Changes in Equity" and "Notes to the Nonconsolidated Financial Statements"

Guidance for Exercising Your Voting Rights

Please review the information in the Reference Documents for the General Meeting of Shareholders provided below 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: Tuesday, June 18, 2024 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 77th Annual General Meeting of Shareholders (this document) with them.

Exercise of Voting Rights in Writing

Deadline for the exercise of voting rights: Monday, June 17, 2024 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: Monday, June 17, 2024 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 Election of Four (4) Directors (Excluding Directors on the Audit & Supervisory Committee Member)


All of five (5) Directors (excluding Directors on the Audit & Supervisory Committee Member) of the Company will complete their terms of office at the conclusion of this General Meeting of Shareholders. The Company proposes the election of four (4) Directors (excluding Directors on the Audit & Supervisory Committee Member), decreasing the number of Directors (excluding Directors on the Audit & Supervisory Committee Member) by one (1).


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 on the Audit & Supervisory Committee Member) are as follows:

No.		Name	Gender (Age)	Term of office	Current positions at the Company
1	[Reappointment]	Tatsuyuki Sakoda	Male (59 years old)	2 years	Director Managing Executive Officer
2	[New appointment]	Hiroshi Yoshida	Male (56 years old)	—	Managing Executive Officer
3	[Reappointment]	Kazuhiro Tohge	Male (63 years old)	6 years	Director Executive Officer
4	[New appointment]	Nobuyuki Inohara	Male (64 years old)	—	

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 <p data-bbox="284 622 480 741">Tatsuyuki Sakoda November 4, 1964 59 years old Male</p> <p data-bbox="252 775 512 831">[Term of office as Director] 2 years</p> <p data-bbox="300 864 464 891">[Reappointment]</p>	<p data-bbox="564 277 906 304">Apr. 1989 Joined the Company</p> <p data-bbox="564 311 1246 465">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 data-bbox="564 472 1257 533">Jun. 2020 Executive Officer of the Company, President & CEO of Miyako Kagaku Co., Ltd.</p> <p data-bbox="564 539 1246 600">Jun. 2021 Senior Executive Officer of the Company, President & CEO of Miyako Kagaku Co., Ltd.</p> <p data-bbox="564 607 1257 757">Jun. 2022 Director, Managing Executive Officer, General Manager of Corporate Planning Division, Executive Chief Representative for China and General Manager of Pharmacovigilance & Quality Assurance Office of the Company (to present)</p> <p data-bbox="564 768 1415 1160"> ■ 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 & CEO of Miyako Kagaku Co., Ltd., and since 2022, he has been Director, Managing Executive Officer, General Manager of Corporate Planning Division, Executive Chief Representative for China and General Manager of Pharmacovigilance & Quality Assurance Office of the Company. He has abundant business experience in the Company and the Group and broad knowledge in all the areas of management of a trading company. We believe that he is capable of carrying out appropriate business execution and objectively supervising the management of the Company, have therefore continuously nominated him as a candidate for Director. </p>	9,437 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="285 898 480 1014">Hiroshi Yoshida February 23, 1968 56 years old Male</p> <p data-bbox="290 1048 475 1077">[New appointment]</p>	<p data-bbox="564 282 906 311">Apr. 1990 Joined the Company</p> <p data-bbox="564 315 1203 439">Jun. 2013 Executive Officer, Deputy General Manager of Textile Material Operations and Department Manager of Performance Fiber and Textile Department of the Company</p> <p data-bbox="564 443 1230 566">Jun. 2017 Director, Executive Officer, General Manager of Synthetic Fiber Manufacturing Service Operations and General Manager of Logistics Department (Textile) of the Company</p> <p data-bbox="564 571 1259 730">Jun. 2020 Director, Senior Executive Officer, General Manager of Textile Division, Senior Manager of Synthetic Fiber Business Department, General Manager of Logistics Department (Textile) and General Manager of Hokuriku Branch of the Company</p> <p data-bbox="564 734 1254 893">Jun. 2021 Managing Executive Officer, General Manager of Textile Division, Senior Manager of Synthetic Fiber Business Department, General Manager of Logistics Department (Textile) and General Manager of Hokuriku Branch of the Company</p> <p data-bbox="564 898 1259 1057">Apr. 2024 Managing Executive Officer, General Manager of Textile Division, Senior Manager of Fibers and Textiles Business Department, General Manager of Logistics Department (Textile) and General Manager of Hokuriku Branch of the Company (to present)</p>	<p data-bbox="1307 636 1382 696">10,763 shares</p> <p data-bbox="558 1061 1398 1393"> ■ Reasons for nominating the candidate for Director Since joining the Company in 1990, Mr. Hiroshi Yoshida has worked mainly in fiber and textiles business. At present, he serves as Managing Executive Officer, General Manager of Textile Division, Senior Manager of Fibers and Textiles Business Department, General Manager of Logistics Department (Textile) and General Manager of Hokuriku Branch of the Company. He has abundant business experience in the Company and the Group and broad knowledge in all the areas of management of a trading company. We believe that he is capable of carrying out appropriate business execution and objectively supervising the management of the Company, have therefore newly nominated him as a candidate for Director. </p>

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="284 786 483 904">Kazuhiro Tohge September 5, 1960 63 years old Male</p> <p data-bbox="252 938 515 994">[Term of office as Director] 6 years</p> <p data-bbox="300 1023 467 1057">[Reappointment]</p>	<p data-bbox="563 315 1265 824"> 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 & Clothing Textile Division of TORAY INDUSTRIES, INC. Jun. 2018 Director, Executive Officer, General Manager of Promoting Textile & 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="563 835 1423 1227"> ■ Reasons for nominating the candidate for Director 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 & Clothing Textile Division of TORAY INDUSTRIES, INC., and, at present, serves as the Director, Executive Officer, Special Appointee of the President (Textile Division) of the Company, 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>	7,424 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="280 907 483 1025">Nobuyuki Inohara May 5, 1960 64 years old Male</p> <p data-bbox="292 1059 472 1084">[New appointment]</p>	<p data-bbox="564 309 1278 1010"> Apr. 1983 Joined TORAY INDUSTRIES, INC. Apr. 2005 General Manager, Polyester Polymers Department of TORAY INDUSTRIES, INC. Apr. 2010 General Manager, Torayca Reinforced Plastics Department of TORAY INDUSTRIES, INC. May 2013 General Manager, Resins Division of TORAY INDUSTRIES, INC. Jun. 2015 President and Representative Member of the Board, Toray Plastics Precision Co., Ltd. Jun. 2019 Member of the Board, General Manager of Resins & Chemicals Division of TORAY INDUSTRIES, INC. Jun. 2020 Corporate Vice President, General Manager of Resins & Chemicals Division of TORAY INDUSTRIES, INC. Jun. 2022 Standing Director in charge of Resins & Chemicals Division of TORAY INDUSTRIES, INC. Jun. 2023 Senior Director, Deputy General Manager of Resins & Chemicals Division of TORAY INDUSTRIES, INC. Apr. 2024 Corporate Vice President, General Manager of Affiliated Companies Division of TORAY INDUSTRIES, INC. (to present) </p> <p data-bbox="564 1021 1401 1377"> ■ Reasons for nominating the candidate for Director Since joining TORAY INDUSTRIES, INC. in 1983, Mr. Nobuyuki Inohara has gained rich experience, knowledge, and deep expertise and is well versed in sales related to the resins and chemicals business following his many years of engagement in this area. He has also acquired sufficient knowledge in management through performing his duties as President and Representative Member of the Board of an affiliated company of TORAY INDUSTRIES, INC. as well as an officer of TORAY INDUSTRIES, INC. We believe that he will objectively supervise management and provide useful suggestions for achieving sustainable growth from a viewpoint of corporate management based on his knowledge and ability. We have therefore newly nominated him as a candidate for Director. </p>	0 shares

(Note) No material conflict of interest exists between the Company and any of the candidates for Directors.


Proposal No. 2 Election of Four (4) Directors on the Audit & Supervisory Committee Member

All of three (3) Directors on the Audit & Supervisory Committee Member of the Company will complete their terms of office at the conclusion of this General Meeting of Shareholders. The Company proposes the election of four (4) Directors on the Audit & Supervisory Committee Member, increasing the number of Directors on the Audit & Supervisory Committee Member by one (1).


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 on the Audit & Supervisory Committee Member are as follows:

No.		Name	Gender (Age)	Term of office	Current positions at the Company
1	[Reappointment]	Shigemasa Yabu	Male (63 years old)	9 years	Director on the Audit & Supervisory Committee Member
2	[Reappointment] [Outside Director] [Independent Officer]	Masaaki Sawano	Male (70 years old)	6 years	Outside Director on the Audit & Supervisory Committee Member
3	[Reappointment] [Outside Director] [Independent Officer]	Hiromasa Suzuki	Male (67 years old)	3 years	Outside Director on the Audit & Supervisory Committee Member
4	[New appointment] [Outside Director] [Independent Officer]	Hiroko Noda	Female (63 years old)	2 years	Outside Director

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	 <p data-bbox="288 801 478 920">Shigemasa Yabu April 7, 1961 63 years old Male</p> <p data-bbox="225 954 541 1122">[Term of office as Director] 9 years (Of which, term of office as Director on the Audit & Supervisory Committee Member: 2 years)</p> <p data-bbox="301 1149 464 1178">[Reappointment]</p>	<p data-bbox="564 309 1291 949"> Apr. 1985 Joined the Company Jun. 2013 Executive Officer, General Manager of Corporate Planning Department of Corporate Planning Division of the Company 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 & Quality Assurance Office of the Company Jun. 2019 Director, Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company Jun. 2021 Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company Jun. 2022 Director on the Audit & Supervisory Committee Member of the Company (to present) </p> <p data-bbox="564 954 1406 1366"> ■ Reasons for nominating the candidate for Director on the Audit & Supervisory Committee Member 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 has served as Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division, and Executive Chief Representative for China of the Company, and, since 2022, he has served as Director on the Audit & Supervisory Committee Member 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 and have therefore continuously nominated him as a candidate for Director on the Audit & Supervisory Committee Member. </p>	18,891 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	 <p>Masaaki Sawano March 2, 1954 70 years old Male</p> <p>[Term of office as Director] 6 years (Of which, term of office as Director on the Audit & Supervisory Committee Member: 6 years)</p> <p>[Reappointment] [Outside Director] [Independent Officer]</p>	<p>Apr. 1985 Registered as a lawyer Apr. 1990 Joined Itoh & Matsuda Feb. 2003 Establishment and foundation partner of CITYYUWA PARTNERS (to present) Sep. 2012 Outside Audit & 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 Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency Jun. 2015 Substitute Audit & Supervisory Board Member of the Company Jun. 2016 Substitute Director on the Audit & Supervisory Committee Member of the Company Apr. 2017 President of Dai-Ichi Tokyo Bar Association, Vice President of Japan Federation of Bar Association Apr. 2018 Summary Court Judge Selection Committee Member of the Supreme Court Member of Business Evaluation Monitoring Committee of Urban Renaissance Agency (to present) Jun. 2018 Outside Director on the Audit & Supervisory Committee Member of the Company (to present) Jun. 2019 Outside Auditor of Japan Federation of Certified Public Tax Accountants' Associations (to present) 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 Jun. 2023 Outside Auditor of JS Corporation (to present) Apr. 2024 Chairman of Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency (to present)</p> <p>■ Reasons for nominating the candidate for Outside Director on the Audit & Supervisory Committee Member and outline of expected roles Although Mr. Masaaki Sawano has never been involved in corporate management other than as Outside Audit & Supervisory Board Member, the Company expects him to appropriately perform his duties as Audit & 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 on the Audit & Supervisory Committee Member.</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 67 years old Male</p> <p>[Term of office as Director] 3 years (Of which, term of office as Director on the Audit & Supervisory Committee Member: 2 years)</p> <p>[Reappointment] [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 & CEO of Fujirebio Inc. Jun. 2005 Established Miraca Holdings Inc. President & CEO of Miraca Holdings Inc. Jul. 2005 President & CEO of Fujirebio Inc. Jun. 2006 Director of SRL, Inc. Jun. 2010 Chairman & Representative Director of Fujirebio Inc. Jun. 2014 Chairman & 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 Outside Director of the Company Jun. 2022 Director on the Audit & Supervisory Committee Member of the Company (to present) Outside Director of Nitta Gelatin Inc. (to present)</p> <p>■ Reasons for nominating the candidate for Outside Director on the Audit & Supervisory Committee Member 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 continuously nominated him as a candidate for Outside Director on the Audit & Supervisory Committee Member.</p>	0 shares

No.	Name Date of birth Age	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	 Hiroko Noda July 3, 1960 63 years old Female [Term of office as Director] 2 years [New appointment] [Outside Director] [Independent Officer]	Apr. 1987 Joined Minato Audit Corporation (currently KPMG AZSA LLC) Aug. 1987 Joined Tokyo Branch of Prudential Securities Incorporated Mar. 1990 Registered as a certified public accountant, Representative of Noda Certified Public Accountant Office (to present) Aug. 1992 Joined Tokyo Branch of Banque Indosuez S.A. (currently Crédit Agricole CIB) Jun. 2000 Joined Tokyo Branch of Canadian Bank of Commerce Jul. 2006 Joined BUSICOM Co., Ltd. Sep. 2007 Established Prominent Consulting Co., Ltd., Representative Director May 2010 Established Probity Consulting Co., Ltd., Representative Director (to present) Apr. 2014 Part-time lecturer, Graduate School of Asian and International Business Strategy, Asia University (to present) Mar. 2019 External Director of MODEC, Inc. Outside Director (Audit & Supervisory Committee Member) of Okabe Co., Ltd. (to present) Jun. 2021 Outside Director of S.T. CORPORATION (to present) Jun. 2022 Outside Director of the Company (to present) Mar. 2024 External Director (Audit and Supervisory Committee Member) of MODEC, Inc. (to present)	0 shares
		<p>■ Reasons for nominating the candidate for Outside Director on the Audit & Supervisory Committee Member and outline of expected roles</p> <p>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 Outside Director on the Audit & Supervisory Committee Member.</p>	

- (Notes) 1. No material conflict of interest exists between the Company and any of the candidates for Directors.
2. Mr. Masaaki Sawano, Mr. Hiromasa Suzuki, and Ms. Hiroko Noda are candidates for Outside Directors. The Company register them as Independent Officers as stipulated by the Tokyo Stock Exchange. If the election of Mr. Masaaki Sawano, Mr. Hiromasa Suzuki, and Ms. Hiroko Noda is approved, they will continue to be Independent Officers.
3. The Company has entered into an agreement with Mr. Masaaki Sawano, Mr. Hiromasa Suzuki, and 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 425 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, Mr. Hiromasa Suzuki, and Ms. Hiroko Noda is approved, the Company intends to continue the limited liability agreement with each of them.
4. S.T. CORPORATION, in which Ms. Hiroko Noda serves as Outside Director, received an order for action in accordance with the provisions of paragraph (1) of Article 7 of the Act against Unjustifiable Premiums and Misleading Representations on April 25, 2024. She had not been aware of this conduct of breach until it was revealed, however, at the said company's Board of Directors and other occasions, she has verified the building and operation of internal control system and also reminded them of the importance of legal compliance on regular basis. After this breach was confirmed, she

has fulfilled her responsibilities by making proposals for enhanced compliance with laws and regulations and for initiatives to prevent reoccurrence of such conducts and taking other actions.

Proposal No. 3 Election of One (1) Substitute Director on the Audit & Supervisory Committee Member

In order to prepare for cases where the number of Director on the Audit & Supervisory Committee Member falls short of the number stipulated by laws and regulations, the Company proposes the election of one (1) Substitute Director on the 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 on the 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="236 1202 485 1319">Yoshitomo Nagatsuka March 30, 1965 59 years old Male</p> <p data-bbox="256 1352 464 1408">[Outside Director] [Independent Officer]</p>	<p data-bbox="539 636 1262 1319"> 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) Sep. 2021 Partner Attorney at Law of KOHWA SOHGOH LAW OFFICES (to present) </p> <p data-bbox="539 1326 1385 1659"> ■ Reasons for nominating the candidate for Substitute Outside Director on the Audit & Supervisory Committee Member and outline of expected roles The Company believes that Mr. Yoshitomo Nagatsuka will appropriately fulfill his duties as Audit & 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 Outside Director on the Audit & Supervisory Committee Member. </p>	<p data-bbox="1294 913 1366 969">0 shares</p>

- (Notes)
1. No material conflict of interest exists between the Company and the candidate.
 2. If Mr. Yoshitomo Nagatsuka assumes the office of Outside Director on the Audit & Supervisory Committee Member, the Company plans to register him as Independent Officers as stipulated by the Tokyo Stock Exchange.
 3. If Mr. Yoshitomo Nagatsuka assumes the office of Outside Director on the Audit & Supervisory Committee Member, 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 425 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 on the Audit & Supervisory Committee Member, 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 on the Audit & Supervisory Committee Member)

The nomination of candidates for Directors (excluding Directors on the Audit & Supervisory Committee Member) 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 on the Audit & Supervisory Committee Member)

The nomination of candidates for Directors on the Audit & Supervisory Committee Member 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)

The skill matrix of the Board of Directors if the candidates described in this Notice are elected as proposed is as follows.

The skill matrix required for Directors of the Company is reviewed as necessary in light of changes in the external environment and the Company's management strategies and management plans.

Name	Positions	Expertise and Experience					
		Corporate Management	Global	Finance and Accounting	Risk Management	Sales and Marketing	Sustainability and ESG
■ Tatsuyuki Sakoda	President, CEO & COO President and Executive Officer	●	●	●	●		●
■ Hiroshi Yoshida	Director Managing Executive Officer				●	●	●
■ Kazuhiro Tohge	Director Executive Officer	●	●			●	
■ Nobuyuki Inohara	Director	●				●	
■ Shigemasa Yabu	Director Audit & Supervisory Committee Member			●	●		
■ Masaaki Sawano	Outside Director Audit & Supervisory Committee Member				●		
■ Hiromasa Suzuki	Outside Director Audit & Supervisory Committee Member	●				●	
□ Hiroko Noda	Outside Director Audit & Supervisory Committee Member			●	●		●

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

■ Male □ Female

<Definition of each skill>

Corporate Management

Has experience as a corporate manager and has considerable knowledge of organization management of a whole group as well as management strategies.

Global

Has experience working overseas and of management in an overseas company, and has considerable knowledge of global corporate management.

Finance and Accounting

Is a certified public accountant or a certified public tax accountant, or has experience engaging in finance and accounting in finance and accounting departments, etc. at a corporation, and has considerable knowledge of these fields.

Risk Management

Has business experience in the fields of risk management, corporate legal affairs and compliance, and has considerable knowledge in supervising corporate management.

Sales and Marketing

Has business experience in a sales department, and has considerable knowledge of sales and marketing in a wide range of business domains.

Sustainability and ESG

Has experience in corporate management aiming for sustainable growth, and has considerable knowledge of sustainability and ESG.

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.

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 on the Audit & Supervisory Committee Member.

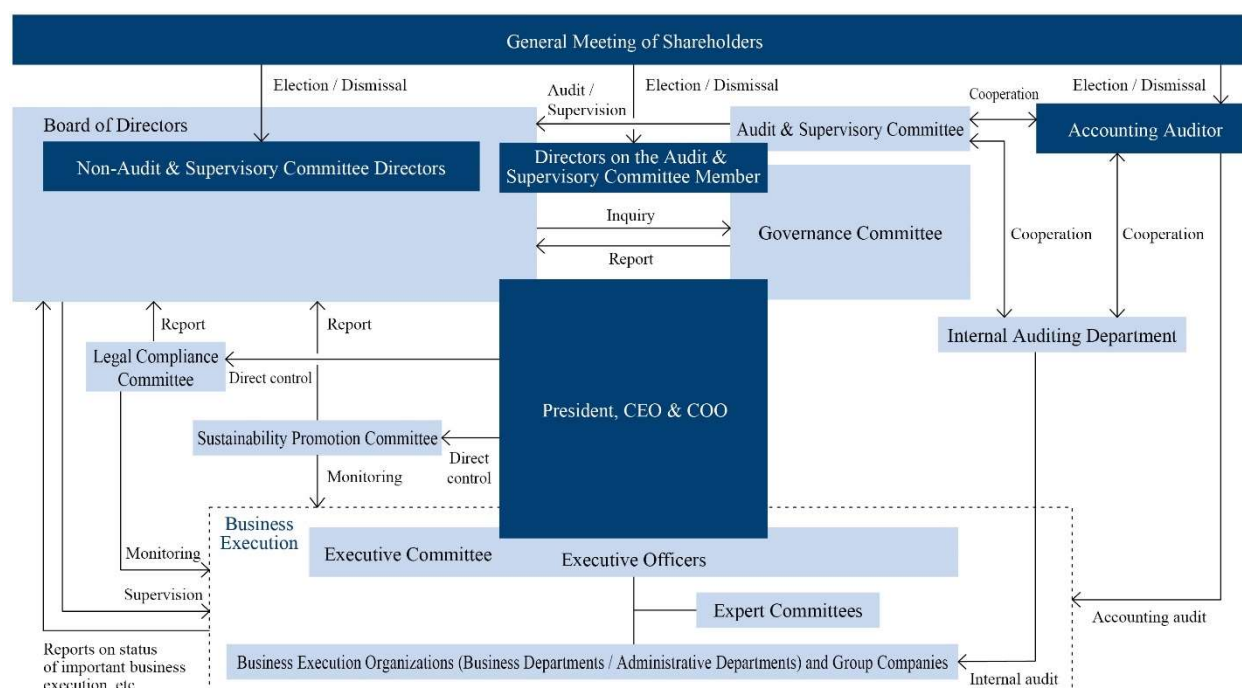
To deepen discussions at the Board of Directors' meetings, the maximum number of directors (excluding Directors on the Audit & Supervisory Committee Member) is limited to 10, and the term of office of directors (excluding Directors on the Audit & Supervisory Committee Member) and executive officers is set at one year to ensure a results-centered approach. The number of Directors on the Audit & Supervisory Committee Member is limited to five.

The Governance Committee, established as a voluntary advisory body to the Board of Directors, consists of three members: the president, CEO & COO and two outside directors who satisfy the requirements for independent officers as stipulated by the Tokyo Stock Exchange. The majority of the committee's members are outside directors, and an outside director serves as its chair. 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.

In addition, the Internal Auditing Department carries out business operation audits regarding the legitimacy, appropriateness, and effectiveness of business execution as well as anticipated management risks.

The Company has established internal regulations concerning the management of subsidiaries. The regulations provide a certain level of authority and allow for flexibility while ensuring that business operations are appropriately and efficiently executed.

●Corporate Governance Structure



Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Company Group

1. Business Progress and Results

In the fiscal year ended March 31, 2024 (hereinafter the “current fiscal year”), the Japanese economy followed a moderate recovery trend mainly due to the rebound of the manufacturing industry, including automobiles, although prices continued to surge for a wide range of consumer goods due to drastic weakening of the yen. Meanwhile, the global economy continued to be clouded by uncertainty as concerns over its outlook were not dispelled amid geopolitical risks, such as Russia’s invasion of Ukraine and the conflict in the Middle East, the prolonged real estate recession in China, monetary tightening in Europe, and other factors.

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

As a result, with regard to the consolidated performance for the current fiscal year, ordinary profit, net profit before income taxes, and net profit attributable to owners of the parent reached record highs for the third fiscal year in a row. Although net sales decreased by 6.6% year on year to ¥307,699 million, operating profit increased by 18.8% year on year to ¥15,039 million, ordinary profit increased by 16.4% year on year to ¥14,476 million, net profit before income taxes increased by 14.9% year on year to ¥14,698 million, and net profit attributable to owners of the parent increased by 18.5% year on year to ¥9,624 million, mainly due to increased profitability.

2. Trends in Assets and Income

(Millions of Japanese Yen)

Item	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 (current fiscal year)
Net sales	216,233	284,096	329,389	307,699
Operating profit	3,663	9,328	12,656	15,039
Ordinary profit	4,656	10,274	12,437	14,476
Net profit before income taxes	4,175	10,778	12,788	14,698
Net profit attributable to owners of the parent	1,247	6,811	8,124	9,624
Net profit per share (yen)	50.73	276.82	330.16	390.87
Total assets	110,591	134,121	143,200	143,350
Total net assets	58,831	65,096	72,158	82,097
Net assets per share (yen)	2,390.06	2,643.55	2,932.46	3,330.03

(Notes) 1. Net profit per share is calculated based on the average number of shares during the period, while net assets per share are 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 shares.

2. The Company has introduced the Board Benefit Trust-Restricted Stock (BBT-RS) effective from the current fiscal year, and the number of shares of the Company held by the trust is recorded as treasury shares.

Accordingly, in calculating the average number of common stock shares outstanding during the period, which is the calculation basis of net profit per share, the number of shares of the Company held by the trust is included in that of treasury shares to be deducted.

In calculating the number of common stock shares outstanding at the end of the period, which is the calculation basis of net assets per share, the number of shares of the Company held by the trust is included in that of treasury shares to be deducted.

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.

In accordance with the establishment of net profit before income taxes as a management metric in the medium-term management plan “Chori Innovation Plan 2025,” announced on April 28, 2023, segment income is reconciled to net profit before income taxes, instead of ordinary profit, from the current fiscal year. With this change, segment income for the previous fiscal year is also reconciled to net profit before income taxes for comparison.

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, net sales increased by 0.7% year on year to ¥145,892 million mainly because sales of raw materials for fibers and domestic apparel business were strong. In addition, segment income (net profit before income taxes) increased by 57.5% year on year to ¥8,030 million due to improved profitability.

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

In this segment, net sales decreased by 11.1% year on year to ¥160,007 million and segment income (net profit before income taxes) decreased by 16.3% year on year to ¥7,647 million, mainly due to an overall decrease in demand and poor market conditions.

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 decreased by 61.2% year on year to ¥1,724 million mainly due to the selection and concentration of businesses, and in addition, the segment loss was ¥616 million (loss before income taxes) because foreign exchange losses by the impact of currency fluctuations were recorded (compared to a segment loss of ¥1,256 million [loss before income taxes] in the previous fiscal year).

Others

Major products or services

- Office outsourcing services

In this segment, net sales decreased by 9.5% year on year to ¥74 million, and segment income (net profit before income taxes) decreased by 25.5% year on year to ¥48 million.

Fiscal years		Fiscal 2023	Fiscal 2024	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	144,846	145,892	0.7	47.4
	Net profit before income taxes	5,099	8,030	57.5	—
Chemicals	Net sales	180,013	160,007	(11.1)	52.0
	Net profit(loss) before income taxes	9,134	7,647	(16.3)	—
Machinery	Net sales	4,448	1,724	(61.2)	0.6
	Loss before income taxes	(1,256)	(616)	—	—
Others	Net sales	81	74	(9.5)	0.0
	Net profit(loss) before income taxes	64	48	(25.5)	—

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

3. Capital Investment

1) Overview of capital investment, etc.

The total amount of capital investment (excluding leased assets) in the current fiscal year was ¥2,387 million, due mainly to the development of a new core system.

2) Plan for establishment of material facilities, etc.

The Company plans to relocate its Osaka Head Office in September 2024. With this, the leasehold improvements, etc. will be acquired in the new Osaka Head Office.

3) Plan for retirement of material facilities, etc.

The Company plans to relocate its Osaka Head Office in September 2024. With this, the non-current assets in the current Osaka Head Office including leasehold improvements that are not expected to be used will be retired.

4. Fund Procurement

The Company has been promoting the liquidation of notes receivable-trade, etc. during the current fiscal year aimed at diversification and lower levels of interest in fund procurement. The Company has 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.

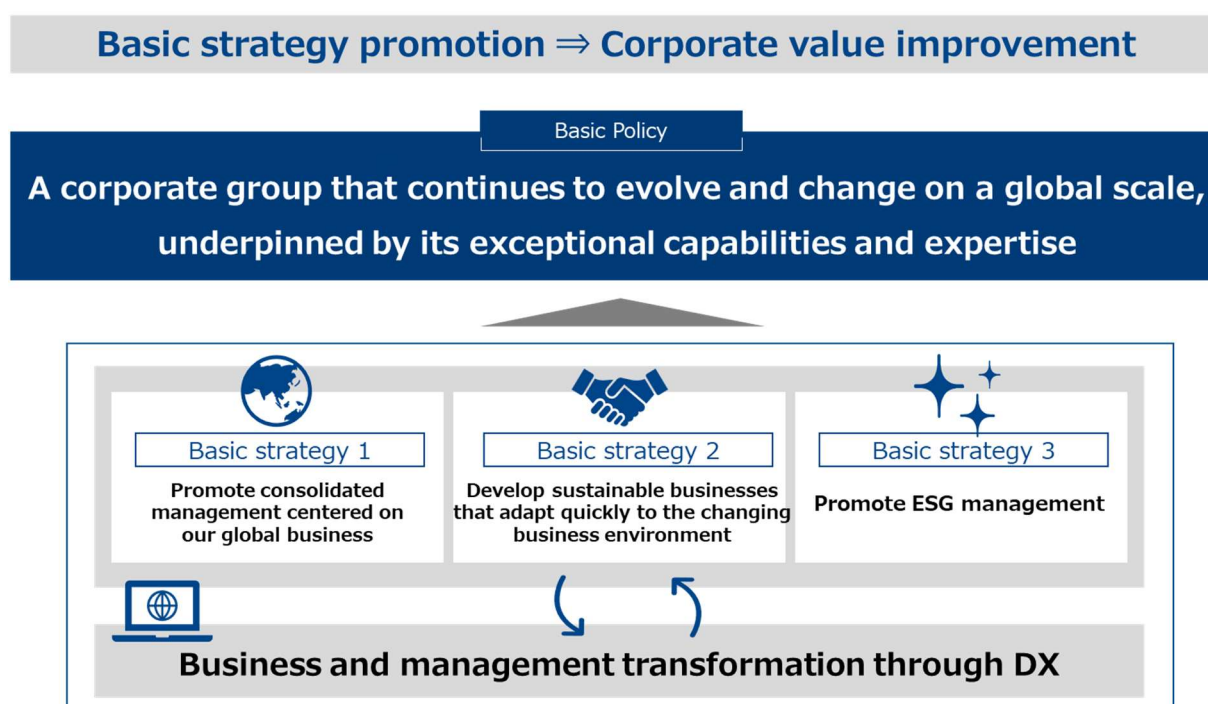
5. Issues to be Addressed

Although Japan's economy is expected to continue the recovery trend due to an increase in inbound tourist demand and wage increases, the future outlook requires close monitoring due to uncertainties such as the geopolitical risk caused by the prolonged war in the Middle East, the lingering real estate recession in China, and exchange rate fluctuations.

Under such circumstances, the Group will steadily implement the three basic strategies of "Chori Innovation Plan 2025," the medium-term management plan disclosed on April 28, 2023, namely, "Promote consolidated management centered on our global business," "Develop sustainable businesses that adapt quickly to the changing business environment," and "Promote ESG management," and further enhance corporate value.

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/management/plan.html>

Basic Strategies and Progress



◆ Promote consolidated management centered on our global business

We focus on strengthening and expanding overseas business, which is the key to business expansion. We strengthen the operational foundation of our major overseas bases, review and brush up our business portfolio, and focus on operating as an integrated professional group through group synergies, aiming to build up our overseas earning capacity. The overseas business for the current fiscal year reported a decrease in sales and an increase in profit year on year, due to growth in the fibers, textiles and garments business while the chemicals business went through some difficulties, impacted by poor market conditions in China.

In addition, we will expand our business by extending existing businesses and developing new products, by continuing to dispatch our employees to China, our most important base, and newly dispatching our employees to India, which has a high growth potential in terms of both production and consumption.

◆ Develop sustainable businesses that adapt quickly to the changing business environment

We respond immediately to fast-paced social changes, take a bird’s-eye view of business and other risks, respond flexibly, and execute new development, business investment, and M&A. For the current fiscal year, in the fibers, textiles and garments business, we launched the B-LOOP™, a recycling initiative in which new textiles are created from old ones, helping to create a circular economy. Thus, we are working to engage in sustainable business operations in the fiber, textile and garment industries which face the challenge of how to tackle environmental issues. In the chemicals business, aiming to build a business model unaffected by market conditions, we will continue to develop new businesses and products through the market-in approach.

◆ Promote ESG management

Aiming for sound management and sustainable growth, the Group is working to develop a structure to ensure the appropriateness of its operations. The Group positions the Board of Directors as a body to make a strategic 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. On April 1, 2024, the Group established the Sustainability Promotion Committee.

Initiatives during fiscal 2024	
E: Environmental	Disclose Scope 1-3 results of fiscal 2023. Please see our website for details regarding disclosure in accordance with the TCFD recommendations: https://www.chori.co.jp/english/sustainability/environment/tcf.html
S: Social	Conduct engagement surveys to improve employee motivation, revitalize the organization, prevent employee turnover, and foster a corporate culture.
G: Governance	Promote management that is aware of the cost of capital and stock price, enhance dialogue with shareholders and investors to improve PBR, And enhance disclosure information.

◆ Business and Management Transformation through DX

We launched our Companywide business transformation project “Chori Accelerate Renovation Achievement Transformation (CARAT)” in April 2022 with the intention of completely rebuilding Chori as an organization. By deploying DX functions across the entire Group, streamlining and standardizing business operations, enhancing business management, and improving productivity, we aim to build a foundation that will enable us to continue to achieve sustainable growth. During the current fiscal year, we made good progress with system development for the full-scale operation of SAP starting from fiscal 2026. In addition, we established an organizational transformation project for the promotion of business transformation to consider the organization we aspire to be. We will continue to work to develop a DX management structure.

KPIs and Progress

Targets for enhancing corporate value

Financial Targets

(Billions of Japanese Yen)

Target for fiscal 2026	
Net sales	360.0
Net profit before income taxes	16.0
Net profit attributable to owners of the parent	11.0
ROA (Net profit*1 base)	≥7%
ROE (Net profit*1 base)	≥12%
ROIC*2	10% (approx.)

*1) Net profit attributable to owners of the parent

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

Non-Financial Targets

- Expansion of handling of SDGs products with consideration for the environment, etc.
- Percentage of female employees in total number of career-track positions hired and job title changes to career-track positions: 30% or more
- Increase the percentage of male employees taking childcare leave
- Increase ratio of female employees in management positions
- Continue certification as an outstanding organization under the Certified Health & Productivity Management Outstanding Organizations Recognition Program
- Total investment in DX (SAP introduction): approximately 5.0 billion yen

The financial targets for the next fiscal year (fiscal 2025), the second year of the medium-term management plan “Chori Innovation Plan 2025,” are as follows. The Group has built its business earning capacity by steadily implementing the basic strategies during the current fiscal year (fiscal 2024). The Group is on track to achieve the targets for fiscal 2026, the final year of the plan.

Financial Targets

(Billions of Japanese Yen)

	(Reference) Current fiscal year	Fiscal 2025 Consolidated quantitative targets
Net sales	307.7	320.0
Net profit before income taxes	14.7	15.0
Net profit attributable to owners of the parent	9.6	10.0
ROA (Net profit*1 base)	6.7%	≥6.8%
ROE (Net profit*1 base)	12.5%	≥11.7%
ROIC*2	12.4%	≥11.4%

*1) Net profit attributable to owners of the parent

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

Non-Financial Targets

Aiming for sound management and sustainable growth, the Group set forth non-financial targets as KPIs in the medium-term management plan “Chori Innovation Plan 2025.” We aim to achieve the non-financial targets by implementing various measures based on our human resource strategies and health and productivity management strategies and increasing our corporate value with business transformation through DX.

Return to shareholders: Basic policy on dividends

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 profit attributable to owners of the parent of the year, from the viewpoint of ensuring the continuous and stable return of profits and the stability of management and financial affairs. The amount of dividends is set at a level consistent with a consolidated dividend payout ratio of at least 30% (annually) based on net profit attributable to owners of the parent, and a dividend on equity (DOE) ratio of 3.5% or more. In determining the amount of dividends, the Company considers a comprehensive range of factors including the business environment while remaining mindful of the importance of securing sufficient investment funds for business growth.

Sustainability Promotion Committee

◆ Purpose

As declared in its corporate philosophy, the Group engages in business with sustainability at the forefront of our minds so that we can contribute to the betterment of society as members of the global community.

The Sustainability Promotion Preparatory Committee was established in July 2023 to examine its material issues, sustainability basic policy, and other matters, with a view to promoting sustainable management as announced in the medium-term management plan “Chori Innovation Plan 2025.” Based on the considerations during the preparation period, the Sustainability Promotion Committee was established on April 1, 2024.




◆ Identification of material issues

The Board of Directors deliberated on the identification of material issues based on the discussions at the meetings of the Sustainability Promotion Preparatory Committee, which was established in July 2023, and the Executive Committee. At the same time, a variety of opinions were incorporated through dialogue with external experts and conducting a materiality empathy survey for all employees and other means to identify four material issues and 14 priority themes.

Materiality Identification Process



Chori's Material Issues

Material Issues	Key Themes
 <p>Promote businesses that contribute to the realization of a sustainable and prosperous society</p>	<ul style="list-style-type: none"> • Help reduce the impact of climate change in order to achieve carbon neutrality by 2050 • Establish a circular economy by further expanding our line of carbon-free, recycling-oriented products • Resolve social issues through business activities • Create value through activities that go beyond the import and export of goods • Further expand our line of sustainable materials
 <p>Promote human resource development and diversity</p>	<ul style="list-style-type: none"> • Provide employees with a rewarding and enjoyable working environment • Invest in human capital (human resource development, strengthening of recruitment, promotion of diversity) • Increase employee engagement (create a rewarding, comfortable working environment) and promote health and productivity management
 <p>Strengthen supply chain management</p>	<ul style="list-style-type: none"> • Ensure ability to procure safe, high-quality products and raw materials • Strengthen and ensure stability of supply chains (maintain a stable business continuity plan) • Make effective use of resources and ensure their stable procurement and supply in line with global demand • Address the human rights, labor, and health and safety concerns of suppliers
 <p>Strengthen governance and ensure compliance</p>	<ul style="list-style-type: none"> • Strengthen governance structure with a view to achieving sustainable growth • Continue to foster employee awareness of the importance of compliance

◆ Development of Basic Sustainability Policy

We developed the Chori Group Basic Sustainability Policy as a guideline to work on material issues.

Chori Group Basic Sustainability Policy

Under the spirit of coexistence and co-prosperity since our founding, which is “to develop our business for the benefit of the world and people and to always strive to grow together with our customers,” we at the Chori Group work to contribute to the betterment of society as members of the global community as declared in our corporate philosophy.

Based on our corporate slogan, “Making your dreams come true,” we will continuously grow our Group by working on material issues and contribute to the realization of a sustainable society.

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

We aim to further expand our line of carbon-free, recycling-oriented products so that we can contribute to solving social issues through our business activities.

Promote human resource development and diversity

We aim to be a company that provides employees with a rewarding and enjoyable workplace environment.

Strengthen supply chain management

We aim to build a stable supply chain where human rights are respected.

Strengthen governance and ensure compliance

We aim to maintain and strengthen our governance structure to achieve sustainable growth.

◆ Future actions

We will consider effective activities and measures linked to each of the material issues at the Sustainability Promotion Committee established on April 1, 2024, and thereby contribute to the creation of a sustainable society through our business operations. We will determine appropriate KPIs to ensure the effectiveness of each key theme and continue our dialogue with stakeholders and verification, review, and disclosure of activities.

6. 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 52.41%). The Company constantly works to strengthen the combination of our ability to sell and collect information on fibers and chemicals, which represent our core business, in Japan and overseas, and the parent company's ability to develop materials in order to generate synergies and enhance corporate value for both companies. In addition, by operating under a parent company, the Company is able to gain a better understanding of market trends and the business environment, enhance its credibility, and enjoy other benefits that come with being a Group company.

With the exception of one director who does not execute business, the executives and employees at the Company do not concurrently serve as executives or employees at the parent company or Group companies and the Company does not accept employees through transfers from other companies. In addition, at Chori, we have our own management plan in place, through the execution of which we have developed our business.

2) Items concerning transactions with parent company and others

The Company conducts transactions for the purchase and sale of fibers and chemicals, etc. with the parent company, and the transactions for the current fiscal year amounted to ¥1,430 million in net sales and ¥5,703 million in net purchases. Terms and conditions concerning sales and purchases of fibers, chemicals, etc. are determined through negotiation based on market prices, etc. In addition, the Company utilizes the TORAY Group's Cash Management System as a means of fund settlement. Interest rates on these transactions are determined at reasonable levels after due consideration of market interest rates.

The Company's Board of Directors understands the details of the above transactions, and because the final decision-making is carried out independently of the parent company, the Board of Directors deems that there is no harm to the Company's interests.

The Governance Committee, chaired by an Outside Director, periodically deliberates on the transactions with the parent company and its corporate group and ensures their appropriateness. Furthermore, information exchange with the parent company is carried out on a regular basis to understand issues with legal compliance and issues from the viewpoint of efficiency.

3) 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)

4) 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 chemical 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	100.00	Sales in Thailand, export and import, and overseas transactions of various products
CHORI COMPANY, (HONG KONG) LIMITED.	HK\$20,000 thousand	100.00	Sales in Hong Kong, export and import, and overseas transactions of various products
PT. CHORI INDONESIA	US\$1,750 thousand	100.00	Sales in Indonesia, 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
CHORI VIETNAM COMPANY LIMITED	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

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

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

7. 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

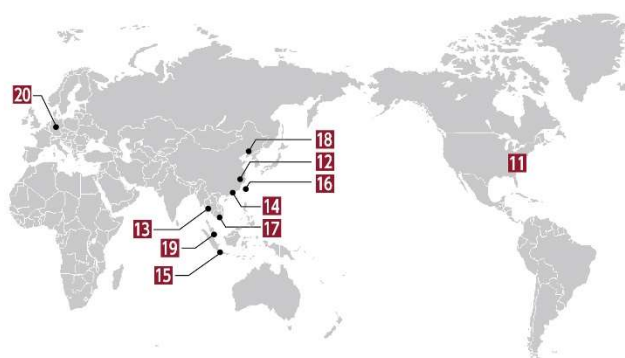
Domestic subsidiaries:

- 4 STX Company Limited
- 5 ASADA U CO., LTD.
- 6 Miyako Kagaku Co., Ltd. (Chiyoda-ku, Tokyo)
- 7 KOZAKURA SHOKAI CO., LTD.
- 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. (Jersey City)
- 12 CHORI (CHINA) CO., LTD.
- 13 THAI CHORI CO., LTD (Bangkok)
- 14 CHORI COMPANY, (HONG KONG) LIMITED
- 15 P.T. CHORI INDONESIA (Jakarta)
- 16 TAIWAN CHORI MERCHANDISE COOPERATION LTD.
- 17 CHORI VIETNAM COMPANY LIMITED (Ho Chi Minh)
- 18 CHORI (DALIAN) TRADING CO., LTD.
- 19 CHORI SINGAPORE PTE LTD
- 20 Chori Europe GmbH (Neu-Isenburg)



8. Employees

Status of employees of the Chori Group

Business segment	Number of employees			Year-on-year comparison	
Fibers, Textiles and Garments	737	<	52	>	(9)
Chemicals	366	<	52	>	17
Machinery	13	<	4	>	(2)
Others	51	<	16	>	2
Companywide (common)	137	<	22	>	11
Total	1,304	<	146	>	19

(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.

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
343	12	40.2	13.6

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

9. 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 a 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 7,767 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	52.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,750,300	7.06
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	989,944	3.99
Hurex Co., Ltd.	735,700	2.97
Custody Bank of Japan, Ltd. (Trust Account)	733,600	2.96
Wacoal Corporation	548,890	2.21
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	341,040	1.38
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT	296,000	1.19
RE FUND 107-CLIENT AC	244,900	0.99
J.P. MORGAN SE - LUXEMBOURG BRANCH 381639	204,000	0.82

- (Notes)
1. Treasury shares of the Company of 522,180 shares are excluded from the above table of Major Shareholders.
 2. The Company's treasury shares (522,180 shares) were excluded in the calculation of the percentage of shares held. The number of the Company's treasury shares does not include the 140,000 shares held by the trust in relation to Board Benefit Trust-Restricted Stock (BBT-RS).

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

Not applicable.

3. Company Officers

1. Directors (as of March 31, 2024)

Position	Name	Responsibilities and significant concurrent positions
President, CEO & COO	Kazuo Sakihama	CEO & COO
Director	Tatsuyuki Sakoda	General Manager of Corporate Planning Division, Executive Chief Representative for China and General Manager of Pharmacovigilance & Quality Assurance Office
Director	Kazuhiro Tohge	Special Appointee of the President (Textile Division)
Director	Kazuhiko Shuto	Executive Vice President (Member of the Board) of TORAY INDUSTRIES, INC.
Director	Hiroko Noda	Representative of Noda Certified Public Accountant Office Representative Director of Probit Consulting Co., Ltd. Part-time lecturer, Graduate School of Asian and International Business Strategy, Asia University External Director (Audit and Supervisory Committee Member) of MODEC, Inc. Outside Director (Audit & Supervisory Committee Member) of Okabe Co., Ltd. Outside Director of S.T. CORPORATION
Director (Full-Time Audit & Supervisory Committee Member)	Shigemasa Yabu	
Director (Audit & Supervisory Committee Member)	Masaaki Sawano	Partner of CITY-YUWA PARTNERS Member of Advisory Council on Fundamental Issues in Corporate Management of Urban Renaissance Agency Chairperson of Advisory Council on Fundamental Issues in Corporate Management and Rent Council of Urban Renaissance Agency Member of Business Evaluation Monitoring Committee of Urban Renaissance Agency Outside Auditor of Japan Federation of Certified Public Tax Accountants' Associations Member of Kanto Regional Government Asset Council, Kanto Local Finance Bureau, Ministry of Finance Chairman of Tokyo Metropolitan Government Election Administration Commission Outside Auditor of JS Corporation
Director (Audit & Supervisory Committee Member)	Hiromasa Suzuki	Outside Director of Nitta Gelatin Inc.

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

Appointment: At the 76th Annual General Meeting of Shareholders held on June 16, 2023, Mr. Kazuhiko Shuto was newly elected and appointed as Director.

Retirement: At the conclusion of the 76th Annual General Meeting of Shareholders held on June 16, 2023, Mr. Mitsuo Ohya retired from the office of Director.

- Directors, Ms. Hiroko Noda, Mr. Masaaki Sawano, and Mr. Hiromasa Suzuki, are Outside Directors as provided in Item 15, Article 2 of the Companies Act.
- Directors, Ms. Hiroko Noda, Mr. Masaaki Sawano, and Mr. Hiromasa Suzuki, are registered as Independent Officers 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. Shigemasa Yabu, has considerable knowledge of all the areas of the management, legal affairs, finance, and accounting of trading companies, gained through the engagement mainly in finance and accounting, legal work and compliance, and IR and public relations operations for many years.
- An Outside Director (Audit & Supervisory Committee Member), Mr. Masaaki Sawano, has extensive experience and broad insight acquired in his career as a lawyer.

7. An Outside Director (Audit & Supervisory Committee Member), Mr. Hiromasa Suzuki, has been involved in corporate management for many years and has extensive insight into group management.
8. 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 10 Executive Officers. (as of March 31, 2024)

Title	Name	Major positions and responsibilities
President and Executive Officer	Kazuo Sakihama	CEO & COO
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)
Managing Executive Officer	Tatsuyuki Sakoda	General Manager of Corporate Planning Division, Executive Chief Representative for China, and General Manager of Pharmacovigilance & Quality Assurance Office
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	Masao Nakamura	Senior Manager of Chemical & Materials Business Department
Senior 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.
Executive Officer	Kazuhiro Tohge	Special Appointee of the President (Textile Division)
Executive Officer	Satoshi Shiragami	Deputy General Manager of Corporate Planning Division (Corporate Management Department, Affiliate Business Department)
Executive Officer	Yasuhiro Oiwa	Chairman and President of CHORI (CHINA) CO., LTD., Chairman and President of CHORI (SHANGHAI) CO., LTD., and Chairman and President of CHORI (TIANJIN) CO., LTD.

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, the 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} *4	Board Benefit Trust-Restricted Stock (non-monetary) ^{*3} *4	
Directors (excluding Audit & Supervisory Committee Members) *1 *2 (Of which, Outside Directors)	196 (7)	93 (7)	79 (-)	3 (-)	20 (-)	4 (1)
Directors (Audit & Supervisory Committee Members) (Of which, Outside Directors)	37 (18)	37 (18)	- (-)	- (-)	- (-)	3 (2)
Total (Of which, Outside Directors)	234 (25)	130 (25)	79 (-)	3 (-)	20 (-)	7 (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 two Directors (excluding Directors on the Audit & Supervisory Committee Members) serving without compensation.
- 3) Of the above items, bonuses are stated as payment amounts corresponding to ¥14,600 million for net profit before income taxes for fiscal 2024, restricted stock compensation are stated as payment amounts corresponding to ¥12,400 million for consolidated ordinary profit for fiscal 2023, and Board Benefit Trust-Restricted Stock are stated as payment amounts corresponding to the cumulative net profit before income taxes target of the medium-term management plan.
- 4) Of the above items, the amounts stated as restricted stock compensation (the old plan) and Board Benefit Trust-Restricted Stock (the new plan) are the amounts recorded as expenses for the current fiscal year.

(2) 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 May 18, 2023 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 Directors on the 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 Board Benefit Trust-Restricted Stock (BBT-RS). 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 Board Benefit Trust-Restricted Stock (BBT-RS), a performance-linked non-monetary form of 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 Directors on the Audit & Supervisory Committee Members) performance-linked compensation in the forms of bonuses and Board Benefit Trust-Restricted Stock (BBT-RS). The bonus is calculated by multiplying a basic amount for each position by a coefficient reflecting net profit before income taxes performance (net profit before income taxes for fiscal 2024: ¥14,600 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.

Board Benefit Trust-Restricted Stock (BBT-RS) was introduced based on a resolution of the 76th Annual General Meeting of Shareholders, held on June 16, 2023. The aim of this plan is to further clarify the linkage of the compensation for Directors, etc. and the Company's business performance and its share value, and to enhance 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 by sharing not only the benefit of the rise in share prices but also the risks of a decline in share prices with the Company's shareholders. Based on the position of each Director, the Company provisionally grants each fiscal year to each Director the number of service points stipulated in the Share Benefit Regulations for Directors and Officers, and shall, in principle, determine the number of points as performance-linked points after the completion of the medium-term management plan by multiplying the performance-linked coefficient by the achievement level of cumulative net profit before income taxes. In principle, in proportion to the number of points determined, the Company delivers the Company's shares equivalent to one Company's share per point and a cash payment equivalent to the amount obtained by converting the Company's shares at market value. The timing of receipt of the benefits of shares shall be a certain time after the end of each Applicable Period (the three business years from the year ended March 31, 2024 to the year ending March 31, 2026 (hereinafter, such three business-year period is referred to as the "Initial Period," and the Initial Period and the period to be determined in advance each time by the Board of Directors (minimum of one fiscal year and maximum of five fiscal years) following the Initial Period are respectively referred to as "Applicable Period")), and the timing of receipt of the benefits of cash equivalent to the amount of the Company's shares converted at market value shall be, in principle, upon retirement from office.

- Policy regarding proportions for allocation of Director compensation by type

Policy regarding proportions for allocation of compensation for Directors (excluding Directors on the 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 net profit before income taxes targets in the medium-term management plan and of targets for net profit before income taxes in the final year of the mid-term plan, the proportions of compensation Directors are, broadly: 45% basic compensation and 55% performance-linked compensation, etc. (including non-monetary compensation, etc.). In performance-linked compensation, the ratio of bonus to Board Benefit Trust-Restricted Stock (BBT-RS) shall be 45% to 10%.

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

Among compensation for Directors (excluding Directors on the Audit & Supervisory Committee Members), decisions on basic compensation are made on an individual basis by resolution of the Board of Directors, based on deliberations at the Governance Committee.

Among compensation for Directors (excluding Directors on the 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 on the Audit & Supervisory Committee

Members), decisions on Board Benefit Trust-Restricted Stock (BBT-RS) are made on the Share Benefit Regulations for Directors and Officers. The Share Benefit Regulations for Directors and Officers shall be revised or abolished by a resolution of the Board of Directors based on deliberation of the Governance Committee.

(3) 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.

(4) 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 16, 2023 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 the 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 merits 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.

(5) 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.

		Fixed compensation	Variable compensation	
		45%	45% (single fiscal year)	10% (medium to long term)
		Note: Percentage applied in the case of full achievement of targets		
		Basic compensation	Bonuses	Performance-linked stock compensation
Compensation Type	Fixed compensation	Short-term incentive compensation Linked to the performance in the relevant business year	Medium- to long-term incentive compensation Linked to the degree of achievement of the medium-term management plan	
Eligible Recipients	<ul style="list-style-type: none"> • Directors (excluding Audit & Supervisory Committee Members) • Directors (Audit & Supervisory Committee Members) • Outside Directors 	<ul style="list-style-type: none"> • Directors (excluding Audit & Supervisory Committee Members) <p style="text-align: center;">-</p>	<ul style="list-style-type: none"> • Directors (excluding Audit & Supervisory Committee Members) <p style="text-align: center;">-</p>	
Grant Method	Cash	Cash	Shares and cash	
Evaluation Index (Variable Compensation)	-	<ul style="list-style-type: none"> • Net profit before income taxes results • Progress of medium-term management plan, etc. 	<ul style="list-style-type: none"> • Net profit before income taxes results (over a three-year period) • Progress of medium-term management plan, etc. 	
Maximum Amount of Compensation	<p style="text-align: center;">Directors (excluding Audit & Supervisory Committee Members): No more than ¥300 million annually (Resolution passed at the 69th Annual General Meeting of Shareholders held on June 15, 2016) (Number of members: 7)</p> <p style="text-align: center;">Directors (Audit & Supervisory Committee Members): No more than ¥100 million per year (Resolution at the 69th Annual General Meeting of Shareholders held on June 15, 2016) (Number of members: 3)</p>		<p style="text-align: center;">Directors (excluding Audit & Supervisory Committee Members): <Maximum number of points> The maximum number of points that the Company may grant to Eligible Officers for each Applicable Period (the number of points after adjustment after the end of each Applicable Period) shall be the number of points obtained by multiplying the number of fiscal years for the Applicable Period by 80,000 points (including 40,000 points for Directors). (Resolution passed at the 76th Annual General Meeting of Shareholders held on June 16, 2023) (Number of members: 3)</p>	
Grant and Calculation Method	Monthly fixed compensation based on position	<ul style="list-style-type: none"> • Paid at a certain time of the year • Amount calculated according to the progress of the medium-term management plan and net profit before income taxes in the given business year 	Based on position, the Company provisionally grants each fiscal year to each Director the number of service points stipulated in the Share Benefit Regulations for Directors and Officers, and in principle, determines the number of points as performance-linked points after the completion of the medium-term management plan by multiplying the performance-linked coefficient by the achievement level of cumulative net profit before income taxes. In principle, in proportion to the number of points determined, the Company delivers the Company's shares equivalent to one Company's share per point.	

1) Not including the portion of employee salary for Directors who concurrently serve as employees.

2) The number of eligible Directors is stated as the number of such Directors at the time of conclusion of the relevant General Meeting of Shareholders.

4. Outside Officers

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

A Director of the Company, Ms. Hiroko Noda, concurrently serves as a Representative of Noda Certified Public Accountant Office, a Representative Director of Probity Consulting Co., Ltd., a part-time lecturer at the Graduate School of Asian and International Business Strategy, Asia University, an External Director (Audit and Supervisory Committee Member) of MODEC, Inc., an Outside Director (Audit & Supervisory Committee Member) of Okabe Co., Ltd., and an Outside Director of S.T. CORPORATION. There is no relationship between the Company and said companies, etc., that should be disclosed.

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 of Urban Renaissance Agency, the Chairperson of Advisory Council on Fundamental Issues in Corporate Management and Rent Council 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 an Outside Auditor of JS Corporation. There are no relationships between the Company and these organizations that should be disclosed.

A Director (Audit & Supervisory Committee Member) of the Company, Mr. Hiromasa Suzuki, concurrently serves as an Outside Director of Nitta Gelatin Inc. There is no relationship between the Company and said company 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)
Hiroko Noda (appointed in June 2022)	Board of Directors meetings 16/16	Ms. Noda was expected to perform objective supervision of management based on knowledge, experience and capabilities as a certified public accountant and abundant experience as an outside director and management consultant, and she actively provided opinions and advice based on such expertise and contributed to the deepening of discussions. Ms. Noda also 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 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. Mr. Sawano also 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.
Hiromasa Suzuki (appointed in June 2021)	Board of Directors meetings 16/16 Audit & Supervisory Committee meetings 14/14 Governance Committee meetings 6/6	Mr. Suzuki was expected to perform objective supervision of management from the 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. Mr. Suzuki also contributed to discussions regarding compensation, nomination, evaluation, etc. of Directors and Executive Officers as a Governance Committee member and played a role as a Governance Committee member 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 2024.

4. Accounting Auditor

1. Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

2. Summary of the Limited Liability Agreement

Not applicable

3. Accounting Auditor's Compensation, etc. for the Current Fiscal Year

- | | |
|---|--------------|
| 1) Accounting Auditor's compensation, etc., for the current fiscal year | ¥78 million |
| 2) Total amount of compensation paid by the Company or its subsidiaries | ¥111 million |

- (Notes)
1. The Audit & Supervisory Committee carries out the necessary verification to determine whether the Accounting Auditor's audit plan, performance of accounting audit duties, and grounds for calculation of compensation estimates are appropriate in light of the content and scale of the Company's business, and consequently makes a decision on consent with regard to the amount of compensation for the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.
 2. The Company's major overseas subsidiaries are audited by certified public accountants (or audit corporations) other than the Company's Accounting Auditor.
 3. Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation, etc. for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and cannot be virtually separated. Consequently, the amount of compensation, etc. for the current fiscal year reflects the total amount of compensation for these audits.

4. Description of Non-Audit Services

Advisory services on disclosure of climate-related financial disclosures (TCFD) and response to corporate governance code

5. Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors

The Audit & Supervisory Committee shall decide on a proposal concerning the termination or nonrenewal of the Accounting Auditor's appointment in the event that the Audit & Supervisory Committee determines that it is necessary to do so because the execution of duties by the Accounting Auditor is hindered or for other reasons, and, based on that decision, the Board of Directors shall submit the proposal to the General Meeting of Shareholders.

In cases where the Accounting Auditor falls under any one of the items of Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Committee shall terminate the Accounting Auditor's appointment upon consent of all Audit & Supervisory Committee Members. Under these circumstances, an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee shall report the termination of the Accounting Auditor and the reasons for the termination at the first General Meeting of Shareholders following the termination of the appointment.

5. Company's Systems and Policies

1. System to Ensure Proper Execution of Business and Operating Status of That System

1. System to Ensure that the Directors and Employees of the Group Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation
 - Rules concerning compliance systems such as the Guidelines for Corporate Behavior shall be established to set compliance with laws and regulations and social ethics as a code of conduct of our business.
 - The Company shall acknowledge its corporate social responsibilities and sever and eliminate relations with antisocial forces and groups that threaten social order and security.
 - In order to make all of the Directors, Executive Officers and employees of the Group fully aware of the initiatives for compliance, Corporate Divisions shall collaborate to hold compliance training and other training programs.
 - The Legal Compliance Committee with the President as a chairman shall be established to discuss important matters regarding compliance of the Group and report the results to the Board of Directors and the Executive Committee as necessary.
 - Directors and Executive Officers who are in charge of business operations are responsible for analyzing compliance matters unique to each operation of the Group and shall develop specific measures for them.
 - Internal control system to ensure the reliability of financial reporting, based on the Internal Control Rules, shall be established and operated accordingly.
 - The Governance Committee shall be established as an advisory body for the Board of Directors. The Governance Committee shall deliberate on matters related to the nomination and compensation of Directors and Executive Officers and determine policies, original plans, etc., in order to ensure objectivity and transparency regarding the nomination, compensation, etc. of Directors.
 - The Internal Auditing Department shall conduct audits on the status of compliance of the Group based on the Internal Audit Rules, and its activities will be reported to the Board of Directors and the Audit & Supervisory Committee on a regular basis.
 - An internal whistleblower system, where Directors, Executive Officers and employees of the Group can provide information directly to the Legal Compliance Committee, the lawyer in charge at the law firm with which the Company has concluded an advisory agreement, the Audit & Supervisory Committee and a lawyer who has no conflict of interest with the Company, shall be set up, and prevention of disadvantageous treatment on the grounds of the provision of such information shall be ensured.
 - For violations of laws and regulations, the Articles of Incorporation, and internal regulations and rules, specific punishment shall be determined by the Board of Directors and the Executive Committee through discussion at the Disciplinary Committee.

(Operating Status of the System)

The Group has established rules such as the Guidelines for Corporate Behavior and developed a system aimed at promoting compliance with laws and regulations and social ethics in order to establish internal controls concerning compliance and to carry out supervision.

Furthermore, in order to make all Group Directors, Executive Officers and employees fully aware of compliance, compliance training and other educational programs are carried out on a regular basis. In addition, companywide CHORI Innovation Activities ("Choi-Katsu") were launched as a platform for realizing the message prioritized by management to promote the vitalization and efficiency of all business operations.

2. System for Storage and Management of Information related to the Execution of Duties of the Company's Directors
 - The storage and management of the minutes of meetings, approval request documents, financial information and other important documents and information related to decision-making on business shall be prescribed in the Document Management Rules and other internal rules. Each of the said documents shall be recorded and stored in the form of paper or electromagnetic media (hereinafter the "documentations").
 - Such documentations shall be kept accessible by Directors and Executive Officers whenever necessary.
 - The Company shall clearly assign personnel who are responsible for the management of documentations recorded and stored by electromagnetic means in order to thoroughly control such documentations and take measures for the prevention of unauthorized access from outside the Group.

(Operating Status of the System)

The Document Management Rules and other internal rules regarding storage and management of the minutes of meetings, approval request documents, financial information and other important documents and information related to decision-making on business have been established. Recorded and stored documents are kept accessible by Directors and Executive Officers whenever necessary.

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

(Operating Status of the System)

With regard to the Group's monitoring of risk status and risk response, the Risk Management Rules, the Credit Management Rules, the Rules for Information Security Management, the Rules for Protection and Management of Personal Information and other rules have been established, and training and preparation and distribution of manuals are carried out regularly.

4. System to Ensure the Efficient Execution of Duties by the Company's Directors (excluding Directors on the Audit & Supervisory Committee Members)
 - The Authority Rules shall be established as rules for decision-making, in which decision authorities held by each position, such as the Board of Directors and the President, shall be clearly stated.
 - The Governance Committee shall periodically deliberate and confirm the effectiveness of the Board of Directors as a whole.
 - The Executive Committee comprising Executive Officers shall be set up as a body that deliberates matters to be discussed at the Board of Directors and matters specified for decisions by the President, for efficient execution of duties.
 - The Board of Directors shall consist of Directors, including Directors on the Audit & Supervisory Committee Members, and divide business execution duties to each Director and Executive Officer, and such Executive Directors and Executive Officers shall manage and supervise their relevant departments and subsidiaries in accordance with the Rules for Division of Duties.
 - The Group's goals that shall be shared among all Executive Directors, Executive Officers, and employees shall be developed, and each department and subsidiary shall set up respective operational targets and budgets to meet said goals and conduct performance management on a timely basis.
 - The Board of Directors and the Executive Committee shall analyze monthly performance and take measures for improvement.
 - The operational and clerical efficiency improvement and expense rationalization project shall be established to promote the vitalization and efficiency of any business operation.

(Operating Status of the System)

The Executive Committee comprising Executive Officers has been set up as a deliberation body that facilitates decisions by the President for efficient execution of duties, in addition to matters to be discussed at meetings of the Board of Directors, and holds monthly meetings. In addition, the Board of Directors and the Executive Committee analyze monthly performance and formulate measures for improvement.

5. System to Ensure the Proper Operations of the Company Group, comprising the Group as well as its Parent Company
 - The Subsidiaries and Associates Management Rules and the Overseas Branches Management Rules shall be established for the purpose of ensuring consistency in operations and efficient business execution while respecting the autonomy of management of subsidiaries.
 - Executive Directors, Executive Officers, each Senior Manager, and each Department Manager shall develop and operate a system to ensure the appropriateness of business execution at subsidiaries associated with the business area of which they are in charge.
 - In order to ensure the appropriateness of business execution at subsidiaries, a system shall be established under which the Company's prior approval shall be given and discussion held for important management matters based on relevant rules. In addition, a system shall be established for

reporting performance regularly, or as necessary when important matters arise.

- The Internal Auditing Department shall conduct internal audits under the direct control of the President based on the Internal Auditing Rules regarding the legitimacy, propriety, and efficiency of business execution at each of the subsidiaries. The result will be reported to relevant departments and said departments will provide support and advice for guidance and implementation of measures for improvement as needed.
- The Governance Committee shall periodically deliberate on the status of transactions with TORAY INDUSTRIES, INC., the Company's parent company, and ensure their appropriateness.
- Information exchange with TORAY INDUSTRIES, INC., the Company's parent company, shall be carried out on a regular basis to understand issues on legal compliance and issues from the viewpoint of efficiency.

(Operating Status of the System)

With regard to the management of subsidiaries, the Subsidiaries and Associates Management Rules and the Overseas Branches Management Rules have been established to ensure proper business execution at subsidiaries, and a system has been established for prior approval and consultation with the Company regarding important management matters.

Furthermore, based on the Internal Auditing Rules, the Internal Auditing Department conducts internal audits and regularly conducts audits regarding the legitimacy, propriety, and efficiency of business execution at each subsidiary.

6. Matters regarding Employees who Assist the Duties of the Audit & Supervisory Committee, and the Independence of such Employees as well as Matters regarding Ensuring of Effectiveness of Instructions to such Employees

- Dedicated staff shall be assigned to assist with the duties of the Audit & Supervisory Committee. In addition, the Internal Auditing Department shall assist the Audit & Supervisory Committee.
- Dedicated staff of the Audit & Supervisory Committee and employees of the Internal Auditing Department who are requested to assist with the duties necessary for auditing shall perform such duties as instructed by Audit & Supervisory Committee Members and shall not be directed or ordered by Directors (excluding Directors on the Audit & Supervisory Committee Members), Executive Officers, or the Department Manager of the Internal Auditing Department.
- The Audit & Supervisory Committee shall be consulted in advance concerning the personnel change and evaluation of such dedicated staff and employees.

(Operating Status of the System)

Dedicated staff who are independent of the executive departments are assigned to assist with the duties of the Audit & Supervisory Committee. In addition, the Internal Auditing Department assists with duties necessary for auditing.

7. System to Report to the Company's Audit & Supervisory Committee by the Group's Directors (excluding Directors on the Audit & Supervisory Committee Members) and Employees, other Reporting System to the Audit & Supervisory Committee and System to Ensure that the Persons who Reported do not Receive Disadvantageous Treatment on the Grounds of such Reporting

- Executive Directors, Executive Officers, and employees of the Group shall report matters concerning the execution of duties upon requests from the Audit & Supervisory Committee.
- System shall be established for Audit & Supervisory Committee Members to attend the Board of Directors meetings and other important meetings to understand material decision-making process as well as the status of execution of business.
- System shall be developed so that material matters concerning the performance status of internal auditing and risk management as well as important items concerning compliance will be reported to the Audit & Supervisory Committee in a timely manner, and it shall be ensured that the persons reporting such matters do not receive disadvantageous treatment on the grounds of such reporting to the Audit & Supervisory Committee.

(Operating Status of the System)

Each Audit & Supervisory Committee Member attends the Executive Committee and other important meetings, in addition to meetings of the Board of Directors, to confirm the status of business execution and status of compliance by the Directors, etc., and conducts exchanges of information with the Accounting Auditor and others, thereby strengthening and enhancing the management monitoring function.

8. Matters regarding Policy on Expenses Incurred for Execution of Duties of the Audit & Supervisory Committee and Other Systems to Ensure that Audits by the Audit & Supervisory Committee are Effective

- Based on the audit policies and plans prescribed by the Audit & Supervisory Committee, Audit & Supervisory Committee Members shall conduct individual meetings with each Director (excluding Directors on the Audit & Supervisory Committee Members), Executive Officer, and important

- employee, and set up regular opportunities to exchange information with the President.
- System shall be ensured so that the Audit & Supervisory Committee can appoint, as needed, lawyers, certified public accountants, and other experts such as external advisers to seek advice on performing audits.
 - When the Audit & Supervisory Committee requests advance payment or reimbursement of the necessary expenses for executing its duties, such expenses or debts shall be promptly paid or reimbursed.

(Operating Status of the System)

Based on the audit policies and plans prescribed by the Audit & Supervisory Committee, Audit & Supervisory Committee Members conduct individual meetings with each Director, Executive Officer, and important employee, and regularly exchange information with them.

2. Basic Policy regarding the Company's control

No specific provisions are prescribed on this matter.

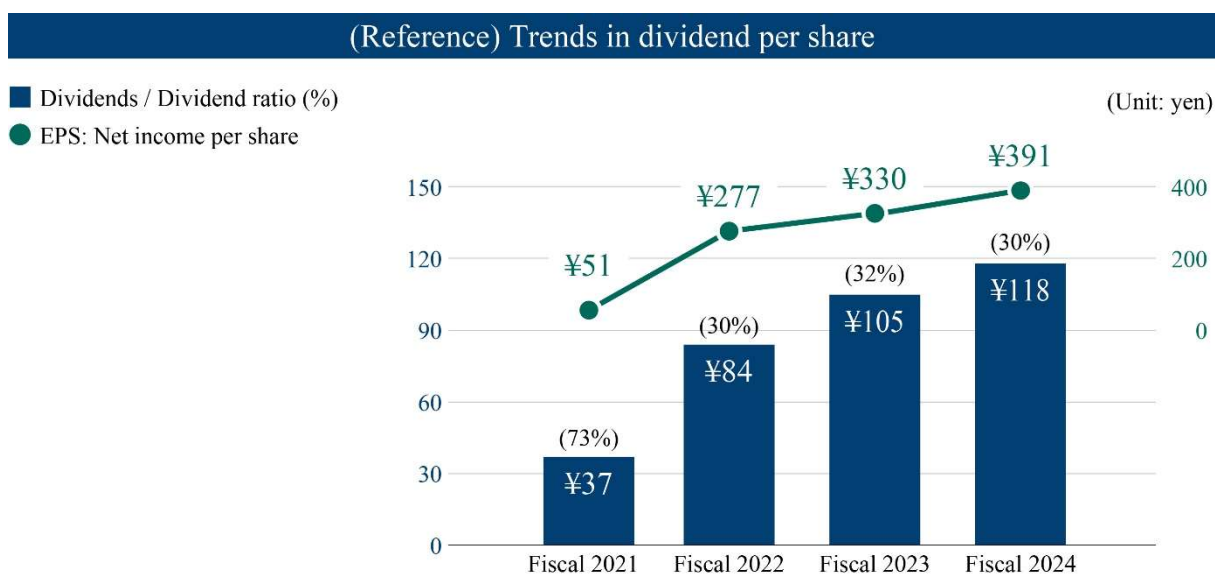
6. A Policy concerning the Decision on the Distribution of Surplus

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 profit attributable to owners of the parent of the year, from the viewpoint of ensuring the continuous and stable 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, the Company targets 30% (annual) of the consolidated dividend ratio based on net profit attributable to owners of the parent and a dividend on equity (DOE) ratio of 3.5% or more, considering the business environment and other matters comprehensively while maintaining sufficient investment funds for business growth.

Based on the above-mentioned policy and after consideration based on the consolidated financial results for the year ended March 31, 2024, the Company plans to pay, as announced on April 26, 2024, a year-end dividend of ¥60 per share, which is an increase of ¥2 from the previous forecast of ¥58 per share. Consequently, the total dividend for the current fiscal year will be ¥118 per share, including an interim dividend of ¥58 per share.

Regarding dividends for the next fiscal year, based on the consolidated quantitative targets for the next fiscal year and the above-mentioned policy, the Company expects to pay an annual dividend of ¥122 per share (interim dividend of ¥61 and year-end dividend of ¥61) for the next fiscal year, which is an increase of ¥4 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, 2024

ASSETS	
Item	Amounts
	Millions of Japanese Yen
Current assets	¥118,423
Cash and deposits	17,960
Deposits paid to subsidiaries and associates	3,500
Notes and accounts receivable-trade	70,337
Merchandise and finished goods	18,689
Work in process	837
Raw materials and supplies	31
Goods in transit	1,805
Other	5,527
Allowance for doubtful accounts	(265)
Non-current assets	24,926
Property, plant and equipment	1,847
Buildings and structures	903
Accumulated depreciation	(593)
Machinery, equipment and vehicles	2,520
Accumulated depreciation	(1,798)
Tools, Furniture and fixtures	826
Accumulated depreciation	(658)
Construction in progress	1
Land	258
Leased assets	829
Accumulated depreciation	(440)
Intangible assets	4,538
Goodwill	444
Customer-related assets	793
Software in progress	2,922
Other	378
Investments and other assets	18,540
Investment securities	12,707
Long-term loans receivable	1,586
Distressed receivables	8,473
Retirement benefit asset	67
Deferred tax assets	474
Other	3,728
Allowance for doubtful accounts	(8,498)
Total assets	¥143,350

LIABILITIES AND NET ASSETS	
Item	Amounts
	Millions of Japanese Yen
Current liabilities	¥57,627
Notes and accounts payable-trade	45,538
Short-term borrowings	2,623
Current portion of long-term borrowings	113
Income taxes payable	2,706
Provision for bonuses	1,097
Provision for loss on liquidation of subsidiaries and associates	42
Other	5,506
Non-current liabilities	3,625
Long-term borrowings	19
Deferred tax liabilities	1,128
Provision for share awards	51
Retirement benefit liability	2,164
Other	262
Total liabilities	61,253
Net assets	
Shareholders' equity	75,446
Share capital	6,800
Capital surplus	2,152
Retained earnings	67,429
Treasury shares	(935)
Total accumulated other comprehensive income	6,609
Valuation difference on available-for-sale securities	3,006
Deferred gains or losses on hedges	(5)
Foreign currency translation adjustments	3,578
Remeasurements of defined benefit plans	29
Non-controlling interests	41
Total net assets	82,097
Total liabilities and net assets	¥143,350

CONSOLIDATED STATEMENT OF INCOME

Year Ended March 31, 2024

Item	Amounts	
	Millions of Japanese Yen	
Net sales		¥307,699
Cost of sales		<u>268,966</u>
Gross profit		38,732
Selling, general and administrative expenses		<u>23,692</u>
Operating profit		15,039
Non-operating profit		
Interest income	781	
Dividend income	277	
Subsidy income	190	
Gain on adjustment of account payable	39	
Miscellaneous income	<u>198</u>	1,486
Non-operating expenses		
Interest expenses	592	
Loss on sale of notes receivable - trade	812	
Share of loss of entities accounted for using equity method	208	
Foreign exchange losses	418	
Miscellaneous expenses	<u>19</u>	<u>2,050</u>
Ordinary profit		14,476
Extraordinary profit		
Gain on sale of investment securities	175	
Gain on sale of shares of subsidiaries and associates	83	
Gain on sale of non-current assets	2	
Gain on liquidation of subsidiaries and associates	1	
Other	<u>0</u>	263
Extraordinary losses		
Loss on disposal of non-current assets	27	
Loss on valuation of telephone subscription right	4	
Loss on valuation of investment securities	4	
Loss on valuation of golf club membership	2	
Other	<u>1</u>	<u>41</u>
Net profit before income taxes		14,698
Income taxes		
Current	5,088	
Deferred	<u>(56)</u>	<u>5,032</u>
Net profit:		9,665
Net profit attributable to non-controlling interests		<u>41</u>
Net profit attributable to owners of the parent		¥9,624

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended March 31, 2024

(Millions of Japanese Yen)

	Shareholders' equity					Total accumulated other comprehensive income					Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total total accumulated other comprehensive income (loss)		
Balance as of April 1, 2023	¥6,800	¥1,804	¥60,634	¥(689)	¥68,549	¥1,392	¥(138)	¥2,421	¥(66)	¥3,609	¥-	¥72,158
Changes in items during the period												
Dividends from earnings			(2,788)		(2,788)							(2,788)
Net profit attributable to owners of the parent			9,624		9,624							9,624
Purchases of treasury shares				(1)	(1)							(1)
Disposals of treasury shares		69		34	104							104
Transfer of treasury shares to stock ownership plan trust		278		138	417							417
Purchase of treasury shares by stock ownership plan trust				(417)	(417)							(417)
Other			(40)		(40)							(40)
Net changes of items other than shareholders' equity during the period						1,614	133	1,156	96	3,000	41	3,041
Total changes of items during the period	-	348	6,794	(246)	6,897	1,614	133	1,156	96	3,000	41	9,938
Balance as of March 31, 2024	¥6,800	¥2,152	¥67,429	¥(935)	¥75,446	¥3,006	¥(5)	¥3,578	¥29	¥6,609	¥41	¥82,097

(Reference)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended March 31, 2024

Item	Amounts
	Millions of Japanese Yen
Net profit	¥9,665
Other comprehensive income	
Valuation difference on available-for-sale securities	1,614
Deferred gains or losses on hedges	133
Foreign currency translation adjustments	1,005
Remeasurements of defined benefit plans, net of tax	96
Share of other comprehensive income of entities accounted for using equity method	148
Total other comprehensive income	2,997
Comprehensive income	12,663
Total comprehensive income attributable to:	
Owners of the parent	12,624
Non-controlling interests	38

Notes to the Consolidated Financial Statements

Amounts less than one million yen were rounded down in the consolidated financial statements.

Significant Items Forming the Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries

- | | |
|--|---|
| a) Number of consolidated subsidiaries | 31 |
| b) Names of significant subsidiaries | STX Company Limited; ASADA U CO., LTD.; Miyako Kagaku Co., Ltd.;
KOZAKURA SHOKAI CO., LTD.; CHORI GLEX CO., LTD.;
Chori Machinery Co., Ltd.; Business Anchor Corporation;
CHORI AMERICA, INC.; and CHORI (CHINA) CO., LTD. |

(2) Unconsolidated subsidiaries

- | | |
|--|---|
| a) Name of major unconsolidated subsidiary | CHORI IRAN CO., LTD. |
| b) Reasons for exclusion from the scope of consolidation | Total assets, sales, net profit/loss and retained earnings (amounts corresponding to the equity interest) of the unconsolidated subsidiary were excluded from the scope of consolidation as they would not have a material effect on the consolidated financial statements. |

2. Application of the Equity Method

(1) Unconsolidated subsidiaries and associates accounted for by the equity method

- | | |
|---|------------------|
| a) Number of unconsolidated subsidiaries and associates | 7 |
| b) Name of major company | MEGACHEM LIMITED |

(2) Unconsolidated subsidiaries and associates not accounted for by the equity method

- | | |
|--|---|
| a) Name of major company | FIELTEX INDUSTRIA TEXTIL LTDA. |
| b) Reason for not applying the equity method | This company was excluded from the scope of application of the equity method. It has suspended its business activities and become dormant and its exclusion has no significant influence on the consolidated financial statements and is not material as a whole. |

3. Changes in the Scope of Consolidation and Application of the Equity Method

(1) Consolidation

One company was excluded from the scope of consolidation due to liquidation.

(2) Equity method

Two companies were excluded from the scope of application of the equity method due to sales of equity interest.

4. Matters related to Accounting Policies

(1) Valuation standards and methods for significant assets

a) Securities

Available-for-sale securities

Other than nonmarketable available-for-sale securities: Fair value (unrealized gains and losses are included in the net assets section of the balance sheet, and costs of securities sold are generally calculated using the moving-average method).

Nonmarketable available-for-sale securities: Valued at cost, generally by the moving-average method.

b) Derivatives are stated at fair value.

c) Inventories are stated at cost, generally by the monthly average method.

(Carrying costs on the consolidated balance sheet are written down based on the decreased profitability of such assets.)

(2) Depreciation and amortization methods for significant depreciable assets

- a) Property, plant and equipment (excluding leased assets) are generally depreciated using the straight-line method.

The useful lives of major assets are summarized as follows.

Buildings and structures 2-38 years

Machinery, equipment and vehicles 2-15 years

- b) Intangible assets (excluding leased assets) are amortized using the straight-line method.

Software for internal use is generally amortized using the straight-line method over their estimated useful lives (five years or less).

Customer-related assets are amortized using the straight-line method over their useful lives (9 to 14 years).

- c) Leased assets are depreciated or amortized using the straight-line method over the lease term with a residual value of zero.

(3) Accounting standards for allowances

- a) Allowance for doubtful accounts

To provide for losses due to bad debt expense, the allowance for doubtful accounts is recorded at amounts considered to be appropriate based upon past credit loss experience for general receivables with specific consideration for certain receivables deemed doubtful of collection.

- b) Provision for bonuses

Provision for bonuses are provided for based on estimated amounts attributable to services rendered by employees for the current fiscal year, which are paid in the following fiscal year.

- c) Provision for loss on liquidation of subsidiaries and associates

To provide for a loss arising from the liquidation of an unconsolidated subsidiary, the estimated loss to be borne by the Company exceeding equity investments in and loans receivables from this subsidiary was recorded.

- d) Provision for share awards

To provide for granting the Company's shares to Directors and Executive Officers pursuant to the Share Benefit Regulations for Directors and Officers of the Company, this provision was recorded based upon the estimated share award obligations as of the end of the current fiscal year.

(4) Accounting for retirement benefits

- a) Method of attributing projected retirement benefits to periods

The liability for retirement benefits was determined based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis.

- b) Method of amortizing net actuarial gains and losses for retirement benefits

Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (total accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 12 years (in principle), no longer than the expected average remaining service period of the employees.

- c) Adoption of the simplified method for small-sized companies

Certain consolidated subsidiaries have adopted the simplified method for calculating the liability for retirement benefits and net periodic benefit costs, by determining retirement benefit obligations based on the hypothetical amount of voluntary retirement payments that would have been payable at fiscal yearend.

(5) Accounting standards for revenue and expenses

The Group recognizes revenue based on the following five-step approach.

Step 1: Identifying the contract(s) with a customer

Step 2: Identifying the performance obligations in the contract

Step 3: Determining the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognizing revenue when (or as) the entity satisfies a performance obligation

The Group sells products including textiles, chemicals, and machinery. Revenue from product sales is primarily recognized at the time of delivery as our performance obligation is satisfied when the customer takes control of the goods upon delivery. For certain product sales in Japan, revenue is recognized at a specific point in time (upon shipment) before a customer obtains control of the goods.

Revenue is measured at the consideration promised in contracts with customers, less discounts, returns, rebates, etc. A significant financing component is not included since the consideration in the sales contract is primarily recovered within one year from when the performance obligations are satisfied.

Revenue is recognized as a net amount if the nature of its promise in contracts with customers is a performance obligation to arrange for goods or services to be provided by another party as an agent. The Group determines whether the nature of its promise is a principal or an agent based on comprehensive consideration of whether it has primary responsibility, discretion in pricing, inventory risk, etc.

For transactions where the Group supplies materials to a customer with charge under a repurchase agreement, the Group accounts for such transactions as a financial transaction and recognizes the physical inventory of such supplied materials retained by the customer at the end of the fiscal year as “Work in process” and the consideration received from said customer as “Deposits received (financial liabilities).”

(6) Standards for translation of foreign currency-denominated assets and liabilities into Japanese Yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing on the balance sheet date. The resulting translation gains or losses are included in the determination of net profit. Assets, liabilities, revenue and expenses of overseas subsidiaries are translated into Japanese yen based on spot exchange rates at their respective fiscal closing dates. Differences arising from such translations are included in “Foreign currency translation adjustments” and “Non-controlling interests” in the net assets section of the balance sheet.

(7) Significant hedge accounting methods

a) Hedge accounting methods

In principle, the Company uses deferred hedging. Forward exchange contracts qualifying for hedge accounting are translated at the contracted rates.

b) Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Related hedged items</u>
Forward exchange contracts	Receivables, payables, and forecasted transactions denominated in foreign currencies

c) Hedging policies

The Company and certain consolidated subsidiaries use derivatives to mitigate the risk of foreign exchange fluctuations in accordance with internal management rules.

d) Methods of assessing hedging effectiveness

Forward exchange contracts are entered into for the same currencies and the same periods in accordance with hedging policies, and as their correlations related to subsequent fluctuations in market exchange rates are already determined, assessments of the effectiveness of the forward exchange contracts as of the balance sheet date are omitted.

(8) Amortization of goodwill

Goodwill is generally amortized ratably over five years, but is written off in its entirety in the year of occurrence when such amounts are not significant.

(9) Other significant items for preparation of the consolidated financial statements

Accounting for non-deductible consumption tax

Non-deductible consumption taxes, etc., pertaining to assets are included in expenses for the fiscal year in which they occur.

Notes to Changes in Presentation

1. Consolidated Balance Sheet

“Software in progress” included in “Other” under “Intangible assets” in the previous fiscal year is stated independently in the current fiscal year due to its increased importance in terms of amount.

2. Consolidated Statement of Income

“Subsidy income” included in “Miscellaneous income” under “Non-operating profit” in the previous fiscal year is stated independently in the current fiscal year due to its increased importance in terms of amount.

Notes to Accounting Estimates

Measurement of allowance for doubtful accounts

(1) Carrying amounts in the current year’s consolidated financial statements

(Millions of Japanese Yen)

	Current fiscal year
Allowance for doubtful accounts (current assets)	¥(265)
Allowance for doubtful accounts (non-current assets)	(8,498)

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

Allowance for doubtful accounts is recorded at amounts considered to be appropriate based upon past credit loss experience for general receivables with specific consideration for certain receivables deemed doubtful of collection.

(ii) Key assumptions used in making the accounting estimates

For general receivables, the estimated doubtful accounts are measured based on past credit loss experience and other factors over a certain period of time, assuming that credit risk does not fluctuate significantly. In addition, the estimated doubtful accounts are measured based on basic information, such as the status of collection at the end of the reporting period and historical credit loss experience, estimates in solvency of debtors and collateral value, and assumptions for forward-looking information of the economic conditions, after determining whether there is a significant increase in credit risk since initial recognition.

(iii) The effect on the following fiscal year's consolidated financial statements

The Company estimates the allowance for doubtful accounts after careful consideration based on available information. However, changes in the past credit loss experience, changes in the financial position of individual counterparties and the status of collections may affect the amount of the allowance for doubtful accounts in the consolidated financial statements for the following fiscal year.

Notes to Changes in Accounting Estimates

(Changes in estimates for the useful lives and asset retirement obligations)

In the current fiscal year, the details and timing of the relocation of the Osaka Head Office have been finalized. Therefore, the Company has changed the estimates of the useful lives of non-current assets that are not expected to be used after the relocation.

In addition, regarding expenses related to the restoration of the property to its original state based on the real estate lease contract, the Company has changed the amortization period and the amount of the security deposit that is deemed to be unrecoverable.

As a result of these changes in estimates, operating profit, ordinary profit, and net profit before income taxes for the current fiscal year each decreased ¥59 million compared to those under the previous method.

Notes to the Consolidated Balance Sheet

(Millions of Japanese Yen)

1. Assets Pledged as Collateral and Secured Liabilities

(1) Assets pledged as collateral

Cash and deposits	¥22
Investment securities	2,283
Total	¥2,305

(2) Secured liabilities

Notes and accounts payable-trade	¥5,513
----------------------------------	--------

2. Contingent Liabilities

Discounted export notes	¥10,138
Endorsed notes receivable	1,452
Repurchase obligations for notes receivable sold	619

3. Notes Maturing at the End of the Fiscal Year

The accounting treatment for notes maturing at the end of the fiscal year is to be settled at the clearance date. As the last day of the current fiscal year was a bank holiday, the notes maturing on the last day of the fiscal year in the following amounts were included.

Notes receivable-trade	¥563 million
Notes payable-trade	835 million

4. Tax Purpose Reduction

Acquisition costs for certain machinery, equipment and vehicles acquired using subsidies were reduced by ¥380 million based on certain tax regulations.

5. Notes and Accounts Receivable-Trade from Contracts with Customers

Notes receivable-trade	¥15,074 million
Accounts receivable-trade	55,263 million

Notes to the Consolidated Statement of Changes in Equity

1. Numbers and Types of Shares Issued and Treasury shares

(Shares)

Types of stock	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Shares issued				
Common stock	25,303,478	-	-	25,303,478
Total	25,303,478	-	-	25,303,478
Treasury shares				
Common stock	696,464	140,616	174,900	662,180
Total	696,464	140,616	174,900	662,180

(Summary of reasons for changes)

1. The number of common stock shares of treasury shares as of March 31, 2024 includes the 140,000 shares held by the trust in relation to Board Benefit Trust-Restricted Stock (BBT-RS).
2. The increase in the number of common stock shares of treasury shares was due to an increase of 140,000 shares from the acquisition of Board Benefit Trust-Restricted Stock (BBT-RS) and an increase of 616 shares from the purchase of fractional shares.
3. The decrease in the number of common stock shares of treasury shares is due to a decrease of 140,000 shares from the disposal of treasury shares to Board Benefit Trust-Restricted Stock (BBT-RS) and a decrease of 34,900 shares from the disposal of the Company's treasury shares to the employee shareholding association.

2. Dividends

(1) Amount of dividends paid

(Millions of Japanese Yen unless otherwise specified)

Resolution	Type of stock	Total amount of dividends	Dividends per share (Japanese Yen)	Record date	Effective date
Board of Directors Meeting (April 28, 2023)	Common stock	¥1,353	¥55.00	March 31, 2023	June 1, 2023
Board of Directors Meeting (October 27, 2023)	Common stock	1,435	58.00	September 30, 2023	December 1, 2023

(Note) The total amount of dividends of common stock of ¥1,435 million by a resolution of the Board of Directors meeting on October 27, 2023 includes dividends of ¥8 million related to the Company shares held by the trust in relation to Board Benefit Trust-Restricted Stock (BBT-RS).

(2) Dividends for which the record date is in the fiscal year ended March 31, 2024 and the effective date is in the following fiscal year

(Millions of Japanese Yen unless otherwise specified)

Resolution	Type of stock	Dividend source	Total amount of dividends	Dividends per share (Japanese Yen)	Record date	Effective date
Board of Directors Meeting (April 26, 2024)	Common stock	Retained earnings	¥1,486	¥60.00	March 31, 2024	June 3, 2024

(Note) The total amount of dividends of common stock of ¥1,486 million by a resolution of the Board of Directors meeting on April 26, 2024 includes dividends of ¥8 million related to the Company shares held by the trust in relation to Board Benefit Trust-Restricted Stock (BBT-RS).

Notes to Financial Instruments

1. Matters Concerning Financial Instruments

The Group restricts its investment of funds to short-term deposits, etc., and procures funds through loans from financial institutions.

Risk reduction of customer credit risks related to notes and accounts receivable-trade are handled in accordance with internal management rules.

Investment securities primarily consist of stock, and the market values of listed shares are checked quarterly.

The usage of loans payable, etc. is mainly for working capital purposes. Derivatives are utilized based on actual demand and in accordance with internal management rules.

2. Matters Concerning the Fair Value of Financial Instruments

Carrying amounts on the consolidated balance sheet, fair values and their differences as of March 31, 2024 (current consolidated closing date) are as follows.

(Millions of Japanese Yen)

	Carrying amount on the consolidated balance sheet	Fair value	Unrealized gain
(1) Investment securities (*2)			
Investments in unconsolidated subsidiaries and associates	¥1,495	¥2,061	¥565
Available-for-sale securities	9,484	9,484	-
(2) Distressed receivables	8,473		
Allowance for doubtful accounts (*3)	(8,464)		
	9	9	-
(3) Derivatives (*4)	56	56	-

(*1) Cash and deposits, notes and accounts receivable-trade, notes and accounts payable-trade, short-term borrowings, and income taxes payable omitted as the carrying values of these items approximate fair value because of their short maturities.

(*2) The financial instruments below are not included in “(1) Investment securities” as they are investments with no market price. These financial instruments are recorded as below on the consolidated balance sheet.

(Millions of Japanese Yen)

Category	Current fiscal year (March 31, 2024)
Unlisted equity securities	1,727

(*3) Allowance for doubtful accounts recorded independently under distressed receivables was deducted.

(*4) Net receivables and payables arising from derivatives are stated on a net basis and items in parentheses represent net debt in total.

Derivatives

a) Derivative transactions to which hedge accounting is not applied: The contracted amounts or principal-equivalent amounts set forth in contracts, market values, unrealized gain or loss, and method of calculating market values for each type of transaction item as of the fiscal year end are as follows.

Currency related (the calculation method for market value is based on market forward exchange rates.)

(Millions of Japanese Yen)

Category	Type of derivative financial instrument	Contract amount		Fair value	Unrealized gain /loss
			Due after 1 year		
Transactions other than market transactions	Foreign currency forward contracts				
	Selling				
	U.S. Dollar	¥15	-	¥(0)	¥(0)
	Yen	4,086	559	(17)	(17)
	Rupiah	39	-	1	1
	Foreign currency forward contracts				
Buying					
U.S. Dollar	54	-	0	0	
Yuan	1,464	-	43	43	
Rupiah	141	-	0	0	
Total		¥5,801	559	¥27	¥27

b) Derivative transaction to which hedge accounting is applied: The contract amounts or principal-equivalent amounts set forth in contracts for each hedge accounting method as of the consolidated fiscal year end are as follows.

(Millions of Japanese Yen)

Hedge accounting method	Type of derivative financial instrument	Hedged item	Contract amount	Contract amount due after 1 year	Fair value (*1)
Forward contracts qualifying for hedge accounting translated at contract rates	Foreign currency forward contracts Selling U.S. Dollar	Accounts receivable	¥7,153	-	(*)
	Yuan		161	-	
Forward contracts qualifying for hedge accounting translated at contract rates	Foreign currency forward contracts Buying U.S. Dollar	Accounts payable	8,550	-	(*)
	Yuan		521	-	
	Euro		16	-	
	Yen		5	-	
	Pound		4	-	
	Baht		0	-	
	Singapore Dollar		0	-	
Forward contracts qualifying for hedge accounting for which gains and losses are deferred	Foreign currency forward contracts Selling U.S. Dollar	Accounts receivable	5,066	-	¥(143)
	Yuan		116	-	0
Forward contracts qualifying for hedge accounting for which gains and losses are deferred	Foreign currency forward contracts Buying U.S. Dollar	Accounts payable	9,041	-	160
	Yuan		984	-	11
Total			31,714	-	28

(*1) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution with which the Company has transactions.

(*2) The foreign currency forward contracts qualifying for hedge accounting translated at contract rates are accounted for together with the underlying receivables and payables, and their market values are included in the market values of such receivables and payables.

3. Matters Concerning Breakdown of Fair Value of Financial Instruments by Appropriate Classifications

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured by using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement

Level 2 fair value: Fair value measured by using observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured by using unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in the level of the lowest priority in the fair value measurement among the levels to which each of these inputs belongs.

a) Financial assets with the carrying amount recorded using the fair value

Category	Fair value (Millions of Japanese Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Equity securities	¥9,484	-	-	¥9,484
Derivative transactions				
Currency related	-	56	-	56
Total assets	9,484	56	-	9,540

b) Financial assets with the carrying amount not recorded using the fair value

Category	Fair value (Millions of Japanese Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Investments in shares of subsidiaries and associates	¥2,061	-	-	¥2,061
Distressed receivables	-	-	9	9
Total assets	2,061	-	9	2,070

(Note) Valuation method and inputs related to the measurement of fair value

Investment securities

Listed equity securities are evaluated at market prices. The fair value of listed equity securities is classified into Level 1 as they are traded in active markets.

Derivative transactions

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution with which the Company has transactions and classified into Level 2.

Distressed receivables

As the fair value of distressed receivables is measured based on the estimated recovery amount from collateral, etc., and the fair value is roughly equal to the amount obtained by deducting the current estimated amount of bad debts from the amount on the consolidated balance sheet as of the consolidated balance sheet date, this amount is recorded as the fair value and classified into Level 3.

Notes to Revenue Recognition

1. Disaggregation of Revenue from Contracts with Customers Year Ended March 31, 2024

(Millions of Japanese Yen)

	Reportable segments				Others (Note)	Total
	Fibers, textiles and garments	Chemicals	Machinery	Subtotal		
Domestic	¥40,071	¥61,005	—	¥101,077	¥74	¥101,151
Import	55,294	37,924	—	93,218	—	93,218
Export	11,389	25,819	420	37,630	—	37,630
Overseas	39,136	35,258	1,303	75,698	—	75,698
Total	¥145,892	¥160,007	¥1,724	¥307,625	¥74	¥307,699

(Note) "Others" is a business segment not included in the reportable segments and includes the provision of various services such as entrusted administrative work.

Above transactions are defined as below:

- Domestic: Sales which are purchased from and sold to domestic corporations
- Import: Sales which are purchased from foreign corporations and sold to domestic corporations
- Export: Sales which are purchased from domestic corporations and sold to foreign corporations
- Overseas: Sales which are purchased from and sold to foreign corporations and sales of consolidated subsidiaries overseas

2. Basic Information to Understand Revenues from Contracts with Customers

Basic information to understand revenues from contracts with customers is stated in "4. Matters related to Accounting Policies (5) Accounting standards for revenue and expenses (Significant Items Forming the Basis of Preparation for the Consolidated Financial Statements)."

3. Information About the Relationship Between Satisfaction of Performance Obligations and Cash Flows Arising from the Contracts with Customers, and Information on the Expected Amount and Timing of Revenue Recognition which is included in the contract balance at the End of the Current Consolidated Fiscal Year

(1) Contract balance

The balance of contract liabilities is as follows:

(Millions of Japanese Yen)	
Year Ended March 31, 2024	
Contract liabilities (balance at beginning of the year)	¥1,795
Contract liabilities (balance at end of the year)	1,750

Contract liabilities mainly consist of advances received from customers before delivery or shipment of products. The amount of revenue recognized, which is included in the balance of contract liabilities at beginning of the year, is not material for the year ended March 31, 2024. The amount of revenue recognized from performance obligations which had been satisfied in the past year is not material for the year ended March 31, 2024.

(2) Transaction price allocated to the remaining performance obligation

The Group has no significant transactions with individual expected contractual terms exceeding one year. In addition, there is no significant amount in consideration from contracts with customers which is not included in the transaction price.

Per Share Information

(Japanese Yen)

- (1) Net assets per share ¥3,330.03
- (2) Net profit per share 390.87

(Note) The Company has introduced the Board Benefit Trust-Restricted Stock (BBT-RS) effective from the current fiscal year, and the number of shares of the Company held by the trust, which is recorded as treasury shares in shareholders' equity, is included in that of treasury shares to be deducted in calculating the total number of issued shares at the end of the period and the average number of shares outstanding during the period to determine net assets per share and net profit per share.

For the calculation of net assets per share, 140 thousand shares were deducted from the number of treasury shares at the end of the period in the current fiscal year, and for the calculation of net profit per share, 86 thousand shares were deducted from the average number of treasury shares during the period in the current fiscal year.

Notes for Significant Subsequent Events

Not applicable.

Other Notes

(Performance-linked Stock Compensation Plan for Directors, etc.)

The Company introduced a performance-linked stock compensation plan called “Board Benefit Trust-Restricted Stock (BBT-RS)” for Directors (excluding Directors on the Audit & Supervisory Committee Members and non-executive Directors) and Executive Officers of the Company (together with directors, collectively, the “Eligible Officers”) based on a resolution of the 76th Annual General Meeting of Shareholders, held on June 16, 2023, to further clarify the linkage of the compensation for Eligible Officers and the Company’s business performance and its share value, and to enhance 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 Eligible Officers 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 Eligible Officers 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 are 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 at the end of the current fiscal year.

NONCONSOLIDATED BALANCE SHEET

As of March 31, 2024

ASSETS	
Item	Amounts
	Millions of Japanese Yen
Current assets	¥61,517
Cash and deposits	5,727
Deposits paid in subsidiaries and associates	5,730
Notes receivable-trade	9,147
Accounts receivable-trade	25,728
Merchandise and finished goods	11,575
Work in process	152
Goods in transit	827
Advance payments	151
Prepaid expenses	45
Short-term loans receivable	27
Other	2,425
Allowance for doubtful accounts	(21)
Non-current assets	33,833
Property, plant and equipment	702
Buildings	109
Machinery and equipment	508
Tools, Furniture and fixtures	84
Intangible assets	3,017
Software	88
Software in progress	2,924
Other	3
Investments and other assets	30,113
Investment securities	5,460
Investments in shares of subsidiaries and associates	18,464
Investments in capital	284
Investments in capital of subsidiaries and associates	2,366
Long-term loans receivable	1,556
Long-term loans receivable from subsidiaries and associates	2,030
Distressed receivables	7,255
Deferred tax assets	521
Other	816
Allowance for doubtful accounts	(8,642)
Total assets	¥95,351

LIABILITIES AND NET ASSETS	
Item	Amounts
	Millions of Japanese Yen
Current liabilities	¥31,287
Notes payable-trade	3,091
Accounts payable-trade	16,920
Current portion of long-term borrowings	113
Accounts payable-other	1,032
Accrued expenses	144
Income taxes payable	1,755
Advances received	1,084
Deposits received	6,282
Provision for bonuses	727
Provision for loss on liquidation of subsidiaries and associates	42
Other	93
Non-current liabilities	2,053
Long-term borrowings	19
Provision for share awards	51
Liability for retirement benefits	1,982
Total liabilities	33,340
Net assets	
Shareholders' equity	60,461
Share capital	6,800
Capital surplus	2,150
Legal capital surplus	1,700
Other capital surplus	450
Retained earnings	52,447
Other retained earnings	52,447
Retained earnings brought forward	52,447
Treasury shares	(935)
Valuation and translation adjustments	1,549
Valuation difference on available-for-sale securities	1,580
Deferred gains or losses on hedges	(31)
Total net assets	62,011
Total liabilities and net assets	¥95,351

NONCONSOLIDATED STATEMENT OF INCOME

Year Ended March 31, 2024

Item	Amounts	
	Millions of Japanese Yen	
Net sales		¥156,365
Cost of sales		<u>136,779</u>
Gross profit		19,586
Selling, general and administrative expenses		<u>11,643</u>
Operating profit		7,942
Non-operating profit		
Interest income	153	
Dividend income	2,422	
Reversal of allowance for doubtful accounts	65	
Foreign exchange gains	1,113	
Gain on adjustment of account payable	39	
Miscellaneous income	<u>135</u>	3,929
Non-operating expenses		
Interest expenses	45	
Loss on sale of notes receivable-trade	187	
Provision of allowance for doubtful accounts	2,196	
Miscellaneous expenses	<u>20</u>	<u>2,450</u>
Ordinary profit		9,421
Extraordinary profit		
Gain on sale of investment securities	146	
Gain on sale of shares of subsidiaries and associates	47	
Gain on sale of non-current assets	0	
Other	<u>0</u>	194
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	248	
Loss on disposal of non-current assets	<u>3</u>	<u>251</u>
Net profit before income taxes		9,365
Income taxes		
Current	3,247	
Deferred	<u>(65)</u>	<u>3,181</u>
Net profit		¥6,184

NONCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended March 31, 2024

(Millions of Japanese Yen)

	Shareholders' equity							Valuation and translation adjustments			Total net assets	
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges		Total valuation and translation adjustments
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings						
Balance as of April 1, 2023	¥6,800	¥1,700	¥101	¥1,801	¥49,052	¥49,052	¥(689)	¥56,964	¥680	¥(43)	¥637	¥57,601
Changes in items during the period												
Dividends from earnings					(2,788)	(2,788)		(2,788)				(2,788)
Net profit					6,184	6,184		6,184				6,184
Purchases of treasury shares							(1)	(1)				(1)
Disposals of treasury shares			69	69			34	104				104
Transfer of treasury shares to stock ownership plan trust			278	278			138	417				417
Purchase of treasury shares by stock ownership plan trust							(417)	(417)				(417)
Net changes of items other than shareholders' equity during the period									899	12	911	911
Total changes of items during the period	-	-	348	348	3,395	3,395	(246)	3,497	899	12	911	4,409
Balance as of March 31, 2024	¥6,800	¥1,700	¥450	¥2,150	¥52,447	¥52,447	¥(935)	¥60,461	¥1,580	¥(31)	¥1,549	¥62,011

Notes to the Nonconsolidated Financial Statements

Amounts less than one million yen have been rounded down in the nonconsolidated financial statements.

Significant Accounting Policies

1. Valuation Standards and Methods for Assets

- (1) Securities
 - Stocks of subsidiaries and associates: Valued at cost by the moving-average method
 - Available-for-sale securities:
 - Other than nonmarketable available-for-sale securities: Fair value
(Unrealized gains and losses are included in the net assets section of the balance sheet, and cost of securities sold is calculated using the moving-average method.)
 - Nonmarketable available-for-sale securities: Valued at cost by the moving-average method
- (2) Derivatives are stated at fair value.
- (3) Inventories are valued at cost, determined by the monthly average method.
(Carrying costs on the balance sheet were written down based on the decreased profitability of such assets.)

2. Depreciation and Amortization Methods for Non-current Assets

- (1) Property, plant and equipment are depreciated using the straight-line method.
 - The ranges of useful lives for assets are summarized as follows.

Buildings	2-37 years
Machinery and equipment	2-10 years
- (2) Intangible assets are amortized using the straight-line method.
 - Software for internal use is amortized using the straight-line method over estimated useful lives (five years or less).

3. Standards for Translation of Foreign Currency Denominated Assets and Liabilities into Japanese Yen

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing on the balance sheet date. The resulting translation gains or losses are included in the determination of net profit.

4. Accounting Standards for Allowances

- (1) Allowance for Doubtful Accounts
 - To provide for losses due to bad debt expense, the allowance for doubtful accounts is recorded at amounts considered to be appropriate based upon past credit loss experience for general receivables with specific consideration for certain receivables deemed doubtful of collection.
- (2) Provision for bonuses
 - Provision for bonuses are provided for based on estimated amounts attributable to services rendered by employees for the current fiscal year, which are paid in the following fiscal year.
- (3) Provision for loss on liquidation of subsidiaries and associates
 - To provide for a loss arising from the liquidation of an unconsolidated subsidiary, the estimated loss amounts to be borne by the Company exceeding equity investments in and loans receivables from the subsidiary were recorded.
- (4) Provision for Share Awards
 - To provide for granting the Company's shares to Directors and Executive Officers pursuant to the Share Benefit Regulations for Directors and Officers, this provision was recorded based upon the estimated share award obligations as of the end of the current fiscal year.
- (5) Liability for Retirement Benefits
 - Liability for retirement benefits is provided for based on the projected retirement benefit obligations as of the end of the current fiscal year.
 - a) Method of Attributing Projected Retirement Benefits to Periods
 - To calculate retirement benefit obligations, projected retirement benefits attributable through the end of the current fiscal year are determined by the benefit formula method.
 - b) Method of Amortizing Net Actuarial Gains and Losses for Retirement Benefits
 - Net actuarial gains and losses are amortized ratably using the straight-line method over a fixed period (12 years) not longer than the average remaining service years of employees for the fiscal year in which the differences occurred, beginning with the following fiscal year.

5. Hedge Accounting Methods

(1) Methods of Hedge Accounting

In principle, the Company uses deferred hedging. Forward exchange contracts qualifying for hedge accounting are translated at the contracted rates.

(2) Hedging Instruments and Hedged Items

Hedging Instruments

Forward exchange contracts

Related Hedged Items

Receivables, payables, and forecasted transactions denominated in foreign currencies

(3) Hedging Policies

The Company uses derivatives to mitigate the risk of foreign exchange fluctuations in accordance with internal management rules.

(4) Methods of Assessing Hedging Effectiveness

Forward exchange contracts are entered into for the same currencies and the same periods in accordance with hedging policies, and as their correlations related to subsequent fluctuations in market exchange rates are already determined, assessments of the effectiveness of the forward exchange contracts as of the balance sheet date are omitted.

6. Accounting Standards for Revenue and Expenses

The Company recognizes revenue based on the following five-step approach.

Step 1: Identifying the contract with a customer

Step 2: Identifying the performance obligations in the contract

Step 3: Determining the transaction price

Step 4: Allocate the transaction price to the performance obligation in the contract

Step 5: Recognizing revenue when (or as) the entity satisfies a performance obligation

The Company sells products including textiles and chemicals, among others. Revenue from product sales is primarily recognized at the time of delivery as our performance obligation is satisfied when the customer takes control of the goods upon delivery. For certain product sales in Japan, revenue is recognized at a specific point in time (upon shipment) before a customer obtains control of the goods.

Revenue is measured at the consideration promised in contracts with customers, less discounts, returns, rebates, etc. A significant financing component is not included since the consideration in the sales contract is primarily recovered within one year from when the performance obligations are satisfied. Revenue is recognized as a net amount if the nature of its promise in contracts with customers is a performance obligation to arrange for goods or services to be provided by another party as an agent. The Company determines whether the nature of its promise is a principal or an agent based on comprehensive consideration of whether it has primary responsibility, discretion in pricing, inventory risk, etc.

For transactions where the Company supplies materials to a customer with a charge under a repurchase agreement, the Company accounts for such transactions as a financial transaction and recognizes the physical inventory of such supplied materials retained by the customer at the end of the fiscal year as “Work in process” and the consideration received from said customer as “Deposits received (financial liabilities).”

7. Other Significant Items Forming the Basis of Preparation for the Nonconsolidated Financial Statements

(1) Accounting for Retirement Benefits

The accounting method for unrecognized net actuarial gains and losses related to retirement benefits is different from the method used in the consolidated financial statements.

(2) Accounting for Non-deductible Consumption Tax

Non-deductible consumption taxes, etc., pertaining to assets are included in expenses for the fiscal year in which they occur.

Notes to Changes in Presentation

Nonconsolidated Balance Sheet

“Software in progress” included in “Other” under “Intangible assets” in the previous fiscal year is stated independently in the current fiscal year due to its increased importance in terms of amount.

Notes to Accounting Estimates

Measurement of allowance for doubtful accounts

(1) Carrying amounts in the current year's nonconsolidated financial statements

(Millions of Japanese Yen)

	Current fiscal year
Allowance for doubtful accounts (current assets)	¥(21)
Allowance for doubtful accounts (non-current assets)	(8,642)

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

Allowance for doubtful accounts is recorded at amounts considered to be appropriate based upon past credit loss experience for general receivables with specific consideration for certain receivables deemed doubtful of collection.

(ii) Key assumptions used in making the accounting estimates

For general receivables, the estimated doubtful accounts are measured based on past credit loss experience and other factors over a certain period of time, assuming that credit risk does not fluctuate significantly.

With regard to receivables from debtors (excluding subsidiaries; the same applies hereinafter) in legal bankruptcy, such as in bankruptcy or liquidation, under corporate reorganization, bankruptcy protection or civil rehabilitation, or in other situations, those from debtors that are experiencing severe financial difficulties and their lack of potential for restructuring has been confirmed, and those from debtors not in bankruptcy but with serious problems with the repayment of debts or with a high likelihood of having such problems, the estimated doubtful accounts are measured based on the estimated collectable amount by collateral and trade insurance, historical collection rate, and other factors.

With regard to receivables from subsidiaries whose financial conditions are a cause for concern, the estimated doubtful accounts are measured with comprehensive consideration for collectability based on the subsidiary's excessive liabilities amount, future business plan, and other factors.

(iii) The effect on the following fiscal year's nonconsolidated financial statements

The Company estimates the allowance for doubtful accounts after careful consideration based on available information. However, changes in the past credit loss experience, changes in the financial position of individual counterparties, and the status of collections may affect the amount of the allowance for doubtful accounts in the nonconsolidated financial statements for the following fiscal year.

Notes to Changes in Accounting Estimates

(Changes in estimates for the useful lives and asset retirement obligations)

In the current fiscal year, the details and timing of the relocation of the Osaka Head Office have been finalized. Therefore, the Company has changed the estimates of the useful lives of non-current assets that are not expected to be used after the relocation.

In addition, regarding expenses related to the restoration of the property to its original state based on the real estate lease contract, the Company has changed the amortization period and the amount of the security deposit that is deemed to be unrecoverable.

As a result of these changes in estimates, operating profit, ordinary profit, and net profit before income taxes for the current fiscal year each decreased ¥59 million compared to those under the previous method.

Notes to the Nonconsolidated Balance Sheet

Millions of Japanese Yen

1. Accumulated Depreciation of Property, Plant and Equipment ¥1,652

2. Monetary Receivables from and Payable to Subsidiaries and Associates
Monetary receivables from and payable to subsidiaries and associates, other than those separately presented, are set out below.

Short-term monetary receivables	¥2,704
Long-term monetary receivables	6,934
Short-term monetary payable	7,835

3. Contingent Liabilities

Discounted export notes	¥249
Repurchase obligations for notes receivable sold	619

4. Amount of Reduction Entry
The amount of reduction entry deducted from the acquisition cost for property, plant and equipment was 380 million yen for machinery and equipment.

5. Debt Guarantees
The Company guarantees the following affiliated companies' transactions with financial institutions.

Chori Machinery Co., Ltd.	¥36,000 million
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(Note) The maximum amount of guarantees is stated.

6. Notes Maturing at the End of the Fiscal Year
The accounting treatment for notes maturing at the end of the fiscal year is to be set settled at the clearance date. As the last day of the current fiscal year was a bank holiday, the notes maturing on the last day of the fiscal year in the following amounts were included.

Notes receivable-trade	¥77 million
Notes payable-trade	460 million

Notes to the Nonconsolidated Statement of Income

Millions of Japanese Yen

Transactions with Subsidiaries and Associates	Net sales	¥10,467
	Amount of purchase	18,592
	Non-operating transactions	2,186

Notes to the Nonconsolidated Statement of Changes in Equity

Numbers and Types of Treasury shares

(Shares)

Types of stock	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	696,464	140,616	174,900	662,180
Total	696,464	140,616	174,900	662,180

(Summary of reasons for changes)

1. The number of common stock shares of treasury shares as of March 31, 2024 includes the 140,000 shares held by the trust in relation to Board Benefit Trust-Restricted Stock (BBT-RS).
2. The increase in the number of common stock shares of treasury shares was due to an increase of 140,000 shares from the acquisition of Board Benefit Trust-Restricted Stock (BBT-RS) and an increase of 616 shares from the purchase of fractional shares.
3. The decrease in the number of common stock shares of treasury shares is due to a decrease of 140,000 shares from the disposal of treasury shares to Board Benefit Trust-Restricted Stock (BBT-RS) and a decrease of 34,900 shares from the disposal of the Company's treasury shares to the employee shareholding association.

Notes to Tax Effect Accounting

Breakdown of Major Factors for Deferred Tax Assets and Deferred Tax Liabilities

(Millions of Japanese Yen)

Deferred tax assets	
Loss on valuation of goods	¥24
Impairment loss on investment securities	31
Impairment loss on stocks of subsidiaries and associates	367
Loss on valuation of golf club membership	2
Allowance for doubtful accounts	2,649
Accrued enterprise tax	98
Provision for bonuses	222
Provision for loss on liquidation of subsidiaries and associates	12
Provision for share awards	15
Liability for retirement benefits	606
Deferred gains or losses on hedges	13
Other	602
Subtotal deferred tax assets	4,646
Valuation allowances	(3,517)
Total deferred tax assets	¥1,129
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥ (608)
Other	(0)
Total deferred tax liabilities	(608)
Net deferred tax assets	¥521

Notes to Transactions with Related Parties

Parent Company, Major Corporate Shareholders, etc.

(Millions of Japanese Yen)

Company type	Company name or person's name	Location	Share capital or equity investments	Description of business or occupation	Percentage of ownership (or owned) of voting rights, etc.	Relation with the related party	Details of transactions	Amount of transactions	Account	Balance at the end of fiscal year
Parent company	TORAY INDUSTRIES, INC.	Chuo-ku, Tokyo	¥147,873	Manufacture, processing and sale and purchase of fibers, chemicals, etc.	(Owned) Directly: 52.41% Indirectly: -	Sale and purchase of fibers, chemicals, etc.; common director; borrowing of funds and deposit of funds	Sale of fibers, chemicals, etc.	¥1,430	Accounts receivable-trade	¥512
							Purchase of fibers, chemicals, etc.	5,703	Accounts payable-trade	1,079
							Borrowing of funds	3,000	-	-
							Deposit of funds	5,500	Deposits paid in subsidiaries and associates	3,500

Terms and conditions of transactions and policies for their determination

- (Notes)
1. Terms and conditions concerning sales and purchases of fibers, chemicals, etc. are determined through negotiation based on market prices, etc.
 2. Consumption taxes are not included in the amounts of transactions, while consumption taxes are included in the balances at fiscal year-end (excluding deposits paid in subsidiaries and associates).
 3. The borrowing of funds and deposit of funds are made through the Toray Group's Cash Management System. Interest rates on these transactions are determined at reasonable levels after due consideration of market interest rates. In addition, since the borrowing of funds and deposit of funds are made on a daily basis, the amounts for both transactions are reported at their maximum amounts.

Subsidiaries and Associates, Etc.

(Millions of Japanese Yen unless otherwise specified)

Company type	Company name or person's name	Location	Share capital or equity investments	Description of business or occupation	Percentage of ownership (or owned) of voting rights, etc.	Relation with the related party	Details of transactions	Amount of transactions	Account	Balance at the end of fiscal year
Subsidiary	CHORI (CHINA) CO., LTD.	Shanghai (China)	55,314 thousand yuan	Sale in China, export and import, and overseas transactions of various products	(Ownership) Directly: 100.00% Indirectly: -	Sale and purchase of fibers, chemicals, etc.; custody of funds; common officers	Sale of fibers, chemicals, etc.	¥2,490	Accounts receivable-trade	¥194
							Custody of funds	1,394	Deposits received	1,394
Subsidiary	Miyako Kagaku Co., Ltd.	Chiyoda-ku, Tokyo	¥296	Sale of chemicals, etc.	(Ownership) Directly: 100.00% Indirectly: -	Sale and purchase of chemicals, etc.; custody of funds; common officers	Custody of funds	1,700	Deposits received	1,200
Subsidiary	KOZAKURA SHOKAI Co., Ltd.	Minato-ku, Tokyo	¥60	Sale of chemicals, etc.	(Ownership) Directly: 100.00% Indirectly: -	Sale and purchase of chemicals, etc.; custody of funds	Custody of funds	2,300	Deposits received	2,100
Subsidiary	Tohcho Co., Limited	Minato-ku, Tokyo	¥50	Sale of chemicals, etc.	(Ownership) Directly: 60.00% Indirectly: -	Financial support	Loan of funds	6,934	Distressed receivables	6,934
Subsidiary	STX Company Limited	Chiyoda-ku, Tokyo	¥830	Manufacturing and distribution of clothing, fabric materials, etc.	(Ownership) Directly: 100.00% Indirectly: -	Sale and purchase of fibers, etc.; financial support; common officers	Deposit of funds	2,400	Deposits paid in subsidiaries and associates	2,100
Subsidiary	Chori Machinery Co., Ltd.	Minato-ku, Tokyo	¥100	Sale of transportation equipment, etc.	(Ownership) Directly: 100.00% Indirectly: -	Sale of transportation equipment, etc.; financial support; debt guarantees	Loan of funds	2,000	Long-term loans receivable from subsidiaries and associates	2,000
							Debt guarantees	36,000	-	-
Subsidiary	THAI CHORI CO., LTD.	Bangkok (Thailand)	THB202,000 thousand	Sale in Thailand, export and import, and overseas transactions of various products	(Ownership) Directly: 100.00% Indirectly: -	Sale and purchase of fibers, chemicals, etc.; custody of funds	Custody of funds	800	Deposits received	800

Terms and conditions of transactions and policies for their determination

- (Notes)
- Terms and conditions concerning sales of fibers, chemicals, etc. are determined through negotiation based on market prices, etc.
 - Consumption taxes are not included in the amounts of transactions or in the balances at fiscal year end.
 - Custody and deposit of funds are managed in accordance with funding needs. Interest rates on these transactions are determined at reasonable levels after due consideration of market interest rates. In addition, since the custody and deposit of funds are made on a daily basis, the amounts for both transactions are reported at their maximum amounts.
 - The Company recorded an allowance for doubtful accounts of ¥6,923 million for bankruptcy and reorganization claims (loans receivable) due from Tohcho Co., Limited in the current fiscal year. The Company does not receive interest on such claims for the purpose of providing financial support related to the delayed collection of receivables.
 - The Company recorded an allowance for doubtful accounts and provision of allowance for doubtful accounts of ¥1,374 million for long-term loans receivable from subsidiaries and associates due from Chori Machinery Co., Ltd. in the current fiscal year. Interest rates on these transactions are determined at reasonable levels after due consideration of market interest rates. The Company guarantees Chori Machinery Co., Ltd.'s bank lines of credit for trade transactions such as LC openings, Japanese loans, and export bill discounts. The maximum amount of guarantees is stated. The Company receives a guarantee fee of 0.05% per annum.

Notes to Revenue Recognition

These notes are omitted since the basic information to understand revenues from contracts with customers is provided in "Notes to Revenue Recognition"

in “Notes to the Consolidated Financial Statements.”

Per Share Information

(Japanese Yen)

(1) Net assets per share	¥2,516.55
(2) Net profit per share	251.16

(Note) As stated in “Per Share Information” in “Notes to the Consolidated Financial Statements,” the Company has introduced the Board Benefit Trust-Restricted Stock (BBT-RS), and the number of shares of the Company held by the trust is included in that of treasury shares to be deducted in calculating the items for the said Information.

Notes for Significant Subsequent Events

Not applicable.

Other Notes

(Performance-linked Stock Compensation Plan for Directors, etc.)

These notes regarding transactions of delivering the Company’s own stock to Directors (excluding Directors on the Audit & Supervisory Committee Members and non-executive Directors) and Executive Officers through a trust are omitted since the same information is provided in “Other Notes” in “Notes to the Consolidated Financial Statements.”