



Consolidated Financial Results for Fiscal Year 2019 (Japanese GAAP)

July 12, 2019

Listed company name Suminoe Textile Co., Ltd. Listed on the Tokyo Stock Exchange
Code number 3501 URL: <https://suminoe.co.jp/>
Representative (Title) Chairman and President (Name) Ichizo Yoshikawa
Responsible contact person (Title) Director, General Manager, Corporate Planning Department (Name) Tepei Nagata
(Phone) +81-6-6251-6803
Date of holding Annual General Meeting of Shareholders: August 29, 2019 Scheduled date of dividend payment:
August 30, 2019
Scheduled date of filing of annual security report: August 29, 2019
Preparation of supplementary explanatory documents for financial results: No
Holding analyst meeting for financial results: Yes (For institutional investors and securities analysts)
(Amounts are rounded down to the nearest millions of yen) (Figures in brackets are negative)

1. Consolidated Financial Results for FY2019 (June 1, 2018 to May 31, 2019)

(1) Consolidated Operating Results (% change from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2019	98,617	0.8	3,118	38.8	2,956	25.3	467	(56.9)
FY2018	97,872	1.9	2,247	73.2	2,358	72.9	1,083	—

(Note) Comprehensive income FY2019: (89) millions of yen (-%) FY2018: 2,156 millions of yen (94.3%)

	Profit per share	Profit per share	Ratio of profit to	Ratio of ordinary	Ratio of operating
	Basic	Diluted	equity	income to total assets	income to net sales
	Yen	Yen	%	%	%
FY2019	65.36	—	1.4	3.3	3.2
FY2018	143.66	—	3.2	2.6	2.3

(Reference) Equity in earnings or losses of affiliates FY2019: (31) millions of yen FY2018: 36 millions of yen

*Suminoe Textile Co., Ltd. ("The Company") consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, profit per share was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2019	87,975	35,271	34.8	4,469.04
FY2018	92,181	38,541	36.9	4,515.26

(Reference) Shareholders' equity FY2019: 30,588 millions of yen FY2018: 34,057 millions of yen

*The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Accordingly, the Consolidated Financial Position for FY2018 is the value that was revised retrospectively after the application.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2019	4,760	(1,448)	(4,964)	7,754
FY2018	3,519	(244)	(843)	9,411

2. Dividend Information

	Dividend per share					Total annual dividends	Payout ratio (consolidated)	Dividend to equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	End of the year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2018	—	3.50	—	35.00	—	528	48.7	1.6
FY2019	—	35.00	—	35.00	70.00	487	107.1	1.6
FY2020 (Forecast)	—	35.00	—	35.00	70.00		36.7	

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Accordingly, the year-end dividend per share for the FY2018 is the value after reflecting the impact of the share consolidation, while the annual dividend per share is omitted. Meanwhile, the year-end dividend per share and the annual dividend per share for the FY2018, calculated without reflecting the impact of the share consolidation, are 3.50 yen and 7.00 yen, respectively.

3. Forecast of Consolidated Financial Results for FY2020 (June 1, 2019 to May 31, 2020)

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share Basic
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Interim	48,000	(2.7)	1,100	(18.6)	1,150	(14.8)	470	(4.8)	68.87
Full year	96,000	(2.7)	2,600	(16.6)	2,800	(5.3)	1,300	178.3	190.49

*Notes

(1) Major changes in significant consolidated subsidiaries during the period (changes in specified subsidiaries accompanying change in the scope of consolidation): No

(2) Changes in accounting policies, financial estimates and restatements

- (i) Changes in accounting policies due to revisions of accounting standards: Yes
- (ii) Changes in accounting policies other than (i) above: No
- (iii) Changes in financial estimates: No
- (iv) Restatements of financial statements: No

(3) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)

FY2019	7,682,162 shares	FY2018	7,682,162 shares
FY2019	837,557 shares	FY2018	139,368 shares
FY2019	7,147,131 shares	FY2018	7,543,303 shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, the average number of shares outstanding during the period were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2019 (June 1, 2018 to May 31, 2019)

(1) Non-Consolidated Operating Results (% change from the previous fiscal year) (Figures in brackets are negative)

	Net sales		Operating income		Ordinary income		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2019	37,269	(1.4)	133	(72.2)	1,411	(17.9)	1,017	—
FY2018	37,807	1.6	479	—	1,719	80.9	88	(90.9)
	Profit per share Basic		Profit per share Diluted					
	Yen		Yen					
FY2019	142.34		—					
FY2018	11.79		—					

*The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017. Therefore, profit per share was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2019	67,171	24,961	37.2	3,646.90
FY2018	68,734	27,759	40.4	3,680.23

(Reference) Shareholders' equity FY2019: 24,961 millions of yen FY2018: 27,759 millions of yen

(Note) The summary of financial results is outside the scope of the audit.

(Note) Explanation on the appropriate use of forecasts and other special issues

(Note on the forward-looking statements)

The forward-looking statements in this document concerning forecasts of performance, etc. are based on currently available information, and contain uncertain factors. The actual performance may be significantly different from the forecasts due to various factors.

Table of contents of attached document

1. Qualitative information for the fiscal year under review	P. 2
(1) Overview of business results, etc.	P. 2
(2) Overview of business results for the fiscal year under review	P. 3
(3) Overview of cash flows for the fiscal year under review	P. 3
(4) Forecast of financial results for FY2020	P. 3
2. Basic policy regarding selection of accounting standards	P. 4
3. Consolidated financial statements and major notes	P. 5
(1) Consolidated balance sheet	P. 5
(2) Consolidated statement of income and comprehensive income	P. 7
Consolidated statement of income	P. 7
Consolidated statements of comprehensive income	P. 8
(3) Consolidated statements of changes in shareholders' equity	P. 9
(4) Consolidated statement of cash flows	P. 11
(5) Major notes on consolidated financial statements	P. 13
(Notes on assumption of going concern)	P. 13
(Notes on significant changes in shareholders' equity)	P. 13
(Changes in accounting policies)	P. 13
(Additional information)	P. 13
(Segment information, etc.)	P. 14
(Per share information)	P. 17
(Significant subsequent events)	P. 17

1. Overview of business results, etc.

The Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Regarding the explanation on Consolidated Financial Position, the Company compared and analyzed financial positions between FY2019 and FY2018 by using the value that was retrospectively revised after the application.

(1) Overview of business results for the fiscal year under review

During the consolidated fiscal year ended May 31, 2019 under review, the employment and income environment maintained a modest trajectory toward recovery and corporate earnings also trended solid and steadily. However, there was enhanced wariness over the future economic outlook primarily attributable to concerns of prolonged U.S.-China trade friction.

In accordance with the basic policy of its 5th three-year medium-term management plan, “2020,” the Suminoe Textile Group deployed various measures to achieve the goals in its second year of the plan. Net sales increased year-on-year reflecting strong performance in the Automotive Textiles and Traffic Facilities Segment owing to an expansion in sales at Japanese automakers in China. Operating income and ordinary income also grew in comparison with a year earlier. However, profit attributable to owners of the parent declined due to the posting of an extraordinary loss, reflecting both an impairment loss at Suminoe Textile of America Corporation, U.S. subsidiary, and a loss on the sale of investment securities.

Under these circumstances, our consolidated net sales were 98,617 millions of yen (up 0.8% year-on-year), with operating income of 3,118 millions of yen (up 38.8%), ordinary income of 2,956 millions of yen (up 25.3%), and profit attributable to owners of parent of 467 millions of yen (down 56.9%).

The performance by segment is as described below.

(Interior Fittings Segment)

In the commercial-use carpets business, sales outperformed a year earlier. Sales of hook and roll carpets trended briskly attributable to new construction and renewal projects for hotels, commercial and other facilities, owing to inbound tourist demand. While exports of *ECOS*[®], eco-friendly carpet tiles under the *horizontal recycling* system, faltered, its sales in Japan were flat year-on-year owing in part to large-scale projects. Sales of carpets, rugs and mats for general households undershot performance in the previous year reflecting a sluggish market environment. In the curtain business, sales of *Face*, contract curtains for medical, welfare, and educational institutions, trended briskly thanks to orders for large-scale projects. Sales of *U Life*[®] Vol. 9, curtains for general households which was launched in July 2018, outperformed sales of the same series a year earlier. However, curtain sales underperformed the previous year owing to sluggish demand for *mode S*[®] Vol. 8 and other products. Sales of wall coverings and materials were on a par with the previous year reflecting mixed performance. Although sales faltered for mass-produced wall coverings, *Runon Mark II Vol. 23*, which were rolled out in February 2019, sales were brisk for wall coverings used in home improvements, *Runon Home* and fusuma (sliding doors) paper, *Runon Rin*.

Consequently, the Interior Fittings Segment posted operating income of 263 millions of yen (up 691.6% year-on-year) on net sales of 34,282 millions of yen (down 0.1%).

(Automotive Textiles and Traffic Facilities Segment)

In the automotive textiles business as a whole, both sales and operating income grew from the previous year. Overseas, sales in China benefited from an expansion in sales at Japanese automakers in China and were solid in Thailand as well. Operating income in the Americas rose year-on-year owing to brisk orders for new fabric mixtures in Mexico. Accordingly, overseas, sales and operating income increased versus a year earlier. In Japan, sales and operating income underperformed the previous year due to a wind down in the benefits from orders the Company received for interior fittings for new car models and negative impact from a substantial increase in raw material and distribution costs.

In the traffic facilities business as a whole, although sales increased year-on-year, operating income dropped. In the railway vehicle-related business, sales remained strong reflecting orders from Japan Railways (JR) Group and private railway companies for new vehicle and remodeling products. In addition, it also reflects brisk sales of non-textile products. Bus-related sales decreased from the previous year. This is due to a continued delay in recovery of the demand for large buses since the previous fiscal year, and weak demand for new bus production and remodeling. Meanwhile, airplane-related sales remained flat from the previous year.

Consequently, the Automotive Textiles and Traffic Facilities Segment posted operating income of 4,018 millions of yen (up 20.6% year-on-year) on net sales of 60,304 millions of yen (up 0.9%).

(Functional Materials Segment)

In the deodorization and filter-related business, both sales and operating income grew year-on-year owing to the

acquisition of new orders and brisk sales of deodorizing filters for heating equipment. In the electric carpet business, sales and operating income grew from the previous year thanks to an increase in the number of orders. Sales and operating income of building and civil engineering materials and *KEAT*[®] (Suminoe Tapered Filament) also expanded versus a year earlier thanks to steady sales. Meanwhile, sales of floor materials for bathrooms was down, and sales and operating income was down due to weak demand for mats for school children, *Sumitron*[®], polyester filament for dust mats, and aircraft carpets.

Consequently, the Functional Materials Segment posted operating income of 186 millions of yen (up 5.5% year-on-year) on net sales of 3,886 millions of yen (up 6.6%).

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the current fiscal year amounted to 87,975 millions of yen, down 4,206 millions of yen from the end of the previous fiscal year, due to a decrease in investment securities.

Liabilities stood at 52,704 millions of yen, down 935 millions of yen, due to a decrease in short-term loans payable.

Net assets totaled 35,271 millions of yen, down 3,270 millions of yen, due to the acquisition of treasury shares.

As a result, the shareholders' equity ratio stands at 34.8%.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents at the end of the consolidated fiscal year amounted to 7,754 millions of yen, down 1,656 millions of yen from the end of the previous fiscal year. A summary of the cash flow situation is provided as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 4,760 millions of yen (3,519 millions of yen provided in the previous fiscal year) due to a decrease in inventories.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,448 millions of yen (244 millions of yen used in the previous fiscal year) due to purchase of property, plant, and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 4,964 millions of yen (843 millions of yen used in the previous fiscal year) due to purchase of treasury shares.

(Reference) Changes in cash flow indicators

	FY2015	FY2016	FY2017	FY2018	FY2019
Shareholders' equity ratio (%)	39.0	38.3	36.9	36.9	34.8
Shareholders' equity ratio on market value basis (%)	27.5	22.3	20.2	22.5	21.6
Ratio of cash flows to interest bearing debts (year)	4.6	12.7	20.8	5.9	4.1
Interest coverage ratio (times)	15.8	6.0	4.1	12.9	15.0

(Notes)

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Ratio of cash flows to interest bearing debts: Interest-bearing debts / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payment

- Each indicator is calculated using consolidated financial figures.
- Market capitalization is calculated using the following formula: Fiscal year-end share price × Fiscal year-end number of outstanding shares (excluding treasury shares)
- Operating cash flow represents net cash provided by (used in) operating activities in the consolidated statements of cash flows. Interest-bearing debts refer to all liabilities with an obligation to pay interest stated in the consolidated balance sheet. Interest payment represents interest expenses paid stated in the consolidated statements of cash flows.

(4) Forecast of financial results for FY2020

The fiscal year ending May 31, 2020 is the last year of "2020," our 5th three-year medium-term management plan. The economy in Japan continues to gradually trend toward recovery but the economic outlook remains unclear due to various risks, including the consumption tax hike, which is expected to be implemented in October 2019, and overseas concerns including a slowdown in the global economy and U.S.-China trade friction.

Based on the themes of restructuring corporate governance and growth of business in the medium-term management plan, the Suminoe Textile Group is strengthening its business infrastructure by reconstructing its core system while capturing inbound demand in the Interior Fittings Segment and by expanding its lineup of new fabric mixtures and

enhancing its QCD (quality, price, supply) overseas in the Automotive Textiles and Traffic Facilities Segment. Considering these circumstances, we plan to post net sales of 96,000 millions of yen, operating income of 2,600 millions of yen, ordinary income of 2,800 millions of yen, and profit attributable to owners of parent of 1,300 millions of yen for the fiscal year ending May 31, 2020.

2. Basic policy regarding selection of accounting standards

Considering the comparability of consolidated financial statements among fiscal years and companies, the Suminoe Textile Group plans to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being. Regarding the adoption of International Financial Reporting Standards (IFRS) in the future, we plan to decide the timing for introducing IFRS appropriately, taking into account the situation in Japan and overseas.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Unit: millions of yen)

	FY2018 (As of May 31, 2018)	FY2019 (As of May 31, 2019)
Assets		
Current assets		
Cash and deposits	9,531	7,880
Notes and accounts receivable-trade	17,449	18,180
Electronically recorded monetary claims - operating	5,607	5,673
Securities	8	8
Merchandise and finished goods	11,077	9,367
Work in process	1,788	2,011
Raw materials and supplies	3,768	4,287
Income taxes receivable	125	166
Others	3,431	3,092
Allowance for doubtful accounts	(17)	(29)
Total current assets	52,770	50,638
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,673	4,530
Machinery, equipment and vehicles, net	3,544	3,136
Land	17,600	17,611
Leased assets, net	794	562
Construction in progress	181	121
Other, net	343	397
Total property, plant and equipment	27,138	26,361
Intangible assets		
Leased assets	4	1
Other	1,081	1,419
Total intangible assets	1,085	1,421
Investments and other assets		
Investment securities	8,984	6,932
Long-term loans receivable	5	6
Deferred tax assets	1,136	1,587
Other	1,209	1,178
Allowance for doubtful accounts	(148)	(150)
Total investments and other assets	11,187	9,554
Total non-current assets	39,411	37,336
Total assets	92,181	87,975

(Unit: millions of yen)

	FY2018 (As of May 31, 2018)	FY2019 (As of May 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,571	15,193
Electronically recorded obligations - operating	4,783	4,425
Short-term loans payable	13,588	9,755
Lease obligations	528	495
Income taxes payable	550	458
Provision for loss on litigation	472	—
Other	3,377	3,450
Total current liabilities	37,872	33,779
Non-current liabilities		
Bonds payable	500	1,500
Long-term loans payable	5,308	7,293
Lease obligations	709	660
Deferred tax liabilities	547	554
Deferred tax liabilities for land revaluation	3,761	3,761
Provision for directors' retirement benefit	382	95
Net defined benefit liability	4,065	4,303
Other	493	756
Total non-current liabilities	15,767	18,924
Total liabilities	53,639	52,704
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,652	2,652
Retained earnings	10,822	10,777
Treasury shares	(364)	(2,423)
Total shareholders' equity	22,664	20,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,154	1,913
Deferred gains or losses on hedges	11	(6)
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	600	601
Remeasurements of defined benefit plans	(170)	(277)
Total accumulated other comprehensive income	11,393	10,028
Non-controlling interests	4,484	4,682
Total net assets	38,541	35,271
Total liabilities and net assets	92,181	87,975

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Unit: millions of yen)

	FY2018 (June 1, 2017 to May 31, 2018)	FY2019 (June 1, 2018 to May 31, 2019)
Net sales	97,872	98,617
Cost of sales	78,633	78,346
Gross profit	19,239	20,270
Selling, general and administrative expenses	16,991	17,151
Operating income	2,247	3,118
Non-operating income		
Interest income	14	13
Dividend income	171	182
Share of profit of entities accounted for using equity method	36	—
Real estate rent	233	252
Other	170	172
Total non-operating income	626	621
Non-operating expenses		
Interest expenses	274	315
Sales discounts	51	50
Share of loss of entities accounted for using equity method	—	31
Foreign exchange losses	75	56
Rent expenses on real estates	32	31
Environmental expenses	10	57
Other	70	240
Total non-operating expenses	514	783
Ordinary income	2,358	2,956
Extraordinary income		
Gain on sales of non-current assets	5	13
Gain on sales of investment securities	667	13
Total extraordinary income	673	27
Extraordinary loss		
Loss on sales and retirement of non-current assets	10	34
Impairment loss	20	527
Loss on sales of investment securities	—	164
Loss on valuation of investment securities	—	43
Provision for loss on litigation	492	—
Total extraordinary loss	524	770
Profit before income taxes	2,507	2,212
Income taxes - current	1,058	983
Income taxes - deferred	(440)	(50)
Total income taxes	617	933
Profit	1,889	1,279
Profit attributable to non-controlling interests	806	812
Profit attributable to owners of parent	1,083	467

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2018 (June 1, 2017 to May 31, 2018)	FY2019 (June 1, 2018 to May 31, 2019)
Profit	1,889	1,279
Other comprehensive income		
Valuation difference on available-for-sale securities	119	(1,240)
Deferred gains or losses on hedges	(2)	(2)
Foreign currency translation adjustment	98	(3)
Remeasurements of defined benefit plans, net of tax	27	(107)
Share of other comprehensive income of entities accounted for using equity method	23	(15)
Total other comprehensive income	266	(1,369)
Comprehensive income	2,156	(89)
Comprehensive income attributable to:		
Owners of parent	1,303	(897)
Non-controlling interests	853	808

(3) Consolidated statements of changes in shareholders' equity

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,652	10,266	(362)	22,111
Changes of items during the period					
Dividends of surplus			(528)		(528)
Profit attributable to owners of parent			1,083		1,083
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	555	(2)	552
Balance at the end of the period	9,554	2,652	10,822	(364)	22,664

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,035	(9)	7,797	549	(198)	11,174	4,113	37,398
Changes of items during the period								
Dividends of surplus								(528)
Profit attributable to owners of parent								1,083
Purchase of treasury shares								(2)
Net changes of items other than shareholders' equity	119	21	—	51	27	219	370	590
Total changes of items during the period	119	21	—	51	27	219	370	1,143
Balance at the end of the period	3,154	11	7,797	600	(170)	11,393	4,484	38,541

FY2019 (June 1, 2018 to May 31, 2019)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,652	10,822	(364)	22,664
Changes of items during the period					
Dividends of surplus			(512)		(512)
Profit attributable to owners of parent			467		467
Purchase of treasury shares				(2,058)	(2,058)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	(44)	(2,058)	(2,103)
Balance at the end of the period	9,554	2,652	10,777	(2,423)	20,560

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	3,154	11	7,797	600	(170)	11,393	4,484	38,541
Changes of items during the period								
Dividends of surplus								(512)
Profit attributable to owners of parent								467
Purchase of treasury shares								(2,058)
Net changes of items other than shareholders' equity	(1,240)	(17)	—	0	(107)	(1,364)	198	(1,166)
Total changes of items during the period	(1,240)	(17)	—	0	(107)	(1,364)	198	(3,270)
Balance at the end of the period	1,913	(6)	7,797	601	(277)	10,028	4,682	35,271

(4) Consolidated statement of cash flows

(Unit: millions of yen)

	FY2018 (June 1, 2017 to May 31, 2018)	FY2019 (June 1, 2018 to May 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,507	2,212
Depreciation	1,725	1,769
Impairment loss	20	527
Increase (decrease) in net defined benefit liability	55	81
Increase (decrease) in provision for directors' retirement benefits	47	(287)
Increase (decrease) in allowance for doubtful accounts	(1)	14
Increase (decrease) in provision for loss on litigation	492	38
Interest and dividend income	(186)	(196)
Interest expenses	274	315
Share of loss (profit) of entities accounted for using equity method	(36)	31
Loss (gain) on sales and retirement of non-current assets	5	21
Loss (gain) on sales of investment securities	(667)	151
Loss (gain) on valuation of investment securities	—	43
Decrease (increase) in notes and accounts receivable - trade	(457)	(769)
Decrease (increase) in inventories	(225)	1,076
Increase (decrease) in notes and accounts payable - trade	80	253
Decrease (increase) in consumption taxes refund receivable	264	(5)
Increase (decrease) in accrued consumption taxes payable	222	(56)
Decrease (increase) in other current assets	104	343
Increase (decrease) in other current liabilities	(343)	622
Other	318	344
Subtotal	4,201	6,533
Interest and dividend income received	239	265
Interest expenses paid	(273)	(317)
Payments for loss on litigation	—	(533)
Income taxes paid	(1,074)	(1,284)
Income taxes refund	427	96
Net cash provided by (used in) operating activities	3,519	4,760

(Unit: millions of yen)

	FY2018 (June 1, 2017 to May 31, 2018)	FY2019 (June 1, 2018 to May 31, 2019)
Cash flows from investing activities		
Payments into time deposits	(240)	(245)
Proceeds from withdrawal of time deposits	240	240
Purchase of securities	(3,517)	(25)
Proceeds from sales and redemption of securities	3,517	30
Purchase of property, plant and equipment	(950)	(1,105)
Proceeds from sales of property, plant and equipment	8	29
Purchase of intangible assets	(221)	(511)
Purchase of investment securities	(16)	(372)
Proceeds from sales and redemption of investment securities	919	512
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	16	—
Payments of loans receivable	(4)	(2)
Collection of loans receivable	3	2
Net cash provided by (used in) investing activities	(244)	(1,448)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,302	(4,194)
Proceeds from long-term loans payable	700	3,700
Repayments of long-term loans payable	(1,188)	(1,642)
Proceeds from issuance of bonds	—	964
Repayments of lease obligations	(625)	(601)
Purchase of treasury shares	(2)	(2,058)
Proceeds from share issuance to non-controlling shareholders	54	—
Cash dividends paid	(527)	(511)
Cash dividends paid to non-controlling interests	(555)	(620)
Net cash provided by (used in) financing activities	(843)	(4,964)
Effect of exchange rate change on cash and cash equivalents	50	(3)
Net increase (decrease) in cash and cash equivalents	2,481	(1,656)
Cash and cash equivalents at beginning of period	6,930	9,411
Cash and cash equivalents at end of period	9,411	7,754

(5) Major notes on consolidated financial statements

(Notes on assumption of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

In accordance with the resolution approved at the Board of Directors' meeting held on September 10, 2018, the Company repurchased 454,400 shares of its treasury shares. Furthermore, in accordance with the resolution approved at the Board of Directors' meeting held on January 11, 2019, the Company repurchased 243,300 shares of its treasury shares. As a result, treasury shares increased by 2,058 millions of yen during the fiscal year ending May 31, 2019, totaling 2,423 millions of yen at the end of the fiscal year ending May 31, 2019.

(Changes in accounting policies)

(Application of Guidance on Accounting Standard for Tax Effect Accounting)

The Company has applied "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Accordingly, the treatment of taxable temporary difference related to equity investments in subsidiaries in non-consolidated financial statements has been reviewed. The impact of this change has been negligible so it has not been applied retroactively.

(Changes in presentation methods)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets have been classified as investment and other assets, and deferred tax liabilities have been classified as non-current liabilities.

Consequently, the 622 millions of yen in deferred tax assets posted under current assets in the balance sheets in the previous fiscal year, are now posted along with the deferred tax assets under investments and other assets. Meanwhile, the 0 millions of yen in deferred tax liabilities previously included in other under current liabilities are now booked under deferred tax liabilities under non-current liabilities.

Note that deferred tax assets and deferred tax liabilities, paid by the same organization, are offset. Consequently, total assets are 1 millions of yen lower prior to this revision.

(Segment information, etc.)

(Segment information)

1. Outline of reportable segment information

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the Board of Directors in determining the allocation of management resources and in assessing performance.

The Company has business divisions and subsidiaries by the type of product and service. Each division and subsidiary draws up a comprehensive strategy for their products and services at home and aboard and conducts business activities.

Accordingly, our Group consists of segments divided by the type of product and service on the basis of business divisions. It has the following three reportable segments: *Interior Fittings Segment*, *Automotive Textiles and Traffic Facilities Segment*, and *Functional Materials Segment*.

The Interior Fittings Segment engages in the manufacture, sales, and interior works of carpets, curtains, wall papers, and a variety of floor materials. The Automotive Textiles and Traffic Facilities Segment engages in the manufacture and sales of interior materials for automobiles, buses, railway vehicles, and airplanes. The Functional Materials Segment engages in the manufacture and sales of electric carpets and deodorizing related products.

2. Method to calculate net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting treatment methods applied to the Group's reported business segments largely correspond to the description in "Significant Accounting Policies for the Preparation of Consolidated Financial Statements" disclosed in our latest Securities Report (submitted on August 30, 2018).

Segment income is based on operating income.

Inter-segment sales and transfers are based on current market prices.

Note that, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Accordingly, segment assets of the previous fiscal year are the value that was revised retrospectively after the application.

3. Information on net sales, income or loss, assets, liabilities, and other items by reportable segment

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	34,329	59,758	3,647	97,734	137	97,872	—	97,872
Inter-segment sales and transfers	672	7	7	688	181	870	(870)	—
Total	35,001	59,766	3,655	98,423	319	98,742	(870)	97,872
Segment income	33	3,331	176	3,541	68	3,609	(1,361)	2,247
Segment assets	27,479	37,165	2,222	66,866	445	67,311	24,870	92,181
Other								
Depreciation and amortization	342	1,140	89	1,573	19	1,592	133	1,725
Investments in equity method affiliates	—	610	—	610	—	610	—	610
Increase in property, plant, and equipment, and intangible assets	186	763	27	976	32	1,009	263	1,272

(Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.

2. Adjustments are as follows:

- (1) Adjustment of -1,361 millions of yen in segment income includes eliminations among segments of 24 millions of yen and corporate expenses unallocated to relevant reportable segments of -1,386 millions of yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
- (2) Adjustment of 24,870 millions of yen in segment assets includes eliminations among segments of -265 millions of yen and corporate assets unallocated to relevant reportable segments of 25,136 millions of yen. Unallocated corporate

assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated statement of income.

FY2019 (June 1, 2018 to May 31, 2019)

(Unit: millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	34,282	60,304	3,886	98,473	143	98,617	—	98,617
Inter-segment sales and transfers	723	7	2	733	171	904	(904)	—
Total	35,006	60,311	3,888	99,206	315	99,521	(904)	98,617
Segment income	263	4,018	186	4,467	78	4,546	(1,427)	3,118
Segment assets	25,111	38,270	2,203	65,584	422	66,006	21,968	87,975
Other								
Depreciation and amortization	319	1,193	76	1,590	24	1,614	154	1,769
Investments in equity method affiliates	—	480	—	480	—	480	—	480
Increase in property, plant, and equipment, and intangible assets	185	1,482	33	1,701	23	1,725	(41)	1,683

(Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.

2. Adjustments are as follows:

- (1) Adjustment of -1,427 millions of yen in segment income includes eliminations among segments of 23 millions of yen and corporate expenses unallocated to relevant reportable segments of -1,451 millions of yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
- (2) Adjustment of 21,968 millions of yen in segment assets includes eliminations among segments of -265 millions of yen and corporate assets unallocated to relevant reportable segments of 22,233 millions of yen. Unallocated corporate assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated statement of income.

(Relevant information)

FY2018 (June 1, 2017 to May 31, 2018)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: millions of yen)

Japan	North and Central America	Asia	Other	Total
65,732	15,120	16,674	345	97,872

(Note) Net sales are classified into a country or regions based on the geographical location of customers.

(2) Property, plant, and equipment

(Unit: millions of yen)

Japan	North and Central America	Asia	Total
22,614	3,455	1,068	27,138

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

FY2019 (June 1, 2018 to May 31, 2019)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: millions of yen)

Japan	North and Central America	Asia	Other	Total
65,588	14,868	17,901	258	98,617

(Note) Net sales are classified into a country or regions based on the geographical location of customers.

(2) Property, plant, and equipment

(Unit: millions of yen)

Japan	North and Central America	Asia	Total
22,538	2,896	926	26,361

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

(Impairment loss on non-current assets by reporting segment)

FY2018 (June 1, 2017 to May 31, 2018)

(Unit: millions of yen)

	Reportable Segments				Other	elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	—	20	—	20	—	—	20

FY2019 (June 1, 2018 to May 31, 2019)

(Unit: millions of yen)

	Reportable Segments				Other	elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	—	527	—	527	—	—	527

(Per share information)

	FY2018 (June 1, 2017 to May 31, 2018)	FY2019 (June 1, 2018 to May 31, 2019)
Net assets per share	4,515.26 yen	4,469.04 yen
Profit per share, basic	143.66 yen	65.36 yen

(Notes) 1. The Company consolidated its common shares at a ratio of 10 shares to 1 share, effective December 1, 2017.

Therefore, net assets per share and profit per share are calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

2. Profit per share diluted is not stated, since there is no potential common share.

3. The bases to calculate net assets per share are as follows:

	FY2018 (As of May 31, 2018)	FY2019 (As of May 31, 2019)
Total net assets (millions of yen)	38,541	35,271
Net assets related to common shares (millions of yen)	34,057	30,588
Main differences (millions of yen) Non-controlling interests	4,484	4,682
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury shares (1,000 shares)	139	837
Number of common shares used to calculate net assets per share (1,000 shares)	7,542	6,844

4. The bases to calculate profit per share are as follows:

	FY2018 (As of May 31, 2018)	FY2019 (As of May 31, 2019)
Profit attributable to owners of parent (millions of yen)	1,083	467
Profit not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (millions of yen)	1,083	467
Average number of common shares during the period (1,000 shares)	7,543	7,147

(Significant subsequent events)

Not applicable.