



Consolidated Financial Results for the Fiscal Year 2020 (Japanese GAAP)

July 14, 2020

Listed company name Suminoe Textile Co., Ltd. Listed on the Tokyo Stock Exchange
Code number 3501 URL: <https://suminoe.co.jp/>
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Date of holding Annual General Meeting of Shareholders: August 28, 2020
Scheduled date of dividend payment: August 31, 2020
Scheduled date of filing of annual security report: August 28, 2020
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 FY2020 (June 1, 2019 to May 31, 2020)

(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	%
FY2020	91,512	(7.2)	1,557	(50.0)	1,323	(55.2)	142	(69.4)
FY2019	98,617	0.8	3,118	38.8	2,956	25.3	467	(56.9)

(Note) Comprehensive income FY2020: (227) millions of yen (-%) FY2019: (89) millions of yen (-%)

	Profit per share Basic	Profit per share Diluted	Ratio of profit to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2020	21.88	—	0.5	1.5	1.7
FY2019	65.36	—	1.4	3.3	3.2

(Reference) Equity in earnings or losses of affiliates FY2020: (209) millions of yen FY2019: (31) millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2020	86,272	32,582	32.5	4,438.11
FY2019	87,975	35,271	34.8	4,469.04

(Reference) Shareholders' equity FY2020: 27,998 millions of yen FY2019: 30,588 millions of yen

(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
FY2020	5,901	(1,536)	(1,702)	10,309
FY2019	4,760	(1,448)	(4,964)	7,754

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	%	%
FY2019	—	35.00	—	35.00	70.00	487	107.1	1.6
FY2020	—	35.00	—	15.00	50.00	323	228.5	1.1
FY2021 (Forecast)	—	—	—	—	—	—	—	—

(Note) The dividend forecast for FY2021 has not been determined. We will disclose our dividend forecast as soon as estimation becomes possible.

3. Forecast of Consolidated Financial Results for FY2021 (June 1, 2020 to May 31, 2021)

The Company has not determined its forecast for FY2021 of consolidated financial results since the COVID-19 pandemic makes it difficult to make a reasonable estimate of financial results at this moment. We will disclose our forecast of consolidated financial results as soon as estimation becomes possible.

*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)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period

	FY2020	FY2019
(i) Number of shares issued at the end of the period (including treasury stock)	7,682,162 shares	7,682,162 shares
(ii) Number of treasury shares at the end of the period	1,373,422 shares	837,557 shares
(iii) Average number of shares during the period	6,535,109 shares	7,147,131 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2020 (June 1, 2019 to May 31, 2020)

(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	%
FY2020	35,634	(4.4)	66	(49.8)	1,118	(20.8)	1,038	2.1
FY2019	37,269	(1.4)	133	(72.2)	1,411	(17.9)	1,017	—
	Profit per share Basic		Profit per share Diluted					
	Yen		Yen					
FY2020	158.88		—					
FY2019	142.34		—					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of Yen	Millions of Yen	%	Yen
FY2020	68,922	23,498	34.1	3,724.81
FY2019	67,171	24,961	37.2	3,646.90

(Reference) Shareholders' equity FY2020: 23,498 millions of yen FY2019: 24,961 millions of yen

(Note) The summary of financial results is outside the scope of review by a certified public accountant or an accounting firm.

(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.

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1. Overview of business results, etc.

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

During the consolidated fiscal year ended May 31, 2020 under review, while the employment and income environment were initially robust, the economy slowed down due to the prolonged U.S.-China trade friction and the consumption tax hike. Amid such circumstances, the outlook became rapidly uncertain due to the global pandemic of COVID-19.

In the interior industry, new housing starts were significantly less than the previous year, and the floor area of nonresidential construction starts also decreased.

In the automotive industry, automobile production in the Japanese market, which had been declining year on year since last October, has plunged since April due to the impact of the coronavirus. Production and sales have also stagnated in overseas markets, making the outlook of recovery uncertain.

In the final year of its 5th three-year medium-term management plan, "2020," which started in the fiscal year ended May 2018, the Suminoe Textile Group has implemented various measures to achieve our goals under the themes of "restructuring of corporate governance" and "growth of business."

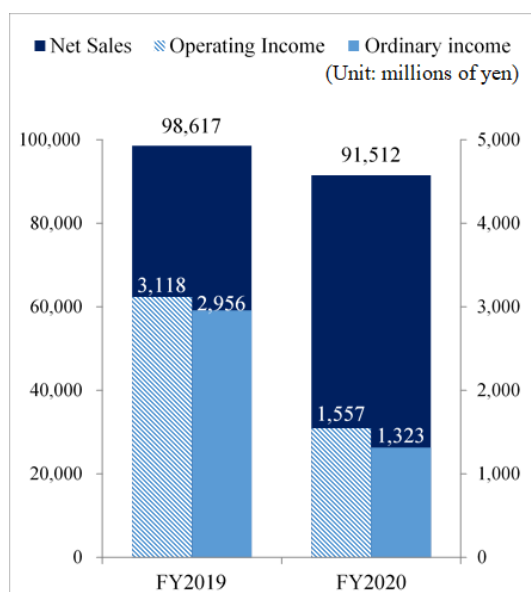
Restructuring of corporate governance	1. Review of financial results management system
	2. Restructuring internal control system
Growth of business	1. Expansion of product lineups
	2. Strengthening of globalization
	3. Development and sales of high value-added products

In the Interior Fittings Segment, the Company is actively capturing businesses with hotels, commercial facilities and demand from offices. At the same time, to secure profits the Company is identifying and focusing on products with higher profitability. The Company is also making efforts to enhance sales of curtains and wall coverings and materials. In the Automotive Textiles and Traffic Facilities Segment, efforts are being made to develop technologies and increase orders received for non-textile products such as artificial leather and to reduce costs through the optimization of material procurement and the places of production for globally marketed cars in the automotive textiles business, while in the traffic facilities business, the Company is striving to increase sales of not only conventional fabric materials but also seat cushion materials and safety products.

In the Functional Materials Segment, preparations are being made to launch a plant in a new subsidiary that was established in Vietnam to stabilize the supply chain, in addition to the sole manufacturing base for electric heating products the Company had in China.

For the entire Group, we are working on reconstructing our core system and raising the accuracy of consolidated performance management, in order to upgrade our business management structure. We will continue working steadily on building a foundation for business growth.

Under these circumstances, our consolidated financial results for the fiscal year are as follows.



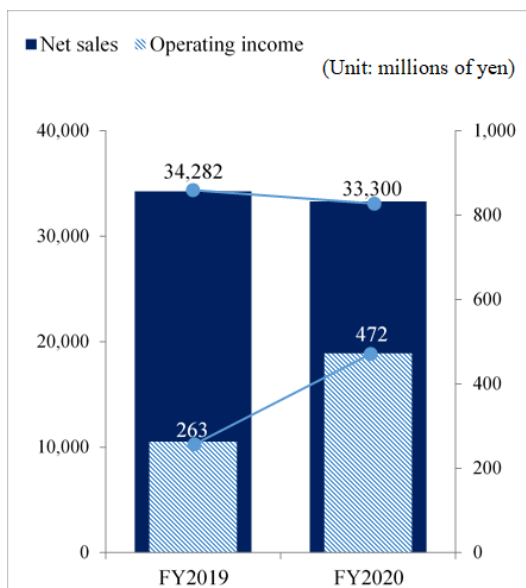
Net sales ended at 91,512 millions of yen (down 7.2% year on year) as sales of automotive textiles in Japan and abroad declined due to the impact of the global economic slowdown.

In addition to the drop in operating income due to the decrease in sales, an increase in depreciation, etc. related to the reconstructing of its core system resulted in operating income of 1,557 millions of yen (down 50.0%), ordinary income of 1,323 millions of yen (down 55.2%), and profit attributable to owners of parent of 142 millions of yen (down 69.4%).

The performance by segment is as described below.

Segments	Net sales		Operating income	
	Amount (Millions of Yen)	YY Change (%)	Amount (Millions of Yen)	YY Change (%)
Interior Fittings	33,300	(2.9)	472	79.2
Automotive Textiles and Traffic Facilities	54,075	(10.3)	2,652	(34.0)
Functional Materials	3,928	1.1	79	(57.2)
Other	207	44.0	43	(45.0)
Total	91,512	(7.2)	3,247	(28.6)
Adjustment	—	—	(1,690)	—
Consolidated	91,512	(7.2)	1,557	(50.0)

(Interior Fittings Segment)



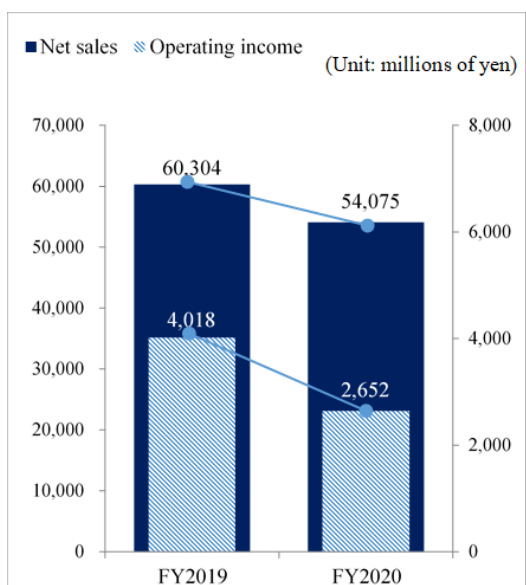
Despite successful sales promotion activities for curtains and brisk online sales-related performance, net sales ended at 33,300 millions of yen (down 2.9% year on year) due to the adverse impact of the consumption tax hike and the COVID-19 pandemic. Operating income amounted to 472 millions of yen (up 79.2%) on the back of price revisions and an increase of the percentage of high added value fabric mixtures.

Net sales of commercial carpets were down 5% year on year due to sluggish exports of carpet tiles despite sales for the Japanese market being on a par with the previous year. A decline in orders for roll carpets due to the impact of COVID-19 also affected sales. Net sales of household carpets were down 16% year on year due to the consumption tax hike and weak store sales owing to the stay-at-home recommendation, despite brisk online sales-related performance in the fourth quarter.

Although sales of curtains were also weak, net sales grew 3% year on year helped by the effect of sales promotions for *mode S® Vol. 9* and *U Life® Vol. 9* for general households, and *Face*, contract curtains for medical, welfare, and educational institutions.

Net sales of wall coverings were flat year on year due to brisk sales of *Runon Fresh Premium* wall coverings.

(Automotive Textiles and Traffic Facilities Segment)

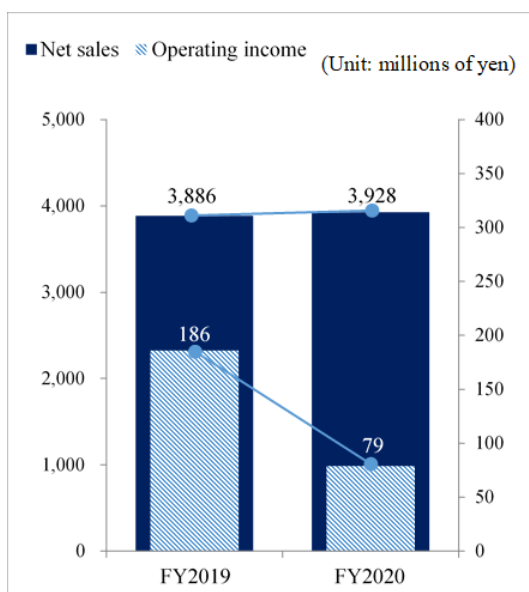


Although the railway-related and bus-related business was robust, net sales and operating income ended at 54,075 millions of yen (down 10.3% year on year) and 2,652 millions of yen (down 34.0%), respectively, on the back of weak global unit sales by Japanese automakers.

In the automotive textiles business, sales in Japan were down 13% year on year due to a global decline in global car production on the back of prolonged U.S.-China trade friction and the impact of COVID-19. Overseas sales were down 10% year on year due to a contraction of sales in various areas in the U.S., China, Thailand and India the Company's overseas bases.

In the traffic facilities business, although railway-related and bus-related sales have slowed since the COVID-19 pandemic, net sales rose year on year as new vehicle products and repair plans were on a recovery trend in the first half.

(Functional Materials Segment)



While sales of deodorizing filters installed in consumer electronics, such as fan heaters, and electric carpets, our core, dropped due to the warm winter, an increase in adoption of civil engineering materials and brisk orders for floor materials for bathrooms contributed to net sales, which ended at 3,928 millions of yen (up 1.1% year on year).

Operating income ended at 79 millions of yen (down 57.2%) since the Company recorded expenditure for reorganizing overseas plants.

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

Total assets at the end of the current fiscal year amounted to 86,272 millions of yen, down 1,702 millions of yen from the end of the previous fiscal year, due to a decrease in notes and accounts receivable-trade.

Liabilities grew to 53,690 millions of yen, up 985 millions of yen, due to an increase in short-term and long-term loans payable.

Net assets shrank to 32,582 millions of yen, down 2,688 millions of yen, due to drops in shareholders' equity following the share buyback.

(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 10,309 millions of yen, up 2,554 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 5,901 millions of yen (4,760 millions of yen provided in the previous fiscal year) due to a decrease in notes and accounts receivable - trade.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,536 millions of yen (1,448 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 1,702 millions of yen (4,964 millions of yen used in the previous fiscal year) due to purchase of treasury shares.

(Reference) Changes in cash flow indicators

	FY2016	FY2017	FY2018	FY2019	FY2020
Shareholders' equity ratio (%)	38.3	36.9	36.9	34.8	32.5
Shareholders' equity ratio on market value basis (%)	22.3	20.2	22.5	21.6	14.1
Ratio of cash flows to interest bearing debts (year)	12.7	20.8	5.9	4.1	3.8
Interest coverage ratio (times)	6.0	4.1	12.9	15.0	21.4

(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

1. Each indicator is calculated using consolidated financial figures.
2. Market capitalization is calculated using the following formula: Fiscal year-end share price × Fiscal year-end number of outstanding shares (excluding treasury shares)
3. 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 FY2021

We expect the fiscal year ending May 31, 2021 to be faced with difficult conditions in our business environment amid the inability to foresee when the COVID-19 pandemic will abate.

Under such circumstances, the Suminoe Textile Group will continue to place emphasis on the growth of business and restructuring corporate governance, the two themes of the 5th three-year medium-term management plan, "2020," and work steadily on them while focusing on preventing the spread of COVID-19. In terms of growing the business, the Group will seek to expand its lineup of fabric mixtures in each business segment with ESG management in mind and reinforce its global structure. The Group will accelerate its approach to solving social issues by developing and providing high added value fabric mixtures, including antibacterial and antiviral function processing, which is expected to see a rise in demand under the COVID-19 crisis. In terms of governance, the Group will strengthen its business infrastructure by reconstructing its core system with the aim of improving efficiency.

The Group has decided to postpone the announcement of the plan for the fiscal year ending May 31, 2021 and the new medium-term management plan starting from the fiscal year as it cannot foresee the end of the COVID-19 pandemic. The Group will keep an eye on future development and will announce its plans as soon as the impact of the pandemic on the business environment can be reasonably estimated.

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)

	FY2019 (As of May 31, 2019)	FY2020 (As of May 31, 2020)
Assets		
Current assets		
Cash and deposits	7,880	10,500
Notes and accounts receivable-trade	18,180	14,502
Electronically recorded monetary claims - operating	5,673	6,469
Securities	8	30
Merchandise and finished goods	9,367	10,422
Work in process	2,011	1,669
Raw materials and supplies	4,287	2,847
Income taxes receivable	166	149
Other	3,092	2,120
Allowance for doubtful accounts	(29)	(23)
Total current assets	50,638	48,688
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,530	4,296
Machinery, equipment and vehicles, net	3,136	3,060
Land	17,611	17,602
Leased assets, net	562	1,587
Construction in progress	121	547
Other, net	397	365
Total property, plant and equipment	26,361	27,460
Intangible assets		
Leased assets	1	5
Other	1,419	1,593
Total intangible assets	1,421	1,598
Investments and other assets		
Investment securities	6,932	5,987
Long-term loans receivable	6	6
Deferred tax assets	1,587	1,395
Other	1,178	1,293
Allowance for doubtful accounts	(150)	(157)
Total investments and other assets	9,554	8,525
Total non-current assets	37,336	37,584
Total assets	87,975	86,272

(Unit: millions of yen)

	FY2019 (As of May 31, 2019)	FY2020 (As of May 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,193	13,161
Electronically recorded obligations - operating	4,425	5,135
Short-term loans payable	9,755	10,858
Lease obligations	495	647
Income taxes payable	458	592
Other	3,450	3,473
Total current liabilities	33,779	33,868
Non-current liabilities		
Bonds payable	1,500	1,500
Long-term loans payable	7,293	7,825
Lease obligations	660	1,335
Deferred tax liabilities	554	332
Deferred tax liabilities for land revaluation	3,761	3,761
Provision for directors' retirement benefit	95	103
Net defined benefit liability	4,303	4,223
Other	756	741
Total non-current liabilities	18,924	19,821
Total liabilities	52,704	53,690
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,652	2,651
Retained earnings	10,777	10,452
Treasury shares	(2,423)	(4,017)
Total shareholders' equity	20,560	18,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,913	1,434
Deferred gains or losses on hedges	(6)	2
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	601	331
Remeasurements of defined benefit plans	(277)	(208)
Total accumulated other comprehensive income	10,028	9,357
Non-controlling interests	4,682	4,583
Total net assets	35,271	32,582
Total liabilities and net assets	87,975	86,272

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Unit: millions of yen)

	FY2019 (June 1, 2018 to May 31, 2019)	FY2020 (June 1, 2019 to May 31, 2020)
Net sales	98,617	91,512
Cost of sales	78,346	72,837
Gross profit	20,270	18,674
Selling, general and administrative expenses	17,151	17,116
Operating income	3,118	1,557
Non-operating income		
Interest income	13	17
Dividend income	182	176
Real estate rent	252	258
Other	172	263
Total non-operating income	621	716
Non-operating expenses		
Interest expenses	315	274
Sales discounts	50	46
Share of loss of entities accounted for using equity method	31	209
Foreign exchange losses	56	248
Rent expenses on real estates	31	32
Other	297	139
Total non-operating expenses	783	950
Ordinary income	2,956	1,323
Extraordinary income		
Gain on sales of non-current assets	13	7
Gain on sales of investment securities	13	398
Total extraordinary income	27	406
Extraordinary loss		
Loss on sales and retirement of non-current assets	34	66
Impairment loss	527	7
Loss on sales of investment securities	164	—
Loss on valuation of investment securities	43	—
Total extraordinary loss	770	74
Profit before income taxes	2,212	1,655
Income taxes - current	983	958
Income taxes - deferred	(50)	146
Total income taxes	933	1,105
Profit	1,279	550
Profit attributable to non-controlling interests	812	407
Profit attributable to owners of parent	467	142

Consolidated statements of comprehensive income

(Unit: millions of yen)

	FY2019 (June 1, 2018 to May 31, 2019)	FY2020 (June 1, 2019 to May 31, 2020)
Profit	1,279	550
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,240)	(479)
Deferred gains or losses on hedges	(2)	13
Foreign currency translation adjustment	(3)	(376)
Remeasurements of defined benefit plans, net of tax	(107)	69
Share of other comprehensive income of entities accounted for using equity method	(15)	(5)
Total other comprehensive income	(1,369)	(777)
Comprehensive income	(89)	(227)
Comprehensive income attributable to:		
Owners of parent	(897)	(528)
Non-controlling interests	808	300

(3) Consolidated statements of changes in shareholders' equity

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)
Disposition of treasury shares					—
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)
Disposition of treasury shares								—
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

FY2020 (June 1, 2019 to May 31, 2020)

(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	10,777	(2,423)	20,560
Changes of items during the period					
Dividends of surplus			(468)		(468)
Profit attributable to owners of parent			142		142
Purchase of treasury shares				(1,601)	(1,601)
Disposition of treasury shares		(0)		7	7
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	(325)	(1,593)	(1,918)
Balance at the end of the period	9,554	2,651	10,452	(4,017)	18,641

	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	1,913	(6)	7,797	601	(277)	10,028	4,682	35,271
Changes of items during the period								
Dividends of surplus								(468)
Profit attributable to owners of parent								142
Purchase of treasury shares								(1,601)
Disposition of treasury shares								7
Net changes of items other than shareholders' equity	(479)	8	—	(269)	69	(671)	(98)	(769)
Total changes of items during the period	(479)	8	—	(269)	69	(671)	(98)	(2,688)
Balance at the end of the period	1,434	2	7,797	331	(208)	9,357	4,583	32,582

(4) Consolidated statement of cash flows

(Unit: millions of yen)

	FY2019 (June 1, 2018 to May 31, 2019)	FY2020 (June 1, 2019 to May 31, 2020)
Cash flows from operating activities		
Profit before income taxes	2,212	1,655
Depreciation	1,769	2,030
Impairment loss	527	7
Increase (decrease) in net defined benefit liability	81	25
Increase (decrease) in provision for directors' retirement benefits	(287)	7
Increase (decrease) in allowance for doubtful accounts	14	0
Increase (decrease) in provision for loss on litigation	38	—
Interest and dividend income	(196)	(194)
Interest expenses	315	274
Share of loss (profit) of entities accounted for using equity method	31	209
Loss (gain) on sales and retirement of non-current assets	21	58
Loss (gain) on sales of investment securities	151	(398)
Loss (gain) on valuation of investment securities	43	—
Decrease (increase) in notes and accounts receivable - trade	(769)	2,551
Decrease (increase) in inventories	1,076	529
Increase (decrease) in notes and accounts payable - trade	253	(1,024)
Decrease (increase) in consumption taxes refund receivable	(5)	(54)
Increase (decrease) in accrued consumption taxes payable	(56)	93
Decrease (increase) in other current assets	343	1,146
Increase (decrease) in other current liabilities	622	27
Other	344	(132)
Subtotal	6,533	6,814
Interest and dividend income received	265	194
Interest expenses paid	(317)	(275)
Payments for loss on litigation	(533)	—
Income taxes paid	(1,284)	(1,005)
Income taxes refund	96	173
Net cash provided by (used in) operating activities	4,760	5,901

(Unit: millions of yen)

	FY2019 (June 1, 2018 to May 31, 2019)	FY2020 (June 1, 2019 to May 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(245)	(300)
Proceeds from withdrawal of time deposits	240	275
Purchase of securities	(25)	(39)
Proceeds from sales and redemption of securities	30	20
Purchase of property, plant and equipment	(1,105)	(1,535)
Proceeds from sales of property, plant and equipment	29	83
Purchase of intangible assets	(511)	(434)
Purchase of investment securities	(372)	(17)
Proceeds from sales and redemption of investment securities	512	379
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	—	32
Payments of loans receivable	(2)	(2)
Collection of loans receivable	2	2
Net cash provided by (used in) investing activities	(1,448)	(1,536)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,194)	1,061
Proceeds from long-term loans payable	3,700	2,200
Repayments of long-term loans payable	(1,642)	(1,546)
Proceeds from issuance of bonds	964	—
Repayments of lease obligations	(601)	(895)
Purchase of treasury shares	(2,058)	(1,601)
Cash dividends paid	(511)	(468)
Cash dividends paid to non-controlling interests	(620)	(451)
Net cash provided by (used in) financing activities	(4,964)	(1,702)
Effect of exchange rate change on cash and cash equivalents	(3)	(109)
Net increase (decrease) in cash and cash equivalents	(1,656)	2,554
Cash and cash equivalents at beginning of period	9,411	7,754
Cash and cash equivalents at end of period	7,754	10,309

(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 January 11, 2019, the Company acquired 557,500 treasury shares by the end of second quarter of the fiscal year ending May 31, 2020. In accordance with the resolution approved at the Board of Directors' meeting held on January 10, 2020, the Company acquired 224,000 treasury shares by the end of third quarter of the fiscal year ending May 31, 2020. In the meantime, the Company disposed of 2,750 treasury shares as restricted stock compensation in accordance with a resolution at the Board of Directors' meeting held on August 29, 2019. As a result, treasury shares increased 1,593 millions of yen, including an increase due to acquisition of odd shares, during the fiscal year ending May 31, 2020, and stood at 4,017 millions of yen at the end of the fiscal year ending May 31, 2020.

(Changes in accounting policies)

(Application of IFRS 16 Leases)

As of the beginning of the first consolidated accounting quarter, IFRS 16 Leases was applied to all our overseas consolidated subsidiaries, except for those in the U.S. The Company has adopted a method of recognizing the cumulative impact of the application of IFRS 16 Leases as of the start date of its application, which is permitted as a transitory measure.

As a result, as at the beginning of the first consolidated accounting quarter, Other in Property, Plant and Equipment, Other in Current Liabilities, and Other in Non-current Liabilities had risen by 1,077 millions of yen, 252 millions of yen, and 782 millions of yen, respectively. Their impact on the consolidated statement of income for the fiscal year ending May 31, 2020 under review is negligible.

(Change in presentation)

“Environmental expenses,” which were independently stated under “non-operating expenses” in the previous fiscal year, have been included in “other” starting from the fiscal year under review since they no longer have a significant monetary impact on financial statements. The consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, 57 millions of yen of “environmental expenses” and 240 millions of yen of “other” that were presented under “non-operating expenses” in the consolidated statement of income in the previous fiscal year have been restated as 297 millions of yen of “other.”

(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 29, 2019).

Segment income is based on operating income.

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

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

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.

FY2020 (June 1, 2019 to May 31, 2020)

(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	33,300	54,075	3,928	91,304	207	91,512	—	91,512
Inter-segment sales and transfers	663	5	1	669	168	838	(838)	—
Total	33,964	54,081	3,929	91,974	375	92,350	(838)	91,512
Segment income	472	2,652	79	3,204	43	3,247	(1,690)	1,557
Segment assets	24,321	35,049	2,709	62,080	584	62,664	23,608	86,272
Other								
Depreciation and amortization	314	1,445	97	1,858	25	1,883	147	2,030
Investments in equity method affiliates	—	266	—	266	—	266	—	266
Increase in property, plant, and equipment, and intangible assets	220	2,418	630	3,270	28	3,298	217	3,516

(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 -1,690 millions of yen in segment income includes eliminations among segments of 28 millions of yen and corporate expenses unallocated to relevant reportable segments of -1,718 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 23,608 millions of yen in segment assets includes eliminations among segments of -251 millions of yen and corporate assets unallocated to relevant reportable segments of 23,859 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)

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.

FY2020 (June 1, 2019 to May 31, 2020)

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
61,832	14,049	15,339	289	91,512

(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
22,396	3,552	1,511	27,460

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)

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

FY2020 (June 1, 2019 to May 31, 2020)

(Unit: millions of yen)

	Reportable Segments				Other	elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	—	7	—	7	—	—	7

(Per share information)

	FY2019 (June 1, 2018 to May 31, 2019)	FY2020 (June 1, 2019 to May 31, 2020)
Net assets per share	4,469.04 yen	4,438.11 yen
Profit per share, basic	65.36 yen	21.88 yen

(Note) 1. Profit per share diluted is not stated, since there is no potential common share.

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

	FY2019 (As of May 31, 2019)	FY2020 (As of May 31, 2020)
Total net assets (millions of yen)	35,271	32,582
Net assets related to common shares (millions of yen)	30,588	27,998
Main differences (millions of yen) Non-controlling interests	4,682	4,583
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury shares (1,000 shares)	837	1,373
Number of common shares used to calculate net assets per share (1,000 shares)	6,844	6,308

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

	FY2019 (As of May 31, 2019)	FY2020 (As of May 31, 2020)
Profit attributable to owners of parent (millions of yen)	467	142
Profit not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (millions of yen)	467	142
Average number of common shares during the period (1,000 shares)	7,147	6,535

(Significant subsequent events)

Not applicable.