



## Consolidated Financial Results for the First Quarter of Fiscal Year 2021 (Japanese GAAP)

October 13, 2020

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) Hiroaki Usugi  
(Phone) +81-6-6251-6803  
Scheduled date of filing of quarterly report: October 13, 2020 Scheduled date of dividend payment: —  
Preparation of supplementary explanatory documents for quarterly financial results: No  
Holding analyst meeting for quarterly financial results: No

(Amounts are rounded down to the nearest million yen) (Figures in brackets are negative)

### 1. Consolidated Financial Results for the 1st Quarter of FY2021 (June 1, 2020 to August 31, 2020)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 of FY ending May 31, 2021	15,555	(32.5)	(743)	—	(825)	—	(1,143)	—
Q1 of FY ended May 31, 2020	23,031	(0.1)	291	36.4	271	4.8	(46)	—

(Note) Comprehensive income Q1 of FY ending May 31, 2021: (943) million yen (— %)  
Q1 of FY ended May 31, 2020: 35 million yen (— %)

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
Q1 of FY ending May 31, 2021	(181.34)	—
Q1 of FY ended May 31, 2020	(6.80)	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q1 of FY ending May 31, 2021	83,319	31,532	32.3
FY2020	86,272	32,582	32.5

(Reference) Shareholders' equity Q1 of FY ending May 31, 2021: 26,913 million yen FY2020: 27,998 million yen

### 2. Dividend Information

	Dividend per share				
	First quarter	Second quarter	Third quarter	End of the year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2020	—	35.00	—	15.00	50.00
FY2021	—	—	—	—	—
FY2021 (Forecast)	—	—	—	—	—

(Note) Revision of the latest dividend forecast: No

(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) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No

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

(i) Changes in accounting policies due to revisions of accounting standards: No

(ii) Changes in accounting policies other than (i) above: No

(iii) Changes in financial estimates: No

(iv) Restatements of financial statements: No

(4) 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 outstanding during the period (quarterly consolidated cumulative period)

Q1 of FY2021	7,682,162 shares	FY2020	7,682,162 shares
Q1 of FY2021	1,373,465 shares	FY2020	1,373,422 shares
Q1 of FY2021	6,308,719 shares	Q1 of FY2020	6,820,116 shares

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

## Table of contents of attached document

1. Qualitative information for the first quarter of the fiscal year under review.....	P. 2
(1) Explanation of business results .....	P. 2
(2) Explanation of financial position .....	P. 6
(3) Explanation of future forecast information including forecast of consolidated business results .....	P. 6
2. Consolidated quarterly financial statements and major notes.....	P. 7
(1) Consolidated quarterly balance sheet .....	P. 7
(2) Consolidated quarterly statement of income and comprehensive income .....	P. 9
Consolidated quarterly statement of income (The first quarter of FY2021).....	P. 9
Consolidated quarterly statements of comprehensive income (The first quarter of FY2021).....	P. 10
(3) Major notes on consolidated quarterly financial statements .....	P. 11
(Notes on assumption of going concern) .....	P. 11
(Notes on significant changes in shareholders' equity) .....	P. 11
(Additional information) .....	P. 11
(Segment information) .....	P. 12

## 1. Qualitative information for the first quarter of the fiscal year under review

### (1) Explanation of business results

During the first quarter of the consolidated fiscal year under review, under the impact of the novel coronavirus disease (COVID-19) pandemic, overall economic activities remained at a low level due to the deterioration of corporate performance despite a recovery sign witnessed in general consumption. The global economy also faced a severe situation without any prospect for an end to the spread of infection.

In the interior industry, which relates to the Company's business, domestic new housing starts were down 11.1% year on year, and the floor area of nonresidential construction starts also decreased by 19.1% year on year. In the automotive industry, automobile production in the Japanese market was down 25.2% year on year. Both production and sales also stagnated in overseas markets, falling short of those in the same period of the previous fiscal year.

In the above-described business environment, the Group works to promote the "growth of business" and "restructuring of corporate governance" with the ESG management in mind while implementing measures to prevent the spread of COVID-19, such as improving the working environment by securing the safety and security of employees.

In the Interior Fittings Segment, the Company is actively capturing businesses with hotels, commercial facilities and demand from offices and general households. At the same time, to secure profits the Company is identifying and focusing on products with higher profitability. The Company also endeavors to increase sales of products processed with antibacterial and antiviral technology called *CLEANSE*<sup>®</sup> and other health-conscious and environment-friendly products, including *ECOS*<sup>®</sup>, eco-friendly carpet tiles under the horizontal recycling system.

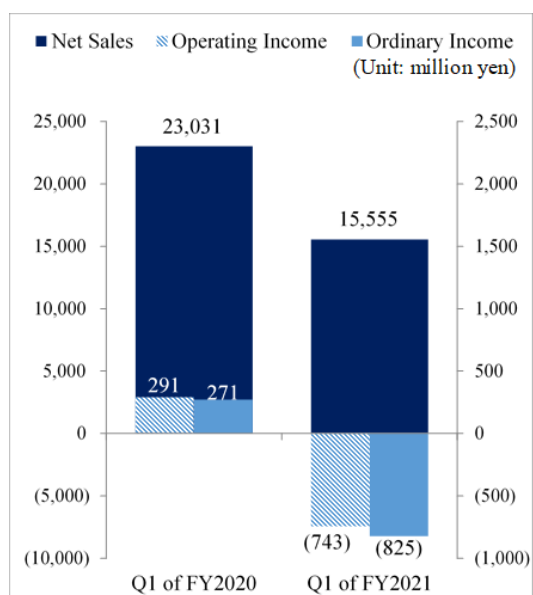
In the Automotive Textiles and Traffic Facilities Segment, efforts are being made to develop technologies and increase orders received for non-textile products such as artificial leather and to reduce costs through the optimization of material procurement and the places of production for globally marketed cars in the automotive textiles business. While in the traffic facilities business, the Company manufactures and distributes high-performance fabric materials and endeavors to increase sales of seat cushion materials and safety products for railway vehicles and buses. In both the automotive textiles business and the traffic facilities business, our processing technologies accumulated in the Interior Fitting Segment including antibacterial and antiviral effects are applied to the product development.

In the Functional Materials Segment, the Company established a new sales and distribution base for fabric-coated electric heating products in Vietnam in 2019. An optimal supply system is being built to disperse regional risks. Furthermore, our focus is placed on the development and sale of products processed with our original complex function processing technology called *TRIPLE FRESH*<sup>®</sup> *DEO*, which provides deodorizing, antibacterial, antiviral and anti-allergen functions.

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

Presently, a cross-business project has been established. Gathering the strengths of each business field such as the design capability of the Interior Fittings Segment, the processing technology for fabric materials used in the Automotive Textiles and Traffic Facilities Segment, and high-function technologies including the deodorizing, antibacterial and antiviral capabilities of the Functional Materials Segment, the Company engages in the development of next-generation interior fittings, which will be required for our living spaces in the future.

Under these circumstances, our consolidated quarterly results for the first quarter of this fiscal year are as follows.

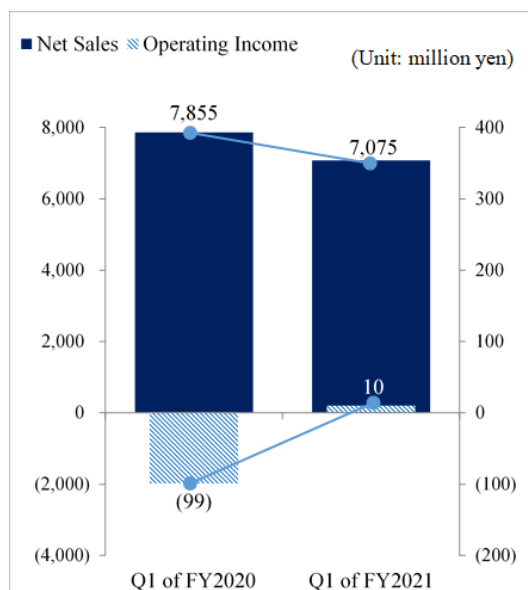


Net sales ended at 15,555 million yen (down 32.5% year on year) as sales of automotive textiles in Japan and abroad declined significantly due to the impact of the global economic slowdown. As to profits, operating loss of 743 million yen (operating income of 291 million yen in the same period of the previous year) and ordinary loss of 825 million yen (ordinary income of 271 million yen in the same period of the previous year) were recorded, resulting in loss attributable to owners of parent of 1,143 million yen (loss attributable to owners of parent of 46 million yen in the same period of the previous year).

The performance by segment is as described below.

Segments	Net sales		Operating income (loss)	
	Amount (Million yen)	YY Change (%)	Amount (Million yen)	YY Change (%)
Interior Fittings	7,075	(9.9)	10	—
Automotive Textiles and Traffic Facilities	7,801	(45.6)	(271)	—
Functional Materials	551	(30.7)	(50)	—
Other	126	+212.3	33	+53.5
Total	15,555	(32.5)	(278)	—
Adjustment	—	—	(465)	—
Consolidated	15,555	(32.5)	(743)	—

(Interior Fittings Segment)



While sales of household carpets for online and retail stores were robust, the COVID-19 pandemic had an adverse impact on the export of carpet tiles and sales of curtains for medical, welfare, and educational institutions. As a result, net sales were down 9.9% year on year to 7,075 million yen. As to profit, operating income stood at 10 million yen (operating loss of 99 million yen in the same period of the previous year), reflecting an increase in the percentage of highly value-added fabric mixtures, and a reduction in selling, general and administrative expenses.

In commercial carpets, sales of roll carpets increased on the back of a large-scale order received. While sales of carpet tiles for the Japanese market remained flat compared with the same period last year, the adverse impact of the lockdown on economic activities resulted in sluggish exports. As a result, net sales of commercial carpets were at almost the same level on a year-on-year basis.

Net sales of household carpets increased by 26.9% year on year reflecting robust sales for online under the stay-at-home restriction, and strong sales mainly at DIY stores due to a rebound in consumption after the restriction was lifted.

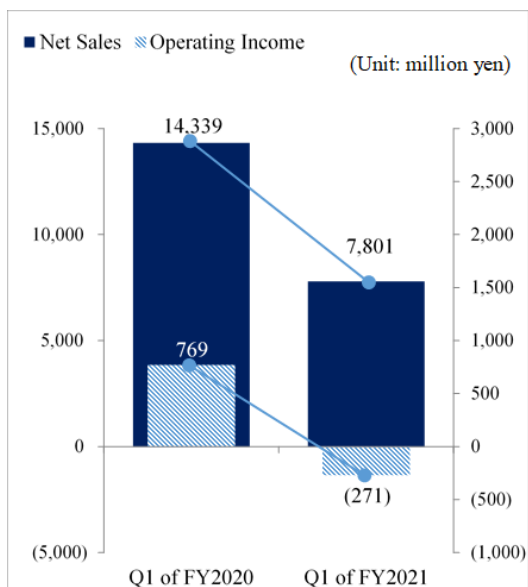
Net sales of curtains as a whole were down 4.8% year on year.

New orders received and replacement demand for *Face*, contract curtains for medical, welfare, and educational institutions, declined due to a temporary restriction of access to medical institutions to prevent COVID-19 infection.

Meanwhile, sales of *mode S® Vol. 9* and *U Life® Vol. 9*, curtains for general households, remained almost unchanged from the same period of the previous year.

Net sales of wall coverings were down 19.2% year on year, due to reduced sales of wall paper on the back of decreases in new house constructions, home refurbishments, and sales to stores and hotels arising from the COVID-19 pandemic.

(Automotive Textiles and Traffic Facilities Segment)

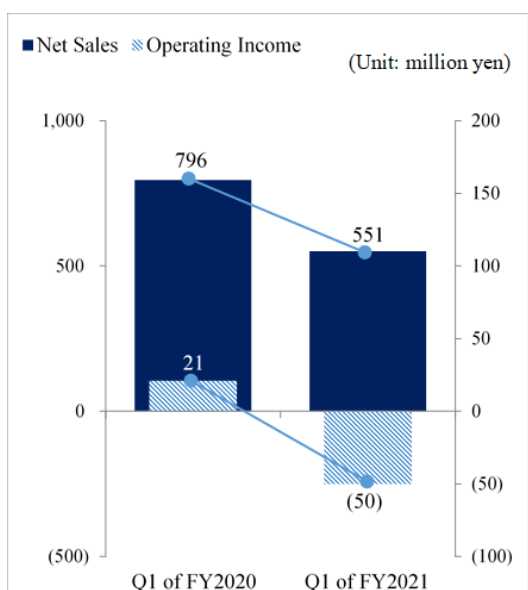


Net sales were down 45.6% year on year to 7,801 million yen and operating loss ended at 271 million yen (operating income of 769 million yen in the same period of the previous year) on the back of sluggish global car production by Japanese automakers and a decline in demand for interior materials for railway vehicles and buses.

In the automotive textiles business, a decline in car production by Japanese automakers was observed in Japan and abroad due to sluggish economic activity attributable to the COVID-19 pandemic. Since June, car production has gradually recovered but still remains far from the level we consider normal. Net sales in Japan were down 28.4% year on year. Overseas sales decreased by 59.6% year on year, reflecting decreased year-on-year sales in China where an economic recovery was recorded ahead of other countries, and significant declines in production in the United States, Mexico, Thailand, Indonesia and India.

In the traffic facilities business, suspensions and postponement of replacement works of interior fittings for railway vehicles occurred due to a decreased number of passengers on public transportation on the back of workers staying at home and teleworking. In the overall traffic facilities business, net sales fell below the level of the same period of the previous year, reflecting a decrease in production of new buses due to significantly diminished domestic travel and inbound foreign tourists.

(Functional Materials Segment)



While sales of floor materials for bathrooms expanded, new orders received for electric carpets, one of our core products, significantly decreased in the current fiscal period due to the warm winter in the previous year. Net sales were down 30.7% year on year to 551 million yen while operating loss ended at 50 million yen (operating income of 21 million yen in the same period of the previous year), reflecting sluggish sales of deodorizing filters, roofing materials, civil engineering materials, interior materials for airplanes and others.

## (2) Explanation of financial position

Total assets at the end of the consolidated fiscal period under review remained at 83,319 million yen, a decrease of 2,953 million yen from the end of the previous consolidated fiscal year, due to a decrease in notes and accounts receivable-trade despite an increase in cash and deposits.

Liabilities shrank to 51,787 million yen, a decrease of 1,902 million yen, due to a decrease in notes and accounts payable-trade despite an increase in long-term loans payable.

Net assets shrank to 31,532 million yen, a decrease of 1,050 million yen, due to a decrease in retained earnings.

## (3) Explanation of future forecast information including forecast of consolidated business results

Placing emphasis on the two themes of the growth of business and restructuring of corporate governance, the Group has steadily worked on them. With ESG management in mind, the Group engages in the development of antibacterial and antiviral function processing goods, and promotes the reduction of environmental load by its own products in addition to strengthening of its business infrastructure by reconstructing its core system.

The Group has decided again to postpone the announcement of the forecast of consolidated financial results for the fiscal year ending May 2021, since the COVID-19 pandemic makes it difficult to estimate the impact on the Group's business. We will disclose our forecast as soon as a reasonable estimation of the future business trend becomes possible.



## 2. Consolidated quarterly financial statements and major notes

### (1) Consolidated quarterly balance sheet

(Unit: million yen)

	FY2020 (As of May 31, 2020)	Q1 of FY2021 (As of August 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	10,500	11,985
Notes and accounts receivable-trade	14,502	12,330
Electronically recorded monetary claims - operating	6,469	4,400
Merchandise and finished goods	10,422	10,520
Work in process	1,669	1,499
Raw materials and supplies	2,847	3,212
Others	2,299	2,155
Allowance for doubtful accounts	(23)	(23)
<b>Total current assets</b>	<b>48,688</b>	<b>46,079</b>
Non-current assets		
Property, plant and equipment		
Land	17,602	17,606
Other, net	9,858	9,659
<b>Total property, plant and equipment</b>	<b>27,460</b>	<b>27,266</b>
Intangible assets		
Investments and other assets	1,598	1,564
Investment securities	5,987	5,616
Deferred tax assets	1,395	1,516
Other	1,299	1,433
Allowance for doubtful accounts	(157)	(157)
<b>Total investments and other assets</b>	<b>8,525</b>	<b>8,408</b>
<b>Total non-current assets</b>	<b>37,584</b>	<b>37,240</b>
<b>Total assets</b>	<b>86,272</b>	<b>83,319</b>

(Unit: million yen)

	FY2020 (As of May 31, 2020)	Q1 of FY2021 (As of August 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,161	9,811
Electronically recorded obligations - operating	5,135	3,281
Short-term loans payable	10,858	10,425
Income taxes payable	592	308
Other	4,120	4,084
Total current liabilities	33,868	27,910
Non-current liabilities		
Bonds payable	1,500	1,500
Long-term loans payable	7,825	11,923
Deferred tax liabilities	332	312
Provision for directors' retirement benefit	103	105
Net defined benefit liability	4,223	4,230
Other	5,837	5,805
Total non-current liabilities	19,821	23,877
Total liabilities	53,690	51,787
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,651	2,651
Retained earnings	10,452	9,213
Treasury shares	(4,017)	(4,017)
Total shareholders' equity	18,641	17,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,434	1,594
Deferred gains or losses on hedges	2	(2)
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	331	320
Remeasurements of defined benefit plans	(208)	(198)
Total accumulated other comprehensive income	9,357	9,510
Non-controlling interests	4,583	4,619
Total net assets	32,582	31,532
Total liabilities and net assets	86,272	83,319

## (2) Consolidated quarterly statement of income and comprehensive income

## Consolidated quarterly statement of income

(The first quarter of FY2021)

(Unit: million yen)

	Q1 of FY2020 (June 1, 2019 to August 31, 2019)	Q1 of FY2021 (June 1, 2020 to August 31, 2020)
Net sales	23,031	15,555
Cost of sales	18,385	12,367
Gross profit	4,645	3,187
Selling, general and administrative expenses	4,354	3,931
Operating income (loss)	291	(743)
Non-operating income		
Interest income	4	5
Dividend income	36	36
Real estate rent	67	66
Dividend income of insurance	29	29
Other	24	71
Total non-operating income	161	209
Non-operating expenses		
Interest expenses	73	59
Share of loss of entities accounted for using equity method	12	164
Foreign exchange losses	37	47
Rent expenses on real estates	9	8
Other	48	9
Total non-operating expenses	181	290
Ordinary income (loss)	271	(825)
Extraordinary income		
Gain on sales of non-current assets	1	—
Gain on sales of investment securities	—	543
Total extraordinary income	1	543
Extraordinary loss		
Loss on sales and retirement of non-current assets	0	1
Loss on valuation of investment securities	—	682
Total extraordinary loss	0	684
Profit (loss) before income taxes	272	(966)
Income taxes – current	216	139
Income taxes – deferred	(22)	29
Total income taxes	194	169
Profit (loss)	77	(1,135)
Profit attributable to non-controlling interests	124	8
Loss attributable to owners of parent	(46)	(1,143)

Consolidated quarterly statements of comprehensive income  
(The first quarter of FY2021)

(Unit: million yen)

	Q1 of FY2020 (June 1, 2019 to August 31, 2019)	Q1 of FY2021 (June 1, 2020 to August 31, 2020)
Profit (loss)	77	(1,135)
Other comprehensive income		
Valuation difference on available-for-sale securities	173	160
Deferred gains or losses on hedges	(0)	(5)
Foreign currency translation adjustment	(231)	26
Remeasurements of defined benefit plans, net of tax	10	9
Share of other comprehensive income of entities accounted for using equity method	5	1
Total other comprehensive income	(42)	191
Comprehensive income	35	(943)
Comprehensive income attributable to:		
Owners of parent	(58)	(991)
Non-controlling interests	94	47

(3) Major notes on consolidated quarterly financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Additional information)

There is no material change concerning the outlook for the impact of the COVID-19 pandemic as stated in "Additional Information

(Accounting estimates due to the COVID-19 pandemic)" in the Securities Report for the previous consolidated fiscal year.

(Segment information)

I Q1 of FY2020 (June 1, 2019 to August 31, 2019)

Information on net sales and income or loss by reportable segment

(Unit: million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated quarterly statement of income (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	7,855	14,339	796	22,990	40	23,031	—	23,031
Inter-segment sales and transfers	181	2	0	184	40	224	(224)	—
Total	8,036	14,341	797	23,175	80	23,255	(224)	23,031
Segment income (loss)	(99)	769	21	691	21	712	(421)	291

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

2. Adjustment of -421 million yen in segment income (loss) includes eliminations among segments of 7 million yen and corporate expenses unallocated to relevant reportable segments of -428 million yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.

3. Segment income (loss) is adjusted with operating income in consolidated quarterly statement of income.

II Q1 of FY2021 (June 1, 2020 to August 31, 2020)

Information on net sales and income or loss by reportable segment

(Unit: million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated quarterly statement of income (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	7,075	7,801	551	15,428	126	15,555	—	15,555
Inter-segment sales and transfers	136	0	0	137	40	178	(178)	—
Total	7,212	7,802	551	15,566	166	15,733	(178)	15,555
Segment income (loss)	10	(271)	(50)	(311)	33	(278)	(465)	(743)

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

2. Adjustment of -465 million yen in segment income (loss) includes eliminations among segments of 5 million yen and corporate expenses unallocated to relevant reportable segments of -470 million yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.

3. Segment income (loss) is adjusted with operating income in consolidated quarterly statement of income.