



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

July 13, 2021

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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Responsible contact person (Title) Director, General Manager, Corporate Planning Department (Name) Hiroaki Usugi  
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Date of holding Annual General Meeting of Shareholders: August 27, 2021  
Scheduled date of dividend payment: August 30, 2021  
Scheduled date of filing of annual security report: August 27, 2021  
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 million yen) (Figures in brackets are negative)

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

#### (1) Consolidated Operating Results (% 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	%
FY2021	79,702	(12.9)	1,049	(32.6)	1,211	(8.5)	409	186.4
FY2020	91,512	(7.2)	1,557	(50.0)	1,323	(55.2)	142	(69.4)

(Note) Comprehensive income FY2021: 866 million yen (-%) FY2020: (227) million 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	%	%	%
FY2021	64.84	—	1.5	1.4	1.3
FY2020	21.88	—	0.5	1.5	1.7

(Reference) Equity in earnings or losses of affiliates FY2021: (202) million yen FY2020: (209) million yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2021	83,669	32,956	33.5	4,438.67
FY2020	86,272	32,582	32.5	4,438.11

(Reference) Shareholders' equity FY2021: 28,044 million yen FY2020: 27,998 million 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
	Million yen	Million yen	Million yen	Million yen
FY2021	3,985	(572)	(3,174)	10,756
FY2020	5,901	(1,536)	(1,702)	10,309

### 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	Million yen	%	%
FY2020	—	35.00	—	15.00	50.00	323	228.5	1.1
FY2021	—	15.00	—	20.00	35.00	221	54.0	0.8
FY2022 (Forecast)	—	35.00	—	35.00	70.00		71.3	

### 3. Forecast of Consolidated Financial Results for FY2022 (June 1, 2021 to May 31, 2022)

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share Basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	42,000	11.8	50	142.1	150	—	(320)	—	—
Full year	86,480	8.5	1,160	10.6	1,350	11.4	620	51.4	98.13

#### \*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: No
- (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

FY2021	7,682,162 shares	FY2020	7,682,162 shares
FY2021	1,363,878 shares	FY2020	1,373,422 shares
FY2021	6,315,464 shares	FY2020	6,535,109 shares

#### (Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2021 (June 1, 2020 to May 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	32,243	(9.5)	149	123.3	1,189	6.3	(1,433)	—
FY2020	35,634	(4.4)	66	(49.8)	1,118	(20.8)	1,038	2.1
	Profit per share Basic		Profit per share Diluted					
	Yen		Yen					
FY2021	(226.92)		—					
FY2020	158.88		—					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2021	65,132	21,356	32.8	3,380.05
FY2020	68,922	23,498	34.1	3,724.81

(Reference) Shareholders' equity FY2021: 21,356 million yen FY2020: 23,498 million 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, 2021 under review, the protracted novel coronavirus (COVID-19) pandemic caused great damage to the Japanese economy. Though the economy is on a recovery trend, the outlook remains uncertain due to several factors, including stagnant personal consumption. It is expected that economic activities will normalize with herd immunity achieved through vaccination in the future. In the global economy, the Chinese economy recovered ahead of other regions, and sentiment improved in the United States as well, supported by the vaccination.

In the interior industry, which relates to the Company's business, domestic new housing starts were down 4.8% year on year, and the floor area of nonresidential construction starts also decreased by 5.8% year on year. In the automotive industry, automobile production in the Japanese market was down 1.8% year on year. Both production and sales also stagnated in overseas markets, falling short of those in the previous fiscal year.

In the above-described business environment, the Group is promoting market development of ESG-based products and global management, which the Group has been working on, 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 endeavors to increase sales of products processed with antibacterial and antiviral technology called *CLEANSE*® and other health-conscious and environment-friendly products, including *ECOS*®, eco-friendly carpet tiles under the horizontal recycling system. In addition, in the space design business, we will strive to expand our business domain from store interior design, which is our area of specialty.

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.

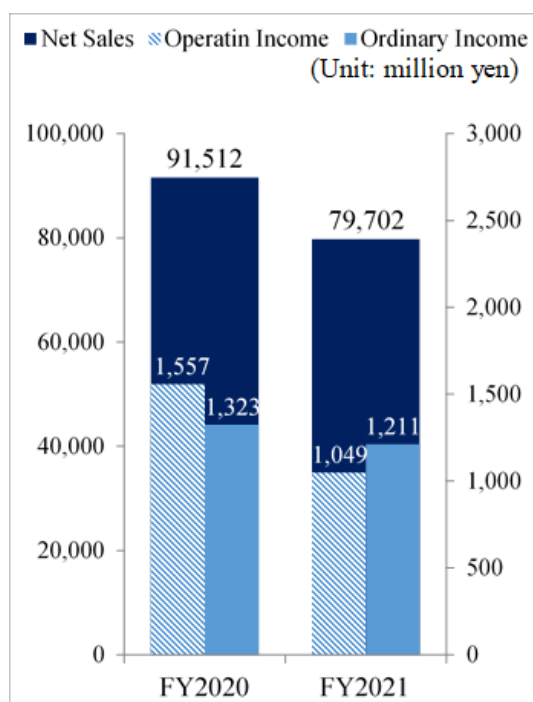
While in the traffic facilities business, the Company manufactures and distributes high-performance fabric materials and endeavors to increase sales of seat cushion materials and safety products for railway vehicles and buses. In both the automotive textiles business and the traffic facilities business, 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. We will diversify regional risks and establish an optimal supply system. Furthermore, our focus is placed on the development and sale of products processed with our original complex function processing technology called *TRIPLE FRESH*® *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 financial results for the fiscal year are as follows.

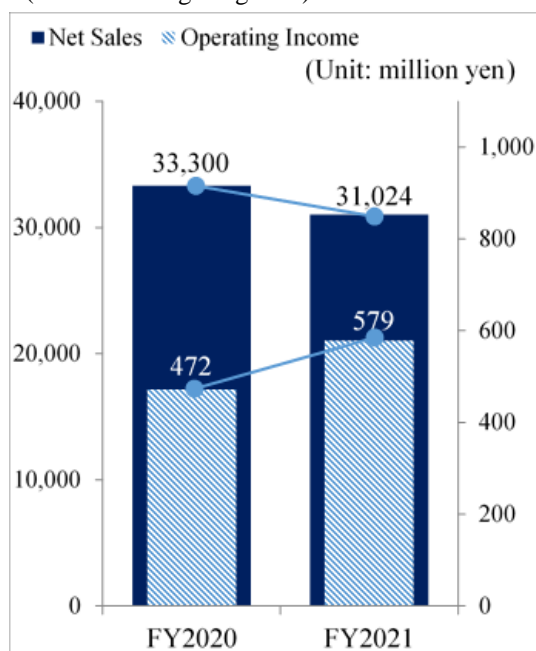


Net sales declined 12.9% year on year to 79,702 million yen attributable to lackluster sales of commercial carpet tiles and wall coverings and a drop in domestic and overseas automobile-related sales due to the impact of the global economic slowdown. As to profits, operating income declined 32.6% year on year to 1,049 million yen, ordinary income declined 8.5% year on year to 1,211 million yen, and income attributable to owners of parent increased 186.4% year on year to 409 million yen due to the impacts of recognition of gain on sales of investment securities, loss on retirement of non-current assets and impairment loss as extraordinary income/loss.

The performance by segment is as described below.

Segments	Net sales		Operating income	
	Amount (Million yen)	YY Change (%)	Amount (Million yen)	YY Change (%)
Interior Fittings	31,024	(6.8)	579	+22.8
Automotive Textiles and Traffic Facilities	45,102	(16.6)	2,102	(20.7)
Functional Materials	3,130	(20.3)	(87)	—
Other	445	+114.8	73	+69.4
Total	79,702	(12.9)	2,668	(17.8)
Adjustment	—	—	(1,619)	—
Consolidated	79,702	(12.9)	1,049	(32.6)

(Interior Fittings Segment)



While sales of household carpets for online and retail stores were robust, sales of commercial carpet tiles and wall coverings were sluggish. As a result, net sales declined 6.8% year on year to 31,024 million yen, and operating income increased 22.8% year on year to 579 million yen due to the impacts of a reduction in selling, general and administrative expenses and household carpet sales.

Regarding commercial carpets, sales of roll carpets increased thanks to orders for large-scale projects. However, sales of carpet tiles, those for export in particular, remained significantly weak due to the impact of lockdowns on economic activities.

Consequently, net sales of commercial carpets as a whole declined 2.6% year on year.

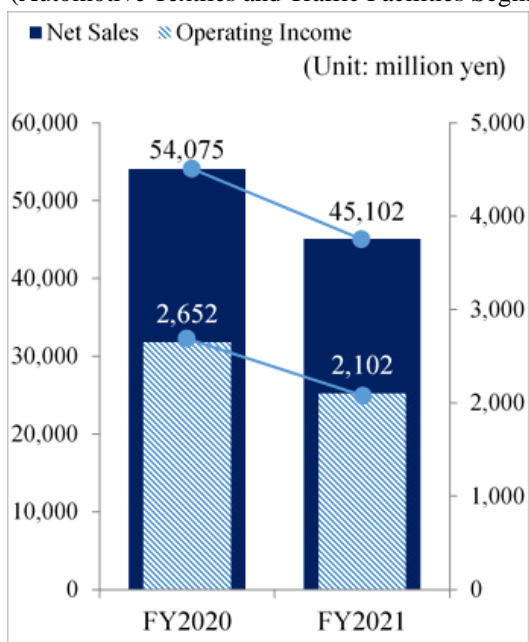
Net sales of household carpets increased by 9.0% year on year reflecting robust sales for online under the stay-at-home restriction, and strong sales mainly at DIY stores.

Regarding curtains, while sales of *mode S® Vol. 9* and *U Life® Vol. 9* for general households were subdued, sales of *Face* for medical, welfare, and educational institutions recovered due to the resumption of new deliveries and replacement work that had been postponed to prevent the spread of COVID-19.

Accordingly, net sales of curtains as a whole declined 3.2% year on year.

Net sales of wall coverings were down 11.7% year on year owing to the decrease in sales of wallpaper attributable to the decline in demand for new construction and refurbishments for houses, stores, hospitals, and hotels due to the COVID-19 pandemic.

(Automotive Textiles and Traffic Facilities Segment)

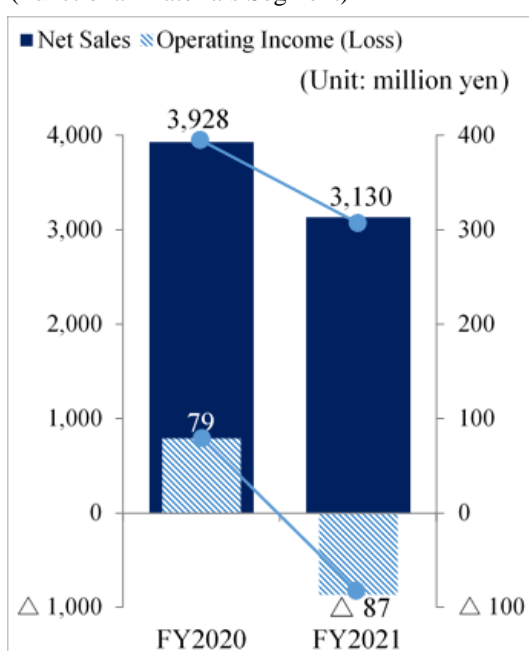


Net sales were down 16.6% year on year to 45,102 million yen and operating income declined 20.7% year on year to 2,102 million yen on the back of decline of global car production by Japanese automakers and a sluggish demand for interior materials for railway vehicles and buses.

In the automotive textiles business, a decline in car production by Japanese automakers was observed due to sluggish economic activity attributable to the COVID-19 pandemic. Domestic automobile production recovered in September 2020 to the same level as September of the previous year and the recovery trend continued thereafter. However, domestic sales declined 6.0% year on year, attributable to the impact of multiple factors, such as semiconductor shortages. Regarding overseas markets, though China continued to demonstrate a steady recovery, recovery from sluggish production resulting from lockdowns was slow in Thailand, Indonesia, etc. Additionally, production temporarily declined due to the impact of cold waves and semiconductor shortages in North America. Overseas sales therefore declined 21.1% year on year.

In the traffic facilities business, demand for interior fittings for railway vehicles dropped due to fewer passengers on public transportation attributable to the promotion of telework. Furthermore, new bus production volume plunged due to significantly diminished domestic travel and inbound foreign tourists. As a result, net sales for the traffic facilities business as a whole fell below the level of the previous year.

(Functional Materials Segment)



While sales of deodorant filters for air purifiers and floor materials for bathrooms grew steadily, new orders received in the current fiscal period for electric carpets, one of our core products, plummeted due to the warm winter in the previous fiscal period. Net sales declined 20.3% year on year to 3,130 million yen, and operating loss was 87 million yen (operating income of 79 million yen in the previous fiscal year), reflecting decreases in sales of roofing materials, civil engineering materials, interior materials for airplanes, and *SUMITRON*®, a continuous polyester fiber yarn due to the impact of the COVID-19 pandemic, as well as sluggish sales of other products, including mats for school children.

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

Total assets at the end of the current fiscal year amounted to 83,669 million yen, down 2,603 million yen from the end of the previous fiscal year, due to a decrease in merchandise and finished goods and investment securities.

Liabilities shrank to 50,712 million yen, down 2,977 million yen, due to a decrease in short-term loans payable and notes and accounts payable-trade.

Net assets grew to 32,956 million yen, up 373 million yen, due to an increase in retained earnings.

## (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 10,756 million yen, up 447 million 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 3,985 million yen (5,901 million 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 572 million yen (1,536 million yen used in the previous fiscal year) due to proceeds from sales and redemption of investment securities, despite purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 3,174 million yen (1,702 million yen used in the previous fiscal year) due to net decrease in short-term loans payable.

(Reference) Changes in cash flow indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	36.9	36.9	34.8	32.5	33.5
Shareholders' equity ratio on market value basis (%)	20.2	22.5	21.6	14.1	14.3
Ratio of cash flows to interest bearing debts (year)	20.8	5.9	4.1	3.8	5.1
Interest coverage ratio (times)	4.1	12.9	15.0	21.4	17.5

(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 FY2022

We have newly established "SUMINOE GROUP WAY 2022–2024–2027," our consolidated medium- to long-term management targets which will start in June 2021. Under the ESG-based management that the Group has been striving to implement, we will promote sales expansion of products that meet the needs of society and global management. All employees of the Group will work together to meet these consolidated medium- to long-term management targets.

In the fiscal year ending May 31, 2022, which is the first year of the plan, the domestic and overseas economies, that have been subdued by the COVID-19 pandemic are expected to normalize. We thus forecast higher net sales and profit compared to the previous fiscal year. However, certain factors in industries related to the business of the Group, namely, the uncertain outlook for new residential and non-residential construction starts in Japan in the interior industry and semiconductor shortages in the automobile industry, may negatively affect our performance.

Considering these circumstances, we plan to post net sales of 86,480 million yen, operating income of 1,160 million yen, ordinary income of 1,350 million yen, and profit attributable to owners of parent of 620 million yen for the fiscal year ending May 31, 2022.

## 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: million yen)

	FY2020 (As of May 31, 2020)	FY2021 (As of May 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,500	10,936
Notes and accounts receivable-trade	14,502	14,147
Electronically recorded monetary claims - operating	6,469	5,846
Securities	30	53
Merchandise and finished goods	10,422	8,533
Work in process	1,669	1,610
Raw materials and supplies	2,847	2,716
Income taxes receivable	149	70
Other	2,120	2,666
Allowance for doubtful accounts	(23)	(24)
<b>Total current assets</b>	<b>48,688</b>	<b>46,557</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	4,296	4,202
Machinery, equipment and vehicles, net	3,060	2,798
Land	17,602	17,606
Leased assets, net	1,587	1,290
Construction in progress	547	1,696
Other, net	365	433
<b>Total property, plant and equipment</b>	<b>27,460</b>	<b>28,028</b>
<b>Intangible assets</b>		
Leased assets	5	2
Other	1,593	1,544
<b>Total intangible assets</b>	<b>1,598</b>	<b>1,547</b>
<b>Investments and other assets</b>		
Investment securities	5,987	4,916
Long-term loans receivable	6	9
Deferred tax assets	1,395	1,542
Other	1,293	1,228
Allowance for doubtful accounts	(157)	(162)
<b>Total investments and other assets</b>	<b>8,525</b>	<b>7,534</b>
<b>Total non-current assets</b>	<b>37,584</b>	<b>37,111</b>
<b>Total assets</b>	<b>86,272</b>	<b>83,669</b>

(Unit: million yen)

	FY2020 (As of May 31, 2020)	FY2021 (As of May 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,161	11,997
Electronically recorded obligations - operating	5,135	4,243
Short-term loans payable	10,858	9,834
Lease obligations	647	611
Income taxes payable	592	588
Provision for demolition costs	—	297
Other	3,473	4,283
Total current liabilities	33,868	31,856
Non-current liabilities		
Bonds payable	1,500	1,000
Long-term loans payable	7,825	7,855
Lease obligations	1,335	1,017
Deferred tax liabilities	332	313
Deferred tax liabilities for land revaluation	3,761	3,761
Provision for directors' retirement benefit	103	112
Net defined benefit liability	4,223	4,148
Other	741	647
Total non-current liabilities	19,821	18,856
Total liabilities	53,690	50,712
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,651	2,640
Retained earnings	10,452	10,672
Treasury shares	(4,017)	(3,988)
Total shareholders' equity	18,641	18,878
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,434	893
Deferred gains or losses on hedges	2	0
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	331	608
Remeasurements of defined benefit plans	(208)	(134)
Total accumulated other comprehensive income	9,357	9,166
Non-controlling interests	4,583	4,911
Total net assets	32,582	32,956
Total liabilities and net assets	86,272	83,669

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

## Consolidated statement of income

(Unit: million yen)

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
Net sales	91,512	79,702
Cost of sales	72,837	62,876
Gross profit	18,674	16,826
Selling, general and administrative expenses	17,116	15,776
Operating income	1,557	1,049
Non-operating income		
Interest income	17	20
Dividend income	176	132
Foreign exchange gains	—	80
Real estate rent	258	269
Other	263	235
Total non-operating income	716	738
Non-operating expenses		
Interest expenses	274	232
Sales discounts	46	39
Share of loss of entities accounted for using equity method	209	202
Foreign exchange losses	248	—
Rent expenses on real estates	32	32
Other	139	69
Total non-operating expenses	950	575
Ordinary income	1,323	1,211
Extraordinary income		
Gain on sales of non-current assets	7	8
Gain on sales of investment securities	398	1,439
Total extraordinary income	406	1,447
Extraordinary loss		
Loss on sales and retirement of non-current assets	66	349
Impairment loss	7	329
Loss on valuation of investment securities	—	15
Total extraordinary loss	74	694
Profit before income taxes	1,655	1,964
Income taxes - current	958	967
Income taxes - deferred	146	83
Total income taxes	1,105	1,050
Profit	550	914
Profit attributable to non-controlling interests	407	504
Profit attributable to owners of parent	142	409

## Consolidated statements of comprehensive income

(Unit: million yen)

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
Profit	550	914
Other comprehensive income		
Valuation difference on available-for-sale securities	(479)	(540)
Deferred gains or losses on hedges	13	(5)
Foreign currency translation adjustment	(376)	420
Remeasurements of defined benefit plans, net of tax	69	73
Share of other comprehensive income of entities accounted for using equity method	(5)	3
Total other comprehensive income	(777)	(47)
Comprehensive income	(227)	866
Comprehensive income attributable to:		
Owners of parent	(528)	217
Non-controlling interests	300	648

(3) Consolidated statements of changes in shareholders' equity  
 FY2020 (June 1, 2019 to May 31, 2020)

(Unit: million 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

FY2021 (June 1, 2020 to May 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,651	10,452	(4,017)	18,641
Changes of items during the period					
Dividends of surplus			(189)		(189)
Profit attributable to owners of parent			409		409
Purchase of treasury shares				(0)	(0)
Disposition of treasury shares		(10)		29	18
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(10)	220	28	237
Balance at the end of the period	9,554	2,640	10,672	(3,988)	18,878

	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	1,434	2	7,797	331	(208)	9,357	4,583	32,582
Changes of items during the period								
Dividends of surplus								(189)
Profit attributable to owners of parent								409
Purchase of treasury shares								(0)
Disposition of treasury shares								18
Net changes of items other than shareholders' equity	(540)	(1)	—	276	73	(191)	327	135
Total changes of items during the period	(540)	(1)	—	276	73	(191)	327	373
Balance at the end of the period	893	0	7,797	608	(134)	9,166	4,911	32,956

## (4) Consolidated statement of cash flows

(Unit: million yen)

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,655	1,964
Depreciation	2,030	1,979
Impairment loss	7	329
Increase (decrease) in net defined benefit liability	25	13
Increase (decrease) in provision for directors' retirement benefits	7	(25)
Increase (decrease) in allowance for doubtful accounts	0	3
Interest and dividend income	(194)	(152)
Interest expenses	274	232
Share of loss (profit) of entities accounted for using equity method	209	202
Loss (gain) on sales and retirement of non-current assets	58	341
Loss (gain) on sales of investment securities	(398)	(1,439)
Loss (gain) on valuation of investment securities	—	15
Decrease (increase) in notes and accounts receivable - trade	2,551	1,700
Decrease (increase) in inventories	529	2,252
Increase (decrease) in notes and accounts payable - trade	(1,024)	(2,602)
Decrease (increase) in consumption taxes refund receivable	(54)	6
Increase (decrease) in accrued consumption taxes payable	93	29
Decrease (increase) in other current assets	1,146	(753)
Increase (decrease) in other current liabilities	27	629
Other	(132)	228
Subtotal	6,814	4,952
Interest and dividend income received	194	148
Interest expenses paid	(275)	(227)
Income taxes paid	(1,005)	(921)
Income taxes refund	173	34
Net cash provided by (used in) operating activities	5,901	3,985



(Unit: million yen)

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(300)	(333)
Proceeds from withdrawal of time deposits	275	396
Purchase of securities	(39)	(61)
Proceeds from sales and redemption of securities	20	47
Purchase of property, plant and equipment	(1,535)	(2,060)
Proceeds from sales of property, plant and equipment	83	39
Payments for retirement of property, plant and equipment	—	(85)
Payments for asset retirement obligations	—	(137)
Purchase of intangible assets	(434)	(211)
Purchase of investment securities	(17)	(56)
Proceeds from sales and redemption of investment securities	379	1,667
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	32	229
Payments of loans receivable	(2)	(7)
Collection of loans receivable	2	3
Other	—	(0)
Net cash provided by (used in) investing activities	(1,536)	(572)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,061	(3,019)
Proceeds from long-term loans payable	2,200	5,200
Repayments of long-term loans payable	(1,546)	(3,659)
Proceeds from issuance of bonds	—	(500)
Repayments of lease obligations	(895)	(769)
Purchase of treasury shares	(1,601)	(0)
Proceeds from sale of treasury shares	—	18
Cash dividends paid	(468)	(190)
Cash dividends paid to non-controlling interests	(451)	(253)
Net cash provided by (used in) financing activities	(1,702)	(3,174)
Effect of exchange rate change on cash and cash equivalents	(109)	208
Net increase (decrease) in cash and cash equivalents	2,554	447
Cash and cash equivalents at beginning of period	7,754	10,309
Cash and cash equivalents at end of period	10,309	10,756

(5) Major notes on consolidated financial statements

(Notes on assumption of going concern)

Not applicable.

(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 manufactures, sells, and installs carpets, curtains, wallpaper, various flooring materials, etc. It also designs, constructs, and supervises construction of spaces. The Automotive Textiles and Traffic Facilities Segment engages in the manufacture and sales of interior materials for automobiles, buses, and railway vehicles. The Functional Materials Segment engages in the manufacture and sales of electric carpets, deodorizing related products, and interior materials for airplanes.

### 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 28, 2020).

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

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

(Unit: million 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	25,974	35,050	2,709	63,734	584	64,318	21,954	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 million yen in segment income includes eliminations among segments of 28 million yen and corporate expenses unallocated to relevant reportable segments of -1,718 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.

(2) Adjustment of 21,954 million yen in segment assets includes eliminations among segments of -251 million yen and corporate assets unallocated to relevant reportable segments of 22,205 million 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.

FY2021 (June 1, 2020 to May 31, 2021)

(Unit: million 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	31,024	45,102	3,130	79,257	445	79,702	—	79,702
Inter-segment sales and transfers	654	2	0	657	163	821	(821)	—
Total	31,679	45,104	3,130	79,915	608	80,523	(821)	79,702
Segment income (loss)	579	2,102	(87)	2,595	73	2,668	(1,619)	1,049
Segment assets	25,155	35,275	2,488	62,919	290	63,209	20,459	83,669
Other								
Depreciation and amortization	246	1,430	138	1,815	21	1,836	142	1,979
Investments in equity method affiliates	—	75	—	75	—	75	—	75
Increase in property, plant, and equipment, and intangible assets	1,118	1,393	63	2,576	13	2,590	87	2,677

(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 -1,619 million yen in segment income (loss) includes eliminations among segments of 26 million yen and corporate expenses unallocated to relevant reportable segments of -1,645 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.
- (2) Adjustment of 20,459 million yen in segment assets includes eliminations among segments of -74 million yen and corporate assets unallocated to relevant reportable segments of 20,534 million 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 (loss) is adjusted with operating income in the consolidated statement of income.

(Relevant information)

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: million yen)

Japan	North and Central America	Asia	Other	Total
61,832	14,049	15,339	289	91,512

(Note) 1. Net sales are classified into a country or regions based on the geographical location of customers.

2. Net sales to the North and Central America region include net sales of 9,947 million yen in the United States, that account for more than 10% of net sales in the consolidated statement of income.

(2) Property, plant, and equipment

(Unit: million 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.

FY2021 (June 1, 2020 to May 31, 2021)

#### 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: million yen)

Japan	North and Central America	Asia	Other	Total
56,533	10,448	12,579	140	79,702

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

##### (2) Property, plant, and equipment

(Unit: million yen)

Japan	North and Central America	Asia	Total
23,485	3,297	1,245	28,028

### 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)

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

(Unit: million yen)

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

FY2021 (June 1, 2020 to May 31, 2021)

(Unit: million yen)

	Reportable Segments				Other	elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	129	106	53	289	1	38	329

(Per share information)

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
Net assets per share	4,438.11 yen	4,438.67 yen
Profit per share, basic	21.88 yen	64.84 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:

	FY2020 (As of May 31, 2020)	FY2021 (As of May 31, 2021)
Total net assets (million yen)	32,582	32,956
Net assets related to common shares (million yen)	27,998	28,044
Main differences (million yen)		
Non-controlling interests	4,583	4,911
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury shares (1,000 shares)	1,373	1,363
Number of common shares used to calculate net assets per share (1,000 shares)	6,308	6,318

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

	FY2020 (June 1, 2019 to May 31, 2020)	FY2021 (June 1, 2020 to May 31, 2021)
Profit attributable to owners of parent (million yen)	142	409
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent concerning common shares (million yen)	142	409
Average number of common shares during the period (1,000 shares)	6,535	6,315

(Significant subsequent events)

Not applicable.