

Suminoe Textile Annual Review 2021

YEAR ENDED MAY 31, 2021

 Suminoe Textile Co., Ltd.

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Annual Review 2021

Suminoe Textile Co., Ltd.

History

Suminoe Textile supplied carpet to various major architectural structures during the Meiji era.
We have thus advanced together with Japan from its start as a modern nation.

Meiji Era **1883**

At the age of 35 founder Denshichi Murata purchased 3 looms in 1883 and began manufacturing carpets.



1896

Successful production of hand-woven moquette in 1896, adopted by Japan National Railways for seat covering in 1899.



Showa Era **1930**

Suminoe Textile Co., Ltd. is established.

1949

Shares listed on the Tokyo, Osaka, and Kyoto stock exchanges.

1980

Nara Factory began production of Japan's first carpet tiles.



1998

TRIPLE FRESH® deodorant treatment technology developed.



Company Purpose

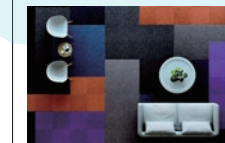
We contribute to the improvement of society through production, sales of good products and prosperity of business.

Company Motto

We pride ourselves as a pioneer in the interior design and furnishing industry and persist in the spirit of cooperation, sincerity and resolution.

2011

ECOS® Recycled Carpet Tiles New Release.



2005

Subsidiary, SPM Automotive Textile Co., Ltd. is jointly established in China.

2013

Consolidate Suminoe Koka Co., Ltd. and Suminoe Nara Co., Ltd., Suminoe Techno Co., Ltd. is established. Suminoe Textile de Mexico, S.A. de C.V. is established in Mexico. PT. Suminoe Surya Techno is established in Indonesia.



100th Anniversary

We celebrated the 130th anniversary of our founding and the 100th anniversary of our incorporation.

2018

Suminoe Koide (Thailand) Co., Ltd. starts up operations.

2021

ECOS® received the Economy, Trade and Industry Minister's Prize in the 4th EcoPro Awards.

Taisho Era **1913**

Suminoe Textile Joint-Stock Company is established.

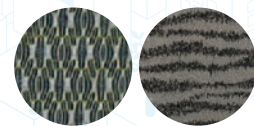


Heisei Era **1994**

Current subsidiary, T.C.H. Suminoe Co., Ltd. is jointly established in Thailand.

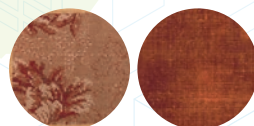
1958

Starting with our supply of nylon seat covering to TOYOTA MOTOR CORPORATION in 1958, our products have been used by various Japanese automobile manufacturers one after another.



1891

In 1891, Suminoe Textile supplied carpet for the establishment of Japan's Imperial Diet Building in Hibiya. We have been serving as its supplier for 130 years since then.



2010

Subsidiary, Suminoe Teijin Techno Krishna India Pvt. Ltd. is jointly established in India. Suminoe Textile Shanghai Co., Ltd. is established in China.

2003

Suminoe Textile of America Corporation is established in the U.S. Current subsidiary, Suzhou Suminoe Textiles Co., Ltd. is established in China. Current subsidiary, Suzhou Suminoe Koide Automotive Accessories Co., Ltd. is jointly established in China. Current subsidiary, PT. Sinar Suminoe Indonesia is jointly established in Indonesia.

2012

ECOS® became the first product to obtain Eco Mark certification under the new certification criteria.

2015

Acquired Bondtex, Inc. and made it a consolidated subsidiary.

Reiwa Era **2019**

Suminoe Textile Vietnam Co., Ltd. is established in Vietnam.

We are aiming for the creation of a globally optimized supply system.

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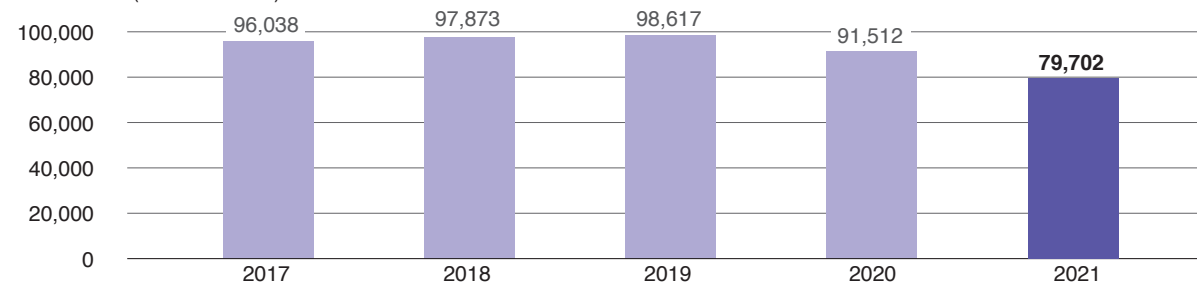
	Millions of Yen					Thousands of U.S.Dollars
	2021	2020	2019	2018	2017	2021
For the Year:						
Net Sales	¥79,702	¥91,512	¥98,617	¥97,873	¥96,038	\$724,569
Operating Income	1,049	1,557	3,118	2,248	1,298	9,539
Net Income Attributable to Owners of the Parent	409	142	467	1,084	26	3,723
At Year-End:						
Total Assets	¥83,669	¥86,272	¥87,976	¥92,183	¥90,255	\$760,627
Total Equity	32,956	32,582	35,271	38,542	37,399	299,601
Per share						
Net Income Attributable to Owners of the Parent	¥64.84	¥21.88	¥65.36	¥143.66	¥3.50	\$0.59
Shareholder's Equity	4,438.67	4,438.11	4,469.04	4,515.26	4,412.34	40.35
Cash dividends applicable to the year	35.00	50.00	70.00	70.00	70.00	0.32
Financial Ratios (%) :						
Equity Ratio	33.5%	32.5%	34.8%	36.9%	36.9%	
ROE (Net Income Attributable to Owners of the Parent Base)	1.5	0.5	1.4	3.2	0.1	
ROA (Ordinary Income Base)	1.4	1.5	3.4	2.6	1.5	

Note 1: U.S. dollar amounts are converted from Japanese yen amounts at the rate of U.S.\$1 to ¥110, the approximate rate on May 31, 2021.

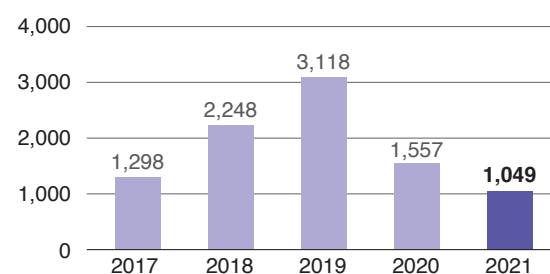
Note 2: Net income attributable to owners of the parent per share of common stock is computed based on the weighted average number of shares outstanding.

Note 3: Suminoe Textile implemented a 1-for-10 reverse split of common shares, which took effect on December 1, 2017. We are calculating our net income attributable to owners of the parent per share, shareholder's equity per share and cash dividends applicable to the year per share based on the number of shares outstanding after the reverse stock split.

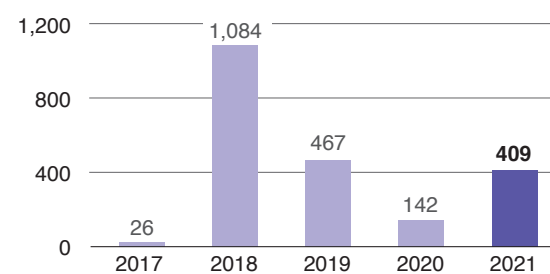
Net Sales (Millions of Yen)



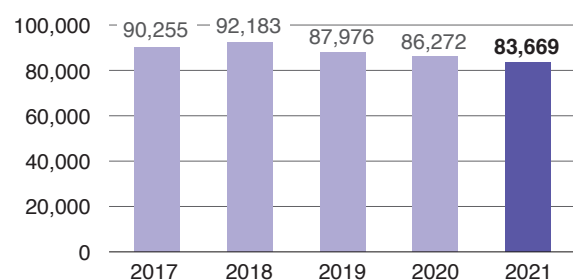
Operating Income (Millions of Yen)



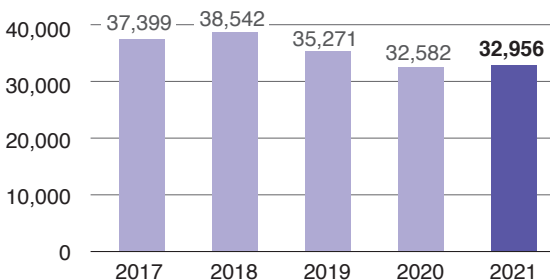
Net Income Attributable to Owners of the Parent (Millions of Yen)



Total Assets (Millions of Yen)



Total Equity (Millions of Yen)



Business Results

President
Teppei Nagata

永田鉄平

Consolidated financial result

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.

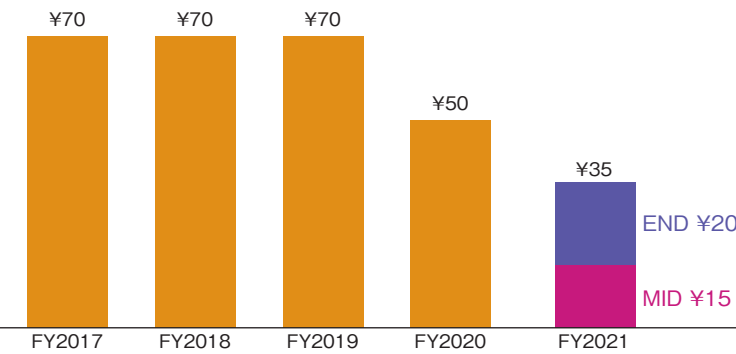
Net sales declined 12.9% year on year to ¥79,702 million (U.S.\$724,569 thousand) attributable to lackluster sales of commercial carpet tiles and wall coverings and a drop in domestic and overseas automobile-related sales due to the impact of the global economic slowdown. As to profits, operating income declined 32.6% year on year to ¥1,049 million (U.S.\$9,539 thousand), ordinary income declined 8.5% year on year to ¥1,211 million (U.S.\$11,015 thousand), and income attributable to owners of parent increased 186.4% year on year to ¥409 million (U.S.\$3,723 thousand) 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.

Dividend policy

The Company has positioned shareholder return as a key management issue and distributes profits appropriately by taking into account stable dividend payments and business results. Based on this basic dividend policy, the annual dividend for the fiscal year ended May 31, 2021 was ¥35 (U.S.\$0.32) per share, with an interim dividend of ¥15 (U.S.\$0.14) per share and a year-end dividend of ¥20 (U.S.\$0.18) per share.

In addition, it plans to pay an annual dividend of ¥70 per share (an interim dividend of ¥35 and year-end dividend of ¥35) for the fiscal year ending May 2022.

Annual Cash Dividends Per Share



Note : The figures shown were calculated based on standards after the reverse stock split.

Outlook for the next term

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, which 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, operating income of ¥1,160 million, ordinary income of ¥1,350 million, and profit attributable to owners of parent of ¥620 million for the fiscal year ending May 31, 2022.

Note : The planned figures for the fiscal year ending May 2022 are as of the announcement on July 13, 2021.

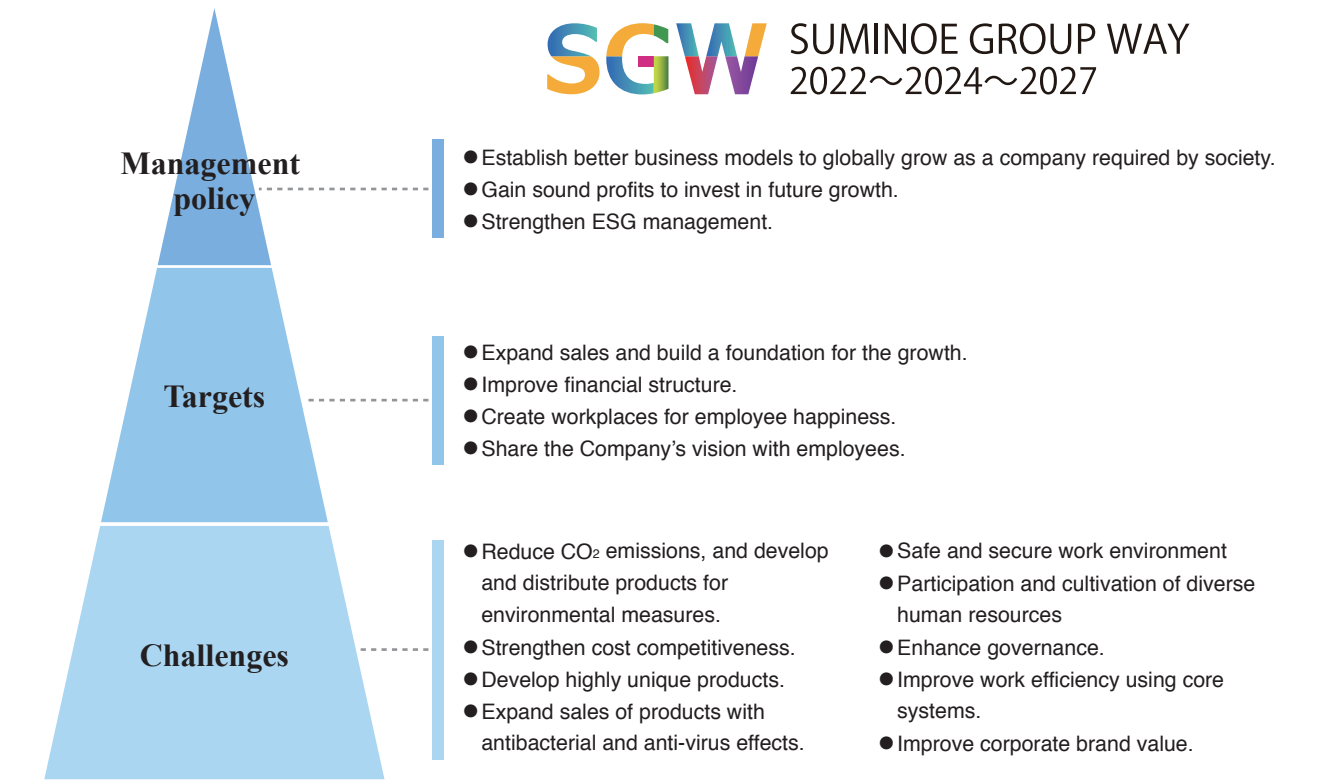
Medium- to Long-term Management Targets

SUMINOE GROUP WAY 2022-2024-2027

The Company formulated "SUMINOE GROUP WAY 2022-2024-2027," new Medium- to Long-term Management Targets starting June 2021. In order to continue to grow into the future, we will combine the strengths of all employees of the Group companies to achieve the targets Plan by increasing sales of products that meet social needs and promoting global management based on the ESG management which the Group has focused on to date.

SUMINOE GROUP WAY POLICY

With a view to our medium- to long-term "ideal corporate image," we have formulated policies up to the fiscal year ending May 2027.



Medium- to Long-term Targets Net sales: 100 billions of yen or more, Operating margin: 5% or more

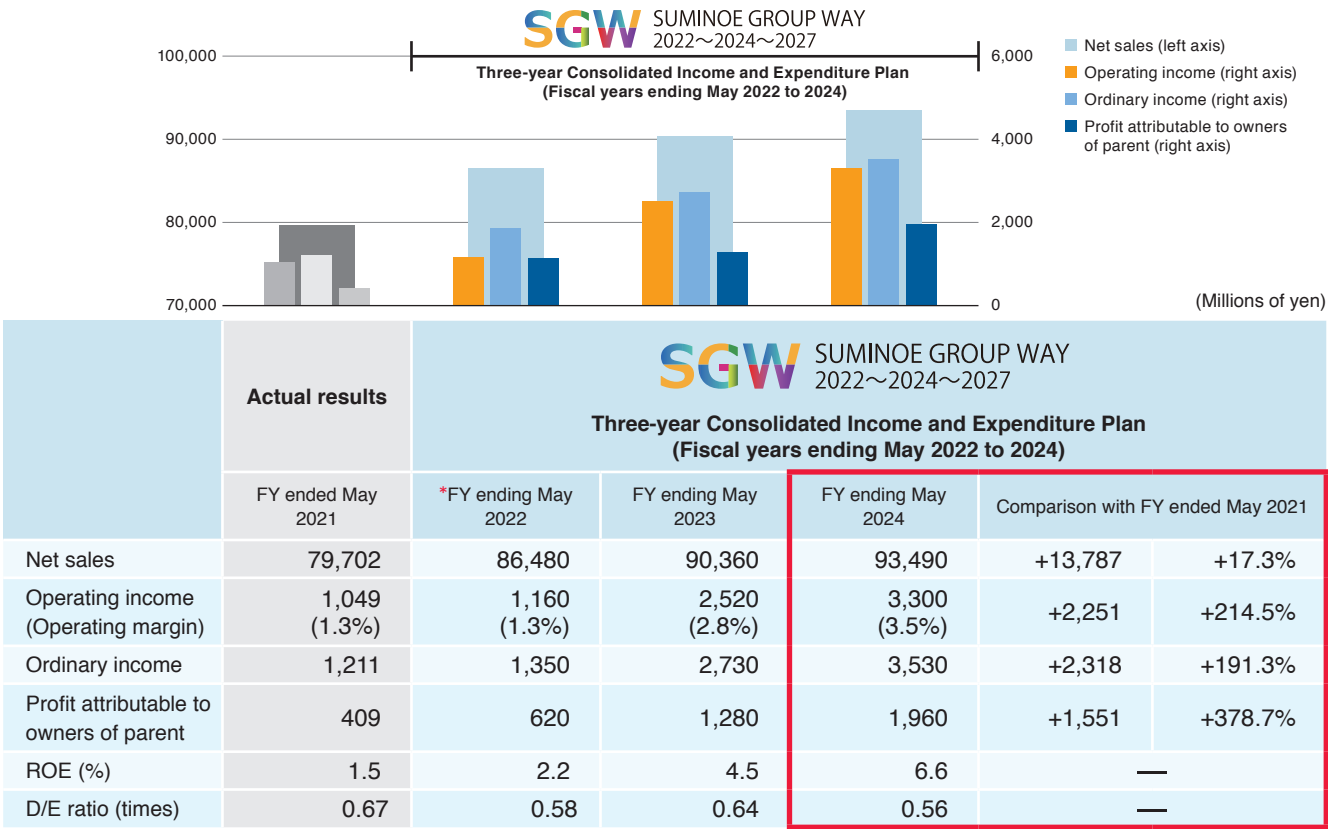
Financial Targets

- Expand sales and build a foundation for the growth.
- Improve financial structure.

Overview of the Three-year Plan (Fiscal years ending May 2022 to 2024)

With ESG management in mind, the Group will develop and promote the sale of products that contribute to a decarbonized society and products with antibacterial and anti-virus effects in each business segment. The Group will also endeavor to improve productivity and competitiveness, aiming at further efficiency by strengthening the management base and at the same time reorganizing offices through restructuring of core systems.

Three-year Consolidated Income and Expenditure Plan



Note 1: Target exchange rate for three years: U.S.\$1 to 103.00 yen
Note 2: The figure in the actual results for the FY ended May 2021 are based on Japanese GAAP.
* The planned figures for the FY ending May 2022 are as of the announcement on July 13, 2021.

Numerical targets by business segment

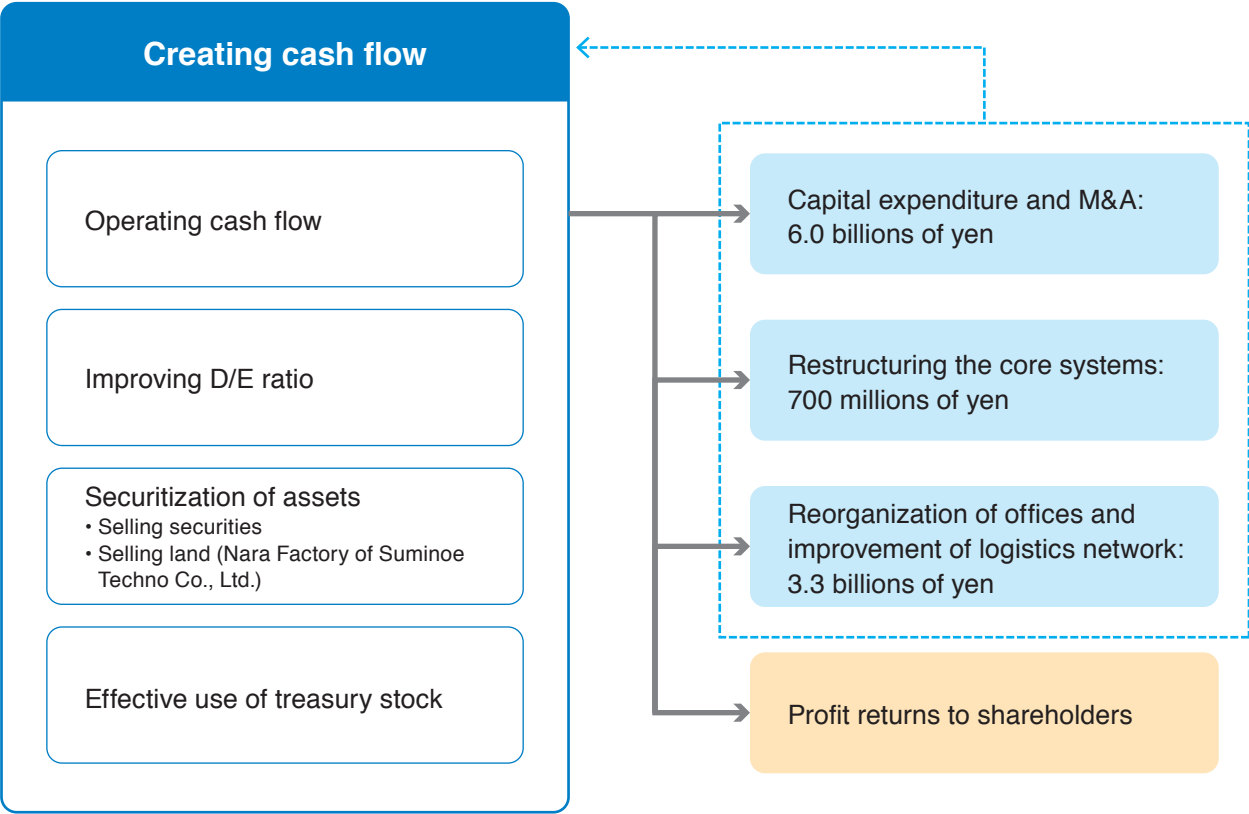
(Millions of yen)

		Actual results	SGW SUMINOE GROUP WAY 2022~2024~2027 Three-year Consolidated Income and Expenditure Plan (Fiscal years ending May 2022 to 2024)			
		FY ended May 2021	FY ending May 2022	FY ending May 2023	FY ending May 2024	
Interior fittings	Net sales	31,024	33,750	34,430	35,120	
	Operating income	579	400	450	520	
Automotive textiles and traffic facilities	Net sales	45,102	48,980	51,910	54,170	
	Operating income	2,102	2,800	3,590	4,170	
Functional materials	Net sales	3,130	3,410	3,680	3,840	
	Operating income	(87)	(140)	150	190	

Note1 : Figures in brackets are negative.
Note2 : The figure in the actual results for the FY ended May 2021 are based on Japanese GAAP.

Investments and Capital Policy

- We will aggressively implement capital expenditure and M&A with the aim of strengthening the existing businesses and the expanding business scale.
- We will endeavor to realize the optimum capital structure.

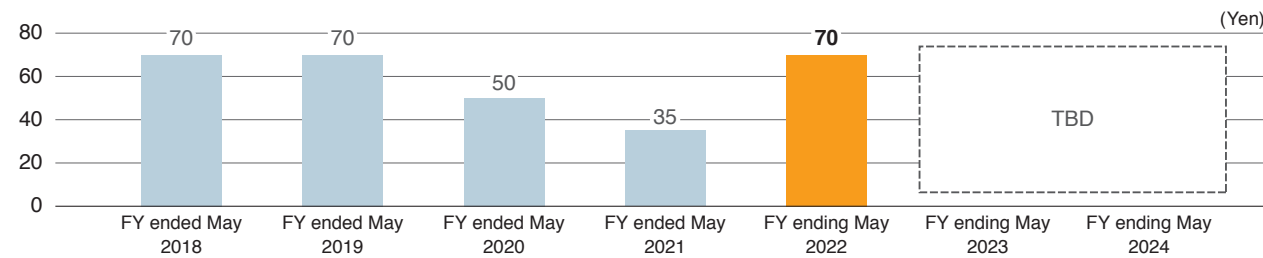


— Profit Return to Shareholders

With stable dividend payment to shareholders as a precondition, we will appropriately distribute returns, taking into consideration the trend of business performance and future investments for business expansion.

The dividend will be paid twice a year as an interim dividend and a year-end dividend.

We will enhance communication with shareholders through proactive IR activities.



Non-financial Targets – Initiatives for ESG

- Create workplaces for employee happiness.
- Share the Company's vision with employees.

Environment

— Initiatives for Reduction of CO₂ Emissions

We have focused on the initiatives for the reduction of CO₂ emissions through products manufactured by the Group since we developed *SUMITRON*® in 1990.

In June 2021, we established the “Visualization Committee on the Reduction of CO₂ Emissions” to further enhance the reduction of CO₂ emissions and the lowering of environmental load.

• Volume of contribution to the reduction of CO₂ emissions through products

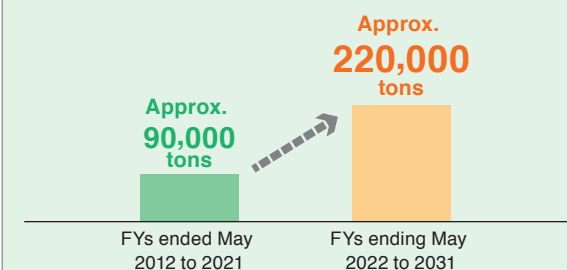
- Circulation-type recycling of carpet tiles
- Increase the use of recycled fibers, such as *SUMITRON*®.
- Increase the use of yarn recycled from PET and recycled resin materials.

• Reduction of CO₂ emissions in the business activities

- Improve logistics systems and unify the production bases.
- Improve energy efficiency and change fuels used.
- Working style reforms

ECOS®, carpet tiles under the horizontal recycling system

Volume of contribution to the reduction of CO₂ emissions over 10 years



— Development of Eco-friendly Products

We will contribute to a decarbonized society by accelerating research and development under the development philosophy of “K (Kenko meaning Health in Japanese), K (Kankyo meaning Environment), Recycle, plus A (Amenity).”

(Examples of eco-friendly products that contribute to the reduction of CO₂ emissions)

• *ECOS*®, carpet tiles under the horizontal recycling system

- Launched in 2011
- Achieved 84% at the maximum, which is the highest level of recycled materials used in the industry, and 43% at the maximum in the reduction rate of CO₂ emissions.
- Approximately 90,000 tons of CO₂ was reduced over the past decade.
- Approximately 220,000 tons of CO₂ are to be reduced over the next decade.



“*ECOS*®”: the solution-dyed yarn is applied to the pile yarn for the surface.

• *SUMITRON*®

- Polyester chips recycled from PET bottles are used as material by 50% or more.
- Useable for a long period of time due to excellent weather- and heat-resistance properties.
- Solution-dyed yarn is used for reducing environmental load.



Transition to solution-dyed yarn

Traditionally, the piece-dyeing method, which required large amounts of water and electricity as well as dyeing effluent treatment, had been applied to dye pile yarn used for the surface of carpets. We have now shifted to using solution-dyed yarn (pigmented at the spinning stage), which reduces CO₂ emissions, requiring less water and energy and with no effluent problem in the production process.

Social

We will endeavor to create workplaces for employee happiness.

• Initiatives for employees

1. Improve workplaces for more safety and security.
2. Diversity and inclusion
3. Participation and cultivation of human resources
4. Omnidirectional communication

• Social contribution activities

- Contribution in cases of disasters
- Support and donation for poverty and starvation

Governance

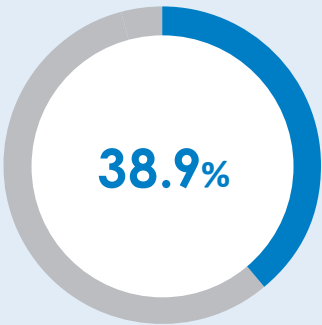
We aim to be a company trusted in society by further promoting our initiatives and by complying with laws and regulations and corporate ethics.

- Restructure the core systems.
- Strengthen the managerial decision making by outside directors.
- Promote interactive in-house communication through top management's frequent visits to workplaces.
- Continue to conduct compliance training.
- Further disseminate “Corporate ethics hotline.”
- Strengthen global risk management.
- BCP action plan

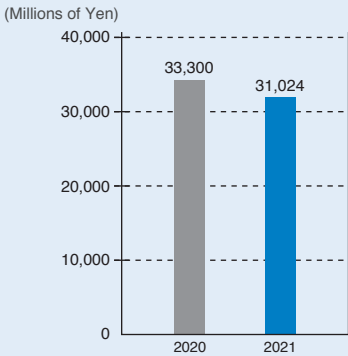
Interior
Fittings

p13

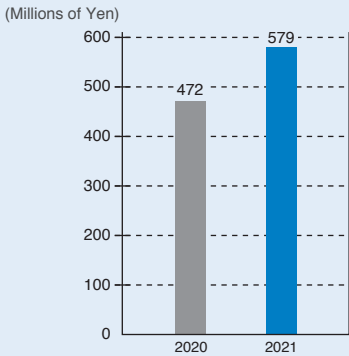
Contribution to Total Net Sales



Net Sales



Operating Income



Roll Carpets



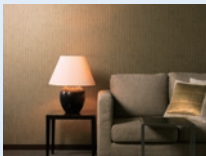
Carpet Tiles



Rugs and Mats



Curtains



Wallpaper



Plush Hand-woven
Curtains



Hand-woven Carpet
and Hooked Rugs

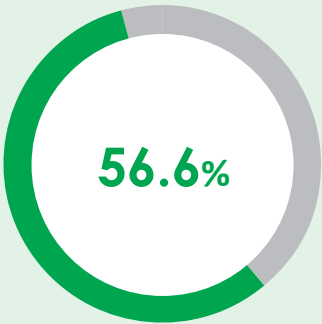


Nishijin Brocade
Fabric

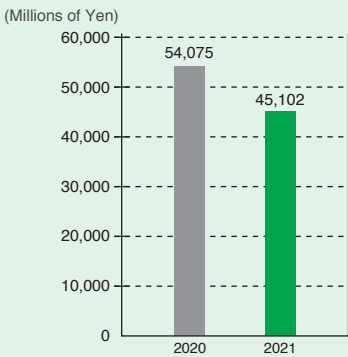
Automotive
Textiles and
Traffic Facilities

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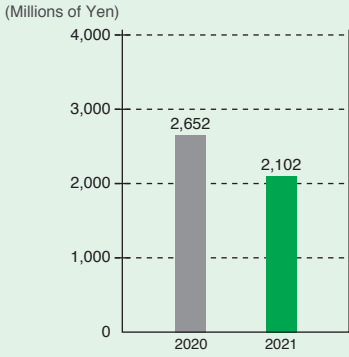
Contribution to Total Net Sales



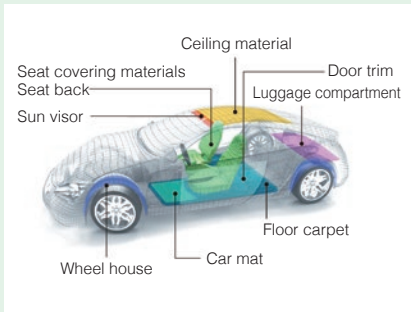
Net Sales



Operating Income



Automotive Textiles



Traffic Facilities



Train



Bus

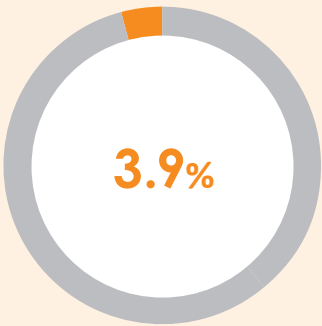


Ship

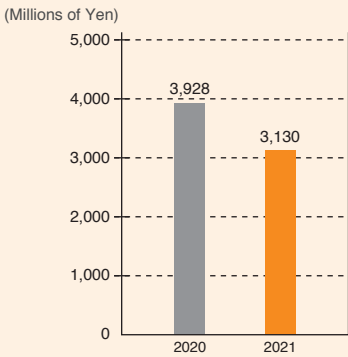
Functional
Materials

p17

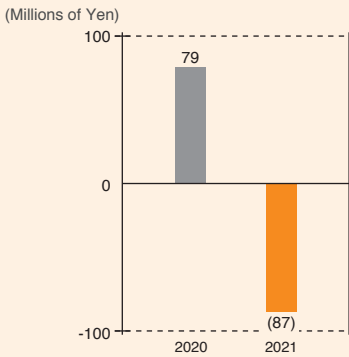
Contribution to Total Net Sales



Net Sales



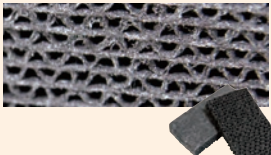
Operating Income



Electric Carpets



Tispa Deodorization
Related Brand



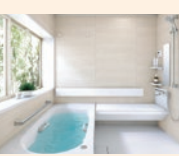
Air-filter Products



SUMITRON®
Continuous Fiber
Made from Recycled
PET bottles



OH TILE Olefin
Flooring Material



Floor Material
for Bathrooms



Kakidanomi
Persimmon Polyphenol
Supplements



At the Vanguard of Lifestyle Creation

Ever since 1891, when its carpets were supplied to the Imperial Diet Building on the occasion of its opening, the Suminoe Textile Group has created comfortable and safe living spaces as a pioneer in the Japanese interiors industry. Currently, our curtains and carpets are primarily marketed by SUMINOE Co., Ltd. and our wallpaper and paper for sliding doors by RUNON CO., LTD. The Suminoe Textile Group is committed to providing environmentally friendly products that feature both excellent design and functionality, and serving diverse customers by offering a wide variety of interior products for public facilities, hotels, schools, hospitals, and office buildings, as well as for general households.

In recent years, we have worked on the production of eco-friendly products, under the theme of

KKR+A, or Kenko (Health), Kankyo (Environment), Recycle and Amenity.

Environmentally Friendly Product at the World's Highest Level

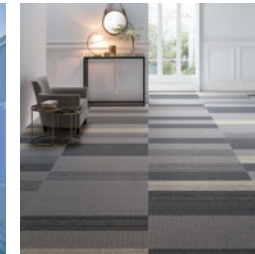
ECOS® is a series of recycled carpet tiles produced using horizontal recycling technology. *ECOS®* has achieved a post-consumption recycled material usage rate of 84%. Through our proprietary recycling system, recycled materials are created from old carpet tiles.



SUMINOE Co., Ltd.

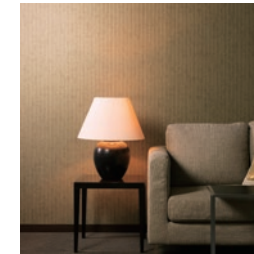


Roll Carpets



Carpet Tiles

RUNON CO., LTD.



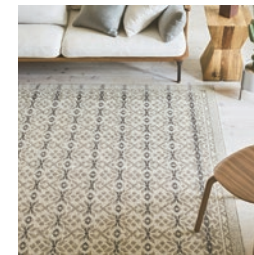
Wallpaper

Suminoe Textile Co., Ltd.

Kyoto Traditional Art and Craft Factory



Nishijin Brocade Fabric



Rugs and Mats



Curtains

Tango Textile Co., Ltd.



Plush Hand-woven Curtains



Hand-woven Carpet and Hooked Rugs

Business Overview for the Fiscal Year ended May 31, 2021

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 (U.S.\$282,045 thousand), and operating income increased 22.8% year on year to ¥579 million (U.S.\$5,271 thousand) 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.

Prospects for the next fiscal year

New construction of large properties, including hotels and commercial facilities, is expected to remain sluggish. We will strive to expand the sales of environmentally-friendly products and antibacterial and antiviral products while working to raise awareness of the SUMINOE brand. We will also focus on online sales, which have performed well in the current fiscal year.



Our Expertise in Proposing Optimal Solutions as a Total Supplier

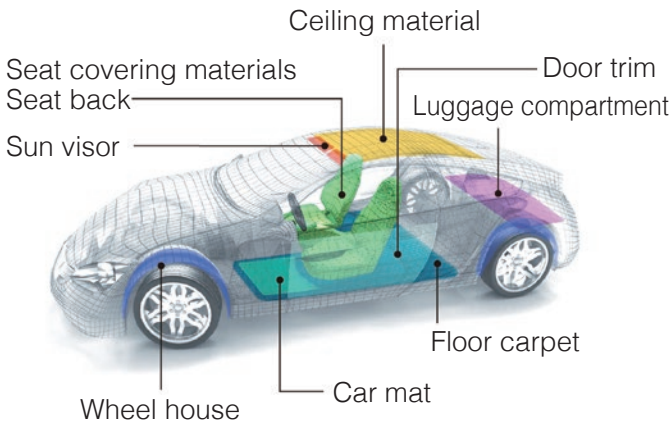
In 1931, Suminoe Textile supplied carpets and seat covering materials for automobiles assembled and manufactured in Japan for Ford Motor Company and General Motors. After World War II, the production of domestic automobiles increased, with our products adopted in these Japanese-made cars one after another.

At present, Suminoe Textile supplies its products to all Japanese automobile manufacturers.

The greatest feature of our Company is that we can supply a total line of automotive textiles, from floors to ceilings, including headliners, seat covering materials, car mats, and floor carpets.

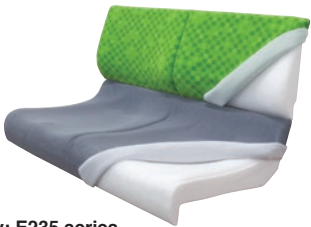
Outside Japan, the Suminoe Textile Group has now expanded its overseas presence by setting up 12 manufacturing and sales sites in six countries (the

United States, Mexico, China, Thailand, Indonesia, and India), aiming at the creation of a globally optimized supply system.



Confidence Based on Our Experience as a Pioneer

In 1896, we succeeded in producing hand-woven moquette as a seat covering for the first time in Japan. This domestic moquette was adopted by Japan National Railways (now JR) for its seat coverings in 1899. Since then, we have supplied our products to JR, private railways and publicly operated transportation services, maintaining the top market share for more than a century. Currently, Suminoe Textile offers total proposals for seat coverings, curtains, wall materials, flooring materials and other interior materials for public transportation systems, such as Shinkansen bullet trains and other trains, buses, ships, and aircraft. We also deliver environmentally friendly products, including *SUMICUBE*® seat cushion material, which excels in terms of both safety and environmental performance.



SUMICUBE®
Seat Cushion Material
East Japan Railway Company: E235 series



Central Japan Railway Company, West Japan Railway Company : Shinkansen N700 series

Business Overview for the Fiscal Year ended May 31, 2021

Net sales were down 16.6% year on year to ¥45,102 million (U.S.\$410,019 thousand) and operating income declined 20.7% year on year to ¥2,102 million (U.S.\$19,114 thousand) 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.

Prospects for the next fiscal year

In the automobile industry, the number of automobiles produced is expected to recover, and their sales are expected to increase year on year both in Japan and overseas. Although the sales of train- and bus-related products are expected to remain challenging, we will work on the development of antiviral processed interior materials and environmentally-friendly seat coverings.

In Pursuit of Endless Business Possibilities

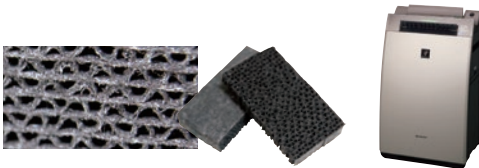
Transcending the boundaries of our traditional business segments, such as interior fittings and automotive textiles and traffic facilities, we have embarked on business targeting other fields and industries. Suminoe Textile has offered products that incorporate the unique technologies we have accumulated, such as *TRIPLE FRESH®* deodorizing filters and olefin bathroom flooring. In addition, the Company offers new value in the field of functional materials (*SUMINOE BIOTECH®*) based on biotechnology, in keeping with the theme of KKR+A, or Kenko (Health), Kankyo (Environment), Recycle and Amenity.

Tispa Deodorization Related Brand



The *Tispa* Series, Real Odor Deodorization without Disguising with a Scent, is stationary deodorizers for home use, making use of a deodorant filter.

Air-filter Products



TRIPLE FRESH® Bio is a concept of deodorizing filter where a biomimetic enzyme is invested in to a corrugate carrier. It continuously decomposes and deodorizes unpleasant odor components by oxidation-reduction reaction. This technology is incorporated into deodorizing filters used in air purifiers and other household appliances.

SUMITRON®

Continuous fiber made from recycled PET bottles



Electric Carpet

The main unit is produced by Suzhou Suminoe Textiles Co., Ltd.



Floor Material for Bathrooms

We have developed bath flooring made of eco-friendly olefin materials.



SUMINOE BIOTECH®

Functional materials based on biotechnology, and foods, processed foods, cosmetics, etc., making effective use of these materials.



Business Overview for the Fiscal Year ended May 31, 2021

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 (U.S.\$28,456 thousand), and operating loss was ¥(87) million (U.S.\$(792) thousand, operating income of ¥79 million 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 COVID19 pandemic, as well as sluggish sales of other products, including mats for school children.

Prospects for the next fiscal year

We will proceed with the reorganization of factories in China and Vietnam, which are production bases for electric carpets, to build an optimal supply system. We will work to secure orders in the existing businesses and to promote the development and sales of new functional processed products that meet market needs.

Financial Section 2021
Year ended May 31, 2021

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Consolidated Balance Sheet

Suminoe Textile Co., Ltd. and Subsidiaries
As of and for the Year Ended May 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
ASSETS			
CURRENT ASSETS :			
Cash and deposits	¥10,936	¥10,500	\$99,426
Notes and accounts receivable-trade	14,147	14,502	128,609
Electronically recorded monetary claims-operating	5,846	6,469	53,154
Securities	53	30	482
Merchandise and finished goods	8,533	10,422	77,581
Work in process	1,610	1,669	14,642
Raw materials and supplies	2,716	2,847	24,698
Income taxes receivable	70	149	637
Other	2,666	2,120	24,245
Allowance for doubtful accounts	(24)	(23)	(221)
Total current assets	46,557	48,688	423,253
NON-CURRENT ASSETS :			
PROPERTY, PLANT AND EQUIPMENT			
Buildings and structures, net	4,202	4,296	38,208
Machinery, equipment and vehicles, net	2,798	3,060	25,443
Land	17,606	17,602	160,060
Leased assets, net	1,290	1,587	11,736
Construction in progress	1,696	547	15,420
Other, net	433	365	3,940
Total property, plant and equipment	28,028	27,460	254,807
INTANGIBLE ASSETS :			
Leased assets	2	5	26
Other	1,544	1,593	14,044
Total intangible assets	1,547	1,598	14,070
INVESTMENTS AND OTHER ASSETS :			
Investment securities	4,916	5,987	44,695
Long-term loans receivable	9	6	86
Deferred tax assets	1,542	1,395	14,021
Other	1,228	1,293	11,170
Allowance for doubtful accounts	(162)	(157)	(1,474)
Total investments and other assets	7,534	8,525	68,498
Total non-current assets	37,111	37,584	337,375
TOTAL ASSETS	¥83,669	¥86,272	\$760,627

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
LIABILITIES AND NET ASSETS			
LIABILITIES :			
CURRENT LIABILITIES:			
Notes and accounts payable-trade	¥11,997	¥13,161	\$109,072
Electronically recorded obligations-operating	4,243	5,135	38,574
Short-term loans payable	9,834	10,858	89,402
Lease obligations	611	647	5,557
Income taxes payable	588	592	5,352
Provision for demolition costs	297	—	2,708
Other	4,283	3,473	38,940
Total current liabilities	31,856	33,868	289,606
NON-CURRENT LIABILITIES :			
Bonds payable	1,000	1,500	9,091
Long-term loans payable	7,855	7,825	71,411
Lease obligations	1,017	1,335	9,251
Deferred tax liabilities	313	332	2,846
Deferred tax liabilities for land revaluation	3,761	3,761	34,194
Provision for directors' retirement benefit	112	103	1,021
Net defined benefit liability	4,148	4,223	37,717
Other	647	741	5,890
Total non-current liabilities	18,856	19,821	171,421
Total liabilities	50,712	53,690	461,027
NET ASSETS :			
SHAREHOLDERS' EQUITY:			
Capital stock	9,554	9,554	86,856
Capital surplus	2,640	2,651	24,008
Retained earnings	10,672	10,452	97,022
Treasury shares	(3,988)	(4,017)	(36,262)
Total shareholders' equity	18,878	18,641	171,625
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Valuation difference on available-for-sale securities	893	1,434	8,127
Deferred gains or losses on hedging instruments	0	2	8
Revaluation reserve for land	7,797	7,797	70,883
Foreign currency translation adjustment	608	331	5,531
Remeasurements of defined benefit plans	(134)	(208)	(1,222)
Total accumulated other comprehensive income	9,166	9,357	83,327
Non-controlling interests	4,911	4,583	44,648
Total net assets	32,956	32,582	299,601
TOTAL LIABILITIES AND NET ASSETS	¥83,669	¥86,272	\$760,627

Consolidated Statement of Income

Suminoe Textile Co., Ltd. and Subsidiaries
As of and for the Year Ended May 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET SALES	¥79,702	¥91,512	\$724,569
COST OF SALES	62,876	72,837	571,604
Gross profit	16,826	18,674	152,965
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,776	17,116	143,427
Operating income	1,049	1,557	9,539
NON-OPERATING INCOME :			
Interest income	20	17	185
Dividend income	132	176	1,202
Foreign exchange gains	80	—	729
Real estate rent	269	258	2,452
Other	235	263	2,142
Total non-operating income	738	716	6,711
NON-OPERATING EXPENSES :			
Interest expenses	232	274	2,110
Sales discounts	39	46	357
Share of loss of entities accounted for using equity method	202	209	1,837
Foreign exchange losses	—	248	—
Rent expenses on real estates	32	32	298
Other	69	139	632
Total non-operating expenses	575	950	5,234
ORDINARY INCOME	1,211	1,323	11,015
EXTRAORDINARY INCOME :			
Gain on sale of non-current assets	8	7	73
Gain on sale of investment securities	1,439	398	13,088
Total extraordinary income	1,447	406	13,161
EXTRAORDINARY LOSS :			
Loss on sale and retirement of non-current assets	349	66	3,181
Impairment loss	329	7	2,995
Loss on valuation of investment securities	15	—	138
Total extraordinary loss	694	74	6,314
Profit before income taxes	1,964	1,655	17,863
INCOME TAXES :			
Current	967	958	8,796
Deferred	83	146	756
Total income taxes	1,050	1,105	9,552
PROFIT	914	550	8,311
Profit attributable to non-controlling interests	504	407	4,588
Profit attributable to owners of the parent	¥ 409	¥ 142	\$ 3,723

Consolidated Statement of Comprehensive Income

Suminoe Textile Co., Ltd. and Subsidiaries
As of and for the Year Ended May 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
PROFIT	¥ 914	¥ 550	\$ 8,311
OTHER COMPREHENSIVE INCOME			
Valuation difference on available-for-sale securities	(540)	(479)	(4,914)
Deferred gains or losses on hedging instruments	(5)	13	(48)
Foreign currency translation adjustment	420	(376)	3,824
Remeasurements of defined benefit plans, net of tax	73	69	671
Share of other comprehensive income of entities accounted for using equity method	3	(5)	35
Total other comprehensive income	(47)	(777)	(431)
COMPREHENSIVE INCOME	¥ 866	¥ (227)	\$ 7,879
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 217	¥ (528)	\$ 1,981
Non-controlling interests	648	300	5,898

Consolidated Statements of Changes in shareholders' equity

Suminoe Textile Co., Ltd. and Subsidiaries
As of and for the Year Ended May 31, 2021

	Millions of Yen				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total shareholders' equity
BALANCE, MAY 31, 2019	¥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 the 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, MAY 31, 2020	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 the 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, May 31, 2021	¥9,554	¥2,640	¥10,672	¥(3,988)	¥18,878

	Millions of Yen				
	Accumulated Other Comprehensive Income				
	Valuation difference on available-for-sale securities	Deferred gain or losses on hedging instruments	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans
BALANCE, MAY 31, 2019	¥1,913	¥(6)	¥7,797	¥ 601	¥(277)
Changes of items during the period					
Dividends of surplus					
Profit attributable to owners of the parent					
Purchase of treasury shares					
Disposition of treasury shares					
Net changes of items other than shareholders' equity	(479)	8	—	(269)	69
Total changes of items during the period	(479)	8	—	(269)	69
BALANCE, MAY 31, 2020	1,434	2	7,797	331	(208)
Changes of items during the period					
Dividends of surplus					
Profit attributable to owners of the parent					
Purchase of treasury shares					
Disposition of treasury shares					
Net changes of items other than shareholders' equity	(540)	(1)	—	276	73
Total changes of items during the period	(540)	(1)	—	276	73
BALANCE, May 31, 2021	¥ 893	¥ 0	¥7,797	¥ 608	¥(134)

	Millions of Yen		
	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
BALANCE, MAY 31, 2019	¥10,028	¥4,682	¥35,271
Changes of items during the period			
Dividends of surplus			(468)
Profit attributable to owners of the parent			142
Purchase of treasury shares			(1,601)
Disposition of treasury shares			7
Net changes of items other than shareholders' equity	(671)	(98)	(769)
Total changes of items during the period	(671)	(98)	(2,688)
BALANCE, MAY 31, 2020	9,357	4,583	32,582
Changes of items during the period			
Dividends of surplus			(189)
Profit attributable to owners of the parent			409
Purchase of treasury shares			(0)
Disposition of treasury shares			18
Net changes of items other than shareholders' equity	(191)	327	135
Total changes of items during the period	(191)	327	(373)
BALANCE, May 31, 2021	¥ 9,166	¥4,911	¥32,956

	Thousands of U.S. Dollars (Note 1)				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total shareholders' equity
BALANCE, MAY 31, 2020	\$86,856	\$24,108	\$95,022	\$(36,519)	\$169,466
Changes of items during the period					
Dividends of surplus			(1,722)		(1,722)
Profit attributable to owners of the parent			3,723		3,723
Purchase of treasury shares				(9)	(9)
Disposition of treasury shares		(100)		266	166
Net changes of items other than shareholders' equity					
Total changes of items during the period		(100)	2,001	257	2,159
BALANCE, May 31, 2021	\$86,856	\$24,008	\$97,022	\$(36,262)	\$171,625

	Thousands of U.S. Dollars (Note 1)				
	Accumulated Other Comprehensive Income				
	Valuation difference on available-for-sale securities	Deferred gain or losses on hedging instruments	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans
BALANCE, MAY 31, 2020	\$13,041	\$ 21	\$70,883	\$3,018	\$(1,893)
Changes of items during the period					
Dividends of surplus					
Profit attributable to owners of the parent					
Purchase of treasury shares					
Disposition of treasury shares					
Net changes of items other than shareholders' equity	(4,914)	(13)	—	2,514	671
Total changes of items during the period	(4,914)	(13)	—	2,514	671
BALANCE, May 31, 2021	\$ 8,127	\$ 8	\$70,883	\$5,531	\$(1,222)

	Thousands of U.S. Dollars (Note 1)		
	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
BALANCE, MAY 31, 2020	\$85,069	\$41,671	\$296,206
Changes of items during the period			
Dividends of surplus			(1,722)
Profit attributable to owners of the parent			3,723
Purchase of treasury shares			(9)
Disposition of treasury shares			166
Net changes of items other than shareholders' equity	(1,742)	2,978	1,236
Total changes of items during the period	(1,742)	2,978	3,395
BALANCE, May 31, 2021	\$83,327	\$44,648	\$299,601

Consolidated Statement of Cash Flows

Suminoe Textile Co., Ltd. and Subsidiaries
As of and for the Year Ended May 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income taxes	¥ 1,964	¥ 1,655	\$ 17,863
Depreciation and Amortization	1,979	2,030	17,993
Impairment loss	329	7	2,995
Increase (decrease) in net defined benefit liability	13	25	121
Increase (decrease) in provision for directors' retirement benefits	(25)	7	(235)
Increase (decrease) in allowance for doubtful accounts	3	0	36
Interest and dividend income	(152)	(194)	(1,388)
Interest expenses	232	274	2,110
Share of loss (profit) of entities accounted for using equity method	202	209	1,837
Loss (gain) on sale and retirement of non-current assets	341	58	3,108
Loss (gain) on sale of investment securities	(1,439)	(398)	(13,088)
Loss (gain) on valuation of investment securities	15	—	138
Decrease (increase) in notes and accounts receivable - trade	1,700	2,551	15,456
Decrease (increase) in inventories	2,252	529	20,475
Increase (decrease) in notes and accounts payable - trade	(2,602)	(1,024)	(23,663)
Decrease (increase) in consumption taxes refund receivable	6	(54)	55
Increase (decrease) in accrued consumption taxes payable	29	93	265
Decrease (increase) in other current assets	(402)	1,146	(3,656)
Increase (decrease) in other current liabilities	331	27	3,013
Other	356	(132)	3,242
Subtotal	5,134	6,814	46,677
Interest and dividend income received	148	194	1,348
Interest expenses paid	(227)	(275)	(2,069)
Income taxes paid	(921)	(1,005)	(8,380)
Income taxes refund	34	173	314
Net cash provided by (used in) operating activities	4,167	5,901	37,889

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposits	(419)	(300)	(3,811)
Proceeds from withdrawal of time deposits	396	275	3,604
Purchase of securities	(61)	(39)	(561)
Proceeds from sale and redemption of securities	47	20	434
Purchase of property, plant and equipment	(2,060)	(1,535)	(18,733)
Proceeds from sale of property, plant and equipment	39	83	355
Proceeds from earnest related sales of property, plant and equipment	136	—	1,241
Payments for retirement of property, plant and equipment	(319)	—	(2,901)
Payments for asset retirement obligations	(137)	—	(1,246)
Purchase of intangible assets	(211)	(434)	(1,926)
Purchase of investment securities	(56)	(17)	(515)
Proceeds from sale and redemption of investment securities	1,667	379	15,159
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	229	32	2,083
Payments of loans receivable	(7)	(2)	(67)
Collection of loans receivable	3	2	28
Other	(0)	—	(3)
Net cash provided by (used in) investing activities	(754)	(1,536)	(6,858)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term loans payable	(3,019)	1,061	(27,449)
Proceeds from long-term loans payable	5,200	2,200	47,273
Repayments of long-term loans payable	(3,659)	(1,546)	(33,268)
Proceeds from issuance of bonds	(500)	—	(4,545)
Repayments of lease obligations	(769)	(895)	(6,994)
Purchase of treasury shares	(0)	(1,601)	(9)
Proceeds from sale of treasury shares	18	—	166
Cash dividends paid	(190)	(468)	(1,731)
Cash dividends paid to non-controlling interests	(253)	(451)	(2,303)
Net cash provided by (used in) financing activities	(3,174)	(1,702)	(28,861)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	208	(109)	1,900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	447	2,554	4,070
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,309	7,754	93,720
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥10,756	¥10,309	\$ 97,790

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Suminoe Textile Co., Ltd. (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”). In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110 to \$1, the approximate rate of exchange at May 31, 2021. Such translation should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen or rounded off to the nearest one thousand U.S. dollar, unless otherwise indicated. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation - The accompanying consolidated financial statements as of and for the year ended May 31, 2021 include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries (collectively, the "Group").

Under the control and influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in two associated companies have been accounted for using the equity method.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period not exceeding 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated. Among consolidated subsidiaries, certain domestic and foreign subsidiaries have different fiscal year-ends from the Company's fiscal year-end, May 31. Those companies which fiscal year-end is March 31, the financial statements of these subsidiaries as of and for the year ended March 31 were used in preparing the accompanying consolidated financial statements. Those companies which fiscal year-end is September 30 or December 31, the financial statements of these subsidiaries as of and for the period ended March 31 or April 30, as available, were used in preparing the accompanying consolidated financial statements. All material transactions which occurred during the periods from their respective fiscal year-ends to May 31 have been accounted for in the consolidation process.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements", the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America (“U.S. GAAP”) tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized development costs of research and development (“R&D”); and (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of cost model of accounting.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for Using the Equity Method - ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires

adjustments to be made to conform the associates' accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized development costs of R&D; and (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

d. Business Combinations - Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of non-controlling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

3. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures", an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are components for which separate financial information is available and whose operating results are reviewed regularly by the Board of Directors in order to determine allocation of resources and assess segment performance. The Group is organized by business operating units and subsidiaries, which are separated based on the products and services they provide. Each of these units and subsidiaries plan comprehensive strategies for business and perform business activities. Therefore, based on these business operating units and also taking into account the types of products and the similarities in markets, the reportable segments of the Group are divided into three segments: “Interior Fittings”, “Automotive Textiles and Traffic Facilities”, and “Functional Materials”. The Interior Fittings segment includes manufacturing and selling carpets, curtains, wallpaper and other flooring materials. The Automotive Textiles and Traffic Facilities segment includes manufacturing and selling interior materials for automobiles, trains, buses, ships, aircraft and other conveyances. The Functional Materials segment includes manufacturing and selling electric heated carpets and related products, such as deodorizers and processing of silicon wafers for solar cells.

(2) Methods of Measurement for the Amounts of Sales, Profit, Assets and Other Items for Each Reportable Segment

The accounting policies of the segments are substantially the same as those used in preparing the accompanying consolidated financial statements. The profits of reportable segments correspond to operating income. The intersegment sales or transfers are based on actual market prices.

(3) Information about Sales, Profit, Assets, and Other Items by Reportable Segment

	Millions of Yen			
	2021			
	Reportable Segments			
	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
Inter-segment sales and transfers	654	2	0	657
Total	¥31,679	¥45,104	¥3,130	¥79,915
Segment income	¥ 579	¥ 2,102	¥ (87)	¥ 2,595
Segment assets	25,155	35,275	2,488	62,919
Other :				
Depreciation and amortization	246	1,430	138	1,815
Investment in equity method affiliates	—	66	—	66
Increase in property, plant, and equipment, and intangible assets	1,118	1,393	63	2,576

	Millions of Yen			
	2020			
	Reportable Segments			
	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
Inter-segment sales and transfers	663	5	1	669
Total	¥33,964	¥54,081	¥3,929	¥91,974
Segment income	¥ 472	¥ 2,652	¥ 79	¥ 3,204
Segment assets	25,974	35,050	2,709	63,734
Other :				
Depreciation and amortization	314	1,445	97	1,858
Investment in equity method affiliates	—	266	—	266
Increase in property, plant, and equipment, and intangible assets	220	2,418	630	3,270

	Thousands of U.S. Dollars			
	2021			
	Reportable Segments			
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total
Net sales :				
Net sales to outside customers	\$282,045	\$410,019	\$28,456	\$720,520
Inter-segment sales and transfers	5,952	23	7	5,982
Total	\$287,997	\$410,042	\$28,462	\$726,502
Segment income	\$ 5,271	\$ 19,114	\$ (792)	\$ 23,593
Segment assets	228,689	320,683	22,622	571,993
Other :				
Depreciation and amortization	2,237	13,002	1263	16,503
Investment in equity method affiliates	—	606	—	606
Increase in property, plant, and equipment, and intangible assets	10,170	12,672	581	23,423

	Millions of Yen			
	2021			
	Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	¥445	¥79,702	—	¥79,702
	163	821	¥ (821)	—
	¥608	¥80,523	¥ (821)	¥79,702
	¥ 73	¥ 2,668	¥(1,619)	¥ 1,049
	290	63,209	20,459	83,669
	21	1,836	142	1,979
	—	66	—	66
	13	2,590	87	2,677

	Millions of Yen			
	2020			
	Other (Note 4)	Total	Adjustment (Note 5)	Figures in consolidated financial statements (Note 6)
	¥207	¥91,512	—	¥91,512
	168	838	¥ (838)	—
	¥375	¥92,350	¥ (838)	¥91,512
	¥ 43	¥ 3,247	¥ (1,690)	¥ 1,557
	584	64,318	21,954	86,272
	25	1,883	147	2,030
	—	266	—	266
	28	3,298	217	3,516

	Thousands of U.S. Dollars			
	2021			
	Other (Note 7)	Total	Adjustment (Note 8)	Figures in consolidated financial statements (Note 9)
	\$4,049	\$724,569	—	\$724,569
	1,486	7,467	\$ (7,467)	—
	\$5,535	\$732,036	\$ (7,467)	\$724,569
	\$ 668	\$ 24,261	\$(14,723)	\$ 9,539
	2,638	574,631	185,996	760,627
	196	16,698	1,295	17,993
	—	606	—	606
	124	23,547	795	24,342

Note 1
Other represents segments that are not included in any other reportable segments, such as physical property and performance inspection.

Note 2
Adjustments are as follows:
1) Adjustment of ¥(1,619) million recorded for segment income for the year ended May 31, 2021 includes elimination of intersegment transactions of ¥26 million and corporate expenses of ¥(1,645) million that are not allocated to relevant reportable segments. Unallocated corporate expenses mainly consist of expenses for the administrative and R&D divisions that do not belong to any reportable segment.
2) Adjustment of ¥20,459 million recorded for segment assets for the year ended May 31, 2021 includes elimination of intersegment transactions of ¥(74) million and corporate assets of ¥20,534 million that are not allocated to relevant reportable segments. Unallocated corporate assets mainly consist of investment of surplus funds (cash and deposits), long-term investment (investment securities), and assets related to the administrative division that do not belong to any reportable segment.

Note 3
Segment income is adjusted with operating income in the accompanying consolidated statements of income.

Note 4
Other represents segments that are not included in any other reportable segments, such as the physical property and performance inspection.

Note 5
Adjustments are as follows:
1) Adjustment of ¥(1,690) million recorded for segment income for the year ended May 31, 2020 includes elimination of intersegment transactions of ¥28 million and corporate expenses of ¥(1,718) million that are not allocated to relevant reportable segments. Unallocated corporate expenses mainly consist of expenses for the administrative and R&D divisions that do not belong to any reportable segment.
2) Adjustment of ¥21,954 million recorded for segment assets for the year ended May 31, 2020 includes elimination of intersegment transactions of ¥(251) million and corporate assets of ¥22,205 million that are not allocated to relevant reportable segments. Unallocated corporate assets mainly consist of investment of surplus funds (cash and deposits), long-term investment (investment securities), and assets related to the administrative division that do not belong to any reportable segment.

Note 6
Segment income is adjusted with operating income in the accompanying consolidated statements of income.

Note 7
Other represents segments that are not included in any other reportable segments, such as the physical property and performance inspection.

Note 8
Adjustments are as follows:
1) Adjustment of \$(14,723) thousand recorded for segment income for the year ended May 31, 2021 includes elimination of intersegment transactions of \$240 thousand and corporate expenses of \$(14,963) thousand that are not allocated to relevant reportable segments. Unallocated corporate expenses mainly consist of expenses for the administrative and R&D divisions that do not belong to any reportable segment.
2) Adjustment of \$185,996 thousand recorded for segment assets includes elimination of intersegment transactions of \$(679) thousand and corporate assets of \$186,675 thousand that are not allocated to relevant reportable segments. Unallocated corporate assets mainly consist of investment of surplus funds (cash and deposits), long-term investment (investment securities), and assets related to the administrative division that do not belong to any reportable segment.

Note 9
Segment income is adjusted with operating income in the accompanying consolidated statements of income.

(4) Information about Geographical Areas

	Millions of Yen				
	2021				
	Japan	North and Central America	Asia	Other	Total
For the year ended May 31, 2021					
Sales to customers	¥56,533	¥10,448	¥12,579	¥140	¥79,702
Property, plant and equipment	23,485	3,297	1,245	—	28,028
	Millions of Yen				
	2020				
	Japan	North and Central America (U.S.A.)	Asia	Other	Total
For the year ended May 31, 2020					
Sales to customers	¥61,832	¥14,049 (9,947)	¥15,339	¥289	¥91,512
Property, plant and equipment	22,396	3,552	1,511	—	27,460
	Thousands of U.S. Dollars				
	2021				
	Japan	North and Central America	Asia	Other	Total
For the year ended May 31, 2021					
Sales to customers	\$513,944	\$94,988	\$114,364	\$1,273	\$724,569
Property, plant and equipment	213,504	29,979	11,324	—	254,807

(5) Information about Impairment on Non-Current Assets by Reporting Segment

	Millions of Yen						
	2021						
	Reportable Segments				Other	Eliminations/ Corporate	Total
For the year ended May 31, 2021	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
	129	106	53	¥289	1	38	¥329
	Millions of Yen						
	2020						
	Reportable Segments				Other	Eliminations/ Corporate	Total
For the year ended May 31, 2020	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
	—	¥7	—	¥7	—	—	¥7
	Thousands of U.S. Dollars						
	2021						
	Reportable Segments				Other	Eliminations/ Corporate	Total
For the year ended May 31, 2021	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
	1,181	965	486	\$2,632	16	346	\$2,995

4. PER SHARE INFORMATION

The basis of computing basic earnings per share (“EPS”) for the years ended May 31, 2021 and 2020 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
For the year ended May 31, 2021	Profit Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS – Profit attributable to common shareholders	409	6,315	64.84	0.59

	Millions of Yen	Thousands of Shares	Yen
For the year ended May 31, 2020	Profit Attributable to Owners of the Parent	Weighted-Average Shares	EPS
Basic EPS – Profit attributable to common shareholders	142	6,535	21.88

Note: Diluted earnings per share is not presented as there were no dilutive securities for the year ended May 31, 2021.

Treasury shares held by the Company are not included in the number of shares of common stock and the weighted-average number of shares used for computation of the basic EPS and net assets per share. The number of treasury shares excluded from the calculation of basic EPS were 1,366 thousand and 1,147 thousand for the years ended May 31, 2021 and 2020, respectively. The number of such shares for the calculation of net assets per share were 1,363 thousand and 1,373 thousand as of May 31, 2021 and 2020, respectively.

Net assets per share as of May 31, 2021 and 2020 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
As of May 31, 2021	Net Assets Attributable to Owners of the Parent	Common Shares	Net Assets per Share	
Net assets per share	28,044	6,318	4,438.67	40.35

	Millions of Yen	Thousands of Shares	Yen
As of May 31, 2020	Net Assets Attributable to Owners of the Parent	Common Shares	Net Assets per Share
Net assets per share	27,998	6,308	4,438.11

Company Network

(as of May 31, 2021)

Offices

Head Office, Osaka Branch & Osaka Showroom
11-20, Minami-Semba 3-Chome,
Chuo-ku, Osaka 542-8504
Phone: +81-6-6251-6801
Fax: +81-6-6251-0862

Tokyo Branch & Tokyo Showroom
BR Gotanda-Building, 30-4,
Nishi-Gotanda 2-Chome,
Shinagawa-ku, Tokyo 141-0031
Phone: +81-3-5434-2860
Fax: +81-3-5434-6542

Sales Offices

Sapporo, Sendai, Saitama, Chiba,
Yokohama, Shizuoka, Kanazawa,
Nagoya, Kyoto, Kobe, Okayama,
Hiroshima, Fukuoka

Factories

Nara, Shiga, Kyoto, Aichi, Ishikawa

R&D Center

11-20, Minami-Semba 3-Chome,
Chuo-ku, Osaka 542-8504
Phone: +81-6-6251-6839
Fax: +81-6-6251-6868

Technical Center

Kubota, Ando-cho, Ikoma-gun,
Nara 639-1064
Phone: +81-743-57-5441
Fax: +81-743-57-6410

Subsidiaries

Japan
SUMINOE Co., Ltd.
RUNON CO., LTD.
SUMINOE LOGISTICS Co., Ltd.
Suminoe Works Co., Ltd.
Sewing Hyogo Co., Ltd.
CPO Co., Ltd.
Suminoe Teijin Techno Co., Ltd.
Marunaka Souei Co., Ltd.
Suminoe Techno Co., Ltd.
Tango Textile Co., Ltd.
Teijin Tecloth Ltd.
Owari Seisen Co., Ltd.
Kansai Laboratory Co., Ltd.
INTECH CO., LTD.

Subsidiaries

USA
Suminoe Textile of America Corporation
Bondtex, Inc.

Mexico
Suminoe Textile de Mexico, S.A. de C.V.

China
SPM Automotive Textile Co., Ltd.
Suzhou Suminoe Koide Automotive
Accessories Co., Ltd.
Suminoe Textile Shanghai Co., Ltd.
Suzhou Suminoe Textiles Co., Ltd.

Thailand
T.C.H. Suminoe Co., Ltd.
Suminoe Koide (Thailand) Co., Ltd.

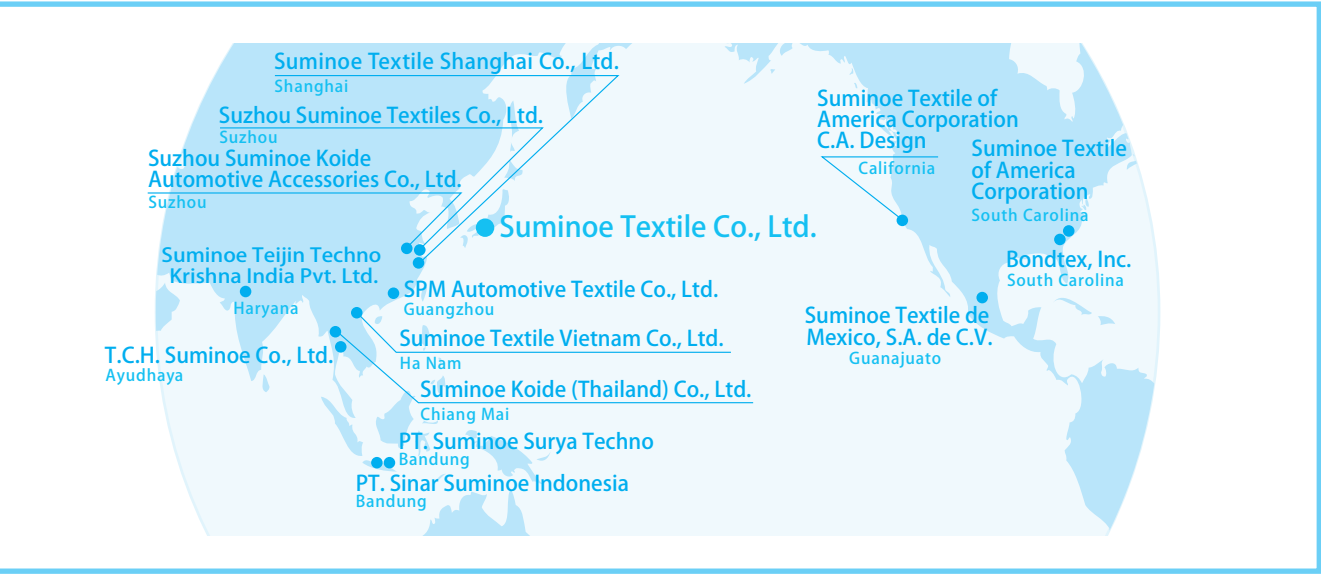
Indonesia
PT. Suminoe Surya Techno
PT. Sinar Suminoe Indonesia

India
Suminoe Teijin Techno Krishna India Pvt. Ltd.

Vietnam
Suminoe Textile Vietnam Co., Ltd.

Associated Companies

Japan
Sumisho Airbag Systems Co., Ltd.
KST Co., Ltd.



Board of Directors and Corporate Auditors

(as of August 27, 2021)

Chairman

Ichizo Yoshikawa

Managing Director

Hiroaki Usugi
(Representative Director)

Directors

Toshiro Maruyama
Eiichiro Kimura
Haruo Shimizu
Kohei Nomura
Koichi Makino
Yumiko Oida

Corporate Auditors

Kiyokazu Ichikawa
Atsuhiko Sonoda
Takafumi Katayama

President

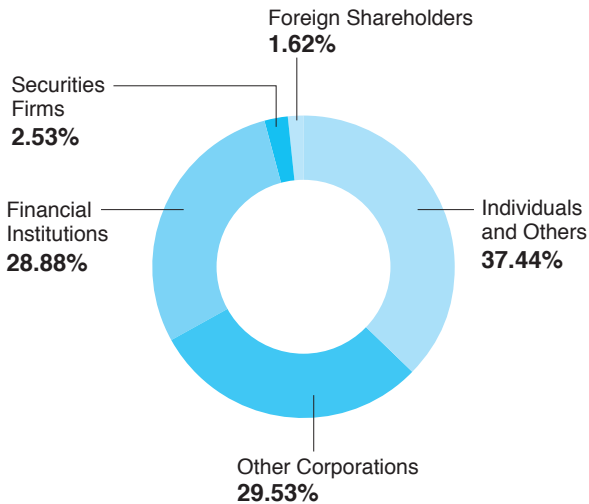
Teppei Nagata
(Representative Director)

Investor Information

(as of May 31, 2021)

Founded: 1883
Incorporated: December 25, 1913
(Suminoe Textile Joint-Stock Company)
Change of Organization: December 26, 1930
(Suminoe Textile Co., Ltd.)
Capital: ¥9,554,173,950
Authorized Shares: 30,000,000
Issued Shares: 7,682,162
Shareholders: 3,876
Employees: 253 (Parent Company)
2,724 (Consolidated Basis)

Composition of Shareholders :



Major Shareholders:

(as of May 31, 2021)

Name	Number of Shares (Thousands)	Percentage of Total Shares Outstanding
Takashimaya Company, Limited	924	14.64
Nippon Life Insurance Company	501	7.94
Marubeni Corporation	366	5.80
The Master Trust Bank of Japan, Ltd. (Trust account)	282	4.47
Mizuho Bank, Ltd.	234	3.71
HAYASHI TELEMPU HOLDINGS CORPORATION	233	3.69
The Master Trust Bank of Japan, Ltd. (as trustee for Retirement Benefit Trust of UNITIKA LTD.)	178	2.83
MUFG Bank, Ltd.	174	2.76
Suminoe Textile Kyoeikai	144	2.29
Suminoe Textile Employee's Association	144	2.28

1. Fractions of less than 1,000 were disregarded in the numbers of shares held.
2. Suminoe Textile Co., Ltd. has treasury stock (1,363,878 shares) but is not included in the above list of major shareholders.
Treasury stock is excluded from the calculation of the percentages of share ownership.