



Consolidated Financial Results for the Second Quarter of Fiscal Year 2022 (Japanese GAAP)

January 14, 2022

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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Scheduled date of filing of quarterly report: January 14, 2022 Scheduled date of dividend payment: February 14, 2022

Preparation of supplementary explanatory documents for quarterly financial results: No

Holding analyst meeting for quarterly 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 the 2nd Quarter of FY2022 (June 1, 2021 to November 30, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q2 of FY ending May 31, 2022	39,323	4.7	(174)	—	593	—	48	—
Q2 of FY ended May 31, 2021	37,567	(22.7)	20	(98.3)	(5)	—	(352)	—

(Note) Comprehensive income Q2 of FY ending May 31, 2022: (149) million yen (— %)
Q2 of FY ended May 31, 2021: (436) million yen (— %)

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
Q2 of FY ending May 31, 2022	7.71	—
Q2 of FY ended May 31, 2021	(55.87)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q2 of FY ending May 31, 2022	81,812	32,588	33.7
FY2021	83,669	32,956	33.5

(Reference) Shareholders' equity Q2 of FY ending May 31, 2022: 27,599 million yen FY2021: 28,044 million yen

2. Dividend Information

	Dividend per share				
	First quarter	Second quarter	Third quarter	End of the year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	—	15.00	—	20.00	35.00
FY2022	—	35.00	—	—	—
FY2022 (Forecast)	—	—	—	35.00	70.00

(Note) Revision of the latest dividend forecast: No

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
Full year	83,900	5.3	402	(61.7)	1,102	(9.1)	526	28.5	83.13

(Note) Revision of the latest forecasts of operational results: No

*Notes

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

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

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

(i) Changes in accounting policies due to revisions of accounting standards: Yes

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

(iii) Changes in financial estimates: No

(iv) Restatements of financial statements: No

Note: For further information, please refer to “(4) Major notes on consolidated quarterly financial statements (Changes in accounting policies)” of “2. Consolidated quarterly financial statements and major notes” on page 13 of the attached document.

(4) Number of shares issued (common stock)

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

Q2 of FY2022	7,682,162 shares	FY2021	7,682,162 shares
Q2 of FY2022	1,350,504 shares	FY2021	1,363,878 shares
Q2 of FY2022	6,324,048 shares	Q2 of FY2021	6,312,959 shares

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

(iii) Average number of shares outstanding during the period (quarterly consolidated cumulative period)

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

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

(Note on the forward-looking statements)

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

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

(1) Explanation of business results

During the first six months of fiscal year ending May 31, 2022, the Japanese economy saw a mild recovery as the spread of the Delta variant of the novel coronavirus (COVID-19) subsided and vaccinations increased. The global economy also continued to see a recovery following the resumption of economic activity. However, there are concerns in Japan and abroad over the impact of the spread of new COVID-19 variants, the shortage of semiconductors and components, and the soaring prices of raw materials due to high crude oil prices.

In the interior industry, which relates to the Company's business, domestic new housing starts were up 7.2% year on year, and the floor area of nonresidential construction starts also increased by 12.1% year on year. In the automotive industry, automobile production in the Japanese market was down 15.3% year on year. Both production and sales increased in overseas markets in the same period of the previous fiscal year.

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 Interior Fittings Segment, the Company is striving to expand the sales of environment-friendly and health-conscious products, such as *ECOS*®, eco-friendly carpet tiles under the horizontal recycling system and products processed with antibacterial and antiviral technology called *CLEANSE*®, while working to raise awareness of the SUMINOE brand. *ECOS*® won two major prizes in 2021 for its high environmental performance: the Economy, Trade and Industry Minister's Prize in the 4th EcoPro Awards, and the Grand Prize in the plastic resource recycling special category of the 22nd Green Purchasing Award. We will strengthen sales further on the back of the spread of ESG and SDGs awareness. In the Space Design Business, which involves designing an entire space, the Company will strive to expand business, ranging from store interior design, which is its area of specialty, to offices and hotels.

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.

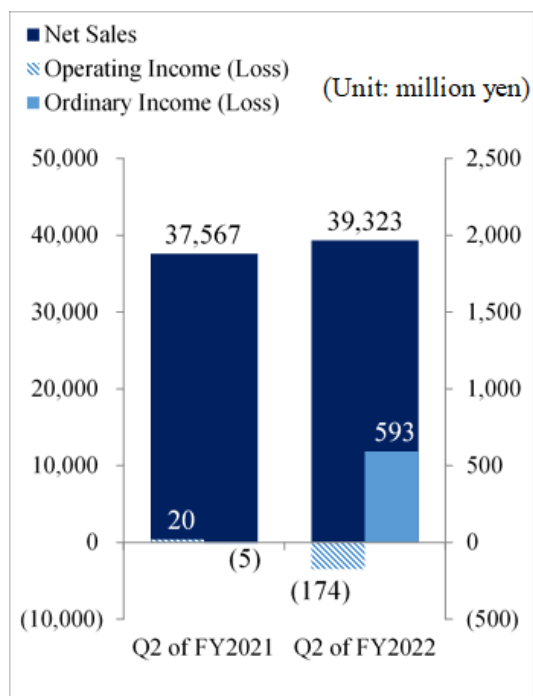
In the Functional Materials Segment, the Company is establishing an optimal supply system by promoting the consolidation of plants in China and Vietnam, which are the production bases for fabric-coated electric heating products, and diversifying regional risks. By strengthening collaboration with development divisions, the Company will work to increase the value of its businesses and products and enhance its development sales capability, and it will focus on securing orders in the existing businesses and promoting the development and sales of new functional processed products that meet market needs.

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. It is also reorganizing the Nara Office, the mother plant of the Group. The Company will strive to increase production and supply chain efficiency, as well as reduce environmental impact, and to achieve synergies through enhanced collaboration between business divisions at the new R&D building that was completed in December 2021.

Presently, a cross-business project has been established. Gathering the strengths of each business field such as the design capability of the Interior Fittings Segment, the processing technology for fabric materials used in the Automotive Textiles and Traffic Facilities Segment, and high-function technologies including the deodorizing,

antibacterial and antiviral capabilities of the Functional Materials Segment, the Company engages in the development of next-generation interior fittings, which will be required for our living spaces in the future.

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

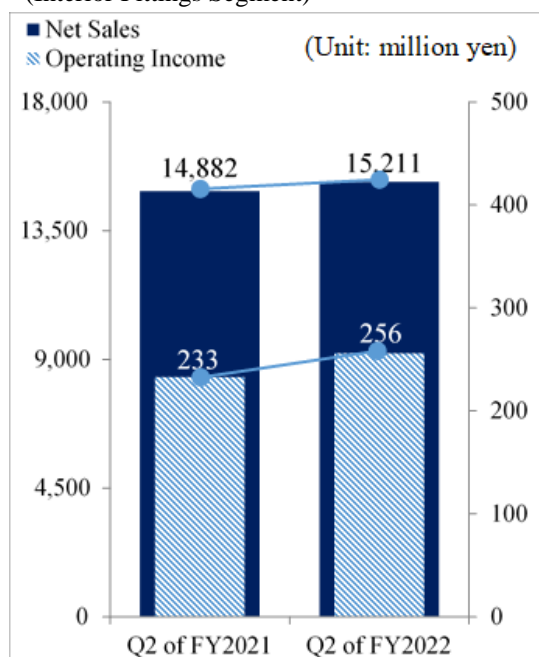


Net sales increased by 4.7% year on year to 39,323 million yen due to the growth of automobile-related sales following strong car sales abroad compared to the same period of the previous year. As to profits, operating loss of 174 million yen (operating income of 20 million yen in the same period of the previous year) and ordinary income of 593 million yen (ordinary loss of 5 million yen in the same period of the previous year) were recorded, resulting in income attributable to owners of parent of 48 million yen (loss attributable to owners of parent of 352 million yen in the same period of the previous year).

The performance by segment is as described below.

Segments	Net sales		Segment income	
	Amount (Million yen)	YY Change (%)	Amount (Million yen)	YY Change (%)
Interior Fittings	15,211	+2.2	256	+9.9
Automotive Textiles and Traffic Facilities	21,595	+5.8	445	(18.5)
Functional Materials	2,354	+13.9	20	(61.4)
Other	161	(23.4)	22	(40.5)
Total	39,323	+4.7	745	(14.4)
Adjustment	—	—	(919)	—
Consolidated	39,323	+4.7	(174)	—

(Interior Fittings Segment)



Due to robust sales of wall coverings and an increase in sales of the Space Design Business, net sales and operating income increased by 2.2% and 9.9% year on year to 15,211 million yen and 256 million yen, respectively.

In commercial carpets, although sales of *ECOS®*, eco-friendly carpet tiles under the horizontal recycling system, was robust in Japan, sales of roll carpets decreased year on year due to a decline in the number of large-scale projects. Consequently, net sales of commercial carpets as a whole were down by 9.5% year on year.

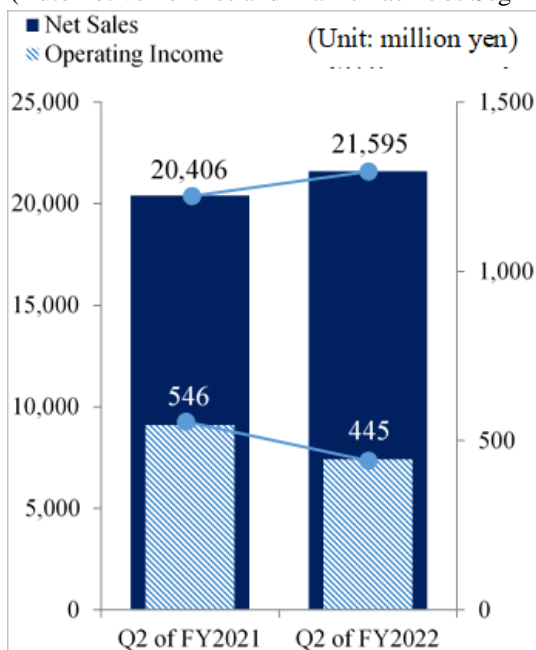
Sales of household carpets were down 12.2% year on year as demand ran its course in the second quarter of this fiscal year, in contrast to the growth of online sales under stay-at-home restrictions and robust store sales, such as those at DIY stores, in the same quarter of the previous year.

In curtains, sales of curtains for general households, medical, welfare, and educational institutions were sluggish. Accordingly, net sales of curtains as a whole were down 9.6% year on year.

In the Space Design Business, net sales of CPO Co., Ltd., which has been a consolidated subsidiary since September 2020, contributed to the results. We have already seen some synergy effects of CPO joining the Group, such as the promotion of proposals together with SUMINOE Co., Ltd.

Net sales of wall coverings were up 3.2% year on year due to the launch of the wallpaper *Runon Mark II* in June and the effect of price revisions for certain products, despite sluggish sales of fusuma paper.

(Automotive Textiles and Traffic Facilities Segment)

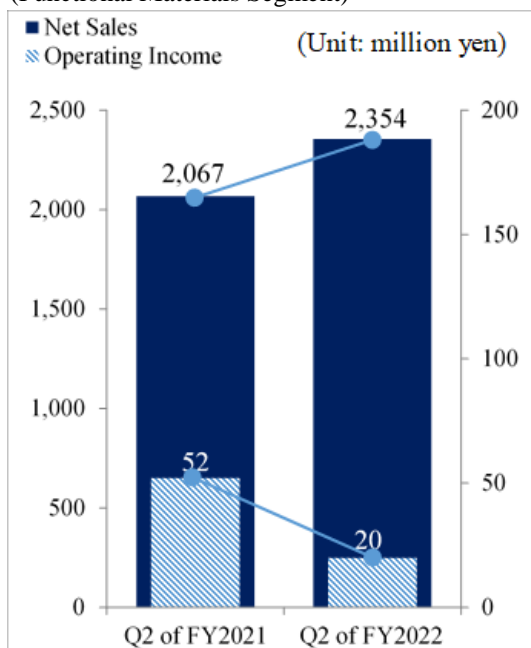


Although overseas automobile-related sales were robust, demand for interior materials for railway vehicles and buses dropped, resulting in an increase in net sales of 5.8% year on year to 21,595 million yen and a decrease in operating income of 18.5% year on year to 445 million yen.

The automotive textiles business was affected by the decrease in production due to the shortage of semiconductors and components in the second quarter, in contrast to a recovery in the first quarter from the decline in production caused by the spread of COVID-19. As a result, net sales in Japan were down 7.9% year on year. Overseas net sales increased by 24.1% year on year on the back of a year-on-year growth in car sales in Indonesia due to the impact of a tax break for car purchases, a recovery in car sales in Thailand, and strong sales growth in the Americas.

In the traffic facilities business, demand for interior materials failed to recover, although the number of travelers in Japan and commuters using railways and buses has been increasing due to a fall in COVID-19 infections. As a result, overall net sales in the traffic facilities business fell below the level of the same period of the previous year.

(Functional Materials Segment)



Orders received for electric carpets, one of our core products, increased as the impact of the warm winter in fiscal year ended May 2020 dissipated. Furthermore, due to robust orders for floor materials for bathrooms, despite weak sales of deodorizing filters for air purifiers, net sales increased by 13.9% year on year to 2,354 million yen while operating income dropped by 61.4% to 20 million yen.

(2) Explanation of financial position

(i) Financial position

Total assets at the end of the consolidated fiscal period under review amounted to 81,812 million yen, a decrease of 1,856 million yen from the end of the previous consolidated fiscal year, due to a decrease in cash and deposits despite an increase in inventories.

Liabilities shrank to 49,224 million yen, a decrease of 1,488 million yen, due to a decrease in long-term loans payable.

Net assets shrank to 32,588 million yen, a decrease of 368 million yen, due to a decrease in valuation difference on available-for-sale securities.

(ii) Cash flows

Cash and cash equivalents at the end of second quarter of the consolidated fiscal year amounted to 6,283 million yen, down 4,472 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 used in operating activities amounted to 960 million yen (90 million yen provided in the same period of the previous year) due to an increase in inventories of 910 million yen, a decrease in notes and accounts payable - trade of 840 million yen, and income taxes paid of 628 million yen, despite recording profit before income taxes of 612 million yen and depreciation of 1,001 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,961 million yen (net cash of 646 million yen was provided in the same period of the previous year) due to purchase of property, plant and equipment of 1,781 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,588 million yen (net cash of 1,814 million yen was provided in the same period of the previous year) due to repayments of long-term loans payable of 1,026 million yen and repayments of lease obligations of 420 million yen.

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

There are no modifications to the forecast for the full year of the fiscal year ending May 31, 2022 announced on October 15, 2021.

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Unit: million yen)

	FY2021 (As of May 31, 2021)	Q2 of FY2022 (As of November 30, 2021)
Assets		
Current assets		
Cash and deposits	10,936	6,463
Notes and accounts receivable - trade	14,147	—
Notes and accounts receivable - trade, and contract assets	—	14,747
Electronically recorded monetary claims - operating	5,846	5,659
Merchandise and finished goods	8,533	8,984
Work in process	1,610	1,519
Raw materials and supplies	2,716	3,329
Others	2,790	3,084
Allowance for doubtful accounts	(24)	(26)
Total current assets	46,557	43,763
Non-current assets		
Property, plant and equipment		
Land	17,606	17,598
Other, net	10,422	11,989
Total property, plant and equipment	28,028	29,588
Intangible assets	1,547	1,440
Investments and other assets		
Investment securities	4,916	4,306
Deferred tax assets	1,542	1,619
Other	1,238	1,255
Allowance for doubtful accounts	(162)	(161)
Total investments and other assets	7,534	7,019
Total non-current assets	37,111	38,048
Total assets	83,669	81,812

(Unit: million yen)

	FY2021 (As of May 31, 2021)	Q2 of FY2022 (As of November 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,997	11,774
Electronically recorded obligations - operating	4,243	3,743
Short-term loans payable	9,834	10,966
Income taxes payable	588	296
Provision for demolition costs	297	297
Other	4,894	5,109
Total current liabilities	31,856	32,188
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	7,855	5,981
Deferred tax liabilities	313	305
Provision for directors' retirement benefit	112	98
Net defined benefit liability	4,148	4,153
Other	5,426	5,496
Total non-current liabilities	18,856	17,036
Total liabilities	50,712	49,224
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,640	2,626
Retained earnings	10,672	10,594
Treasury shares	(3,988)	(3,949)
Total shareholders' equity	18,878	18,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	893	424
Deferred gains or losses on hedges	0	1
Revaluation reserve for land	7,797	7,797
Foreign currency translation adjustment	608	671
Remeasurements of defined benefit plans	(134)	(119)
Total accumulated other comprehensive income	9,166	8,773
Non-controlling interests	4,911	4,988
Total net assets	32,956	32,588
Total liabilities and net assets	83,669	81,812

(2) Consolidated quarterly statement of income and comprehensive income

Consolidated quarterly statement of income

(The second quarter of FY2022)

(Unit: million yen)

	Q2 of FY2021 (June 1, 2020 to November 30, 2020)	Q2 of FY2022 (June 1, 2021 to November 30, 2021)
Net sales	37,567	39,323
Cost of sales	29,743	31,251
Gross profit	7,823	8,071
Selling, general and administrative expenses	7,803	8,246
Operating income (loss)	20	(174)
Non-operating income		
Interest income	9	12
Dividend income	71	61
Share of income of entities accounted for using equity method	—	12
Foreign exchange gains	—	49
Real estate rent	134	132
Subsidy income	—	508
Other	127	121
Total non-operating income	343	899
Non-operating expenses		
Interest expenses	118	103
Share of loss of entities accounted for using equity method	184	—
Foreign exchange losses	17	—
Rent expenses on real estates	16	16
Other	33	11
Total non-operating expenses	369	131
Ordinary income (loss)	(5)	593
Extraordinary income		
Gain on sales of non-current assets	3	1
Gain on sales of investment securities	830	91
Total extraordinary income	833	92
Extraordinary loss		
Loss on sales and retirement of non-current assets	10	72
Impairment loss	280	—
Loss on valuation of investment securities	558	—
Total extraordinary loss	849	72
Profit (loss) before income taxes	(21)	612
Income taxes - current	382	339
Income taxes - deferred	(195)	31
Total income taxes	187	370
Profit (loss)	(208)	241
Profit attributable to non-controlling interests	143	193
Profit (loss) attributable to owners of parent	(352)	48

Consolidated quarterly statements of comprehensive income
(The second quarter of FY2022)

(Unit: million yen)

	Q2 of FY2021 (June 1, 2020 to November 30, 2020)	Q2 of FY2022 (June 1, 2021 to November 30, 2021)
Profit (loss)	(208)	241
Other comprehensive income		
Valuation difference on available-for-sale securities	(225)	(469)
Deferred gains or losses on hedges	(9)	(0)
Foreign currency translation adjustment	(12)	63
Remeasurements of defined benefit plans, net of tax	18	15
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	(227)	(391)
Comprehensive income	(436)	(149)
Comprehensive income attributable to:		
Owners of parent	(611)	(343)
Non-controlling interests	175	193

(3) Consolidated quarterly statement of cash flows

(Unit: million yen)

	Q2 of FY2021 (June 1, 2020 to November 30, 2020)	Q2 of FY2022 (June 1, 2021 to November 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(21)	612
Depreciation	976	1,001
Impairment loss	280	—
Increase (decrease) in net defined benefit liability	(5)	32
Increase (decrease) in provision for directors' retirement benefits	4	(14)
Increase (decrease) in allowance for doubtful accounts	8	1
Interest and dividend income	(81)	(74)
Interest expenses	118	103
Share of loss (profit) of entities accounted for using equity method	184	(12)
Loss (gain) on sales and retirement of non-current assets	7	71
Loss (gain) on sales of investment securities	(830)	(91)
Loss (gain) on valuation of investment securities	558	—
Decrease (increase) in notes and accounts receivable - trade	(47)	(80)
Decrease (increase) in inventories	1,733	(910)
Increase (decrease) in notes and accounts payable - trade	(2,486)	(840)
Decrease (increase) in consumption taxes refund receivable	68	(124)
Increase (decrease) in accrued consumption taxes payable	31	(180)
Decrease (increase) in other current assets	(513)	(58)
Increase (decrease) in other current liabilities	675	168
Other	(116)	67
Subtotal	544	(329)
Interest and dividend income received	81	72
Interest expenses paid	(109)	(103)
Income taxes paid	(460)	(628)
Income taxes refund	34	29
Net cash provided by (used in) operating activities	90	(960)
Cash flows from investing activities		
Payments into time deposits	(150)	(229)
Proceeds from withdrawal of time deposits	161	180
Purchase of securities	(11)	(11)
Proceeds from sales and redemption of securities	15	12
Purchase of property, plant and equipment	(470)	(1,781)
Proceeds from sales of property, plant and equipment	12	55
Proceeds from earnest related sales of property, plant and equipment	—	136
Payments for retirement of property, plant and equipment	—	(430)
Purchase of intangible assets	(132)	(61)
Purchase of investment securities	(8)	(8)
Proceeds from sales and redemption of investment securities	1,005	177
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	229	—
Payments of loans receivable	(6)	(2)
Collection of loans receivable	1	2
Net cash provided by (used in) investing activities	646	(1,961)

(Unit: million yen)

	Q2 of FY2021 (June 1, 2020 to November 30, 2020)	Q2 of FY2022 (June 1, 2021 to November 30, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,887)	244
Proceeds from long-term loans payable	5,200	—
Repayments of long-term loans payable	(909)	(1,026)
Repayments of lease obligations	(385)	(420)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	18	—
Cash dividends paid	(94)	(126)
Cash dividends paid to non-controlling interests	(127)	(258)
Net cash provided by (used in) financing activities	1,814	(1,588)
Effect of exchange rate change on cash and cash equivalents	9	37
Net increase (decrease) in cash and cash equivalents	2,560	(4,472)
Cash and cash equivalents at beginning of period	10,309	10,756
Cash and cash equivalents at end of period	12,870	6,283

(4) Major notes on consolidated quarterly financial statements

(Notes on assumption of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., effective the beginning of the first quarter of this fiscal year. Revenues are recognized when control of the promised good or service is transferred to the customer and at the price expected to be received in exchange for said good or service. Major changes due to this are as follows.

Revenues for certain transactions that had been recognized on a gross amount basis are now recognized on a net amount basis as a result of determining the role (of the individual or its agent) in the provision of the good or service to the customer. Goods supplied for a charge, which had been derecognized, are no longer derecognized if there is an obligation to buy back the supplied goods.

For construction contracts, the percentage-of-completion method had been applied to contracts whose outcome is deemed certain during the course of the construction. However, for contracts in which performance obligations are satisfied over a certain period of time, the percentage of completion pertaining to the satisfaction of performance obligations is estimated, and revenue is now recognized over a certain period of time based on said percentage. The percentage of completion pertaining to the satisfaction of performance obligations is determined by the cost incurred as a percentage of the estimated total costs (input method). The revenue of other construction contracts, which are treated in the same method as before as contracts whose performance obligations are satisfied at a specific point in time, is recognized when the construction is completed. For contracts with an extremely short construction period, the Company applies an alternative treatment. Revenues of such contracts are not recognized for a certain period of time but are recognized when the construction is completed.

The adoption of the Accounting Standard for Revenue Recognition, etc. has been carried out in accordance with the transitional treatment set forth in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative impact of retroactively applying new accounting policies to before the beginning of the first quarter of this fiscal year has been added to or subtracted from the retained earnings at the beginning of the first quarter of this fiscal year, and the new accounting policies have been applied from said beginning balance. There was no impact on the balance of retained earnings at the beginning of this fiscal year.

As a result, net sales for the first six months of this fiscal year increased by 85 million yen, cost of sales rose by 69 million yen, "other" under non-operating income decreased by 7 million yen, "other" under non-operating expenses decreased by 18 million yen, and income taxes - deferred increased by 8 million yen. Additionally, notes and accounts receivable - trade, and contract assets increased by 219 million yen, merchandise and finished goods decreased by 172 million yen, raw materials and supplies increased by 411 million yen, deferred tax assets decreased by 8 million yen, and "other" under current liabilities increased by 431 million yen.

Since the Company has adopted the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable - trade," which was presented under current assets on the consolidated balance sheets of the previous fiscal year, are included in "notes and accounts receivable - trade, and contract assets," effective the second quarter of this fiscal year. In accordance with the transitional treatment prescribed in paragraph 89-2 of the Accounting Standard for Revenue Recognition, no restatement under the new presentation method has been made for the previous fiscal year.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., effective the beginning of the first quarter of this fiscal year. It will apply the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. into the future in accordance with the transitional treatment set forth in paragraph 19 of

the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on consolidated quarterly financial statements.

(Segment information)

I Q2 of FY2021 (June 1, 2020 to November 30, 2020)

1. Information on net sales and income or loss by reportable segment

(Unit: million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated quarterly statement of income (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	14,882	20,406	2,067	37,356	210	37,567	—	37,567
Inter-segment sales and transfers	321	0	0	322	84	406	(406)	—
Total	15,203	20,407	2,068	37,679	294	37,973	(406)	37,567
Segment income	233	546	52	833	37	870	(850)	20

- (Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.
2. Adjustment of -850 million yen in segment income includes eliminations among segments of 12 million yen and corporate expenses unallocated to relevant reportable segments of -863 million yen.
Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
3. Segment income is adjusted with operating income in consolidated quarterly statement of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

Impairment loss on non-current assets has been recorded in the Interior Fittings Segment, the Automotive Textiles and Traffic Facilities Segment, the Functional Materials Segment, Other, and corporate assets that are not allocated to any reportable segment. The amount of the impairment loss recorded for the six months ended November 30, 2020 was 129 million yen in the Interior Fittings Segment, 106 million yen in the Automotive Textiles and Traffic Facilities Segment, 4 million yen in the Functional Materials Segment, 1 million yen in Other, and 38 million yen in corporate assets that are not allocated to any reportable segment.

II Q2 of FY2022 (June 1, 2021 to November 30, 2021)

1. Information on net sales and income or loss by reportable segment

(Unit: million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated quarterly statement of income (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	15,211	21,595	2,354	39,162	161	39,323	—	39,323
Inter-segment sales and transfers	352	7	0	360	71	431	(431)	—
Total	15,564	21,602	2,355	39,522	232	39,755	(431)	39,323
Segment income	256	445	20	722	22	745	(919)	(174)

- (Note) 1. *Other* represents businesses that are not included in reportable segments, such as the physical property and performance inspection businesses.
2. Adjustment of -919 million yen in segment income includes eliminations among segments of 13 million yen and corporate expenses unallocated to relevant reportable segments of -933 million yen.
Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
3. Segment income is adjusted with operating loss in consolidated quarterly statement of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

Omitted as it is not significant.

3. Matters concerning changes in reportable segments, etc.

As described in “(Changes in accounting policies),” the Company adopted the Accounting Standard for Revenue Recognition, etc., effective the beginning of the first quarter of this fiscal year, and changed its accounting method for revenue recognition. Therefore, the method of measuring the net sales and the profits or losses of reportable segments has been changed accordingly.

Due to this change, the net sales of the Interior Fittings Segment have increased by 100 million yen and the Functional Materials Segment have decreased by 14 million yen for the second quarter of this fiscal year, respectively, compared to the previous method. Also, the segment income of the Interior Fittings Segment have increased by 16 million yen. There is no impact on segment income of the Functional Materials Segment.