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For Immediate Release

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### Notice on Progress of the Plan for Compliance with Listing Maintenance Criteria

On December 21, 2021, Suminoe Textile Co., Ltd. (hereinafter, “the Company”) notified and disclosed the content of its plan for compliance with the Continued Listing Criteria for the Prime Market. We hereby announce the progress status of the plan as of May 31, 2022 as follows.

#### 1. Trend of the Company’s Progress Status on Compliance with the Continued Listing Criteria and the Period of the Plan

The Company’s status and the trend of compliance with the Continued Listing Criteria for the Prime Market as of May 31, 2022 are described below. While “Daily average trading value” is expected to meet the required level on May 31, 2022, “Tradable share market capitalization” will not. The Company will continue to take every possible measure to improve “Tradable share market capitalization” with the aim of meeting the Continued Listing Criteria by May 31, 2024.

		No. of shareholders	No. of Tradable Shares	Tradable Share Market Capitalization	Tradable Share Ratio	Daily average trading value
The Company’s status and trend of compliance	June 30, 2021 <sup>*1</sup> (As of the transition reference date)	—	27,068 units	5.44 billion yen	35.2%	7 million yen
	May 31, 2022 <sup>*1</sup>	6,553	31,988 units <sup>*3</sup>	5.86 billion yen <sup>*3</sup>	41.6% <sup>*3</sup>	39 million yen <sup>*2</sup>
Listing maintenance criteria		800	20,000 units	10 billion yen	35%	20 million yen
Status of compliance and the period of the plan described in the initial plan		Conformed	Conformed	May 31, 2024	Conformed	Conformed

\*1 The values representing the status of the Company’s compliance have been calculated based on TSE data concerning the distribution status of the Company’s shares, etc. as of the reference date.

\*2 The status of compliance for daily average trading value as of May 31, 2022 was calculated by the Company. The amounts were obtained by dividing the trading value during the period from June 1, 2021 to May 31, 2022 by the number of business days.

\*3 As to the figures as of May 31, 2022, if the calculation was carried out by including the number of shares considered by the Company to be “pure investment” as of August 30, 2022, the number of tradable shares would be 36,756 units, tradable share market capitalization would be 6.75 billion yen and tradable share ratio would be 47.8%. In calculating tradable share market capitalization, the daily average closing price for the three months prior to the end of the fiscal year (rounded down to the nearest unit), which is 1,833 yen, has been adopted. It should be noted, however, there is a possibility that the addition of “pure investment” shares to the number of tradable shares will not be accepted in the conformity examination of the Tokyo Stock Exchange as of the end of the next business year (May 31, 2023).

2. Status and Evaluation of the Measures Taken for Compliance with the Continued Listing Criteria

In the “Plan for Compliance with Listing Maintenance Criteria for the New Market Segment (hereinafter, “the Plan”)” announced on December 21, 2021, the Company established its basic policy to meet the Continued Listing Criteria for the Prime Market. The Company decided that the plan to achieve the Continued Listing Criteria for the Prime Market by May 31, 2024 has been progressing steadily, and believes that changes to the plan are unnecessary as of today.

In the Plan, the key issues were tradable share market capitalization and daily average trading value. As of May 31, 2022, daily average trading value is expected to be in compliance with the criteria, and the Company is considering measures to prevent the value from deteriorating from the present level. Furthermore, for the purpose of meeting the criterion for tradable share market capitalization, the Company will endeavor to improve corporate value, enhance communication with investors, improve disclosure documents and corporate governance, and increase the number of tradable shares under the stock policy. The details of those measures are described below.

1) Enhancing corporate value through strengthening existing businesses and aggressive capital investments and M&A

Based on the medium- to long-term management targets, “SUMINOE GROUP WAY 2022-2024-2027,” as the basic policy, the Company implements measures to strengthen the existing businesses. In addition, the Company endeavors to improve corporate value by aggressively making capital investments for the expansion of the existing businesses and business scales, and engaging in M&A to increase synergies.

➤ Growth strategy for existing businesses

Interior Fittings	<ul style="list-style-type: none"> <li>• Increase product lineups and sales of environmentally conscious products.</li> <li>• Develop new products for housing.</li> <li>• Increase new customers.</li> <li>• Enhance transmission and penetration of our brand image.</li> <li>• Strengthen directly operated EC business.</li> </ul>
Automotive Textiles	<ul style="list-style-type: none"> <li>• Development and sales of environmentally conscious products</li> <li>• Development of interiors for next-generation vehicles</li> <li>• Cost reduction through the optimization of material procurement</li> <li>• Horizontal development to overseas markets</li> <li>• Development of products for new parts, and those produced with less man-hours</li> <li>• Development of fabric materials using new production methods</li> <li>• Development in line with the situation and challenges of each global base</li> </ul>
Traffic Facilities	<ul style="list-style-type: none"> <li>• Increase order receipts for renovation and replacement works.</li> <li>• Develop and increase sales of new products.</li> <li>• Develop environmentally friendly fabrics.</li> <li>• Increase market shares.</li> <li>• Propose and receive orders for <i>SUMICUBE®</i> with a new tactile impression.</li> </ul>
Functional Materials	<ul style="list-style-type: none"> <li>• Optimize the production and supply systems of textile-based electric heating appliances.</li> <li>• Promote development of new applications of functional materials by using processing technologies.</li> <li>• Increase sales of products made by functionally processing technologies, such as deodorant treatment and anti-virus treatment.</li> <li>• Promote commercialization of smart textiles.</li> <li>• Cooperate with the development section and strengthen the capability of development and sales.</li> </ul>

➤ Environmental initiatives in our business and external evaluation

The Company has proactively implemented initiatives to contribute to the reduction of environmental impact through our business since it established its philosophy of “KKR+A,” or Kenko (Health), Kankyo (Environment), Recycle and Amenity,” in 1998. In 2022, the Company established the “Second SUMINOE Environmental Declaration – Under the Slogan of KKR+A,” setting a long-term target for the reduction of greenhouse gas (CO<sub>2</sub>) emissions. Based on this declaration, the Company will work to promote its global strategies so that its products will be used by many more people and KKR+A will spread worldwide.

Furthermore, the Company produced a promotional video of one of its core products, *ECOS*®, eco-friendly carpet tiles under the horizontal recycling system, aiming to increase sales of eco-friendly products and enhance transmission of its brand messages.

Through our business, we will continue to ensure Responsible Production as a manufacturer to help society achieve zero carbon emissions while striving to enhance corporate value and achieve sustainable growth.

➤ Investment and capital policy

The Company plans to make investments totaling 10 billion yen over a three-year period from the fiscal year ended May 2022 to the fiscal year ending May 2024 for business expansion, core system restructuring, and reorganization of factories. In the fiscal year ended May 2022, the Company spent approximately 4.0 billion yen on capital investments. On May 31, 2022, the Company completed the reorganization of Nara Factory. As a result, we expect an improvement in productivity by disposing of unnecessary production facilities and concentration, and improved supply chain efficiency by expanding distribution warehouses and reducing external warehouse costs. In the fiscal year ending May 2023, the Company plans to spend approximately 3.5 billion yen on capital expenditure in the restructuring of mission-critical systems and the establishment of a new production line for synthetic leather at a Mexican subsidiary.

➤ M&A

We have been actively carrying out M&A. In 2020, we converted CPO Co., Ltd., a company with extensive knowledge of store designing and outstanding construction know-how, into a Group company in order to expand our interior business and shift from offering only two-dimensional products such as curtains and carpets to three-dimensional design of the entire space. The effect of such M&A has already been observed. Furthermore, in 2022, PRETERIOR-TEXTILE Inc., a company involved in the sale of interior options centered on curtains, and Seki Textile Co., Ltd., a company that produces and sells jacquard cloth and dobbie moquette cloth, joined the SUMINOE GROUP.

Going forward, the Company will continue to engage in M&A, which contribute to the enhancement of business synergies, with the aim of expanding the Space Design Business, strengthening existing businesses, and expanding the scale of our operations.

2) Enhancing communication with investors through proactive investor relations activities

To date, we have implemented the following initiatives: Translating already-issued IR documents into English; publishing chargeable analyst reports to provide information from an objective standpoint; increasing the number of one-on-one meetings with institutional investors; explaining our business to independent financial advisors and other information providers who provide information to individual investors; and holding briefing meetings for individual investors. Going forward, we will also strive to raise the Company’s stock price by increasing the visibility and credibility of the Company both inside and outside Japan.

3) Improvement of disclosure materials

The Company plans to shift from CSR reports to Integrated Reports in FY2022. The Company aims to obtain appropriate stock market evaluations by promoting understanding of the Company’s businesses by further improving IR information.

4) Improving corporate governance

The Company has been working on application of the Corporate Governance Code, centering on the principles applicable to companies listed on the Prime Market of the Tokyo Stock Exchange.

Supplementary principles		Toward application
1-2 ④	Companies listed on the Prime Market should make an electronic voting platform available, at least to institutional investors.	The Company will participate in the “Platform for the Exercise of Electronic Voting Rights for Institutional Investors” from the Ordinary General Meeting of Shareholders to be held in August 2022.
3-1 ②	Companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.	We have already begun disclosing information in English, for example, through issuing an English version of earnings briefings. We will disclose more information in other documents in English.
3-1 ③	Companies listed on the Prime Market should enhance the quality and quantity of disclosure based on the TCFD recommendations or an equivalent framework.	In 2022, the Company supported the TCFD recommendations. Going forward, the Company will disclose information in line with required disclosure items by analyzing climate change risks and earnings opportunities.
4-8	Companies listed on the Prime Market should appoint at least one-third of their directors (the majority of directors when necessary) as independent outside directors.	Applied
4-10 ①	Companies listed on the Prime Market should basically have the majority of the members of both the nomination and remuneration committees be independent outside directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.	We established the nomination and remuneration committees in July 2019, and they currently consist of two representative directors of the Company and three outside directors (two of whom are independent outside directors). While aiming to have the majority of the committee members be independent outside directors, we will disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

5) Increasing the number of shares outstanding by taking appropriate measures

After the TSE primary determination date, the Company disposed of shares held by business corporations, etc., which had been excluded from tradable shares, through off-floor distribution and sale on the market, and introduced a shareholder benefit program. As a result of these measures, the tradable share ratio rose from the initial ratio of 35.2% to 41.6% as of May 31, 2022. In addition, the Company’s 67,000 shares held by business corporations, etc. were sold on the stock market during the period June 1, 2022 to August 30, 2022. As a result, we expect an increase in the tradable share ratio by approximately 0.8 points.

We will continue to carefully watch the direction of our corporate management. Based on that, we will endeavor to achieve a tradable share ratio of 50% or more by reducing the shareholding ratio of some existing shareholders, and consider a stock split to further raise stock liquidity.