



Consolidated Financial Results for the Fiscal Year 2023 (Japanese GAAP)

July 14, 2023

Listed company name Suminoe Textile Co., Ltd. Listed on the Tokyo Stock Exchange
 Code number 3501 URL: <https://suminoe.co.jp/>
 Representative (Title) President (Name) Teppei Nagata
 Responsible contact person (Title) Managing Director, General Manager, Corporate Planning Department
 (Name) Hiroaki Usugi (Phone) +81-6-6251-6803
 Date of holding Annual General Meeting of Shareholders: August 30, 2023
 Scheduled date of dividend payment: August 31, 2023
 Scheduled date of filing of annual security report: August 30, 2023
 Preparation of supplementary explanatory documents for financial results: No
 Holding analyst meeting for financial results: Yes (For institutional investors and securities analysts)

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

1. Consolidated Financial Results for FY2023 (June 1, 2022 to May 31, 2023)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2023	94,828	16.0	1,294	—	1,575	65.7	320	14.0
FY 2022	81,713	2.5	110	(89.5)	950	(21.5)	281	(31.3)

(Note) Comprehensive income FY 2023: 1,653 million yen (41.3%) FY 2022: 1,170 million yen (35.0%)

	Profit per share	Profit per share	Ratio of profit to	Ratio of ordinary	Ratio of operating
	Basic	Diluted	equity	income to total assets	income to net sales
	Yen	Yen	%	%	%
FY2023	50.55	—	1.1	1.8	1.4
FY2022	44.44	—	1.0	1.1	0.1

(Reference) Equity in earnings or losses of affiliates FY2023: (18) million yen FY2022: 14 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2023	88,151	34,113	32.7	4,549.75
FY2022	84,801	33,448	33.4	4,470.49

(Reference) Shareholders' equity FY2023: 28,861 million yen FY2022: 28,304 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY2023	1,803	(2,834)	(52)	6,929
FY2022	375	(1,191)	(2,074)	7,970

2. Dividend Information

	Dividend per share					Total annual dividends	Payout ratio (consolidated)	Dividend to equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	End of the year	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	—	35.00	—	35.00	70.00	443	157.5	1.6
FY2023	—	35.00	—	20.00	55.00	348	108.8	1.2
FY2024 (Forecast)	—	35.00	—	35.00	70.00		34.2	

3. Forecast of Consolidated Financial Results for FY2024 (June 1, 2023 to May 31, 2024)

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share Basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	49,000	7.9	800	—	800	437.9	150	—	23.65
Full year	99,000	4.4	2,600	100.8	2,700	71.4	1,300	305.7	204.93

*Notes

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

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

- (i) Changes in accounting policies due to revisions of accounting standards: Yes
- (ii) Changes in accounting policies other than (i) above: No
- (iii) Changes in financial estimates: No
- (iv) Restatements of financial statements: No

(3) Number of shares issued (common stock)

- (i) Number of shares issued at the end of the period (including treasury stock)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period

FY2023	7,682,162 shares	FY2022	7,682,162 shares
FY2023	1,338,540 shares	FY2022	1,350,807 shares
FY2023	6,339,922 shares	FY2022	6,327,519 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2023 (June 1, 2022 to May 31, 2023)

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

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	17,269	15.1	(666)	—	659	49.2	701	(22.8)
FY2022	15,009	—	(661)	—	442	(62.8)	907	—

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
FY2023	110.63	—
FY2022	143.49	—

(Reasons for the Difference Between Non-Consolidated Financial Results and Those for the Previous Fiscal Year)

In the automotive textiles business, domestic production has been on a recovery trend due to the easing of the shortage of semiconductors and other components, and there was a certain level of difference in net sales compared with the results in the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2023	69,281	22,503	32.5	3,547.44
FY2022	63,773	21,671	34.0	3,422.94

(Reference) Shareholders' equity FY2023: 22,503 million yen FY2022: 21,671 million yen

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

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

(Note on the forward-looking statements)

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

Table of contents of attached document

1. Overview of business results, etc.	P. 2
(1) Overview of business results for the fiscal year under review	P. 2
(2) Overview of financial position for the fiscal year under review	P. 8
(3) Overview of cash flows for the fiscal year under review	P. 8
(4) Forecast of financial results for FY2024	P. 9
2. Basic policy regarding selection of accounting standards	P. 9
3. Consolidated financial statements and major notes	P. 10
(1) Consolidated balance sheet	P. 10
(2) Consolidated statement of income and comprehensive income	P. 12
Consolidated statement of income	P. 12
Consolidated statements of comprehensive income	P. 13
(3) Consolidated statements of changes in shareholders' equity	P. 14
(4) Consolidated statement of cash flows	P. 16
(5) Major notes on consolidated financial statements	P. 18
(Notes on assumption of going concern)	P. 18
(Changes in accounting policies)	P. 18
(Segment information, etc.)	P. 18
(Per share information)	P. 23
(Significant subsequent events)	P. 23

1. Overview of business results, etc.

(1) Overview of business results for the fiscal year under review

During the consolidated fiscal year ended May 31, 2023 under review, the Japanese economy maintained a moderate recovery trend supported by a move toward the normalization of social and the restrictions against COVID-19 have been loosened. On the other hand, prospects remain unpredictable with raw material prices and energy costs remaining at high level due to geopolitical risks such as the Ukraine crisis, and concerns over drastic fluctuations in foreign exchange rates arising from worldwide financial tightening together with economic downside risks.

In the interior industry, which relates to the Company's business, the domestic new housing starts was down 1.2% year on year, and the floor area of nonresidential construction starts also decreased 4.5% year on year. In the automotive industry, automobile production in the Japanese market was up 15.8% year on year. Both production and sales in overseas markets increased and exceeded the results for the previous year.

The Group has been promoting its medium- to long-term management targets, "SUMINOE GROUP WAY 2022-2024-2027," which was in its second year.

In the Interior Fitting Segment, the Company focuses on increasing sales of environment-friendly and functional products, such as *ECOS®*, eco-friendly carpet tiles under the horizontal recycling system. In 2022, the Company won the FY2022 Resources Recirculation Technologies and Systems Award, conferred by the Director-General of the Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry, in recognition of its social contribution through the reduction of waste realized through a recycling system of construction materials. Furthermore, the Company is striving to expand the scope of its Space Design Business, which involves designing an entire space, with the expectation of generating synergy among Group companies. We will reinforce our competitive edge by flexibly satisfying customer needs in the entire Interior Fitting Segment while working to raise awareness of the SUMINOE brand.

In the Automotive Textiles and Traffic Facilities Segment, efforts are being made in the automotive textiles business on developing technologies and increasing orders received for non-textile products, such as artificial leather, and on providing value-added products, such as *Luggage Protection PH Film*, a film that prevents scratches on the trim and back door components in the luggage compartment. Amid soaring raw material prices, we continue to work on cost reduction through the optimization of raw material procurement and production locations for globally marketed cars. In the traffic facilities business, the Company is striving to manufacture and distribute high-performance fabric materials while making efforts to increase sales of seat cushion materials and safety products for railway vehicles and buses. We are prepared to quickly respond to the recovery of demand on the back of the increase in passengers experienced by railway and bus operators.

In the Functional Materials Segment, the Company completed in the previous fiscal year the consolidation of plants in China and Vietnam, which were the production bases for fabric-coated heating products. Starting from the current fiscal year, the plant in Vietnam has become the main plant for the production of fabric-coated heating products. By diversifying regional risks and building an optimal supply system, we will promote responses to the uncertain external environment. Furthermore, by strengthening collaboration with the Technology and Production Headquarters as the development divisions, the Company works to increase the value of its businesses and products and enhance its development sales capability, focusing on securing order receipts in existing businesses and promoting the development and sales of new functional processed products that meet market needs, as well as the application of smart textile technology.

For the entire Group, we are reconstructing our core system and raising the accuracy of our consolidated performance management, thus working steadily on building a foundation for business growth. In the fiscal year under review, we completed the introduction of credit/debit and general accounting systems, which form the basis of the financial accounting system, and a production management system to the Company. Going forward, these will be expanded to the entire Group to realize a more sophisticated management system, reduce maintenance and operating costs, and improve efficiency through operational improvements.

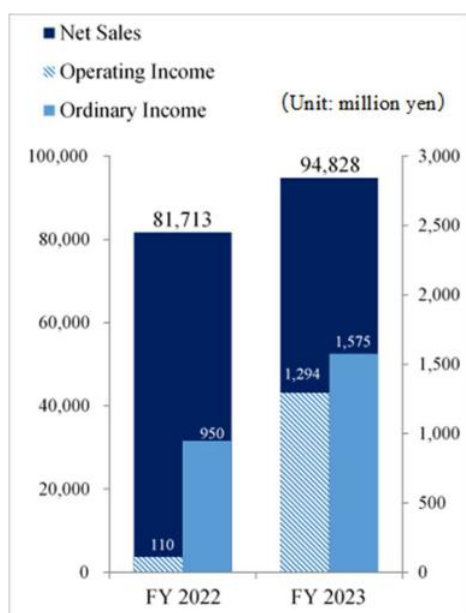
Having marked the 140th anniversary of the Company's foundation in 2023, we are working on the Company's

branding in pursuit of improvement in corporate brand value. In the fiscal year under review, we have once again identified the strengths of the SUMINOE GROUP and the benefits it provides to society and have established a new Group Philosophy: VISION (the future we aim for), MISSION (the mission we should fulfill), and VALUE (the basic guideline for our business activities).

(Only available in Japanese)



Under these circumstances, our consolidated financial results for the fiscal year are as follows.

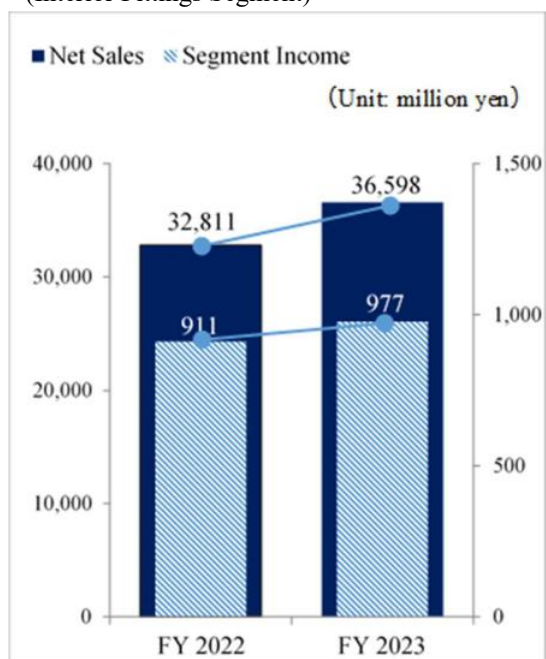


Net sales increased to 94,828 million yen, a year-on-year increase of 16.0%, and operating income also increased to 1,294 million yen (operating income of 110 million yen in the previous fiscal year). These results were attributable to an increase in domestic automobile production by Japanese car manufacturers in addition to the favorable impact of foreign exchange rates in the Automotive Textiles and Traffic Facilities Segment, also a large order received for commercial carpets by the Interior Fittings Segment. Despite the absence of subsidy income from the previous fiscal year, foreign exchange gains increased, resulting in a 65.7% year-on-year increase to 1,575 million yen. Profit attributable to owners of parent increased by 14.0% year on year to 320 million yen due to extraordinary losses, including an impairment loss on property, plant and equipment resulting from the transfer of fixed assets.

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	36,598	+11.5	977	+7.3
Automotive Textiles and Traffic Facilities	54,314	+20.7	2,230	+97.8
Functional Materials	3,550	+0.1	90	—
Other	365	+4.7	60	(4.8)
Total	94,828	+16.0	3,359	+75.9
Adjustment	—	—	(2,064)	—
Consolidated	94,828	+16.0	1,294	—

(Interior Fittings Segment)



Net sales increased by 11.5% year on year to 36,598 million yen, and segment income was increased by 7.3% year on year to 977 million yen, reflecting a large order received for commercial carpets and partly due to the effect of price revisions for wall coverings.

In commercial carpets, *ECOS®*, eco-friendly carpet tiles under the horizontal recycling system, were adopted in a large-sized office building property. Consequently, net sales of commercial carpets as a whole grew by 18.4% year on year.

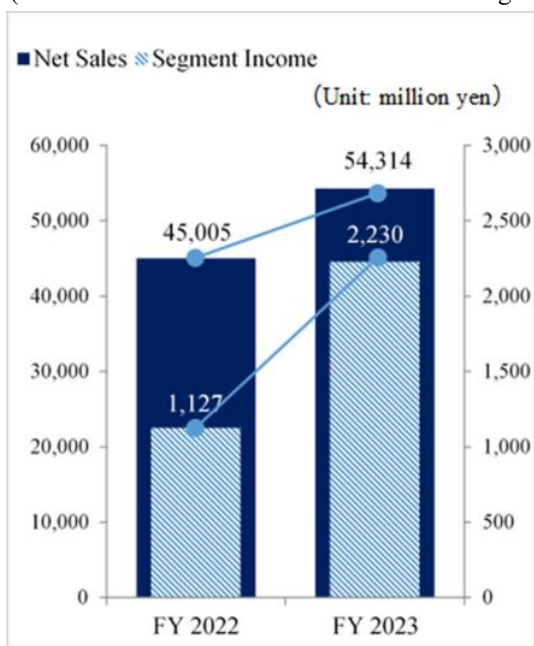
Sales of household carpets decreased by 13.6% year on year due to the still lingering reactionary decline after the stay-at-home demand caused by COVID-19, despite efforts to develop and expand sales of high-grade rug mats and products for new sales channels.

In curtains, sales of *mode S Curtain Vol. 10* for general households, which was launched in July 2022 and *U Life Curtain Vol. 10* showed steady growth. As a result, net sales of curtains as a whole were up 2.3% year on year.

Net sales of wall coverings increased by 8.2% year on year, reflecting price revisions to cover soaring raw material prices and robust sales of a catalogue of fusuma paper, *Keisho Vol. 32*, which was launched in February 2023.

In the Space Design Business, net sales of CPO Co., Ltd. and PRETERIOR-TEXTILE Inc., which has been a consolidated subsidiary since January 2022, remained strong, mainly due to the adoption of comprehensive proposals for interior materials and furniture at large stores.

(Automotive Textiles and Traffic Facilities Segment)

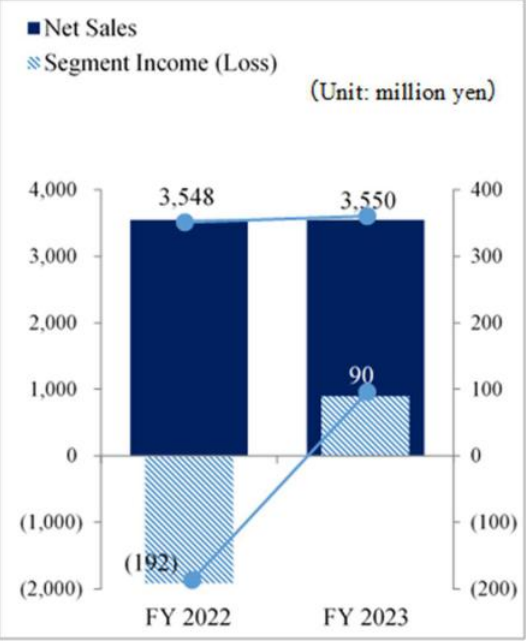


Together with robust sales of domestic automotive-related sales, sales of overseas automotive-related products also increased, mainly due to sales growth in Southeast Asia and the favorable impact of foreign exchange rates. As a result, net sales in the Automotive Textiles and Traffic Facilities Segment as a whole grew by 20.7% year on year to 54,314 million yen. Segment income increased by 97.8% year on year to 2,230 million yen, reflecting factors such as improved profit of our business sites in North America resulting from collaboration with our subsidiary in Mexico, despite sharp increases in raw material prices and energy costs.

In the automotive textiles business, domestic production has been on a recovery trend due to the easing of the shortage of semiconductors and other components. As a result, domestic sales increased by 15.2% year on year. Sales in the overseas market were negatively affected by the change in the status of behavioral restrictions against COVID-19 at our business sites in China and also by the production of new cars for which orders were received. Meanwhile, both the effect of foreign exchange and robust sales of automobiles in Southeast Asia due to recovery from the COVID-19 pandemic contributed to an increase in net sales outside Japan by 24.6% year on year.

In the traffic facilities business, the number of railway and bus passengers are on the rise due to the easing of behavior restrictions against COVID-19. Sales of products for railway vehicles increased over the year on year because refurbishing works have shown a recovery trend. Moreover, demand for our interior products for buses was on a recovery trend. As a result, net sales in the traffic facilities business as a whole exceeded the results for the previous fiscal year.

(Functional Materials Segment)



Sales of fabric-coated heating products such as electric carpets, one of our core products, are increased over the previous fiscal year, reflecting the effect of price revisions to cover higher raw material prices despite a decrease in new orders for delivery in 2022. In addition, deodorizing filters for air cleaners experienced sluggish sales due to a negative repercussion of demand during the COVID-19 pandemic. On the other hand, an increase in orders for floor materials for bathrooms, which were boosted by strong sales by customers. As a consequence, net sales in the Functional Materials Segment as a whole increased by 0.1% year on year to 3,550 million yen. As to profits, segment income was 90 million yen (segment loss of 192 million yen in the previous fiscal year) reflecting the completion of the consolidation of plants in China and Vietnam in the previous fiscal year.

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

Total assets at the end of the current fiscal year amounted to 88,151 million yen, up 3,349 million yen from the end of the previous fiscal year, due to an increase in notes and accounts receivable - trade.

Liabilities grew to 54,037 million yen, up 2,685 million yen, due to an increase in loans payable.

Net assets grew to 34,113 million yen, up 664 million yen, due to an increase in valuation difference on available-for-sale securities.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents at the end of the consolidated fiscal year amounted to 6,929 million yen, down 1,040 million yen from the end of the previous fiscal year. A summary of the cash flow situation is provided as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,803 million yen (375 million yen provided in the previous fiscal year) due to an increase in notes and accounts receivable - trade and income taxes paid, despite recording depreciation and profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 2,834 million yen (1,191 million yen used in the previous fiscal year) due to purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 52 million yen (2,074 million yen used in the previous fiscal year) due to expenditures for repayments of lease obligations, despite proceeds from long-term loans payable.

(Reference) Changes in cash flow indicators

	FY2019	FY2020	FY2021	FY2022	FY2023
Shareholders' equity ratio (%)	34.8	32.5	33.5	33.4	32.7
Shareholders' equity ratio on market value basis (%)	21.6	14.1	14.3	12.5	15.8
Ratio of cash flows to interest bearing debts (year)	4.1	3.8	4.9	55.4	12.8
Interest coverage ratio (times)	15.0	21.4	18.3	1.7	4.2

(Notes) Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio on market value basis: Market capitalization / Total assets

Ratio of cash flows to interest bearing debts: Interest-bearing debts / Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest payment

1. Each indicator is calculated using consolidated financial figures.
2. Market capitalization is calculated using the following formula: Fiscal year-end share price × Fiscal year-end number of outstanding shares (excluding treasury shares)
3. Operating cash flow represents net cash provided by (used in) operating activities in the consolidated statements of cash flows. Interest-bearing debts refer to all liabilities with an obligation to pay interest stated in the consolidated balance sheet. Interest payment represents interest expenses paid stated in the consolidated statements of cash flows.

(4) Forecast of financial results for FY2024

The fiscal year ending May 31, 2024 is the third year of the "SUMINOE GROUP WAY 2022–2024–2027." The Japanese economy is expected to maintain a moderate recovery trend supported by a move toward the normalization of social and economic activities for the new normal on the back of the easing of behavioral restrictions against COVID-19. On the other hand, prospects remain unpredictable with raw material prices and energy costs remaining at high levels due to continue inflation in the euro area and United States, geopolitical risks, and concerns over drastic fluctuations arising from worldwide financial tightening together with economic downside risks. Under these circumstances, in the Interior Fittings Segment, the Company will boost the sales of eco-friendly products, such as *ECOS®*, and other high-function, high-quality products, as well as *mode S Curtain Vol. 10*, a curtain sample book for general households, and *DESIGN LIFE® EDITION.14*. In addition, we will further strengthen the Space Design Business and take on the challenge in new fields such as the development of products for nursing care and disaster risk prevention, thereby promoting proposals that only the Group can make. In the Automotive Textiles and Traffic Facilities Segment, we are currently constructing a new artificial leather manufacturing plant in Mexico. We will start advance production during FY2024 and further strengthen our bases in North and Central America. We will also strive to expand sales of eco-friendly products such as *ECONIX*, a seat surface material that utilizes *SUMITRON*, as well as decorative materials, and aim to increase orders for fabrics globally. In the traffic facilities business, the Company will maintain and improve its development and production systems through cooperation with manufacturing bases that have been included in the Group, thereby enhancing the design and functionality of its products and capturing demand from railway and bus operators in line with an increase in their service users. In the Functional Materials Segment, the Company will further strengthen cooperation among its bases in Japan, China, and Vietnam in regard to fabric-coated heating products, improve the efficiency of the production system, and engage in new businesses. For other products as well, we will conduct development activities in new areas that meet social issues and market needs in collaboration with the Technology & Production Department, and we will also promote proposal-based development and marketing to diverse customer segments.

On June 1, 2023, SUMINOE GROUP announced its Group Philosophy and the unified Group logo that has been brushed up while continuing the tradition of the Seahorse mark. Under these, the entire Group will unite to promote business and create synergy across businesses, aiming to enhance corporate value over the medium to long term.

We plan to post net sales of 99,000 million yen, operating income of 2,600 million yen, ordinary income of 2,700 million yen, and profit attributable to owners of parent of 1,300 million yen for the fiscal year ending May 31, 2024.

2. Basic policy regarding selection of accounting standards

Considering the comparability of consolidated financial statements among fiscal years and companies, the SUMINOE GROUP plans to prepare its consolidated financial statements in accordance with Japanese GAAP for the time being. Regarding the adoption of International Financial Reporting Standards (IFRS) in the future, we plan to decide the timing for introducing IFRS appropriately, taking into account the situation in Japan and overseas.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Unit: million yen)

	FY2022 (As of May 31, 2022)	FY2023 (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	8,150	7,079
Notes and accounts receivable - trade, and contract assets	13,816	15,814
Electronically recorded monetary claims - operating	6,171	7,385
Securities	58	63
Merchandise and finished goods	10,187	9,583
Work in process	1,828	2,023
Raw materials and supplies	3,605	4,316
Income taxes receivable	32	120
Other	2,925	2,521
Allowance for doubtful accounts	(27)	(28)
Total current assets	46,749	48,880
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,163	8,206
Machinery, equipment and vehicles, net	2,854	2,863
Land	16,138	16,640
Leased assets, net	1,359	1,170
Construction in progress	432	285
Other, net	604	809
Total property, plant and equipment	29,553	29,976
Intangible assets		
Leased assets	8	5
Other	1,825	1,650
Total intangible assets	1,834	1,656
Investments and other assets		
Investment securities	4,304	4,904
Long-term loans receivable	9	6
Deferred tax assets	1,416	1,663
Other	1,149	1,216
Allowance for doubtful accounts	(216)	(152)
Total investments and other assets	6,663	7,638
Total non-current assets	38,051	39,271
Total assets	84,801	88,151

(Unit: million yen)

	FY2022 (As of May 31, 2022)	FY2023 (As of May 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,063	10,237
Electronically recorded obligations - operating	4,700	7,596
Short-term loans payable	12,399	12,841
Lease obligations	677	686
Income taxes payable	507	493
Provision for demolition costs	33	—
Other	4,664	4,153
Total current liabilities	35,046	36,008
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	5,600	7,438
Lease obligations	1,123	1,205
Deferred tax liabilities	308	311
Deferred tax liabilities for land revaluation	3,375	3,375
Provision for directors' retirement benefit	137	96
Net defined benefit liability	4,197	4,111
Other	563	489
Total non-current liabilities	16,306	18,029
Total liabilities	51,352	54,037
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,626	2,611
Retained earnings	11,480	11,207
Treasury shares	(3,949)	(3,913)
Total shareholders' equity	19,711	19,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	545	1,143
Deferred gains or losses on hedges	58	27
Revaluation reserve for land	6,922	6,922
Foreign currency translation adjustment	1,170	1,362
Remeasurements of defined benefit plans	(104)	(52)
Total accumulated other comprehensive income	8,593	9,403
Non-controlling interests	5,144	5,251
Total net assets	33,448	34,113
Total liabilities and net assets	84,801	88,151

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Unit: million yen)

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Net sales	81,713	94,828
Cost of sales	64,543	75,399
Gross profit	17,170	19,428
Selling, general and administrative expenses	17,059	18,133
Operating income	110	1,294
Non-operating income		
Interest income	28	35
Dividend income	120	113
Share of profit of entities accounted for using equity method	14	—
Foreign exchange gains	24	265
Real estate rent	267	269
Subsidy income	521	—
Other	177	226
Total non-operating income	1,155	911
Non-operating expenses		
Interest expenses	212	431
Share of loss of entities accounted for using equity method	—	18
Rent expenses on real estates	29	33
Other	74	147
Total non-operating expenses	316	631
Ordinary income	950	1,575
Extraordinary income		
Gain on sales of non-current assets	271	30
Gain on sales of investment securities	380	230
Total extraordinary income	652	260
Extraordinary loss		
Loss on sales and retirement of non-current assets	101	44
Impairment loss	—	342
Total extraordinary loss	101	386
Profit before income taxes	1,501	1,449
Income taxes - current	890	858
Income taxes - deferred	(86)	(196)
Total income taxes	803	662
Profit	698	787
Profit attributable to non-controlling interests	417	466
Profit attributable to owners of parent	281	320

Consolidated statements of comprehensive income

(Unit: million yen)

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Profit	698	787
Other comprehensive income		
Valuation difference on available-for-sale securities	(348)	598
Deferred gains or losses on hedges	58	(32)
Foreign currency translation adjustment	732	247
Remeasurements of defined benefit plans	30	51
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	471	865
Comprehensive income	1,170	1,653
Comprehensive income attributable to:		
Owners of parent	583	1,146
Non-controlling interests	586	506

(3) Consolidated statements of changes in shareholders' equity

FY2022 (June 1, 2021 to May 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,640	10,672	(3,988)	18,878
Changes of items during the period					
Dividends of surplus			(347)		(347)
Profit attributable to owners of parent			281		281
Purchase of treasury shares				(0)	(0)
Disposition of treasury shares		(14)		39	25
Reversal of revaluation reserve for land			874		874
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(14)	808	38	832
Balance at the end of the period	9,554	2,626	11,480	(3,949)	19,711

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	893	0	7,797	608	(134)	9,166	4,911	32,956
Changes of items during the period								
Dividends of surplus								(347)
Profit attributable to owners of parent								281
Purchase of treasury shares								(0)
Disposition of treasury shares								25
Reversal of revaluation reserve for land								874
Net changes of items other than shareholders' equity	(348)	58	(874)	562	30	(572)	233	(339)
Total changes of items during the period	(348)	58	(874)	562	30	(572)	233	492
Balance at the end of the period	545	58	6,922	1,170	(104)	8,593	5,144	33,448

FY2023 (June 1, 2022 to May 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,554	2,626	11,480	(3,949)	19,711
Cumulative effects of changes in accounting policies			(150)		(150)
Restated balance	9,554	2,626	11,330	(3,949)	19,560
Changes of items during the period					
Dividends of surplus			(443)		(443)
Profit attributable to owners of parent			320		320
Purchase of treasury shares				(0)	(0)
Disposition of treasury shares		(15)		37	22
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(15)	(123)	36	(101)
Balance at the end of the period	9,554	2,611	11,207	(3,913)	19,458

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	545	58	6,922	1,170	(104)	8,593	5,144	33,448
Cumulative effects of changes in accounting policies								(150)
Restated balance	545	58	6,922	1,170	(104)	8,593	5,144	33,298
Changes of items during the period								
Dividends of surplus								(443)
Profit attributable to owners of parent								320
Purchase of treasury shares								(0)
Disposition of treasury shares								22
Net changes of items other than shareholders' equity	598	(31)	—	191	51	809	106	916
Total changes of items during the period	598	(31)	—	191	51	809	106	814
Balance at the end of the period	1,143	27	6,922	1,362	(52)	9,403	5,251	34,113

(4) Consolidated statement of cash flows

(Unit: million yen)

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,501	1,449
Depreciation	1,915	2,229
Impairment loss	—	342
Increase (decrease) in net defined benefit liability	74	(23)
Increase (decrease) in provision for directors' retirement benefits	(9)	(41)
Increase (decrease) in allowance for doubtful accounts	57	(63)
Interest and dividend income	(149)	(148)
Interest expenses	212	431
Share of loss (profit) of entities accounted for using equity method	(14)	18
Loss (gain) on sales and retirement of non-current assets	(170)	13
Loss (gain) on sales of investment securities	(380)	(230)
Decrease (increase) in notes and accounts receivable - trade	1,303	2,743
Decrease (increase) in inventories	(1,971)	199
Increase (decrease) in notes and accounts payable - trade	(217)	836
Decrease (increase) in consumption taxes refund receivable	(741)	583
Increase (decrease) in accrued consumption taxes payable	(105)	85
Decrease (increase) in other current assets	(29)	(483)
Increase (decrease) in other current liabilities	(9)	555
Other	111	78
Subtotal	1,376	3,089
Interest and dividend income received	147	148
Interest expenses paid	(215)	(433)
Income taxes paid	(961)	(1,035)
Income taxes refund	28	34
Net cash provided by (used in) operating activities	375	1,803

(Unit: million yen)

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(330)	(300)
Proceeds from withdrawal of time deposits	330	330
Purchase of securities	(17)	(14)
Proceeds from sales and redemption of securities	19	19
Purchase of property, plant and equipment	(3,763)	(2,912)
Proceeds from sales of property, plant and equipment	2,733	68
Proceeds from earnest related sales of property, plant and equipment	—	205
Payments for retirement of property, plant and equipment	(399)	(26)
Payments for asset retirement obligations	(4)	(1)
Purchase of intangible assets	(254)	(99)
Purchase of investment securities	(18)	(20)
Proceeds from sales and redemption of investment securities	593	340
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	—	26
Payments from shares of subsidiaries resulting in change in scope of consolidation	(81)	—
Payments of loans receivable	(4)	(1)
Collection of loans receivable	5	4
Payments for acquisition of businesses	—	(452)
Other	—	(0)
Net cash provided by (used in) investing activities	(1,191)	(2,834)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,798	166
Proceeds from long-term loans payable	600	4,500
Repayments of long-term loans payable	(4,000)	(3,134)
Redemptions of bonds	(100)	—
Repayments of lease obligations	(685)	(740)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(348)	(445)
Cash dividends paid to non-controlling interests	(337)	(398)
Net cash provided by (used in) financing activities	(2,074)	(52)
Effect of exchange rate change on cash and cash equivalents	104	42
Net increase (decrease) in cash and cash equivalents	(2,786)	(1,040)
Cash and cash equivalents at beginning of period	10,756	7,970
Cash and cash equivalents at end of period	7,970	6,929

(5) Major notes on consolidated financial statements

(Notes on assumption of going concern)

Not applicable.

(Changes in accounting policies)

(Application of ASC842, Leases (Topic842))

The Company's overseas subsidiaries that adopted U.S. GAAP have applied the ASC842, Leases (Topic842) effective from the consolidated fiscal year ended May 31, 2023. Lessees are in principle required to recognize all leases as assets and liabilities on their balance sheets. In applying this accounting standard, the accepted method for the transitional treatment which the cumulative effect of a change in accounting policy is recognized at the date of application have been adopted.

As a result of the application of this accounting standard, mainly "Leased assets, net - PPE" increased by 36 million yen, "Other, net" increased by 199 million yen, "Lease obligations - CL" increased by 148 million yen, "Lease obligations - NCL" increased by 194 million yen in the consolidated balance sheets for the consolidated fiscal year ended May 31, 2023, and "Retained earnings" at the beginning of the consolidated fiscal year ended May 31, 2023 decreased by 150 million yen, respectively.

(Segment information, etc.)

(Segment information)

1. Outline of reportable segment information

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the Board of Directors in determining the allocation of management resources and in assessing performance.

The Company has business divisions and subsidiaries by the type of product and service. Each division and subsidiary draws up a comprehensive strategy for their products and services at home and aboard and conducts business activities.

Accordingly, our Group consists of segments divided by the type of product and service on the basis of business divisions. It has the following three reportable segments: *Interior Fittings Segment*, *Automotive Textiles and Traffic Facilities Segment*, and *Functional Materials Segment*.

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

2. Method to calculate net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting treatment methods applied to the Group's reported business segments largely correspond to the description in "Significant Accounting Policies for the Preparation of Consolidated Financial Statements" disclosed in our latest Securities Report (submitted on August 30, 2022).

Segment income is based on operating income.

Inter-segment sales and transfers are based on current market prices.

3. Information on net sales, income or loss, assets, liabilities, and other items by reportable segment

FY2022 (June 1, 2021 to May 31, 2022)

(Unit: million yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	32,811	45,005	3,548	81,364	349	81,713	—	81,713
Inter-segment sales and transfers	737	34	1	773	134	907	(907)	—
Total	33,549	45,039	3,549	82,138	483	82,621	(907)	81,713
Segment income (loss)	911	1,127	(192)	1,846	63	1,910	(1,799)	110
Segment assets	27,892	36,639	3,051	67,583	365	67,948	16,852	84,801
Other								
Depreciation and amortization	273	1,465	24	1,763	18	1,782	132	1,915
Investments in equity method affiliates	—	81	—	81	—	81	—	81
Increase in property, plant, and equipment, and intangible assets	1,586	2,678	216	4,481	12	4,493	142	4,636

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

2. Adjustments are as follows:

- (1) Adjustment of (1,799) million yen in segment income (loss) includes eliminations among segments of 29 million yen and corporate expenses unallocated to relevant reportable segments of (1,829) million yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
- (2) Adjustment of 16,852 million yen in segment assets includes eliminations among segments of (192) million yen and corporate assets unallocated to relevant reportable segments of 17,045 million yen. Unallocated corporate assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.

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

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Figures in consolidated financial statements (Note 3)
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total				
Net sales								
Net sales to outside customers	36,598	54,314	3,550	94,463	365	94,828	—	94,828
Inter-segment sales and transfers	672	27	0	700	136	836	(836)	—
Total	37,270	54,341	3,551	95,163	501	95,665	(836)	94,828
Segment income	977	2,230	90	3,299	60	3,359	(2,064)	1,294
Segment assets	28,888	39,099	3,671	71,660	357	72,018	16,132	88,151
Other								
Depreciation and amortization	341	1,599	132	2,074	19	2,093	135	2,229
Investments in equity method affiliates	—	64	—	64	—	64	—	64
Increase in property, plant, and equipment, and intangible assets	304	1,901	220	2,426	36	2,463	(21)	2,441

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

2. Adjustments are as follows:

- (1) Adjustment of (2,064) million yen in segment income includes eliminations among segments of 37 million yen and corporate expenses unallocated to relevant reportable segments of (2,102) million yen. Unallocated corporate expenses mainly consist of expenses for the Administrative division and R&D division that do not belong to any reportable segment.
- (2) Adjustment of 16,132 million yen in segment assets includes eliminations among segments of (220) million yen and corporate assets unallocated to relevant reportable segments of 16,353 million yen. Unallocated corporate assets mainly consist of investment of surplus funds by parent company (cash and deposits), long-term invested funds (investment securities), and assets related to the Administrative division that do not belong to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated statement of income.

(Relevant information)

FY2022 (June 1, 2021 to May 31, 2022)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: million yen)

Japan	North and Central America	Asia	Other	Total
57,908	11,666	11,933	204	81,713

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

2. Sales to the North and Central America region include sales of 8,804 million yen in the United States, which accounts for more than 10% of the net sales reported on the consolidated income statements.

(2) Property, plant, and equipment

(Unit: million yen)

Japan	North and Central America	Asia	Total
24,673	3,353	1,526	29,553

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

FY2023 (June 1, 2022 to May 31, 2023)

1. Information by product and service

The disclosure of information by product and service was omitted, since similar information was disclosed in segment information.

2. Information by region

(1) Net sales

(Unit: million yen)

Japan	North and Central America	Asia	Other	Total
63,462	14,747	16,469	148	94,828

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

2. Sales to the North and Central America region include sales of 11,033 million yen in the United States, which accounts for more than 10% of the net sales reported on the consolidated income statements.

(2) Property, plant, and equipment

(Unit: million yen)

Japan	North and Central America	Asia	Total
24,732	3,677	1,566	29,976

3. Information by major customer

The disclosure of information by major customer is omitted, since no sales to a specific outside customer exceeded 10% of the net sales reported on the consolidated income statements.

(Impairment loss on non-current assets by reportable segment)

FY2022 (June 1, 2021 to May 31, 2022)

Not applicable.

FY2023 (June 1, 2022 to May 31, 2023)

(Unit: million yen)

	Reportable Segments				Other	Elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	180	161	—	342	—	—	342

(Per share information)

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Net assets per share	4,470.49 yen	4,549.75 yen
Profit per share, basic	44.44 yen	50.55 yen

(Note) 1. Profit per share diluted is not stated, since there is no potential common share.

2. The bases to calculate net assets per share are as follows:

	FY2022 (As of May 31, 2022)	FY2023 (As of May 31, 2023)
Total net assets (million yen)	33,448	34,113
Net assets related to common shares (million yen)	28,304	28,861
Main differences (million yen)		
Non-controlling interests	5,144	5,251
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury shares (1,000 shares)	1,350	1,338
Number of common shares used to calculate net assets per share (1,000 shares)	6,331	6,343

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

	FY2022 (June 1, 2021 to May 31, 2022)	FY2023 (June 1, 2022 to May 31, 2023)
Profit attributable to owners of parent (million yen)	281	320
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent concerning common shares (million yen)	281	320
Average number of common shares during the period (1,000 shares)	6,327	6,339

(Significant subsequent events)

Not applicable.