



Consolidated Financial Results for the Third Quarter of Fiscal Year 2024 (Japanese GAAP)

April 11, 2024

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: April 11, 2024 Scheduled date of dividend payment: —
Preparation of supplementary explanatory documents for quarterly financial results: No
Holding analyst meeting for quarterly financial results: No

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

1. Consolidated Financial Results for the 3rd Quarter of FY2024 (June 1, 2023 to February 29, 2024)

(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	%
Q3 of FY ending May 31, 2024	77,179	12.1	2,187	—	2,496	592.2	1,055	—
Q3 of FY ended May 31, 2023	68,837	15.2	78	—	360	(24.1)	(680)	—

(Note) Comprehensive income Q3 of FY ending May 31, 2024: 2,743 million yen (472.1 %)

Q3 of FY ended May 31, 2023: 479 million yen (— %)

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
Q3 of FY ending May 31, 2024	160.70	—
Q3 of FY ended May 31, 2023	(107.29)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q3 of FY ending May 31, 2024	92,981	37,139	33.8
FY2023	88,151	34,113	32.7

(Reference) Shareholders' equity Q3 of FY ending May 31, 2024: 31,410 million yen FY2023: 28,861 million yen

2. Dividend Information

	Dividend per share				
	First quarter	Second quarter	Third quarter	End of the year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	—	35.00	—	20.00	55.00
FY2024	—	35.00	—		
FY2024 (Forecast)				35.00	70.00

(Note) Revision of the latest dividend forecast: No

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
Full year	102,200	7.8	3,100	139.4	3,400	115.8	1,600	399.3	241.93

(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: No

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

(iii) Changes in financial estimates: No

(iv) Restatements of financial statements: No

(4) Number of shares issued (common stock)

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

Q3 of FY2024	7,682,162 shares	FY2023	7,682,162 shares
Q3 of FY2024	926,543 shares	FY2023	1,338,540 shares
Q3 of FY2024	6,570,813 shares	Q3 of FY2023	6,338,812 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 third quarter of the fiscal year under review

(1) Explanation of business results

During the first nine months of the consolidated fiscal year ending May 31, 2024, the Japanese economy has been resilient due to a gradual pick-up in service consumption from the increase in the movement of people in Japan and the expansion of inbound demand on the back of normalization of social and economic activities. On the other hand, the outlook for the economic environment remains uncertain due to the tense global situation, soaring raw material and energy prices, interest rate differentials between Japan and the United States, and rapid exchange rate fluctuations.

In the interior industry, which relates to the Company's business, domestic new housing starts were down 6.9% year on year, and the floor area of nonresidential construction starts were decreased by 11.7% year on year. In the automotive industry, automobile production in the Japanese market was up 7.6% year on year. Production in overseas markets also increased in the same period of the previous fiscal year.

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

In the Interior Fittings Segment, the Company focuses on increasing sales of environment-friendly and health-conscious products, such as *ECOS*®, eco-friendly carpet tiles under the horizontal recycling system. 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 Fittings 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 global development of the decorative fabric business, technological development and increasing orders received for non-textile products, such as synthetic leather. Concurrently, we also strive to expand sales of eco-friendly products, such as *ECONIX*, a seat covering material that utilizes *SUMITRON*®, recycled polyester fiber. While optimizing raw material procurement and production locations, we continue to work on appropriately passing the rising cost on to our product prices. In the traffic facilities business, we are preparing for development and production systems to quickly respond to the recovery of demand on the back of the increase in passengers experienced by railway and bus operators by sophisticating designs and functions through collaboration with Seki Textile Co., Ltd., which was converted into a subsidiary in the previous fiscal year. Furthermore, our efforts are also focused on market expansion to products other than interior textiles for railway vehicles and buses and on development in new fields.

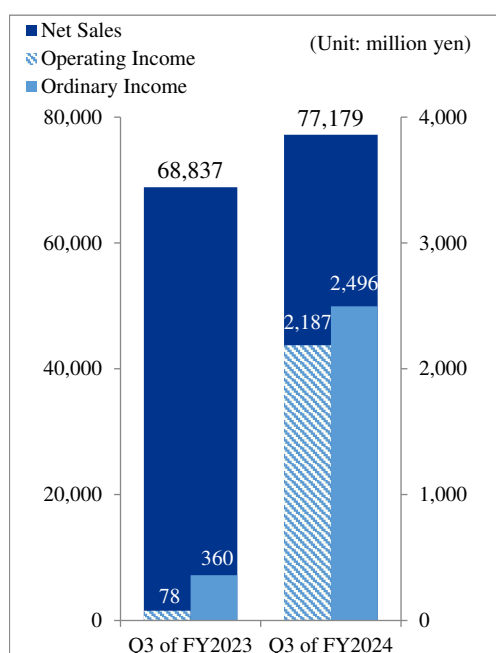
In the Functional Materials Segment, the plant reorganization was completed by relocating from China, where the production base of fabric-coated heating products was located, to Vietnam, thereby making the plant in Vietnam the main plant of fabric-coated heating products since the previous fiscal year. By diversifying regional risks and building a more optimal supply system, we will promote responses to the uncertain external environment. As the new development of fabric-coated heating products, the Group also promotes B to C initiatives, including the launch of new "*USB Cushion & Blanket*" sales in November 2023 through "Carpet Marché" operated by SUMINOE Co., Ltd. Furthermore, by strengthening collaboration with the Technology and Production Headquarters as development divisions and also by working to accelerate product development and enhance the capability of development and sales, the Company strives to secure order receipts in existing businesses, establish new functional processing technologies that meet market needs, and promote development and sales through the utilization of new functional materials.

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 previous fiscal year, we introduced 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 previous fiscal year, we have once again identified the strengths of the SUMINOE GROUP and the benefits it provides to society. On June 1, 2023, SUMINOE GROUP announced its Group Philosophy, the unified Group logo that has been brushed up while continuing the tradition of the Seahorse mark and tagline "Bring innovation to all kinds of spaces". 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.

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

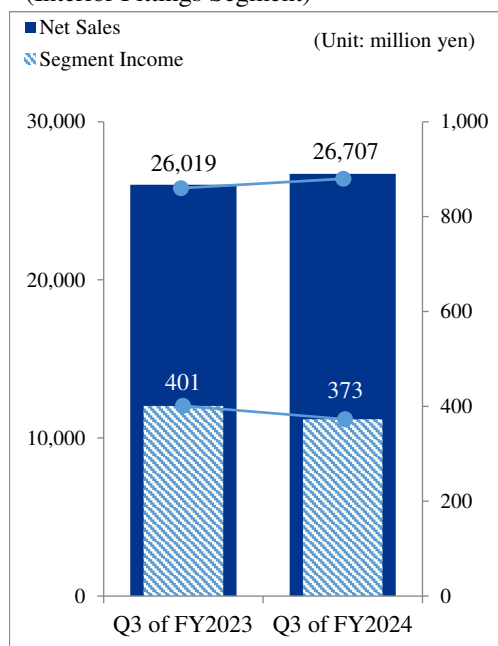


Net sales recorded robust growth of 12.1% on a year-on-year basis to 77,179 million yen owing to an increase in automobile production volume thanks to a recovery in production from the supply shortage of semiconductors and components and growth in Automotive Textiles and Traffic Facilities Segment. As to profits, due to the increase sales and progress in optimizing production systems and improving profitability in line with business restructuring at North and Central American bases, operating income of 2,187 million yen (operating income of 78 million yen in the same period of the previous year) and ordinary income of 592.2% on a year-on-year basis to 2,496 million yen were recorded, resulting in profit attributable to owners of parent of 1,055 million yen (loss attributable to owners of parent of 680 million yen in the same period of the previous year).

The performance by segment is as described below.

Segments	Net sales		Operating income (loss)	
	Amount (Million yen)	YY Change (%)	Amount (Million yen)	YY Change (%)
Interior Fittings	26,707	+2.6	373	(7.1)
Automotive Textiles and Traffic Facilities	47,544	+20.3	3,358	+223.3
Functional Materials	2,627	(12.5)	(27)	—
Other	300	+6.0	60	+32.7
Total	77,179	+12.1	3,765	+130.6
Adjustment	—	—	(1,577)	—
Consolidated	77,179	+12.1	2,187	—

(Interior Fittings Segment)



Net sales increased by 2.6% year-on-year to 26,707 million yen due to increased number of deliveries commercial carpets sold and as the space design business, which designs entire “spaces,” also remained strong. Segment income decreased by 7.1% year-on-year to 373 million yen due to lower sales of household carpets caused by changes in consumption behavior and other factors, and the impact of the surge in raw material prices caused by the rapid depreciation of the yen.

In commercial carpets, *ECOS®* sold by SUMINOE Co., Ltd., eco-friendly carpet tiles under the horizontal recycling system, increased number of deliveries from the growing awareness of environmental considerations, and the sale volume of roll carpet to hotels and high-end brand shops also increased owing to our accumulated technical strength and credibility. As a result, net sales of commercial carpets as a whole grew by 5.6 % year on year.

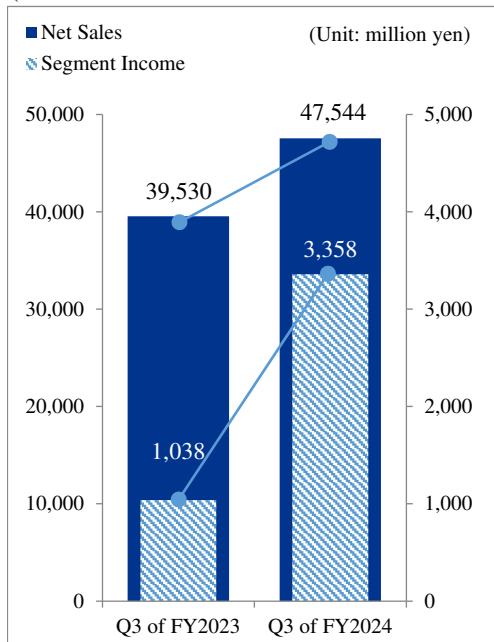
In household carpets, we made improvements in our struggling online sales to promote the effective use of “cucan”, our online interior decorating shopping website. However, the market continued to stagnate due to changes in consumption behavior caused by increased out-of-home consumption. As a result, net sales of household carpets as a whole were down 13.5% year on year.

In curtains, sales of *Face Vol. 20.1*, curtains for medical, welfare and educational institutions showed steady growth from increasing number of deliveries including hospital. As a result, net sales of curtains as a whole were up 1.9% year on year.

In wall coverings, sales of a catalogue of fusuma paper, *Keisho Vol. 32*, launched by RUNON CO., LTD. last year showed steady growth and price revisions to cover soaring raw material prices have been successful. As a result, net sales of wall coverings as a whole were up 3.2% year-on-year.

In the space design business, an increase in orders for store interiors was successful. As a result, sales increased by 16.5% year-on-year.

(Automotive Textiles and Traffic Facilities Segment)

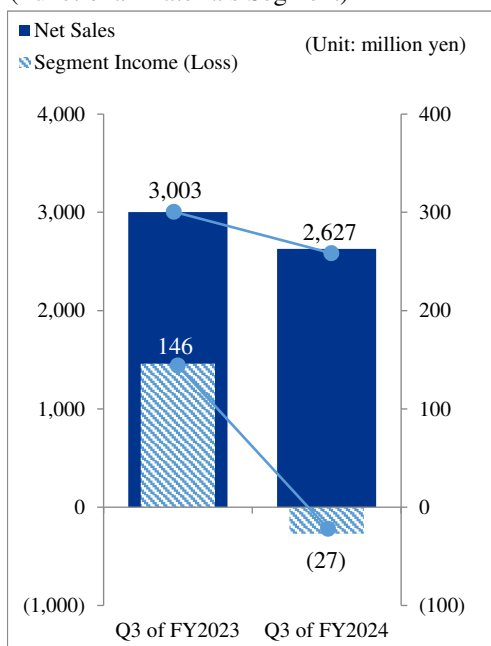


Automotive-related sales have been steady due to the increase in production volume of Japanese automakers in Japan and abroad, and we steadily responded to recovering demand for interior products for railways and buses. The result led to an increase in net sales of 20.3% year on year to 47,544 million yen in net sales. In addition to the increased sales, business restructuring at the North and Central American bases has been successful, and their effort toward full-fledged growth has begun. As a result, segment income increased by 223.3% year-on-year to 3,358 million yen.

In automotive textiles business, domestic sales increased by 18.3% year on year thanks to a recovery in production from the end of the supply shortage of semiconductors and components. Moreover, rising raw material and energy costs have been passed on to our product prices more appropriately than in the same period last year. Furthermore, progress in optimizing production systems and improving profitability in line with business restructuring at North and Central American bases and while Japanese automakers are struggling in China, sales for assembling production of finished vehicles in Japan remained strong at the Group's Chinese bases. In addition, while automobile sales in Thailand and Indonesia were sluggish, our Group's Southeast Asian bases have contributed to sales through the decorative fabric business, which focuses on selling car mats, our unique narrow woven fabric product *GRACE CORD®*, etc., as well as the effect of foreign exchange rates. As a result, overseas sales increased by 20.1% year-on-year.

In the traffic facilities business, net sales for railways exceeded those for the same period of the previous fiscal year due to an increase in the number of public transport users, reflecting continued growing inbound demand or more opportunities to go out, and recovering railway renewal works. Moreover, our interior products for buses performed well as we steadily captured demand for such products for sightseeing buses, which has shown signs of recovery, following fixed-route buses. As a result, net sales in the traffic facilities business as a whole exceeded the results for the same period of the previous fiscal year.

(Functional Materials Segment)



In fabric-coated heating products such as electric carpets, one of our core products, sales were lower than in the same period of the previous year, due to a decrease in the number of new orders, affected by the sluggish market. In deodorizing filters, although officially adopt “ZitA SQUARE” sold by SAKURADOME CORP. and *Tispa*® series deodorizer for home use, “Real Odor Deodorization without Disguising with a Scent” showed steady growth, the decline in demand for deodorant filters for air purifiers continued to stagnate. As a result, net sales of deodorizing filters as a whole declined the results for the same period of the previous fiscal year. In floor materials for bathrooms, although there was a revision in sales prices, the number of new orders decreased due to changes in consumption trends caused by the convergence of the COVID-19 pandemic. As a result, net sales of floor materials for bathrooms as a whole declined the results for the same period of the previous fiscal year. Therefore, net sales in the Functional Materials Segment as a whole decreased by 12.5% year-on-year to 2,627 million yen and segment loss was 27 million yen (segment income of 146 million yen in the same period of the previous year).

(2) Explanation of financial position

Total assets at the end of the third consolidated accounting quarter under review amounted to 92,981 million yen, an increase of 4,830 million yen from the end of the previous consolidated fiscal year, due to an increase in property, plant and equipment.

Liabilities grew to 55,842 million yen, an increase of 1,804 million yen, due to an increase in notes and accounts payable - trade.

Net assets grew to 37,139 million yen, an increase of 3,025 million yen, due to an increase in retained earnings.

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

There is no change in the forecasts for the full year of the fiscal year ending May 31, 2024 from “Notice on the Revisions to the Business Forecast (Upward Revisions)” which we announced on January 11, 2024. (Only available in Japanese)

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Unit: million yen)

	FY2023 (As of May 31, 2023)	Q3 of FY2024 (As of February 29, 2024)
Assets		
Current assets		
Cash and deposits	7,079	7,850
Notes and accounts receivable - trade, and contract assets	15,814	15,922
Electronically recorded monetary claims - operating	7,385	8,311
Merchandise and finished goods	9,583	9,522
Work in process	2,023	2,279
Raw materials and supplies	4,316	4,295
Others	2,705	3,197
Allowance for doubtful accounts	(28)	(23)
Total current assets	48,880	51,355
Non-current assets		
Property, plant and equipment		
Land	16,640	16,791
Other, net	13,335	14,573
Total property, plant and equipment	29,976	31,365
Intangible assets	1,656	1,509
Investments and other assets		
Investment securities	4,904	6,287
Deferred tax assets	1,663	1,354
Other	1,222	1,252
Allowance for doubtful accounts	(152)	(144)
Total investments and other assets	7,638	8,750
Total non-current assets	39,271	41,625
Total assets	88,151	92,981

(Unit: million yen)

	FY2023 (As of May 31, 2023)	Q3 of FY2024 (As of February 29, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,237	12,057
Electronically recorded obligations - operating	7,596	7,982
Short-term loans payable	12,841	10,410
Income taxes payable	493	430
Other	4,839	5,080
Total current liabilities	36,008	35,960
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	7,438	9,387
Deferred tax liabilities	311	324
Provision for directors' retirement benefit	96	94
Net defined benefit liability	4,111	4,010
Other	5,070	5,063
Total non-current liabilities	18,029	19,881
Total liabilities	54,037	55,842
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,611	2,229
Retained earnings	11,207	11,899
Treasury shares	(3,913)	(2,708)
Total shareholders' equity	19,458	20,974
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,586
Deferred gains or losses on hedges	27	5
Revaluation reserve for land	6,922	6,922
Foreign currency translation adjustment	1,362	1,950
Remeasurements of defined benefit plans	(52)	(29)
Total accumulated other comprehensive income	9,403	10,435
Non-controlling interests	5,251	5,728
Total net assets	34,113	37,139
Total liabilities and net assets	88,151	92,981

(2) Consolidated quarterly statement of income and comprehensive income

Consolidated quarterly statement of income

(The third quarter of FY2024)

(Unit: million yen)

	Q3 of FY2023 (June 1, 2022 to February 28, 2023)	Q3 of FY2024 (June 1, 2023 to February 29, 2024)
Net sales	68,837	77,179
Cost of sales	55,109	60,752
Gross profit	13,727	16,427
Selling, general and administrative expenses	13,648	14,240
Operating income (loss)	78	2,187
Non-operating income		
Interest income	22	21
Dividend income	80	76
Share of income of entities accounted for using equity method	21	—
Foreign exchange gains	183	202
Real estate rent	202	241
Other	144	211
Total non-operating income	655	753
Non-operating expenses		
Interest expenses	297	206
Share of loss of entities accounted for using equity method	—	133
Rent expenses on real estates	31	35
Other	44	68
Total non-operating expenses	373	444
Ordinary income	360	2,496
Extraordinary income		
Gain on sales of non-current assets	33	27
Gain on sales of investment securities	44	129
Insurance claim income with disaster	—	21
Total extraordinary income	78	177
Extraordinary loss		
Loss on sales and retirement of non-current assets	15	15
Impairment loss	183	—
Loss on valuation of investment securities	—	25
Loss on disaster	—	34
Total extraordinary loss	199	75
Profit (loss) before income taxes	239	2,599
Income taxes - current	645	849
Income taxes - deferred	(28)	130
Total income taxes	616	979
Profit (loss)	(377)	1,619
Profit attributable to non-controlling interests	302	563
Profit (loss) attributable to owners of parent	(680)	1,055

Consolidated quarterly statements of comprehensive income
(The third quarter of FY2024)

(Unit: million yen)

	Q3 of FY2023 (June 1, 2022 to February 28, 2023)	Q3 of FY2024 (June 1, 2023 to February 29, 2024)
Profit (loss)	(377)	1,619
Other comprehensive income		
Valuation difference on available-for-sale securities	661	443
Deferred gains or losses on hedges	(42)	(22)
Foreign currency translation adjustment	180	679
Remeasurements of defined benefit plans	55	23
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	856	1,123
Comprehensive income	479	2,743
Comprehensive income attributable to:		
Owners of parent	170	2,088
Non-controlling interests	308	654

(3) Major notes on consolidated quarterly financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Segment information)

I Q3 of FY2023 (June 1, 2022 to February 28, 2023)

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	26,019	39,530	3,003	68,553	283	68,837	—	68,837
Inter-segment sales and transfers	503	26	0	530	105	636	(636)	—
Total	26,522	39,557	3,004	69,084	389	69,473	(636)	68,837
Segment income	401	1,038	146	1,586	45	1,632	(1,554)	78

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

2. Adjustment of (1,554) million yen in segment income includes eliminations among segments of 47 million yen and corporate expenses unallocated to relevant reportable segments of (1,601) 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 and the Automotive Textiles and Traffic Facilities Segment. The amount of the impairment loss recorded for the nine months ended February 28, 2023 was 180 million yen in the Interior Fittings Segment and 3 million yen in the Automotive Textiles and Traffic Facilities Segment.

II Q3 of FY2024 (June 1, 2023 to February 29, 2024)

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	26,707	47,544	2,627	76,879	300	77,179	—	77,179
Inter-segment sales and transfers	576	6	41	625	95	721	(721)	—
Total	27,284	47,551	2,669	77,504	396	77,901	(721)	77,179
Segment income (loss)	373	3,358	(27)	3,704	60	3,765	(1,577)	2,187

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

2. Adjustment of (1,577) million yen in segment income (loss) includes eliminations among segments of 30 million yen and corporate expenses unallocated to relevant reportable segments of (1,608) 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 (loss) 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

Omitted as it is not significant.