



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

July 12, 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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Date of holding Annual General Meeting of Shareholders: August 29, 2024
Scheduled date of dividend payment: August 30, 2024
Scheduled date of filing of annual security report: August 29, 2024
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 FY2024 (June 1, 2023 to May 31, 2024)

(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	%
FY2024	103,478	9.1	3,300	154.9	3,668	132.9	874	172.9
FY2023	94,828	16.0	1,294	—	1,575	65.7	320	14.0

(Note) Comprehensive income FY2024: 3,588 million yen (117.1%) FY2023: 1,653 million yen (41.3%)

	Profit per share Basic	Profit per share Diluted	Ratio of profit to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2024	132.22	—	2.9	4.1	3.2
FY2023	50.55	—	1.1	1.8	1.4

(Reference) Equity in earnings or losses of affiliates FY2024: (261) million yen FY2023: (18) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2024	92,199	37,687	34.7	4,742.69
FY2023	88,151	34,113	32.7	4,549.75

(Reference) Shareholders' equity FY2024: 32,038 million yen FY2023: 28,861 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
FY2024	7,450	(2,323)	(4,204)	8,153
FY2023	1,803	(2,834)	(52)	6,929

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	%	%
FY2023	—	35.00	—	20.00	55.00	348	108.8	1.2
FY2024	—	35.00	—	35.00	70.00	472	52.9	1.5
FY2025 (Forecast)	—	40.00	—	40.00	80.00		36.0	

3. Forecast of Consolidated Financial Results for FY2025 (June 1, 2024 to May 31, 2025)

(% 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	51,200	(0.4)	1,000	(28.9)	1,100	(35.0)	300	(60.2)	44.41
Full year	105,300	1.8	3,300	(0.0)	3,400	(7.3)	1,500	71.5	222.05

*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: No
- (ii) Changes in accounting policies other than (i) above: No
- (iii) Changes in financial estimates: Yes
- (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

FY2024	7,682,162 shares	FY2023	7,682,162 shares
FY2024	926,816 shares	FY2023	1,338,540 shares
FY2024	6,613,408 shares	FY2023	6,339,922 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Highlights for FY2024 (June 1, 2023 to May 31, 2024)

(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	%
FY2024	18,769	8.7	(569)	—	874	32.6	(286)	—
FY2023	17,269	15.1	(666)	—	659	49.2	701	(22.8)

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
FY2024	(43.39)	—
FY2023	110.63	—

(Reasons for the difference between non-consolidated financial results and those for the previous fiscal year)

As the Company has recognized in extraordinary losses of a loss on valuation of shares of subsidiaries and associates arising from share transfer of an entity accounted for using the equity method, the difference between the profit for FY2024 and the profit for FY2023 is above a certain level.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Book-value per share
	Million yen	Million yen	%	Yen
FY2024	69,241	23,262	33.6	3,443.56
FY2023	69,281	22,503	32.5	3,547.44

(Reference) Shareholders' equity FY2024: 23,262 million yen FY2023: 22,503 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.

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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, 2024 under review, the Japanese economy remained resilient due to progress in the normalization of social and economic activities, recovery of private consumption due to a gradual improvement in the employment and income situation, and an increase in inbound demand. On the other hand, the tense global situation, soaring raw material and energy prices, and the effects of fluctuations in financial and capital markets continued to require close attention.

In the interior industry, which relates to the Company's business, the domestic new housing starts was down 5.7% year on year, and the floor area of nonresidential construction starts also decreased 10.7% year on year. In the automotive industry, automobile production in the Japanese market was up 3.2% 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 third year.

In the Interior Fitting Segment, the Company focuses on increasing sales of environment-friendly and health-conscious products, such as *ECOS®*, which represents eco-friendly carpet tiles under a horizontal recycling system. In FY2024, high appreciation of their environmental performance led to an increase in the number of orders received. Furthermore, the Company is striving to expand the scope of its space design business, which involves designing an entire space, and synergy among Group companies is starting to emerge as a result. The Company is reinforcing its competitive edge by flexibly satisfying customer needs in the entire Interior Fittings Segment while working to raise awareness of the SUMINOE brand by enhancing the lineup of value-added products corresponding to the middle- to high-end product range.

In the Automotive Textiles and Traffic Facilities Segment, we focus on global expansion of the decorative fabric business as well as technology development and increasing orders received for non-textile products, such as artificial leather, in the automotive textiles business while also striving to expand the sales of eco-friendly products. In the current fiscal year, the Company, in collaboration with Toyota Motor Corporation, has created for the first time in the world a mechanism to recycle used PET bottles collected from the offices and plants of Toyota Motor Corporation into polyester yarns to be reused as seat covering materials by the company. In an environment in which raw material prices continue to rise, 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 an 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.

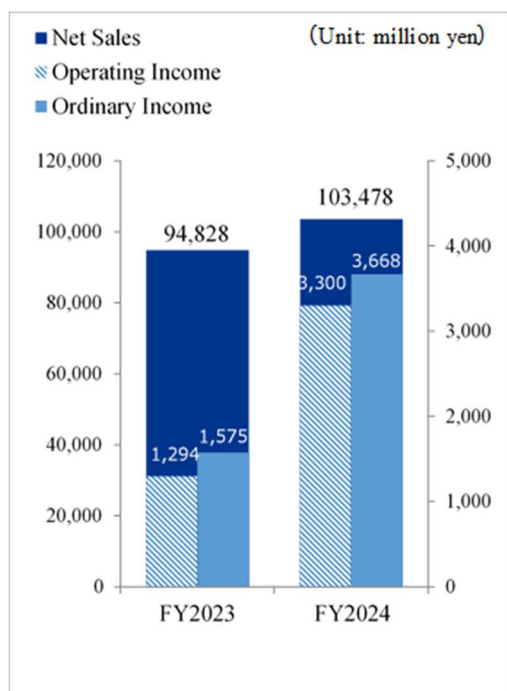
In the Functional Materials Segment, the plant reorganization was completed by relocating from China, where the production base of fabric-coated heating products was located, to Vietnam, thereby making the plant in Vietnam the main plant of fabric-coated heating products since the previous fiscal year. By diversifying regional risks and building a more optimal supply system, we will promote responses to the uncertain external environment. 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 FY2024, the Group promoted the "Shin Mirai Project – 2050 –," which shows its vision toward 2050, in order to realize sustainable management. As part of the Project, based on the tagline of "Bringing innovation to all kinds of spaces," the Group developed challenging business proposals that combine its existing technologies as a manufacturer and new challenges to make presentations on them and otherwise has started to move steadily toward the next stage of growth. The Group will promote its businesses through integrated operations of group companies while aiming to achieve medium- to long-term corporate value enhancement by realizing synergies across different businesses.

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

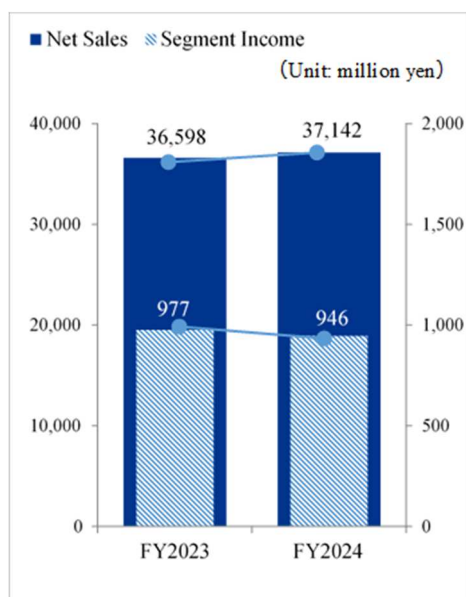


Net sales recorded robust growth of 9.1% on a year-on-year basis to 103,478 million yen owing to the steady recovery in demand for interior products for railways and buses, which had fallen due to the COVID-19 pandemic, and exchange rates also contributed in the Automotive Textiles and Traffic Facilities Segment. As a profit, 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 154.9% on a year-on-year basis to 3,300 million yen and ordinary income of 132.9% on a year-on-year basis to 3,668 million yen were recorded. Although the Company has recognized in extraordinary losses of a provision for loss on sales of shares of subsidiaries and associates arising from share transfer of an entity accounted for using the equity method, and profit attributable to owners of parent increased by 172.9% year on year to 874 million yen.

The performance by segment is as described below.

Segments	Net sales		Segment income (loss)	
	Amount (Million yen)	YY Change (%)	Amount (Million yen)	YY Change (%)
Interior Fittings	37,142	+1.5	946	(3.2)
Automotive Textiles and Traffic Facilities	62,800	+15.6	4,427	+98.5
Functional Materials	3,127	(11.9)	(66)	—
Other	407	+11.5	76	+25.6
Total	103,478	+9.1	5,383	+60.2
Adjustment	—	—	(2,083)	—
Consolidated	103,478	+9.1	3,300	+154.9

(Interior Fittings Segment)



Net sales increased by 1.5% year-on-year to 37,142 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 3.2% year-on-year to 946 million yen due to lower sales of household carpets 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 due to the evaluation of environmental performance, 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 2.7 % year on year.

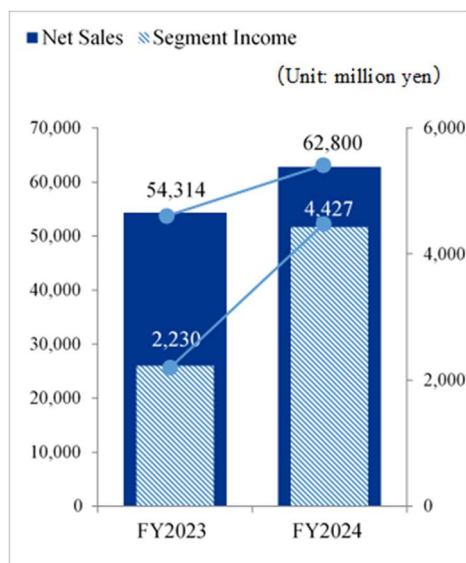
In household carpets, we promoted the effective use of various digital sites centered on the company's interior shopping site "cucan". However, the market continued to stagnate due to changes in consumption behavior caused by increased out-of-home consumption. As a result, net sales of household carpets as a whole were down 14.9% year on year.

In curtains, sales of *Face Vol. 20.1*, curtains for medical, welfare and educational institutions, grew mainly due to an increasing number of deliveries to hospitals and other customers although sales of curtains for general households failed to achieve growth. As a result, net sales of curtains as a whole were down 0.7% year on year.

In wall coverings, sales of a catalogue of fusuma paper, *Sansui Vol. 25*, launched by RUNON CO., LTD. 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 2.2% year-on-year.

In the space design business, orders for store interiors and interior options for high-rise apartment buildings increased. As a result, net sales increased by 9.4% year on year.

(Automotive Textiles and Traffic Facilities Segment)

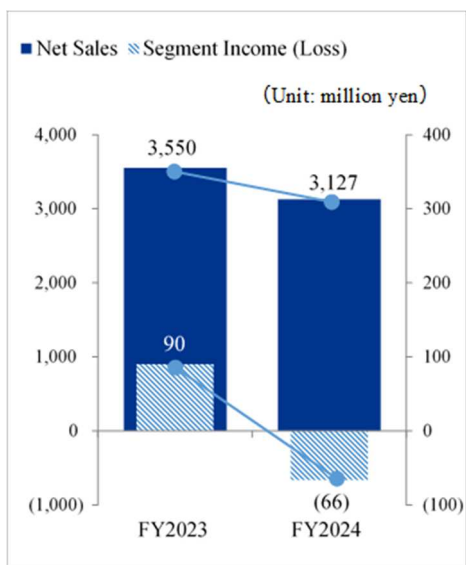


Automotive-related sales have been steady due to the increase in production volume of Japanese automakers in Japan and abroad, and we steadily responded to recovering demand for interior products for railways and buses. The result led to an increase in net sales of 15.6% year on year to 62,800 million yen. In addition to the increased sales, successful business restructuring at North and Central American bases has led to their return to profitability. As a result, segment income increased by 98.5% year on year to 4,427 million yen.

In automotive textiles business, domestic sales increased by 12.9% year on year thanks to a recovery in production from the end of the supply shortage of semiconductors and components. Moreover, 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 response to the expansion of EV demand 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 Southeast Asia were sluggish, our Group's bases have contributed to sales of car mats and the decorative fabric business, which focus on 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 15.8% year-on-year.

In the traffic facilities business, net sales for railways exceeded those for 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, whose demand had started to recover earlier. As a result, net sales in the traffic facilities business as a whole exceeded the results for 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 previous fiscal year, due to a decrease in the number of new orders, affected by the sluggish market. In deodorizing filters, although new adoption of deodorizing filters for sensor-activated garbage cans contributed to sales, deodorizing filters for air purifiers continued to stagnate due to a reactionary fall in demand following the COVID-19 pandemic. As a result, net sales of deodorizing filters as a whole fell short of the results for the previous fiscal year. In floor materials for bathrooms, the number of new orders decreased due to changes in consumption trends caused due to increased opportunities to go out. As a result, net sales of floor materials for bathrooms as a whole declined the results for the previous fiscal year. Therefore, net sales in the Functional Materials Segment as a whole decreased by 11.9% year-on-year to 3,127 million yen and segment loss was 66 million yen (segment income of 90 million yen 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 92,199 million yen, up 4,048 million yen from the end of the previous fiscal year, due to an increase in property, plant and equipment.

Liabilities grew to 54,511 million yen, up 473 million yen, due to an increase in notes and accounts payable - trade.

Net assets grew to 37,687 million yen, up 3,574 million yen, due to an increase in retained earnings.

(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 8,153 million yen, up 1,223 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 7,450 million yen (1,803 million yen provided in the previous fiscal year) due to an increase in profit before income taxes and notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 2,323 million yen (2,834 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 4,204 million yen (52 million yen used in the previous fiscal year) due to repayments of borrowings, despite proceeds from sale of treasury shares.

(Reference) Changes in cash flow indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
Shareholders' equity ratio (%)	32.5	33.5	33.4	32.7	34.7
Shareholders' equity ratio on market value basis (%)	14.1	14.3	12.5	15.8	18.3
Ratio of cash flows to interest bearing debts (year)	3.8	4.9	55.4	12.8	2.7
Interest coverage ratio (times)	21.4	18.3	1.7	4.2	28.5

(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 FY2025

In June 2024, the Group commenced Step II, which is the latter half of “SUMINOE GROUP WAY 2022-2024-2027,” to continue for three years. Together with newly established divisional missions, the Group will take various measures designed to reinforce its true strengths in order to realize the Group philosophy and achieve sustainable growth.

In the fiscal year ending May 31 2025, the first year of STEP II, the Japanese economy is lacking strength as income growth cannot currently keep pace with ongoing rise in prices although demand from inbound tourists continues to increase and personal consumption continues to recover. We expect that the economic outlook will remain uncertain due to concerns about the impact of the unstable world situation, continuation of monetary tightening by Western countries, and slowdown of the Chinese economy.

Under these circumstances, in the Interior Fittings Segment, the Company will continue to work to expand the sales of eco-friendly products focusing mainly on *ECOS*® while aiming to raise awareness of the SUMINOE brand by enhancing the lineup of value-added products corresponding to the middle- to high-end product range. We will also focus on developing new sales channels, using products for nursing care, disaster risk prevention, pets, etc., which leverage our core technologies, while making proposals unique to our Group. In the Automotive Textiles and Traffic Facilities Segment, at the artificial leather manufacturing plant opened in Mexico in December 2023, the Company will ensure stable production of high-quality products in the automotive textile business that meet customer needs. In addition, we will work to further strengthen our North and Central American bases mainly through the expansion of sales channels not only to Japanese automakers but also to overseas automakers. We will also strive as before to expand sales of eco-friendly products such as *ECONIX*, a seat surface material that utilizes *SUMITRON*®, recycled polyester fiber, as well as decorative materials, and will aim to increase orders for fabrics globally. In the traffic facilities business, the Company will maintain and improve its development and production systems through concerted efforts by manufacturing and sales divisions, 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, we will focus on developing and receiving orders for all-year-round products and small-sized household appliances in regard to fabric-coated heating products while working to improve profitability by strengthening coordination with other businesses, including the effective utilization of human resources and facilities of our bases in Vietnam. We will also promote proposal-based development and marketing in order to introduce the Group’s unique products and technologies to new industries.

We plan to post net sales of 1,053 million yen, operating income of 33 million yen, ordinary income of 34 million yen, and profit attributable to owners of parent of 15 million yen for the fiscal year ending May 31, 2025.

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)

	FY2023 (As of May 31, 2023)	FY2024 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	7,079	8,303
Notes and accounts receivable - trade, and contract assets	15,814	15,665
Electronically recorded monetary claims - operating	7,385	7,764
Securities	63	72
Merchandise and finished goods	9,583	9,657
Work in process	2,023	2,362
Raw materials and supplies	4,316	4,312
Income taxes receivable	120	101
Other	2,521	2,780
Allowance for doubtful accounts	(28)	(69)
Total current assets	48,880	50,949
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,206	8,165
Machinery, equipment and vehicles, net	2,863	3,685
Land	16,640	15,652
Leased assets, net	1,170	1,360
Construction in progress	285	1,386
Other, net	809	663
Total property, plant and equipment	29,976	30,914
Intangible assets		
Leased assets	5	4
Other	1,650	1,506
Total intangible assets	1,656	1,510
Investments and other assets		
Investment securities	4,904	6,396
Long-term loans receivable	6	3
Deferred tax assets	1,663	1,304
Other	1,216	1,262
Allowance for doubtful accounts	(152)	(142)
Total investments and other assets	7,638	8,824
Total non-current assets	39,271	41,249
Total assets	88,151	92,199

(Unit: million yen)

	FY2023 (As of May 31, 2023)	FY2024 (As of May 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,237	11,519
Electronically recorded obligations - operating	7,596	8,200
Short-term loans payable	12,841	8,249
Lease obligations	686	800
Income taxes payable	493	812
Provision for loss on sales of shares of subsidiaries and associates	—	903
Other	4,153	4,993
Total current liabilities	36,008	35,479
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	7,438	8,840
Lease obligations	1,205	1,214
Deferred tax liabilities	311	313
Deferred tax liabilities for land revaluation	3,375	3,093
Provision for directors' retirement benefit	96	90
Net defined benefit liability	4,111	3,956
Other	489	521
Total non-current liabilities	18,029	19,031
Total liabilities	54,037	54,511
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,611	2,388
Retained earnings	11,207	12,198
Treasury shares	(3,913)	(2,709)
Total shareholders' equity	19,458	21,431
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,750
Deferred gains or losses on hedges	27	(1)
Revaluation reserve for land	6,922	6,283
Foreign currency translation adjustment	1,362	2,605
Remeasurements of defined benefit plans	(52)	(30)
Total accumulated other comprehensive income	9,403	10,607
Non-controlling interests	5,251	5,649
Total net assets	34,113	37,687
Total liabilities and net assets	88,151	92,199

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Unit: million yen)

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Net sales	94,828	103,478
Cost of sales	75,399	81,202
Gross profit	19,428	22,275
Selling, general and administrative expenses	18,133	18,975
Operating income	1,294	3,300
Non-operating income		
Interest income	35	33
Dividend income	113	117
Foreign exchange gains	265	290
Real estate rent	269	341
Other	226	320
Total non-operating income	911	1,103
Non-operating expenses		
Interest expenses	431	269
Share of loss of entities accounted for using equity method	18	261
Rent expenses on real estates	33	52
Other	147	152
Total non-operating expenses	631	735
Ordinary income	1,575	3,668
Extraordinary income		
Gain on sales of non-current assets	30	28
Gain on sales of investment securities	230	128
Insurance claim income with disaster	—	56
Total extraordinary income	260	213
Extraordinary loss		
Loss on sales and retirement of non-current assets	44	110
Impairment loss	342	84
Loss on disaster	—	34
Provision for loss on sales of shares of subsidiaries and associates	—	903
Total extraordinary loss	386	1,132
Profit before income taxes	1,449	2,749
Income taxes - current	858	1,365
Income taxes - deferred	(196)	(196)
Total income taxes	662	1,168
Profit	787	1,580
Profit attributable to non-controlling interests	466	706
Profit attributable to owners of parent	320	874

Consolidated statements of comprehensive income

(Unit: million yen)

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Profit	787	1,580
Other comprehensive income		
Valuation difference on available-for-sale securities	598	607
Deferred gains or losses on hedges	(32)	(29)
Foreign currency translation adjustment	247	1,407
Remeasurements of defined benefit plans	51	21
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	865	2,007
Comprehensive income	1,653	3,588
Comprehensive income attributable to:		
Owners of parent	1,146	2,717
Non-controlling interests	506	870

(3) Consolidated statements of changes in shareholders' equity

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

FY2024 (June 1, 2023 to May 31, 2024)

(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	2,611	11,207	(3,913)	19,458
Changes of items during the period					
Dividends of surplus			(363)		(363)
Profit attributable to owners of parent			874		874
Purchase of treasury shares				(1)	(1)
Disposition of treasury shares		(381)		1,205	824
Reversal of revaluation reserve for land			638		638
Transfer to capital surplus from retained earnings		158	(158)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(222)	991	1,204	1,972
Balance at the end of the period	9,554	2,388	12,198	(2,709)	21,431

	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	1,143	27	6,922	1,362	(52)	9,403	5,251	34,113
Changes of items during the period								
Dividends of surplus								(363)
Profit attributable to owners of parent								874
Purchase of treasury shares								(1)
Disposition of treasury shares								824
Reversal of revaluation reserve for land								638
Transfer to capital surplus from retained earnings								—
Net changes of items other than shareholders' equity	607	(28)	(638)	1,242	21	1,204	398	1,602
Total changes of items during the period	607	(28)	(638)	1,242	21	1,204	398	3,574
Balance at the end of the period	1,750	(1)	6,283	2,605	(30)	10,607	5,649	37,687

(4) Consolidated statement of cash flows

(Unit: million yen)

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Cash flows from operating activities		
Profit before income taxes	1,449	2,749
Depreciation	2,229	2,257
Impairment loss	342	84
Increase (decrease) in net defined benefit liability	(23)	(129)
Increase (decrease) in provision for directors' retirement benefits	(41)	(5)
Increase (decrease) in provision for loss on the sale of shares of subsidiaries and associates	-	903
Increase (decrease) in allowance for doubtful accounts	(63)	29
Interest and dividend income	(148)	(151)
Interest expenses	431	269
Share of loss (profit) of entities accounted for using equity method	18	261
Share issuance costs	-	10
Loss (gain) on sales and retirement of non-current assets	13	82
Loss (gain) on sales of investment securities	(230)	(128)
Insurance claim income with disaster	-	(56)
Loss on disaster	-	34
Decrease (increase) in notes and accounts receivable - trade	2,743	550
Decrease (increase) in inventories	199	290
Increase (decrease) in notes and accounts payable - trade	836	1,101
Decrease (increase) in consumption taxes refund receivable	583	(154)
Increase (decrease) in accrued consumption taxes payable	85	9
Decrease (increase) in other current assets	(483)	13
Increase (decrease) in other current liabilities	555	450
Other	78	92
Subtotal	3,089	8,562
Interest and dividend income received	148	156
Interest expenses paid	(433)	(261)
Insurance claim income with disaster received	-	56
Loss on disaster paid	-	(27)
Income taxes paid	(1,035)	(1,079)
Income taxes refund	34	43
Net cash provided by (used in) operating activities	1,803	7,450

(Unit: million yen)

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Cash flows from investing activities		
Payments into time deposits	(300)	(300)
Proceeds from withdrawal of time deposits	330	300
Purchase of securities	(14)	(9)
Proceeds from sales and redemption of securities	19	12
Purchase of property, plant and equipment	(2,912)	(2,974)
Proceeds from sales of property, plant and equipment	68	2,091
Proceeds from earnest related sales of property, plant and equipment	205	—
Payments for retirement of property, plant and equipment	(26)	(397)
Payments for asset retirement obligations	(1)	(1)
Purchase of intangible assets	(99)	(300)
Purchase of investment securities	(20)	(14)
Proceeds from sales and redemption of investment securities	340	366
Purchase of shares of subsidiaries and associates	—	(1,100)
Proceeds from shares of subsidiaries resulting in change in scope of consolidation	26	—
Payments of loans receivable	(1)	(0)
Collection of loans receivable	4	3
Payments for acquisition of businesses	(452)	—
Other	(0)	0
Net cash provided by (used in) investing activities	(2,834)	(2,323)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	166	(5,392)
Proceeds from long-term loans payable	4,500	4,826
Repayments of long-term loans payable	(3,134)	(2,821)
Repayments of lease obligations	(740)	(750)
Purchase of treasury shares	(0)	(1)
Proceeds from sales of treasury shares	—	782
Proceeds from issuance of share acquisition rights	—	3
Cash dividends paid	(445)	(361)
Cash dividends paid to non-controlling interests	(398)	(490)
Net cash provided by (used in) financing activities	(52)	(4,204)
Effect of exchange rate change on cash and cash equivalents	42	300
Net increase (decrease) in cash and cash equivalents	(1,040)	1,223
Cash and cash equivalents at beginning of period	7,970	6,929
Cash and cash equivalents at end of period	6,929	8,153

(5) Major notes on consolidated financial statements

(Notes on assumption of going concern)

Not applicable.

(Changes in accounting estimates)

(Change in the number of years for expense recognition of actuarial gains and losses in the accounting for retirement benefits)

In the past, the Company recognized actuarial gains and losses in expenses over a period of 10 years, as a certain period within the average remaining service period of employees, in the accounting for retirement benefits. However, as the average remaining service period has fallen below 10 years, the Company has changed the number of years for expense recognition in FY2024 to recognize such expenses over a period of 9 years from now on.

This change has an immaterial impact on operating income, ordinary income, and income before income taxes for FY2024.

(Additional information)

(Transfer of shares of an entity accounted for using equity method)

The Board of Directors of the Company, at its meeting held on June 28, 2024, has resolved to sell all shares currently held by the Company of Sumisho Airbag Systems Co., Ltd., an entity accounted for using the equity method of the Company, to SC Airbag Holdings Co., Ltd. For the details of the transaction, please refer to the “Notice of Change in an Entity Accounted for Using the Equity Method (Share Transfer), Recognition of an Extraordinary Loss, and Revision of Financial Results Forecast” (Only available in Japanese) released on June 28, 2024.

(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, 2023).

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

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

(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	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.

	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	37,142	62,800	3,127	103,070	407	103,478	—	103,478
Inter-segment sales and transfers	771	8	73	853	137	990	(990)	—
Total	37,913	62,809	3,201	103,923	544	104,468	(990)	103,478
Segment income (loss)	946	4,427	(66)	5,307	76	5,383	(2,083)	3,300
Segment assets	28,429	43,087	3,465	74,981	93	75,074	17,124	92,199
Other								
Depreciation and amortization	357	1,565	147	2,070	26	2,096	160	2,257
Investments in equity method affiliates	—	903	—	903	—	903	—	903
Increase in property, plant, and equipment, and intangible assets	275	3,060	53	3,389	23	3,413	461	3,875

(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 (2,083) million yen in segment income (loss) includes eliminations among segments of 40 million yen and corporate expenses unallocated to relevant reportable segments of (2,123) 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 17,124 million yen in segment assets includes eliminations among segments of (129) million yen and corporate assets unallocated to relevant reportable segments of 17,253 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.

(Relevant information)

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.

FY2024 (June 1, 2023 to May 31, 2024)

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
68,577	21,047	13,797	55	103,478

(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 12,561 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
23,626	5,737	1,549	30,914

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)

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

FY2024 (June 1, 2023 to May 31, 2024)

(Unit: million yen)

	Reportable Segments				Other	Elimination or corporate	Total
	Interior Fittings	Automotive Textiles and Traffic Facilities	Functional Materials	Total			
Impairment loss	—	—	84	84	—	—	84

(Per share information)

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Net assets per share	4,549.75 yen	4,742.69 yen
Profit per share, basic	50.55 yen	132.22 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:

	FY2023 (As of May 31, 2023)	FY2024 (As of May 31, 2024)
Total net assets (million yen)	34,113	37,687
Net assets related to common shares (million yen)	28,861	32,038
Main differences (million yen) Non-controlling interests	5,251	5,649
Number of common shares issued (1,000 shares)	7,682	7,682
Number of common shares of treasury shares (1,000 shares)	1,338	926
Number of common shares used to calculate net assets per share (1,000 shares)	6,343	6,755

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

	FY2023 (June 1, 2022 to May 31, 2023)	FY2024 (June 1, 2023 to May 31, 2024)
Profit attributable to owners of parent (million yen)	320	874
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent concerning common shares (million yen)	320	874
Average number of common shares during the period (1,000 shares)	6,339	6,613

(Significant subsequent events)

Not applicable.