



Consolidated Financial Results for the First Quarter of Fiscal Year 2025 (Japanese GAAP)

October 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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Responsible contact person (Title) Operating Officer, General Manager, Corporate Planning Department
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Scheduled date of dividend payment: —
Preparation of supplementary explanatory documents for financial results: No
Holding analyst meeting for financial results: No

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

1. Consolidated Financial Results for the 1st Quarter of FY2025 (June 1, 2024 to August 31, 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	%
Q1 of FY ending May 31, 2025	24,567	2.7	82	(81.8)	(139)	—	(462)	—
Q1 of FY ended May 31, 2024	23,921	15.2	454	—	637	—	370	—

(Note) Comprehensive income Q1 of FY ending May 31, 2025: (15) million yen (— %)
Q1 of FY ended May 31, 2024: 1,542 million yen (213.7 %)

	Profit per share Basic	Profit per share Diluted
	Yen	Yen
Q1 of FY ending May 31, 2025	(68.42)	—
Q1 of FY ended May 31, 2024	58.41	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Q1 of FY ending May 31, 2025	93,720	37,328	33.7
FY2024	92,199	37,687	34.7

(Reference) Shareholders' equity Q1 of FY ending May 31, 2025: 31,605 million yen FY2024: 32,038 million yen

2. Dividend Information

	Dividend per share				
	First quarter	Second quarter	Third quarter	End of the year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2024	—	35.00	—	35.00	70.00
FY2025	—	—	—	—	—
FY2025 (Forecast)	—	40.00	—	40.00	80.00

(Note) Revision of the latest dividend forecast: No

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

(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 stock)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period (quarterly consolidated cumulative period)

Q1 of FY2025	7,682,162 shares	FY2024	7,682,162 shares
Q1 of FY2025	927,032 shares	FY2024	926,816 shares
Q1 of FY2025	6,755,255 shares	Q1 of FY2025	6,346,014 shares

(Note) Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

(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 first quarter of the fiscal year under review

During the first three months of the fiscal year ending May 31, 2025, the Japanese economy recovered at a moderate pace as capital investment recovered on the back of healthy corporate earnings and the employment and income environment improved due to wage increases. However, the economic environment remains a concern due to the impact of the unstable international situation, the effects of prolonged soaring raw material and energy costs, and the continued high interest rate levels in Europe and the United States, etc.

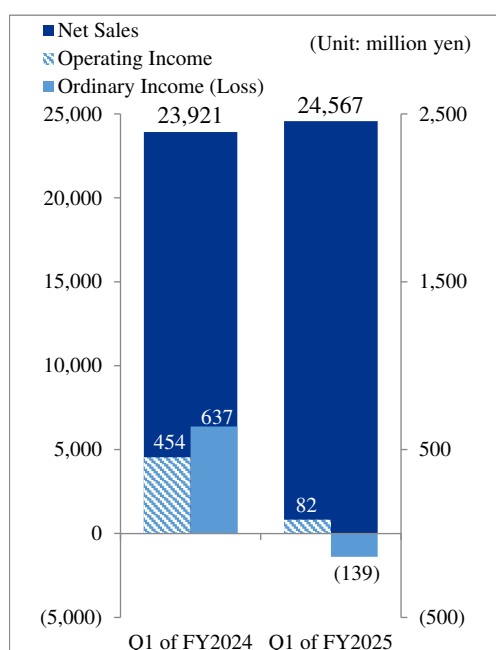
In the interior industry, which relates to the Company's business, the domestic new housing starts were down 4.0% year on year, and the floor area of nonresidential construction starts were decreased by 8.1% year on year. In the automotive industry, automobile production in the Japanese market decreased by 6.9% year on year, and overseas production also declined

Under the policy set forth in "STEP II (2025-2027)," which is for the last three years of its medium- to long-term management targets "SUMINOE GROUP WAY 2022-2024-2027," the Group is promoting various measures based on the understanding that these three years are the period in which the Group will make steady progress in improving its capabilities and demonstrating its true strength.

During the first three months of the fiscal year ending May 31, 2025, in the Automotive Textiles and Traffic Facilities Segment, efforts were continued from the previous fiscal year for products for automobiles to prepare for the start of mass production at a new synthetic leather plant constructed by a Mexican subsidiary. At the same time, construction work is underway to build a production system for carpets for automobiles and car mats at the Vietnam base, which has served as the main manufacturing plant for fabric-coated heating products of the Functional Materials Segment. Under the new production system, mass production is scheduled to start by the end of the current fiscal year. These are part of our ongoing efforts to improve the profitability of the Vietnam base and to strengthen our global optimal supply system. In order to market the strengths of the SUMINOE GROUP to secure future orders, we also made presentations to introduce sustainable new materials and new technologies and propose total coordination to Japanese automakers in Japan and overseas under the theme of "Liberate: Freedom from time and space constraints." We will continue to work to improve our technological strengths and ability to make proposals. In the traffic facilities business, interior products as well as safety products, such as escape ladders, were adopted by railway companies as the Group proposed a wide range of products leveraging its strength as the company with the largest market share. In the Interior Fittings Segment, roll carpets were adopted by many hotels as the number of their renovation projects increased in response to the recovery of inbound demand. The Group aims to expand its market share by proposing products that combine the traditional technology of Dantsu (hand-woven knotted carpets or rugs), which was its founding business, with new ideas and technological development.

At the beginning of the current fiscal year, the Company disclosed its proposals for a new trade name and partial amendment of its Articles of Incorporation, which were approved at the 135th Annual General Meeting of Shareholders held in August 2024. Prior to the change of its trade name, the Company released a video presenting the history and future vision of the SUMINOE GROUP. Taking the change of trade name to SUMINOE Co., Ltd. effective December 2, 2024 as an opportunity, the Company will promote activities to realize full-scale overseas expansion while working to increase the profitability and competitiveness of each business, including non-textile businesses, in order to take on the challenge of creating new value for the world.

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

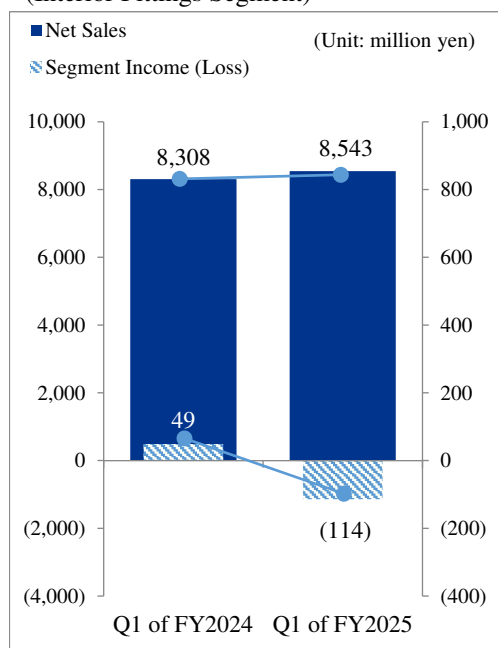


Net sales increased by 2.7% on a year on year to 24,567 million yen owing to the steady recovery in demand for interior products for railways and buses, which had fallen due to the COVID-19 pandemic, and exchange rates also contributed in Automotive Textiles and Traffic Facilities Segment. As to profits, operating income decreased by 81.8% on a year on year to 82 million yen due to the impact of soaring raw material prices and other factors. Ordinary loss of 139 million yen (ordinary income of 637 million yen in the same period of the previous year) were recorded due to the recording of foreign exchange losses due to recent fluctuations in foreign exchange rates, etc. Also, resulting in loss attributable to owners of parent of 462 million yen (profit attributable to owners of parent of 370 million yen in the same period of the previous year).

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	8,543	+2.8	(114)	—
Automotive Textiles and Traffic Facilities	15,369	+3.4	765	(11.0)
Functional Materials	567	(12.5)	(35)	—
Other	86	(14.4)	11	(48.4)
Total	24,567	+2.7	626	(35.9)
Adjustment	—	—	(543)	—
Consolidated	24,567	+2.7	82	(81.8)

(Interior Fittings Segment)



Orders for roll carpets, mainly in the mid- to high-end zone, were strong, and space design business which designs entire “spaces,” showed steady growth. As a result, net sales increased by 2.8% year on year to 8,543 million yen. As to profits, segment loss was 114 million yen (segment income of 49 million yen in the same period of the previous fiscal year) due to the fact that the effects of price revisions related to wall coverings had come to an end.

In commercial carpets, environmental initiatives for *ECOS®* sold by SUMINOE Co., Ltd., eco-friendly carpet tiles under the horizontal recycling system, have spread in Japan, and overseas sales have been steady, also the sale volume of roll carpets 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 7.1 % year on year.

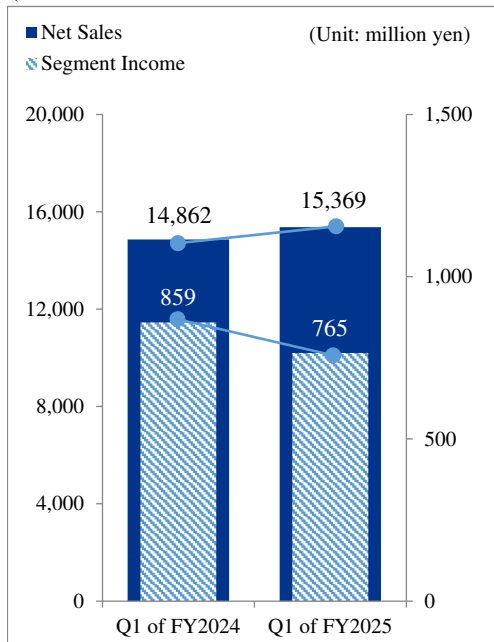
In household carpets, although we focused on the development and sales of high-grade rug mats and pet-related products as a new sales channel, the market continued to stagnate. As a result, net sales of household carpets as a whole were down 14.7% year on year.

In curtains, although *mode S Curtain Vol. 10* for general households showed steady growth, sales of *Face*, curtains for medical, welfare and educational institutions were sluggish. As a result, net sales of curtains as a whole were down 0.7% year on year.

In wall coverings, while sales based on *RUNON Home*, a wallpaper catalogue released by RUNON CO., LTD. in August 2023, offering extensive design and color options that harmonize with increasingly diverse tastes in home interior furnishings, were strong, sales of fusuma paper and other products were sluggish. As a result, net sales of wall coverings as a whole were down 3.4% 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 8.1% year on year.

(Automotive Textiles and Traffic Facilities Segment)

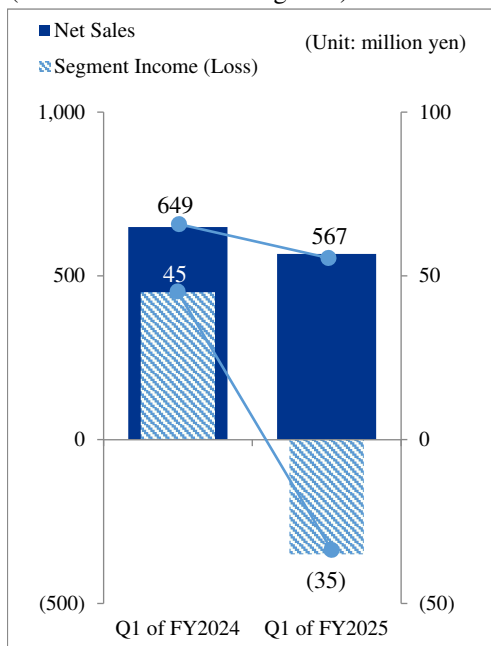


Automobile-related sales were steady, together with strong sales of carpets and car mats at our bases in North and Central America, and foreign exchange effects at each overseas base, and we steadily responded to recovering demand for interior products for railways and buses. This resulted in an increase in sales of 3.4% year on year to 15,369 million yen. Segment income decreased by 11.0% year on year to 765 million yen due to the impact of soaring raw material prices and logistics costs.

In automotive textiles business, domestic sales decreased by 2.2% year on year due to a decline in sales of ordered models. In addition to the foreign exchange effects at each overseas base, sales at the North and Central America bases increased due to strong sales of carpets and car mats following the completion of the business restructuring. Furthermore, 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 Southeast Asia, while automobile sales were sluggish due to the situation in each country, sales of car mats and the decorative fabric business, which focus on our unique narrow woven fabric product *GRACE CORD*®, etc., remained steady. As a result, overseas sales increased by 5.5% year on year.

In the traffic facilities business, sales of products for railway vehicles increased over the year on year due to quickly respond to the railway renewal works due to an increase in the number of passengers using public transportation reflecting more opportunities to go out, through collaboration with Seki Textile Co., Ltd., which was converted into a subsidiary. 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)



Sales of fabric-coated heating products such as electric carpets, one of our core products, were lower than in the same period of the previous year as the number of new orders decreased due to inventory adjustment at customers arising from mild winters in recent years. In deodorizing filters, sales remained flat from the same period of the previous year due to a decrease in shipments of filters for refrigerators although some filters for air purifiers were delivered ahead of schedule. In floor materials for bathrooms, sales decreased from same period of the previous year as the housing equipment market shrank on the back of a decrease in new housing starts and one of our main customers started placing orders with other companies for some models as a result of a change in its production system. Therefore, net sales in the Functional Materials Segment as a whole decreased by 12.5% year on year to 567 million yen and segment loss was 35 million yen (segment income of 45 million yen in the same period of the previous fiscal year).

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

Total assets at the end of the first consolidated accounting quarter under review amounted to 93,720 million yen, up 1,521 million yen from the end of the previous consolidated fiscal year, due to an increase in property, plant and equipment.

Liabilities grew to 56,391 million yen, an increase of 1,880 million yen, due to an increase in loans payable.

Net assets shrank to 37,328 million yen, a decrease of 359 million yen, due to a decrease in valuation difference on available-for-sale securities.

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

There are no modifications to the forecasts for the second quarter and the full year of the fiscal year ending May 31, 2025 announced on July 12, 2024

2. Consolidated quarterly financial statements and major notes

(1) Consolidated quarterly balance sheet

(Unit: million yen)

	FY2024 (As of May 31, 2024)	Q1 of FY2025 (As of August 31, 2024)
Assets		
Current assets		
Cash and deposits	8,303	8,514
Notes and accounts receivable - trade, and contract assets	15,665	15,464
Electronically recorded monetary claims - operating	7,764	8,558
Merchandise and finished goods	9,657	9,995
Work in process	2,362	2,455
Raw materials and supplies	4,312	4,147
Other	2,954	2,733
Allowance for doubtful accounts	(69)	(68)
Total current assets	50,949	51,802
Non-current assets		
Property, plant and equipment		
Land	15,652	15,719
Other, net	15,262	16,004
Total property, plant and equipment	30,914	31,724
Intangible assets	1,510	1,565
Investments and other assets		
Investment securities	6,396	6,072
Deferred tax assets	1,304	1,392
Other	1,266	1,304
Allowance for doubtful accounts	(142)	(142)
Total investments and other assets	8,824	8,627
Total non-current assets	41,249	41,917
Total assets	92,199	93,720

(Unit: million yen)

	FY2024 (As of May 31, 2024)	Q1 of FY2025 (As of August 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,519	10,526
Electronically recorded obligations - operating	8,200	10,188
Short-term loans payable	8,249	10,514
Income taxes payable	812	270
Provision for loss on sales of shares of subsidiaries and associates	903	893
Other	5,794	5,646
Total current liabilities	35,479	38,040
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	8,840	8,157
Deferred tax liabilities	313	319
Provision for directors' retirement benefit	90	62
Net defined benefit liability	3,956	3,955
Other	4,830	4,856
Total non-current liabilities	19,031	18,351
Total liabilities	54,511	56,391
Net assets		
Shareholders' equity		
Capital stock	9,554	9,554
Capital surplus	2,388	2,388
Retained earnings	12,198	11,495
Treasury shares	(2,709)	(2,709)
Total shareholders' equity	21,431	20,727
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,750	1,512
Deferred gains or losses on hedges	(1)	1
Revaluation reserve for land	6,283	6,283
Foreign currency translation adjustment	2,605	3,106
Remeasurements of defined benefit plans	(30)	(26)
Total accumulated other comprehensive income	10,607	10,877
Non-controlling interests	5,649	5,723
Total net assets	37,687	37,328
Total liabilities and net assets	92,199	93,720

(2) Consolidated quarterly statement of income and comprehensive income

Consolidated quarterly statement of income

(The first quarter of FY2025)

(Unit: million yen)

	Q1 of FY2024 (June 1, 2023 to August 31, 2023)	Q1 of FY2025 (June 1, 2024 to August 31, 2024)
Net sales	23,921	24,567
Cost of sales	18,801	19,596
Gross profit	5,119	4,971
Selling, general and administrative expenses	4,665	4,888
Operating income	454	82
Non-operating income		
Interest income	6	9
Dividend income	25	29
Foreign exchange gains	179	—
Real estate rent	69	102
Dividend income of insurance	24	—
Other	37	101
Total non-operating income	343	242
Non-operating expenses		
Interest expenses	83	84
Share of loss of entities accounted for using equity method	58	0
Foreign exchange loss	—	326
Rent expenses on real estates	3	15
Other	16	38
Total non-operating expenses	161	464
Ordinary income (loss)	637	(139)
Extraordinary income		
Gain on sales of non-current assets	2	15
Gain on sales of investment securities	101	—
Total extraordinary income	104	15
Extraordinary loss		
Loss on sales and retirement of non-current assets	1	6
Total extraordinary loss	1	6
Profit (loss) before income taxes	740	(130)
Income taxes - current	258	165
Income taxes - deferred	(13)	26
Total income taxes	244	192
Profit (loss)	495	(322)
Profit attributable to non-controlling interests	124	139
Profit (loss) attributable to owners of parent	370	(462)

Consolidated quarterly statements of comprehensive income
(The first quarter of FY2025)

(Unit: million yen)

	Q1 of FY2024 (June 1, 2023 to August 31, 2023)	Q1 of FY2025 (June 1, 2024 to August 31, 2024)
Profit (loss)	495	(322)
Other comprehensive income		
Valuation difference on available-for-sale securities	300	(237)
Deferred gains or losses on hedges	7	2
Foreign currency translation adjustment	736	537
Remeasurements of defined benefit plans	7	3
Share of other comprehensive income of entities accounted for using equity method	(6)	—
Total other comprehensive income	1,046	306
Comprehensive income	1,542	(15)
Comprehensive income attributable to:		
Owners of parent	1,350	(191)
Non-controlling interests	191	175

(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.

(Change in the scope of consolidation or the application of equity method)

As the Company acquired all issued shares of WAKATAKE Inc. based on the share transfer agreement concluded on June 7, 2024, the company has been included in the scope of consolidation starting from the first three months of the fiscal year ending May 31, 2025. The deemed acquisition date of these shares is June 30, 2024, and the difference between the deemed acquisition date and the reporting date of the consolidated financial statements for the first three months of the fiscal year ending May 31, 2025 is less than three months. Therefore, for the purpose of financial reporting for this period, only the balance sheet of the company as of June 30, 2024 has been consolidated, and the operating results of the company for this period have not been included in the Company's consolidated quarterly statement of income.

(Notes on consolidated statement of cash flows)

The consolidated quarterly statement of cash flows for the first three months of the fiscal year ending May 31, 2025 has not been prepared. The amounts of depreciation (including amortization of intangible assets other than goodwill) for the first three months of the fiscal years ending May 31, 2025 and ended May 31, 2024 are as follows:

	Q1 of FY2024 (June 1, 2023 to August 31, 2023)	Q1 of FY2025 (June 1, 2024 to August 31, 2024)
Depreciation	550 million yen	581 million yen

(Segment information)

I Q1 of FY2024 (June 1, 2023 to August 31, 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	8,308	14,862	649	23,820	100	23,921	—	23,921
Inter-segment sales and transfers	179	0	3	183	31	214	(214)	—
Total	8,487	14,863	652	24,003	131	24,135	(214)	23,921
Segment income	49	859	45	954	22	976	(522)	454

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

2. Adjustment of (522) million yen in segment income includes eliminations among segments of 9 million yen and corporate expenses unallocated to relevant reportable segments of (532) 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.

II Q1 of FY2025 (June 1, 2024 to August 31, 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	8,543	15,369	567	24,481	86	24,567	—	24,567
Inter-segment sales and transfers	201	3	25	229	33	263	(263)	—
Total	8,745	15,372	593	24,710	119	24,830	(263)	24,567
Segment income (loss)	(114)	765	(35)	614	11	626	(543)	82

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

2. Adjustment of (543) million yen in segment income (loss) includes eliminations among segments of 8 million yen and corporate expenses unallocated to relevant reportable segments of (552) 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.