
Financial Results Briefing Materials

(2022/4/1~2023/3/31)



MITSUBOSHI BELTING LTD.

Note to future-oriented statements



The forward-looking statements in this document, including performance forecasting, are based on currently available information and assumptions considered reasonable by us and do not guarantee our future financial results. Actual results may differ greatly from the forecast figures depending on various factors.

Consolidated Financial Summary

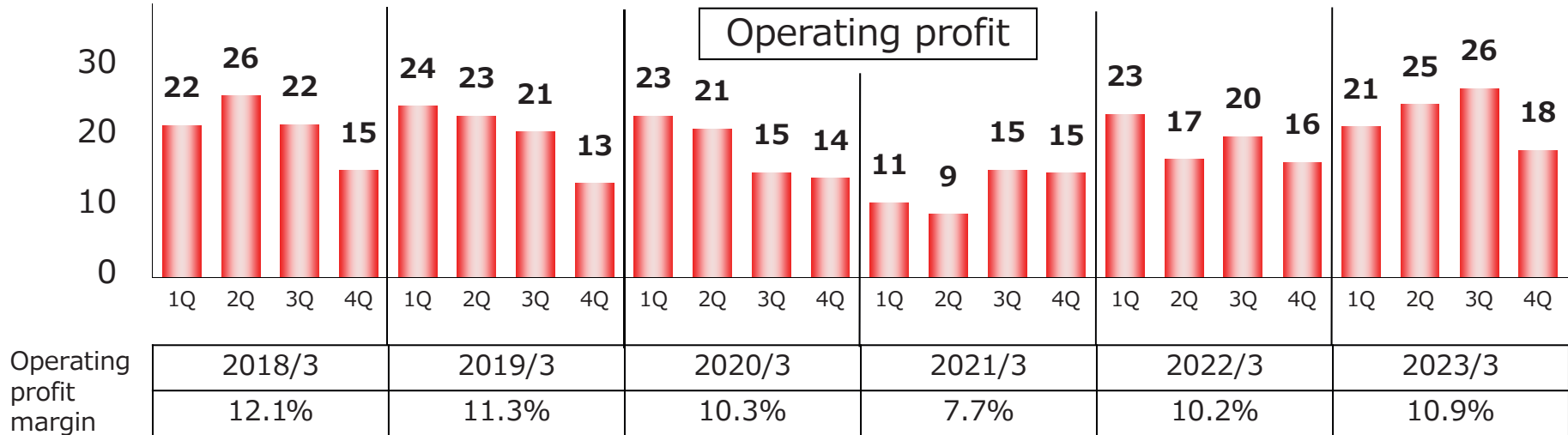
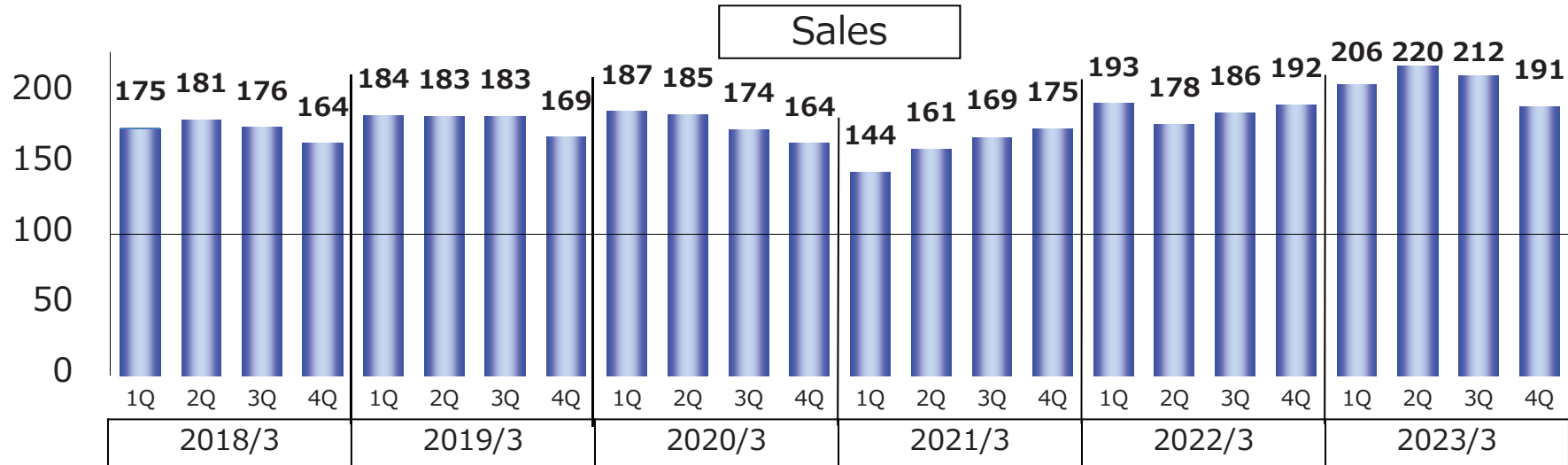
(millions of yen)



	2022/3 (2021/4-2022/3)			2023/3 (2022/4-2023/3)			Year-on-Year
	1st Half Margin	2nd Half Margin	Full Year Margin	1st Half Margin	2nd Half Margin	Full Year Margin	change %
Sales	37,068	37,802	74,870	42,568	40,343	82,911	+8,041 +10.7%
Operating profit	3,998 10.8%	3,642 9.6%	7,640 10.2%	4,597 10.8%	4,433 11.0%	9,030 10.9%	+1,390 +18.2%
Ordinary profit	4,439 12.0%	4,113 10.9%	8,552 11.4%	5,731 13.5%	4,740 11.7%	10,471 12.6%	+1,919 +22.4%
Profit attributable to owners of parent	2,917 7.9%	3,463 9.2%	6,380 8.5%	3,919 9.2%	3,152 7.8%	7,071 8.5%	+691 +10.8%

Quarterly Results

(100 mil. of yen)



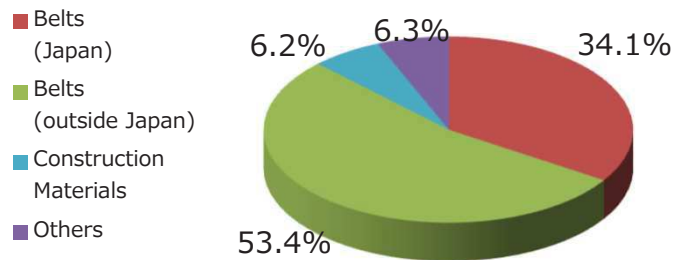
Sales by Business

(millions of yen)

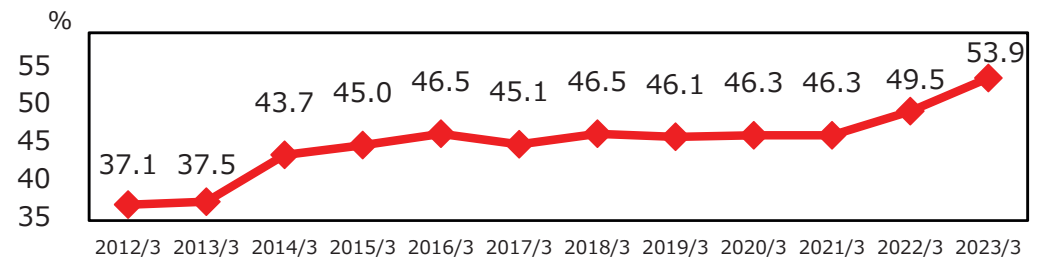


		2022/3 (2021/4-2022/3)			2023/3 (2022/4-2023/3)			Year-on-Year
		1st Half Margin	2nd Half Margin	Full Year Margin	1st Half Margin	2nd Half Margin	Full Year Margin	change %
Business	Belts (Japan)	13,918 37.5%	13,856 36.7%	27,774 37.1%	14,288 33.6%	14,012 34.7%	28,300 34.1%	+526 +1.9%
	Belts (outside Japan)	17,931 48.4%	18,557 49.1%	36,488 48.7%	23,387 54.9%	20,859 51.7%	44,246 53.4%	+7,758 +21.3%
	Building & Construction Materials	2,683 7.2%	2,680 7.1%	5,363 7.2%	2,140 5.0%	3,009 7.5%	5,149 6.2%	△214 △4.0%
	Others	2,534 6.8%	2,708 7.2%	5,242 7.0%	2,752 6.5%	2,463 6.1%	5,215 6.3%	△27 △0.5%
	Total	37,068 100%	37,802 100%	74,870 100%	42,568 100%	40,343 100%	82,911 100%	+8,041 +10.7%
Sales outside Japan		18,179 49.0%	18,886 50.0%	37,065 49.5%	23,612 55.5%	21,058 52.2%	44,670 53.9%	+7,605 +20.5%

〈Sales by Business〉



〈Sales outside Japan〉



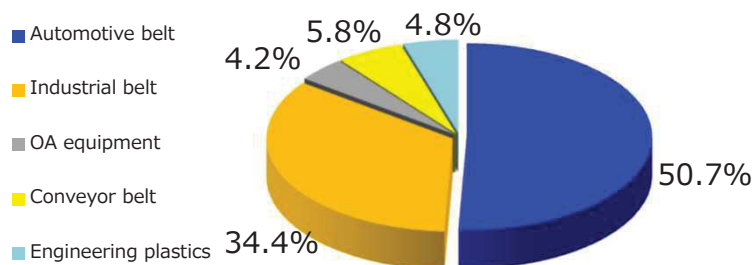
Breakdown of Belt Sales

(millions of yen)

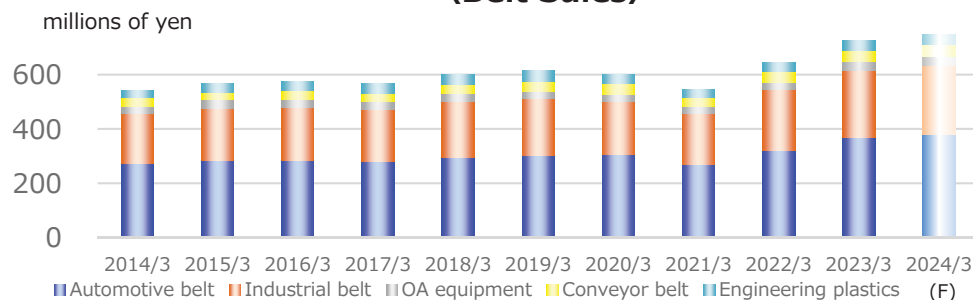


	2022/3 (2021/4-2022/3)			2023/3 (2022/4-2023/3)			Year-on-Year
	1st Half Margin	2nd Half Margin	Full Year Margin	1st Half Margin	2nd Half Margin	Full Year Margin	change %
Automotive belt	15,569 48.9%	16,348 50.4%	31,917 49.7%	18,797 49.9%	17,993 51.6%	36,790 50.7%	+4,873 +15.3%
Industrial belt	11,634 36.5%	11,171 34.5%	22,805 35.5%	13,399 35.6%	11,575 33.2%	24,974 34.4%	+2,169 +9.5%
OA equipment	1,223 3.8%	1,368 4.2%	2,591 4.0%	1,616 4.3%	1,454 4.2%	3,070 4.2%	+479 +18.5%
Conveyor belt	1,949 6.1%	1,933 6.0%	3,882 6.0%	2,130 5.7%	2,094 6.0%	4,224 5.8%	+342 +8.8%
Engineering plastics	1,475 4.6%	1,593 4.9%	3,068 4.8%	1,733 4.6%	1,756 5.0%	3,489 4.8%	+421 +13.7%
Total	31,850 100%	32,413 100%	64,263 100%	37,675 100%	34,872 100%	72,547 100%	+8,284 +12.9%

〈2023/3〉



〈Belt Sales〉



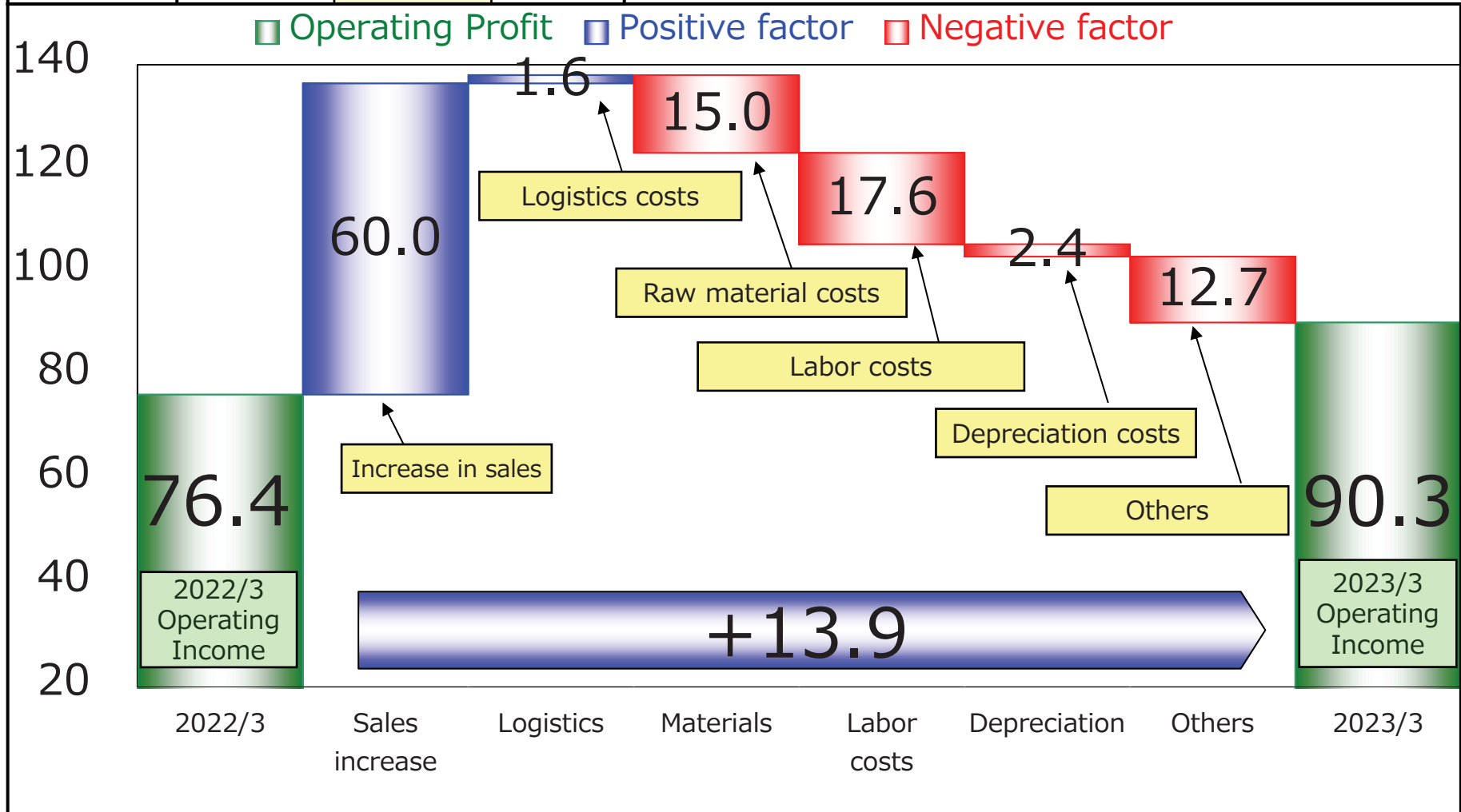
Analysis of Operating Profit

(100 mil. of yen)

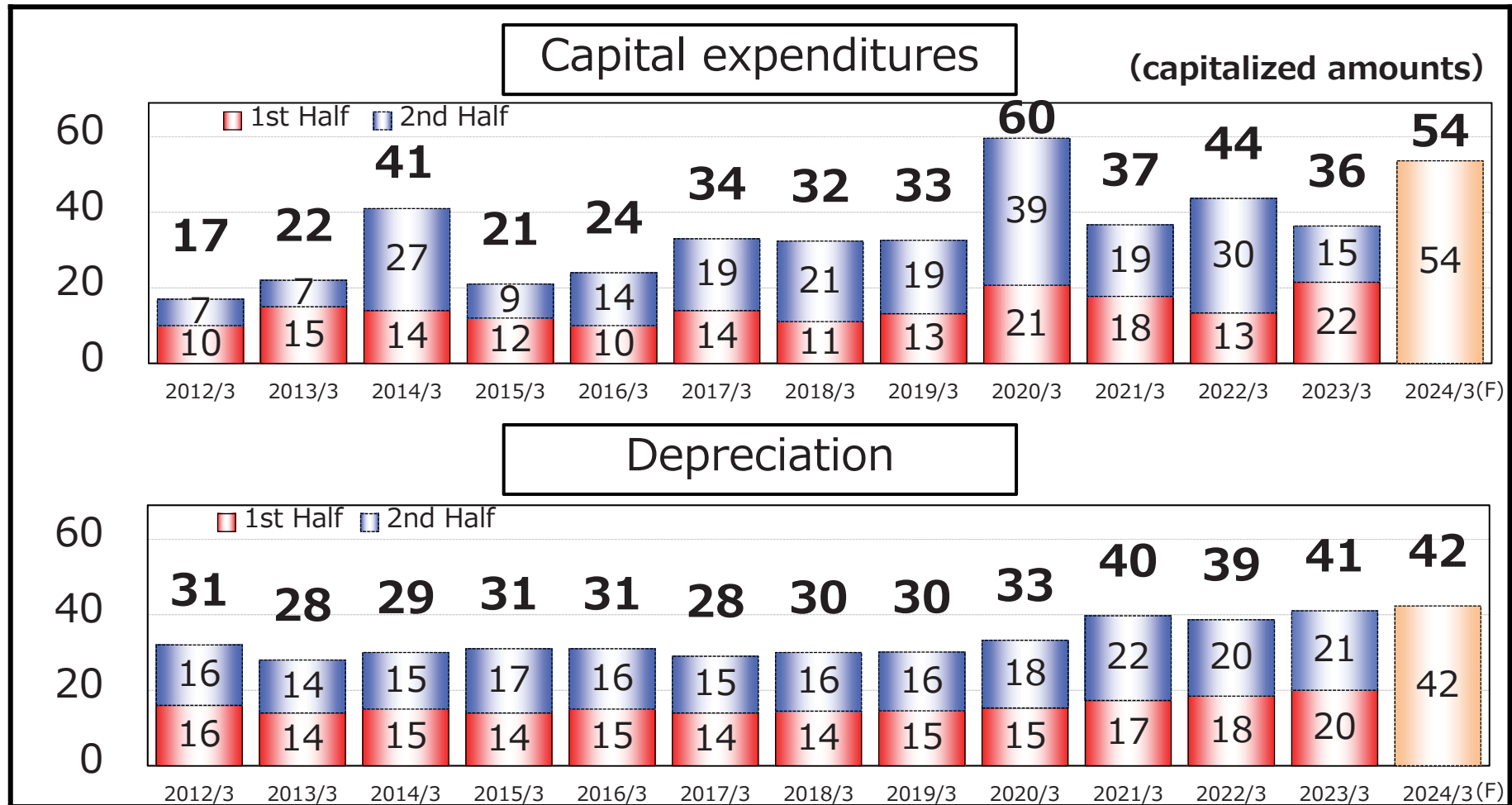


	2022/3	2023/3	change
Sales	748.7	829.1	80.4
Operating Profit	76.4	90.3	13.9
Ordinary Profit	85.5	104.7	19.2

- Profit increase as sales increase
- Higher raw material costs due to rising crude oil prices
- Increased labor costs due to increased business activity and the impact of the weaker yen



Capital expenditures and Depreciation (100 mil. of yen)



A new plant of MITSUBOSHI BELTING-INDIA PRIVATE LIMITED, an affiliate company in India, has been completed and started operations in April 2023.



New plant in India

Forecast

(millions of yen)



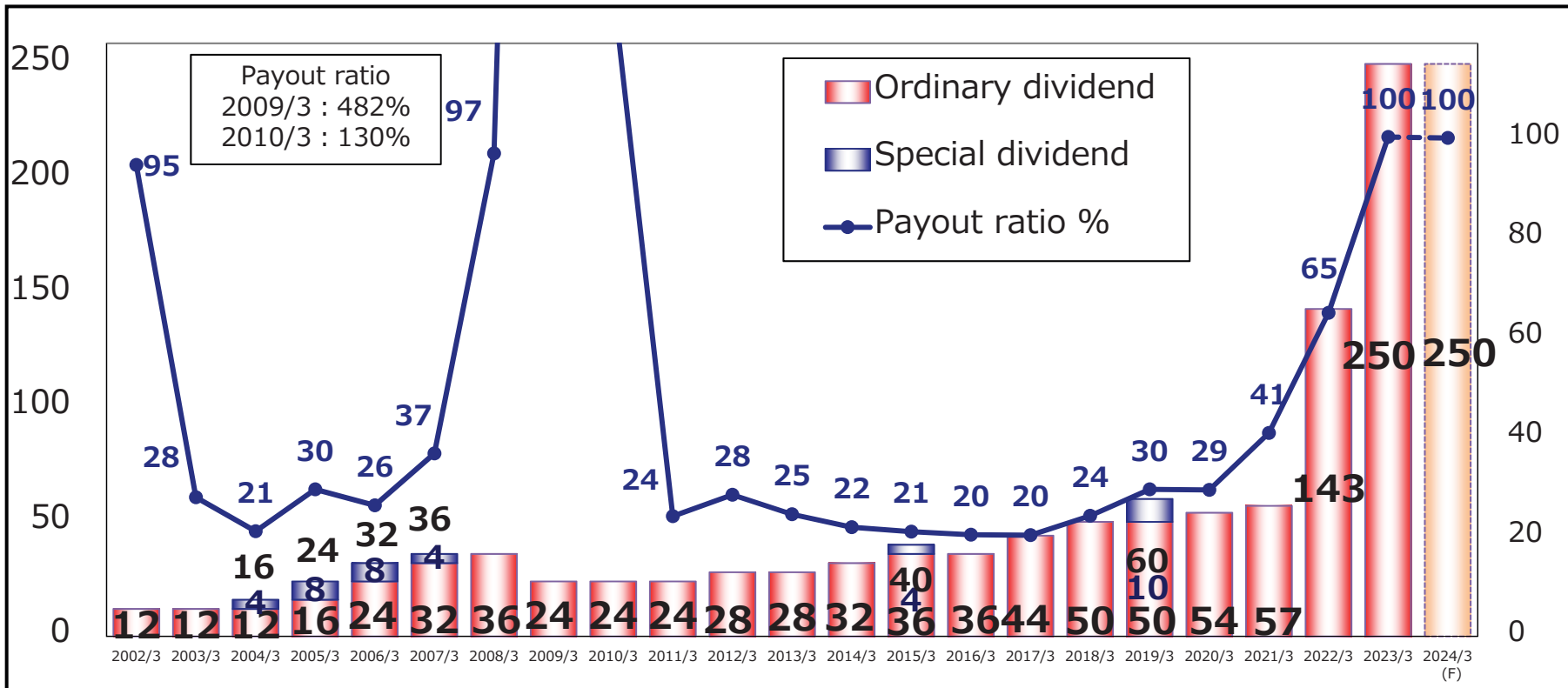
	2023/3 Results	2024/3 Forecast				Year-on-Year	
		Mid-term Business Plan	Forecast			change	%
			1st Half	2nd Half	Full year		
Sales	82,911	80,000	42,500	42,000	84,500	+1,589	+1.9%
Operating Profit	9,030	8,300	4,300	4,800	9,100	+70	+0.8%
Margin	10.9%	10.4%	10.1%	11.4%	10.8%		
Ordinary Profit	10,471	/	4,400	4,900	9,300	△1,171	△11.2%
Margin	12.6%		10.4%	11.7%	11.0%		
Profit attributable to owners of parent	7,071		3,200	3,900	7,100	+29	+0.4%
Margin	8.5%		7.5%	9.3%	8.4%		

Exchange rate : USD	¥135.47	¥115	¥130	Exchange rate (period average)
Exchange rate : EUR	¥140.97	¥125	¥142	

Dividends



	Interim	Year-end	Total
2022/3	¥33	¥110	¥143
2023/3(Forecast)	¥120	¥120 → ¥130	¥240 → ¥250
2024/3(Forecast)	¥125	¥125	¥250



The share was consolidated (2 shares→ 1 share) on Oct. 1, 2018. The values of dividends are converted on the post-consolidation basis.

ESG initiatives (1)



Time		Category	Initiatives
Nov.	2000	S	Mitsuboshi Belting Fureai Council, a volunteer organization comprising Group employees, formed to promote town development where residents and businesses coexist
Oct.	2003	G	Executive Officer system introduced
May	2015	G	Risk Management Committee and Compliance Committee established
Oct.	2018	E S G	CSR Promotion Committee established ※Renamed to SDGs Promotion Committee in March 2021
June	2020	S	Work Style Reform Promotion Committee established
Dec.	2020	E S G	Specific SDGs initiatives formulated
March	2021	G	Nomination and Remuneration Advisory Committee established
		E	CO2 emission reduction targets established (vs. FY2013) FY2023 : 20% reduction , FY2030 : 35% reduction , FY2050 : CN)
April	2022	E S G	Sustainability Promotion Committee and Sustainability Promotion Department established (Sustainability Promotion Committee comprises Management Council members and is chaired by President)
		E S G	Working Group of Sustainability Promotion Committee organized
May		E	CO2 emission reduction targets revised (vs. FY2013) FY2023 : 20%→At least 22% reduction , FY2030 : 35%→46% reduction)
June		G	First female Director takes office (at least 1/3 of Directors are Outside Directors) Shortened the term of office of directors from 2 years to 1 year
July		E	Information based on TCFD recommendations disclosed (CDP2022)
Nov.		E S G	Materiality formulated
		S	Human rights due diligence activities started (Human Rights Policy, Human Rights DD Implementation Guidelines, and Human Rights DD Guidelines established)
		G	Mitsuboshi Belting Group Code of Conduct revised
Dec.		E S	Announced support for each initiative (①TCFD, ②TCFD Consortium, ③Human Capital Management Consortium, ④GX League)

ESG initiatives (2)

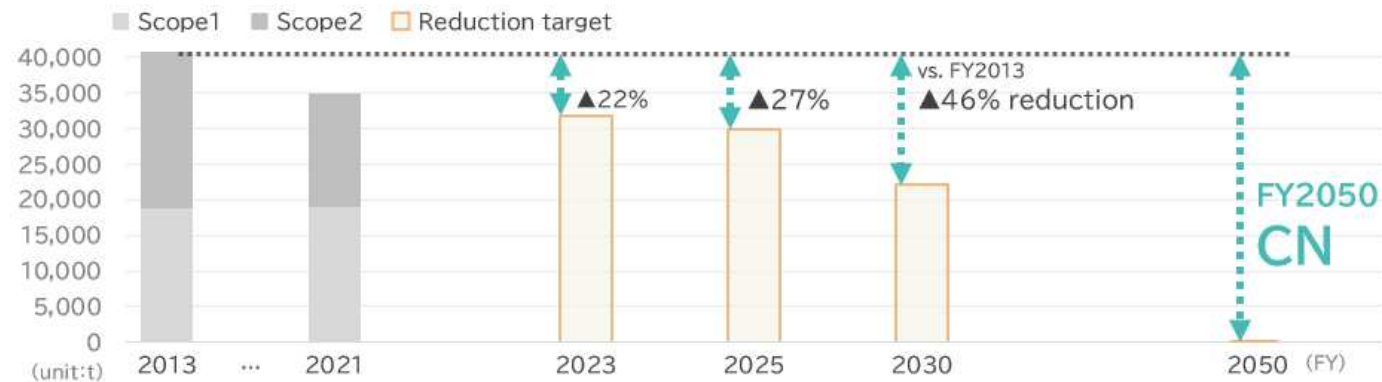


Time	Category	Initiatives
Jan.	S	Initiatives to improve employee engagement promoted (Measuring engagement started)
	S G	Various policies formulated and disclosed (①Procurement Policy, ②Disclosure Policy)
Feb.	E	New mid-term target for CO2 emissions reduction established (FY2025 : 27% reduction (vs. FY2013))
March	S G	The Corporate Philosophy, Management Principle, etc. organized into a new philosophy system.

Formulation of medium- to long-term targets for carbon neutrality by 2050

We have set the following numerical CO2 emission reduction targets (vs. FY2013)

- FY2023: At least 22%
- FY2025: 27%
- FY2030: 46%



「Compensation system」

- Introduced a Restricted Share compensation system for Directors (excluding Outside Directors) and Executive Officers in 2021
- In 2023, introduce a performance-based compensation program for Directors (excluding Outside Directors) that uses performance indexes including the targets for net sales, operating profit, and ROE
- In order to encourage employees to purchase company stock, the incentive of the Mitsubishi Belting Employee Shareholding Association was changed to 15% in 2022

Retirement of treasury shares

(Thousand Shares)



Aggregate number of shares issued as of June 30, 1998 51,998 (100%)				
Total acquisition of common shares 25,799 (50%)		Owned	Disposal	Stock Market
Total retirement of treasury shares 19,335 (37%)				
	FY2022	Aggregate number of shares issued as of March 31, 2023 32,604 (63%)		
Acquisition	450 0.8%			

(Except acquisition and retirement of shares less than one unit)
(The share was consolidated (2 shares→ 1 share) on Oct. 1, 2018. The values of dividends are converted on the post-consolidation basis.)

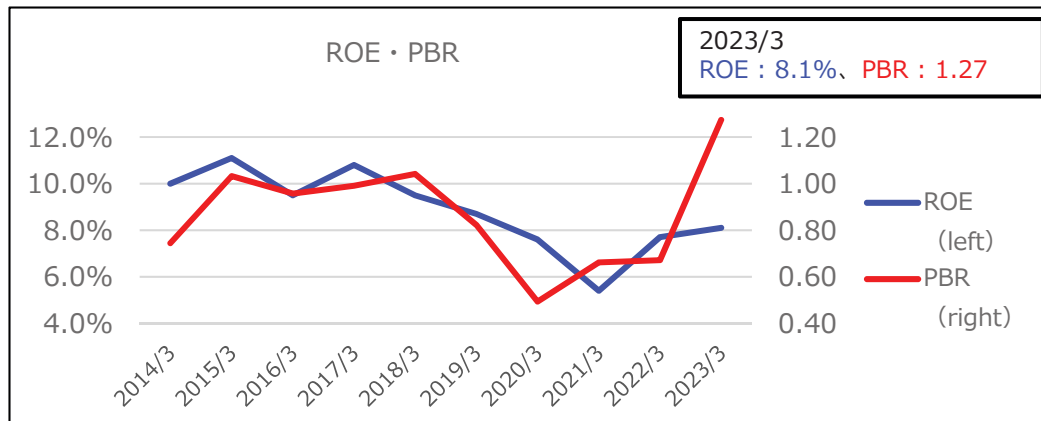
- The Company has continued to acquire treasury stock.
- The Company intends to acquire treasury shares on an ongoing basis in appropriate amounts and at appropriate times, based on actual business results, trading in the Company's shares and the share price, the dividend payout ratio included in the Mid-Term Business Plan, and the ratio of total returns.
- The Company also intends to retire treasury shares so that the percentage of treasury shares held is less than 10% by March 31, 2024.

ROE and PBR



In Revisions to Mid-Term Business Plan (disclosed on May 13, 2022), to achieve our FY2030 “target position,” we are using the period until FY2023 as time for strengthening of our foundation, and have set targets for ROE and value of cross-shareholdings sold as new KPIs, and to achieve these, have reset (raised) our “dividend payout ratio” target.

	Before revision FY2023 KPI target	Revised (2022/5/13) FY2023 KPI target	FY2022 Results
Profitability	<ul style="list-style-type: none"> • Net sales: 75.0 billion yen • Operating profit: 8.3 billion yen (at least 11%) 	<ul style="list-style-type: none"> • Net sales : 80.0 billion yen • Operating profit: 8.3 billion yen 	<ul style="list-style-type: none"> • Net sales : 82.9 billion yen • Operating profit : 9.0 billion yen
Capital efficiency	—	<ul style="list-style-type: none"> • ROE : 8% • Value of cross-shareholdings sold: at least 1.5 billion yen (over three years) 	<ul style="list-style-type: none"> • ROE : 8.1% • Value of cross-shareholdings sold : 276 million yen (FY2021, FY2022)
Shareholder returns	<ul style="list-style-type: none"> • Dividend per share: at least 54 yen (*consolidated payout ratio: 35%) • 3-year average consolidated total return ratio: 50% 	<ul style="list-style-type: none"> • Dividend payout ratio (FY21): 65% • Dividend payout ratio (FY22): 100% • Dividend payout ratio (FY23): 100% 	<ul style="list-style-type: none"> • Dividend payout ratio (FY21): 65% • Dividend payout ratio (FY22): 100%



「Strengthen financial position, then pursue higher capital efficiency」

FY2030 “target position”
ROE : 10%

PBR : Maintain more than 1x, further improvement

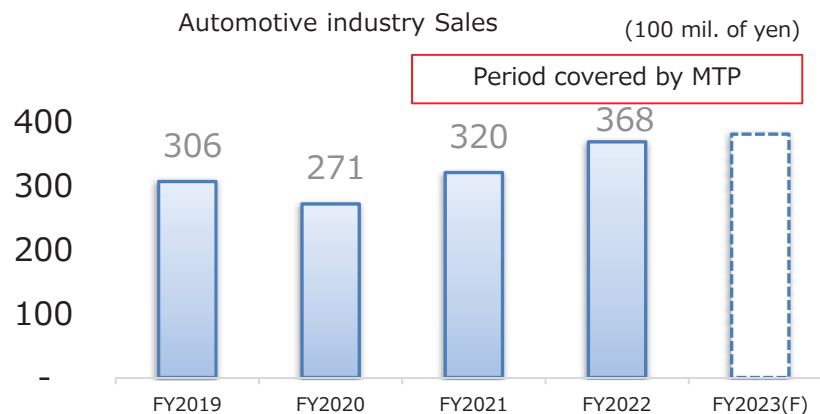
Automotive industry

Respond to electrification
(electric vehicles)

- Expand sales of high value-added system products for accessory drive for hybrid vehicles
→Belts for Mild Hybrid Vehicles, for which demand is growing mainly in the European market developed.
Adoption of belts for Mild Hybrid Vehicles is expanding.
- Expand sales of products for electrification of 4-wheeled vehicle control equipment (EPS, EPB, PSD)
→Belt drive system is increasing in EPS. Expansion of use of timing belts expected.
- Expand sales of rear-drive products for 2-wheeled vehicles, multipurpose 4-wheeled vehicles, and personal mobility
→With electrification, more and more car models are adopting timing belts for rear-wheel drive.

Expand sales to repair market

- Expand sales to overseas 4-wheeled and 2-wheeled vehicle repair markets, focusing on developing countries
→Sales activities for existing customers strengthened.
Developing new customers.

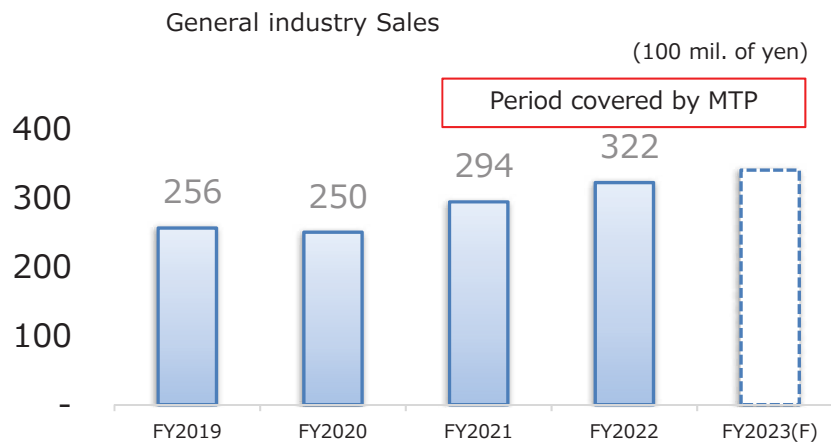


EPS timing belt



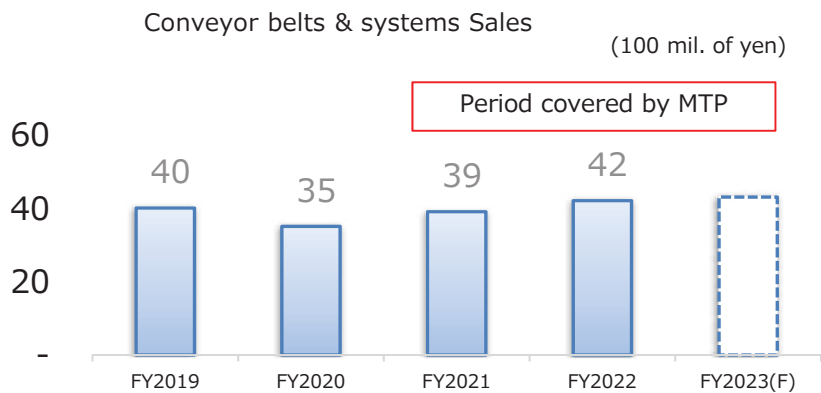
Multipurpose 4-wheeled vehicles

General industry	
Support for food businesses/industry	<ul style="list-style-type: none"> Develop and expand sales of high value-added products for agricultural machinery →Belts for domestic and overseas combine harvesters developed. Developing and expanding sales of large agricultural belts for overseas markets.
Respond to automation	<ul style="list-style-type: none"> Develop and expand sales of products for robots and logistics equipment →New product with small pitch and high torque for robots developed.
Respond to environmental issues	<ul style="list-style-type: none"> Expand sales of products to the clean energy market (wind turbines, etc.) →Expanding sales aiming to adopt products for offshore wind power generation. Eco-friendly products developed.
Respond to energy savings	<ul style="list-style-type: none"> Develop and expand sales of highly efficient products →Highly efficient belts for high loads developed.



Conveyor belts & systems

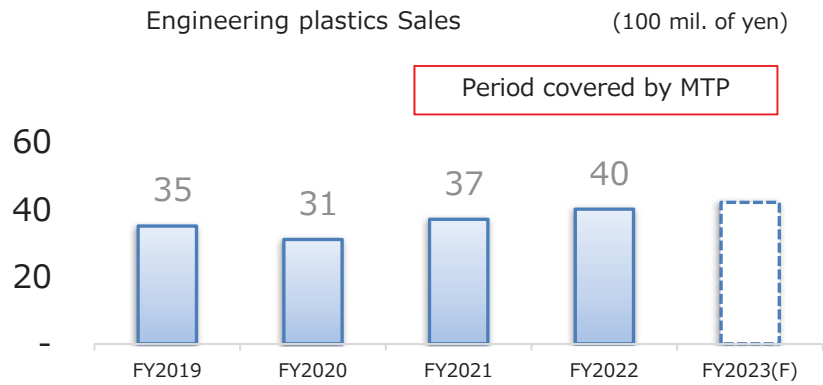
Respond to food safety	<ul style="list-style-type: none"> Expand sales of highly functional belts to address hygiene management in the food products industry →New resin belt product launched. Number of adopt increased.
Respond to more efficient logistics	<ul style="list-style-type: none"> Expand sales of high value-added products to the logistics industry →Elastic Belt developed.
Respond to environmentally friendly products	<ul style="list-style-type: none"> Develop products using raw materials that are biomass-derived, recycled, etc. →Belts using biomass polyurethane developed.
Expand sales to overseas markets	<ul style="list-style-type: none"> Expand sales to SE Asian market →Preparing to enter Southeast Asian market.
Develop business solutions using information and telecommunications technologies	<ul style="list-style-type: none"> Provide “Tailor-note” product control web-based application service →Sales started in June 2022. Making improvements and expanding sales.



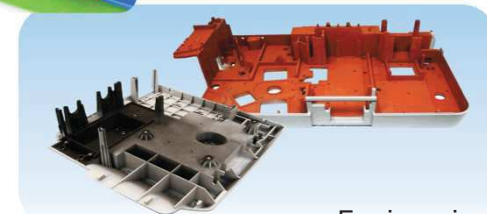
“Tailor-note” product control web-based application service

Engineering plastics

Respond toward lighter weight and energy savings	<ul style="list-style-type: none"> Develop applications as metal substitute and expand sales to various sectors →Set priority industries and developed applications and carried out spec-in activities.
Respond to maintenance reduction	<ul style="list-style-type: none"> Develop applications and expand sales of high-performance resins →In addition to existing customers, set priority industries and developed applications for high-performance resins and carried out spec-in activities.
Respond to shift to functional parts	<ul style="list-style-type: none"> Increase sales of frameless structures and base parts using engineering structural foams →Expanding sales of SF products for medical equipment.
Respond to environmental issues	<ul style="list-style-type: none"> Develop products that are bio-based and recyclable →Under product development.
Respond to food safety	<ul style="list-style-type: none"> Expand sales of high-performance resin materials for hygiene control in the food products industry →Developing spec-in activities for resin materials that comply with the new Food Sanitation Law.



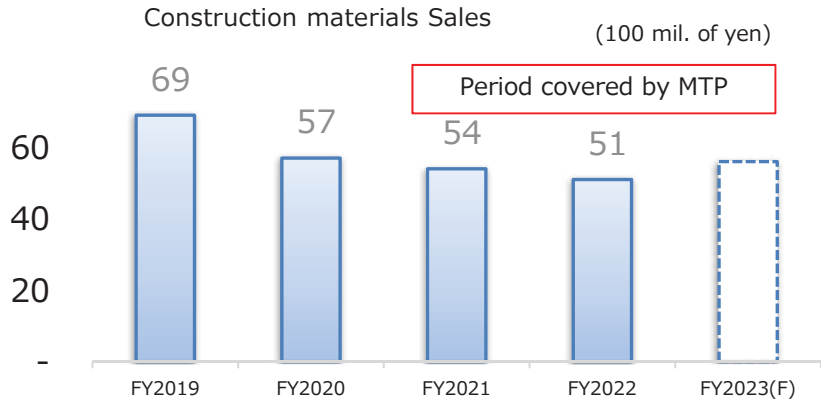
Various high-performance resins



Engineering structural foams

Construction materials

Respond to preservation of water resources	<ul style="list-style-type: none"> Expand sales to waste material and polluted soil disposal site and seepage control construction market →Continuing sales expansion activities, mainly for competitive resin sheets. Expand sales to agricultural reservoir construction and repair market →Continuing sales expansion activities for vulcanized rubber sheets. Expand sales to river disaster prevention and mitigation market →Started sales of "rubber dam" bags.
Respond to protection of natural environment	<ul style="list-style-type: none"> Expand sales to biotope, afforestation, and biodiversity preservation market →Continuing to provide waterproof rubber sheets to popularize "school biotope ponds".
Extend life of buildings	<ul style="list-style-type: none"> Expand sales to building roof/rooftop waterproofing market →Developing a highly durable and long-lasting waterproof construction method.
Expansion into new markets	<ul style="list-style-type: none"> Advance into new business fields →In February 2023, we took over the business related to waterproofing work for highway bridges, purification center and water purification plant distribution reservoir, etc. from Nihon Suiken Co., Ltd. Expecting further sales expansion in the infrastructure market.



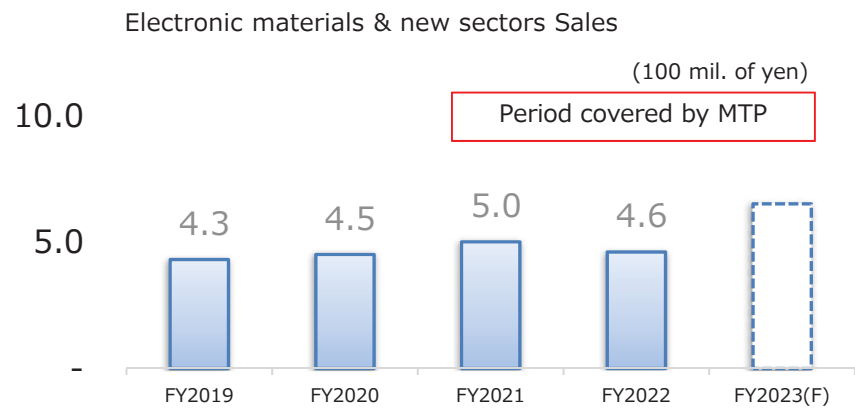
Rooftop waterproofing



Seepage control system for final disposal site

Electronic materials & new sectors

<p>Respond to moves toward energy savings and clean energy</p>	<ul style="list-style-type: none"> Expand sales of metal nanoparticles to mobility and mobile equipment markets →Continuing sales expansion activities for silver nanoparticles, targeting electronic parts used in automobiles, smartphones, etc. Expand sales of high-performance substrates to solar power generation, power source, and power supply equipment markets →Continuing sales expansion activities for thick-film circuit boards using copper-based paste.
<p>Respond to moves toward informatization, electrification, and automation</p>	<ul style="list-style-type: none"> Expand sales of high-performance substrates to high-speed, high-capacity telecommunications, and mobility markets →Expanding sales targeting circuit boards used in communication base stations, etc. Expand sales of conductive, resistant, and insulating pastes to semiconductor and electronic component industries →Semiconductor : Developing silver nanoparticles and ultra-thick film printed substrates that can demonstrate high reliability and high heat dissipation for automobiles. Electronic components : Received new orders for conductive/resistive/insulating paste for chip resistors.



Silver nanoparticle