

2020

F i n a n c i a l R e v i e w

Year ended March 31, 2020



MITSUBOSHI BELTING LTD.



I Management Message

Mitsuboshi Belting Ltd. was established in 1919 as a manufacturer of industrial belts and through untiring efforts, has become one of the leading companies in the belt industry.

Now our products include waterproofing and water shielding sheets and engineering plastics, but we have always adhered to the motto, “produce quality and sell quality” and to earn the trust of customers. Mitsuboshi’s high-quality products are essential to daily life as well as progress of the industry.

We have always maintained strict quality assurance and both domestic and overseas factories are obtaining ISO 9001 or IATF 16949, which is considered to be the most stringent international standard for quality management systems. Our main domestic factories and several other overseas factories have been certified by ISO14001, and we are actively engaged in development of environmentally-friendly products.

With the basic management policy, “to contribute to society by supplying goods of high performance, high precision and high quality” and the corporate philosophy, “to give attentive consideration to both humanity and nature”, we strive for the prosperous future of the society.



President
Hajime Kakiuchi

Board of Directors

President
Hajime Kakiuchi
Member of the Board
Yoshio Yamaguchi
Member of the Board
Masayoshi Nakajima
Member of the Board
Takashi Katayama
Member of the Board
Hiroshi Ikeda
Member of the Board
Ryuzo Miyao
Member of the Board
Shinya Okuda

Board of Corporate Auditors

Corporate Auditor
Kenkichi Masuda
(standing)
Corporate Auditor
Yoshio Okushima
Corporate Auditor
Yasuhiro Tsuji
Corporate Auditor
Jun Tanaka

Executive Officers

President, Executive Officer Hajime Kakiuchi	Managing Executive Officer Takashi Sasaki	Executive Officer Toshimichi Takada
Senior Managing Executive Officer Yoshio Yamaguchi	Managing Executive Officer Keiji Mataba	Executive Officer Naotsugu Morita
Senior Managing Executive Officer Masayoshi Nakajima	Managing Executive Officer Shinji Kuramoto	Executive Officer Akihiro Nagata
Vice-Senior Managing Executive Officer Takashi Katayama	Managing Executive Officer Toru Shimomura	Executive Officer Nobuyasu Nishikawa
Managing Executive Officer Hiroshi Ikeda	Managing Executive Officer Toshimi Kumazaki	Executive Officer Isao Ideguchi
Managing Executive Officer Takeshi Hamura	Managing Executive Officer Kazutoshi Ishida	Executive Officer Masaru Matsui
	Executive Officer Kazuhiro Takeda	

(June 26, 2020)

Contents

Management Message	1	Consolidated Statements of Comprehensive Income	14
Financial Highlights.....	2	Consolidated Statements of Shareholders' Equity	15
History	4	Consolidated Statements of Cash Flows.....	16
Global Network	5	Notes To Consolidated Financial Statements...	17
Business Overview	7	Investor Information	18
Consolidated Balance Sheets	11		
Consolidated Statements of Income	13		

Financial Highlights

Years ended March 31

Millions of yen

	2020	2019	2018
Sales Business Segment :			
Power Transmission Belts(Japan)	¥27,266	¥28,395	¥28,037
Power Transmission Belts(except Japan)	32,495	32,917	31,974
Building & Construction Materials	6,872	5,978	4,854
Others	4,417	4,710	4,727
Total	71,051	72,002	69,594
Exports sales ratio	46.3%	46.1%	46.5%
Cost of sales	¥49,206	¥49,510	¥47,182
Selling, general and administrative	14,545	14,364	13,982
Operating income	7,299	8,127	8,429
Income before income taxes	7,814	8,876	8,921
Income attributable to owners of parent	5,464	6,157	6,252
Total assets	101,154	102,814	95,802
Per share data (in yen)			
Net income	¥183.61	¥203.50	¥206.65
Cash dividends	54.00	60.00	50.00
Book value	2,474.56	2,393.66	2,258.96
Gross profit margin	30.7%	31.2%	32.2%
Operating income margin	10.3%	11.3%	12.1%
Current ratio	328.70%	347.80%	326.80%
Capital expenditures	¥5,964	¥3,259	¥3,239
Depreciation expense	¥3,324	¥3,012	¥2,999
Equity ratio	71.1%	70.4%	71.3%
Long-term debt ratio against equity	13.0%	14.8%	12.2%
Number of shares outstanding (thousands)	32,604	32,604	65,208

Note: Income statement and balance sheet figure for the periods ended March 31, 2020, 2019, and 2018 were audited by Accounting Auditors and which are different from ones disclosed in Tokyo Stock Exchange in consideration of expected readers.

*The change was applied retrospectively following the revision of ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting (February 16, 2018). And, the major management indicators for the periods ended March 31, 2018 is the number applied retrospectively following this accounting standard.

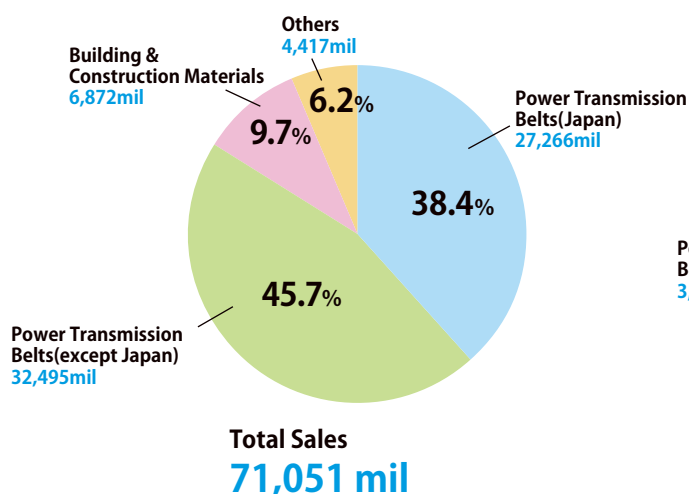
*The Company performed a two-for-one share consolidation effective as of October 1, 2018.

Net income per share, Cash dividends per share and Book value per share are calculated on the assumption that the share consolidation was performed at April 1, 2017.

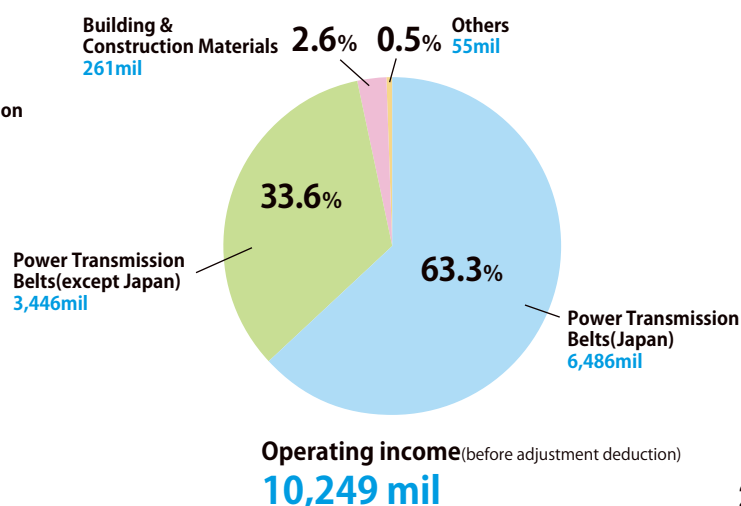
Consolidated Statements of Income (Japanese Yen)



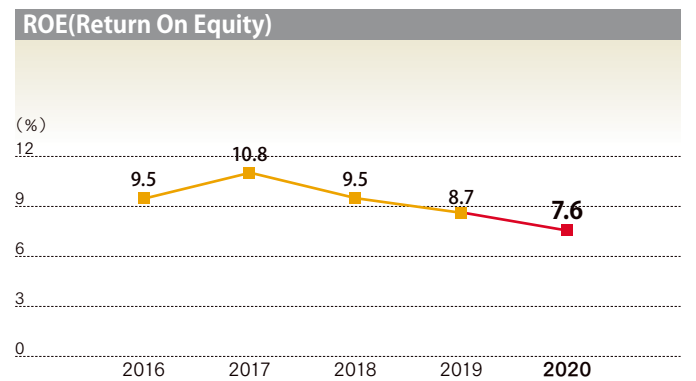
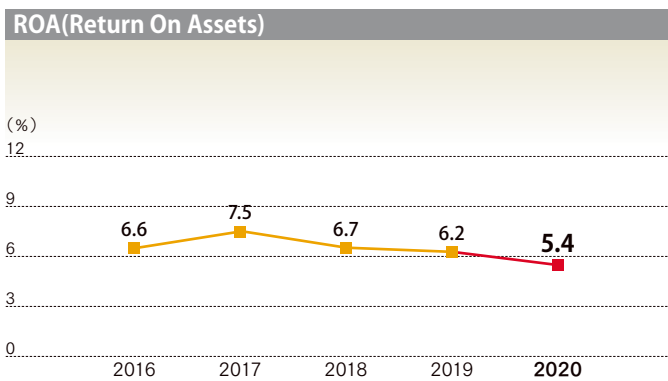
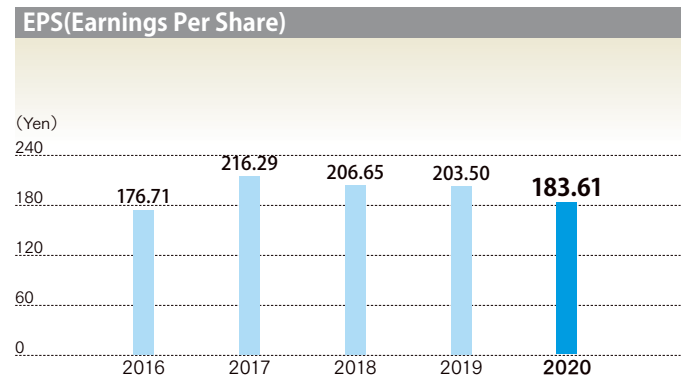
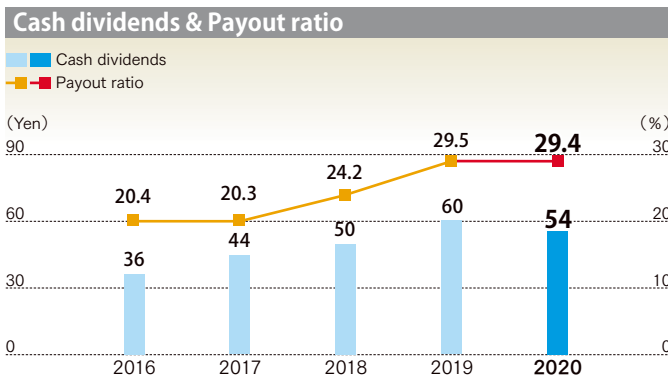
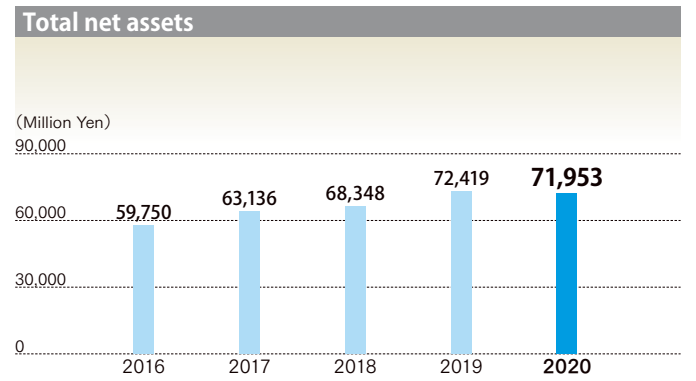
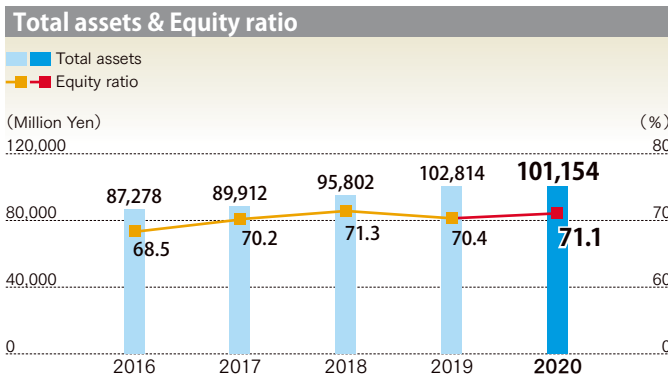
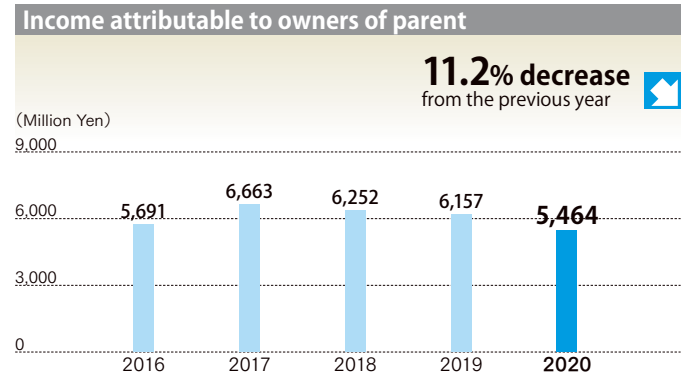
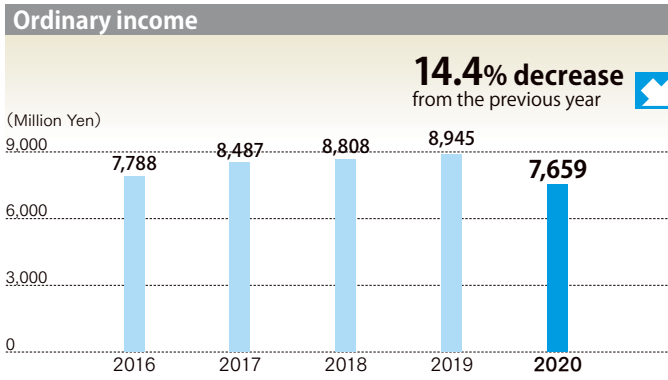
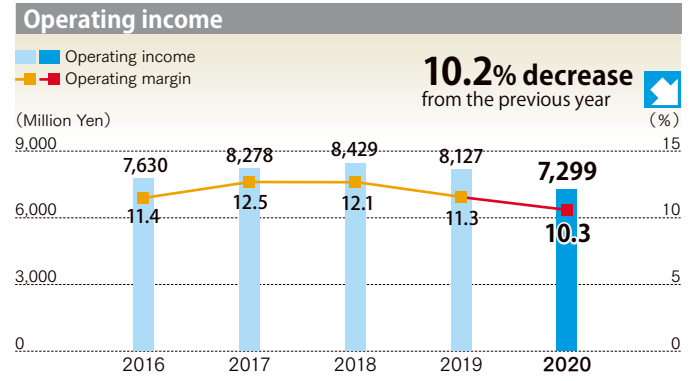
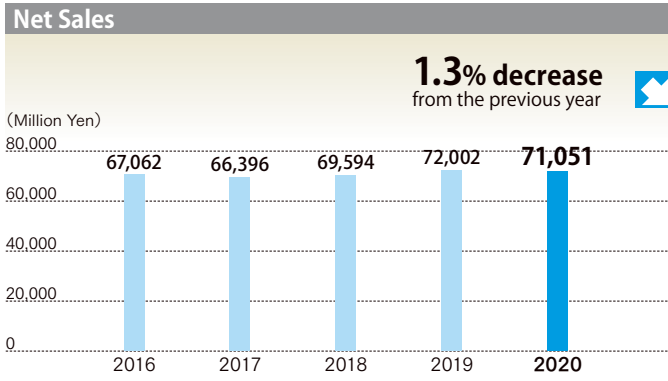
Sales by Business



Operating income by Business



Financial Highlights



History

Towards the Next Generation

100th
Anniversary Since 1919

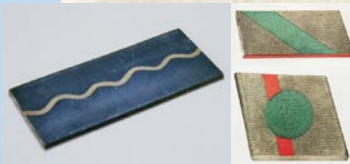
MITSUBOSHI 100th Anniversary

2019



1919
Established in Kobe, Japan.

1929
Started manufacturing Flat Belts.



1936
Started manufacturing Conveyor Belts.



1957
Started manufacturing Timing Belts.



1963
Released Waterproofing Sheet.
Released Steel Cord Conveyor Belts.



1966
Released "HYPERFLEX™" Coupling.



1969
Started manufacturing Polyurethane Timeng Belts.



Released "MIZUSHEET",
a water-shielding sheet for
civil (engineering) work.



1971
Released Cast-Nylon.

1979
Released Light Conveyor Belt.

1980
Started manufacturing
Engineering Structural Foams.



1996
Released "MITSUBOSHI Hi-COLOR™ F".



1999
Released "Worm Wheel".



2003
Released "e-POWER™"
- energy-saving belt



2007
Released Silver paste "MDot™".



2010
Released "Giga Torque GX
Timing belt & pulley" - for ultra
heavy duty use.



2015
Released "Smart Tension",
a simple belt tension
measurement app for
smartphones.



Released "Smastar™", Alternator
Dumper Pulley absorbs the rotation
fluctuation of automotive engine.



2016

Global Network



MBL (USA) CORPORATION



Mitsuboshi Belting Ltd.



Mitsuboshi Belting Europe GmbH



MITSUBOSHI POLAND Sp.z o.o.



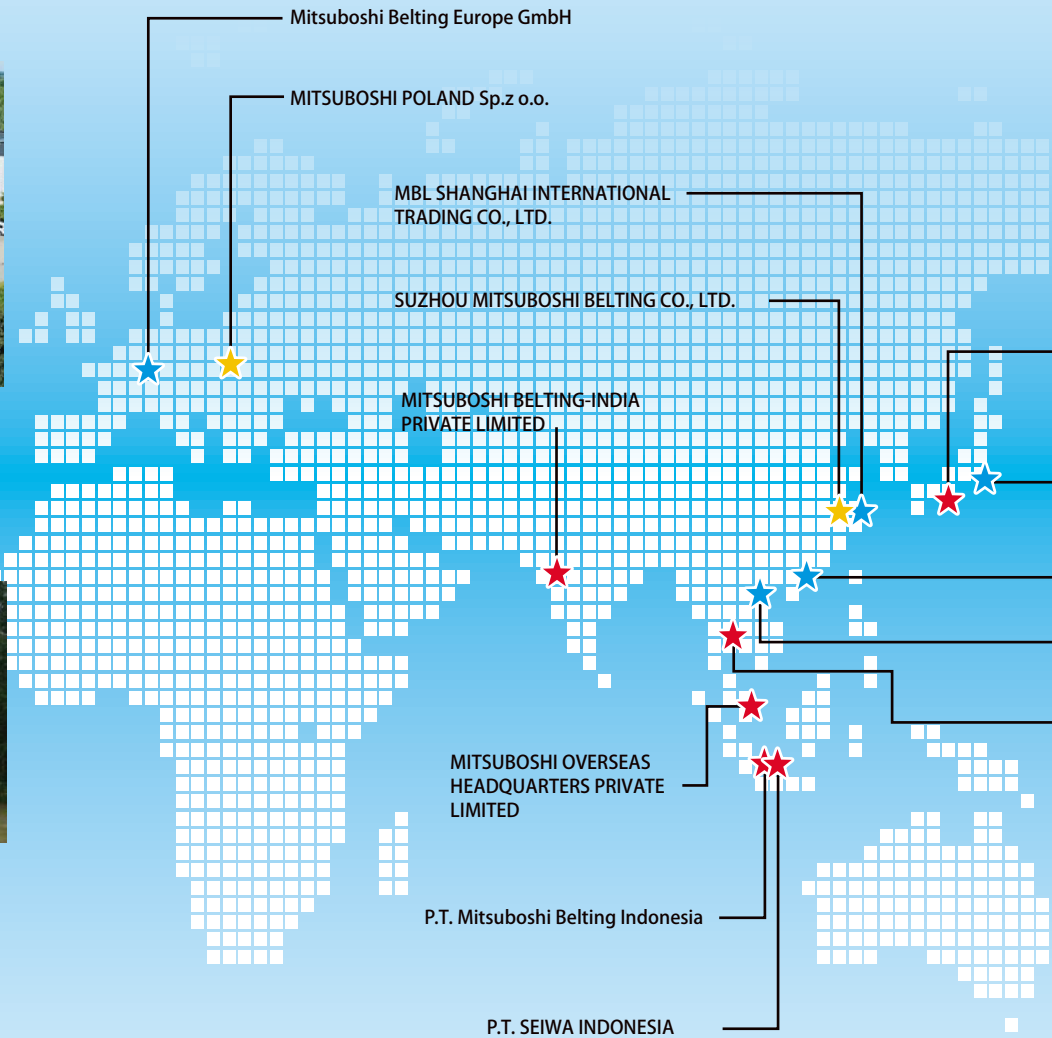
MITSUBOSHI BELTING-INDIA PRIVATE LIMITED



MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED



P.T. SEIWA INDONESIA





MBL SHANGHAI INTERNATIONAL TRADING CO., LTD.



SUZHOU MITSUBOSHI BELTING CO., LTD.



MOI TECH HONG KONG LIMITED



MITSUBOSHI BELTING VIETNAM CO., LTD.



MBL (USA) CORPORATION

Mitsuboshi Belting Ltd.
(Kobe Head Office)

Mitsuboshi Belting Ltd.
(Tokyo Head Office)

MOI TECH HONG KONG LIMITED

MITSUBOSHI BELTING VIETNAM CO., LTD.

STARS TECHNOLOGIES INDUSTRIAL LIMITED

★ ...Plant & Sales Office

★ ...Plant

★ ...Sales office



P.T. Mitsuboshi Belting Indonesia



STARS TECHNOLOGIES INDUSTRIAL LIMITED

1. Summary of Business Results

(1) Business Results

In this fiscal year, Japanese economy also showed slow down due to global economy slow down from the beginning of the year, and domestic companies' profits had been on a downward trend, mainly in the manufacturing industry. In addition, the global economy has modulated due to effect of US-China trade friction and China's economic slowdown etc, and the global economy has been down rapidly and been serious situation due to spread of infection of COVID-19 since the new year.

Under these circumstances, Mitsubishi Belting Ltd. ("the Company") and its consolidated subsidiaries (together with "the Group") have been reinforcing sales operation promoting and the manufacturing system, and working to improve business efficiency and to attain further cost reduction.

As a result, for this fiscal year, the Group recorded the consolidated net sales of 71,051 million yen (1.3% decrease compared to the previous fiscal year), the operating income of 7,299 million yen (10.2% decrease compared to the previous fiscal year), the ordinary income of 7,659 million yen (14.4% decrease compared to the previous fiscal year) and the income attributable to owners of parent was 5,464 million yen (11.2% decrease compared to the previous fiscal year).

The situation by business is as follows.

(2) Condition of Cash Flow

Cash flow from operating activities achieved an income of 7,914 million yen, which was an increase of 851 million yen over the previous fiscal year.

Major factors for this increase are trade receivable decreased by 1,281 million yen, but profit before income taxes decreased by 1,062 million yen and trade payables decreased by 805 million yen compared to the previous fiscal year.

Cash flow from investing activities resulted in expenditure of 349 million yen, which was an increase of 7,527 million yen over the previous fiscal year.

Major factors for this increase are proceeds from withdrawal of time deposits increased by 4,855 million yen and payments for time deposits decreased by 2,246 million yen compared to the previous fiscal year.

Cash flow from financing activities resulted in expenditure of 6,208 million yen, which was an increase of 7,592 million yen compared to the previous fiscal year.

Major factors for this increase were proceeds from long-term debt decreased by 3,300 million yen and purchase of treasury shares increased by 2,462 million yen compared to the previous fiscal year.

Subtraction the effect of exchange rate change on cash and cash equivalents of 864 million yen from the total amount of cash flows through operating, investing and financing activities, resulting in an increase of cash and cash equivalents of 493 million yen. It became a circle. In addition, as a result of adding the opening balance of 30,650 million yen to this, the balance of cash and cash equivalents at the end of the this fiscal year was 31,143 million yen.

● Business of Power Transmission Belts (Japan)

In automotive belts, sales of belts for aftermarket were similar to the previous fiscal year, but sales for installed car production line a little bit of increased compared to the previous fiscal year due to sales of new products increased and adapted in new model automotive.

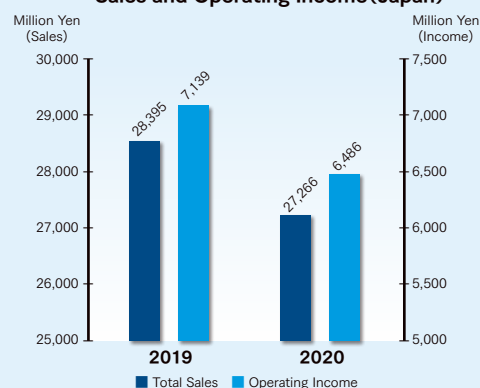
In industrial belts, sales decreased significantly due to the down in injection molding machine, machine tools market. In engineering plastics materials, sales decreased due to whole of the manufacturing restrained capital investment.

And sales of belts for OA equipment also decreased due to decrease in productions by users.

On the other hand, sales of conveyor belts for were strong, however sales of plastics belts a little bit of decreased due to sales to foods industry decreased slightly.

As a result, the consolidated net sales by this segment stood at 27,266 million yen (4.0% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 6,486 million yen (9.1% decrease compared to the previous fiscal year).

Power Transmission Belts
Sales and Operating Income (Japan)



● Global Business (except Japan) of Power Transmission Belts

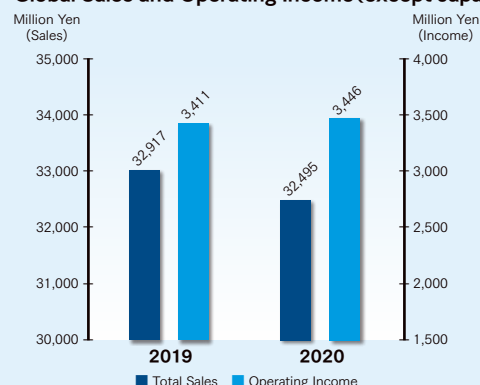
In the Europe, sales for both automotive and motorcycles belts decreased. In the U.S, sales of variable speed belt for snowmobile and utility vehicle were steady, but sales for automotive belts were decreased, so whole sales were similar to the previous year. On the other hand, sales in Southeast Asia increased due to increased demand of motorcycles at same area led to whole sales in Asia increased.

In industrial belts, sales in the U.S. were similar to the previous year, and sales for aftermarket were a bit of increased in Europe. In Asia, although the sales for agricultural machines decreased, expansion of demand for wind-power generation, in the result, whole sales were similar to the previous year.

Sales of belts for OA equipment decreased due to sales for Japanese users decreased.

As a result, the consolidated net sales by this segment stood at 32,495 million yen (1.3% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 3,446 million yen (1.0% increase compared to the previous fiscal year).

Power Transmission Belts
Global Sales and Operating Income (except Japan)



2. Research and Development Activities

The management principle of the Group is; "To contribute to society by supplying goods of high performance, high precision and high quality". Under this management principle we are strenuously making efforts to further improve fundamental technologies and to positively use simulation technologies for fluidity analysis, impact analysis and stress analysis so that we may cope with customers' demand which is diverse and changeable in a timely manner.

At the same time, we are performing overall research and development activities including studies of materials, facilities, construction methods, analysis methods, etc. with the aim of realizing the reduction of environmental loads, high productivity and the development of high performance, high precision and high quality products as declared in the company management principle.

At present, research and development are promoted by R&D and Research & Designing sections in our operating divisions in cooperation with Development Department of each group company. Besides, we are pursuing joint research with universities and public research institutes as well as joint development with other companies under a close tie-up and cooperation, for the purpose of carrying out research effectively and developing a cutting edge technology.

The total R&D expenses of all our group companies for this fiscal year was 2,814 million yen.

The total R&D expenses included the basic research expenses of 791 million yen not allocatable to each division, for Silver nanoparticles paste, Coatings & inks for glass, Surface treatments for glass, Conductive copper paste, Thick film copper circuit boards, etc.

3. Summary of Investment in Plant and Equipment

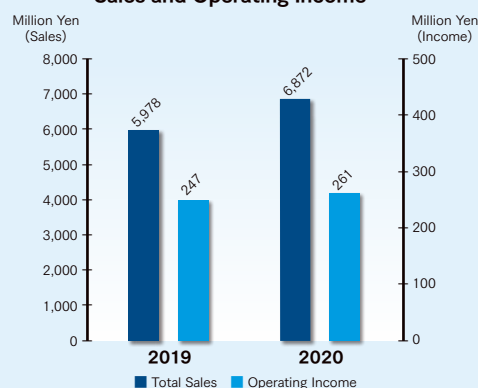
Regarding with capital investment, in order to construct the supply system that can meet the user needs, we invested total 5,964 million yen by our own capital. For instance renewal of core system, expanding the manufacturing facilities of belt and functional system parts for automobile, increase test facilities, and renew the domestic and foreign aging facilities.

● Business of Building & Construction Materials

Sales increased as a result of a increase in demand for public and private renovation work in construction sector, and mainly for large-scale projects such as waste disposal sites in civil engineering sector.

As a result, the consolidated net sales by this segment stood at 6,872 million yen (15.0% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 261 million yen (5.5% increase compared to the previous fiscal year).

Building & Construction Materials Sales and Operating Income

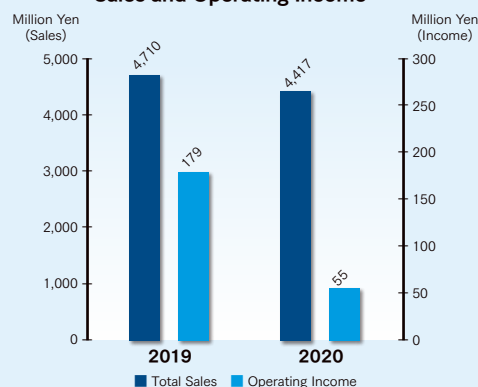


● Other Businesses

Other businesses include the supply of engineering structural foams, developed metal nanoparticles machinery and equipment and purchased products, etc.

As a result, the consolidated net sales by other businesses stood at 4,417 million yen (6.2% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 55 million yen (69.2% decrease compared to the previous fiscal year).

Others Sales and Operating Income



4. Risks to the Business

Listed below are the various risks that our president recognises it's possible to affect significantly to consolidated company's financial statement, business performance and cash flow.

Note that matters pertaining to the future presented herein are determined by us as of the end of fiscal year.

(1) Economic Status

The Group develops, manufactures and provides functional components principally in the automobile, general engineering, IT and construction industries. Our main markets are Japan, Asia, USA, and Europe, etc. The change in demand from various industries and the economic status around the world could affect us adversely.

The Group distributes our main products, power transmission belts, to the industries above. Low demand or a reduction in equipment investment in each company could cause our market to shrink and have a detrimental impact on our performance as well.

Approximately 75% of power transmission belts sold by our company are manufactured in other countries. As we are expected to be more dependent on overseas manufacturing in the future due to growing global economy, a sluggish global economy could affect our operating performance.

War, terror, riots, disaster like earthquake, epidemic could strike a sharp blow on economy. Slowdown in demand could be expected during the event. It is also expected to be difficult to procure materials and provide products to customers. To reinforce our product material supply system, we have taken several countermeasures. However, there is no guarantee that all risks are eliminated.

Therefore, the domestic and international economic situation and industry trend may have an impact on our business performance and financial situation.

(2) Abnormal Situation due to COVID-19

The Group manufactures and provides products for various industries mainly in Japan, Asia, the U.S. and Europe, etc. So, in the situation that spreads and affects all over the world such as COVID-19, the economic activities of the entire global economy may stagnate, and the financial statement and business performance of the Group may be affected.

In this situation, the Group will review of work system, positive introduce telework and minimize business risk by formulating BCP.

Also, the Group will enhance the communication system with customers to construct better structure and promote the business activity even in serious situation.

(3) Price Competition

Market competition in our main business areas such as automobile, IT and construction industries is getting extremely severe.

A demands for competitive price and high value-added products from our customers is getting harsh. We have reinforced and enhanced our research and development systems as well as our technical expertise with the aim of providing high performance, high precision, and high quality products. We have also been making our efforts to strengthen production and sales constantly towards supply of our product worldwide.

However, despite our such activities, market competition could have effect on business performance.

(4) Impact on Automobile Industry

The degree of dependence on sales of automobile industry exceeds 40%. The Company does not belong to any members of specific car makers, but unmanageable factors, such as a economy slump in automobile industries, poor business performance of client company, damages caused by large-scale natural disasters, and changes in component procurement policy could affect us. Although the Group have engaged in managerial improvement in order to maintain customer satisfaction for all clients including those in the automobile industry, such changes may affect our business performance.

(5) Material Procurement

Our production bases need a variety of materials such as rubber, fabric, glass fiber and resin which are essential for product manufacturing. We procure these materials from diverse suppliers considering a stability, price and quality.

However, in a phase of a soaring resource price including crude oil, there is a possibility that a rapid rise in market price of major raw materials could skyrocket manufacturing costs. Moreover, stable and efficient procurement of raw materials from overseas and supply of raw materials to overseas affiliated companies could be interfered by export/import restrictions, etc.

Therefore, in the case that the Group is not able to flexibly procure raw materials or procurement costs continue to rise extremely, it may have an impact on our business performance.

(6) Exchange Rate Fluctuation

The Group manufactures and sells its products mainly in Japan, Asia, USA and Europe, etc. Exchange rate fluctuations may have a strong influence on transactions denominated in foreign currencies involving export in each area and foreign assets and liabilities such as deposit, account receivable and loans.

When preparing our consolidated financial statements, exchange rates used to convert into Japanese Yen have an influence on its value denominated in Japanese Yen even with no fluctuation of value on its reporting currency basis. Appreciation of the yen against other currencies, especially the U.S. dollars and Euro having a large impact on the Group, could affect our business performance. The Group has taken as many effective measures to reduce or avoid the exchange risks as possible. Nonetheless, as there are not few cases that would not be cleared in the short term, it may affect our business performance and a decrease in asset value potentially.

(7) Official Restrictions on Businesses in Japan and Overseas

In the countries where our businesses operate, the Group is exposed to a variety of regulations on export/import controls, custom duty, and business investment, etc. Also our activities should be restricted legally by antimonopoly laws, patent rights, tax, and the environmental regulation including waste disposal and recycling. If our business activities are not able to accommodate quickly and flexibly to these business environments, it would rise costs and compel us to retreat from overseas businesses, it could affect our business performance.

(8) Product Quality

In order to maintain and improve the product quality of the Group, we have established a strict standards based on customer demand standards and the group standards. However, in the case that any defective products are found or customer complaints are received, the Group enrolled in insurance to minimize losses.

Nevertheless, any expense which is not covered by any available insurance could affect business performance or the financial situation of the Group.

(9) Risks from Natural Disasters

Our production bases could be subject to a catastrophic loss caused by natural disasters such as earthquakes and floods. In the event of natural disasters, the Company would suffer from a stable supply to our customers and a temporary massive burden of expense arising from a drop in sales and incurred for restoration.

In preparation for such disasters, we are working to strengthen and enhance our system by establishing a production system in Japan and overseas including back-up to overseas production bases, as well as examining risks for delivery of products etc through the Risk Management Committee activities.

In spite of these efforts, however, there is a possibility that a temporary suspension of operation, delayed delivery and a huge amount of expenses incurred for restoration occur. It could affect our business performance.

Even if our production bases of the Group are not damaged, if major customers

suffer catastrophic damage due to natural disasters, or if the supply chain is disrupted or production is forced to cease, sales will be reduced, the decrease could affect our business performance.

5. Corporate Governance

(1) Basic Stance on Corporate Governance

The Company considers corporate governance one of its topmost management priorities, in order to secure the trust of its shareholders and fulfill its corporate social responsibilities.

In accordance with this basic philosophy, the Company strives to enhance its business productivity in prompt and flexible response to the changes in the business environment and the market, and for maintenance, the Company addresses strengthening of supervisory function to management and the internal control in order to maintain and enhance its management efficiency and transparency, and, thereby, enhance its corporate governance in accordance with the following Basic Policy.

[Basic Policy]

1. The Company strives to respect its shareholders' rights and secure its shareholders' equality.
2. The Company strives to respect its shareholders' rights and positions, and work properly in harmony with its stakeholders (shareholders, customers, employees, communities and so on).
3. The Company strives to disclose its corporate information timely and properly, and, thereby, secure transparency and fairness.
4. The Company strives to cause its board of directors meeting and so on fulfill properly the functions and the responsibility, in light of its fiduciary responsibility and accountability to its shareholders.
5. The Company strives to have constructive dialogues with its shareholders.

(2) Overview of the Corporate Governance System

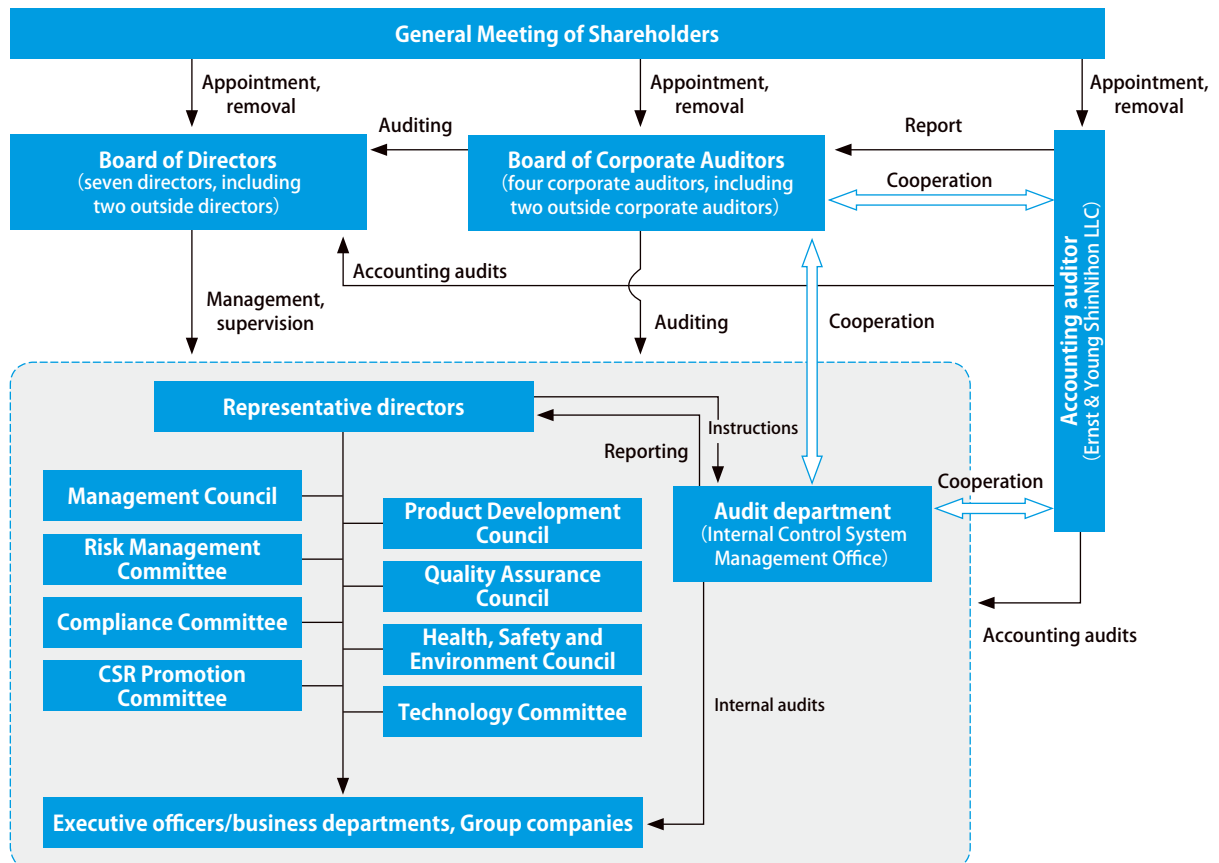
The Company has in place a Board of Directors comprising seven members, of whom two are outside directors, and a Board of Corporate Auditors. This board has four members, of whom two are outside corporate auditors.

The Board of Directors meets monthly to make decisions on important items and supervise the execution of operations by directors.

The Company employs an executive officer system.

By separating the functions of management decision-making and supervision from operational execution, the Company aims to strengthen its operational execution structure and bolster management efficiency.

Governance Structure



I Consolidated Balance Sheets

Years ended March 31

Millions of yen

Thousands of U.S.dollars

ASSETS	2020	2019	2020	2019
Current assets				
Cash on hand and in banks	¥31,360	¥34,789	\$288,156	\$319,669
Trade notes and accounts receivable	14,687	15,433	134,955	141,812
Merchandise and finished goods	12,983	12,812	119,297	117,725
Work in process	2,099	1,809	19,292	16,624
Raw materials and supplies	3,128	2,928	28,750	26,909
Other	1,021	726	9,387	6,674
Allowance for doubtful accounts	(110)	(107)	(1,015)	(992)
Total current assets	65,170	68,391	598,824	628,423
Investments and long-term receivable				
Investment securities	10,040	10,424	92,262	95,787
Deffered tax assets	976	1,047	8,970	9,624
Other	345	328	3,176	3,019
Allowance for doubtful accounts	(18)	(9)	(167)	(82)
Total investments and long-term receivables	11,344	11,791	104,241	108,348
Property, plant and equipment				
Buildings and structures	22,115	21,849	203,211	200,771
Machinery, equipment and vehicles	47,331	46,716	434,909	429,264
Tools, furniture and fixtures	14,964	14,659	137,501	134,699
Land	3,930	4,268	36,120	39,217
Leased assets	1,324	605	12,173	5,564
Construction in progress	954	1,259	8,771	11,574
Subtotal	90,621	89,359	832,686	821,091
Accumulated depreciation	(67,377)	(67,596)	(619,104)	(621,123)
Net property, plant and equipment	23,244	21,762	213,582	199,968
Intangible assets				
Software	1,118	10	10,280	95
Other	277	858	2,548	7,892
Total Intangible assets	1,396	869	12,828	7,988
Total assets	¥101,154	¥102,814	\$929,476	\$944,728

Years ended March 31

Millions of yen

Thousands of U.S.dollars

LIABILITIES AND NET ASSETS	2020	2019	2020	2019
Current liabilities				
Trade notes and accounts payable	¥9,103	¥9,519	\$83,647	\$87,467
Short-term loans payable	2,324	2,325	21,360	21,365
Current portion of long-term loans payable	2,200	1,580	20,215	14,518
Accounts payable-other	1,916	1,954	17,608	17,962
Income taxes payable	652	867	5,992	7,969
Provision for bonuses	837	819	7,696	7,530
Other	2,792	2,598	25,659	23,873
Total current liabilities	19,826	19,664	182,180	180,687
Long-term liabilities				
Long-term loan payable	2,700	4,420	24,809	40,613
Deferred tax liabilities	3,797	3,735	34,894	34,324
Net defined benefit liability	1,581	1,585	14,530	14,572
Provision for directors' retirement benefits	22	24	210	226
Other	1,273	964	11,698	8,864
Total long-term liabilities	9,374	10,730	86,142	98,601
Total liabilities	29,201	30,395	268,323	279,289
Shareholders' equity				
Common stock	8,150	8,150	74,889	74,889
Capital surplus	2,111	2,111	19,401	19,401
Retained earnings	63,272	59,713	581,384	548,682
Treasury stock	(5,788)	(3,320)	(53,184)	(30,513)
Total shareholders' equity	67,745	66,654	622,490	612,460
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	5,669	5,907	52,094	54,277
Foreign currency translation adjustment	(1,294)	27	(11,898)	256
Remeasurements of defined benefit plans	(166)	(169)	(1,533)	(1,554)
Total accumulated other comprehensive income	4,207	5,765	38,662	52,979
Total net assets	71,953	72,419	661,153	665,439
Total liabilities and net assets	¥101,154	¥102,814	\$929,476	\$944,728

Consolidated Statements of Income

Years ended March 31	Millions of yen		Thousands of U.S.dollars	
	2020	2019	2020	2019
Net sales	¥71,051	¥72,002	\$652,865	\$661,601
Cost of sales	49,206	49,510	452,137	454,929
Gross profit	21,845	22,492	200,727	206,671
Selling, general and administrative expenses	14,545	14,364	133,654	131,986
Operating income	7,299	8,127	67,072	74,684
Non-operating income				
Interest income	242	219	2,231	2,020
Dividends income	350	338	3,216	3,109
Foreign exchange gains	—	73	—	676
Other	290	453	2,671	4,168
Total non operating income	883	1,085	8,119	9,974
Non-operating expenses				
Interest expenses	57	19	528	182
Foreign exchange losses	210	—	1,938	—
Loss on disposal of fixed assets	91	55	840	513
Sales discounts	50	53	463	492
Other	112	138	1,036	1,268
Total operating expenses	523	267	4,807	2,458
Ordinary income	7,659	8,945	70,384	82,200
Extraordinary income				
Gain on sales of investment securities	154	—	1,423	—
Total extraordinary income	154	—	1,423	—
Extraordinary loss				
Impairment loss	—	69	—	639
Total extraordinary loss	—	69	—	639
Income before income taxes	7,814	8,876	71,807	81,561
Income taxes				
Income taxes-current	2,141	2,384	19,675	21,914
Income taxes-deferred	208	334	1,917	3,072
Total income taxes	2,349	2,719	21,592	24,986
Net income	5,464	6,157	50,215	56,575
Income attributable to owners of parent	¥5,464	¥6,157	\$50,215	\$56,575
Per share of common stock				
	Yen		U.S.dollars	
Net income	¥183.61	¥203.50	\$1.69	\$1.87
Cash dividends	¥54.00	¥60.00	\$0.50	\$0.55

I Consolidated Statements of Comprehensive Income

Years ended March 31	Millions of yen		Thousands of U.S.dollars	
	2020	2019	2020	2019
Net Income	¥5,464	¥6,157	\$50,215	\$56,575
Other comprehensive income				
Valuation difference on available-for-sale securities	(237)	(1,274)	(2,182)	(11,712)
Foreign currency translation adjustment	(1,322)	612	(12,155)	5,631
Remeasurements of defined benefit plans	2	153	21	1,413
Total comprehensive income	(1,558)	(507)	(14,316)	(4,666)
Comprehensive income	3,906	5,649	35,898	51,908
(Details)				
Comprehensive income attributable to owners of the parent	3,906	5,649	35,898	51,908
Comprehensive income attributable to non controlling interests	—	—	—	—

I Consolidated Statements of Shareholders' Equity

Years ended March 31

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

Millions of Yen

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Common stock	Capital Surplus	Retained earnings	Treasury stock at cost	Total share holders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at March 31, 2019	¥8,150	¥2,111	¥59,713	(¥3,320)	¥66,654	¥5,907	¥27	(¥169)	¥5,765	¥72,419
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(1,906)		(1,906)					(1,906)
Profit attributable to owners of parent			5,464		5,464					5,464
Purchase of treasury stock				(2,467)	(2,467)					(2,467)
Net changes of items other than shareholders' equity						(237)	(1,322)	2	(1,558)	(1,558)
Total amount of changes during consolidated accounting year	—	—	3,558	(2,467)	1,091	(237)	(1,322)	2	(1,558)	(466)
Balance at March 31, 2020	¥8,150	¥2,111	¥63,272	(¥5,788)	¥67,745	¥5,669	(¥1,294)	(¥166)	¥4,207	¥71,953

Current consolidated fiscal year (From April 1, 2019 to March 31, 2020)

Thousands of U.S.dollars

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Common stock	Capital Surplus	Retained earnings	Treasury stock at cost	Total share holders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at March 31, 2019	\$74,889	\$19,401	\$548,682	(\$30,513)	\$612,460	\$54,277	\$256	(\$1,554)	\$52,979	\$665,439
Amount of changes during consolidated accounting year										
Dividends from retained earnings			(17,514)		(17,514)					(17,514)
Profit attributable to owners of parent			50,215		50,215					50,215
Purchase of treasury stock				(22,670)	(22,670)					(22,670)
Net changes of items other than shareholders' equity						(2,182)	(12,155)	21	(14,316)	(14,316)
Total amount of changes during consolidated accounting year	—	—	32,701	(22,670)	10,030	(2,182)	(12,155)	21	(14,316)	(4,285)
Balance at March 31, 2020	\$74,889	\$19,401	\$581,384	(\$53,184)	\$622,490	\$52,094	(\$11,898)	(\$1,533)	\$38,662	\$661,153

I Consolidated Statements of Cash Flows

Years ended March 31

Millions of yen

Thousands of U.S.dollars

	2020	2019	2020	2019
Operating activities:				
Profit (loss) before income taxes	¥7,814	¥8,876	\$71,807	\$81,561
Depreciation	3,324	3,012	30,549	27,678
Increase (decrease) in allowance for doubtful accounts	13	(15)	121	(146)
Increase (decrease) in retirement benefit liability	91	158	840	1,454
Increase (decrease) in long-term accounts payable-other	(150)	(171)	(1,382)	(1,573)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1)	(3)	(15)	(33)
Increase (decrease) in provision for bonuses	27	22	254	209
Interest and dividend income	(592)	(558)	(5,448)	(5,129)
Interest expenses	57	19	528	182
Foreign exchange losses (gains)	97	(33)	892	(306)
Loss (Gain) on sales of property, plant and equipment	(27)	(29)	(250)	(274)
Loss on retirement of property, plant and equipment	91	55	840	513
Loss (Gain) on sales of investment securities	(148)	(0)	(1,367)	(0)
Impairment loss	—	69	—	639
Decrease (Increase) in trade receivables	817	(464)	7,510	(4,272)
Decrease (Increase) in inventories	(1,094)	(1,045)	(10,056)	(9,607)
Increase (Decrease) in trade payables	(32)	773	(299)	7,110
Increase (Decrease) in accrued consumption taxes	125	(25)	1,155	(237)
Decrease (Increase) in other current assets	(387)	26	(3,561)	247
Increase (Decrease) in other current liabilities	(298)	(80)	(2,741)	(739)
Subtotal	9,726	10,586	89,376	97,277
Interest and dividends received	592	558	5,448	5,129
Interest paid	(57)	(19)	(530)	(183)
Income taxes paid	(2,347)	(2,359)	(21,566)	(21,678)
Net cash provided by (used in) operating activities	7,914	8,765	72,727	80,545
Investing activities:				
Payments into time deposits	(1,199)	(3,445)	(11,021)	(31,662)
Proceeds from withdrawal of time deposits	5,125	270	47,093	2,485
Purchase of property, plant and equipment	(4,367)	(3,891)	(40,130)	(35,757)
Proceeds from sales of property, plant and equipment	139	15	1,283	139
Purchase of investment securities	(4)	(4)	(43)	(41)
Proceeds from sales of investment securities	192	0	1,772	0
Other, net	(235)	(820)	(2,163)	(7,538)
Net cash provided by (used in) investing activities	(349)	(7,876)	(3,208)	(72,374)
Financing activities:				
Net increase (decrease) in short-term borrowings	1	1	10	13
Proceeds from long-term borrowings	600	3,900	5,513	35,835
Repayments of long-term borrowings	(1,700)	(948)	(15,620)	(8,710)
Purchase of treasury shares	(2,467)	(5)	(22,670)	(46)
Dividends paid	(1,906)	(1,573)	(17,514)	(14,456)
Other, net	(736)	9	(6,762)	89
Net cash provided by (used in) financing activities	(6,208)	1,384	(57,045)	12,726
Effect of exchange rate change on cash and cash equivalents	(864)	301	(7,942)	2,774
Net increase (decrease) in cash and cash equivalents	493	2,576	4,531	23,671
Cash and cash equivalents at beginning of period	30,650	28,074	281,637	257,966
Cash and cash equivalents at end of period	¥31,143	¥30,650	\$286,169	\$281,637

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in Financial Instruments and Exchange Act of Japan and on the basis of accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards. As permitted by the Securities and Exchange Law of Japan, each amount of the accompanying consolidated financial statements is rounded down to the nearest one million yen.

As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(1) Scope of consideration

(a) Number of consolidated subsidiaries: 22 companies.

(b) Nonconsolidated subsidiaries: 1

The above is unconsolidated and does not apply equity method as it is a small-scale and none of its total assets, net sales, net income or loss, retained earnings or other items have a significant impact on consolidated financial statements.

(2) Year-ends of consolidated subsidiaries

22 companies except for 2 companies located in China aligned the fiscal year with parent company (January - December fiscal year changed April-March fiscal year) and others prepare provisional settlement of accounts so that consolidated financial statements is prepared using financial statements at the same reporting date.

(3) Investment securities

Marketable securities:

They are carried at cost moving-average method and revaluated at fair value with changes in unrealized holding gain or losses.

Non-marketable securities:

They are carried at cost moving-average method.

(4) Evaluation of Inventories

Inventories held for the purpose of usual use:

Inventory is stated at the lower of cost determined by the gross average method or net realizable value.

(5) Depreciation of property, plant and equipment

Declining-balance method:

Buildings acquired on or after April 1, 1998, buildings and structures acquired on or after April 1, 2016 and specific fixed assets (all fixed assets in the office used for developing a production system and producing prototypes) acquired by the Company and its domestic consolidated subsidiary are depreciated by the straight-line method over their estimated lives.

Fixed assets owned by foreign subsidiary companies are depreciated by the straight-line method.

(6) Depreciation of intangible assets and deferred charges

Straight-line method.

(7) Depreciation of leased assets

(a) Lease assets related to ownership transfer finance lease transactions
Same method as depreciation method applied to self-owned fixed assets.

(b) Lease assets related to ownership non-transfer finance lease transactions

Straight-line method with the lease term as the useful life and the residual value at zero.

(8) Accounting method for retirement benefits

(a) Periodic allocation method for estimated benefit obligation

Upon calculating the retirement obligations, the method of attributing expected benefit to periods until the end of fiscal year is projected unit credit.

(b) Amortization of actuarial gains and loss and past service cost

Past service is recognized in profit or loss by straight-line method over a certain period within the expected average remaining working lives of employees (12- 15 years) in the year in which it arises.

Actuarial gain or loss is recognized in profit or loss by straight-line method over a certain period within the expected average remaining working lives of employees (12 - 15 years) from the next year in which it arises.

(c) Application of simple method at small enterprises, etc.

Some domestic consolidated subsidiaries apply a simple method in which an estimated amount required to be paid for voluntary retirement benefits is deemed as the retirement benefit obligations in the calculations of net defined benefit liability and retirement benefit expenses.

(9) Range of cash and cash equivalents

in the consolidated cash flow statement

Cash and cash equivalents include cash on hand, time deposit which can be withdrawn on demand and highly liquid investments with a maturity of three months or less, which are readily to be convertible to known amounts of cash which are subject to insignificant risk of changes in value.

(10) Calculation method of Per Share of Common Stock

Net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the year.

Cash dividends per share presented in the consolidated of income are dividends attribute to the respective years including dividends to be paid after the year-end.

3. Conversion to U.S. Dollars

Amounts in U.S dollars are shown solely for convenience and are unaudited. The rate of ¥108.83 to U.S. \$ 1 on March 31, 2020, approximate current rate has been used for the purpose of presentation of the accompanying consolidated financial statements in U.S. dollars. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into, U.S. dollars at that or any other rate.

Investor Information (As of March 31, 2020)

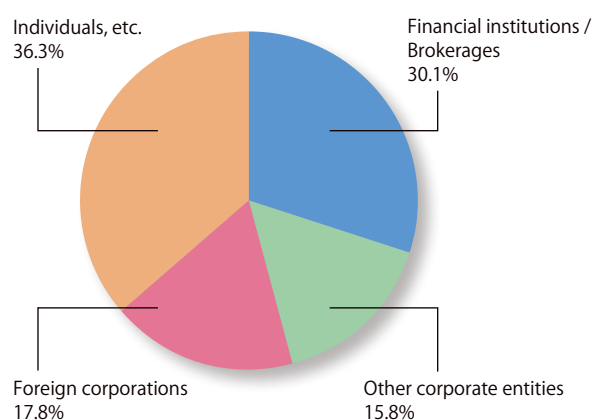
Corporate data

Company Name:	Mitsuboshi Belting Ltd.
Established:	October 10, 1919
Common Stock:	8,150 million yen
Fiscal Year-End:	March 31
Public Accounting Firm:	Ernst & Young ShinNihon LLC
Number of Employees:	727 (Consolidated : 4,277)

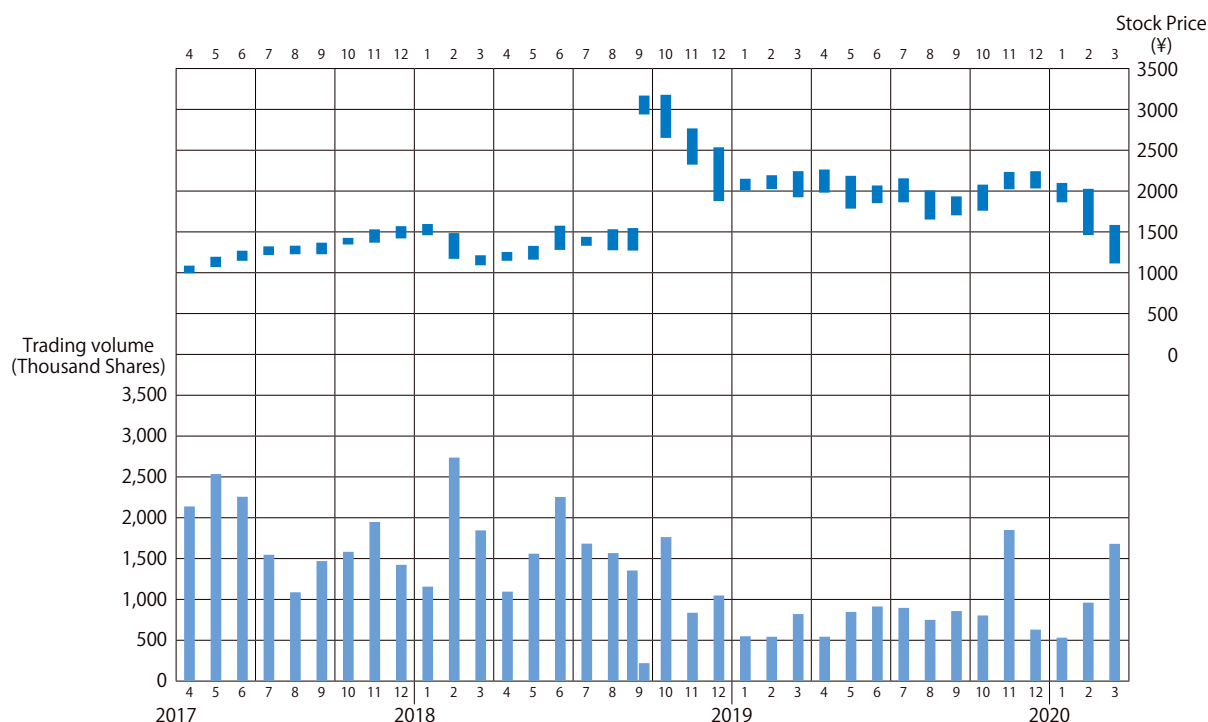
Major shareholders(Top10)

Name	Number of shares held (Thousands)
Japan Trustee Services Bank, Ltd.	3,006
The Master Trust Bank of Japan, Ltd.	1,514
MUFG Bank, Ltd.	1,170
Client stock ownership	948
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	823
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	760
MITSUI & CO., LTD.	750
Mitsubishi UFJ Trust and Banking Corporation	686
DAIDO LIFE INSURANCE COMPANY	677
Employee stock ownership	617

Ownership breakdown



Stock price and trading volume on the Tokyo Stock Exchange



As of October 1, 2018, the share consolidation was carried out at a ratio of 1 share per 2 common shares.



MITSUBOSHI BELTING LTD.

Kobe Head Office:

4-1-21 Hamazoe-dori, Nagata-ku, Kobe 653-0024, Japan

Tel: +81-78-671-5071 / Fax: +81-78-685-5670

Tokyo Head Office:

2-3-4, Nihonbashi Chuo-ku, Tokyo 103-0027, Japan

Tel: +81-3-5202-2500 / Fax: +81-3-5202-2520

www.mitsuboshi.com

