

2022

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

Year ended March 31, 2022



**MITSUBOSHI BELTING LTD.**



## I Contents

Management Message .....	1-2
Board Members and Executive Officers .....	3
About Us .....	4
Financial Highlights.....	5
Consolidated Financial Document .....	6
News Release .....	7-8
Global Network .....	9-10
Business Overview .....	11-14
Consolidated Balance Sheet .....	15-16
Consolidated Statements of Income and Comprehensive Income .....	17
Consolidated Statements of changes in equity .....	18
Consolidated Statements of cash flows .....	19
CSR Basic Policy and SDGs Initiatives .....	20

Our company has a history of more than 100 years since its establishment in 1919, and while maintaining a passion for "manufacturing" that has been passed down continuously, while valuing the strong belief as a manufacturer, we support the lives of everyone. We have contributed to society through the provision.

The socio-economic situation has been unstable in recent years, and in addition, the industrial structure such as the automobile industry has entered a new phase. As the business environment surrounding our company is changing from moment to moment, we believe that excellent foresight that accurately grasps the movements of the times such as people's way of thinking, lifestyle changes, and trends will be an important basis for us.

In the future, we will be required to make further innovations in business operations and technological development, but our Group employees will work together to move forward step by step. Face the reality while looking ahead to the next 100 years, and embody sustainable growth and transformation through business activities to solve social issues based on the basic philosophy of "thinking about people and thinking about the earth." We aim to develop into a prosperous future.

President



# Board Members and Executive Officers

## Board of Directors (June 29, 2022)



President  
**Hiroshi Ikeda**



Member of the Board  
**Yoshio Yamaguchi**



Member of the Board  
**Masayoshi Nakajima**



Member of the Board  
**Toshimi Kumazaki**



Member of the Board  
**Keiji Mataba**



Member of the Board  
**Shinji Kuramoto**



Member of the Board  
**Ryuzo Miyao**



Member of the Board  
**Shinya Okuda**



Member of the Board  
**Yuka Miyake**

## Board of Corporate Auditors (June 29, 2022)

Corporate Auditor (standing)  
**Kenkichi Masuda**

Corporate Auditor  
**Yasuhiro Tsuji**

Corporate Auditor  
**Jun Tanaka**

Corporate Auditor  
**Hiroko Takiguchi**

## Executive Officers (June 29, 2022)

President, Executive Officer  
**Hiroshi Ikeda**

Senior Managing Executive Officer  
**Yoshio Yamaguchi**

Senior Managing Executive Officer  
**Masayoshi Nakajima**

Managing Executive Officer  
**Toshimi Kumazaki**

Managing Executive Officer  
**Keiji Mataba**

Managing Executive Officer  
**Shinji Kuramoto**

Vice-Senior Managing Executive Officer  
**Toru Shimomura**

Managing Executive Officer  
**Kazutoshi Ishida**

Managing Executive Officer  
**Kazuhiro Takeda**

Managing Executive Officer  
**Toshimichi Takada**

Executive Officer  
**Akihiro Nagata**

Executive Officer  
**Isao Ideguchi**

Executive Officer  
**Masaru Matsui**

Executive Officer  
**Koki Inoue**

Executive Officer  
**Masatsugu Tsuji**

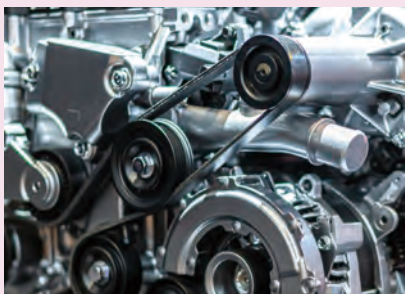
## Corporate Overview

---

Trade Name	Mitsuboshi Belting Ltd.
Established	October 10, 1919
Capital	8,150,251,031 yen (March 31, 2022)
Employees	4,201 (Non-consolidated: 730) (March 31, 2022)
Fiscal Year-End	March 31
Public Accounting Firm	Ernst & Young ShinNihon LLC

## Lines of Business

---



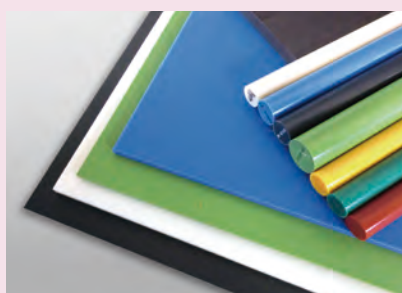
*Power Transmission Belts and related products*



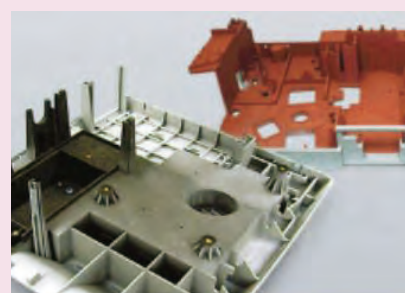
*Conveyor Belts and Systems, related products*



*Metal Nanoparticles Related Products*



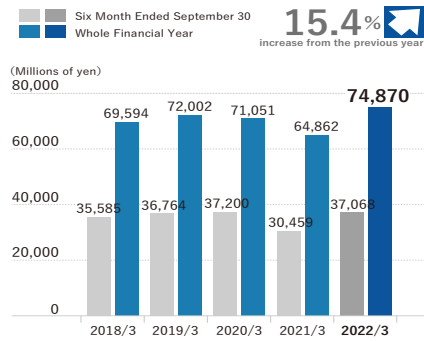
*Engineering Plastics / Engineering Structural Foam*



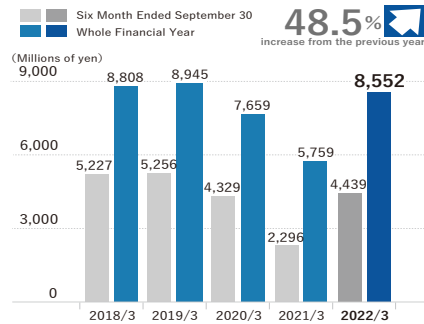
*Waterproofing and Water Shielding Sheet*

# Financial Highlights

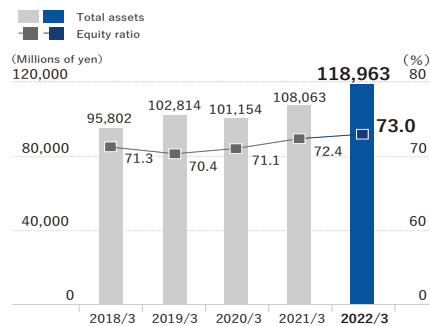
## Revenue



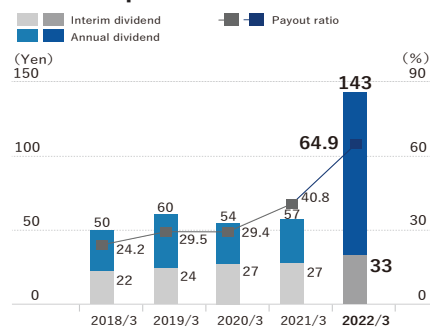
## Ordinary Profit



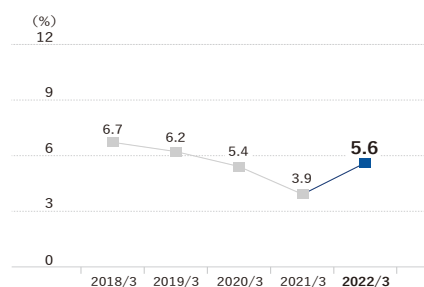
## Total assets



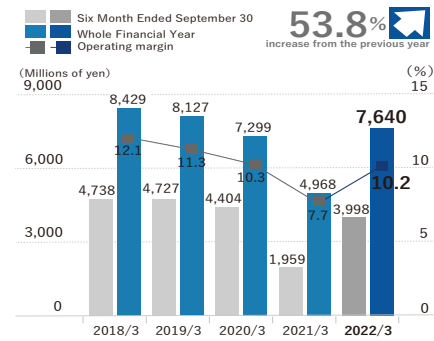
## Dividends per share



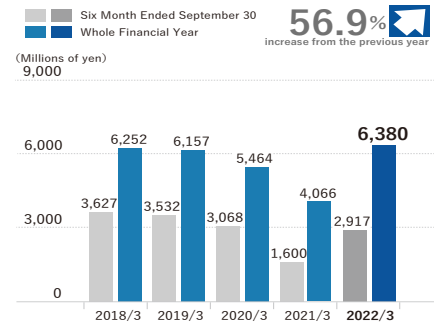
## ROA



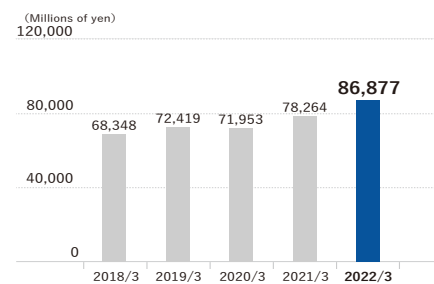
## Operating income



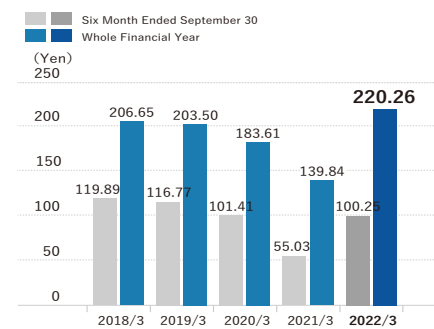
## Profit attributable to owners of parent



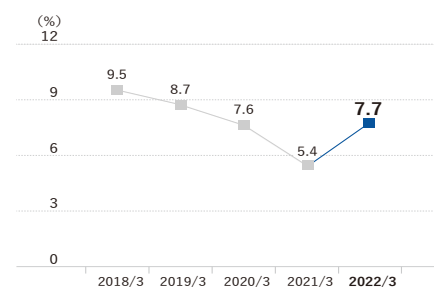
## Net assets



## EPS



## ROE



※ The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and others are effective from FY 2019; for FY 2018, the amounts are after retroactive application of such accounting standards.

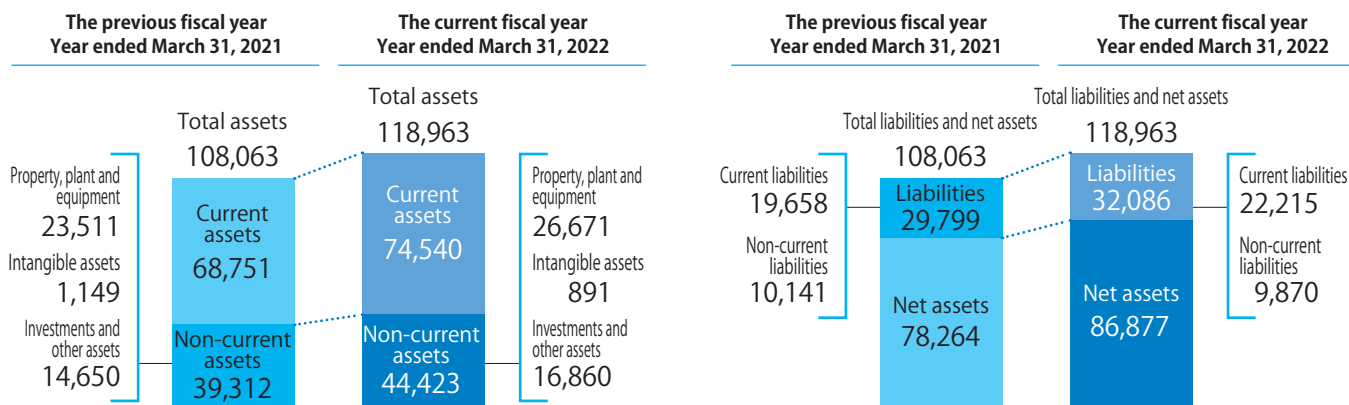
※ We conducted a reverse stock split on October 1, 2018, at a ratio of 1 share for every 2 shares of common stock, and the dividend amount is calculated based on the standard after the said reverse stock split.

※ The dividend per share for the fiscal year ending March 31, 2019 includes a commemorative dividend of 10 yen per share for the 100th anniversary of the Company's founding.

※ We conducted a reverse stock split on October 1, 2018, at a ratio of 1 share for every 2 shares of common stock; net income per share is calculated as if such reverse stock split had been conducted at the beginning of the fiscal year ended March 31, 2018.

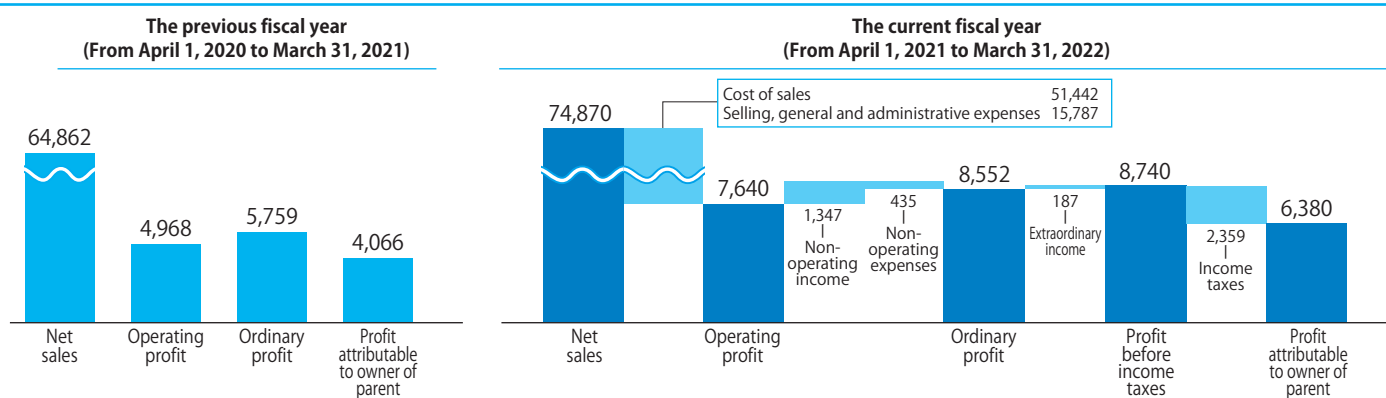
## Outline of Consolidated Balance Sheet

(Millions of yen)



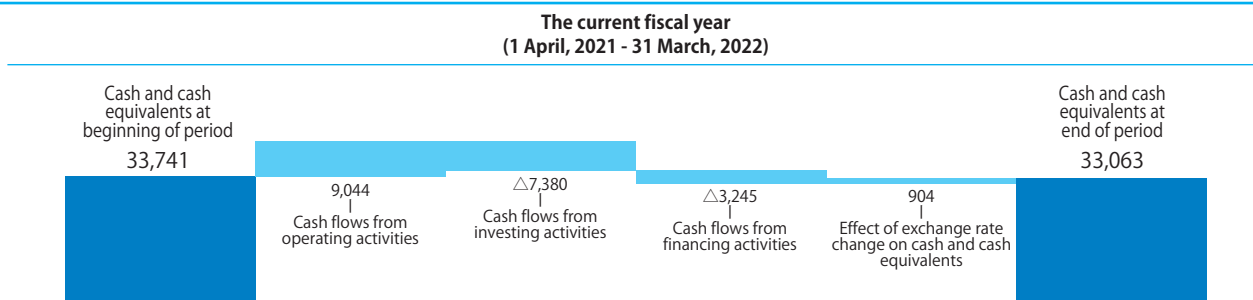
## Outline of Consolidated Statements of Income

(Millions of yen)

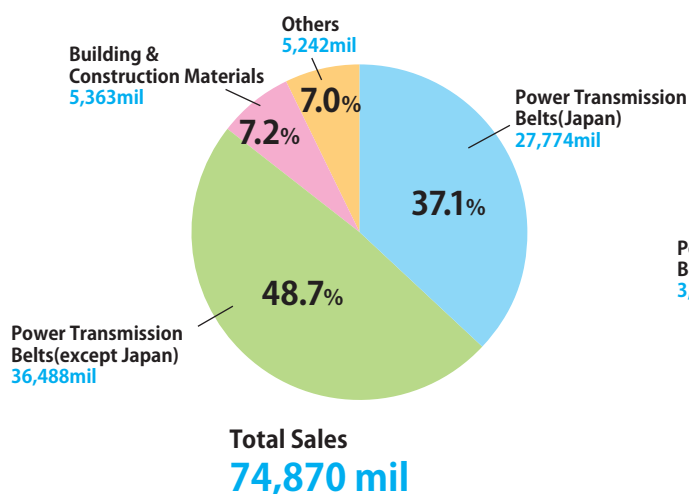


## Outline of Consolidated Statements of Cash Flows

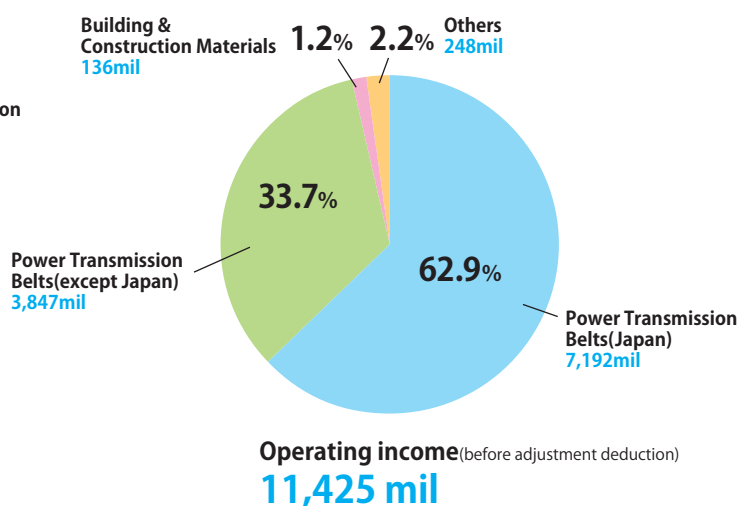
(Millions of yen)



### Sales by Business



### Operating income by Business



## KPIs for FY2023 (final year under MTP)

To achieve our FY2030 "target position," we are using the period until FY 2023 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.

	<b>Before revision</b>	<b>Revised</b>
	<b><u>FY2023 KPI target</u></b>	
<b>Profitability</b>	<ul style="list-style-type: none"> <li>• Net sales: 75.0 billion yen</li> <li>• Operating profit: 8.3 billion yen (at least 11%)</li> </ul>	<ul style="list-style-type: none"> <li>• Net sales: 80.0 billion yen</li> <li>• Operating profit: 8.3 billion yen</li> </ul>
<b>Capital efficiency</b>	—	<ul style="list-style-type: none"> <li>• ROE: 8%</li> <li>• Value of cross-shareholdings sold: at least 1.5 billion yen (over three years)</li> </ul>
<b>Capital investment</b>	<ul style="list-style-type: none"> <li>• 3-year capital investment budget: 15.0 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year capital investment budget: 23.0 billion yen</li> </ul>
<b>Shareholder returns</b>	<ul style="list-style-type: none"> <li>• Dividend per share: at least 54 yen (*consolidated payout ratio: 35%)</li> <li>• 3-year average consolidated total return ratio: 50%</li> </ul>	<ul style="list-style-type: none"> <li>• Dividend payout ratio (FY2021): 65%</li> <li>• Dividend payout ratio (FY2022): 100%</li> <li>• Dividend payout ratio (FY2023): 100%</li> </ul>
<b>ESG</b>	<ul style="list-style-type: none"> <li>• CO2 emission reduction target: at least 20% vs. FY2013</li> </ul>	<ul style="list-style-type: none"> <li>• CO2 emission reduction target: at least 22% vs. FY2013</li> </ul>
<b>Estimated exchange rates</b>	105 yen/USD 115 yen/EUR	115 yen/USD 125 yen/EUR





Kobe Head Office



Tokyo Head Office



Kobe Plant R&D Center



Nagoya Plant



Shikoku Plant



Shiga Plant



Ayabe Production System Development Center



Mitsubishi Belting Kohki Co., Ltd.



MBL (USA) CORPORATION (USA)



MITSUBOSHI POLAND Sp.z o.o. (Poland)



Mitsuboshi Belting Europe GmbH (Germany)



MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED (Singapore)



PT. MITSUBOSHI BELTING INDONESIA (Indonesia)



PT. SEIWA INDONESIA (Indonesia)



PT. MITSUBOSHI BELTING SALES INDONESIA (Indonesia)



STARS TECHNOLOGIES INDUSTRIAL LIMITED (Thailand)



SUZHOU MITSUBOSHI BELTING CO., LTD. (China)



MITSUBOSHI BELTING-INDIA PRIVATE LIMITED (INDIA)



MOI TECH HONG KONG LIMITED (Hong Kong)



MBL SHANGHAI INTERNATIONAL TRADING CO., LTD. (China)



MITSUBOSHI BELTING VIETNAM CO., LTD. (VIETNAM)



# MITSUBOSHI BELTING LTD. GROUP

## 1. Summary of Business Results

### (1) Business Results

Although lockdowns were implemented in some countries and regions due to the re-expansion of COVID-19, the global economy has been recovered in the current fiscal year as vaccinations were expanded. On the other hand, the unclear and unpredictable economic situation is still ongoing, which is caused from the chip shortage, rising cost of raw materials and logistics, increasing geopolitical risks and concerns about high-inflation due to Russian's invasion of Ukraine.

Under these circumstances, Mitsubishi Belting Ltd. ("the Company") and its consolidated subsidiaries (together with "the Group") have continued to take measures to prevent infection with COVID-19. In addition, in order to achieve the mid-term business plan 2021 which run from FY2021 to FY2023, the Group has been strengthening our corporate structure by further improving management efficiency and reducing costs to become a strong company that can withstand changes in the environment.

As a result, for the current fiscal year, the Group recorded the consolidated net sales of 74,870 million yen (15.4% increase compared to the previous fiscal year), the operating income of 7,640 million yen (53.8% increase compared to the previous fiscal year), the ordinary income of 8,552 million yen (48.5% increase compared to the previous fiscal year) and the income attributable to owners of parent was 6,380 million yen (56.9% increase compared to the previous fiscal year).

### (2) Condition of Cash Flow

Cash flow from operating activities achieved an income of 9,044 million yen, which was an increase of 432 million yen over the previous fiscal year.

Major factors for this increase are that profit before income taxes increased by 2,883 million yen compared to the previous fiscal year, while inventory assets increased by 2,098 million yen.

Cash flow from investing activities resulted in expenditure of 7,380 million yen, which was a decrease of 4,309 million yen over the previous fiscal year.

Major factors for this decrease are that payments into time deposits increased by 1,493 million yen and purchase of property, plant and equipment also increased by 2,340 million yen compared to the previous fiscal year.

Cash flow from financing activities resulted in expenditure of 3,245 million yen, which was an increase of 859 million yen compared to the previous fiscal year.

Major factors for this increase are that repayment of long-term borrowings decreased by 1,300 million yen compared to the previous fiscal year, while purchase of treasury shares increased by 679 million yen.

After adding 904 million yen of exchange rate difference to the total amount of cash flows through operating, investing and financing activities, the amount of decrease in cash and cash equivalents was 677 million yen. In addition, as a result of adding the opening balance of 33,741 million yen, the balance of cash and cash equivalents at the end of the current fiscal year was 33,063 million yen.

### ● Business of Power Transmission Belts (Japan)

Regarding the business of belts in Japan, the demand recovered in all industries because the economic activities of major customers have been recovered compared to the previous fiscal year.

Regarding the automotive belts, although our customers adjusted the production volume due to the chip shortage, sales for installed car production line increased because of the sales expansion for the belt drive system products.

Also sales of belts for aftermarket increased due to the strong demand of used cars.

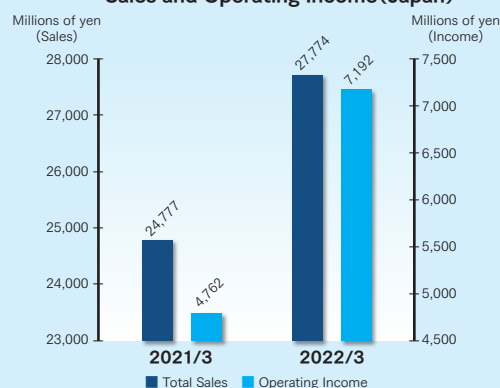
Regarding the industrial belts, sales for injection molding machine and robot industry have been strong in the current fiscal year, and sales for agricultural machinery also increased due to the effects of government subsidies.

Regarding conveyor belts, sales increased because the demands in food and logistics industry have recovered.

Sales of engineering plastics materials also increased due to expansion of demands in the industry.

As a result, the consolidated net sales by this segment stood at 27,774 million yen (12.1% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 7,192 million yen (51.0% increase compared to the previous fiscal year).

Power Transmission Belts  
Sales and Operating Income (Japan)



### ● Global Business (except Japan) of Power Transmission Belts

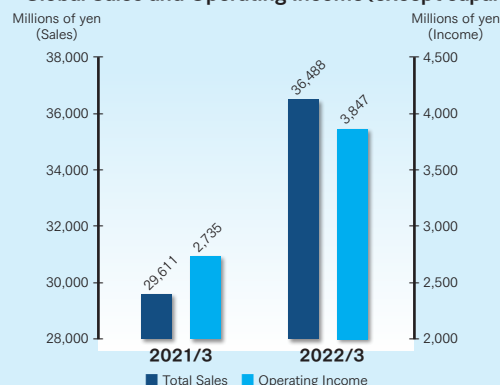
Regarding global Business (except Japan) of Power Transmission Belts, sales in any region of Asia and Europe and the U.S. have recovered significantly compared to the previous fiscal year when was damaged greatly by COVID-19.

In the U.S., sales of belts for snowmobiles and utility vehicles have been strong, and sales of automotive belts also have increased due to the sales expansion in aftermarket. In Southeast Asia and China, sales for motorcycles increased significantly. Moreover, although there were production adjustments at users due to the chip shortage, sales for automotive belts exceeded the previous fiscal year as a result of focusing on sales expansion in aftermarket.

Regarding industrial belts, sales have increased due to sales expansion in aftermarket in Asia and Europe. Also, regarding belts for OA equipment, although production at users recovered gradually, sales throughout the current year remained at the same level as the previous fiscal year because of the chip shortage in the second half of the period.

As a result, the consolidated net sales by this segment stood at 36,488 million yen (23.2% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 3,847 million yen (40.7% 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 through cooperation between R&D department, Research & Designing sections in our operating divisions, and Development department of each group company. Besides, the Group is 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 the research effectively and developing a cutting edge technology.

The total R&D expenses of the group for the current fiscal year was 2,961 million yen.

The total R&D expenses included the basic research expenses of 809 million yen that is not allocatable to each division.

## 3. Summary of Investment in Plant and Equipment

Regarding capital investment, the Group invested total 4,369 million yen by our own capital. For instance, the construction of a new factory in Shiga factory's premises, the redevelopment of Kobe office, the new installation of an automated warehouse, the renewal of the management server, and the expansion of the facility for free span belts.

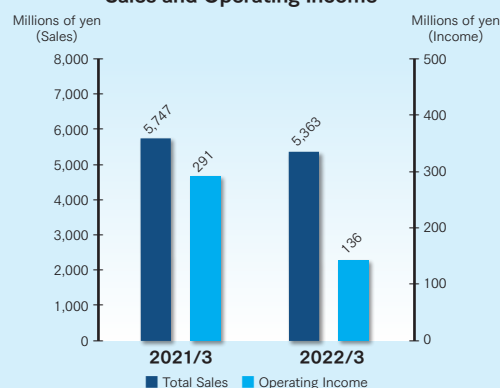
### ● Business of Building & Construction Materials

In construction sector, sales achieved the same level as the previous fiscal year because of a recovery in demand for renovations of public and private property.

On the other hand, in civil engineering sector, sales decreased due to a decrease in construction projects such as waste disposal sites and a reduction in scale of projects.

As a result, the consolidated net sales by this segment stood at 5,363 million yen (6.7% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 136 million yen (53.2% decrease compared to the previous fiscal year).

**Building & Construction Materials  
Sales and Operating Income**

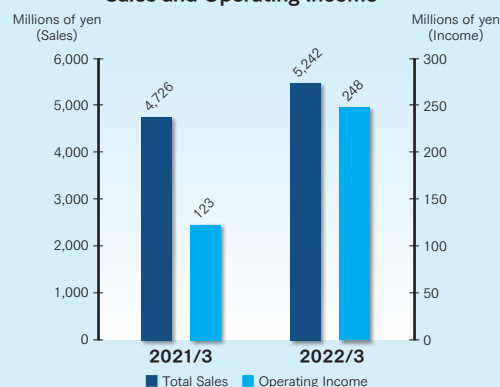


### ● Other Businesses

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

As a result, the consolidated net sales by other businesses stood at 5,242 million yen (10.9% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 248 million yen (100.8% increase 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 recognizes 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 the current fiscal year.

### (1) Economic Status

The Group develops, manufactures and provides functional components principally in the automobile, general engineering, agricultural machines, IT and construction material industries. Our main markets are Japan, Asia, U.S. 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 the Group is expected to be more dependent on overseas manufacturing in the future due to growing global economy, a sluggish global economy could negatively 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. Our problem is that the Group may have difficulty procuring materials and 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. In the situation such as the spread of COVID-19 in all over the world, socioeconomic activities around the world may stagnate, which may affect the Group's financial conditions and business performance.

Under these circumstances, the Group established COVID-19 countermeasures headquarters, and reviewed working systems and promoted working from home. In addition, through the activities of the Risk Management Committee, we are working to minimize business risks by standardizing the manuals for infection spread prevention and formulating BCPs. We will promote our business by enhancing the systems for communicating with customers even in severe situations.

### (3) Impact on Automobile Industry

Approximately 40% of the Group's sales are dependent on the automotive industry. Although the Group does not belong to any specific automobile manufacturer, 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 management in order to maintain and improve customer satisfaction for all clients including those in the automobile industry, changes in these circumstances may affect our business performance.

Regarding the progress of vehicle electrification, the Group is constantly watching the trends and taking countermeasures against the decrease in demand of belts for internal combustion engines as a medium to long-term risk.

### (4) Material Procurement

The Group's production bases need a variety of materials such as rubber, fabric, fiber and resin, which are essential for manufacturing products. We procure these materials from diverse suppliers who can supply products stably, inexpensively and with no quality problems. Through the activities of the Risk Management Committee, the Group is making preparations for purchasing important materials

and processed products from multiple companies so that we do not become excessively dependent on specific business partners. Also, we request our business partners to formulate BCPs.

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 lead to a significant increase in 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 changes in export/import restrictions, etc.

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

### (5) Exchange Rate Fluctuation

The Group manufactures and sells its products mainly in Japan, Asia, U.S. 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.

Since our consolidated financial statements are converted into Japanese Yen, exchange rates used to convert into Japanese Yen have an influence on its value even if there is no fluctuation of value on its local currency basis. The appreciation of the yen against other currencies could affect our business performance.

The Group has taken various measures to reduce or avoid the exchange rate risks as much as possible. Nonetheless, as there are not few cases that would not be dealt with in the short term, it may affect our business performance and a decrease in asset value potentially.

### (6) Official Restrictions on Businesses in Japan and Overseas

In the countries where the Group is operating businesses, we are 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, which could affect our business performance.

### (7) Product Quality

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

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

### (8) Risks from Natural Disasters

The Group's production bases could be subject to a catastrophic damage caused by natural disasters such as earthquakes and floods. In such situations, the Group would be difficult to supply products to our customers, or temporary massive burden of expense for repairs would be incurred, resulting in a drop in sales.

In preparation for such disasters, we will establish production systems in Japan and overseas including back-up for overseas production bases. In addition, we are working to strengthen our systems by considering the way to avoid risks for product delivery through the Risk Management Committee activities, in order to supply our products to customers promptly after large-scale accidents or disasters.

In spite of these efforts, however, there is a possibility of temporary suspension of operations, delays in delivery, and a huge amount of expenses for repairs, which could affect our business performance.

Even if the Group's production bases are not damaged, our sales may decline if major customers suffer catastrophic damage due to natural disasters, or if the supply chain is disrupted or production is forced to cease.

## 5. Corporate Governance

### (1) Basic Stance on Corporate Governance

The Company believes that enhancing corporate governance is one of the most 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 by responding promptly and flexibly to the changes in the business environment and the markets. The Company will enhance its corporate governance as following Basic Policy by addressing strengthening of the supervisory function of management and the internal control system, in order to maintain and enhance its management efficiency and transparency.

#### [Basic Policy]

1. The Company strives to respect its shareholders' rights and secure its shareholders' equality.
2. The Company strives to respect its stakeholders' 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 property, and, thereby, secure transparency and fairness.
4. The Company strives to fulfill properly the functions and responsibilities of its board of directors meeting and so on, 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 a Board of Directors comprising nine members, of whom three are outside directors. The Company also has a Board of Corporate Auditors consisting of four members, of whom three are outside corporate auditors. The Board of Directors make decisions on important matters and supervise the execution of operations by directors. Regarding important matters we hold a management meeting to have prior discussions sufficiently before the meeting of the Board of Directors.

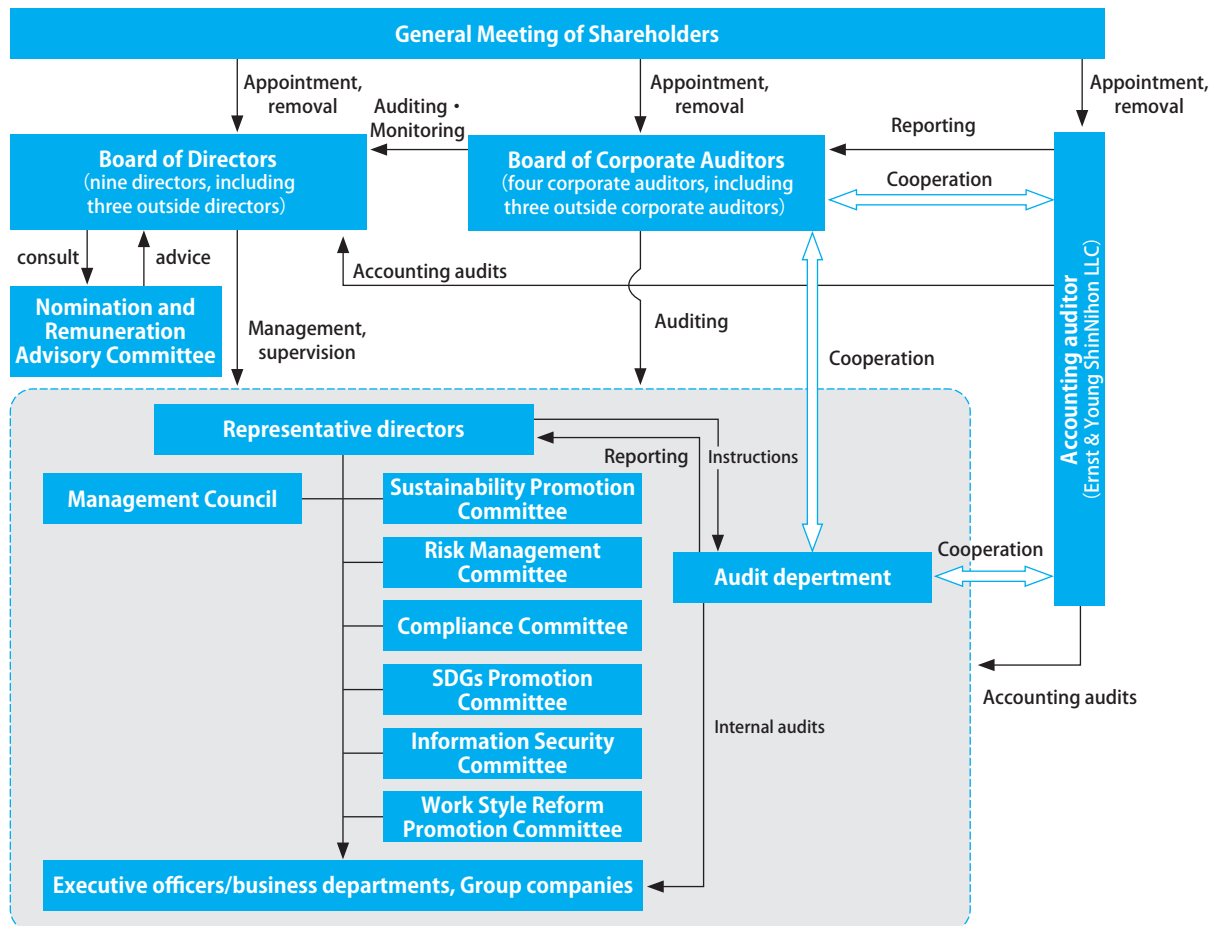
As an arbitrary mechanism, Nomination and Remuneration Advisory Committee has been set up with aim of strengthening the independence, objectivity and accountability of the functions of the Board of Directors regarding the appointment, dismissal, and compensation, etc. of the management team.

The committee is a voluntary advisory board consisting of three or more members, the majority of whom are independent outside 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 Sheet

Years ended March 31

Millions of yen

ASSETS	2022/3	2021/3
<b>Current assets</b>		
Cash and deposits	34,708	33,771
Notes and accounts receivable - trade	—	15,938
Notes and accounts receivable - trade, and contract assets	17,788	—
Merchandise and finished goods	15,324	12,944
Work in process	2,115	2,014
Raw materials and supplies	3,892	3,364
Other	833	825
Allowance for doubtful accounts	△ 123	△ 107
<b>Total current assets</b>	<b>74,540</b>	<b>68,751</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	23,801	22,250
Machinery, equipment and vehicles	49,815	49,988
Tools, furniture and fixtures	15,667	15,627
Land	3,958	3,943
Leased assets	1,725	1,487
Construction in progress	2,804	1,103
Subtotal	97,773	94,399
Accumulated depreciation	△ 71,101	△ 70,887
<b>Total property, plant and equipment</b>	<b>26,671</b>	<b>23,511</b>
<b>Intangible assets</b>		
Software	823	1,090
Other	67	59
<b>Total Intangible assets</b>	<b>891</b>	<b>1,149</b>
<b>Investments and other assets</b>		
Investment securities	15,179	13,245
Deferred tax assets	1,205	1,029
Other	493	393
Allowance for doubtful accounts	△ 18	△ 18
<b>Total investments and other assets</b>	<b>16,860</b>	<b>14,650</b>
<b>Total non-current assets</b>	<b>44,423</b>	<b>39,312</b>
<b>Total assets</b>	<b>118,963</b>	<b>108,063</b>

Years ended March 31

Millions of yen

LIABILITIES AND NET ASSETS	2022/3	2021/3
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,898	8,716
Short-term borrowings	2,327	2,325
Current portion of long-term borrowings	900	900
Accounts payable - other	2,646	2,048
Income taxes payable	1,576	681
Provision for bonuses	928	886
Provision for product warranties	508	215
Other	3,429	3,884
<b>Total current liabilities</b>	<b>22,215</b>	19,658
<b>Non-current liabilities</b>		
Long-term borrowings	900	1,800
Long-term accounts payable - other	162	193
Deferred tax liabilities	5,206	4,823
Retirement benefit liability	2,226	1,999
Provision for retirement benefits for directors (and other officers)	13	26
Asset retirement obligations	363	367
Long-term guarantee deposited	386	376
Other	610	555
<b>Total non-current liabilities</b>	<b>9,870</b>	10,141
<b>Total liabilities</b>	<b>32,086</b>	29,799
<b>Shareholders' equity</b>		
Share capital	8,150	8,150
Capital surplus	2,119	2,111
Retained earnings	70,315	65,768
Treasury shares	△ 6,395	△ 5,788
<b>Total shareholders' equity</b>	<b>74,188</b>	70,241
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	9,368	7,983
Foreign currency translation adjustment	3,344	247
Remeasurements of defined benefit plans	△ 25	△ 207
<b>Total accumulated other comprehensive income</b>	<b>12,688</b>	8,023
<b>Total net assets</b>	<b>86,877</b>	78,264
<b>Total liabilities and net assets</b>	<b>118,963</b>	108,063

# Consolidated Statements of Income and Comprehensive Income

Years ended March 31	Millions of yen	
	2022/3	2021/3
<b>Net sales</b>	<b>74,870</b>	64,862
<b>Cost of sales</b>	<b>51,442</b>	45,868
<b>Gross profit</b>	<b>23,427</b>	18,993
<b>Selling, general and administrative expenses</b>	<b>15,787</b>	14,025
<b>Operating profit</b>	<b>7,640</b>	4,968
<b>Non-operating income</b>		
Interest income	92	84
Dividend income	365	341
Foreign exchange gains	627	152
Other	262	544
<b>Total non-operating income</b>	<b>1,347</b>	1,123
<b>Non-operating expenses</b>		
Interest expenses	43	59
Loss on retirement of non-current assets	276	96
Sales discounts	51	45
Other	63	131
<b>Total non-operating expenses</b>	<b>435</b>	332
<b>Ordinary profit</b>	<b>8,552</b>	5,759
<b>Extraordinary income</b>		
Gain on sale of investment securities	187	97
<b>Total extraordinary income</b>	<b>187</b>	97
<b>Profit before income taxes</b>	<b>8,740</b>	5,857
<b>Income taxes</b>		
Income taxes-current	2,721	1,876
Income taxes-deferred	△ 361	△ 85
<b>Total income taxes</b>	<b>2,359</b>	1,791
<b>Profit</b>	<b>6,380</b>	4,066
<b>Profit attributable to owners of parent</b>	<b>6,380</b>	4,066

Years ended March 31	Millions of yen	
	2022/3	2021/3
<b>Profit</b>	<b>6,380</b>	4,066
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,385	2,313
Foreign currency translation adjustment	3,097	1,542
Remeasurements of defined benefit plans, net of tax	182	△ 41
<b>Total other comprehensive income</b>	<b>4,665</b>	3,815
<b>Comprehensive income</b>	<b>11,045</b>	7,881
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of parent	11,045	7,881
Comprehensive income attributable to non controlling interests	—	—



# Consolidated Statements of changes in equity

Years ended March 31

The current fiscal year (From April 1, 2021 to March 31, 2022)

Millions of Yen

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
<b>Balance at beginning of period</b>	8,150	2,111	65,768	△ 5,788	70,241	7,983	247	△ 207	8,023	78,264
Changes during period										
Dividends of surplus			△ 1,833		△ 1,833					△ 1,833
Profit attributable to owners of parent			6,380		6,380					6,380
Purchase of treasury shares				△ 679	△ 679					△ 679
Disposal of treasury shares		7		72	80					80
Change in scope of consolidation					—					—
Net changes in items other than shareholders' equity						1,385	3,097	182	4,665	4,665
<b>Total changes during period</b>	—	7	4,547	△ 607	3,947	1,385	3,097	182	4,665	8,612
<b>Balance at end of period</b>	<b>8,150</b>	<b>2,119</b>	<b>70,315</b>	<b>△ 6,395</b>	<b>74,188</b>	<b>9,368</b>	<b>3,344</b>	<b>△ 25</b>	<b>12,688</b>	<b>86,877</b>

Years ended March 31

The previous fiscal year (From April 1, 2020 to March 31, 2021)

Millions of Yen

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital Surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
<b>Balance at beginning of period</b>	8,150	2,111	63,272	△ 5,788	67,745	5,669	△ 1,294	△ 166	4,207	71,953
Changes during period										
Dividends of surplus			△ 1,570		△ 1,570					△ 1,570
Profit attributable to owners of parent			4,066		4,066					4,066
Purchase of treasury shares				△ 0	△ 0					△ 0
Disposal of treasury shares					—					—
Change in scope of consolidation		△ 0	0		—					—
Net changes in items other than shareholders' equity						2,313	1,542	△ 41	3,815	3,815
<b>Total changes during period</b>	—	△ 0	2,496	△ 0	2,495	2,313	1,542	△ 41	3,815	6,310
<b>Balance at end of period</b>	<b>8,150</b>	<b>2,111</b>	<b>65,768</b>	<b>△ 5,788</b>	<b>70,241</b>	<b>7,983</b>	<b>247</b>	<b>△ 207</b>	<b>8,023</b>	<b>78,264</b>

# I Consolidated Statements of cash flows

Years ended March 31

Millions of yen

	2022/3	2021/3
<b>Operating activities:</b>		
Profit before income taxes	8,740	5,857
Depreciation	3,867	3,972
Increase (decrease) in allowance for doubtful accounts	13	△ 3
Increase (decrease) in retirement benefit liability	231	277
Increase (decrease) in long-term accounts payable-other	△ 30	△ 73
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△ 12	3
Increase (decrease) in provision for bonuses	9	38
Interest and dividend income	△ 457	△ 426
Interest expenses	43	59
Foreign exchange losses (gains)	△ 124	△ 57
Loss (Gain) on sales of property, plant and equipment	△ 2	△ 3
Loss on retirement of property, plant and equipment	276	96
Loss (gain) on sales of investment securities	△ 187	△ 97
Decrease (increase) in trade receivables	△ 921	220
Decrease (increase) in inventories	△ 1,688	410
Increase (decrease) in trade payables	175	△ 984
Increase (decrease) in accrued consumption taxes	△ 68	△ 127
Decrease (increase) in other current assets	97	371
Increase (decrease) in other current liabilities	529	288
Other, net	△ 3	296
Subtotal	10,488	10,119
Interest and dividends received	457	426
Interest paid	△ 43	△ 59
Income taxes paid	△ 1,857	△ 1,873
<b>Net cash provided by (used in) operating activities</b>	<b>9,044</b>	<b>8,612</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△ 1,496	△ 3
Proceeds from withdrawal of time deposits	5	254
Purchase of property, plant and equipment	△ 6,058	△ 3,718
Proceeds from sales of property, plant and equipment	32	254
Purchase of investment securities	△ 4	△ 36
Proceeds from sales of investment securities	226	266
Other, net	△ 84	△ 88
<b>Net cash provided by (used in) investing activities</b>	<b>△ 7,380</b>	<b>△ 3,071</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△ 0	△ 1
Repayments of long-term borrowings	△ 900	△ 2,200
Purchase of treasury shares	△ 679	△ 0
Dividends paid	△ 1,833	△ 1,570
Other, net	168	△ 331
<b>Net cash provided by (used in) financing activities</b>	<b>△ 3,245</b>	<b>△ 4,104</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>904</b>	<b>1,160</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>△ 677</b>	<b>2,597</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,741</b>	<b>31,143</b>
<b>Cash and cash equivalents at end of period</b>	<b>33,063</b>	<b>33,741</b>

## CSR Basic Policy

### *CSR Basic Policy and SDGs Initiatives*

The Mitsubishi Belting Group's CSR activities are based on the basic philosophy of "To give attentive consideration to both humanity and nature." and we aim to coexist with our stakeholders (shareholders, customers, employees, local communities, etc.) by pursuing advanced technological capabilities to provide advanced ideas and "high performance, high precision, and high quality."

We will strive for a comfortable and prosperous future by coexisting with our stakeholders (shareholders, customers, employees, local communities, etc.) and continuously contributing to people and society. We will continue to contribute to people and society, aiming for a comfortable and prosperous future.

### | Contribution to society

By providing safe and highly reliable products based on superior technology, we will contribute to the world's "manufacturing" by cooperating with related business partners and playing a part in the products needed by society.



### | Cooperation and cooperation with the local community

We value communication with society at large, and contribute to society by coordinating and cooperating with local communities while fulfilling our business activities.



### | Contribution to the global environment

We aim to create a company that is always conscious of coexistence with the global environment by creating products that have less impact on the environment and promoting environmental conservation as a group.



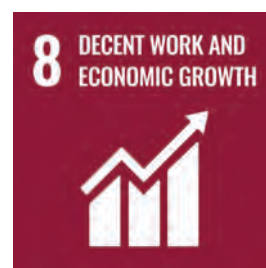
### | Respect for human rights

We will respect the human rights of people and employees in society, and aim to be a company where each employee can work comfortably, play an active role, and provide a rewarding workplace.



### | Continuous strengthening of business governance

We aim to be a company where both the Group and its stakeholders can grow together by complying with laws and regulations and continuing legal business activities.





# 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](http://www.mitsuboshi.com)

