

2023

Financial Review

Year ended March 31, 2023



MITSUBOSHI BELTING LTD.

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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 "To give attentive consideration to both humanity and nature." We aim to develop into a prosperous future.

President



Board Members and Executive Officers

Board of Directors (June 29, 2023)



President
Hiroshi Ikeda



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, 2023)

Corporate Auditor (standing)
Kenkichi Masuda

Corporate Auditor
Yasuhiro Tsuji

Corporate Auditor
Jun Tanaka

Corporate Auditor
Hiroko Takiguchi

Executive Officers (June 29, 2023)

President, Executive Officer
Hiroshi Ikeda

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
Koki Inoue

Executive Officer
Masatsugu Tsuji

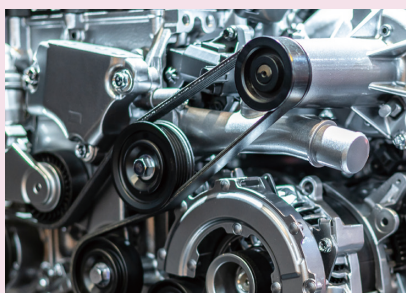
Executive Officer
Toshiaki Yamashita

Executive Officer
Hiroya Osakada

Corporate Overview

Trade Name	Mitsuboshi Belting Ltd.
Established	October 10, 1919
Capital	8,150,251,031 yen (March 31, 2023)
Employees	4,342 (Non-consolidated: 738) (March 31, 2023)
Fiscal Year-End	March 31
Public Accounting Firm	Ernst & Young ShinNihon LLC

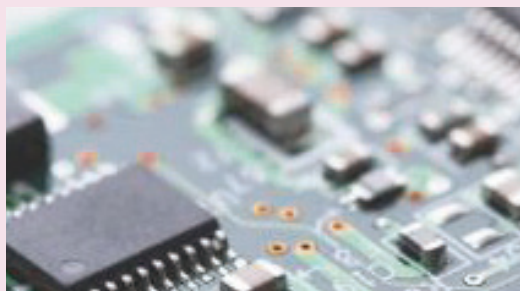
Lines of Business



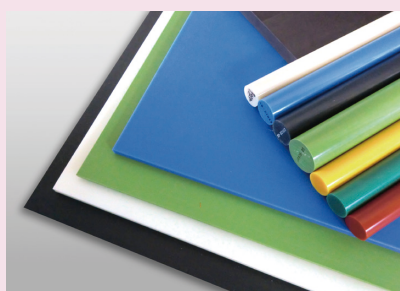
Power Transmission Belts and related products



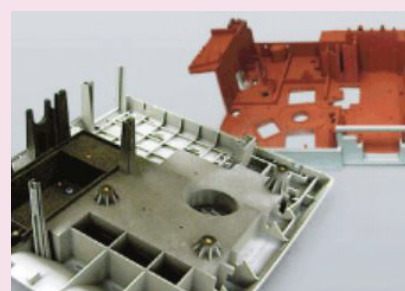
Conveyor Belts and Systems, related products



Electronic Materials and Coating Materials



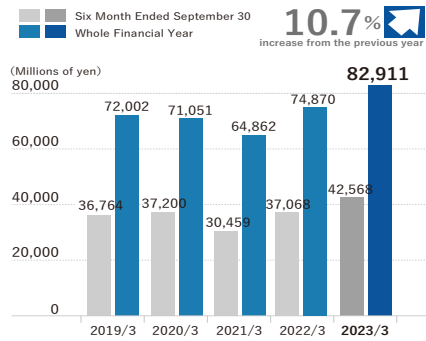
Engineering Plastics / Engineering Structural Foam



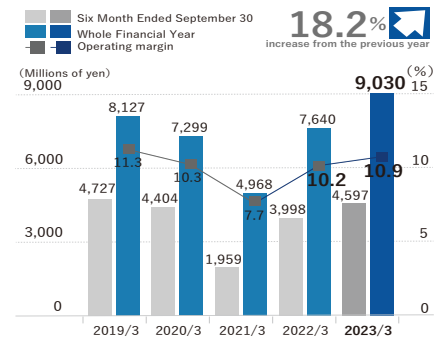
Waterproofing and Water Shielding Sheet

Financial Highlights

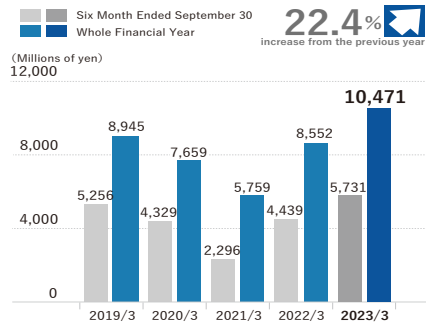
Revenue



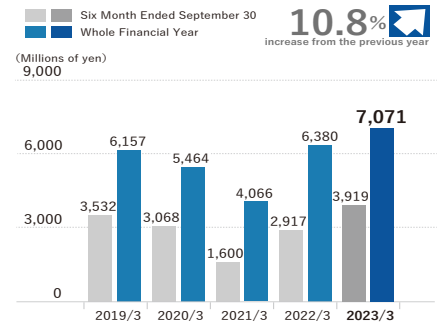
Operating income



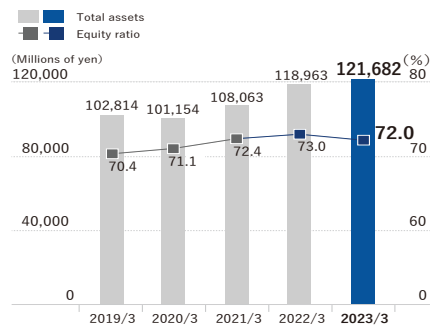
Ordinary Profit



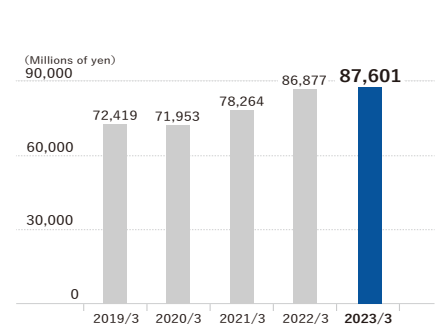
Profit attributable to owners of parent



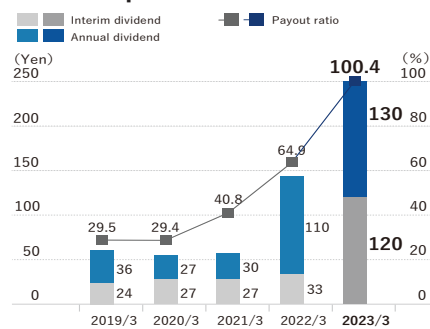
Total assets



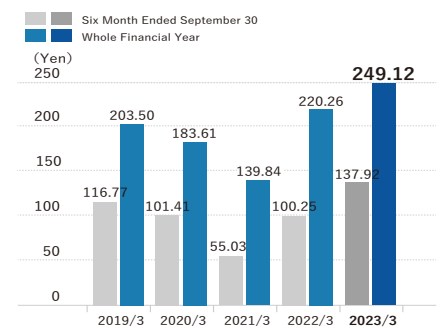
Net assets



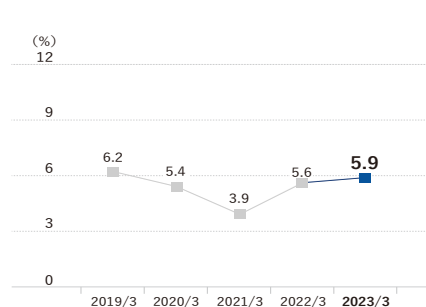
Dividends per share



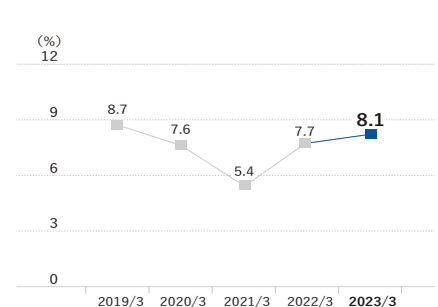
EPS



ROA



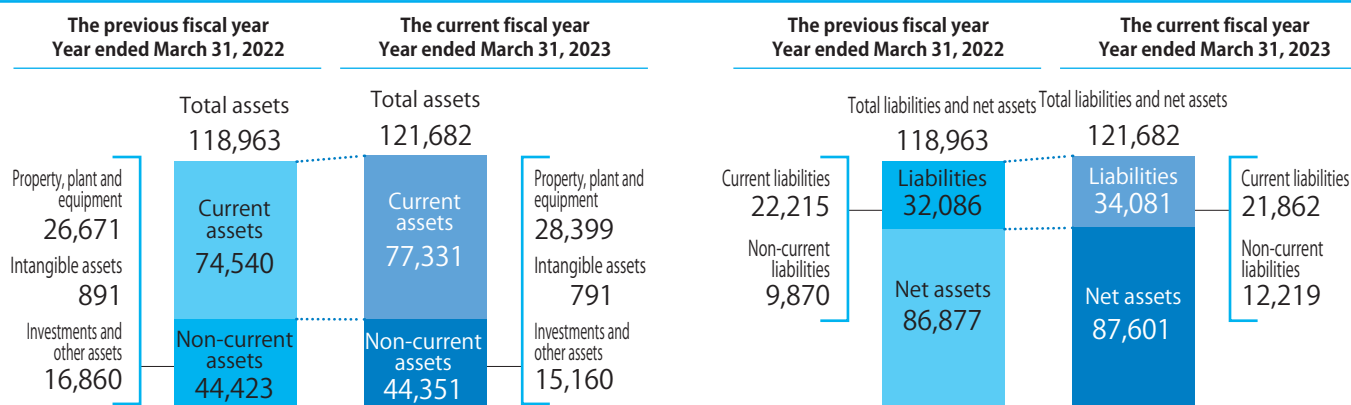
ROE



※ 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.

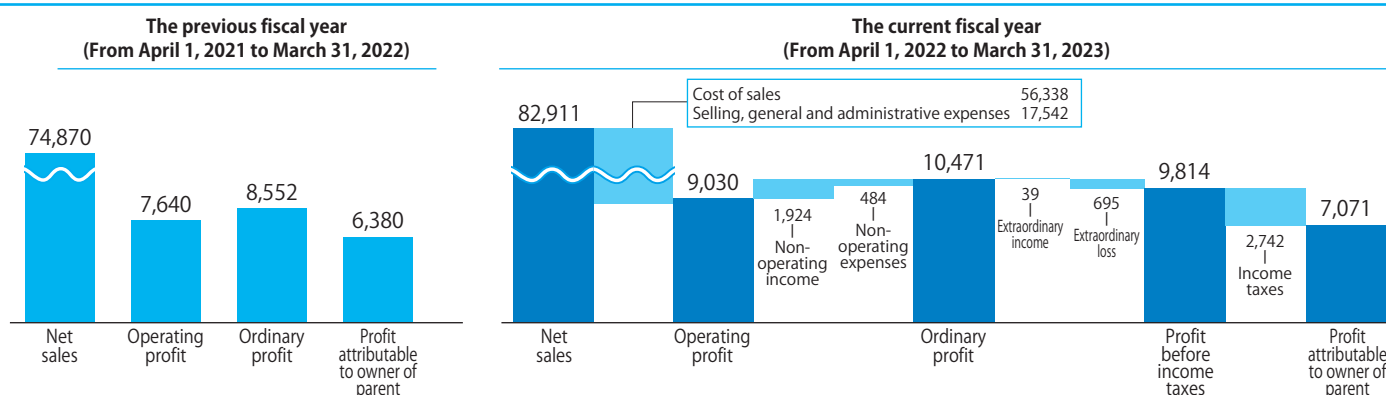
Outline of Consolidated Balance Sheet

(Millions of yen)



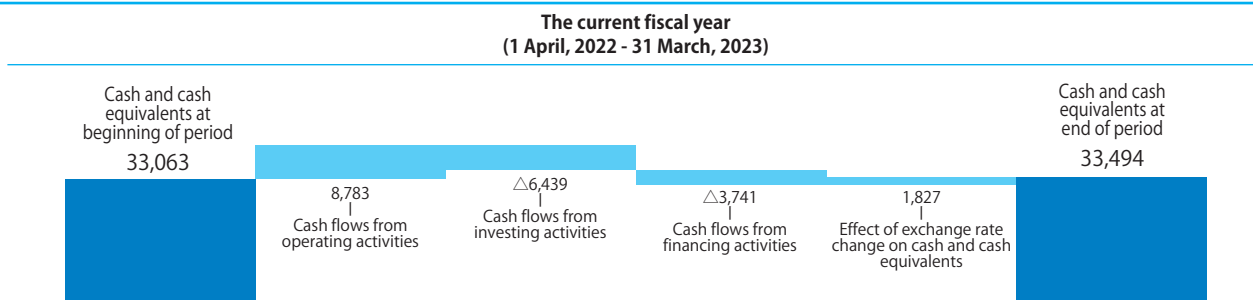
Outline of Consolidated Statements of Income

(Millions of yen)

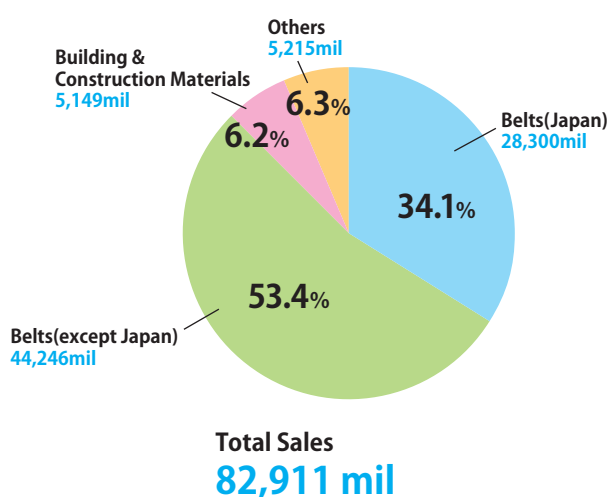


Outline of Consolidated Statements of Cash Flows

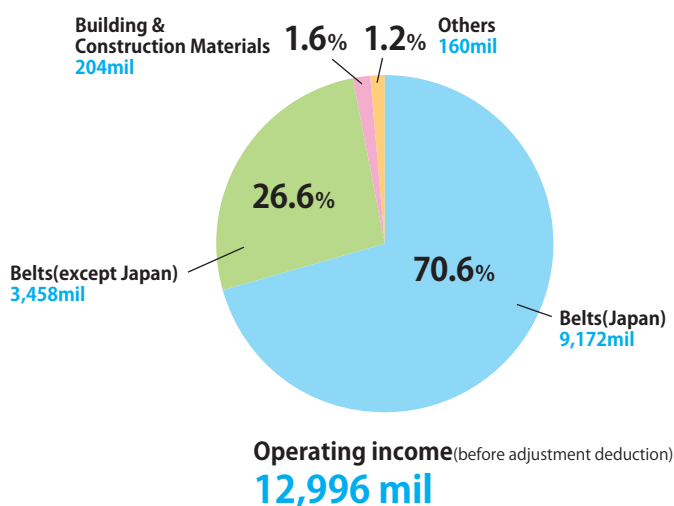
(Millions of yen)



Sales by Business



Operating income by Business



New plant in India begins operations



Mitsuboshi Belting Ltd. (Head Office: Kobe, Hyogo, Japan) is actively developing global sales expansion activities, and is reviewing and restructuring its production system in accordance with the Mid-Term Business Plan (FY2021-2023).

As a part of these efforts, a new plant of MITSUBOSHI BELTING-INDIA PRIVATE LIMITED, an affiliate company in India, has been completed and started operations. In order to meet the growing demand for automobile and motorcycle belts in the Indian market, the production capacity has been expanded to about three times of the old plant, with plans to increase it to about five times in the future. We are also considering using the new plant as an export base.

Overview of the New Plant

- Company Name : MITSUBOSHI BELTING-INDIA PRIVATE LIMITED
- Location : Supa Parner Industrial Park MIDC, Maharashtra
- Site Area : 80,000㎡

Accelerating efforts to become carbon neutral by 2050 ~Energy consumption at Nagoya Plant switched to “Carbon Neutral City Gas”~



Mitsuboshi Belting Ltd.(Head Office: Kobe City, Hyogo Prefecture), as part of its efforts to become carbon neutral by 2050, switched to “Carbon Neutral City Gas※1” provided by TOHO GAS Co., Ltd. (Head Office: Nagoya City, Aichi Prefecture) to reduce CO₂ emissions. This will reduce approximately 2,400 tons of CO₂ emissions per year at the Nagoya Plant.

In order to contribute to the realization of a sustainable society, our group has set a mid- to long-term goal to achieve carbon neutrality by 2050, and is working to realize a decarbonized society through our business activities.

We will continue to contribute to the realization of a sustainable society by reducing CO₂ emissions and conserving resources throughout the Group based on our basic philosophy, “To give attentive consideration to both humanity and nature.”.

※1 The term “Carbon Neutral City Gas” refers to city gas that utilizes carbon neutral LNG, which offsets the greenhouse gases produced in each of the processes of natural gas extraction, transportation, manufacturing, and combustion with CO₂ credits.

Contributing to the Realization of a Decarbonized Society ~Endorsement of TCFD (Task Force on Climate-related Financial Disclosure) Recommendations~

Mitsuboshi Belting Ltd. (Head Office: Kobe, Hyogo; President: Hiroshi Ikeda) announces its support for the TCFD (Task Force on Climate-related Financial Disclosure)*1 recommendations and has joined the TCFD Consortium*2, a forum for discussion among supporting companies and financial institutions.



Mitsuboshi Belting Ltd. is promoting ESG management practices with the aim of contributing to the realization of a sustainable society and sustainable growth of the Group. One of the Mitsuboshi Belting Group's materiality targets set for this fiscal year is "contribution to the realization of a decarbonized society," and we are working to achieve our target greenhouse gas emission reduction (decrease of 22% or more in FY2023, 46% in FY2030, and carbon neutrality in 2050 compared to 2013 levels at eight sites in Japan). To achieve this goal, we are promoting various measures, including the installation of solar panels at each business site and the conversion to fuels that emit less greenhouse gases.

We will continue to promote sustainable business activities based on our corporate philosophy "To give attentive consideration to both humanity and nature." and analyze climate-related risks and opportunities in line with TCFD recommendations, aiming to expand information disclosure regarding our response to climate change.

※1

TCFD is a task force established by the Financial Stability Board (FSB) in 2015 at the request of the G20, which recommends that companies assess the financial impact of climate change risks and opportunities and disclose information based on four categories: governance, strategy, risk management, and indicators and targets. (TCFD Web Site: <https://www.fsb-tcf.org/>)

※2

The TCFD Consortium is an organization and consortium established as a forum for companies and financial institutions that support the TCFD Proposal to work together to promote effective corporate information disclosure and to discuss measures to link disclosed information to appropriate investment decisions by financial institutions. (TCFD Consortium Web site: <https://tcf-consortium.jp/en>)

Selected as a constituent of the “FTSE Blossom Japan Sector Relative Index”

Mitsuboshi Belting Ltd. (Head Office: Kobe City, Hyogo Prefecture; President: Hiroshi Ikeda) has been elected as a constituent of the FTSE Blossom Japan Sector Relative Index.



**FTSE Blossom
Japan Sector
Relative Index**

“FTSE Russell confirms that Mitsuboshi Belting Ltd. has been independently assessed according to the index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.”

The FTSE Blossom Japan Sector Relative Index, created by global index provider FTSE Russell, is designed to be sector-neutral, reflecting the relative performance of Japanese companies with superior environmental, social, and governance (ESG) performance in their respective sectors. In addition, to facilitate the transition to a low-carbon economy, for companies with high greenhouse gas emissions, only those companies recognized for their improvement efforts by the Transition Pathway Initiative (TPI) Management Quality Score are included.

The FTSE Blossom Japan Sector Relative Index has also been adopted by the Government Pension Investment Fund (GPIF), the world's largest public pension fund management organization, as a benchmark for ESG passive management and is widely used to create and evaluate sustainable investment funds and other financial products.

Mitsuboshi Belting Group will continue to promote initiatives to solve social and environmental issues through its business activities based on the corporate philosophy, "To give attentive consideration to both humanity and nature." and strive to further enhance its corporate value.



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)



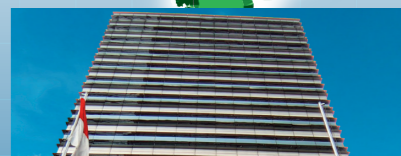
MITSUBOSHI OVERSEAS HEADQUARTERS PRIVATE LIMITED (Singapore)



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

The global economy has been recovered in the current fiscal year due to relaxation or lifting of behavioral restrictions by COVID-19. On the other hand, the unclear and unpredictable economic situation is still continuing due to supply chain confusion, inflation of the energy and raw material cost arise from lengthening for Russia's invasion of Ukraine, higher interest rates due to suppressed inflation and rapid yen exchange rate fluctuations.

Under these circumstances, Mitsubishi Belting Ltd. ("The Company") review the mid-term business plan 2021(FY2021 to FY2023) in May 2022 and the company is working to establish a strong corporate structure which resilient to change, evolving from strengthening our financial position to improving capital efficiency to increase earnings and improve our balance sheet.

As a result, for the current fiscal year, the Group recorded the consolidated net sales of 82,911 million yen (10.7% increase compared to the previous fiscal year), the operating income of 9,030 million yen (18.2% increase compared to the previous fiscal year), the ordinary income of 10,471 million yen (22.4% increase compared to the previous fiscal year) and the income attributable to owners of parent was 7,071 million yen (10.8% increase compared to the previous fiscal year).

(2) Condition of Cash Flow

Cash flow from operating activities achieved an income of 8,783 million yen, which was an decrease of 261 million yen over the previous fiscal year.

Major factors for this decrease are that corporate tax paid increased by 2,351 million yen compared to the previous fiscal year, while profit before income taxes increased by 1,074 million yen.

Cash flow from investing activities resulted in expenditure of 6,439 million yen, which was a increase of 941 million yen over the previous fiscal year.

Major factors for this increase are that payments into time deposits increased by 1,550 million yen, while incomes from time deposits also increased by 2,131 million yen compared to the previous fiscal year.

Cash flow from financing activities resulted in expenditure of 3,741 million yen, which was an decrease of 496 million yen compared to the previous fiscal year.

Major factors for this decrease are that incomes of long-term borrowings increase by 5,000million yen, while purchase of treasury shares increased by 525 million yen and payments of dividends increase by 4,735 million yen compared to the previous fiscal year.

After adding 1,827 million yen of exchange rate difference to the total amount of cash flows through operating, investing and financing activities, the amount of increase in cash and cash equivalents was 430 million yen. In addition, as a result of adding the opening balance of 33,063 million yen, the balance of cash and cash equivalents at the end of the current fiscal year was 33,494 million yen.

●Business of Belts (Japan)

Regarding the automotive belts, although sales of the belts for motorcycle repair decreased due to our customer adjusted the inventory volume, sales of system product for automobile and the belts for bus and truck repair increased.

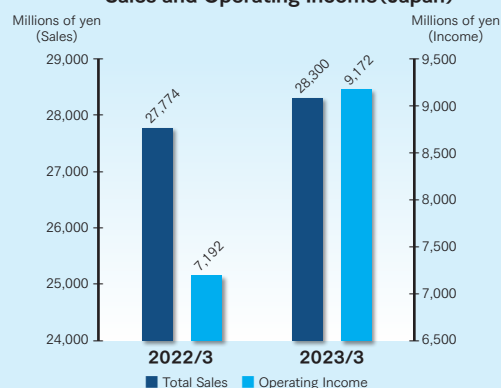
As a result, sales of automotive belts increased.

Regarding the industrial belts, although sales of injection molding machine have been strong in the current fiscal year, overall sales slight decreased due to our customer were difficult to purchase parts of goods.

In contrast, regarding the conveyor belts, sales increased because the demands recovery for food industry and strong sales for large logistics facilities. And sales of engineering plastics materials also increased, because of demand recovery in current fiscal year and sales promotion activities for main product(ex. cast nylon)

As a result, the consolidated net sales by this segment stood at 28,300 million yen (1.9% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 9,172 million yen (27.5% increase compared to the previous fiscal year).

Belts
Sales and Operating Income (Japan)



●Global Business (except Japan) of Belts

Regarding the automotive belts, although sales for motorcycle and utility vehicles decreased due to adjustment inventory volume in US aftermarket, sales for automobile remained steady in south east Asia and Europe.

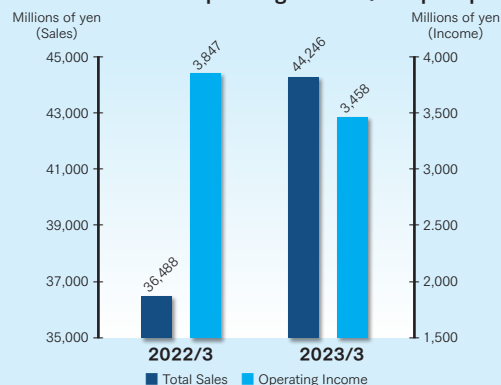
As a result, overall sales increased.

Regarding industrial belts, sales for agricultural machine slight decreased, however sales for other fields increased in south east Asia and Europe due to demand expansion and sales promotion activities.

And sales for OA machines increased due to solving the semiconductor shortage.

Including the impact of the depreciation of the yen, as a result, the consolidated net sales by this segment stood at 44,246 million yen (21.3% increase compared to the previous fiscal year) while the consolidated operating income by this segment stood at 3,458 million yen (10.1% decrease compared to the previous fiscal year).

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 3,178 million yen.

The total R&D expenses included the basic research expenses of 717 million yen that is not allocatable to each division.

3. Summary of Investment in Plant and Equipment

Regarding capital investment, the Group invested total 3,638 million yen by our own capital. For instance, the renovation of office and warehouse at Sendai Sales Office, the expansion of the facility for Automotive timing belts, the renewal of the scouring machines, and the renewal of the calendar facilities

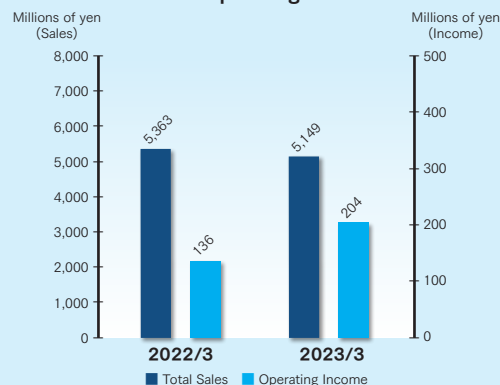
● Business of Building & Construction Materials

In construction sector, sales increased because demand recover for renovation work with a focus on public facilities due to relaxation of behavioral restrictions by COVID-19.

In civil engineering sector, although the number of construction projects had been same as previous fiscal year, sales decreased due to reduction in the size of each case.

As a result, the consolidated net sales by this segment stood at 5,149 million yen (4.0% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 204 million yen (49.5% increase compared to the previous fiscal year).

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

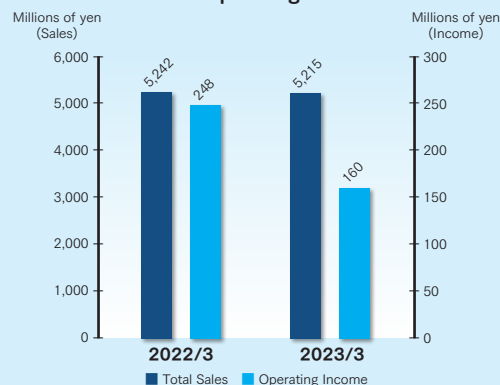


● Other Businesses

Other businesses include the supply of engineering structural foams, electronic Materials, and purchased products, etc.

As a result, the consolidated net sales by other businesses stood at 5,215 million yen (0.5% decrease compared to the previous fiscal year) while the consolidated operating income by this segment stood at 160 million yen (35.3% 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 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, including a review of global production structure. 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 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, 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 management in order to maintain and improve customer satisfaction for all clients including those in the automobile industry, such 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 eight 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.

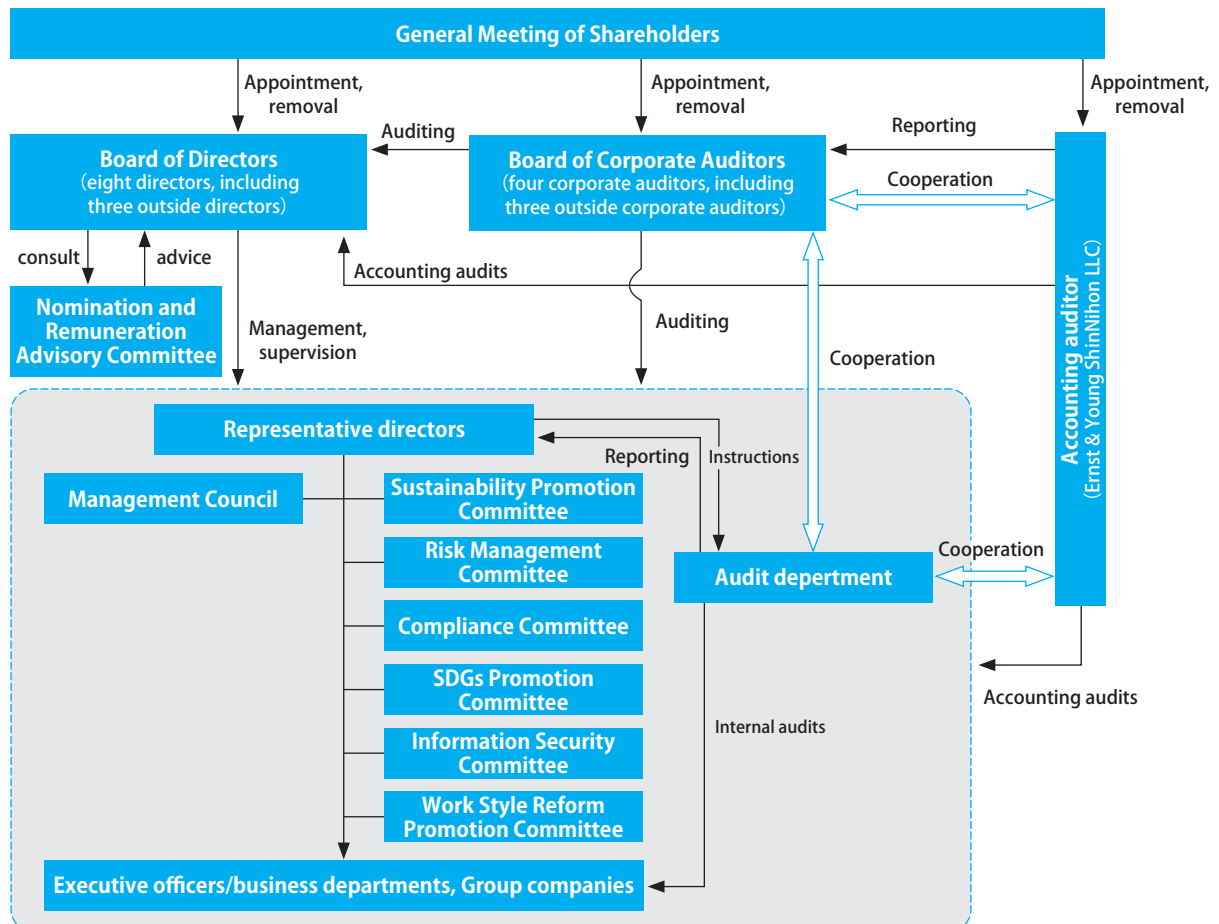
As an arbitrary mechanism, Nomination and Remuneration Advisory Committee has been set up with aim of strengthening the independence, objectivity and accountability of the functions of the Board of Directors regarding the appointment, dismissal, and compensation, etc. of the management team.

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	2023/3	2022/3
Current assets		
Cash and deposits	35,307	34,708
Notes and accounts receivable - trade, and contract assets	16,657	17,788
Merchandise and finished goods	17,395	15,324
Work in process	2,513	2,115
Raw materials and supplies	4,368	3,892
Other	1,188	833
Allowance for doubtful accounts	△ 100	△ 123
Total current assets	77,331	74,540
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,059	23,801
Machinery, equipment and vehicles	50,360	49,815
Tools, furniture and fixtures	16,071	15,667
Land	3,978	3,958
Leased assets	1,870	1,725
Construction in progress	4,738	2,804
Subtotal	101,079	97,773
Accumulated depreciation	△ 72,680	△ 71,101
Total property, plant and equipment	28,399	26,671
Intangible assets		
Software	601	823
Goodwill	130	—
Other	59	67
Total Intangible assets	791	891
Investments and other assets		
Investment securities	13,597	15,179
Deferred tax assets	1,148	1,205
Other	422	493
Allowance for doubtful accounts	△ 8	△ 18
Total investments and other assets	15,160	16,860
Total non-current assets	44,351	44,423
Total assets	121,682	118,963

Years ended March 31

Millions of yen

LIABILITIES AND NET ASSETS	2023/3	2022/3
Current liabilities		
Notes and accounts payable - trade	9,889	9,898
Short-term borrowings	2,329	2,327
Current portion of long-term borrowings	1,900	900
Accounts payable - other	1,982	2,646
Income taxes payable	201	1,576
Provision for bonuses	974	928
Provision for product warranties	477	508
Other	4,107	3,429
Total current liabilities	21,862	22,215
Non-current liabilities		
Long-term borrowings	4,000	900
Long-term accounts payable - other	142	162
Deferred tax liabilities	4,644	5,206
Retirement benefit liability	1,948	2,226
Provision for retirement benefits for directors (and other officers)	16	13
Asset retirement obligations	363	363
Long-term guarantee deposited	393	386
Other	710	610
Total non-current liabilities	12,219	9,870
Total liabilities	34,081	32,086
Shareholders' equity		
Share capital	8,150	8,150
Capital surplus	2,143	2,119
Retained earnings	70,818	70,315
Treasury shares	△ 7,559	△ 6,395
Total shareholders' equity	73,552	74,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,310	9,368
Foreign currency translation adjustment	5,785	3,344
Remeasurements of defined benefit plans	△ 48	△ 25
Total accumulated other comprehensive income	14,048	12,688
Total net assets	87,601	86,877
Total liabilities and net assets	121,682	118,963

Consolidated Statements of Income and Comprehensive Income

Years ended March 31	Millions of yen	
	2023/3	2022/3
Net sales	82,911	74,870
Cost of sales	56,338	51,442
Gross profit	26,572	23,427
Selling, general and administrative expenses	17,542	15,787
Operating profit	9,030	7,640
Non-operating income		
Interest income	281	92
Dividend income	397	365
Foreign exchange gains	556	627
Other	688	262
Total non-operating income	1,924	1,347
Non-operating expenses		
Interest expenses	51	43
Loss on retirement of non-current assets	307	276
Sales discounts	—	51
Other	125	63
Total non-operating expenses	484	435
Ordinary profit	10,471	8,552
Extraordinary income		
Gain on sale of investment securities	39	187
Total extraordinary income	39	187
Extraordinary loss		
Impairment loss	695	—
Total extraordinary loss	695	—
Profit before income taxes	9,814	8,740
Income taxes		
Income taxes-current	2,815	2,721
Income taxes-deferred	△ 72	△ 361
Total income taxes	2,742	2,359
Profit	7,071	6,380
Profit attributable to owners of parent	7,071	6,380

Years ended March 31	Millions of yen	
	2023/3	2022/3
Profit	7,071	6,380
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 1,058	1,385
Foreign currency translation adjustment	2,441	3,097
Remeasurements of defined benefit plans, net of tax	△ 22	182
Total other comprehensive income	1,360	4,665
Comprehensive income	8,432	11,045
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,432	11,045
Comprehensive income attributable to non controlling interests	—	—

Consolidated Statements of changes in equity

Years ended March 31

The current fiscal year (From April 1, 2022 to March 31, 2023)

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	
Balance at March 31, 2022	8,150	2,119	70,315	△ 6,395	74,188	9,368	3,344	△ 25	12,688	86,877
Changes during period										
Dividends of surplus			△ 6,568		△ 6,568					△ 6,568
Profit attributable to owners of parent			7,071		7,071					7,071
Purchase of treasury shares				△ 1,204	△ 1,204					△ 1,204
Disposal of treasury shares		24		40	65					65
Change in scope of consolidation					—					—
Net changes in items other than shareholders' equity						△ 1,058	2,441	△ 22	1,360	1,360
Total changes during period	—	24	503	△ 1,164	△ 636	△ 1,058	2,441	△ 22	1,360	724
Balance at March 31, 2023	8,150	2,143	70,818	△ 7,559	73,552	8,310	5,785	△ 48	14,048	87,601

Years ended March 31

The previous 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	
Balance at March 31, 2021	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
Total changes during period	—	7	4,547	△ 607	3,947	1,385	3,097	182	4,665	8,612
Balance at March 31, 2022	8,150	2,119	70,315	△ 6,395	74,188	9,368	3,344	△ 25	12,688	86,877

I Consolidated Statements of cash flows

Years ended March 31

Millions of yen

	2023/3	2022/3
Operating activities:		
Profit before income taxes	9,814	8,740
Depreciation	4,104	3,867
Impairment losses	695	—
Increase (decrease) in allowance for doubtful accounts	△ 34	13
Increase (decrease) in retirement benefit liability	△ 445	231
Increase (decrease) in long-term accounts payable-other	△ 20	△ 30
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	△ 12
Increase (decrease) in provision for bonuses	20	9
Interest and dividend income	△ 679	△ 457
Interest expenses	51	43
Foreign exchange losses (gains)	△ 95	△ 124
Loss (Gain) on sales of property, plant and equipment	6	△ 2
Loss on retirement of property, plant and equipment	307	276
Loss (gain) on sales of investment securities	△ 39	△ 187
Decrease (increase) in trade receivables	1,949	△ 921
Decrease (increase) in inventories	△ 2,036	△ 1,688
Increase (decrease) in trade payables	△ 632	175
Increase (decrease) in accrued consumption taxes	572	△ 68
Decrease (increase) in other current assets	△ 360	97
Increase (decrease) in other current liabilities	△ 281	529
Other, net	21	△ 3
Subtotal	12,921	10,488
Interest and dividends received	679	457
Interest paid	△ 49	△ 43
Income taxes paid	△ 4,208	△ 1,857
Net cash provided by (used in) operating activities	9,341	9,044
Cash flows from investing activities		
Payments into time deposits	△ 3,046	△ 1,496
Proceeds from withdrawal of time deposits	2,136	5
Purchase of property, plant and equipment	△ 5,600	△ 6,058
Proceeds from sales of property, plant and equipment	69	32
Purchase of investment securities	△ 5	△ 4
Proceeds from sales of investment securities	50	226
Other, net	△ 602	△ 84
Net cash provided by (used in) investing activities	△ 6,997	△ 7,380
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2	△ 0
Proceeds from long-term borrowings	5,000	—
Repayments of long-term borrowings	△ 900	△ 900
Purchase of treasury shares	△ 1,204	△ 679
Dividends paid	△ 6,568	△ 1,833
Other, net	△ 70	168
Net cash provided by (used in) financing activities	△ 3,741	△ 3,245
Effect of exchange rate change on cash and cash equivalents	1,827	904
Net increase (decrease) in cash and cash equivalents	430	△ 677
Cash and cash equivalents at beginning of period	33,063	33,741
Cash and cash equivalents at end of period	33,494	33,063



Mitsuboshi Belting Group Code of Conduct

1. Compliance

- We, the Mitsuboshi Belting Group, will act in good faith and comply with all applicable laws, regulations, and social norms of each country and region where we conduct business activities.
- We will respect corporate ethics, abide by internal regulations, and will not engage in any misconduct.
- We will execute operations and education based on our policy and framework for thorough compliance on various systems, including the internal reporting system.

2. Human rights and labor

- We will support and respect the protection of personality and human rights.
- We will not tolerate any discrimination on the grounds of race, nationality, gender, sexual orientation, gender identity, age, religion, creed, ethnicity, immigration, disability, poverty, marital status, family status, or any other reason.
- We will not engage in inhumane treatment, including abuse, corporal punishment and any form of harassment, or any act that violates the dignity of a person.
- We will pay fair wages in compliance with applicable laws and regulations.
- We will comply with the legal working hours and holidays.
- We will not engage in any forms of forced labor.
- We will not unreasonably require employees to hand over their identity documents or work permits, or unreasonably collect deposits.
- We will not employ children under the legal working age.
- We will guarantee our employees' freedom of association and the right to collective bargaining.

3. Environment

- We will establish an environmental management system that ensures the continuous improvement of our performance on environmental issues, and we will strive to conserve resources and energy.
- We will work to reduce greenhouse gas (GHG) emissions.
- We will work to reduce and recycle waste.
- We will work to manage and reduce wastewater, sludge, and exhaust emissions.
- We will strive to make effective use of water resources and address water risks.
- We will properly manage chemical substances in products and will grasp and report the amount of chemical substances handled to the regulating authorities.
- We will not use any substances prohibited by laws and regulations in our products and manufacturing processes.
- We will conduct all business activities, including raw materials procurement, in consideration of the conservation of biodiversity and will strive to realize a sustainable society where people and nature coexist in harmony.

4. Fair corporate activities

- We will conduct fair trade that respects commercial ethics and free competition and will not engage in private monopolies, unreasonable trade restrictions, or unfair trade practices (such as unfair competition and abuse of superior bargaining position).
- We will establish appropriate relationships with local governments and public officials, as well as customers and suppliers, and will take measures to prevent corruption.
- We will eliminate any relationships with antisocial forces and organizations.
- We will respect the intellectual property rights of third parties, such as patent rights, copyrights, and trademark rights.
- We will establish points of contact for complaints and consultation and guarantee the protection of whistleblowers.
- We will not engage in insider trading.
- We will act in a way to avoid situations that may cause a conflict of interest with the company.

5. Quality

- Based on our management principle "To contribute to society by supplying goods of high performance, high precision, and high quality," we will execute our duties, keeping in mind that quality assurance for customers is our top priority.
- We will provide safe and superior quality products and services.
- We will promptly respond to complaints with sincerity.

6. Safety and health

- To ensure that everyone can work with peace of mind, we will appropriately manage the health and safety of our employees and prevent accidents and disasters.
- We will comply with health- and safety-related laws and regulations and health and safety management guidelines.
- We will work to prevent occupational accidents through risk assessment and health and safety training.

7. Information security

- We will identify the information assets to be protected and manage and protect them appropriately.
- We will comply with laws and regulations on information security as well as contractual security requirements.
- In the event of an information security-related incident or accident, we will promptly investigate the cause and strive to minimize damage and prevent recurrence.

8. Supply chain

- We will disseminate CSR Guidelines, which are based on our Code of Conduct, to our suppliers to promote the implementation of sustainability initiatives.
- We will conduct procurement activities in consideration of the effects on local communities of the use of raw materials that may cause social problems, such as human rights issues and environmental issues, and will take measures to avoid their use if there is any concern.

9. Coexistence with local communities

- We will value partnerships with local communities.
- We will conduct social contribution activities that will lead to solving issues of local communities.

10. Information disclosure

- We will disclose information to our stakeholders in a timely and appropriate manner to ensure the transparency of our corporate 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

