

Financial Results Briefing Materials

(2023/4/1~2024/3/31)



mitsubishi BELTING LTD.

Note to future-oriented statements



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

Note : This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Summary

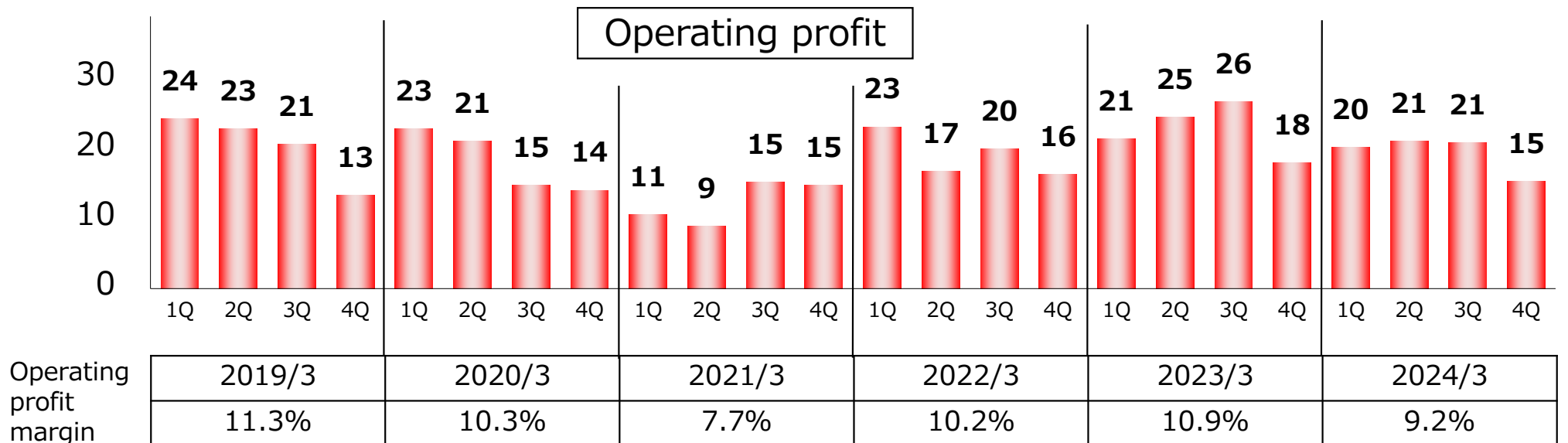
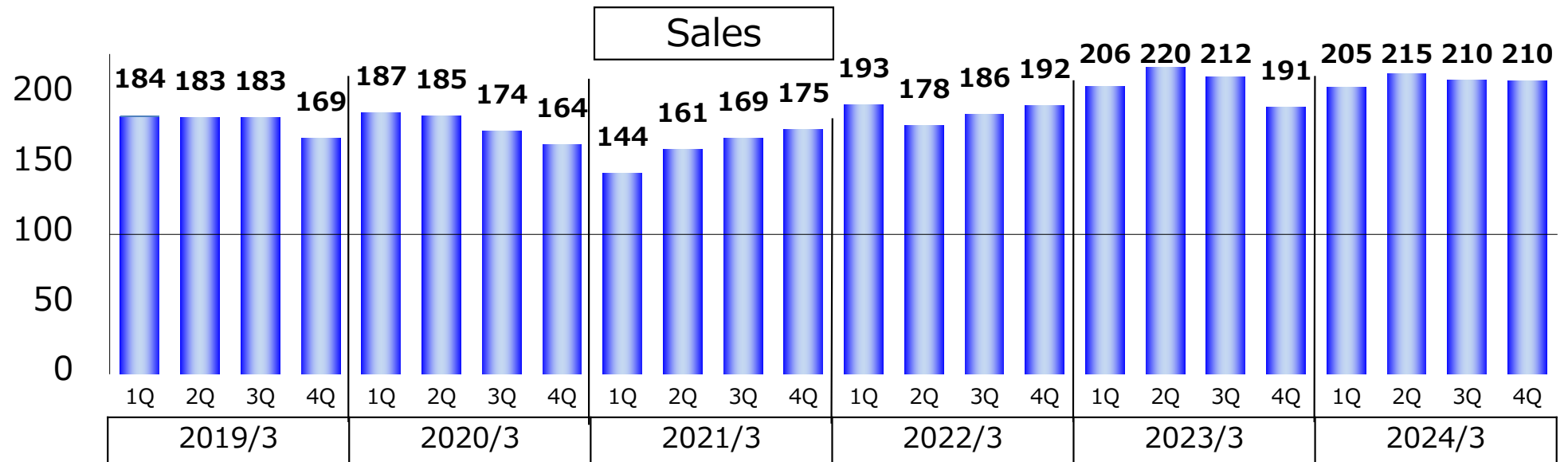
(millions of yen)



| | 2023/3 (2022/4-2023/3) | | | 2024/3 (2023/4-2024/3) | | | Year-on-Year |
|--|------------------------|--------------------|---------------------|------------------------|--------------------|-----------------------------|------------------|
| | 1st Half Margin | 2nd Half Margin | Full Year Margin | 1st Half Margin | 2nd Half Margin | Full Year Margin | change % |
| Sales | 42,568 | 40,343 | 82,911 | 42,028 | 41,986 | 84,014 | +1,103 +1.3% |
| Operating profit | 4,597 10.8% | 4,433 11.0% | 9,030 10.9% | 4,137 9.8% | 3,622 8.6% | 7,759 9.2% | △1,271 △14.1% |
| Ordinary profit | 5,731 13.5% | 4,740 11.7% | 10,471 12.6% | 5,611 13.4% | 3,994 9.5% | 9,605 11.4% | △866 △8.3% |
| Profit attributable to owners of parent | 3,919 9.2% | 3,152 7.8% | 7,071 8.5% | 3,593 8.5% | 3,509 8.4% | 7,102 8.5% | +31 +0.4% |

Quarterly Results

(100 mil. of yen)  **MITSUBISHI**



Sales by Business

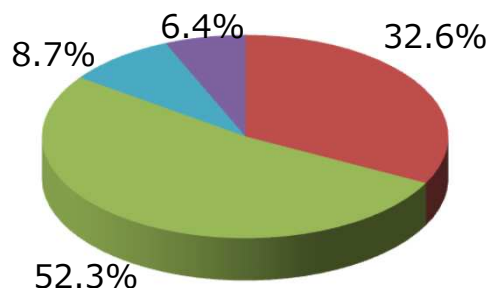
(millions of yen)



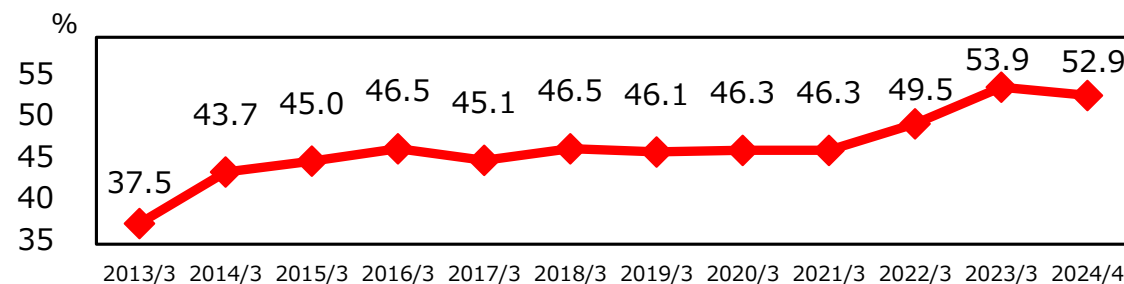
| | | 2023/3 (2022/4-2023/3) | | | 2024/3 (2023/4-2024/3) | | | Year-on-Year |
|---------------------|-----------------------------------|------------------------|--------------------|---------------------|------------------------|--------------------|-------------------------------|------------------|
| | | 1st Half Margin | 2nd Half Margin | Full Year Margin | 1st Half Margin | 2nd Half Margin | Full Year Margin | change % |
| Business | Belts (Japan) | 14,288 33.6% | 14,012 34.7% | 28,300 34.1% | 13,877 33.0% | 13,485 32.1% | 27,362 32.6% | △938 △3.3% |
| | Belts (outside Japan) | 23,387 54.9% | 20,859 51.7% | 44,246 53.4% | 22,424 53.4% | 21,511 51.2% | 43,935 52.3% | △311 △0.7% |
| | Building & Construction Materials | 2,140 5.0% | 3,009 7.5% | 5,149 6.2% | 3,101 7.4% | 4,206 10.0% | 7,307 8.7% | +2,158 +41.9% |
| | Others | 2,752 6.5% | 2,463 6.1% | 5,215 6.3% | 2,624 6.2% | 2,785 6.6% | 5,409 6.4% | +194 +3.7% |
| | Total | 42,568 100% | 40,343 100% | 82,911 100% | 42,028 100% | 41,986 100% | 84,014 100% | +1,103 +1.3% |
| Sales outside Japan | | 23,612 55.5% | 21,058 52.2% | 44,670 53.9% | 22,680 54.0% | 21,750 51.8% | 44,430 52.9% | △240 △0.5% |

〈Sales by Business〉

- Belts (Japan)
- Belts (outside Japan)
- Construction Materials
- Others



〈Sales outside Japan〉



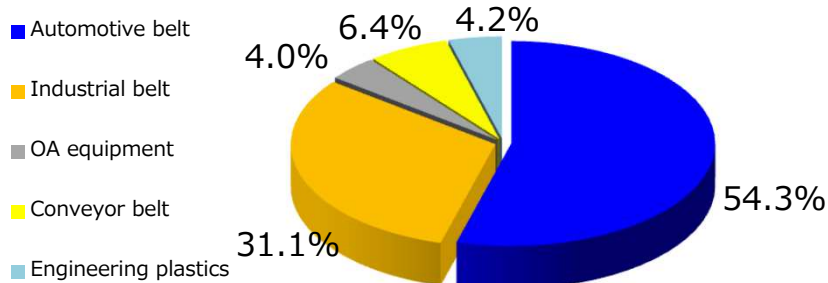
Breakdown of Belt Sales

(millions of yen)



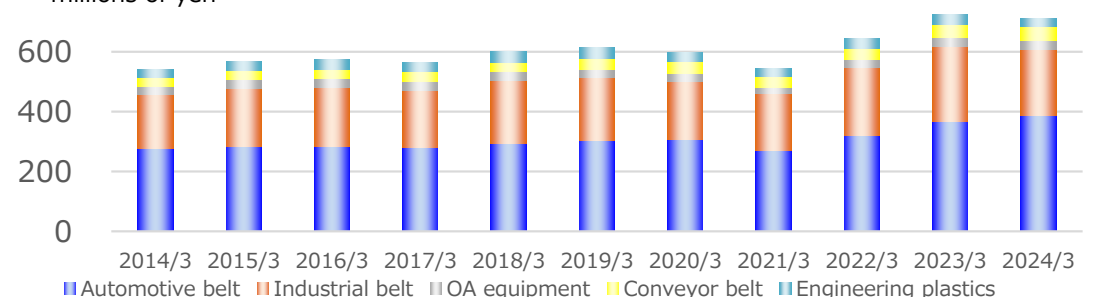
| | 2023/3 (2022/4-2023/3) | | | 2024/3 (2023/4-2024/3) | | | Year-on-Year |
|----------------------|------------------------|--------------------|---------------------|------------------------|--------------------|-------------------------------|------------------|
| | 1st Half Margin | 2nd Half Margin | Full Year Margin | 1st Half Margin | 2nd Half Margin | Full Year Margin | change % |
| Automotive belt | 18,797 49.9% | 17,993 51.6% | 36,790 50.7% | 19,316 53.2% | 19,404 55.4% | 38,720 54.3% | +1,930 +5.2% |
| Industrial belt | 13,399 35.6% | 11,575 33.2% | 24,974 34.4% | 11,809 32.5% | 10,369 29.6% | 22,178 31.1% | △2,796 △11.2% |
| OA equipment | 1,616 4.3% | 1,454 4.2% | 3,070 4.2% | 1,372 3.8% | 1,455 4.2% | 2,827 4.0% | △243 △7.9% |
| Conveyor belt | 2,130 5.7% | 2,094 6.0% | 4,224 5.8% | 2,236 6.2% | 2,325 6.6% | 4,561 6.4% | +337 +8.0% |
| Engineering plastics | 1,733 4.6% | 1,756 5.0% | 3,489 4.8% | 1,569 4.3% | 1,442 4.1% | 3,011 4.2% | △478 △13.7% |
| Total | 37,675 100% | 34,872 100% | 72,547 100% | 36,302 100% | 34,996 100% | 71,298 100% | △1,249 △1.7% |

〈2024/3〉



〈Belt Sales〉

millions of yen



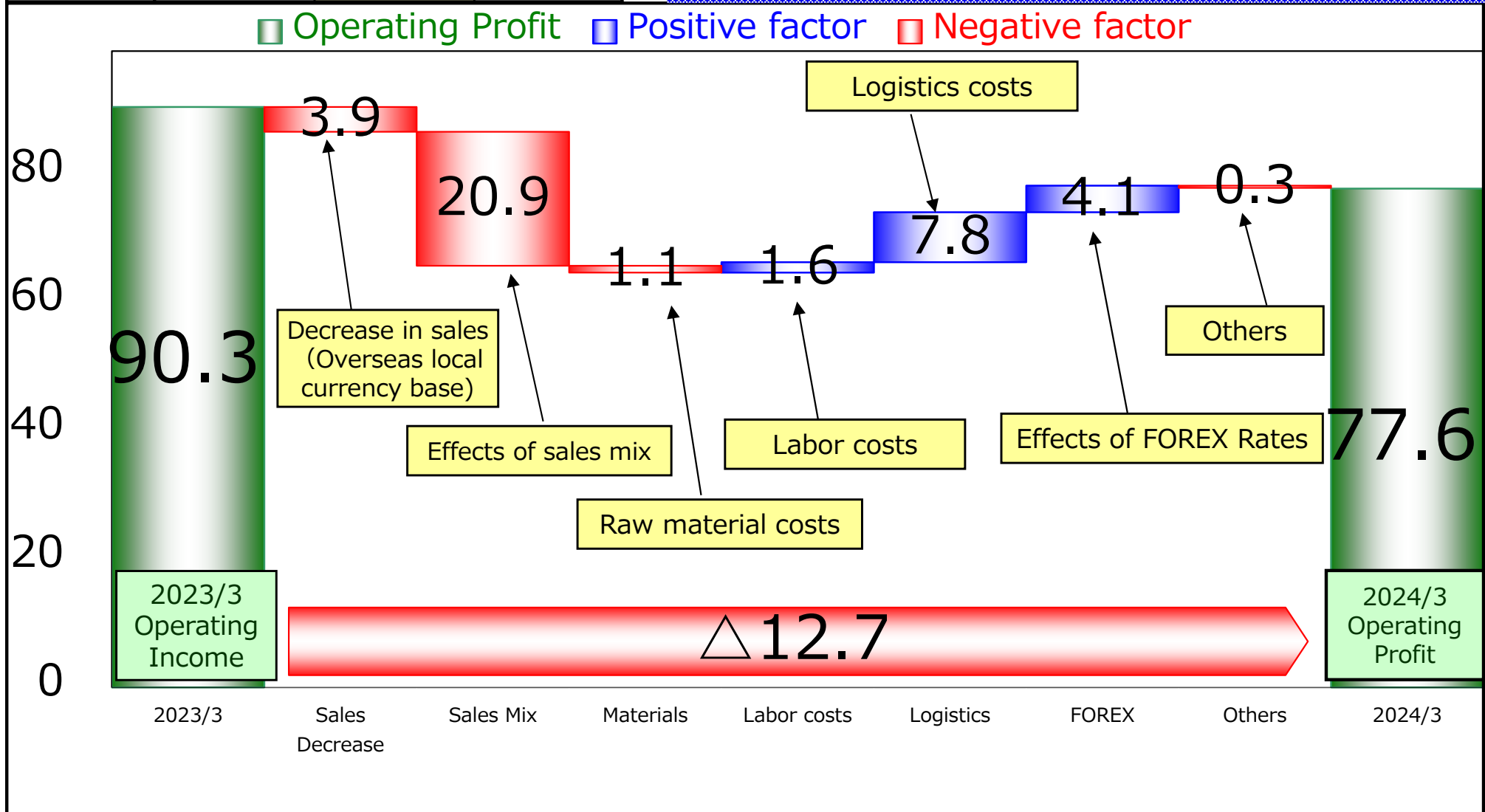
Analysis of Operating Profit

(100 mil. of yen)

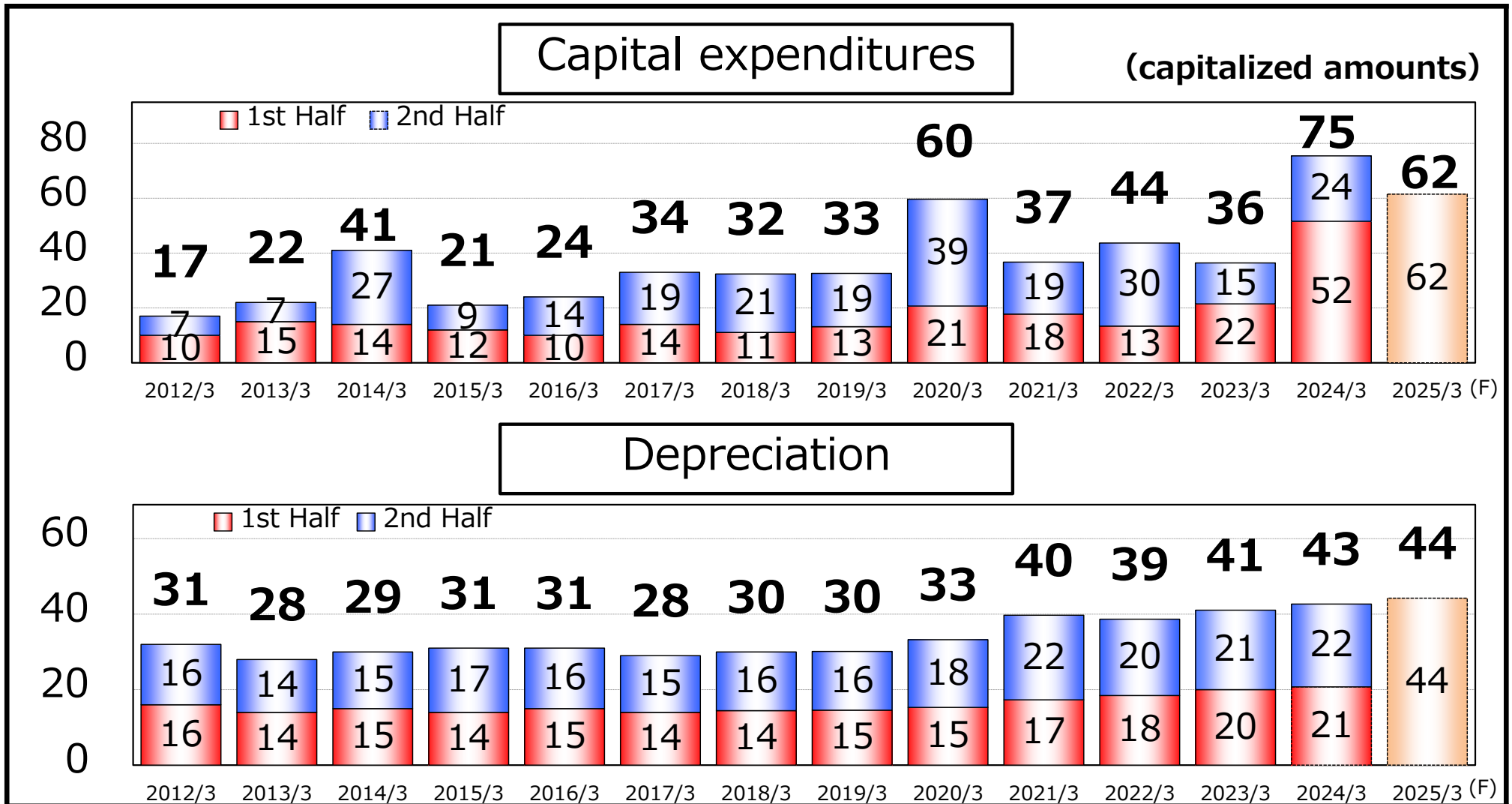


| | 2023/3 | 2024/3 | change |
|------------------|--------|--------|--------|
| Sales | 829.1 | 840.1 | 11.0 |
| Operating Profit | 90.3 | 77.6 | △12.7 |
| Ordinary Profit | 104.7 | 96.1 | △8.6 |

- (-) Decrease in sales
(Overseas local currency base)
Effects of sales composition
- (+) Decrease in labor costs and logistics costs
Effects of FOREX Rates



Capital expenditures and Depreciation (100 mil. of yen)



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



New plant in India

Forecast

(millions of yen)

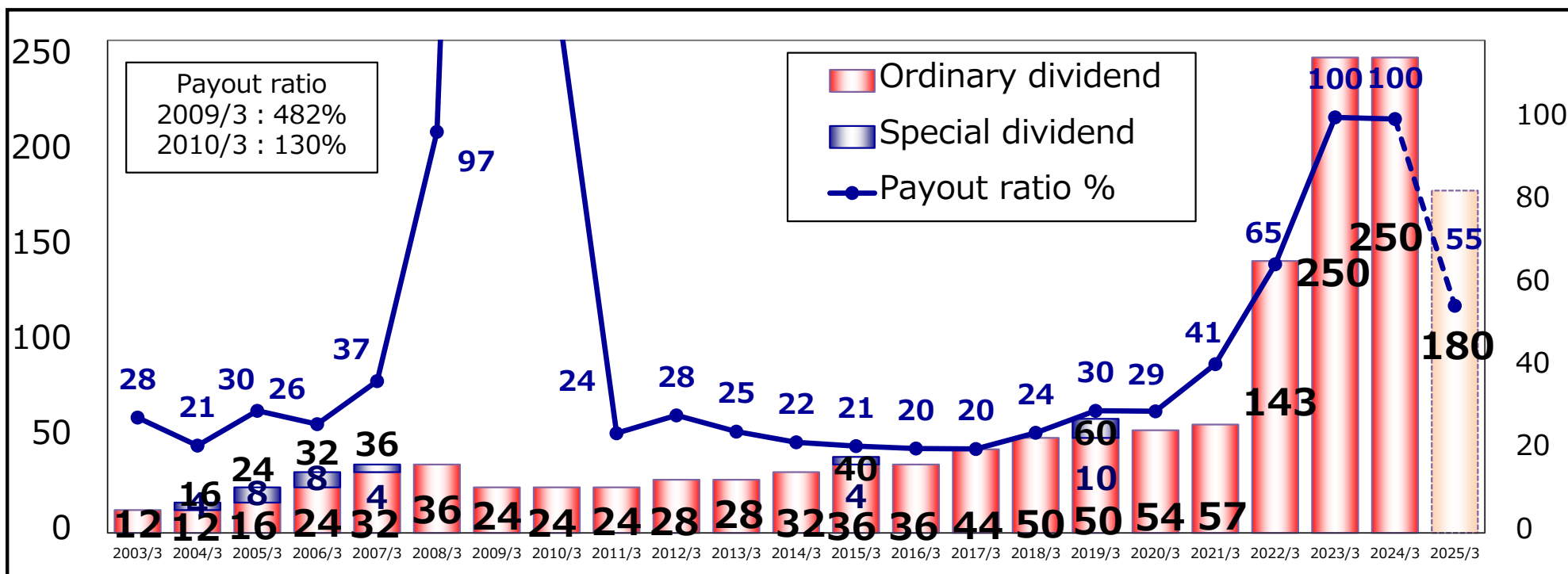


| | 2024/3 Results | 2025/3 | | | Year-on-Year | |
|---|-------------------|----------|----------|---------------|--------------|--------|
| | | Forecast | | | change | % |
| | | 1st Half | 2nd Half | Full year | | |
| Sales | 84,014 | 45,000 | 43,500 | 88,500 | +4,486 | +5.3% |
| Operating Profit | 7,759 | 4,400 | 4,650 | 9,050 | +1,291 | +16.6% |
| Margin | 9.2% | 9.8% | 10.7% | 10.2% | | |
| Ordinary Profit | 9,605 | 4,100 | 4,500 | 8,600 | △1,005 | △10.5% |
| Margin | 11.4% | 9.1% | 10.3% | 9.7% | | |
| Profit attributable to owners of parent | 7,102 | 6,100 | 3,200 | 9,300 | +2,198 | +30.9% |
| Margin | 8.5% | 13.6% | 7.4% | 10.5% | | |

| | | | |
|---------------------|-----------|---------|------------------|
| Exchange rate : USD | 144.6 yen | 140 yen | (period average) |
|---------------------|-----------|---------|------------------|

Dividends

| | Interim | Year-end | Total |
|-------------------------|---------|-------------|-------------|
| 2023/3 | ¥120 | ¥130 | ¥250 |
| 2024/3(Forecast) | ¥125 | ¥125 | ¥250 |
| 2025/3(Forecast) | ¥90 | ¥90 | ¥180 |



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

'24 Mid-Term Business Plan (FY2024-FY2026)

D O E (Dividend on equity ratio) target : approx. 5.4%
(Dividend per share : at least 180 yen / year)

Retirement of treasury shares

(Thousand Shares)



Aggregate number of shares issued as of June 30,1998
51,998 (100%)

Total acquisition of common shares
25,799 (50%)

Total retirement of treasury shares
20,835 (40%)

Owned

Disposal

Stock Market

FY2023

| | | |
|------------|-------|------|
| Retirement | 1,500 | 2.9% |
|------------|-------|------|

Aggregate number of shares issued as of March 31,2024
31,104 (60%)

(Except acquisition and retirement of shares less than one unit)

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

The Company has continued to acquire treasury shares.

- The Company intends to acquire treasury shares on an ongoing basis in appropriate amounts and at appropriate times, based on actual business results, trading in the Company's shares and the share price, the dividend payout ratio included in the Mid-Term Business Plan, and the ratio of total returns.
- The Company aims to acquire 3 billion yen of shares in 3 years during " '24 Mid-Term Business Plan" (FY2024-FY2026).
- The Company retired 1,500 thousand shares of treasury shares in February , 2024.
- Treasury shares holding ratio after retirement is 8.8%.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price ①

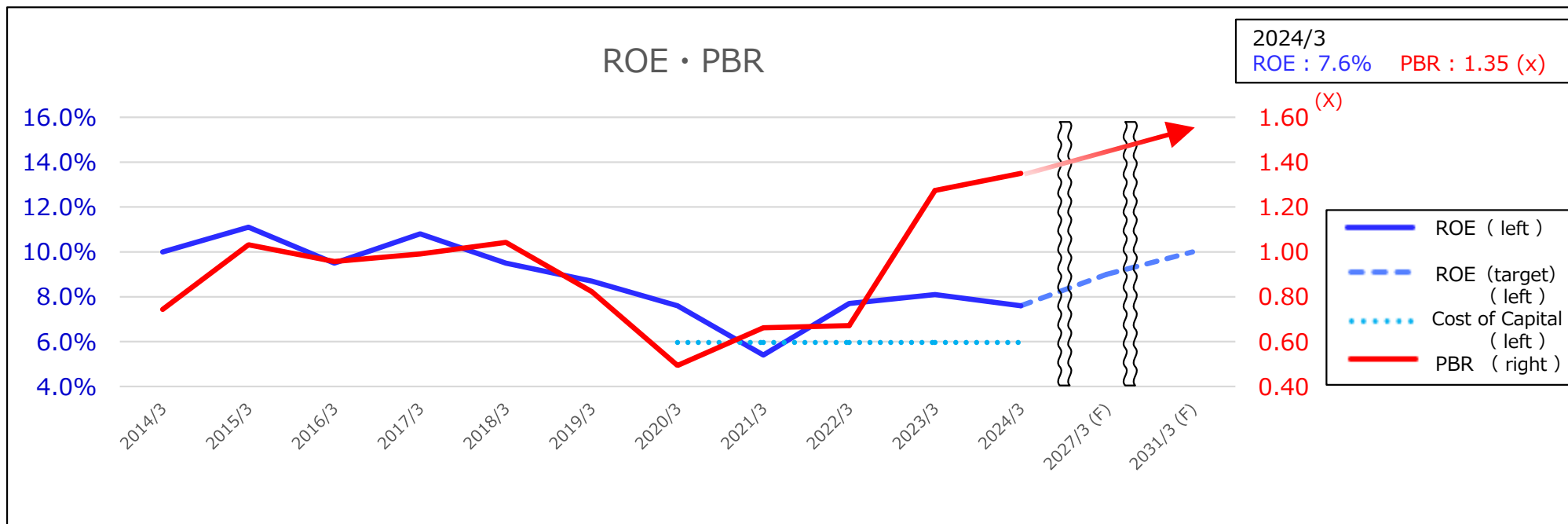


“ '24 Mid-Term Business Plan” marks the second phase toward FY2030 “Target Position.” The previous plan focused on strengthening our business foundation, while the current plan positions itself as a period of accelerated growth.

FY2030 “Target Position”
 • Net sales: 100 billion yen • Operating profit: 13 billion yen • ROE : 10%

| | '21 Mid-Term Business Plan (FY2021-FY2023) | FY2023 Results | '24 Mid-Term Business Plan (FY2024-FY2026) |
|---------------------------------|---|---|--|
| | FY2023 KPI target | | |
| Profitability | <ul style="list-style-type: none"> • Net sales: 80.0 billion yen • Operating profit: 8.3 billion yen | <ul style="list-style-type: none"> • Net sales: 84.0 billion yen • Operating profit: 7.7 billion yen | <ul style="list-style-type: none"> • Net sales: 91.5 billion yen • Operating profit: 10.5 billion yen |
| Capital efficiency | <ul style="list-style-type: none"> • ROE : 8% • Value of cross-shareholdings sold: at least 1.5 billion yen (over three years) | <ul style="list-style-type: none"> • ROE : 7.6% • Value of cross-shareholdings sold : 1.5 billion yen (FY2021~FY2023 Total) | <ul style="list-style-type: none"> • ROE : 9% • Value of cross-shareholdings sold : 5.0 billion yen (FY2024~FY2026 Total) |
| Capital investment | <ul style="list-style-type: none"> • 3-year capital investment budget: 23.0 billion yen | <ul style="list-style-type: none"> • 3-year capital investment : 22.8 billion yen | <ul style="list-style-type: none"> • 3-year capital investment budget: 20.0 billion yen (excluding M&A) |
| Shareholder returns | <ul style="list-style-type: none"> • Dividend payout ratio (FY21): 65% • Dividend payout ratio (FY22): 100% • Dividend payout ratio (FY23): 100% | <ul style="list-style-type: none"> • Dividend payout ratio (FY21): 65% • Dividend payout ratio (FY22): 100% • Dividend payout ratio (FY23): 100% | <ul style="list-style-type: none"> • DOE(Dividend on equity ratio) target : approx. 5.4% (Dividend per share : at least 180 yen / year) • Repurchase of treasury shares: 3.0 billion yen (FY2024~FY2026 Total) |
| ESG | <ul style="list-style-type: none"> • CO2 emission reduction target: at least 22% vs. FY2013 | <ul style="list-style-type: none"> • CO2 emission reduction : 35% vs. FY2013 | <ul style="list-style-type: none"> • CO2 emission reduction target: 40% vs. FY2013 |
| Estimated exchange rates | <ul style="list-style-type: none"> • 115 yen/USD | <ul style="list-style-type: none"> • 144.6 yen/USD (average rate for the period) | <ul style="list-style-type: none"> • 130 yen/USD |

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price ②



Strengthen financial position, then pursue higher capital efficiency

“Current conditions of ROE and PBR”

- Current ROE is higher than our recognized cost of capital.
- In recent years, PBR has remained above 1x.

2024/3

ROE : 7.6%

PBR : 1.35

2023/3

ROE : 8.1%

PBR : 1.27

“Target”

- The Company will steadily implement the business strategies and capital policies in our Mid-Term Business Plan to continuously improve our corporate value.
- FY2030 “Target Position”
 - ROE : 10%
- FY2026 (‘24 Mid-Term Business Plan)
 - ROE : 9%
- PBR : Further Improvement

Individual business strategies①



1. Automotive parts

| | |
|--|---|
| Respond to electrification · contribute to environment | <ul style="list-style-type: none">• Expand sales of high value-added system products for accessory drive(for M-HEVs).• Expand sales of products for electrification of 4-wheeled vehicle control equipment (EPS, PSD)• Expand sales of rear-drive products for 2-wheeled vehicles, multipurpose 4-wheeled vehicles, and personal mobility |
| Expand sales to global aftermarket | <ul style="list-style-type: none">• Expand sales to overseas 4-wheeled and 2-wheeled vehicle aftermarket, focusing on developing countries |

2. Industrial machinery

| | |
|--|---|
| Respond to food safety | <ul style="list-style-type: none">• Develop and expand sales of high-value-added products for agricultural machinery and food-related industries |
| Respond to labor shortage | <ul style="list-style-type: none">• Develop and expand sales of products for robots and logistics equipment |
| Respond to Environment | <ul style="list-style-type: none">• Develop and expand sales of environmentally friendly products using biomass-derived, recycled, and other environmentally conscious materials |
| Respond to energy conservation | <ul style="list-style-type: none">• Develop high-efficiency products• Develop and expand sales of high-performance engineering plastic materials, structural foam products, and other alternatives to metals and other materials |
| Expand sales in the global aftermarket | <ul style="list-style-type: none">• Expand sales into the overseas aftermarket |

3. Construction materials

| | |
|---|--|
| Respond to improvement of working Environment | <ul style="list-style-type: none"> • Develop waterproofing and water shield systems and expand sales of product in response to labor shortages |
| Respond to solutions for residential environment issues | <ul style="list-style-type: none"> • Expand sales of energy saving and long-lasting products and systems in the building exterior market |
| Respond to conservation of the natural environment | <ul style="list-style-type: none"> • Undertake water shield installation work for prevention of environmental pollution and expand sales of related products. • Expand sales of materials for water purification and treatment facilities • Expand sales to biodiversity protection markets such as biotope, greening promotion |
| Respond to infrastructure improvement | <ul style="list-style-type: none"> • Expand sales of water shield materials and related products for agricultural reservoirs and river flood control • Undertake waterproofing works for water and sewage facilities, and road maintenance works |

4. Electronic materials, Development products, and new sectors

| | |
|---|--|
| Electronic materials Respond to informatization | <ul style="list-style-type: none"> • Develop and expand sales of metallized substrate products contributing to the advancement of next-generation mobile communication systems. |
| Respond to electrification (progress of EV) | <ul style="list-style-type: none"> • Expand sales of various conductive pastes contributing to improvement of thermal management in electronic circuit boards and packages, and to enhancement of performance and reliability of semiconductors and passive electronic components |
| Respond to energy and resource conservation | <ul style="list-style-type: none"> • Expand sales for unique products and solutions supporting the design and development of applications leading to energy and resource conservation |
| Respond to reducing environmental impact | <ul style="list-style-type: none"> • Expand sales of silver nanoparticle-based sintering pastes for bonding that contribute to the replacement of lead solder in semiconductor and component mounting |

Development products and new sectors

Create new business by effectively utilizing technological assets

Status of dialogue with shareholders and investors



Dialogue with shareholders and investors (FY2022~FY2023)

(Unit : Number of times)

| | 2022 | 2023 | Company Responders |
|--|------|------|--|
| Financial results briefing for institutional investors and securities analysts | 2 | 2 | President , Senior Managing Director (at the end of the second quarter and at the end of the fiscal year) |
| Individual dialogue with institutional investors and securities analysts | 44 | 64 | <ul style="list-style-type: none"> • IR Planning (Office of the President) , Corporate Planning Division, and Finance & Accounting Department take the lead in conducting dialogue. • President and Sustainability Promotion Department also attend the dialogue depending on the theme. |
| (Domestic institutional investors) | (30) | (35) | |
| (Overseas institutional investors) | (8) | (18) | |
| (Securities companies, etc.) | (6) | (11) | |

Feedback to management

| | Contents |
|----------------------------|--|
| Financial results briefing | Report the content of the question and answer session to the directors and auditors |
| Individual dialogue | Timely reporting of opinions, major questions, etc. identified through dialogue as necessary, as well as annual activity reports to the Board of Directors |

The Company has established a “Policy for Constructive Dialogue with Shareholders” and is actively working to achieve constructive dialogue. The opinions received from shareholders and investors through dialogue are reported to directors, management, and related departments as necessary to share information and improve management.

ESG initiatives (1)

| Time | | Category | Initiatives |
|-------|------|--|---|
| Nov. | 2000 | S | Mitsuboshi Belting Fureai Council, a volunteer organization comprising Group employees, formed to promote town development where residents and businesses coexist |
| Oct. | 2003 | G | Executive Officer system introduced |
| May | 2015 | G | Risk Management Committee and Compliance Committee established |
| Oct. | 2018 | E S G | CSR Promotion Committee established ※Renamed to SDGs Promotion Committee in March 2021 |
| June | 2020 | S | Work Style Reform Promotion Committee established |
| Dec. | | E S G | Specific SDGs initiatives formulated |
| March | 2021 | G | Nomination and Remuneration Advisory Committee established |
| | | E | CO2 emission reduction targets established (vs. FY2013) FY2023 : 20% reduction , FY2030 : 35% reduction , FY2050 : CN) |
| April | 2022 | E S G | Sustainability Promotion Committee and Sustainability Promotion Department established (Sustainability Promotion Committee comprises Management Council members and is chaired by President) |
| | | E S G | Working Group of Sustainability Promotion Committee organized |
| E | | CO2 emission reduction targets revised (vs. FY2013) FY2023 : 20%→At least 22% reduction , FY2030 : 35%→46% reduction) | |
| June | | G | First female Director takes office (at least 1/3 of Directors are Outside Directors) Shortened the term of office of directors from 2 years to 1 year |
| | | E | Information based on TCFD recommendations disclosed (CDP2022) |
| July | | E S G | Materiality formulated |
| Nov. | | S | Human rights due diligence activities started (Human Rights Policy, Human Rights DD Implementation Guidelines, and Human Rights DD Guidelines established) |
| | | G | Mitsuboshi Belting Group Code of Conduct revised |
| Dec. | | E S | Announced support for each initiative (①TCFD, ②TCFD Consortium, ③Human Capital Management Consortium, ④GX League) |
| Jan. | | 2023 | S |
| | S G | | Various policies formulated and disclosed (①Procurement Policy, ②Disclosure Policy) |
| Feb. | 2023 | E | Sustainability Linked Loan Agreement concluded |
| | | E | New mid-term target for CO2 emissions reduction established (FY2025 : 27% reduction (vs. FY2013)) |

ESG initiatives (2)

| Time | Category | Initiatives |
|-------|----------------------------|---|
| March | S G | The Corporate Philosophy, Management Principle, etc. organized into a new philosophy system. |
| June | E S G | Selected as a constituent of the FTSE Blossom Japan Sector Relative Index, a leading index for ESG investment |
| Sep. | E S G | "Sustainability Report 2023" published (Enhanced the content of the previous "CSR Report") https://www.mitsuboshi.com/english/news/news_en_231102_2/ |
| Oct. | E S | Participation in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum |
| Feb. | E S G | Procurement Guidelines established |
| | E G | Received a "B" score from CDP in the areas of "Climate Change" and "Water Security" |

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

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

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

CO2 emissions in FY2023 (forecast):
26,337t, Reduction of 35% (Compared to FY2013)

