

Mitsuboshi Belting: Supporting People's Lives

Our products are used in a wide variety of machines, devices, and equipment, including cars, motorcycles, office equipment such as printers, ATMs, cash registers, and various home appliances such as washing machines and coffee machines.

Mitsuboshi Belting's products continue to play a quiet role in our daily lives today.



Mobility (Cars)

In addition to rib belts for internal combustion engines and fan drives, applications of belts for electric power steering units and timing belts for power sliding doors are expanding for use in EV vehicles.



Mobility (Motorcycles, ATVs/UTVs)

Our speed change belts have excellent heat resistance and durability, high transmission efficiency, and smooth stepless speed change. They are used not only on scooters but also on many all-terrain vehicles (ATVs) and utility terrain vehicles (UTVs).



Office equipment (Copiers, multifunction devices, printers)

Our compact timing belts support high-precision operation and ensure high-quality printing. They are also quiet, contributing to the realization of a quiet and comfortable office environment.



ATMs and monetary equipment

Our flat belts for banknote conveyance provide high durability and smooth conveyance performance, enabling accurate and rapid processing of banknotes and contributing to improved ATM reliability.



Home appliances

Our various drive belts are used in washing machines, fully automatic coffee machines, baking machines, and robot vacuum cleaners. In each machine, the belt has excellent durability, and its life is longer than the life of the machine.



Agricultural machinery

Our V-belts and speed change belts for agricultural machinery contribute to more efficient agricultural operations and improved harvesting efficiency due to their superior durability. Since loading conditions vary depending on the area where the belts are used, many specifications with various features such as flexibility and heat resistance are available in our lineup.



Robots, machine tools, logistics equipment

Our various timing belts with high transmission efficiency and positioning accuracy as well as durability contribute to the realization of automation in factories and distribution warehouses. Our lineup also includes distinctive specifications, such as belts with transmission capacity equivalent or superior to that of metal chains.

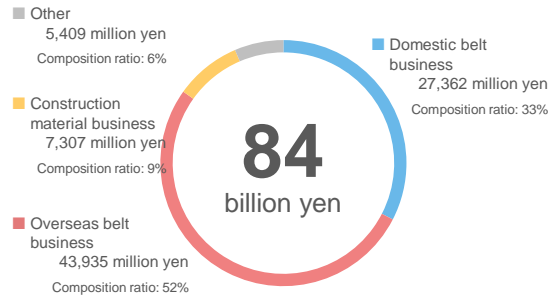


Environmental and energy devices

Many of our various drive belts are also used in environmental fields, such as wind power generators and solar panel manufacturing equipment. Through the provision of these belts, we also contribute to improving the environmental value of society.

The Business of Mitsubishi Belting

Consolidated net sales by segment*



Domestic/overseas belt business

The domestic/overseas belt business is our core business, selling a wide variety of transmission and conveyor belts, including car belts, industrial power transmission belts and related products, OA equipment belts, and conveyor belts, systems, and related products, both domestically and internationally.

Construction material business

The construction material business segment manufactures, sells, and installs building waterproof sheets, civil engineering impervious sheets, and related products used at schools, housing complexes, factories (construction field), and waste disposal sites (civil engineering field).

Other

The other segment includes equipment machines, products purchased from other companies, engineering plastic materials and processed products, structural foam molding products, electronic materials, and a service business. New products to which metal nanoparticles are applied are also included in this segment.

Mitsubishi Belting by the numbers

Established in
1919

Operating profit:
7.76 billion yen

Operating profit margin: 9.2%
Fiscal year ending March 2024

Capital investment:
22.8 billion yen

Cumulative total during the previous Mid-Term Business Plan period
(FY2021~FY2023 cumulative total)

Number of patents held:
1,028

Number of patents held on a global basis, including Japan
(As of the end of December 2023)

Number of employees:
4,471

Non-consolidated: 748 people |
Consolidated: 4,471 people
As of March 31, 2024

Overseas net sales ratio:
53%

Fiscal year ending March 2024

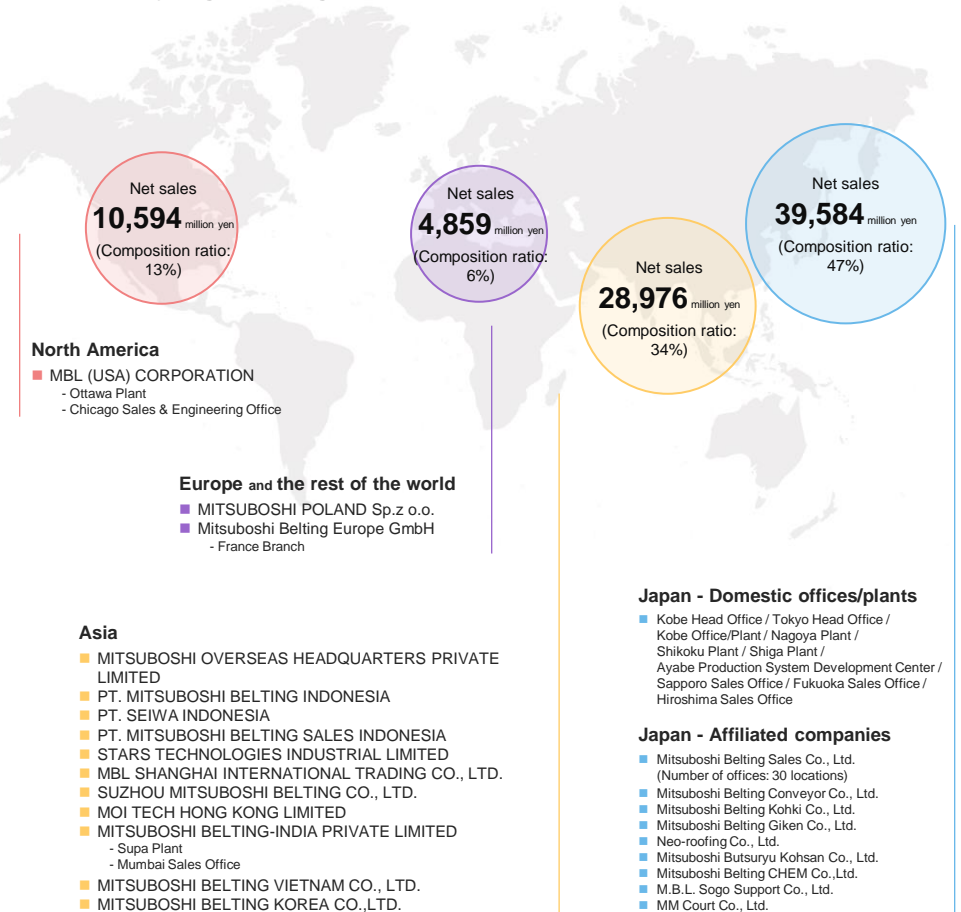
Number of global locations:
24 locations

Number of overseas bases not including Japan
Including sales representative offices

ESG third-party evaluation:
B (CDP)
3.3 (FTSE)*

* Score announced in June 2024

Net sales by region and global business base



TOP MESSAGE

The spirit and corporate culture that have been passed down since the company's founding

At Mitsuboshi Belting, our values and corporate culture have been passed down from generation to generation since our founding in 1919. The company's founding philosophy was "To make products with sincerity." With this spirit as our starting point, Mitsuboshi Belting has been conducting its business with the desire to "make better products and become a company that is useful to society and people." Our technological capabilities have been honed through continuous and sincere efforts to address each and every issue faced by our customers and society. Our corporate culture of putting quality first and aiming for co-creation with society, rather than simply pursuing expansion of scale and profit, is still deeply rooted in Mitsuboshi Belting today.

Striving to achieve our "Target Position"

While respecting this corporate culture and DNA, we are now in the process of transforming our business operations to continue to create both economic and social value toward the realization of a sustainable society.

In May 2022, Mitsuboshi Belting revised its 2021 Mid-Term Business Plan and announced its FY2030 "Target Position." To realize

our "Target Position," we have set KPI targets for profitability, capital efficiency, shareholder returns, and ESG and are working on various measures to achieve these targets. In 2023, we established a new "Corporate Vision" and organized our corporate philosophy, management principle, and company motto into a single philosophy system. Needless to say, we believe that the most important element in achieving change is human resources. "All of our employees are able to tackle their own challenges with the same values and aspirations." - We are also focusing on fostering such a corporate culture to realize our "Target Position."

► P. 24 Feature Page - The Corporate Vision of Mitsuboshi Belting

FY2030 "Target Position"

"Establish a Strong Corporate Structure Resilient to Change"

Profitability	Net sales: 100 billion yen Operating profit: 13 billion yen
Capital efficiency	ROE: 10%
Shareholder returns Capital investment	Capital policy aimed at improving corporate value over the medium to long term
Human resources strategy	Cultivation of change-promoting personnel
ESG	Contribute to the realization of a sustainable society (improve social and economic value)

Hiroshi Ikeda

President
Mitsuboshi Belting Ltd.

“Not taking on challenges is the biggest risk.”

The market environment surrounding our company is changing remarkably and at an accelerating pace. In the car industry, technological innovations such as autonomous driving and vehicle electrification are bringing about dramatic changes in the industrial structure. Maintaining the “status quo” under these circumstances means failing to respond to the needs of the times and risking a significant loss of sustainability. I believe that the greatest risk to our company is “not taking on challenges.”

Perhaps because our business is a niche industry that is difficult for newcomers to enter, I feel that our corporate culture has been conservative to date. To realize the “cultivation of human resources to promote transformation,” as stated in our human resources strategy in the FY2030 “Target Position,” it is necessary to change our corporate culture without hesitation while preserving the values that should be cherished in the future, as mentioned earlier. Organizational change is not simply about introducing processes and measures; it is rooted in the awareness and actions of each employee. Therefore, since assuming the position of president in June 2021, I have continued to send out the message “Let’s take on challenges” to the entire group from time to time. Organizational change will not happen overnight, but I intend to take the lead in changing the mindset of the organization. I am also working to create an environment in which each and every one of our employees can play a leading role in the transformation by changing their awareness and spontaneously taking action.

The establishment of the “Corporate Vision” and the reorganization of the philosophy system are as described above. We will take this opportunity to increase engagement with each and every employee, which will lead to behavioral changes throughout the organization to achieve sustainable growth and strengthen our competitiveness.

In addition, to clearly convey the company’s message to employees as they take on the “Challenge,” the existing personnel evaluation system was revised in FY2023 to incorporate a new system of competency evaluation. By doing so, we hope to encourage people to take new steps toward challenging initiatives without fear of the risk of failure.

As a result of these measures, many employees have come up with new approaches and proposals for many business processes that do not follow precedent. In addition, we are seeing more and more active discussions regardless of the hierarchy of the

organization, and we are sensing a positive response in terms of corporate culture reform. In the future, we will work to further reform our corporate culture by multiplying the abilities of diverse people, including those from outside the company, to create a major driving force for improving profitability.

Progress in transformation ~A review of the 2021 Mid-Term Business Plan

The first phase of realizing the FY2030 “Target Position”: In FY2022, the second year of the 2021 Mid-Term Business Plan, positioned as a “period for strengthening the foundation,” the company undertook a fundamental review of its capital policy with a strong focus on increasing corporate value and has been working on various measures to improve profitability and the balance sheet. As a result, our market capitalization, which was 66 billion yen at the end of FY2021, increased to 145.2 billion yen at the end of FY2023 (the final year of the 2021 Mid-Term Business Plan), a 2.2-fold increase in two years. We also achieved our KPI targets in net sales, capital expenditures, payout ratio, ESG, and other items as planned. On the other hand, ROE fell short of the KPI target due to an increase in capital, mainly owing to an increase in the market price of policy shareholdings, and this was one of the issues to be addressed for the 2024 Mid-Term Business Plan.

Toward growth and enhancement of corporate value ~2024 Mid-Term Business Plan

During the period of the 2021 Mid-Term Business Plan, we were confronted with an unprecedented business environment, including the spread of COVID-19 and soaring raw material and transportation costs due to conflicts around the world, and we felt that we had to focus more on defensive measures and carefully manage our business during this period. FY2024 is the beginning of the second phase of realizing the “Target Position”: The 2024 Mid-Term Business Plan, positioned as a “growth acceleration period,” is now underway. As the name of the phase indicates, we must work to achieve solid growth and increase corporate value by leveraging the

business foundation that we have strengthened during the previous 2021 medium-term management period.

In addition to setting KPI targets for profitability, capital efficiency, and other areas, the 2024 Mid-Term Business Plan sets two pillars for improving corporate value: “profitability improvement” and “balance sheet management.”

▶ P. 17 Initiatives to improve corporate value

To improve profitability, we have set measures such as “promotion of DX,” “enhancement of technology development,” and “optimization of business portfolio,” among which “enhancement of human resource strategy” is the most important issue to be addressed during the current medium-term management period. To respond quickly to the rapidly changing business environment and customer needs and achieve sustainable growth, it is essential to change to a corporate culture that embraces new ideas and challenges without fear of change. We will maximize the power of each individual, and the aggregation of these individual strengths will create synergy effects and transform them into a strong organizational strength. We are currently in the process of developing strategic measures to realize this vision.

In terms of balance sheet management, we will focus on three strategies: “investment for growth and strengthening the management base,” “improving asset efficiency,” and “shareholder returns.” In addition to the measures continued from the previous plan, during the period of the current Mid-Term Business Plan, we aim to improve profitability and enhance competitiveness through the realization of “introduction of innovative production lines” and “construction methods that contribute significantly to the promotion of decarbonization,” which are expected to have a large investment effect, thereby improving asset efficiency and maximizing returns to shareholders. Returning profits to shareholders is one of the most important policies of our management, and our basic policy is to enhance shareholder returns while securing the necessary funds for investment in growth. In the KPI for FY2026 regarding shareholder return, we have decided to change the “dividend payout ratio,” which is dependent on net income, and to adopt DOE (dividend on equity ratio) as its indicator to clarify the extent to which returns to shareholders are made. We plan to set the KPI for FY2026 at DOE: approximately 5.4%, with a dividend per share of at least 180 yen.

Business strategy ~ Co-creation business focusing on customer value

With regard to the strategy for each business, the basic policy is to “promote a co-creation business model focusing on customer value” and to further improve profitability by strengthening the structure of the belt business, our core business.

Co-creation business model

For more than 100 years since our founding, we have been creating new products and solutions by continuing to sincerely address each and every issue faced by our customers and society, contributing to solving social issues of each era and co-creating value with our stakeholders. By deepening our co-creation business model, which is one of our strengths, we aim to establish a further competitive advantage by accurately grasping the issues faced by our customers and, by extension, the issues faced by society and maximizing customer value.

Strengthening the core business structure

Our products are used in a wide variety of machinery and equipment, including cars, agricultural machinery, various industrial machinery, and environmental devices and equipment. In today's rapidly changing market environment, it goes without saying that analysis of the growth and profitability of each industry and market is necessary to continue to improve profitability in a sustainable manner in the future. We are currently in the process of analyzing our business portfolio to optimize it, which will further strengthen our core business structure going forward.

▶ P. 9 The History of Mitsubishi Belting

▶ P. 12 Three Strengths

▶ P. 20 Business Strategy by Segment

Our approach to ESG management

Since I became president, I have positioned the promotion of ESG management as one of our strategic changes. Under our corporate philosophy of “To give attentive consideration to both humanity and nature,” we are strongly promoting the creation of a company that can contribute to the realization of a sustainable society through its business activities.

In addition to promoting activities to reduce CO₂ emissions to realize a decarbonized society, one of the measures we are currently focusing on is the development of next-generation products with sustainability at the core of our concept. To date, we have developed and sold a variety of belts that can contribute to improved fuel efficiency of cars and energy conservation of facilities. In addition to these products, we are developing products that use up to 70% non-fossil or recycled materials, for example, and through the sale of these products, we aim to further reduce the environmental impact of our products and contribute to the creation of social value.

In addition to the aforementioned human resources strategy, initiatives related to respect for human rights are also essential for a company to fulfill its responsibilities as a member of society and achieve sustainable growth. In addition to the “Human Rights Policy” and “Procurement Policy” already formulated, Mitsuboshi Belting Group also established and disclosed its “Procurement Guidelines” in February 2024 and is in the process of promoting human rights due diligence throughout its supply chain.

With regard to governance, we are promoting various initiatives to improve the transparency and credibility of management. We will continue our efforts to improve engagement by incorporating the opinions we have received through dialogue with our stakeholders, including increasing the ratio of outside directors to at least 1/3 and changing the term of office of directors from two years to one year.

▶ P. 32 Sustainability Strategy



Lastly

We are now in the third year since we began our efforts to realize our “Target Position,” but there is no end to our efforts. We believe that our important mission is to continue to be a company that can contribute to the realization of a sustainable society 50 to 100 years into the future, setting the realization of our FY2030 “Target Position” as one of our milestones.

In this report, in addition to our current and future initiatives, we will also focus on our past history and carefully convey various contents, including our value creation process. Mitsuboshi Belting will continue to promote the “Challenge” to realize value co-creation with shareholders, investors, and other stakeholders. We sincerely appreciate your continued support for our business activities.

September 2024
Hiroshi Ikeda



President