

Strengthening the Value Chain

To achieve early profits

Market development through manufacturing nano air filters

Profitability improvement of mask business by improving productivity

YAMASHIN-FILTER CORP.
Financial Results for the Fiscal Year 2020
(April 2020 to March 2021)

May 14, 2021

The market environment, our actions, and business results for FY2020 (ending in March 31, 2021)

Market Environment

- While the spread of COVID-19 remains unresolved and uncertain, **demand for construction machinery in Japan, the U.S., Europe, and Asia increased in the fourth quarter, recovering near the level before the spread of the virus.**
- In China, the world's largest construction machinery market, **new construction machinery sales reached a record high and are expected to continue to grow,** due in part to economic stimulus measures, as Chinese manufacturers continue to expand their market share.
- Although economic activities have resumed in several countries, society and lifestyle changes due to COVID-19 have created **opportunities for business expansion in our fields of air filters and healthcare.**



Company Actions

- ◆ **Construction machinery filters**
⇒ **Contribute to reduced industrial waste for global environmental protection**
- ◆ **Air filters**
⇒ **Contribute to reduced CO2 and reduced risk of health hazards for global environmental protection**
- ◆ **Full-scale ramp-up of healthcare business**
⇒ **Contribute to both economic activities and reduced health risks**
- ◆ **Establish other elements of the business portfolio**
Promote "YAMASHIN NANO FILTER™"

Details are on page 3.

Business results for FY2020 Q3

- **Consolidated net sales: 14,587 million yen, up 15.1% year on year**
 - **Sales of filters for construction machinery decreased by 2.9% year on year to 10,970 million yen**
 - **Sales of air filters increased by 89.3% to 2,670 million yen**
 - **Healthcare sales as a new business stood at 1,009 million yen**
- **Operating income: Operating loss of 145 million yen which is a decrease of 923 million yen from the previous fiscal year,** due to the impact of temporary airfreight costs that incurred due to COVID-19 in the construction machinery filter business, head office relocation costs in the air filter business, and impact of rising costs from delays in establishing mass production and supply system in the healthcare business.

Company Actions (details)

- Launch business and fully enter the Japanese mask market to meet COVID-19-related demand.
- Deliver on ESG while expanding our business portfolio and maximizing profitability
- With “Contributing to Society through Filtration Activities” as our corporate philosophy, we contribute to the creation of a sustainable society based on the themes of the environment, air quality and health.

Construction machinery business

Expand lineup of high value-added filter products that leverage new materials and IoT technologies
Have developed and promoted filter products with long-lasting nanofiber filters, and aeration and sensor technologies

Expand the market share in North America
In addition to return filters, our company’s flagship products, progress is being made on new proposals for adoption of our filters for fuel and transmissions.

Raise rate of adoption by Chinese construction machinery manufacturers and enter service parts (replacement/supply parts) market

We’re currently making progress in concluding contracts for the adoption of our products by Chinese construction machinery manufacturers. With government-led public works investments moving forward and the development of new models that comply with fourth-phase environmental regulations, we will seek to further improve adoption rates, increase our aftermarket share, and boost sales volumes.
Boost sales volumes and profitability by providing high value-added products while helping to reduce industrial waste and environmental impact.

Air Filter Business

Develop HEPA, ULPA filters
Progressing with development of low-cost HEPA and ULPA filters with low pressure drop and high capturing rates

Develop nanofiber air filters
Progressing with development of nanofiber air filters with low pressure loss and high capture rates for office buildings, factories, railroad cars, home appliances and other applications

Improve profitability by increasing added-value products while also helping to reduce electricity consumption and reduce the risk of health hazards.

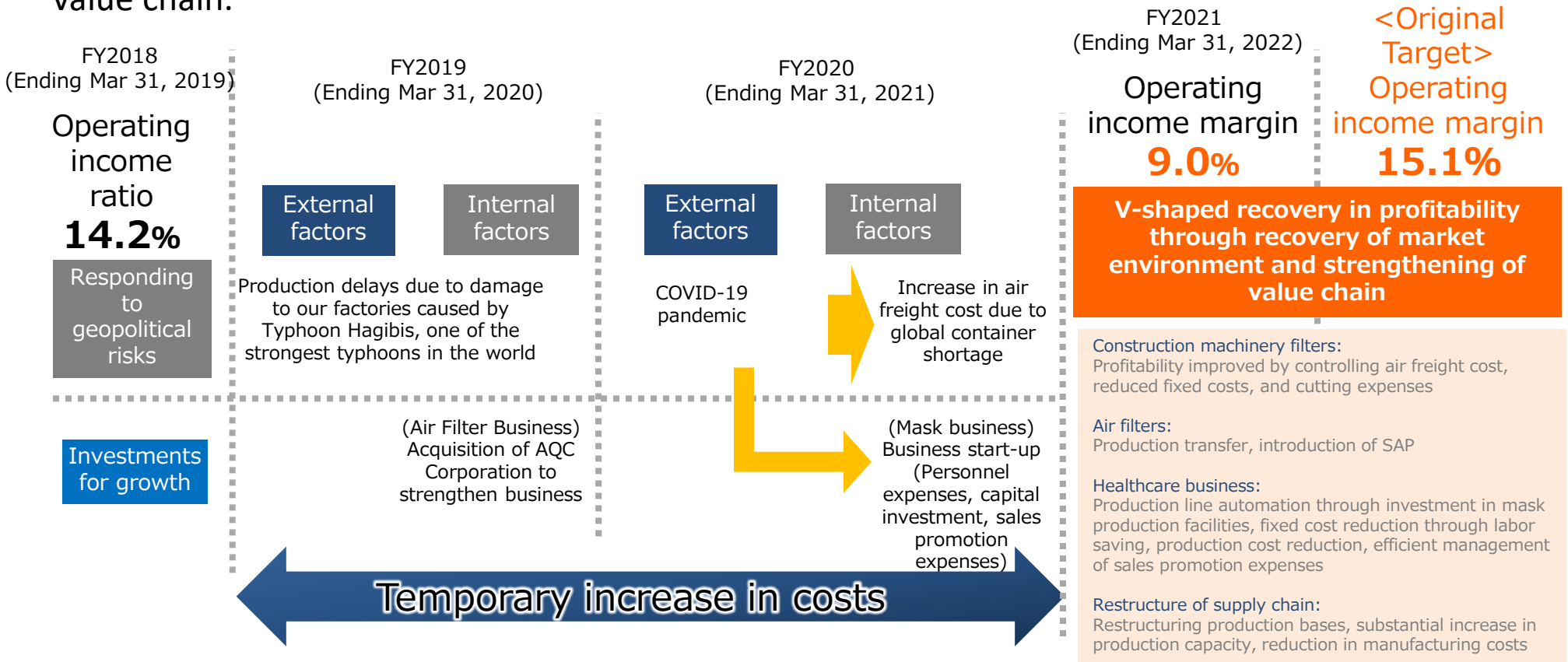
Healthcare

Increase the market share of general use masks; enter the market for medical use masks
Have cultivated sales channels to e-commerce sites and drugstores, and have increased market share by introducing products with differentiable features in the general use mask market.
Contributing to both the resumption of economic activities and the reduction of health risks by developing the market through the introduction of products certified for medical use (DS2).

Establish other elements within the business portfolio: Promote *YAMASHIN NANO FILTER™*

Expand markets for apparel & industrial subsidiary materials
Enhancing and strengthening the mass production line to produce YAMASHIN NANO FILTER™ for various industrial sub-materials.

The last few years have been marked by a variety of external geopolitical factors, as well as internal factors resulting from these factors. Profitability has temporarily deteriorated due to investments for growth. We expect to improve profitability by strengthening and reorganizing the value chain.



Create a total of **1 billion yen** in added value through each measure

I

Business Performance Results for Q4 FY2020 and Full-Year Forecasts for FY2021 (Ending March 31, 2022)

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I BUSINESS PERFORMANCE RESULTS FOR Q4 FY2020 AND FULL-YEAR FORECASTS FOR FY2021 (ENDING MARCH 31, 2022)

Business Performance Results for Q4 FY2020 (Jan 2021 to March 2021)

(million yen)		FY2019 Q4 Results	FY2020 Q4 Results	YoY change	
		Amount	Amount	Amount	%
Net sales		3,487	4,192	704	20.2%
	Construction machinery filters*	2,798	3,227	429	15.3%
	Air filters	689	649	△39	△5.8%
	Healthcare	-	315	315	-
Operating income		177	0	△176	△99.5%
	Construction machinery filters*	421	491	70	16.7%
	Air filters	86	5	△80	△93.3%
	Healthcare	-	△131	△131	-
	Corporate expenses*	△330	△364	△34	10.3%
Operating income margin		5.1%	0.0%	△5.1Pt	
	Ordinary profit	101	△1	△103	△101.8%
Ordinary profit margin		2.9%	△0.0%	△2.9Pt	
	Net income	262	366	103	39.3%
Net income margin		7.5%	0.1%	△7.4Pt	
Exchange rates (ave.)	USD	108.8	106.1	△2.7	△2.5%
	EUR	120.8	123.7	2.9	2.4%

*“Construction machinery filters” here includes industrial filters and process filters in addition to construction machinery filters.

* The company has changed how it allocates corporate expenses, with the goal of more accurately representing segment results and corporate expenses. Specifically, the head office’s general and administrative expenses and other corporate expenses not attributable to individual business segments are no longer allocated to specific segments.

(million yen)

	FY2019 Q4 Results	FY2020 Q4 Results	YoY change	
	Amount	Amount	Amount	%
Construction machinery filters	2,437	2,872	434	17.8%
Line parts	1,005	1,302	296	29.5%
Service parts	1,432	1,570	138	9.7%
Industrial filters	122	126	4	3.6%
Process filters	237	228	△9	△4.1%
Air filters	689	649	△39	△5.8%
Healthcare	-	315	315	-
Total sales	3,487	4,192	704	20.2%

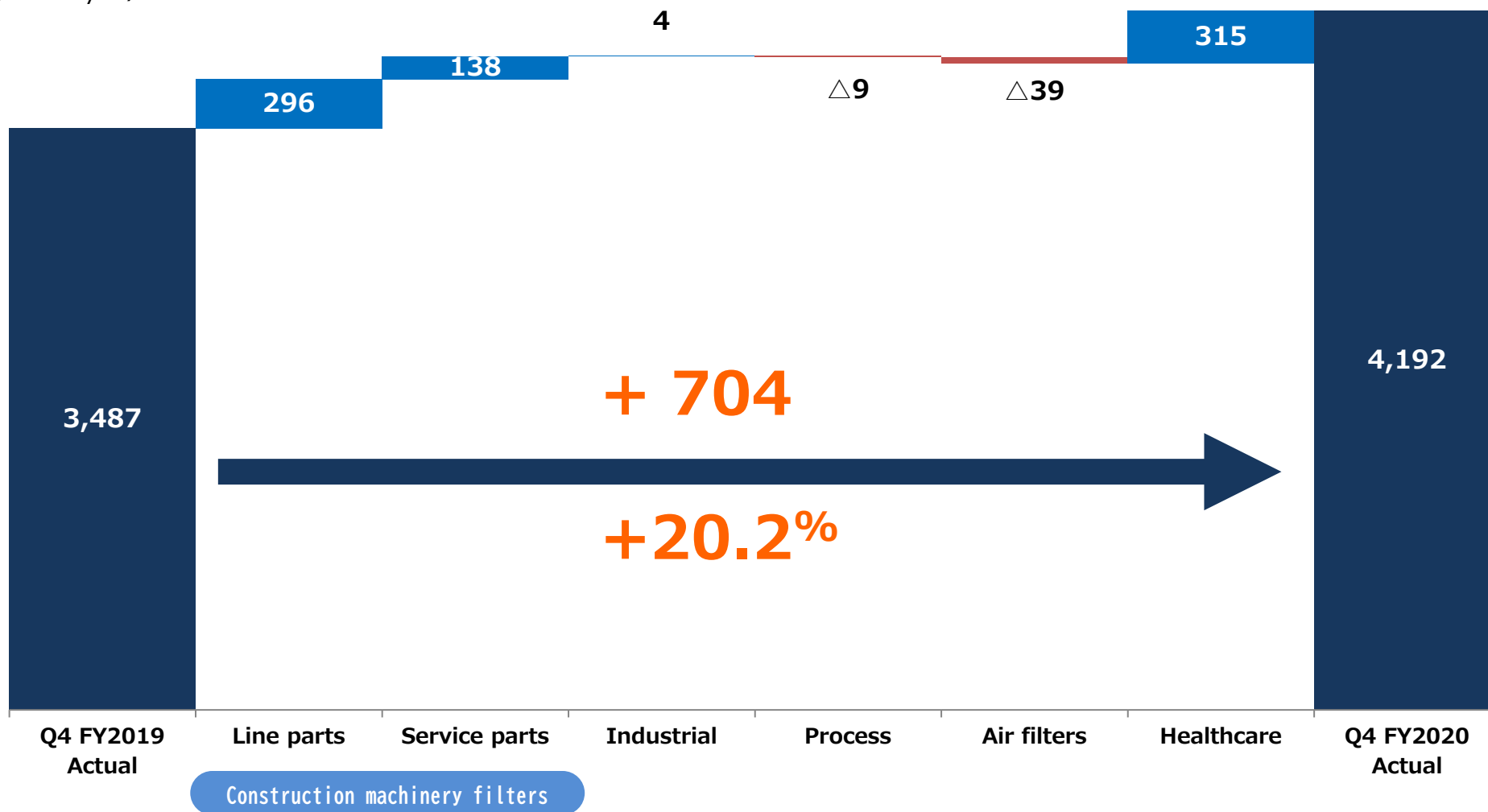
(million yen)	FY2019 Q4 Results		FY2020 Q4 Results		YoY change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Construction machinery filters*	2,797	80.2%	3,227	77.0%	429	15.4%
Japan	1,368	39.2%	1,515	36.2%	147	10.8%
North America	526	15.1%	552	13.2%	25	4.9%
China	294	8.4%	421	10.0%	127	43.2%
Other Asian countries	331	9.5%	358	8.6%	27	8.2%
Europe	276	7.9%	378	9.0%	102	37.0%
Others (Middle East, etc)	0	0.0%	1	0.0%	0	21.6%
Air filters (Japan)	689	19.8%	649	15.5%	△39	△5.8%
Healthcare (Japan)	-	-	315	7.5%	315	-
Total sales	3,487	100.0%	4,192	100.0%	704	20.2%

* "Construction machinery filters" here includes industrial filters and process filters in addition to construction machinery filters.

* The amounts of sales by region here are calculated based on the locations of corporations to which invoices are sent. So actual regional market trends may be different from the numbers shown above.

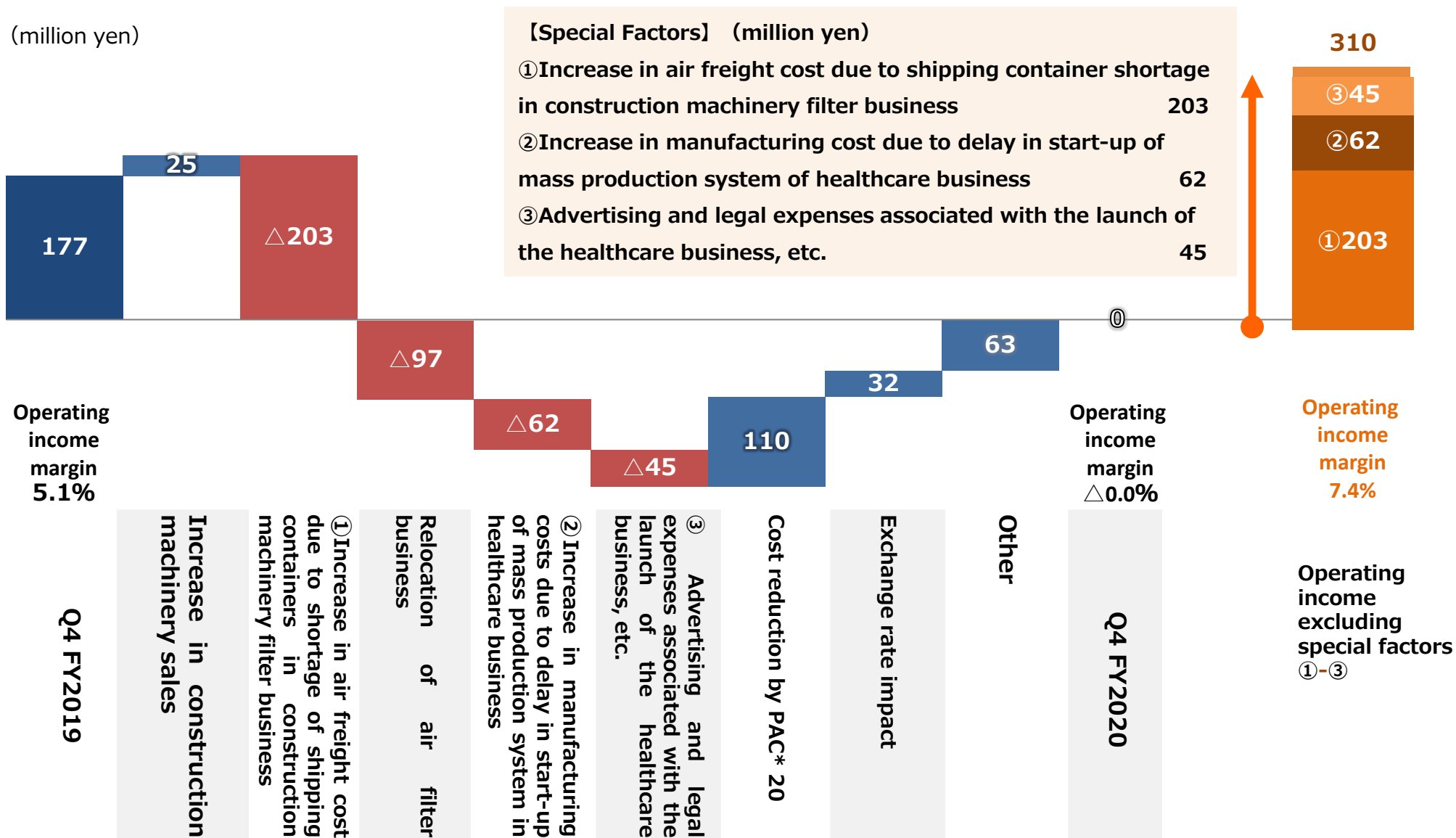
YoY Comparison of Q4 Sales : Increase/Decrease Factors

(million yen)



YoY Comparison of Q4 Operating Income: Increase/Decrease Factors

(million yen)



*PAC (Promptly Activated Cost reduction) --Company wide cost reduction project

FY2020 Business Performance (April 2020 to March 2021)

FY2020 Business Performance (April 2020 to March 2021)

		FY2019 Results	FY2020 Results	YoY change	
		Amount	Amount	Amount	%
(million yen)					
Net sales		12,674	14,587	1,913	15.1%
	Construction machinery filters*	11,296	10,970	△326	△2.9%
	Air filters	1,377	2,607	1,230	89.3%
	Healthcare	-	1,009	1,009	-
Operating income		777	△145	△923	-
	Construction machinery filters	1,824	1,289	△534	△29.3%
	Air filters	188	123	△64	△34.5%
	Healthcare	-	△150	△150	-
	Corporate expenses	△1,235	△1,408	△173	14.0%
Operating income margin		6.1%	△1.0%	△7.1Pt	
	Ordinary profit	603	△135	△738	-
Ordinary profit margin		4.8%	△0.9%	△5.7Pt	
	Net income	608	750	142	23.4%
Net income margin		4.8%	5.1%	0.3Pt	
Exchange rate (avg.)	USD	108.8	106.1	△2.7	△2.5%
	EUR	120.8	123.7	2.9	2.4%

* "Construction machinery filters" here includes industrial filters and process filters in addition to construction machinery filters.

* The company has changed how it allocates corporate expenses, with the goal of more accurately representing segment results and corporate expenses. Specifically, the head office's general and administrative expenses and other corporate expenses not attributable to individual business segments are no longer allocated to specific segments.

FY2020 Annual Sales by Product Category (April 2020 to March 2021)

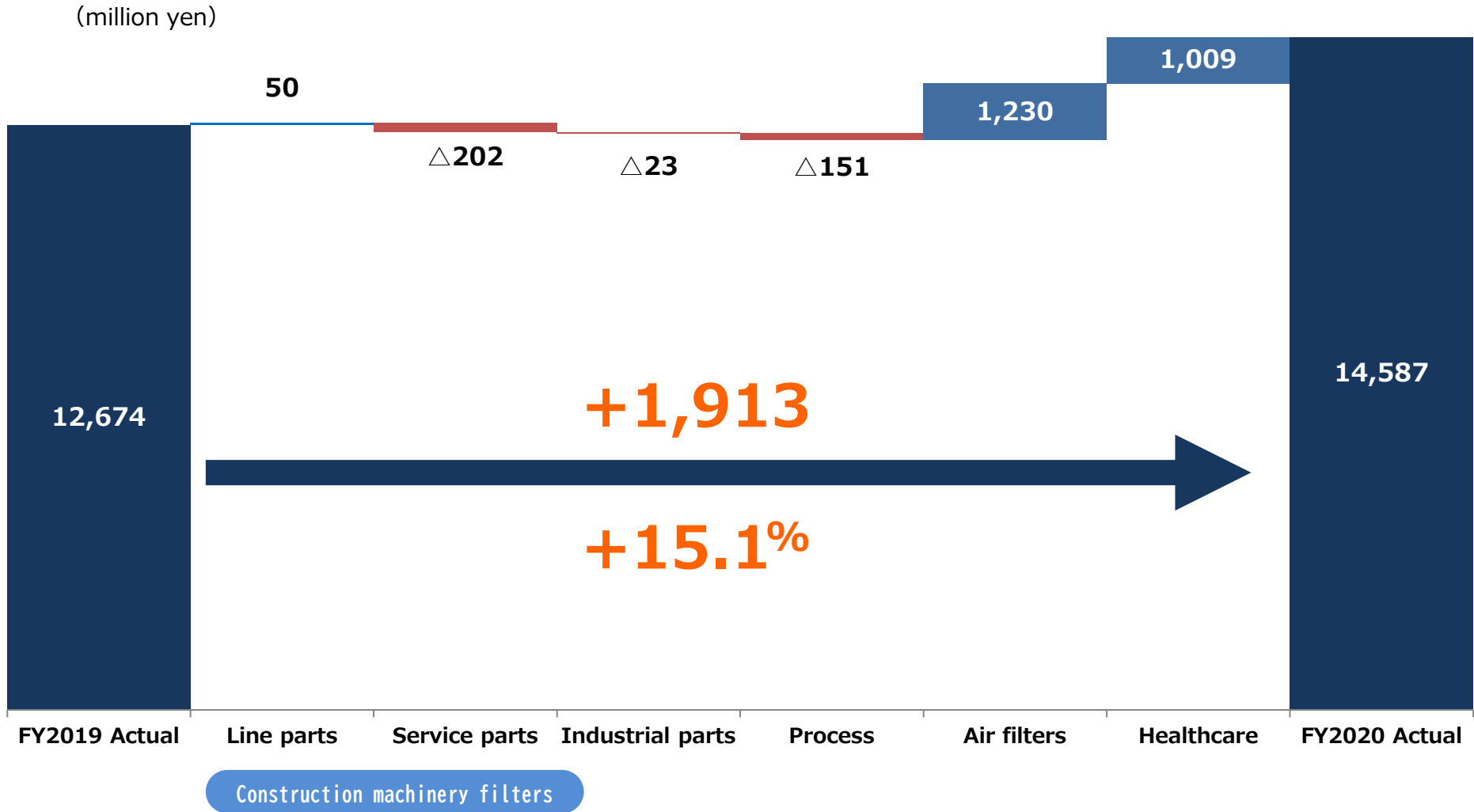
(million yen)	FY2019 Results	FY2020 Results	YoY change	
	Amount	Amount	Amount	Ratio (%)
Construction machinery filters	9,866	9,713	△153	△1.6%
Line parts	4,129	4,178	49	1.2%
Service parts	5,737	5,534	△202	△3.5%
Industrial filters	492	470	△22	△4.5%
Process filters	937	786	△150	△16.1%
Air filters	1,377	2,607	1,230	89.3%
Healthcare	-	1,009	1,009	-
Total sales	12,674	14,587	1,913	15.1%

FY2020 Annual Sales by Region (April 2020 to March 2021)

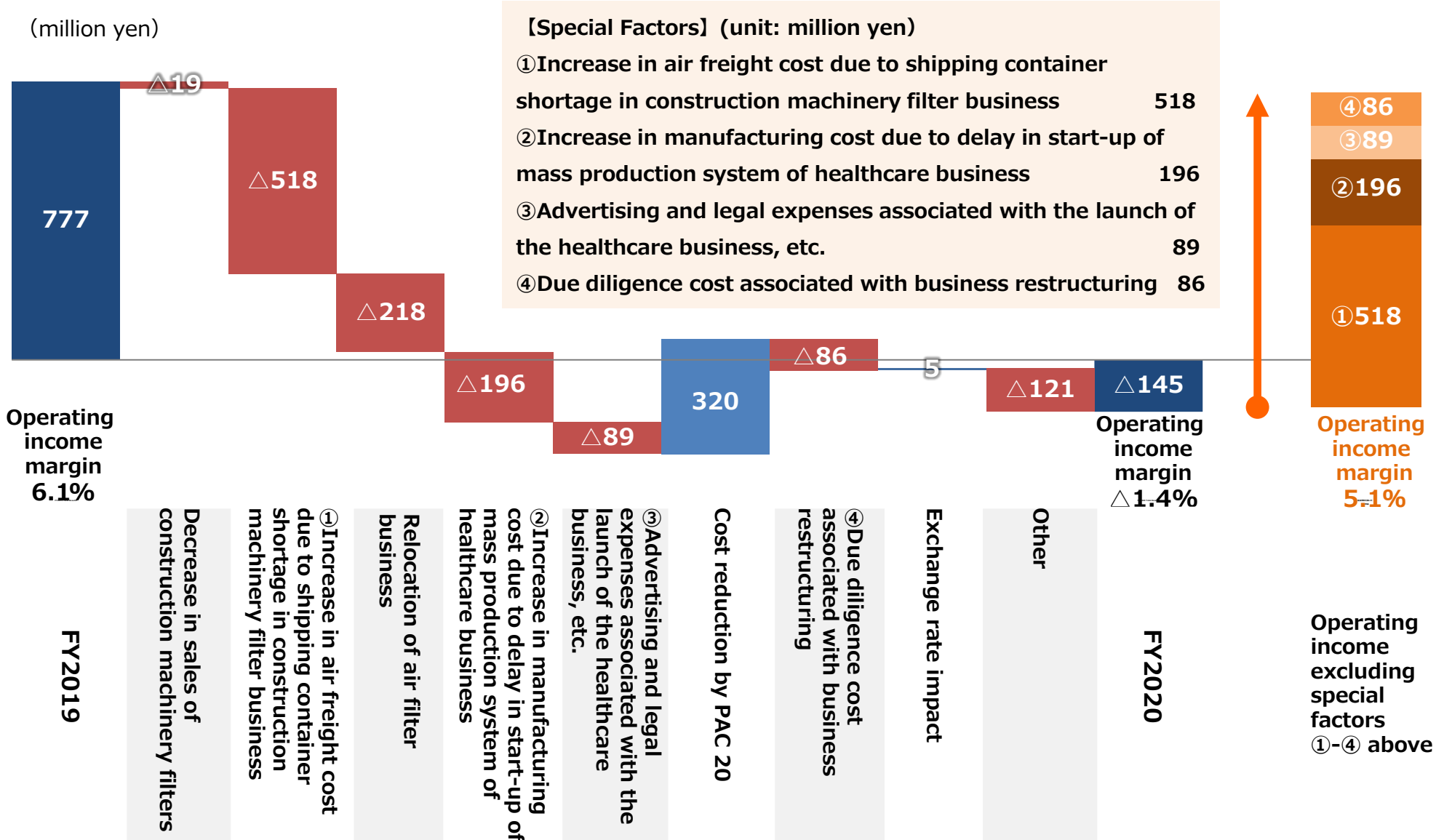
(million yen)	FY2019 Results		FY2020 Results		YOY Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
Construction machinery filters	11,296	89.1%	10,970	75.2%	△326	△2.9%
Japan	5,420	42.8%	5,019	34.4%	△401	△7.4%
North America	2,313	18.3%	1,915	13.1%	△398	△17.2%
China	1,173	9.3%	1,552	10.6%	379	32.4%
Other Asian countries	1,319	10.4%	1,235	8.5%	△83	△6.3%
Europe	1,065	8.4%	1,243	8.5%	177	16.7%
Others (Middle East, etc)	4	0.0%	3	0.0%	0	△24.1%
Air filters (Japan)	1,377	10.9%	2,607	17.9%	1,230	89.3%
Healthcare (Japan)	-	-	1,009	6.9%	1,009	-
Total sales	12,674	100.0%	14,587	100.0%	1,913	15.1%

* "Construction machinery filters" here includes industrial filters and process filters in addition to construction machinery filters.

* The amounts of sales by region here are calculated based on the locations of corporations to which invoices are sent. So actual regional market trends may be different from the numbers shown above.

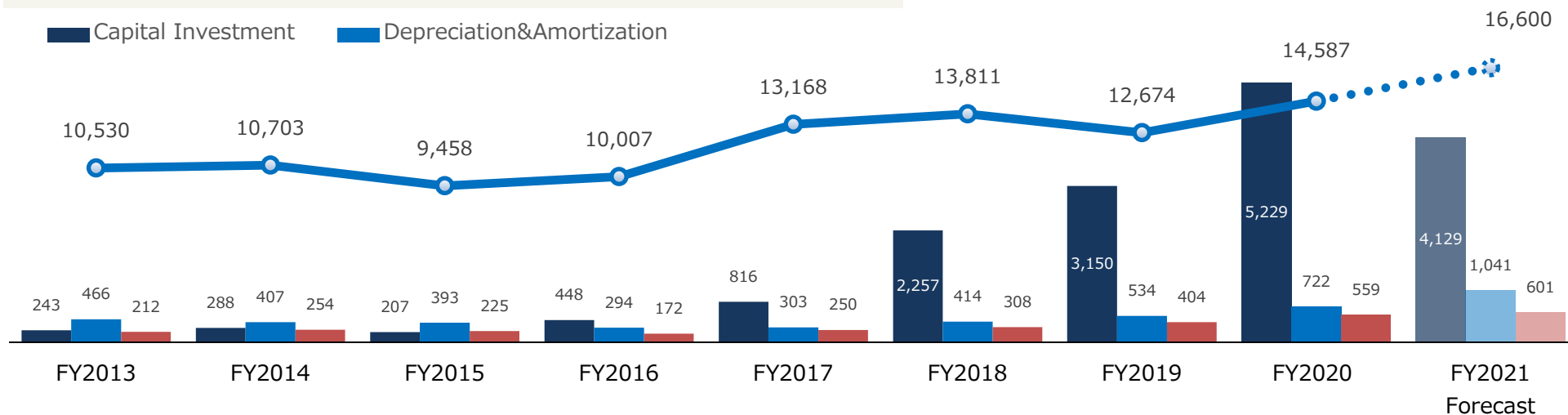


Annual Operating Income Comparison : Increase/Decrease factors (April 2020 to March 2021)



(million yen)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Net sales	10,530	10,703	9,458	10,007	13,168	13,811	12,674	14,587	16,600
Capital investment	243	288	207	448	816	2,257	3,150	5,229	4,129
Composition ratio	2.3%	2.7%	2.2%	4.5%	6.2%	16.3%	24.9%	35.9%	24.9%
Depreciation & Amortization	466	407	393	294	303	414	534	722	1,041
Composition ratio	4.4%	3.8%	4.2%	2.9%	2.3%	3.0%	4.2%	5.0%	6.3%
R&D expenses	212	254	225	172	250	308	404	559	601
Composition ratio	2.0%	2.4%	2.4%	1.7%	1.9%	2.2%	3.2%	3.8%	3.6%

Change in net sales and capital investment and depreciation & amortization



~2020年3月期

2021年3月期~

Implement comprehensive improvements in production technology, and operation management and systems to strengthen the profit structure.

PAC20

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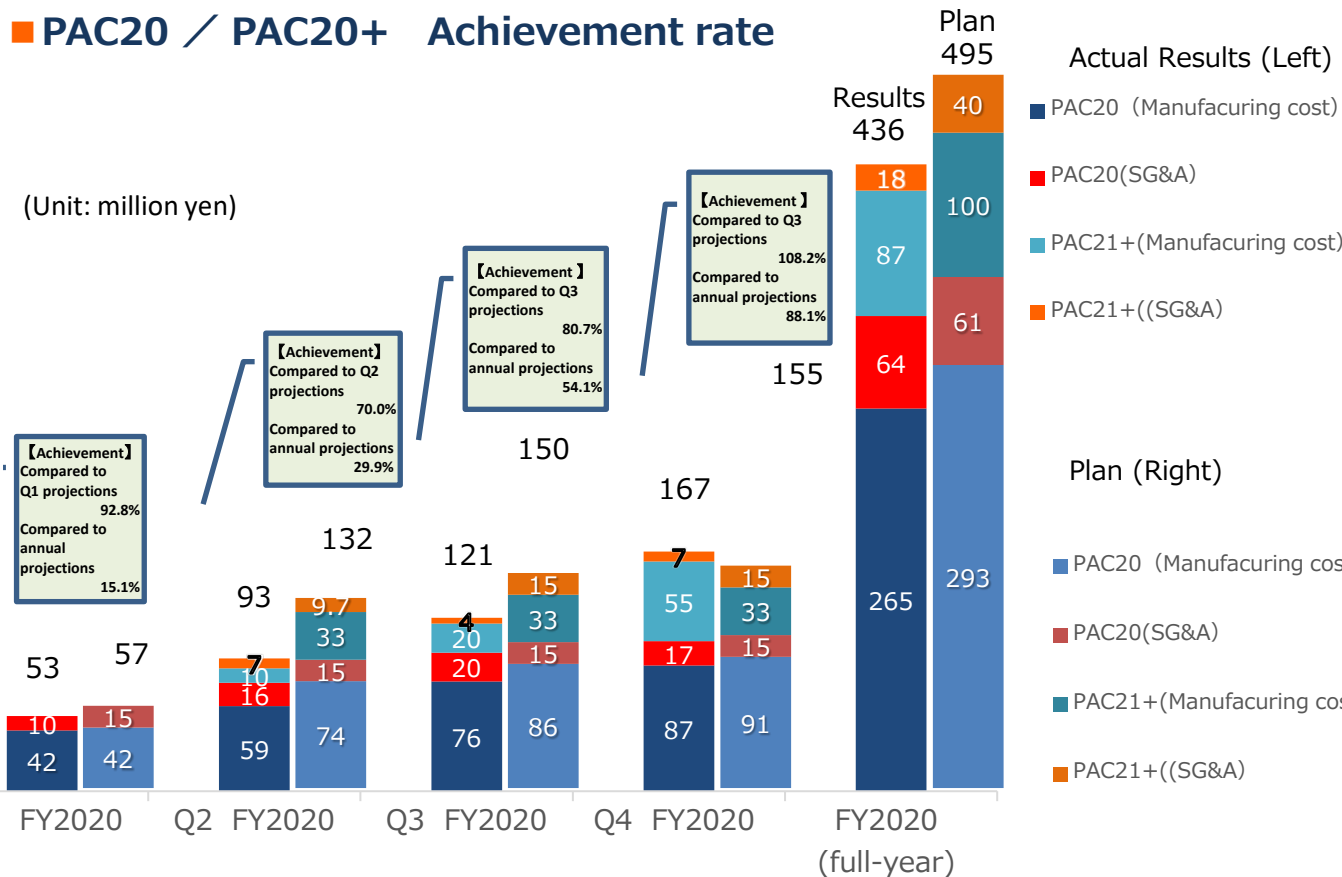
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By reviewing the supply chain and continuing to improve the manufacturing process, we succeeded in further cost reductions (PAC20+) to achieve improved profitability

■ PAC20 / PAC20+ Achievement rate

(Unit: million yen)



■ Annual Reduction Target

Unit: million yen	Manufacturing cost	SG&A	Total
PAC20	293	61	355
PAC20+	100	40	140
Total	393	101	495

■ Q1-4 Total reduction amount and achievement rate

Unit: million yen	Manufacturing cost	SG&A	Total
PAC20	265	64	330
PAC20+	87	18	105
Total	352	83	436
Achievement ratio	89.8%	82.6%	88.1%

Target figures are set at each department (administrative and other operation departments) to achieve the overall company target for MAVYS.

What is MAVYS? (ROIC – WACC)

Maximizing
Added
Value of
Yamashin Filter
Spread

The key goal indicator (KGI), based on which each relevant department sets its KPI and KSF, and works on measures to attain targets, with the goal of maximizing return on invested capital.

Meet the expectations of stakeholders by improving MAVYS (key goal indicator).

Assign KPIs to relevant departments who are responsible for target setting and implementing actions for achieving the targets in a company-wide coordinated effort.

Full-year Forecasts for FY2021 (Ending March 31, 2022)

Construction machinery filters (Existing business line)

- Demand for construction machinery in Japan, North America, Europe, and Asia is expected to **return to the level before the spread of COVID-19.**
- Although a certain amount of one-time and irregular expenses such as airfreight costs due to COVID-19 are expected to incur, **expenses will be controlled and profitability will be improved by reviewing the supply chain and establishing a stable production and supply system.**
- ⇒ **Sales and profits are expected to increase**

Air filters (Existing business line)

- Expecting to make progress in efforts to promote use of nanofiber air filters and other high value-added products in office buildings, factories, railroad transportation, home appliances, etc. by developing a lineup of such products
- **Improve profitability by reducing manufacturing costs through changes in production bases and strengthening of cost management system**
- ⇒ **Sales and profits are expected to increase**

Healthcare business (New business line)

- **Expand our product lineup with the high-functionality mask Zexeed as our flagship model** in the domestic market of masks for general consumers
- In the market for high-functionality masks for medical use, we **have acquired DS2 certification**, a national certification standard of the Ministry of Health, Labour and Welfare, and **began selling Zexeed 6240**, an anti-dust mask for medical and industrial use, on our e-commerce website in April 2021
- We will work to acquire certification in North America and European countries to expand our market share with a view to entering the medical anti-dust mask market
- As for the development of a mass production and supply system for masks, we will promote the automation of facilities and **expect a significant reduction in manufacturing costs from the second quarter of the fiscal year ending March 31, 2022**
- ⇒ **Sales and profits are expected to increase**

(million yen)		FY2019 Results	FY2020 Results	FY2021 Forecast	YoY Change
		Amount	Amount	Amount	Amount
Net sales		12,674	14,587	16,600	2,012
	Construction machinery filters*	11,296	10,970	12,000	1,029
	Air filters	1,377	2,607	3,000	392
	Healthcare	-	1,009	1,600	590
Operating income		777	△145	1,500	1,645
	Construction machinery filters*	1,824	1,289	2,307	1,018
	Air filters	188	123	400	276
	Healthcare	-	△150	240	390
	Corporate expenses	△1,235	△1,408	△1,447	△39
Operating income margin		6.1%	△1.0%	9.0%	-
	Ordinary profit	603	△135	1,470	1,605
Ordinary profit margin		4.8%	△0.9%	8.9%	-
	Net income	608	750	960	209
Net income margin		4.8%	5.1%	5.8%	0.6Pt
Exchange rate (JPY)	USD	108.8	106.1	105.0	△1.0%
	EUR	120.8	123.7	125.0	1.0%

*Construction machinery filters” includes industrial filters and process filters, in addition to construction machinery filters.

* The company has changed how it allocates corporate expenses, with the goal of more accurately representing segment results and corporate expenses. Specifically, the head office’s general and administrative expenses and other corporate expenses not attributable to individual business segments are no longer allocated to specific segments.

(million yen)	FY2019 Results		FY2020 Results		FY2021 Forecast		YoY Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters	9,866	77.8%	9,713	66.6%	10,748	64.7%	1,034	10.7%
Line parts	4,129	32.6%	4,178	28.6%	4,690	28.3%	511	12.2%
Service parts	5,737	45.3%	5,534	37.9%	6,057	36.5%	523	9.5%
Industrial filters	492	3.9%	470	3.2%	464	2.8%	△6	△1.3%
Process filters	937	7.4%	786	5.4%	787	4.7%	1	0.2%
Total of existing businesses	11,296	89.1%	10,970	75.2%	12,000	72.3%	1,029	9.4%
Air filters	1,377	10.9%	2,607	17.9%	3,000	18.1%	392	15.1%
Healthcare	-	-	1,009	6.9%	1,600	9.6%	590	58.5%
Total sales	12,674	100.0%	14,587	100.0%	16,600	100.0%	2,012	13.8%

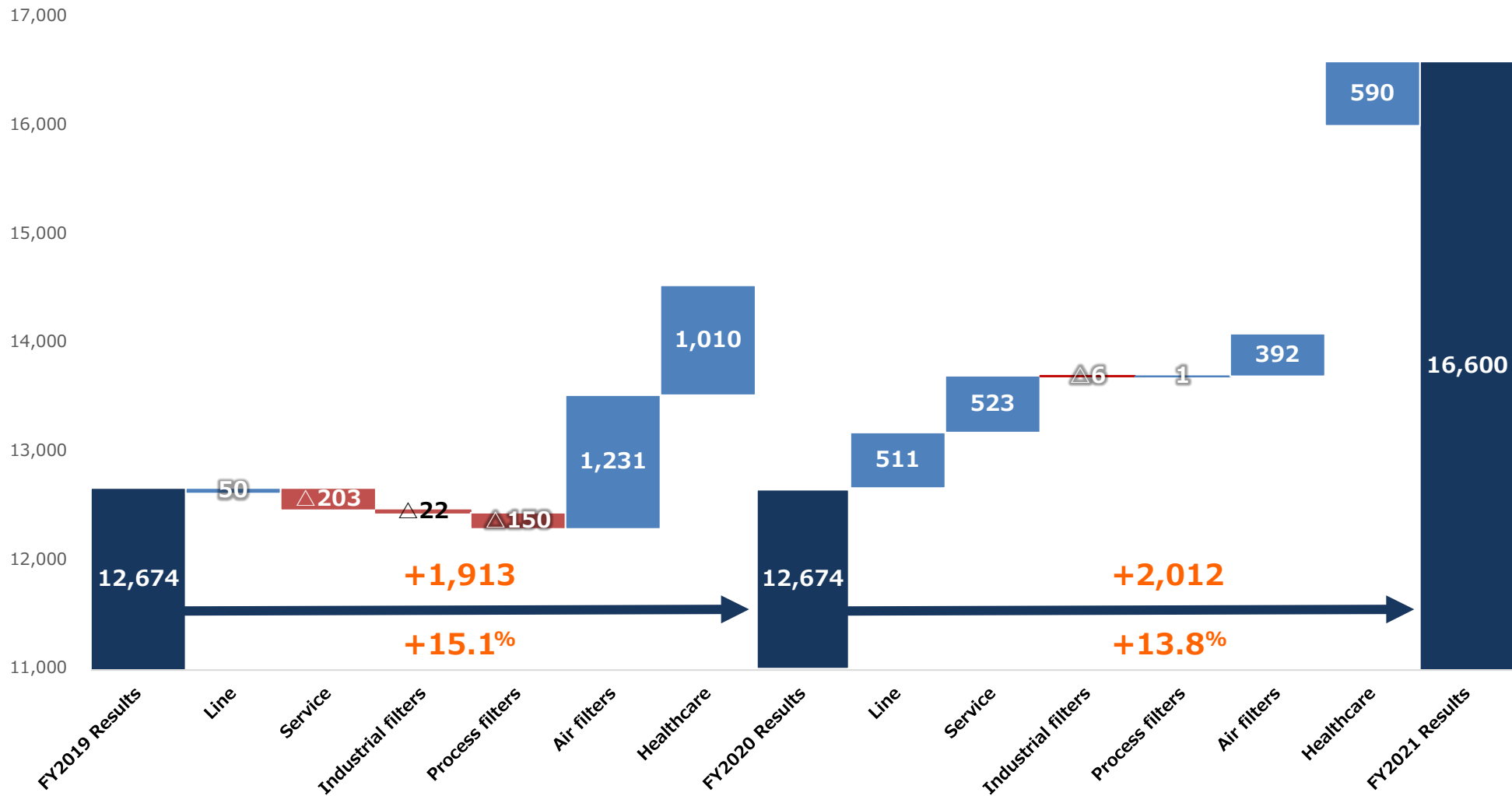
(million yen)	FY2019 Results		FY2020 Results		FY2021 Forecast		YoY Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters*	11,296	89.1%	10,970	75.2%	12,000	72.3%	1,029	9.4%
Japan	5,420	42.8%	5,019	34.4%	5,437	32.8%	417	8.3%
North America	2,313	18.3%	1,915	13.1%	2,226	13.4%	311	16.2%
China	1,173	9.3%	1,552	10.6%	1,757	10.6%	204	13.2%
Other Asian countries	1,319	10.4%	1,235	8.5%	1,391	8.4%	155	12.6%
Europe	1,065	8.4%	1,243	8.5%	1,141	6.9%	△101	△8.2%
Others (Middle East, etc.)	4	0.0%	3	0.0%	45	0.3%	41	1,367.1%
Air filters (Japan)	1,377	10.9%	2,607	17.9%	3,000	18.1%	392	15.1%
Healthcare (Japan)	-	-	1,009	6.9%	1,600	9.6%	590	58.5%
Total sales*	12,674	100.0%	14,587	100.0%	16,600	100.0%	2,012	13.8%

* "Construction machinery filters" includes industrial filters and process filters, in addition to construction machinery filters.

* The amounts of sales by region here are calculated based on the locations of corporations to which invoices are sent. So actual regional market trends may be different from the numbers shown above.

FY2021 Forecasts : Changes in Sales

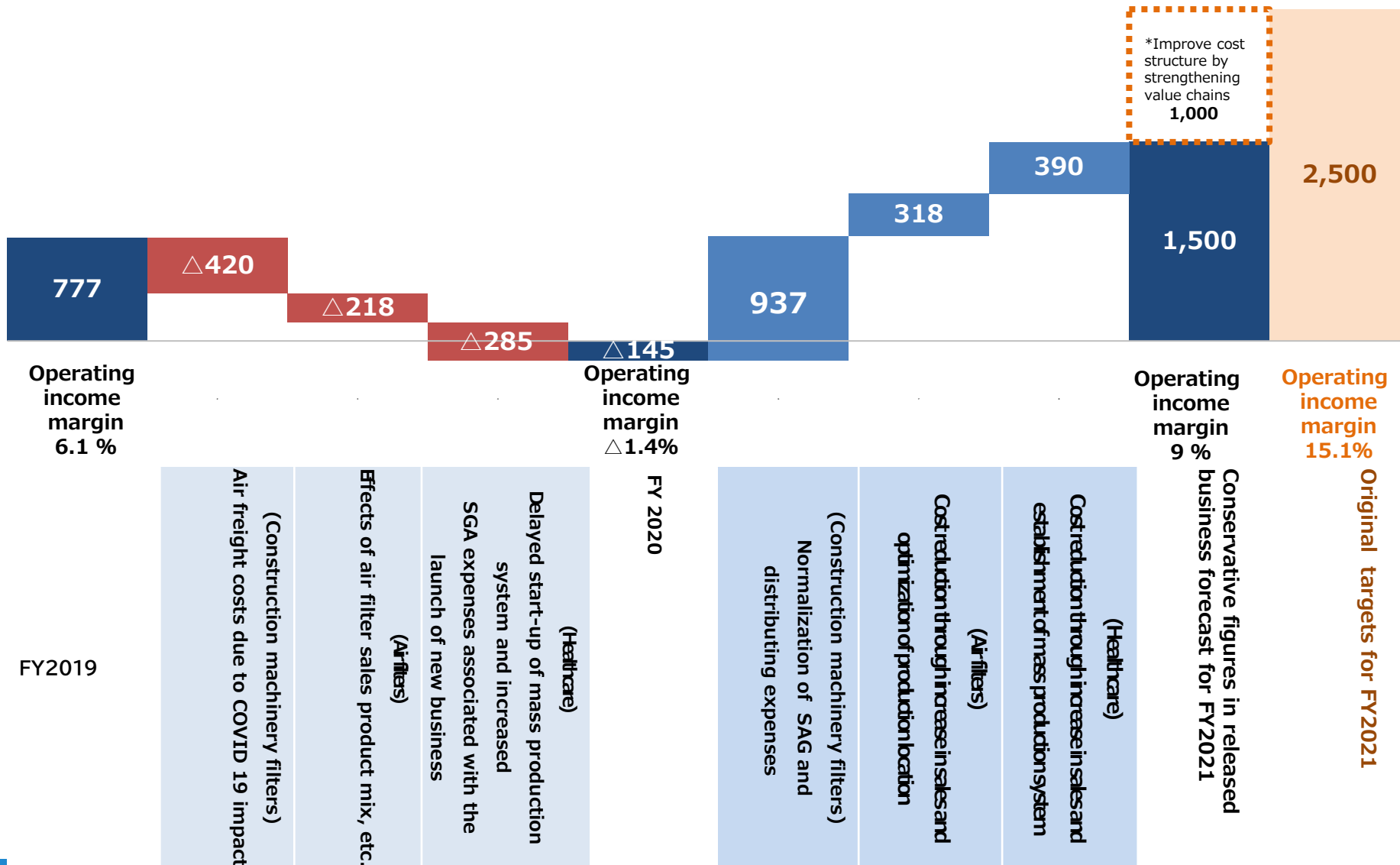
(million yen)



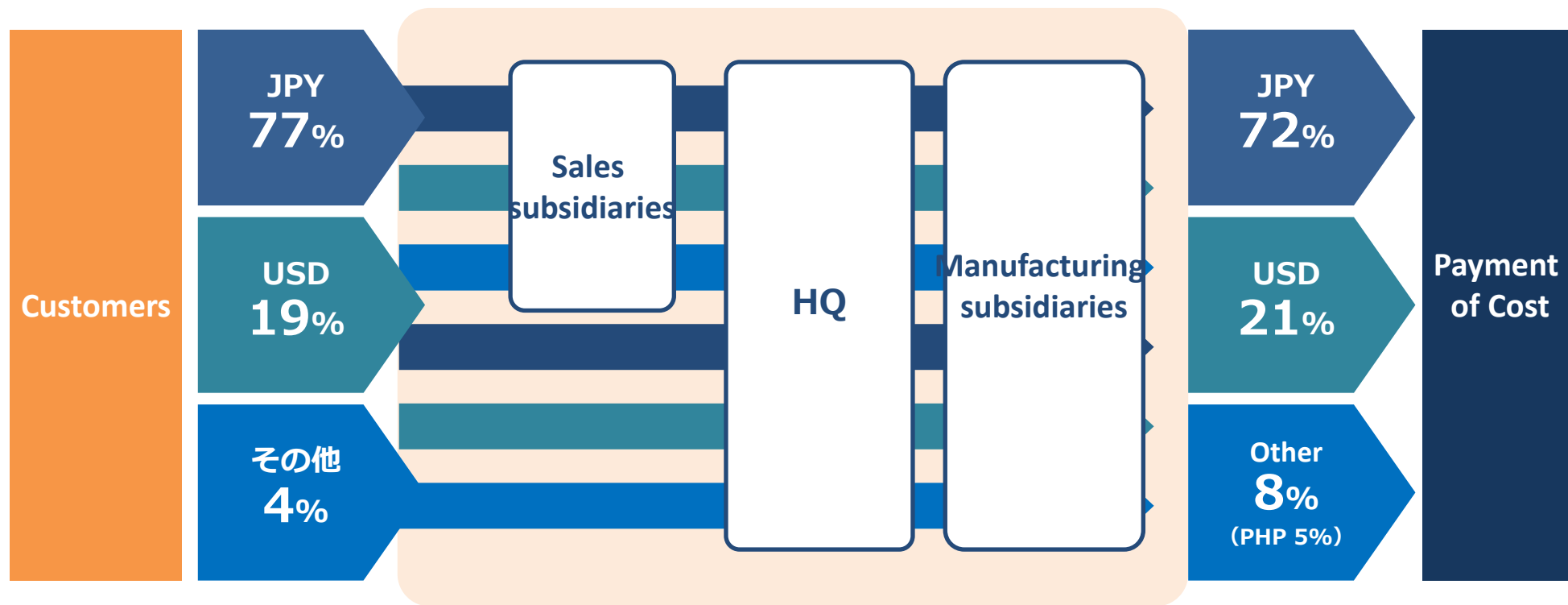
Construction machinery filters

Construction machinery filters

(million yen)



Operational hedge “marry and netting” was successfully conducted.



80% of transaction currency is JPY.

Operational hedge “marry and netting” was successfully conducted for USD.

- 1-yen appreciation of the yen would increase operating income about 5 million yen.

The annual dividend, consisting of the interim dividend of 3.0 yen and the year-end dividend of 3.0 yen, will remain unchanged at 6.0 yen per share.

	FY2018	FY2019	FY2020	FY2021
Dividend per share	6.0 yen	6.0 yen	6.0 yen	6.0 yen
DOE*¹	2.4%	2.3%	2.2%	2.1%
Total return ratio*²	31.9%	72.3%	59.3%	46.3%

*1 DOE (Dividend on equity) = (Annual dividend ÷ Shareholders' equity) × 100 = (ROE × Dividend payout ratio)

*2 Total return ratio = (Total dividend + Treasury stock acquired + Shareholder benefit) ÷ Net income



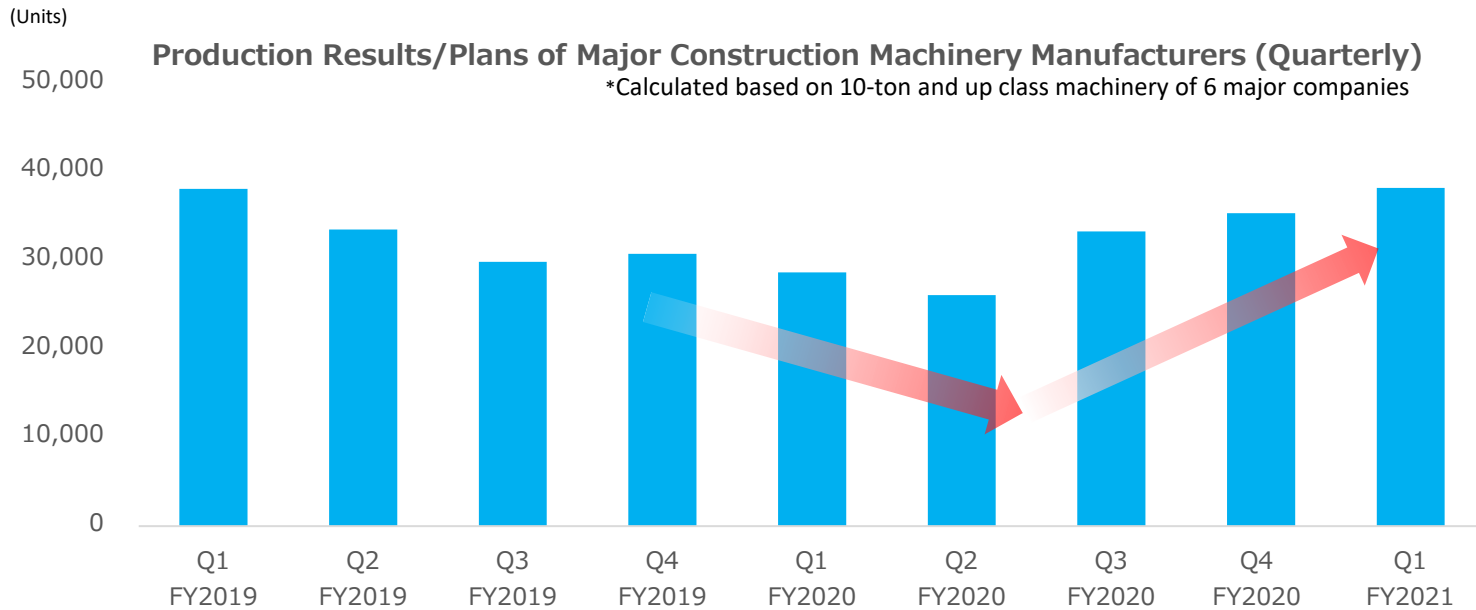
市場

II Market Conditions

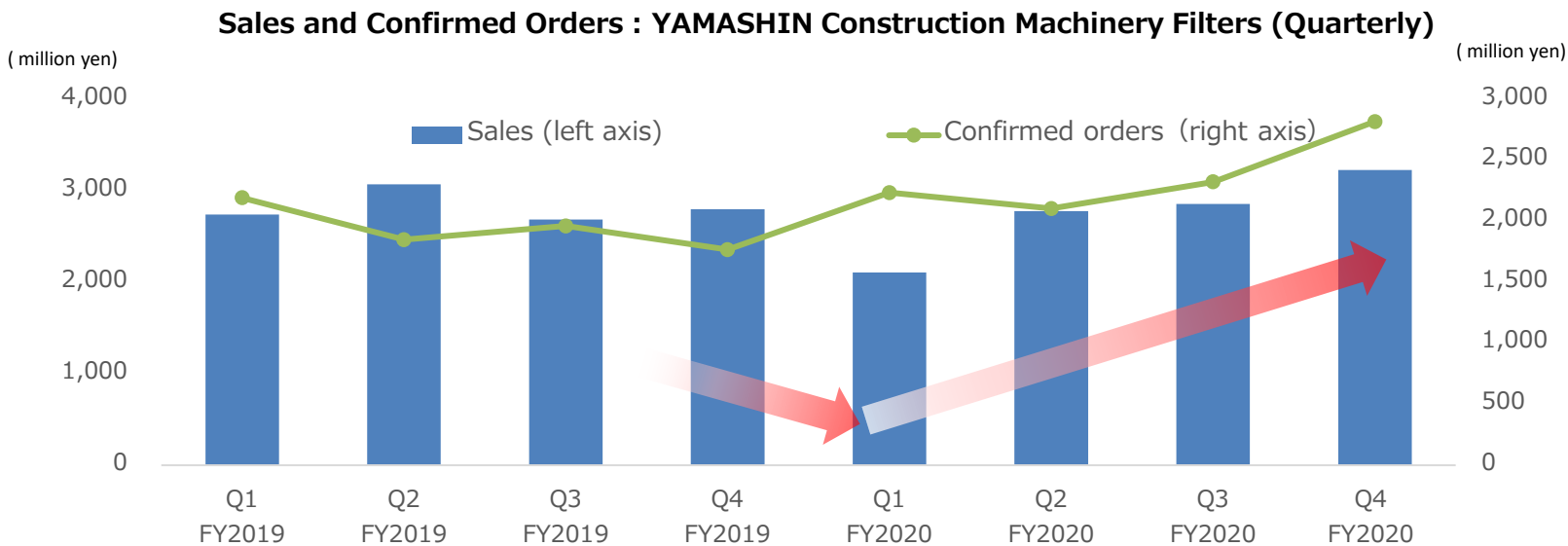
Conditions in the Construction Machinery Market

- Production activities of major customers, which had been stagnant, have resumed.
- Demand for construction machinery is recovering to the same level as the level before COVID-19.
- In the U.S. and China, as economic activities resume in earnest, there has been substantial increase in demand for new vehicles.

	Q3 FY2000	Q4 FY2020	Future outlook
China	Significant increase in demand for new vehicles due to the effects of government-led investment and consumption stimulus measures aimed at increasing industry subsidies	As economic activity resumes in earnest, substantial increase in demand for new vehicles due to government-led investment stimulus measures through expansion of industry subsidies and the effects of consumption stimulus measures	Demand is expected to increase significantly due to an increase in government-led public works investments and rush in demand for Tier 4 compliance scheduled for beyond FY2022
Southeast Asia	Uncertainty about the future remains and the market is bearish.	Production activities of major customers have resumed, and operating hours of construction machinery seem to have bottomed out, indicating a recovery to normal operations	Although the risk of tighter regulations due to COVID-19 remains, demand for construction machinery is expected to recover as economic activity resumes.
North America	Production activity, which had been stagnant, is recovering to the same level as the previous year, although the effects of the third COVID-19 wave linger.	Production activities of major customers have resumed, demand is increasing, returning to the level before the spread of COVID-19	Demand is expected to increase significantly, returning to the level before the spread of COVID-19
Japan	Demand for construction machinery is recovering although the effects of the third COVID-19 wave linger.	Demand for construction machinery remained strong, especially for public works projects that were less affected by COVID-19	Demand for construction equipment is expected to increase as civil engineering is on the rise and housing investment and private capital investment will recover in the second half of the year
Europe	Production activity, which had been stagnant, is recovering to the same level as the previous year, although the effects of the third COVID-19 wave linger.	Recovery from the effects of COVID-19	Demand for construction machinery is expected to increase in both new vehicle and rental demand



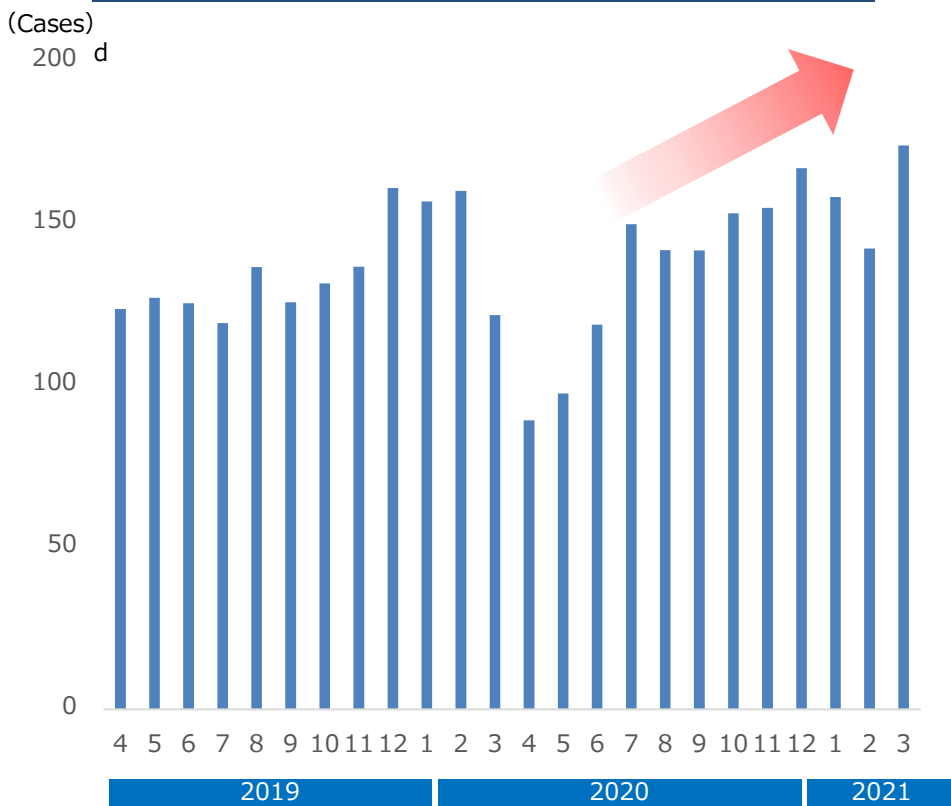
Manufacturers of construction machinery plan to boost production after hitting bottom in the July-September quarter.



Recovering production at major customers
↓
Expected demand recovery for YAMASHIN products

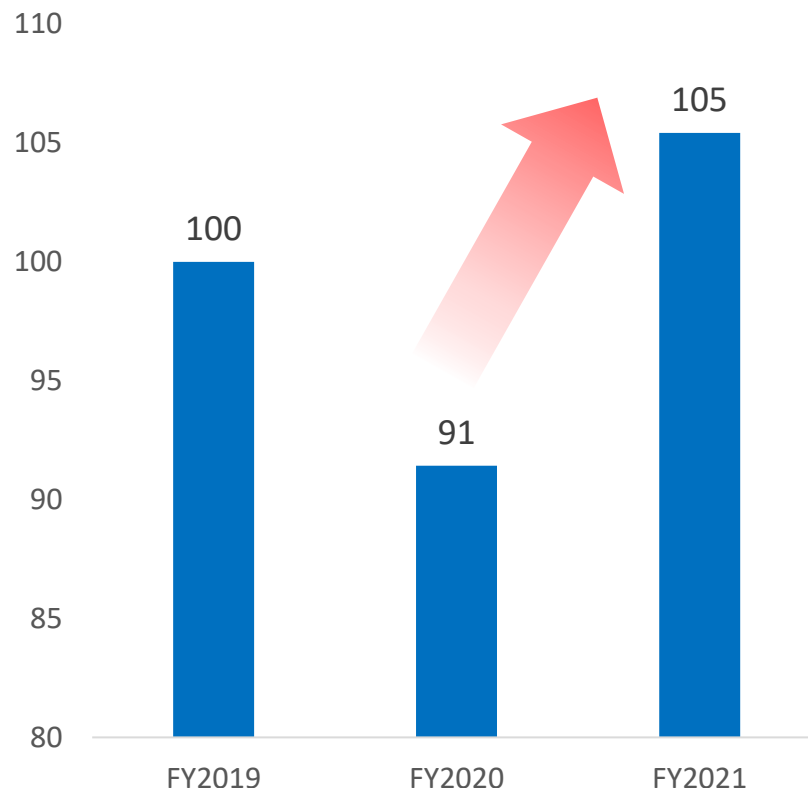
- The number of housing starts has recovered from the level before COVID-19 (Resource prices also remain high, especially for copper, which indicates that there is an increase in demand and economies are recovering)
- The demand has rapidly recovered, as the sales agency's inventory (vehicles and replacement filters) was kept low through the last year.

Trends in Housing Starts



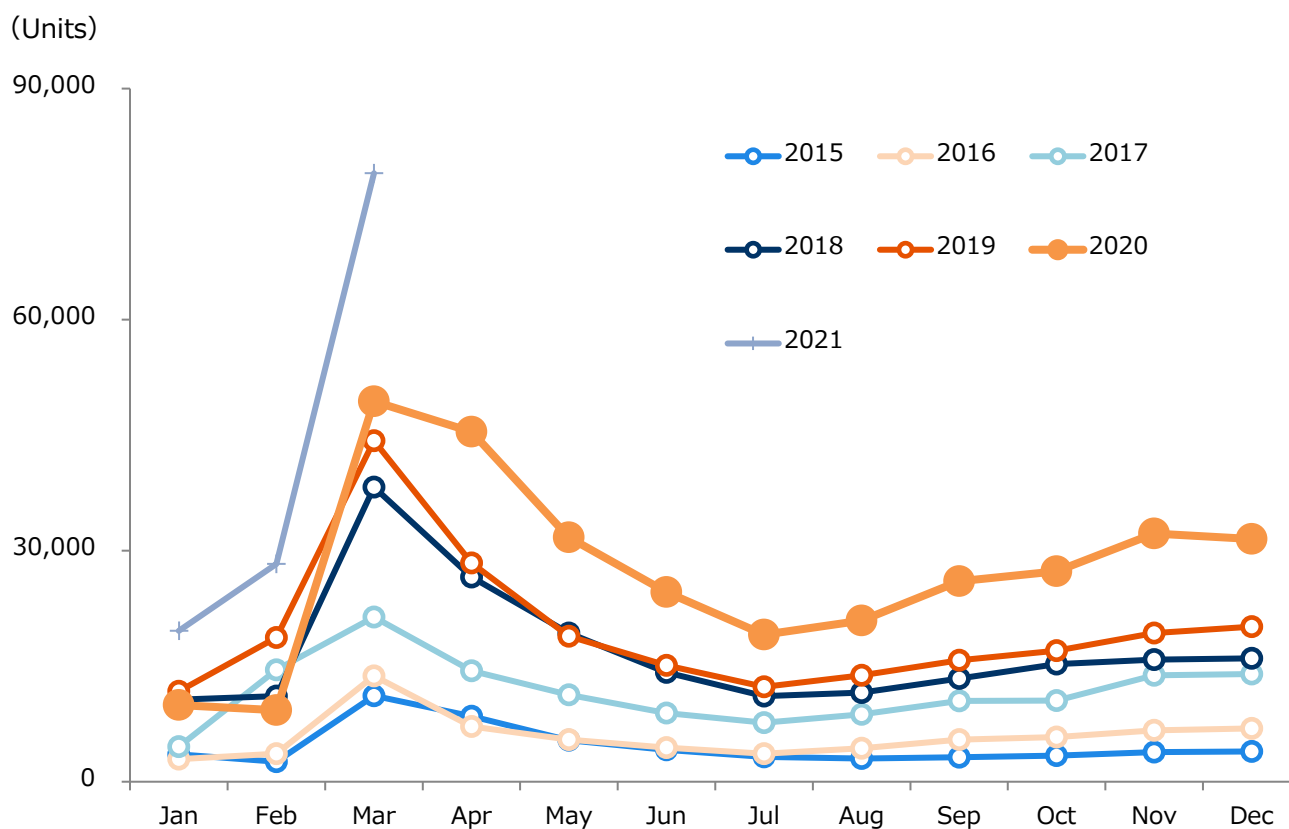
(Compiled by us from Bureau of the Census)

Estimated demand for construction machinery in North America (index)

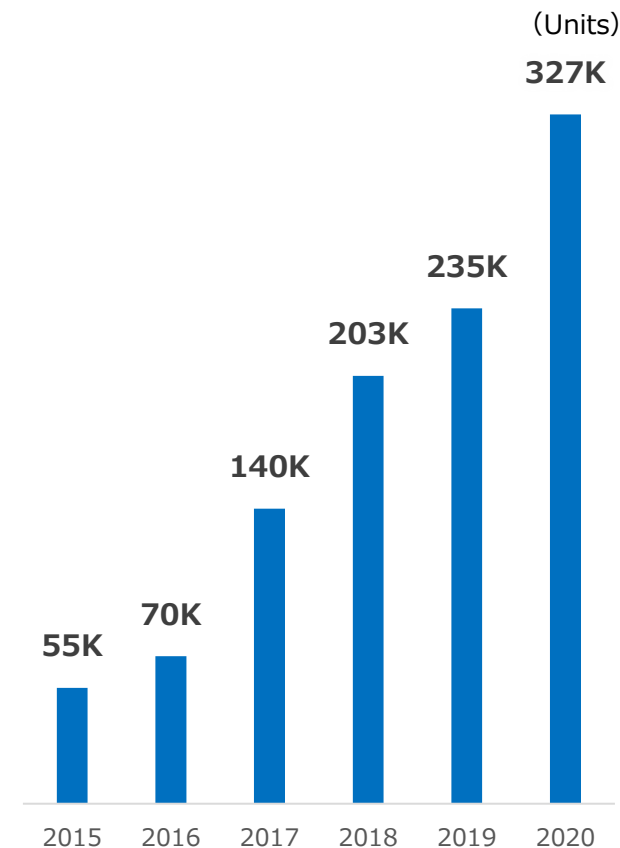


- Demand for construction machinery in China in 2020 will be strong, supported by the government's large-scale public investment.

Number of units sold by year and month



Annual sales volume trend



(Our estimates are based on data published by construction machinery manufacturers and industrial associations)

- The main theme is life-cycle cost improvement, and major construction machinery manufacturers have development pipelines in progress.

Our measures for product performance

required in developed markets

Longer life

Use of nanofiber filter media in filters

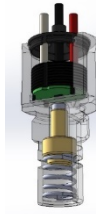


YAMASHIN Nano Filter

Longer life, and reduced replacement costs

IoT Sensor

Sensors to measure filter life and hydraulic oil contamination



Preventive maintenance against airframe failure is possible

Aeration measures

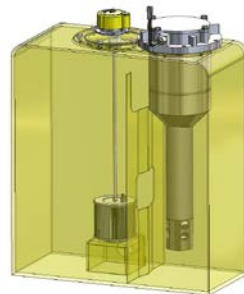
Removes fine air bubbles from hydraulic oil



Reduce costs by reducing the total amount of hydraulic fluid in the construction machinery components.



Reduced oil volume allows for smaller tanks



Share of a major North American construction machinery manufacturer in each market

Hydraulic filter share

	2020	2021	Increase/Decrease
Construction machinery	27%	36%	9%
Mining machinery	11%	15%	4%
Forestry machinery	30%	30%	0%

TM filter share

	2020	2021	Increase/Decrease
Construction machinery	82%	86%	4%
Mining machinery	45%	54%	9%
Forestry machinery	62%	62%	0%

Other filter share

	2020	2021	Increase/Decrease
Construction machinery	12%	15%	3%
Mining machinery	9%	11%	2%
Forestry machinery	18%	18%	0%

- The main theme for manufacturers in China and other emerging countries in Asia is optimizing performance and cost, and transitioning to a steady adoption rate

Our measures for product performance

required in China and other emerging markets in Asia

Thorough quality control

Controlled quality system throughout our own factories and partner factories.



Competitive prices

Value engineering products based on standard products with common parts, etc.



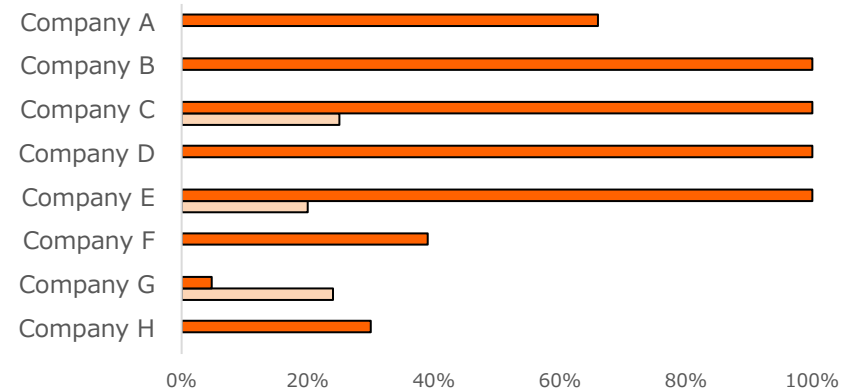
Optimized performance

Differentiation through various performance evaluations and evaluation of appropriate performance after use (conducted at our development center in Suzhou, China)



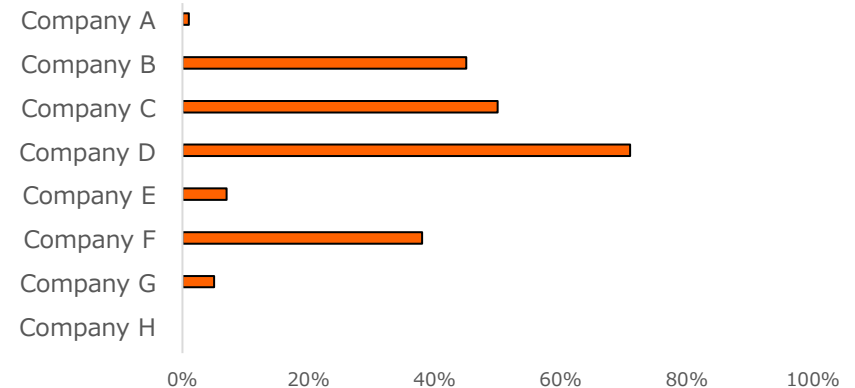
Adoption rate of our filters by Chinese construction machinery manufacturers

■ 2021 □ 2020



Order rate of our filters by Chinese construction machinery manufacturers

■ 2021 □ 2020



Conditions in the Air Filter Market

- Due to the impact of COVID-19, there was restrained buying in the replacement demand for buildings and structures, which is the largest market for air filters.
- Started to focus on the semiconductor and vehicle markets, where demand is expected to increase.

		Market environment	
Market Overview		Previous period	Forecast for the current term
Buildings	Air filters for outdoor air intake units and indoor air conditioning systems installed in offices, commercial buildings, etc.	↓ Decline in demand due to the impact of office and commercial buildings refraining from replacement.	↘ Demand is expected to decline slightly as office occupancy rates are expected to continue to decline.
General factories	Air filters for outdoor air intake units and indoor air conditioning systems installed in factories	→ Large factories refrained from replacing their equipment, but new orders were received from small factories, and demand remained flat.	→ The trend is expected to continue from the previous fiscal year.
Semiconductor factories	Replacement market for chemical filters	↑ Increase in demand for PC equipment and other products against the trend of working from home.	↑ Demand for chemical filters will continue to increase, driven by 5G and automotive applications.
Environmental equipment	Air filters for residential air conditioning and air purifiers used in general households	↓ Decline in housing starts due to the impact of COVID-19, resulting in lower demand.	→ Housing starts continue to trend downward but are supported by increased demand for air purifiers.
Vehicles	Air filters for air conditioning of railroads, etc. Air filters for dust of construction machinery	↓ Due to the impact of COVID-19, a slight decrease in demand due to the refrain from replacing air filters in public transportation.	↑ Demand increased due to the inclusion of replacement demand of air filters for public transportation and rising demand for construction machinery.

- Development of a sales strategy (Millet Project) that redefines the market and target to expand sales
- Started initiatives in October to utilize the strengths of the air filter business, AQC (quick delivery and small-lot production).
- Probability of orders has increased since January, and we will continue our activities to seize sales opportunities in the current fiscal year (FY2021).

Issues before implementation

- ✓ While there were many agents in Japan, our sales only came from a limited number of specific agents
- ✓ Inadequate coverage of medium-sized cities and other areas that are in demand



Redefining the market and target

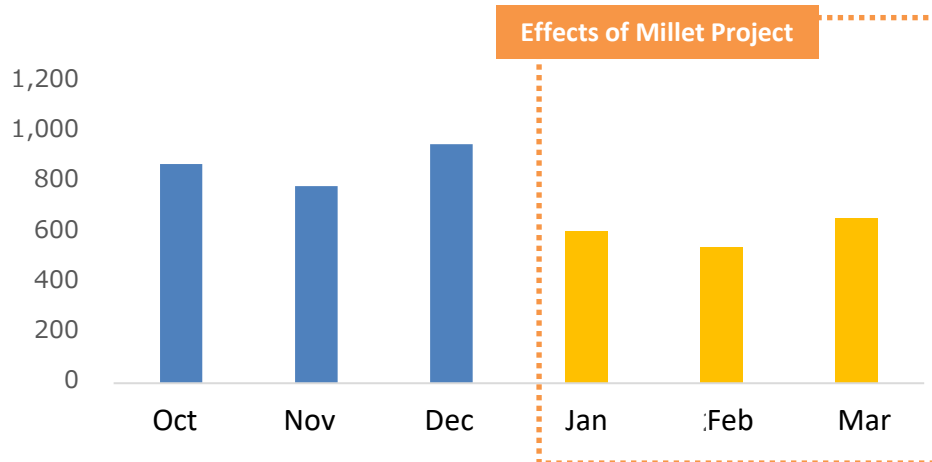
- ✓ Reach out to national distributors that we have had no or little business transactions with.
- ✓ Expand to metropolitan areas of 500,000 people where distributors and suppliers are shorthanded



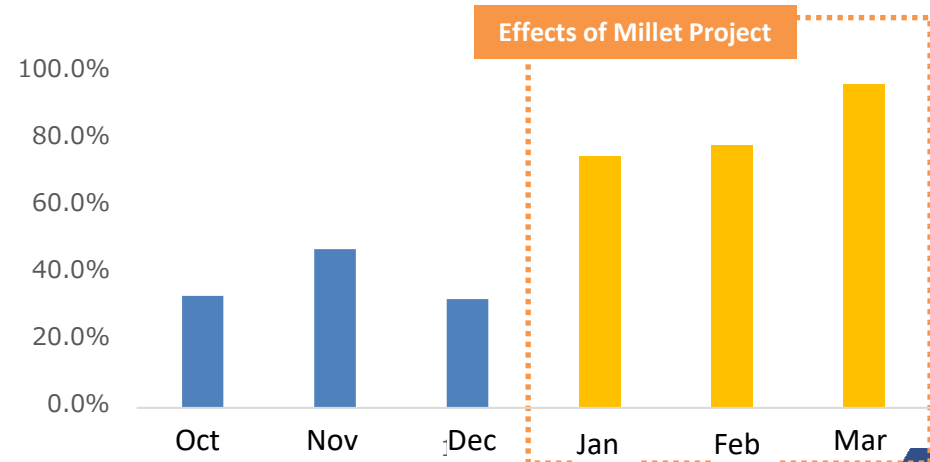
Expansion of orders

Sales of air filters steadily increase due to urgency. As a result of our initiatives the percentage of orders received in response to quotes submitted exceeded 75% from January.

The number of sales contacts

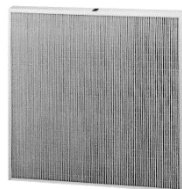


Trends in order rate



New product **Nano WHELP**

Nano Wonderful High Efficiency Low Pressure



Product features

Sustained low pressure drop is achieved by using self-developed nano-level fibers that were converted from the development technology of filters for construction machinery

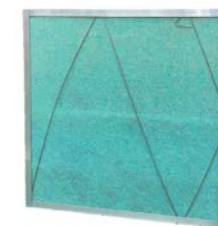
PM2.5 collection efficiency of 95% or higher

- Unparalleled filter performance
- Long replacement interval contributes to cost reduction
- Price competitiveness

Predicted market

Data centers, server rooms, IT-enabled factories, public facilities, medical facilities, etc.

New product **Bacteriological enzyme filter**



Product features

Specializing in anti-virus filters, our unique manufacturing method provides product characteristics that don't degrade performance

Able to be introduced to a wide range of markets as an anti-virus measure

- No performance degradation due to the unique manufacturing method that differs from chemical application.
- It can be used in food factories with strict standards because it uses natural substances. Also effective against mold and microorganisms.
- The lytic enzyme inactivates envelope-type viruses, such as COVID-19.

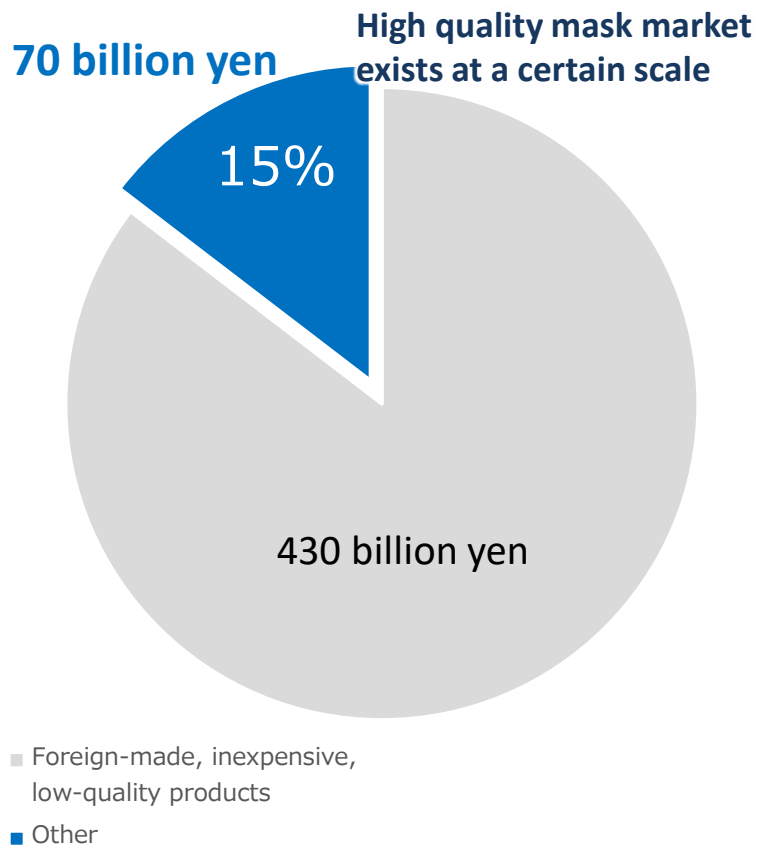
Predicted market

Offices, schools, hospitals, street stores, etc.

Conditions in the Mask Market

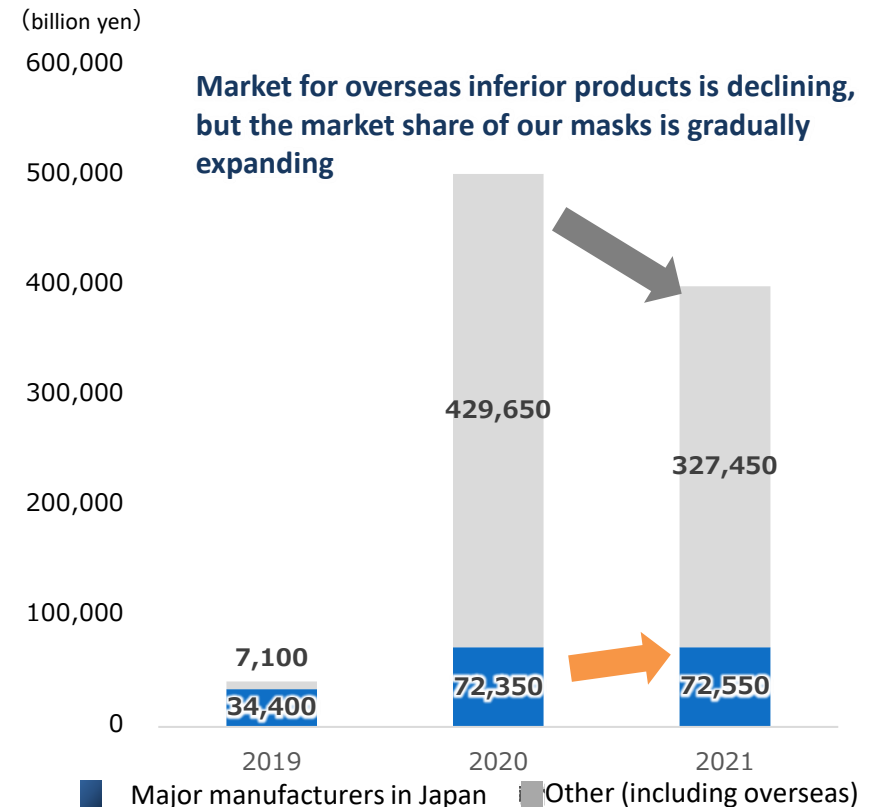
- The household mask market has expanded rapidly, but most of the growth has come from speculative, inferior overseas products.
- Demand for high-quality masks is expected to continue while that for inferior overseas products will decrease substantially.

Size and breakdown of household mask market (2020)



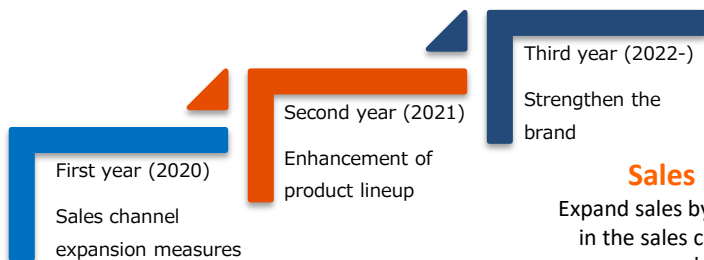
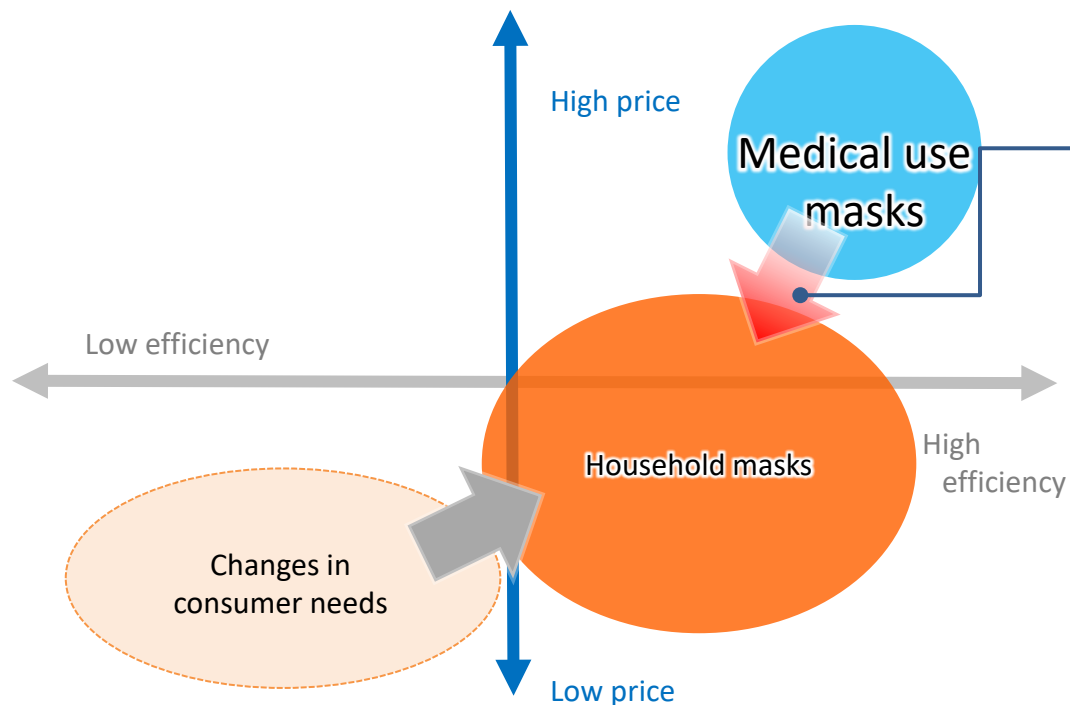
Domestic household hygiene products market survey in September 2020, Fuji Economic Data

Sales value of domestically produced products and overseas products



Domestic household hygiene products market survey in September 2020, Fuji Economic Data

Mask market segmentation and our strategy



Sales policy for sales expansion

Expand sales by developing a competitive product lineup in the sales channels established in the first year and expand full-scale recognition of our brand.

Our aims and strategies

Increase our brand recognition in the medium- to long-term in the medical mask market and utilize the obtained know-how and brand power to expand into the household-use mask market.

Our strengths

Manufacturing technologies

that have been cultivated for about 70 years

- 1 Safe and secure domestic production and supply system
- 2 World-class filtration technology
- 3 Innovative nanostructured filters

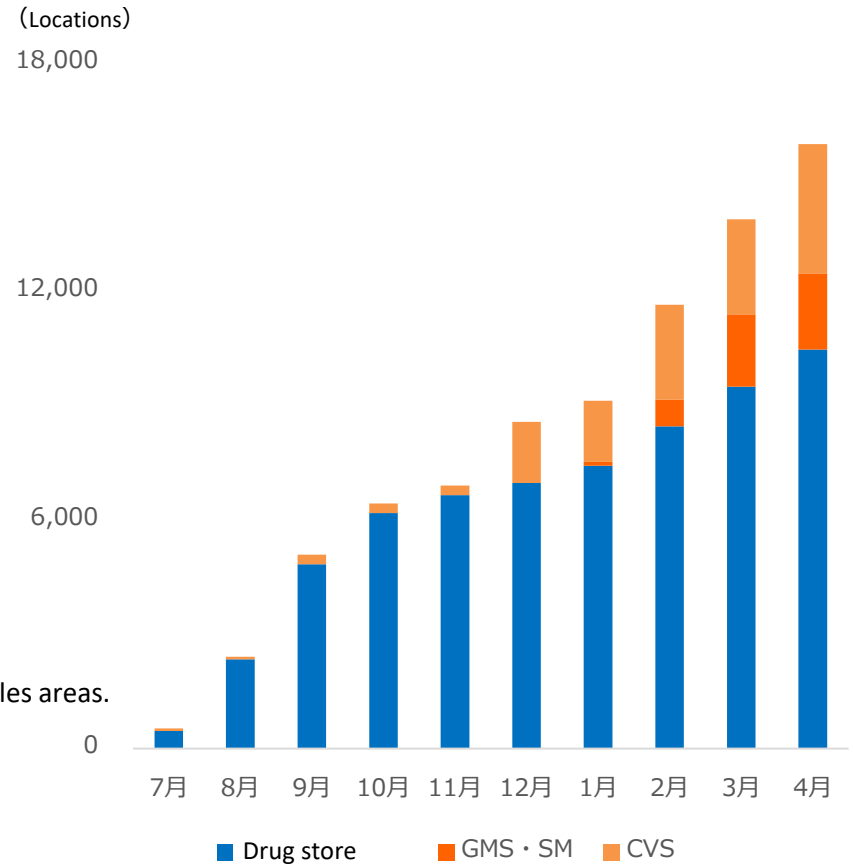
YAMASHIN Nano Filter

New technology developed as a result of pursuing filters for construction machinery

- Distribution of our products in major retail channels has reached 15,000 stores (cumulative total).
- Going forward, we will work on measures to strengthen our presence on the sales area in order to attract demand for high quality products.

Channel	Actual distribution	Future initiatives
Drug stores	10,000 locations	<ul style="list-style-type: none"> ● Number of displayed products ● Expansion of product lineup ● Active development and implementation of sales promotion plans
GMS・SM	2,000 locations	<ul style="list-style-type: none"> ● Number of displayed products ● Consider measures for specific customer segments ● Active development and implementation of sales promotion plans
Convenience stores	3,400 locations	<ul style="list-style-type: none"> ● Comprehensive planning of all the sales areas. ● Building brand awareness

Actual distribution of our products (cumulative total)





未来

III Future Strategies

Corporate Principle

Rokajini tsukafuru

(contributing
to society through
filtration activities)



Emergence of
various societal issues

Climate change

Waste
processing

Declining
biodiversity

Spread of
COVID-19

Realizing *Rokajini tsukafuru*

**Working to solve societal problems
through filter design and manufacture**

Corporate Principle

Realizing *Rokajini tsukafuru* (contributing to society through filtration activities)

Business Conditions

3 Themes of YAMASHIN Initiatives



Solving societal problems through filter design and manufacture

Societal issues

- Climate change
- Waste processing
- Declining biodiversity
- Spread of infectious disease

Business Model

Construction machinery filter business

Line parts, service parts

- Fully implement policy of selling supply products only to construction machinery manufacturers.
- Acquire leading share by providing reliable and high-quality products.
- Provide long-life and environmentally-friendly products
- Provide high value-added products via IoT management.

Air filter business

- Provide high performance filters that safeguard against health risks.

Healthcare business

- Provide high performance mask equivalent to medical use products.

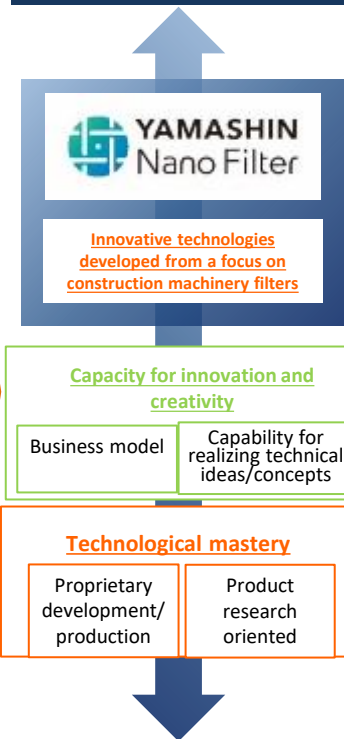
YAMASHIN NANO FILTER™ industrial subsidiary material

Non-financial capital supporting value creation

- Human capital (active promotion of exceptional personnel)
- Manufacturing capital (robust supply chain system)
- Intellectual capital (34 patents acquired)
- Social capital (strong trust with customers)

Corporate governance

YAMASHIN's Strengths



Created Value

Our goal:
To be a comprehensive filter manufacturer

Externally directed value



Manufacturing masks that limit the spread of communicable and infectious diseases.



Reducing use of heating fuel through high-insulation agricultural sheets based on nanofibers.



Reducing waste by extending filter life through nanofiber technologies.



Increased ratio of renewable energy in electricity use through electricity derived from renewable energy.



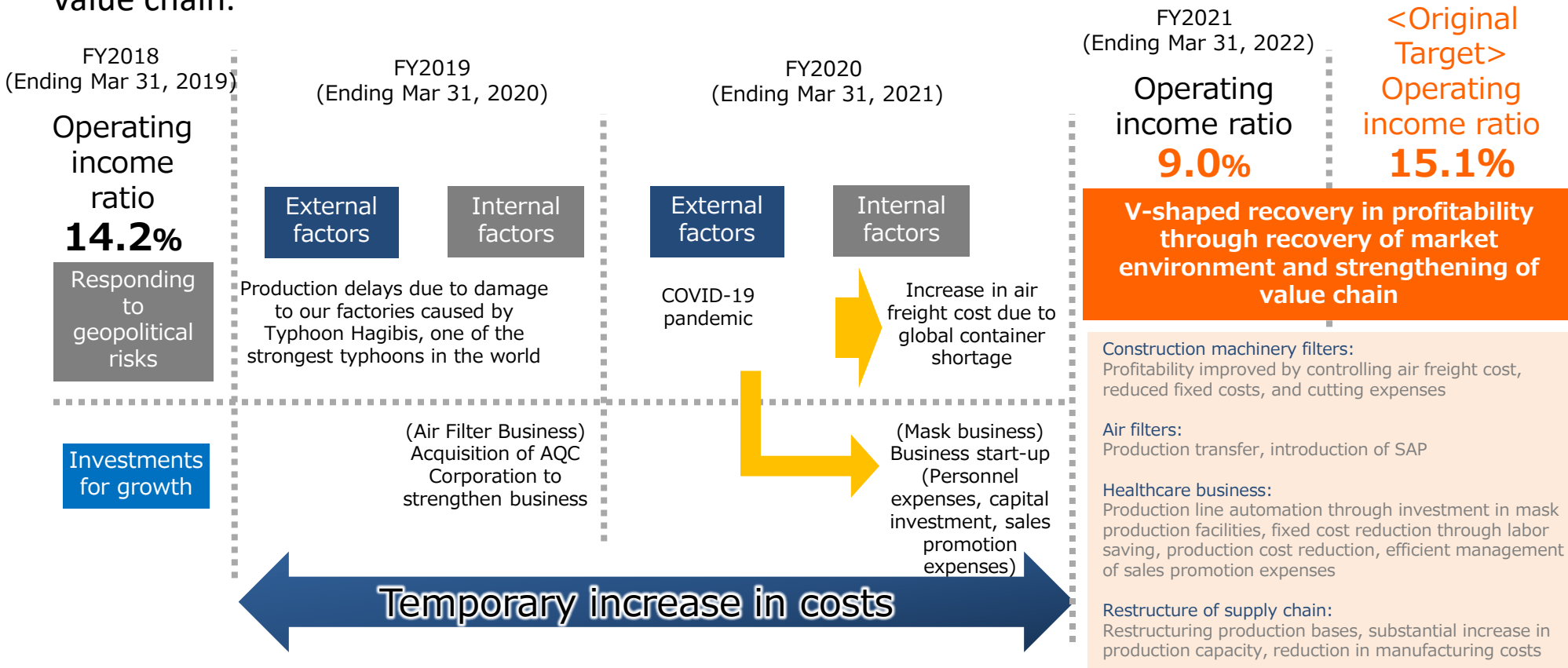
Protecting waterfowl (sourced for down) by promoting alternatives to natural down through nanofiber manufacturing technologies.

*For specific reduction KPIs, refer to the reference material of this file.

Source: Compiled by The Japan Research Institute: **Second Party Opinion**

URL: http://www.Yamashin-filter.co.jp/ja/news/news_20200908_001/main/00/link/SecondPartyOpinion.pdf

The last few years have been marked by a variety of external geopolitical factors, as well as internal factors resulting from these factors. Profitability has temporarily deteriorated due to investments for growth. We expect to improve profitability by strengthening and reorganizing the value chain.



Create a total of **1 billion yen** in added value through each measure

Strengthening the value chain

Aim for **consolidated operating income of 2.5 billion yen and an operating margin of 15%**, which is our true earning power, by strengthening the value chain.

Measures to be strengthened

Create a total of **1 billion yen** in added value

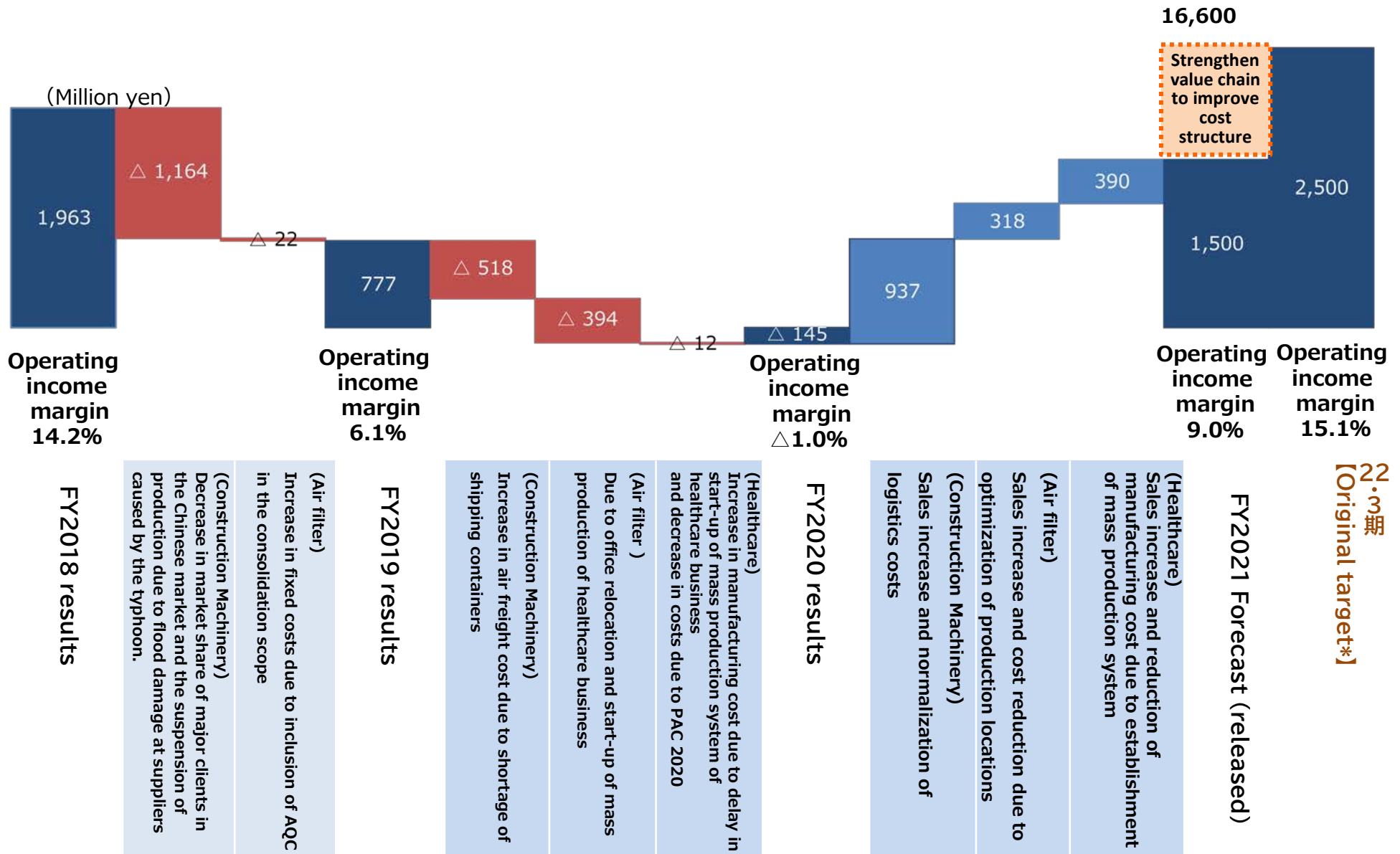
<p>1</p> <p><u>Construction machinery filter business:</u> PAC21, improve profitability by controlling air freight costs, reducing fixed costs, and cutting expenses</p>	<p><u>Healthcare business:</u> Reduction of fixed costs and manufacturing costs through automation of production lines and labor saving by investment in mask production facilities, efficient management of sales promotion expenses, advertising expenses, etc.</p>
<p>2</p> <p><u>Air filter business:</u> Production transfer to YCF, PAC21 manufacturing cost reduction by introducing SAP (strengthening of cost management system), profitability improvement by reducing fixed costs, and reducing defects</p>	<p><u>Restructure of supply chain:</u> Restructuring production bases (New Saga Plant, Vietnam Plant (newly built), North America Plant), significantly increased production capacity and reduced manufacturing costs</p>

Restructuring the supply chain

In order to restructure the supply chain as part of the BCP and build a stable and efficient supply system, **air filter products manufactured in Japan are expected to be transferred to the Philippines, and some products manufactured in the Philippines and China are expected to be transferred to the new Vietnam plant.**

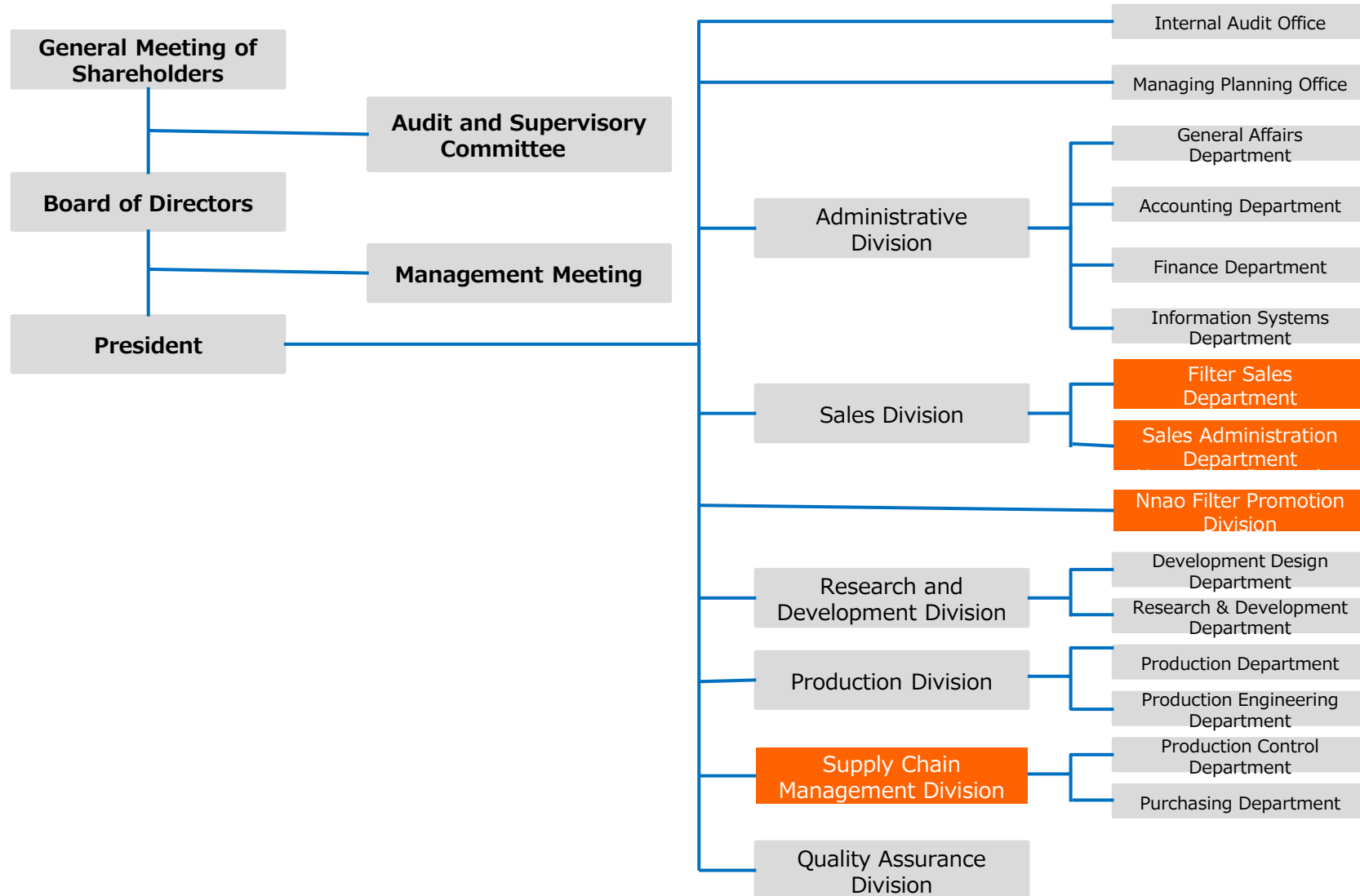
(The Vietnam plant is scheduled to be completed in 2021.)



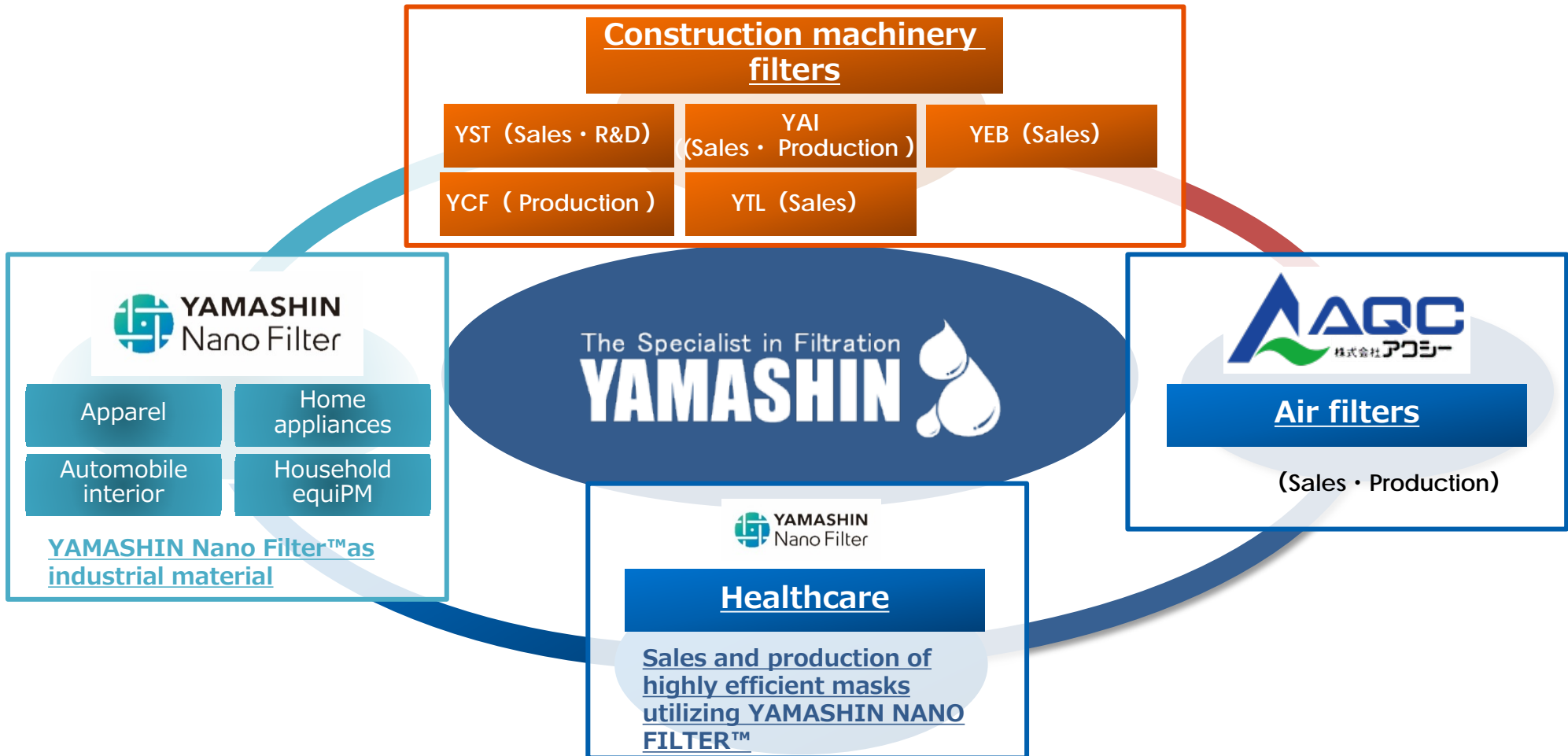


22.3期
【Original target*】

A new organization was established on April 1, 2021 which is a more flexible organizational structure.



Accelerate the transition from a specialist in construction machinery filters to a comprehensive filter manufacturer



目次

REFERENCE MATERIALS

① YAMASHIN'S INITIATIVES



We aim to create the demand for our products, by developing environmentally friendly products using our proprietary technologies including the nano material

To increase our share in the construction machinery market

Decrease machinery failures and lengthen the lifespans of construction machinery by adding values to our products



Reduction in environmental impact

**Useful life
increases 3 times**

**Hybrid filter
Glass fiber × nanofiber**



Failure prediction with IoT

Cleanliness level sensor

- Measurement of oil and water cleanliness levels
- Low costs
- Compact design

Lifespan sensor

To monitor how much filters are clogged in a stepwise manner

In the Chinese market, we will acquire new clients by providing solutions to address environmental issues



**To help reduce CO2 emissions
with high-quality filters**

**To further meet the demand for new machinery
in preparation for the Tier 4 environmental
regulations**

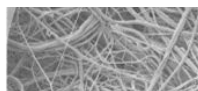


Began manufacturing and sales of high performance medical-grade masks, the development of which could only be achieved by YAMASHIN as a comprehensive filter manufacturer.

Three Features of YAMASHIN Masks

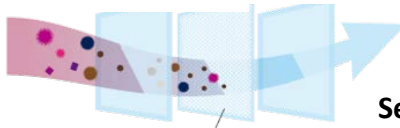
1. **Nanostructure traps viruses.**
2. **Minor decline in performance, even with long-term use**
3. **Development of safe and secure domestic production and supply system**

YAMASHIN Filter Mask/Filter Sheets



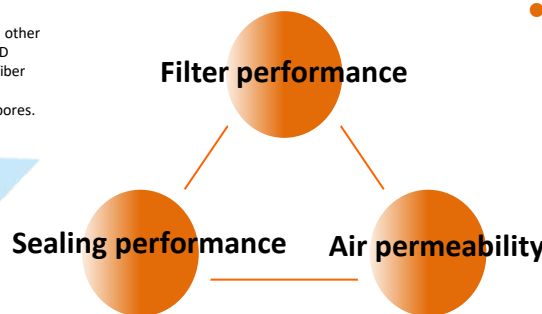
Electron microscope: 1,000x

Traps viruses and other particles with a 3D multi-layer nanofiber filter featuring extremely small pores.



YAMASHIN nanofilter based on nanofibers

Filtration theory applied for new YAMASHIN mask standard



- Zexeed next-generation mask with premium performance released to address three factors: high filter performance, excellent fit and sealing, and high air permeability (ease of breathing)

Entry model

Sales launched at nationwide drug stores on September 4, 2020



Flagship model

Began taking presale orders on online retail sites on September 1, 2020

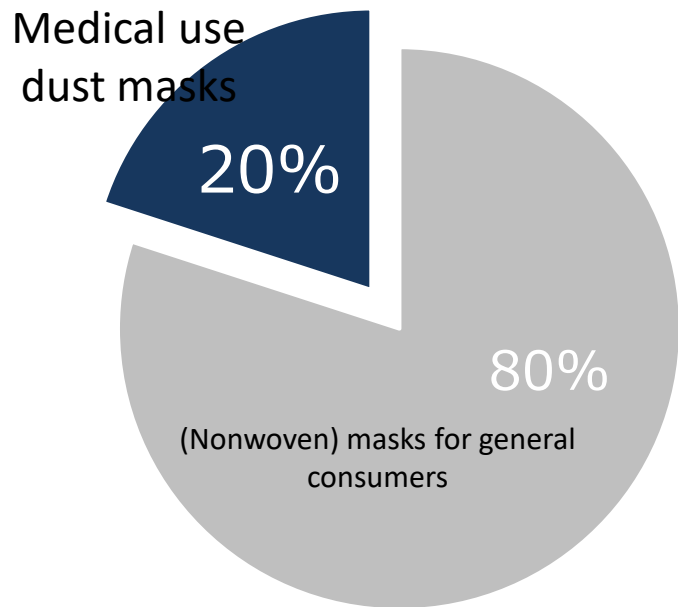




Plans to acquire certification for medical use dust mask.

Will work to increase shares in this segment and continue development.

Development policy going forward: Expand lineup



Further plans to acquire certification for high performance masks needed at medical facilities, etc. (certifications in Japan, US, and Europe*)
In the market for general consumers, we will differentiate our products by utilizing proprietary technologies and unique pleated mask shapes as we continue to develop higher performance masks.

- ① High filter performance (Highest N95 standard value)
- ② Excellent fit and sealing (Reduced leakage of less than 1 %)
- ③ Ease of breathing

In these aspects, achieve overwhelming differentiation surpassing competitors.

*National testing standard in Japan (DS), NIOSH standard in US (N95), EN standard in Europe (FFP)

■ (Nonwoven) masks for general consumers ▸ ■ Medical use dust masks

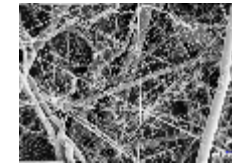
Nano fiber filter by Electrospinning method



Characteristics:
Very thin, planer, uniform fibers

* Captured with electron microscope (2,000x)

YAMASHIN NANO FILTER



YAMASHIN's proprietary patented technology
Characteristics: 3D, multi-layer fiber mix



To help prevent atmospheric pollution by entering and growing the air filter business and using our filtration technologies to reduce emissions and gases.

Business environment

There is a risk of worsening atmospheric pollution, caused by the economic growth in emerging countries.

The air filter market is expected to keep growing.

Estimated per year average growth rate
of the air filter market

3.5% (until 2050)

Contributions we can make

As a manufacturer specializing in filters, we help to reduce health hazards by supplying highly functional air filters.

We could help to curtail maintenance costs by extending the life-span of each product.



Pursuing equity finance sustainability project to help solve environmental and societal problems

Procured ¥11.0 billion through equity financing to facilitate both sustained, medium-term business growth, and active ESG initiatives

Impacts of Sustainability Project

Project output	Outcome		Impact	
				Impact indicator (annual)
Purchasing electricity from renewable energy	YAMASHIN	Increased ratio of renewable energy in electric power	Renewable energy	Reduction of CO ₂ emission (tCO ₂)
Introducing solar-power systems	Users (construction machinery)	Reduced waste by using longer-lasting hydraulic filters for construction machinery	Pollution prevention and control	Reduction of filter waste
Augmentation of production facilities for nanofibers	Manufacturers (apparel, bedding)	Reduced use of natural down through use of synthetic down	Protecting diversity of land and marine life	Reduction of natural down used
	Users (agriculture)	Reduced fuel consumption through high-insulation agricultural sheets	Energy efficiency	Reduction of CO ₂ emission (tCO ₂)
Introducing recycling facilities for nanofibers	Users (e.g., construction machinery)	Reduced waste from various filters	Pollution prevention and control	(Qualitative assessments)
Augmentation of manufacturing machinery for general-use masks	Users (general consumers)	Increased production of general-use masks	Access to necessary services to the extent possible	General-use masks (pieces)
Augmentation of manufacturing machinery for medical-use masks	Users (medical professionals)	Increased production of medical-use masks	Access to necessary services to the extent possible	(Qualitative assessments)
R&D on YAMASHIN Nano Filter™ technology	Users (general consumers)	Spread and expansion of fuel cells through separator development	Clean transport	(Qualitative assessments)
	Manufacturers and users	Achieving even higher performance of nanofibers (finer, added features)	Broad social and environmental implications	

Second-party opinion on selection grounds

- Continuing contribution to the environmental compatibility, etc. of construction machinery through provision of filters to construction machinery based on development of technology and materials
- Led the way in conducting work style reforms like zero overtime for all employees

Points of improvement/focus going forward

- Promotion of ESG initiatives on the value chain, including promotion of CSR procurement, and disclosure of ESG information

Source: Compiled by The Japan Research Institute: *Second Party Opinion*
 URL : http://www.Yamashin-filter.co.jp/ja/news/news_20200908_001/main/00/link/SecondPartyOpinion.pdf


Working to Reduce CO2 by Approx. 25,000 Tons through the project.

Impacts Created by Sustainability Project

Project outputs	Outcomes		Impact	
				Impact indicator (annual)
Purchasing electricity from renewable energy	YAMASHIN	Increased share of renewable energy in electric power	Renewable energy	632t CO₂
Purchasing solar power systems				
<u>Augmentation of production facilities for YAMASHIN NANO FILTER™</u>	Users (construction machinery)	Reduced waste from longer life hydraulic filters for construction machinery	Reduced waste for helping to reduce pollution	4,000 t
	Manufacturers (apparel, bedding)	Reduced use of natural down through use of synthetic down	Reduced natural down for protecting land and sea life diversity	23 t
	Users (agriculture)	Reduced fuel consumption through high-insulation agricultural sheets	Energy efficiency	24,440t CO₂
<u>Introducing recycling facilities for YAMASHIN NANO FILTER™</u>	Users (e.g., construction machinery)	Reduced waste from various filters	Pollution prevention and control	(Qualitative assessments)
Augmentation of manufacturing machinery for masks for general consumers	Users (general consumers)	Increased production of masks for general consumers	Help consumers to access to necessary services to the extent possible	230 million masks
Augmentation of manufacturing machinery for medical use masks	Users (medical professionals)	Increased production of masks for medical use	Help consumers to access to necessary services to the extent possible	(Qualitative assessment)
<u>R&D on YAMASHIN NANO FILTER™ technology</u>	Users (general consumers)	Spread and expansion of fuel cells for separator development	Clean transport	(Qualitative assessment)
	Manufacturers and users	<u>Achieving even higher performance of YAMASHIN NANO FILTER™ (finer, added features)</u>	Broad social/environmental implications	

Source: Compiled by The Japan Research Institute: **Second Party Opinion**

URL : http://www.Yamashin-filter.co.jp/ja/news/news_20200908_001/main/00/link/SecondPartyOpinion.pdf



We hold a world-leading share in the construction machinery filter market.

Due to an uptake in infrastructure investment in several markets and our strong position in after-sales market, we expect sustained growth in our construction machinery filter business.



New business is expected to make significant contributions to both sales and profits.

YAMASHIN NANO FILTERs will drive growth, with use for diverse applications.



REFERENCE MATERIALS

② BASIC COMPANY INFORMATION

YAMASHIN Group has manufactured filters for construction machinery (hydraulic), various industrial fields other than construction machinery (hydraulic), and manufacturing processes (water) by purchasing glass-fiber and non-woven fabrics to produce filter media (the key component of any filter), resin products and processed metal for filter components. From May 2020, the group started to sell filter masks and mask inner sheets and from July 2020, we added a new Healthcare segment to our business.

Filed	Products	Product image	Composition ratio (As of March 2021)
Hydraulic filters for construction machinery	<p>A construction machinery filter is used to filter the fluid running in the hydraulic components of construction machinery, which is the key to the operation of such machinery.</p> <p>Applications : Various types of construction machinery</p>		
Hydraulic filters for various industrial fields	<p>An industrial filter is a filter used for filtrating operating fluid and lubricants of hydraulic units applied in various industries other than the construction machinery industry.</p> <p>Applications : machine tools, refrigerating compressors, agricultural machinery, vessels, railway vehicles, airplanes, and helicopters</p>		
Filters for process lines	<p>A process filter is used for filtration and separation in processes for manufacturing customer products</p> <p>Applications : Production lines for electronic parts, precision parts, liquid crystal displays, and food.</p>		
Air filters	<p>Air filters used for dust removal and medium-to-high performance air filters</p> <p>Applications : general buildings, hotels and factories.</p>		
Healthcare	<p>High performance masks and replacement inner sheets that feature high filtration performance (one of the characteristics of our nanofiber filtration material), excellent sealing performance and high air permeability.</p> <p>Applications: For general consumers in Japan and around the world</p>		

YAMASHIN provides an extensive product line of filters essential to operating construction machinery.

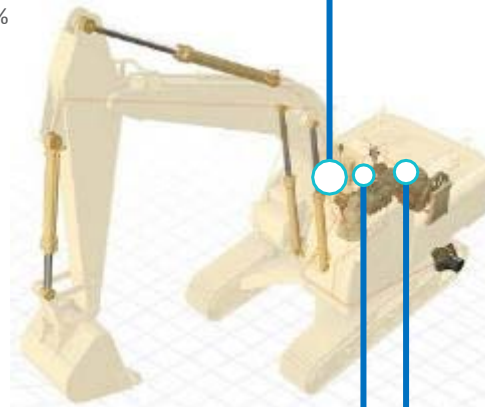
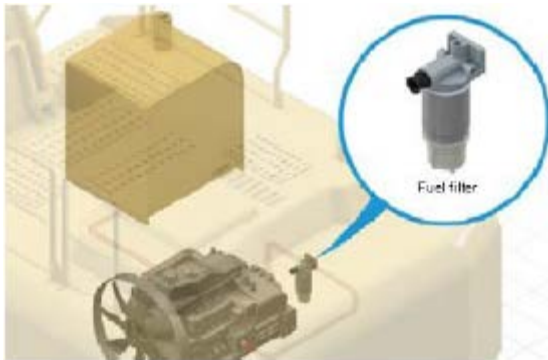


For hydraulic systems

These filters are installed at several locations of each piece of construction machinery to protect hydraulic equipment, including cylinders. Some 70% of all malfunctions affecting construction machinery are believed to be caused by dust in oil, the presence of which leads to mechanical breakdowns. We provide filters ideal for every need based on the know-how cultivated since our founding.

For fuel

Fuel filters remove particulates from diesel fuel. Increasingly stringent regulations worldwide have strengthened purity requirements for fuel. Demand for this filter is expected to grow, particularly in emerging nations, where fuel quality tends to be lower.



For transmissions

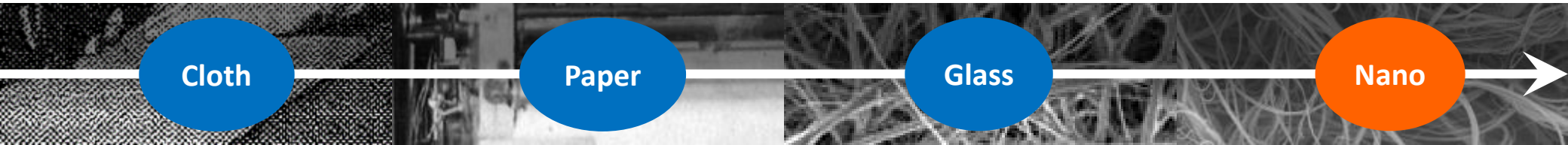
These filters are found in the transmissions of construction machinery. Transmissions are composed of multiple gears. Friction between these gears produces metal powder and particulates. Our company's filters employ proprietary filter elements and materials to remove these particulates and minimize equipment wear.

For engine oil

These filters are in various construction machinery engines. Engines contain pistons and other components moving at high speed that generate power. The engine oil filter removes the metal powders and sludge (sediment), caused by abrasion, that accumulate in engine oil during power generation, mitigating the risk of damage and impaired performance.



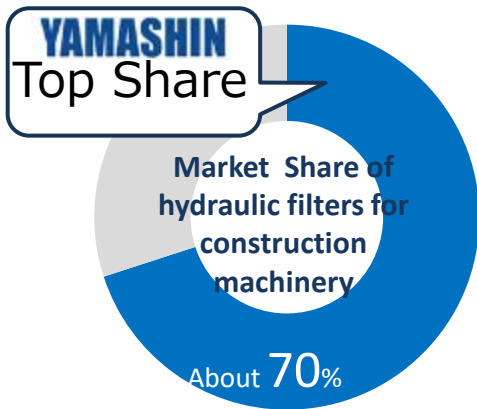
Capability of researching and developing innovative filter media in line with the evolution of construction machinery.



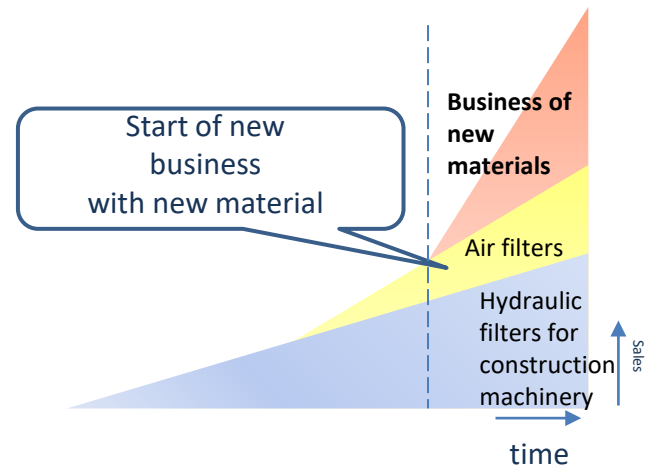
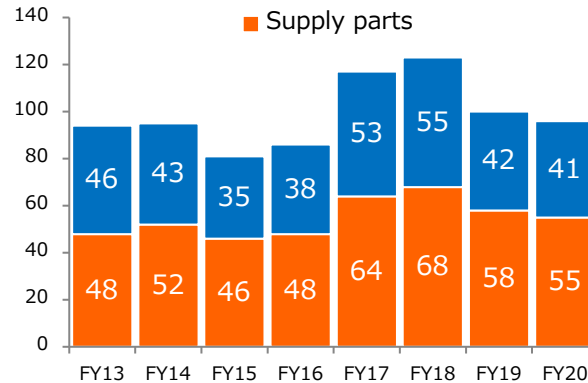
A lion's share in the market of hydraulic filters for construction machinery

Stable revenue structure satisfying the demand for new machines and replacement

Expansion of the business field with newly developed innovative materials



(Unit: 100 million yen)



Shares of sales of hydraulic filters for construction machinery in Japan (FY2012) Source: Yano Research Institute

- Our company has contributed to the development of efficient infrastructure.
- As we handle high-quality products and have plenty of experience, many products have been adopted by leading construction machinery manufacturers in Japan, Europe, the U.S., and China, which operate business globally.

Segments and KPI

- Filters for construction machinery are classified into “**line parts**” and “**service parts**”
- Line parts refer to filters installed in new construction machines. The primary indicator is “**the number of new construction machines in demand**”
- Service parts refer to replacement filters. The primary indicator is “**the number of units in operation**” × “**hours of operation**”.

Business model,
Regional trends,
and
Cost reduction
measures

- **Business model**
Hydraulic filters for construction machinery are all sold to construction machinery manufacturers (100%). In principle, we do not sell the products directly to end users.
- **Regional market trends**
Sales calculations are based on invoice destinations. Our data may differ from the actual regional market trends
- **PAC20 (Promptly Activated Cost reduction 2020)**
Our company-wide cost reduction project implemented in 2020

Term	Formula
MAVY's	ROIC - WACC
ROIC	$\text{NOPAT} \div \text{Capital investment}$
Rate of return on capital investment	$(\text{Ordinary income} + \text{Interests paid}) \div \text{Capital investment}$
Turnover rate of working capital	$\text{Net sales} \div (\text{Accounts receivable} + \text{Inventory asset} - \text{Accounts payable})$
Turnover rate of fixed assets	$\text{Net sales} \div \text{Fixed assets}$
Turnover rate of accounts receivable	$\text{Net sales} \div \text{Accounts receivable}$
Turnover rate of inventory asset	$\text{Net sales} \div \text{Inventory asset}$
Turnover rate of accounts payable	$\text{Sales cost} \div \text{Accounts payable}$
Turnover rate of tangible fixed assets	$\text{Net sales} \div \text{Tangible fixed assets}$
Turnover rate of intangible fixed assets	$\text{Net sales} \div \text{Intangible fixed assets}$
Key Goal Indicator(KGI)	Current year: Cumulative total + Budget, Previous year: Annual actual results
Key Performance Indicator (KPI)	Comparison of cumulative results

* The figures in the balance sheet are the averages of the initial and term-end figures

STRENGTH

- Overwhelming share of market for construction machinery filters
- **Continuing expansion of market share by utilizing new materials to enhance product performance**
- Advanced R&D capabilities
- Robust operation management based on PAC and MAVY's

OPPORTUNITIES

- To increase our share in the growing Chinese market
- **To expand business portfolio and evolve into a "comprehensive multi-field filter manufacturer" (Main focus areas are air filters, YAMASHIN NANO FILTER™, and healthcare)**

WEAKNESS

- About 70% of net sales are from construction machinery filters
- Concern over the shortage of human resources

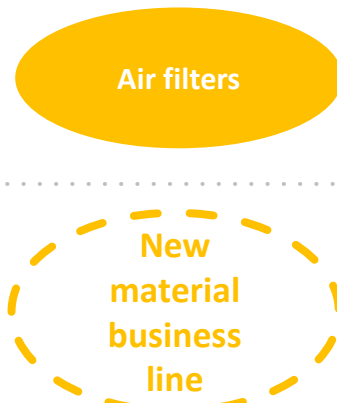
THREAT

- Decrease in our market share, due to the proliferation of counterfeit filter products for construction machinery
- Changes in the construction machinery market in China
- Sluggish sales growth of process/industrial filters
- **Delays in commercialization of new material products**

Overcome these issues to evolve into a comprehensive filter manufacturer

Eliminate counterfeits by using the higher performance new material

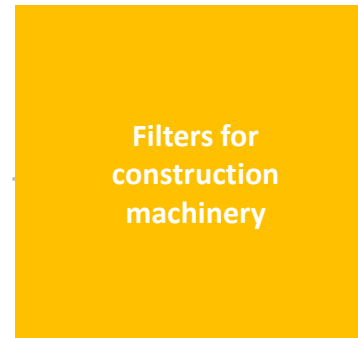
New business line to grow



Business are for further growth



Core business (stretch)



Core business (stable)

YAMASHIN is striving to achieve reasonable business continuity and improved work-life balance for employees while prioritizing the health and safety of business partners, shareholders, employees and their families with an eye on the post-pandemic world.

Working arrangements: Continuing telecommuting, implementing work style reforms

Employees who show symptoms or have had contact with a confirmed case are prohibited from going to the office and are to follow medical advice. Through this we secure employees' health and safety.

① Work system at overseas subsidiaries

Telecommuting is recommended for headquarters (Naka-ku, Yokohama-shi), the Yokohama Development Center (Isogo-ku, Yokohama-shi), the Yokosuka Media Lab (Yokosuka-shi), and AQC (Osaka-shi and Chuo-ku, Tokyo).

* Guidance for telecommuting changed from mandatory to recommended as of June 1.

② Implementation of staggered commuting

To avoid crowded trains, employees' commuting hours are being staggered. Additionally, teams will work in shifts to avoid crowding at offices.

③ Flexible working arrangements at overseas affiliates

Adoption of flexible working following infection prevention measures based on arrangements on each government's directions

④ Other

Hand sanitizers are placed at the entrance of every facility of our corporate group in order to ensure thorough disinfection.

On-line meeting should be used for conferences and meetings.

Nonessential business trips both domestic and overseas are prohibited.

Production system

Based on our BCP, production output has been adjusted at each facility (Cebu, Saga, Osaka, and Suzhou*) and an alternate production/supply system has been established.

Cebu Factory	Resumed operations, restored mass production
Saga Factory	Commenced mass production of filter materials and masks
Suzhou Factory	Normal operations
<small>*manufacturing outsourced</small>	
Osaka Factory (AQC)	Relocated headquarters factory, strengthened production capacity, commenced mask mass production

Impact on business performance

Countries are seeking ways both to resume economic activity and to prevent the spread of the virus. The outlook remains uncertain; against this backdrop, the construction machinery market is recovering.

Trends in the construction machinery market

Chinese market

Economic activity is resuming. Further growth in the construction machinery market is expected with increasing government-led public investments.

[The production plans of Chinese major clients continue to expand.](#)

Japan/US/Europe/Asia market

While the outlook remains uncertain, production at major clients is recovering, with economic activity resuming in stages.

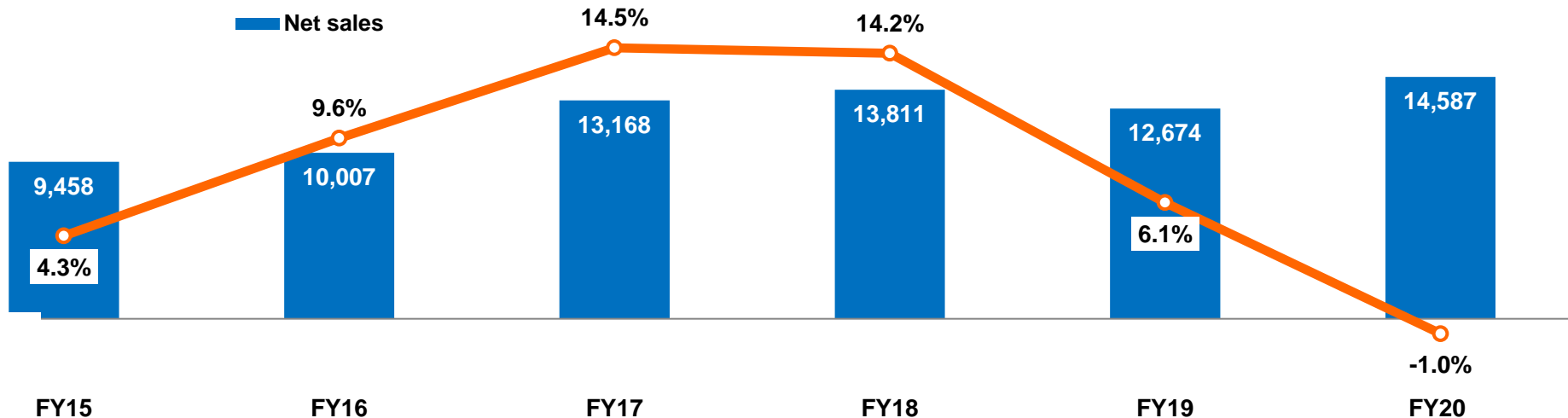
目次

REFERENCE MATERIALS

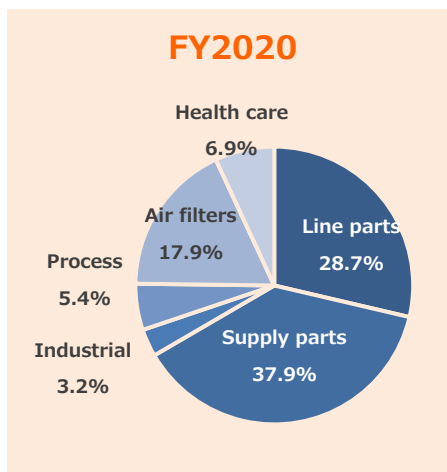
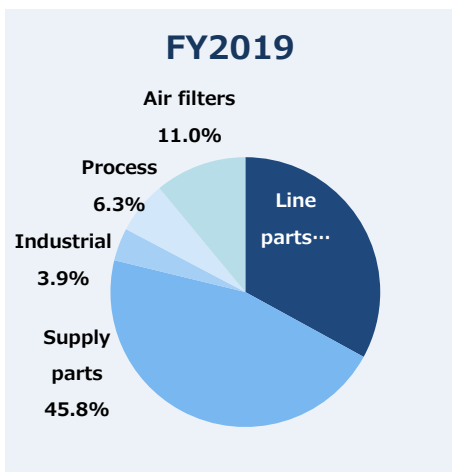
③ FINANCIAL HIGHLIGHTS

Net sales, Operating income

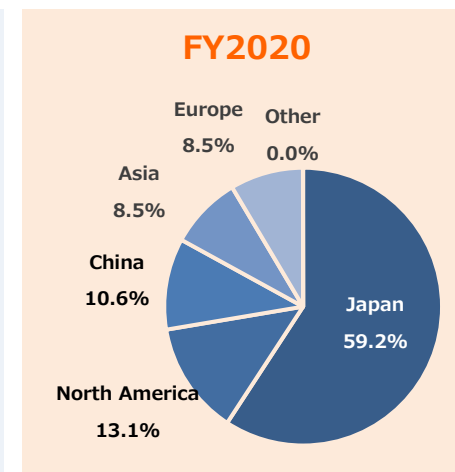
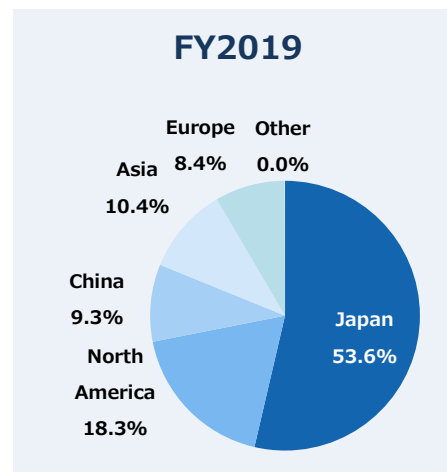
(Unit: million yen)



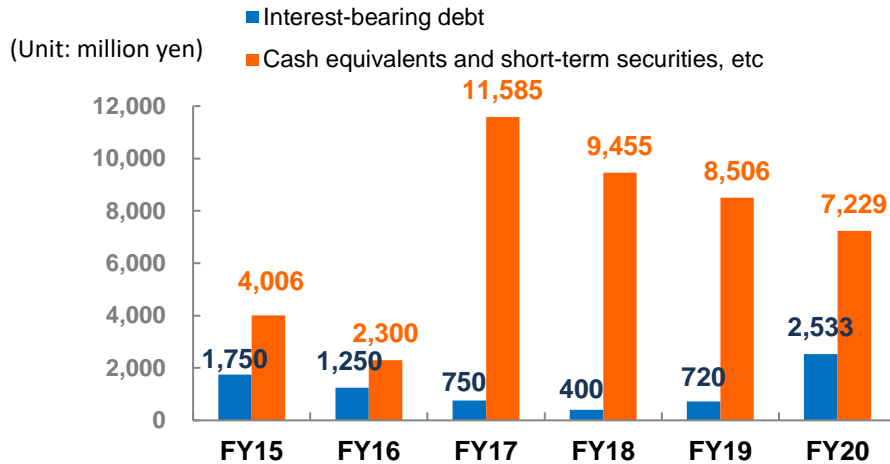
Sales breakdown by product category



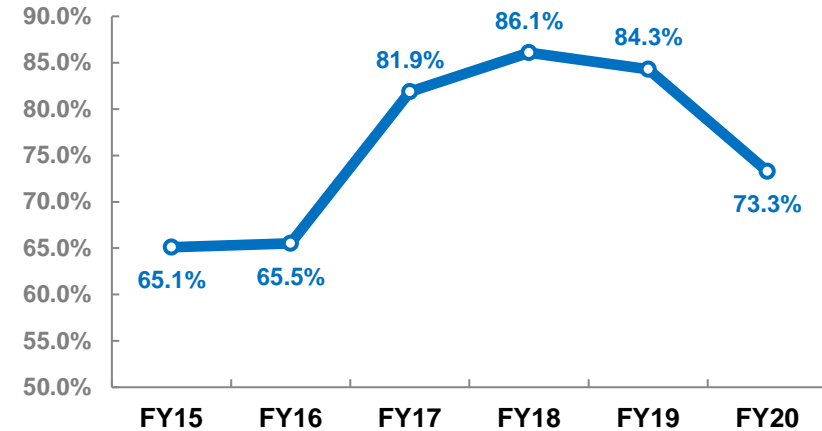
Sales breakdown by region



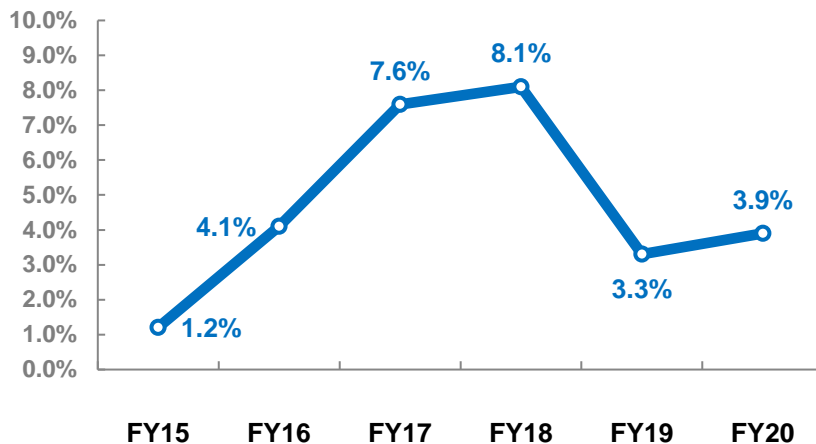
Interest-bearing debt, Cash equivalents, Short-term securities, etc.



Shareholders' equity ratio

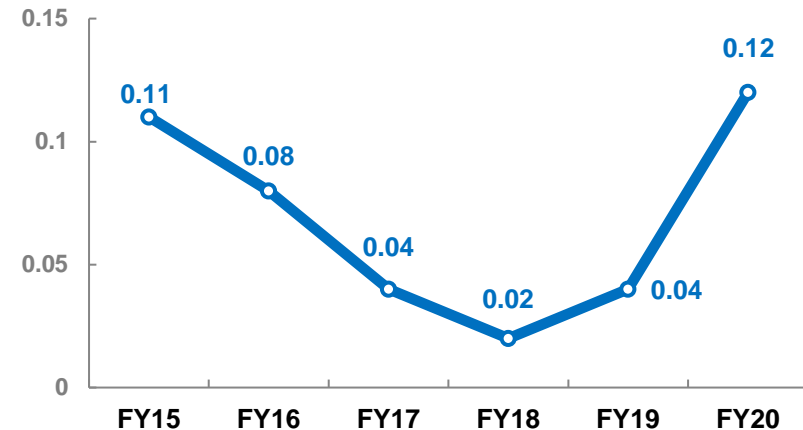


ROE



- Calculated based on the assumption that the capital increase through third-party allotment in FY2017 was implemented in FY15.

D/E ratio



- Calculated based on the assumption that the capital increase through third-party allotment in FY2017 was implemented in FY15.

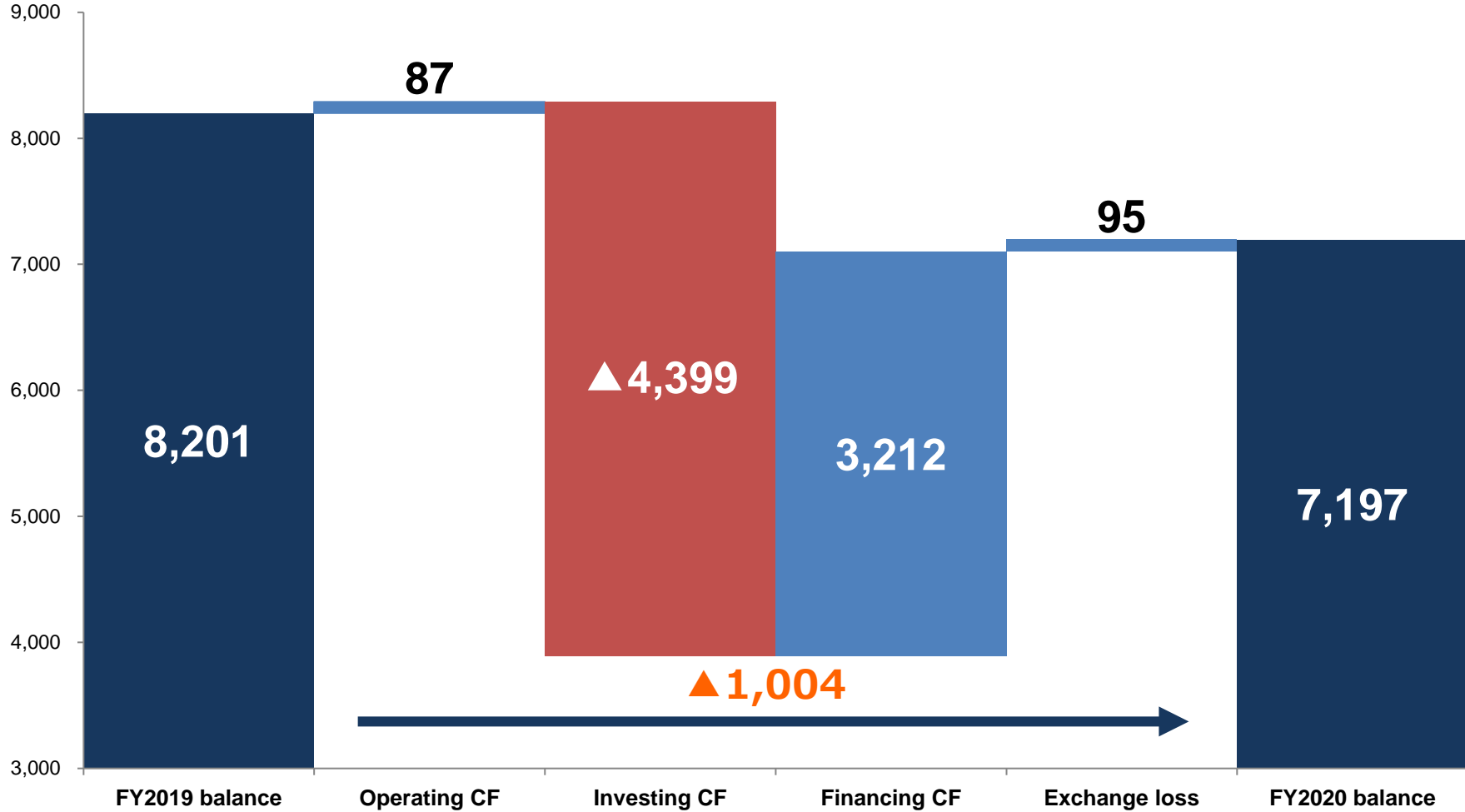
(Unit: million yen)

	FY2019	FY2020	Change (Amount)	Change (%)
Current assets	13,982	15,323	1,340	9.6%
Cash and deposits	8,506	7,229	△1,277	△15.0%
Notes and accounts receivable-trade	3,405	4,285	879	25.8%
Merchandise and finished goods, Raw materials and Supplies	1,826	3,021	1,195	65.4%
Other	243	785	542	222.4%
Fixed assets	7,607	12,868	5,260	69.1%
Cash and deposits	6,636	10,813	4,176	62.9%
Notes and accounts receivable-trade	367	330	△37	△10.1%
Merchandise and finished goods, Raw materials and Supplies	603	1,724	1,120	185.7%
Total assets	21,590	28,191	6,600	30.6%

	FY2019	FY2020	Change (Amount)	Change (%)
Current liabilities	2,810	5,539	2,729	97.1%
Notes and accounts payable-trade	1,187	1,952	765	64.5%
Corporate bonds payable within one year and short-term loans payable	720	1,003	283	39.4%
Other	903	2,583	1,680	186.1%
Fixed liabilities	578	1,969	1,390	240.5%
Corporate bonds and long-term debt	-	1,529	1,529	-
Net defined benefits Liability	250	225	△25	△10.1%
Other	327	214	△113	△34.7%
Total net assets	18,201	20,682	2,480	13.6%
Total of liabilities and net assets	21,590	28,191	6,600	30.6%

*Shareholders' equity ratio 84.3% 73.3%

(Unit: million yen)

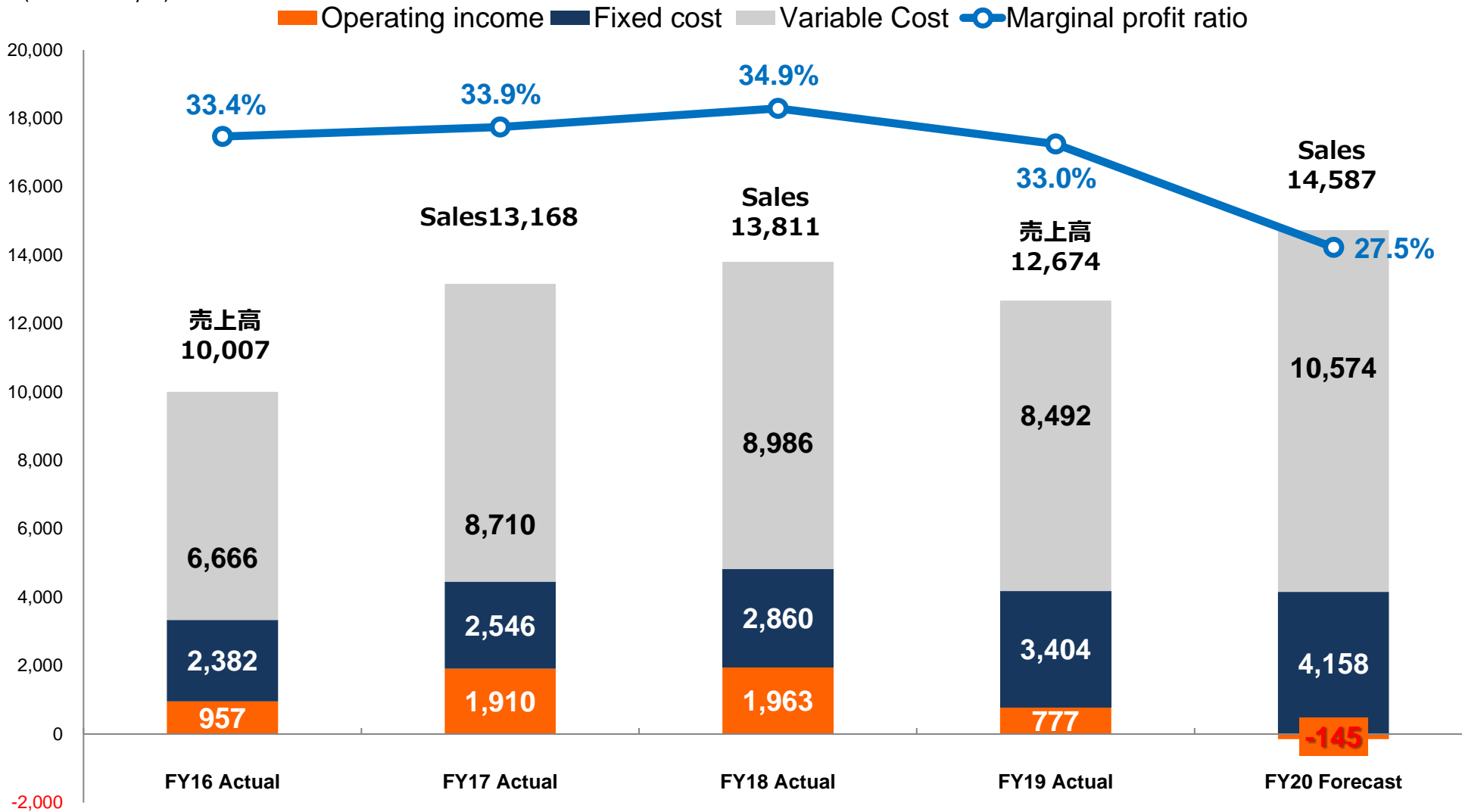


(単位：百万円)

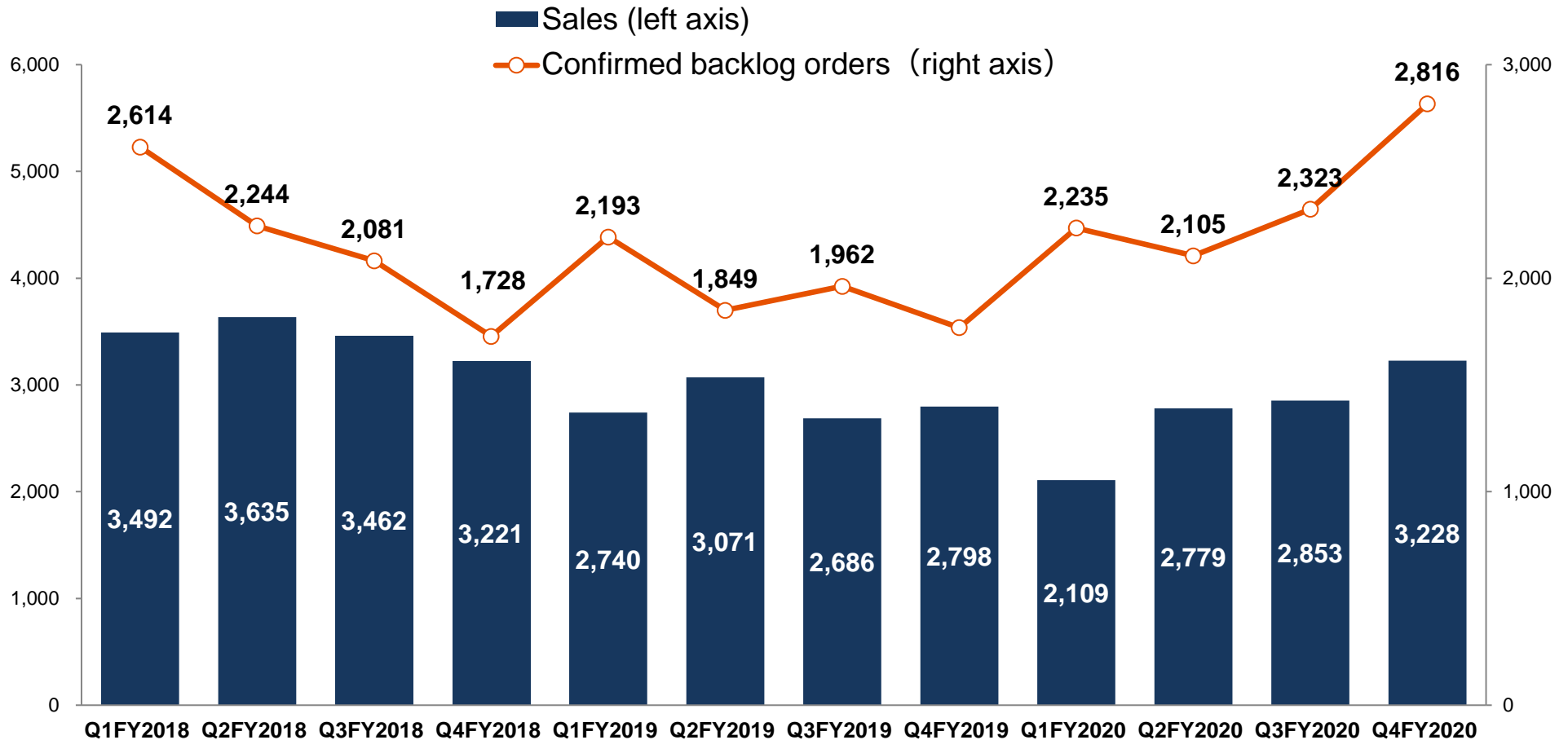
Currency	Incoming		Outgoing		Net Amount by currency	Average rate during the term (JPY)	In case of yen appreciation (10%)			In case of yen depreciation (10%)		
	Amount by currency	Composi- tion ratio	Amount by currency	Composi- tion ratio			If yen is appreciated ▲10% (JPY)	Difference	Affected amount (QTD)	If yen is depreciated +10% (JPY)	Difference	Affected amount (QTD)
JPY	¥15,400.0	77%	¥15,800.0	72%	¥-400.0	-	-	-	-	-	-	
USD	\$36.5	19%	\$43.2	21%	-\$6.7	¥106.1	¥95.46	¥-10.61	¥71.07	¥116.68	¥10.61	¥-71.07
EUR	€4.8	3%	€3.9	2%	€0.9	¥123.7	¥111.34	¥-12.4	¥-11.13	¥136.08	¥12.37	¥11.13
PHP	PP0.0	0%	PP497.8	5%	PP-497.8	¥2.2	¥1.95	¥-0.2	¥108.02	¥2.39	¥0.22	¥-108.02
THB	฿72.40	1%	฿32.70	1%	฿39.70	¥3.4	¥3.08	¥-0.3	¥-13.58	¥3.76	¥0.34	¥13.58
Total	-	100%	-	100%	-	-	-	-	¥154.38	-	-	¥-154.38

Variation in Marginal Profit Ratio

(Unit: million yen)



(Unit: million yen)





この資料に記載されている業績の見通し等将来に関する情報は、現在入手可能な情報に基づいて作成しております
実際の業績は市場動向や業績情勢等の様々な要因等によって異なる可能性があります

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