

# Enhancing Value Chains



**YAMASHIN-FILTER CORP.**  
Financial Results for the third quarter  
of the fiscal year ending in March 2022

February 4, 2022

## The market environment, our actions, and business results for Q3 FY2021 (ending in March 31, 2022)

### Market Environment

- Construction machinery filter business: Despite the impact of continual soaring distribution costs and soaring raw material prices, demand for construction machinery remained strong, while demand in the Chinese market began to slow in the second half.
- Air filter and healthcare business: The societal and lifestyle changes and the issues of climate change and other environmental challenges will present opportunities to expand our business.



### Company Actions

Development of YAMASHIN NANO FILTER® technology

- ◆ **Construction machinery filter business**  
⇒ YAMASHIN will contribute to a reduction in greenhouse gas emissions with its high value-added and sustainable products and technology
- ◆ **Air filter business**  
⇒ YAMASHIN's nanofiber products and technology will contribute to a reduction in greenhouse gas emissions and to alleviating the causes of climate change and environmental issues
- ◆ **Healthcare business**  
⇒ YAMASHIN will continue to reducing health risks through spreading high performance masks
- ◆ **Other business portfolios**  
⇒ YAMASHIN will grow its product supply in a sustainable way by using its Nano Filter™ technology in the arenas of apparel, oil adsorbents, and other industrial materials

### Business results for Q3 FY2021

- **Consolidated sales: ¥1.42 billion, a 36.5% increase from the same period last year**
  - Construction machinery filters: ¥1.18 billion, a 52.0% increase from the same period last year
  - Air filters: ¥1.89 billion, a 3.3% reduction from the same period last year
  - Healthcare: ¥526 million, a 24.3 % reduction from the same period last year
- **Operating income: ¥118 million (Operating loss of 146 million yen for the same period of the previous year)**
  - Our construction machinery filter business saw a large increase in profit due to a significant increase in sales despite soaring logistics costs and raw material prices.
  - The profitability of our air filter business fell due to a decline in the use of office buildings and other facilities
  - In the healthcare business, operating losses were recorded due to a considerable decrease in demand for high-functionality masks, one of our main products.

## Company Actions (details)

- Restructure and enhance the value chain across all businesses
- Deliver on ESG while expanding our business portfolio
- Enhance profitability in our construction machinery filter business by reviewing the supply chain
- Improve profitability through improved productivity in our air filter and healthcare businesses

### Construction machinery business

#### **Expand lineup of high value-added filter products that leverage new materials and IoT technologies**

Further promoted filter products with long-lasting nanofiber filters, incorporating aeration and sensor technologies

#### **Grow market share in the North American and Chinese markets**

Beyond our flagship line of return filters, we are promoting our fuel and transmission filters and seeing growing adoption by Chinese construction machinery manufacturers.

### Air Filter Business

#### **Expand overseas markets by having our filters' performance certified (e.g., ASHRAE and EN) for the European market**

#### **Develop and promote nanofiber air filters**

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

### Healthcare business

#### **Significant changes in the market environment**

Improve profitability by decreasing major capital investments in response to major changes in the business environment.

### Establish other elements within the business portfolio: Promote \*YAMASHIN NANO FILTER®\*

#### **Open up new markets for YAMASHIN Nano Filter® as an industrial material**

Promote YAMASHIN Nano Filter® to various industries for use as an industrial material.

I

**Business Performance Results for Q3 and Full-Year  
Forecasts for FY2021 (Ending March 31, 2022)**

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**Market Conditions**

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## I BUSINESS PERFORMANCE RESULTS FOR Q3 AND FULL-YEAR FORECASTS FOR FY2021 (ENDING MARCH 31, 2022)

# **Business Performance Results for Q3 FY2021 (Oct to Dec 2021)**

# FY2021 Q3 Financial Results (Oct to Dec)

(million yen)	Q3 FY2020 Results	Q3 FY2021 Results	YoY change		
	Amount	Amount	Amount	%	
<b>Net sales</b>	3,831	4,632	801	20.9%	
Construction machinery filters, etc.*	2,853	3,910	1,056	37.0%	
Air filters	669	642	△27	△4.1%	
Healthcare	308	79	△228	△74.1%	
<b>Operating income</b>	△96	225	322	-	
Construction machinery filters, etc.*	370	660	289	78.1%	
Air filters	30	37	6	21.5%	
Healthcare	△124	△106	18	-	
Corporate expenses*	△372	△365	7	-	
<b>Operating income margin</b>	△2.5%	4.9%	7.4Pt		
Ordinary profit	△72	202	275	-	
<b>Ordinary profit margin</b>	△1.9%	4.4%	6.3Pt		
Net income	536	△416	△953	-	
<b>Net income margin</b>	14.0%	△9.0%	△23.0Pt		
Exchange rates (ave.)	USD	106.1	111.1	5.0	4.7%
	EUR	122.4	130.6	8.3	6.7%

\*"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. Figures for the third quarter of the previous fiscal year are also based on this new approach.

(million yen)		Q3 FY2020 Results	Q3 FY2021 Results	YoY change	
		Amount	Amount	Amount	%
<b>Construction machinery filters</b>		2,541	3,488	946	37.2%
	Line parts	1,127	1,382	255	22.7%
	Service parts	1,414	2,105	690	48.8%
<b>Industrial filters</b>		105	159	53	50.3%
<b>Process filters</b>		206	263	56	27.2%
<b>Subtotal (Construction machinery filters, etc.*)</b>		2,853	3,910	1,056	37.0%
<b>Air filters</b>		669	642	△27	△4.1%
<b>Healthcare</b>		308	79	△228	△74.1%
<b>Total</b>		3,831	4,632	801	20.9%



# FY2021 Q3 Sales by Region (Oct to Dec)

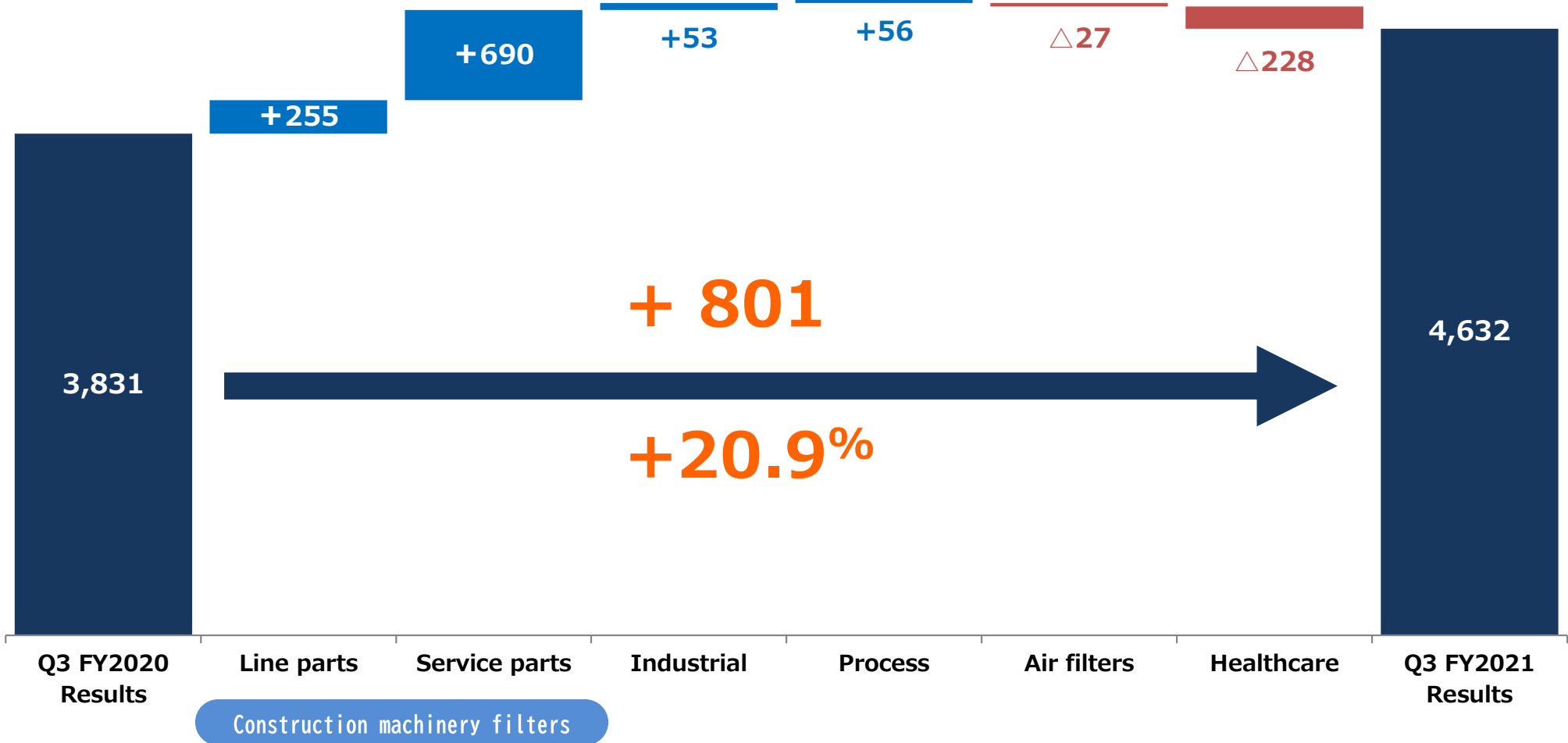
(million yen)	Q3 FY2020 Results		Q3 FY2021 Results		YoY change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
<b>Construction machinery filters, etc.*</b>	2,853	74.5%	3,910	84.4%	1,056	37.0%
Japan	1,330	34.7%	1,961	42.3%	630	47.4%
North America	507	13.3%	655	14.2%	148	29.2%
China	454	11.9%	374	8.1%	△80	△17.7%
Other Asian countries	252	6.6%	371	8.0%	119	47.3%
Europe	309	8.1%	547	11.8%	238	77.2%
Others (Middle East, etc.)	0	0.0%	0	0.0%	0	△76.0%
<b>Air filters (Japan)</b>	669	17.4%	642	13.9%	△27	△4.1%
<b>Healthcare (Japan)</b>	308	8.0%	79	1.7%	△228	△74.1%
<b>Total sales</b>	3,831	100.0%	4,632	100.0%	801	20.9%

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

\* Sales by region are calculated based on the locations of corporations to which invoices are sent. Actual regional market trends may be different from the numbers shown above.

# YoY Comparison of Q3 Sales (Oct to Dec) : Increase/Decrease factors

(million yen)



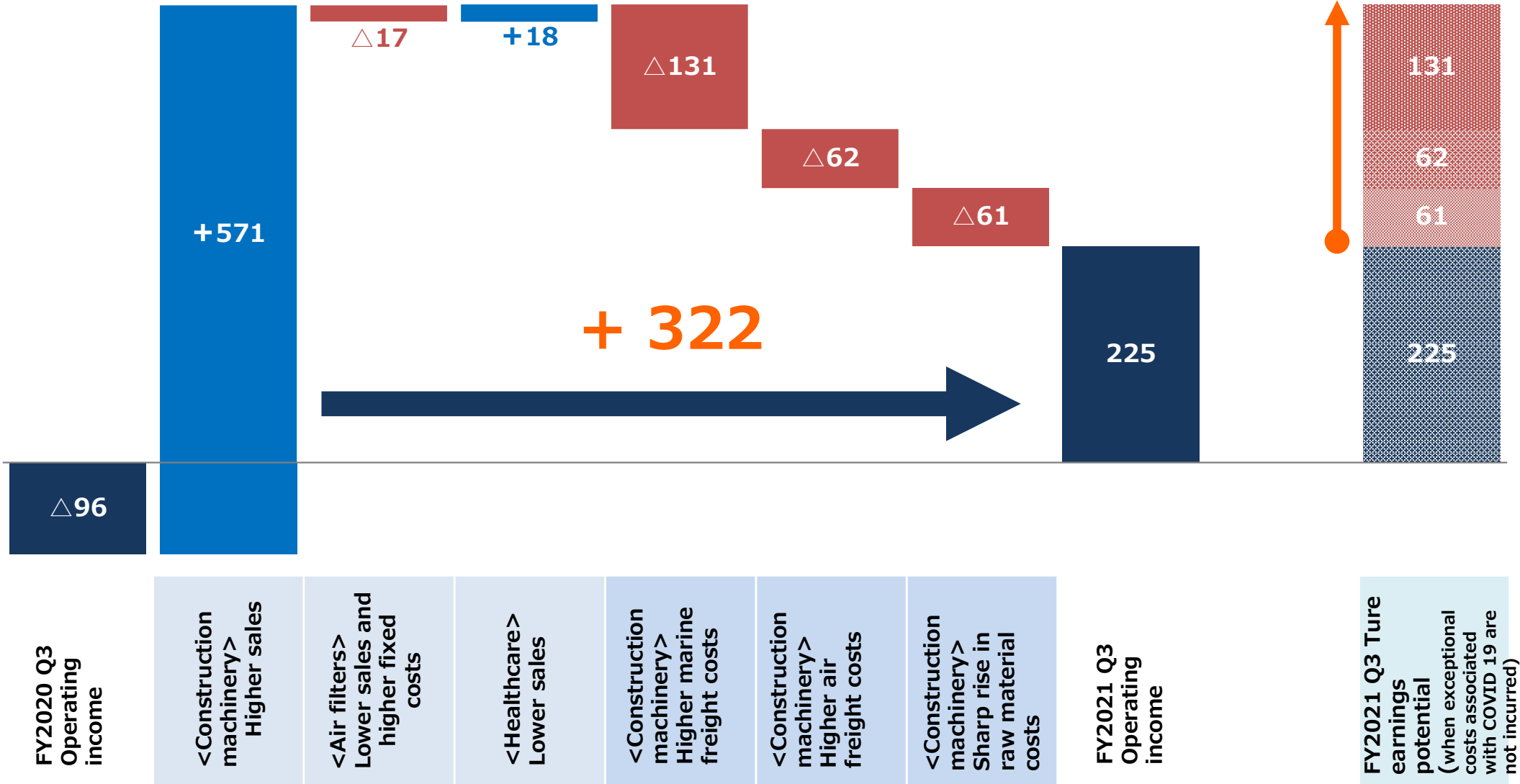
# YoY Comparison of Q3 Operating Income (Oct to Dec) : Increase/Decrease Factors

(million yen)

Operating income margin 10.3%

Operating income margin  $\Delta 2.5\%$

Operating income margin 4.9%



# **Business Performance Results for FY2021 YTD (Apr to Dec 2021)**

(million yen)	FY2020 YTD Results	FY2021 YTD Results	YoY change		
	Amount	Amount	Amount	%	
<b>Net sales</b>	10,394	14,188	3,793	36.5%	
Construction machinery filters*	7,742	11,768	4,026	52.0%	
Air filters	1,957	1,894	△63	△3.3%	
Healthcare	694	526	△168	△24.3%	
<b>Operating income</b>	△146	1,113	1,260	-	
Construction machinery filters	798	2,511	1,713	214.7%	
Air filters	117	48	△68	△58.5%	
Healthcare	△18	△342	△324	-	
Corporate expenses	△1,043	△1,104	△60	-	
<b>Operating income margin</b>	△1.4%	7.8%	9.3Pt		
Ordinary profit	△133	1,078	1,212	-	
<b>Ordinary profit margin</b>	△1.3%	7.6%	8.9Pt		
Net income	384	△88	△472	-	
<b>Net income margin</b>	3.7%	△0.6%	△4.3Pt		
Exchange rate (avg.)	USD	106.1	111.1	5.0	4.7%
	EUR	122.4	130.6	8.3	6.7%

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

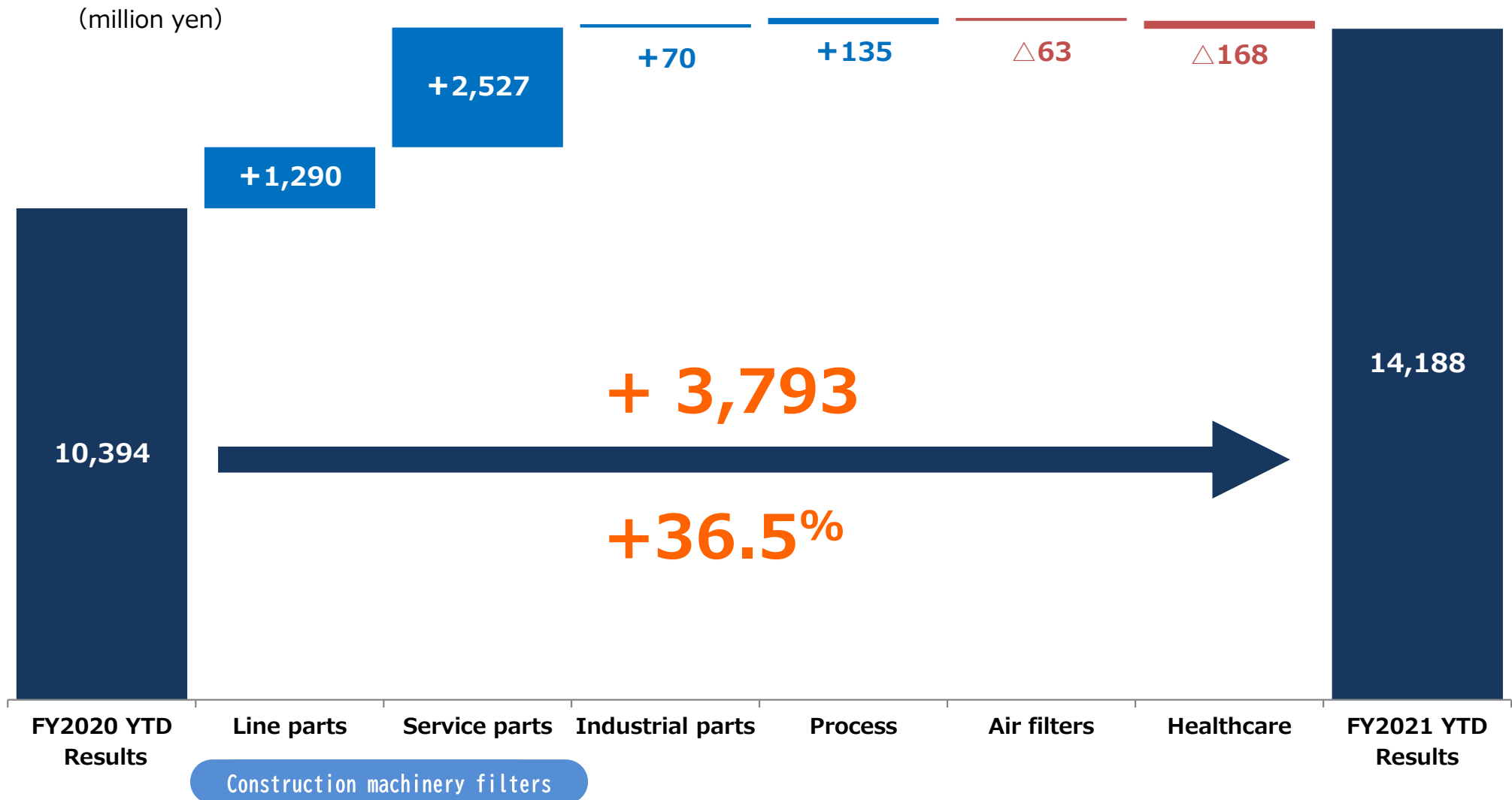
\* The company has changed how it allocates corporate expenses from this fiscal year, with the goal of more accurately representing segment results and corporate expenses. Specifically, the head office's general and administrative expenses and other corporate expenses not attributable to individual business segments are no longer allocated to specific segments. Figures for the third quarter of the previous fiscal year are also based on this new approach.

(million yen)	FY2020 YTD Results	FY2021 YTD Results	YoY change	
	Amount	Amount	Amount	Ratio (%)
<b>Construction machinery filters</b>	6,841	10,660	3,819	55.8%
Line parts	2,877	4,168	1,290	44.9%
Service parts	3,964	6,492	2,527	63.8%
<b>Industrial filters</b>	343	414	70	20.5%
<b>Process filters</b>	558	693	135	24.3%
<b>Subtotal (Construction machinery filters, etc. *)</b>	7,742	11,768	4,026	52.0%
<b>Air filters</b>	1,957	1,894	△63	△3.3%
<b>Healthcare</b>	694	526	△168	△24.3%
<b>Total sales</b>	10,394	14,188	3,793	36.5%

(million yen)	FY2020 YTD Results		FY2021 YTD Results		YOY Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
<b>Construction machinery filters*</b>	7,742	74.5%	11,768	82.9%	4,026	52.0%
Japan	3,504	33.7%	5,552	39.1%	2,048	58.5%
North America	1,363	13.1%	2,246	15.8%	883	64.8%
China	1,131	10.9%	1,318	9.3%	187	16.5%
Other Asian countries	876	8.4%	1,289	9.1%	412	47.0%
Europe	864	8.3%	1,359	9.6%	494	57.2%
Others (Middle East, etc.)	2	0.0%	1	0.0%	0	△32.7%
<b>Air filters (Japan)</b>	1,957	18.8%	1,894	13.3%	△63	△3.3%
<b>Healthcare (Japan)</b>	694	6.7%	526	3.7%	△168	△24.3%
<b>Total sales</b>	10,394	100.0%	14,188	100.0%	3,793	36.5%

\*"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.

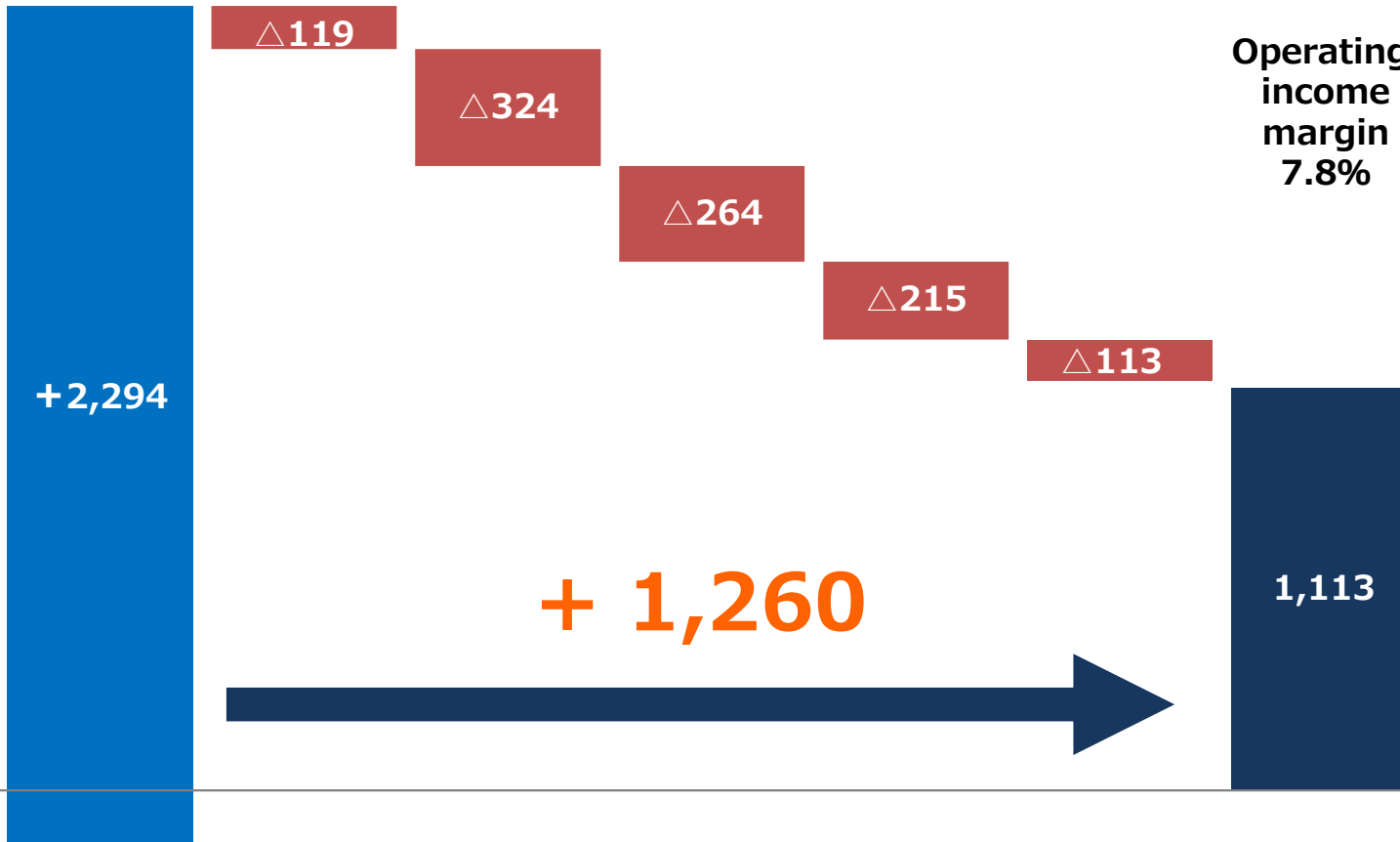




# YoY Comparison of YTD Operating Income (Apr - Dec) : Increase/Decrease factors

(million yen)

Operating income margin  $\Delta 1.4\%$



Operating income margin 12.0%

1,705

264

215

113

1113

$\Delta 146$

FY2020 Q3 Operating income

<Construction machinery>  
Higher sales

<Construction machinery>  
Higher sales

<Healthcare>  
Lower sales

<Construction machinery>  
Higher marine freight costs

<Construction machinery>  
Higher air freight costs

<Construction machinery>  
Sharp rise in raw material costs

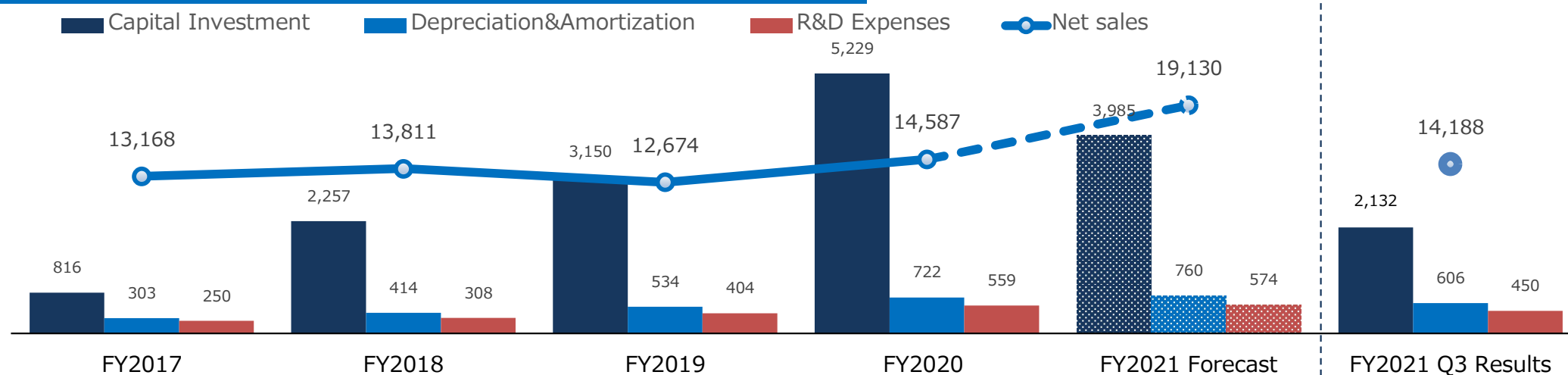
FY2021 Q3 Operating income

FY2021 Q3 Ture earnings potential (when exceptional costs associated with COVID 19 are not incurred)

# Capital Investment, Depreciation & Amortization, and R&D Expenses

(million yen)	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Forecast	Q3 FY2021 Q3 Results
<b>Net sales</b>	13,168	13,811	12,674	14,587	19,130	14,188
Capital investment	816	2,257	3,150	5,229	3,985	2,132
Land and building	-	1,588	2,682	3,194	3,233	1,481
Facilities and others	816	669	468	2,036	752	651
<b>Expense to sales ratio</b>	<b>6.2%</b>	<b>16.3%</b>	<b>24.9%</b>	<b>35.9%</b>	<b>20.8%</b>	<b>15.0%</b>
Depreciation and amortization	303	414	534	722	760	606
<b>Expense to sales ratio</b>	<b>2.3%</b>	<b>3.0%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>4.3%</b>
R&D expenses	250	308	404	559	574	450
<b>Expense to sales ratio</b>	<b>1.9%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>3.8%</b>	<b>3.0%</b>	<b>3.2%</b>

## Change in net sales and capital investment and depreciation & amortization



Up to FY2020

From FY2021

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

## PAC21



Promptly



Activated



Cost reduction

20



### Reduction Targets and Results (revised)

単位：千円

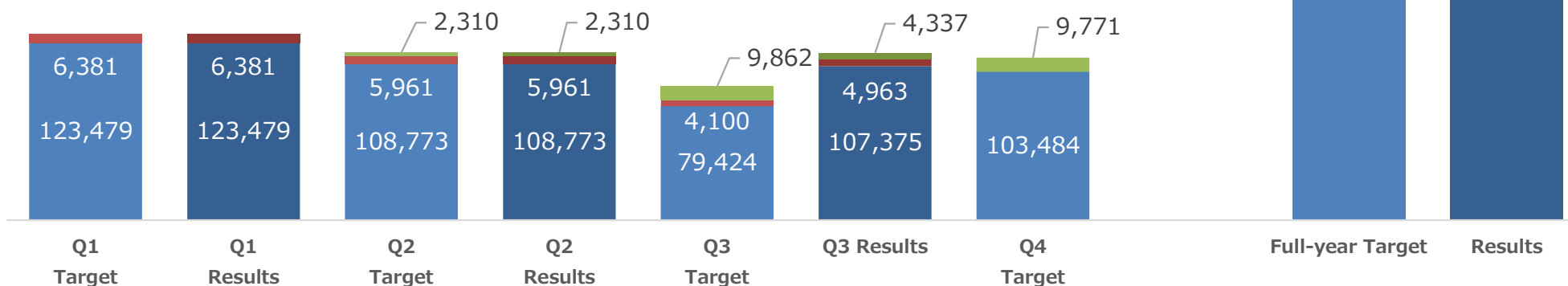
		Q1 Target	Q1 Results	Q2 Target	Q2 Results	Q3 Target	Q3 Results	Q4 Target	Full-year Target	Results
PAC21	Mfg. Costs	123,479	123,479	108,773	108,773	79,424	107,375	103,484	415,160	339,627
	SG & A	6,381	6,381	5,961	5,961	4,100	4,963	0	16,442	17,305
	Subtotal	129,860	129,860	114,734	114,734	83,524	112,338	103,484	431,602	356,932
PAC21+		0	0	2,310	2,310	9,862	4,337	9,771	21,943	6,648
	Total	129,860	129,860	117,044	117,044	93,386	116,676	113,254	453,544	363,580

Full-year progress  
**80.2%**

### Progress

(thousand yen)

■ Mfg. Costs ■ SG & A ■ PAC21+



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)

**M**aximizing  
**A**dded  
**V**alue of  
**Y**amashin Filter  
**S**pread

The key goal indicator (KGI), based on which each relevant department sets its KPIs and KSFs, 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.

# MAVY'S: The Big Picture and the Department (FY2021 revised forecast)

Key Goal Indicator (KGI)	Key Performance Indicator (KPI)	Key Success Factor(KSF)	Relevant departments	Targets for FY2021 (action plan)	FY2021 progress						
<b>MAVY'S</b> Prv: -11.3% Cur: 1.1%	<b>Operating income</b> Prv: -1.0% Cur: 10.2%	<b>ROIC</b> Prv: -1.4% Cur: 6.4%	<b>WACC</b> Prv: 9.9% Cur: 5.3%	<b>ROE</b> Prv: 3.9% Cur: 3.6%	<b>ROA</b> Prv: 3.0% Cur: 2.5%						
						<b>Gross profit ratio</b> Prv: 39.8% Cur: 43.1%	<b>Sales growth ratio</b> Prv: 15.1% Cur: 31.1%	<b>New product development Enhance market share of genuine products</b>	<b>Sales / R&amp;D</b>	<ul style="list-style-type: none"> <li>Accelerate expansion of our market share in China targeting Chinese construction machinery manufacturers</li> <li>Leverage our air filter lineup to enhance our product line and improve the strength of our proposals</li> <li>Enter the mask-related product market</li> <li>Enter new business domains</li> </ul>	<ul style="list-style-type: none"> <li>Increased adoption by Chinese construction machinery manufacturers for use in new machinery.</li> <li>Made progress on proposals involving hybrid filters</li> <li>Sales of mask-related products started, expanding mass production and supply volume</li> <li>Continued progress in supply to the apparel industry (not using down materials)</li> </ul>
							<b>Cost to sales ratio</b> Prv: 60.2% Cur: 56.9%	<b>Enhance buying power Improve yield ratio</b>	<b>Production / Procurement</b>	<ul style="list-style-type: none"> <li>PAC20, PAC20+</li> <li>Reform and improve purchasing methods</li> <li>Improve production management</li> </ul>	<ul style="list-style-type: none"> <li>Revised supplier evaluation standards and completed the consolidation process</li> <li>Reduced procurement costs through joint procurement with AQC</li> <li>Improved yields through planned service and maintenance, progress in manufacturing cost reduction measures</li> </ul>
							<b>SG&amp;A ratio</b> Prv: 40.8% Cur: 32.9%	<b>Depreciation cost ratio</b> Prv: 4.6% Cur: 4.0%	<b>Investment plan</b>	<b>Management planning / Finance and accounting</b>	<ul style="list-style-type: none"> <li>M&amp;A (for revenue expansion and diversification)</li> <li>→Research potential M&amp;A targets</li> <li>→Acquire nonwoven manufacturing entities (downstream)</li> <li>→Acquire new material development entities (upstream)</li> </ul>
						<b>Operating capital turnover rate</b> Prv: 2.7 Cur: 7.2	<b>R&amp;D cost ratio</b> Prv: 3.8% Cur: 3.0%	<b>Narrowing down themes Prioritization</b>	<b>R&amp;D</b>	<ul style="list-style-type: none"> <li>Develop new materials</li> <li>Actions to achieve IoT</li> <li>Develop aeration and other technologies</li> <li>Expand mask product line</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated the commercialization of nanofiber air filters</li> <li>Supplied various trial sensor products to clients</li> <li>Accelerated new materials development through industrial/academic partnerships</li> <li>high-functionality and cloth masks development</li> </ul>
							<b>Personnel cost ratio</b> Prv: 16.1% Cur: 13.4%	<b>Optimal staffing</b>	<b>HR and General Affairs</b>	<ul style="list-style-type: none"> <li>Establish and implement the talent management system</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to identify the next generation of management talent</li> <li>Increased R&amp;D staff for product development</li> <li>Hired specialist staff members to assist in company reorganization and growth</li> </ul>
							<b>Accounts receivable turnover rate</b> Prv: 3.4 Cur: 4.4	<b>Credit management</b>	<b>Sales / Finance and accounting</b>	<ul style="list-style-type: none"> <li>Further optimize AR collection</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined and optimized AR collection for improving working capital</li> </ul>
						<b>FA turnover rate</b> Prv: 1.1 Cur: 1.4	<b>Inventory turnover rate</b> Prv: 4.9 Cur: 5.4	<b>Set appropriate inventory level</b>	<b>Production / sales</b>	<ul style="list-style-type: none"> <li>Reduce company-wide inventory asset</li> </ul>	<ul style="list-style-type: none"> <li>Determined suitable inventory levels based on pareto analysis; currently implementing inventory reduction plans</li> </ul>
							<b>Accounts payable turnover rate</b> Prv: 4.5 Cur: 4.8	<b>Debt management</b>	<b>Procurement</b>	<ul style="list-style-type: none"> <li>Improve working capital</li> </ul>	<ul style="list-style-type: none"> <li>Optimized AP turnover ratio for improving working capital</li> </ul>
							<b>Tangible fixed asset turnover rate</b> Prv: 1.3 Cur: 1.7	<b>Equipment plan (R&amp;D, production)</b>	<b>Management planning Administration / Production / R&amp;D</b>	<ul style="list-style-type: none"> <li>Optimize investment recovery effect</li> </ul>	<ul style="list-style-type: none"> <li>Prioritized R&amp;D and capital investments by analyzing the validity of investment return period</li> </ul>
							<b>Intangible fixed asset turnover rate</b> Prv: 44.2 Cur: 60.3	<b>Investment plan</b>	<b>Management planning</b>	<ul style="list-style-type: none"> <li>Formulate IP strategies and action plans</li> </ul>	<ul style="list-style-type: none"> <li>Established strategies, devised action plans, and enhanced training for targeted group</li> <li>Actively applied for patents in Chinese market</li> </ul>

\*KPI figures are based on the following.  
 Prv : FY2020 (Results)  
 Cur : FY2021 (Revised forecast)

# MAVYS: The Big Picture and the Department (Q3 Results)

Key Goal Indicator (KGI)	Key Performance Indicator (KPI)	Key Success Factor(KSF)	Relevant departments	Targets for FY2021 (action plan)	FY2021 progress																																																							
<b>MAVY's</b> Prv: -11.2% Cur: -1.1%	<b>Operating income</b> Prv: -1.4% Cur: 7.8%	<b>Gross profit ratio</b> Prv: 39.9% Cur: 40.8%	<b>Sales growth ratio</b> Prv: 13.2% Cur: 36.5%	<b>New product development Enhance market share of genuine products</b>	<b>Sales / R&amp;D</b>	<ul style="list-style-type: none"> <li>Accelerate expansion of our market share in China targeting Chinese construction machinery manufacturers</li> <li>Leverage our air filter lineup to enhance our product line and improve the strength of our proposals</li> <li>Enter the mask-related product market</li> <li>Enter new business domains</li> </ul>	<ul style="list-style-type: none"> <li>Increased adoption by Chinese construction machinery manufacturers for use in new machinery.</li> <li>Made progress on proposals involving hybrid filters</li> <li>Sales of mask-related products started, expanding mass production and supply volume</li> <li>Continued progress in supply to the apparel industry (not using down materials)</li> </ul>																																																					
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														<b>WACC</b> Prv: 9.9% Cur: 5.3%	<b>SG&amp;A ratio</b> Prv: 41.3% Cur: 33.0%	<b>Investment plan</b>	<b>Management planning / Finance and accounting</b>	<ul style="list-style-type: none"> <li>M&amp;A (for revenue expansion and diversification) →Research potential M&amp;A targets →Acquire nonwoven manufacturing entities (downstream) →Acquire new material development entities (upstream)</li> </ul>	<ul style="list-style-type: none"> <li>Exploring opportunities and gathering data for M&amp;A (domestic and overseas)</li> <li>Enhanced communication (through conference calls) with Prv: possible M&amp;A target companies</li> </ul>																																									
																				<b>ROE</b> Prv: 2.0% Cur: -0.4%	<b>R&amp;D cost ratio</b> Prv: 4.0% Cur: 3.2%	<b>Narrowing down themes Prioritization</b>	<b>R&amp;D</b>	<ul style="list-style-type: none"> <li>Develop new materials</li> <li>Actions to achieve IoT</li> <li>Develop aeration and other technologies</li> <li>Expand mask product line</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated the commercialization of nanofiber air filters</li> <li>Supplied various trial sensor products to clients</li> <li>Accelerated new materials development through industrial/academic partnerships</li> <li>high-functionality and cloth masks development</li> </ul>																																			
																										<b>ROA</b> Prv: 1.6% Cur: -0.3%	<b>Personnel cost ratio</b> Prv: 16.5% Cur: 13.5%	<b>Optimal staffing</b>	<b>HR and General Affairs</b>	<ul style="list-style-type: none"> <li>Establish and implement the talent management system</li> </ul>	<ul style="list-style-type: none"> <li>Efforts to identify the next generation of management talent</li> <li>Increased R&amp;D staff for product development</li> <li>Hired specialist staff members to assist in company reorganization and growth</li> </ul>																													
																																<b>Investment capital turnover rate</b> Prv: 0.5 Cur: 0.7	<b>Accounts receivable turnover rate</b> Prv: 2.5 Cur: 3.2	<b>Credit management</b>	<b>Sales / Finance and accounting</b>	<ul style="list-style-type: none"> <li>Further optimize AR collection</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined and optimized AR collection for improving working capital</li> </ul>																							
																																						<b>Operating capital turnover rate</b> Prv: 2.2 Cur: 5.3	<b>Inventory turnover rate</b> Prv: 3.7 Cur: 4.0	<b>Set appropriate inventory level</b>	<b>Production / sales</b>	<ul style="list-style-type: none"> <li>Reduce company-wide inventory asset</li> </ul>	<ul style="list-style-type: none"> <li>Determined suitable inventory levels based on pareto analysis; currently implementing inventory reduction plans</li> </ul>																	
																																												<b>FA turnover rate</b> Prv: 1.6 Cur: 2.2	<b>Accounts payable turnover rate</b> Prv: 2.8 Cur: 3.4	<b>Debt management</b>	<b>Procurement</b>	<ul style="list-style-type: none"> <li>Improve working capital</li> </ul>	<ul style="list-style-type: none"> <li>Optimized AP turnover ratio for improving working capital</li> </ul>											
																																																		<b>Intangible fixed asset turnover rate</b> Prv: 31.8 Cur: 48.0	<b>Tangible fixed asset turnover rate</b> Prv: 1.0 Cur: 1.3	<b>Equipment plan (R&amp;D, production)</b>	<b>Management planning Administration / Production / R&amp;D</b>	<ul style="list-style-type: none"> <li>Optimize investment recovery effect</li> </ul>	<ul style="list-style-type: none"> <li>Prioritized R&amp;D and capital investments by analyzing the validity of investment return period</li> </ul>					
																																																								<b>Intangible fixed asset turnover rate</b> Prv: 31.8 Cur: 48.0	<b>Investment plan</b>	<b>Management planning</b>	<ul style="list-style-type: none"> <li>Formulate IP strategies and action plans</li> </ul>	<ul style="list-style-type: none"> <li>Established strategies, devised action plans, and enhanced training for targeted group</li> <li>Actively applied for patents in Chinese market</li> </ul>

\*KPI figures are based on the following.  
 Prv : FY2020 Q3 (Results)  
 Cur : FY2021 Q3 (Results)

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

No change from published figures on Dec 10

## Construction machinery filters

- Demand for YAMASHIN products is expected to remain high due to stable production activities at major customers in Japan, North America and Europe, continued demand for new vehicles and a significant increase in operating hours.
- Although logistics costs, such as ocean and air freight costs, are expected to rise due to disruptions in global transportation logistics, and manufacturing costs to increase due to higher raw material prices, we also expect demand to increase and costs to be reduced.

## Air filters

- Lower office building occupancy rates due to more people working from home means less demand for replacement filters and a corresponding drop in revenue.
- We have revised our full-year earnings forecast downward due to the reduction in profit caused by changes in sales mix and other factors.

## Healthcare

- Decided to implement drastic business structure to improve profits since demand for low-priced products made overseas is becoming more noticeable in the mask market, and demand for YAMASHIN high-performance masks is expected to decrease substantially, resulting in a significant worsening of profitability.



(million yen)		FY2020 Results	FY 2021 Initial forecast	FY 2021 Revised forecast	Difference
		Amount	Amount	Amount	Amount
<b>Net sales</b>		14,587	16,600	19,130	2,530
	Construction machinery filters, etc.*	10,970	12,000	16,000	4,000
	Air filters	2,607	3,000	2,500	△500
	Healthcare	1,009	1,600	630	△970
<b>Operating income</b>		△145	1,500	1,950	450
	Construction machinery filters, etc.*	1,289	2,307	3,750	1,407
	Air filters	123	400	35	△365
	Healthcare	△150	240	△310	△550
	Corporate expenses	△1,408	△1,447	△1,490	△42
<b>Operating income margin</b>		△1.0%	9.0%	10.2%	1.2Pt
	Ordinary profit	△135	1,470	1,920	450
<b>Ordinary profit margin</b>		△0.9%	8.9%	10.0%	1.2Pt
	Net income	750	960	430	△530
<b>Net income margin</b>		5.1%	5.8%	2.2%	△3.5Pt
Exchange rate (JPY)	USD	106.1	105.0	110.0	4.8%
	EUR	123.7	125.0	130.0	4.0%

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

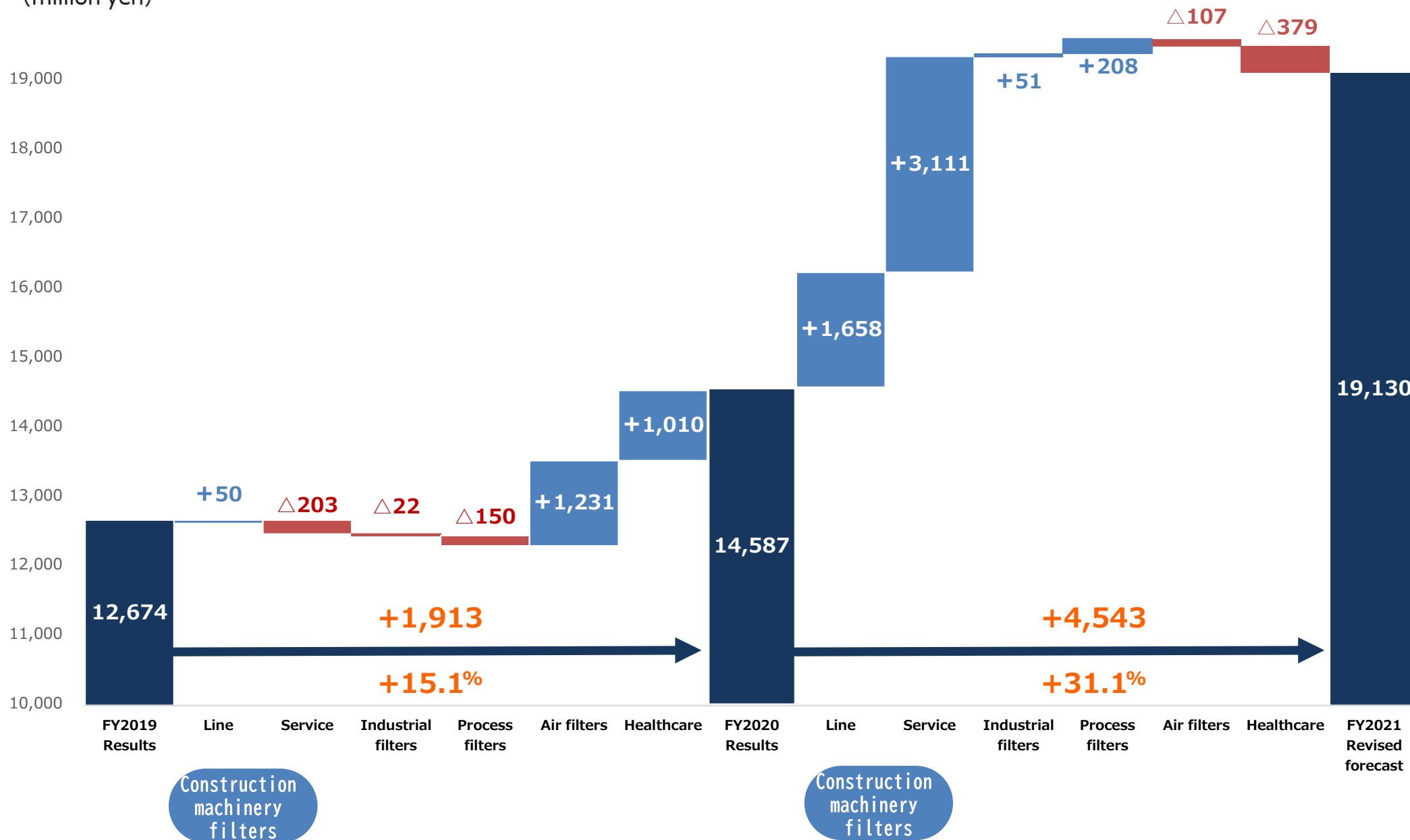
	FY2020 Results		FY2021 Initial Forecast		FY2021 Revised Forecast		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
<b>Construction machinery filters</b>	9,713	66.6%	10,748	64.7%	14,483	75.7%	3,735	34.8%
Line parts	4,178	28.6%	4,690	28.3%	5,837	30.5%	1,147	24.5%
Service parts	5,534	37.9%	6,057	36.5%	8,646	45.2%	2,588	42.7%
<b>Industrial filters</b>	470	3.2%	464	2.8%	522	2.7%	57	12.5%
<b>Process filters</b>	786	5.4%	787	4.7%	994	5.2%	206	26.2%
<b>Subtotal (Construction machinery filters, etc. *)</b>	10,970	75.2%	12,000	72.3%	16,000	83.6%	4,000	33.3%
<b>Air filters</b>	2,607	17.9%	3,000	18.1%	2,500	13.1%	△500	△16.7%
<b>Healthcare</b>	1,009	6.9%	1,600	9.6%	630	3.3%	△970	△60.6%
<b>Total</b>	14,587	100.0%	16,600	100.0%	19,130	100.0%	2,530	15.2%

(million yen)	FY2020 Results		FY2021 Initial Forecast		FY2021 Revised Forecast		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
<b>Construction machinery filters, etc. *</b>	10,970	75.2%	12,000	72.3%	16,000	83.6%	4,000	33.3%
Japan	5,019	34.4%	5,437	32.8%	7,697	40.2%	2,260	41.6%
North America	1,915	13.1%	2,226	13.4%	2,976	15.6%	749	33.7%
China	1,552	10.6%	1,727	10.4%	2,008	10.5%	280	16.3%
Other Asian countries	1,235	8.5%	1,311	7.9%	1,795	9.4%	484	36.9%
Europe	1,243	8.5%	1,296	7.8%	1,467	7.7%	171	13.2%
Others (Middle East, etc.)	3	0.0%	0	0.0%	53	0.3%	53	-
<b>Air filters (Japan)</b>	2,607	17.9%	3,000	18.1%	2,500	13.1%	△500	△16.7%
<b>Healthcare (Japan)</b>	1,009	6.9%	1,600	9.6%	630	3.3%	△970	△60.6%
<b>Total sales*</b>	14,587	100.0%	16,600	100.0%	19,130	100.0%	2,530	15.2%

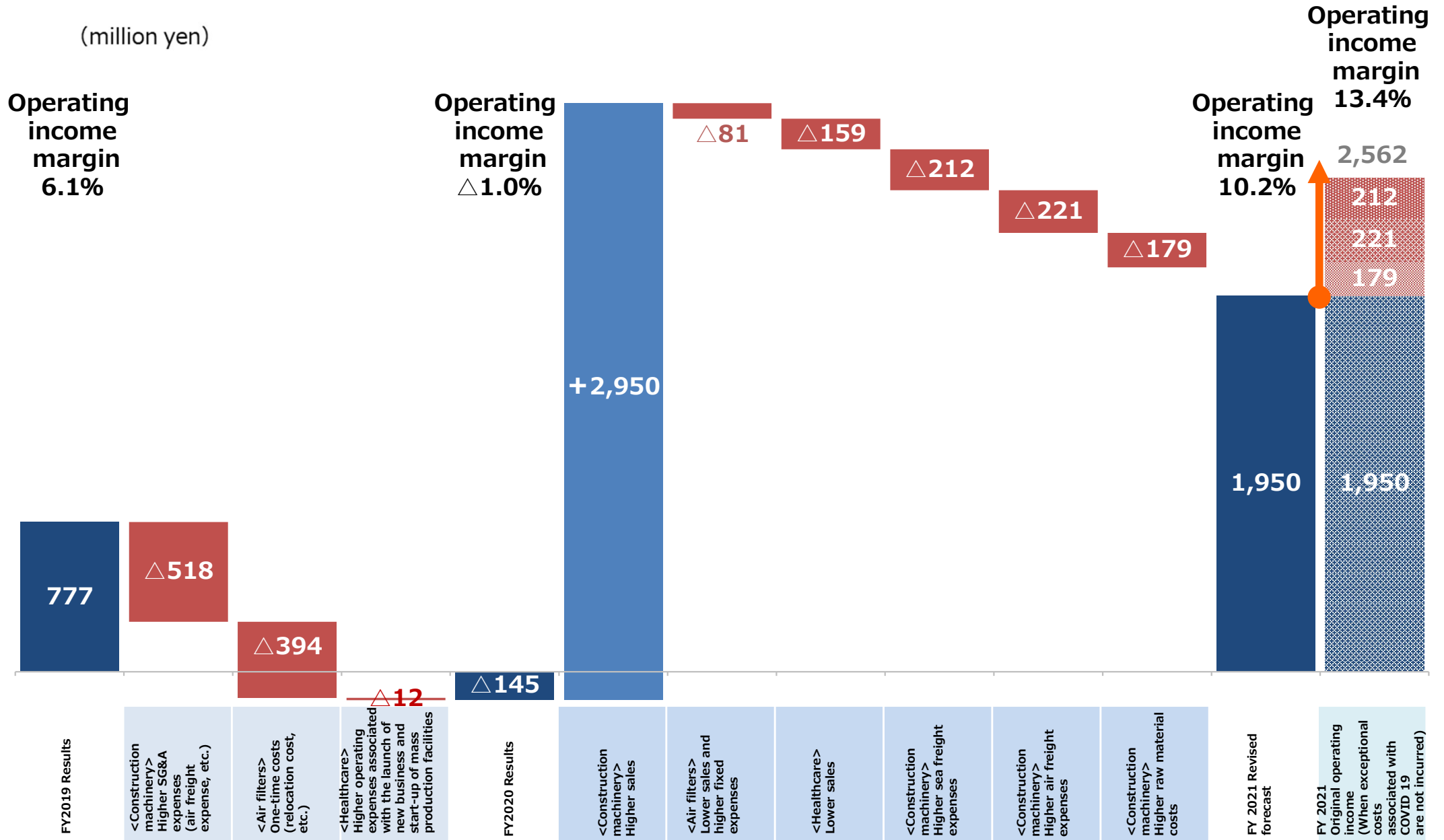
\*"Construction machinery filters, etc." includes industrial filters and process filters, in addition to construction machinery filters.

\* Sales by region here are calculated based on the locations of corporations to which invoices are sent. Actual regional market trends may be different from the numbers shown above.

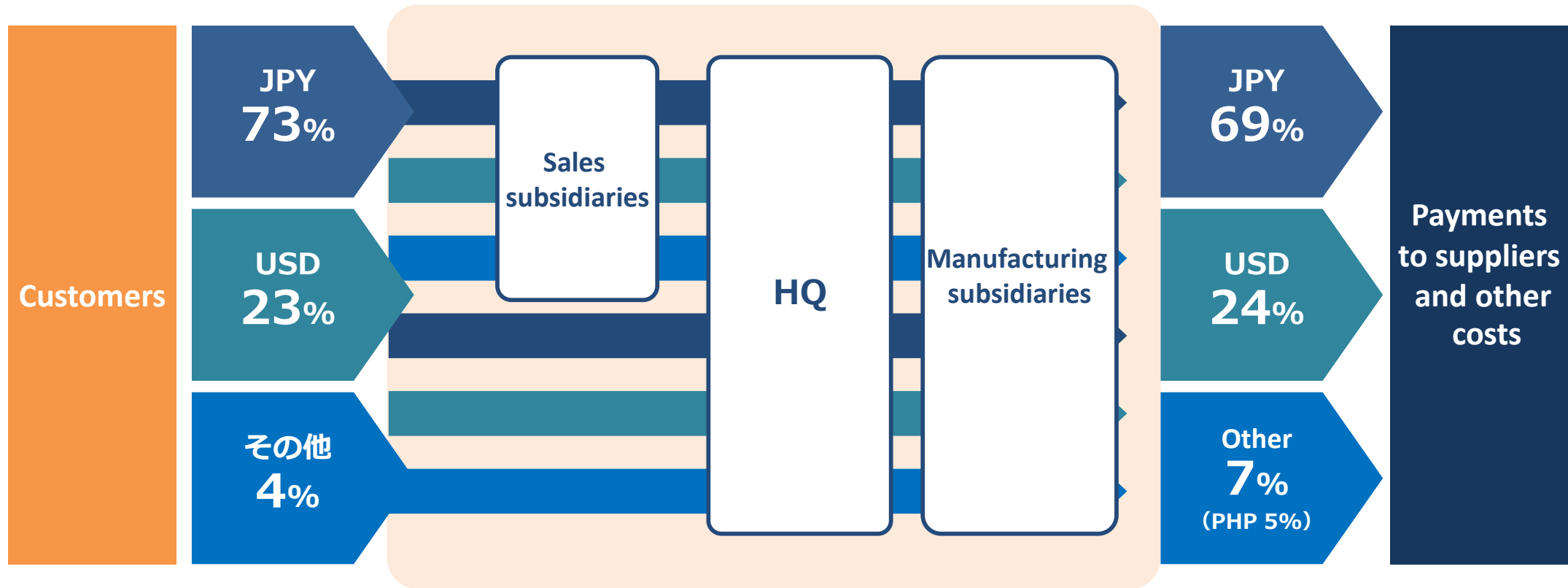
(million yen)



# FY2021 Forecasts : Changes in Operating Income



The “marry and netting” operational hedge was successful.



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 by about 11 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
<b>Dividend per share</b>	6.0	6.0	6.0	6.0
<b>DOE*<sup>1</sup></b>	2.4%	2.3%	2.2%	4.8%
<b>Total return ratio*<sup>2</sup></b>	31.9%	72.3%	59.3%	137.3%

\*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



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## II Market Conditions

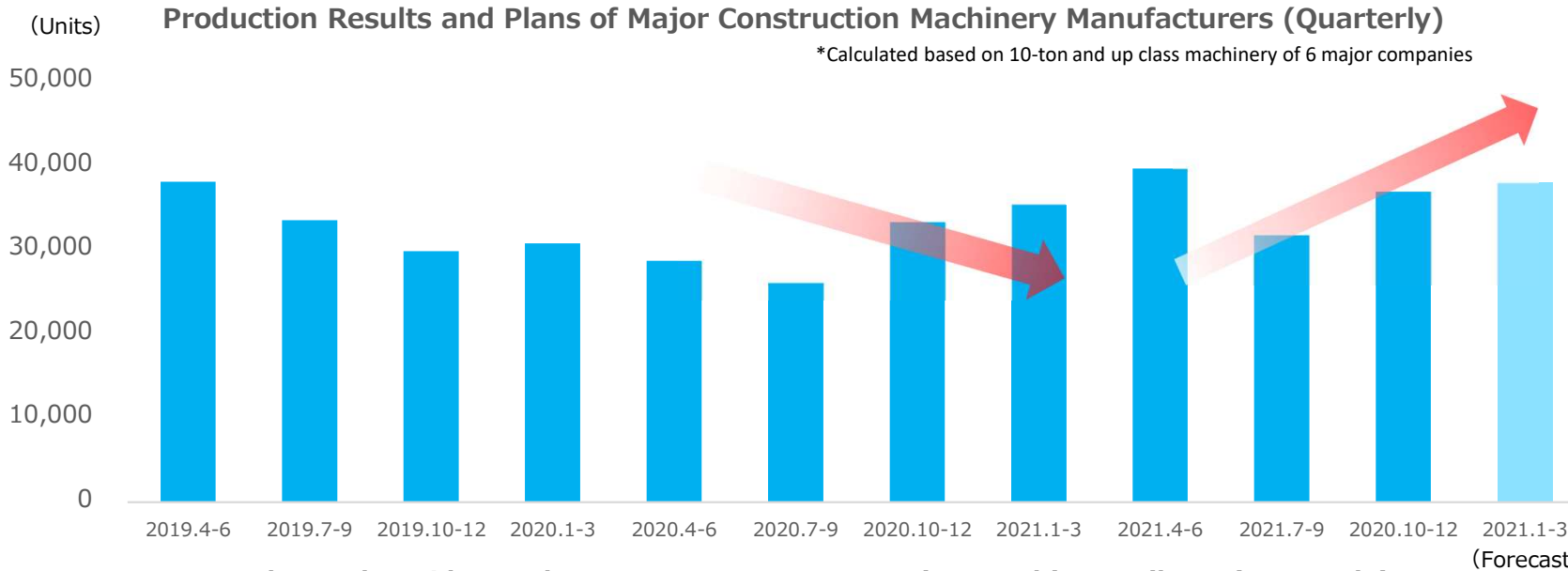


# Conditions in the Construction Machinery Market

- With the cost of natural resources remaining high, a favorable business environment is expected to continue.
- Only the Chinese market is slowing down due to constraints on construction and real estate investment.

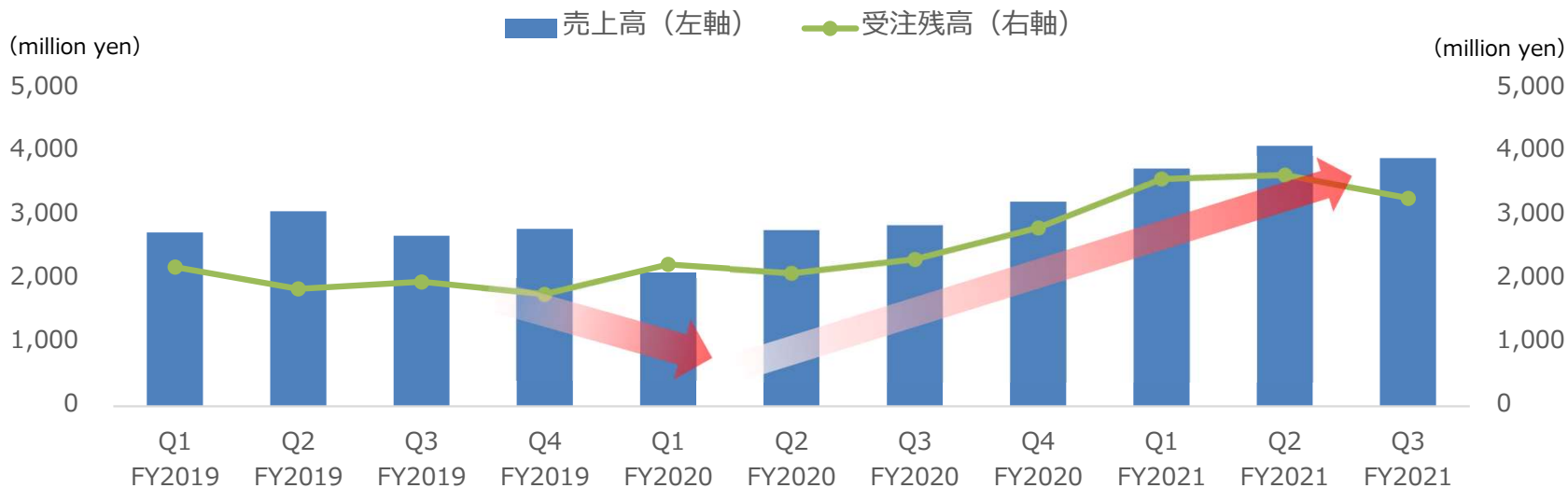
	FY2020 Q4	FY2021 Q3	Future outlook
Japan	Demand for construction machinery has remained strong particularly in the area of public works which has proven particularly resilient to the effects of rising COVID-19 infection rates.	Although the effects of the COVID-19 pandemic linger, the operating hours of construction machinery have increased significantly and demand for new vehicles is rapidly recovering.	Demand is expected to remain steady with little impact from COVID-19.
North America	Our major customers have resumed production activity and demand is increasing, heralding a recovery to pre-pandemic levels.	Government measures have yielded recovery from the impact of COVID-19, with growth in operating hours and sales of new construction machinery.	Although the growth rate will be lower than in 2021, it will be steady, supported by improved employment and income conditions in new residential construction projects.
Europe	The region is starting to recover from the impact of rising COVID-19 infection rates.	Demand for construction machinery has grown in both the new and rental markets.	Steady growth mainly in major countries and economic stimulus measures are expected to be successful and demand is expected to expand.
Southeast Asia	Our major customers have resumed production activity, and the operating hours of construction machinery seem to have bottomed out, signaling a return to normal operations.	The recovery from COVID-19 has become clearer, the operating hours of construction machinery have increased, heralding a return to normal operations.	Despite lingering risks from COVID-19, demand for construction equipment is strong as economic activity resumes.
China	Significant increase in demand for new vehicles due to the effects of government-led investment and consumption stimulus measures driven by a policy environment of growing industry subsidies	New heavy equipment sales remain at a high level, but demand is slowing down in the second half of the year.	Expected to remain sluggish due in part to government regulations on economic restraint and environmental measures.

- A favorable macro environment has driven steady growth in demand.



**We have increased planned production in response to rising demand**

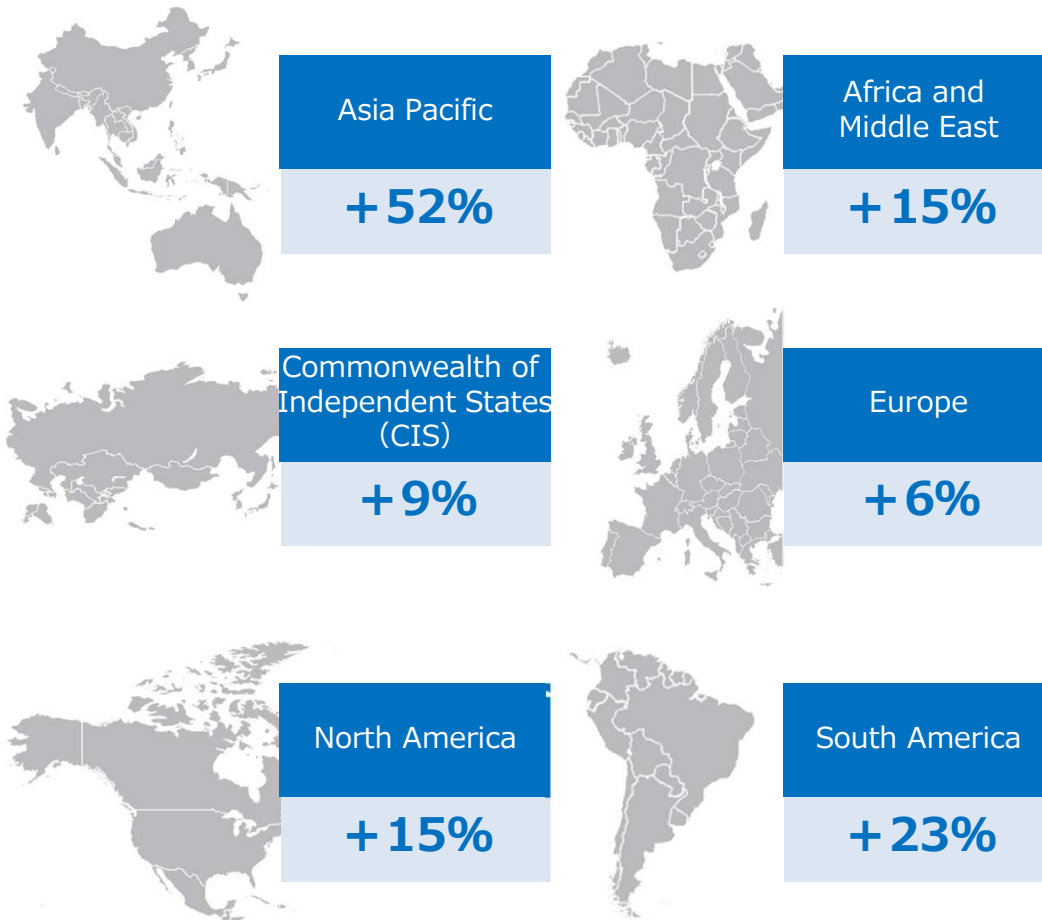
**Sales and Backlog Orders: YAMASHIN Construction Machinery Filters (Quarterly)**



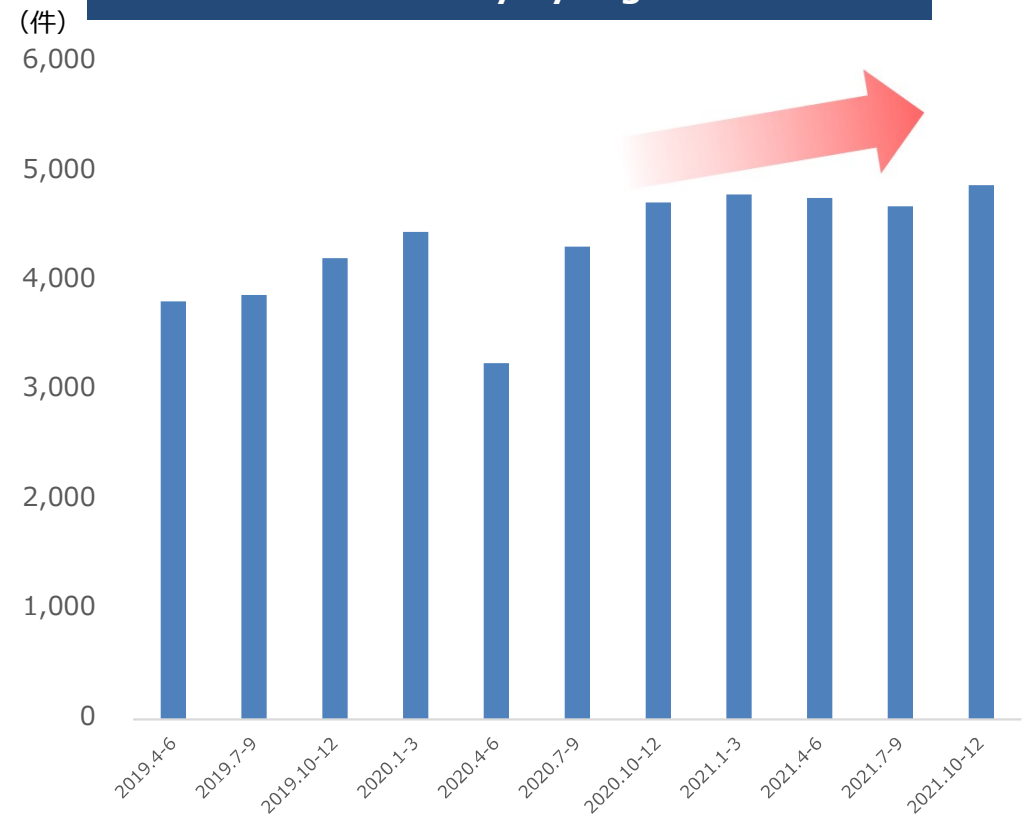
**Despite delays on the logistics front, our backorders have maintained high levels**

- All companies are raising inventory levels in response to the favorable business environment, and we expect inventory levels to remain strong in the next fiscal year and beyond.
- The number of new residential construction projects in North America remains at a high level due to the increasing amount of remote work.

## Growth in demand for construction machinery by region



## Growth in demand for construction machinery by region



(Created from Bureau of the Census)

- Steady growth in market share among major customers in North America.
- In the new field of introducing products for freight railroads, various products have reached the actual equipment testing stage.

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

### Hydraulic filter share

	2021	2022	Increase/Decrease
Construction machinery	39%	43%	4%
Mining machinery	20%	27%	7%
Forestry machinery	30%	42%	12%

### TM filter share

	2021	2022	Increase/Decrease
Construction machinery	88%	90%	2%
Mining machinery	54%	56%	2%
Forestry machinery	71%	74%	3%

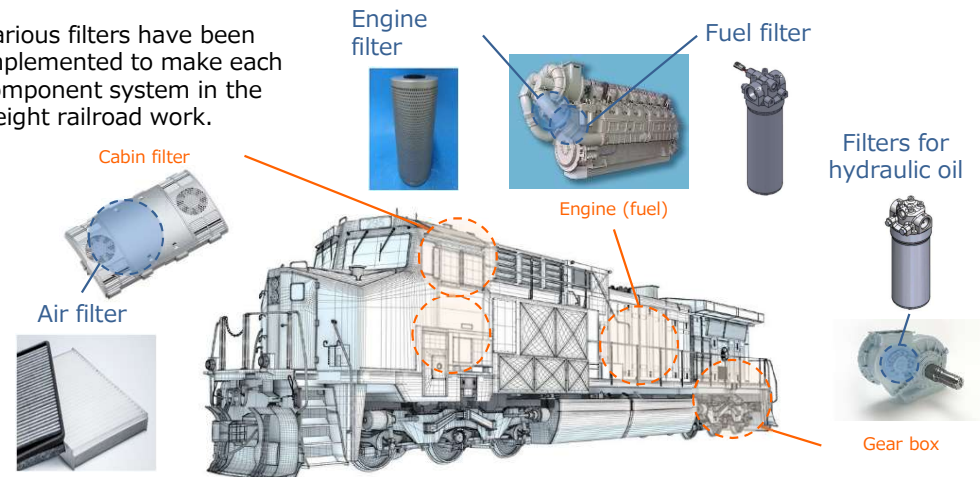
### Other filter share

	2021	2022	Increase/Decrease
Construction machinery	17%	28%	11%
Mining machinery	12%	19%	7%
Forestry machinery	15%	18%	3%

## Progress in new field development

### There are many filter adoption opportunities for freight railroads

Various filters have been implemented to make each component system in the freight railroad work.



### Application of expertise cultivated in the construction machinery field

Filters for various oils

Air filters

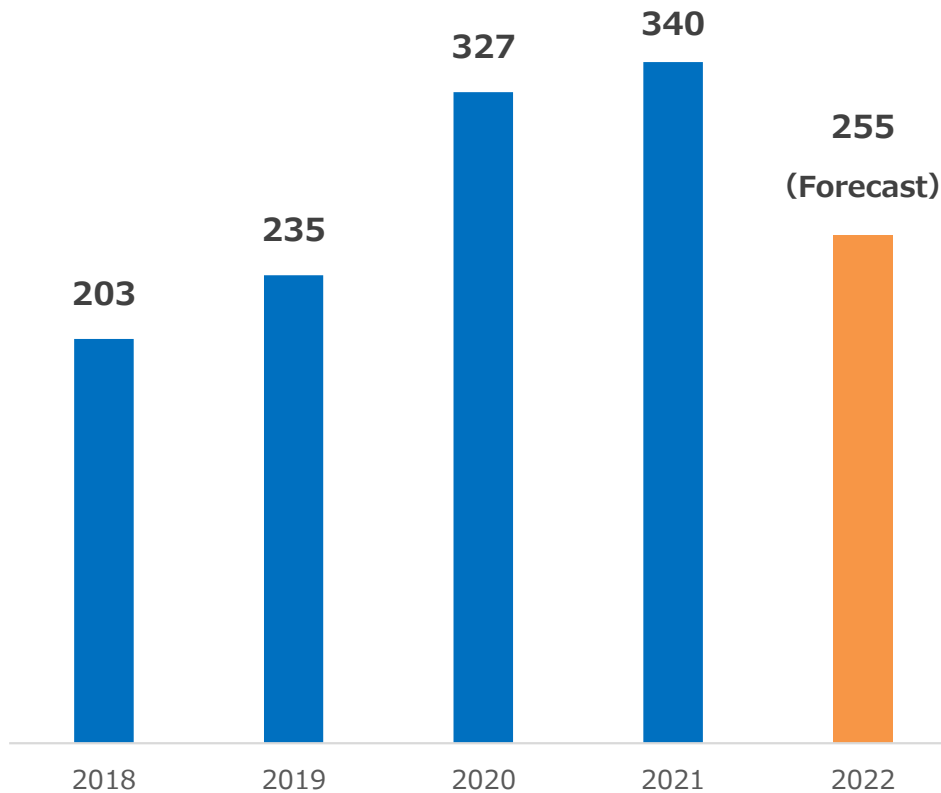
Filters for fuel

Each area is currently finding ways to adopt products by making full use of the expertise cultivated in industrial fields such as construction machinery. This year, we are making steady progress in the actual equipment testing phase.

- Annual sales volume have reached 340,000 units as demand recovers after COVID-19, but sales volume is slowing down at present.
- Sales volume is expected to decline in 2022, mainly for small models, where price competition is fierce.

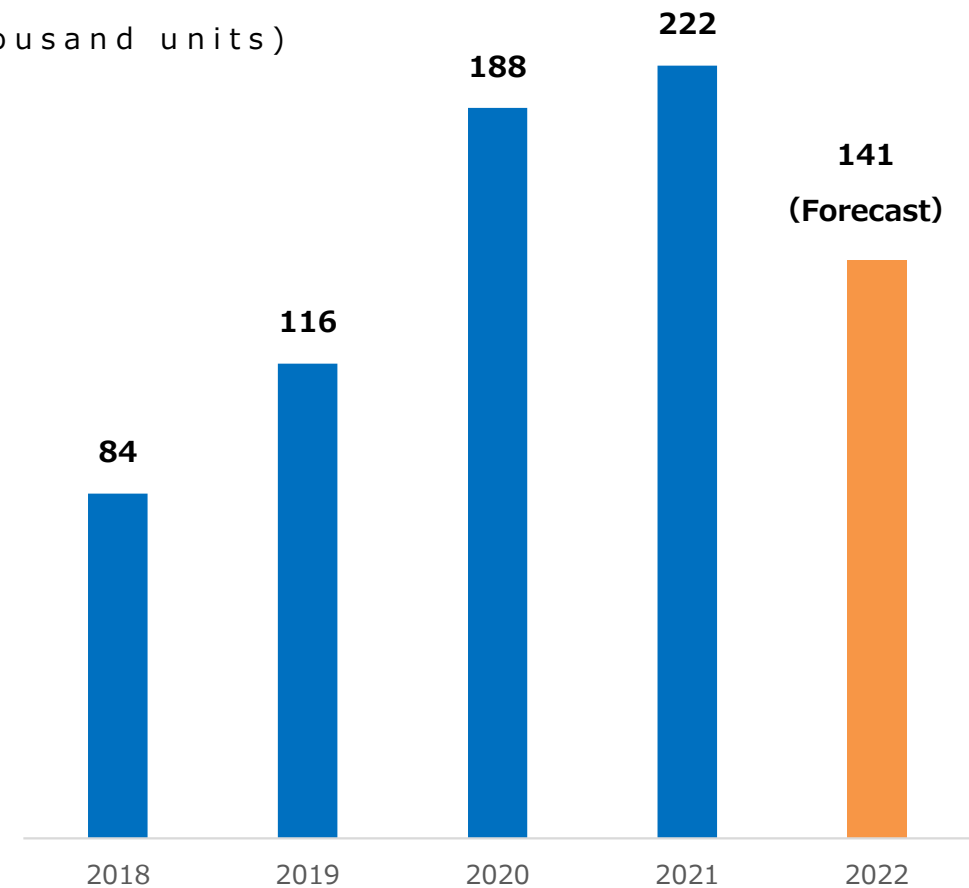
## Trends in annual sales

(Thousand units)



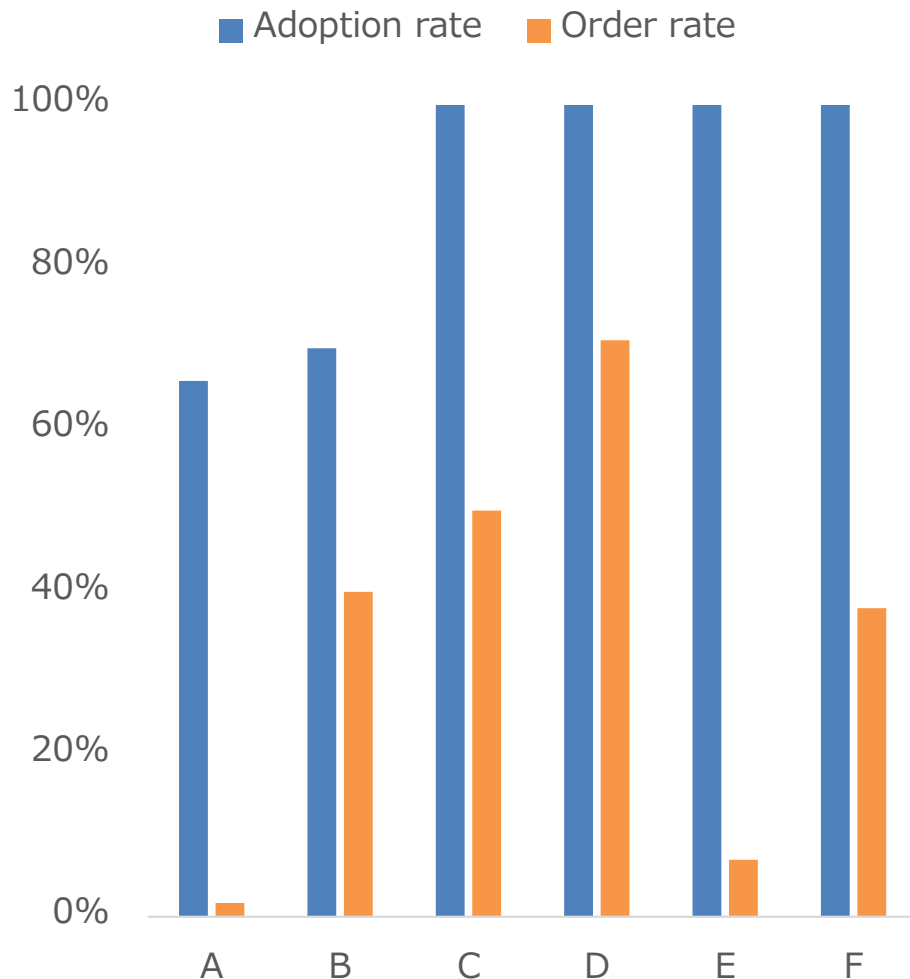
## Production volume of 3 major Chinese construction machinery manufacturers

(Thousand units)



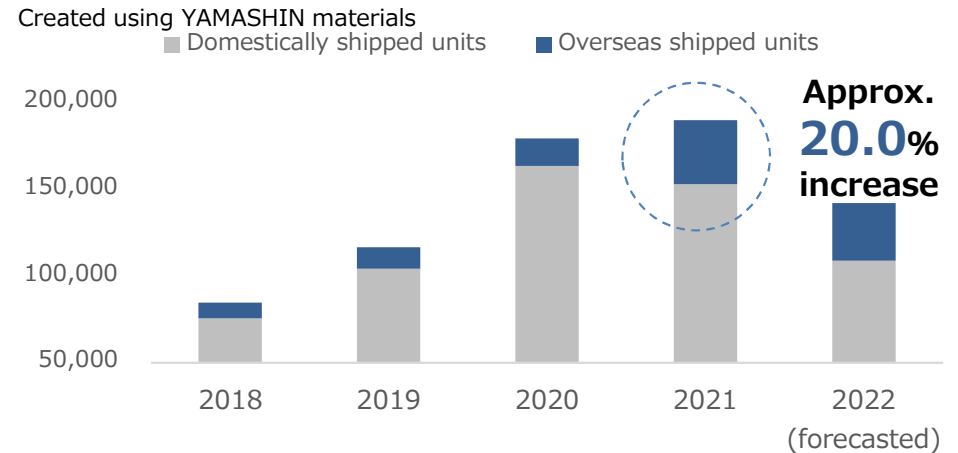
- Chinese construction machinery manufacturers seeking growth opportunities are advancing into overseas markets, especially in Asia.
- YAMASHIN will utilize our global network to differentiate ourselves from Chinese filter manufacturers.

## Adoption rate and order rate for current models

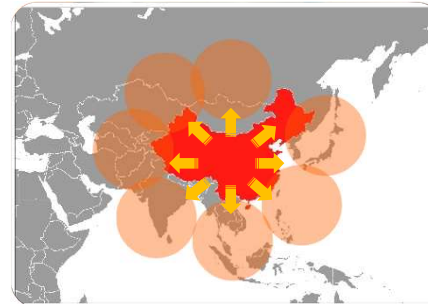


## Response to Chinese manufacturers that are expanding into overseas market

### Overseas export ratio of three major companies



### Maximum support for sales expansion through our global network



YAMASHIN's global network provides maximum support for Chinese construction machinery manufacturers seeking growth opportunities in overseas markets. We will market our unique qualities through a support system that differs from that of local filter manufacturers in China, including support for local transactions and sales expansion of supplies.

- Knowledge accumulation by maximizing the knowledge and top market share of a specialized filter manufacturer
- Enhancement of competitiveness by digitizing differentiating factors that were previously dealt with using analog technology

## Digital information that can be captured by using sensors

We use the digital data sent from the sensors to provide the best solution.



### SWIFTROCK®

【Featured functions】

- Monitoring of oil contamination levels
- Complete functions with a single product

【What can be achieved】

- Finding errors in early stages

→ **Minimizing repair costs**



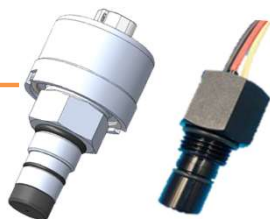
### FILTER SAVER®

【Featured functions】

- Filter life prediction
- Visualization of genuine rate

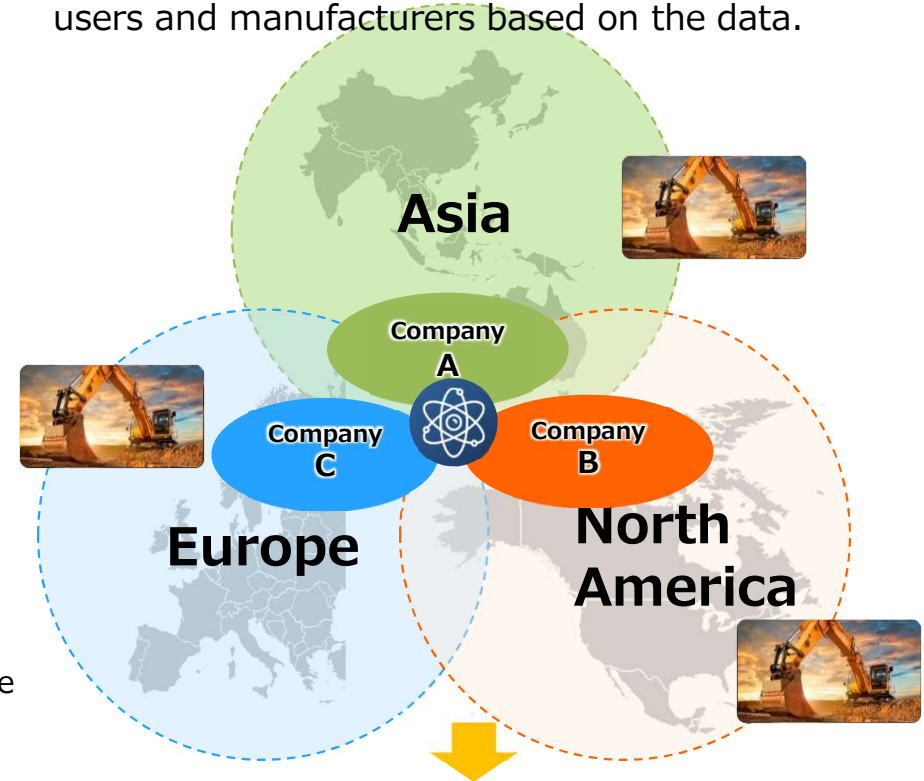
【What can be achieved】

- Visualization of demand
- **Strategic inventory planning**



## YAMASHIN's ideal form of digital transformation (DX)

We aggregate usage data for each region and formulate strategies tailored to the characteristics of users and manufacturers based on the data.



**Establishing our position as a global information aggregator**



# Conditions in the Air Filter Market

- With more interest being shown to air quality, we find ourselves in a position where we can leverage our strengths as a comprehensive filter manufacturer.
- Our differentiated, high value-added technologies let us meet the demand for environmentally friendly products at a competitive price point.

## NanoWHELP®

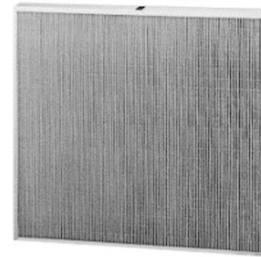


• Obtained MERV14 · 15 · 16

### World's first nanofiber air filter

Medium performance nanofiber air filter with low pressure loss and high collection rate.

Strengthening supply to office buildings, factories, railroad cars, home appliances, and other applications.



### HEPA, ULPA filter development

HEPA and ULPA filters with low pressure loss, high collection rate and low cost. Actively used in offices, schools, hospitals, stores, and other facilities.

### Lytic enzyme filters



### Specialized anti-virus filter

## The value our company provides with its NanoWHELP® and lytic enzyme filters

### Contributing to society

Reduced risk to health

Lower greenhouse gas emissions

Less waste (longer service life)

### Helping users

Reduced costs to users

### Committing to corporate responsibility

SUSTAINABLE DEVELOPMENT GOALS



- 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.
- We began to focus on the semiconductor and vehicle markets, where demand is expected to increase.

	Market overview	Market environment	
		Previous period	Forecast for the current term
<b>Buildings</b>	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.	The building market will recover its composure in 4Q, and repeat orders will be steady.
<b>General factories</b>	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 production situation appears to be recovering, but capital investment is lagging a bit.
<b>Semiconductor factories</b>	Replacement market for chemical filters	More people working from home meant an increase in demand for PC equipment and other products.	Continued strong capital investment.
<b>Environmental equipment</b>	Air filters for residential air conditioning and air purifiers used in general households	Decline in new housing construction due to the impact of COVID-19, resulting in lower demand.	The aftermath of the wood shock will continue, but the economy is expected to recover in 4Q.
<b>Vehicles</b>	Air filters for air conditioning of railroads, etc. Air filters for protecting construction machinery from dust	Due to the impact of COVID-19, a slight decrease in demand due to the refrain from replacing air filters in public transportation.	Construction machinery sales will remain strong. Railroad sales decreased from the previous year, but remain as expected.

- The ultimate air filter for reducing environmental impact with long life and low pressure loss.
- Steady progress in adoption at hotels and public facilities in the buildings sector which is recovering.

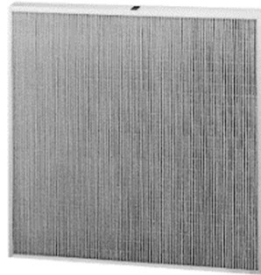
## NanoWHELP®

The world's first nanofiber air filter



**MERV 14**  
(MERV14)

NanoWHELP™ has earned MERV 14 certification, outperforming MERV 13 filters which are the highest level used for building air conditioning. Among medium-to-high performance filters, NanoWHELP™ makes its claim as the only Japan-made filter to achieve MERV 14 certification.

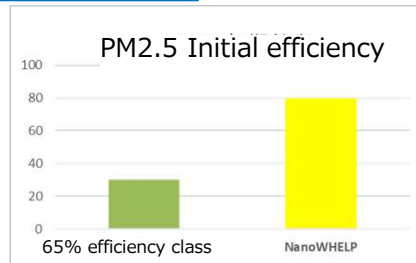


### Product Features

- The performance inherent to YAMASHIN NANO FILTER® **keeps pressure loss consistently low**
- Among medium-to-high performance filters, NanoWHELP™ is the only Japan-made filter to achieve **MERV 14, 15, 16 certification**

**96% collection efficiency for PM2.5 Initial effectiveness of at least 80%**

- Unparalleled filter performance
- Lower cost due to longer times between replacement
- Competitively priced



### Target Markets

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

### Market Position

#### Downtown high-rise hotels



Adopted at Shangri-la Hotel and Four Seasons Hotel right next to Tokyo Station

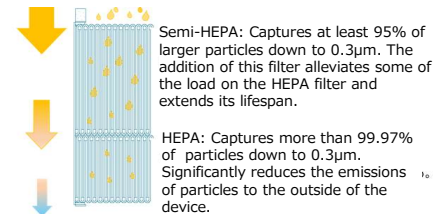
Capital investment in the hotel group had been sluggish, but was gradually showing signs of recovery, and the decision was made to implement NanoWHELP®.

#### Tokyo Government Buildings



A decision was made to install NanoWHELP® in government buildings in Tokyo. Sales activities during air conditioning system renewal were successful.

A two-layer structure combining semi-HEPA and HEPA filters



Installed in a mist collector newly developed by a machine tool manufacturer. Mass production is expected to start in FY2022.

- We are focusing on supplying our filters to the service industry whose post-pandemic recovery will spur growing demand.
- We are proactively promoting our points of difference to end users through direct sales and joint verification.

## New product **Lytic Enzyme Filters**

Infection prevention measures are in place!



### Product Features

- Our unique production methods for our specialized anti-virus filters ensure sustained efficacy.
- Enzymes destroy the protein membrane (e.g., the cell wall) of molds and microorganisms, eliminating the risk of secondary contamination

Our filters appeal to a wide range of markets as an anti-virus measure

- Unlike traditional methods of chemical application, our unique methods ensure sustained efficacy.
- Because we use natural materials, our filters can be used in food preparation and other facilities that are subject to strict standards. Our products are also effective against mold and microorganisms.
- Lytic enzymes can inactivate COVID-19 and other enveloped viruses.

### Target Markets

Offices, schools, hospitals, retail stores, factories, etc.

### Market Position

FY2021

### Developing new fields

Amid heightened interest in air purification, products will be implemented in new fields and efforts are being made to develop new markets.



### Large net cafes

The filter's effectiveness in smoking rooms and air conditioning systems has been recognized, and it will be adopted next fiscal year.



### Conveyor belt sushi

Implemented at large chains and experimental implementation also underway.



### Nursing facilities

Health concerns are high and there is a great need to reduce cleaning costs.

Note: We are currently in the proposal stage with several companies, including major restaurant chains.

# Conditions in the Mask Market

- Supplying original masks to related parties as an official partner of the Ski Association of Japan.
- Contributing to the local community through the donation of masks by practicing the company principle, *Rokajini tsukafuru*.

## Co-sponsorship as an official partner of the Ski Association of Japan

### Yamashin Filter supports SAJ!



Mask image

### Zexeed® was adopted as an original mask for the Ski Association of Japan

As the Ski Association of Japan prepares for the upcoming Beijing Olympics, they are taking thorough measures to combat infectious diseases.

Among these measures, Zexeed® was highly praised for its high filter performance, good fit and airtightness, and its three-dimensional form that ensures easy breathing, which led to the adoption of it as an original mask design with the association's logo.

## YAMASHIN Filter Mask® donations

### Donating YAMASHIN Filter Masks® to provide support for preventing COVID-19

**200,000** YAMASHIN Filter Masks® donated to Kamimine, Saga Prefecture, where our production plant is located.



**16,000** YAMASHIN Filter Masks® were donated to three public high schools where Saga Plant employees graduated from.

**250,000** YAMASHIN Filter Masks® were donated to Yokosuka, which has opened a new R&D base, the Yokosuka Innovation Center.



# III Future Strategies



Corporate Principle

*Rokajini tsukafuru*

(contribute  
to society through  
filtration activities)



Emergence of  
various societal issues

Climate change

Waste  
processing

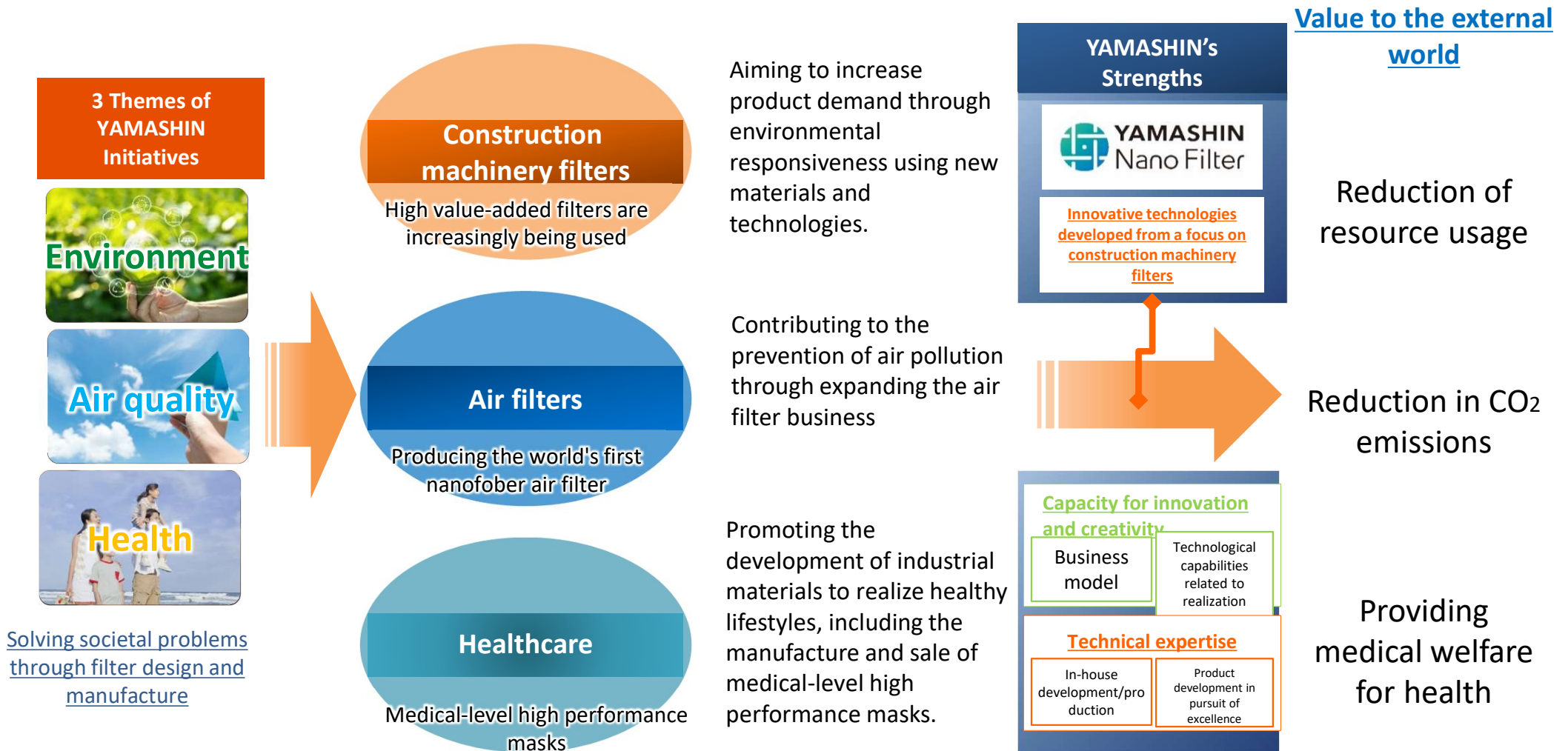
Declining  
biodiversity

Spread of  
COVID-19

Realizing *Rokajini tsukafuru*

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

# Realizing corporate philosophy : 仕濾過事 (Rokajini tsukafuru) or “Contribute to society through filtration business”



Launch of an ESG project (YSS: Yamashin Sustainable Solutions) to enhance business models and strengths from a sustainable perspective

## YSS

**Name : Yamashin Sustainable Solutions**

### (Theme at time of launch)

Solving societal issues and creating business opportunities :

### (Direction)

- In order to solve societal issues such as the environment and climate change, we will examine measures to contribute to areas such as the reduction of CO2 emissions and industrial waste by utilizing YAMASHIN's technologies and products.
- Calculation of quantitative KPIs, etc. in the future.

## 【Major products】

**Construction machinery filters**

: Return filters made with nanofiber filter

**Air filters**

: Air filters made with nanofiber filter  
(NanoWHELP®)

**Healthcare**

: Masks made with nanofiber filter

## Key issues to be addressed

Formulation of company-wide policies and objectives regarding sustainability, and promotion of the construction and development of systems to put these policies and objectives into practice.

## Results of this term



Sustainability Report 2021, a report summarizing the current status of ESG initiatives, was published in October 2021.

The switchover to YAMASHIN Nano Filter® for construction machinery filters will begin gradually from March 2024, and we are expecting a significant increase in sales.

**YAMASHIN Nano Filter®**


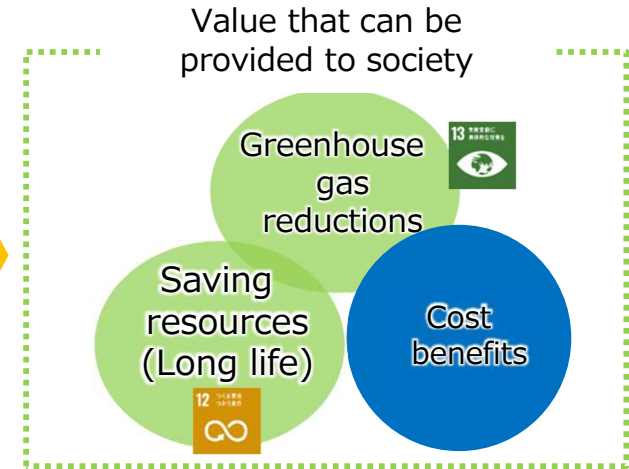


Price is approximately **2** times that of the existing product  
Growing into a medium- to long-term earnings




**Iot sensor**

Sensors measure filter life and hydraulic oil contamination which further increases the value of the filter.

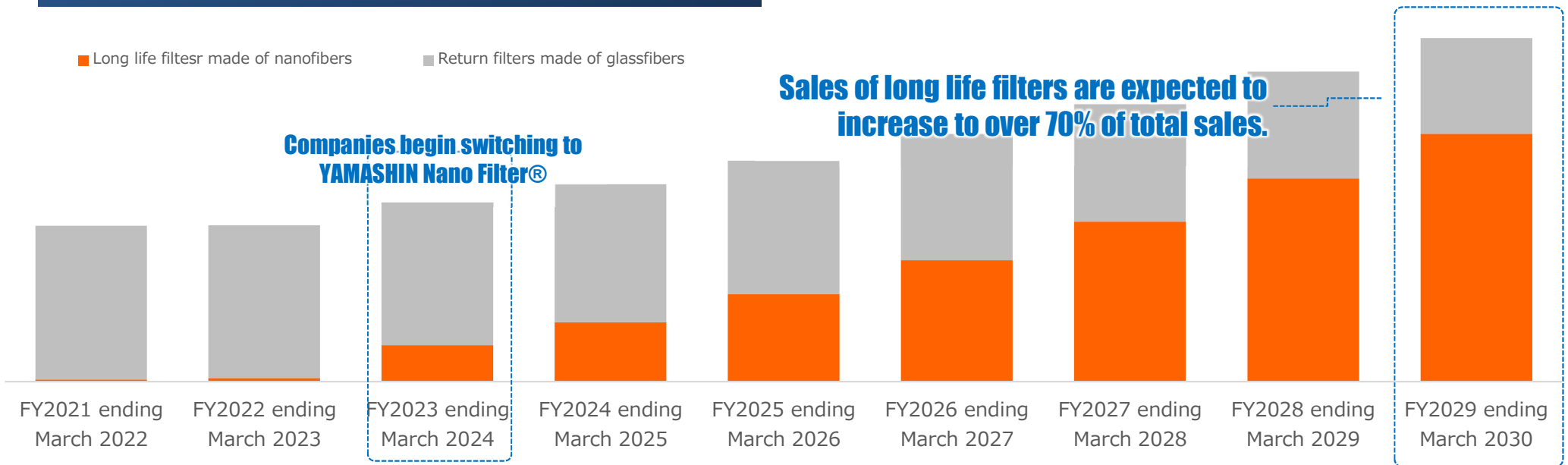



## Sales forecast of filters made of nanofiber filters

■ Long life filters made of nanofibers    ■ Return filters made of glassfibers

Companies begin switching to YAMASHIN Nano Filter®

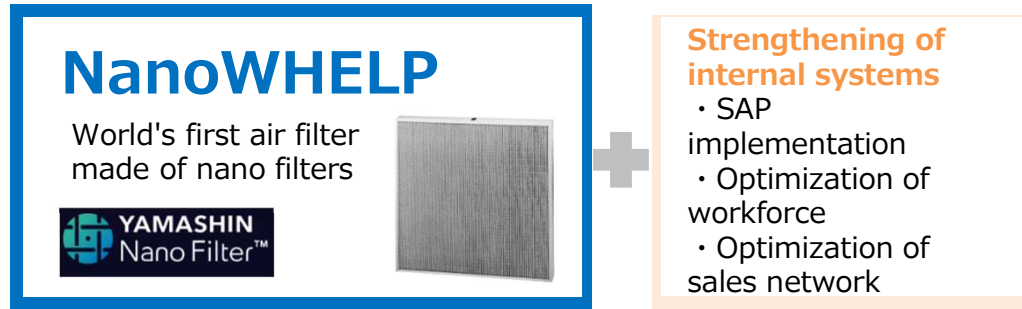
Sales of long life filters are expected to increase to over 70% of total sales.



We are aggressively developing environmentally friendly products by leveraging the amazing capabilities of YAMASHIN NANO FILTER®. Goal of 5 billion yen in sales over the medium term.

## Technology master

(Product appeal)

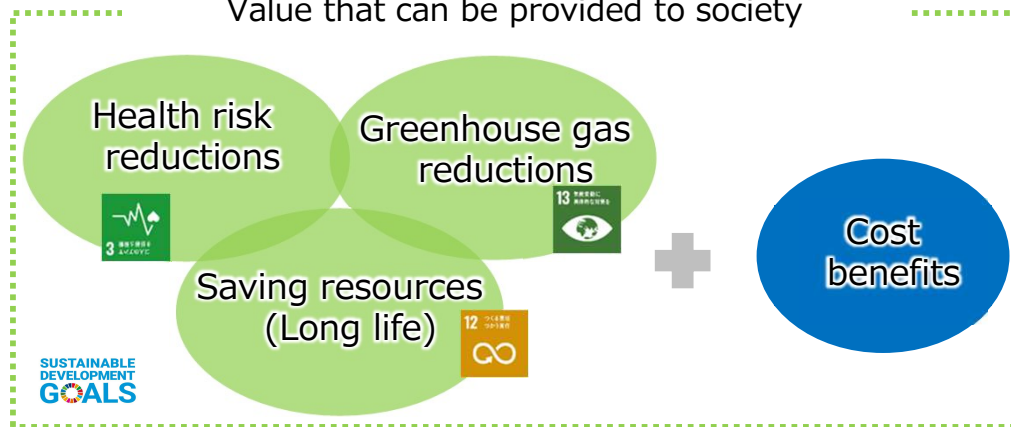


## Target markets for future development



The only medium- to high-performance filter from a Japanese manufacturer that has obtained the highest level of air filter performance standards (MERV 14, 15, 16) in the European and American markets.

Value that can be provided to society



## Goals of achieving sales of 5 billion yen in the medium term

## Improving the value chain

True earnings potential by strengthening the value chain

**Aiming to achieve an operating margin of 20% over the medium term.**

## Strengthening measures

- |  |  |
|--|--|
| <p><b>1</b></p> <p><b>Construction machinery filter business</b><br/>Improvements to profitability through PAC21, airfare control, fixed cost reduction, and cost cutting</p>  | <p><b>3</b></p> <p><b>Healthcare business</b><br/>Automation of production lines and reduction of fixed costs by investment in mask production facilities, reduction of production costs, efficient management of sales promotion and advertising expenses, etc.</p> |
| <p><b>2</b></p> <p><b>Air filter business</b><br/>Reduction of manufacturing costs PAC21 through transfer to YCF production and introduction of SAP (strengthening of cost management system), improvement of profitability through reduction of fixed costs, and reduction of defects</p> | <p><b>4</b></p> <p><b>Strengthening the supply chain</b><br/>Reorganization of production bases (New Saga Plant, New Vietnam Plant, North America Plant), significantly increased production capacity and reduced manufacturing costs</p>                            |

## Strengthening the supply chain

**Reorganized development and production systems, launch of new facilities**

Shift from a centralized production system to a multiple production system, and establishment of a more robust supply chain system.

### Development facility



**Yokosuka Innovation Center**



Consolidation of dispersed R&D bases to accelerate development of new material applications

### Production system



**New Saga Factory**



**YAMASHIN America, Morton Factory**



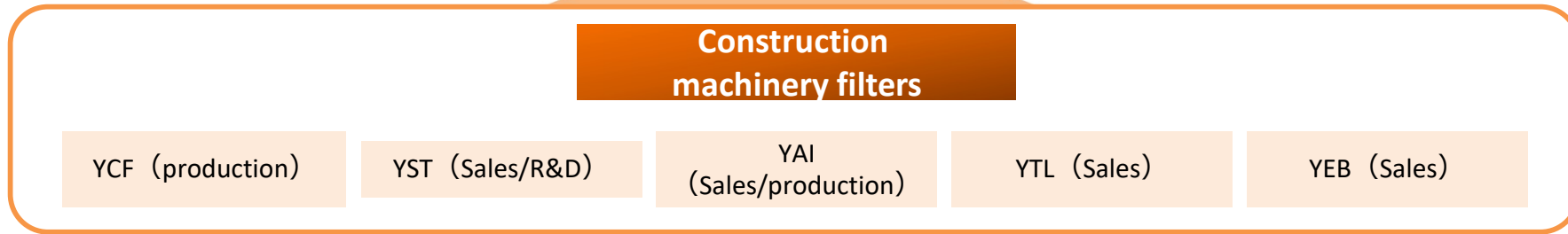
**New Vietnam Factory**



**Cebu Factory**

## Construction of an efficient production system suitable for the YAMASHIN NANO FILTER®










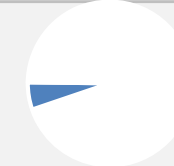

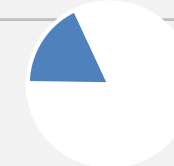

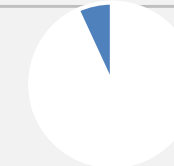


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REFERENCE MATERIALS

① 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, we started to sell filter masks and mask inner sheets made from our proprietary synthetic polymer nanofibers, 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>		

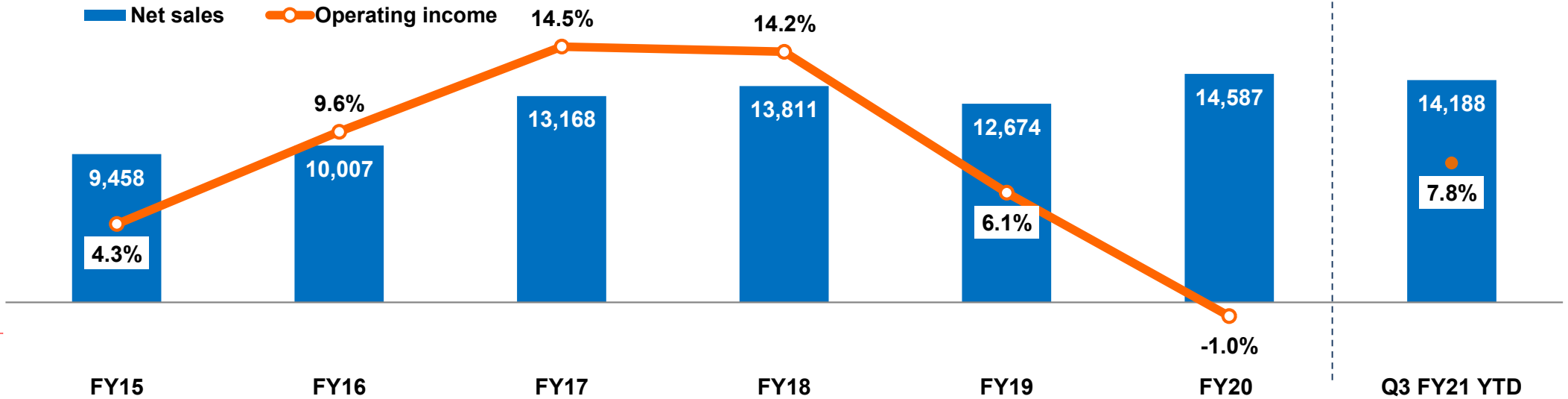
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REFERENCE MATERIALSDD

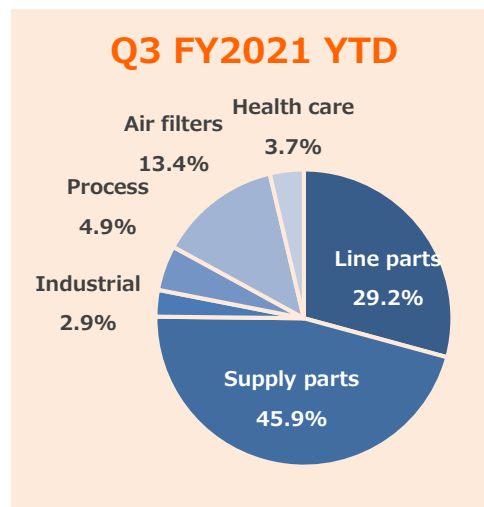
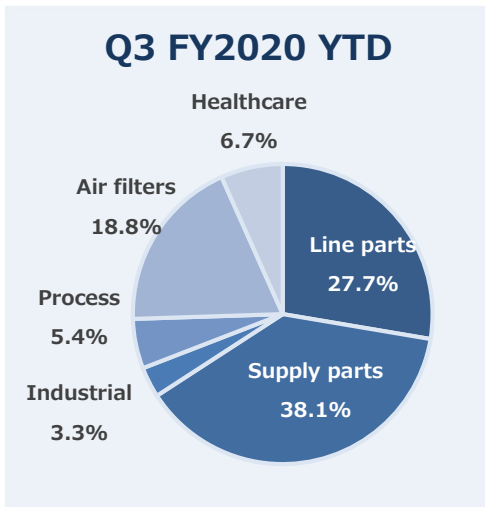
## ② FINANCIAL HIGHLIGHTS

## Net sales, Operating income

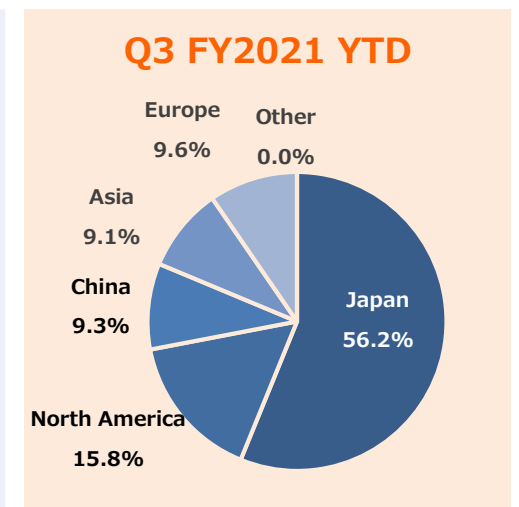
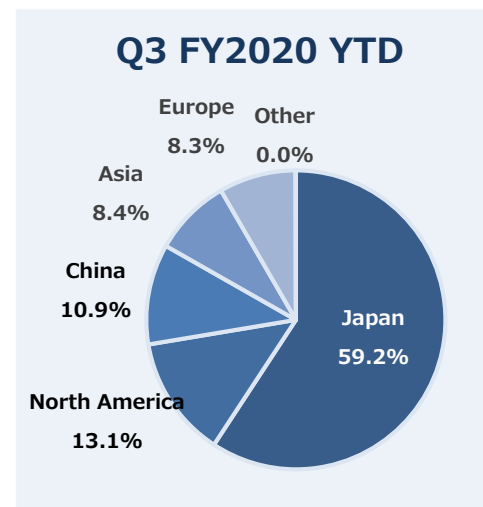
(Unit: million yen)



## Sales breakdown by product category

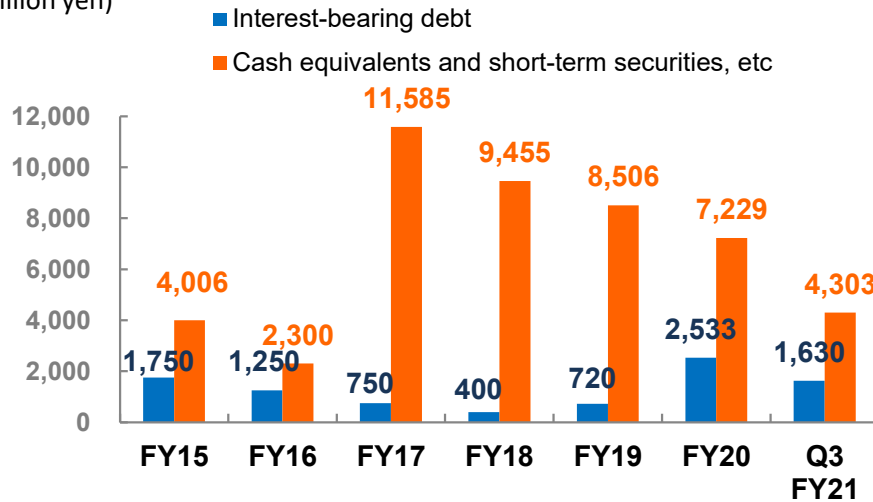


## Sales breakdown by region

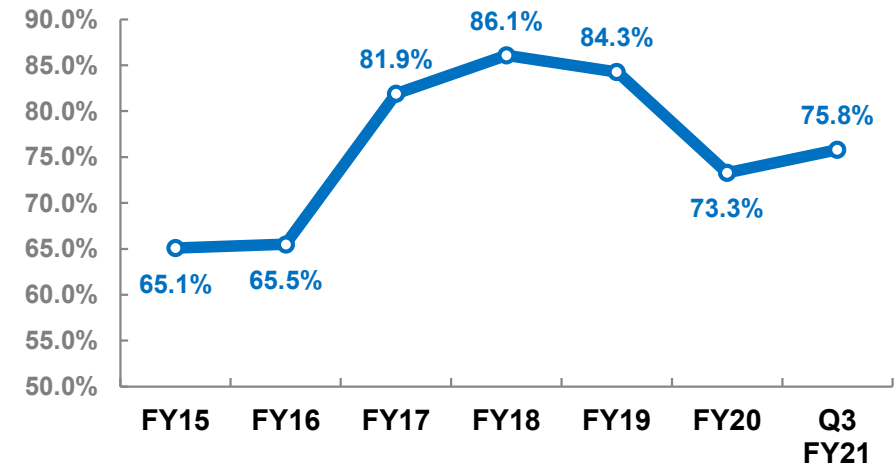


## Interest-bearing debt, Cash equivalents, Short-term securities, etc.

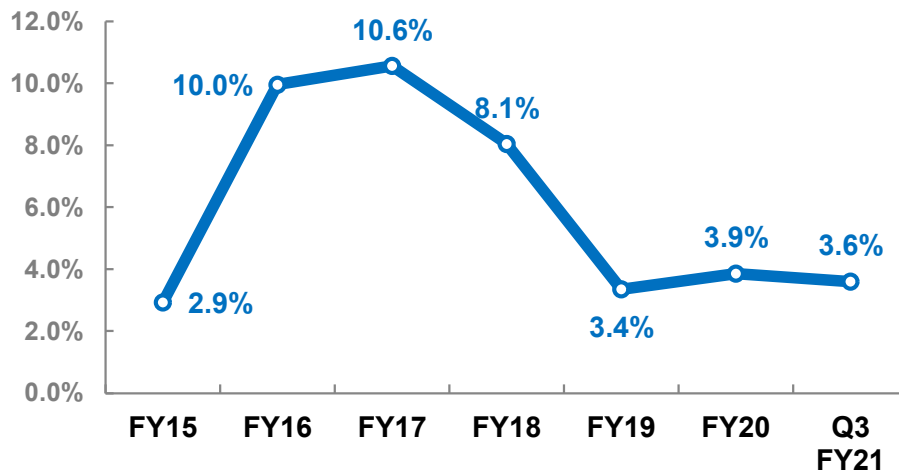
(Unit: million yen)



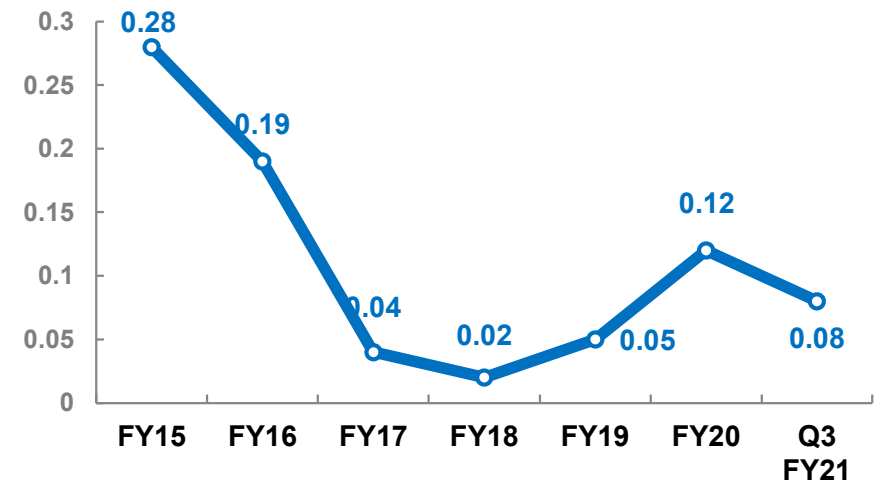
## Shareholders' equity ratio



## ROE



## D/E ratio



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

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

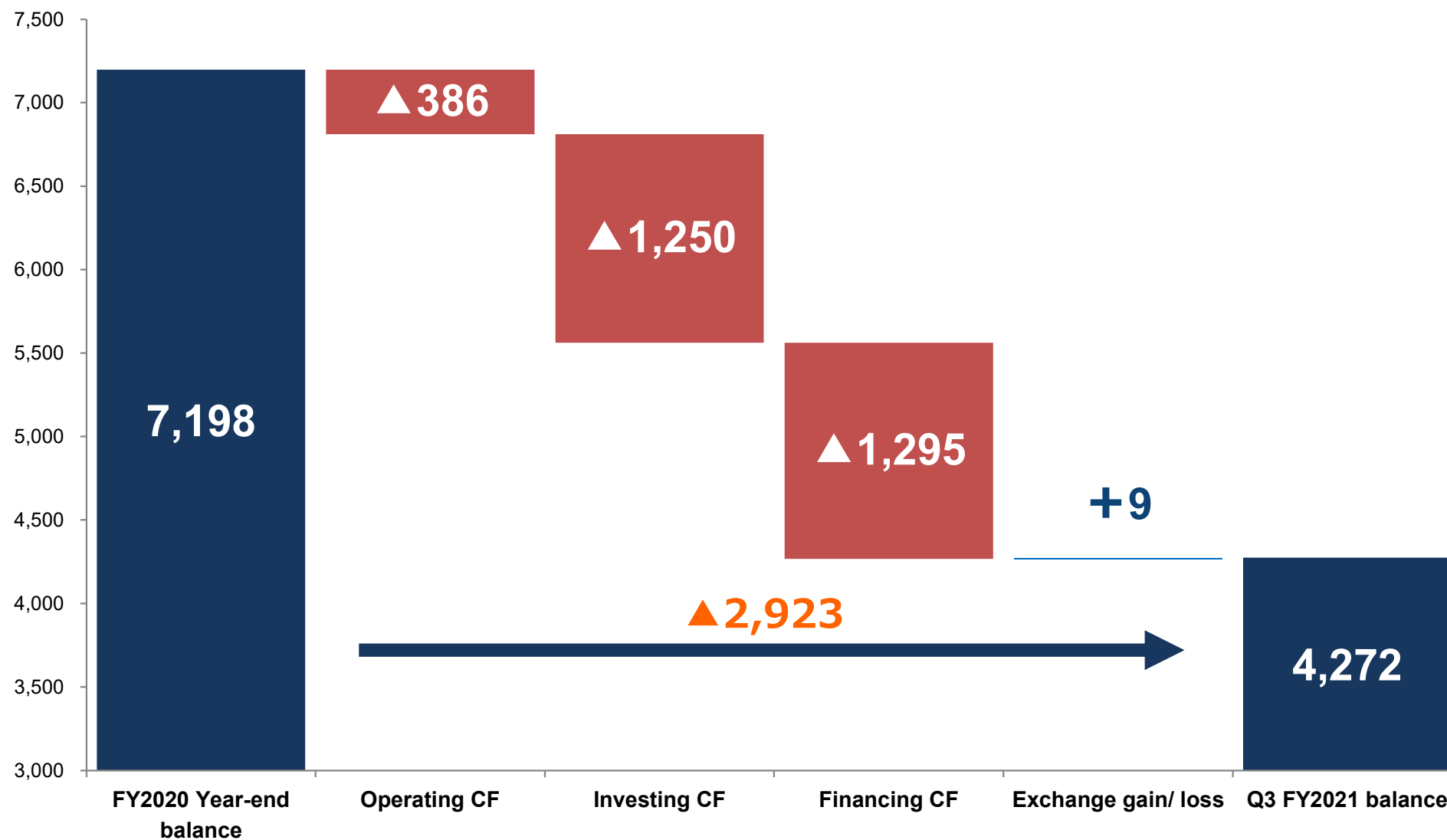
(Unit: million yen)

	FY2020	Q3 FY2021	Change (Amount)	Change (%)
<b>Current assets</b>	15,323	14,394	△928	△6.1%
Cash and deposits	7,229	4,303	△2,925	△40.5%
Notes and accounts receivable-trade	4,285	4,847	561	13.1%
Merchandise and finished goods, Raw materials and Supplies	3,021	4,444	1,422	47.1%
Other	785	799	13	1.7%
<b>Fixed assets</b>	12,868	12,326	△542	△4.2%
Tangible fixed assets	10,813	11,117	303	2.8%
Intangible fixed assets	330	267	△62	△18.9%
Investments and other assets	1,724	940	△783	△45.4%
<b>Total assets</b>	28,191	26,720	△1,470	△5.2%

	FY2020	Q3 FY2021	Change (Amount)	Change (%)
<b>Current liabilities</b>	5,539	4,836	△703	△12.7%
Notes and accounts payable-trade	1,952	3,003	1,050	53.8%
Corporate bonds payable within one year and short-term loans payable	1,003	403	△600	△59.8%
Other	2,583	1,429	△1,154	△44.7%
<b>Fixed liabilities</b>	1,969	1,622	△346	△17.6%
Corporate bonds and long-term debt	1,529	1,227	△302	△19.8%
Net defined benefits Liability	225	224	△0	△0.2%
Other	214	170	△43	△20.4%
<b>Total net assets</b>	20,682	20,261	△420	△2.0%
<b>Total of liabilities and net assets</b>	28,191	26,720	△1,470	△5.2%

\*Shareholders' equity ratio      73.3%      75.8%

(Unit: million yen)



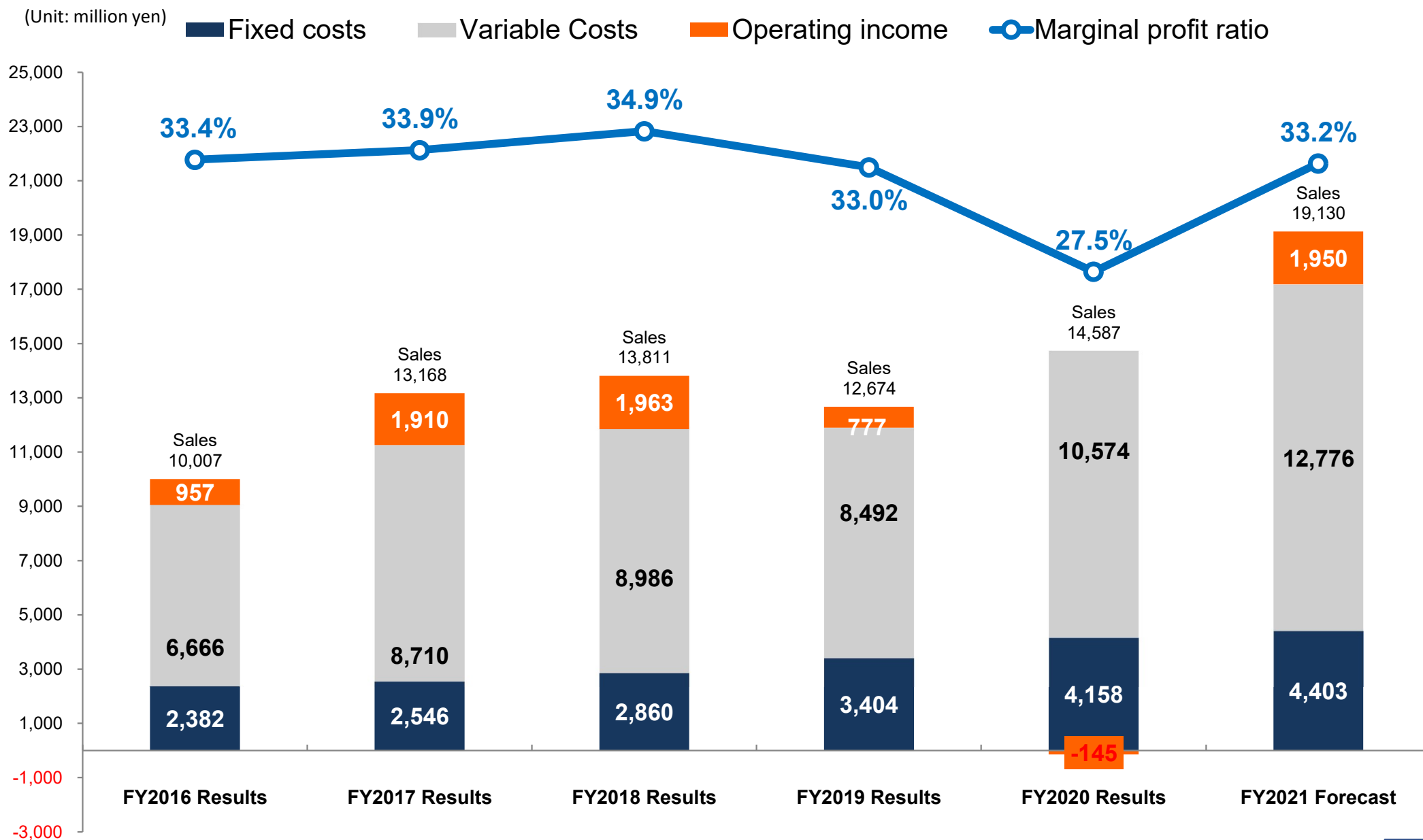
# Conditions of Operational Hedge – “Marry and Netting” and Foreign Exchange Sensitivity

(Unit: million yen)

Currency	Incoming		Outgoing		Net	Average rate during the term (JPY)	In case of yen appreciation (10%)			In case of yen depreciation (10%)		
	Amount by currency	Composition ratio	Amount by currency	Composition ratio			Amount by currency	If yen is appreciated ▲10% (JPY)	Difference	Affected amount (QTD)	If yen is depreciated +10% (JPY)	Difference
JPY	¥16,500.0	73%	¥18,000.0	69%	¥-1,500.0	-	-	-	-	-	-	-
USD	\$47.7	23%	\$57.1	24%	-\$9.4	¥111.1	¥100.00	¥-11.11	¥104.44	¥122.22	¥11.11	¥-104.44
EUR	€ 5.0	3%	€ 3.7	2%	€ 1.3	¥130.6	¥117.57	¥-13.1	¥-16.98	¥143.69	¥13.06	¥16.98
PHP	PP0.0	0%	PP540.7	5%	PP-540.7	¥2.2	¥2.02	¥-0.2	¥121.12	¥2.46	¥0.22	¥-121.12
THB	฿75.90	1%	฿29.90	0%	฿46.00	¥3.4	¥3.08	¥-0.3	¥-15.73	¥3.76	¥0.34	¥15.73
<b>Total</b>	-	<b>100%</b>	-	<b>100%</b>	-	-	-	-	¥192.85	-	-	¥-192.85

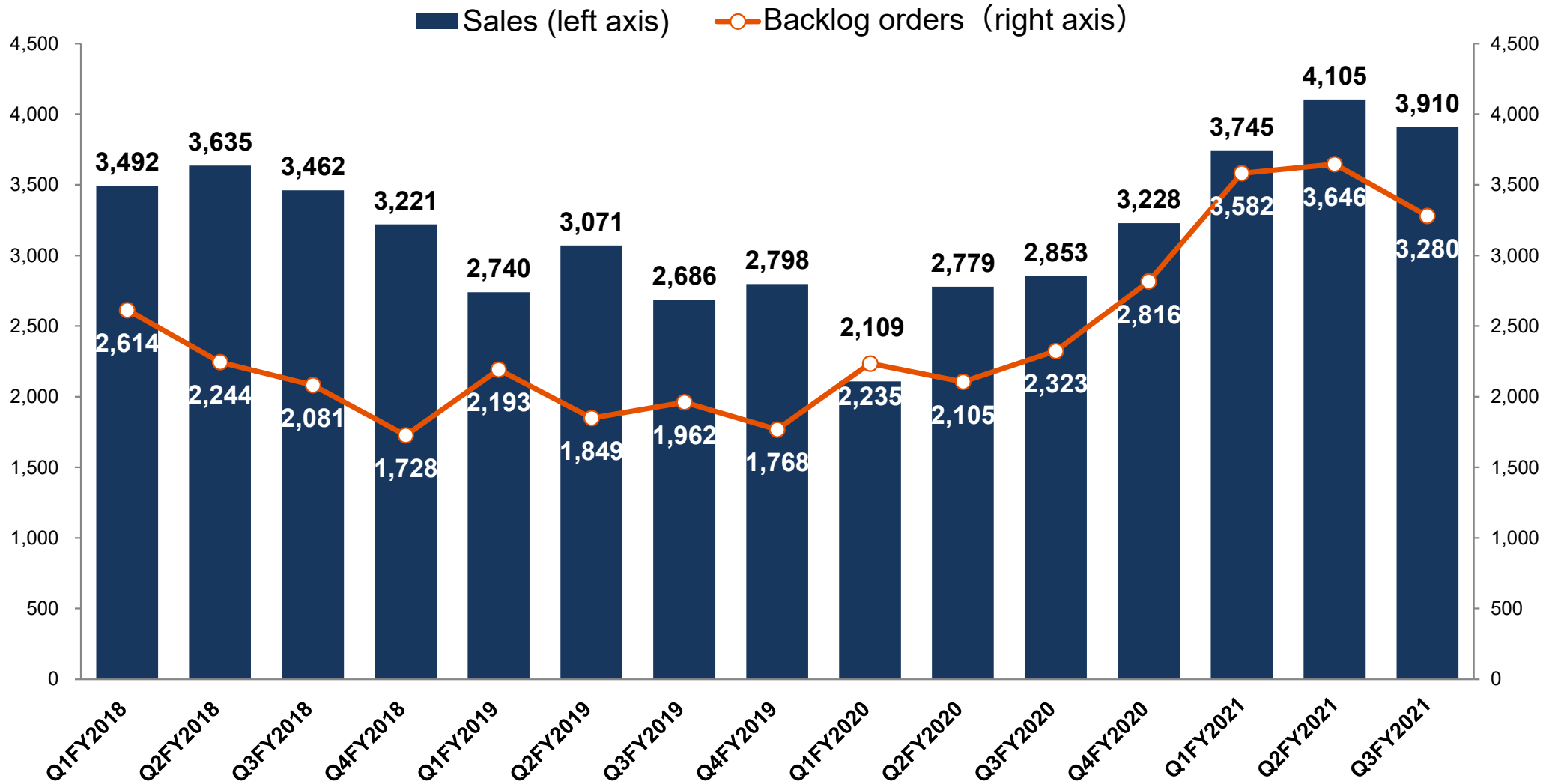


# Variation in Marginal Profit Ratio



# YAMASHIN Construction Machinery Filters Changes in Backlog Orders (Quarterly)

(Unit: million yen)



		Q3 FY2020 YTD Results	Q3 FY2021 YTD Results	YoY change	
		Amount	Amount	Amount	%
<b>Net sales</b>		3,831	4,632	801	20.9%
	Construction machinery filters, etc.*	2,853	3,910	1,056	37.0%
	Air filters	669	642	△27	△4.1%
	Healthcare	308	79	△228	△74.1%
<b>Operating income</b>		△96	225	322	-
	Construction machinery filters*	29	350	321	1,106.9%
	Air filters	△1	△18	△17	-
	Healthcare	△124	△106	18	-
<b>Operating income margin</b>		△2.5%	4.9%	7.4Pt	
	Ordinary profit	△72	202	275	-
<b>Ordinary profit margin</b>		△1.9%	4.4%	6.3Pt	
	Net income	536	△416	△953	△158.2%
<b>Net income margin</b>		14.0%	△9.0%	△23.0Pt	
Exchange rates (ave.)	USD	106.1	111.1	5.0	4.7%
	EUR	122.4	130.6	8.3	6.7%

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

# FY2021 YTD Financial Results (Apr – Dec)

(million yen)	Q3 FY2020 YTD Results	Q3 FY2021 YTD Results	YoY change	
	Amount	Amount	Amount	%
<b>Net sales</b>	10,394	14,188	3,793	36.5%
Construction machinery filters, etc.*	7,742	11,768	4,026	52.0%
Air filters	1,957	1,894	△63	△3.3%
Healthcare	694	526	△168	△24.3%
<b>Operating income</b>	△146	1,113	1,260	-
Construction machinery filters*	△165	1,537	1,704	-
Air filters	37	△81	△119	△421.6%
Healthcare	△18	△342	△324	-
<b>Operating income margin</b>	△1.4%	7.8%	9.3Pt	
Ordinary profit	△133	1,078	1,212	-
<b>Ordinary profit margin</b>	△1.3%	7.6%	8.9Pt	
Net income	384	△88	△472	△122.9%
<b>Net income margin</b>	3.7%	△0.6%	△4.3Pt	

Exchange rates (ave.)	USD	106.1	111.1	5.0	4.7%
	EUR	122.4	130.6	8.3	6.7%

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

(million yen)		FY2020 Results	FY2021 Results	FY2021 Forecast	Compared to initial forecast	
		Amount	Amount	Amount	Amount	
<b>Net sales</b>		14,587	16,600	19,130	2,530	
	Construction machinery filters*	10,970	12,000	16,000	4,000	
	Air filters	2,607	3,000	2,500	△500	
	Healthcare	1,009	1,600	630	△970	
<b>Operating income</b>		△145	1,500	1,950	450	
	Construction machinery filters*	22	960	2,360	1,400	
	Air filters	△18	300	△100	△400	
	Healthcare	△150	240	△310	△550	
<b>Operating income margin</b>		△1.0%	9.0%	10.2%	1.2Pt	
Ordinary profit		△135	1,470	1,920	450	
<b>Ordinary profit margin</b>		△0.9%	8.9%	10.0%	1.2Pt	
Net income		750	960	430	△530	
<b>Net income margin</b>		5.1%	5.8%	2.2%	△3.5Pt	
Exchange rate (JPY)		USD	106.1	105.0	110.0	4.8%
		EUR	123.7	125.0	130.0	4.0%

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



The forward-looking statements in this document, including the forecast of results of operations, are based on information currently available to YAMASHIN. Actual results may differ from these forecasts due to a variety of factors, including market trends and business conditions.

For inquiries regarding these materials, please contact our Public Relations & Investor Relations manager

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