

Construction Machinery Filter Demand Remains Strong Strengthening Profit Improvement Initiatives

YAMASHIN-FILTER CORP.
Financial Results for the fiscal year
ended March 31, 2022

May 20, 2022

Market Environment

Construction machinery filter business

Market

Japan

North America

Europe

Asia

China

Construction machinery operating time and demand for new vehicles is high

Slower

Logistics costs and raw material prices

Currency exchange

Soaring

Yen depreciation

Air filter business

⇒ Replacement demand in areas such as office buildings is on a recovery trend, and based on the Post-COVID-19 era and environmental issues such as climate change; **presenting opportunities to expand our business**

Company Actions for FY2021

Construction machinery filter business

- ◆ Promoting the expansion of high-value-added filter product lineup that leverage new materials and IoT technologies
- ◆ Increasing market share in the North American and Chinese markets
YAMASHIN is proposing new applications in North America, and has made progress on winning projects with Chinese construction machinery manufacturers.
- ◆ Strengthening the value chain and restructuring the supply chain
YAMASHIN started mass production at the Vietnam Plant, and established a new plant in North America to increase local procurement and reduce logistics costs.

Air filter business

- ◆ Expansion of nanofiber air filter supply and market share
- Other business portfolio
- ◆ Expansion of market area into industrial materials

Business results for FY2021

Consolidated sales: **18.8** billion yen

YoY: **29.0% increase**

Consolidated operating income: **1,344** million yen

Operating loss: 145 million yen in the last fiscal year

Construction machinery filter

YoY 42.1% increase 15.5 billion yen

Significant increase in sales and profit due to changes in market environment; distribution costs and raw material prices were factors in lower profit

Air filter

YoY 1.2% decrease 2,577 million yen

The profitability fell due to a decline in the use of office buildings and other facilities

Healthcare

YoY 35.4% decrease 651 million yen

Operating loss due to a significant decrease in demand resulting from changes in the market environment in the household mask market

Market Environment and Our Actions for FY2022

Further strengthening of sales capacity

- **Construction machinery filter business:**

Promoting business by leveraging a solid business environment

- ◆ YAMASHIN has expanded its high value-added filter product lineup by utilizing new materials and IoT technology.
- ◆ We started promoting filter sales of YAMASHIN Nano Filter[®] materials from April 2022.
- ◆ We are applying our construction machinery filter technology to other fields.

- **Air filter business:**

We will capture new market share by leveraging the superiority of new products.

- **Balancing SDG initiatives and business portfolio expansion**

We have expanded the market area of YAMASHIN Nano Filter[®] to industrial

Profit improvement initiatives

- **Construction machinery filter business:**

Restructuring and strengthening the value chain

- ◆ We are reviewing our supply chain and reducing logistics costs through the operation of YVC (Vietnam Plant).
- ◆ We are making further efforts to stabilize procurement of key raw materials and to increase prices of our products sold to customers to combat the soaring prices of materials.

Exchange rate fluctuations measures

- ◆ We are strengthening operational hedge-marry and netting measures and actively using derivatives transactions to reduce the impact on business performance.

- **Air filter business:**

We are improving profitability through increased productivity.

I

**Business Performance Results for Q4 and Full-Year
Forecasts for FY2022 (Ending March 31, 2023)**

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Market Conditions

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III

Future Strategies

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決算

I BUSINESS PERFORMANCE RESULTS FOR Q4 AND FULL-YEAR FORECASTS FOR FY2022 (ENDING MARCH 31, 2023)

Business Performance Results for Q4 FY2021 (Jan to Mar 2022)

FY2021 Q4 Financial Results (Jan to Mar)

		Q4 FY2020 Results	Q4 FY2021 Results	YoY change		
		Amount	Amount	Amount	%	
(million yen)						
Net sales		4,192	4,633	440	10.5%	
	Construction machinery filters, etc.*	3,227	3,824	596	18.5%	
	Air filters	649	683	33	5.1%	
	Healthcare	315	125	△189	△60.1%	
Operating income		0	230	230	—	
	Construction machinery filters, etc.*	491	603	112	22.8%	
	Air filters	5	21	15	273.9%	
	Healthcare	△131	13	144	—	
	Corporate expenses*	△364	△407	△42	—	
Operating income margin		0.0%	5.0%	5.0Pt		
	Ordinary profit	△1	238	240	—	
Ordinary profit margin		△0.0%	5.1%	5.2Pt		
	Net income	366	135	△230	△63.0%	
Net income margin		8.7%	2.9%	△5.8Pt		
Exchange rates (ave.)		USD	106.1	112.4	6.3	6.0%
		EUR	123.7	130.6	6.9	5.6%

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

*With the goal of more accurately representing segment results and corporate expenses, general and administrative expenses and other expenses of the administrative divisions of the head office and subsidiaries are separately listed.

(million yen)		Q4 FY2020 Results	Q4 FY2021 Results	YoY change	
		Amount	Amount	Amount	%
Construction machinery filters		2,872	3,509	636	22.2%
	Line parts	1,302	1,465	163	12.5%
	Service parts	1,570	2,043	473	30.1%
Industrial filters		126	108	△18	△14.5%
Process filters		228	206	△21	△9.4%
Subtotal (Construction machinery filters, etc.)		3,227	3,824	596	18.5%
Air filters		649	683	33	5.1%
Healthcare		315	125	△189	△60.1%
Total		4,192	4,633	440	10.5%

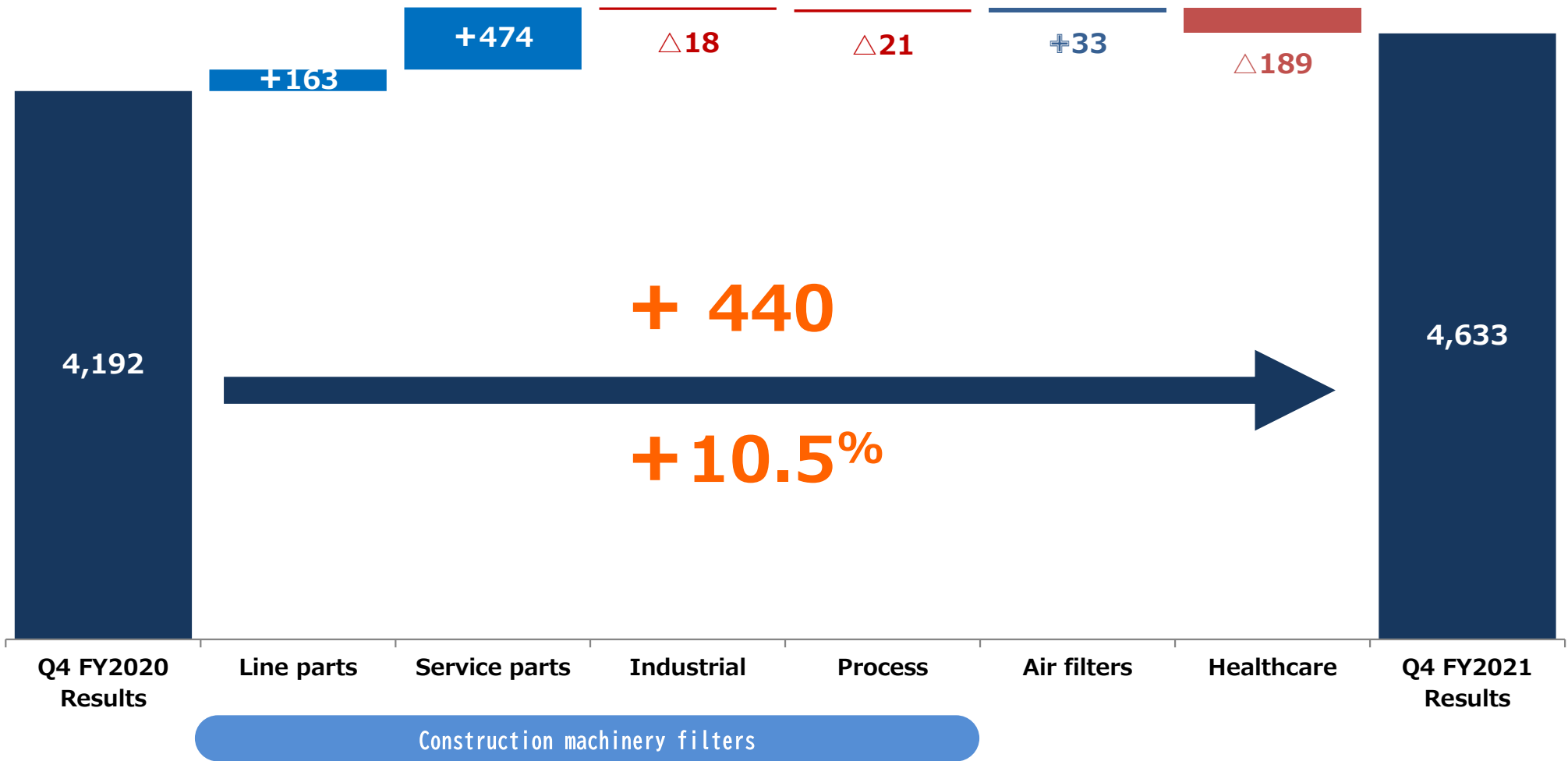
(million yen)	Q4 FY2020 Results		Q4 FY2021 Results		YoY change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Construction machinery filters, etc.*	3,227	77.0%	3,824	82.5%	596	18.5%
Japan	1,515	36.2%	1,747	37.7%	231	15.3%
North America	552	13.2%	692	14.9%	140	25.4%
China	421	10.0%	392	8.5%	△28	△6.8%
Other Asian countries	358	8.6%	595	12.9%	236	65.9%
Europe	378	9.0%	395	8.5%	17	4.5%
Others (Middle East, etc.)	1	0.0%	0	0.0%	0	△3.2%
Air filters (Japan)	649	15.5%	683	14.7%	33	5.1%
Healthcare (Japan)	315	7.5%	125	2.7%	△189	△60.1%
Total sales	4,192	100.0%	4,633	100.0%	440	10.5%

*"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 Q4 Sales (Jan to Mar) : Increase/Decrease factors

(million yen)



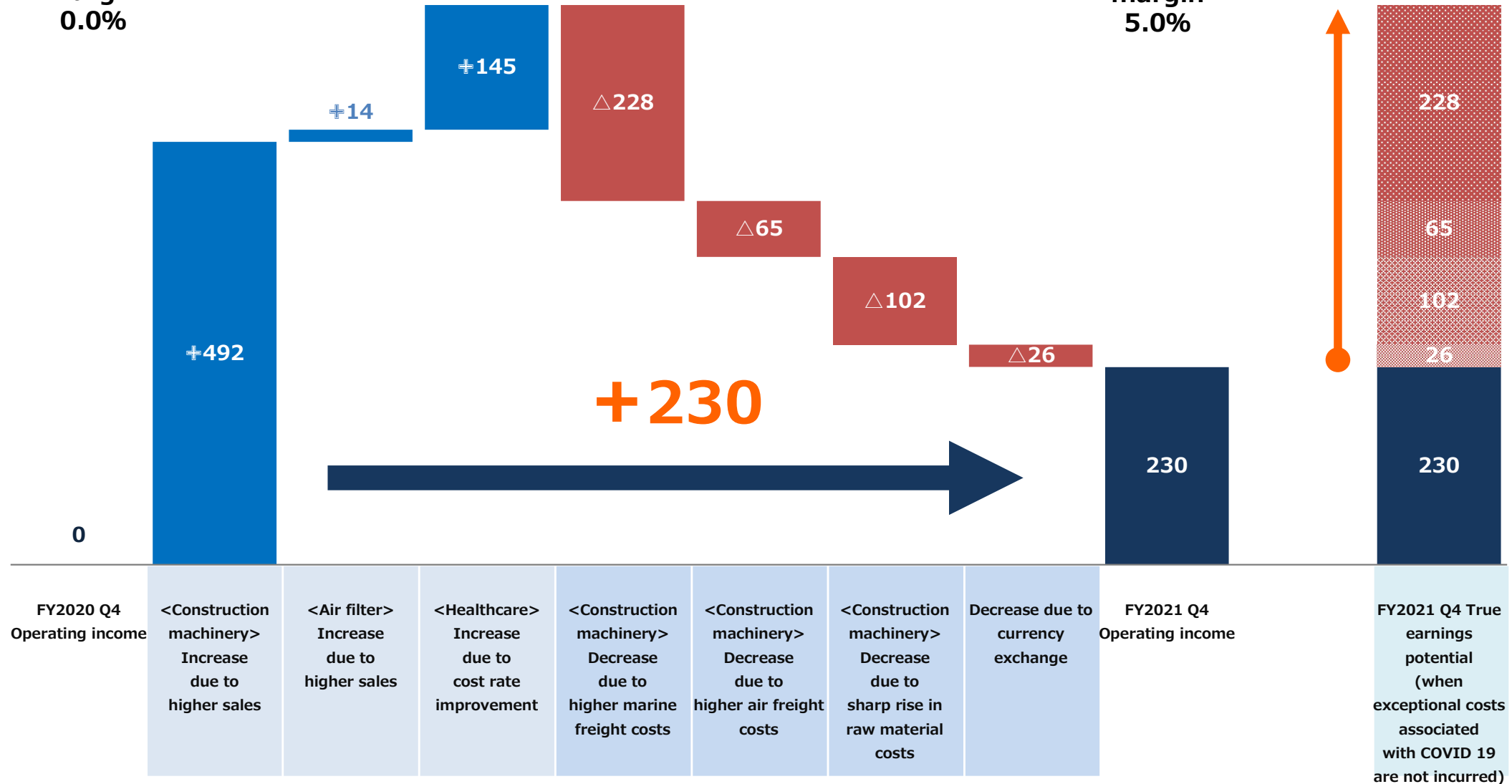
YoY Comparison of Q4 Operating Income (Jan to Mar) : Increase/Decrease Factors

Operating income margin
14.1%

(million yen)

Operating income margin
0.0%

Operating income margin
5.0%



Business Performance Results for FY2021 YTD (Apr 2021 to Mar 2022)

FY2021 YTD Financial Results (Apr 2021 to Mar 2022)

(million yen)		FY2020 YTD Results	FY2021 YTD Results	YoY change	
		Amount	Amount	Amount	%
Net sales		14,587	18,821	4,234	29.0%
	Construction machinery filters*	10,970	15,592	4,622	42.1%
	Air filters	2,607	2,577	△30	△1.2%
	Healthcare	1,009	651	△357	△35.4%
Operating income		△145	1,344	1,490	—
	Construction machinery filters	1,289	3,115	1,825	141.6%
	Air filters	123	70	△53	△43.0%
	Healthcare	△150	△329	△179	—
	Corporate expenses	△1,408	△1,512	△103	—
Operating income margin		△1.0%	7.1%	8.1Pt	
	Ordinary profit	△135	1,317	1,452	—
Ordinary profit margin		△0.9%	7.0%	7.9Pt	
	Net income	750	47	△703	△93.7%
Net income margin		5.1%	0.3%	△4.9Pt	
Exchange rate (avg.)	USD	106.1	112.4	6.3	6.0%
	EUR	123.7	130.6	6.9	5.6%

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

*With the goal of more accurately representing segment results and corporate expenses, general and administrative expenses and other expenses of the administrative divisions of the head office and subsidiaries are separately listed.

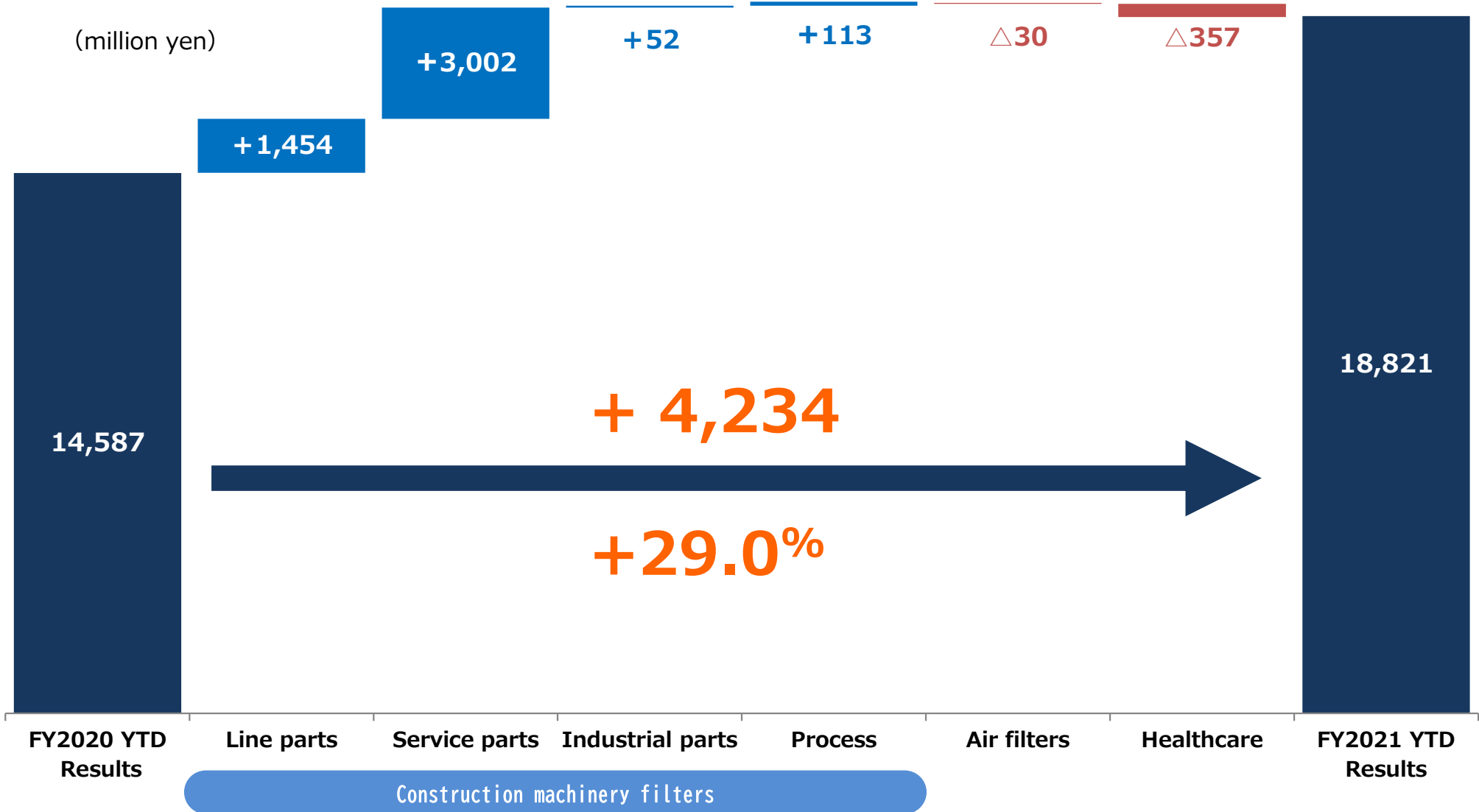
(million yen)	FY2020 YTD Results	FY2021 YTD Results	YoY change	
	Amount	Amount	Amount	Ratio (%)
Construction machinery filters	9,713	14,169	4,456	45.9%
Line parts	4,178	5,633	1,454	34.8%
Service parts	5,534	8,536	3,002	54.2%
Industrial filters	470	522	52	11.2%
Process filters	786	900	113	14.5%
Subtotal (Construction machinery filters, etc. *)	10,970	15,592	4,622	42.1%
Air filters	2,607	2,577	△30	△1.2%
Healthcare	1,009	651	△357	△35.4%
Total sales	14,587	18,821	4,234	29.0%

(million yen)	FY2020 YTD Results		FY2021 YTD Results		YOY Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
Construction machinery filters*	10,970	75.2%	15,592	82.8%	4,622	42.1%
Japan	5,019	34.4%	7,294	38.8%	2,275	45.3%
North America	1,915	13.1%	2,939	15.6%	1,023	53.4%
China	1,552	10.6%	1,711	9.1%	158	10.2%
Other Asian countries	1,235	8.5%	1,889	10.0%	653	52.9%
Europe	1,243	8.5%	1,755	9.3%	511	41.2%
Others (Middle East, etc.)	3	0.0%	2	0.0%	0	△22.8%
Air filters (Japan)	2,607	17.9%	2,577	13.7%	△30	△1.2%
Healthcare (Japan)	1,009	6.9%	651	3.5%	△357	△35.4%
Total sales	14,587	100.0%	18,821	100.0%	4,234	29.0%

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

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YoY Comparison of YTD Sales (Apr 2021 to Mar 2022) : Increase/Decrease factors



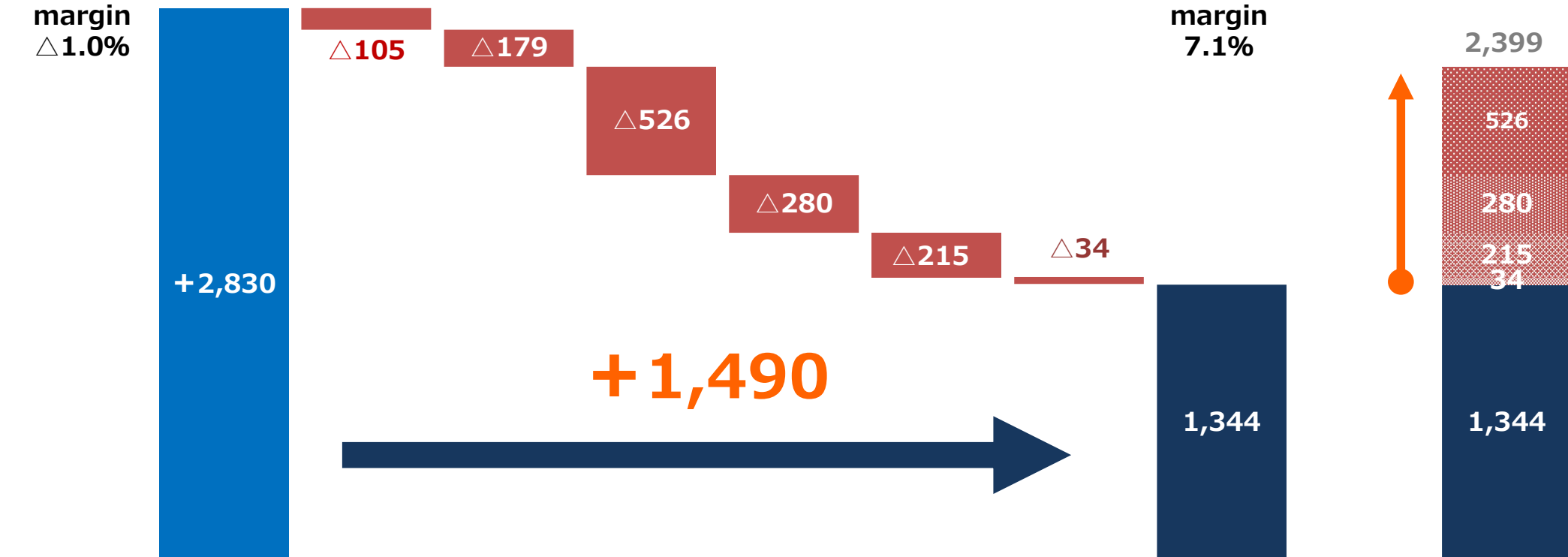
YoY Comparison of YTD Operating Income (Apr 2021 – Mar 2022) : Increase/Decrease factors

(million yen)

Operating income margin
△1.0%

Operating income margin
7.1%

Operating income margin
12.7%



△145

FY2020 Q4
Operating income

<Construction machinery>
Increase due to higher sales

<Air filter>
Decrease due to increased fixed expenses and lower sales

<Healthcare>
Decrease due to lower sales

<Construction machinery>
Decrease due to higher marine freight costs

<Construction machinery>
Decrease due to higher air freight costs

<Construction machinery>
Decrease due to sharp rise in raw material costs

Decrease due to currency exchange

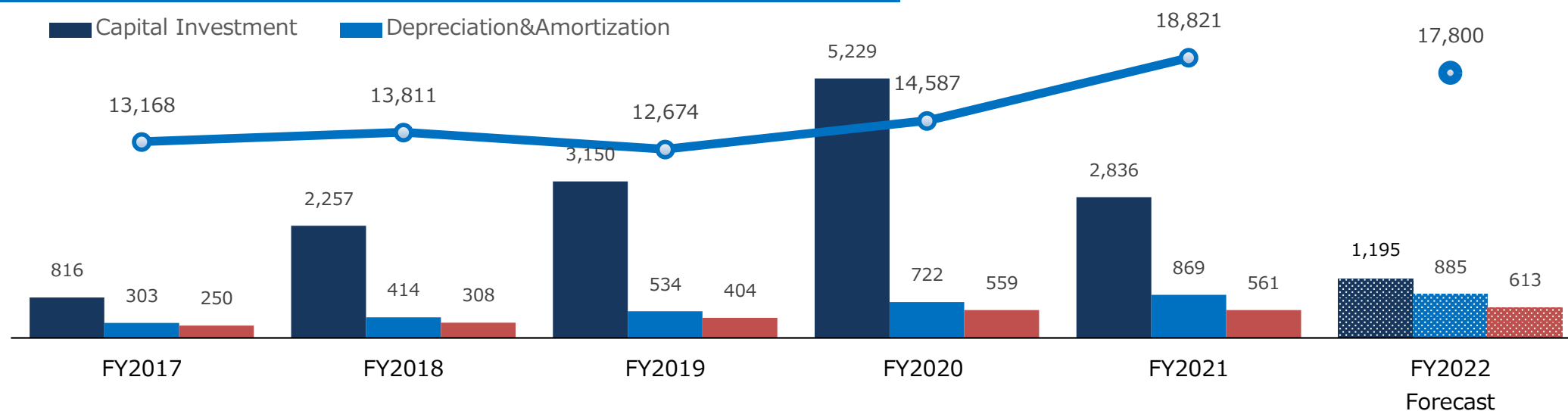
FY2021
Operating income

FY2021 True 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 Results	FY2022 Forecast
Net sales	13,168	13,811	12,674	14,587	18,821	17,800
Capital investment	816	2,257	3,150	5,229	2,836	1,195
Land and building	-	1,588	2,682	3,194	1,488	124
Facilities and others	816	669	468	2,036	1,347	1,070
Expense to sales ratio	6.2%	16.3%	24.9%	35.9%	15.1%	6.5%
Depreciation and amortization	303	414	534	722	869	885
Expense to sales ratio	2.3%	3.0%	4.2%	5.0%	4.6%	4.8%
R&D expenses	250	308	404	559	561	613
Expense to sales ratio	1.9%	2.2%	3.2%	3.8%	3.0%	3.4%

Change in net sales and capital investment and depreciation & amortization & R&D expenses



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



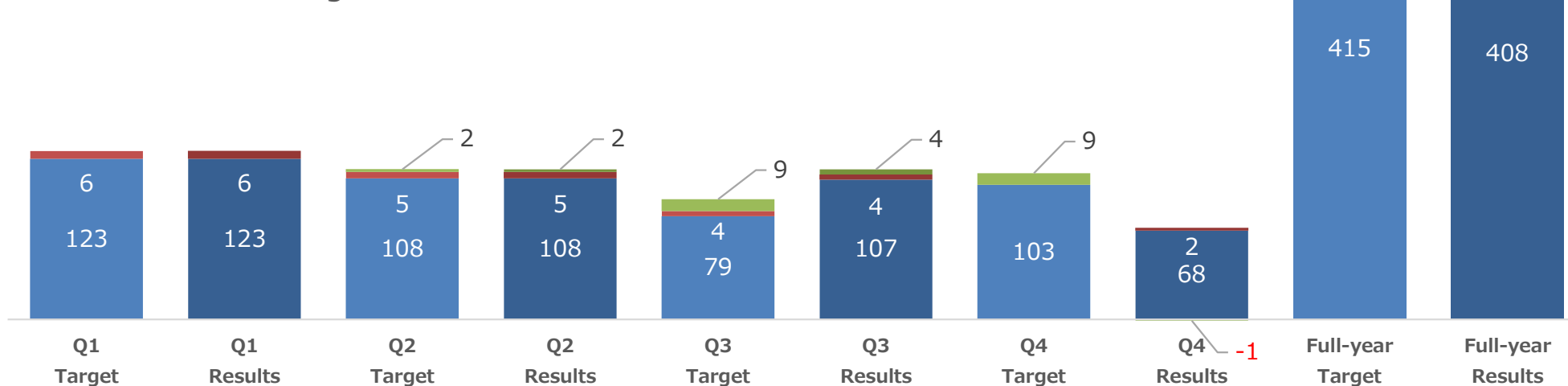
Reduction Targets and Results (revised)

(million yen)		Full-year target	Full-year results
PAC21	Mfg. Costs	415	408
	SG & A	16	19
	Subtotal	431	428
PAC21+		21	4
Total		453	433

Full-year progress
95.5%

Progress

■ Mfg. Costs ■ SG & A ■ PAC21+ (million yen)



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 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)

Key Goal Indicator (KGI)	Key Performance Indicator (KPI)	Key Success Factor(KSF)	Relevant departments	Targets for FY2021 (action plan)	FY2021 progress		
MAVY's Prv: -11.3% Cur: -0.6%	Operating income Prv: -1.0% Cur: 7.1%	Gross profit ratio Prv: 39.8% Cur: 40.4%	Sales growth ratio Prv: 5.6% Cur: 29.0%	New product development Enhance market share of genuine products	Sales / R&D	<ul style="list-style-type: none"> Accelerate expansion of our market share in China targeting Chinese construction machinery manufacturers Leverage our air filter lineup to enhance our product line and improve the strength of our proposals Enter the mask-related product market Enter new business domains 	<ul style="list-style-type: none"> Increased adoption by Chinese construction machinery manufacturers for use in new machinery. Made progress on proposals involving hybrid filters Sales of mask-related products started, expanding mass production and supply volume Continued progress in supply to the apparel industry (not using down materials)
			Cost to sales ratio Prv: 60.2% Cur: 59.6%	Enhance buying power Improve yield ratio	Production / Procurement	<ul style="list-style-type: none"> PAC20, PAC20+ Reform and improve purchasing methods Improve production management 	<ul style="list-style-type: none"> Revised supplier evaluation standards and completed the consolidation process Reduced procurement costs through joint procurement with AQC Improved yields through planned service and maintenance, progress in manufacturing cost reduction measures
			Depreciation cost ratio Prv: 5.0% Cur: 4.6%	Investment plan	Management planning / Finance and accounting	<ul style="list-style-type: none"> M&A (for revenue expansion and diversification) →Research potential M&A targets →Acquire nonwoven manufacturing entities (downstream) →Acquire new material development entities (upstream) 	<ul style="list-style-type: none"> Exploring opportunities and gathering data for M&A (domestic and overseas) Enhanced communication (through conference calls) with Prv: possible M&A target companies
		SG&A ratio Prv: 40.8% Cur: 33.3%	R&D cost ratio Prv: 3.8% Cur: 3.0%	Narrowing down themes Prioritization	R&D	<ul style="list-style-type: none"> Develop new materials Actions to achieve IoT Develop aeration and other technologies Expand mask product line 	<ul style="list-style-type: none"> Accelerated the commercialization of nanofiber air filters Supplied various trial sensor products to clients Accelerated new materials development through industrial/academic partnerships high-functionality and cloth masks development
			Personnel cost ratio Prv: 16.1% Cur: 13.7%	Optimal staffing	HR and General Affairs	<ul style="list-style-type: none"> Establish and implement the talent management system 	<ul style="list-style-type: none"> Efforts to identify the next generation of management talent Increased R&D staff for product development Hired specialist staff members to assist in company reorganization and growth
			Accounts receivable turnover rate Prv: 3.8 Cur: 4.2	Credit management	Sales / Finance and accounting	<ul style="list-style-type: none"> Further optimize AR collection 	<ul style="list-style-type: none"> Streamlined and optimized AR collection for improving working capital
		Operating capital turnover rate Prv: 3.1 Cur: 3.1	Inventory turnover rate Prv: 6.0 Cur: 4.8	Set appropriate inventory level	Production / sales	<ul style="list-style-type: none"> Reduce company-wide inventory asset 	<ul style="list-style-type: none"> Determined suitable inventory levels based on pareto analysis; currently implementing inventory reduction plans
			Accounts payable turnover rate Prv: 5.6 Cur: 4.8	Debt management	Procurement	<ul style="list-style-type: none"> Improve working capital 	<ul style="list-style-type: none"> Optimized AP turnover ratio for improving working capital
			Tangible fixed asset turnover rate Prv: 1.7 Cur: 1.7	Equipment plan (R&D, production)	Management planning Administration / Production / R&D	<ul style="list-style-type: none"> Optimize investment recovery effect 	<ul style="list-style-type: none"> Prioritized R&D and capital investments by analyzing the validity of investment return period
		FA turnover rate Prv: 1.4 Cur: 1.5	Intangible fixed asset turnover rate Prv: 41.8 Cur: 66.4	Investment plan	Management planning	<ul style="list-style-type: none"> Formulate IP strategies and action plans 	<ul style="list-style-type: none"> Established strategies, devised action plans, and enhanced training for targeted group Actively applied for patents in Chinese market
			ROIC Prv: -1.4% Cur: 4.7%	WACC Prv: 9.9% Cur: 5.3%	ROE Prv: 3.9% Cur: 0.2%	ROA Prv: 3.0% Cur: 0.2%	Investment capital turnover rate Prv: 0.6 Cur: 0.9

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

Full-year Forecasts for FY2022 (Ending March 31, 2023)

Construction machinery filters

- While new vehicle sales volume is expected to be lower than the previous year due to the slowing down Chinese market, demand in the construction machinery market in Japan, North America, Europe, and Asian markets is expected to remain strong.
- The outlook for logistics costs and material prices hikes remains uncertain.
- YAMASHIN will strive to improve profitability by constructing a stable production and supply system through supply chain reviews and production site transfers, as well as by stabilizing foreign exchange rates and raw material procurement.

Air filters

- YAMASHIN will recover replacement demand for existing products and develop nanofiber air filters and other high-value-added products for use in office buildings, factories, railroad cars, and other applications.
- We will strengthen our cost management framework through the introduction of a core system.

Healthcare:

Establish a structure that will enable us to secure operating income despite anticipated decline in sales volume in the household mask market



Since the impact on consolidated earnings is extremely small, **YAMASHIN will disclose the information for the fiscal year ending March 31, 2023 by including it in the product lineup of the construction machinery filter business.**

(million yen)		FY2020 Results	FY 2021 Results	FY 2022 Forecast	Difference
		Amount	Amount	Amount	Amount
Net sales		14,587	18,821	17,800	△1,021
	Construction machinery filters, etc.*	10,970	15,592	15,000	△592
	Air filters	2,607	2,577	2,800	222
	Healthcare	1,009	651	-	△651
Operating income		△145	1,344	700	△644
	Construction machinery filters, etc.*	22	1,797	660	△1,137
	Air filters	△18	△123	40	163
	Healthcare	△150	△329	-	329
Operating income margin		△1.0%	7.1%	3.9%	△3.2Pt
Ordinary profit		△135	1,317	650	△667
Ordinary profit margin		△0.9%	7.0%	3.7%	△3.3Pt
Net income		750	47	458	410
Net income margin		5.1%	0.3%	2.6%	2.3Pt
Exchange rate (JPY)	USD	106.1	112.4	122.0	8.6%
	EUR	123.7	130.6	137.0	4.9%

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

*The healthcare business is included in the product lineup of the construction machinery filter business from the fiscal year ending March 31, 2023, to reflect the degree of impact on YAMASHIN's performance.

*With respect to operating income for the fiscal years ending March 31, 2021 and 2022, general and administrative expenses and other expenses of the administrative divisions of the head office and subsidiaries, which were separately listed as corporate expenses, are included in the operating income of each segment.

Sales Forecast by Product Category

(million yen)	FY2020 Results		FY2021 Results		FY2022 Forecast		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters	9,713	66.6%	14,169	75.3%	13,273	74.6%	△896	△6.3%
Line parts	4,178	28.6%	5,633	29.9%	5,733	32.2%	100	1.8%
Service parts	5,534	37.9%	8,536	45.4%	7,539	42.4%	△996	△11.7%
Industrial filters	470	3.2%	522	2.8%	653	3.7%	130	25.0%
Process filters	786	5.4%	900	4.8%	1,072	6.0%	172	19.1%
Subtotal (Construction machinery filters, etc. *)	10,970	75.2%	15,592	82.8%	15,000	84.3%	△592	△3.8%
Air filters	2,607	17.9%	2,577	13.7%	2,800	15.7%	222	8.6%
Healthcare*	1,009	6.9%	651	3.5%	—	—	△651	△100.0%
Total	14,587	100.0%	18,821	100.0%	17,800	100.0%	△1,021	△5.4%

*The healthcare business is included in the product lineup of the construction machinery filter business from the fiscal year ending March 31, 2023, to reflect the degree of impact on YAMASHIN's performance.

Sales Forecast by Region

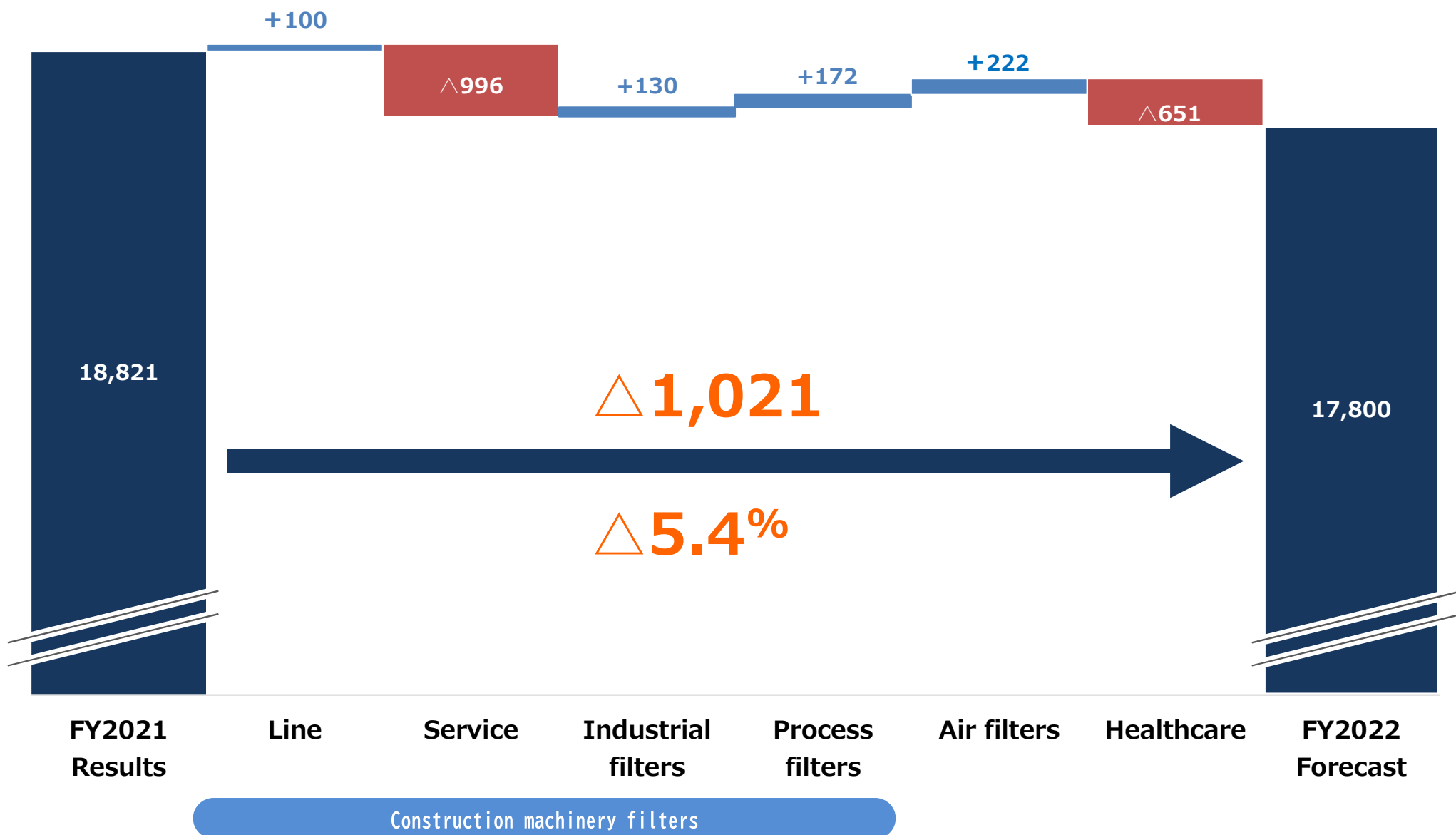
(million yen)	FY2020 Results		FY2021 Results		FY2022 Forecast		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters, etc. *	10,970	75.2%	15,592	82.8%	15,000	84.3%	△592	△3.8%
Japan	5,019	34.4%	7,294	38.8%	7,079	39.8%	△215	△3.0%
North America	1,915	13.1%	2,939	15.6%	3,135	17.6%	196	6.7%
China	1,552	10.6%	1,711	9.1%	1,507	8.5%	△204	△11.9%
Other Asian countries	1,235	8.5%	1,889	10.0%	1,902	10.7%	12	0.6%
Europe	1,243	8.5%	1,755	9.3%	1,371	7.7%	△384	△21.9%
Others (Middle East, etc.)	3	0.0%	2	0.0%	5	0.0%	2	122.3%
Air filters (Japan)	2,607	17.9%	2,577	13.7%	2,800	15.2%	222	8.6%
Healthcare (Japan)	1,009	6.9%	651	3.5%	—	—	△651	△100.0%
Total sales*	14,587	100.0%	18,821	100.0%	17,800	100.0%	△1,021	△5.4%

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

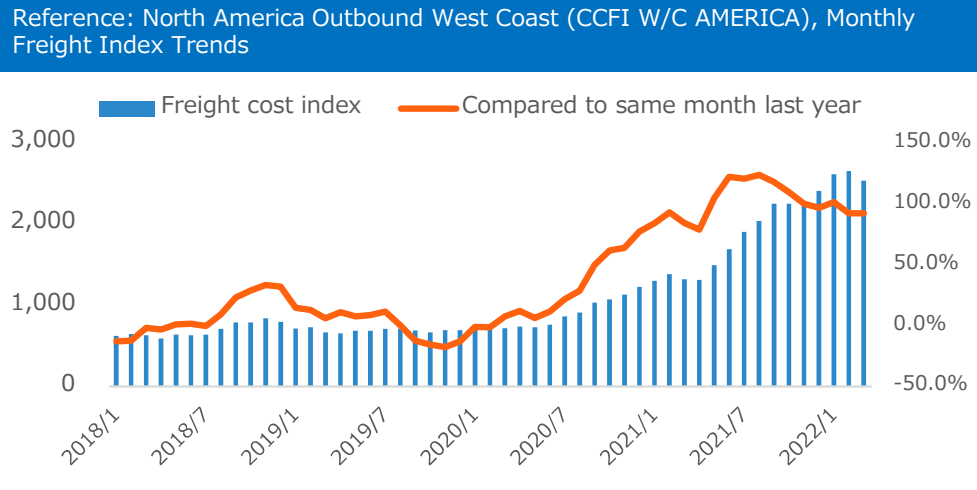
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(million yen)



FY2022 Forecasts : Changes in Operating Income

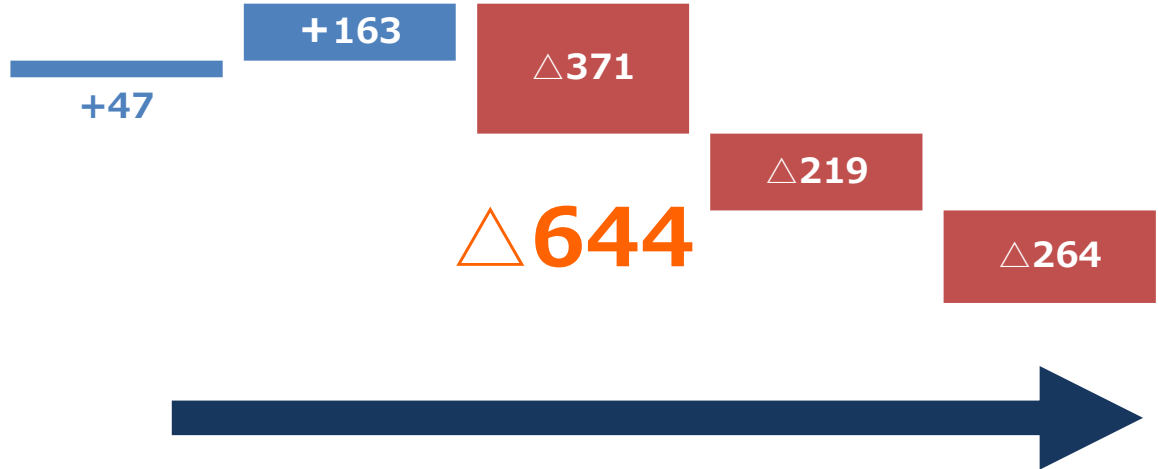


Taken from materials prepared by the Planning and Research Department, Japan Maritime Center

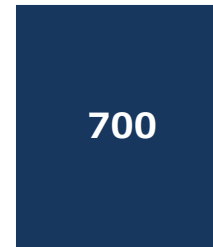
Increase in FY2021
Marine freight costs: 526 million
Raw material costs: 215 million

(million yen)

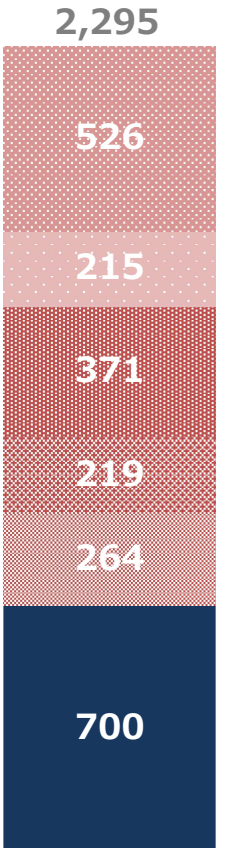
Operating income margin 7.1%



Operating income margin 3.9%

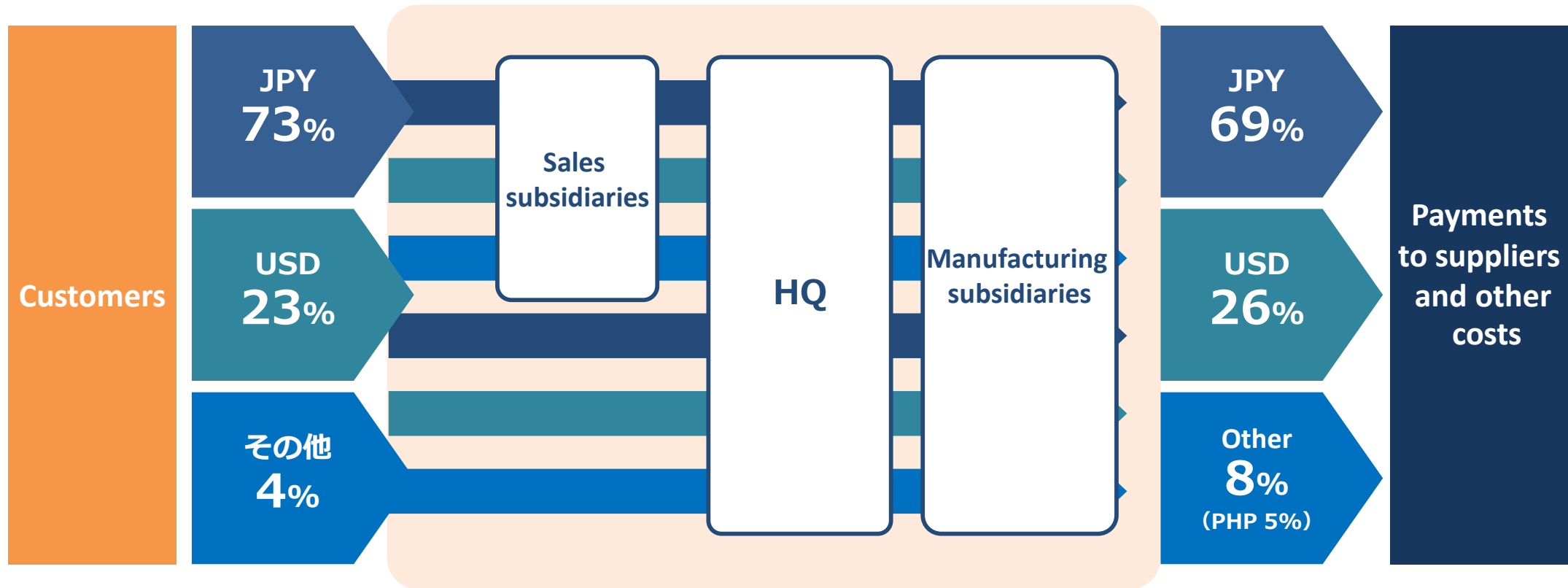


Operating income margin 12.9%



FY2022 Forecast True earnings potential (when exceptional costs associated with COVID 19 are not incurred)

The operational hedge-marry and netting implementing



70% of transaction currency is JPY.

The operational hedge-marry and netting was successfully conducted for USD.

- 1-yen appreciation of the yen would increase operating income by about 13 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.

	FY2019	FY2020	FY2021	FY2022 Forecast
Dividend per share	¥ 6.0	¥ 6.0	¥ 6.0	¥ 6.0
DOE^{*1}	2.3%	2.2%	2.1%	2.1%
Total return ratio^{*2}	72.3%	59.3%	960.4%	97.7%

*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



II Market Conditions

Conditions in the Construction Machinery Market

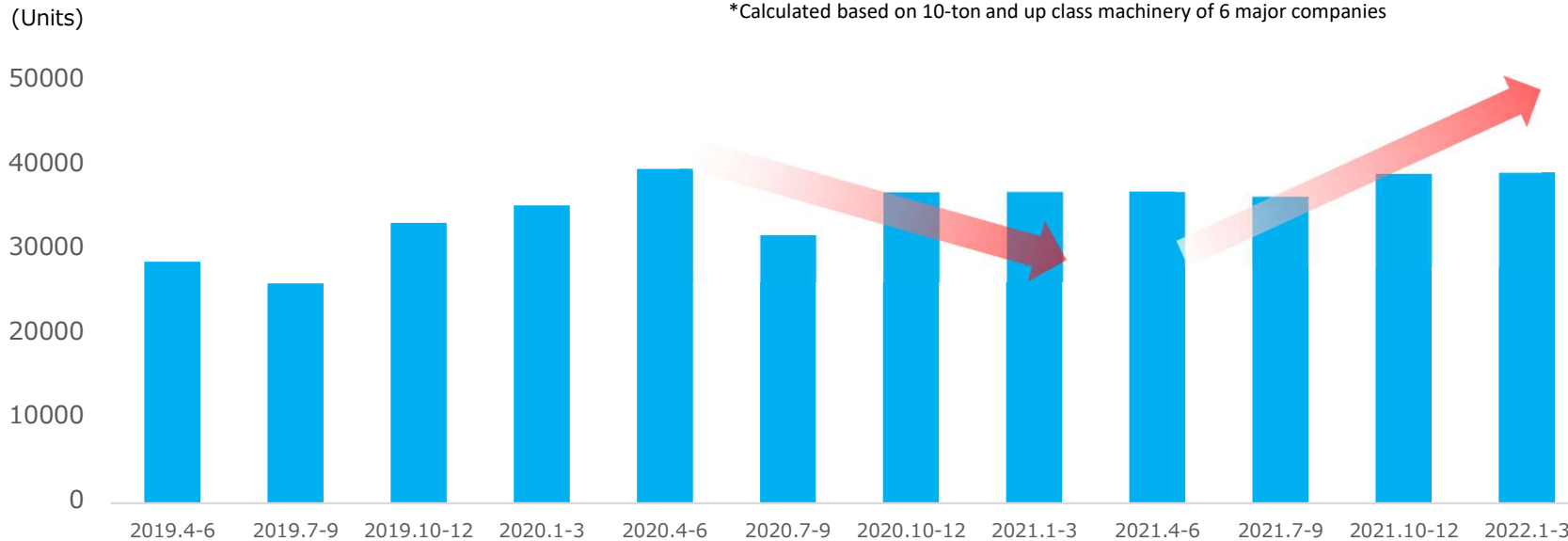
- There is strong demand for new vehicles with high level of operating hours, including North American and Southeast Asian markets.
- There is uncertainty in Chinese and European markets due to the Shanghai lockdown and Russia-Ukraine situation.
- Supply issues still exist for semiconductors and other components, but the market is strong.

	FY2020 Q4	FY2021 Q4	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.	The operating hours of construction machinery and demand for new vehicles remain high. Marine freight costs and prices of key raw materials have risen.	Demand for construction machinery remains firm. The impact of rising marine freight costs and prices of key raw materials will continue.
North America	Our major customers have resumed production activity and demand is increasing, heralding a recovery to pre-pandemic levels.	The operating hours of construction machinery and demand for new vehicles remain high. Marine freight costs and prices of key raw materials have risen.	Construction machinery operating hours and demand for new vehicles will remain high. The impact of rising marine freight costs and prices of key raw materials has continued.
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. Demand for construction machinery remains high. Marine freight costs and prices of key raw materials has soared.	Demand outlooks are uncertain due to the escalating situation in Russia and Ukraine. The impact of rising marine freight costs and prices of key raw materials will continue.
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 remains high.	Demand for construction machinery remains firm. The impact of rising marine freight costs and prices of key raw materials will continue.
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	There is a slump mainly due to tighter government restrictions on activities in response to the spread of the Omicron strain.	New vehicle sales are expected to fall below the previous year's level due to sluggish market conditions.

- Despite some uncertainties in the market environment, projected production volume and order levels remained steady.

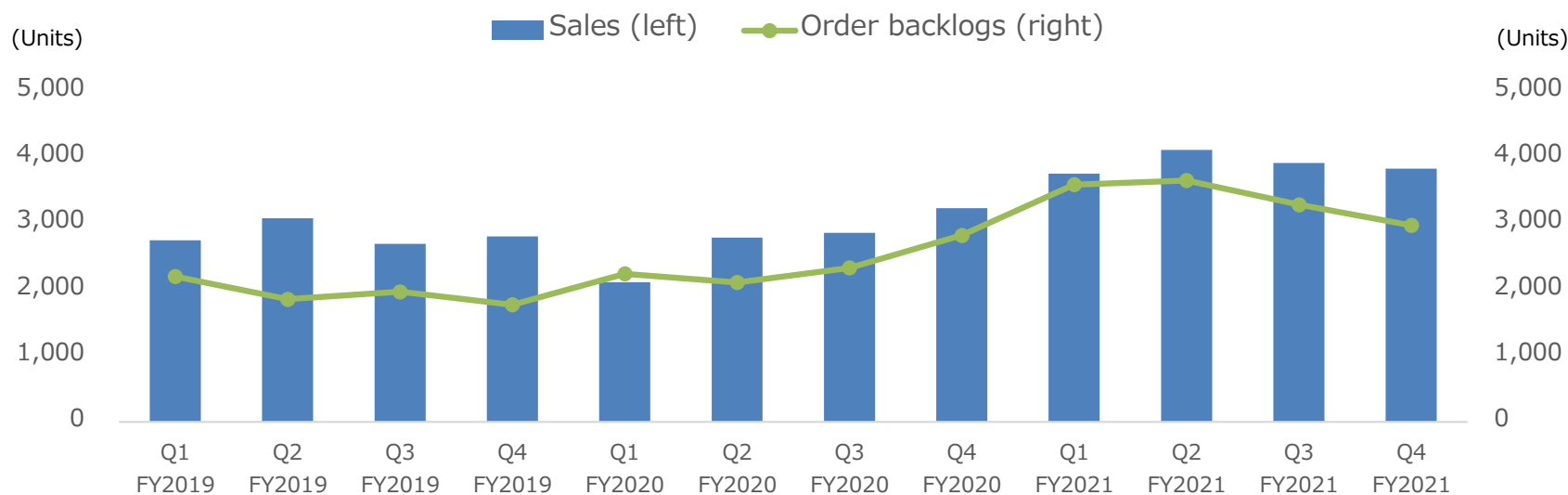
Production Results and Plans of Major Construction Machinery Manufacturers (Quarterly)

*Calculated based on 10-ton and up class machinery of 6 major companies



Strong demand for new vehicles linked to high operating hours

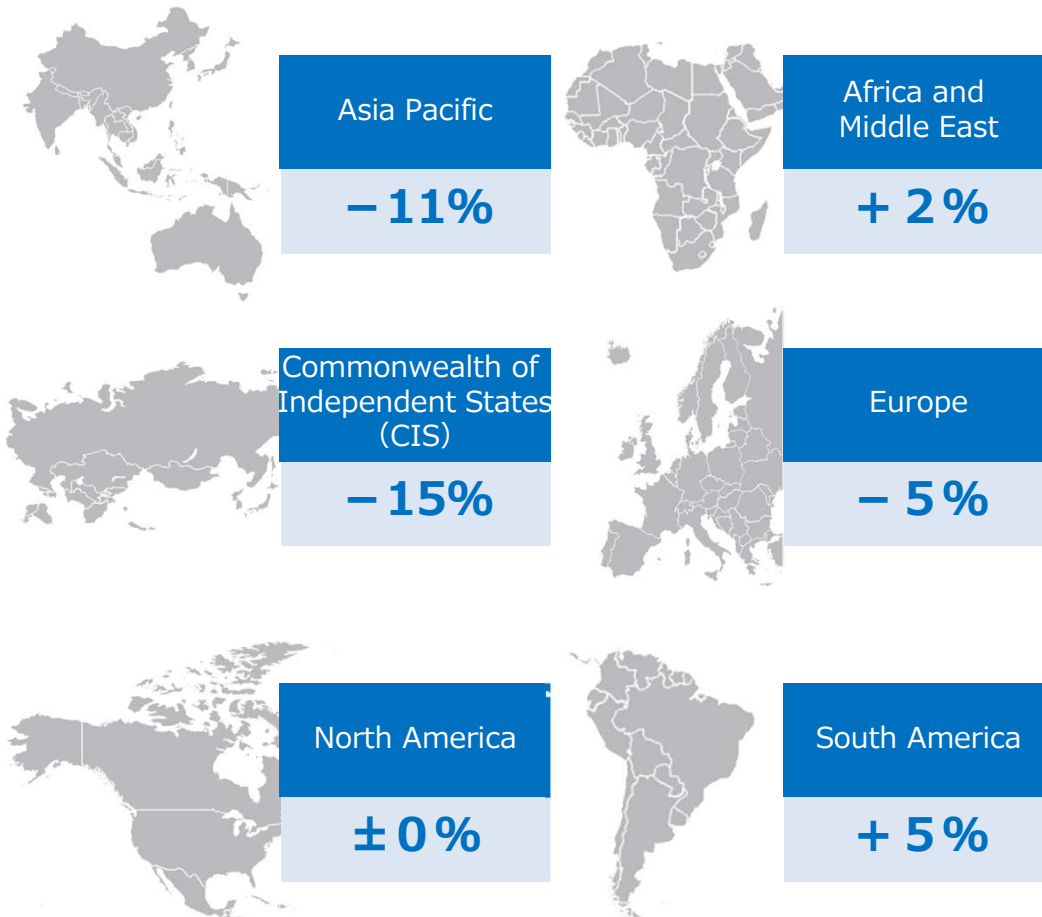
Sales and Backlog Orders: YAMASHIN Construction Machinery Filters (Quarterly)



Orders for supply parts are being exhausted, but order backlogs remain high

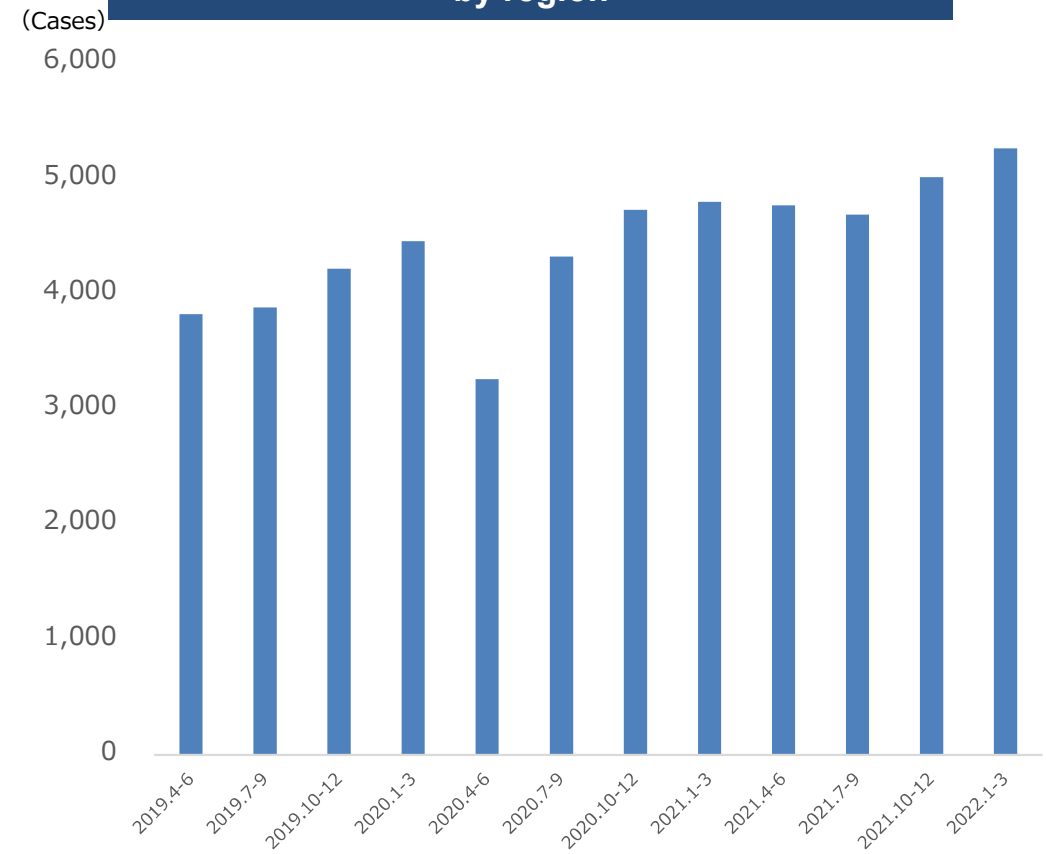
- Demand remains high, although some regions are down year-on-year.
- The issue is whether the supply is sufficient to meet the strong demand.
- The number of new residential construction projects in North America remains at a high level due to the increasing amount of remote work.

Growth in demand for construction machinery by region



Demand trend index (2021 vs. 2022 forecast)

Growth in demand for construction machinery by region



(Created from Bureau of the Census)

- Clear differentiators have led to steady growth in market share among major North American customers.
- Initiatives have been launched to cater to customers with a strong interest in sustainability.

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

Hydraulic filter share

	2021	2022	Increase/Decrease
Construction machinery	39%	46%	7%
Mining machinery	20%	29%	9%
Forestry machinery	30%	44%	14%

TM filter share

	2021	2022	Increase/Decrease
Construction machinery	88%	92%	4%
Mining machinery	54%	58%	4%
Forestry machinery	71%	75%	4%

Other filter share

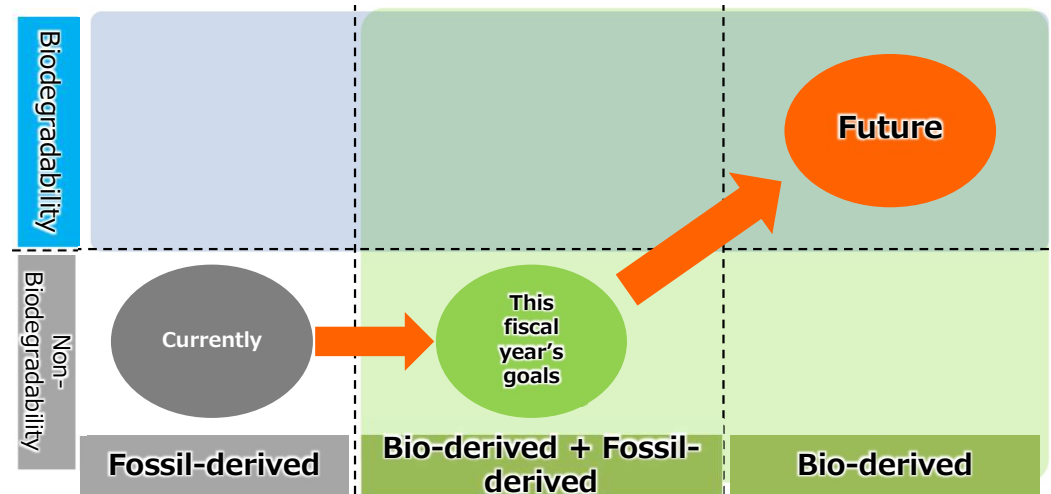
	2021	2022	Increase/Decrease
Construction machinery	17%	33%	16%
Mining machinery	12%	26%	14%
Forestry machinery	15%	20%	5%

Efforts to develop new filter materials

Aiming to shift away from fossil-derived materials

Sustainability effort
(Breaking away from petroleum-derived materials)

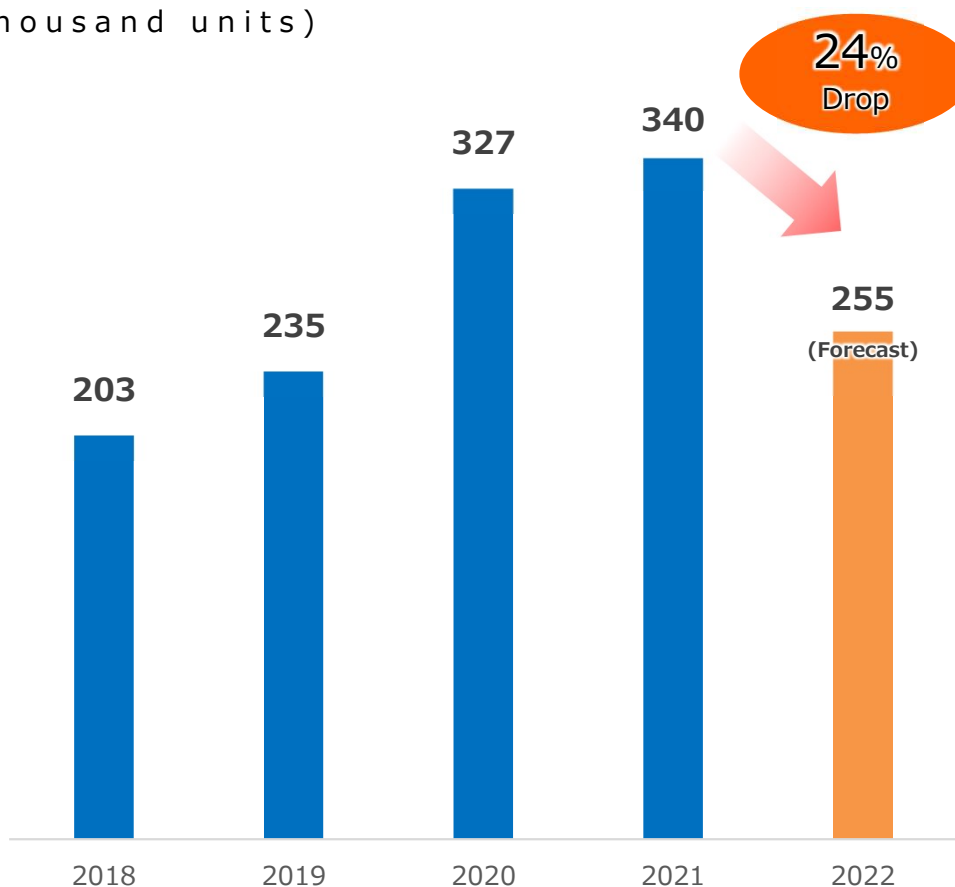
Stabilizing procurement
(Avoiding risks associated with oil prices)



- 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.

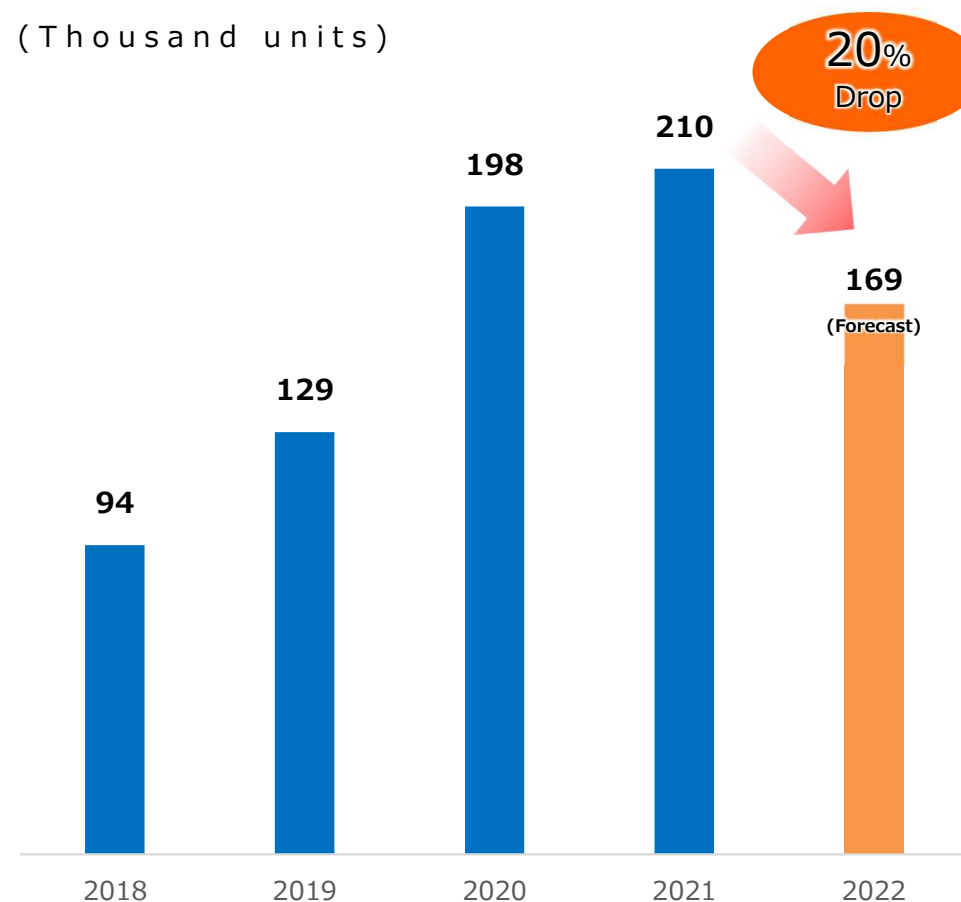
Trends in annual sales

(Thousand units)



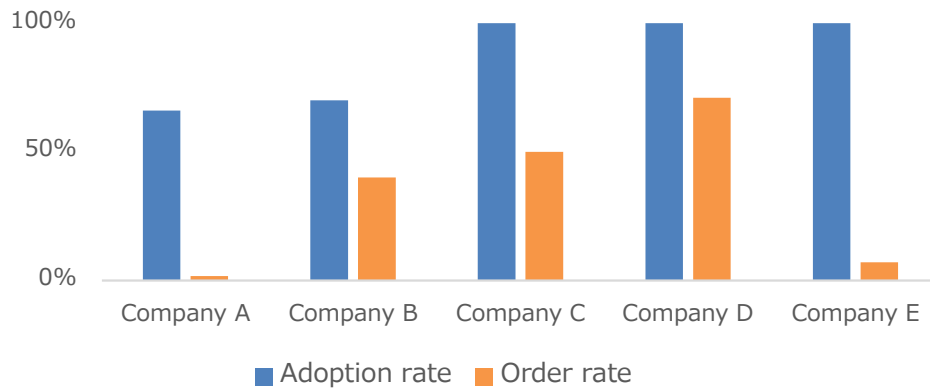
Production volume of 5 major Chinese construction machinery manufacturers

(Thousand units)



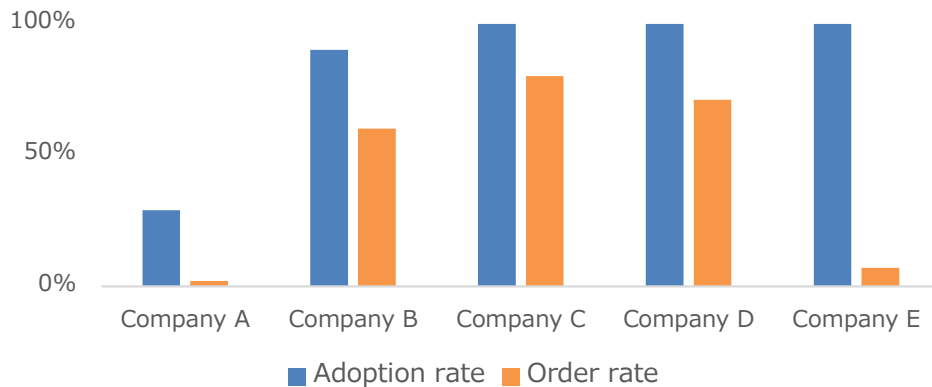
- The adoption rate and order rate for new models in line with emission regulations are progressing steadily.
- YAMASHIN commenced sales activities to expand the base of demand for new models.

Adoption rate and order rate for current (Tier 3) models



Adoption rate and order rate for new (Tier 4) models

The order rate is higher compared to the one for Tier 3



Utilizing our track record in hydraulic excavators
Launched proposal activities for other machinery

A variety of construction equipment in operation at construction sites

Mining site



Urban construction



Sales activities targeted at vehicles active in mining sites and urban construction

Vehicle construction machinery



High area work vehicles



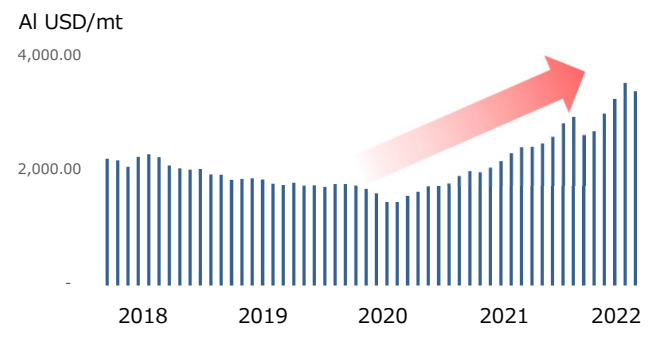
- Operating income is under pressure due to material price hikes, exchange rate fluctuations, and logistics costs.
- We implemented measures to curb losses as much as possible in order to improve earning power.

Soaring material prices

Current conditions:

Prices of materials such as aluminum and steel, which account for 60% of raw materials, soared to **double** the previous year's level.

Aluminum prices trends



Yen depreciation

Current conditions:

Negative impact on operating income due to rapid yen depreciation

Reference data

- ◆ Depreciation by 1 yen reduces operating income by approximately 13 million yen

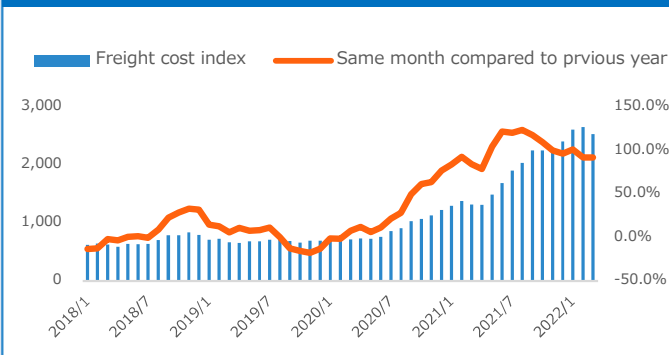
Increase in logistics costs

Current conditions:

Marine freight costs more than **tripled** from the previous year

Container unit price is approximately **5 times** higher than the previous year

North America Outbound West, Monthly Freight Index Trends



Taken from materials prepared by the Planning and Research Department, Japan Maritime Center

Consideration of stabilizing procurement of key raw materials & passing on the savings

Stabilize procurement prices by considering effective transactions, etc.

Review of payment currencies

Review of settlement currencies and strengthening of operational hedge-marry and netting measures, mainly with suppliers. Improvement of awareness towards foreign exchange.

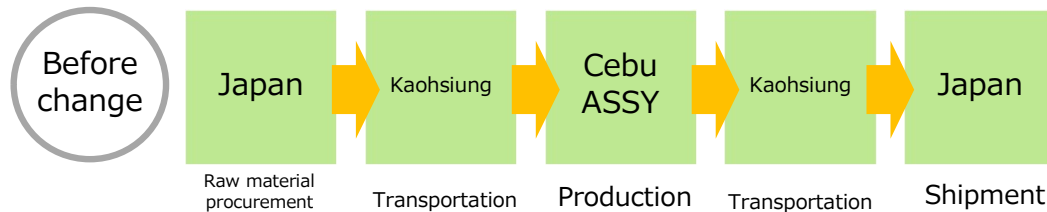
Strengthening of supply chain

Review of supply chain and reduced logistics costs by operating YVC (Vietnam Plant).

Measures to Address Rising Logistics Costs

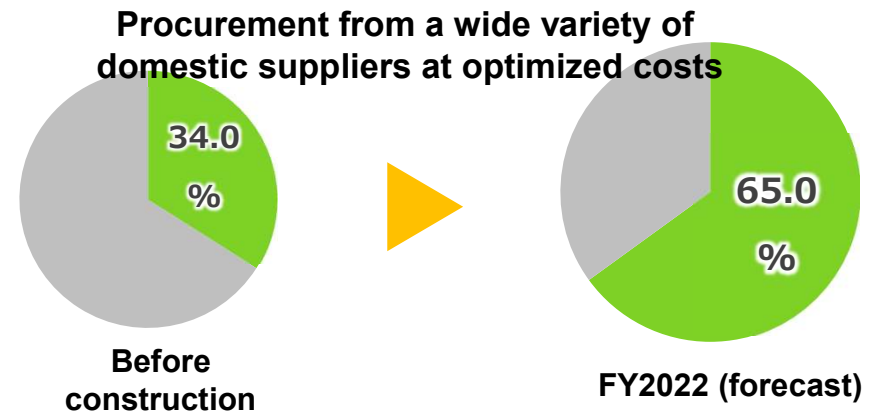
- YAMASHIN is reviewing the supply chain and reduce logistics costs by starting operation of YVC (Vietnam Plant).
- We replaced production at YCF (Cebu Plant), targeting a 33% production ratio for the current fiscal year.

Distribution flowchart

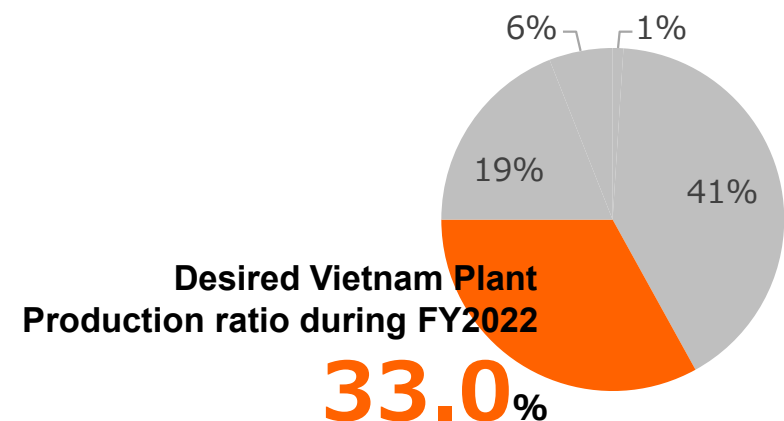


Aiming to reduce costs by shortening transportation distances

Parts procurement rate in Vietnam



Target production ratio portfolio



Conditions in the Air Filter Market

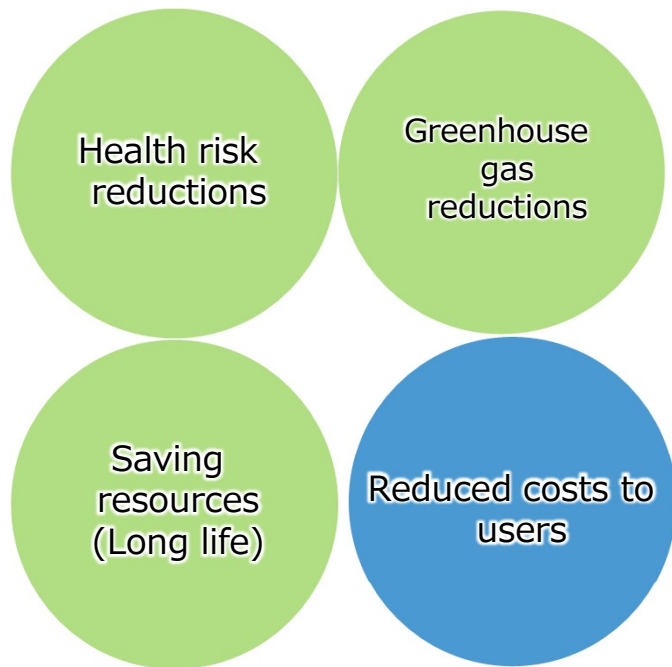
- The building market, which is our main market, is expected to continue its recovery trend in the current fiscal year.
- The need to curb maintenance costs is increasing in response to various cost hikes.
- We began to focus on the semiconductor and vehicle markets, where demand is expected to increase.

	Market overview	Market environment	
		Previous period	Forecast for the current term
Buildings	Air filters for outdoor air intake units and indoor air conditioning systems installed in offices, commercial buildings, etc.	→ The building market has calmed down in the 4Q, and orders for repeat properties were solid.	→ Repeat orders in urban areas are stable, but new projects are sluggish.
General factories	Air filters for outdoor air intake units and indoor air conditioning systems installed in factories	→ Production conditions appear to be on a recovery track, but capital investment was somewhat delayed.	→ Activity for major renovations is sluggish but activity is positive for necessary capital investment.
Semiconductor factories	Replacement market for chemical filters	↑ Continued strong capital investment.	↑ Continued strong capital investment.
Environmental equipment	Air filters for residential air conditioning and air purifiers used in general households	→ Although the aftermath of the Wood Shock persisted, a recovery trend was projected in the 4Q.	→ Housing-related sectors continue to be affected by the Wood Shock, but are recovering.
Vehicles	Air filters for air conditioning of railroads, etc. Air filters for protecting construction machinery from dust	→ Construction machinery remained strong. Railroads remained on schedule despite a decrease from the previous year.	→ Orders for filters for construction machinery are firm. Orders for filters for railroads are as projected.

- 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 give environmentally friendly products that can contribute to reduced costs to users.

Challenges faced by users

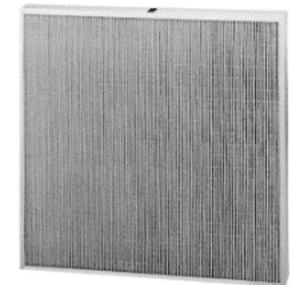
Users who install air filters are also required to effectively address social issues such as CO₂ reduction.



YAMASHIN provides solutions

New Product **NanoWHELP**®

World's first nanofiber air filter



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

Superior environmentally friendly products

Pressure

loss low compared to other companies (Low resistance when air passes through the filter)

Reduced load on air conditioners, lower power consumption

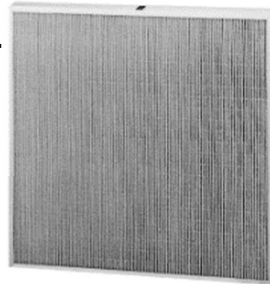
Contributing to the reduction of greenhouse gas emissions



- YAMASHIN has earned a high reputation for filter performance and environmental friendliness.
- We will be highly competitive due to the reliability of the MERV14 standard and the scarcity of acquiring Japanese manufacturers.

New Product NanoWHELP®

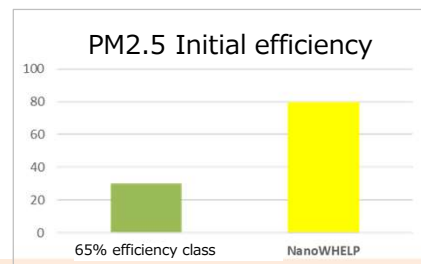
The world's first nanofiber air filter



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 certification**
- In addition to its high-performance, **effectively reduces CO2 emissions**

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



Target Markets

Data centers, server rooms, IT-enabled factories, public facilities, medical facilities, etc. Even general buildings due to a growing interest in air quality.

Market Position



Art universities in Tokyo

Installed in all systems, including classrooms as well as outdoor air treatment and libraries in suburban art universities.

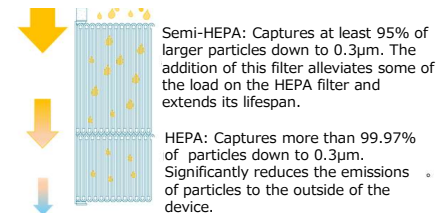


Tenant buildings and embassies in Tokyo

Installations were made in mid-rise Tokyo tenant buildings with poor outside air quality along major roads.

Mist collector installed filters

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



Installed in a mist collector newly developed by a machine tool manufacturer. We are expanding to other mist collector manufacturers.

Conditions in the Mask Market

Contribution to local communities and society through YAMASHIN's business

YAMASHIN Filter Masks® donated to Yokosuka City to support COVID-19 infection control



Mayor Kamiji of Yokosuka and President Yamazaki



General Manager Yamaguchi of Yokosuka City and General Manager Kitajima of the Development Division

Events

Sponsored by the Ski Association of Japan, which provides original Zexeed® masks. Attendance at the SNOW AWARD2022* as an official sponsor



Conceptual image



Receiving awards



Photoshoot

*A ceremony organized by the Ski Association of Japan to honor athletes who performed well in the 2021/2022 ski season.



III Future Strategies

Shift
to Prime Market
from April 4, 2022,
as per the "Result of Selection of New Market
Classification by Listed Companies" announced by
Tokyo Stock Exchange dated November 4, 2021



SUSTAINABLE DEVELOPMENT GOALS

Achieving SDGs through our business activities

ESG management implementation

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Support for recommendations

Environ
ment

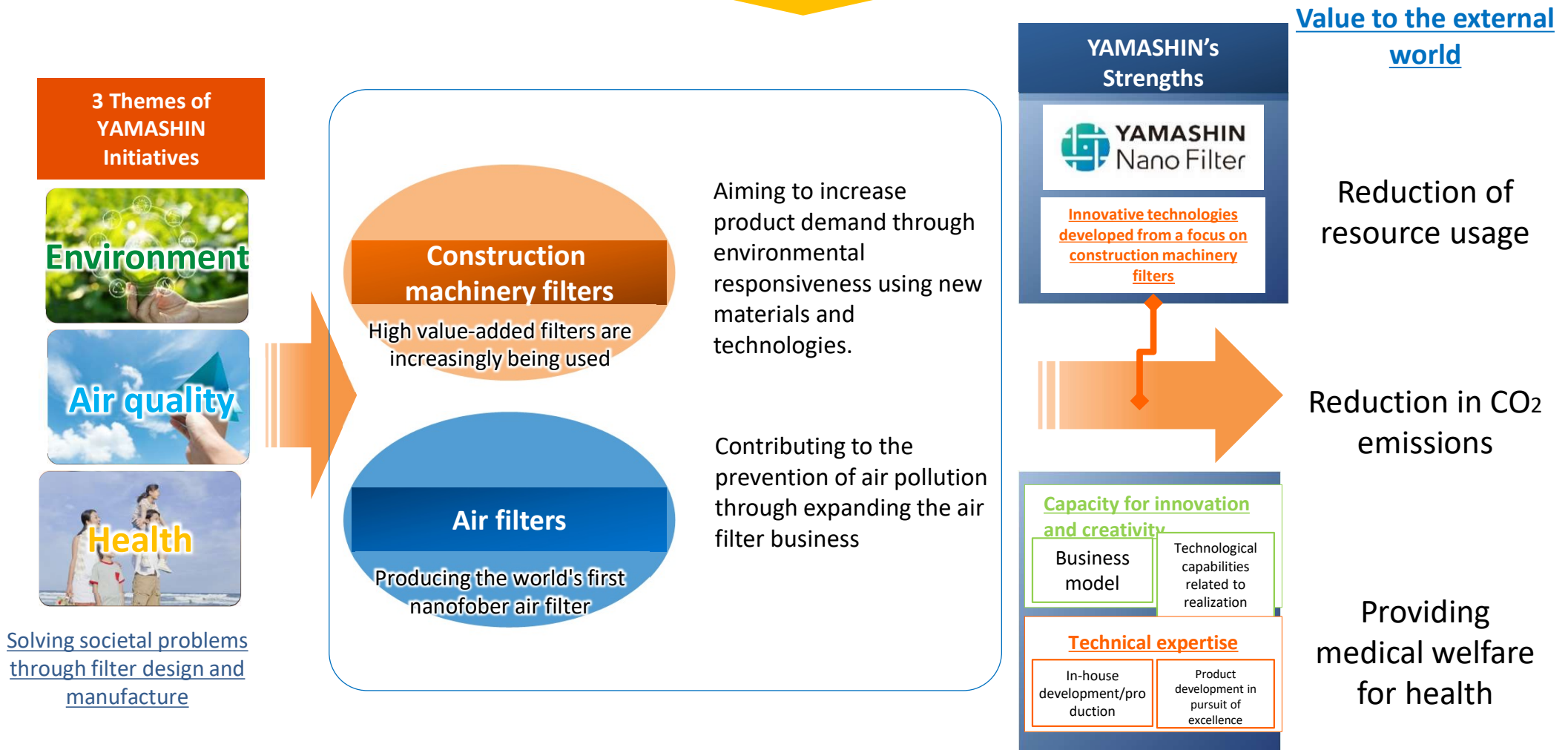
Air
quality

Health

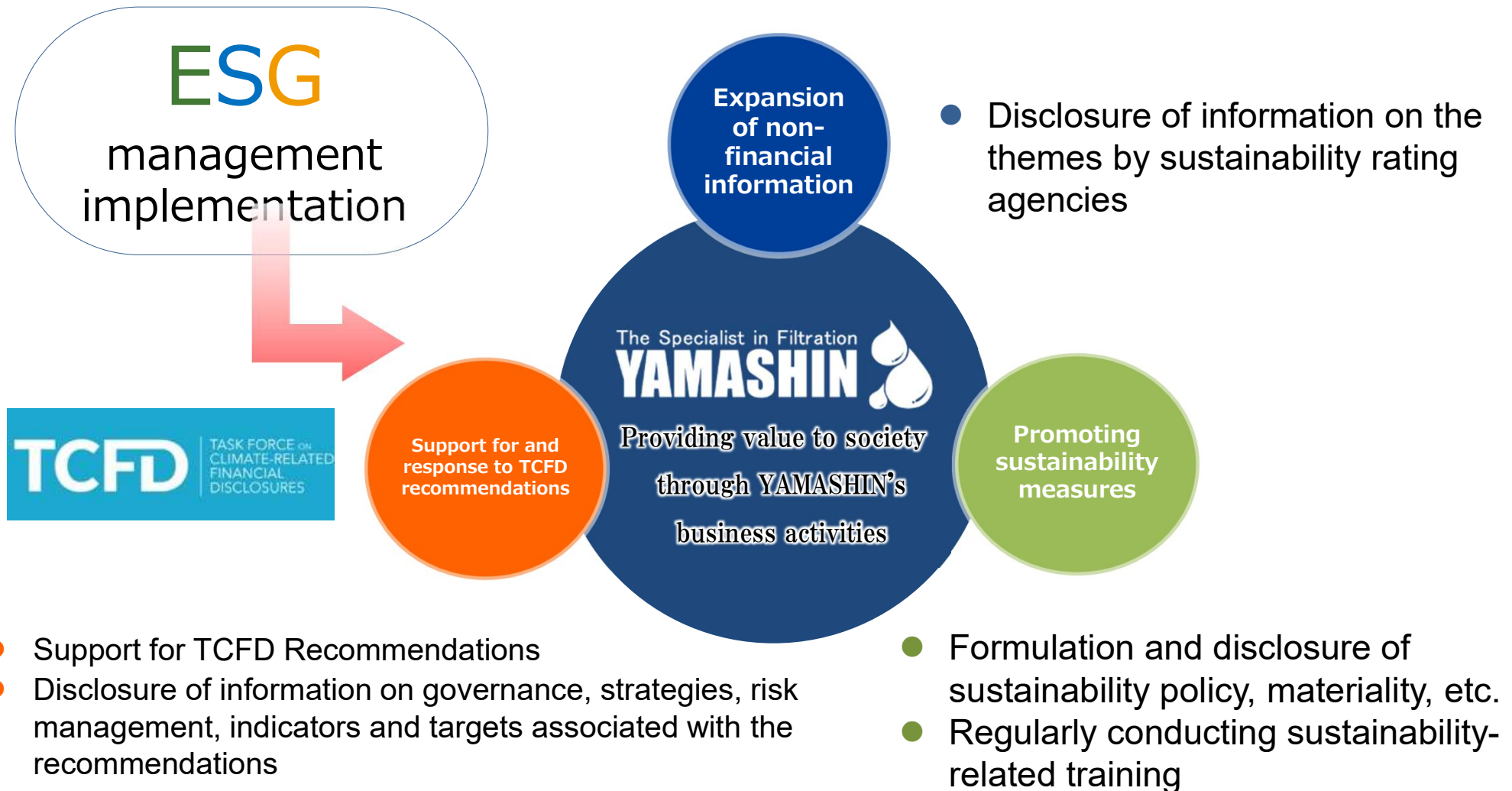
Rokajini tsukafuru

*Contribute to society through filtration
business*

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



- YAMASHIN will promote group-wide projects and measures to put ESG management into practice.



- YSS launches as part of its sustainability initiatives and has identified materiality in response to social issues.

YSS

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

Identifying materiality		
Environment	Climate change	<p style="color: #90ee90; margin: 0;">Contributing to climate change prevention and a decarbonized society</p> <ul style="list-style-type: none"> ■ We will achieve a business model that contributes to climate change prevention in terms of both products and production in order to achieve the carbon neutrality required throughout the world.
	Recycling	<p style="color: #90ee90; margin: 0;">Reducing environmental impact and contributing to a recycling-oriented society through filter technology</p> <ul style="list-style-type: none"> ■ We will focus on resource recycling to achieve a business model with high economic and environmental efficiency through the value chain.
Air and health	Air quality and health	<p style="color: #add8e6; margin: 0;">Reducing health hazards caused by air pollution - Contributing to a safe and secure lifestyle</p> <ul style="list-style-type: none"> ■ Our filter technology protects people from the health hazards of air pollution and PM. ■ Our filter technology improves indoor air quality.
	Infection prevention measures	<p style="color: #add8e6; margin: 0;">Preventing infectious diseases - The power of filters contributing to the fight against infectious diseases</p> <ul style="list-style-type: none"> ■ We are protecting people from infectious diseases through advanced and sophisticated filter technology.
People and work	Technology innovations	<p style="color: #ff8c00; margin: 0;">Technical training and application - Pursuit of filter technology demanded by society</p> <ul style="list-style-type: none"> ■ We are refining our unique technology to create filters that do not exist anywhere else in the world. ■ We are creating new value by applying our original technology.
	Rewarding work	<p style="color: #ff8c00; margin: 0;">Rewarding work and active human resources - Contribute to Society through filtration business</p> <ul style="list-style-type: none"> ■ We provide rewarding work to show appreciation and be appreciated by our customers, colleagues, and family members. ■ We will innovate working styles and promote a diverse workforce.
	Respecting human rights	<p style="color: #ff8c00; margin: 0;">Promoting human rights due diligence - Becoming a company trusted by society</p> <ul style="list-style-type: none"> ■ We respect human rights throughout the value chain and fulfill our responsibilities as a company.

- YAMASHIN will strengthen its response to rating agencies etc., and will respond to the CDP Climate Change Questionnaire for the first time.
- We will begin disclosing information in line with the TCFD recommendations in our Sustainability Report 2022.
- We will promote initiatives in line with the recommendations over the next few years.
- We aim to improve the quality of non-financial figures by ensuring the accuracy and comprehensiveness of performance data by a third-party assurance organization.

Category	2022/1Q			2022/2Q			2022/3Q			2022/4Q		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
● Response to ESG rating agencies, etc.												
• CDP	----->				Deadline: 7/27							
• MSCI • FTSE	----->											
● Sustainability Report 2022 (Japanese*)												
• TCFD response (initial disclosure)	----->											
• Third party assurance (Scope 1, 2)				----->								
● Other measures												
• YSS Committee management	----->											

* English version to be published at the end of December

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®


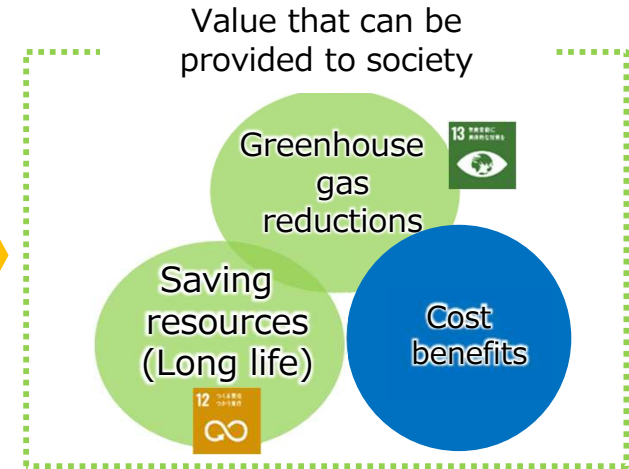


Price is approximately **2** times that of the existing product
Growing into a medium- to long-term earnings



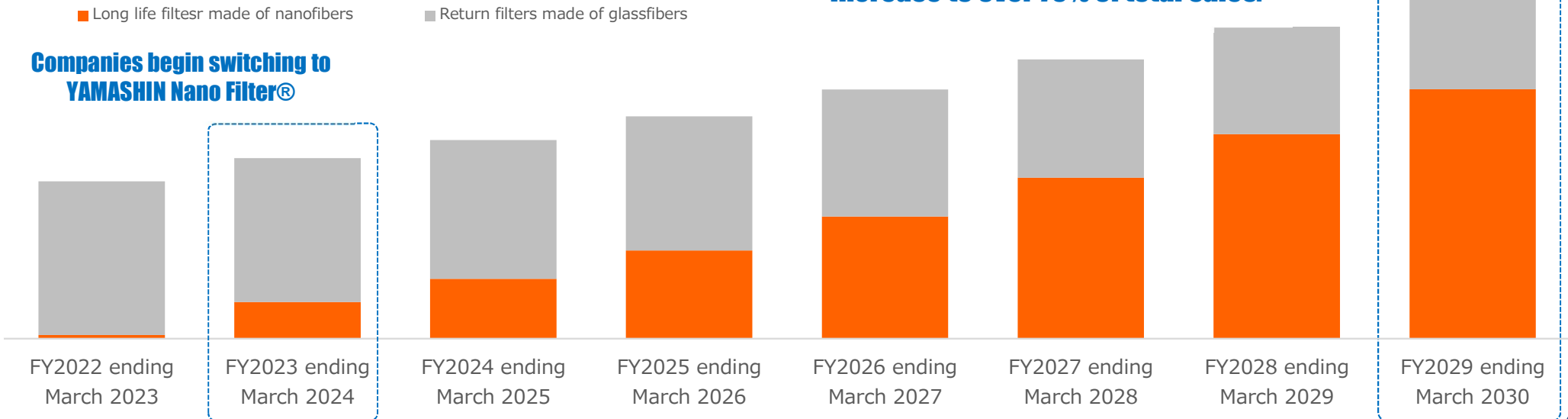

Iot sensor

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

Sales forecast of filters made of nanofiber filters

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



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

1

Construction machinery filter business

Improvements to profitability through PAC21, airfare control, fixed cost reduction, and cost cutting

3

Healthcare business

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.

2

Air filter business

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

4

Strengthening the supply chain

Reorganization of production bases (New Saga Plant, New Vietnam Plant, North America Plant), significantly increased production capacity and reduced manufacturing costs

Strengthening the supply chain

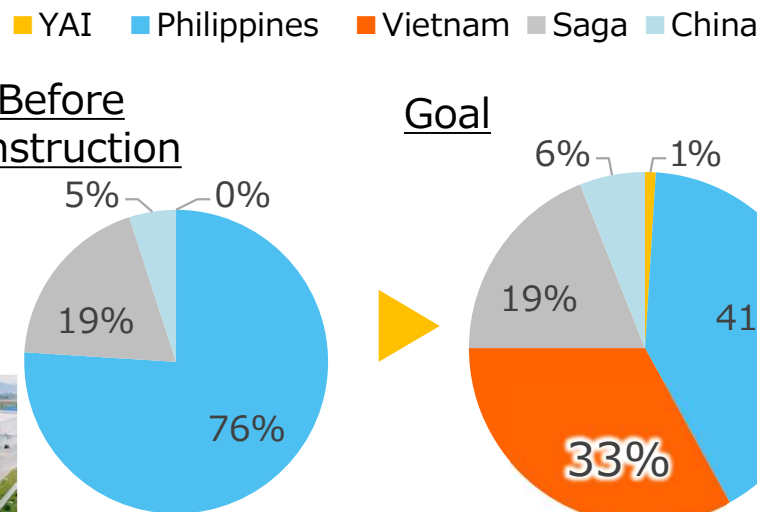
Main Topic of supply chain enhancement:

Completion of new plant in Vietnam

YAMASHIN will hedge risks by shifting from a centralized production system to a multiple production system, and will be able to respond more flexibly to customer requests by increasing the local procurement rate of materials.

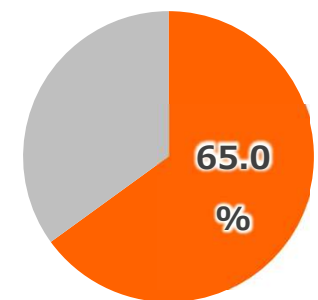


Before construction



Goal

Parts procurement rate in Vietnam



FY2022
(ending March 31, 2023)

- 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.

Target markets for future development

Technology master

(Product appeal)

NanoWHELP

World's first air filter made of nano filters



Production capacity

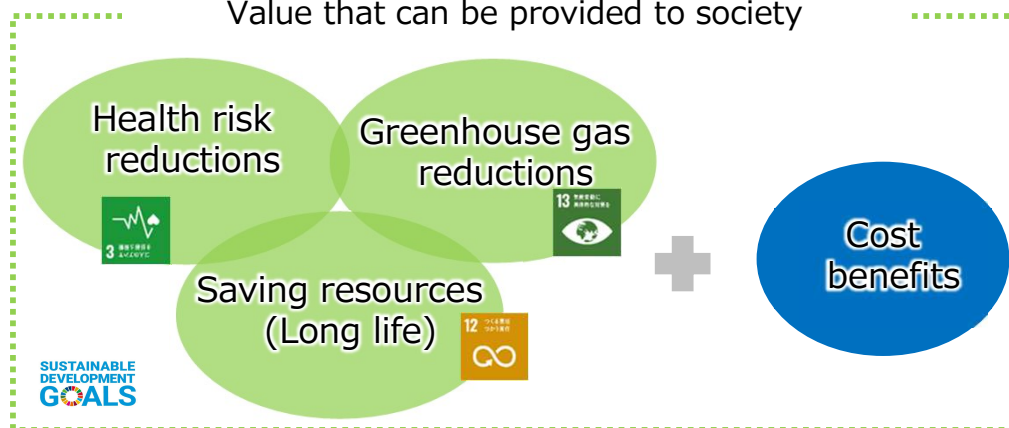
(capabilities)

Strengthening of internal systems

- SAP implementation
- Optimization of workforce
- Optimization of sales network



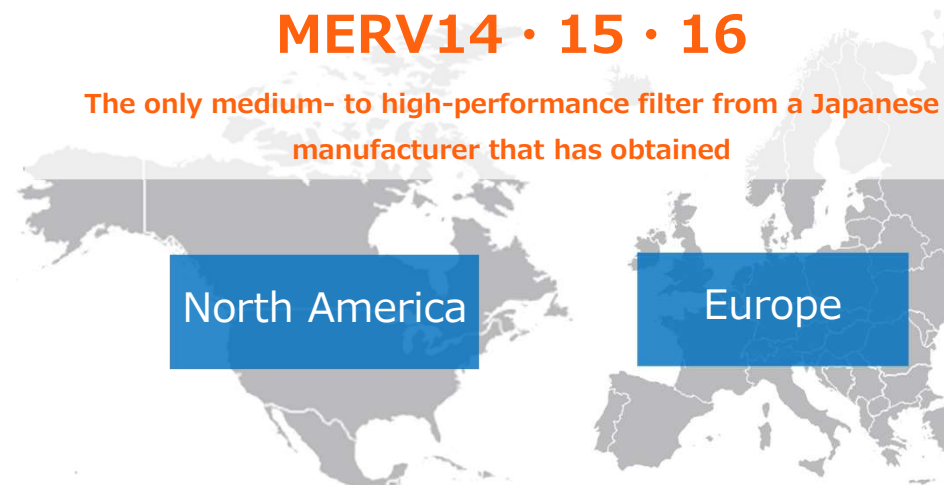
Value that can be provided to society



The highest level of air filter performance standards

MERV14 · 15 · 16

The only medium- to high-performance filter from a Japanese manufacturer that has obtained



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

Construction machinery filters

YCF (production)

YST (Sales/R&D)

YAI
(Sales/production)

YTL (Sales)

YEB (Sales)

The Specialist in Filtration
YAMASHIN

Accelerating the leap from a specialized manufacturer of construction machinery filters to a
Comprehensive Filter Manufacturer



YAMASHIN Nano Filter® Industrial Materials

Healthcare

Apparel

Consumables

Renewable energy materials

Everyday supplies



Air filters

(Sales/production)

目次

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 2023)
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>		

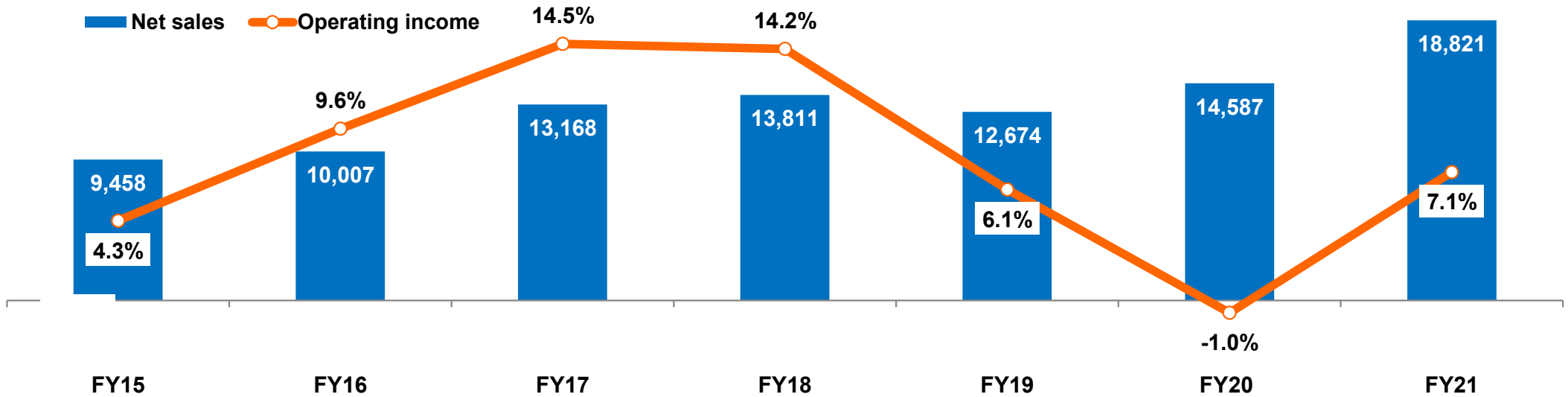
決算

REFERENCE MATERIALSDD

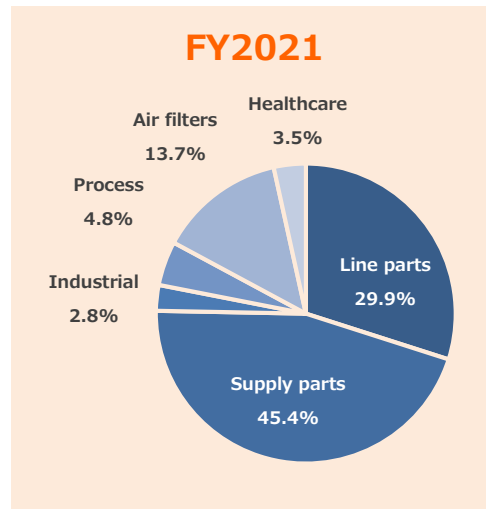
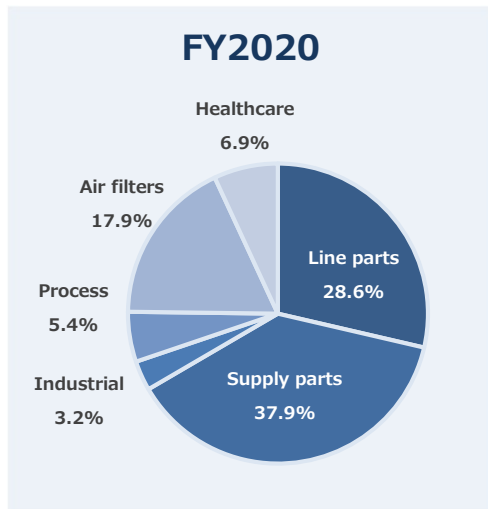
② FINANCIAL HIGHLIGHTS

Net sales, Operating income

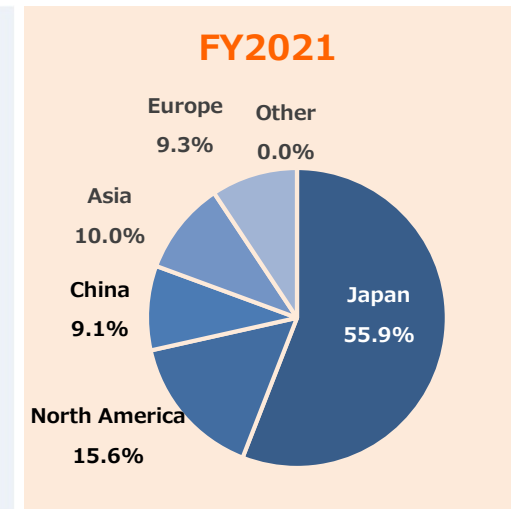
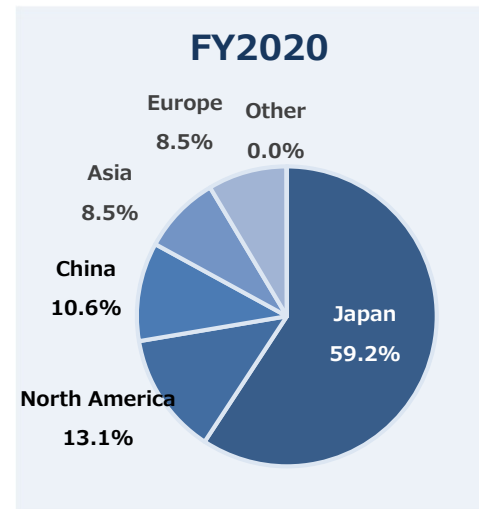
(Unit: million yen)



Sales breakdown by product category

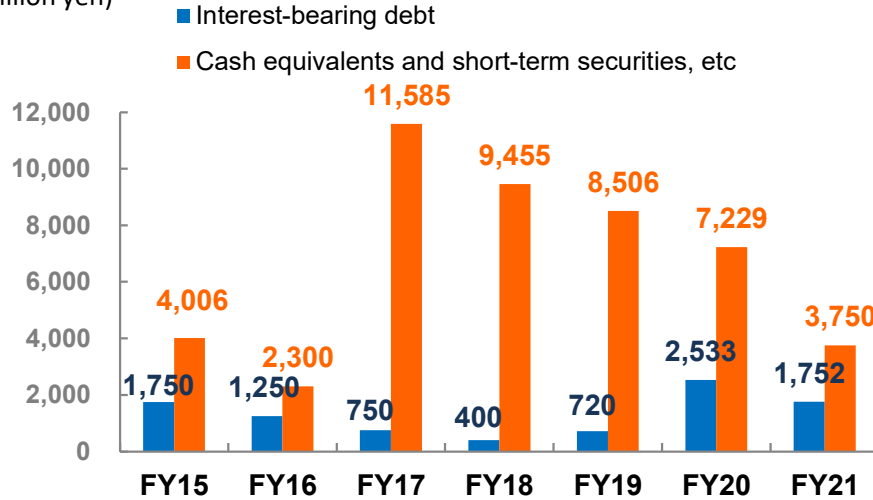


Sales breakdown by region

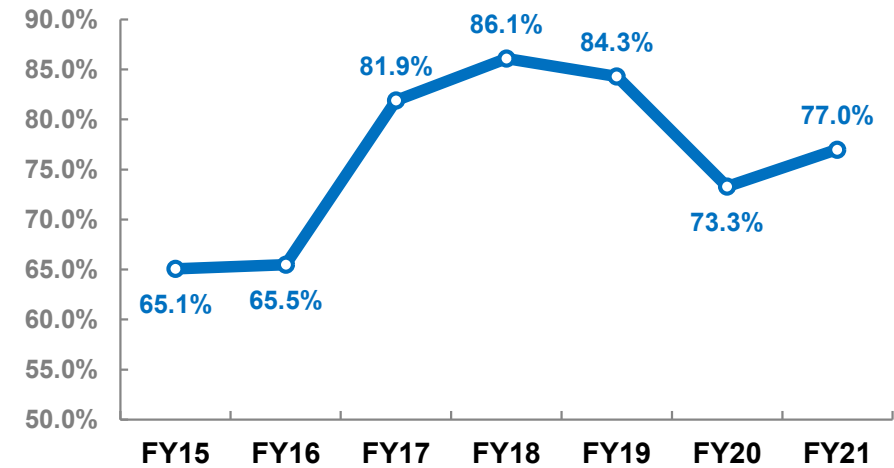


Interest-bearing debt, Cash equivalents, Short-term securities, etc.

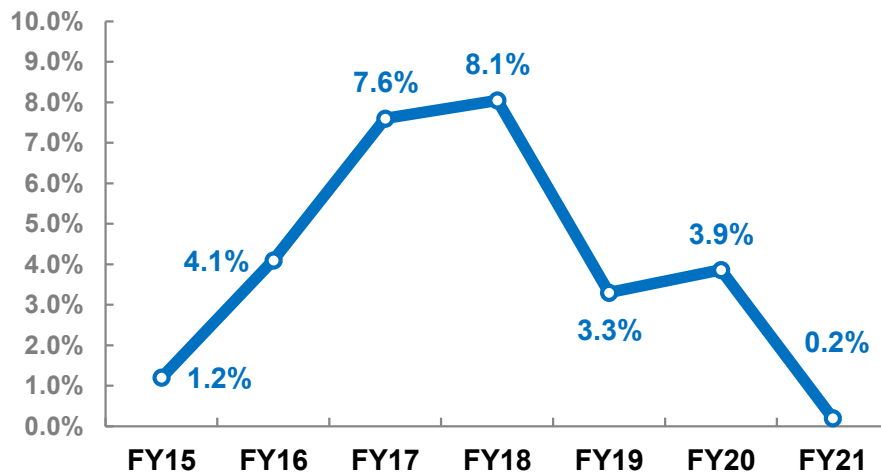
(Unit: million yen)



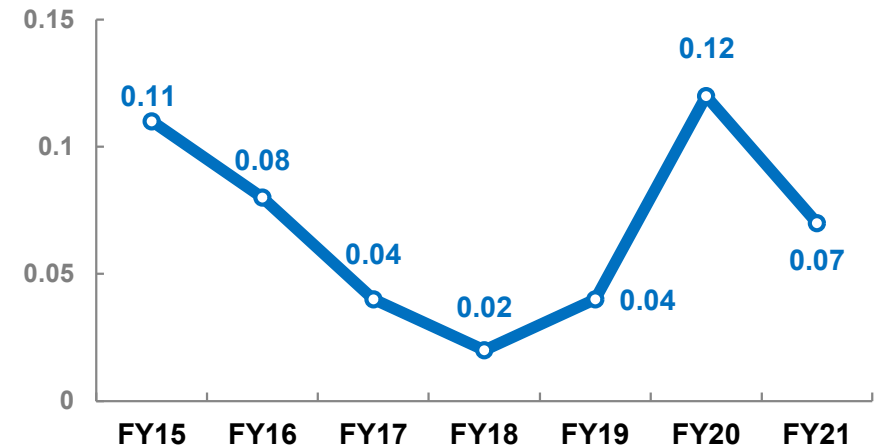
Shareholders' equity ratio



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)

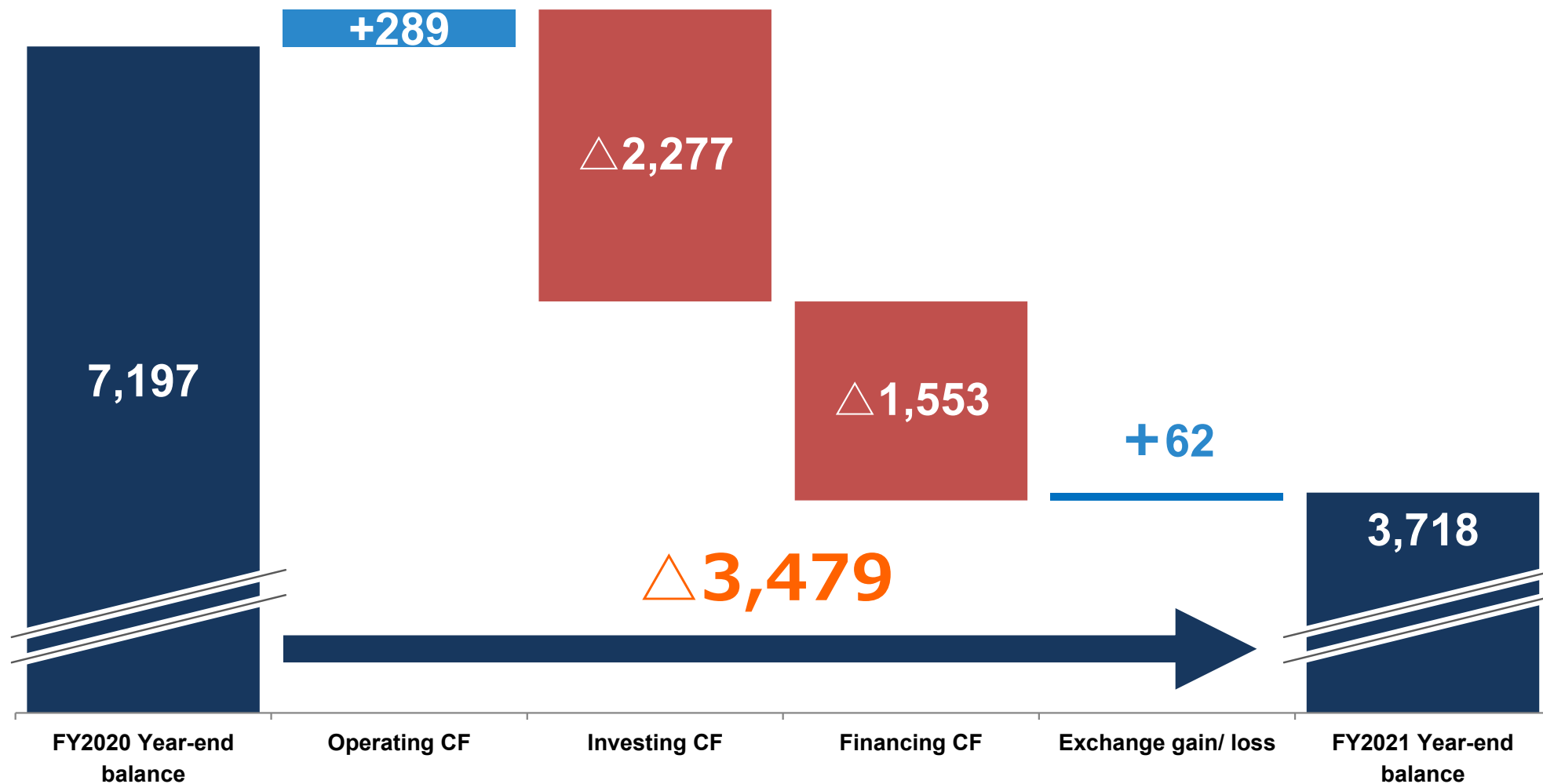
	FY2020	FY2021	Change (Amount)	Change (%)
Current assets	15,323	13,964	△ 1,358	△8.9%
Cash and deposits	7,229	3,750	△3,478	△48.1%
Notes and accounts receivable-trade	4,285	4,696	410	9.6%
Merchandise and finished goods, Raw materials and Supplies	3,021	4,775	1,753	58.0%
Other	785	742	△43	△5.5%
Fixed assets	12,868	12,747	△120	△0.9%
Tangible fixed assets	10,813	11,609	795	7.4%
Intangible fixed assets	330	236	△93	△28.3%
Investments and other assets	1,724	901	△822	△47.7%
Total assets	28,191	26,712	△1,479	△5.2%

	FY2020	FY2021	Change (Amount)	Change (%)
Current liabilities	5,539	4,634	△905	△16.3%
Notes and accounts payable-trade	1,952	2,213	261	13.4%
Corporate bonds payable within one year and short-term loans payable	1,003	403	△600	△59.8%
Other	2,583	2016	△566	△21.9%
Fixed liabilities	1,969	1,506	△462	△23.5%
Corporate bonds and long-term debt	1,529	1,126	△403	△26.4%
Net defined benefits Liability	225	232	7	3.4%
Other	214	147	△66	△31.1%
Total net assets	20,682	20,571	△111	△0.5%
Total of liabilities and net assets	28,191	26,712	△1,479	△5.2%

*Shareholders' equity ratio 73.3% 77.0%

Changes in Cash Balance

(Unit: million yen)



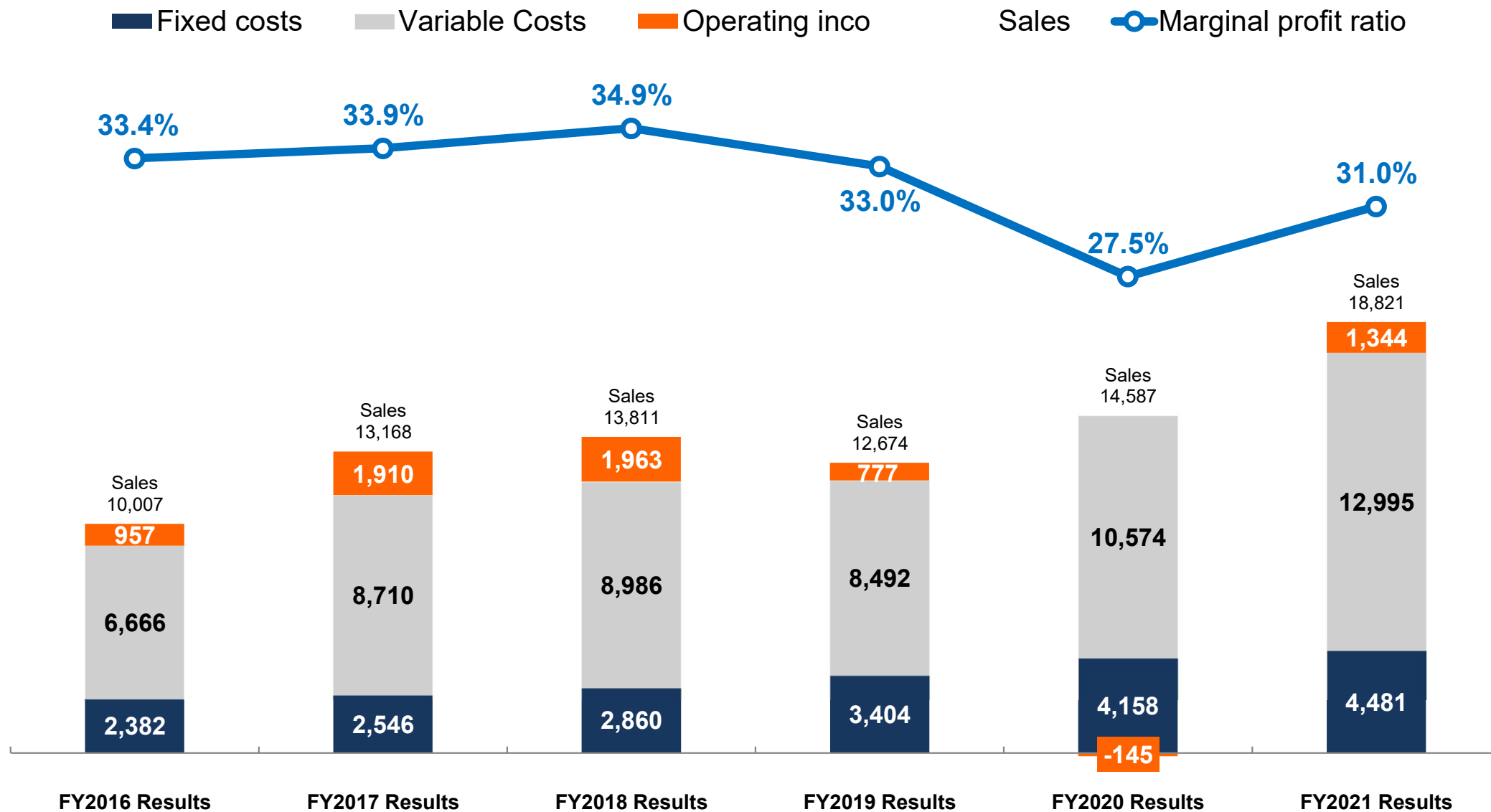
Conditions of Operational Hedge – “Marry and Netting” and Foreign Exchange Sensitivity

(Unit: million yen)

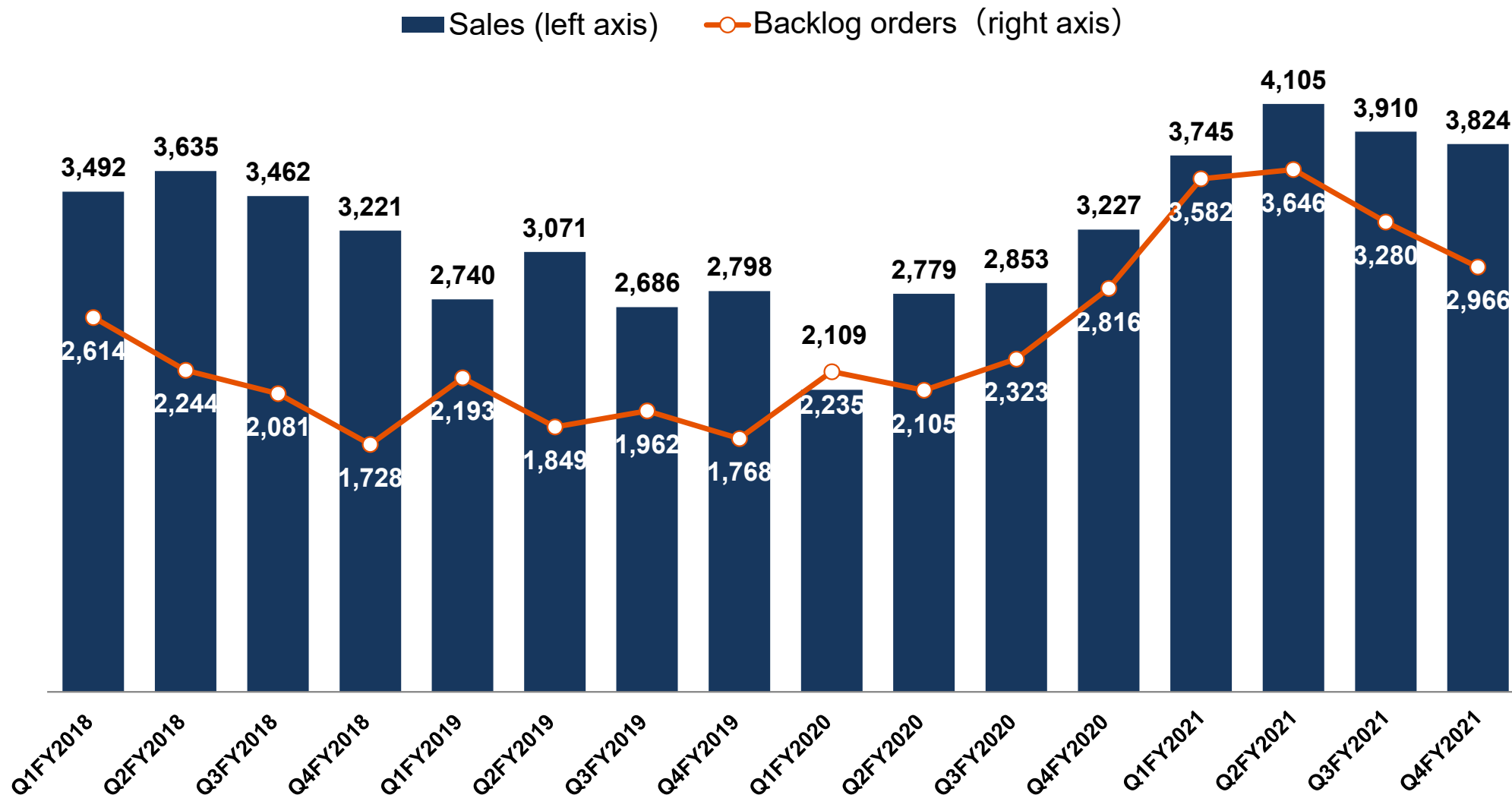
Currency	Incoming		Outgoing		Net	Average rate during the term (JPY)	In case of yen appreciation (10%)			In case of yen depreciation (10%)		
	Amount by currency	Composition ratio	Amount by currency	Composition ratio			Amount by currency	If yen is appreciated ▲10% (JPY)	Difference	Affected amount (YTD)	If yen is depreciated +10% (JPY)	Difference
JPY	¥22,100.0	73%	¥21,000.0	66%	¥1,100.0	-	-	-	-	-	-	-
USD	\$61.6	23%	\$74.4	26%	\$-12.8	¥112.4	¥101.15	¥-11.24	¥143.86	¥123.63	¥11.24	¥-143.86
EUR	€ 6.6	3%	€ 5.5	2%	€ 1.1	¥130.6	¥117.51	¥-13.1	¥-14.36	¥143.63	¥13.06	¥14.36
PHP	PP0.0	0%	PP715.9	5%	PP-715.9	¥2.3	¥2.03	¥-0.2	¥161.08	¥2.48	¥0.23	¥-161.08
THB	฿100.00	1%	฿39.00	0%	฿61.00	¥3.4	¥3.10	¥-0.3	¥-20.98	¥3.78	¥0.34	¥20.98
Total	-	100%	-	100%	-	-	-	-	¥269.59	-	-	¥-269.59

Variation in Marginal Profit Ratio

(Unit: million yen)



(Unit: million yen)



(million yen)		Q4 FY2020 YTD Results	Q4 FY2021 YTD Results	YoY change	
		Amount	Amount	Amount	%
Net sales		4,192	4,633	440	10.5%
	Construction machinery filters, etc.*	3,227	3,824	596	18.5%
	Air filters	649	683	33	5.1%
	Healthcare	315	125	△189	△60.1%
Operating income		0	230	230	—
	Construction machinery filters*	188	259	70	37.6%
	Air filters	△55	△41	14	—
	Healthcare	△131	13	144	—
Operating income margin		0.0%	5.0%	5.0Pt	
	Ordinary profit	△1	238	240	—
Ordinary profit margin		△0.0%	5.1%	5.2Pt	
	Net income	366	135	△230	△63.0%
Net income margin		8.7%	2.9%	△5.8Pt	
Exchange rates (ave.)	USD	106.1	112.4	6.3	6.0%
	EUR	123.7	130.6	6.9	5.6%

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

(million yen)		FY2020 Results	FY2021 Results	YoY change	
		Amount	Amount	Amount	%
Net sales		14,587	18,821	4,234	29.0%
	Construction machinery filters, etc.*	10,970	15,592	4,622	42.1%
	Air filters	2,607	2,577	△30	△1.2%
	Healthcare	1,009	651	△357	△35.4%
Operating income		△145	1,344	1,490	—
	Construction machinery filters*	22	1,797	1,774	—
	Air filters	△18	△123	△105	—
	Healthcare	△150	△329	△179	—
Operating income margin		△1.0%	7.1%	8.1Pt	
	Ordinary profit	△135	1,317	1,452	—
Ordinary profit margin		△0.9%	7.0%	7.9Pt	
	Net income	750	47	△703	△93.7%
Net income margin		5.1%	0.3%	△4.9Pt	
Exchange rates (ave.)	USD	106.1	112.4	6.3	6.0%
	EUR	123.7	130.6	6.9	5.6%

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

FY2022 Full-year Forecasts - All the companies' expenses included

(million yen)		FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Forecast	Compared to initial forecast
		Amount	Amount	Amount	Amount	Amount
Net sales		12,674	14,587	18,821	17,800	△1,021
	Construction machinery filters*	11,296	10,970	15,592	15,000	△592
	Air filters	1,377	2,607	2,577	2,800	222
	Healthcare	-	1,009	651	-	△651
Operating income		777	△145	1,344	700	△644
	Construction machinery filters*	654	22	1,797	660	△1,137
	Air filters	122	△18	△123	40	163
	Healthcare	-	△150	△329	-	329
Operating income margin		6.1%	△ 1.0%	7.1%	3.9%	△3.2Pt
	Ordinary profit	603	△135	1,317	650	△667
Ordinary profit margin		4.8%	△ 0.9%	7.0%	3.7%	△3.3Pt
	Net income	608	750	47	458	410
Net income margin		4.8%	5.1%	0.3%	2.6%	2.3Pt
Exchange rate (JPY)	USD	108.8	106.1	112.4	122.0	8.6%
	EUR	120.8	123.7	130.6	137.0	4.9%

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

*The healthcare business is included in the product lineup of the construction machinery filter business from the fiscal year ending March 31, 2023, to reflect the degree of impact on YAMASHIN's performance.

*With respect to operating income for the fiscal years ending March 31, 2021 and 2022, general and administrative expenses and other expenses of the administrative divisions of the head office and subsidiaries, which were separately listed as corporate expenses, are included in the operating income of each segment.



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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