



December 13, 2019
News release

Company name: YAMASHIN FILTER CORP.
Representative: Atsuhiko Yamazaki, President and Representative Director
(Code: 6240, First Section, Tokyo Stock Exchange)
Address any inquiries to: Chikahisa Ioka, Director/General Manager, Administration Division
(Tel. 045-680-1671)

YAMASHIN FILTER CORP. to establish new overseas subsidiary

In a meeting held December 13, 2019, the Board of Directors of YAMASHIN FILTER CORP. (“Company” hereinafter) resolved to establish a wholly owned production subsidiary in Vietnam, as outlined below.

Details

1. Reasons for establishing new subsidiary

The YAMASHIN Group (“YAMASHIN” or “Group” hereinafter) will establish the new subsidiary to address the following pressing issues:

- (1) A need to distribute the Group’s production facilities geographically for reasons involving business continuity planning (BCP); in light of the fact that some 90% of all Group products are currently produced at YAMASHIN CEBU FILTER MANUFACTURING CORP., a Company subsidiary located on the island of Cebu in the Philippines.
- (2) During this fiscal year, in addition to being engaged in the main business of hydraulic fluid filters for use in construction machinery, the Group is advancing proactively into new business domains through the acquisition of AQC Corporation, which is active in the air filter business, and through the development of new products incorporating YAMASHIN NANO FILTER™ high-polymer nanofibers. This initiative has generated pressing need to establish a new production facility to accommodate future business growth.

The Group is confident that building a new supply chain to achieve these two goals will ensure stable business continuity and increase the profitability of the Group as a whole.

Thanks to progress in developing social and transportation infrastructures and accession to the Trans-Pacific Partnership (TPP), in addition to its political stability, abundant workforce, and competitive labor costs, Vietnam is a promising site for production facilities and export facilities serving global markets. Rebuilding the supply chain will enable the Group to maximize profits by increasing rates of local procurement of raw materials and optimizing production costs.

2. Overview of newly established subsidiary

- | | |
|--------------------------------|---|
| (1) Name | YAMASHIN VIETNAM Co., Ltd. |
| (2) Representative | Tetsuro Ikai (Production Division, YAMASHIN FILTER CORP.) |
| (3) Location | Thang Long Industrial Park (Vinh Phuc), Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam
(on the premises of Thang Long Industrial Park III in Hanoi, Vietnam) |
| (4) Date of establishment | February 2020 (planned) |
| (5) Capital | Approx. 300 million yen |
| (6) Ownership ratio | Wholly owned Company subsidiary |
| (7) Plant size | Site area: 12,250 m ² |
| (8) Total investment amount | Approx. 1,400 million yen |
| (9) Starting date of operation | April 2021 (planned) |

3. Future outlook

The establishment of this subsidiary will have minimal impact on consolidated financial results for the fiscal year ending March 31, 2020. The forecast of consolidated financial results for the fiscal year ending March 31, 2020 announced on November 6, 2019 will remain unchanged.

Information on the new plant and other details will be announced as it is finalized.