

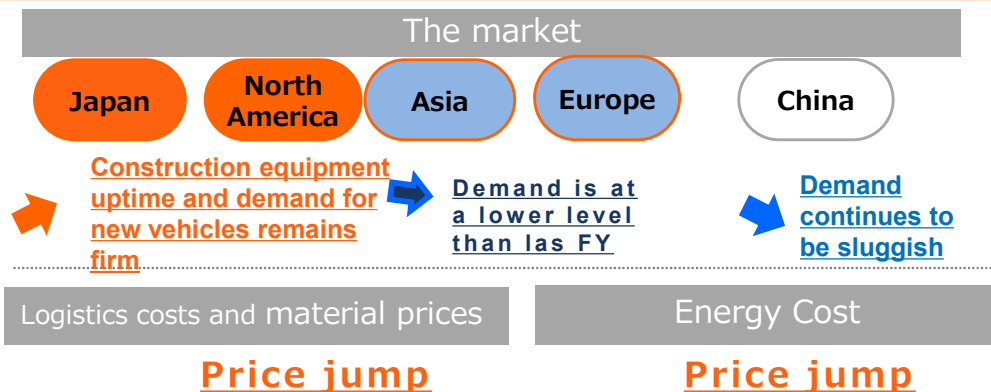
Financial Results for the Fiscal Year 2023 Ended March 31, 2024

YAMASHIN-FILTER CORP.

May 24, 2024

- Growth of the construction machinery market remained strong mainly in North America. When compared to the previous fiscal year the sales decreased due to the impact of reduction of sales volume
- With an effort to passing on prices to achieve adequate prices, profitability improvement has been progressed

Construction machinery filter business (Market Environment)



Air Filter Business (Market Environment)

Demand for filter replacement of office buildings, etc. is recovering

Contribute to CO2 reduction and reduction of industrial waste

Expand business by utilizing the high competitiveness and reliability of our products

Business Performance for FY2023

Consolidated sales : 18,024 million yen
YoY: 3.1% decrease in sales

Consolidated operating income: 1,411 million yen
YoY: 14.3% increase in profit
*Shareholders' equity ratio: 82.1%

Construction machinery filter	Sales decreased 3.5% YoY to 15,382 million yen	The main markets except China, operating hours and demand for new construction equipment remain strong. When compared to the previous fiscal year the sales decreased due to the impact of reduction of sales volume
Air filter	Sales decreased 0.7% YoY to 2,642 million yen	demand for replacement filters for building HVAC is steady

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Business Performance Results for FY2023 and Full-Year Forecasts for FY2024 (Ending March 31, 2025)

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I BUSINESS PERFORMANCE RESULTS FOR Q4 FY2023 AND FULL-YEAR FORECASTS FOR FY2024 (ENDING MARCH 31, 2025)

Business Performance Results for Q4 FY2023 (January to March 2024)

Q4 FY2023 Financial Results (Jan to Mar 2024)

(million yen)		Q4 FY2022 Results	Q4 FY2023 Results	Difference	
		Amount	Amount	Amount	%
Net Sales		4,486	4,716	230	5.1%
	Construction machinery filters*	3,794	4,057	263	6.9%
	Air filters	692	659	△32	△4.8%
Operating income (segment income)		167	472	304	181.8%
	Construction machinery filters*	127	453	325	254.9%
	Air filters	39	18	△21	△52.8%
Operating income margin		3.7%	10.0%	6.3Pt	
Ordinary profit		75	474	398	524.6%
Ordinary profit margin		1.7%	10.1%	8.4Pt	
Net income		98	148	49	50.6%
Net income margin		2.2%	3.2%	1.0Pt	
Exchange rates (Yen) (ave.)	USD	135.5	144.6	9.2	6.7%
	EUR	141.0	156.8	15.8	11.2%

* "Construction machinery filters" includes filters for construction machinery, industrial use and process use.

Balance Sheet

(million yen)

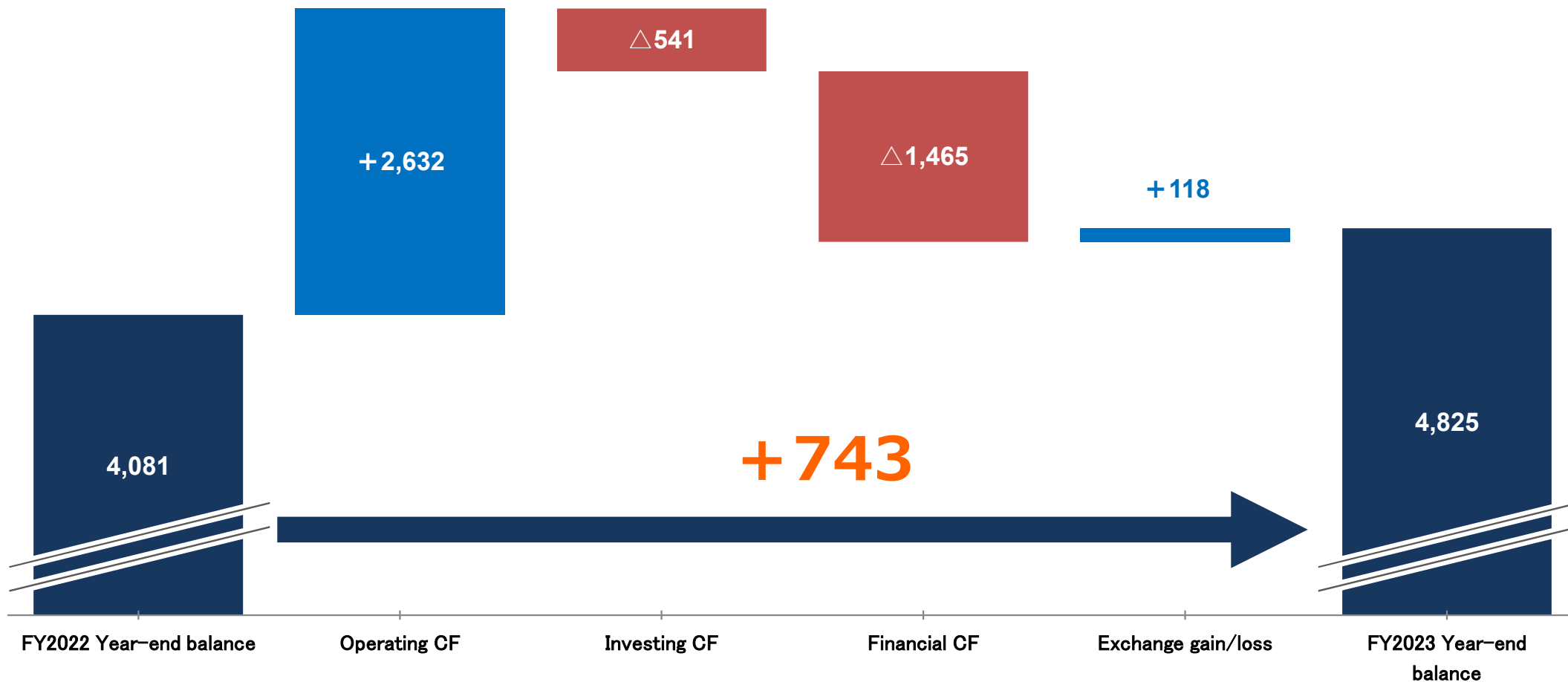
	FY2022	FY2023	Change (Amount)	Change (%)
Current assets	12,923	13,487	564	4.4%
Cash and deposits	4,113	5,065	951	23.1%
Notes and accounts receivable-trade	4,446	4,815	368	8.3%
Merchandise and finished goods, Raw materials and Supplies	4,141	3,408	△ 732	△17.7%
Other	221	199	△ 22	△10.1%
Fixed assets	12,658	12,455	△ 202	△1.6%
Tangible fixed assets	11,683	11,328	△ 355	△3.0%
Intangible fixed assets	172	209	36	21.3%
Investments and other assets	801	917	116	14.5%
Total assets	25,581	25,943	361	1.4%

	FY2022	FY2023	Change (Amount)	Change (%)
Current liabilities	3,343	3,827	484	14.5%
Notes and accounts payable-trade	1,453	1,647	194	13.4%
Corporate bonds payable within one year and short-term loans payable	683	628	△ 55	△8.0%
Other	1,206	1,552	345	28.6%
Fixed liabilities	1,260	816	△ 444	△35.2%
Corporate bonds and long-term debt	722	319	△ 403	△55.8%
Net defined benefits Liability	257	290	32	12.6%
Other	280	206	△ 73	△26.2%
Total net assets	20,977	21,299	321	1.5%
Total of liabilities and net assets	25,581	25,943	361	1.4%

*Shareholders' equity ratio 82.0% 82.1%

Changes in Cash Flow

(million yen)



*For long-term deposits with maturities of less than one year (¥32 million at the end of FY2022 and ¥239 million at the end of FY2023), cash and cash equivalents are not included in the ending balance of cash and cash equivalents.

Sales by Product Category (Jan to Mar 2024)



(million yen)		Q4 FY2022 Results	Q4 FY2023 Results	Difference	
		Amount	Amount	Amount	%
Construction machinery filters		3,415	3,708	292	8.6%
	Line parts	1,585	1,374	△210	△13.3%
	Service parts	1,830	2,333	503	27.5%
Industrial filters		178	170	△7	△4.4%
Process filters		200	178	△21	△10.9%
Subtotal (Construction machinery filters, etc.)		3,794	4,057	263	6.9%
Air filters		692	659	△32	△4.8%
Total		4,486	4,716	230	5.1%

Sales by Region (Jan to Mar 2024)

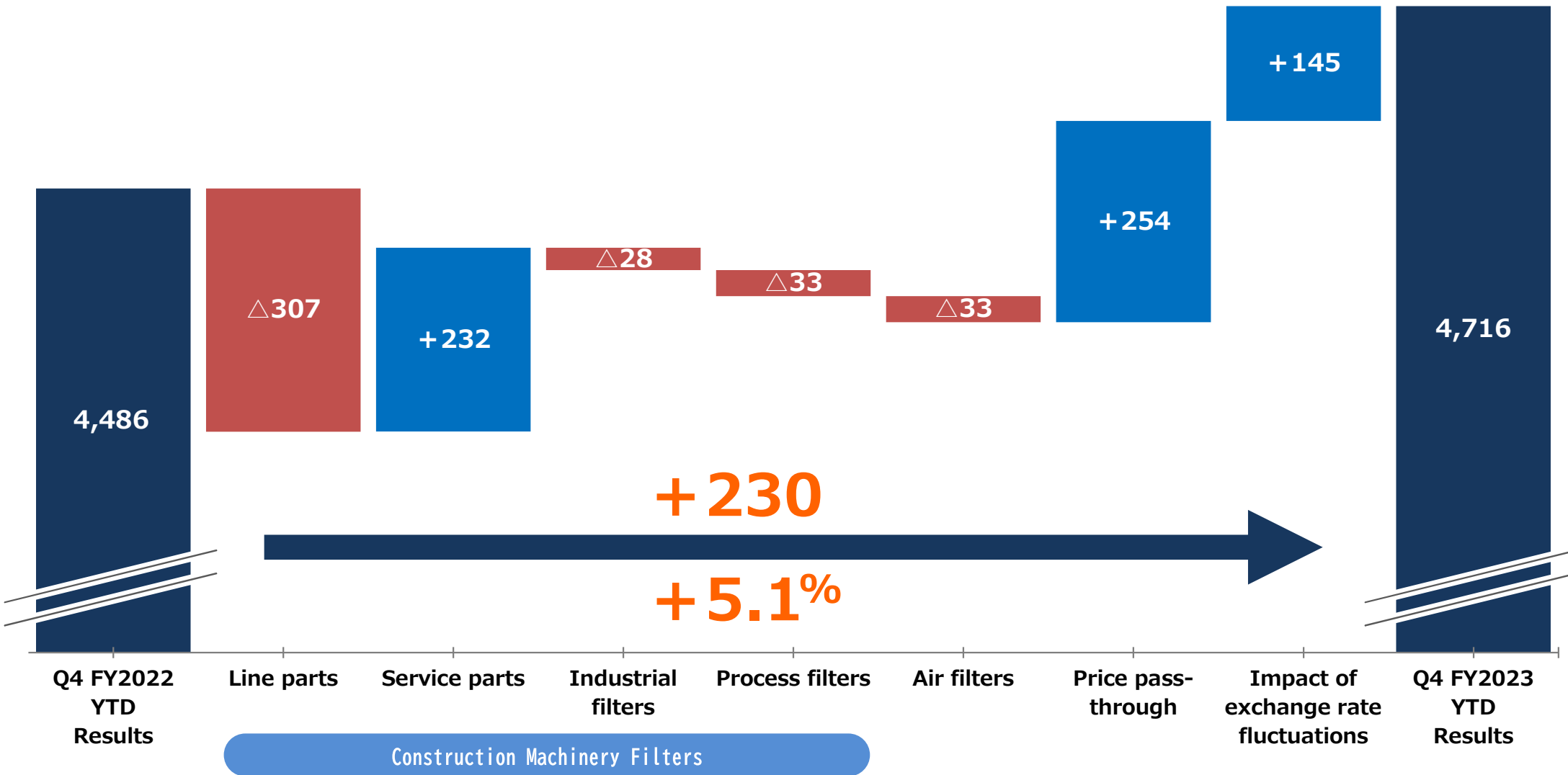
(million yen)	Q4 FY2022 Results		Q4 FY2023 Results		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters*	3,794	84.6%	4,057	86.0%	263	6.9%
Japan	1,848	41.2%	1,741	36.9%	△107	△5.8%
North America	677	15.1%	1,036	22.0%	358	53.0%
China	419	9.3%	297	6.3%	△121	△29.0%
Other Asian countries	422	9.4%	521	11.1%	98	23.4%
Europe	426	9.5%	458	9.7%	31	7.4%
Others (Middle East, etc.)	0	0.0%	2	0.1%	2	1,122.8%
Air filters (Japan)	692	15.4%	659	14.0%	△32	△4.8%
Total sales	4,486	100.0%	4,716	100.0%	230	5.1%

* "Construction machinery filters" includes filters for construction machinery, industrial use and process use.

Note: The above figures by region are based on the billing address

Changes in Sales (Jan to Mar 2024)

(million yen)

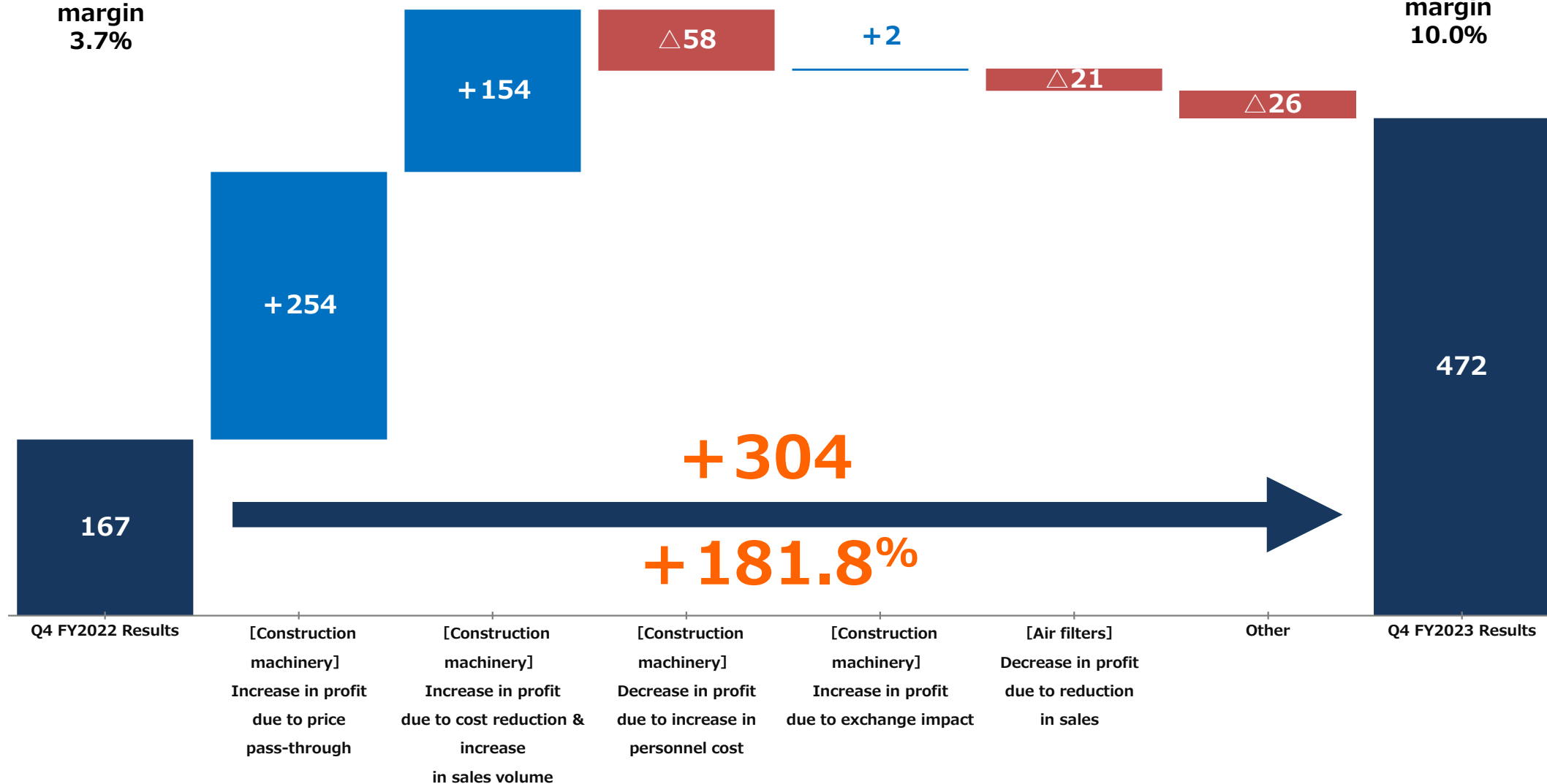


Change in Operating Income (Jan to Mar 2024)

(million yen)

Operating income
margin
3.7%

Operating income
margin
10.0%



Business Performance Result for FY2023 (April 2023 to March 2024)

FY2023 Financial Results (Apr 2023 to Mar 2024)

		FY2022 Results	FY2023 Results	Difference	
(million yen)		Amount	Amount	Amount	%
Net sales		18,605	18,024	△580	△3.1%
	Construction machinery filters*	15,945	15,382	△563	△3.5%
	Air filters	2,659	2,642	△17	△0.7%
Operating income (segment income)		1,235	1,411	176	14.3%
	Construction machinery filters	1,150	1,320	169	14.7%
	Air filters	84	91	6	7.7%
Operating income margin		6.6%	7.8%	1.2Pt	
Ordinary profit		915	1,415	500	54.7%
Ordinary profit margin		4.9%	7.9%	2.9Pt	
Net income		645	786	141	21.9%
Net income margin		3.5%	4.4%	0.9Pt	
Exchange rates (Yen) (ave.)	USD	135.5	144.6	9.2	6.7%
	EUR	141.0	156.8	15.8	11.2%

*"Construction machinery filters" includes filters for construction machinery, industrial use and process use.

FY2023 Sales by Product Category (Apr 2023 to Mar 2024)

		YF2022 Results	FY2023 Results	Difference	
(million yen)		Amount	Amount	Amount	%
Construction machinery filters		14,328	14,008	△320	△2.2%
	Line parts	5,911	5,731	△179	△3.0%
	Service parts	8,417	8,276	△140	△1.7%
Industrial filters		749	648	△100	△13.5%
Process filters		867	725	△142	△16.4%
Subtotal (Construction machinery filters, etc.*)		15,945	15,382	△563	△3.5%
Air filters		2,659	2,642	△17	△0.7%
Total		18,605	18,024	△580	△3.1%

FY2023 Seles by Region (Apr 2023 to Mar 2024)

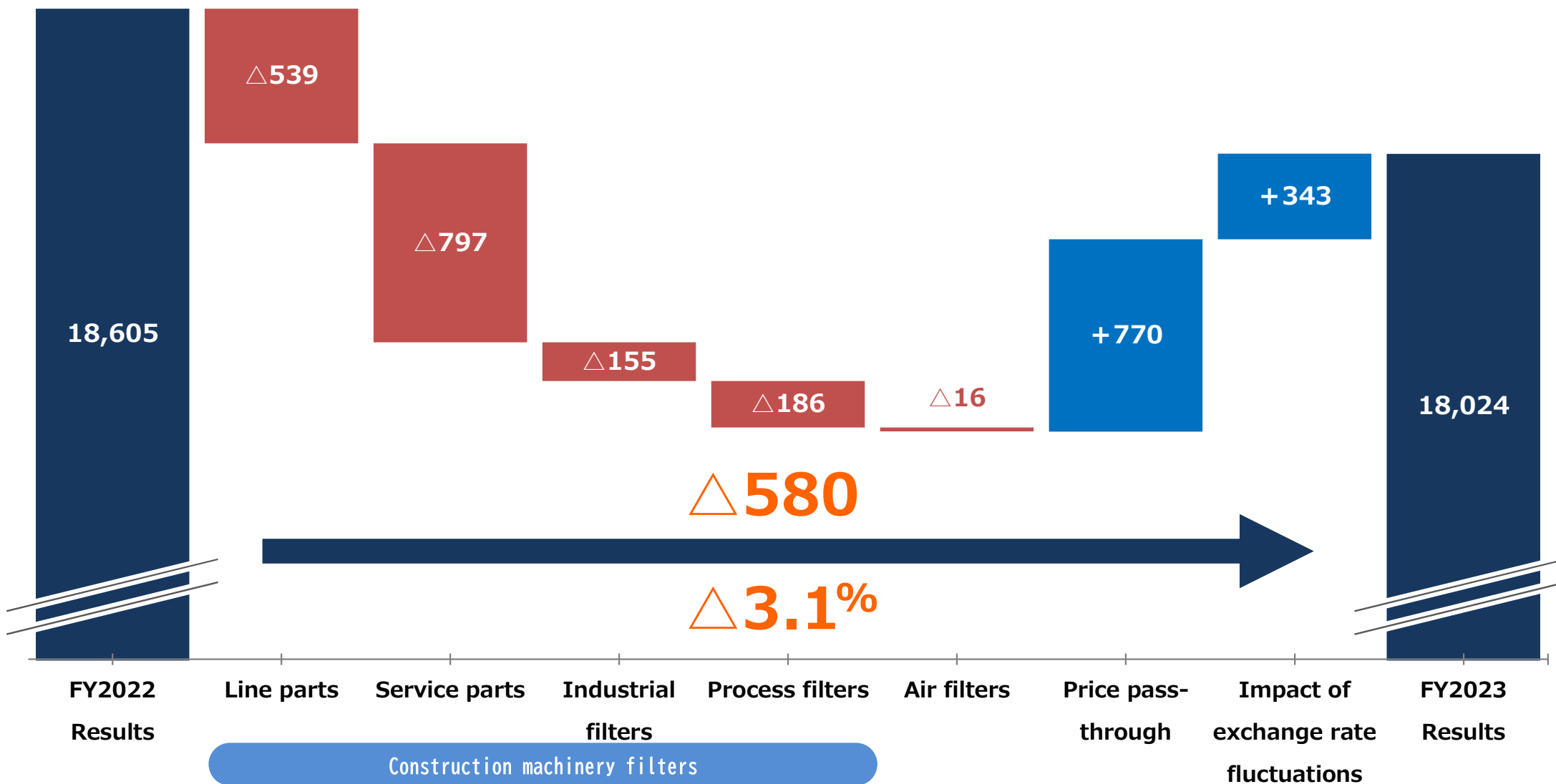
(million yen)	FY2022 Results		FY2023 Results		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters*	15,945	85.7%	15,382	85.3%	△563	△3.5%
Japan	7,980	42.9%	6,990	38.8%	△990	△12.4%
North America	3,150	16.9%	3,249	18.0%	99	3.1%
China	1,380	7.4%	1,218	6.8%	△162	△11.7%
Other Asian countries	1,698	9.1%	2,051	11.4%	353	20.8%
Europe	1,729	9.3%	1,869	10.4%	140	8.1%
Others (Middle East, etc.)	6	0.0%	3	0.0%	△2	△43.7%
Air filters (Japan)	2,659	14.3%	2,642	14.7%	△17	△0.7%
Total sales	18,605	100.0%	18,024	100.0%	△580	△3.1%

* "Construction machinery filters" includes filters for construction machinery, industrial use and process use.

Note: The above figures by region are based on the billing address.

Changes in Sales (Apr 2023 to Mar 2024)

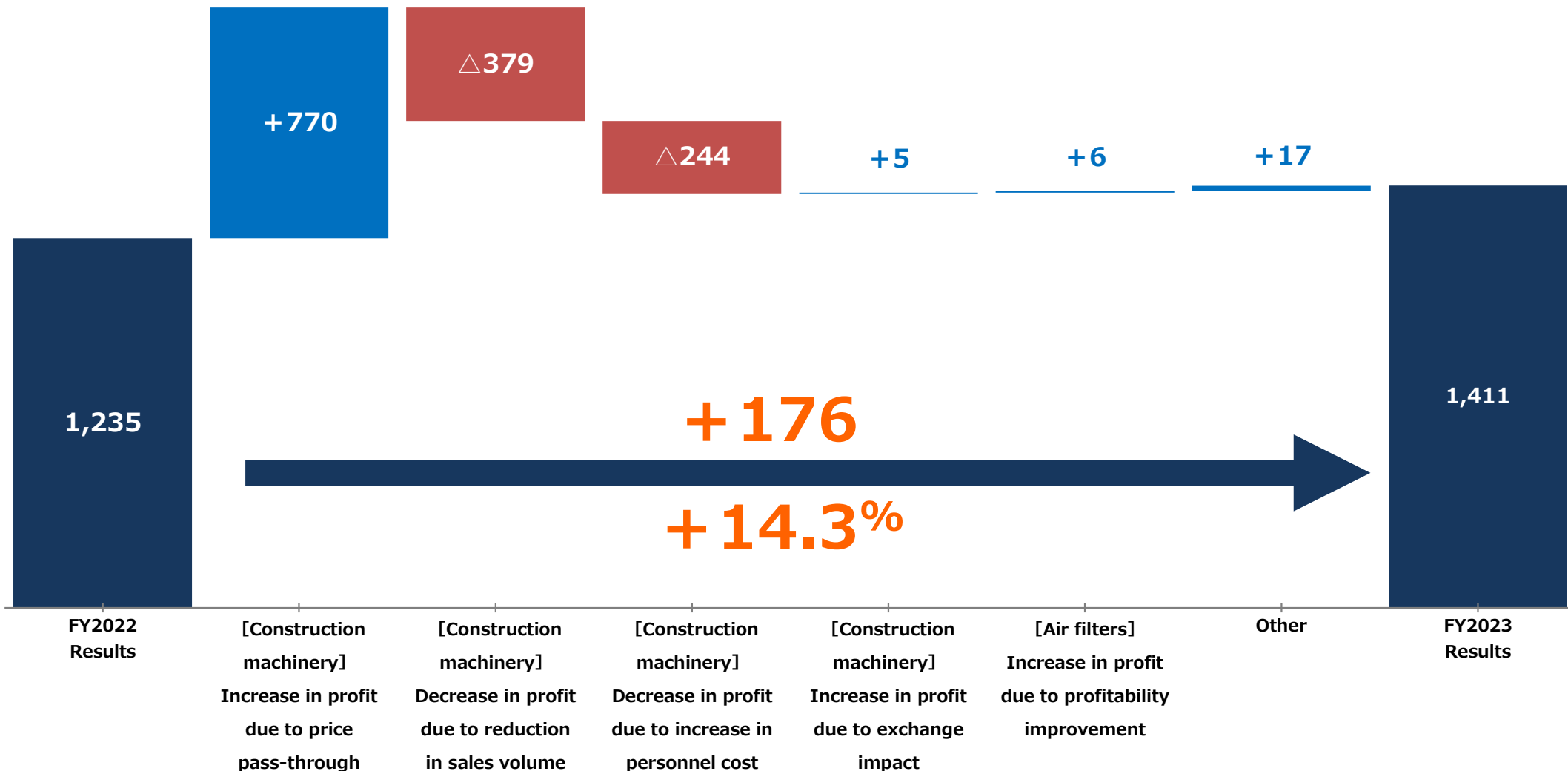
(million yen)



*The "Industrial" segment includes the Healthcare product line.

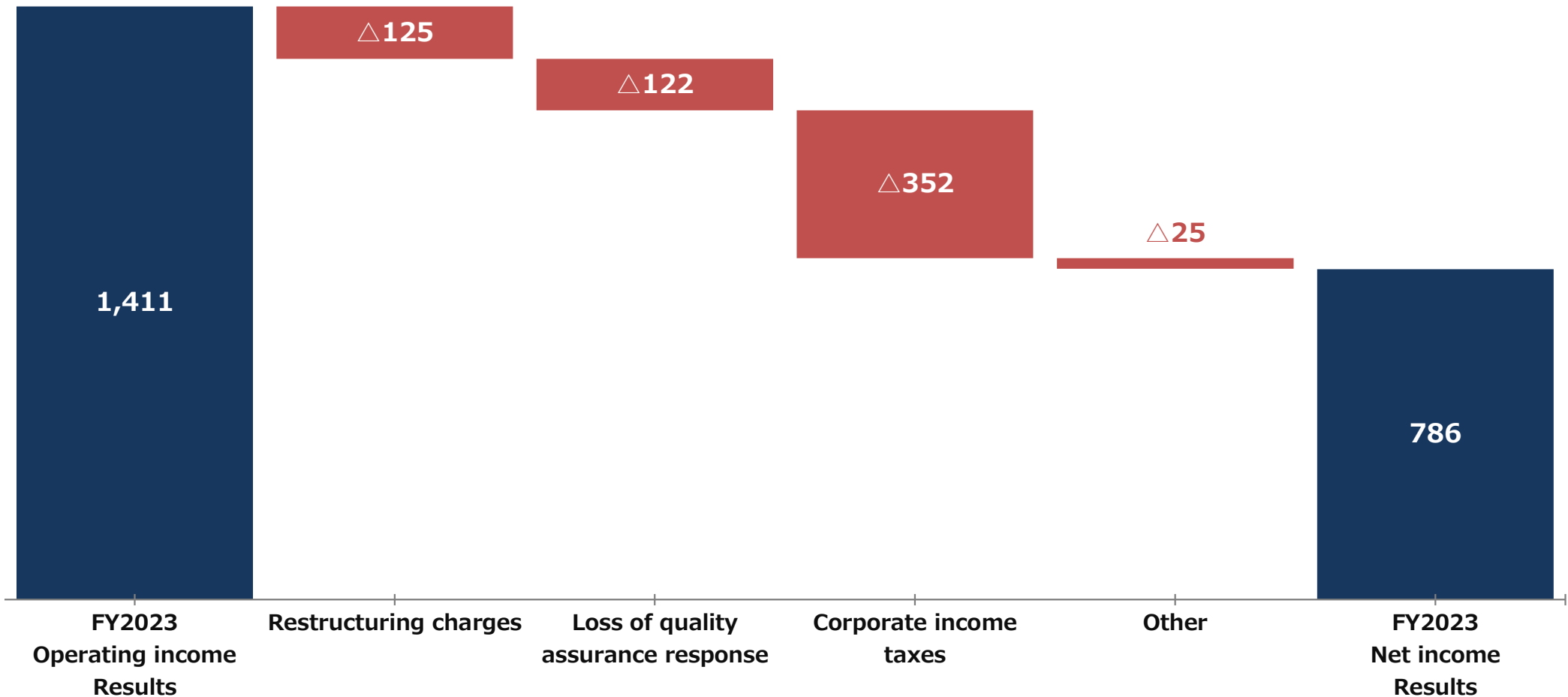
Changes in Operating Income (Apr 2023 to Mar 2024)

(million yen)



- The expenses of business restructuring at a subsidiary in North America, which is 125 million yen and 122 million yen in expenses for defects caused by products supplied by the company were included in extraordinary losses

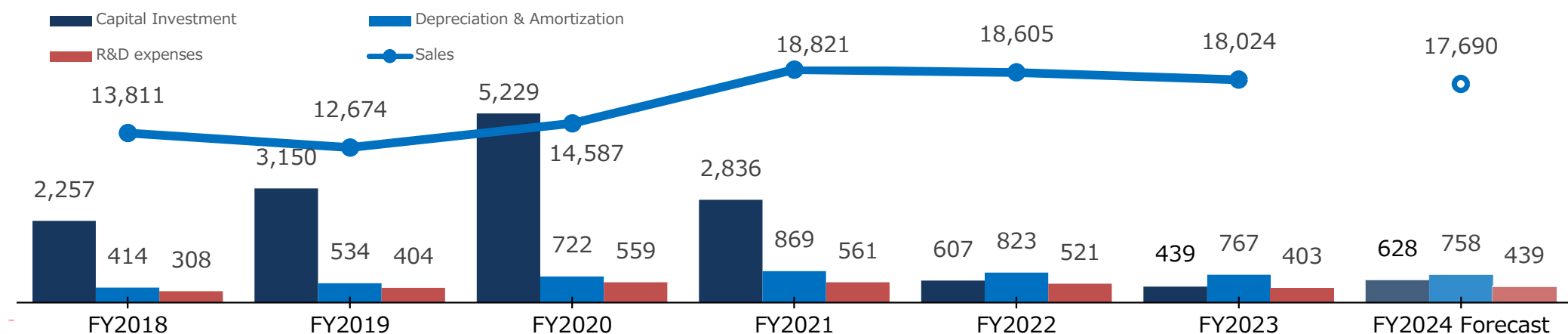
(million yen)



Capital Investment, Depreciation & Amortization and R&D Expenses

(million yen)	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast
Net sales	13,811	12,674	14,587	18,821	18,605	18,024	17,690
Capital investment	2,257	3,150	5,229	2,836	607	439	628
Land and building	1,587	2,682	3,193	1,488	34	19	30
Facilities and others	669	467	2,036	1,347	573	419	598
Expense to sales ratio	16.3%	24.9%	35.9%	15.1%	3.3%	2.4%	3.6%
Depreciation and amortization	414	534	722	869	823	767	758
Expense to sales ratio	3.0%	4.2%	5.0%	4.6%	4.4%	4.3%	4.3%
R&D expenses	308	404	559	561	521	403	439
Expense to sales ratio	2.2%	3.2%	3.8%	3.0%	2.8%	2.2%	2.5%

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



~Up to FY2023

FY2024

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

PAC23



romptly



ctivated



ost reduction

20

23

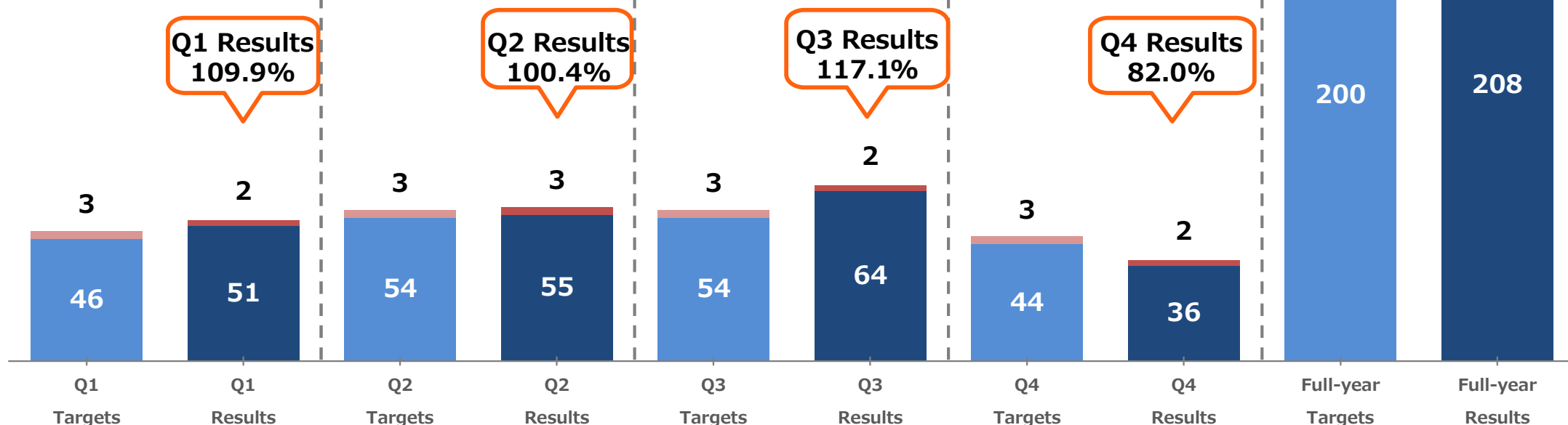
Reduction Targets and Results

(million yen)		Q1 Target	Q1 Results	Q2 Targets	Q2 Results	Q3 Targets	Q3 Results	Q4 Targets	Q4 Results	Full-year Targets	Full-year Results
PAC23	MfgCosts	46	51	54	55	54	64	44	36	200	208
	SG&A	3	2	3	2	3	2	3	2	12	10
Total		49	53	57	57	57	66	47	38	212	218

Progress

(million yen)

■ Mfg. Costs ■ SG & A

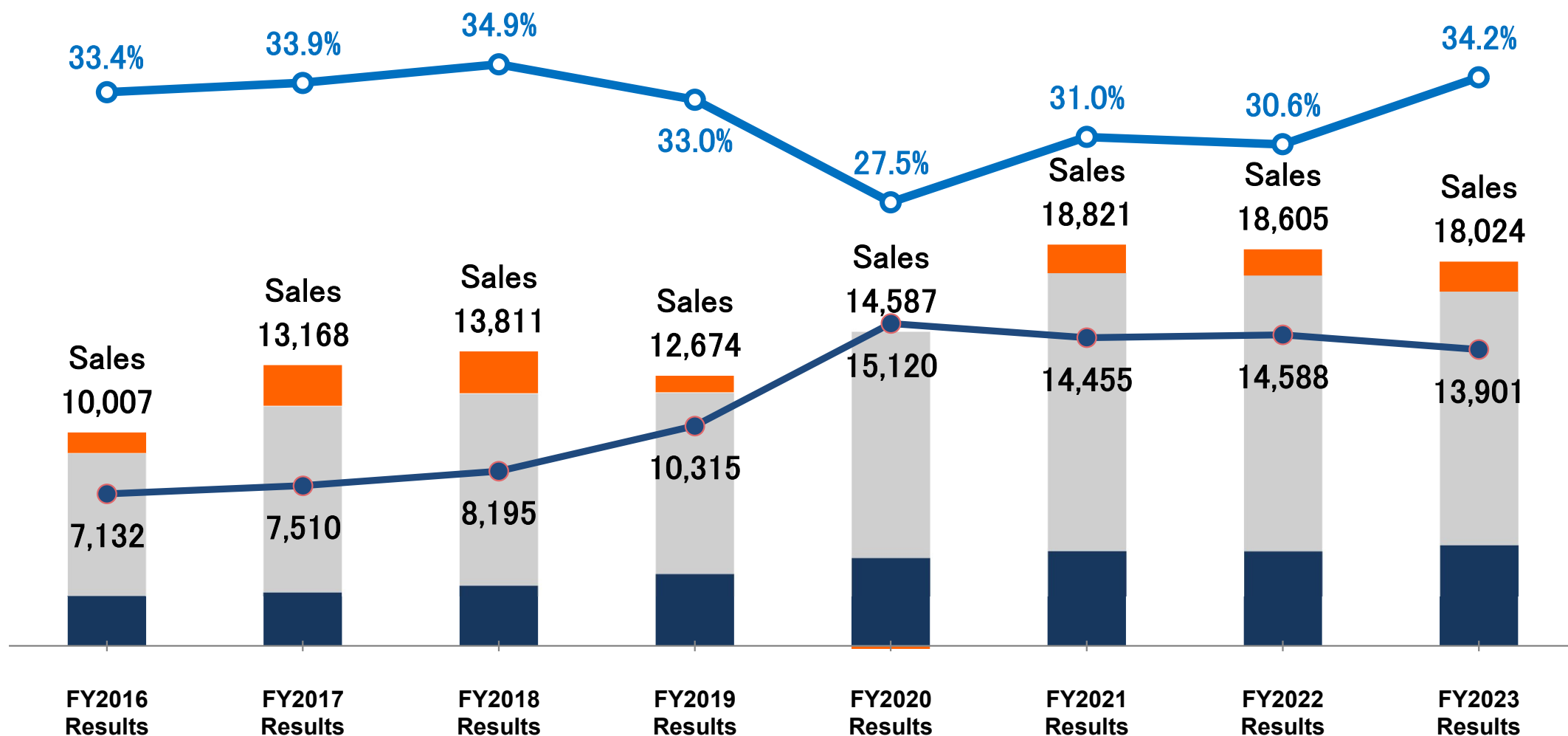


Variation in Marginal Profit Ratio

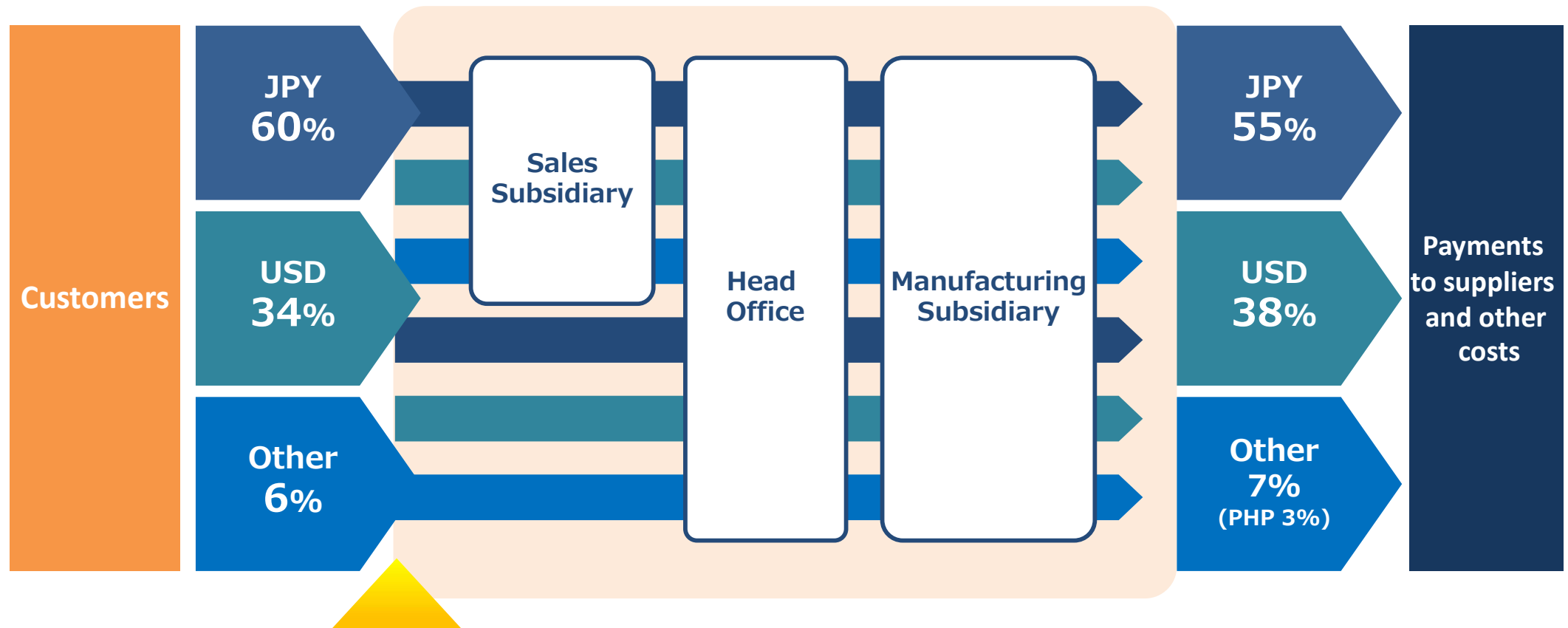
- Marginal profit ratio improved to the post-pandemic level

(million yen)

■ Fixed cost ■ Variable cost ■ Operating income ● Break-even point ○ Marginal profit ratio



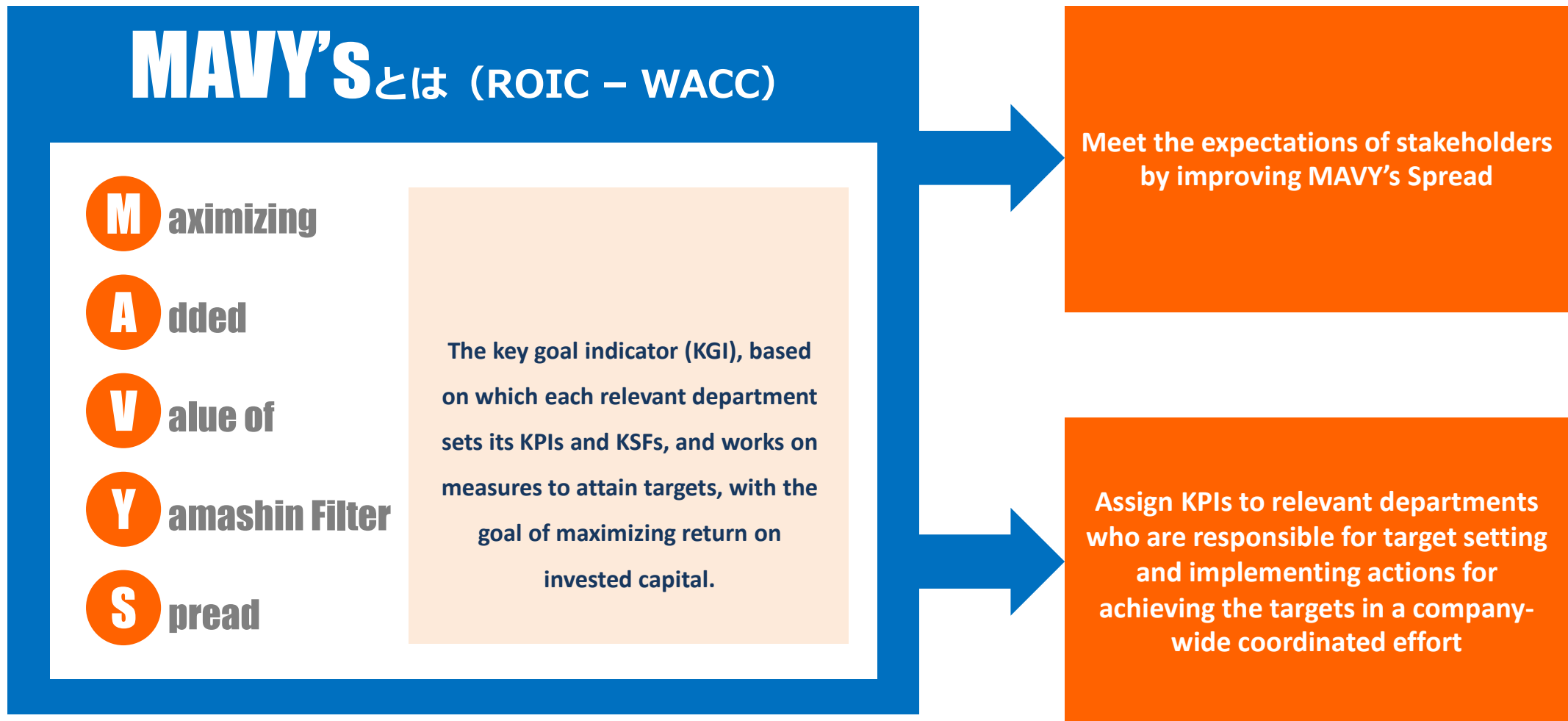
Positive impact on operating income of approx. 5 million yen due to the ongoing depreciation of the yen



60% of transaction currency is JPY.

- If the exchange rate were to depreciate by 1-yen, the impact on operating income would be minor
- Strengthening of operational hedge-marry and netting

- MAVY's" is the most important management indicator for determining the sustainable growth of our corporate value
- Set "MAVY's Spread" target and strive for long-term sustainable growth by optimizing cost of capital (WACC) and maximizing earning power (ROIC)



MAVY's: The Big Picture and the Department (FY2024)

- Steady improvement in MAVY'S spread due to ROIC improvement (profitability); aiming PBR improvement by disclosing of mid-term growth strategy

Key Goal Indicator (KGI)	Key Performance Indicator (KPI)	Key Success Factor (KSF)	Relevant Dept.	Targets for FY 2024 (Action plan)
MAVY's Prv: -2.6% Cur: -3.0%	*KPI figures are based on the following. Prv : Full-year results for FY2023 Cur : Forecasts for FY2024			
	Operating income Prv: 7.8% Cur: 8.0%	Sales growth ratio Prv: -3.1% Cur: -1.9%	New Product development Enhance market share of genuine products	Sales / R&D
		Gross profit ratio Prv: 41.9% Cur: 44.3%		
		Cost to sales ratio Prv: 58.1% Cur: 55.7%	Enhance buying power Improve yield ratio	Production
		Depreciation cost ratio Prv: 4.3% Cur: 4.3%	Investment plan	Management Planning / Finance and Accounting
		SG&A ratio Prv: 34.1% Cur: 36.3%	R&D cost ratio Prv: 2.2% Cur: 2.5%	Narrowing down themes prioritization
				R&D
		Personnel cost ratio Prv: 16.9% Cur: 18.2%	Optimal staffing	HR and General Affairs
		Accounts receivable turnover rate Prv: 3.9 Cur: 3.7	Credit management	Sales / Finance and Accounting
		Inventory turn over rate Prv: 4.8 Cur: 5.7	Set an appropriate inventory level	Production/Sales
ROIC Prv: 4.9% Cur: 4.5%		accounts payable turnover rate Prv: 6.8 Cur: 6.0	Debt management	Production
		tangible fixed asset turnover rate Prv: 1.6 Cur: 1.6	Facilities planning (R&D, Production)	Management Planning / Administration / Production / R&D
		FA turnover rate Prv: 1.4 Cur: 1.4		
		無形固定資産回転率 Prv: 94.2 Cur: 84.3	Investment plan	Management Planning / Finance and Accounting
WACC Prv: 7.5% Cur: 7.5%				
ROE Prv: 3.7% Cur: 4.5%				
PBR Prv: 1.58 Cur: 1.57				

Full-year Forecasts for FY2024 (Ending March 31, 2025)

Construction machinery filters

- North American and Japanese markets remained strong, while demand for construction equipment in European and Asian markets remained slightly below the previous year's levels
- Prices of key raw materials, especially aluminum and steel, will remain high for the time being, and fixed costs will increase due to the implementation of salary increases as part of investments in human capital
- Reduce costs by implementing further price shifting, reducing costs at the design and development stage, reducing raw material costs, improving manufacturing processes, and further strengthening quality control

Air filters

- Progress in efforts toward adoption in office buildings, commercial facilities, factories, etc. through recovery in replacement demand for existing products and development of nanofiber air filters and other high value-added products
- Expect to improve profitability through cost reduction activities centered on improved production efficiency, in addition to continued price pass-through

(million yen)		FY2022	FY2023	FY2024	Difference
		Results	Results	Forecast	
Net sales		18,605	18,024	17,690	△334
	Construction machinery filters*	15,945	15,382	14,890	△492
	Air filters	2,659	2,642	2,800	157
Operating income (segment income)		1,235	1,411	1,410	△1
	Construction machinery filters*	1,150	1,320	1,290	△30
	Air filters	84	91	120	28
Operating income margin		6.6%	7.8%	8.0%	0.1Pt
Ordinary profit		915	1,415	1,420	4
Ordinary profit margin		4.9%	7.9%	8.0%	0.2Pt
Net income		645	786	980	193
Net income margin		3.5%	4.4%	5.5%	1.2Pt
Exchange rates (Yen)					
(ave.)	USD	135.5	144.6	145.0	0.3%
	EUR	141.0	156.8	155.0	△1.2%

* "Construction machinery filters" includes filters for construction machinery, industrial use and process use.

Sales Forecast by Product Category

(million yen)		FY2022 Results		FY2023 Results		FY2024 Forecast		Difference	
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters		14,328	77.0%	14,008	77.7%	13,586	76.8%	△422	△3.0%
	Line parts	5,911	31.8%	5,731	31.8%	5,434	30.7%	△297	△5.2%
	Service parts	8,417	45.2%	8,276	45.9%	8,152	46.1%	△124	△1.5%
Industrial filters*		749	4.0%	648	3.6%	620	3.5%	△27	△4.3%
Process filters		867	4.7%	725	4.0%	683	3.9%	△42	△5.8%
Subtotal (Construction machinery filters)		15,945	85.7%	15,382	85.3%	14,890	84.2%	△492	△3.2%
Air filters		2,659	14.3%	2,642	14.7%	2,800	15.8%	157	6.0%
Total		18,605	100.0%	18,024	100.0%	17,690	100.0%	△334	△1.9%

Sales Forecast by Region

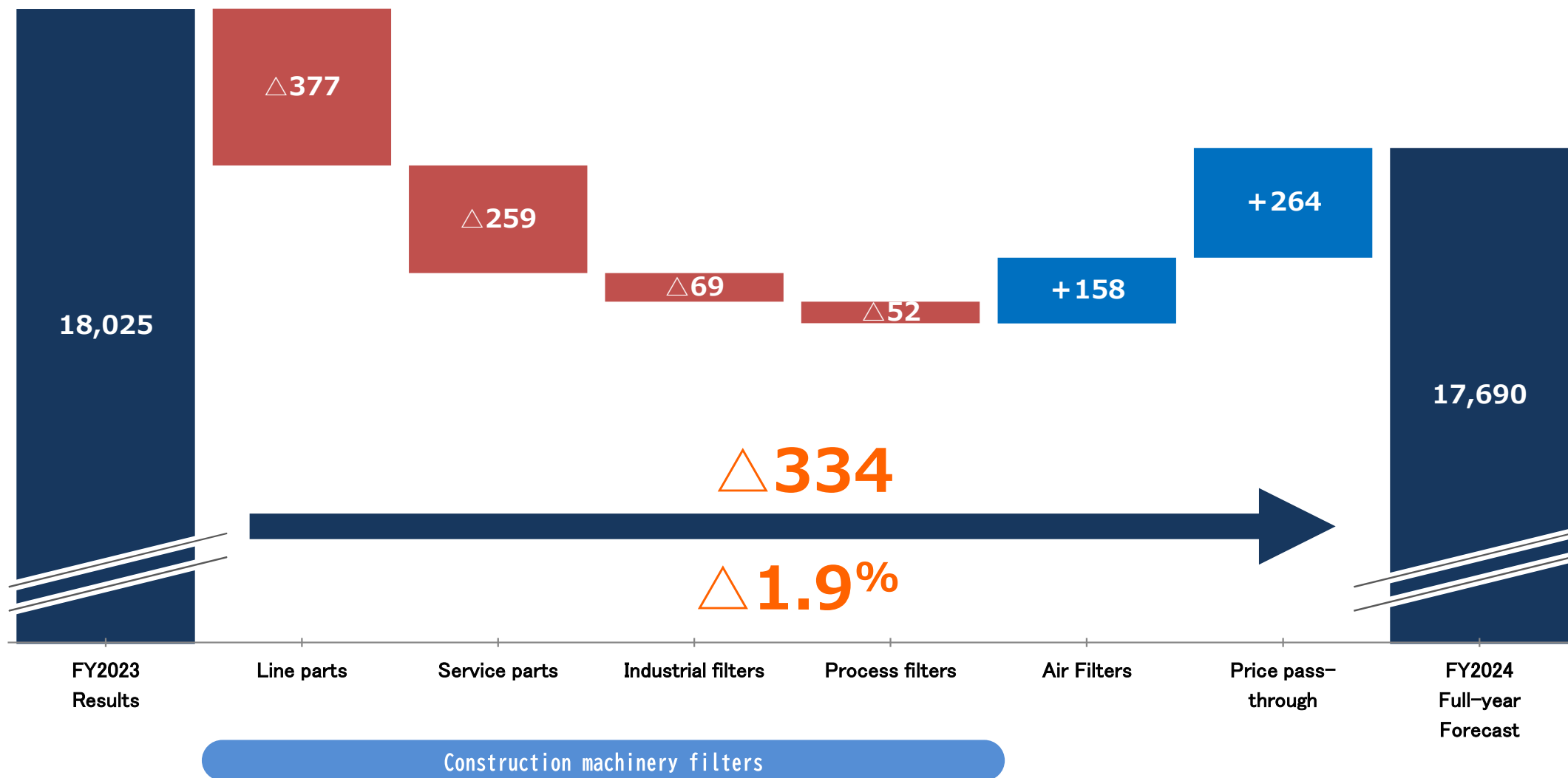
(million yen)	FY2022 Results		FY2023 Results		FY2024 Forecast		Difference	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	%
Construction machinery filters*	15,945	85.7%	15,382	85.3%	14,890	84.2%	△492	△3.2%
Japan	7,980	42.9%	6,990	38.8%	6,671	37.7%	△318	△4.6%
North America	3,150	16.9%	3,249	18.0%	3,457	19.5%	207	6.4%
China	1,380	7.4%	1,218	6.8%	1,096	6.2%	△121	△10.0%
Other Asian countries	1,698	9.1%	2,051	11.4%	1,864	10.5%	△187	△9.1%
Europe	1,729	9.3%	1,869	10.4%	1,790	10.1%	△78	△4.2%
Others (Middle East, etc.)	6	0.0%	3	0.0%	10	0.1%	6	172.9%
Air filters (Japan)	2,659	14.3%	2,642	14.7%	2,800	15.8%	157	6.0%
Total sales	18,605	100.0%	18,024	100.0%	17,690	100.0%	△334	△1.9%

* "Construction machinery filters" includes filters for construction machinery, industrial use and process use.

Note: The above figures by region are based on the billing address.

FY2024 Forecasts: Changes in Sales

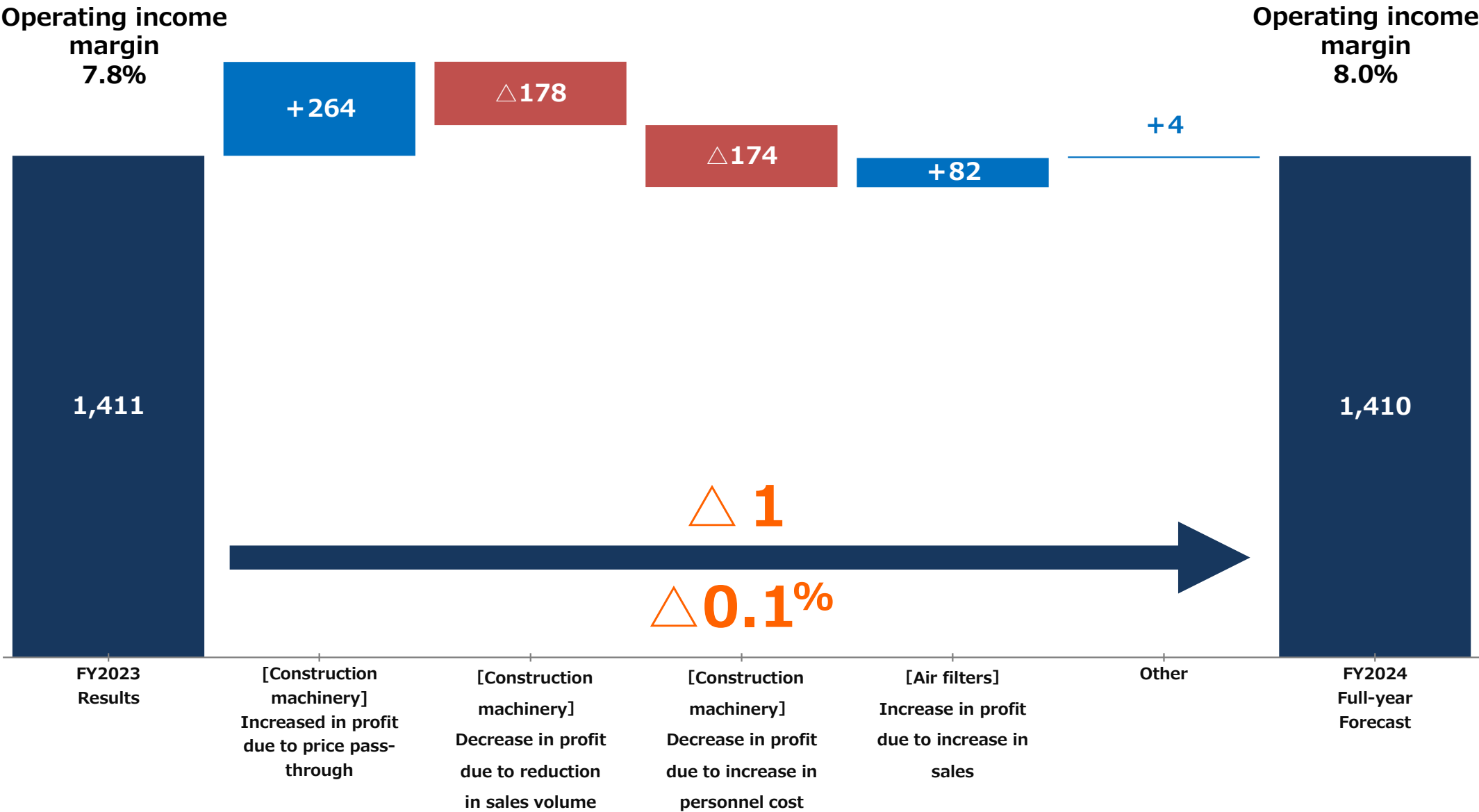
(million yen)



*The "Industrial" segment includes the Healthcare product line.

FY2024 Forecasts: Changes in Operating Income

(million yen)



Plans to increase the annual dividend to ¥10.0 per share for the fiscal year ending March 31, 2025, consisting of an interim dividend of ¥5.0 per share and a year-end dividend of ¥5.0 per share.

	FY2021	FY2022	FY2023	FY2024 Forecast
Dividend per share	¥ 6.0	¥ 6.0	¥ 6.0	¥ 10.0
Consolidated dividend payout ratio^{*1}	909.8%	66.5%	54.5%	72.0%
Dividend yield^{*2}	1.7%	1.8%	1.3%	2.0%
DOE^{*3}	2.1%	2.1%	2.0%	3.3%
Total return ratio^{*4}	960.4%	75.6%	121.0%	78.0%

*1 Consolidated dividend payout ratio = (Total dividends / Net income attributable to owners of the parent) x 100

*2 Dividend yield = (dividend per share / share price as of the end of the fiscal year) x 100

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

*4 Total return ratio = {(Total dividend + Treasury stock acquired + Shareholder benefit) ÷ Net income attributable to shareholders of the parent company} x 100



Ⅱ Market Conditions

Conditions in the Construction Machinery Market

Summary of External Conditions Impacting the Construction Machinery Market

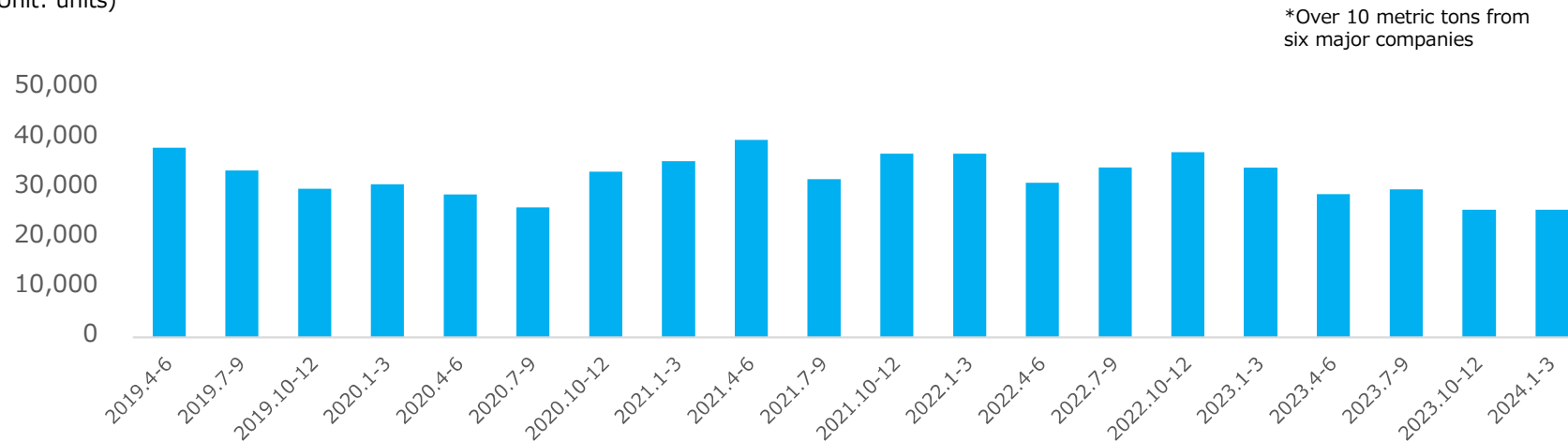
- Market environment remains uncertain against a backdrop of geopolitical risks
- New vehicle demand remains strong in North America, but is declining in other regions
- Operating hours are currently declining, but demand for parts is expected to remain stable in the future

	Q3 FY2023	Q4 FY2023	Future Outlook
Japan	Raw material costs remain high, demand for construction equipment remained steady	Raw material costs remain high, demand for construction equipment remained steady	Raw material prices remain high, and demand is expected to remain generally firm
North America	Continued impact of price hikes in key raw materials and weakening yen, construction equipment uptime and demand for new vehicles steady	Continued impact of price hikes in key raw materials and weakening yen, construction equipment uptime and demand for new vehicles steady	Raw material prices remain high. Demand for new vehicles is on a gradual downward Trend. Construction equipment operating hours remained steady
Europe	Due to rising interest rates and the impact of energy price hikes remained soft	Demand softens as interest rates remain high and energy prices soar	Demand is expected to decline due to a slowdown in the economy caused by high interest rates and surging energy prices
Asia	Demand remains strong despite economic uncertainty due to the expected slowdown in the economy	Demand is sluggish due to the anticipated economic slowdown, uncertainty over the economic outlook, and delays in public works budget execution due to elections and other factors	Decelerating trend, uncertain economic outlook. Demand is expected to decline
China	Sluggish demand for new vehicles due to stagnant economic activity stemming from weak real estate market conditions, etc.	Significant decrease in demand due to stagnant economic activity caused by weak real estate market conditions and other factors	Sluggish immovable market and continued stagnation in economic activity. Demand is expected to fall below the previous year's level

- Planned production volume continues to decline, but appears to have bottomed out
- Maintenance demand maintained a firm demand environment due to the impact of the reluctance to buy new vehicles
- With the effect of price adjustments, order backlogs are expected to remain at the same level

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

(Unit: units)

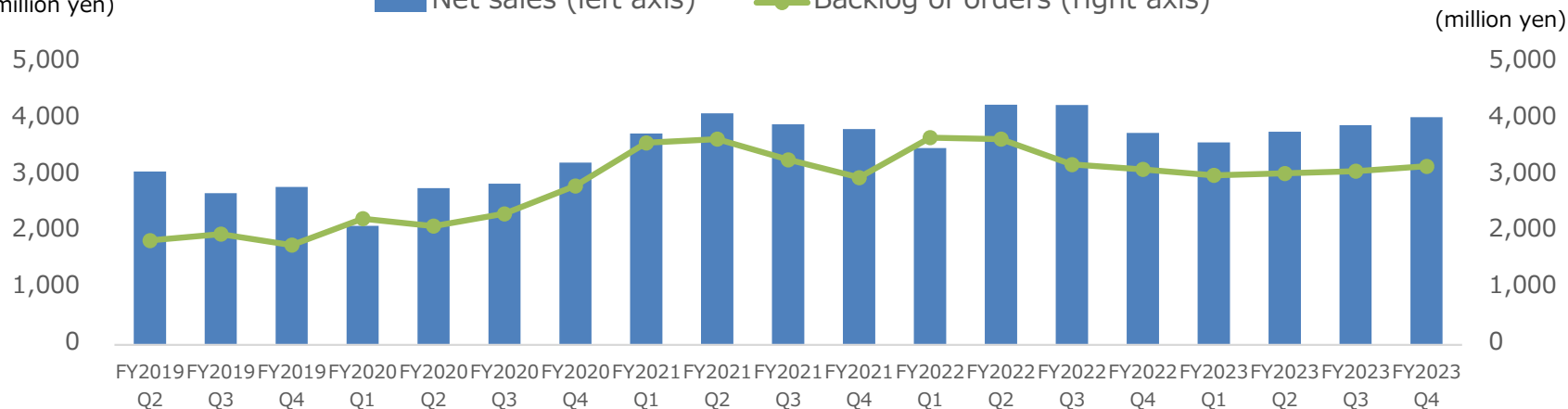


Demand for new vehicles declined moderately on a physical quantity basis

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

(million yen)

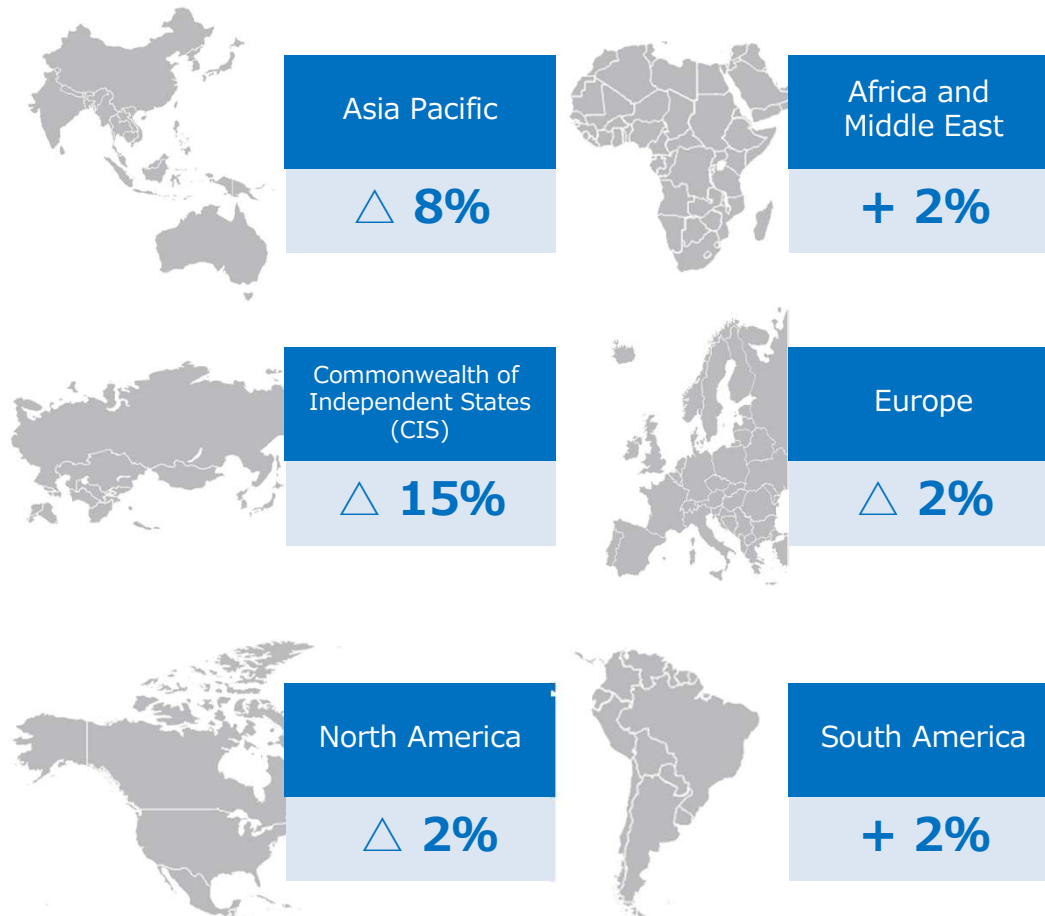
Net sales (left axis) Backlog of orders (right axis)



Orders remained at the same level due to firm demand for service parts

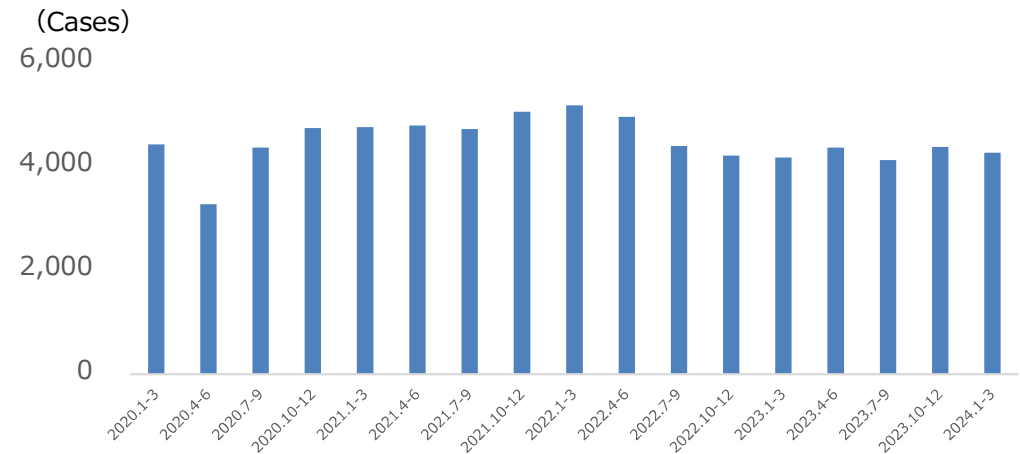
- Demand trends vary by region, but in North America, the largest market, strong demand is supporting the bottom line
- Housing starts in North America remain flat, but public investment activity is a positive factor
- Uncertain outlook for future demand environment due to mix of positive and negative factors in the same market

Growth in demand for construction machinery by region



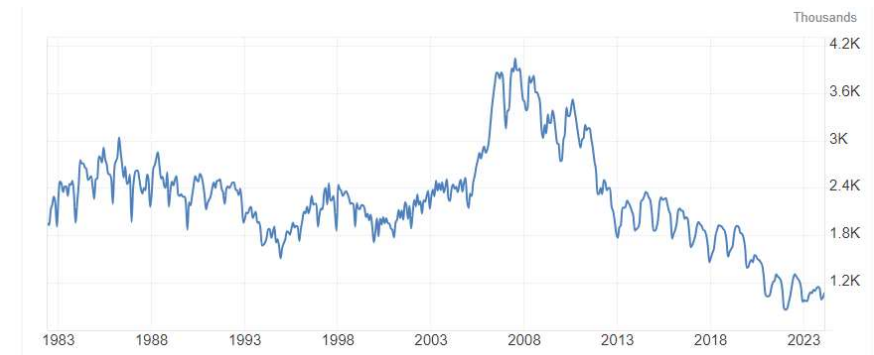
Demand trend index (2023 vs. 2024 forecast)

North American market: Trends in housing starts



(Compiled by the Company from Bureau of the Census)

North American market: Trends in gross housing inventories

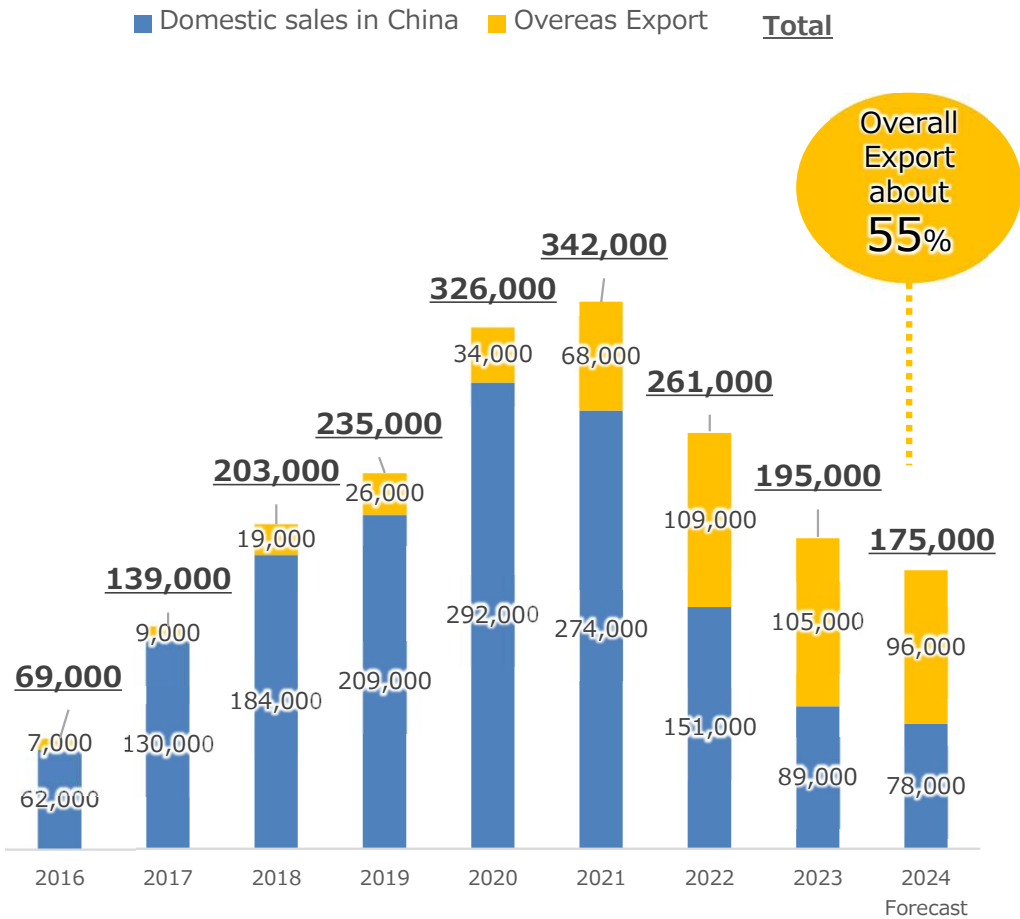


(Adapted from TRADINGECONOMICS)

- The market continues to be sluggish, and production is expected to be at the same level in 2024
- Export ratio is high at about 55%, but the future is uncertain due to the government's import/export policy

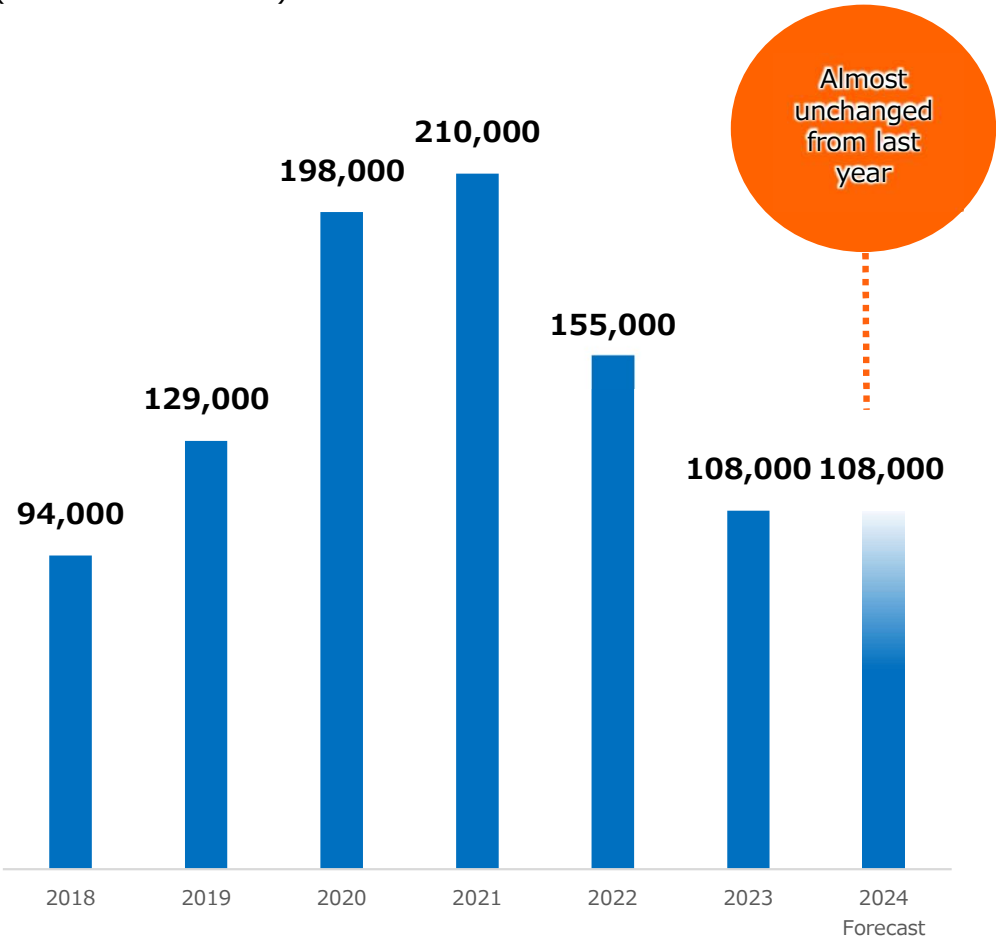
Annual sales volume in China

(Number of vehicles)



Production volume (forecasts) of five major Chinese construction equipment manufacturers

(Number of vehicles)



- Maintenance demand is expected to increase as machines in the market are rejuvenated
- In addition, due to the effect of price pass-through, sales per unit are at a high level

Sensitivity of active market volume to supply sales



*Active market volume = 3-year cumulative global sales volume (Estimated by the Company)

Success factors and future policy

Background of enhanced maintenance (supply parts), especially in Asia

Promote measures to incorporate supply parts

- Compared to developed markets, Asian markets have immature distributor sales networks, and therefore **the risk of intervention by counterfeiters is relatively high**
 - Young machines are especially recommended by each company to use genuine products, as **their resale value is ensured** by correct maintenance
- ↓
- **Provide opportunities to promote recognition and understanding of filters** as functional components and promote local transactions **that can respond quickly to local demand**
 - **Proposal of future technology** to not only ensure resale value, **but also to increase the value itself**

- The aftermarket is an important market for customers, as it is expected to have stable demand
- User development is essential to make it function as a platform for earning money
- Our unique sales promotion activities have been highly evaluated by construction equipment manufacturers

Kobe Steel

Best Performance for Delivery Control Award



Reason for Award

Out of 72 suppliers, YAMASHIN has a very high on-time delivery rate of more than 99%. Awarded as a result of steady transactions through a global production and supply network with strengthened governance

Komatsu

Best Collaborative Partner Award



Reason for Award

To promote the sale of genuine supply parts supplied by YAMASHIN and initiatives and contributions are appreciated. Awarded as a result of promotion of educational activities to communicate filter knowledge and the need for and benefits of genuine products to service personnel, distributors, and users.

Hitachi Construction machinery

Appreciation Award



Reason for Award

YAMASHIN's contribution to sales promotion of genuine supply parts and to operational efficiency by changing the commercial distribution system were highly appreciated. Awarded as a result of the promotion of awareness-raising activities for genuine products, as only a filter specialist manufacturer can do, and the ability to make proposals and adapt by flexibly utilizing its global network

- The risk of entry of counterfeit products can be curbed as filters become increasingly long-life
- Monitoring the filter conditions would contribute to the service expansion of the maintenance warranty

Ensuring the rate of genuine products by long-life

Improving life cycle cost can prevent
opportunity for the counterfeit to enter the market

Comparison of the number of filter changes before and after the long-life support, assuming an airframe life of 12,000 hr.

Current specifications
(1,000 hr.)

Number of
replacements

11 times



Proposed long-life
specifications (3,000 hr.)

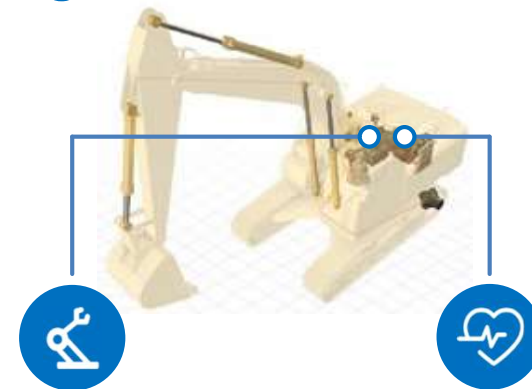
Number of
replacements

3 times



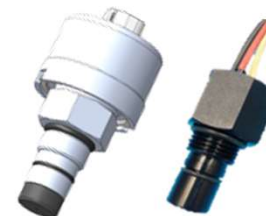
Monitoring by sensors

Visualization of hydraulic oil and filter condition
**enables machine downtime prevention
and running cost reduction as a service**













FILTER SAVER™

SWIFTROCK™



Conditions in the Air Filter Market

- Building activity shows signs of change in purchasing activity, but demand remains strong
- General factories are showing signs of brisk capital investment, and maintenance demand is expected in the future
- Demand for semiconductors is at a standstill and is not expected to improve until large factories start operating in the next fiscal year and beyond

	Market overview	Market environment	
		Previous year	Forecast for the current year
Buildings	Air filters for outdoor air intake units, indoor air conditioning, etc. installed in offices, commercial buildings, etc.	 Although the trend is leveling off, the increase in spot projects is increasing the sense of instability	 The market will remain flat, but the shift to medium-performance spot projects will become more pronounced, and competition will intensify
General factories	Air filters for outdoor air intake units, indoor air conditioning, etc. installed in factories	 Regular maintenance is stable with a tendency to be maintained. Aggressive renewal works are expected to take a little longer	 Regular maintenance remains stable. The number of construction projects tends to increase as budgets are allocated for large-scale repairs
Semiconductor factories	Chemical filter replacement market	 Although there are signs of movement into the next fiscal year, the trend is somewhat stagnant within this fiscal year	 Continued stagnation trend. Recovering in the next fiscal year and beyond due to the impact of the operation of a new domestic plant
Environmental equipment	Air filters for residential air conditioning and air purifiers used in homes	 Flattening trend, but declining trend becoming clearer in the mid- to long-term	 The declining trend is becoming clearer. Housing manufacturers are trying to hold down material procurement prices
Vehicles	Air filters for air conditioning of railways, etc. Air filters for construction machinery dust	 Replacement demand remained strong. Movement in new markets appears to be stagnant	 Replacement demand remained strong. New market (linear motor) activity begins to show signs of moving a bit out of stagnation

- Existing business fell short of budget, but B2B business slightly exceeded budget
- Existing commercial distribution channels are facing an outflow of orders for repeat properties due to intensifying competition
- B2B commercial distribution made good progress in targeting direct sales destinations and succeeded in differentiating itself from other manufacturers

Existing area

Percentage of sales
achieved : **98.7%**



Changes in the
environment of
existing commercial
distribution

- **Impact of worsening orders** due to intensified competition in the Tokyo metropolitan area
- Impact of **extended replacement cycle**

Initiatives

- Negotiated with each client to increase the number of new properties

Obstacles

- **Establishment of a micro-management system** for property management to prevent the loss of repeat properties
- Lack of human resources to follow up with clients

BtoB (New area)

Percentage of sales
achieved : **102.4%**



Initiatives
&
evaluation

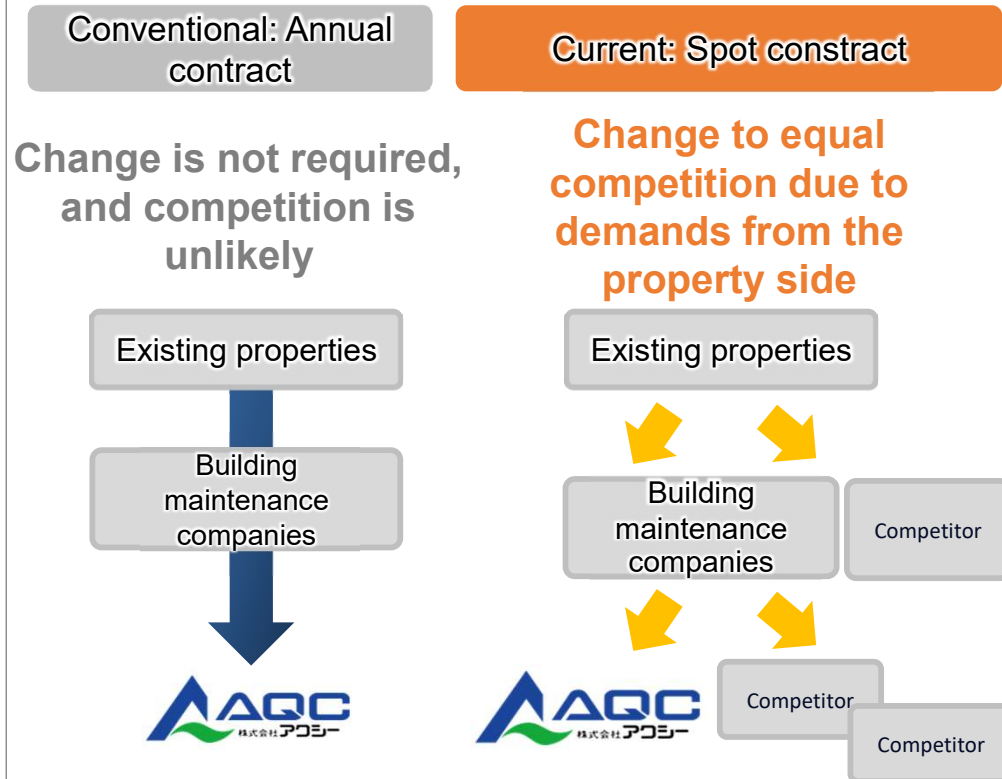
- **Improved sales efficiency** by clarifying targets
- Aggressively promote the benefits of direct sales (cost/speed/consultation proposals)
- Aggressive **visitation and product performance** earned high marks from customers as a differentiating factor

Obstacles

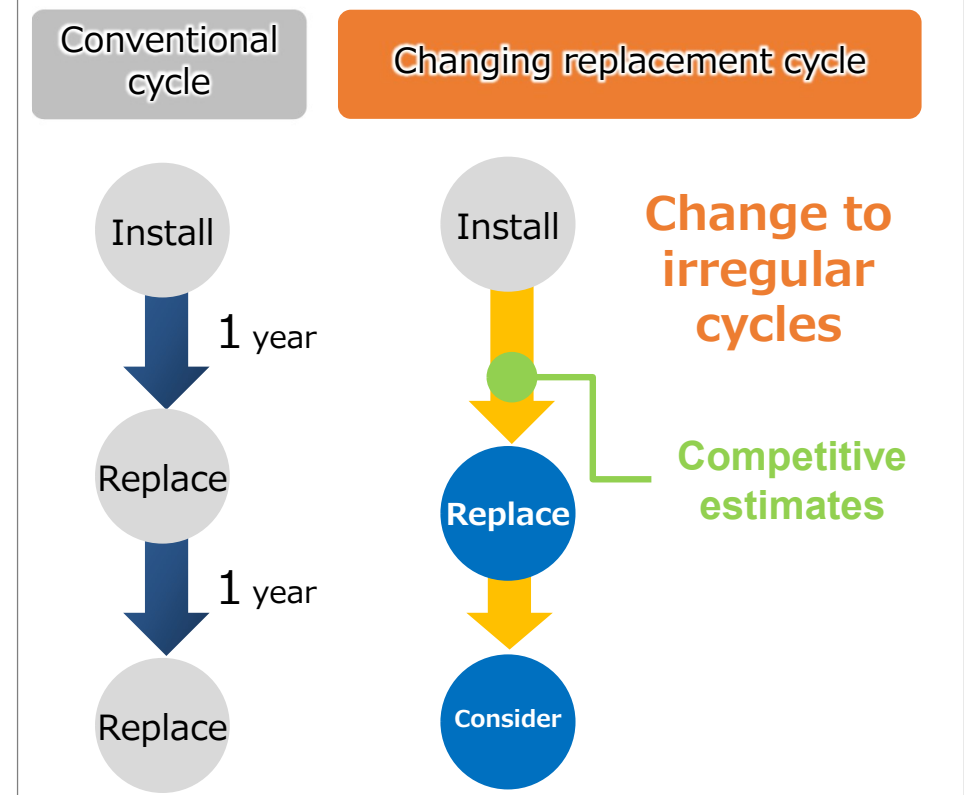
- **Expand into new markets** to increase sales
- Expansion of employed industry experience

- Many cases of shifting from annual contracts, which are the premise for repeat orders, to spot contracts
- Changes in purchasing activities have resulted in irregular filter replacement cycles, affecting order accuracy
- Started efforts to visualize the "quantity and quality" of sales activities in order to develop order-taking activities over a wider area

Increased complexity of the competitive environment



Change in replacement cycle

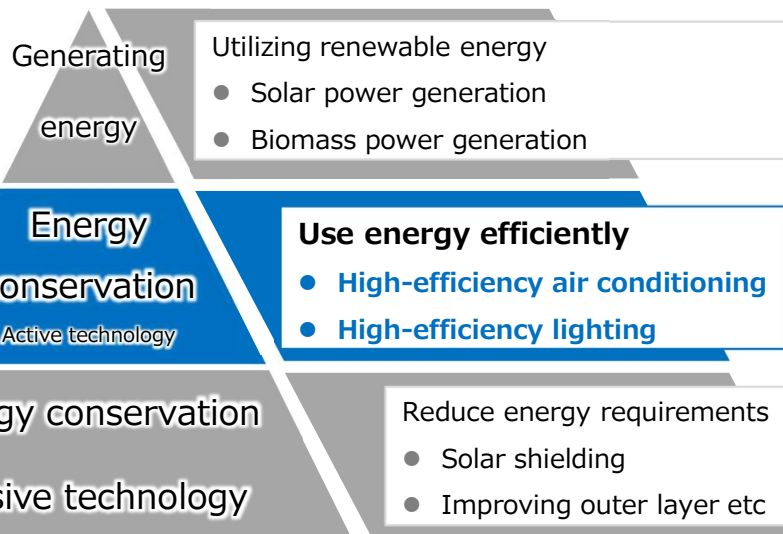


- Ministry of the Environment promotes buildings with energy-creating and energy-saving functions for efficient operation
- Steady decline in the working population, and labor shortages are becoming more apparent
- Developing new markets with our flagship product, NanoWHELP®

Environmentally Friendly Buildings (ZEB Certification)

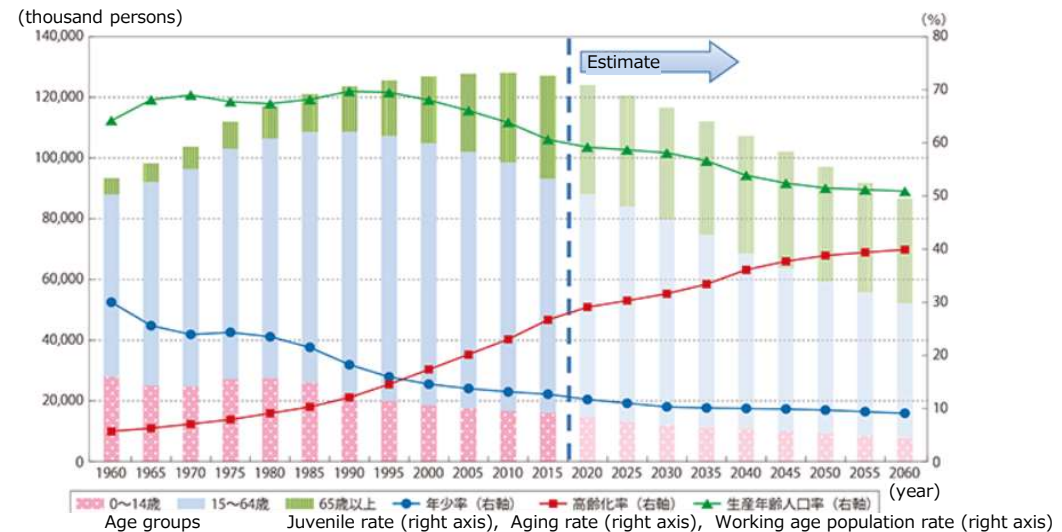
What is an eco-friendly building (ZEB certification)?

Net Zero Energy Building (ZEB) is a building that aims to achieve a comfortable indoor environment while reducing the annual primary energy balance consumed by the building to zero



Chronic labor shortage due to decline in working-age population

Diagram 1-1-1: Changes in Japan's demographic structure



Source: Ministry of Economy, Trade and Industry, "Diversity 2.0: One Step Ahead to Competitive Strategies", June, 2017

The working-age population has declined from 87 million at its peak (1995) to 75 million, a decrease of more than 13% which will lead to a chronic shortage of labor

Longer replacement frequencies, etc., are forcing responses through reductions in man-hours required for labor.

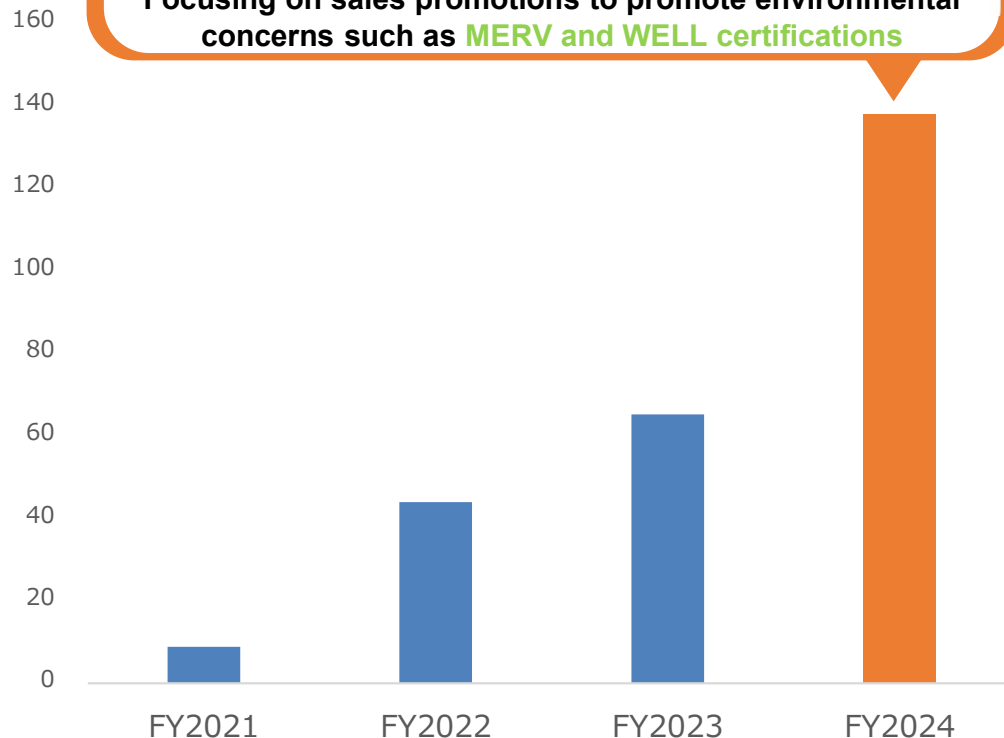
- Sales are steadily increasing with the appeal of NanoWHELP's high performance
- Develop cross-industry sales channels by building a track record of adoption in a wide variety of buildings

NanoWHELP sales volume & performance

In addition to branding activities at existing stores,
**aggressive sales promotion activities
in new BtoB areas have been
successful**

Focusing on sales promotions to promote environmental
concerns such as **MERV** and **WELL** certifications

(Million yen)



Installation situation

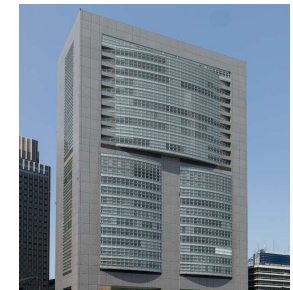
Expansion from general air conditioning to **the field of environmental contribution to large-scale properties in various fields such as data centers, hospitals, offices**

Technology Development Center



Technology development center for the automotive industry. The core facility is positioned not only as a production base for automobiles, but also as a center for research and development and other technologies. At the same time, the facility serves as a showroom for new product launches and presentations.

Large office building



Large office building close to JR Shinjuku Station. The decision to adopt the system was made after meeting a customer request to upgrade approximately 90% of the air conditioning equipment used in the building. Plans are in place to gradually introduce the system on all floors over the next several years.



III Future Strategies



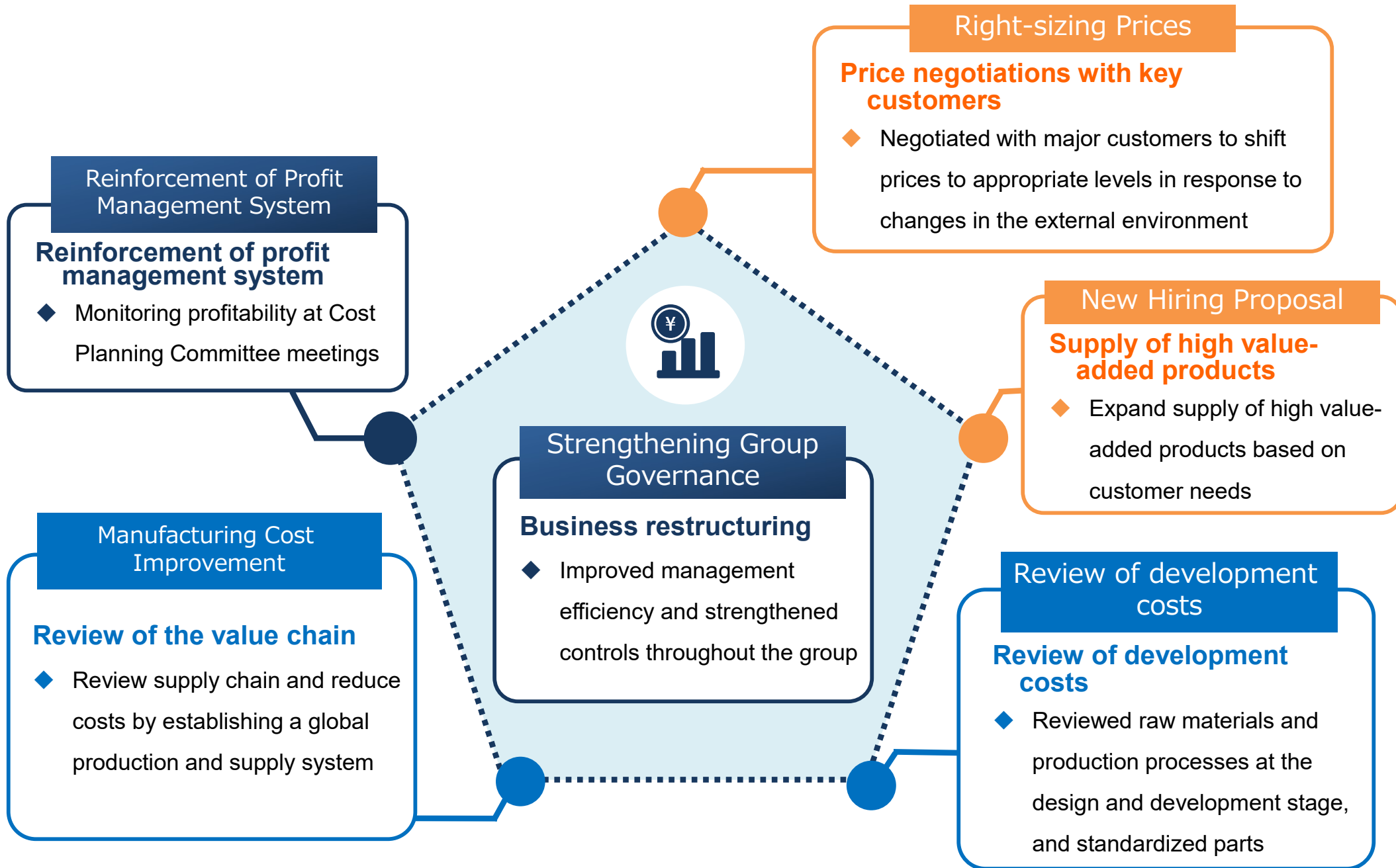
Improve earning power of
core businesses and rebuild
management base



ESG management
implementation



Realization of management
with awareness toward cost
of capital and stock price



What to aim for Achieving Sustainable Society

Our themes

Health



Air
Quality



Environ
ment



Demonstrating our strengths through business



ESG management practices

Technical Meister to master the art of manufacturing
Ability to create innovation

Construction
machinery

Air filters

Rokajinitsukafuru

- Within each ESG category, redefining offensive & defensive ESG management strategies

	E	S	G
Offensive	<p>Expansion of environmentally friendly products (Long-life filters, lightweight filters etc.)</p>	<ul style="list-style-type: none"> Expansion of Health risk reduction products (NanoWHELP、Masks) Promotion of Workplace reforms 	<p>MAVY's management practices</p>
Defensive	<p>Business activities that take into consideration reduction of CO₂, water consumption, & waste</p>	<p>Promotion of Diversity management</p>	<p>Strengthening Group governance</p>

- As a result of intensified activities, significant progress has been made in obtaining ESG scores

June 2023

ESG investment index

We were selected for
the first time as a
constituent of

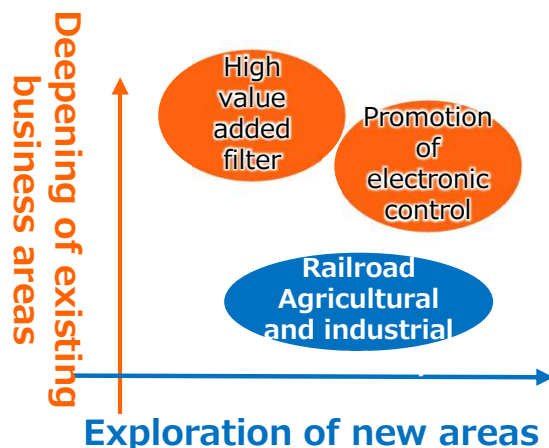
**FTSE Blossom Japan
Sector Relative Index**
(Total score: **2.7**)

February 2024

CDP Climate Change

Third level from the top
B score

Construction machinery filters



Filter business for construction machinery
High value-added filter product development

- For hydraulic
- For transmission
- For fuel

Focusing on next-generation hydraulic systems electronic control by sensors

Development of new business areas

- For freight railway
- For agricultural and industrial machinery

Filtration media development

Long Life/ Development of eco-friendly materials

Petroleum-derived PET resin
Development of Biomass PET filter media
Development of biodegradable materials recycling circulation

New business domain

Entering the new materials
field by applying
YAMASHIN NANO FILTER®



Conductive material	Biomass raw materials
Sheet material	New Heat-Resistant Material

Mergers and acquisitions

Filter media

Air filters

Sales strategy enhancement



Distributor business (product diversity /small lot)

- For building air conditioning (Pre-filter, medium-high performance filter)
- Direct sales (high cleanliness HEPA/ULPA)

NanoWHELP®





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REFERENCE MATERIALS

① BASIC COMPANY INFORMATION

YAMASHIN Group purchases glass fibers and non-woven fabrics, which are the main materials to manufacture filter media (the key parts of filters). Our Group also purchases metal processed products and resin processed products used in filter components to manufacture construction machinery filters, industrial filters, process filters and air filters. From May 2020, we started to sell filter masks and mask inner sheets made from our proprietary synthetic polymer nanofibers.

Field	Products	Product Image	Composition ratio (Forecast of FY2024)
Construction Machinery Filters	Filters used for filtering hydraulic oil in hydraulic circuits, diesel oil for fuel, and lubricating oil for engine drive, which are indispensable for driving construction machinery. Applications: Various types of construction equipment		
Healthcare	Highly performance masks and replacement inner sheets that utilize the characteristics of synthetic polymer-based nanofibers, such as high filtration performance, excellent sealing performance, and high air permeability. Applications: For general consumers in Japan and around the world		
Industrial Filters	Filters used for filtration of hydraulic oil and lubricating oil in hydraulic units applied in various industries. Applications: Machine tools, refrigeration compressors, agricultural machinery, ships, railway vehicles, aircraft, and helicopters		
Process line Filters	Filters required for filtration and separation in the manufacturing process of customer products Applications: Electronic components, precision components, liquid crystal displays and food industries, etc.		
Air filters	Coarse dust removal air filters, medium- to high-performance air filters Applications: Dust removal, deodorization, etc. for general buildings, hotels, various factories, etc.		



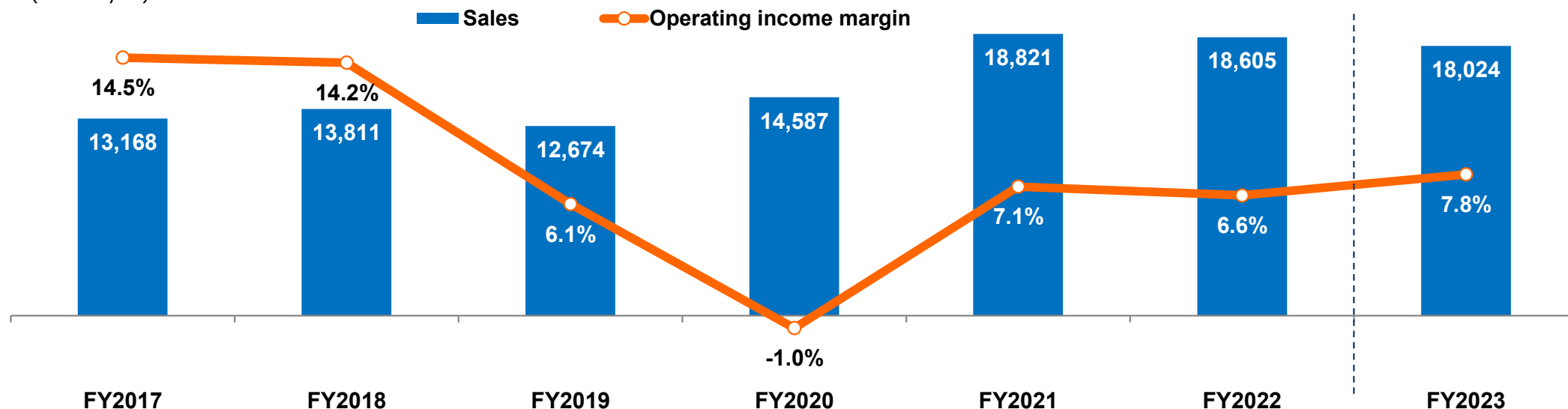
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REFERENCE MATERIALS

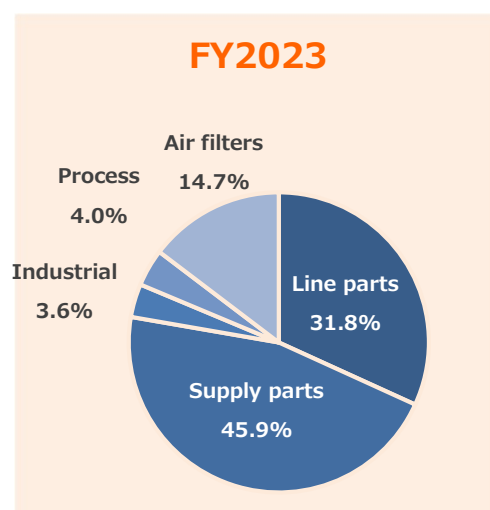
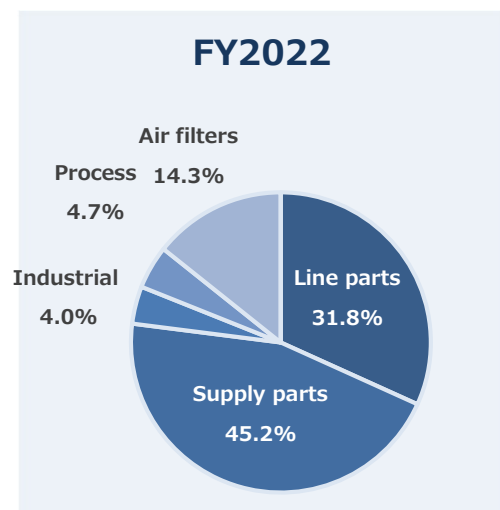
② FINANCIAL HIGHLIGHTS

Net sales, Operating income margin

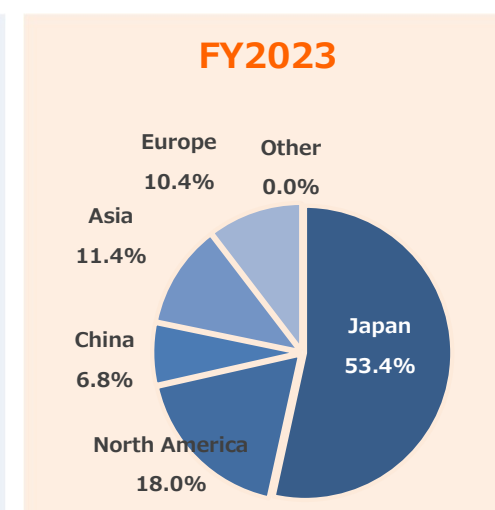
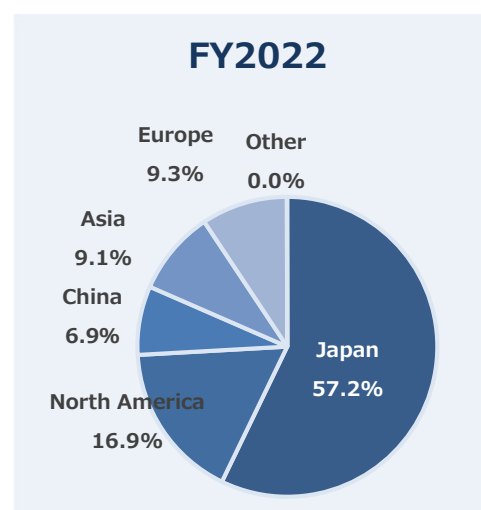
(million yen)



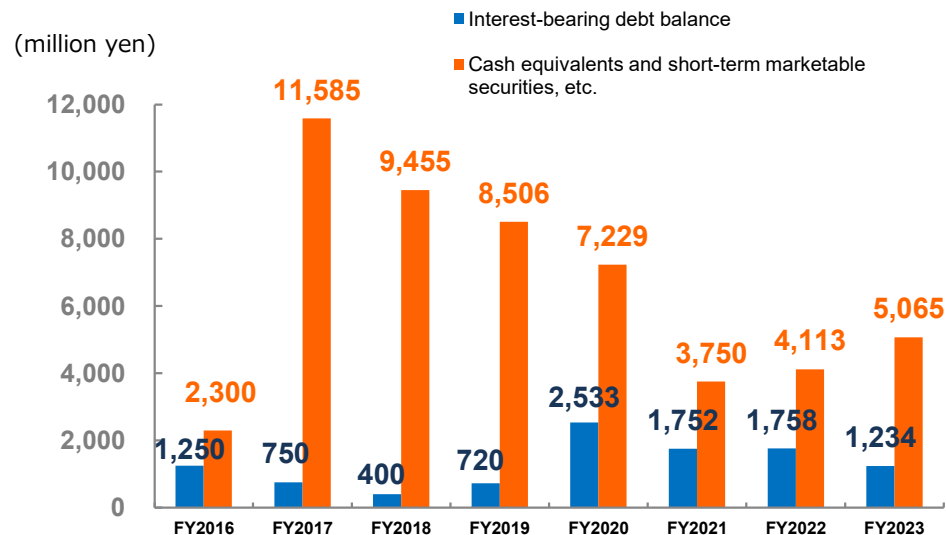
Sales breakdown by product category



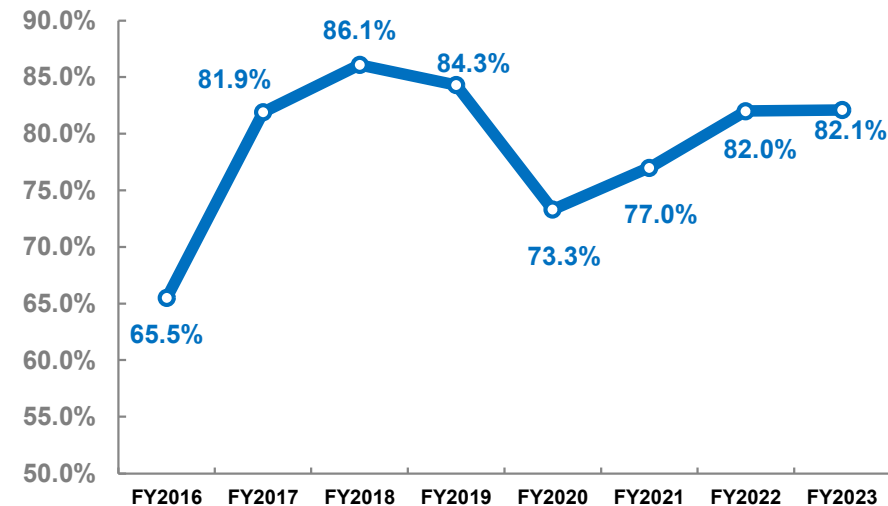
Sales breakdown by region



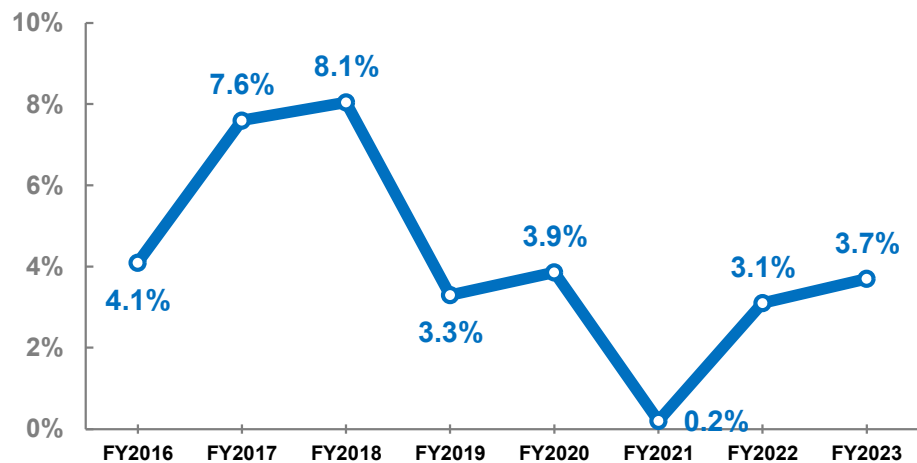
Interest-bearing debt, cash equivalents short-term investment securities, etc.



Shareholders' Equity Ratio

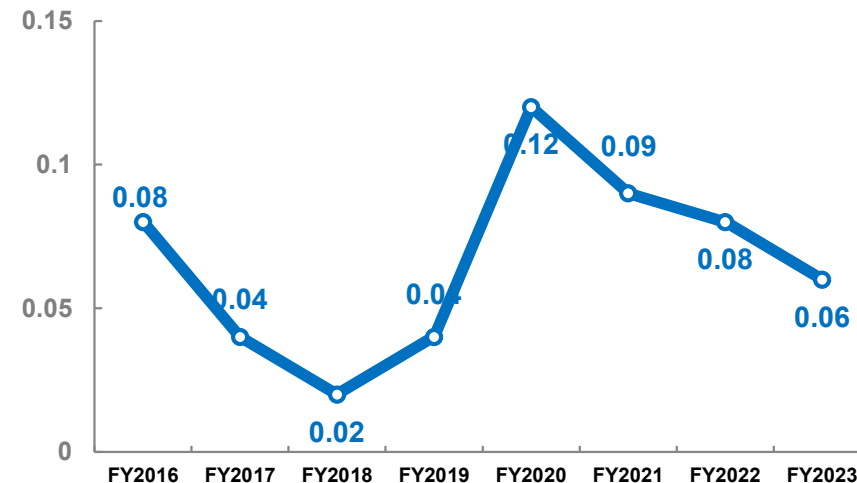


ROE



- Calculations are based on the assumption that the third-party allotment of new shares conducted in FY2017 was conducted from prior periods.

D/E Ratio



- Calculations are based on the assumption that the third-party allotment of new shares conducted in FY2017 was conducted from prior periods.

Conditions of Operational Hedge-Marry and Netting (Apr 2023 to Mar 2024)

(million yen)

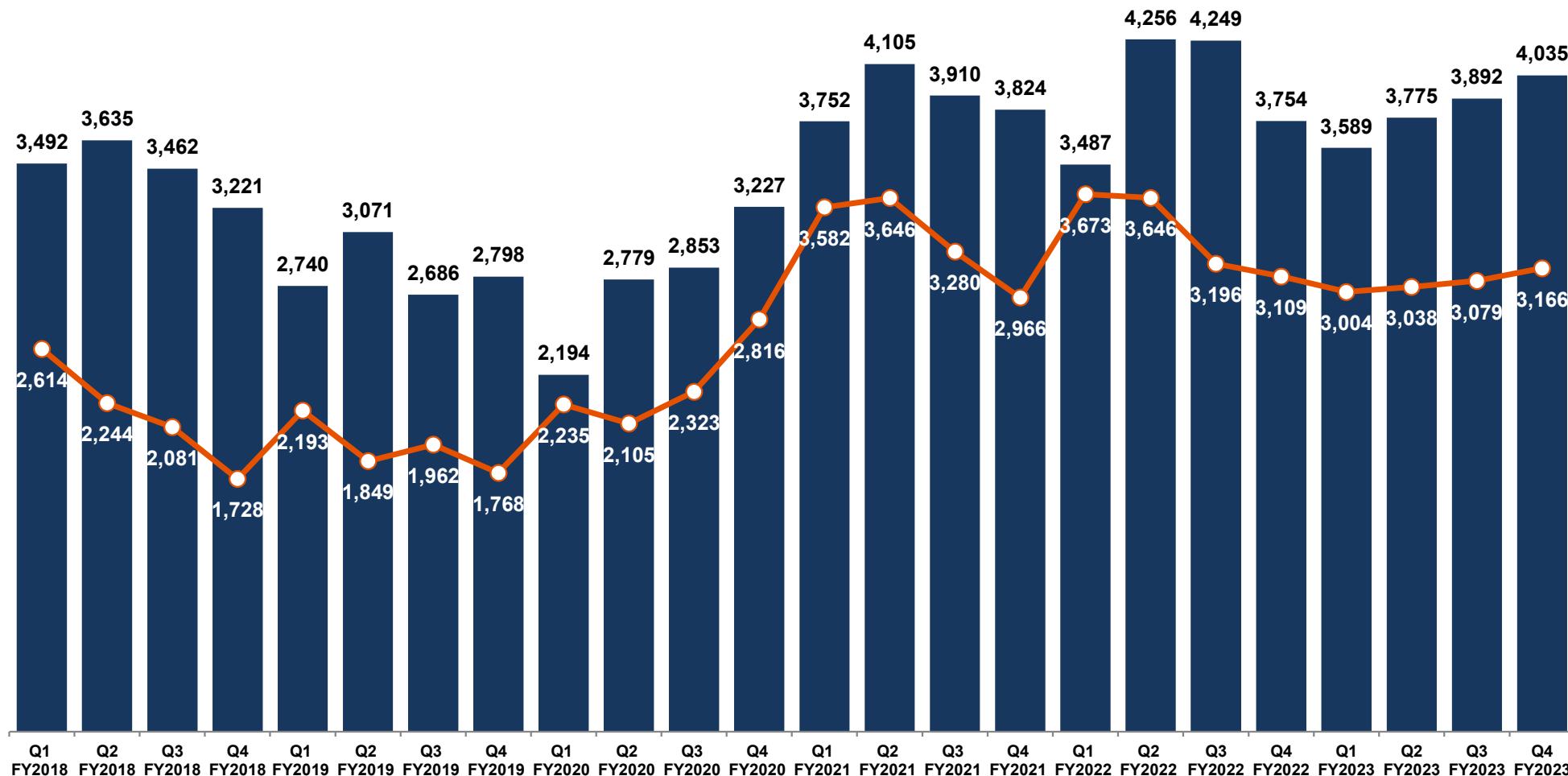
Currency	Incoming		Outgoing		Net	Average rate during the term (JPY)	In case of yen appreciation (10%)			In case of yen depreciation (10%)		
	Amount by currency	Composi-tion ratio	Amount by currency	Composi-tion ratio			If yen is appreciated ▲10% (JPY)	Difference	Affected amount (YTD)	If yen is depreciated +10% (JPY)	Difference	Affected amount (YTD)
JPY	¥16,000	60%	¥13,600	55%	¥2,400	-	-	-	-	-	-	-
USD	\$63.1	34%	\$64.8	38%	\$-1.7	¥144.6	¥130.17	¥-14.46	¥24.59	¥159.09	¥14.46	¥-24.59
EUR	€7.8	5%	€4.7	3%	€3.1	¥156.8	¥141.12	¥-15.68	¥-48.61	¥172.48	¥15.68	¥48.61
PHP	PP3.0	0%	PP329.6	3%	PP-326.6	¥2.6	¥2.33	¥-0.26	¥84.59	¥2.85	¥0.26	¥-84.59
THB	฿85.4	1%	฿39.2	1%	฿46.20	¥4.1	¥3.70	¥-0.41	¥-18.99	¥4.52	¥0.41	¥18.99
VND (100)	26.7 đ	0%	424.9 đ	1%	-398.20 đ	¥0.6	¥0.54	¥-0.06	¥23.90	¥0.66	¥0.06	¥-23.90
Total	-	100%	-	100%	-	-	-	-	¥65.48	-	-	¥-65.48

Construction Machinery Filters Changes in Backlog Orders (Quarterly)

(million yen)

■ Sales

○ Backlog orders



*Sales do not include healthcare sales.



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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