

Company Report

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Strategy Advisors Inc.

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YAMASHIN FILTER VISION 2030: A New Vision That is Both a "Dream" and an "Ambition", That We Believe is Achievable. We Aim to Establish New Fields and Evolve into a Functional Materials Manufacturer Toward a "Second Game Changer"

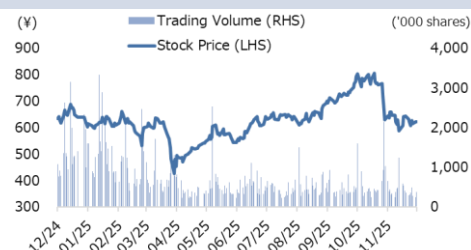
YAMASHIN-FILTER announced "YAMASHIN FILTER VISION 2030" at a briefing held on December 4, 2025. The highlights of the Vision were presented at the financial results briefing on November 20, and this briefing gave us more granularity. Strategy Advisors believes that if the Vision is implemented, the company will experience a "second game changer."

The subtitle of the Vision is "Challenge toward our Dream". The company is embarking on a full-scale commercialization of its proprietary functional nanofiber material, YAMASHIN Nano Filter™, which had been suspended. YAMASHIN Nano Filter™ surpasses conventional fiber materials in terms of thermal insulation, sound absorption, light weight, ultra-thin films and moisture permeability. Furthermore, by combining materials with different properties, a wide range of additional functions can be added. The company has selected "Functional Textiles", "Life Sciences" and "Industrial Materials" as its market segments and will work on development, manufacturing and sales after determining the target product and launch date. The company has already begun sales of a golf vest in November 2025. This product has excellent moisture-regulating properties with exceptional thinness and thermal insulation, while maintaining flexibility that does not restrict movement. This demonstrates that the company has the structure to achieve commercialization.

In addition to the launch of new businesses, the company continues to see strong performance in its Construction Machinery Filter business and has set targets for FY3/30 of "Net sales of ¥50 billion, Operating Income of ¥10.5 billion, EPS of ¥107 and Market Capitalization of ¥300 billion". These are ambitious targets, with net sales 2.5x, operating income 4x, EPS 4.4x and market capitalization 7.3x higher than compared to FY3/25. In new businesses, the company is targeting net sales of ¥21.3 billion and operating income of ¥4.5 billion.

The company has explained its Vision using words such as "challenging dream" and "ambition". At the same time, it has commented that "the Vision is achievable". The launch of the new business is still in its early stages, and the numerical targets it has set are very high. However, the company regards these as concrete "goals", rather than unrealistic "vision", "dream" or "ambition". As the company steadily progresses toward realizing this Vision, it will be a "second game changer" for the company and attract further attention from the stock market.

Stock Price & Trading Volumes



Source: Strategy Advisors.

Key Indicators

Stock Price (12/9/25)	621
52-Week High (10/27/25)	806
52-Week Low (4/7/25)	427
All-Time High (1/11/18)	1,552
All-Time Low (1/21/16)	73
Number of Shares Issued (mn)	69.6
Market Capitalization (¥bn)	43.2
EV (¥bn)	38.9
Equity Ratio (FY3/25, %)	84.9
ROE (FY3/25 Actual, %)	7.9
PER (FY3/26 CoE, Times)	22.0
PBR (FY3/25 Actual, Times)	2.0
Yield (FY3/26 CoE, %)	2.9

Source: Strategy Advisors.

Japanese GAAP - Consolidated

FY	Sales (¥ mn)	YoY (%)	Operating Income (¥ mn)	YoY (%)	Ordinary Profit (¥ mn)	YoY (%)	Net Income (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
3/25 1H	9,908	13.8	1,376	227.1	1,435	243.8	870	285.0	12.3	5.0
3/26 1H	10,289	3.8	1,371	-0.3	1,350	-5.9	909	4.5	13.0	8.0
3/23	18,605	-1.1	1,235	-8.1	915	-30.5	645	—	9.0	6.0
3/24	18,024	-3.1	1,411	14.3	1,415	54.7	787	22.0	11.0	6.0
25/3	20,104	11.5	2,630	86.4	2,669	88.6	1,723	119.1	24.3	12.0
3/26 CoE	20,840	3.7	2,870	9.1	2,870	7.5	1,970	14.3	28.3	18.0

Source: Company Data. Compiled by Strategy Advisors.

"YAMASHIN FILTER VISION 2030" Consists of YAMASHIN-FILTER's Ambition, Expansion of Existing Fields & Establishment of New Fields

YAMASHIN-FILTER announced its "YAMASHIN FILTER VISION 2030" and held a briefing session on December 4, 2025. The highlights of the Vision were presented at the financial results briefing session on November 20, and this is the more detailed explanation of its plan.

The Vision consists of "YAMASHIN-FILTER's Ambition", "Expansion of Existing Fields" and "Establishment of New Fields". In the plan, the company sets out the desired state and numerical targets for FY3/2030 and outlines the strategies and measures to reach those goals.

The medium-term management plan "Fly to the next stage!", announced in November 2024, presented numerical targets and strategies and measures up to FY3/2028. The Vision outlines the expansion of existing fields and the development of new fields up to FY3/2030, including the current medium-term plan. Strategy Advisors believes that if the Vision is implemented, the company will experience a "second game changer".

1. YAMASHIN-FILTER's Ambition

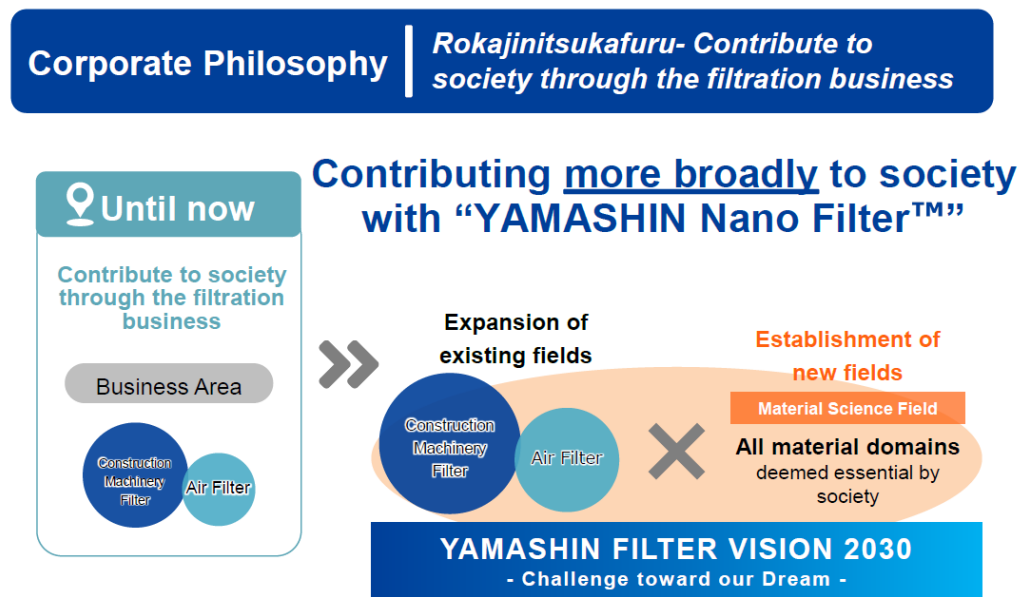
Expanding The Scope of What "Rokajinitsukafuru" (Contribute to society through the filtration business) Means, YAMASHIN- FILTER's "Second Game Changer"

The company was founded in 1956 as Yamashin Industry Inc. About 10 years after its founding, automotive filters accounted for approximately 80% of net sales. However, from the perspective of automobile manufacturers, this was done as a subcontractor, and the profit margins were thin. This led to the company's "first game change" - a management decision to abandon the automotive filter business and specialize in construction machinery filters, which would allow them to do business directly with construction machinery manufacturers. By making proposals directly to construction machinery manufacturers, the company was able to gain the ability to identify applications needed by society and adapt products and technologies to meet demand. This has led to the company's subsequent growth and development.

The company has developed new products in the field of construction machinery filters, including filter paper, glass fiber filters and nano filters. Leveraging the technology it had cultivated, the company then developed the YAMASHIN Nano Filter™ in 2017. It subsequently attempted to commercialize the product, but this was halted due to multiple reasons such as COVID-19. Research and development continued during the hiatus, improving performance. With strengthened profitability, including a strong performance in the construction machinery filter business, the company has launched YAMASHIN FILTER VISION 2030 as a long-awaited initiative to commercialize the product. The overall picture is shown in Figure 1.

The company aims to utilize YAMASHIN Nano Filter™ to contribute to society more broadly. In addition to expanding existing fields such as primarily construction machinery filters, the company aims to establish a new field in the field of materials science. The company's corporate philosophy of "filtering work" remains unchanged, but the scope of what this philosophy means has expanded significantly from filtering dust with construction machinery filters and air filters to providing materials that control heat, humidity, sound, electromagnetic waves and more using YAMASHIN Nano Filter™. This can truly be called a "second game changer" for the company.

Figure 1. Yamashin-Filter's Ambition



Source: Company Data.

The Company Aims to Evolve into a Functional Materials Manufacturer by 2030 and has Set Ambitious Numerical Targets

The Vision's "desired state in 2030" and numerical targets for FY3/30 are shown in Figure 2. The "desired state" is to "leverage the strengths of existing businesses to evolve from a comprehensive filter manufacturer to a functional materials manufacturer".

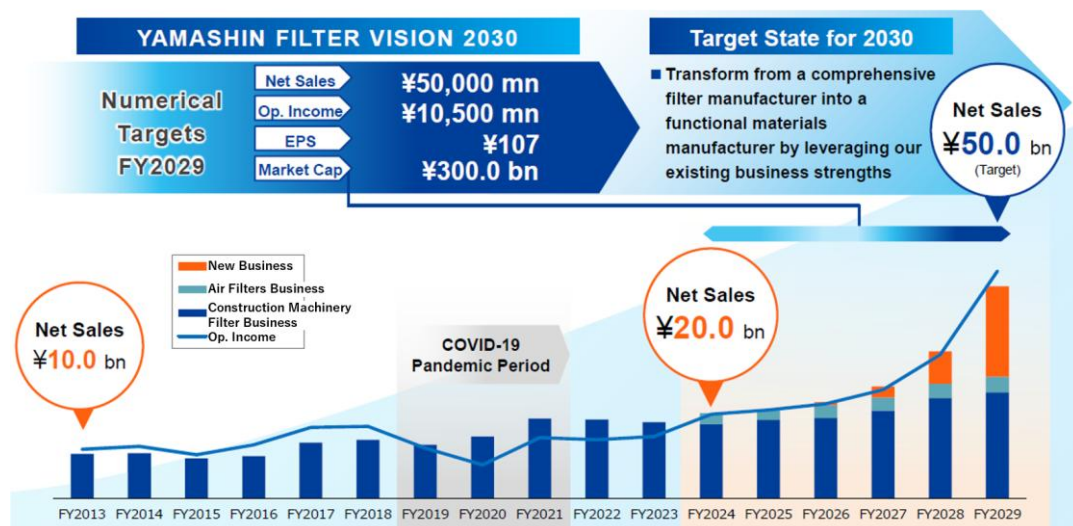
The company aims to go beyond the boundaries of filters and become a manufacturer that provides functional materials. The key point is that the company uses the term "evolution" instead of "change". This shows that the advanced technology it has cultivated as a filter manufacturer will lead to its commitment in functional materials.

The company has set targets for FY3/30 of "Net sales of ¥50 billion, operating income of ¥10.5 billion, EPS of ¥107 and market capitalization of ¥300 billion." These are ambitious targets, with net sales 2.5x higher, operating income 4x higher, EPS 4.4x higher, and market capitalization 7.3x higher compared to FY3/25.

This Vision embodies the company's determination to bring about major changes in both quality and quantity. It can truly be said that they intend to bring about a "second game changer".

Figure 2. "Desired state in 2030" and numerical targets in the YAMASHIN FILTER VISION 2030.

Establishing new businesses by leveraging our proprietary functional nanofiber materials—this is our ambition and our unwavering determination.



Source: Company Data.

2. Expanding Existing Areas

The Construction Machinery Filter Business is Progressing Well Beyond the Initial Plan of the Current Mid-Term Plan. The Company is Also Working to Expand into New Fields

The Vision explains the progress of the current medium-term plan, announced in November 2024, including numerical targets for FY3/30, as well as the strategy for the period following the current medium-term plan.

The current mid-term plan includes initiatives for the Construction Machinery Filter Business, such as "expansion of market share in North America", "expansion of nanofiber products" and "evolution of aftermarket activities". Progress on all of these targets has significantly exceeded the initial plan (Figure 3).

In the North American market, the company has revised upward its target for the composition ratio of net sales to North American construction machinery manufacturers by FY3/28 from 23.5% when the current medium-term plan was formulated to 31.2%. The adoption of line parts (for new vehicle demand) has progressed in line with model changes in construction machinery and the replacement with high-value-added products such as nanofiber products has progressed, significantly expanding the composition ratio. The company plans to further raise this to 36.2% by FY3/30.

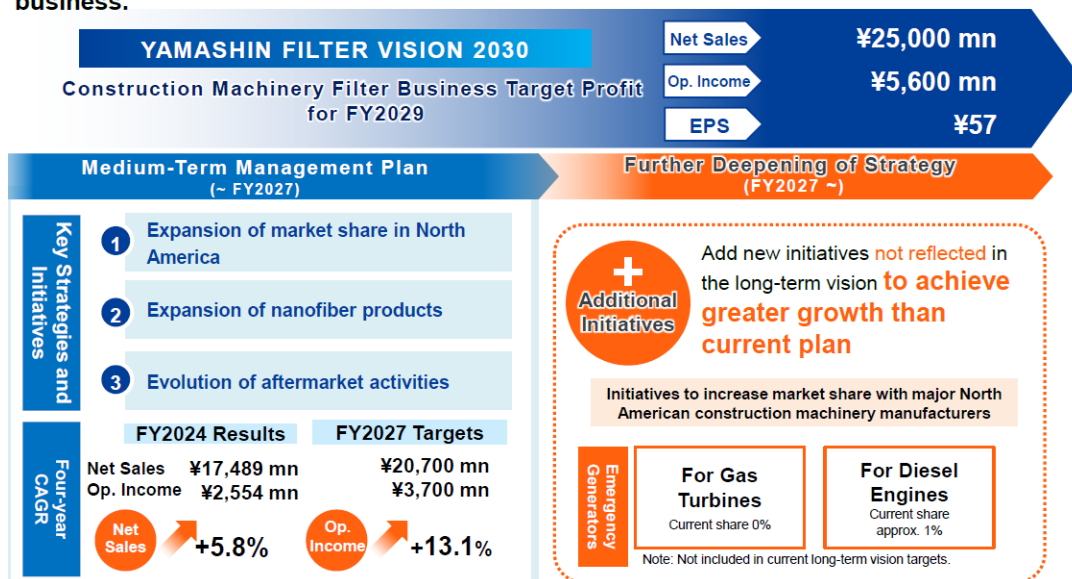
When the current mid-term plan was formulated, the target for the composition ratio of net sales for nanofiber products in FY3/28 was 30.0%, but this has been revised upward to 32.3%. The long life of the filters has been highly praised for their contribution to reducing downtime of construction machinery and easing the environmental burden, and their adoption is progressing steadily. The company plans to raise this to 55.9% by FY3/30.

Regarding the aftermarket, the company is promoting sales of high-quality service parts (for replacement demand) based on relationships with construction machinery manufacturers, their local sales subsidiaries, and construction machinery users. The increasing adoption of line parts will also lead to an expansion of sales destinations for service parts in the future.

The numerical targets for FY3/30 for the Construction Machinery Filter Business are "Net sales of ¥25 billion and operating income of ¥5.6 billion". These are ambitious targets, with net sales increasing by 1.4x and operating income by 2.2x compared to FY3/25. However, the company says that as its reputation has grown, including receiving the highest supplier award from a construction machinery manufacturer, the nature of inquiries has changed. Relationships have deepened with construction machinery manufacturers actively consulting with the company on quality improvements and the company is confident of achieving its ambitious targets. As a strategy for the period following the current mid-term plan, the company is considering expanding its lineup of filters for gas turbines and diesel engines, although these are not included in the numerical targets of the Vision While its current market share is low, demand is increasing for emergency generators at data centers and other facilities, making this an area where the company can expect further growth beyond its numerical targets.

Figure 3. Basic Strategy in the Construction Machinery Filter Business

The targets set in the long-term vision are achievable through execution of the Medium-term Management Plan's priority strategies for the construction machinery filter business.



Source: Company Data.

YAMASHIN Nano Filter™ is a High-Performance Product & Has the Potential to Become a Next-Generation Material That Will Bring About Functional Innovations in a Wide Range of Industries

3. Establishing New Fields

In 2017, the company independently developed YAMASHIN Nano Filter™, a functional nanofiber material, and subsequently attempted to commercialize the product, but this was halted due to multiple reasons such as COVID-19. However, during that time, the company continued to work on improving its performance, such as increasing its elasticity. With profitability strengthened by the strong performance of its construction machinery filter business, the company is now moving forward with commercialization as a long-awaited initiative to commercialize the product.

The characteristics and future potential of the YAMASHIN Nano Filter™ are shown in Figure 4. Its characteristics include a high specific surface area and high porosity, material flexibility, and diverse processing technologies.

A high specific surface area refers to a large surface area per unit mass, and a high proportion indicates a large proportion of air contained in the fiber material. Utilizing filter manufacturing technology, the surface area is increased by intertwining the fibers in a three-dimensional, multilayer structure. Compared to conventional products, this product offers overwhelming advantages in terms of thermal insulation and sound absorption, light weight, ultra-thin films as well as moisture permeability.

With its high degree of material flexibility, YAMASHIN Nano Filter™ can be combined with materials with different properties, enabling the addition of a wide range of functions. For example, it can be made to block heat while allowing moisture to pass through or to shield against electromagnetic waves in addition to dust and vibrations, opening up potential applications in various fields.

The company's diverse processing technologies include its proprietary expertise in filter manufacturing. As investments were made before COVID-19, the Saga Plant is already equipped for mass production of YAMASHIN Nano Filter™. No major new investments are required, enabling cost-effective production.

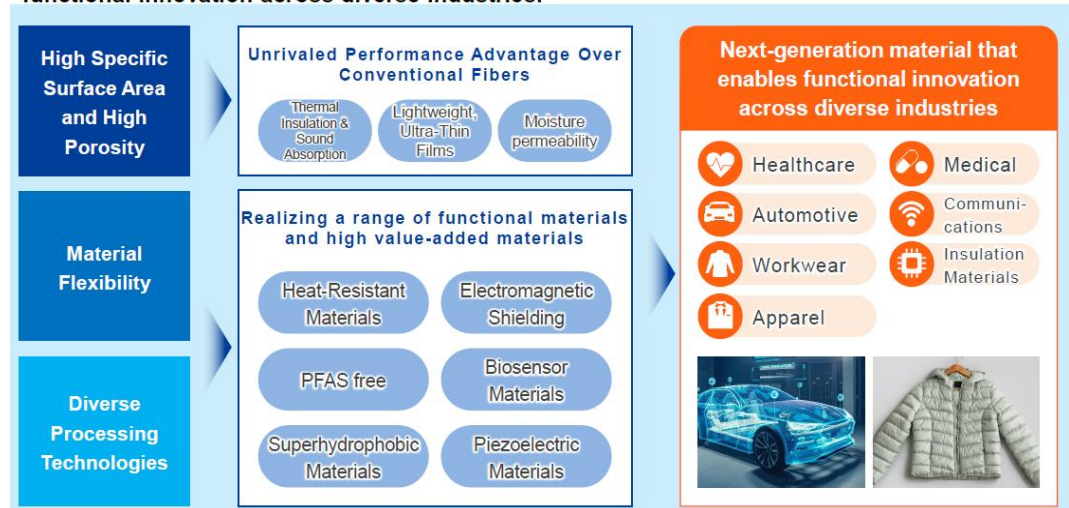
By leveraging these characteristics, YAMASHIN Nano Filter™ has the potential to become a next-generation material with the potential to drive functional innovations in a broad range of industries.

Figure 4. Synthetic Polymer Nanofiber Pioneers Next-Generation

Functional Materials

“High specific surface area and High porosity × Material flexibility × Diverse processing technologies”

Our proprietary YAMASHIN Nano Filter™ is a next-generation nanofiber material that enables functional innovation across diverse industries.



Source: Company Data.

Sets Market Launch Image & Numerical Targets for "Functional Textiles", "Life Sciences" and "Industrial Materials"

The company has selected "Functional Textiles", "Life Sciences" and "Industrial Materials" as market areas where YAMASHIN Nano Filter™ can demonstrate its advantages, as shown in Figure 5, and has established launch images and numerical targets.

In the "Functional Textiles" field, the company will enter the apparel and fire-resistant clothing market with thin, high-performance padding. As the first step, the company has already commercialized a golf vest, as disclosed in the press release issued on November 5, "Announcement of the Launch of TEXIFIL™, a Functional Apparel Material Developed from Filter Technology". At a briefing session for the Vision held on December 4, the company exhibited a product that is less than one-tenth the thickness of competitors' products while offering comparable warmth. The product boasts excellent moisture-regulating properties and flexibility that does not restrict movement, while combining exceptional thinness with high thermal insulation. This demonstrates the company's ability to achieve commercialization. Regarding other apparel products, the company plans to launch a second product in Q1 FY3/28, followed by fire-resistant clothing with high moisture permeability based on heat resistance and thermal insulation in Q1 FY3/29.

In the "Life Sciences" field, the company aims to enter the biosensor market by using high-precision electrodes. Utilizing the strengths of nanofibers, namely high skin adhesion and moisture permeability, the company aims to expand into the field of electrodes for ECG and electromyogram electrodes. They are capable of manufacturing biosensors with improved signal accuracy while preventing skin irritation and increasing comfort by not using hydrogel. The product is scheduled to be launched in Q4 FY3/27.

As for "Industrial Materials", there is a heat-resistant electrical insulation material. By using nanofibers, it is expected to offer high heat resistance and excellent insulation performance, as well as an extended service life. In addition, the company is considering applications as EMI (Electromagnetic Interference) shielding. It aims to develop the material into a new multifunctional protective material that combines sound absorption, vibration damping, and dust prevention. The EMI shielding is planned to be launched in Q1 FY3/29.

Figure 5. Core Strategies for New Businesses

We plan to establish a new business portfolio leveraging nanofiber materials by FY2029.



Source: Company Data.

Set Market Size & Market Share Targets for Each Area. Setting Net Sales & Operating Income Targets for New Businesses

Targets for the new businesses for FY3/30 are "Net sales of ¥21.3 billion and Operating income of ¥4.5 billion". A breakdown of the net sales targets by area is shown in Figure 6. Furthermore, as the basis for these targets, the company has set TAM, SAM and SOM for each area, as shown in Figure 7, and has presented market share and net sales targets. In collaboration with a consulting firm, the company has conducted a detailed analysis of the market, customers, competitors, etc., and has set market size and share targets for 2030.

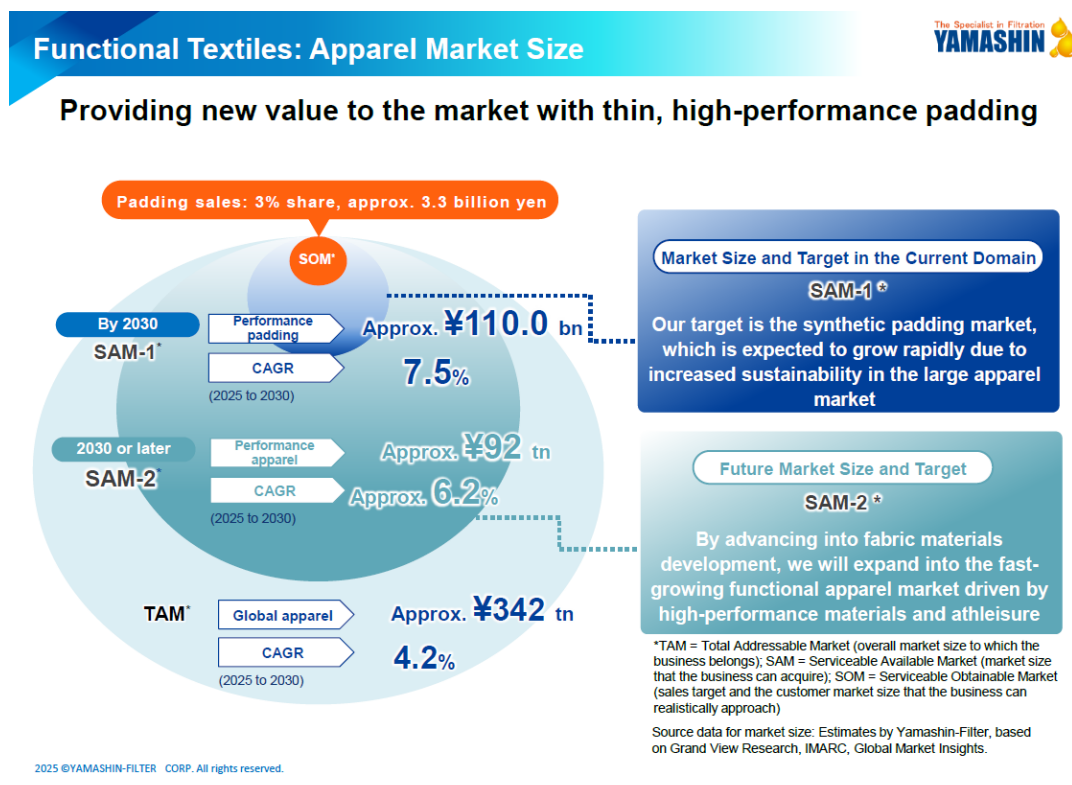
To achieve these targets, in addition to establishing a mass production system at the Saga Plant, they are also reinforcing their research and development and sales systems. They have already recruited personnel from major chemical and apparel companies who are responsible for key aspects of the project. By combining YAMASHIN-FILTER's unique production technology, which has been cultivated through the manufacture of construction machinery filters, with research and development and sales systems that incorporate external knowledge and networks, they are working together towards their ambitious goal.

Figure 6. Net Sales Targets for New Businesses by Area

Market Area	Product	Share Target	Sales Target
Functional	Padding	3%	¥3.3 billion
Textiles	Fire-Resistant Clothing for Firefighters	0.5%	¥2.3 billion
Life Sciences	Patch-Type ECG Electrode Material	2%	¥3 billion
	Wearable Electromyogram Electrodes	4%	¥2.6 billion
Industrial Materials	Power Infrastructure Electrical Insulation Material	0.5%	¥5.3 billion
	EMI Shielding Liner, etc.	1%	¥2.6 billion
	Metal Honeycomb Vents	3%	¥2.2 billion
Total			¥21.3 billion

Source: Company Data. Compiled by Strategy Advisors.

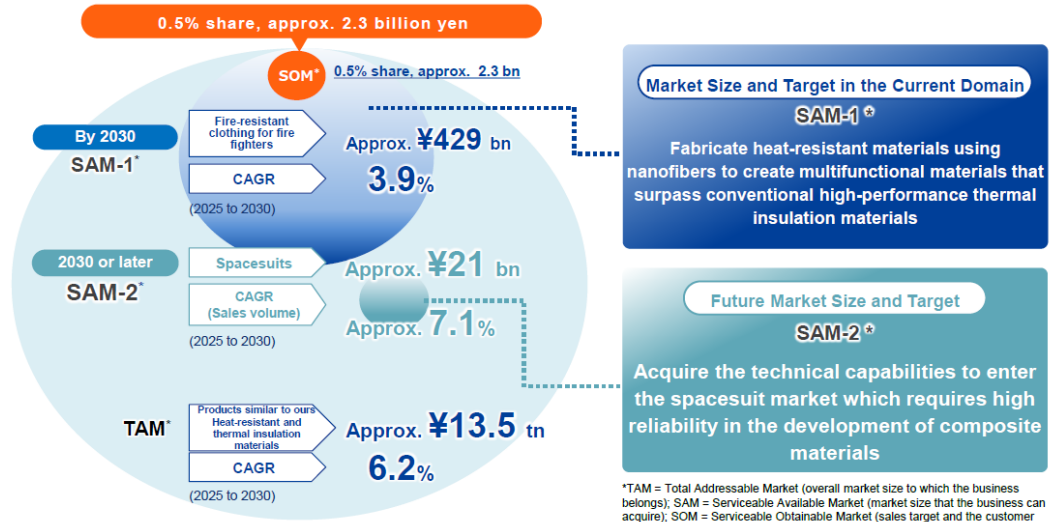
Figure 7. TAM, SAM, and SOM in New Businesses



Functional Textiles: Fire-resistant Clothing Market



Providing fire-resistant clothing that balances safety and comfort, with potential applications in the space field when compound performance is pursued

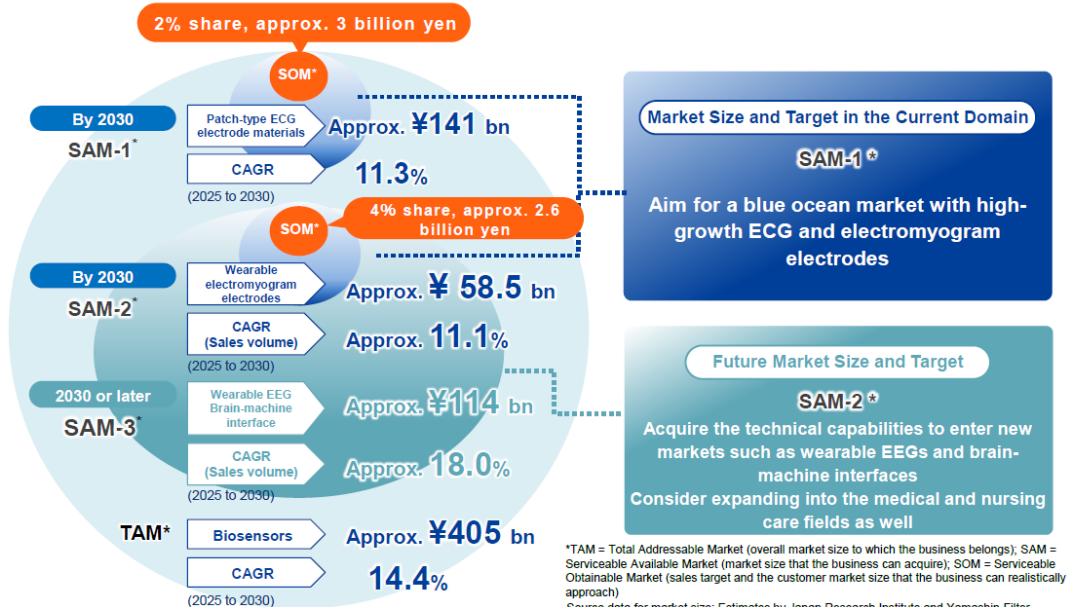


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Life Sciences: Biosensor Market



Providing new electrodes for high-precision biosensors that can be continuously worn with comfort

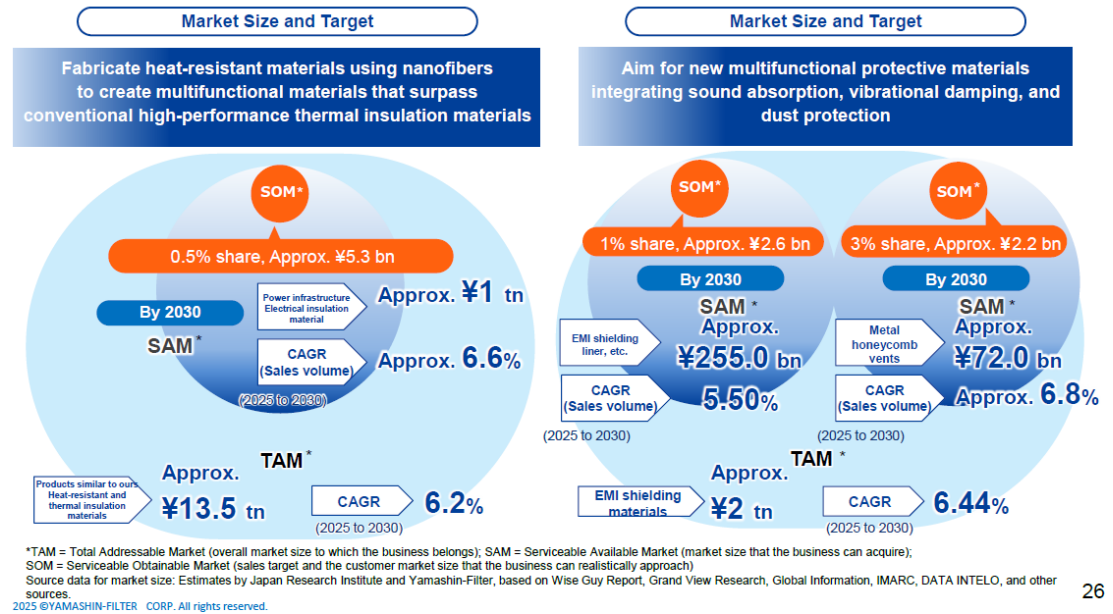


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Industrial Materials: Markets for Heat-resistant/ Thermal Insulation Materials and EMI Shielding Materials



Providing new protective materials combining high sound absorption and thinness



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Source: Company Data.

The Company Describes the Vision as a "Dream" and an "Ambition." But they Believes it is Achievable

The company has explained its vision using words such as "challenge toward our dream" and "ambition", while also stating that it believes it is achievable. Although the launch of the new business is still in its early stages and the numerical targets it has set are very high, the company does not view them as unrealistic "vision", "dream" or "ambition", but rather as concrete "goals". As it moves closer to achieving this Vision one step at a time, it will be a "second game changer" for the company, and it will likely attract even more attention from the stock market.

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