

# YAMASHIN-FILTER | 6240 (TSE Prime)

## Company Report

March 16, 2026

Strategy Advisors Inc.  
Yoshifumi Aratake



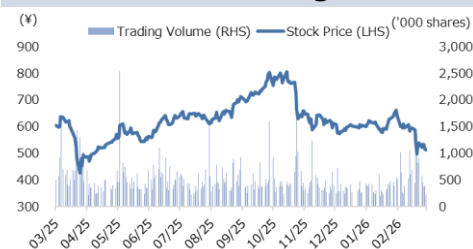
## FY3/26 Q3 Results: Record-High Sales and Net Profit. Sales of Construction Machinery Filter as Line Parts Thrive on New Vehicle Filter Installations. Air Filters Continue to Underperform, New Business Initiatives Are Making Steady Progress

YAMASHIN-FILTER reported results for Q3 FY3/26, with sales increasing to ¥15.602 billion (+4.4% YoY), operating profit decreased to ¥1.981 billion (-3.4% YoY), ordinary profit decreased to ¥1.942 billion (-7.4% YoY) and profit attributable to owners of parent increased to ¥1.32 billion (+7.4% YoY). The cumulative results for Q3 represent the highest net sales and quarterly net income in the company's history. While line parts for the new vehicle market catering to construction machinery demand grew significantly, capturing new market share, and service parts for used machinery remained solid; operating profit and ordinary profit declined slightly due to upfront investments associated with the launch of new businesses and a delayed recovery in the Air Filter Business.

The company revised upward its earnings forecast for FY3/26 on November 5, 2025. The company plans for net sales of ¥20.84 billion (+3.7% YoY), operating profit of ¥2.87 billion (+9.1% YoY), ordinary profit of ¥2.87 billion (+7.5% YoY) and profit attributable to owners of parent of ¥1.97 billion (+14.3% YoY) and is expected to set a new record for profits for the second consecutive fiscal year. Although the disruption caused by the replacement of the core system in the Air Filter Business has subsided, sales recovery for some customers has been delayed and Q4 is expected to remain sluggish. However, the Construction Machinery Filter Business is performing well and is expected to drive overall company performance. While costs related to capital expenditures and hiring are being incurred due to the launch of new businesses, the company is projected to achieve record-breaking results for FY3/26. Looking ahead to FY3/27, supply of line parts is expected to remain strong, and while demand for service parts is projected to remain steady, there are some concerns regarding stagnant demand in the mining sector.

On December 4, 2025, the company held a briefing session regarding "YAMASHIN FILTER VISION 2030", its new vision for enhancing corporate value. The company has set ambitious goals for launching new businesses. While this represents a "dream" and "ambition" for the company, it is a vision that Strategy Advisors believes is achievable.

### Stock Price & Trading Volumes



Source: Strategy Advisors

### Key Indicators

Stock Price (3/13/26)	511
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)	35.6
EV (¥ bn)	31.1
Equity Ratio (FY3/25, %)	84.9
ROE (FY3/25 Actual, %)	7.8
PER (FY3/26 CoE, Times)	18.1
PBR (FY3/25 Actual, Times)	1.6
Yield (FY3/26 CoE, %)	3.5

Source: Strategy Advisors

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The company is also seeing positive feedback from exhibiting its proprietary nanofiber product, YAMASHIN Nano Filter™, at trade shows. Strategy Advisors believes that if the company establishes these new businesses and evolves into a functional materials manufacturer, it will usher in a “second game-changer.”

Going forward, the company is expected to demonstrate progress in line with or exceeding its mid-term plan's core growth strategy and capital cost-conscious management, while also presenting compelling concrete plans for its new businesses. This should further heighten market attention on the company and provide material to support an upward revision in its valuation.

## Japanese GAAP - Consolidated

FY	Sales	YoY	Operating Profit	YoY	Ordinary Profit	YoY	Net Income	YoY	EPS	DPS
	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥)	(¥)
3/25 Q1-Q3	14,945	12.3	2,051	118.5	2,098	122.9	1,229	92.7	17.4	—
<b>3/26 Q1-Q3</b>	<b>15,602</b>	<b>4.4</b>	<b>1,981</b>	<b>-3.4</b>	<b>1,942</b>	<b>-7.4</b>	<b>1,320</b>	<b>7.4</b>	<b>18.9</b>	<b>—</b>
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
3/25	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. Prepared by Strategy Advisors.

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## 1. Financial Results for Q3 FY3/26

### Record High Sales and Profits for FY3/26 Q3 Cumulative

YAMASHIN-FILTER reported its cumulative financial results for Q3 FY3/26: Sales increased to ¥15.602 billion (+4.4% YoY), operating profit decreased to ¥1.981 billion (-3.4% YoY), ordinary profit decreased to ¥1.942 billion (-7.4% YoY) and profit attributable to owners of parent increased to ¥1.32 billion (+7.4% YoY). The cumulative results for FY3/26 Q3 represent the highest net sales and quarterly net income in the company's history (Figure 1). While line parts for the new vehicle market grew significantly, capturing new market share, and service parts for used machinery remained solid, operating profit and ordinary profit declined slightly due to upfront investments associated with launching new businesses and the continued slump in the Air Filter Business.

**Figure 1. Sales and Profit Trends (Cumulative Q3)**

(¥ mn)	3/22 Q3	3/23 Q3	3/24 Q3	3/25 Q3	3/26 Q3
Sales	14,188	14,118	13,307	14,945	15,602
YoY	36.5%	-0.5%	-5.7%	12.3%	4.4%
Operating Profit	1,113	1,067	938	2,051	1,981
YoY	–	-4.1%	-12.1%	118.5%	-3.4%
Operating Profit Margin	7.8%	7.6%	7.1%	13.7%	12.7%
Ordinary Profit	1,078	839	941	2,098	1,942
YoY	–	-22.2%	12.2%	122.9%	-7.4%
Ordinary Profit Margin	7.6%	5.9%	7.1%	14.0%	12.5%
Profit Attributable to Owners of Parent	-88	546	637	1,229	1,320
YoY	–	–	16.7%	92.7%	7.4%
Net Profit Margin	-0.6%	3.9%	4.8%	8.2%	8.5%

Source: Company Data.

### Construction Machinery Filter Business Remains Performing Well

By segment, the core Construction Machinery Filter Business remained strong, with sales +6.7% YoY and segment profit +4.6%, whereas the Air Filter Business saw sales -11.4% YoY and posted a segment loss (Figure 2).

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**Figure 2. Sales and Operating Profit by Segment (Cumulative Q3)**

(¥ mn)	Sales	By Segment					
		Construction Machinery Filter			Air Filter		
		YoY	Comp. Ratio	YoY	Comp. Ratio		
3/25 Q3	14,945	13,032	15.1%	87.2%	1,912	-3.5%	12.8%
3/26 Q3	15,602	13,908	6.7%	89.1%	1,694	-11.4%	10.9%

(¥ mn)	Operating Profit	By Segment					
		Construction Machinery Filter			Air Filter		
		YoY	Profit Margin	YoY	Profit Margin		
3/25 Q3	2,051	2,001	131.1%	15.4%	49	-32.1%	2.4%
3/26 Q3	1,981	2,094	4.6%	15.1%	-112	-	-

Source: Company Data. Compiled by Strategy Advisors.

## Line Parts Show Significant Growth

The Construction Machinery Filter Business achieved increased revenue and profits due to robust new vehicle demand (line parts) driving sales growth and replacement demand (service parts) remaining at a high level. Regarding line parts, revenue increased as a result of expanding market share for new vehicles through the supply of high-value-added products and new adoptions of Hydraulic Filters. The number of vehicle models adopting these products is expected to continue growing. For service parts, while our expansion aligned with construction machinery manufacturers' aftermarket strategies is progressing smoothly, net sales remained at the previous year's level due to sluggish mining demand in the Southeast Asian market, particularly in Indonesia, caused by falling coal prices (Figure 3).

**Figure 3. Construction Machinery Filter Business Sales (by Product)**

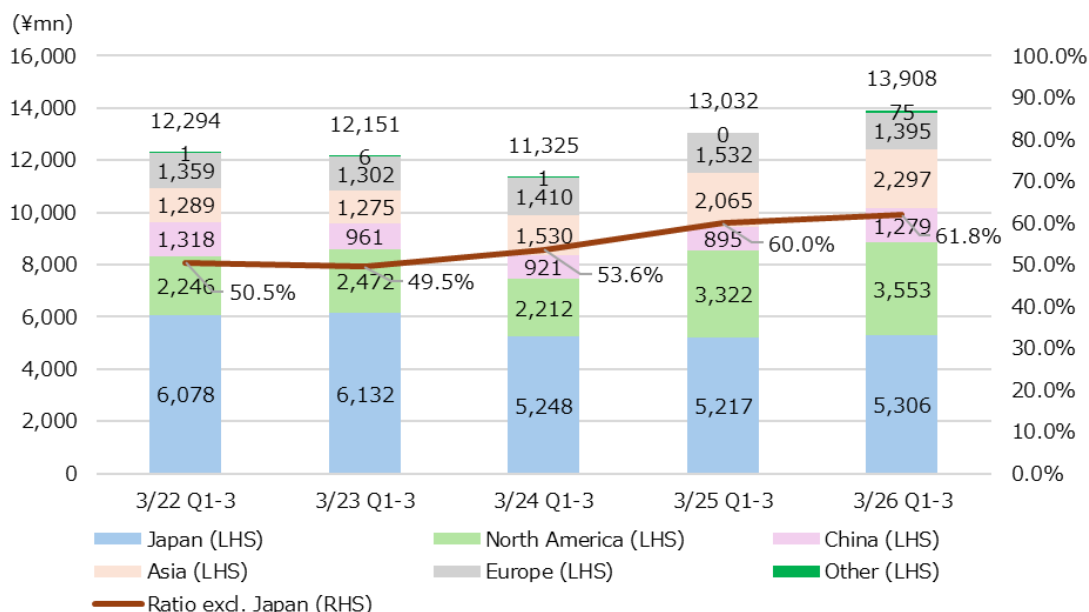
(¥ mn)	Sales	By Product					
		Construction Machinery Filter				Industrial Filter	Process Filter
		Line Parts	YoY	Service Parts	YoY		
3/25 Q3	11,953	4,153	-4.7%	7,800	31.2%	541	537
3/26 Q3	12,831	5,015	20.7%	7,816	0.2%	571	505

Source: Company Data. Compiled by Strategy Advisors.

## Growth in China, Asia & The Americas

As shown in Figure 4, net sales by region are growing in China, Asia and the Americas. In China, net sales have turned upward due to increased demand for new mining machinery and efforts by Japanese manufacturers to encourage construction machinery users to use genuine parts. In Asia, net sales are increasing due to robust demand for new machinery. In the Americas, net sales are rising due to an increase in market share for line parts for the new vehicle market in North America.

**Figure 4. Construction Machinery Filter Business Sales by Region**



Source: Company Data. Compiled by Strategy Advisors.

## Air Filter Production & Shipments Delayed, But Gradually Recovering

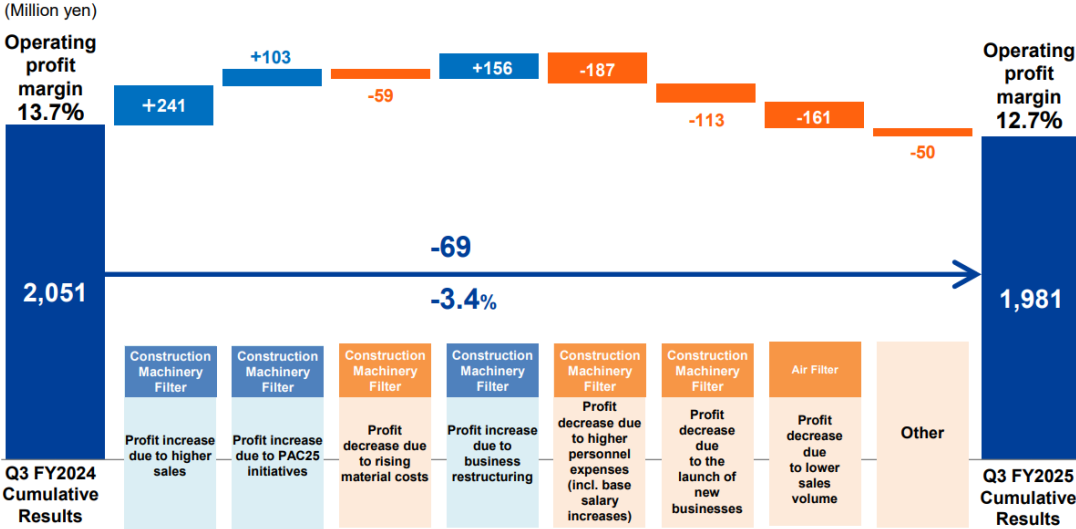
The Air Filter Business experienced a revenue decline and fell into the red due to production and shipment delays caused by the introduction of a core system in FY3/25. Operational stabilization and supply system improvements were implemented from FY3/25 Q2, narrowing the loss (Q1: ¥80 million loss → Q2: ¥20 million loss → Q3: ¥11 million loss). The internal system for managing the process from order receipt to shipment has been fully established. While sales to major customers have already returned to previous levels, the recovery in sales to some customers has been delayed and performance remains sluggish.

## Operating Profit Down on Higher Personnel Expenses and Sluggish Air Filter Business

The factors contributing to the change in operating profit for FY3/26 Q3 are shown in Figure 5. Increased revenue contributed ¥241 million to profit growth, representing the largest single factor. Next was the ¥156 million profit increase resulting from structural reforms implemented overseas last year, and a profit increase of ¥103 million from PAC25, an ongoing cost-reduction initiative. Personnel expenses increased due to the implementation of a base pay increase and the acquisition of personnel for new business launches. The significant decline in Air Filter segment profits resulted in total operating profit decreasing to ¥1.981 billion. The operating profit margin decreased by 1% to 12.7%.

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Figure 5. Factors Behind Changes in Operating Profit in FY3/26 Q3



\* Starting from Q2, FY2025, changes in ocean freight rates are included in the profit increase associated with higher sales.

Source: Company Data.

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**Figure 6. Half-Year/Quarterly Performance Trends (¥ mn)**

FY	3/23		3/24		3/25		3/26	
	H1	H2	H1	H2	H1	H2	H1	
<b>Income Statement</b>								
Sales	9,123	9,483	8,709	9,316	9,909	10,195	10,289	
Cost Of Sales	5,607	5,686	5,235	5,232	5,473	5,698	5,691	
Gross Profit	3,516	3,797	3,474	4,084	4,436	4,497	4,597	
Gross Profit Margin	38.5%	40.0%	39.9%	43.8%	44.8%	44.1%	44.7%	
SG&A Expenses	2,995	3,083	3,053	3,093	3,060	3,243	3,225	
Sales to SG&A Expenses Ratio	32.8%	32.5%	35.1%	33.2%	30.9%	31.8%	31.3%	
Operating Profit	521	714	421	990	1,376	1,254	1,371	
Operating Profit Margin	5.7%	7.5%	4.8%	10.6%	13.9%	12.3%	13.3%	
Non-Operating Balance	-63	-257	-3	7	59	-20	-21	
Ordinary Profit	458	457	418	998	1,436	1,234	1,350	
Ordinary Profit Margin	5.0%	4.8%	4.8%	10.7%	14.5%	12.1%	13.1%	
Extraordinary Income/Losses	-16	-9	-68	-218	-56	-91	-13	
Pretax Profit	443	447	350	789	1,380	1,142	1,337	
Total Corporate Tax, etc.	171	74	124	228	510	289	428	
(Corporate Tax Rate)	38.6%	16.6%	35.4%	28.9%	37.0%	25.3%	32.0%	
Profit Attributable to Owners of Parent	271	374	226	561	870	853	909	
Net Profit Margin	3.0%	3.9%	2.6%	6.0%	8.8%	8.4%	8.8%	

FY	3/24				3/25				3/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Income Statement</b>											
Sales	4,302	4,407	4,599	4,717	4,818	5,091	5,036	5,159	5,096	5,193	5,313
Cost Of Sales	2,665	2,570	2,534	2,698	2,696	2,777	2,798	2,900	2,837	2,854	3,031
Gross Profit	1,638	1,836	2,065	2,019	2,122	2,314	2,239	2,258	2,258	2,339	2,283
Gross Profit Margin	38.1%	41.7%	44.9%	42.8%	44.0%	45.5%	44.5%	43.8%	44.3%	45.0%	43.0%
SG&A Expenses	1,525	1,528	1,547	1,546	1,522	1,538	1,564	1,679	1,598	1,627	1,673
Sales to SG&A Expenses Ratio	35.4%	34.7%	33.6%	32.8%	31.6%	30.2%	31.1%	32.5%	31.4%	31.3%	31.5%
Operating Profit	113	308	518	472	599	777	675	579	659	712	609
Operating Profit Margin	2.6%	7.0%	11.3%	10.0%	12.4%	15.3%	13.4%	11.2%	12.9%	13.7%	11.5%
Non-Operating Balance	-18	15	5	2	-40	99	-12	-8	-12	-9	-17
Ordinary Profit	95	323	523	475	559	877	662	572	647	703	592
Ordinary Profit Margin	2.2%	7.3%	11.4%	10.1%	11.6%	17.2%	13.1%	11.1%	12.7%	13.5%	11.2%
Extraordinary Income/Losses	-40	-28	-10	-218	31	-87	-76	-15	-12	-1	-1
Pretax Profit	55	295	532	257	590	790	586	556	635	702	591
Total Corporate Tax, etc.	35	89	120	108	204	306	227	62	218	210	179
(Corporate Tax Rate)	63.6%	30.2%	22.6%	42.0%	34.6%	38.7%	38.7%	11.2%	34.3%	29.9%	30.3%
Profit Attributable to Owners of Parent	20	206	412	149	386	484	360	493	417	492	411
Net Profit Margin	0.5%	4.7%	9.0%	3.2%	8.0%	9.5%	7.1%	9.6%	8.2%	9.5%	7.7%

Source: Company Data. Compiled by Strategy Advisors.

## 2. Outlook for FY3/26

### Projecting Record Profits for the Second Consecutive Period & Dividend Increase

The company revised its earnings forecast for FY3/26 upward on November 5, 2025. The company plans for sales of ¥20.84 billion (+3.7% YoY), operating profit of ¥2.87 billion (+9.1% YoY), ordinary profit of ¥2.87 billion (+7.5% YoY) and profit attributable to owners of parent of ¥1.97 billion (+14.3% YoY) and is expected to set a new record for profit for the second consecutive fiscal year (Figure 7). The year-end dividend forecast has also been raised from ¥8 to ¥10 per share. The annual dividend is expected to be ¥18, (+¥6 YoY) with a dividend payout ratio of 63.6%.

**Figure 7. Sales and Profit Trends (¥ mn)**

FY	3/22	3/23	3/24	3/25	3/26CoE Initial	3/26CoE Revised
Sales	18,821	18,605	18,024	20,104	20,420	20,840
YoY	29.0%	-1.1%	-3.1%	11.5%	1.6%	3.7%
Operating Profit	1,344	1,235	1,411	2,630	2,720	2,870
YoY	–	-8.1%	14.3%	86.4%	3.4%	9.1%
Operating Profit Margin	7.1%	6.6%	7.8%	13.1%	13.3%	13.8%
Profit Attributable to Owners of Parent	47	645	786	1,723	1,910	1,970
YoY	-93.7%	1270.5%	21.9%	119.1%	10.8%	14.3%
Net Profit Margin	0.3%	3.5%	4.4%	8.6%	9.4%	9.5%
DPS (¥)	6	6	6	12	16	18

Source: Company Data. Compiled by Strategy Advisors.

By segment, sales in the Construction Machinery Filter Business increased 5.9% YoY, and segment profit rose 14.7% YoY, while net sales in the Air Filter Business decreased 11.3% YoY and the segment reported a loss (Figure 8).

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**Figure 8. Sales and Operating Profit by Segment, Company Plan**

(¥ mn)	Sales	By Segment					
		Construction Machinery Filter	YoY	Comp. Ratio	Air Filter	YoY	Comp. Ratio
3/25	20,104	17,489	13.7%	87.0%	2,615	-1.0%	13.0%
3/26 CoE Initial	20,420	17,770	1.6%	87.0%	2,650	1.3%	13.0%
3/26 CoE Revised	20,840	18,520	5.9%	88.9%	2,320	-11.3%	11.1%

(¥ mn)	Operating Profit	By Segment					
		Construction Machinery Filter	YoY	Profit Margin	Air Filter	YoY	Profit Margin
3/25	2,630	2,554	93.5%	14.6%	75	-17.3%	2.9%
3/26 CoE Initial	2,720	2,645	3.5%	14.9%	75	-0.7%	2.8%
3/26 CoE Revised	2,870	2,930	14.7%	15.8%	-60	-	-

Source: Company Data. Compiled by Strategy Advisors.

## Increased Revenue and Profits Due to Increased Net Sales of Line Parts

The Construction Machinery Filter Business is expected to see increased revenue and profits due to anticipated growth in line parts sales. The confirmed order backlog approached ¥3.86 billion as of the end of December 2025, remaining near record levels. Demand for new vehicles is increasing, particularly in North America, and the company is expanding their market share, especially in high-value-added products, leading to expectations of steady performance.

Sales of service parts declined in 1H FY3/26 due to inventory adjustments by some customers, but remain at a high level, and full-year sales are projected to increase. Regarding U.S. tariff policies, the company can respond through appropriate pricing adjustments for construction machinery manufacturers and cost reductions, anticipating only a minor impact. However, there is some concern regarding a slowdown in sales for mining demand due to falling coal prices in the Southeast Asian market, particularly in Indonesia.

**Figure 9. Construction Machinery Filter Business Sales (By Product) - Company Plan**

(¥ mn)	Sales	By Product					
		Construction Machinery Filter				Ind. Filters	Process Filters
		Line Parts	YoY	Service Parts	YoY		
3/25	17,489	5,599	-2.3%	10,481	26.6%	708	699
3/26CoE Initial	17,770	5,981	6.8%	10,405	-0.7%	672	711
3/26CoE Revised	18,520	6,503	16.1%	10,608	1.2%	720	687

Source: Company Data. Compiled by Strategy Advisors.

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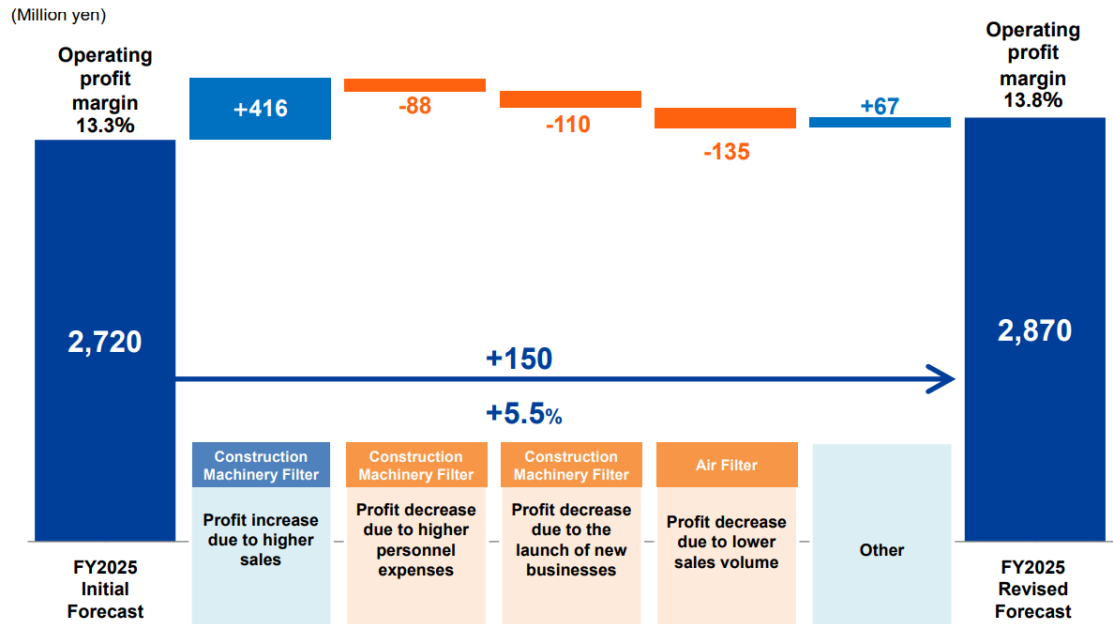
**Air Filters are Still Affected by Increased SG&A Expenses**

**Covering Rising Costs to Boost Profits and Enhance Engagement through People**

In the Air Filter Business, the increase in sales, general and administrative expenses resulting from the implementation of the core system will continue to impact on the full-year results. While the internal systems for managing the process from order receipt to shipment have been fully established, and sales to major customers have returned to previous levels, we estimate that the recovery in sales to certain customers will remain delayed through the fourth quarter.

The factors affecting the operating profit forecast for FY3/26 are as shown in Figure 10. Sales are expected to remain strong, primarily driven by the Construction Machinery Filter Business. This is supported by the success of cost reduction initiatives (PAC25 promotion) and the effects of ongoing business restructuring efforts. This is planned to offset the weak performance of the Air Filter Business and achieve profit growth. Against the backdrop of strong performance, the company anticipates increased personnel expenses due to base pay increases and other factors, while also striving to enhance employee engagement.

**Figure 10. FY3/26 Company Plan Operating Profit Fluctuation Factors**



\* Starting from Q2, FY2025, changes in ocean freight rates are included in the profit increase associated with higher sales.

Source: Company Data.

## 3. Topics

### 1) About YAMASHIN FILTER VISION 2030

**Aiming to Evolve into a Functional Materials Manufacturer by 2030**

**Targeting an Operating Profit 4x Over 5 Years**

In "YAMASHIN FILTER VISION 2030" announced on December 4, 2025, the company defines its "desired state by 2030" as "leveraging the strengths of existing businesses to evolve from a comprehensive filter manufacturer into a functional materials manufacturer". The company aims to establish new businesses utilizing its proprietary functional material, nanofiber, to further enhance corporate value. The numerical targets for the Vision are shown in Figure 11.

**Figure 11. Numerical Targets for YAMASHIN FILTER VISION 2030**

	FY3/25	FY3/30 Target	(Incl. New Businesses)
Sales (¥ mn)	20,104	50,000	21,300
Operating Profit (¥ mn)	2,630	10,500	4,500
EPS (¥)	24.32	107	46
Market cap (¥ bn)	410	3,000	—

Source: Company Data. Compiled by Strategy Advisors.

This is an aggressive target to increase sales revenue by approximately 2.5x and operating profit by approximately 4x over 5 years. Over 40% of both sales revenue and operating profit are expected to be generated from new businesses.

**Expanding into "Functional Textiles," "Life Sciences," and "Industrial Materials" Using Proprietary Nanofibers**

The new businesses will utilize YAMASHIN Nano Filter™, a nanofiber developed in-house by the company. This fiber material boasts a high specific surface area (large surface area per unit mass) and high porosity (large proportion of air contained within the fiber material). It offers overwhelming advantages over conventional products in terms of thermal insulation, sound absorption, weight reduction, thin-film formation, and moisture permeability. The company has identified "Functional Textiles," "Life Sciences," and "Industrial Materials" as market areas where these advantages can be leveraged.

**Products and Launch Strategies are also Being Developed for Each Market Segment**

In "Functional Textiles," the company is entering the apparel/fire-resistant clothing market with thin, high-performance insulation products. As seen in the press release "[Announcement of Sales Launch for TEXIFIL™, a Functional Apparel Material Born from Filter Technology](#)" disclosed by the company on November 5, productization is already underway. The product excels in mobility, thermal insulation and moisture regulation, promising new developments.

In "Life Sciences," the company aims to enter the market for biosensors using high-precision electrodes. Launch is scheduled for FY3/27 Q4.

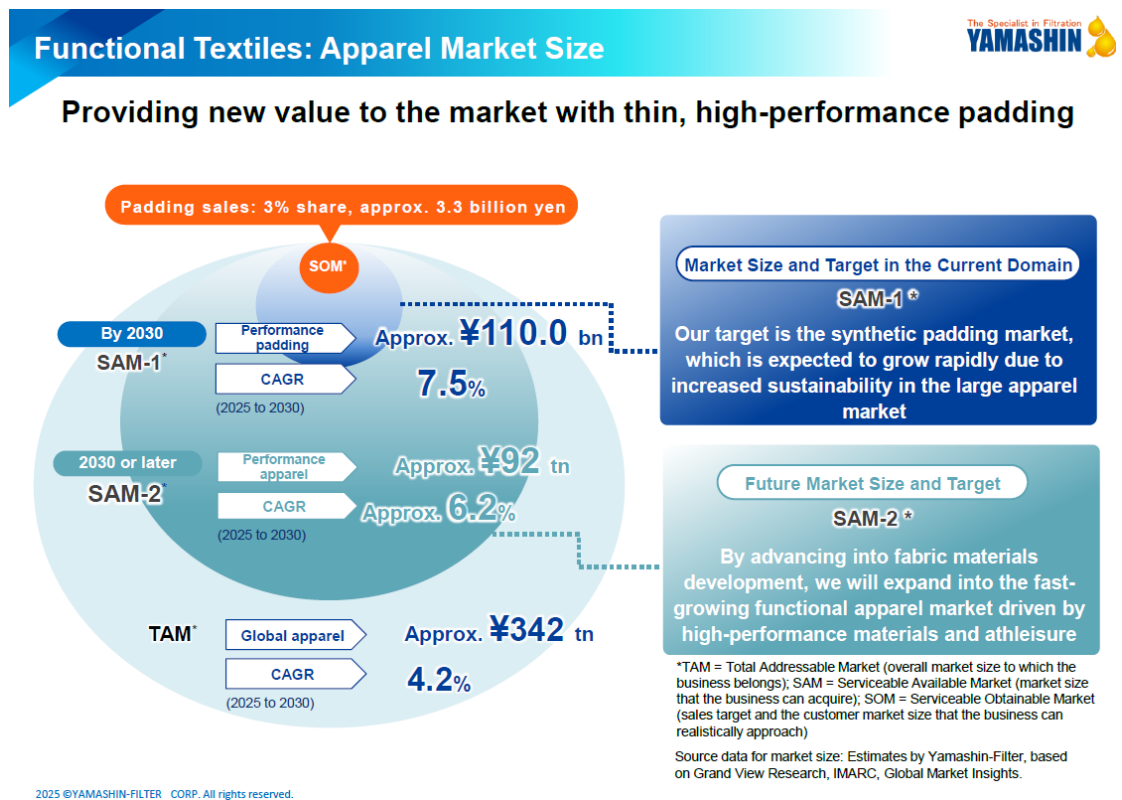
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In "Industrial Materials," the company is exploring the use of next-generation protective materials as heat-resistant/insulating materials and Electromagnetic Interference (EMI) shields. Launch is scheduled for Q1 FY3/29. The direction for each market segment is considered to be well defined.

**With the Establishment of the New Fields, the Company Will Evolve into a Functional Materials Manufacturer Toward a "Second Game Changer"**

In every market segment, as shown in Figure 12, the company is making progress toward clear goals by identifying the Total Addressable Market (TAM), the Serviceable Addressable Market (SAM), and the Serviceable Market (SOM). In FY3/26 as well, the company is making capital investments to launch new businesses and hiring personnel in sales and R&D. As these new businesses become established, the company will evolve into a functional materials manufacturer and usher in a "second game-changer", as outlined in the special report issued by Strategy Advisors on December 10, 2025 ([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"](#)) states, the company will evolve into a functional materials manufacturer and usher in a "second game changer."

**Figure 12. TAM, SAM & SOM in New Businesses**

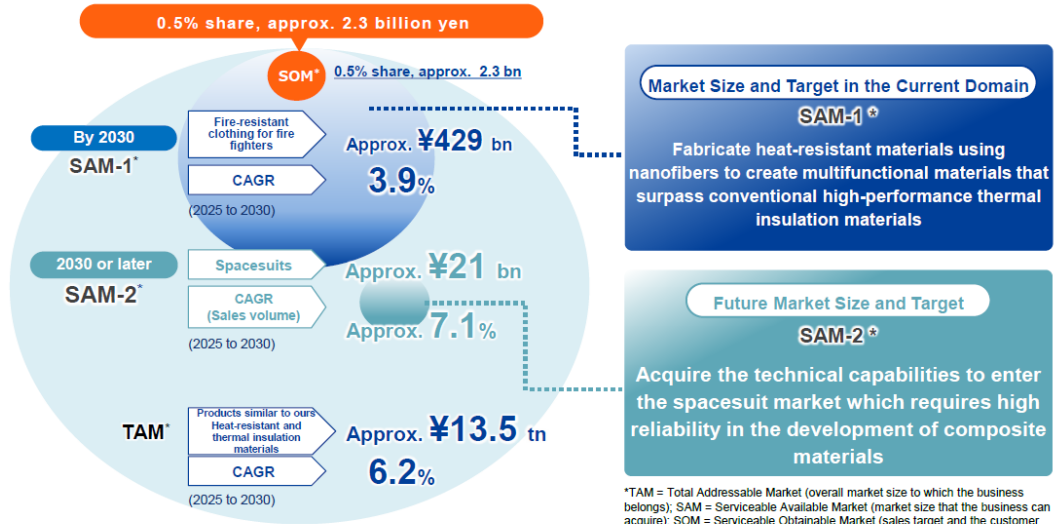


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## Functional Textiles: Fire-resistant Clothing Market

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

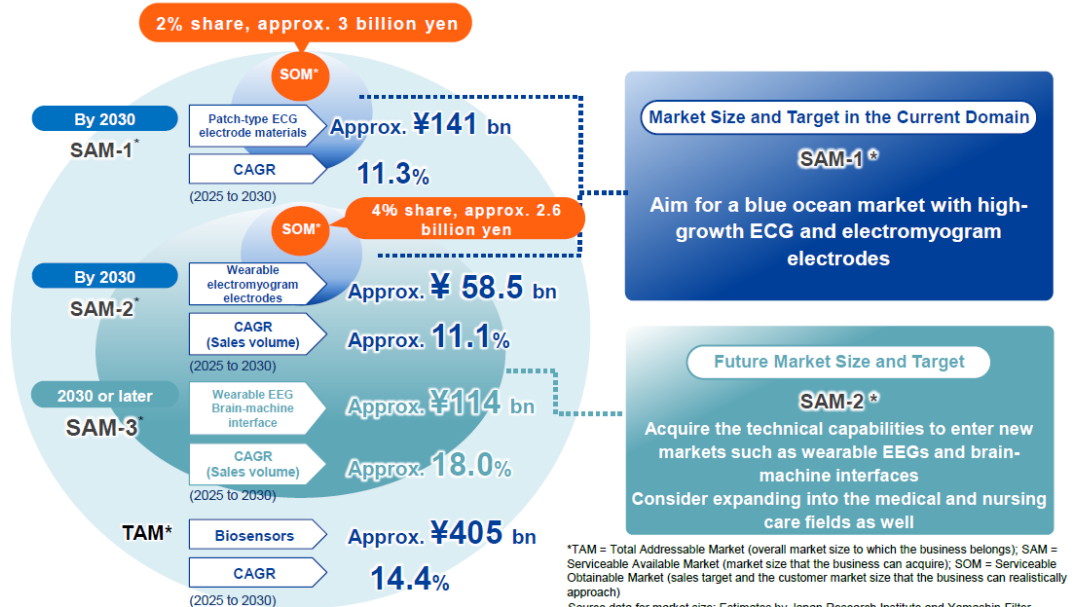


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## Life Sciences: Biosensor Market



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

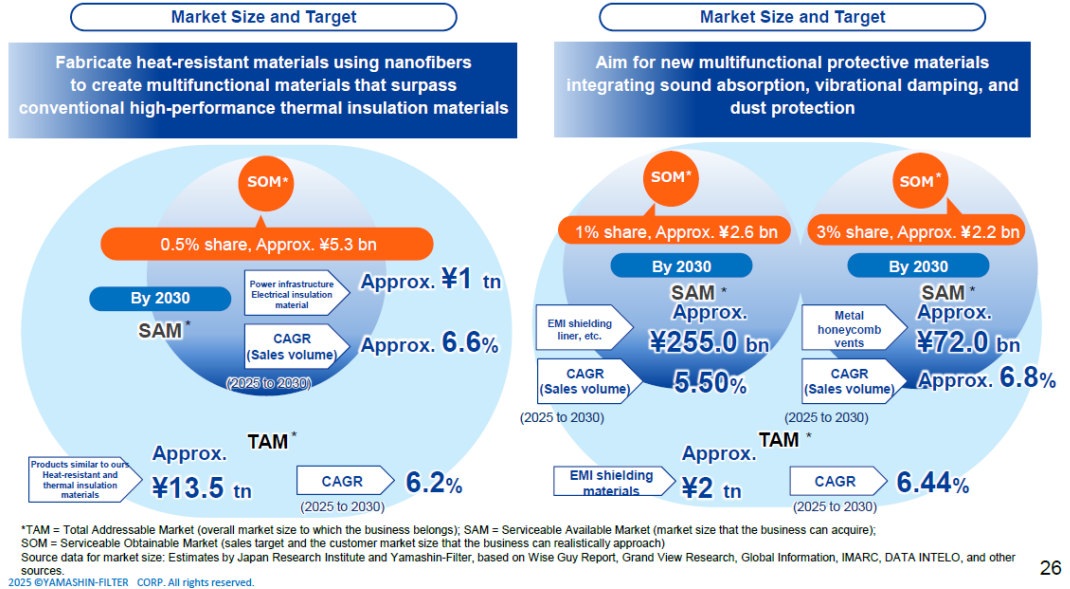


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## Industrial Materials: Markets for Heat-resistant/ Thermal Insulation Materials and EMI Shielding Materials



**Providing new protective materials combining high sound absorption and thinness**



Source: Company Data.

**The Exhibition Extensively Showcased Nanofibers & Began Business Negotiations with Various Manufacturers**

The company exhibited at the “New Functional Materials Expo 2026” from January 28 to January 30, 2026. As a new initiative utilizing the company’s proprietary nanofiber, YAMASHIN Nano Filter™, the company introduced the material’s potential and technology with an eye toward applications across a wide range of market sectors, including life sciences (biosensors, medical), industrial materials (EMI shielding, soundproofing, heat resistance, thermal insulation) and functional textiles (apparel, fire-resistant clothing) (Figure 13). The booth attracted a large number of visitors, and the company’s presentations drew a significant audience, providing an opportunity to introduce its nanofibers to a wide range of stakeholders. The company appears to be encouraged by the response. Business discussions have begun with manufacturers of electrical equipment, precision instruments, machinery, and automobiles, who are particularly interested in the material’s sound absorption and electromagnetic wave shielding capabilities. The company is making steady progress toward establishing this new business.

**Figure 13. Participation in the New Functional Materials Exhibition 2026**

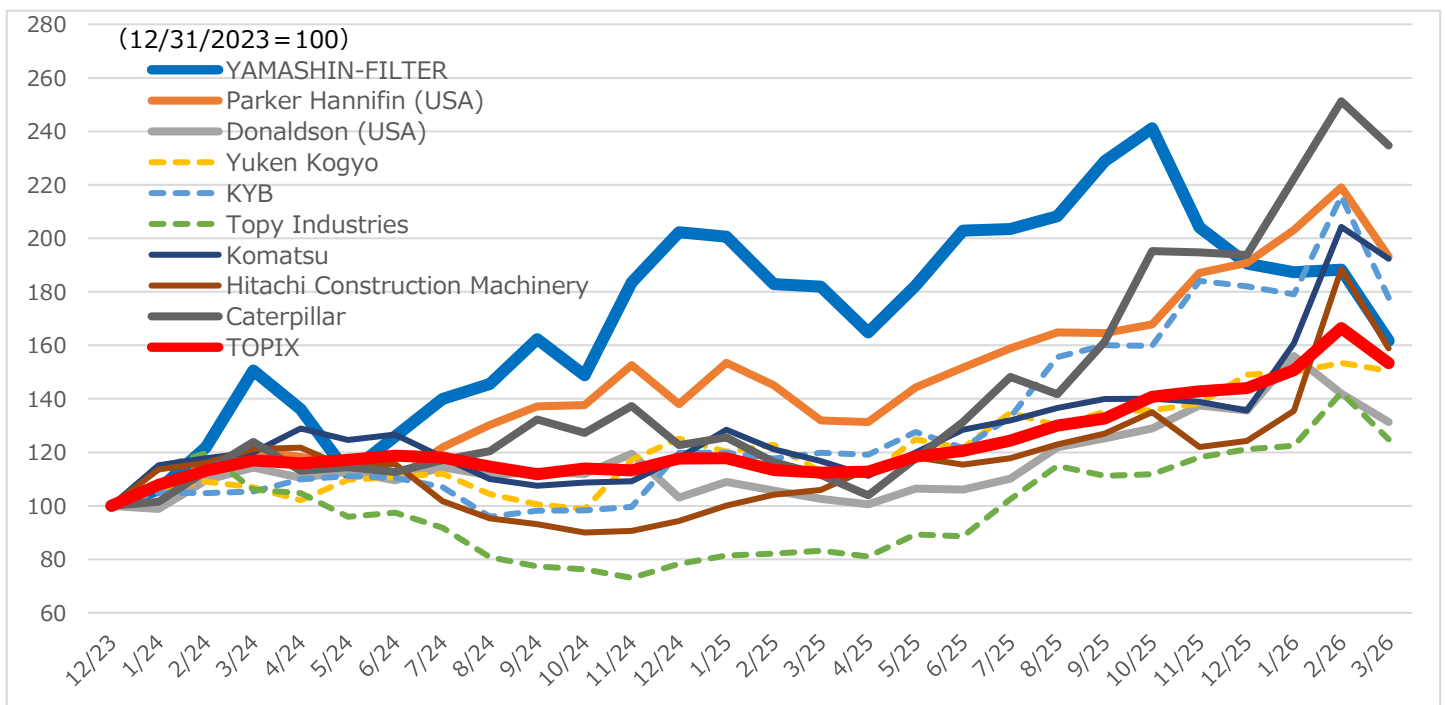


Source: Company Data.

## 4. Stock Price Trends and Valuations

To see the company's stock price trends to date, we have plotted the stock price trends of listed peer filter manufacturers, manufacturers providing construction machinery-related products and construction machinery manufacturers. This figure also includes TOPIX (Tokyo Stock Price Index), as an index. Figure 14 shows the relative stock price trends, with the year-end 2023 stock price set as 100.

**Figure 14. Stock Price Trends of Filter Manufacturers, Manufacturers Providing Construction Machinery-Related Products, and Construction Machinery Manufacturers (from 2024 Onwards)**



Source: Compiled by Strategy Advisors.

### The Company's Stock Exceeded Expectations in 2024

Prior to 2023, the company's relative stock price had been below TOPIX and that of other similar companies. Entering 2024, expectations for a recovery in performance grew as the company's results for FY3/24 became increasingly likely to exceed initial projections. Consequently, the stock began to outperform the TOPIX and peers on a relative basis. The announcement of the new medium-term management plan, originally scheduled for May 2024, was postponed due to delays in negotiations with a specific client, resulting in a temporary stagnation in the stock price.

However, the stock price subsequently began to rise again due to a significant increase in profits in FY3/25 Q1. This was due to increased public investment in the United States, expectations of higher demand for construction machinery and the announcement of the new medium-term management plan in November 2024. The company's stock significantly outperformed that of its peers in 2024.

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## Valuation Exceeds that of Similar Domestic Companies

In 2025, the company's stock price reached levels exceeding ¥800 at times, driven by the Construction Machinery Filter Business performance exceeding expectations, despite the market decline influenced by U.S. tariff policies, which are expected to have a limited impact on the company. However, it has not returned to the levels seen in 2017-18 (over ¥1,500) or 2020 (over ¥1,200). The stock price has declined slightly due to reduced operating profit and ordinary profit in the 1H FY3/26 results, attributed to the sluggish Air Filter Business. In terms of valuation, the PER is around 18x and the PBR is around 1.6x.

Compared to similar companies, the company significantly outperforms domestic construction machinery peers in terms of P/E and P/B ratios, on par with construction machinery manufacturers. However, its P/E ratio is slightly lower than that of overseas peers. On the other hand, based on the company's forecast EPS for FY3/28 (¥41) as outlined in the current medium-term management plan announced in November 2024, the P/E ratio would be approximately 12x. This is significantly lower than the current P/E ratios of overseas peers and slightly lower than the Japanese stock market as a whole.

## The Medium-Term Plan is Progressing Smoothly, with Potential for Valuation Improvement

Under the current mid-term plan, ROIC is projected to rise from 8.2% in FY3/25 to 10.2% in FY3/28. The company also plans to implement capital policies to lower WACC, thereby further widening the spread between ROIC and WACC. The mid-term plan is progressing smoothly and considering the expansion of market share for Construction Machinery Filters, the full-scale launch of high-value-added product supply and progress in expanding into new businesses, the current stock price does not appear overvalued. We believe that it is possible that the stock market has not fully priced in the company's growth expectations and prospects for improved capital efficiency. We also believe that earnings growth, progress in capital policies aimed at lowering WACC and the realization of a "second game-changer" through new business expansion, will serve as catalysts for an upward revision in the company's valuation going forward.

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**Figure 15. Comparison of Valuations with Peers**

Company Name	Code	FY	Stock Price	Market Cap.	PER	PBR	Dividend Yield	ROE
			(Mar. 13)		CoE	Actual	CoE	Actual
			(LC)	(¥ bn)	(x)	(x)	(%)	(%)
<b>YAMASHIN-FILTER</b>	<b>6240</b>	<b>3/25</b>	<b>511</b>	<b>35,575</b>	<b>18.1</b>	<b>1.6</b>	<b>3.5</b>	<b>7.8</b>
Parker Hannifin (USA)	PH	6/25	889.86	17,937,835	28.7	8.2	0.8	27.4
Donaldson (USA)	DCI	7/25	85.80	1,580,472	21.2	6.8	1.3	24.9
[Reference: Hydraulic Equipment or Construction Machinery Related]								
Yuken Industry	6393	3/25	3,255	11,577	14.4	0.5	4.6	5.4
KYB	7242	3/25	4,360	188,220	7.3	1.0	3.4	6.7
Topy Industries	7231	3/25	3,190	68,953	8.8	0.5	4.1	4.6
[Reference: Construction Machinery Manufacturer]								
Komatsu Ltd.	6301	3/25	7,093	6,391,462	20.2	2.1	2.7	14.2
Hitachi Construction Machinery	6305	3/25	5,918	1,258,975	16.1	1.6	3.0	10.4
Caterpillar	CAT	12/25	693.99	51,869,521	30.4	15.2	0.8	43.5

Note: As US companies do not disclose their EPS forecasts, PER is calculated using consensus EPS forecasts. Because US companies do not disclose their dividend forecasts, dividend yields are calculated using the most recent actual dividend per share. Market capitalization is converted to USD\$1 = ¥159.71

Source: SPEEDA. Compiled by Strategy Advisors.

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**Figure 16. Consolidated Statement of Income (¥ mn)**

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 CoE
Sales	13,168	13,811	12,674	14,587	18,821	18,605	18,024	20,104	20,840
Cost of Sales	7,094	7,332	7,152	8,785	11,218	11,293	10,467	11,171	
Gross Profit	6,074	6,479	5,522	5,803	7,604	7,313	7,558	8,933	
Gross Profit Margin	46.1%	46.9%	43.6%	39.8%	40.4%	39.3%	41.9%	44.4%	
SG&A Expenses	4,163	4,516	4,745	5,948	6,259	6,078	6,146	6,303	
Operating Profit	1,911	1,963	777	-146	1,344	1,235	1,411	2,630	2,870
Operating Profit Margin	14.5%	14.2%	6.1%	-1.0%	7.1%	6.6%	7.8%	13.1%	13.8%
Non-Operating Profit	18	10	28	50	39	38	128	89	
Non-Operating Expenses	104	58	202	40	66	358	124	50	
Ordinary Profit	1,825	1,916	603	-135	1,317	915	1,416	2,670	2,870
Ordinary Profit Margin	13.9%	13.9%	4.8%	-0.9%	7.0%	4.9%	7.9%	13.3%	13.8%
Extraordinary Income	35	1	17	1,267	44	1	9	138	
Extraordinary Loss	4	6	23	176	1,024	26	286	285	
Pretax Profit	1,856	1,911	597	956	337	890	1,139	2,522	
Corporate Tax, Resident Tax, Business Tax	604	517	161	262	394	231	423	626	
Corporate Tax Adjustments	2	-20	-172	-57	-104	13	-71	174	
Total Corporate Tax, etc. (Corporate Tax Rate)	606	497	-11	205	290	245	352	799	
Profit attributable to owners of parent	1,250	1,414	608	751	47	645	786	1,723	1,970
Net Profit Margin	9.5%	10.2%	4.8%	5.1%	0.3%	3.5%	4.4%	8.6%	9.5%
EPS (¥)	19.71	20.44	8.79	10.69	0.66	9.03	11.01	24.32	28.29
Capital Investment	816	2,257	3,150	5,229	2,836	607	439	404	
Depreciation	303	414	534	723	870	823	767	751	
Operating Cash Flow	1,064	800	2,099	87	290	2,408	2,632	2,763	
CFPS (¥)	15.4	11.6	30.3	1.2	4.1	33.6	36.9	38.7	
ROE	10.6%	8.1%	3.3%	3.9%	0.2%	3.1%	3.7%	7.8%	8.7%
ROIC	7.0%	7.8%	3.3%	-1.4%	4.7%	3.1%	4.9%	8.2%	8.4%
Dividend (¥)	3.60	6.00	6.00	6.00	6.00	6.00	6.00	12.00	18.00
Average Number of Shares during the Period (mn shares)	63.4	69.1	69.1	70.2	71.3	71.5	71.4	70.8	
End of Period Shares (mn shares)	69.1	69.1	69.1	71.3	71.4	71.5	71.3	71.3	

Source: Company Data. Compiled by Strategy Advisors.

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**Figure 17. Consolidated Balance Sheet (¥ mn)**

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26 Q3
<b>Current Assets</b>	<b>15,391</b>	<b>13,982</b>	<b>15,323</b>	<b>13,964</b>	<b>12,923</b>	<b>13,487</b>	<b>14,434</b>	<b>14,546</b>
Cash and Deposits	9,489	8,506	7,229	3,750	4,113	5,065	6,014	5,484
Accounts Receivable	3,252	3,405	4,285	4,696	4,447	4,815	4,740	4,922
Inventory	2,370	1,826	3,021	4,775	4,141	3,408	3,330	3,611
Others	280	245	788	743	221	199	348	527
<b>Fixed Assets</b>	<b>5,641</b>	<b>7,607</b>	<b>12,868</b>	<b>12,747</b>	<b>12,658</b>	<b>12,455</b>	<b>12,208</b>	<b>12,495</b>
Tangible Fixed Assets	3,540	6,636	10,813	11,609	11,683	11,328	11,146	11,219
Intangible Fixed Assets	346	367	330	236	172	209	229	227
Investments and Other Assets	1,754	603	1,724	901	801	917	833	1,047
Investment Securities	1,364	28	1,010	26	31	0	0	0
Deferred Tax Assets	204	411	462	552	542	619	444	344
Others	186	164	252	323	228	298	389	703
<b>Total Assets</b>	<b>21,032</b>	<b>21,590</b>	<b>28,191</b>	<b>26,712</b>	<b>25,581</b>	<b>25,943</b>	<b>26,642</b>	<b>27,041</b>
<b>Current Liabilities</b>	<b>2,353</b>	<b>2,810</b>	<b>5,539</b>	<b>4,634</b>	<b>3,343</b>	<b>3,827</b>	<b>3,389</b>	<b>4,001</b>
Trade Payables	1,288	1,187	1,952	2,213	1,453	1,647	1,615	1,730
Accounts Payable and Accrued Expenses	310	356	1,649	449	393	441	368	380
Interest-Bearing Debt	200	765	1,089	487	767	718	388	1,016
Short-Term Borrowings	0	520	600	0	280	225	0	1,000
Current Portion of Long-Term Borrowings	200	245	489	487	487	493	388	16
Asset Retirement Obligations	—	—	160	128	—	25	—	—
Others	555	502	689	1,357	730	996	1,018	875
<b>Fixed Liabilities</b>	<b>565</b>	<b>578</b>	<b>1,969</b>	<b>1,506</b>	<b>1,260</b>	<b>816</b>	<b>633</b>	<b>637</b>
Interest-Bearing Debt	200	150	1,702	1,255	991	517	138	0
Long-Term Borrowings	0	150	1,702	1,255	991	517	138	0
Accrued Retirement Benefits	190	250	225	232	257	290	289	294
Others	175	178	42	19	12	9	206	343
<b>Net Assets</b>	<b>18,113</b>	<b>18,201</b>	<b>20,682</b>	<b>20,571</b>	<b>20,977</b>	<b>21,299</b>	<b>22,619</b>	<b>22,402</b>
Capital Stock	18,063	18,221	20,585	20,255	20,523	20,557	21,887	21,372
Capital Surplus	10,608	10,608	12,637	12,687	12,739	12,882	12,924	12,883
Retained Earnings	7,455	7,613	7,948	7,567	7,784	7,907	9,063	8,664
Treasury Stock	0	0	0	0	0	-232	-99	-174
Accumulated Other Comprehensive Income	49	-19	72	315	454	742	731	1,030
Stock Acquisition Rights	—	—	24	—	—	—	—	—
Non-Controlling Interests	—	—	—	—	—	—	—	—
<b>Total Liabilities and Net Assets</b>	<b>21,032</b>	<b>21,590</b>	<b>28,191</b>	<b>26,712</b>	<b>25,581</b>	<b>25,943</b>	<b>26,642</b>	<b>27,041</b>
Interest-Bearing Debt	400	915	2,791	1,742	1,758	1,235	526	1,016
Equity ratio	86.1%	84.3%	73.4%	77.0%	82.0%	82.1%	84.9%	82.8%
D/E ratio (x)	0.02	0.04	0.12	0.08	0.08	0.06	0.02	0.05

Source: Company Data. Compiled by Strategy Advisors.

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**Figure 18. Consolidated Cash Flow Statement (¥ mn)**

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25
<b>Cash Flows from Operating Activities</b>								
Income before income taxes	1,856	1,911	597	956	337	890	1,139	2,522
Depreciation	303	414	622	723	870	823	767	751
Working Capital	-791	-694	992	-1,277	-1,760	239	687	112
Others	-304	-831	-112	-315	843	456	39	-622
<b>Total</b>	<b>1,064</b>	<b>800</b>	<b>2,099</b>	<b>87</b>	<b>290</b>	<b>2,408</b>	<b>2,632</b>	<b>2,763</b>
<b>Cash Flows from Investing Activities</b>								
Payments for Acquisition of Property, Plant and Equipment	-602	-2,251	-3,042	-3,494	-3,132	-1,012	-278	-414
Payments for Acquisition of Intangible Fixed Assets	-224	-18	-130	-84	-46	-29	-96	-72
Others	714	21	120	-821	901	-129	-167	-44
<b>Total</b>	<b>-112</b>	<b>-2,248</b>	<b>-3,052</b>	<b>-4,399</b>	<b>-2,277</b>	<b>-1,170</b>	<b>-541</b>	<b>-530</b>
<b>Cash Flows from Financing Activities</b>								
Net Increase/Decrease in Short-Term Borrowings	–	–	520	80	-600	280	-55	-225
Net Increase/Decrease in Long-Term Borrowings	-500	-350	-200	1,608	-403	-403	-403	-403
Issuance of Shares	9,184	–	–	1,980	–	–	–	–
Purchase of Treasury Stock	0	0	–	–	–	–	-473	-0
Dividend Payment	-174	-325	-449	-415	-428	-429	-431	-566
Others	-2	-1	-140	-40	-123	-166	-104	-103
<b>Total</b>	<b>8,508</b>	<b>-676</b>	<b>-269</b>	<b>3,213</b>	<b>-1,554</b>	<b>-718</b>	<b>-1,466</b>	<b>-1,298</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	34	-7	-31	96	63	-156	119	1
Cash Increase/Decrease	9,485	-2,131	-1,253	-1,004	-3,479	363	744	936
Cash Beginning Balance	2,100	11,586	9,455	8,202	7,198	3,719	4,082	4,826
Ending Cash Balance	11,585	9,455	8,201	7,197	3,718	4,081	4,825	5,762

Source: Company Data. Compiled by Strategy Advisors.

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