YAMASHIN-FILTER | 6240 (TSE Prime)

Company Report

September 24, 2026

Strategy Advisors Co., Ltd.
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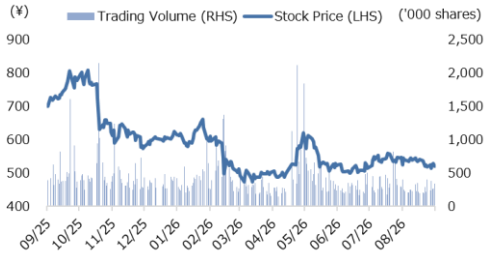
Q1 FY3/27 Results: Record Q1 Sales, but Profits Dip on Temporary Factors. Line Parts Strong on New Machinery Demand; Air Filter Recovering, Functional Materials Progressing Steadily

YAMASHIN-FILTER (hereinafter, the company) reported results for Q1 FY3/27 (hereinafter, Q1), with net sales increasing to ¥5.405 billion (+6.1% YoY), a record high for a first quarter. Growth was driven by strong demand for line parts, which cater to demand for new construction machinery, as well as the capture of new market share. On the other hand, operating profit decreased to ¥486 million (-26.2% YoY), ordinary profit decreased to ¥480 million (-25.8% YoY) and quarterly profit attributable to owners of parent decreased to ¥337 million (-19.2% YoY). These declines were attributable to the temporary postponement of service parts sales, upfront investments associated with the launch of the Functional Materials Business and the Air Filter Business still being in the process of recovery.

The company has not changed its earnings forecast for FY3/27 from the initial forecast announced in May 2026. It plans for net sales to increase to ¥22.560 billion (+7.7% YoY), operating profit to rise to ¥2.825 billion (+9.0% YoY), ordinary profit to grow to ¥2.775 billion (+9.5% YoY) and profit attributable to owners of parent to climb to ¥2.005 billion (+16.7% YoY). Net sales, operating profit, ordinary profit and net income are all expected to reach record highs. Although Q1 saw a decline in profits, orders in the Air Filter Business are on a recovery trend, line parts in the Construction Machinery Filter Business are performing well and the postponed service parts sales are expected to recover in Q2; as such, the company believes its existing earnings forecast remains achievable. In the Functional Materials Business, the company is incurring expenses for capital investment and recruitment, and the launch is progressing smoothly.

On July 29, 2026, the company held a press conference on its capital and business alliance with Mitsufuji Corporation. The alliance aims to advance the social implementation of wearable devices and electromagnetic shielding filters utilizing YAMASHIN Nano Filter®, a nanofiber developed in-house by the company. Strategy Advisors believes that if the company steadily implements the measures set out in “YAMASHIN FILTER VISION 2030” and evolves into a functional materials manufacturer, it will usher in a “second game-changer”.

Stock Price & Trading Volumes



Source: Strategy Advisors.

Key Indicators

Stock Price (9/18/26)	520
52-Week High (10/27/25)	806
52-Week Low (3/31/26)	472
All-Time High (1/11/18)	1,552
All-Time Low (1/21/16)	73
Number of Shares Issued (mn)	68.6
Market Capitalization (¥bn)	35.7
EV (¥bn)	32.4
Equity Ratio (FY3/26, %)	81.3
ROE (FY3/26 Actual, %)	7.6
PER (FY3/27 CoE, Times)	18.1
PBR (FY3/26 Actual, Times)	1.6
Yield (FY3/27 CoE, %)	3.8

Source: Strategy Advisors.

The company's future equity story can be described as follows: "Building on the development capabilities and financial foundation cultivated through construction machinery filters, the company will establish a new pillar of business in the Functional Materials Business and evolve into a functional materials manufacturer". Going forward, the company is expected to make progress - in line with, or exceeding plans - on the core business growth strategies outlined in its medium-term management plan and on strengthening management with a focus on the cost of capital, while the Functional Materials Business is expected to get off the ground and be reflected in its earnings. In the process, interest in the company from the stock market is likely to increase further, which should help drive an upward revision in its valuation.

Japanese GAAP - Consolidated

FY	Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Profit (¥mn)	YoY (%)	Net Income (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
3/26 Q1	5,096	5.8	659	10.0	647	15.8	417	8.1	5.9	—
3/27 Q1	**5,405**	**6.1**	**486**	**-26.2**	**480**	**-25.8**	**337**	**-19.2**	**4.9**	**–**
3/24	18,024	-3.1	1,411	14.3	1,415	54.6	786	21.9	11.0	6.0
3/25	20,104	11.5	2,630	86.4	2,669	88.6	1,723	119.2	24.3	12.0
3/26	20,941	4.2	2,592	-1.4	2,535	-5.0	1,718	-0.3	24.6	18.0
3/27 CoE	22,560	7.7	2,825	9.0	2,775	9.5	2,005	16.7	28.7	20.0

Note: Net Income = Profit Attributable to Owners of Parent.
Source: Company Data. Compiled by Strategy Advisors.

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1. Financial Results for Q1 FY3/27

Record Quarterly Sales; Profits Down on Temporary Factors

YAMASHIN-FILTER reported results for Q1 FY3/27 (hereinafter, Q1), with net sales increasing to ¥5.405 billion (+6.1% YoY), a record high for a first quarter. Growth was driven by strong demand for line parts, which cater to demand for new construction machinery, as well as the capture of new market share. On the other hand, operating profit decreased to ¥486 million (-26.2% YoY), ordinary profit decreased to ¥480 million (-25.8% YoY) and quarterly profit attributable to owners of parent decreased to ¥337 million (-19.2% YoY) (Figure 1). These declines were attributable to the temporary postponement of service parts sales, upfront investments associated with the launch of the Functional Materials Business and the Air Filter Business still being in the process of recovery.

Figure 1. Sales and Profit Trends

(¥mn)	3/23 Q1	3/24 Q1	3/25 Q1	3/26 Q1	3/27 Q1
Sales	4,169	4,302	4,817	5,096	5,405
YoY	-11.0%	3.2%	12.0%	5.8%	6.1%
Operating Profit	94	112	599	659	486
YoY	-72.4%	20.1%	430.8%	10.0%	-26.2%
Operating Profit Margin	2.3%	2.6%	12.4%	12.9%	9.0%
Ordinary Profit	57	95	559	647	480
YoY	-82.8%	66.1%	486.6%	15.8%	-25.8%
Ordinary Profit Margin	1.4%	2.2%	11.6%	12.7%	8.9%
Profit Attributable to Owners of Parent	12	19	386	417	337
YoY	-94.1%	62.2%	—	8.1%	-19.2%
Net Profit Margin	0.3%	0.5%	8.0%	8.2%	6.2%

Source: Company Data.

Construction Machinery Filters: Profit Down Despite Higher Sales; Air Filter: Loss Narrowed

By segment, the core Construction Machinery Filter Business saw net sales increase 6.5% YoY; however, segment profit decreased 18.5% YoY due to factors such as the postponement of service parts sales to Q2 and increases in raw material and personnel expenses. Meanwhile, the Air Filter Business saw net sales increase 2.8% YoY and posted a segment loss of ¥24 million (compared with a loss of ¥80 million in the same period of the previous year), indicating that it is still in the process of recovery. The Functional Materials Business, newly established from FY3/27, posted a segment loss of ¥91 million due to upfront investments, although its net sales are still small (Figure 2).

Figure 2. Sales and Operating Profit by Segment

(¥mn)	Sales	By Segment								
		Constr. Mach. Filter	YoY	Comp. Ratio	Air Filter	YoY	Comp. Ratio	Func. Mat.	YoY	Comp. Ratio
3/25 Q1	4,817	4,217	16.8%	87.5%	599	-13.4%	12.5%	–		
3/26 Q1	5,096	4,555	8.0%	89.4%	540	-9.9%	10.6%	–	–	–
3/27 Q1	**5,405**	**4,850**	**6.5%**	**89.7%**	**555**	**2.8%**	**10.3%**	**0**	**–**	**0.0%**

(¥mn)	Operating Profit	By Segment								
		Constr. Mach. Filter	YoY	Profit Margin	Air Filter	YoY	Profit Margin	Func. Mat.	YoY	Profit Margin
3/25 Q1	599	596	843.2%	14.1%	3	-93.7%	0.5%	–	–	—
3/26 Q1	659	739	24.1%	16.2%	-80	—	—	–	–	—
3/27 Q1	**486**	**602**	**-18.5%**	**12.4%**	**-24**	**—**	**-4.3%**	**-91**	**–**	**—**

Source: Company Data. Compiled by Strategy Advisors.

Construction Machinery Filters: Strong Growth in Line Parts; Service Parts Flat

The increase in net sales in the Construction Machinery Filter Business was due to growth in line parts for new vehicles, driven by rising demand for construction machinery for AI data center construction in North America, as well as the expansion of market share through the supply of high-value-added products. Net sales of line parts increased to ¥1.975 billion (+21.2% YoY). On the other hand, replacement demand (service parts) remained almost flat at ¥2.532 billion (-0.8% YoY) (Figure 3). This was because some service parts sales slipped into Q2 due to external factors, while demand itself remains solid. Demand for new vehicles, particularly in the North American market, continues to be firm, and the confirmed order backlog has reached a new record high.

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

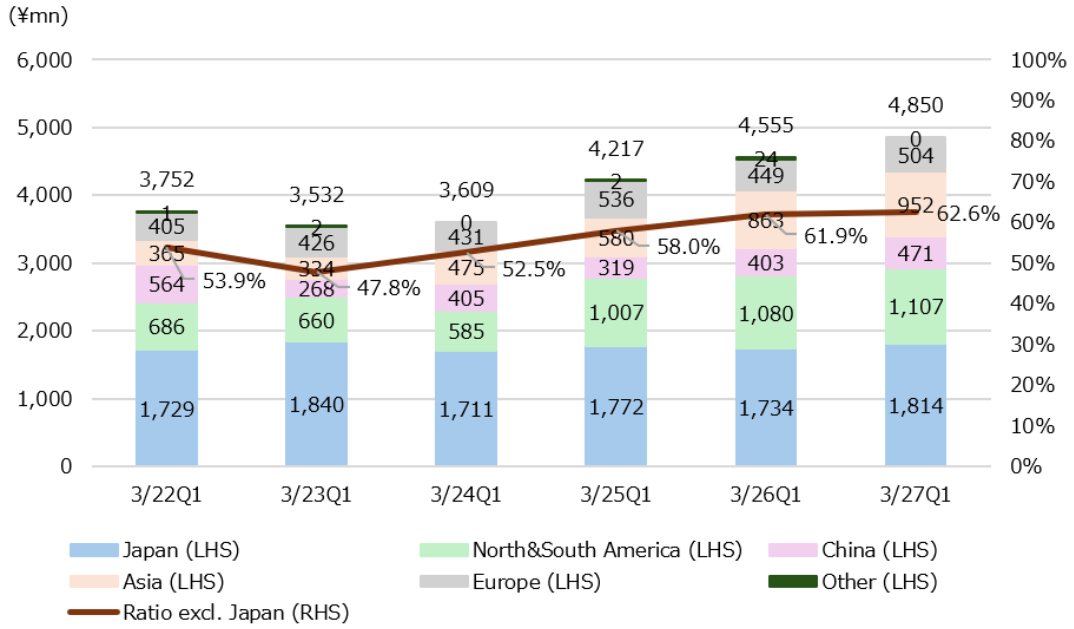
(¥mn)	Sales	By Product					
		Construction Machinery Filter				Industrial Filter	Process Filter
		Line Parts	YoY	Service Parts	YoY		
3/25 Q1	4,217	1,409	-8.8%	2,449	42.3%	170	187
3/26 Q1	4,555	1,630	15.7%	2,554	4.3%	190	180
3/27 Q1	4,850	1,975	21.2%	2,532	-0.8%	165	175

Source: Company Data. Compiled by Strategy Advisors.

Sales Up in All Regions Except Middle East, etc.; China, Europe & Asia Lead Growth

In terms of net sales by region, as shown in Figure 4, net sales increased in all regions except Other (Middle East, etc.). By growth rate, China recorded the largest increase at 16.9% YoY, driven by higher demand for new vehicles against the backdrop of infrastructure investment. Europe grew 12.4% YoY and Asia grew 10.3% YoY, both driven by solid demand for new vehicles. North and South America grew 2.5% YoY and Japan grew 4.6% YoY, with both remaining firm.

Figure 4. Construction Machinery Filter Business Sales by Region & Quarter



Source: Company Data. Compiled by Strategy Advisors.

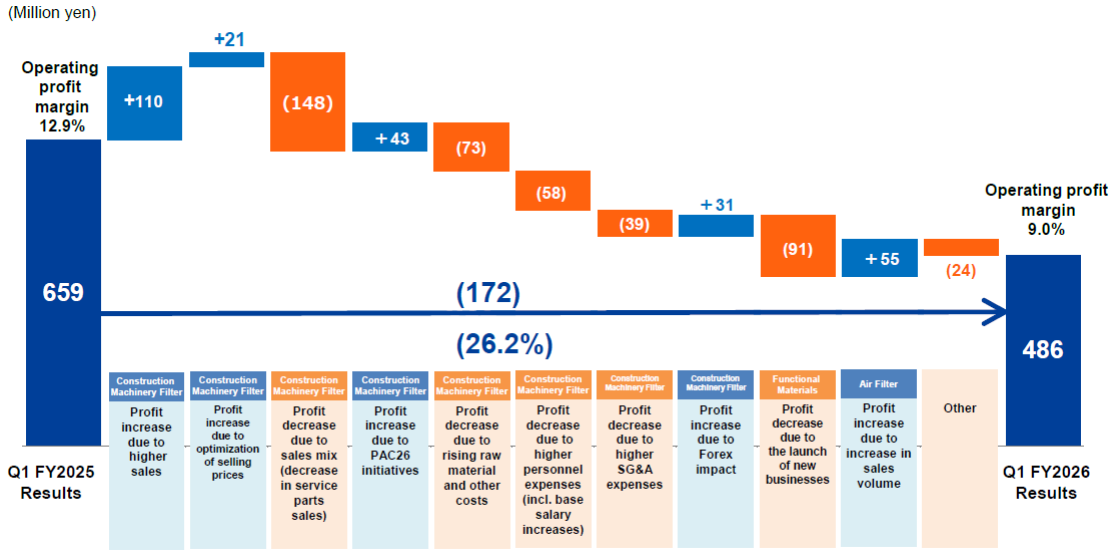
Air Filter: Orders Recovering; Direct Sales Driving Earnings Improvement

In the Air Filter Business, the impact of shipment delays associated with the implementation of a core system in FY3/25 has subsided. Q1 net sales increased to ¥555 million (+2.8% YoY) and the segment loss narrowed by ¥56 million to ¥24 million (compared with a loss of ¥80 million in the same period of the previous year). This marks the first year-on-year quarterly increase in net sales since Q4 FY3/25. Exploration of and negotiations with customers are progressing through the strengthening of the B2B direct sales structure, and, leveraging the expertise of a Tier 1 manufacturer, the company has also begun supplying products to and jointly developing products with air conditioning equipment manufacturers and pharmaceutical manufacturers. The current order backlog is also increasing, and earnings improvement is moving into full swing.

Operating Profit Down on Service Parts Delay & New Business Investment

The factors behind the change in operating profit for Q1 FY3/27 are shown in Figure 5. Profit increased by ¥110 million due to higher net sales in the Construction Machinery Filter Business, ¥21 million due to the optimization of selling prices, ¥43 million due to the promotion of PAC26, an ongoing cost-reduction initiative, ¥31 million due to the impact of foreign exchange rates and ¥55 million due to higher sales volume in the Air Filter Business. On the other hand, profit decreased by ¥148 million due to changes in the sales mix resulting from the postponement of service parts sales to Q2 and other factors, ¥73 million due to soaring raw material and other costs, ¥58 million due to higher personnel expenses (including base salary increases, etc.) and ¥39 million due to higher SG&A expenses, while upfront investments associated with the new launch of the Functional Materials Business reduced profit by ¥91 million. As a result, operating profit came to ¥486 million (-26.2% YoY), and the operating profit margin declined by 3.9 percentage points to 9.0%.

Figure 5. Factors Behind Changes in Operating Profit in Q1 FY3/27



Note: FY2026 = FY3/27
Source: Company Data.

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

FY	3/24		3/25		3/26	
	H1	H2	H1	H2	H1	H2
Income Statement						
Sales	8,709	9,316	9,909	10,195	10,289	10,652
Cost of Sales	5,235	5,232	5,473	5,698	5,691	6,060
Gross Profit	3,474	4,084	4,436	4,497	4,597	4,592
Gross Profit Margin	39.9%	43.8%	44.8%	44.1%	44.7%	43.1%
SG&A Expenses	3,053	3,093	3,060	3,243	3,225	3,371
Sales to SG&A Expenses Ratio	35.1%	33.2%	30.9%	31.8%	31.3%	31.6%
Operating Profit	421	990	1,376	1,254	1,371	1,221
Operating Profit Margin	4.8%	10.6%	13.9%	12.3%	13.3%	11.5%
Non-Operating Balance	-3	7	59	-20	-21	-36
Ordinary Profit	418	998	1,436	1,234	1,350	1,185
Ordinary Profit Margin	4.8%	10.7%	14.5%	12.1%	13.1%	11.1%
Extraordinary Income/Losses	-68	-218	-56	-91	-13	-5
Pretax Profit	350	789	1,380	1,142	1,337	1,180
Total Corporate Tax, etc.	124	228	510	289	428	370
(Corporate Tax Rate)	35.4%	28.9%	37.0%	25.3%	32.0%	31.4%
Profit Attributable to Owners of Parent	226	561	870	853	909	809
Net Profit Margin	2.6%	6.0%	8.8%	8.4%	8.8%	7.6%

FY	3/25				3/26				3/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Income Statement									
Sales	4,818	5,091	5,036	5,159	5,096	5,193	5,313	5,339	5,405
Cost of Sales	2,696	2,777	2,798	2,900	2,837	2,854	3,031	3,029	3,117
Gross Profit	2,122	2,314	2,239	2,258	2,258	2,339	2,283	2,309	2,288
Gross Profit Margin	44.0%	45.5%	44.5%	43.8%	44.3%	45.0%	43.0%	43.3%	42.3%
SG&A Expenses	1,522	1,538	1,564	1,679	1,598	1,627	1,673	1,698	1,801
Sales to SG&A Expenses Ratio	31.6%	30.2%	31.1%	32.5%	31.4%	31.3%	31.5%	31.8%	33.3%
Operating Profit	599	777	675	579	659	712	609	611	486
Operating Profit Margin	12.4%	15.3%	13.4%	11.2%	12.9%	13.7%	11.5%	11.4%	9.0%
Non-Operating Balance	-40	99	-12	-8	-12	-9	-17	-18	-6
Ordinary Profit	559	877	662	572	647	703	592	593	480
Ordinary Profit Margin	11.6%	17.2%	13.1%	11.1%	12.7%	13.5%	11.2%	11.1%	8.9%
Extraordinary Income/Losses	31	-87	-76	-15	-12	-1	-1	-3	-1
Pretax Profit	590	790	586	556	635	702	591	589	479
Total Corporate Tax, etc.	204	306	227	62	218	210	179	191	142
(Corporate Tax Rate)	34.6%	38.7%	38.7%	11.2%	34.3%	29.9%	30.3%	32.5%	29.6%
Profit Attributable to Owners of Parent	386	484	360	493	417	492	411	398	337
Net Profit Margin	8.0%	9.5%	7.1%	9.6%	8.2%	9.5%	7.7%	7.4%	6.2%

Source: Company Data. Compiled by Strategy Advisors.

2. Outlook for FY3/27

FY3/27: Record Sales & Profits Expected

For FY3/27, the company plans to report net sales of ¥22.560 billion (+7.7% YoY), operating profit of ¥2.825 billion (+9.0% YoY), ordinary profit of ¥2.775 billion (+9.5% YoY) and profit attributable to owners of parent of ¥2.005 billion (+16.7% YoY). The company expects net sales, operating profit, ordinary profit and profit attributable to owners of parent to reach record highs. The annual dividend per share is projected to increase by ¥2, from ¥18 in FY3/26 to ¥20 (Figure 7).

Figure 7. Sales and Profit Trends (¥mn)

FY	3/22	3/23	3/24	3/25	3/26	3/27 CoE
Sales	18,821	18,605	18,024	20,104	20,941	22,560
YoY	29.0%	-1.1%	-3.1%	11.5%	4.2%	7.7%
Operating Profit	1,344	1,235	1,411	2,630	2,592	2,825
YoY	–	-8.1%	14.3%	86.4%	-1.4%	9.0%
Operating Profit Margin	7.1%	6.6%	7.8%	13.1%	12.4%	12.5%
Ordinary Profit	1,317	915	1,416	2,669	2,535	2,775
YoY	–	-30.5%	54.7%	88.6%	-5.0%	9.5%
Ordinary Profit Margin	7.0%	4.9%	7.9%	13.3%	12.1%	12.3%
Profit Attributable to Owners of Parent	47	645	786	1,723	1,718	2,005
YoY	-93.7%	–	21.9%	119.1%	-0.3%	16.7%
Net Profit Margin	0.3%	3.5%	4.4%	8.6%	8.2%	8.9%
DPS (¥)	6	6	6	12	18	20

Source: Company Data. Compiled by Strategy Advisors.

New "Functional Materials Business" Segment Launched

From FY3/27, the company will introduce a new "Functional Materials Business Segment". New business-related operations, which were previously included in the Construction Machinery Filter Business segment, will be organized into a separate segment. For FY3/27, net sales in the Construction Machinery Filter Business are expected to increase 8.3% YoY and segment profit to rise 17.6% YoY, while in the Air Filter Business, net sales are projected to grow 1.9% YoY, with segment profit expected to be ¥5 million. Regarding the Functional Materials Business, the company will begin supplying products to the apparel sector, but it expects to post a loss (Figure 8).

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	Functional Materials	Comp. Ratio
3/26	20,941	18,654	6.7%	89.1%	2,286	-12.6%	10.9%	–	–
3/27 CoE	22,560	20,200	8.3%	89.5%	2,330	1.9%	10.3%	30	0.1%

(¥mn)	OP	By Segment							
		Construction Machinery Filter	YoY	Profit Margin	Air Filter	YoY	Profit Margin	Functional Materials	Profit Margin
3/26	2,592	2,713	6.2%	14.5%	-120	–	-5.3%	–	–
3/27 CoE	2,825	3,190	17.6%	15.8%	5	–	0.2%	-370	–

Source: Company Data. Compiled by Strategy Advisors.

Construction Machinery Filters: Sales of Both Line & Service Parts Expected to Grow

The increase in net sales and profit for the Construction Machinery Filter Business is driven by expectations of higher net sales for both line parts and service parts. The confirmed order backlog reached ¥4.911 billion as of the end of Q1 FY3/27 (end of June 2026), marking a new record high for the second consecutive quarter. Demand for new vehicles is increasing, particularly in North America, and the company has been expanding its market share in new vehicle installations, primarily with high-value-added products, and expects this trend to remain strong. Sales of service parts are also expected to recover.

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		
FY3/25	17,489	5,599	-2.3%	10,481	26.6%	708	699
FY3/26	18,654	6,898	23.2%	10,311	-1.6%	772	670
FY3/27 CoE	20,200	7,429	7.7%	11,265	9.2%	781	722

Source: Company Data. Compiled by Strategy Advisors.

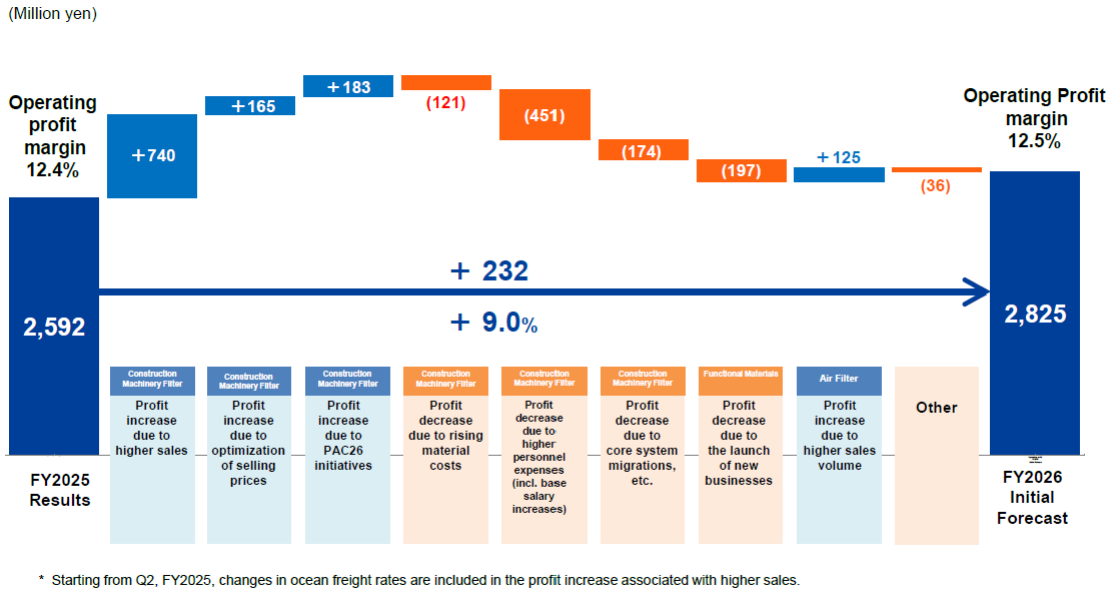
Air Filter: Return to Operating Profit Expected Despite Lingering SG&A Burden

The Air Filter Business was still slightly affected in Q1 by increased SG&A expenses resulting from the implementation of a core system. The internal systems for the entire process from order receipt to shipment have been fully established, and with the strengthening of the B2B direct sales structure and the start of product supply and joint development in the industrial equipment and production process areas, the company expects the business to return to an operating profit in FY3/27.

Strong Sales Drive Profit Growth; Focus on Engagement & New Businesses

The factors behind the projected change in operating profit for FY3/27 are shown in Figure 10. The company assumes that sales will remain strong, particularly in the Construction Machinery Filter Business, and this will be further bolstered by cost-reduction initiatives (promotion of PAC26) and the effects of optimizing selling prices. Against the backdrop of strong business performance, the company expects personnel expenses to increase due to base salary raises and other factors, while also working to improve employee engagement. While also focusing on launching new businesses, it forecasts a 9.0% increase in operating profit.

Figure 10. FY3/27 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.

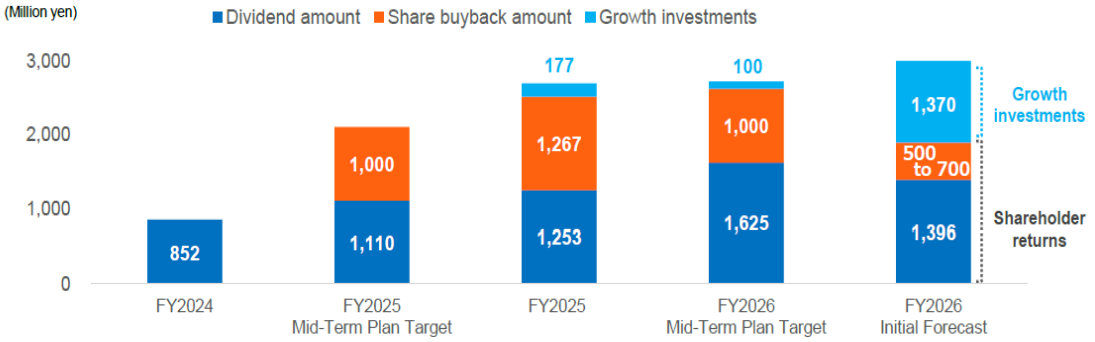
Source: Company Data.

Dividend Hike, with Priority on Growth Investment in New Businesses

The company is implementing a dividend policy that strikes a balance between growth investments and shareholder returns. It views FY3/27 as a period to accelerate the establishment of new businesses. The company plans to increase the annual dividend per share by ¥2 to ¥20, resulting in a DOE of 6.1%. While this will temporarily fall short of the 7.4% target for FY3/27 set in the medium-term management plan, the company intends to allocate the corresponding funds primarily to growth investments (Figure 11).

Figure 11. Shareholder Returns

- Implement a dividend policy balancing growth investments and shareholder returns.
- For FY2026, the dividend policy will be revised, and the establishment of new businesses will be accelerated by prioritizing capital allocation toward growth investments. As a result, DOE will temporarily fall below the Mid-Term Plan target level.



	FY2024 Results	FY2025 Mid-Term Plan Target	FY2025 Results	FY2026 Mid-Term Plan Target	FY2026 Initial Forecast
Annual dividend per share	12.0 Yen	–	18.0 Yen	–	20.0 Yen
Total payout ratio*	52.9%	113.5%	150.1%	119.3%	97.5%
DOE	3.9%	5.0%	5.5%	7.4%	6.1%

* Total payout ratio = {(Total dividend + Shareholder benefits + Share buybacks) / Profit attributable to shareholders of the parent} × 100

Source: Company Data.

In addition, the company has announced that it will expand its shareholder benefit program starting with the record date of the end of September 2026. The benefit will be changed to QUO Cards, which will be presented twice a year according to the number of shares held and the period of continuous holding (Figure 12).

Figure 12. Shareholder Benefits (From Sept. 2026)

Shares Held	Holding Period	Benefit per Record Date (Annual Total)
200–999 shares	Under 3 years	¥500 QUO Card (¥1,000 per year)
	3 years or more	¥1,000 QUO Card (¥2,000 per year)
1,000+ shares	Under 3 years	¥1,000 QUO Card (¥2,000 per year)
	3 years or more	¥1,500 QUO Card (¥3,000 per year)

Source: Company Data.

3. Topics

1） Strategic Alliance with Mitsufuji

Alliance with Mitsufuji to Develop & Mass-Produce Next-Generation Functional Materials

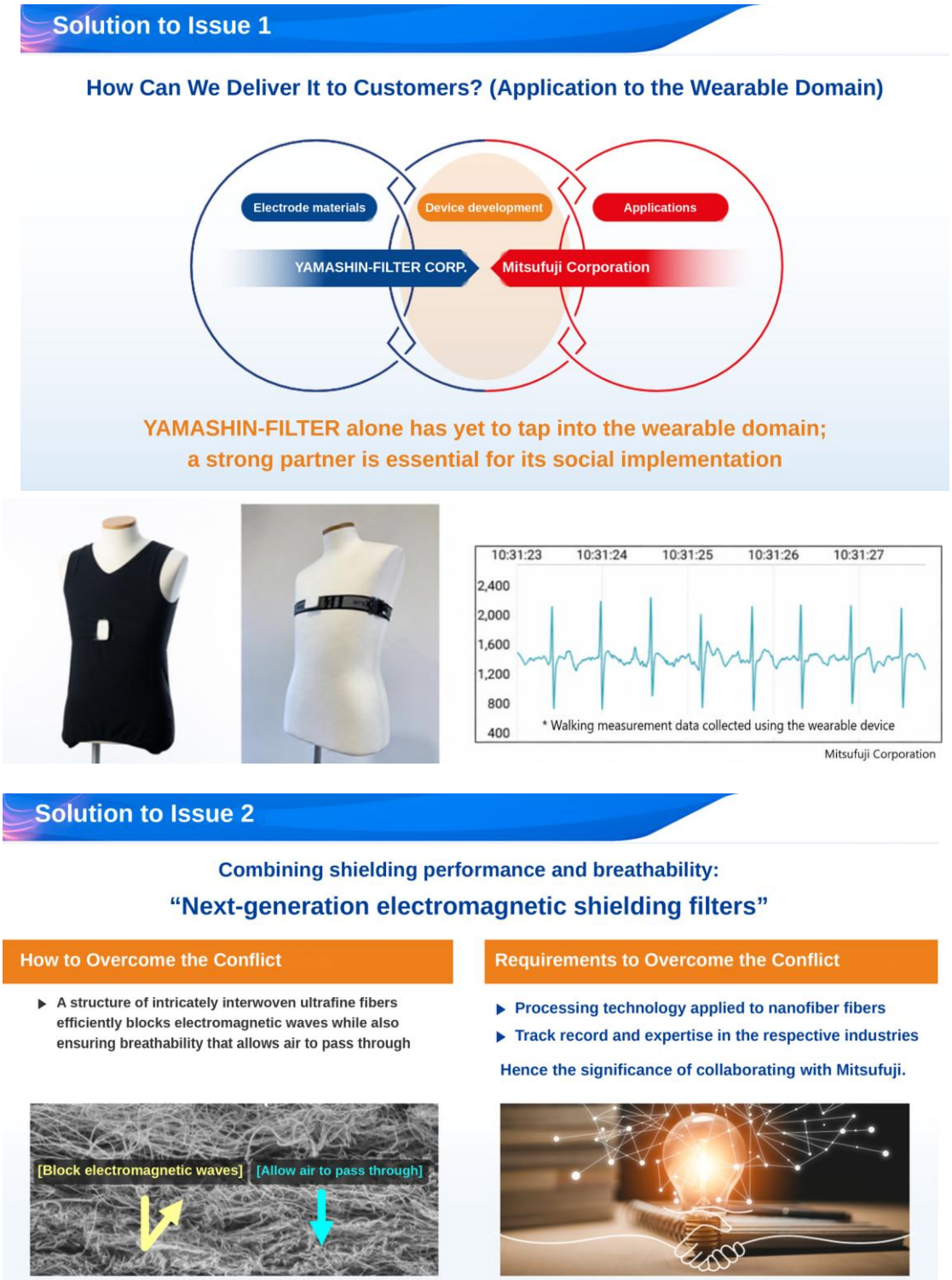
On July 29, 2026, the company held a press conference on the “YAMASHIN-FILTER × Mitsufuji Strategic Alliance”. Mitsufuji Corporation has strengths in its proprietary technology, the silver-plated fiber “AGposs®”, and has an extensive track record in developing wearable devices equipped with an algorithm that estimates changes in core body temperature from pulse waves. Through the capital and business alliance with Mitsufuji, the company will provide nanofiber technology that leverages its material development capabilities, including YAMASHIN Nano Filter®, and will develop and mass-produce next-generation functional materials, including electrode materials and electromagnetic shielding filters.

The development aims to solve social issues such as “(1) health management in an era of extreme heat” and “(2) the growing severity of electromagnetic interference”.

For health management, wearable devices that enable 24-hour monitoring are effective. While conventional types such as optical and electrode types exist, there is a need to capture biometric information precisely while lowering the barrier to wearing them. Going forward, as society continues to age and extreme heat is expected, electrodes using nanofibers offer high breathability and place little burden on the skin, enabling high-precision electrocardiogram and heart rate measurement with reduced noise even during intense physical movement. By integrating these electrodes with Mitsufuji’s algorithms, such as its core body temperature estimation technology, and its applications, the company will work to make health management more convenient and precise.

Electromagnetic interference is likely to become a serious social problem in the future, as even larger amounts of electromagnetic waves are expected to be generated by AI, IoT, autonomous driving and other technologies. For data center servers, it is possible to enhance electromagnetic shielding performance even with current technology, but doing so traps heat, requiring more powerful cooling systems. By using nanofibers, it will be possible to achieve both shielding performance and breathability, thereby reducing the environmental burden (Figure 13).

Figure 13. Solving Social Issues through the YAMASHIN-FILTER × Mitsufuji Alliance



Source: Company Data.

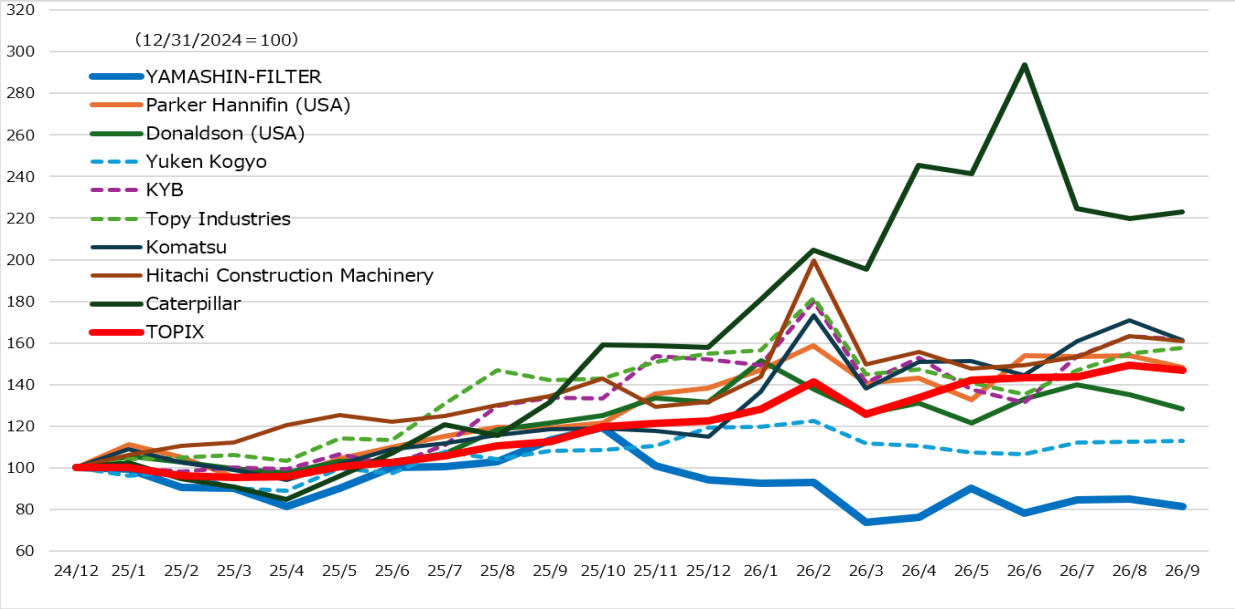
Mitsufuji Alliance to Accelerate Product Development & Social Implementation

In "YAMASHIN FILTER VISION 2030", announced in December 2025, the company set a goal of establishing new businesses utilizing nanofibers and evolving into a functional materials manufacturer by 2030. It aims to progress from material development all the way to the social implementation phase. The capital and business alliance with Mitsufuji is expected to enable the company to accelerate product development and social implementation by combining its material development capabilities with Mitsufuji's software development, data analysis and sales channels. This initiative can be regarded as a steady step toward achieving the goals of "YAMASHIN FILTER VISION 2030".

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 2024 stock price set as 100.

Figure 14. Stock Price Trends of Filter Manufacturers, Manufacturers Providing Construction Machinery-Related Products & Construction Machinery Manufacturers (From 2025 Onwards)



Source: Strategy Advisors.

Valuation Generally Above Domestic Peers, but P/E Below Overseas Peers

After 2025, although the company's stock price was affected by the market downturn caused by U.S. tariff policies, it at times rose above ¥800, driven by the expectation that the impact of tariffs on the company would be minimal and the stronger-than-expected performance of its Construction Machinery Filter Business. However, it did not reach the levels seen in 2017–18 (>¥1,500) or in 2020 (>¥1,200). Following the H1 earnings report, the stock price declined due to decreases in operating profit and ordinary profit caused by a slump in the Air Filter Business, causing the stock to underperform both its peers and TOPIX. In terms of valuation, the P/E ratio stands at around 18x and the P/B ratio at around 1.6x (Figure 15).

Compared to similar companies, the company generally outperforms domestic construction machinery-related firms in terms of P/E and P/B ratios, placing it on par with construction machinery manufacturers. However, compared to overseas peers, the P/E ratio is lower. On the other hand, based on the company's projected EPS for FY3/28 (¥41.0) as outlined in the current medium-term management plan announced in November 2024, the P/E ratio comes to approximately 13x. This is significantly lower than the current P/E ratios of overseas peers and slightly lower than the Japanese stock market as a whole.

Mid-Term Plan on Track; Room for Valuation Upside

Under the current medium-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 measures under the medium-term plan, such as expanding market share for construction machinery filters, the full-scale launch of high-value-added product supply and expansion into the Functional Materials Business, are progressing smoothly. It can be said that the company is steadily following its future equity story: "Building on the development capabilities and financial foundation cultivated through construction machinery filters, the company will establish a new pillar of business in the Functional Materials Business and evolve into a functional materials manufacturer". At the very least, the current stock price does not appear overvalued, and it is possible that the stock market has not fully priced in the company's growth expectations and prospects for improved capital efficiency. We believe that earnings growth, progress in capital policies aimed at lowering WACC and the realization of a "second game-changer" through the expansion of the Functional Materials Business will serve as catalysts for an upward revision in the company's valuation going forward.

Figure 15. Comparison of Valuations with Peers

Company Name	Code	FY	Stock Price (Sep. 18) (LC)	Market Cap. (¥ bn)	PER CoE (x)	PBR Actual (x)	Dividend Yield CoE (%)	ROE Actual (%)
YAMASHIN-FILTER	**6240**	**3/26**	**520**	**35.7**	**18.1**	**1.6**	**3.8**	**7.6**
Parker Hannifin (USA)	PH	6/26	943.54	18,663.3	26.9	7.7	0.8	25.1
Donaldson (USA)	DCI	7/26	86.44	1,571.6	19.9	5.7	4.5	28.2
[Reference: Hydraulic Equipment or Construction Machinery Related]								
Yuken Kogyo	6393	3/26	3,060	10.9	10.9	0.5	4.9	4.4
KYB	7242	3/26	4,750	191.1	12.2	0.9	3.4	12.2
Topy Industries	7231	3/26	3,155	68.2	11.2	0.5	4.3	7.3
[Reference: Construction Machinery Manufacturers]								
Komatsu	6301	3/26	7,012	6,251.3	17.9	1.8	2.7	11.3
Hitachi Construction Machinery	6305	3/26	5,663	1,204.9	14.3	1.3	3.4	8.6
Caterpillar	CAT	12/25	808.99	59,044.1	29.7	17.7	0.7	43.5

Note: As US companies do not disclose their EPS forecasts, PER is calculated using consensus EPS forecasts.
As 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 US$1 = ¥156.85.

Source: Each Company's Data. Compiled by Strategy Advisors.

Figure 16. Consolidated Statement of Income (¥mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27 CoE
Sales	13,811	12,674	14,587	18,821	18,605	18,024	20,104	20,941	22,560
Cost of Sales	7,331	7,151	8,784	11,218	11,292	10,467	11,171	11,751	
Gross Profit	6,479	5,522	5,802	7,603	7,312	7,557	8,933	9,189	
Gross Profit Margin	46.9%	43.6%	39.8%	40.4%	39.3%	41.9%	44.4%	43.9%	
SG&A Expenses	4,515	4,744	5,948	6,259	6,077	6,146	6,302	6,596	
Operating Profit	1,963	777	-145	1,344	1,235	1,411	2,630	2,592	2,825
Operating Profit Margin	14.2%	6.1%	-1.0%	7.1%	6.6%	7.8%	13.1%	12.4%	12.5%
Non-Operating Profit	10	27	49	38	38	127	89	55	
Non-Operating Expenses	57	201	39	65	358	123	49	113	
Ordinary Profit	1,915	603	-135	1,317	915	1,415	2,669	2,535	2,775
Ordinary Profit Margin	13.9%	4.8%	-0.9%	7.0%	4.9%	7.9%	13.3%	12.1%	12.3%
Extraordinary Income	0	16	1,267	44	1	9	137	6	
Extraordinary Loss	5	23	176	1,024	26	286	285	24	
Pretax Profit	1,910	597	955	337	889	1,138	2,522	2,517	
Corporate, Resident & Business Taxes	516	160	261	394	231	422	625	664	
Corporate Tax Adjustments	-19	-171	-56	-103	13	-70	173	134	
Total Corporate Tax, etc.	496	-11	205	290	244	352	799	798	
(Corporate Tax Rate)	26.0%	-1.8%	21.5%	86.1%	27.4%	30.9%	31.7%	31.7%	
Profit Attributable to Owners of Parent	1,413	608	750	47	645	786	1,723	1,718	2,005
Net Profit Margin	10.2%	4.8%	5.1%	0.2%	3.5%	4.4%	8.6%	8.2%	8.9%
EPS (¥)	20.44	8.79	10.70	0.66	9.03	10.96	24.16	24.62	28.71
Capital Investment	2,257	3,150	5,229	2,836	607	439	404	929	
Depreciation	414	534	722	869	823	767	751	790	
Operating Cash Flow	800	2,099	87	289	2,407	2,632	2,762	2,446	
CFPS (¥)	11.6	30.3	1.2	4.0	33.6	36.9	38.7	35.0	
ROE	8.1%	3.3%	3.9%	0.2%	3.1%	3.7%	7.8%	7.6%	8.8%
ROIC	7.8%	3.3%	-1.4%	4.7%	3.1%	4.9%	8.2%	7.2%	8.0%
Dividend (¥)	6.00	6.00	6.00	6.00	6.00	6.00	12.00	18.00	20.00
Average Number of Shares during the Period (mn)	69.1	69.1	70.2	71.3	71.5	71.4	70.8	69.8	
End of Period Shares (mn)	69.1	69.1	71.3	71.4	71.5	71.3	71.3	69.9	

Source: Company Data. Compiled by Strategy Advisors.

Figure 17. Consolidated Balance Sheet (¥mn)

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27 Q1
Current Assets	13,982	15,323	13,964	12,923	13,487	14,434	15,599	16,366
Cash and Deposits	8,506	7,229	3,750	4,113	5,065	6,014	6,721	6,880
Accounts Receivable	3,405	4,285	4,696	4,447	4,815	4,740	4,697	4,797
Inventory	1,826	3,021	4,775	4,141	3,408	3,330	3,694	4,126
Others	245	788	743	221	199	348	487	561
Fixed Assets	7,607	12,868	12,747	12,658	12,455	12,208	12,461	13,034
Tangible Fixed Assets	6,636	10,813	11,609	11,683	11,328	11,146	11,181	11,109
Intangible Fixed Assets	367	330	236	172	209	229	285	434
Investments and Other Assets	603	1,724	901	801	917	833	995	1,490
Investment Securities	28	1,010	26	31	0	0	0	500
Deferred Tax Assets	411	462	552	542	619	444	314	308
Others	164	252	323	228	298	389	681	682
Total Assets	21,590	28,191	26,712	25,581	25,943	26,642	28,060	29,400
Current Liabilities	2,810	5,539	4,634	3,343	3,827	3,389	4,575	6,801
Trade Payables	1,187	1,952	2,213	1,453	1,647	1,615	1,518	1,653
Accounts Payable & Accrued Expenses	356	1,649	449	393	441	368	433	445
Interest-Bearing Debt	765	1,089	487	767	718	388	1,600	3,600
Short-Term Borrowings	520	600	0	280	225	0	1,600	3,600
Current Portion of Long-Term Borrowings	245	489	487	487	493	388	0	0
Asset Retirement Obligations	0	160	128	0	25	0	0	0
Others	502	689	1,357	730	996	1,018	1,024	1,103
Fixed Liabilities	578	1,969	1,506	1,260	816	633	662	670
Interest-Bearing Debt	150	1,702	1,255	991	517	138	0	0
Long-Term Borrowings	150	1,702	1,255	991	517	138	0	0
Retirement & Salary Provisions	250	225	232	257	290	289	309	326
Others	178	42	19	12	9	206	353	344
Net Assets	18,201	20,682	20,571	20,977	21,299	22,619	22,823	21,928
Shareholders' Equity	18,221	20,585	20,255	20,523	20,557	21,887	21,770	20,821
Share Capital/Capital Surplus	10,608	12,637	12,687	12,739	12,882	12,924	12,882	12,882
Retained Earnings	7,613	7,948	7,567	7,784	7,907	9,063	9,062	8,703
Treasury Stock	0	0	0	0	-232	-99	-174	-764
Accumulated Other Comprehensive Income	-19	72	315	454	742	731	1,053	1,107
Stock Acquisition Rights	–	24	–	–	–	–	–	–
Non-Controlling Interests	–	–	–	–	–	–	–	–
Total Liabilities and Net Assets	21,590	28,191	26,712	25,581	25,943	26,642	28,060	29,400
Interest-Bearing Debt	915	2,791	1,742	1,758	1,235	526	1,600	3,600
Equity Ratio	84.3%	73.4%	77.0%	82.0%	82.1%	84.9%	81.3%	74.6%
D/E Ratio (x)	0.04	0.12	0.08	0.08	0.06	0.01	0.07	0.16

Source: Company Data. Compiled by Strategy Advisors.

Figure 18. Consolidated Cash Flow Statement (¥mn)

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26
Cash Flows from Operating Activities								
Profit Before Income Taxes	1,910	597	955	337	889	1,138	2,522	2,517
Depreciation	414	621	722	869	823	767	750	790
Working Capital	-694	992	-1,277	-1,760	239	687	112	-226
Others	-830	-111	-313	843	456	40	-622	-635
Total	800	2,099	87	289	2,407	2,632	2,762	2,446
Cash Flows from Investing Activities								
Income/Losses from Purchase and Sale of Tangible Fixed Assets	-2,233	-3,043	-3,493	-3,131	-1,011	-279	-414	-648
Income/Losses from Purchase and Sale of Intangible Fixed Assets	-18	-130	-84	-45	-28	-96	-72	-114
Others	3	121	-822	899	-131	-166	-43	-8
Total	-2,248	-3,052	-4,399	-2,277	-1,170	-541	-529	-770
Cash Flows from Financing Activities								
Net Increase/Decrease in Short-Term Borrowings	–	520	80	-600	280	-55	-225	1,600
Net Increase/Decrease in Long-Term Borrowings	-150	–	1,808	-403	-403	-403	-403	-319
Issuance of Shares	–	–	1,979	–	–	–	–	–
Purchase of Treasury Stock	–	–	–	–	–	-473	–	-1,273
Dividend Payment	-324	-449	-415	-428	-428	-430	-566	-1,053
Others	-201	-340	-240	-122	-167	-104	-104	-101
Total	-675	-269	3,212	-1,553	-718	-1,465	-1,298	-1,146
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-6	-31	95	62	-156	118	1	153
Cash Increase/Decrease	-2,130	-1,253	-1,004	-3,478	363	743	936	683
Cash Beginning Balance	11,585	9,455	8,201	7,197	3,718	4,081	4,825	5,762
Ending Cash Balance	9,455	8,201	7,197	3,718	4,081	4,825	5,762	6,445

Source: Company Data. Compiled by Strategy Advisors.

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