

# YAMASHIN-FILTER | 6240 (TSE Prime)

## Company Report

September 1, 2025

Strategy Advisors Inc.  
Yoshifumi Aratake



## FY3/26 Q1 Results: Record-High Sales and Profits for Q1 as Construction Machinery Filters Performed Well for Both Line Parts and Service Parts, with Minimal Impact from US Tariffs

YAMASHIN-FILTER CORP. (hereinafter referred to as Yamashin-Filter) reported higher sales and profits for Q1 of FY3/26, with sales increasing to ¥5.096 billion (+5.8% YoY), operating income increasing to ¥659 million (+10.0% YoY), ordinary profit increasing to ¥647 million (+15.8% YoY) and net income attributable to parent company of the subsidiaries increasing to ¥417 million (+8.1% YoY). All figures were record highs for FY3/26 Q1 (Figure 1). The impact of US tariff policy was minor and current business performance is exceeding the Company's expectations.

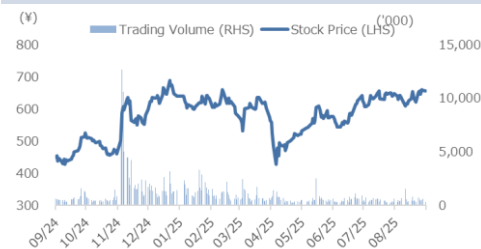
For FY3/26, the company is forecasting a 1.6% increase in sales, a 3.4% increase in operating income and a 10.8% increase in net income attributable to parent company of the subsidiaries. This marks a second consecutive year of record profits, and the company has not changed its initial forecasts. While the Air Filter Business is struggling to meet expectations, the Construction Machinery Filter Business is performing better than expected. The supply of high-value-added products for line parts to meet demand for new construction machinery is expanding, and sales of service parts are expected to remain at a high level. The effects of business restructuring and cost reduction activities are also evident. The impact of US tariffs is expected to have little impact, as the company can address the issue by optimizing sales prices to construction machinery manufacturers and reducing costs. The Air Filter Business is in the red due to the lingering impact of increased SG&A expenses associated with the introduction of a core system.

The mid-term management plan announced in November 2024 is off to a good start, driven strongly by the Construction Machinery Filter Business. For line parts, the company is making steady progress in gaining market share in line with model changes, mainly at North American construction machinery manufacturers. For service parts, the supply of products that aligns with the aftermarket strategies of construction machinery manufacturers is proving successful. The replacement of existing products with high-value-added products is also progressing, and a virtuous cycle is being established in which the supply of line parts leads to future sales of service parts. The company is on track to achieve its business targets.

The company has announced that it will announce "Yamashin Vision 2030" in conjunction with its FY3/26 Q2 financial results briefing scheduled for November 20, 2025. It plans to present a new vision and equity story for improving corporate value, including prospects for new businesses. The medium-term management plan only touched on the direction of the new business, YAMASHIN NANO FILTER®. It is believed that "Yamashin Vision 2030" will present some concrete measures.

Going forward, if the growth strategy for the core business outlined in the medium-term plan and strengthening of management with an awareness of capital costs proceed as planned; and specific measures for new businesses are presented, the company will likely attract more attention in the stock market, which will likely help to support an increase in its valuation.

## Stock Price & Trading Volumes



Source: Strategy Advisors

## Key Indicators

Stock Price (9/1/25)	655
52-Week High (12/23/24)	688
52-Week Low (9/11/24)	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)	45.6
EV (¥ bn)	41.0
Equity Ratio (FY3/25, %)	84.9
ROE (FY3/25 Actual, %)	7.9
PER (FY3/26 CoE, Times)	23.9
PBR (FY3/25 Actual, Times)	2.1
Yield (FY3/26 CoE, %)	2.4

Note: CoE= Company Estimates

Source: Strategy Advisors

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## Japanese GAAP - Consolidated

FY	Sales (¥ mn)	YoY (%)	Operating Income (¥ mn)	YoY (%)	Ordinary Profit (¥ mn)	YoY (%)	Net Income (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
3/25 Q1	4,817	12.0	599	430.8	559	486.6	386	-	5.5	-
<b>3/26 Q1</b>	<b>5,096</b>	<b>5.8</b>	<b>659</b>	<b>10.0</b>	<b>647</b>	<b>15.8</b>	<b>417</b>	<b>8.1</b>	<b>5.9</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
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	20,420	1.6	2,720	3.4	2,750	3.0	1,910	10.8	27.4	16.0

Source: Company Data. Compiled by Strategy Advisors.

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## 1. Financial Results for Q1 FY3/26

### FY3/26 Q1 Sales and Profits Reach Record Highs

Yamashin-Filter reported higher sales and profits for FY3/26 Q1, with sales increasing to ¥5.096 billion (+5.8% YoY), operating income increasing to ¥659 million (+10.0% YoY), ordinary profit increasing to ¥647 million (+15.8% YoY) and net income attributable to parent company of the subsidiaries increasing to ¥417 million (+8.1% YoY). All figures were record highs for FY3/26 Q1 (Figure 1). The impact of US tariff policy was minor and current business performance is exceeding the Company's expectations.

**Figure 1. Sales and Profit Trends**

(¥ mn)	3/22 Q1	3/23 Q1	3/24 Q1	3/25 Q1	3/26 Q1
Sales	4,685	4,169	4,302	4,817	5,096
YoY	63.9%	-11.0%	3.2%	12.0%	5.8%
Operating Income	341	94	112	599	659
YoY	-	-72.4%	20.1%	430.8%	10.0%
Operating Income Margin	7.3%	2.3%	2.6%	12.4%	12.9%
Ordinary Profit	334	57	95	559	647
YoY	-	-82.8%	66.1%	486.6%	15.8%
Ordinary Profit Margin	7.1%	1.4%	2.2%	11.6%	12.7%
Quarterly Net Income Attributable to Parent Company of the Subsidiaries	208	12	19	386	417
YoY	-	-94.1%	62.2%	-	8.1%
Quarterly Net Profit Margin	4.4%	0.3%	0.5%	8.0%	8.2%

Source: Company Data.

### Mainstay Construction Machinery Filter Business Remains Strong

By segment, sales in the mainstay Construction Machinery Filter Business increased 8.0% YoY and segment profit increased 24.1%, while sales in the Air Filter Business decreased 9.9% YoY and segment profit was in the red (Figure 2). Sales of construction machinery filters reached a record high for the first quarter.

**Figure 2. Sales and Operating Income by Segment**

(¥ mn)	Sales	By Segment					
		Construction Machinery Filter	YoY	Comp. Ratio	Air Filter	YoY	Comp. Ratio
3/25Q1	4,817	4,217	16.8%	87.5%	599	-13.4%	12.5%
3/26Q1	5,096	4,555	8.0%	89.4%	540	-9.9%	10.6%

(¥ mn)	Operating Income	By Segment					
		Construction Machinery Filter	YoY	Profit Margin	Air Filter	YoY	Profit Margin
3/25Q1	599	596	843.2%	14.1%	3	-93.7%	0.5%
3/26Q1	659	739	24.1%	16.2%	-80	-	-

Source: Company Data. Compiled by Strategy Advisors.

## Sales of Construction Machinery Filters - both Line Parts and Service Parts - Are Strong

The Construction Machinery Filter Business saw an increase in sales and profits due to strong demand for both new vehicles (line parts) and replacement demand (service parts), which led to a significant increase in sales. For line parts, demand for new construction machinery, mainly in North America, has started to recover earlier than the company expected, and so sales increased as market share expanded through the supply of high-value-added products. For service parts, sales increased as a result of developments that aligned with the aftermarket strategies of construction machinery manufacturers (Figure 3).

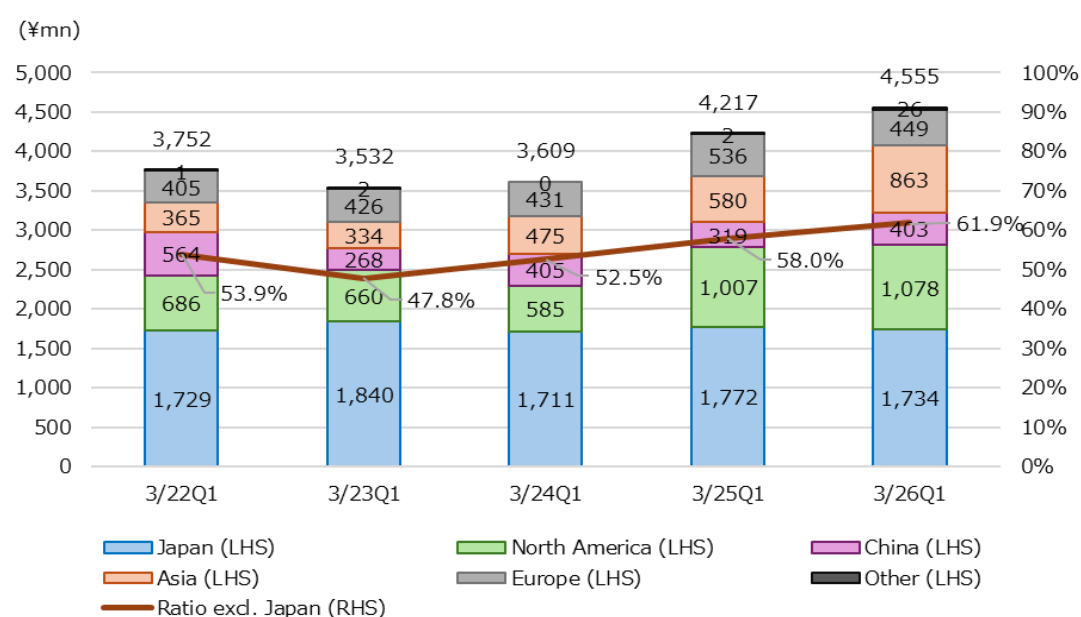
**Figure 3. Construction Machinery Filter Business Sales (by Product)**

(¥ mn)	Sales	By Product					
		Construction Machinery Filter				Industrial Filter	Process Filter
		Line Parts	YoY	Service Parts	YoY		
3/25 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

Source: Company Data. Compiled by Strategy Advisors.

Sales by region have grown significantly in North America, China and Asia (Figure 4). In Asia, sales of service parts have increased thanks to the strong relationships with construction machinery manufacturers and their local sales subsidiaries in line with the promotion of infrastructure investment. In North America, sales have increased due to an increase in the share of line parts. Although demand has not yet fully recovered in China, sales have started to increase due to increased demand for new mining machinery.

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



Source: Company Data. Compiled by Strategy Advisors.

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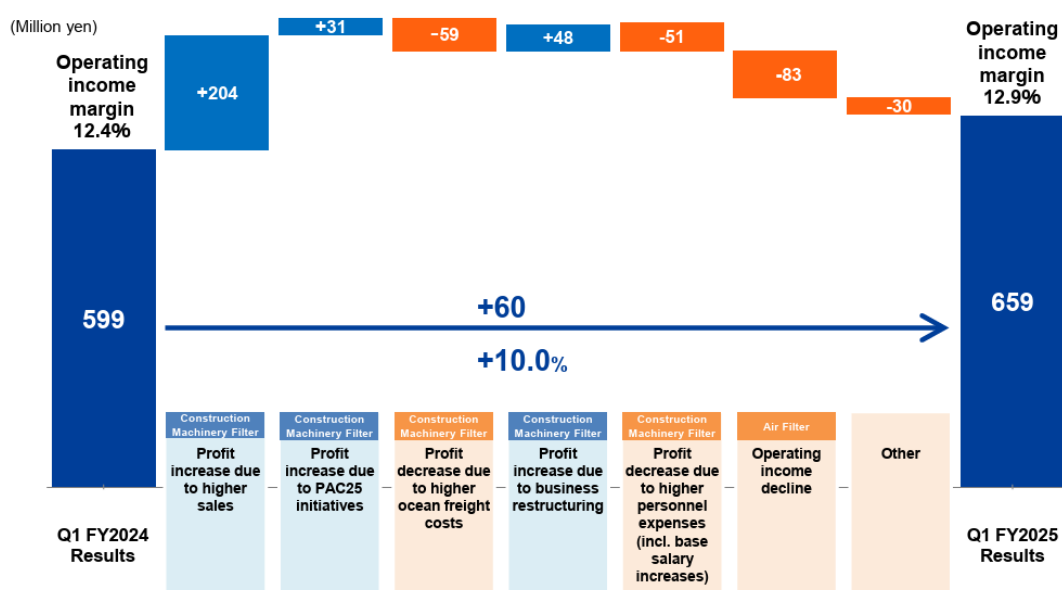
## Air Filter Production and Shipments Have Been Delayed

## Increased Sales and Progress in Business Restructuring

The Air Filter Business saw a decline in sales and a loss due to delays in production and shipments following the introduction of a core system in FY3/25. The company expects to stabilize operations and improve its supply system in Q2.

The factors behind the increase or decrease in operating income for FY3/26 Q1 are as shown in Figure 5. The increase in profit due to higher sales was ¥204 million, making it the largest factor behind the increase in profit. Although the increase in sales has led to higher ocean freight rates and rising labor costs, the company has reduced costs through improvements in production technology, management and systems. Although the decrease in profit from air filters was significant, total operating income was ¥659 million, the highest ever and the operating income margin improved to 12.9% (+0.5% YoY).

**Figure 5. Factors Behind Changes in Operating Income in Q1 FY3/26**



Source: Company Data.

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

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

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

Source: Company Data. Compiled by Strategy Advisors.

## 2. Outlook for FY3/26

**FY3/26 is Expected to Be the Second Consecutive Year of Record-High Profits**

For FY3/26, the company is forecasting a 1.6% YoY increase in sales, a 3.4% increase in operating income and a 10.8% increase in net income attributable to parent company of the subsidiaries. This marks the second consecutive year of record profits (Figure 7). These forecasts remain unchanged from the initial earnings forecast.

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

FY	3/22	3/23	3/24	3/26	3/26CoE
Sales	18,821	18,605	18,024	20,104	20,420
YoY	29.0%	-1.1%	-3.1%	11.5%	1.6%
Operating Income	1,344	1,235	1,411	2,630	2,720
YoY	na	-8.1%	14.3%	86.4%	3.4%
Operating Income Margin	7.1%	6.6%	7.8%	13.1%	13.3%
Net Income Attributable to Owners of Parent	47	645	786	1,723	1,910
YoY	-93.7%	1270.5%	21.9%	119.1%	10.8%
Net Profit Margin	0.3%	3.5%	4.4%	8.6%	9.4%

Source: Company Data. Compiled by Strategy Advisors.

By segment, sales in the Construction Machinery Filter Business are expected to increase by 1.6% YoY and segment profits are expected to increase by 1.4%. Whilst sales in the Air Filter Business are expected to increase by 3.6% YoY, with segment profits remaining unchanged from the previous fiscal year (Figure 8). The company believes that the impact of recent changes in US tariff policies will be minor, and it can be addressed by optimizing sales prices to construction machinery manufacturers and reducing costs.

**Figure 8. Sales and Operating Income 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%
3/26CoE	20,420	17,770	1.6%	87.0%	2,650	1.3%	13.0%

(¥ mn)	Operating Income	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%
3/26CoE	2,720	2,645	3.5%	14.9%	75	-	2.8%

Source: Company Data. Compiled by Strategy Advisors.



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## Sales of Line Parts are Expected to Increase as Order Backlog Hits All Time High

The Construction Machinery Filter Business is expected to see increased sales and profits due to an expected increase in sales of line parts. The firm order backlog reached a record high of nearly ¥4 billion at the end of June 2025. Demand for new vehicles is increasing, mainly in North America, and the company is expecting steady growth by working to expand its market share, mainly with high-value-added products. Sales of service parts are also planned to remain at a high level.

**Figure 9. Construction Machinery Filter Business Sales - Company Plan**

(¥ mn)	Sales	By Product					
		Construction Machinery Filter				Industrial Filter	Process Filter
		Line Parts	YoY	Service Parts	YoY		
3/25	17,489	5,599	-2.3%	10,481	26.6%	708	699
3/26CoE	17,770	5,981	6.8%	10,405	-0.7%	672	711

Source: Company Data. Compiled by Strategy Advisors.

## Air Filters Remain Affected by Increased Selling and Administrative Expenses

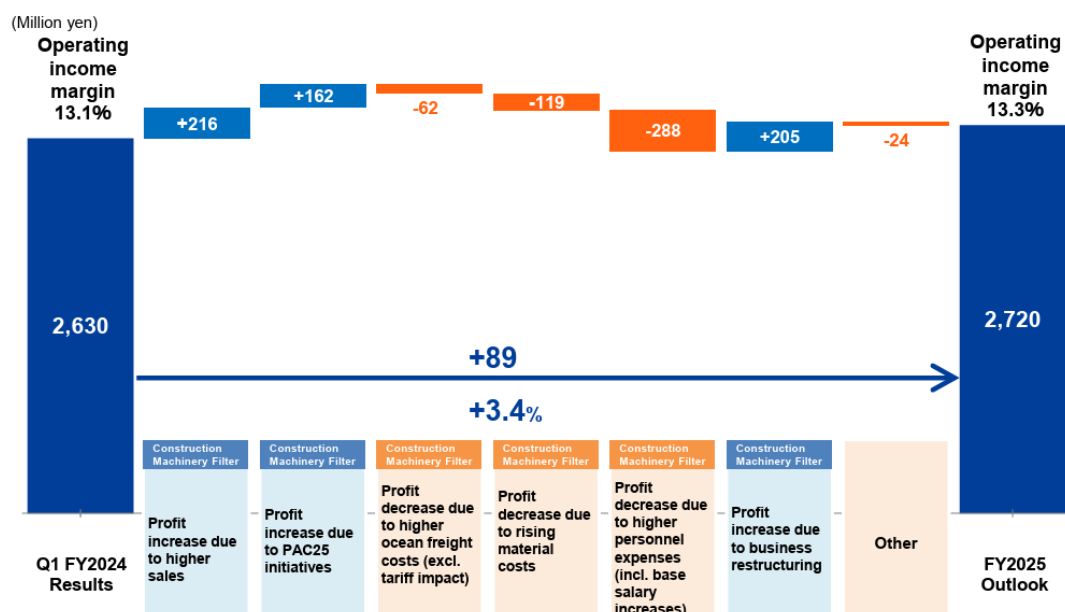
In the Air Filter Business, high-value-added products using nanofiber media are attracting new customers and are expected to increase sales, but the impact of increased selling and administrative expenses due to the introduction of a core system remains. There are issues with the operation of the system and a project has been organized to resolve them. The company aims to return to a steady state in the second half of the year.

## Covering The Impact of Increased Costs to Boost Profits While Also Striving to Improve Engagement

The factors for the increase or decrease in operating income forecast for FY3/26 are as shown in Figure 10. Sales are expected to remain strong, mainly in the Construction Machinery Filter Business, with cost reduction initiatives (PAC25 promotion) and ongoing business restructuring reforms expected to be successful. Profit growth is planned to offset the impact of rising ocean freight rates and material costs, as well as the sluggish performance of the Air Filter Business. Against the backdrop of strong performance, labor costs are expected to increase due to base pay increases etc., and the company is also working to improve engagement.



Figure 10. FY3/26 Company Plan Operating Income Fluctuation Factors



Source: Company Data.

## 3. Topics

### 1) ESG Progress

**Achieved FTSE Score of 3.8 and was Included in the FTSE Blossom Japan Index for the First Time**

The medium-term management plan "Fly to the next stage!" for FY3/25 to FY3/28, which was disclosed in November 2024, built on strategies of "initiatives to create new value," "strengthening management with an awareness of capital costs" and "promoting ESG management". Regarding ESG, the target FTSE score was 3.3 or higher in FY3/26, and as of June 2025, it had achieved 3.8. The company was also included in the FTSE Blossom Japan Index for the first time and its progress in ESG initiatives has been recognized externally.

### 2) About Yamashin Vision 2030

**Announcement of "Yamashin Vision 2030" To Be Released on November 20th**

The company will announce "Yamashin Vision 2030" in conjunction with the announcement of its second quarter financial results, scheduled for November 20, 2025. The plan is to present a new vision and equity story for improving corporate value, including prospects for new businesses.

The mid-term business plan "Fly to the next stage!" aims for high growth of 7.2% CAGR in sales and 28.7% in operating income, as shown in Figure 11. The plan calls for operating income to increase 2.7x and EPS to increase 3.7x.

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**Figure 11. Mid-Term Management Plan (¥ bn)**

	3/24	3/25	3/26	3/26	3/27	3/28		
Financial Items	Actual	Actual	CoE (As of May 25)	Mid-Term Plan	Mid-Term Plan	Mid-Term Plan	Difference FY3/28 & FY3/24	CAGR (FY3/24- FY3/28)
Sales	180.2	201.0	204.2	204.2	220.3	237.9	+32.0%	7.2%
Operating Income	14.1	26.3	27.2	27.2	32.2	38.8	2.7 x	28.7%
Operating Income Margin	7.8%	13.1%	13.3%	13.3%	14.6%	16.3%	+8.5% pt	-
MAVY's	-2.6%	0.1%	0.2%	0.2%	1.3%	2.9%	+5.5% pt	-
ROIC	4.9%	8.2%	8.1%	8.1%	8.9%	10.2%	+5.3% pt	-
WACC	7.5%	8.1%	7.9%	7.9%	7.6%	7.3%	-0.2% pt	-
EPS (¥)	11.0	24.3	27.4	27.5	33.2	41.0	3.7 x	-
Total Assets	259.4	266.4	272.4	280.0	300.0	320.0	+23.3%	5.4%
Equity Ratio	82.1%	84.9%	81.3%	79.2%	73.2%	67.7%	-14.4% pt	-
Financial Leverage (x)	1.22	1.18	1.23	1.26	1.37	1.48	+1.2 x	-
WACC	7.5%	8.1%	7.9%	7.9%	7.6%	7.3%	-0.2% pt	-
Dividend Per Share (¥)	6.0	12.0	16.0	-	-	-	-	-
DOE	2.0%	3.9%	5.0%	5.0%	7.4%	10.3%	+8.3% pt	-
Dividend Payout Ratio	54.5%	49.3%	58.4%	58.1%	72.2%	82.9%	+28.4% pt	-
Total Return Ratio	121.0%	52.9%	128.4%	113.5%	119.3%	122.0%	+1.0% pt	-

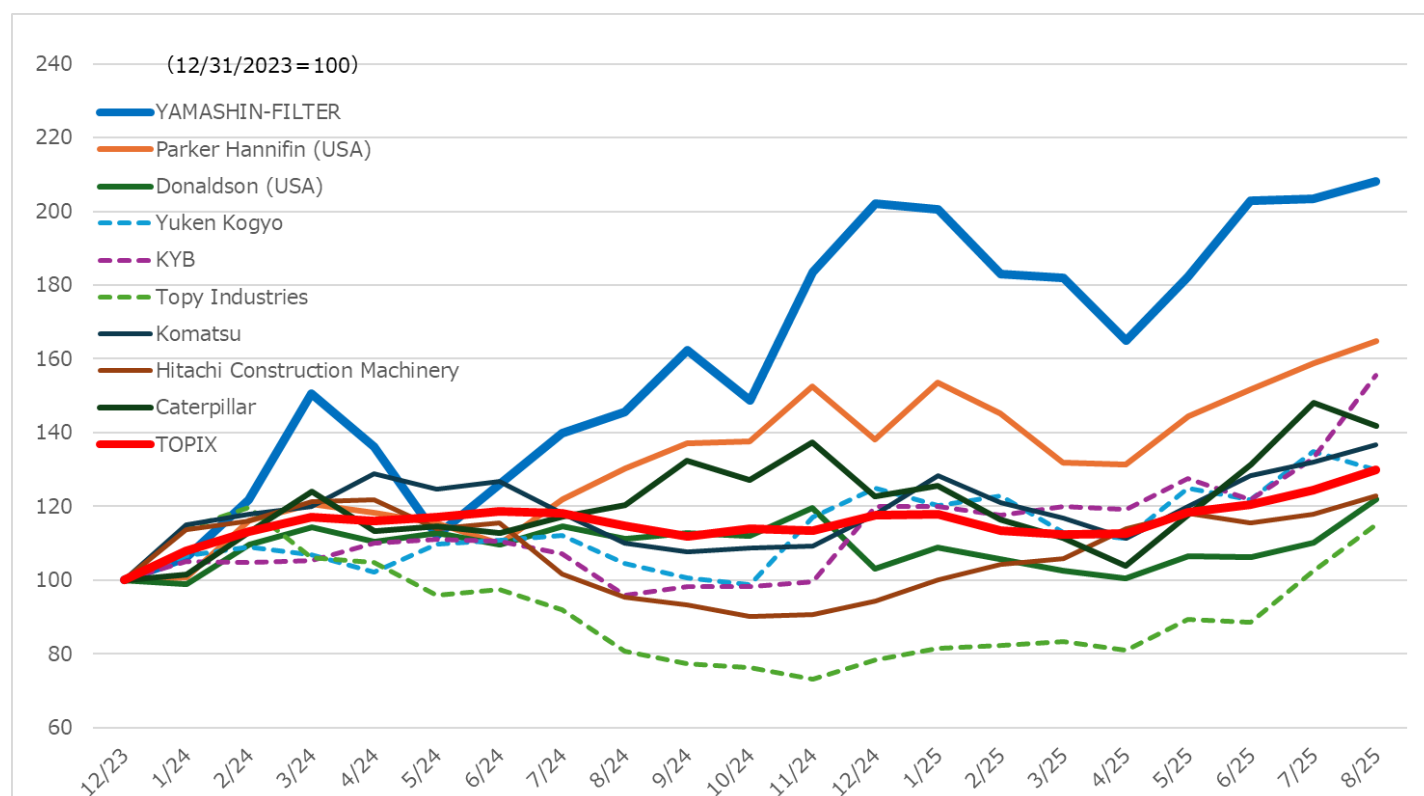
Source: Company Data. Compiled by Strategy Advisors.

Although the mid-term management plan has ambitious targets, as of FY3/26 Q1, the company has been making steady progress. The plan only touched on the direction of the new YAMASHIN NANO FILTER® business. It is believed that Yamashin Vision 2030 will provide some concrete measures.

## 4. Stock Price Trends & 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 the TOPIX (Tokyo Stock Price Index), as an index. Figure 12 shows the relative stock price trends, with the stock price at the end of 2023 set as 100.

**Figure 12. Stock Price Trends of Filter Manufacturers, Manufacturers Providing Construction Machinery-Related Products, and Construction Machinery Manufacturers (from 2024 Onwards)**



Source: Strategy Advisors.

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

Until 2023, the company's relative stock price had been below TOPIX and that of similar other companies. Entering 2024, expectations for a recovery in performance grew as the company's results for FY3/24 were increasingly likely to exceed initial projections. Consequently, the stock began to outperform the TOPIX and other companies 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, causing the stock price to temporarily stagnate. 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 increased demand for construction machinery and the announcement of the new medium-term management plan in November 2024. In 2024, the company's stock significantly outperformed that of its competitors.

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**Valuation Exceeds that of Similar Domestic Companies. PER is at the Same Level as Overseas Peers**

Although the company's stock price in 2025 has been affected by the market decline due to US tariff policy, it is currently hovering in the ¥600 range. While it has risen from the low ¥300 range in January 2024, it has not yet reached the levels of over ¥1,500 in 2017-18 or over ¥1,200 in 2020. Valuation-wise, the PER is around 23x and the PBR is around 2.0x. Compared to similar companies, the company's PER and PBR are significantly higher than those of domestic construction machinery-related companies and construction machinery manufacturers, but its PER is roughly the same as that of overseas peers. On the other hand, based on the company's forecast EPS (¥41.0) for FY3/28 in the medium-term management plan announced in November 2024, the PER is around 15x. This is lower than the PER of overseas peers for this fiscal year and remains in line with the average for the Japanese stock market.

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

The medium-term management plan calls for ROIC to increase from 8.2% in FY3/25 to 10.2% in FY3/28. The company also plans to implement capital policies to lower its WACC, further widening the spread between ROIC and WACC. As of FY3/26 Q1, the plan is progressing smoothly. Considering factors such as the expansion of market share in construction machinery filters, the full-scale launch of high-value-added product supply and progress in "expansion into new fields", the current stock price does not appear to be overvalued; so, it is possible that the stock market has not fully factored in the company's growth expectations and outlook for improved capital efficiency. It is likely that progress in capital policies aimed at growing profits and lowering WACC will prompt a future increase in the company's valuation.

**If the Medium-Term Plan Progresses Steadily and Specific Measures for New Businesses are Presented, the Stock Price Valuation Will Move From "Phase 2" to "Phase 3"**

Strategy Advisors summarized the following phases in a report on Yamashin-Filter issued on February 20, 2025: "The first phase is a stock price rise focused on short-term performance from the second half of 2023; the second phase is looking at performance over the medium-term plan period, which will focus on the re-acceleration of growth in the Construction Machinery Filter Business; and the third phase is looking at a scenario focused on becoming a comprehensive filter manufacturer from fiscal year March 2029 onwards." The medium-term plan is progressing smoothly and the stock price is steadily moving forward in the second phase. If specific measures for YAMASHIN NANO FILTER® are presented in "Yamashin Vision 2030", the stock price will likely be evaluated with the third phase in mind.

# YAMASHIN-FILTER | 6240 (TSE Prime)

**Figure 13. Comparison of Valuations with Peers**

	Code	FY	Stock Price	Market Cap.	PER	PBR	Dividend Yield	ROE
Company Name			(Sep. 1) (Local Curr.)	(¥ bn)	CoE (x)	Actual (x)	CoE (%)	Actual (%)
<b>YAMASHIN-FILTER</b>	<b>6240</b>	<b>03/25</b>	<b>655</b>	<b>45.564</b>	<b>23.9</b>	<b>2.1</b>	<b>2.4</b>	<b>7.9</b>
Parker Hannifin (USA)	PH	06/25	759.35	14,270.912	26.1	7.1	0.9	27.4
Donaldson (USA)	DCI	07/24	79.67	1,365.365	21.7	6.2	1.3	24.6
[Reference: Hydraulic Equipment or Construction Machinery Related]								
Yuken Industry	6393	03/25	2,804	10.546	12.4	0.4	5.3	5.3
KYB	7242	03/25	3,760	171.303	10.9	0.8	3.2	10.2
Topy Industries	7231	03/25	2,928	64.574	8.0	0.5	4.4	4.9
[Reference: Construction Machinery Manufacturer]								
Komatsu Ltd.	6301	03/25	4,973	4,554.583	14.9	1.4	3.8	13.4
Hitachi Construction Machinery	6305	03/25	4,576	973.486	13.3	1.2	3.8	8.5
Caterpillar	CAT	12/24	419.04	28,873.482	22.9	10.1	1.3	52.7

Note: For US companies, the closing price of the previous day (8/29) is used.

Note: As US companies do not disclose their EPS forecasts, PER is calculated using consensus EPS forecasts.

Note: 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 = ¥147.08.

Source: SPEEDA. Compiled by Strategy Advisors.

**Figure 14. 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	20,420
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 Income	1,911	1,963	777	-146	1,344	1,235	1,411	2,630	2,720
Operating Income Margin	14.5%	14.2%	6.1%	-1.0%	7.1%	6.6%	7.8%	13.1%	13.3%
Non-Operating Income	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	2,750
Ordinary Profit Margin	13.9%	13.9%	4.8%	-0.9%	7.0%	4.9%	7.9%	13.3%	13.5%
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.	606	497	-11	205	290	245	352	799	
Corporate Tax Rate	32.7%	26.0%	-1.8%	21.4%	86.1%	27.5%	30.9%	31.7%	
Net Income to Parent company of the subsidiaries	1,250	1,414	608	751	47	645	786	1,723	1,910
Net Profit Margin	9.5%	10.2%	4.8%	5.1%	0.3%	3.5%	4.4%	8.6%	9.4%
EPS (¥)	19.71	20.44	8.79	10.69	0.66	9.03	11.01	24.32	27.35
Capital Investment	816	2,257	3,150	5,229	2,836	607	439	497	
Depreciation	303	414	622	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%	8.5%
ROIC	7.0%	7.8%	3.3%	-1.4%	4.7%	3.1%	4.9%	8.2%	8.1%
Dividend (¥)	9.20	6.00	6.00	6.00	6.00	6.00	6.00	12.00	16.00
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	70.5	71.0	

Source: Company Data. Compiled by Strategy Advisors.

**Figure 15. Consolidated Balance Sheet (¥ mn)**

FY	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26Q1
<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>14,536</b>
Cash and Deposits	9,489	8,506	7,229	3,750	4,113	5,065	6,014	5,705
Accounts Receivable	3,252	3,405	4,285	4,696	3,426	3,483	3,902	4,923
Inventory	2,370	1,826	3,021	4,775	4,141	3,408	3,330	3,537
Others	280	245	788	743	1,243	1,531	1,188	371
<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>12,146</b>
Tangible Fixed Assets	3,540	6,636	10,813	11,609	11,683	11,328	11,146	11,142
Intangible Fixed Assets	346	367	330	236	172	209	229	248
Investments and Other Assets	1,754	603	1,724	901	801	917	833	755
Investment Securities	1,364	28	1,010	26	31	0	0	0
Deferred Tax Assets	204	411	462	552	542	619	444	378
Others	186	164	252	323	228	298	389	377
<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>26,682</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>4,321</b>
Trade Payables	1,288	1,187	1,952	2,213	1,453	1,647	1,615	1,661
Accounts Payable and Accrued Expenses	310	356	1,649	449	393	441	368	359
Interest-Bearing Debt	200	765	1,089	487	767	718	320	1,118
Short-Term Borrowings	0	520	600	0	280	225	0	900
Current Portion of Long-Term Borrowings	200	245	489	487	487	493	320	218
Asset Retirement Obligations	-	-	160	128	-	25	-	-
Others	555	502	689	1,357	730	996	1,086	1,183
<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>634</b>
Interest-Bearing Debt	200	150	1,702	1,255	991	517	0	0
Long-Term Borrowings	0	150	1,702	1,255	991	517	0	0
Accrued Retirement Benefits	190	250	225	232	257	290	289	306
Others	175	178	42	19	12	9	344	328
<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>21,726</b>
Capital Stock	18,063	18,221	20,585	20,255	20,523	20,557	21,887	20,981
Capital Surplus	10,608	10,608	12,637	12,687	12,739	12,882	12,924	12,924
Retained Earnings	7,455	7,613	7,948	7,567	7,784	7,907	9,063	8,983
Treasury Stock	0	0	0	0	0	-232	-99	-926
Accumulated Other Comprehensive Income	49	-19	72	315	454	742	731	745
Stock Acquisition Rights	-	-	0	-	-	-	-	-
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>26,682</b>
Interest-Bearing Debt	400	915	2,791	1,742	1,758	1,235	320	1,118
Equity ratio	86.1%	84.3%	73.3%	77.0%	82.0%	82.1%	84.9%	81.4%
D/E ratio (x)	0.02	0.04	0.12	0.09	0.08	0.06	0.01	0.05

Source: Company Data. Compiled by Strategy Advisors.



**Figure 16. 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	-6
Dividend Payment	-174	-325	-449	-415	-428	-429	-431	-566
Others	-2	-1	-140	-40	-123	-166	-104	-98
<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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