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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: Vertex Corporation
 Stock exchange listing: Tokyo
 Code number: 5290
 URL: <https://www.vertex-grp.co.jp>
 Representative: Akihide Tsuchiya, Representative Director and President
 Contact: Hisao Komukai, General Manager, Accounting Division
 Phone: +81-3-3556-2801
 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	7,615	(6.7)	787	(8.3)	856	(5.4)	532	(14.0)
June 30, 2022	8,160	9.1	858	(12.8)	906	(16.4)	619	(21.2)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 533 million [(12.6)%]
 Three months ended June 30, 2022: ¥ 611 million [(17.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	20.25	19.95
June 30, 2022	22.97	22.71

(Note) The company conducted a three-for-one stock split of common stocks as of July 1, 2022. The "Basic earnings per share" and the "Diluted earnings per share" are calculated based on the assumption that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	47,050	30,895	65.1
March 31, 2023	49,843	31,584	62.9

(Reference) Equity: As of June 30, 2023: ¥ 30,646 million
 As of March 31, 2023: ¥ 31,334 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	-	-	30.00	30.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		-	-	40.00	40.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	16,400	(3.0)	1,630	(12.7)	1,730	(12.9)	1,200	(7.3)	45.88
Full year	41,000	4.9	6,100	9.7	6,300	7.9	4,200	12.2	161.15

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023: 30,553,350 shares

March 31, 2023: 30,553,350 shares

2) Number of treasury shares at the end of the period:

June 30, 2023: 4,527,324 shares

March 31, 2023: 4,226,805 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 26,303,076 shares

Three months ended June 30, 2022: 26,985,823 shares

(Note) The company conducted a three-for-one stock split of common stocks as of July 1, 2022. The "Total number of issued shares at the end of the period", the "Number of treasury shares at the end of the period" and the "Average number of shares outstanding during the period" are calculated based on the assumption that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

* This summary of Consolidated Financial Results is outside the scope of an audit by a certified public accountant or an audit corporation.

* Statement regarding the proper use of financial forecasts and the other special remarks

The statements contained in this document are based on the various assumptions and do not constitute any guarantee of definite promise the projections of future performance or related policies will actually be realized.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	11,017,795	10,539,866
Notes and accounts receivable - trade, and contract assets	8,975,402	6,954,263
Electronically recorded monetary claims - operating	3,745,533	3,363,554
Costs on construction contracts in progress	186,056	183,816
Merchandise and finished goods	4,194,105	4,489,344
Work in process	149,399	156,047
Raw materials and supplies	779,880	942,068
Other	949,219	678,631
Allowance for doubtful accounts	(20,194)	(14,086)
Total current assets	29,977,199	27,293,504
Non-current assets		
Property, plant and equipment		
Land	8,207,403	8,207,403
Other, net	4,389,173	4,342,783
Total property, plant and equipment	12,596,577	12,550,187
Intangible assets		
Goodwill	3,603,383	3,534,087
Other	502,490	508,754
Total intangible assets	4,105,874	4,042,841
Investments and other assets		
Investments and other assets	3,333,323	3,333,274
Allowance for doubtful accounts	(169,608)	(169,557)
Total investments and other assets	3,163,715	3,163,717
Total non-current assets	19,866,167	19,756,746
Total assets	49,843,366	47,050,251
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,793,591	2,154,506
Electronically recorded obligations - operating	3,221,729	3,153,728
Short-term borrowings	3,150,000	3,150,000
Current portion of long-term borrowings	438,804	272,661
Income taxes payable	874,123	306,613
Provision for bonuses	466,831	373,933
Other	1,956,418	1,541,353
Total current liabilities	12,901,500	10,952,796
Non-current liabilities		
Long-term borrowings	1,712,723	1,686,629
Provision for share awards	167,809	188,447
Retirement benefit liability	1,219,337	1,153,408
Provision for loss on closing of plants	90,050	90,050
Asset retirement obligations	382,584	382,617
Other	1,784,858	1,700,602
Total non-current liabilities	5,357,364	5,201,756
Total liabilities	18,258,864	16,154,552

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	1,710,170	1,710,170
Retained earnings	28,183,879	27,914,756
Treasury shares	(2,947,117)	(3,368,029)
Total shareholders' equity	29,946,932	29,256,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,125	169,357
Revaluation reserve for land	1,219,799	1,219,799
Total accumulated other comprehensive income	1,387,924	1,389,156
Share acquisition rights	249,645	249,645
Total net assets	31,584,502	30,895,698
Total liabilities and net assets	49,843,366	47,050,251

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	8,160,999	7,615,453
Cost of sales	5,775,102	5,149,657
Gross profit	2,385,896	2,465,795
Selling, general and administrative expenses	1,527,782	1,678,766
Operating profit	858,114	787,028
Non-operating income		
Interest income	97	65
Dividend income	17,628	14,946
Reversal of allowance for doubtful accounts	2,265	10,273
Gain on sale of scraps	8,068	20,858
Other	46,714	42,962
Total non-operating income	74,774	89,106
Non-operating expenses		
Interest expenses	5,489	7,934
Share of loss of entities accounted for using equity method	11,732	1,408
Other	9,513	9,882
Total non-operating expenses	26,735	19,225
Ordinary profit	906,153	856,909
Extraordinary income		
Gain on sale of non-current assets	692	900
Gain on partial termination of retirement benefit plan	56,253	-
Total extraordinary income	56,946	900
Extraordinary losses		
Loss on retirement of non-current assets	313	1,553
Total extraordinary losses	313	1,553
Profit before income taxes	962,785	856,256
Income taxes	342,988	323,523
Profit	619,797	532,733
Profit attributable to owners of parent	619,797	532,733

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	619,797	532,733
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,593)	1,231
Total other comprehensive income	(8,593)	1,231
Comprehensive income	611,203	533,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	611,203	533,964