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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 9, 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
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 Scheduled date of filing quarterly securities report: November 10, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes(for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 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	%
Six months ended September 30, 2023	16,192	(4.2)	2,178	16.7	2,230	12.3	1,326	2.5
September 30, 2022	16,906	3.6	1,867	(25.7)	1,986	(24.9)	1,294	(26.8)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 1,460 million [14.7%]
 Six months ended September 30, 2022: ¥ 1,273 million [(26.9)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	50.88	50.10
September 30, 2022	48.41	47.80

(Note) The company conducted a three-for-one stock split of common shares 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
As of	Millions of yen	Millions of yen	%
September 30, 2023	49,086	31,756	64.1
March 31, 2023	49,843	31,584	62.9

(Reference) Equity: As of September 30, 2023: ¥ 31,477 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
Full year	41,000	4.9	6,100	9.7	6,300	9.7	4,200	12.2	162.19

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2023: 30,553,350 shares

March 31, 2023: 30,553,350 shares

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

September 30, 2023: 4,581,155 shares

March 31, 2023: 4,226,805 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 26,068,459 shares

Six months ended September 30, 2022: 26,733,067 shares

(Note) The company conducted a three-for-one stock split of common shares 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 out of 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 or definite promise that 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	11,017,795	12,459,672
Notes and accounts receivable - trade, and contract assets	8,975,402	7,204,132
Electronically recorded monetary claims - operating	3,745,533	3,177,224
Costs on construction contracts in progress	186,056	319,033
Merchandise and finished goods	4,194,105	4,594,709
Work in process	149,399	194,309
Raw materials and supplies	779,880	954,114
Other	949,219	311,592
Allowance for doubtful accounts	(20,194)	(18,083)
Total current assets	29,977,199	29,196,703
Non-current assets		
Property, plant and equipment		
Land	8,207,403	8,207,395
Other, net	4,389,173	4,455,923
Total property, plant and equipment	12,596,577	12,663,319
Intangible assets		
Goodwill	3,603,383	3,464,792
Other	502,490	498,402
Total intangible assets	4,105,874	3,963,194
Investments and other assets		
Investments and other assets	3,333,323	3,435,525
Allowance for doubtful accounts	(169,608)	(172,727)
Total investments and other assets	3,163,715	3,262,797
Total non-current assets	19,866,167	19,889,311
Total assets	49,843,366	49,086,015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,793,591	2,290,590
Electronically recorded obligations - operating	3,221,729	3,542,729
Short-term borrowings	3,150,000	3,100,000
Current portion of long-term borrowings	438,804	239,114
Income taxes payable	874,123	842,110
Provision for bonuses	466,831	720,928
Other	1,956,418	1,476,559
Total current liabilities	12,901,500	12,212,032
Non-current liabilities		
Long-term borrowings	1,712,723	1,660,535
Provision for share awards	167,809	205,504
Retirement benefit liability	1,219,337	1,081,389
Provision for loss on closing of plants	90,050	90,050
Asset retirement obligations	382,584	382,649
Other	1,784,858	1,697,821
Total non-current liabilities	5,357,364	5,117,952
Total liabilities	18,258,864	17,329,984

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	1,710,170	1,713,556
Retained earnings	28,183,879	28,708,321
Treasury shares	(2,947,117)	(3,466,002)
Total shareholders' equity	29,946,932	29,955,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,125	301,885
Revaluation reserve for land	1,219,799	1,219,799
Total accumulated other comprehensive income	1,387,924	1,521,685
Share acquisition rights	249,645	278,469
Total net assets	31,584,502	31,756,030
Total liabilities and net assets	49,843,366	49,086,015

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	16,906,960	16,192,659
Cost of sales	11,963,259	10,680,090
Gross profit	4,943,700	5,512,568
Selling, general and administrative expenses	3,075,930	3,333,719
Operating profit	1,867,770	2,178,849
Non-operating income		
Interest income	206	134
Dividend income	17,718	14,997
Reversal of allowance for doubtful accounts	1,547	11,121
Compensation income	43,094	-
Gain on sale of scraps	15,502	27,711
Other	85,705	87,620
Total non-operating income	163,775	141,585
Non-operating expenses		
Interest expenses	11,381	13,894
Share of loss of entities accounted for using equity method	16,310	3,972
Compensation expenses for damage	-	47,587
Other	17,523	24,882
Total non-operating expenses	45,215	90,337
Ordinary profit	1,986,330	2,230,096
Extraordinary income		
Gain on sale of non-current assets	2,765	2,694
Gain on sale of investment securities	325	243
Gain on partial termination of retirement benefit plan	56,253	-
Total extraordinary income	59,344	2,937
Extraordinary losses		
Loss on sale of non-current assets	176	-
Loss on retirement of non-current assets	5,055	13,810
Impairment losses	-	52,439
Total extraordinary losses	5,231	66,250
Profit before income taxes	2,040,444	2,166,783
Income taxes	746,409	840,485
Profit	1,294,035	1,326,298
Profit attributable to owners of parent	1,294,035	1,326,298

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

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	1,294,035	1,326,298
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,963)	133,760
Total other comprehensive income	(20,963)	133,760
Comprehensive income	1,273,071	1,460,059
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,273,071	1,460,059