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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

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 Annual General Meeting of Shareholders: June 27, 2024
 Scheduled date of commencing dividend payments: June 28, 2024
 Scheduled date of filing annual securities report: June 28, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual 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 Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended March 31, 2024	36,833	(5.8)	5,727	3.0	5,849	0.2	3,728	(0.4)
March 31, 2023	39,095	4.2	5,560	(9.5)	5,837	(9.3)	3,742	(11.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 4,060 million [7.5%]
 Fiscal year ended March 31, 2023: ¥ 3,778 million [(10.3)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	143.86	141.63	11.5	11.5	15.5
March 31, 2023	140.86	138.93	12.4	12.0	14.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ (7) million
 Fiscal year ended March 31, 2023: ¥ (5) million

(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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	52,024	33,859	64.5	1,309.37
March 31, 2023	49,843	31,584	62.9	1,190.24

(Reference) Equity: As of March 31, 2024: ¥ 33,581 million
 As of March 31, 2023: ¥ 31,334 million

(Note) The company conducted a three-for-one stock split of common shares as of July 1, 2022. The "Net assets per share" is calculated based on the assumption that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	5,592	(526)	(2,152)	13,896
March 31, 2023	3,859	(2,941)	(2,066)	10,982

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	-	-	30.00	30.00	801	21.3	2.6
March 31, 2024	-	-	-	40.00	40.00	1,041	27.8	3.2
Fiscal year ending								
March 31, 2025 (Forecast)	-	-	-	50.00	50.00		31.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	17,000	5.0	2,000	(8.2)	2,100	(5.8)	1,400	5.6	55.50
Full year	40,000	8.6	6,000	4.8	6,200	6.0	4,050	8.6	160.55

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (Company name:)

(2) 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

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

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

March 31, 2024: 30,553,350 shares
March 31, 2023: 30,553,350 shares

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

March 31, 2024: 4,906,333 shares
March 31, 2023: 4,226,805 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 25,918,309 shares
Fiscal Year ended March 31, 2023: 26,565,296 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.

(Note) The "number of treasury shares at the end of the period" includes those held in the J-ESOP (Employee Stock Ownership Plan)

trust account (393,200 shares in year ended March 2024; 402,000 shares in year ended March 2023).

* 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 or definite promise that projections of future performance or related policies will actually be realized.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	11,017,795	13,921,937
Notes and accounts receivable - trade, and contract assets	8,975,402	9,131,798
Electronically recorded monetary claims - operating	3,745,533	4,151,452
Costs on construction contracts in progress	186,056	212,214
Merchandise and finished goods	4,194,105	3,815,166
Work in process	149,399	173,170
Raw materials and supplies	779,880	916,483
Other	949,219	501,261
Allowance for doubtful accounts	(20,194)	(20,357)
Total current assets	29,977,199	32,803,127
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,259,265	12,324,522
Accumulated depreciation	(9,369,969)	(9,437,229)
Buildings and structures, net	2,889,295	2,887,293
Machinery, equipment and vehicles	10,825,934	10,770,903
Accumulated depreciation	(9,893,614)	(9,863,479)
Machinery, equipment and vehicles, net	932,320	907,423
Tools, furniture and fixtures	7,071,752	7,229,922
Accumulated depreciation	(6,562,058)	(6,572,224)
Tools, furniture and fixtures, net	509,693	657,697
Land	8,207,403	8,079,049
Leased assets	94,963	93,325
Accumulated depreciation	(90,722)	(91,156)
Leased assets, net	4,240	2,168
Construction in progress	53,623	5,200
Total property, plant and equipment	12,596,577	12,538,833
Intangible assets		
Goodwill	3,603,383	3,326,200
Other	502,490	457,811
Total intangible assets	4,105,874	3,784,012
Investments and other assets		
Investment securities	1,199,537	1,462,010
Long-term loans receivable	12,794	5,906
Deferred tax assets	1,002,656	678,683
Other	1,118,335	922,563
Allowance for doubtful accounts	(169,608)	(170,195)
Total investments and other assets	3,163,715	2,898,966
Total non-current assets	19,866,167	19,221,812
Total assets	49,843,366	52,024,939

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,793,591	2,679,982
Electronically recorded obligations - operating	3,221,729	4,465,819
Short-term borrowings	3,150,000	3,040,000
Current portion of long-term borrowings	438,804	254,376
Lease liabilities	2,393	2,029
Income taxes payable	874,123	1,089,172
Provision for bonuses	466,831	471,674
Provision for loss on closing of plants	-	48,600
Other	1,954,024	1,765,421
Total current liabilities	12,901,500	13,817,075
Non-current liabilities		
Long-term borrowings	1,712,723	1,458,347
Lease liabilities	2,185	312
Deferred tax liabilities	755,528	650,131
Retirement benefit liability	1,219,337	722,138
Deferred tax liabilities for land revaluation	650,951	572,823
Provision for loss on closing of plants	90,050	27,330
Provision for share awards	167,809	244,461
Asset retirement obligations	382,584	382,715
Other	376,192	289,757
Total non-current liabilities	5,357,364	4,348,019
Total liabilities	18,258,864	18,165,094
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	1,710,170	1,713,569
Retained earnings	28,183,879	31,110,716
Treasury shares	(2,947,117)	(3,962,725)
Total shareholders' equity	29,946,932	31,861,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,125	421,888
Revaluation reserve for land	1,219,799	1,297,926
Total accumulated other comprehensive income	1,387,924	1,719,815
Share acquisition rights	249,645	278,469
Total net assets	31,584,502	33,859,844
Total liabilities and net assets	49,843,366	52,024,939

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	39,095,303	36,833,960
Cost of sales	27,277,524	24,660,415
Gross profit	11,817,779	12,173,544
Selling, general and administrative expenses	6,257,160	6,446,444
Operating profit	5,560,619	5,727,099
Non-operating income		
Interest income	363	263
Dividend income	34,520	33,280
Consulting fee income	40,000	40,000
Reversal of allowance for doubtful accounts	2,291	11,160
Compensation income	43,094	-
Compensation for damage income	57,056	-
Gain on sale of scraps	43,455	73,581
Other	138,973	113,907
Total non-operating income	359,756	272,193
Non-operating expenses		
Interest expenses	26,928	27,741
Share of loss of entities accounted for using equity method	5,185	7,943
Settlement of contract cancellation	15,715	-
Compensation for damage	-	54,614
Other	34,595	59,419
Total non-operating expenses	82,424	149,718
Ordinary profit	5,837,950	5,849,574
Extraordinary income		
Gain on sale of non-current assets	9,184	151,670
Gain on sale of investment securities	325	243
Gain on sale of businesses	95,486	-
Gain on partial termination of retirement benefit plan	56,253	-
Surrender value of insurance policies	-	101,414
Total extraordinary income	161,251	253,327
Extraordinary losses		
Loss on sale of non-current assets	176	8,683
Loss on retirement of non-current assets	15,775	76,452
Loss on sale of investment securities	102	-
Loss on valuation of investment securities	81,148	55,239
Impairment losses	-	86,875
Total extraordinary losses	97,203	227,252
Profit before income taxes	5,901,998	5,875,649
Income taxes - current	1,913,501	2,020,586
Income taxes - deferred	246,470	126,369
Total income taxes	2,159,971	2,146,956
Profit	3,742,026	3,728,693
Profit attributable to owners of parent	3,742,026	3,728,693

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	3,742,026	3,728,693
Other comprehensive income		
Valuation difference on available-for-sale securities	36,913	253,763
Revaluation reserve for land	-	78,127
Total other comprehensive income	36,913	331,890
Comprehensive income	3,778,940	4,060,583
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,778,940	4,060,583

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	1,535,868	25,161,031	(2,002,540)	27,694,359
Changes during period					
Dividends of surplus			(719,178)		(719,178)
Profit attributable to owners of parent			3,742,026		3,742,026
Purchase of treasury shares				(1,169,252)	(1,169,252)
Disposal of treasury shares		174,302		224,675	398,977
Net changes in items other than shareholders' equity					-
Total changes during period	-	174,302	3,022,848	(944,577)	2,252,573
Balance at end of period	3,000,000	1,710,170	28,183,879	(2,947,117)	29,946,932

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income		
Balance at beginning of period	131,211	1,219,799	1,351,010	150,832	29,196,202
Changes during period					
Dividends of surplus					(719,178)
Profit attributable to owners of parent					3,742,026
Purchase of treasury shares					(1,169,252)
Disposal of treasury shares					398,977
Net changes in items other than shareholders' equity	36,913		36,913	98,812	135,726
Total changes during period	36,913	-	36,913	98,812	2,388,299
Balance at end of period	168,125	1,219,799	1,387,924	249,645	31,584,502

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	1,710,170	28,183,879	(2,947,117)	29,946,932
Changes during period					
Dividends of surplus			(801,856)		(801,856)
Profit attributable to owners of parent			3,728,693		3,728,693
Purchase of treasury shares				(1,033,193)	(1,033,193)
Disposal of treasury shares		3,398		17,585	20,984
Net changes in items other than shareholders' equity					-
Total changes during period	-	3,398	2,926,836	(1,015,608)	1,914,627
Balance at end of period	3,000,000	1,713,569	31,110,716	(3,962,725)	31,861,559

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income		
Balance at beginning of period	168,125	1,219,799	1,387,924	249,645	31,584,502
Changes during period					
Dividends of surplus					(801,856)
Profit attributable to owners of parent					3,728,693
Purchase of treasury shares					(1,033,193)
Disposal of treasury shares					20,984
Net changes in items other than shareholders' equity	253,763	78,127	331,890	28,824	360,715
Total changes during period	253,763	78,127	331,890	28,824	2,275,342
Balance at end of period	421,888	1,297,926	1,719,815	278,469	33,859,844

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,901,998	5,875,649
Depreciation	906,595	1,071,905
Impairment losses	-	86,875
Amortization of goodwill	138,591	277,183
Increase (decrease) in allowance for doubtful accounts	5,359	750
Increase (decrease) in provision for bonuses	(19,697)	4,842
Increase (decrease) in provision for share awards	167,809	76,651
Increase (decrease) in retirement benefit liability	(887,573)	(497,198)
Increase (decrease) in provision for loss on closing of plants	-	(14,120)
Interest and dividend income	(34,884)	(33,543)
Interest expenses	26,928	27,741
Share of loss (profit) of entities accounted for using equity method	5,185	7,943
Foreign exchange losses (gains)	(175)	(64)
Loss (gain) on sale and retirement of non-current assets	6,766	(66,533)
Loss (gain) on sale of businesses	(95,486)	-
Surrender value of insurance policies	-	(101,414)
Loss (gain) on sale of investment securities	(222)	(243)
Loss (gain) on valuation of investment securities	81,148	55,239
Decrease (increase) in trade receivables	131,241	(562,314)
Decrease (increase) in inventories	38,814	192,407
Increase (decrease) in trade payables	(552,785)	1,130,480
Other, net	471,134	(470,808)
Subtotal	6,290,749	7,061,429
Interest and dividends received	39,884	33,543
Interest paid	(26,287)	(29,025)
Income taxes paid	(2,444,417)	(1,473,197)
Net cash provided by (used in) operating activities	3,859,928	5,592,750
Cash flows from investing activities		
Decrease (increase) in time deposits	739,999	10,099
Purchase of investment securities	(81,498)	(720)
Proceeds from sale of investment securities	6,224	21,278
Purchase of property, plant and equipment	(1,409,200)	(1,099,444)
Proceeds from sale of property, plant and equipment	83,156	289,600
Purchase of intangible assets	(15,072)	(56,267)
Purchase of shares unconsolidated subsidiaries	(13,755)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,457,899)	-
Proceeds from sale of businesses	167,060	-
Loan advances	(3,290)	(600)
Proceeds from collection of loans receivable	17,667	16,629
Proceeds from cancellation of insurance funds	-	218,155
Other, net	24,977	75,021
Net cash provided by (used in) investing activities	(2,941,629)	(526,247)

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,130,000)	(110,000)
Proceeds from long-term borrowings	1,323,070	-
Repayments of long-term borrowings	(763,930)	(438,804)
Repayments of lease liabilities	(8,179)	(2,237)
Purchase of treasury shares	(770,468)	(800,398)
Proceeds from disposal of treasury shares	193	255
Proceeds from exercise of employee share options	-	12
Dividends paid	(716,912)	(801,152)
Net cash provided by (used in) financing activities	(2,066,226)	(2,152,325)
Effect of exchange rate change on cash and cash equivalents	175	64
Net increase (decrease) in cash and cash equivalents	(1,147,751)	2,914,242
Cash and cash equivalents at beginning of period	12,130,422	10,982,670
Cash and cash equivalents at end of period	10,982,670	13,896,912