



# Vertex Corporation

PIONEERING UNIQUE PRODUCTS FOR A RESILIENT JAPAN

Japan's economy experienced a remarkable surge, growing at an annualized rate of 6% year-on-year in the second quarter of 2023. This growth nearly doubled what economists had projected. A significant boost in exports played a pivotal role in this economic achievement, pushing net trade to unprecedented levels. Echoing this uptrend, Japan's construction industry is witnessing "robust activity," as highlighted in a recent report by the global professional services company Deloitte. The report projects that the construction sector will contribute a staggering JPY62.1 trillion to the economy this year.

In the competitive construction materials sector, Vertex stands out distinctly. Offering a diverse product range—from concrete to netting that controls rockfalls—the company boasts a comprehensive portfolio of construction materials designed to instill peace of mind. By leveraging proprietary technology and an extensive nationwide network, Vertex can respond swiftly to any situation. Their products cater to a variety of fields, including sewers, roads, agriculture, and railroads, with a particular emphasis on flood control and disaster prevention.

Recognizing the constant threat of natural disasters, Vertex offers unparalleled products tailored for a society frequently confronted by such calamities, consistently prioritizing the safety of families through innovative, market-leading solutions. "We create something truly unique, a product you won't find anywhere else in Japan, or even worldwide, and this is our key strength," says Akihide Tsuchiya, President & Representative Director of Vertex Corporation.

"Our company's primary product is sturdy precast concrete, known for its excellent functionalities. We possess this exceedingly rare, unique product, which is our core strength. We've dedicated significant effort into developing this distinctive product alongside our more conventional offerings. While many competitors lean towards more generic, easily duplicated products, our emphasis on distinctiveness positions us ahead of the curve."

Vertex prides itself on its strengths in product development and technology. The majority of its products are innovated in-house, boasting the highest number of patents and utility models in the industry. The company consistently seeks blue-ocean opportunities, areas untouched by competitors.

Given Japan's vulnerability to natural disasters such as earthquakes, typhoons, and torrential rains that often result in flooding and landslides, the need to protect human lives becomes increasingly paramount. Recognizing this, Vertex has positioned itself as the leading company in the disaster prevention and mitigation sector.



Akihide Tsuchiya  
President & Representative Director

For Tsuchiya, the prevention of damage from natural disasters stands at the forefront of the company's mission. Vertex is dedicated to supporting communities, households, and individuals with its distinctive offerings, aiming to make a meaningful difference by reducing the impact of disaster-related damages.

Vertex's rich history stems from the amalgamation of four distinguished companies. Hanex, Haneda Concrete Industry, and Nippon Zenith Pipe, each with a legacy spanning 80-90 years, united in 2014. They were later joined by Hokukon in 2018, a major precast concrete manufacturer with six decades of expertise. This merger facilitated the horizontal integration of Japan's top precast concrete manufacturers, leading to synergies that birthed a conglomerate greater than the sum of its individual components. Among the 500+ precast concrete

manufacturers in Japan, Vertex stands out, ranking first in sales volume as a conduit product maker."

The consolidation drive that created Vertex achieved both horizontal and vertical mergers, from which a fresh strategy emerged. The business eliminated unprofitable business lines and revitalized others, with a keen focus on profitable ventures. This approach propelled Vertex at the top of industry profitability. Its asset value, which stood at JPY13.4bn in 2018, has surged to JPY47.5 billion — a staggering 3.5-fold increase, attesting to the efficacy of its strategy.

Tokyo-listed Vertex stands as a pivotal opportunity for investors keen on tapping into the Japanese construction sector, all while benefitting from the company's innovative product lineup and ambitious vision. For the fiscal year ending March 2023, Vertex reported sales figures of JPY39 billion, marking a 4.2% ascent from the prior year. The company's value proposition for investors is further accentuated by its sustained stock performance: its share price skyrocketed from just over JPY350 in December 2018 to an impressive JPY1500 by summer 2023. Such robust performance is bound to capture the attention of discerning international investors.

As Tsuchiya notes, while the company is currently focused on catering to the high demand in the Japanese market, companies across the globe can benefit from Vertex's technology. Many countries face the risk of natural disasters and could utilize the company's products to ensure safer, more resilient structures. "If an international company is interested in our technology, we are open to collaboration," says Tsuchiya. "Looking ahead, we aim to forge partnerships by showcasing our distinctive products, such as the high drop manhole, Spiral Hole, designed to counteract flooding damage, and preventive nets to counteract mudslides and rockfall-related incidents."

Vertex's growth is rooted in Japan's unique challenges — not just its seismic and climatic conditions, but also its emphasis on fostering innovative, problem-solving businesses that address global needs. "At Vertex, our mission is to do what only Vertex can do. The keywords are Safety and Security" says Tsuchiya. "Our commitment stems from Japan's vulnerability to diverse natural disasters; we constantly confront the potential of calamities. Mitigating the harm these disasters cause while providing the highest quality innovative products is our foremost objective."

