



President Yuzuru Yamamoto

Vertex Corporation (5290)



Company Information

Market	TSE Standard Market
Industry	Glass, earthen, and stone products (manufacturing business)
President	Yuzuru Yamamoto
HQ Address	7th floor of Koujimachi-Kousai Bldg., 5-1 Kojimachi, Chiyoda-ku, Tokyo
Year-end	March
HP	https://www.vertex-grp.co.jp/

Stock Information

Share Price	Number of shares issued		Total market cap	ROE Act.	Trading Unit
¥1,498	49,340,560 shares		¥73,912 million	25.7%	100 shares
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
¥40.00	2.7%	¥96.08	15.6x	¥894.26	1.7x

* Stock price is as of closing on June 1, 2026. The number of shares issued is the number of outstanding shares as of the end of FY3/26, excluding treasury shares. The figures are rounded.

*ROE and BPS are the actual results for FY 3/26, and EPS and DPS are forecasts for FY 3/27.

Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
March 2023 Act.	39,095	5,560	5,837	3,742	70.43	15.00
March 2024 Act.	36,833	5,727	5,849	3,728	71.93	20.00
March 2025 Act.	38,918	6,285	6,449	4,826	95.30	30.00
March 2026 Act.	46,519	7,058	7,109	10,315	207.95	35.00
March 2027 Est.	52,000	7,100	7,250	4,700	96.08	40.00

*Unit: Million yen. The estimated values were provided by the company. Net income is the net income attributable to owners of the parent company. The same applies below.

*A 2-for-1 stock split was executed on September 1, 2025. DPS and EPS are recalculated retroactively.

This Bridge Report overviews the business performance for the fiscal year ended March 2026, the earnings forecast for the fiscal year ending March 2027 and other information for Vertex Corporation.

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Key Points

- In the fiscal year ended March 2026, sales grew 19.5% year on year to 46,519 million yen and operating income rose 12.3% year on year to 7,058 million yen. Annual sales and all kinds of profits hit a record high. Sales increased, thanks to the acquisition of IKK Corp. as a consolidated subsidiary and the growth of sales of mainly flood control products in the Concrete Business. Operating income rose, thanks to the product mix composed of mainly value-added products, price revisions, an actuarial difference in reserve for retirement benefits, etc. despite the skyrocketing of raw material prices. Net income attributable to shareholders of the parent company increased significantly, as a gain from negative goodwill amounting to 6,019 million yen through the acquisition of IKK Corp. was posted as an extraordinary gain.
- For the fiscal year ending March 2027, sales are expected to increase 11.8% year on year to 52 billion yen and operating income is forecast to rise 0.6% year on year to 7.1 billion yen. As IKK Corp. will contribute to their annual performance, it is projected that sales will grow and gross profit, operating income, and ordinary income will rise. On the other hand, net income is forecast to decline as there will be no longer a gain from negative goodwill, which amounted to 6,019 million yen in the previous fiscal year, but when the gain from negative goodwill is not taken into account, net income, too, is expected to rise. Regarding dividends, they plan to pay a common dividend of 40 yen/share, up 5 yen/share. The expected payout ratio is 41.6%.
- Amid the shortage of manpower, general contractors increasingly demand the shift to precast concrete. Currently, the Ministry of Land, Infrastructure, Transport and Tourism is promoting the utilization of precast concrete for coping with the shortage of workers and improving productivity in the construction field. On the other hand, the ratio of precast concrete in Japan is still low, so the rise in this ratio is expected to serve as a strong tailwind for related industries. It is noteworthy how they will seize such business chances.

1. Company Overview

The core business of the company is to manufacture and sell a variety of precast concrete, which supports our daily lives.

(1) Company History

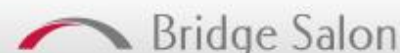
In 2014, three companies, NIPPON ZENITH PIPE CO., LTD., HANEX CO., LTD. (former name: HANEDA HUME PIPE CO., LTD.), and HANEDA CONCRETE INDUSTRIAL CO., LTD., merged into HANEDA ZENITH CO., LTD., which was then renamed HANEDA ZENITH HOLDINGS CO., LTD.

On October 1, 2018, HANEDA ZENITH HOLDINGS CO., LTD. and HOKUKON CO., LTD. (based in Fukui Prefecture) established Vertex Corporation through joint stock transfer (which made HANEDA ZENITH HOLDINGS CO., LTD. and HOKUKON CO., LTD. wholly owned subsidiaries).

The companies set up a new business group.

In April 2019, HANEDA ZENITH CO., LTD., as the surviving company, absorbed HANEDA ZENITH HOLDINGS CO., LTD. (a merged company).

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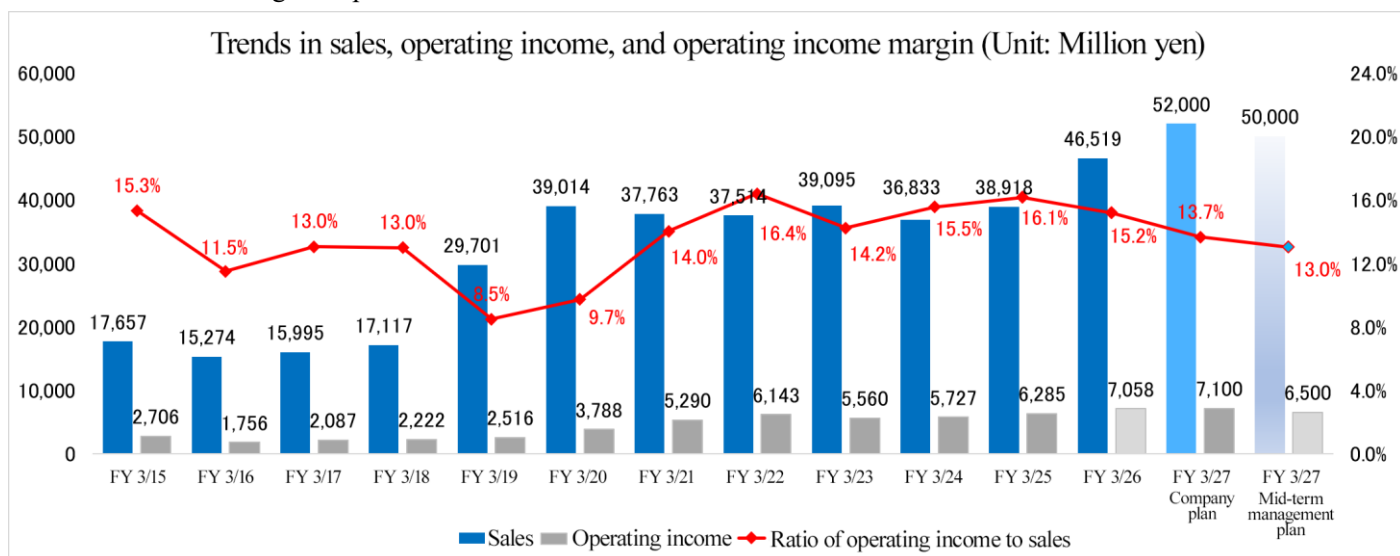


On April 1, 2021, VERTEX Co., Ltd. was born through absorption-type merger carried out by HANEDA ZENITH CO., LTD. as the surviving company and HOKUKON CO., LTD. as the merged company, which were the core business companies affiliated with VERTEX Corporation.

VERTEX Corporation aims to achieve sales and profit growth by increasing its market share and boosting profitability in the mature markets of concrete and piles, and the growing market of disaster prevention through a multitude of approaches, including creation of business synergy and enhancement of business efficiency. They acquired some shares in IHI Construction Industrial Co., Ltd., making it a subsidiary on March 27, 2025, and acquired all shares in that company on October 1, and renamed it IKK Corp.

(2) Variation in performance

Even after the management integration, they have engaged in the development of the management base and profit generation, so the company keeps growing while securing the highest level of profitability in this industry. From the fiscal year ended March 2025, they will aim to enter the next growth phase.



*ZENITH HANEDA HOLDINGS in FY3/15-FY3/18, Vertex Corporation from FY 3/19

(3) Long-term Vision

◎ Purpose

We offer new forms of security for the future of people worldwide with our unique ideas and one-of-a-kind technologies.

The corporate group has been creating new value and bringing peace of mind while facing changes in the natural environment and society. As a company that will continue to grow, it will strive to meet difficult needs with its one-of-a-kind technology and unique ideas and contribute to the realization of a sustainable society where people can live with peace of mind no matter where they live. The corporate group will continue to take on the challenge of creating new forms of security for the future of people around the world.

◎ VERTEX Vision 2034

The company has formulated the VERTEX Vision 2034 as well as its purpose to achieve in 10 years.

The first medium-term management plan (FY 3/20-FY 3/21) was a period to solidify the business and management foundations following the business integration, while the second medium-term management plan (FY 3/22-FY 3/24) was a period to strengthen the business and management foundations to ensure sustainable growth. In the subsequent third medium-term management plan (FY 3/25-FY 3/27), the company will focus on (1) strengthening the business portfolio, (2) promoting sustainability-oriented management, and (3) strengthening human capital, R&D, and digital transformation. After implementing the subsequent fourth and fifth medium-term management plans (FY 3/28-FY 3/34), the company aims to achieve sales of 100 billion yen and an operating income of 15 billion yen by 2034.

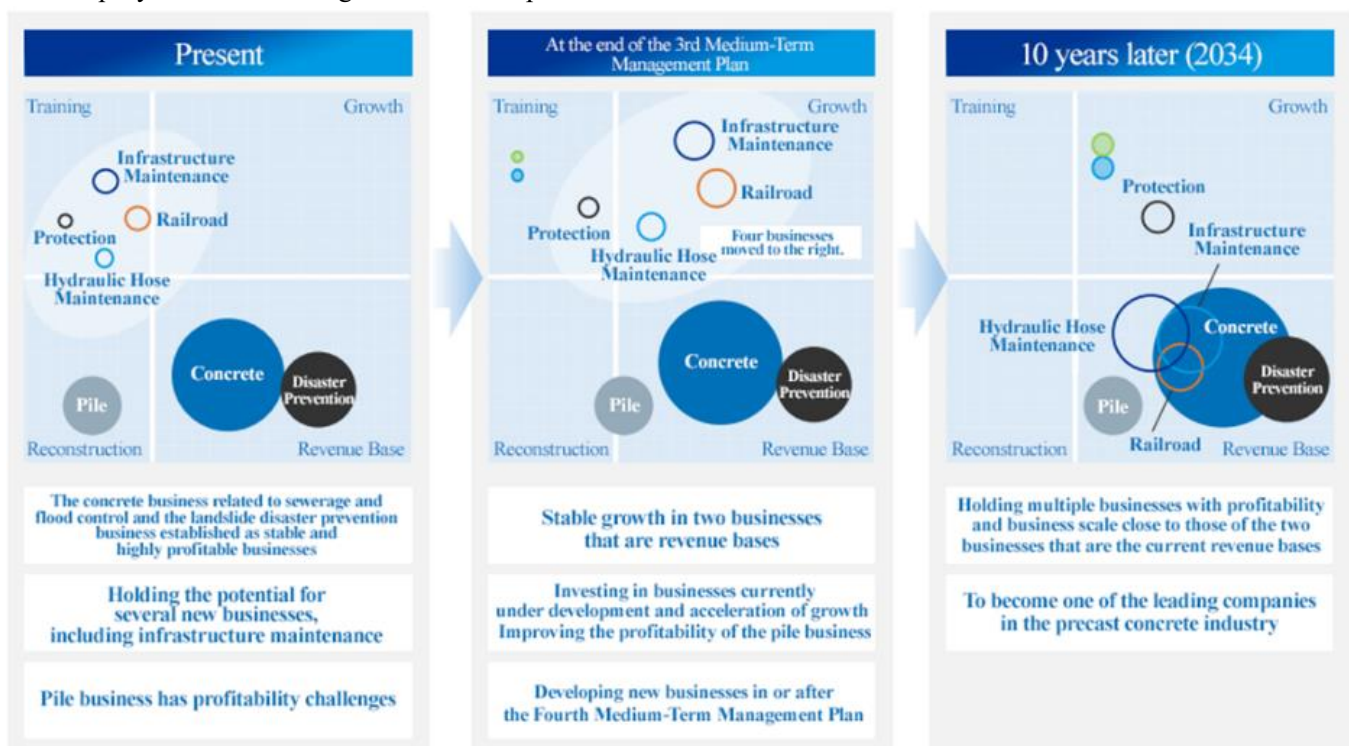
[The ideal state the company wants to realize in 10 years]

The company has also outlined the issues it must address in the next 10 years, such as the declining working population, aging infrastructure, global warming, and intensifying natural disasters, and has defined “the ideal state it wants to realize in 10 years” as a countermeasure against these issues.

The ideal state the company wants to realize in 10 years	Measures
MIRAI Factory	In light of the labor shortage, the company is promoting the creation of smart factories through automation and centralized management.
One-stop Maintenance	To become a one-stop service provider by taking over the maintenance and management of infrastructure from the upstream
Be precast ON-SITE	Precast concrete is to be precast onsite, instead of being delivered from the factory.
Smart Slope Disaster Prevention	To realize smart slope-based disaster prevention by collecting a variety of data from satellites to detect and prevent disasters in advance

[Long-term business portfolio concept]

The company will work to strengthen its business portfolio in order to achieve VERTEX Vision 2034.



(Taken from the reference material of the company)

(4) Market Environment

The following are the points to keep in mind for understanding the company’s business environment:

◎ The first medium-term plan for improving national resilience

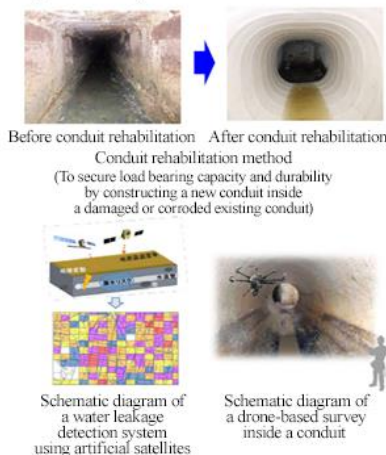
The scale of the 5-year accelerated project for preventing/mitigating disasters and improving national resilience from FY 2021 to FY 2025 was around 15 trillion yen. Meanwhile, the scale of the first medium-term plan for improving national resilience from FY 2026 to FY 2030 is scheduled to be over 20 trillion yen.

In addition, the first medium-term plan for improving national resilience includes a measure of raising the ratio of completed flood control measures from 5% in 2023 to 12% by 2030 and then to 100% by 2058 for water control around rivers, sediment, sewerage, and seashores. Furthermore, they plan to raise the ratio of sound large-diameter sewers from 0% in 2024 to 100% by 2030 as part of strategic maintenance and upgrade of water supply and sewerage systems.

Examples of implemented measures



Examples of implemented measures



Source: Website of Cabinet Secretariat
Office for Promoting the Enhancement of National Resilience "Chapter 4 (4-1-1 and 4-1-2) of the first medium-term plan for enhancing national resilience (outline)"

(Taken from the reference material of the company)

◎ Demand for investment in disaster prevention and mitigation remains strong.

Public works-related expenditures, which are important in the construction industry, have remained stable for the past 10 years. In particular, a certain amount is allocated each year for infrastructure repairs and public works. In addition, as the proportion of existing infrastructure that is over 50 years old is projected to increase, it is expected that high levels of demand for investment in disaster prevention and mitigation will continue. In this environment, the company recognizes the importance of enriching its track record and increasing the market share of its products in line with its business model.

(Ratio of major social infrastructure that was constructed more than 50 years ago)

Agricultural drainage channels (approx. 50,000 km, core agricultural irrigation facilities)	2019	2029	-
	50%	67%	-
Road bridges (approx. 730,000 bridges, bridges over 2 m)	2020	2030	2040
	30%	55%	75%
Sewer conduits (total length: approx. 470,000 km)	2020	2030	2040
	5%	16%	35%
Port wharf (approx. 5,000 facilities, water depth -4.5 m or deeper)	2020	2030	2040
	21%	43%	66%
Fire prevention water tanks (approx. 520,000 units)	2020	2025	2035
	35%	40%	58%

(Taken from the reference material of the company)

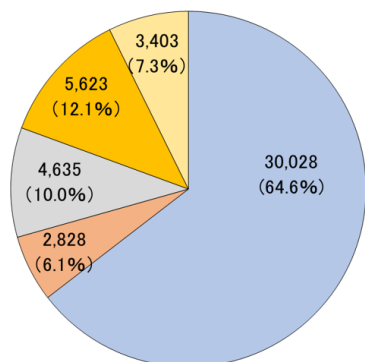
◎ Workstyle reform and labor shortages on construction sites: Expansion of precast construction methods

Precast concrete is a concrete product that is manufactured in advance in a factory. It is highly efficient in terms of workability and is expected to be a solution to the labor shortage and rising labor costs on construction sites. On the other hand, casting concrete in-situ is a construction method in which reinforcing bars are assembled at the construction site and ready-mixed concrete is poured. Precast concrete has the advantage of being about 1/2 to 1/5 as efficient in terms of on-site work volume as compared to casting concrete in-situ, but the disadvantage is that it must be transported from a factory, which generates restrictions on transport routes and can result in high transport costs depending on the distance. On the other hand, casting in-situ can be flexibly adopted for special and large structures without the restrictions of transport routes, but it also has the disadvantages of being inferior to precast in terms of work efficiency and its quality varies depending on weather conditions and workers. Currently, the majority of construction work is done by casting in-situ due to its economic advantage in terms of direct construction costs, and precast construction accounts for only about 13% of the total. However, with the shortage of skilled workers and the need to improve construction efficiency in line with the reform of work styles at construction sites, it is expected that the use of precast construction will become more common in the long term than it is now. If the usage ratio reaches the same level as overseas, the ratio of precast construction methods may exceed 50% in the medium/long term.

(5) Business Details

The company has four reporting segments, which are Concrete Business, Pile Business, Slope Disaster Prevention Business, Segment Business, and Other Business.

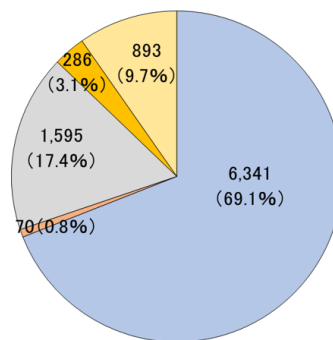
Sales composition by segment
(FY 3/26 unit: million yen)



■ Concrete Business ■ Pile Business ■ Slope Disaster Prevention Business
■ Segment Business ■ Other Business

* Sales to external customers

Operating income composition by segment
(FY 3/26 unit: million yen)



■ Concrete Business ■ Pile Business ■ Slope Disaster Prevention Business
■ Segment Business ■ Other Business

* Composition ratio to the total amount before adjustment

The following is a table showing the group companies operating each business segment:

Business	Group Companies
Concrete Business	Vertex Co., Ltd. (Tokyo) Vertex Construction Co., Ltd. (Osaka) Hokukon Product Co. LTD (Fukui Pref.) Kyushu Vertex Co., Ltd. (Fukuoka Pref.) IKK Corp. (Tokyo)
Pile Business	HOKUKON MATERIAL CO., LTD. (Fukui Pref.)
Slope Disaster Prevention Business	Vertex Co., Ltd. (Tokyo) Vertex Construction Company (Osaka) Kyushu Vertex Co., Ltd. (Fukuoka Pref.)
Segment Business	IKK Corp. (Tokyo)
Other Business	WICERA Co., Ltd. (Gifu Pref.) iB Solution Corporation (Fukui Pref.) PROFLEX CO., LTD. (Saitama Prefecture) Vertex Technologies Co., Ltd. (Tokyo) NX inc. (Tokyo; equity-method affiliate)

(Based on the company's website)

[Concrete Business]

The company manufactures and sells precast concrete. This is the company's main business area, accounting for about 70% of both sales and operating income. In particular, the company's mainstay products are those for flood control and sewage, and the company boasts the industry's top performance in this area.

(Each photo is taken from the reference material of the company.)

Name of Business	Overview and Main Products
Flood control and sewerage business	With their rich product lineup and one-of-a-kind technologies, which can meet needs, they offer the best proposal for “prevention and mitigation of disasters,” such as measures against flood disasters and the construction of earthquake-resistant sewage facilities.

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<p>Road business</p>	<p>They not only construct road infrastructure, but also have a lot of products for safeguarding the lives of people. It contributes to the construction of “safe and reliable” roads.</p>
<p>Maintenance business</p>	<p>They propose optimal products and construction methods while taking into account lifecycle costs, as a measure against the deterioration of infrastructure that cannot be postponed. It contributes to the extension of service life of infrastructure that supports affluent citizens’ lives, society, and economy.</p>
<p>Railway business</p>	<p>Their lineup includes products made of rigorously selected materials, such as super-hard concrete and special mortar, to bring “safety and peace of mind” with outstanding technologies.</p>
<p>Housing and development business</p>	<p>Their lineup includes many products for withstanding large earthquakes, in order to develop towns resistant to earthquakes and disasters where people can live with peace of mind. In addition, they own earthquake-resistant water reservoirs of the No. 1 brand and unique toilets for disasters.</p>

[Pile Business]

The company is developing a business that produces concrete piles used for building foundations. They manufacture and sell concrete piles, which are used for building foundations, and conduct piling.

[Slope Disaster Prevention Business]

The company manufactures and sells products for slope disaster prevention. Their lineup includes many construction methods and products developed in house through performance tests, for mountain roads and residential areas where disasters, such as the avalanche of rocks and mud, may occur.

[Segment Business]

They manufacture and sell tunnel segments.

[Other Business]

Other businesses include the business of planning, developing, and selling hydraulic pressure-related parts, ceramics business, RFID business, system development & sales business, and lactic acid bacteria business. They are operated by subsidiaries.

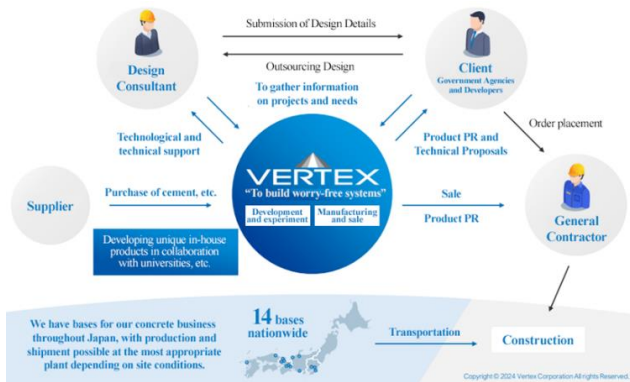
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(6) Characteristics and Strength

◎ Characteristics of the Business Model

Although general contractors are the company's direct customers, this model allows the company to market its products by offering proposals and support to design consultants and clients (government agencies and developers) from the early stages of a project. It is also a model that allows the company to introduce new products to the market ahead of competitors as a measure to address social issues, build a track record as a leading manufacturer, cultivate the market, establish a brand in the field, and increase sales.



(Taken from the reference material of the company)

◎ Strengths

① Technical and development capabilities

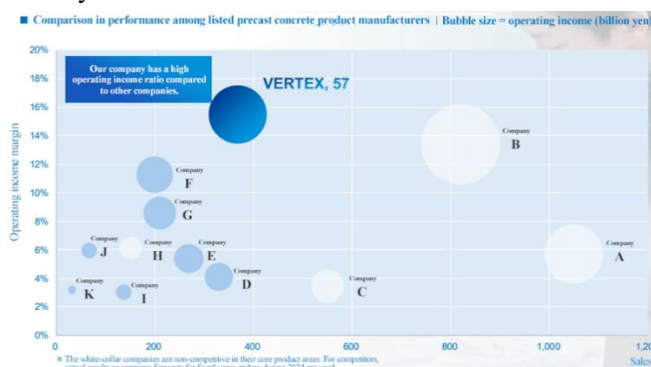
The company has realized an advanced capability of giving proposals and competitiveness by systematically collaborating with all staff members, including sales and engineering staff, based on the technical and development capabilities shown by the number of patents acquired and the number of products ranked as No. 1 brand products.



(Taken from the reference material of the company)

② Highest profit margin in the industry

By combining technical, development, sales and organizational capabilities, the company has achieved the highest profit margin in the industry.



(Taken from the reference material of the company)

2. Fiscal Year Ended March 2026 Earnings Results

(1) Consolidated results

	FY 3/25	Ratio to sales	FY 3/26	Ratio to sales	YoY	The company's forecast	Compared to the forecast
Sales	38,918	100.0%	46,519	100.0%	+19.5%	46,000	+1.1%
Gross profit	13,236	34.0%	14,946	32.1%	+12.9%	-	-
SG&A	6,950	17.9%	7,888	17.0%	+13.5%	-	-
Operating income	6,285	16.2%	7,058	15.2%	+12.3%	6,800	+3.8%
Ordinary Income	6,449	16.6%	7,109	15.3%	+10.2%	6,900	+3.0%
Net Income	4,826	12.4%	10,315	22.2%	+113.7%	10,500	-1.8%

*The figures include those calculated by Investment Bridge Co., Ltd. as reference values, and may differ from actual values (the same applies hereinafter).

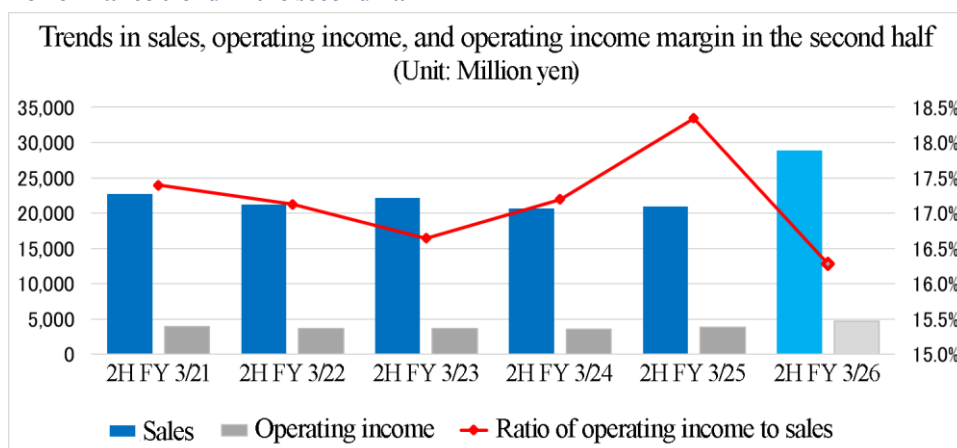
*Unit: Million yen. The forecast means the revised one announced on February 12, 2026.

Sales grew 19.5% year on year, and operating income increased 12.3% year on year.

Considering the third medium-term management plan as the first phase of “VERTEX Vision 2034,” they promote the investment for growth in order to strengthen their business portfolio, and pursue the regrowth of the core business with a well-established foundation and the development of new business, which will serve as a long-term growth driver. The company is striving to further increase its corporate value by focusing on the priority measures: “Strengthening the business portfolio,” “Strengthening promotion of human capital, R&D and DX,” and “Promoting sustainability-oriented management.” As they acquired IKK Corp. as a consolidated subsidiary on October 1, 2025, the “segment business” was established as a new business segment in the cumulative third quarter of the consolidated fiscal year. In the fiscal year ended March 2026, sales and profit grew, and annual sales and all kinds of profits hit a record high. In the fiscal year ended March 2026, sales grew 19.5% year on year to 46,519 million yen and operating income rose 12.3% year on year to 7,058 million yen.

Sales increased, thanks to the acquisition of IKK Corp. as a consolidated subsidiary and the growth of sales of mainly flood control products in the concrete business. Operating income rose, thanks to the product mix composed of mainly value-added products, price revisions, actuarial difference in reserve for retirement benefits, etc. despite the skyrocketing of raw material prices. Net income attributable to shareholders of the parent company increased significantly, as a gain from negative goodwill amounting to 6,019 million yen through the acquisition of IKK Corp. was posted as an extraordinary gain. Gross profit margin decreased 1.9 points year on year to 32.1%. Operating income margin dropped 1 point year on year to 15.2%, as the ratio of SGA to sales declined 0.9 points year on year. In addition, the growth rate of ordinary income fell below that of operating income, as they posted a compensation for damage of 86 million yen (4 million yen in the previous fiscal year) as a non-operating expense and a cost for relocating the head office of 33 million yen (which was not posted in the previous fiscal year).

Performance trend in the second half



In the second half of the fiscal year ended March 2026, sales and profit grew year on year thanks to the acquisition of IKK Corp. as a consolidated subsidiary, but operating income margin declined.

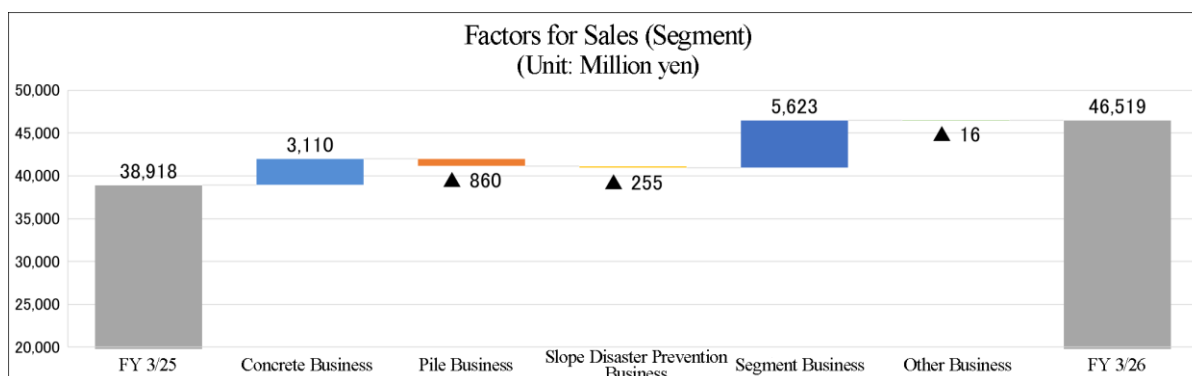
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(2) Trend of each segment

	FY 3/25	Composition ratio	FY 3/26	Composition ratio	YoY
Concrete business	26,918	69.2%	30,028	64.6%	+11.6%
Pile business	3,689	9.5%	2,828	6.1%	-23.3%
Slope disaster prevention business	4,890	12.6%	4,635	10.0%	-5.2%
Segment business	-	-	5,623	12.1%	-
Other business	3,419	8.8%	3,403	7.3%	-0.5%
Total sales	38,918	100.0%	46,519	100.0%	+19.5%
Concrete business	5,410	20.1%	6,341	21.1%	+17.2%
Pile business	246	6.7%	70	2.5%	-71.4%
Slope disaster prevention business	1,659	33.9%	1,595	34.4%	-3.8%
Segment business	-	-	286	5.1%	-
Other business	779	22.8%	893	26.3%	+14.6%
Adjustment amount	-1,810	-	-2,130	-	-
Total operating income	6,285	16.2%	7,058	15.2%	+12.3%

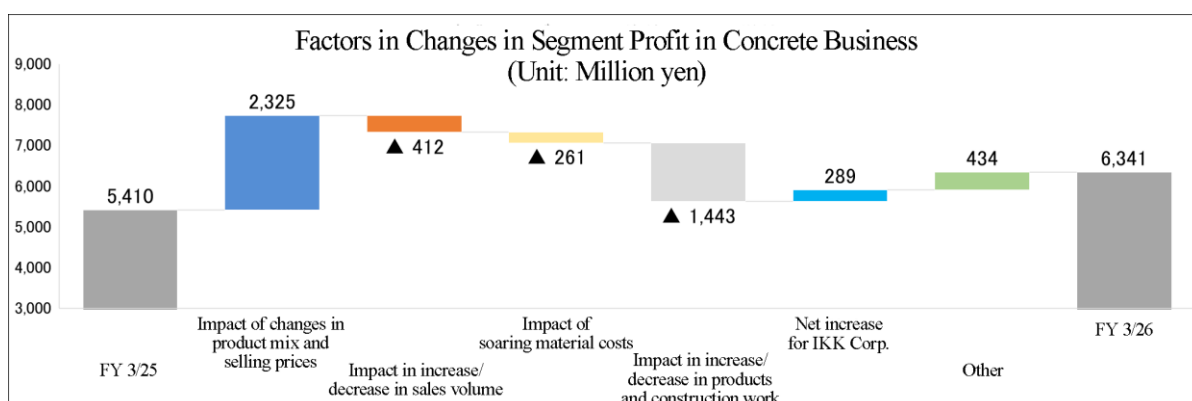
* Unit: thousand yen. The composition ratio of operating income means the ratio of operating income to sales.



*Prepared by Investment Bridge Co., Ltd. based on disclosed material.

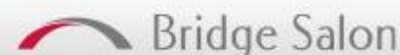
◎ Concrete Business (Sales and profit grew 11.6% and 17.2%, respectively, year on year.)

While the revisions to selling prices produced some effects, the ratio of products with high added value was high. In particular, large-scale flood control projects performed well, so quake-resistant box culverts (SJ-BOX), rainwater storage tanks, etc. used for flood control measures accounted for a larger proportion of sales, contributing to the improvement in sales and profitability. As a result, sales grew 11.6% year on year to 30,028 million yen and profit rose 17.2% year on year to 6,341 million yen. In addition, operating income margin rose 1 points year on year to 21.1%.



*Prepared by Investment Bridge Co., Ltd. based on disclosed material.

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◎ **Pile Business (Sales and profit declined 23.3% and 71.4% , respectively, year on year.)**

Some construction projects planned in private construction investments were cancelled or postponed, because the demand for construction weakened as the prices of building materials remained high and the economic outlook was uncertain due to the U.S. tariff policy, etc. As a result, sales dropped 23.3% year on year to 2,828 million yen, and profit dropped 71.4% year on year to 70 million yen. In addition, operating income margin declined 4.2 points year on year to 2.5%.

◎ **Slope Disaster Prevention Business (Sales and profit declined 5.2% and 3.8%, respectively, year on year.)**

Some of initially planned projects were not conducted, so the sales in FY 3/2026 were smaller than assumed. As a result, sales decreased 5.2% year on year to 4,635 million yen and profit declined 3.8% year on year to 1,595 million yen. In addition, operating income margin rose 0.5 points year on year to 34.4%.

◎ **Segment Business (No results from the previous fiscal year)**

The segment business of IKK Corp., which became a consolidated subsidiary, performed almost as initially planned, but the posting of sales from some projects was postponed until the following fiscal year. As a result, sales were 5,623 million yen and profit was 286 million yen. In addition, operating income margin was 5.1%.

◎ **Others (Sales declined 0.5% year on year, and profit grew 14.6% year on year.)**

The performance of each business in the “Other” segment was stable as a whole, so sales were almost unchanged, declining 0.5% year on year to 3,403 million yen. On the other hand, the ceramics business saw steady shipment of products related to semiconductor manufacturing equipment, so profit rose 14.6% year on year to 893 million yen. In addition, operating income margin rose 3.5 points year on year to 26.3%.

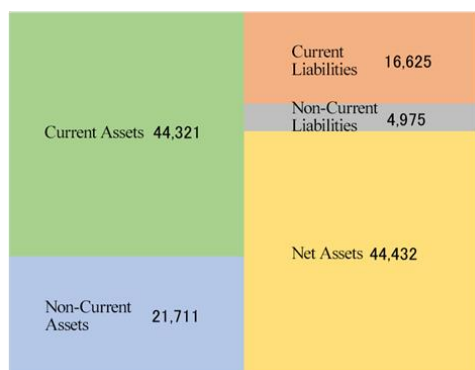
(3) Financial position and cash flows

Financial position

	Mar. 2025	Mar. 2026		Mar. 2025	Mar. 2026
Cash and Deposits	17,323	18,013	Trade Payables	6,103	5,927
Trade Receivables	10,935	16,159	ST Interest-Bearing Debts	3,065	4,652
Inventories	5,492	9,033	Current Liabilities	11,960	16,625
Current Assets	34,690	44,321	LT Interest-Bearing Debts	844	1,334
Tangible Assets	11,297	15,462	Noncurrent Liabilities	3,371	4,975
Intangible Assets	3,424	3,043	Net Assets	36,534	44,432
Investment and Other Assets	2,455	3,204	Total Liabilities and Net Assets	51,866	66,032
Noncurrent Assets	17,176	21,711	Total interest-bearing debt	3,909	5,986

*Unit: Million yen. Trade receivables include electronically recorded ones, while trade payables include electronically recorded ones. Interest-bearing debt include lease obligations.

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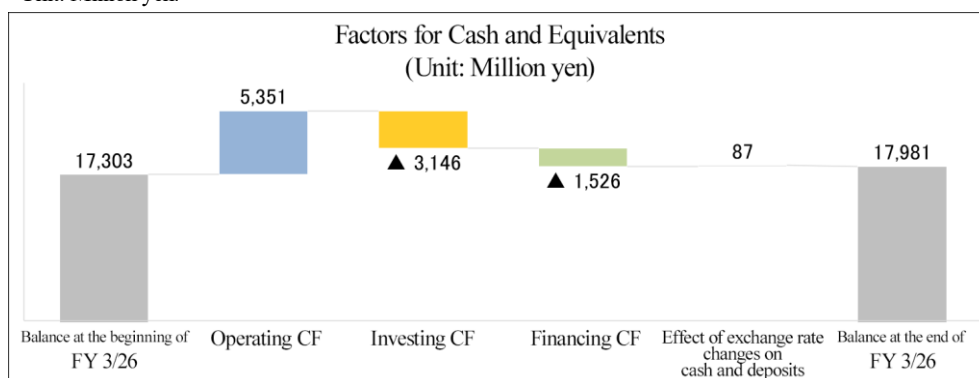
*Prepared by Investment Bridge Co., Ltd. based on disclosed material.

The total assets as of the end of March 2026 stood at 66,032 million yen, up 14,165 million yen from the end of the previous fiscal year. Major factors in increasing assets include accounts receivable, inventory assets, land, and lease assets. Major factors in increasing liabilities and net assets include short-term debt, income taxes payable, lease obligations, liabilities for retirement benefits, and retained earnings. The capital-to-asset ratio as of the end of March 2026 stood at 66.8%, down 3.2 points from the end of the previous fiscal year.

Cash Flow

	FY 3/25	FY 3/26	YoY	
Operating CF	6,376	5,351	-1,025	-16.1%
Investing CF	215	-3,146	-3,361	-
Free CF	6,591	2,204	-4,387	-66.6%
Financing CF	-3,185	-1,526	1,658	-
Cash and equivalents as of the end of the period	17,303	17,981	678	+3.9%

*Unit: Million yen.



*Prepared by Investment Bridge Co., Ltd. based on disclosed material.

In terms of cash flows, the cash inflow from operating activities shrank due to the adjustment of the gain from negative goodwill, an increase in accounts receivable, etc. The investing cash flow turned negative and the surplus of free cash flow also decreased, due to the augmentation of expenditures for acquiring tangible fixed assets and shares in subsidiaries that changed the scope of consolidation, and so on. The cash outflow from financing activities shrank due to the augmentation of short-term debt, etc. Consequently, the year-end cash position increased 3.9% year on year.

(4) Shareholder return

◎ Policy for shareholder return (Period of the current medium-term management plan: FY 3/25 to FY 3/27)

- ◆ Dividend payout ratio: 30%
- ◆ Total return ratio: 50% or higher

◎ Dividend

They carried out a 2-for-1 stock split for common shares on September 1, 2025. Regarding dividends considering that stock split, the dividend for the fiscal year ended March 2026 will be 35.0 yen/share, up 5 yen from the previous fiscal year, and payout ratio is expected to be 16.8%. When the effect of negative goodwill due to the acquisition of IKK Corp. is not taken into account, payout ratio is 40.8% and total return ratio is 70.0%.

◎ To Acquire Treasury Shares

The company continuously purchased treasury shares, in order to enhance shareholder returns, improve capital efficiency, and implement a flexible capital policy in response to changes in the business environment.

- ◆ Acquisition period: (1) April 11, 2025 to July 31, 2025 (2) September 19, 2025
- ◆ Total acquisition price: (1) 799,974,100 yen (367,600 shares) (2) 456,600,000 yen (300,000 shares)

3. Fiscal Year Ending March 2027 Earnings Forecasts

(1) Consolidated results

	FY 3/26	Ratio to sales	FY 3/27 Est.	Ratio to sales	YoY
Sales	46,519	100.0%	52,000	100.0%	+11.8%
Operating Income	7,058	15.2%	7,100	13.7%	+0.6%
Ordinary Income	7,109	15.3%	7,250	13.9%	+2.0%
Net Income	10,315	22.2%	4,700	9.0%	-54.4%

*Unit: Million yen.

Sales are projected to increase 11.8% year on year, and operating income 0.6% year on year.

The Vertex Group engages in initiatives for realizing the long-term vision “VERTEX Vision 2034” for the purpose of “offering new forms of security for the future of people worldwide with our unique ideas and one-of-a-kind technologies,” which was set in April 2024. The “third medium-term management plan,” which was started in the fiscal year ended March 2025, will end in the fiscal year ending March 2027. In the fiscal year ended March 2026, sales and operating income hit a record high, progressing toward the medium-term goals steadily, as IKK Corp. joined the Vertex Group. In the fiscal year ending March 2027, they will concentrate on bringing about synergy due to the merger with IKK on a full-scale basis, and strive to enrich their business portfolio and fortify their revenue base. They will keep helping solve social issues in the construction industry and Japan and improving corporate value sustainably, by taking full advantage of tangible and intangible assets of the Vertex Group, including technologies, R&D, human resources, and equipment.

For the fiscal year ending March 2027, it is forecast that sales will rise 11.8% year on year to 52 billion yen and operating income will increase 0.6% year on year to 7.1 billion yen. As IKK Corp. will contribute to annual results, sales, gross profit, operating income, and ordinary income are expected to grow. On the other hand, net income is forecast to decline as there will be no longer a gain from negative goodwill, which amounted to 6,019 million yen in the previous fiscal year, but when the gain from negative goodwill is not taken into account, net income, too, is expected to rise.

Operating income margin is projected to drop 1.5% year on year to 13.7%.

Regarding dividends, they plan to pay a common dividend of 40 yen/share, up 5 yen/share. The expected payout ratio is 41.6%.

Regarding the assumed impact of the situation in the Middle East, including Iran, they consider that the direct impact on inorganic materials, such as concrete, which is their core product, will be limited. On the other hand, the sales of supplementary materials and components, such as rubber products used for joints, may be affected by the rises in prices of crude oil and naphtha and the imbalance between supply and demand, so they will keep an eye on the effects of the Middle East situation and variations in prices of resources on the supply trend and costs.

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(2) Trend in each segment

	FY 3/26 Act.	Composition ratio	FY 3/27 (Company forecast)	Composition ratio	YoY
Concrete business	30,028	64.6%	29,800	57.3%	-0.8%
Pile business	2,828	6.1%	3,300	6.3%	+16.7%
Slope disaster prevention business	4,635	10.0%	5,300	10.2%	+14.3%
Segment Business	5,623	12.1%	10,000	19.2%	+77.8%
Other business	3,403	7.3%	3,600	6.9%	+5.8%
Total sales	46,519	100.0%	52,000	100.0%	+11.8%
Concrete business	6,341	21.1%	5,750	19.3%	-9.3%
Pile business	70	2.5%	200	6.1%	+183.6%
Slope disaster prevention business	1,595	34.4%	1,800	34.0%	+12.8%
Segment Business	286	5.1%	600	6.0%	+109.1%
Other business	893	26.3%	950	26.4%	+6.3%
Adjustment amount	-2,130	-	-2,200	-	-
Total operating income	7,058	15.2%	7,100	13.7%	+0.6%

* Unit: million yen. The composition ratio of operating income means the ratio of operating income to sales.

In the concrete business, sales are expected to decline 0.8% year on year and profit is forecast to decline 9.3% year on year. Operating income margin is projected to drop 1.8 points year on year to 19.3%.

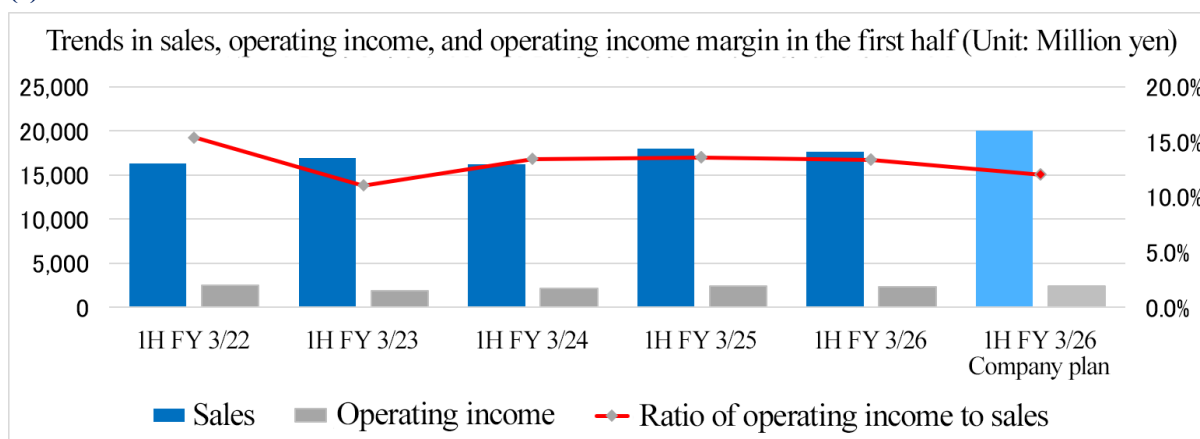
In the pile business, sales are projected to grow 16.7% year on year and profit is forecast to rise 183.6% year on year. Operating income margin is expected to rise 3.6 points year on year to 6.1%.

In the slope disaster prevention business, sales are expected to grow 14.3% year on year and profit is forecast to rise 12.8% year on year. Operating income margin is projected to decline 0.5 points year on year to 34.0%.

In the segment businesses, sales and profit are expected to grow 77.8% and 109.1%, respectively, year on year. Operating income margin is projected to increase 0.9 points year on year to 6.0%.

In the other businesses, sales and profit are expected to grow 5.8% and 6.3%, respectively, year on year. Operating income margin is projected to increase 0.1 points year on year to 26.4%.

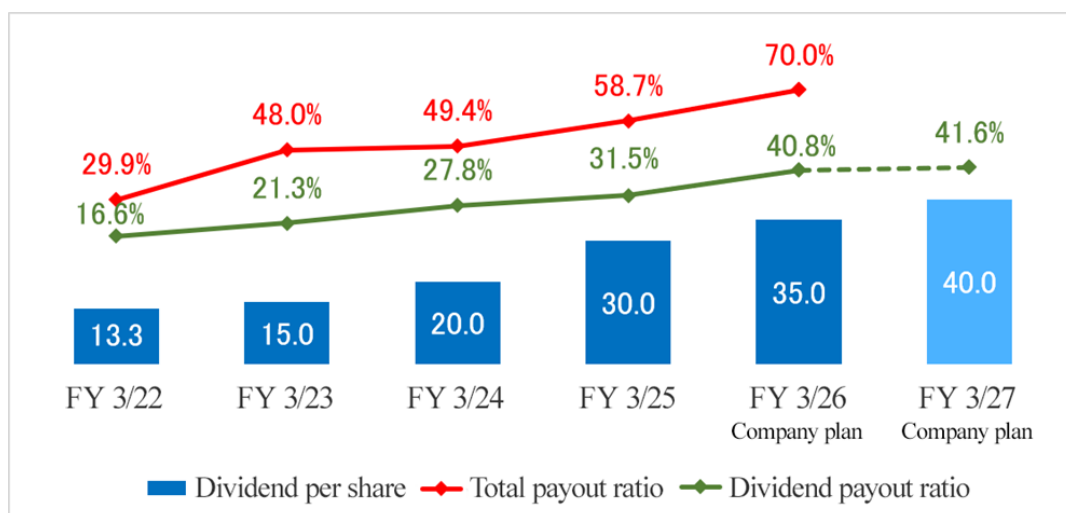
(3) Performance trend in the first half



In the first half of the fiscal year ending March 2027, sales and profit are expected to grow, but operating income margin is projected to decline due to contribution of IKK Corp. to annual results.

(4) Shareholder Return

Regarding the dividend for FY 3/2026, they revised the initial plan upwardly and plan to pay 35 yen/share (as disclosed on March 10, 2026). When the negative goodwill due to the acquisition of IKK Corp. is not taken into account, payout ratio is 40.8% and total return ratio is 70.0%. Regarding shareholder return, they basically pursue medium/long-term progressive dividends, and plan to pay a dividend of 40 yen/share, up 5 yen/share from the previous fiscal year, while raising the target payout ratio from 30% in the current medium-term plan to 40%, and payout ratio is expected to be 41.6%. Regarding the acquisition of treasury shares, they will carry out the acquisition swiftly while comprehensively considering investment projects, cash flows, share price, etc. in addition to the rationalization of capital composition with the cost for acquiring treasury shares being up to 1 billion yen, and make efforts to increase total return, including dividends.



<Acquisition of treasury shares>

In order to enrich shareholder return and improve capital efficiency, they made decisions about the acquisition of treasury shares at the meeting of the board of directors held on May 28, 2026.

- ◆ Total number of shares that can be acquired: up to 588,000 (its ratio to the total number of outstanding shares, excluding treasury shares: 1.17%)
- ◆ Total cost for acquiring treasury shares: up to 1,000,000,000
- ◆ Scheduled acquisition period: June 1 to September 30, 2026
- ◆ Acquisition method: Purchase on the market via Tokyo Stock Exchange

<Retirement of treasury shares>

In order to rationalize the number of treasury shares and reduce the risk of dilution, they resolved to retire treasury shares at the meeting of the board of directors held on May 28, 2026.

- ◆ Total number of shares to be retired: 2,800,000 (its ratio to the total number of outstanding shares before the retirement: 4.85%)
- ◆ Scheduled retirement date: June 11, 2026

*The treasury shares to be retired this time are some of the treasury shares held by the company as of the date of the resolution by the board of directors.

4. Progress of the Third Mid-Term Management Plan

The numerical goals in the medium-term management plan for the fiscal year ending March 2027 are sales of 50 billion yen, an operating income of 6.5 billion yen, and an ROE of 14%. For the first phase of VERTEX Vision 2034 and taking the first step for achieving sales of 100 billion yen and an operating income of 15 billion yen, the company will invest in the fortification of the business portfolio and engage in the development of new business, which will drive the regrowth and long-term growth of their core business based on the established business foundation.

[Numerical goals]

Numerical goals (as of the announcement of the plan)

	FY 3/24 (Act.)	FY 3/27 (Company forecast)	FY 3/27 (Mid-term management plan)	Vision 2034
Sales	368	520	500	1,000
Operating Income	57	71	65	150
ROE	11.5%	-	14%	20%

*Unit: 100 million yen.

[Measures]

Strengthening the business portfolio

- ① To promote the expansion of stable revenues based on the market growth in their core businesses of concrete and slope disaster prevention
- ② To promote the investment for growth of the businesses of infrastructure maintenance, railways, defense, and hydraulic hose maintenance they are developing
- ③ To strengthen and expand their business portfolio through M&A in addition to organic growth

Promoting sustainability-oriented management

- ① To develop a structure for actualizing “MIRAI factory,” “one-stop maintenance,” “onsite precast,” and “smart slope disaster prevention” with the aim of realizing “an ideal state 10 years from now”
- ② To promote initiatives for carbon neutrality

Strengthening promotion of human capital, R&D and DX

- ① To further promote the programs for developing and recruiting human resources
- ② To promote the investment for growth while envisioning “an ideal state 10 years from now” in addition to the ordinary investment in R&D and equipment
- ③ To develop information systems and ICT infrastructure and further promote DX

<Enhancement of Business Portfolio>

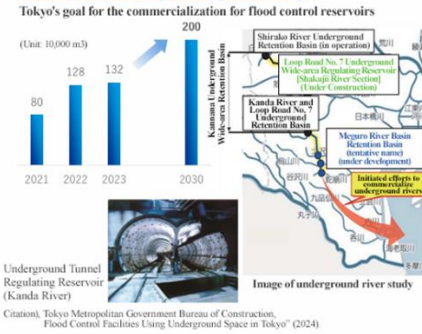
[Foray into the underground flood control reservoir business market]

In recent years, measures conventionally taken at relatively shallow places under roads and parks have not been enough to deal with rainwater in an increasing number of cases due to intensifying downpours. Under such circumstances, underground tunnel-type reservoirs are being developed using segmented parts in metropolitan areas as a new measure against inland water flooding. Underground tunnel-type reservoirs are facilities intended to mitigate flood damage by creating a large storage space deep under the ground for temporarily taking in rainfall and river water at the time of torrential downpours. The company has acquired IKK Corp., which has yielded results with its advanced technology in this field, as a subsidiary because it is turning its eyes to this business. What will generate synergy with the corporate group’s strengths in the field of underground tunnel-type reservoirs is a synthetic segment. Synthetic segments are special segments produced by combining reinforced concrete and steel plates and characterized by the capability to withstand high water pressure. In addition, there are a relatively small number of competitors in this field, which means that it is highly likely that the company’s synthetic segments can demonstrate a competitive advantage as a product with high added value. The company currently plans to enhance its manufacturing bases in anticipation of a potential rise in demand. It will branch out into the market of underground tunnel-type reservoirs while making the most of its corporate group’s sales networks.

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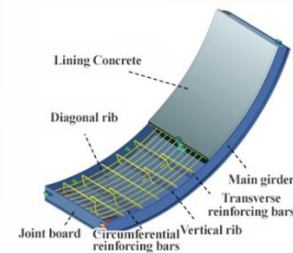


Future Use of Underground Space in Tokyo



What is a composite segment?

- Segment integrating steel and concrete by placing reinforcing bars and steel inside a steel shell covered with steel plates on five sides
- Structurally, it is resistant to internal water pressure and highly responsive to demand for flood control
- Area with few players and cost advantages over competing products



(Taken from the reference material of the company)

[Foray into the underground flood control reservoir business market]

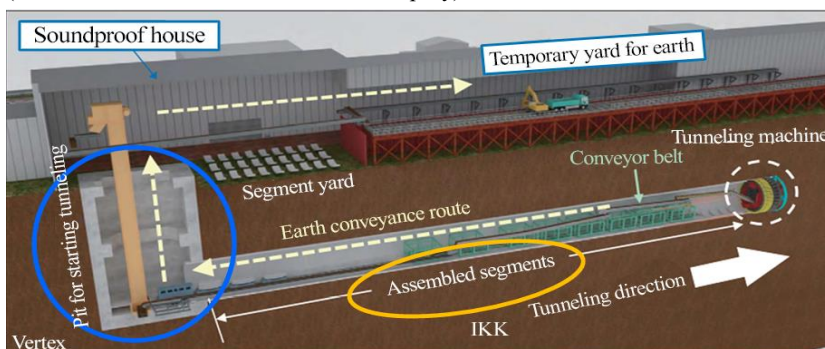
The picture below shows the progress with the construction of an underground reservoir in the Yagami River, a class A river in Kanagawa Prefecture for which IKK Corp. is delivering necessary parts. In this facility, river water will flow into the underground reservoir constructed at a depth of about 50 meters under the ground through a vertical shaft that goes underground when the water level rises. The length is about four kilometers, and synthetic segments in which seven components are combined for each ring are scheduled to be delivered for about 1.6 kilometers one after another by 2030. Furthermore, synergy with Vertex is expected through the use of precast starting shafts for large-scale structures.

Water control measures (rivers, erosion control, sewerage, and seashores)



Source: Leaflet for the Project for Constructing an Underground Flood Control Reservoir for the Yagami River* of Kawasaki Water Control Center, Kanagawa Prefecture Yokohama-Kawasaki Water Control Office

(Taken from the reference material of the company)



Source: *Regarding the first-phase tunnel construction in the project for constructing an underground flood control reservoir for the Yagami River* in the website of Kanagawa Prefecture

(Taken from the reference material of the company)

[Promotion of the maintenance business (Example of a construction method owned by the company)]

At present, most existing infrastructures constructed during the high economic growth period in Japan are over 50 years old, which arouses concern over the impact brought by their deterioration. Under such circumstances, the company is proactively developing new construction methods and materials to use in the new methods. It possesses maintenance technologies to apply according to how deteriorated an infrastructure is. Furthermore, it has set up the Association of Maintenance Technology for Infrastructure with about 60 companies including concrete product manufacturers and construction companies, through which it engages in activities to further diffuse such technologies and strives to sell and spread materials to use in such construction methods.

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Strategic maintenance, management, and upgrade of water supply and sewerage facilities

Repair method with highly durable resin concrete panels



AS Form Method

Repair method with ultra high strength fiber reinforced concrete (DUCTAL)



DUCTAL Panel Lining Method

Method for preventing collapse by directly supporting the apical plate of a fire cistern



Spring support method

Structure repair method with acrylic polymer cement mortar derived from re-emulsified blast furnace slag powder



AS Mortar Method

Iron manhole cover repair method



Epo Method

(Taken from the reference material of the company)

Vertex's survey technologies (Examples)

In addition, one of the company's strengths in the maintenance business is the analysis system based on the survey and evaluation technologies and the testing and analysis center. It is extremely important to accurately grasp the conditions of conduit structures before conducting maintenance, repair, or upgrading. The company is capable of precisely evaluating the degree of deterioration and bringing forward proper suggestions for maintenance by not only performing on-site surveys, but also analyzing data obtained. In response to a road collapse in Yashio City, Saitama Prefecture, the Ministry of Land, Infrastructure, Transport and Tourism requested local public entities to inspect sewer conduits. Against this background, it is expected that the company's survey and evaluation technologies will be applied to even a greater number of cases.



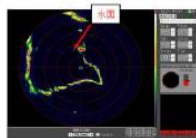
Underground radar survey



Fiber scopes



Visual inspection of structures with an underwater drone



Survey on shapes of scour holes with underwater ROVs and sonar

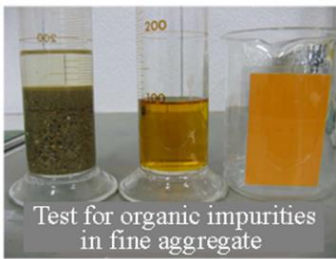


(Taken from the reference material of the company)

Vertex's Testing and Analysis Center

The testing and analysis center owned by the company has been registered as a testing laboratory accredited in accordance with an international standard and has a system for providing highly reliable testing data. This certifies that testing results do not depend on the experience or intuition of the person in charge but are based on standardized procedures and well-managed equipment. The company will grasp the conditions of conduits more accurately and realize proper maintenance by using the highly reliable analysis system.

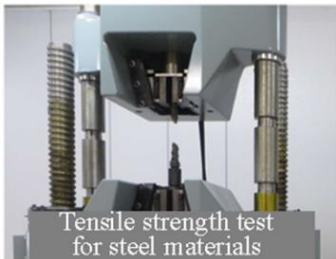
BRIDGE REPORT



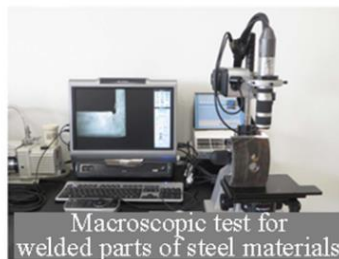
Test for organic impurities in fine aggregate



Test for differences in cement setting time



Tensile strength test for steel materials



Macroscopic test for welded parts of steel materials

(Taken from the reference material of the company)

[Securing of redundancy]

The Japanese government has announced a policy on the establishment of a system under which sewer conduits do not break down no matter what happens. This is aimed at increasing the number of sewer conduits in case any of the existing sewer conduits breaks. While the bar is set high for addition of sewer conduits in terms of locations, it is expected that the company's products will be used increasingly when construction projects actually progress.

Furthermore, one of the causes of a road collapse due to a sewer conduit installed 50 years ago is damage to concrete because of hydrogen sulfide. It is required, therefore, to develop long-lasting acid-resistant concrete. The corporate group has technologies that are LL-CRETE, which can deal with such issues, and Cemenon, which is used for parts of shielded tunnels. Cemenon, especially, is a technology possessed by IKK Corp. and makes it possible to manufacture products that are less prone to oxidation because cement is not used at all. The company intends to provide longer-lasting products by utilizing these technologies in the future.

They develop new products and materials by fusing their respective technologies, and contribute to the realization of a sustainable society. In particular, they apply them to products for coping with the corrosion of sewerage pipes due to hydrogen sulfide, sulfuric acid, etc.

■ Enrichment of the lineup of durable concrete resistant to sulfuric acid



Concrete produced by blending fine powder of blast furnace slag, which accounts for over 70%, with a binding agent

Low cost
Low carbon
Long lifespan
Resistant to salt
Resistant to sulfuric acid

To reduce CO2 emissions by over 60%

Ordinary concrete LL-CRETE

Material solidified through the condensation polymerization between powder that is active in alkali (an active filler), such as Metakaolin and fly ash, and alkali-silica solution, such as liquid glass. Concrete that does not include cement at all

Tekken Corporation IKK Corp.

(Taken from the reference material of the company)

[Contribution to measures against landslide disasters]

The company has grown its slope disaster prevention business mainly through projects entrusted by local governments; however, it now receives an increasing number of inquiries from private companies. The company's landslide barriers are relatively affordable and help shorten construction periods by half compared to conventional construction methods, so it is expected that they will be adopted in more private facilities.

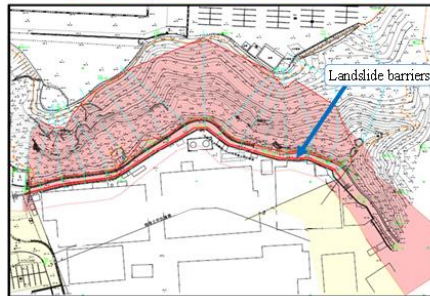
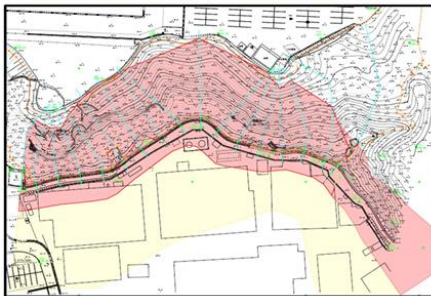
● Contribution to measures against landslide disasters

- Schematic diagram of the zone that requires special precautions against landslide disasters



Schematic diagram before the installation of landslide barriers

Schematic diagram after the installation of landslide barriers



Red: Zone that requires special precautions against landslide disasters
Yellow: Zone that requires precautions against landslide disasters

(Taken from the reference material of the company)

<Enhancement of Promotion of Human Resources Development, R&D, and DX>

[Product Development in Vertex's Railway Business Division]

The railway business division has newly developed a foundation engineering method for lightweight precast platform fences (BP foundation) jointly with West Japan Railway Company, JR West Japan Consultants Company, and DAITETSU KOGYO CO., LTD. While it is required to develop lightweight components as there is a labor shortage, the BP foundation developed by further improving the conventional technology has a characteristic that it is lightweight and easy to install. The technology makes it possible to install platform doors smoothly in train stations, and demand for it is expected to grow.

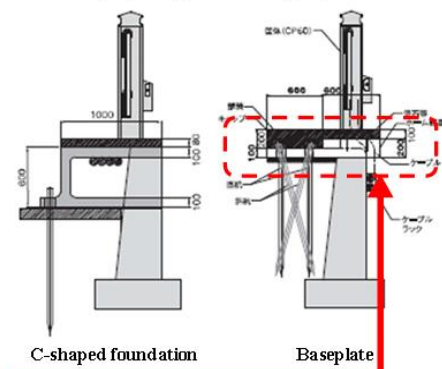


Improved movable platform screen doors
Jointly developed by West Japan Railway Company, West Japan Railway Technic Co., Ltd., and Naitesco Corporation



Schematic diagram of the baseplate (for a three-door train car)

Cross-sectional view of the foundation for platform screen doors (comparing old and new types)



*Taken from the PR material produced by DAITETSU KOGYO CO., LTD.

(Taken from the reference material of the company)

[Development of Personnel with Expertise]

In the slope disaster prevention business and the technology department, the company presents research results every year at meetings of the Japan Society of Civil Engineers with the aim of sophisticating its slope disaster prevention technology and various other technologies and sharing its technological capability externally and proactively.

[New Technology Development (Joint Research: Surveys and Evaluation)]

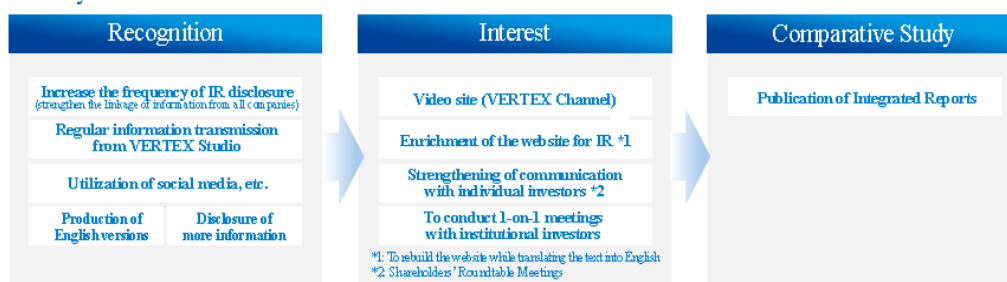
The company is developing new technologies with the University of Osaka in the fields of non-destructive, underwater, and rebar surveys. In addition, it is cooperating with Toyama Prefectural University in developing new technologies in the fields of non-destructive, underwater, and concrete strength estimation.

<Initiatives for Business Administration Conscious of Capital Cost>

[IR Activities]

The company set up an IR team seven years ago and has taken such measures as enriching its website, providing video content, and disseminating information via social media since then with the aim of deepening investors’ understanding of the company. In addition, the company has endeavored to have continuous communication through individual meetings with institutional investors and interim and full-year financial results briefings. Furthermore, following the relocation of its head office in October 2025, the company invited its shareholders and held a shareholder gathering at the new head office on December 19 of the same year. The gathering was aimed at fostering constructive dialogue between the shareholders and the company’s management and enhancing the company’s sustainable growth and medium/long-term corporate value. The company intends to enrich its IR activities, including the translation of relevant documents into English and disclosure of more information, during the period of the medium-term management plan.

■ Policy for future IR activities



■ Status of Communication with Investors (Fiscal Year Ended March 2026)

Status of Feedback Implementation
Minutes on the content of meetings are produced and reported to all board members as needed.

Conversation Status		Meetings and Briefing Sessions	Major Staff
Individual meetings for analysts and institutional investors		37 Times	Corporate Planning Division (General Manager), Corporate Planning Department (Manager), Head of Public Relations and Investor Relations
Domestic Institutional Investors Overseas Institutional Investors	30 Times		
	7 Times		
Financial Results Briefing for Analysts and Institutional Investors		2 Times	President, Director and Head of Corporate Planning Division

(Taken from the reference material of the company)

<Initiatives regarding Regional Contribution>

[Donations to Yokoshibahikari Town for taking a tax deduction]

Aiming to help create a disaster-resistant town, the company donated an emergency toilet tank made of concrete to Yokoshibahikari Town, in which Vertex’s Chiba Factory was set up 77 years ago, out of gratitude for having grown the company for such a long period of time.

[Factory Tour Conducted for Students of a Local Elementary School]

The company gave a factory tour to the students of an elementary school located in the area where Vertex’s Yuki Factory is located. The tour was a valuable opportunity to share the corporate group’s mission of protecting the safety of local communities from natural disasters with children who will lead the next generation.

5. Conclusions

Regarding the financial results of the company in the fiscal year ended March 2026, sales grew 19.5% year on year and operating income rose 12.3% year on year. Annual sales and all kinds of profits hit a record high, because IKK Corp. became a consolidated subsidiary and the sales of mainly flood control products in the concrete business increased. In the following fiscal year ending March 2027, it is expected that sales will grow 11.8% year on year and operating income will rise 0.6% year on year. As IKK Corp. will contribute to annual results, sales, gross profit, operating income, and ordinary income are expected to exceed the numerical goals in the medium-term management plan. IKK Corp. has a cost advantage for meeting the demand for underground tunnel-type reservoirs constructed with segmented parts, which is expected to grow rapidly, compared with competitors. Vertex plans to induce synergetic effects by utilizing their marketing network based on the synthetic segments of IKK, and strongly promote the business related to underground tunnel-type reservoirs, as the demand for them is expected to grow. It is noteworthy whether they can receive more orders for underground tunnel-type flood control reservoirs as expected. Meanwhile, there is concern over the downturn trend of their profit margin in the wake of acquisition of IKK Corp. as a subsidiary, probably because most projects in the segment business of IKK Corp. are large-scale and the price-cutting war is fierce. They plan to improve profitability by shifting to synthetic segments for utilizing competitive advantages over competitors and enhancing proposal-based marketing, and develop a system for securing a certain profit margin stably through measures, including the integration and abolishment of factories and personal exchange. We also would like to pay attention to the progress of post-merger integration (PMI) with IKK Corp.

Amid the shortage of manpower, general contractors increasingly demand the shift to precast concrete. Currently, the Ministry of Land, Infrastructure, Transport and Tourism is promoting the utilization of precast concrete for coping with the shortage of workers and improving productivity in the construction field. On the other hand, the ratio of precast concrete in Japan is still low, so the rise in this ratio is expected to serve as a strong tailwind for related industries. It is noteworthy what kinds of measures they will launch for the market expansion while considering the expected shortage of manpower.

Furthermore, it is projected that sewer conduits aged over 50 years, which is the standard service life, will increase significantly and the demand for maintenance of sewer conduits will grow rapidly. The company already possesses various repair methods for maintaining sewer conduits, so their benefits are expected to be brought about. In addition, significant benefits are expected from surveys, assessment, the increase of sewer conduits, and the installation of connecting conduits. We would like to keep an eye on how they will meet the growing demand for maintenance of sewerage conduits with expectation.

<Reference 1: The Third Mid-Term Management Plan>

The company has formulated its third medium-term management plan covering the three-year period from the fiscal year ended March 2025 to the fiscal year ending March 2027.

As a plan for the first fiscal year based on VERTEX Vision 2034, the company plans to achieve 43 billion yen in organic sales and 6.5 billion yen in operating income. As the first step toward achieving 100 billion yen in sales and 15 billion yen in operating income in the future, the company will make growth investments to strengthen its business portfolio and work to regrow its core businesses, and nurture new businesses that will serve as a long-term growth driver.

[Numerical goals]

Numerical goals (Values as of the announcement of the plan)

	FY 3/25 (Mid-term management plan)	FY 3/25 (Act.)	FY 3/26 (Mid-term management plan)	FY 3/26 (Company forecast)	FY 3/27 (Mid-term management plan)	3-year Cumulative total	Vision 2034
Sales	400	389.1	410	410	430	1,240	1,000
Operating income	60	62.8	62	63.5	65	187	150
ROE	-	13.8%	-	-	14%	-	20%

*Unit: 100 million yen.

[Priority Items]

Strengthening the business portfolio

- ◆ Core business - Concrete and slope disaster prevention
Aiming for stable profit expansion in line with market growth.
- ◆ Growing business - Maintenance, railway, defense, and hydraulic hose maintenance
To make investments for growth with a view to making these domains the focus of the company in the future.

Strengthening promotion of human capital, R&D and DX

Promoting sustainability-oriented management

◎ Measures for core businesses



[Concrete Business]

The company will further strengthen its core business, which is the concrete business, in the area of rainwater flood prevention, where the market environment is healthy. The product portfolio has been established through the previous medium-term business plan, and the company will work to increase sales and profit by strengthening sales and adding more value to its products.

(Main efforts)

- ◆ Strengthening the sales of existing and new products

<New products in the concrete business>

Vortex valve		Spiral hole	
A device that controls the flow rate from the storage tank according to the water level without power, improving the storage capacity of rainwater harvesting facilities by up to 20% compared to conventional methods.		A manhole that allows rainwater to fall in a spiral along the inner wall, avoiding noise and vibration and allowing it to flow smoothly into the outflow pipe.	


- ◆ Further adding value to selected products
- ◆ Improving efficiency through consolidation and closure of concrete plants

The company has begun consolidating or closing factories and bases owned through past business integrations. In light of the problem with logistics in 2024 and market trends, the company will work to respecify the range of transportation from each plant and improve efficiency.

[Slope Disaster Prevention Business]

In recent years, awareness of disaster prevention and mitigation and national resilience has been on the rise as a measure against natural disasters that have become increasingly severe. In addition, more measures are to be taken to strengthen national resilience. In this environment, the company will continue to work on expanding sales of products for measures against landslides and rockfalls, while engaging in further research and development and value-adding activities.

<Main Products>

Loop Fence Landslide prevention, debris flow and driftwood prevention	
<ul style="list-style-type: none"> ◆ High maintainability ◆ Flexible placement by adjusting cable mounting position ◆ To withstand soil, falling rocks, and snow accumulation 	

◎ Measures for Growing Businesses

The company will promote investments in the infrastructure, railway, defense, and hydraulic hose maintenance in the concrete business as domains to be focused on in the future. By the end of the third medium-term management plan, the company aims to achieve total sales of approximately 8 billion yen.

Business	Main measures
Infrastructure maintenance	<ul style="list-style-type: none"> ◆ Strengthen sales by focusing on fire protection water tanks and agricultural water use, which have the largest share of the installation market ◆ Expand and deepen the customer base through one-stop services, including investigation, diagnosis, maintenance and management
Railway	<ul style="list-style-type: none"> ◆ The company will cement the collaboration among itself, general contractors, and railway operators, and utilize its new materials to promote product development that meets customer needs.
Hydraulic hose maintenance	<ul style="list-style-type: none"> ◆ PROFLEX, which will become a wholly owned subsidiary in 2023, has the advantage of excellent operations with an abundance of product numbers in stock and the ability to immediately deliver any quantities from a single unit nationwide, as well as the ability to design its own original caulking machines. The company will horizontally expand its business model, which has already been successful in the Kanto region by leveraging its strengths, to other regions.

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◎ M&A Strategy

In addition to organic growth, the company aims to strengthen and expand its business portfolio through M&A.

Strategic investment budget for M&A for the medium-term management plan period
◆ The M&A investment budget is expected to be 10 to 15 billion yen, and a strategic M&A investment budget will be set up mainly using debt financing.
Internal structure for strengthening M&A
◆ Increase the quantity and quality of project information by strengthening M&A-related personnel
◆ Quantity: Collect project information using all channels
◆ Quality: Build good relationships and aim to collect high-quality information
Direction for target companies of M&A
◆ Companies that are expected to strengthen existing businesses and expand into peripheral areas based on disaster prevention, disaster mitigation, and national land resilience
◆ Companies that have products and services to offer to the growing businesses selected by the company (infrastructure maintenance, railways, and defense)
◆ Companies that provide strong products and services to government agencies
◆ Companies with businesses that are expected to strengthen and expand their business portfolio (businesses that can leverage the strengths of existing businesses and generate synergies)

[Envisioned growth in existing businesses and growth through M&A]

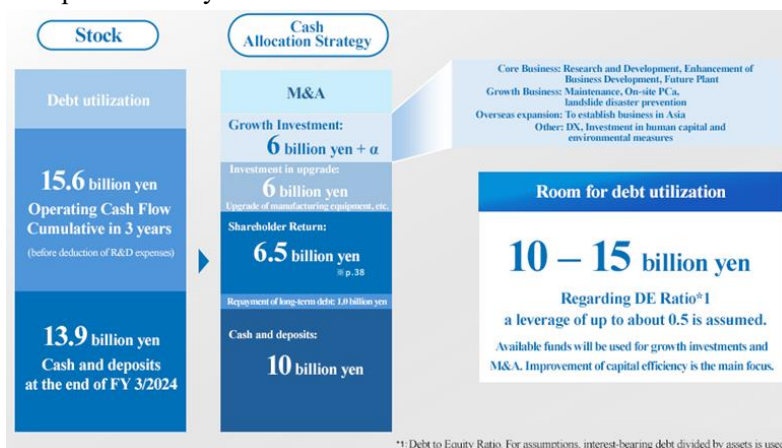
During the period of the third medium-term management plan, while there is great potential for sales growth through M&A, it is expected that profit will mainly come from organic growth (no profit contribution is expected in the initial stage of M&A, but improvements are expected during the PMI phase).



(Taken from the reference material of the company)

◎ Financial Strategy

The company has formulated a cash allocation plan for the current medium-term plan with the aim of achieving a balance sheet focused on capital efficiency.



(Taken from the reference material of the company)

[Details of investments for growth and upgrade]

In addition to the usual R&D and capital investments, the company has set an investment budget with an eye on “the ideal state it wants to achieve in 10 years.”

<Investment for growth: 6 billion yen + α>	
Research and development, digital transformation and AI [1.5 to 2.5 billion yen]	<ul style="list-style-type: none"> ◆ Strengthen efforts in new materials development and innovative production technologies ◆ Productivity and business model innovation through DX and AI
Realizing the Mirai (Future) Business [1.5 to 2.5 billion yen]	◆ Strengthen efforts to realize the Mirai (Future) Business (on-site PCa, new material development and development of smart products)
Realizing the MIRAI Factory [2.5 to 4 billion yen]	◆ Strengthen efforts to realize the MIRAI Factory (production DX, AI and next-generation production optimization systems)
Others [0.5 to 1 billion yen]	◆ Strengthen efforts for growth, including environmental measures (CO ₂ reduction), human capital management, and overseas expansion

<Investment for upgrade: 6 billion yen>	
Production facilities [4 billion yen]	◆ Improve competitiveness by strengthening the production base and improving cost and production efficiency
Technology development [1 billion yen]	◆ Improve profitability by improving existing products and developing new products based on customer needs
Software and system related [1 billion yen]	◆ Improve business operations through software and systems

<Reference 2: Regarding Corporate Governance>

◎ Organization Type and the Composition of Directors and Audit and Supervisory Committee Members

Organization type	Company with audit and supervisory committee
Directors	7 directors, including 3 outside ones (including 3 independent executives)
Audit and supervisory committee members	4 directors, including 3 outside ones (including 3 independent executives)

◎ Corporate Governance Report

Last updated in July 1, 2025

<Basic policy>

Our company’s basic policy regarding corporate governance is to strive to play active roles in management of the company group, and to enhance its corporate governance by establishing strategies and directions for the group, as well as to provide guidance and advice provided for the group companies, based on the recognition of the significance in establishing a corporate governance structure that brings efficient decision-making process, while securing transparency and soundness of the business.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code>

Vertex Corporation follows all of the principles of the Corporate Governance Code.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
[Principle 3-1: Enhancement of disclosure of information]	<p>(i) Management principles, strategies, and plans Our company discloses its management plan and other information on its website.</p> <p>(ii) Basic Approach to Corporate Governance and Basic Policies Our company discloses on its website the guidelines that set forth its basic approach to corporate governance.</p> <p>(iii) Policies and Procedures for the Board of Directors in Determining the Compensation of Senior Management and Directors Remuneration for Directors (excluding Outside Directors) consists of base remuneration as fixed remuneration and stock options as non-monetary remuneration whose number is calculated based on performance indicators ("performance-linked non-monetary remuneration"). In light of their duties, outside directors receive only base remuneration. The standard remuneration ratio for each type of director (excluding directors who are members of the Audit Committee) is as follows: base remuneration: performance-linked non-monetary remuneration, etc. (short-term incentives): performance-linked non-monetary remuneration (long-term incentives) = 70:15:15 (if 100% of the performance indicators are achieved). The Compensation Committee deliberates and reports to the Board of Directors on the amount of remuneration for each director, and the Board of Directors respects and decides the amount of remuneration based on the report of the Committee. The compensation of directors who are members of the Audit Committee shall be decided by the Compensation Committee after deliberation and report to all directors who are members of the Audit Committee, and all directors who are members of the Audit Committee shall respect and discuss the content of such report.</p> <p>(iv) Policies and Procedures for Election and Dismissal of Senior Management and Nomination of Candidates for Directors (Policy) Regarding candidates for Directors who are not Audit and Supervisory Committee members, we appoint personnel with a wide range of perspectives and experience that can contribute to the development of the group, as well as management skills and sense to improve the group's corporate value. Candidates for Directors who are Audit and Supervisory Committee Members are selected from individuals who can fairly audit and supervise the execution of duties by Directors who are not Audit and Supervisory Committee Members based on their extensive experience and knowledge. (Selection Procedures) We established a discretionary Nominating Committee. The Nominating Committee deliberates on proposals for the election and dismissal of directors and makes recommendations on candidates for directors. Based on the respective recommendations, the committee reports to the Audit Committee the proposed candidates for directors who are not Audit Committee members, and the Board of Directors resolves the proposed candidates for directors who are Audit Committee members after obtaining the consent of the Audit Committee.</p> <p>(v) Explanation on the Election, Dismissal, and Nomination When Electing and Dismissing Senior Management and Nominating of Candidates for Directors In the case of the election and dismissal of Directors, we will publish in the Reference Document for the Notice of the General Meeting of Shareholders the biographies of the candidates for new directors determined by the Board of Directors based on the recommendation of the Nominating Committee, and the reasons for their election and dismissal. (Management Plan: https://www.vertex-grp.co.jp/ja/ir/management/plan.html)</p>

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	(Corporate Governance Guidelines: https://www.vertex-grp.co.jp/ja/ir/management/governance.html)
[Supplementary Principle 3-1-3: Initiatives for Sustainability]	<p>In order to realize our management philosophy (brand vision) "To build safe society," we recognize that one of our management challenges is to balance "contributing to the realization of a sustainable society" and "achieving sustainable corporate growth," and we will identify issues of materiality and promote specific measures and goal-setting.</p> <p>We will continue to strengthen our efforts to realize a sustainable society and aim to be a company that earns the satisfaction and trust of society and stakeholders through the creation of new value.</p> <p>Please refer to our website for details of our sustainability initiatives and disclosures based on the TCFD.</p> <p>(Our website: https://www.vertex-grp.co.jp/ja/sustainability.html)</p>
[Principle 5-1 Policy for constructive dialogue with shareholders]	<p>We recognize that it is important for us to hold constructive dialogue with shareholders and investors aside from general meetings of shareholders to achieve sustainable growth and improve the medium/long-term corporate value, thus we assigned our Public Relations and IR Office in the Business Planning Department to be responsible for IR to handle individual meetings, post our company information on our website. In addition to disclosing information through the voluntary disclosure of the Tokyo Stock Exchange, we have established an internal system in which individual interviews are handled by appropriate persons selected from among the directors depending on the shareholder's wishes and the importance of the content of the interview.</p> <p>Furthermore, we hold semi-annual financial results briefing in which our executives including our Representative Director and President attend to present the financial results, business strategies, etc.</p>
[Measures for realizing business administration conscious of capital costs and share price]	<p>For information on our initiatives for realizing business administration conscious of capital cost and share price, please refer to the third medium-term management plan in our website.</p> <p>(The third medium-term management plan: https://www.vertex-grp.co.jp/ja/ir/library/midplan/main/00/teaserItems1/07/linkList/00/link/3nd_midterm-plan_.pdf)</p>

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