Fiscal Year Ending March 31, 2024

Financial Statements Briefing Materials



Matsuda Sangyo Co., Ltd.

May 23, 2024

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1. Overview of Consolidated Financial Results

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Key Points of the Financial Statements Briefing for the Year Ended March 31, 2024

Achieved record highest consolidated net sales

Increase in sales and profit decline

360.5 billion yen / **9.3** billion yen

(+2.7% / -32.3% YoY)

Precious Metals Business Segment

Net sales/Operating profit

252.9 billion yen / **7.0** billion yen

(+2.6% / -41.5% YoY)

Food Business Segment

Net Sales/Operating profit

107.7 billion yen / **2.3** billion yen

(+3.0% / +30.4% YoY)

ROE・ROA

8.3 % / **7.6** %

(-3.9pt / -3.7pt YoY)

Dividends per share (Forecast for Fiscal Year Ending March 31, 2025)

Increase in dividends for 7th consecutive fiscal year

70 yen (+10 yen)

Start of operation of the Kitakyushu Factory, equipped with precious metals recycling functions

Phase 1 of operations will start with logistics functions and primary processing for precious metal raw materials

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Consolidated Financial Results

Although net sales reached a record high, profit declined due to a fall in productivity in the electronic devices field and other factors.

(billion yen)

	FY3/23	FY3/24	Year-on-year increase (decrease)	
Net sales	351.0	**360.5**	+9.4	+2.7%
Operating profit	13.8	**9.3**	(4.4)	(32.3)%
Operating margin	3.9%	**2.6%**	(1.3)pt	-
Ordinary profit	13.8	**10.5**	(3.2)	(23.8)%
Profit attributable to owners of parent	9.6	**7.2**	(2.4)	(24.9)%
Earnings per share (yen)	371.7	**280.2**	(91.4)	(24.6)%
ROE	12.2%	**8.3%**	(3.9)pt	-

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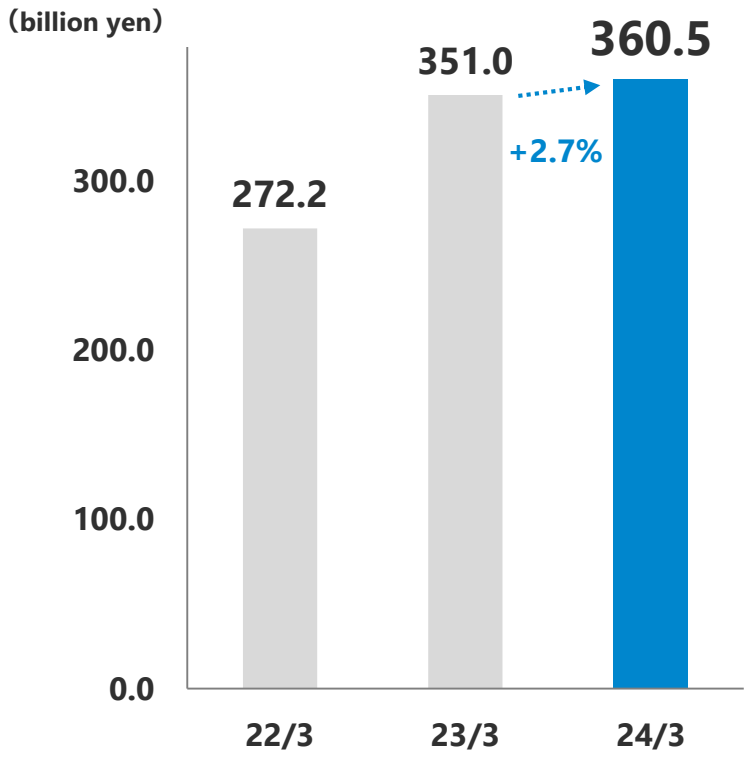
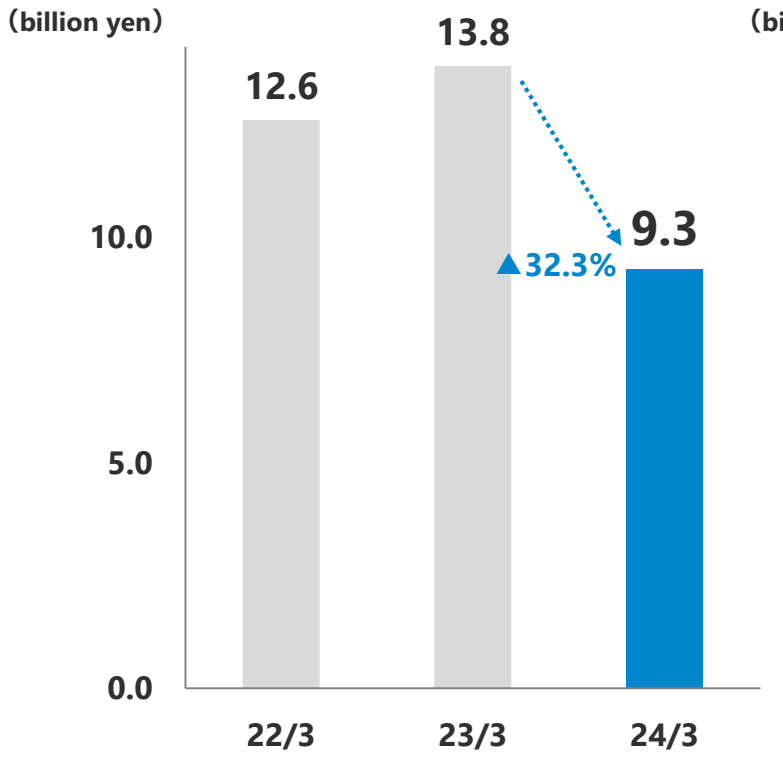
Trends for Consolidated Financial Results

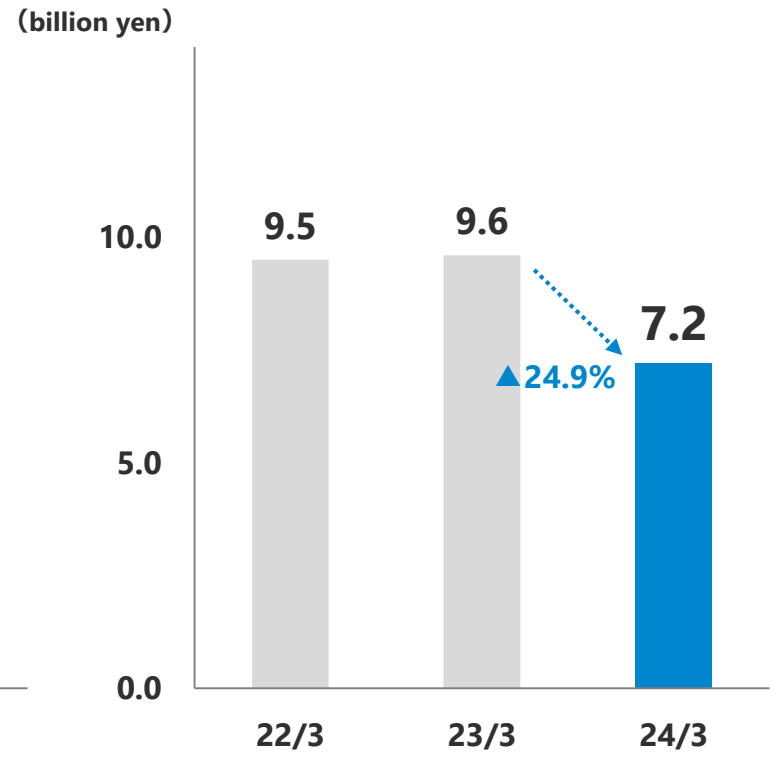
Net sales



Operating profit



Profit attributable to owners of parent



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Consolidated Balance Sheet

Assets (billion yen)

	March 31, 2023	March 31, 2024	Increase (decrease)	Main reasons for change
Current assets	89.3	**102.3**	+12.9	(+) Increase in accounts receivable-trade and inventories
Non-current assets	39.8	**46.6**	+6.7	(+) New installation of factory equipment (Kitakyushu, Iruma)
Total assets	129.2	**148.9**	+19.7	

Liabilities

	March 31, 2023	March 31, 2024	Increase (decrease)	Main reasons for change
Current liabilities	27.8	**44.5**	+16.6	(+) Increase in short-term loans payable
Non-current liabilities	16.6	**13.0**	(3.6)	(-) Repayment of long-term loans payable
Interest-bearing debt	19.2	**29.4**	+10.1	
Total liabilities	44.5	**57.5**	+13.0	

Net assets

	March 31, 2023	March 31, 2024	Increase (decrease)	Main reasons for change
Total net assets	84.6	**91.3**	+6.7	(+) Increase in retained earnings
Total liabilities and net assets	129.2	**148.9**	+19.7	

Shareholders' equity ratio	65.4%	**61.2%**

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Consolidated Cash Flow Statements

(billion yen)

	FY3/23	FY3/24	Increase (decrease)	Summary
Cash flows from operating activities	10.6	**1.8**	(8.8)	Increase in profit before income taxes, depreciation, and accounts payable-trade, increase in accounts receivable-trade and inventories, and income taxes paid
Cash flows from investing activities	(12.1)	**(7.9)**	+4.2	New installation of factory equipment (Kitakyushu, Iruma)
Free cash flows	(1.5)	**(6.1)**	(4.5)	
Cash flows from financing activities	1.3	**8.0**	+6.7	Increase in short-term loans payable, repayment of long-term loans payable, payment of dividends, and purchase of treasury shares
Net increase (decrease) in cash and cash equivalents	0.3	**2.6**	+2.3	
Cash and cash equivalents at end of period	11.7	**14.4**	+2.6	

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2. Progress Status of the Medium-term Management Plan (FY2022 – 2025)

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Management Indicators

To achieve the target management indicators, we face the challenges of expanding the Precious Metals Business Segment quantitatively, as well as improving profit margin and capital efficiency.

(billion yen)

	FY16-18 Average	FY19-21 Average	FY22 Results	FY23 Results	FY24 Forecast	FY25 Target
Net sales	187.1	238.2	351.0	**360.5**	380.0	300.0
Operating profit	4.2	9.0	13.8	**9.3**	10.0	13.0
Operating margin	2.2%	3.7%	3.9%	**2.6%**	2.6%	4.3%
ROE	5.6%	10.0%	12.2%	**8.3%**	7.8%	9.0%
ROA (Ratio of net assets to ordinary profit)	6.0%	9.4%	11.3%	**7.6%**	-	10.0%

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Basic Policy

With the Precious Metals Business Segment and Food Business Segment as the driving forces of growth…

- **Strengthen revenue base** and **create new revenue sources** by continuing with proactive investments
- **Strengthen management foundation** to support and accelerate sustainable growth
- **Enhance corporate value** by promoting **ESG management**

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Growth Strategy (Roadmap)

		FY2023 (Results)	FY2024 (Planned)
Precious Metals Business Segment Leading company that creates resource circulation (utilization)	Develop and build technology for high value-added products/services	ECO PGC	
	Expansion of processing facilities/bases for the refining environment toward the development of new businesses	PTP material recycling	
		Secondary cell recycling business	
	Expansion of production infrastructure toward expansion of business scale and domains	Expansion into Kitakyushu	Start of Phase 1 operation of the Kitakyushu Factory
		Renewal of the Iruma area	
Food Business Segment Best partner for customers in product development	Global expansion and growth of procurement network	Start of operation of Matsuda Sangyo Trading India Pvt. Ltd. (India base)	Expansion of PT Matsuda Sangyo Trading Indonesia (Indonesia base)
	Customer-based sales and creation of new businesses/trade areas	Operation of Shizuoka Sales Satellite Office	Building and reinforcement of supply chain functions
Strengthening management foundation	Reinforcing management functions and improving productivity through the utilization of IT	ERP renewal	
		DX promotion (digital democratization)	
	Promotion of human capital management	Creation of management talent	
		Creation of workplace environments where diverse human resources can participate actively	
	Initiatives toward improving capital efficiency	Strengthening business portfolio management	
	Promotion of sustainability management	Initiatives toward decarbonization	
		Improvement of labor environment (RBA)	

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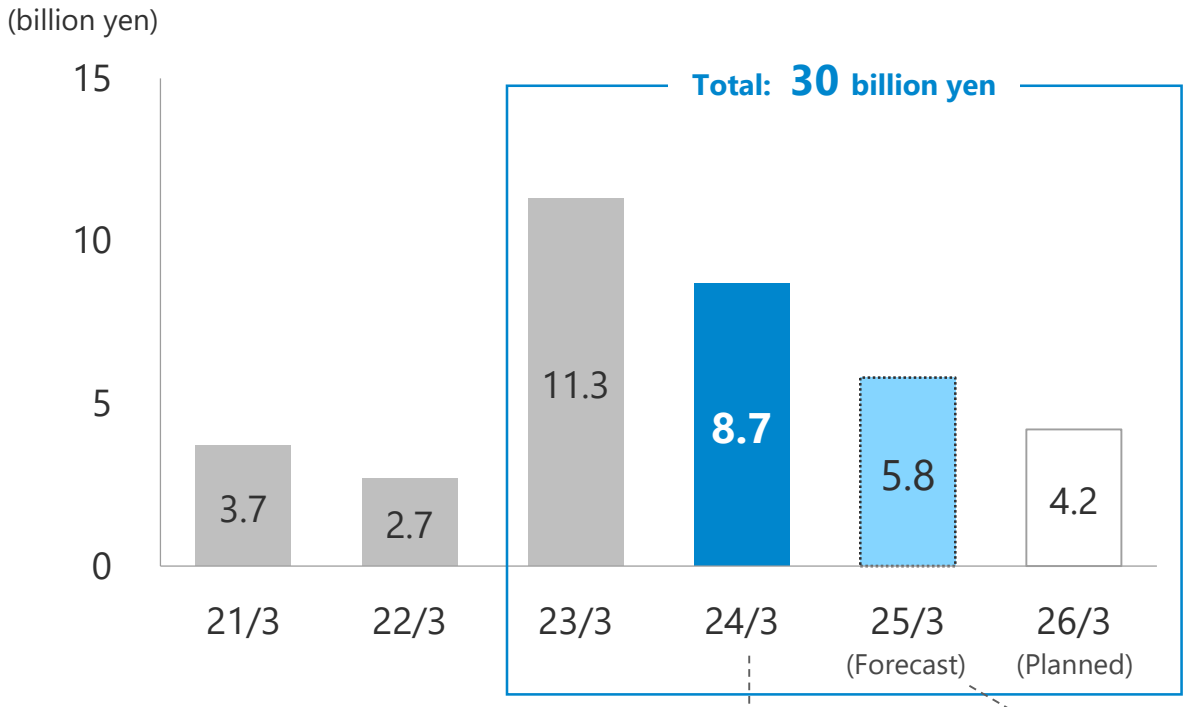
Capital Investment

Trends in amount of capital investment



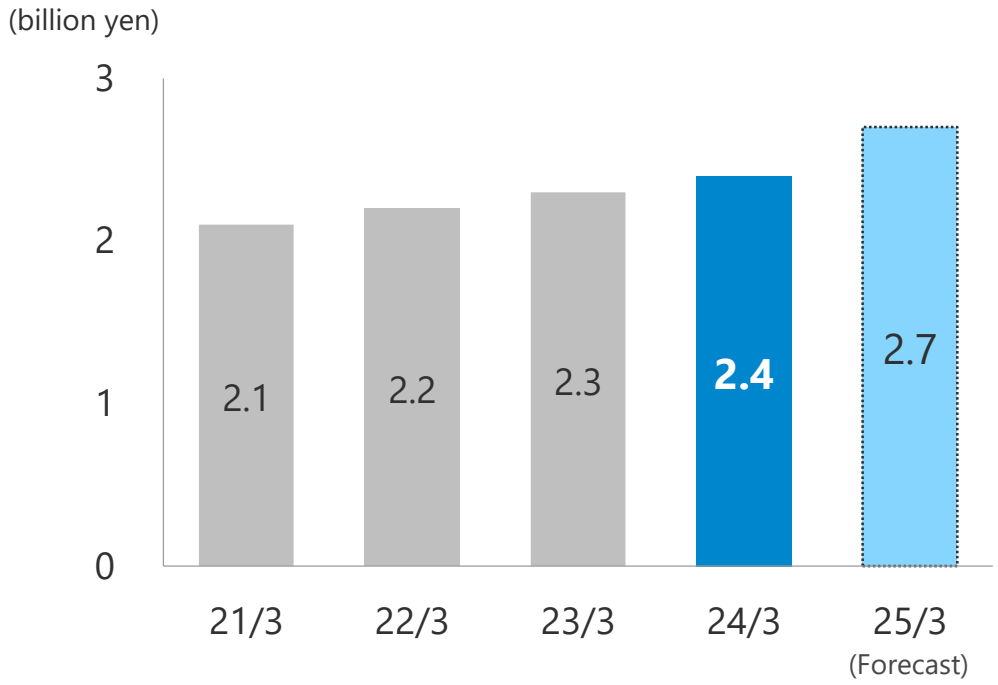
[FY3/24 Capital investment (Results)] (billion yen)

・Expansion of factory functions in Iruma area	2.0
・Expansion of Kitakyushu base	2.5
・Construction works to expand the Thai subsidiary's factory	1.7
・Expansion of processing facilities/bases for the refining environment	1.5
・IT investment	1.0

[FY3/25 Capital investment (Forecast)] (billion yen)

・Expansion of factory functions in Iruma area	2.9
・Expansion of processing facilities/bases for the refining environment	2.3
・IT investment	0.6

Trends in depreciation expense



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Capital Policy

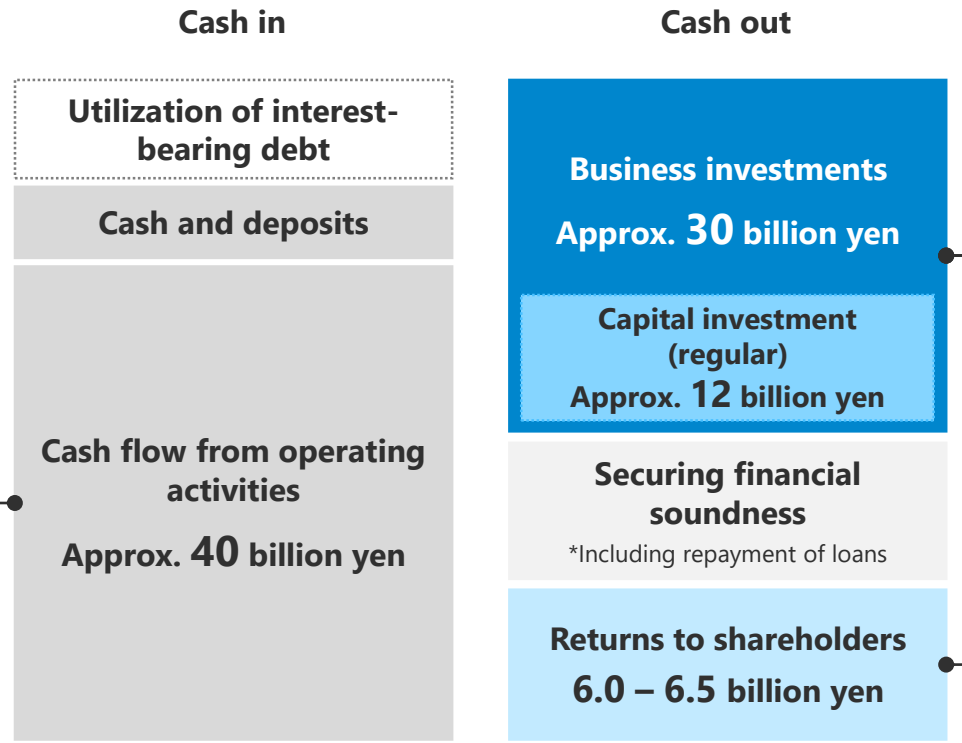
Capital Policy

- Enhance our corporate value in a sustainable manner while taking into consideration optimal resource allocation to business opportunities that capture growth potential, securing financial soundness, and achieving balance with shareholder returns.

<Assumptions for cash allocation based on Medium-term Management Plan (Cumulative for FY2022-2025)>

Creation of sustainable CF from operating activities

Promote ROIC management and increase profits, while simultaneously improving capital efficiency



Strengthening revenue base

Expand/reinforce production infrastructure; safety and environmental investment required for stable management

Development of new businesses

Expand/develop domestic and foreign bases; expand secondary cell recycling business; develop high value-added products and services, and build technology

Strengthening management foundation

Update ERP; introduce trending technologies; secure and nurture human resources

Stable and sustainable dividends

Returns based on a dividend on equity (DOE) ratio of 1.5% or higher

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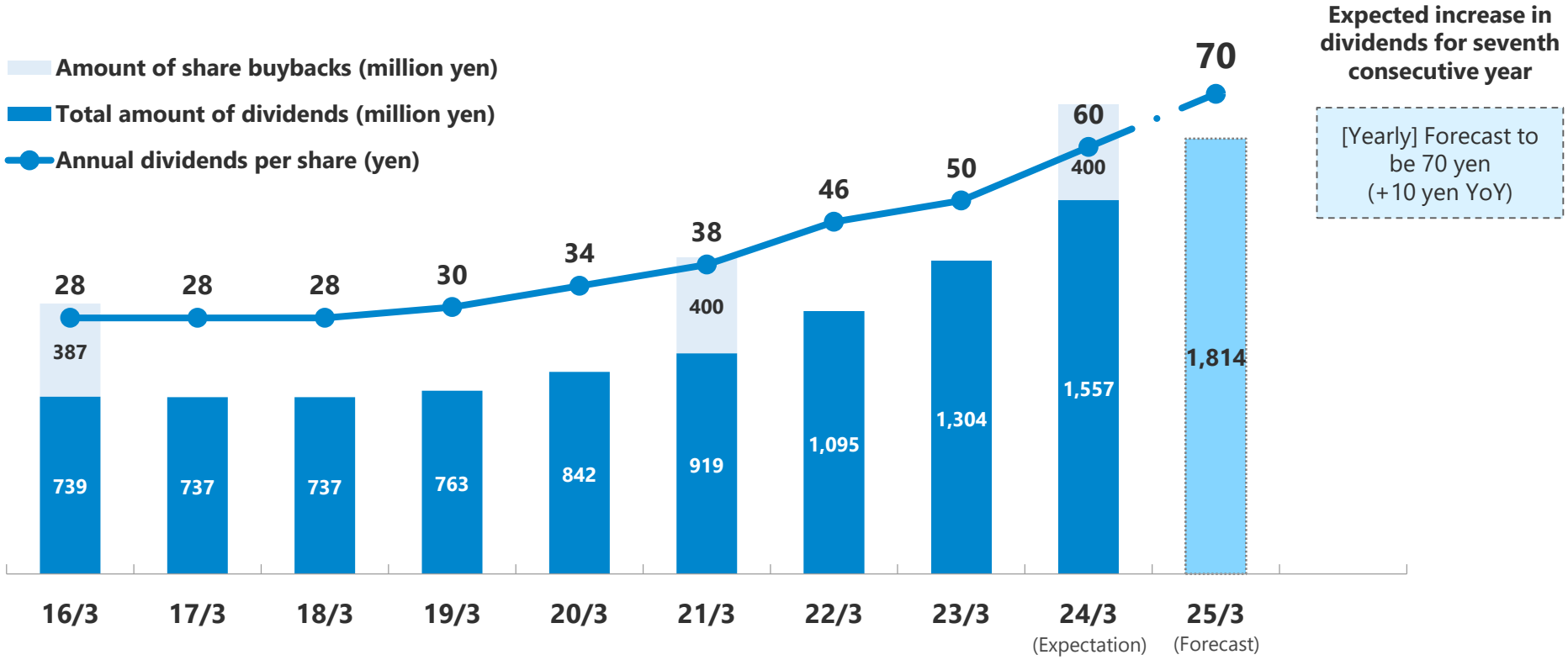
Shareholder Returns

Shareholder returns

- Implement stable and sustainable dividends while taking into account the balance with internal reserves for growth investment
- Returns based on a dividend on equity ratio of 1.5% or higher
- Flexible share buyback while taking into account the market environment



1.5%	1.4%	1.4%	1.4%	1.4%	1.5%	1.6%	1.6%	1.8%	1.9%

Dividend on equity (DOE)

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Materiality (Important Issues)

In FY2023, we continued promoting initiatives to address the materiality (important issues) identified, in order to fulfil the Group's purpose.

	Materiality (important issues)	Results of initiatives in FY2023
Environment	**Striking a balance between reducing environmental burden and business growth** (1) Energy consumption and greenhouse gas emissions (2) Emissions into the atmosphere (3) Hazardous substances (4) Solid waste (5) Pollution prevention and resource reduction (6) Water management (7) Biodiversity	☐ **Obtained third-party assurance on GHG emissions** ☐ **Promoted GHG emissions reduction measures** (1) Started purchasing 100% renewable energy for the Production Departments (2) Reviewed the electrification of equipment ☐ **Introduced internal carbon pricing system** ☐ **Promoted efforts in international initiatives** (1) Rated B on CDP score (2) Acquisition of SBT certification
Society	**Acceleration of growth through the activities of diverse human resources** (1) Right person for the right job (2) Diversity and innovation (3) Work-life balance **Enhancement of customer satisfaction and securing the trust of society** (1) Provision of accurate information on products and services (2) Securing product safety and reliability (3) Partnership with suppliers	☐ **Implementation of female empowerment promotion program** ☐ **Continued implementation of career development support based on age groups** ☐ **Development of RBA compliance system** ☐ **Implementation of ISO management program** ☐ **Preparation for the implementation of supplier engagement**

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3. Segment Results and Forecast for the Next Fiscal Year

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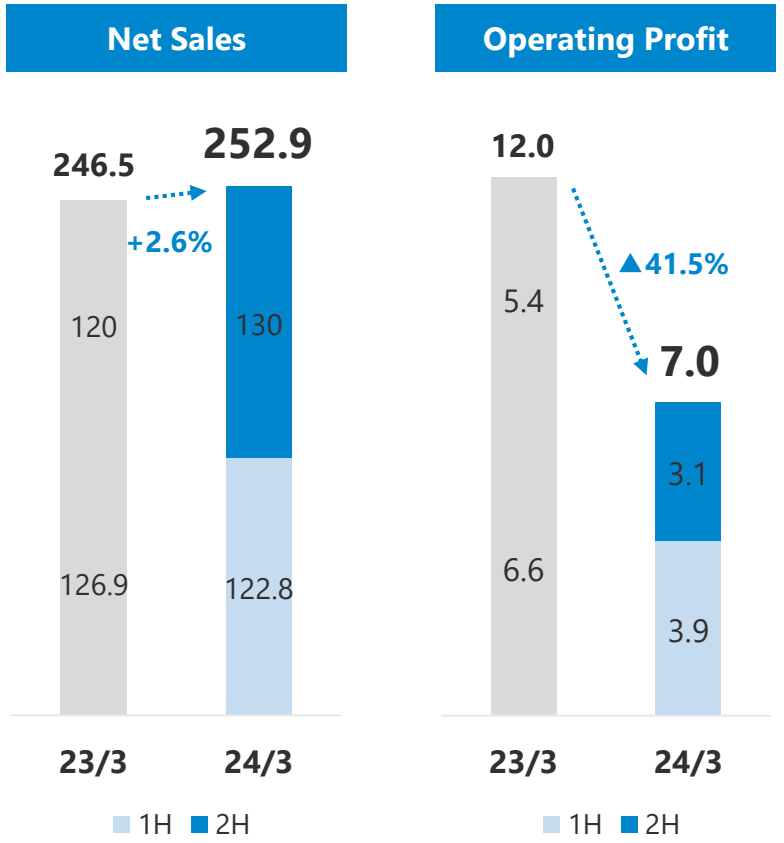
Precious Metals Business Segment (Overview of Financial Results)

Net sales increased due to an increase in precious metals recycling volume from the jewellery sector as well as the steady market price of gold. However, operating profit fell due to the impact of a decline in precious metals recycling volume in the electronic devices field.

(billion yen)

	FY3/23	FY3/24	Increase (decrease)	
Net sales	246.5	**252.9**	+6.3	+2.6%
Operating profit	12.0	**7.0**	(5.0)	(41.5)%
Operating margin	4.9%	**2.8%**	(2.1)pt	-



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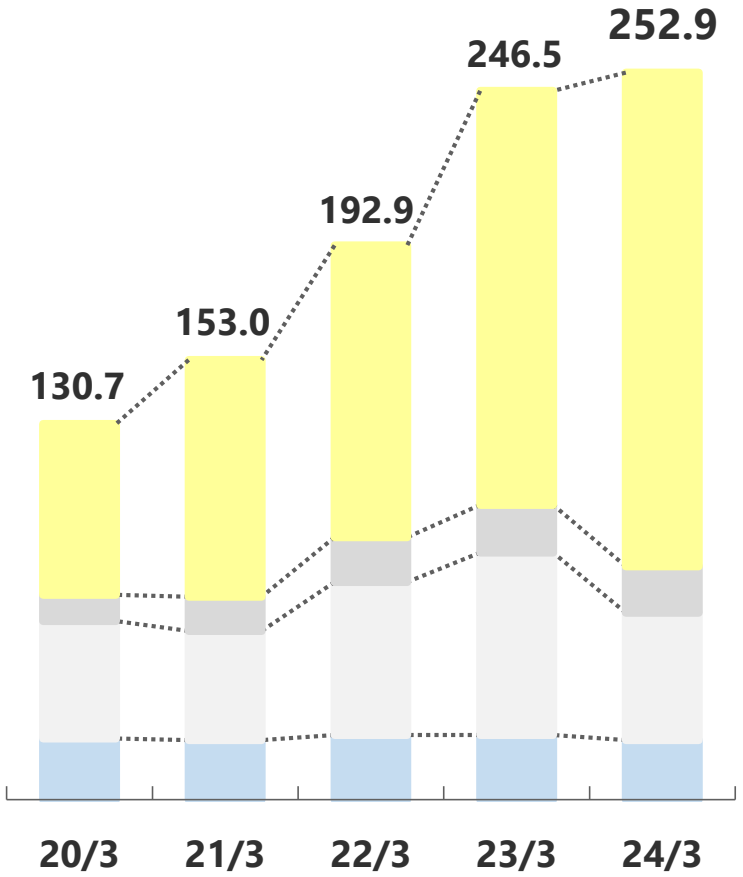
Precious Metals Business Segment (Net Sales by Item)

Despite a decline in the sales volume of silver and platinum group metal products, the increase in gold prices and other factors contributed to a year-on-year increase in overall net sales of 6.3 billion yen.



(billion yen)

	FY3/24	Increase (decrease)		Reasons for increase (decrease)
Gold	**171.7**	+27.7	+19.2%	Quantity increased by 0.0% and prices increased by 19.2%
Silver	**16.1**	(0.4)	(2.6)%	Quantity decreased by 17.7% and prices increased by 15.2%
Platinum group	**44.3**	(19.1)	(30.2)%	Quantity decreased by 12.9% and prices decreased by 17.3%
Other	**20.7**	(1.8)	(8.1)%	Industrial waste processing decreased by 8.0%, decrease in electronic materials and other products

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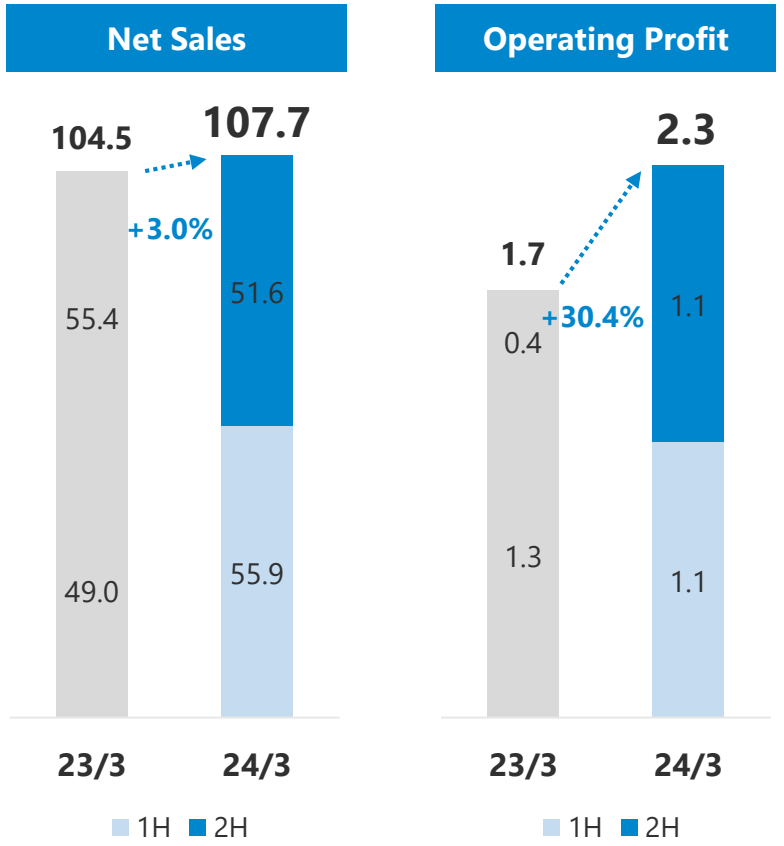
Food Business Segment (Overview of Financial Results)

Despite rising raw material prices and transportation and storage costs, steady price pass-through and sales volume expansion led to higher revenues and income.

(billion yen)

	FY3/23	FY3/24	Increase (decrease)	
Net sales	104.5	**107.7**	3.1	+3.0%
Operating profit	1.7	**2.3**	0.5	+30.4%
Operating margin	1.7%	**2.1%**	+0.5pt	-



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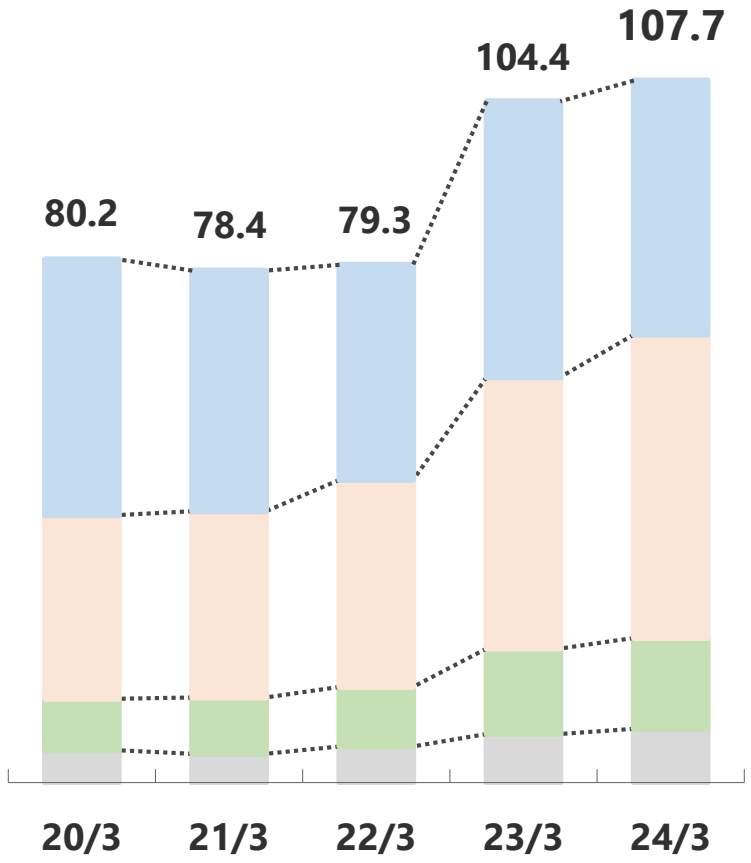
Food Business Segment (Net Sales by Item)

Although sales volume of marine products decreased, sales volume of livestock products and agricultural products increased and sales prices rose, resulting in a year-on-year increase in overall net sales of 3.1 billion yen.



(billion yen)

	FY3/24	Increase (decrease)		Reasons for increase (decrease)
Marine products	**38.9**	(3.1)	(7.5)%	Quantity decreased by 6.4% and prices decreased by 1.1%
Livestock products	**46.4**	+4.9	+11.8%	Quantity increased by 3.1% and prices increased by 8.7%
Agricultural products	**13.9**	+1.6	+13.4%	Quantity increased by 3.3% and prices increased by 10.1%
Other	**8.2**	(0.2)	(2.9)%	Quantity decreased by 1.9% and prices decreased by 0.9%

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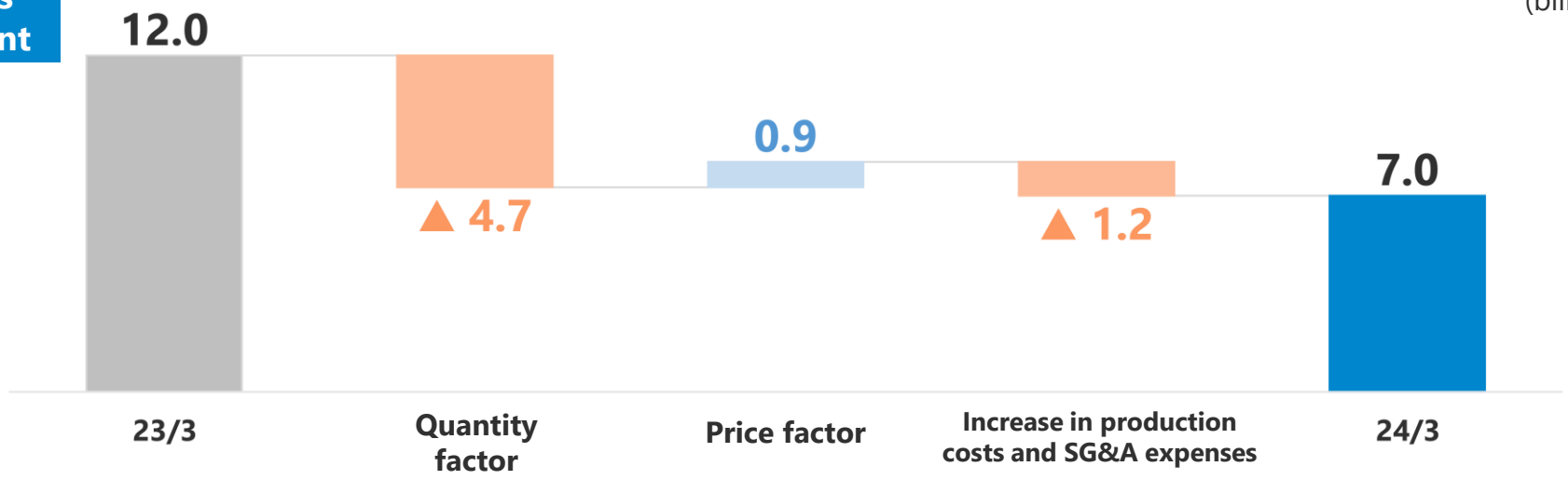
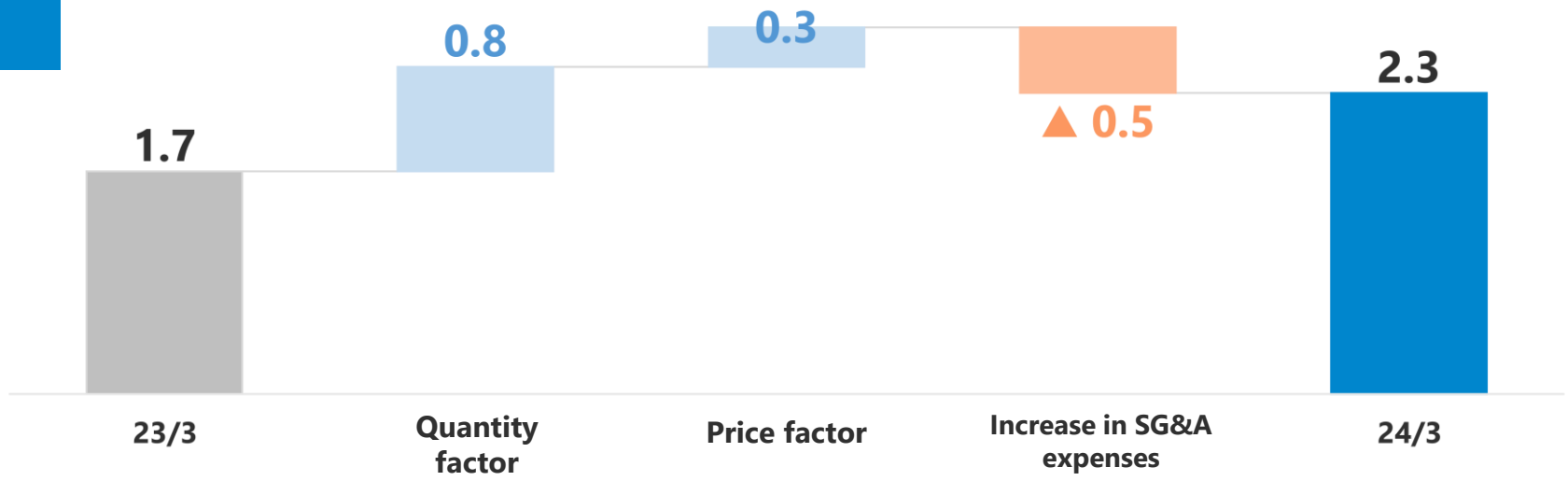
Changes in Operating Profit

Precious Metals Business Segment

(billion yen)



Food Business Segment



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Forecast of Consolidated Financial Results for FY3/25

We forecast an increase in both sales and profit in FY3/25, against the backdrop of an improvement in the production situation with the recovery in demand in the electronic devices field.

(billion yen)

	FY3/24 Results	FY3/25 Forecast	Increase (decrease)	
Net sales	360.5	**380.0**	+19.4	+5.4%
Operating profit	9.3	**10.0**	+0.6	+6.9%
Operating margin	2.6%	**2.6%**	+0.0	-
Ordinary profit	10.5	**11.0**	+0.4	+4.3%
Profit attributable to owners of parent	7.2	**7.6**	+0.3	+4.3%
Earnings per share (yen)	280.2	**293.2**	+13.0	+4.6%
ROE	8.3%	**7.8%**	(0.5)pt	-

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Forecast of Financial Results by Business Segment

In the precious metals business segment, both net sales and operating profit are expected to increase due to an increase in precious metals recycling volume against the backdrop of improved production conditions in the electronic devices field.

In the food business segment, operating profit is expected to remain flat due to an increase in SG&A expenses, despite an increase in net sales due to higher sales volume.

(billion yen)

		FY3/24 Results	FY3/25 Forecast	Increase (decrease)	
Net sales	Precious Metals Business Segment	252.9	**268.0**	+15.0	+6.0%
	Food Business Segment	107.6	**112.0**	+4.3	+4.1%
	Total	360.5	**380.0**	+19.4	+5.4%
Operating profit	Precious Metals Business Segment	7.0	**7.7**	+0.6	+9.3%
	Food Business Segment	2.3	**2.3**	(0.0)	(0.6)%
	Total	9.3	**10.0**	+0.6	+6.9%

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Assumptions Used in the Forecast of Financial Results

	Precious Metals Business Segment	Food Business Segment
Forecast of FY3/25 financial results	Net sales: 268.0 billion yen (+15.0 billion yen YoY) Operating profit: 7.7 billion yen (+0.6 billion yen YoY)	Net sales: 112.0 billion yen (+4.3 billion yen YoY) Operating profit: 2.3 billion yen (-0.0 billion yen YoY)
External environment and quantity	Production situation in the electronic devices field is expected to recover from 2H alongside the recovery in demand for semiconductor and electronic parts ➡ Increase in precious metals recycling volume and product sales volume	Further diversification of customers' needs, with little expectation of increase in demand for food products due to a stagnation in personal consumption ➡ Increase in sales volume centered on marine products and livestock products
Selling prices	Precious metals market prices: Assumed to be on par with the average for FY3/24	Assumed to fall to the level of average prices for FY3/24
Depreciation costs associated with capital investment IT investment	Expansion and strengthening of production infrastructure, ERP update, DX promotion and introduction of trending technologies (RPA, BI, etc.), information security measures	
Promotion of sustainability management	Decarbonization efforts, response to international initiatives (CDP, TCFD, TNFD, etc.), improvement of working environment, promotion of human capital management	

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Appendix

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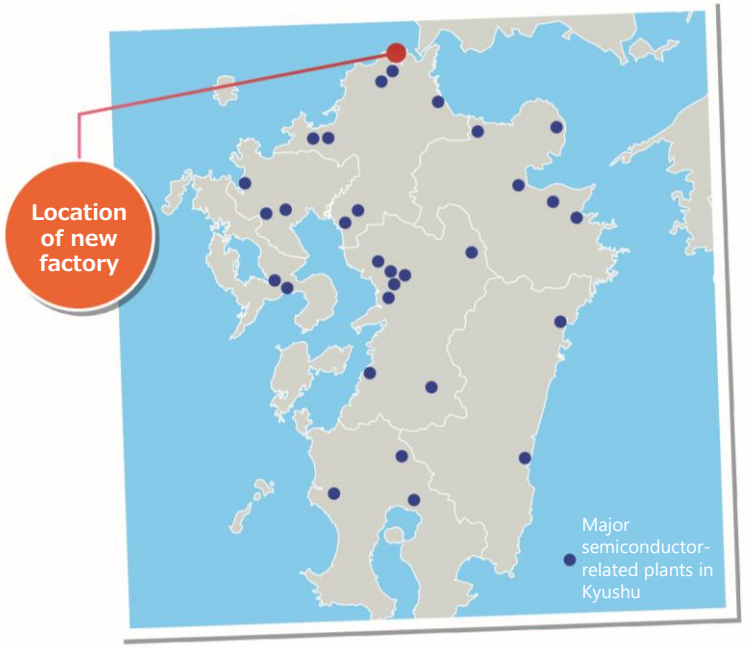
Kitakyushu Factory





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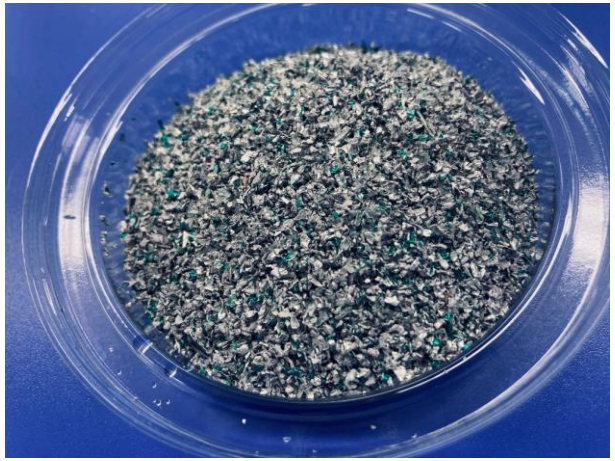
Material Recycling Scheme for PTP Sheets

Building a new recycling scheme with a view to contributing to decarbonization in the pharmaceuticals industry and other areas





Post-separation resin



Post-separation aluminum

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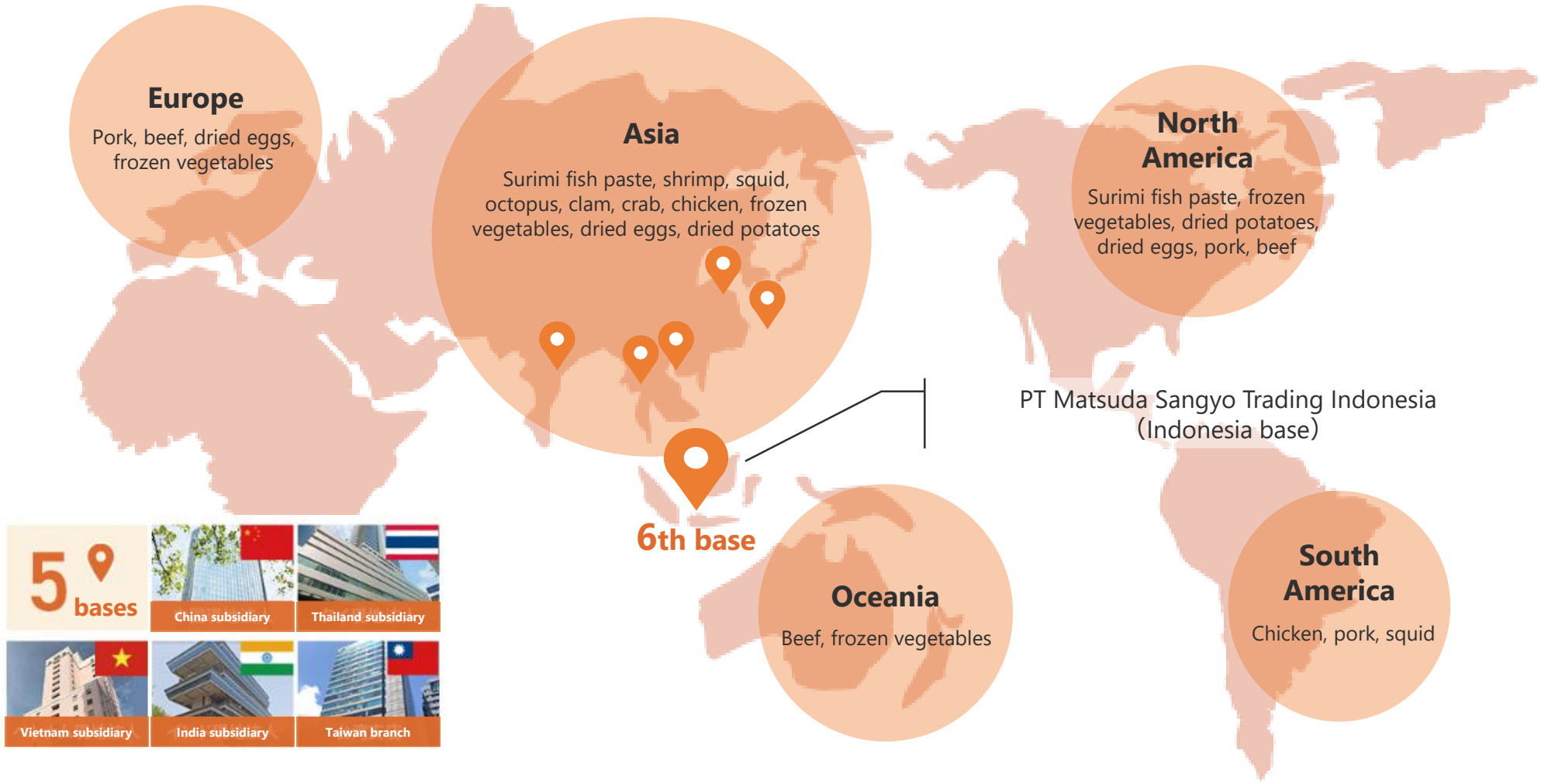
Global Expansion and Growth of Procurement Networks

Procuring food materials through our global network to meet the needs of changing industries



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Forecast of Financial Results

(billion yen)

		FY3/24 Results			FY3/25 Forecast			Increase (decrease)			
		1H	2H	Full year	1H	2H	Full year	1H		2H	
Net sales	Precious Metals Business Segment	122.8	130.0	252.9	**132.0**	**136.0**	**268.0**	+9.1	+7.5%	+5.9	+4.5%
	Food Business Segment	55.9	51.6	107.6	**54.0**	**58.0**	**112.0**	(1.9)	(3.5)%	+6.3	+12.3%
	Total	178.7	181.7	360.5	**186.0**	**194.0**	**380.0**	+7.2	+4.0%	+12.2	+6.7%
Operating profit	Precious Metals Business Segment	3.9	3.1	7.0	**3.4**	**4.3**	**7.7**	(0.5)	(13.4)%	+1.1	+37.9%
	Food Business Segment	1.1	1.1	2.3	**1.1**	**1.2**	**2.3**	(0.0)	(5.0)%	+0.0	+3.9%
	Total	5.0	4.2	9.3	**4.5**	**5.5**	**10.0**	(0.5)	(11.5)%	+1.2	+28.7%

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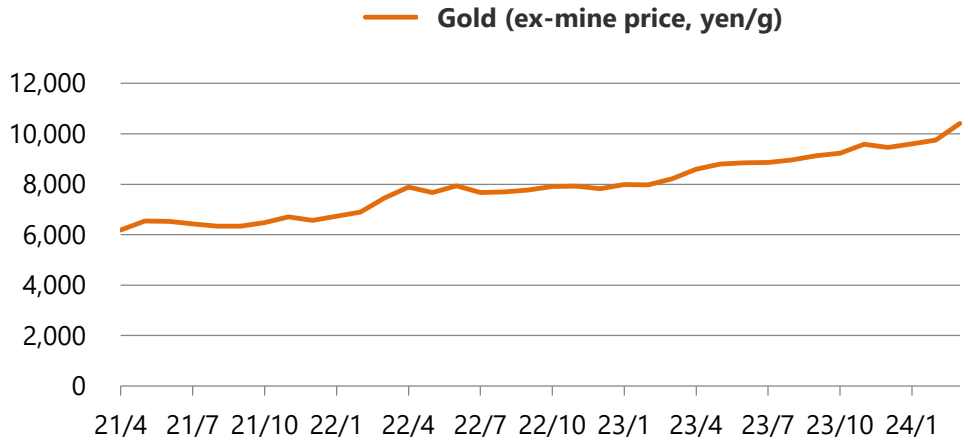
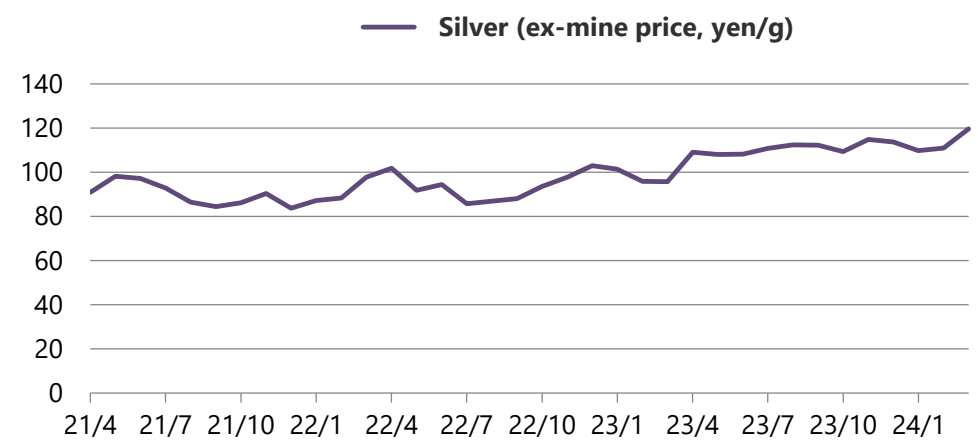
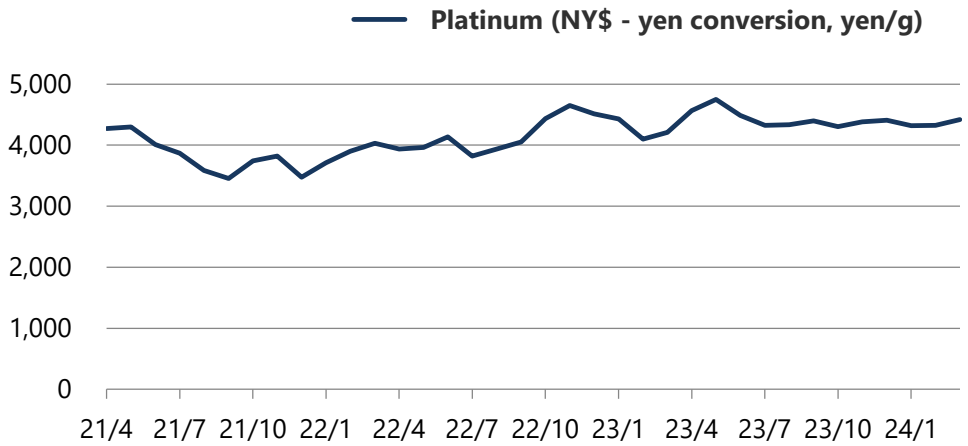
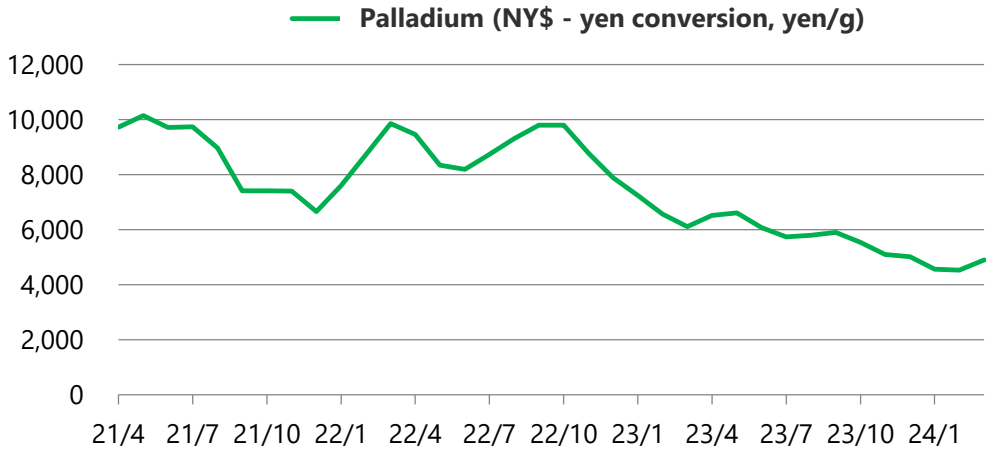
Trends for Precious Metals Market Prices

In FY3/25, the price of gold is assumed to be 9,100 yen/g and the price of silver 109 yen/g.









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