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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [J-GAAP]

February 13, 2025

Company name: Matsuda Sangyo Co., Ltd.
Exchanges listed on: Tokyo Stock Exchange (Prime Market)
Company code: 7456
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: No

(Figures are rounded down to the nearest million yen.)

1. Consolidated financial results for the nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)

(1) Consolidated operating results (cumulative) (Percentages are year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
December 31, 2024	348,657	28.5	10,856	51.2	11,513	44.6	8,086	51.3
December 31, 2023	271,388	0.3	7,181	(37.1)	7,960	(30.0)	5,343	(33.0)

(Note) Comprehensive income For the nine months ended December 31, 2024: ¥ 9,269 million [34.9%]
For the nine months ended December 31, 2023: ¥ 6,870 million [(34.2)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	(yen)	(yen)
December 31, 2024	311.99	—
December 31, 2023	205.28	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	(millions of yen)	(millions of yen)	(%)
December 31, 2024	165,893	98,959	59.5
March 31, 2024	148,937	91,374	61.2

(Reference) Equity As of December 31, 2024: ¥ 98,670 million As of March 31, 2024: ¥91,115 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2024	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2025	—	35.00			
Fiscal year ending March 31, 2025 (Forecast)			—	40.00	75.00

(Note) Revisions to the forecast of cash dividends most recently announced: Yes
For details on the revision of the dividend forecast, please refer to the "Notice Concerning Revision to Dividend Forecast" announced today (February 13, 2025).

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages are year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Full year	440,000	22.0	11,700	25.1	12,500	18.5	8,750	20.1	337.61

(Note) Revisions to the forecast of consolidated earnings most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2024	26,908,581 shares
As of March 31, 2024	26,908,581 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2024	991,453 shares
As of March 31, 2024	991,326 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	25,917,210 shares
Nine months ended December 31, 2023	26,031,137 shares

*** Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None**

*** Explanation of the proper use of earnings forecasts and other notes**

This document contains earnings projections and other information that constitute forward-looking statements. These statements are based on reasonable assumptions and information currently available to the Company and provide no guarantee of future performance. Actual results may differ materially from forward-looking statements due to a number of factors. For more information about earnings projections, please refer to “1. Qualitative information on consolidated results during the period, (3) Qualitative information on consolidated earnings projections” on page 3 of the attached documents.

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1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

During the cumulative consolidated third quarter under review, the Japanese economy showed signs of gradual recovery, underpinned by improvements in the employment and income environment. However, with personal consumption showing signs of stagnation amid rising consumer prices, persistently high interest levels in Europe and the United States, economic downturn in the Chinese economy, and heightening geopolitical risks, the future outlook remained uncertain.

Against this backdrop, the Matsuda Sangyo Group's Precious Metals Business Segment worked to secure precious metal materials, boost sales of products such as high-performance electronic materials, and expand its industrial waste treatment outsourcing business, based on a strategy of differentiating itself through its comprehensive resource recycling capability and the development of high-performance electronic materials. In addition, the Food Business Segment utilized its global procurement capabilities to source products that meet customer needs and ensure stable supplies of safe and reliable food products, with the aim of increasing sales volumes. In addition, the Food Business Segment utilized its global procurement capabilities to source products that meet customer needs and ensure stable supplies of safe and reliable food products, with the aim of increasing sales volumes.

As a result of the above, for the cumulative consolidated third quarter, net sales were ¥348,657 million (up 28.5% year on year) and operating profit was ¥10,856 million (up 51.2% year on year). Ordinary profit was ¥11,513 million (up 44.6% year on year) and quarterly profit attributable to owners of parent was ¥8,086 million (up 51.3% year on year).

The following is a summary of business by segment.

Precious Metals Business Segment

In the electronic devices field of the electronics sector, which is the key market for the Precious Metals Business Segment, despite signs of expansion in data center-related demand, demand for smartphones and automotives was yet to recover, and the overall production situation for semiconductors and electronic parts continued to stagnate.

Against this backdrop, the Precious Metals Business Segment recorded year-on-year increases in both net sales and operating profit on the back of an increase in precious metals recycling volume from the jewelry sector as well as the steady market price of gold.

As a result of the above, net sales for the Precious Metals Business Segment were ¥266,224 million (up 42.6% year on year) and operating profit was ¥8,751 million (up 64.5% year on year).

Food Business Segment

In the food production sector, which is the key market for the Food Business Segment, despite the impact of inbound demand, personal consumption was sluggish due to the impact of rising prices. The market environment was unstable due to persistently high raw material prices and logistics costs, attributable to the influence of yen depreciation and other factors.

Amid these circumstances, the Food Business Segment registered an increase in the sales volume of seafood products. However, the sales volume of livestock and agricultural products decreased, along with an overall decline in selling prices, which contributed to a year-on-year fall in net sales. On the other hand, due to efforts to optimize costs by improving inventory turnover ratio, operating profit increased year on year.

As a result of the above, net sales for the Food Business Segment were ¥82,459 million (down 2.7% year on year) and operating profit was ¥2,105 million (up 13.1% year on year).

(2) Qualitative information on financial position

1) Assets, liabilities and net assets status

Assets:

Total assets as of the end of the cumulative consolidated third quarter under review were ¥165,893 million, an increase of ¥16,956 million from the previous fiscal year end. This was mainly due to increases in notes and accounts receivable-trade, inventories, and property, plant and equipment.

Liabilities:

Total liabilities as of the end of the cumulative consolidated third quarter under review were ¥66,934 million, an increase of ¥9,371 million from the previous fiscal year end. This mainly reflected the difference between an increase in accounts payable-trade and long-term loans payable, and a decrease in short- term loans payable.

Net assets:

Net assets as of the end of the cumulative consolidated third quarter under review were ¥98,959 million, an increase of ¥7,584 million from the previous fiscal year end. This was mainly due to an increase in retained earnings alongside increases in foreign currency translation adjustment and deferred gains or losses on hedges.

2) Cash flows status

As of the end of the cumulative consolidated third quarter under review, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥14,103 million, a decrease of ¥345 million from the previous fiscal year end. The statuses of the respective cash flows during the cumulative consolidated third quarter, and the attributable factors, are as follows.

Cash flows from operating activities:

Operating activities in the cumulative consolidated third quarter under review provided cash of ¥ 2,573 million. This mainly reflected the difference between an increase in cash from quarterly profit before income taxes, depreciation, and an increase in accounts payable-trade, and a decrease in cash from increases in accounts receivable-trade and inventories, and a decrease in income taxes paid. Compared with the same period in the previous fiscal year, when operating activities used cash of ¥2,794 million, cash from operating activities increased by ¥5,367 million.

Cash flows from investing activities

Investing activities in the cumulative consolidated third quarter under review used cash of ¥3,603 million. This was mainly for the acquisition of property, plant and equipment, such the new installation of factory equipment, and the acquisition of intangible assets such as software. Compared with the same period in the previous fiscal year, when investing activities used cash of ¥5,075 million, cash used by investing activities decreased by ¥1,472 million.

Cash flows from financing activities:

Financing activities in the cumulative consolidated third quarter under review provided cash of ¥524 million. This mainly reflected the difference between an increase in cash from an increase in long-term loans payable, and a decrease in cash from the repayment of short-term loans payable and cash dividends paid. Compared with the same period in the previous fiscal year, when financing activities provided cash of ¥7,800 million, cash from financing activities decreased by ¥7,275 million.

(3) Qualitative information on consolidated earnings forecast

At this time, there are no revisions to the Company's earnings projections announced previously (November 5, 2024).

2. Quarterly consolidated financial statements and related notes

(1) Quarterly consolidated balance sheets

(millions of yen)

	End-FY3/24 (As of March 31, 2024)	End-FY3/25 3Q (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	14,568	14,164
Notes and accounts receivable - trade	31,990	37,164
Merchandise and finished goods	28,183	34,294
Work in process	688	981
Raw materials and supplies	19,471	23,312
Accounts receivable - other	1,981	1,687
Others	5,433	5,596
Allowance for doubtful accounts	(16)	(20)
Total current assets	102,300	117,180
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,750	19,503
Accumulated depreciation	(7,197)	(7,594)
Buildings and structures, net	10,553	11,909
Machinery, equipment and vehicles	15,285	16,285
Accumulated depreciation	(11,884)	(12,736)
Machinery, equipment and vehicles, net	3,401	3,548
Land	16,666	16,748
Leased assets	1,775	1,706
Accumulated depreciation	(968)	(1,027)
Leased assets, net	806	678
Construction in progress	2,636	2,420
Others	1,750	1,880
Accumulated depreciation	(1,480)	(1,577)
Others, net	269	303
Total property, plant and equipment	34,335	35,608
Intangible assets		
Others	2,135	2,240
Total intangible assets	2,135	2,240
Investments and other assets		
Investment securities	6,984	7,718
Deferred tax assets	310	295
Others	2,926	2,920
Accumulated depreciation	(28)	(44)
Others, net	2,897	2,876
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	10,166	10,863
Total non-current assets	46,637	48,712
Total assets	148,937	165,893

(millions of yen)

	End-FY3/24 (As of March 31, 2024)	End-FY3/25 3Q (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	12,397	16,577
Short-term loans payable	15,559	11,361
Current portion of long-term loans payable	3,002	4,095
Lease obligations	288	227
Income taxes payable	640	1,912
Provision for bonuses	1,061	605
Accounts payable - other	1,253	519
Advances received	7,515	9,264
Others	2,796	2,995
Total current liabilities	44,516	47,559
Non-current liabilities		
Long-term loans payable	10,021	16,058
Lease obligations	534	465
Deferred tax liabilities	135	570
Provision for directors' retirement benefits	789	784
Provision for executive officers' retirement benefits	23	28
Net defined benefit liability	1,430	1,355
Others	111	111
Total non-current liabilities	13,046	19,374
Total liabilities	57,562	66,934
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	81,793	88,194
Treasury shares	(1,395)	(1,396)
Total shareholders' equity	87,965	94,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	810	869
Deferred gains or losses on hedges	(630)	(186)
Foreign currency translation adjustment	2,948	3,415
Remeasurements of defined benefit plans	21	205
Total accumulated other comprehensive income	3,149	4,303
Non-controlling interests	259	289
Total net asses	91,374	98,959
Total liabilities and net assets	148,937	165,893

(2) Quarterly consolidated statements of income and comprehensive income

(Quarterly consolidated statements of income for the cumulative consolidated third quarter)

(millions of yen)

	FY3/24 3Q (April 1, 2023 - December 31, 2023)	FY3/25 3Q (April 1, 2024 - December 31, 2024)
Net sales	271,388	348,657
Cost of sales	248,568	320,975
Gross profit	22,820	27,681
Selling, general and administrative expenses	15,638	16,824
Operating profit	7,181	10,856
Non-operating income		
Interest income	7	11
Dividend income	30	34
Share of profit of entities accounted for using equity method	609	857
Foreign exchange gains	171	―
Others	161	141
Total non-operating income	979	1,044
Non-operating expenses		
Interest expenses	129	257
Foreign exchange losses	―	72
Others	71	57
Total non-operating expenses	200	386
Ordinary profit	7,960	11,513
Profit before income taxes	7,960	11,513
Income taxes - current	2,233	3,256
Income taxes - deferred	352	145
Total income taxes	2,586	3,402
Profit	5,374	8,111
Profit attributable to non-controlling interests	30	25
Profit attributable to owners of parent	5,343	8,086

(Quarterly consolidated statements of comprehensive income for the cumulative consolidated third quarter)

(millions of yen)

	FY3/24 3Q (April 1, 2023 - December 31, 2023)	FY3/25 3Q (April 1, 2024 - December 31, 2024)
Profit	5,374	8,111
Other comprehensive income		
Valuation difference on available-for-sale securities	132	58
Deferred gains or losses on hedges	212	431
Foreign currency translation adjustment	836	443
Remeasurements of defined benefit plans	248	185
Share of other comprehensive income of entities accounted for using equity method	66	39
Total other comprehensive income	1,495	1,158
Comprehensive income	6,870	9,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,819	9,240
Comprehensive income attributable to non-controlling interests	50	29

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	FY3/24 3Q (April 1, 2023 - December 31, 2023)	FY3/25 3Q (April 1, 2024 - December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,960	11,513
Depreciation	1,792	2,095
Increase (decrease) in allowance for doubtful accounts	(22)	4
Increase (decrease) in provision for bonuses	(450)	(456)
Increase (decrease) in net defined benefit liability	277	192
Increase (decrease) in provision for directors' retirement benefits	(22)	13
Increase (decrease) in provision for executive officers' retirement benefits	(0)	8
Interest and dividend income	(37)	(45)
Interest expenses	129	257
Share of (profit) loss of entities accounted for using equity method	(609)	(857)
Decrease (increase) in notes and accounts receivable - trade	(7,091)	(4,982)
Decrease (increase) in notes and accounts receivable - other	249	289
Decrease (increase) in inventories	(1,532)	(10,091)
Increase (decrease) in accounts payable - trade	1,231	4,073
Increase (decrease) in accounts payable - other	(102)	(417)
Others	(89)	2,815
Subtotal	1,682	4,412
Interest and dividend income received	162	300
Interest paid	(121)	(141)
Income taxes paid	(4,517)	(1,999)
Net cash provided by (used in) operating activities	(2,794)	2,573
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,240)	(3,197)
Purchase of intangible assets	(719)	(394)
Purchase of investment securities	(12)	(8)
Proceeds from sale of investment securities	58	—
Others	(161)	(2)
Net cash provided by (used in) investing activities	(5,075)	(3,603)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	12,147	(4,734)
Proceeds from long-term loans payable	—	10,100
Repayments of long-term loans payable	(2,351)	(2,969)
Cash dividends paid	(1,432)	(1,684)
Purchase of treasury shares	(400)	(0)
Others	(162)	(186)
Net cash provided by (used in) financing activities	7,800	524
Effect of exchange rate change on cash and cash equivalents	786	159
Net increase (decrease) in cash and cash equivalents	717	(345)
Cash and cash equivalents at beginning of period	11,761	14,449
Cash and cash equivalents at end of period	12,478	14,103

(4) Notes on quarterly consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Notes on significant changes in the amount of shareholders' equity)

There is nothing to report.

(Changes in accounting policies)

Application of the "Accounting Standard for Current Income Taxes" and other relevant ASBJ regulations

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Guidance of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in the accounting policies has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

(Segment information, etc.)

I. Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

Information for net sales and profit/loss for each reportable segment

(millions of yen)

	Reportable Segments			Adjustment (Note) 1	Amount recorded on consolidated statements of income (Note) 2
	Precious Metals Business Segment	Food Business Segment	Total		
Net sales					
Net sales to external parties	186,701	84,687	271,388	—	271,388
Net sales & remittances between segments	—	59	59	(59)	—
Total	186,701	84,747	271,448	(59)	271,388
Segment profit	5,319	1,861	7,181	—	7,181

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment profit matches operating profit recorded on the consolidated statements of income.

II. Nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)

Information for net sales and profit/loss for each reportable segment

(millions of yen)

	Reportable Segments			Adjustment (Note) 1	Amount recorded on consolidated statements of income (Note) 2
	Precious Metals Business Segment	Food Business Segment	Total		
Net sales					
Net sales to external parties	266,224	82,432	348,657	—	348,657
Net sales & remittances between segments	—	26	26	(26)	—
Total	266,224	82,459	348,683	(26)	348,657
Segment profit	8,751	2,105	10,856	—	10,856

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment profit matches operating profit recorded on the consolidated statements of income.

(Subsequent event)

(Business combination through acquisition)

The Company has resolved, at an extraordinary meeting of the Board of Directors convened on January 31, 2025, to acquire all the shares of Sanyo-Rec Co., Ltd. and Flap Resource Co., Ltd. (hereinafter, “this share acquisition”), and to make them into subsidiaries of the Company.