

BUSINESS REPORT

Year ended March 31, 2024

For Human Happiness and
a Beautiful Earth



Securities Code: 7456



Matsuda Sangyo makes effective use of the limited earth resources and contributes to society through business.

The Matsuda Sangyo Group operates the **Precious Metals Business Segment**—which combines the Precious Metals Related Business focusing on recycling and effective use of precious metals, a limited resource, and the Environmental Related Business that aims to pass on a clean environment to the next generation; and the **Food Business Segment**—which concentrates on tapping nature’s resources and providing stable supplies of food to enrich human life.

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Precious Metals Business Segment

A leading company that creates resource circulation (utilization)

No. of employees in the business segment: **1,268** (as of March 31, 2024)

In 1935, the Company started the recovery and refining of silver from film and other photosensitive materials. Silver production developed into the Precious Metals Related Business for gold and platinum group metals, and into the Environmental Related Business which utilizes technology to detoxify industrial waste such as waste liquids.



Promote growth strategy

- Materiality “Acceleration of diverse human growth through the activities of resources”
- Promote health management and create a workplace environment where diverse human resources can play an active role
- Provide wage increments in response to social conditions

Food Business Segment

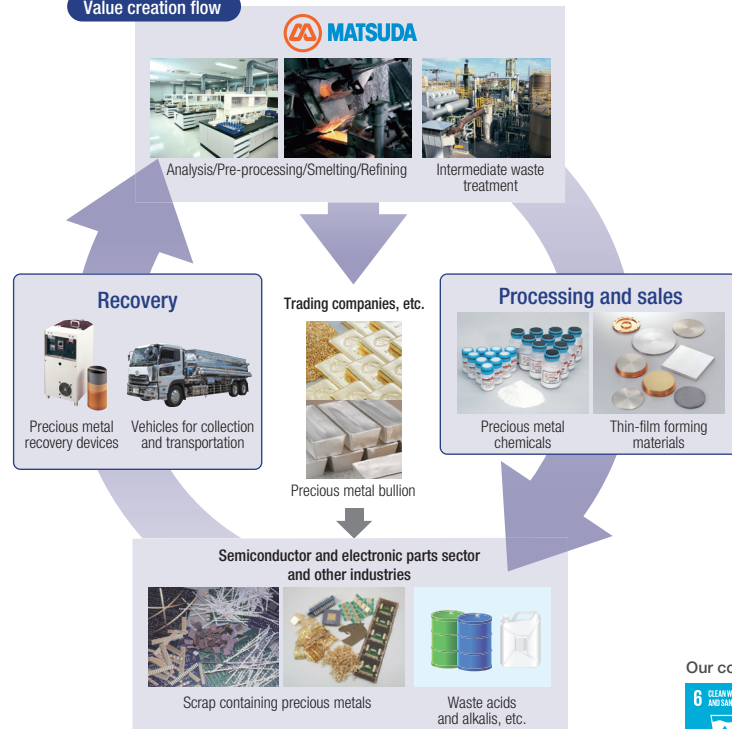
Best partner for customers in product development

No. of employees in the business segment: **263** (as of March 31, 2024)



In 1984, the Company started to sell egg whites discarded during mayonnaise production at food processing companies, to the manufacturers of boiled fish paste products. Expanded into the handling of seafood products such as surimi fish paste, as well as agricultural and livestock products.

Value creation flow



Overview of the Precious Metals Related Business

- Engages in the recovery and smelting of precious metals, manufacturing and sale of precious metal materials and products, and cleaning of thin-film deposition system parts.
- Our key customers are in the electronics, jewelry, dental, and catalyst industries, etc.

Strengths of the Precious Metals Related Business

- Cyclical business model contributing to stable supply chains, advanced technology to refine high-purity precious metals and integrated precious metal recycling system
- Network in East Asia for collection of precious metal materials and supply of precious metal materials and products
- Trust in the precious metal bullion brand born from our advanced recycling technology
- Precision cleaning that recycles jigs as well as recovers and recycles precious metals

Overview of the Environmental Related Business

- Engages in the collection, transportation, detoxification, and recycling of industrial wastes including waste acids, alkalis, oil, plastic, and polluted mud.
- Our key customers are in the electronics and chemical/pharmaceutical industries, and medical institutions, etc.

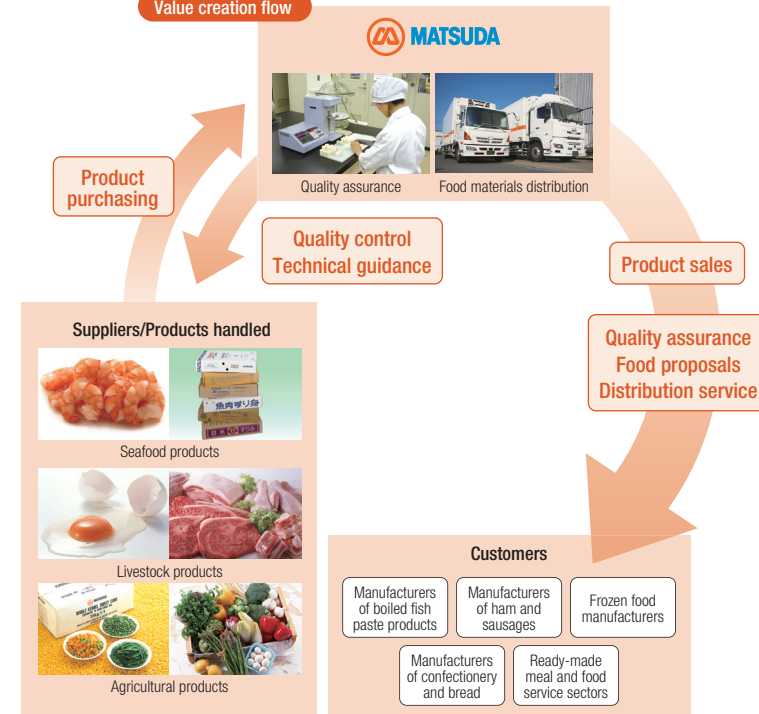
Strengths of the Environmental Related Business

- Detoxification technology and effective use of industrial wastes contribute to efficient recycling that enables customers to achieve zero emission
- One of the best nationwide networks for the collection and transportation of industrial waste

Our contributions to social issue: SDGs



Value creation flow



Overview of the Food Business Segment

- Procures safe and reliable food materials (including seafood, livestock and agricultural products) via an extensive worldwide network that encompasses such regions as Europe, North America, Asia and South America.
- Our key customers include manufacturers of boiled fish paste products, ham and sausages, frozen food, confectionery and bread, as well as the ready-made meal and food service sectors.

Strengths of the Food Business Segment

- Offers a myriad of products including surimi fish paste, shrimp, squid, octopus, shellfish, eggs, chicken, pork, beef, and dried and frozen vegetables through a global procurement network utilizing local subsidiaries.
- Proposes production areas and food processing businesses that meet customers’ needs, and procures ingredients processed locally with optimal technology into optimum forms and lots for customers.
- Offers distinctive services for ensuring safety and reliability such as guidance for suppliers in producing regions through the Quality Assurance Department, quality standard documentation and traceability.
- Stable supply of food through total supply chain management

Our contributions to social issue: SDGs





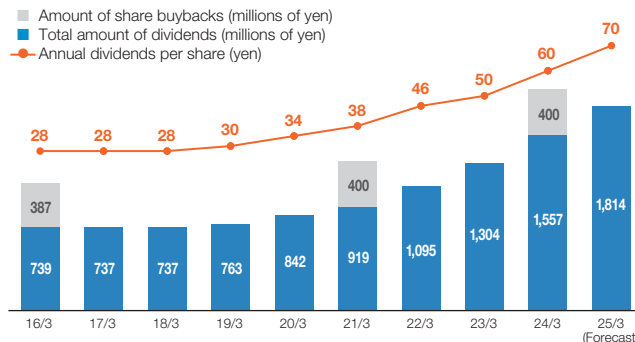
We aim to enhance corporate value sustainably by promoting our growth strategy while simultaneously working on improving capital efficiency.

Yoshiaki Matsuda
President

Please explain the results and dividends for the fiscal year ended March 31, 2024.

During the fiscal year ended March 31, 2024, the Japanese economy showed signs of gradual recovery, including improvements in employment and personal income, and growth in inbound demand. However, with rising prices and accompanying stagnation, alongside concerns over the tightening of monetary policy worldwide and slow-down in the Chinese economy, as well as heightening geopolitical risks, the future outlook remains uncertain.

Against this backdrop, the Matsuda Sangyo Group's Precious Metals Business Segment advanced efforts to improve and expand production facilities within and outside Japan, and worked to secure precious metals 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. As a result, the Precious Metals Business Segment recorded an increase in net sales boosted by an increase in precious metals recycling volume from the jewelry 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.

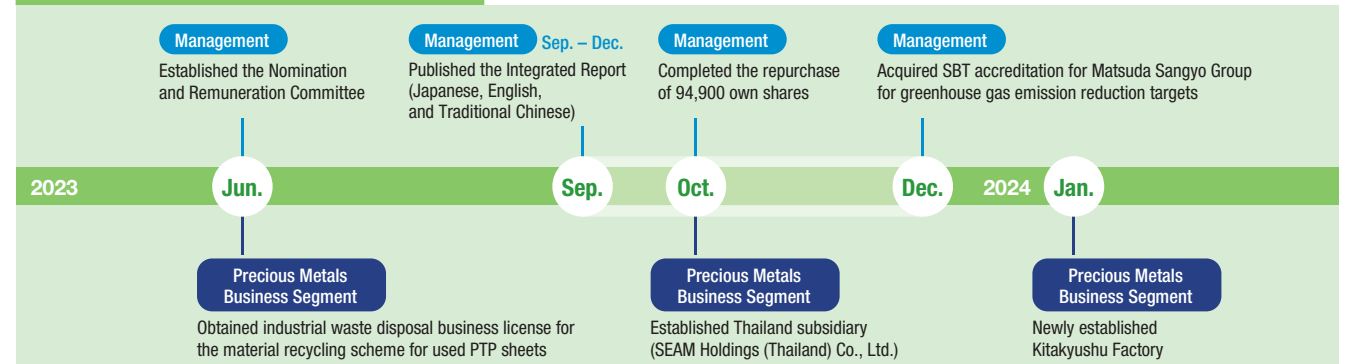
The Food Business Segment utilized its global procurement capabilities to source products that meet customer needs and ensure stable supplies of safe and reliable food products, with the aim of increasing sales volumes. As a result, despite a decrease in the sales volume of seafood products, the sales volume of livestock and agricultural products increased alongside an increase in selling prices, contributing to an increase in both net sales and operating profit.

Consequently, for the consolidated fiscal year ended March 31, 2024, net sales were ¥360,527 million (up 2.7% year on year) and operating profit was ¥9,356 million (down 32.3% year on year). Ordinary profit was ¥10,551 million (down 23.8% year on year) and profit attributable to owners of parent was ¥7,286 million (down 24.9% year on year). We paid a year-end ordinary dividend of 30 yen per share, which combined with the interim dividend, brought the full-year dividend to 60 yen per share. For the fiscal year ending March 31, 2025, we plan to pay a full-year dividend of 70 yen per share, an increase of 10 yen compared to the previous fiscal year.

Please tell us about the achievements in the second year of the Medium-term Management Plan, and the priority measures for the third year.

In the year ended March 31, 2024, the second year of the Medium-term Management Plan (FY2022 to FY2025), although we achieved a

Highlights for the period from April 1, 2023 to March 31, 2024



record high consolidated net sales through the promotion of various business strategies and price revisions, the Precious Metals Business Segment recorded a decline in profit due to a fall in production in the electronic devices field. In the year ending March 31, 2025, the third year of the Medium-term Management Plan, we predict heightened uncertainty such as geopolitical risks and an increase in depreciation and personnel expenses. On the other hand, we forecast growth in both net sales and profit on the back of an improvement in the production situation due to a recovery in demand in the electronic devices sector. To achieve the targets set out in our Medium-term Management Plan, we recognize that the Precious Metals Business Segment faces the challenges of increasing quantity as well as improving profit margins and capital efficiency. In light of that, under our growth strategy that is based on the basic policies of “strengthening revenue base and creating new revenue sources by continuing with proactive investments,” “strengthening management foundation to support and accelerate sustainable growth,” and “enhancing corporate value by promoting ESG management,” the Matsuda Sangyo Group will continue to focus on the effective use of resources, securing sustainable resources, and providing high added value that contributes to resolving the problems faced by our customers and society, alongside promoting ROIC management toward improving capital efficiency.

Please tell us about the initiatives to address ESG and materiality (priority issues) going forward.

In the Precious Metals Business Segment, we will continue to pursue a cyclical business model through the expansion of precious metals recycling and the detoxification and treatment of industrial waste. We

will also focus on the development and sale of products that can reduce environmental burden which are made primarily from recycled materials, reduce cost per unit of production by improving energy consumption efficiency in the production processes, and promote efforts to reduce environmental burden. As a part of that, in March 2024, we established a new factory that focuses on environmental conservation under the Thailand subsidiary.

In the Food Business Segment, we will continue to work on the sustainable procurement and stable supply of safe and reliable food materials, the effective use of food resources by reducing food loss and recycling food, and the development and sale of high-performance products. As an example, amid rising challenges in the procurement and sales environment due to yen depreciation and growing geopolitical risks, we are putting effort into the procurement and stable supply of sustainable ingredients by leveraging the global network that is unique to Matsuda Sangyo, such as supplementing the supply shortage of North American potatoes with an increase in potato imports from India.

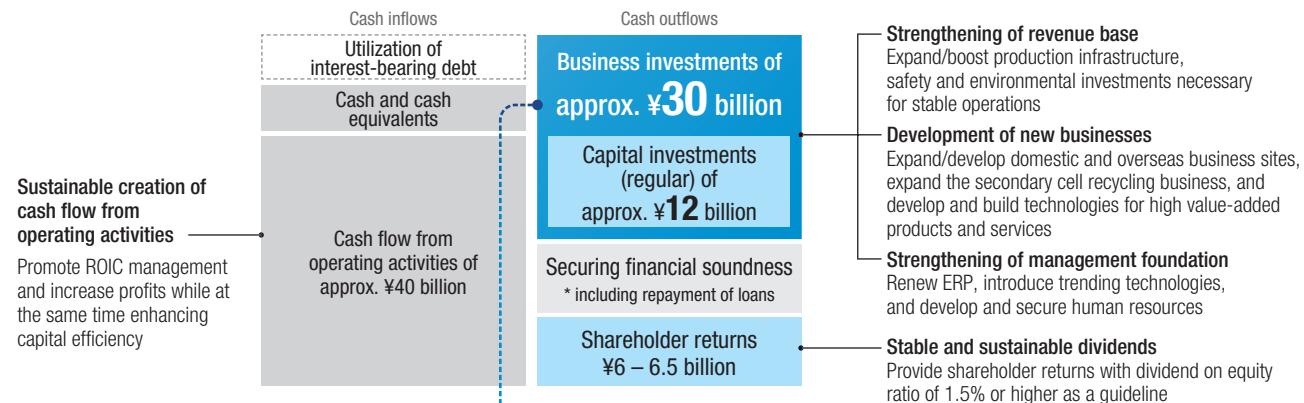
Going forward, Matsuda Sangyo Group will continue to contribute to building a circular society and ensuring the stable supply of resources through business expansion. At the same time, we will also work on reducing greenhouse gas emissions and improving supplier management, including diversity and human rights due diligence, with a view to further enhancing our corporate value. As a part of that, we acquired SBT accreditation in December 2023 for our FY2030 greenhouse gas emissions reduction target.

I hope we can count on the continued understanding and support of all our shareholders going forward.

Forward-looking business investment and capital policy

Capital policy (basic 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.

Cash allocation assumptions based on the Medium-term Management Plan (FY2022 to 2025)



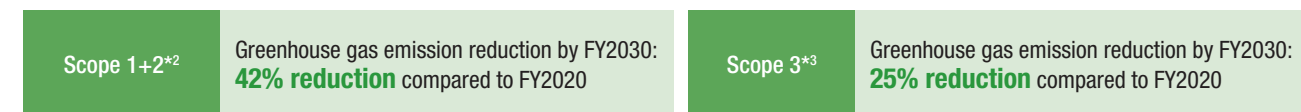
Progress of the investment plans for each business segment

		FY2023 (Actual)	FY2024 (Planned)	
Precious Metals Business Segment Leading company that creates resource circulation (utilization)	Develop high value-added products and services, and build technologies	ECO PGC		
	Expand processing facilities/bases for the smelting environment toward the development of new businesses	PTP material recycling		
	Expand production infrastructure toward expansion of business scale and domains	Expansion into Kitakyushu		Phase 1 operation of Kitakyushu Factory
		Renewal of the Iruma area		
Food Business Segment Best partner for customers in product development	Global expansion and growth of procurement network	Operation of Matsuda Sangyo Trading India Pvt. Ltd. (India base)	Development 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 strengthening of supply chain functions
Strengthening of management foundation	Reinforcing management functions and improving productivity through the utilization of IT	ERP renewal/Promoting DX (digital democratization)		
	Promotion of human capital management	Nurturing management talents/Creating workplace environments where diverse human resources can play active roles		
	Initiatives toward improving capital efficiency	Strengthening business portfolio management		
	Promotion of sustainability management	Initiatives toward decarbonization/Improvement of working environment (RBA)		

TOPIC 1: Matsuda Sangyo acquired SBT accreditation for greenhouse gas emission reduction targets

Management

In December 2023, Matsuda Sangyo Group's greenhouse gas emission reduction target for FY2030 was recognized as a "science-based target" (SBT), and received accreditation under the SBT Initiative*. Alongside continued efforts to reduce CO₂ emissions through business activities with a view to achieving the target, we will promote greenhouse gas emission reduction across our entire supply chain to contribute to the realization of a sustainable society. The following are the greenhouse gas emission reduction targets that Matsuda Sangyo received accreditation for.



*1 An international institution established jointly by CDP, an international NGO engaged in the environmental field such as climate change, the United Nations Global Compact, World Resources Institute (WRI), and the World Wildlife Fund (WWF)
*2 Scope 1: Direct emissions from in-house fuel consumption and production processes, etc., Scope 2: Indirect emissions through the use of electricity and heat purchased by the company, etc.
*3 Indirect emissions other than Scope 1 and 2 emissions (raw material procurement, transportation, use and disposal of products, employee commuting and business trips, etc.)



TOPIC 2: Precious Metals Business Segment

Renewal of subsidiary in Thailand

Matsuda Sangyo (Thailand) Co., Ltd., which has been engaged in the precious metal recycling business for approximately 24 years in Thailand, constructed a new factory in March 2024. This new facility places emphasis on environmental conservation and employs the latest wastewater treatment systems and air pollutant treatment systems. By recycling waste collected from semiconductor manufacturers and electronics manufacturers, this factory contributes to realizing the Bio-Circular-Green (BCG) Economy Model*, which is a growth strategy for achieving sustainable development in Thailand. Thailand has a wealth of diverse resources and cultures, geographical advantage, and other factors that can contribute to potential market growth of the Precious Metals Business Segment in the future. As such, alongside further expanding our business in the country, we also aim to promote the effective use of precious metal resources, which are the earth's resources.

* A unique economic model that combines the three elements of bio ("B), circular ("C), and green ("G), and which is promoted by the government of Thailand through public-private partnership.

TOPIC 3: Precious Metals Business Segment

Start of operation of new Kitakyushu Factory

Matsuda Sangyo has been working on the construction of a new factory that possesses precious metal recycling functions in Kitakyushu City, with the aim of expanding business in the Kyushu region, a major hub for the electronics industry focused on the production of semiconductors, which are customers of Matsuda Sangyo. The construction has now been completed successfully and the plant has started operation. Phase 1 of its operation started with the logistics functions and primary processing of precious metal materials. While assessing market trends and customer needs, we will consider expanding into Phase 2 of the capital investment. In 2024, the concentration of the semiconductor industry in Kyushu is expected to accelerate further, with successive operation and construction starts for semiconductor and electronic component manufacturing plants by domestic and foreign companies. By implementing Matsuda Sangyo Group's basic policy of "strengthening revenue base and creating new revenue sources by continuing with proactive investments" established in the Medium-term Management Plan, we aim to expand our business in the Kyushu region.

Precious Metals Business Segment

Performance in the fiscal year ended March 31, 2024

In the electronic devices field of the electronics sector, which is the key market for the Precious Metals Business Segment, progress made in inventory adjustment did not lead to recovery in demand, and market conditions were challenging as the overall production situation remained sluggish. Against this backdrop, the Precious Metals Business Segment recorded an increase in net sales, boosted by an increase in precious metals recycling volume from the jewelry 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.

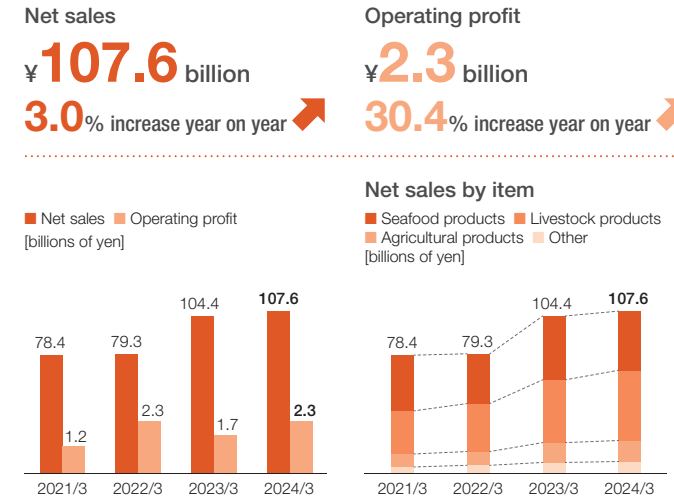
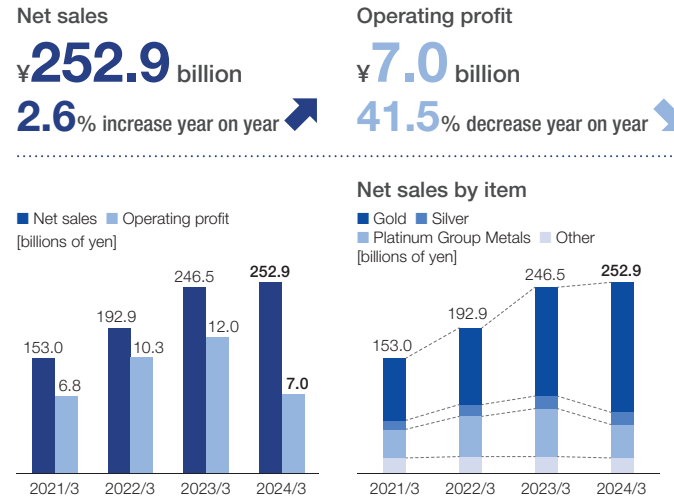
Forecasts and initiatives for the year ending March 31, 2025

We expect to see an improvement in the production situation alongside a recovery in demand in the electronic devices sector of the electronics industry. We will continue to adapt to the needs of a circular society by leveraging on our comprehensive resource recycling capability, expand our development to other sectors such as the jewelry industry, and strive to increase our precious metals recycling volume and product sales volume as well as secure and expand industrial waste treatment outsourcing

Q Policies to promote resource circulation are gaining strength in the world, particularly in Europe. Please tell us about Matsuda Sangyo's initiatives.

A We are working to reduce CO₂ emissions through the effective use of resources, and realizing resource circulation by providing the "ECO-series" product range, which are indispensable materials for the production of semiconductor and electronic components, made from 100% recycled precious metal materials. We obtained certification* from UL Japan, a third-party organization, for potassium gold cyanide (Product name: ECO PGC 683) in 2020 ahead of other domestic manufacturers and before the tightening of European policies, and for sodium gold sulfite (Product name: ECO Auro Assist 100) later. Going forward, we will continue to expand our range of products that help to reduce environmental impact, and to contribute to advancing resource circulation.

* Based on standards prescribed by UL LLC in the U.S., Matsuda Sangyo's "ECO-series" products are verified to be produced from 100% recycled metals.



Food Business Segment

Performance in the fiscal year ended March 31, 2024

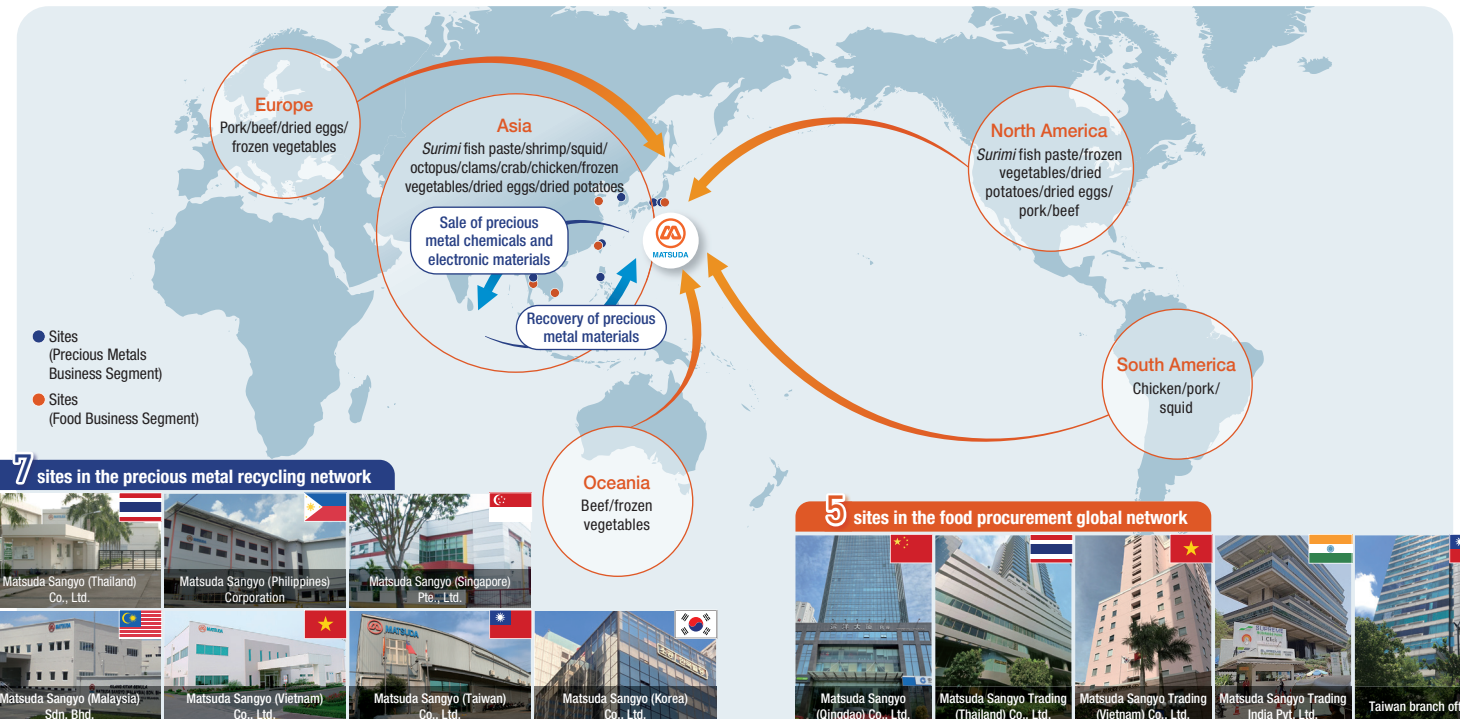
The food production sector, which is the key market for the Food Business Segment, saw a gradual recovery due to an increase in selling prices and growth in inbound demand, among other factors. On the other hand, personal consumption was sluggish due to rising prices, and raw material prices and logistics costs remain persistently high. Amidst these circumstances, the Food Business Segment registered a decrease in the sales volume of marine products. However, the sales volume of livestock and agricultural products increased alongside an increase in selling prices, contributing to an increase in both net sales and operating profit.

Forecasts and initiatives for the year ending March 31, 2025

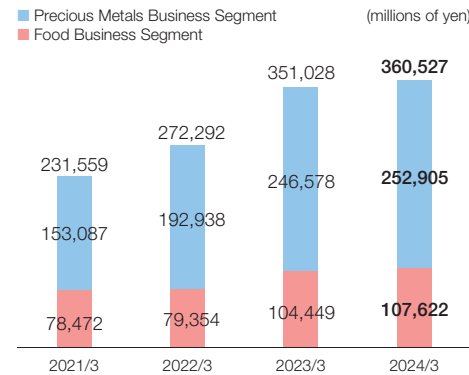
While coping with challenges such as concerns about supply of food resources and rising logistics costs, we will further strengthen our procurement capabilities including the utilization of overseas business sites, engage in sales activities that accurately capture the needs of customers, and develop and provide products rooted in the principles of safety, reliability, and stable supply. Through these efforts, we will differentiate the Food Business Segment, expand sales volume, and secure profits.

Q How is the Food Business Segment coping with an increasingly challenging procurement and sales environment amid yen depreciation and growing geopolitical risks?

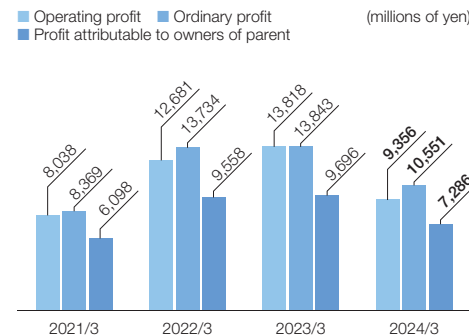
A We are striving to minimize the negative impacts by harnessing the global network that we have been strengthening in recent years. Most recently, we coped with the supply shortage of North American potatoes by increasing imports of potatoes from India via our subsidiary in India, established in 2022. Additionally, we are currently focusing on the procurement of broccoli and sweet potatoes from East Asia and other regions. For frozen vegetables, we are expanding our sales channels to include the food service sector and mass retailers, in addition to processed food manufacturers. Going forward, we will put effort into securing sustainable ingredients by using our overseas sites, and expanding our supply network.



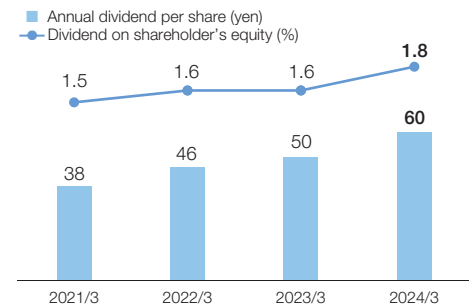
Net sales



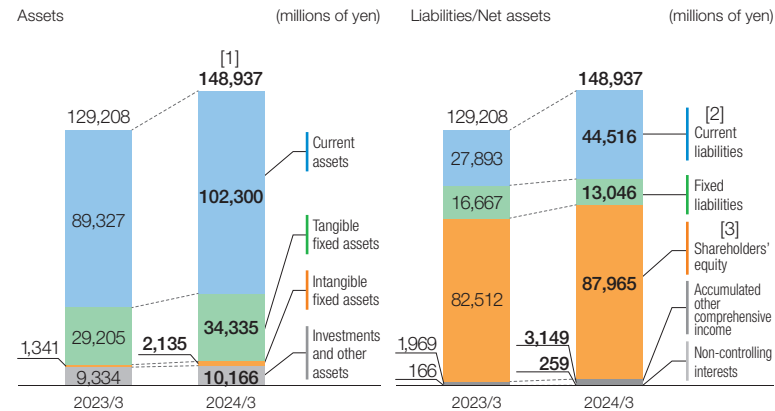
Operating profit/Ordinary profit/ Profit attributable to owners of parent



Annual dividend per share/ Dividend on shareholder's equity

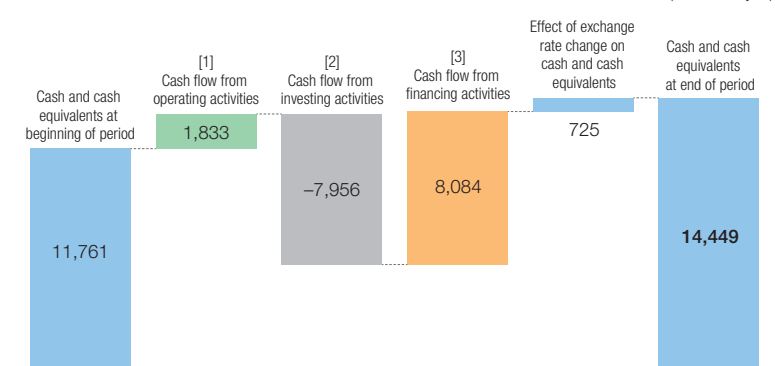


Consolidated balance sheet



- [1] Assets increased ¥19,728 million yen mainly due to increases in cash and deposits, notes and accounts receivable-trade, inventories, and property, plant and equipment.
 [2] Liabilities increased ¥13,002 million, mainly reflecting the difference between an increase in accounts payable-trade and short-term loans payable, and a decrease in long-term loans payable.
 [3] Net assets increased ¥6,726 million mainly due to an increase in retained earnings.

Statements of cash flow



- [1] Operating activities provided net cash of ¥1,833 million, mainly due to an increase in cash from profit before income taxes, depreciation, and accounts payable-trade, outweighing a decrease in cash from an increase in accounts receivable-trade, inventories, and income taxes paid.
 [2] Investing activities used net cash of ¥7,956 million, mainly in payments for the purchase of property, plant and equipment, such as newly installed plant equipment.
 [3] Financing activities provided net cash of ¥8,084 million, mainly due to an increase in cash from short-term loans payable, which outweighed the decrease in cash from repayments of long-term loans payable, cash dividends paid, and purchase of own shares.

Company Overview (As of March 31, 2024)

Corporate name	MATSUDA SANGYO Co., Ltd. Shinjuku Nomura Bldg. 26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo Tel. 03-5381-0001 (Main line)
Head office	
Foundation	June 18, 1951
Common stock	¥3,559 million
Number of employees	1,624
Main businesses	Recovery and smelting of precious metals, sale of precious metal bullion and electronic materials, wholesale of raw materials for food processing, collection, transportation, and processing of industrial waste
Accounting auditor	Ernst & Young ShinNihon LLC

Board of Directors (As of June 26, 2024)

President	Yoshiaki Matsuda
Vice-president and Director	Koji Tsushima
Director	Ryuichi Yamazaki
Director	Kenji Isawa
Director	Takehiro Ueda
Director	Masayuki Wada
Director	Hidehito Imai
Audit and Supervisory Committee member	Shinichi Hatakeyama
Audit and Supervisory Committee member	Toshihiko Uchiyama
Audit and Supervisory Committee member	Toshiyuki Kojima
Audit and Supervisory Committee member	Reiko Miyata

* Audit and Supervisory Committee members are all outside directors.

Major Subsidiaries (As of March 31, 2024)

Precious Metals Business Segment	Food Business Segment
Recovery and sales of metal materials, sales of precious metal products	Sales of raw materials for food processing, intermediary services
Matsuda Sangyo (Thailand) Co., Ltd.	Matsuda Sangyo Trading (Qingdao) Co., Ltd.
Matsuda Sangyo (Philippines) Corporation	Matsuda Sangyo Trading (Thailand) Co., Ltd.
Matsuda Sangyo (Singapore) Pte. Ltd.	Matsuda Sangyo Trading (Vietnam) Co., Ltd.
Matsuda Sangyo (Malaysia) Sdn. Bhd.	Matsuda Sangyo Trading India Pvt. Ltd.
Matsuda Sangyo (Vietnam) Co., Ltd.	
Matsuda Sangyo (Taiwan) Co., Ltd.	
Matsuda Sangyo (Korea) Co., Ltd.	

Offices and Factories (As of April 1, 2024)

Precious Metals Business Segment offices	Headquarters / Sendai / Mito / Tokyo / Kanagawa / Nagano / Shizuoka / Nagoya / Nagoya 2 / Kanazawa / Osaka / Fukuyama / Fukuoka / Kagoshima
Food Business Segment offices	Headquarters / Sapporo / Sendai / Kitakanto / Tokyo / Shizuoka / Nagoya / Osaka / Matsuyama / Fukuoka / Kagoshima / Quality Assurance Department / Taiwan
Production division	Research and development center / Musashi factory / Musashi No. 3 factory / Iruma factory / Iruma No. 2 factory / Seki factory / Seki No. 2 factory / Kitakyushu Factory / Quality Assurance Department

Affiliates (As of March 31, 2024)

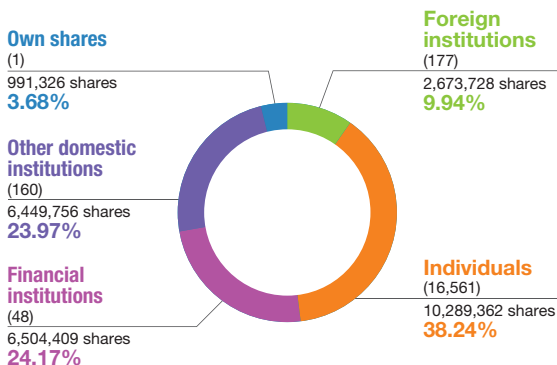
MATSUDA RYUTSU Co., Ltd.	Truck transportation
MATSUDA ECOLOGY Co., Ltd.	Sales of precious metal products
JAPAN MEDICAL TECHNOLOGY Co., Ltd.	Recovery and sales of metal materials
HOKKAIDO AOKI KAGAKU Co., Ltd.	Collection, transportation and processing of industrial waste, recovery and sales of metal materials
Z.E.R.O. JAPAN Co., Ltd.	Various waste processing and equipment sales
Gulf Foods Co., Ltd.	Import and wholesale of seafood products
NIPPON MICROMETAL CORPORATION	Production and sales of metal products for the electronics industry

Investor Information

Stock Data (As of March 31, 2024)

Total number of shares authorized to be issued	40,000,000
Total number of shares issued and outstanding	26,908,581
Number of shareholders	16,947

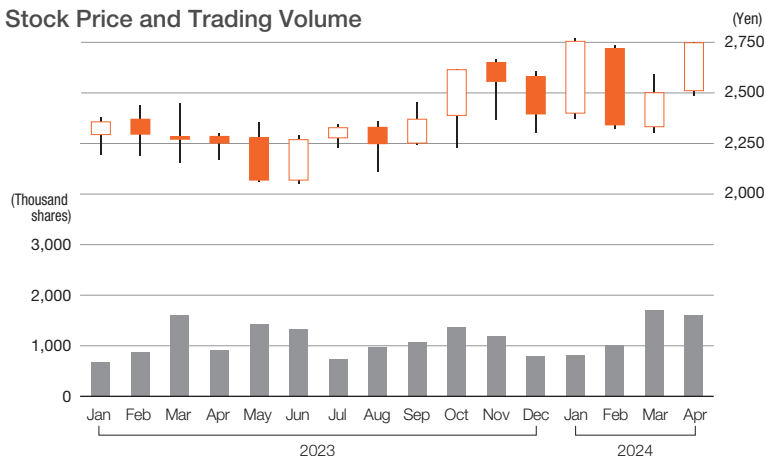
Distribution of Shares (As of March 31, 2024)



Investor Information

Business year	April 1 to the following March 31
Register closing date for term-end dividend payments	March 31
Register closing date for interim dividend payments	September 30
General meeting of shareholders	June every year
Shareholder register administrator and Transfer account management institution for special account	Mitsubishi UFJ Trust and Banking Corporation
Contact information for transfer account management institution for special account	Corporate Agency Department, Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikko-cho, Fuchu-shi, Tokyo Toll free: 0120-232-711 (only in Japan) Mailing address: P.O. Box 29, Shin-tokyo, Tokyo 137-8081 Corporate Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Quoted securities exchange	Tokyo Stock Exchange
Method of public notice	Public notices of financial results are provided through the Annual Securities Report, based on the provisions of Article 440, Paragraph 4 of the Companies Act.

Stock Price and Trading Volume



Major Shareholder (As of March 31, 2024)

Name of shareholders	Number of shares	Shareholding ratio (%)
Matsuda Bussan Co., Ltd.	3,470,649	12.89%
Yoshiaki Matsuda	3,057,765	11.36%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,771,900	6.58%
Custody Bank of Japan, Ltd. (Trust Account)	1,192,100	4.43%
Kuniko Matsuda	933,240	3.46%
Meiji Yasuda Life Insurance Company	931,700	3.46%
Kazuko Matsuda	783,796	2.91%
Junko Tsushima	783,758	2.91%
SUMITOMO LIFE INSURANCE COMPANY	665,500	2.47%
Emukikaku Co.,Ltd	479,000	1.78%

Website Information

Matsuda Sangyo Search Homepage

Please visit the Matsuda Sangyo website which was renewed in March 2023.



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TEL: +81-3-5381-0001
URL: <https://www.matsuda-sangyo.co.jp/en/>

FORWARD-LOOKING STATEMENTS

This business report contains forward-looking statements concerning the future plans, strategies, beliefs and performance of Matsuda Sangyo Co., Ltd. and its group companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected.