

# BUSINESS REPORT

Year ended March 31, 2022



For Prosperity and  
a Beautiful Earth


# The Matsuda Sangyo Group's corporate philosophy is "Making effective use of the limited earth resources and contributing to society through business"

The Matsuda Sangyo Group operates (1) the precious metals business—which combines the precious metal business focusing on recycling and effective use of precious metals, a limited resource, and the environmental business aiming at passing on a clean environment to the next generation; and (2) the food business—which concentrates on tapping nature's resources and providing stable supplies of food to enrich human life.

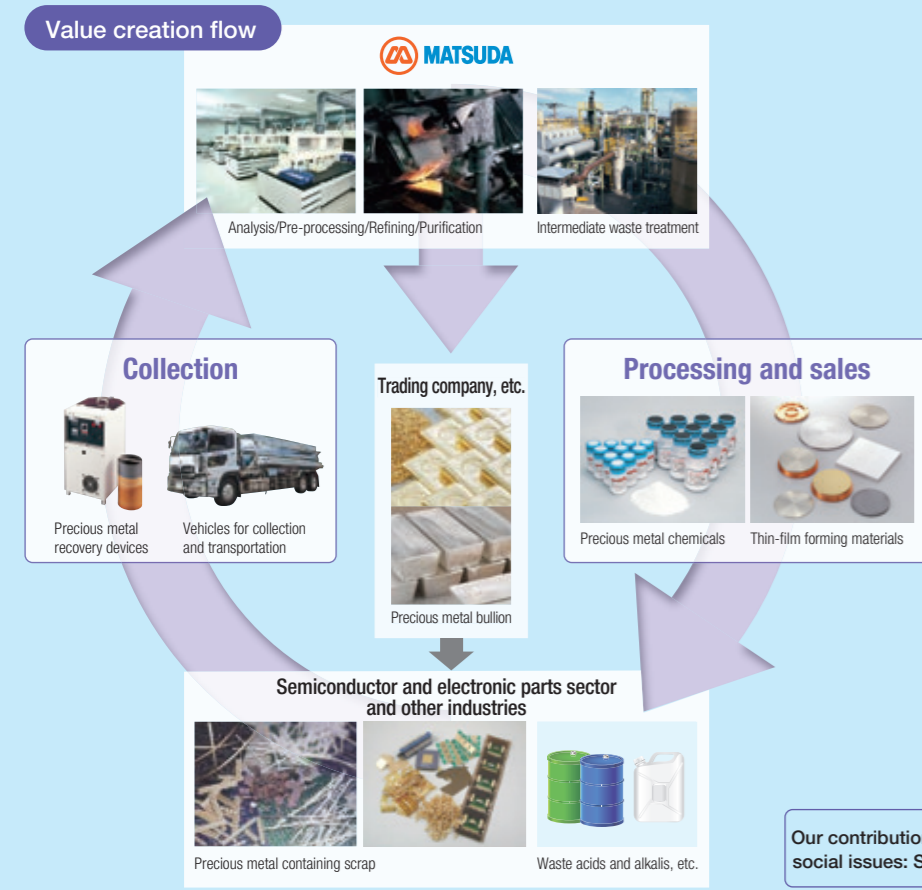
With both the precious metals and food business segments as growth drivers, we will develop a cycle that enables sustainable and mutual development of our business and society.

**Precious Metals Business Segment** | **VISION** / "Become a leading company that creates resource circulation (utilization)" | No. of segment employees **1,140** | As of March 31, 2022

**Business History**  
**Roots:** In 1935, the Company started the recovery and refining of silver from film and other photosensitive materials.



Silver production developed to the gold and PGM\* precious metal business, as well as to the environmental business due to the involvement in the treatment of fixing and developing solutions. \* Platinum group metals



**Overview of the precious metals business**

- Engaging in recovery and refining of precious metals, manufacturing and selling 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 business**

- Cyclical business model contributing to stable supply chains, advanced technology to refine high-purity precious metals and consistent 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 business**

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

**Strengths of the environmental 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 network to collect and transport industrial waste

**Our contributions to social issues: SDGs**

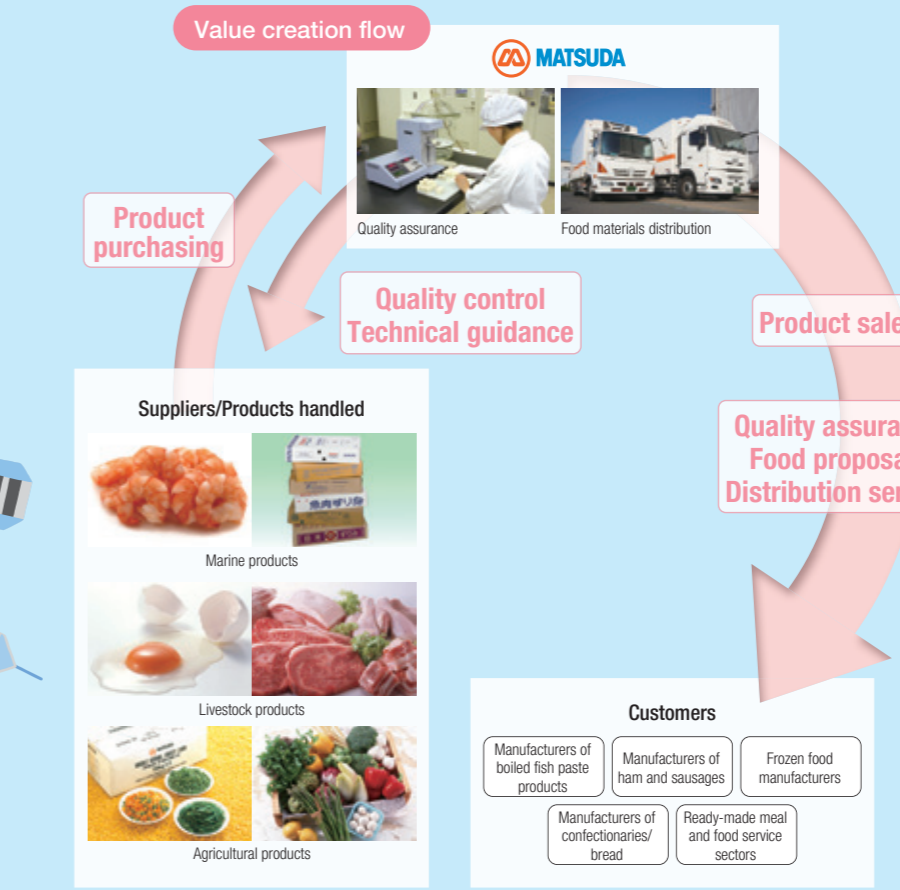


**Food Business Segment** | **VISION** / "Become the best partner for customers in product development" | No. of segment employees **259** | As of March 31, 2022

**Business History**  
**Roots:** In 1948, the Company started to sell egg whites discarded during mayonnaise production at food processing companies to manufacturers of boiled fish paste products.



Expanded into the handling of marine products such as *surimi* fish paste, as well as agricultural and livestock products.




**Overview of the food business segment**

- The food business procures safe and reliable food materials (including marine, 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, confectionaries and bread, and in 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. Deploys a global procurement network utilizing local subsidiaries
- Proposes appropriate locations for food processing together with production areas that meet customers' needs, and offers primary processing of food materials into optimum forms and volumes for customers. Provides high-quality, low-cost products manufactured on-site from fresh ingredients using optimal technologies
- 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 issues: SDGs**






## Under the new Medium-term Management Plan, we will provide high added value contributing to solving customers' problems and social issues.

**Yoshiaki Matsuda**  
President and Representative Director

First, I would like to thank all our shareholders for their support in the past year. I hope we can count on your continued support in the year ahead. Please take the time to read this Business Report for the fiscal year ended March 2022 (April 1, 2021 to March 31, 2022), which provides a more in-depth view of what we do at Matsuda Sangyo.

### **Q** Please explain results and dividends for the fiscal year ended March 31, 2022.

During the fiscal year ended March 31, 2022, while the global economy was on a recovering trend overall with a rise in COVID-19 vaccination rates, the outlook remained uncertain due to factors including supply chain disruptions caused by China's zero-COVID policy, rising prices of energy and raw materials against the backdrop of the Ukraine crisis, and the rapid weakening of yen.

Amid such situation, the precious metals business segment worked to expand sales in each business domain through sales development taking advantage of the customers' and market growth and establishment and enhancement of production sites. As a result, the volume of precious metal recycling, industrial waste treatment outsourcing and sales of precious metal products all increased, and coupled with the rise in precious metal prices, both segment sales and profit increased.

The food business segment fulfilled its responsibility to ensure stable supply by dealing with rising logistics costs and supply chain disruptions flexibly and appropriately while working to develop and offer products meeting customer needs and expand sales. As a result, the sales volume of marine, live-stock, and agricultural products increased, and both segment sales and profit increased.

As a result, consolidated net sales for the fiscal year ended March 31, 2022 increased 17.6% year on year to ¥272,292 million, and operating profit increased 57.8% to ¥12,681 million. Ordinary profit increased 64.1% to ¥13,734 million, and profit attributable to owners of parent increase 56.7% to ¥9,558 million.

As we achieved a new record high profit, we further increased the amount of year-end dividend which was upwardly revised in November 2021 by ¥2 to ¥24 per share, resulting in a full-year dividend including interim dividend of ¥46 per share. Full-year dividend per share for the fiscal year ending March 31, 2023 is expected to be ¥48, an increase of ¥2 year on year.

### **Q** Please tell us about the achievement in the previous Medium-term Management Plan and a general outline of the new Plan.

The Group has launched the new Medium-term Management Plan covering four years (FY2022–2025).

In the previous Medium-term Management Plan with FY2021 as the final year, with both the precious metals and food business segments as growth drivers, we focused on promotion of management strategy in each business and reinforcement of management foundation. As a result, we were able to successfully achieve targets for consolidated net sales, operating profit, operating margin and ROE.

In the new Medium-term Management Plan, we aim “to be a company that continuously evolves and adapts to social changes, and which customers and society always need,” and aim to achieve consolidated net sales of ¥300 billion, operating profit of ¥13 billion, operating margin of 4.3%, return on equity (ROE) of 9%, and return on assets (ROA) of 10% by providing high added value contributing to solving customers' problems and social issues through effective use of resources and securing of sustainable resources. Under these targets, we continue to expect both business segments to be growth drivers and focus on growth strategies based



on basic policies to “strengthen revenue base and create new revenue sources by continuing proactive investments,” “strengthen management foundation to support and accelerate sustainable growth,” and “enhance corporate value by promoting ESG management.”

In the precious metals business segment, based on the vision of becoming a “leading company that creates resource circulation (utilization),” we aim to differentiate ourselves by increasing our comprehensive capabilities through eco-friendly business and development and sales of high-performance electronic materials and continuing to provide customers with “high environmental value.”

In the food business segment, under its vision to “become the best partner for customers in product development,” we aim to expand sales domains by accelerating global development through our efforts to enhance procurement network of raw materials and product lineup and reinforce material sales, develop safe, reliable, and sustainable products and establish commercial distribution.

To enhance management foundation that

supports sustainable growth and corporate value enhancement, we will also work to “improve productivity,” “promote DX,” “create management human resources,” “encourage active participation of diverse human resources,” “create work environment,” and “strengthen governance and risk management.”

In addition, to promote these strategies, we plan to invest a cumulative total of ¥30 billion over four years while securing financial soundness and maintaining a balance with shareholder returns. We aim to pay dividends to shareholders with a target dividend on equity ratio of over 1.5%.

In order to promote the new Medium-term Management Plan and achieve both realization of a sustainable society and the Group's growth under the unwavering corporate philosophy, we positioned “striking a balance between reducing environmental burden and business growth,” “enhancing customer satisfaction and securing the trust of society,” and “accelerating growth through the activities of diverse human resources” as ESG-related material issues.

I hope we can count on your continued support as we implement these initiatives in the year ahead.

Precious Metals Business Segment

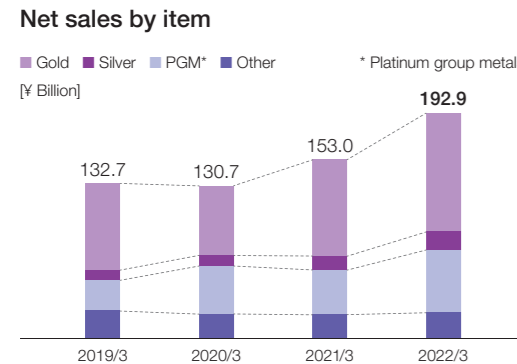
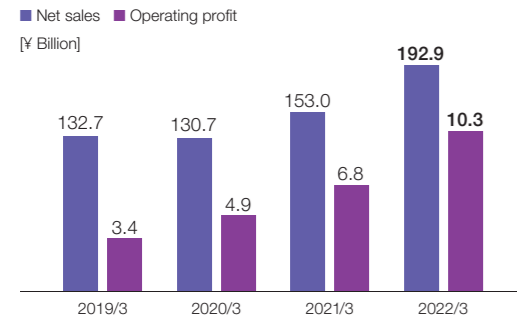


Performance in the fiscal year ended March 31, 2022

The electronics industry, our key customer, experienced a decline in production in automotive market, etc. due to semiconductor shortages, but the production activity began showing signs of recovery, spurred mainly by a recovery in the smartphone market and establishment and enhancement of communication infrastructure in line with the development of 5G communication. Under these conditions, the volume of precious metal recycling, industrial waste treatment outsourcing, and sales of precious metal products increased, and coupled with the rise in precious metal prices, both segment sales and profit increased.

Net sales  
**¥192.9** billion  
 increase year on year 26.0%

Operating profit  
**¥10.3** billion  
 increase year on year 51.5%



Forecasts and initiatives for the fiscal year ending March 31, 2023

We will steadily carry out the growth strategy set in the new Medium-term Management Plan with an aim to enhance the Group's competitiveness mainly in the electronics industry, our key customer, increase the volume of precious metal recycling and product sales and increase the volume of industrial waste treatment outsourcing.

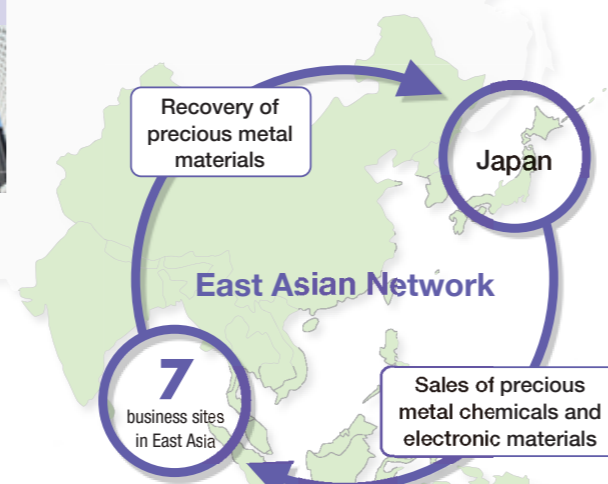
**Q & A**  
 We see quite a few reports on "semiconductor shortages," what is the impact on the precious metals business segment?

While the semiconductor demand has continued increasing against the background of increased use of teleworking, accelerating shift to EVs, and expansion of demand for power device related to decarbonization, the supply cannot keep up with it, and the resulting "semiconductor shortages" have been causing various impacts including a delay in delivery of new cars. However, the market is still expanding, which has a positive impact on us as it is contributing to an increase in precious metal recycling materials.



Semiconductor demand will continue to grow \* An image

Sites



\* Our Chinese subsidiary Matsuda Resource Recycling (Suzhou) Co., Ltd. is currently under liquidation proceedings.

Food Business Segment

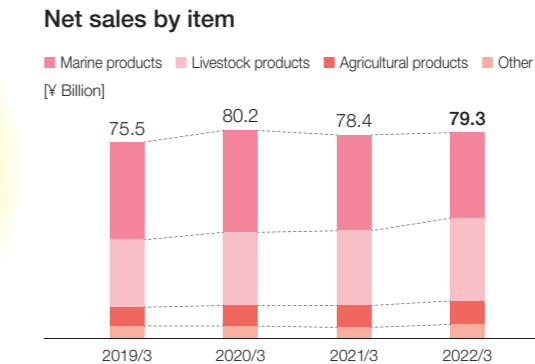
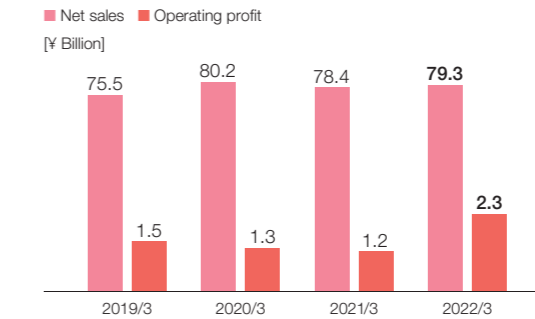


Performance in the fiscal year ended March 31, 2022

The food processing industry, our key customer continued to face tough conditions on the whole due to a rise in raw material prices and logistics costs as well as a growing trend of weak yen. In addition, the global supply chain disruption has escalated, and the situation which requires monitoring on stable supplies of food remained. Under these conditions, the sales volume of marine, livestock, and agricultural products increased, and coupled with the impact of the rising prices in certain products, both segment sales and profit increased.

Net sales  
**¥79.3** billion  
 increase year on year 1.1%

Operating profit  
**¥2.3** billion  
 increase year on year 93.5%



Forecasts and initiatives for the fiscal year ending March 31, 2023

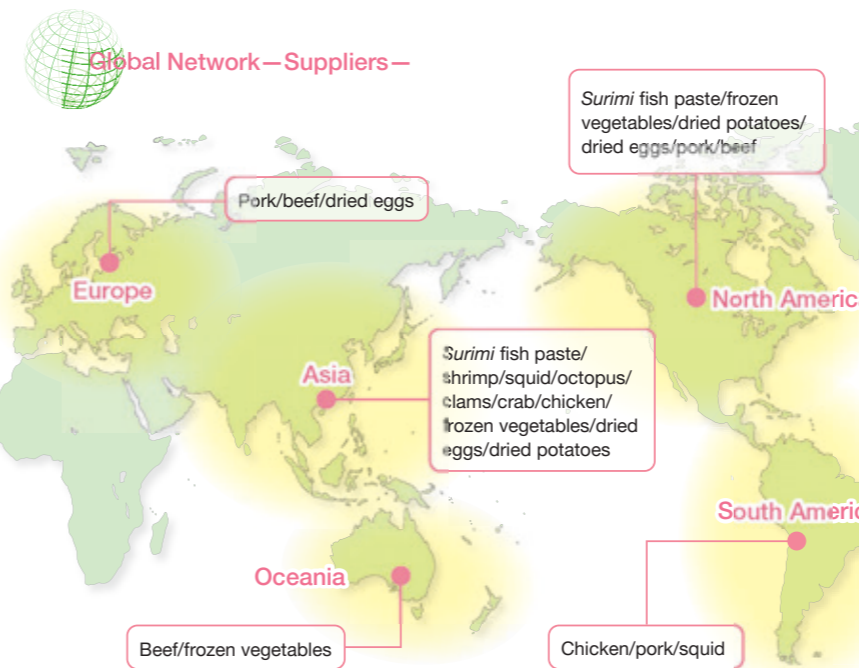
While dealing with changes in the business environment such as concerns over raw materials supply and increasing logistics costs, we will work to increase sales volume and secure earnings through sales activities aimed at accurately meeting customer needs with the use of overseas business sites and the differentiation by developing and providing products as a stable supplier of safe and reliable food products.

**Q & A**  
 How is the new geopolitical risk, such as the Ukraine crisis, affecting the food business segment?

In the food business segment, as we have a raw material procurement network around the world, the Ukraine crisis has a serious impact on us. Specifically, there are supply shortages in certain raw materials and price fluctuations are disrupting the supply-demand balance of certain products. Amid such circumstances, we will continue "stable supply of safe and reliable products" by closely monitoring the situation and taking flexible measures such as diversifying suppliers.



Sites



# TOPIC 1

IR/SR

## We enhanced and improved the former IR Dept. and started as “CSR IR Dept.”

We have recently changed the name and improved the functions of “IR Dept.” and restarted as “CSR IR Dept.” in April 2022. In response to the recent global trends to address themes such as “sustainability” and “decarbonization,” we identified “achieving both environmental load reduction and business growth,” “improving customer satisfaction and securing social trust,” and “accelerating growth through active participation of diverse human resources” as material issues and established the policy in the new Medium-term Management Plan. We expect this renewed department to oversee specific initiatives to be implemented based on such policy, and we also aim to deepen dialogue with stakeholders through this department.



Message from Manager of CSR IR Dept.

The CSR activities to promote specific initiatives to address sustainability issues and the IR activities aimed at enhancing communications related to the Group's activities and engagement with stakeholders are both important responsibilities that we should fulfill. Going forward, we will further enhance the CSR and IR activities under the new structure.

**Yoshinori Tanaka**  
Executive Officer, General Manager of Corporate Management Planning Dept. and CSR IR Dept.



Members of CSR IR Dept.

# TOPIC 2

IR/SR

Report of Survey Results

## Thank you for participating in our shareholder survey.

We would like to thank the shareholders that participated in our survey that accompanied the notification of the 72nd Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2021.



Survey period:  
**June 24 to July 31, 2021**

Response rate:  
**51.0%**  
Highest rate in the last five surveys

### Shareholder percentages by age group

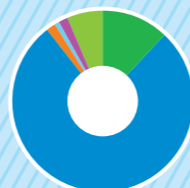
The ratio of shareholders under 20s, 40s & 50s, and over 70s rose and those who are 30s & 60s decreased compared with the fiscal year ended March 31, 2021.



20s or younger	2.1%
30s	4.2%
40s	15.0%
50s	18.8%
60s	24.4%
70s and older	35.5%

### Future plan for holding the Company's shares

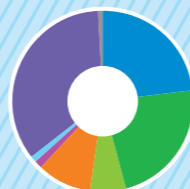
The ratio of “Buy more and continue holding” and “Sell some and continue holding” rose by 0.5 points and 0.3 points, respectively, and “Continue holding” decreased by 2.0 points.



Buy more and continue holding	12.0%
Continue holding	77.5%
Sell some and continue holding	1.8%
Plan to sell	0.7%
Already sold	1.7%
Undecided	6.3%

### Reasons of purchasing Matsuda Sangyo's shares

The ratio of “Future prospects/growth potential” rose by 2.7 points and “Management philosophy/business descriptions” increased by 0.3 points. We will continue to put out our best efforts to meet the expectations of shareholders.



Future prospects/growth potential	23.2%
Stability/dividend yield	22.7%
Financial strength/soundness	6.4%
Management philosophy/business descriptions	9.9%
Stock price and technical index	1.2%
Recommendations from securities firms or information magazines	1.2%
Shareholders benefit	34.7%
Other	0.7%

Shizuoka City, Shizuoka Prefecture



Kitakyushu City, Fukuoka Prefecture



Iruma City, Saitama Prefecture



# TOPIC 3

Precious Metals Business Segment | Food Business Segment

## We are upgrading and expanding domestic production sites to enhance sales and production/logistics functions.

In April 2021, we established a sales/satellite office in Shizuoka to improve customer service, enhance support system, and improve operational efficiency in both the precious metals and food business segments. Especially in the food business segment, we intend to enhance customer-based sales by taking advantage of the advantageous location of Shizuoka, which is located midway between the Tokyo and Chukyo metropolitan areas and boasts the fishing and canning and processing industries. In addition, the precious metals business segment also acquired land and a building in Iruma, Saitama, in April 2022 and land in Kitakyushu, Fukuoka in May 2022, which is the largest project for us since the construction of a factory in Seki. We will continue to make various investments to achieve sustainable growth and increase corporate value while coping with the drastic changes in society and the business environment.

# TOPIC 4

Food Business Segment

## Opened a subsidiary in India with a view to entering the local market.

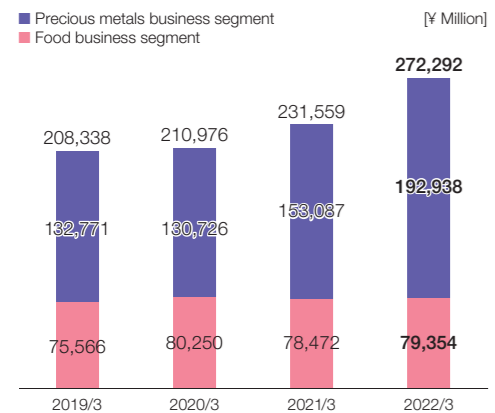
In overseas, we established Matsuda Sangyo Trading India Pvt. Ltd. in Mumbai, India, in March 2022, as a new subsidiary in the food business segment and started operation in May. India is not only a prospective country for procurement of food materials such as marine and agricultural products, but also a potential sales market as it has the world's second-largest population. Taking advantage of the strong connection we have built with marine and agricultural product suppliers, the Group aims to establish and expand a supply chain with a view to covering from India to Middle East and expand sales of food materials from India to overseas including Japan.



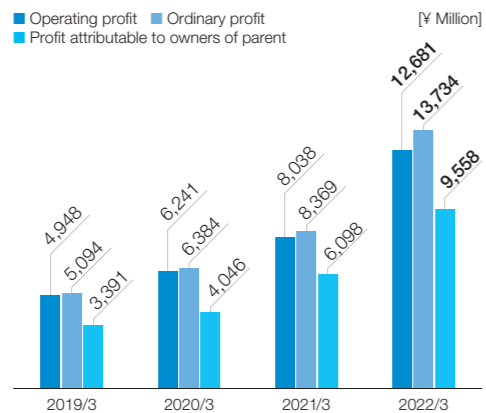
Port and the supplier's factory



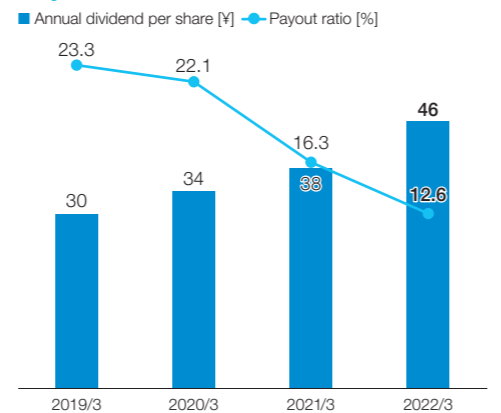
Net sales



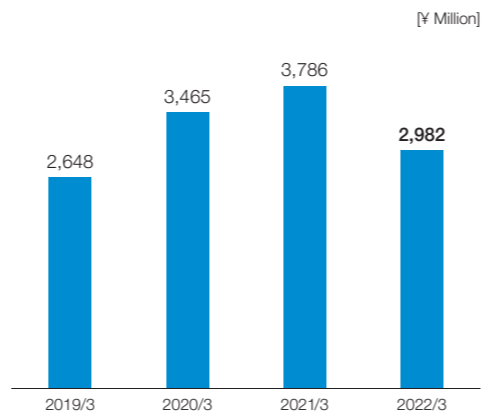
Operating profit/Ordinary profit/ Profit attributable to owners of parent



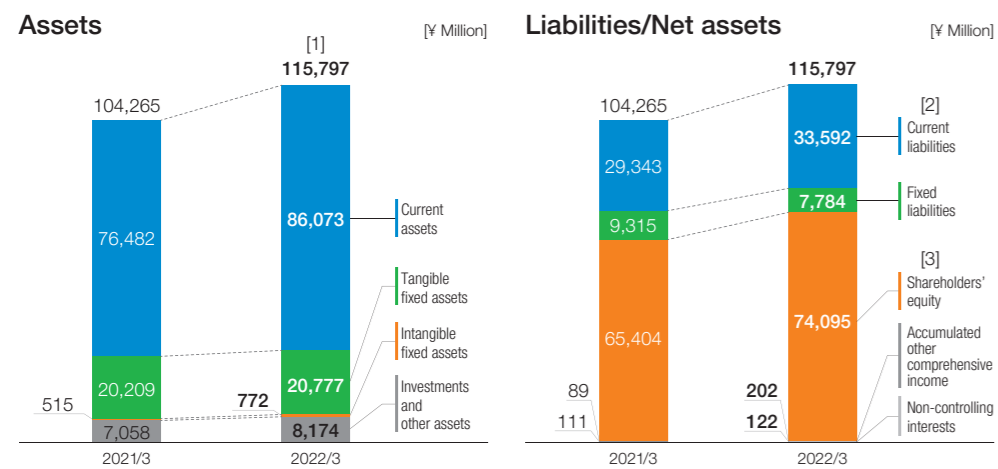
Annual dividend per share/ Payout ratio



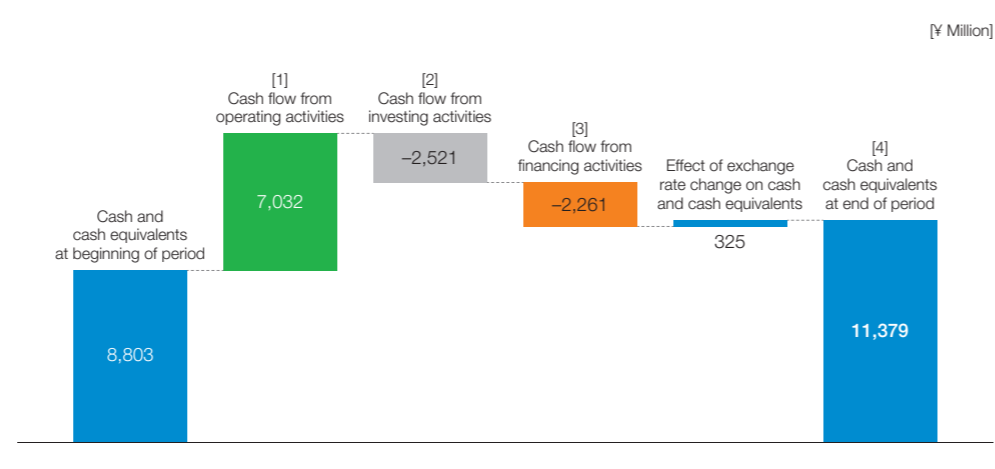
Capital expenditure



Consolidated balance sheet



Statements of cash flow



[1] Total assets increased ¥11,532 million from March 31, 2021. This was mainly due to increases in cash and deposits, notes and accounts receivable – trade, and inventories as well as installation and upgrade of equipment at the Group’s factories.  
 [2] Total liabilities increased ¥2,718 million from March 31, 2021. This was mainly due to increases in accounts payable – trade, short-term loans payable, and income taxes payable.  
 [3] Net assets increased ¥8,814 million from March 31, 2021. This was mainly due to an increase in retained earnings, with profit attributable to owners of parent in excess of dividend payments (an increase in retained earnings includes the adjustment to the beginning balance associated with the application of Accounting Standard for Revenue Recognition, etc.).

[1] Operating activities provided net cash of ¥7,032 million. This mainly reflected profit before income taxes, depreciation, and an increase in notes and accounts payable – trade, partly offset by increases in notes and accounts receivable – trade, inventories, and income taxes paid.  
 [2] Investing activities used net cash of ¥2,521 million. This mainly reflected the purchase of property, plant and equipment related to the installation and upgrade of equipment at the Group’s factories and the purchase of intangible assets including software.  
 [3] Financing activities used net cash of ¥2,261 million. This mainly reflected a repayment of long-term borrowings and cash dividends paid.  
 [4] As a result of the above, the balance of cash and cash equivalents as of March 31, 2022 stood at ¥11,379 million, an increase of ¥2,575 million year on year.

Company Overview (As of March 31, 2022)

Corporate name	MATSUDA SANGYO Co., Ltd.
Head office	26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Foundation	June 18, 1951
Common stock	¥3,559 million
Number of employees	1,500
Main businesses	Recovery and refining 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

Offices and Factories (As of April 30, 2022)

<b>Metals/Environment Sales Division</b>	Sendai / Mito / Tokyo / Kanagawa / Nagano / Shizuoka / Nagoya / Nagoya 2 / Kanazawa / Osaka / Fukuyama / Fukuoka / Kagoshima
<b>Foods Division</b>	Sapporo / Sendai / Kitakanto / Tokyo / Shizuoka / Nagoya / Osaka / Matsuyama / Fukuoka / Kagoshima / Quality Assurance Department / Taiwan
<b>Production division</b>	Research and development center / Musashi factory / Musashi No. 3 factory / Iruma factory / Iruma No. 2 factory / Seki factory / Seki No. 2 factory

Affiliates (As of March 31, 2022)

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 raw materials
HOKKAIDO AOKI KAGAKU Co., Ltd.	Collection, transportation and processing of industrial waste, recovery and sales of metal raw materials
Z.E.R.O. JAPAN Co., Ltd.	Various waste processing and equipment sales
Gulf Foods Co., Ltd.	Import and wholesale of marine products
NIPPON MICROMETAL CORPORATION	Production and sales of metal products for the electronics industry

Board of Directors (As of June 28, 2022)

President and Representative Director	Yoshiaki Matsuda
Vice-president and Director	Koji Tsushima
Directors	Yuji Katayama Ryuichi Yamazaki Junichi Tsuzuki Kenji Isawa Takehiro Ueda
Audit and Supervisory Committee members	Shinichi Hatakeyama Toshihiko Uchiyama Toshiyuki Kojima Kaoru Yokomise

Subsidiaries (As of April 30, 2022)

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

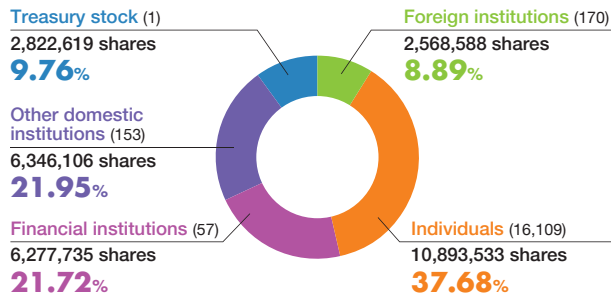
\* Audit and Supervisory Committee members are all outside directors.

## Investor Information

### Stock Data (As of March 31, 2022)

Total number of shares authorized to be issued	40,000,000
Total number of shares issued and outstanding	28,908,581
Number of shareholders	16,490

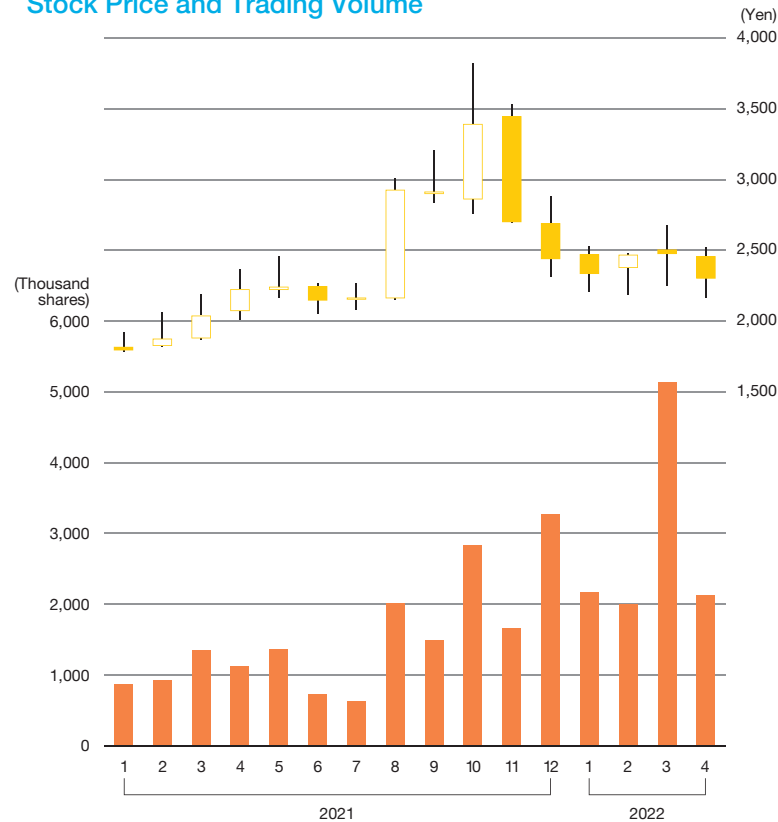
### Distribution of Shares (As of March 31, 2022)



### 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	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
URL for public notices	<a href="https://ir.matsuda-sangyo.co.jp/ja/Top.html">https://ir.matsuda-sangyo.co.jp/ja/Top.html</a> (Note that public notices will appear in The Nikkei if there is any trouble in posting public notices by electronic means or for any other unavoidable reason.)

### Stock Price and Trading Volume



### Major shareholder (As of March 31, 2022)

Name of shareholders	Number of shares	Shareholding ratio (%)
Matsuda Bussan Co., Ltd.	3,470,649	12.00
Yoshiaki Matsuda	3,328,765	11.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,796,500	6.21
Kuniko Matsuda	1,263,240	4.36
Meiji Yasuda Life Insurance Company	931,700	3.22
Kazuko Matsuda	763,796	2.64
Junko Tsushima	763,758	2.64
SUMITOMO LIFE INSURANCE COMPANY	665,500	2.30
Custody Bank of Japan, Ltd. (Trust Account)	598,400	2.06
Emukikaku Co.,Ltd	479,000	1.65

### Website Information

Matsuda Sangyo

Search

Homepage

Please visit the Matsuda Sangyo website, which has been upgraded to improve under standability.



### 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.



MATSUDA SANGYO Co., Ltd.  
Shinjuku Nomura Bldg. 26-2, 1-chome,  
Nishi-Shinjuku, Shinjuku-ku, Tokyo  
TEL: +81-3-5381-0001  
URL: <https://www.matsuda-sangyo.co.jp/en/>

