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Editorial Policy

■ Purpose of publication

This Report was initially published as the Environmental and Social Report from 2010 to report on the Matsuda Sangyo Group's environmental and social activities, and was published as the Corporate Value Report from 2016. Since FY2022, it has been upgraded to the Integrated Report, which reports to all stakeholders on the Group's efforts toward creating future new value through its business. In light of the rapidly changing social environment, Matsuda Sangyo positions this report as a part of our communication tools for creating value together with all stakeholders, including investors and shareholders.

Key points for this fiscal year

In light of the upgrade to the Report last fiscal year, the Integrated Report this year aims to communicate more clearly to everyone the connection between our business activities and the spirit of "mottainai," which our Group has placed great importance on since our founding. To that end, we have partially revised the explanations to the value creation process, and included interviews with outside directors in addition to the interviews with officers that were conducted last fiscal year.

■ Period covered

FY2023 (April 1, 2023 - March 31, 2024)

However, some information related to initiatives outside of the fiscal year covered is included.

■ Scope of data collection

Head Office, Production Departments, Precious Metals Business Segment business sites, Food Business Segment business sites. (Information on the various environmental activities is mainly based on data from the production departments.) The names of each division/department are correct as of April 1, 2023.

■ Reference guidelines

IFRS, "Integrated Reporting Framework"
METI, "Guidance for Collaborative Value Creation 2.0"

■ Publication date and next scheduled issue

Publication date: November 2024

Next scheduled issue: September 2025 (Japanese edition), October 2025 (English edition)

Forward-looking Predictions/Projections/Plans

The forward-looking statements included in this Report are drawn up based on information available at the time of writing, and actual results and events may differ from predictions due to changes in the business environment or other factors. We ask for your understanding on this.

Inquiries

CSR IR Dept. 163-0558 Shinjuku Nomura Bldg. 26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo Tel: +81-3-5381-0728

For Human Happiness and a Beautiful Earth

Corporate Philosophy Making effective use of the limited earth resources and contributing to society through business

Purpose

Our purpose is to practice our corporate philosophy and continue to be a company which customers and society always need.

Vision

To be a company that continuously evolves and adapts to social changes, and which customers and society always need.

Mission

Effectively utilize resources and secure sustainable resources.

MATSUDA SANGYO Co., Ltd.

Provide high added value that contributes to resolving the problems faced by our customers and society.



A Legacy of Sustainability Management

Spirit of "mottainai"



Spirit of challenge

Our purpose is to practice our corporate philosophy and continue to be a company which customers and society always need.

The Matsuda Sangyo Group began as a company that makes effective use of earth resources, born of our founder's awareness of "mottainai" (meaning "wastefulness") and the desire to contribute to society through creativity and a spirit of challenge.

Our businesses have fostered a corporate culture that places importance on gratitude and kindness, and the desire to be "even more needed by our customers" has continued to this very day, leading to our corporate philosophy of "making effective use of the limited earth resources and contributing to society through business."

Today, the world is confronted by various materialities (important social issues) such as environmental issues and the food crisis, as we strive to move toward the realization of a sustainable society.

Even prior to the arrival of concepts such as sustainability and SDGs, the Matsuda Sangyo Group has continued to grow and develop based on the theme "For Human Happiness and a Beautiful Earth." Going forward, we will continue to contribute to solving materialities through our business.



Hiroshi Matsuda Took over Matsuda Shoten in 1960, and established and developed Matsuda Sangyo while elevating the founding spirit into the corporate philosophy and taking the company through repeated corporate restructuring.



Taro Matsuda Fostered a spirit of "mottainai"

while working in the family business that included a newspaper store. Went to Tokyo and in 1935, founded Matsuda Shoten, the predecessor of Matsuda Sangvo. (1930s)

1935 Founding Started the business of refining silver bullion from waste liquid discarded from photosensitive materials and after the development of

1957 Full-scale launch of silver recycling business

1965 Systematization of the precious metal recycling business and industrial waste treatment business, and start of business site expansion

Expanded sale to the electronic devices industry and start of the refining and recovery of gold, silver, and platinum group metals, as well as the production and sale of electronic materials

Establishment of Musashi Factory in Iruma City, Saitama Prefecture to carry out the refining of precious metals

Establishment of Matsuda Precious Metal Industry, the de facto surviving corporation of Matsuda Sangyo

Establishment of Iruma Factory in Iruma City, Saitama Prefecture, to handle the preprocessing for precious metal refining

Started production and sale of bonding wire Launched the full-scale sale of precious metal electronic

1992 Establishment of Singapore branch office (now a local subsidiary)

1992 Palladium registered on the Tokyo Commodity Exchange

Gold, silver, and platinum bullion registered on the Tokyo Commodity Exchange

1995 Platinum plate and palladium ingot accredited as good delivery by the London Platinum and Palladium Market (LPPM)



Precious Metals Business Segment

Strengths developed since our founding

Precious metals related business

Environmental related business















Founding period

Started the business that will pioneer a circular society.

Established the company that provided the foundation for the Food Business Segment and Precious Metals Business Segment (precious metals related business/ environmental related business).

1951 Establishment (formally a surviving company)

Establishment and expansion of business

Merger of the respective operating companies, and over-the-counter share registration as Matsuda Sangyo Co., Ltd.

1992 Merger of respective operating companies

1995 Over-the-counter share registration







Food Business Segment

Growth trajectory

Strengths developed since our founding

Expansion of business selling

egg whites 1973 Started dealing in frozen vegetables, dried vegetables

and plant-based protein

Started dealing in frozen fish

Started dealing in livestock products

Establishment of Quality Assurance Dept.



Establishment of MATSUDA RYUTSU Co., Ltd. Establishment of MATSUDA RYUTSU Co., Ltd. to handle contract delivery for each group



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1948 Founding

Proposed the utilization of, and

supplied, egg whites that were then

as a material for surimi fish paste

unused from a food production factory

products. This led to the launch of the

wholesale business for food materials.

A Legacy of Sustainability Management

1996 Introduced waste liquid concentration/ high-temperature oxidation treatment facility (MCR system) ahead of the rest of

Establishment of JAPAN MEDICAL TECHNOLOGY Co., Ltd., acquisition of HOKKAIDO AOKI KAGAKU Co., Ltd.

1998 Establishment of Z.E.R.O. JAPAN

2000 Gold and silver bars accredited as good delivery by the London Bullion Market Association (LBMA)

Establishment of subsidiary in Thailand 2004 Establishment of subsidiary in Philippines

2005 Establishment of subsidiary in Singapore

2009 Establishment of subsidiary in Malaysia

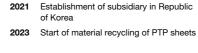


2014 Establishment of subsidiary in Vietnam Commenced operation of Musashi No. 3 Factory in Iruma City, Saitama Prefecture

2017 Commenced operation of Seki Factory in Seki City, Gifu Prefecture



2019 Establishment of subsidiary in Taiwan 2020 Launch of recycling business for large lithium-ion batteries







To become a leading company that creates resource circulation (utilization)

To become a unique company that grows together with the industrial sector

Precious Metals

Business Segment

Strengths developed since our founding

Precious metals related business











Environmental related business



Growth trajectory

Acceleration of overseas strategy

Started overseas expansion in the 1990s along with the hollowing out of domestic industries, and increased the number of overseas bases from the 2000s to strengthen the company's

2001 Listed on the First Section of the Tokyo Stock Exchange

Dramatic growth based on our core businesses

Aiming to achieve dramatic business growth by further resolving social issues in response to the demands of the times.

2022 Transition to Prime Market

To be a company that continuously evolves and adapts to social changes, and which customers and society always need ,

Food Business Segment

Strengths developed since our founding



2000 Started the supply of food materials to the food service and ready-made meal Strenathened development of processed products



Started acquiring Marine Stewardship Council (MSC) certification

Establishment of subsidiary in China (Qinqdao) Establishment of subsidiary in Thailand (Bangkok) Strengthened food procurement functions 2016 Acquired Gulf Foods Co., Ltd. as a subsidiary

2017 Establishment of subsidiary in Vietnam



2022 Establishment of subsidiary in India 2023 Establishment of subsidiary in



To become the best partner for customers in product development

1998 Entered the industrial and food service sectors

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Management Message

To be a company that continuously evolves and adapts to social changes, and which customers and society always need



Progress and review of the Mediumterm Management Plan

The Matsuda Sangyo Group formulated, and announced in May 2022, its four-year Medium-term Management Plan (FY2022-2025) starting from the fiscal year ending March 2023. In this Medium-term Management Plan, the Group as a whole has established the vision of "becoming a company that continuously evolves and adapts to social changes, and which customers and society always need." Through the effective use of resources and securing sustainable resources, we provide high added value that contributes to resolving the issues faced by our customers and society. In this way, we are working toward achieving the following management targets on a consolidated basis for our two businesses, the Precious Metals Business Segment and Food Business Segment: net sales of ¥300 billion, operating profit of ¥13 billion, operating margin of 4.3%, return on equity (ROE) of 9.0%, and return on assets (ROA) of 10.0%.

Two years have passed since the start of the Medium-term Management Plan, and we are now approaching the start of the third year. Reflecting on the social conditions during this period, resource and raw material prices have soared against the backdrop of a recovery in demand as the COVID-19 pandemic subsides, as well as geopolitical risks such as the situation in Ukraine. This has contributed to a major global shift toward growing inflation and monetary tightening policies. Furthermore, there have been also changes to the global environment as countries increasingly move away from globalization amid growing divisions, which have further heightened the uncertainty in the global economy and raised concerns about the future.

Under these circumstances, the Matsuda Sangyo Group undertook a growth strategy founded upon the basic policies of strengthening revenue base and create 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, with both the Precious Metals Business Segment and the Food Business Segment as the driving forces behind growth. As a result of our efforts, in the first year of the Plan (FY2022), backed by a robust external environment, both the Precious Metals Business Segment and the Food Business Segment performed well due to quantitative expansion, resulting in record-high consolidated net sales and operating profits. However, this trend was reversed in the second year (FY2023), with the Precious Metals Business Segment recording a downturn in performance due to the impact of production adjustments associated with excess inventory in the electronic devices sector, and particularly in the semiconductor and electronic component manufacturing industries that provide the main customer base for Matsuda Sangyo. Consequently, the Company as a whole posted a decrease in profits.

In the Precious Metals Business Segment, we have undertaken a growth strategy of differentiation, achieved by enhancing our enhancing overall resource recycling capability through the provision of products and services that can reduce environmental burden as well as the development and sale of high-performance electronic materials, and by providing our customers with high environmental value. Our aim is to realize the vision of becoming "a leading company that creates resource circulation (utilization)." We have also advanced with proactive investments with a view to the future, but I feel that we must further increase the speed and precision of investments in order to strengthen our revenue base and create new revenue sources, so as to adapt to changes in society.

In the Food Business Segment, to realize the vision of becoming the "best partner for customers in product development," we have undertaken a growth strategy of expanding the procurement network and product lineups for food materials, developing safe, reliable, and sustainable products, and establishing commercial distribution. While we have expanded the scale of the business, we must address issues such as the increase in procurement costs alongside yen depreciation, and increasing capital efficiency.

To strengthen our management foundation, we worked to strengthen the foundations for supporting sustainable growth, such as by rebuilding the ERP (core system) that will contribute to DX promotion, and creating a workplace environment that diverse human resources can work actively and comfortably in. As for the promotion of ESG management, we are expanding our efforts across the entire supply chain. These include efforts to reduce environmental burden primarily by reducing greenhouse gas emissions, and respect for human rights, including by creating a safe and secure working environment. To continue improving our corporate value even in such times of drastic changes, we are working on human capital management that captures the unique characteristics of the Matsuda Sangyo Group.

Achieving the Medium-term Management Plan and contributing further to society through the development of a sustainable business

Based on our corporate philosophy of "Making effective use of the limited earth resources and contributing to society through business," the Matsuda Sangyo Group has long been engaged in businesses that contribute to the establishment of a sustainable environment and society, and achieved balance between the sustainable growth of the Group and social contribution. We are also proactively addressing environmental issues such as climate change and biodiversity, as well as social issues such as protecting human rights and improving the working environment, while at the same time contributing even further to building a sustainable environment and society through the development of the Precious Metals Business Segment and Food Business Segment.

In the Precious Metals Business Segment, we have achieved the resource circulation of minerals through our overall capabilities, such as advanced recycling and processing technologies. By providing products made from recycled precious metals, we hope to contribute to reducing our customers' environmental burden, starting with the reduction of their greenhouse gas emissions, and to leverage our strengths in the recycling of industrial waste to further enhance environmental value for our customers and expand our business.

The Food Business Segment contributes to enriching the lives of people through the stable supply of safe and reliable food resources that are rich blessings from the Earth. We also respond to needs in areas such as reducing food loss and making effective use of food resources through reuse. We have expanded our global procurement network by fully harnessing

the functions of our overseas subsidiaries, and we aim to leverage our proprietary quality control system to contribute further as a partner for customers in product development.

Alongside the above measures, we will work actively to realize coexistence and co-prosperity with our partner suppliers, with the goals of further enhancing the value we offer to customers and society, developing our business, achieving our Medium-term Management Plan, and realize further contributions to society.

Toward enhancing corporate value

We believe that adapting to social changes, developing and growing our business, and continuing to contribute to society are important elements in enhancing the corporate value of our Group. Moreover, to better meet the expectations of our shareholders and investors, we consider it necessary to improve our price-to-book ratio (PBR) and make it sustainable.

ROE, which is an indicator that measures the returns on capital for our Group, currently exceeds the cost of shareholders' equity recognized by the Company. However, its spread is on a downward trend, so we need to change this to an upward trend. We will steadily advance our Medium-term Management Plan with a view to improving returns on capital and achieving our management targets. We position improving capital efficiency and fostering expectations of growth as important issues toward improving PBR. To that end, we will implement the measures of promoting ROIC management, aimed at improving the capital efficiency of each business, and promoting precise capital policies to further enhance business investment and shareholder returns, which will lead to improvements in returns on capital in the future, while taking into consideration the need to ensure financial soundness. Furthermore, we will strengthen our IR activities to facilitate dialogue and communication of the value of the Matsuda Sangyo group, including our sustainable growth scenario and competitive advantages, to shareholders and investors.

Last but not least, the Matsuda Sangyo Group will implement measures and work to enhance corporate value, with the aim of becoming a company that is always needed by all our stakeholders, including our customers, business partners, shareholders, investors, employees, and the local communities.

October 2024

Yoshiaki Matsuda

MATSUDA SANGYO Co., Ltd. President and Representative Director

Value Creation Process

(All data is based on the situation as of the end of March 2024)



Total volume of industrial waste (including valuables)

Approx. 90,000 t

Approx. 90,000 t

Society-related capital

Natural capital

Food materials resources Volume of food procured

Approx. 240,000 t

Approx. 240,000 t

Effective use of resources Resource and arroptogramme and arroptogramme Partnership with value chain and the local community Consideration

> How to interpret the performance FY2022 results ► FY2023 results

Financial capital

Capital invested

(Interest-bearing debt + Shareholders' equity) ¥104.0 billion ▶¥110.5 billion



Society-related capital

Approvals and permits

 (Specially Controlled) Industrial Waste Collection and Transportation Business:

47 prefectures,

3 ordinance-designated cities ▶47 prefectures.

3 ordinance-designated cities

• (Specially Controlled) Industrial Waste Disposal Business

*Intermediate Processing • Number of joint research projects

17 ▶ 19

Production capital

Number of production bases

12 bases ▶ 14 bases

▶¥34.335 million

Human capital

No. of employees

Offices to support continuous employment (outsourced)

3 offices ▶3 offices

(domestic and overseas)

Property, plant and equipment

¥29,205 million

1.605 > 1.624

Gender ratio

Male **79.3% ▶ 79.2**% Female **20.7**% **▶20.8**%

(Matsuda Sangyo Group total)

Natural capital

Energy use

Fuel (electric power conversion)

64,623mwh ► 64,634mwh

Electricity

20,960mwh ▶21,289mwh

*Ratio of renewable energy

48% ▶67%

Water usage

Approx. 157,000 t

► Approx. 157,000 t

*Groundwater usage has been included from the FY2024 report.



Intellectual capital

Patents

Product patents, process patents

No. of development personnel

Approx. 50 people

► Approx. 50 people

Output

Greenhouse gas (GHG) emissions

Scope 1

16,715 t-co₂ 15,748 t-co₂

7,302 t-CO₂ > 3,275 t-CO₂

Scope 3

930,577 t-CO2

▶862,283 t-CO2

Percentage of female employees hired

19.3% 23.7%

Difference between average length of continued service for men and

61.8% 66.4%

Gold (Au)

Outcomes

Targets in Medium-term Management Plan

assets ratio

(FY2025, consolidated basis) ¥300.0 billion Net sales

¥13.0 billion Operating profit 4.3% Operating margin 9.0% Return on equity (ROE) Ordinary profit to total

10.0%

Indicators and targets for increasing the ratio of female managers

Percentage of female employees 20.0% or more hired

Difference between average length of continued service for men and **70%** or more women

Reduction of GHG emissions

 Medium-term targets (FY2030) Scope 1, 2 reduction targets **42**% (compared to FY2020) Scope 3 reduction target 25% (compared to FY2020) Long-term targets (FY2050)

Realization of carbon neutrality

Precious metals recycled

Approx. 20 t ▶ Approx. 20 t Silver (Ag) Approx. 150 t ▶ Approx. 150 t

Platinum group metals (PGM) Approx. 10 t ▶ Approx. 9 t

Industrial waste processing

(including waste liquids produced by the Company itself)

Sewage discharge

(including domestic wastewater)

139,000 m³ > 138,000 m³ Disposed to landfill without recycling (recalculated values)

720 t ▶ 919 t

Recycling rate (recalculated values) **79.0% 78.1%**

Supply of food materials Seafood products Approx. 90,000 t

▶ Approx. 80,000 t Livestock products

Approx. 90,000 t ► Approx. 90,000 t

Agricultural products Approx. 50,000 t

► Approx. 50,000 t (Overseas procurement Approx. 77% ► Approx. 78%)

Stable supply of mineral resources

· Contribute to prevention of the depletion of mineral resources

 Contribute to building a circular society Contribute to reducing customers' CO₂

emissions (Scope 3) Contribution to the development

of the electronics industry **Environmental conservation,** reduction of environmental burden

• Detoxification of industrial waste

Recycling from industrial waste

Stable supply of safe and reliable food resources Contribution to a better dietary

lifestyle Effective utilization of food resources

- Commercialization of residues from food
- production and low-grade products Contribute to reduction of customers' food losses

Protection of natural resources · Contribute to ecosystem conservation by offering

products certified by the Marine Stewardship Council (MSC) and other organizations

Realization of Matsuda Sangyo **Group's vision**

To be a company that continuously evolves and adapts to social changes, and which customers and society always need /







To become a leading company that creates resource circulation (utilization)

To become a unique company that grows together with the industrial sector





To become the for customers in product



development



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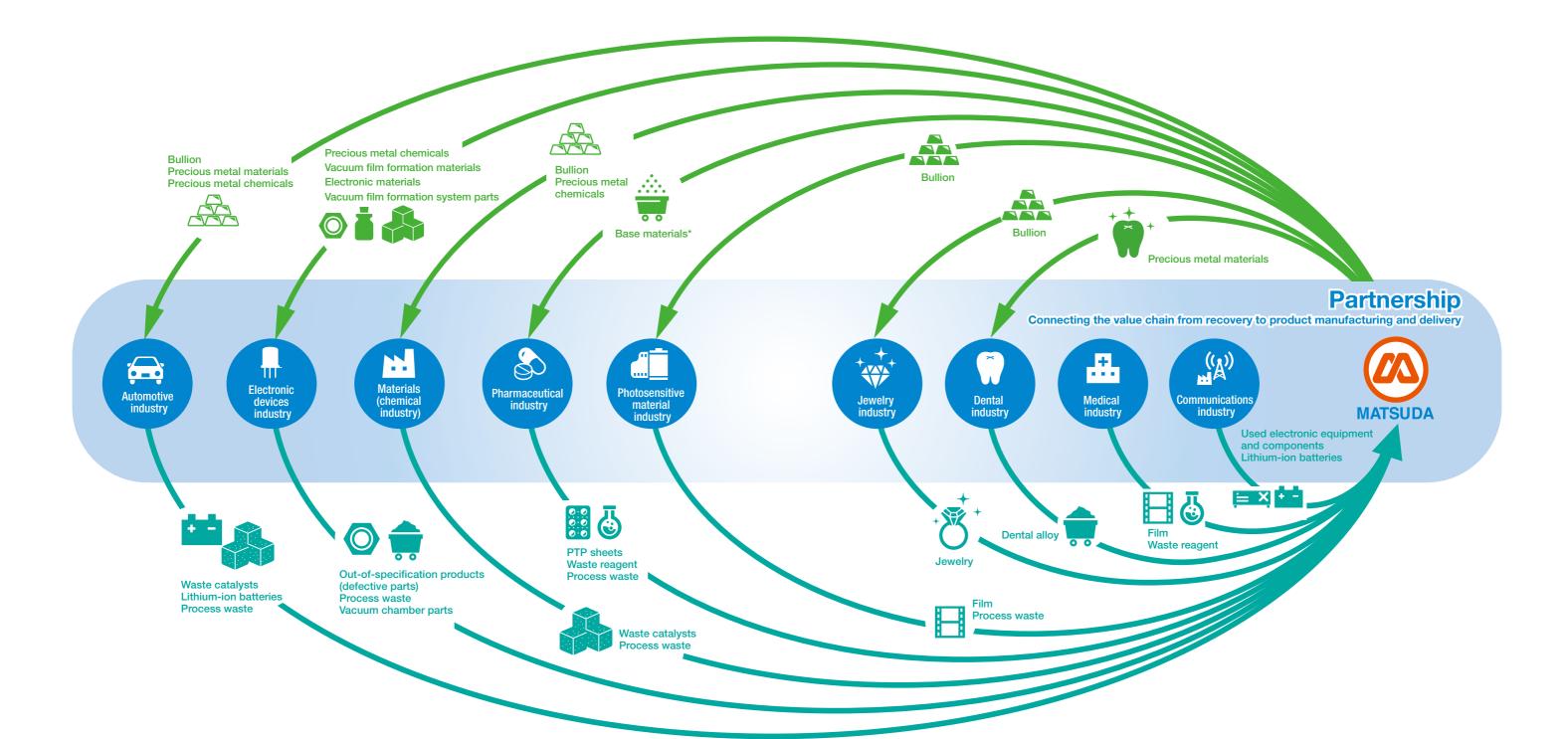
Sources of Corporate Value (Overview of the Precious Metals Business Segment)

Managing life cycles through our recycling and green technologies.

The Precious Metals Business Segment is comprised of the precious metals related business and the environmental related business.

The two businesses have their roots in the recovery and refining of silver contained in photosensitive materials in photographs, beginning as a solution business in the fields of the recovery and refining of precious metal products for industrial use as well as used metals.

In order to support the circular economy of the future, we will further evolve our recycling and green technologies, and fulfill our responsibility as a company that manages life cycles.



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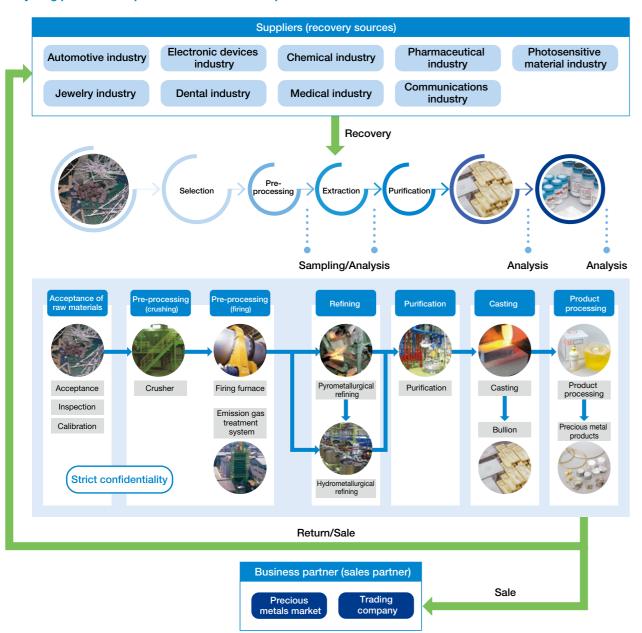
Sources of Corporate Value (Business Activities of the Precious Metals Related Business)

Precious metals related business

Matsuda Sangyo Group's precious metals related business contributes to various fields through its precious metal products for industrial use and solutions for the recovery and refining of precious metals. These include the electronics industry, as well as jewelry, catalyst, dental, and home appliance recycling industries, to name a few. In fields where the use of precious metals is essential, such as semiconductors and electronic devices, building a recycling system across the processes of research and development, procurement, production, and sales is a prerequisite for the sustainable use of precious metals, which is a limited resource. Matsuda Sangyo has developed a system that enables it to carry out all processes in-house, from the production and sale of precious metal chemicals and processed products to the recovery and purification of used precious metals. We provide innovative life cycle solutions for building a circular resource system for precious metals, manage the life cycle of precious metals as an urban mining-style company engaged in refining precious metals, and promote the effective use of precious metals resources to drive the circular economy.

Flow of precious metal recycling process

Recycling process that provides the value of the precious metals related business



Sources of Corporate Value (Strengths of the Precious Metals Related Business)

Value 1: Refining

Full range of services from scrap recovery to refining

We carry out integrated processes on scrap materials containing precious metals collected from domestic and overseas manufacturers, from preprocessing such as crushing and firing, to smelting and refining processes for separation and extraction. These processes are carried out in-house at Matsuda Sangyo's factories, which boast strict confidentiality and a high recovery rate. The highly purified gold, silver, platinum, palladium, rhodium, and other precious metals obtained are used to produce precious metal products for industrial use, such as bullion, various processed products, and chemical products.

Confidentiality system

Matsuda Sangyo recovers scrap materials from electronic components and out-of-specification components, then processes and recycles them. We have established a security system to prevent the leakage of confidential information from the semiconductors and electronic components that incorporate our customers' cutting-edge technologies. Using our uniquely developed mobile crusher vehicles, we visit customers' factory premises to carry out crushing on-site, or process the materials at our in-house processing facilities in the presence of the customers. Our facilities are equipped with 24-hour security and monitoring systems, as well as X-ray metal detectors at entry and exit points to prevent the leakage of confidential information. In addition, the Iruma Factory is recognized as a site that can destroy, without the customer's presence, confidential materials

in out-of-specification components that have acquired Evaluation Assurance Level (EAL) 6 of Common Criteria (ISO/IEC 15408), which is an evaluation standard for IT security.



Pyrometallurgical and hydrometallurgical smelting technologies

Matsuda Sangyo has fused together technologies developed over many years to build smelting processes that are suitable for raw materials. The pyrometallurgical smelting process makes use of reactions at high temperatures to recover precious metals, which are easily separated by applying heat. Hydrometallurgical smelting uses chemicals such as acids and alkalis to recover precious metal materials. With regard to high-purity precious metals, mineral resources and metals are managed by a sophisticated security system under strict confidentiality, maintained 24 hours a day, 365 days a year





Value 2: Product

Acceptance of bulk orders of main materials used in semiconductor and electronic device manufacturing

We manufacture processed material and chemical compounds by using high-purity precious metals, obtained through our historic refining technology, as a raw material. These are used in a wide range of electronic equipment and key devices for automotive parts. We accept bulk orders of main materials that are used in semiconductor and electronic component manufacturing.

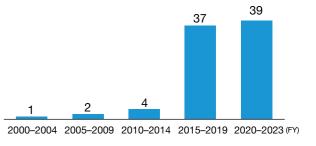
Green procurement initiatives

In procuring energy and materials, including electricity, used in the manufacturing process, we promote the use of products that do not contain chemical substances restricted by domestic and international laws and regulations or industry standards, alongside green procurement that contributes to reducing environmental burden. Matsuda Sangyo will continue to strive to implement procurement activities that contribute to reducing environmental burden on the Earth.

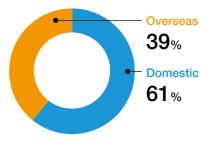
Intellectual property initiatives

Matsuda Sangyo has accumulated much knowhow in the field of precious metal chemical technology through its precious metal smelting and refining processes. These technologies are important intellectual properties in the manufacturing of products, and we are working on formulating intellectual property strategies that combine business strategies and R&D strategies. Going forward, the value of intellectual property will become even more important in enhancing corporate value. Hence, we are striving to improve intellectual property literacy across the company by conducting intellectual property education. We have also established a system to encourage self-motivated inventions, including a deposit system to recommend inventions that contribute to the development of the business, and improvement awards for regular improvement activities.

Changes in the number of registered patents



Breakdown of patent registration numbers



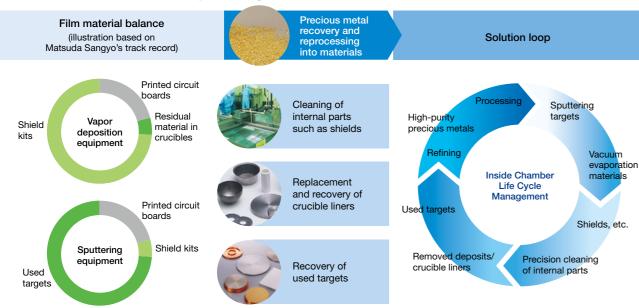
Sources of Corporate Value (Strengths of the Precious Metals Related Business)

Value 3: Service

Provision of precision cleaning services and thermal spray processing services for vacuum film formation

Precision cleaning, which involves cleaning the components of vacuum film formation systems (vapor deposition and sputtering equipment), is an indispensable process in the production of semiconductors and electronic components. Matsuda Sangyo has been an industry leader, with our unique deposit removal and cleaning technology derived from our precious metal refining technology, and thermal spray processing technology that is essential for the maintenance of semiconductor film formation equipment. This business has improved production performance by extending the life of shield kits inside vacuum chambers and other devices, and paved the way for the efficient use of precious metal resources. We provide a comprehensive services in the form of "Inside Chamber Life Cycle

Overview of "Inside Chamber Life Cycle Management"



Value 4: Quality

Trust in the Matsuda brand through our robust quality assurance and confidentiality system, and provision of products that reduce burden on the Earth's environment

Establishing the Matsuda brand

Matsuda Sanyo's bullion is registered as good delivery gold and silver with the London Bullion Market Association (LBMA) and good delivery platinum and palladium with the London Platinum and Palladium Market (LPPM).

In Japan, our gold, silver, platinum, and palladium are designated as deliverable grades on the Osaka Exchange, and Matsuda Sangyo is accredited as a designated appraiser.

Quality assurance system

Matsuda Sangyo has spent many years building a quality control and assurance system and continues to implement the PDCA cycle and make daily improvements even today. Based on more than 70 years of precious metal refining knowhow, we carry out content surveys and quality control by using high-precision analysis technology. The precious metal bullion produced



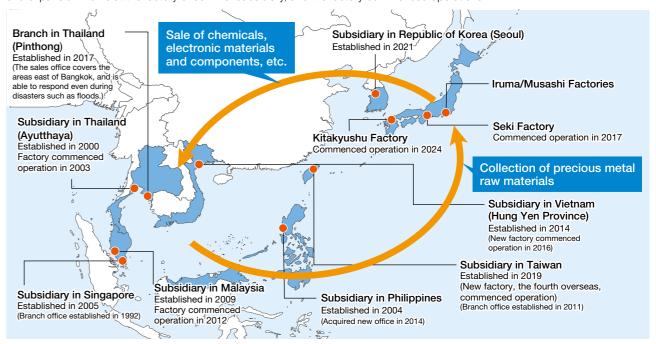
LBMA's certification of conformity with standards

through these systems has been recognized as "good delivery" on the market. We supply an extensive lineup of surface treatment chemicals/surface treatment materials, including products that reduce burden on the Earth's environment, to meet the advanced needs of our customers. Furthermore, we have strengthened our in-house research and development system for plating chemicals and provide total support from liquid management and analysis to defect countermeasures.

Value 5: Global Network

Network for the collection of precious metal materials and the supply of precious metal materials and products, extending across East Asia

Matsuda Sangyo has built a network in Japan and across East Asia for the collection of precious metal materials and the supply of precious metal materials and products. The electronics industry, which is our main customer, is aggressively expanding overseas and particularly into East Asia. Since 1992, Matsuda Sangyo has expanded into Singapore, Thailand, Philippines, Malaysia, Taiwan, Vietnam, and the Republic of Korea. We aim to further expand our networks for collecting precious metals and supplying precious metal materials as products, and to support our customers in their business activities. In March 2024, we completed major renovation and expansion works at the factory of our Thai subsidiary, and the factory commenced operations.



Interview

Aiming to be a precious metals material manufacturer that contributes to enhancing customers' social, environmental, and economic values

Reflecting on 2023, we made steady progress in our Medium-term Management Plan, developing multiple products collectively under the "ECO-Series" lineup of products, including potassium gold cvanide manufactured using 100% recycled precious metals as raw materials. However, in light of the intense competition among precious metal material manufacturers, we need to improve by providing a high level of added value to our customers in the aspects of quality, cost, and delivery to a high level. While constantly keeping this in mind, we are advancing our business by incorporating these aspects into our product development strategy, production strategy, and sales strategy. In our product development strategy, we are proceeding with technical development with a view to the scalability and development potential in the market, and utilizing the knowhow gained as intellectual property. Under our production strategy, we are striving to improve quality and reduce delivery times by working on quality control and process improvement not only in our own company, but also for our business partners. In terms of our sales strategy, in addition to developing "ECO-Series" products, we are also collaborating with equipment manufacturers and exhibiting at overseas exhibitions, among other initiatives, to enhance our brand recognition and increase sales volume.



Yuichiro Shindo

Senior Executive Officer General Manager of Precious Metals Material Division, General Manager of Chemical Products Dept., General Manager of Industrial Products Dept., and in charge of Technical Development Dept.

Each of these strategies are highly difficult to promote and implement. I have shared with my team a favorite phrase of mine, which is "Step out of your comfort zone." Through these strategies, we aim to be a precious metals material manufacturer that contributes to enhancing customers' social, environmental, and economic values.

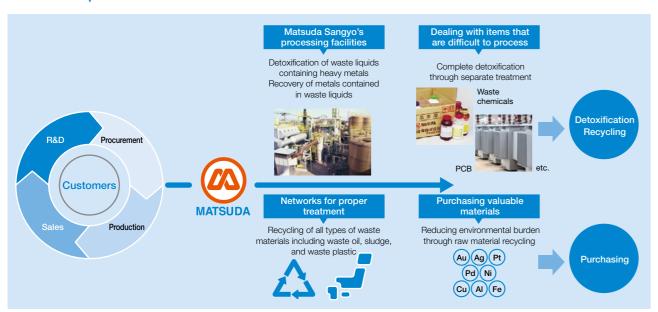
Sources of Corporate Value (Business Activities of the Environmental Related Business)

Environmental related business

The Matsuda Sangyo Group's environmental related business started with the recovery of silver from photosensitive materials that were no longer needed. Since then, to meet the needs of the times, we have engaged in the recovery and recycling business of waste materials ahead of others, and accumulated technologies and knowhow. Matsuda Sangyo has continued working on making effective use of the limited earth resources for more than 70 years since. Our waste treatment services are characterized by a collection and transportation network with permits that cover the whole of Japan, and our one-stop system provided in cooperation with treatment facilities and external recycling businesses. The strength of the environmental related business lies in the safe and reliable implementation of recovery, treatment, and recycling processes for a wide range of waste matter.

Resource circulation solutions

Solutions that provide the value of the environmental related business



Topics

Waste PTP sheet material recycling using our crushing and separation facilities

PTP'1 sheets are a form of packaging used for pharmaceutical tablets and capsules and are made from plastic films such as polyvinyl chloride (PVC) and polypropylene (PP), and aluminum foil. They are widely popular due to their convenience and irreversibility. The production sites of pharmaceutical manufacturers generated a large volume of PTP sheet process offcuts due to the need to comply with stringent standards, including the Act on Pharmaceuticals and Medical Devices², but it had been difficult to recycle such material as they are a composite material made of plastic and aluminum.

About three years ago, Matsuda Sangyo entered into a technical partnership with Daido Jushu Co., Ltd. (hereafter, "Daido Jushi"). Under this partnership, we built a PTP separation scheme, introduced recycling facilities into our Seki No. 2 Factory (Seki City, Gifu Prefecture), and obtained an industrial waste treatment business permit. We have commenced trial operation by obtaining used products disposed by pharmaceutical manufacturers.

As this recycling scheme does not involve incineration processes, we believe it can contribute to carbon neutrality in the pharmaceuticals industry, and to the realization of a decarbonized society.

- *1 Pass Through Pack
- *2 A law related to securing the quality, effectiveness, and safety of pharmaceuticals and medical







Sources of Corporate Value (Strengths of the Environmental Related Business)

Value 1: Technology

Capability to handle a wide range of waste matter, from specially controlled industrial waste to difficult- to-treat waste

We have obtained permits to engage in the business of collecting and transporting specially controlled industrial waste, and are able to support the collection and transportation of waste chemicals and mercury-containing waste, etc. across all of Japan.

We are also able to deal with difficult-to-treat waste, which falls under the scope of various laws and regulations other than the Waste Management and Public Cleansing Act. In addition, we are able to analyze unlabeled chemicals on the site by using portable fluorescent X-ray analysis devices.

Value 2: Solution

Promoting a circular economy in cooperation with local governments

Many small home appliances that we are familiar with, such as smartphones, mobile batteries, and e-cigarettes, come with built-in lithium-ion batteries (rechargeable batteries). In collaboration with TAIHEIYO CEMENT CORPORATION and two cities in Saitama Prefecture (Sayama City and Ageo City), Matsuda Sangyo conducted tests to verify whether black mass² could be recovered as a resource from used rechargeable batteries and products with built-in rechargeable batteries disposed of by households.

- https://www.pref.saitama.lg.jp/a0507/news/page/news2024050901.html
- *1 Economic activities that aim to use resources efficiently and in a circular manner at every stage, including production and consumption activities.
- *2 Powder obtained after the heat treatment of lithium-ion batteries, etc., and which contains rare metals such as cobalt, nickel, and lithium. Bare metals can be recovered by refining black mass

Value 3: Collect & Transport

Adapting to the treatment of increasingly diverse waste through our nationwide network

We have acquired industrial waste and specially controlled industrial waste collection and transportation permits in 47 prefectures, and own transshipment and storage facilities for industrial waste in major cities in Japan as well as intermediate treatment facilities for industrial waste in each region centered around large-scale facilities in Saitama and Gifu. We can propose the optimal solutions to the problem of increasingly diverse and complex waste by utilizing our nationwide resource circulation network of treatment operators. We also conduct periodic audits of our treatment contractors and select only proper subcontractors who meet our standards.











Sendai Yard (Miyagi)

Osaka Yard (Osaka)

Sayama Yard (Saitama)

Seki No. 2 Factory (Gifu)

Interview

Toward achieving our goal of "making effective use of the limited earth resources"

Looking back on the Environmental Solutions Business in 2023, I evaluate it as a successful year with regard to achieving progress in accordance with the policy set out in our Medium-term Management Plan. Matsuda Sangyo has been engaged in industrial waste treatment for over 70 years, but it is difficult in this business to significantly increase the volume of waste handled because we are constrained by the limits of the volume that we are licensed to handle. Under these circumstances, we are steadily progressing with the Medium-term Management Plan, such as developing treatment technologies based on the keywords "further resource circulation" and introducing treatment equipment, while at the same time establishing, as the foundation of our business, proper treatment and recycling that utilizes our own treatment facilities and nationwide treatment network. An example would be the recycling and processing technologies for large-scale lithium-ion batteries for next-generation automobiles and residential use (stationary type), for which the waste volume will increase going forward, as well as for PTP sheets, which have been difficult to recycle until now. As we continue to promote our business moving forward, we have to overcome high hurdles of challenges that we need to tackle in order to achieve "further resource circulation," such as developing treatment technologies to realize a decarbonized society. We will address these issues not only within the relevant business divisions but also through human resource exchanges of sales and technical/ development personnel related to the Precious Metals Business Seament, and through joint research with partner companies and universities. We will continue to work proactively to achieve our goal of "making effective use of the limited earth resources.'



Executive Officer General Manager of Environmental Solution Division

INTEGRATED REPORT 2024 MATSUDA SANGYO Co., Ltd.

Sources of Corporate Value (Overview of the Food Business Segment)

Overview of the Food Business Segment

The Food Business Segment procures food materials from an extensive worldwide network and supplies them to processed food manufacturers as well as food service and ready-made meal sectors. Matsuda Sangyo proposed utilizing and supplying then unused egg whites from the mayonnaise factory near to its founding site as a binder for surimi fish paste products. From there, we launched the wholesale business for food materials. Based on the spirit of "mottainai" that has been deeply rooted since our founding days, we are engaged in the effective utilization of a wide range of food resources such as low-grade products.

Against the backdrop of growing food demand in emerging economies, rising food prices worldwide, and a shortage of food resources during disasters, Matsuda Sangyo supports better dietary lifestyles for people through our business, based on our mission of ensuring stable supplies of safe and reliable food materials. The Quality Assurance Dept., which has acquired ISO 9001 certification, plays a central role in establishing a proprietary quality control system in Matsuda Sangyo. Through this system, we conduct quality control with the aim of providing safe and reliable food materials. In recent years, we have begun handling high quality and sustainable European beef, ahead of the rest of the industry, and we can expect it to be utilized in the food processing industry in the future. Going forward, we will continue to pursue quality, speed, and price without being constrained by fixed ideas, and explore a wide range of sources for food materials.

Product lineup

Seafood products

We propose a wide range of seafood products from around the world, including our "surimi (fish paste)" with its industry-leading track record.





Livestock products

We strive to ensure stable suppliers of livestock meat and processed products including chicken eggs, which is the starting point of our Food Business Segment.





Agricultural products

We procure vegetables and fruit from carefully selected production sites around the world.







Customers

Fish paste product manufacturers



Ham/sausage manufacturers



Frozen food manufacturers



Confectionery/bread manufacturers



Food service/ready-made meal sectors



INTEGRATED REPORT 2024 MATSUDA SANGYO Co., Ltd. 21

Sources of Corporate Value (Strengths of the Food Business Segment)

Partnership

As the best partners for our customers, we work alongside customers to discover new needs.

The Food Business Segment is able to provide value to customers by connecting the entire supply chain, including domestic and overseas producers, processing companies, logistics companies, and refrigerated warehouse operators, thereby realizing our vision of being the "Best partner for customers in product development."

Value 1: Working closely with producers and processing companies to realize customers' needs

Value 2: Gathering information in a timely manner from Japan and overseas, such as daily harvest/catch information and market trends, in order to resolve customers' problems and provide better quality products and highly precise services

Value 3: Conducting thorough quality control in-house to procure safe and reliable food materials, in addition to improve cost performance

To provide these values, we will continue to build strong partnerships and develop co-creative relationships with all the parties in the supply chain.



Value 1: Response

Carrying out primary processing tailored to customers' needs to facilitate their processing processes and contribute to reducing food loss

Spirit of "mottainai" × Spirit of challenge that have been deeply rooted since our founding days

Matsuda Sangyo took its first step by selling excess egg whites to the boiled fish paste product industry as an auxiliary ingredient for making "kamaboko" (boiled fish paste), and we have since established our product proposal function as our greatest strength. Based on the spirit of "mottainai" and spirit of challenge that have been deeply rooted since our founding days, we supply a wide range of food materials to satisfy customers' high-specification needs that are becoming increasingly diversified with the times, and we are enhancing our functions as the best partner for customers in product development. On the other hand, in developing products, it is necessary to clarify the concept, including conducting market research for commercialization and building a value chain that includes collaborators. We also consider it necessary to clarify the risks and opportunities associated with commercialization, such as expanding volume and improving capital efficiency, and the correlation between such risks and opportunities.



Product proposal functions that satisfy the diversifying needs of customers

The values customers place in food have also become increasingly diverse in recent years. In light of that, Matsuda Sangyo is working on measures and proposals to make suggestions of products that are delicious, that can be easily prepared, and that can be used without food waste for the food service/ready-made meal sectors that specialize in individual meals and convenience, as well as to become the best development and manufacturing partner for the domestic and overseas manufacturers that we work with. On the other hand, we have positioned the creation of new fields as an issue to be addressed in order for us to continue to meet diversifying needs. To create products that we have not handled before as well as products that have been newly discovered in food culture, we aim to cultivate an environment where employees can achieve growth while feeling motivated, and to nurture specialists while providing human education. With the increasing volume of imports from overseas to Japan, we are still feeling our way with regard to the market potential of each region in our overseas business development. We consider it necessary explore the future vision of our business divisions so as to bring greater clarity to the situation.



Value 2: Global Network

Careful selection and delivery of food materials with high cost-performance from a procurement network spread across the world

Food is indispensable to human lives, so there is always demand. To satisfy that demand, Matsuda Sangyo is constantly working on developing production sites to ensure there is a wide range of options that can provide stable supplies of food materials even in the event of unexpected circumstances, such as abnormal weather conditions, changes in political and economic situations, or logistical disruptions.

In FY2023, due to the effects of avian influenza and other factors, egg shortage became a global problem. Moreover, with the cost of feed for raising chickens said to account for half of the market price of eggs, the rising market price of grains used as feed caused by global situation also

had an impact and led to an astonishing increase in the market price of eggs. Under these circumstances, Matsuda Sangyo's stable procurement capabilities came under the spotlight and allowed us to attract more new users.

On the other hand, it is become more and more difficult to procure food materials due to climate change. With food trading being significantly impacted by weather conditions and the balance of supply and demand, food suppliers are often under pressure to respond after problems have occurred. Therefore, our challenge lies in making preparations beforehand to address the risks.

Value 3: Quality

Providing safe and reliable food materials by setting up a proprietary Quality Assurance Dept., offering guidance to production sites, and establishing a tracing system

Global quality control system based on ISO 9001

In 1988, we established our proprietary Quality Assurance Department, acquired ISO 9001 certification, and are now engaged in quality control activities to ensure the safe and reliable supply of food products. In addition to food material inspections, we also work to improve quality, provide guidance to production sites and guidance to improve production at partner factories in Japan and overseas, publish quality specifications, and implement traceability initiatives. Through these and other efforts, we provide customers with Matsuda Sangyo's unique safety and reliability as added value, even as we continue to expand our procurement network in countries and regions around the world.

It is rare for a trading company to possess quality assurance functions, making this a key strength of Matsuda Sangyo's. In fact, we handle about 2,000 inquiries every year, demonstrating the trust that we have won from our customers.

Stable supply of food and ecosystem conservation through management across the supply chain

There are concerns that the effects of climate change may bring about changes in the habitats of natural marine products and a decrease in resources, and that supply instability may potentially have an impact on the procurement of ingredients and materials. Some of Matsuda Sangyo's seafood products have fulfilled criteria set by the Marine Stewardship Council (MSC) to be certified with the MSC's blue ecolabel ("ecolabel of the sea"). This proves that our seafood products are caught, processed, and distributed through appropriate methods to protect marine life and conserve their ecosystems for the future. Since we first acquired the certification in 2011, a growing number of business sites have acquired this certification. Today, domestic and overseas business sites are able to handle MSC-certified products. Along with global procurement and quality control, we are engaged in efforts to utilize natural resources sustainably and procure ingredients and materials in a stable manner through management across the supply chain.

Interest in sustainability is growing rapidly within the food industry as well, and we feel that there are many initiatives in which Matsuda Sangyo can take the lead. There is a sense that the market will no longer accept food that is produced in ways that lead to the destruction of nature. As there is a need to address this seriously going forward, we are confident that this is an area where we will be able to fully harness the corporate culture we have cultivated.

Global quality control system based on ISO 9001

We have built an integrated quality system with three interlocking functions. In addition to improving the quality of ingredients and materials through the implementation of various inspections, we also constantly provide guidance to local partner packers.

Quality assurance functions

- Management and provision of product information
- Production site guidance, establishment of tracing systems, etc.

Technical support functions

- Quality specifications/process management
- management
 Enhancing quality
 through improvemen
 activities, etc.

Inspection functions

 Product examination, inspection, and analysis at production sites and after they are brought into Japan

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Progress and Outlook of Medium-term Management Plan

Progress of Medium-term Management Plan

Reflections and results forecast

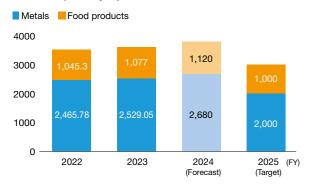
In FY2022, the first fiscal year in the four-year plan, we achieved all our targets with the exception of operating margin. However, in the second fiscal year of FY2023, we registered a loss in profits. As a result, although we continued achieving our target net sales, we fell short of our targets for operating profit, operating margin, and capital efficiency.

The cause of this is a downturn in the external environment of the Precious Metals Business Segment. However, as the external environment is expected to recover from FY2024 and after, we will accurately seize the greater opportunities this offers and take the chance to make improvements.

With a view to achieving our management targets for FY2025, we will steadily advance our growth strategy, recognizing the need to improve profit margin and capital efficiency while also expanding volume in the Precious Metals Business Segment.

In FY2023, the Precious Metals Business Segment saw an increase in revenue due to an increase in the precious metal recycling volume from the jewelry sector and steady price movements in the gold market. On the other hand, profits decreased due to a decrease in the precious metal recycling

Net sales (billion yen)



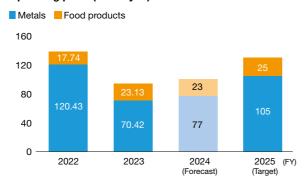
						(billion yen)
	FY2016- 2018 Average	FY2019- 2021 Average	FY2022 Results	FY2023 Results	FY2024 Forecast*	FY2025 Target
Net sales	1,871	2,382	3,510	3,605	3,800	3,000
Operating profit	42	90	138	93	100	130
Operating margin	2.2%	3.7%	3.9%	2.6%	2.6%	4.3%
ROE	5.6%	10.0%	12.2%	8.3%	_	9.0%
ROA (ordinary profit to total assets ratio)	6.0%	9.4%	11.3%	7.6%	_	10.0%

*Announced on May 13, 2024

volume from the electronic devices sector.

In the Food Business Segment, amid rising raw material prices as well as transportation and storage costs, we steadily passed on prices to customers and worked to increase sales volume. As a result, the Food Business Segment recorded increases in both revenue and profits.

Operating profit (billion yen)

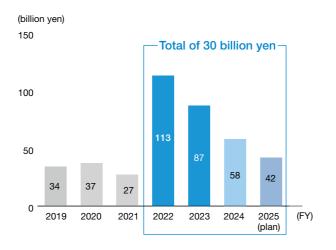


Capital investment for business expansion

Capital investment for the fiscal year ended March 2024 was approximately ¥8.7 billion and included the expansion of factories in the Iruma area of Saitama and the local subsidiary in Thailand toward improving and expanding production infrastructure with a view to future expansion, development of the Kitakyushu base, as well as investment in processing facilities for the smelting environment.

We plan to inject a total of approximately ¥5.8 billion into capital investment for the fiscal year ending March 2025, in areas such as expanding factory functions in the Iruma area and investing in processing facilities for the smelting environment, following up from FY2024.

In the Medium-term Management Plan, we have planned for a total investment of ¥30 billion cumulatively over four years, and our investment plan for the two years after the fiscal year ending March 2025 amounts to ¥10.0 billion combined.



Business expansion initiatives

In the Precious Metals Business Segment, we are working to improve and expand our production bases with a view to business expansion. We also plan to expand the Kitakyushu Factory and carry out renewal of the Iruma area.

In the Food Business Segment, we have worked to launch operation of the India base with a view to realizing global expansion and growing our procurement network. In FY2024, we will

also work on expanding bases in Indonesia where we already have a presence.

Furthermore, while actively advancing efforts to strengthen our management foundation, including initiatives in the areas of human capital management and sustainability management, we will also continue to put efforts into initiatives aimed at improving capital efficiency, which we started working on in FY2023.

		FY2023 results	FY2024 activities	
	Develop and build technology for high value-added products/services	"ECO-Series" products made from 100% recycled precious metals		
Precious Metals Business Segment Leading company that creates resource circula- tion (utilization)	Expansion of processing facilities/bases for the	PTP sheet mat	erial recycling	
	refining environment toward the development of new businesses	Secondary cell red	cycling business	
	Expansion of product infrastructure toward	Expansion into Kitakyushu	Start of Phase 1 operation of the Kitakyushu Factory	
	expansion of business scale and domains	Renewal of the	e Iruma area	
Food Business Segment	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)	
Best partner for customers in product development	Customer-based sales and creation of new businesses/trade areas	Start of operation of Shizuoka Sales Satellite Office	Building and strengthening of supply chain functions	
	Strengthening management functions and	ERP renewal		
	improving productivity through the utilization of IT	DX promotion (digital democratization)		
	Promotion of human capital management	Producing management talents		
Strengthening	Promotion of numan capital management	Creation of workplace environment where diverse human resources can play active roles		
management foundation	Initiatives toward improving capital efficiency	Strengthening business	portfolio management	
	Promotion of sustainability management	Initiatives toward decarbonization		
	, , , , , , , , , , , , , , , , , , ,	Improving the working	g environment (RBA)	

Sustainability management

We are strengthening efforts to address important issues in order to enhance corporate value.

For issues in the environment ("E") aspect, in FY2023, we acquired third-party certification for GHG emissions and promoted measures to reduce GHG emissions, such as the purchase of renewable energy. We also worked on introducing the ICP system and supporting international initiatives.

For issues in the social ("S") aspect, we are advancing efforts in the implementation of female empowerment promotion

programs and the development of systems for compliance with the RBA Code of Conduct, a set of international standards covering human rights, labor, and other areas. Furthermore, we also made preparations toward the implementation of supplier engagement, such as human rights due diligence.

Going forward, we will continue to contribute to society through the expansion of our business, and to make proactive efforts to address these important issues.

Progress and Outlook of Medium-term Management Plan (Precious Metals Business Segment)

Medium-term Vision

A leading company that creates resource circulation (utilization)

Business strategies

- Differentiate the business by enhancing overall resource recycling capability
- Develop and provide products and services that can reduce environmental burden
- Develop and sell high-performance electronic materials
- Expand domestic market share and explore new markets overseas
- Cultivate the electronic devices industry, and develop the chemical/automotive industries as well as the secondary cell/e-scrap market
- Develop technologies and expand production infrastructure with a view to expanding business scale and domains
- Pursue safety, reliability, and trust by strengthening the quality control system and thoroughly managing industrial waste disposal



Yasuyori Nishide
Executive Officer
General Manager of Metals/
Environment International Business
Division and General Manager of
International Sales and Marketing Dept.



Hidehito Imai

Director and Executive Officer
General Manager of Production
Control Division and in charge of
Quality Assurance Dept.

Fig. 12

Control Division Executive Officer
Control Divi



Ryuichi Yamazaki
Director and Managing Executive
Officer
General Manager of Metals/
Environment Sales Division



Yuji Masui Executive Officer General Manager of Precious Metals Recycling Division

Interview

Q. Reflecting on FY2023, market environment, progress status of Medium-term Management Plan, and future outlook and challenges

Yamazaki: With regard to the market environment, production activities in the main electronics industry stagnated from the second half of FY2022. While production is expected to increase in the second half of FY2023, the situation remains difficult. Although results are not lackluster in comparison with the Medium-term Management Plan, we face the immediate and significant challenge of insufficient procurement volume for precious metal recycling. We can say that things did not go as we expected in FY2023.

Nishide: The same applies to the overseas market environment. We have not been able to increase procurement volume due to the impact of rising energy costs worldwide and a stagnation in personal consumption brought about by inflation. On the other hand, we strengthened factory functions in our overseas business, and completed the construction of a new factory at our Thailand site last fiscal year. Through these efforts, we aim to contribute to expanding the scale of our business, realizing automation and greater efficiency, reducing environmental burden, and developing a sustainable society.

Masui: Within Japan, we are also making progress with investments in factories. We are working to strengthen our functions by investing in factories and changing our distribution channels including the receipt of raw materials from overseas. We completed the first phase of the Kitakyushu Factory and have continued to work on improving each base. However, market conditions deteriorated rapidly from the second half of FY2022, and volume has also declined. Nevertheless, we recognize that advancing measures can lead to outcomes. We have planned upgrades to factories that have been in use for many years, such as Iruma Factory and Musashi No. 4 Factory, and these

are currently in progress. The road may be long, but we intend to continue responding to the challenges.

As a business division, we are focusing on providing products/services and functions that will enhance value for customers, but we still cannot say that we have fully met their expectations. Going forward, we will continue to engage in constant trial-anderror and exploration to enhance the value that we provide.

Q. What you feel is necessary to overcome the challenges

Yamazaki: We face the challenge of a shortfall in procurement volume due to the stagnation in production activities within the electronics industry. Hence, it is necessary to differentiate ourselves through the development and sale of high-performance electronic materials, and expand our market share. We are also aiming to grow new profit sources such as used products, and we need to also increase profits in other markets, including the aftermarket.

Nishide: To increase procurement volume, it is also necessary to improve the reputation (rating and appraisal) of our overseas business, that is, how it is perceived. Specifically, we need to improve how the market and customers evaluate us by linking our rating and appraisal to the green products we introduce through the establishment of a system for proper processing, recycling, and resource circulation.

Imai: With regard to procurement volume, cooperation between the sales and production departments is necessary. I think that it is most important for us to consider what kind of added value we can provide to our customers when all the departments work together as one. However, there are also challenges such as a shortage of labor and human resources. Recycling is a function that is required by society, so I hope that we can bring together talented human resources and create opportunities for dialogue between the sales and production departments, in

order to create a new business resource circulation.

Masui: I agree with you on the point of human resources. One of the reasons behind the successful growth of Matsuda Sangyo is that the sales and production departments have worked hand-in-hand to continuously provide unique service functions to customers. In order to create new businesses in addition to our existing businesses, the sales and production departments need to work even more closely and engage in discussions about challenges.

Q. What can be achieved only by Matsuda Sangyo (strengths, values, policies, etc.)

Yamazaki: Our strength lies in our technical prowess, and I think that it is more valuable than we believe. It is important to communicate this value to the outside world. We are receiving more comments from customers telling us that "the future is just getting started," and we feel that we have now entered an era when our business is in line with the trends of the world.

Imai: We have linked the processes of smelting and refining precious metals to the related processes such as crushing and sorting, waste liquid treatment, and surface separation, positioning them as key items of our business. These have become established as the respective businesses that exist today. In the future, it will be important to deepen these technologies and businesses. Nishide: We have developed the recycling business mainly in East Asia from an early stage, and this experience has become our strength. We have adapted to the relevant laws and regulations of each country, as well as their environments, and have created business schemes suited to the local markets. Our operations currently span seven countries, which includes four production bases, and we are working to expand our market share in each country.

Masui: In the area of recycling, we have focused on developing non-firing methods and building functions over the past 10 years.

Examples include the pre-processing functions at Seki Factory and the strengthening of sorting functions at the Iruma Factory. While these technologies and functions contribute to differentiation, there are still areas that we have not yet expanded our market share to. It is important to promote Matsuda Sangyo's strengths more widely.

Q. Aspects that Matsuda Sangyo has cultivated, and what you value (what you value as Executive Officers)

Imai: I had three years of experience each in the business and production departments, taking charge of management and control. In the process of listening to the instructions and direct feedback from the management, I developed the ability to determine what we should work on, what challenges we face, and what we should focus on. This experience is still useful to me today.

Masui: I place great importance on realizing the Company's philosophy through cooperation with those around us. We are fostering a valuable culture of working together with a sense of empathy to create something better.

Yamazaki: I have experience in the precious metals related business and environmental related business, and my perspective and way of thinking about matters have changed. I always consider the worst-case scenario and how to deal with it immediately if it does happen. Not shying away or giving up regardless of what happens is an ability cultivated during my time at Matsuda Sangyo.

Nishide: That would be the "Gogen Shugi" ("Sangen Shugi" as explained below, with the addition of two "realities:" principles and rules). I have been conscious of the "Sangen Shugi" (principle of "three realities" - actual work site, actual facts, and actual products) through my work at the company, and I have ensured that my team members are also conscious of this principle. The two additional "realities" are principles and rules,

Progress and Outlook of Medium-term Management Plan (Precious Metals Business Segment)

which I learned under the influence of my superiors. These may seem to be very obvious concepts, but deviation from the principles and rules bring about the risk of making wrong judgements and decisions, so I try to be careful and conscious in the decision-making process.

Q. Initiatives toward realizing a sustainable society Approach to materiality (in particular, human resources (human capital) and environment (sustainability))

Imai: I think there is a need to increase rotations between departments. It is important to experience various organizations in order to determine the right person for the right job. This will enable full understanding of the other person's mindset, and I believe that aligning the perspectives of dialogue will facilitate smooth communication. I hope to increase opportunities for job rotations, and to create an environment in which diverse human resources can maximize their abilities. I also aim to promote female empowerment and increase opportunities for national staff at our overseas bases to experience working in Japan, thereby strengthening human capital across the whole of Matsuda Sangyo. In relation to the environment, I would like to analyze information pertaining to energy and waste, and build an efficient information infrastructure that can be utilized for making management decisions.

Nishide: I feel that sustainability initiatives are important when dealing with foreign companies. In particular, there is a need for overseas production bases to reduce the burden on the environment and recycle waste resources. In order to strike a balance between social contribution and economic value at a higher level, the Matsuda Sangyo Group needs to meet global standards, such as complying with the RBA (refer to page 56 for details). Furthermore, it is important to create an environment that facilitates the acceptance of diverse cultures and ideas, and we aim to build a system of mutual cooperation particularly in our overseas bases. I believe that promoting intercultural exchange is an effective way of achieving this. I hope that we can aim for the growth and development of the entire Group by providing an environment where employees feel happy to be a member of Matsuda Sangyo, by ensuring that the company



connects individuals to one another, and by achieving a balance between ease of work and job satisfaction in every country.

Masui: Sustainability-related initiatives are an important element for enhancing corporate value. In order to strike a balance between sustainability and economic activities, it is important to promote such efforts with strong resolve and not merely as a formality. I feel that we can create sustainable value through cooperation among all employees across the Company, and by leveraging the knowledge we gain from our regular business activities.

Q. Future outlook for the Kitakyushu Factory and the Thailand factory, the stories you wish to write, and what you want to achieve

■ Kitakyushu Factory

Masui: We completed the warehouse building in the first phase, but the second and subsequent phases of construction need to be carried out in parallel with stable operations while ensuring consistency with our sales strategies. We will discuss the details of the construction work internally within the precious metals related business and environmental related business, and plan to implement the works after 2026.

Imai: With the aim of building a highly productive factory, we will also strive to implement processes, in addition to logistics functions, with low environmental burden.

Masui: We hope to introduce truck registration functions, solar power generation functions, and a tracking system for the results of measurements, with the aim of becoming a factory that promotes digital transformation (DX).

Yamazaki: Kyushu is a region that is expected to develop into a major semiconductor-related base. By making use of this geographical advantage, we aim to improve added value, including precious metal recycling and customer service. We believe that our Kyushu base will play an important role not only in the aspect of production functions, but also as a factory that creates added value.

Nishide: As we expand our sales channels, we need to cautiously review the role of overseas raw materials and consider if we should concentrate them primarily in Japan. Strengthening the functions of the Kitakyushu Factory is one of the ways of achieving this, and the most important point is for us to harness this factory to improve Matsuda Sangyo's competitiveness.



Yamazaki: I agree that Kitakyushu Factory is one of the ways of achieving this. It is important to consider how we can utilize it in order to achieve the objectives of expanding the market share of our existing businesses, develop new markets, and secure new revenue sources.

There is great possibility overseas with regard to new markets, and I believe that businesses that can become new revenue sources, such as lithium-ion batteries (LIBs), have the potential for future growth. With such markets and businesses in mind, I would like all employees to work together and come up with ideas for strategically and effectively utilizing this factory.

■ Thailand factory

Nishide: More than 20 years have passed since the start of operations in 2002, and we are working to create a factory that makes Matsuda Sangyo's efforts visible even as we take measures to address aging. Allowing customers to tour the factory ensures transparency and builds trust. The factory has great ability to appeal to customers and the government. As Matsuda Sangyo has put in place advanced initiatives ahead of our competitors, we are confident that the factory will fulfill an important role in expanding our market share and supporting market growth in Thailand, and become a factory that contributes significantly to improving the local recycling rate.

Masui: The history of Matsuda Sangyo (Thailand) Co., Ltd. (MST) is closely related to the legislative work of Thailand's Ministry of Industry and environmental administration, and there are high expectations for this factory. In order to simultaneously expand our business and contribute to Thailand, we consider it very important to improve employee motivation.

Q. Collaboration between the sales, business, and production departments in creating new businesses

Imai: In order to ensure that our customers are satisfied, it is important for technical and sales staff to work together to fully understand their needs and reflect these needs in the process design. There is still room for improvement in Matsuda Sangyo, and our technical departments aim to create new business by considering what added value is.

Yamazaki: Many of Matsuda Sangyo's businesses began with

enterprising challenges. In precision cleaning, in addition to recovering gold (Au) from inside the chamber, we attempted for the first time to clean jigs. In this way, we have succeeded in commercializing our business by repeatedly taking on challenges. In doing so, the key is to possess the ability to identify and seize opportunities as well as the sensibility to capture information.

Imai: I think it is necessary to face customers with a strong awareness that this could potentially become an added value. We need to approach our work every day with the perspective of ensuring that we do not miss out on business opportunities. Yamazaki: An opportunity presents itself when a customer asks, "Can you not do this?" When this happens, I think it is important to first take action to gather information on our own, and to constantly have the latest information on hand.

Nishide: Technological development that is aligned with business strategies requires close cooperation between the sales and technical departments, in order to enhance the ability to appeal to customers. Technological development has its advantages and disadvantages, and it can sometimes be difficult to grasp how much the efforts by the technical departments are contributing to the business. We believe that it is possible to increase motivation and achieve synergistic effect by having the sales departments reflect the feedback from the actual sites to the technical departments, and by sharing successful experiences.

Masui: To ensure that the products developed penetrates markets and among customers, it is necessary to match needs with technologies. There are areas in which matching has not been carried out effectively, so the technological development, sales, and other relevant departments need to engage in dialogue to find the optimal solution. I would like to see further strengthening of such cross-departmental collaboration.

Yamazaki: In new businesses, it is important to adopt a broad perspective and come up with innovative ideas. Since there is potential in the extensions along the axis of our daily work, it is important to remain passionate and not give up even if not much can be expected at the conceptualization stage. I hope that we can expand the business by creating synergistic effects through cooperation between the sales, business, and production departments.





Progress and Outlook of Medium-term Management Plan (Precious Metals Business Segment)

Topics

Start of operation of the new Kitakyushu Factory

For some time now, Matsuda Sangyo has been working on the construction of a new factory in Kitakyushu City that is equipped with precious metals recycling functions, with a view to expanding our business in the Kitakyushu region which is a major hub for our customers in the electronics industry, particularly semiconductor manufacturers. This construction work has been completed successfully, and the new factory has commenced operations. (Site area: 59,847 m²) This new factory was designed and built based on the concept of creating a base where Matsuda Sangyo's purpose is deeply rooted, incorporating the hope that it will serve as the Company's cutting-edge base that also gives consideration to health and safety and the environment. Taking into account the "2024 problem" in logistics, we have included a lounge where drivers can use their waiting time efficiently. Some of the toilets within the lounge are waterless toilets, in consideration of the environment as well as usage in times of disaster. We aim to create a base that all our stakeholders, especially our customers and the local community, will take an interest in from a wide range of perspectives. The first phase of the operation began with the logistics functions and primary processing for precious metals raw materials, and we plan to roll out capital investments for the second phase while assessing market trends and customer needs. In 2024, the concentration of the semiconductor industry in Kyushu is expected to accelerate further as domestic and foreign companies successively commence operation or begin construction of semiconductor and electronic component manufacturing plants. The Group will continue to expand business in the Kyushu region by implementing the basic policy of our Medium-term Management Plan, which is to "Strengthen revenue base and create new revenue sources by continuing with proactive investments."









Topics

Factory upgrading for the Thailand subsidiary

Matsuda Sangyo (Thailand) Co., Ltd., which has been operating the precious metal recycling business in Thailand for approximately 24 years, built a new factory (Factory 3) in March 2024. This new factory places emphasis on environmental conservation, and uses the latest wastewater treatment system and air pollutant treatment system. The opening ceremony held in March 2024 was attended by more than 150 guests, including local government officials and business partners, making it the largest opening ceremony in the history of the Matsuda Sangyo Group,

This factory recycles waste recovered from semiconductor manufacturers, electronic equipment manufacturers, and others, thereby contributing to the realization of the "Bio-Circular-Green (BCG) Economic Model*" positioned as a growth strategy for Thailand's sustainable development.

The factory also incorporates a route that allows visitors to tour the factory without entering the production sites, creating a "visible factory" that allows customers to gain better understanding of our business. In addition, the various processes, such as crushing and smelting, have been automated and streamlined with a view to expanding our business in Thailand in the future.

Given Thailand's diverse and abundant resources, culture, geographical advantages, and other characteristics, the market for the Precious Metals Business Segment is expected to continue growing as we move forward. Therefore, we will work to further expand our business based on the establishment of this new factory, and to contribute to the development of a sustainable society while giving back to the community in Thailand. We also aim to promote the effective use of precious metals that are resources of the Earth.

"A unique economic model that integrates the three elements of "Bio," "Circular," and "Green," and which is promoted by the Thai government through public-private partnership.









Progress and Outlook of Medium-term Management Plan (Food Business Segment)

Medium-term Vision

Best partner for customers in product development

Business strategies

- Reinforce the core businesses (sale of raw ingredients) by expanding the procurement network and product lineup
- Develop safe, reliable, and sustainable products that meet customers' needs, and establish commercial distribution
- Expand sales domains by accelerating global development
- Expand supply chain domains with a focus on the core businesses
- Build consistent quality systems by enhancing quality assurance and strengthening technological support



Kenji Isawa Director and Senior Executive Officer General Manager of Foods Division and General Manager of Business Planning and Promotion Dept.





Interview

Q. Reflecting on FY2023, market environment, progress status of Medium-term Management Plan, and future outlook

Isawa: Despite various changes to the external environment and market environment in FY2023, we registered year-on-year increases in both sales and profit. It was a year that brought greater clarity to Matsuda Sangyo's current capabilities, strengths, challenges, and the goals we should aim toward.

Kawamura: It has been a year of dramatic changes in the market environment. After the COVID-19 pandemic came to an end, inbound demand recovered and the food service sector grew. On the other hand, prices have continued to increase due to inflation, and there have been no improvements to the sense of stagnation in personal consumption. In the industry, it is even said that a 5% price revision could result in a 10% drop in sales volume.

Isawa: Partly because the concept of sustainability has gradually taken hold among companies ranging from upstream manufacturers to downstream retailers, the amount of food waste in the world has been decreasing. This trend is expected to continue growing moving forward. Our Company perceives this as a major change, including in terms of volume handled.

Kawamura: One of the projects implemented under our Medium-term Management Plan was the launch of a new subsidiary in India. As a base, it is poised to fulfill an important role in providing support for products bound for the Japanese market. It has achieved some success in the launch of new products such as soy protein, fruits, and potatoes, and operations are progressing smoothly.

Q. What you feel is necessary to overcome the challenges

Isawa: While the businesses of our overseas subsidiaries have been growing, with regard to the future outlook of these businesses, we are still at a stage of feeling our way without being

able to fully grasp the market potential of each region. After understanding the risks, we need to clarify, more than we have done to date, what Matsuda Sangyo can do and will do from its position, and to undertake appropriate investments accordingly. In addition, since our Company is engaged in a completely different field of environment work, which is recycling precious metals and detoxification of industrial waste, we can utilize the infrastructure here to draw out our strengths and create synergy. In particular, in view that there will be continued demand for sustainability management in the future, it is vital to address environmental issues. This is something that other companies in the industry do not offer, so I feel that we have the potential to contribute to the entire industry if we could promote it.

Kawamura: The food sector is significantly impacted by the external environment such as weather and demand-supply balance, in addition to the market environment and laws and regulations. While it is possible to prepare in advance and take certain measures to cope with changes in circumstances that we can anticipate, there are also many cases where measures must be taken after the event actually occurs. We need to put in place risk hedging measures while ensuring that we have the adaptability to cope with events when they occur, and without any time lag. I think it is important to leverage such experiences as our strength and apply this strength to future events.

Q. What can be achieved only by Matsuda Sangyo (strengths, values, policies, etc.)

Isawa: The first strength I can point to is our quality assurance system. Matsuda Sangyo has a Quality Assurance Department, which is rare among trading companies. Through this, we are able to guarantee, with a high level of precision, the safety of our food products. From producers to food manufacturers, we respond to various needs and work to resolve issues. We have earned the trust of our business partners, who use these services widely.

Kawamura: Another strength that we have is our worldwide procurement capabilities. Last year, the impact of avian influenza and other factors led to a global shortage of eggs. Moreover, it is said that half of the market price of eggs reflects the cost of feeding the chickens. Therefore, the rising prices of grains used as chicken feed, caused by circumstances in the world, have also had an impact and resulted in dramatic increases in market prices. Amid these circumstances, Matsuda Sangyo's stable procurement capabilities have attracted attention and helped us to gain new users.

The effect of our quality assurance capabilities mentioned earlier is another factor contributing to the increase in the number of users.

Isawa: Furthermore, we have relationships with food-related companies ranging from producers to food manufacturers. Matsuda Sangyo has several thousand business partners, with whom we have fostered a relationship since our founding days. This is an important asset for our Company, and provides the foundation that enables us to constantly offer new proposals to various business partners, as well as to work together with them. We have leveraged this favorable environment to successfully build win-win trading relationships with our business partners.

Q. Aspects that Matsuda Sangyo has cultivated, and what you value (what you value as Executive Officers)

Kawamura: Since about 25 years ago, Matsuda Sangyo has been nurturing specialists who can play an active role in the food industry. In this human resource development program, we have added another element that must be regarded with importance: it is vital to become human resources who have influence within the industry. Human resources who are truly influential have a strong core as human beings.

Isawa: I think that my answer to this question is a strong resolve and readiness in approaching work. When I was working under

a capable superior in the past, I thought it best for the organization to give this superior time. This meant volunteering to take on work and taking responsibility for completing the job, and it fostered the mindset that work inevitable requires strong resolve and readiness. Now that I have been put in charge of a large organization, I think that my mission is not only to expand the current business, but also to do and develop good work that can be preserved and passed on to the future. I also feel that I have an important role to cultivate a corporate culture of pride and attachment to the company among employees who have joined Matsuda Sangyo and whom I have the good fortune to work with.

Q. What you feel is necessary in the future to achieve further growth (from a medium- to long-term perspective)

Kawamura: I think it is necessary to carve out new fields. When I say new fields, I mean areas that Matsuda Sangyo has not previously handled, and which have potential for expansion through the utilization of our procurement capabilities, as well as new fields that have been discovered within the food culture. With regard to the former, that would be fruits for our Company, and for the latter, functional ingredients. We are also focusing on dealing in the functional ingredient, indigestible dextrin, and the market for this ingredient has been growing recently.

Isawa: I agree with you on carving out new fields. This cannot be achieved on our own. Rather, we need to further expand our business domain by forming alliances with our business partners in a way that leverages our mutual strengths. In the medium term, it is also essential for us to improve capital efficiency, and we believe that we will be able to realize genuine growth as a company by constantly generating profits while investing in new businesses.

Progress and Outlook of Medium-term Management Plan (Food Business Segment)

Q. Initiatives toward realizing a sustainable society

Approach to materiality (in particular, human resources (human capital) and environment)

Isawa: Human capital management is not an initiative that we have just launched; rather, we consider it be the most important aspect in the development of a company. In this sense, we have long had a culture that allows individuals to make the most of their creativity, and we have provided a space where people with diverse ways of thinking can be active and successful. We are also conscious of the fusion of these human resources, and utilize them as assets of the organization by bringing out the strengths and characteristics of each individual.

Kawamura: With regard to human resources, we assess the character of each individual appropriately and assign the right person to the right job to help them grow. I think it is important to create an environment that is motivating and rewarding for employees, and where they can always take on challenges and perform beyond their abilities. Our aim is to provide human education through work and develop each employee to a level where they can establish their own views and philosophies of life.

Isawa: I feel that interest in the concept of sustainability is growing day by day within the food industry. Against this backdrop, there are also more opportunities for exchanging opinions with our business partners about our activities in this area. On the other hand, I feel that there are also many areas where Matsuda Sangyo can take the lead with its approach.

Kawamura: Products that are manufactured by destroying the natural environment will, of course, not be accepted by the market. We face difficult circumstances in areas such as seafood products; even for fully farmed produce, there are some aspects that seem contradictory when we take into consideration factors such as energy consumption. However, this is something that the industry needs to address seriously going forward, so I think that this is an area where Matsuda Sangyo can demonstrate what we have developed as our corporate culture.

Q. Matsuda Sangyo's role and positioning in Japan's food culture (dietary changes), and future vision

Kawamura: As I had touched on earlier, new ingredients are emerging alongside changes in the food culture. Nevertheless, amid the various cultural changes occurring in our lives, it is said that food culture is in fact the most resistant to change. While the staple foods of each country remain unchanged, it is becoming increasingly difficult to procure the ingredients for such foods due to climate change and other factors. We believe that Matsuda Sangyo's role and our future vision is to continue to provide products without changing their quantity, quality, and cost, by harnessing our procurement network as mentioned earlier.

Isawa: We can confidently say that Japan is a country with a rich and wonderful food culture that is unlike any other in the world. Therefore, Matsuda Sangyo's role is to protect this food culture while further enriching it. To achieve this, it is necessary to continue providing the world with safe and reliable food; I believe this is the future vision for Matsuda Sangyo, now and in the future!





Topics

Global Network

A safe, reliable, and stable supply network established through global expansion

The food manufacturing industry, which is the main customer of the Food Business Segment, is seeing a slowdown in stay-at-home demand due to the COVID-19 pandemic, while showing signs of gradual recovery on the back of a rising sales prices and increase in inbound demand. However, raw material prices and logistics costs remain persistently high alongside stagnation in personal consumption due to inflation.

Against this backdrop. Matsuda Sangyo has minimized the negative impact by leveraging its global network, which the Company has strengthened in recent years. The subsidiary in India, established in 2022, addressed a supply shortage of North American potatoes by increasing the import of potatoes produced in India. We have also been focusing on the procurement of broccoli, sweet potato, and other crops in East Asia and other regions. We have now expanded our sales channels for frozen vegetables to the food service sector and mass retailers, in addition to processed food manufacturers, as well as significantly increased the volume of products transacted.

In anticipation of the full-scale operation of the subsidiary in Indonesia established in 2023, we will continue to focus on making full use of our overseas bases to secure sustainable raw ingredients and expand our supply network going forward.



Quality

Initiatives to conserve the Earth's environment

We have acquired the blue Eco-Label under the Marine Stewardship Council's (MSC) Chain of Custody (CoC) standard, an effort to conserve ecosystems.

Many of our seafood products have been certified with the blue Eco-Label for meeting the standards prescribed by MSC.

This certification is accorded to seafood products that are caught, processed, and distributed in appropriate methods for the purposes of protecting marine life and conserving their ecosystems for the future.

Matsuda Sangyo operates its business while contributing to the conservation of ecosystems through thorough management across the entire food supply chain.



INTEGRATED REPORT 2024

MATSUDA SANGYO Co., Ltd. 3

Financial and Capital Strategy

Basic approach to capital policy

Matsuda Sangyo has established the basic capital policy of enhancing 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. We have positioned, as our policy, actively promoting growth investment in the future and addressing sustainability issues toward improving returns on capital, as well as further enhancing returns to shareholders. With these in mind, we will work toward the sustainable improvement of our corporate value.

Growth investment and securing cash flows from operating activities

- Actively implement growth investment with a view to strengthening revenue base, developing new businesses, and strengthening management foundation
- Allocate management resources appropriately while considering the balance between financial soundness and returns to shareholders.

Business opportunities (growth investment)

Financial soundness

Enhancing corporate value in a sustainable manner

Returns to shareholders

Maintaining capital adequacy ratio

 Maintain a sound financial structure in order to continue with stable and robust business operations (capital adequacy ratio exceeding 60%)

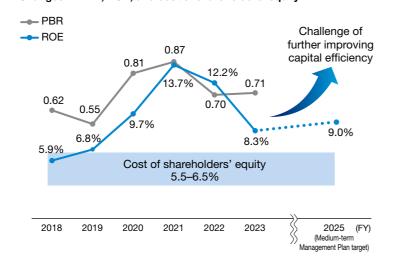
Stable and sustainable dividends

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

Toward the realization of management that is conscious of capital cost and stock prices

Matsuda Sangyo has estimated the cost of shareholders' equity at around 5.5% to 6.5%. While we have achieved ROE exceeding that in recent years, PBR has fallen below 1 and returns on capital is currently on a downward trend. To improve PBR, we have positioned, as important issues, improving capital efficiency to suppress the decline of as well as improve returns on capital, and fostering expectations of growth among investors and shareholders. To that end, we will promote the following three measures: promoting ROIC management, promoting precise capital policies, and strengthening IR activities.





Improving capital efficiency

Fostering expectations of growth

Promote ROIC management

Introduce management control in the future with ROIC as an indicator, aimed at improving the capital efficiency of each business

Promoting precise capital policies

Undertake business investments that improve returns on capital in the future, and implement policies toward enhancing returns to shareholders, while keeping in mind the need to secure financial soundness

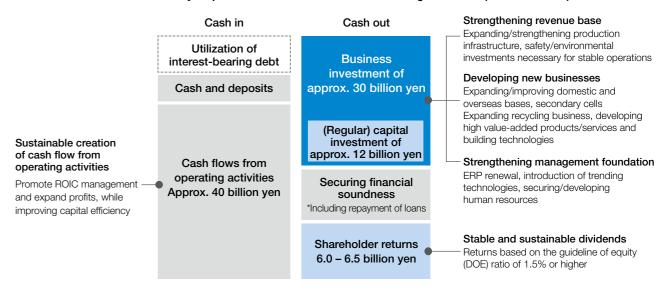
Strengthen IR activities

Communicate effectively to investors and shareholders on matters such as scenarios for sustainable growth, competitive advantage, and efforts to address sustainability issues, engage in dialogue with them, and apply their feedback to management

Cash allocation

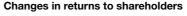
We expect to generate approximately 40 billion yen of cash flow from operating activities over the four-year period. Using this as our source of funding, we plan to allocate about 30 billion yen to business investments, including regular investments, and 6 to 6.5 billion yen to shareholder returns after taking into consideration the need to secure financial soundness.

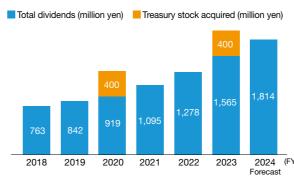
Estimated cash allocation for four-year period based on the Medium-term Management Plan (FY2022-FY2025)



Returns to shareholders

Matsuda Sangyo's basic policy for shareholder returns is to enhance shareholder value and meet the expectations of shareholders by providing stable and sustainable dividends while maintaining a balance with internal reserves for growth investment and acquiring treasury stock flexibly in consideration of the market environment. With regard to dividends, Matsuda Sangyo has set a dividend on equity (DOE) ratio of 1.5% or higher as a guideline for stable and sustainable provision of dividends.





Changes in dividends per share, dividend on equity (DOE) ratio



Promoting Sustainability Management

Approach to sustainability

Purpose

The purpose of the Matsuda Sangyo Group is to put into practice our corporate philosophy of "making effective use of the limited earth resources and contributing to society through business," and to continue being a company that customers and society always need. Triggered by our founder's realization of "mottainai" (wastefulness), our business began by giving value to things that were unused and things that customers had trouble disposing of. Through our business, we have fostered a corporate culture that cherishes gratitude and kindness, and we have continued to tackle new creative challenges and developed the business with the desire to be "even more needed by our customers."

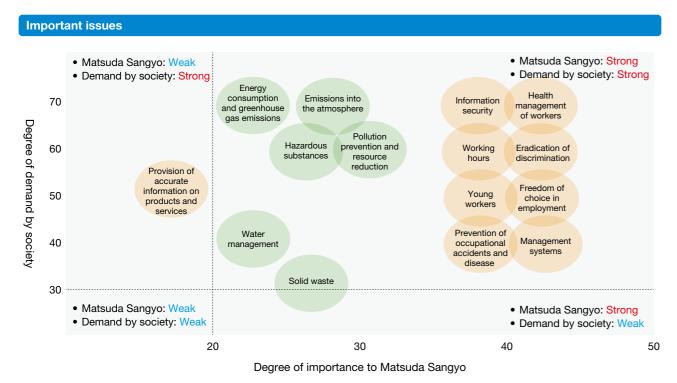
Based on our strong wish "For Human Happiness and a Beautiful Earth," we believe that the creation of new value that is rooted in the effective use of the Earth's resources and which meets the needs of the times, contributes to the realization of a sustainable environment, society, and economy. To fulfill our purpose, we established the Basic Policy on Sustainability* in December 2022 and identified materiality (important issues) that should be addressed.

Steps in identifying materiality

In 2022, the Matsuda Sangyo Group engaged in reviews in line with the following steps.

STEP STEP STEP STEP 3 Extraction of issues Mapping of degree of Narrowing down of degree of Extracted the issues with importance importance Discussed and reviewed at the reference to international management level based on the Narrowed down the issues with The expectations of guidelines such as GRI^{*1} and verification results, and identified a high degree of importance stakeholders, such as ISO, and codes of conduct such materiality through the along with the two axes'3 used customers, were organized, evaluated and verified, based on Sustainability Committee and in the mapping process, and questionnaires and other verified the validity of the **Board of Directors** information, and the respective recognition of the issues. degrees of importance were mapped based on two axes.

- *1 Global Reporting Initiative (GRI): An international non-profit organization whose purpose is to formulate international standards related to sustainability as well as information disclosure frameworks.
- *2 Responsible Business Alliance (RBA): The world's largest business federation whose purpose is to promote social responsibility in the global supply chain.
- *3 "Important issues in society that need to be addressed" and "important issues to Matsuda Sangyo"



The Matsuda Sangyo Group's materiality

Striking a balance between reducing environmental burden and business growth (1) Energy consumption and greenhouse gas emissions (2) Emissions into the atmosphere Environment (3) Hazardous substances (4) Solid waste (5) Pollution prevention and resource reduction (6) Water management (7) Biodiversity Acceleration of growth through the activities of diverse (1) Right person for the right job (2) Diversity and innovation (3) Work-life balance Enhancement of customer satisfaction and securing the (1) Provision of accurate information on products and services (2) Securing product safety and reliability (3) Partnership with suppliers

The Matsuda Sangyo Group has positioned the following as our materiality: striking a balance between reducing environmental burden and business growth; acceleration of growth through the activities of diverse human resources; and, enhancement of customer satisfaction and securing the trust of society.

Acceleration of growth through the activities of diverse human resources

Refer to "Strengthening Human Capital Management" (pages 40 – 43)

Striking a balance between reducing environmental burden and business growth

In the Precious Metals Business Segment, we will promote the reduction of energy consumption such as electricity and fuels, the reduction of greenhouse gases, as well as the reduction of hazardous substances, as our environmental targets under the ISO integrated management system. With regard to solid waste, we will work on understanding the current situation and setting reduction targets within FY2024.

Enhancement of customer satisfaction and securing the trust of society

To provide accurate information on products and services, and to secure the safety and reliability of products, we are striving to improve quality by setting quality targets based on ISO standards. In the Precious Metals Business Segment, we are conduct customer satisfaction surveys to help improve quality.

Communication with stakeholders

Stakeholders	Relationship with stakeholders	Communication methods	Departments in charge
Customers	Our founding spirit was that we must never forget that we are what we are because of our customers, and that we should cherish our customers above all and dare to fight bravely with fellowship. Based on this spirit, the Matsuda Sangyo Group strives to conduct its business activities while constantly keeping in mind that our corporate group exists only because of our customers.	Regular sales activities Corporate website Whistleblowing system/Inquiry services Publication of Integrated Report	Divisions in charge of sales Divisions in charge of each business CSR Dept.
Employees	The Matsuda Sangyo Group regards employees as the driving forces behind the creation of new value. For this reason, we have positioned "respect humankind" as an important principle of basic policy for management, and we undertake improvements to the organization and workplace environment, education, and capacity building based on the stance that "the capacity of humankind is limitless."	Employee training Internal portal site Corporate newsletter/E-mail newsletter Whistleblowing system/Consultation services Publication of Integrated Report	Human Resources Dept. General Affairs Dept. Legal Dept. CSR Dept.
Investors and shareholders	To gain the understanding and support of all shareholders and investors, the Matsuda Sangyo Group engages in IR (investor relations) activities based on appropriate and timely disclosure of management information and two-way communication.	General Meeting of Shareholders Financial statements briefing Company briefing (for private investors) Corporate website (IR/Information for investors) Inquiry services Publication of Integrated Report	CSR Dept. IR Dept. General Affairs Dept.
Local community	We recognize that the Group's business is directly linked to the conservation of the Earth's environment and the building of a circular society, and that the business itself contributes to society. By promoting communication and cooperation with local communities, we are promoting businesses with social meaning and working to expand our social contribution. (Refer to pp.46–47)	Volunteering activities by employees in local communities (Iruma district) Participation in/sponsorship of local events Factory tours Participation in Iruma City's Zero-carbon Council Whistleblowing system/Inquiry services Publication of Integrated Report	Divisions in charge of production General Affairs Dept.

Strengthening Human Capital Management

Message from the Executive Officer in charge of Human Resources

A company is nothing without its people "Respect humankind; the capacity of humankind is limitless."





"Human resource principles" lie at the heart of human capital

Since our founding in 1935, Matsuda Sangyo has developed as a cross-industrial company. To support a diverse range of customers and needs, both the Company and our employees have to be equipped with a wide range of capabilities and skills.

A sense of unity, founded upon shared ideas and values, is essential in order for us to remain a company that is always needed by customers even within this environment.

Against this backdrop, Matsuda Sangyo has established a deeply rooted corporate culture that values our unique philosophy, the basis of the thought and actions of each individual employee, in order to strengthen our sense of unity, continue passing on our corporate DNA, and further evolve and develop. Our human capital has been cultivated upon the foundation of this unique philosophy.

Based on our human resource principles, which are a

part of our unique philosophies, Matsuda Sangyo aims to be a company where diverse employees can maximize their individual capabilities in a dynamic manner that is characteristic of Matsuda Sangyo, and where both individuals and the organization can continue to grow together. To that end, we are promoting efforts based on the following six pillars: development of management talents, development of leadership talents, enabling the active participation of diverse human resources, support for autonomous career development, creating a good workplace environment, and promotion of health management.

The effectiveness of each human resource measure linked to the six pillars will be verified through regular engagement surveys, and a reliable PDCA cycle will be implemented. Going forward, we will set KGIs and KPIs for each measure with the aim of linking them to a robust management strategy.

[The source of human capital] A company is nothing without its people

Resonating with, and implementing, the corporate philosophy

A company where diverse employees can maximize their individual capabilities in a dynamic manner that is characteristic of Matsuda Sangyo, and where both individuals and the organization can continue to grow together

Conducting engagement surveys to help formulate an effective HR strategy

Development of management talents

Development of leadership talents Enabling diverse human resources play an active role the organization

Autonomous career development Creating a good workplace environment

Setting KPIs to quantitatively measure

the effects of HR measures.

Promotion of health management.

Engagement surveys

We conducted our second engagement survey since FY2019, with the aim of developing a system to measure the degree of affinity (engagement) between the way employees think and the way the company thinks, and to reflect this in each measure. To understand the situation in Matsuda Sangyo more accurately, we designed the survey under the supervision of external experts and came up with original questions that will enable us to accurately grasp the essential issues.

The overall engagement figures have improved since FY2019, and the measures we have implemented to date have resulted in a steady increase in the level of affinity. On the other hand, as the survey has also helped to shed light on the challenges that the Company faces, we will accelerate the PDCA cycle of our HR measures and utilize it to promote human capital management.

Spreading Matsuda Sangyo's corporate philosophy

As a part of our activities for recruiting fresh graduates, we have formulated a recruitment strategy that focuses on the "mindset"

that embodies our philosophy. We distribute a booklet about our unique philosophy that summarizes our basic values, philosophy,

and code of conduct, positioning it as a textbook for sharing our philosophy. This material is utilized in job-grade-based training and specialized training courses. In addition, we incorporate our philosophy into the behavioral assessment of personnel evaluations to evaluate if employees are putting it into practice in their daily work.

Furthermore, we also implement measures to further enhance autonomy, such as the introduction of an improvement award scheme and a new business proposal scheme. These efforts have contributed to the improvement of the engagement score for corporate philosophy (strategy).

The engagement survey results also showed that the penetration of our philosophy has a strong positive correlation with engagement scores. Therefore, we will continue to reinforce efforts toward the penetration of our philosophy going forward.

Topic!

Featuring examples of the embodiment of our corporate philosophy

—Interview with improvement award winners

What inspired you to undertake improvements?



I felt that there were issues with how contracts were shared between departments, so I introduced a new tool to manage the data centrally.

Although my current department is promoting DX, I constantly felt that the cost and effort of purchasing books on the relevant laws and bills was wasteful, so I considered introducing a subscription system.

I felt that it would be possible to reduce risk further in our daily operations, so I considered reviewing risk hedging.

As I was aware of the difficulties that an increase in personnel would impose on operations under the existing system, I considered revising the HR system in line with the policy of strengthening the Company's corporate functions.

The team recognized that information gathering work was time-consuming and laborious under the current operations, and that various problems were emerging. To address these problems, we introduced a new system.

How did you overcome challenges in promoting the improvements?

While it was difficult to involve multiple relevant departments when working to understand the current situation, I felt a sense of mission to achieve something through my own efforts. I also wanted to live up to the expectations of the superiors and colleagues who had lent their cooperation.

I did not experience any major difficulties because I felt that the purpose of DX is to enhance work convenience. The initiative also led to the improvement of the capabilities of every member in the section, including myself, and I genuinely feel that the initiative has ultimately contributed to improving work accuracy.

I think it was because I had a sense of ownership over the issue, in the sense that I wanted to resolve it in order to strengthen the functions of the section as a whole.

There were operational difficulties, but the most challenging issue was to sustain my own spirit of challenge and continue with the effort. I was able to overcome the challenges by visualizing the moment when I achieved my goal, and keeping in mind my original intentions when I first became aware of the problem.

Without any experience in system development, we found it difficult to build a system tailored to our Company's operations. Due to the team's strong desire to succeed in the project along with its strong motivation, we were able to work on it with the mindset of constantly moving forward.

Development of management talents

We recognize that the continued development of management talents is an important issue for the Company.

In light of that, we have launched measures from both the "hard" and "soft" aspects in order to develop management talents. In the "soft" aspect, we are providing training to systematically strengthen the skills and knowledge that management talents need.

In the "hard" aspect, we plan to complete the development of the framework by FY2025, and will work on grasping the current status of management talents, vacancy filling rate, and other factors, as well as review the necessary measures from FY2026.

"Soft" aspects (human resource development)

- Conduct training for selected employeesConduct MBA and other courses through
- distance learning

"Hard" aspects (framework) • Visualization of human resource

- requirements
- Structuring of succession plan
- Talent management system design

Strengthening Human Capital Management

Development of leadership talents

Matsuda Sangyo needs human resources who are capable of strengthening, across the organization, the four functions that underpin the foundations of our businesses: sales, production/technology, logistics, and management/systems. We define leadership talents as human resources who are capable of strengthening, across departments, the coordination of these four functions. Regardless of their age, job duties, job classification, nationality, and sex, these talents are provided with opportunities to build up experience in advancing cross-departmental projects from an early stage.

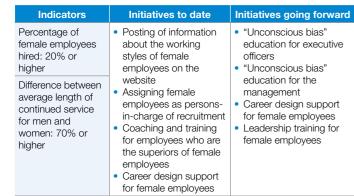
In FY2024, we plan to conduct training to develop talents in project promotion.

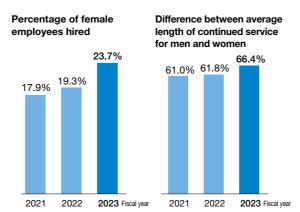
Enabling diverse human resources to play an active role in the organization

Matsuda Sangyo definition of diverse human resources includes women, mid-career personnel, global talents, and seniors. Accelerating growth through the activities of diverse human resources is positioned as one of the Company's materiality items, and we are engaged in a wide range of efforts to maintain and strengthen such activities.

Women

We have established indicators and targets, and implement concrete measures to promote female empowerment. As a result, we are reducing the gap in the length of continued service for women and men. In FY2024, we identified issues based on the results of the engagement survey, and we will put in place initiatives to address these issues.





Topic! Feedback from participants of Career Design Seminar for Women

- It gave me a real sense that the Company is promoting the active participation of women, and I felt reassured that I will be able
 to continue working even if after the occurrence of a significant life event. I was also able to visualize myself actually working
 in the Company.
- In my current department, there are few female employees who have a long history of working in the Company, so I could not
 visualize my own career development path. However, through talks given by the lecturers and group work with other female
 employees, I was able to set medium-term goals for my own career.
- The talks about work styles associated with balancing family and careers, based on the instructor's own experiences, were
 very informative. I did not really know where to start when thinking about my career, so the seminar helped me to understand
 my current situation.

Global talents

It is important for global talents to play an active role, in order to build the foundation for our overseas businesses. In FY2023, we implemented the following initiatives.

- (1) Visits to the Company by national staff of local subsidiaries
- (2) Internships that involved posting the Company's administrative employees to local subsidiaries
- (3) Participation by national staff of local subsidiaries in the Company's job-grade-based training courses
 - In FY2024, we will review these initiatives and consider the issues in promoting the active participation of global talents.

Seniors

We recognize the importance of having senior human resources play an active role in order to maintain the workforce and pass on experience and knowledge. Currently, the percentage of employees who are working after the retirement age of 60 exceeds 90%, and most of these employees continue working until they are 65 years old. Even after 65 years old, employees can continue working if it is desired by the company and the employee.

Persons with disabilities

Since employees with disabilities are also important human resources who support our business, they are mainly engaged in work directly related to our business in the Production Dept., making use of their individual characteristics and strengths. We also actively accept requests for on-site training.

Mid-career personnel

In order to promote the diversity of knowledge and experience, we are focusing on hiring mid-career personnel with a high level of expertise, knowledge, and experience. We will continue to hire mid-career personnel who have the expertise, knowledge, and experience required for business expansion.

Autonomous career development

We conduct age-group-based career training for each age group from those in their 20s to those in their 50s. In addition, career interviews are conducted by nationally certified career counsellors to support the growth of each individual employee.

As a result, there is growing awareness of the fact that opportunities are provided to think about one's career. On the

other hand, there are still challenges to overcome before we reach the stage where employees can envision their career goals within the company (their vision for the future).

To address this issue, we will consider linking it with succession planning and expanding support for self-development.

Creating a good workplace environment

Since 2020, we have introduced telecommuting and shift-work systems in consideration of the various family circumstances that employees face, such as childcare and nursing care demands. As a result, we have been able to enhance support that is tailored to each employee, and improved employees' evaluation of the ease of working in the Company. However,

there are still issues to be addressed in terms of employees' satisfaction with support for balancing childcare and nursing care responsibilities, and their evaluation of our efforts to promote diverse working styles.

To address these issues, we will consider enhancing and expanding the system.

Feedback from male employees who have taken childcare leave, and their superiors

 When I took childcare leave, there were few cases of male employees taking such leave, so I felt a little conflicted. However, after I took the leave, my subordinates also followed suit and took childcare leave, so I am glad to have set a precedent. Taking a break from work for a certain period of time allowed me to refresh myself, and after returning to work, I was able to think about work-life balance and I feel that I can now work more efficiently.

Percenta	ge of child	care l	eave taken
	FY2022		FY2023
Females	100%		100%
Males	15 %		41 %

 I feel that I am able to respond faster at work as taking childcare leave gave me greater emotional and mental leeway. Also, during my childcare leave, adjustments were made to personnel and work arrangements across departments, which I feel has led to greater personnel exchanges.

Promoting health management

We support the health of our employees from both the aspects of physical and mental health, through means such as subsidizing multiphasic health screening costs and screening costs for female-specific diseases, and introducing external EAP services. We were also selected for the Certified KENKO Investment for Health Outstanding Organizations Recognition

Program (Large Enterprise Category) for the second consecutive year since FY2022.

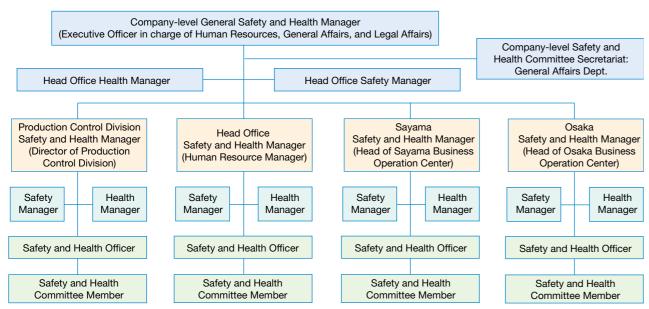
We also provide full premium subsidies for enrolling in health insurance as a welfare benefit for employees, based on the stance that "the families who support employees are just as important as the employees."

Safety and Health

Action Guidelines Safety First

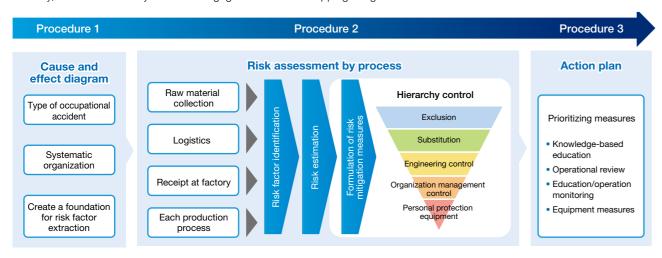
The Matsuda Sangyo Group has built communication channels for communicating, to the management, issues that threaten safety, such as accidents and near-miss incidents and the relevant corrective measures, or issues that have been identified. First, we identify on-site safety concerns in the four domains of sales, production/technology, logistics, and management/systems. These concerns are then shared at the safety and health committee within each domain, and efforts are advanced to resolve the issues. Furthermore, we have established a system under the Company-level Safety and Health Committee, through which we share the issues and initiatives in each domain and roll them out across the company as needed. To address safety issues, we apply the ISO Integrated Management System for remedial actions and record documentation. This allows us to build up initiatives from the past and incorporate them into our operational guidelines where necessary. By doing so, we can take active steps to prevent accidents and near-miss incidents.

Safety and health management organization structure for the whole company



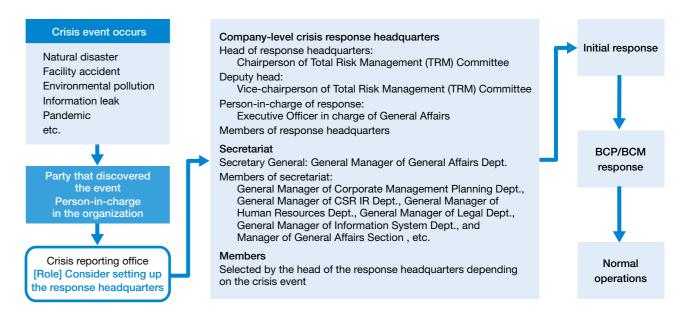
Safety management process based on RBA Code of Conduct

To ensure that all workers can engage in their duties safely and with peace of mind in the working environment in the electronics industry, efforts are made to disseminate the Code of Conduct established by the RBA (refer to p.56 for details) to companies and their primary suppliers. The Matsuda Sangyo Group is working on developing a system that supports and is aligned with the RBA Code of Conduct, which is an international standard based on a code of conduct that positions safety as the top priority. With the aim of creating a working environment for all workers, including expectant mothers and foreign workers, based on the premise of workplace diversity, we utilize hierarchy control to engage in activities for nipping danger in the bud.



Crisis system and training drills

The Matsuda Sangyo Group has compiled a list of various crisis events, including natural disasters, facility accidents, environmental pollution, and information leaks, and has documented the relevant organizations and procedures for responding to emergencies. In addition, we plan and conduct training drills every year based on the hypothetical occurrence of various events. By doing so, we repeatedly check and improve our procedures and strive to improve our response capabilities. We have built a system that allows us to respond swiftly and appropriately in the unlikely event of an emergency.



Topics

Scenes of various training drills









Lifesavina drill

Initial response drill for action in the event of a natural disaster

BCP training in the Production Dept.

Safety initiatives involving the local community

Matsuda Sangyo's production departments hold regular fire drills conducted by the Self-defense Fire Brigade. Fire drills are also conducted at Sayama Yard, which is the main base used by the Logistics Dept. Staff from the fire stations with jurisdiction over the area visit the premises to provide guidance on how to deal with incidents, and drills are conducted to ensure that employees are able to take appropriate action in the event of an emergency. Going forward, we will continue to conduct training drills to improve their precision, and further, conduct training drills for a wider scope of anticipated crisis events in order to build a system that will allow us to return swiftly to normal operations after an emergency occurs.

We also consider it necessary to make preparations so that in the unlikely event of an emergency, a part of the production departments' premises can be provided to local residents as a temporary evacuation site or for other purposes.





Co-existence with the Local Community

Matsuda Sangyo's business is directly linked to conservation of the Earth's environment and the building of a circular society, and we recognize that our business itself is a form of social contribution. By promoting communication and cooperation with local communities and local governments, we are working on advancing a socially meaningful business and expanding our social contribution.

Involvement in local communities

Factory open day in Seki (Seki City)

Seki City organizes Seki Factory Open Days to provide opportunities for many people, including local citizens, to experience first-hand the advanced technologies and quality products of local businesses in Seki City, and to foster pride and attachment to the city. Matsuda Sangyo supports this initiative and, in response to factory tour requests from the general public and junior high schools in the city for the purpose of learning professional values such as the meaning and value of work, challenges, and purpose in life, conducted a tour of the Seki Factory for 12 first-year junior high school students. During the tour, they observed the treatment processes for used products, including IT devices, and had hands-on experience for dismantling used computers. Through this initiative, they learned about the importance of cherishing limited resources.

Business Plus Exhibition in SEKI (Seki City)

The Business Plus Exhibition in SEKI is organized by Seki City, the Seki Chamber of Commerce and Industry, and others, with the aim of revitalizing trade, promoting business partnerships, further enhancing technological capabilities, and expanding sales channels for companies. Matsuda Sangyo set up a company booth at this exhibition as a part of our revitalization efforts with local companies. We also set up a booth at the workshop held concurrently to allow local high school students and local residents to experience dismantling used computers, thereby deepening their understanding of global environmental conservation and circular societies.







Accepting interns

The Iruma Manufacturers Association accepts internship requests (work experience inside companies) from senior high schools in the neighboring vicinity. In March 2024, Matsuda Sangyo welcomed five senior high school students as interns. During the period of their internship, they gained an understanding of our corporate philosophy and about the effective use of earth's resources in the Precious Metals Business Segment.

Cooperative relationship with offices that support continuous employment

Matsuda Sangyo's business activities are also supported by members of the local communities. We ask the NPO "Niji no Sato" Niji no Sato Welfare Workshop and the "Oruri" Continuous Employment Support B Office of the Social Welfare Corporation Habataki-kai, both located in Iruma City, to help extract X-ray films collected from hospitals across the country from their envelopes or bags, and to remove semi-conductor substrates for recycling from plastic packaging. In this way, we have built up a cooperative relationship with these facilities that span about 30 years. In 2014, we started cooperating with the Oasis Workshop of NPO "Budo no Kai" in Sayama City, and also started requesting Social Welfare Corporation Habataki-kai to carry out cleaning work within Matsuda Sangyo's Musashi No. 3 Factory. These efforts contribute to the development of both our Company and the local community.



Relationship with administrative bodies

Conclusion of agreement on "Conservation of Living Environment"

We have concluded, and are faithfully implementing, the Agreement on the Conservation of Living Environment with Iruma City, Saitama Prefecture based on the Iruma City Ordinance. This Agreement prescribes efforts based on the operational guidelines of "operations that minimize environmental burden," "operations that contribute to promoting recycling," and "operations based on cooperation with local residents" for the intermediate treatment of industrial waste carried out at our factories in Iruma City. We have also concluded a pollution prevention agreement with Seki City, Gifu Prefecture, based on the Gifu Prefectural Ordinance, and we are cooperating with Seki City on the conservation of regional environment in accordance with the environmental conservation agreement that we have concluded with the local government of Seki City where our factory is based.

Cleaning Day in cooperation with Iruma City

Matsuda Sangyo supports the objectives of the Citizens' Cleaning Day held on the first Sunday of June every year by Iruma City. Accordingly, we also conduct cleaning activities on a weekday in June every year. On the day, we clean the areas around Musashi Factory, Musashi No. 3 Factory, Iruma Factory, Iruma No. 2 Factory, and the R&D Center, and transport the garbage collected to the Iruma City General Clean Center by garbage collection trucks, in cooperation with the liaison committee of the industrial park. We also clean the area outside the Sayama Business Operation Center in Sayama City, Saitama Prefecture, voluntarily every month, and clean the area around the Seki Factory and Seki No. 2 Factory in Seki City as a part of the City's voluntary cleaning activity.





Participation in local community and government activities through affiliated organizations

Matsuda Sangyo's production-related business sites are affiliated with the organizations shown in the table below. Through our involvement in the various projects, such as events managed or organized by various local governments, we are fostering relationships of trust with each local government. In FY2023, we were recommended by the Iruma Manufacturers Association to receive an award as an "Excellent Environmental Conservation Business Site," presented by the Saitama Prefecture Environmental Conservation Liaison Council . Through the Iruma Manufacturers Association, we are also participating in Iruma City's decarbonization initiatives toward the realization of a "Zero Carbon City."

Iruma City	Iruma Manufacturers Association, Iruma Chamber of Commerce and Industry, Tokorozawa Labor Standards Council, Iruma City Crime Prevention Association for Offices, etc.
Sayama City	Sayama Chamber of Commerce and Industry, Tokorozawa Labor Standards Association, Sayama City Industrial Park Industrial Association, Sayama Fire Prevention Safety Association
Seki City	Seki Chamber of Commerce and Industry, Seki Techno Highland Liaison Council, Shimouchi Fureai Community Development Council
Kitakyushu City	Wakamatsu Atsumaru-kai



Contribution to the local community

Matsuda Sangyo aims to contribute to environmental conservation, supporting the development of the next generation, and the development of regional societies through cooperation with members of the local communities.

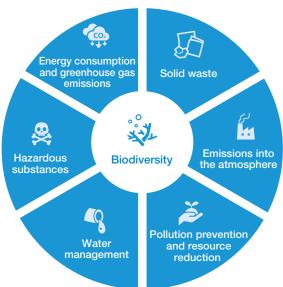
By cooperating with the local communities, we seek to promote employment and contribute to the growth and stabilization of the economy, address social issues, and create shared value.

Going forward, we will continue to participate actively in events in the vicinity of the Kitakyushu Factory, which has commenced full-scale operation, as we strive to contribute to the local community.

INTEGRATED REPORT 2024

MATSUDA SANGYO Co., Ltd.

Important environmental issues



The Matsuda Sangyo Group has established "striking a balance between reducing environmental burden and business growth" as an important matter of environmental materiality. Specifically, we are engaged in the seven efforts shown on the left.

To promote efforts to resolve these issues, the Precious Metals Business Segment has set out, and is working toward, environmental targets in its ISO management system.

Group-wide greenhouse gas emission reduction targets

		FY2030 (short-term)	FY2050 (long-term)
S	Scope 1+2	Compared to FY2020 42% reduction	Realization of
S	Scope 3	Compared to FY2020 25% reduction	carbon neutrality

Energy consumption and greenhouse gas emissions

Abnormal weather conditions are now intensifying around the world as a result of climate change, and these are having a severe impact on nature and human society. Scientific studies led by the Intergovernmental Panel on Climate Change (IPCC) have pointed out the strong possibility that it may no longer be possible to halt global warming if the average temperature rise of the world is not suppressed to 1.5°C below pre-industrial levels (around 1850).

The Matsuda Sangyo Group perceives climate change response, which leads to the realization of a sustainable society, as the mission of our company. In December 2023, we acquired certification for the SBT 1.5°C

target⁻¹, and we have set decarbonization targets for 2030 and 2050, which we are working on toward the realization of carbon neutrality.

Furthermore, in line with the TCFD'2 recommendations (refer to pp.50-51 for details), we are first working to quantify the financial impacts in order to reflect the risks and opportunities of climate change in our business activities.

In July 2023, we responded to the CDP^{'3} Climate Change Program Questionnaire and received a "B" rating ("B-" rating in 2022).



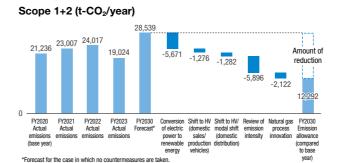
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

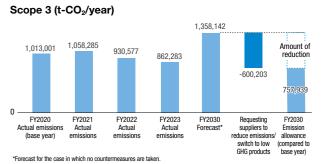
- *1 Science-based GHG emissions reduction target
- *2 Task Force on Climate-Related Financial Disclosures, established by the Financial Stability Board to promote information disclosure of climate-related risks and opportunities
- *3 A non-governmental organization (NGO) managed by a British charity that evaluates the initiatives and information disclosure by companies and local governments in the environmental field in three areas: climate change, water resources, and forest protection.

Changes in Group-wide energy consumption

			FY2020	FY2021	FY2022	FY2023	Unit
	Reclaimed oil	1,699	1,830	2,119	2,111		
		Heavy oil	172	119	17	0	
INPUT Energy		Natural gas	2,038	2,258	2,088	1,892	_
	Fnorm	Liquefied petroleum gas (LPG)	120	192	303	497	kl crude oil
	Effergy	Kerosene	27	24	20	20	equivalent
	Diesel fu	Diesel fuel	1,953	2,136	2,149	2,092	_
	Gasoline	39	49	33	42	_	
		Electric power	4,925	5,009	5,345	5,440	

Changes in Group-wide GHG emissions and breakdown of reduction targets





FY2023 Scope 3 emissions by category



Note: These aggregated results have received third-party assurance from Sustainability Accounting Co., Ltd.

FY2023 GHG emissions were calculated using IDEA Version 3.3*.

Energy consumption and CO₂ emissions of production bases (domestic)

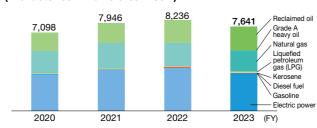
Energy consumption

The Matsuda Sangyo Group calculates GHG emissions for the entire Group and is advancing efforts to reduce emissions. However, as the production departments produce more than 60% of all GHG emissions generated by the Group, we are putting particular effort into reducing energy consumption. Total energy consumption in FY2024 across the five factories in Iruma (Iruma Factory, Iruma No. 2 Factory, Musashi Factory, Musashi No. 3 Factory, R&D Center) and the Seki Factory had decreased by 8% year on year.

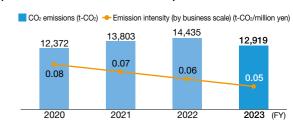
Carbon dioxide (CO₂) emissions

We are striving to reduce carbon dioxide (CO_2) emissions by improving our facilities and streamlining operations, among other efforts. In FY2024, emission intensity fell year on year due to a decrease in the basic emission volume of CO_2 and an increase in net sales in the Precious Metals Business Segment. In addition, adjusted CO_2 emissions, which take into account the use of non-fossil energy and the acquisition of credits, decreased by 51% year on year to 4,093 t- CO_2 due to the switching of electricity contracts to a fully renewable energy plan with effect from May 2023.

Changes in total energy consumption (kl crude oil equivalent) (five factories in Iruma area + Seki)



Changes in CO₂ emissions and emission intensity (five factories in Iruma area + Seki)



^{*} IDEA Version 3.3 is a database that can quantify the environmental burden of all products and services in Japan, including approximately 4,700 types of agricultural, forestry, fishery, and industrial products (emissions of chemical substances such as CO₂, NOx, SOx, PM2.5, arsenic, cadmium, chromium, and lead, and consumption of resources such as iron and copper).

TCFD

Disclosure based on TCFD recommendations

The Matsuda Sangyo Group discloses important climate-related information (governance, strategy, risk management, indicators, and targets) based on the TCFD recommendations

Governance

With a view to striking a balance between the realization of a sustainable environment, society, and economy, and enhancing the corporate value of the Matsuda Sangyo Group, we have established a Sustainability Committee under the direct supervision of the Board of Directors, for the purpose of facilitating the promotion of decisions and initiatives on important matters related to promoting sustainability management, including climate-related matters. The Sustainability Committee is composed of the Directors (including Outside Directors) and members nominated by the Board of Directors from among the Executive Officers. The President and Representative Director chairs the Committee. The roles of the Sustainability Committee are as follows: (1) formulation of overall policy; (2) deciding on important matters that should be addressed; (3) evaluation of risks and opportunities; (4) setting of targets; (5) formulation of action plans; and, (6) verification and monitoring of actions. It convenes regular meetings four times a year in principle, and the details of meetings are reported to the Board of Directors and the Audit and Supervisory Committee. The Board of Directors checks and supervises the important matters decided upon by the Sustainability Committee, including processes, while keeping in mind the need to strike a balance between social trends, particularly recommendations by international initiatives as well as domestic and overseas policies, with the business growth of the Matsuda Sangyo Group.

Note: Please refer to the Corporate Governance Structure (p.60) for details on the governance system.

Strategy

The Matsuda Sangyo Group has established "striking a balance between reducing environmental burden and business growth" as an important policy in the Medium-term Management Plan (FY2022–2025) announced in May 2022. We consider scenario analysis necessary for achieving this target, and we are reviewing the risks and opportunities brought about by climate change.

Analysis and evaluation of climate-related risks and opportunities

In climate scenario analysis, we set out two hypothetical scenarios: the 1.5°C scenario with increased risks for transitioning to a low-carbon/decarbonized society, and the 4°C scenario with increased physical risks accompanying climate change without achieving low-carbon/decarbonization goals. Based on these, we select the key drivers for our corporate Group and extract, evaluate, and identify the risks and opportunities.

With regard to the results of this analysis, the validity of the evaluation is checked and shared within the Sustainability Committee.

(Reference information for the scenarios)

- International Energy Agency (IEA), "World Energy Outlook"
- Intergovernmental Panel on Climate Change (IPCC), "Special Report on Global Warming of 1.5°C," "Special Report on Climate Change and Land"
- Ministry of the Environment, "Report on the Market Size and Employment of the Environmental Industry"
- World Resources Institute (WRI), "Aqueduct Water Risk Atlas 3.0," 2019

Note: Please refer to p.50 for details on the results of the climate change scenario analysis.

Risk management

The Matsuda Sangyo Group has established the Total Risk Management (TRM) Committee, under the direct supervision of the Board of Directors, to identify the actualization of risks that have a serious impact on our business and corporate management and to manage them as company-wide risks. The TRM Committee evaluates potential risks, carries out centralized management of company-wide risks, promotes response, and monitors the management status, among other activities, then reports the results of the activities to the Board of Directors and Audit and Supervisory Committee. The standard for risk evaluation is based on references such as the relevant laws and regulations and international standards, while climate change-related risks are based on references such as the IEA's "World Energy Outlook" and IPCC's "Special Report on Global Warming of 1.5°C." The probability of occurrence and degree of impact of potential risks are evaluated for each business and region, and company-wide risks that should be addressed as priority are identified. Through this method, we comprehensively evaluate the business risks of the corporate Group and formulate the response policy for risks of high priority. With regard to climate-related risks, we have drawn up two hypothetical scenarios (1.5°C scenario, 4°C scenario), based on which we select the key drivers for our corporate Group, and extract and evaluate risks and opportunities. The Sustainability Committee then verifies them and identify the risks, and we promote responses and monitor progress in an expert subcommittee established under the TRM Committee for the purpose of managing the risks recognized as important to the business and corporate management.

Note: For climate change-related risks that have been identified, we promote responses and monitor progress under the system detailed on p.60.

Indicators and targets

The Matsuda Sangyo Group established its greenhouse gas emissions reduction targets for the whole corporate group in July 2022.

Note: The targets are set out on p.49.

Main measures toward reduction:

- Improve energy consumption efficiency
- Expand the adoption of renewable energy (purchase of renewable energy, in-house power generation, PPA)
- Review and improve manufacturing and treatment processes (including fuel conversion, CO₂ capture)
- Introduce and update high-efficiency facilities
- Enhance the efficiency of logistics, modal shift, shift to HV for sales vehicles
- Provide products and services that can reduce environmental burden
- Cooperation through engagement with the supply chain

Scenario analysis based on TCFD recommendations

The impact of risks and opportunities is defined as follows.

¥100 million ≤ Medium < ¥1,000 million, ¥1,000 million ≤ High

Scenario	Classification	Key driver	Prerequisite	Implications for the Matsuda Sangyo Group	Impact (Medium- to long-term)
		Carbon pricing (carbon tax, emissions trading system, etc.)	Rise in prices in countries and regions	Food Business Segment Increased procurement costs Changes to/consolidation of suppliers Precious Metals Business Segment Increased procurement costs Less sales competition	Risk: Large
		Strengthening of CO ₂ emissions regulations (strengthening of regulations under the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy, etc.)	Promotion of energy transition to electricity Demand for rationalization of energy consumption	Across all businesses Increased capital investment Increased technological development costs Increased procurement costs	Risk: Medium
1.5°C	Policy/Legal regulations	Strengthening of regulations on agricultural land development; strengthening of emissions regulations on the FLAG (forestry, land, and agriculture) sector	Restrictions on new development of primary industrial areas in many countries to suppress the emission of greenhouse gases through land use and conversion Realization of appropriate distribution of forestry and agricultural products produced in optimal places through international trade, and improvements in production efficiency across the world Export restrictions and embargoes on food products Strengthening of compliance with social safeguards and environmental restrictions on the development of afforested areas and mining businesses toward illegal metal mining, which is one of the factors behind forest destruction	Food Business Segment Restrictions on supply and sales volume Decline in sales opportunities Increased procurement costs	Risk: Large
		Strengthening of regulations on waste generation	Expansion of target waste recycling utilization rate based on the 4th Fundamental Plan for Establishing a Sound Material-Cycle Society (Government of Japan) Technological development toward improving waste recycling utilization rate, and progress in investment Through the strengthening of policies toward the realization of a circular economy, particularly in Europe, the closed loop of "reuse, recycling, and sharing" creates many industries	Precious Metals Business Segment Increased demand for resource recycling	Opportunity: Medium
	Technology	Transition to low-carbon technologies (development of low-emission technology, and of products and services)	Products and materials reflect a circular business model that provides lasting value, such as recovery, reuse, and recycling after use Development of technologies to promote non-fer- rous metal recycling that uses energy resources which contribute to decarbonization, such as biomass, waste plastic, etc. toward carbon neutrality	Food Business Segment Decline in sales opportunities Precious Metals Business Segment Decline in sales opportunities due to a decrease in the amount of automotive catalyst used	Risk: Large
		products and services)	The amount of automotive catalyst used decreases with the widespread use of EVs over the long term	Precious Metals Business Segment Increased sales opportunities due to the widespread use of lithium-ion batteries	Opportunity: Medium
			Frequent occurrences of water shortage and	Precious Metals Business Segment Increased disaster readiness and reconstruction expenses	Risk: Large
		Rise in average tempera- ture; changes in rainfall	flooding around the world; comparing the end of the 20th and 21st centuries, the flood incidence in Japan has quadrupled	Food Business Segment Decline in operations at key suppliers, disruption of procurement and shipping routes Decreased yields of agricultural, seafood, and livestock products	Risk: Large
4°C	Physical changes (acute/	patterns	Reduced total workforce due to decline in labor productivity (The average rate of total workforce reduction in the 3°C scenario is predicted to be 25% in Asia and 16.7% in the Americas.)	Across all businesses Increased personnel expenses to cover the decline in labor productivity (need to increase personnel by 120% for 20% decline in productivity) Increased utility costs accompanying temperature rise	Risk: Large
	chronic)	Rise in sea levels	Tsunami hazard doubles with a 0.5 m rise in sea level (Frequency of high waves will increase to 7–15 days by 2030, and to 25–75 days by 2050) With regard to the food system, the risk of grain yield decreasing by more than 5% in a certain year, compared to current risk levels, will be 1.4 times in Asia and 1.9 times worldwide by 2050 In Asia, 40% of the land area is expected to undergo biome migration by 2050 (45% globally)	Across all businesses Increased disaster readiness and reconstruction expenses Relocation of customer bases Food Business Segment Less agricultural land, increased difficulty in securing habitats Decreased agricultural yield, increased difficulty in securing food resources Decline in sales Precious Metals Business Segment 10% decline in overseas sales	Risk: Large

Note: Risks and opportunities deemed to have a "small" impact in the analysis have been omitted as their impact is minor. The impact of TCFD risks and opportunities was revised in July 2024.



Emissions into the atmosphere



Hazardous substances



Pollution prevention and resource reduction

In FY2023, we controlled all of these factors within the scope of voluntary standards. In FY2024, we have set targets for each process and will proceed with reduction efforts under the ISO Environmental Management System.

Regulated substances such as hazardous substances in emission gas

Matsuda Sangyo has set voluntary standards that are more stringent than legal standards for the contained amount of regulated substances, such as hazardous substances in emission gas, and achieved all the standards.

Measurements in high-temperature oxidation reactor (as of February 15, 2024; and as of July 20, 2023 for dioxins)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis results
Dust	g/m³N	0.25	0.1	0.0046
SOx (sulfur oxide)	m³N/h	11.342	11.342	0.0025
NOx (nitrogen oxide)	ppm	250	180	60
CO (carbon monoxide)	ppm	_	_	1.7
HCI (hydrogen chloride)	mg/m ³ N	200	200	2.0
Dioxins	ng-TEQ/m³N	10	0.1	0.0000013
Ag (silver)	mg/m³N	_		0.0047

Note: The scope of measurements covered Musashi Factory and Musashi No. 2 Factory.

Measurements in a waste incinerator (as of January 19, 2024; and as of July 14, 2023 for dioxins)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis results
Dust	g/m³N	0.15	0.1	0.0018
SOx (sulfur oxide)	m ³ N/h	4.625	4.625	Less than 0.0028
NOx (nitrogen oxide)	ppm	250	180	86
CO (carbon monoxide)	ppm	100	100	2.4
HCI (hydrogen chloride)	mg/m³N	500	200	Less than 0.49
Dioxins	ng-TEQ/m ³ N	5	0.1	0.049

Note: The scope of measurements covered Musashi Factory, Musashi No. 2 Factory, and Iruma Factory.

Regulated substances such as hazardous substances in wastewater

Matsuda Sangyo has set voluntary standards that are more stringent than legal standards for the contained amount of regulated substances, such as hazardous substances in wastewater, and achieved all the standards.

Substances in wastewater (Musashi Factory: as of March 28, 2024; and Musashi No. 2 Factory: as of March 28, 2024)

Analysis items	(Unit)	Legal regulation	Voluntary standards	Analysis	results
Analysis items	(Onit)	Legal regulation	voluntary standards	Musashi Factory	Musashi No. 2 Factory
BOD*1	mg/l	600	540	1.0	6.9
COD*2	mgO/l	_	_	130	Less than 100
Cd (cadmium)	mg/l	0.03	0.027	Less than 0.003	Less than 0.003
CN (cyanide)	mg/l	1	0.9	Less than 0.1	Less than 0.1
Pb (lead)	mg/l	0.1	0.09	Less than 0.05	Less than 0.05
Cr6+ (hexavalent chromium)	mg/l	0.5	0.45	Less than 0.05	Less than 0.05
As (arsenic)	mg/l	0.1	0.09	Less than 0.01	Less than 0.01
Hg (mercury)	mg/l	0.005	0.0045	Less than 0.0005	Less than 0.0005
Se (selenium)	mg/l	0.1	0.09	Less than 0.01	Less than 0.01
F (fluorine)	mg/l	8	8	Less than 1	1.08
B (horon)	mg/l	10	10	Less than 1	Less than 1

^{*1} Biochemical oxygen demand *2 Chemical oxygen demand

Hazardous substances

Matsuda Sangyo handles various chemical substances in its precious metal smelting and waste detoxification processes.

In managing these chemical substances, Matsuda Sangyo positions the occupational health and safety for workers as a matter of top priority, based on which it approaches the important matters of reducing the discharge of hazardous substances to the air, water, and soil, and eliminating hazardous substances from products.

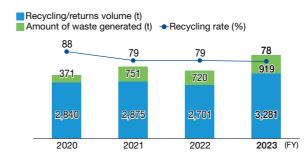
Quantity of class 1 designated chemical substances released/transferred (FY2023)

			Amount released			Amount transferred outside		
Chemical substance	(Unit)	Business site	Air	Water	Soil	Sewage systems	Waste	
Silver	kg	Musashi Factory	1.6	0.0	0.0	48	0.0	
		Musashi No. 2 Factory	19	0.0	0.0	4.8	0.0	
Oversides	l.e.	R&D Center	0.6	0.0	0.0	0.0	0.0	
Cyanides	kg	Iruma No. 2 Factory	28	0.0	0.0	0.0	0.0	
		Seki Factory	130	0.0	0.0	0.9	3.5	
Elizadelea	kg	Iruma No. 2 Factory	6.4	0.0	0.0	2.7	650	
Fluorides		Seki Factory	56	0.0	0.0	9.0	3,300	
Lead	kg	Musashi Factory	0.0	0.0	0.0	0.0	0.0	
Dioxins	mg-TEQ	Musashi Factory	0.0	0.0	0.0	0.0	0.0	
DIOXINS		Iruma Factory	2.4	0.0	0.0	0.0	0.0	
		Musashi Factory	0.0	0.0	0.0	0.0	0.0	
Ferric chloride	kg	Iruma No. 2 Factory	0.0	0.0	0.0	0.0	0.0	
		R&D Center	0.0	0.0	0.0	0.0	0.0	
		Musashi Factory	0.1	0.0	0.0	0.0	0.0	
Manganese compounds	kg	R&D Center	0.0	0.0	0.0 0.0	0.0		
Marauni and its compounds	lea	Musashi Factory	0.0	0.0	0.0	0.0	0.0	
Mercury and its compounds	kg	Iruma Factory	0.0	0.0	0.0	0.0	0.0	

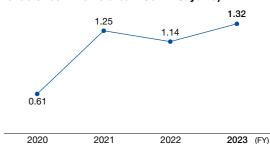
Solid waste

In FY2023, although the volume of waste generated and discharged to both recycling and landfill increased, changes to the treatment destination for some of the wastewater from processes that had previously been recycled led to an increase in the volume of industrial waste discharged to landfill, and a fall in recycling rate. In FY2024, we have set targets for each process and will proceed with reduction efforts by utilizing the ISO Environmental Management Program.

Changes in amount of waste generated and recycling rate (Five factories in Iruma area + Seki + Sayama)



Changes in waste discharge intensity (amount of waste discharged to landfill) (Five factories in Iruma area + Seki + Sayama)



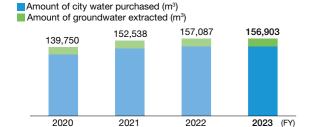
Volume of waste generated by each business site (FY2023)

	Requirements for busi- nesses that discharge a vast quantity of waste (excluding intermediate treatment)	Discharge (kg/year)								
		Musashi Factory	Iruma Factory	Iruma No. 2 Factory	R&D Center	Musashi No. 3 Factory	Seki Factory	Seki No. 2 Factory	Sayama Business Operation Center	Hidaka Yard
Specially	Discharge of 50,000 kg/ year; quantities shown in the brackets are for FY2022	573,388.0	0.0	555.0	0.0	0.0	94,700.0	0.0	0.0	0.0
		(481,714.0)	(0.0)	(1,208.0)	(0.0)	(0.0)	(8,450.0)	(0.0)	(8.0)	(0.0)
Industrial waste year; quan	Discharge of 1,000,000 kg/	28,017.0	52,022.0	85,090.0	0.0	5,380.0	466,760.0	6,600.0	36,857.0	194,540.0
	year; quantities shown in the brackets are for FY2022	(34,531.0)	(51,492.0)	(87,455.0)	(0.0)	(60,999.0)	(444,340.0)	(1,049.0)	(35,929.0)	(172,280.0)

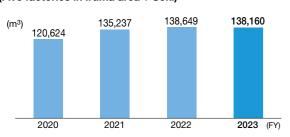


Water management

Changes in water usage (Five factories in Iruma area + Seki)



Amount of water discharged (sewage effluent) (Five factories in Iruma area + Seki)



In FY2023, the amount of water used and discharged were both at the same level as the previous year. In FY2024, we will proceed with reduction efforts by utilizing the ISO Environmental Management System.

Utilization of freshwater

Starting from this Integrated Report, we will be evaluating the amount of freshwater used, comprising of the volume of groundwater extracted in addition to the amount of city water purchased.

In FY2023, both the amount of city water purchased and the amount of groundwater extracted remained unchanged from the previous year.

Wastewater volume

The amount of wastewater discharged into the sewer systemin FY2023 also remained unchanged from the previous year.

Biodiversity

The Matsuda Sangyo Group has established biodiversity as one of seven items to address toward achieving our important environmental goal of "striking a balance between reducing environmental burden and business growth."

Mineral resources are vital toward enhancing convenience and enriching our lives. However, the extraction of such resources from mines carries the risk of causing problems concerning human rights and the environment.

In the Precious Metals Business Segment, we have been contributing to biodiversity since our founding days by recycling precious metals, a valuable resource, from urban mines* without any extraction activities.

In addition, we are developing biotopes at our factories in the Iruma area as habitats for creatures living in the area. We are also growing bananas, mangoes, and other crops within the factory premises of our overseas subsidiaries in Thailand and Vietnam (MST, MSV) At the newly established Kitakyushu Factory, we have placed a wide variety of plants all around the factory.

In the Food Business Segment, we handle products that have been certified with the Marine Stewardship Council's (MSC) blue Eco-Label for meeting its standards. Going forward, we will continue to expand the number of certified products and contribute to biodiversity.

In November 2023, we joined the Marine Eco-Label Japan Council. Going forward, we will continue to contribute to the creation of sustainable fishery systems that give consideration to the environment and ecosystems.

Living things making their habitat in Musashi Factory's biotope

Factory	Living things
Musashi Factory	Goldfish, killifish (black), loach, Yago drooping cherry tree, red tip photinia, persimmon, camellia, kumquat, azalea, sakurabara rose, water lily, mandarin orange, lily, Japanese boxwood, grass, snow willow, Japanese maple
Kitakyushu Factory	Umineko cherry tree, Yoshino cherry tree, Japanese holly, Japanese cinnamon, gardenia, Rhododendron pulchrum, Japanese pachysandra, Zoysia japonica, etc.
MST	Bananas
MSV	Mangoes







* A concept that regards industrial products accumulated on the ground as potential mineral resources lying dormant in cities

Environmental management system

Matsuda Sangyo operates an environmental management system based on the ISO 14001 certification, based on our Quality and Environmental Policy that is centered around the following five pillars: customer satisfaction first and securing the trust of society, compliance focus, striking a balance between reducing environmental burden and business growth, proper management of hazardous chemical substances, and accomplishment of the plan-do-check-act (PDCA) cycle.

Our Quality and Environmental Policy was revised in April 2023

We are also engaged in efforts in accordance with the Code of Conduct established by the RBA*.

* The Responsible Business Alliance (RBA) is a corporate federation whose purpose is to promote social responsibility in global supply chains. It aims to improve corporate social responsibility (CSR) in the areas of labor, health and safety, environment, ethics, and supply chain management.

Environmental accounting

Environmental conservation costs (classified by business activities)

Target period: April 1, 2023 - March 31, 2024

(Unit: Thousands of ven)

			•	
	Classification	Main initiatives	Cost	Amount of investment
	1 Pollution prevention cost	Maintenance and management of emission gas processing facilities, wastewater processing facilities, etc.	375,267	347,942
(1) Business area cost	2 Global environmental conservation cost	Energy conservation activities (solar power generation, power saving, etc.)	13,645	4,190
	3 Resource circulation cost	Processing/disposal of industrial waste (in-house, contracted)	304,923	16,998
(2) Upstream/downstream cost		_	0	0
(3) Administration cost		Management activities through the environmental management system	34,692	1,593
(4) R&D cost		Enhancing the efficiency of industrial waste processing	82,822	0
(5) Social activity cost		Local community cleaning activities	4,095	0
(6) Environmental remediation cost		_	0	0
Total			815,444	370,723

Third-party assurance for GHG emissions

The Matsuda Sangyo Group obtained third-party assurance for our calculations of GHG emissions in FY2023.



Kitakyushu Factory certified as a leading decarbonization company

The newly established Kitakyushu Factory has been certified as a leading decarbonization company under the Kitakyushu City Decarbonized Electricity Certification System promoted by Kitakyushu City. This certification is awarded in recognition of the factory's decarbonization initiatives, such as the expanded adoption of 100% renewable energy.





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Supply Chain Management

Basic approach

The Matsuda Sangyo Group is committed to fulfilling its social responsibility in the core areas of legal compliance, fair trade, environment, quality control and stable supply, human rights, and information security, with a view to bringing about the realization of a sustainable environment and society. At the same time, we will work on ensuring responsible procurement by building relationships of trust with our procurement partners, positioning coexistence and mutual prosperity as our foundation, and continuously promoting social responsibility across the entire supply chain.

Enactment of the Matsuda Sangyo Group Supplier Guidelines

In March 2023, we enacted the Matsuda Sangyo Group Supplier Guidelines based on the RBA* Code of Conduct, which set out international standards that serve as a guideline for responsible procurement activities, primarily for the electronics industry.

The Code of Conduct prescribed by the RBA is based on internationally recognized standards such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the ILO, and the UN Universal Declaration of Human Rights. It also serves as a standard for ensuring that the working environment in the supply chain is safe, and that business is conducted ethically and with respect for human rights and the environment. As such, we encourage our procurement partners to understand and comply with the Matsuda Sangyo Group Supplier Guidelines, which conform with RBA's Code of Conduct, with the aim of realizing a sustainable environment and society through the creation of a better workplace environment across the entire supply chain.

* The Responsible Business Alliance (RBA) is a corporate federation whose purpose is to promote social responsibility in global supply chains. It aims to improve corporate social responsibility (CSR) in the areas of labor, occupational health and safety, environment, ethics, and supply chain management.

Matsuda Sangyo Group Supplier Guidelines

>https://www.matsuda-sangyo.co.jp/ja/policy/supplier_guideline.html

Realization of a sustainable environment and society Anagement system Human rights Cegal compliance Supplier Guidelines Stable supply Environment Information security

Supplier engagement

Through the publication of the Matsuda Sangyo Group Supplier Guidelines and other initiatives, we ask for the understanding and cooperation of our business partners, and at the same time, work on building supplier engagement with our key business partners to strengthen relationships and achieve coexistence and mutual prosperity.

Steps for engaging suppliers

In engaging suppliers, Matsuda Sangyo places priority on the Precious Metals Business Segment, which is engaged in the provision of products and services.



Selection criteria for selecting key suppliers

We classify business partners that provide products (including materials made with precious metals) and services to Matsuda Sangyo Group into supplier categories based on the nature of the transactions, and carry out screening of suppliers based on our unique selection criteria (scale of transaction, certification by RBA, etc.) from the perspectives of comprehensiveness and importance. We then identify and select key primary suppliers as the targets for supplier engagement.

Approach to selecting key primary suppliers

Suppliers of direct materials	Top-tier customers and business partners that make up 80% of Matsuda Sangyo Group's (in Japan) transactional amount (as Matsuda Sangyo is in the recycling business, customers are also included).					
	On-site resident vendors On-site work contractors					
Suppliers of indirect	Temporary staffing and recruitment agencies					
materials	Supplier of main components and materials					
	Industrial waste processing company					

INTEGRATED REPORT 2024

MATSUDA SANGYO Co., Ltd.

DX Promotion

Policy

The Matsuda Sangyo Group is advancing a growth strategy based on the basic policy of "Strengthen management foundation to support and accelerate sustainable growth" set out in our Medium-term Management Plan (FY2022–2025). As a part of our efforts to strengthen our management foundation, we aim to reinforce our management functions and improve productivity by DX promotion. Additionally, we are also working to put in place information security measures in order to address the risks associated with the increasing permeation of the digital society.

Strategy

ERP renewal and proactive introduction of trending technologies

We will work to renew ERP as the foundation that underpins sustainable growth, and build a framework (processes, systems, human resources) that is capable of responding to changes. In addition to proactively introducing trending technologies, we will promote efforts to strengthen management functions and improve productivity through "digital democratization."

Furthermore, we will conduct DX literacy training for all employees to foster a corporate culture of DX.

Strengthening information security measures

We are working to strengthen our security measures by adopting the "Zero Trust" model" and applying the NIST Cybersecurity Framework" to combat increasingly sophisticated cyberattacks and the growing risk of information leakage.

In addition, we are developing technical measures, physical measures, and personnel measures in a well-balanced manner to ensure that the respective measures function more effectively.

- *1 Zero Trust: One of the approaches to security. It moves away from the conventional premise of "trusted internal networks" and verifies all accesses within and outside a network without trusting them.
- *2 NIST Cybersecurity Framework: A set of guidelines that presents a framework for mitigating organizational cyber risks. It is published by the U.S. National Institute of Standards and Technology.

2022 - 2025Strengthen management foundation Strengthen management functions A Soluctivity **DX** promotion Information security through the utilization of IT Oigital democratization

Age of digital normalcy

Initiatives

ERP renewal



- Completion of ERP renewal
- Building frameworks that are capable of responding to changes

Trending technologies —Strengthening management functions—



- Utilization of AI, BI (data-driven)
- Strengthening inter-organizational collaboration through the utilization of low-code development platforms

Trending technologies —Improving productivity



- Automation through RPA
- Greater efficiency through generative Al
- Utilization of cloud storage

Trending technologies —Strengthening management functions –



- Citizen development using trending technologies
- DX literacy education for all employees

Information security



- Technical measures (SASE, EDR, NGAV)⁻³
- Physical measures
 (locked control, entrance and exit management, surveillance cameras)
- Personnel measures
- (education, rules, systems)
- *3: Secure Access Service Edge (SASE): Refers to a new security framework concept that integrates security and network functions in an IT environment into a single cloud service.

Endpoint Detection and Response (EDR): Refers to cybersecurity technology that continuously monitors and responds to threats at the endpoints of computer systems.

Next-Generation Antivirus (NGAV): Refers to antivirus software that has enhanced detection accuracy compared to conventional antivirus software, achieved through the incorporation of technologies such as AI, machine learning, and behavioral detection.

Dawn of digital era

Corporate Governance

Approach to corporate governance

Matsuda Sangyo has built a management system aimed at responding swiftly to changes in the management environment, and to realize fair and highly reliable management. We also put effort into complying with laws, social norms, and ethics, and work to enhance our compliance system by providing timely education and training to all officers and employees, and take proactive steps to disclose information in order to enhance management transparency. In these ways, we strive to strengthen corporate management.

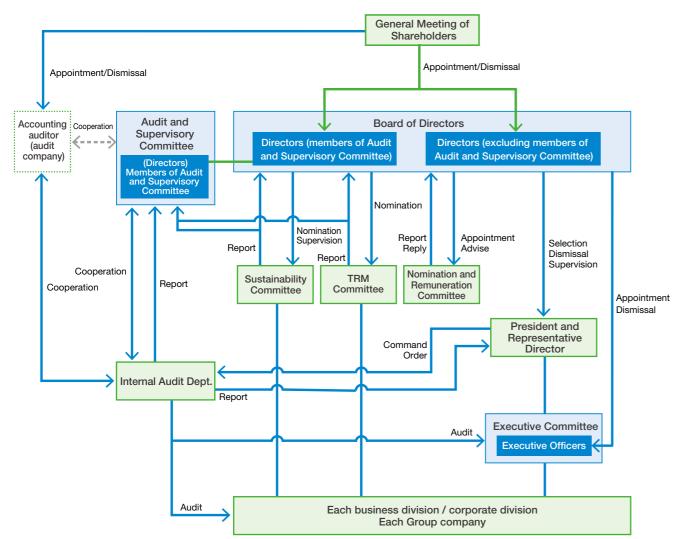
Corporate Governance Guidelines

Matsuda Sangyo enacted its Corporate Governance Guidelines in 2015, setting out a basic framework for the company's corporate governance. The Guidelines were established and are reviewed continuously for the purpose of pursuing the best corporate governance, in order to enable us to fulfill our social responsibility to our stakeholders through sustainable growth and enhancement of our corporate value.

Japanese version of Corporate Governance Guidelines (URL)

) https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance01.html

Organizational chart (as of June 26, 2024)



Corporate governance system

Matsuda Sangyo has adopted a company format with an Audit and Supervisory Committee to realize effective corporate governance and ensure transparency and fairness in our decision-making. We have also introduced an executive officer system to strengthen both our management and business execution functions, with a view to building a system that can respond more swiftly and appropriately to changes in the market environment. On top of that, we have also established a Nomination and Remuneration Committee, a Sustainability Committee, and a Total Risk Management (TRM) Committee to enhance corporate governance and strengthen risk management.

Board of Directors

The Board of Directors convenes a regular meeting once a month in principle, as well as extraordinary meetings where necessary. It deliberates and decides on important management matters including legal matters and supervises the status of business execution by each executive officer. Matsuda Sangyo's Board of Directors is made up of 11 members, comprising seven internal directors and four independent outside directors (of whom one is female). The independent outside directors make up more than one-third of the members of the Board.

Audit and Supervisory Committee

The Audit and Supervisory Committee convenes monthly, and supervises and conducts audits on the execution of duties by the directors, as well as the status of construction and operation of the internal control system, including compliance and risk management. It comprises four members (one full-time member, three part-time members), all of whom are independent outside directors.

Executive Committee

The Executive Committee convenes meetings once a month in principle to deliberate and decide on matters entrusted by the Board of Directors and other important matters related to the execution of duties. It is comprised of 13 executive officers.

Total Risk Management (TRM) Committee

The Total Risk Management (TRM) Committee anticipates, manages, and corrects risks in order to prevent the materialization of various risks that could have serious impact on corporate management, as well as to respond swiftly and precisely in the event of an emergency. These wide-ranging risks include compliance, environment, disaster, quality, information security, credit management, commodity market prices, foreign exchange control, and sustainability.

Sustainability Committee

The Sustainability Committee was established under the supervision of the Board of Directors with the aim of striking a balance between realizing a sustainable environment, society, and economy, and enhancing our corporate value. It primarily deliberates on the formulation of overall policy, deciding on important matters that should be addressed, evaluation of risks and opportunities, setting of targets, formulation of action plans, verification and monitoring of actions, and other matters to drive efforts to address sustainability issues. Matsuda Sangyo's Sustainability Committee consists of 15 members, nine of whom are directors including two independent outside directors, and six are executive officers.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established on June 28, 2023, as a voluntary advisory body of the Board of Directors to ensure independence, objectivity, and transparency in decisions pertaining to the nomination of candidates for directors and executive officers, and their remuneration. It convenes according to a predetermined annual schedule as well as extraordinary meetings as necessary. The Committee deliberates mainly on policies, procedures, and other matters related to the nomination and remuneration of directors and executive officers in response to consultations from the Board of Directors. It then reports or replies to the Board of Directors. Matsuda Sangyo's Nomination and Remuneration Committee consists of three members, two of whom are independent outside directors and one an inside director, creating a system in which independent outside directors form the majority.

Future outlook for corporate governance

Matsuda Sangyo will continue with efforts to strengthen governance by enhancing the activities of each committee. The governance of our overseas subsidiaries is positioned as an important activity among our future undertakings. With the

expansion of our Precious Metals Business Segment and Food Business Segment into global markets, we consider it important to strengthen the governance of our overseas subsidiaries, and we have commenced work on this area.

Corporate Governance

FY2023 Composition of Committees and Executive Committee

Name	Position	Audit and Supervisory Committee	Nomination and Remuneration Committee	Sustainability Committee	TRM Committee	Executive Committee
Yoshiaki Matsuda	President and Representative Director President Executive Officer		•	•		•
Koji Tsushima	Executive Vice President Executive Vice President Executive Officer				*	*
Ryuichi Yamazaki	Director Managing Executive Officer			*	*	*
Kenji Isawa	Director Senior Executive Officer			*	*	*
Takehiro Ueda	Director Executive Officer			*	•	*
Masayuki Wada	Director Executive Officer			*	•	*
Hidehito Imai	Director Executive Officer			*	*	*
Shinichi Hatakeyama	Director (Outside, Independent) Audit and Supervisory Committee Member	•		*		
Toshihiko Uchiyama	Director (Outside, Independent) Audit and Supervisory Committee Member	*	*			
Toshiyuki Kojima	Director (Outside, Independent) Audit and Supervisory Committee Member	*	*			
Reiko Miyata	Director (Outside, Independent) Audit and Supervisory Committee Member	*		*		
Yuichiro Shindo	Senior Executive Officer			*	*	*
Yuji Masui	Executive Officer			*	*	*
Yoshinori Tanaka	Executive Officer			*		*
Hiroyuki Kawamura	Executive Officer			*	*	*
Kazuo Ikeda	Executive Officer			*	*	*
Yasuyori Nishide	Executive Officer			*	*	*

Chairperson ■ Vice Chairperson ★ Member

Corporate Governance

Key experiences and expertise of directors (skill matrix)

Name	Position	Corporate management	Priority business and work experience	Finance and accounting	Legal affairs and risk management	HR, labor relations, and HR development	ESG (environment, society, governance, IT)
Yoshiaki Matsuda	President and Representative Director	•	•				
Koji Tsushima	Executive Vice President Executive Vice President Executive Officer	•	•				
Ryuichi Yamazaki	Director Managing Executive Officer	•	•				
Kenji Isawa	Director Senior Executive Officer	•	•			•	
Takehiro Ueda	Director Executive Officer	•	•	•			•
Masayuki Wada	Director Executive Officer	•	•		•	•	•
Hidehito Imai	Director Executive Officer	•	•				
Shinichi Hatakeyama	Director (Outside, Independent) Audit and Supervisory Committee Member			•	•		
Toshihiko Uchiyama	Director (Outside, Independent) Audit and Supervisory Committee Member			•	•		
Toshiyuki Kojima	Director (Outside, Independent) Audit and Supervisory Committee Member	•			•	•	
Reiko Miyata	Director (Outside, Independent) Audit and Supervisory Committee					•	•

Directors' remuneration (policy and procedures)

Policies and procedures related to the remuneration of directors will be reviewed in the Nomination and Remuneration Committee, and reports or responses are then submitted to the Board of Directors.

1. Policy for determining the remuneration of directors who are not members of the Audit and Supervisory Committee

The remuneration of directors who are not members of the Audit and Supervisory Committee consists of a fixed remuneration component and a retirement allowance (subject to a resolution at the Ordinary General Meeting of Shareholders and based on the Officer Retirement Allowance Regulations). The basic policy is to pay the full amount of remuneration on a monetary basis.

2. Procedures related to the determining of the amount of the fixed remuneration component for individual directors who are not members of the Audit and Supervisory Committee

- (1) A draft proposal on the amount of remuneration for individual directors who are not members of the Audit and Supervisory Committee is prepared at the request of the Nomination and Remuneration Committee, in consultation with the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on the standards established with consideration for the evaluation of the responsibilities each director should fulfill, their position, their years in service, their performance, and other factors. This draft is explained and proposed to the Nomination and Remuneration Committee.
- (2) The Nomination and Remuneration Committee deliberates on the draft and replies to the Board of Directors.
- (3) The President and Representative Director, who has been entrusted by resolution of the Board of Directors, respects the replies of the Nomination and Remuneration Committee, and notifies each director of the final amount of their individual remuneration.
- (4) If a decision is made that is different from the replies given by the Nomination and Compensation Committee, the Representative Director and President explains the reason thereof to the Nomination and Compensation Committee.

Corporate Governance

3. Policy regarding the timing for the payment of fixed remuneration for directors who are not members of the Audit and Supervisory Committee

The fixed remuneration of directors who are not members of the Audit and Supervisory Committee is paid out as a fixed monthly remuneration.

4. Procedures related to the determining of the amount of the retirement allowance component for individual directors who are not members of the Audit and Supervisory Committee

- (1) A draft proposal on the amount of retirement allowance for individual directors who are not members of the Audit and Supervisory Committee is prepared at the request of the Nomination and Remuneration Committee, in consultation with the President and Representative Director, Executive Vice President, and the Director in charge of Human Resources, based on the Officer Retirement Allowance Regulations. This draft is explained and proposed to the Nomination and Remuneration Committee.
- (2) The Nomination and Remuneration Committee deliberates on the draft and replies to the Board of Directors.
- (3) Based on resolution at the Ordinary General Meeting of Shareholders, the President and Representative Director, who has been entrusted by resolution of the Board of Directors, respects the replies of the Nomination and Remuneration Committee, and notifies each director of the final amount of their individual retirement allowance.
- (4) If a decision is made that is different from the replies given by the Nomination and Compensation Committee, the Representative Director and President explains the reason thereof to the Nomination and Compensation Committee.

5. Policy for determining the remuneration of directors who are members of the Audit and Supervisory Committee

The remuneration of directors who are members of the Audit and Supervisory Committee consists of a fixed remuneration, and the basic policy is to pay the full amount of remuneration on a monetary basis.

6. Procedures related to the determining of the amount of the fixed remuneration component for individual directors who are members of the Audit and Supervisory Committee

- (1) The amount of remuneration for individual directors who are members of the Audit and Supervisory Committee is deliberated by the Audit and Supervisory Committee based on a comprehensive evaluation of the responsibilities that members of the Committee should fulfill, their experience, expertise, and other factors. A draft is then prepared by the Audit and Supervisory Committee, which explains and proposes this draft to the Nomination and Remuneration Committee.
- (2) The Nomination and Remuneration Committee deliberates on the draft and replies to the Audit and Supervisory Committee.
- (3) The Audit and Supervisory Committee, taking reference from the replies of the Nomination and Remuneration Committee, determines the amount of remuneration for individual members with the unanimous agreement of all members of the Audit and Supervisory Committee.
- (4) If a decision is made that is different from the replies given by the Nomination and Compensation Committee, the Audit and Supervisory Committee explains the reason thereof to the Nomination and Compensation Committee.

7. Policy regarding the timing for the payment of fixed remuneration for directors who are members of the Audit and Supervisory Committee

The fixed remuneration of directors who are members of the Audit and Supervisory Committee is paid out as a fixed monthly remuneration.

Toward enhancing the effectiveness of the Board of Directors

Matsuda Sangyo conducts evaluations of the effectiveness of the Board of Directors, capturing the Company's vision for the Board of Directors and current challenges, with the aim of improving its operation and enhancing its functions. For details, please refer to the Japanese version of Corporate Governance Report (URL below).

> https://www.matsuda-sangyo.co.jp/ja/sustainability/governance/governance01.html

Overview of results of evaluation on effectiveness in FY2023

1) The selection of agenda items based on laws and internal regulations, as well as the frequency of meetings, the content of materials, and the deliberation time, etc. are appropriate. (2) Agenda items and management plans indicating the broad direction of the Company's corporate strategy, establishment of appropriate risk-taking and risk management systems, compliance-related matters, etc., are adequately discussed. (3) Adequate support is given to securing opportunities for providing information to each director and the Audit and Supervisory Committee, opportunities for obtaining advice from external experts, opportunities for collaborating with the internal audit section, etc. (4) Issues requiring consideration include enabling the early, prior sharing of detailed materials on the agenda items for the Board of Directors' meetings, and further enhancing training opportunities toward the acquisition and improvement of specialized knowledge.

Initiatives toward enhancing the effectiveness of the Board of Directors

In FY2023, we conducted seminars and briefings on current affairs as necessary to enhance the effectiveness of the Board of Directors. In FY2024, we will continue to address issues identified and work on strengthening both our supervisory and decision-making functions.

Risk Management

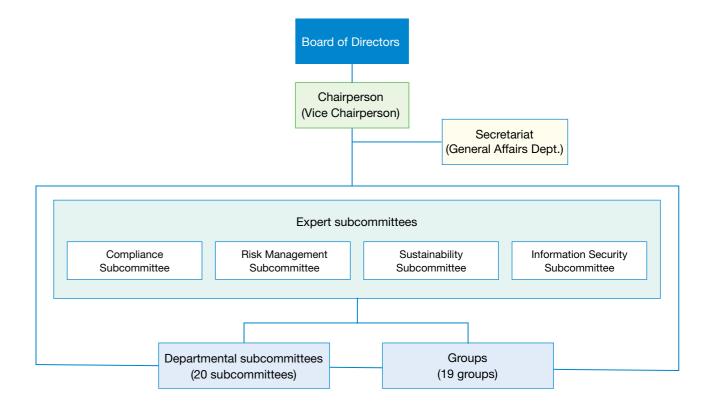
Internal control

Matsuda Sangyo has established an internal control system based on the Companies Act and the Regulations for Enforcement of the Companies Act. For details on the internal control system, please refer to the Japanese version of Securities Report (URL below).

Nttps://www.matsuda-sangyo.co.jp/ja/ir/library/securities.html

Risk management system

Matsuda Sangyo has established the Total Risk Management (TRM) Committee, supervised by the Board of Directors, as an organization for overseeing risk management for the entire corporate Group, including the subsidiaries. The TRM Committee undertakes risk management by preventing the emergence of various risks that have severe impact on corporate management, and taking swift and precise response in the event of an emergency. It also builds, operates, and evaluates the risk management system as well as conducts education and training, and reports on the results of these activities to the Board of Directors. The TRM Committee has established departmental subcommittees and groups to oversee the risks for each department. Within the departmental subcommittees and groups, the respective elements—incidence of occurrence, degree of impact on economic loss, and degree of detection—are evaluated on a five-step scale, and the multiplier of the result is quantified as the risk degree. The TRM Committee oversees the countermeasures, progress, etc. for important risks identified through this method. Expert subcommittees are established under the TRM Committee to manage cross-organizational and highly important risks, and the identification and evaluation of risks, development of countermeasures, monitoring, remedial actions, and education are conducted in a systematic manner. The management status, etc. of these risks is reviewed periodically and the results are reported to the Board of Directors and Audit and Supervisory Committee.



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Risk Management

Strengthening Group governance

With the aim of maximizing the value of the entire corporate Group, Matsuda Sangyo is working on strengthening Group governance, taking reference from the Practical Guidelines for Corporate Governance Systems (METI) and other guidance. Matsuda Sangyo's internal control system and the TRM Committee are established for the entire corporate Group, and the Regulations for the Management of Affiliated Companies sets out a system for managing subsidiaries by classifying the business divisions and corporate divisions respectively as "business management" and "administrative management."

Topics

Activities of the TRM Committee's expert subcommittees

Compliance Subcommittee

The Compliance Subcommittee evaluates the status of compliance with various laws and regulations related to business promotion through self-inspections, monitoring, regular evaluations, and audits, and puts in place measures as necessary. With regard to internal education, it sets themes periodically and conducts online training for all employees.

Since last fiscal year, the Legal Dept., which oversees the Compliance Subcommittee, has launched an internal portal site to communicate information on various laws and regulations and to enhance compliance operations.

Risk Management Subcommittee

In addition to conducting risk assessments, the Risk Management Subcommittee also works to enhance training so that employees are able to take swift and precise action when an event or incident occurs. Themes are set quarterly (four times a year) and training is conducted to improve proficiency in the areas of initial response and BCP response in the event that a risk manifests.

The Risk Management Subcommittee also works on reducing traffic accidents that mainly involve vehicles, and occupational accidents primarily in the production departments. It is putting effort into reviewing the Company's training systems and improving infrastructure.

Sustainability Subcommittee

The CSR IR Department, which manages the Sustainability Subcommittee, has established an internal portal site to improve the ESG literacy of all employees, and works to foster awareness by disseminating information on decarbonization, RBA, and other topics as well as sending out regular e-mail newsletters (twice a month).

Information Security Subcommittee

The Information Security Subcommittee strives to reinforce access management, takes company-wide measures to prevent information leakage, and evaluates these aspects on a regular basis.

In preparation for the unlikely event of an incident, it conducts periodic online training courses with different contents tailored to each job, with the aim of raising proficiency levels. Going forward, there are also plans to conduct incident response training, and it will strive to build a system that will enable the Company to respond appropriately in an emergency.

Future developments

The roles of each specialized subcommittee have changed significantly since their launch, moving from the implementation level of "evaluation" and "remedial action" to that of "prevention." We believe this is the result of the successful Group-wide permeation of the concepts of risk management and group governance.

Going forward, we will create further opportunities for education, upgrading, and training, and strive to eliminate risks while strengthening governance.

Significant business risks

The following are the primary risks identified as having the potential to have a significant impact on Matsuda Sangyo Group's financial position, operating results, and cash flow status. Note that forward-looking items referenced here are based on assessments made as of March 31, 2024.

as of March 31, 2024.		
Risks	Significant risk factors	Details
Price fluctuations for products and commodities	Foreign exchange Precious metals prices Commodity market conditions	The main raw materials used in the manufacturing of products handled by the Precious Metals Business Segment of the Matsuda Sangyo Group are recycled raw materials that contain precious metallic elements, primarily including gold, silver, platinum, and palladium. In principle, their purchase and sales prices are based on the market prices of precious metal bullion, and conditions in the international commodities market as well as foreign exchange fluctuations could impact these prices. The Matsuda Sangyo Group conducts forward transactions on commodities with the aim of avoiding market risks associated with price fluctuations. However, as complete avoidance for all volumes traded is difficult, price fluctuations could potentially impact business performance depending on the trends for precious metal prices during the manufacturing and inventory periods. The products handled by the Food Business Segment of the Matsuda Sangyo Group are materials and ingredients used for food processing, such as seafood products, livestock products, and agricultural products. The majority of these are produced overseas, so both purchase and sales prices are affected by commodity market conditions and foreign exchange fluctuations. The Matsuda Sangyo Group engages in forward exchange contracts and addresses these fluctuations by transferring them onto the sales prices. However, in the event of a decline in sales prices due to factors such as supply and demand balance of the products, there is a possibility of incurring losses, such as inventory asset write-down loss, which could potentially affect business performance.
Quality issues, etc.	Food labelling Contamination	The Food Business Segment of the Matsuda Sangyo Group adheres strictly to food labeling requirements in both purchasing and sale based on regulations, and takes thorough measures such as enhancing quality management guidance for overseas production areas and strengthening measures to prevent contamination. However, in the event of issues related to food safety, etc., or if measures such as import bans are implemented, they could potentially impact business performance.
Legal regulations	Environmental laws such as the Waste Management and Public Cleansing Law	In cases where legal regulations related to the Group's Precious Metals Business Segment are strengthened, it may be necessary to take on additional capital investment burden to deal with such situations. The Company and some Group companies are engaged in the businesses of collecting, transporting, and treating industrial waste as business operators based on the Waste Management and Public Cleansing Law, so compliance with various laws is an important premise for business continuity. As a part of our efforts to ensure compliance across all our management activities, the Matsuda Sangyo Group has enacted the Matsuda Sangyo Group Global Code of Conduct as the highest internal standard for our business activities and other social activities, as well as the Compliance Regulations which sets out provisions on matters toward the realization of compliance.
Management of waste, etc.	Environmental conservation Safety	The Group's Precious Metals Business Segment uses toxic and deleterious substances in the manufacturing process, so we undertake appropriate, environmentally conscious disposal for waste liquids and emissions into the atmosphere. However, if any issues arise in the management of these substances through accidents at factories or other incidents, it could potentially impact our business results.
Country risks	Political economy Social conditions	The Precious Metals Business Segment and Food Business Segment of the Matsuda Sangyo Group are engaged in business activities in various countries and regions outside of Japan. If unforeseen circumstances caused by environmental changes, such as political economy and social conditions, in these countries or regions, they could potentially impact our business results and financial position.
Natural disasters, climate change, and spread of infectious diseases, etc.	Earthquakes, floods, etc. Abnormal weather conditions Pandemic	The occurrence of natural disasters such as earthquakes and floods in countries or regions where the Matsuda Sangyo Group's Precious Metals Business Segment and Food Business Segment engage in business activities could have an impact on the Group's business activities. The Matsuda Sangyo Group introduces safety verification systems, conducts disaster drills, and puts in place various measures to ensure business continuity, in preparation for the occurrence of large-scale disasters. However, it is impossible to avoid damage completely, and such disasters could have an impact on our business results and financial position. Abnormal weather conditions due to climate change and other factors could also have an impact on the manufacturing of products handled by the Food Business Segment, and thereby affect our business results and financial position. The spread of unknown infectious diseases could also have an impact on our business due to the suspension of production activities. The Matsuda Sangyo Group strives to prevent the spread of infections among employees should there be an outbreak of an infectious disease, such as by implementing teleworking from home, staggered working hours, and shift work. At the same time, while we have established a supply system for products, commodities, and services, procurement and business activities could be interrupted or come to a standstill due to the spread of infections within or outside the company. This could have an impact on our business results and financial position.
Information security	System/communication disruptions Cyberattacks Information leaks	Many of the business activities conducted by the Matsuda Sangyo Group are facilitated by computer systems and communication networks. Disruptions, malfunctions, or defects in these systems and networks, as well as functional failures in data centers, could potentially disrupt our business operations and affect our business results. Additionally, the leakage of various forms of personal information, including customer data, due to cyberattacks or other unforeseen circumstances could potentially damage our social trust and incur significant financial burden. This could in turn impact the Group's business results and financial position.

Interviews with Outside Directors



Shinichi Hatakeyama
Director (Outside, Independent)
Audit and Supervisory Committee Member



Toshihiko Uchiyama
Director (Outside, Independent)
Audit and Supervisory Committee Member



Toshiyuki KojimaDirector (Outside, Independent)
Audit and Supervisory Committee Member



Reiko Miyata
Director (Outside, Independent)
Audit and Supervisory Committee Member

Interview

Q. Matsuda Sangyo transitioned from being a company with a Board of Auditors to a company with an Audit and Supervisory Committee in 2015. What kind of changes have taken place as a result, for example, with the audit methods and approach?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: I will start with a brief explanation. The Board of Auditor system was characterized by the fact that auditors are appointed independently. Audits of companies with an Audit and Supervisory Committee are conducted as team audits using an internal control organization. In this respect, information sharing and communication between members of the Audit and Supervisory Committee members are important. Opinion exchange sessions and hearings are also held with Directors and Executive Officers, and the scope of work covers not only accounting audits but also operational audits. This makes it possible to conduct considerably in-depth audits. Furthermore, since Audit and Supervisory Committee members are also Directors, an important characteristic of this company format is that they have voting rights at meetings of the Board of Directors. Uchiyama, Audit and Supervisory Committee member: I am aware of the view that having voting rights at meetings of the Board of Directors constitutes a self-audit. However, as we serve concurrently as independent directors of the Tokyo Stock Exchange, I consider the meetings of the Board of Directors

to be a good opportunity for expressing our opinions from the perspective of protecting minority shareholders, and I believe that this helps to make the audit work more effective.

Q. Matsuda Sangyo is a cross-industrial company comprising of the Precious Metals Business Segment and Food Business Segment. What are the risks and areas to pay attention to with regard to each of these businesses?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: Matsuda Sangyo engages in cross-industrial operations with the Precious Metals Business Segment and Food Business Segment, and we recognize that there are various risks due to the characteristics of each type of industry.

The risk of the Food Business Segment lies in securing suppliers

to ensure the stable provision of products. In procurement, there are also foreign exchange risks associated with importing products from all parts of the world, and quality assurance risks associated with the provision of safe and reliable products.

The Precious Metals Business Segment consists of the business engaged in the recovery and refining of materials made with precious metals, and the business engaged in the collection, transportation, and treatment of industrial waste. The precious metals business faces risks related to storage and conservation, as well as price fluctuations. In the industrial waste

business, we recognize that there are risks related to licenses and permits (compliance) and environmental measures.

Kojima, Audit and Supervisory Committee member: In cases where there are multiple business divisions, I believe a common risk is the tendency for them to become vertically divided. When making decisions on allocating management resources to divisions with different business environments, it is important to consider overall optimization for the company as a whole, based on a portfolio-centric perspective. I think that this is something we should pay attention to.

Q. Given the position and roles of an Outside Director, what are your thoughts on the supervision of management?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: I feel that we have a sound control environment, which serves as the premise for the Company's activities; we work to disseminate the President's views on management, undertake governance initiatives, and take a proactive approach to improving and operating internal controls. In addition, management decisions that arise from such an environment are undertaken speedily, and budgets are realistic. I believe the Company is engaging in highly reliable and secure management.

Uchiyama, Audit and Supervisory Committee member:

I believe that the role expected of an Outside Director is to

maintain independence and express their frank opinions.

Kojima, Audit and Supervisory Committee member: I agree with Mr. Uchiyama. I think it is necessary for an Outside Director to express his or her candid opinions frankly and openly. In particular, I think that there are expectations of Outside Directors to listen to the opinions of stakeholders, apply and incorporate them into management, and communicate them in a way that will enhance corporate value.

Miyata, Audit and Supervisory Committee member: Although the customs and rules that are unique to an organization may seem obvious to the people inside a company, an Outside Director can reinterpret them objectively. Therefore, I aim to proactively convey any matters I discover from that perspective. I believe that such discoveries will sow the seeds for the further growth of Matsuda Sangyo.

Q. I think that independent Outside Directors' opinions on management strategies are extremely important. Regarding the ongoing Medium-term Management Plan (FY2022–FY2025), how do you appraise the plan so far, what are your expectations of the future, and what challenges do you foresee?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: Firstly, we have achieved results by steadily clearing

Interviews with Outside Directors

the targets of the previous Medium-term Management Plan, and we believe that the management targets established for the current Medium-term Management Plan are achievable, even if they are challenging. Numerical targets have been established for net sales, operating profit, operating margin, ROA, and ROE. Of the numerical targets, operating profit is significantly affected by market conditions given the nature of our business, so it is important to consider how to stabilize the operating margin. Uchiyama, Audit and Supervisory Committee member: We are currently undertaking large-scale investments based on the Medium-term Management Plan. These investments are aimed at updating and expanding our management foundation, and I think that an important issue for the future is how to secure profits that are commensurate with these investments.

Q. With regard to the promotion of sustainability management, Matsuda Sangyo is implementing initiatives such as determining materiality items and targets, and monitoring efforts. Could you tell us your appraisal of the initiatives undertaken to date, as well as the challenges?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: Among the areas of sustainability management, greenhouse gas countermeasures in particular began with the Paris Agreement in 2015. However, we are aware that many companies in Japan have begun to address the issue in earnest after the Japanese government declared in 2020 its goal of achieving carbon neutrality by 2050. Matsuda Sangyo has established an organization, started learning more about this area, and is disseminating its understanding and the outcomes of these efforts to all employees through training and information sessions. As a result, we have reached a level that is on par with the leading companies, and I believe there is also a growing level of knowledge and understanding on the ground. Efforts are progressing smoothly, and I hope to see this level maintained and improved. The promotion of sustainability management is also established as an important policy in our Medium-term Management Plan, and we have established a Sustainability Committee, so we can expect efforts to be made through open discussion.

Miyata, Audit and Supervisory Committee member: When I was appointed as an Outside Director, Matsuda Sangyo was already working on sustainable management. Training is conducted for employees, and it seems that our business partners are also gradually gaining greater understanding of the concept. Since the very existence of our company is closely related to sustainability, I think it is important to further promote, to external parties, the fact that we are a company whose business itself is strongly tied in with sustainability, and that the efforts of each individual within the company are also connected in this regard.

Q. Matsuda Sangyo has established policies for human resource development and for the improvement of the internal environment to promote human capital management. What is your assessment of the efforts made so far, including the active participation of diverse human resources, and what do you think are some issues that may arise in the future?

Uchiyama, Audit and Supervisory Committee member: When the Company launched its initial public offering in 1995, one of the objectives was to secure and develop human resources. In recent years, greater emphasis has been placed on human resource development against the backdrop of a declining population. Fundamentally, human resource development has long been a matter of vital importance for the sustainable growth and development of the Company, and we recognize that human resource development plays a part in realizing the future of Matsuda Sangyo. Going forward, I hope that the Company will put even greater effort into human resource development.

Miyata, Audit and Supervisory Committee member: With regard to increasing the number of female employees in managerial positions as a way of enabling diverse human resources to play an active role, I think it is essential to put in place a backup system; specifically, study groups and training for those aiming to become managers, and support after their promotion to managerial positions. Moreover, as we are also hiring more mid-career employees, I think it is also important to help them understand the strengths of Matsuda Sangyo, and at the same time, to encourage them to express any doubts instead of keeping the questions to themselves. On top of that, it is necessary for the workplace to understand and accept them. Q: Corporate governance, with respect to remuneration for officers and the nomination of candidates for officers, is growing in importance. In light of that, Matsuda Sangyo has established a voluntary committee (Nomination and Remuneration Committee) as an advisory body to the Board of Directors. Although it has only been a short time since this Committee was established, how do you appraise its activities to date, and what challenges do you foresee in the future?

Uchiyama, Audit and Supervisory Committee member: The Audit and Supervisory Committee is required to approve candidates for Directors. I feel that becoming a member of the Nomination and Remuneration Committee has helped to add depth to the evaluation of each candidate, and to create an environment in which other Audit and Supervisory Committee members can approve nominations with confidence. As for remuneration, discussions have also begun on a compensation system that is appropriate for the times and environment, and results can be anticipated.

Kojima, Audit and Supervisory Committee member: The Committee was established in June 2023 and I have become one of its members. We are identifying issues in advance and

proceeding with discussions. Outside Directors are required to be independent, and I think that one of the achievements in the first year of the Committee was the abolition of bonuses for members of the Audit and Supervisory Committee. Future challenges include performance-linked compensation and stock compensation for executive officers. I feel that development of the management team is also an issue.

Q. Last but not least, as an independent Outside Director and Audit and Supervisory Committee member, what message would you like to convey to further improve our corporate governance, including improving the effectiveness of the Board of Directors?

Hatakeyama, Chairperson of the Audit and Supervisory Committee: I expect that a time will come in the future when we achieve net sales of 500 billion yen. It is essential to introduce a next-generation system that does not require much manpower, and this will always be accompanied by the issue of the human resources who are required to operate this system. In order to secure and develop human resources, I think it will also be necessary to increase wages as a foundation. Furthermore, from the perspective of fairness, I think we must clarify the rules for meting out due rewards and punishment.

Kojima, Audit and Supervisory Committee member: When receiving an explanation about a project, I think that we should always keep in mind the question of "making explanations on the reasons and justifications for implementing the project easy to understand."

Miyata, Audit and Supervisory Committee member: I think it is necessary to reliably accomplish the things that are taken for granted. At first glance, it may seem like nothing out of the ordinary, but it can be surprisingly difficult to reliably carry out actions such as the way we do our work, how we proceed, and our daily actions and behavior. For example, when explaining something, we may set a limitation by deciding that "this explanation is good enough." Re-examining it and proceeding reliably can increase our credibility. The accumulation of this effort will be one of the elements that will take Matsuda Sangyo to the next level. If there is anything that is not being implemented reliably, we hope that you will convey that and contribute to the further growth of Matsuda Sangyo.

Uchiyama, Audit and Supervisory Committee member: Enhancing corporate value is a significant issue that Executive Officers are constantly working on. However, as a member of the Audit and Supervisory Committee, I aim to fulfill my responsibility of ensuring that this accumulated corporate value is not damaged, and to strive to further enhance it.



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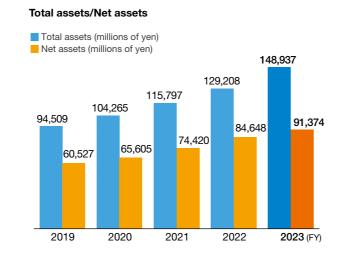
Financial/Non-financial Highlights

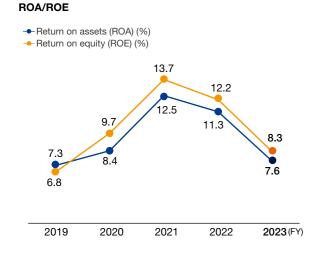
Financial highlights (consolidated)

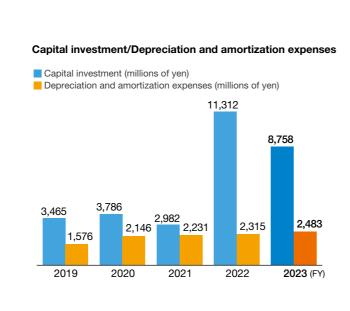
Net sales ■ Precious Metals Business Segment (millions of yen) Food Business Segment (millions of yen) 351,028 360,527 272,292 104,449 107,622 210,976 78,472 79,354 246,578 252,905 130,726 153,087 192,938

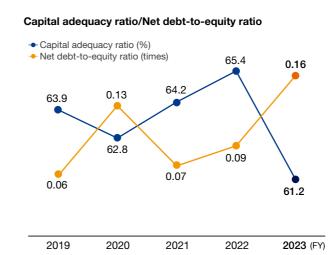


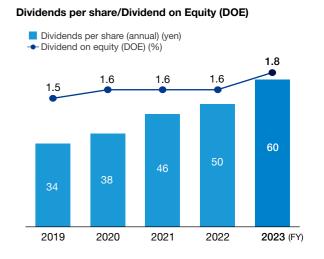
Profit/Earnings per share ■ Profit (millions of yen) - Earnings per share (yen) 366.40 371.70 280.20 7,286 4,046 2019 2020 2021 2022 2023 (FY)





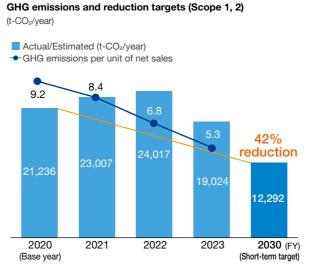


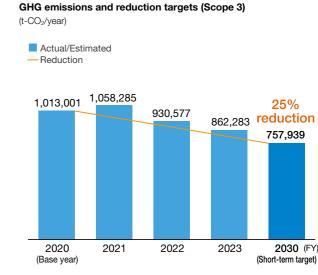


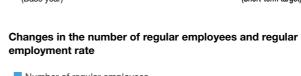


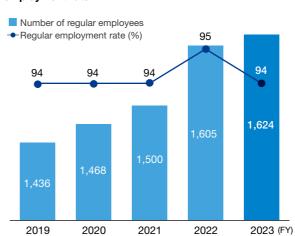
Non-financial highlights (consolidated)

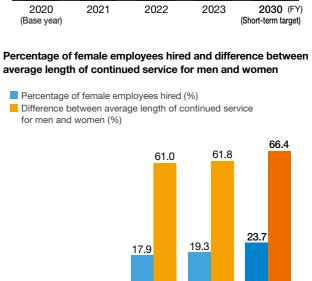
Changes in greenhouse gas (GHG) emissions, and emissions reduction targets











2021

2022

2023 (FY)

2019

2020

Financial/Non-financial Highlights

10-year financial summary

(millions of yen)

iscal year)	2014	2015	2016	2017
perating results				
Net sales	179,523	162,065	163,054	190,184
Gross profit	16,820	15,331	15,800	18,200
Selling, general and administrative expenses	11,409	12,206	12,839	13,322
Operating profit	5,410	3,125	2,960	4,877
Ordinary profit	5,832	3,782	3,459	5,142
Profit	3,342	2,573	2,454	3,459
Capital investment	995	1,302	2,160	2,356
Depreciation and amortization expenses	1,316	1,219	1,295	1,409
Research and development expenses	311	306	250	246
inancial position				
Total assets	73,035	69,546	72,326	80,261
Net assets	51,176	51,834	53,419	56,648
Interest-bearing debt	7,515	5,537	5,030	9,662
Cash flows				
Cash flows from operating activities	-1,413	8,593	811	-483
Cash flows from investing activities	-2,263	-1,421	-1,813	-2,262
Free cash flow	-3,676	7,172	-1,002	-2,745
Cash flows from financing activities	2,426	-3,274	-1,597	3,506
Per share data (yen)				
Earnings per share	125.61	97.23	93.21	131.37
Assets per share	1,923.86	1,967.65	2,027.45	2,149.11
Dividends per share	25	28	28	28
Other indicators				
Operating profit ratio (%)	3.0	1.9	1.8	2.6
ROE (%)	6.8	5.0	4.7	6.3
ROA (return on assets) (%)	8.3	5.3	4.8	6.7
Capital adequacy ratio (%)	70.1	74.5	73.8	70.5
Net debt-to-equity ratio (times)	0.03	-0.08	-0.03	0.04
DOE (%)	1.3	1.4	1.4	1.3

2018	2019	2020	2021	2022	2023
208,338	210,976	231,559	272,292	351,028	360,527
19,827	22,173	24,471	29,953	33,299	30,080
14,879	15,931	16,433	17,272	19,481	20,724
4,948	6,241	8,038	12,681	13,818	9,356
5,094	6,384	8,369	13,734	13,843	10,551
3,391	4,046	6,098	9,558	9,696	7,286
2,648	3,465	3,786	2,982	11,312	8,758
1,357	1,576	2,146	2,231	2,315	2,483
275	295	295	293	278	313
80,915	94,509	104,265	115,797	129,208	148,937
58,968	60,527	65,605	74,420	84,648	91,374
7,113	15,429	17,296	16,389	19,237	29,405
6,178	-422	185	7,032	10,646	1,833
-2,166	-2,674	-3,181	-2,521	-12,194	-7,956
4,012	-3,096	-2,996	4,511	-1,548	-6,122
-3,708	6,848	261	-2,261	1,382	8,084
128.77	153.66	232.68	366.40	371.70	280.20
2,236.35	2,294.82	2,510.64	2,848.19	3,238.61	3,515.61
30	34	38	46	50	60
2.4	3.0	3.5	4.7	3.9	2.6
5.9	6.8	9.7	13.7	12.2	8.3
6.3	7.3	8.4	12.5	11.3	7.6
72.8	63.9	62.8	64.2	65.4	61.2
-0.01	0.06	0.13	0.07	0.09	0.16
1.4	1.5	1.6	1.6	1.6	1.8

Company Overview (as of March 31, 2024)

Company overview

Corporate name: Matsuda Sangyo Co., Ltd.

Established: June 18, 1951

Shinjuku Nomura Bldg. 26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo Head office:

Tel: +81-3-5381-0001 (Main line)

President and Representative Director, Yoshiaki Matsuda Representative:

Capital: ¥3,559 million

Number of employees (consolidated): 1,624

https://www.matsuda-sangyo.co.jp/

List of offices and factories

Precious Metals Business Segment

Head Office / Sendai / Mito / Tokyo / Kanagawa / Shizuoka / Nagano / Kanazawa / Nagoya / Nagoya 2 / Osaka / Fukuyama / Fukuoka / Kagoshima

Food Business Segment

Head Office / Sapporo / Sendai / Kitakanto / Tokyo / Shizuoka / Nagoya / Osaka / Matsuyama / Fukuoka / Kagoshima / Quality Assurance Department (Tokyo)

Production Division

Musashi Factory / Musashi No. 2 Factory / Musashi No. 3 Factory / Iruma Factory / Iruma No. 2 Factory / R&D Center / Seki Factory / Seki No. 2 Factory / Kitakyushu Factory / Quality Assurance Department (Saitama)

Overseas business sites (subsidiaries)

Singapore / Ayutthaya, Thailand / Pinthong, Thailand (sales office) / Bangkok, Thailand / Philippines / Malaysia / Qingdao, China / Hung Yen Province, Vietnam / Ho Chi Minh, Vietnam / Taiwan / Taiwan (branch) / Republic of Korea / Mumbai, India / Indonesia

Overview of group companies

Precious Metals Business Segment

MATSUDA ECOLOGY Co., Ltd. JAPAN MEDICAL TECHNOLOGY Co., Ltd. HOKKAIDO AOKI KAGAKU Co., Ltd.

Z.E.R.O. JAPAN Co., Ltd.

NIPPON MICROMETAL CORPORATION

(equity method company)

Matsuda Sangyo (Singapore) Pte. Ltd. Matsuda Sangyo (Thailand) Co., Ltd.

Matsuda Sangyo (Philippines) Corporation Matsuda Sangyo (Malaysia) Sdn. Bhd.

SEAM Holdings (Thailand) Co., Ltd.

Matsuda Sangyo (Vietnam) Co., Ltd. Matsuda Sangyo (Taiwan) Co., Ltd. Matsuda Sangyo (Korea) Co., Ltd.

Food Business Segment

MATSUDA RYUTSU Co., Ltd.

Gulf Foods Co., Ltd.

Matsuda Sangyo Trading (Qingdao) Co., Ltd. Matsuda Sangyo Trading (Thailand) Co., Ltd. Matsuda Sangyo Trading (Vietnam) Co., Ltd. Matsuda Sangyo Trading India Private Limited

PT Matsuda Sangyo Trading Indonesia





Inquiries

CSR IR Dept.

Shinjuku Nomura Bldg. 26-2, 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0558 Tel: +81-3-5381-0728 Fax: +81-3-3349-0867