



FY3/22 Financial Statements [J-GAAP]

May 13, 2022

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)
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 Date of regular shareholders' meeting: June 28, 2022
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(Figures are rounded down to the nearest million yen)

1. FY3/22 Consolidated results (April 1, 2021 – March 31, 2022)

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

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/22	272,292	17.6	12,681	57.8	13,734	64.1	9,558	56.7
FY3/21	231,559	9.8	8,038	28.8	8,369	31.1	6,098	50.7

(Note) Comprehensive income: FY3/22 9,681 million yen (+51.3%) FY3/21 6,398 million yen (+166.5%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/22	366.40	—	13.7	12.5	4.7
FY3/21	232.68	—	9.7	8.4	3.5

(Reference) Equity in earnings or losses of affiliates: FY3/22 547 million yen FY3/21 289 million yen

(Note) Effective from the start of FY3/22, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 29), etc. The above amounts for FY3/22 reflect the new accounting standard.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/22	115,797	74,420	64.2	2,848.19
FY3/21	104,265	65,605	62.8	2,510.64

(Reference) Shareholders' equity: FY3/22 74,297 million yen FY3/21 65,494 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/22	7,032	(2,521)	(2,261)	11,379
FY3/21	185	(3,181)	261	8,803

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
FY3/21	—	18.00	—	20.00	38.00	919	16.3	1.6
FY3/22	—	22.00	—	24.00	46.00	1,095	12.6	1.6
FY3/23 (projections)	—	24.00	—	24.00	48.00		15.7	

3. Consolidated earnings projections for FY3/23 (April 1, 2022 – March 31, 2023)

(Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1H FY3/23	137,000	0.7	5,000	(31.2)	5,200	(33.6)	3,600	(34.2)	138.00
FY3/23	280,000	2.8	11,000	(13.3)	11,400	(17.0)	8,000	(16.3)	306.67

* Notes

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatement of revisions

1) Changes in accounting policies with revision of accounting standards:	Yes
2) Changes in accounting policies other than the above:	No
3) Changes in accounting estimates:	No
4) Restatement of revisions:	No

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares)	FY3/22	28,908,581 shares	FY3/21	28,908,581 shares
2) Number of treasury shares	FY3/22	2,822,619 shares	FY3/21	2,821,968 shares
3) Average number of shares during the period	FY3/22	26,086,263 shares	FY3/21	26,207,985 shares

(Reference) Summary of non-consolidated results

1. FY3/22 Non-consolidated results (April 1, 2021 – March 31, 2022)

(1) Non-consolidated operating results (Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/22	265,536	19.6	9,625	69.4	12,471	87.7	9,043	79.4
FY3/21	221,960	10.7	5,681	14.5	6,644	13.0	5,040	19.5

	Net profit per share	Diluted net profit per share
	(yen)	(yen)
FY3/22	346.68	—
FY3/21	192.33	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/22	103,856	64,927	62.5	2,488.97
FY3/21	93,747	57,188	61.0	2,192.26

(Reference) Shareholders' equity: FY3/22 64,927 million yen FY3/21 57,188 million yen

*This kessan tanshin document is outside the scope of audit procedures conducted by certified public accountants and the independent auditor.

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

This document contains earnings projections and other information that constitute forward-looking statements. These statements are based on reasonable assumptions and information currently available to the Company and provide no guarantee of future performance. Actual results may differ materially from forward-looking statements due to a number of factors.

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1. Operating results and others

(1) Analysis of operating results

Consolidated operating results	(millions of yen) [year-on-year comparison]		
Net sales	272,292	[+40,732	+17.6%]
Operating profit	12,681	[+4,642	+57.8%]
Ordinary profit	13,734	[+5,365	+64.1%]
Profit attributable to owners of parent	9,558	[+3,459	+56.7%]

During the consolidated fiscal year ended March 31, 2022, there were signs of a pickup in the global economy, led by the US and Europe, amid growing uptake of COVID-19 vaccinations. In Japan as well, the impact of the pandemic started to subside and there was a moderate recovery in corporate earnings, production activity and consumer spending. However, the outlook is increasingly uncertain due to supply-chain disruption caused by China's zero-COVID policy, rising energy and raw materials prices amid the Ukraine crisis, and the rapid weakening in the yen.

Against that backdrop, the Matsuda Sangyo Group (the Group) worked to prevent the spread of infection by prioritizing the health and safety of employees and all people associated with the Group, while also working to sustain and expand the business.

The precious metals business segment implemented marketing activities targeting the growing semiconductor and electronic device field and upgraded and expanded production sites in Japan and overseas to secure precious metals materials, boost sales of products such as precious metal chemical products, and expand the industrial waste treatment outsourcing business. In addition, the food business segment fulfilled its responsibility of ensuring stable supplies to customers by taking flexible and appropriate steps to address rising logistics costs and supply-chain disruption, and worked to expand sales volume by actively sourcing and supplying products that meet customer needs.

As a result, consolidated net sales increased 17.6% year on year to ¥272,292 million and operating profit rose 57.8% to ¥12,681 million. Ordinary profit, which includes share of profit of entities accounted for using equity method and other non-operating income, totaled ¥13,734 million, up 64.1% year on year, and profit attributable to owners of parent was ¥9,558 million, up 56.7% year on year.

The following is a summary of business by segment:

Consolidated results by segment	(millions of yen) [year-on-year comparison]					
Segment	Net sales		Operating profit			
Precious metals business segment	192,938	[+39,850	+26.0%]	10,350	[+3,516	+51.5%]
Food business segment	79,431	[+880	+1.1%]	2,330	[+1,125	+93.5%]
Eliminations or corporate	(76)			—		
Total	272,292	[+40,732	+17.6%]	12,681	[+4,642	+57.8%]

Precious metals business segment:

In the electronics sector, the key market for the precious metals business segment, production activity declined in the automotive sector and other industries due to a shortage of semiconductors, but production activity recovered in the semiconductor and electronic devices field, spurred by a pickup in the smartphone market and growth in telecom infrastructure construction due to the rollout of 5G. In addition, precious metals prices increased across the board amid uncertainty around supplies of precious metals due to the situation in Ukraine and inflation concerns.

Against that backdrop, sales and operating profit both rose compared with the previous fiscal year, reflecting increases in precious metal recycling volume and the amount of industrial waste treated on an outsourcing basis, and higher sales volumes for precious metals products and other products, as well as higher precious metals prices.

As a result, net sales for the precious metals business segment increased 26.0% year on year to ¥192,938 million, and operating profit rose 51.5% year on year to ¥10,350 million.

Food business segment:

In the food processing sector, the key market for the food business segment, conditions remained challenging overall amid rising raw material prices, higher logistics costs and the weakening yen. The business also faced continued risks to stable supplies of food ingredients amid growing disruption to global supply chains.

Against that backdrop, the food business segment reported higher sales and operating profit compared with the previous fiscal year. This reflected efforts by the business to stand out in the market by sourcing and supplying products that better meet customer needs and by leveraging its strengths in procurement to ensure stable supplies. Sales and profit growth was also supported by an increase in sales volumes for seafood products, livestock products and agricultural products, and by surging prices for some food commodities.

As a result, net sales for the food business segment totaled ¥79,431 million (up 1.1% year on year) and operating profit increased to ¥2,330 million (up 93.5% year on year).

(2) Analysis of financial position

Assets:

Current assets increased ¥9,591 million from the end of the previous fiscal year, mainly reflecting increases of ¥2,575 million for cash and deposits, ¥2,202 million for notes and accounts receivable – trade and ¥3,396 million for inventories. Non-current assets increased ¥1,941 million compared with the end of the previous fiscal year, mainly reflecting increases of ¥567 million for property, plant and equipment related to the installation and upgrade of equipment at the Group's plants and ¥1,115 million for investments and other assets. As a result, as of March 31, 2022, total assets increased ¥11,532 million year on year to ¥115,797 million.

Liabilities:

Current liabilities increased ¥4,248 million from the end of the previous fiscal year, mainly reflecting increases of ¥1,486 million for accounts payable – trade, ¥717 million for short-term loans payable and ¥1,420 million for income taxes payable. Non-current liabilities decreased ¥1,530 million from the end of the previous fiscal year, mainly due to a decrease of ¥1,588 million for long-term loans payable. As a result, as of March 31, 2022, total liabilities increased ¥2,718 million year on year to ¥41,377 million.

Net assets:

Net assets at the end of the fiscal year totaled ¥74,420 million, an increase of ¥8,814 million from the end of the previous fiscal year. The main factors were an increase in retained earnings of ¥8,692 million, which reflected ¥9,558 million profit attributable to owners of parent after cash dividends paid of ¥1,095 million. The increase in retained earnings includes an adjustment of ¥229 million at the start of the fiscal year related to the application of the Revenue Recognition Standard.

(3) Analysis of cash flows

As of March 31, 2022, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥11,379 million, an increase of ¥2,575 million year on year. The followings are the cash flow status under review and the factors during the fiscal period.

Cash flows from operating activities:

Operating activities provided net cash of ¥7,032 million, an increase of ¥6,847 million compared with net cash provided of ¥185 million in the previous fiscal year. This mainly reflected the difference between cash provided from profit before income taxes, depreciation and increase in accounts payable – trade on the one hand, and cash used for increase in notes and accounts receivable – trade, increase in inventories and income taxes paid on the other.

Cash flows from investing activities:

Investing activities used net cash of ¥2,521 million, a decrease of ¥660 million compared with net cash used of ¥3,181 million in the previous fiscal year. This mainly reflected cash used for the purchase of property, plant and equipment related to the installation and upgrade of equipment at the Group's plants and of intangible assets such as software.

Cash flows from financing activities:

Financing activities used net cash of ¥2,261 million, an increase in cash used of ¥2,522 million compared with net cash provided of ¥261 million in the previous fiscal year. This largely reflected cash used for the repayment of long-term loans payable and for cash dividends paid.

(Reference) Trend in cash flow indicators

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Shareholders' equity ratio	70.5	72.8	63.9	62.8	64.2
Shareholders' equity ratio on a market value basis	64.2	45.3	35.3	50.9	55.8
Ratio of interest-bearing debt to cash flow	—	1.2	—	93.2	2.3
Interest coverage ratio	—	111.2	—	2.6	106.4

(Notes) Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio on a market value basis: Total market value of shares/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest paid

* All the indicators are calculated using consolidated financial figures.

* The total market value of shares is calculated as the product of the share price and the number of issued shares, excluding treasury shares, at the end of the fiscal year.

* Cash flows from operating activities is the cash flows from operating activities shown in the consolidated statements of cash flows.

Interest-bearing debt is the total amount of debt shown in the consolidated balance sheets on which interest is paid. In addition, interest paid is the amount of interest paid shown in the consolidated statements of cash flows.

* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/18 and FY3/20 are not provided since cash flows from operating activities were negative.

* Effective from the start of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). After adopting the new standard, the Company also retroactively applied it to financial indicators for the fiscal year ended March 31, 2018 and prior fiscal years.

(4) Future outlook

Consolidated earnings projections (millions of yen) [year-on-year comparison]

Net sales	280,000	[+7,707	+2.8%]
Operating profit	11,000	[-1,681	-13.3%]
Ordinary profit	11,400	[-2,334	-17.0%]
Profit attributable to owners of parent	8,000	[-1,558	-16.3%]

In the fiscal year ending March 31, 2023, we expect economic activity to recover as the impact of the COVID-19 pandemic gradually subsides. However, the outlook is likely to remain uncertain due to the Ukraine situation and concerns about the impact of inflationary pressure on the economy. Against that backdrop, we have not factored in any impact on profits in the precious metals business segment from fluctuations in precious metals prices, but the business will work to increase the volume of precious metal recycling, product sales volume and the amount of industrial waste treated on an outsourcing basis by lifting competitiveness, targeting key customers in the electronics sector. In addition, the food business segment will work to increase sales volumes and secure earnings by adapting to changes in the market, such as concerns about supplies and rising logistics costs, while also accurately matching marketing activities to customer needs and standing out in the market as a stable procurer and supplier of safe and reliable food products, supported by the use of overseas business sites as well.

(5) Basic policy on distribution of profits and dividends for FY3/22 and FY3/23

The Company's basic policy on distribution of profits is to meet shareholder expectations by continuing to pay stable dividends while ensuring sufficient internal reserves to invest in growth.

Based on this policy, the Company plans to pay a year-end ordinary dividend of ¥24 per share. In combination with the interim dividend, dividends for the full fiscal year are expected to be ¥46 per share.

For the fiscal year ending March 31, 2023, the Company plans to raise the dividend to ¥48 per share, comprising an interim dividend of ¥24 and a year-end dividend of ¥24. In line with the basic policy, we will work to return profits to shareholders, taking into account a wide range of factors, including profit levels.

2. Basic stance on selection of accounting standards

For the time being, the Group intends to continue preparing consolidated financial statements based on Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparison with financial statements for other periods and financial statements disclosed by other companies. However, the Group will look into the possibility of adopting International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas and trends in accounting standard adoption by other companies.

3. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(millions of yen)

	FY3/21 (March 31, 2021)	FY3/22 (March 31, 2022)
Assets		
Current assets		
Cash and deposits	8,803	11,379
Notes and accounts receivable – trade	23,901	26,104
Merchandise and finished goods	26,578	27,202
Work in process	536	614
Raw materials and supplies	11,266	13,962
Accounts receivable – other	1,449	1,938
Others	4,073	4,918
Allowance for doubtful accounts	(128)	(45)
Total current assets	76,482	86,073
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,182	12,633
Accumulated depreciation	(5,729)	(6,061)
Buildings and structures, net	6,452	6,572
Machinery, equipment and vehicles	11,469	12,659
Accumulated depreciation	(8,288)	(9,294)
Machinery, equipment and vehicles, net	3,180	3,365
Land	8,736	8,768
Leased assets	1,814	1,723
Accumulated depreciation	(858)	(899)
Leased assets, net	955	824
Construction in progress	612	994
Others	1,458	1,537
Accumulated depreciation	(1,188)	(1,285)
Others, net	270	252
Total property, plant and equipment	20,209	20,777
Intangible assets		
Others	515	772
Total intangible assets	515	772
Investments and other assets		
Investment securities	4,947	5,484
Deferred tax assets	499	819
Others	1,642	1,895
Allowance for doubtful accounts	(30)	(25)
Total investments and other assets	7,058	8,174
Total non-current assets	27,783	29,724
Total assets	104,265	115,797

(millions of yen)

	FY3/21 (March 31, 2021)	FY3/22 (March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	9,744	11,231
Short-term loans payable	9,007	9,724
Current portion of long-term loans payable	1,488	1,588
Lease obligations	407	302
Income taxes payable	1,708	3,128
Provision for bonuses	976	1,012
Accounts payable - other	1,564	1,312
Others	4,448	5,292
Total current liabilities	29,343	33,592
Non-current liabilities		
Long-term loans payable	5,827	4,239
Lease obligations	566	535
Deferred tax liabilities	36	12
Provision for directors' retirement benefits	701	742
Provision for executive officers' retirement benefits	18	25
Net defined benefit liability	2,137	2,111
Others	28	117
Total non-current liabilities	9,315	7,784
Total liabilities	38,659	41,377
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	61,248	69,940
Treasury shares	(3,411)	(3,413)
Total shareholders' equity	65,404	74,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	617	580
Deferred gains or losses on hedges	(70)	(766)
Foreign currency translation adjustment	671	1,311
Remeasurements of defined benefit plans	(1,127)	(923)
Total accumulated other comprehensive income	89	202
Non-controlling interests	111	122
Total net assets	65,605	74,420
Total liabilities and net assets	104,265	115,797

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

	(millions of yen)	
	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Net sales	231,559	272,292
Cost of sales	207,088	242,339
Gross profit	24,471	29,953
Selling, general and administrative expenses	16,433	17,272
Operating profit	8,038	12,681
Non-operating income		
Interest income	6	9
Dividend income	27	33
Share of profit of entities accounted for using equity method	289	547
Purchase discounts	12	14
Insurance claim income	7	12
Foreign exchange gains	21	100
Subsidy income	18	367
Others	48	58
Total non-operating income	430	1,143
Non-operating expenses		
Interest expenses	69	56
Loss on retirement of non-current assets	17	15
Others	12	18
Total non-operating expenses	99	90
Ordinary profit	8,369	13,734
Extraordinary income		
Gain on sale of land	336	—
Total extraordinary income	336	—
Profit before income taxes	8,706	13,734
Income taxes – current	2,661	4,367
Income taxes – deferred	(68)	(203)
Total income taxes	2,592	4,163
Profit	6,113	9,570
Profit attributable to non-controlling interests	15	12
Profit attributable to owners of parent	6,098	9,558

(Consolidated statements of comprehensive income)

	(millions of yen)	
	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Profit	6,113	9,570
Other comprehensive income		
Valuation difference on available-for-sale securities	193	(36)
Deferred gains or losses on hedges	96	(697)
Foreign currency translation adjustment	(337)	540
Remeasurements of defined benefit plans	321	196
Share of other comprehensive income of entities accounted for using equity method	11	108
Total other comprehensive income	285	110
Comprehensive income	6,398	9,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,385	9,671
Comprehensive income attributable to non- controlling interests	13	10

(3) Consolidated statements of changes in shareholders' equity
 FY3/21 (April 1, 2020 – March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	56,069	(3,010)	60,626
Change of items during the period					
Dividends from surplus			(919)		(919)
Profit attributable to owners of parent			6,098		6,098
Purchase of treasury shares				(400)	(400)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	5,179	(400)	4,778
Balance at the end of the period	3,559	4,008	61,248	(3,411)	65,404

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	423	(164)	990	(1,447)	(197)	98	60,527
Change of items during the period							
Dividends from surplus							(919)
Profit attributable to owners of parent							6,098
Purchase of treasury shares							(400)
Net changes of items other than shareholders' equity	193	93	(319)	320	287	13	300
Total change of items during the period	193	93	(319)	320	287	13	5,078
Balance at the end of the period	617	(70)	671	(1,127)	89	111	65,605

FY3/22 (April 1, 2021 – March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	61,248	(3,411)	65,404
Cumulative effects of changes in accounting policies			229		229
Restated balance	3,559	4,008	61,477	(3,411)	65,634
Change of items during the period					
Dividends from surplus			(1,095)		(1,095)
Profit attributable to owners of parent			9,558		9,558
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	8,462	(1)	8,460
Balance at the end of the period	3,559	4,008	69,940	(3,413)	74,095

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	617	(70)	671	(1,127)	89	111	65,605
Cumulative effects of changes in accounting policies							229
Restated balance	617	(70)	671	(1,127)	89	111	65,835
Change of items during the period							
Dividends from surplus							(1,095)
Profit attributable to owners of parent							9,558
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	(36)	(695)	640	204	113	10	123
Total change of items during the period	(36)	(695)	640	204	113	10	8,584
Balance at the end of the period	580	(766)	1,311	(923)	202	122	74,420

(4) Consolidated statements of cash flows

	(millions of yen)	
	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	8,706	13,734
Depreciation	2,146	2,231
Increase (decrease) in allowance for doubtful accounts	72	(88)
Increase (decrease) in provision for bonuses	58	36
Increase (decrease) in net defined benefit liability	295	252
Increase (decrease) in provision for directors' retirement benefits	33	41
Increase (decrease) in provision for executive officers' retirement benefits	6	7
Interest and dividend income	(33)	(42)
Interest expenses	69	56
Share of (profit) loss of entities accounted for using equity method	(289)	(547)
Loss (gain) on sale of land	(336)	—
Decrease (increase) in notes and accounts receivable – trade	(4,045)	(2,026)
Decrease (increase) in accounts receivable – other	(328)	(485)
Decrease (increase) in inventories	(6,845)	(4,051)
Increase (decrease) in accounts payable – trade	1,918	1,126
Increase (decrease) in accounts payable – other	489	(403)
Others	597	158
Subtotal	2,515	10,000
Interest and dividend income received	82	131
Interest paid	(70)	(66)
Income taxes paid	(2,341)	(3,033)
Net cash provided by (used in) operating activities	185	7,032
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,466)	(2,189)
Proceeds from sale of property, plant and equipment	472	8
Purchase of intangible assets	(133)	(305)
Purchase of investment securities	(12)	(23)
Proceeds from sale of investment securities	4	8
Others	(45)	(20)
Net cash provided by (used in) investing activities	(3,181)	(2,521)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,958	646
Proceeds from long-term loans payable	1,500	—
Repayments of long-term loans payable	(1,493)	(1,488)
Cash dividends paid	(919)	(1,095)
Purchase of treasury shares	(400)	(1)
Others	(384)	(322)
Net cash provided by (used in) financing activities	261	(2,261)
Effect of exchange rate change on cash and cash equivalents	(113)	325
Net increase (decrease) in cash and cash equivalents	(2,848)	2,575
Cash and cash equivalents at beginning of period	11,652	8,803
Cash and cash equivalents at end of period	8,803	11,379

(5) Notes on consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; "Revenue Recognition Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. Under the new standard, the Company recognizes revenue when control of promised goods or services is transferred to a customer, with the amount expected to be received upon exchange of the goods or services recognized as revenue. Previously, revenue in the precious metals business segment and the food business segment was recognized as an aggregate amount. However, as a result of the application of the accounting standard, for goods or services for which the Group is deemed to have performed a role in supplying them to customers (directly or as an agent), net amounts are recognized for revenue for goods and services provided as an agent. In addition, the timing of the transfer of goods and services in the precious metals business segment and the food business segment has been aligned with contracts. Furthermore, in paid supply transactions in the food business segment, paid supply goods were recognized as extinguished under previous accounting treatment. However, for paid supply transactions with buyback obligations, paid supply goods are not recognized as extinguished.

The application of the Revenue Recognition Standard is subject to the transitional treatment provided for in the supplementary provisions of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of the retroactive application, if the new accounting policy is applied prior to the beginning of the fiscal year ended March 31, 2022, is added to or subtracted from retained earnings at the beginning of the fiscal year and the new accounting policy is applied to balances at the beginning of said period. However, the method stipulated in Paragraph 86 of the Revenue Recognition Standard has been applied, and the new accounting policy has not been retroactively applied to contracts for which almost all revenue had been recognized prior to the beginning of the fiscal year, in accordance with the previous accounting policy. In addition, the method stipulated in provision (1) of Paragraph 86 of the Revenue Recognition Standard has been applied. After conducting accounting procedures based on contract conditions and reflecting all changes in contracts made prior to the beginning of the fiscal year, the cumulative effect has been added to or subtracted from retained earnings at the beginning of the fiscal year.

As a result, for the fiscal year ended March 31, 2022, the application of the accounting standard reduced net sales by ¥19,378 million and increased operating profit, ordinary profit and profit before income taxes by ¥99 million. In addition, the balance of retained earnings at the start of the fiscal year increased by ¥229 million.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Standard, information on the breakdown of revenue generated from contracts with customers in the previous fiscal year is not shown.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies in the Fair Value Measurement Standard going forward. These changes had no impact on the consolidated financial statements.

(Segment information, etc.)

1. Overview of reportable segments

Reportable segments of the Company are structural units of the Company whose separate financial information is available, and are subject to regular examination by the Board of Directors so that they can decide on allocation of managerial resources and evaluate business performance.

The Company (or Matsuda Sangyo) established operation divisions respectively for products, merchandise and services in the head office. Each division formulates comprehensive domestic and foreign strategies to expand business for the corresponding products, merchandise and services.

The Company thus comprises product, merchandise and service segments built around operation divisions, and the precious metals business segment and food business segment are designated as reportable segments.

The precious metals business segment recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and processes industrial wastes. The food business segment sells and transports seafood products, agricultural products, livestock products, and other raw materials for food processing.

2. Calculation method for net sales, profits/loss, assets, liabilities and other items for each reportable segment

Accounting methods used for each reportable segment follow the accounting methods for the preparation of consolidated financial statements. Profit listed for each reportable segment refers to operating profit. Inter-segment sales/transfers are based on market value.

3. Information for net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY3/21 (April 1, 2020 – March 31, 2021)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	153,087	78,472	231,559	—	231,559
Net sales & remittances between segments	—	78	78	(78)	—
Total	153,087	78,550	231,638	(78)	231,559
Segment profit	6,833	1,204	8,038	—	8,038

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.

2. Total segment profit matches operating profit recorded on the consolidated statements of income.

FY3/22 (April 1, 2021 – March 31, 2022)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	192,938	79,354	272,292	—	272,292
Net sales & remittances between segments	—	76	76	(76)	—
Total	192,938	79,431	272,369	(76)	272,292
Segment profit	10,350	2,330	12,681	—	12,681

(Notes)

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

4. Information for net sales, profit/loss, assets, liabilities and other items for each reportable segment

As explained in “Changes in accounting policy,” the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended March 31, 2022. As a result, the method of calculation for profit and loss in business segments has also changed.

Compared with the previous method, in the fiscal year under review, the new method reduced sales in the precious metals business segment by ¥9,055 million and increased segment profit by ¥99 million. In addition, sales in the food business segment were reduced by ¥10,323 million, but there was no impact on segment profit.