



**Matsuda Sangyo Co., Ltd.**

Financial Results Briefing for the Fiscal Year Ended March 2022

May 25, 2022

## Event Summary

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<b>[Company Name]</b>	Matsuda Sangyo Co., Ltd.
<b>[Company ID]</b>	7456-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Earnings Announcement
<b>[Event Name]</b>	Financial Results Briefing for the Fiscal Year Ended March 2022
<b>[Fiscal Period]</b>	FY2021 Annual
<b>[Date]</b>	May 25, 2022
<b>[Number of Pages]</b>	30
<b>[Time]</b>	13:30 – 14:25 (Total: 55 minutes, Presentation: 41 minutes, Q&A: 14 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	3
	Yoshiaki Matsuda                      President
	Koji Tsushima                            Executive Vice President
	Yoshinori Tanaka                        Executive Officer/General Manager of CSR IR Department

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## Presentation

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**Moderator:** The time has come, so we will now begin the financial results presentation of Matsuda Sangyo Co., Ltd.

In light of the current situation, we have decided to hold this information session in a live webcast format with no audience.

First, I would like to introduce the three people we are welcoming from the Company, President Yoshiaki Matsuda; Executive Vice President Koji Tsushima; and Executive Officer/General Manager of the CSR IR Department Yoshinori Tanaka.

Today, Mr. Matsuda and Mr. Tanaka will give an overview of the financial results. Thereafter, Mr. Matsuda will give an overview of the new medium-term management plan.

Lastly, we will be available to take questions from those participating online at this time. If you have any questions, please enter them in the chat. Participants can enter questions during the presentation.

Now, Mr. Matsuda, please go ahead.

**Matsuda:** My name is Matsuda, President of Matsuda Sangyo Co., Ltd.

Thank you very much for taking time out of your busy schedules to attend and participate in our financial results briefing today.

I will now give an overview of the financial results for our 73rd fiscal year, FY2022.

The consolidated financial results are shown in the table below.

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## ○ 連結業績 (2022年3月期)

単位：億円

	21/3期通期 (前期)	22/3期通期 (当期)	前期比 増減(率)		23/3期通期 (来期予想)	当期比 増減予想(率)	
			増減	増減(率)		増減	増減(率)
売上高	2,315	2,722	407	17.6%	2,800	77	2.8%
営業利益	80	126	46	57.8%	110	▲16	▲13.3%
営業利益率	3.5%	4.7%	+1.2%pt	—	3.9%	▲0.7%pt	—
経常利益	83	137	53	64.1%	114	▲23	▲17.0%
税引前利益	87	137	50	57.8%	—	—	—
当期純利益	60	95	34	56.7%	80	▲15	▲16.3%

- ・ 2022年3月期の業績は、貴金属関連事業、食品関連事業ともに取扱数量が想定を上回り前期比増収増益を達成。
- ・ 売上高、営業利益、経常利益、当期純利益は、過去最高の実績。

(注) 2022年3月期の期首より、「収益認識に関する会計基準」(企業会計基準第29号)等を適用し、売上高は当該会計基準等を適用した後の金額となっております。

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Consolidated net sales for the current fiscal year increased 17.6% YoY to JPY272.2 billion and operating income increased 57.8% to JPY12.6 billion, as both the precious metals-related business and food-related business performed well, with handling volumes exceeding expectations.

Ordinary income increased 64.1% YoY to JPY13.7 billion, including subsidy income and equity method investment gains from NIPPON MICROMETAL in which we hold a 30% stake.

As a result, current net income attributable to owners of the parent increased 56.7% YoY to JPY9.5 billion. Net sales and profits at each stage during the period were the highest ever recorded.

The consolidated financial results are outlined above.

The material you are looking at also includes the earnings forecast for the FY2023, which was announced on May 13. We will touch on this later.

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## セグメント別の業績 (2022年3月期)

### 貴金属関連事業

単位：億円

	21/3期実績 (前期)			22/3期実績 (当期)			前期比増減	
	上期	下期	累計	上期	下期	累計		
売上高	730	800	1,530	967	962	1,929	+398	+26.0%
営業利益	32	35	68	59	44	103	+35	+51.5%
営業利益率	4.5%	4.5%	4.5%	6.1%	4.6%	5.4%	+0.9%pt	-

- ・売上高は、前期比26.0%増収。営業利益は、前期比51.5%増益。
- ・電子デバイス分野の生産活動好調により、貴金属リサイクル取扱量及び貴金属製品等の販売量が全般的に増加。
- ・全体的な貴金属相場が上昇。
- ・産業廃棄物の処理は、処理受託が増加。

(注) 2022年3月期の期首より、「収益認識に関する会計基準」(企業会計基準第29号)等を適用により、従来の方法に比べて、売上高は90億円減少、営業利益は1億円増加しております。

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Next, I will explain our performance by segment.

The first is the precious metals business segment.

Sales in this segment increased 26% YoY to JPY192.9 billion, and operating income increased 51.5% to JPY10.3 billion. In the electronic device manufacturing industry, the main customer base for this business, demand for electronic devices remained strong due to the recovery of the smartphone market and the development and expansion of telecommunications infrastructure, despite the impact of lower automobile production due to the shortage of semiconductors.

Under these circumstances, our group saw an overall increase in the volume of precious metal recycling handled and sales of precious metal products. In addition, there were follow-up factors such as the price advances in the precious metals market, which led to a significant increase in sales and profit compared to the previous year.

In addition, the volume of industrial waste handled by contracted disposal companies is also increasing.

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## セグメント別の業績 (2022年3月期)

### 食品関連事業

単位：億円

	21/3期実績 (前期)			22/3期実績 (当期)			前期比増減	
	上期	下期	累計	上期	下期	累計		
売上高	386	398	784	393	400	793	8	1.1%
営業利益	4	8	12	13	9	23	11	93.5%
営業利益率	1.0%	2.0%	1.5%	3.5%	2.4%	2.9%	1.4%pt	-

- ・売上高は、前期比1.1%増収。営業利益は、前期比93.5%増益。
- ・原材料価格や物流コストの上昇、円安が影響し、厳しい市場環境。
- ・多様化する顧客ニーズに応えた商品提案や安定供給により水産品、畜産品、農産品の販売量の増加。

(注) 2022年3月期の期首より、「収益認識に関する会計基準」(企業会計基準第29号)等を適用により、従来の方法に比べて、売上高は103億円減少、営業利益に影響はありません。

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Next is the food business segment.

Sales in this segment increased 1.1% YoY to JPY79.3 billion, and operating income increased 93.5% to JPY2.3 billion.

In the food manufacturing industry, the main customer base for this business, economic activity, which had been stagnant due to the spread of COVID-19, showed signs of recovery. However, conditions were difficult due to rising raw material prices and distribution costs, as well as the weak yen. In addition, supply chain disruptions continue to occur against the backdrop of China's zero-coronavirus policy and other factors.

Under these circumstances, our group made efforts to propose finely-tuned products and ensure stable supply in response to extremely diversified customer needs in terms of quality, price, and supply. As a result, sales volume of marine products, livestock products, and agricultural products increased in general, resulting in higher sales and profits compared to the previous fiscal year.

Due to the revenue recognition standard applied from the current fiscal year, the increase in net sales was marginal, but operating income increased significantly due to the expansion of sales volume.

As there will be a supplementary explanation later, the increase in operating income also includes the one-time impact of favorable conditions in some commodity markets.

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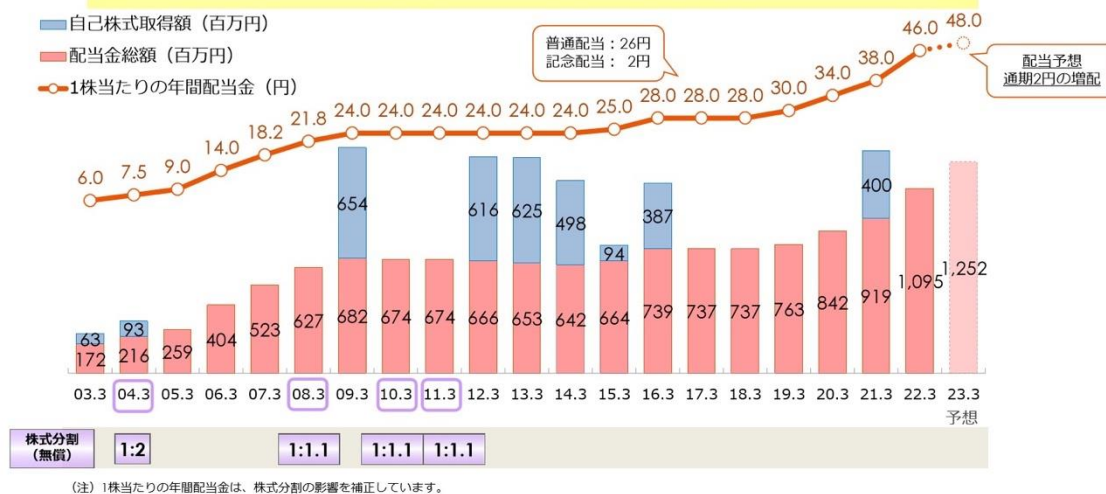
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The CSR & IR Department will provide other explanations, and I will now explain shareholder returns.

Under basic capital policy, we will return profits to shareholders by paying stable and sustainable dividends, thereby meeting shareholders' expectations.

For FY2022, we plan to pay an interim dividend of JPY22 per share and a year-end dividend of JPY24 per share, an increase of JPY2 from the forecast announced last November, taking into consideration the fact that we achieved our highest profit during the fiscal year, which marked the 20th anniversary since our listing on the First Section of the Tokyo Stock Exchange. As a result, we plan to increase the full-year dividend by JPY8 compared with the previous fiscal year.

For FY2023, we forecast an interim dividend of JPY24 and a year-end dividend of JPY24, for a total annual dividend of JPY48. Including the forecast for the next fiscal year, this will be the fifth consecutive year of dividend increases.

The CSR & Investor Relations Department will continue with an explanation of the details of the financial results and the status of capital investment.

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## 連結貸借対照表・キャッシュ・フロー計算書

単位：億円

(連結)		21.3期末	22.3期末	増減	主な増減要因
資産合計	流動資産	764	860	+95	現金及び預金、売上債権、棚卸資産
	固定資産	277	297	+19	工場設備の新設及び更新
		1,042	1,157	+115	
負債合計	流動負債	293	335	+42	買掛金、短期借入金
	固定負債	93	77	▲ 15	
	うち有利子負債	172	163	▲ 9	
		386	413	+27	
純資産合計		656	744	+88	
負債純資産合計		1,042	1,157	+115	
自己資本比率		62.8%	64.2%	-	

	21.3期	22.3期	増減
営業キャッシュ・フロー	1	70	+68
投資キャッシュ・フロー	▲ 31	▲ 25	+6
フリーキャッシュ・フロー	▲ 29	45	+75

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**Tanaka:** This is Tanaka, Executive Officer in Charge of Investor Relations.

I will explain the details of the financial results, including the consolidated balance sheet, cash flow statement, sales by segment, operating income, full-year forecasts, and capital expenditures.

The first will be the consolidated balance sheet.

Total assets increased by JPY11.5 billion from the end of the previous period to JPY115.7 billion. Current assets increased JPY9.5 billion due to increases in cash and deposits, notes and accounts receivable, inventories, and other current assets. Fixed assets increased JPY1.9 billion due to the construction of new production facilities and machinery.

Current liabilities increased JPY4.2 billion due to increases in accounts payable, short-term loans payable, and income taxes payable. This was more than offset by a decrease in long-term liabilities due to the repayment of long-term debt and other factors, resulting in a total of JPY41.3 billion, an increase of JPY2.7 billion from the end of the previous period.

Net assets increased JPY8.8 billion from the end of the previous period to JPY74.4 billion, mainly due to an increase in retained earnings. The increase in retained earnings includes an adjustment of JPY200 million at the beginning of the period due to the adoption of the revenue recognition standard.

The cash flow results are as you currently see them, based on the financial results and balance sheet position.

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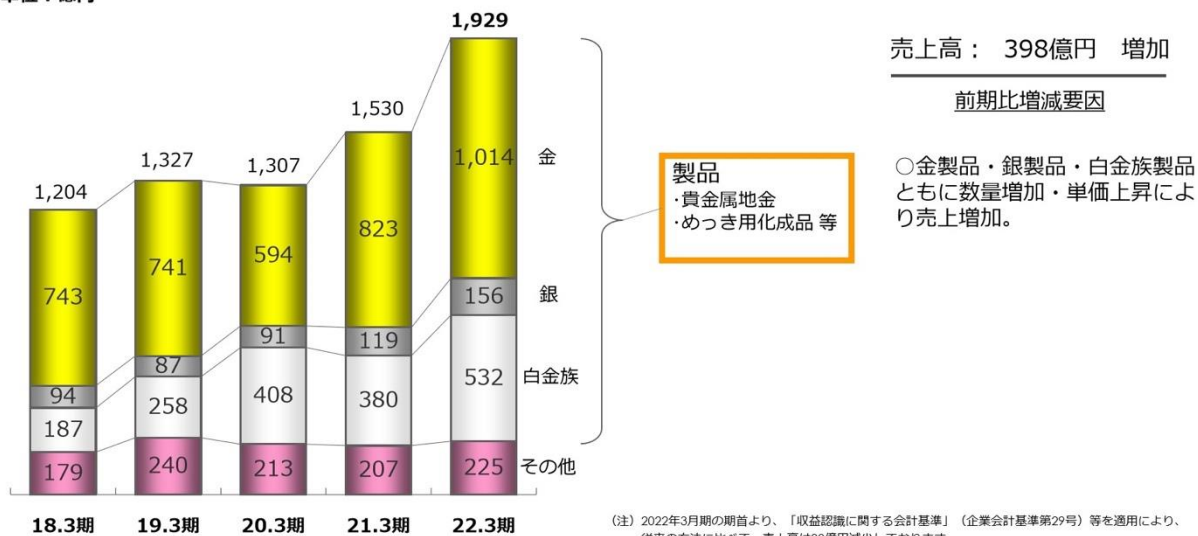
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## 品目別売上高の推移 <貴金属関連事業>

単位：億円



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Next, I will explain the details of sales by segment.

First, the precious metals business segment.

Net sales in this segment increased 26% YoY to JPY192.9 billion. The products we manufacture, such as precious metals and chemical products, account for approximately 90% of the total sales of this business, and are classified into gold, silver, and platinum group products, which I will explain in detail.

The composition of sales is summarized in the graph below for your reference.

Gold products, which account for more than 50% of sales, increased 23% YoY to JPY101.4 billion. As mentioned earlier, the main reason for the increase in sales was the increase in the volume of recycling handled due to strong production in the electronic device field and aggressive sales activities in Japan and overseas, as well as an increase in inquiries about our products and a steady increase in sales volume. The unit sales price was up about 5% from the previous year, although the comparison is based on the average for the full year.

Next, silver products increased 32% from the previous year to JPY15.6 billion. Against the same backdrop of gold products, the volume of recycling handled and sold has increased, contributing to higher sales. The unit sales price has increased by about 15% from the previous year.

Sales of platinum group products also increased 40% YoY to JPY53.2 billion. In addition to the electronic device sector, the volume of recycling handled from the catalyst market also increased, but the rise in unit sales prices due to higher market prices for palladium, rhodium, and other metals was a major factor in the increase in sales. The unit sales price of platinum group products as a whole increased by about 29% YoY.

Other sales also increased, albeit slightly, as revenues from industrial waste treatment, which are included in this category, showed a recovery from the impact of COVID-19, and treatment contracts increased.

As will be explained later, operating income in the precious metals business segment increased significantly due to an increase in gross profit, which included the impact of higher precious metals prices, in addition to

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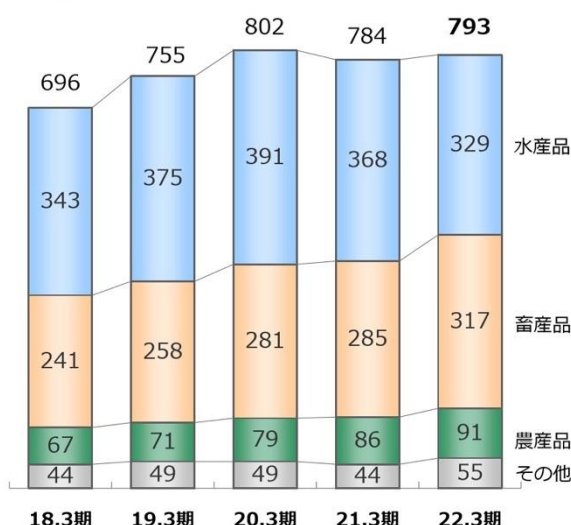
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an increase in sales resulting from higher sales volume. The increase was substantial despite higher labor costs and SG&A expenses.

## 品目別売上高の推移<食品関連事業>

単位：億円



売上高：8億円 増加

### 前期比増減要因

○水産品は、すりみは、数量増加・単価上昇、その他水産品は、数量増加、単価下落。

○畜産品は、鶏卵は、数量増加・単価上昇、畜肉類の数量減少・単価上昇。

○農産品は、数量増加・単価下落。

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Next, I will explain sales in the food business segment.

Sales in this segment increased 1.1% YoY to JPY79.3 billion, but this includes the impact of a decrease in sales of JPY10.3 billion due to the revenue recognition standard applied from the current fiscal year.

Please see the graph below for the composition of sales.

Sales of fishery products decreased by 11% from the previous year to JPY32.9 billion. Since most of the impact of the application of the revenue recognition standard was on fishery products. Thus, sales decreased while sales volume increased steadily.

Livestock products increased 11% YoY to JPY31.7 billion. Increased sales of eggs as well as an overall increase in unit sales prices have led to a significant increase in sales.

This was followed by agricultural products, which increased 6% YoY to JPY9.1 billion. However, we were able to increase the sales volume of frozen vegetables and dried vegetables. This was due to efforts to develop production areas for stable supply and alternative products in response to COVID-19-induced changes in the supply chain. As a result, the unit sales price of frozen vegetables and dried vegetables declined slightly while overall sales increased.

In the food business segment as a whole, many of the products we handle are in so-called niche products, including the commercialization of products that were once discarded as unnecessary. We believe that the increase in sales volume is the result of our efforts to develop production areas and propose products that meet the various needs of our customers, as well as our comprehensive procurement capabilities, including stable supply, which have been well received by our customers.

Operating income in the food-related business increased due to higher sales volume and other factors, as well as a tailwind from a temporary upturn in market conditions for some products.

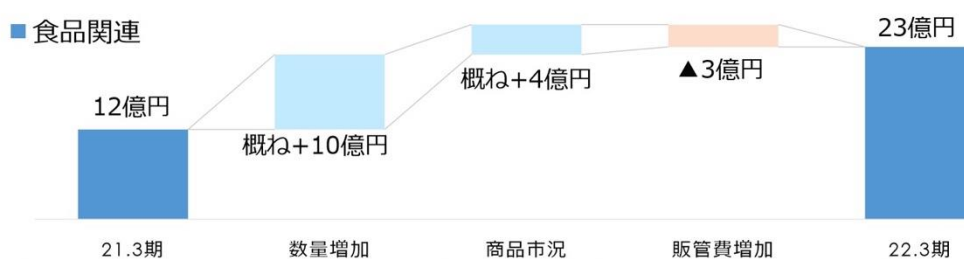
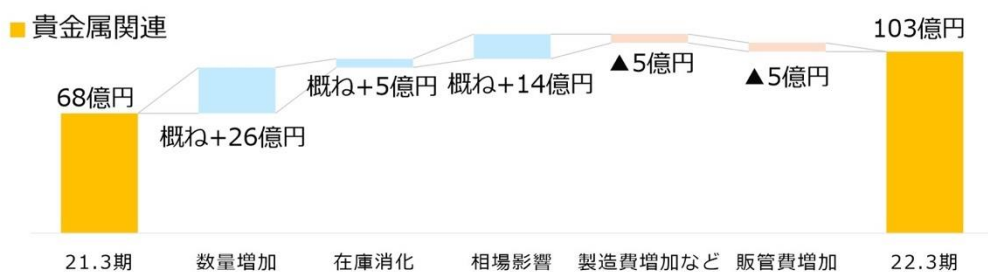
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## ○ 営業利益の概要



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Continuing, I would like to add a little more to the overview of operating income.

However, some of the factors behind the increase in profit include transitory factors, so we will supplement each segment.

In the precious metals business segment, operating income increased about JPY3.5 billion from the previous year. An increase of about JPY4 billion in gross profit contributed to this increase, fully absorbing the JPY500 million increase in SG&A expenses.

The main reason for this increase in gross profit was not only the increase in volume, but also the impact of profitable sales due to the exhaustion of inventories at the end of the previous fiscal year. Furthermore, sales were postponed and carried over from one period to the next. In addition, the impact of the rise in precious metal prices is generally included in the amount of JPY1.4 billion. The total amount of inventory and market impact, approximately JPY1.9 billion, is considered a one-time factor.

Including the one-time factors mentioned above, the increase in manufacturing and other expenses, including labor costs and outsourced industrial waste treatment costs, amounted to approximately JPY500 million, and gross profit increased significantly. The increase in SG&A expenses was mainly due to personnel expenses.

Operating income in the food business segment also increased by about JPY1.1 billion from the previous year, but this was also due to an increase in gross profit of about JPY1.4 billion, which absorbed a JPY300 million increase in SG&A expenses.

The increase in gross profit was due to the increase in volume as well as to the favorable market conditions for some products, such as livestock products. These one-time factors increased profits by approximately JPY400 million. On the other hand, the increase in SG&A expenses in the food-related business was due to personnel expenses.

As described above, both segments show a significant increase over the previous year, including one-time factors.

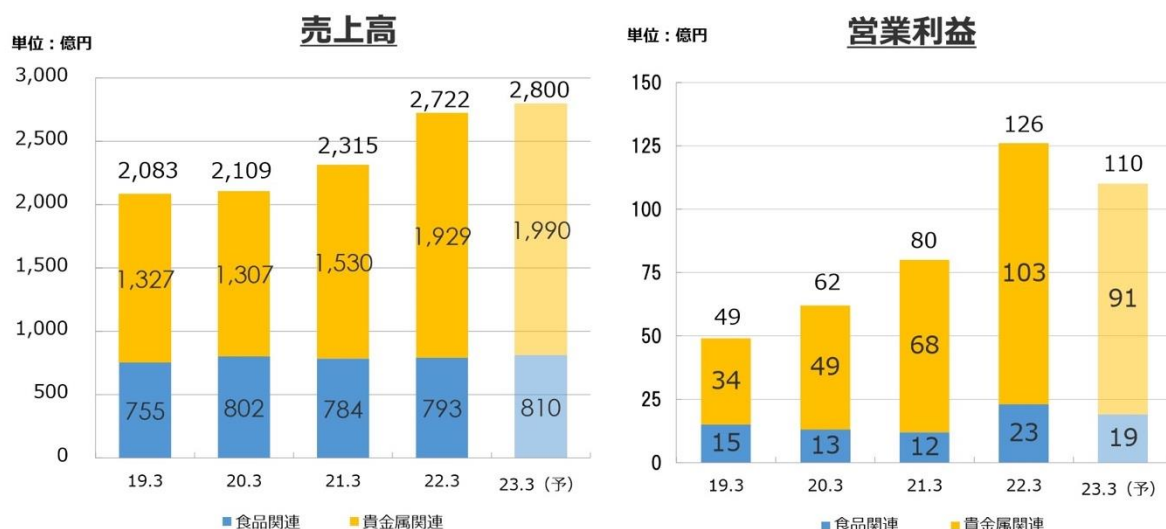
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## 連結決算の業績推移と2023年3月期通期予想



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I would now like to explain our outlook for FY2023.

Full-year consolidated figures are sales of JPY280 billion, operating income of JPY11 billion, and ordinary income of JPY11.4 billion. Current net income attributable to owners of the parent is projected at JPY8 billion.

In the precious metals business segment, we expect manufacturing and production conditions in the electronic device manufacturing industry, our main customer base, to remain favorable. We will strive to expand volume both domestically and internationally based on differentiation through our comprehensive resource recycling capabilities.

In terms of business forecasts, we forecast sales of JPY199 billion and operating income of JPY9.1 billion, but we will not factor in the temporary impact of profits due to fluctuations in the precious metal market in FY2022. We will strive to achieve these goals by acquiring new customers in Japan and overseas, increasing the volume of metals recycled and the volume of products handled by increasing our market share, and improving the volume of contracted processing of industrial waste.

In the food business segment, we will differentiate ourselves by providing a stable supply of safe, secure, and high-quality food raw materials that meet customer needs and expand sales volume.

We forecast net sales of JPY81 billion and operating income of JPY1.9 billion, and we will strive to achieve these targets by expanding our product lineup and increasing sales volume of fishery products, livestock products, and agricultural products, while coping with changes in raw material prices and increased distribution costs.

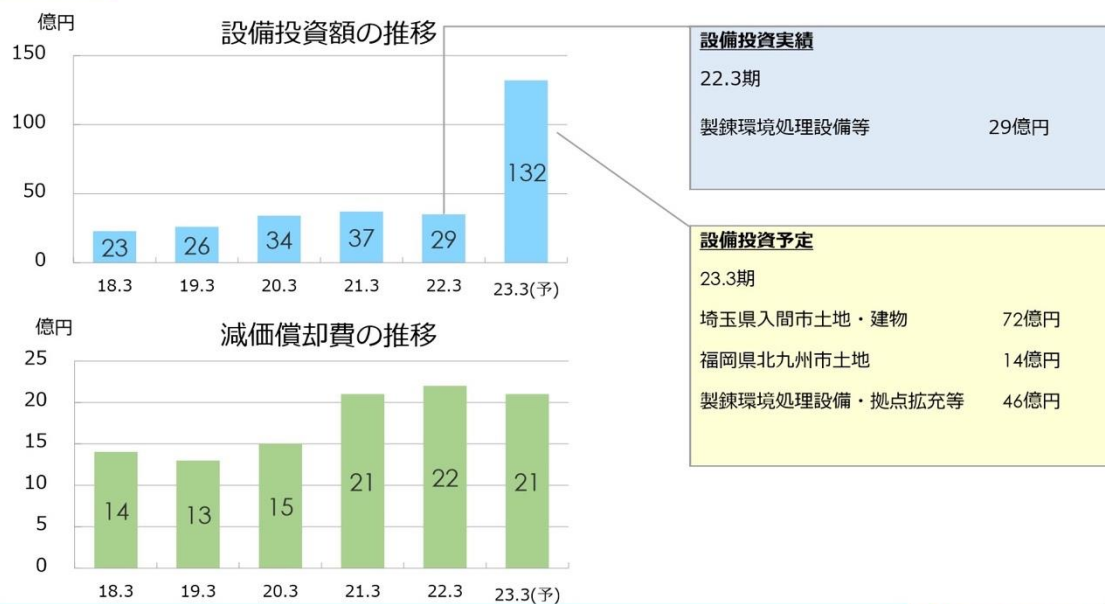
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## 設備投資の状況



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Last but not least, I would like to explain the status of capital investment.

For the fiscal year ending March FY2022, we are investing approximately JPY2.9 billion in new production facilities and machinery, as well as in renewal of aging existing facilities. Depreciation and amortization expenses increased by JPY80 million from the previous period to JPY2.2 billion.

The next capital investment for the FY2023 will be the acquisition of land and buildings in Iruma City, Saitama Prefecture, and the acquisition of land in Kitakyushu City in order to improve and expand production infrastructure including logistics in line with business expansion including future plans. In addition, we plan to invest a total of approximately JPY13.2 billion for things such as smelting environment treatment equipment, including renewal procedures.

Depreciation and amortization expenses are expected to remain almost unchanged at approximately JPY2.1 billion.

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## ○ (ご参考) 貴金属相場の推移



2023年3月期  
通期見通しの想定相場

・金 6,800円/g  
・銀 85円/g

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In the material we are presenting today, we have also included the trends in the major precious metals markets, which are relevant for our precious metals-related business.

This concludes our explanation of the financial results for the FY2022.

Next, President Matsuda will explain our medium-term management plan.

## ○ 前・中期経営計画の振り返り

### ■ 目標を前倒しで達成し、3期連続の増収増益を実現

単位：億

	19実績 (20/3期)	20実績 (21/3期)	21目標 (22/3期)	21実績 (22/3期)
売上高	2,110	2,315	2,200	2,722
営業利益	62	80	55	126
営業利益率	3.0%	3.5%	2.5%	4.7%
ROE	6.8%	9.7%	6.0%	13.7%

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**Matsuda:** I will now give you an overview of our newly formulated four-year medium-term management plan that begins in FY2022.

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The contents of the presentation will include a review of the previous medium-term management plan, an overview of the new medium-term management plan, ESG initiatives, and finally, shareholder returns and capital policies.

First, I would like to review the previous medium-term management plan, touching on trends in business performance and other management indicators, as well as the promotion of strategic measures.

First, as for management indicators, during the period of the previous and mid-term management plan, from FY2019 to FY2021, we achieved three consecutive years of growth in sales and profit, mainly due to steady volume growth in both the precious metals-related and food-related businesses.

As a result, we were able to achieve all of the management indices targeted for FY2021, the final year of the plan, including sales, operating income, operating margin, and ROE, one year ahead of schedule.

In FY2021, as explained earlier in the financial results, although there were some transitory factors, operating income surpassed JPY10 billion, and we also ended the year with a record profit.

## ○ 前・中期経営計画の振り返り

単位：億

セグメント別		19実績 (20/3期)	20実績 (21/3期)	21実績 (22/3期)
貴金属関連事業	売上高	1,307	1,530	1,929
	営業利益	49	68	103
	営業利益率	3.7%	4.4%	5.3%
食品関連事業	売上高	803	785	793
	営業利益	13	12	23
	営業利益率	1.6%	1.5%	2.9%

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Looking at performance by segment, in FY2020, the food-related business was slightly affected by the market turmoil and sluggishness caused by the expansion of COVID-19, but has since improved, resulting in record profits in both the precious metals business segment and the food business segment.

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## 前・中期経営計画の振り返り

### 事業戦略の推進

- 関工場(岐阜県関市)前処理設備が稼働開始(貴金属)
- 太平洋セメント様との二次電池リサイクル事業開始(貴金属)
- 高性能金蒸着材「MNS」を開発/市場投入(貴金属)
- 韓国へ現地法人設立(貴金属)
- 更なる業容拡大に備え北九州事業用地の取得を意思決定(貴金属)
- 生産/物流の機能強化を目的に、埼玉県入間市に土地・建物を取得(貴金属)
- 台湾支店出店、事業領域を拡大(食品)
- 機能性の高い植物肉(大豆ミート)を開発/市場投入(食品)
- 東北地区の事業場を刷新しサビンス力を強化
- 国内営業拠点再編の実行

### 経営基盤の強化

- グローバル行動規範を制定しガバナンスを強化
- 人事制度を刷新し、経営基盤を強化
- グループウェアを刷新し、生産性を向上
- 健康経営優良法人の認定取得



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Next, looking back on the promotion of the strategy, we have implemented various measures during the three-year period, as you can see.

Along with the promotion of business strategies such as strengthening of production infrastructure, expansion of domestic and overseas bases, technological development, and new product development, we have also promoted the reinforcement of the management base to support business expansion and growth. The promotion of these strategies will contribute to the achievement of management targets and will also lead to the next mid-term management plan.

That is all for the review, and I will now move on to the outline of the new medium-term management plan.

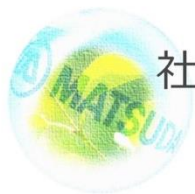
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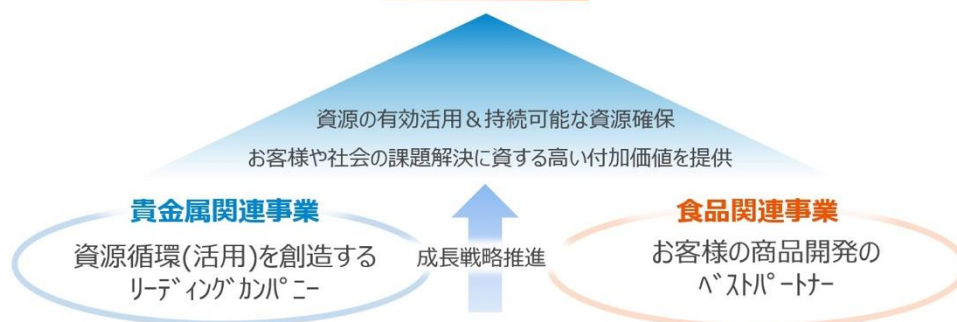






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The presentation of the new medium-term management plan will focus on management targets and growth strategies.

At the outset, we have set forth the vision of what we aim to achieve in our group.

The Group will promote growth strategies in both the precious metals and food businesses, and will work to continuously provide high added value that contributes to solving issues faced by customers and society.

Through these business activities, we aim to become a company that adapts to social changes, continues to evolve, and is always needed by our customers and society.

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## ○ 経営目標

■ 成長戦略を着実に実行し、安定且つ持続的な成長を実現

単位：億

	16~18実績 Ave	19~21実績 Ave	21実績 (22/3期)	25目標 (26/3期)
売上高	1,871	2,382	2,722	3,000
営業利益	42	90	126	130
営業利益率	2.2%	3.7%	4.7%	4.3%
ROE	5.6%	10.0%	13.7%	9.0%
ROA (総資産経常利益率)	6.0%	9.4%	12.5%	10.0%

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Next will be new management objectives.

Our management targets for the final year of the plan, FY2025, are JPY300 billion in sales, JPY13 billion in operating income, an operating margin of 4.3%, ROE of 9%, and return on total assets of 10%.

Under the new medium-term management plan, we will expand the scale of our business by steadily implementing our growth strategy, without placing expectations on transitory gains from external factors as we did in FY2021. Although the external environment is changing at a dizzying pace and the outlook is uncertain due to widening geopolitical risks and wariness of inflationary pressures, we will strive to achieve our goals to realize stable and sustainable growth.

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## ○ 経営目標（セグメント別）

単位：億

		16~18実績 Ave	19~21実績 Ave	21実績 (22/3期)	25目標 (26/3期)
貴金属 関連事業	売上高	1,184	1,589	1,929	2,000
	営業利益	29	74	103	105
	営業利益率	2.4%	4.6%	5.3%	5.3%
食品 関連事業	売上高	687	793	793	1,000
	営業利益	13	16	23	25
	営業利益率	1.9%	2.0%	2.9%	2.5%

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Please see the breakdown of management targets by segment.

Although profit growth appears to be slight from the perspective of FY2021 results, a year which benefited from a tailwind from external factors, both business domains will strive to achieve their goals by steadily following the trajectory of business growth seen in the past three-year range, independently expanding the scale of their operations into the next four years.

## ○ 成長戦略

### 基本方針

貴金属関連事業 & 食品関連事業の両事業を成長の牽引役とし…

- 積極投資の継続で**収益基盤強化**と**新規収益源の創出**
- 持続的成長を支え、加速させる**経営基盤の強化**
- **ESG経営**の推進で**企業価値向上**

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Next, I will discuss our growth strategy. We have three basic policies for our growth strategy.

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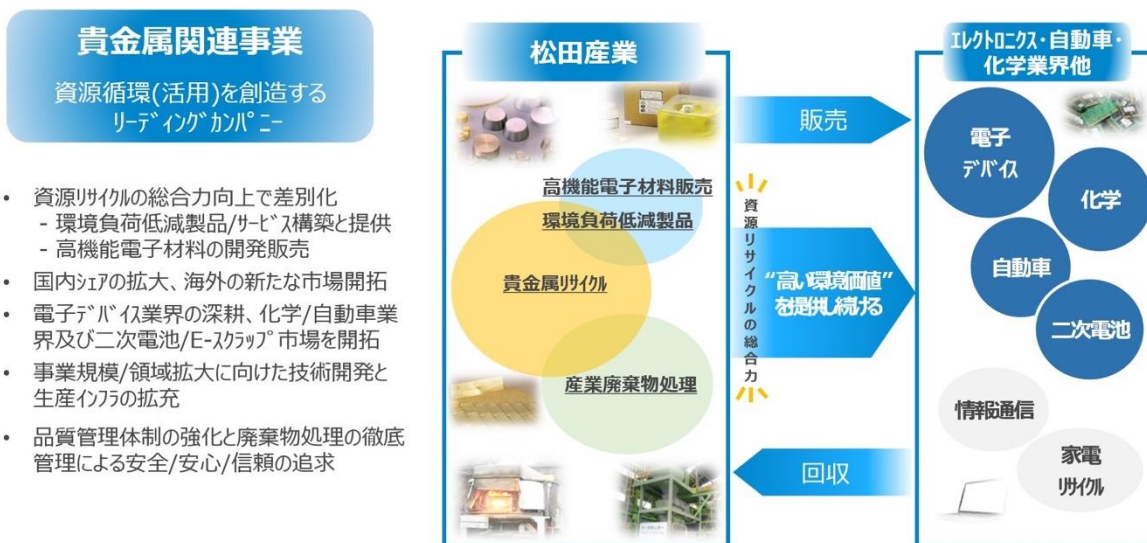
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The first is to strengthen the revenue base and create new revenue sources. Second, strengthen the management base. Thirdly, we have added the promotion of ESG management to our policy to achieve both business growth and the realization of a sustainable environment and society, thereby enhancing corporate value.

## 成長戦略



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I would like to give you an overview of the growth strategies we are planning under this basic policy.

First, in the precious metals business, we will promote strategies to realize our vision of becoming a leading company that creates resource recycling.

In this business, we will maximize the use of sustainable recycled resources to provide products and services that reduce environmental impact, a growing customer need. In addition to continuously developing and marketing high-functional electronic materials that also help customers improve yield and quality, we will increase our competitiveness, expand our domestic market share, and develop new overseas markets.

From a market perspective, we will expand our business in the chemical/automotive industry, as well as deepening our penetration into the electronic device industry. Furthermore, in the rechargeable battery and e-scrap markets, which are expected to grow in the future, we will expand our business domain by differentiating ourselves through the application of recycling technologies cultivated in product-derived scrap and by strengthening our schemes.

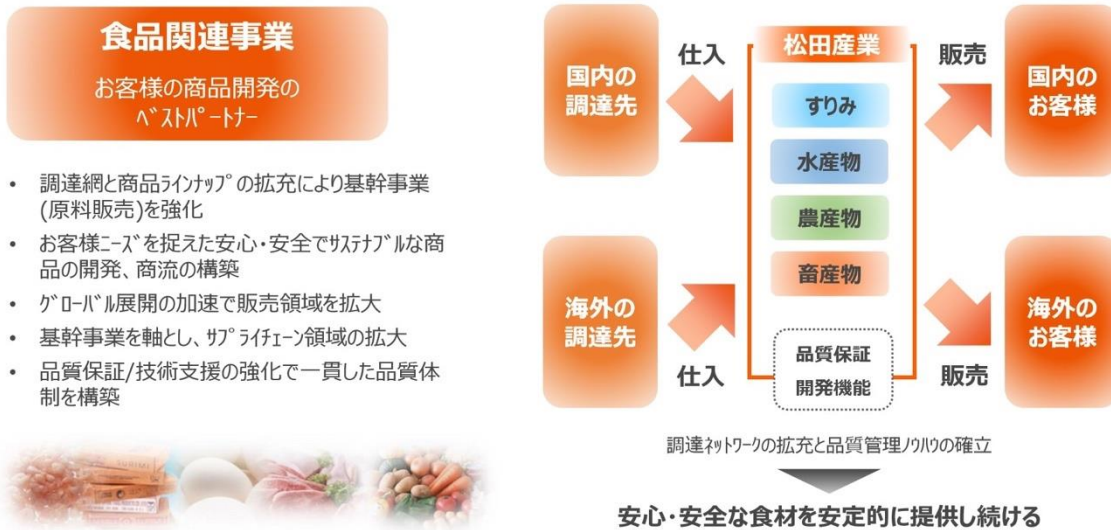
In expanding the scale of our business by increasing our market share, developing new markets, and expanding our business domain, we will aggressively pursue technological development and the expansion of our production infrastructure. At the same time, we will further strengthen our quality control system. By demonstrating our comprehensive capabilities in resource recycling, including industrial waste treatment, and by continuing to provide high environmental value, we aim to become a leading company that creates resource recycling, as stated in our vision.

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Next, in the food business, we will promote strategies to realize our vision of becoming the best partner for our customers' product development.

In this business, we will expand our domestic and overseas suppliers and product lineup to strengthen our core business of food ingredients sales. We will develop safe, secure, and sustainable products that meet customer needs, build commercial distribution channels, and accelerate global development to expand our sales territory.

We will also strengthen functions such as quality assurance and technical support to build a consistent quality control system.

Through these efforts, we aim to become the best partner for our customers by proposing and stably supplying safe and secure foodstuffs to them.

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## 成長戦略

### 経営基盤強化

- ITを活用した管理機能強化と自動化/省力化を推進し、生産性向上
  - ERP刷新とトント®技術の積極導入
- 成長を牽引する経営人財の創出
- 適材適所で多様な人財(女性/中途/シニア/外国人等)が活躍出来る働き甲斐と働きやすい職場環境作り
  - 挑戦機会の提供と計画的育成を推進
  - キャリア開発支援の拡充
- ガバナンス強化と多岐に渡るリスク管理(安全/遵法/事業リスク)の徹底
  - 三線ディフェンスの強化
  - デジタル社会の浸透に伴う情報セキュリティリスクへの対処

### 「持続的成長を支える経営基盤」 を強化し企業価値を向上



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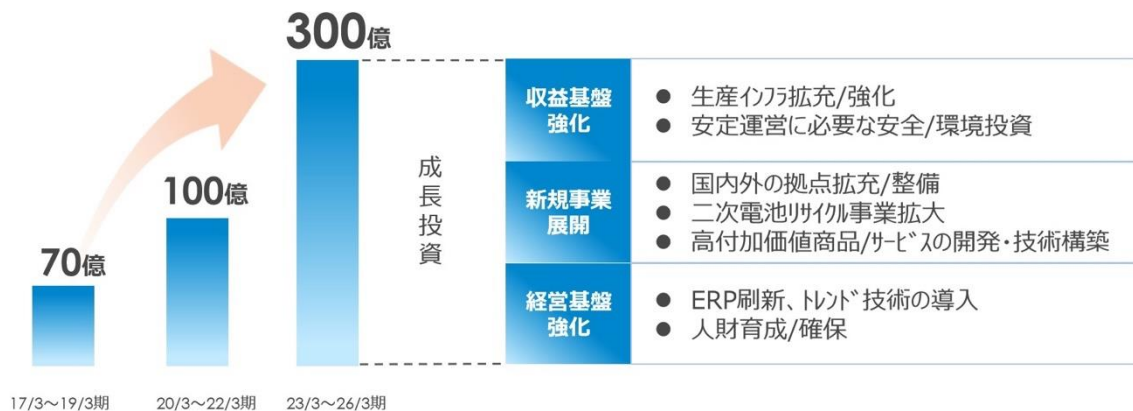
To support sustainable growth and enhance corporate value, we will also work to strengthen our management foundation.

We will promote concrete measures and strengthen the management base to tackle important issues such as improving productivity, promoting DX, improving management, active participation of diverse human resources, creating a better work environment, strengthening governance and risk management.

## 成長戦略（投資計画）

総額 **300億**  
(4力年累計)

- 成長投資の積極的実施と営業C/Fの着実な確保で、更なる成長を実現
- 財務健全性及び株主還元バランスを考慮し、経営資源を適確に配分



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The last part of the growth strategy will be the investment plan.

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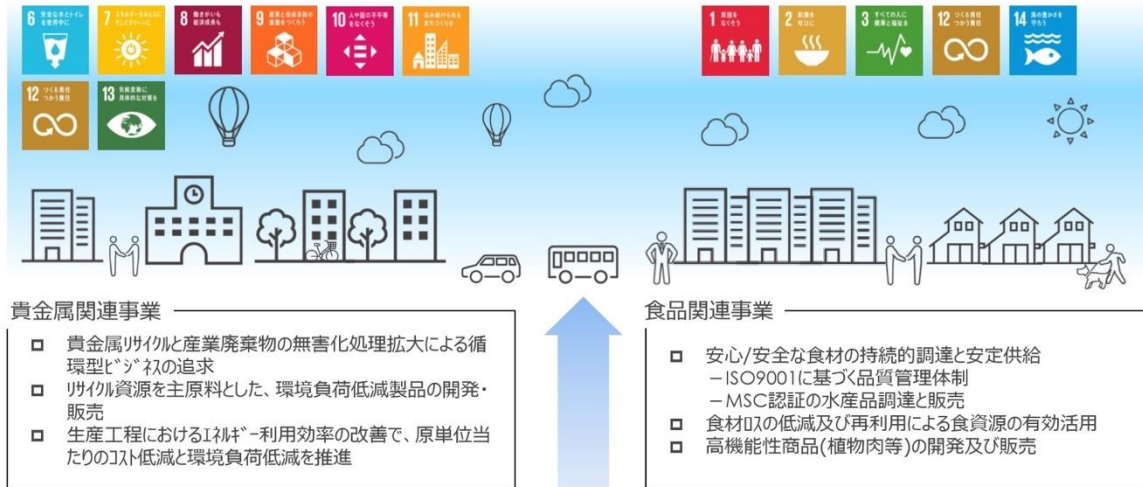
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We plan to invest approximately JPY30 billion over the four-year period from FY2022 to FY2025.

In addition to strengthening our revenue base and developing new businesses to create new sources of revenue, as stated in our basic policy, we will aggressively invest in IT investments to improve productivity and strengthen our management base, including human resource development and recruitment.

## 企業価値向上へ向けて



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Next, I will explain our ESG initiatives.

We have our developed our own unique businesses in precious metals and food, in which we provide products and services. Based on our corporate philosophy of effectively utilizing finite global resources and contributing to society through business, we will contribute to social issues such as stable supply and the construction of a sound-cycle society through the expansion of both businesses.

We will continue to pursue environmental type businesses and expand these to contribute to society while leveraging our strengths. In addition, to further enhance corporate value, we will promote initiatives aimed at achieving both a sustainable environment and society and business growth.

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## ○ 松田産業の重要課題（マテリアリティ）

E	環境	<p><b>環境負荷低減と事業成長の両立</b></p> <p>①エネルギー消費及び温室効果ガスの排出 ②大気への排出 ③有害物質 ④固形廃棄物 ⑤汚染防止と資源削減 ⑥水の管理 ⑦生物多様性</p>		
S	品質 安全性	<p><b>お客様満足の向上と社会の信用確保</b></p> <p>①製品/サービスの正確な情報の提供 ②商品の安心・安全の確保</p>	人権 労働	<p><b>多様な人材活躍による成長加速</b></p> <p>①適材適所 ②ダイバーシティ&amp;イノベーション ③ワークライフバランス</p>
G	組織 統治	<p><b>サステナビリティ委員会を設置し、グループ全体の取組を統制</b></p> <p>①マネジメントシステム（ガバナンス） ②情報セキュリティ ③サプライヤーとのパートナーシップ</p>		

- 環境・品質安全性・人権労働を重要課題と位置付け、社会貢献と事業成長の両立を実現
- 重要課題に対する非財務目標については設定次第、開示予定

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The following is a list of key issues that we will address to enhance corporate value.

We will make concrete efforts under the themes of balancing environmental impact reduction and business growth, improving customer satisfaction and securing society's trust, and accelerating growth through the active participation of diverse human resources.

We will set appropriate non-financial targets for these important issues and will work aggressively to achieve them.

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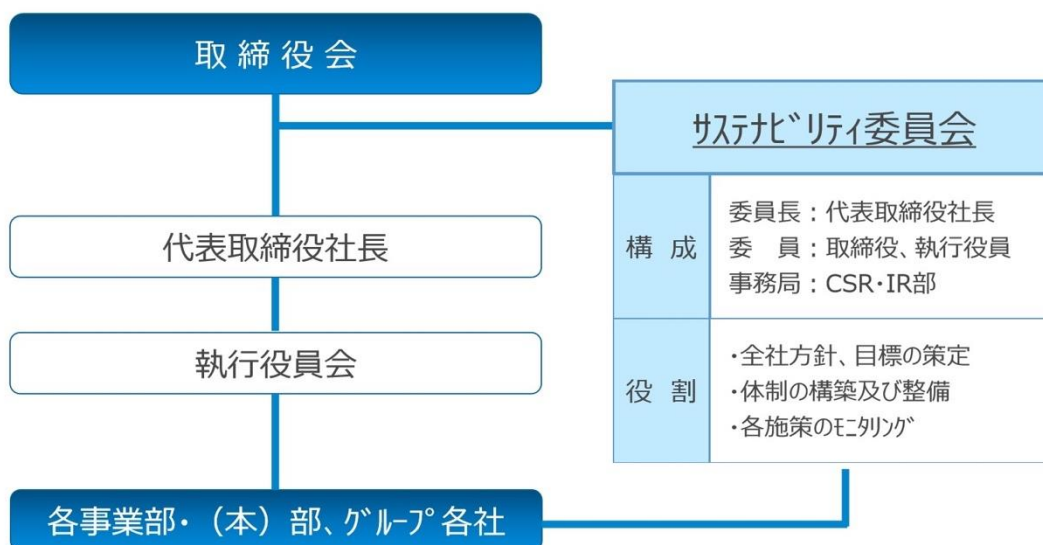
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## ○ ガバナンス体制



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In order to accelerate appropriate ESG initiatives at the management level, our group has established a Sustainability Committee.

The governance structure of the Sustainability Committee will be under the Board of Directors. It will be managed by the Board of Directors and Executive Officers, including independent outside directors.

## ○ 株主還元・資本政策の基本方針

<b>株主還元</b>	<ul style="list-style-type: none"> <li>成長投資の為に内部留保とのバランスを考慮しつつ、安定且つ持続的な配当を実施</li> <li>株主資本配当率1.5%以上を目安とした還元</li> </ul>
<b>資本政策</b>	<ul style="list-style-type: none"> <li>成長性を捉えた事業機会への最適資源配分、財務健全性の確保、株主還元のバランスを考慮し、持続的に企業価値を向上させる</li> <li>市場環境を勘案した機動的な自己株式取得</li> </ul>



株主還元推移（配当金）：19/3期から4期連続の増配予想



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Finally, I would like to explain our shareholder return policy.

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Shareholder returns will meet expectations through stable and sustainable dividend payments and flexible share buybacks in consideration of market conditions, in accordance with our basic capital policy.

Based on the policy of stable and sustainable implementation, the Company has decided to pay dividends with a target dividend to shareholders' equity ratio of 1.5% or more. We will steadily implement our medium-term management plan and live up to your expectations by enhancing corporate value and returning profits to shareholders.

With your continued support, I would like to conclude my presentation.

After this, we will be happy to take your questions as time permits.

**Moderator:** Thank you for your explanation.

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## Question & Answer

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**Moderator [Q]:** I would now like to start the question-and-answer session, as you have indicated. If you have any questions, please enter them in the chat. Thank you for your questions. The moderator will now read them out on your behalf.

First question. Regarding the management targets in the mid-term plan, the growth rate is low compared to the results for the FY2022. The targets for operating margin, ROE, and ROA seem to have been cut down. Can you explain this?

**Matsuda [A]:** In FY2022, the outlook remained uncertain due to COVID-19, geopolitical risks, inflationary pressures, and other factors. However, against this backdrop, there were some one-time factors such as the rise in the precious metals market and the upturn in the market for certain food products, which contributed significantly to profits.

The mid-term plan is still considered to be a competence-based goal. Therefore, even under these uncertain circumstances, our mid-term business plan is designed to adapt to social changes and steadily implement our growth strategy to stably expand the volume handled.

To this end, we plan to invest a cumulative total of JPY30 billion during the period from FY2022 to FY2025. However, we consider this investment to be made from a medium- to long-term perspective to strengthen our earnings base and develop new businesses. Therefore, in this medium- to long-term planning period, there are situations in which fixed costs will rise first.

Therefore, we have set management targets in consideration of the transitory factors of recent performance and investments to realize sustainable growth, and we believe that these targets are reasonable.

**Moderator [Q]:** Thank you very much. Now I would like to move on to your second question. Regarding the rechargeable battery recycling business, please tell us when and how large do you envision the scale of the business becoming?

**Matsuda [A]:** In the lithium-ion battery recycling market, we expect that emissions will increase after 2025. Therefore, we are in the process of implementing measures, including investments, aimed at expansion beyond 2025. Regarding the scale of business we expect, at this stage it is difficult to discuss specifics, due to confidentiality obligations with our business partners and information management required in competitive relationships.

We are looking forward to this business becoming one of the future pillars of our precious metals-related business and will carefully nurture it.

**Moderator [Q]:** Thank you very much. I would like to continue with the third question. You did not talk much about investment in M&As in your mid-term plan, but do you have any plans to actively pursue such investments?

**Tanaka [A]:** This is Tanaka of the CSR IR department. Since I'm in charge of the Corporate Planning Office, I will answer the questions about M&As.

We at Matsuda Sangyo are not reluctant to engage in M&As. We would rather be proactive when the opportunity arises. However, we as a company consider ourselves operators rather than investors, so we do not consider investing in enclaves that are not related to our business. We are also looking for synergistic

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effects with or through our business. In addition, we would like to actively consider investments in areas that will naturally lead to increased corporate value.

It is very difficult to draw up a medium-term plan for this kind of discussion, but we will make a speedy and decisive decision when the opportunity arises.

**Moderator [Q]:** Thank you very much. Now, I will continue with your question. In your forecast for the FY2023 for precious metals and food products, to what extent do you expect an increase in volume for each of these? Please tell us why there seems to be no increase compared to the performance of the FY2022.

**Tanaka [A]:** Let me answer your question. As for volume increases, the precious metals-related and food-related businesses have a wide variety of items, each of which has its own characteristics, so I will refrain from giving a specific answer. However, in general, both the precious metals-related business and the food-related business are expected to increase in volume by double-digit percentages.

Thus, this was one factor which had an influence on the increase in sales, while there also is the impact from the revenue recognition standard. That is all.

**Moderator [Q]:** Thank you very much. We have one more question. The Company plans to invest JPY30 billion in growth during the period of the new medium-term management plan, but its performance appears to be sluggish in comparison. Please explain the reason for this.

**Tanaka [A]:** As I explained earlier, we are planning to invest JPY30 billion during the period of the new medium-term management plan, which is quite a large investment for our company.

I think this will probably be the management target that we have indicated for FY2025. Most of the JPY30 billion in growth investments planned for this fiscal year are for growth investments to strengthen the earnings base and expand the scale of business through new business development.

While there are some parts where we might already see returns during this period, most of them will be growth investments aimed at the medium- to long-term in the next period. Thus, please understand that the return portion is not yet reflected in the management goals for the final year of this medium term, FY2025. That is all.

**Moderator [Q]:** Thank you very much. We have one more additional question. Perhaps this will be the last question. Until the FY2026, I assume that business performance will be under pressure by capital investment and other factors. I assume you are also anticipating results beyond that time, but could you please just give us an overview of what your plans are?

**Tanaka [A]:** Let me answer.

In the FY2026, which is the final year of the new medium-term management plan, I believe there will be pressure on performance due to capital investment and depreciation and amortization expenses. Of course, we will be making considerable investments, so we naturally expect depreciation and amortization expenses to increase.

On the other hand, we have set a target of JPY13 billion in operating income for the FY2026. While the operating income for FY2022 was JPY12.6 billion, it would just be slightly over JPY10 billion if we exclude the previously mentioned one-time profit.

With this in mind, we are planning to grow our business quite significantly. Leveraging our capabilities, we are planning to grow the business while meeting the increase in depreciation and amortization expenses.

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We are not saying that we do not have any forecasts for the future, but that is beyond the medium term. I would like to refrain from giving an answer to this question. That is all from me.

**Matsuda [A]:** Thank you very much. As a supplementary note, I believe that the expansion of logistics bases both in Japan and overseas will be included as the volume expands in the future. We believe that investment in this area will be quite large, and that we must also make investments now in advance for future ESG and environmental issues.

We are also developing new products, which we hope will lead to the expansion of our business scale in the mid-term plan and beyond. That is all.

**Moderator [M]:** Thank you very much.

Since the scheduled closing time is nearing and it seems that all the questions have been answered, I would like to conclude the financial results briefing. Thank you very much for your explanation, President Matsuda and everyone at Matsuda Sangyo.

I would also like to thank all the analysts for taking time out of their busy schedules to join us today.

[END]

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