



**Matsuda Sangyo Co., Ltd.**

Financial Results Briefing for the Fiscal Year Ended March 2023

May 23, 2023

## 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 2023
<b>[Fiscal Period]</b>	FY2023 Annual
<b>[Date]</b>	May 23, 2023
<b>[Number of Pages]</b>	26
<b>[Time]</b>	14:00 – 15:00 (Total: 60 minutes, Presentation: 37 minutes, Q&A: 23 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	2
	Yoshiaki Matsuda                      President
	Yoshinori Tanaka                      Executive Officer, General Manager of CSR IR Department

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# Presentation

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**Moderator:** Hello everyone and welcome to the financial results briefing for the fiscal year ended March 2023 of Matsuda Sangyo Co., Ltd. Thank you for taking the time out of your busy schedule to join us.

We would like to make some requests and announcements regarding the event.

There will be time for questions and answers after the presentation. Questions and answers will be accepted in text format via the Q&A function on the control panel. At approximately 14:30, we will move to a Q&A session, where we will read and answer any questions we receive. Please note that due to time constraints, we may not be able to answer all of your questions. Please understand this in advance.

Please note that the chat function is not available, so if you have any problems, please let us know through the Q&A function as well.

We will also ask you to complete a three-minute questionnaire after the briefing. We appreciate your cooperation.

Now, Yoshiaki Matsuda, President, and Yoshinori Tanaka, Executive Officer and General Manager of CSR and IR Department, will report on the financial results for the fiscal year ended March 31, 2023.

## 目次

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1. 決算の概要（2023年3月期）
2. 中期経営計画（2022-2025年度）の進捗状況
3. セグメント別の業績と2024年3月期見通し

## Appendix

**Matsuda:** Thank you all very much for attending our financial results presentation today. I am Yoshiaki Matsuda, President of Matsuda Sangyo.

I will now report on the financial results for the fiscal year ended March 31, 2023.

We will explain in the flow as you see it today. First, I will give an overview of the financial results and the progress of the medium-term management plan announced last fiscal year. After that, Mr. Tanaka, IR

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Manager, will explain the business results by segment and the forecast for the fiscal year ending March 31, 2024.

## 2023年3月期決算説明のポイント



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I will now give an overview of the financial results for the fiscal year ended March 31, 2023. This slide is a key point of explanation of the financial results for the fiscal year ended March 31, 2023.

Last fiscal year was the fourth consecutive year of growth in both sales and profit, with both consolidated sales and operating profit reaching record levels. In addition, both ROE and ROA, which we have set as our management targets, achieved their target levels.

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4期連続で増収増益を実現し、過去最高の業績を更新。売上高は3,000億円を突破

	22年3月期	23年3月期	増減	
			(億円)	
売上高	2,722	<b>3,510</b>	+787	+28.9%
営業利益	126	<b>138</b>	+11	+9.0%
営業利益率	4.7%	<b>3.9%</b>	▲0.7pt	-
経常利益	137	<b>138</b>	+1	+0.8%
当期純利益	95	<b>96</b>	+1	+1.4%
1株当たり当期純利益 (円)	366.4	<b>371.7</b>	+5	+1.4%
ROE	13.7%	<b>12.2%</b>	▲1.5pt	-

I would like to explain about the consolidated financial results.

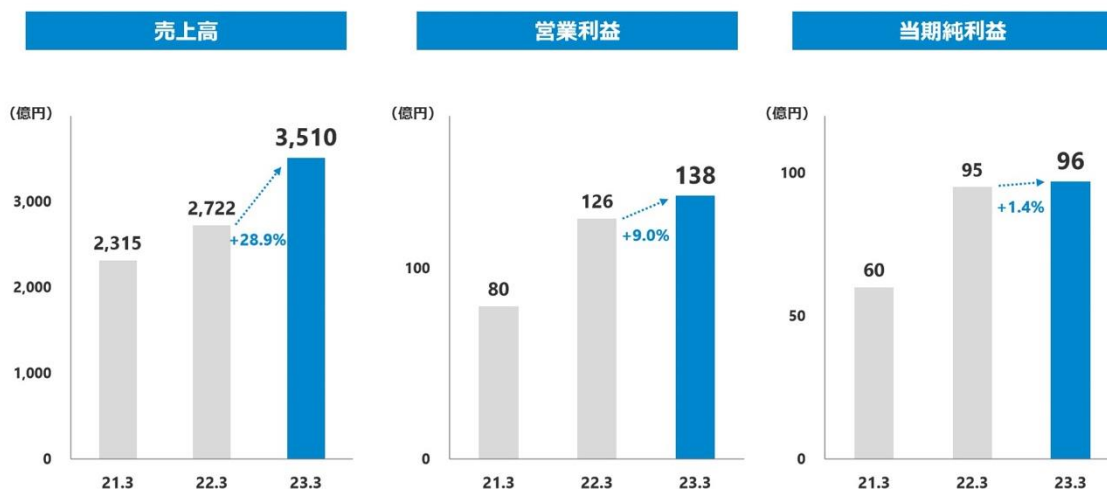
Net sales for the fiscal year ended March 31, 2023, increased 28.9% YoY to JPY351 billion, and operating profit increased 9% YoY to JPY13.8 billion, thanks to favorable handling volumes and price increases in both the precious metals related and foodstuff related businesses. Net profit attributable to owners of the parent increased by 1.4% YoY to JPY9.6 billion.

As indicated in the upper row, the fiscal year under review marked the fourth consecutive year of growth in both sales and profit, reaching a record high and surpassing JPY300 billion in net sales for the first time.

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The three-year trend of net sales, operating profit, and net profit is shown above.

連結貸借対照表

【資産の部】		(億円)		
	22年3月末	23年3月末	増減	増減要因
流動資産	860	893	+32	(+) 取扱数量増加に伴う棚卸資産の増加
固定資産	297	398	+101	(+) 入間地区土地・建物、北九州市土地、ERP刷新
資産合計	1,157	1,292	+134	
【負債の部】				
	22年3月末	23年3月末	増減	増減要因
流動負債	335	278	▲56	(-) 短期借入金の返済
固定負債	77	166	+88	(+) 設備投資を目的とする長期借入金の増加
うち有利子負債	163	192	+28	
負債合計	413	445	+31	
【純資産の部】				
	22年3月末	23年3月末	増減	増減要因
純資産合計	744	846	+102	(+) 利益剰余金の増加
負債純資産合計	1,157	1,292	+134	
自己資本比率	64.2%	65.4%		

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Next, I will explain about the consolidated balance sheet.

First, regarding assets, current assets increased by JPY3.2 billion due to an increase in inventories resulting from an increase in transaction volume, and fixed assets also increased by JPY10.1 billion due to the acquisition of land and buildings for production bases and ERP renewal, etc. Total assets increased by JPY13.4 billion from the previous period to JPY129.2 billion.

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Total liabilities increased JPY3.1 billion from the end of the previous period to JPY44.5 billion, as current liabilities decreased JPY5.6 billion due to repayment of short-term borrowings, while non-current liabilities increased JPY8.8 billion due to an increase in long-term borrowings for capital investment purposes.

Net assets increased by JPY10.2 billion from the end of the previous period to JPY84.6 billion, mainly due to an increase in retained earnings. As a result of the redemption of treasury shares on August 22, 2022, retained earnings and treasury stock decreased by JPY2.4 billion each.

## 連結キャッシュ・フロー計算書

(億円)				
	22年3月期	23年3月期	増減	増減要因
営業キャッシュ・フロー	70	<b>106</b>	+36	(+) 税金等調整前当期純利益、減価償却費の増加 (-) 棚卸資産増加、法人税納付額増加
投資キャッシュ・フロー	▲25	<b>▲121</b>	▲96	(-) 固定資産の取得
フリー・キャッシュ・フロー	45	<b>▲15</b>	▲60	
財務キャッシュ・フロー	▲22	<b>13</b>	+36	(+) 設備投資を目的とする長期借入金の増加
現金及び現金同等物の増減	25	<b>3</b>	▲21	
現金及び現金同等物の期末残高	113	<b>117</b>	+3	

Next, the consolidated statements of cash flows are as you see them now, based on the financial results and balance sheet position.

In the fiscal year ended March 31, 2023, operating cash flow improved significantly, reaching JPY10.6 billion, the second largest after the fiscal year ended March 31, 2009. This was a year of aggressive investment for the future, including the acquisition of land and buildings for our production bases using these funds.

The above is a summary of the financial results for the fiscal year ended March 31, 2023.

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23/3期も過去最高の業績を更新し、中期計画目標値を前倒しで達成

(億円)

	FY16-18 平均	FY19-21 平均	FY22 実績	FY23 予想	FY25 目標
売上高	1,871	2,382	<b>3,510</b>	3,300	3,000
営業利益	42	90	<b>138</b>	90	130
営業利益率	2.2%	3.7%	<b>3.9%</b>	2.9%	4.3%
ROE	5.6%	10.0%	<b>12.2%</b>	7.3%	9.0%
ROA (総資産経常利益率)	6.0%	9.4%	<b>11.3%</b>	-	10.0%

Next, I will explain the progress of the four-year medium-term management plan announced last fiscal year, which began in FY2022.

First, I would like to explain our progress toward our management targets for FY2025.

On the right hand side are the target values for each indicator for FY2025. In FY2023, as explained earlier in the financial results, we achieved all targets in the first year of the medium-term management plan, except for the operating profit margin, due to the record-high results achieved by the increase in transaction volume and other factors.

On the other hand, as we will explain in detail later, the forecast for FY2024, which we announced on May 12, shows a decrease in both sales and profits. While the outlook remains uncertain, including the unparalleled rapid acceleration of inflation and the deterioration of the external environment in the precious metals related business, we will continue to steadily pursue our growth strategy toward our management target for FY2025, even though the forecast for FY2024 will be cut short.

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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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This slide shows the progress and future plans for the growth strategies set forth in the medium-term management plan.

We have three basic policies as our growth strategy.

The first is to strengthen revenue base and create new revenue sources. The second is to strengthen management foundation. The third is to enhance corporate value by promoting ESG management.

First, in the precious metals related business, we are developing high-value-added products and services, building technologies, and expanding production infrastructure to develop new businesses and expand the scale of operations under our vision of being a leading company that creates resource circulation.

In the foodstuff related business, our vision is to be the best partner for customers in product development, and we are expanding our global operations and procurement network and promoting customer-oriented sales and the creation of new businesses and trade areas.

In addition, to strengthen the management foundation to support sustainable growth and increase corporate value, we are working to enhance management functions and productivity through the use of IT, promote human capital management, and strengthen group governance.

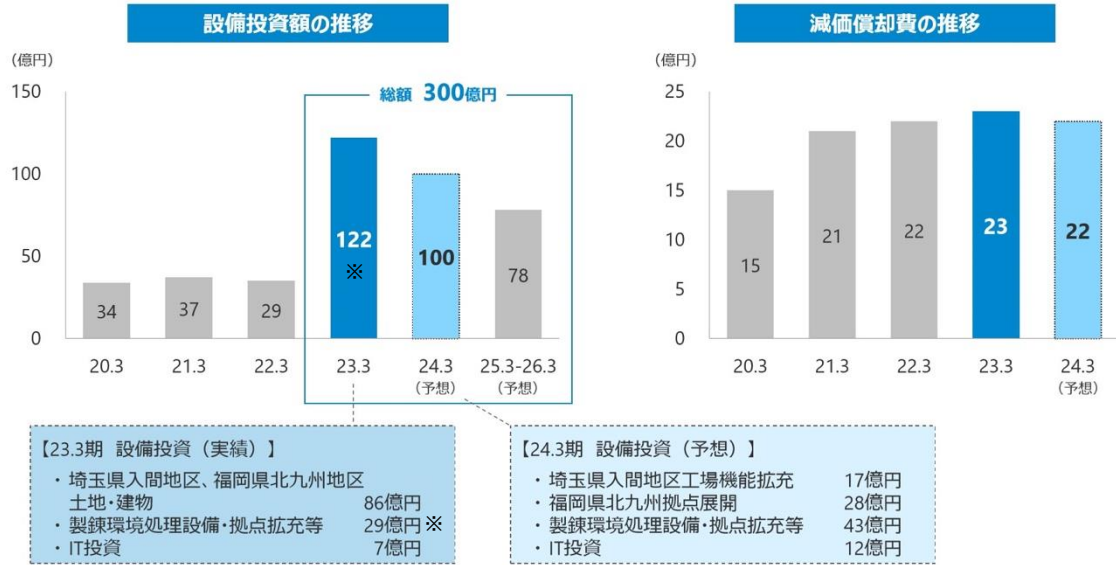
Furthermore, in FY2024, the Company will make company-wide efforts to improve capital efficiency.

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※	Error	Correction
capital investment	JPY12.2 billion	JPY11.3 billion
smelting environmental treatment facilities	JPY2.9 billion	JPY2 billion

Next, I will explain the status of capital investment.

For the fiscal year ended March 31, 2023, the Company invested JPY12.2 billion in land and building acquisition in the Iruma area of Saitama Prefecture and land acquisition in Kitakyushu, as well as in smelting environmental treatment facilities, in order to improve and expand production infrastructure in anticipation of future business expansion.

Depreciation and amortization for the fiscal year ended March 31, 2023, was JPY2.3 billion.

Capital investment in the fiscal year ending March 31, 2024, as in the fiscal year ended March 31, 2023, is planned to total approximately JPY10 billion for expansion of plant functions in the Iruma area, development of the Kitakyushu base, and smelting environmental treatment facilities.

Depreciation for the fiscal year ending March 31, 2024, is expected to be approximately JPY2.2 billion.

Since we plan to invest a total of JPY30 billion over the four-year period of our medium-term management plan, we plan to invest a total of JPY7.8 billion over the two-year period beginning in the fiscal year ending March 31, 2025.

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## 重要課題（マテリアリティ）

重要課題（マテリアリティ）に対する22年度の実績は以下の通り

重要課題（マテリアリティ）		22年度取組み実績
<b>E</b>	<b>環境</b> <b>環境負荷低減と事業成長の両立</b> 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	<input type="checkbox"/> GHG排出削減への取組み策定 <input type="checkbox"/> 国際イニシアチブへの取組み推進 ① TCFD賛同と開示 ② CDP回答とスコアリング (B-) ③ SBT認定準備
<b>S</b>	<b>品質 安全性</b> <b>お客様満足の向上と社会の信用確保</b> 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 <b>人権 労働</b> <b>多様な人材活躍による成長加速</b> ① 適材適所 ② ダイバーシティ&イノベーション ③ ワークライフバランス	<input type="checkbox"/> RBA遵守体制整備 <input type="checkbox"/> 人権方針の策定 <input type="checkbox"/> 松田産業グループサプライヤーガイドラインの策定
<b>G</b>	<b>組織 統治</b> <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> 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	<input type="checkbox"/> サステナビリティ委員会の設置 <input type="checkbox"/> サステナビリティ関連方針の制定 （サステナビリティ基本方針、人権方針、調達方針） <input type="checkbox"/> CSIRTの設置準備

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Next, I would like to explain the progress we have made in addressing key issues that the Group is working on to enhance our corporate value.

First, with respect to E of ESG, environment, in FY2023 we formulated a plan to reduce GHG emissions and promoted initiatives for international initiatives.

Next, with regard to S of ESG, quality, safety, human rights, and labor, we have established a system to comply with the RBA, an international CSR standard, formulated a human rights policy for our company, and established supplier guidelines for the Matsuda Sangyo Group.

For G of ESG, governance, we have established a sustainability committee and a sustainability policy, and have taken various measures for information security.

We will continue to aggressively address these important issues to enhance our corporate value.

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## 株主還元

### 資本政策

- 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

### 株主還元

- 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
- 株主資本配当率1.5%以上を目安とした還元
- 市場環境を勘案した機動的な自己株式取得



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Finally, I would like to explain about shareholder returns.

As stated in the upper section, our basic capital policy is to continuously increase corporate value by balancing the optimal allocation of resources to business opportunities that capture growth potential, ensuring financial soundness, and returning profits to shareholders. Based on this policy, we will meet shareholder expectations for shareholder returns through stable and sustainable dividend payments and flexible share buybacks in consideration of market conditions.

For the fiscal year ended March 31, 2023, we plan to pay an interim dividend of JPY25 and a year-end dividend of JPY25, for a total annual dividend of JPY50.

For the fiscal year ending March 31, 2024, we expect to pay an interim dividend of JPY30 and a year-end dividend of JPY30 for a total annual dividend of JPY60, an increase of JPY10 over the previous year. Including the forecast for the next fiscal year, this will be the sixth consecutive year of dividend increases.

As a key issue for the sustainable enhancement of our corporate value, we intend to meet your expectations by actively promoting medium- and long-term capital profitability improvement through the implementation of growth strategies and addressing sustainability issues while proceeding with specific studies to enhance shareholder returns.

I would like to conclude my presentation by asking for your continued support. Our IR representative will continue with an explanation of our business performance by segment and our outlook for the fiscal year ending March 31, 2024.

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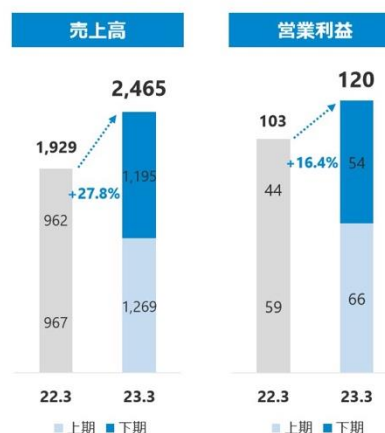
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## セグメント別の業績（貴金属関連事業）

貴金属リサイクルの取扱量及び産業廃棄物の処理受託の増加ならびに、  
製商品販売の拡大によって、増収増益を達成（過去最高の業績更新）

	22年3月期	23年3月期	増減	
売上高	1,929	2,465	+536	+27.8%
営業利益	103	120	+16	+16.4%
営業利益率	5.4%	4.9%	▲0.5pt	-



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**Tanaka:** My name is Tanaka, and I am in charge of IR. From here, I will explain each segment's performance for the fiscal year ended March 31, 2023, and the outlook for the fiscal year ending March 31, 2024.

Regarding the segment results for the fiscal year ended March 31, 2023, the first segment will be the precious metals related business.

As you can see, net sales increased 27.8% from the previous year to JPY246.5 billion, and operating profit increased 16.4% to JPY12 billion.

In the external environment affecting our business performance, production trends and operating conditions in the electronic device sector, which is our main customer base for precious metal recycling, industrial waste treatment, and product sales, were generally favorable until about the middle of the fiscal year ended March 31, 2023. However, in H2, production adjustments and operating capacity reductions began due to declining demand for smartphones, PCs, and other devices and a sense of excess inventories.

Thanks to the evaluation of our company's resource recycling function in this business, both sales and operating profit reached record highs as a result of securing volumes handled both domestically and internationally, including jewelry-related and catalyst-related products, and increased sales of manufactured products. However, the momentum in terms of volume gradually slowed down in H2, and both sales and operating profit are on a downward trend slightly in H2.

In terms of prices, platinum group metals, such as rhodium, saw a decline in market prices, while prices of major precious metals remained at high levels.

On the cost side, the increase in electricity costs and other costs also became noticeable due to the rise in prices. In addition, the cost of manufacturing and SG&A expenses have been rising, including an increase in labor and personnel expenses due to aggressive wage hikes.

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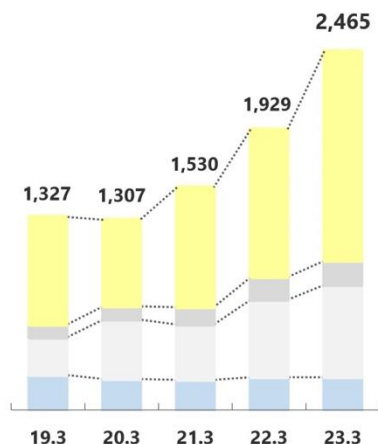
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## 品目別売上高の推移（貴金属関連事業）

金製品、銀製品及び白金族製品等の販売量増加、金価格上昇などにより、  
白金族相場下落の影響を抑えて、全体の売上高は前期比+536億円



	(億円)			増減要因
	23年3月期	増減		
金	1,439	+425	+42.0%	数量増加 +22.0%、価格上昇 +20.0%
銀	166	+9	+5.9%	数量増加 +1.4%、価格上昇 +4.5%
白金族	634	+101	+19.1%	数量増加 +20.0%、価格下落 ▲0.9%
その他	225	▲0	▲0.1%	産業廃棄物処理+19.0% 電子材料等商品など減少

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I would like to provide some additional information on the sales of our precious metals related business by product category.

Sales of gold products, which account for 58% of total sales in this segment, increased 42% compared to the previous year, 22% due to an increase in volume, and 20% due to price increases. Although the electronic device sector contributed to the increase in volume, the jewelry-related industry made a larger contribution to the increase in transaction volume.

Sales of silver products increased 5.9%, 1.4% from the previous year due to an increase in volume and 4.5% due to price hikes.

Sales of platinum group products increased by 20% from the previous year due to volume growth factors and conversely decreased by less than 1% due to price declines. Thus, total sales increased by 19.1%.

The increase in platinum group product volume was mainly due to contributions from jewelry and catalyst-related products.

Other sales decreased slightly, but contract industrial waste treatment, which is included in this category, has been performing well, and sales have increased by about 19%. The decrease was mainly due to a decrease in electronic materials and other products handled as part of the trading company function.

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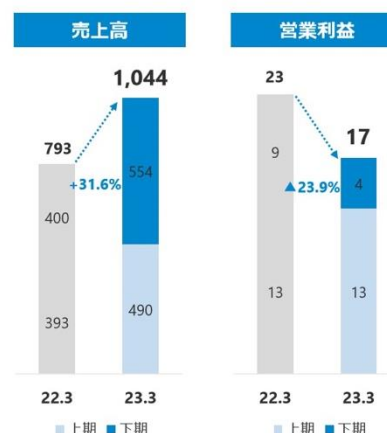
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## セグメント別の業績（食品関連事業）

水産品、畜産品、農産品の販売量は増加し、販売価格も上昇したことにより増収（初の売上高1,000億円超）  
一方で、運送費及び保管料の増加や仕入価格上昇の影響により減益

	22年3月期	23年3月期	増減	
売上高	793	1,044	+250	+31.6%
営業利益	23	17	▲5	▲23.9%
営業利益率	2.9%	1.7%	▲1.2pt	-

(億円)



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Next, we will look at the performance of the foodstuff related business.

Net sales in this segment increased by 31.6% from the previous year to JPY104.4 billion, but operating profit decreased by 23.9% to JPY1.7 billion.

In terms of the external environment for this business, there was a trend toward a recovery in demand for commercial food products, including inbound demand, as restrictions related to COVID-19 were lifted. However, personal consumption was somewhat weak due to a series of price hikes against a backdrop of rising raw material prices and other factors.

Under these circumstances, our business was able to flexibly respond to the diversifying needs of customers in terms of quality, price, and stable supply by leveraging our procurement capabilities. As a result, sales increased from the previous fiscal year to reach the JPY100 billion level for the first time due to higher sales volume and higher prices of seafood, livestock, and agricultural products, as well as a rise in prices.

On the other hand, SG&A expenses increased due to the impact of higher transportation and storage costs, and there was also the impact of higher purchase prices, resulting in a JPY500 million decrease in operating profit compared to the previous fiscal year. We have taken measures such as passing on the higher purchase price, higher SG&A expenses, and such higher costs to selling prices. However, there was a slight delay in responding to the seemingly intermittent cost increases, which led to a decline in the profit margin.

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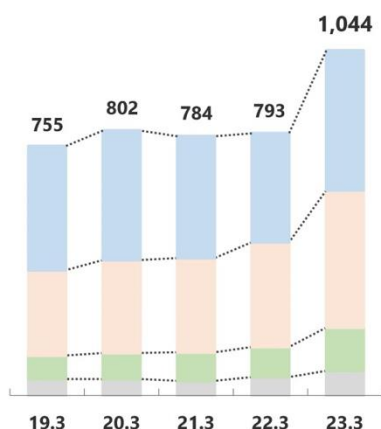
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## 品目別売上高の推移（食品関連事業）

各品目において、販売量は増加し、販売価格も総じて大幅に上昇したことにより、  
全ての品目で売上高は増加し、全体では前期比+250億円



	(億円)			増減要因
	23年3月期	増減		
水産品	422	+93 +28.4%	数量増加 +5.3%、価格上昇 +23.1%	
畜産品	415	+97 +30.7%	数量増加 +5.6%、価格上昇 +25.1%	
農産品	131	+40 +44.4%	数量増加 +21.8%、価格上昇 +22.6%	
その他	74	+19 +35.0%	数量増加 +6.5%、価格上昇 +28.5%	

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I would like to supplement the sales of the foodstuff related business by product category.

Seafood products increased by 5.3% in volume and by 23.1% in price compared to the previous year, for a total increase of 28.4%. The increase in volume was mainly due to expanded sales of shrimp and frozen fish.

Sales of livestock products increased 5.6% in volume and 25.1% in price compared to the previous year, for a combined increase of 30.7%. The increase in volume is mainly due to expanded sales of pork-related products.

For agricultural products, sales increased 21.8% in volume and 22.6% in price compared to the previous fiscal year, resulting in a significant 44.4% increase in total sales. Although the increase in volume is largely attributable to frozen vegetables, sales of dried vegetables, such as potato-related products, are also expanding steadily.

As described above, sales of each product category expanded, contributing to increased sales in terms of volume. However, the impact of price increases on sales was still evident, as there was a general trend toward higher prices for each category and product.

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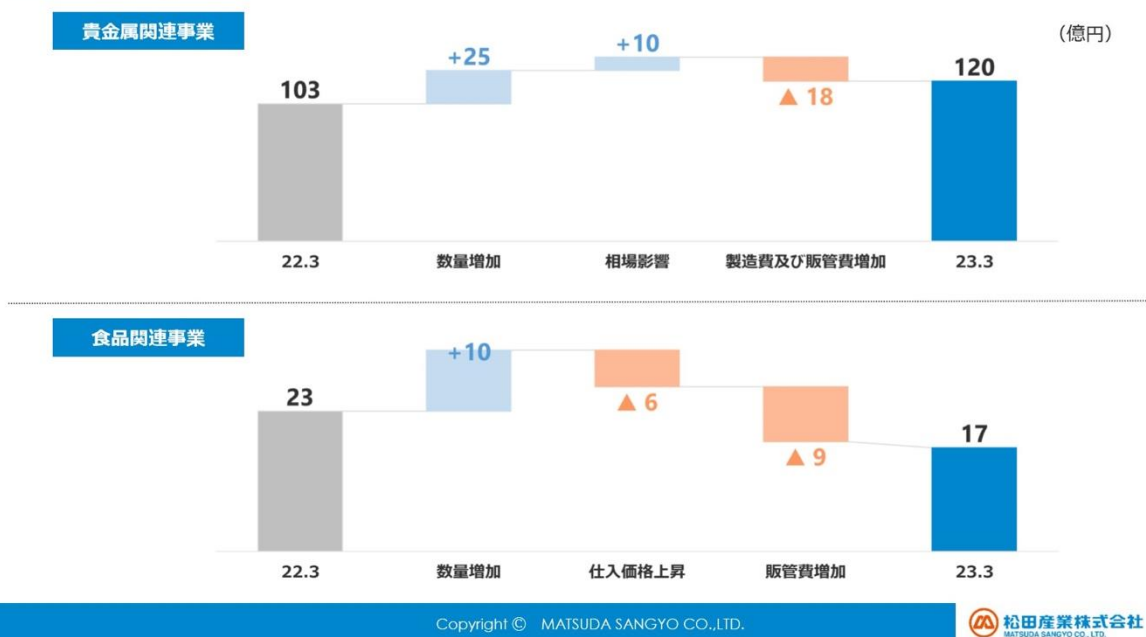
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## 営業利益の増減



I will then supplement the summary of operating profit.

Operating profit in the precious metals related business increased approximately JPY1.7 billion from the previous year, with approximately JPY2.5 billion contributed by increased volume and approximately JPY1 billion by the impact of precious metals market prices.

On the other hand, manufacturing costs and SG&A expenses increased by approximately JPY1.8 billion, which was a factor that lowered operating profit. The impact on the precious metals market is generally due to the increase in gold prices. Although there were some effects of the platinum group's market decline, these effects have been offset.

The increase in manufacturing and SG&A expenses was due to the acquisition of land and other assets, in addition to the cost of electricity, auxiliary materials, labor, depreciation, and other expenses. This includes the one-time increase in taxes and public dues that are incurred as a result of such activities. Electricity costs, for which price increases have been conspicuous, have increased at a very high rate, nearly 90% compared to the previous year.

Operating profit in the foodstuff related business decreased about JPY500 million from the previous year, but an increase in volume boosted operating profit by about JPY1 billion. On the other hand, the impact of higher purchase prices resulted in a JPY600 million reduction in operating profit, and SG&A expenses increased by JPY900 million, and we were unable to absorb these negative factors.

Negative impacts associated with higher purchase prices occurred mainly in seafood products and livestock products. In addition, the increase in SG&A expenses was due to a nearly JPY500 million increase in logistics expenses, such as transportation and storage costs, and an increase in personnel expenses and travel and transportation expenses.

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24/3期は、貴金属関連事業の外部環境悪化を背景に、減収減益を予想

	23年3月期 実績	24年3月期 予想	増減	
売上高	3,510	<b>3,300</b>	▲210	▲6.0%
営業利益	138	<b>90</b>	▲48	▲34.9%
営業利益率	3.9%	<b>2.9%</b>	▲1pt	-
経常利益	138	<b>93</b>	▲45	▲32.8%
当期純利益	96	<b>65</b>	▲31	▲33.0%
1株当たり当期純利益（円）	371.7	<b>249.1</b>	▲122.5	▲33.0%
ROE	12.2%	<b>7.3%</b>	▲5pt	-

(億円)

I will now explain our consolidated earnings forecast for the fiscal year ending March 31, 2024.

Sales are expected to decrease 6% YoY to JPY330 billion. Operating profit will increase 34.9% YoY to JPY9 billion. Net profit is projected to decrease 33% from the previous year to JPY6.5 billion, a decrease in both revenue and profit.

Precious metals related businesses have had a significant impact on the forecast of lower sales and profits. The deterioration in the external environment, which is the background for the forecast of lower sales and profits, however, is expected to be temporary, and there is no change in our expectation for medium- to long-term growth in the electronic device field. Therefore, we will continue to aggressively implement our planned capital investments, sustainability initiatives, and expansion of investment in human capital.

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## セグメント別の業績見通し

貴金属関連事業は、電子デバイス分野の操業・生産低下の見通しから、取扱数量の減少による大幅減益を予想  
食品関連事業は、上昇が続いた価格の下落見直しを含め、売上・営業利益とも凡そ横這いを予想

		(億円)			
		23年3月期 実績	24年3月期 予想	増減	
売上高	貴金属関連事業	2,465	<b>2,300</b>	▲165	▲6.7%
	食品関連事業	1,044	<b>1,000</b>	▲44	▲4.3%
	合計	3,510	<b>3,300</b>	▲210	▲6.0%
営業利益	貴金属関連事業	120	<b>71</b>	▲49	▲41.0%
	食品関連事業	17	<b>19</b>	+1	+7.1%
	合計	138	<b>90</b>	▲48	▲34.9%

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This is the forecast by segment.

In the precious metals related business, we forecast a 6.7% decrease in sales and a 41% decrease in operating profit due to deteriorating production trends in the electronic device sector, which greatly affects the volume of metal recycling and product sales, as well as an expected delay in the timing of recovery.

Sales only decreased by 6.7% due to the expected increase in jewelry-related and catalyst-related items. However, the impact of the deteriorating environment on the electronic device sector, which has relatively high added value, is expected to be significant, since precious metal recycling involves the processing of small quantities of a wide variety of products and high levels of difficulty, as well as the sale of products. Therefore, we forecast a large decrease in operating profit due to the expected decrease in gross profit.

We have attached separate forecasts for H1 and H2 in the reference materials. Based on our assessment of the timing of the recovery of the external environment, we expect the business environment to start improving in H2. Although a full recovery is likely to occur in the next fiscal year, we believe at this stage that the economy will return to a growth phase from that point on.

Next, in the foodstuff related business, we expect overall demand for food products, including inbound demand, to recover in the external environment. Under such circumstances, we naturally expect to expand sales volume.

On the other hand, sales prices have continued to rise quite rapidly. Since these factors are slowing down, we expect prices to decline.

In addition, we expect sales and operating profit to remain generally unchanged, including plans to address rising transportation and storage costs.

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	貴金属関連事業	食品関連事業
<b>24年3月期 業績予想</b>	売上高 2,300億円 (前期比 ▲165億円) 営業利益 71億円 (前期比 ▲49億円)	売上高 1,000億円 (前期比 ▲45億円) 営業利益 19億円 (前期比 +1億円)
<b>外部環境と数量</b>	自動車を除く需要の減少と過剰在庫の調整に伴い、電子デバイス分野は操業低下 (回復は下期以降の見立て) → 貴金属リサイクル取扱量、製商品販売数量の減少	インバウンド需要の拡大などで外部環境は回復顧客ニーズの多様化に備えた調達力を強化 → 水産品、農産品を中心に販売数量は増加
<b>販売価格</b>	貴金属相場：23年3月期の下期平均並みに想定	23年3月期の上期平均価格程度まで下落を想定
<b>設備投資に伴う償却費</b>	生産インフラの拡充と強化、国内外の拠点拡充と整備	
<b>サステナビリティ経営の推進</b>	脱炭素に向けた取り組み、国際イニシアチブ (CDP、TCFD、TNFD、SBT etc.) への対応、労働環境の整備、人的資本経営の推進	
<b>IT投資</b>	ERP刷新、DXの推進とトレンド技術 (RPA、BI etc.) の導入、情報セキュリティ対策	

Next, I will provide an overview of the assumptions underlying the forecast.

As an overview of the external environment and volume assumptions for the precious metals related business, the key point is that we forecast a decrease in the volume of precious metals recycling and sales of manufactured goods based on the prospect of lower capacity utilization in the electronic devices sector.

We do not anticipate major changes in the environment for jewelry and catalyst-related products, so we expect an increase in volume in this area due to market share expansion and new acquisitions.

As for the sales price, its price formation is largely controlled by precious metals market prices. Our sales price is based on our assumption that the market price will be about the average price of precious metals in H2 of the previous year. We are assuming a metal market price of approximately JPY8,000 per gram for gold and JPY95 per gram for silver.

Regarding the external environment and volume of the foodstuff related business, we forecast an increase in sales volume based on the recovery of the external environment and our competitiveness.

As for sales prices, as I explained earlier, we expect that the intermittent price hikes seen in H2 of the previous fiscal year will slow down and then turn to decline. The forecast is based on the assumption that prices will settle at approximately the H1 average of the previous year.

Capital expenditures are expected to be executed as planned, but the resulting depreciation and amortization expenses are expected to remain generally unchanged for the fiscal year ending March 31, 2024.

We also have plans to promote sustainability management, invest in IT, and work on measures such as those described under the premise of these items. In the short term, the increase in costs will lead to a decrease in operating profit, but we will continue to aggressively implement these measures with a view to the medium to long term.

This is the end of my presentation.

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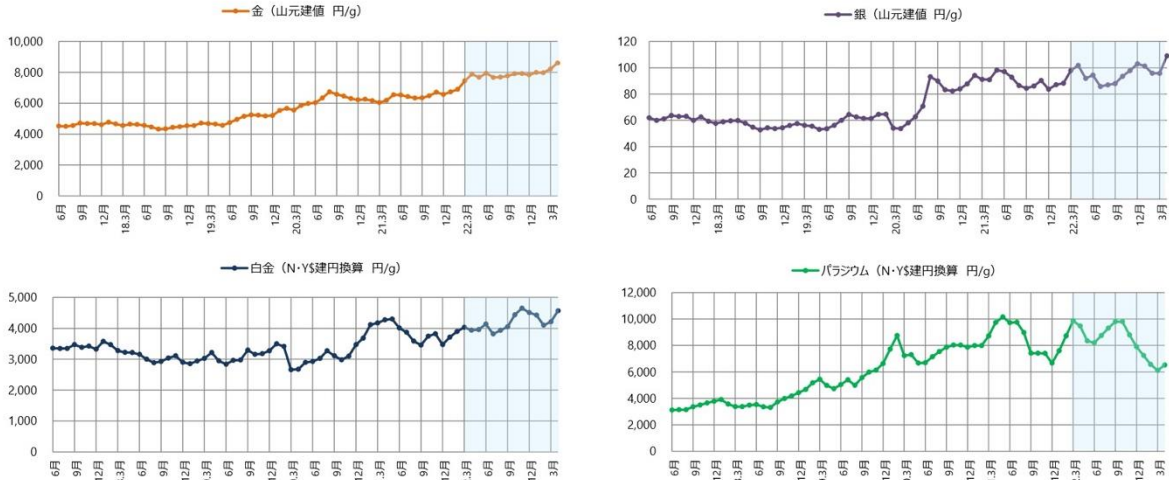
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		23年3月期実績			24年3月期予想			(億円)			
		上期	下期	通期	上期	下期	通期	増減			
								上期	下期		
売上高	貴金属関連事業	1,269	1,195	2,465	1,080	1,220	2,300	▲189	▲15.0%	+24	+2.0%
	食品関連事業	490	554	1,044	500	500	1,000	+9	+2.0%	▲54	▲9.8%
	合計	1,760	1,750	3,510	1,580	1,720	3,300	▲180	▲10.2%	▲30	▲1.7%
営業利益	貴金属関連事業	66	54	120	32	38	71	▲33	▲51.1%	▲15	▲28.8%
	食品関連事業	13	4	17	7	11	19	▲5	▲42.7%	+6	+162.2%
	合計	79	58	138	40	50	90	▲39	▲49.7%	▲8	▲14.7%

貴金属相場の推移

24年3月期は、金 8,000円/g、銀 95円/gを想定



Please refer to the attached reference materials for the H1 and H2 forecasts by segment, as well as the trends in precious metal prices.

In addition, the materials explained today will also be posted on our website for your reference.

That's all from me.

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## Question & Answer

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**Moderator [M]:** We will now have a question-and-answer session. We would like to take as many questions as time permits, so please feel free to send them to us. We hope you feel comfortable sharing your comments with us.

**Tanaka [A]:** Okay, I will read your first question first.

The forecast for the fiscal year ending March 31, 2024, is significantly lower than that of the previous fiscal year, and we would like to know in depth the reasons for the decrease in profit.

I will answer this question. The reason for the forecasted decrease in profit is due to the deterioration of the external environment for the precious metals related business, as I explained earlier.

As you know, the electronic device field is our main customer base for precious metal recycling and product sales. Therefore, the trend of operations in the electronic device field will still affect our business performance.

As you are probably already aware of the current operating trends in the electronic device field, we have naturally assumed that the most important point in this forecast is the deteriorating operating conditions, including inventory adjustments.

We are dealing with a very wide range of manufacturers, so there is naturally a great deal of variation in their individual operation trends. Therefore, it is difficult to say how much the decrease is expected to be.

In general, or from a macro perspective, the electronic device field as a whole peaked from the fiscal year ended March 31, 2022, to H1 ended March 31, 2023, which we consider having been the peak of the field. Compared to this, a decrease of 20% to 30% is still possible, and this is one of the reasons for the current forecast. That is my answer.

**Matsuda [A]:** From me, too. The semiconductor and electronic components industry, especially the surplus of semiconductors, has been reported daily in newspapers and other media, and I believe this will be reflected in our company as well. However, demand will recover for this sector in the future. We do not know whether this will be six months or a year from now, but we anticipate such demand, including 5G and EV-related demand, so we are currently making capital investments ahead of schedule in preparation for such a time.

**Tanaka [A]:** Okay, I will move on to the next question.

Regarding the earnings forecast, please let us know if there is any increase or decrease in operating profit by factor.

I do not have a firm idea of the increase or decrease by factor, but I will give you an overview by segment. As I explained earlier, the precious metals related business, its decrease in volume, which has the largest impact on the decrease in operating profit, is one of the factors that contributed to the decrease in operating profit.

In addition, we will continue to actively recruit human resources in the fiscal year ending March 31, 2024, although not to the same extent as in the fiscal year ended March 31, 2023, so the increase in SG&A expenses, including personnel expenses, is likely to be a factor in lowering the forecast for operating profit.

In the foodstuff related business, we expect to expand sales volume as a volume factor, which will naturally lead to an increase in profit. On the other hand, as was partially mentioned in the fiscal year ended March 31,

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2023, the profit margin has declined due to higher purchase prices, and this has had a slight downward impact on the forecast.

In addition, as is the case in the precious metals related business, we will continue to actively recruit human resources, and SG&A expenses, including personnel expenses, will continue to increase. These factors have slightly lowered the forecasted operating profit. I would like to omit your question about the breakdown of the amount of money for each of them at this time.

That's all from me.

**Matsuda [A]:** In any case, we would like to make medium- and long-term strategic moves in sequence.

**Tanaka [A]:** Then I will move on to your next question.

You mentioned that ROE is at a double-digit percentage, which is not low by any means, but how do you perceive the current situation where P/B ratio is below 1x?

As you mentioned, ROE exceeded 12% for the fiscal year ended March 31, 2023, and we recognize that this is not a low level considering the cost of capital and other factors that are recognized within the Company.

In this context, the current situation where P/B ratios have been below 1x for many years has been attracting a great deal of attention in response to Tokyo Stock Exchange(TSE) requests in recent years, but naturally, as a listed company, we have always considered P/B ratio of 1x as one of the conditions.

Moreover, as for how to respond to and think about the current situation where the P/B ratio is below 1x, one thing to do is to further improve the return on capital, as mentioned earlier in the discussion of ROE. This includes the future, but we will enhance it. By doing so, we can widen the gap from the cost of capital and have you properly understand the growth potential of the Company.

In addition, we will enhance the market's confidence in our sustainability related or ESG initiatives and corporate governance. In addition to these two factors, we believe that it will be necessary to continue to consider the enhancement of shareholder returns.

We will create opportunities to discuss these issues in detail in the future. When such a concrete plan is completed, we would like to make it public.

That's all from me.

**Matsuda [A]:** In any case, I believe that we must continue to improve profitability and shareholder returns, as well as strengthen investor relations.

**Tanaka [A]:** I will move on to the next question.

This is a question by a participant who is attending the conference for the first time. The sales planned for FY2025, the final year of the medium-term management plan, will be JPY300 billion, which will be a decrease from previous terms. What are the factors behind this?

We announced this mid-term management plan in May last year. Compared to the current situation, there will still be a slight gap in our assumptions for the precious metal market.

Since the precious metals market is quite volatile, we have basically not revised our price assumptions in our mid-term plan. This is one of the major reasons for the planned decrease in revenues.

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Although this has not been calculated, I think that a hypothetical calculation based on current market conditions would basically result in a plan to increase revenues.

That's all from me.

I will have some more time to answer your questions.

The next question is whether there would be any impact on future investments in light of the expected deterioration in performance for the fiscal year ending March 2024. If there is no impact, why not?

As I mentioned earlier in my explanation, the investment plan set forth in this mid-term plan calls for JPY30 billion over four years. These investments basically include many strategic investments for the medium to long term, which is beyond the period under the mid-term management plan.

Therefore, based on this forecast of deteriorating performance for the fiscal year ending March 31, 2024, which we view as transitory, we are not considering any changes to that plan at this time.

In addition, investments include infrastructure and renewal of aging facilities, which must be prioritized, and we intend to move forward as planned, regardless of the decrease in earnings forecast for the next fiscal year ending March 2024.

That's all from me.

**Matsuda [A]:** Regarding the investment, we have to go quite a few years, after all, in the range of two, three, or four years. Since there are fixed assets, such as buildings and equipment, it is unlikely that any major changes will be made to them under the current circumstances.

We would like to invest in the future in order to respond to productivity and GHG gas emissions, as well as to ensure that productivity increases. We would also like to address profitability and new commercial areas.

**Tanaka [A]:** I will move on to the next question.

The question is about the reason why the foodstuff related business was in the red in Q4 of the fiscal year ended March 31, 2023.

As I mentioned earlier in my explanation, Q4 was the most affected by the increase in purchase prices.

In the food industry, Q4 is a period when products are replaced, and this has a partial impact on our performance. In the foodstuff related business, regardless of the fiscal year ended March 31, 2023, and including the previous fiscal year, performance tended to be relatively rough or even slightly deteriorated in Q4.

In addition, for Q4 of the fiscal year ended March 31, 2023, we believe that the rise in purchase prices and the gap in price pass-on to these prices were the most significant factors that resulted in the deterioration of our business performance. We have been in the red for Q4, and naturally, we would like to eliminate this deficit exactly for the current fiscal year.

That's all from me.

**Matsuda [A]:** Generally speaking, in the foodstuff related business, the end of Q3 is a relatively easy time for food raw materials to move, as it is Christmas and New Year's. On the other hand, Q4 tends to see a reaction to this trend.

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In addition to that, there was a drop in some products, etc., and because of that combination of factors, we are in a situation where we are continuing our foodstuff related business with no major problems, which we have linked to the next year.

**Tanaka [A]:** You have one more question, and time is running out. We will now answer the next question.

As a final question, why did your operating profit exceed the forecast and the outlook for the fiscal year ended March 31, 2023, in terms of performance and actual results?

It is true that the precious metals related business is on a downward trend in terms of actual volume and the volume of precious metal recycling handled in the electronic devices field.

On the other hand, especially in H1 ended March 31, 2023, the volume of recycling generated from the electronic device sector and the sales trend of product sales are still quite favorable compared to our initial assumptions. In H2, the impact on the Company's performance may be delayed slightly, approximately one quarter or more from the actual real-time trend of operations in the electronic device sector.

This and other factors, including a slight delay in reflecting the decrease in volume forecasted in the initial forecast, may be among the reasons for the considerable increase in results compared to the forecast.

That's all from me.

Thank you very much for your many questions. That's all for today's briefing.

Now that we have reached the end of our time, Matsuda Sangyo will conclude the presentation of financial results for the fiscal year ended March 31, 2023. Thank you very much for joining us today.

[END]

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