

New Medium-term Management Plan (FY2016-18)

The Matsuda Sangyo Group (the Group) has formulated a new medium-term management plan (from fiscal 2016 to fiscal 2018) aimed at further increasing corporate value. The plan's main points are explained below.

1. Medium-term management plan targets

	Results (fiscal year ended March 31, 2016)	Targets (fiscal year ending March 31, 2019)
Consolidated net sales	¥162.0 billion	¥210.0 billion
Consolidated operating income	¥3.1 billion	¥5.0 billion
Consolidated operating margin	1.9%	2.4%

2. Corporate philosophy

Matsuda Sangyo aims to meet the expectations of customers, shareholders, business partners, employees, global society as a whole and other stakeholders, working to contribute to society through its business activities by effectively using the world's limited resources and ensuring stable supplies of those resources to customers.

3. Our vision for the Matsuda Sangyo Group

- (1) Continue developing as a Group by securing growth and earnings opportunities. This will be achieved by supplying high added value that accurately addresses customer needs, using the precious metals business segment to expand operations and drive growth and the food business segment to generate stable growth.
- (2) Achieve a ratio of ordinary income to total assets of at least 10% over the medium and long term, with the aim of increasing profitability and enhancing management efficiency.
- (3) Meet the expectations of shareholders by continuing to pay stable dividends while ensuring sufficient internal reserves to invest in growth.

4. Management strategies

The Group has formulated the following five management strategies and will work to achieve them as a matter of priority during the medium-term management plan, which runs from fiscal 2016, ending March 31, 2017, to fiscal 2018, ending March 31, 2019.

(1) Boost earnings in existing businesses

(i) Precious metals business segment: We will work to increase market share and improve profitability by supplying products and services with high environmental value. Specifically, we will maximize our expertise and infrastructure in precious metals recycling and environmental protection, built up over many years, and draw on all our capabilities in resource recycling to handle more items that match customer needs and to address declining volumes of gold used in products.

(ii) Food business segment: We aim to cultivate demand for our products, including in overseas markets, and improve profitability. Specifically, we will use our accumulated expertise in areas such as quality assurance and procurement to supply safe, reliable, high-quality food ingredients that satisfy customer needs. We will also work to expand our business in seafood products, including through synergies with Gluf Foods Co., Ltd. in which the Company acquired shares in February 2016.

(2) Cultivate new sources of earnings

(i) Precious metals business segment: We will expand the business by stepping up the development of high-performance electronic materials and cleaning and maintenance technologies that help improve productivity, aiming to address the needs of customers in the electronics industry and other sectors.

(ii) Food business segment: We aim to grow the business by offering food processing options that satisfy customer needs and by offering a new lineup of products.

(3) Actively expand the business in East Asia

(i) Precious metals business segment: We will actively expand our operations in the region, aiming to become East Asia's leading refining company. Specifically, we will use our production facilities and network, which we have been investing in for some time, to create closer relationships with local customers. We will also strengthen our lineup of globally competitive products and services and enhance our regional strategy.

(ii) Food business segment: We will use existing local subsidiaries to secure sources of high-quality foodstuffs that meet customer requirements. This will strengthen our procurement capabilities and help us develop overseas markets. We will also look for opportunities to expand markets for our products.

(4) Build an optimum management framework

We will reinforce our management framework, including systems, structures and IT investment, to support sound and sustained growth.

(5) Nurture and hire human resources

We will use more diverse recruitment methods and actively nurture human resources to secure the people we need to drive our business forward.

5. Investment strategy

We will actively invest in growth to expand our business. Specifically, in both the precious metals business segment and the food business segment, we will develop new products and technologies,

upgrade sites in Japan and overseas and strengthen the Group's capabilities.

< Forward-looking statements >

Performance targets and other forecasts in this document are forward-looking statements and are based on the current operating environment. These forecasts may change due to a range of factors, including developments in the operating environment.