

New Medium-term Management Plan (FY2019-2021)

The Matsuda Sangyo Group (the Group) has formulated a new medium-term management plan (from fiscal 2019 to fiscal 2021) aimed at further increasing corporate value. The plan's main points are explained below.

1. Review of previous medium-term management plan (FY2016-2018)

During the previous medium-term management plan (FY2016-2018), which was completed in fiscal 2018, ended March 31, 2019, the Group aimed to increase corporate value by positioning the precious metals business segment as the driver of expansion and growth, and the food business segment as a source of stable growth. Specifically, the Group focused on five management strategies: boost earnings in existing businesses, cultivate new sources of earnings, actively expand the business in East Asia, build an optimum management framework, and nurture and hire human resources, with the last two strategies designed to support the first three. As a result, the Group achieved the plan's targets: consolidated net sales of ¥200 billion, consolidated operating income of ¥4 billion and a consolidated operating margin of 2.0%.

2. New medium-term management plan targets

In light of the above, the Group has set the following targets for its new medium-term management plan (FY2019-21).

	FY2018 results (Ended March 31, 2019)	FY2021 targets (Ending March 31, 2022)
Consolidated net sales	¥208.3 billion	¥220 billion
Consolidated operating income	¥4.9 billion	¥5.5 billion
Consolidated operating margin	2.4%	2.5%
Return on equity (ROE)	5.9%	6.0%

3. Overview of management strategies

Under the new medium-term management plan, the Group aims to drive growth in both the precious metals business segment and the food business segment

by investing heavily in areas that support business expansion, such as product and technology development and upgrades to the facilities and functions of domestic and overseas business sites. In addition, the Group aims to increase earnings by implementing the management strategies set out below, in line with its vision for each business segment: “play a leading role in creating resource recycling in East Asia” in the precious metals business, and “be the best partner for customers in product development” in the food business.

(Business segment management strategies)

Precious metals business segment	Food business segment
● Reinforce foundation of core businesses	● Reinforce foundation of core businesses
● Strengthen value proposals for customers, including in resource recycling, and upgrade marketing networks	● Reinforce development, quality assurance and production control support functions to bolster manufacturing capabilities
● Expand the automotive, chemical and overseas markets	● Enhance the lineup with products tailored to customer needs
● Move into new business areas, such as e-scrap, high-performance electronic materials and LiB recycling	● Accelerate business development overseas, as well as in Japan (Expand business network in Japan and overseas)

In addition, to reinforce the Company’s business base, the Group will (1) use IT to strengthen management capabilities and improve productivity with automation and labor-saving technology, (2) nurture management personnel who can drive growth, (3) create pleasant and rewarding working environments where diverse human resources can fulfill their potential in optimum roles, and (4) reinforce governance and rigorously manage various risks. The Group’s aim is to continue increasing corporate value by expanding its business and contributing to society through its business activities.

< 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.