



FY3/21 3Q Consolidated Financial Statements [J-GAAP]

February 10, 2021

Company name: Matsuda Sangyo Co., Ltd.	Exchanges listed on: Tokyo Stock Exchange (First Section)	
Company code: 7456	URL: https://www.matsuda-sangyo.co.jp	
Representative: President	Yoshiaki Matsuda	
Inquiries: Executive Officer/ General Manager of IR Dept.	Yoshinori Tanaka	TEL: +81-3-5381-0728
Filing date of quarterly report: February 12, 2021		
Date to start dividends distribution: —		
Supplementary quarterly materials prepared: None		
Quarterly results information meeting held: None		

(Figures are rounded down to the nearest million yen)

1. FY3/21 3Q consolidated results (April 1, 2020 – December 31, 2020)

(1) Consolidated results

(Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/21 3Q	171,385	8.9	6,287	20.2	6,371	16.2	4,676	25.0
FY3/20 3Q	157,405	(1.4)	5,232	42.9	5,484	42.0	3,740	46.3

(Note) Comprehensive income: FY3/21 3Q: ¥4,568 million (+36.1%) FY3/20 3Q: ¥3,355 million (+52.9%)

	Earnings per share	Diluted earnings per share
	(yen)	(yen)
FY3/21 3Q	178.17	—
FY3/20 3Q	142.03	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/21 3Q	97,193	63,867	65.6
End-FY3/20	94,509	60,527	63.9

(Reference) Shareholders' equity: End-FY3/21 3Q: ¥63,763 million End-FY3/20: ¥60,428 million

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	4Q	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FY3/20	—	17.00	—	17.00	34.00
FY3/21	—	18.00	—		
FY3/21 (Projections)				20.00	38.00

(Note) Revisions to the most recently announced projections of dividends: Yes

3. Consolidated earnings projections for FY3/21 (April 1, 2020 – March 31, 2021)

(Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
FY3/21	220,000	4.3	7,300	17.0	7,400	15.9	5,400	33.5	206.61

(Note) Revisions to the most recently announced projections of consolidated earnings: Yes

* Notes

- (1) Material changes in subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards: No
 - 2) Changes in accounting policies other than the above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares)	End-FY3/21 3Q	28,908,581 shares	End-FY3/20	28,908,581 shares
2) Number of treasury shares	End-FY3/21 3Q	2,772,517 shares	End-FY3/20	2,575,930 shares
3) Average number of shares during the period	FY3/21 3Q	26,244,344 shares	FY3/20 3Q	26,332,712 shares

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

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

This document contains earnings projections and other information that constitute forward-looking statements. These statements are based on reasonable assumptions and information currently available to the Company and provide no guarantee of future performance. Actual results may differ materially from forward-looking statements due to a number of factors. For more information about earnings projections, please refer to "1. Qualitative information on consolidated results during the period, (3) Qualitative information on consolidated earnings projections" on page 3 of the attached documents.

Contents of Attached Document

1. Qualitative information on consolidated results during the period	2
(1) Qualitative information on consolidated results	2
(2) Qualitative information on consolidated financial position.....	2
(3) Qualitative information on consolidated earnings projections	3
2. Quarterly consolidated financial statements and related notes	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and comprehensive income.....	6
(3) Quarterly consolidated statements of cash flows	8
(4) Notes on quarterly consolidated financial statements	10
(Notes on premise of a going concern)	10
(Notes on significant changes in the amount of shareholders' equity)	10
(Segment information, etc.).....	10

1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

In the first nine months of the fiscal year ending March 31, 2021, the Japanese economy continued to face extremely challenging conditions, including weak consumer spending and a decline in corporate earnings caused by the outbreak of coronavirus disease (COVID-19). Despite signs of a pickup in domestic economic activity on the back of government stimulus measures, the outlook remains uncertain due to factors such as new waves of COVID-19 and trade tension between the US and China.

Against that backdrop, the Matsuda Sangyo Group (the Group) worked to prevent the spread of infection by prioritizing the health and safety of employees and all people associated with the Group, while also fulfilling its corporate social responsibility by working to expand the Group's businesses to support sustained growth and increase corporate value. The precious metals business segment stepped up marketing activities and actively used production sites in Japan and overseas to secure precious metals materials, boost sales of products such as precious metal chemical products and expand its industrial waste treatment outsourcing business. In addition, the food business segment fulfilled its responsibility of ensuring stable supplies amid concerns about supply chain disruption caused by the COVID-19 outbreak and worked to expand sales volume by developing and providing products that address customer needs.

As a result of the above, for the first nine months of the fiscal year ending March 31, 2021, consolidated net sales were ¥171,385 million (up 8.9% year on year), operating profit was ¥6,287 million (up 20.2% year on year), ordinary profit was ¥6,371 million (up 16.2% year on year), and profit attributable to owners of parent was ¥4,676 million (up 25.0% year on year).

Performance in the Matsuda Sangyo Group's business segments was as follows.

Precious metals business segment

In the precious metals business segment, key customers in the electronics sector were affected by the COVID-19 outbreak, but there was a moderate upward trend in production activity in the electronics parts and devices field.

Against that backdrop, the amount of industrial waste treated on an outsourcing basis declined. However, sales and operating profit both increased compared with the same period of the previous fiscal year, reflecting a modest rise in the volume of precious metal recycling and increases in sales volume for gold and silver products, as well as higher precious metals prices. As a result, net sales for the precious metals business segment totaled ¥110,565 million (up 18.1% year on year), and operating profit was ¥5,263 million (up 35.3% year on year).

Food business segment

In the food business segment, consumer spending recovered for a time, spurred by government stimulus measures, but conditions remained tough for key customers across the food processing sector, reflecting new outbreaks of COVID-19 that led to weakness in the food service industry and poor sales of food souvenirs, reducing demand for the segment's commercial-use products.

Against that backdrop, sales volume for agricultural products increased, but sales in the segment declined year on year, reflecting lower sales volumes for seafood products and livestock products. In addition, storage fees and other costs increased, leading to a decline in operating profit compared with the same period of the previous fiscal year. As a result, net sales for the food business segment were ¥60,877 million (down 4.7% year on year), and operating profit was ¥1,024 million (down 23.7% year on year).

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and net assets

Assets

Total assets as of the end of the first nine months were ¥97,193 million, an increase of ¥2,684 million from the previous fiscal year end. This mainly reflected the difference between increases for notes and accounts receivable – trade and property, plant and equipment and decreases for cash and deposits and inventories.

Liabilities

Total liabilities as of the end of the first nine months were ¥33,326 million, a decrease of ¥655 million from the previous fiscal year end. This primarily reflected the difference between an increase for accounts payable – trade and decreases for short-term loans payable and income taxes payable.

Net assets

Net assets as of the end of the first nine months were ¥63,867 million, an increase of ¥3,339 million from the previous fiscal year end. This mainly reflected an increase in retained earnings, which outweighed year-end and interim cash

dividends paid of ¥919 million.

(2) Cash flows status

As of the end of the first nine months under review, the balance of cash and cash equivalents (hereafter, “cash”) stood at ¥8,773 million, a decrease of ¥2,878 million from the previous fiscal year end.

Cash flows from operating activities

Operating activities provided net cash of ¥2,113 million. This mainly reflected the difference between cash provided from profit before income taxes, depreciation, increase in accounts payable – trade and decrease in inventories on the one hand, and cash used for increase in notes and accounts receivable – trade and income taxes paid on the other. Compared with the same period in the previous fiscal year, when operating activities used net cash of ¥2,460 million, cash from operating activities increased by ¥4,573 million.

Cash flows from investing activities

Investing activities used net cash of ¥2,631 million. This was mainly due to the purchase of property, plant and equipment related to the installation of equipment at the Group’s plants. Compared with the same period in the previous fiscal year, when investing activities used net cash of ¥2,029 million, cash used by investing activities increased by ¥601 million.

Cash flows from financing activities

Financing activities used net cash of ¥2,118 million. This mainly reflected a decrease in short-term loans payable, as well as cash dividends paid and the purchase of treasury shares. Compared with the same period in the previous fiscal year, when financing activities provided net cash of ¥5,385 million, cash from financing activities decreased by ¥7,504 million.

(3) Qualitative information on consolidated earnings projections

For details about the Group’s earnings projections, please refer to the press release issued on February 10, 2021, “Revisions to Earnings Projections and Dividend Forecast.”

2. Quarterly consolidated financial statements and related notes

(1) Quarterly consolidated balance sheets

(millions of yen)

	End-FY3/20 (As of March 31, 2020)	End-FY3/21 3Q (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	11,652	8,773
Notes and accounts receivable – trade	19,936	26,592
Merchandise and finished goods	23,135	20,902
Work in process	423	526
Raw materials and supplies	8,062	9,290
Others	5,257	4,118
Allowance for doubtful accounts	(68)	(63)
Total current assets	68,398	70,140
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,238	12,116
Accumulated depreciation	(5,450)	(5,707)
Buildings and structures, net	5,788	6,408
Machinery, equipment and vehicles	9,237	11,281
Accumulated depreciation	(7,589)	(8,140)
Machinery, equipment and vehicles, net	1,647	3,140
Land	8,938	8,752
Leased assets	1,826	1,766
Accumulated depreciation	(771)	(833)
Leased assets, net	1,054	932
Construction in progress	1,124	506
Others	1,414	1,458
Accumulated depreciation	(1,089)	(1,173)
Others, net	324	284
Total property, plant and equipment	18,878	20,026
Intangible assets		
Others	579	547
Total intangible assets	579	547
Investments and other assets		
Investment securities	4,406	4,664
Deferred tax assets	665	248
Others	1,597	1,603
Allowance for doubtful accounts	(18)	(37)
Total investments and other assets	6,651	6,479
Total non-current assets	26,110	27,053
Total assets	94,509	97,193

(millions of yen)

	End-FY3/20 (As of March 31, 2020)	End-FY3/21 3Q (As of December 31, 2020)
Liabilities		
Current liabilities		
Accounts payable – trade	7,898	8,780
Short-term loans payable	7,023	6,052
Current portion of long-term loans payable	1,268	1,533
Lease obligations	365	368
Income taxes payable	1,398	814
Provision for bonuses	918	467
Others	5,297	5,574
Total current liabilities	24,168	23,591
Non-current liabilities		
Long-term loans payable	6,040	6,164
Lease obligations	733	581
Provision for directors' retirement benefits	670	678
Provision for executive officers' retirement benefits	11	16
Net defined benefit liability	2,301	2,234
Deferred tax liabilities	9	23
Others	47	36
Total non-current liabilities	9,813	9,735
Total liabilities	33,982	33,326
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	56,069	59,826
Treasury shares	(3,010)	(3,319)
Total shareholders' equity	60,626	64,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	423	551
Deferred gains or losses on hedges	(164)	(146)
Foreign currency translation adjustment	990	526
Remeasurements of defined benefit plans	(1,447)	(1,241)
Total accumulated other comprehensive income	(197)	(310)
Non-controlling interests	98	103
Total net assets	60,527	63,867
Total liabilities and net assets	94,509	97,193

(2) Quarterly consolidated statements of income and comprehensive income**[Quarterly consolidated statements of income]**

(millions of yen)

	FY3/20 3Q (April 1, 2019 – December 31, 2019)	FY3/21 3Q (April 1, 2020 – December 31, 2020)
Net sales	157,405	171,385
Cost of sales	140,397	153,067
Gross profit	17,008	18,318
Selling, general, and administrative expenses	11,776	12,030
Operating profit	5,232	6,287
Non-operating income		
Interest income	12	4
Dividend income	25	24
Gain on sales of investment securities	27	1
Share of profit of entities accounted for using equity method	143	159
Purchase discounts	8	8
Foreign exchange gains	17	-
Others	105	45
Total non-operating income	341	243
Non-operating expenses		
Interest expenses	54	53
Foreign exchange losses	-	57
Others	34	49
Total non-operating expenses	89	159
Ordinary profit	5,484	6,371
Extraordinary income		
Gain on sales of land	-	347
Total extraordinary income	-	347
Extraordinary losses		
Impairment loss	115	-
Total extraordinary losses	115	-
Profit before income taxes	5,369	6,719
Income taxes – current	1,512	1,750
Income taxes – deferred	103	284
Total income taxes	1,615	2,034
Profit	3,753	4,685
Profit attributable to non-controlling interests	13	8
Profit attributable to owners of parent	3,740	4,676

[Quarterly consolidated statements of comprehensive income]

(millions of yen)

	FY3/20 3Q (April 1, 2019 – December 31, 2019)	FY3/21 3Q (April 1, 2020 – December 31, 2020)
Profit	3,753	4,685
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	127
Deferred gains or losses on hedges	(299)	20
Foreign currency translation adjustment	(60)	(428)
Remeasurements of defined benefit plans	11	206
Share of other comprehensive income (loss) of entities accounted for using equity method	(16)	(43)
Total other comprehensive income (loss)	(397)	(116)
Comprehensive income	3,355	4,568
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,338	4,563
Comprehensive income attributable to non-controlling interests	16	4

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	FY3/20 3Q (April 1, 2019 – December 31, 2019)	FY3/21 3Q (April 1, 2020 – December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	5,369	6,719
Depreciation	1,160	1,545
Impairment loss	115	-
Increase (decrease) in allowance for doubtful accounts	8	14
Increase (decrease) in provision for bonuses	(339)	(450)
Increase (decrease) in net defined benefit liability	14	225
Increase (decrease) in provision for directors' retirement benefits	(4)	10
Increase (decrease) in provision for executive officers' retirement benefits	(16)	4
Interest and dividend income	(37)	(28)
Interest expenses	54	53
Share of (profit) loss of entities accounted for using equity method	(143)	(159)
Decrease (increase) in notes and accounts receivable – trade	(6,065)	(6,778)
Decrease (increase) in inventories	(2,105)	785
Increase (decrease) in accounts payable – trade	387	1,003
Others	685	1,418
Subtotal	(918)	4,362
Interest and dividend income received	47	77
Interest paid	(53)	(53)
Income taxes paid	(1,536)	(2,272)
Net cash provided by (used in) operating activities	(2,460)	2,113
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,997)	(2,948)
Proceeds from sales of property, plant and equipment	2	445
Purchase of intangible assets	(90)	(121)
Purchase of investment securities	(10)	(10)
Proceeds from sales of investment securities	30	4
Others	36	(1)
Net cash provided by (used in) investing activities	(2,029)	(2,631)

(millions of yen)

	FY3/20 3Q (April 1, 2019 – December 31, 2019)	FY3/21 3Q (April 1, 2020 – December 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,105	(996)
Proceeds from long-term loans payable	5,000	1,500
Repayments of long-term loans payable	(591)	(1,101)
Cash dividends paid	(842)	(919)
Purchase of treasury shares	(0)	(309)
Others	(285)	(292)
Net cash provided by (used in) financing activities	5,385	(2,118)
Effect of exchange rate change on cash and cash equivalents	24	(242)
Net increase (decrease) in cash and cash equivalents	920	(2,878)
Cash and cash equivalents at beginning of period	7,816	11,652
Cash and cash equivalents at end of period	8,736	8,773

(4) Notes on quarterly consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Notes on significant changes in the amount of shareholders' equity)

There is nothing to report.

(Segment information, etc.)

I. FY3/20 3Q (April 1, 2019 – December 31, 2019)

1. Information for net sales and profit/loss for each reportable segment

(millions of yen)

	Reportable Segments			Adjustments Note 1	Amount recorded on quarterly consolidated statements of income Note 2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	93,593	63,812	157,405	-	157,405
Net sales & remittances between segments	-	55	55	(55)	-
Total	93,593	63,867	157,460	(55)	157,405
Segment profit	3,890	1,341	5,232	-	5,232

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

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

II. FY3/21 3Q (April 1, 2020 – December 31, 2020)

1. Information for net sales and profit/loss for each reportable segment

(millions of yen)

	Reportable Segments			Adjustments Note 1	Amount recorded on quarterly consolidated statements of income Note 2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	110,565	60,819	171,385	-	171,385
Net sales & remittances between segments	-	57	57	(57)	-
Total	110,565	60,877	171,443	(57)	171,385
Segment profit	5,263	1,024	6,287	-	6,287

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

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