



FY3/23 Financial Statements [J-GAAP]

May 12, 2023

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange
 Company code: 7456 URL: <https://www.matsuda-sangyo.co.jp>
 Representative: President Yoshiaki Matsuda
 Executive Officer/ Yoshinori Tanaka
 Inquiries: General Manager of CSR IR Dept. TEL: +81-3-5381-0728
 Date of regular shareholders' meeting: June 28, 2023
 Date of filing the financial report: June 28, 2023
 Expected dividend payment date: June 29, 2023
 Supplementary materials for financial results prepared: Yes
 Results briefing for financial results held: Yes (Live stream of results briefing for institutional investors scheduled for May 23, 2023)

(Figures are rounded down to the nearest million yen)

1. FY3/23 Consolidated results (April 1, 2022 – March 31, 2023)

(1) Consolidated operating 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)	(%)
FY3/23	351,028	28.9	13,818	9.0	13,843	0.8	9,696	1.4
FY3/22	272,292	17.6	12,681	57.8	13,734	64.1	9,558	56.7

(Note) Comprehensive income: FY3/23 11,506 million yen (+18.8%) FY3/22 9,681 million yen (+51.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/23	371.70	—	12.2	11.3	3.9
FY3/22	366.40	—	13.7	12.5	4.7

(Reference) Equity in earnings or losses of affiliates: FY3/23 418 million yen FY3/22 547 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/23	129,208	84,648	65.4	3,238.61
FY3/22	115,797	74,420	64.2	2,848.19

(Reference) Shareholders' equity: FY3/23 84,481 million yen FY3/22 74,297 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/23	10,646	(12,194)	1,382	11,761
FY3/22	7,032	(2,521)	(2,261)	11,379

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
FY3/22	(yen) —	(yen) 22.00	(yen) —	(yen) 24.00	(yen) 46.00	(millions of yen) 1,095	(%) 12.6	(%) 1.6
FY3/23	(yen) —	(yen) 25.00	(yen) —	(yen) 25.00	(yen) 50.00	(millions of yen) 1,278	(%) 13.5	(%) 1.6
FY3/24 (projections)	(yen) —	(yen) 30.00	(yen) —	(yen) 30.00	(yen) 60.00		(%) 24.1	

3. Consolidated earnings projections for FY3/24 (April 1, 2023 – March 31, 2024)

(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)
1H FY3/24	158,000	(10.2)	4,000	(49.7)	4,100	(49.6)	2,800	(50.3)	107.33
FY3/24	330,000	(6.0)	9,000	(34.9)	9,300	(32.8)	6,500	(33.0)	249.17

* **Notes**

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation):
No

(2) 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 |

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury shares)	FY3/23	26,908,581 shares	FY3/22	28,908,581 shares
2) Number of treasury shares	FY3/23	822,870 shares	FY3/22	2,822,619 shares
3) Average number of shares during the period	FY3/23	26,085,770 shares	FY3/22	26,086,263 shares

(Reference) Summary of non-consolidated results

1. FY3/23 Non-consolidated results (April 1, 2022 – March 31, 2023)

(1) Non-consolidated operating results (Percentages are year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/23	343,554	29.4	11,309	17.5	11,300	(9.4)	8,041	(11.1)
FY3/22	265,536	19.6	9,625	69.4	12,471	87.7	9,043	79.4

	Net profit per share	Diluted net profit per share
	(yen)	(yen)
FY3/23	308.28	–
FY3/22	346.68	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/23	116,584	72,273	62.0	2,77060
FY3/22	103,856	64,927	62.5	2,488.97

(Reference) Shareholders' equity: FY3/23 72,273 million yen FY3/22 64,927 million yen

*This 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.

Contents of Attached Document

1. Operating results and others.....	2
(1) Analysis of operating results	2
(2) Analysis of financial position.....	3
(3) Analysis of cash flows.....	3
(4) Future outlook	4
(5) Basic policy on distribution of profits and dividends for FY3/22 and FY3/23	5
2. Basic stance on selection of accounting standards	6
3. Consolidated financial statements and related notes	7
(1) Consolidated balance sheets.....	7
(2) Consolidated statements of income and comprehensive income	9
(3) Consolidated statements of changes in shareholders' equity.....	11
(4) Consolidated statements of cash flows.....	13
(5) Notes on consolidated financial statements	14
(Notes on premise of a going concern)	14
(Segment information, etc.)	14

1. Operating results and others

(1) Analysis of operating results

Consolidated operating results		(millions of yen) [year-on-year comparison]		
Net sales	351,028	[+78,735	+28.9%]
Operating profit	13,818	[+1,137	+9.0%]
Ordinary profit	13,843	[+108	+0.8%]
Profit attributable to owners of parent	9,696	[+138	+1.4%]

In the consolidated fiscal year under review, despite concerns over the changing direction toward the tightening of monetary policy in the face of accelerating inflation, among other developments, the global economy showed signs of gradual recovery overall, with the gradual lifting of movement restrictions and moves toward normalization from the COVID-19 pandemic. The Japanese economy, too, showed signs of moderate recovery although there were some weaknesses, such as rising material prices and soaring prices for daily necessities. However, in a situation of persistent global monetary tightening, the outlook remains uncertain with the risk of a downturn in overseas economies will put downward pressure on the Japanese economy.

Against this backdrop, the Precious metals business Segment of the Matsuda Sangyo Group (the Group) worked to differentiate itself through its comprehensive resource recycling capability and the development of high-performance electronic materials, secure precious metal materials, and expand the sale of chemicals and other products, and expanding industrial waste treatment outsourcing, with a view to adapting to the diversifying precious metal recycling needs. In the Food business segment, the Group coped flexibly with challenges such as the unstable supply of global food resources and increase in procurement prices by leveraging on our strengths, working to expand sales volume by developing products that meet customers' need and ensuring the stable provision of safe and reliable products.

As a result of the above, for the consolidated fiscal year under review, net sales were ¥351,028 million (up 28.9% year-on-year) and operating profit was ¥13,818 million (up 9.0% year-on-year). Ordinary profit, including non-operating income or loss such as share of profit of entities accounted for using equity method, was ¥13,843 million (up 0.8% year-on-year), and profit attributable to owners of parent was ¥9,696 million (up 1.4% year-on-year).

The following is a summary of business by segment:

Consolidated results by segment		(millions of yen) [year-on-year comparison]		
Segment	Net sales	Operating profit		
Precious metals business segment	246,578 [+53,640 +27.8%]	12,043	[+1,693	+16.4%]
Food business segment	104,530 [+25,099 +31.6%]	1,774	[(556)	(23.9%)]
Eliminations or corporate	(81)	—		
Total	351,028 [+78,735 +28.9%]	13,818	[+1,137	+9.0%]

Precious metals business segment:

In the semiconductor and electronic devices field of the electronics industry, which is the key customer for the Precious Metals Business Segment, demand for personal electronic devices was sluggish. However, demand was boosted by the automotive and industrial machinery sectors, and production activities remained strong until the second quarter. From the third quarter, production activities have continued to decline alongside falling demand.

Against this backdrop, although the Precious Metals Business Segment was impacted by the downtrend in some platinum group metals markets, it recorded an increase in precious metals recycling volume and industrial waste treatment outsourcing, as well as an increase in the sales volume of gold, silver, and platinum group products. As a result, net sales and operating profit increased year-on-year.

As a result of the above, net sales for the Precious Metals Business Segment were ¥246,578 million (up 27.8% year-on-year) and operating profit was ¥12,043 million (up 16.4% year-on-year).

Food business segment:

The food production industry, which is the key customer for the Food Business Segment, continued to face tough conditions in general due to the impact of rising raw material prices. While stay-at-home demand brought about by the COVID-19 pandemic appears to have stabilized, demand for food products for industrial use increased as the economy moved toward reopening.

Amidst these circumstances, the Food Business Segment saw an increase in the sales volume of marine products, livestock products, and agricultural products, alongside an overall increase in selling prices. These factors contributed to a year-on-year increase in net sales, but operating profit decreased year-on-year due to the increase in transportation and storage costs as well as the impact of rising procurement prices.

As a result of the above, net sales for the Food Business Segment were ¥104,530 million (up 31.6% year-on-year) and operating profit was ¥1,774 million (down 23.9% year-on-year).

(2) Analysis of financial position**Assets:**

Current assets increased ¥3,254 million from the end of the previous fiscal year, partly due to an increase of ¥3,812 million for merchandise and finished goods. Non-current assets increased by ¥10,156 million from the previous fiscal year end, reflecting an increase in property, plant and equipment of ¥8,427 million from an increase in land and buildings, as well as an increase of ¥1,159 million in investments and other assets. As a result, total assets as of the end of the consolidated fiscal year under review increased by ¥13,410 million year-on-year to ¥129,208 million.

Liabilities:

Current liabilities fell by ¥5,699 million compared to the previous fiscal year end, reflecting the net difference between a decrease in the amount of short-term loans payable of ¥7,378 million, and an increase of ¥1,514 million in the current portion of long-term loans payable. Non-current liabilities increased by ¥8,882 million from the previous fiscal year end, due in part to an increase of ¥8,784 million in long-term loans payable. As a result, total liabilities as of the end of the consolidated fiscal year under review increased by ¥3,182 million year-on-year to ¥44,560 million.

Net assets:

Net assets increased by ¥10,228 million from the end of the previous fiscal year to ¥84,648 million, reflecting an increase in retained earnings of ¥5,999 million after deducting ¥1,278 million in dividends paid and ¥2,418 million in cancellation of treasury shares from ¥9,696 million in profit attributable to owners of parent. As a result of the cancellation of treasury shares that took place on August 22, 2022 based on the resolution of the Board of Directors convened on August 10, 2022, retained earnings and treasury shares were down ¥2,418 million respectively.

(3) Analysis of cash flows

Cash and cash equivalents (hereafter, “cash”) as of the end of the consolidated fiscal year under review were ¥11,761 million, up ¥382 million compared to the end of the previous fiscal year. The status of the respective cash flows in the consolidated fiscal year under review, and the relevant factors, are as follows.

Cash flows from operating activities:

Operating activities in the consolidated fiscal year under review provided net cash of ¥10,646 million. This was mainly due to an increase in cash flow from profit before income taxes and depreciation, outweighing a decrease in cash from an increase in inventories and income taxes paid. Operating activities provided net cash of ¥3,613 million compared net cash provided of ¥7,032 million in the previous fiscal year.

Cash flows from investing activities:

Investing activities in the consolidated fiscal year under review used net cash of ¥12,194 million. This was mainly from payments for the purchase of property, plant and equipment, such as land and buildings, and the purchase of intangible assets such as software. Cash used in investing activities increased by ¥9,673 million compared to expenditures of ¥2,521 in the previous fiscal year.

Cash flows from financing activities:

Financing activities in the consolidated fiscal year under review provided net cash of ¥1,382 million. This was mainly due to an increase in proceeds from loans, which outweighed the decrease in cash from cash dividends paid. Compared with the same period in the previous fiscal year, when financing activities used net cash of ¥2,261 million, financing activities provided an increase in net cash of ¥3,644 million.

(Reference) Trend in cash flow indicators

	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Shareholders' equity ratio	72.8	63.9	62.8	64.2	65.4
Shareholders' equity ratio on a market value basis	45.3	35.3	50.9	55.8	45.8
Ratio of interest-bearing debt to cash flow	1.2	—	93.2	2.3	1.8
Interest coverage ratio	111.2	—	2.6	106.4	55.6

(Notes) Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio on a market value basis: Total market value of shares/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest paid

* All the indicators are calculated using consolidated financial figures.

* The total market value of shares is calculated as the product of the share price and the number of issued shares, excluding treasury shares, at the end of the fiscal year.

* Cash flows from operating activities is the cash flows from operating activities shown in the consolidated statements of cash flows. Interest-bearing debt is the total amount of debt shown in the consolidated balance sheets on which interest is paid. In addition, interest paid is the amount of interest paid shown in the consolidated statements of cash flows.

* The ratio of interest-bearing debt to cash flow and interest coverage ratio for the fiscal year ended March 31, 2020 are not included as cash flows from operating activities was negative.

(4) Future outlook

Consolidated earnings projections	(millions of yen) [year-on-year comparison]		
Net sales	330,000	[(21,028)	(6.0%)]
Operating profit	9,000	[(4,818)	(34.9%)]
Ordinary profit	9,300	[(4,543)	(32.8%)]
Profit attributable to owners of parent	6,500	[(3,196)	(33.0%)]

Although economic activities are expected to bounce back from the impact of the COVID-19 pandemic through the effects of various policies, the future outlook remains uncertain in the face of the prolonged situation in Ukraine and continued global monetary tightening, soaring materials prices, and concerns over the impact of inflationary pressures on the economy.

Under these circumstances, the Precious Metals Business Segment is expected to see a drop in precious metals recycling volume from the semiconductor and electronic devices sector due to falling production in the sector associated with a decline in demand. However, we will continue to adapt to the needs of a circular society by leveraging on our comprehensive resource recycling capability, expand our development to other sectors such as the jewelry industry, and strive to increase our precious metals recycling volume and product sales volume as well as expand industrial waste treatment outsourcing. In the Food Business Segment, while coping with challenges such as concerns about supply of food resources and rising logistics costs, we will further strengthen our procurement capabilities including the utilization of overseas business sites, engage in sales activities that accurately capture the needs of customers, and develop and provide products rooted in the principles of safety, reliability, and stable supply. Through these efforts, we will differentiate the Food Business Segment, expand sales volume, and secure profits.

(5) Basic policy on distribution of profits and dividends for FY3/22 and FY3/23

With regard to the distribution of company profits, we have established the basic policy of meeting our shareholders' expectations by paying stable and sustainable dividends, while giving consideration to maintaining a balance with internal resources for growth investment.

For the fiscal year under review, we plan to pay a year-end ordinary dividend of 25 yen per share. Combined with the interim dividend, this brings the full-year dividend to 50 yen per share.

For the next fiscal year, we forecast a full-year dividend of 60 yen per share (interim dividend of 30 yen and year-end dividend of 30 yen). Going forward, we will continue to work toward offering comprehensive shareholder returns based on the basic policy, while taking profit levels into account.

2. Basic stance on selection of accounting standards

For the time being, the Group intends to continue preparing consolidated financial statements based on Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparison with financial statements for other periods and financial statements disclosed by other companies. However, the Group will look into the possibility of adopting International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas and trends in accounting standard adoption by other companies.

3. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(millions of yen)

	FY3/22 (March 31, 2022)	FY3/23 (March 31, 2023)
Assets		
Current assets		
Cash and deposits	11,379	11,761
Notes and accounts receivable – trade	26,104	25,615
Merchandise and finished goods	27,202	28,925
Work in process	614	606
Raw materials and supplies	13,962	16,058
Accounts receivable – other	1,938	2,055
Others	4,918	4,336
Allowance for doubtful accounts	(45)	(32)
Total current assets	86,073	89,327
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,633	13,954
Accumulated depreciation	(6,061)	(6,609)
Buildings and structures, net	6,572	7,345
Machinery, equipment and vehicles	12,659	13,510
Accumulated depreciation	(9,294)	(10,394)
Machinery, equipment and vehicles, net	3,365	3,116
Land	8,768	16,625
Leased assets	1,723	1,815
Accumulated depreciation	(899)	(1,054)
Leased assets, net	824	761
Construction in progress	994	1,129
Others	1,537	1,619
Accumulated depreciation	(1,285)	(1,392)
Others, net	252	227
Total property, plant and equipment	20,777	29,205
Intangible assets		
Others	772	1,341
Total intangible assets	772	1,341
Investments and other assets		
Investment securities	5,484	5,825
Deferred tax assets	819	695
Others	1,895	2,858
Accumulated depreciation	—	(6)
Others, net	1,895	2,851
Allowance for doubtful accounts	(25)	(38)
Total investments and other assets	8,174	9,334
Total non-current assets	29,724	39,880
Total assets	115,797	129,208

(millions of yen)

	FY3/22 (March 31, 2022)	FY3/23 (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	11,231	10,874
Short-term loans payable	9,724	2,346
Current portion of long-term loans payable	1,588	3,102
Lease obligations	302	246
Income taxes payable	3,128	2,584
Provision for bonuses	1,012	1,030
Accounts payable - other	1,312	818
Others	5,292	6,890
Total current liabilities	33,592	27,893
Non-current liabilities		
Long-term loans payable	4,239	13,023
Lease obligations	535	520
Deferred tax liabilities	12	12
Provision for directors' retirement benefits	742	788
Provision for executive officers' retirement benefits	25	22
Net defined benefit liability	2,111	2,183
Others	117	116
Total non-current liabilities	7,784	16,667
Total liabilities	41,377	44,560
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	69,940	75,939
Treasury shares	(3,413)	(995)
Total shareholders' equity	74,095	82,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	580	577
Deferred gains or losses on hedges	(766)	(91)
Foreign currency translation adjustment	1,311	2,235
Remeasurements of defined benefit plans	(923)	(751)
Total accumulated other comprehensive income	202	1,969
Non-controlling interests	122	166
Total net assets	74,420	84,648
Total liabilities and net assets	115,797	129,208

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(millions of yen)

	FY3/22 (April 1, 2021 – March 31, 2022)	FY3/23 (April 1, 2022 – March 31, 2023)
Net sales	272,292	351,028
Cost of sales	242,339	317,728
Gross profit	29,953	33,299
Selling, general and administrative expenses	17,272	19,481
Operating profit	12,681	13,818
Non-operating income		
Interest income	9	7
Dividend income	33	34
Share of profit of entities accounted for using equity method	547	418
Purchase discounts	14	14
Insurance claim income	12	20
Foreign exchange gains	100	—
Subsidy income	367	29
Others	58	168
Total non-operating income	1,143	694
Non-operating expenses		
Interest expenses	56	185
Loss on retirement of non-current assets	15	3
Foreign exchange losses	—	401
Others	18	78
Total non-operating expenses	90	669
Ordinary profit	13,734	13,843
Extraordinary income		
Gain on liquidation of subsidiaries and affiliates	—	91
Gain on sales of fixed assets	—	40
Total extraordinary income	—	132
Profit before income taxes	13,734	13,975
Income taxes – current	4,367	4,483
Income taxes – deferred	(203)	(235)
Total income taxes	4,163	4,247
Profit	9,570	9,727
Profit attributable to non-controlling interests	12	31
Profit attributable to owners of parent	9,558	9,696

(Consolidated statements of comprehensive income)

(millions of yen)

	FY3/22 (April 1, 2021 – March 31, 2022)	FY3/23 (April 1, 2022 – March 31, 2023)
Profit	9,570	9,727
Other comprehensive income		
Valuation difference on available-for-sale securities	(36)	(3)
Deferred gains or losses on hedges	(697)	673
Foreign currency translation adjustment	540	844
Remeasurements of defined benefit plans	196	173
Share of other comprehensive income of entities accounted for using equity method	108	91
Total other comprehensive income	110	1,779
Comprehensive income	9,681	11,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,671	11,462
Comprehensive income attributable to non-controlling interests	10	44

(3) Consolidated statements of changes in shareholders' equity

FY3/22 (April 1, 2021 – March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	61,248	(3,411)	65,404
Cumulative effects of changes in accounting policies			229		229
Restated balance	3,559	4,008	61,477	(3,411)	65,634
Change of items during the period					
Dividends from surplus			(1,095)		(1,095)
Profit attributable to owners of parent			9,558		9,558
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	8,462	(1)	8,460
Balance at the end of the period	3,559	4,008	69,940	(3,413)	74,095

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	617	(70)	671	(1,127)	89	111	65,605
Cumulative effects of changes in accounting policies							229
Restated balance	617	(70)	671	(1,127)	89	111	65,835
Change of items during the period							
Dividends from surplus							(1,095)
Profit attributable to owners of parent							9,558
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	(36)	(695)	640	204	113	10	123
Total change of items during the period	(36)	(695)	640	204	113	10	8,584
Balance at the end of the period	580	(766)	1,311	(923)	202	122	74,420

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	69,940	(3,413)	74,095
Change of items during the period					
Dividends from surplus			(1,278)		(1,278)
Profit attributable to owners of parent			9,696		9,696
Purchase of treasury shares				(0)	(0)
Retirement of treasury stock			(2,418)	2,418	—
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	5,999	2,417	8,417
Balance at the end of the period	3,559	4,008	75,939	(995)	82,512

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	580	(766)	1,311	(923)	202	122	74,420
Change of items during the period							
Dividends from surplus							△1,278
Profit attributable to owners of parent							9,696
Purchase of treasury shares							△0
Retirement of treasury stock							—
Net changes of items other than shareholders' equity	(3)	674	923	171	1,766	44	1,810
Total change of items during the period	(3)	674	923	171	1,766	44	10,228
Balance at the end of the period	577	(91)	2,235	(751)	1,969	166	84,648

(4) Consolidated statements of cash flows

(millions of yen)

	FY3/22 (April 1, 2021 – March 31, 2022)	FY3/23 (April 1, 2022 – March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	13,734	13,975
Depreciation	2,231	2,315
Increase (decrease) in allowance for doubtful accounts	(88)	(0)
Increase (decrease) in provision for bonuses	36	17
Increase (decrease) in net defined benefit liability	252	302
Increase (decrease) in provision for directors' retirement benefits	41	45
Increase (decrease) in provision for executive officers' retirement benefits	7	(3)
Interest and dividend income	(42)	(42)
Interest expenses	56	185
Share of (profit) loss of entities accounted for using equity method	(547)	(418)
Decrease (increase) in notes and accounts receivable – trade	(2,026)	858
Decrease (increase) in accounts receivable – other	(485)	(12)
Decrease (increase) in inventories	(4,051)	(3,445)
Increase (decrease) in accounts payable – trade	1,126	(607)
Increase (decrease) in accounts payable – other	(403)	(372)
Others	158	2,835
Subtotal	10,000	15,633
Interest and dividend income received	131	206
Interest paid	(66)	(191)
Income taxes paid	(3,033)	(5,002)
Net cash provided by (used in) operating activities	7,032	10,646
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,189)	(11,138)
Proceeds from sale of property, plant and equipment	8	116
Purchase of intangible assets	(305)	(634)
Purchase of investment securities	(23)	(16)
Proceeds from sale of investment securities	8	57
Others	(20)	(578)
Net cash provided by (used in) investing activities	(2,521)	(12,194)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	646	(7,348)
Proceeds from long-term loans payable	—	13,500
Repayments of long-term loans payable	(1,488)	(3,202)
Cash dividends paid	(1,095)	(1,278)
Purchase of treasury shares	(1)	(0)
Others	(322)	(287)
Net cash provided by (used in) financing activities	(2,261)	1,382
Effect of exchange rate change on cash and cash equivalents	325	548
Net increase (decrease) in cash and cash equivalents	2,575	382
Cash and cash equivalents at beginning of period	8,803	11,379
Cash and cash equivalents at end of period	11,379	11,761

(5) Notes on consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Segment information, etc.)

1. Overview of reportable segments

Reportable segments of the Company are structural units of the Company whose separate financial information is available, and are subject to regular examination by the Board of Directors so that they can decide on allocation of managerial resources and evaluate business performance.

The Company (or Matsuda Sangyo) established operation divisions respectively for products, merchandise and services in the head office. Each division formulates comprehensive domestic and foreign strategies to expand business for the corresponding products, merchandise and services.

The Company thus comprises product, merchandise and service segments built around operation divisions, and the precious metals business segment and food business segment are designated as reportable segments.

The precious metals business segment recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and processes industrial wastes. The food business segment sells and transports seafood products, agricultural products, livestock products, and other raw materials for food processing.

2. Calculation method for net sales, profits/loss, assets, liabilities and other items for each reportable segment

Accounting methods used for each reportable segment follow the accounting methods for the preparation of consolidated financial statements. Profit listed for each reportable segment refers to operating profit. Inter-segment sales/transfers are based on market value.

3. Information for net sales, profit/loss, assets, liabilities and other items for each reportable segment

FY3/22 (April 1, 2021 – March 31, 2022)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	192,938	79,354	272,292	—	272,292
Net sales & remittances between segments	—	76	76	(76)	—
Total	192,938	79,431	272,369	(76)	272,292
Segment profit	10,350	2,330	12,681	—	12,681

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment profit matches operating profit recorded on the consolidated statements of income.

FY3/23 (April 1, 2022 – March 31, 2023)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	246,578	104,449	351,028	—	351,028
Net sales & remittances between segments	—	81	81	(81)	—
Total	246,578	104,530	351,109	(81)	351,028
Segment profit	12,043	1,774	13,818	—	13,818

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment profit matches operating profit recorded on the consolidated statements of income.