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## Consolidated Financial Results for the Six Months Ended December 31, 2024 [Japanese GAAP]

February 13, 2025

Company name: ENVIPRO HOLDINGS Inc.

Listing: Tokyo Stock Exchange

Securities code: 5698

URL: <https://www.envipro.jp/>

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Representative Director, President/CEO

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Scheduled date to file semi-annual securities report: February 13, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Available

Holding of financial results briefing: Scheduled (No on-site event, video streaming only)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Six Months Ended December 31, 2024 (July 1, 2024 to December 31, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate 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	%
Six months ended December 31, 2024	24,783	(3.9)	380	(47.7)	359	(64.3)	326	(52.9)
December 31, 2023	25,789	9.4	726	(16.5)	1,004	(1.0)	692	(2.4)

(Note) Comprehensive income: Six months ended December 31, 2024: ¥ 257 million [ (63.6)%  
Six months ended December 31, 2023: ¥ 708 million [ (0.8)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
December 31, 2024	10.79	10.36
December 31, 2023	23.11	22.20

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	32,741	17,264	51.4
June 30, 2024	33,786	17,038	49.5

(Reference) Equity: As of December 31, 2024: ¥ 16,845 million  
As of June 30, 2024: ¥ 16,719 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	0.00	-	6.00	6.00
Fiscal year ending June 30, 2025	-	0.00			
Fiscal year ending June 30, 2025 (Forecast)			-	15.00	15.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025(July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	49,500	(5.2)	1,000	(29.1)	1,150	(35.5)	1,150	114.0	37.98

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - (Company name: KURODA Recycle Co., Ltd.)  
 Excluded: 3 (Company name: SYN ECO Inc., TOYO RUBBER CHIP Co., Ltd.)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 30,302,312 shares  
 June 30, 2024: 30,211,042 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 484 shares  
 June 30, 2024: 483 shares

3) Average number of shares outstanding during the period:

Six months ended December 31, 2024: 30,244,105 shares  
 Six months ended December 31, 2023: 29,971,140 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual results may differ significantly due to various factors. Please see the “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” from page 4 of the attached document of this material for the conditions for financial and other results, as well as important matters to be aware of when using the financial results forecast.

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## 1. Qualitative Information on Semi-annual Financial Results

### (1) Explanation of Business Results

During the six months ended December 31, 2024, the outlook for the Group's business areas remained uncertain. This uncertainty was driven by overproduction of steel products in China and exports from that country. Moreover, fluctuating US dollar-yen exchange rates, influenced by US monetary policy, contributed to the instability. There were also concerns about a potential slowdown in energy policy changes across various countries.

In this situation, the ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) dropped from ¥52,000 per ton at the beginning of the fiscal year under review to ¥40,000 per ton at the end of the first three months. Subsequently, the ferrous scrap price remained roughly flat. The average ferrous scrap price during the first six months was ¥44,250 per ton, a decline from ¥50,176 per ton during the same period of the previous fiscal year.

The average prices of cobalt, nickel and lithium, which are the main raw materials of lithium-ion batteries, were lower than in the same period of the previous year due to a decline in EV demand and an oversupply of lithium-ion batteries. The copper price (copper price for quotation announced by JX Advanced Metals Corporation) was generally higher than a year ago.

During the first six months, the Company focused on implementing circular economy business models in this environment, under the strategy concept of "Lead a circular economy (CE)." The Company aims to establish a structure that is not susceptible to the fluctuation of resources prices by reviewing unprofitable businesses, expanding its service offerings, and restructuring its portfolio.

As a result, net sales stood at ¥24,783 million (down 3.9% year on year), operating profit at ¥380 million (down 47.7% year on year), ordinary profit at ¥359 million (down 64.3% year on year), and profit attributable to owners of parent at ¥326 million (down 52.9% year on year).

Results by segment are as follows, with net sales shown as inter-segment sales or sales including transfers.

#### Summary of Business Results by Segment

<Net sales>

(Million yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024	Increase/decrease ratio
Resource Circulation Business	10,283	10,225	(0.6)%
Global Trading Business	17,445	16,086	(7.8)%
Lithium-ion Battery Recycling Business	718	812	13.1%
Others	242	236	(2.6)%
Adjustment	(2,900)	(2,577)	—
Total	25,789	24,783	(3.9)%

<Segment profit>

(Million yen)

	Six months ended December 31, 2023	Six months ended December 31, 2024	Increase/decrease ratio
Resource Circulation Business	789	490	(37.8)%
Global Trading Business	292	16	(94.3)%
Lithium-ion Battery Recycling Business	132	94	(28.2)%
Others	54	32	(40.2)%
Adjustment	(263)	(275)	—
Total	1,004	359	(64.3)%

(Note) Segment profit is adjusted with ordinary profit in the semi-annual consolidated statements of income.

### 1) Resource Circulation Business

The businesses of dismantling and processing plastics into fuel were solid, as they were not impacted by market conditions. However, earnings were pushed downwards by a sharp, temporary decline in ferrous scrap prices, as well as rising personnel expenses due to enhanced salaries and benefits and an increase in fixed costs as a result of capital investments. Profits from polymer product manufacturing declined due to delays in passing increased raw material prices on to product prices.

As a result, net sales in the Resource Circulation Business segment were ¥10,225 million (down 0.6% year on year), while segment profit was ¥490 million (down 37.8% year on year).

### 2) Global Trading Business

In logistics agency services, there were problems such as freight fluctuations and difficulty securing transport space. However, the Company offered services at appropriate prices while keeping a close eye on the supply-demand balance. This led to a solid performance. However, in the metal material trading business, both sales and profits declined due to a decrease in shipment quantities, which were affected by falling scrap prices and exchange rate fluctuations. In the field of ferrous scrap, the Company will continue to enhance its system for the consistent collection and sale of scrap in collaboration with domestic electric furnace makers.

As a result, net sales in the Global Trading Business segment were ¥16,086 million (down 7.8% year on year), while segment profit was ¥16 million (down 94.3% year on year).

### 3) Lithium-ion Battery Recycling Business

The market prices of rare metals used in batteries were lower than a year ago. However, net sales rose due to higher production volumes resulting from the start of full-scale operation of the Ibaraki Plant, as well as an increase in transaction volumes in commissioned processing compared to the year-ago level. Profit declined due to increased fixed costs as a result of the start of operation of the new plant. The Company will continue to actively invest to increase its share in the domestic market.

As a result, net sales in the Lithium-ion Battery Recycling Business segment were ¥812 million (up 13.1% year on year), while segment profit was ¥94 million (down 28.2% year on year).

### 4) Others

In the Environment Management Consulting Business, the busy period for consulting to improve CDP scores was extended to October 2024 due to the postponement of the CDP 2024 Questionnaire submission deadline to October. The unexpected schedule change delayed marketing activities and impacted other consulting services, leading to a decrease in revenue compared to the same period of the previous fiscal year. The Welfare Service Business for People with Disabilities performed briskly.

As a result, net sales in the Others segment were ¥236 million (down 2.6% year on year), while segment profit was ¥32 million (down 40.2% year on year).

## (2) Explanation of Financial Position

### 1) Status of assets, liabilities, and net assets

Total assets as of December 31, 2024 amounted to ¥32,741 million (down ¥1,045 million or 3.1% from the end of the previous fiscal year). Current assets were ¥17,302 million (down ¥1,064 million or 5.8% from the end of the previous fiscal year). This was primarily due to merchandise and finished goods decreasing ¥710 million, cash and deposits decreasing ¥234 million and other current assets decreasing ¥117 million. Non-current assets amounted to ¥15,438 million (up ¥19 million or 0.1% from the end of the previous fiscal year). This is explained chiefly by the ¥231 million increase in machinery, equipment and vehicles and the ¥157 million increase in investment securities, despite construction in progress falling ¥281 million and buildings and structures decreasing ¥61 million.

Total liabilities as of December 31, 2024 stood at ¥15,476 million (down ¥1,271 million or 7.6% from the end of the previous fiscal year). Current liabilities were ¥10,229 million (down ¥860 million or 7.8% from the end of the previous fiscal year). This is attributable mainly to a ¥1,055 million decrease in other current liabilities, a

¥502 million decrease in accounts payable - trade, and a ¥197 million decrease in income taxes payable, despite a ¥1,010 million increase in short-term borrowings. Non-current liabilities amounted to ¥5,247 million (down ¥410 million or 7.3% from the end of the previous fiscal year). This is due chiefly to a ¥435 million decrease in long-term borrowings.

Net assets as of December 31, 2024 were ¥17,264 million (up ¥226 million or 1.3% from the end of the previous fiscal year). This is explained mainly by a ¥144 million increase in retained earnings and a ¥100 million increase in non-controlling interests.

## 2) Status of Cash Flows

Cash and cash equivalents on December 31, 2024 decreased by ¥234 million, or 3.5%, from the end of the previous fiscal year, to ¥6,536 million.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1 million, compared with ¥1,357 million provided by operating activities in the same period of the previous fiscal year. This net cash inflow mainly reflected cash inflows of ¥681 million from depreciation, ¥369 million from profit before income taxes, ¥200 million from a loss on tax purpose reduction entry of non-current assets, ¥104 million from a decrease in trade receivables, and ¥55 million from an increase in retirement benefit liability, compared with cash outflows of ¥1,035 million from a decrease in accounts payable-other, ¥496 million from a decrease in trade payables, and ¥234 million from income taxes paid.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥637 million, compared with ¥690 million used in investing activities in the same period of the previous fiscal year. This net cash outflow mainly reflected cash outflows of ¥844 million for the purchase of property, plant and equipment and ¥22 million for the purchase of intangible assets, compared with a cash inflow of ¥199 million in national subsidies.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥372 million, compared with ¥1,411 million used in financing activities in the same period of the previous fiscal year. This net cash inflow mainly reflected a cash inflow of ¥1,010 million from a net increase in short-term borrowings, compared with cash outflows of ¥545 million in repayments of long-term borrowings and ¥181 million in dividends paid.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Changes have been made to the consolidated financial results forecast for the fiscal year ending June 30, 2025, as announced in the Notice of Revisions to Consolidated Financial Results Forecast and Dividend Forecast dated February 13, 2025.

## 2. Semi-annual Consolidated Financial Statements and Primary Notes

### (1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	6,915,029	6,680,171
Notes and accounts receivable - trade	4,671,895	4,567,277
Merchandise and finished goods	4,988,235	4,278,097
Work in process	83,140	111,711
Raw materials and supplies	680,302	722,848
Other	1,066,295	948,878
Allowance for doubtful accounts	(37,917)	(6,536)
Total current assets	18,366,982	17,302,448
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,683,509	8,766,161
Accumulated depreciation	(5,423,881)	(5,567,773)
Buildings and structures, net	3,259,627	3,198,387
Machinery, equipment and vehicles	15,764,547	16,481,456
Accumulated depreciation	(12,536,352)	(13,021,358)
Machinery, equipment and vehicles, net	3,228,194	3,460,097
Land	3,843,049	3,843,049
Construction in progress	683,180	401,755
Other	987,533	1,005,344
Accumulated depreciation	(825,791)	(835,209)
Other, net	161,742	170,135
Total property, plant and equipment	11,175,794	11,073,424
Intangible assets		
Goodwill	23,521	21,917
Other	165,598	174,004
Total intangible assets	189,119	195,922
Investments and other assets		
Investment securities	3,500,444	3,658,233
Investments in capital	17,103	17,093
Deferred tax assets	431,513	396,520
Other	179,734	200,770
Allowance for doubtful accounts	(73,923)	(103,082)
Total investments and other assets	4,054,872	4,169,535
Total non-current assets	15,419,786	15,438,883
Total assets	33,786,769	32,741,331

(Thousands of yen)

	As of June 30, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,495,729	2,993,664
Short-term borrowings	3,570,000	4,580,000
Current portion of long-term borrowings	990,450	879,788
Lease liabilities	99,853	94,100
Income taxes payable	257,624	60,339
Provision for bonuses	120,895	121,586
Other	2,555,605	1,499,829
Total current liabilities	11,090,158	10,229,308
Non-current liabilities		
Long-term borrowings	4,095,631	3,660,589
Lease liabilities	183,495	175,118
Deferred tax liabilities for land revaluation	64,022	64,022
Retirement benefit liability	962,283	1,017,576
Asset retirement obligations	199,011	199,219
Other	153,336	130,522
Total non-current liabilities	5,657,779	5,247,048
Total liabilities	16,747,938	15,476,357
Net assets		
Shareholders' equity		
Share capital	1,553,348	1,577,215
Capital surplus	1,995,521	2,019,925
Retained earnings	13,010,720	13,155,651
Treasury shares	-	(0)
Total shareholders' equity	16,559,589	16,752,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,857	6,379
Revaluation reserve for land	8,598	8,598
Foreign currency translation adjustment	124,885	77,372
Total accumulated other comprehensive income	160,341	92,350
Share acquisition rights	318,899	318,899
Non-controlling interests	-	100,932
Total net assets	17,038,831	17,264,974
Total liabilities and net assets	33,786,769	32,741,331



## (2) Semi-annual Consolidated Statements of Income and Comprehensive Income

## Semi-annual Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Net sales	25,789,349	24,783,824
Cost of sales	21,604,726	20,657,706
Gross profit	4,184,622	4,126,118
Selling, general and administrative expenses	3,458,059	3,745,871
Operating profit	726,563	380,246
Non-operating income		
Interest income	655	707
Dividend income	1,329	742
Share of profit of entities accounted for using equity method	216,959	196,347
Foreign exchange gains	43,804	-
Rental income	23,209	14,597
Other	54,364	67,622
Total non-operating income	340,323	280,016
Non-operating expenses		
Interest expenses	18,759	24,215
Foreign exchange losses	-	226,510
Depreciation	30,731	24,143
Other	12,501	26,200
Total non-operating expenses	61,992	301,070
Ordinary profit	1,004,894	359,192
Extraordinary income		
Gain on sale of non-current assets	15,487	2,062
Gain on sale of investment securities	-	10,517
Insurance claim income	-	768
National subsidies	-	199,412
Total extraordinary income	15,487	212,760
Extraordinary losses		
Loss on retirement of non-current assets	1,007	2,129
Loss on sale of non-current assets	49	285
Loss on tax purpose reduction entry of non-current assets	-	200,179
Total extraordinary losses	1,057	202,594
Profit before income taxes	1,019,325	369,357
Income taxes	307,790	43,693
Profit	711,535	325,664
Profit (loss) attributable to non-controlling interests	18,776	(530)
Profit attributable to owners of parent	692,758	326,194

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Profit	711,535	325,664
Other comprehensive income		
Valuation difference on available-for-sale securities	2,672	(20,477)
Foreign currency translation adjustment	(6,135)	(47,513)
Total other comprehensive income	(3,463)	(67,991)
Comprehensive income	708,071	257,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	689,294	258,203
Comprehensive income attributable to non-controlling interests	18,776	(530)

## (3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,019,325	369,357
Depreciation	621,337	681,833
Amortization of goodwill	1,603	1,603
Increase (decrease) in allowance for doubtful accounts	(17,443)	(2,144)
Increase (decrease) in provision for bonuses	1,830	690
Increase (decrease) in retirement benefit liability	(17,458)	55,293
Interest and dividend income	(1,985)	(1,449)
Interest expenses	18,759	24,215
Foreign exchange losses (gains)	19,256	(28,268)
Share of loss (profit) of entities accounted for using equity method	(216,959)	(196,347)
Loss (gain) on sale of investment securities	-	(10,517)
Insurance claim income	-	(768)
State subsidy	-	(199,412)
Loss on disposal of non current assets	49	285
Loss on retirement of non-current assets	1,007	2,129
Gain on sale of non-current assets	(15,487)	(2,062)
Loss on tax purpose reduction entry of non-current assets	-	200,179
Decrease (increase) in trade receivables	400,758	104,549
Decrease (increase) in inventories	(664,054)	626,470
Increase (decrease) in trade payables	(155,416)	(496,895)
Increase (decrease) in accounts payable - other	(881,741)	(1,035,837)
Other, net	1,358,654	165,095
Subtotal	1,472,036	258,001
Interest and dividends received	2,239	1,442
Interest paid	(19,076)	(24,280)
Proceeds from insurance income	-	768
Income taxes paid	(97,831)	(234,558)
Net cash provided by (used in) operating activities	1,357,367	1,373
<b>Cash flows from investing activities</b>		
Payments into time deposits	(600)	-
Proceeds from withdrawal of time deposits	1,617	167
Purchase of property, plant and equipment	(688,417)	(844,606)
Proceeds from sale of property, plant and equipment	54,780	2,896
Purchase of intangible assets	(39,596)	(22,240)
Proceeds from sale of investment securities	-	22,963
Proceeds from state subsidy	-	199,412
Other, net	(17,801)	3,850
Net cash provided by (used in) investing activities	(690,016)	(637,556)

(Thousands of yen)

	For the six months ended December 31, 2023	For the six months ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(660,000)	1,010,000
Proceeds from long-term borrowings	301,666	-
Repayments of long-term borrowings	(558,282)	(545,704)
Proceeds from issuance of shares	29	47,734
Repayments of finance lease liabilities	(79,219)	(60,435)
Proceeds from share issuance to non-controlling shareholders	-	102,000
Purchase of treasury shares	-	(0)
Dividends paid	(415,841)	(181,263)
Net cash provided by (used in) financing activities	(1,411,648)	372,331
Effect of exchange rate change on cash and cash equivalents	(19,287)	29,161
Net increase (decrease) in cash and cash equivalents	(763,584)	(234,690)
Cash and cash equivalents at beginning of period	7,245,339	6,771,250
Cash and cash equivalents at end of period	6,481,754	6,536,559

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes in the Case of Significant Changes in Shareholders' Equity)

There is no relevant information.

(Adoption of Special Accounting Methods for Preparing Semi-annual Consolidated Financial Statements)

(Calculation of tax costs)

Tax costs were calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the six months ended December 31, 2024, and by multiplying profit before income taxes by the estimated effective tax rate.

(Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes and Others) The Accounting Standard for Current Income Taxes (The Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022); hereinafter the "2022 Revised Accounting Standard" applies starting at the beginning of the six months ended December 31, 2024.

The amendment to the categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the six months ended December 31, 2024. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes to Changes in the Scope of Consolidation)

In the six months ended December 31, 2024, ECONECOL Inc., a consolidated subsidiary of the Company, conducted an absorption-type merger with KURODA Recycle Co., Ltd. and SYN ECO Inc. on July 1, 2024 and NITTO KAKO CO., LTD., another consolidated subsidiary of the Company, also conducted an absorption-type merger with TOYO RUBBER CHIP Co., Ltd. on the same date. The companies that have ceased to exist due to these absorption-type mergers have therefore been excluded from the scope of consolidation.

(Segment Information)  
(Segment information)

I Six months ended December 31, 2022(July 1, 2023 to December 31, 2023)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium- ion Battery Recycling	Total				
Net sales								
Ferrous scrap	1,426,140	12,800,128	—	14,226,269	—	14,226,269	—	14,226,269
Nonferrous scrap	1,784,563	1,621,063	—	3,405,626	—	3,405,626	—	3,405,626
Rubber products	2,756,037	49,302	—	2,805,339	—	2,805,339	—	2,805,339
Used car	—	2,328,958	—	2,328,958	—	2,328,958	—	2,328,958
Related LIB	—	—	533,091	533,091	—	533,091	—	533,091
Others	1,793,864	469,286	—	2,263,151	226,911	2,490,063	—	2,490,063
Revenue from contracts with customers	7,760,606	17,268,738	533,091	25,562,437	226,911	25,789,349	—	25,789,349
Net sales to outside customers	7,760,606	17,268,738	533,091	25,562,437	226,911	25,789,349	—	25,789,349
Inter-segment sales or transfers	2,523,033	176,525	185,108	2,884,667	15,992	2,900,659	(2,900,659)	—
Total	10,283,640	17,445,264	718,200	28,447,105	242,903	28,690,009	(2,900,659)	25,789,349
Segment profit	789,329	292,530	132,089	1,213,949	54,700	1,268,649	(263,754)	1,004,894

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for People with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥263,754 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income

2. Information about impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant gain on bargain purchase)

There is no relevant information.

II Six months ended December 31, 2024 (July 1, 2024 to December 31, 2024)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium- ion Battery Recycling	Total				
Net sales								
Ferrous scrap	1,211,310	10,840,745	—	12,052,056	—	12,052,056	—	12,052,056
Nonferrous scrap	1,919,607	2,014,345	—	3,933,952	—	3,933,952	—	3,933,952
Rubber products	2,877,658	39,327	—	2,916,985	—	2,916,985	—	2,916,985
Used car	—	2,417,508	—	2,417,508	—	2,417,508	—	2,417,508
Related LIB	—	—	594,909	594,909	—	594,909	—	594,909
Others	2,031,396	610,060	—	2,641,457	226,954	2,868,411	—	2,868,411
Revenue from contracts with customers	8,039,973	15,921,987	594,909	24,556,870	226,954	24,783,824	—	24,783,824
Net sales to outside customers	8,039,973	15,921,987	594,909	24,556,870	226,954	24,783,824	—	24,783,824
Inter-segment sales or transfers	2,186,009	164,358	217,455	2,567,823	9,719	2,577,543	(2,577,543)	—
Total	10,225,982	16,086,346	812,364	27,124,693	236,674	27,361,367	(2,577,543)	24,783,824
Segment profit	490,930	16,536	94,808	602,275	32,727	635,002	(275,810)	359,192

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for People with Disabilities.

2. Figures are adjusted as follows:

The adjustment for segment profit of negative ¥275,810 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the quarterly consolidated statements of income

2. Information about impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

There is no relevant information.

(Significant gain on bargain purchase)

There is no relevant information.

(Business Combinations, etc.)

Transactions under Common Control, etc.

(Reorganization of Consolidated Subsidiaries (Merger between Wholly Owned Subsidiaries))

The Company passed a resolution at its board of directors meeting held on April 12, 2024, to implement an absorption-type merger (hereafter, "Merger No. 1") wherein ECONECOL Inc. (hereafter, "ECONECOL"), which is a consolidated subsidiary of the Company, is to be the surviving company and KURODA Recycle Co., Ltd. (hereafter, "Kuroda Recycle") and SYN ECO Inc. ("SYN ECO"), which are also consolidated subsidiaries of the Company, are to be the absorbed companies, and to implement an absorption-type merger (hereafter, "Merger No.2") wherein NITTO KAKO Co., Ltd., ("NITTO KAKO"), which is a consolidated subsidiary of the Company, is to be the surviving company and TOYO RUBBER CHIP Co., Ltd (hereafter, "TOYO RUBBER CHIP"), which is also a consolidated subsidiary of the Company, is to be the absorbed company. The effective date of both mergers is July 1, 2024.

(Merger No. 1)

#### 1. Overview of the Transaction

##### (1) Name of constituent enterprise and description of business

Name of the surviving company ECONECOL Inc.

Description of business

Recycling of ferrous and non-ferrous metals, recycling of industrial waste, recycling of incineration ash, plant demolition, processing of bulky waste for local governments, export of recycled materials etc.

Name of company absorbed in the merger KURODA Recycle Co., Ltd.

Description of business

Recycling of ferrous and non-ferrous metals, recycling of industrial waste, recycling of general waste, collection and transportation of industrial waste and specially controlled industrial waste etc.

Name of company absorbed in the merger SYN ECO Inc.

Description of business

Recycling of ferrous and non-ferrous metal, recycling of industrial waste, recycling of small consumer electronics, recycling of used paper etc.

##### (2) Date of business combination

July 1, 2024

##### (3) Legal form of business combination

ECONECOL is the surviving company and Kuroda Recycle and SYN ECO is the absorbed companies

##### (4) Name after business combination

ECONECOL Inc.

##### (5) Other matters related to overview of transaction

The purpose of Merger No. 1 is to integrate three companies involved in the recycling of metal and other resources, namely ECONECOL, Kuroda Recycle and SYN ECO, thereby strengthening the Group's ability to handle projects through expansion in business scale and also strengthening profitability and further promoting the circular economy through the efficient use of management resources held across the Group and the streamlining of organizations and businesses.

#### 2. Overview of the Accounting Treatment Applied

The transaction was treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10,



January 16, 2019).

(Merger No. 2)

#### 1. Overview of the Transaction

##### (1) Name of constituent enterprise and description of business

Name of the surviving company NITTO KAKO Co., Ltd.,

Description of business Manufacture and sale of rubber products and resin products

Name of company absorbed in the merger TOYO RUBBER CHIP Co., Ltd.

Description of business

Sale of recycled materials made by shredding scrap tires and other rubber waste, manufacture and sale of recycled rubber, manufacture and sale of elastic paving material (colored rubber chips), manufacture and sale of rubber molding products

##### (2) Date of business combination

July 1, 2024

##### (3) Legal form of business combination

NITTO KAKO is the surviving company and TOYO RUBBER CHIP is the absorbed company

##### (4) Name after business combination

NITTO KAKO Co., Ltd.,

##### (5) Other matters related to overview of transaction

The purpose of Merger No. 2 is to promote the recycling of polymers (plastics and rubber etc.) through the vertical integration of NITTO KAKO, which manufactures and sells rubber products and resin products, and TOYO RUBBER CHIP, which manufactures and sells recycled rubber produced from scrap tires, and to achieve business expansion through the marketing of circular economy products and the optimization of human capital achieved through integration of the entire supply chain from the processing of waste rubber to the manufacture of products.

#### 2. Overview of the Accounting Treatment Applied

The transaction was treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No.21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, January 16, 2019).

(Significant Subsequent Events)  
There is no relevant information.