

Financial Results Briefing Materials for the Fiscal Year Ended June 30, 2024

Envipro Holdings Inc.
(TSE Code : 5698)

August 9, 2024

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Consolidated Financial Results

Net sales

¥52,214 million YoY
6.1% up

Operating profit

¥1,409 million YoY
8.6% down

Ordinary profit

¥1,782 million YoY
6.3% down

Profit*

¥537 million YoY
56.5% down

【 Our Group's Business Environment 】

- The average ferrous scrap price for the fiscal year ended June 30, 2024 was **¥50,916/t**.
(In the same period of the previous fiscal year ¥49,082/t)
- Domestic crude steel production volume remained steady. The average market prices of cobalt, nickel, lithium and other minor metals were **lower** than in the same period of the previous fiscal year, although the average price of copper **rose** year on year.

【TOPICS】

- **LIB* Recycling Ibaraki Plant** in progress for operation
- Integration of three **metal resource circulation companies** and integration of two **polymer resource circulation companies**
- New dismantling company in progress for operation (Resource Circulation Business: scheduled to start operation in September-October 2024)
- Disagreements with tax authorities on export sales transactions and the effects of the fire etc. resulted in **extraordinary losses of ¥1,012 million**

*Profit: Profit attributable to owners of parent (Amounts and quantities are rounded down. The percentages are rounded off.)

*LIB: Lithium-ion Battery

Summary of Consolidated Statements of Income - FY 2024



(¥ million)

	June/2023	June/2024		
	Actual	Actual	YoY	
			Increase/ Decrease	Ratio
Shipping volume (1,000t)	625	648	22	3.6%
Net sales	49,189	52,214	3,024	6.1%
Gross profit	8,499	8,480	(18)	(0.2%)
Operating profit	1,542	1,409	(132)	(8.6%)
Ordinary profit	1,901	1,782	(119)	(6.3%)
Profit before income taxes	1,759	816	(943)	(53.6%)
Profit*	1,236	537	(698)	(56.5%)
Marginal profit*	8,744	9,996	1,252	14.3%
EBITDA*	2,475	2,680	205	8.3%
Fixed costs*	7,364	8,683	1,319	17.9%

June/2024		
Forecast announced on June 21, 2024	Compared with forecast announced on June 21, 2024	
	Increase/ Decrease	Ratio
-	-	-
54,000	(1,785)	(3.3%)
-	-	-
1,330	79	6.0%
1,700	82	4.9%
-	-	-
300	(237)	(79.2%)
-	-	-
-	-	-

*Profit: Profit attributable to owners of the parent (Amounts and quantities are rounded down. The percentages are rounded off.)

*Marginal profit = Net sales - Variable costs

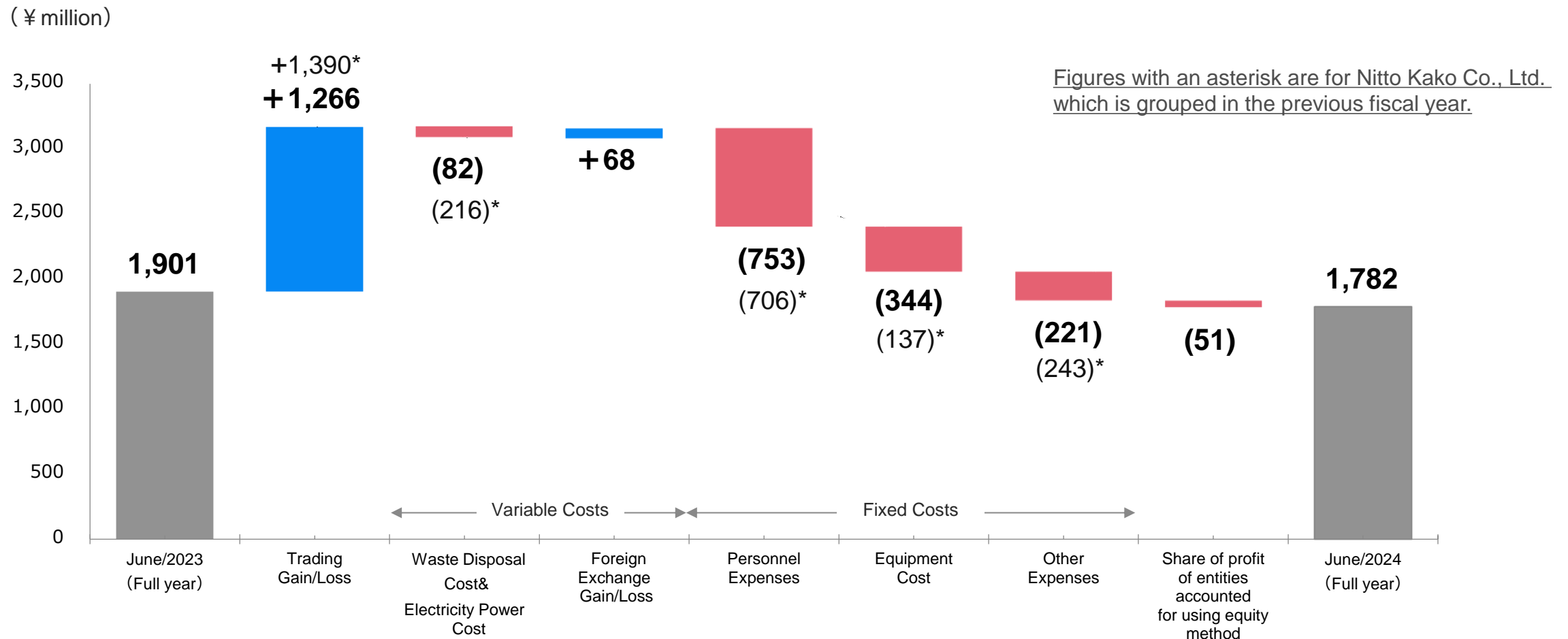
*EBITDA = Operating profit + Depreciation + Amortization of goodwill

*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] – [Foreign exchange gains · non-operating income except equity method profit]

Analysis of Difference in Consolidated Ordinary Profit (YoY)



- **Trading Gain/Loss** : Increased due to grouping of Nitto Kako Co.,Ltd.
- **Personnel Expenses** : Increased personnel, regular salary increase and base increase of more than ¥10,000
- **Equipment Cost** : New plant, new facilities investment (New sorting base at Fuji City, etc.)



Summary of Business Results by Segment

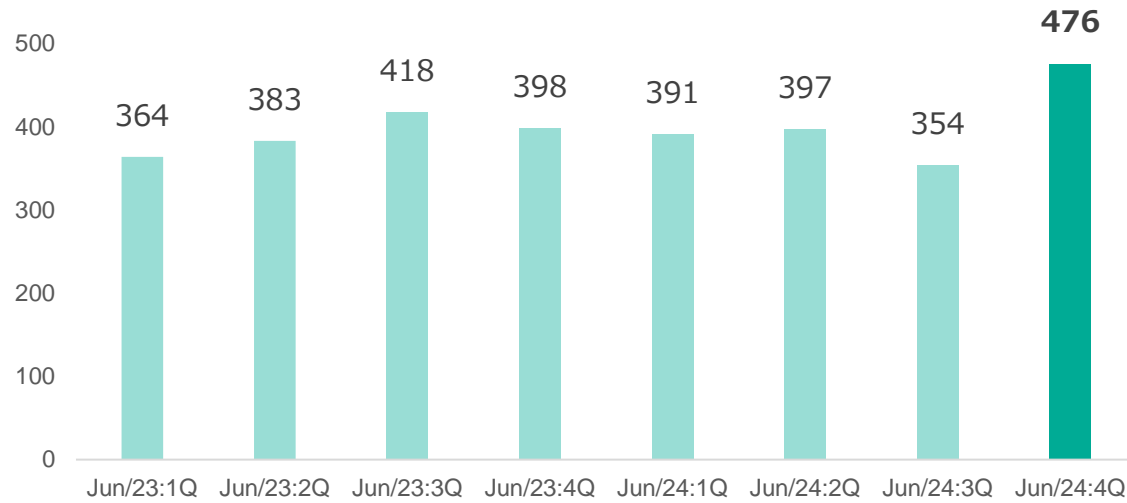
		June/2023	June/2024		TOPICS	
		Actual	Actual	YoY		
				Increase/ Decrease		Ratio
Resource Circulation Business	Shipping volume (1,000t)	262	249	(13)	(5%)	<ul style="list-style-type: none"> Higher costs resulting from new capital expenditures associated with the operation of the advanced sorting plant and higher labor costs due to improved treatment put pressure on profits. Grouping of Nitto Kako Co., Ltd., increases in the collection of gold, silver & copper sediment sludge from increasing volumes of collected waste incineration ash, and strong cleaning and dismantling work contributed to profits.
	Net sales	18,852	21,254	2,402	13%	
	Ordinary profit	1,565	1,621	55	4%	
Global Trading Business	Shipping volume (1,000t)	465	490	25	5%	<ul style="list-style-type: none"> Export conditions for raw materials for steelmaking are expected to remain difficult. Strengthening domestic sales and dynamic sales activities increased shipment volume. In logistics agency services, profit increased owing to strong shipments to land-locked countries, cost reduction from bulk purchases as well as the in-house customs clearance business among other factors.
	Net sales	34,485	34,955	470	1%	
	Ordinary profit	220	411	190	86%	
Lithium-ion Battery Recycling Business	Net sales	1,635	1,570	(65)	(4%)	<ul style="list-style-type: none"> Handling volume increased due to aggressive sales activities, despite a weakening demand for materials for batteries. Market prices of cobalt, nickel, lithium were lackluster. Ibaraki Plant in progress for operation.
	Ordinary profit	575	218	(356)	(62%)	
Others	Net sales	463	491	28	6%	<<Environment Management Consulting Business>> <ul style="list-style-type: none"> Increases in TNFD response support, consulting services related to circular economy and steady increases in demand for consulting services related to carbon neutrality contributed to revenue.
	Ordinary profit	99	108	8	9%	<<Welfare Service Business for People with Disabilities>> <ul style="list-style-type: none"> Due to a reimbursement revision in the Act on Providing Comprehensive Support for the Daily Life and Life in Society of Persons with Disabilities, there was a review of the compensation standards for Type B Continuous Employment Support.

Quarterly Ordinary Profit by Segment

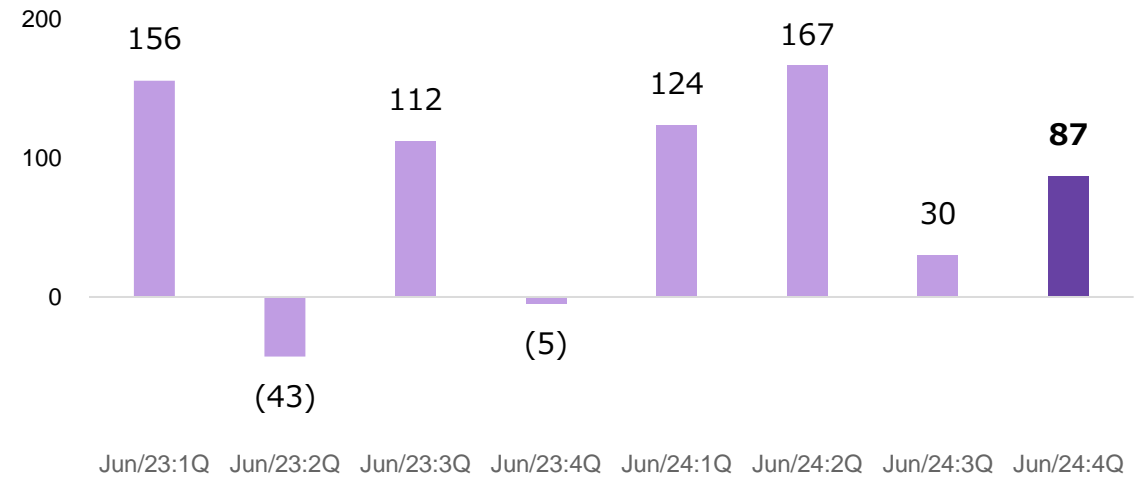


(¥ million)

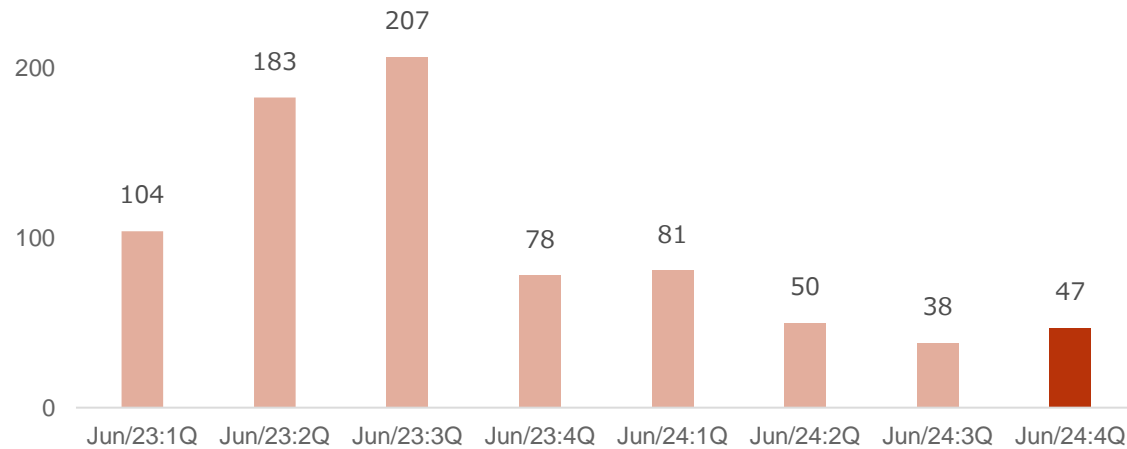
Resource Circulation Business



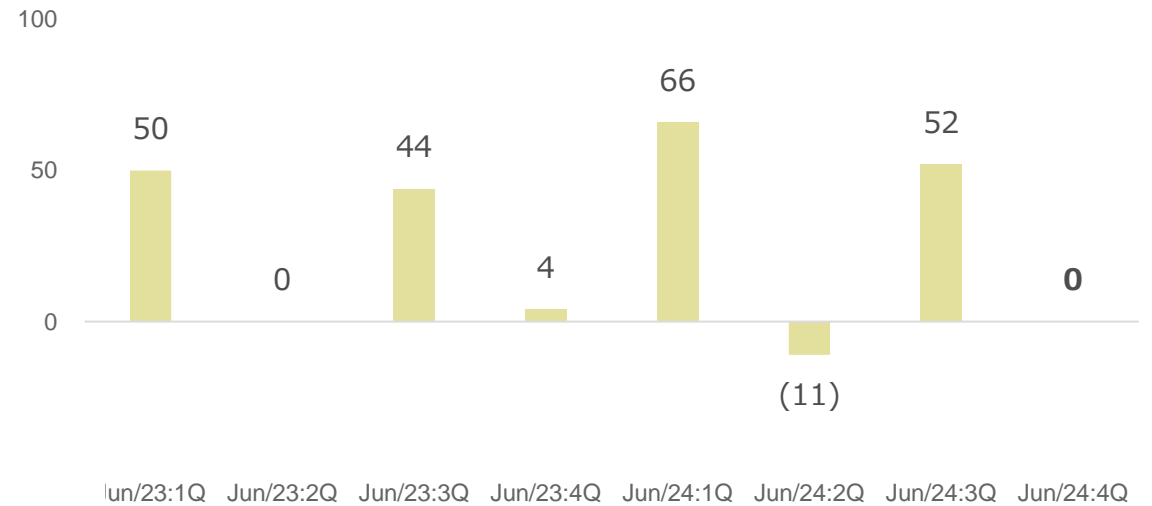
Global Trading Business



Lithium-ion Batteries Recycling Business



Others



Summary of Consolidated Balance Sheets



(¥ million)

	As of Jun. 30 2023	As of Jun. 30 2024	Increase/ Decrease	TOPICS
Current assets	19,088	18,366	(721)	¥1,130 million in merchandise and finished goods, -¥1,311 million in other current assets, -¥475 million in cash and deposits, -¥198 million in notes receivable-trade
Non-current assets	14,598	15,419	821	¥327 million in investments securities, ¥474 million in machinery, equipment and vehicles, -¥210 million in buildings and structures, -¥143 million in other investment assets
(Property, plant and equipment)	10,844	11,175	330	
(Intangible assets)	148	189	40	
(Investments and other assets)	3,605	4,054	449	
Total assets	33,686	33,786	99	
Current liabilities	10,415	11,090	674	¥108 million in income taxes payable, ¥679 million in notes and accounts payable-trade, -¥660 million in short-term borrowings, -¥504 million in other current liabilities
Non-current liabilities	6,446	5,657	(788)	-¥727 million in long-term borrowings
Total liabilities	16,861	16,747	(113)	
Net assets	16,825	17,038	213	¥131 million resulting from the disposal of treasury shares, ¥121 million in retained earnings, -¥112 million in non-controlling interests.
(Equity)	16,386	16,719	333	Equity ratio 49.5% (48.6% as of June 30, 2023)
Total liabilities and net assets	33,686	33,786	99	

Summary of Consolidated Statements of Cash Flows



(¥ million)

	June/2023	June/2024	Increase / Decrease	TOPICS
Cash flows from operating activities	2,332	2,940	608	(Inflows) ¥1,267 million in depreciation ¥816 million in profit before income taxes ¥673 million in increase in trade payables (Outflows) ¥1,157 million in increase in inventories ¥469 million in share of profit of entities accounted for using equity method
Cash flows from investing activities	(3,838)	(1,560)	2,278	(Inflows) ¥92 million in proceeds from sales of property, plant and equipment (Outflows) ¥1,578 million in purchase of property, plant and equipment
Cash flows from financing activities	(92)	(1,931)	(1,839)	(Inflows) ¥301 million in proceeds from long-term borrowings (Outflows) ¥1,005 million in repayments of long-term borrowings ¥660 million net decrease in short-term borrowings ¥415 million in dividends paid
Effect of exchange rate change on cash and cash equivalents	(62)	37	99	
Net increase (decrease) in cash and cash equivalents	(1,661)	(513)	1,148	
Cash and cash equivalents at beginning of period	8,913	7,245	(1,668)	
Cash and cash equivalents at end of period	7,245	6,771	(474)	

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Consolidated Financial Forecast

Net sales

¥53,500 million YoY **2.5% up**

Operating profit

¥1,500 million YoY **6.4% up**

Ordinary profit

¥2,000 million YoY **12.2% up**

Profit

¥1,480 million YoY **175% up**

Background of Financial Forecast

- In Resource Circulation Business, focus on strengthening collection capabilities through organizational integration, service businesses such as cleaning and dismantling work, and the manufacture of recycled materials.
- In Global Trading Business, develop trading products and expand domestic sales model although the environment of high domestic prices and low overseas prices of scrap metal continues.
- In Lithium-ion Battery Recycling Business, focus on stabilizing the revenue base through increasing shipping volume and contract processing although market prices of minor metals remain weak due to easing demand and supply for battery materials.
- Aggressive sales activities, including the reorganization and business alliances in order to realize concrete cases of the circular economy.

Prerequisites of the Forecast

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
¥50,000/t	¥1,500/kg	¥11,000/g	¥140,000/kg	¥2,700/kg	¥4,100/kg	¥140/US\$

Forecast for the Consolidated Results - FY2025



(¥ million)

	June/2024	June/2025		
	Actual	Forecast	YoY	
			Increase/ Decrease	Ratio
Shipping volume (1,000t)	648	650	2	0.3%
Net sales	52,214	53,500	1,286	2.5%
Gross profit	8,480	8,900	420	5.0%
Operating profit	1,409	1,500	91	6.4%
Ordinary profit	1,782	2,000	218	12.2%
Profit before income taxes	816	2,000	1,184	145.1%
Profit	537	1,480	943	175.4%
Marginal profit	9,996	11,000	1,004	10.0%
EBITDA*	2,680	3,000	320	11.9%
Fixed costs*	8,683	9,600	917	10.6%
ROE	3.2%	8.2%	5.0%	-

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] – [Foreign exchange gains · non-operating income except equity method profit]

Forecast for the Consolidated Results - FY2025



(¥ million)

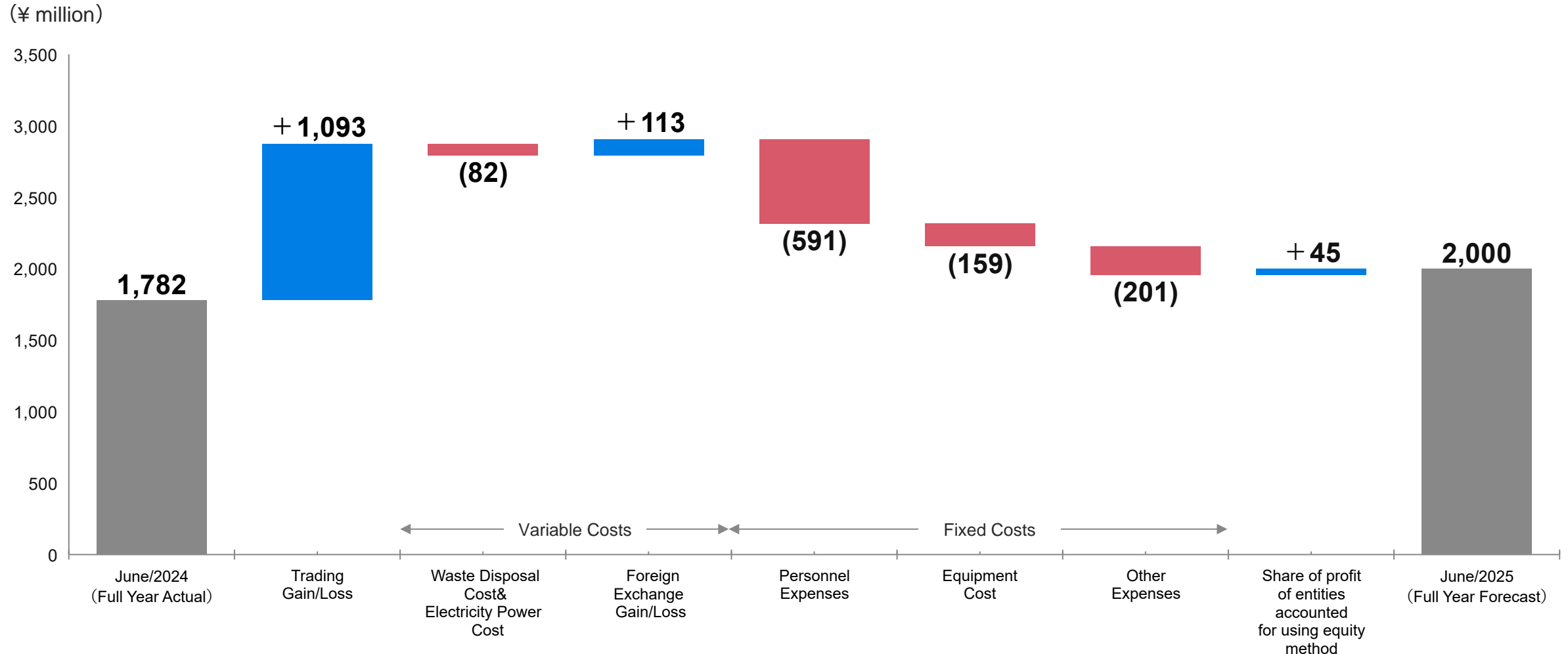
Net Sales	June/2024	June/2025			
	Actual	Forecast	Increase/ Decrease	Ratio	Composition Ratio
Consolidated	52,214	53,500	1,286	2%	100%
Resource Circulation Business	21,254	25,500	4,246	20%	43%
Global Trading Business	34,955	32,000	(2,955)	(8%)	54%
Lithium-ion Battery Recycling Business	1,570	1,250	(320)	(20%)	2%
Others	491	500	9	2%	1%
Adjustment	(6,058)	(5,750)	308	-	-

Segment Profit	June/2024	June/2025			
	Actual	Forecast	Increase/ Decrease	Ratio	Composition Ratio
Consolidated	1,782	2,000	218	12%	100%
Resource Circulation Business	1,621	2,000	379	23%	76%
Global Trading Business	411	540	129	31%	21%
Lithium-ion Battery Recycling Business	218	(15)	(233)	(107%)	(1%)
Others	108	100	(8)	(7%)	4%
Adjustment	(576)	(625)	(49)	-	-

Analysis of Difference in Consolidated Ordinary Profit (YoY)

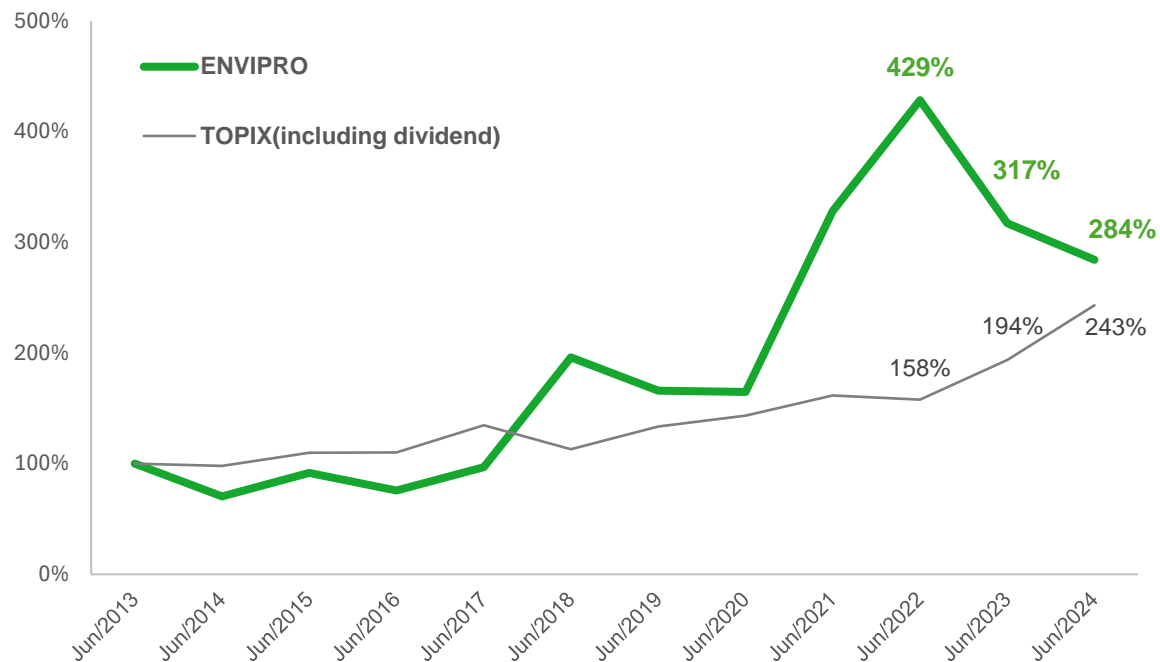


- **Trading Gain/Loss** : Strengthening sales activities through integration of subsidiaries, strong cleaning and dismantling work, etc.
- **Personnel Expenses** : Human capital investment (hiring and training of business promoters, regular salary increases and base salary increases)



Total Shareholder Return (TSR) since listing

■ **Outperformed TOPIX** in 10 year period



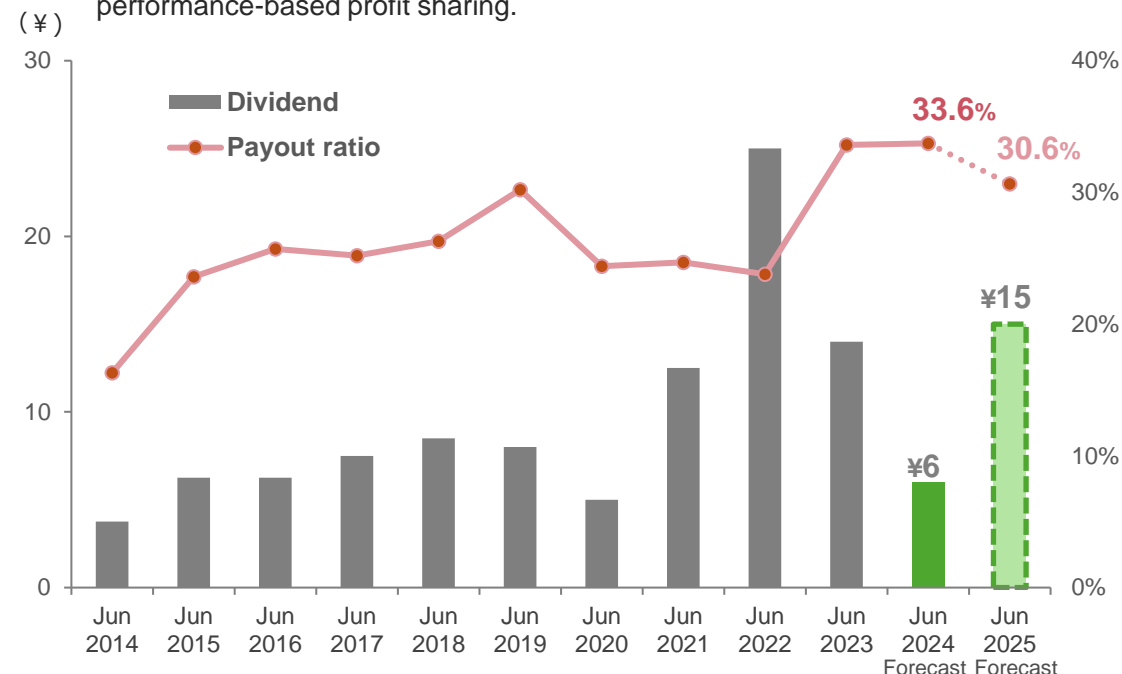
*The closing price on September 25, 2013 is regarded as 100.

(¥)

	Sep. 25, 2013 Closing price	Jun. 2014	Jun. 2015	Jun. 2016	Jun. 2017	Jun. 2018	Jun. 2019	Jun. 2020	Jun. 2021	Jun. 2022	Jun. 2023
Share price (End of June)	205	140	178	139	174	369	300	292	614	794	552
Dividends per share	-	3.75	6.25	6.25	7.5	8.5	8	5	12.5	25	14
Payout ratio	-	16.3%	23.6%	25.7%	25.2%	26.3%	30.2%	24.4%	24.7%	23.8%	33.6%

Our Basic Dividend Policy

- The Company has set a basic policy of providing stable and continuous profit returns to shareholders from a long-term perspective while comprehensively taking into consideration of internal reserves, etc.
- The Company set a target consolidated payout ratio of **25-35%** as an indicator of performance-based profit sharing.



*With January 1, 2018 as the effective date, a 2-for-1 stock split of common stock was conducted.

With April 20, 2022 as the effective date, a 2-for-1 stock split of common stock was conducted.

Dividends per share are calculated, assuming that the stock split mentioned above has been in effect since before the fiscal year ended June 30, 2014.

Jun. 2024 (Initial Forecast)	Jun. 2024 (Previous Forecast)	Jun. 2024 (Revised Forecast)
-	-	479
16	3	6
28.5%	27.0%	33.6%

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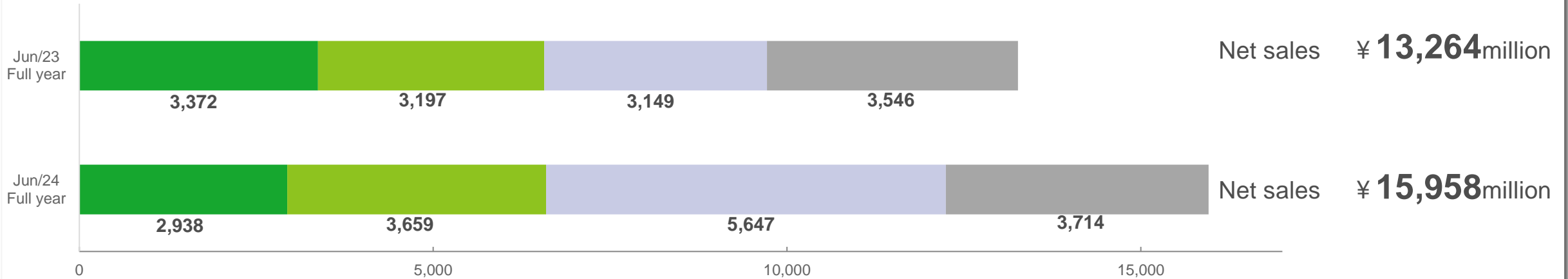
Segment : Net Sales by material



(¥ million)

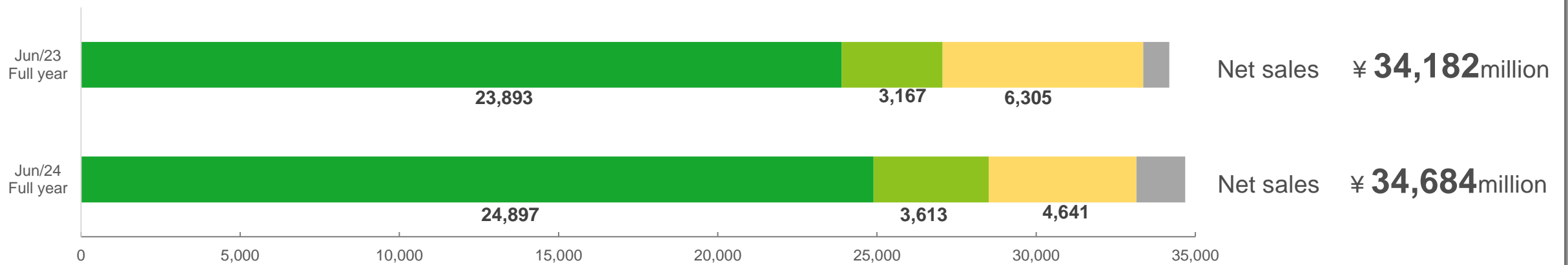
Resource Circulation Business

■ Ferrous scrap ■ Nonferrous metal scrap ■ Rubber product ■ others



Global Trading Business

■ Ferrous scrap ■ Nonferrous metal scrap ■ Used car related ■ others



Consolidated: Shipping volume by material / Net sales by area



Shipping volume by material

Item	(1,000t)		
	June/2023	June/2024	YoY Ratio
Ferrous scrap	512	520	1.5%
Nonferrous metal scrap	19	19	1.5%
Gold, silver & copper sediment sludge*	3.3	4.0	19.8%
Rubber products	13	29	108.8%
RPF, Waste paper, etc.	53	55	3.1%
Black mass, etc.*	1.1	1.2	6.7%
Others	21	17	(18.6%)
Total	625	647	3.4%
(kg)			
Item (Precious metals collected)	June/2023	June/2024	YoY Ratio
Gold	53	73	37.2%
Silver	830	1,141	37.5%

Net sales by area

Area	(¥ million)			
	June/2023	June/2024	YoY Ratio	
East Asia	Japan	27,166	31,373	15.5%
	Korea	9,489	8,258	(13.0%)
	Taiwan	1,615	1,801	11.5%
	Others	1,145	1,540	34.5%
Southeast Asia	Indonesia	590	2,315	292.0%
	Vietnam	5,098	4,595	(9.9%)
	Others	1,752	715	(59.2%)
South Asia	India etc.	138	181	31.4%
West Asia	UAE etc.	840	194	(76.9%)
South America	Chile etc.	894	920	2.9%
Africa	Kenya etc.	93	22	(75.4%)
Other	–	350	294	(16.2%)
Total	49,177	52,214	6.2%	

*Gold, silver and copper sediment sludge: A mix of gold, silver, copper, platinum, and palladium

*Black mass: Concentrated residue of lithium, cobalt and nickel sorted from lithium-ion batteries that have been discharged, dried and crushed

Quarterly Business Results by Segment

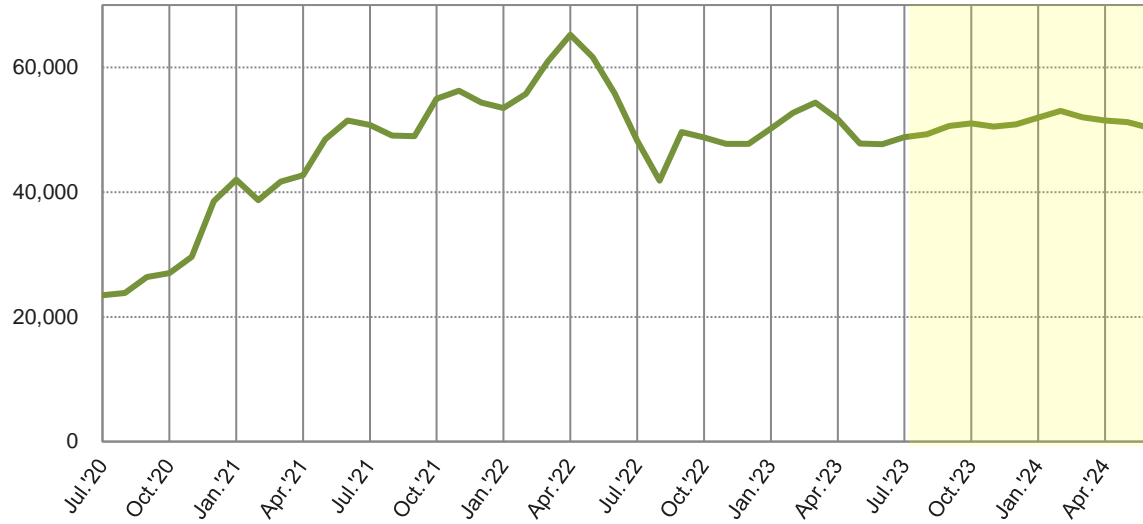


(¥ million)

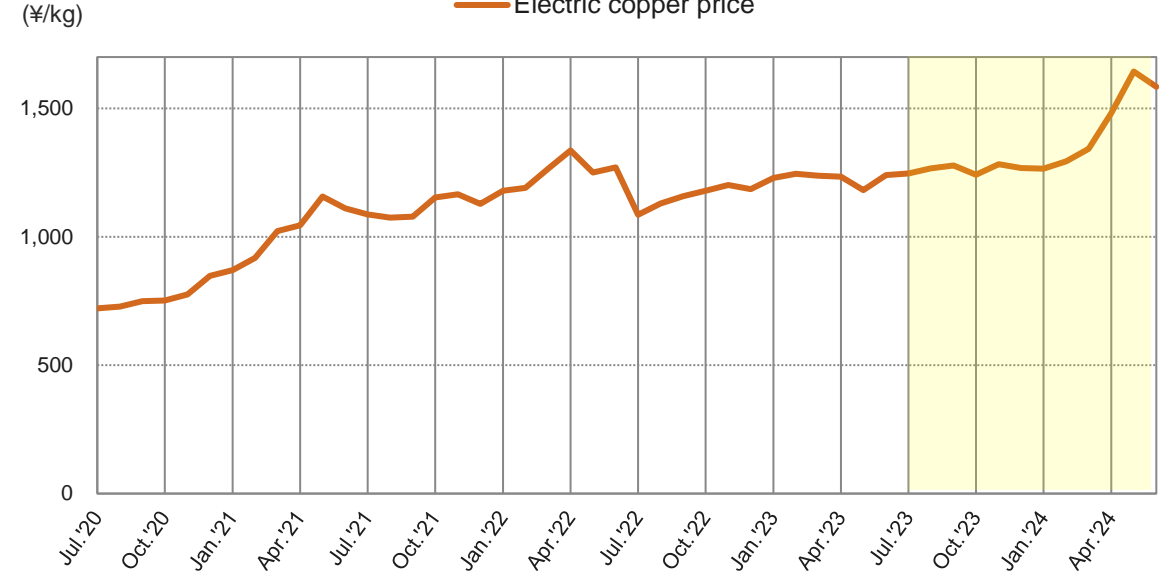
Segment	June/2023					Composition Ratio	June/2024					Composition Ratio	
	1Q	2Q	3Q	4Q	Full Year		1Q	2Q	3Q	4Q	Full Year		
Resource Circulation Business	Handling volume (1,000t)	64	65	64	67	262	-	57	64	61	67	249	-
	Net sales	4,179	4,349	4,697	5,625	18,852	34%	4,916	5,367	5,370	5,600	21,254	36%
	Ordinary profit	364	383	418	398	1,565	64%	391	397	354	476	1,621	69%
	Ordinary profit ratio	8.7%	8.8%	8.9%	7.1%	8.3%	-	8.0%	7.4%	6.6%	8.5%	7.6%	-
Global Trading Business	Handling volume (1,000t)	99	117	111	136	465	-	121	125	111	132	490	-
	Net sales	7,872	8,958	8,045	9,608	34,485	62%	8,709	8,735	8,443	9,066	34,955	60%
	Ordinary profit	156	(43)	112	(5)	220	9%	124	167	30	87	411	17%
	Ordinary profit ratio	2.0%	(0.5%)	1.4%	(0.1%)	0.6%	-	1.4%	1.9%	0.4%	1.0%	1.2%	-
Lithium-ion Battery Recycling Business	Net sales	326	448	525	334	1,635	3%	356	361	477	374	1,570	3%
	Ordinary profit	104	183	207	78	575	23%	81	50	38	47	218	9%
	Ordinary profit ratio	32.0%	41.0%	39.5%	23.6%	35.2%	-	22.8%	14.0%	8.1%	12.6%	13.9%	-
Others	Net sales	135	87	131	109	463	1%	157	85	145	103	491	1%
	Ordinary profit	50	(0)	44	4	99	4%	66	(11)	52	0	108	5%
	Ordinary profit ratio	37.7%	(0.4%)	33.6%	4.3%	21.5%	-	42.4%	(13.9%)	36.2%	0.8%	22.0%	-
Adjustment	Net sales	(1,340)	(1,435)	(1,619)	(1,851)	(6,247)	-	(1,326)	(1,573)	(1,461)	(1,693)	(6,056)	-
	Ordinary profit	(107)	(77)	(287)	(85)	(558)	-	(140)	(123)	(147)	(164)	(576)	-
Consolidated	Handling volume (1,000t)	141	160	150	173	625	-	159	164	153	170	648	-
	Net sales	11,174	12,408	11,781	13,826	49,189	100%	12,812	12,976	12,974	13,449	52,214	100%
	Ordinary profit	569	445	494	392	1,901	100%	523	481	329	447	1,782	100%
	Ordinary profit ratio	5.1%	3.6%	4.2%	2.8%	3.9%	-	4.1%	3.7%	2.5%	3.3%	3.4%	-

*Segment profit (loss) is stated as ordinary profit.

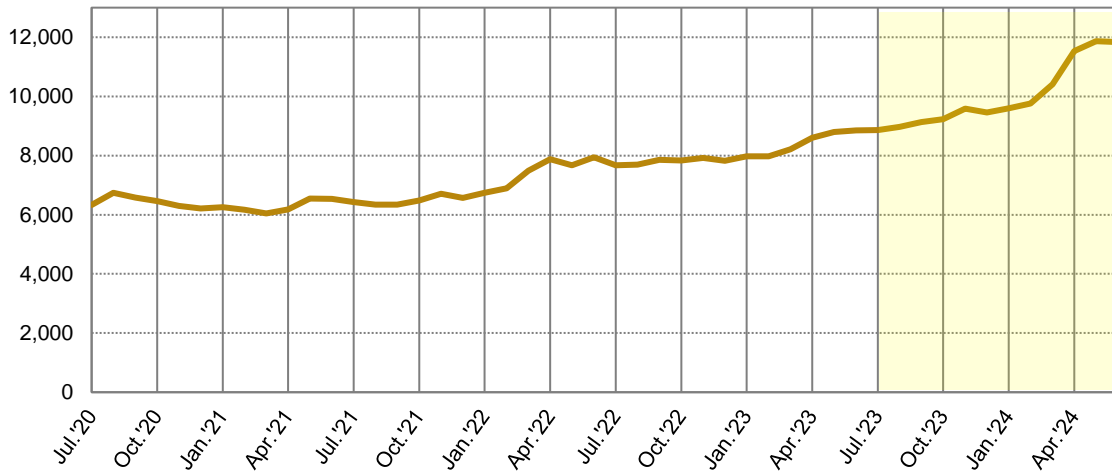
(¥/t) — Feros scrap price (Tokyo Steel (Tahara)Tokkyu Grade Seaborne Price)



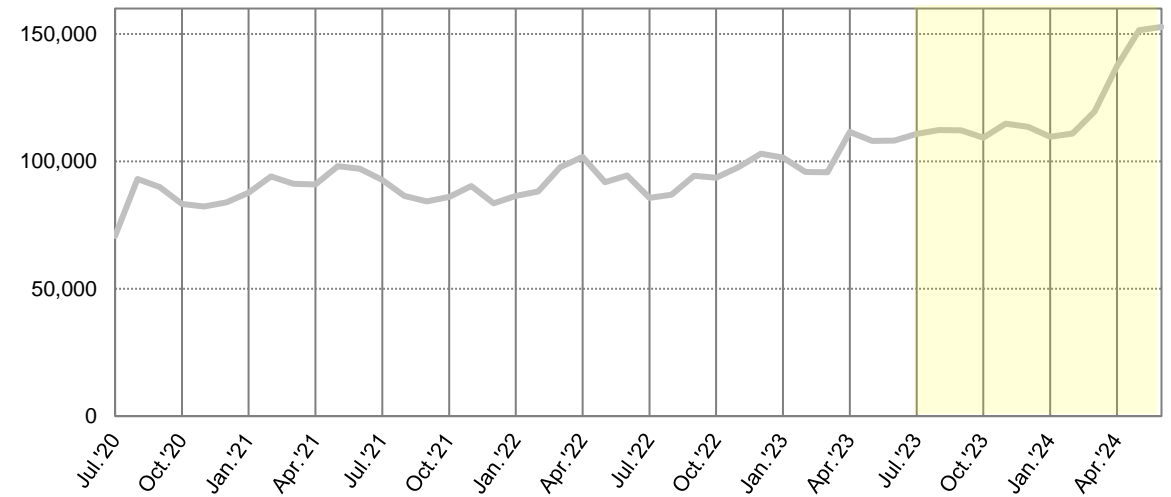
— Electric copper price

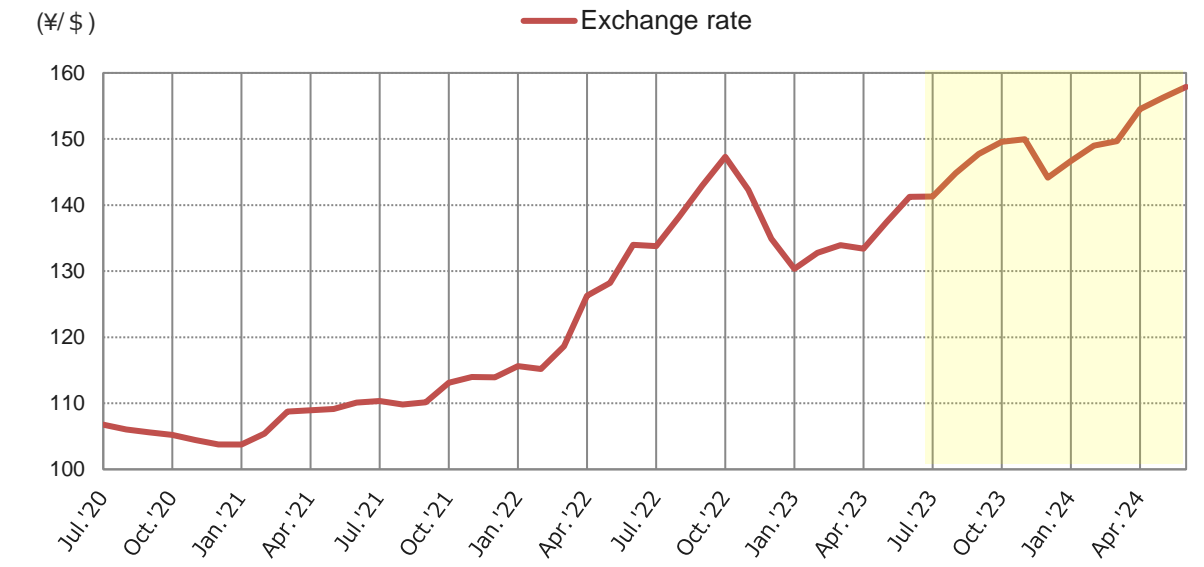
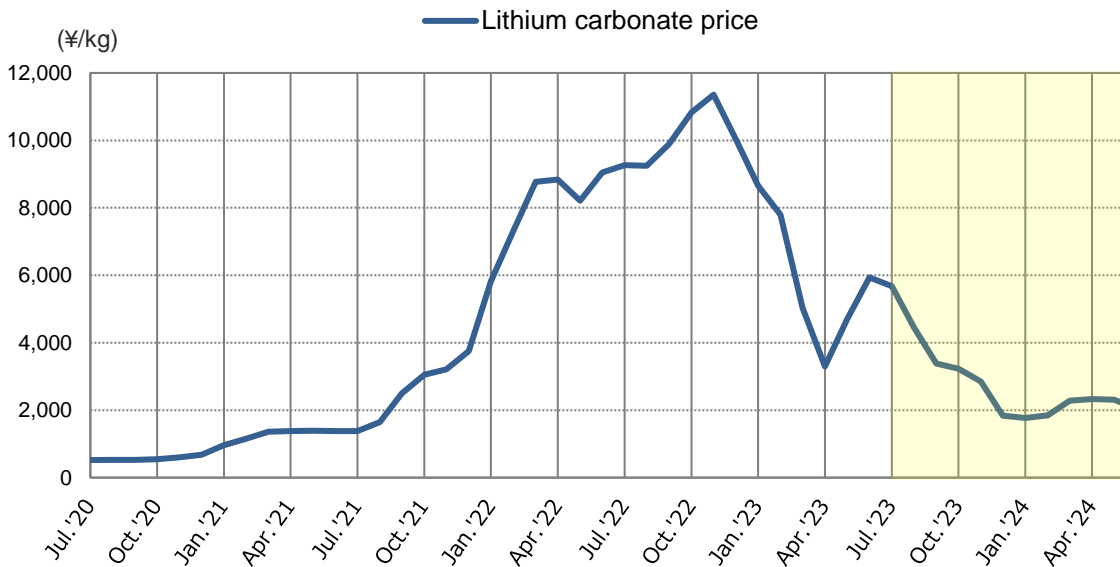
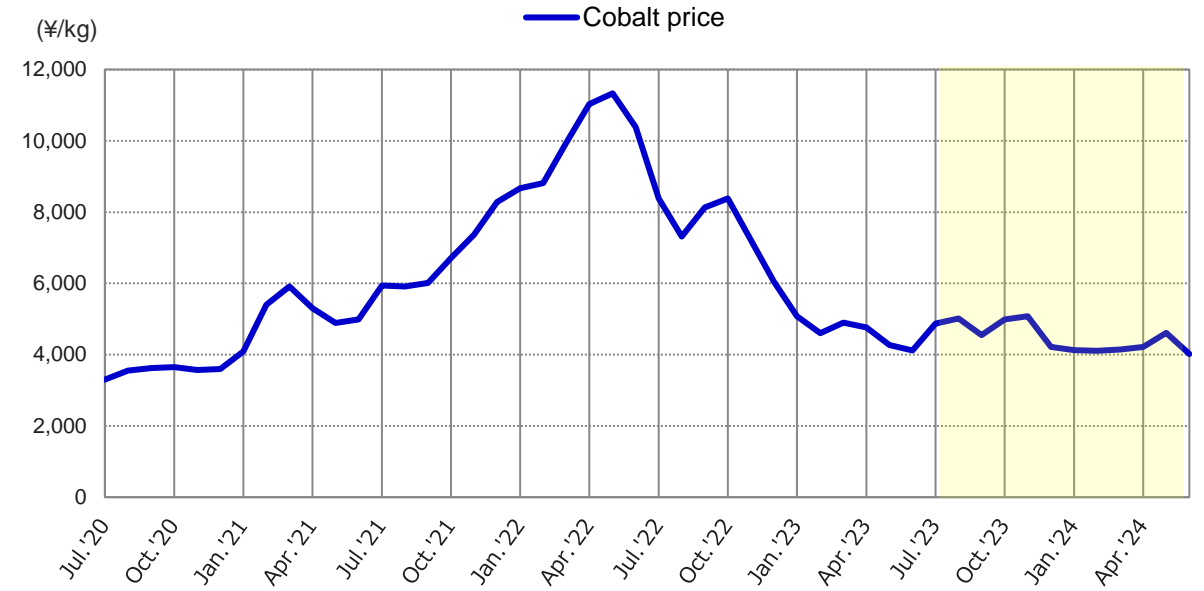
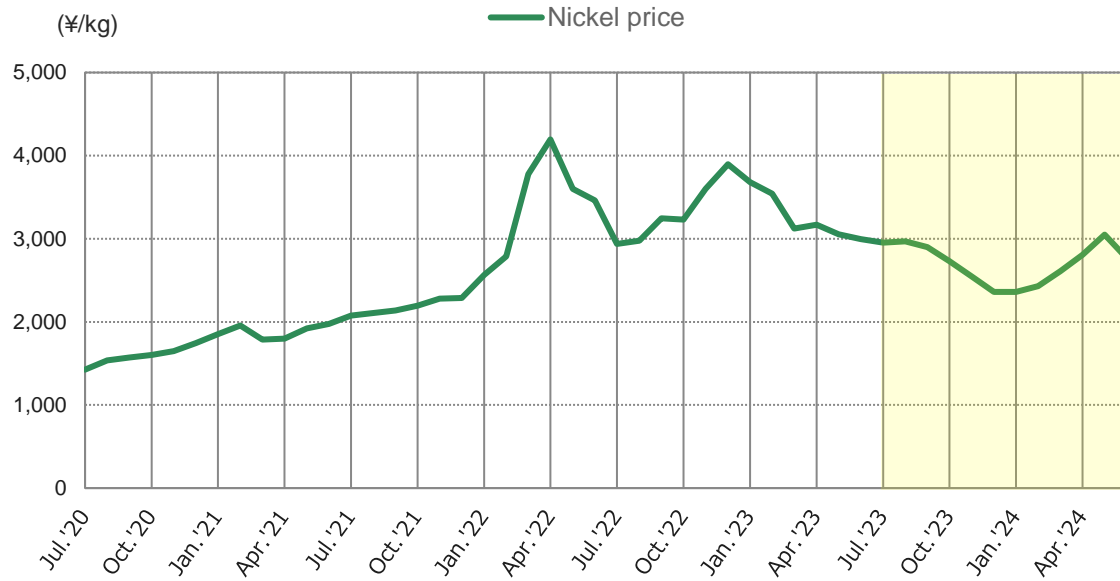


(¥/g) — Gold price



(¥/kg) — Silver price





Important notes about this material

This material is intended to provide investors with information to understand the current status of ENVIPRO HOLDINGS Inc.

Although the contents in this material are described based on generally recognized socio-economic situations, etc., and certain assumptions that our company regarded as reasonable, they may change without prior notice of any kind because of the change in the business environment.



Inquiry desk about this material and IR

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