

# Financial Results Briefing Materials for the Three Months Ended September 30, 2024

Envipro Holdings Inc.  
(TSE Code : 5698)

November 13, 2024

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### **1. Financial Overview - FY2025 1Q**

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## Consolidated Financial Results

Net sales	YoY
<b>¥12,259</b> million	<b>4.3% down</b>
Operating profit	YoY
<b>¥(133)</b> million	-
Ordinary profit	YoY
<b>¥41</b> million	<b>92.0% down</b>
Profit*	YoY
<b>¥34</b> million	<b>90.5% down</b>

## 【 Our Group's Business Environment 】

- **A surplus of steel products and an increase in exports** due to Chinese economic slowdown
- Unstable U.S. dollar-yen exchange rate
- The ferrous scrap price (Tokyo Steel Tahara Tokkyu Grade Seaborne Price) dropped from **52,000** yen/t at the beginning of the three months ended September 30, 2024 to **40,000** yen/t at the end of the period.

## 【TOPICS】

- Profit margin decreased due to **rapid decline in scrap prices**
- **Service** and **processing and sorting** sectors **performed well**
- **Promoting joint** collection yard **operations** with domestic electric furnace makers
- LIB\* Recycling Ibaraki Plant began fully operating

\*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



(¥ million)

	June/2024 1Q	June/2025 1Q			June/2025	
	Actual	Actual	YoY		Forecast	Progress Ratio
			Increase/ Decrease	Ratio		
Shipping volume (1,000t)	159	<b>136</b>	(22)	(14.1%)	<b>650</b>	21.1%
Net sales	12,812	<b>12,259</b>	(553)	(4.3%)	<b>53,500</b>	22.9%
Gross profit	2,122	<b>1,599</b>	(522)	(24.6%)	<b>8,900</b>	18.0%
Operating profit	412	<b>(133)</b>	(546)	-	<b>1,500</b>	-
Ordinary profit	523	<b>41</b>	(481)	(92.0%)	<b>2,000</b>	2.1%
Profit before income taxes	531	<b>51</b>	(480)	(90.4%)	<b>2,000</b>	2.6%
Profit*	359	<b>34</b>	(325)	(90.5%)	<b>1,480</b>	2.3%
Marginal profit*	2,534	<b>2,156</b>	(377)	(14.9%)	<b>11,000</b>	19.6%
EBITDA*	719	<b>208</b>	(510)	(71.0%)	<b>3,000</b>	7.0%
Fixed costs*	2,139	<b>2,212</b>	72	3.4%	<b>9,600</b>	23.0%

\*Profit: Profit attributable to owners of the parent

\*Marginal profit = Net sales - Variable costs

\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

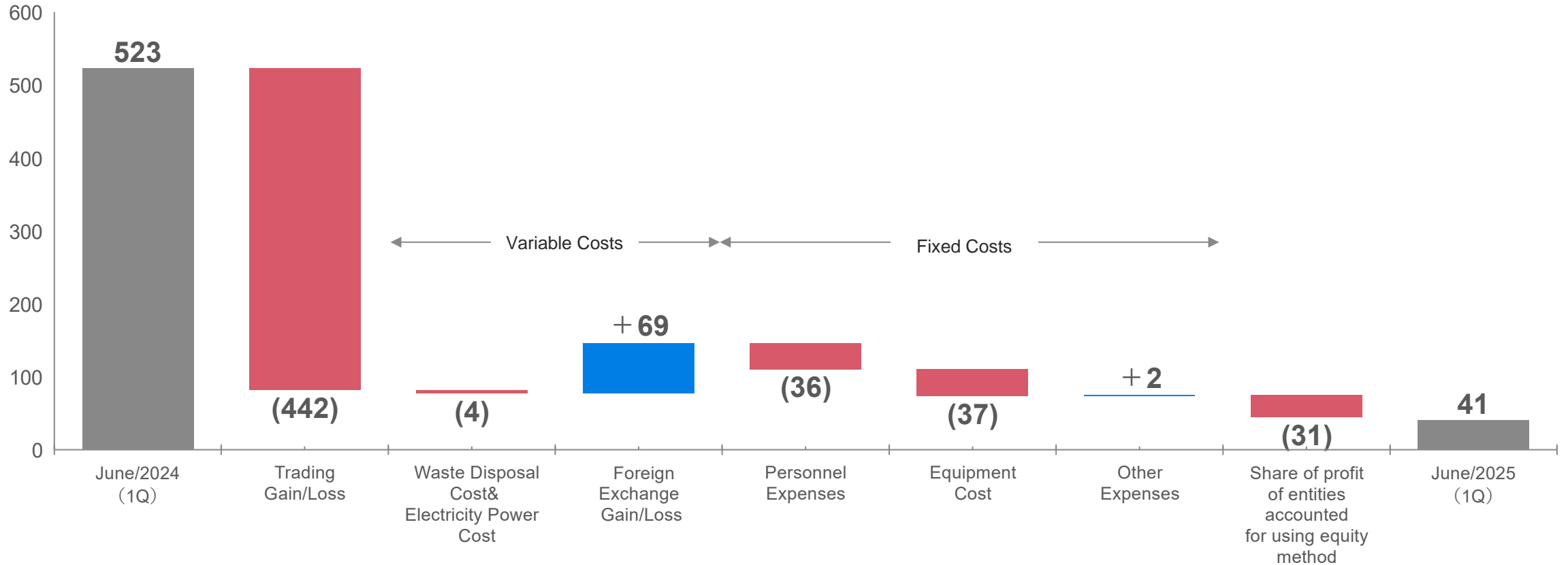
\*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] - [Foreign exchange gains · non-operating income except equity method profit]

# Analysis of Difference in Consolidated Ordinary Profit (YoY)



- **Trading Gain/Loss** : Profit margin compression due to a decline in metal raw material prices (Resource Circulation, Global Trading Business)
- **Foreign Exchange Gain/Loss** : Impact of forward exchange contracts and yen appreciation (Global Trading Business)
- **Personnel, Equipment Cost** : New plants and new facilities started operation (LIB recycling, etc.)

(¥ million)



# Summary of Business Results by Segment

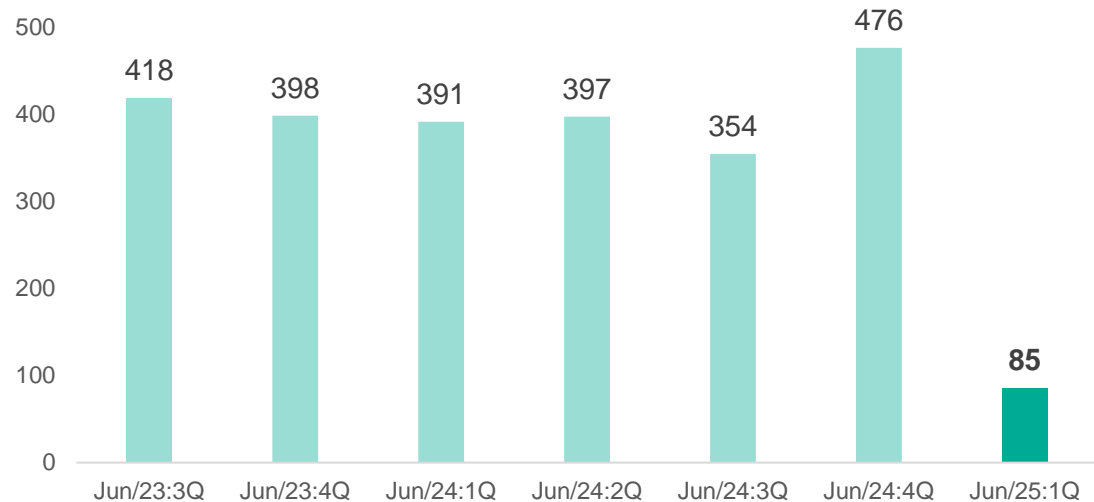
		June/2024	June/2025		TOPICS	
		1Q	1Q			
		Actual	Actual	YoY		
Increase/ Decrease	Ratio					
Resource Circulation Business	Shipping volume (1,000t)	57	53	(4)	(7.7%)	<ul style="list-style-type: none"> <li>■ A decrease in sales and profits due to lower prices of the ferrous scrap and other metal raw materials</li> <li>■ Solid performance in the dismantling, alternative fuel and polymer product manufacturing sectors</li> </ul>
	Net sales	4,916	4,792	(124)	(2.5%)	
	Segment profit	391	85	(306)	(78.2%)	
Global Trading Business	Shipping volume (1,000t)	121	101	(20)	(16.6%)	<ul style="list-style-type: none"> <li>■ Logistics agency business increased sales and profits by providing services to respond to unstable container export environment</li> <li>■ Profit was pushed downwards due to rapid exchange rate fluctuations and falling scrap prices in metal trading business</li> <li>■ Promoting joint collection yard operations with domestic electric furnace makers</li> </ul>
	Net sales	8,709	8,051	(658)	(7.6%)	
	Segment profit	124	6	(118)	(94.8%)	
Lithium-ion Battery Recycling Business	Net sales	356	465	108	30.4%	<ul style="list-style-type: none"> <li>■ Market prices remained weak compared to the same period last year due to easing supply and demand for rare metals</li> <li>■ Increased contract processing to reduce the impact of resource price fluctuations</li> <li>■ Ibaraki Plant began fully operating (September 2024)</li> </ul>
	Segment profit	81	50	(31)	(38.6%)	
Others	Net sales	157	134	(22)	(14.5%)	<ul style="list-style-type: none"> <li>■ A decrease in sales and profits in the Environment Management Consulting Business due to delay in posting sales (No impact on full year results)</li> <li>■ Solid performance in Welfare Service Business for People with Disabilities</li> </ul>
	Segment profit	66	27	(38)	(58.4%)	

# Quarterly Ordinary Profit by Segment

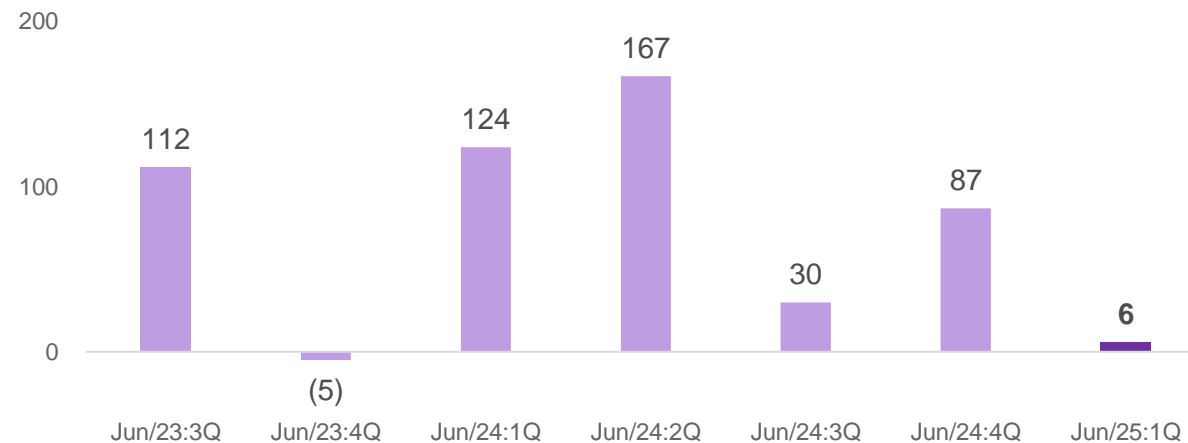


(¥ million)

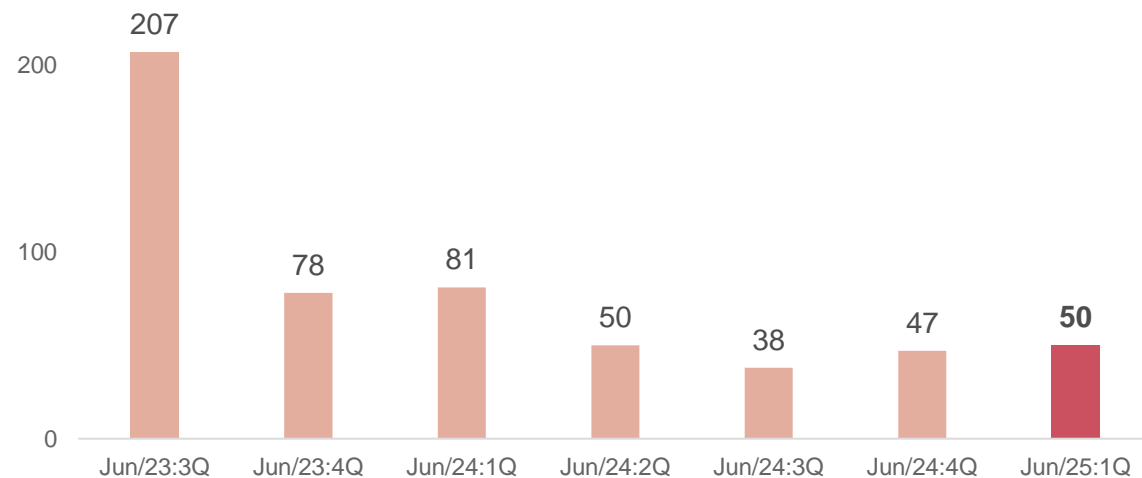
### Resource Circulation Business



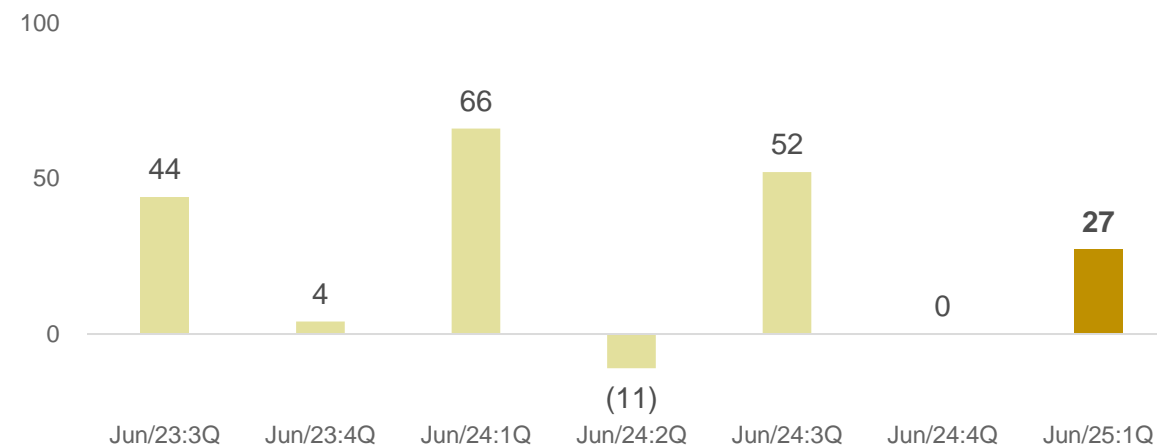
### Global Trading Business



### Lithium-ion Battery Recycling Business



### Others



# Summary of Consolidated Balance Sheets



(¥ million)

	As of Jun. 30 2024	As of Sep. 30 2024	Increase/ Decrease	TOPICS
Current assets	18,366	<b>17,265</b>	(1,101)	-¥624 million in merchandise and finished goods -¥256 million in notes and accounts receivable – trade -¥130 million in other current assets, -¥129 million in cash and deposits
Non-current assets	15,419	<b>15,449</b>	29	
(Tangible assets)	11,175	<b>11,154</b>	(21)	-¥525 million in construction in progress, -¥43 million in buildings and structures ¥549 million in machinery, equipment and vehicles
(Intangible assets)	189	<b>185</b>	(3)	
(Investments and other assets)	4,054	<b>4,110</b>	55	¥42 million in investment securities
<b>Total assets</b>	<b>33,786</b>	<b>32,715</b>	<b>(1,071)</b>	
Current liabilities	11,090	<b>10,389</b>	(700)	¥1,220 million in short-term borrowings, ¥201 million in provision for bonuses -¥1,324 million in other current liabilities, -¥574 million in accounts payable – trade
Non-current liabilities	5,657	<b>5,484</b>	(172)	-¥180 million in long-term borrowings
<b>Total liabilities</b>	<b>16,747</b>	<b>15,874</b>	<b>(873)</b>	
Net assets	17,038	<b>16,841</b>	(197)	-¥153 million in retained earnings , -¥34 million in foreign currency translation adjustment -¥29 million in valuation difference on available-for-sale securities
(Equity)	16,719	<b>16,512</b>	(207)	Equity ratio 50.6% (49.5% as of June 30, 2024)
<b>Total liabilities and net assets</b>	<b>33,786</b>	<b>32,715</b>	<b>(1,071)</b>	



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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\$

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

# Forecast for the Consolidated Results - FY2025



(¥ million)

	June/2024	June/2025				
	Actual	Forecast	YoY		1Q	
			Increase/ Decrease	Ratio	Actual	Progress Ratio
Shipping volume (1,000t)	648	<b>650</b>	2	0.3%	<b>136</b>	20.9%
Net sales	52,214	<b>53,500</b>	1,286	2.5%	<b>12,259</b>	22.9%
Gross profit	8,480	<b>8,900</b>	420	5.0%	<b>1,599</b>	18.0%
Operating profit	1,409	<b>1,500</b>	91	6.4%	<b>(133)</b>	-
Ordinary profit	1,782	<b>2,000</b>	218	12.2%	<b>41</b>	2.1%
Profit before income taxes	816	<b>2,000</b>	1,184	145.1%	<b>51</b>	2.6%
Profit*	537	<b>1,480</b>	943	175.4%	<b>34</b>	2.3%
Marginal profit*	9,996	<b>11,000</b>	1,004	10.0%	<b>2,156</b>	19.6%
EBITDA*	2,680	<b>3,000</b>	320	11.9%	<b>208</b>	6.9%
Fixed costs*	8,683	<b>9,600</b>	917	10.6%	<b>2,212</b>	23.0%
ROE	3.2%	<b>8.2%</b>	5.0%	-	<b>-</b>	-

\*Profit: Profit attributable to owners of the parent

\*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]

## Factors of Profit Compression

Yen appreciated in 1Q

Decline in global demand for metal products

Decline in scrap prices

Margin compression due to fixed terms and conditions

Loss on write-down of scrap inventory

**Profits** in the metal recycling and trading sectors which have large inventories and shipping volumes **were temporarily compressed**

## Future Measures

### Review of business portfolio

- Expanding transactions of non-metal products (Alternative fuels and Polymer products)
- Expanding transactions of Services (Logistics agency, Dismantling and Waste disposal)

### Pursuit of unique recycling

- Enhancing collection of precious metal from waste incineration ash
- Producing high quality black mass

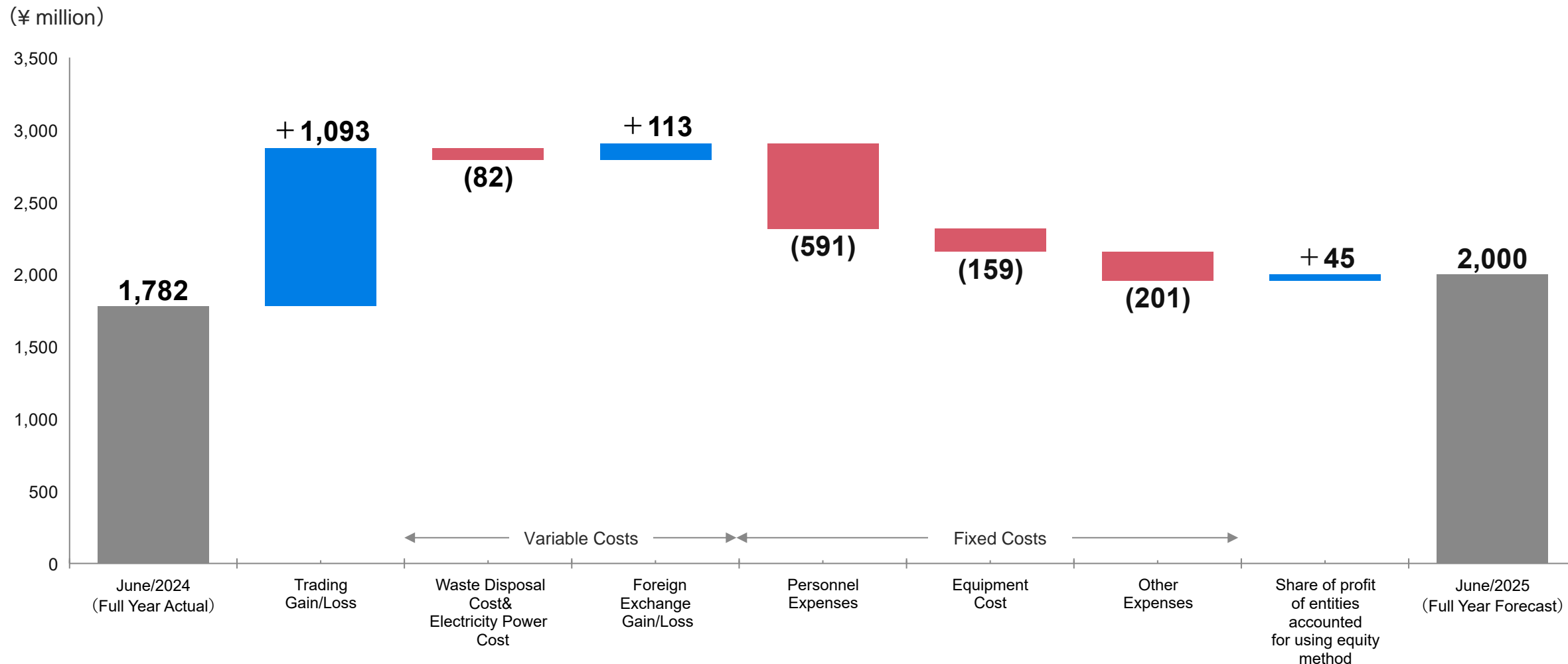
### Transformation of the trading business

- Promoting joint collection yard operations with domestic electric furnace makers
- Expanding export items, imports and trilateral trade

# Analysis of Difference in Consolidated Ordinary Profit (YoY)

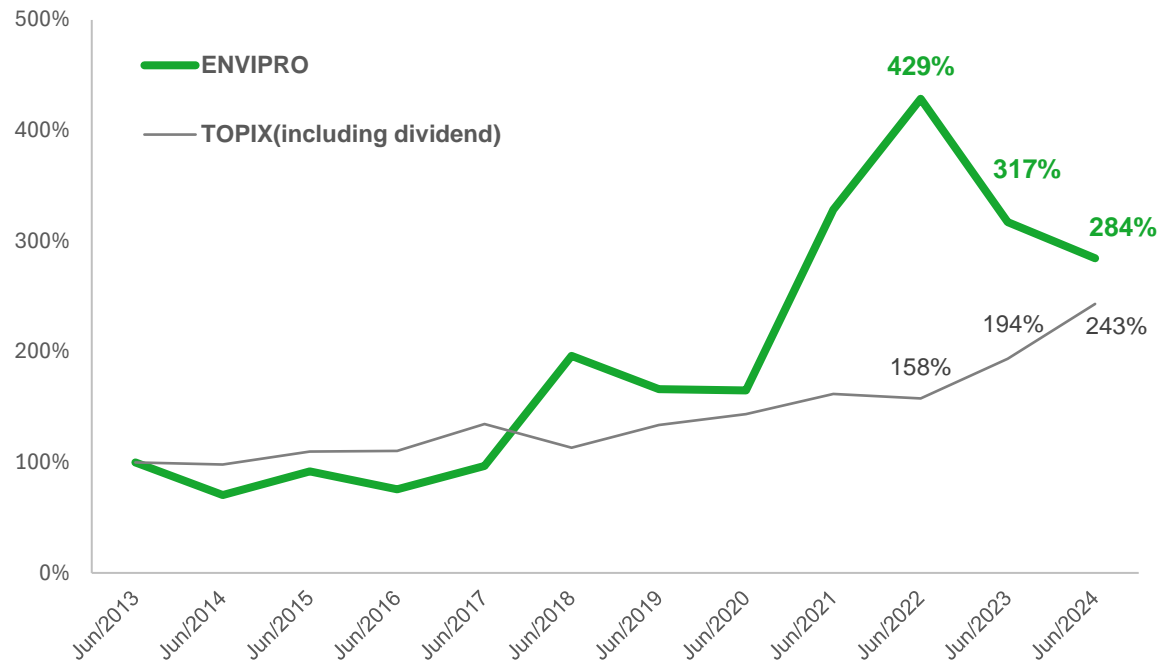


- **Trading Gain/Loss** : Strengthening sales activities through integration of subsidiaries, strong cleaning and dismantling work, etc.
- **Personnel Expenses** : Human capital investment (hiring and training of business promoters, regular salary increases and base salary increases)



## Total Shareholder Return (TSR) since listing

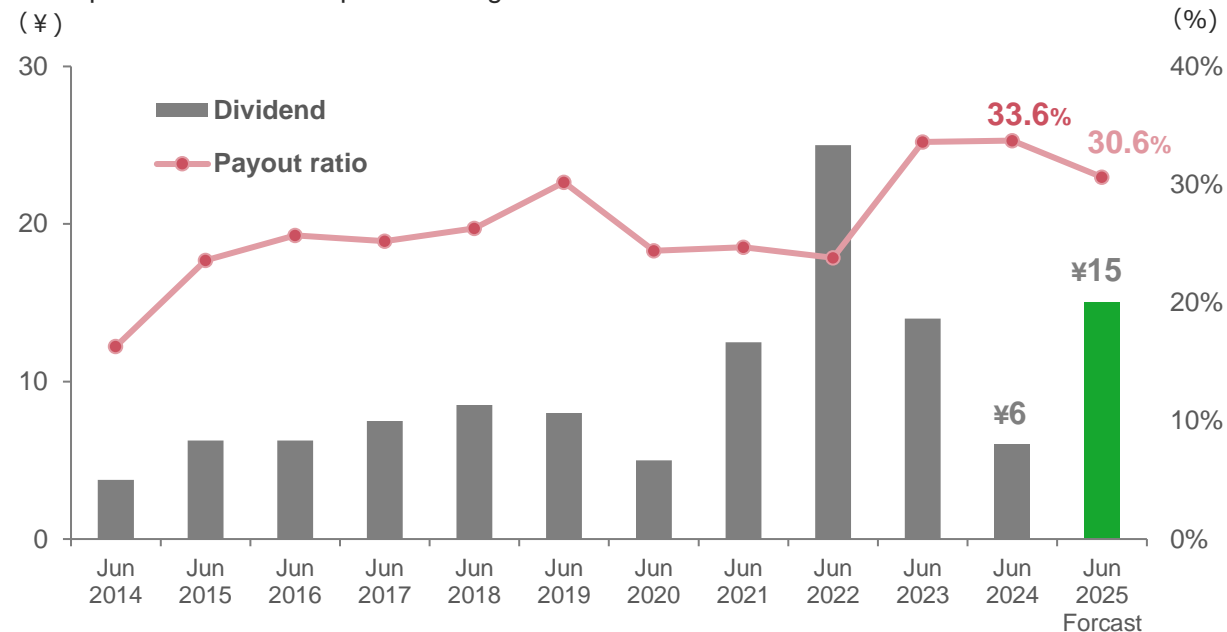
■ **Outperformed TOPIX** in 10 year period



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

## 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.

(¥)

	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	Jun. 2024	Jun. 2025 (Forecast)
Share price (End of June)	205	140	178	139	174	369	300	292	614	794	552	479	-
Dividends per share	-	3.75	6.25	6.25	7.5	8.5	8	5	12.5	25	14	6	15
Payout ratio	-	16.3%	23.6%	25.7%	25.2%	26.3%	30.2%	24.4%	24.7%	23.8%	33.6%	33.6%	30.6%

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# Segment : Net Sales by Material



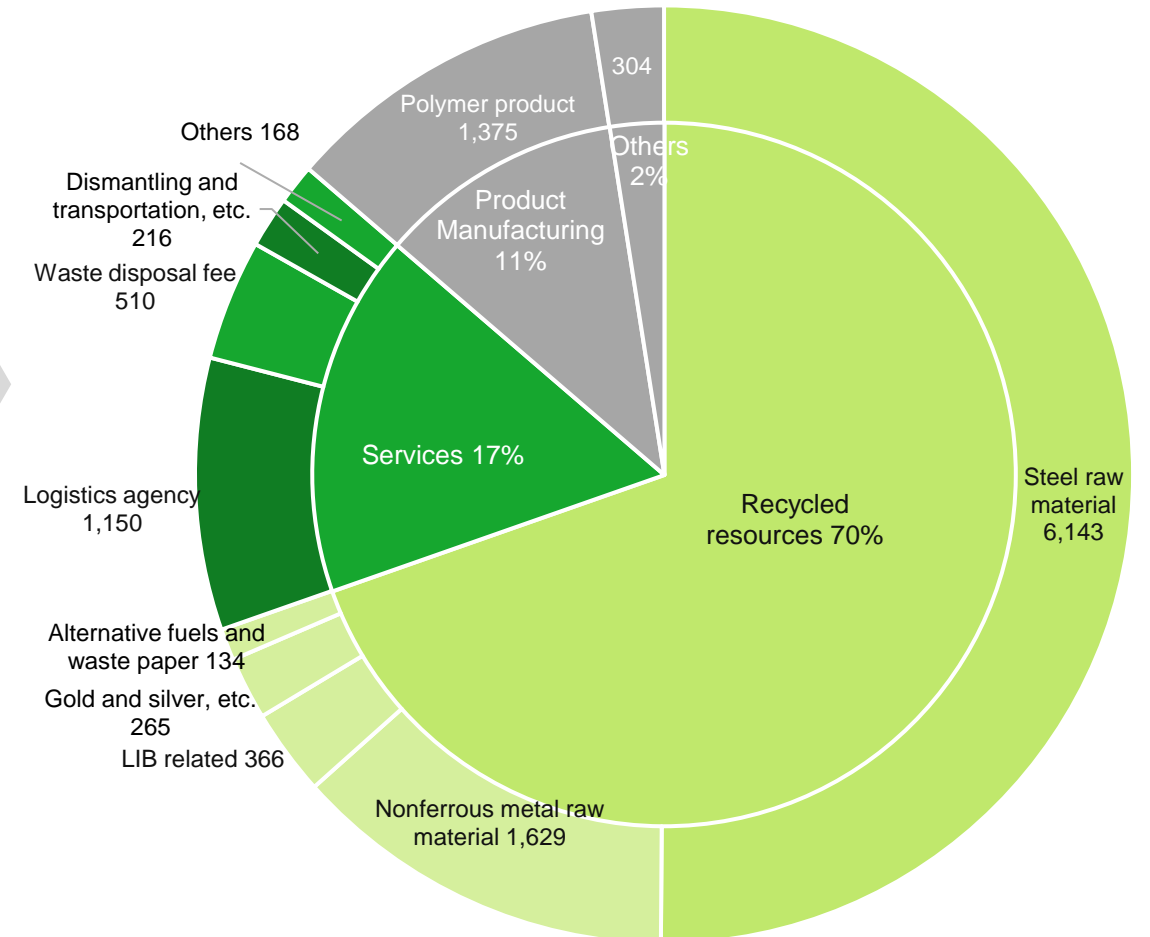
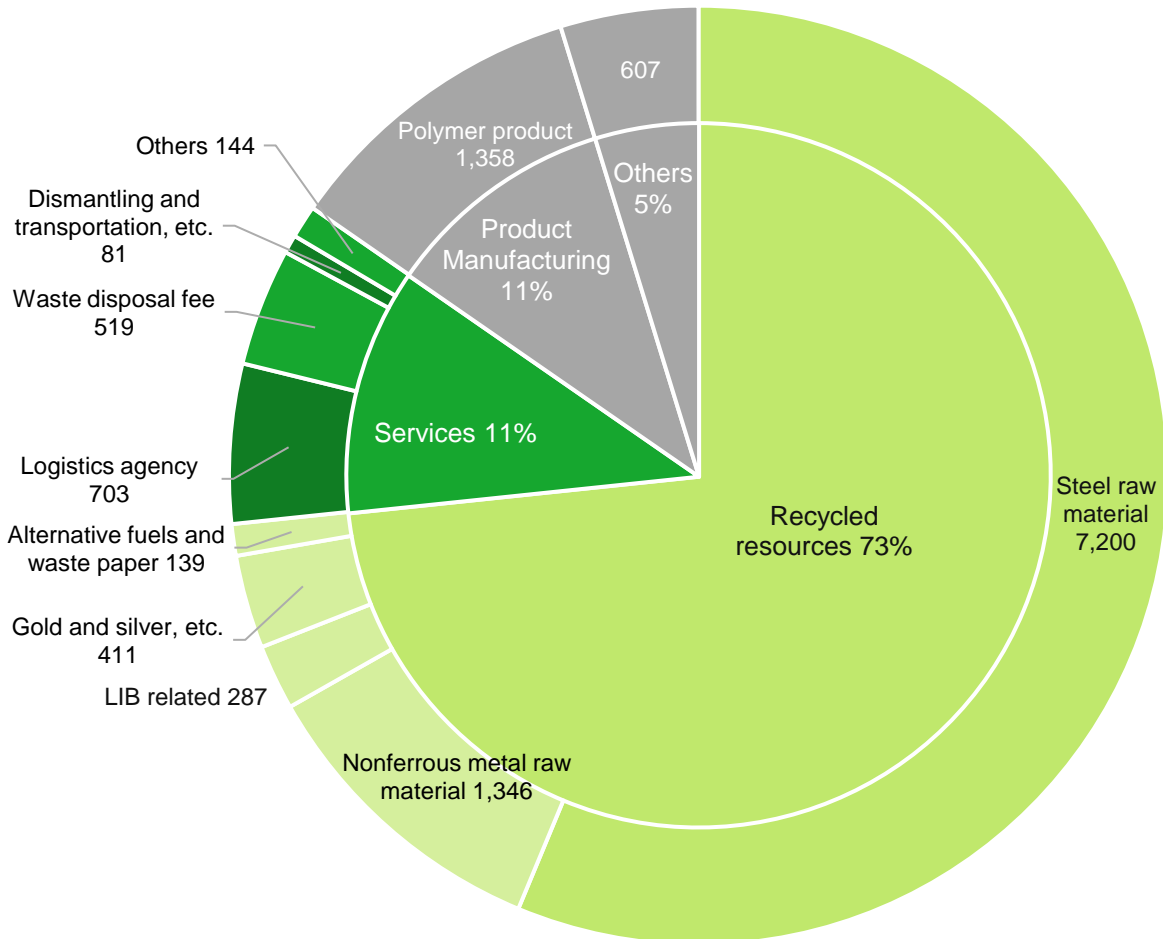
Jun/24 1Q

Net Sales **¥12,812** million

Jun/25 1Q

Net Sales **¥ 12,259** million

(¥million)





# Consolidated: Shipping Volume by Material / Net Sales by Area



## Shipping volume by material

(1,000t)

Item	June/2024 1Q	June/2025 1Q	YoY Ratio
Metal raw material	130	<b>107</b>	(17.4%)
Nonferrous metal raw material	4	<b>7</b>	64.1%
Gold, silver & copper sediment sludge*	1.0	<b>0.4</b>	(56.2%)
Polymer products	6	<b>7</b>	18.6%
Alternative fuels & waste paper	12	<b>13</b>	6.7%
Black mass, etc.*	0.2	<b>0.3</b>	63.6%
Others	4	<b>4</b>	(6.5%)
<b>Total</b>	<b>159</b>	<b>138</b>	<b>(13.0%)</b>

(kg)

Item (Precious metals collected)	June/2024 1Q	June/2025 1Q	YoY Ratio
Gold	22	<b>8</b>	(63.7%)
Silver	297	<b>118</b>	(60.3%)

## Net sales by area

(¥million)

Area	June/2024 1Q	June/2025 1Q	YoY Ratio	
East Asia	Japan	7,804	<b>7,260</b>	(7.0%)
	Korea	2,839	<b>1,994</b>	(29.8%)
	Taiwan	342	<b>32</b>	(90.8%)
	Others	227	<b>533</b>	134.8%
Southeast Asia	Indonesia	465	<b>293</b>	(37.0%)
	Vietnam	390	<b>1,500</b>	284.7%
	Others	265	<b>91</b>	(65.7%)
South Asia	India etc.	25	<b>335</b>	1238.0%
West Asia	UAE etc.	51	<b>45</b>	(12.7%)
South America	Chile etc.	301	<b>156</b>	(48.2%)
Africa	Kenya etc.	7	<b>0</b>	(100.0%)
Others	–	90	<b>21</b>	(76.8%)
<b>Total</b>	<b>12,812</b>	<b>12,259</b>	<b>(4.3%)</b>	

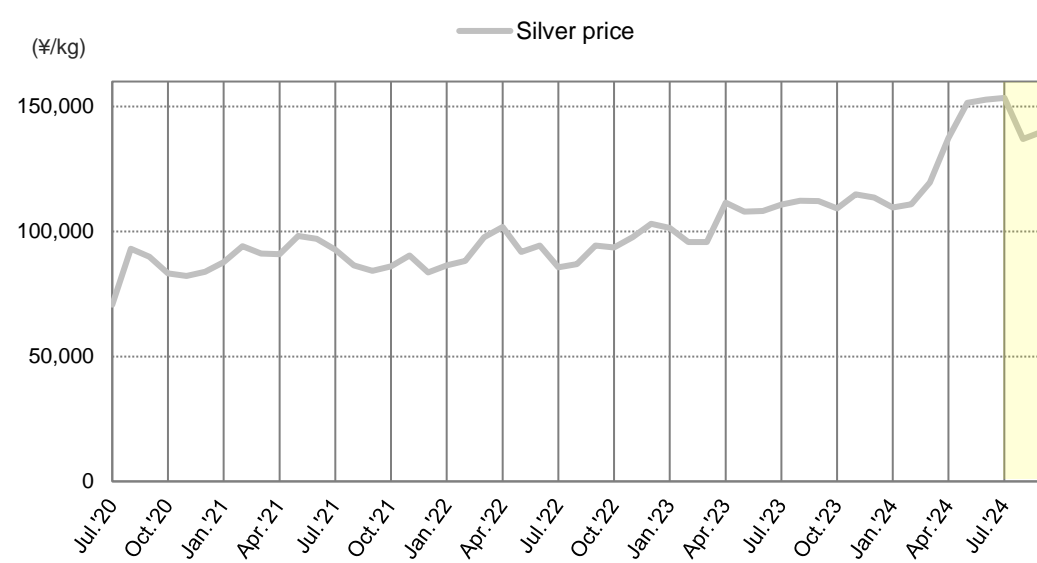
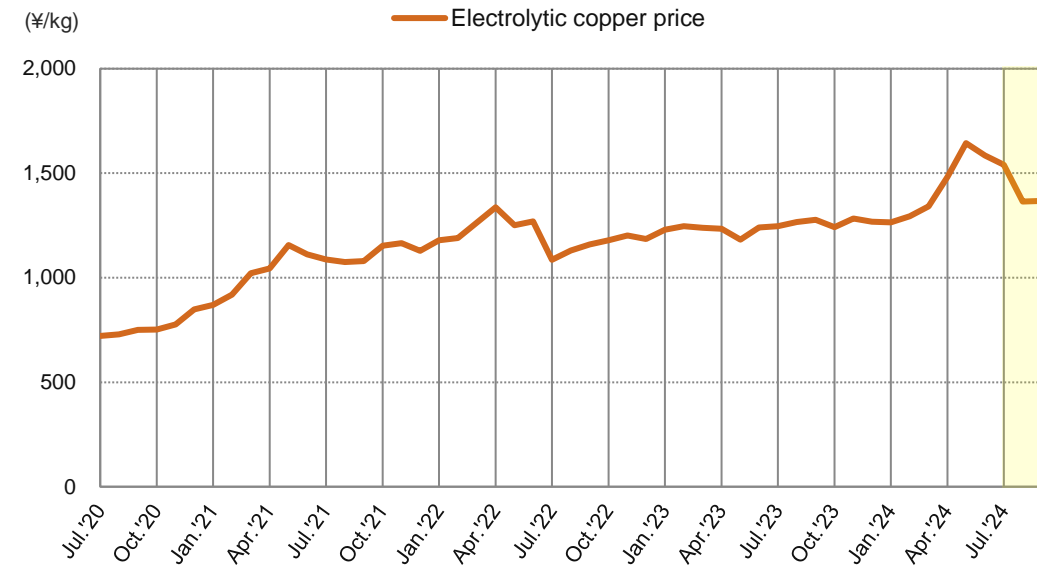
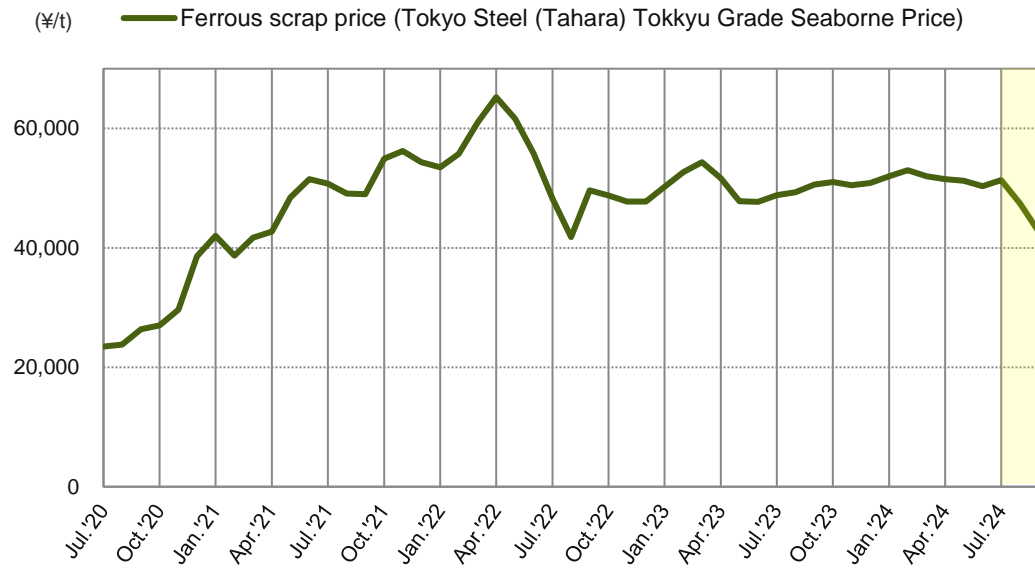
\*Gold, silver and copper sediment sludge: A mix of gold, silver, copper, platinum, and palladium

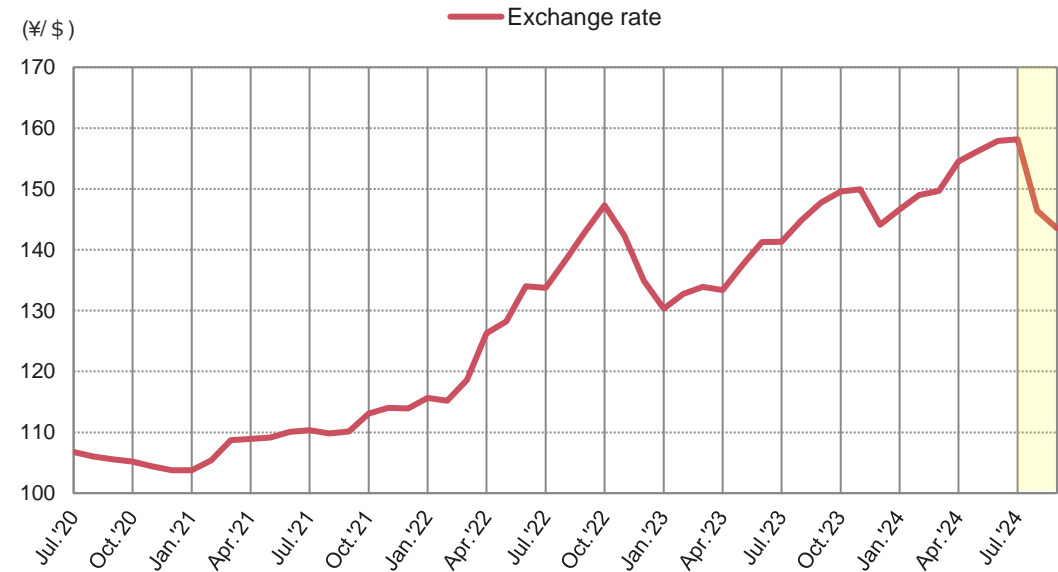
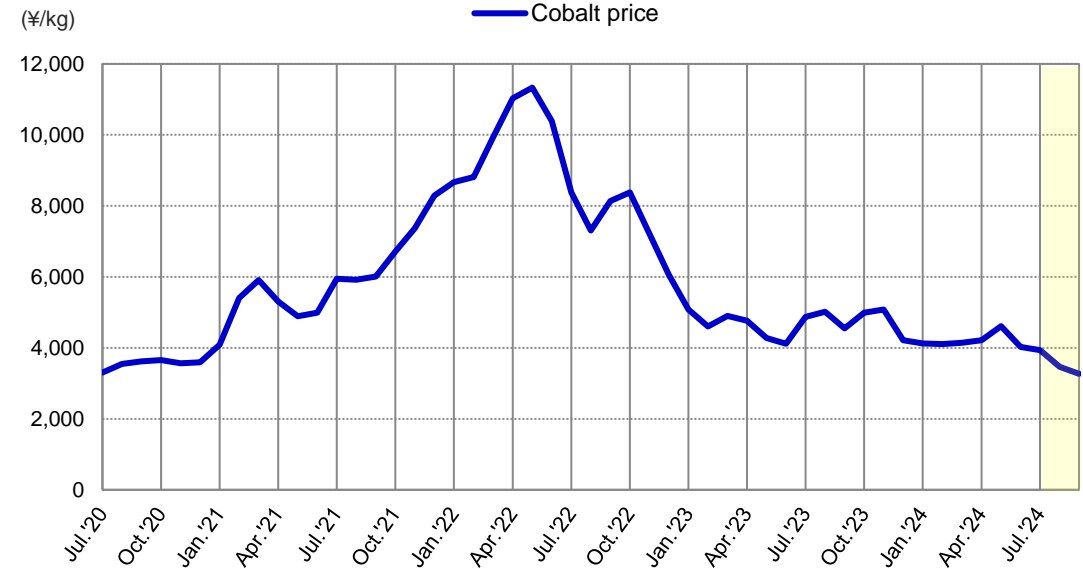
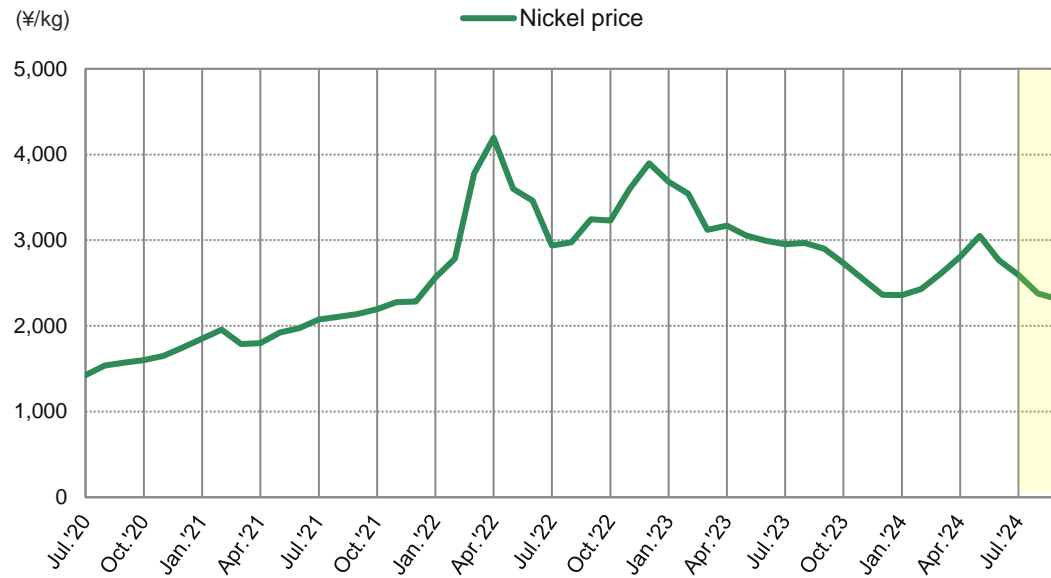
\*Black mass: Concentrated residue of lithium, cobalt and nickel sorted from lithium-ion batteries that have been discharged, dried and crushed

# Quarterly Business Results by Segment

Segment	June/2024						June/2025		
	1Q	2Q	3Q	4Q	Full Year	Composition Ratio	1Q	Composition Ratio	
Resource Circulation Business	Shipping volume (1,000t)	57	64	61	67	249	-	53	-
	Net sales	4,916	5,367	5,370	5,600	21,254	36.0%	4,792	35.6%
	Ordinary profit	391	397	354	476	1,621	69.0%	85	50.6%
	Ordinary profit ratio	8.0%	7.4%	6.6%	8.5%	7.6%	-	2.1%	-
Global Trading Business	Shipping volume (1,000t)	121	125	111	132	490	-	101	-
	Net sales	8,709	8,735	8,443	9,066	34,955	60.0%	8,051	59.9%
	Ordinary profit	124	167	30	87	411	17.0%	6	3.3%
	Ordinary profit ratio	1.4%	1.9%	0.4%	1.0%	1.2%	-	0.1%	-
Lithium-ion Battery Recycling Business	Net sales	356	361	477	374	1,570	3.0%	465	3.5%
	Ordinary profit	81	50	38	47	218	9.0%	50	27.5%
	Ordinary profit ratio	22.8%	14.0%	8.1%	12.6%	13.9%	-	10.8%	-
Others	Net sales	157	85	145	103	491	1.0%	134	1.0%
	Ordinary profit	66	(11)	52	0	108	5.0%	27	14.8%
	Ordinary profit ratio	42.4%	(13.9%)	36.2%	0.8%	22.0%	-	20.1%	-
Adjustment	Net sales	(1,326)	(1,573)	(1,461)	(1,693)	(6,056)	-	(1,183)	-
	Ordinary profit	(140)	(123)	(147)	(164)	(576)	-	(127)	-
Consolidated	Shipping volume (1,000t)	159	164	153	170	648	-	137	-
	Net sales	12,812	12,976	12,974	13,449	52,214	-	12,259	-
	Ordinary profit	523	481	329	447	1,782	-	41	-
	Ordinary profit ratio	4.1%	3.7%	2.5%	3.3%	3.4%	-	0.3%	-

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





## **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.



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Inquiry desk about this material and IR

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