



LEAD A CIRCULAR ECONOMY
TOP COMMITMENT



Lead a Circular Economy.

Our mission is to "Contribute to Create a Sustainable Society". And our role in realizing sustainability from an environmental perspective is the social implementation of the circular economy.

To that end, we will partner with many arterial (producing) companies to create the mechanisms to build a detailed venous (recycling) distribution network for used products (raw materials from recycled materials) and continuously collect them.

We will then make good recycled materials (green materials) from the collected used products. In addition to the technology for separating materials into single materials, there is a need for technology and know-how as a recycled material manufacturing company that adjusts and processes quality according to the ingredients required by the company that needs them.

Both the pickup network and the high-quality recycled materials manufacturing technology will be established, and with continuity and volume, a circular economy market will be created, the likes of which has never been seen before. We will stand at the forefront of creating that circular economy market, where we will establish a key position.

Therefore, even if the hurdles to realizing this are high, it is an important social challenge and has a large impact. To that extent, we will identify key strategic themes that are expected to drive medium- to long-term growth for our business, and proactively take on the challenge of realizing a circular economy in those business domains.

I will continue to walk forward with my employees, clearly embracing the image of the circular economy as social infrastructure in the future, and strongly envisioning the company as it should be.

Stay on the right path, and for the sake of society, do not hurry or deceive anyone. (Dr. Koh Hirasawa)

Forward, MYWAY forward.

President, Representative Director

Tomikazu Sano



TOP MESSAGE

We will evolve into a company that “makes” recycled materials by thoroughly refining the technology used to “sort” things.

Focus on investing in the future in the fiscal year ended June 2024

The year ended June 2024 has been a year of investment and transformation for us. The result was a numerical increase in revenue and decrease in profit, but in the background of this were the challenges involved in a period of proactive investment and a shift in business structure with an eye toward the future. In particular, we increased the basic salary as an investment in human resources and focused on improving the treatment of employees. While this has led to a temporary increase in fixed costs, I believe it is an essential investment, as talent acquisition and development are key to sustainable corporate growth. While our current performance is in a temporary adjustment phase, we will continue to build a stronger revenue base through these efforts.

Connecting changes in the business environment to business opportunities

On the other hand, looking at the business environment, we are facing a change in the industrial structure towards carbon neutrality in the 30 years since we became the first in Japan to start exporting ferrous scrap in 1993.

Of particular note is the growing awareness that making steel with electric furnaces will contribute significantly to reducing CO₂ emissions, and the domestic demand for ferrous scrap will further increase. While this change requires a shift in traditional export business model, it is also an opportunity to leverage our strengths in the domestic market. We will steadily overcome this period of change and aim to return to a sustainable growth trajectory.

Sustainability Initiatives

I am regularly convinced that our growth and our contribution to society are perfectly aligned. Circulating resources and implementing a circular economy in society will increase our sustainability and directly contribute to the sustainability of society. In this regard, I am confident that we are in a position to pursue the growth of the company without hesitation.

According to the Ellen MacArthur Foundation’s estimates, in the process of achieving carbon neutrality, the conversion to renewable energy alone will reduce greenhouse gas emissions by only 55%. Shifting to a circular economy is essential for the remaining 45% reduction. Awareness of this fact is also shared among global manufacturers, and concrete moves are accelerating, with major domestic automakers promoting the circular economy.

From a company “sorting” things to a company “making” recycled materials

In this trend, we are actively expanding our business from the “treatment and disposal industry” to the “manufacturing of recycled materials industry”. We aim to supply high-quality recycled materials that manufacturers demand beyond conventional waste disposal. That’s why we are accelerating our expansion into high-value-added business domains, such as recycling of plastics for automobiles and recycling of lithium-ion batteries.

We are also focusing on the collection business of gold and silver from incineration ash. The gold content in incineration ash is said to be 0.5 to 1.5 grams per ton, which is by no means low when compared with the average content of 3 grams per ton in gold veins around the world. This business is a good example of how we can combine the reduction of environmental impact with the creation of economic value.



Towards realizing our medium-term management plan 2029

In the medium-term management plan, we set specific targets for 2029: sales of ¥86 billion, ordinary profit of ¥4.7 billion, ROE of 14%, and ROIC of 9%. To achieve these targets, we are making strategic investments and transforming our business structure. In the fiscal year ended June 2024, we made approximately ¥1.6 billion in capital investment to establish advanced sorting technologies such as specific gravity sorters, crushers, and metal sorting sensors.

One strategic business we are focusing on in particular is the lithium-ion battery recycling business. Currently, our main focus is on offcut processing in the manufacturing process, and we are moving forward with the construction of a system expecting electric vehicles to become widespread from 2035 onwards. In this business, we are also working on the start of operations of a new plant in the Kanto region, as well as careful information management to support battery passports.

M&A is also a key option for growth strategies. The acquisition of Nitto Kako Co., Ltd. as a subsidiary in the fiscal year ended June 2024 enabled us to expand into a new domain, the rubber manufacturing business. We will continue to explore strategic M&A opportunities that will strengthen our business portfolio.

The “technology to sort things” is the source of our value creation.

Our greatest strength is the “technology to sort things”, which we have developed over the years. In the pursuit of “sorting things”, a virtuous cycle was created in which the landscape was different from before, so we could attract new encounters and create a business model. Until now, we have focused on physical sorting, such as crushing and sorting automobiles and household appliances, and currently, we are exploring a wide range of themes, including chemical sorting at the molecular level. Of particular importance is own engineering capabilities. Plants in the material recycling industry are collections of customization. A major differentiator for us is that we do not rely on plant manufacturers, but instead use our own experience and ingenuity to design and build our own recycling plants, providing optimal solutions that make use of our on-site knowledge. The presence of group companies with environmental consulting functions is also a major strength of our company. This capability allows us to build relationships with major manufacturing companies as a strategic partner for the realization of the circular economy, not as a mere waste disposal company. Today, manufacturers are in a hurry to build collection and recycling systems for their products. Entering into this system as a processing contractor will be a huge business opportunity for us.

In addition, our broad network of nine ports nationwide is an important asset for efficient resource circulation. By combining this logistics network with local dismantling and collection bases, we are able to expand our business using economies of scale.

Creative human resource development and future prospects

In human resource development, we have positioned the formation of a disciplined group of autonomous individuals with creative abilities as an important management issue. Creative ability is the ability to create new ideas and ways to solve unexpected events and problems when you face them. When developing this ability, there are limitations in the development of human resources through conventional training, so in the future, we will provide opportunities to take on new challenges, such as launching new businesses. We believe that this will not only lead to the real growth of our employees, but also strengthen the company itself.

In addition, during a major shift in business, the idea of “saizenkan” (optimism) is the mental pillar of my management. Based on the teachings of Nobuzo Mori, a philosopher and educator, it means, “Everything that happens to you is inevitable and the optimum thing for you, so don’t refuse it, and accept it all.” This teaching is also a saying of self-discipline for me as a business leader, and is deeply linked to our corporate philosophy established in 2004. Our philosophy, based on three pillars of us being a “creative company,” a “circular company,” and a “company pursuing virtue,” is our code of conduct and the DNA of our organization, and will not change even as the times or our business model change. As a leading company in the circular economy, we, the ENVIPRO Group, will continue to pursue a balance of social and economic values and accelerate efforts to realize a sustainable society. I would like to thank all the stakeholders and request your continued support and guidance.

