

# **Financial Results Briefing Materials for the Three Months Ended September 30, 2023**

Envipro Holdings Inc.  
(TSE Code : 5698)

November 6, 2023

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## Consolidated Financial Results

Net sales	YoY
<b>¥12,812</b> million	<b>14.7% up</b>
Operating profit	YoY
<b>¥412</b> million	<b>6.3% up</b>
Ordinary profit	YoY
<b>¥523</b> million	<b>8.0% down</b>
Profit*	YoY
<b>¥359</b> million	<b>3.7% down</b>

## 【 Our Group's Business Environment 】

- The average ferrous scrap price (Tokyo Steel Tahara Tokkyu Grade Seaborne Price) was **¥49,559/t** during the three months ended September 30, 2023. (in the same period of the previous fiscal year ¥46,532/t)
- Crude steel production volume worldwide **increased**, the competitiveness of Japanese ferrous scrap **increased** in the export market, with the yen's depreciation lowering dollar-denominated ferrous scrap prices.

## 【TOPICS】

- Handling volume: **159,000 t** (YoY **13.0% up**)
- Cleaning and dismantling work, and collection of gold, silver & copper sediment sludge from waste incineration ash, contributed to revenue.
- Profit decreased as market prices are still bullish in Japan and bearish overseas with the added impact of the foreign exchange market.
- In July 2023, **NEWSCON Netherlands opened**.
- **LIB\* Recycling Ibaraki Plant** in progress for operation. (operation scheduled in June 2024)

\*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/2023 1Q	June/2024 1Q			June/2024	
	Actual	Actual	YoY		Forecast	Progress Ratio
			Increase/ Decrease	Ratio		
Handling volume (1,000t)	141	<b>159</b>	18	13.0%	<b>800</b>	19.9%
Net sales	11,174	<b>12,812</b>	1,638	14.7%	<b>58,000</b>	22.1%
Gross profit	2,125	<b>2,122</b>	(2)	(0.1%)	<b>10,740</b>	19.8%
Operating profit	388	<b>412</b>	24	6.3%	<b>1,800</b>	22.9%
Ordinary profit	569	<b>523</b>	(45)	(8.0%)	<b>2,250</b>	23.3%
Profit before income taxes	582	<b>531</b>	(50)	(8.6%)	<b>2,250</b>	23.6%
Profit*	373	<b>359</b>	(13)	(3.7%)	<b>1,670</b>	21.5%
Marginal profit*	2,095	<b>2,534</b>	438	20.9%	<b>11,080</b>	22.9%
EBITDA*	574	<b>719</b>	145	25.3%	<b>3,150</b>	22.8%
Fixed costs*	1,619	<b>2,139</b>	520	32.2%	<b>9,332</b>	22.9%

\*Profit: Profit attributable to owners of the parent

\*Marginal profit = Net sales - Variable costs

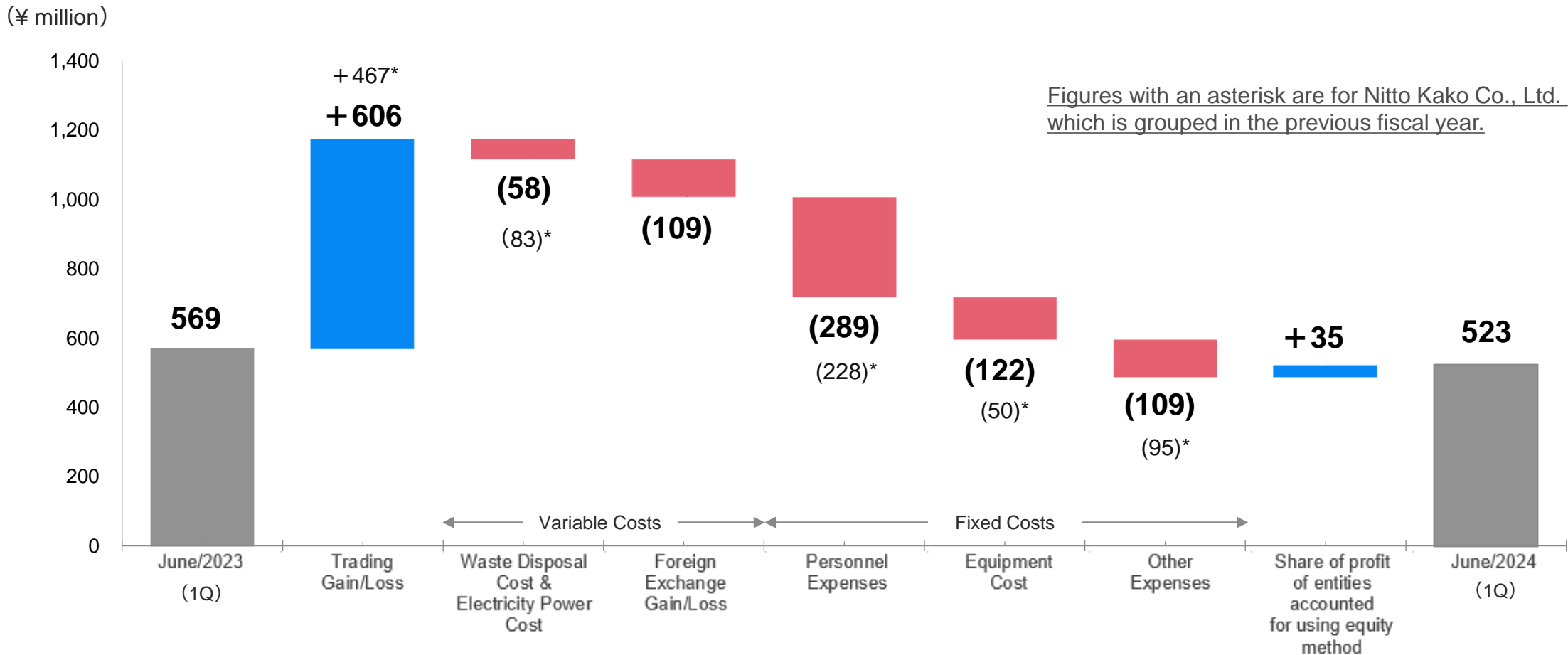
\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

\*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)



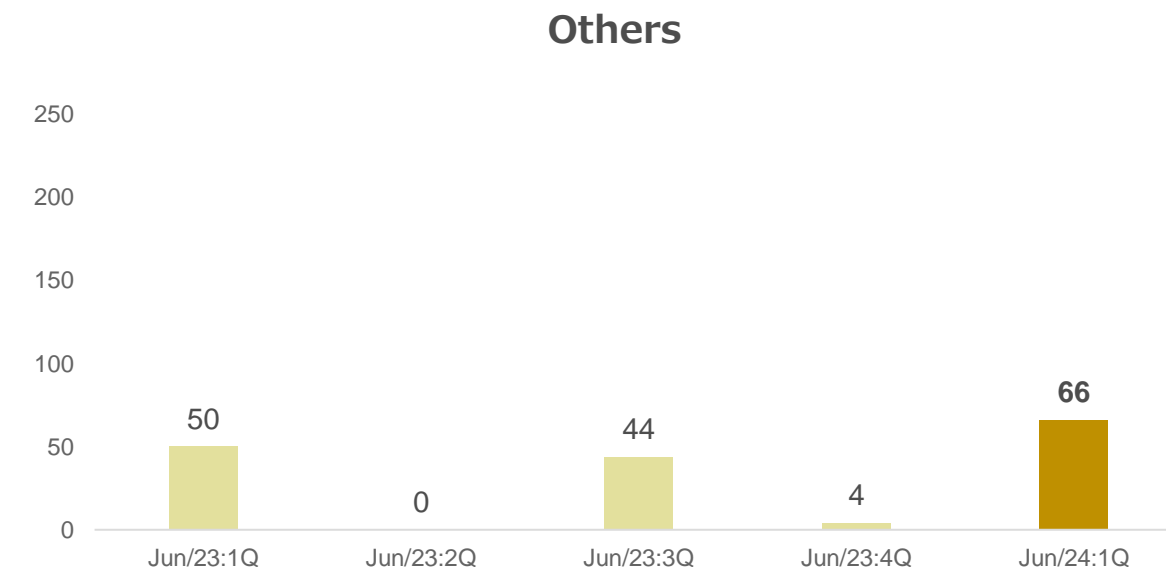
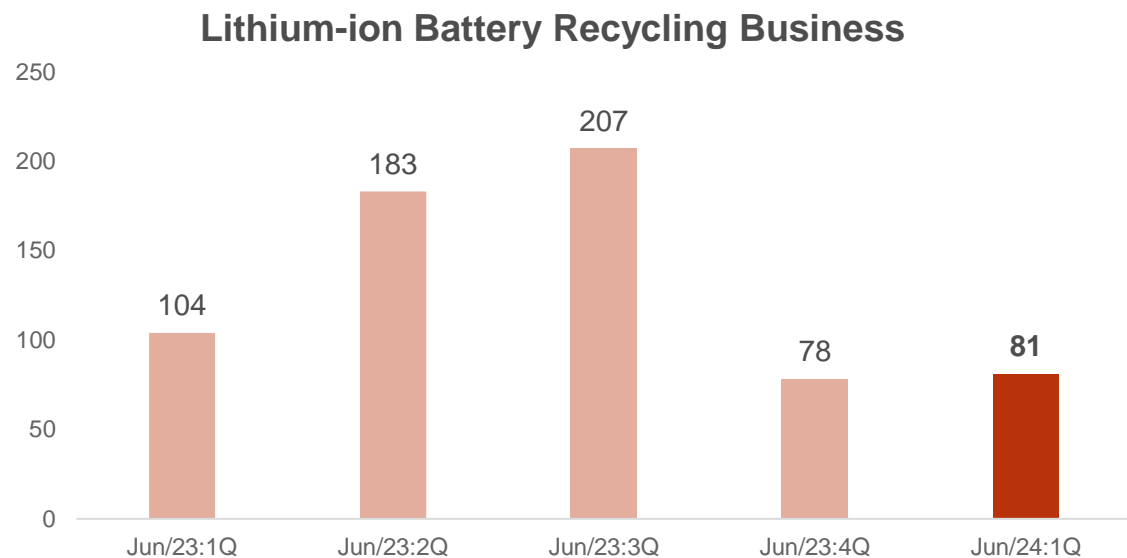
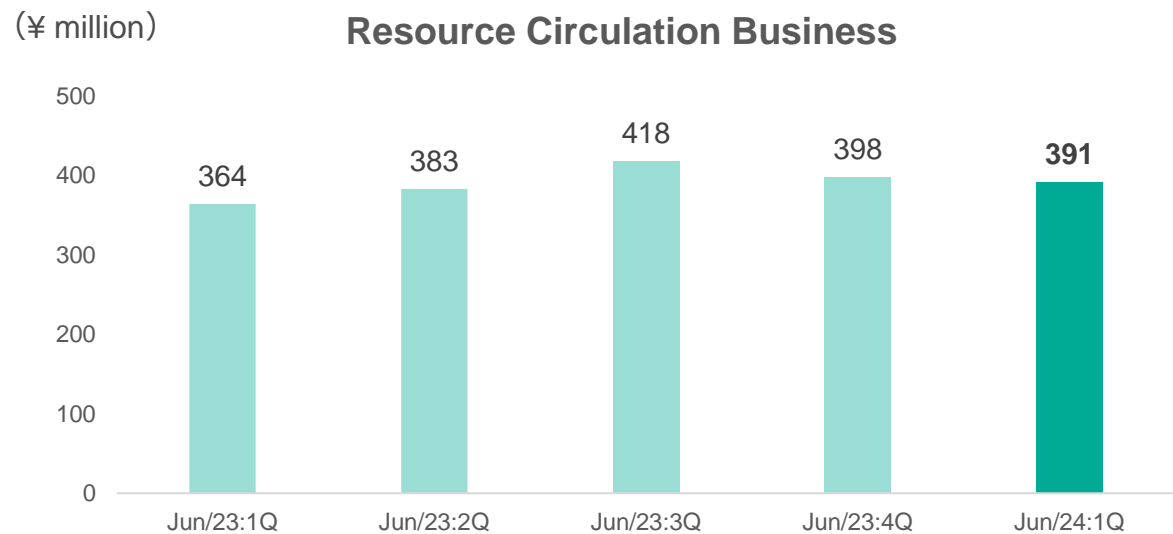
- **Trading Gain/Loss** : Increased in Resource Circulation Business and Global Trading Business
- **Personnel Expenses** : Increased in personnel, regular salary increase and base increase of more than ¥10,000 (in previous fiscal year)
- **Equipment Cost** : Investment in new plants and new facilities (Gold, silver and copper sediment sludge collection, LIB recycling etc.)



# Summary of Business Results by Segment

		June/2023	June/2024		TOPICS	
		1Q	1Q			
		Actual	Actual	YoY		
			Increase/ Decrease	Ratio		
Resource Circulation Business	Handling volume (1,000t)	64	57	(7)	(11.3%)	<ul style="list-style-type: none"> <li>■ Handling volume fell below under an environment that the volume of metal scrap generated stagnated.</li> <li>■ Cleaning and dismantling work, and collection of gold, silver &amp; copper sediment sludge from waste incineration ash, contributed to revenue.</li> <li>■ Increase in sales due to grouping of Nitto Kako Co., Ltd., which manufactures polymers.</li> </ul>
	Net sales	4,179	4,916	736	17.6%	
	Segment profit	364	391	27	7.4%	
Global Trading Business	Handling volume (1,000t)	99	121	22	22.3%	<ul style="list-style-type: none"> <li>■ Handling volume increased, as the global sales environment moderately recovered.</li> <li>■ Profit decreased as market prices are still bullish in Japan and bearish overseas with the added impact of the foreign exchange market.</li> <li>■ The shipping environment improved owing to the fall in ocean freight rates for containers, etc.</li> <li>■ In July 2023, NEWSCON Netherlands opened.</li> </ul>
	Net sales	7,872	8,709	836	10.6%	
	Segment profit	156	124	(32)	(20.6%)	
Lithium-ion Battery Recycling Business	Net sales	326	356	29	9.1%	<ul style="list-style-type: none"> <li>■ Handling volume increased amid continued strong demand for materials for batteries.</li> <li>■ Market prices remained low compared with the same period of the previous fiscal year due to easing demand and supply for minor metals.</li> <li>■ Ibaraki Plant in progress for operation (operation scheduled in June 2024).</li> </ul>
	Segment profit	104	81	(23)	(22.2%)	
Others	Net sales	135	157	22	16.4%	«Environment Management Consulting Business» <ul style="list-style-type: none"> <li>■ Pushed ahead with new initiatives, such as TNFD response support, consulting services related to circular economy, and CO<sub>2</sub> calculation system development and boosted investment in human capital.</li> </ul> «Welfare Service Business for People with Disabilities» <ul style="list-style-type: none"> <li>■ The number of new users, as well as cumulative total number of users, increased mainly in Type B Continuous Employment Support.</li> </ul>
	Segment profit	50	66	15	30.9%	

# Quarterly Ordinary Profit by Segment



# Summary of Consolidated Balance Sheets



(¥ million)

	As of Jun. 30 2023	As of Sep. 30 2023	Increase/ Decrease	TOPICS
Current assets	19,088	<b>18,724</b>	(364)	¥473 million in Notes and accounts receivable – trade ¥391 million in merchandise and finished goods -¥724 million in other current assets, -¥563 million in cash and deposits
Non-current assets	14,598	<b>14,847</b>	248	
(Property, plant and equipment)	10,844	<b>10,946</b>	101	¥441 million in machinery, equipment and vehicles, -¥292 million in construction in progress
(Intangible assets)	148	<b>156</b>	7	
(Investments and other assets)	3,605	<b>3,744</b>	139	¥140 million in investment securities
<b>Total assets</b>	<b>33,686</b>	<b>33,571</b>	<b>(115)</b>	
Current liabilities	10,415	<b>10,530</b>	115	¥458 million in notes and accounts payable – trade, ¥178 million in provision for bonuses -¥472 million in other current liabilities
Non-current liabilities	6,446	<b>6,232</b>	(213)	-¥195 million in long-term borrowings, -¥17 million in lease liabilities
<b>Total liabilities</b>	<b>16,861</b>	<b>16,763</b>	<b>(97)</b>	
Net assets	16,825	<b>16,807</b>	(17)	¥131 million resulting from the disposal of treasury shares -¥112 million in non-controlling interests, -¥56 million in retained earnings
(Equity)	16,386	<b>16,487</b>	101	Equity ratio 49.1% (48.6% as of June 30, 2023)
<b>Total liabilities and net assets</b>	<b>33,686</b>	<b>33,571</b>	<b>(115)</b>	



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## Forecast for the Consolidated Results

Net sales  
**¥58,000**million YoY  
**17.9% up**

Operating profit  
**¥1,800**million YoY  
**16.7% up**

Ordinary profit  
**¥2,250**million YoY  
**18.3% up**

Profit\*  
**¥1,670**million YoY  
**35.1% up**

## 【TOPICS】

### Consolidated

- Instillation of the corporate philosophy and cultivating a good corporate culture
- Promotion of strategies (Deepening and withdrawal from existing businesses, development of new businesses, and utilization of alliances)
- Promotion of initiatives to realize management with awareness of cost of capital and stock price

### Resource Circulation

- Increase in handling volume (Making Nitto Kako Co., Ltd. a group company, productivity improvement)
- Expansion of Gold, silver and copper sediment sludge collection business, cleaning and dismantling works nationwide
- Realization of concrete examples of CE\* supporting manufacturing, promotion of CE supporting local communities

### Global Trading

- Increase in handling volume (strengthening of cooperation with domestic and overseas electric furnaces, etc., and utilization of collection yards (ports))
- Utilizing the branch in the Netherlands and opening a branch in the UAE

### Lithium-ion Battery Recycling

- Narrowing of profit spread and increase in handling volume of batteries (30% increase from the previous year)
- Start operation of Ibaraki plant (Target operation in June 2024)

### Others

- Promotion of DX (Development of CO<sub>2</sub> emissions calculation system and support system of CDP answering)
- Promotion of welfare services for people with disabilities through cooperation between welfare and environment or agriculture.

## Prerequisites of the Forecast

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
¥50,000/t	¥1,200/kg	¥7,500/g	¥85,000/kg	¥2,800/kg	¥4,000/kg	¥125/US\$

\*Profit: Profit attributable to owners of the parent

\*CE: Circular Economy

# Forecast for the Consolidated Results - FY2024



(¥ million)

	June/2023	June/2024				
	Actual	Forecast	YoY		1Q	
			Increase/ Decrease	Ratio	Actual	Progress Ratio
Handling volume (1,000t)	625	<b>800</b>	174	27.8%	<b>159</b>	19.9%
Net sales	49,189	<b>58,000</b>	8,810	17.9%	<b>12,812</b>	22.1%
Gross profit	8,499	<b>10,740</b>	2,240	26.4%	<b>2,122</b>	19.8%
Operating profit	1,542	<b>1,800</b>	257	16.7%	<b>412</b>	22.9%
Ordinary profit	1,901	<b>2,250</b>	348	18.3%	<b>523</b>	23.3%
Profit before income taxes	1,759	<b>2,250</b>	490	27.9%	<b>531</b>	23.6%
Profit*	1,236	<b>1,670</b>	433	35.1%	<b>359</b>	21.5%
Marginal profit*	8,744	<b>11,080</b>	2,335	26.7%	<b>2,534</b>	22.9%
EBITDA*	2,475	<b>3,150</b>	674	27.2%	<b>719</b>	22.8%
Fixed costs*	7,364	<b>9,332</b>	1,967	26.7%	<b>2,139</b>	22.9%
ROE	7.7%	<b>9.8%</b>	2.1%	27.6%	—	—

\*Profit: Profit attributable to owners of the parent

\*Marginal profit = Net sales - Variable costs

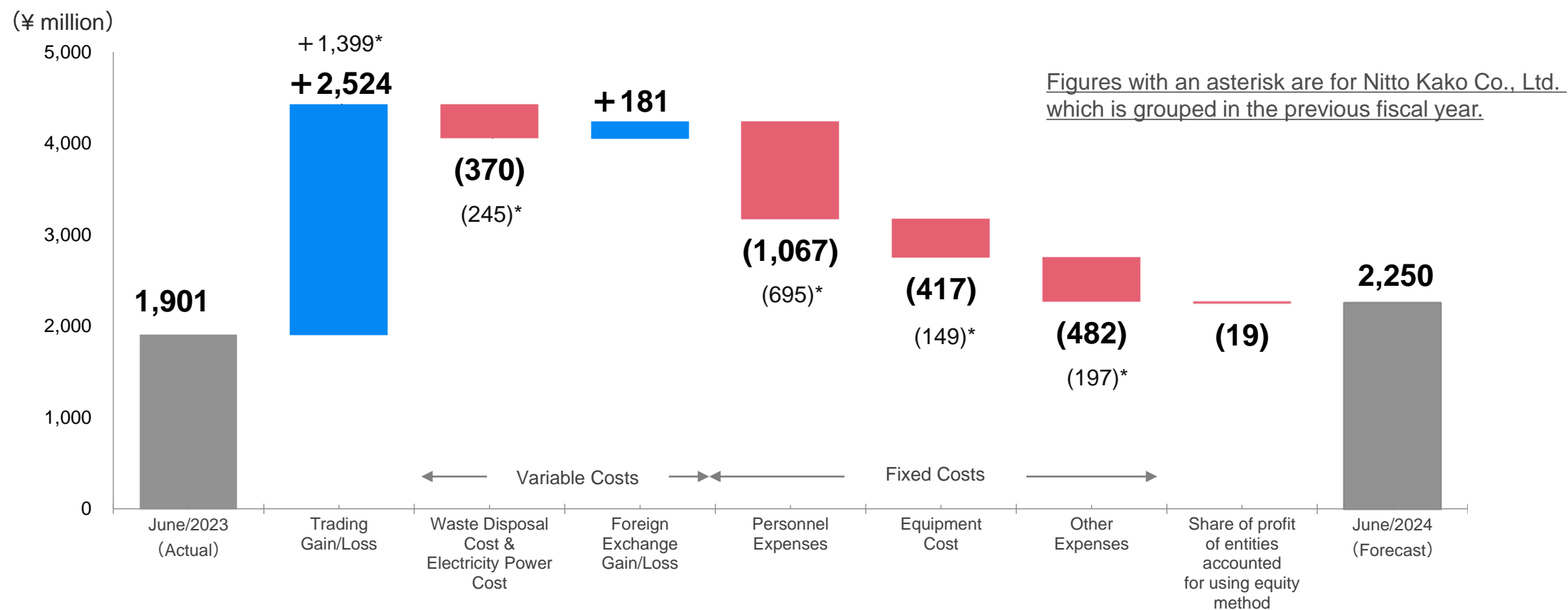
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\*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] – [Foreign exchange gains · non-operating income except equity method profit]

# Analysis of Difference in Consolidated Ordinary Profit (YoY)



- **Trading Gain/Loss** : Significant increase in Resource Circulation Business and Global Trading Business; decrease in Lithium-ion Battery Recycling business
- **Electricity Power Cost** : Increase in energy prices, operation of new plants
- **Personnel Expense** : Human capital investment (Securing personnel for business promotion, increase in personnel, regular salary increase and base increase)
- **Equipment Cost** : Operation of new plants and new facilities (Gold, silver and copper sediment sludge collection function, LIB recycling function, etc.)
- **Other Expenses** : Increase in machinery repair costs, expenses related to new plants, etc.

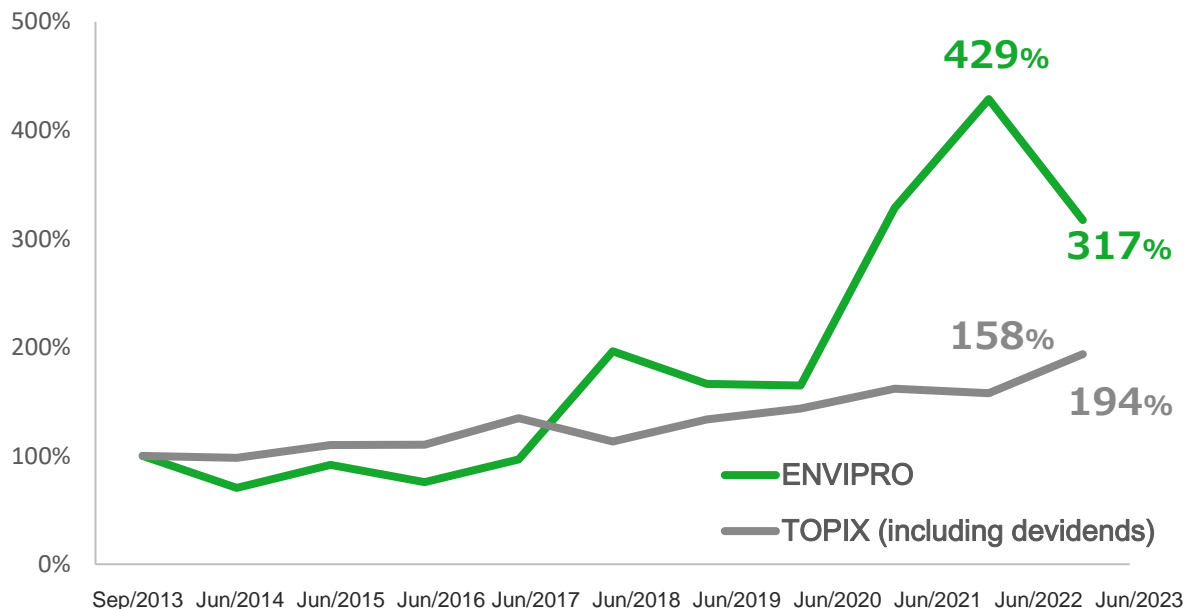


# TSR and Dividends



## Total Shareholder Return (TSR) since listing

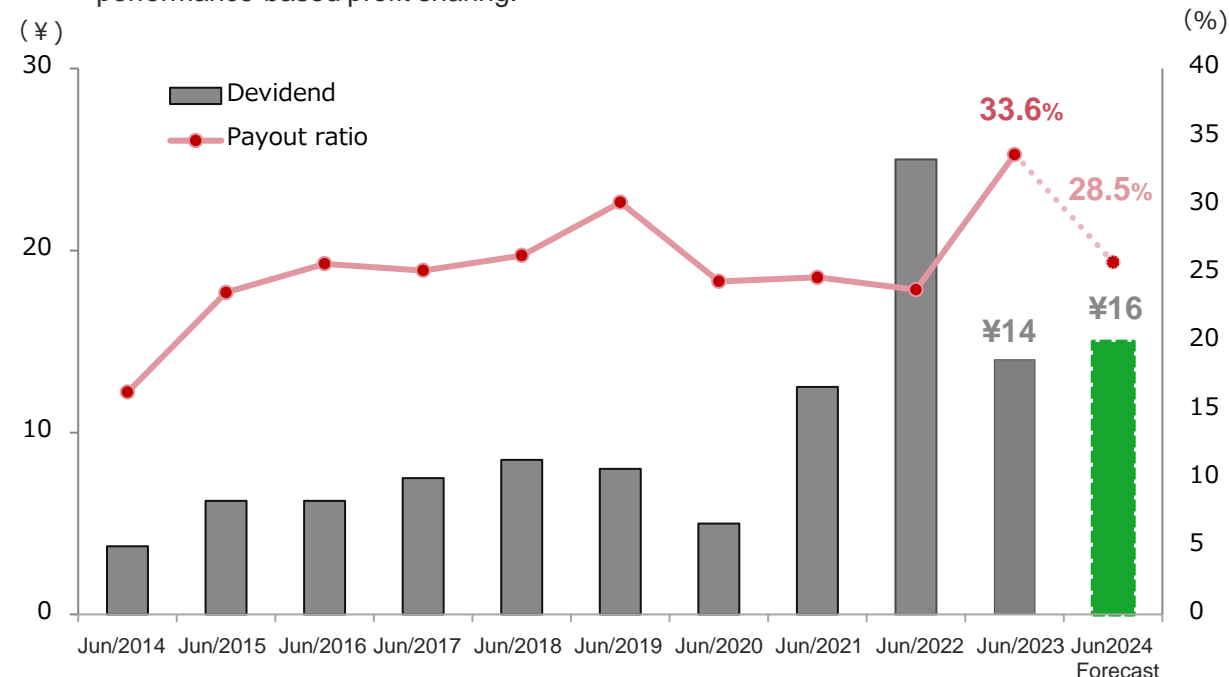
- **Outperformed TOPIX** in 10 year period



\*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 (Forecast)
Share price (End of June)	204	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	16
Payout ratio	-	16.3%	23.6%	25.7%	25.2%	26.3%	30.2%	24.4%	24.7%	23.8%	33.6%	28.5%

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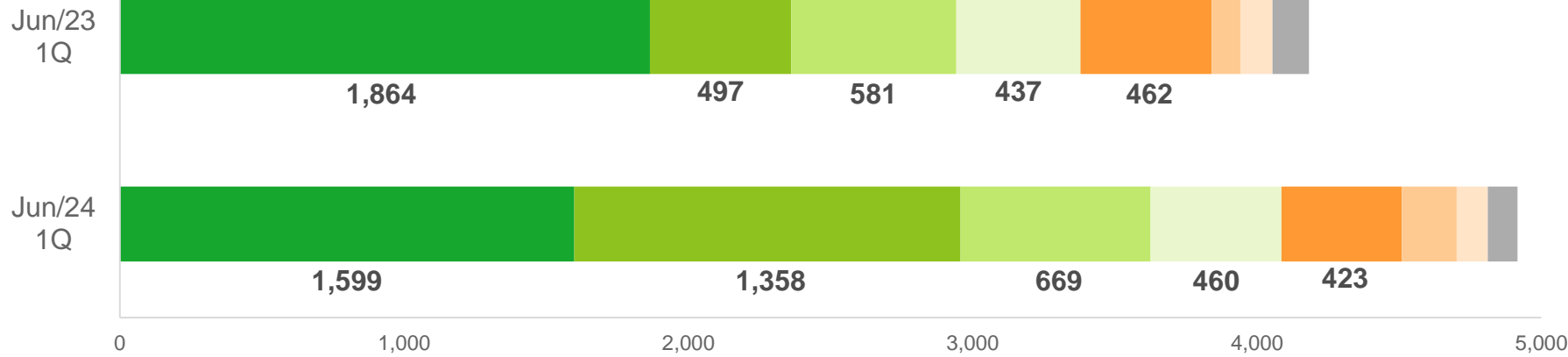
# Segment : Net sales by material



(¥million)

## Resource Circulation Business

- Ferrous scrap
- Polymer products
- Nonferrous metal scrap
- Gold and silver, etc.
- Waste disposal fee
- Dismantling and cleaning etc.
- RPF, waste paper, etc.
- Others

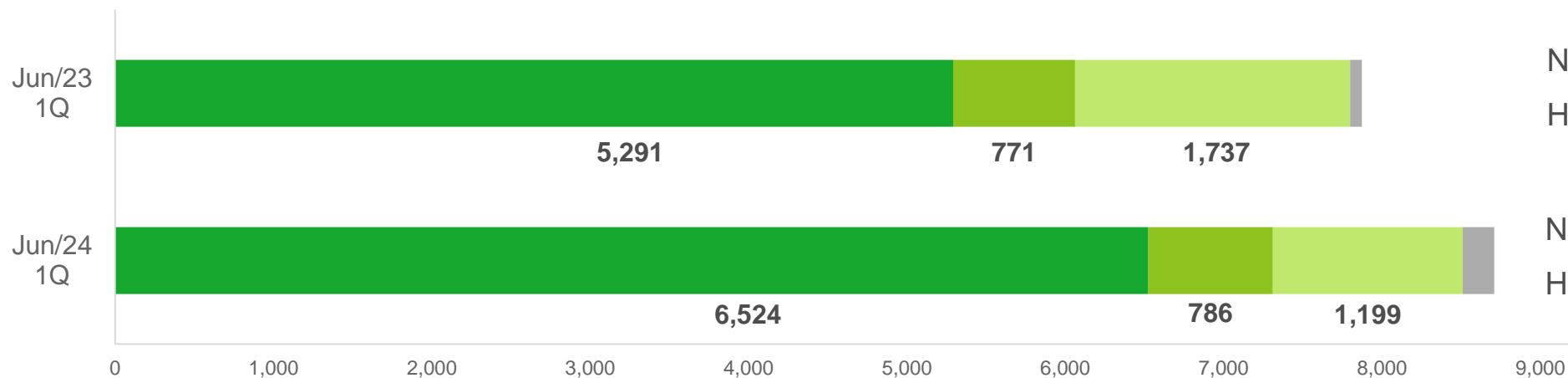


Net Sales **¥4,179**million  
 Handling volume **64,000t**

Net Sales **¥4,916**million  
 Handling volume **57,000t**

## Global Trading Business

- Ferrous scrap
- Nonferrous metal scrap
- Used car related
- Others



Net Sales **¥7,872**million  
 Handling volume **99,000t**

Net Sales **¥8,709**million  
 Handling volume **121,000t**

## Consolidated: Handling volume by material / Net sales by area



### Handling volume by material

(1,000t)

Item	June/2023 1Q	June/2024 1Q	YoY Ratio
Ferrous scrap	113	<b>130</b>	14.7%
Nonferrous metal scrap	4	<b>4</b>	(11.4%)
Gold, silver & copper sediment sludge*	0.8	<b>1.0</b>	40.1%
Polymer products	3	<b>6</b>	110.5%
RPF, Waste paper, etc.	13	<b>12</b>	(11.1%)
Black mass, etc.*	0.2	<b>0.2</b>	42.4%
Others	5	<b>4</b>	(13.2%)
<b>Total</b>	<b>141</b>	<b>159</b>	<b>12.7%</b>

(kg)

Item (Precious metals collected)	June/2023 1Q	June/2024 1Q	YoY Ratio
Gold	13	<b>22</b>	69.7%
Silver	252	<b>297</b>	18.2%

### Net sales by area

(¥million)

Area	June/2023 1Q	June/2024 1Q	YoY Ratio	
East Asia	Japan	5,523	<b>7,804</b>	41.3%
	Korea	1,978	<b>2,839</b>	43.5%
	Taiwan	133	<b>342</b>	156.9%
	Others	520	<b>227</b>	(56.4%)
Southeast Asia	Indonesia	92	<b>465</b>	405.7%
	Vietnam	1,750	<b>390</b>	(77.7%)
	Others	519	<b>265</b>	(49.0%)
South Asia	India etc.	68	<b>25</b>	(62.0%)
West Asia	UAE etc.	177	<b>51</b>	(70.8%)
South America	Chile etc.	290	<b>301</b>	3.7%
Africa	Kenya etc.	16	<b>7</b>	(55.4%)
Others	–	101	<b>90</b>	(10.9%)
<b>Total</b>	<b>11,174</b>	<b>12,812</b>	<b>14.7%</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

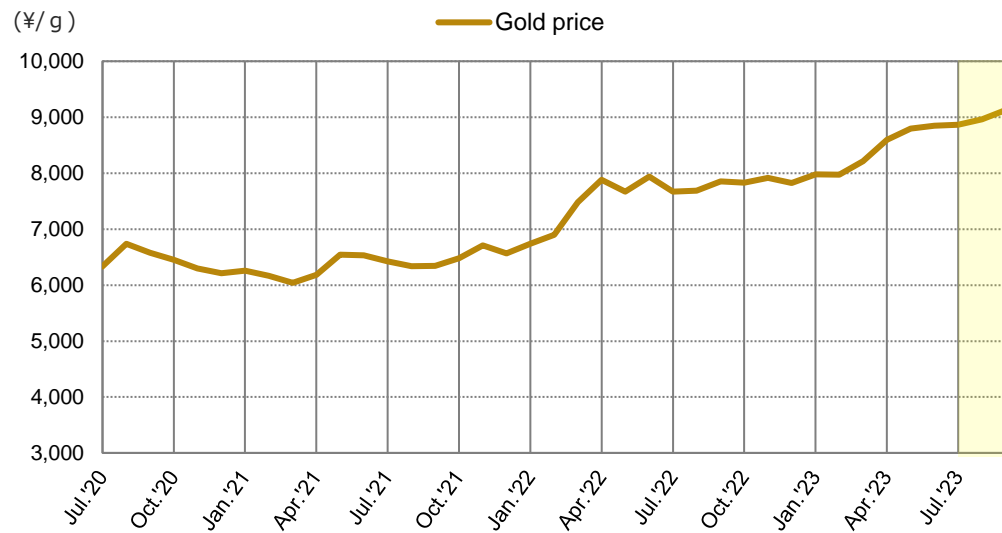
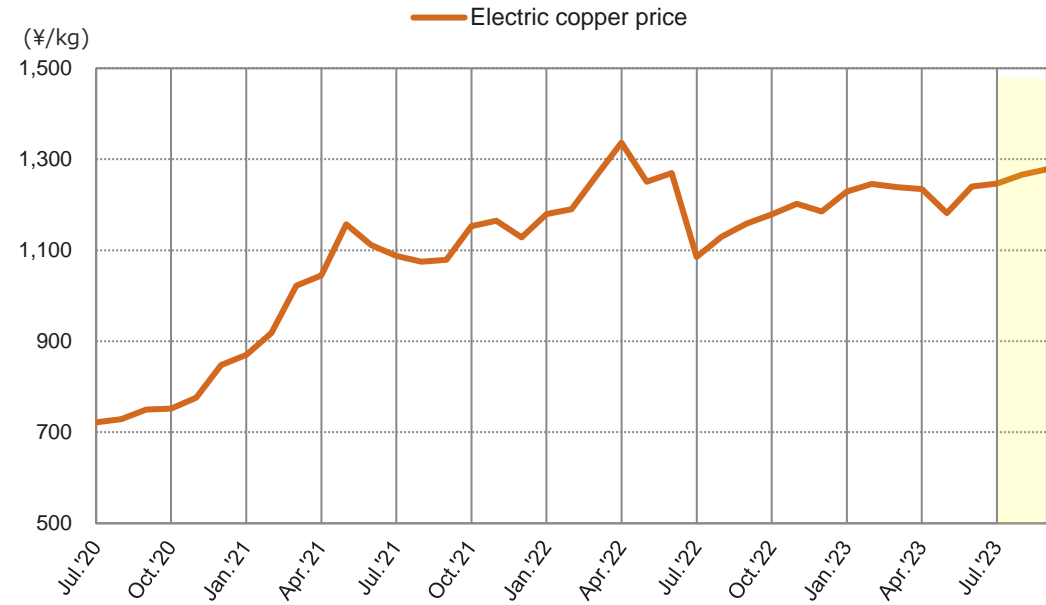
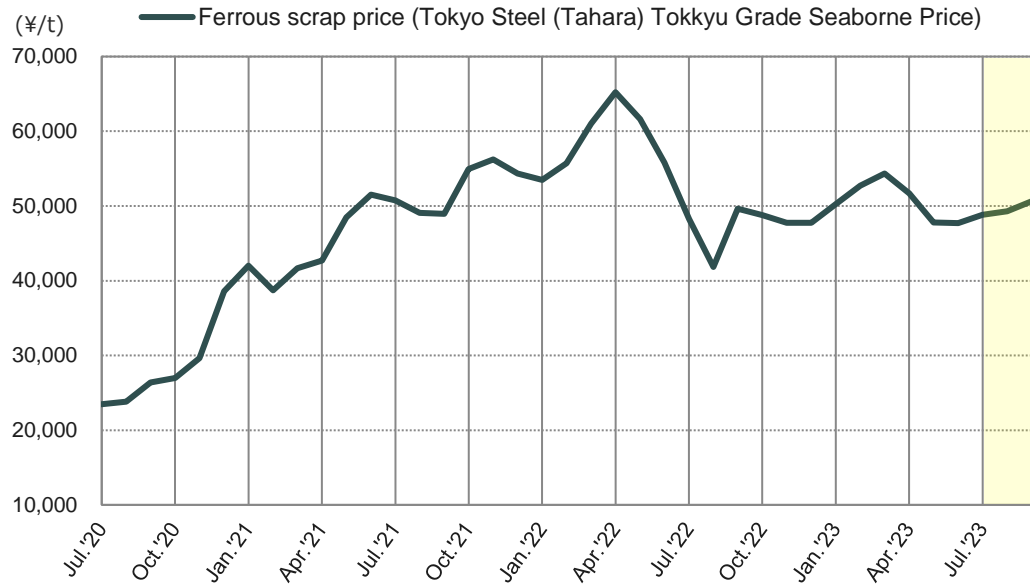


# Quarterly Business Results by Segment

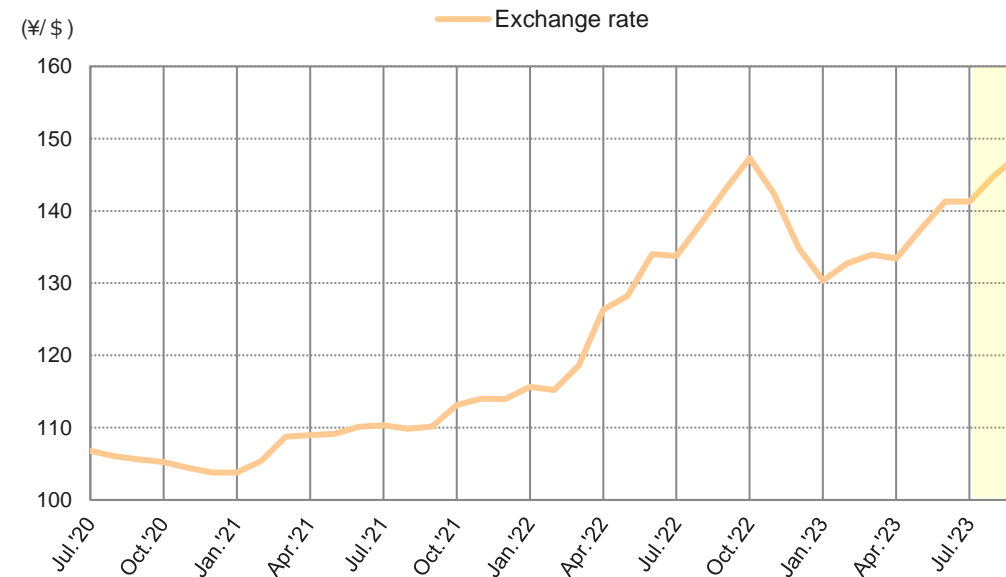
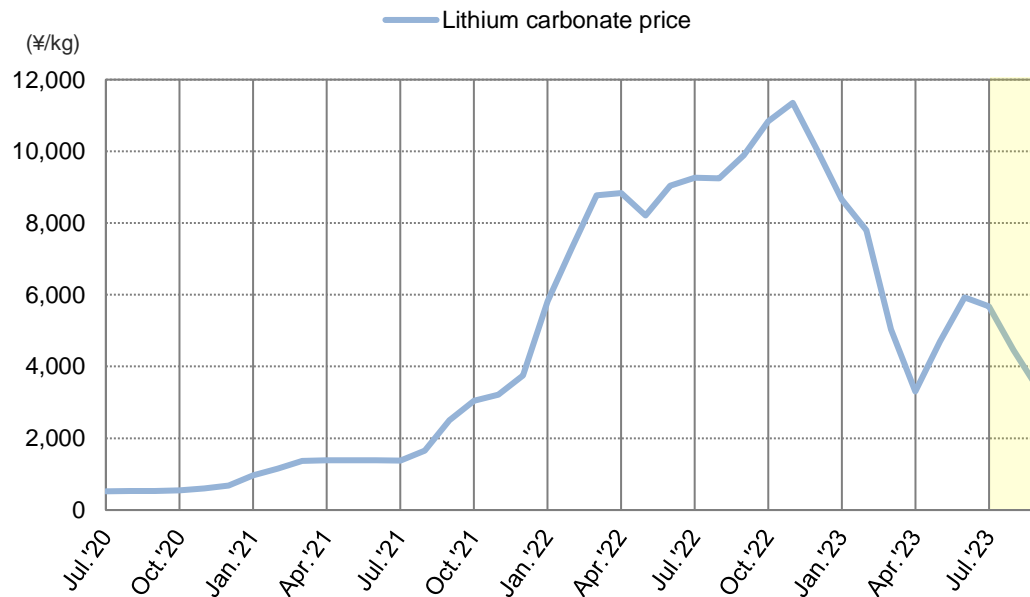
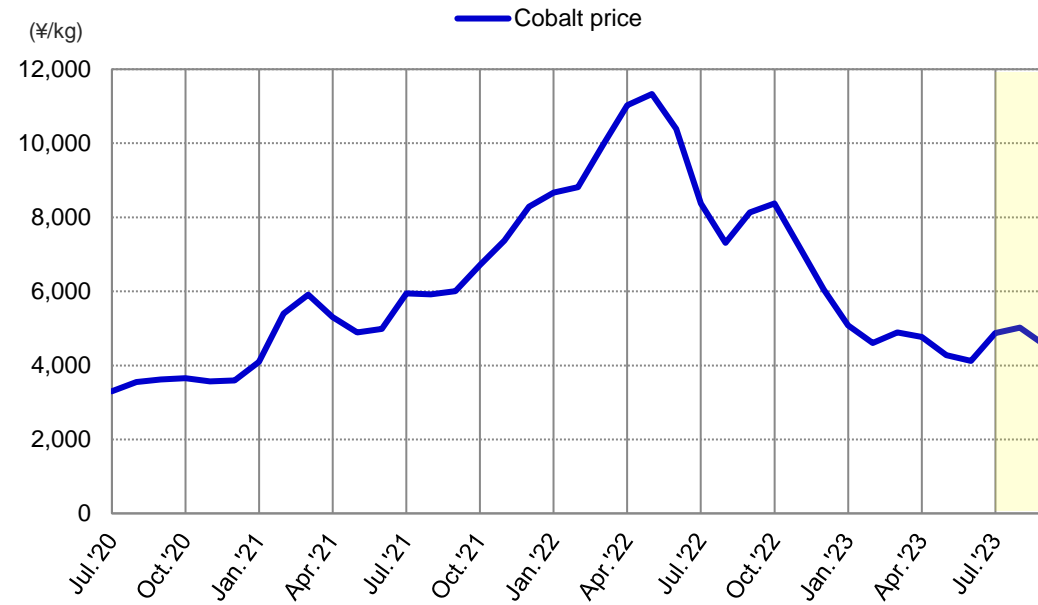
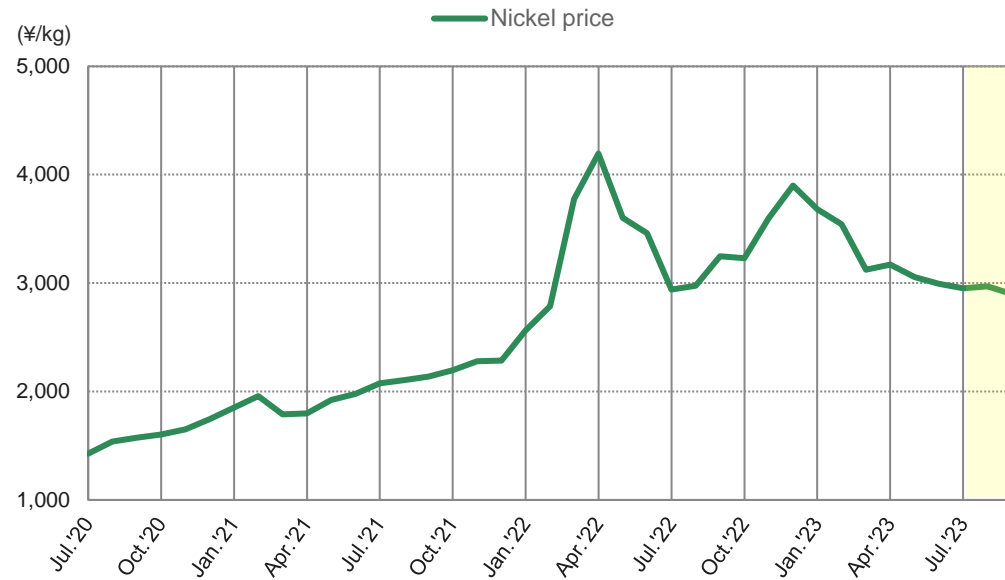
Segment		June/2023					June/2024		
		1Q	2Q	3Q	4Q	Full Year	Composition Ratio	1Q	Composition Ratio
Resource Circulation Business	Handling volume (1,000t)	64	65	64	67	262	–	57	–
	Net sales	4,179	4,349	4,697	5,625	18,852	34.0%	4,916	34.8%
	Ordinary profit	364	383	418	398	1,565	63.6%	391	58.9%
	Ordinary profit ratio	8.7%	8.8%	8.9%	7.1%	8.3%	–	8.0%	–
Global Trading Business	Handling volume (1,000t)	99	117	111	136	465	–	121	–
	Net sales	7,872	8,958	8,045	9,608	34,485	62.2%	8,709	61.6%
	Ordinary profit	156	(43)	112	(5)	220	9.0%	124	18.8%
	Ordinary profit ratio	2.0%	(0.5%)	1.4%	(0.1%)	0.6%	–	1.4%	–
Lithium-ion Battery Recycling Business	Net sales	326	448	525	334	1,635	3.0%	356	2.5%
	Ordinary profit	104	183	207	78	575	23.4%	81	12.3%
	Ordinary profit ratio	32.0%	41.0%	39.5%	23.6%	35.2%	–	22.8%	–
Others	Net sales	135	87	131	109	463	0.8%	157	1.1%
	Ordinary profit	50	(0)	44	4	99	4.0%	66	10.0%
	Ordinary profit ratio	37.7%	(0.4%)	33.6%	4.3%	21.5%	–	42.4%	–
Adjustment	Net sales	(1,340)	(1,435)	(1,619)	(1,851)	(6,247)	–	(1,326)	–
	Ordinary profit	(107)	(77)	(287)	(85)	(558)	–	(140)	–
Consolidated	Handling volume (1,000t)	141	160	150	173	625	–	159	–
	Net sales	11,174	12,408	11,781	13,826	49,189	100.0%	12,812	100.0%
	Ordinary profit	569	445	494	392	1,901	100.0%	523	100.0%
	Ordinary profit ratio	5.1%	3.6%	4.2%	2.8%	3.9%	–	4.1%	–

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

# Market Price



# Market Price



Sources: IRuniverse Co., Ltd., MUFG Bank, Ltd.

## **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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