

# Financial Results Briefing Materials for the Fiscal Year Ended June 30, 2021

Enviro Holdings Inc.  
August 11, 2021



# Table of Contents





1. Financial Overview for the Fiscal Year Ended  
June 30, 2021
2. Forecast for the Fiscal Year Ending June 30, 2022
3. Dividend Policy
4. Reference Data

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# 1 . Financial Overview for the Fiscal Year Ended June 30, 2021

# Changes in the classification of business segment

- Strengthened the synergies between the Global Resource Circulation Business and the Used-cars-related Business, which engage in overseas business by integrating these business.
- Lithium-ion Batteries Recycling Business as a strategic business of the group has been spun off from the Resource Circulation Business in view of the business content, scale, and alliance of hydrometallurgy, etc. which are planned in the future.

Business Segment	Description	Company
Resource Circulation	<ul style="list-style-type: none"> <li>◇ Recycling (Resource recovery) To shred the metal scrap and waste, and to sort and recycle these materials by difference of material properties.</li> <li>◇ Remanufacturing To take recycling technology one step further and to re-manufacture the recycled raw materials and products from waste, scrap, etc.</li> <li>◇ Reuse To supply the used products and parts to the market while maintaining their functions and values of them.</li> </ul>	 <p>ECONECOL Inc. Kuroda Recycle Co., Ltd. SYNECO Inc. Toyo Rubber Chip Co., Ltd.</p> <p>Equity method affiliates Arbiz Corporation Fuji Eco Cycle Co., Ltd.</p>
Global Trading	<p>To handle various resources such as metal, plastic scrap, biomass fuel and various reuse products such as high-quality used car, heavy machinery, and trucks. To supply "where they are needed more" with products which generated world wide.</p>	 <p>NEWSCON Inc. 3WM Co., Ltd.</p>
Lithium-ion Batteries Recycling	<p>To discharge and shred rechargeable batteries such as lithium-ion battery, and collect minor metal(nickel and cobalt, etc.) by sorting these materials based on using the difference of material properties.</p>	 <p>VOLTA Inc.</p>
Others	<p>To provide employment support for people with disabilities. To provide consulting services specialized in environmental management, such as support for corporate environmental strategy planning and CO2 reduction planning.</p>	 <p>ASTOCO Inc. Bright Innovation Co., Ltd.</p>

# Highlights for the Fiscal Year Ended June 30, 2021



## Consolidated Financial Results

Net sales	¥40,933 million	(Up 20.8%	YoY)
Operating profit	¥2,130 million	(Up 169.6%	YoY)
Ordinary profit	¥2,508 million	(Up 168.3%	YoY)
Profit before income taxes	¥2,101 million	(Up 128.8%	YoY)
<u>Profit</u> ※	¥1,491 million	(Up 147.8%	YoY)

## Main Topics

- The ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) increased from ¥24,500 at the end of the previous fiscal year to ¥51,500 at the end of the fiscal year, and the average price during the fiscal year was ¥36,054, up from ¥22,943 in the previous fiscal year. Furthermore, The average market prices of gold, silver, copper, aluminum, nickel and cobalt increased above those of the previous fiscal year.
- Extraordinary loss of ¥ 834 million was recorded in the Lithium-ion Batteries Recycling Business due to impairment loss and in the Global Trading Business due to provision of allowance for doubtful accounts and loss on business restructuring. Extraordinary profit of ¥ 427 million was recorded due to the sale of cross-shareholdings.
- In the Lithium-ion Batteries Recycling business, transactions with leading battery manufacturers started, and progress was made in the development of collection, production, analysis, and sales systems, however, ordinary loss of ¥80 million was incurred.
- Tight supply-demand balance of cargo ships and soaring ocean freight rates due to worldwide shortage of shipping containers.
- ¥600 million in Capital Investment (Inspection basis).

※Profit : Profit attributable to owners of parent

(Amounts and quantities are rounded down. The percentages are rounded off.)

# Summary of Consolidated Statements of Income for the Fiscal Year Ended June 30, 2021



(¥ million)

	2020/June	2021/June	YoY		2021/June	Compared with forecast announced on May 14, 2021	
	Actual	Actual	Increase/ Decrease	Ratio	Forecast announced on May 14, 2021	Increase/ Decrease	Ratio
Net sales	33,879	<b>40,933</b>	7,054	20.8%	40,400	533	1.3%
Gross profit	6,861	<b>8,364</b>	1,503	21.9%	—	—	—
Operating profit	790	<b>2,130</b>	1,340	169.6%	1,918	211	11.0%
Ordinary profit	934	<b>2,508</b>	1,573	168.3%	2,229	278	12.5%
Profit before income taxes	918	<b>2,101</b>	1,183	128.8%	—	—	—
Profit※	602	<b>1,491</b>	889	147.8%	1,291	199	15.5%
Marginal profit※	6,632	<b>8,023</b>	1,390	21.0%	—	—	—
EBITDA※	1,389	<b>2,868</b>	1,479	106.5%	—	—	—
Fixed costs※	5,821	<b>5,895</b>	74	1.3%	—	—	—
ROE	5.3%	<b>12.1%</b>	6.9%	130.0%	—	—	—

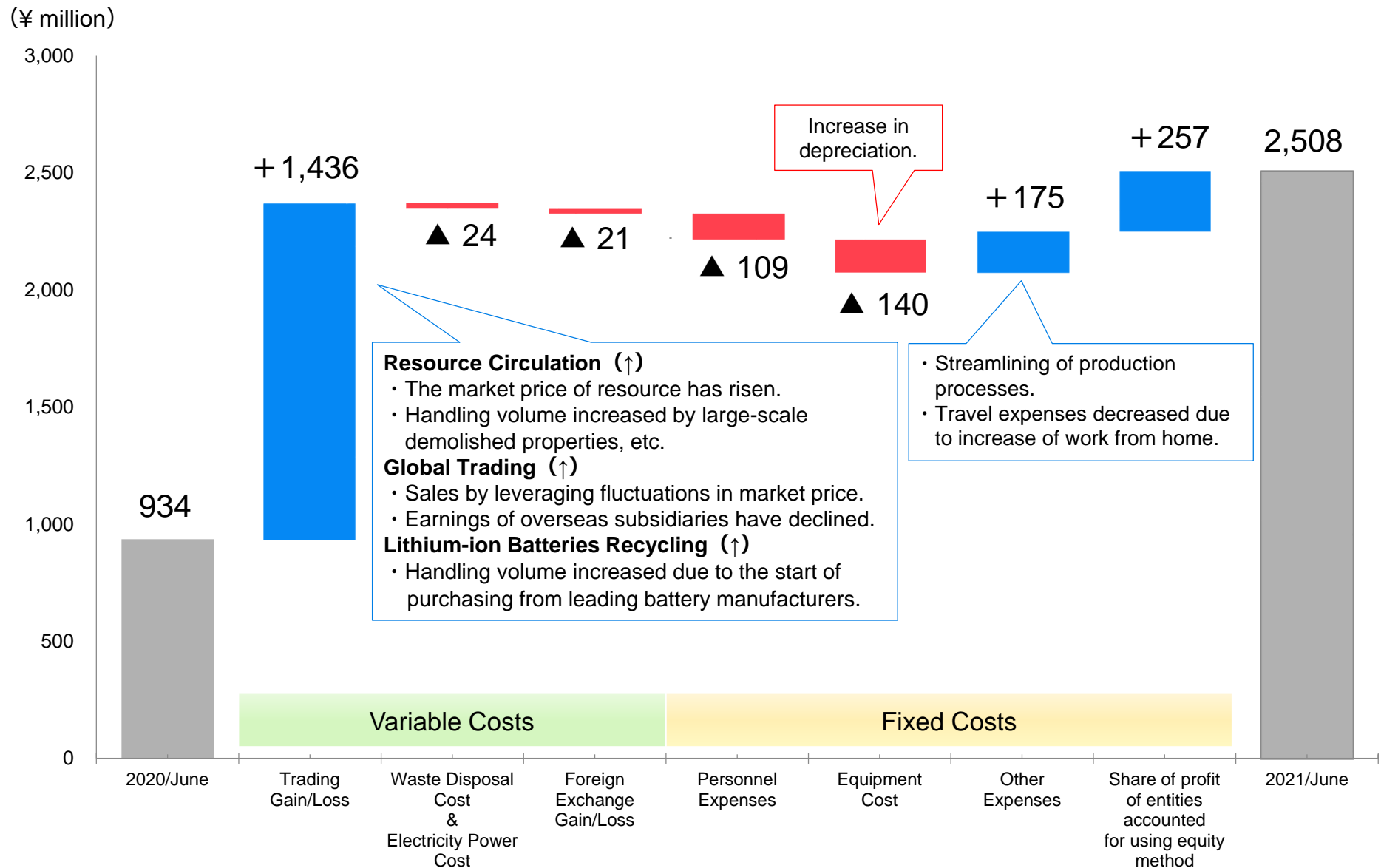
※ Profit= Profit attributable to owners of the parent

※ 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)



# Summary of Business Business Results by Segment for the Fiscal Year Ended June 30, 2021



(¥ million)

		2020/June	2021/June			
		Actual	Actual	YoY		Composition Ratio
				Increase/ Decrease	Ratio	
Resource Circulation Business	Net sales	10,746	<b>14,216</b>	3,470	32.3%	30.9%
	Segment profit	540	<b>2,080</b>	1,539	285.2%	74.4%
	<ul style="list-style-type: none"> <li>➤ The average market prices of the ferrous scrap and nonferrous metals increased above the previous fiscal year.</li> <li>➤ The impending problem of final disposal sites eased owing to a decline in the volume of waste generated, and operations stabilized.</li> <li>➤ Profitability was ensured by the effect of revising the price of waste disposal fee and streamlining of production processes.</li> <li>➤ Handling volume increased partly due to the purchasing of ferrous scrap discharged from large-scale demolished properties.</li> </ul>					
Global Trading Business	Net sales	25,792	<b>31,033</b>	5,241	20.3%	67.5%
	Segment profit	638	<b>711</b>	72	11.4%	25.4%
	<ul style="list-style-type: none"> <li>➤ Soaring ocean freight rates ,Difficulties in booking freighters and restrictions on overseas business due to COVID-19.</li> <li>➤ Revenue were secured by utilizing regular sales schemes and passing on prices in our logistics agency services.</li> <li>➤ Handling volume were secured by expanding stockyards and through trilateral trade.</li> <li>➤ Total of ¥370 million in extraordinary losses was recorded, including provision of allowance for doubtful accounts in biomass fuel trading and loss on business restructuring for change the business form of the subsidiary in Uganda engaged in the used car business, etc., through a business transfer or other means.</li> </ul>					



# Summary of Business Results by Segment for the Fiscal Year Ended June 30, 2021



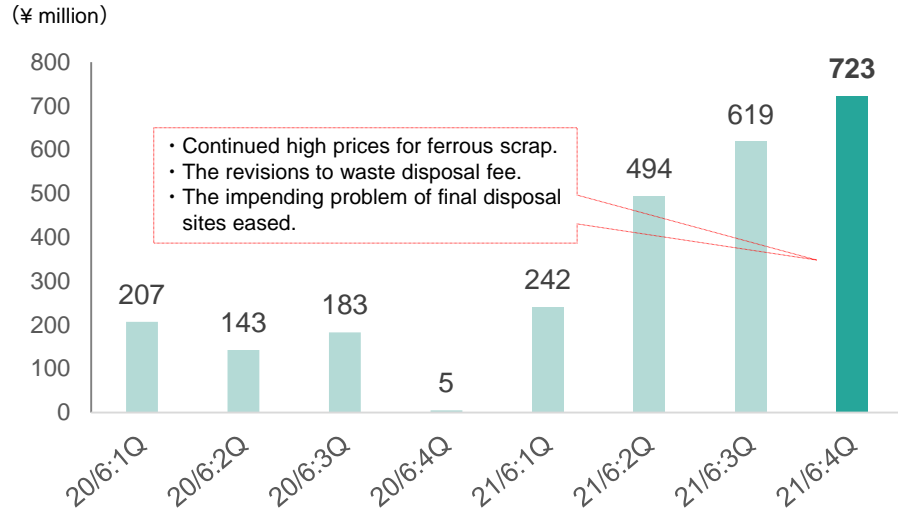
(¥ million)

		2020/June	2021/June			
		Actual	Actual	YoY		Composition Ratio
				Increase/ Decrease	Ratio	
Lithium-ion Batteries Recycling Business	Net sales	97	<b>356</b>	258	264.2%	0.8%
	Segment profit	▲ 127	<b>▲ 80</b>	47	—	▲ 2.9%
Others	Net sales	295	<b>354</b>	59	20.0%	0.8%
	Segment profit	30	<b>84</b>	53	173.6%	3.0%
						<p>➤ Increased in prices of cobalt, nickel and copper.</p> <p>➤ Handling volume increased due to purchasing from leading battery manufacturers, etc. and contracts of waste batteries processing by making use of the disposal business license, leading to an improvement in profitability.</p> <p>➤ The deficit contracted with the business turning a profit in the fourth quarter, partly as a result of a decrease in depreciation due to recording of an impairment loss of ¥437 million.</p> <p>«Welfare Service Business for Persons with Disabilities»</p> <p>➤ The usage rate of each facilities remained steady, the higher revenue was secured than the previous fiscal year.</p> <p>«Environment Management Consulting Business»</p> <p>➤ Remained robust owing to consulting services to facilitate a circular economy in addition to a steady stream of orders for services including CDP evaluation improvement support, formulation of carbon neutral strategies and Task Force on Climate-related Financial Disclosures (TCFD) response support.</p>

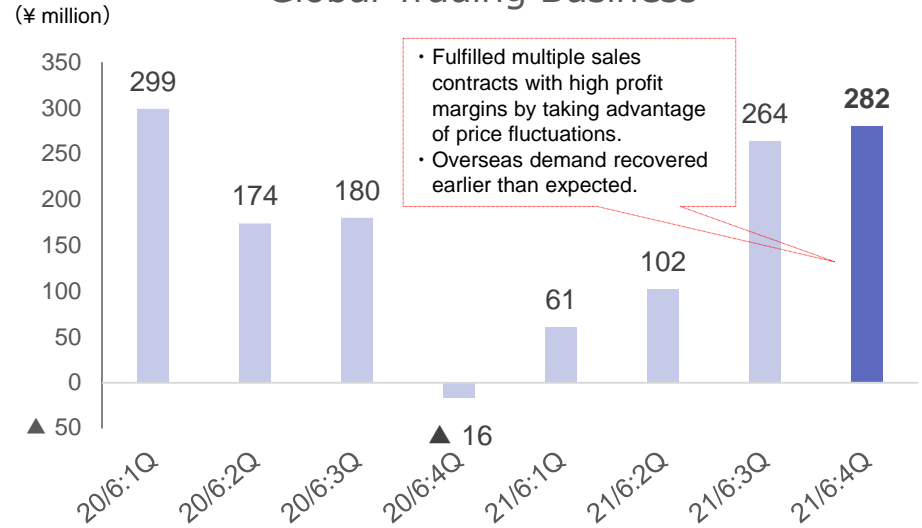
# Quarterly Ordinary Profit by Segment



## Resource Circulation Business



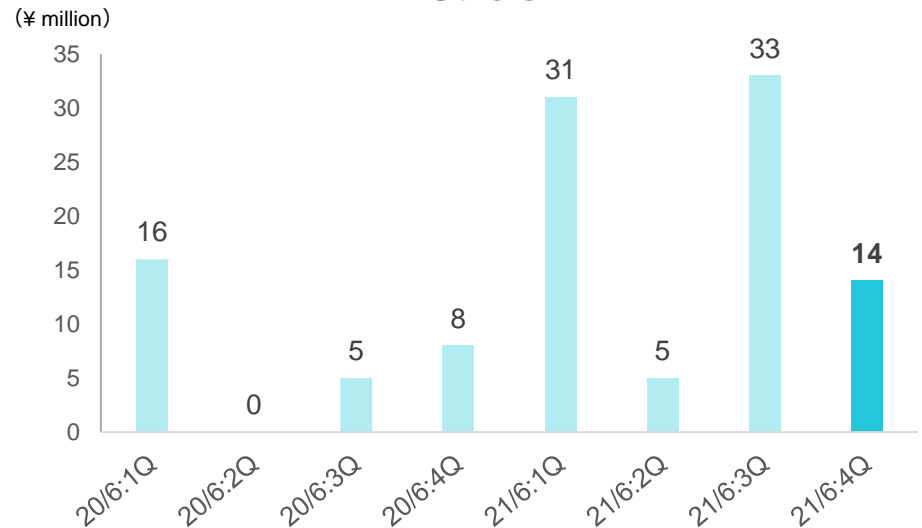
## Global Trading Business



## Lithium-ion Batteries Recycling Business



## Others



# Summary of Consolidated Balance Sheets



(¥ million)

	As of June 30 2020	As of June 30 2021	Increase/ Decrease		As of June 30 2020	As of June 30 2021	Increase/ Decrease
Current assets	16,529	17,500	970	Current liabilities	7,499	9,765	2,265
Non-current assets	9,383	9,048	▲ 335	Non-current liabilities	6,401	3,450	▲ 2,950
(Property, plant and equipment)	6,729	6,119	▲ 609	Total liabilities	13,900	13,215	▲ 685
(Intangible assets)	70	66	▲ 4	Net assets	12,012	13,333	1,320
(Investments and other assets)	2,584	2,862	278	(Equity)	11,654	12,959	1,304
Total assets	25,913	26,548	635	Total liabilities and net assets	25,913	26,548	635

## Main Topics (Change from June 30, 2020)

- Current assets (Merchandise and finished goods: ¥2,374 million, Notes and accounts receivable-trade: ¥1,887 million, Cash and deposits: ¥▲3,124 million)
- Non-current assets (Deferred tax assets ¥271 million, Machinery, equipment and vehicles: ¥▲482 million, Buildings and structures: ¥▲78 million)
- Current liabilities (Short-term borrowings: ¥1,270 million, Notes and accounts payable-trade: ¥1,061 million, Current portion of long-term borrowing ¥▲907 million)
- Non-current liabilities (Long-term borrowings: ¥▲3,010 million)
- Equity ratio 48.8% (45.0% as of June 30, 2020)

# Summary of Consolidated Statements of Cash Flow



(¥ million)

	2020/June	2021/June	Increase / Decrease
Cash flows from operating activities	2,632	▲ 252	▲ 2,884
Cash flows from investing activities	▲ 1,001	▲ 15	985
Cash flows from financing activities	5,897	▲ 2,866	▲ 8,764
Effect of exchange rate change on cash and cash equivalents	▲ 0	9	9
Net increase (decrease) in cash and cash equivalents	7,528	▲ 3,125	▲ 10,653
Cash and cash equivalents at beginning of period	2,714	10,242	7,528
Cash and cash equivalents at end of period	10,242	7,117	▲ 3,125

## Main Topics

- Cash flows from operating activities : (Inflows) ¥2,101 million in profit before income taxes  
¥1,273 million in increase in trade payables  
¥736 million in depreciation  
(Outflows) ¥2,473 million in increase in inventories  
¥1,885 million in increase in trade receivables
- Cash flows from investing activities : (Inflows) ¥577 million in proceeds from sales of investment securities  
(Outflows) ¥604 million in purchase of property, plant and equipment
- Cash flows from financing activities : (Inflows) ¥1,270 million in net increase in short-term borrowings  
¥333 million in proceeds from long-term borrowings  
(Outflows) ¥4,250 million in repayments of long-term borrowings

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## 2. Forecast for the Fiscal Year Ending June 30, 2022

# Forecast for the Consolidated Results for the Fiscal Year Ending June 30, 2022



## Forecast for the Consolidated Results

Net sales	¥54,000 million	(Up 31.9%	YoY)
Operating profit	¥2,390 million	(Up 12.2%	YoY)
Ordinary profit	¥2,850 million	(Up 13.6%	YoY)
<u>Profit</u> ※	¥1,950 million	(Up 30.7%	YoY)

## Prerequisites

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate (¥/US\$)
¥50,000/ t	¥1,000,000/t	¥6,000/g	¥85,000/kg	¥1,800/kg	¥4,650/kg	¥105/US\$

## Main Topics

- Forecast demand for metal scrap increase although the future is uncertain due to the COVID-19.
- Resource prices are estimated based on the level at the end of the previous fiscal year.
- Increase in collect of gold, silver and copper sediment sludge.
- Strengthen of Initiatives for wide-area dismantling and cleaning.
- Expansion of import, export, trilateral trade and stockyards.
- Expansion of the existing plants and investigation of the hydrometallurgy business in the Lithium-ion Batteries Recycling Business.
- Increase in demand for climate change-related and circular economy consulting.
- Continue to improve productivity and reduce fixed costs by reviewing General and administrative expenses.

※Profit: Profit attributable to owners of the parent

※Gold, silver and copper sediment sludge: a mix of gold, silver, copper, platinum, and palladium

# Forecast for the Consolidated Results for the Fiscal Year Ending June 30, 2022



(¥ million)

	2021/June	2022/June		
	Actual	Forecast	YoY	
			Increase/ Decrease	Ratio
Net sales	40,933	<b>54,000</b>	13,066	31.9%
Gross profit	8,364	<b>9,397</b>	1,032	12.3%
Operating profit	2,130	<b>2,390</b>	259	12.2%
Ordinary profit	2,508	<b>2,850</b>	341	13.6%
Profit before income taxes	2,101	<b>2,856</b>	754	35.9%
Profit※	1,491	<b>1,950</b>	458	30.7%
Marginal profit※	8,023	<b>8,800</b>	776	9.7%
EBITDA※	2,868	<b>3,153</b>	285	9.9%
Fixed costs※	5,895	<b>6,379</b>	484	8.2%
ROE	12.1%	<b>14.2%</b>	2.1%	17.3%

※ Profit= Profit attributable to owners of the parent

※ Marginal profit=Net sales - Variable costs

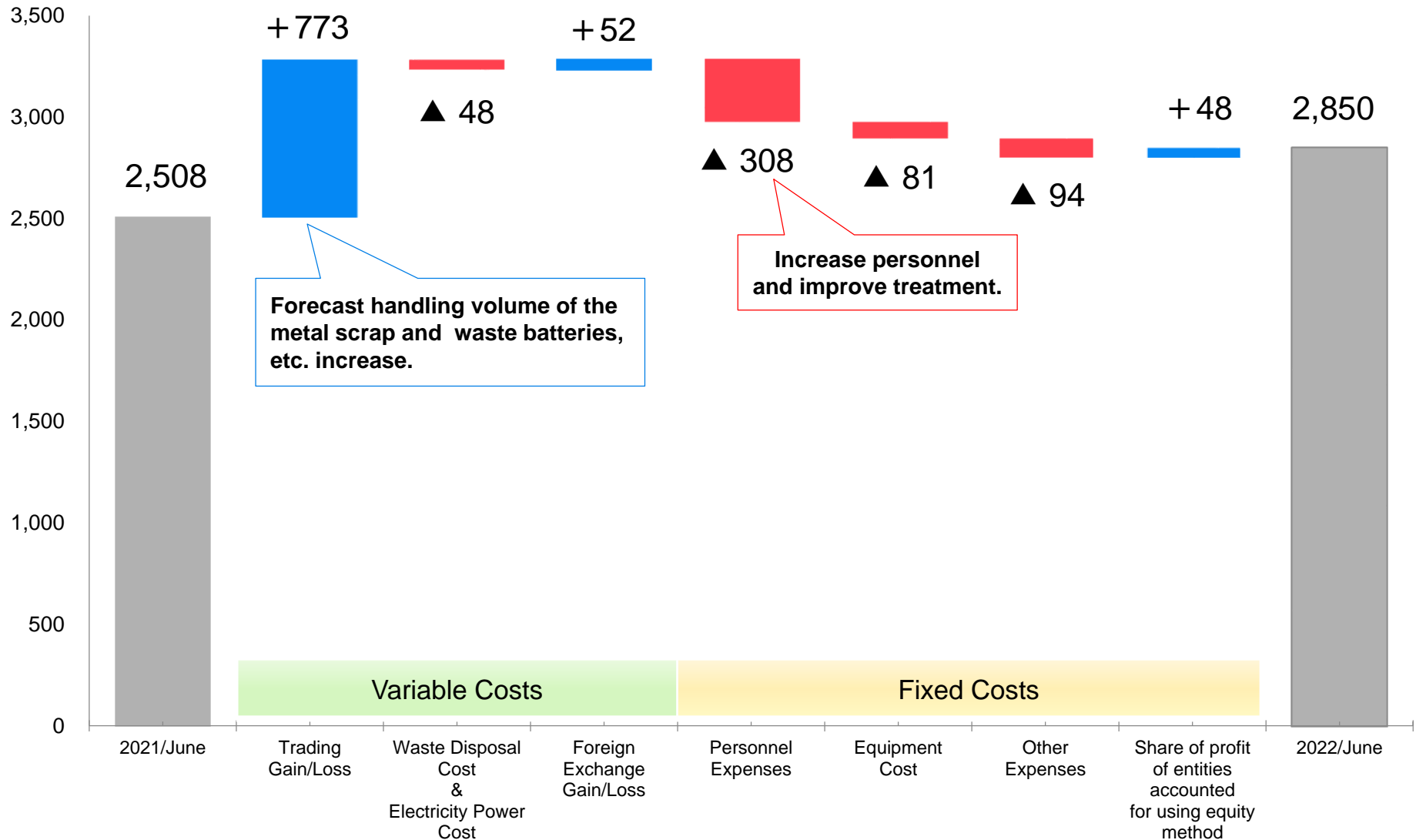
※ EBITDA = Operating profit + Depreciation + Amortization of goodwill

※ 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)



(¥ million)





# Forecast for the Business Results for the Fiscal Year Ending June 2022 by Segment



(¥ million)

Net sales	2021/June	2022/June			
	Actual	Forecast	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	40,933	<b>54,000</b>	13,066	31.9%	100.0%
Resource Circulation Business	14,216	<b>17,325</b>	3,108	21.9%	28.2%
Global Trading Business	31,033	<b>43,223</b>	12,190	39.3%	70.3%
Lithium-ion Batteries Recycling Business	356	<b>477</b>	120	33.8%	0.8%
Others	354	<b>406</b>	51	14.6%	0.7%
Adjustment	▲ 5,026	▲ <b>7,432</b>	▲ 2,405	—	—

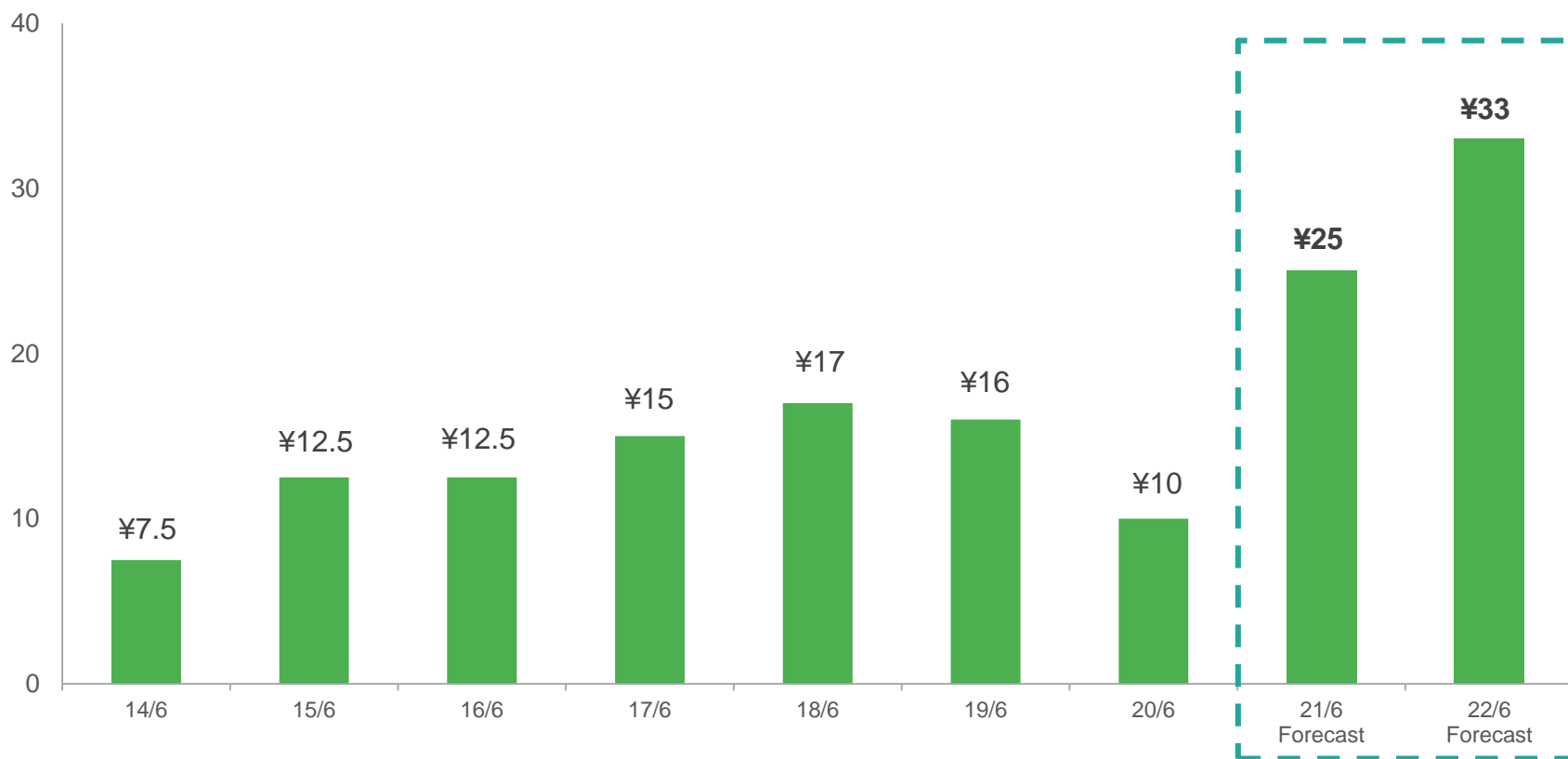
Segment profit	2021/June	2022/June			
	Actual	Forecast	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	2,508	<b>2,850</b>	341	13.6%	100.0%
Resource Circulation Business	2,080	<b>2,339</b>	259	12.5%	72.3%
Global Trading Business	711	<b>816</b>	104	14.8%	25.3%
Lithium-ion Batteries Recycling Business	▲ 80	<b>3</b>	83	—	0.1%
Others	84	<b>74</b>	▲ 9	▲ 11.5%	2.3%
Adjustment	▲ 287	▲ <b>384</b>	▲ 96	—	—

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## 3. Dividend Policy

## 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 will set a target consolidated payout ratio of 20-30% as an indicator of performance-based profit sharing.
- Even if the annual dividend determined based on the above-mentioned consolidated payout ratio is less than ¥10 per share, the Company shall strive to maintain a stable annual dividend of ¥10 per share.



※With January 1, 2018 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 has been in effect since before the fiscal year ended June 30, 2014.

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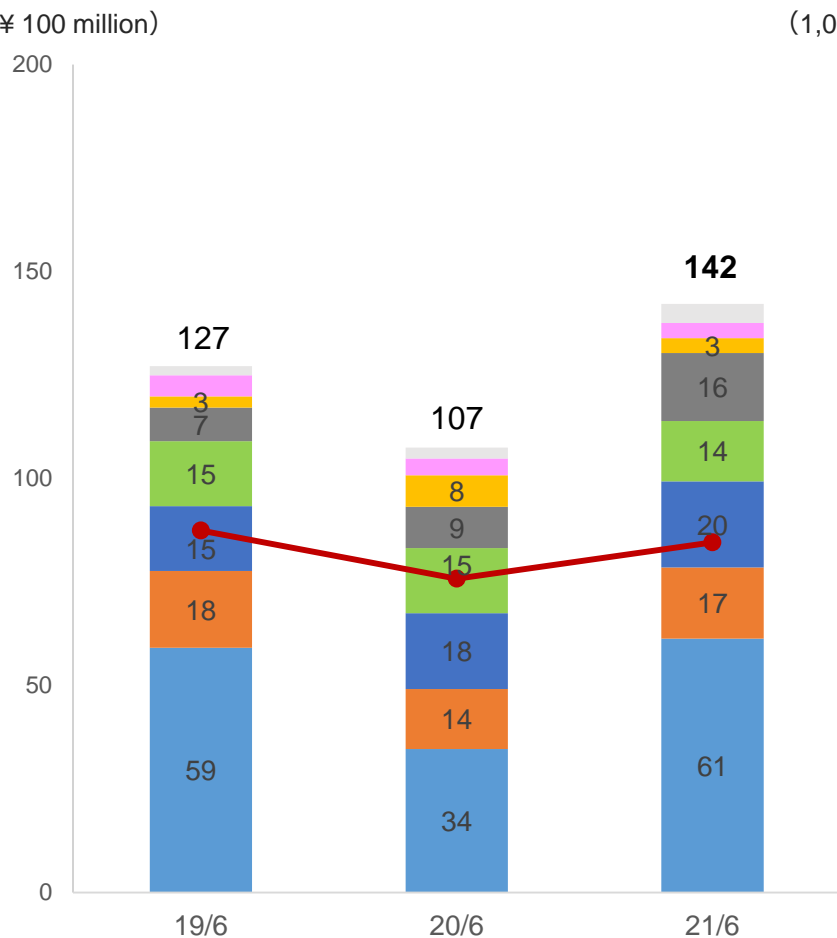
## 4. Reference Data

# Segment : Net sales by material



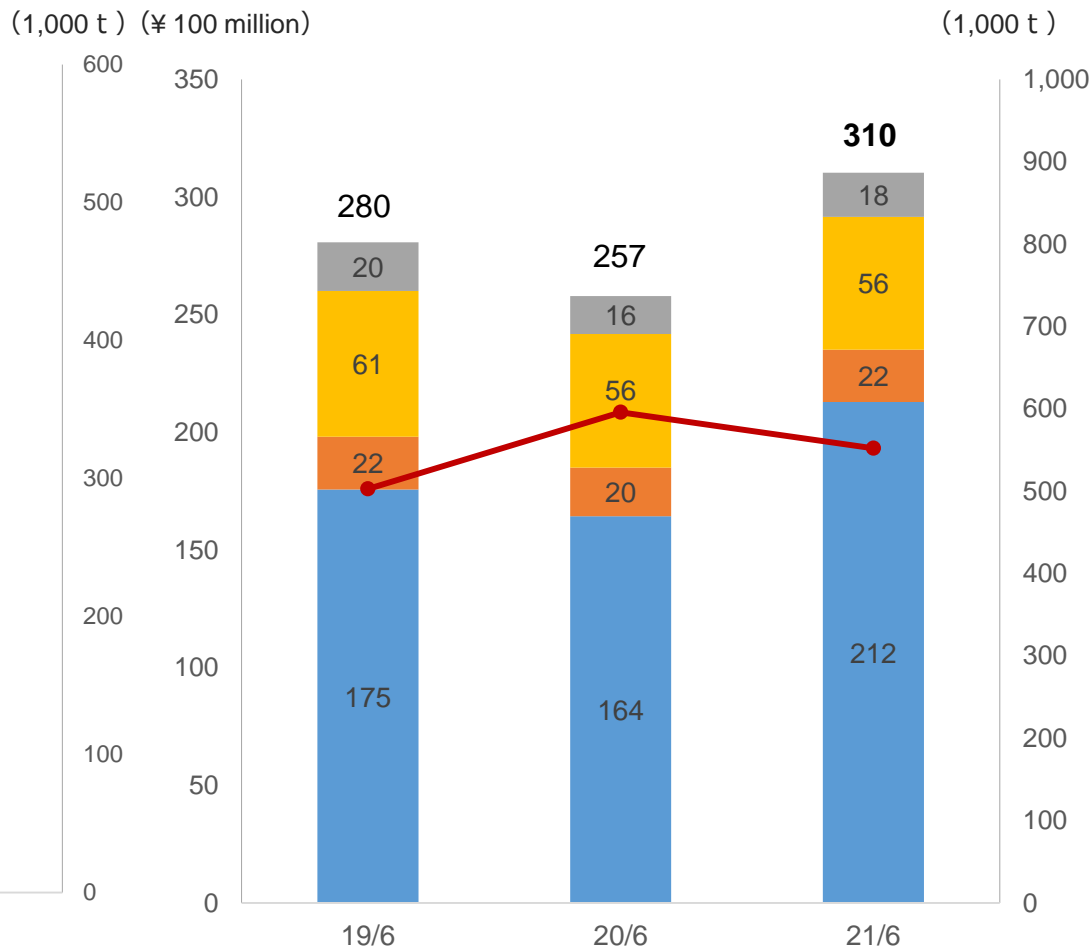
## Resource Circulation Business

Net sales by material · Resource handling volume



## Global Trading Business

Net sales by material · Resource handling volume



## Handling volume by material

(1,000 t)

Item	2020/June	2021/June	YoY Ratio
Ferrous scrap	601	<b>578</b>	▲3.8%
Nonferrous metal scrap	33	<b>21</b>	▲36.3%
Gold, silver & copper sediment sludge※	2	<b>3</b>	35.5%
Rubber products	12	<b>10</b>	▲11.8%
RPF, Waste paper, etc.	46	<b>57</b>	23.3%
Black mass ※	–	<b>0.6</b>	–
Others	23	<b>20</b>	▲12.4%
<b>Total</b>	<b>719</b>	<b>693</b>	<b>▲3.7%</b>

(k g)

Item (Precious metals collected)	2020/June	2021/June	YoY Ratio
Gold	70	<b>71</b>	1.6%
Silver	1,069	<b>1,244</b>	16.4%

## Net sales by area

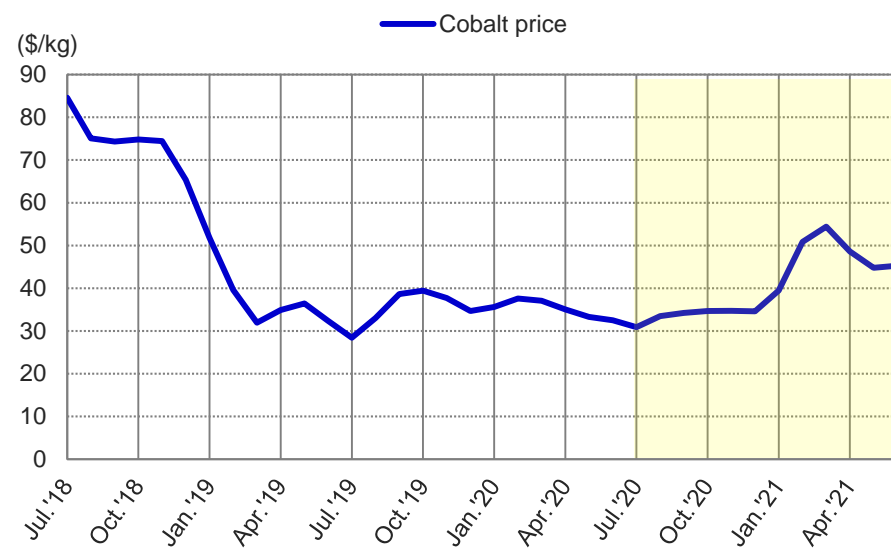
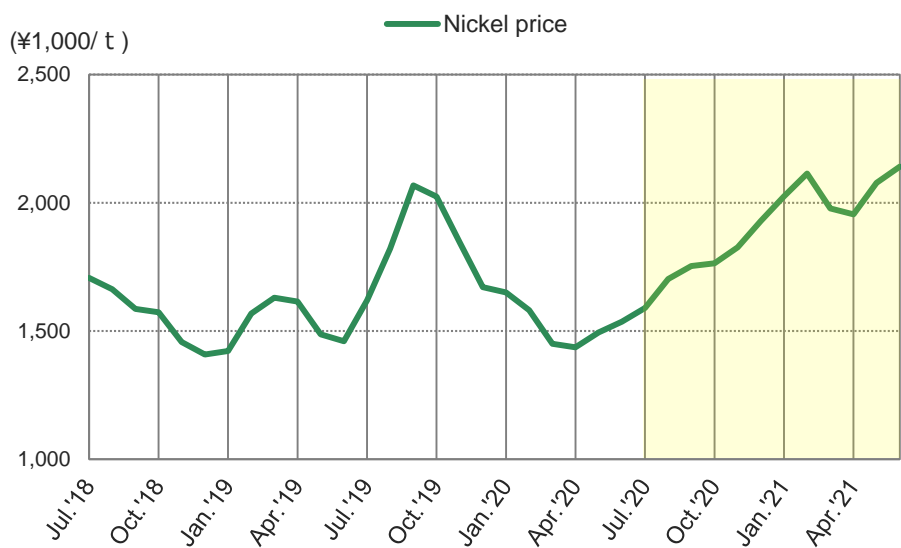
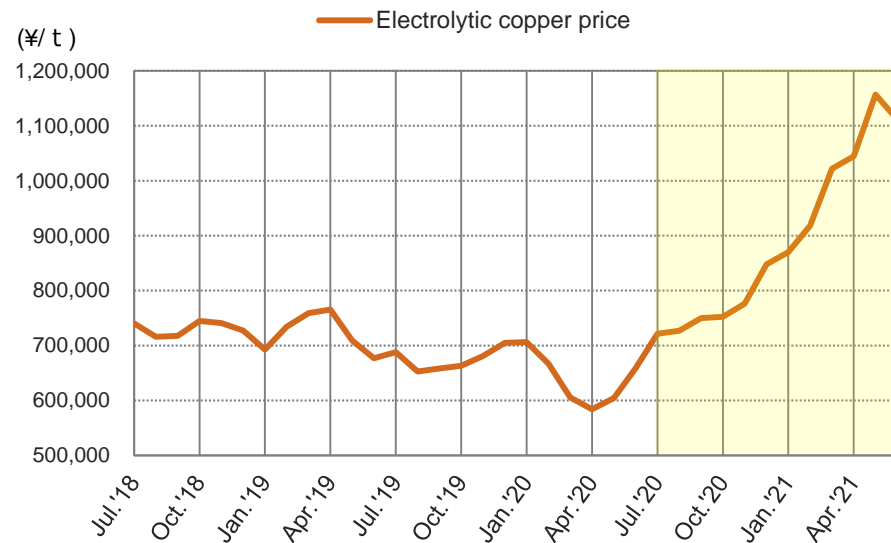
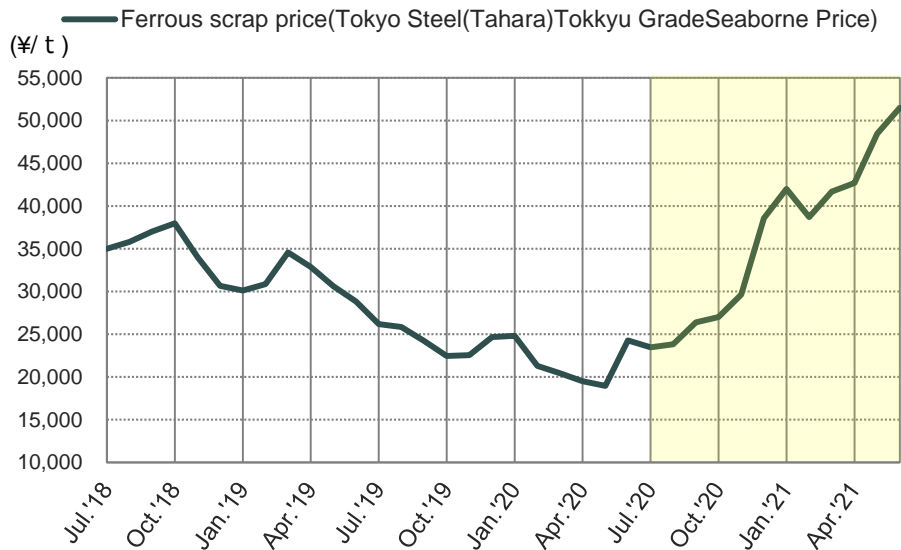
(¥100 million)

Area	2020/June	2021/June	YoY Ratio	
Japan	117	<b>197</b>	69.4%	
East Asia	Korea	82	<b>73</b>	▲11.6%
	Taiwan	8	<b>13</b>	59.8%
	Others	3	<b>8</b>	149.4%
Southeast Asia	Vietnam	60	<b>93</b>	55.4%
	Others	33	<b>13</b>	▲61.2%
South Asia	India etc.	4	<b>3</b>	▲21.7%
West Asia	UAE etc.	6	<b>1</b>	▲75.1%
South America	Chile etc.	8	<b>2</b>	▲65.1%
Africa	Uganda etc.	3	<b>1</b>	▲50.8%
Others	–	10	<b>0</b>	▲99.3%
<b>Total</b>	<b>338</b>	<b>409</b>	<b>20.8%</b>	

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

※Black mass : Cobalt and nickel concentrate containing carbon

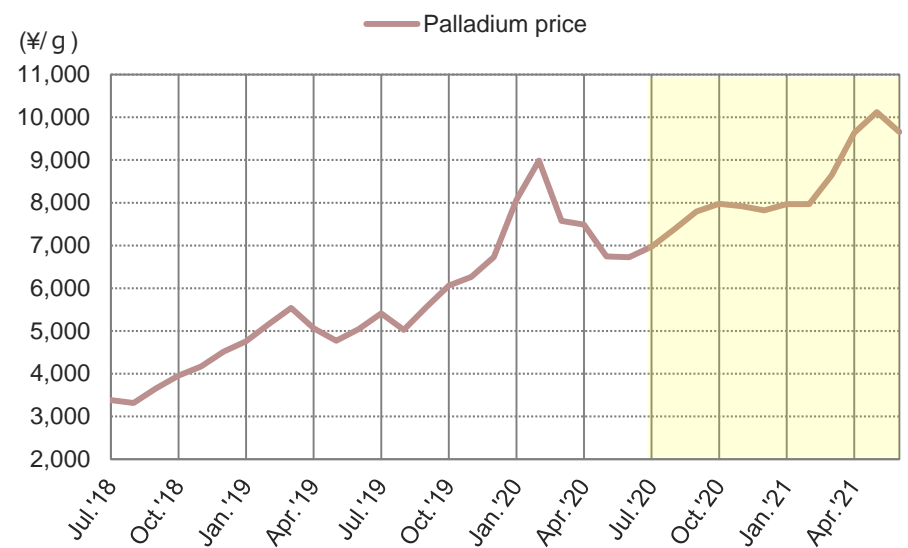
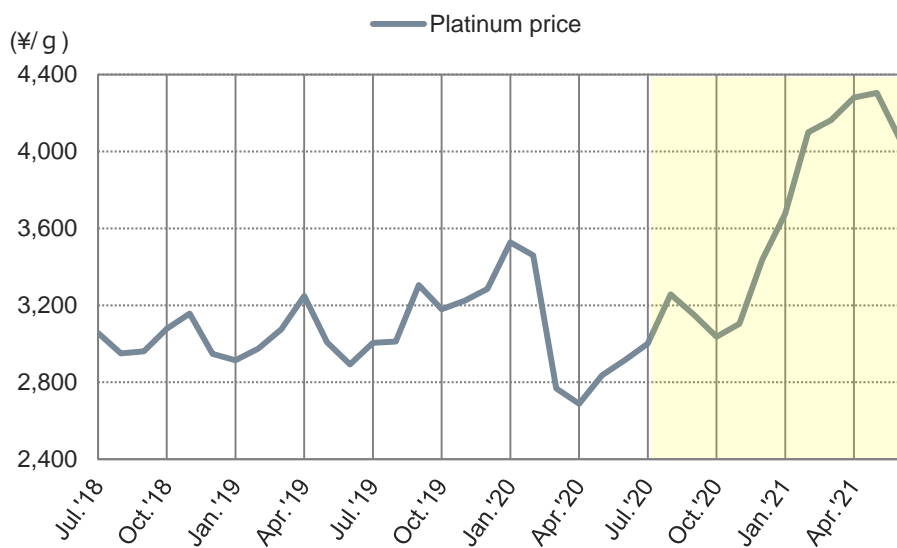
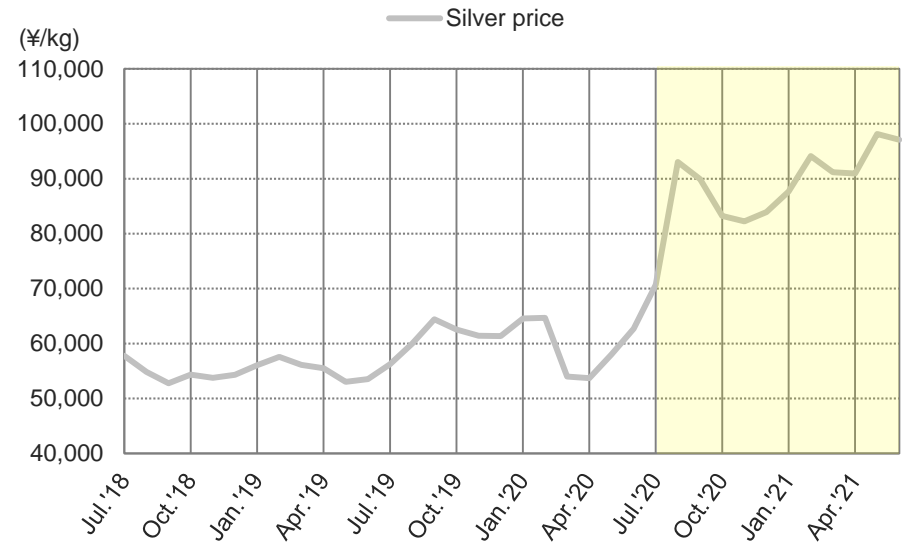
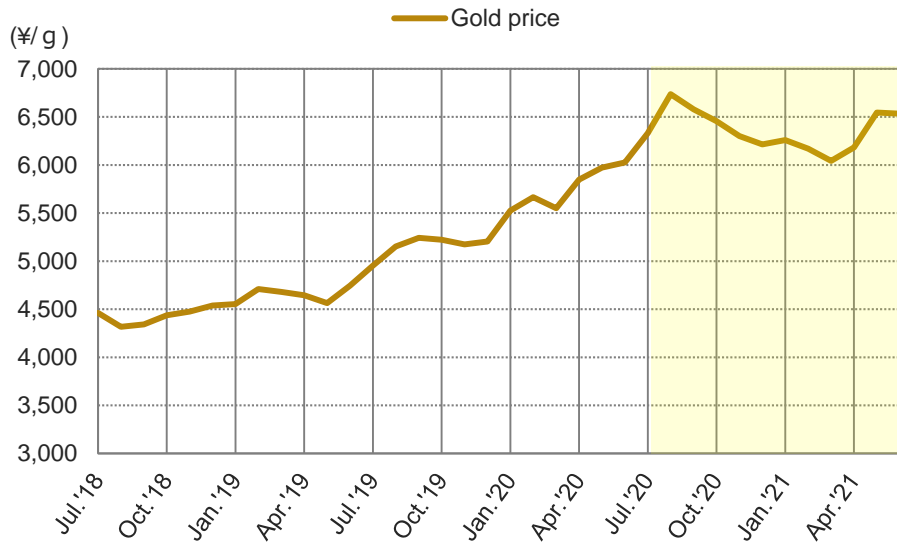
# Market Price ①



Sources: Tokyo Steel manufacturing Co., Ltd., Sangyo Press Co., Ltd.

Sources: JX Nippon Mining & Metals Corporation, IRuniverse Co.,Ltd.

# Market Price ②

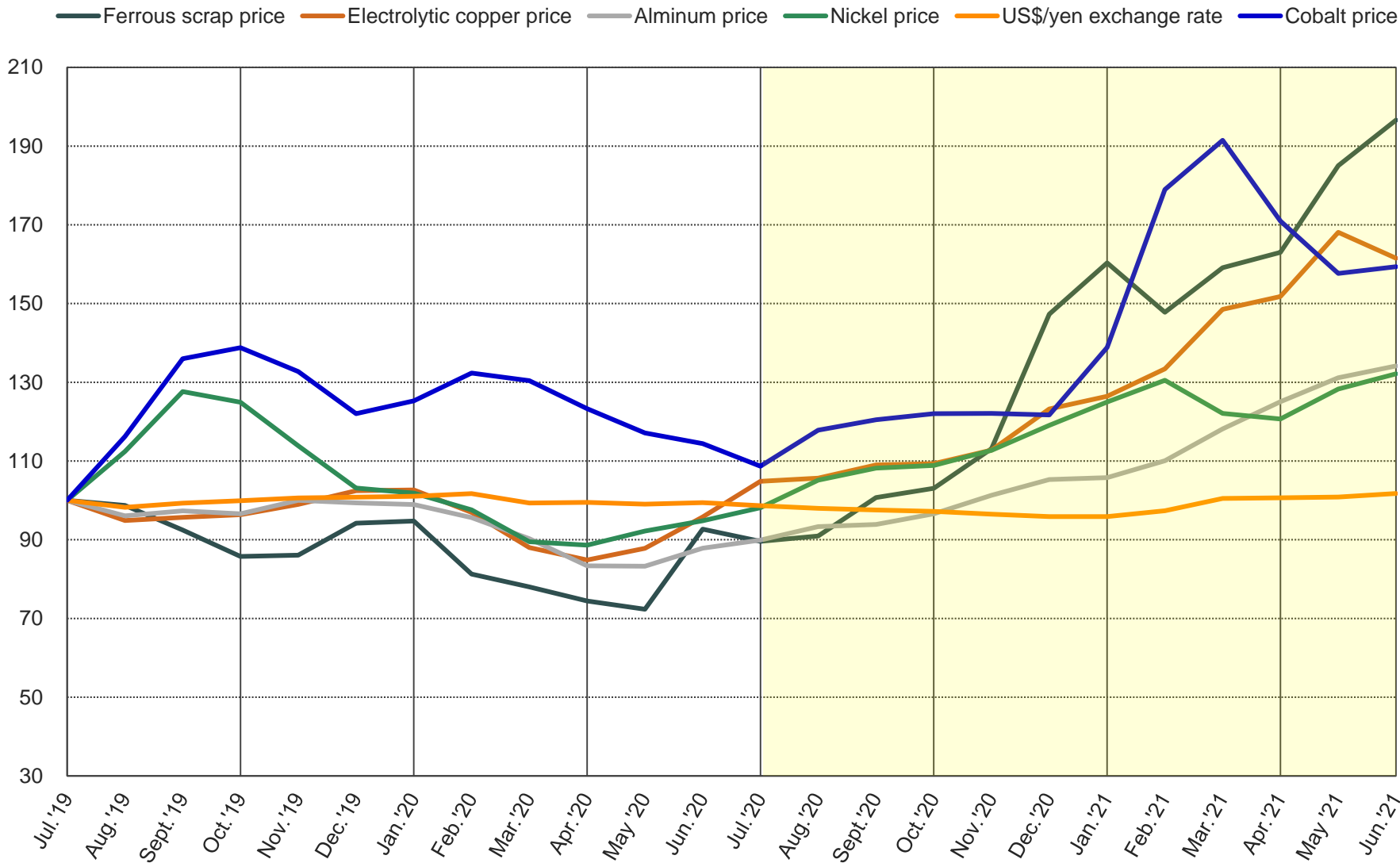




# Market Price ③



## Market Price of Metals (INDEX Set July 2019 as 100)



- 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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