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## Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

Company name: ENVIPRO HOLDINGS Inc.  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 5698

URL: <https://www.envipro.jp/>

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Scheduled date of Annual General Meeting of Shareholders: September 28, 2022

Scheduled date of commencing dividend payments: September 29, 2022

Scheduled date of filing annual securities report: September 28, 2022

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 01, 2021 to June 30, 2022)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended June 30, 2022	57,319	40.0	3,343	56.9	4,166	66.1	3,111	108.6
June 30, 2021	40,933	20.8	2,130	169.6	2,508	168.3	1,491	147.8

(Note) Comprehensive income: Fiscal year ended June 30, 2022: ¥ 3,205 million [ 122.3%]  
Fiscal year ended June 30, 2021: ¥ 1,441 million [ 124.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended June 30, 2022	Yen 105.20	Yen 100.72	%	%	%
June 30, 2022			21.6	15.0	5.8
June 30, 2021	50.57	48.42	12.1	9.6	5.2

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended June 30, 2022: ¥ 523 million  
Fiscal year ended June 30, 2021: ¥ 380 million

(Note) The Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022; however, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of June 30, 2022	Million yen 28,963	Million yen 16,219	%	Yen 533.00
June 30, 2021	26,548	13,333	48.8	438.86

(Reference) Equity: As of June 30, 2022: ¥ 15,808 million  
As of June 30, 2021: ¥ 12,959 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2022	3,873	(1,404)	(765)	8,913
June 30, 2021	(252)	(15)	(2,866)	7,117

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
June 30, 2021	-	0.00	-	25.00	25.00	369	24.7	3.0
June 30, 2022	-	0.00	-	25.00	25.00	741	23.8	5.1
Fiscal year ending								
June 30, 2023 (Forecast)	-	0.00	-	20.00	20.00		29.2	

(Note) The Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022. The figures for dividends for the fiscal year ended June 30, 2021 are those prior to the stock split, and the figures for dividends for the fiscal year ending June 30, 2022, (forecast) are those after taking the stock split into consideration.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 01, 2022 to June 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	55,000	(4.0)	2,500	(25.2)	2,900	(30.4)	2,030	(34.7)	68.44

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2022: 30,102,454 shares

June 30, 2021: 30,102,454 shares

2) Total number of treasury shares at the end of the period:

June 30, 2022: 442,348 shares

June 30, 2021: 572,182 shares

3) Average number of shares during the period:

Fiscal Year ended June 30, 2022: 29,571,348 shares

Fiscal Year ended June 30, 2021: 29,495,462 shares

(Note) The Company conducted a 2-for-1 stock split of common stock on April 20, 2022; however, the total number of issued shares at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

\* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms

\* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements in this material are based on information currently available to the Company and certain assumptions deemed to be reasonable, and actual results may differ significantly due to various factors. Please see the “(4) Future Outlook” from page 4 of the attached document of this material for the conditions for financial and other results, as well as important matters to be aware of when using the financial results forecast.

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Period under Review

In the Group's business areas, the situation remained unclear mainly due to stagnation in the supply chain amid the COVID-19 pandemic, as well as lockdowns in some regions and concerns over an economic slowdown in China. Meanwhile, although export demand for metal scrap repeated a pattern of increasing and decreasing, metal scrap prices remained firm due to the growing reputation of recycled raw materials against the backdrop of decarbonization, the ongoing weakening of the yen in the second half, and other factors.

As a result, the average ferrous scrap price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) during the fiscal year ended June 30, 2022 was ¥55,520, trending upward from ¥36,054 of the same period of the previous fiscal year. With regard to nonferrous metals, etc., the average prices of copper, aluminum, nickel, and cobalt rose above those seen in the same period of the previous fiscal year.

Amid this environment, during the fiscal year ended June 30, 2022, with a strategic concept of challenging ourselves to resolve issues toward realizing a “Decarbonized society”, “Circular economy society” and “Distributed society” by viewing it as a business opportunity, based on our mission statement “Contribute to create a sustainable society”, we have proceeded with measures to establish “Realization of concrete cases of the circular economy” and “A disciplined group of autonomous individuals with emergent abilities.”

As a result, for the fiscal year ended June 30, 2022, net sales were ¥57,319 million (up 40.0% year on year), operating profit was ¥3,343 million (up 56.9% year on year), ordinary profit was ¥4,166 million (up 66.1% year on year), and profit attributable to owners of parent was ¥3,111 million (up 108.6% year on year).

Results by segment are as follows, with net sales shown as inter-segment sales or sales including transfers.

#### Summary of Business Results by Segment

<Net sales>

(Million yen)

	The 12th term (Fiscal year ended June 30, 2021)	The 13th term (Fiscal year ended June 30, 2022)	Increase/decrease ratio
Resource Circulation Business	14,216	20,397	43.5%
Global Trading Business	31,033	42,989	38.5%
Lithium-ion Battery Recycling Business	356	1,347	277.8%
Others	354	443	25.0%
Adjustment	(5,026)	(7,857)	—
Total	40,933	57,319	40.0%

<Segment profit (loss)>

(Million yen)

	The 12th term (Fiscal year ended June 30, 2021)	The 13th term (Fiscal year ended June 30, 2022)	Increase/decrease ratio
Resource Circulation Business	2,080	2,752	32.3%
Global Trading Business	711	1,147	61.2%
Lithium-ion Battery Recycling Business	(80)	478	—
Others	84	120	43.4%
Adjustment	(287)	(332)	—
Total	2,508	4,166	66.1%

(Note) Segment profit (loss) is adjusted with ordinary profit in the consolidated statements of income.

#### 1) Resource Circulation Business

Metal scrap prices rose year on year, and the profitability of resource recycling increased further against the backdrop of physical sorting technologies. In addition, the handling volume of ferrous scrap discharged from

large-scale demolished properties has been continuing to increase from the previous fiscal year, and combined with an increase in share of profit of entities accounted for using equity method, they have all led to an increase in both sales and profit.

As a result, net sales in the Resource Circulation Business segment were ¥20,397 million (up 43.5% year on year), while segment profit was ¥2,752 million (up 32.3% year on year).

In addition, we made the decision in the current fiscal year to build a new factory in Fuji City, Shizuoka Prefecture, and have started construction with a view to starting operations in the next fiscal year.

## 2) Global Trading Business

The export environment for metal scrap remained challenging as the supply and demand in Japan and overseas remained unstable amid the everchanging situation overseas, and ocean freight rates continued to soar due to difficulties in booking freighters. Amid such an environment, although the handling volume of metal scrap decreased, we secured revenue mainly through capturing domestic demand, sales that took advantage of price changes, and foreign exchange gains owing to the weaker yen, leading to an increase in both sales and profit.

As a result, net sales in the Global Trading Business segment were ¥42,989 million (up 38.5% year on year), while segment profit was ¥1,147 million (up 61.2% year on year).

## 3) Lithium-ion Battery Recycling Business

Handling volume rose due to purchasing from leading battery manufacturers, etc. and acceptance of waste batteries to be disposed for waste disposal fee by making use of the disposal business license. In addition, rising prices of cobalt and nickel due to the situation in Russia and Ukraine boosted the profitability of resource recycling. Also, a decrease in depreciation due to the recording of an impairment loss on non-current assets during the previous fiscal year led to an increase in both sales and profit.

As a result, net sales in the Lithium-ion Battery Recycling Business segment were ¥1,347 million (up 277.8% year on year), while segment profit was ¥478 million (segment loss was ¥80 million in the previous fiscal year).

## 4) Others

The Environment Management Consulting Business remained robust and posted increases in both sales and profit, owing to a strong stream of orders for services including CDP evaluation improvement support, formulation of carbon neutral strategies, TCFD response support, and consulting services mainly to facilitate a circular economy.

Concerning the Welfare Service Business for People with Disabilities, the number of users decreased due to the partial closure of offices, profitability worsened due to the revision of compensation, and personnel expenses increased owing to the improved employee treatment, leading to a decrease in both sales and profit.

As a result, net sales in the Others segment were ¥443 million (up 25.0% year on year), while segment profit was ¥120 million (up 43.4% year on year).

## (2) Overview of Financial Position for the Period under Review

Total assets at the end of the fiscal year under review amounted to ¥28,963 million (up ¥2,414 million, or 9.1% from the end of the previous fiscal year). Current assets amounted to ¥18,448 million (up ¥947 million, or 5.4% from the end of the previous fiscal year). This was primarily due to increases of ¥1,798 million in cash and deposits and ¥300 million yen in notes receivable – trade and accounts receivable - trade, despite a decrease of ¥1,224 million in merchandise and finished goods. Non-current assets amounted to ¥10,515 million (up ¥1,467 million, or 16.2% from the end of the previous fiscal year). This was mainly due to increases of ¥836 million in construction in progress, and ¥409 million in investment securities, despite a decrease of ¥44 million in buildings and structures.

Total liabilities at the end of the fiscal year under review amounted to ¥12,744 million (down ¥471 million, or 3.6% from the end of the previous fiscal year). Current liabilities amounted to ¥9,968 million (up ¥202 million, or 2.1% from the end of the previous fiscal year). This was mainly due to increases of ¥530 million in short-term borrowings and ¥140 million in current portion of long-term borrowings, despite a decrease of ¥419

million yen in notes and accounts payable - trade. Non-current liabilities amounted to ¥2,776 million (down ¥674 million, or 19.5% from the end of the previous fiscal year). This was mainly due to a decrease of ¥700 million in long-term borrowings.

Total net assets at the end of the fiscal year under review amounted to ¥16,219 million (up ¥2,885 million, or 21.6% from the end of the previous fiscal year). This was mainly due to an increase of ¥2,741 million in retained earnings.

### (3) Overview of Cash Flows for the Period under Review

Cash and cash equivalents at the end of the fiscal year under review increased by ¥1,796 million, or 25.2%, from the end of the previous fiscal year, to ¥8,913 million.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥3,873 million, compared with ¥252 million used in operating activities in the previous fiscal year. This net cash inflow mainly reflected cash inflows of ¥4,176 million in profit before income taxes, ¥707 million in depreciation and ¥426 million in increase in trade payables, compared with cash outflows of ¥1,005 million in income taxes paid, ¥1,065 million in decrease in inventories and ¥523 million in share of profit of entities accounted for using equity method.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,404 million, compared with ¥15 million used in investing activities in the previous fiscal year. This net cash outflow mainly reflected cash outflows of ¥1,243 million in purchase of property, plant and equipment, compared with a cash inflow of ¥29 million in proceeds from sale of property, plant and equipment.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥765 million, compared with ¥2,866 million used in financing activities in the previous fiscal year. This net cash outflow mainly reflected a cash outflow of ¥874 million in repayments of long-term borrowings and ¥369 million in dividends paid, compared with cash inflows of ¥530 million in net increase of short-term borrowings and ¥135 million in proceeds from long-term borrowings.

### (4) Future Outlook

Regarding the future outlook, despite signs of economic recovery as restrictions on economic activities due to the COVID-19 pandemic were gradually eased, future economic trends are likely to remain uncertain due to various circumstances in Japan and overseas.

In the Group's business environment, the concept of a circular economy has begun to permeate the supply chain as a whole amid the global trend toward decarbonization, and we believe that demand for recycled raw materials will further increase going forward.

Amid this environment, the Group has defined our business concept as the "Realization of concrete cases of the circular economy," and the vision for the organization we will build as "A disciplined group of autonomous individuals with emergent abilities," and we will challenge ourselves to resolve issues toward realizing a "Decarbonized society," "Circular economy society" and "Distributed society" by viewing it as a business opportunity, based on our mission statement "Contribute to create a sustainable society". In addition, in order to support future growth from the ground up, we will raise the level of sharing of our corporate philosophy, and further strengthen our internal systems, including environmental improvements, safety management, and active investment in human capital. Through these initiatives, we will continue to strive for sustained growth and enhanced corporate value based on the sustainability strategy in our five-year plan.

The financial results forecasts for the next fiscal year are based on the assumption of ferrous scrap price of ¥45,000 per ton, copper price of ¥1,050,000 per ton, and an average yen exchange rate of ¥125 to the U.S. dollar, with net sales of ¥55,000 million (down 4.0% year on year), operating profit of ¥2,500 million (down 25.2% year on year), ordinary profit of ¥2,900 million (down 30.4% year on year), and profit attributable to owners of

parent of ¥2,030 million (down 34.7% year on year).

\* The financial results forecasts are based on information available to the Company as of the release of this document and certain assumptions judged to be valid, and actual results may differ significantly due to various factors. Should the need arise to revise the financial results, revisions will be disclosed promptly.

(5) Significant Events regarding Going Concern Assumption

There is no relevant information.

2. Basic Stance Concerning Choice of Accounting Standards

The Group has adopted Japanese GAAP in consideration of the comparability of its consolidated financial statements with domestic industry peers.

Please note that application of IFRS (International Financial Reporting Standards) will be considered, based on various circumstances in Japan and overseas.



### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Thousand yen)

	As of June 30,2021	As of June 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	7,259,898	9,057,899
Notes and accounts receivable - trade	4,231,391	-
Notes receivable - trade	-	132,761
Accounts receivable - trade	-	4,399,534
Merchandise and finished goods	4,990,470	3,765,517
Work in process	21,037	18,477
Raw materials and supplies	437,067	618,601
Other	644,643	544,973
Allowance for doubtful accounts	(83,829)	(89,446)
Total current assets	17,500,678	18,448,319
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,537,521	4,686,467
Accumulated depreciation	(2,727,161)	(2,920,156)
Buildings and structures, net	1,810,360	1,766,310
Machinery, equipment and vehicles	9,139,250	9,555,475
Accumulated depreciation	(7,571,635)	(7,927,443)
Machinery, equipment and vehicles, net	1,567,615	1,628,031
Land	2,513,070	2,689,312
Construction in progress	170,109	1,006,309
Other	441,636	472,084
Accumulated depreciation	(383,589)	(400,787)
Other, net	58,047	71,297
Total property, plant and equipment	6,119,202	7,161,261
Intangible assets		
Goodwill	-	29,936
Other	66,095	66,596
Total intangible assets	66,095	96,533
Investments and other assets		
Investment securities	2,274,099	2,683,383
Investments in capital	9,430	9,441
Deferred tax assets	464,822	451,356
Other	681,780	570,247
Allowance for doubtful accounts	(567,423)	(457,172)
Total investments and other assets	2,862,709	3,257,256
Total non-current assets	9,048,007	10,515,051
<b>Total assets</b>	<b>26,548,686</b>	<b>28,963,371</b>

(Thousand yen)

	As of June 30,2021	As of June 30,2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,163,255	1,743,827
Short-term borrowings	4,810,000	5,340,000
Current portion of long-term borrowings	687,773	828,555
Lease liabilities	76,987	87,805
Income taxes payable	556,206	604,885
Provision for bonuses	65,631	75,121
Other	1,405,164	1,287,818
<b>Total current liabilities</b>	<b>9,765,018</b>	<b>9,968,013</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,466,423	1,766,057
Lease liabilities	223,069	208,347
Deferred tax liabilities for land revaluation	64,282	64,282
Retirement benefit liability	389,489	427,031
Asset retirement obligations	169,070	172,756
Other	137,827	137,570
<b>Total non-current liabilities</b>	<b>3,450,162</b>	<b>2,776,045</b>
<b>Total liabilities</b>	<b>13,215,180</b>	<b>12,744,059</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,524,830	1,524,830
Capital surplus	1,957,981	1,964,621
Retained earnings	9,653,565	12,395,449
Treasury shares	(188,806)	(145,964)
<b>Total shareholders' equity</b>	<b>12,947,571</b>	<b>15,738,937</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,999	(1,077)
Revaluation reserve for land	8,633	8,633
Foreign currency translation adjustment	(1,568)	62,283
<b>Total accumulated other comprehensive income</b>	<b>12,064</b>	<b>69,840</b>
Share acquisition rights	326,584	326,584
Non-controlling interests	47,284	83,950
<b>Total net assets</b>	<b>13,333,505</b>	<b>16,219,312</b>
<b>Total liabilities and net assets</b>	<b>26,548,686</b>	<b>28,963,371</b>

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
Net sales	40,933,769	57,319,245
Cost of sales	32,568,921	46,691,171
Gross profit	8,364,847	10,628,074
Selling, general and administrative expenses	6,234,352	7,284,921
Operating profit	2,130,495	3,343,152
Non-operating income		
Interest income	1,985	2,556
Dividend income	19,703	1,129
Foreign exchange gains	-	317,369
Share of profit of entities accounted for using equity method	380,440	523,305
Rental income	28,887	27,828
Outsourcing service income	8,761	10,092
Other	46,097	51,824
Total non-operating income	485,874	934,106
Non-operating expenses		
Interest expenses	36,736	26,811
Foreign exchange losses	50,367	-
Provision of allowance for doubtful accounts	-	64,087
Commission expenses	3,680	6,043
Depreciation	6,920	4,228
Other	10,212	9,524
Total non-operating expenses	107,917	110,695
Ordinary profit	2,508,452	4,166,564
Extraordinary income		
Gain on sale of non-current assets	20,787	17,475
Gain on sale of investment securities	372,702	-
Reversal of allowance for doubtful accounts	-	8,188
Insurance claim income	29,632	30,400
Compensation income	4,605	6,527
Total extraordinary income	427,727	62,591
Extraordinary losses		
Loss on sale of non-current assets	1,990	265
Loss on retirement of non-current assets	14,376	18,369
Impairment losses	437,793	-
Provision of allowance for doubtful accounts	319,685	-
Compensation expenses	-	30,000
Loss on business restructuring	49,900	-
Loss on disaster	5,356	-
Loss on valuation of investment securities	5,080	4,276
Total extraordinary losses	834,184	52,911
Profit before income taxes	2,101,995	4,176,244
Income taxes - current	826,427	1,012,634
Income taxes - deferred	(231,607)	15,931
Total income taxes	594,819	1,028,566
Profit	1,507,176	3,147,678
Profit attributable to non-controlling interests	15,509	36,665
Profit attributable to owners of parent	1,491,667	3,111,012

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
Profit	1,507,176	3,147,678
Other comprehensive income		
Valuation difference on available-for-sale securities	(80,461)	(6,076)
Foreign currency translation adjustment	15,251	63,851
Total other comprehensive income	(65,209)	57,775
Comprehensive income	1,441,967	3,205,453
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,426,457	3,168,787
Comprehensive income attributable to non-controlling interests	15,509	36,665

## (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended June 30, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,524,830	1,961,456	8,309,117	(217,853)	11,577,550
Changes during period					
Dividends of surplus			(147,219)		(147,219)
Profit attributable to owners of parent			1,491,667		1,491,667
Purchase of treasury shares				(26)	(26)
Disposal of treasury shares		(3,474)		29,073	25,598
Net changes in items other than shareholders' equity					
Total changes during period	-	(3,474)	1,344,448	29,047	1,370,020
Balance at end of period	1,524,830	1,957,981	9,653,565	(188,806)	12,947,571

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	85,460	8,633	(16,819)	77,274	326,064	31,775	12,012,664
Changes during period							
Dividends of surplus							(147,219)
Profit attributable to owners of parent							1,491,667
Purchase of treasury shares							(26)
Disposal of treasury shares							25,598
Net changes in items other than shareholders' equity	(80,461)	-	15,251	(65,209)	519	15,509	(49,180)
Total changes during period	(80,461)	-	15,251	(65,209)	519	15,509	1,320,840
Balance at end of period	4,999	8,633	(1,568)	12,064	326,584	47,284	13,333,505

For the fiscal year ended June 30, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,524,830	1,957,981	9,653,565	(188,806)	12,947,571
Changes during period					
Dividends of surplus			(369,128)		(369,128)
Profit attributable to owners of parent			3,111,012		3,111,012
Purchase of treasury shares					-
Disposal of treasury shares		6,639		42,842	49,482
Net changes in items other than shareholders' equity					
Total changes during period	-	6,639	2,741,884	42,842	2,791,366
Balance at end of period	1,524,830	1,964,621	12,395,449	(145,964)	15,738,937

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	4,999	8,633	(1,568)	12,064	326,584	47,284	13,333,505
Changes during period							
Dividends of surplus							(369,128)
Profit attributable to owners of parent							3,111,012
Purchase of treasury shares							-
Disposal of treasury shares							49,482
Net changes in items other than shareholders' equity	(6,076)	-	63,851	57,775	-	36,665	94,440
Total changes during period	(6,076)	-	63,851	57,775	-	36,665	2,885,807
Balance at end of period	(1,077)	8,633	62,283	69,840	326,584	83,950	16,219,312

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	2,101,995	4,176,244
Depreciation	736,393	707,728
Impairment losses	437,793	-
Amortization of goodwill	9,686	2,138
Increase (decrease) in allowance for doubtful accounts	362,149	68,977
Increase (decrease) in retirement benefit liability	32,862	37,137
Interest and dividend income	(21,688)	(3,686)
Interest expenses	36,736	26,811
Foreign exchange losses (gains)	(17,936)	(160,212)
Share of loss (profit) of entities accounted for using equity method	(380,440)	(523,305)
Loss on disposal of non current assets	1,990	265
Loss on retirement of non-current assets	14,376	18,369
Gain on sale of non-current assets	(20,787)	(17,475)
Decrease (increase) in trade receivables	(1,885,858)	(287,596)
Decrease (increase) in inventories	(2,473,392)	1,065,895
Increase (decrease) in trade payables	1,273,965	(426,694)
Decrease (increase) in advance payments to suppliers	294,708	(24,845)
Loss (gain) on sale of investment securities	(372,702)	-
Increase (decrease) in provision for bonuses	8,303	8,323
Loss (gain) on valuation of investment securities	5,080	4,276
Compensation expenses	-	(30,000)
Compensation income	(4,605)	(6,527)
Insurance claim income	(29,632)	(30,400)
Loss on business restructuring	49,900	-
Loss on disaster	5,356	-
Other, net	43,784	167,925
Subtotal	208,038	4,773,351
Interest and dividends received	77,871	115,125
Interest paid	(37,375)	(26,831)
Compensation payments	-	(30,000)
Income taxes paid	(543,821)	(1,005,652)
Proceeds from compensation	31,453	16,988
Proceeds from insurance income	29,632	30,400
Payments for business restructuring	(1,313)	-
Payments associated with disaster loss	(16,753)	-
Net cash provided by (used in) operating activities	(252,267)	3,873,381

(Thousand yen)

	For the fiscal year ended June 30,2021	For the fiscal year ended June 30,2022
<b>Cash flows from investing activities</b>		
Payments into time deposits	(142,690)	(144,449)
Proceeds from withdrawal of time deposits	141,455	142,690
Purchase of property, plant and equipment	(604,927)	(1,388,502)
Proceeds from sale of property, plant and equipment	64,045	29,935
Purchase of intangible assets	(12,056)	(11,067)
Proceeds from sale of investment securities	577,902	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(40,744)
Other, net	(39,249)	8,069
Net cash provided by (used in) investing activities	(15,520)	(1,404,069)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,270,000	530,000
Proceeds from long-term borrowings	333,324	135,000
Repayments of long-term borrowings	(4,250,901)	(874,084)
Repayments of finance lease liabilities	(71,895)	(187,101)
Dividends paid	(147,219)	(369,128)
Purchase of treasury shares	(26)	-
Net cash provided by (used in) financing activities	(2,866,717)	(765,314)
Effect of exchange rate change on cash and cash equivalents	9,221	92,245
Net increase (decrease) in cash and cash equivalents	(3,125,284)	1,796,242
Cash and cash equivalents at beginning of period	10,242,492	7,117,207
Cash and cash equivalents at end of period	7,117,207	8,913,450



## (5) Notes to the Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Changes in Accounting Policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. from the beginning of the fiscal year under review, and thereby revenue is recognized when the control of promised goods or services is transferred to a customer at an amount to which the Company expects to be entitled in exchange for transferring the goods or services to the customer.

The application of the Revenue Recognition Accounting Standard, etc., follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retrospectively applying the new accounting policy to the periods prior to the beginning of the fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the beginning balance. However, the application has no impact on the beginning balance.

As a result, net sales for the fiscal year under review decreased by ¥2,706,505 thousand, and cost of sales decreased by ¥2,706,505 thousand. Due to the application of the Revenue Recognition Accounting Standard, etc., "notes and accounts receivable – trade," which were presented under "current assets" in the consolidated balance sheets for the previous fiscal year, has been presented as "notes receivable - trade" and "accounts receivable – trade" from the fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year under review, and thereby the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. has been applied prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard, etc. has no impact on the quarterly consolidated financial statements.

### (Additional Information)

(Application of the practical solution on the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

With regard to the transition to the group tax sharing system, which was instituted by the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 8 of 2020), and the items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system, in accordance with Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force No. 39, March 31, 2020), the Company and some of its domestic consolidated subsidiaries have applied the provisions of the pre-amendment tax law to deferred tax assets and liabilities, instead of the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018).

The Company plans to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021), which provides for accounting treatment and disclosure of corporate tax, local corporate tax, and tax effect accounting when applying the group tax sharing system, from the beginning of the next fiscal year.

(Segment Information)

(Segment information)

1. Description of reportable segments

(1) Method of determining segments

Reportable segments of the Group are determined as segments whose separate financial information is accessible from among the constituent units of the Group and are regularly considered by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Group's businesses include the Resource Circulation Business, Global Trading Business, Lithium-ion Battery Recycling Business, Environment Management Consulting Business, Welfare Service Business for People with Disabilities, and others. Each business unit formulates its own comprehensive strategies and develops its business activities.

Therefore, the Group consists of segments based on products and services and has three reportable segments: Resource Circulation Business, Global Trading Business, and Lithium-ion Battery Recycling Business.

(2) Type of products and services belonging to each reportable segment

The Resource Circulation Business mainly handles metal scrap and industrial waste (including some domestic waste; hereinafter referred to as "waste") that are discharged from factories and demolished properties, etc. The Company collects and transports these waste materials to intermediate processing factories, where it cuts/fuses, manually dismantles, shreds/sorts, compresses/molds the waste, and produces ferrous scrap, nonferrous metals (copper, aluminum, stainless steel, etc.), plastic, and rubber, which are then sold both domestically and overseas, including at bases for the Global Trading Business.

The Global Trading Business collects recycled resources produced by the Group, as well as recycled resources and used cars, etc. purchased from domestic industry peers at our collection bases throughout Japan, which are then sold both domestically and overseas. It also imports and is engaged in trilateral trade of recycled resources, wood biomass fuel, and used cars, etc. In addition, it provides logistics services for importers and exporters. The Global Trading Business operates overseas bases in the form of local subsidiaries in the UAE and Chile for the sale of used cars, etc., and representative offices in Vietnam and the U.K. for the sale of metal scrap, etc.

The Lithium-ion Battery Recycling Business mainly handles process waste and used batteries discharged from battery factories, etc., which it dries, shreds, and sorts to produce minor metal concentrated sand containing cobalt and nickel, which is then sold.

2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method used for reporting business segments is generally the same as stated in "Important Matters That Form the Basis for Preparing Consolidated Financial Statements." Reporting segment profit figures are based on ordinary profit. Inter-segment revenues and transfers are mainly based on market prices.

As presented in Changes in Accounting Policies, the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the fiscal year under review, and changed the accounting treatment of revenue recognition. Accordingly, the calculation method of profit (loss) in the reportable segments has been changed in the same manner. As a result of this change, compared with the previous method, net sales of Global Trading Business for the fiscal year under review decreased by ¥2,706,505 thousand.

### 3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended June 30, 2021

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium-ion Battery Recycling	Total				
Net sales								
Net sales to outside customers	9,541,082	30,857,002	208,449	40,606,533	327,235	40,933,769	—	40,933,769
Inter-segment sales or transfers	4,675,473	176,131	148,180	4,999,785	27,137	5,026,922	(5,026,922)	—
<b>Total</b>	<b>14,216,555</b>	<b>31,033,133</b>	<b>356,629</b>	<b>45,606,319</b>	<b>354,372</b>	<b>45,960,692</b>	<b>(5,026,922)</b>	<b>40,933,769</b>
Segment profit	2,080,011	711,538	(80,021)	2,711,528	84,333	2,795,861	(287,408)	2,508,452
Segment assets	13,057,948	9,909,382	292,555	23,259,886	253,282	23,513,168	3,035,517	26,548,686
Other items								
Depreciation	589,747	76,003	55,480	721,231	4,642	725,874	10,518	736,393
Amortization of goodwill	9,686	—	—	9,686	—	9,686	—	9,686
Interest income	85	1,482	0	1,569	1	1,570	414	1,985
Interest expenses	11,503	10,728	2,214	24,446	308	24,754	11,981	36,736
Share of profit of entities accounted for using equity method	380,440	—	—	380,440	—	380,440	—	380,440
Investment in entities accounted for using equity method	2,184,709	—	—	2,184,709	—	2,184,709	—	2,184,709
Increase in property, plant and equipment and intangible assets	424,093	164,876	16,055	605,025	904	605,930	1,636	607,566

(Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for People with Disabilities.

2. Figures are adjusted as follows:

- (1) The adjustment for segment profit of negative ¥287,408 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.
- (2) The adjustment for segment assets of ¥3,035,517 thousand mainly includes corporate assets not allocated to each reportable segment.
- (3) The adjustments for depreciation of ¥10,518 thousand, interest income of ¥414 thousand, interest expenses of ¥11,981 thousand, as well as increase in property, plant and equipment and intangible assets of ¥1,636 thousand are associated with company assets not allocated to each reportable segment.

3. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

For the fiscal year ended June 30, 2022

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Resource Circulation	Global Trading	Lithium-ion Battery Recycling	Total				
Net sales								
Ferrous scrap	4,632,577	31,941,986	—	36,574,564	—	36,574,564	—	36,574,564
Nonferrous scrap	3,441,024	3,352,332	—	6,793,357	—	6,793,357	—	6,793,357
Rubber products	2,012,509	—	—	2,012,509	—	2,012,509	—	2,012,509
Used car	—	6,328,226	—	6,328,226	—	6,328,226	—	6,328,226
Related LIB	—	—	996,846	996,846	—	996,846	—	996,846
Others	3,428,643	760,903	—	4,189,546	424,195	4,613,742	—	4,613,742
Revenue from contracts with customers	13,514,755	42,383,448	996,846	56,895,050	424,195	57,319,245	—	57,319,245
Net sales to outside customers	13,514,755	42,383,448	996,846	56,895,050	424,195	57,319,245	—	57,319,245
Inter-segment sales or transfers	6,882,257	606,455	350,402	7,839,115	18,839	7,857,955	(7,857,955)	—
Total	20,397,013	42,989,903	1,347,248	64,734,165	443,035	65,177,201	(7,857,955)	57,319,245
Segment profit	2,752,197	1,147,213	478,636	4,378,047	120,954	4,499,001	(332,437)	4,166,564
Segment assets	14,561,982	9,706,314	885,170	25,153,466	358,234	25,511,701	3,451,670	28,963,371
Other items								
Depreciation	609,296	76,013	2,368	687,678	4,751	692,430	15,297	707,728
Amortization of goodwill	2,138	—	—	2,138	—	2,138	—	2,138
Interest income	17	2,135	1	2,154	1	2,155	401	2,556
Interest expenses	9,567	14,813	208	24,589	182	24,771	2,039	26,811
Share of profit of entities accounted for using equity method	523,305	—	—	523,305	—	523,305	—	523,305
Investment in entities accounted for using equity method	2,596,571	—	—	2,596,571	—	2,596,571	—	2,596,571
Increase in property, plant and equipment and intangible assets	1,517,129	50,614	113,573	1,681,317	3,939	1,685,257	21,542	1,706,800

- (Notes) 1. The “Others” business segment, which is not included in the reportable segments, includes the Environment Management Consulting Business and the Welfare Service Business for People with Disabilities.  
2. Figures are adjusted as follows:

- (1) The adjustment for segment profit of negative ¥332,437 thousand is corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general and administrative expenses that are not attributed to each reportable segment.
  - (2) The adjustment for segment assets of ¥3,451,670 thousand mainly includes corporate assets not allocated to each reportable segment.
  - (3) The adjustments for depreciation of ¥15,297 thousand, interest income of ¥401 thousand, interest expenses of ¥2,039 thousand, as well as increase in property, plant and equipment and intangible assets of ¥21,542 thousand are associated with company assets not allocated to each reportable segment.
3. Segment profit is adjusted with ordinary profit in the consolidated statements of income.

#### 4. Information about impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

There is no relevant information.

(Significant changes in the amount of goodwill)

A significant change in the amount of goodwill occurred in the Resource Circulation Business during the fiscal year under review due to the acquisition of all the shares of Fujimi BMS Co., Ltd. by ECONECOL Inc., and the inclusion of Fujimi BMS Co., Ltd. in the scope of consolidation. The amount of the increase in goodwill resulting from this event in the Resource Circulation Business during the fiscal year under review was ¥29,936 thousand.

(Significant gain on bargain purchase)

There is no relevant information.

(Per Share Information)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Net assets per share	¥438.86	¥533.00
Basic earnings per share	¥50.57	¥105.20
Diluted earnings per share	¥48.42	¥100.72

(Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

Item	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2021 <sup>2</sup>
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,491,667	3,111,012
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,491,667	3,111,012
Average number of shares of common shares outstanding during each fiscal year (Shares)	29,495,462	29,571,348
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Thousand yen)	—	—
Increase in number of shares of common shares (Shares)	1,309,925	1,317,637
(Share acquisition rights included in the above (Shares))	(1,309,925)	(1,317,637)
Overview of dilutive shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Note) The Company conducted a 2-for-1 stock split of shares of common stock on April 20, 2022; however, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. The basis for calculating net assets per share is as follows.

Item	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Total amount of net assets (Thousand yen)	13,333,505	16,219,312
Amount deducted from total amount of net assets (Thousand yen)	373,868	410,534
(Share acquisition rights included in the above (Shares))	(326,584)	(326,584)
(Non-controlling interests included in the above (Shares))	(47,284)	(83,950)
Net assets at end of the period relating to common shares (Thousand yen)	12,959,636	15,808,778
Number of common shares at end of the period used to calculate net assets per share (Shares)	29,530,272	29,660,106

(Significant Subsequent Events)

There is no relevant information.