

# Financial Results Briefing Materials for the Fiscal Year Ended June 30, 2022

Envipro Holdings Inc.  
(TSE Code : 5698)

August 10, 2022

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## Consolidated Financial Results

Net sales	¥57,319 million	(Up 40.0%	YoY)
Operating profit	¥3,343 million	(Up 56.9%	YoY)
Ordinary profit	¥4,166 million	(Up 66.1%	YoY)
Profit before income taxes	¥4,176 million	(Up 98.7%	YoY)
Profit*	¥3,111 million	(Up 108.6%	YoY)

## Prerequisite

	Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
Actual	¥55,520/ t	¥1,181/kg	¥6,956/g	¥90,329/kg	¥3,033/kg	¥8,382/kg	¥117/US\$
Initial forecast	¥50,000/ t	¥1,000/kg	¥6,000/g	¥85,000/kg	¥1,800/kg	¥4,650/kg	¥105/US\$

## Main Topics

- Although economic activities have been recovering from COVID-19 pandemic, reduction in production is continuing due to soaring ocean freight rates and the shortage of semiconductors, etc.
- The supply and demand of metal scrap in Japan and overseas remained unstable amid the everchanging situation overseas.
- In relation to the movement toward a decarbonized society, the evaluation of use of recycled resource improved due to its effectiveness in reducing CO<sub>2</sub> emissions.
- In the Lithium-ion Battery Recycling Business, in addition to rising prices of cobalt and increase in purchase amount from leading battery manufacturers, etc., progress was made in the development of collection, production, analysis, and sales systems.
- New plant construction has progressed.(Fuji City, Shizuoka, Scheduled completion: September 2022, Total investment: Approx. ¥1.8 billion)

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

# Summary of Consolidated Statements of Income - FY 2022



(¥ million)

	June/2021	June/2022			June/2022		
	Actual	Actual	YoY		Forecast announced on May 13, 2022	Compared with forecast announced on May 13, 2022	
			Increase/Decrease	Ratio		Increase/Decrease	Ratio
Handling volume (t)	693	<b>706</b>	13	1.9%	-	-	-
Net sales	40,933	<b>57,319</b>	16,385	40.0%	57,000	319	0.6%
Gross profit	8,364	<b>10,628</b>	2,263	27.1%	-	-	-
Operating profit	2,130	<b>3,343</b>	1,212	56.9%	3,310	33	1.0%
Ordinary profit	2,508	<b>4,166</b>	1,658	66.1%	4,000	166	4.2%
Profit before income taxes	2,101	<b>4,176</b>	2,074	98.7%	-	-	-
Profit*	1,491	<b>3,111</b>	1,619	108.6%	2,870	241	8.4%
Marginal profit*	8,023	<b>9,968</b>	1,945	24.2%	-	-	-
EBITDA*	2,868	<b>4,042</b>	1,174	40.9%	-	-	-
Fixed costs*	5,895	<b>6,325</b>	430	7.3%	-	-	-
ROE	12.1%	<b>21.6%</b>	9.5%	78.5%	-	-	-

\*Profit: Profit attributable to owners of the parent

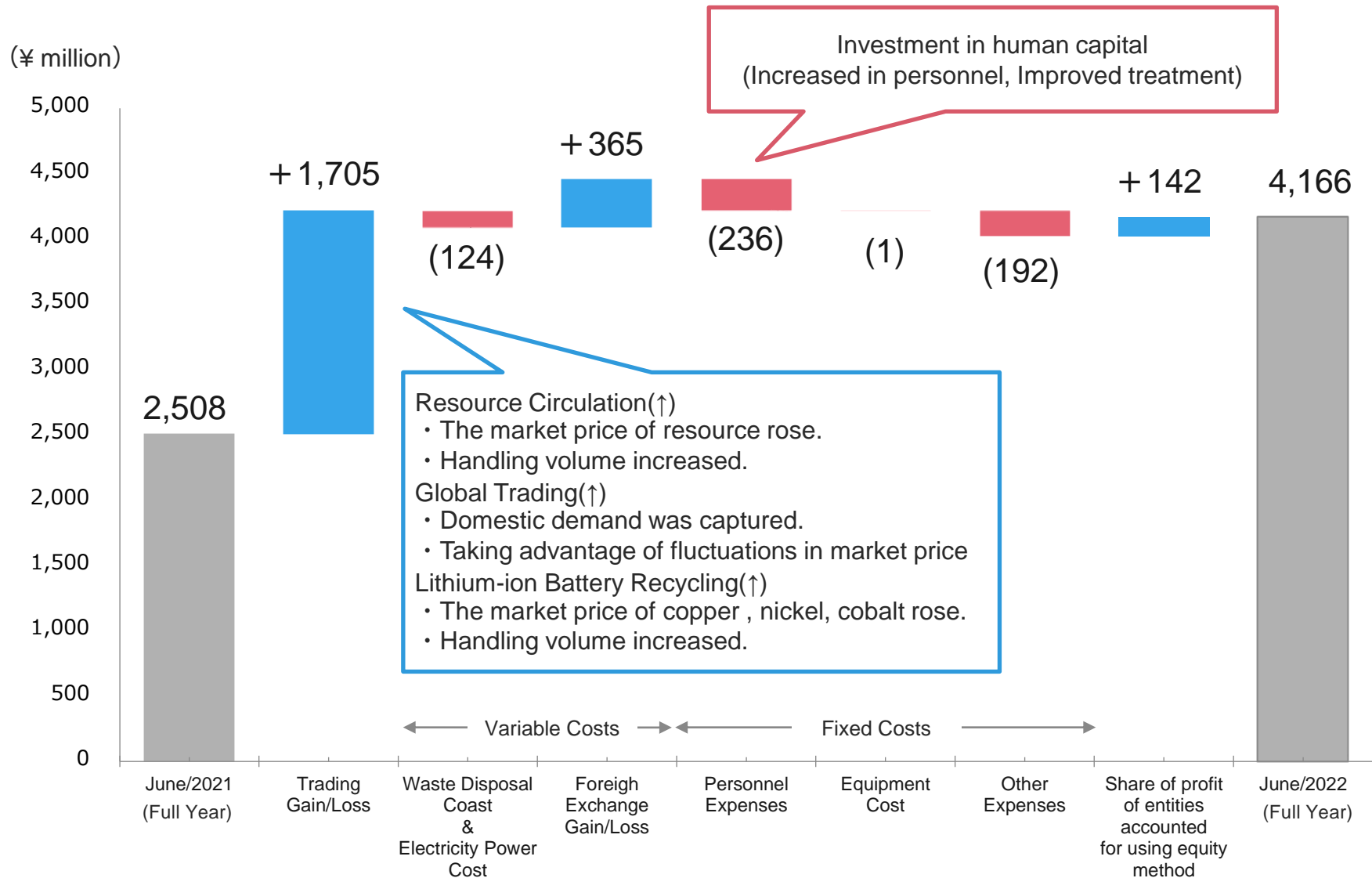
\*Marginal profit = Net sales - Variable costs

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

\*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] -

※ Fixed costs = [Foreign exchange gains · non-operating income except equity method profit]

# Analysis of Difference in Consolidated Ordinary Profit (YoY)



# Summary of Business Results by Segment



(¥ million)

Net sales	June/2021	June/2022			
	Actual	Actual	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	40,933	<b>57,319</b>	16,385	40.0%	100.0%
Resource Circulation Business	14,216	<b>20,397</b>	6,180	43.5%	31.3%
Global Trading Business	31,033	<b>42,989</b>	11,956	38.5%	65.9%
Lithium-ion Battery Recycling Business	356	<b>1,347</b>	990	277.8%	2.1%
Others	354	<b>443</b>	88	25.0%	0.7%
Adjustment	(5,026)	<b>(7,857)</b>	(2,831)	-	-

Segment profit	June/2021	June/2022			
	Actual	Actual	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	2,508	<b>4,166</b>	1,658	66.1%	100.0%
Resource Circulation Business	2,080	<b>2,752</b>	672	32.3%	61.2%
Global Trading Business	711	<b>1,147</b>	435	61.2%	25.5%
Lithium-ion Battery Recycling Business	(80)	<b>478</b>	558	-	10.6%
Others	84	<b>120</b>	36	43.4%	2.7%
Adjustment	(287)	<b>(332)</b>	(45)	-	-

# Summary of Business Results by Segment



(¥ million)

		June/2021	June/2022			
		Actual	Actual	YoY		Composition Ratio
				Increase/Decrease	Ratio	
<b>Resource Circulation Business</b>	Net sales	14,216	<b>20,397</b>	6,180	43.5%	31.3%
	Segment profit	2,080	<b>2,752</b>	672	32.3%	61.2%
<b>Global Trading Business</b>	Net sales	31,033	<b>42,989</b>	11,956	38.5%	65.9%
	Segment profit	711	<b>1,147</b>	435	61.2%	25.5%

- The average market prices of the ferrous scrap and nonferrous metals increased above the previous fiscal year.
- The profitability of resource recycling increased against the backdrop of physical sorting technology.
- The handling volume of ferrous scrap discharged from large-scale demolished properties increased.
- New plant construction has progressed.(Fuji City, Shizuoka, Scheduled completion: September 2022, Total investment: Approx. ¥1.8 billion)

- The supply and demand of metal scrap in Japan and overseas remained unstable amid the everchanging situation overseas.
- Continue to soaring ocean freight rates due to difficulties in booking freighters owing to shortage of shipping containers, etc.
- Although the handling volume decreased, revenue was secured by capturing domestic demand and taking advantage of price fluctuations in sales.
- Increased in revenue due to foreign exchange gains owing to the weaker yen

# Summary of Business Results by Segment



(¥ million)

		June/2021	June/2022			
		Actual	Actual	YoY		Composition Ratio
				Increase/Decrease	Ratio	
<b>Lithium-ion Battery Recycling Business</b>	Net sales	<b>356</b>	<b>1,347</b>	990	277.8%	2.1%
	Segment profit	<b>(80)</b>	<b>478</b>	558	-	10.6%
<b>Others</b>	Net sales	<b>354</b>	<b>443</b>	88	25.0%	0.7%
	Segment profit	<b>84</b>	<b>120</b>	36	43.4%	2.7%

\*Black mass: Cobalt and nickel concentrate containing carbon

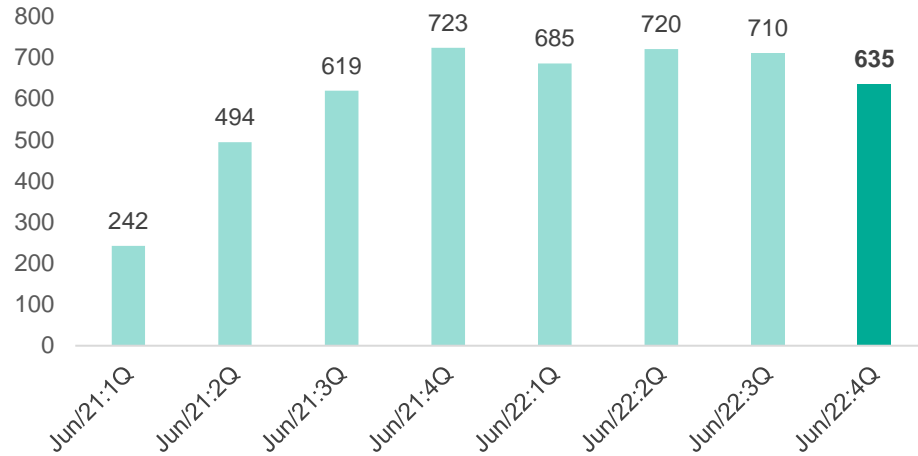


# Quarterly Ordinary Profit by Segment

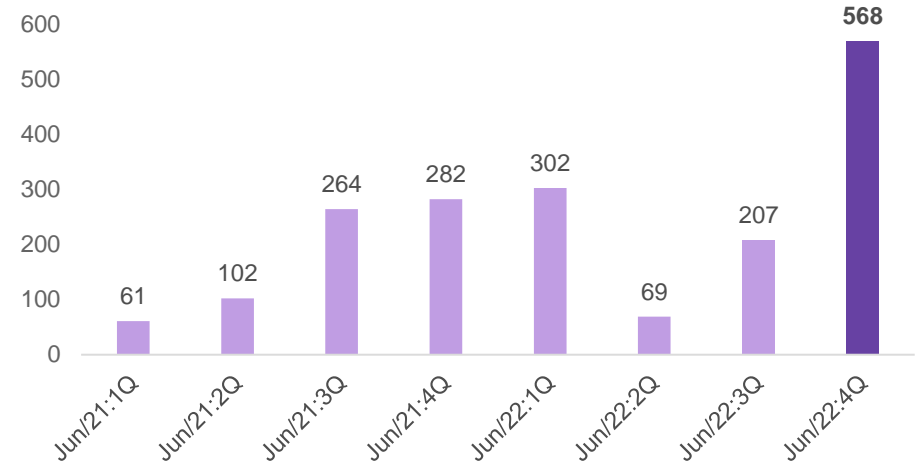


(¥ million)

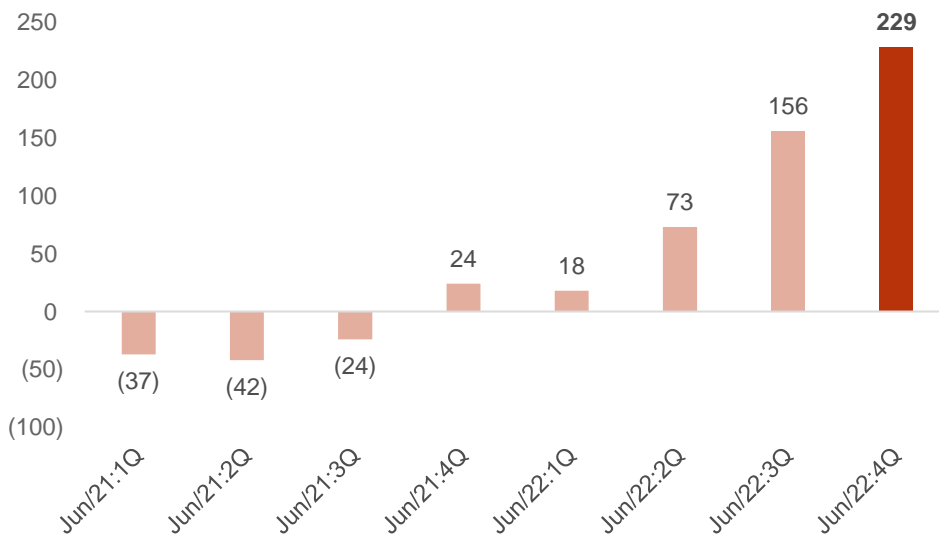
## Resource Circulation Business



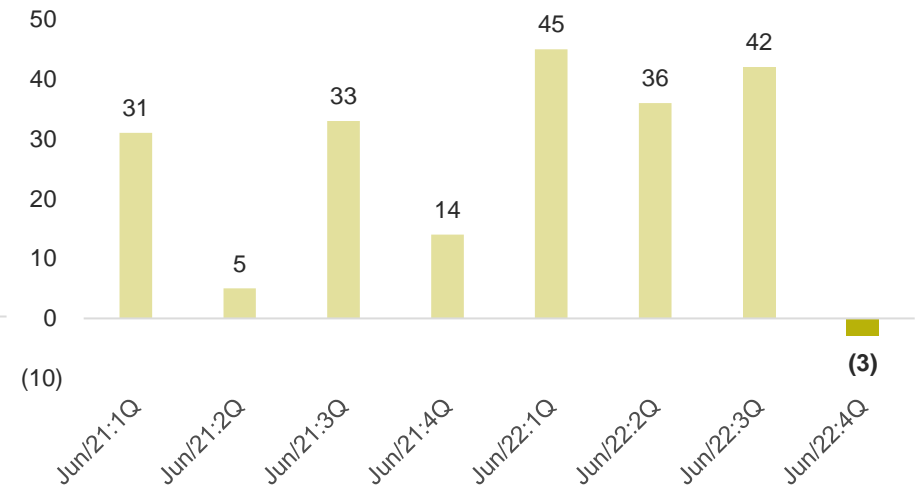
## Global Trading Business



## Lithium-ion Battery Recycling Business



## Others



# Summary of Consolidated Balance Sheets



(¥ million)

	As of June 30 2021	As of June 30 2022	Increase/ Decrease
Current assets	17,500	<b>18,448</b>	947
Non-current assets	9,048	<b>10,515</b>	1,467
(Property, plant and equipment)	6,119	<b>7,161</b>	1,042
(Intangible assets)	66	<b>96</b>	30
(Investments and other assets)	2,862	<b>3,257</b>	394
<b>Total assets</b>	<b>26,548</b>	<b>28,963</b>	<b>2,414</b>

	As of June 30 2021	As of June 30 2022	Increase/ Decrease
Current liabilities	9,765	<b>9,968</b>	202
Non-current liabilities	3,450	<b>2,776</b>	(674)
<b>Total liabilities</b>	<b>13,215</b>	<b>12,744</b>	<b>(471)</b>
Net assets	13,333	<b>16,219</b>	2,885
(Equity)	12,959	<b>15,808</b>	2,849
<b>Total liabilities and net assets</b>	<b>26,548</b>	<b>28,963</b>	<b>2,414</b>

## Main Topics(Change from June 30,2021)

- Current assets (Cash and deposits: ¥1,798 million, Notes and accounts receivable-trade: ¥300 million, Merchandise and finished goods: -¥1,224 million)
- Non-current assets (Investment securities: ¥409 million、 Construction in progress: ¥836 million、 Buildings and structures: -¥44 million)
- Current liabilities (Short-term borrowings: ¥530 million, Current portion of long-term borrowings ¥140 million, Notes and accounts payable-trade: -¥419 million)
- Non-current liabilities (Long-term borrowings: -¥700 million)
- Equity ratio 54.6% (48.8% as of June 30, 2021)

# Summary of Consolidated Statements of Cash Flows



(¥ million)

	June/2021	June/2022	Increase / Decrease
Cash flows from operating activities	(252)	<b>3,873</b>	4,125
Cash flows from investing activities	(15)	<b>(1,404)</b>	(1,388)
Cash flows from financing activities	(2,866)	<b>(765)</b>	2,101
Effect of exchange rate change on cash and cash equivalents	9	<b>92</b>	83
Net increase (decrease) in cash and cash equivalents	(3,125)	<b>1,796</b>	4,921
Cash and cash equivalents at beginning of period	10,242	<b>7,117</b>	(3,125)
Cash and cash equivalents at end of period	7,117	<b>8,913</b>	1,796

## Main Topics

- Cash flows from operating activities : (Inflows) ¥4,176 million in profit before income taxes  
¥1,065 million in decrease in inventories  
¥707 million in depreciation  
(Outflows) ¥1,005 million in income taxes paid  
¥523 million in share of profit of entities accounted for using equity method  
¥426 million in increase in trade payables
- Cash flows from investing activities : (Inflows) ¥29 million in proceeds from sales of property, plant and equipment  
(Outflows) ¥1,243 million in purchase of sales of property, plant and equipment
- Cash flows from financing activities : (Inflows) ¥530 million in net increase in short-term borrowings  
¥135 million in proceeds from long-term borrowings  
(Outflows) ¥874 million in repayments of long-term borrowings  
¥369 million in dividends paid

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# Forecast for the Consolidated Results - FY2023



## Forecast for the Consolidated Results

Net sales	¥55,000 million	(Down 4.0%	YoY)
Operating profit	¥2,500 million	(Down 25.2%	YoY)
Ordinary profit	¥2,900 million	(Down 30.4%	YoY)
Profit*	¥2,030 million	(Down 34.7%	YoY)

## Prerequisites

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
¥45,000/t	¥1,050/kg	¥7,000/g	¥85,000/kg	¥2,650/kg	¥7,000/kg	¥125/US\$

## Main Topics

- Resource prices and exchange rates are estimated based on the current market prices.
- Although future economic trends remain uncertain amid the trend toward decarbonization, demand for recycled raw materials will further increase going forward.
- Increase in collect and processing capacity 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 Battery Recycling Business.
- Further strengthen our internal systems, including widespread understanding of our corporate philosophy, environmental improvements, safety management, and active investment in human capital.

\*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 - FY2023



(¥ million)

	June/2022	June/2023		
	Actual	Forecast	YoY	
			Increase/ Decrease	Ratio
Handling volume(t)	706	<b>800</b>	93	13.2%
Net sales	57,319	<b>55,000</b>	(2,319)	(4.0%)
Gross profit	10,628	<b>10,180</b>	(448)	(4.2%)
Operating profit	3,343	<b>2,500</b>	(843)	(25.2%)
Ordinary profit	4,166	<b>2,900</b>	(1,266)	(30.4%)
Profit before income taxes	4,176	<b>2,855</b>	(1,321)	(31.6%)
Profit*	3,111	<b>2,030</b>	(1,081)	(34.7%)
Marginal profit*	9,968	<b>9,670</b>	(298)	(3.0%)
EBITDA*	4,042	<b>3,467</b>	(575)	(14.2%)
Fixed costs*	6,325	<b>7,138</b>	813	12.9%
ROE	21.6%	<b>12.3%</b>	(9.3%)	(43.0%)

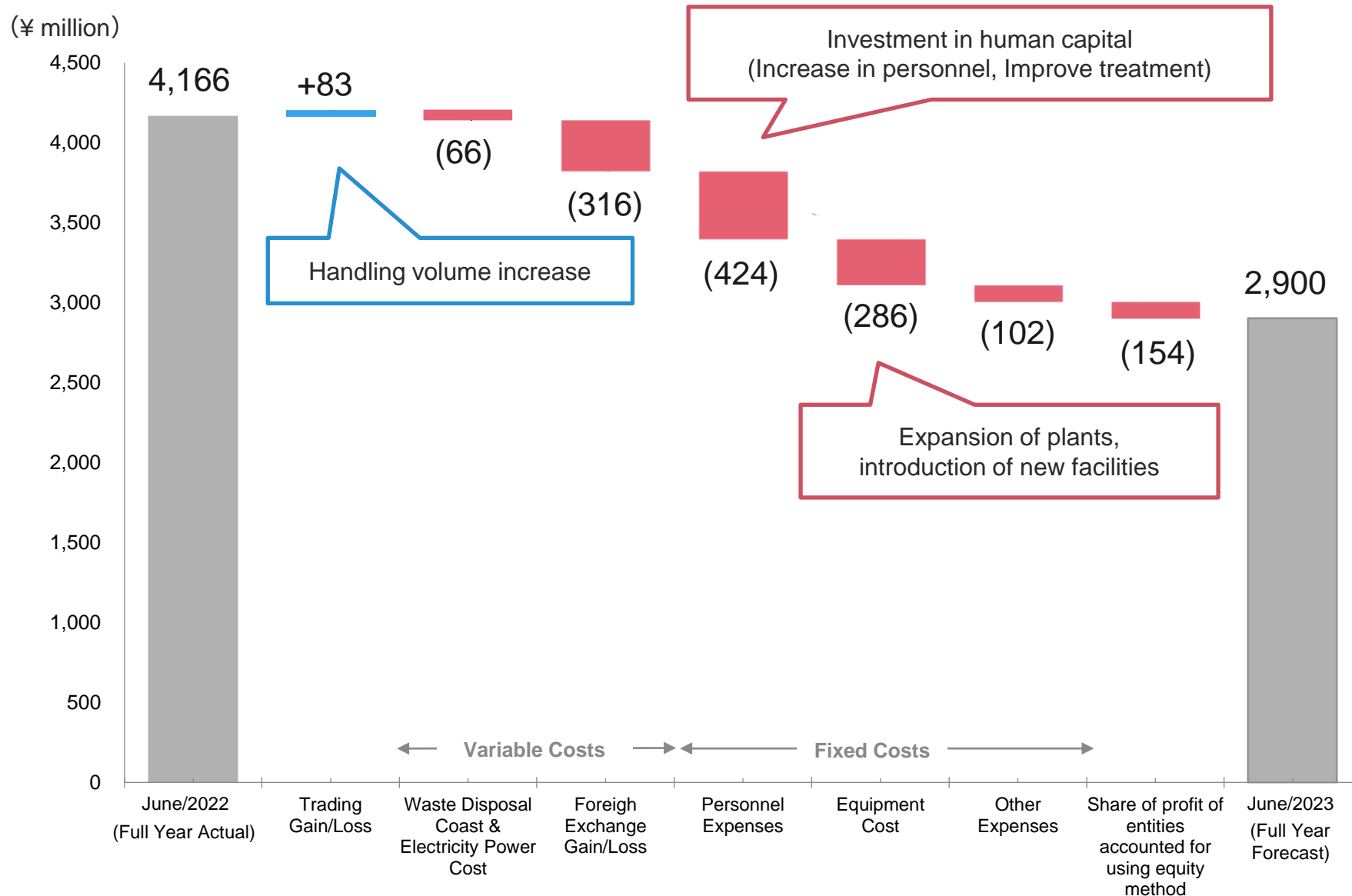
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\*Marginal profit = Net sales - Variable costs

\*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)



# Forecast for the Business Results by Segment - FY2023



(¥ million)

Net sales	June/2022	June/2023			
	Actual	Forecast	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	57,319	<b>55,000</b>	(2,319)	(4.0%)	100.0%
Resource Circulation Business	20,397	<b>19,550</b>	(847)	(4.2%)	31.2%
Global Trading Business	42,989	<b>41,300</b>	(1,689)	(3.9%)	65.9%
Lithium-ion Battery Recycling Business	1,347	<b>1,300</b>	(47)	(3.5%)	2.1%
Others	443	<b>488</b>	45	10.2%	0.8%
Adjustment	(7,857)	<b>(7,638)</b>	219	—	—

Segment profit	June/2022	June/2023			
	Actual	Forecast	YoY		Composition Ratio
			Increase/Decrease	Ratio	
Consolidated	4,166	<b>2,900</b>	(1,266)	(30.4%)	100.0%
Resource Circulation Business	2,752	<b>2,285</b>	(467)	(17.0%)	65.6%
Global Trading Business	1,147	<b>960</b>	(187)	(16.3%)	27.6%
Lithium-ion Battery Recycling Business	478	<b>128</b>	(350)	(73.3%)	3.7%
Others	120	<b>110</b>	(10)	(9.0%)	3.1%
Adjustment	(332)	<b>(583)</b>	(250)	—	—



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## 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 ¥5 per share, the Company shall strive to maintain a stable annual dividend of ¥5 per share.



\*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.

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# Segment : Net sales by material



## Resource Circulation Business

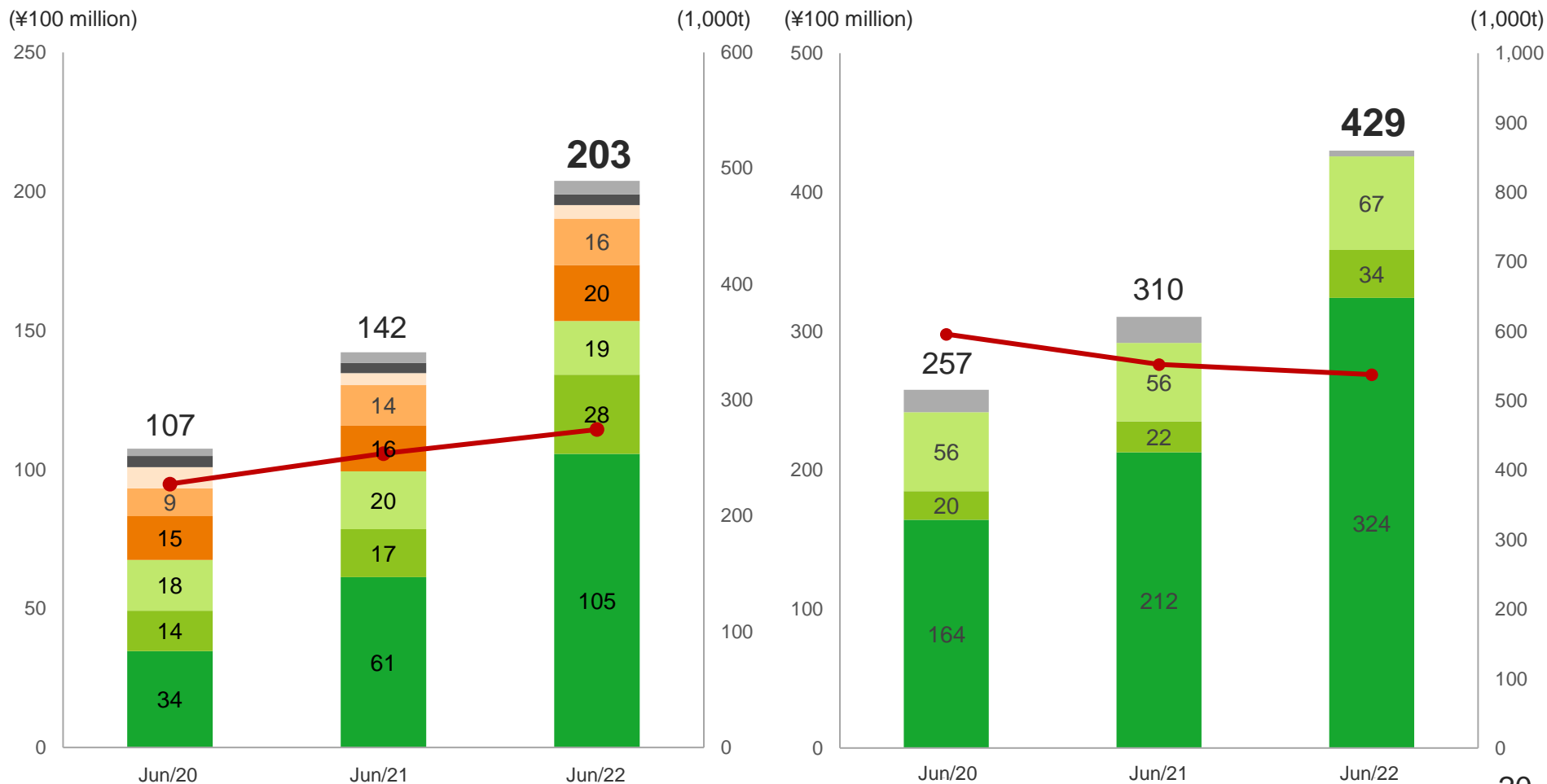
### Net sales and Total handling volume by material

- Ferrous scrap
- Waste disposal fee
- Gold and silver, etc.
- RPF, Waste paper, etc.
- Total handling volume
- Nonferrous metal scrap
- Rubber products
- Dismantling and cleaning, etc.
- Others

## Global Trading Business

### Net sales and Total handling volume by material

- Ferrous scrap
- Used-car-related
- Total handling volume
- Nonferrous metal scrap
- Others



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



## Handling volume by material

Item	(1,000t)		
	June/2021	June/2022	YoY Ratio
Ferrous scrap	578	<b>588</b>	1.9%
Nonferrous metal scrap	21	<b>17</b>	(16.4%)
Gold, silver & copper sediment sludge*	3	<b>3</b>	4.4%
Rubber products	10	<b>12</b>	26.2%
RPF, Waste paper, etc.	57	<b>56</b>	(1.1%)
Black mass, etc.*	0.6	<b>0.8</b>	49.0%
Others	20	<b>26</b>	34.8%
<b>Total</b>	<b>693</b>	<b>706</b>	<b>1.9%</b>

Item (Precious metals collected)	(kg)		
	June/2021	June/2022	YoY Ratio
Gold	71	<b>61</b>	(14.1%)
Silver	1,244	<b>1,071</b>	(13.9%)

## Net sales by area

Area	(¥100 million)			
	June/2021	June/2022	YoY Ratio	
East Asia	Japan	179	<b>296</b>	65.5%
	Korea	73	<b>118</b>	61.3%
	Taiwan	13	<b>14</b>	11.5%
	Others	8	<b>8</b>	1.6%
Southeast Asia	Vietnam	94	<b>97</b>	3.3%
	Others	22	<b>9</b>	(56.9%)
South Asia	India etc.	2	<b>6</b>	112.1%
West Asia	UAE etc.	5	<b>8</b>	67.7%
South America	Chile etc.	7	<b>9</b>	20.8%
Africa	Uganda etc.	2	<b>2</b>	(16.4%)
Others	—	0	<b>2</b>	—
<b>Total</b>	<b>409</b>	<b>573</b>	<b>40.0%</b>	

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

\*Black mass: Cobalt and nickel concentrate containing carbon

# Quarterly Business Results by Segment

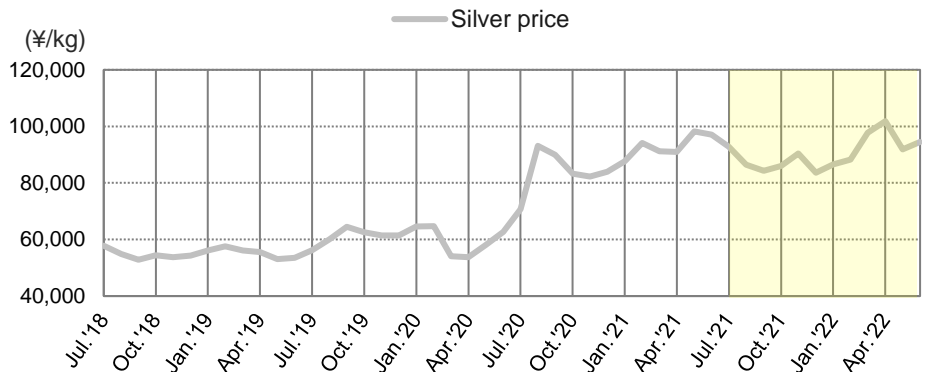
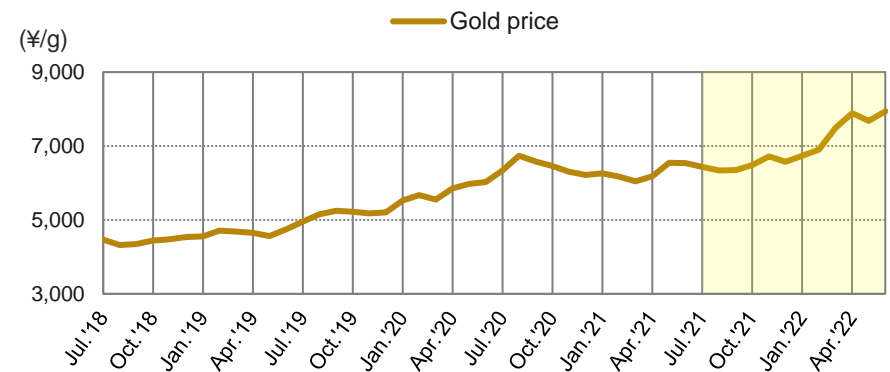
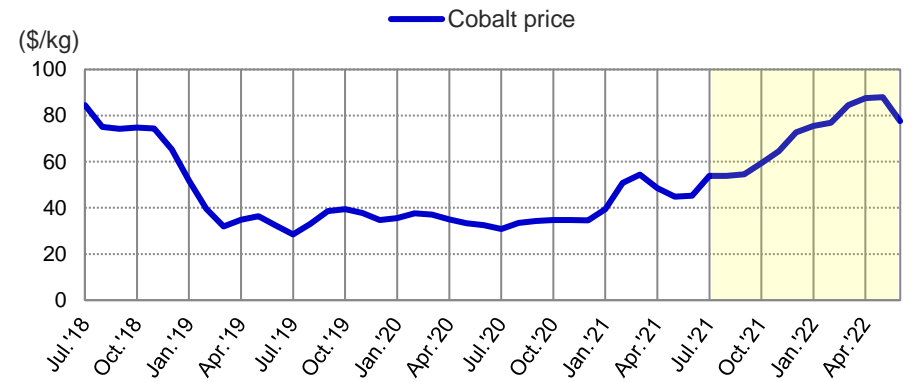
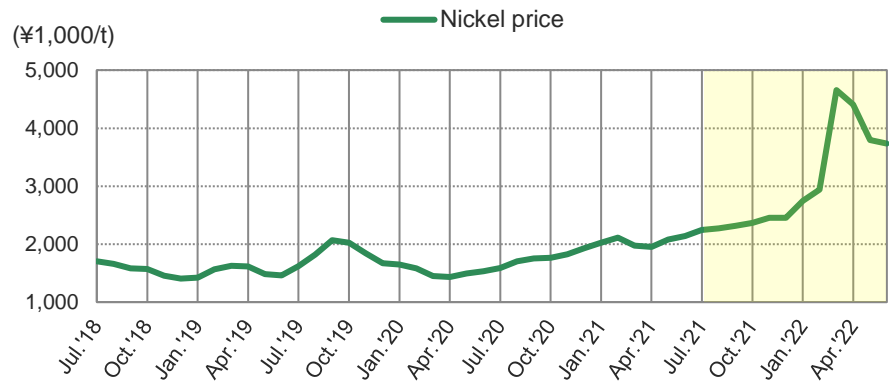
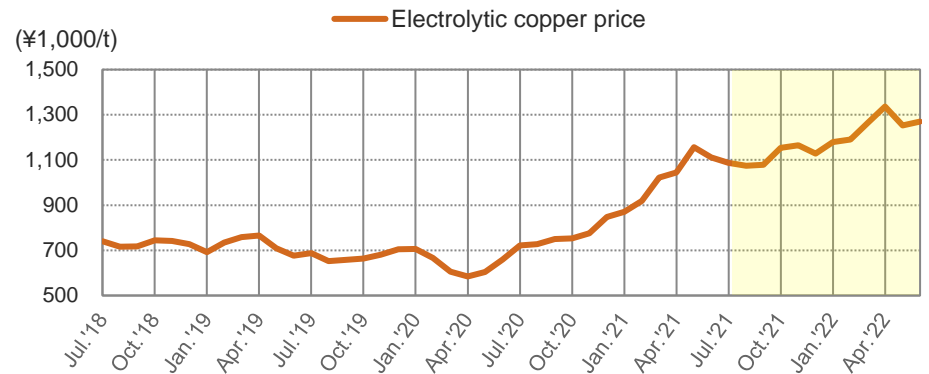
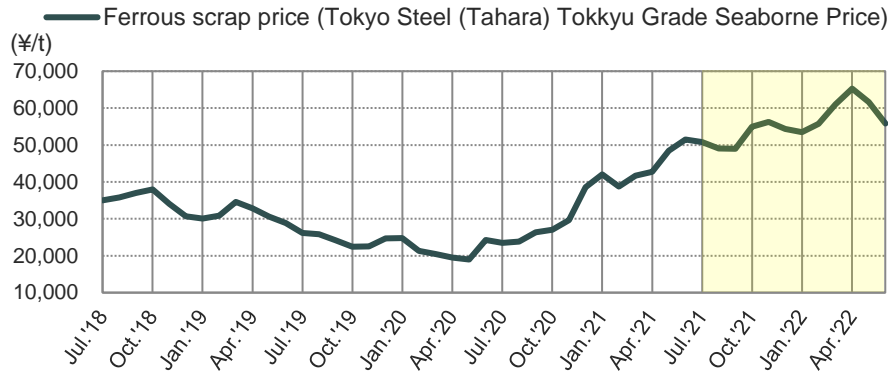


(¥million)

Segment		June/2021						June/2022					
		1Q	2Q	3Q	4Q	Full year	Composition ratio	1Q	2Q	3Q	4Q	Full year	Composition ratio
Resource Circulation Business	Net sales	2,795	3,194	3,730	4,496	14,216	30.9%	4,762	5,129	5,130	5,374	20,397	31.3%
	Ordinary profit	242	494	619	723	2,080	74.4%	685	720	710	635	2,752	61.2%
	Ordinary profit ratio	8.7%	15.5%	16.6%	16.1%	14.6%	—	14.4%	14.0%	13.9%	11.8%	13.5%	—
Global Trading Business	Net sales	5,356	6,914	7,558	11,204	31,033	67.5%	11,109	9,123	9,743	13,012	42,989	65.9%
	Ordinary profit	61	102	264	282	711	25.4%	302	69	207	568	1,147	25.5%
	Ordinary profit ratio	1.2%	1.5%	3.5%	2.5%	2.3%	—	2.7%	0.8%	2.1%	4.4%	2.7%	—
Lithium-ion Battery Recycling Business	Net sales	62	62	68	162	356	0.8%	147	229	409	561	1,347	2.1%
	Ordinary profit	(37)	(42)	(24)	24	(80)	(2.9%)	18	73	156	229	478	10.6%
	Ordinary profit ratio	(59.6%)	(68.0%)	(35.3%)	15.0%	(22.4%)	—	12.9%	32.2%	38.3%	40.8%	35.5%	—
Others	Net sales	94	71	100	86	354	0.8%	127	116	123	75	443	0.7%
	Ordinary profit	31	5	33	14	84	3.0%	45	36	42	(3)	120	2.7%
	Ordinary profit ratio	32.8%	8.2%	33.0%	16.3%	23.8%	—	35.9%	30.9%	34.5%	(4.6%)	27.3%	—
Adjustment	Net sales	(870)	(1,066)	(1,198)	(1,891)	(5,026)	—	(1,853)	(1,649)	(2,034)	(2,320)	(7,857)	—
	Ordinary profit	(81)	(63)	(138)	(3)	(287)	—	(130)	(60)	(110)	(30)	(332)	—
	Ordinary profit ratio	—	—	—	—	—	—	—	—	—	—	—	—
Total	Net sales	7,439	9,176	10,259	14,058	40,933	100.0%	14,292	12,950	13,372	16,703	57,319	100.0%
	Ordinary profit	216	496	754	1,040	2,508	100.0%	921	838	1,007	1,399	4,166	100.0%
	Ordinary profit ratio	2.9%	5.4%	7.3%	7.4%	6.1%	—	6.4%	6.5%	7.5%	8.4%	7.3%	—

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

# Market Price



## **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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Corporate Planning Department,  
ENVIPRO HOLDINGS Inc.

TEL +81-544-21-3160

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