



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

Envipro Holdings Inc.
(TSE Code : 5698)

November 11, 2022

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2. Forecast - FY2023

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Consolidated Financial Results

Net sales	¥11,174 million	(Down 21.8%	YoY)
Operating profit	¥388 million	(Down 51.2%	YoY)
Ordinary profit	¥569 million	(Down 38.2%	YoY)
Profit*	¥373 million	(Down 43.9%	YoY)

Main Topics

- Demand for steel products decreased worldwide due to energy crisis in Europe, continuous supply chain disruption, and other factors, in addition to the economic slowdown in China.
- The average ferrous scrap price (Tokyo Steel Tahara Tokkyu Grade Seaborne Price) was ¥46,532, trending downward from ¥49,461 of the same period of the previous fiscal year.
Declined from ¥54,000 at the beginning of the fiscal year under review to ¥41,500 at the end of July, the trend was upward from the end of August and become ¥49,000 at the end of September.
- The prices of cobalt, nickel and copper rose above those seen in the same period of the previous fiscal year.
- The price of resource increased from the latter half of August of this period with tight supply-demand due to a sluggish cargo movement, the drastically weakening yen, and other factors.
- New plant construction has progressed.
 - Construction of a new plant building for the resource recycling business was completed in September 2022.
(Fuji City, Shizuoka, Scheduled operation: February 2023)
 - An electrode plate recycling line started operation in advance at the new lithium-ion battery recycling factory in July 2022.
(Fuji City, Shizuoka)

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

Summary of Consolidated Statements of Income



(¥ million)

	June/2022 1Q	June/2023 1Q		
	Actual	Actual	YoY	
			Increase/ Decrease	Ratio
Handling volume (1,000t)	188	141	(46)	(24.6%)
Net sales	14,292	11,174	(3,118)	(21.8%)
Gross profit	2,600	2,125	(475)	(18.3%)
Operating profit	795	388	(406)	(51.2%)
Ordinary profit	921	569	(351)	(38.2%)
Profit before income taxes	926	582	(344)	(37.2%)
Profit*	666	373	(292)	(43.9%)
Marginal profit*	2,269	2,095	(173)	(7.7%)
EBITDA*	962	574	(388)	(40.4%)
Fixed costs*	1,474	1,619	145	9.8%

*Profit: Profit attributable to owners of the parent

*Marginal profit = Net sales - Variable costs

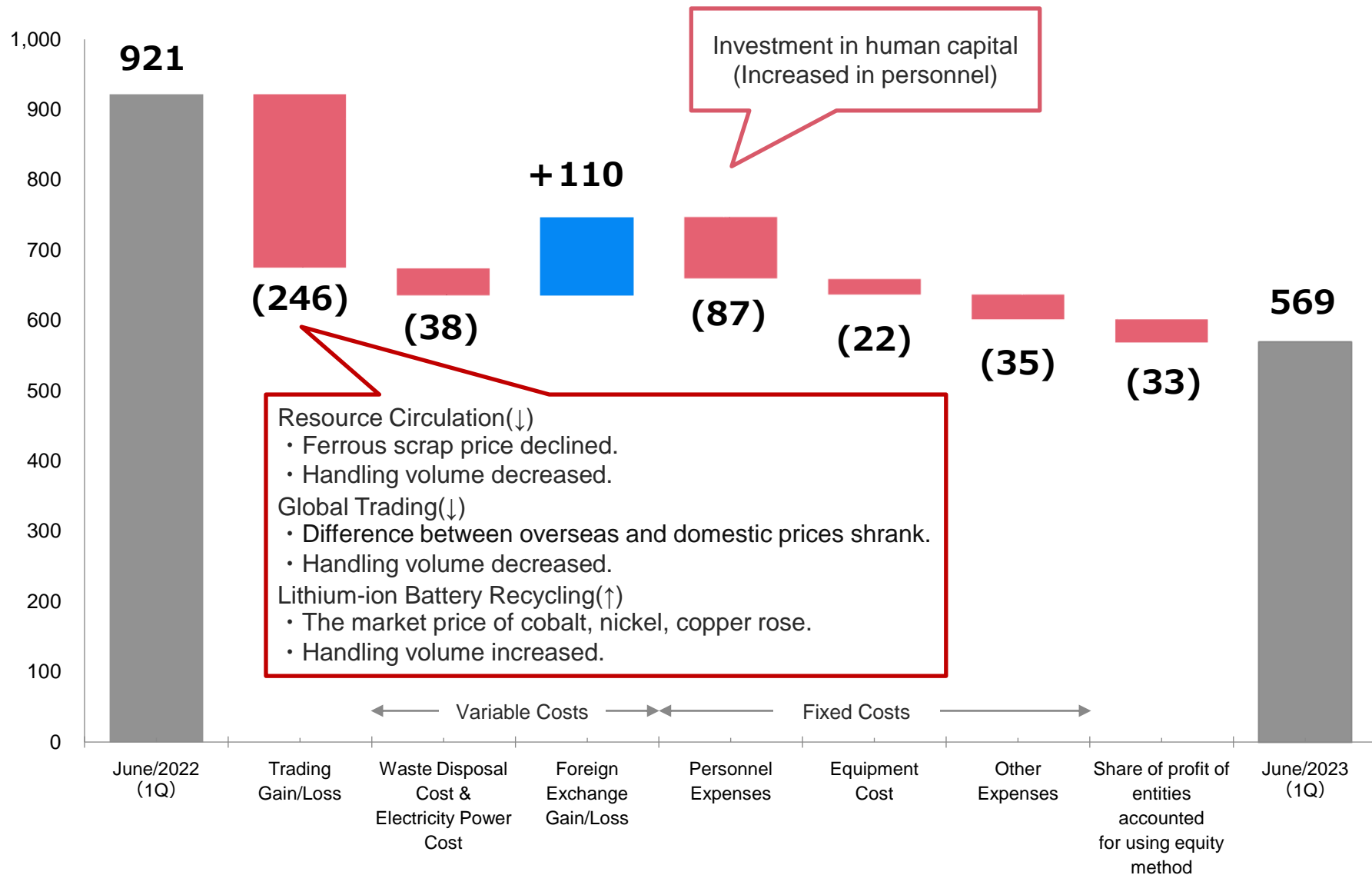
*EBITDA = Operating profit + Depreciation + Amortization of goodwill

*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)



Summary of Business Results by Segment



(¥ million)

Net sales	June/2022 1Q	June/2023 1Q			
	Actual	Actual	YoY		Composition Ratio
			Increase/ Decrease	Ratio	
Consolidated	14,292	11,174	(3,118)	(21.8%)	100.0%
Resource Circulation Business	4,762	4,179	(582)	(12.2%)	33.4%
Global Trading Business	11,109	7,872	(3,237)	(29.1%)	62.9%
Lithium-ion Battery Recycling Business	147	326	179	122.3%	2.6%
Others	127	135	7	6.1%	1.1%
Adjustment	(1,853)	(1,340)	513	-	-

Segment profit	June/2022 1Q	June/2023 1Q			
	Actual	Actual	YoY		Composition Ratio
			Increase/ Decrease	Ratio	
Consolidated	921	569	(351)	(38.2%)	100.0%
Resource Circulation Business	685	364	(320)	(46.8%)	53.8%
Global Trading Business	302	156	(145)	(48.0%)	23.2%
Lithium-ion Battery Recycling Business	18	104	85	452.6%	15.5%
Others	45	50	5	11.4%	7.5%
Adjustment	(130)	(107)	23	-	-

Summary of Business Results by Segment



(¥ million)

		June/2022	June/2023			
		1Q	1Q		Composition Ratio	
		Actual	Actual	YoY		
			Increase/Decrease	Ratio		
Resource Circulation Business	Net sales	4,762	4,179	(582)	(12.2%)	33.4%
	Segment profit	685	364	(320)	(46.8%)	53.8%
Global Trading Business	Net sales	11,109	7,872	(3,237)	(29.1%)	62.9%
	Segment profit	302	156	(145)	(48.0%)	23.2%

Summary of Business Results by Segment



(¥ million)

		June/2022	June/2023			
		1Q	1Q		Composition Ratio	
		Actual	Actual	YoY		
			Increase/Decrease	Ratio		
Lithium-ion Battery Recycling Business	Net sales	147	326	179	122.3%	2.6%
	Segment profit	18	104	85	452.6%	15.5%
Others	Net sales	127	135	7	6.1%	1.1%
	Segment profit	45	50	5	11.4%	7.5%

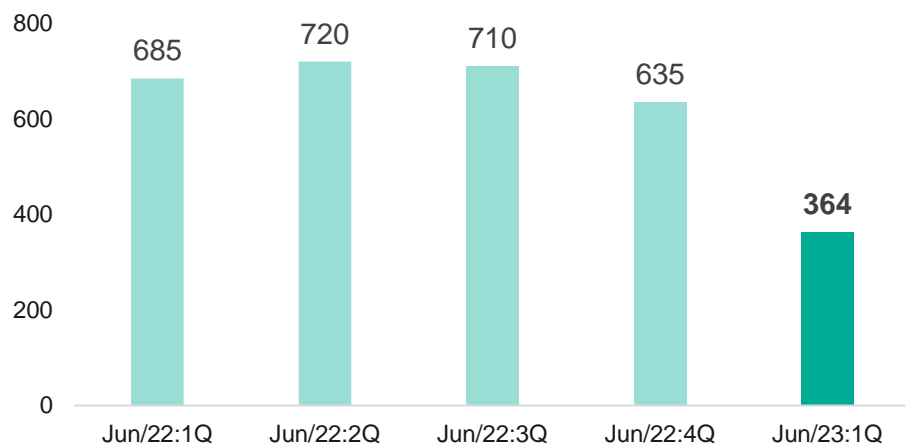
*Black mass: Cobalt, nickel and lithium concentrate containing carbon

Quarterly Ordinary Profit by Segment

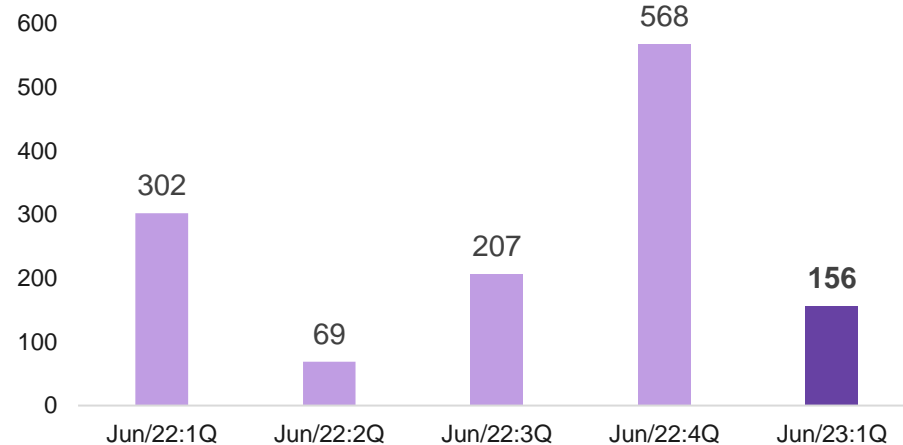


(¥ million)

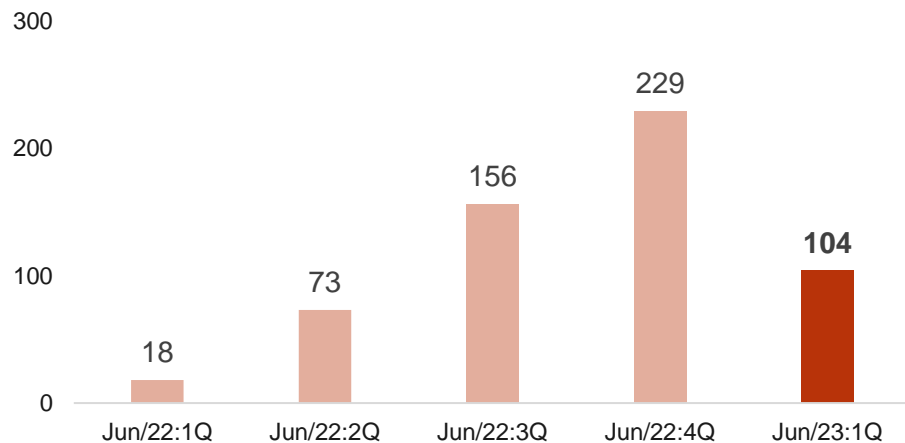
Resource Circulation Business



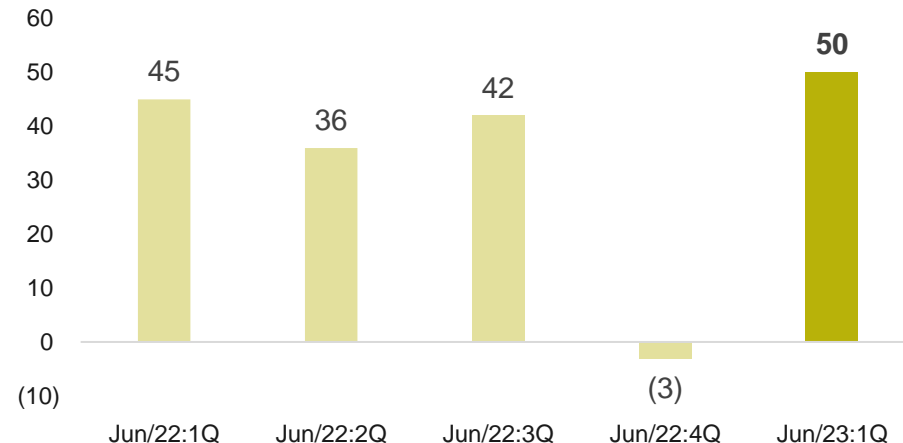
Global Trading Business



Lithium-ion Battery Recycling Business



Others



Summary of Consolidated Balance Sheets



(¥ million)

	As of Jun. 30 2022	As of Sep. 30 2022	Increase/ Decrease
Current assets	18,448	16,330	(2,117)
Non-current assets	10,515	11,028	513
(Property, plant and equipment)	7,161	7,613	452
(Intangible assets)	96	101	5
(Investments and other assets)	3,257	3,313	56
Total assets	28,963	27,359	(1,604)

	As of Jun. 30 2022	As of Sep. 30 2022	Increase/ Decrease
Current liabilities	9,968	8,719	(1,248)
Non-current liabilities	2,776	2,753	(22)
Total liabilities	12,744	11,473	(1,270)
Net assets	16,219	15,885	(333)
(Equity)	15,808	15,459	(349)
Total liabilities and net assets	28,963	27,359	(1,604)

Main Topics (Change from June 30, 2022)

- Current assets (Other current assets: ¥238 million, Merchandise and finished goods: ¥125 million
Cash and deposits: -¥1,445 million, Notes and accounts receivable-trade: -¥1,018 million)
- Non-current assets (Buildings and structures: ¥807 million, Machinery, equipment and vehicles: ¥111 million
Investment securities: ¥90 million, Construction in progress: -¥481 million)
- Current liabilities (Other current liabilities: ¥524 million, Provision for bonuses: ¥148 million
Short-term borrowings: -¥1,290 million, Income taxes payable: -¥571 million)
- Non-current liabilities (Lease liabilities: ¥38 million, Long-term borrowings: -¥66 million)
- Equity ratio 56.5% (54.6% as of June 30, 2022)

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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		1Q	
			Increase/ Decrease	Ratio	Actual	Progress Ratio
Handling volume(1,000t)	706	800	93	13.2%	141	17.7%
Net sales	57,319	55,000	(2,319)	(4.0%)	11,174	20.3%
Gross profit	10,628	10,180	(448)	(4.2%)	2,125	20.9%
Operating profit	3,343	2,500	(843)	(25.2%)	388	15.5%
Ordinary profit	4,166	2,900	(1,266)	(30.4%)	569	19.6%
Profit before income taxes	4,176	2,855	(1,321)	(31.6%)	582	20.4%
Profit*	3,111	2,030	(1,081)	(34.7%)	373	18.4%
Marginal profit*	9,968	9,670	(298)	(3.0%)	2,095	21.7%
EBITDA*	4,042	3,467	(575)	(14.2%)	574	16.6%
Fixed costs*	6,325	7,138	813	12.9%	1,619	22.7%
ROE	21.6%	12.3%	(9.3%)	(43.0%)	—	—

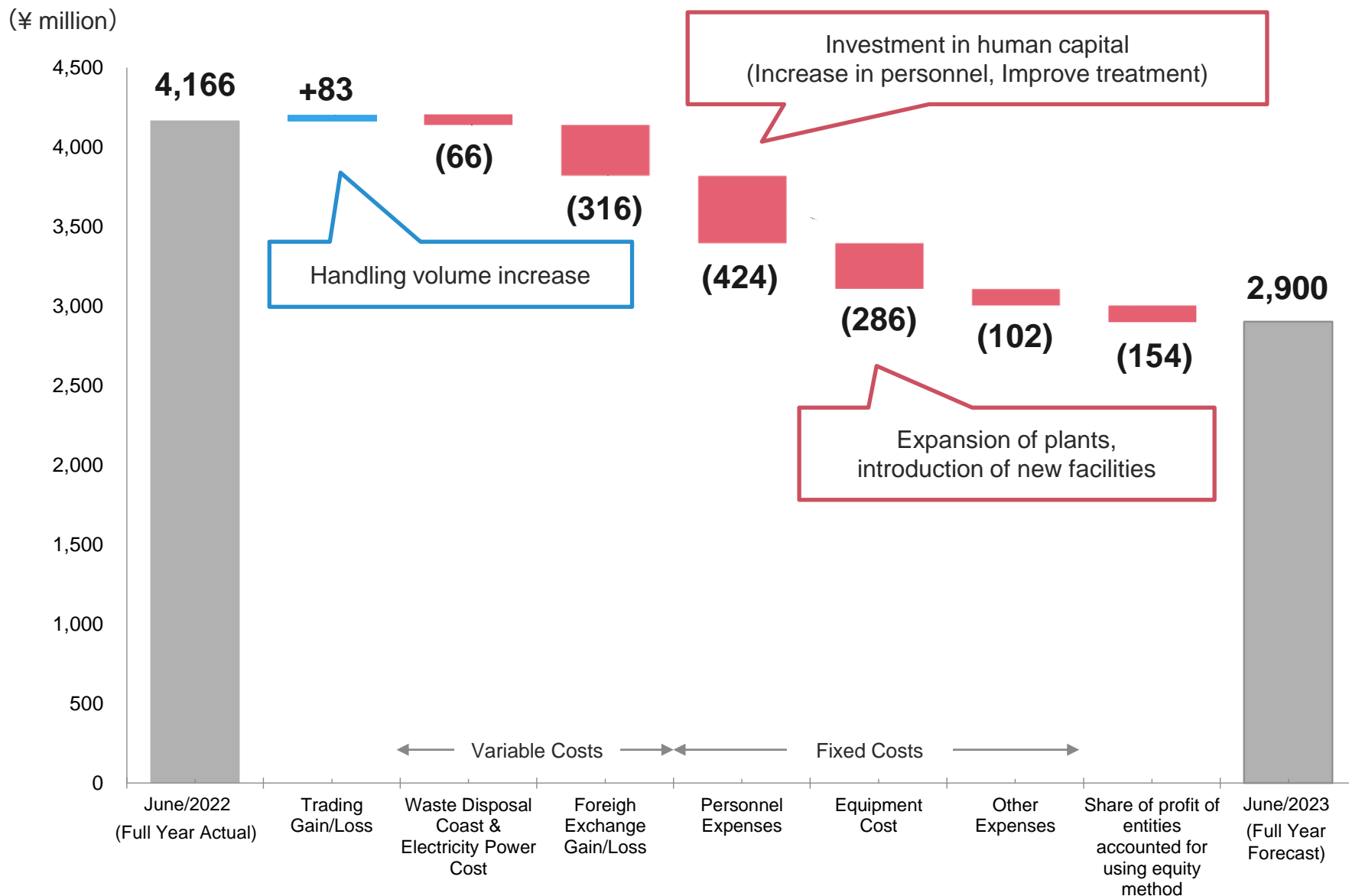
*Profit: Profit attributable to owners of the parent

*Marginal profit = Net sales - Variable costs

*EBITDA = Operating profit + Depreciation + Amortization of goodwill

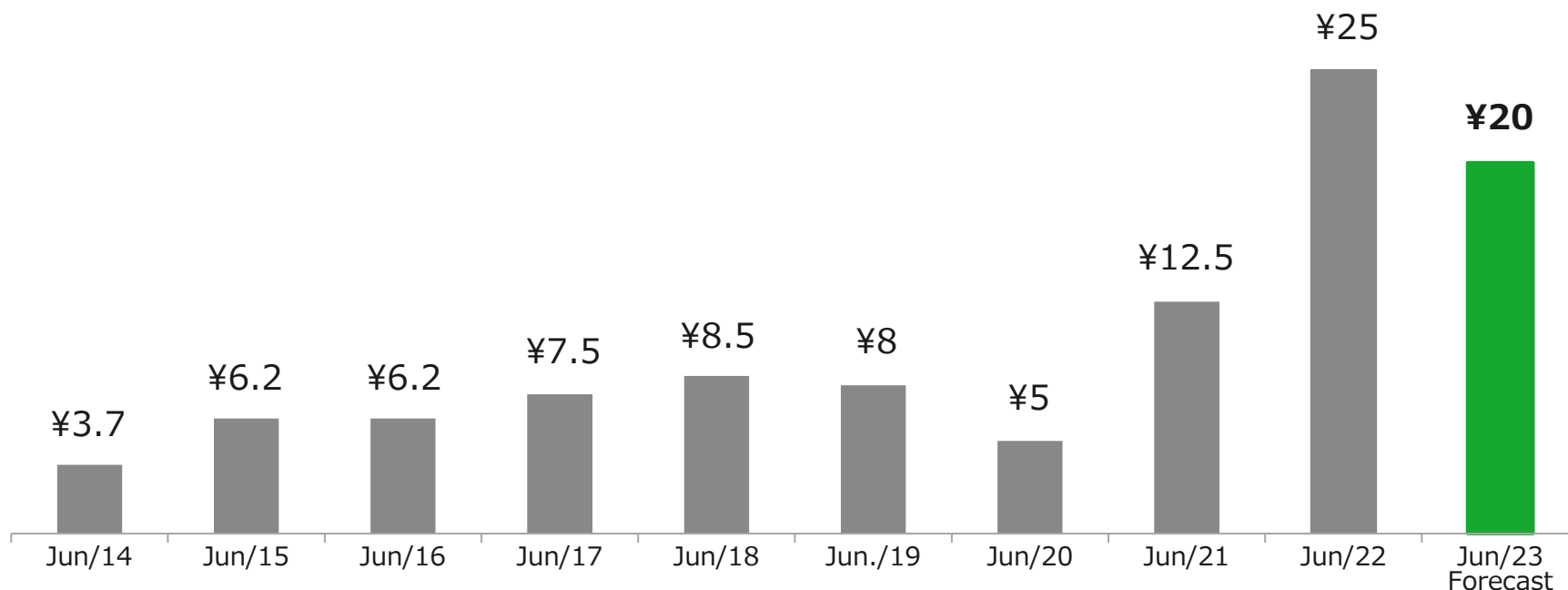
*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] –
[Foreign exchange gains · non-operating income except equity method profit]

Analysis of Difference in Consolidated Ordinary Profit (YoY)



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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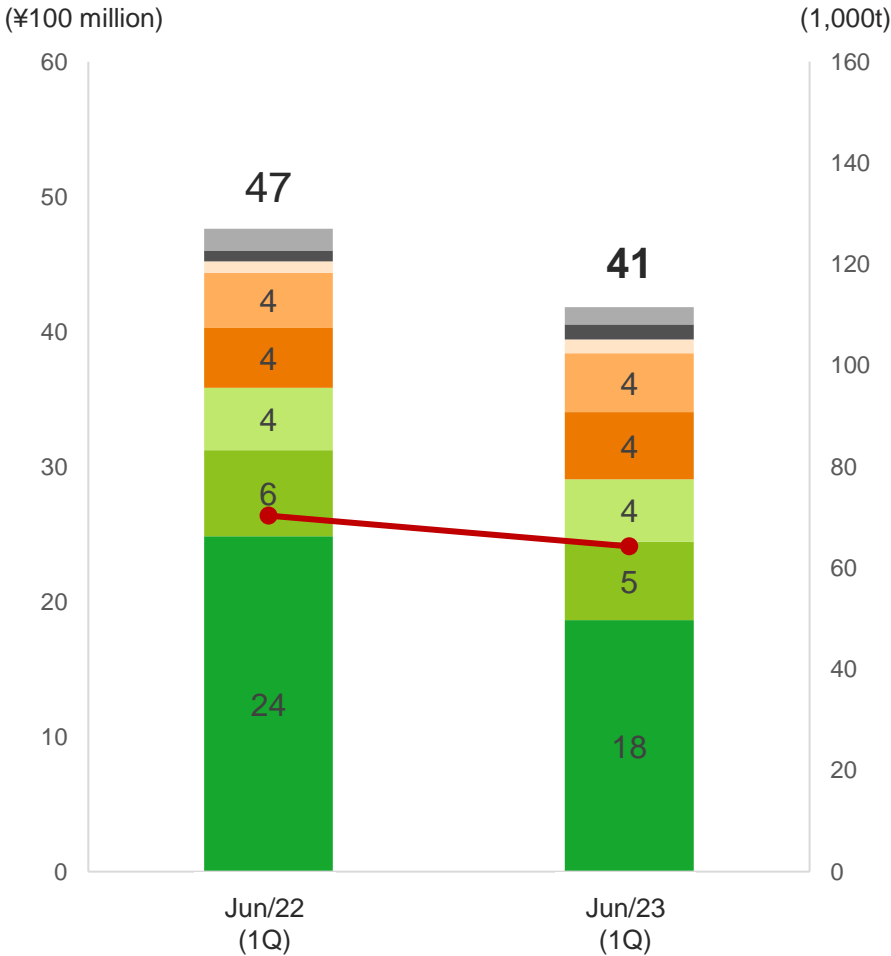
Segment : Net sales by material



Resource Circulation Business

Net sales and Total handling volume by material

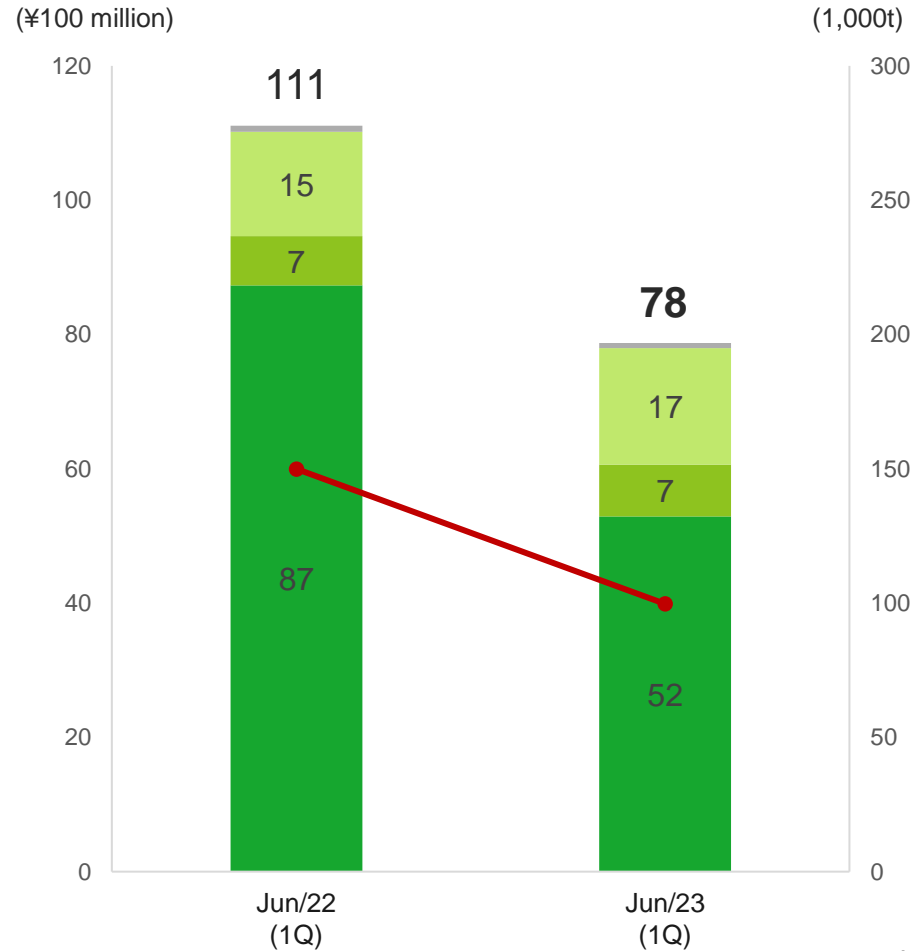
- Ferrous scrap
- Waste disposal fee
- Gold and silver, etc.
- RPF, Waste paper, etc.
- Total handling volume
- Nonferrous metal scrap
- Rubber products
- Dismantling and cleaning, etc.
- Others



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/2022 1Q	June/2023 1Q	YoY Ratio
Ferrous scrap	164	113	(30.9%)
Nonferrous metal scrap	4	4	16.1%
Gold, silver & copper sediment sludge*	0.9	0.8	(0.4%)
Rubber products	2	3	17.0%
RPF, Waste paper, etc.	13	13	(0.4%)
Black mass, etc.*	0.2	0.2	10.5%
Others	4	5	13.0%
Total	188	141	(24.6%)

Item (Precious metals collected)	(kg)		
	June/2022 1Q	June/2023 1Q	YoY Ratio
Gold	15	13	(14.7%)
Silver	305	252	(17.3%)

Net sales by area

Area	(¥100 million)			
	June/2022 1Q	June/2023 1Q	YoY Ratio	
East Asia	Japan	65	55	(16.0%)
	Korea	41	19	(52.3%)
	Taiwan	0	1	640.8%
	Others	2	4	69.5%
Southeast Asia	Vietnam	22	17	(23.8%)
	Others	3	6	80.1%
South Asia	India etc.	1	0	(99.2%)
West Asia	UAE etc.	1	1	26.0%
South America	Chile etc.	2	2	11.1%
Africa	Kenya etc.	0	0	(63.9%)
Others	—	0	1	446.1%
Total	142	111	(21.8%)	

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

*Black mass: Cobalt, nickel and lithium concentrate containing carbon

Quarterly Business Results by Segment

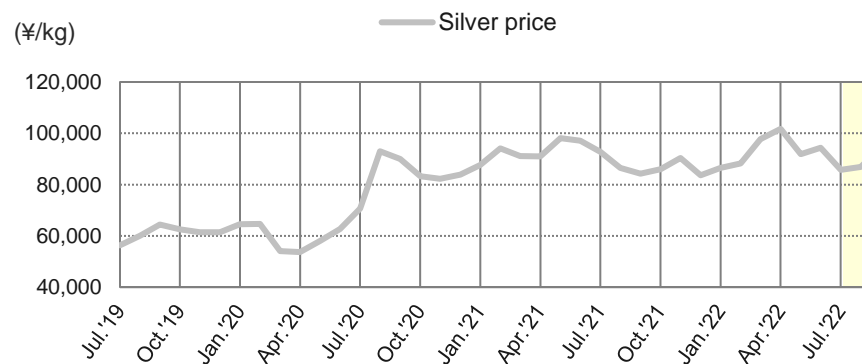
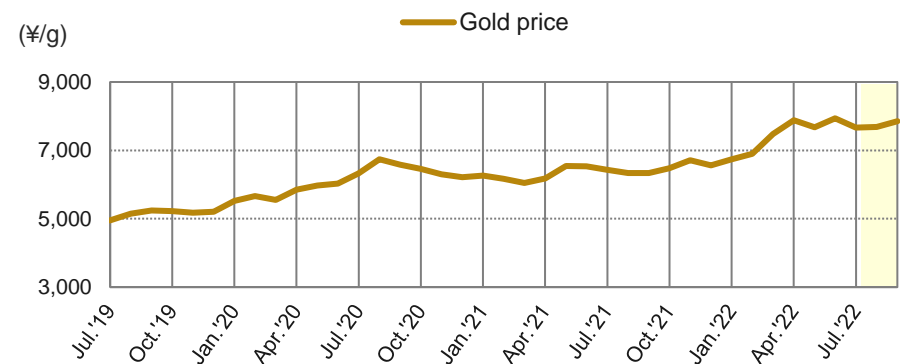
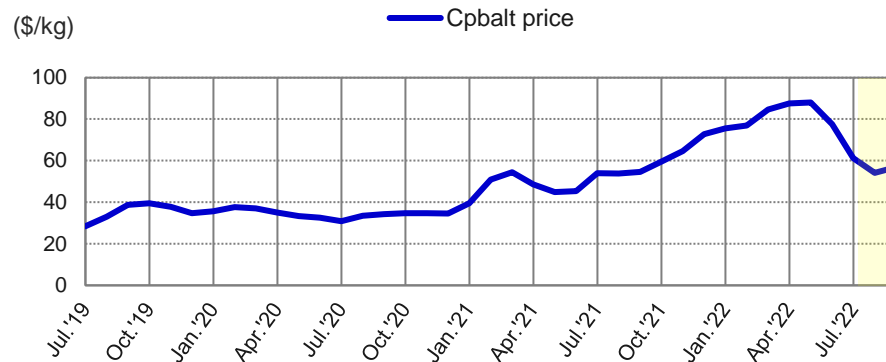
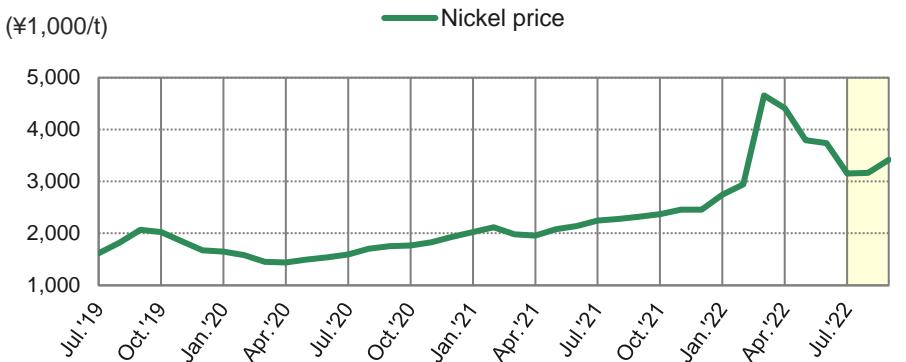
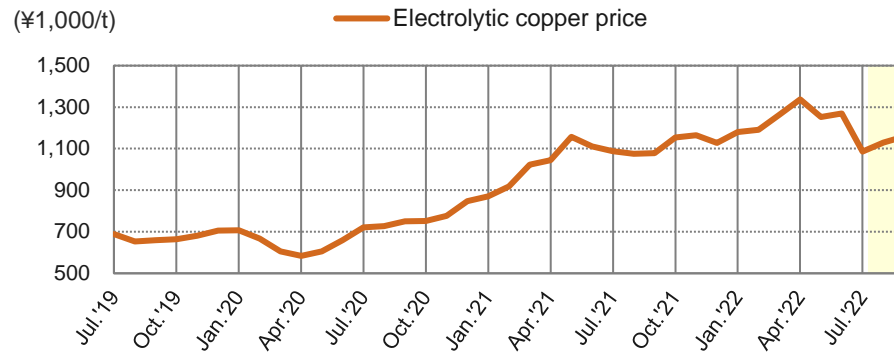
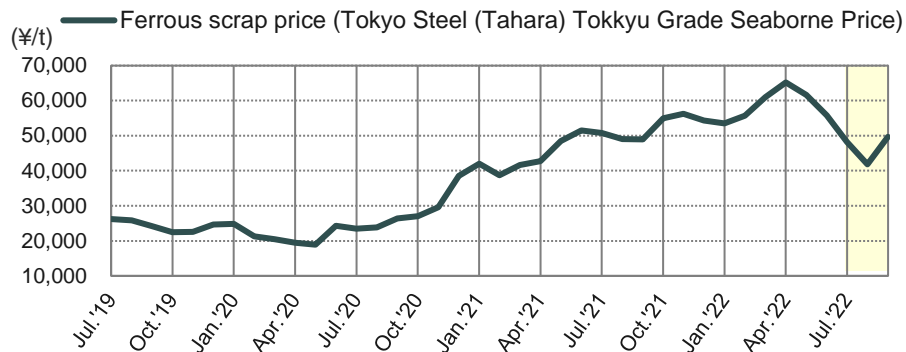


(¥ million)

Segment		June/2022					June/2023		
		1Q	2Q	3Q	4Q	Full year	Composition ratio	1Q	Composition ratio
Resource Circulation Business	Net sales	4,762	5,129	5,130	5,374	20,397	31.3%	4,179	33.4%
	Ordinary profit	685	720	710	635	2,752	61.2%	364	53.8%
	Ordinary profit ratio	14.4%	14.0%	13.9%	11.8%	13.5%	—	8.7%	—
Global Trading Business	Net sales	11,109	9,123	9,743	13,012	42,989	65.9%	7,872	62.9%
	Ordinary profit	302	69	207	568	1,147	25.5%	156	23.2%
	Ordinary profit ratio	2.7%	0.8%	2.1%	4.4%	2.7%	—	2.0%	—
Lithium-ion Battery Recycling Business	Net sales	147	229	409	561	1,347	2.1%	326	2.6%
	Ordinary profit	18	73	156	229	478	10.6%	104	15.5%
	Ordinary profit ratio	12.9%	32.2%	38.3%	40.8%	35.5%	—	32.0%	—
Others	Net sales	127	116	123	75	443	0.7%	135	1.1%
	Ordinary profit	45	36	42	(3)	120	2.7%	50	7.5%
	Ordinary profit ratio	35.9%	30.9%	34.5%	(4.6%)	27.3%	—	37.7%	—
Adjustment	Net sales	(1,853)	(1,649)	(2,034)	(2,320)	(7,857)	—	(1,340)	—
	Ordinary profit	(130)	(60)	(110)	(30)	(332)	—	(107)	—
	Ordinary profit ratio	—	—	—	—	—	—	—	—
Total	Net sales	14,292	12,950	13,372	16,703	57,319	100.0%	11,174	100.0%
	Ordinary profit	921	838	1,007	1,399	4,166	100.0%	569	100.0%
	Ordinary profit ratio	6.4%	6.5%	7.5%	8.4%	7.3%	—	5.1%	—

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

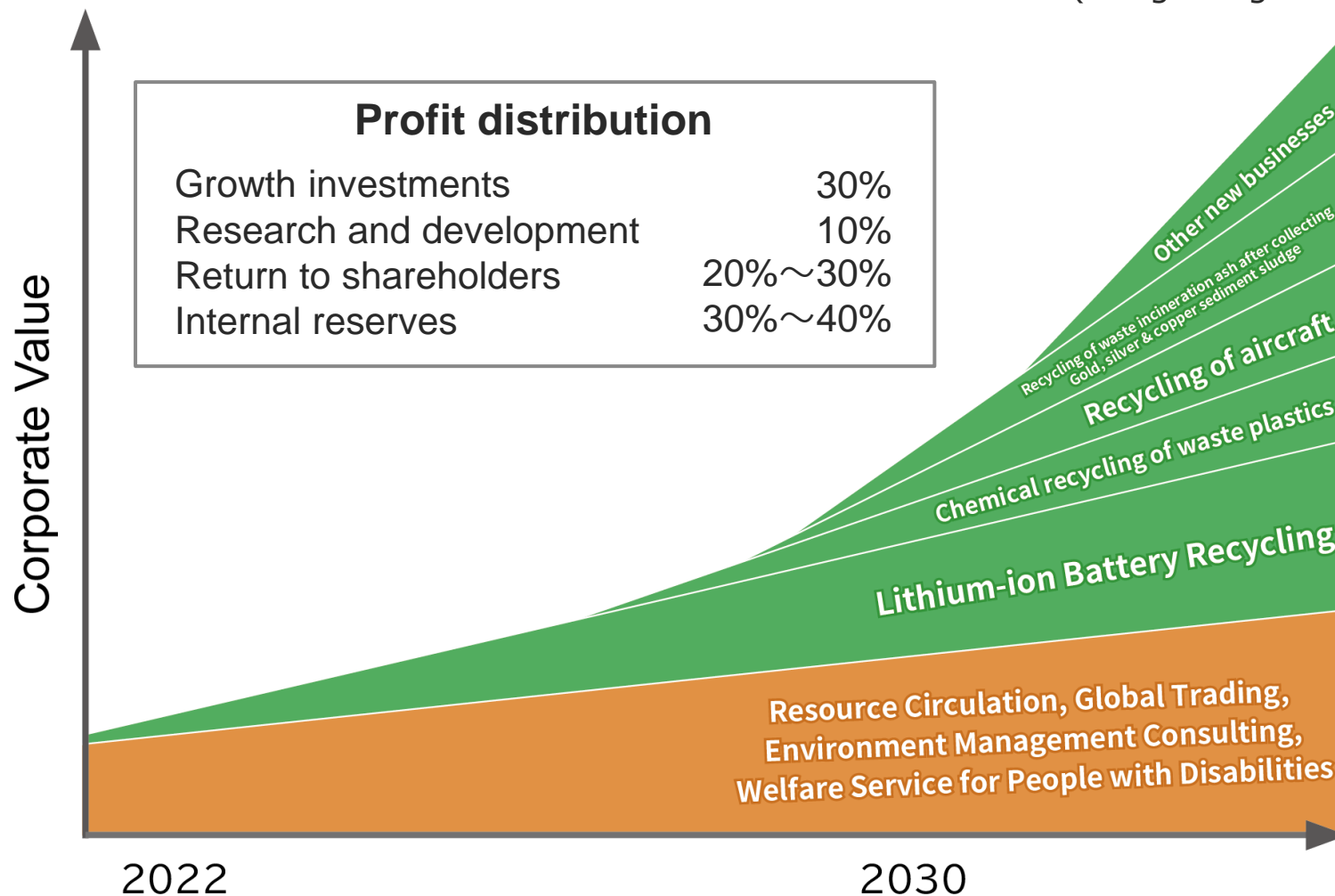
Market Price



Long-Term Initiatives of Corporate Value Creation

To realize the optimization of the business portfolio by deepening or withdrawing from existing businesses, investing aggressively in growth sectors, and searching for new businesses

(Image diagram)



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.



Inquiry desk about this material and IR

Corporate Planning Department,
ENVIPRO HOLDINGS Inc.

TEL +81-544-21-3160

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