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To whom it may concern,

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Notice of Revisions to Consolidated Financial Results Forecast and Dividend Forecast

ENVIPRO HOLDINGS Inc. announces that it has revised the consolidated financial results forecast and the dividend forecast for the fiscal year ending June 30, 2023 (July 1, 2022 to June 30, 2023) released on August 10, 2022.

1. Revision to consolidated financial results forecast

(1) Revised consolidated financial results forecast for the current fiscal year (Jul. 1, 2022 – Jun. 30, 2023)

	Net sales (Million yen)	Operating profit (Million yen)	Ordinary profit (Million yen)	Profit attributable to owners of parent (Million yen)	Basic earnings per share
Previous forecast (A)	55,000	2,500	2,900	2,030	68.44
Revised forecast (B)	50,000	1,900	2,200	1,400	47.15
Change (B – A)	(5,000)	(600)	(700)	(630)	
Change (%)	(9.1)	(24.0)	(24.1)	(31.0)	
(Reference) Results for the previous fiscal year (ended Jun. 30, 2022)	57,319	3,343	4,166	3,111	105.20

(2) Reason for revision

Due to factors such as the energy crisis in Europe and prolonged supply chain disruption, in addition to the economic slowdown in China, the outlook remains uncertain. Meanwhile, the utilization of recycled raw materials such as metal scrap is gaining traction amid the global push for decarbonization.

Under such conditions, resource prices are generally higher than the assumptions on which the previous forecast was based. However, despite signs of recovery in manufacturing and other areas recently, the generation volume of metal scrap such as scrapped vehicles remains low and weak exports of metal scrap, reflecting fears of economic downturn overseas, are expected to lead to a decrease in handling volume. In light of these factors, net sales are expected to be less than previously forecast.

Operating profit is expected to be less than previous forecast due to larger-than-anticipated increases in

energy prices etc. in addition to decreased handling volume.

Ordinary profit and profit attributable to owners of parent are expected to be less than previously forecast due largely to a foreign exchange loss caused by the drastically strengthening yen in the latter half of the second quarter under review, in addition to the factors mentioned earlier.

(Note) The above business results forecasts have been prepared based on available information as of the date of this release, and actual results may differ from the forecasts due to a variety of factors going forward.

2. Revision to dividend forecast

(1) Details of the revision

	Annual dividends (yen)		
	2 nd quarter-end	Year-end	Total
Previous forecast (August 10, 2022)	—	20 yen	20 yen
Revised forecast	—	14 yen	14 yen
Results for the current fiscal year	0 yen		
Results for the previous fiscal year (ended June 30, 2022)	0 yen	25 yen	25 yen

(2) Reason for revision

The Company recognizes the return of profits to shareholders as a key issue and has set a basic policy of providing stable and continuous profit returns to shareholders from a long-term perspective while comprehensively taking into consideration factors such as profit sharing according to performance and internal reserves necessary to strengthen the management base. 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.

Based on this policy, the Company plans to pay a year-end dividend of 14 yen per share for the fiscal year ending June 30, 2023, which is a decrease of 6 yen from the forecast of 20 yen per share announced on August 10, 2022.

The Company plans to submit a proposal on this matters to the Ordinary General Meeting of Shareholders scheduled in September 2023.