

# Financial Results Briefing Materials for the Nine Months Ended March 31, 2024

Envipro Holdings Inc.  
(TSE Code : 5698)

May 15, 2024

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### **1. Financial Overview - FY2024 3Q**

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## Consolidated Financial Results

Shipping Volume	YoY
<b>477,000 t</b>	<b>5.5% up</b>
Net sales	YoY
<b>¥38,764 million</b>	<b>9.6% up</b>
Operating profit	YoY
<b>¥1,039 million</b>	<b>15.4% down</b>
Ordinary profit	YoY
<b>¥1,334 million</b>	<b>11.6% down</b>
Profit*	YoY
<b>¥976 million</b>	<b>4.0% down</b>

## 【 Our Group's Business Environment 】

- The average price for the nine months ended March 31, 2024 was **¥50,881/t**, trending upward from ¥48,990/t of the same period of the previous fiscal year.
- Domestic crude steel production volume remained steady. The average market prices of cobalt, nickel, lithium and other minor metals were **lower** than in the same period of the previous fiscal year, although the average price of copper **rose** year on year.

## 【TOPICS】

- J-Cycle Inc. established as a **joint venture** between Miracle Eternal PTE LTD. and Mitsui & Co. (LIB\* Recycling Business: established in May 2024)
- **LIB\* Recycling Ibaraki Plant** in progress for operation (Operation scheduled in June 2024)
- Integration of three **metal resource circulation** companies and integration of two **polymer resource circulation** companies (Resource Circulation Business: scheduled for July 2024)
- **Establishment of new dismantling company** (Resource Circulation Business: scheduled to start operation in September-October 2024)

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

\*LIB: Lithium-ion Battery

# Summary of Consolidated Statements of Income



(¥ million)

	June/2023 1Q-3Q	June/2024 1Q-3Q		
	Actual	Actual	YoY	
			Increase/ Decrease	Ratio
Shipping volume (1,000t)	452	<b>477</b>	24	5.5%
Net sales	35,363	<b>38,764</b>	3,400	9.6%
Gross profit	6,330	<b>6,246</b>	(83)	(1.3%)
Operating profit	1,228	<b>1,039</b>	(189)	(15.4%)
Ordinary profit	1,509	<b>1,334</b>	(175)	(11.6%)
Profit before income taxes	1,470	<b>1,346</b>	(124)	(8.5%)
Profit*	1,017	<b>976</b>	(40)	(4.0%)
Marginal profit*	6,228	<b>7,378</b>	1,149	18.5%
EBITDA*	1,855	<b>1,986</b>	130	7.0%
Fixed costs*	5,093	<b>6,363</b>	1,270	24.9%

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

\*Marginal profit = Net sales - Variable costs

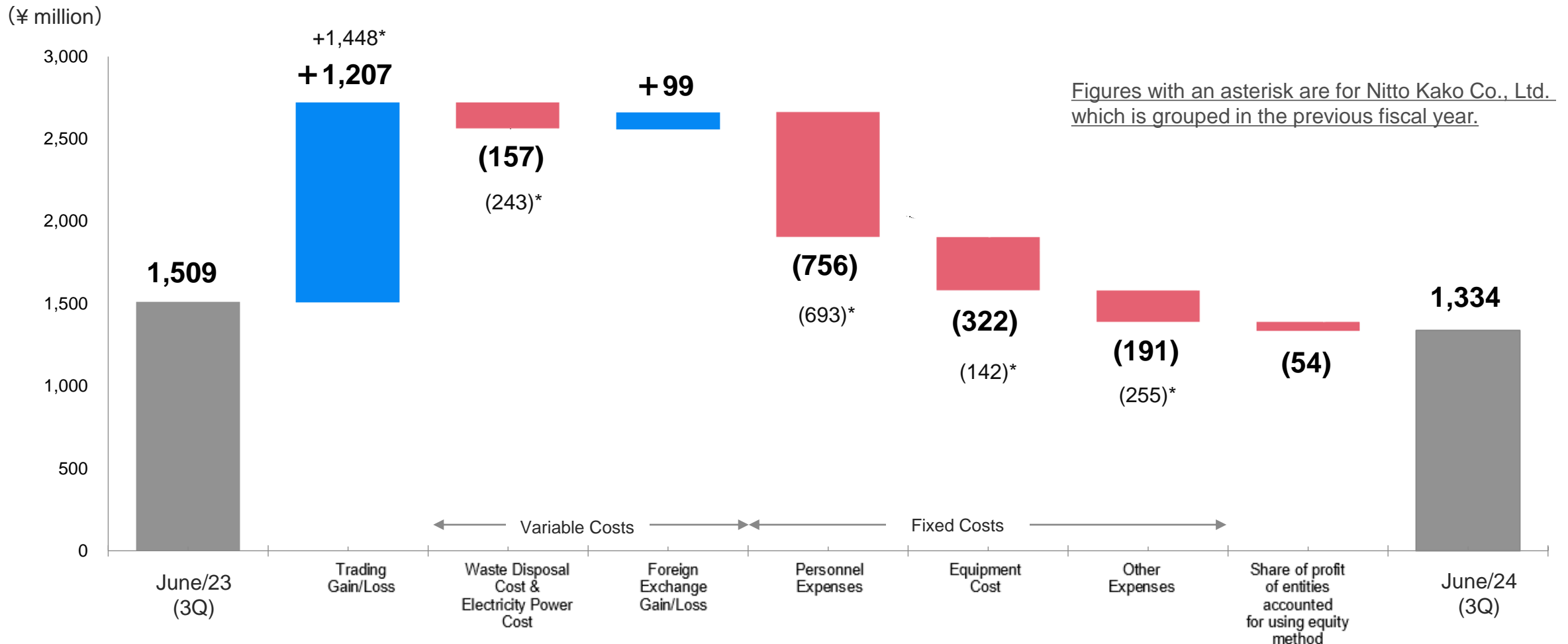
\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

\*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)



- **Trading Gain/Loss** : Increased due to grouping of Nitto Kako Co.,Ltd.
- **Foreign Exchange Gain/Loss** : Impact of foreign exchange losses incurred in the same period of the previous year
- **Personnel Expenses** : Increased in personnel, regular salary increase and base increase of more than ¥10,000
- **Equipment Cost** : New plant, new facilities investment (New sorting base at Fuji City, Pre-shredder at Matsumoto City, etc.)



# Summary of Business Results by Segment

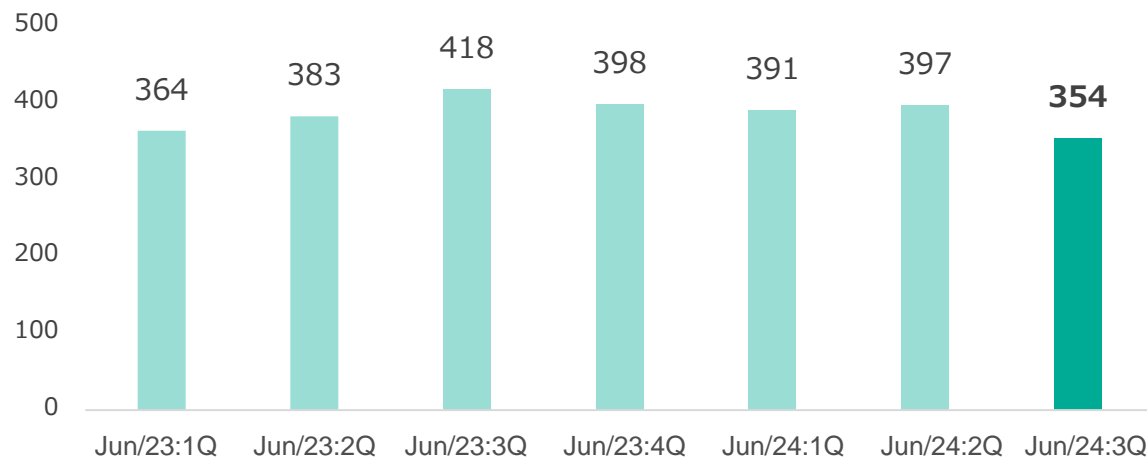
		June/2023	June/2024		TOPICS	
		1Q-3Q	1Q-3Q			
		Actual	Actual	YoY		
			Increase/ Decrease	Ratio		
Resource Circulation Business	Shipping volume (1,000t)	192	<b>182</b>	(10)	(5.3%)	<ul style="list-style-type: none"> <li>■ The volume of scrap metal received decreased.</li> <li>■ Progress was made in developing the system for sorting profitable products from incineration ash and other resources.</li> <li>■ Grouping of Nitto Kako Co., Ltd., which manufactures polymer products contributed to revenue.</li> </ul>
	Net sales	13,226	<b>15,653</b>	2,427	18.4%	
	Segment profit	1,166	<b>1,144</b>	(22)	(1.9%)	
Global Trading Business	Shipping volume (1,000t)	328	<b>358</b>	30	9.2%	<ul style="list-style-type: none"> <li>■ As a result of strengthening domestic sales and dynamic sales activities, shipment volume increased.</li> <li>■ Profit increased year on year due to the impact of foreign exchange rates.</li> <li>■ In logistics agency services, strong shipments and cost reduction contributed to profit.</li> </ul>
	Net sales	24,876	<b>25,888</b>	1,011	4.1%	
	Segment profit	225	<b>323</b>	97	43.4%	
Lithium-ion Battery Recycling Business	Net sales	1,301	<b>1,195</b>	(105)	(8.1%)	<ul style="list-style-type: none"> <li>■ Handling volume increased due to aggressive sales activities, despite a weakening demand for materials for batteries.</li> <li>■ Cobalt, nickel, and lithium markets slumped.</li> <li>■ Ibaraki Plant in progress for operation (operation scheduled in June 2024).</li> </ul>
	Segment profit	496	<b>170</b>	(325)	(65.5%)	
Others	Net sales	353	<b>387</b>	34	9.6%	«Environment Management Consulting Business» <ul style="list-style-type: none"> <li>■ Pushed ahead with new initiatives, such as TNFD response support, consulting services related to circular economy, and CO<sub>2</sub> calculation system development and consulting services related to carbon neutrality also contributed to revenue.</li> <li>■ «Welfare Service Business for People with Disabilities»</li> <li>■ The number of new users, as well as cumulative total number of users, increased mainly in Type B Continuous Employment Support.</li> </ul>
	Segment profit	94	<b>107</b>	12	13.1%	

# Quarterly Ordinary Profit by Segment

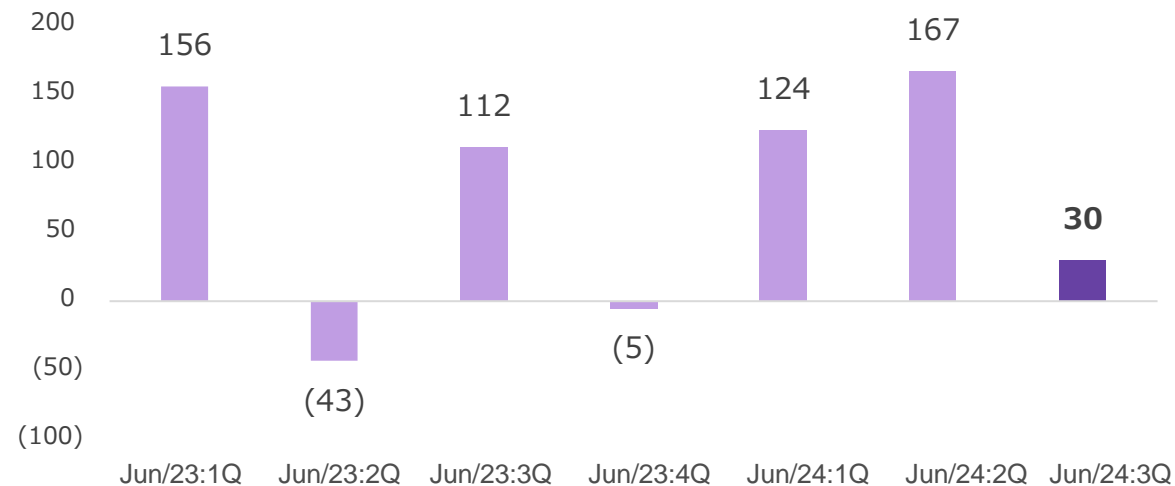


(¥ million)

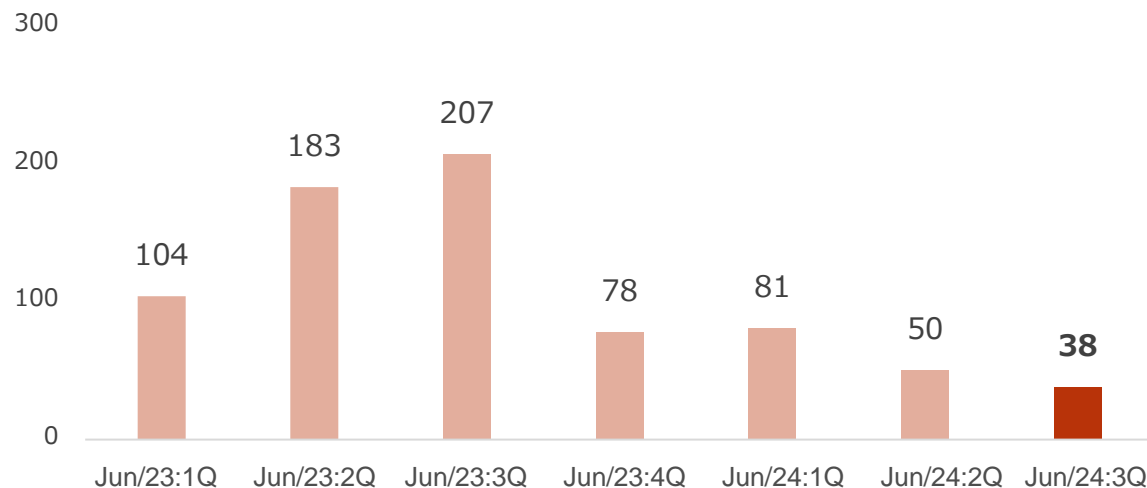
### Resource Circulation Business



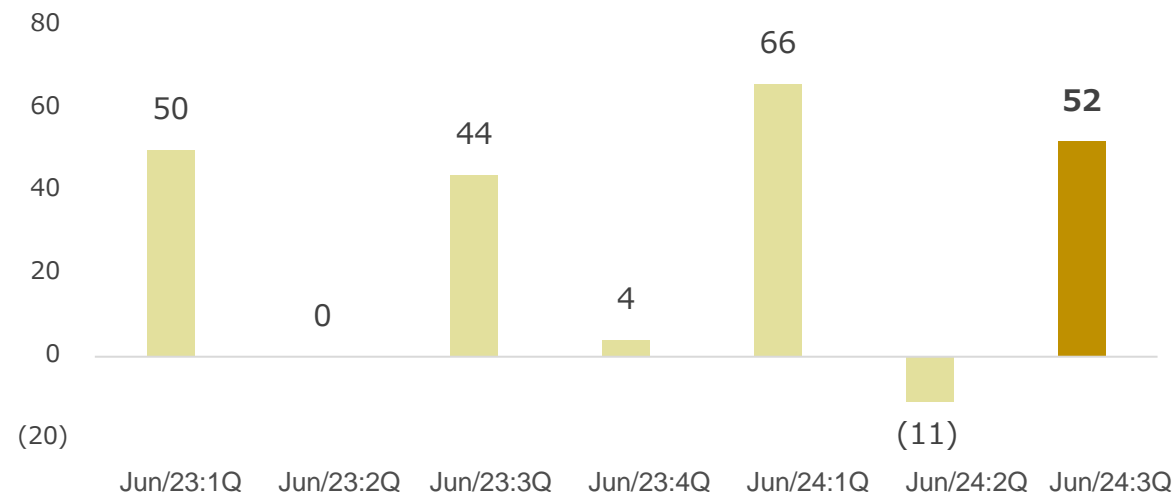
### Global Trading Business



### Lithium-ion Battery Recycling Business



### Others



# Summary of Consolidated Balance Sheets



(¥ million)

	As of Jun. 30 2023	As of Mar. 31 2024	Increase/ Decrease	TOPICS
Current assets	19,088	<b>17,635</b>	(1,453)	¥623 million in merchandise and finished goods, ¥402 million in notes and accounts receivable - trade -¥1,446 million in other current assets, -¥1,057 million in cash and deposits
Non-current assets	14,598	<b>15,270</b>	671	
(Property, plant and equipment)	10,844	<b>11,139</b>	294	¥471 million in machinery, equipment and vehicles
(Intangible assets)	148	<b>183</b>	34	
(Investments and other assets)	3,605	<b>3,947</b>	342	
<b>Total assets</b>	<b>33,686</b>	<b>32,905</b>	<b>(781)</b>	
Current liabilities	10,415	<b>9,549</b>	(865)	¥188 million in provision for bonuses -¥625 million in other current liabilities, -¥560 million in short-term borrowings
Non-current liabilities	6,446	<b>5,898</b>	(547)	-¥467 million in long-term borrowings
<b>Total liabilities</b>	<b>16,861</b>	<b>15,448</b>	<b>(1,413)</b>	
Net assets	16,825	<b>17,457</b>	632	¥560 million in retained earnings, ¥131 million resulting from the disposal of treasury shares -¥112 million in non-controlling interests.
(Equity)	16,386	<b>17,138</b>	752	Equity ratio 52.1% (48.6% as of June 30, 2023)
<b>Total liabilities and net assets</b>	<b>33,686</b>	<b>32,905</b>	<b>(781)</b>	



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## Consolidated Financial Forecast (Feb. 9 revised forecast)

Net sales	YoY
<b>¥54,000</b> million	<b>9.8% up</b>
Operating profit	YoY
<b>¥1,330</b> million	<b>13.8% down</b>
Ordinary profit	YoY
<b>¥1,700</b> million	<b>10.6% down</b>
Profit*	YoY
<b>¥1,210</b> million	<b>2.1% down</b>

## TOPICS

- Continued uncertainties resulting from the prolonged stagnation of the Chinese real estate market, the unsettled state of the world, and concerns about an economic downturn stemming from protracted global inflation, etc.
- In Resource Circulation Business, margins will decrease due to intensified domestic collection competition.
- In Lithium-ion Battery Recycling Business, margins will decrease in the second half of the year due to easing supply and demand for battery materials.
- In Global Trading Business, Deterioration of export environment due to high domestic prices and low overseas prices of metal scrap, etc.

### Prerequisites of the Forecast

Ferrous scrap price	Electrolytic copper price	Gold price	Silver price	Nickel price	Cobalt price	Exchange rate
¥50,000/t	¥1,200/kg	¥9,000/g	¥100,000/kg	¥2,150/kg	¥4,000/kg	¥140/US\$

\*Profit: Profit attributable to owners of the parent

# Forecast for the Consolidated Results - FY2024



(¥ million)

	June/2023	June/2024				
	Actual	Forecast (Feb.9)	YoY		1Q-3Q	
			Increase/ Decrease	Ratio	Actual	Progress Ratio
Shipping volume(1,000t)	625	<b>693</b>	67	10.8%	<b>477</b>	68.8%
Net sales	49,189	<b>54,000</b>	4,810	9.8%	<b>38,764</b>	71.8%
Gross profit	8,499	-	-	-	<b>6,246</b>	-
Operating profit	1,542	<b>1,330</b>	(212)	(13.8%)	<b>1,039</b>	78.2%
Ordinary profit	1,901	<b>1,700</b>	(201)	(10.6%)	<b>1,334</b>	78.5%
Profit before income taxes	1,759	-	-	-	<b>1,346</b>	-
Profit*	1,236	<b>1,210</b>	(26)	(2.1%)	<b>976</b>	80.7%
Marginal profit*	8,744	-	-	-	<b>7,378</b>	-
EBITDA*	2,475	-	-	-	<b>1,986</b>	-
Fixed costs*	7,364	-	-	-	<b>6,363</b>	-
ROE	7.7%	-	-	-	-	-

\*Profit: Profit attributable to owners of the parent

\*Marginal profit = Net sales - Variable costs

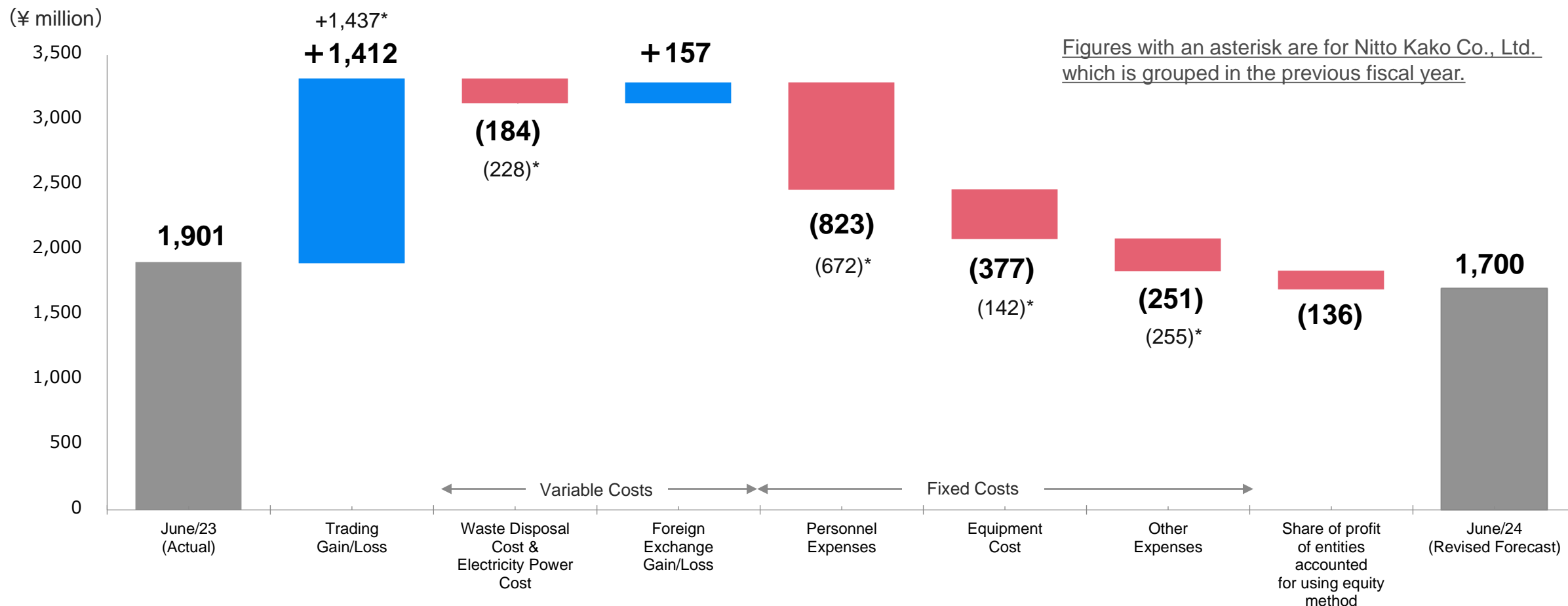
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\*Fixed costs = [Cost of sales · Selling, General & administrative expenses · fixed cost equivalency of Non-operating expenses] – [Foreign exchange gains · non-operating income except equity method profit]

# Analysis of Difference in Consolidated Ordinary Profit (YoY)

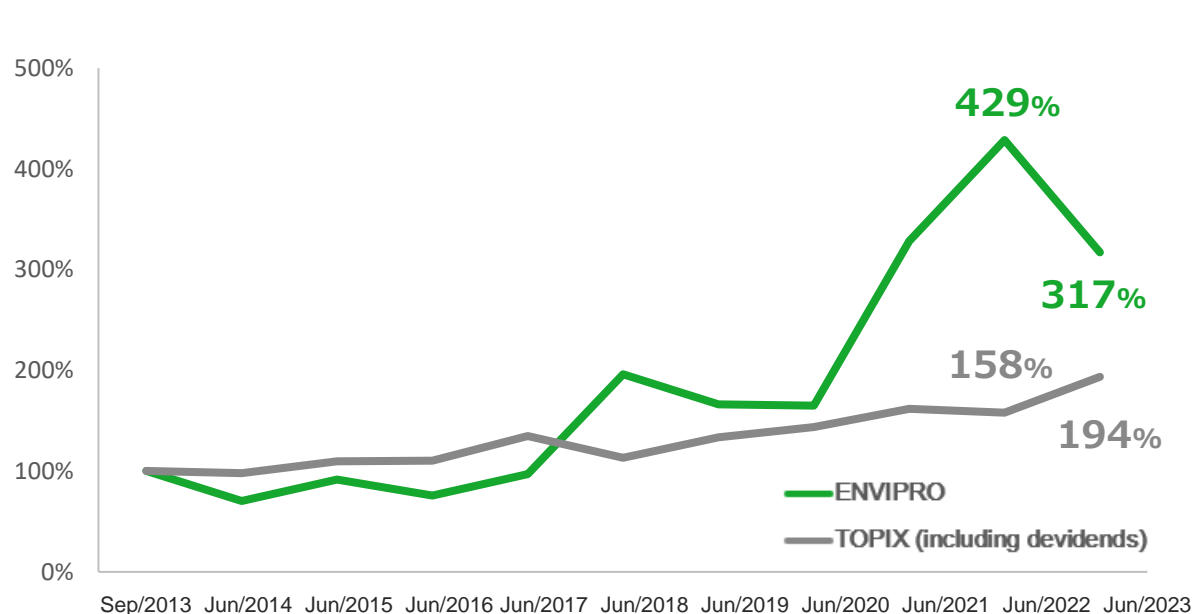


- **Trading Gain/Loss** : Increased due to grouping of Nitto Kako Co.,Ltd.
- **Personnel Expenses** : Human capital investment (hiring and training of business promoters, regular salary increases and base salary increases)
- **Equipment Cost** : Operation of new plants and new facilities (Gold, silver and copper sediment sludge collection, LIB recycling etc.)



## Total Shareholder Return (TSR) since listing

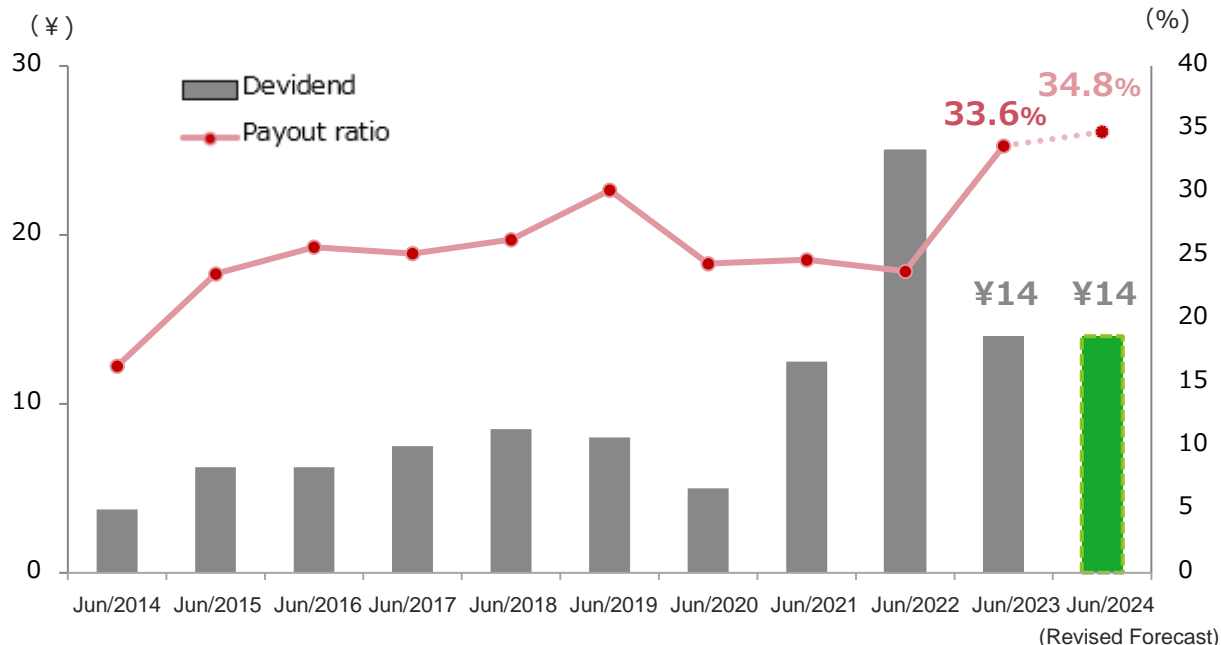
- **Outperformed TOPIX** in 10 year period



\*The closing price on September 25, 2013 is regarded as 100.

## 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 set a target consolidated payout ratio of **25-35%** as an indicator of performance-based profit sharing.



\*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.

(¥)

	Sep. 25, 2013 Closing price	Jun. 2014	Jun. 2015	Jun. 2016	Jun. 2017	Jun. 2018	Jun. 2019	Jun. 2020	Jun. 2021	Jun. 2022	Jun. 2023	Jun. 2024 (Forecast)
Share price (End of June)	204	140	178	139	174	369	300	292	614	794	552	-
Dividends per share	-	3.75	6.25	6.25	7.5	8.5	8	5	12.5	25	14	14
Payout ratio	-	16.3%	23.6%	25.7%	25.2%	26.3%	30.2%	24.4%	24.7%	23.8%	33.6%	34.8%

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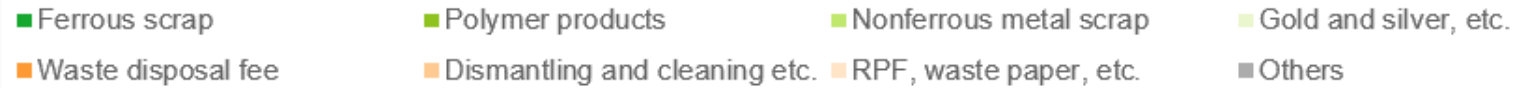
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# Segment : Net Sales by material

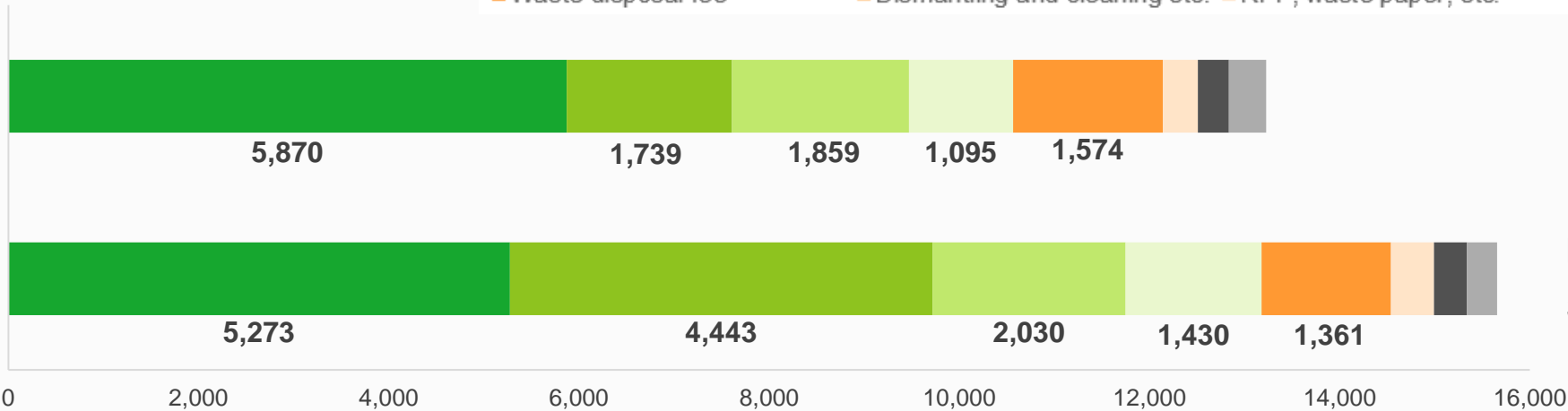


(¥million)

## Resource Circulation Business



Jun/23  
(3Q)



Net sales **¥13,226**million

Shipping volume **192,000t**

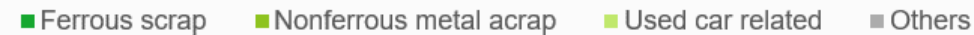
Jun/24  
(3Q)



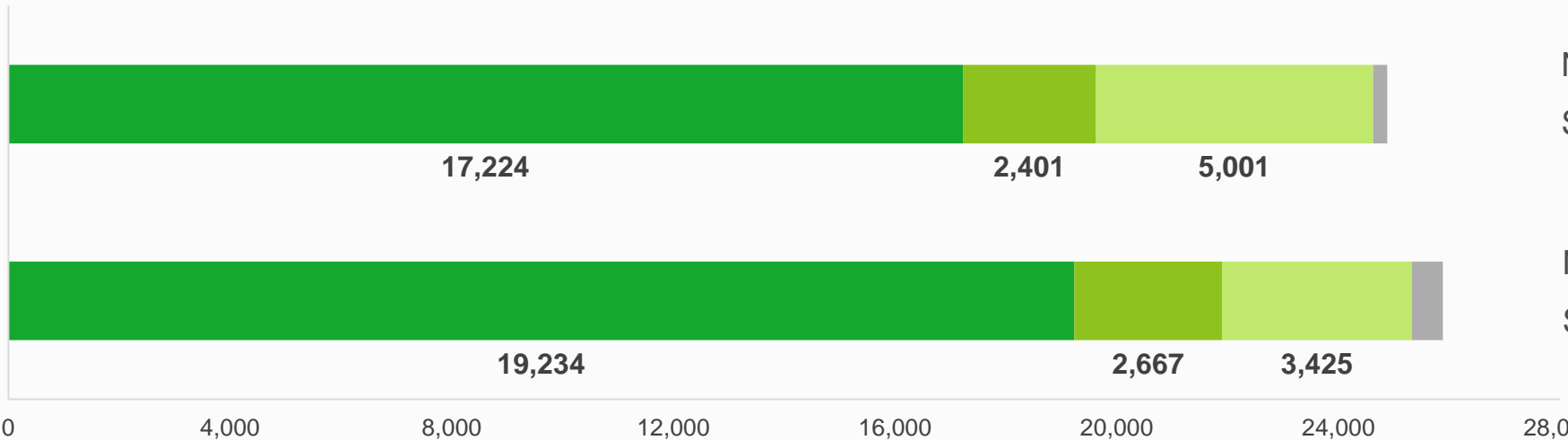
Net sales **¥15,653**million

Shipping volume **182,000t**

## Global Trading Business



Jun/23  
(3Q)



Net sales **¥24,876**million

Shipping volume **328,000t**

Jun/24  
(3Q)



Net sales **¥25,888**million

Shipping volume **358,000t**

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



### Shipping volume by material

(1,000t)

Item	June/2023 1Q-3Q	June/2024 1Q-3Q	YoY Ratio
Ferrous scrap	366	382	4.5%
Nonferrous metal scrap	14	14	(0.5%)
Gold, silver & copper sediment sludge*	2.3	3.1	34.3%
Polymer products	11	22	105.0%
RPF, Waste paper, etc.	40	40	(0.7%)
Black mass, etc.*	0.7	0.9	25.7%
Others	17	13	(23.8%)
<b>Total</b>	<b>452</b>	<b>477</b>	<b>5.5%</b>

(kg)

Item (Precious metals collected)	June/2023 1Q-3Q	June/2024 1Q-3Q	YoY Ratio
Gold	33	58	72.3%
Silver	621	924	48.7%

### Net sales by area

(¥million)

Area	June/2023 1Q-3Q	June/2024 1Q-3Q	YoY Ratio	
East Asia	Japan	18,765	22,954	22.3%
	Korea	6,667	6,695	0.4%
	Taiwan	677	860	27.0%
	Others	922	1,135	23.0%
Southeast Asia	Indonesia	504	1,670	231.0%
	Vietnam	4,795	3,565	(25.7%)
	Others	1,023	600	(41.3%)
South Asia	India etc.	326	130	(60.1%)
West Asia	UAE etc.	668	152	(77.1%)
South America	Chile etc.	706	803	13.7%
Africa	Kenya etc.	83	10	(87.0%)
Others	–	222	183	(17.3%)
<b>Total</b>	<b>35,363</b>	<b>38,764</b>	<b>9.6%</b>	

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

\*Black mass: Concentrated residue of lithium, cobalt and nickel sorted from lithium-ion batteries that have been discharged, dried and crushed

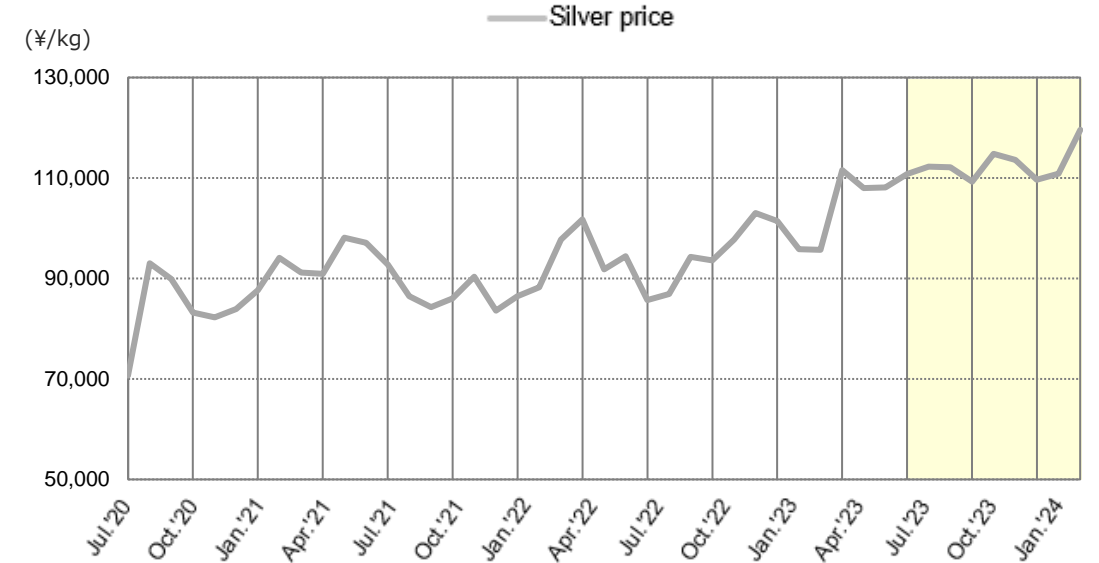
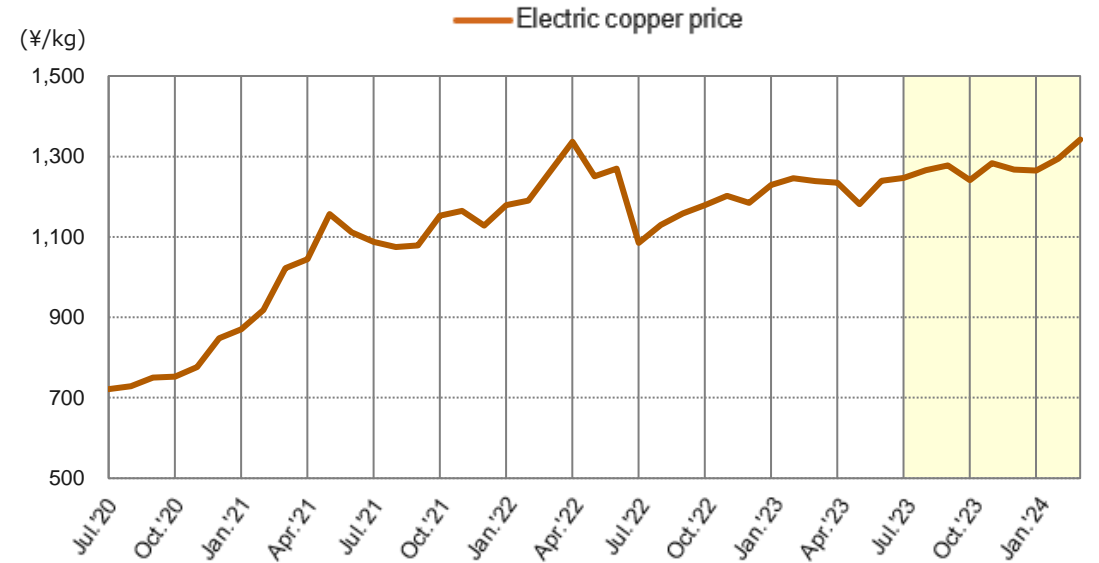
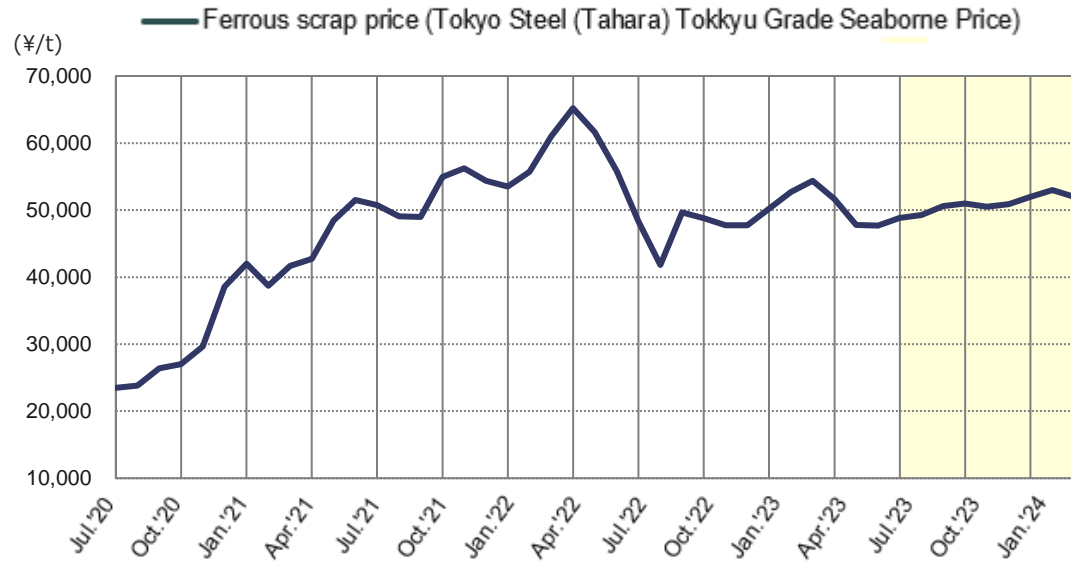


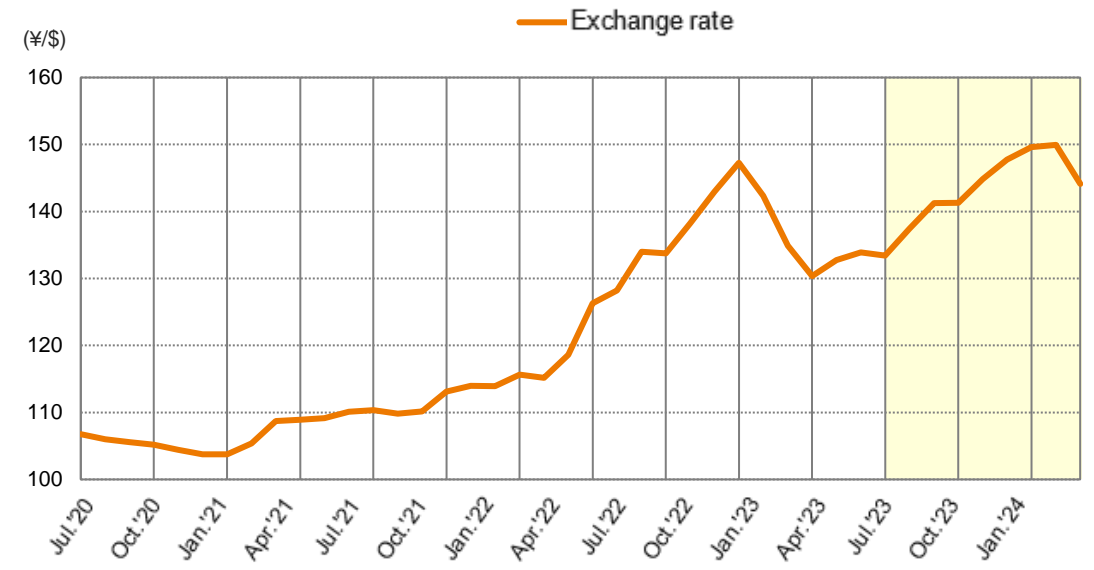
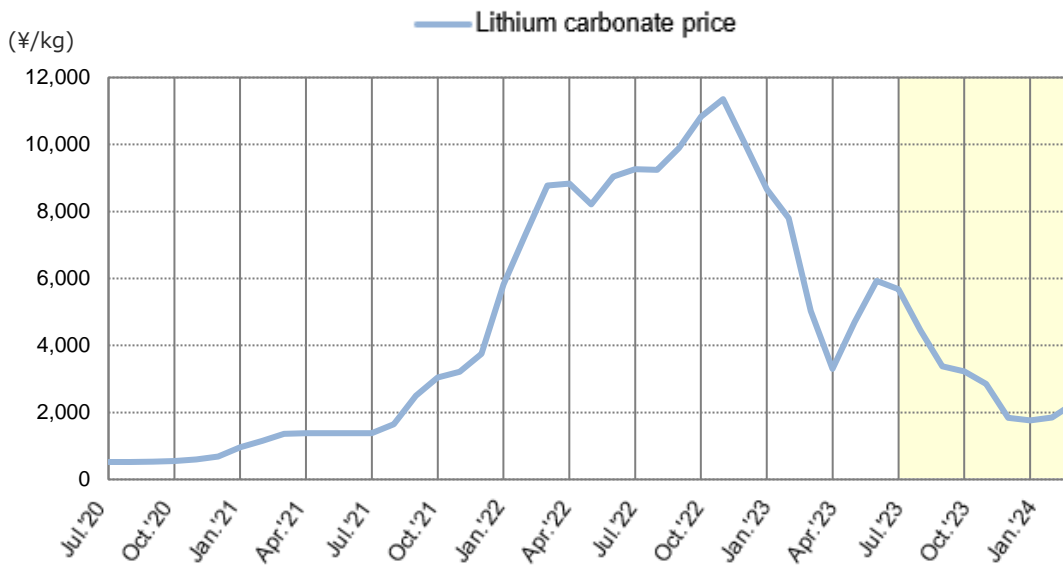
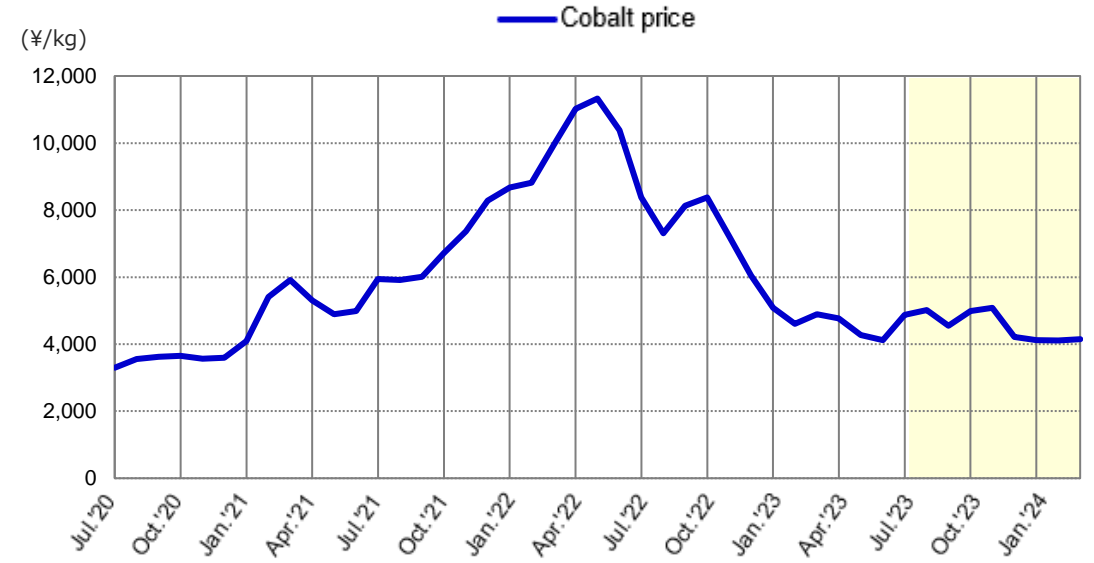
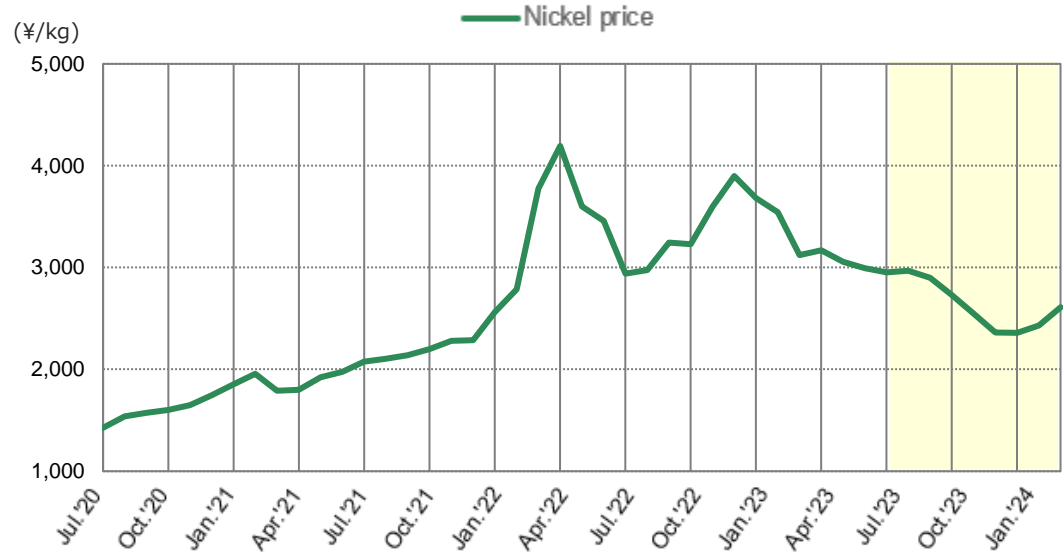
# Quarterly Business Results by Segment

Segment		June/2023						June/2024				
		1Q	2Q	3Q	4Q	Full Year	Composition Ratio	1Q	2Q	3Q	1Q-3Q	Composition Ratio
Resource Circulation Business	Shipping volume (1,000t)	64	65	64	67	262	–	57	64	61	182	–
	Net sales	4,179	4,349	4,697	5,625	18,852	34.0%	4,916	5,367	5,370	15,653	36.3%
	Ordinary profit	364	383	418	398	1,565	63.6%	391	397	354	1,144	65.5%
	Ordinary profit ratio	8.7%	8.8%	8.9%	7.1%	8.3%	–	8.0%	7.4%	6.6%	7.3%	–
Global Trading Business	Shipping volume (1,000t)	99	117	111	136	465	–	121	125	111	358	–
	Net sales	7,872	8,958	8,045	9,608	34,485	62.2%	8,709	8,735	8,443	25,888	60.0%
	Ordinary profit	156	(43)	112	(5)	220	9.0%	124	167	30	323	18.5%
	Ordinary profit ratio	2.0%	–	1.4%	–	0.6%	–	1.4%	1.9%	0.4%	1.2%	–
Lithium-ion Battery Recycling Business	Net sales	326	448	525	334	1,635	3.0%	356	361	477	1,195	2.8%
	Ordinary profit	104	183	207	78	575	23.4%	81	50	38	170	9.8%
	Ordinary profit ratio	32.0%	41.0%	39.5%	23.6%	35.2%	–	22.8%	14.0%	8.1%	14.3%	–
Others	Net sales	135	87	131	109	463	0.8%	157	85	145	387	0.9%
	Ordinary profit	50	(0)	44	4	99	4.0%	66	(11)	52	107	6.1%
	Ordinary profit ratio	37.7%	–	33.6%	4.3%	21.5%	–	42.4%	–	36.2%	27.6%	–
Adjustment	Net sales	(1,340)	(1,435)	(1,619)	(1,851)	(6,247)	–	(1,326)	(1,573)	(1,461)	(4,362)	–
	Ordinary profit	(107)	(77)	(287)	(85)	(558)	–	(140)	(123)	(147)	(411)	–
Consolidated	Shipping volume (1,000t)	141	160	150	173	625	–	159	165	153	477	–
	Net sales	11,174	12,408	11,781	13,826	49,189	100.0%	12,812	12,976	12,974	38,764	100.0%
	Ordinary profit	569	445	494	392	1,901	100.0%	523	481	329	1,334	100.0%
	Ordinary profit ratio	5.1%	3.6%	4.2%	2.8%	3.9%	–	4.1%	3.7%	2.5%	3.4%	–

\*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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