Financial Results Briefing Materials for the Six Months Ended December 31, 2020

Envipro Holdings Inc.
February 22, 2021

【SAIZENKAN】 (Motto of Envipro group)

All events that occur to oneself are inevitable, and the best, and one must accept them obediently without refusing any of them and comprehend the will of God hidden in them. (by Nobuzo Mori) ＜translated by Envipro Holdings Inc.＞

※ Nobuzo Mori: A prominent Japanese philosopher and educator
(September 23, 1896 - November 21, 1992)

Since 1989, distributed to all employees and used

【Corporate Philosophy】 established on March 20, 2004

(Presided over by Enishiya and supervised by Yoshiharu Shimizu)

The most important value of Envipro group, and its DNA (no timeline)

Creative Company

Engage in the ongoing creation of businesses that society needs

- Engage in everyday work in the spirit with which the company was established
- Create new businesses in the spirit of the founder for generations to come
- Every employee to exert efforts to become the leading player of a business that suits them

Circular Company

Help others, get the best out of others, and share with others to make a constant loop of joy

- Help each other and lend a hand to others to make your work more pleasant
- Use every material repeatedly, preserving their value for as long as possible
- Share the profit and joy with the people you live with

Company pursuing virtue

Pursue the virtue of companies and people, in perpetuity

- Don’t choose the easy path but choose the path which serves others
- Do what others don’t do by taking advantage of your distinctive qualities
- Be grateful for your life and don’t be arrogant

【Mission】 established on June 15, 2018

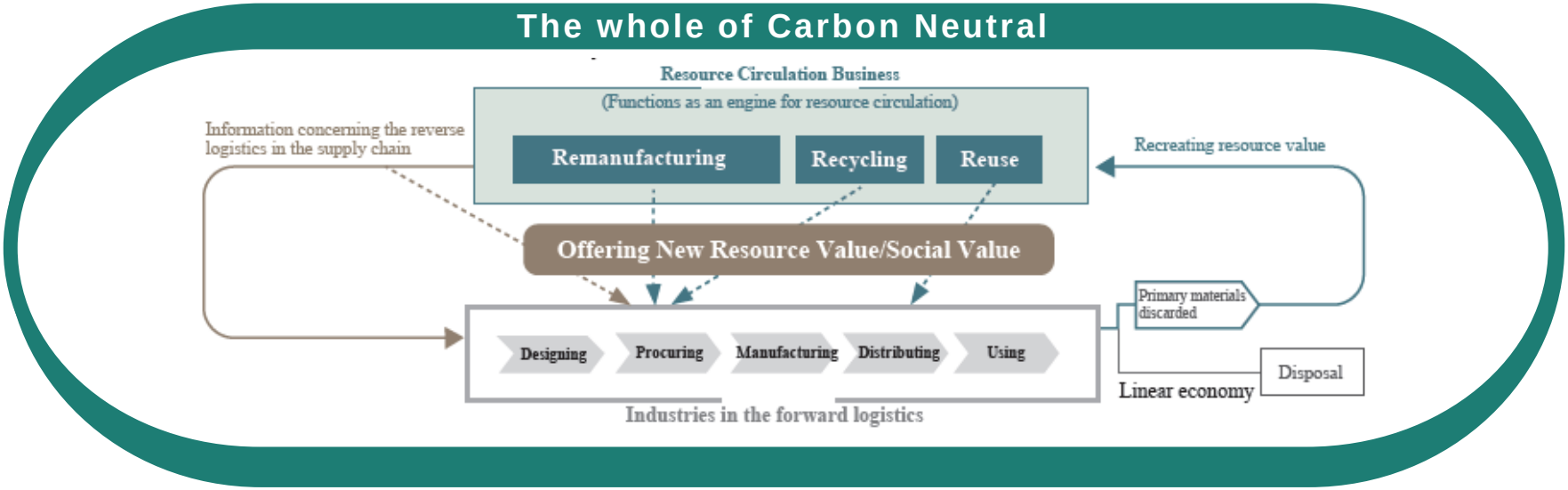
The significance of Envipro group currently existing in the world, and the purpose and aspirations of a certain time axis (30 years until 2050)

Contribute to create a sustainable society

【Realization of Decarbonized Society by 2050】

Take on the challenge of solving problems toward the realization of a "decarbonized society," "circular economy society," and "distributed society" as a business opportunity.

Roles of Envipro group in the Circular Economy
= Realization of concrete cases of the Circular Economy



For the realization of a Circular Economy

- Transform into a high-level manufacturing industry (to be the same level as the industry in forwarding logistics in terms of QCD (quality, cost, and delivery))
- Hold collection capacity over a wide area (creating an in-house domestic collection network including alliances)
- Promote digitalization (promote digitalization in all operations such as collection, production, and management)
- Grow into a recycling industry as a social infrastructure
- Become a disciplined group of autonomous individuals with emergent abilities

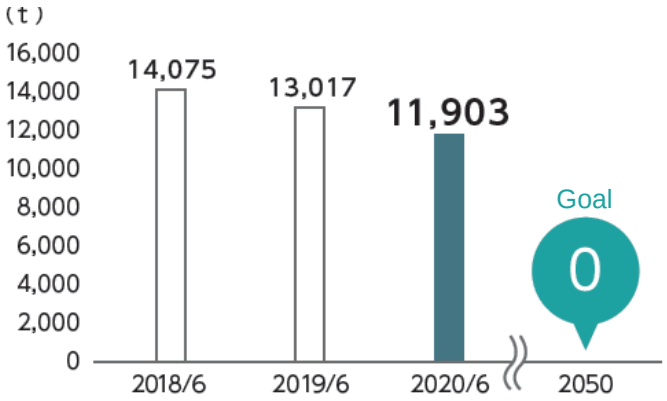
【Transform into a low-carbon raw material and fuel maker】

2018: Declaration of Renewable energy usage percentage to be 100% by 2050（Participate in RE100)

2020: Declaration of achieving Carbon Neutral by 2050

20 years ahead of target year of RE100　by 2050 ➡ by 2030

CO2 emission results & goals



Specific initiatives to reduce CO2 emissions (by 2030)

Approximately 70% of the CO2 emissions of the Envipro group's businesses come from the use of electricity.

Realized RE100

➡ **CO2 emissions reduced by approximately 70%**

sustainability report 2020
https://www.envipro.jp/sustainability/report/

Promoted RE100 and steadily reduced CO2 emissions at factories (Scope1, 2)

Production by low-carbon process
➡ Supply of lower-carbon resources and products

In addition to sorting and collecting ferrous and non-ferrous metal scrap from various used products, the Envipro group will actively promote the manufacture and development of low-carbon raw materials and fuels made from waste plastics and waste rubber.
We will further promote the spread of the raw material and fuel products produced from waste materials and contribute to the reduction of CO2 emissions throughout the life cycle, including the procurement of raw materials.

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1. Financial Overview for the Six Months Ended December 31, 2020

Business Segment

Business Segment		Description	Company
Resource Circulation	Reuse	To supply the used products and parts to the market while maintaining their functions and values of them.	ECONECOL Inc. Kuroda Recycle Co., Ltd. SYNECO Inc. Toyo Rubber Chip Co., Ltd. VOLTA Inc. Equity method affiliates Arbiz Corporation Fuji Eco Cycle Co., Ltd.
	Recycling (Resource recovery)	To shred the metal scrap and waste, and to sort and recycle these materials by difference of material properties.	
	Remanufacturing	To take recycling technology one step further and to re-manufacture the recycled raw materials and products from waste, scrap, etc.	
Global Resource Circulation		To promote optimal international resource circulation through import and export and trilateral trade of various resources such as metal, plastic scrap and biomass fuel, etc.	NEWSCON Inc. ※Carried on the business of foreign trading division of ECONECOL Inc. to NEWSCON on July 1, 2020.
Used-car-related		To purchase the high quality used Japanese cars and heavy machinery, as well as used automobile parts, such as engines, and to conduct exports abroad as well as trilateral trade.	3WM Co., Ltd.
Others		To provide consulting services specialized in environmental management, such as support for corporate environmental strategy planning and CO2 reduction planning. To provide employment support for people with disabilities.	Bright Innovation Co., Ltd. ASTOCO Inc.

Measures of the Spread of Novel Coronavirus (COVID-19) infection

Initiatives to prevention of the spread of COVID-19 infection

Established the Action Standards of measures to COVID-19, revised them one by one as situation changed, and disseminated to our employees and the related parties.

Our basic policy for the COVID-19 crisis

CASH IS KING（Initiatives from a short-term perspective）

Ensure cash management in all departments of the company, including sales, administration, and production.

- Strengthen management of personnel expenses and general expenses.
- Review unprofitable businesses and their business formats.
- Strengthen the occupational safety system to prevent the outflow of funds due to accidents and work-related injuries.

Restructuring of work (Initiatives from a Mid-Term perspective)

Revise fundamentally our previous work practices and make the company transformation dramatically by COVID-19 disaster.

- Implement remote work, web meetings, and flextime systems.
- Conduct research on remote management of facilities using IoT and robots.
  (Starting from monitoring of the various devices)
- Shifting from a membership-based approach to a job-based approach, and seeking to create a mechanism for evaluating work practices.(Currently strengthening the goal management system)

Reaffirming the raison d‘etre(Initiatives from a fundamental and long-term perspective)

Become a company that is strongly needed by society for the realization of a sustainable society.

- Realizing the circular economy as a manufacturer of recycled raw materials.
- Enhance resource recovery efficiency by strengthening the role of the company as a platform through “resource circulation x digital.”
- Establishing a recycling system that makes full use of chemical technologies and aims to achieve 100% recycling.

Highlights for the Six Months Ended December 31, 2020

Consolidated Financial Results

Net sales	¥16,615 million	（Down 11.1%　Year on year）
Operating profit	¥532 million	（Down 19.5%　Year on year）
Ordinary profit	¥713 million	（Down　4.7%　Year on year）
Profit※	¥489 million	（Down 11.0%　Year on year）

Main Topics

- The average ferrous scrap market price (Tokyo Steel (Tahara) Tokkyu Grade Seaborne Price) was ¥28,008 during the six months (¥24,302 in the same period of the previous fiscal year), and the ferrous scrap price has risen from ¥24,500 at the beginning of this fiscal year to ¥43,000 at the end of December 2020.
- The average market price of gold, silver and copper rose above that seen in the same period of the previous fiscal year, and the average market price of aluminum and Nickel trended downward from that seen in the same period of the previous fiscal year.
- LIB recycling business has progressed with the development of collection, production, analysis, and sales systems, such as the start of transactions with leading battery maker in November 2020, however ordinary loss of ¥80 million was incurred.
- Improved profitability by the revisions to waste disposal fee.
- There were signs that the import of waste circuit boards and trilateral trade in non-ferrous metals would be revitalized.
- ¥280million in Capital Investment (Inspection basis) ）
- In the same period of the previous fiscal year, there was a temporary revenue from the sales of the retired dedicated aircraft of the Japanese government.

※Profit：Profit attributable to owners of parent
※LIB：Lithium-ion rechargeable battery
（Amounts and quantities are rounded down. The percentages are rounded off.）

Summary of Consolidated Statements of Income

（¥ million）

	2020/June 1st half	2021/June 1st half	Year on year	
	Actual	Actual	Increase/Decrease	Ratio
Net sales	18,691	**16,615**	▲ 2,075	▲11.1%
Gross profit	3,674	**3,411**	▲ 262	▲7.1%
Operating profit	660	**532**	▲ 128	▲19.5%
Ordinary profit	748	**713**	▲ 35	▲4.7%
Profit before income taxes	807	**718**	▲ 88	▲10.9%
Profit※	549	**489**	▲ 60	▲11.0%
Marginal profit※	3,554	**3,372**	▲ 182	▲5.1%
EBITDA※	925	**905**	▲ 19	▲2.1%
Fixed costs※	2,892	**2,797**	▲ 94	▲3.3%

※ 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]

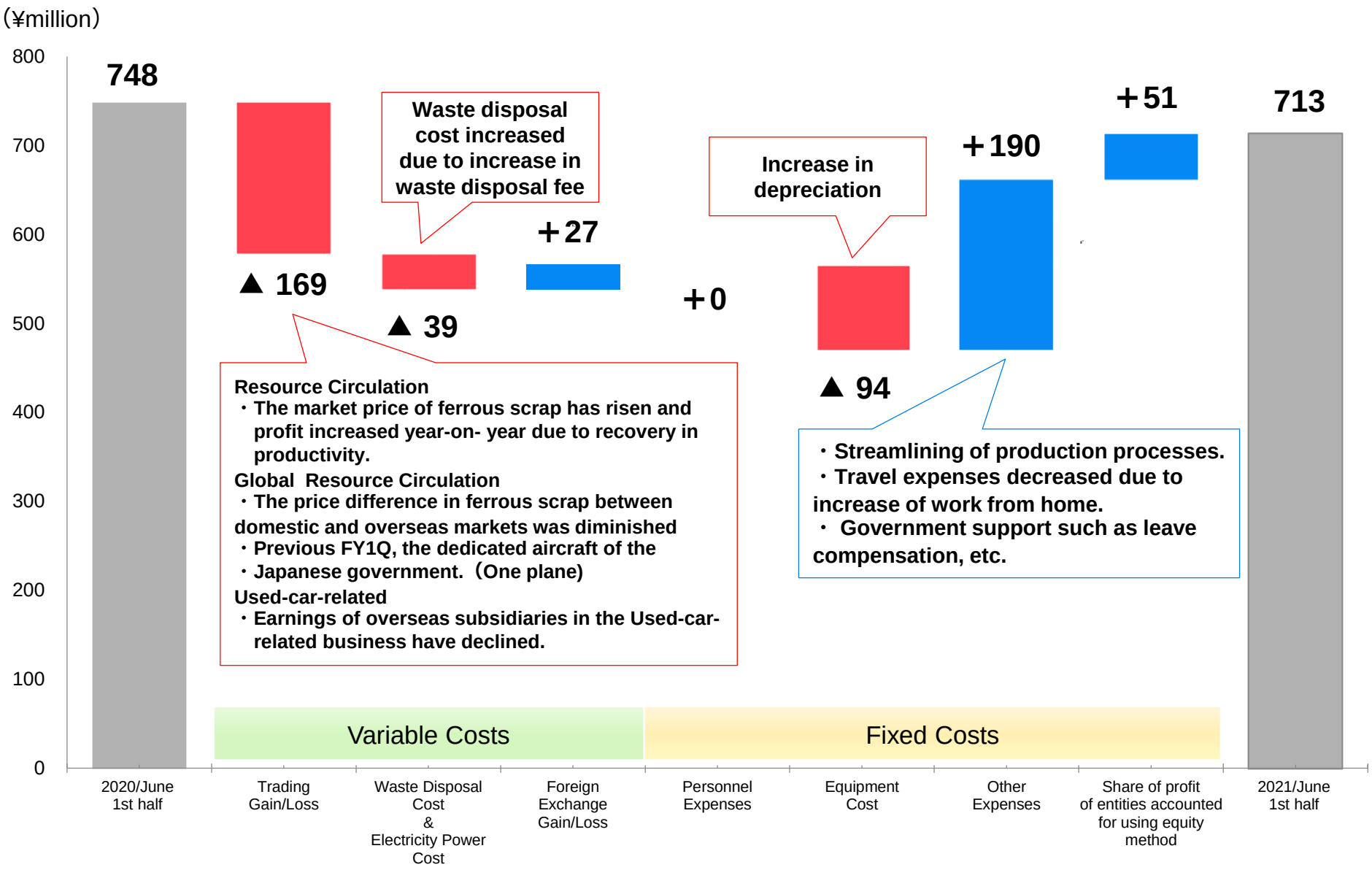
Summary of Business Results by Segment

(¥ million)

Net sales	2020/June 1st half	2021/June 1st half		Composition Ratio
	Actual	Actual	Year on year Ratio	
Consolidated	18,691	**16,615**	▲ 11.1%	100.0%
Resource Circulation Business	5,775	**6,058**	4.9%	32.7%
Global Resource Circulation Business	11,007	**9,744**	▲ 11.5%	52.7%
Used-car-related Business	3,333	**2,526**	▲ 24.2%	13.7%
Others	148	**166**	12.2%	0.9%
Adjustment	▲ 1,573	**▲ 1,880**	-	-

Segment profit	2020/June 1st half	2021/June 1st half		Composition Ratio
	Actual	Actual	Year on year Ratio	
Consolidated	748	**713**	▲ 4.7%	100.0%
Resource Circulation Business	310	**656**	111.7%	76.5%
Global Resource Circulation Business	394	**111**	▲ 71.7%	13.0%
Used-car-related Business	80	**53**	▲ 34.3%	6.2%
Others	17	**37**	114.8%	4.3%
Adjustment	▲ 53	**▲ 144**	-	-

Analysis of Difference in Consolidated Ordinary Profit（Year on year）



Summary of Consolidated Statements of Cash Flow

(¥million)

	2020/June 1st half	2020/June 2nd half	2021/June 1st half
Cash flows from operating activities	2,625	7	▲ 506
Cash flows from investing activities	▲ 758	▲ 242	▲ 117
Cash flows from financing activities	▲ 63	5,960	▲ 298
Effect of exchange rate change on cash and cash equivalents	▲ 0	0	▲ 21
Net increase (decrease) in cash and cash equivalents	1,802	5,726	▲ 943
Cash and cash equivalents at beginning of period	2,714	4,516	10,242
Cash and cash equivalents at end of period	4,516	10,242	9,298

Main Topics

- Cash flows from operating activities : (Inflows) ¥718 million in profit before income taxes
  ¥371 million in depreciation
  (Outflows) ¥1,030 million in increase in trade receivables
  ¥343 million in increase in inventories
  ¥204 million in income taxes paid
- Cash flows from investing activities : (Inflows) ¥43 million in proceeds from withdrawal of time deposits
  ¥34 million in proceeds from sales of property, plant and equipment
  (Outflows) ¥140 million in purchase of property, plant and equipment
  ¥43 million in payments into time deposits
- Cash flows from financing activities : (Inflows) ¥260 million in net increase in short-term borrowings
  ¥153 million in proceeds from long-term borrowings
  (Outflows) ¥528 million in repayments of long-term borrowings
  ¥147 million in dividends paid
  ¥36 million in repayments of finance lease obligations

Summary of Consolidated Balance Sheets

(¥million)

	As of Dec. 31 2019	As of June 30 2020	As of Dec. 31 2020	Increase/ Decrease
Current asset	10,636	16,529	16,990	460
Non-current assets	9,194	9,383	9,365	▲ 18
(Property, plant and equipment)	6,632	6,729	6,558	▲ 170
(Intangible assets)	79	70	64	▲ 5
(Investments and other assets)	2,481	2,584	2,742	158
Total assets	19,830	25,913	26,356	442

	As of Dec. 31 2019	As of June 30 2020	As of Dec. 31 2020	Increase/ Decrease
Current liabilities	5,108	7,499	8,080	580
Non-current liabilities	2,838	6,401	5,886	▲ 514
Total liabilities	7,947	13,900	13,967	66
Net assets	11,883	12,012	12,389	376
(Equity)	11,518	11,654	12,023	369
Total liabilities and net assets	19,830	25,913	26,356	442

Main Topics

- Current assets (Notes and accounts receivable - trade: ¥1,030million, Merchandise and finished goods: ¥268million, Cash and deposits: ¥▲944million)
- Non-current assets (Investment securities: ¥159million,Buildings and structures: ¥ ▲69million, Construction in progress: ¥▲55million, Machinery, equipment and vehicles: ¥▲38 million)
- Current liabilities (Short-term borrowings: ¥260million, Current portion of long-term borrowings: ¥187million)
- Non-current liabilities (Long-term borrowings: ¥ ▲562 million)
- Equity ratio 45.6% (45.0% as of June 30, 2020)

Consolidated Financial Results

Net sales（Handling volume）

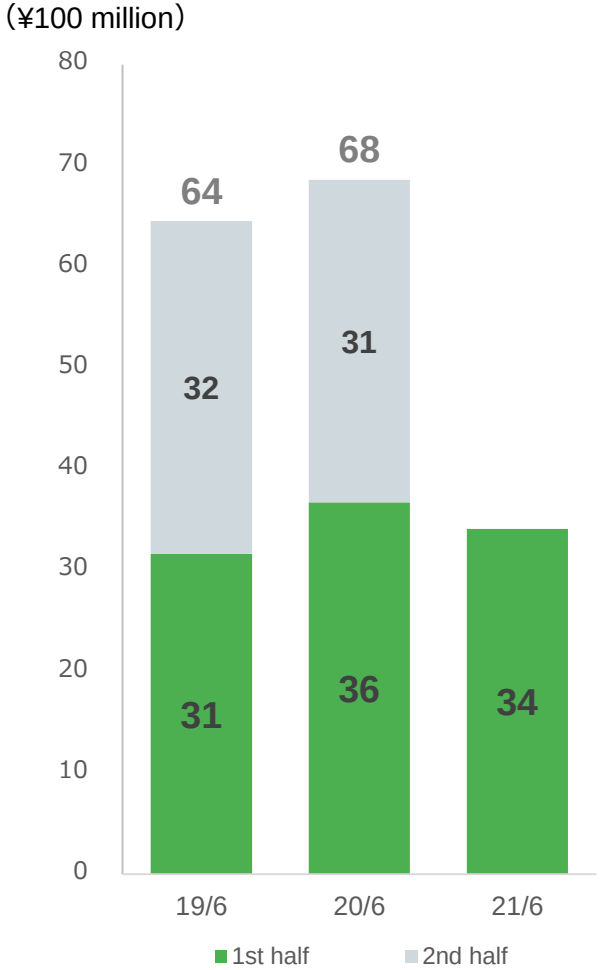
Down 11.1%

Year on year

Gross profit

Down 7.1%

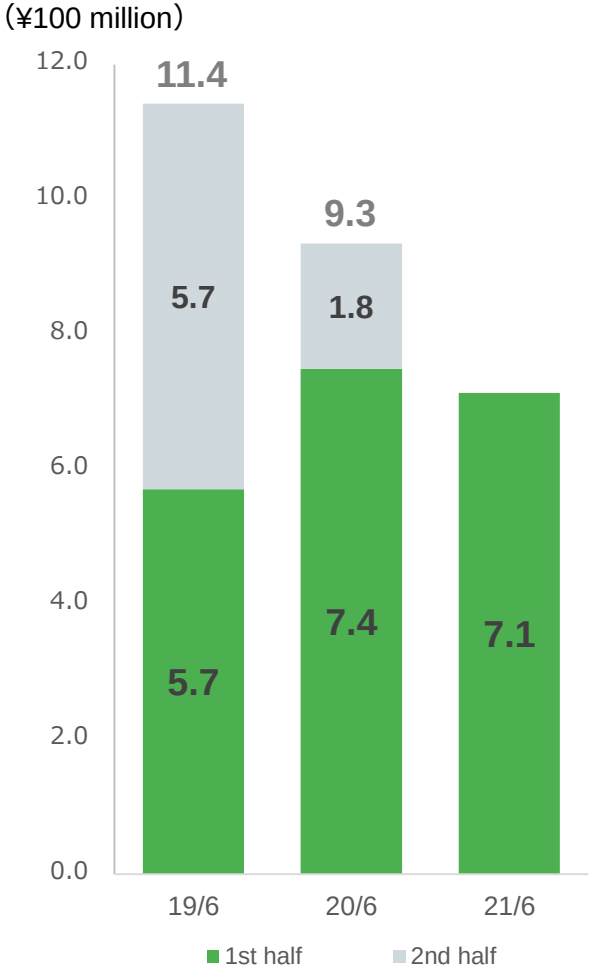
Year on year



Ordinary profit

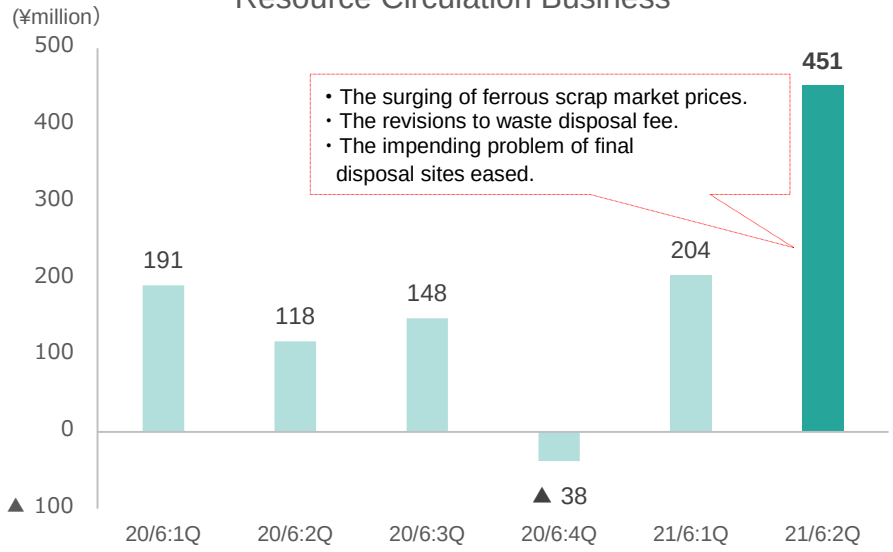
Down 4.7%

Year on year

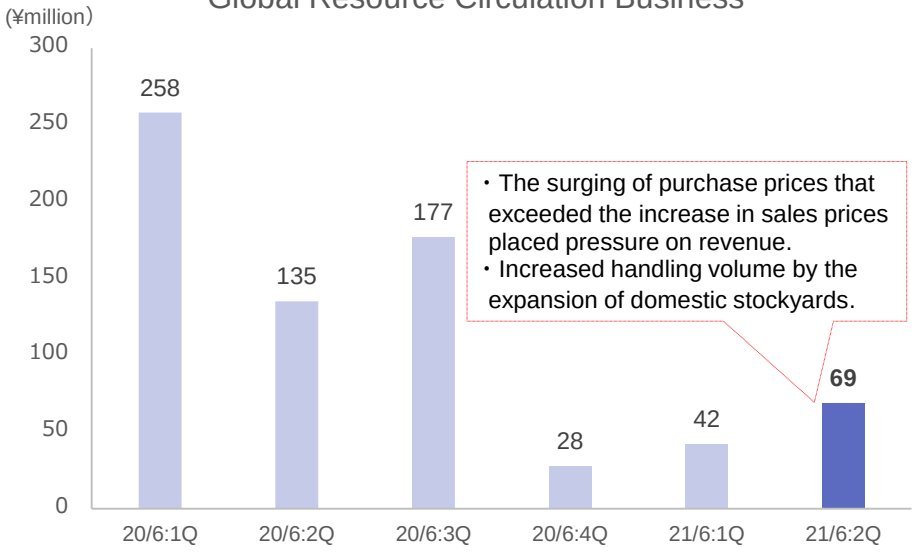


Quarterly Ordinary Profit by Segment

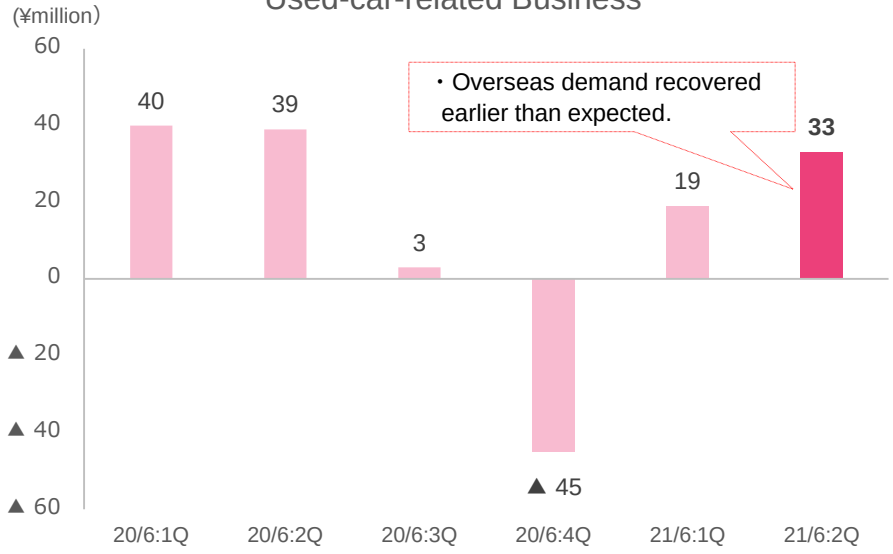
Resource Circulation Business



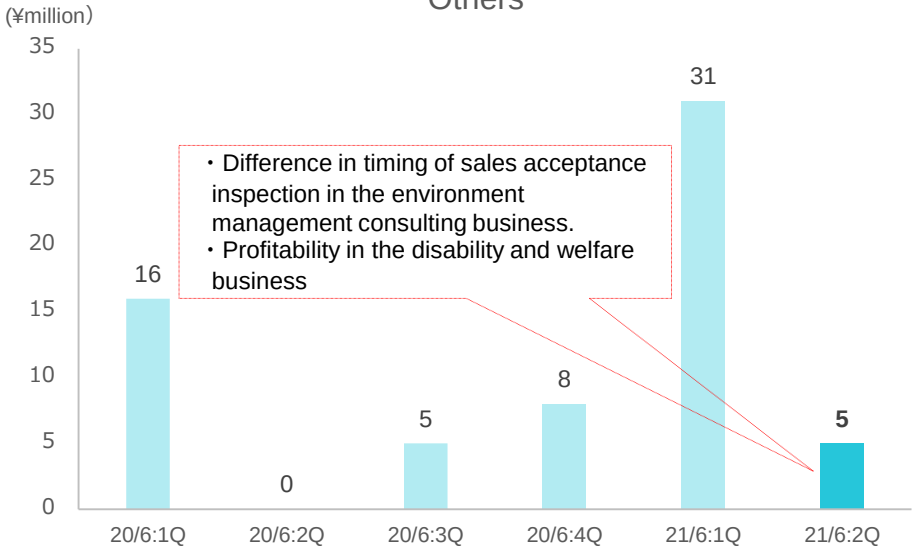
Global Resource Circulation Business



Used-car-related Business



Others



2． Forecast for the Fiscal Year Ending June 30, 2021

Forecast for the Consolidated Results for the Fiscal Year Ending June 30, 2021

Change in prerequisites

Item	Target	Previous forecast	1st half Results	**Current forecast**
Handling Volume	1st half	Assumed that it will remain at approx. 80%.	Trend Results of Approx 90%.	
	2nd half	Assumed that it will gradually recover from 80%,		**Assumed that it will remain at approx. 100%.**
Ferrous scrap price	Full year	¥20,000/ t	1st half ¥28,008/ t 1st half end ¥43,000/ t	**¥35,000/t** 【¥38,067/t】
Electrolytic copper price		¥550,000/ t	1st half ¥762,433/ t 1st half end ¥850,000/ t	**¥750,000/t** 【¥879,333/t】
Gold price		1st half（previous year) ¥5,158/ g	1st half ¥6,436/ g	**¥6,000/g** 【¥6,214/g】
Silver price		1st half（previous year） ¥61,351/kg	1st half ¥83,853/kg	**¥85,000/kg** 【¥93,549/kg】
Nickel price		1st half（previous year） ¥1,841/kg	1st half ¥1,760/kg	**¥1,850/kg** 【¥2,014/kg】
Cobalt price		1st half（previous year） ¥3,816/kg	1st half ¥3,554/kg	**¥3,500/kg** 【¥5,108/kg】
Exchange rate（¥/US$）		¥105	1st half end ¥103 level	**¥100** 【¥105 level】

※ Prices in parentheses are averages from February 1st to 15th, 2021.
Sources: Tokyo Steel manufacturing Co., Ltd. JX Nippon Mining & Metals Corporation, Iruniverse Co.,Ltd. Sangyo Press Co., Ltd. MUFG Bank, Ltd.

Forecast for the Consolidated Results for the Fiscal Year Ending June 30, 2021

Forecast for the Consolidated Results

Net sales	¥35,700 million	(Up 5.4% Year on year)
Operating profit	¥1,000 million	(Up 26.5% Year on year)
Ordinary profit	¥1,250 million	(Up 33.7% Year on year)
Profit※	¥870 million	(Up 44.5% Year on year)

Main Topics

- Secure the handling volume due to the quick recovery of economic conditions above initial expectations
- In addition to a recovery in production at domestic steel manufacturers, we expect to maintain high prices due to the deregulation of metal scrap imports in China.. At the same time, we anticipate intensifying competition from Chinese scrap companies.
- LIB recycling business has expanded the collection volume of used consumer batteries both domestically and overseas with transactions with battery manufacturer, and also improved production efficiency and quality of black sand by remodeling the black sand production line and establishing a new shredding line. However, ordinary loss expected to be ￥150 million.
- Expect to take time to eliminate logistical impediments due to container shortage
- Establishment of earnings base other than metal scrap, such as waste treatment business
- Forecast increase in sales of gold, silver and copper sediment sludge
- Forecast increase in profitability from large-scale demolition and tidying up works
- Continue to improve productivity and reduce fixed costs by reviewing General and administrative expenses

※Profit: Profit attributable to owners of the parent
※Black sand: Cobalt and nickel concentrate containing carbon
※Gold, silver and copper sediment sludge: A mix of gold, silver, copper, platinum, and palladium

Forecast for the Consolidated Results for the Fiscal Year Ending June 30, 2021

（¥million）

	For fiscal year ended June 30, 2020	For fiscal year ending June 30, 2021					
	Actual	Previous forecast	Revised forecast	Year on year		Comparison with previous forecast	
				Increase/ Decrease	Ratio	Increase/ Decrease	Ratio
Net sales	33,879	28,860	**35,700**	1,820	5.4%	6,840	23.7%
Gross profit	6,861	6,726	**7,011**	149	2.2%	284	4.2%
Operating profit	790	510	**1,000**	209	26.5%	489	96.1%
Ordinary profit	934	600	**1,250**	315	33.7%	650	108.3%
Profit before income taxes	918	614	**1,229**	310	33.8%	614	99.9%
Profit※	602	410	**870**	267	44.5%	459	112.2%
Marginal profit※	6,632	6,557	**6,914**	281	4.2%	357	5.4%
EBITDA※	1,389	1,295	**1,760**	371	26.7%	465	35.9%
Fixed costs※	5,821	6,038	**5,884**	63	1.1%	▲ 154	▲2.6%
ROE	5.3%	3.6%	**7.3%**	2.0%	-	3.7%	-

※ 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]

Forecast for the Business Results for the Fiscal Year Ending June 2021 by Segment

(¥million)

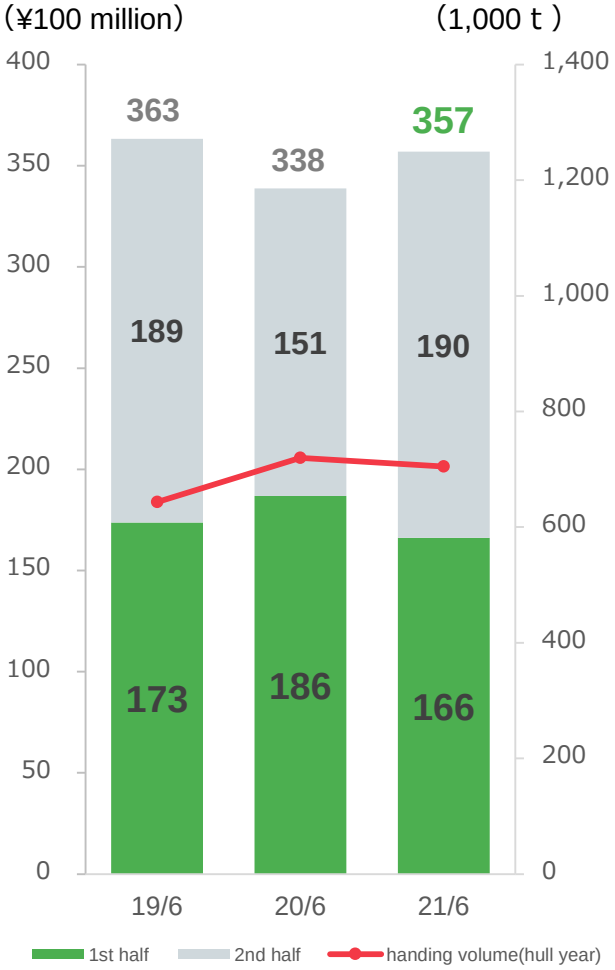
Net sales	For fiscal year ended June 30, 2020	For fiscal year ending June 30, 2021					
	Actual	Previous forecast	Revised forecast	Year on year		Comparison with previous forecast	
				Increase/ Decrease	Ratio	Increase/ Decrease	Ratio
Consolidated	33,879	28,860	**35,700**	1,820	5.4%	6,839	23.7%
Resource Circulation Business	10,786	10,533	**12,641**	1,855	17.2%	2,108	20.0%
Global Resource Circulation Business	20,108	15,809	**21,684**	1,575	7.8%	5,874	37.2%
Used-car-related Business	5,683	4,840	**5,053**	▲ 629	▲ 11.1%	213	4.4%
Others	295	301	**352**	57	19.5%	50	16.8%
Adjustment	▲ 2,994	▲ 2,625	**▲ 4,032**	▲ 1,038	-	▲ 1,406	-

Segment profit	For fiscal year ended June 30, 2020	For fiscal year ending June 30, 2021					
	Actual	Previous forecast	Revised forecast	Year on year		Comparison with previous forecast	
				Increase/ Decrease	Ratio	Increase/ Decrease	Ratio
Consolidated	934	600	**1,250**	315	33.7%	650	108.3%
Resource Circulation Business	420	433	**1,014**	594	141.3%	581	134.1%
Global Resource Circulation Business	600	382	**349**	▲ 250	▲ 41.8%	▲ 32	▲ 8.6%
Used-car-related Business	38	16	**81**	43	111.6%	65	400.6%
Others	30	39	**72**	41	135.1%	32	81.8%
Adjustment	▲ 155	▲ 272	**▲ 268**	▲ 113	-	3	-

Consolidated Financial Results and Forecast for the Fiscal Year Ending June 30, 2021

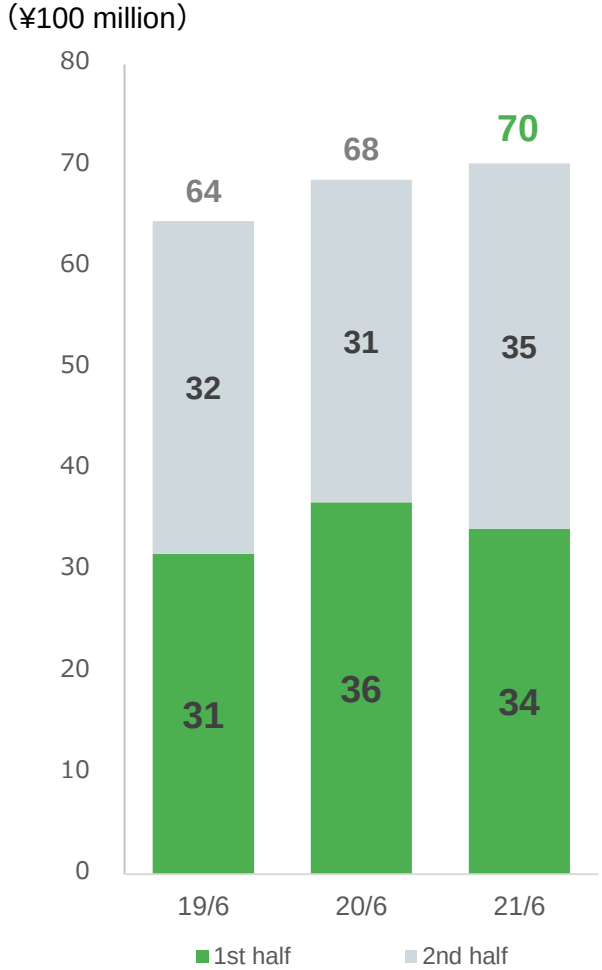
Net sales（Handling volume）

Up 5.4%
Year on year



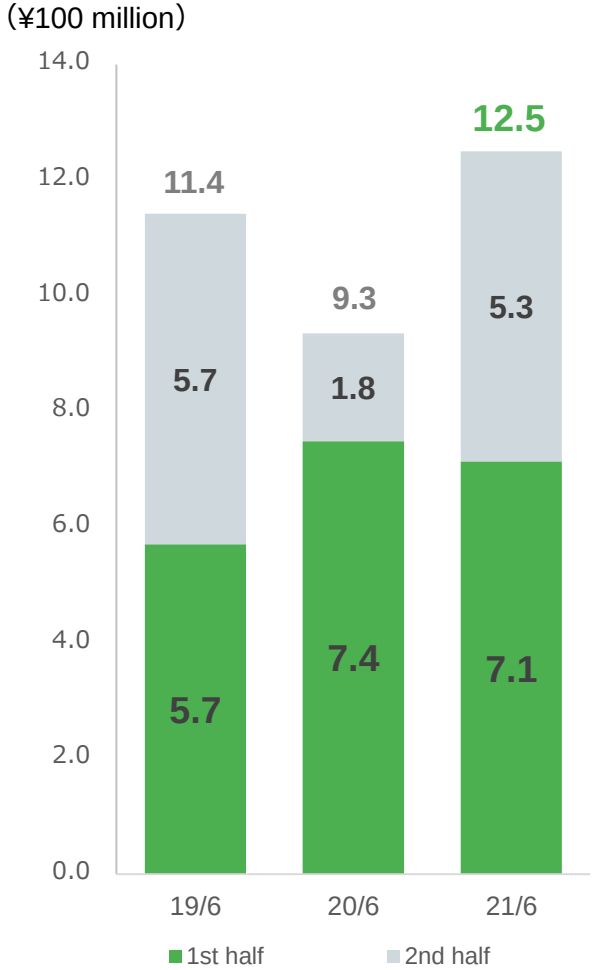
Gross profit

Up 2.2%
Year on year



Ordinary profit

Up 33.7%
Year on year



3． Business Strategy

1． Business strategy

Take aggressively on the challenge of solving problems toward the realization of a "decarbonized society," "circular economy society," and "distributed society" as a business opportunity.

2． Realization of concrete cases of the Circular Economy

Realize the cases of LIB circular (battery to battery) in Japan

3． For promotion of business strategy

① Possess overwhelming technological superiority and constantly innovate it.
② Strengthen our sales force as an organization based on our high technology and know-how, and will continue to strengthen our sales force.
③ Possess a dynamic international distribution power and constantly improve it.

◆Deepening of existing businesses

Further deepening has the same value as new development. If we deepen into existing businesses, we may find new sceneries.
There are always encounters with new products, new commercial distribution, new technology and new persons (relationship) , and sometimes there are hints for new businesses.

① Strengthening collection of gold, silver & copper sediment sludge from waste incineration ash, etc.

② Production of low-carbon raw materials and fuels derived from waste, such as RPF, and steel auxiliary materials

③ Strengthening "demolition business", "tidying up business" and "second-hand sales business" in a wide area starting from asset evaluation (plants, hotels, wind power plants, aircrafts, etc.)

④ Expansion of the handling volume of metal scrap (Expansion and establishment of new yards, promotion of import/export and trilateral trade)

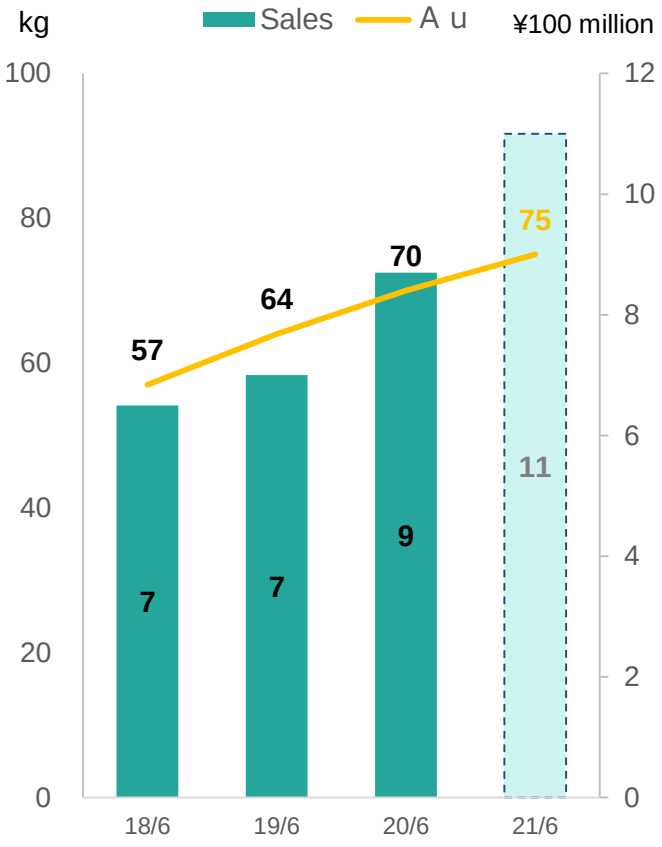
⑤ Strengthening the environmental consulting business and group synergy

① Strengthening collection of gold, silver & copper sediment sludge from waste incineration ash, etc.

We intend to make business to collect "gold, silver & copper sediment sludge (Cu, Au, Ag, Pt, Pd)" taken out of "waste incineration ash", "automobile shredder residue,"etc. as one of pillars of our business.

- The number of trades with local government treating the riddling ash from existing waste incineration facilities is increasing.
  ⇒At present, we have contracted with 13 local governments (6 of which is sorting riddling ash), we expected 6 contracts.(2 up to June of this year, 4 up to June of next year)and 50 local governments is considering to start this business with us.
- Recovery of gold, silver & copper sediment sludge from automobile shredder residue.(ASR)
- Recovery of gold, silver & copper sediment sludge from e-waste (smartphones and other electronic equipment, LIB, small home appliances, etc.)
- Increase in purchases of mixed metal containing gold, silver & copper sediment sludge from shredding companies in the same industry.
- Increase in imported products containing gold, silver & copper sediment sludge and increase in added value.
- Expansion of processing orders from the major smelting company (waste circuit board scrap, etc.).
- Establishment of a fine shredding and sorting plant for gold, silver and copper sediment sludge (scheduled to start operation in September 2021)

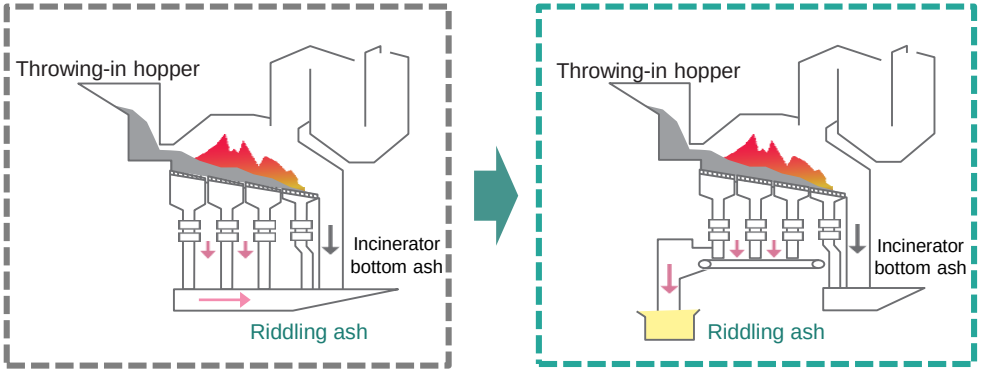
Gold Collection volume from gold, silver and copper sediment sludge & sales amount



※Riddling ash is dust or ash on gate of the stoker type waste incinerator that has fallen through the pores between the grate.

① Strengthening collection of gold, silver & copper sediment sludge from waste incineration ash, etc.

Renovate to collect Riddling ash separately



Benefits of local governments

① Securing a gain on sale of Riddling ash
② Reduction in landfill costs for the weight of Riddling ash
③ Reduction in the proportion of heavy metals heading toward Incinerator bottom ash side reduces costs such as chelating.

Achieve efficient recovery of precious metals at our plants by purchasing riddling ash by subsidiary companies which is collected separately by local governments renovated Incinerator.

Photographs of incinerators which is renovated by local governments.

As of February 2021

- 4 Local Governments renovated
- 3 Local Governments plan to renovate
- 3 Local Governments adopted design of new furnace
- Proposing that 4 local governments adopt the design of new furnace

The number of local governments under consideration increased due to the publication of papers at the Japan Waste Management Association, etc.
Through cooperation with Incinerator maker, a flow of incorporating riddling ash separation system from the design stage of the new furnace is being born.

① Strengthening collection of Gold, Silver & Copper Sediment Sludge from waste incineration ash etc. : Strategy to Expand the Collection of Riddling Ash

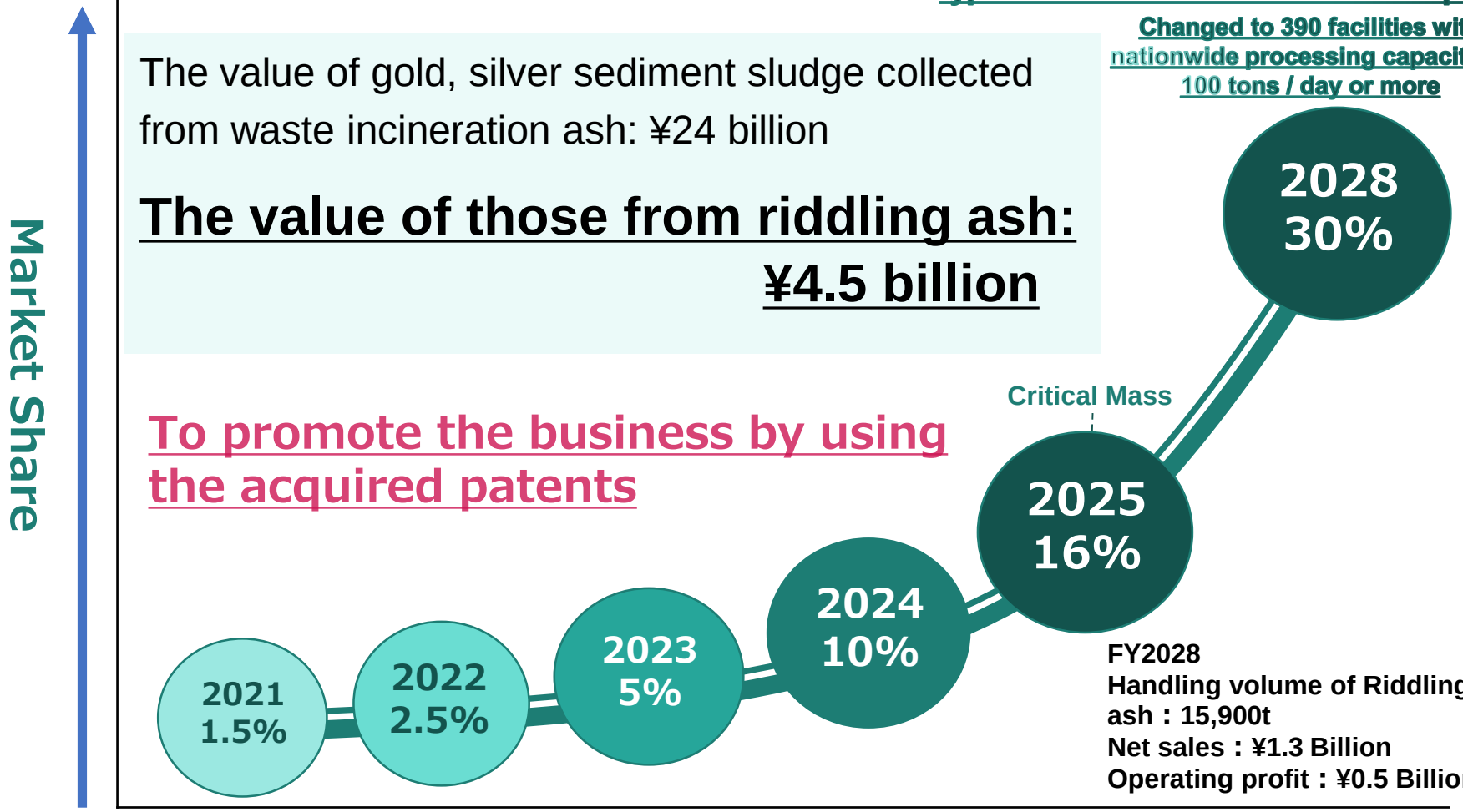
Contract with120 Facilities with Stoker type Waste Incinerators across Japan

Changed to 390 facilities with nationwide processing capacity of 100 tons / day or more

The value of gold, silver sediment sludge collected from waste incineration ash: ¥24 billion

The value of those from riddling ash: ¥4.5 billion

To promote the business by using the acquired patents



FY2028
Handling volume of Riddling ash : 15,900t
Net sales : ¥1.3 Billion
Operating profit : ¥0.5 Billion

Enlightenment period

- Steady promotion to local governments
- Enlightenment activities to JWMA, etc
- Cooperation with Incinerator maker

Spread period

- Avocate founding of separation remodeling subsidy system for separation of riddling ash
- Described the separation of riddling ash in the bid request standard for new waste incinerator
- Strengthen cooperation with local recycler

Growth period

- Adopt riddling ash separation system for all new waste incinerators
- Rapidly increase in number of the contracted local government

② Production of low-carbon raw materials and fuels derived from waste, such as RPF, and steel auxiliary materials

Replace petroleum, coal, and coke with low-carbon raw materials made by shredding, sorting, mixing, and molding used raw materials.

CO2 emissions per ton

RPF 1.57 t-CO2/t : Coal (thermal coal) 2.33 t-CO2/t

(CO_2 emissions per ton (t-CO_2/t) = unit calorific value (GJ/t) × emission factor (t-C/GJ) × 44/12)

CO2 reduction effect during use: Approx. 33%

【Reference】Japan RPF Association website, "Effects of CO2 Reductions in RPF"
The Ministry of the Environment's website.
"Calculation and Publication of Basic Emission Factors and Adjusted Emission Factors for Each Electric Utility"

RPF
37,000t/year

Cement raw fuels
14,000t/year

Steel auxiliary materials
10,000t/year

Hard plastic fuel
7,000t/year

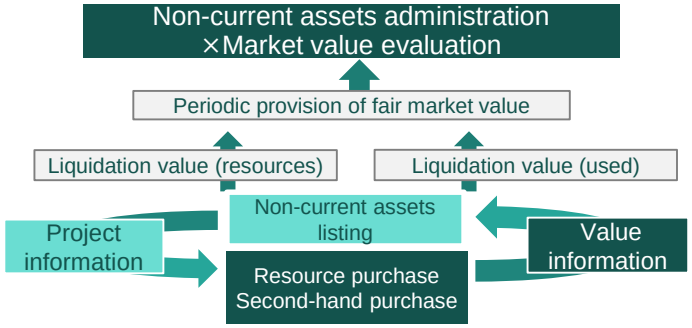
Waste rubber raw materials
5,000t/year

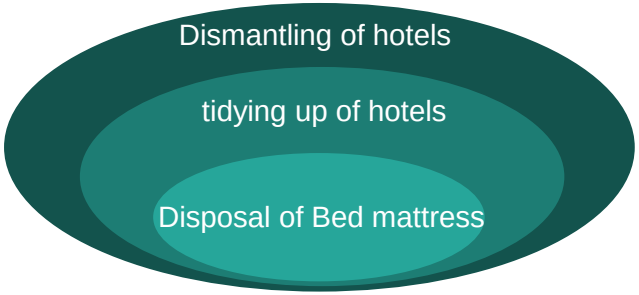
Carbon Powder derived from LIB negative electrode plate
300t/year

※RPF:Refuse derived paper and plastics densifies Fuel
※Weight includes weight of equity method investment companies

③ Strengthening “demolition business”, “tidying up business” and “second-hand sales business” in a wide area starting from asset evaluation (plants, hotels, wind power plants, aircrafts, etc.)

"Increase the number of cooperative models with companies and organizations that own properties through plant dismantling, etc., and companies and organizations that are close to property information





Collected from wind power generation Nd magnet

Provision of market valuation services with Japan Machinery Leasing and Sales Co., Ltd.

- Cooperation with specialist leasing companies for lease sales of second-hand machinery, etc
- Support for decision-making, such as business reorganization of business partners, by providing Non-current assets with regular market value (used value and resource value)
- Implementation of purchase and removal based on the appraised value carried out

Spillover from "Disposal of difficult-to-dispose items" to related projects

- Expand responses to various waste disposal difficulties that occur nationwide (Bed mattress, LIB, Solar panels, etc.)
- Expand the number of initiatives of the related projects (tidying up, dismantling, etc.) from information on collection of difficult-to-process items
  (e.g.) Disposal of bed mattress➡ tidying up of hotels ➡ dismantling of hotels

Study of Wind Power Plant Recycling

- 3.923million kW and 2,414 units in 457 power plants at the end of Dec.2019※1
  ➡ 10 million kW in 2030 and 30 million to 45 million kW in 2040 ※2
- Expect dismantling by nearly 70% of the life of existing facilities within 5 years.
- Continue to research on recovery of rare earth (Nd magnet) from wind power generation, recycling of difficult-to-dispose materials such as blades, and dismantling methods

(Exhibition) ※1:Japanese Wind Power Association, "Cumulative Amount of Wind Power Generation Introduced in Japan at the End of 2019 (Preliminary Report)"
※2:The Vision for the Offshore Wind Industry (Phase 1) of the Public-Private Council for Enhancing Industrial Competitiveness of Offshore Wind

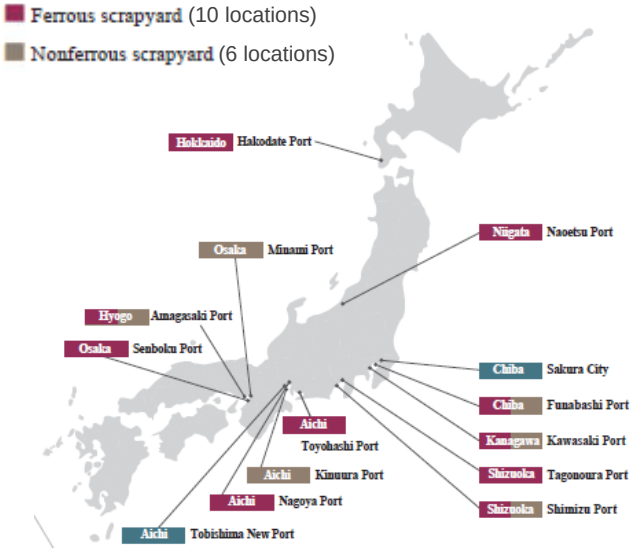
④ Expansion of the handling volume of metal scrap

(Expansion and establishment of new yards, promotion of import/export and trilateral trade)

ENVIPRO

Increase transaction items and transaction volumes by expanding existing port yards, expanding collection capacity through the opening of new yards, and promoting import/export and trilateral trade through the functions of overseas representative offices (Vietnam and Europe)

Expansion of existing port yards and opening of new yards



December 2020 Expanded the Nagoya port yard
(Capacity Expansion: 5,000MT/ Month)

May 2020 Expanded the Kawasaki port yard
(Capacity Expansion: 5,000MT/ Month)

Consider opening new yards in undeveloped areas

①Japan Sea area

②Tohoku area

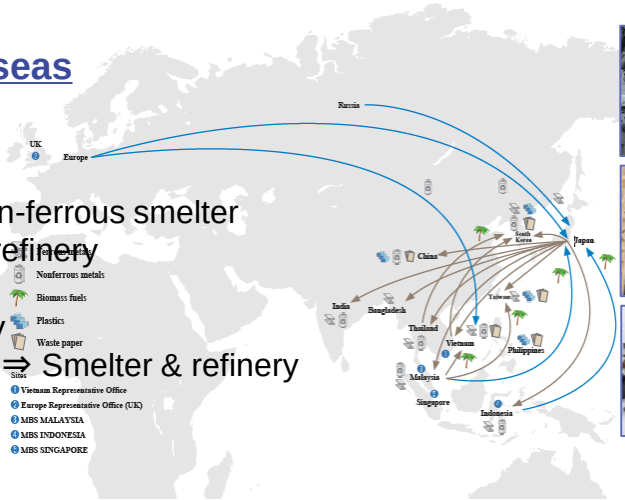
③Sanin area

④Kyushu area

⑤Hokkaido area

Development of new products through functions of overseas representative offices (Vietnam and Europe)

- **Europe ⇒ Southeast Asia** Aluminum scrap ⇒ Alloy manufacturers
- **Europe ⇒ Southeast Asia** Copper scrap ⇒ Recycling plant and non-ferrous smelter
- **Europe, etc. ⇒ Japan** Waste circuit board scrap ⇒ Smelter & refinery
  LIB ⇒ VOLTA
- **Japan ⇒ Southeast Asia** BS (Black Sand) ⇒ Smelter and refinery
- **Japan ⇒ Europe** Gold, Silver & Copper Sediment Sludge ⇒ Smelter & refinery



⑤ Strengthening the environmental consulting business and group synergy

Expand the carbon management consulting such as TCFD, CDP, SBT, RE100, and promote the decarbonization of Envipro group by expert organization , and promote RE100

ENVIPRO
Envipro Holdings Inc.

Carbon neutral by 2050

CO_2 0% Carbon neutral
We will achieve net zero GHG emissions by 2050

RE100 by 2030

2030 — 2050
RE100 — 20 years ahead of schedule

Carbon Management Consulting and Solutions

Vision / strategy development

- Climate change response, long-term sustainability vision /strategy development
- SBT setting for GHG emissions reduction
- GHG emissions reduction planning
- Climate scenario analysis
- RE100 planning

Information disclosure and rating improvement

- Response to the TCFD recommendations
- Environment / sustainability information disclosure
- Answering CDP / DJSI, and rating improvement
- ESG rating improvement

Bright Innovation

Research and calculation

- Research on climate change-related policies and emission credits in Japan and overseas
- Global company benchmark research for environmental management and climate change responses
- Scope 1, 2, and 3 emissions calculation
- Calculation of contribution to emissions reduction of products
- Internal carbon pricing

Solutions

- Procure renewable energy certificate
- Procure renewable energy
- Introduce renewable energy
- GHG emissions reduction at overseas business establishments

◆Search for new businesses

At the time of start, we do a start-up business to take our risks. After that, we will actively collaborate with any corporation and individual who shares the same aspirations with open innovation and have synergies, and realize speedup and scale up at the same time.

① Strengthening the Initiatives to LIB recycling

② Chemical recycling of waste plastics

③ Creating the mechanism for aircraft recycling

① Strengthening the Initiatives to LIB recycling

To cope with ”Rechargeable batteries Market” of which is rapidly expanding, our group will put our management resources intensively into “Business to collect minor metals (nickel, cobalt, etc.) from spent rechargeable batteries “, and will make a full-scale this business.

VOLTA　Existing battery recycling facilities

Electrode Plates Recycling Line

Anode sheet

Cathode sheet

Electrode Plates Recycling Line

Copper

Carbon

Active Material

Aluminum

BS Production Line

Square type・Laminate type (mobile phones, etc.)

Cylinder type(PC,electric bicycle, etc.)

For vehicle use (EV,HEV,PHV,etc.)

For ESS (household,industrial)

LIB

Sorting/ Dismantling → Shredding/ Separation → Heating treatment → Shredding/ Classifying

BS Production Line

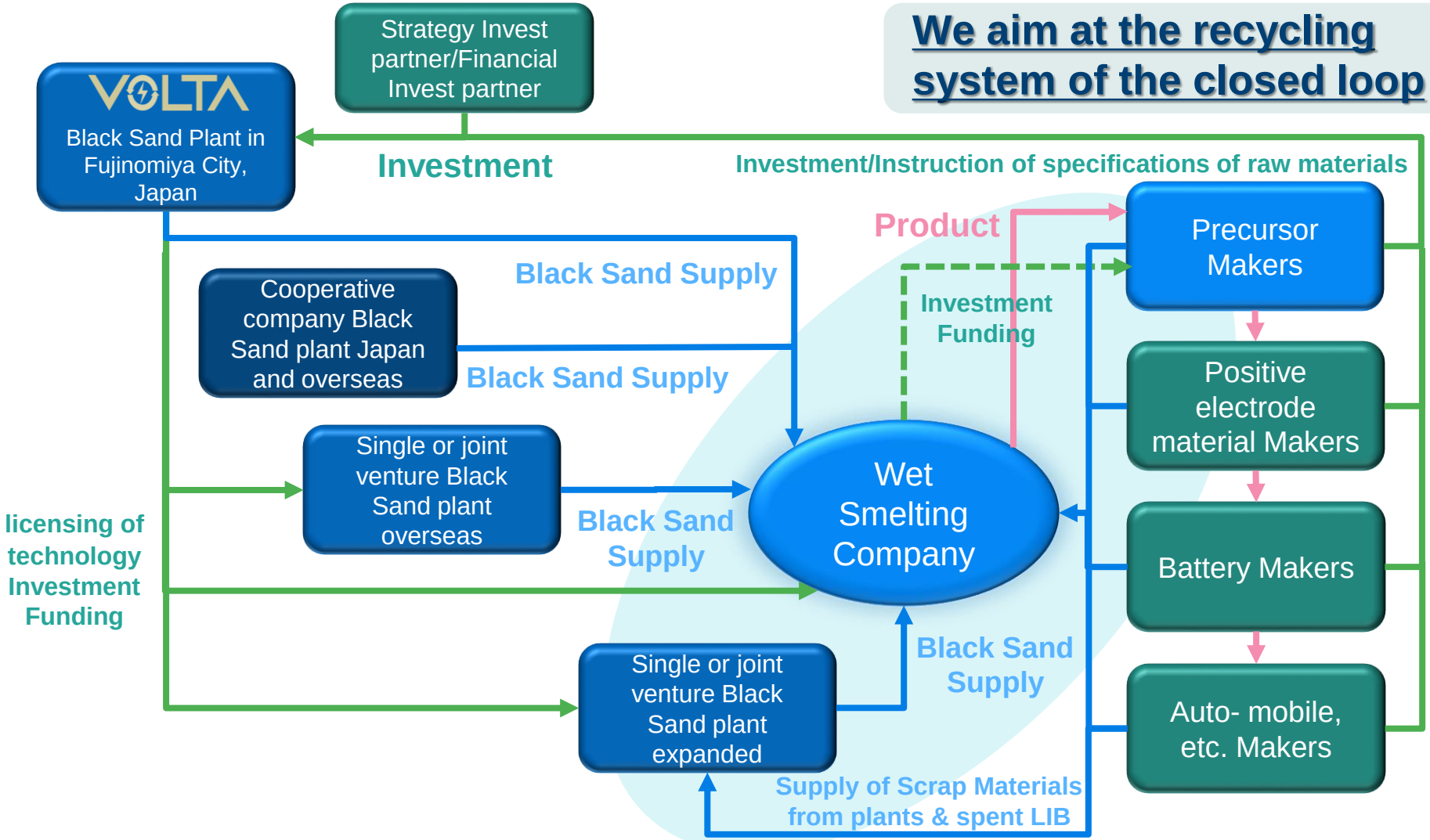
Copper-rich Gold, Silver & Copper Sediment Sludge

B S (Black Sand)

※LIB：Lithium-Ion rechargeable battery
※Active Material：An electrode material of a battery, which involved in a reaction that generates electricity.The active material contains cobalt, nickel, etc.
※BS ：(Black Sand) Co, Ni Concentrated Sediment Sludge containing carbon."

① Strengthen of the Initiatives to LIB recycling:
(Challenge to the battery to battery)

We aim at the recycling system of the closed loop



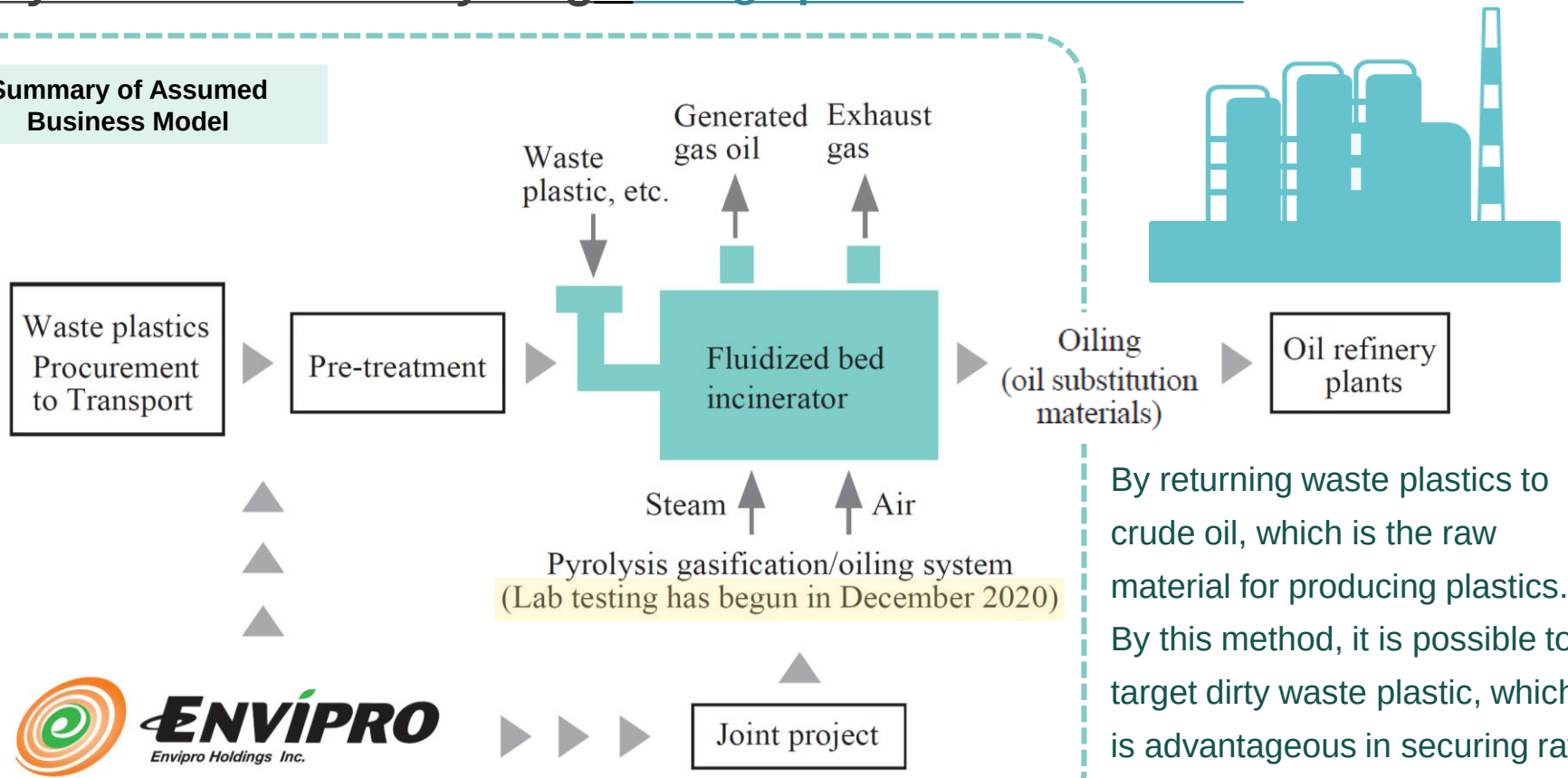
To cooperate with companies (competitors, LIB makers, etc.) which will be able to perform co-operation of LIB recycling in a technology, a fund, merchandise

② Chemical recycling of waste plastics

To study technology of Chemical Recycling in collaboration with incinerator makers and oil refinery companies.

Study on Chemical Recycling ～ Dig up "Urban Oil Field" ～

Summary of Assumed Business Model



By returning waste plastics to crude oil, which is the raw material for producing plastics. By this method, it is possible to target dirty waste plastic, which is advantageous in securing raw materials.

③ Creating the mechanism for aircraft recycling

Aircraft Recycling Park Concept
(Airport-Movement of people and goods) × Aircraft Secondary market = Revitalization of regional airports of Japan

① Dismantle Japanese Aircrafts domestically, which are currently being carried to the U.S. for dismantling.

② Utilize the infrastructure of Japanese regional airports, which are currently infrequently used.

③ Study the business models for aircraft parking port business modeled on such as modeled Teruel Airport in Spain, second-hand aircraft and parts sales business, repair and maintenance business of aircraft, dismantling business of aircraft and pilot-training business, etc.

④ Eestablish system through "Society for Aircraft Recycling Study", which was launched in May last year with aviation professionals, etc.

⑤ For the time being, civilian aircraft and SDF aircraft will be dismantled at each location to accumulate on-site expertise. Then, a business model utilizing regional airports will be launched by 2024.

Publication of efforts in overseas journals
Introducing our initiatives as "Japanese recycler pioneers mobile aircraft dismantling“ in the February issue of Recycle International magazine

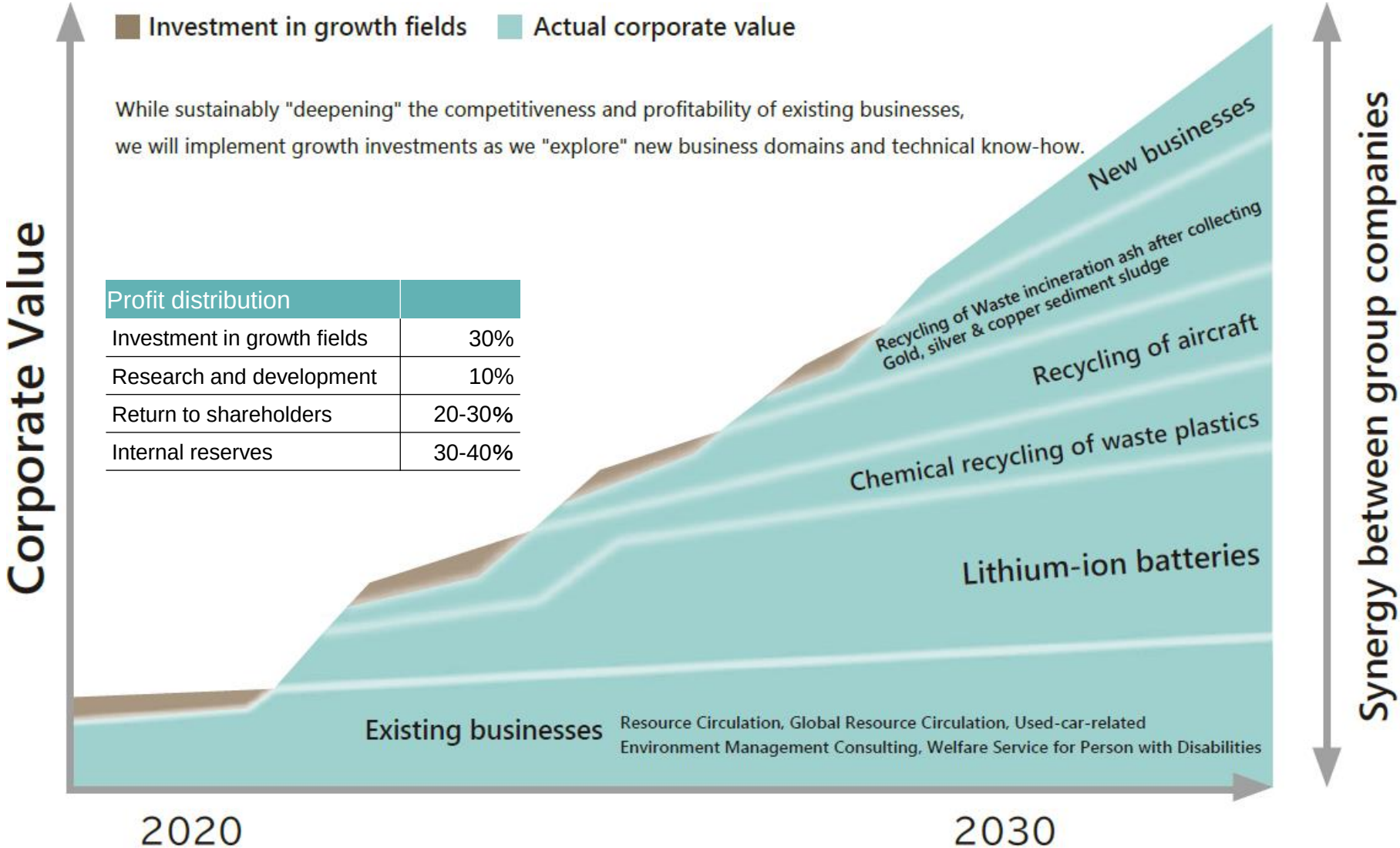
Recycle International Magazine
https://recyclinginternational.com/magazine/first-2021-issue/

The corporate value that ENVIPRO aims for

Increase economic value, social value, and environmental value, reinforce the governance to ensure their sustainability, and become a company that is strongly needed by society.

In addition, build a "place" full of good-quality energy in which all employees work energetically toward that purpose.

Corporate Value



Profit distribution	
Investment in growth fields	30%
Research and development	10%
Return to shareholders	20-30%
Internal reserves	30-40%

Until a business is stabilized, the increase in corporate value will slow down because it cannot match the initial investment.
The brown areas indicate a negative balance caused by this condition.

5. Dividend Policy

Dividend Policy

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 ¥10 per share, the Company shall strive to maintain a stable annual dividend of ¥10 per share.

Forecast for the fiscal year ending June 30, 2021

Previous forecast

¥10 per share (Dividend payout ratio 35.9%)

Revised forecast

¥15 per share (Dividend payout ratio 25.4%)

6． Company Profile

Outline of Group

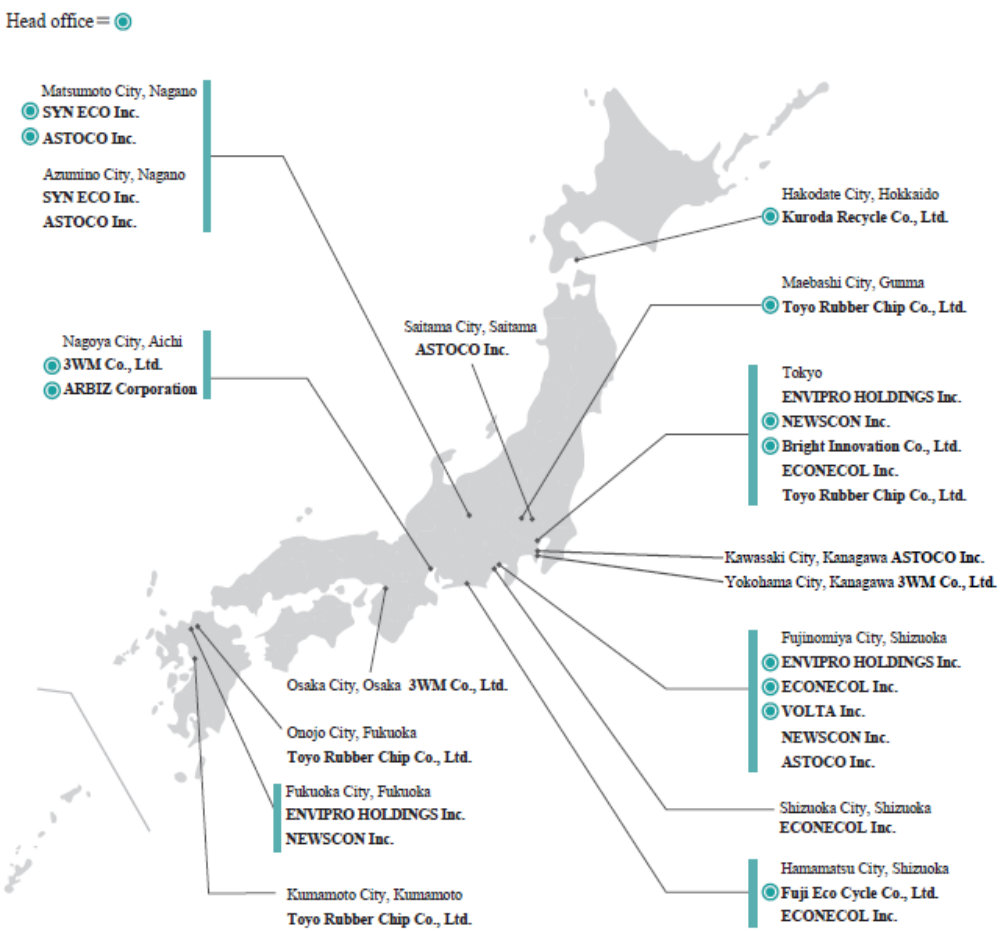
Head Office	87-1 Tanakacho, Fujinomiya-shi, Shizuoka Pref. JAPAN
Representative Person	Representative director, president and CEO Tomikazu Sano
Establishment	Established in May 2010
Group Companies	Consolidated subsidiaries: 12 companies (including sub-subsidiaries) Affiliates accounted for using equity method: 2 companies
Number of Employees	Envipro Holdings 40 persons（consolidated 445 persons） ※ As of the end of December 2020

Business Segment	Business Companies
Resource Circulation Business	ECONECOL Inc. Kuroda Recycling Co., Ltd., SYNECO Inc., Toyo Rubber Chip Co., Ltd., VOLTA Inc., Equity method affiliates: Arbiz Corporation. Fuji Eco Cycle Co., Ltd.
Global Resource Circulation Business	NEWSCON Inc.
Used-car-related Business	3WM Co., Ltd. (Including 3 overseas subsidiaries)
Others	Environment Management Consulting Business: Bright Innovation Co., Ltd. Welfare Service Business for Persons with Disabilities: ASTOCO Inc.
Adjustment	ENVIPRO HOLDINGS Inc.

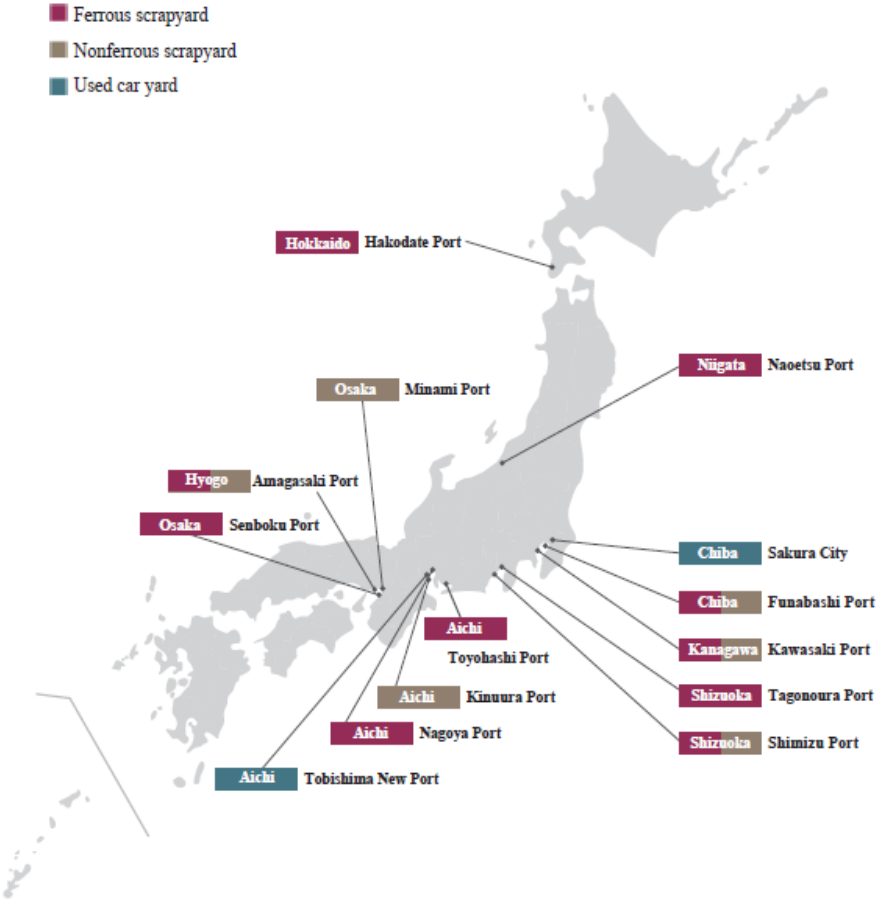
※ The number of employees includes only the regular employees

Domestic Bases ＆ Offices in Japan

Domestic sites



Shipping ports



Overseas Bases & Offices

- Sales sites for recycled resources
- Business sites for used cars
- Business sites for biomass fuel

History of Group

1950 Established Sano Maruka Shoten

2020 Established NEWSCON

2019 Opened ECONECOL(the existing NEWSCOM) Europe Reps. Office in U.K.

2018 Established VOLTA

2017 Established Mine Biomass Synergies as a joint venture

2016 Established Bright Innovation

2015 M&A Toyo Rubber Chip

2015 Opened ECONECOL (the existing NEWSCON) H.C.M.C. Office in Vietnam

2014 Established E3

2013 Established ECOMMIT(the existing ASTOCO)

2013 Opened Tokyo Office

2012 Established 3WM Uganda in Uganda

2011 M&A SYNECO

2008 M&A Kuroda Recycle

2008 Established 3WM's Overseas subsidiaries (3WM Chile & 3WM Japan Coast in Chile & UAE)

2006 Established 3WM

2003 Established Arbiz as a Joint venture

2001 Established Fuji Eco Recycle as a joint venture

1997 Installed a large shredding machine in the factory at head office

1992 Launched a trading business

1989 Management by management plan

2004 Established Corporate Philosophy

2010 Established ECONECOL HOLDINGS (the existing ENVIPRO HOLDINGS)

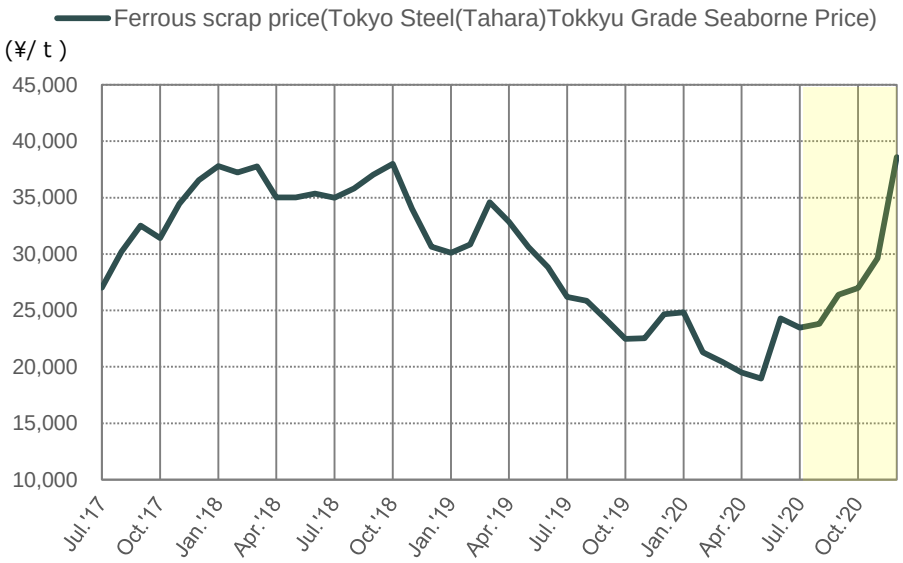
2013 Listed on the Second section of Tokyo Stock Exchange

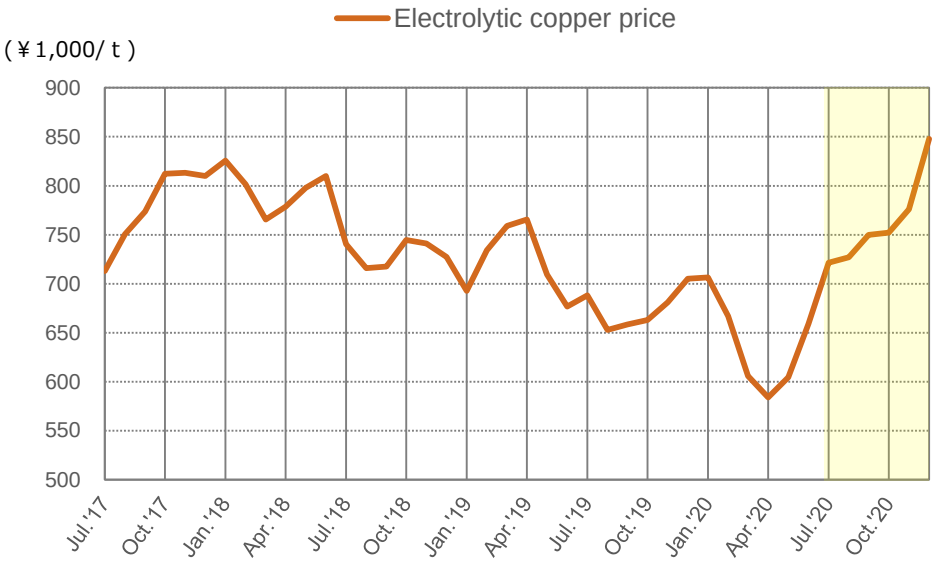
2018 Listed on the First section of Tokyo Stock Exchange Participate RE100 Established Corporate mission

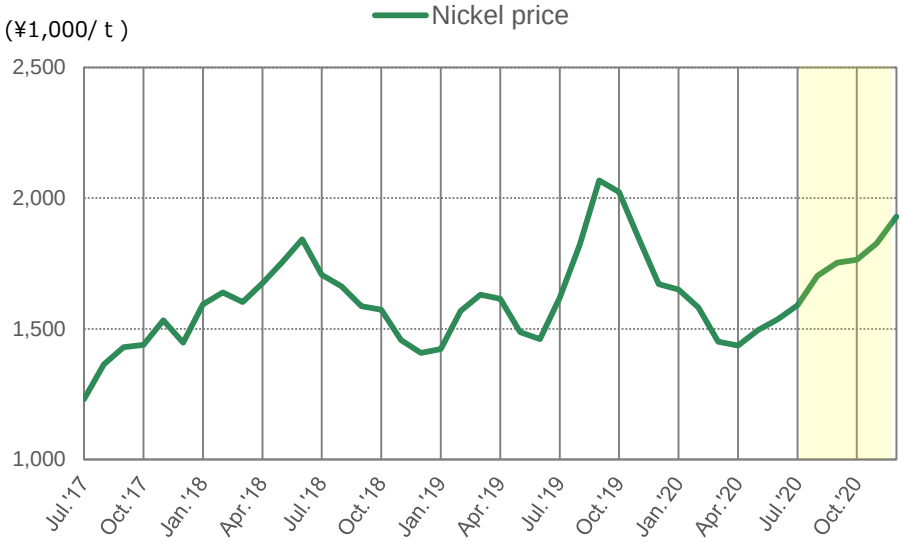
2019 Agreed with the TCFD recommendations

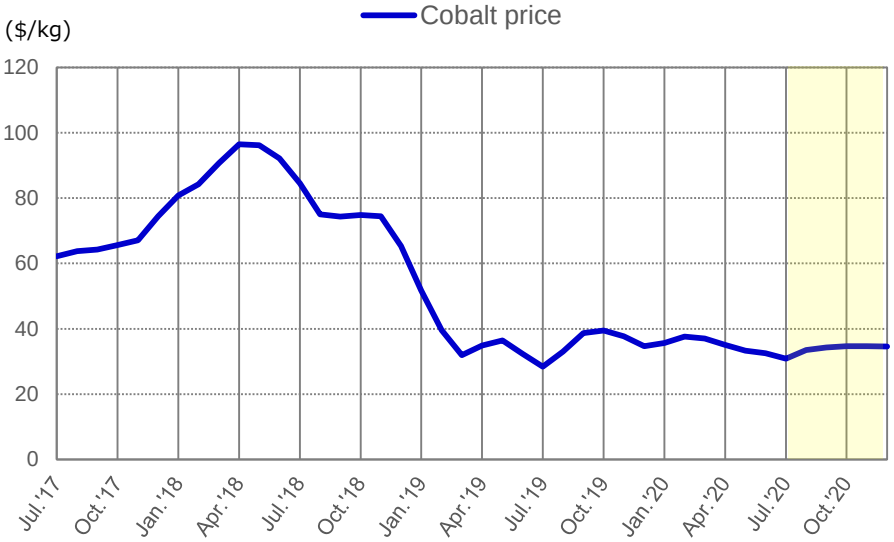
7． Reference Data

Market Price①





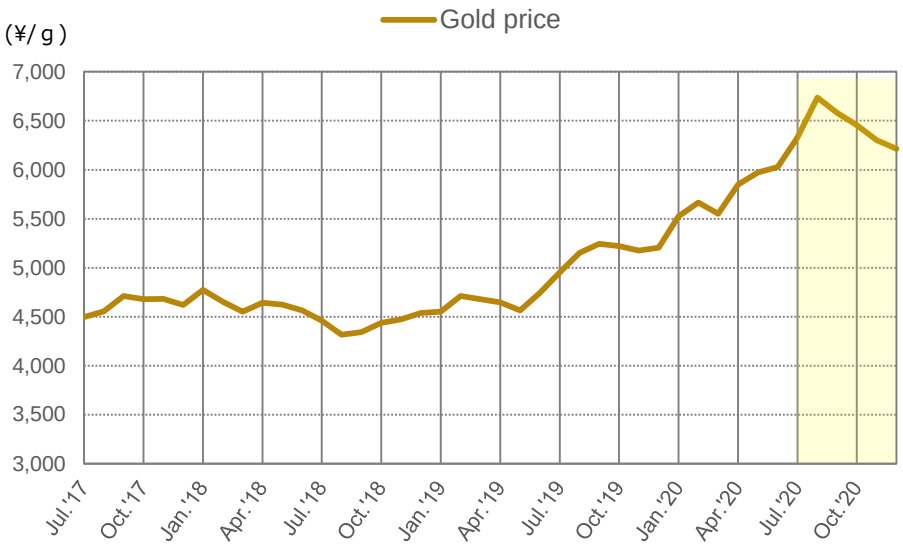


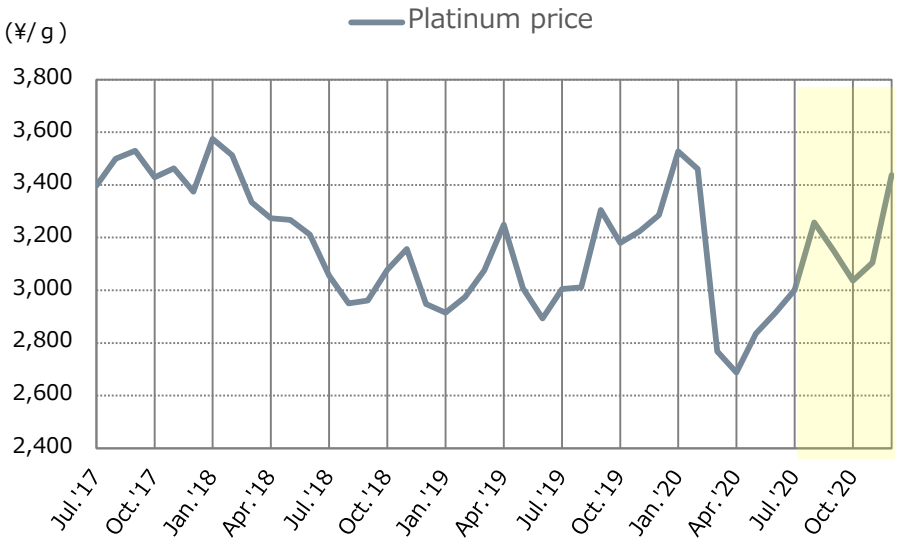


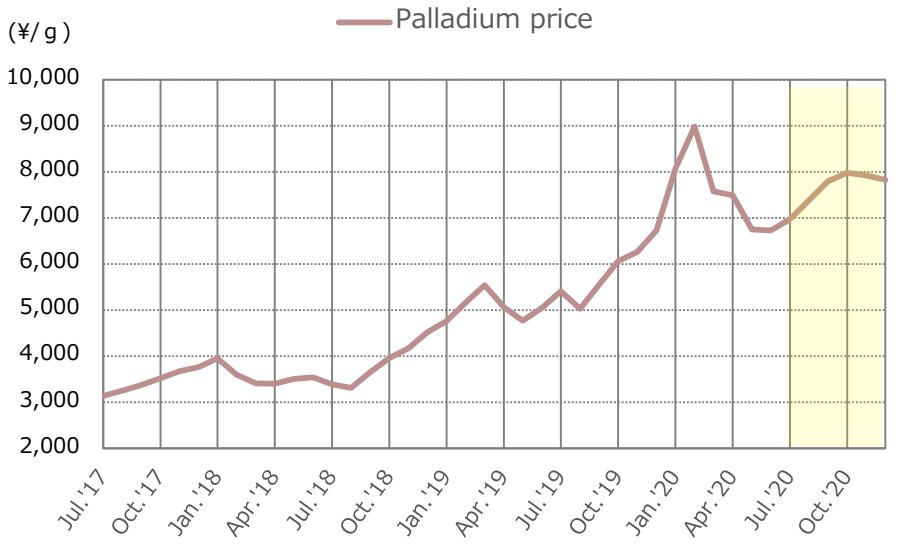
Sources: Tokyo Steel manufacturing Co., Ltd., Sangyo Press Co., Ltd.

Sources: JX Nippon Mining & Metals Corporation, IRuniverseCo.,Ltd.

Market Price ②

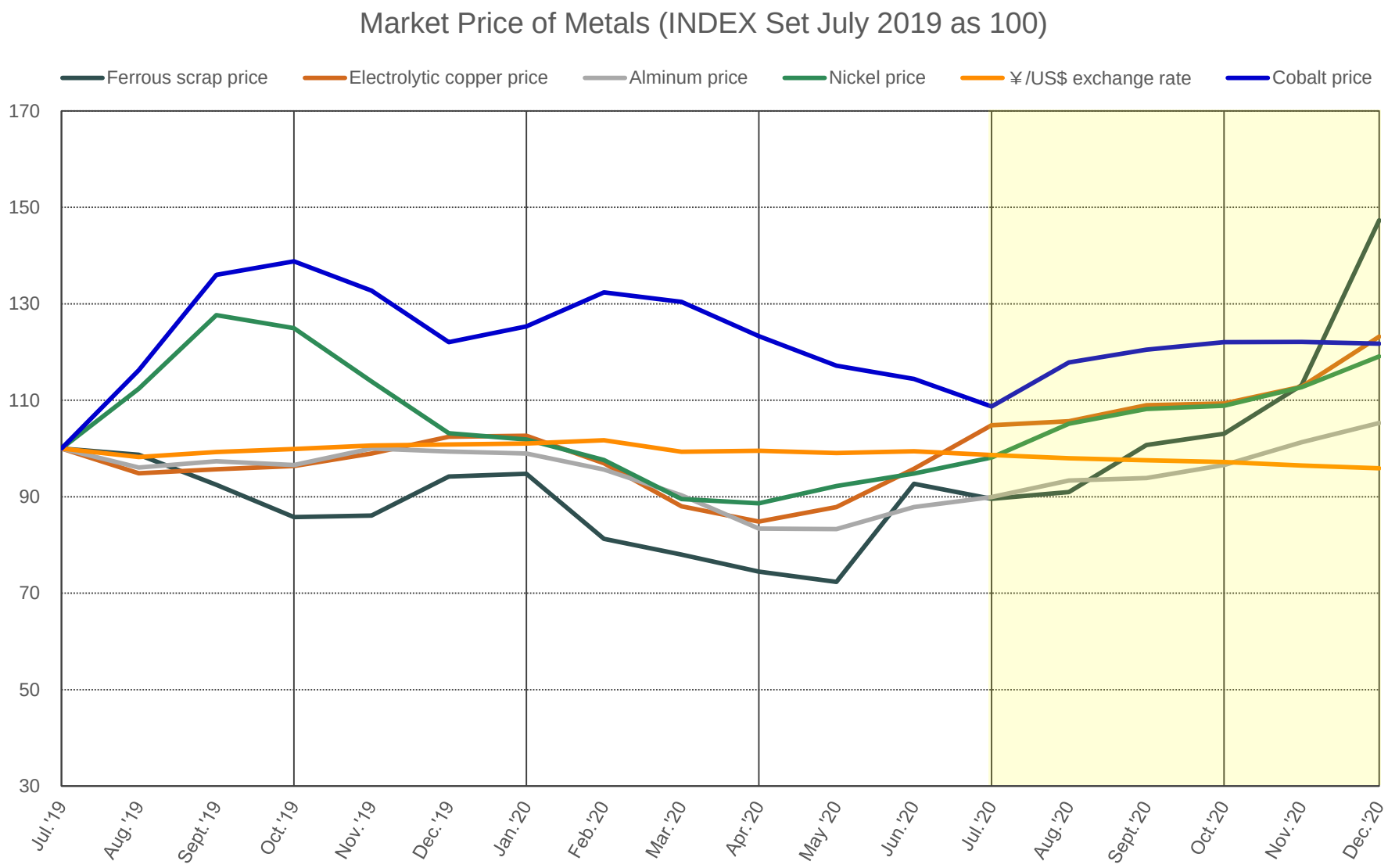






Source:IRuniverseCo.,Ltd.

Market Price ③



Sources: Tokyo Steel manufacturing Co., Ltd., JX Nippon Mining & Metals Corporation, Nikkei Inc., Sangyo Press Co., Ltd., IRuniverseCo.,Ltd.

- 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】
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