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Asahi Holdings, Inc.
(Stock code: 5857)

Notice of the 9th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 19, 2018

Reception opens at 10:00 a.m.

Venue:

KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Proposals:

Proposal 1: Election of Five (5) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

Proposal 2: Determination of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors

Please exercise your voting rights:

Voting rights at the General Meeting of Shareholders are an important right of shareholders. Please make sure to exercise your voting rights. Please see pages 7 to 8 for details.

- If you are attending the General Meeting of Shareholders:

Please submit the Voting Right Exercise Form at the reception desk upon arrival.

- If you are unable to attend the General Meeting of Shareholders:

Please exercise your voting rights in writing or via the Internet, etc.

Documents must arrive before noon on Monday, June 18, 2018.

ASAHI WAY

“Totally Committed to Protecting the Natural Environment and Conserve Resources”

Our Credo

We conserve limited natural resources, preserve the global environment, and support human health.

Our Corporate Values

- Cooperation with stakeholders
We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.
- Corporate governance with a balance of protective and proactive measures
We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.
- No growth without profit
We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.
- Trusted corporate brand
We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.
- Addressing diverse risks
We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.
- Highly motivated employees
We promote work-life balance for employees and continuously improve working environments and conditions.
- Strong sense of mission and high ethical standards
We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.
- Being a company of good people
We value good employees over the long-term; our vision of a "good employee" is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

Our Employee Principles

- Innovate and embrace challenges
- Put safety first
- Maintain high quality
- Promptly report (especially bad news)
- Build trust and connection

The Asahi Holdings Group Code of Conduct

1. We comply with all laws and regulations
2. We respect the dictates of social norms and our own conscience
3. We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
4. We refrain from conducting any political or religious activities in the workplace
5. We treat customers with sincerity
6. We practice fair competition and optimal decision-making when selecting business partners
7. We respect the confidential information obtained through our work and avoid disclosing it externally
8. We refrain from providing or receiving meals or gifts in pursuit of personal benefit
9. We act for the greater good, not for personal or affiliated parties' gain
10. We focus on the actual sites, actual things, and actual facts

Message from the CEO

Aiming for Further Sustainable Growth under the New Medium-term Business Plan

Mitsuharu Terayama, Chairman & CEO

I would like to express our cordial appreciation for your continuous support and loyal patronage.

I would also like to take the opportunity of sending this Notice of the 9th Annual General Meeting of Shareholders to offer a short greeting.

In the fiscal year 2017, the final fiscal year of the 7th Mid-term Business Plan, we achieved record performance as operating income amounted to 13,790 million yen after two upward revisions. All companies and business units in the Group recorded a profit. As a result, ROE (Return On Equity), which the Company considers an indicator of improvements in management efficiency, was 17.3%.

In the past three years, the Company has solidified its global management foundations, including adopting IFRS (International Financial Reporting Standards), transitioning to a Board with Audit and Supervisory Committee, and strengthening corporate governance systems.

The slogan of the 8th Mid-term Business Plan is “Building a global company that pursues originality and growth.” The new Mid-term Business Plan starts in April 2018 and covers a period of three years, but we are positioning it as a plan that looks toward the fiscal year 2022, five years hence, when the Company will celebrate the 70th anniversary of its founding. Our five-year vision for each business segment is as follows.

In the precious metal business segment, we aim to create an integrated business, from refining primary materials (from mines) and secondary materials (from recycling) to producing high value-added products. Geographically, we will work to spread awareness of the “Asahi brand” not only in North America and Japan, but all over world.

In the environmental preservation business segment, we will establish the “Asahi brand” as an operating company with a high level of social contribution in Japan, through various recycling technologies and detoxification treatment technology for waste that is difficult to treat.

In the life & health business segment, we will work to expand our business by developing products that accurately capture customers’ needs and building innovative business models. We shall actively enter overseas markets and spread awareness of the “Asahi brand” with high levels of technical expertise and quality.

During these three years, we will endeavor for “Augmenting of intangible capital” to respond quickly to changes in the business environment. This refers to developing new technology utilizing information processing technology, developing global personnel and investing in human capital, and enhancing human productivity by “reforming the way people work.”

In April this year, we revised the “Asahi Way,” our management philosophy and guidelines for action for employees.

“Our Credo” is that the Group’s businesses themselves are the “Sustainable Development Goals (SDGs)” adopted by the United Nations in 2015, and it expresses our intention to further contribute to “global sustainability.” “What we consider important as a company” expresses our approach, which prioritizes “intangible assets” while coordinating with various stakeholders. We will ensure thorough awareness of the new “Asahi Way” among all employees of the Group, in Japan and overseas.

Compared with ten years ago, the content of the Company’s businesses has changed significantly. In response to changes in the business environment, we have exited more than ten businesses, and have newly started or incorporated into the Group more than 20 businesses. In the past 20 years, we have acquired more than 20 companies, and the business performance of more than 95% of those companies exceeds levels prior to the acquisition. Our “ability to respond to change” and “management ability to regenerate businesses” are what made this possible.

Furthermore, the Company paid a commemorative dividend of 3 yen per share for the year-end dividend for the fiscal year 2017, to commemorate the 15th anniversary of our listing on the First Section of the Tokyo Stock Exchange in March 2017. The dividend policy is a key issue in regard to the return of profits to shareholders, and therefore we intend to continue our basic policy of paying out a “stable dividend, maintaining a ratio of 30% or more of consolidated net profit.” In accordance with this policy, the forecast for the annual dividend for the fiscal year 2018 is 74 yen, an increase compared to the previous fiscal year.

I hope that you will continue to support the “Asahi Holdings Group” in future as we continue to grow while overcoming changes in the business environment, with the spirit of “innovation and challenge.”

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Dear Shareholders:

(Stock code: 5857)

May 29, 2018

4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi, Japan

Asahi Holdings, Inc.

Mitsuharu Terayama,

Chairman & CEO

Notice of the 9th Annual General Meeting of Shareholders

This is to inform you that the 9th Annual General Meeting of Shareholders of Asahi Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place and to cordially request your presence.

If you are unable to be present, you are entitled to exercise your voting rights in writing or by electronic method (the Internet, etc.). You are kindly requested to read the attached reference documents and exercise your voting rights by noon on Monday, June 18, 2018, in accordance with the instructions on the next page.

Details of the meeting

1. Date and time: 10:30 a.m. on Tuesday, June 19, 2018

2. Venue: KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Please understand that souvenirs for shareholders who attend the meeting will not be provided.

3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 9th fiscal term (April 1, 2017 through March 31, 2018)
 - 2) Report on non-consolidated financial statements for the 9th fiscal term (April 1, 2017 through March 31, 2018)

Items to be resolved:

- Proposal 1: Election of Five (5) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)
- Proposal 2: Determination of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors

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- If you attend the meeting, please submit the “Voting Right Exercise Form” at the reception desk upon arrival.
 - Pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company, of the documents to be disclosed, “Structure to ensure the appropriateness of business,” “Status of operation of structure to ensure the appropriateness of business,” “Notes to consolidated financial statements,” and “Notes to non-consolidated financial statements” are

disclosed on the Company's website (<http://www.asahiholdings.com/>) and therefore are not included in this Notice and its Appendix. Accordingly, this Notice and its Appendix constitute part of the business report and financial statements audited by the Audit and Supervisory Committee and Accounting Auditor when preparing the audit report and accounting audit report, respectively.

- Please note that any modifications to the business report, the financial statements and/or the reference documents will be posted on our Web site (<http://www.asahiholdings.com/>).

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Reference Documents for
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Guide to Exercising Voting Rights

If you are attending the General Meeting of Shareholders:

Please submit the enclosed Voting Right Exercise Form at the reception desk upon arrival.

In addition, please also bring this Notice.

If you are unable to attend the General Meeting of Shareholders:

• Exercising your voting rights in writing (Voting Right Exercise Form)

Please indicate your vote for or against each proposal on the enclosed Voting Right Exercise Form and return the Form by mailing it such that it arrives by the deadline for exercising voting rights below. If a vote for or against is not indicated for any proposal when exercising voting rights in writing (Voting Right Exercise Form), we will treat it as an indication of approval of the proposal.

• Exercising your voting rights via the Internet, etc.

Please refer to the “Procedure for Exercising Voting Rights via the Internet, etc.” on the next page, and input your vote for or against each proposal by the deadline for exercising voting rights below.

Deadline for Exercising Voting Rights: noon on Monday, June 18, 2018

Treatment of Voting Rights Exercised Multiple Times

- If you have exercised your voting rights both in writing and via the Internet, etc., those exercised via the Internet, etc. will be considered as valid.
- If you have exercised your voting rights multiple times on the Internet, etc., the final vote will be considered as valid. If you have exercised your voting rights multiple times with computers, smartphones and/or mobile phones, the final vote cast will be considered as valid.

Electronic Voting Platform for Institutional Investors

Nominee shareholders including banks specializing in asset and trust management/custody (including standing proxy) may use with prior application the “Electronic Voting Platform” operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., and other entities, as a means to exercise their voting rights electronically and participate in the General Meeting of Shareholders of the Company.

Procedure for Exercising Voting Rights via the Internet, etc.

If you intend to exercise your voting rights via the Internet, etc., please pay attention to the following notes.

If you are attending the meeting, no procedures to exercise voting rights in writing or via the Internet, etc., are necessary.

1. Voting Rights Exercise Web Site

- (1) The exercise of voting rights via the Internet is possible only by accessing the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>) designated by the Company either from a computer, a smartphone or a mobile phone (i-mode, EZweb or Yahoo!Keitai).* (However, this Web site is not available from 2:00 a.m. to 5:00 a.m. daily.)

*i-mode, EZweb and Yahoo! are trademarks or registered trademarks of NTT DOCOMO INC., KDDI CORPORATION and Yahoo! Inc. of U.S., respectively.

- (2) The exercise of voting rights using computers or smartphones may be disabled by operating environments, including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server and/or if you have not designated the use of encrypted transmission (TSL transmission).
- (3) For your exercise of voting rights using mobile phones, make sure to use i-mode, EZweb or Yahoo! service. To preserve security, you cannot vote through a model of phone that does not allow TSL transmission or transmission of the phone ID information.
- (4) Although we will accept the exercise of voting rights via the Internet, etc. until noon on Monday, June 18, 2018, we recommend voting as early as possible. If you have any questions, please contact our Help Desk.

2. Exercising Your Voting Rights via the Internet, etc.

- (1) At the Voting Rights Exercise Web site (<https://evote.tr.mufg.jp/>), use the “log-in ID” and “temporary password” given on the enclosed Voting Right Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.
- (2) To protect against illegal access by persons other than qualified shareholders (“spoofing”) and the manipulation of voting details, please be aware that shareholders using the site will be asked to change their “temporary password”.
- (3) Whenever a meeting of shareholders is convened, new “log-in IDs” and “temporary passwords” will be issued.

3. Costs Incurred in Accessing the Voting Rights Exercise Web Site

The costs incurred when accessing the Voting Rights Exercise Web Site such as Internet access fees will be the responsibility of the shareholder. Similarly, fees required to use mobile phones, such as packet transmission fees, will also be the responsibility of the shareholder.

For inquiries about the system or other matters, contact:

Corporate Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (Toll Free within Japan) (available from 9:00 a.m. to 9:00 p.m.)

Reference Documents for General Meeting of Shareholders

Proposal 1 Election of Five (5) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)


The terms of office of all five (5) Directors (excluding Directors serving as the Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) will expire at the close of this Annual General Meeting of Shareholders.

Accordingly, we propose the election of five (5) Directors.

The Audit and Supervisory Committee has expressed no opinion on this proposal.

The candidates for Director to be elected are as follows.

Candidate No.	Name (Date of birth)		Position and Duties at Asahi Holdings (Important concurrent assignment)	Attendance at the Board of Directors meeting
1	To be Reelected	Mitsuharu Terayama (March 10, 1940)	Chairman & CEO [Significant concurrent duties] None	9 out of 9 meetings
2	To be Reelected	Tomoya Higashiura (January 26, 1961)	Representative Director and President [Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.	9 out of 9 meetings
3	To be Reelected	Yoshikatsu Takeuchi (January 1, 1956)	Director [Significant concurrent duties] Director and Chairman of Japan Waste Corporation Director of Asahi Life & Health Corporation	9 out of 9 meetings
4	To be Reelected	Amane Kojima (April 9, 1968)	Director [Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Director of Asahi Americas Holdings, Inc.	8 out of 8 meetings
5	Newly Elected	Hiroyuki Nakanishi (July 5, 1962)	- [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	-

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
1	 Mitsuharu Terayama (March 10, 1940) To be Reelected	April 1964: Joined KURARAY CO., LTD. July 1973: Joined Asahi Pretec Corp. October 1973: Appointed as Senior Managing Director of Asahi Pretec Corp. May 1981: Appointed as Representative Director and President of Asahi Pretec Corp. April 2009: Appointed as Representative Director and President of Asahi Holdings, Inc. April 2011: Appointed as CEO & COO of Asahi Holdings, Inc. April 2011: Appointed as Chairman and Director of Asahi Pretec Corp. June 2012: Appointed as CEO of Asahi Holdings, Inc. June 2014: Appointed as President & CEO of Asahi Holdings, Inc. April 2018: Appointed as Chairman & CEO of Asahi Holdings, Inc. (to present) [Significant concurrent duties] -	882,345 shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

(Reason for nomination as a candidate)

Mr. Terayama engages in the management of the entire Group as a Representative Director of the Company and as a Representative Director and Director of the Group companies. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his past performance of having driven the entire Group with strong leadership, as well as his deep insight and abundant experience in overall management, would contribute to the further functional reinforcement of the Board of Directors and the corporate governance of the entire Group.

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
2	 Tomoya Higashiura (January 26, 1961) To be Reelected	April 1984: Joined NEC Corporation February 2001: Joined Asahi Pretec Corp. June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp. April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc. June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp. April 2011: Appointed as Director of Asahi Holdings, Inc. June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. April 2017: Appointed as Representative Director and President of Asahi Americas Holdings, Inc. (to present) April 2018: Appointed as Representative Director and President of Asahi Holdings, Inc. (to present) April 2018: Director of Asahi Pretec Corp. (to present) [Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.	10,000 shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

(Reason for nomination as a candidate)

Mr. Higashiura engages in the management of the Group as a Representative Director of the Company and as a Representative Director and Director of the Group companies, having deep insight and abundant experience in overall management. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his abundant experience in the precious metal business and its global expansion would contribute to the sustainable enhancement of the corporate value of the Group.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
3	 Yoshikatsu Takeuchi (January 1, 1956) To be Reelected	April 1978: Joined Hyogo Sogo Bank April 1999: Joined Asahi Pretec Corp. June 2001: Appointed as Director and General Manager of General Affairs Department of Asahi Pretec Corp. April 2004: Appointed as Director and General Manager of Environmental Business Division and concurrently serving as General Manager of Business Coordination Division of Asahi Pretec Corp. March 2006: Appointed as Director and General Manager of Environmental Recycling Business Division of Asahi Pretec Corp. May 2008: Appointed as Representative Director and President of Japan Waste Corporation April 2009: Appointed as Director of Asahi Holdings, Inc. (to present) April 2018: Appointed as Director and Chairman of Japan Waste Corporation (to present) April 2018: Appointed as Director of Asahi Life & Health Corporation (to present) [Significant concurrent duties] Director and Chairman of Japan Waste Corporation Director of Asahi Life & Health Corporation	8,050 shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

(Reason for nomination as a candidate)

Mr. Takeuchi engages in the management of the Group as a Director of the Company and as a Representative Director and Director of the Group companies, having deep insight and abundant experience in overall management. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his abundant experience in the environmental preservation business and the life & health business would contribute to the sustainable enhancement of the corporate value of the Group.

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
4	 <p>Amane Kojima (April 9, 1968) <u>To be Reelected</u></p>	<p>April 1992: Joined Nissho Iwai Corporation March 2011: Joined Asahi Pretec Corp. Appointed as General Manager of Accounting Division of Asahi Pretec Corp. April 2012: Appointed as General Manager of Accounting Division of Asahi Holdings, Inc. December 2014: Appointed as Corporate Auditor of Asahi Americas Holdings, Inc. June 2016: Appointed as Corporate Auditor of Asahi Pretec Corp. (to present) June 2017: Appointed as Director and General Manager of Accounting Division of Asahi Holdings, Inc. (to present) April 2018: Director of Asahi Americas Holdings, Inc. (to present)</p> <p>[Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Director of Asahi Americas Holdings, Inc.</p>	1,000 shares

Attendance at the Board of Directors meeting: 8 out of 8 meetings

(Reason for nomination as a candidate)

Mr. Kojima engages in the management of the Group as a Director of the Company and as a Director of the Group companies, and oversees administrative departments. As General Manager of Accounting Division, he is in charge of financial and accounting matters for the entire Group. In addition, as a certified public accountant in the US, he has extensive expertise and practical capabilities. The Company therefore requests his election as a Director of the Company based on its judgment that he will be able to contribute to the sustainable enhancement of the corporate value of the Group and is qualified for the position of Director.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
5	 Hiroyuki Nakanishi (July 5, 1962) <u>Newly Elected</u>	April 1986: Joined Asahi Pretec Corp. June 2000: Appointed as General Manager of Kofu Sales Office of Asahi Pretec Corp. January 2008: Appointed as General Manager of Human Resources Department, Administration Division of Asahi Pretec Corp. April 2009: Appointed as General Manager of Photosensitive Material Business Department of Asahi Pretec Corp. April 2013: Appointed as Director of Japan Waste Corporation July 2014: Appointed as Senior Vice President of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. June 2016: Appointed as President & CEO of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. April 2018: Appointed as Representative Director and President of Asahi Pretec Corp. (to present) [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	3,500 shares

Attendance at the Board of Directors meeting: -

(Reason for nomination as a candidate)

Mr. Nakanishi engages in the management of the Group as a Representative Director and Director of the Group companies, having deep insight and abundant experience in overall management. The Company therefore requests his election as a Director of the Company based on its judgment that his election as a Director is appropriate because his abundant experience in the precious metal business, the environmental preservation business and the life & health business would contribute to the sustainable enhancement of the corporate value of the Group.

(Note) There are no special interests between each candidate and the Company.

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Proposal 2 **Determination of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors**

1. Reasons for the Proposal

A performance-based stock compensation plan (hereinafter the “ Compensation Plan”) for Directors of the Company (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors; the same applies hereinafter in this proposal) was approved at the 6th Annual General Meeting of Shareholders held on June 16, 2015 under the proposal “Determination of Amounts and the Content of the Performance-Based Stock Compensation Plan for Directors,” and we propose the continuation of the Compensation Plan, with changes to the maximum amount of funds to be contributed, the maximum number of shares to be issued, etc. as set forth below.

The purpose of the Compensation Plan is to increase the awareness of Directors of the Company and Directors of major subsidiaries of the Company (hereinafter “Applicable Subsidiaries,” and the Company and Applicable Subsidiaries are collectively referred to as “Applicable Companies”) (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors; together with Directors of the Company, hereinafter referred to as “Eligible Directors”) of contributing to enhancing the Group’s business performance and corporate value.

The number of Directors eligible for the Compensation Plan will be five (5) Directors if Proposal 1 “Election of Five (5) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)” is approved and resolved as originally proposed.

2. Amounts and the Content of the Remuneration in the Compensation Plan

(1) Details of the Compensation Plan

The Compensation Plan is a stock compensation plan, in which the Company’s shares are acquired through a trust using an amount of compensation for Eligible Directors contributed by each Applicable Company as funds, and the Company’s shares are issued to Eligible Directors in accordance with their positions and the achievement ratio of business performance targets.

(2) Maximum amount of funds to be contributed by each Applicable Company

When continuing the Compensation Plan, Applicable Companies will contribute funds, of which the maximum amount is 300 million yen (including 200 million yen for Directors of the Company), for compensation for Eligible Directors for the three fiscal years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021 (hereinafter the “Applicable Period”), thereby establishing a trust (hereinafter the “Trust”) of which the covered trust period is three years, in which Eligible Directors who meet the criteria for beneficiaries shall be beneficiaries.

(3) Calculation method and upper limit of the Company’s shares to be issued to Eligible Directors

In May of every year during the trust period, in principle, points will be awarded to Eligible Directors in accordance with their position in the fiscal year ending in March 31 of that year and the achievement ratio of consolidated operating income in each fiscal year, and shares shall be issued according to the number of accumulated points on May 31, 2021.

One point will equate to one share of the Company's shares, and if it is recognized that an adjustment in the number of points is fair and impartial due to stock splits, mergers, etc. of the Company's shares, an adjustment to the number of the Company's shares per point can be made, in accordance with the split ratio, consolidation ratio, etc.

Furthermore, the upper limit of the total number of points that Eligible Directors may be awarded per fiscal year shall be 40,000 points (including 27,000 points for Directors of the Company), and the maximum number of the Company's shares to be issued to Eligible Directors during the Applicable Period shall be 120,000 shares (including 81,000 shares for Directors of the Company).

- Formula for calculation (number of points per fiscal year)
 "Base points" as described in 1) below × "performance-based coefficient" as described in 2) below

1) Base points

The number of base points granted to Eligible Directors during applicable fiscal years is as shown below.

Position of Eligible Director	Number of base points
Director of the Company	3,200
Representative Director of subsidiary	2,400
Director of subsidiary	1,600

*Persons concurrently holding multiple positions shall be awarded points based on the higher of those positions, and points shall not be awarded multiple times.

2) Performance-based coefficient

The performance-based coefficient shall be as follows, in accordance with the achievement ratio of "consolidated operating income" in each fiscal year.

Business performance target achievement ratio	Performance-based coefficient
100% or more	1.0
50% or more	0.5
Below 50%	0

(4) Method and timing of issuance of the Company's shares to Eligible Directors

A number of the Company's shares calculated as described in the above item (3) will be issued by the Trust in August 2021 to the Eligible Directors who meet the criteria for beneficiaries.

(5) Other details of the Compensation Plan

Other details related to the Compensation Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is modified, and additional contributions to the Trust are made.

1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

During the consolidated fiscal year ended March 31, 2018, moderate recovery continued in the Japanese economy on the back of resurgence in exports and improvements in domestic demand despite sluggish growth in personal consumption. Meanwhile, prospects of the overall economy remained opaque due to the appreciation of yen, protectionist policies of the U.S. and other factors.

Under these conditions, the Asahi Holdings Group (the “Group”)’s results in each business segment were as follows:

Precious metal business segment

Revenue: 74,593 million yen (up 11.3% YOY)

In the electronics sector, the volume of collection of gold was larger than in the same period a year earlier. In the dental sector, the volume of collection of gold and palladium remained about the same as the previous year level. In the jewelry sector, the volume of collection of gold and platinum expanded from the same period in the preceding year. In the catalyst sector, the volume of collection of palladium and platinum grew from the same period in the previous year. As for gold and silver refining business in North America, the volume of gold commissioned for refining increased from the same period in the previous year, while that of silver decreased during the same period. Regarding the average prices of precious metals, the average prices of gold and palladium rose from the same period in the previous year, while those for silver and platinum fell during the same period.

Environmental preservation business segment

Revenue: 16,235 million yen (up 1.8% YOY)

Although the volume of industrial wastes discharged in Japan has been on a downward trend in general, the group’s sales revenue and operating income exceeded the levels in the same period in the preceding year. These achievements were materialized through conscientious efforts to develop new customers and obtain contracts by capitalizing on collaboration among group companies and extensive networks built by group companies to meet the needs of waste generating companies for appropriate disposal.

Life & health business segment

Revenue: 25,036 million yen (up 4.5% YOY)

In the health care equipment sectors, sales revenue saw an increase from the same period in the previous year, thanks to the launching of a new, large-size massage chair and stepped-up marketing to promote the mail order sales of massage chairs. Also, businesses involving fire-fighting equipment and radiant heating and cooling systems continued to grow steadily against the backdrop of high-level construction demands primarily in the metropolitan area.

As a result of the above, as consolidated results of operations for the fiscal year, we recorded consolidated revenue of 115,797 million yen, operating income of 13,791 million yen and profit attributable to owners of parent of 9,416 million yen.

Compared with the previous fiscal year, revenue increased by 8,969 million yen, operating income increased by 11,752 million yen and profit attributable to owners of parent increased by 10,630 million yen.

By segment, revenue in the precious metal business was 74,593 million yen, revenue in the environmental preservation business was 16,235 million yen and revenue in the life & health business was 25,036 million yen.

Revenue and operating income were composed of the following:

<Breakdown of revenue and operating income>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Income (Millions of yen)
Precious metal business	74,593	64.4	11.3	11,137
Environmental preservation business	16,235	14.0	1.8	3,504
Life & health business	25,036	21.6	4.5	1,588
Other	(66)	(0)	-	(2,439)
Total	115,797	100.0	8.4	13,791

Revenue	115,797 million yen	Up 8.4% YOY
Operating Income	13,791 million yen	Up 576.6% YOY
ROE	17.3%	Up 19.9% YOY

2) Capital expenditure

Capital expenditure made in the fiscal year totaled 3,107 million yen. The main expenditure was an investment in buildings, machinery and equipment.

3) Financing

The company raised funds of 12,872 million yen in the fiscal year by means of disposal of treasury stock and issuance of new shares by public offering and third-party allotment related to an offering by way of over-allotment, based on a resolution of the Board of Directors at a meeting held on November 14, 2017.

4) Assignment, absorption-type split and incorporation-type split of business

Not applicable for the fiscal year

5) Acquisition of the business of other companies

Not applicable for the fiscal year

6) Succession of rights and obligations pertaining to the business of other corporations, etc., through an absorption-type merger or an absorption-type split

Not applicable for the fiscal year

7) Acquisition or disposal of shares or other equity or share options of other companies

Not applicable for the fiscal year

(2) Property and profit/loss

Category		6 th term	7 th term		8 th term	9 th term
		April 1, 2014 through March 31, 2015	April 1, 2015 through March 31, 2016		April 1, 2016 through March 31, 2017	April 1, 2017 through March 31, 2018 (Current fiscal year)
		Japanese GAAP	Japanese GAAP	IFRS	IFRS	IFRS
Net sales / Revenue	(Millions of yen)	111,417	118,473	119,352	106,828	115,797
Operating income	(Millions of yen)	10,480	8,705	6,057	2,038	13,791
Profit (loss) attributable to owners of parent	(Millions of yen)	5,774	5,031	2,867	(1,213)	9,416
Net income per share / Basic earnings (loss) per share	(Yen)	176.89	153.54	87.48	(37.24)	270.77
Total assets	(Millions of yen)	104,877	103,589	101,599	88,976	131,484
Net assets / Total equity	(Millions of yen)	50,958	51,300	48,988	44,827	64,435
Net assets per share / Equity attributable to owners of parent per share	(Yen)	1,542.82	1,560.21	1,490.56	1,359.02	1,627.20

Notes: 1. Beginning with the 8th term, the consolidated financial statements are prepared in compliance with IFRS. For reference, figures for the 7th term calculated in compliance with IFRS are presented together with those in compliance with the Japanese GAAP.

2. If the presentation of account names differs between the Japanese GAAP and IFRS, both names are presented.

(3) Significant parent company and subsidiaries

1) Relationship with parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	4,480 million yen	100.0%	Precious metal business and environmental preservation business
Japan Waste Corporation	400 million yen	100.0%	Environmental preservation business
Asahi Life & Health Corporation ^(Note)	10 million yen	100.0%	Life & health business
Asahi Americas Holdings, Inc.	10 million yen	100.0%	Precious metal business

(Note) Asahi Life & Health Corporation was established on April 2, 2018.

3) Specified wholly owned subsidiary

a. Name and address of the specified wholly owned subsidiary

Name: Asahi Pretec Corp.

Address: 21 Uozakihamamachi, Higashinada-ku, Kobe-shi

b. Total book value of shares of the specified wholly owned subsidiary held by the Company and wholly owned subsidiaries at the end of the fiscal year under review:

24,621 million yen

c. Total amount recorded in the assets section of the balance sheet of the Company for the fiscal year under review:

72,818 million yen

(4) Challenges to be addressed

1) Precious metal business segment

As it is the Group's core business, the Group will take the following measures to expand earnings in this segment.

- Improve treatment and refining processes for higher quality, lower cost and higher efficiency.
- Create high value-added precious metal products.
- Promote the business globally and establish our position as the world's leading brand.

2) Environmental preservation business segment

As a stable growth business of the Group, we will manage the segment's business with an emphasis on growth and profitability. The Group will take the following measures to increase earnings in this segment.

- Enhance our capabilities for recycling and treating waste that is difficult to treat, and establish a brand that can surpass competitors.
- Expand our business through appropriate capital investments and strengthen our revenue base.
- Link organically the network of Group companies across the country and expand the scope of our operations.

3) Life & health business segment

In April 2018, we established Asahi Life & Health Corporation to oversee this segment. With this company at the core, we will achieve synergy effects between subsidiaries in this segment by improving the efficiency of operations and management in this segment. The Group will take the following measures to expand earnings in this segment.

- In order to accurately identify and respond to the needs of consumers, capture customer needs and incorporate them into products with IT, and establish brand awareness not just in Japan, but as a global brand.
- Take advantage of the made-in-Japan brand to accelerate enhance overseas expansion.

The 8th Mid-term Business Plan (the 10th fiscal term to the 12th fiscal term)

Slogan: Building a global company that pursues originality and growth

Consolidated Performance Targets:

	10 th term, fiscal year 2018	11 th term, fiscal year 2019	12 th term, fiscal year 2020
Revenue (million yen)	120,000	130,000	140,000
Operating Income (million yen)	14,000	15,000	16,000
Operating Margin	11.7%	11.5%	11.4%
ROE	14.1%	13.8%	13.5%

<Our vision for 5 years hence (70th anniversary of our founding)>

- Precious metal business: Be the number one precious metal refining in the world
- Environmental preservation business: Be a leader in the environmental business in Japan
- Life & health business: Be the world's number one brand in the healthcare products business

Basic Policy:

1. Building a new business foundation that will support the coming era
2. Improving productivity and work styles utilizing information processing technology
3. Sharing the Asahi Way with all employees group-wide

[Basic Policy 1] Building a new business foundation that will support the coming era

(1) Five-year vision for each business segment

While our 8th medium-term business plan is for the three-year period from FY2018 to FY2020, this plan looks five years ahead to our 70th anniversary. The five-year vision for each business segment is as follows.

Precious Metals Business Segment: Be the number one precious metal refining in the world

As the core business of the Asahi Group, our vision for this segment is to become more competitive in the market by establishing treatment and refining processes with higher quality, lower costs and greater efficiency. This segment shall also produce and sell precious metal

products that provide a high degree of added value, and pursue a unique synergy effect with our smelting business that is unlike any other company. They shall establish the Asahi brand by expanding the domain of their production and sales of precious metals in the global market.

Environmental Preservation Business Segment: Be a leader in the environmental business in Japan

As a steadily growing business in the Asahi Group, this business segment shall strengthen its intermediary treatment capabilities while remaining focused on profitability. It shall also use its wide range of recycling and detoxification technologies to achieve more suitable processes, lower costs and a lower burden on the environment and establish a distinctive presence that balances a large business scale with quality.

Life & Health Business Segment: Be the world's number one brand in the healthcare products business

As a new growth business in the Asahi Group, this business segment shall expand its business through product development based on accurate understanding of customers' needs and the building of a unique business model. It shall also actively expand into the overseas market with products such as the massage chairs that are the backbone of its business, with the advanced technology and high quality that comes from Japanese manufacturing.

(2) Augmenting of intangible capital

We will actively invest in human capital so that as many employees as possible are capable of working on the global level that is called for by current changes in the business environment. We will also carry on Asahi's tradition as masters of technology, actively investing in new technology such as AI to create new intellectual property within our organization.

[Basic Policy 2] Improving productivity and work styles utilizing information processing technology

We will carry out surveys and research on the latest technology such as AI, robotics, IoT, financial technology and image recognition to bring about innovation in our business with a long-term view.

[Basic Policy 3] Sharing the Asahi Way with all employees group-wide

We will amend our Asahi Way based on business expansion and changes in our business domain and make all employees in the Asahi Group aware of those new Asahi Way.

(5) Principal businesses (as of March 31, 2018)

The Group is mainly engaged in the precious metal business, the environmental preservation business and the life & health business.

1) Precious metal business

We collect scraps containing precious metals which are yielded from a variety of fields and recycle them.

- Collection/reproduction and processing of precious metals (gold, silver, palladium, platinum, etc.) and other metals and refining of precious metals
- Purchase and sales of precious metals and other metals
- Sales of precious metal products

2) Environmental preservation business

We detoxify and properly dispose of each type of industrial waste.

- Collection and transportation of industrial waste
- Intermediate treatment of industrial waste (detoxification, appropriate disposal, reuse, reduce, and recycle)

3) Life & health business

We provide equipment and systems for better life and health.

- Manufacturing and sales of healthcare products (massager, hearing aids, electrical therapy apparatus for household use, and electrolytic hydrogen water generator)
- Design and construction of radiant air-conditioning system and manufacturing and sale of heating equipment
- Design, construction and maintenance of facilities for fire-prevention, air-conditioning and sanitation

(6) Major sales offices and plants (as of March 31, 2018)**1) The Company**

Main office	4-4-17 Kano-cho, Chuo-ku, Kobe-shi
Head offices	Kobe Head Office: 4-4-17 Kano-cho, Chuo-ku, Kobe-shi Tokyo Head Office: 1-7-12 Marunouchi, Chiyoda-ku, Tokyo

2) Subsidiaries**(i) Asahi Pretec Corp.**

Main office	21, Uozakihamamachi, Higashinada-ku, Kobe-shi
Head offices	Kobe Head Office: 4-4-17 Kano-cho, Chuo-ku, Kobe-shi Tokyo Head Office: 1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Research laboratory	The Technical Research Center (Kobe-shi)
Business offices	Kitakanto (Kitakatsushika-gun, Saitama Pref.), Nagano (Tomi-shi, Nagano Pref.), Hanshin (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), Shikoku (Saijo-shi, Ehime Pref.), Kitakyushu (Kitakyushu-shi), Fukuoka (Koga-shi, Fukuoka Pref.)
Sales offices	Sapporo (Kitahiroshima-shi, Hokkaido), Aomori (Aomori-shi), Sendai (Miyagi-gun, Miyagi Pref.), Niigata (Sanjo-shi, Niigata Pref.), Kitakanto (Kitakatsushika-gun, Saitama Pref.), Kanto (Kawaguchi-shi, Saitama Pref.), Yokohama (Yokohama-shi), Kofu (Chuo-shi, Yamanashi Pref.), Shizuoka (Yaizu-shi, Shizuoka Pref.), Nagoya (Komaki-shi, Aichi Pref.), Hokuriku (Toyama-shi), Hanshin (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), Okayama (Okayama-shi), Hiroshima (Hiroshima-shi), Shikoku (Saijo-shi, Ehime Pref.), Fukuoka (Koga-shi, Fukuoka Pref.), Kagoshima (Kagoshima-shi), Okinawa (Itoman-shi, Okinawa Pref.)
Plants	Saitama (Kitakatsushika-gun, Saitama Pref.), Nagano (Tomi-shi, Nagano Pref.), Amagasaki (Amagasaki-shi, Hyogo Pref.), Kobe (Kobe-shi), The Technical Research Center (Kobe-shi), Ehime (Saijo-shi, Ehime Pref.), Kitakyushu (Kitakyushu-shi), Kitakyushu Hibiki (Kitakyushu-shi), Fukuoka (Koga-shi, Fukuoka Pref.)
Overseas subsidiaries	Asahi G&S Sdn. Bhd. (Malaysia), Shanghai Asahi Pretec Co., Ltd. (China), Asahi Pretec Korea Co., Ltd. (Korea), Asahi Pretec Taiwan Co., Ltd. (Taiwan)

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(ii) Japan Waste Corporation

Main office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Head office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Business office	Saitama (Kawaguchi-shi, Saitama Pref.), Yokohama (Yokohama-shi), Shonan (Koza-gun, Kanagawa Pref.)
Plants	Yokohama (Yokohama-shi), Ogimachi Center (Kawasaki-shi), Samukawa (Koza-gun, Kanagawa Pref.)
Subsidiaries in Japan	JW Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.), Taiyo Chemical Co., Ltd. (Kagoshima-shi), Iyotec Co., Ltd. (Akashi- shi, Hyogo Pref.), Fuji Rozai Co., Ltd. (Ota-ku, Tokyo), JW Glass Recycling Co., Ltd. (Koto-ku, Tokyo), Ecomax Incorporated (Koza- gun, Kanagawa Pref.), and other

(iii) Asahi Life & Health Corporation

Main office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Head office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Subsidiaries in Japan	INTER CENTRAL, INC. (Takizawa-shi, Iwate Pref.), KOEIKOGYO CO., LTD. (Yokohama-shi), FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. (Osaka-shi)

(Note) Asahi Life & Health Corporation was established on April 2, 2018.

(iv) Asahi Americas Holdings, Inc.

Main office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Head office	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Overseas subsidiaries	Asahi Refining USA Inc. (the U.S.), Asahi Refining Canada Ltd. (Canada)

(7) Employees (as of March 31, 2018)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
1,928 (702)	-33 (down 59)

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
50 (0)	-6 (1)	41 years and 6 months	4 years and 2 months

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Company to companies outside the Company but including staff seconded from companies outside the Company to the Company) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

(8) Major financial institutions with loans to the Company (as of March 31, 2018)

Financial institutions	Loan amount
Mizuho Bank, Ltd.	21,355 million yen
Syndicated loan	18,600 million yen
Resona Bank, Limited	1,000 million yen
The Minato Bank, Ltd.	100 million yen

(Note) The syndicated loan is extended by two banks with MUFG Bank, Ltd. as the lead bank.

(9) Other important matters relating to the current state of the Group

Not applicable

2. Current state of the Company

(1) Shares (as of March 31, 2018)

- 1) **Number of shares authorized:** 129,000,000 shares
2) **Number of shares issued:** 39,854,344 shares
3) **Number of shareholders:** 15,310
4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,122	7.84
The Master Trust Bank of Japan, Ltd. (Trust account)	1,996	5.01
TERA ENTERPRISES Co., Ltd.	1,150	2.89
STATE STREET BANK AND TRUST COMPANY 505025	893	2.24
Mitsuharu Terayama	882	2.22
Masamichi Terayama	802	2.01
Asahi Employee Stock Ownership Plan	712	1.79
K&M Co., Ltd.	700	1.76
Japan Trustee Services Bank, Ltd. (Trust account 5)	640	1.61
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	592	1.49

(Note) Percentage of shares held is calculated by excluding treasury stock.

(2) Stock options, etc.

Not applicable

(3) Board members and corporate officers**1) Directors (as of March 31, 2018)**

Position	Name	Responsibility and important concurrent assignment
President & CEO	Mitsuharu Terayama	Chairman and Director Asahi Pretec Corp.
Director	Yoshikatsu Takeuchi	Representative Director and President, Japan Waste Corporation
Director	Tomoya Higashiura	Representative Director and President, Asahi Pretec Corp. Representative Director and President, Asahi Americas Holdings, Inc.
Director	Kazuo Kawabata	Director, Asahi Americas Holdings, Inc.
Director	Amane Kojima	Corporate Auditor, Asahi Pretec Corp. Corporate Auditor, Asahi Americas Holdings, Inc.
Director/Audit and Supervisory Committee Member	Shoji Morii	
Director/Full-Time Audit and Supervisory Committee Member	Yukio Tanabe	
Director/Audit and Supervisory Committee Member	Yuji Kimura	Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation
Director/Audit and Supervisory Committee Member	Kyoko Kanazawa	Lawyer

- (Notes)
1. According to a resolution at the meeting of the 6th Annual General Meeting of Shareholders held on June 16, 2015, the Company made a transition to a Board with Audit and Supervisory Committee as of the same date.
 2. Directors/Audit and Supervisory Committee Members Shoji Morii, Yuji Kimura and Kyoko Kanazawa are Outside Directors.
 3. Director/Full-Time Audit and Supervisory Committee Member Yukio Tanabe has longtime experience of accounting of the Company and possesses extensive expertise in finance and accounting.
 4. The Company has a full-time Audit and Supervisory Committee Member to enhance the effectiveness of audits including information gathering and strengthen its auditing and supervisory functions.
 5. The Company designated Directors/Audit and Supervisory Committee Members Shoji Morii, Yuji Kimura and Kyoko Kanazawa as independent board members under the provisions of the Tokyo Stock Exchange, and filed such status with the exchange.
 6. As of April 1, 2018, the position of Director Mitsuharu Terayama changed from President & CEO to Chairman & CEO of the Company.

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As of April 1, 2018, Director Tomoya Higashiura was appointed as Representative Director and President of the Company.

7. As of April 1, 2018, the following changes have been made to the important concurrent assignment above.
 - Director Mitsuharu Terayama resigned as Chairman and Director of Asahi Pretec Corp.
 - Director Yoshikatsu Takeuchi resigned as Representative Director and President of Japan Waste Corporation.
 - Director Yoshikatsu Takeuchi assumed office as Director and Chairman of Japan Waste Corporation.
 - Director Tomoya Higashiura resigned as Representative Director and President of Asahi Pretec Corp.
 - Director Tomoya Higashiura assumed office as Director of Asahi Pretec Corp.
 - Director Kazuo Kawabata resigned as Director of Asahi Americas Holdings, Inc.
 - Director Amane Kojima resigned as Corporate Auditor of Asahi Americas Holdings, Inc.
 - Director Amane Kojima assumed office as Director of Asahi Americas Holdings, Inc.
8. As of April 2, 2018, the following changes have been made to the important concurrent assignment above.
 - Director Yoshikatsu Takeuchi assumed office as Director of Asahi Life & Health Corporation.

2) Directors and Corporate Auditors who resigned during the fiscal year

Director Keitaro Shigemasa resigned as of April 30, 2017.

3) Description of the limited liability contract

The Company and each Director (excluding any Director with executive authority over operations, etc.) signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act.

The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4) Compensation, etc., for Directors

Total compensation, etc., for the fiscal year

Category	Number of persons subject to payment	Payment amount
Directors not serving as an Audit and Supervisory Committee Member (Outside Director)	6 (0)	64 million yen (0)
Directors serving as an Audit and Supervisory Committee Member (Outside Directors)	6 (5)	31 million yen (19)
Total (Outside board members)	12 (5)	96 million yen (19)

- (Notes) 1. The amount of compensation for Directors not serving as an Audit and Supervisory Committee Member does not include the employee salaries of Directors who serve concurrently as employees.
2. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the limit of compensation for Directors not serving as Audit and Supervisory Committee Members be up to an annual 200 million yen (not including the portion of salary as employees) and that the limit of compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen.
3. The above amounts of compensation do not include the 4 million yen provision of reserve for the performance-based stock compensation plan for Directors, which was approved at the 6th Annual General Meeting of Shareholders held on June 16, 2015, and recorded for the fiscal year under review.

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5) Matters related to outside board members

- (i) Important concurrent assignment at other corporations, etc., and relationship between the Company and the other corporations, etc.
- Director/Audit and Supervisory Committee Member Yuji Kimura serves as the Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation. There are no special relationships between the Company and the corporation where he has the concurrent assignment.
- (ii) Kinship with a person executing business or an officer not executing business of the Company or specified related business operators of the Company
Not applicable
- (iii) Main activities in the fiscal year

Category	Name	Activities
Director (Audit and Supervisory Committee Member)	Shoji Morii	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has expertise and experience related to management, including finance, and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
Director (Audit and Supervisory Committee Member)	Yuji Kimura	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held on and after his appointment on June 20, 2017. He has considerable expertise and experience in environmental preservation, including waste treatment and recycling and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
Director (Audit and Supervisory Committee Member)	Kyoko Kanazawa	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held on and after her appointment on June 20, 2017. She has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters from the highly professional viewpoint for laws as a lawyer.

(4) Accounting Auditor

1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2) Amount of compensation, etc., for the Accounting Auditor

	Amount of compensation, etc.
(i) Amount to be paid by the Company	34 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	57 million yen

- (Notes) 1. In the agreement between the Company and the Accounting Auditor, the amount of compensation, etc., for audit under the Companies Act and the amount of compensation, etc., for audit under the Financial Instruments and Exchange Act are not separated and may not be separated actually. Therefore, the total of those amounts is stated for the amount in (i) above.
2. The Audit and Supervisory Committee provided its consent to the amount of compensation, etc., for the Accounting Auditor based on its verification as necessary of its auditing plan, the status of its execution of duties of accounting audits and the appropriateness of the basis for calculating its estimates.

3) Description of Non-Audit Services

The Company entrusts services concerning the preparation of comfort letters to the Accounting Auditor, and pays fees in relation to such services.

4) Policy for determining the dismissal or the refusal of reappointment of the Accounting Auditor

When it is found that the Accounting Auditor falls under the items set forth in any of items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss the Accounting Auditor in accordance with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee will report the fact of the dismissal of the Accounting Auditor and reasons for the dismissal at the General Meeting of Shareholders convened for the first time after the dismissal.

When it is deemed necessary to change the Accounting Auditor in consideration of the status of the execution of its duties, the Company's auditing system and other factors, the Audit and Supervisory Committee will determine the content of a proposal concerning the dismissal or the refusal of reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders.

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(5) Policy to determine the distribution, etc., of surplus

- **Dividend policy:** The Company will pay out a stable and continuous dividend, maintaining a ratio of 30% or more of consolidated net profit.

We position the return of profits to shareholders as a key issue and make it our basic policy to pay out stable and continuous dividends maintaining a ratio of 30% or more of consolidated net profit regardless of short-term fluctuations in our performance.

Furthermore, to commemorate the 15th anniversary of our listing on the First Section of the Tokyo Stock Exchange in March 2017, the Company paid a commemorative dividend of 3 yen per share for the year-end dividend for the fiscal year ended March 2018, in addition to an ordinary dividend of 30 yen.

The forecast for the annual dividend for the fiscal year ending March 2019 is 74 yen, an increase compared to the previous fiscal year.

In addition to the year-end dividend for the fiscal year ending March 2018, the Company introduced a special benefit plan for shareholders.

■ The Introduction of Special Benefit Plan for Shareholders

To express our appreciation for the continued support of our shareholders, the Company has introduced a special benefit plan for shareholders.

Eligible shareholders can purchase products of the group companies at preferential prices on the website for shareholders.

Furthermore, the same preferential treatment is extended to all eligible shareholders regardless of the number of shares held or duration of ownership.

We will enclose information regarding shareholder benefits with the “Notice of Resolution” to be sent in June.

*Shareholders covered by the plan are those who hold more than one share unit (100 shares) of the Company’s stock as stated or recorded in the Shareholder Registry as of March 31 of the current year.

- Information on the plan: <http://www.asahiholdings.com/ir/stock/benefit/>

- Application Period: July 1, 2018 to December 31, 2018

- Product List:

* Prices below include tax. Shipping costs shall be borne by the shareholders.

Product	Complimentary Price
MyHeat Seraphy® MHS-700 (W)	26,500 yen
MyHeat Seraphy® MHS-900A (W)	29,500 yen
mashua Air Massager FAM-40	21,500 yen
Core Trainer FF-100	26,000 yen
my relax Seat Massager MRL-1100	24,000 yen
TREVI + H ₂ Electrolytic Hydrogen Water Generator S1 FWH-6000 (W)	196,000 yen

(Note) The amount and the number of shares stated in this report are rounded down to the nearest unit.
The percentage is rounded to the nearest unit.

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Consolidated Statement of Financial Position (as of March 31, 2018)

		(Millions of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	88,096	Current liabilities	45,099
Cash and cash equivalents	24,140	Trade and other payables	14,179
Trade and other receivables	36,973	Loans payable	22,515
Inventories	22,466	Income tax payable	3,012
Income tax receivables	1,474	Other financial liabilities	506
Other financial assets	660	Provisions	1,484
Other current assets	2,380	Other current liabilities	3,400
Non-current assets	43,388	Non-current liabilities	21,949
Property, plant and equipment	32,870	Loans payable	18,600
Goodwill	8,243	Deferred tax liabilities	1,440
Intangible assets	740	Net defined benefit liability	153
Deferred tax assets	853	Other financial liabilities	1,754
Net defined benefit asset	124	Total liabilities	67,049
Financial assets	537	EQUITY	
Other non-current assets	18	Equity attributable to owners of parent	64,435
		Capital stock	7,790
		Capital surplus	10,381
		Treasury stock	(386)
		Retained earnings	50,282
		Other components of equity	(3,632)
Total assets	131,484	Total equity	64,435
		Total liabilities and equity	131,484

(Note) Amounts less than one million yen are omitted.

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Consolidated Statement of Income (April 1, 2017 to March 31, 2018)

(Millions of yen)

Account	Amount	
Revenue		115,797
Cost of sales		(87,500)
Gross profit		28,296
Selling, general and administrative expenses	(14,403)	
Other operating income	244	
Other operating expenses	(346)	(14,505)
Operating income		13,791
Finance income	16	
Finance cost	(397)	(380)
Profit before tax		13,410
Income tax expenses		(3,956)
Profit		9,453
Profit attributable to:		
Owners of parent		9,416
Non-controlling interests		37

Consolidated Statement of Changes in Equity (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2017	4,480	6,126	(5,371)	42,783	(3,618)	(104)
Profit				9,416		
Other comprehensive income					(5)	69
Total comprehensive income	—	—	—	9,416	(5)	69
Issuance of new shares	3,309	3,282				
Purchase of treasury stock			(0)			
Disposal of treasury stock		1,266	4,985			
Dividends				(1,955)		
Changes in ownership interests of owners in subsidiaries under control		(337)				
Changes due to loss of control of subsidiaries						
Reclassified from other components of equity to retained earnings				38		
Share-based payment transactions		42				
Total transactions with owners	3,309	4,254	4,984	(1,917)	—	—
Balance at March 31, 2018	7,790	10,381	(386)	50,282	(3,624)	(34)

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	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2017	7	—	(3,716)	44,303	524	44,827
Profit			—	9,416	37	9,453
Other comprehensive income	17	38	119	119	3	122
Total comprehensive income	17	38	119	9,535	41	9,576
Issuance of new shares			—	6,592		6,592
Purchase of treasury stock			—	(0)		(0)
Disposal of treasury stock			—	6,252		6,252
Dividends			—	(1,955)		(1,955)
Changes in ownership interests of owners in subsidiaries under control	3		3	(333)	(540)	(874)
Changes due to loss of control of subsidiaries			—	—	(24)	(24)
Reclassified from other components of equity to retained earnings	0	(38)	(38)	—		—
Share-based payment transactions			—	42		42
Total transactions with owners	3	(38)	(35)	10,596	(565)	10,030
Balance at March 31, 2018	27	—	(3,632)	64,435	—	64,435

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Balance Sheet (as of March 31, 2018)

		(Millions of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	39,421	Current liabilities	258
Cash and deposits	13,171	Short-term loans payable	100
Deferred tax assets	36	Current portion of long-term loans payable	10
Short-term loans to affiliated companies	41,678	Accounts payable-other	37
Income taxes receivable	1,234	Accrued expenses	32
Other	10	Provision for bonuses	18
Allowance for doubtful accounts	(16,709)	Provision for directors' bonuses	24
Non-current assets	33,396	Provision for stocks payment	12
Property, plant and equipment	5,844	Provision for management board incentive plan trust	12
Buildings	2,469	Other	12
Tools, equipment and fixtures	1	Non-current liabilities	20,317
Land	3,373	Long-term loans payable	20,304
Intangible assets	29	Other	13
Software	29	Total liabilities	20,576
Investments and other assets	27,522	NET ASSETS	
Shares of affiliated companies	27,509	Shareholders' equity	52,241
Deferred tax assets	13	Capital stock	7,790
Other	0	Capital surplus	27,663
Total assets	72,818	Capital reserve	9,364
		Other capital surplus	18,299
		Retained earnings	17,174
		Other retained earnings	17,174
		Retained earnings carried forward	17,174
		Treasury stock	(386)
		Total Net Assets	52,241
		Total Liabilities and Net Assets	72,818

(Note) Amounts less than one million yen are omitted.

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Statement of Income (April 1, 2017 to March 31, 2018)

(Millions of yen)

Account	Amount	
Operating revenue		7,903
Operating expenses		1,092
Operating income		6,810
Non-operating income		
Interest income	121	
Guarantee commission received	123	
Other	5	250
Non-operating expenses		
Interest expenses	26	
Share issuance cost	48	
Foreign exchange losses	0	
Provision of allowance for doubtful accounts	55	130
Ordinary income		6,930
Extraordinary loss		
Impairment losses	27	27
Net profit before income taxes		6,903
Income taxes-current	112	
Income taxes-deferred	(15)	96
Net profit		6,806

(Note) Amounts less than one million yen are omitted.

Statement of Changes in Net Assets (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2017	4,480	6,054	17,032	12,337	(5,371)	34,533
Changes during the period						
Issuance of new shares	3,309	3,309				6,619
Dividends from surplus				(1,969)		(1,969)
Net profit				6,806		6,806
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock			1,266		4,985	6,252
Total changes during the period	3,309	3,309	1,266	4,837	4,984	17,708
Balance at March 31, 2018	7,790	9,364	18,299	17,174	(386)	52,241

	Total net assets
Balance at April 1, 2017	34,533
Changes during the period	
Issuance of new shares	6,619
Dividends from surplus	(1,969)
Net profit	6,806
Purchase of treasury stock	(0)
Disposal of treasury stock	6,252
Total changes during the period	17,708
Balance at March 31, 2018	52,241

(Note) Amounts less than one million yen are omitted.

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Independent Auditor's Report

May 7, 2018

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner,	Certified Public Accountant	Mitsuo Cho
Designated and Engagement Partner,	Certified Public Accountant	Toshinari Takeno

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in equity, and the basis of preparing consolidated financial statements and other notes of Asahi Holdings, Inc. for the consolidated fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in conformity with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows partial omission of the disclosures required by the designated international accounting standards. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present consolidated financial statements that are free from material misstatements caused by fraud or error.

Auditors' Responsibility

Our responsibility is to express independent opinions on consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures are selected and applied depending on auditor judgment on the basis of the assessment of the risks of material misstatements of the consolidated financial statements arising from fraud or error. The purpose of the audit of the consolidated financial statements is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the above consolidated financial statements prepared in conformity with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows partial omission of the disclosures required by the designated international accounting standards, present fairly, in all material respects, the assets as well as income and losses in the period pertaining to consolidated financial statements of the corporate group which consists of Asahi Holdings, Inc. and its consolidated subsidiaries.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

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Independent Auditor's Report

May 7, 2018

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and
Engagement Partner, Certified Public Accountant Mitsuo Cho

Designated and
Engagement Partner, Certified Public Accountant Toshinari
Takeno

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statement of income, and the statement of changes in net assets of Asahi Holdings, Inc. for the 9th fiscal year from April 1, 2017 to March 31, 2018, including notes to non-consolidated financial statements and supplementary schedules thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements and supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present financial statements and supplementary schedules thereto that are free from material misstatements caused by fraud or error.

Auditors' Responsibility

Our responsibility is to express independent opinions on financial statements and supplementary schedules thereto based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereto are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules thereto. Audit procedures are selected and applied depending on auditors' judgment on the basis of the assessment of the risks of material misstatements of the financial statements and the supplementary schedules thereto arising from fraud or error. The purpose of the audit of the financial statements and the supplementary schedules thereto is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements and the supplementary schedules thereto in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the supplementary schedules thereto referred to the above present fairly, in all material respects, the assets as well as income and losses in the period pertaining to such financial statements and the supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

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Audit Report

The Audit and Supervisory Committee audited the directors' performance of their duties during the 9th fiscal year (from April 1, 2017 to March 31, 2018), and hereby reports the method and results of the audit as follows.

1. Method and Content of Audit

The Audit and Supervisory Committee received reports periodically from directors and employees about the details of Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c), of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then requested explanations as necessary, expressed opinions and conducted audits by the following methods.

- 1) In conformity with the Audit and Supervisory Committee Auditing Standards established by the Audit and Supervisory Committee, in accordance with the audit policies and important audit items, and in cooperation with the internal audit division and internal control division, each Audit and Supervisory Committee Member attended important meetings, received reports on the status of performance of duties from the directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets of the Company. Regarding the Company's subsidiaries, the processes of determining the execution of business operations were investigated by attending important meetings, receiving reports on businesses and requesting explanations as necessary.
- 2) Each Audit and Supervisory Committee Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit and Supervisory Committee Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Rules of Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit and Supervisory Committee Member examined the business report and the supplementary schedules thereto, the financial statements (balance sheet, statements of income and statements of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statements of income and consolidated statements of changes in equity and notes to consolidated financial statements) and the supplementary schedules thereto, for the fiscal year under review.

2. Results of Audit

- (1) Results of audit of business report, etc.
- (i) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the company in conformity with the applicable laws and regulations and the Articles of Incorporation of the company.
 - (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the company was found with respect to the directors' performance of their duties.
 - (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in the business report and directors' performance of their duties concerning the internal control systems.
- (2) Results of audit of financial statements and supplementary schedules thereto
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Results of audit of consolidated financial statements
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 8, 2018

Audit and Supervisory Committee, Asahi Holdings, Inc.

Chairman:	Shoji Morii
Full-time Audit and Supervisory Committee Member:	Yukio Tanabe
Audit and Supervisory Committee Member:	Yuji Kimura
Audit and Supervisory Committee Member:	Kyoko Kanazawa

(Note) Audit and Supervisory Committee Members Shoji Morii, Yuji Kimura and Kyoko Kanazawa are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

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TOPICS

- **Determination of the 8th Mid-term Business Plan “SDGs Contribution”**

The Group has decided that all Group companies will come together to work toward the “SDGs (Sustainable Development Goals)” adopted by the United Nations in 2015.

The Company’s management philosophy is “doing our part to protect the natural environment and resources,” and since our founding, we have focused on recycling resources and environmental preservation. If the Life & health business, which recently joined the Group, is included, 13 out of 17 SDGs are directly linked to the Company’s business activities. Accordingly, the growth of the Group’s businesses itself will contribute to global sustainability. In future, we have decided as a company to further encourage activities where all employees will contribute to society, both as individuals and as groups in the workplace.

- **The Establishment of Asahi Life & Health Corporation**

Asahi Life & Health Corporation was established in April 2018.

Asahi Life & Health Corporation oversees the Company’s life & health business and contributes to society by promoting healthy life expectancy.

The life & health business provides equipment and systems, etc. for better life and health, including massage chairs, hearing aids, radiant air-conditioning systems, etc.

To meet the needs arising from developing health awareness and the aging society in Japan, we shall proactively develop this business, including in global markets, as the third pillar of the Group.

<Group Companies Chart>

Asahi Holdings, Inc.			
Precious metal business (precious metal recycling business)	Environmental preservation business	Life & health business	Precious metal business (North America refining business)
Asahi Pretec Corp.	Japan Waste Corporation	Asahi Life & Health Corporation	Asahi Americas Holdings, Inc.
4 overseas subsidiaries	8 Japan subsidiaries	3 Japan subsidiaries, 1 overseas subsidiary	2 overseas subsidiaries

- **Installation of new incinerators at Taiyo Chemical Co., Ltd.**

Taiyo Chemical Co., Ltd. (Kagoshima-shi), a subsidiary in the environmental preservation business, installed new incinerators (with treatment capacity of 90 tons per day) in an industrial zone in the Rinkai area of Kagoshima-shi.

Taiyo Chemical Co., Ltd. processes and recycles waste, including medical waste from hospitals in Kagoshima Prefecture, and various types of waste from the IT manufacturing industry and petrochemical plants located in South Kyushu, etc.

With the construction of the new incinerators, the volume of waste that may be treated in a year has increased, and the Company will use this to work toward further business growth, while focusing on responding to increased medical waste caused by an increase in the elderly population, and initiatives in the business area centered on South Kyushu.