

## Consolidated Financial Results for the First Quarter Ended June 30, 2024

### ARE Holdings, Inc. [IFRS]

July 31, 2024

Stock code:	5857
Shares listed:	Tokyo Stock Exchange - Prime Market
URL:	<a href="https://www.asahiholdings.com/english">https://www.asahiholdings.com/english</a>
Representative:	Tomoya Higashiura, Representative Director, President & CEO
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Start of dividend payment:	—
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	No

(Rounded down to the nearest million yen)

#### 1. Results of the three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

##### (1) Results of operations (cumulative) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The three months ended June 30, 2024	92,300	47.5	3,617	47.0	3,796	49.3	3,197	33.4	3,197	33.4	8,249	(22.8)
June 30, 2023	62,582	—	2,461	—	2,543	—	2,396	(43.9)	2,396	(43.9)	10,688	19.1

	Basic earnings per share	Diluted earnings per share
The three months ended June 30, 2024	Yen 41.83	Yen 37.99
June 30, 2023	31.26	28.56

(Note) During the fiscal year ended March 31, 2024, a share exchange was conducted between Japan Waste Corporation, which was a consolidated subsidiary of the Company, and Renatus Co., Ltd., whereby Renatus Co., Ltd. became the wholly owning parent company, and Japan Waste Corporation became the wholly owned subsidiary company, resulting in the Japan Waste Corporation business being classified as discontinued operations. Consequently, revenue, operating profit and profit before tax for the three months ended June 30, 2023, are presented in amounts from continuing operations from which discontinued operations have been excluded.

##### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
As of June 30, 2024	Millions of yen 384,503	Millions of yen 130,397	Millions of yen 130,397	% 33.9
March 31, 2024	317,998	126,476	126,476	39.8

#### 2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
Year ended March 31, 2024	Yen —	Yen 45.00	Yen —	Yen 45.00	Yen 90.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025 (Forecast)	—	40.00	—	40.00	80.00

(Note) Revisions in dividend forecast in the current quarter: No

3. Forecast (From April 1, 2024 to March 31, 2025) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	180,000	24.8	8,500	49.1	8,300	40.7	6,304	19.9	82.66
Year ending March 31, 2025	370,000	14.8	18,000	45.5	17,600	41.6	13,148	(46.3)	172.53

(Note) Revisions in forecast in the current quarter: No

\* Notes

(1) Significant changes in the scope of consolidation during the period: No

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes other than (i) above: No

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(i) Number of issued shares at the quarter end (including treasury stock)

As of June 30, 2024	79,708,688 shares
As of March 31, 2024	79,708,688 shares

(ii) Number of treasury stock at the quarter end

As of June 30, 2024	3,563,054 shares
As of March 31, 2024	3,065,554 shares

(iii) Averaged number of shares during the period (quarterly cumulative period)

Three months ended June 30, 2024	76,433,500 shares
Three months ended June 30, 2023	76,643,211 shares

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: No

\* Statement regarding the proper use of financial forecasts and other special remarks

(Notes on forward looking statements, etc.)

These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. Please refer to page 3 "1. Overview of Consolidated Operating Results (3) Consolidated Performance Forecasts" for the assumptions used and other notes.

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## 1. Overview of Consolidated Operating Results

### (1) Overview of Consolidated Operating Results for the Three Months Ended June 30, 2024

The financial results for the three months ended June 30, 2024 were as follows.

Revenue	92,300 million yen	(a year-on-year increase of 29,717 million yen, or +47.5 percent)
Operating profit	3,617 million yen	(a year-on-year increase of 1,156 million yen, or +47.0 percent)
Profit before tax	3,796 million yen	(a year-on-year increase of 1,253 million yen, or +49.3 percent)
Profit attributable to owners of parent	3,197 million yen	(a year-on-year increase of 801 million yen, or +33.4 percent)

As for the precious metal recycling business, the volume of gold collected grew on the back of rising gold prices. The volumes of palladium, platinum, and rhodium collected were flat or slightly higher than in the same period of the previous fiscal year for each precious metal. Although a loss due to a decline in rhodium prices was incurred in the same period of the previous fiscal year, no loss due to a decline in rhodium prices was incurred in the quarter under review. As for the precious metals refining business in North America, although the sales volume of processed products was extremely low compared to the level in the same period of the previous fiscal year, the precious metals refining business and trading business delivered strong performance. As a result, revenue and operating profit in Precious Metals business segment increased from the same period of the previous fiscal year.

In the Environmental Preservation business, while the revenue and operating profit of Japan Waste Corporation, which was classified as discontinued operations, are not included in the financial results for the three months ended June 30, 2023, the share of profit (loss) of investments accounted for using equity method of Renatus Co., Ltd. is included in operating profit in the financial results for the three months ended June 30, 2024.

### (2) Overview of Consolidated Financial Position and Cash Flows for the Three Months Ended June 30, 2024

As of June 30, 2024, total assets amounted to 384,503 million yen, up 66,504 million yen from the previous fiscal year end. This was mainly due to increases of 38,728 million yen in trade and other receivables and 23,372 million yen in inventories.

Total liabilities amounted to 254,105 million yen, up 62,583 million yen from the previous fiscal year end. This was due mainly to an increase of 61,212 million yen in bonds and loans payable.

Total equity amounted to 130,397 million yen, up 3,921 million yen from the previous fiscal year end. This was due mainly to an increase of 8,249 million yen in comprehensive income and a decrease of 3,448 million yen used for dividends.

As a result, the equity attributable to owners of parent ratio changed to 33.9%, from 39.8% at the end of the previous fiscal year.

Net cash provided by operating activities amounted to 499 million yen due mainly to 3,796 million yen of profit before tax, 692 million yen of depreciation and amortization, 23,354 million yen of increase in inventories, 48,312 million yen of increase in trade and other receivables, 42,451 million yen of increase in trade, loans and other payables, 17,204 million yen of interest and dividend income received and 2,161 million yen of income taxes paid.

Net cash provided by investing activities amounted to 1,259 million yen due mainly to 5,364 million yen of collection of loans receivable, despite 833 million yen of purchase of property, plant and equipment, and 3,164 million yen of payments for loans receivable.

Net cash provided by financing activities amounted to 6,654 million yen due mainly to 11,118 million yen of net increase in short-term loans payable, 999 million yen of purchase of treasury stock and 3,426 million yen of cash dividends paid.

As a result, cash and cash equivalents as of June 30, 2024 increased by 7,638 million yen from March 31, 2024, to 14,520 million yen.

(3) Consolidated Performance Forecasts

No changes have been made to the forecasts going forward as they are in line with the financial forecast for the fiscal year ending March 31, 2025 announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” made public on April 25, 2024.

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statements of Financial Position

	As of March 31, 2024	As of June 30, 2024
	Millions of yen	Millions of yen
<b><u>ASSETS</u></b>		
Current assets		
Cash and cash equivalents	6,881	14,520
Trade and other receivables	155,268	193,997
Inventories	33,879	57,252
Income tax receivables	77	210
Other financial assets	17,763	16,612
Other current assets	39,903	35,199
Total current assets	253,773	317,792
Non-current assets		
Property, plant and equipment	33,192	35,818
Goodwill	19	19
Intangible assets	1,580	1,519
Investments accounted for using equity method	27,665	28,139
Deferred tax assets	5	275
Net defined benefit asset	186	232
Financial assets	1,506	604
Other non-current assets	68	101
Total non-current assets	64,224	66,711
Total assets	317,998	384,503

	As of March 31, 2024	As of June 30, 2024
	Millions of yen	Millions of yen
<b>LIABILITIES and EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	27,180	30,548
Bonds and loans payable	69,970	131,577
Income tax payable	2,387	318
Other financial liabilities	6,465	1,848
Provisions	1,302	922
Other current liabilities	5,694	8,664
Total current liabilities	113,001	173,879
Non-current liabilities		
Bonds and loans payable	71,190	70,796
Deferred tax liabilities	4,432	6,211
Net defined benefit liability	99	108
Other financial liabilities	2,798	3,108
Total non-current liabilities	78,521	80,225
Total liabilities	191,522	254,105
Equity		
Capital stock	7,790	7,790
Capital surplus	12,245	12,366
Treasury stock	(5,925)	(6,925)
Retained earnings	113,837	113,606
Other components of equity	(1,471)	3,559
Total equity attributable to owners of parent	126,476	130,397
Total equity	126,476	130,397
Total liabilities and equity	317,998	384,503

(2) Condensed Consolidated Statements of Income for the Three Months Ended June 30, 2024

	The three months ended June 30, 2023	The three months ended June 30, 2024
	Millions of yen	Millions of yen
Continuing operations		
Revenue	62,582	92,300
Cost of sales	(58,169)	(87,107)
Gross profit	4,413	5,192
Selling, general and administrative expenses	(1,989)	(2,092)
Other operating income	46	48
Other operating expenses	(9)	(3)
Share of profit (loss) of investments accounted for using equity method	—	473
Operating profit	2,461	3,617
Finance income	565	551
Finance costs	(483)	(372)
Profit before tax	2,543	3,796
Income tax expenses	(515)	(598)
Profit from continuing operations	2,027	3,197
Discontinued operations		
Profit from discontinued operations	368	—
Profit	2,396	3,197
Profit attributable to:		
Owners of parent	2,396	3,197
Non-controlling interests	—	—
Profit	2,396	3,197
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	26.46	41.83
Discontinued operations	4.81	—
Total	31.26	41.83
Diluted earnings per share (Yen)		
Continuing operations	24.29	37.99
Discontinued operations	4.27	—
Total	28.56	37.99



(3) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2024

	The three months ended June 30, 2023	The three months ended June 30, 2024
	Millions of yen	Millions of yen
Profit	2,396	3,197
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(45)	20
Total items that will not be reclassified to profit or loss	(45)	20
Items that may be reclassified to profit or loss		
Cash flow hedges	5,891	3,399
Translation adjustments of foreign operations	2,447	1,631
Total items that may be reclassified to profit or loss	8,338	5,031
Other comprehensive income, net of tax	8,292	5,051
Comprehensive income	<u>10,688</u>	<u>8,249</u>
Comprehensive income attributable to:		
Owners of parent	10,688	8,249
Non-controlling interests	—	—
Comprehensive income	<u>10,688</u>	<u>8,249</u>

## (4) Condensed Consolidated Statements of Changes in Equity

(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, 2023	7,790	12,103	(5,925)	96,319	(886)	(2,443)
Profit	–	–	–	2,396	–	–
Other comprehensive income	–	–	–	–	2,447	5,891
Total comprehensive income	–	–	–	2,396	2,447	5,891
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(3,448)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(45)	–	–
Share-based payment transactions	–	58	–	–	–	–
Total transactions with owners	–	58	(0)	(3,494)	–	–
Balance at June 30, 2023	7,790	12,162	(5,925)	95,220	1,560	3,447

(Millions of yen)

	Equity attributable to owners of parent			
	Other components of equity			
	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2023	–	(3,330)	106,957	106,957
Profit	–	–	2,396	2,396
Other comprehensive income	(45)	8,292	8,292	8,292
Total comprehensive income	(45)	8,292	10,688	10,688
Purchase of treasury stock	–	–	(0)	(0)
Dividends	–	–	(3,448)	(3,448)
Reclassified from other components of equity to retained earnings	45	45	–	–
Share-based payment transactions	–	–	58	58
Total transactions with owners	45	45	(3,390)	(3,390)
Balance at June 30, 2023	–	5,007	114,255	114,255

(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, 2024	7,790	12,245	(5,925)	113,837	2,341	(3,813)
Profit	–	–	–	3,197	–	–
Other comprehensive income	–	–	–	–	1,631	3,399
Total comprehensive income	–	–	–	3,197	1,631	3,399
Purchase of treasury stock	–	–	(999)	–	–	–
Dividends	–	–	–	(3,448)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	20	–	–
Share-based payment transactions	–	120	–	–	–	–
Total transactions with owners	–	120	(999)	(3,428)	–	–
Balance at June 30, 2024	7,790	12,366	(6,925)	113,606	3,973	(414)

(Millions of yen)

	Equity attributable to owners of parent			
	Other components of equity			Total equity
	Remeasurements of defined benefit plans	Total	Total	
Balance at April 1, 2024	–	(1,471)	126,476	126,476
Profit	–	–	3,197	3,197
Other comprehensive income	20	5,051	5,051	5,051
Total comprehensive income	20	5,051	8,249	8,249
Purchase of treasury stock	–	–	(999)	(999)
Dividends	–	–	(3,448)	(3,448)
Reclassified from other components of equity to retained earnings	(20)	(20)	–	–
Share-based payment transactions	–	–	120	120
Total transactions with owners	(20)	(20)	(4,327)	(4,327)
Balance at June 30, 2024	–	3,559	130,397	130,397

(5) Condensed Consolidated Statements of Cash Flows

	The three months ended June 30, 2023	The three months ended June 30, 2024
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	2,543	3,796
Profit before tax from discontinued operations	593	–
Depreciation and amortization	879	692
Finance income and finance cost	1,211	1,981
Share of loss (profit) of investments accounted for using equity method	–	(473)
Decrease (increase) in inventories	(3,185)	(23,354)
Decrease (increase) in trade and other receivables	(32,585)	(48,312)
Increase (decrease) in trade, loans and other payables	34,892	42,451
Other, net	207	8,717
Subtotal	4,557	(14,502)
Interest and dividend income received	92	17,204
Interest expenses paid	(86)	(40)
Income taxes paid	(1,555)	(2,161)
Net cash provided by (used in) operating activities	3,007	499
Cash provided by (used in) investing activities		
Payments into time deposits	(103)	(223)
Proceeds from withdrawal of time deposits	2,735	111
Purchase of property, plant and equipment	(975)	(833)
Proceeds from sales of property, plant and equipment	3	3
Purchase of intangible assets	(372)	(67)
Payments for loans receivable	(13,264)	(3,164)
Collection of loans receivable	21	5,364
Other, net	(138)	68
Net cash provided by (used in) investing activities	(12,095)	1,259
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(24)	11,118
Proceeds from long-term loans payable	13,737	–
Purchase of treasury stock	(0)	(999)
Cash dividends paid	(3,428)	(3,426)
Other, net	(84)	(37)
Net cash provided by (used in) financing activities	10,199	6,654
Effect of exchange rate change on cash and cash equivalents	(1,964)	(774)
Net increase (decrease) in cash and cash equivalents	(852)	7,638
Cash and cash equivalents at beginning of period	17,952	6,881
Cash and cash equivalents at end of period	17,099	14,520

## (6) Notes on Condensed Consolidated Financial Statements

### Segment information

#### (1) Overview of reporting segments

The Group's business segments are those Group constituent units for which separate financial information is obtainable, and which the Board of Directors subjects to regular examination in order to decide the allocation of management resources and evaluate business results.

As a pure holding company, the Company is in charge of overall strategic function for the Group, whereas operating companies of the Group engage in the precious and rare metals recycling business and the refining and processing business, industrial waste management and other environmental preservation business.

Therefore, the Group is composed of product and service segments based on business sectors. The two reporting segments are the Precious Metals business and the Environmental Preservation business.

Meanwhile, these reporting segments are not aggregated.

The Precious Metals business engages mainly in recycling and selling precious and rare metals such as gold, silver, palladium, platinum, and rhodium from scrap containing precious metals, as well as refining and processing of precious metals centered on gold and silver. The main work of the Environmental Preservation business is the collection, transport and intermediate processing of industrial waste.

#### (2) Segment revenue and performance

Revenue and other performance of each reporting segment of the Group are as follows.

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

	Reporting segment					(Millions of yen)	
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other	Total	Adjustments	Consolidated
Revenue							
External revenue	62,576	—	62,576	5	62,582	—	62,582
Intersegment revenue	—	—	—	—	—	—	—
Total	<u>62,576</u>	<u>—</u>	<u>62,576</u>	<u>5</u>	<u>62,582</u>	<u>—</u>	<u>62,582</u>
Operating profit by business segment	<u>2,523</u>	<u>—</u>	<u>2,523</u>	<u>(62)</u>	<u>2,461</u>	<u>—</u>	<u>2,461</u>
Finance income							565
Finance costs							<u>(483)</u>
Profit before tax							<u>2,543</u>

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

	Reporting segment				(Millions of yen)		
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other	Total	Adjustments	Consolidated
Revenue							
External revenue	92,285	–	92,285	14	92,300	–	92,300
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>92,285</u>	<u>–</u>	<u>92,285</u>	<u>14</u>	<u>92,300</u>	<u>–</u>	<u>92,300</u>
Operating profit by business segment	<u>3,225</u>	<u>472</u>	<u>3,697</u>	<u>(79)</u>	<u>3,617</u>	<u>–</u>	<u>3,617</u>
Finance income							551
Finance costs							<u>(372)</u>
Profit before tax							<u>3,796</u>

Notes on assumptions for going concern

Not applicable

Significant subsequent events

Not applicable