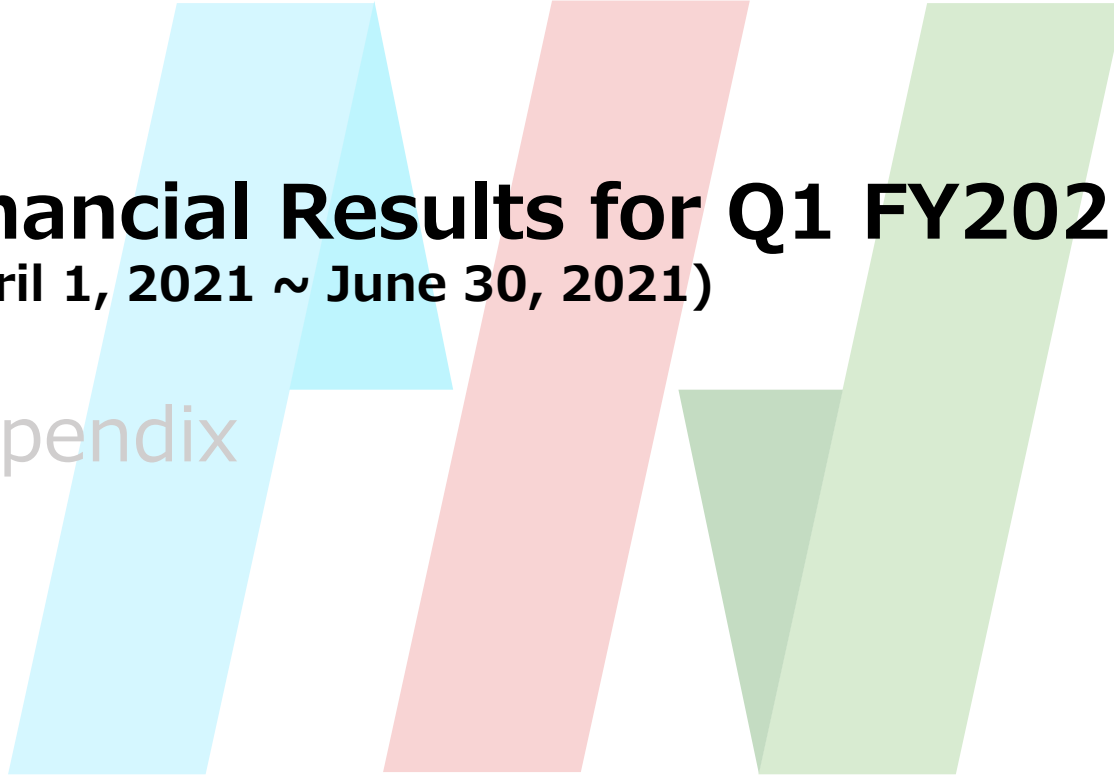


Financial Results for Q1 FY2022.3 (April 1, 2021 ~ June 30, 2021)

July 2021

Asahi Holdings, Inc.

These forecast performance figures are based on information currently available to the company's management and certain assumptions judged rationally. Accordingly, there might be cases in which actual results materially differ from forecasts of this report.



I. Financial Results for Q1 FY2022.3
(April 1, 2021 ~ June 30, 2021)

II. Appendix



Consolidated Results

[Unit: ¥ billion]

	Q1 FY2021.3	Q1 FY2022.3	
	Results	Results	Change
Revenue	39.2	50.4	11.2
Operating profit	5.3	6.9	1.7
Operating profit ratio	13.4%	13.7%	0.3%
Profit before tax	5.3	6.8	1.5
Profit *	3.6	4.8	1.2
Depreciation	0.6	0.7	0.1

* Profit attributable to owners of parent



Impact of COVID-19, etc. (YoY Comparison)

■ Precious Metals Business

In the precious metals recycling sector in Japan and Asia, the volume of collection from manufacturing-related industries as IoT and smartphones and automobile-related industries continued to increase and the volume collected in the dentistry sector has become nearly flat.

Business field	Business Environment
Dentistry	Although medical treatment restrictions continued due to strengthening measures against COVID-19, the amount of collection has become almost flat.
Jewelry	The amount collected from purchasers dropped because of the decrease in purchase demand and the amount of collection from manufacturing-related fields showed a recovery trend.
Catalyst	Recovery of replacement demand for automobiles pushed up the amount of collection in Japan, and the amount collected in east Asia increased.
Electronics sector	The amount of collection increased, backed by strong performance in the production of IoT related, vehicle-mounted devices and 5G high-end smartphones as well as sector expansion including ICT application.
North American refining	The volume product processing and sales increased while financial transactions as arbitrage decreased.

■ Environmental Preservation Business

The volume of collection from educational institutions has become almost flat and the volume of collection from the automobile industry, medical and chemical industries increased. On the other hand, the construction and food service industries remained sluggish.

Industry	Business Environment
Educational/Research institution	The amount of collection has become almost flat.
Construction	Still sluggish resulting in a drop in the volume of collection of wood waste, sheet glass and other materials.
Automobile	Recovery is underway, and the volume of collection of waste liquids and other materials increased.
Food	The impact on food manufacturers remained limited but the decline of demand in the food service industry continued, leading to a decrease in the amount of residues and glass bottles collected.
Medical	The volume of collection of medical wastes and incineration processing increased.
Chemical	The volume of collection of disinfectant-related products increased.



Precious Metals Business

■ Precious Metals Recycling Business (Japan and Asia)

Significant increase in profit thanks to the rise in precious metal prices and ensuring the volume of precious metal collection.

■ Refining Business in North America

Decrease in profit due to the decrease in arbitrage, although the volume of product processing and sales increased.

[Unit: ¥ billion]

Precious Metals	Q1 FY2021.3	Q1 FY2022.3
	Results	Results
Revenue	35.0	46.3
Operating profit	5.3	7.2
Operating profit ratio	15.1%	15.5%



Reference: Changes in the Volume of Precious Metals Collected and Precious Metal Prices

Amount Collected for Precious Metal Recycling

[Unit: kg]

	Q1 FY2021.3	Q1 FY2022.3	
	Results	Results	Change
Gold	4,447	4,153	(294)
Palladium	1,605	1,576	(29)
Silver	17,145	18,192	1,047
Platinum	967	1,287	319

Precious Metal Prices (per gram)

[Unit: Yen]

	Q1 FY2021.3	Q1 FY2022.3	
	Q1 Mid-term average price	Q1 Mid-term average price	YoY
Gold	5,950	6,421	108%
Palladium	6,986	9,805	140%
Silver	58.1	95.4	164%
Platinum	2,839	4,241	149%



Environmental Preservation Business

■ Positive impact

Securement of amount of industrial waste collected, increase of the price of processing

■ Negative impact

Removal of INTER CENTRAL, INC. from the scope of consolidation and the increase in fixed costs associated with the commencement of operations of a new incinerator

[Unit: ¥ billion]

Environmental Preservation	Q1 FY2021.3	Q1 FY2022.3
	Results	Results
Revenue	4.2	4.2
Operating profit	0.7	0.7
Operating profit ratio	16.1%	16.0%

AH Financial Position

[Unit: ¥ billion]

	March 31, 2021	June 30, 2021	Change	Remarks
Current Assets	192.0	209.0	17.0	
Trade receivables	100.8	120.8	20.0	Approx. 90% of the balance and most changes are receivables that constitute borrowings to match metal procurement in North American business.
Inventories	63.5	64.4	0.9	Almost all balance and increase are collected raw materials that contain precious materials, works-in-progress and finished products in the precious metal recycling business. Risks associated with price fluctuations and quality degradation remain minimal because the precious metal content is analyzed before making a purchase and the precious metal prices are hedged on the futures market at the time of purchase.
Others	27.7	23.8	(3.9)	
Non-current assets	52.8	52.8	(0.1)	
Total Assets	244.8	261.7	16.9	
Liabilities	146.9	160.0	13.1	
Bonds and loans	104.8	123.2	18.4	Approx. 90% of the balance and most changes are loans for metal procurement in North American business. Risks associated with price fluctuations and bad debts remain minimal because, in principle, loans are taken out within the scope of the precious metal content analysis conducted on incoming raw materials and precious metal prices are hedged on the futures market at the time of loan
Others	42.1	36.7	(5.4)	
Capital	97.9	101.8	3.9	
Total Equity and liabilities	244.8	261.7	16.9	

AH Cash Flow

[Unit: ¥ billion]

	Q1 FY2022.3	Remarks
Operating CF	(3.2)	
Increase in inventories	(0.8)	All changes are attributable to changes in the collected raw materials that contain precious materials, works-in-progress and finished products in precious metal recycling business. Risks associated with price fluctuations and quality degradation remain minimal because the precious metal content is analyzed before making a purchase and the precious metal prices are hedged on the futures market at the time of purchase.
Increase in trade and other receivables	(19.2)	Of the increase, (¥22) billion are matching claims for loans for metal procurement in North American business. Regarding loans, risks associated with price fluctuations and bad debts remain minimal because, in principle, loans are taken out within the scope of the analysis of precious metal content conducted on incoming raw materials and precious metal prices are hedged on the futures market at the time of loan.
Increase in trade and other payables	10.4	Of the increase, ¥7.8 billion yen are for loans for metal procurement in North American business. Changes in loans for metal procurement in North American business are classified as Operating CF, not Financing CF. Regarding loans, there are almost no risks associated with quality degradation and bad debts because all loans are used for metal procurement in North American business. In addition, risks associated with price fluctuations remains minimal because the precious metal prices are hedged on the futures market.
Others	6.4	
Investment CF	(1.9)	
Financing CF	6.3	
Changes in loans and bonds	9.9	
Dividends	(3.5)	
Others	(0.1)	
Effect of exchange rate change on cash and cash equivalents	(0.2)	
Changes in cash deposits	0.9	

Shareholder Returns

Basic Policy:

We will strive to consistently pay dividends without decreasing the annual dividend level from the current level. Moreover, we aim to maintain a dividend payout ratio of 40%, while retaining sufficient internal reserves for capital investment and M&A for future growth.

	8 th Mid-term Business Plan					9 th Mid-term
	FY2017.3	FY2018.3	FY2019.3	FY2020.3	FY2021.3	FY2022.3 (Forecast)*
Earnings per share (yen) *	(18.62)	135.39	114.07	125.12	326.90	231.27
Annual dividend (yen) *	30	31.5	60	65	85	90
Dividend payout ratio (%)	-	23.3	52.6	52.0	26.0	38.9

* The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Earnings per share and annual dividend until FY2021.3 are converted to the figures reflecting the stock split.

AW RJC Chain of Custody Certification

- Asahi Pretec Corp. was awarded RJC* Chain of Custody (CoC) Certification on July 14, 2021.
- The Company has also achieved RJC Code of Practices (CoP) Certification on July 29, 2019, and is the only refiner in Japan which obtained both CoP and CoC Certification.



In order to support one of the Group's priority SDG-related goals — supply precious metals in ways that are friendly to people, society, and the environment — Asahi Pretec is striving to help build and maintain the Asahi brand. The Company wants to ensure that our brand can be trusted by customers around the world, allowing them to procure precious metal products that help protect human rights and the environment.



*RJC (Responsible Jewellery Council):

RJC is an international NPO that evaluates transparency of the transaction and ethical and environmental efforts, targeting the jewelry industry which handles gold, platinum, diamonds, etc.



I. Financial Results for Q1 FY2022.3
(April 1, 2021 ~ June 30, 2021)

II. Appendix



Main Revenue Elements of Precious Metals Business

Precious Metals Recycling Business:

- Income from yield differential is added to refining fees, which is a stable source of fixed income.

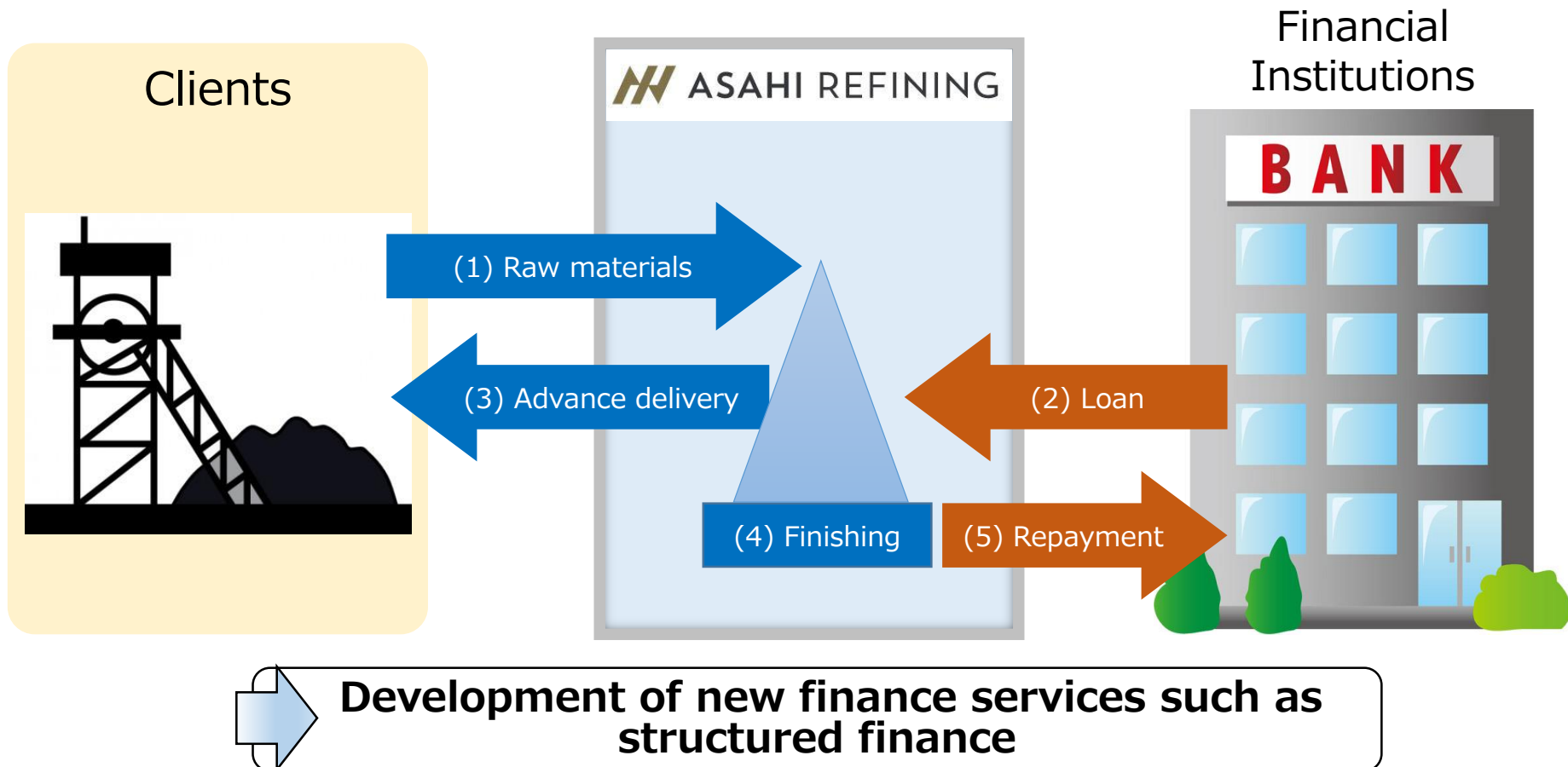
Refining Business in North America:

- Refining fees are a stable source of income. In financial revenue, earning opportunities increase in line with the growth in incoming raw materials.

Business Segment	Category	Impact on Revenue
Precious Metals Recycling	Refining fees	<ul style="list-style-type: none"> Refining fees increase in line with the expansion of the amount collected. The unit price for refining fees is higher for those that require difficult pre-processing, which means the average unit price rises when the proportion of items that require difficult processing is higher.
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes. Income from free metal increases in line with a hike in prices.
Refining in North America	Refining fees	<ul style="list-style-type: none"> The amount of fees expands when the volume of incoming raw materials (dore) increases. The unit fee cost does not change over short term because contracts are long-term.
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes. Income from free metal increases in line with a hike in prices.
	Financial revenue	<ul style="list-style-type: none"> Income opportunities for financial transactions increase when a larger amount of raw materials is received. Income increases when the interest rate for advanced delivery is improved in contracts with mines. Income increases when the period of advanced delivery is extended. Financial revenue increases when metal procurement costs fall, and the interest rate spread expands.

“Advance Trading” in North American Business

- Provide “Advance Trading” to return products by shortening the delivery time from the arrival of raw materials to the return of products.
- Will receive "interest for the number of days delivered in advance" from the clients by accepting the delivery before the contract delivery date.
- There is no risk of bad debt since advance delivery is performed after receiving raw materials from the client.





Trend in Metal Prices (Au, Ag)

Au

[Unit: JPY per gram]



Ag

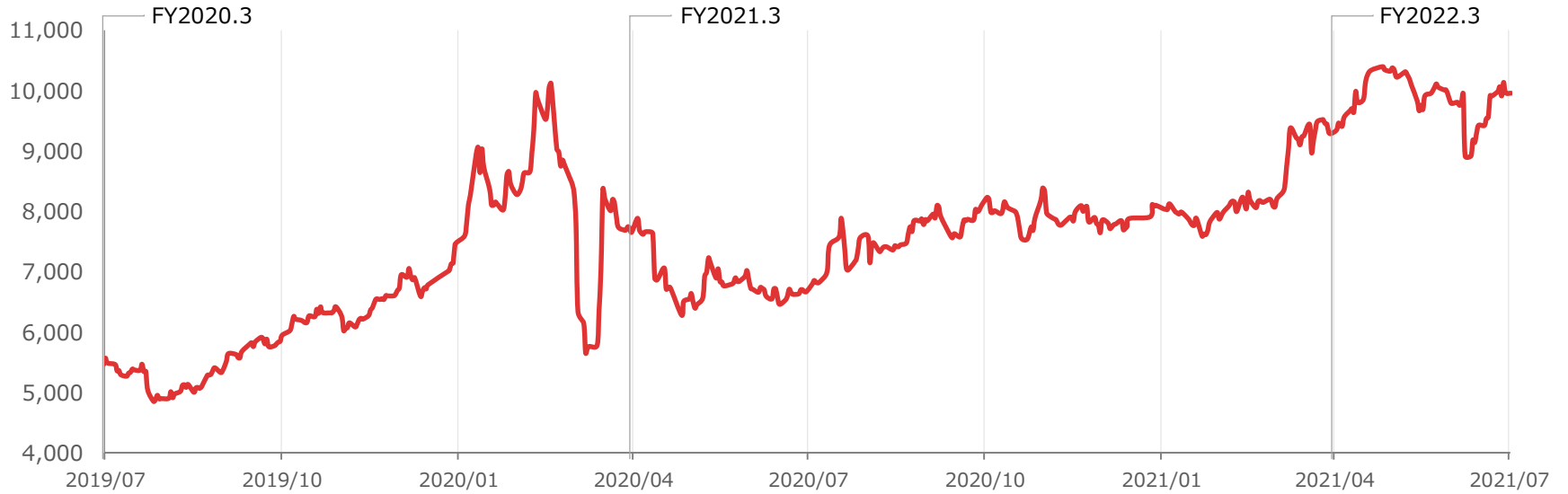




Trend in Metal Prices (Pd, Pt)

Palladium

[Unit: JPY per gram]



Platinum

