

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

### Asahi Holdings, Inc. [IFRS]

April 27, 2022

Stock code:	5857
Shares listed:	Tokyo Stock Exchange - Prime Market
URL:	<a href="https://www.asahiholdings.com">https://www.asahiholdings.com</a>
Representative:	Tomoya Higashiura, Representative Director, President & CEO
For further information please contact:	Kunihiko Chogo, General Manager, Corporate Planning & Communications Department (Phone) +81-3-6270-1833
The Ordinary General Meeting of Shareholders:	June 14, 2022
Filing date of financial statements:	June 15, 2022
Start of dividend payment:	May 30, 2022
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

#### 1. Results of the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

##### (1) Results of operations (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 fiscal year ended												
March 31, 2022	192,442	16.8	26,446	5.3	26,372	0.9	18,735	(27.2)	18,735	(27.2)	15,173	(54.6)
March 31, 2021	164,776	21.5	25,126	39.5	26,136	48.1	25,725	161.3	25,725	161.3	33,434	487.5

	Basic earnings per share	Diluted earnings per share	Profit to equity attributable to owners of parent	Profit before tax to total assets	Operating profit to revenue
The fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	238.11	214.13	18.5	9.7	13.7
March 31, 2021	326.90	322.92	30.8	11.0	15.2

(Reference) Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended March 31, 2022      207 million yen;

Fiscal year ended March 31, 2021      285 million yen

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Basic earnings per share and diluted earnings per share are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

##### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2022	298,387	105,137	105,137	35.2	1,336.89
March 31, 2021	244,803	97,903	97,903	40.0	1,244.06

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Equity per share attributable to owners of parent is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

##### (3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
The fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	11,103	(7,820)	(6,044)	6,127
March 31, 2021	(33,353)	(2,800)	24,422	10,023

## 2. Dividend payments

	Dividends per share					Total dividend payment (annual)	Payout ratio (consolidated)	Dividend to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	80.00	–	90.00	170.00	6,769	26.0	8.0
Year ended March 31, 2022	–	45.00	–	45.00	90.00	7,167	37.8	7.0
Year ending March 31, 2023 (Forecast)	–	45.00	–	45.00	90.00		44.2	

(Notes) 1. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. The amounts of dividends per share for the year ended March 31, 2021 are the actual amounts before the stock split.

2. The year-end dividend for the fiscal year ended March 31, 2022 will be finalized at a meeting of the Board of Directors to be held in May.

## 3. Forecast (From April 1, 2022 to March 31, 2023) (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, 2022	100,000	3.2	12,000	(12.4)	11,700	(14.2)	8,000	(17.1)	101.73
Year ending March 31, 2023	200,000	3.9	24,000	(9.3)	23,500	(10.9)	16,000	(14.6)	203.45

\* Notes

(1) Changes in significant subsidiaries during the current fiscal year: 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 end of year (including treasury stock)

As of March 31, 2022	79,708,688 shares
As of March 31, 2021	79,708,688 shares

(ii) Number of treasury stock at the end of year

As of March 31, 2022	1,065,437 shares
As of March 31, 2021	1,011,774 shares

(iii) Averaged number of shares during the period

Year ended March 31, 2022	78,683,537 shares
Year ended March 31, 2021	78,697,109 shares

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Number of issued shares at the end of year, number of treasury stock at the end of year, and averaged number of shares during the period are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(Reference) Summary of Nonconsolidated Results

1. Nonconsolidated Results of the Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The fiscal year ended								
March 31, 2022	16,229	15.9	14,694	12.3	14,972	20.4	14,964	(26.2)
March 31, 2021	14,003	22.9	13,080	29.7	12,435	21.0	20,283	100.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
The fiscal year ended				
March 31, 2022	190.19		188.95	
March 31, 2021	257.74		256.01	

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Earnings per share and diluted earnings per share is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2022	122,730	82,338	66.2	1,032.41
March 31, 2021	111,021	75,582	67.0	945.86

(Reference)

Shareholders' equity As of March 31, 2022: 81,191 million yen As of March 31, 2021: 74,435 million yen

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Net assets per share is calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

\* This report is not subject to audit procedures

\* 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 2 "1. Overview of Consolidated Operating Results (1) Consolidated Business Performance for the Year ended March 31, 2022" for the assumptions used and other notes.

Table of contents of the appendix

1. Overview of Consolidated Operating Results .....	2
(1) Consolidated Business Performance for the Year ended March 31, 2022.....	2
(2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2022 .....	2
(3) Dividends .....	3
(4) Business and other risks .....	3
2. Our Group.....	7
3. Basic Concept Regarding Selection of Accounting Standards.....	9
4. Consolidated Financial Statements .....	10
(1) Consolidated Statements of Financial Position .....	10
(2) Consolidated Statements of Income .....	12
(3) Consolidated Statements of Comprehensive Income.....	13
(4) Consolidated Statements of Changes in Equity.....	14
(5) Consolidated Statements of Cash Flows .....	16
(6) Notes on Assumptions for Going Concern .....	17
(7) Notes on Consolidated Financial Statements .....	17
1. Reporting entity .....	17
2. Basis of preparation.....	17
3. Significant accounting policies .....	17
4. Significant accounting estimates and associated judgements .....	17
5. Segment information .....	17
6. Impairment loss .....	20
7. Per share information.....	21
8. Subsequent events .....	21
5. Others .....	22
(1) Amounts of sales.....	22

## 1. Overview of Consolidated Operating Results

### (1) Consolidated Business Performance for the Year ended March 31, 2022

#### ① Operating results

During the fiscal year under review, the Japanese economy continued to face difficult conditions due to the impact of the novel coronavirus disease (COVID-19). In addition, rising energy costs and other factors related to the situation in Ukraine at the end of the fiscal year had an impact on business activities. Under these conditions, the Group's results in each business segment were as follows.

#### Precious Metals business

The precious metals recycling business posted increases from the same period of the previous year in both revenue and profit due to conducting profitability-oriented sales activities, boosted by rising precious metal prices. In the precious metal refining business in North America, although there was a decrease in transactions in the trading business, which had a sharp increase in the previous fiscal year due to distribution turmoil, transactions in the product business, which operates the processing and sale of products utilizing metals, increased.

#### Environmental Preservation business

In line with the recovery trend in industrial production activities, the volume of industrial waste handled by the Group increased. However, we are continuing to ascertain and select core businesses, and as a result, since a business was excluded from the scope of consolidation in the second half of the previous fiscal year, revenue and operating profit in this segment decreased from the same period of the previous year.

As a result of the above, revenue during the fiscal year was 192,442 million yen, a year-on-year increase of 27,665 million yen (+16.8 percent). Operating profit was 26,446 million yen, a year-on-year increase of 1,319 million yen (+5.3 percent). Profit before tax was 26,372 million yen, a year-on-year increase of 235 million yen (+0.9 percent). Profit was 18,735 million yen, a year-on-year decrease of 6,990 million yen (-27.2 percent). Profit attributable to owners of parent was therefore 18,735 million yen, a decrease of 6,990 million yen (-27.2 percent) year-on-year. By segment, revenue in the Precious Metals business was 173,875 million yen, a year-on-year increase of 29,080 million yen (+20.1 percent). In the Environmental Preservation business, revenue was 18,566 million yen, a year-on-year decrease of 1,414 million yen (-7.1 percent).

#### ② Outlook

The Group will continue to strive to expand earnings and increase corporate value.

Business forecast for the next period is as follows: 200,000 million yen in revenue, 24,000 million yen in operating profit, 23,500 million yen in profit before tax and 16,000 million yen in profit attributable to owners of parent.

### (2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2022

As of March 31, 2022, total assets amounted to 298,387 million yen, up 53,584 million yen from the previous fiscal year end. This was mainly due to a decrease of 3,895 million yen in cash and cash equivalents, while trade and other receivables increased by 50,661 million yen and property, plant and equipment increased by 5,843 million yen.

Total liabilities amounted to 193,250 million yen, up 46,351 million yen from the previous fiscal year end. This was due mainly to an increase of 46,087 million yen in bonds and loans payable.

Total equity amounted to 105,137 million yen, up 7,233 million yen from the previous fiscal year end.

Net cash provided by operating activities amounted to 11,103 million yen after adding depreciation and amortization of 2,689 million yen to profit before tax of 26,372 million yen, as well as factoring in the increase in trade and other receivables, the increase in trade and other payables, and income taxes paid.

Net cash used in investing activities amounted to 7,820 million yen due mainly to 8,403 million yen of purchase of property, plant and equipment.

Net cash used in financing activities amounted to 6,044 million yen, mainly due to a net decrease in short-term loans payable of 10,664 million yen, proceeds from long-term loans payable of 13,783 million yen, expenditures for purchase of treasury stock of 1,785 million yen, and cash dividends paid of 7,077 million yen.

As a result, cash and cash equivalents as of March 31, 2022 decreased 3,895 million yen from March 31, 2021, to 6,127 million yen.

### (3) Dividends

The Group strives to maintain a stable dividend payout ratio of 40%, without reducing the current level of annual dividends, while enhancing internal reserves necessary for capital investment and M&A activities for growth strategies.

Based on the above basic policy, the year-end dividend for the current fiscal year is planned to be 45 yen per share, and the annual dividend for the current fiscal year combined with the interim dividend is planned to be 90 yen per share. For the next term, we plan to pay an interim dividend of 45 yen and a year-end dividend of 45 yen (annual dividend of 90 yen).

### (4) Business and other risks

Major risks that could affect the Group's operating results and financial condition include the following. We believe these matters could have a significant impact on investor decisions, but the categories below are limited to those that the Group is currently aware of; and not necessarily all risks are covered here.

#### ① Precious metals prices and currency exchange rates

Precious metals and rare metals, which are the main products of the Group's precious metals business, are traded on international markets, and their prices fluctuate due to various factors worldwide, including international or regional supply and demand, political, economic and social trends, exchange rates and monetary policies, among others. The Group therefore hedges through forward transactions and provides timely reports on the status of price fluctuations, etc. for the main precious metals to management, in order to reduce risk, although the size of fluctuation in precious metals prices and currency exchange rates could affect the Group's operating results and financial condition.

#### ② Laws and regulations

In the countries and regions where the Group operates business, various laws and regulations apply regarding matters such as permission to do business, rules for import/export/transport, commercial transactions, labor, taxation, intellectual property rights, and environmental preservation. Taking the stance that compliance is important, the Group has built a system for centrally managing information about revisions to laws related to all its business fields and ensuring that this knowledge is communicated without fail to the front lines, and carefully follows laws, regulations, and social rules. However, in the unlikely event that a situation arises where laws, regulations, and social rules could not be followed, or if they change such that business is restricted, it could affect the Group's operating results and financial condition.

In the environmental preservation business in particular, the Group engages in the collection, transport and treatment of various types of industrial waste as an enterprise under the Waste Management and Public Cleansing Act. In addition to that law, the business is regulated by laws such as the Water Pollution Control Act, the Air Pollution Control Act, and the Sewerage Act. Furthermore, the Group has a license for the collection and transport of industrial waste in every prefecture and 9 ordinance-designated cities and core cities, for its disposal in 13 prefectures and 6 ordinance-designated cities, and for the collection and transport of specially-controlled industrial waste in every prefecture and 9 ordinance-designated cities and core cities, and for its disposal in 10 prefectures and 6 ordinance-designated cities. Obtaining such licenses is predicated on strict compliance with regulations at the regional level, including each prefectural and municipal ordinance and rule.

With society's interest in environmental issues rising, such legal regulations are tending to tighten. Not only capital investments as countermeasures to those trends but also the construction, relocation, and renovation of disposal facilities require construction permits and permission to change. Such occasions may also necessitate obtaining the consent of nearby residents, which could be difficult to obtain in some cases. Therefore, such legal regulations and social trends could affect the Group's operating results and financial condition.

#### ③ Economic fluctuation

Manufacturing industries are among the primary demand industries for the Group's two business

segments: the precious metals business and the environmental preservation business. Demand trends in each sector within these industries are affected by economic conditions in various countries and regions. When demand from such industries declines due to recession and so on, it could affect the Group's operating results and financial condition. Moreover, in the precious metals recycling business, the Group recycles precious metals contained in end products such as information equipment and automobiles, and is therefore affected by consumption trends. A decrease in personal consumption caused by a decline in the general level of consumption could therefore affect the Group's operating results and financial condition.

④ Business environment

The Group's two business segments, the precious metals business and the environmental preservation business, face the possibility of major changes in customer needs due to changes in laws, regulations, and permits that concern a sector or faster-than-expected shifts overseas by corporate customers. Furthermore, industry reorganization and other major changes in the business environment are possible. The results could affect the Group's operating results and financial condition.

⑤ Intensified competition

The Group's two business segments, the precious metals business and the environmental preservation business, face competition from various companies. The Group continues to make efforts to overcome the competition in each sector by accurately meeting customer needs through sales efforts and initiatives on technology, products, and cost responsiveness. Intensified competition from competitor companies, however, can force the Group's products and services into harsh price competition. The results could affect the Group's operating results and financial condition.

⑥ Overseas business deployment

Under the slogan, "Building a global company that pursues originality and growth," one of the Group's growth strategies is expansion of its overseas business. In this regard, the Group carries out business in countries and regions in North America, Asia, etc. Political or economic phenomena unfavorable to business, labor disputes due to differences in labor environment, uncertainty in finding suitable local personnel, conflicts, terrorism, and other social disturbances, and unfair intervention by authorities due to underdeveloped business infrastructure in a country or region are inherent risks. If such situations occur, it could affect the Group's operating results and financial condition.

⑦ Corporate acquisition

The Group has worked to expand its lines of business and business scale through corporate acquisition and expects to take a forward-looking approach projects that will contribute to further growth in the future. In order to maximize the integration effect with target businesses and companies, the Group will attempt to integrate and unify them with its business strategy and operations. However, if the integration of human resources and assets does not proceed as planned, it is possible that the expected integration and unification effects will not be realized. The results could affect the Group's operating results and financial condition.

⑧ Impairment of goodwill and fixed assets

When the Group acquired a company, it records goodwill arising from the acquisition, as well as various property, plant and equipment and intangible assets for business use. At the acquisition examination stage, the Group carries out sufficient surveys from the financial, legal, and human resource perspectives, among others, but if the acquired company and business do not achieve business results as initially expected due to changes in the market environment, etc., and the operating results and profitability deteriorate markedly, these assets may become impaired. If such situations occur, it could affect the Group's operating results and financial condition.

⑨ Natural disasters and infectious diseases

Natural disasters such as large earthquakes or typhoons or the outbreak of new infectious diseases could cause serious damage to the Group's production, distribution, sales, and information management facilities. The Group has implemented countermeasures such as business continuity management (BCM), flood countermeasures, disaster readiness drills, and building an employee safety confirmation system. However,



these are not able to completely eliminate damage due to natural disasters or unknown infectious diseases, etc. Therefore, if these should occur it could affect the Group's operating results and financial condition.

Also, while it is difficult to predict when the COVID-19 pandemic will come under control, if the situation worsens again, it could have a further negative impact on the domestic and overseas economies and markets, which in turn could affect the Group's operating results and financial condition.

#### ⑩ Health and safety

The Group works to strengthen its safety management system, and regularly carries out disaster/accident prevention activities such as holding Safety Promotion Meetings that are also attended by management and taking necessary measures in order to eliminate occupational and facilities accidents. However, there is no guarantee that they can be completely prevented or mitigated. Therefore, if a serious occupational or facilities accident should occur, it could affect the Group's operating results and financial condition.

#### ⑪ Human resources

Since the Group's medium- to long-term growth depends on the abilities and experience of individual employees, the Group is promoting human resource policies that are relevant to the times. In the 9th Mid-term Business Plan, which ends in the fiscal year ending March 31, 2024, in addition to once again thoroughly implementing the "ability-based and performance-based" approach, which will stimulate the entire organization and create a driving force for the company's growth, we are also promoting work style reforms such as observing "rest intervals" of at least 11 hours before an employee can return to work the next day, and encouraging employees to take refreshment leave. However, if the Group is unable to secure high quality human resources and prepare the necessary talent for taking on challenges at the right time due to increased speed of business development, it could affect the Group's operating results and financial condition.

#### ⑫ Research and development

The Group conducts independent research and development and analysis technology development aimed at "precious metals recycling" and "detoxifying and recycling of industrial waste." However, research and development of new technologies is affected by various factors, such as changes in the market environment, competition, and the ability to commercialize development results. Therefore, it is highly uncertain whether the expenses used in research and development can be recovered. For this reason, if the results of research and development are not obtained as initially anticipated, it could affect the Group's operating results and financial condition.

#### ⑬ Key intellectual property rights

In order to protect intellectual property rights important to business deployment, the Group carries out appropriate management. However, unforeseen leaks to outside parties can occur, and complete protection of intellectual property rights may be impossible in certain regions. Therefore, it may not be possible to effectively prevent third parties from using the Group's intellectual property rights to manufacture and sell similar products and services. Moreover, the Group could be embroiled in a dispute if the products and technologies that it is developing for the future infringe unintentionally on the intellectual property rights of another company, or regarding the handling of workplace inventions in its relationships with employees. The results could affect the Group's operating results and financial condition.

#### ⑭ Product quality assurance and product liability

Led by its Quality Assurance Division, the Group has acquired ISO9001 to provide products offering customers greater confidence and satisfaction, and makes continuous improvements to its quality management systems and strives to maintain and improve quality. Through such measures, the Group makes every effort with its product quality assurance system, but if a product produced by the Group causes damages, it could affect the Group's operating results and financial condition.

#### ⑮ Environmental protection

Based on its Environmental Policies, the Group carries out various initiatives to protect the global environment. For example, it has established the Company-wide Environmental Goals (Annual Plan) and an Environmental Committee is set up at every business site. Through these and other efforts, the Group

complies with environmental laws and regulations, revises its plans, deliberates about environmental education and so forth, and reports to management. However, there is no guarantee that all pollution and other environmental risk can be completely prevented or mitigated, so if the Group should cause serious pollution of the environment, it could affect the Group's operating results and financial condition.

⑩ Climate change

The adoption of the Paris Agreement at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21), which has been ratified by every country, has sparked a global wave of initiatives aimed at reducing greenhouse gases deemed to cause climate change and global warming. As part of its efforts to address climate change, the Group revised up its target to reduce energy-derived CO<sub>2</sub> emissions by 2030 from 26% to 50% compared to the 2015. Subsequently, we declared our goal to become carbon neutral by 2050, endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and proceeded to take actions in line with their recommendations. As a result, as a transition risk, if a carbon pricing system including a carbon tax is introduced, or as a physical risk, if natural disasters become so severe due to extreme weather conditions and thereby our Group's facilities and other assets are severely affected and business activities are suspended for a long period of time, the Group's operating results and financial condition may be affected.

⑪ Information security

PCs and tablets used by the Group use the latest security countermeasures, and we take sufficient measures to ensure that system faults and information theft or loss do not occur during their installation and operation. We also implement regular employee training to enhance their IT literacy. However, there is a possibility that unexpected events could occur such as destruction or tampering of important data or external leaks of information as a result of infection by a computer virus, hacking damage, and system faults due to software defects, or a larger than anticipated external attack. Such an event could affect the Group's operating results and financial condition.

⑫ Lawsuits and other legal procedures

As the Group carries out business in Japan and overseas, it could be subjected to lawsuits and other legal procedures. The Group appropriately monitors major lawsuits that have already been instigated or have the potential to be instigated, and takes countermeasures as needed. However, if the Group becomes a party to such action, it might have to pay large damages, etc. The results could affect the Group's operating results and financial condition.

## 2. Our Group

Our Group comprises of the holdings company “Asahi Holdings, Inc.,” “Asahi Pretec Corp.,” and 13 other consolidated subsidiaries and affiliated companies. Our main businesses are precious metals business and environmental preservation business. The details are as follows:

### (1) Precious metals business

In the precious metals business, we sell precious/rare metal products such as gold, silver, platinum, and palladium by recycling scrap containing rare metals, etc.

In Japan, Asahi Pretec Corp. collects scraps containing precious/rare metals from the electronics, dentistry, jewelry manufacturing and distribution, and automotive catalyst sectors. At factories around the country, it collects, separates and refines the scrap and sells high-purity metals to trading companies, semiconductor/electronic component makers, etc. It also engages in precision cleaning and precious metal delamination of manufacturing equipment parts from semiconductor/electronic component makers, etc.

Overseas, Asahi G&S Sdn. Bhd. in the Malaysia/Singapore region and Asahi Pretec Korea Co., Ltd. in South Korea are engaged in the precious metals recycling business. Additionally, Asahi Refining USA Inc. and Asahi Refining Florida LLC in the United States, and Asahi Refining Canada Ltd. in Canada carry out the refining and processing of gold, silver, and other precious metals.

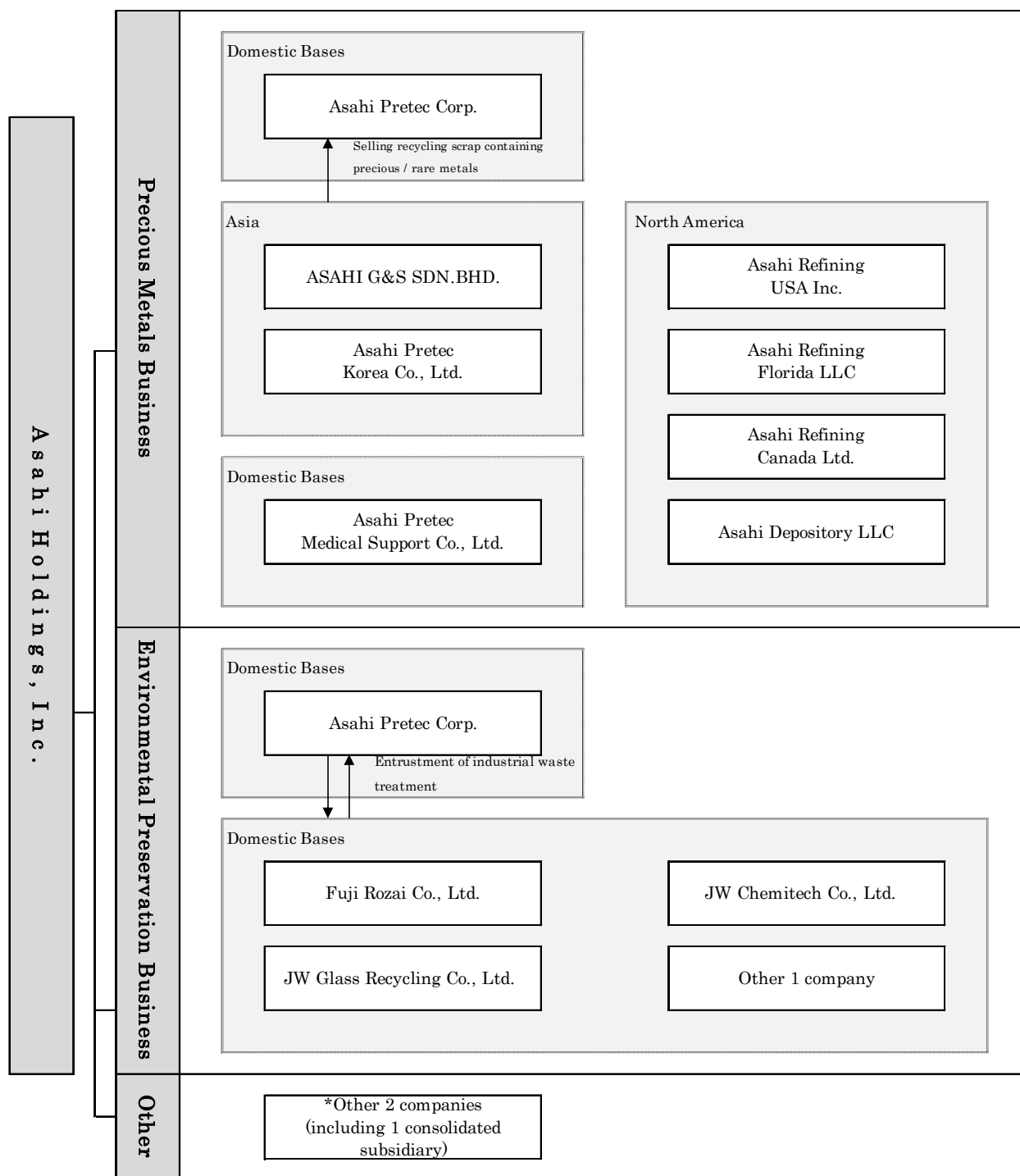
### (2) Environmental preservation business

The main line of our environmental preservation business is the collection, transport, and intermediate treatment of industrial waste.

Asahi Pretec Corp. collects, transports, treats, detoxifies, and recycles waste acid, waste alkali, waste oil, waste liquid, sludge, waste chemicals, and medical hazardous waste from factories, printing plants, hospitals, schools, and research institutions in various industries. JW Chemitech Co., Ltd. mainly performs the collection, transport, and intermediate treatment of industrial waste generated by factories. Fuji Rozai Co., Ltd. processes specially controlled industrial waste including dioxin and heavy metals at local governments’ incinerators. It engages in repair, demolition, and waste brick processing of smelting furnaces for glass manufacturing. It removes firebricks from smelting furnaces and performs materials recycling and hazardous materials handling. JW Glass Recycling Co., Ltd. collects sheet glass and glass bottles, separates them for crushing, and recycles them into high-quality glass cullet, which it sells.

[Group Business Organization Chart]

The aforementioned items are shown in the following group business organization chart.



(Note) Unmarked : Consolidated subsidiary

\* : Equity method affiliate

### 3. Basic Concept Regarding Selection of Accounting Standards

We have applied International Financial Reporting Standards (IFRS) from the first quarter of fiscal year ended March 31, 2017, with the objectives of enhancing our management base for global business development and enabling easier international comparison of financial information in capital markets.

4. Consolidated Financial Statements  
 (1) Consolidated Statements of Financial Position

	As of March 31, 2021	As of March 31, 2022
	Millions of yen	Millions of yen
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	10,023	6,127
Trade and other receivables	100,775	151,437
Inventories	63,515	63,398
Income tax receivables	2,833	3,958
Other financial assets	2,169	129
Other current assets	12,644	16,727
Total current assets	191,961	241,778
Non-current assets		
Property, plant and equipment	37,904	43,748
Goodwill	1,040	1,040
Intangible assets	697	712
Investments accounted for using equity method	3,544	3,657
Deferred tax assets	8,392	6,262
Net defined benefit asset	165	229
Financial assets	1,051	859
Other non-current assets	44	98
Total non-current assets	52,841	56,609
Total assets	244,803	298,387

	As of March 31, 2021	As of March 31, 2022
	Millions of yen	Millions of yen
<b><u>LIABILITIES and EQUITY</u></b>		
Liabilities		
Current liabilities		
Trade and other payables	26,465	27,711
Loans payable	79,337	108,263
Income tax payable	5,914	950
Other financial liabilities	1,247	5,613
Provisions	1,601	1,608
Other current liabilities	5,002	4,479
Total current liabilities	119,568	148,626
Non-current liabilities		
Bonds and loans payable	25,501	42,663
Deferred tax liabilities	968	576
Net defined benefit liability	106	93
Other financial liabilities	754	1,289
Total non-current liabilities	27,331	44,623
Total liabilities	146,899	193,250
Equity		
Capital stock	7,790	7,790
Capital surplus	11,952	11,955
Treasury stock	(957)	(1,819)
Retained earnings	80,604	92,353
Other components of equity	(1,486)	(5,142)
Total equity attributable to owners of parent	97,903	105,137
Total equity	97,903	105,137
Total liabilities and equity	244,803	298,387

## (2) Consolidated Statements of Income

	The fiscal year ended March 31, 2021	The fiscal year ended March 31, 2022
	Millions of yen	Millions of yen
Revenue	164,776	192,442
Cost of sales	(131,962)	(157,783)
Gross profit	32,814	34,658
Selling, general and administrative expenses	(7,263)	(7,701)
Other operating income	96	75
Other operating expenses	(806)	(794)
Share of profit (loss) of investments accounted for using equity method	285	207
Operating profit	25,126	26,446
Finance income	136	619
Finance costs	(84)	(890)
Other non-operating income	962	196
Other non-operating expenses	(3)	—
Profit before tax	26,136	26,372
Income tax expenses	(411)	(7,636)
Profit	<u>25,725</u>	<u>18,735</u>
Profit attributable to:		
Owners of parent	25,725	18,735
Non-controlling interests	—	—
Profit	<u>25,725</u>	<u>18,735</u>
Earnings per share		
Basic earnings per share (Yen)	326.90	238.11
Diluted earnings per share (Yen)	322.92	214.13



### (3) Consolidated Statements of Comprehensive Income

	The fiscal year ended March 31, 2021	The fiscal year ended March 31, 2022
	Millions of yen	Millions of yen
Profit	25,725	18,735
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	5	(1)
Remeasurements of defined benefit plans	(17)	93
Share of other comprehensive income of investments accounted for using equity method	4	(5)
Total items that will not be reclassified to profit or loss	(7)	87
Items that may be reclassified to profit or loss		
Cash flow hedges	6,462	(5,202)
Translation adjustments of foreign operations	1,254	1,553
Total items that may be reclassified to profit or loss	7,716	(3,649)
Other comprehensive income, net of tax	7,709	(3,562)
Comprehensive income	33,434	15,173
Comprehensive income attributable to:		
Owners of parent	33,434	15,173
Non-controlling interests	—	—
Comprehensive income	33,434	15,173

## (4) 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, 2020	7,790	10,755	(956)	60,797	(4,198)	(5,008)
Profit	–	–	–	25,725	–	–
Other comprehensive income	–	–	–	–	1,254	6,462
Total comprehensive income	–	–	–	25,725	1,254	6,462
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(5,902)	–	–
Issuance of convertible bond-type bonds with share acquisition rights	–	996	–	–	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(16)	–	–
Share-based payment transactions	–	200	–	–	–	–
Total transactions with owners	–	1,197	(0)	(5,919)	–	–
Balance at March 31, 2021	7,790	11,952	(957)	80,604	(2,944)	1,454

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2020	(5)	–	(9,212)	69,174	69,174
Profit	–	–	–	25,725	25,725
Other comprehensive income	10	(17)	7,709	7,709	7,709
Total comprehensive income	10	(17)	7,709	33,434	33,434
Purchase of treasury stock	–	–	–	(0)	(0)
Dividends	–	–	–	(5,902)	(5,902)
Issuance of convertible bond-type bonds with share acquisition rights	–	–	–	996	996
Reclassified from other components of equity to retained earnings	(0)	17	16	–	–
Share-based payment transactions	–	–	–	200	200
Total transactions with owners	(0)	17	16	(4,705)	(4,705)
Balance at March 31, 2021	3	–	(1,486)	97,903	97,903

(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, 2021	7,790	11,952	(957)	80,604	(2,944)	1,454
Profit	–	–	–	18,735	–	–
Other comprehensive income	–	–	–	–	1,553	(5,202)
Total comprehensive income	–	–	–	18,735	1,553	(5,202)
Purchase of treasury stock	–	–	(1,785)	–	–	–
Disposal of treasury stock	–	258	214	–	–	–
Dividends	–	–	–	(7,080)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	93	–	–
Share-based payment transactions	–	(255)	708	–	–	–
Total transactions with owners	–	2	(862)	(6,986)	–	–
Balance at March 31, 2022	7,790	11,955	(1,819)	92,353	(1,390)	(3,748)

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2021	3	–	(1,486)	97,903	97,903
Profit	–	–	–	18,735	18,735
Other comprehensive income	(6)	93	(3,562)	(3,562)	(3,562)
Total comprehensive income	(6)	93	(3,562)	15,173	15,173
Purchase of treasury stock	–	–	–	(1,785)	(1,785)
Disposal of treasury stock	–	–	–	472	472
Dividends	–	–	–	(7,080)	(7,080)
Reclassified from other components of equity to retained earnings	–	(93)	(93)	–	–
Share-based payment transactions	–	–	–	452	452
Total transactions with owners	–	(93)	(93)	(7,940)	(7,940)
Balance at March 31, 2022	(3)	–	(5,142)	105,137	105,137

(5) Consolidated Statements of Cash Flows

	The fiscal year ended March 31, 2021	The fiscal year ended March 31, 2022
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	26,136	26,372
Depreciation and amortization	2,538	2,689
Impairment loss	58	287
Finance income and finance cost	48	1,722
Other non-operating income and expenses	(958)	(196)
Share of loss (profit) of investments accounted for using equity method	(285)	(207)
Decrease (increase) in inventories	(26,196)	(65)
Decrease (increase) in trade and other receivables	29,998	(37,647)
Increase (decrease) in trade, loans and other payables	(50,501)	32,705
Other, net	(6,652)	(4,320)
Subtotal	(25,813)	21,337
Interest and dividend income received	5	111
Interest expenses paid	(71)	(87)
Income taxes paid	(9,422)	(12,934)
Income taxes refunded	1,948	2,675
Net cash provided by (used in) operating activities	(33,353)	11,103
Cash provided by (used in) investing activities		
Payments into time deposits	(90)	(96)
Proceeds from withdrawal of time deposits	90	144
Purchase of property, plant and equipment	(5,141)	(8,403)
Proceeds from sales of property, plant and equipment	46	16
Purchase of intangible assets	(279)	(354)
Proceeds from sales of shares of subsidiaries	2,908	-
Proceeds from sales and redemption of investments	19	-
Other, net	(353)	873
Net cash provided by (used in) investing activities	(2,800)	(7,820)
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	29,908	(10,664)
Proceeds from long-term loans payable	-	13,783
Repayment of long-term loans payable	(20,304)	-
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	21,137	-
Proceeds from sales of treasury stock	-	172
Purchase of treasury stock	(0)	(1,785)
Cash dividends paid	(5,902)	(7,077)
Other, net	(416)	(473)
Net cash provided by (used in) financing activities	24,422	(6,044)
Effect of exchange rate change on cash and cash equivalents	(1,154)	(1,134)
Net increase (decrease) in cash and cash equivalents	(12,885)	(3,895)
Cash and cash equivalents at beginning of period	22,908	10,023
Cash and cash equivalents at end of period	10,023	6,127

(6) Notes on Assumptions for Going Concern

Not applicable

(7) Notes on Consolidated Financial Statements

1. Reporting entity

Asahi Holdings, Inc. (hereinafter the “Company”) is a company located in Japan. The addresses of the Company’s registered head office and principal offices are available on its website (<https://www.asahiholdings.com>). The Company’s consolidated financial statements have a fiscal year-end date of March 31, 2022 and comprise the financial statements of the Company as well as its subsidiaries (the “Group”).

For the main activities of the Group, please refer to Note “5. Segment information.”

2. Basis of preparation

(1) Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared based on IFRS issued by the International Accounting Standards Board.

Having met the requirements for a Specified Company under the Designated International Accounting Standards, as prescribed in Article 1-2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the Group adopts the provisions of Article 93 of the aforementioned rules.

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared based on costs of acquisition, except for the specified financial instruments that have been measured at fair value.

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded down to the nearest million yen.

3. Significant accounting policies

The significant accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2021.

4. Significant accounting estimates and associated judgements

In preparing consolidated financial statements, the management is required to make judgement, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in accounting estimates is recognized in the accounting period in which such change occurs as well as the accounting periods to be affected in the future.

The estimates and judgements made by the management that may have material impacts on the figures in the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2021.

5. 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, and platinum 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

Accounting policies of the reporting segments are the same as those of the Group stated in Note “3. Significant accounting policies.”

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

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Reporting segment				Total	Adjustments	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other			
							(Millions of yen)
Revenue							
External revenue	144,795	19,981	164,776	–	164,776	–	164,776
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>144,795</u>	<u>19,981</u>	<u>164,776</u>	<u>–</u>	<u>164,776</u>	<u>–</u>	<u>164,776</u>
Operating profit by business segment	24,037	3,833	27,870	285	28,156	(3,029)	25,126
Finance income							136
Finance costs							(84)
Other non-operating income							962
Other non-operating expenses							(3)
Profit before tax							<u>26,136</u>
Others:							
Depreciation and amortization	1,178	881	2,059	–	2,059	478	2,538
Impairment loss	25	32	58	–	58	–	58
Share of loss (profit) of investments accounted for using equity method	–	–	–	285	285	–	285

(Note) Adjustments of operating profit by business segment are mainly corporate expenses that are not allocated to each reporting segment.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Reporting segment			Other	Total	Adjustments	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal				
Revenue							
External revenue	173,875	18,566	192,442	–	192,442	–	192,442
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>173,875</u>	<u>18,566</u>	<u>192,442</u>	<u>–</u>	<u>192,442</u>	<u>–</u>	<u>192,442</u>
Operating profit by business segment	<u>26,596</u>	<u>3,738</u>	<u>30,334</u>	<u>179</u>	<u>30,514</u>	<u>(4,068)</u>	<u>26,446</u>
Finance income							619
Finance costs							(890)
Other non-operating income							196
Profit before tax							<u>26,372</u>
Others:							
Depreciation and amortization	1,240	977	2,218	–	2,218	471	2,689
Impairment loss	269	17	287	–	287	–	287
Share of loss (profit) of investments accounted for using equity method	–	–	–	207	207	–	207

(Note) Adjustments of operating profit by business segment are mainly corporate expenses that are not allocated to each reporting segment.

## 6. Impairment loss

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

The impairment loss of 58 million yen on property, plant and equipment recognized during the fiscal year ended March 31, 2021 consists of a loss (32 million yen) for the reduction of the book value of land of JW Glass Recycling Co, Ltd. in the Environmental Preservation Business segment to the recoverable value of zero as the land was scheduled to be sold, and a loss (25 million yen) for the reduction of the book value of facilities of Asahi Refining Canada Ltd. in the Precious Metals Business segment to the recoverable value of zero, since future cash flows became unlikely as a result of the cancelation of projects due to business plans.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

The impairment loss of 287 million yen on property, plant and equipment recognized during the fiscal year under review mainly consists of a loss (269 million yen) for the reduction of the book value of land and buildings of Asahi Pretec Corp. in the Precious Metals Business segment to the recoverable value because its production facilities were consolidated and relocated, and thereby some of them were idled, and a loss (16 million yen) for the reduction of the book value of land of JW Glass Recycling Co., Ltd. in the Environmental Preservation Business segment to the recoverable value because the land was scheduled to be sold.

Impairment losses are recorded in “Other operating expenses” in the Consolidated Statements of Income.



## 7. Per share information

### (1) The basis for calculating basic earnings per share

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit attributable to owners of parent	25,725	18,735
Profit not attributable to ordinary shareholders of parent	—	—
Profit used for calculation of the basic earnings per share	25,725	18,735
Weighted average number of common stock (Shares)	78,697,109	78,683,537
Basic earnings per share (Yen)	326.90	238.11

### (2) The basis for calculating diluted earnings per share

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit used for calculation of the basic earnings per share	25,725	18,735
Adjustments of profit for the year	—	217
Profit used for calculation of the diluted earnings per share	25,725	18,953
Weighted average number of common stock (Shares)	78,697,109	78,683,537
Increase in number of common stock		
Share acquisition rights (Shares)	968,379	9,831,728
Weighted average number of diluted common stock (Shares)	79,665,488	88,515,265
Diluted earnings per share (Yen)	322.92	214.13

(Note) The Company conducted a share split with a ratio of two-for-one on April 1, 2021. The figures for basic earnings per share and diluted earnings per share were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended March 31, 2021.

## 8. Subsequent events

Not applicable

## 5. Others

### (1) Amounts of sales

	Year ended March 31, 2021		Year ended March 31, 2022	
	Amount (Millions of yen)	Year-on-Year (%)	Amount (Millions of yen)	Year-on-Year (%)
Gold	70,231	132.8	76,584	109.0
Silver	4,287	103.9	5,481	127.9
Palladium	36,694	122.7	46,880	127.8
Platinum	7,334	111.5	10,672	145.5
Industrial waste treatment	22,124	107.3	18,566	83.9
Other	24,105	112.5	34,257	142.1
Total	164,776	121.5	192,442	116.8