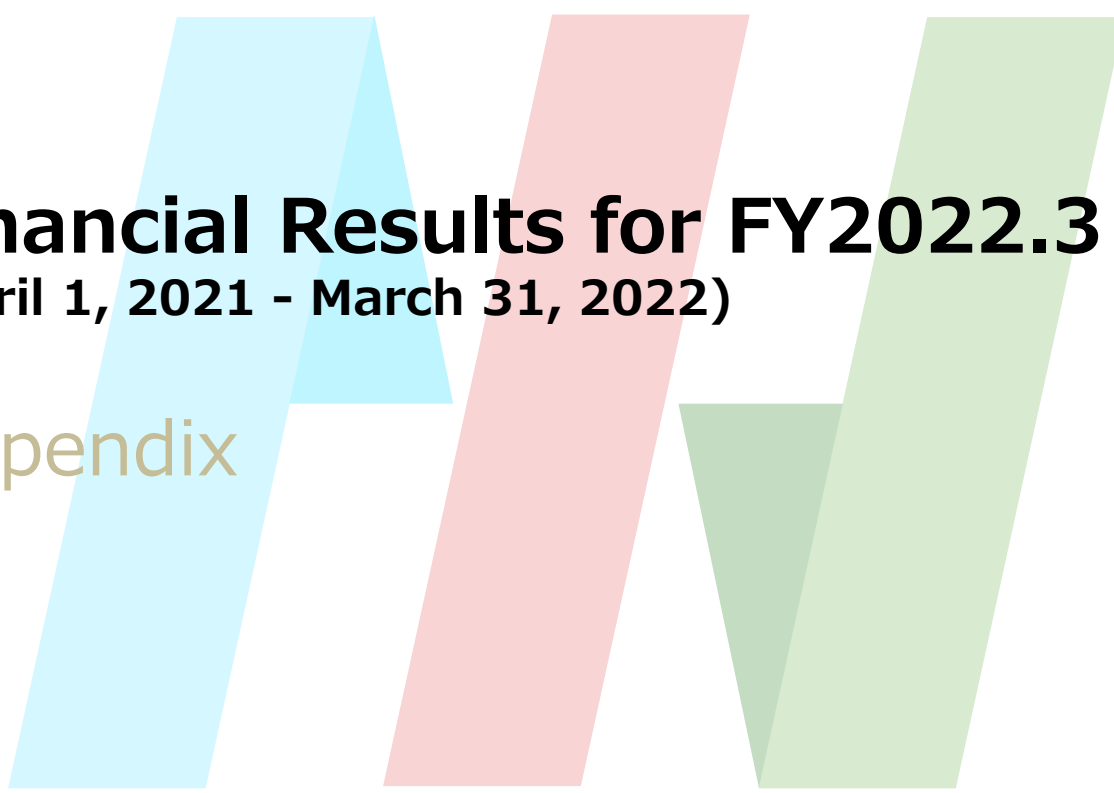


# Asahi Holdings, Inc.

## Financial Results for FY2022.3

April 27, 2022

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



# **I. Financial Results for FY2022.3**

**(April 1, 2021 - March 31, 2022)**

## II. Appendix

## Business Performance

FY2022.3 Financial results	Operating profit: ¥26.4 (YoY increase of <b>¥1.3 billion</b> ) <b>*Fifth straight year of record setting profit</b>
FY2023.3 Financial forecast	Operating profit: ¥24.0 (YoY decrease of <b>¥2.4billion</b> ) <b>*Expecting YoY decrease due to the impairment loss</b>

## Topics

Dividends	FY2022.3 (plan): ¥90 (YoY increase of <b>¥5</b> ) FY2023.3 (forecast): ¥90 (Maintain the current level of FY2022.3)
Large-scale investment	A total investment of ¥22.7 billion is planned in medium-term business plan for three years. The total investment in FY2023.3 is ¥8.3 billion and the new plant in Bando launched in April 2022.
RJC CoC certification	Obtained CoC certification* from the Responsible Jewellery Council (RJC). The Company is <b>the only refiner in Japan</b> which obtained both CoP and CoC Certification.
Demonstration Program for CO2 Emissions Reduction	Proposed "system development for building a green hydrogen supply chain" to the Ministry of the Environment and was adopted as a subsidy project.
Climate change countermeasures	Declared 2050 Carbon Neutrality and expressed the endorsement of the recommendations of TCFD. Will promote information disclosure that aligns with TCFD.
Impact of Covid-19	The impact on business performance is minor.
Russia / Ukraine situation	There is no direct impact as the company is not doing business in the relevant area. With the rise in precious metal prices, the amount collected from some areas increased, but the impact on the FY2022.3 results was minor.

## ✓ FY2022.3 results

Precious Metals Business is strong, driving results

Increase in revenue and profit

**Fifth straight year of record setting profit**

- ✓ Rising precious metal prices
- ✓ Increase in sales of precious metals products

## ✓ FY2023. 3 forecast

Expecting impairment loss of existing equipment

Increase in revenue and decrease in profit

- ✓ Decrease in operating profit of ¥2.0 billion due to the impairment loss
- ✓ Following the Mid-term business plan

[Unit: ¥ billion]

	FY2021.3	FY2022.3		FY2023.3	
	Result	Result	YoY Change	Forecast	YoY Change
Revenue	164.8	192.4	27.7	200.0	76.0
Operating profit	25.1	26.4	1.3	24.0	(2.4)
Ratio	15.2%	13.7%	(1.5%)	12.0%	(1.7%)
Profit before tax	26.1	26.4	2.0	23.5	(2.9)
Profit*	25.7	18.7	(7.0)	16.0	(2.7)
Capex	5.3	8.3	3.0	6.5	(1.8)
Depreciation	2.5	2.7	0.2	1.7	(1.0)

※Profit attributable to owners of parent

## Precious Metals Business

In the precious metals recycling sector in Japan and Asia, the volume of collection from 5G-related increased while the volume of collection from dentistry and automobile-related decreased.

In refining business in North America, the volume of product processing and sales increased.

Business field	Business Environment
Dentistry	In addition to the shrinking market, the medical treatment restrictions has continued due to measures against COVID-19, and the amount of collection is expected to decrease.
Jewelry	Demand for purchases is gradually recovering and the amount of collection is on the rise. the amount of collection from jewelry manufacturers is also recovering.
Catalyst	In Japan and overseas, the amount of collection has decreased due to the decrease in the number of automobiles sold and the influence of overseas export restrictions.
Electronics sector	Although there was an impact of production cuts such as a shortage of semiconductor supply, ICT / 5G-related production was strong and the amount of collection increased.
North American refining	The volume of product processing and sales increased.

## Environmental Preservation Business

The volume of collection from educational institutions ,the automobile, medical and chemical industries increased, but the construction and food service industries remained sluggish.

Industry	Business Environment
Educational/Research institution	The amount of collection in education industry increased.
Construction	The number of housing starts was on a recovery trend compared to the decline in FY2021.3, and there was an increasing trend such as wood chips.
Automobile	The volume of collection of waste liquid decreased since the factory was in an unstable situation such as production adjustment caused by the shortage of electronic parts.
Food	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 Recycling Business (Japan and Asia)

#### ✓ FY2022.3 results

The precious metal prices rose and the volume of precious metals sales increased.

→ Increase in both revenue and profit

#### ✓ FY2023.3 forecast

Disposal of existing equipment due to the launch of new plant in Bando city, Ibaragi Prefecture.

→ Increase in revenue and decrease in profit

### Refining Business in North America

#### ✓ FY2022.3 results

Although the volume of product processing and sales increased, trading transactions went back to normal.

→ Decrease in revenue and profit

#### ✓ FY2023.3 forecast

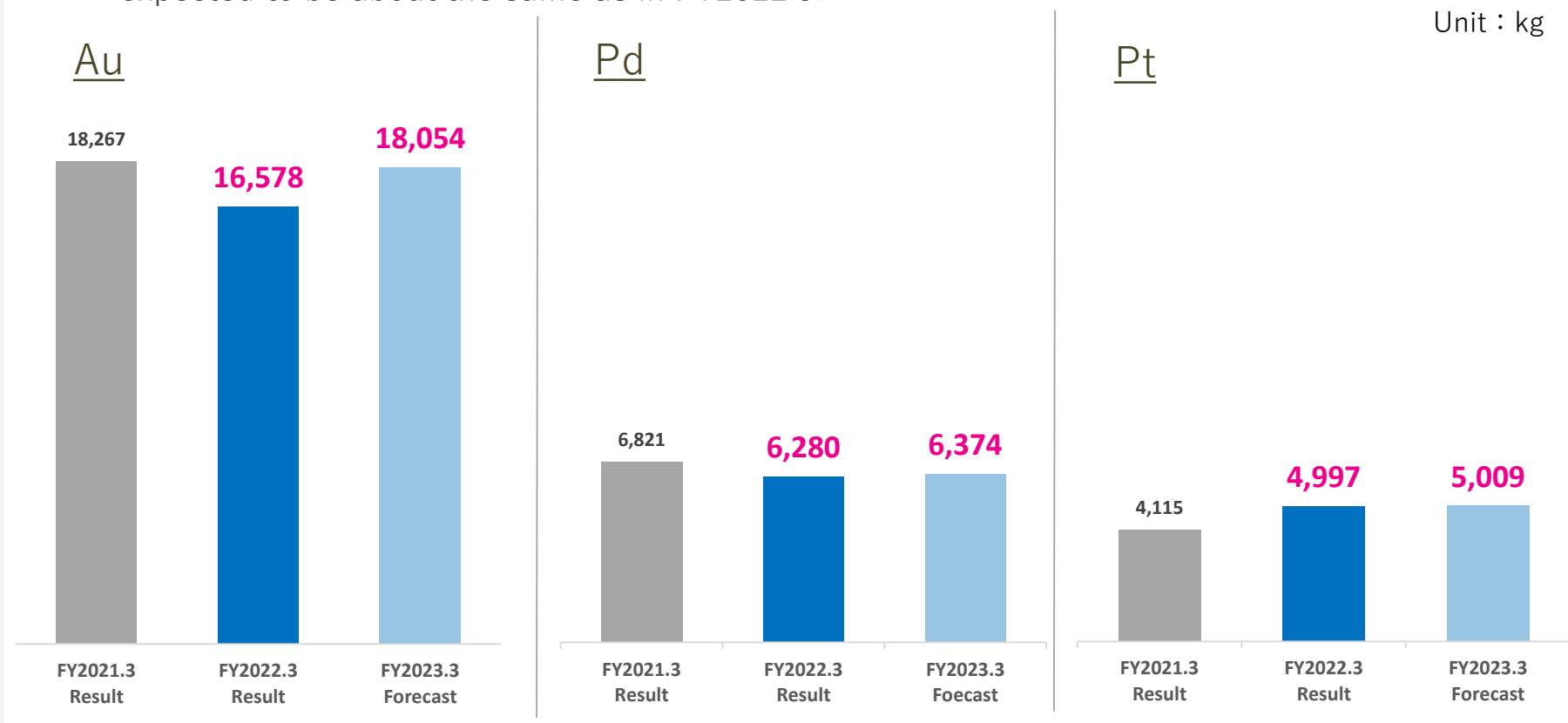
Prior investment in new businesses and stock take to be normalized

→ Decrease in revenue and profit

[Unit: ¥ billion]

Precious Metals	FY2021.3		FY2022.3		FY2023.3	
	Results		Results	YoY Change	Forecast	YoY Change
Revenue	144.8		173.9	29.1	181.0	7.1
Operating Profit	24.0		26.6	2.6	24.0	(2.6)
Ratio	16.6%		15.3%	(1.3%)	13.3%	(2.0%)

- ✓ Although the amount of gold collection decreased, the impact on the company's performance was minor because of the decrease in unprofitable transactions.
  - Hit the bottom last year and shows signs of recovery in FY2023.3.
- ✓ The volume of palladium collected decreased due to the decrease in new car production and the influence of medical treatment restrictions in dentistry.
  - Since the above situation will continue to some extent in FY2023.3, the amount of collection is expected to be about the same as in FY2022.3.



## Environmental Preservation

### ■ Positive impact

Transactions for semiconductor/electronic component-related waste liquid and medical-related waste were brisk. The disposal volume of industrial waste increased.

### ■ Negative impact

INTER CENTRAL, INC. was removed from the scope of consolidation, etc.

→ Decrease in both revenue and profit

### ■ FY2023.3 forecast

Due to the recovery of industrial production activities, the disposal volume of industrial waste is expected to gradually increase.

JW Glass Recycling Co., Ltd. will be removed from the scope of consolidation, etc.

→ Decrease in both revenue and profit

[Unit: ¥ billion]

Environmental Preservation	FY2021.3		FY2022.3		FY2023.3	
	Results		Results	YoY Change	Forecast	YoY Change
Revenue	20.0		18.6	(1.4)	19.0	0.4
Operating profit	3.8		3.7	(0.1)	3.5	(0.2)
Ratio	19.2%		20.0%	0.8%	18.4%	(1.7%)



[Unit: ¥ billion]

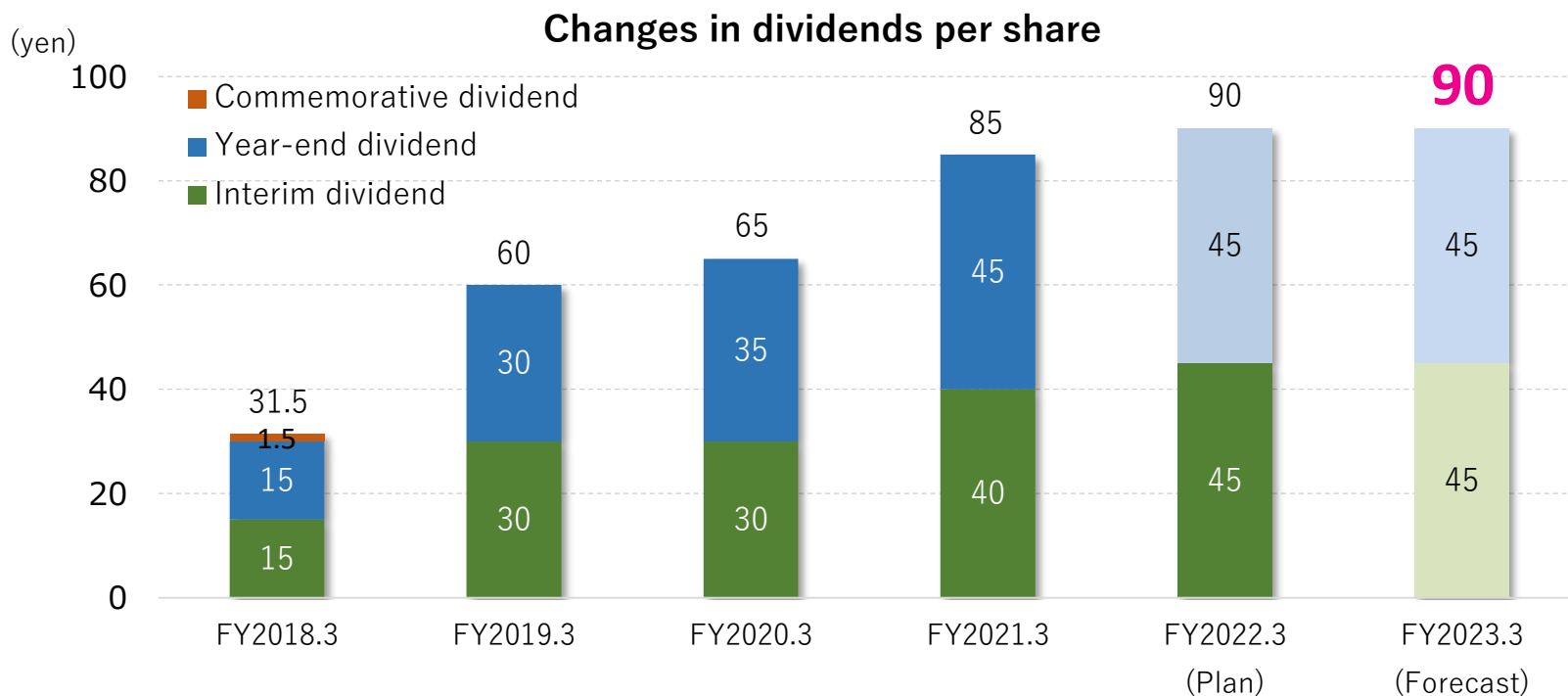
	Mar 31, 2021	Mar 31, 2022	Change	Remarks
<b>Current Assets</b>	192.0	241.8	49.8	
Trade receivables	100.8	151.4	50.7	The greater part of the balance and increases are <b>receivables that constitute borrowings to match metal procurement in North American business.</b>
Inventories	63.5	63.4	(0.1)	The greater part of the balance and decreases are <b>collected raw materials that contain precious materials, works-in-progress and finished products</b> in the precious recycling business. <b>Risks associated with price fluctuations and quality degradation remain minimal</b> because raw materials are purchased after the precious metal content is analyzed and the precious metal prices are hedged on the futures market at the time of the purchase.
Others	27.7	26.9	(0.7)	
<b>Non-current assets</b>	52.8	56.6	3.8	
<b>Total Assets</b>	244.8	298.4	53.6	
<b>Liabilities</b>	146.9	193.3	46.4	
Bonds and loans	104.8	150.9	46.1	The greater part of the balance is <b>loans for Advance Trading in North American business. Risks associated with price fluctuations and bad debts remain minimal</b> because procurement of metals for Advance Trading by loans is 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 the repayment.
Others	42.1	42.3	0.3	
<b>Capitals</b>	97.9	105.1	7.2	
<b>Total equity and liabilities</b>	244.8	298.4	53.6	

[Unit: ¥ billion]

	FY2022.3	Remarks
<b>Operating CF</b>	<b>11.1</b>	
Decrease in inventories	(0.1)	The greater part of the decreases is 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 raw materials are purchased after the precious metal content is analyzed and the precious metal prices are hedged on the futures market at the time of the purchase.
Increase in trade and other receivables	(37.6)	Of the increase, (38.6) billion yen are matching claims for loans for Advance Trading in North American business. Risks associated with price fluctuations and bad debts remain minimal because procurement of metals for Advance Trading by loans is 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 the repayment.
Increase in trade and other payables	32.7	Of the increase, 30.0 billion yen are for loans for Advance Trading in North American business. Increase in loans for Advance Trading in North American business is classified as increase in trade receivables in Operating CF, not Financing CF. There are no risks associated with quality degradation and bad debts because all loans are used for metal procurement for Advance Trading. In addition, risks associated with price fluctuations remains minimal because the precious metal prices are hedged on the futures market.
Others	16.1	
<b>Investment CF</b>	<b>(7.8)</b>	
<b>Financing CF</b>	<b>(6.0)</b>	
Changes in loans and bonds	3.1	
Dividends	(7.1)	
Others	(2.1)	
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(1.1)</b>	
<b>Changes in cash deposits</b>	<b>(3.9)</b>	

**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.



<b>Earnings per share (yen)</b>	<b>135.39</b>	<b>114.07</b>	<b>125.12</b>	<b>326.90</b>	<b>231.27</b>	<b>203.45</b>
<b>Dividend payout ratio (%)</b>	<b>23.3</b>	<b>52.6</b>	<b>52.0</b>	<b>26.0</b>	<b>38.9</b>	<b>44.2</b>

\* The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. The figures before and including FY2020 are converted to the figures reflecting the stock split.

## Investment purposes: Business expansion, margin improvement

**Total amount of investment in Mid-term business plan: ¥22.7billion**



**Bando Plant**

- ✓ Largest state-of-the-art precious metals recycling plant in Asia



**North American Refining Business**

- ✓ Launching warehouse business & strengthening existing equipment



**New incinerator in Yokohama**

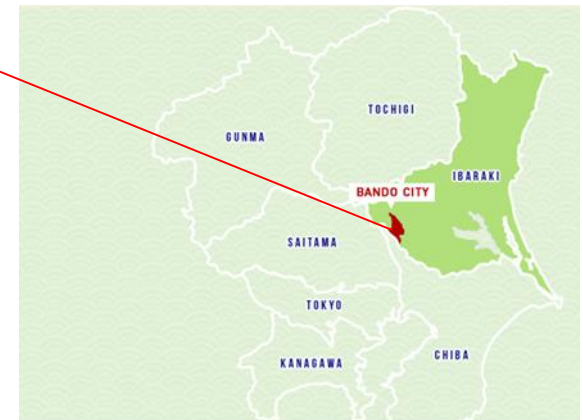
- ✓ Large incinerator in eastern Japan

Unit: ¥billion

	FY2022/3		FY2023/3		Remark
	Mid-term plan	Result	Mid-term plan	Forecast	
Precious Metals	6.3	7.7	3.2	5.8	—
Domestic	4.7	4.0	1.9	2.2	Approx. ¥300 million as an investment in building a hydrogen supply chain
Overseas	1.6	3.6	1.3	3.6	Delay in facility to be completed in FY2022.3 and additional investment
Environmental Preservation	0.8	0.7	2.2	0.7	Partial review of investment plan by reviewing process
<b>Total</b>	<b>7.1</b>	<b>8.3</b>	<b>5.4</b>	<b>6.5</b>	No change in total investment for 3 years

✓ **The largest state-of-the-art precious metals recycling plant in Asia**

- Consolidating processes from raw material collection to finishing
- Introducing cutting-edge IoT technology improves production efficiency over the long term.
- Excellent industrial production area from the viewpoint of BCM (Business Continuity Management).



© BANDO CITY.

Ref: Bando City Resilience Plan

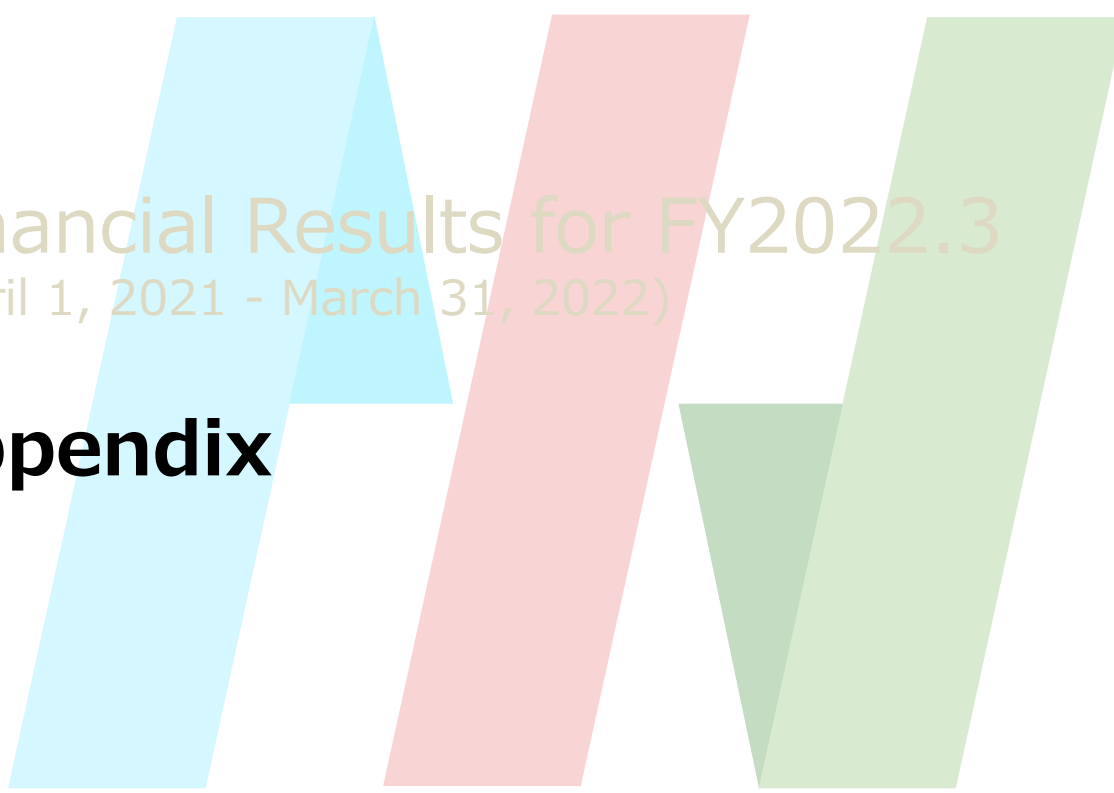
In the "Bando City Resilience Plan" created by Bando City, which learned from the lessons from the 2011 Great East Japan Earthquake. From the perspective of BCM and supply chain, posted with the goal of "Goal 5: Do not cause economic activities to malfunction."

<Source> <https://www.city.bando.lg.jp/page/page006456.html>

- ✓ On December 13, 2021, made the declaration of achieving Carbon Neutrality by 2050.
  - Reduce CO<sub>2</sub> emissions from energy sources, such as electricity and gasoline, by 50% (compared to FY2015) by FY2030
  - Declared that we will aim to become carbon neutral in FY2050 (targets are Scope 1 and Scope 2)
- ✓ Expressed our endorsement for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Established a cross-company team in order to identify risks and opportunities related to climate change. Also strengthened governance and risk management system.

Recommended disclosures	Situation of efforts / Action policy
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Deliberating on climate change issues at the management level in the Sustainability Committee, which is chaired by CEO, and consists of directors from Business Unit, Technical Unit, and Administration Unit</li> <li>• Having established the Climate Change Working Group under the Sustainability Committee to promote measures for climate change</li> <li>• Building a system to supervise the matters discussed by the Sustainability Committee at the Board of Directors</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Conducting scenario analysis of risks and opportunities related to short-, medium- and long-term climate change at 4°C and 1.5°C</li> <li>• Setting "Reduction of CO<sub>2</sub> emissions" as one of our business materiality themes</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Reporting the progress of measures on risks and targets extracted from scenario analysis, etc. to the Sustainability Committee and the Board of Directors on a regular basis.</li> <li>• Incorporating the reported matters into the overall group's risk management system by reporting it to the Group Risk Management Department</li> </ul>
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>• Has already set a target of reducing energy-derived CO<sub>2</sub> by 50% from the FY2015 level by 2030, and has already declared that it will achieve carbon neutrality in 2050 (Scope 1 and Scope 2)</li> <li>• FY2020 Reduction in energy-derived CO<sub>2</sub> (- 12% compared to FY2015)</li> <li>• Scope 1 emissions are 84,780 t CO<sub>2</sub> and Scope 2 emissions are 17,894 t CO<sub>2</sub></li> </ul>





# I. Financial Results for FY2022.3

(April 1, 2021 - March 31, 2022)

## II. Appendix

## Precious Metals Recycling Business

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

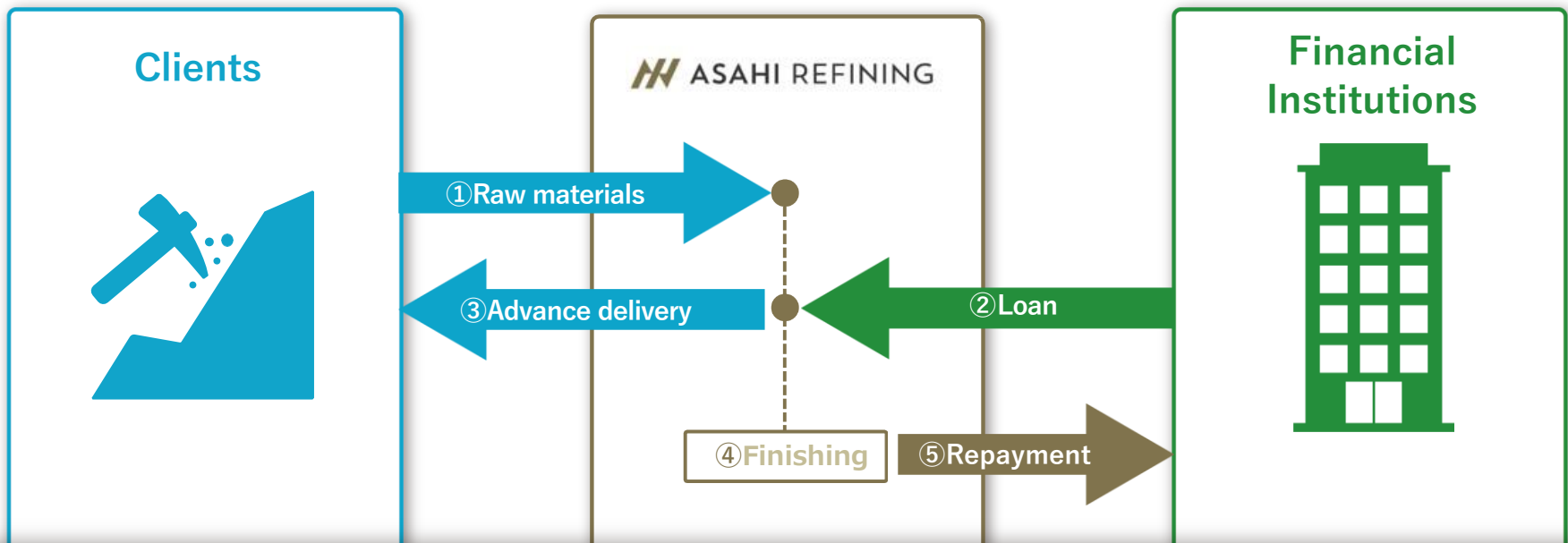
## Refining Business in North America

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

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



- ✓ 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.



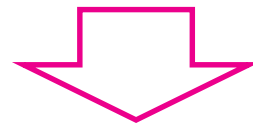
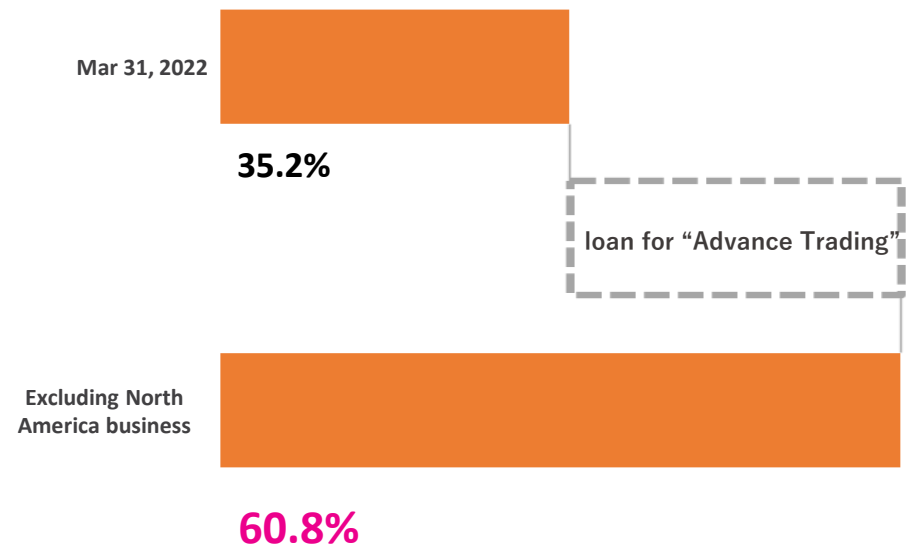
**Development of new finance services such as structured finance**

## Financial Position

[Unit: ¥ billion]

	March 31, 2022	Excluding North America business
Current Assets	241.8	116.3
Non-current assets	56.6	56.6
Total Assets	298.4	172.9
Liabilities	193.3	67.8
Capitals	105.1	105.1
Total equity and liabilities	298.4	172.9

## Equity Ratio



- ✓ Enabling large-scale funding for the finance services with low interest.
- ✓ Strengthening global competitiveness and profitability of the Refining Business by diversifying financing method.

- 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.

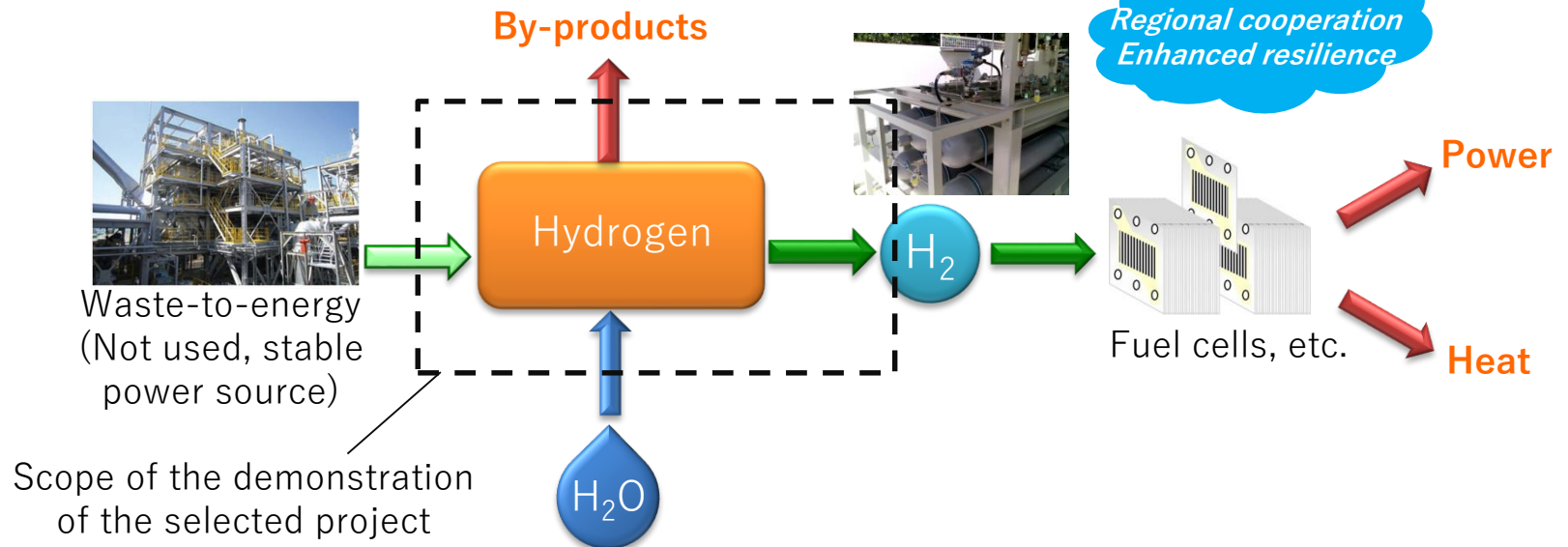
- ✓ Asahi Pretec Corp. has proposed the "Development of a system for building a green hydrogen supply chain through effective use of by-products" jointly with FC Development Co., Ltd., X-Scientia Co., Ltd., and Sumitomo Mitsui Trust Bank, Limited., for the "2021 Low Carbon Technology Research, Development and Demonstration Program," which was publicly called on by the Global Environment Bureau, Ministry of the Environment. In addition, the system has been selected for a partially-subsidized project.
- ✓ Will develop a hydrogen co-production system that can significantly reduce the cost of hydrogen production by utilizing unused power at Asahi Pretec's Kitakyushu Waste Power Plant.
- ✓ Will contribute to making hydrogen widely available by producing and selling inexpensive hydrogen, which will in turn help reduce greenhouse gas emissions

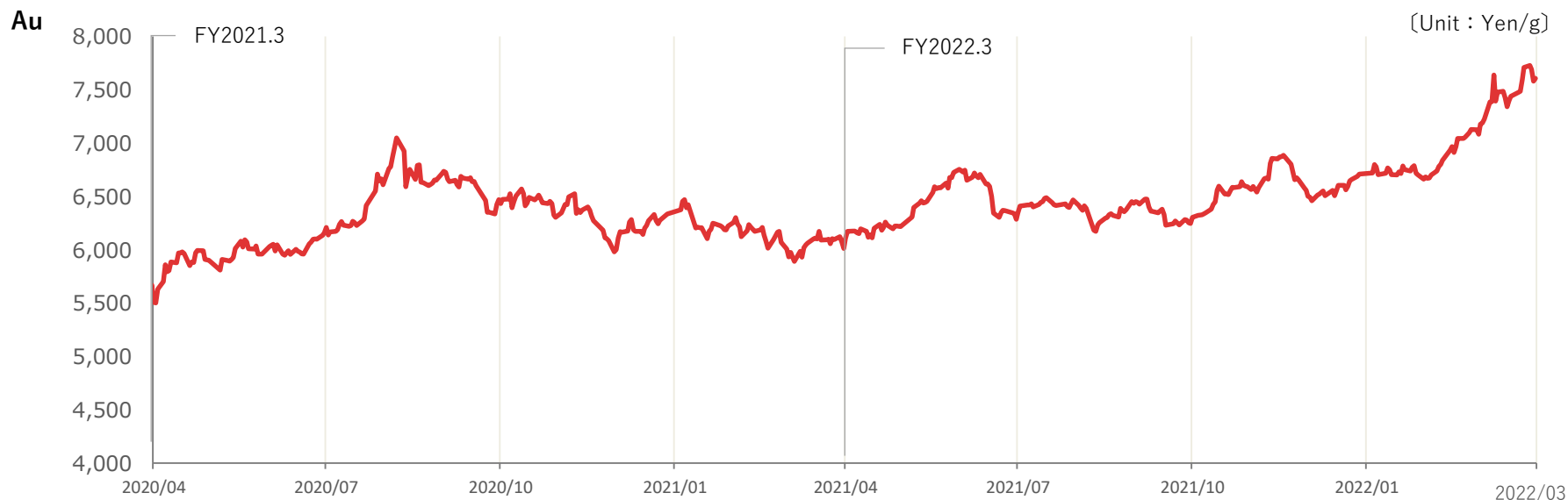


**Securing business performance by selling by-products and contributing to making hydrogen widely available**



**Reduce CO2**

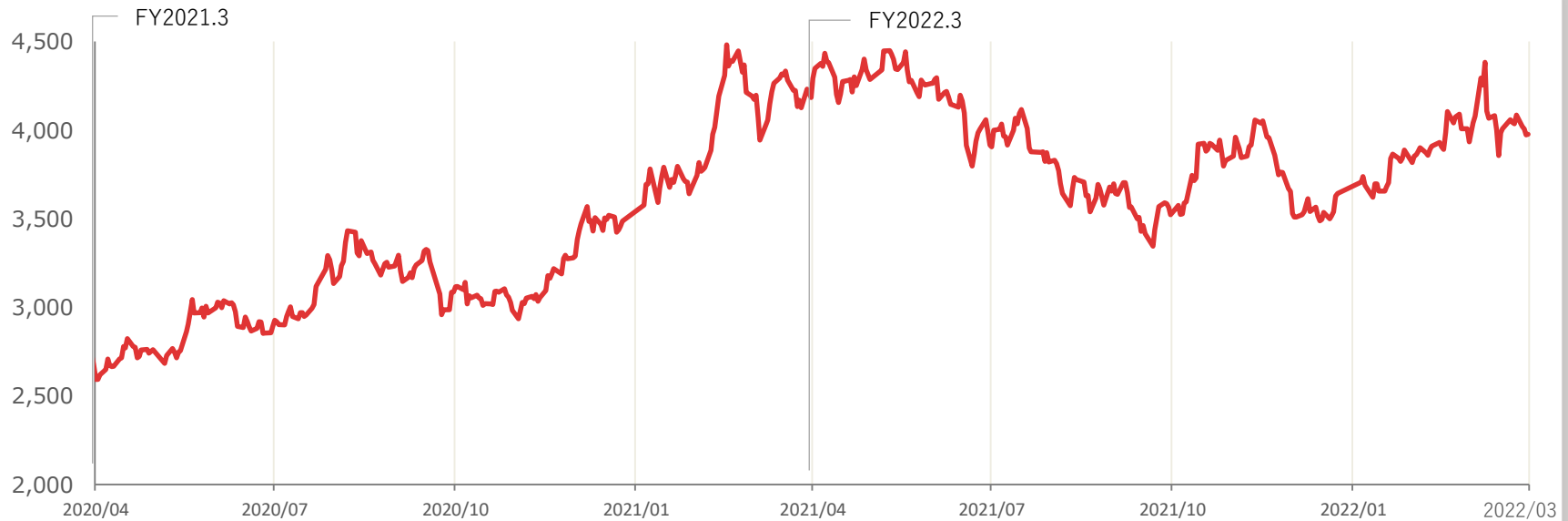




# Trend in Metals Prices (Platinum) , Mid-term Average Price

## Platinum

[Unit: Yen/g]



## Mid-term Average Price

Precious Metal Prices (per gram)	FY2021.3	FY2022.3	
	Mid-term average price	Mid-term average price	Change
Gold	6,245	6,601	356
Palladium	7,618	8,629	1,011
Platinum	3,306	3,906	600