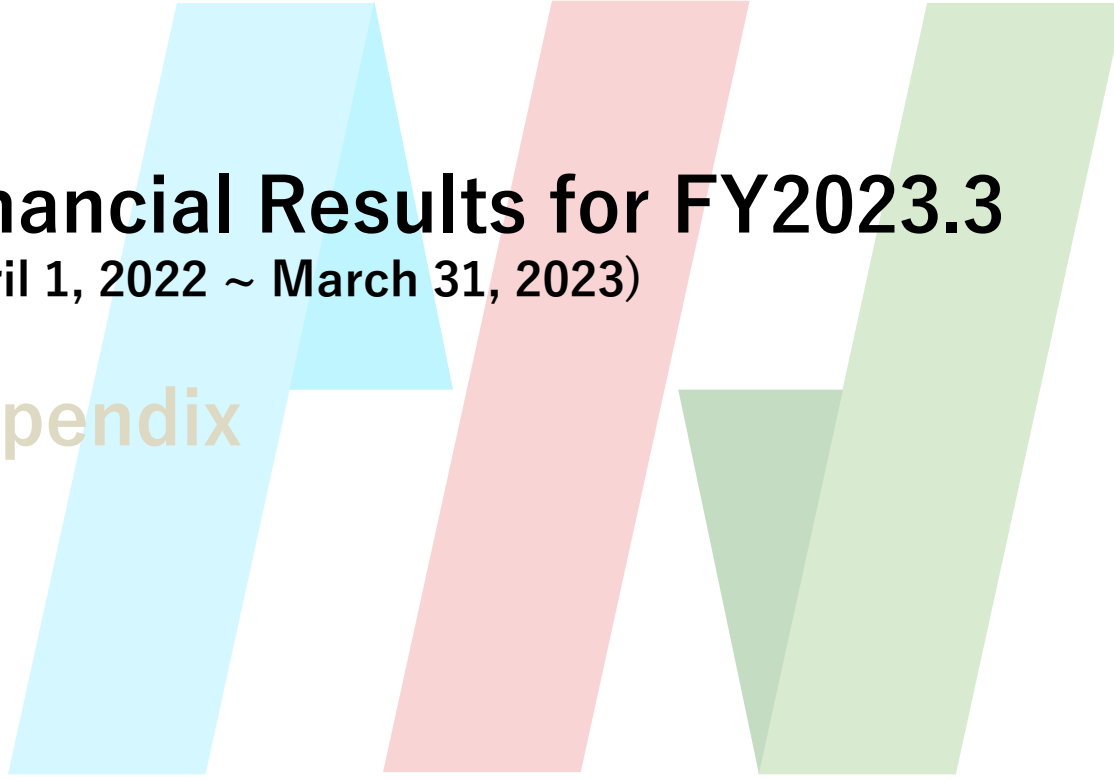


Asahi Holdings, Inc.

Financial Results for FY2023.3

April 27, 2023

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 FY2023.3**

(April 1, 2022 ~ March 31, 2023)

II. **Appendix**

Business Performance

FY2023.3 Financial results	Revenue: ¥292.4 bn (YoY increase of ¥100 bn) Operating profit: ¥19.2 bn (YoY decrease of ¥7.2 bn)	
Change in metals collection	Revenue rose due to the larger collection from jewelry sector and rising gold prices. Larger revenue in jewelry sector made limited contribution to profit because of the lower profit margin than other sectors. Collections from catalyst and dentistry sectors fell.	
Fall in rhodium price	The price of rhodium contained in the automotive catalyst fell sharply, which resulted in price fluctuations that were difficult to hedge.	
Solid North American refining business	North American refining business was overall steady, excluding the impact of the “Stock-Take”.	
Strong Environmental Preservation business	Strong results thanks to the recovery in industrial production activities. Operation profit increased despite the impact of impairment loss and deconsolidation.	
One-time losses	(Affecting operating profit) <ul style="list-style-type: none"> • Impairment loss and related loss on existing facilities due to building of Yokohama new incinerator • Withdrawal from North American carbon business • Loss on equity-method investments (Posted in other expenses) <ul style="list-style-type: none"> • Payment for compensation for damage related to intellectual property rights at an equity-method affiliate • Loss on transfer of shares of equity-method affiliate 	¥0.9 bn ¥0.4 bn ¥0.6 bn ¥1.5 bn ¥1.8 bn

Topics

Bando Plant started operation	<p>Bando Plant began operating in April 2022. Making a large contribution in increasing the volume of metals collected from jewelry sector. Leveraging the high production capacity of the state-of-the-art facilities.</p>
Launch of DXE business	<p>DXE Inc., a subsidiary, launched a service to raise efficiency of industrial waste management using digital technologies in June 2022.</p>
PoC for CO2 emissions reduction	<p>The CO2 emissions reduction PoC project, which is supported by the Ministry of the Environment, duly completed a technological PoC installing hydrogen manufacturing equipment and moved to the next stage of building a hydrogen supply chain.</p>
Company split of Asahi Pretec Corp.	<p>Split the company into precious metals recycling, precious metals refining and manufacturing/trading, and environmental preservation to achieve agile management of each subsidiary.</p>
Launch precious metals warehouse business	<p>Launch precious metals warehousing business in the State of New York in May 2023 with certification from COMEX.</p>
ESG initiatives	<p>Disclosed Scope 1, 2 and 3 emissions for FY2022.3. Score “B” by CDP climate change. Recognized as a Certified Health & Productivity Management Outstanding Organization for the fourth consecutive year. Introduced three-day weekends option from October 2022. Introducing a stock compensation plan for managements that uses TSR as an indicator in FY2024.3</p>

Unit : billion yen

	FY2022.3	FY2023.3		FY2024.3	
	Results	Results	YoY Change	Forecast	YoY Change
Revenue	192.4	292.4	100.0	250.0	(42.4)
Operating profit	26.4	19.3	(7.2)	19.0	(0.3)
Ratio	13.7%	6.6%	(7.1%)	7.6%	1.0%
Profit before tax	26.4	16.1	(10.3)	18.5	2.4
Profit※1	18.7	10.9	(7.8)	13.2	2.3
Capex	8.3	4.9	(3.4)	12.4	7.5
Depreciation	2.7	3.3	0.6	3.1	(0.2)

※1※Profit attributable to owners of parent

Precious Metals Business

Volume of collection in the precious metals recycling sector fell from 3Q. This was mainly due to a fall in collection from major customers in jewelry sector, a fall in collection from catalyst sector due to the weak PGM prices, and a fall in collection in electronics sector due to inventory adjustments. On the other hand, collection from dentistry sector increased.

Business field	Business environment
Dentistry	Collection continued falling partly due to the spread of alternative products, although the number of patients increased as restrictions on dental treatment were relaxed.
Jewelry	Although there was a temporary drop in purchase demand due to market uncertainty, it has been recovering. Collection from manufactures is on a rise because of resumption of events, etc.
Catalyst	Collection fell in Japan due to falling PGM prices; overseas, collection from Korean catalyst manufacture shrank.
Electronics	Collection rapidly slowed due to the impact of inventory adjustments in the supply chain in response to high inflations and a decline of the Chinese market.
North American refinin	Product processing, selling and other transactions were steady.

Environmental Preservation Business

Volume collected related to medical care is on a downward trend due to the end of the COVID-19 pandemic. Volume collected related to automobiles remained weak.

Industry	Business environment
Educational/research institutions	Volume collected from educational institutions slightly fell year on year.
Construction	Private-sector residential construction fell due to the skyrocketing materials prices, while private-sector non-residential construction increased.
Automobile	Volume of waste collected from related parts factories stagnated due to the reduced operation of factories caused by semiconductor and parts shortages.
Electronics	Inventory adjustment moves by electronics manufacture affected production of components suppliers. Related waste generation is on a downward trend.
Medical	Volume of medical waste collected decreased following a drop in COVID-19 infections.
Chemical	Production index of chemical industry slightly decreased year on year.

Precious Metals Recycling Business (Japan and Asia)

FY2023.3 Results

Revenue rose due to the larger collection and sales mainly from jewelry sector. This made limited contribution to profit because of the lower profit margin than other sectors.

Meanwhile, catalyst and dentistry sectors that have relatively high profit margins fell.

Price of rhodium contained in the automotive catalyst fell sharply, which resulted in price fluctuations that were difficult to hedge.

→ Increase in revenue and decrease in profit

FY2024.3 Forecast

Both revenue and profit are projected to drop due to factors such as the current precious metals price and change in accounting treatment. The forecast also reflects the impact of relevant costs which shall be allocated to the segment, organization reinforcement and personnel following the company split.

→ Decrease in revenue and profit

North American Refining Business

FY2023.3 Results

Various value-added transactions based on refining progressed solidly.

Performed normal annual “Stock-Take” as opposed to two-year “Stock-Take” in the previous fiscal year that was affected by COVID-19.

Excluding the impact of “Stock-Take”, profit was higher.

→ Increase in revenue and decrease in profit

FY2024.3 Forecast

Revenue and profit are expected to increase through enhancement to various value-added transactions based on refining.

→ Increase in revenue and profit

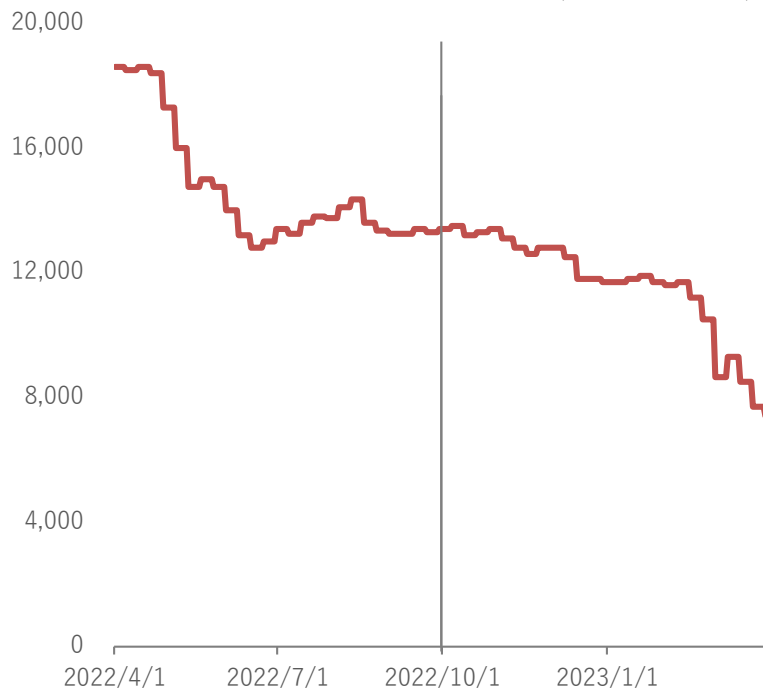
[Unit: billion yen]

Precious Metals	FY2022.3	FY2023.3		FY2024.3	
	Results	Results	YoY Change	Forecast	YoY Change
Revenue	173.9	274.2	100.3	232.0	(42.2)
Operating Profit	26.6	19.8	(6.8)	16.7	(3.1)
Ratio	15.3%	7.2%	(8.1%)	7.2%	(0.0%)

- To avoid the impact of fluctuation of precious metals prices, precious metals hedging is carried out in principle.
- Rhodium contained in the automotive catalyst has a small market and hedging capacity has been limited.
- The recent rapid fall in its prices made hedging difficult. In addition, the adoption of the lower-of-cost-or-market method became a significant factor of profit reduction.
- We currently try to expand the counterparties for hedge transactions and the means of hedging.

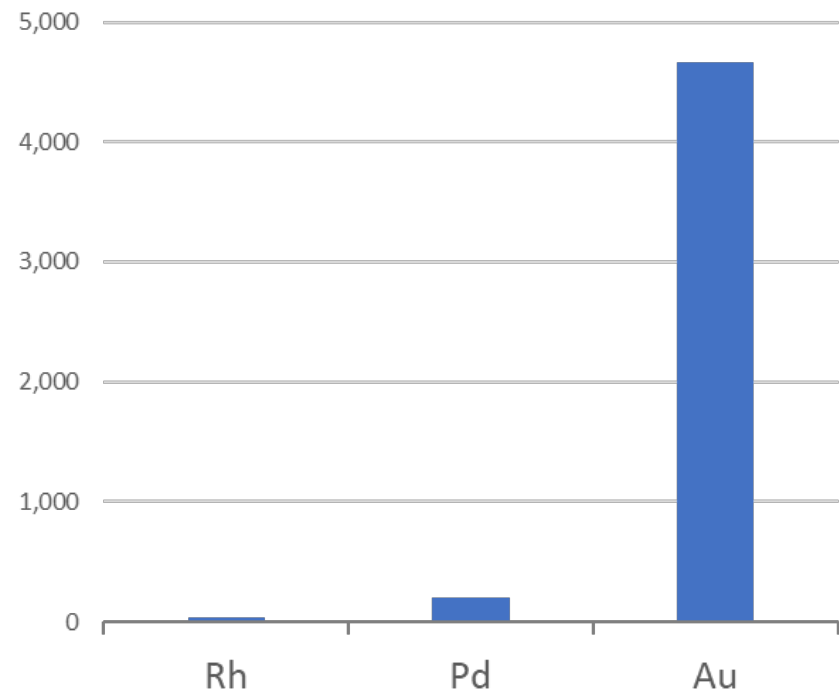
• Trend in Rhodium Prices

(Unit : \$/toz)



• Global Supply of Precious Metals in 2021

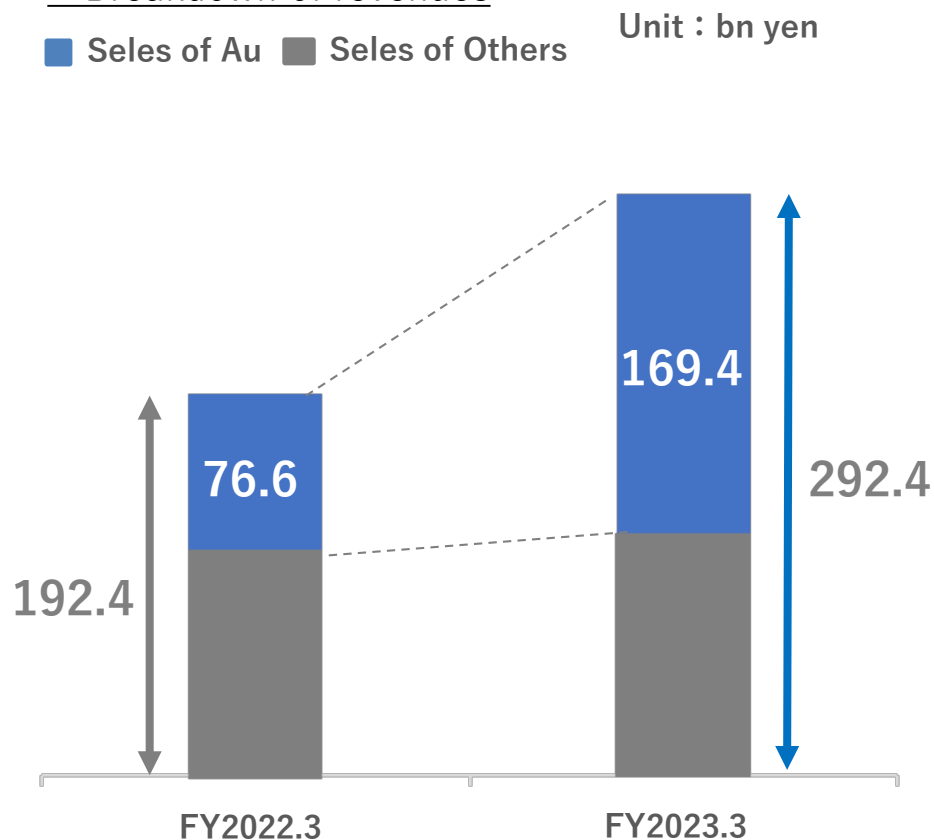
(Unit : t)



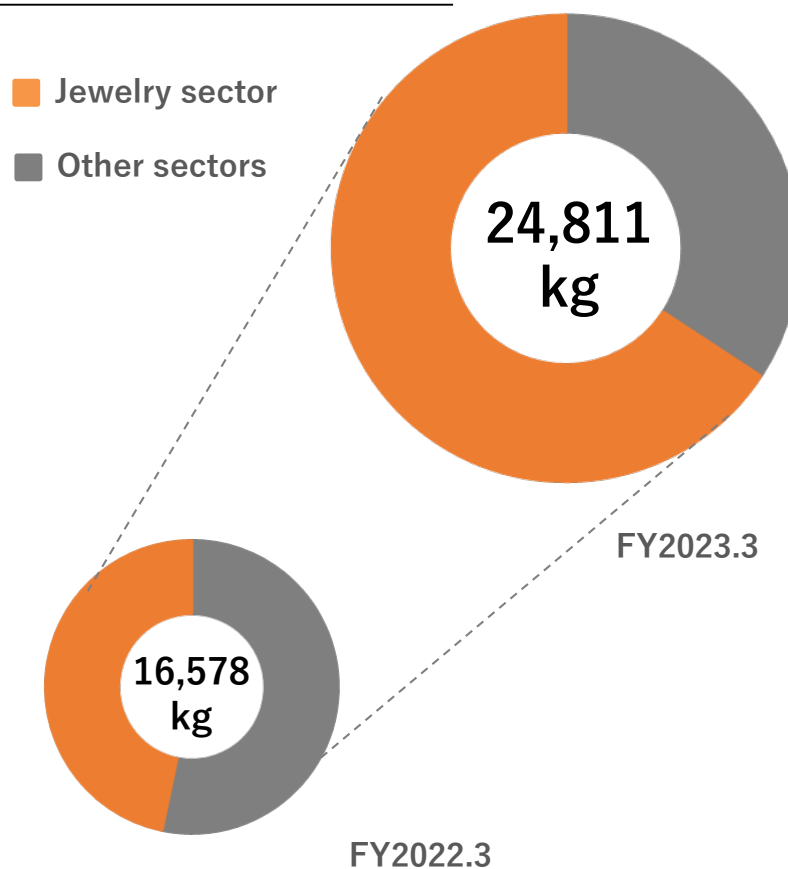
*Ref : Metals Week NY Dealer Prices ,Metal Focus, WORLD GOLD COUNCIL " Gold Demand Trends Date] ,Our Research

- Revenue rose due to the increase in sales of gold. Larger collection from jewelry sector significantly contributed.
- Larger revenue in jewelry sector made limited contribution to profit because of the lower profit margin than other sectors.
- This trend is expected to continue in FY2024.3

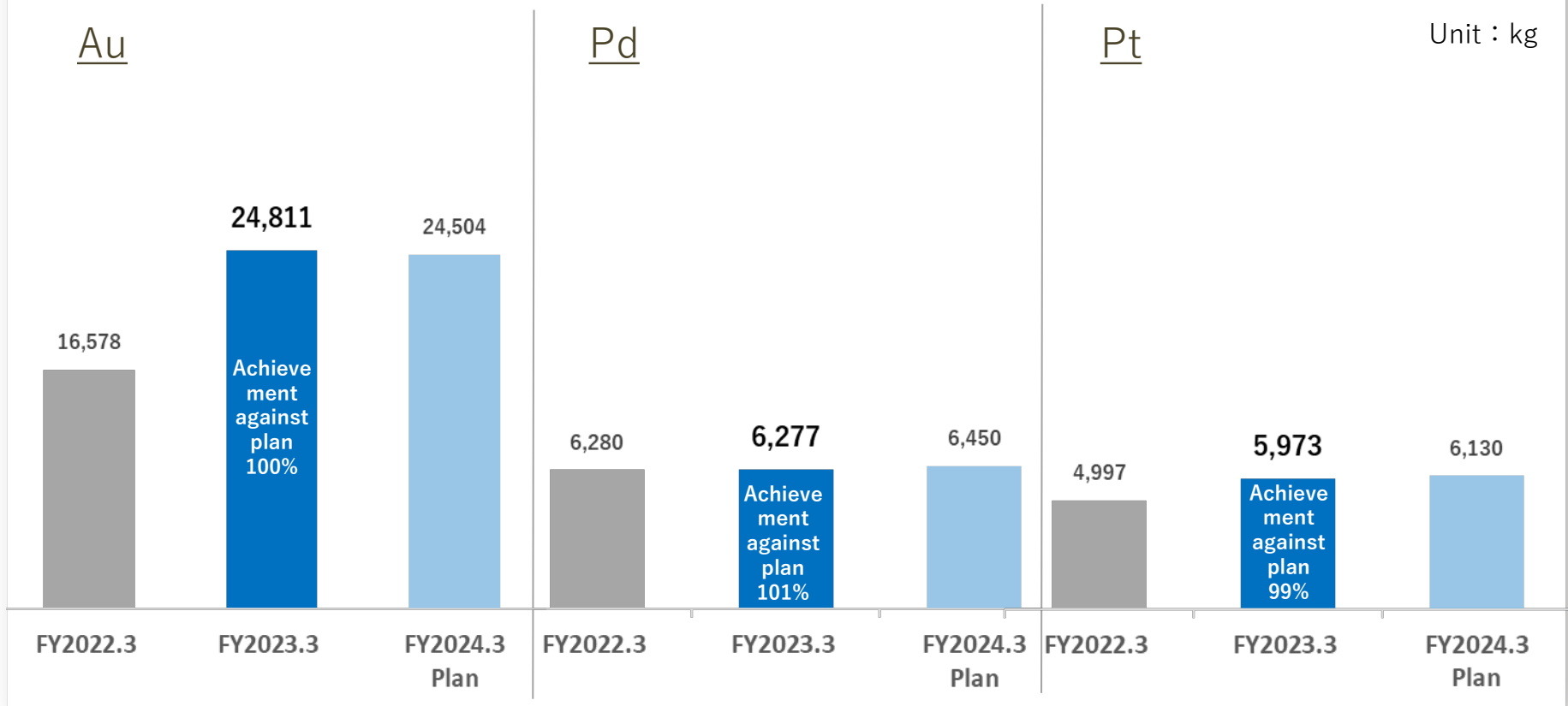
• Breakdown of revenues



• Breakdown of AU collected



- The volume of gold collected rose mainly in jewelry sector, increasing approx. 8 tons YoY overall.
- The volume of palladium collected was almost at par with FY2022.3, with an increase in collection from jewelry sector, making up for a drop in the volume collected from dentistry and catalyst sectors.
- The volume of platinum collected rose 1 ton YoY, with an increase in the volume collected from jewelry sector exceeding a fall in collection from catalyst sector.



Environmental Preservation Business

FY2023.3 Results

Thanks to the recovery of industrial production activities, the processing volume of industrial waste increased, The operation status of our plants remained at high levels. The processing volume of waste with high unit prices, such as COVID-related medical waste, was also steady.

The results reflected the impact of the transfer of JW Glass Recycling in May 2022 (FY2022.3 results: revenue ¥1.2bn; operating profit: ¥0.2bn) and impairment losses (¥0.9bn) and related loss on existing facilities following the construction of the Yokohama new incinerator which is scheduled to start operating in 2025.

→ Decrease in revenue and increase in profit

FY2024.3 Forecast

Plan to make up mostly for a fall in COVID-related medical waste with other waste. The forecast reflects the impact of relevant costs which will be allocated to the segment, and costs for organization reinforcement following the company split,

→ Decrease in revenue and profit

[Unit: billion yen]

Environmental Preservation	FY2022.3	FY2023.3		FY2024.3	
	Results	Results	YoY Change	Forecast	YoY Change
Revenue	18.6	18.2	(0.3)	18.0	(0.2)
Operating Profit	3.7	3.8	0.1	2.3	(1.5)
Ratio	20.1%	21.1%	0.9%	12.8%	(8.3%)

Assumptions

FY2024.3 forecast	Revenue: ¥250.0bn (YoY decrease of ¥42.4 bn) Operating profit: ¥19.0bn (YoY decrease of ¥0.3 bn)
Volume collected	Volume of precious metals collected is projected almost at the same level as the previous fiscal year given the current business environment
Change in price assumptions	Forecast was projected based on the prices of precious metals at the time of the preparation of the forecast
Change in accounting treatment following the company split	Posting of one-time cost as we will not be able to post the personnel cost for collection sales staff in assets following the company split. After the company split, expenses that have been posted outside segments (Adjustments) will be allocated to each segment. No cash out for either of the above.
Strengthen systems following the company split	Improvement of each company's back-office and management systems following the company split (including developing organizations for the listing of a subsidiary)
Employees engagement	Wage raise including wages for new employees; increase of executive employees, holding general meeting of employees
Total CI strategy	Change of company name; branding; advertising and promotion
R&D for growth, etc.	Full-scale launch of environmental DX business; R&D to cultivate new areas and products in precious metals recycling

Cost increase

11 Financial Position

Unit : billion yen

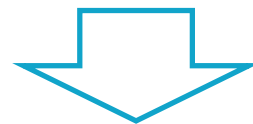
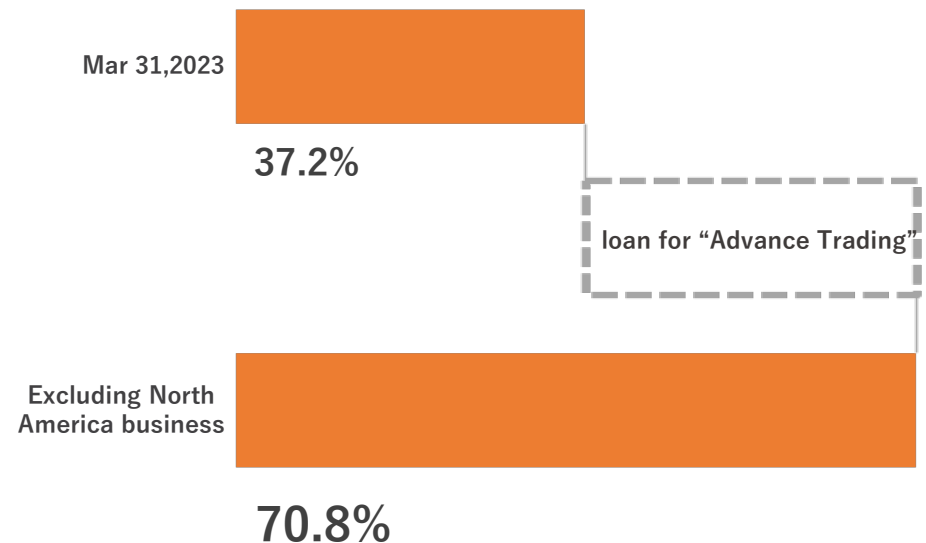
	Mar 31, 2022	Mar 31, 2023	Change	Remarks
Current Assets	241.8	238.4	(3.4)	
Trade receivables	151.4	154.0	2.6	The greater part of the balance and changes are receivables that constitute borrowings to match metal procurement in North American business.
Inventories	63.4	40.9	(22.5)	The majority of inventory balances and changes in inventories are linked to materials, works in process and products that contain precious metals in the precious metals recycling business. Risks associated with price fluctuations and quality deterioration are limited because precious metals prices are hedged at the time of purchase.
Others	26.9	43.5	16.5	
Non-current assets	56.6	49.1	(7.5)	
Total Assets	298.4	287.4	(10.9)	
Liabilities	193.3	180.5	(12.8)	
Bonds and loans	150.9	144.4	(6.6)	Borrowings for Advance Trading in North American business constitute a large percentage. Risks associated with price fluctuations and bad debts are limited because bullion for Advance Trading is procured through borrowing after receiving raw materials and precious metal prices are hedged according to the repayment date.
Others	42.3	36.1	(6.2)	
Capitals	105.1	107.0	1.8	
Total equity and liabilities	298.4	287.4	(10.9)	

Financial Position

[Unit: ¥ bn]

	March 31, 2023	Excluding North America business
Current Assets	238.4	102.1
Non-current assets	49.1	49.1
Total Assets	287.4	151.1
Liabilities	180.5	44.2
Capitals	107.0	107.0
Total equity and liabilities	287.4	151.1

Equity Ratio



- Enabling large-scale funding for the finance services with competitive interest rates.
- Advance trading is tied to refining contract.
- In general, rising interest will not affect the profitability of the North American business.

Investment purposes: Business expansion, margin improvement
Total amount of investment in Mid-term business plan: ¥22.7 bn



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

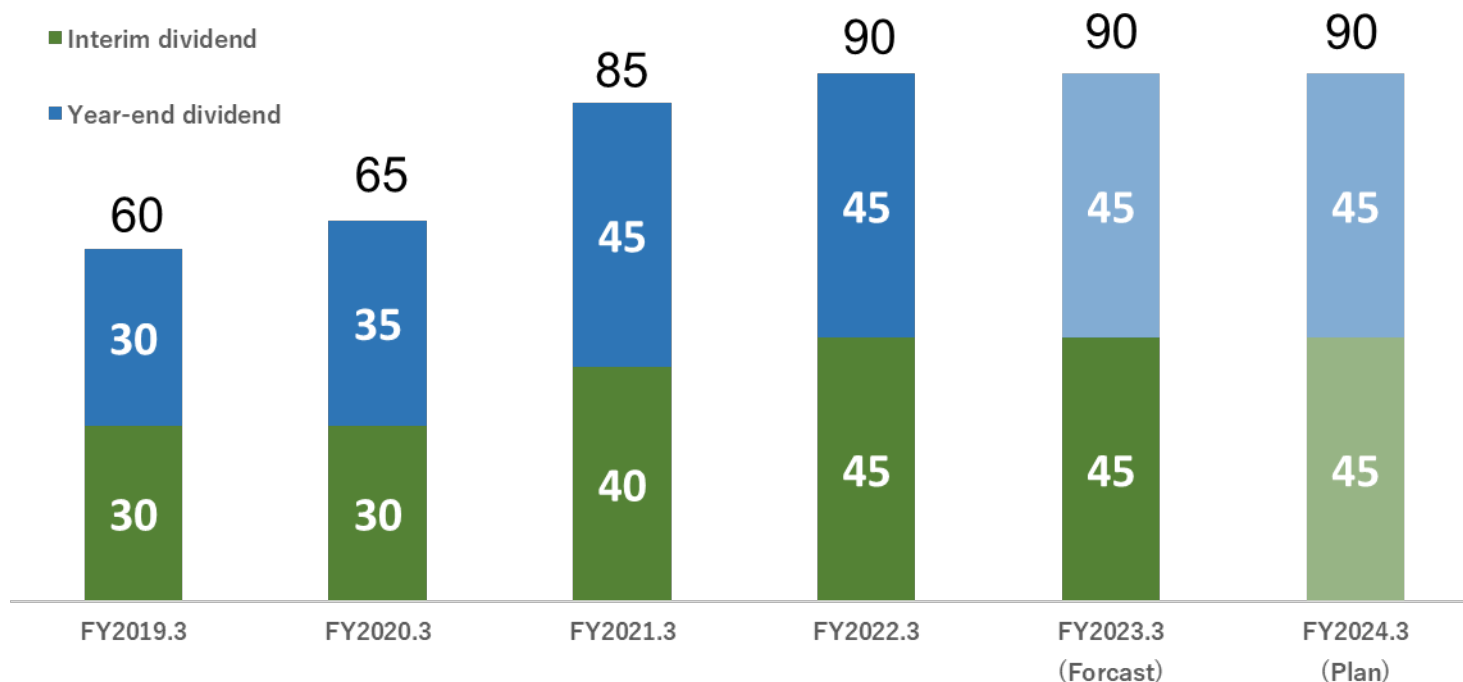
Unit: ¥bn

	FY2022.3	FY2023.3	FY2024.3
	Results	Results	Plan
Precious Metals	7.7	4.5	10.4
Domestic	4.0	2.5	5.7
Overseas	3.6	2.0	4.6
Environmental Preservation	0.7	0.5	2.1

14 Shareholder Return Policy

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.

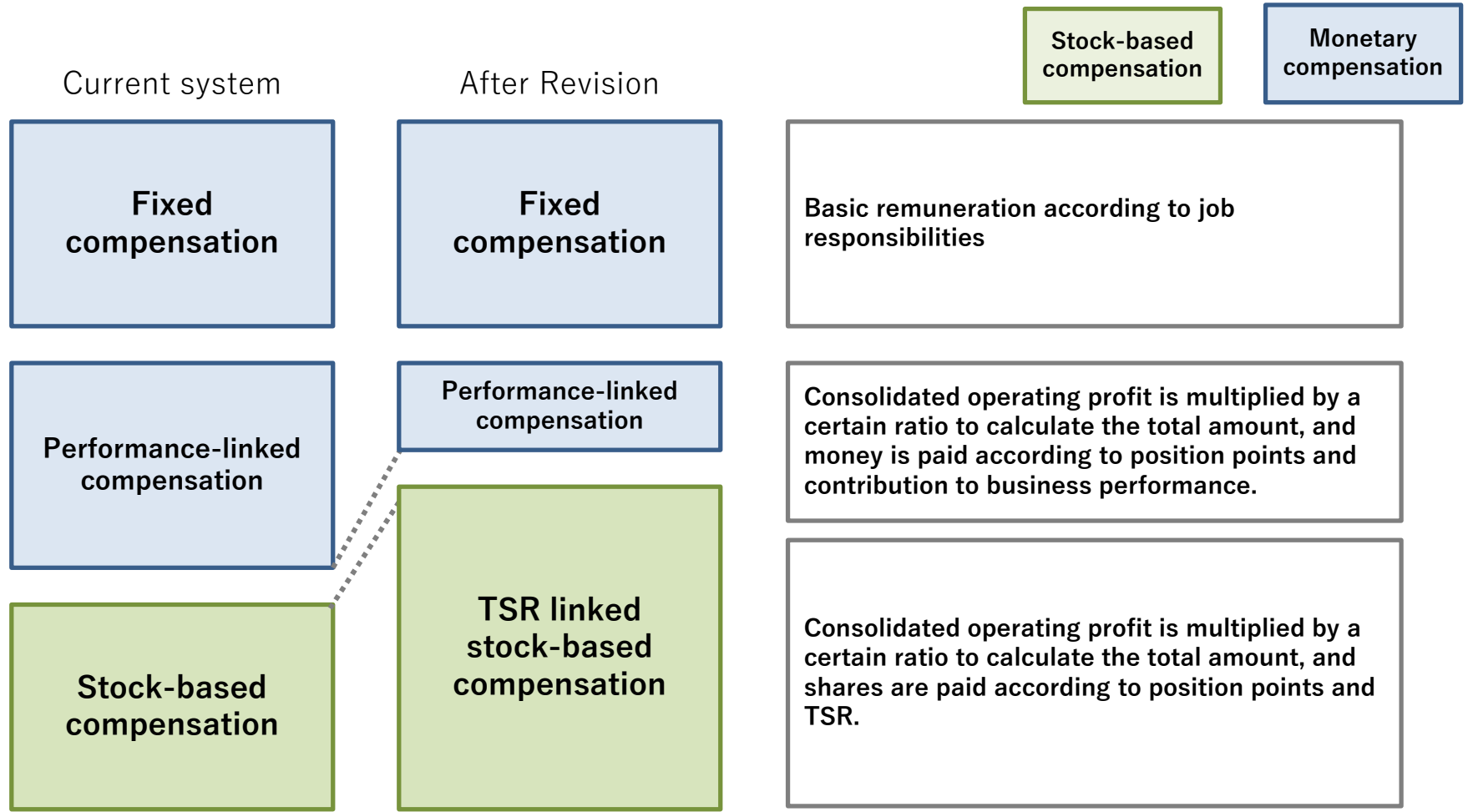
Unit : Yen



Earnings per share(yen)	114.07	125.12	326.90	238.11	141.19	172.23
Dividend payout ratio(%)	52.6	52.0	26.0	37.8	63.7	52.3

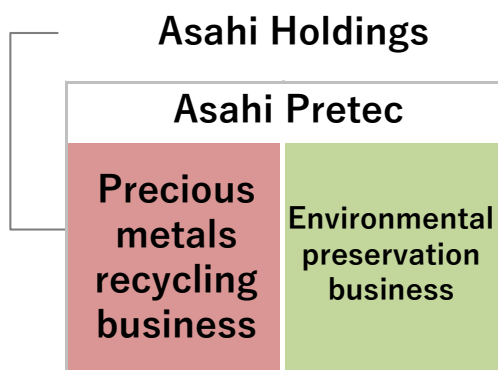
Introduction of TSR-linked stock compensation plan

- Plan to Introduce a stock compensation plan for managements that uses total shareholder return (TSR) as an indicator in FY2024.3. to incentivize more about shareholder returns.



Note: Subject to a resolution at the General Meeting of Shareholders in June, 2023

- Restructure our business model as a measure to “Reinforce the foundation for global growth”, which is a basic policy of the 9th Medium-Term Business Plan
- Aim to enhance the corporate value of the entire group through optimal and speedy decision making by each company.

(Former)**(New)****(Target)**

As a leading company in precious metals recycling, develop new business areas including oversea expansion and products in addition to further strengthen existing business.

Aim to establish a global Asahi brand through refining, manufacturing/trading of precious metals products with consideration for human rights, the environment, and other new services

Aim to become one of Japan's leading industrial waste specialists utilizing its networks and licensing covering the entire nation, technical skills, highly specialized salesforces, and unique DX service

- Plan to change the company name to “ARE Holdings, Inc.” as of July 1, 2023
- Become a corporate group that embodies its purpose, “Totally committed to protecting the natural environment and preserving resources,” both in name and in substance

(New name) ARE Holdings, Inc.

Asahi
Resources &
Environment

=

With resources and the environment as our core business, we are committed to resource recovery for environment and environmental preservation.



Note: Subject to a resolution at the General Meeting of Shareholders in June 2023

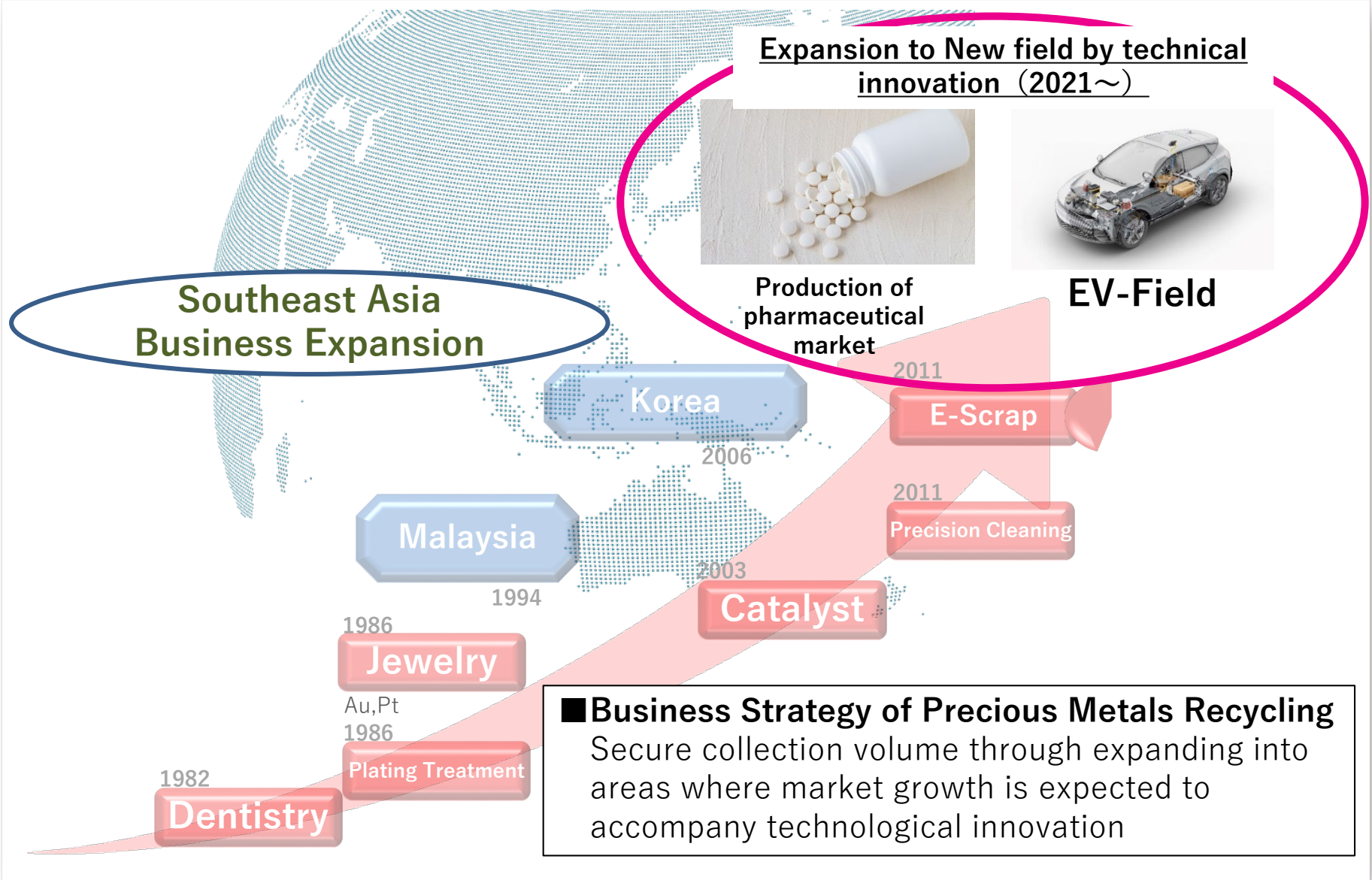


I. Financial Results for FY2023.3

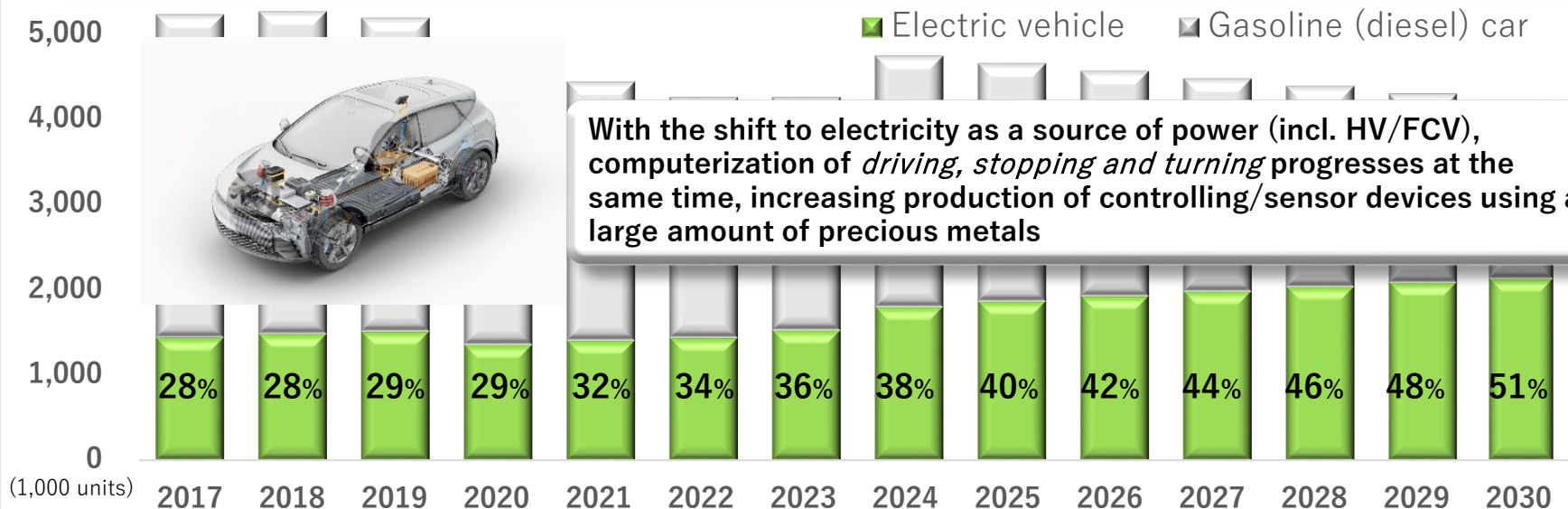
(April 1, 2022 ~ March 31, 2023)

II. Appendix

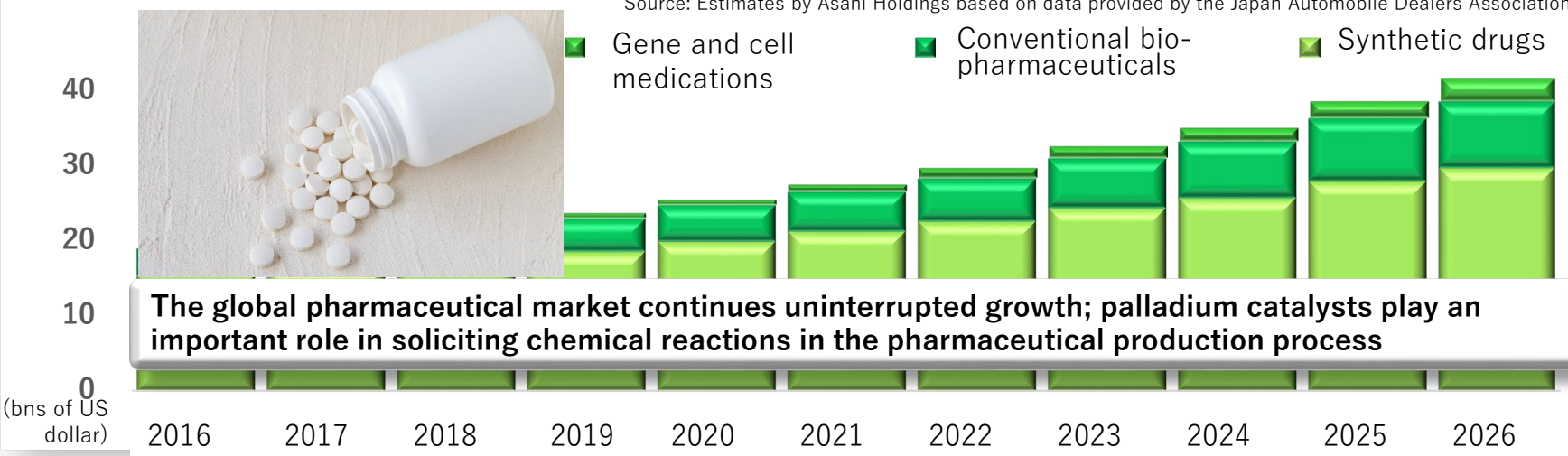
Precious Metals Recycling Business : Growth Drive-New Field, Geographic Expansion



Solving social challenges leads to the creation of a new recycling market and business opportunities for Asahi Holdings



Source: Estimates by Asahi Holdings based on data provided by the Japan Automobile Dealers Association



Manufacturing and Selling of New Products That Contribute to CO₂ Emissions Reduction

- In the electronics industry, demand is growing for recycling-based gold potassium cyanide to realize a recycling-based society and for actions to achieve carbon neutrality, SDGs, and ESG initiatives.
- Based on these needs, we installed manufacturing lines for gold potassium cyanide and began manufacturing and selling it in April 2023.



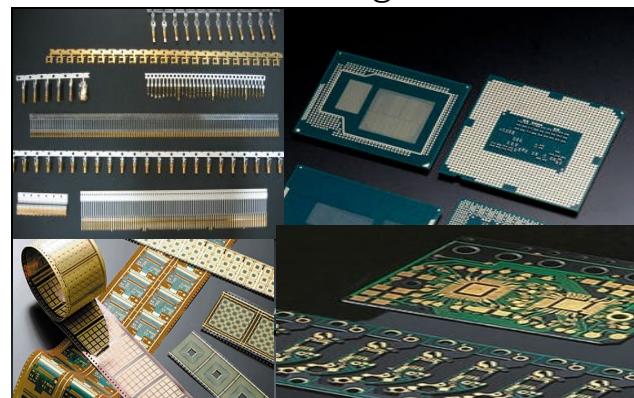
Gold potassium cyanide



Gold potassium cyanide manufacturing facilities

◆ External environment

A major global smartphone manufacturer with suppliers in Japan has declared that its supply chain will achieve 100% carbon neutrality by 2030.



- Global Jewelry brands prefer precious metals that respect human rights, CO2, and the environment
- This “Green” preference extends to sectors other than jewelry, as well as precious metals other than gold
- We lead market in recycling, traceability, and international certifications



Our Main Plant: Bando Plant



- Consolidating processes from raw material collection to finishing
- Improving production efficiency by introducing cutting-edge IoT technology.
- Excellent industrial production area from the viewpoint of BCM (Business Continuity Management).
- Certified as top tier and “ZEB Ready” by Building-Housing Energy-efficiency Labeling System of Japan's Ministry of the Environment.

North American Refining Business : Expanding Value Added Services

Strengthen finance business

- Trading
- Precious metals warehousing
- Loan, structured finance
(e.g., support for environmental measures in South American mines)

Downstream development

- Minting, products



“American Reserve”

Our mega hit product
in US mining/refining

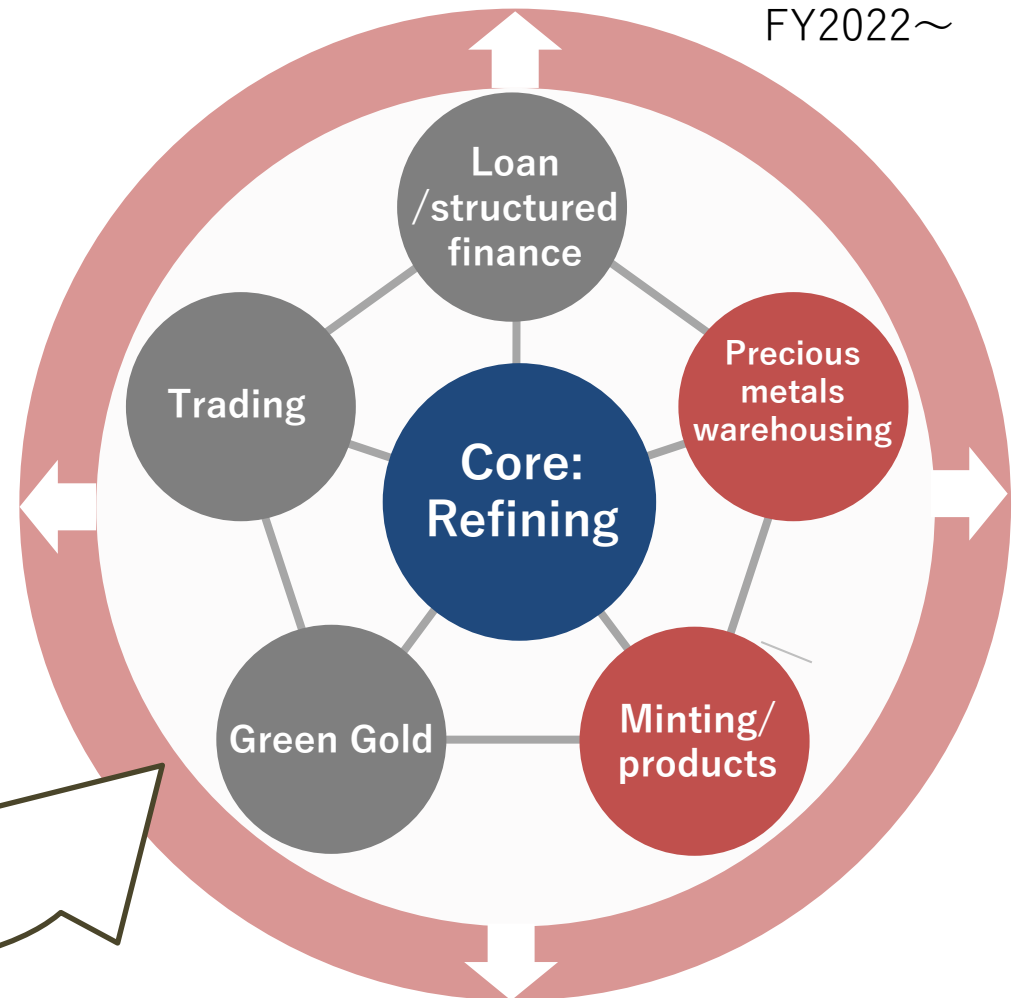
Increase jewelry industry clients

(Procure materials with awareness
of human rights and environment)

- Green Gold

FY2015
(When acquired)

Refining



- Establishing a warehouse specializing in precious metals by purchasing land and building in state of NY.
- This warehouse will be a COMEX approved depository and start its operation in early May.

■ Summary of the warehousing business

- Precious metal transactions through COMEX are conducted using dedicated warehouses designated by COMEX. The operators of the designated warehouses receive stipulated storage fees (certificate fee and warrant fee) and withdrawal fees at the time of the discharge of goods.
- As a COMEX-approved depository, we are able to gain stable income and reduce our transportation cost to deliver ingot.
- In addition, synergies between trading and warehousing business will be expected in the future.

■ Inside the warehouse under construction



- Continuous capital investment is necessary for business expansion.
- Expand processing capacity through planned capital investment

[Unit: ¥ bn]

Hibiki Plant



Completion: October 2021
Investment amount :
approx. 1.7

Completion: October 2025
Investment amount: approx. 6.0

Yokohama Plant

**2025
Scheduled
completion**

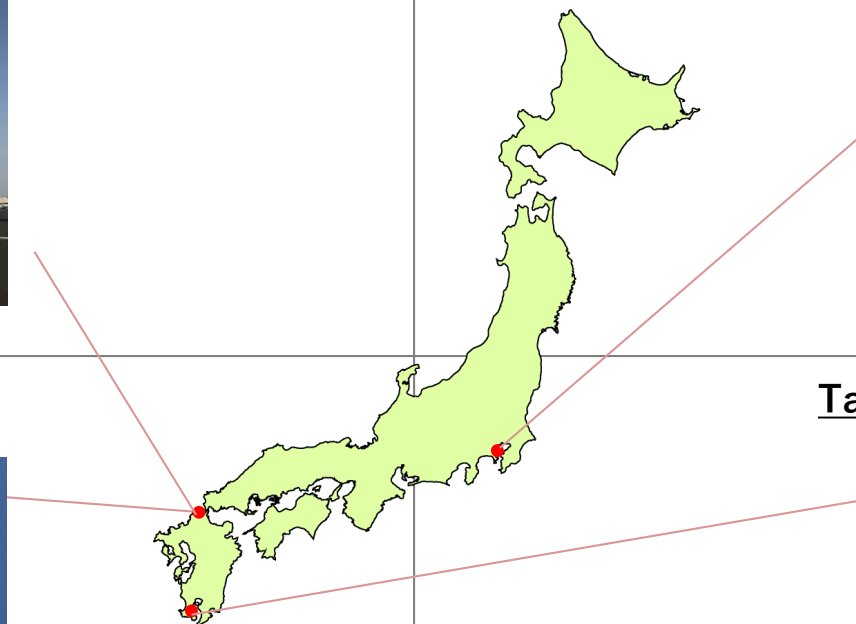
Kitakyushu Plant



Completion: October 2020
Investment amount:
approx.4.0

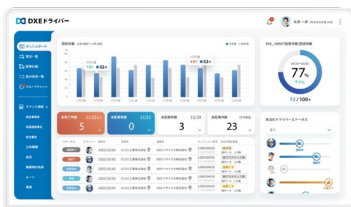
Completion: April 2018
Investment amount :approx.1.8

Taniyama Rinkai Plant



Environmental Preservation Business : Digital Transformation Business of Waste Treatment

- Contribute to the building of a low-carbon, sustainable society through digitalization of industrial waste from discharge to treatment and reduction of environmental impact
- A major version upgrade as “DXE Station” was conducted in April 2023. This upgrade includes a service for disposal companies and has dramatically streamlined a series of industrial waste processing operations from manifests to sales invoices.



April 2023~

June 2022~

DXE Phase01 Launch DXE Service

The business efficiency of collection and transportation providers is improved with use of electronic manifests and order management functions using SaaS.

Electronic manifests
Alternative to vouchers

Automatic generation of
electronic manifests

Interface with vehicle dispatch
and driver apps

DXE Station

Phase02 Release DXE Station

All waste management companies are connected seamlessly from collection management to delivery management.

Discharge, collection
and disposal
workflow

Compliance check with
electronic contracts

Sales and billing
management

Electronic manifests:
Alternative to vouchers

Automatic generation
of electronic manifests

Interface with vehicle
dispatch and driver
apps

2025~

DXE Station

Phase03 Contribution to CO2 emissions reductions

Contribute to carbon neutrality through automatic calculation of CO2 emissions.

Calculation of CO2 emissions

Business rating &
matching

Measures on carbon
credits

Discharge, collection
and disposal
workflow

Compliance check with
electronic contracts

Sales and billing
management

Electronic manifests:
Alternative to vouchers

Automatic generation
of electronic manifests

Interface with vehicle
dispatch and driver
apps

• JPX-NIKKEI 400

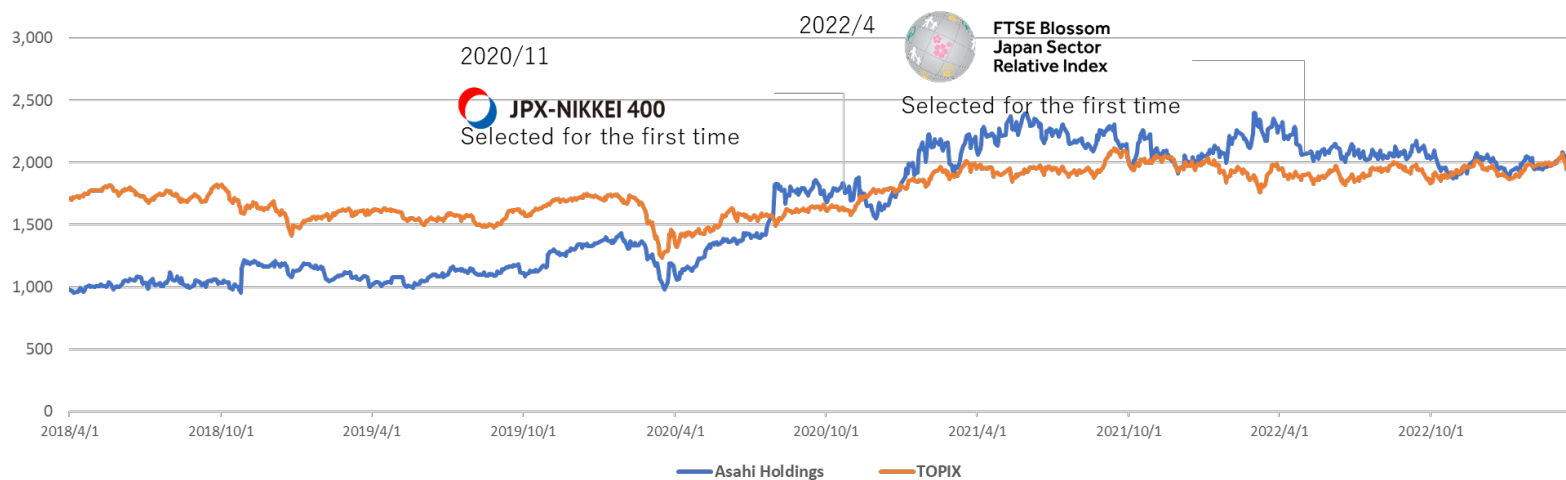


We have been included in the JPX Nikkei Index 400 for three consecutive years. The index consists of companies that are highly appealing to investors and that meet the requirements of global investment standards, such as efficient use of capital and management perspectives that are conscious of investors.

• FTSE Blossom Japan Sector Relative Index



We have been included in the FTSE Blossom Japan Sector Relative Index (one of the GPIF's benchmarks), which reflects the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices in their respective sectors, and is designed to be sector-neutral.



- Our business strategy is tied to carbon neutral strategy.
- TCFD compliant disclosures; got for Score “B” by CDP climate change.
- Disclosed Scope1, 2 & 3 CO2 emissions in FY2022.3 and start third-party verification from FY2023.3.
- Social and Governance also improved. See following pages.

External evaluations*

MSCI
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
-----	---	----	------------	---	----	-----



Score
B

Inclusion in ESG-related indexes



**FTSE Blossom
Japan Sector
Relative Index**



*Based on external evaluations in FY2022

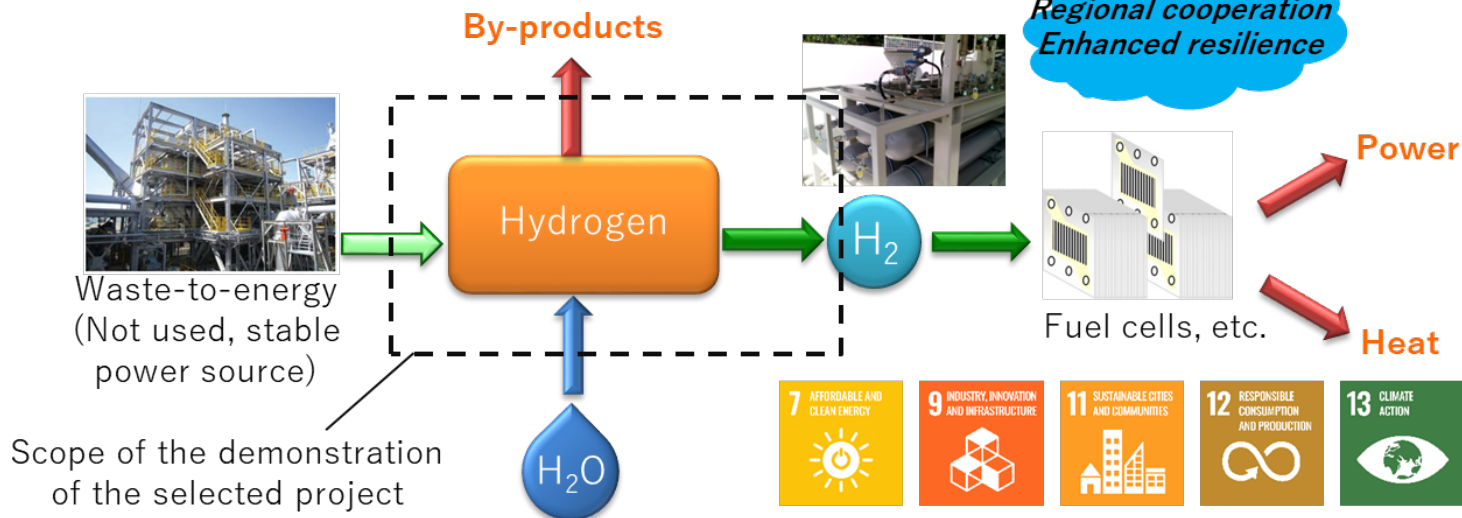
Low Carbon Technology Research, Development and Demonstration Program

- 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 and this system has been selected for a partially-subsidized project.
- The introduction of a hydrogen generator at the Kitakyushu Plant completed in December 2022 and technical demonstration testing finished in March 2023.
- Aiming to create a hydrogen supply chain and selling by-products.

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



Reduce CO2



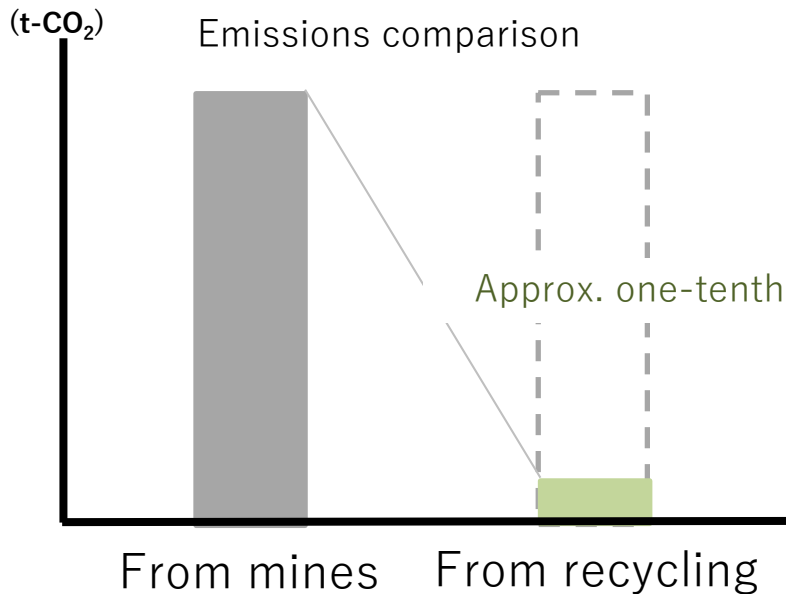
Contribution to CO₂ Emissions Reduction by Precious Metals Recycling

Through precious metals recycling

Reduce CO₂ emissions

Favorable environmental impact of 438,000t CO₂

Prepared based on data by the US Environmental Protection Agency



Converted to forests' greenhouse gas absorption

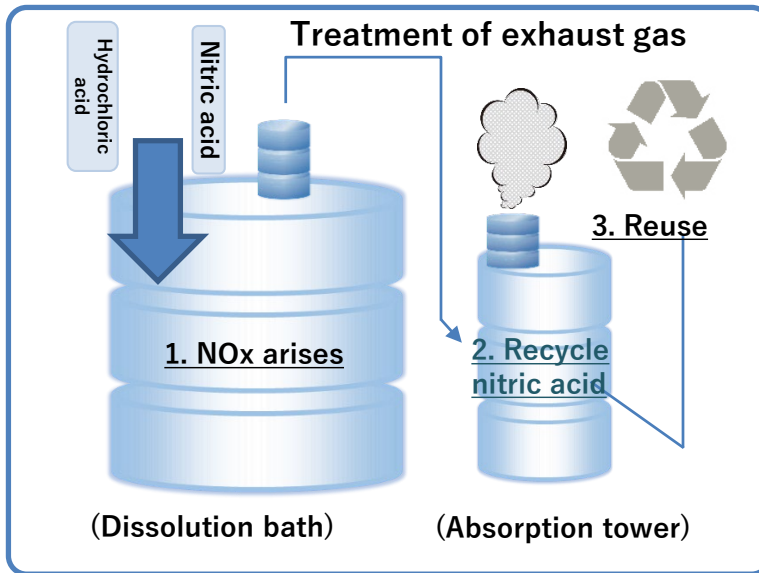
184 km²

(equivalent to 30% of the area of Tokyo's 23 wards)



Precious metals recycling growth strategy
= Carbon neutral strategy

- Recycle 99% of the NOx gas produced as nitric acid when dissolving recycled materials using nitric acid



- NOx arises from the dissolution of recycled materials
↓
- Recycle nitric acid in the absorption tower
↓
- Reuse in the dissolution bath



Dissolution bath



**Competition strategy for precious metals recycling cost
= Carbon neutral strategy**

- To achieve a good work-life balance for employees in various forms.
- To improve productivity and allow our organizations to run smoothly
- Two models to cover different roles and workplaces.

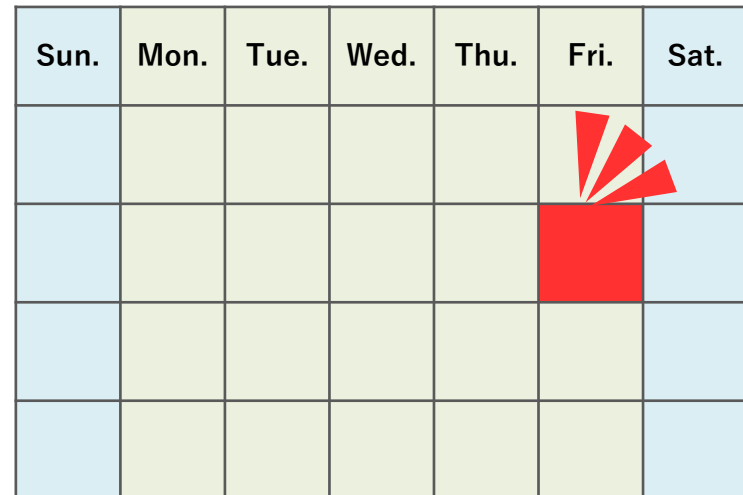
Three-day weekends



**36 designated holidays per year,
giving employees three-day weekends**

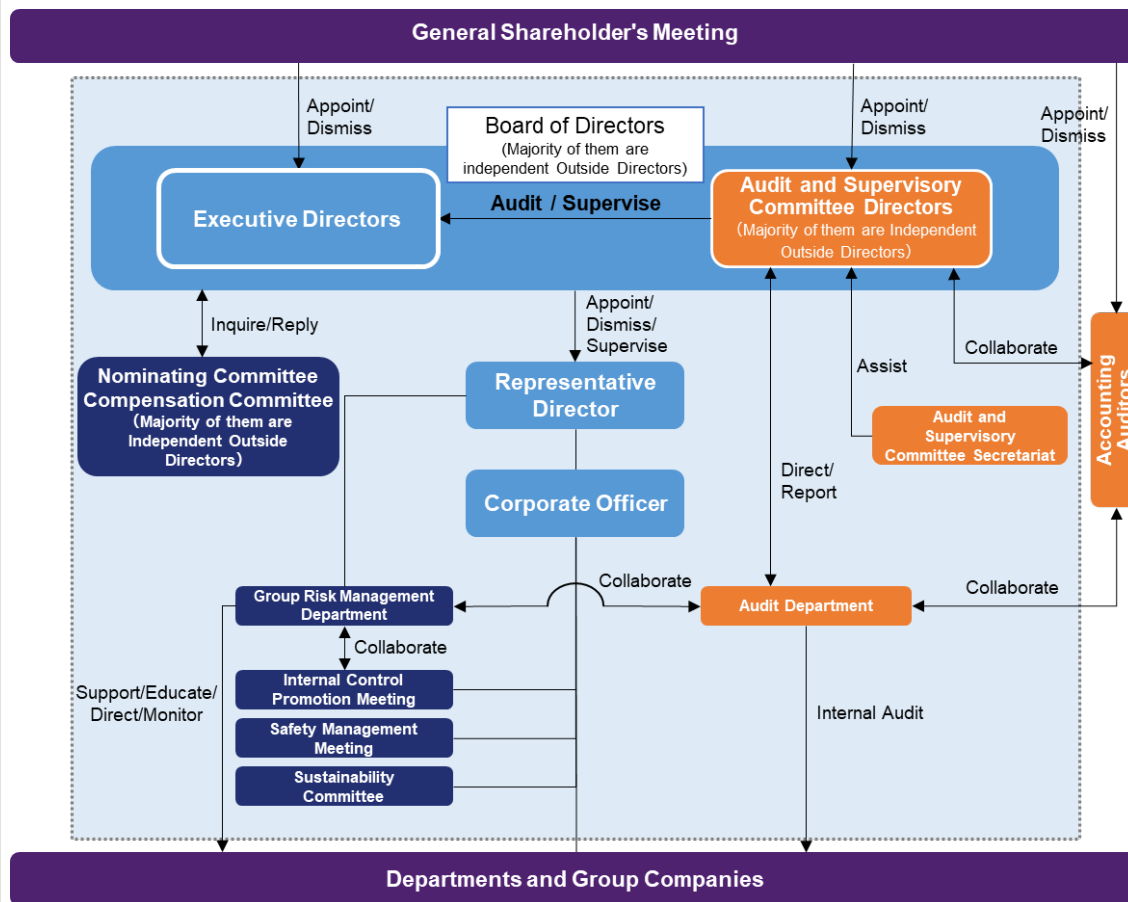
10 designated holidays per year

Sun.	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.



The diagram illustrates a model with 10 designated holidays per year. It features a calendar grid with columns for the days of the week: Sunday (Sun.), Monday (Mon.), Tuesday (Tue.), Wednesday (Wed.), Thursday (Thu.), Friday (Fri.), and Saturday (Sat.). A red fan-shaped icon is positioned above the Friday column, indicating that Friday is designated as a holiday.

**10 designated holidays per year
to enable flexible time off throughout
the year**



<Board of Directors>

The majority is an Independent Outside Director, consisting of two Executive Directors and five Audit and Supervisory Committee Directors, including four Independent Outside Directors, for a total of seven Directors (two females).

Evaluates the effectiveness every year and the results are available on our website.

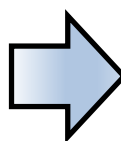
<Audit and Supervisory Committee>

Strengthen the supervisory function for business execution by attending the executive and management committee meetings of the Group companies and share their opinions from an independent point of view.

Appointed Head of Independent Outside Director to further strengthen cooperation between Independent Outside Directors and Executive Directors and to carry out smooth communication and coordination.

<Risk Management Structure>

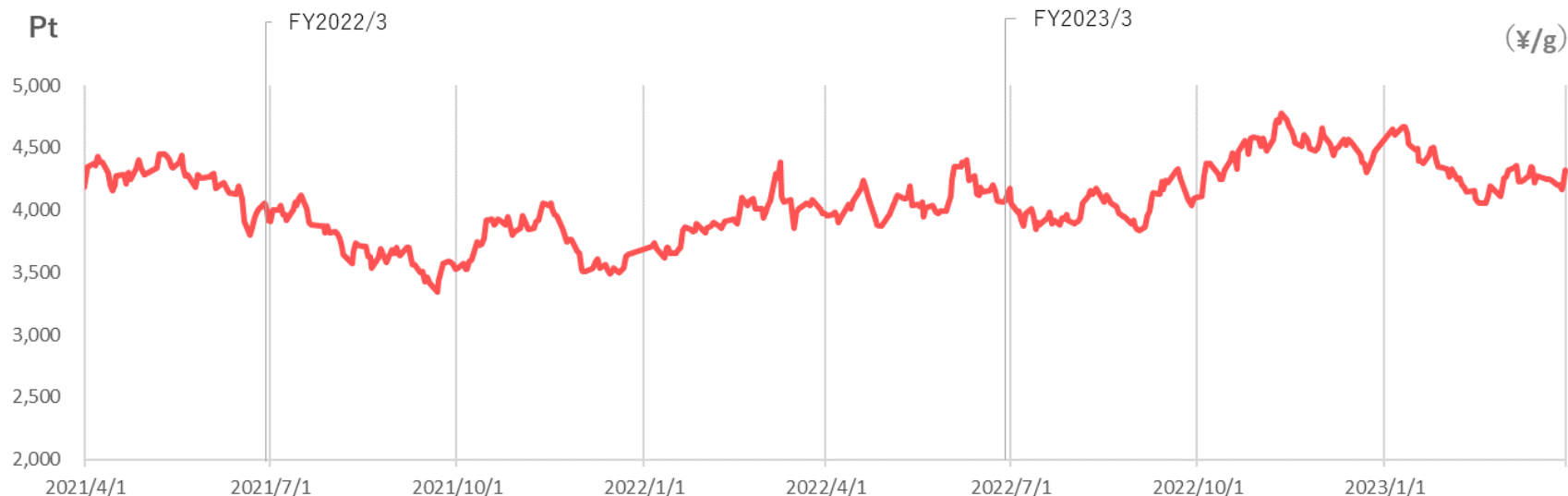
From a standpoint independent of the business unit, the Group Risk Management Department promotes risk management such as compliance risks.



Establishment of governance that allows the Board of Directors to take risks properly



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



Unit : Yen

Precious Metal Prices (per gram)	Q4 FY2022/3	Q4 FY2023/3	
	Average price for the period	Average price for the period	Change
Gold	7,028	8,058	1,030
Palladium	8,814	6,833	(1,981)
Platinum	3,921	4,307	386

◆Reference

Gold…Quote from mining company

Palladium …Nikkei low price

Platinum …retail price(exclude tax)