

ARE Holdings, Inc.

Financial Results for FY2023 and

Mid to Long Term Plan & Aspiration

April 26, 2024

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**

(April 1, 2023 ~ March 31, 2024)

II. **ARE Mid to Long Term Plan & Aspiration**

Overview of ARE mid long term Plan

Business environment surrounding ARE

Growth strategy

Precious Metal Recycling Business

North American Refining Business

Environmental Preservation Business

ESG

Sales Revenue		<p>¥322.3 bn (YoY +¥48.0 bn)</p> <p>Higher gold sales volume and sales price than the previous year. Growth in the North American refining business were the main reasons for the year-on-year increase.</p>
Operating Profit		<p>¥12.4 bn (YoY -¥3.9 bn)</p>
Impact of Palladium and Rhodium		<p>Rhodium prices fell approximately 40% from the end of the previous fiscal year, although prices have generally stabilized since July 2023.</p> <p>Palladium prices fell approximately 20% from the end of the previous fiscal year.</p>
Other factors		<p>Slow recovery in electronics and catalysts.</p> <p>Impairment loss of ¥0.8 bn due to decision to close Ehime Plant.</p>
Share Exchange	Current Status	<p>The share exchange between Japan Waste Corporation and Renuis Co., Ltd was completed on March 31, 2024.</p>
	Accounting	<p>Japan Waste has been deconsolidated and it has been classified as discontinued operations. Accordingly, discontinued operations have also been excluded from FY2022.</p> <p>Discontinued Operations:</p> <p>Sales Revenue ¥36.6 bn (¥20.4 bn of which is gain on share exchange)</p> <p>Income before income taxes ¥23.6 bn (¥20.4 bn of which is gain on share exchange)</p> <p>Net income ¥16.0 bn</p> <p>Renuis will become an equity-method affiliate from FY2024, and equity in earnings of affiliates will be included in operating income.</p>
Difference since February Earnings Forecast		<p>Higher gold prices, contribution from the North American refining business and the share exchange gain. As a result of these factors, sales and earnings were higher than previously forecasted.</p>

Precious Metals Business (Asahi Pretec Corp., ASAHI METALFINE, Inc., Asahi Refining)

In Japan, precious metal recycling in the jewelry sector was strong on the back of the elevated gold price, while that in the catalyst sector struggled due to weak yen. In North America, financial transactions such as trading and advance trading were strong, while product processing and sales shrank.

Business sector	Business environment
Dentistry	Despite the soaring gold prices, collection declined due to market shrinkage caused by switch of materials and leveling off of campaign-driven special demand.
Jewelry	Collection grew to about 1.6 times the previous year due to the increased trading in the recycling market to take advantage of the ongoing high gold prices.
Catalyst	Collection decreased in Japan due to weak yen and a decline in the market price. Overseas, collection from some catalyst manufacturers in East Asia decreased.
Electronic	Collection fell despite continued robust AI-related and EV demand, due to the weak consumer demand resulting from the weakness in the Chinese market.
Refining Business in North America	Financial transactions such as trading and advance trading were strong, while product processing and sales shrank.

Environmental Preservation Business (Japan Waste Corporation)

Handling volume of waste reagents grew further since 3Q due to withdrawals of competitors. Handling volume of medical waste showed an increasing trend excluding COVID-19-related orders in the previous year. Handling volume of liquid waste grew year on year due to spot transactions. Handling volume of sludge and wood waste fell due to the business conversion of the Yokohama Plant.

Items	Business environment
Liquid waste	Although there are signs of a turnaround in semiconductor demand, volume decreased in Q4.
Waste reagents	Handling volume rose further due to withdrawals of other companies in the industry that started in Q3.
Medical waste	Overall handling volume increased, while the previous year's spike in demand related to COVID-19 levelled off.
Waste plastics	Handling volume decreased due to demand increase of cement related alternative fuel continuing from Q2.
Other	Overall handling volume of sludge and wood waste fell due to the business conversion of the Yokohama Plant.

Unit : billion yen

	FY2022	FY2023		FY2024	
	Results	Results	YoY Change	Revised Forcasst	YoY Change
Revenue	274.2	322.3	48.0	370.0	47.7
Operating profit	16.3	12.4	(3.9)	18.0	5.6
Ratio	5.9%	3.8%	(2.1%)	4.9%	1.0%
Profit before tax	12.6	12.4	(0.2)	17.6	5.2
Profit※1	10.9	24.5	13.6	13.1	(11.4)
Capex	4.9	8.5	3.5	12.9	4.4
Depreciation	3.3	3.6	0.3	3.1	(0.5)

※1 Profit attributable to owners of parent

Precious metals recycling business (Japan and Asia)

FY2023 Results

As collection amount from jewelry sector increased, gold sales volume and prices also increased. On the other hand, there is a prolonged stagnation in the catalyst and electronics sectors, and it is being impacted by the decline in the prices of palladium and rhodium.

➔ Increase in revenue and decrease in profit

North American refining business

FY2023 Results

Refining fee, trading and advance trading fee increased. On the other hand, due to a decrease in demand, product sales and processing have declined.

➔ Increase in revenue and profit

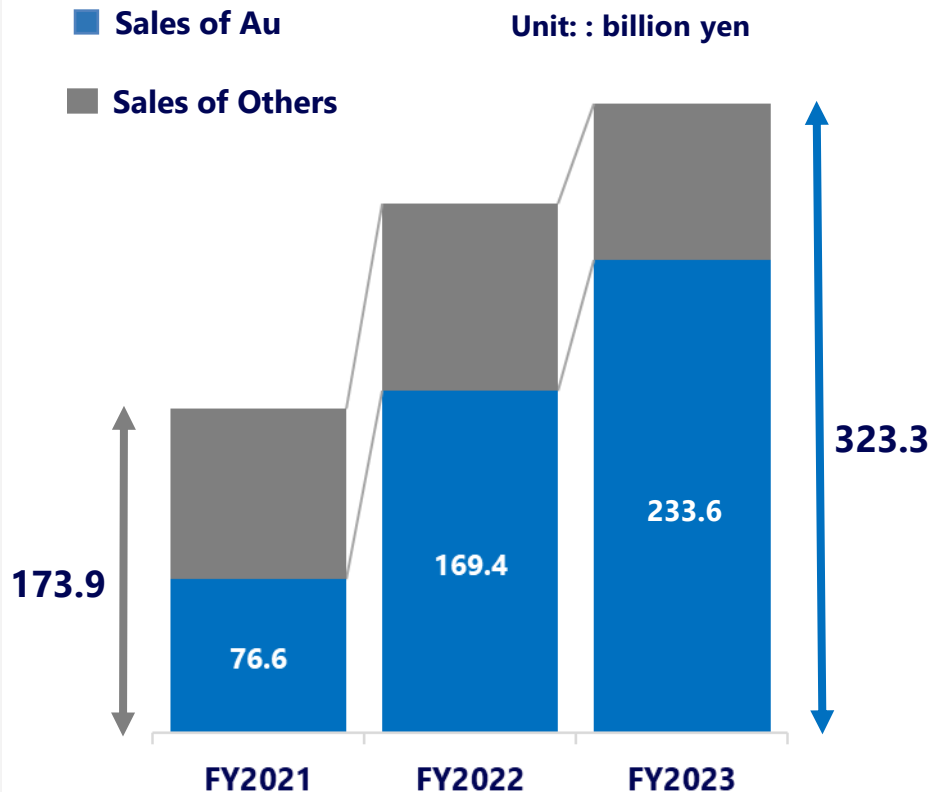
[Unit: billion yen]

Precious Metals	FY2022	FY2023		FY2024	
	Results*	Results	YoY Change	Forecast	YoY Change
Revenue	274.2	322.2	48.0	370.0	47.8
Operating Profit	17.2	12.7	(4.5)	16.0	3.3
Ratio	6.3%	3.9%	(2.3%)	4.3%	0.4%

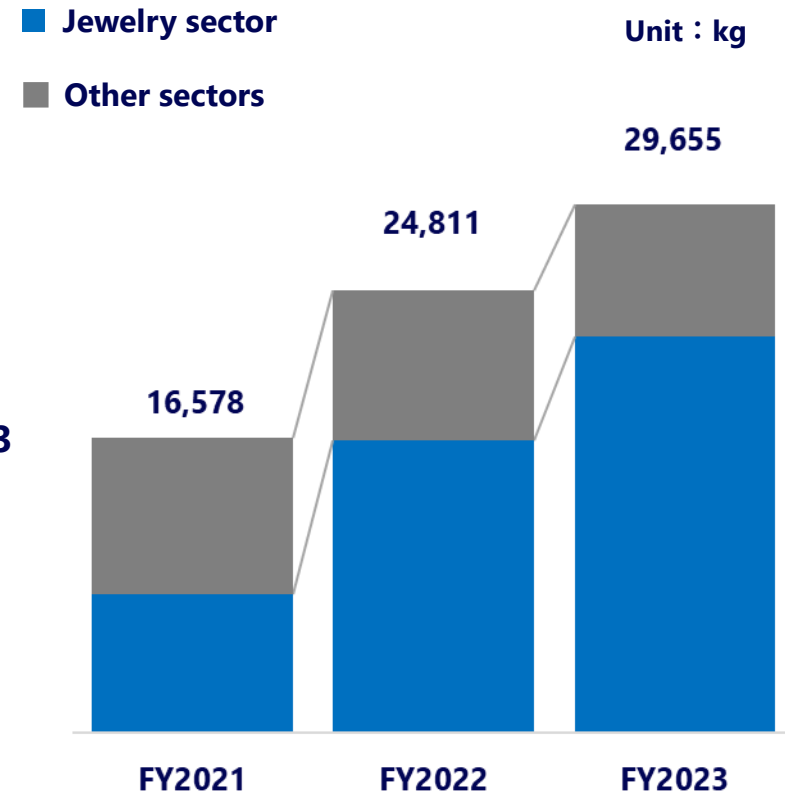
*The actual achievement in FY2022 was processed retroactively due to the changes in Segment Accounting Standard which became effective since FY 2023

- Gold share in revenue is increasing on YoY because both collection amount and selling price increased.

Breakdown of revenues*

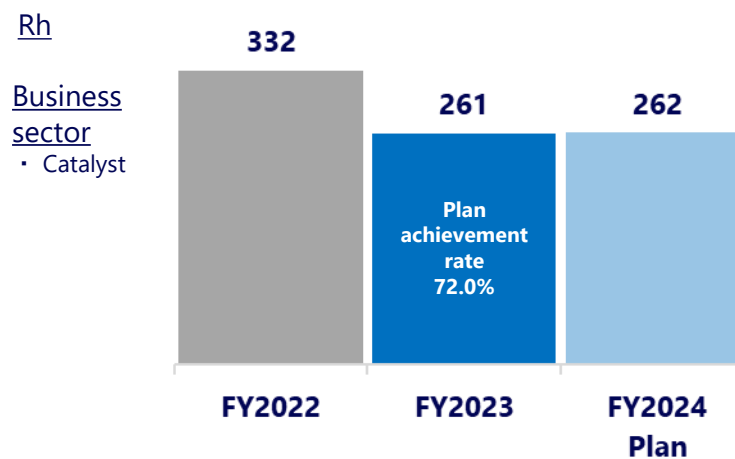
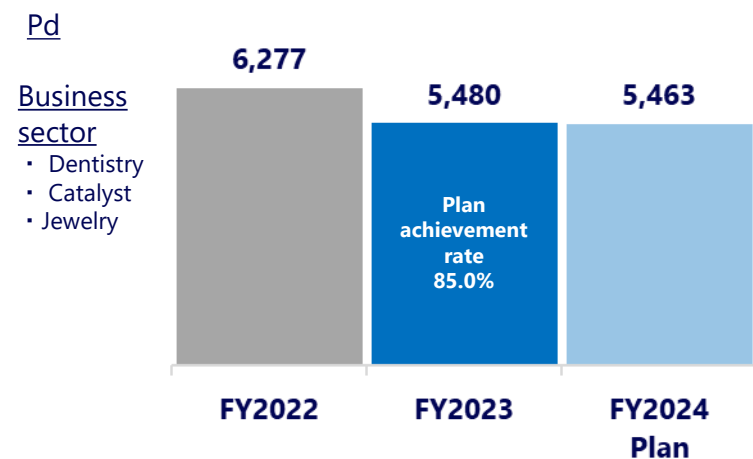
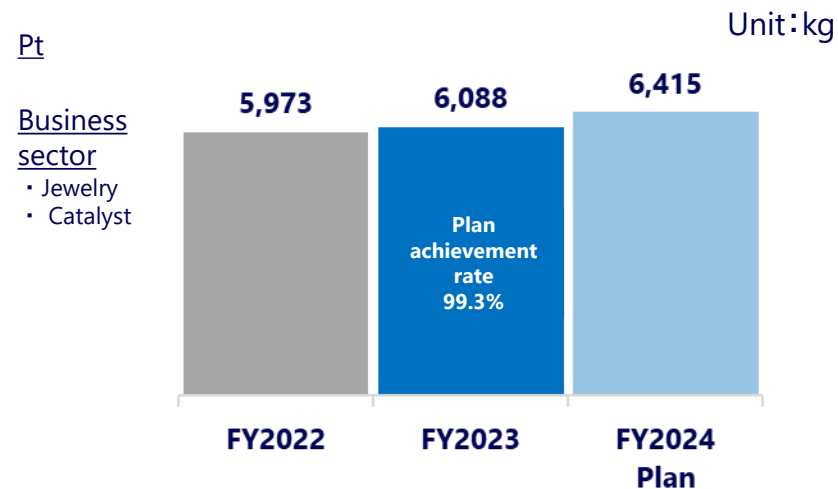
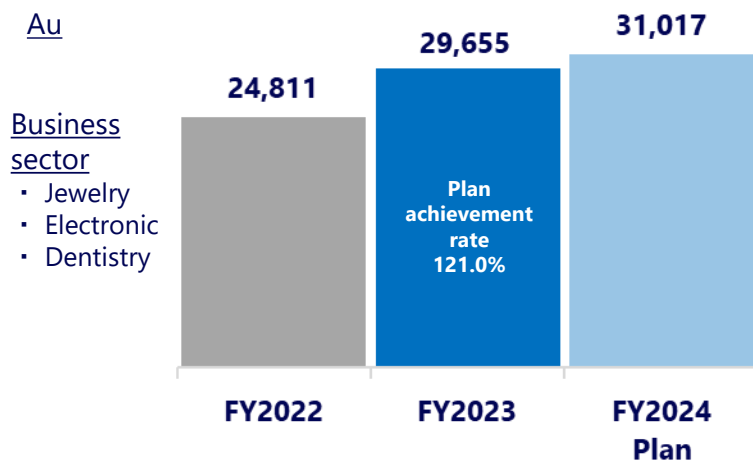


Breakdown of Au collected



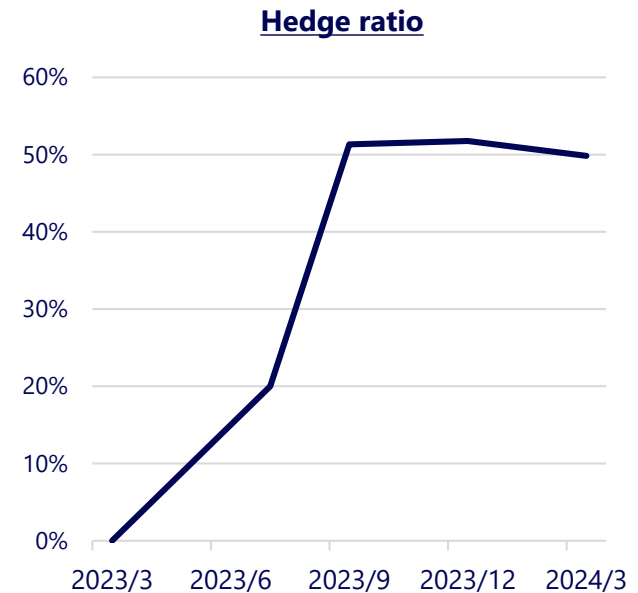
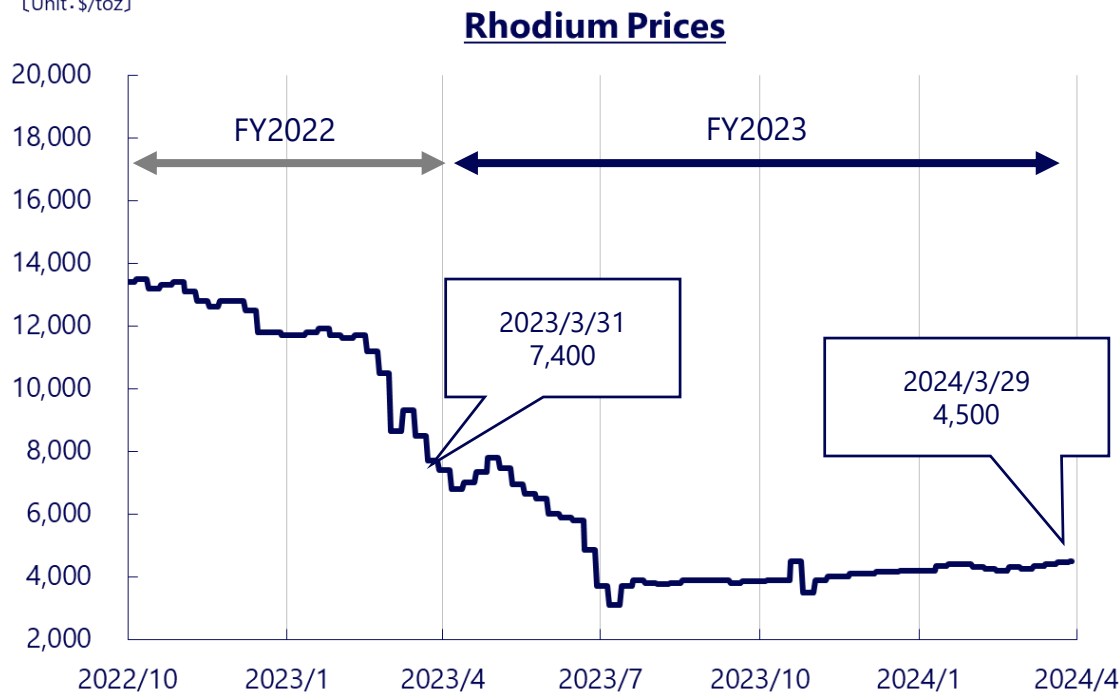
*FY2021 and FY2022 reflected exclusion of Japan Waste Corporation.

- Gold collections increased due to increase the volume in the market as a result of soaring prices and the reinforcement of the production system at the Bando Plant as part of our green gold strategy.
- Collection amount of palladium decreased mainly from catalyst sector.



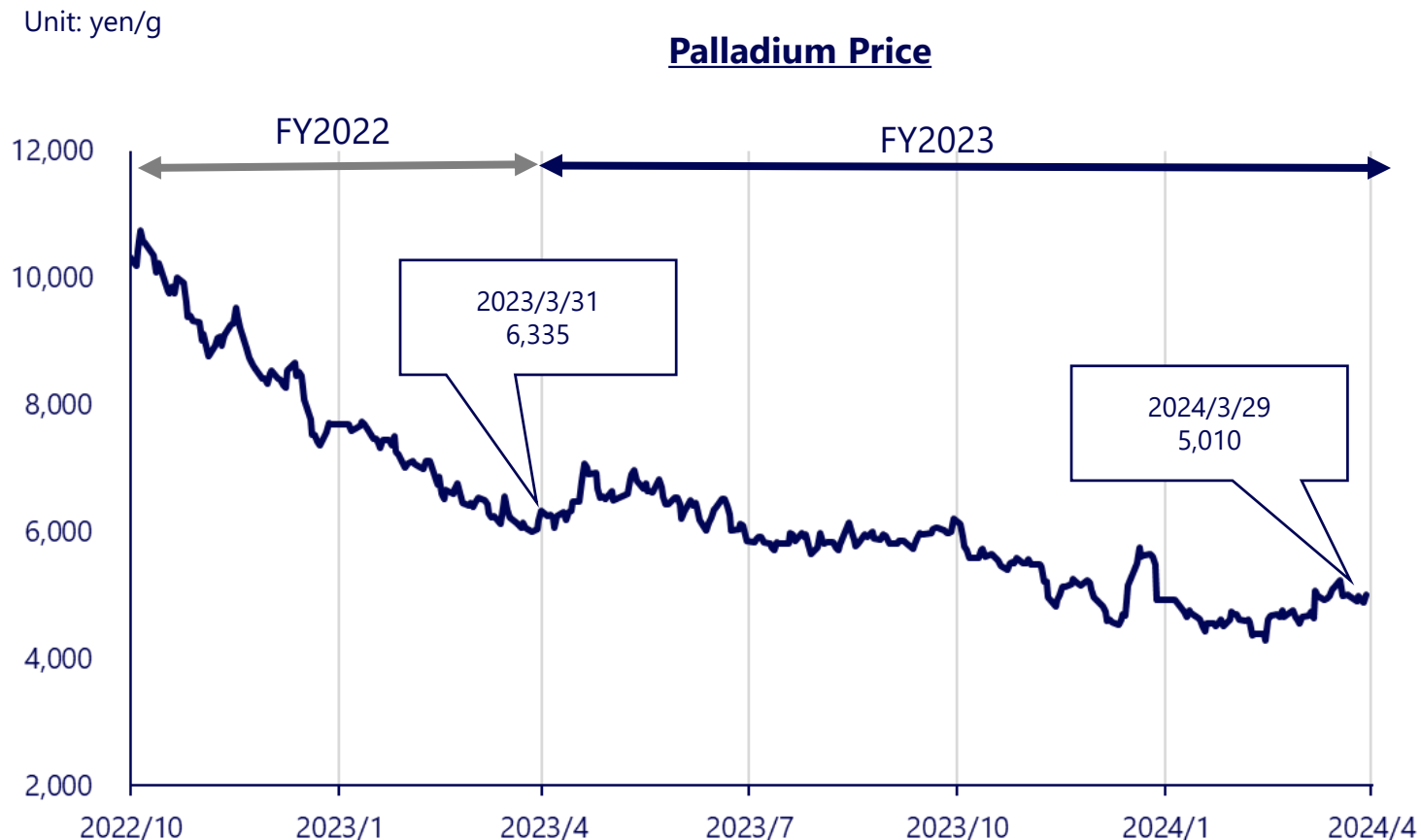
- Rhodium prices fell in Q1 but stopped falling in Q2 and remained stable thereafter.
- On the other hand ,rhodium price fell About 40% from the end of December 2022 and YoY is approximately ¥2.7 billion which is the negative impact.
- The hedging ratio has reached 50 % of the total handling volume as planned.

[Unit: \$/toz]



※Ref: Metals Week NY Dealer Prices

- Palladium prices have been declining throughout the last 18 months, and 20% declined against the end of March 2023.
- The decline in the price of palladium and a decrease in the volume of palladium collected contributed to a decrease in profit of approximately 4.5 billion yen for FY 2023 compared with the previous fiscal year.



※ref: Nikkei low price

Environmental Preservation Business

FY 2023

Although the volume of industrial waste handled and the utilization rate of treatment facilities remained stable, the business was affected by a change in the treatment of new coronavirus infections under the Infectious Disease Control Law, a decline in the unit price of medical waste, and a business conversion (discontinuation of existing business) due to the construction of a new incinerator at the Yokohama Plant.

Following the share exchange, Japan Waste's business is classified as a discontinued operation and is excluded from the Company's revenue and operating income. The difference of 20.4 billion yen between the fair value of Renatus and the book value of Japan Waste is recorded as a gain on exchange of shares in income from discontinued operations and income before income taxes. The difference represents the results of Japan Waste.

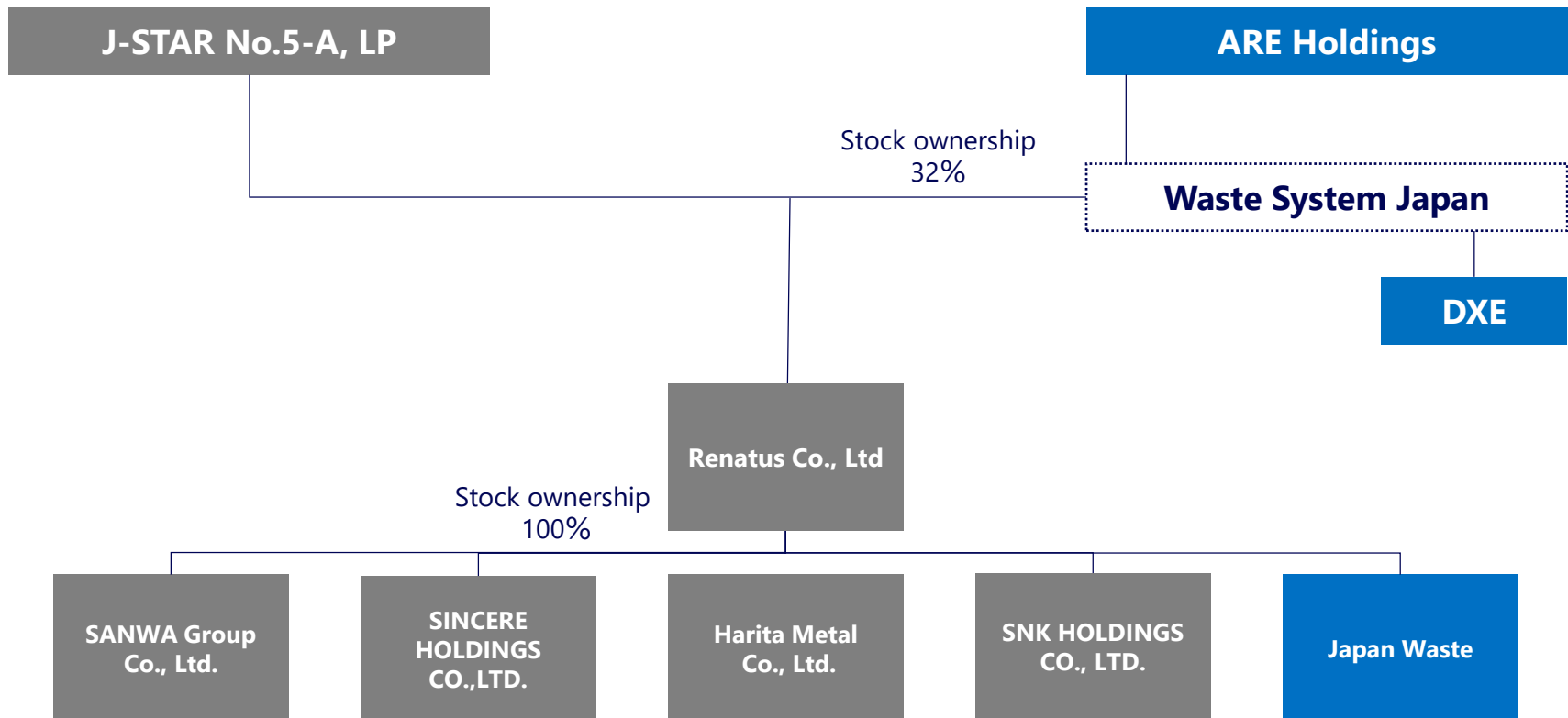
FY 2024

Japan Waste is deconsolidated as it is no longer a subsidiary of the Company. On the other hand, since Renatus has become an equity method affiliate of the Company, the Company plans to record its share of Renatus' net income (32%) as equity in earnings of affiliates in the Company's operating income.

[Unit: billion yen]

Discontinued operation	FY2022	FY2023			
	Results ①	Results ②	Share exchange profit ③	Performance of Japan Waste ②-③	YoY ②-③-①
Revenue	18.7	36.6	20.4	16.3	(2.5)
Profit before tax	3.4	23.6	20.4	3.3	(0.1)

- The share exchange between Japan Waste Corporation and Renatus Co., Ltd was completed on March 31, 2024.
- Aiming for IPO as Renatus in the future.



Ownership structure within the ARE Group is planned

Unit : billion yen

	Mar 31, 2023	Mar 31, 2024	Change	Remarks
Current Assets	238.4	253.8	15.4	
Trade receivables	154.0	155.3	1.2	The greater part of the balance and changes are receivables that constitute borrowings to match metal procurement in North American business.
Inventories	40.9	33.9	(7.0)	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 in principle, precious metals prices are hedged at the time of purchase.
Others	43.5	64.6	21.2	
Non-current assets	49.1	64.2	15.2	
Total Assets	287.4	318.0	30.5	
Liabilities	180.5	191.5	11.0	
Bonds and loans	144.4	141.2	(3.2)	Borrowings for Advance Trading in North American business constitute a large percentage. Risks associated with price fluctuations and bad debts are extremely 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	36.1	50.4	14.2	
Capitals	107.0	126.5	19.5	
Total equity and liabilities	287.4	318.0	30.5	

Unit : billion yen

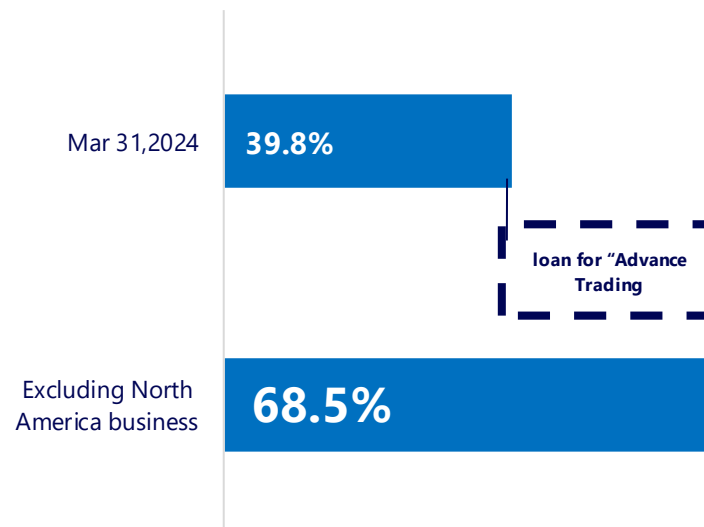
	FY2023	Remarks
Operating CF	12.6	
Changes in inventories	6.6	The greater part of the changes is the collected raw materials that contain precious materials, works-in-progress and finished products in precious metals recycling business. Risks associated with price fluctuations and quality deterioration remain limited because raw materials are purchased after the precious metal content is analyzed and in principle, the precious metals prices are hedged on the futures market at the time of the purchase.
Changes in trade and other receivables	13.6	Of the increase/decrease amount, 12.9 billion yen reflects the increase/decrease in receivables commensurate with borrowings for advance delivery transactions, etc. in the North American business. Risks associated with price fluctuations and bad debts are extremely limited because bullion for Advance Trading in North American business is procured through borrowing after receiving raw materials and precious metal prices are hedged according to the repayment date.
Changes in trade and other payables	(13.6)	Of the increase/decrease amount, 14.3 billion yen reflects the increase/decrease in borrowings for Advance Trading in the North American business. Of the increase/decrease amount in borrowings for Advance Trading in the North American business is shown not as CF from financing activities but as increase/decrease in trade receivables in CF from operating activities.
Others	6.1	
Investment CF	(28.7)	Payments for loans receivable 19.6 billion yen
Financing CF	7.1	
Changes in loans and bonds	14.3	
Dividends	(6.9)	
Others	(0.3)	
Effect of exchange rate change on cash and cash equivalents	(2.0)	
Changes in cash deposits	(11.1)	

Financial Position

Unit : billion yen

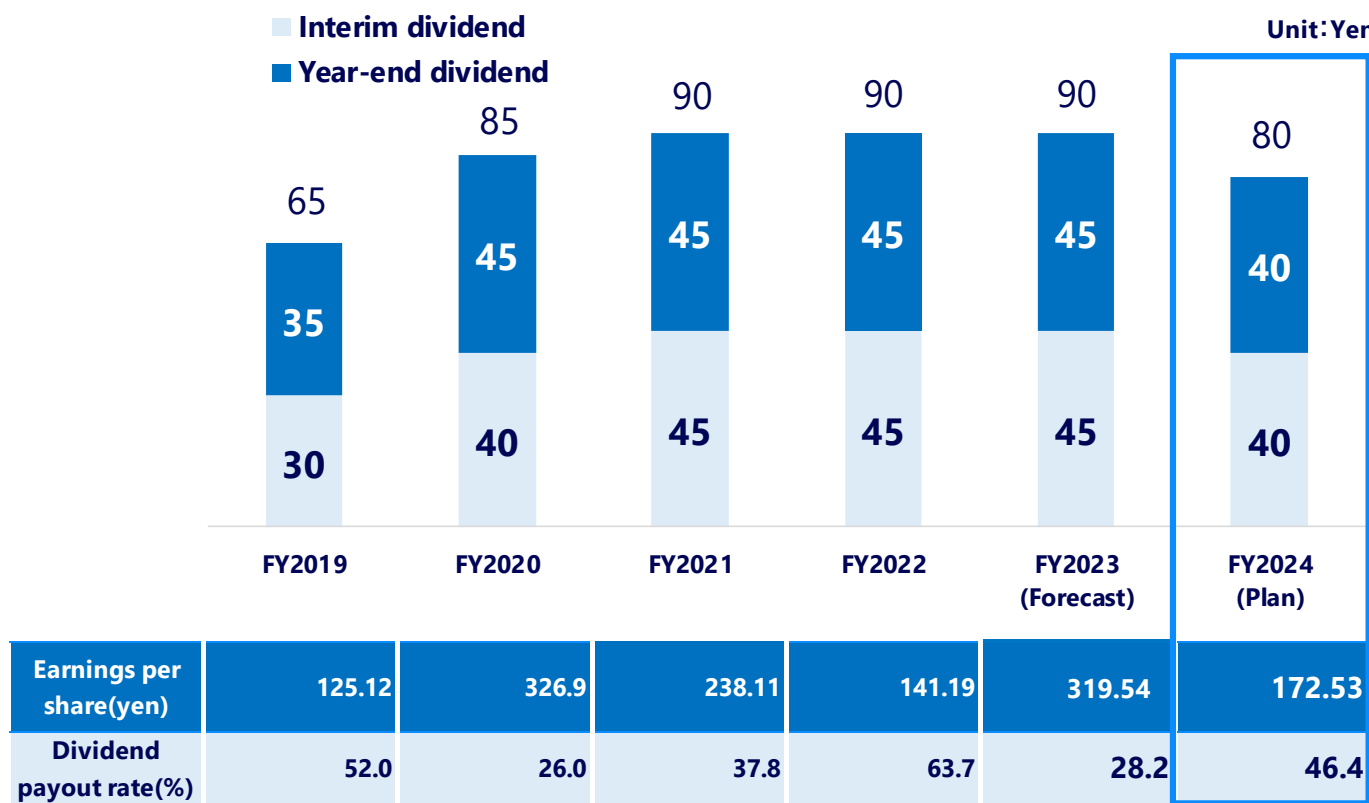
	Mar 31, 2024	Excluding North America business
Current Assets	253.8	120.6
Non-current assets	64.2	64.2
Total Assets	318.0	184.8
Liabilities	191.5	58.3
Capitals	126.5	126.5
Total equity and liabilities	318.0	184.8

Equity Ratio



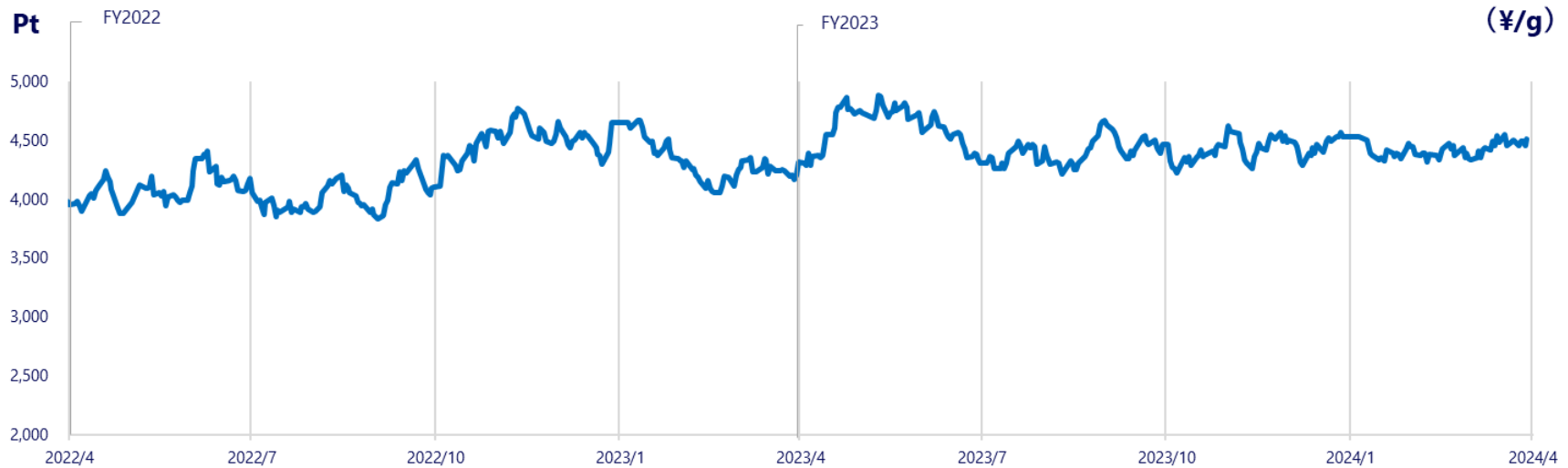
- The greater part of the current assets are advance trading related receivables which is based on refining contracts in North America. These assets are safe backed by real gold.
- Ability to raise funds necessary for business expansion at competitive rates.
- Equity ratio is 68.5% which is sound if excluding North America business.

- The annual dividend for FY2023 will be 90 yen per share, and the payout ratio will be 28.2%, but this is due to the impact of the share exchange gain, and operating income is expected to be 12.4 billion yen.
- For FY2024, the annual dividend is planned to be 80 yen per share, while share repurchase (up to 1 billion yen or 650 thousand shares) is planned, and the total return ratio is expected to be 54.0%.



※1:2 stock split was implemented on April 1, 2021, and dividends per share and earnings per share until FY2021/3 are calculated based the post-split basis





Unit: Yen

Precious Metal Prices (per gram)	Q4 FY2022	Q4 FY2023	
	Average price for the period	Average price for the period	Change
Gold	8,058	9,920	1,862
Palladium	6,833	4,717	(2,116)
Platinum	4,307	4,415	108

◆ Reference

Gold...Quote from mining company

Palladium ...Nikkei low price

Platinum ...retail price(exclude tax)c

I. Financial Results for FY2023

(April 1, 2023 ~ March 31, 2024)

II. ARE Mid to Long Term Plan & Aspiration

Overview of ARE mid long term Plan

Business environment surrounding ARE

Growth strategy

Precious Metal Recycling Business

North American Refining Business

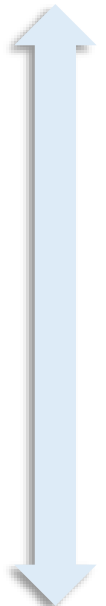
Environmental Preservation Business

ESG

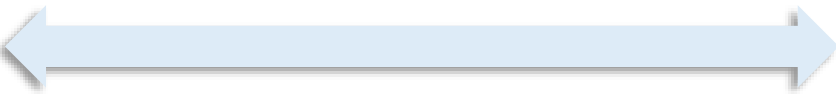
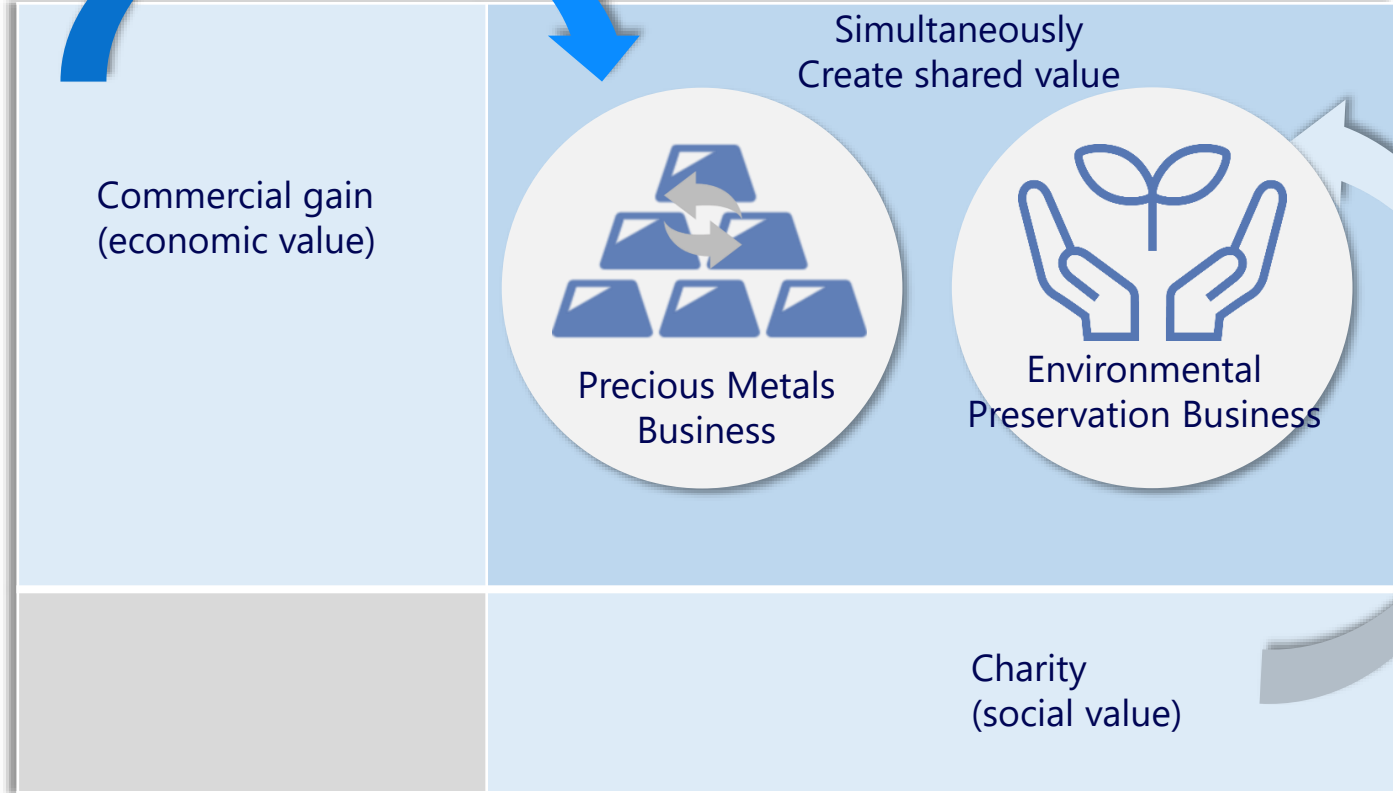
Purpose:
Totally Committed to Protecting the Natural
Environment and Preserving

Seek shareholder
values

High



Low



High

Contribute to solving social
challenges

Social issues

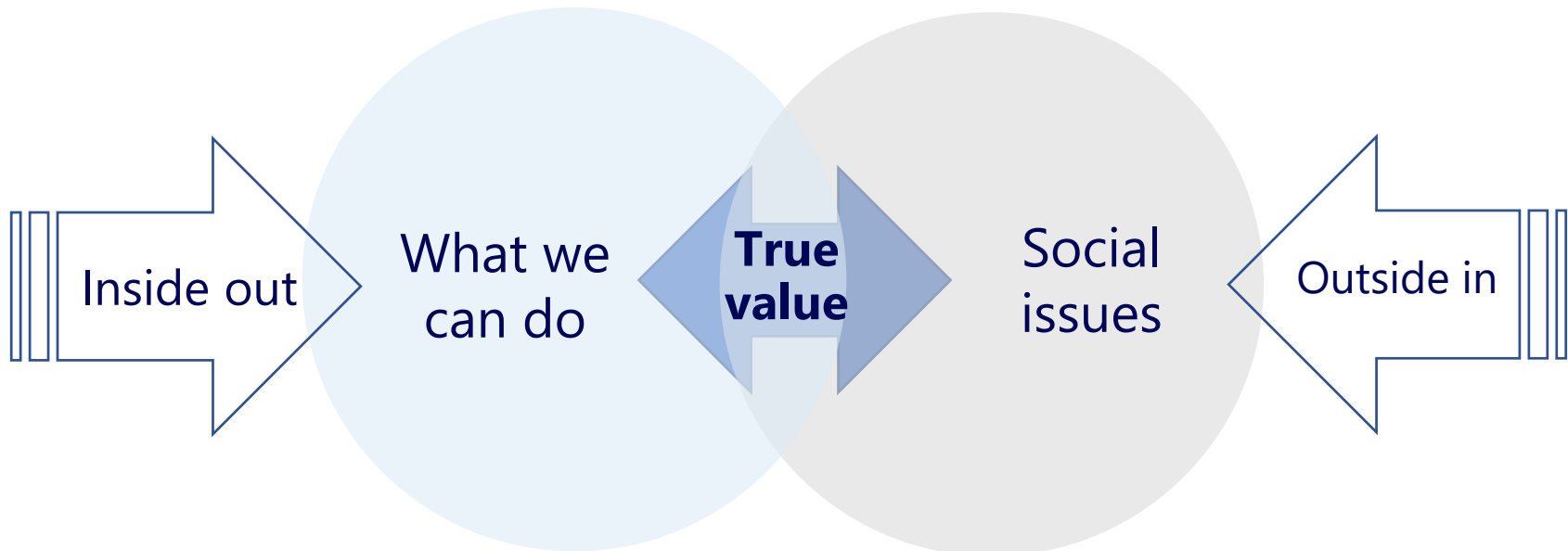
Promptly and simultaneously
achieve circular economy and
carbon neutrality

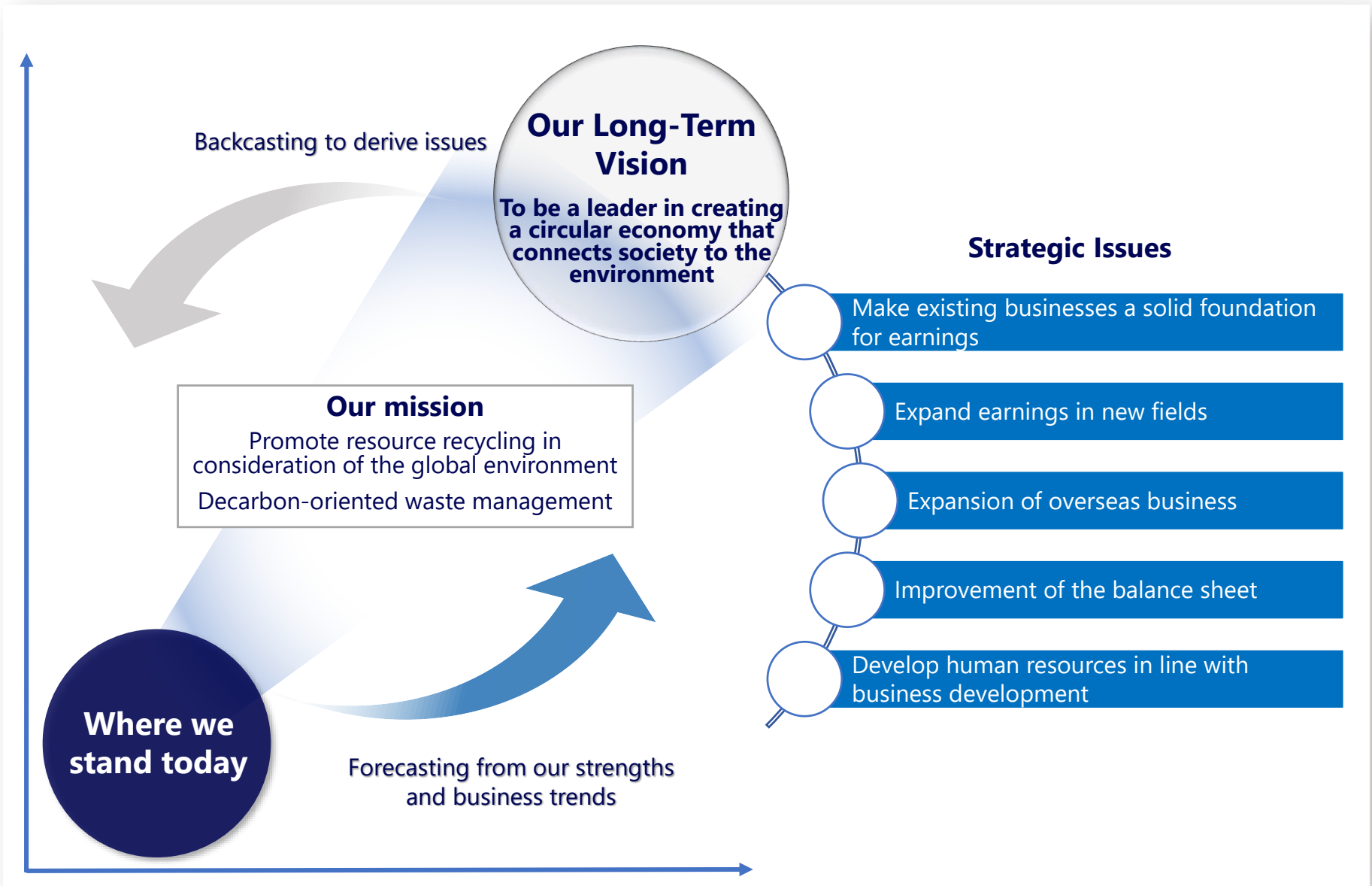
Industry issues

Create large-scale solutions
for social issues incl.
digitalization jointly with
industry peers and between
the artery and vein of
industries

Human issues

Empathy and engagement to
solve social issues and to
grow business; embark on
activities that contribute to
society





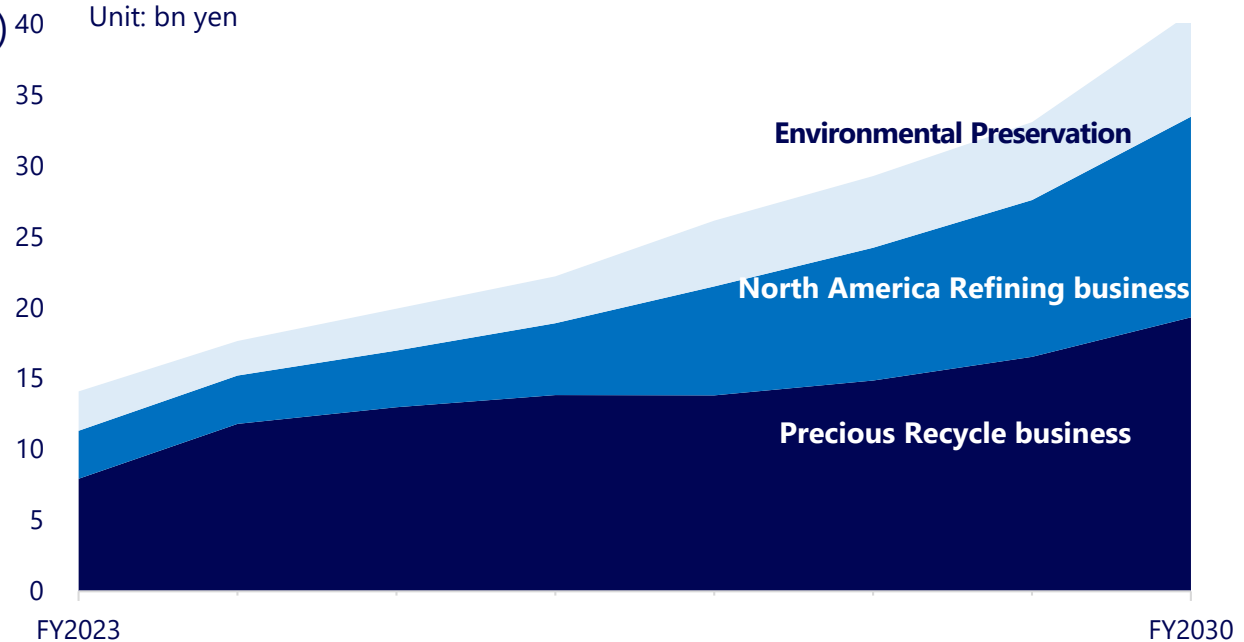
(Revenue and Operating profit)

Unit: bn yen

	FY2023	FY2024	FY2030
	Results	Forecast	Goals
Revenue	322.3	370.0	540.0
Operating Profit	12.4	18.0	38.0

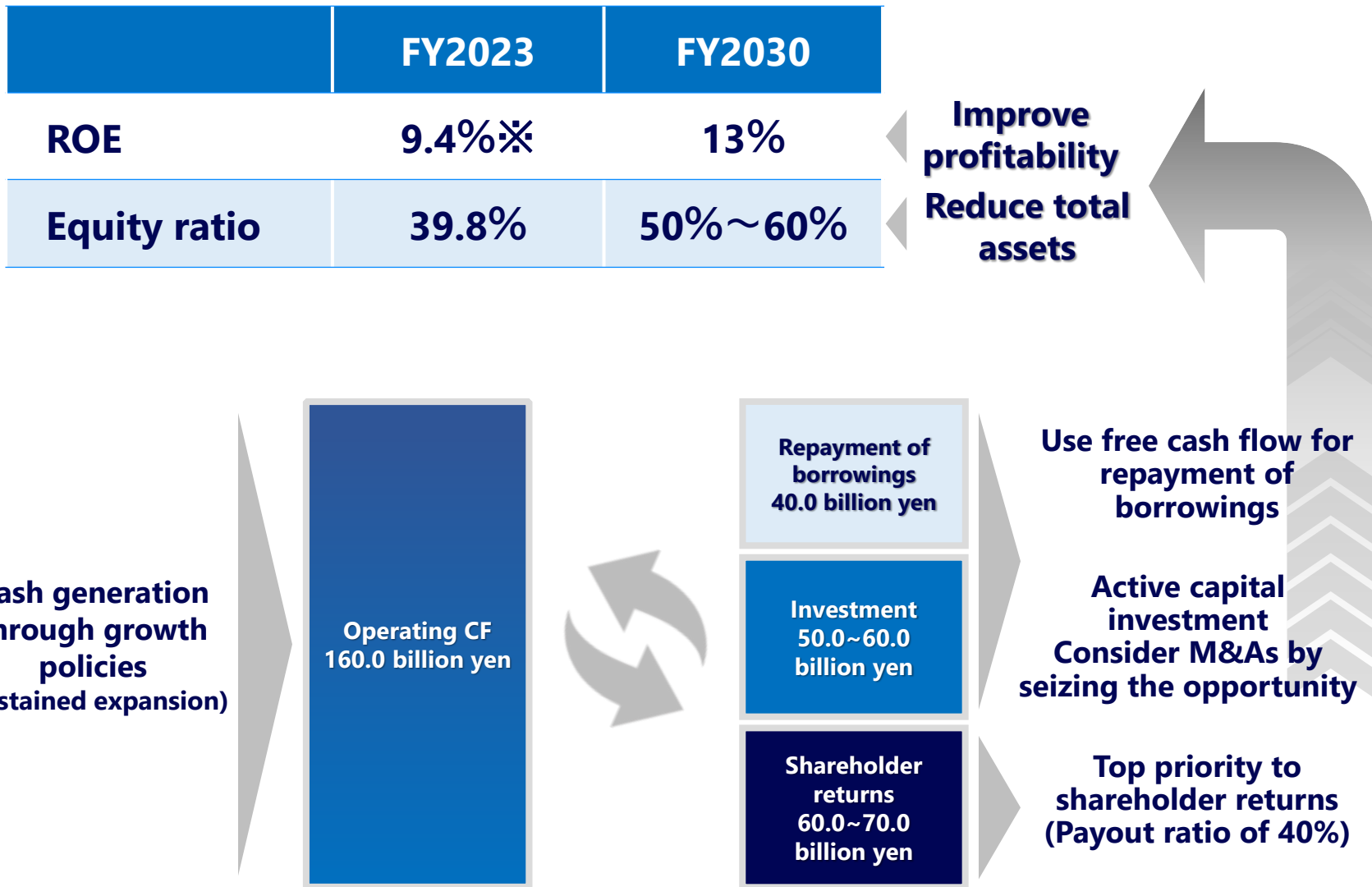
(Operating profit trend)

Unit: bn yen

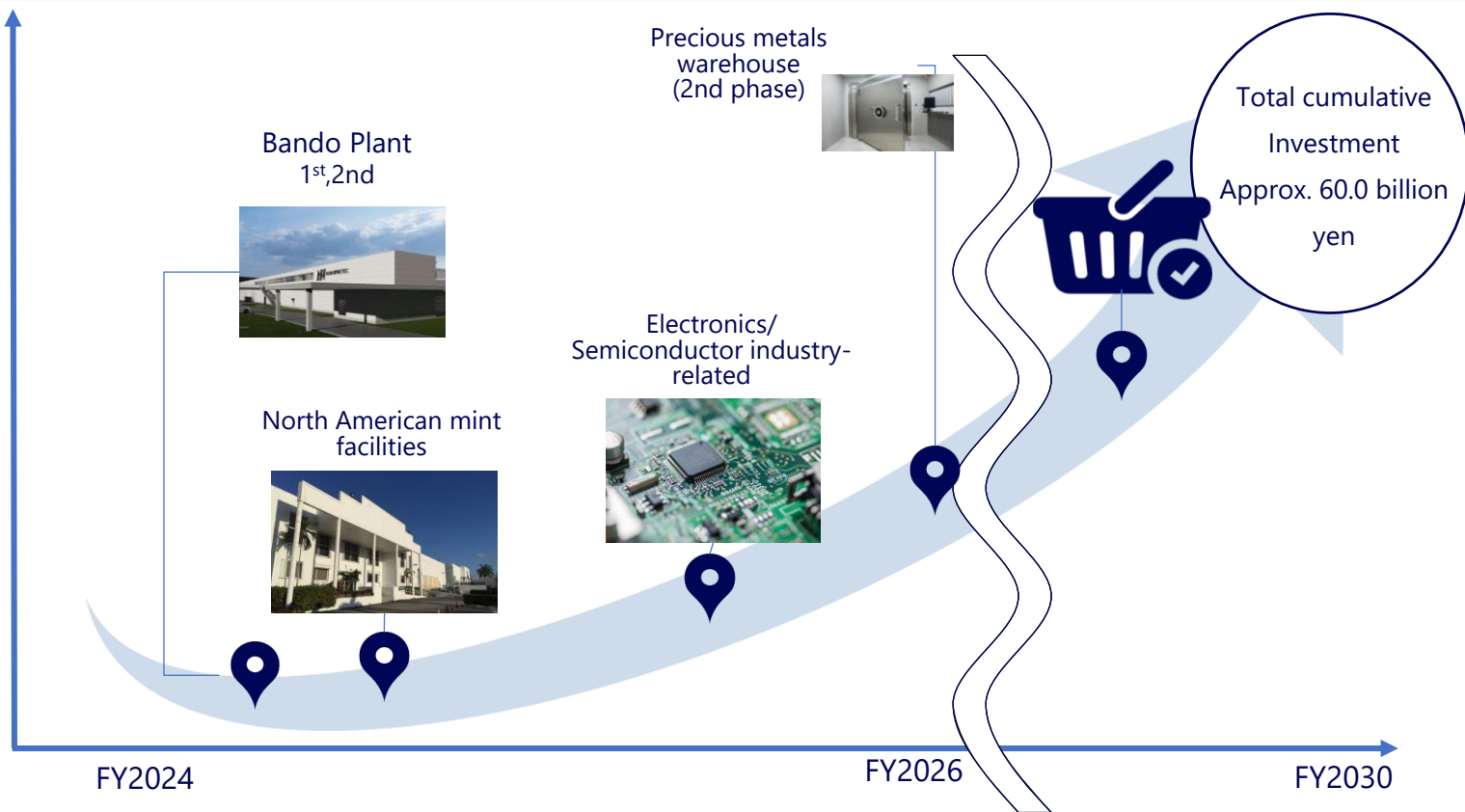


(Assumptions)

Gold	Palladium	Platinum	Rhodium
11,800 yen/g	5,000 yen/g	4,700 yen/g	4,600 \$/toz



ROE: Calculated by excluding the effect of share exchange gain.



	FY2024	FY2025	FY2026	Total
Precious Metals	12.9	8.6	9.0	30.5
Domestic	6.9	5.2	2.0	14.0
Overseas	6.0	3.4	7.1	16.5
Depreciation	2.5	3.4	4.1	10.0

Unit:bn yen

Basic policy:

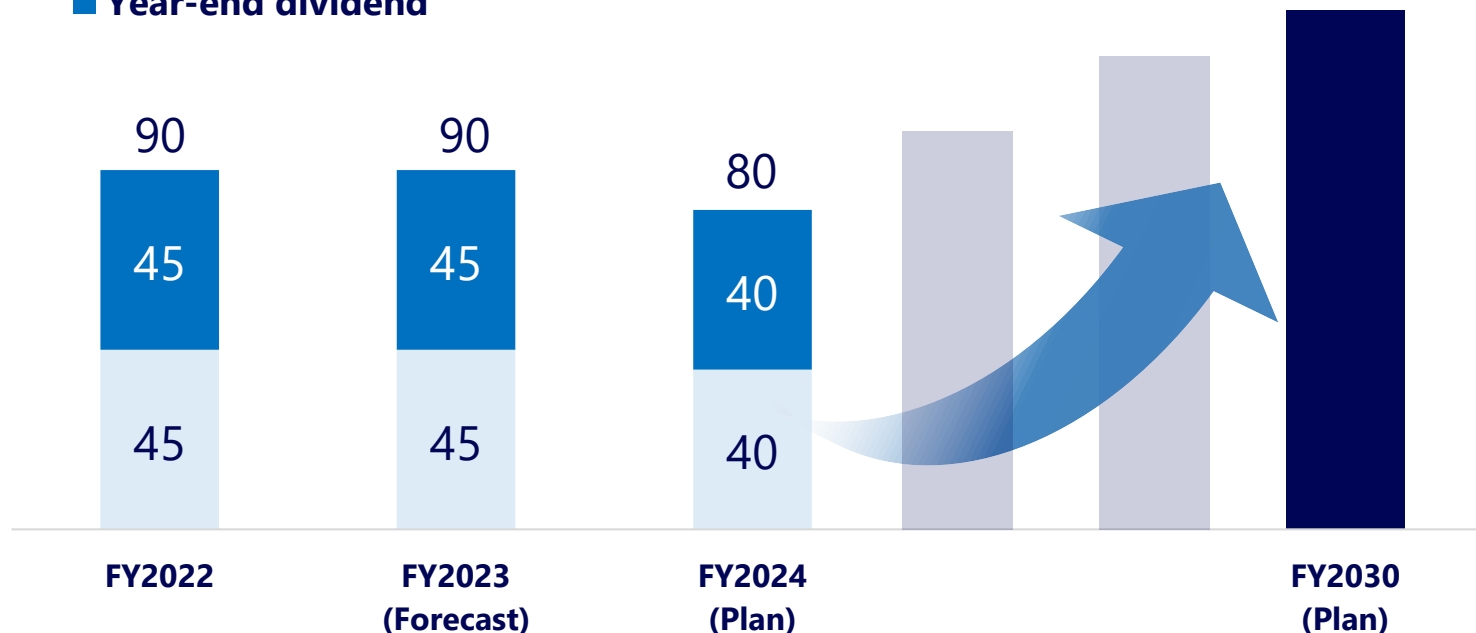
We aim to maintain a dividend payout ratio of approximately 40%, while retaining sufficient internal reserves for capital investment and M&A for future growth. In addition, we will consider the acquisition of own shares while monitoring financial results, cash position, and share price conditions.

FY2024:

We plan to pay an annual dividend of 80 yen per share (payout ratio 46.4%) in FY2024. The total return ratio* is expected to be 54.0%.

Unit:yen

- Interim dividend
- Year-end dividend



*This estimate includes dividends for FY2024 and planned own share acquisition amount (up to 1 billion yen).

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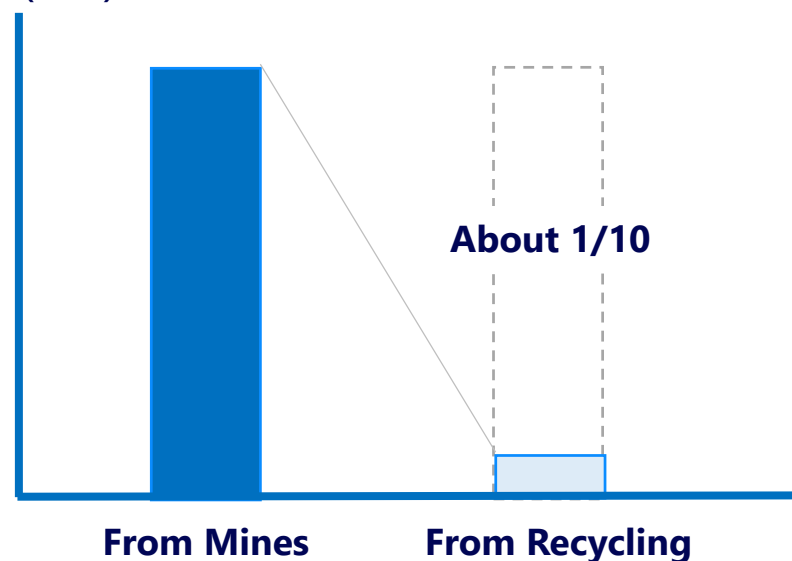
ESG

- Japan : “Proposed Act on Advancement of Recycling Business, etc. for Promotion of Resources Recycling” (MOE)
“Growth-Oriented, Resource-Autonomous Circular Economy Strategy” (METI) ▶ Circular Partners Launch
- Global trend: Environmental concerns (CO₂ emissions, etc.) of jewelry brands, etc. and the spread of recycling premiums

Company	Commitments
Tiffany	- Use 50% or more recycled precious metal materials by 2025
Apple	- Aim to manufacture products using only recycled or recyclable materials - Eight products were made of 20% or more recycled materials as of 2021; promoting the use of recycled materials for 14 items that account for 90% of products (18% of materials used were recycled materials as of 2021)
Microsoft	- Aim to have zero waste by 2030 and to make their devices 100% recyclable by 2030
BMW	- Announced the use of plastics made of approx. 30% recycled materials from fishing equipment for the interiors/exterior of their new model, Neue Klasse, scheduled to be launched in 2025

CO₂ emissions from gold collection

(t-Co2)

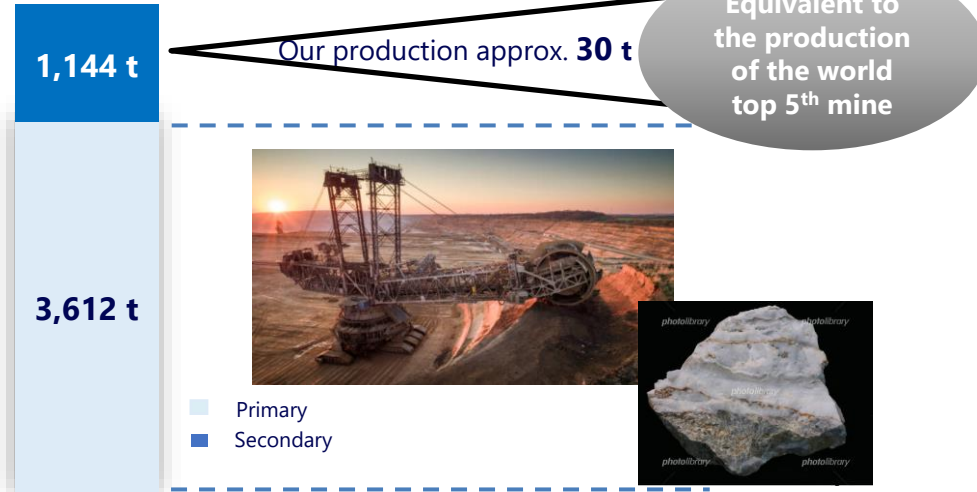


- From jewelry to other industries
- From gold to other resources



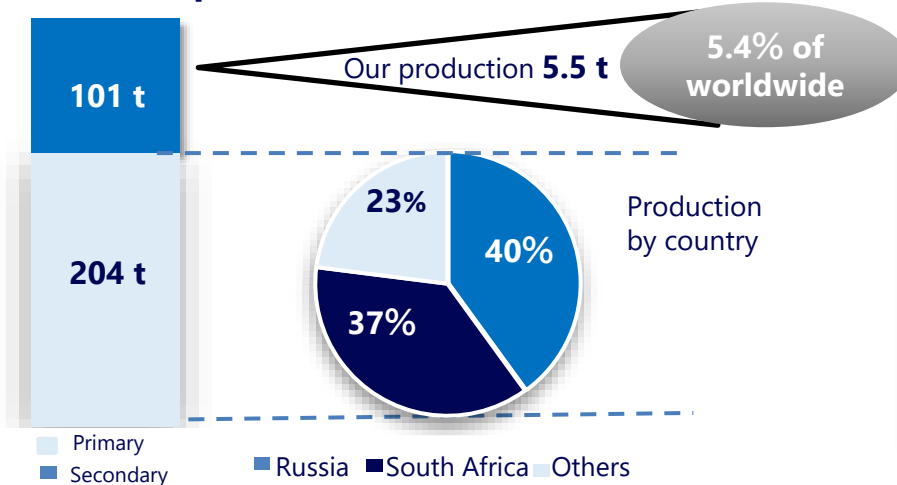
Growing consensus on recycled value

Gold production

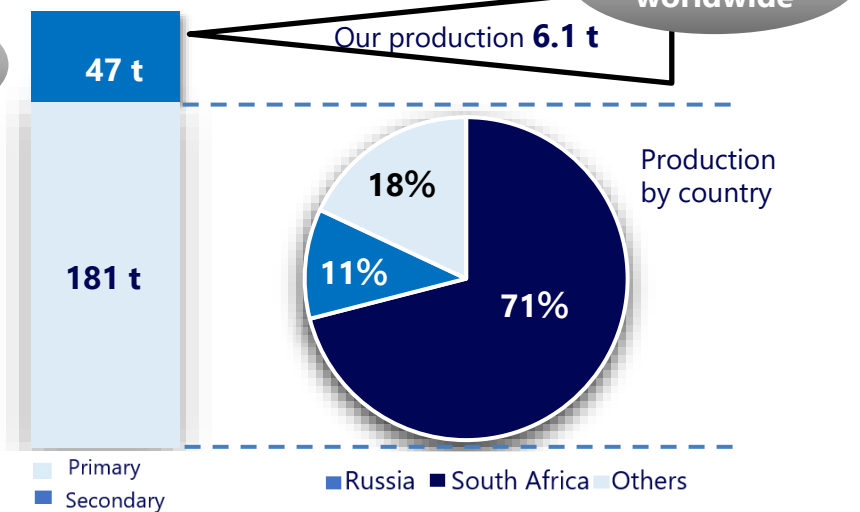


1	Muruntau	60.5トン
2	Gasberg	55.9トン
3	Carlin	48.9トン
4	Olimpiada	32.5トン
5	Boddington	24.8トン
6	Cortez	23.8トン
7	Kibali	23.3トン
8	Pueblo Vjejo	22.2トン
9	Lihir	21.8トン
10	Detour Lake	21.8トン

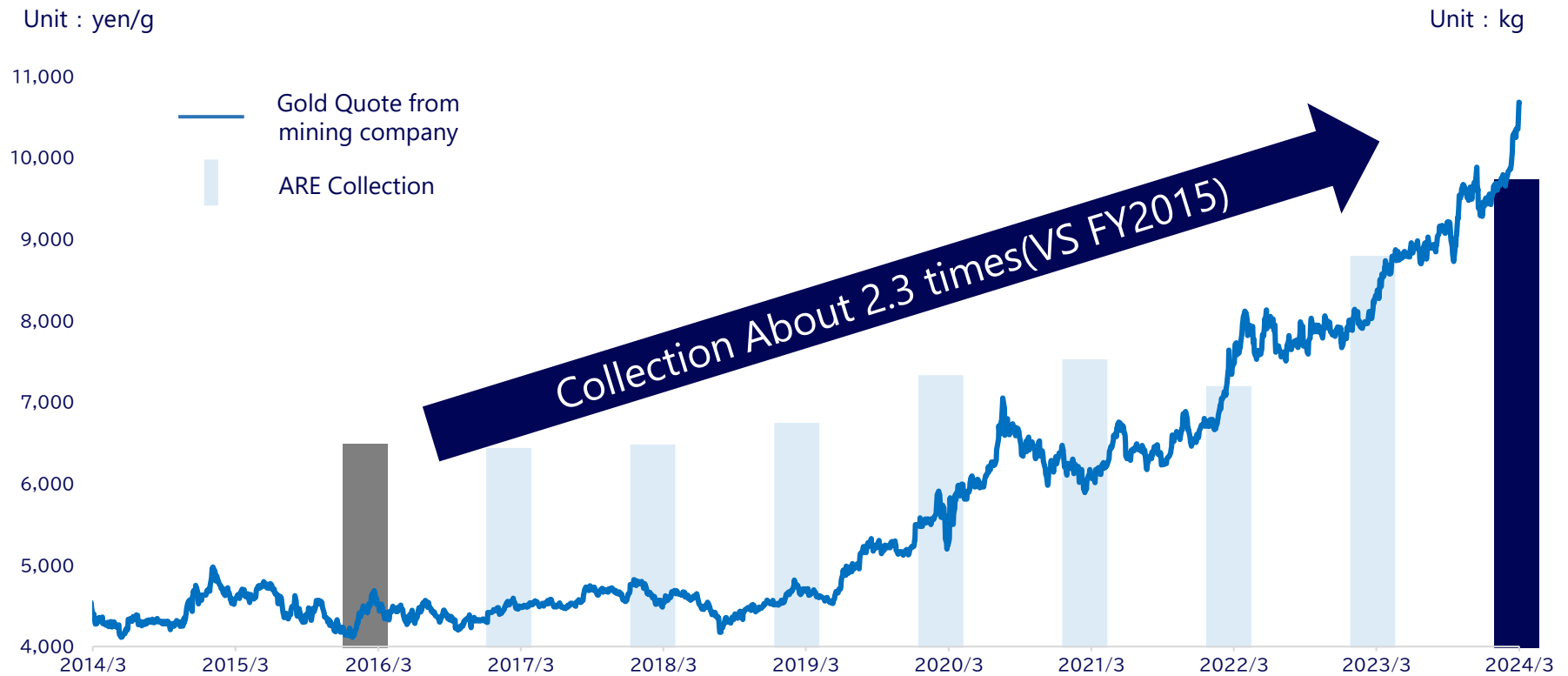
Palladium production



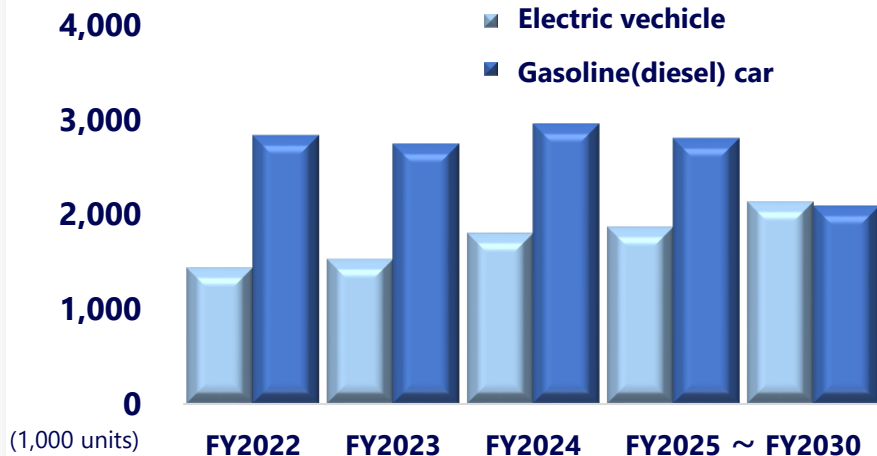
Platinum production



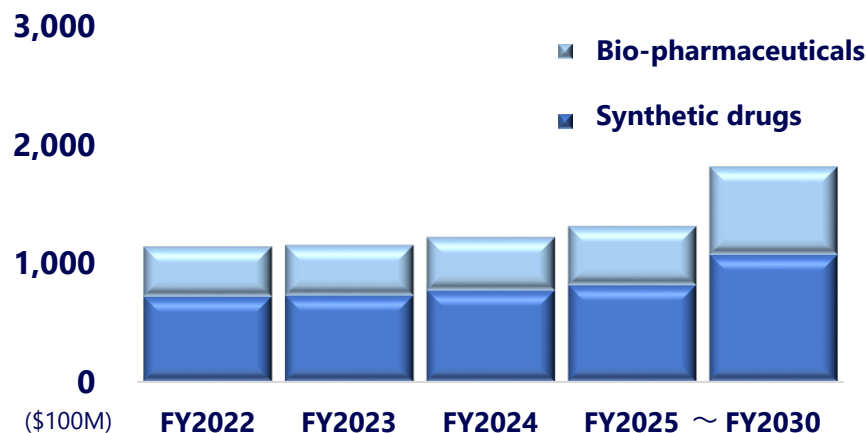
- With the rise in gold prices, our collection volume has increased by approximately 2.3 times compared to FY2015
- Higher gold prices lead to more recycling opportunities



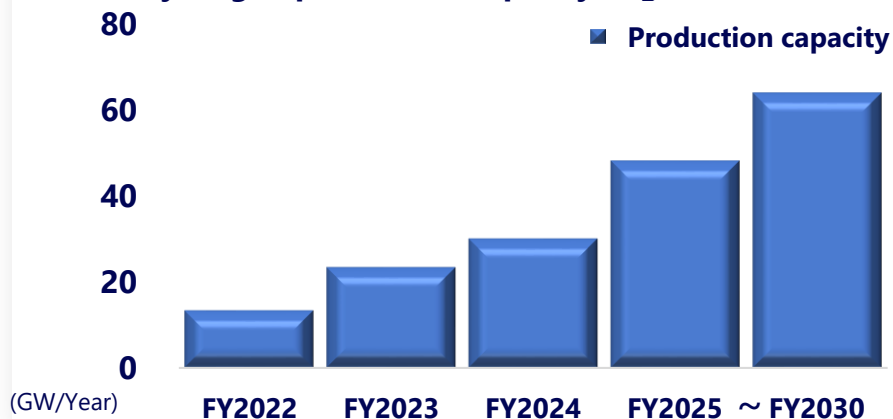
xEV-related : Increase sales of domestic electric vehicles



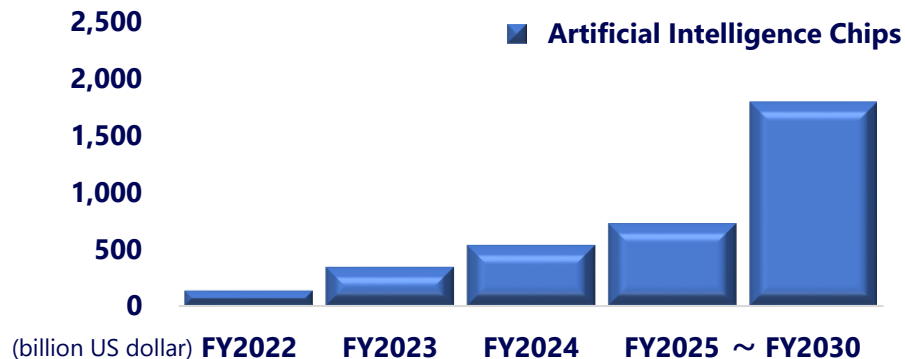
Synthetic Pharmaceutical-related : Expand global market of pharmaceutical



Hydrogen production-related : expand hydrogen production capacity in global



AI·Semiconductor-related : Expand global market of AI chips



AI·Semiconductor-related Source: Estimated by ARE Holdings based on data from Gartner Press Release and newspapers
 Synthetic Pharmaceutical-related Source: Estimates by ARE Holdings based on data provided by Evaluate Pharma®
 xEV-related Source: Estimates by ARE Holdings based on data provided by the Japan Automobile Dealers Association
 Hydrogen production-related Source: Estimate by ARE Holdings based on data from Global Hydrogen Review 2022 by IEA

(World Economic Growth Outlook)

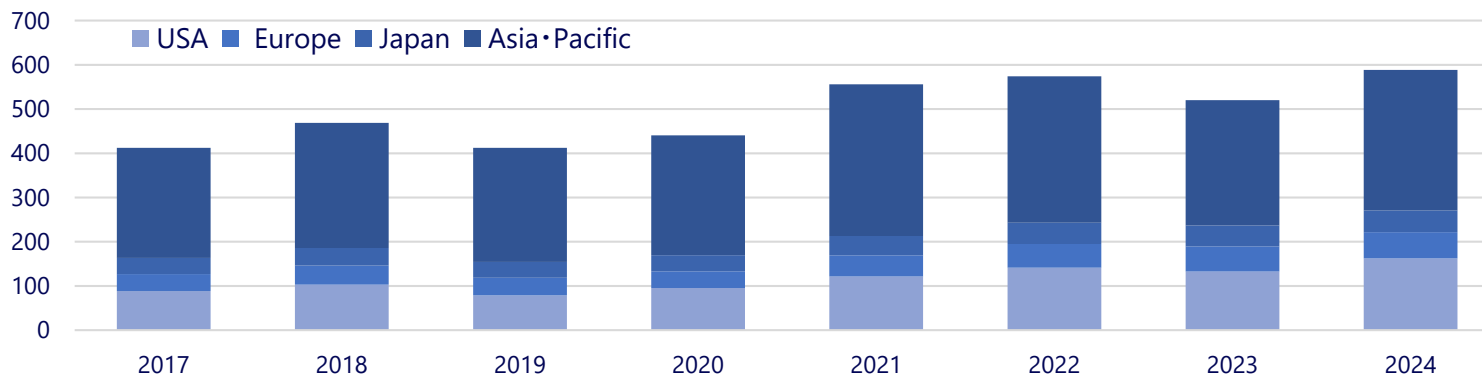
(Unit:%)

	2022	2023	2024	2025	2026	2029
World	3.5	3.2	3.2	3.2	3.2	3.1
USA	1.9	2.5	2.7	1.9	2	2.1
Japan	1	1.9	0.9	1	0.8	0.4
China	3	5.2	4.6	4.1	3.8	3.3
India	7	7.8	6.8	6.5	6.5	6.5
ASEAN-5	5.5	4.1	4.5	4.6	4.6	4.6

*Created by ARE Holdings based on data from IMF documents.

(Trend of semiconductor production)

(bn dollar)



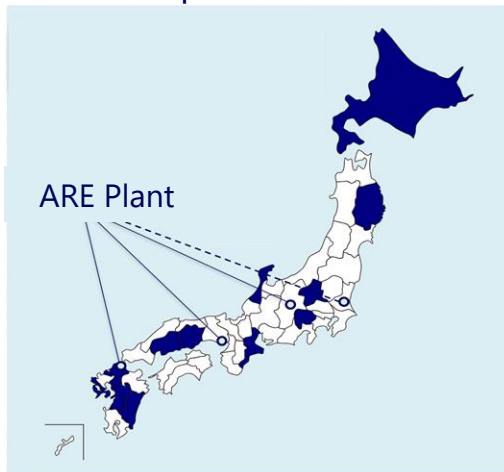
Ref : World Semiconductor Trade Statistics (WSTS)

*Created by ARE Holdings based on "WSTS Semiconductor Market Forecast Fall 2023".

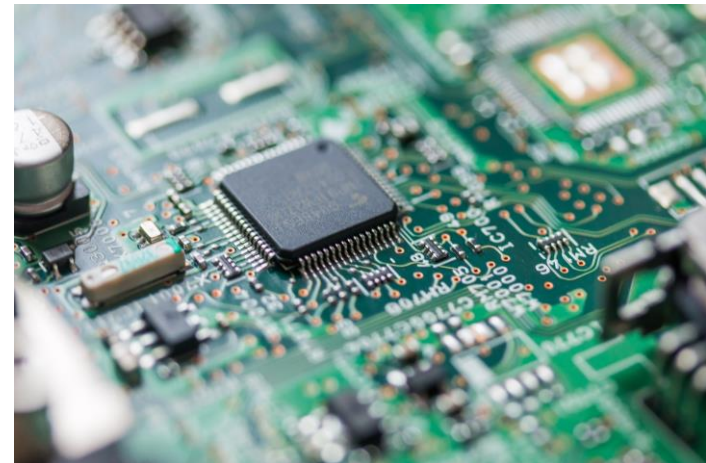
- Precious metal recycling is a buffer against the risk of an uneven distribution of resources.
(Uneven distribution of precious metal resources)

Element	Recycling Source (Urban Mines)	Major country of origin (mine)
Platinum	Chemical Catalysts, Fuel Cells, Semiconductors	South Africa, Russia
Palladium	Automotive Catalysts, Pharmaceuticals, Dental	Russia, South Africa
Rhodium	Automotive Catalysts, Thermocouple, Reed Switch	South Africa
Ruthenium	Semiconductors (MRAM), HD, Ammonia Production	Russia
Iridium	Hydrogen production (electrode for electrolysis of H ₂ O)	South Africa

(Semiconductor production returns to Japan)



■
Location of semiconductor plants



I. **Financial Results for FY2023**

(April 1, 2023 ~ March 31, 2024)

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ESG



① Expansion into overseas and new fields

Domestic: Maintain existing market share and expand into new areas (pharmaceuticals, hydrogen, semiconductors)

② Overseas: Expansion in Asian markets

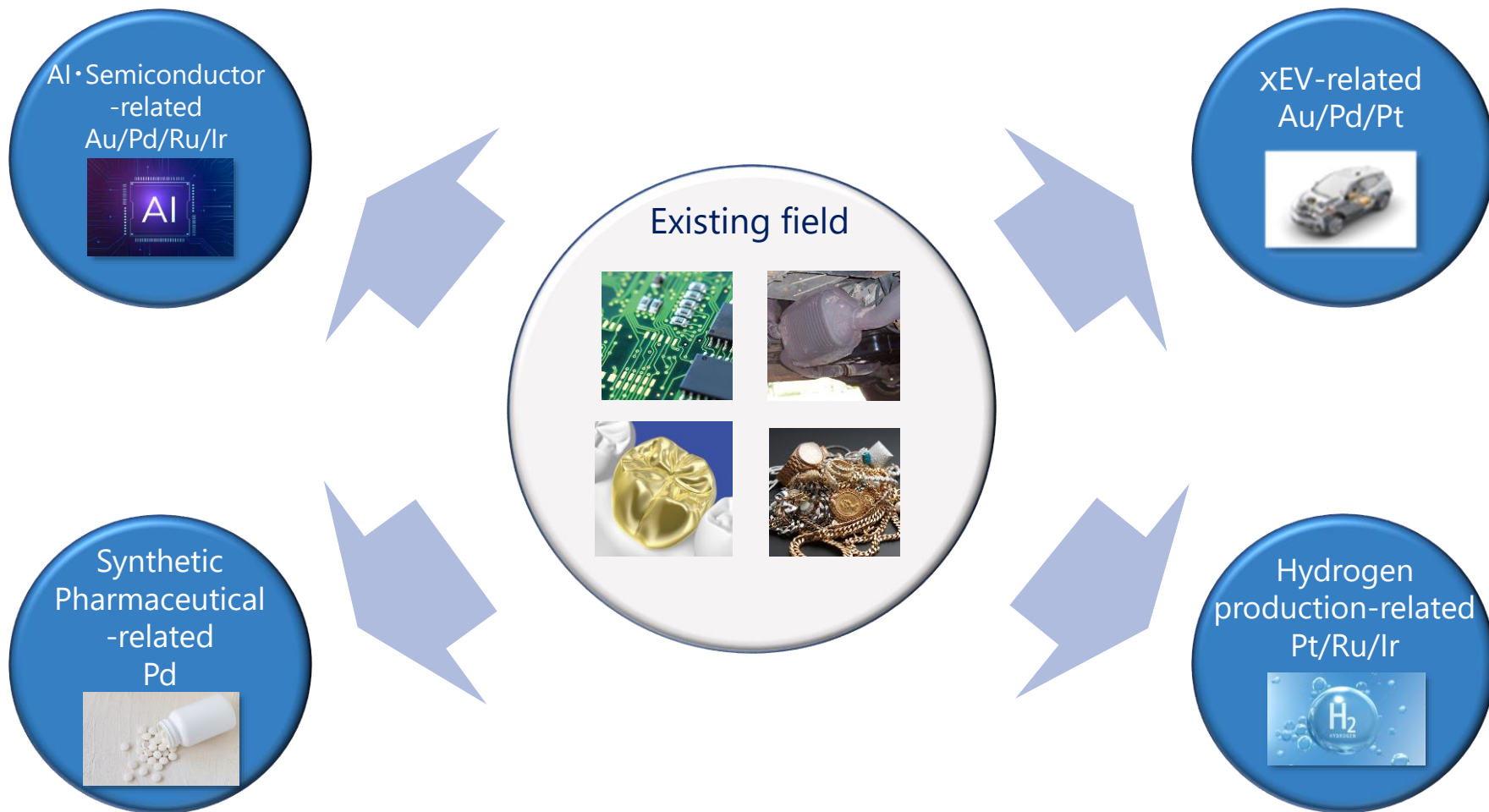
Thailand (jewelry), India (automotive catalysts)

③ Strengthen production capacity

2023: Bando Plant (I) in operation
2025: Construction of new Bando Plant (II) completed

④ Sales enhancement

- Expansion of green precious metals
 - Developing new customer of green precious metals
 - Expand from Au to PGM
- Promote retail business
- Strengthen trading



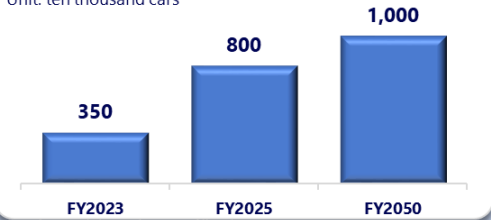
India-Automotive Catalyst in India

Enter the market collaborating with automaker based on the government led "End-of-Life" vehicle policy.



Indian automotive catalyst scrap market

Unit: ten thousand cars



South Korea
Asahi

Asahi Pretec

ASAHI G&S

Plans to build a new plant within ASEAN

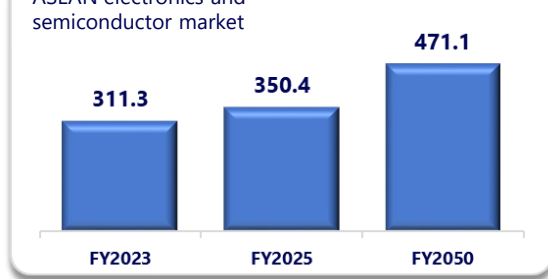
ASEAN-Electronic Semiconductor

With a Malaysian subsidiary as a foundation Japanese, European, American and Korean manufacturers



ASEAN electronics and semiconductor market

Unit: bn dollars

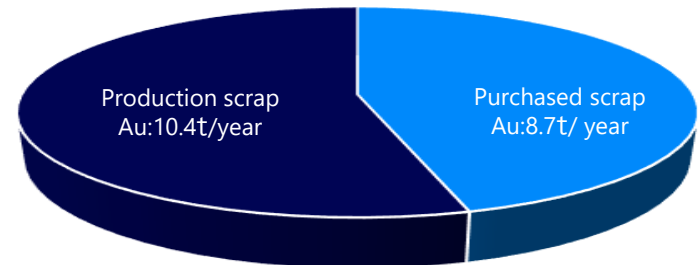


Thailand-Jewelry Scrap

Respond to recycling needs
Green Gold sales

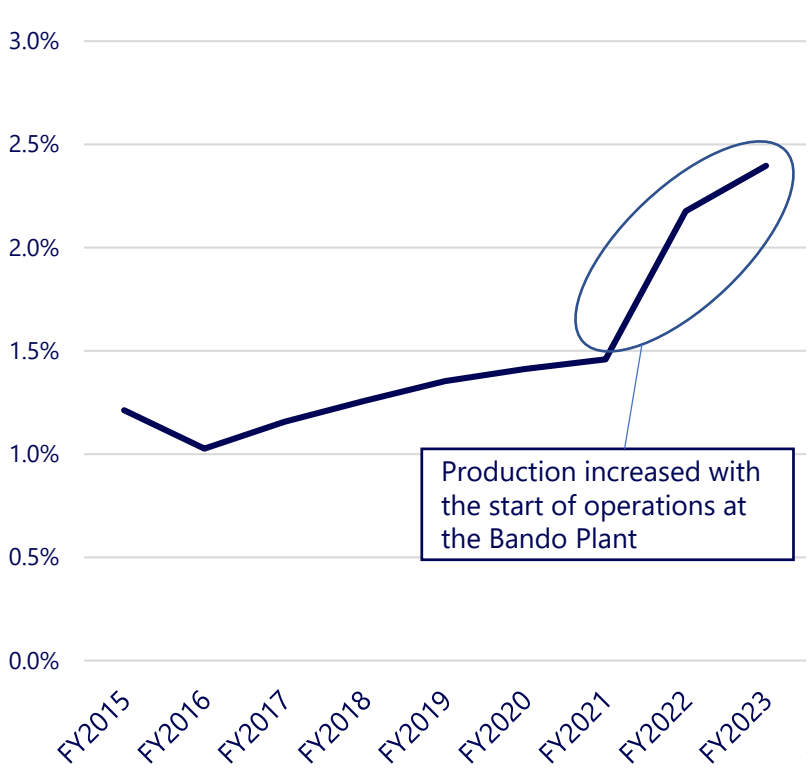


The volume of Thai jewelry scrap market in 2023
(excluding ingot and mint production)

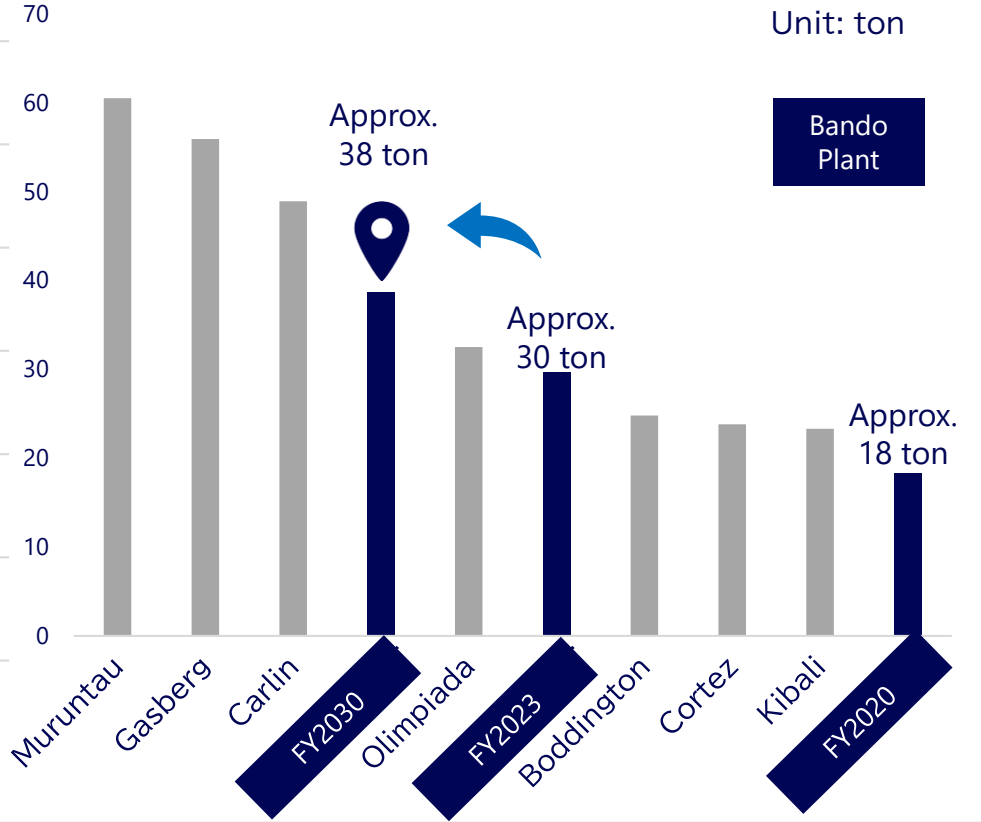


- Gold production has increased dramatically since the Bando 1st plant started operating in 2022
- Demand for green precious metals is strong, especially in the jewelry industry, and production capacity has been increased by revising production processes
- In the Bando 2nd phase, the recycling processes in the electronics and catalyst fields will be newly consolidated to improve production efficiency

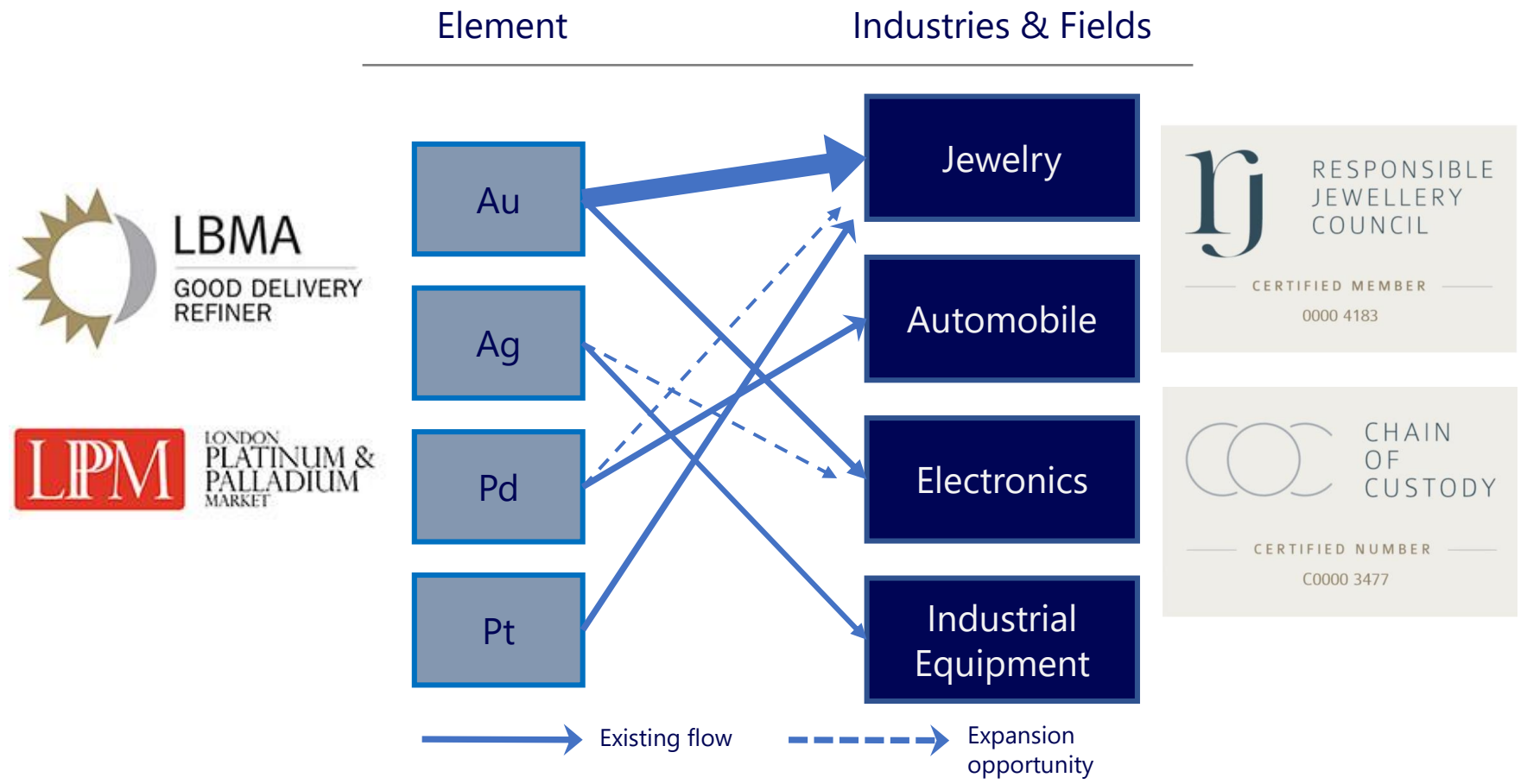
Changes in ARE Holdings.inc share of the global supply of recycled gold



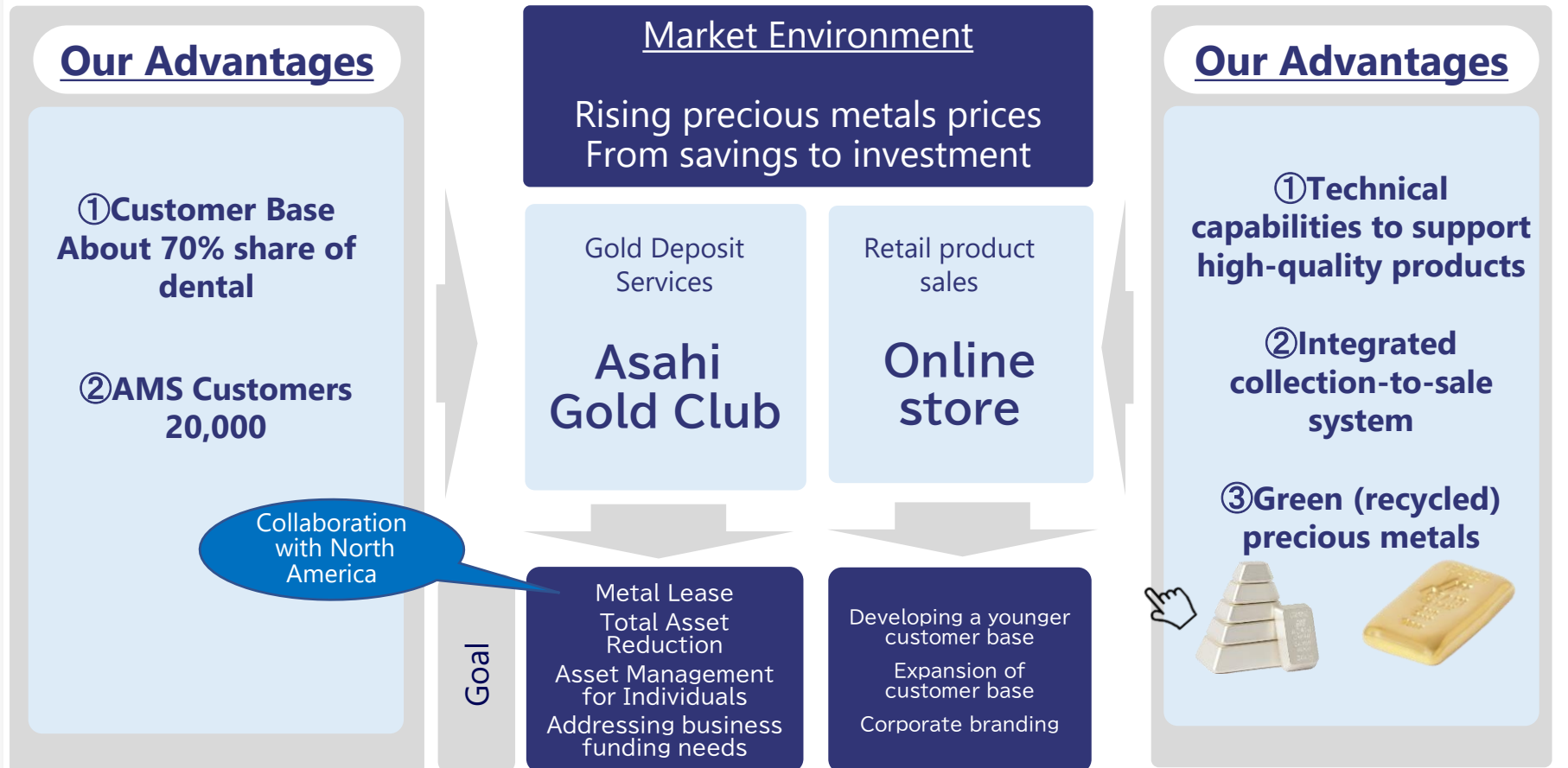
The Bando Plant aims to produce gold equivalent to the third largest mine in the world



- ARE has advantages in CO2 emissions reduction, traceability, and international certification
- Expanding into new industries and fields based on the long cultivated trust in our quality, and expanding green added value

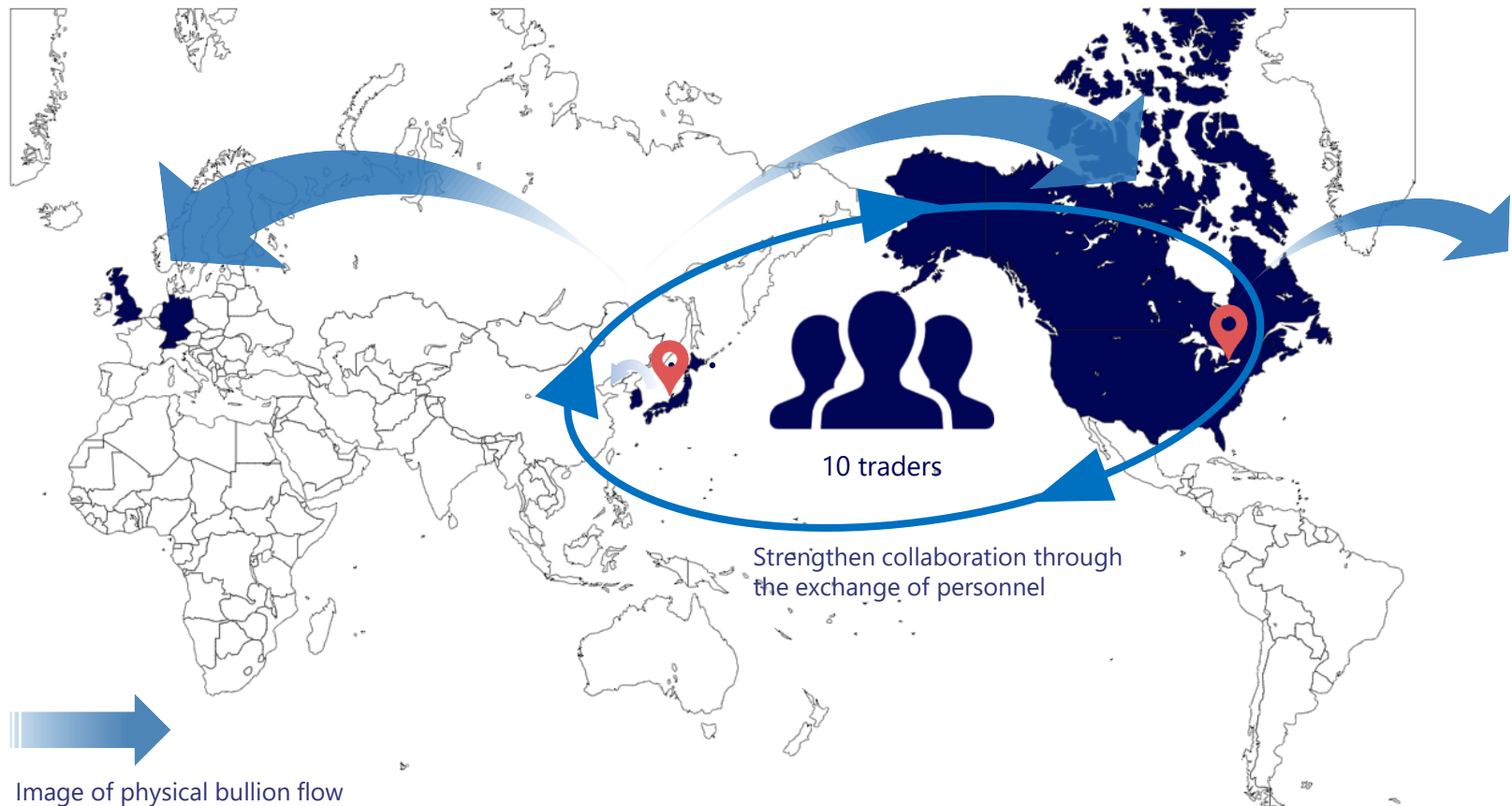


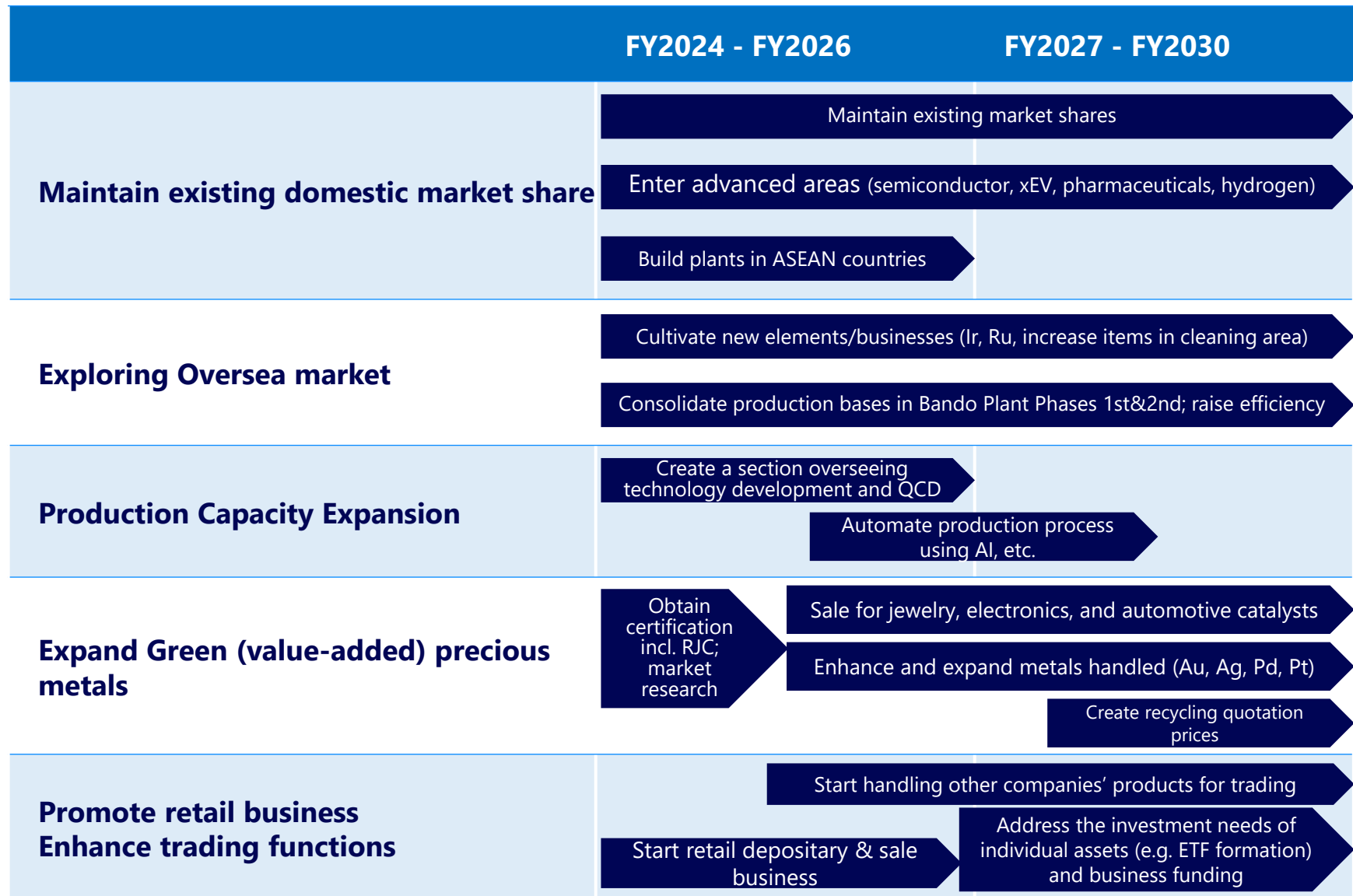
- Build a retail business that leverages our strengths, including our affluent dentist customer base and our integrated collection-to-sale system.



※AMS: Asahi Metal Account System

- Collaborate between trading teams in Japan and Canada to take advantage of global trading markets
- Take a leap forward from traditional trading that focusing on physical transactions, and seek to expand revenues by enhancing various customer services, such as options trading
- Traders familiar with market practices in Japan, the U.S., and Europe work together to seek global arbitrage opportunities





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Growth strategy

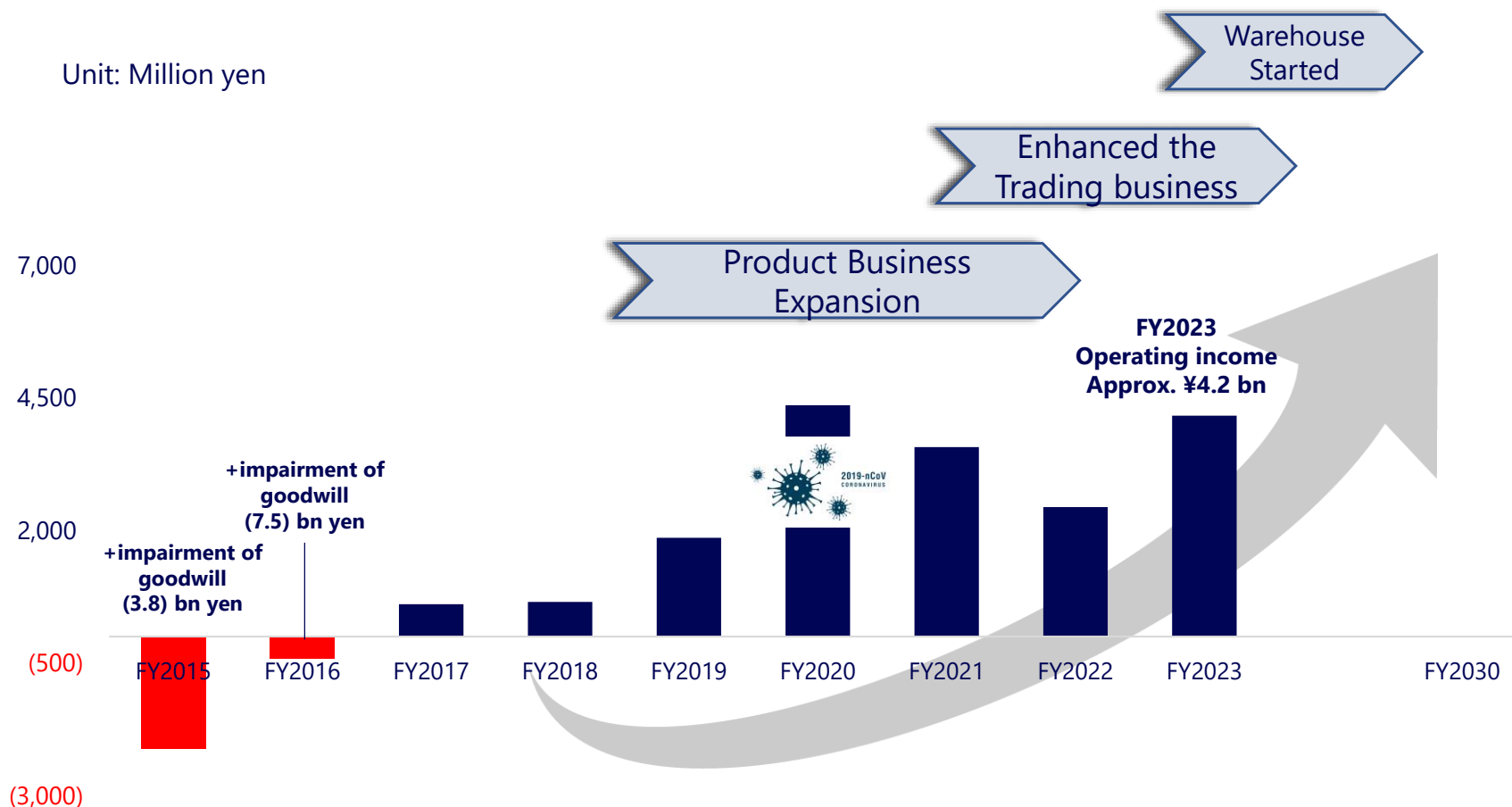
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- Earnings levels have improved since the 2015 acquisition as the company has diversified its business to include products, trading, and precious metal warehousing
- Targeting further growth with a view to going public



Business structure that positions the warehouse business as the core strategy and going public

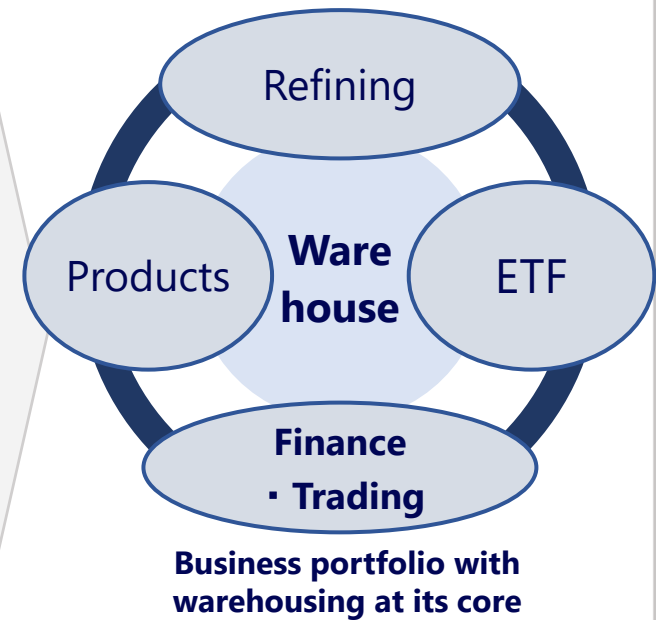
Expanded earnings through diversification



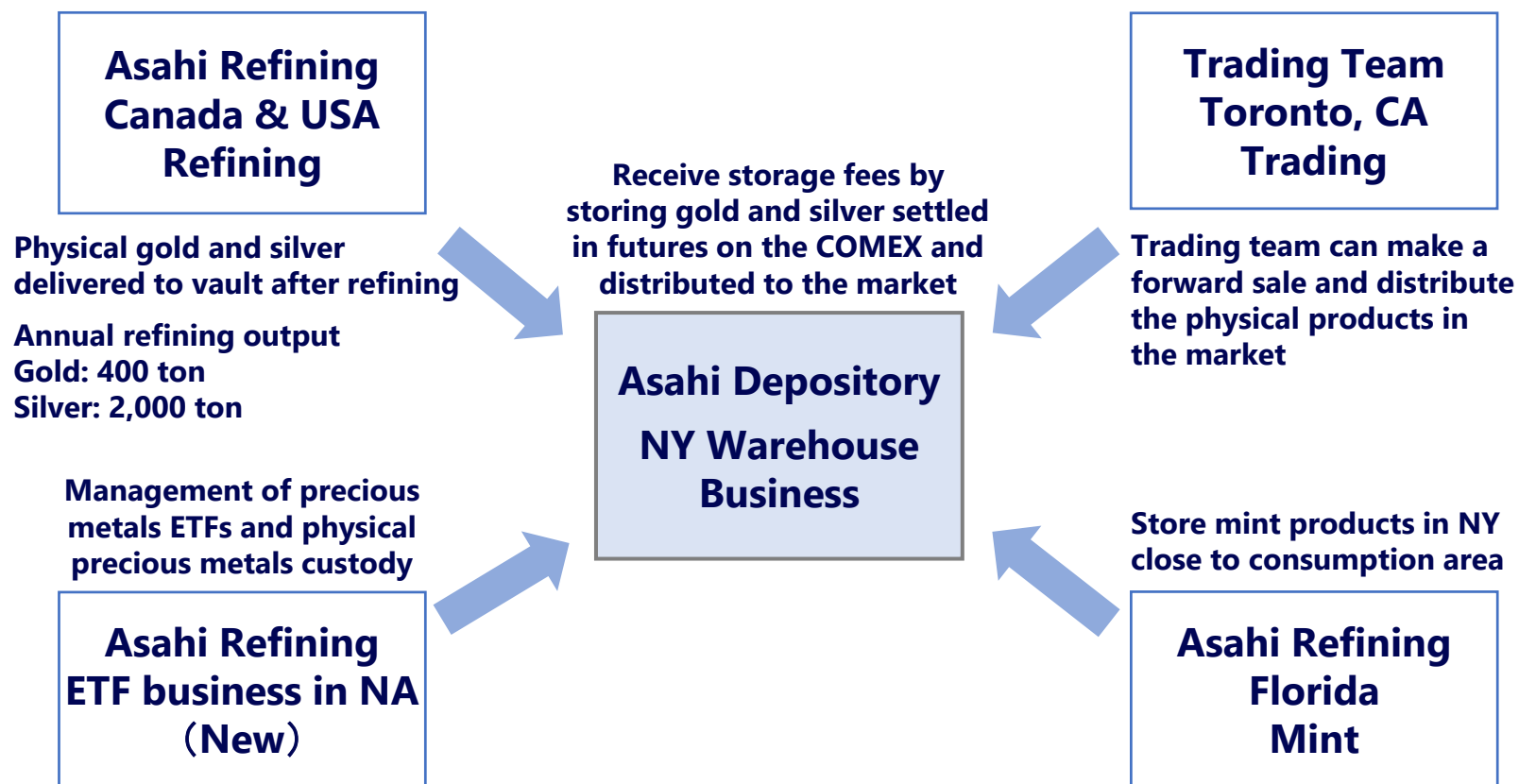
Investment for Growth

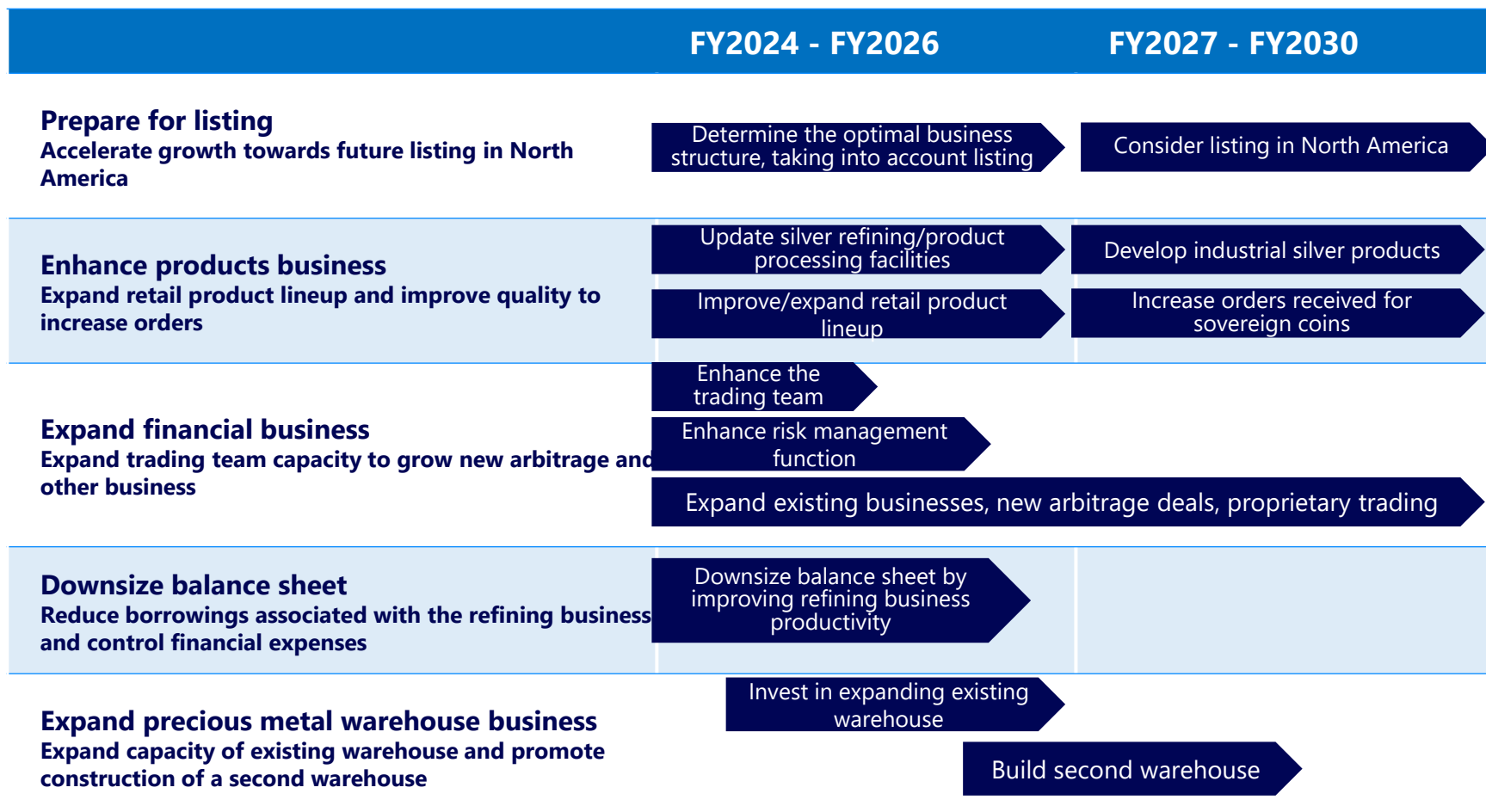


North America Business Goal by 2030



Warehousing business, which has a high affinity with the refining and products business, is the source of synergies





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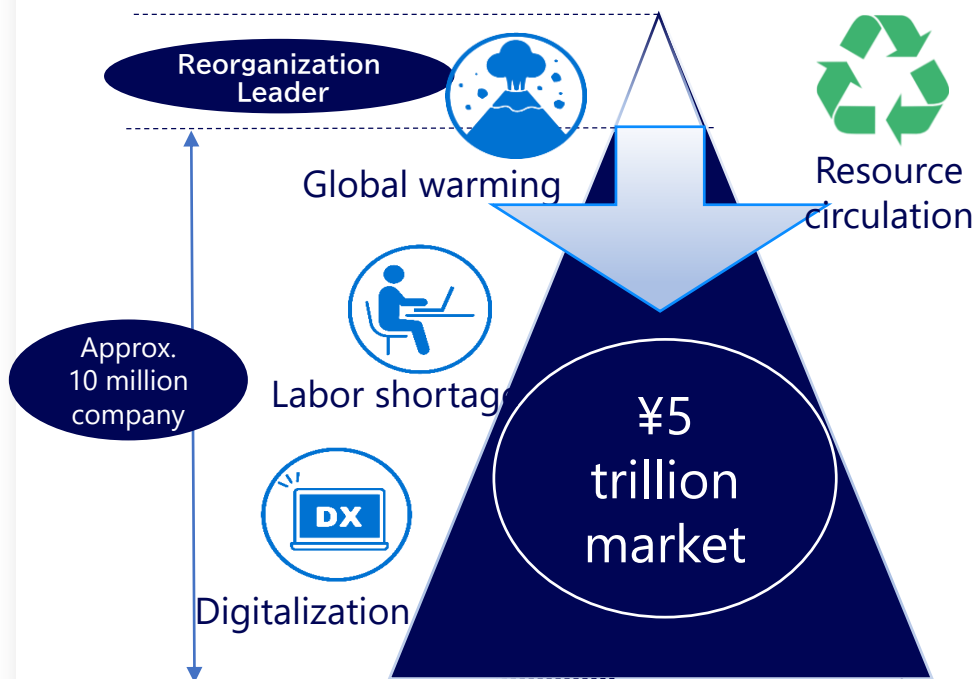
ESG


- ARE Holdings has been growing side by side with the development of Japan's industrial waste treatment
- The legal system made marked progress in keeping with the demand of the times and focused on formulation of circular-type society. However, it was unable to fully meet the demands of the society due to the delays in consolidation of scale in the industrial waste treatment industry
- The market size of the circular economy is forecast to reach 80 trillion yen in 2030, and its key is the cooperation between the artery and vein of industries
- The artery of industries is led by large companies with a high market share, while leading medium-sized companies and SMEs are the main players in the vein of industries with the largest company having a market share below 2%
- It is important to create major vein companies like in the U.S. and Europe for promoting the cooperation between the artery and vein of the industry.
- Japan Waste's joining the Renatus Group provides a foothold for creating a major vein player in Japan
- For ARE also, development of Renatus contributes to profit

We will continue with our commitment to the environmental preservation business even after the share exchange of Japan Waste and Renatus

Our history in the environmental preservation business		Law enactment
1970		Waste Management and Public Cleansing Act
1972	Establishes a facility for detoxifying waste photographic fluid at the Kobe Plant	
1975	Acquires industrial waste disposal license from Kobe City (detoxification of photographic effluent containing harmful substances)	
1978	Registers as an environmental measurement certification office	
1990	Starts the environmental preservation business other than waste photographic fluid	
1992		Act on Promotion of Development of Specified Facilities for the Disposal of Industrial Waste
1993		Basic Act on the Environment
2000		Basic Act on Establishing a Sound Material-Cycle Society
2007	Asahi Pretec establishes the Kitakyushu Office	
2008	Establishes Japan Waste	
2010	Japan Waste opens the Yokohama Office	
2020	Integrates the environmental preservation business of Asahi Pretec and Japan Waste	
2021	Asahi Pretec and Japan Waste merge Ministry of the Environment adopts hydrogen business as a subsidized project Establishes DXE, which promotes environmental DX	
2023	Changes name to Japan Waste	
2024	Share exchange of Japan Waste and Renatus	Act on Promotion of Hydrogen Society

- Cabinet Decision on the "Draft Law on the Promotion of Recycling Enterprises for the Promotion of Resource Recycling"
- Industry restructuring in the huge venous industry is slow
- Aiming for a management base and presence that evolves the venous market

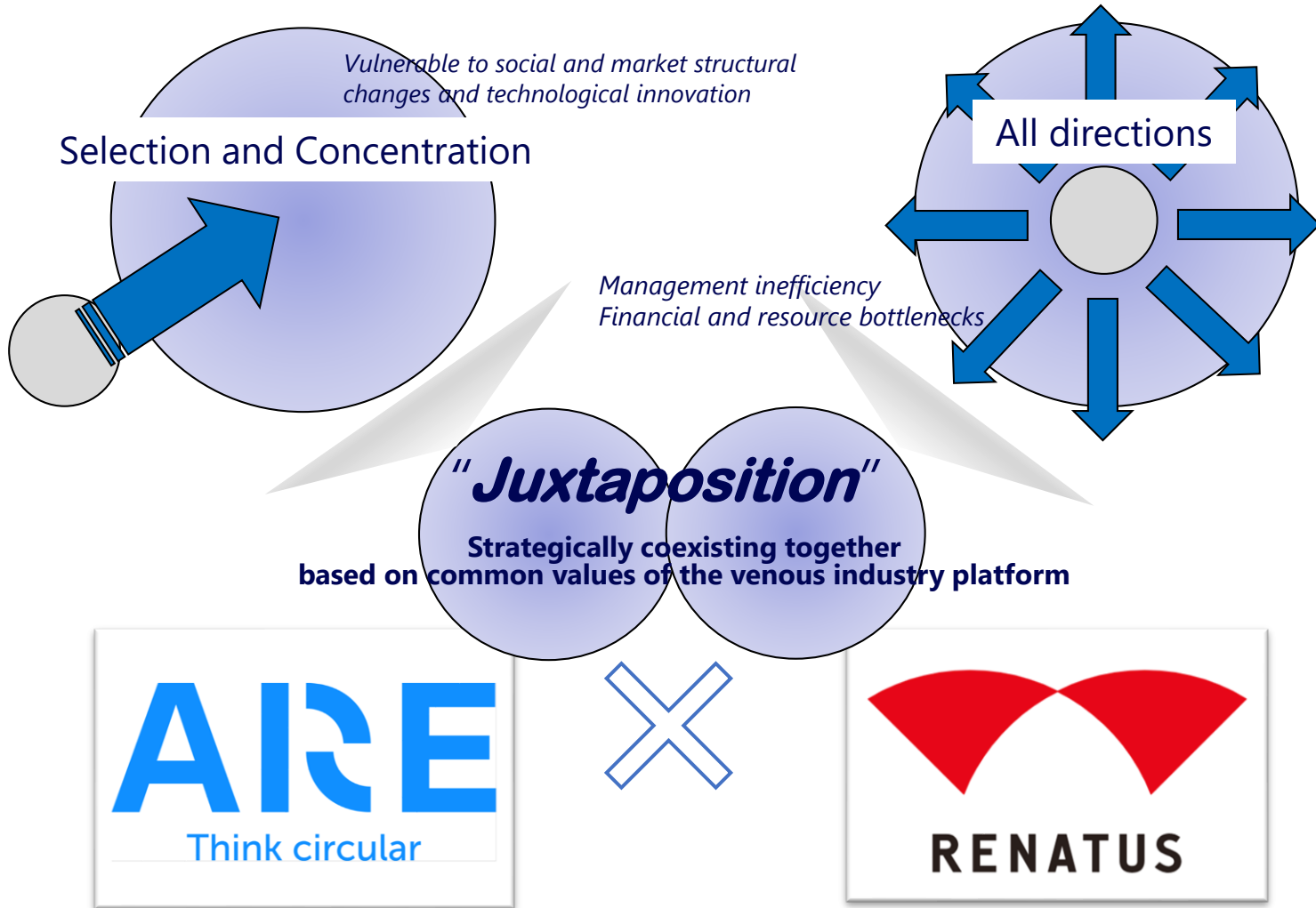


Industrial Waste Company	Revenue (¥bn)
Company A	67.7
Renatus 	54.4
Company B	34.0
Company C	18.8
Company D	16.4
Company E	7.8
Company F	4.8

Renatus's revenue is a total of group companies'sales in previous fiscal year and revenue of ARE's Environmental Preservation Business of FY2022.

Company B and D: Year ended Feb,2023, Company F: year ended Dec. 2022

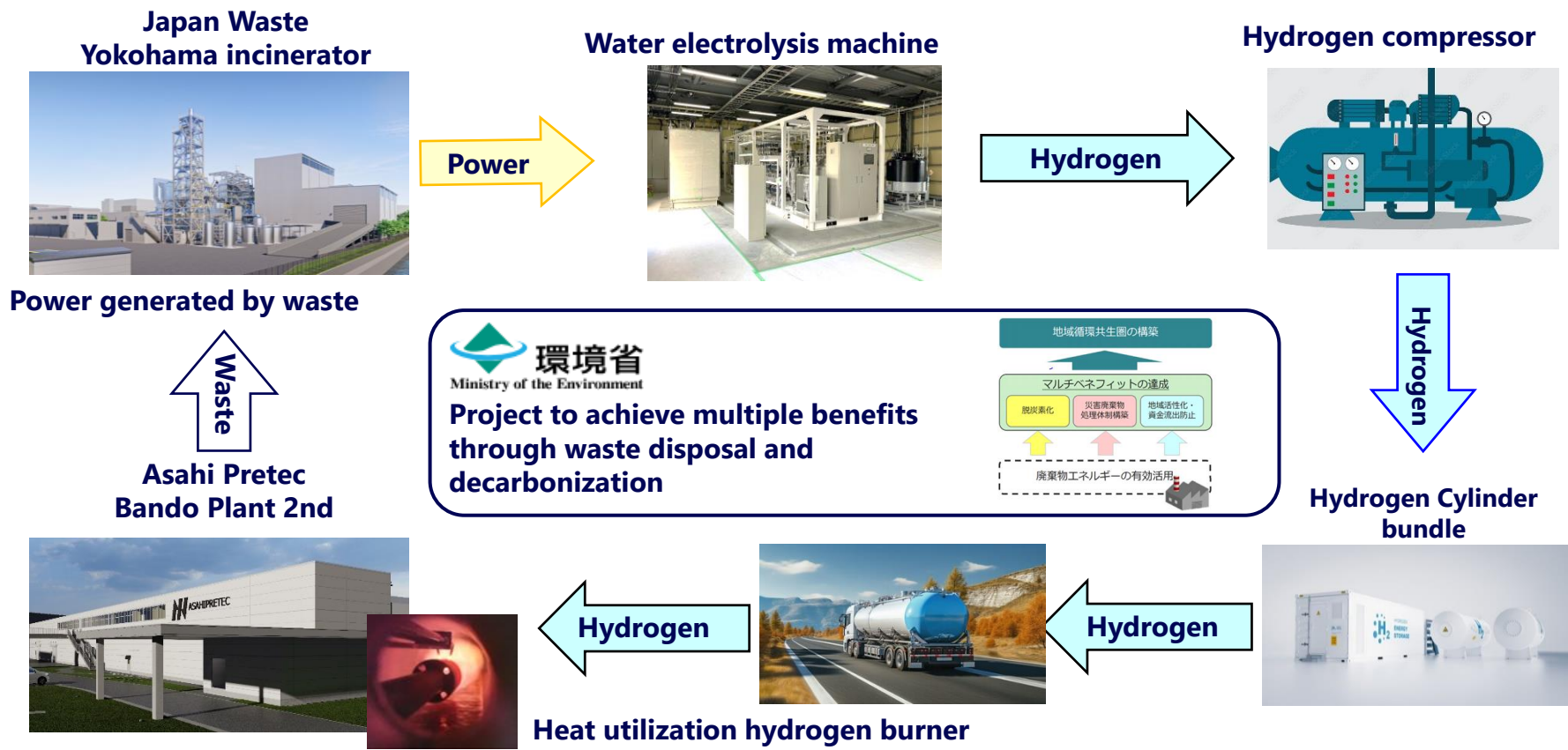
Other than above, year ended Mar,2023



"Totally Committed to Protecting the Natural Environment and Preserving Resources"

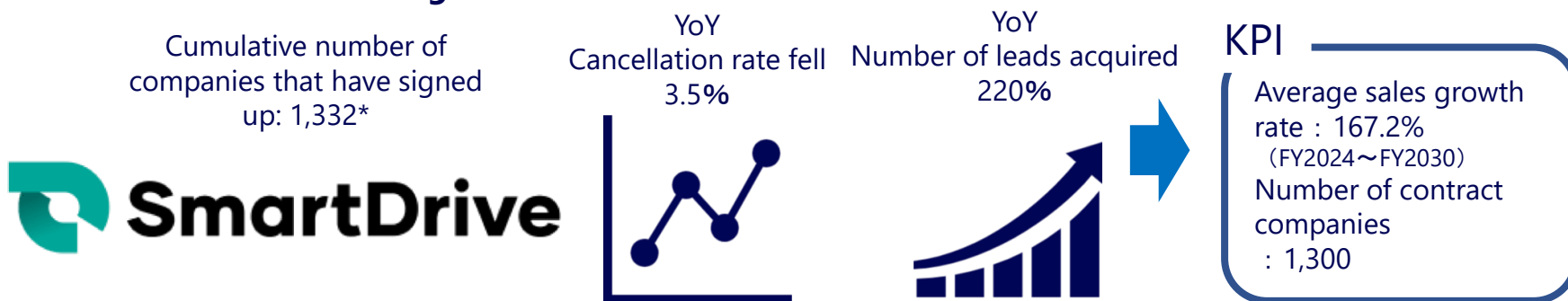
"We unite several companies for tackling global environment problems"

The Yokohama Plant (Japan Waste) will install equipment to establish a supply chain in 2025. This initiative has been certified as a subsidized project by the Ministry of the Environment. After this system is established, we plan to start external sales to approximately 3,000 incinerators throughout Japan as potential customers.



- Agency agreement with SmartDrive on April 3, 2024. Accelerating agency development
- Expand product functionality to broaden customer target
- Increase customer success 4x by 2030 to maximize customer LTV

◆ Build a sales and marketing structure



◆ Product development schedule

Product development from the ERP perspective that enables a single system to manage the entire operation process of waste management

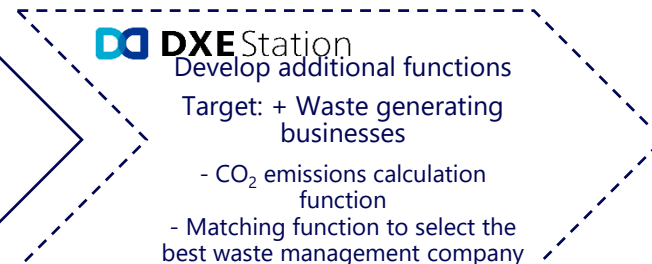
To March 2023



From April 2023



From 2025



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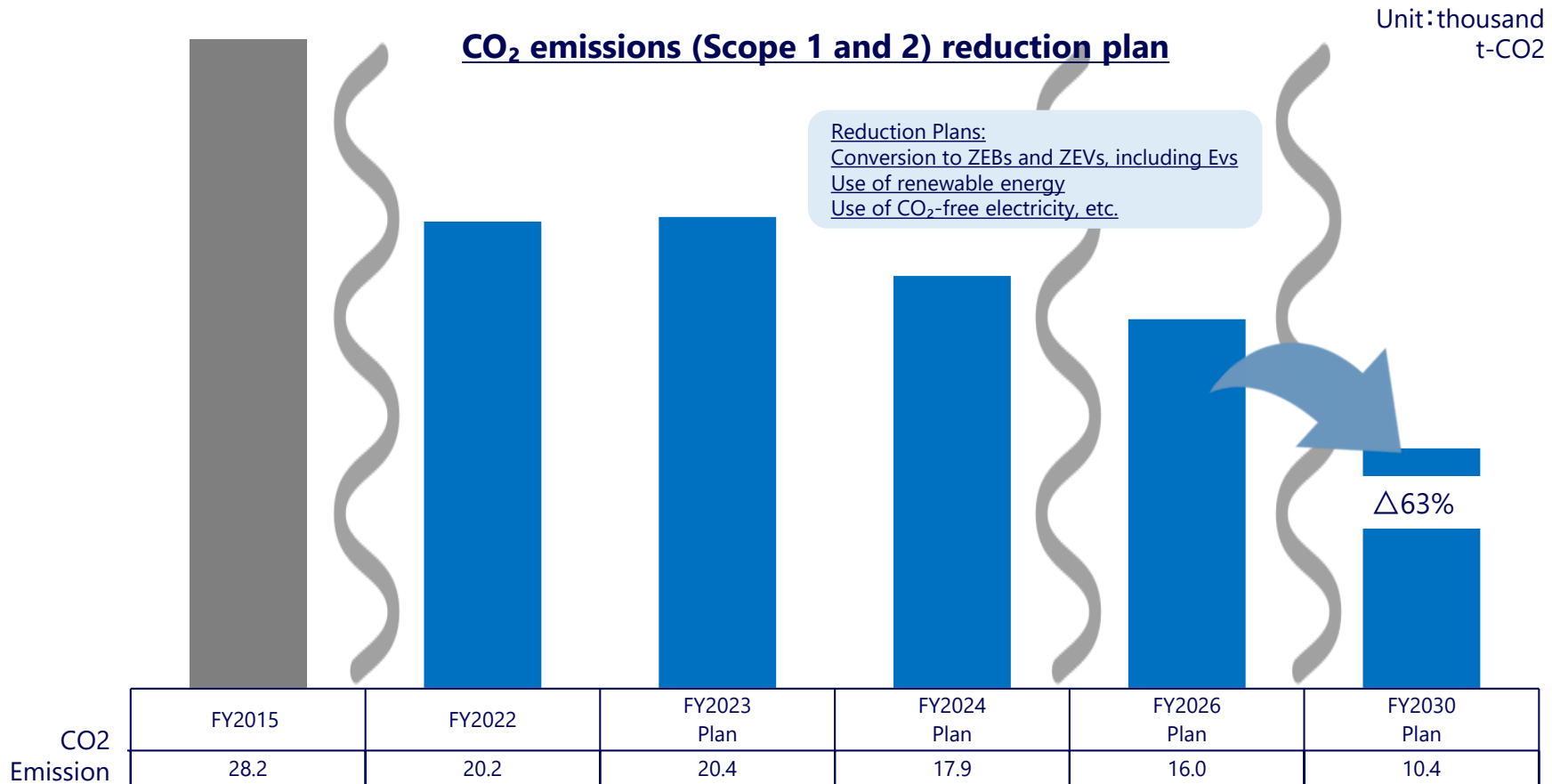
Environmental Preservation Business

ESG

Item	Initiatives/Approach
E (Environmental)	<ul style="list-style-type: none"> • Disclosures based on TCFD • Has set a target of reducing energy-derived CO₂ by 50% from the FY2015 level by 2030 FY2022 reduction was 27% compared to FY2015 • Has declared that we will achieve carbon neutrality in 2050 (Scope 1 and Scope 2) • Implemented a third-party verification of our Scope 1, 2 and 3 CO₂ emissions in FY2022 
S (Social)	<ul style="list-style-type: none"> • Disclosure of human rights policy and sustainability procurement policy • Responsible management of precious metals • Promoting workplace diversity including "three-day weekend" model • Enhancement to the engagement survey (to conduct a survey once a year instead of once every three years as in the past) 
G (Governance)	<ul style="list-style-type: none"> • Company with audit and Supervisory Committee • Among the six directors, four are external directors, including two women. • Responded the request "Action to Implement Management That is Conscious of Cost of Capital and Stock Price" of TSE [Introduction of TSR-linked stock compensation plan etc <p style="text-align: right;">Ratio of female directors: 33%</p>  <p style="text-align: right;">2 women</p>

Item	Future initiatives and approaches
E (Environment)	<ul style="list-style-type: none"> • Raise CO₂ emission reduction target for 2030 (vs FY2015) Before: Reduce CO₂ emissions from energy sources by 50% After: Reduce Scope 1 and 2 CO₂ emissions by 63% • Commit ourselves to acquire SBT certification within two years • Aim to achieve carbon neutrality (Scope 1 and 2) in 2050 • Acquire carbon footprint to improve the value of green gold
S (Social)	<ul style="list-style-type: none"> • Secure human resources that reflect changes in the businesses (especially nurturing of global human resources) • Strategically strengthen human resources for potential executive candidates • Personnel strategy with focus on personnel composition in 2030 • Further pursuit of diversity (appointing local staff members to management of local subsidiaries, and participation of women and people with disabilities)
G (Governance)	<ul style="list-style-type: none"> • Development of risk management structure that reflects changes in the business environment and strikes a good balance between offensive and defensive approaches

- Aiming for carbon neutrality by 2050; 2030 interim target raised
 (Initial goal) Reduce energy-related CO₂ emissions by 50%
 (After revision) Reduce Scope 1 and 2 CO₂ emissions by 63%



※ Consolidated subsidiaries as of March 31, 2024 are included. Companies that have been deconsolidated by the end of March 2024 (including Japan Waste) are retroactively treated up to FY2015.

A large graphic featuring the letters 'ARE' in a bold, white, sans-serif font. The letters are set against a solid blue rectangular background. The 'A' is a simple block letter, the 'R' has a curved top and bottom, and the 'E' is a block letter with three horizontal bars. The entire graphic is centered on the page.

ARE

Think circular