

ARE Holdings, Inc.

Financial Results for Q1 FY2025.3

July 31, 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 Q1 FY2025.3

(April 1, 2024 ~ June 30, 2024)

II. Appendix

Revenue

92.3 billion yen

YoY

+29.7 billion yen

Plan Progress Rate

24.9 %

Operating Profit

3.6 billion yen

YoY

+1.2 billion yen

Plan Progress Rate

20.0 %

Reasons for an Increase in Revenue

- The continuing rise in gold prices led to the increase in gold collection especially in the Jewelry Sector.

Reasons for an Increase in Profit

- There was a loss in the same period last year due to the decrease in rhodium prices, but no loss this quarter as prices were stable.
- Overall collection of precious metals increased.
- Equity method investment gain from RENATUS Co., Ltd is accounted starting this quarter.

Unit : billion yen

	Q1 FY2024.3	Q1 FY2025.3		FY2025.3
	Results	Results	YoY Change	Plan
Revenue	62.6	92.3	+ 29.7	370.0
Operating profit	2.5	3.6	+ 1.2	18.0
Ratio	3.9%	3.9%	△ 0.0	4.9%
Profit before tax	2.5	3.8	+ 1.3	17.6
Profit	2.4	3.2	+ 0.8	13.1

* "Profit" is Profit attributable to owners of parent

* Revenue, operating profit, and profit before tax for the first quarter of FY2024.3 show the amounts excluding discontinued operations (Japan Waste Co., Ltd.).



Unit: Yen

Precious Metal Prices ※ (per gram)	Q1		Change
	FY2024.3	FY2025.3	
	Average price for the period	Average price for the period	
Gold	8,750	11,744	2,994
Palladium	6,463	4,994	△ 1,469
Platinum	4,610	5,001	391
Rhodium	28,541	23,012	△ 5,529

Remarks

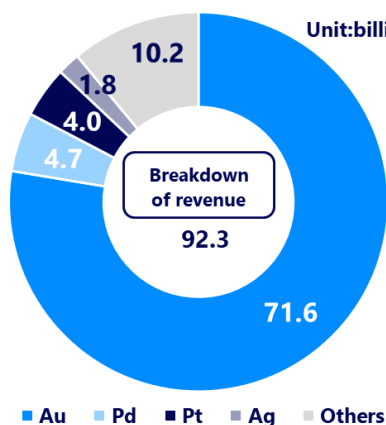
- Price decline of palladium led to a slight decrease in profit.
- While Japan Waste's results are excluded from the year-ago period, the equity method investment gain from Renatus Co., Ltd is included from this quarter.

[Reference]

Gold...Quote from mining company, Palladium ...Nikkei low price, Platinum ...retail price(exclude tax), Rhodium ...Metals Week NY Dealer Price

ARE

Precious Metals Business



Revenue

92.3 billion yen
(YoY +29.7billion yen)

Operating Profit

3.2 billion yen
(YoY +0.7billion yen)

* "Other" includes sales of Rh and revenue from the North American refining business.

Environmental Preservation Business

Revenue

— billion yen
(YoY — billion yen)

Operating Profit

0.5 billion yen
(YoY+0.5 billion yen)

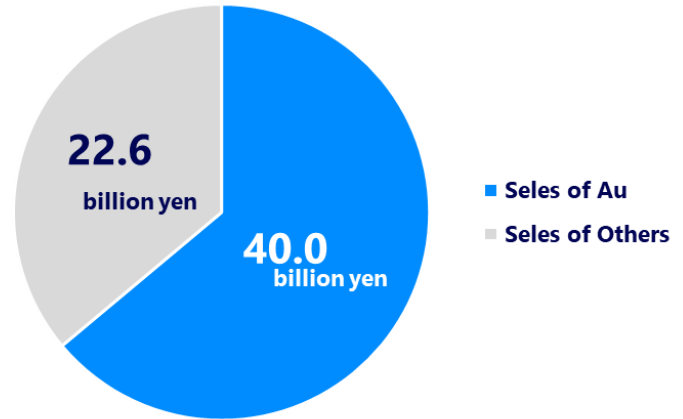
- Equity method investment gain from Renatus Co., Ltd is included starting this quarter(0.5 billion yen).
- Japan Waste's results are excluded from the year-ago period.

Revenues and operating profit for the same period of the previous fiscal year exclude discontinued operations (Japan Waste Co., Ltd.).

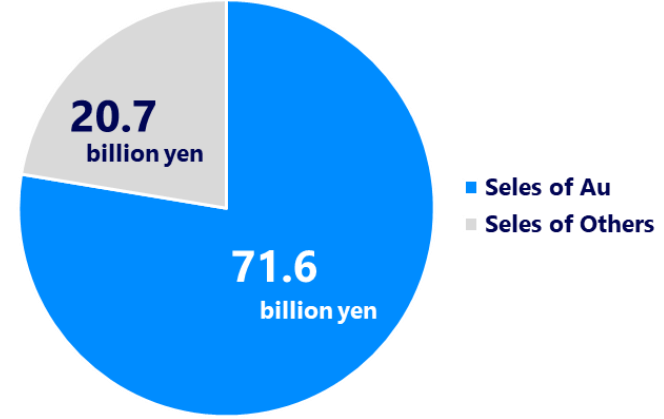
Collection field	Element				Business Environment
	Au	Pd	Pt	Rh	
Dentistry	30~50%	50~70%	Less than 10%	—	<p>Total amount collected: YoY 105%</p> <p>Despite the market shrinking due to emerging new technologies and alternatives, constructing sales system and expanding measures helped to achieve the same level of collection as last year.</p>
Jewelry	Over 70%	Less than 10%	10~30%	—	<p>Total amount collected: YoY :115%</p> <p>Collection grew due to the return of various Jewelry-related events and also the increase in the amount distributed in the recycling market as a result of rising gold prices.</p>
Electronic	Over 70%	Less than 10%	Less than 10%	—	<p>Total amount collected: YoY :99%</p> <p>Inventory adjustments for electronic parts and semiconductors have been completed. Recovery has been gradual due to less demands for BEV, insourcing of Chinese generic parts, and delay in increased production of AI chip.</p>
Catalysts	—	50~70%	30~50%	Less than 10%	<p>Total amount collected: YoY :108%</p> <p>The quantity of environmental catalysts fell due to improvements made in major catalyst manufacturers and the depreciation of yen. However, expansion of analysis trading for waste catalysts has led to a slight increase in collection.</p>

The symbols in the table indicate the percentage of each category in the total recovery volume (exc. Ag and Cu). Comments for each area are compared with the same period last year.
The "total amount collected" in the text includes the amount of Ag and Cu recovered.

**FY2024.3 Q1
Breakdown of revenue**

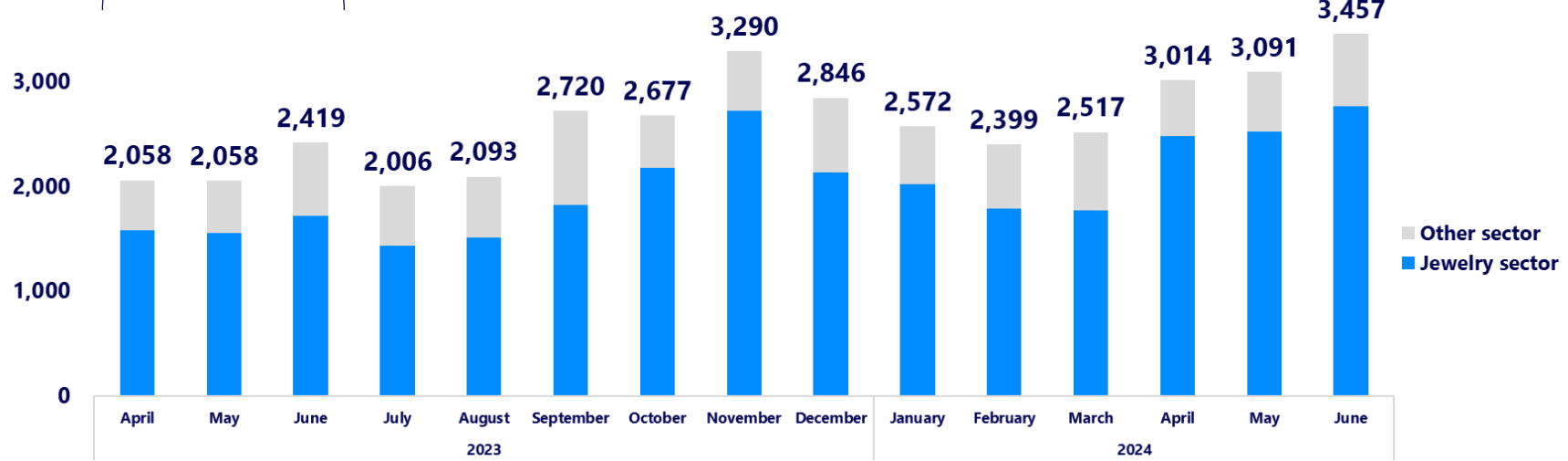


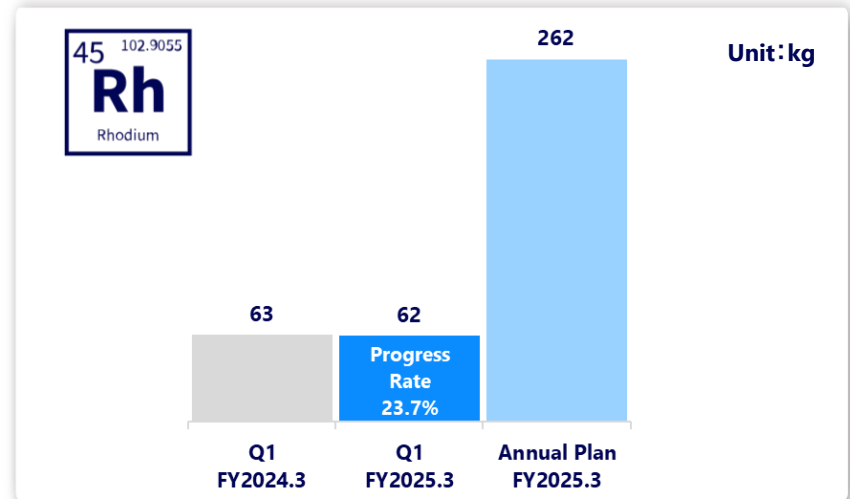
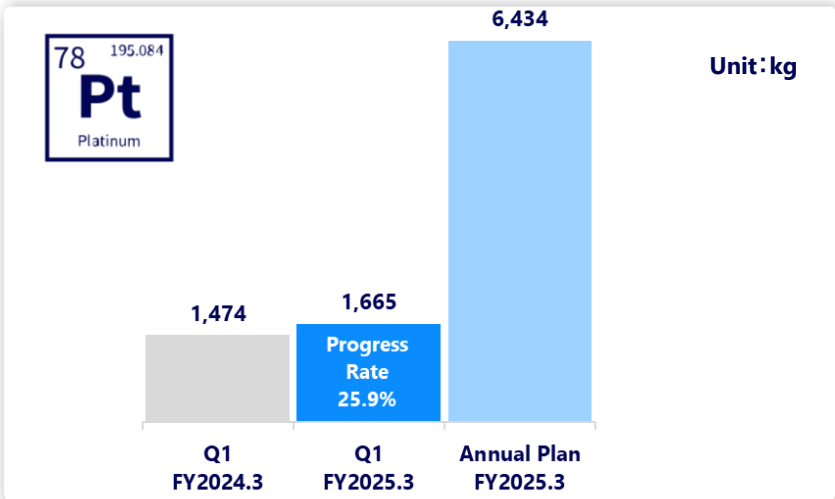
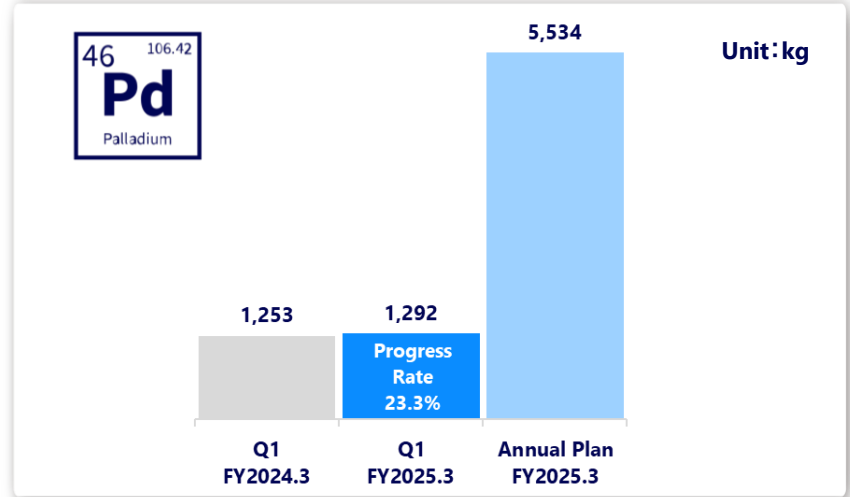
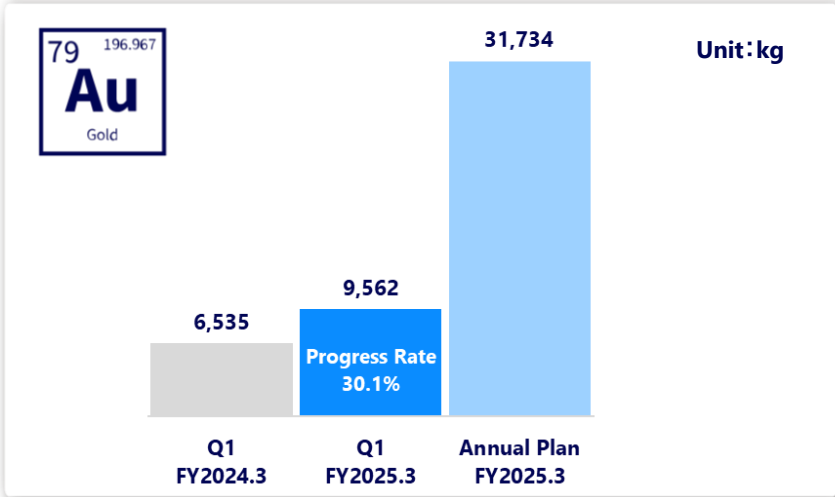
**FY2025.3 Q1
Breakdown of revenue**

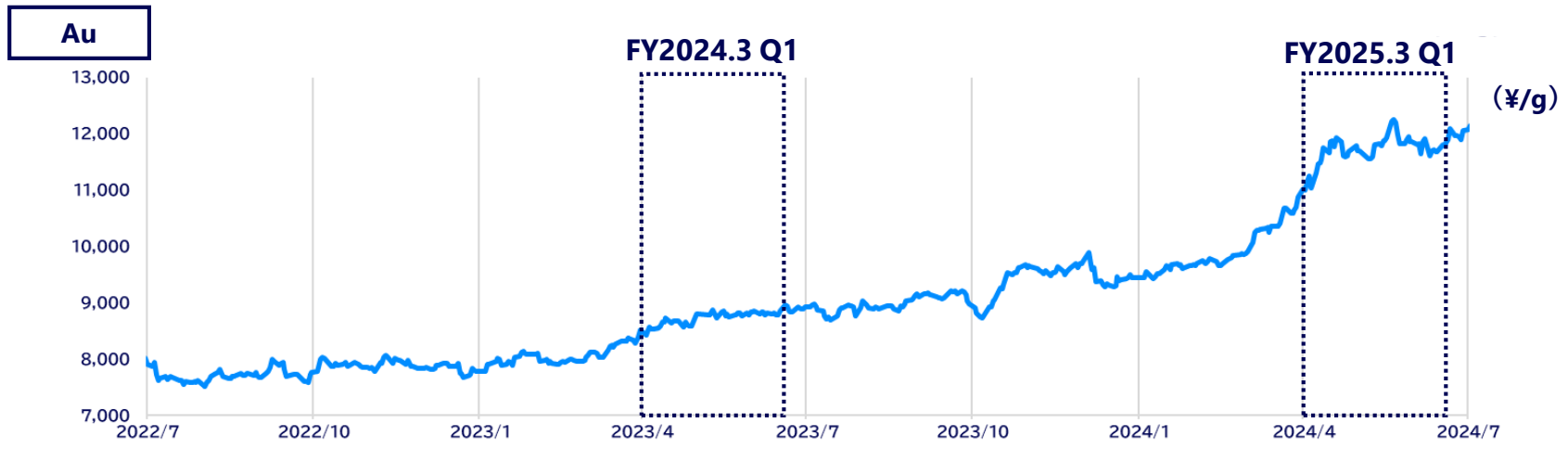


Unit: kg
4,000

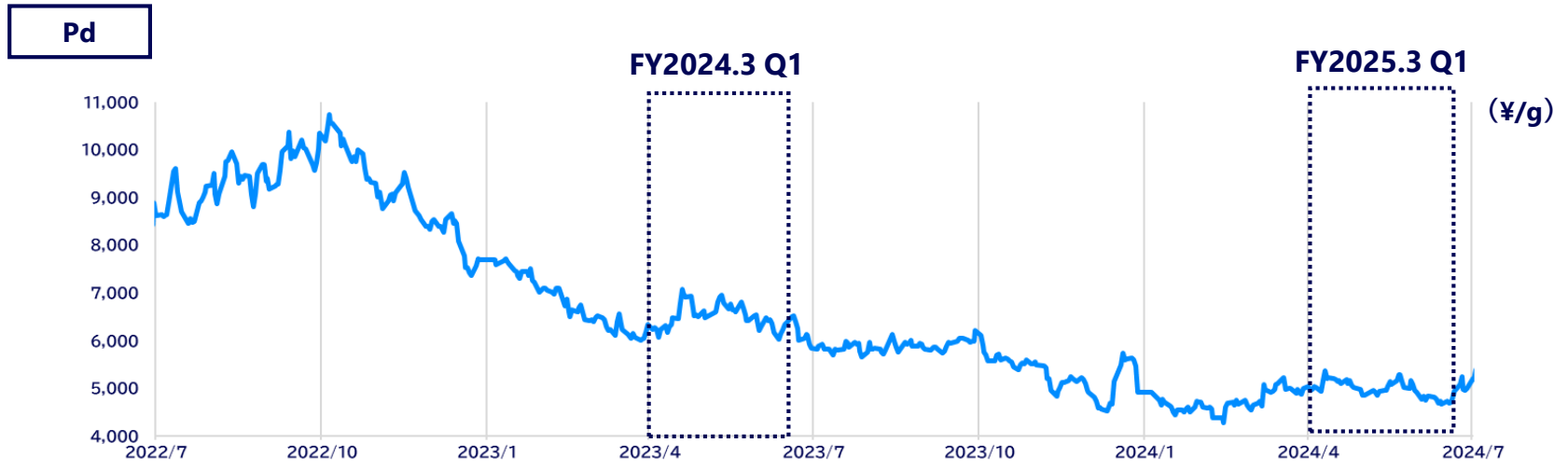
Changes in the amount of Au recovered



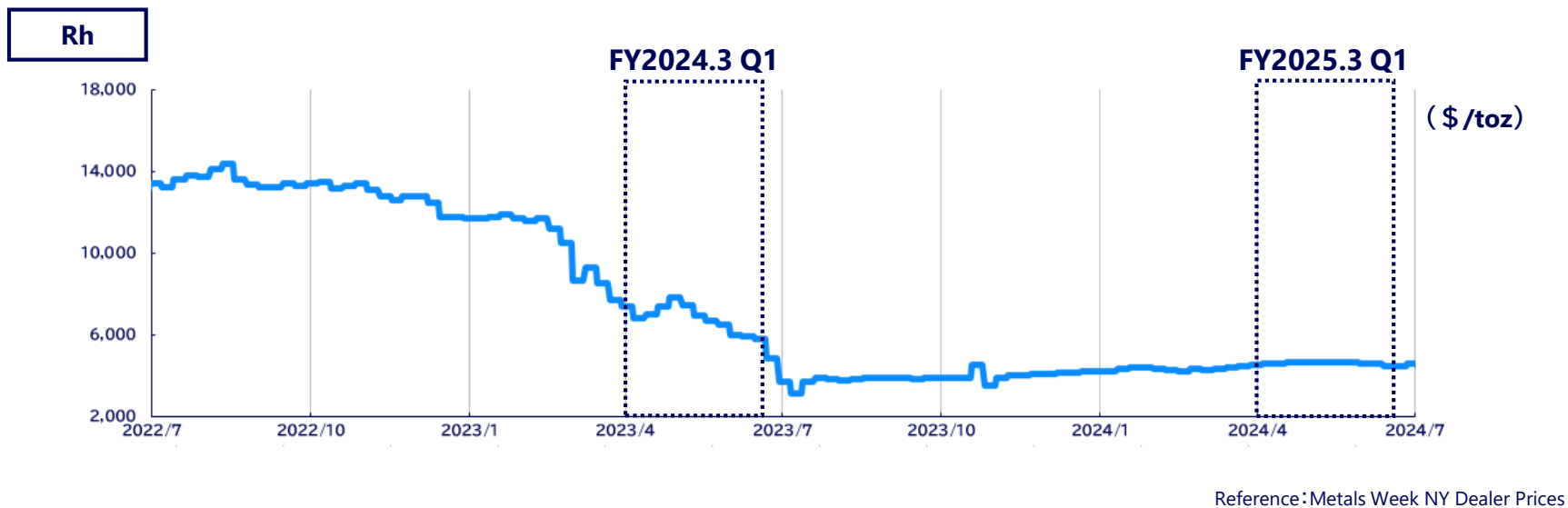
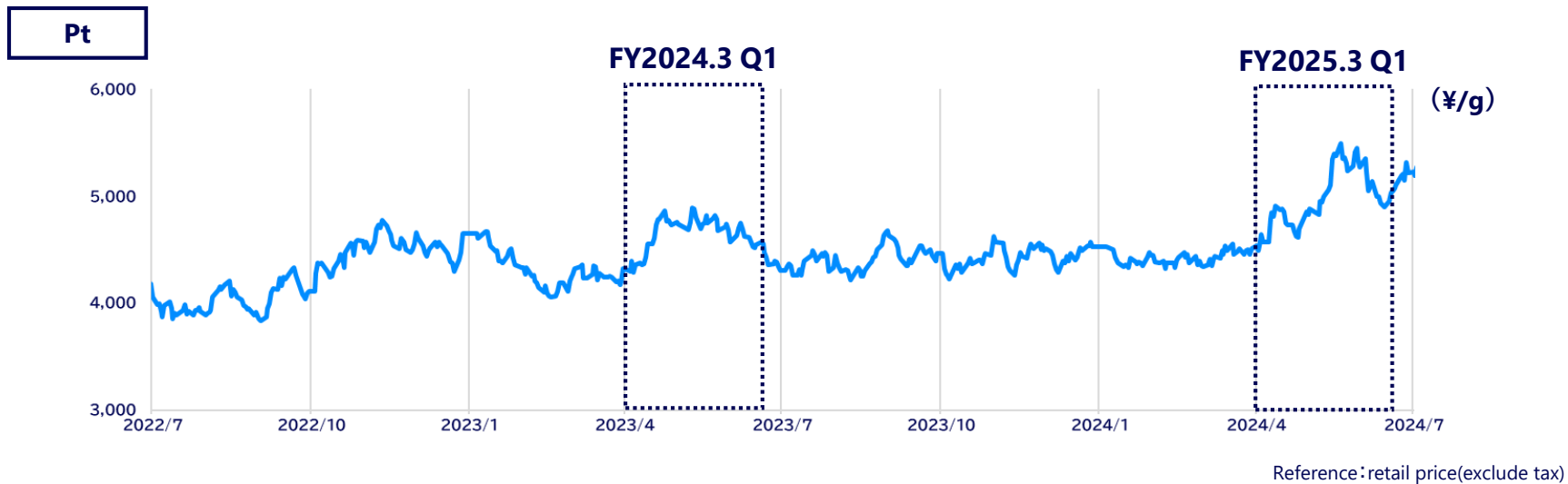




Reference: Quote from mining company



Reference: Nikkei low price



The New Product Series for American Reserve: Columbia Goddess

What is American Reserve?



Gold and silver bullion product brand produced by Asahi Refining USA. With 200 years of experience, we proudly present precious metals products mined, refined, and made in the US.

Columbia Goddess



The design for new product series of American Reserve captures Columbia—a symbol of American Spirit—wielding her torch of liberty in front of the American flag.

Aiming for the Expansion of Warehouse Business for Greater Growth





Online sales of bullion products have started for individual customers targeting younger generations. We aim for expansion of the business through our ability to provide one-stop service for collecting, producing, and selling precious metals.

Examples of Products Available



Silver
5 types of bars



Gold
1 oz bar



Silver
1 oz mint

Expanding the Variety of Products



We will continue to expand our line-up of unique products including minted products of Asahi Refining.

Delivery destinations are only within Japan and are not available overseas.

India: Huge Market with a Population of 1.4 billion

Demand for Au in Jewelry^{*1}

562t/year
(34x higher than Japan)

Passenger Car Sales^{*2}

4.22 million units
(YoY+8.4%)

The market in India has abundant opportunities for collection for Jewelry and Waste automobile catalyst. We will start with looking into the size of the market and the economic trend.

*1 Created by ARE Holdings based on data from World Gold Council

*2 Extracted from data from Society of Indian Automobile Manufacturers (SIAM), actual figures for FY2023

Thailand: High Demand for Au in Jewelry

Demand for Au^{*3}

42t/year
(12th place in the world)

Many jewelry processors gather in Thailand

Jewelry Export Value^{*4}

4.5 billion \$
(2023 actual results)

We are in the preparation process for establishing sales and manufacturing sites in Thailand. In addition to Jewelry, collection for electronic scrap is in the picture.

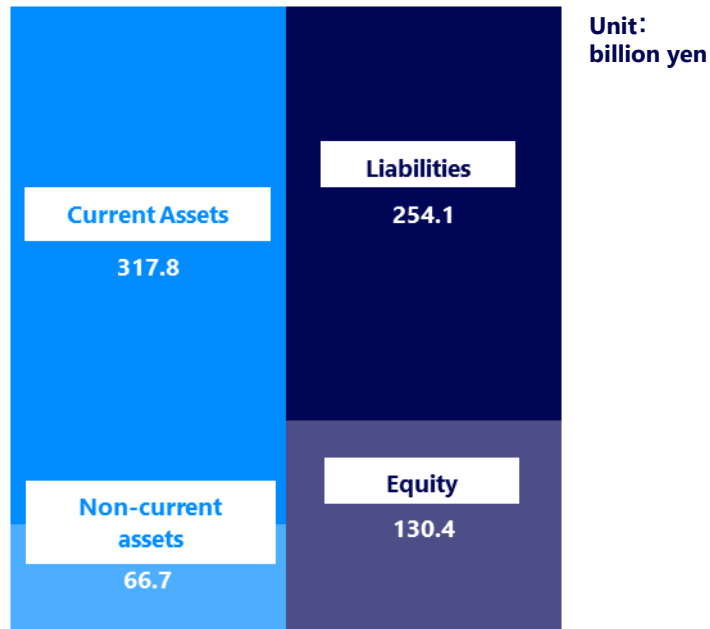
*3 Created by ARE Holdings based on data from World Gold Council

*4 Excerpt from "Gem and Jewelry Institute of Thailand"

Unit : billion yen

	Mar 31, 2024	June 30, 2024	Change	Remarks
Current Assets	253.8	317.8	64.0	
Trade receivables	155.3	194.0	38.7	The greater part of the balance and changes are receivables that constitute borrowings to match metal procurement in North American business.
Inventories	33.9	57.3	23.4	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	64.6	66.5	1.9	
Non-current assets	64.2	66.7	2.5	
Total Assets	318.0	384.5	66.5	
Liabilities	191.5	254.1	62.6	
Bonds and loans	141.2	202.4	61.2	Borrowings of change in Bonds and Loans. 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	50.4	51.7	1.4	
Equity	126.5	130.4	3.9	
Total equity and liabilities	318.0	384.5	66.5	

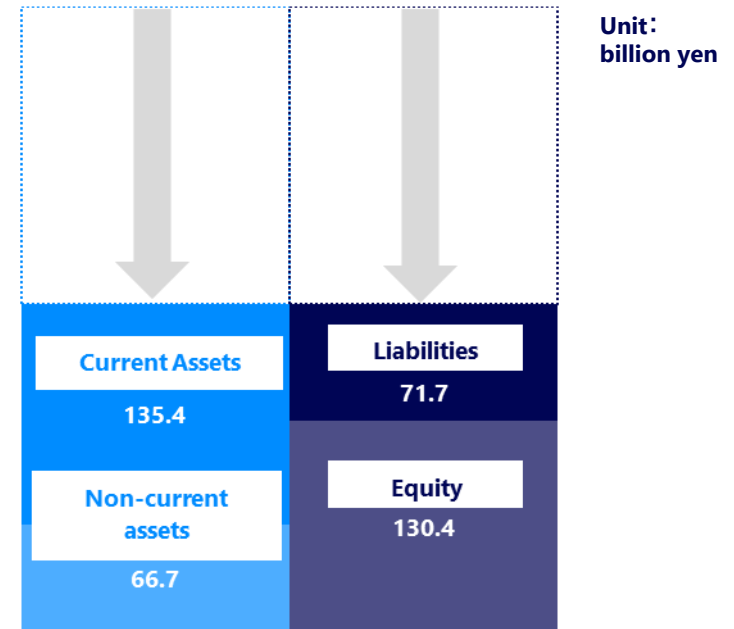
Consolidated Financial Statements



Equity Ratio

33.9 %

Excluding North America business



Equity Ratio

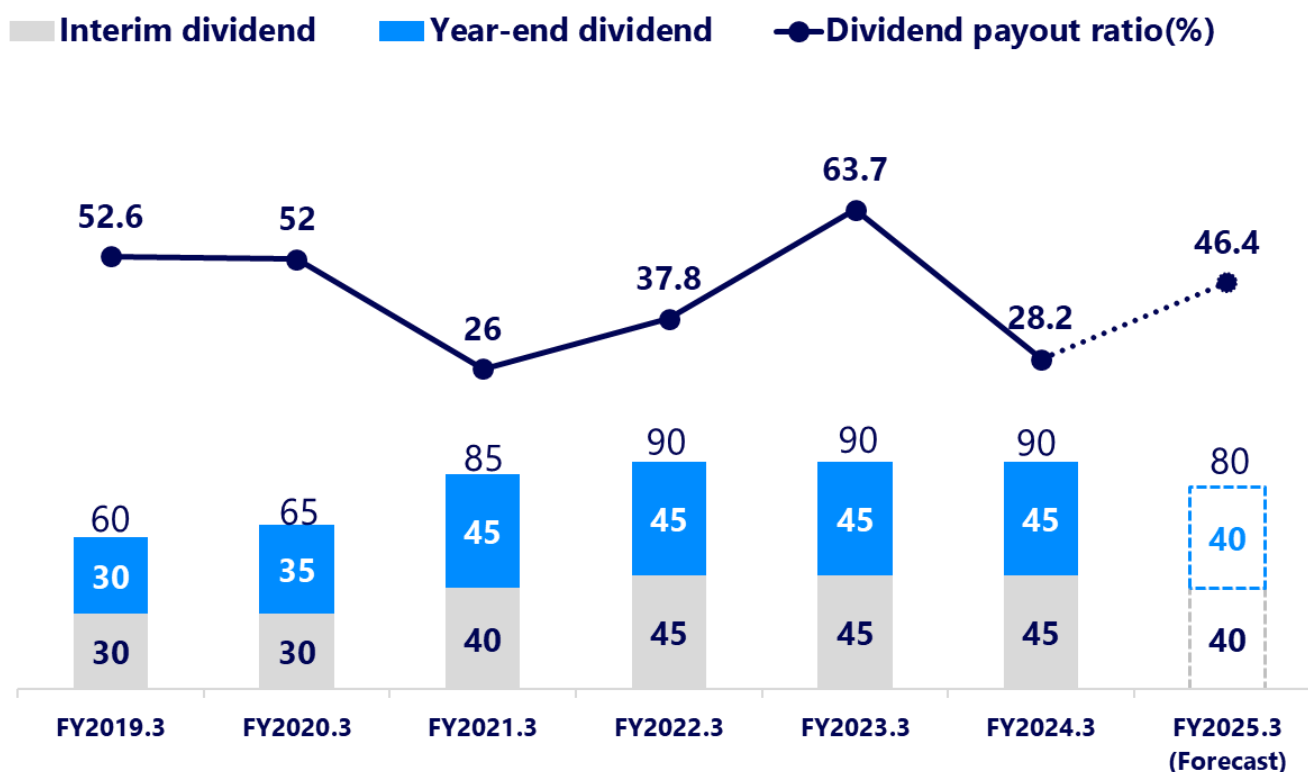
64.5 %

Current assets consist mainly of advance payments attached to North American refining contracts, and the equity ratio excluding the North American refining business is good at 64.5%.

Unit : billion yen

	Q1 FY2025.3	Remarks
Operating CF	0.5	
Changes in inventories	(23.4)	The majority of the change was due to precious metal-containing raw materials, work in progress, and finished products in the precious metals recycling business.
Changes in trade and other receivables	(48.3)	Of the increase/decrease, minus 51.2 billion yen was due to the increase/decrease in receivables corresponding to borrowings from advance transactions, etc. in the North American business.
Changes in trade and other payables	42.5	Of the increase/decrease, +41.3 billion yen is the increase/decrease in borrowings due to advance transactions, etc. in the North American business. Of the increase/decrease in borrowings, the increase/decrease in borrowings due to advance transactions, etc. in the North American business is presented as an increase/decrease in trade receivables in operating CF, not as financing CF.
Others	29.7	
Investment CF	1.3	
Financing CF	6.7	
Changes in loans and bonds	11.1	
Dividends	(3.4)	
Others	(0.3)	
Effect of exchange rate change on cash and cash equivalents	(0.8)	
Changes in cash deposits	7.6	

- The annual dividend for FY2024.3 was 90 yen per share, and the payout ratio was 28.2% due to the impact of the share exchange gain.
- For FY2025.3, the annual dividend is planned to be 80 yen per share, while share purchase (approx. 1 billion yen or 498 thousand shares) was implemented, 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

Precious Metals Recycling Business Expansion of Bando Plant (second phase)



To increase productivity and shorten lead time of catalyst and electronic sector, the expansion construction of Bando Plant has started. Centralization of processing facility and introduction of new process will strengthen our competitiveness. Expected to be completed in April, 2025.

North American Refining Business Renewal of Silver Refining Facility(ESR)



To produce silver - Asahi Refining's main product—ESR(electrolysis facility) will be introduced. The construction has been initiated and the facility will be completed in 2026.

	FY2024.3 Results	FY2025.3 Q1 Result	FY2025.3 Plan
Capital Investment Amount	8.5	2.4	12.9
Precious Metals business	6.1	2.3	12.6
Domestic	3.3	1.4	6.6
Overseas	2.8	0.9	6.0
Others	2.4	0.0	0.3
Depreciation	3.6	0.7	3.1

Unit: billion yen

"Others" includes capital investment in environmental preservation projects.

ARE Group Way

Purpose

Totally Committed to Protecting the Natural Environment and Preserving Resources

We conserve limited natural resources, preserve the global environment, and contribute to the realization of a sustainable world

Goals

- Solving planet-wide problems and enhancing corporate value
- Achieving business growth for the benefit of all stakeholders
- Establishing a globally trusted corporate brand

Values

Care for Others

We will prioritize safety and health as we respect each other

Take on Challenges

We will fearlessly take on challenges and be innovative for the future

Independent Initiative

We will take actions based on actual facts, sites, and products while achieving total optimization

Continuous Improvement

We will keep searching for better technology, quality, and service

Keep Learning

We will learn and update ourselves for both our own and the organization's growth

I. Financial Results for Q1 FY2025.3

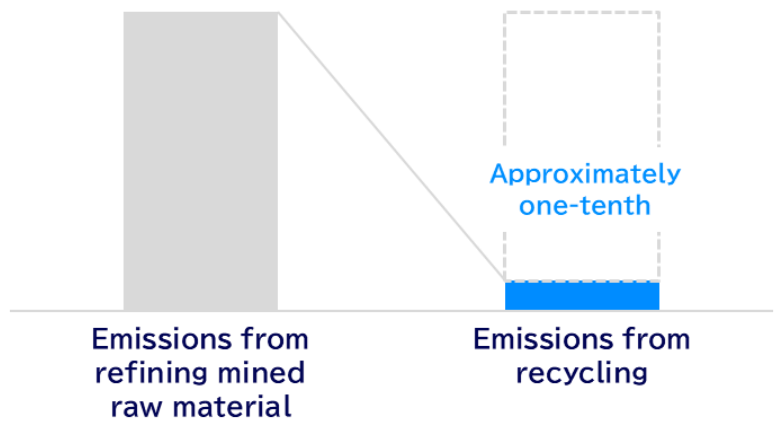
(April 1, 2024 ~ June 30, 2024)

II. Appendix

FY2024.3 Effect of reducing emissions by precious metal recycling

599,666 t-CO₂

CO₂ emissions
during precious metals manufacturing

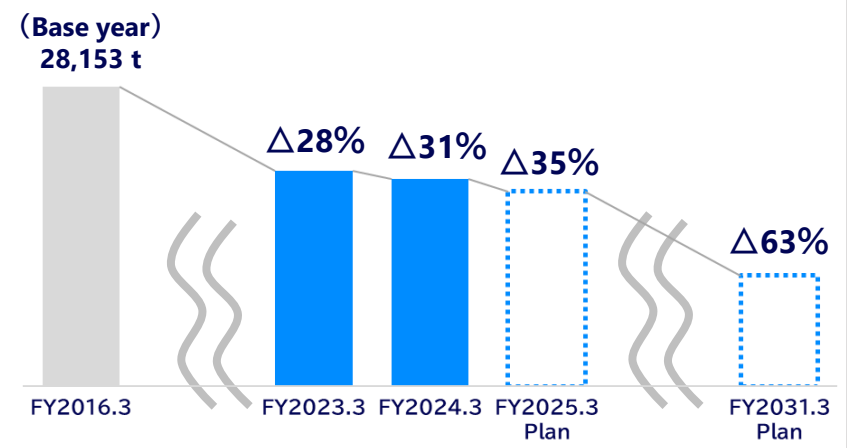


Reduce our CO₂ emissions by approximately 1/30

FY2024.3 CO₂ Emissions Results

20,488 t-CO₂

Energy-derived CO₂ Emissions Reduction Results*



* The figures in the graph exclude Japan Waste Co., Ltd., which became a discontinued operation.

SDGs-related key themes

Expand precious metals recycling



Effective use of limited global resources

Supplying precious metals in ways that are friendly to people, society, and the environment



Promoting responsible precious metals management

Reduce CO₂ emissions



Reducing CO₂ emissions from energy sources

Enhancement of work-life balance and diversity promotion



Emphasizing diversity and improving job satisfaction

Encourage and support SDG activities



Supporting employee contribution activities to the SDGs

Index	FY2030 Goal	FY2023 Result
Percentage of women in managerial positions to all female employees	7%	5%
Percentage of employees with disabilities	2.5%*1	3.6%
Annual paid leave utilization rate	70%	58.8% (80.7%*2)
Rate of men taking childcare leave and childcare leave*3	100%	76.9%

*1 The statutory employment rate set by the Ministry of Health as of July 2024. We aim for higher employment rate than the statutory employment rate in 2030.

*2 Reference data that reflects the days of paid leave as well as the days of designated leave.

*3 Paternity leave specified by Act on Childcare Leave/Caregiver Leave

- **Our employment rate for people with disabilities is higher than the statutory employment rate**
- **A flexible work style system is created through the introduction of designated leave models on top of paid leave**


“Platinum Kurumin” granted for the first time in 2024



What is “Platinum Kurumin”?

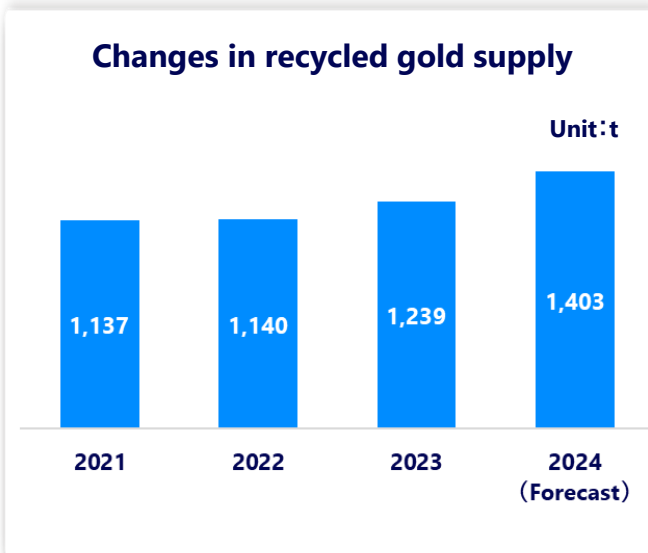
Certification granted for businesses that continuously promote and support working while raising children

● : Selected — : Not selected

Field	Index	2022	2023	2024
ESG	 FTSE Blossom Japan Sector Relative Index	●	●	●
	 CDP	B	A-	In preparation
Environment	 S&P/JPX Carbon Efficient Index	●	●	In preparation
	 2024 健康経営優良法人 Health and productivity Health & Productivity Management Outstanding Organizations	●	●	●
Social	2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) MSCI Empowering Women Index	—	●	●
	 Kurumin Platinum Kurumin	●	●	●

This indicates the year of selection and certification and is different from the fiscal year.

The Amount of Supply for Recycled Gold Hit the Highest since 2021



- Every year since 2021, the amount of supply for recycled gold from January to March has increased.
- The amount of supply for recycled gold in Jan.-Mar. 2024 reached 351t(+12% from the same period last year), which was the most since 378t in Jul.-Sep. 2020.

* Created by ARE Holdings based on data from World Gold Council

* The figures for 2024 are our forecasts calculated by annualizing the actual figures for January to March.

Jewelry Brands Engaged in More Use of Recycled Gold for Sustainability Reasons

BVLGARI

Over 99% of gold sourced by Bvlgari comes from industrial recycling, effectively reducing the environmental and social impacts connected with mining operations.

* Excerpt from BVLGARI's website

PRADA

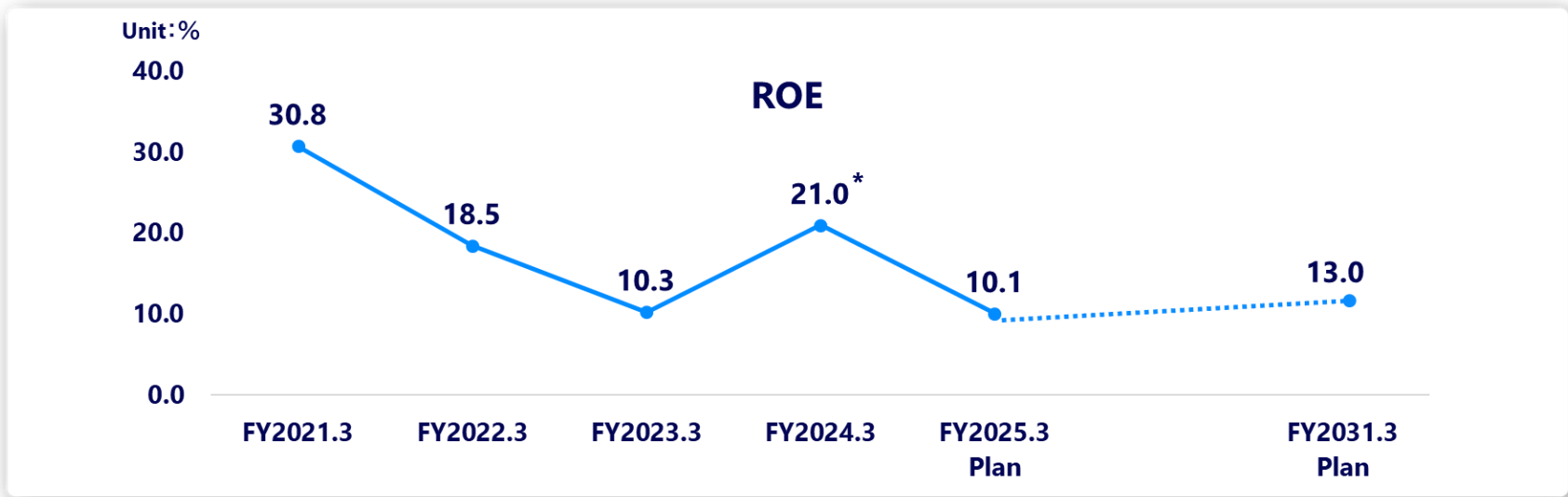
100% of the gold used in Prada fine jewelry is Certified Recycled Gold, which a choice that benefits both the environment and human rights.

* Excerpts and summaries from the "2023 Sustainability Report"

HERMES

100% of gold and silver used for jewellery are from recycled sources (no mining).

* Excerpt from the HERMES's website



* Figure excludes the gain on the stock exchange between RENATUS Co., Ltd. and Japan Waste Co., Ltd.

