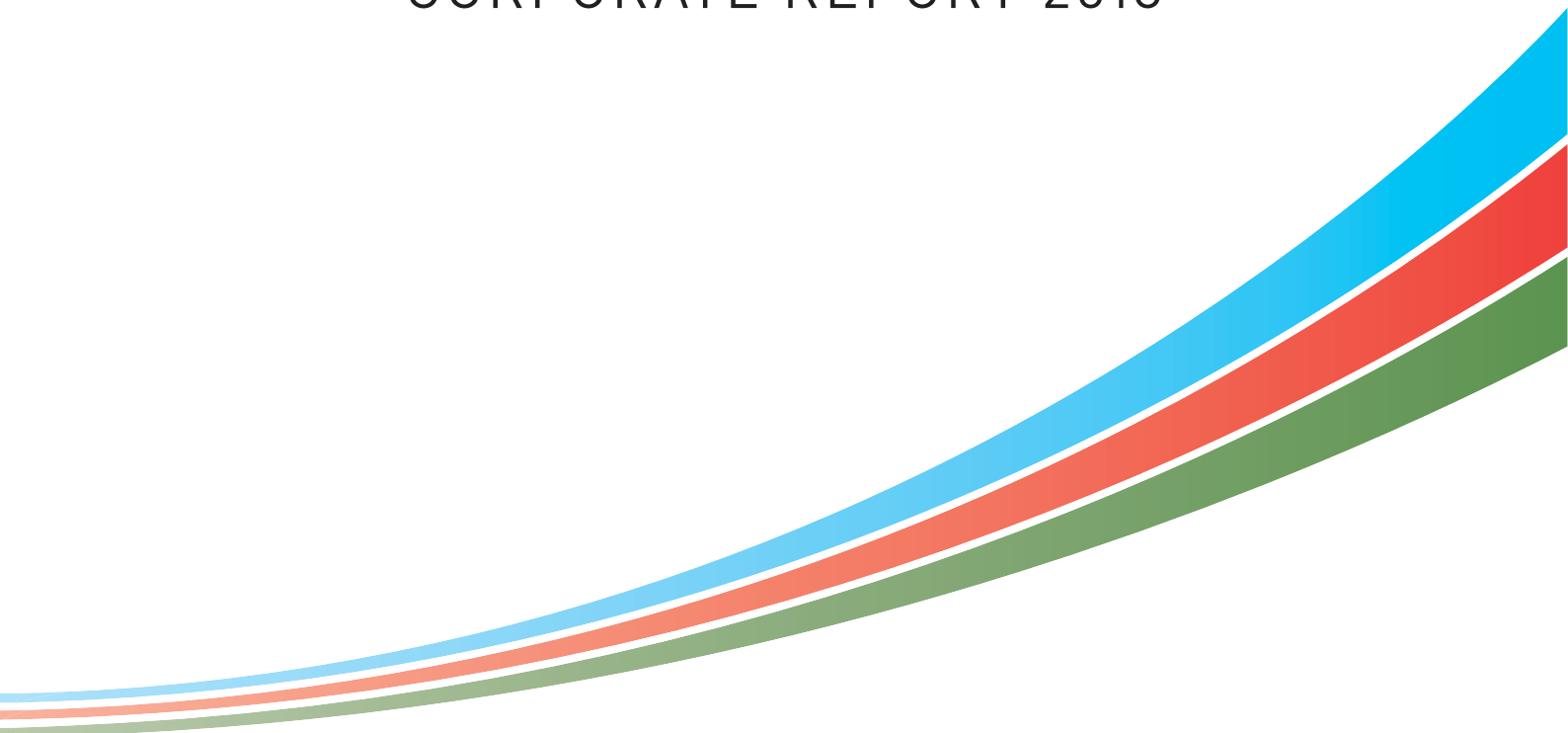


# CORPORATE REPORT 2018



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

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#### About the Group's Logo

The Group's logo uses a spiral shape as a motif to signify the corporate stance in seeking "environmental preservation through recycling." a main feature of its business; the logo also indicates continuity and growth. The arrows pointing upward and downward symbolize Asahi Holdings as an advanced, cutting-edge company. The three colors of blue, red and green each respectively signifies "clean water and sky," "the energy of people carrying out activities" and "beautiful nature and forests."



### Asahi Holdings, Inc.

Established: July 1952  
 Incorporated: April 2009  
 Capital: 7,790 million yen  
 Representative Director: Mitsuharu Terayama, (CEO)  
 Tomoya Higashiura (President)  
 Head Office: Nissay Sannomiya Building 16F 4-4-17 Kano-cho,  
 Chuo-ku, Kobe, Hyogo 650-0001 Japan  
 TEL: +81-78-333-5633 FAX: +81-78-333-5681  
 Sapia Tower 11F 1-7-12 Marunouchi,  
 Chiyoda-ku, Tokyo 100-0005 Japan  
 TEL: +81-3-6270-1833 FAX: +81-3-6270-1859

Number of employees  
 (consolidated): 1,928 (As of March 31, 2018)  
 URL: <http://www.asahiholdings.com/english/>



Kobe Head Office



Tokyo Head Office

### Asahi Pretec Corp.

Business Lines: Precious metals / rare metals recycling and  
 industrial waste treatment  
 Representative Director: Hiroyuki Nakanishi  
 Headquarters: Nissay Sannomiya Building 16F 4-4-17 Kano-cho,  
 Chuo-ku, Kobe, Hyogo 650-0001 Japan  
 TEL: +81-78-333-5600 FAX: +81-78-333-5681  
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku,  
 Tokyo 100-0005 Japan  
 TEL: +81-3-6270-1820 FAX: +81-3-6270-1825  
 URL: <http://www.asahipretec.com/> (Japanese Only)

#### Domestic Business Locations

Research Laboratory: Technical Research Center (Kobe)  
 Plants: Saitama, Nagano, Amagasaki, Kobe, Technical  
 Research Center, Ehime, Kitakyushu,  
 Kitakyushu Hibiki, Fukuoka  
 Business offices: Sapporo, Aomori, Sendai, Nigata, Kitakanto, Kanto,  
 Yokohama, Kofu, Nagano, Shizuoka, Nagoya,  
 Hokuriku, Hanshin, Kobe, Okayama, Hiroshima,  
 Shikoku, Kitakyusyu, Fukuoka, Kagoshima, Okinawa

#### Overseas Bases

ASAHI G&S SDN. BHD. (Malaysia) Shanghai Asahi Pretec Co., Ltd.  
 Asahi Pretec Korea Co., Ltd. Asahi Pretec Taiwan Co., Ltd. (Taiwan)

### Asahi Life & Health Corporation.

Business Lines: Life and Healthcare equipment, manufacturing,  
 sales and construction of equipment  
 Representative Director: Toshiyuki Otsuki  
 Headquarters: Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku,  
 Tokyo 100-0005, Japan  
 TEL: +81-3-6895-1870 FAX: +81-3-6270-1839  
 URL: <http://www.asahilh.com/> (Japanese Only)

#### Subsidiaries

FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. INTER CRNTRAL, INC.  
 KOEIKOGYO CO., LTD. Fujiiryoki, Inc. (US)

### Japan Waste Corporation

Business Lines: Industrial waste treatment and other  
 environmental preservation businesses  
 Representative Director: Keiichi Okumura  
 Headquarters: Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku,  
 Tokyo 100-0005, Japan  
 TEL: +81-3-6270-1828 FAX: +81-3-6270-1839  
 URL: <http://www.japanwaste.co.jp/> (Japanese Only)

#### Subsidiaries

JW Chemitech Co., Ltd. JW Glass Recycling Co., Ltd.  
 Taiyo Chemical Co., Ltd. Nihon Chemitech Logitem Co., Ltd.  
 Fuji Rozai Co., Ltd. Iyotec Co., Ltd.  
 Ecomax Co., Ltd.

### Asahi Americas Holdings, Inc.

Business Line: North America gold & silver refining business  
 Representative Director: Tomoya Higashiura  
 Headquarters: Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku,  
 Tokyo 100-0005 Japan  
 TEL: +81-3-6895-1900 FAX: +81-3-6270-1859

#### Subsidiaries

Asahi Refining USA Inc.  
 Asahi Refining Canada Ltd.

## ▶ Message from the CEO

In fiscal 2017, the final year of the 7th Medium-Term Business Plan, we upgraded our operating income forecast twice and achieved a record-breaking result of 13.8 billion yen. All companies and business segments of the Asahi Holdings Group recorded a profit. As a result, return on equity (ROE), the Group's indicator of management efficiency, was 17.3%. Over the three-year period, we have taken steps to solidify our foundation for global management. These steps include adopting the International Financial Reporting Standards (IFRS), switching to a "Company with an Audit and Supervisory Committee" system, and otherwise reinforcing our corporate governance structure.

The company slogan under the 8th Medium-Term Business Plan is "Building a global company that pursues originality and growth." The plan took effect in April 2018 and spans three years, but was drafted taking into perspective the five-year period through 2022, which will be our 70th year in business. The aim is to pursue the challenge of developing new technologies and systems utilizing IT, while creating new business models, by fiscal 2020. Asahi Life & Health Corporation was established in April of this year to be the core company in our Life & Health business. By fiscal 2022, we want to see this business, coupled with our core Precious Metals business, position our company as a global corporate brand in these two segments, and we will likewise pursue raising our brand profile in Japan in the Environmental Preservation Business. This is our vision as we embark on the three-year plan.

Our company's business portfolio has changed considerably compared with a decade ago. In response to changes in the business environment, we withdrew from more than 10 businesses, while businesses that were newly launched or brought under the Group's umbrella now number over 20. Over the past two decades we have acquired more than 20 companies, and at least 95% of them have achieved better results after acquisition. We believe this demonstrates our ability to adapt to change and our management capabilities for business regeneration.

The Group's management philosophy and employee code of conduct are summarized in the Asahi Way. Our Credo shows that our business intrinsically contributes to the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, and it articulates our intention to help build a more sustainable world. Our Corporate Values signal our emphasis on intangible assets and cooperation with various stakeholders. Maintaining highly motivated employees and brand strength that represents trust in the company are essential for stable growth over the long term.

With a spirit driven to innovate and embrace challenge, we will continue to grow while overcoming changes in the business environment. I look forward to your continued support of the Asahi Holdings Group.



Mitsuharu Terayama  
Chairman and CEO  
Asahi Holdings, Inc.  
May 2018



# The Asahi Way

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

The Asahi Holdings Group has established the Asahi Way as a set of values for all employees. The Asahi Way is made up of Our Credo, Our Corporate Values, Our Employee Principles, and the Group Code of Conduct. The Asahi Way drives the Group's sustainable growth and improves corporate value over the medium to long term, and directors and management executives take the lead by serving as role models who put it into practice.

### Our Credo

**We conserve limited natural resources, preserve the global environment, and support human health.**

### Our Employee Principles

**Innovate and embrace challenges  
Put safety first  
Maintain high quality  
Promptly report (especially bad news)  
Build trust and connection**

### Our Corporate Values

#### Cooperation with stakeholders

We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.

#### Corporate governance with a balance of protective and proactive measures

We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.

#### No growth without profit

We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.

#### Trusted corporate brand

We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.

#### Addressing diverse risks

We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.

#### Highly motivated employees

We promote work-life balance for employees and continuously improve working environments and conditions.

#### Strong sense of mission and high ethical standards

We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.

#### Being a company of good people

We value good employees over the long-term; our vision of a "good employee" is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

### The Asahi Holdings Group Code of Conduct

- #1 We comply with all laws and regulations
- #2 We respect the dictates of social norms and our own conscience
- #3 We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
- #4 We refrain from conducting any political or religious activities in the workplace
- #5 We treat customers with sincerity
- #6 We practice fair competition and optimal decision-making when selecting business partners
- #7 We respect the confidential information obtained through our work and avoid disclosing it externally
- #8 We refrain from providing or receiving meals or gifts in pursuit of personal benefit
- #9 We act for the greater good, not for personal or affiliated parties' gain
- #10 We focus on the actual sites, actual things, and actual facts

# ► The Future of the Asahi Holdings Group (8th Medium-Term Business Plan)

## Consolidated Targets

	FY2018	FY2019	FY2020	(billion yen)
Revenue	120.0	130.0	140.0	
Operating Income	14.0	15.0	16.0	
Operating Income Ratio	11.7%	11.5%	11.4%	
ROE	14.1%	13.8%	13.5%	

## Company Slogan

### Building a global company that pursues originality and growth

#### Launch of the 8th Medium-Term Business Plan

Under the 8th Medium-term Business Plan, the Asahi Holdings Group will keep its sights firmly set on its vision for each business segment in five years' time, working to achieve medium to long-term growth while maintaining profitability. The following three key phrases represent the particular emphases of the new Medium-Term Business Plan.

The first key phrase is "augmenting intangible capital." Investment in human capital is especially important. The Group has grown by recruiting and developing diverse human resources from various fields. While utilizing our flexible platform, we must continually respond to changes in the ever-changing business environment and develop more human resources who can operate at a global level. Strengthening these kinds of systems will support sustained growth. Since the most important part of the management foundation is the ability to build a talented workforce, the Group will systematically strengthen recruitment, training, and job rotation.

We will also focus on creating intellectual property within the organization. Specifically, we will establish a new technology research team within the Group and ensure that it continues to pursue strong, proprietary Asahi technologies, as we have been doing since the establishment of the Technical Research Center in 1998.

The second key phrase is "business automation." The precious metal refining and industrial waste disposal businesses must constantly adapt to different material types and quantities, making it challenging for many such sites to be automated. Nevertheless, by investigating and researching the latest information technology, we aim to create automated operations that will still be cutting edge in 10 years' time, making for business innovation in the long run. In addition to production sites, we will also automate functions such as sales, transportation and administration. In the preliminary stage of automation, we will start from scratch and review operations to eliminate any waste and do away with any deviations from the basic operational objectives. We expect productivity to increase dramatically as a result.

These efforts will be significant in light of social issues in Japan, such as population aging and decline, as well as for improving employee work-life balance.

The third key phrase is "social impact orientation." Globally, an increasing number of companies are working to solve social issues through their business activities. The momentum was created when the United Nations adopted the Sustainable Development Goals (SDGs), a set of goals that the international community has set to foster sustainable development. The Asahi Holdings Group is committed to working even harder than ever to help solve social issues and intends to pursue its corporate activities with reference to the SDG framework.

We believe that our efforts to achieve the quantitative and qualitative targets of the 8th Medium-Term Business Plan will drive the Group to long-term success and improve corporate value. This is why we are so determined to make a concerted, maximum effort on the plan throughout the Group. We look forward to your continued support of the Asahi Holdings Group.

**Tomoya Higashiura**  
President Asahi Holdings, Inc.  
May 2018

## Basic Policy

**Be the number one precious metal refining company in the world**

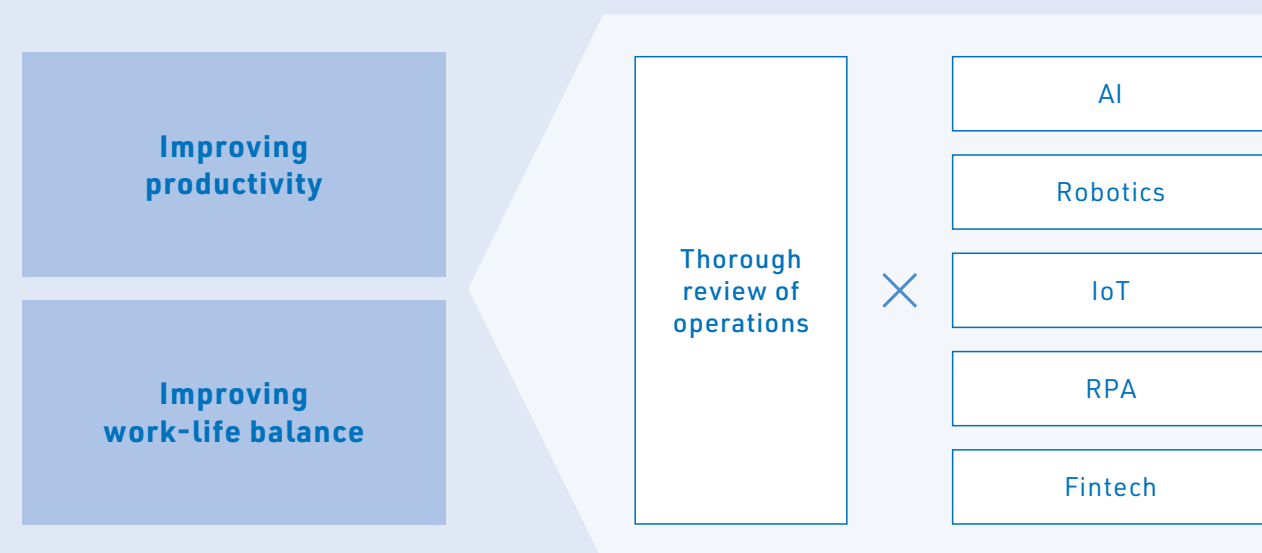
**Be a leader in the environmental business in Japan**

**Be the world's number one brand in the health-related business**

### 1. Building a new business foundation that will support the coming era



### 2. Improving productivity and work styles utilizing information processing technology



### 3. Sharing the Asahi Way with all employees group-wide

# ▶ History of the Asahi Holdings Group

1952	Asahi Chemical Laboratory founded in Joto-ku, Osaka City	1999	Initial public stock offering made on over-the counter market
1964	Became <i>kabushiki gaisha</i> (stock-based company)	2000	Listed on the 2nd Section of the Tokyo Stock Exchange
1974	Fukuoka sales office opened Sales offices start to be established across Japan	2002	Promoted to the 1st Section of the Tokyo Stock Exchange
1978	Head Office building completed in Higashi-Nada-ku, Kobe City	2009	Asahi Holdings, Inc. established
1997	Name changed to Asahi Pretec Corp.		
1998	Headquarters operations transferred to Chuo-ku, Kobe City Technical Research Center opened in Nishi-ku, Kobe City		

2012	The Asahi Way established Selected for inclusion in an ESG index by the Tokyo Stock Exchange
2015	Company with an Audit and Supervisory Committee system adopted Nominating and compensation committees established Performance-based stock-option system introduced
2016	International Financial Reporting Standards (IFRS) adopted
2017	Capital increased through new share issue




## Act 1 Foundation and Initial Decades: 1952 to 1998

## Act 2 Public Company: 1999 to 2011

## Act 3 New Development: 2012 to present

**Precious Metals**

1952	Silver recycling business started using photographic fixing solutions
1975	Compact electrolytic silver collection equipment "PLATA" developed
1982	Precious metal recycling business launched in the dental field
1984	Precious metal recycling business launched in the plating solution field
1986	Precious metal recycling business launched in the electronics components and jewelry fields
1986	Compact electrolytic gold collection equipment "ZIPANG" developed
1994	ASAHI G&S SDN. BHD. (Malaysia) established
1998	Manufacturing of dental alloy begins



2003	Shanghai Asahi Pretec Co., Ltd. established Automobile catalyst business launched
2006	Asahi Pretec Korea Co., Ltd. established
2011	E-scrap business launched Precision cleaning business launched




2013	Asahi Pretec Taiwan Co., Ltd. Established.
2015	US and Canadian gold and silver refining subsidiaries acquired from Johnson Matthey (UK), and Asahi Refining USA Inc. and Asahi Refining Canada Ltd. established

2017	Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation	Regional sites consolidated with those of Group (10 locations)
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**Environmental Preservation**

1972	Equipment for detoxification of photographic effluents installed at the Kobe Plant
1975	Industrial waste disposal license acquired from Kobe City (detoxification of photographic effluent)
1978	Registered as an environmental measurement certification office
1990	Environmental preservation business other than photographic effluents entered



2004	Nihon Chemitech Co., Ltd. acquired
2006	Taiyo Chemical Co., Ltd. acquired
2007	Kitakyushu Office of Asahi Pretec Corp. opened
2008	Japan Waste Corporation established Fuji Rozai Co., Ltd. acquired
2009	JW Glass Recycling Co., Ltd. acquired
2010	Yokohama Office of Japan Waste Corporation opened Ecomax Co., Ltd. acquired

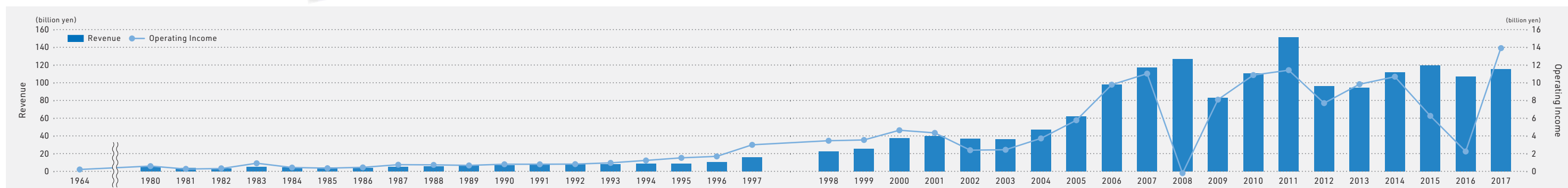
**Life & Health**

2012	Inter Central, Inc. acquired
2014	Koeikogyo Co., Ltd. acquired Fuji Medical Instruments Mfg. Co., Ltd. acquired Life & Health Business launched as a new segment
2018	Asahi Life & Health Corporation established Fujiiryoki, Inc. (a US subsidiary of Fuji Medical Instruments Mfg. Co., Ltd.) established

### Group Strengths Built Across the Years

- Good Relationships with Stakeholders
- Trusted Asahi Brand
- Globally Expanding Network
- Ability to Adapt to Change
- Management Capabilities for Business Regeneration
- Industry-Leading Unique Technologies
- Highly Motivated Employees
- Sound Financial Structure

## Business Performance



## ▶ Value Creation by the Asahi Holdings Group

### Three Business Segments

We conserve limited natural resources, preserve the global environment, and support human health.



### Eight Factors That Support Value Creation

Group Strengths Built Across the Years of Innovation and Embracing Challenges

#### Ability to Adapt to Change

Since its inception, the Asahi Holdings Group has continued to take on challenges in new business fields, driven by flexible thinking and bold action, while keeping a close eye on changes in the business environment. By promptly withdrawing from business areas that are reaching the end of their life cycles and establishing original business models in new fields, we consistently deliver growth.

#### Industry-Leading Unique Technologies

We are proud of the original technologies we have developed. These include technologies for recovering precious metals with high efficiency that leverage our advanced analytical capabilities, technologies for properly processing various industrial waste materials, and technologies for product development based on accurate ascertainment of customer needs. Through constant research and development, the Group continues to enhance its unique technologies in each of its business fields.

#### Highly Motivated Employees

The Group's growth has been driven by our employees, who share the group-wide values of the Asahi Way, deeply value trust and connections, and are motivated by a passion for innovation and embracing challenges. In addition to recruiting diverse human resources, the Group prioritizes employee health and safety, invests in supportive working environments, and continues to develop highly motivated employees.

#### Good Relationships with Stakeholders

The Asahi Holdings Group values communication with stakeholders. The Group actively dialogues with investors and listens to customers and business partners, using their feedback to strengthen its governance and develop products and services. We value our relationships of trust not only with employees but also with the local communities where we do business, and we are working to further improve long-term corporate value.

#### Management Capabilities for Business Regeneration

Over the past two decades, the Group has acquired more than 20 companies and improved their management. Almost all of these companies are enjoying stronger performance than before they joined the Group. We improve business performance at affiliated companies in Japan and abroad by applying our management capabilities flexibly to match the business environment.

#### Trusted Asahi Brand

The Group's precious metal products, namely, gold, silver, palladium, and platinum bars, meet LBMA Good Delivery standards, and their quality is recognized worldwide. We will continue to provide products and services of high quality in all business areas to maintain the market's trust in the Asahi brand.

#### Globally Expanding Network

Since establishing Asahi G&S in Malaysia in 1994, the Group has kept expanding into Asia by setting up sites for precious metal recycling in China, South Korea, and Taiwan. In 2015, we acquired refining businesses in North America in order to enter the business of refining mined ores. This move has expanded our clientele, not just in North America, but in the rest of the world as well.

#### Sound Financial Structure

The Group has grown while ensuring financial soundness so that it can respond with agility to M&A opportunities and capital investment needs. After an initial public offering in 1999, the Group was listed on the First Section of the Tokyo Stock Exchange in 2002, and made a public offering of new shares in 2017. By increasing capital, we are building a financial structure to support future growth.

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



For the Asahi Holdings Group, value creation involves helping to solve social issues while pursuing business growth.

Since our beginnings in 1952, we have been engaged in resource recycling and environmental preservation to live up to our core mission:

**"Totally committed to protecting the natural environment and preserving resources."**

The businesses we are passionate about have always been linked to supporting the sustainable development of society.

We will continue to help address social issues through our business activities.

### Un SDGs and Asahi's Contribution

Adopted in 2015 at the United Nations, the Sustainable Development Goals (SDGs) seek to address a wide range of issues related to the economy, society and the environment.

All members of the international community, including companies, are expected to participate.

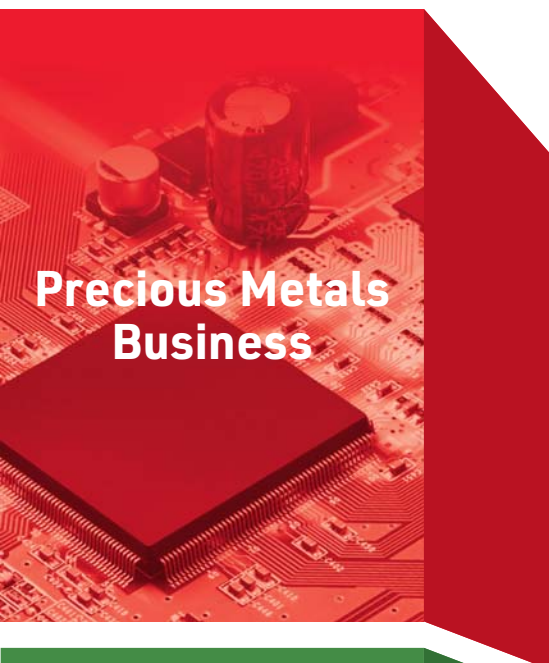
Among the 17 SDGs, the Asahi Holdings Group is striving to contribute to the achievement of the following goals.



With the united efforts of all Group employees, we will continue to address social issues and work to achieve these SDGs in everything we do.

## ▶ Three Business Segments

We conserve limited natural resources, preserve the global environment, and support human health.



### Precious Metals Business

#### Value creation platform

Precious metal  
Recycled raw materials  
Refining raw materials

- Outstanding technologies for precious metal refining
  - Technical development to create innovative original technologies
  - Production systems with high efficiency
  - Global technology collaboration
- »» P.12~17

#### Customers / partners

Electronic components manufacturers  
Dental clinics / dental laboratories  
Jewelry makers  
Catalyst manufacturers  
Automobile dismantling industry  
Mining companies

#### Products / Services

#### Precious metal products

By recycling the precious metals indispensable for modern manufacturing, we are contributing to the effective utilization of resources and the development of industry.



#### Contributing to the SDGs



### Environmental Preservation Business

#### Industrial waste

(Waste reagents, waste oil, sludge, glass, scrap wood, etc.)

- Licenses covering all of Japan
  - Advanced and extensive waste treatment and disposal technologies
  - Ability to offer solutions based on a group-wide network
- »» P.18~21

Government and public office  
Educational institutions  
Medical institutions  
Various manufacturers  
Research centers

#### Proper processing and recycling of industrial waste

By properly processing and recycling a wide variety of waste materials, we are helping to realize a recycling-oriented society.



### Life & Health Business

- Product development capabilities to meet customer needs
  - Design technology that combines functionality and safety
  - Frontline capabilities to create comfortable living spaces
- »» P.22~25

Individuals  
Health related facilities  
Office buildings  
Construction industry  
Design firms

#### Various health devices, air conditioning systems, and fire protection equipment

By providing devices and equipment to help maintain comfortable lifestyles and health, we are meeting the needs of society, including greater health consciousness.



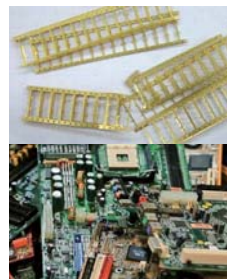
## Business Details

The Group collects and recycles scrap containing precious metals from various industries. By recovering and providing gold, silver, palladium, platinum and other precious metals indispensable to modern manufacturing, we are contributing to the effective utilization of resources and the development of industry.



### Recycling precious metals from discarded electronic substrate and processing scrap

Gold / Silver / Palladium



#### E-scrap

The electronics and semiconductor industries use precious and rare metals in the manufacturing processes for the electronic components and printed circuit boards used in personal computers and mobile phones. We use our world-class technologies to collect and recycle the precious and rare metals remaining after various processes.

### Performing precious metals removal and precision cleaning of semiconductor-equipped parts

Gold / Silver / Palladium / Platinum



#### Precision Cleaning

We are expanding our business in precious metals recycling and precision cleaning by temporarily storing our customers' vacuum deposition and sputter deposition equipment, which are used in the process of electronic components and semiconductors.

### Consistently maintaining a high recovery rate with our unique technology

Gold / Silver / Palladium



#### Plating Treatment

In the plating treatment field, we are engaged in the business of recycling precious metals included in plating solutions and so on. In addition to the recovery of precious metals such as gold, silver, and palladium, we also provide environment-friendly recovery technologies for rare metals recycling and water treatment / reuse.

### Recycling precious metals and rare metals found in vehicle catalytic converters

Palladium / Platinum / Rhodium

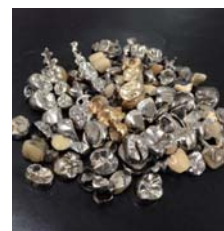


#### Catalyst

The precious metals such as platinum, palladium and rhodium used as catalysts for automobile exhaust gas are regulated in accordance with environmental regulations concerning exhaust fumes such as Japan's Air Pollution Control Act, NOx/PM Act and other laws. We are making efforts to recycle precious metals from automotive catalysts, chemical catalysts, etc., utilizing our unique technology.

### Building a resource recycling cycle in the dental industry

Gold / Silver / Palladium / Platinum



#### Dentistry

The precious metals products used at dental clinics and dental laboratories are mainly gold, silver, and palladium alloys. The precious metals content varies by type. We use our own system for integrated management of collection, assay and reporting to build a resource recycling cycle in the dental industry.

### Receiving work from jewelry manufacturing organizations

Gold / Silver / Palladium / Platinum



#### Jewelry

Based on our advanced assay and precious metal refining technologies, we recycle jewelry products from traders in the distribution process, as well as various materials from the manufacturing processes. We are subcontracted by jewelry manufacturing industry organizations for "precious metal scrap collection and assay." Our many years of proven performance have earned profound trust with all of our customers.

## Strengths

01

In Japan and other parts of Asia, we collect scrap containing precious metals from various industries and recycle them in facilities with the necessary processing technologies. In North America, we obtain material from mining companies worldwide, and then refine it into precious metals using the best process for each grade. With the wide range of technical capabilities, the Group can handle all kinds of precious metals.

02

We have created an extensive sales network covering all of Japan and are collecting scrap material containing precious metals. In addition, based on expertise accumulated over many years, employees familiar with particular industrial fields carry out proposal-based service marketing on a daily basis by accurately ascertaining the needs of customers.

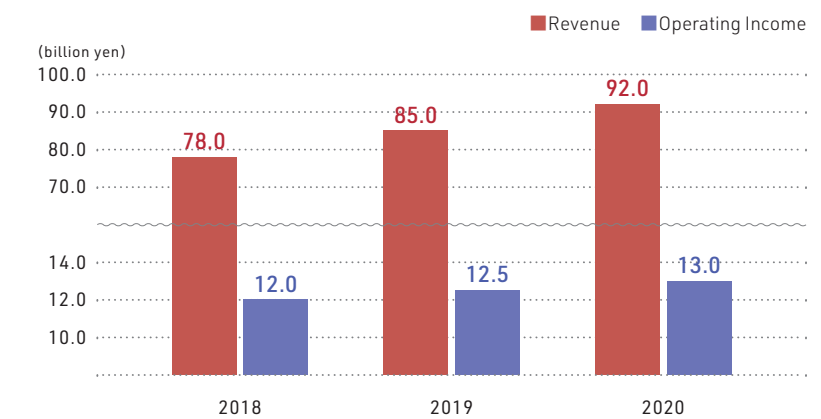
03

The Group's precious metal ingot products are certified as Good Delivery bars by the London Bullion Market Association (LBMA) and the London Platinum and Palladium Market (LPPM). They are also recognized as brand products for delivery supply by the Tokyo Commodity Exchange, and are widely distributed both in Japan and overseas.

## Be the number one precious metals refining company in the world

### The 8th Medium-Term Business Plan

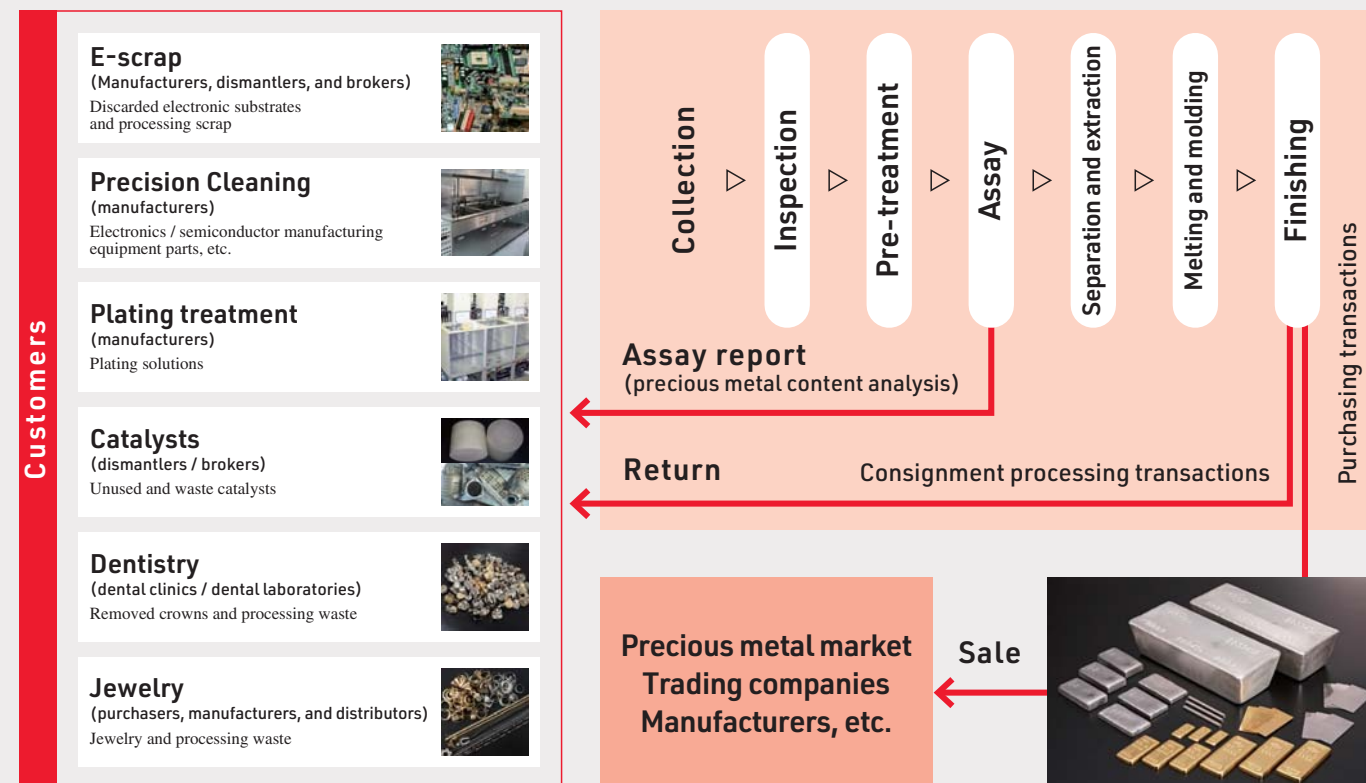
	(billion yen)		
	FY2018	FY2019	FY2020
Revenue	78.0	85.0	92.0
Operating Income	12.0	12.5	13.0
Operating Income Ratio	15.4%	14.7%	14.1%





## Collecting and Recycling Precious Metals

We have deployed manufacturing operations in Japan and elsewhere in Asia that enable the most efficient recovery of precious metals and carry out optimal processing of recyclable materials depending on the different characteristics and admixtures in the business fields where we collect. Furthermore, we accurately meet customer needs by fully utilizing optimal methods and efficient refining facilities depending on the type of precious or rare metal.



## Product quality

### Reliable quality, highly-regarded in Japan and around the world

Asahi Pretec is a full-fledged member of the Japan Gold Metal Association, and its gold, silver, platinum and palladium metals are recognized as brand products for the delivery supply of the Tokyo Commodity Exchange. Additionally, those metals are highly regarded in the global market for their reliable quality, with gold and silver being recognized by the London Bullion Market Association (LBMA), and platinum and palladium being certified by the London Platinum and Palladium Market (LPPM) as good delivery bars. Gold and silver metals of Asahi Refining are also certified by LBMA as good delivery bars.



## R&D System



### RESEARCH & DEVELOPMENT

## Technical Research Center pursues original R&D

We conduct proprietary research and development and analytical technology improvement in the fields of “recycling of precious metals and rare metals” and “detoxification and recycling of industrial wastes.” We established the Technical Research Center in Kobe High-Tech Park to serve as our R&D hub. We are looking to take even greater strides forward as a company that contributes to society by improving quality and technical innovation.

### R&D

We anticipate the needs of our customers and strive to create new products and business by applying our large body of elemental technologies and developing new technologies.

- ① Technology for separating and refining of precious and rare metals
- ② Environmental preservation and resource recycling technology
- ③ Precious metal molding and refining technology



### Assay

The Asahi Holdings Group's core assay function supports a diversity of corporate activities using the latest assay equipment and high-level assay technology. In addition, we play an important role in maintaining and enhancing trust with the Group's customers.

- ① Development of new assay technology
- ② Technical guidance for assay groups at each plant and sales office
- ③ Purity assay of precious metal products and dental alloys
- ④ Environmental analysis of issues such as factory wastewater discharges
- ⑤ Environmental measurement certification



### Engineering

Using cutting-edge technology, experts from each business area design, produce, construct and provide maintenance of facilities at subsidiaries in and outside Japan, helping to support safe and stable operation of the facilities.

- ① Design, production, construction and maintenance of facilities and buildings
- ② Maintenance control of existing facilities
- ③ Installation and maintenance of precious metals collection facilities for our customers
- ④ Supporting installation of robotics and IoT for equipment



## Main Development Themes

### [Development of Refining Technology]

In addition to wet precious metal refining technology, which is particularly effective for recycled material processing, the Group is developing dry precious metal refining technology effective for the primary raw material processing it is performing in North America. By advancing and combining both wet and dry refining technologies, we are creating effective precious metal refining techniques for handling all kinds of raw materials.

### [Development of Release Technology]

In order to collect precious metals adhered to the surfaces of parts and jigs, etc., used in the manufacture of electronic components and semiconductors, the Group is developing technology to chemically and physically exfoliate precious metals safely and reliably without damaging the parts and jigs.

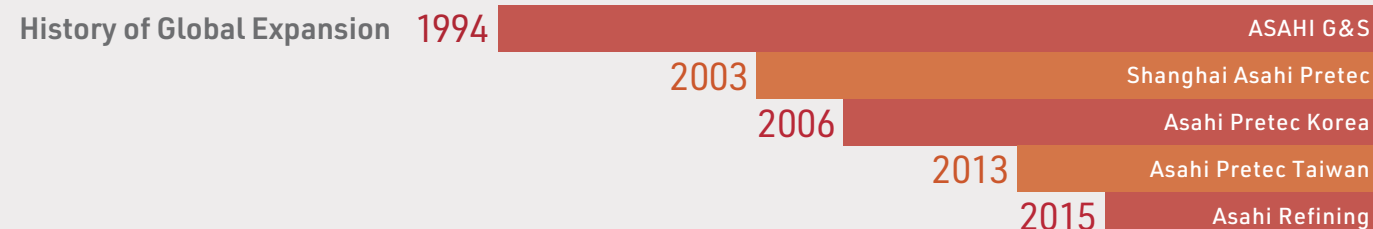
### [Development of Assay Technology]

The Group is developing assay techniques using X-ray and inductively coupled plasma (ICP) optical emission spectrometry with the aim of conducting rapid and accurate transactions with customers. We are upgrading our precious metal analysis, especially at Asahi Refining in North America.

## Global Expansion

Since 1994, the Asahi Holdings Group has been expanding its Asian precious metal sites. In Asia, we have established and expanded our precious metal recycling business targeting the electronics industry and other industrial fields, using technology cultivated in Japan and methods rooted in local markets.

In March 2015, North American refining sites (Asahi Refining) joined our group, which has resulted in the inclusion of North America in our global expansion. We are developing our business in North America by leveraging the strengths of each site.



## North American Refining Business

Asahi Refining operates a gold and silver ore refining business in the United States and Canada, and boasts a top-level share of the global refining market.



## Expansion of mutual technology exchange

The Group is actively expanding technology transfers among its sites, in order to fully utilize well-honed technology from Japan and technology developed in the North American gold and silver refining business. By maximizing technical integration and synergy throughout the Group, we aim to fully meet customer needs in terms of quality, cost and delivery.

### Conflict Mineral Measures

The term “conflict minerals” refers to tin, gold, tantalum, and tungsten originating from conflict zones in ten countries in Africa, including the Republic of Congo. The purchase of such metals can provide funding for inhumane activities such as armed conflict, human trafficking, and terrorist activities, as well as criminal activities such as money laundering. To ensure that customers worldwide can purchase gold products from the Group with peace of mind, we have established supply chain management systems. The systems are based on guidance from the Organisation for Economic Co-operation and Development (OECD) and the London Bullion Market Association (LBMA) concerning the prevention of conflict mineral purchase or use. Asahi Pretec and Asahi Refining have been audited and conflict-mineral certified by global third-party organizations.

### Basic Policy on the Use of Conflict Minerals

<http://www.asahipretec.com/conflictmetal/index.html>

## Business Details

Asahi Pretec, Japan Waste, and their affiliated group companies meet the diverse needs of their customers by leveraging the unique technologies they have developed over the decades in their respective fields to detoxify and properly dispose of various waste materials. As experts in waste disposal, these companies are helping to solve global environmental problems by playing a key role in building sustainable recycling-oriented societies.

## Business Fields

Government and public offices	Educational institutions	Hospitals, clinics, etc.
Research institutions	Glass and sash manufacturers	Chemical manufacturers
Research institutions / laboratories	Plant manufacturers	Other manufacturers

### Waste reagents



The Group collects reagents and other chemicals for disposal from educational and research institutions such as universities. Reagents are packed for collection one by one, confirming that they are stored in proper collection containers. Chemical content analysis is performed for any unidentified reagents to determine the appropriate processing method before disposal. Even small quantities of miscellaneous wastes that are difficult to handle are also processed properly, always in compliance with laws and regulations.

### Waste oil and sludge



Based on analysis results, various waste oils and liquids are mixed in an optimal composition, adjusting for their properties, and are recycled as alternative fuels. Meanwhile, sludge and burnt residues are recycled as raw materials for cement after adjusting content and moisture and then kneading them. Thorough analysis is performed at the time of acceptance and shipping to ensure and maintain the quality of all recycled materials.

### Glass



Plate glass is collected from glass and sash manufacturers, and glass bottles from municipalities. The collected plate glass scrap and glass bottles are screened and crushed at our own facility, before being recycled and sold as high-quality glass cullet. By recycling glass, the Group is preventing depletion of mineral resources and reducing environmental impact.

### Wood waste



Scrap wood obtained from building demolition and other sites is shredded and recycled as wood chips for fueling biomass power generation plants and making particleboard.

### Fire-proof bricks



Waste fire-proof bricks generated by the demolishing of glass manufacturing furnaces or periodic repair work on refuse incinerators are carefully sorted, and then reused as fire-proof bricks or recycled as paving materials.

### Organic liquid waste and sludge



We neutralize and dewater organic liquid waste produced by food manufacturing facilities and restaurant chains. The filtered liquid is purified, using microbial treatment, to a level that meets government standards before being discharged into the public sewer system. Sludge is composted in a fermentation and aging facility and is then recycled into organic fertilizer, which can be effectively utilized by farmers.

## Strengths

01

With the cooperation of its affiliates, the Asahi Holdings Group is able to process many different types of industrial waste. In particular, we offer optimal solutions for specially controlled industrial waste, which requires expert handling.

02

The Group's consultation services have been well received by customers due to the advanced expertise and information on industrial waste treatment and disposal, which helps them to mitigate the risks associated with industrial waste disposal.

03

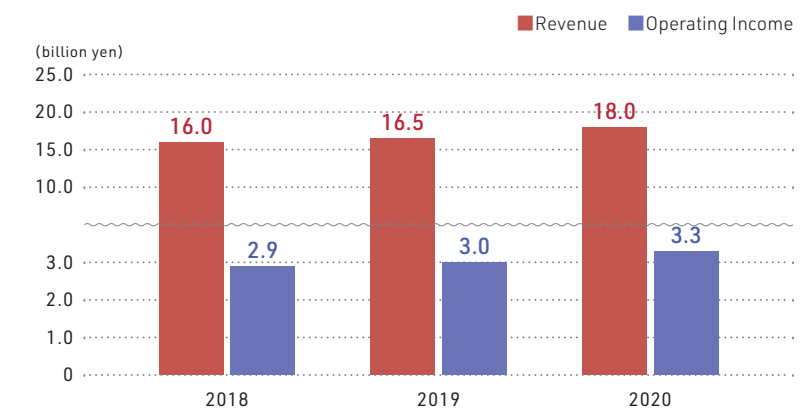
With an extensive nationwide network, the Group offers proper, high-quality waste treatment and disposal across Japan. It has acquired the licenses required for collecting and transporting regular and specially controlled industrial waste in all 47 of Japan's prefectures and all 20 of its government ordinance cities.

## Be a leader in the environmental business in Japan

### The 8th Medium-Term Business Plan

(billion yen)

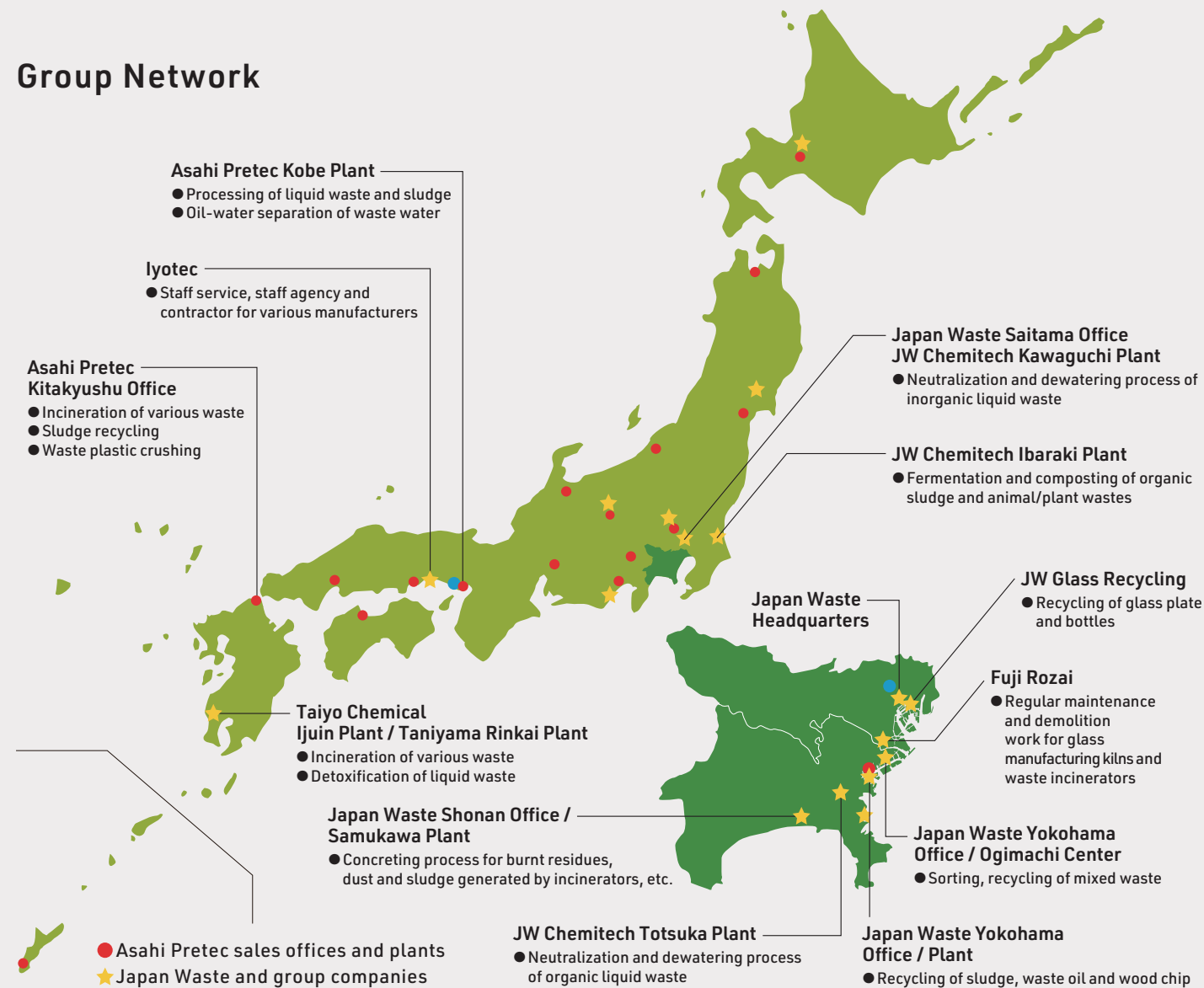
	FY2018	FY2019	FY2020
Revenue	16.0	16.5	18.0
Operating Income	2.9	3.0	3.3
Operating Income Ratio	18.1%	18.2%	18.3%



## Leveraging field-specific disposal technologies to provide prompt, high-value added services that meet the diverse, sophisticated needs of customers across industries

The Group has acquired licenses for the collection, transportation, and intermediate treatment of most types of industrial waste and specially controlled industrial waste, and it has created systems that enable the proper and prompt disposal of such waste. Moreover, our superior technology for detoxification of industrial waste allows us to provide optimal environmental solutions.

### Group Network



### Licenses acquired by the Group (As of March 31, 2018)

Industrial waste collection transportation license	All prefectures and government ordinance cities
Industrial waste disposal license	13 prefectures and 9 government ordinance cities
Specially controlled industrial waste collection transportation license	All prefectures and government ordinance cities
Specially controlled industrial waste disposal license	11 prefectures and 8 government ordinance cities
Excellent industrial waste management company certification*	Asahi Pretec : All prefectures and government ordinance cities Japan Waste : 28 prefectures and 3 government ordinance cities

\*In April 2011, Japanese laws concerning industrial waste management were revised, creating a new recognition system for excellent industrial waste management companies. Prefectures and government ordinance cities select companies which meet their strict standards in areas such as operational implementation capacity and experience. All Group companies are pursuing this certification, aiming to ensure that customers can feel totally confident about doing business with the Group.

## Processes of Industrial Waste Disposal and Recycling

### Collection and transportation

- **Industrial waste**  
18 articles including waste acids, waste alkalis, waste oil, sludge, waste plastics, etc.
- **Specially controlled industrial waste**  
17 articles of hazardous waste, such as waste acids, waste alkalis, waste oil and sludge which contain specified toxic substances, and infectious waste

### Intermediate treatment

- Neutralization
- Condensation and precipitation
- Concentration
- Dewatering
- Cyanide decomposition
- Oil-water separating
- Incineration
- Neutralization, mixing
- Drying
- Sorting, compressing, crushing
- Kneading
- Concreting



Recycling

Landfill

## Superior Technologies Enable Various Types of Treatment

### Treatment of specified hazardous waste acids, waste alkalis and waste reagents

It is necessary to appropriately treat waste acids and waste alkalis discharged from plants and offices and waste reagents which are unnecessary at laboratories and institutes of universities and private companies. These various kinds of waste are treated for detoxification in the dedicated facilities at each plant utilizing technology which has been cultivated over many years by the Group under thorough safety management procedures. Waste is separately stored in containers in accordance with the Group's classification standards and measures are taken to prevent abnormal reactions during collection, transportation and storage. We even analyze and provide appropriate treatment of unidentifiable waste reagent that comes to us unlabeled.

### Safe and hygienic incineration which can treat specially controlled industrial wastes

Labor-saving operations are accomplished by centrally controlling each piece of automated equipment. In addition, medical wastes are treated in a safe and hygienic manner using a specialized automatic provision line to cast them into the incinerator. We can treat various kinds of industrial wastes, from solid to fluid, efficiently and precisely.

### High-speed microbial treatment of waste acids / alkalis and sludge

After removing hazardous substances from waste liquids from plants and offices, even if liquids contain nitrogen and phosphorus, we use original microbial treatment and other technologies to detoxify and purify them to levels below environmental management standards governing water discharge, before discharge. Energy consumption and CO<sub>2</sub> emissions are lower than other treatment methods. Sludge remaining after neutralization and dewatering of liquid waste is reused as raw materials for the production of non-ferrous metals and steel. Some sludge which cannot be recycled is sent for landfill disposal.

### Concreting of hazardous substances

Some wastes from incinerators such as burnt residues, dust, sludge and other waste that contain hazardous substances (heavy metals such as arsenic, lead, chrome, selenium, etc., or dioxin) may not be suited for recycling. We concrete such waste into a solidified, insoluble form to ensure that hazardous substances will not be eluted. Our original facilities and technologies prevent hazardous substances from eluting into the natural environment even under strong acidic conditions.

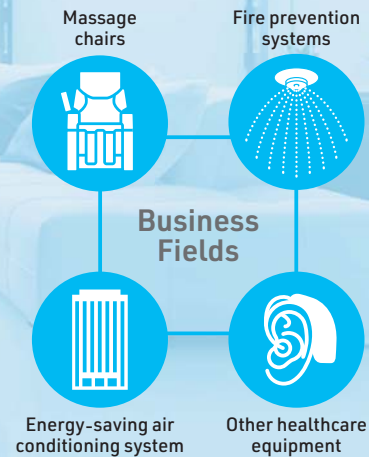
New plant completed



The Taniyama Rinkai Plant of Taiyo Chemical was completed in April 2018. The fully automated, environmentally friendly new incinerator raised the plant's presence in southern Kyushu.

## Business Details

The Group provides devices and equipment that help people maintain their health and live comfortably through the three companies under the umbrella of Asahi Life & Health Corporation. In this business, we aim to raise health-consciousness and meet the needs of aging societies.



## Strengths

01

The Asahi Holding Group's Life & Health business is supported by the Group's product development capability and ability to ascertain the varied detailed needs of customers and deliver the required quality. R&D is done in a manner that leverages the understanding and close cooperation of professionals across departments including R&D, manufacturing, and sales.

02

While promoting people's health and supporting higher levels of comfort, the Group delivers environmentally friendly, high value-added products and services. In this effort, we make the most of our network of trusting relationships with external research institutions and business partners.

03

The Group continuously offers customers safety and security, not just through our products but also through after-sales service and maintenance.

### FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.

Joined the Group in July 2014

Headquarters: Osaka City, Osaka

Factory: Minamikawachi, Osaka

Sales offices: Hokkaido, Iwate, Miyagi, Tochigi, Gunma, Saitama, Tokyo, Kanagawa, Nagano, Shizuoka, Aichi, Kyoto, Osaka, Okayama, Hiroshima, Kagawa, Ehime, Fukuoka, Kumamoto, Kagoshima, Okinawa

Business line: Manufacturing and sales of massage chairs and other healthcare products such as hearing aids



### INTER CENTRAL, INC.

Joined the Group in July 2012

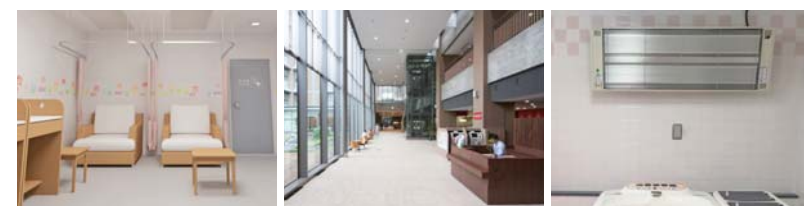
Headquarters: Takizawa-City, Iwate

Factory: Takizawa-City, Iwate

Research lab: Takizawa-City, Iwate

Sales offices: Hokkaido, Iwate, Akita, Miyagi, Tokyo, Aichi, Osaka, Fukuoka

Business line: Manufacturing and sale of heating equipment, design and construction of radiant air-conditioning systems



### KOEIKOGYO CO., LTD.

Joined the Group in March 2014

Headquarters: Yokohama-City, Kanagawa

Office: Chiyoda-ku, Tokyo

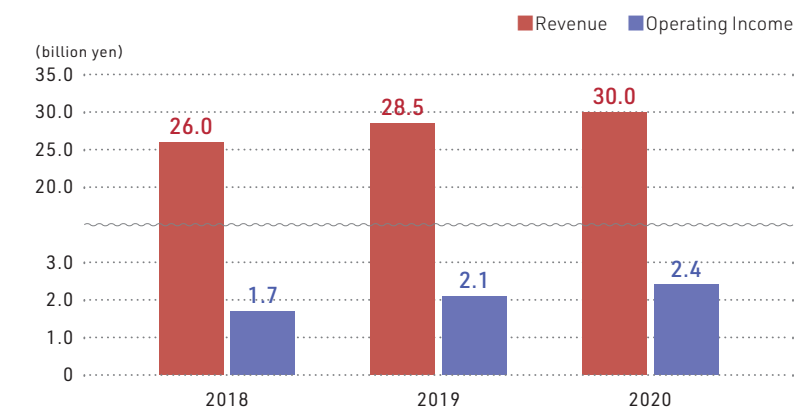
Business line: Design and construction of facilities for fire prevention, air-conditioning and sanitation



## Be the world's number one brand in the health-related business

### The 8th Medium-Term Business Plan

	(billion yen)		
	FY2018	FY2019	FY2020
Revenue	26.0	28.5	30.0
Operating Income	1.7	2.1	2.4
Operating Income Ratio	6.5%	7.4%	8.0%



Contributing to the SDGs



## Leveraging decades of technology development experience to meet social needs

### FUJI MEDICAL INSTRUMENTS MFG.

#### Strengths

- Top-level share of the massage chair market
- Various distribution channels covering all of Japan

#### Global website launched

FUJI MEDICAL INSTRUMENTS MFG. established a global website in June 2017 as part of its overseas sales enhancement strategy. The goal is to expand worldwide distribution of its Japan-made massage chairs and electrolytic hydrogen water generators. The new website provides product, support, corporate profile, and global network information in four languages: English, Chinese (traditional script), Korean, and Japanese.



Global website of FUJI MEDICAL INSTRUMENTS MFG.

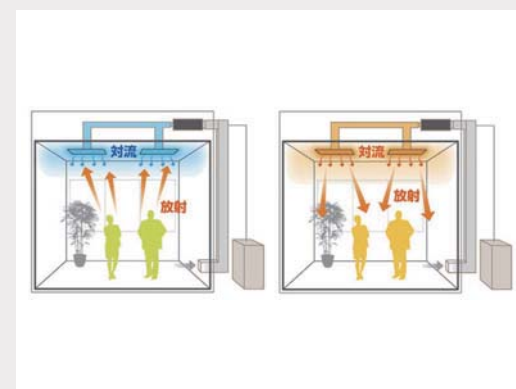
### INTER CENTRAL

#### Strengths

- Ability to develop products that facilitate comfortable lifestyles
- One of the few manufacturers that makes radiant air conditioners and heaters for special applications

#### Radiant cooling and heating system

Thanks to a thermal radiation effect, the perceived temperature is lower in cooling mode and higher in heating mode than the actual temperature setting. A comfortable room temperature can thus be obtained with a smaller heat source, making the system friendly on people and the environment.



Radiant cooling and heating systems

### KOEIKOGYO

#### Strengths

- Advanced design technology and extensive onsite experience
- Comprehensive engineering expertise
- Ability to rapidly propose the best plan based on given priorities

#### Main examples of fire prevention projects



Suginami Incineration Plant



Keio University Hospital New Hospital Wing (Building 1)



Park Court Akasaka Hinokicho The Tower

## New Products

### FUJI MEDICAL INSTRUMENTS' new top-of-line product for the overseas market: The JP-1100 Cyber-Relax Massage Chair

This made-in-Japan massage chair features a premium look to match sophisticated interior design schemes and boasts advanced high-performance massage technology for relaxing the entire body.



### FAM-40 Air Massager: The second product in the "mashua" series

As the second product in the "mashua" series for women, the FAM-40 Air Massager is designed to massage the entire lower legs and feet. In pursuit of comfort, the recently launched massager has new features including a Pulse Mode that rhythmically massages the legs by repeatedly alternating air pressure in small increments, and a Foot Comfort Heater that gently warms the feet.

## Good Design Awards

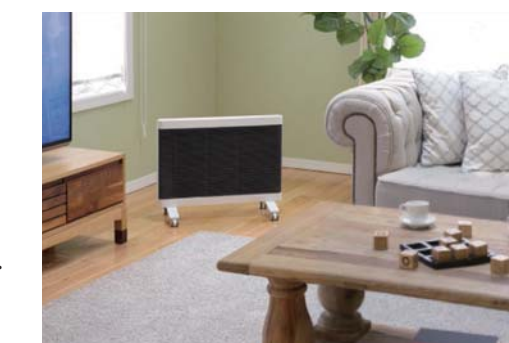
### FUJI MEDICAL INSTRUMENTS MFG.

Two products from FUJI MEDICAL INSTRUMENTS MFG. were recognized with Good Design Awards: the AS-1100 Cyber-Relax Massage Chair and the SKS-6900 Relax Solution Massage Chair, both designed in pursuit of the ultimate in sophistication and beauty. In addition to their luxurious appeal and high performance, the chairs were chosen for their look and feel, which blends in with other furnishings in a living room or bedroom.



### INTER CENTRAL

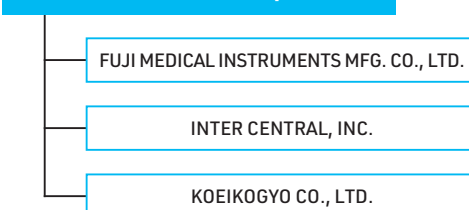
Two products from INTER CENTRAL were also recognized with Good Design Awards: the MHS-900A My Heat Seraphy, designed under the concept of a heater with comfortable simplicity that fits into any living space, for long-term enjoyment; and the newly released MHS-700 My Heat Seraphy. They were selected for a subdued design simplicity that will never go out of style, and for their safety features.



## Establishment of Asahi Life & Health Corporation

Asahi Life & Health Corporation was founded on April 2, 2018 to integrate the Life & Health businesses of the Asahi Holdings Group, and to contribute to society by promoting long and healthy lives. All shares of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD., INTER CENTRAL, INC., and KOEIKOGYO CO., LTD. were transferred from Japan Waste Corporation to Asahi Life & Health Corporation.

### Asahi Life & Health Corporation



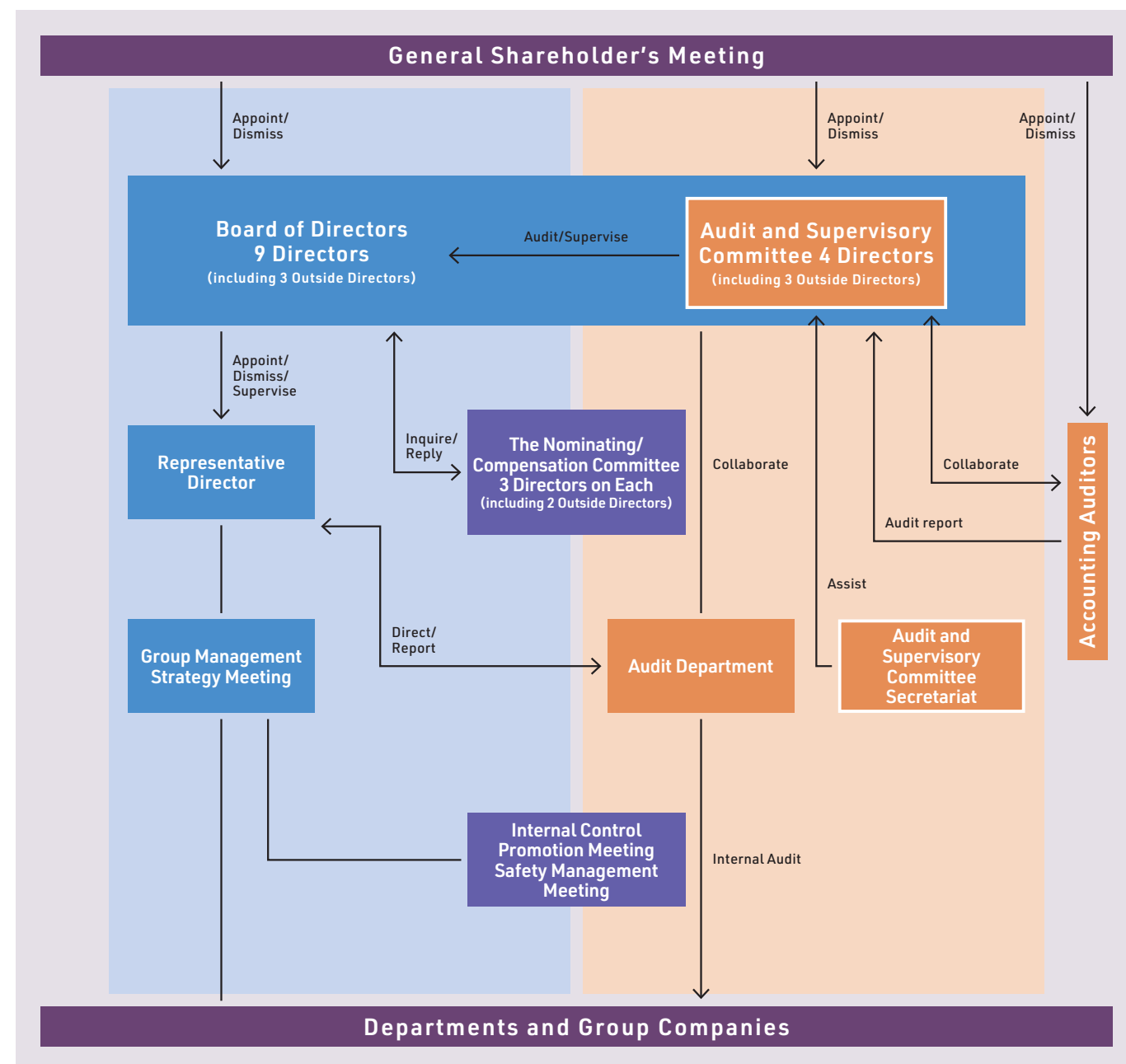
## » Corporate Governance

### Basic Corporate Governance Approach

Practicing effective corporate governance is a key part of corporate social responsibility. Good governance enhances management efficiency and transparency, and it helps keep corporate value growing.

The Asahi Holdings Group's practice of corporate governance seeks to earn the confidence of shareholders, business partners, employees, local communities, and other important stakeholders. In addition to fulfilling the social mission and responsibilities of a publicly listed company, we aim to keep growing corporate value by maintaining a corporate governance system that can quickly respond to changes in the business environment while always securing compliance.

### Corporate Governance Structure



### Organization Design

#### Board of Directors

The Board of Directors of Asahi Holdings, Inc. is comprised of executive directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as outside directors with various types of expertise essential to corporate management. To have an adequate number of directors for active, substantial and effective discussions at meetings, the Board of Directors consists of nine directors, including three independent outside directors. All directors share their opinions actively and freely on important subjects such as the Group's management strategies and business plans.

#### Outside Directors

Independence Criteria for Independent Directors have been established, and taking into consideration their backgrounds and relationship with the Group, independent outside directors with capacity to perform their duties independently from the management of the Company have been appointed. They attend Board of Directors meetings and fulfill their roles and responsibilities as directors. Whenever possible, they also attend the executive and management committee meetings of group companies. As part of their wide-ranging activities, the outside directors gather information and express their opinions from an independent viewpoint.

#### Evaluating the Effectiveness of the Board of Directors

As of the year ending March 31, 2016, Asahi Holdings has begun evaluating the effectiveness of its Board of Directors to ensure that the entire board is functioning properly. A summary of the evaluation results is posted on our website.

#### Audit and Supervisory Committee

Under Japan's Companies Act, Asahi Holdings Inc. has elected to be a company with an Audit and Supervisory Committee. By having three independent outside directors, we have strengthened business execution oversight, the advisory function, and the supervisory function for conflicts of interest.

#### Nominating and Compensation Committees

A Nominating Committee, consisting of one regular director and two outside directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of directors and key management team members, as well as for the determination of director remuneration.

#### Group Management Strategy Meeting

Important matters delegated to the executive directors are deliberated and decided by the Group Management Strategy Meeting. Other matters related to business execution are deliberated and decided by the Group's key company management meeting and the business segment management meeting.

#### Adherence to Japan's Corporate Governance Code

The Asahi Holdings Group adheres to all the principles of Japan's Corporate Governance Code formulated by the Tokyo Stock Exchange. The 73-point code compliance reports submitted by Asahi Holdings to the Tokyo Stock Exchange are available on our website. In addition, we have formulated the Asahi Holdings Corporate Governance Policies and are implementing each one to continuously enhance corporate governance. These are also posted on our website.

» <http://www.asahiholdings.com/ir/library/governance/>

#### Maintaining an Internal Control System

Aiming to reinforce internal controls, we have established an Audit and Supervisory Committee within the Board of Directors. It includes three independent outside directors, and it cooperates with our audit and internal control departments. The Audit Department assesses the appropriateness and effectiveness of operations, while also auditing compliance with laws, regulations, and company rules. It advises and makes recommendations to each department, and promptly reports to senior management. In addition, trained staff in each department conduct internal audits based on an annual plan and report their findings to the Internal Control Promotion Meeting.



## » Risk Management

To properly manage apparent and potential risks in business activities, we study risks from a comprehensive standpoint, against which assessment is performed and actions taken. We are working hard to prevent risks from arising and to minimize losses when risks develop into a crisis by carrying out risk management.

### Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. Particularly, operations related to appropriate processing of wastes are based on environmental laws and regulations as well as governmental licenses, and each and every employee is required always to act with a highly compliant mindset. We are conducting activities to raise the legal compliance awareness of each and every employee through education and mutual communication, along with rules and manuals related to compliance.

### Business Continuity Management (BCM)

Various factors such as large scale disasters entail the risk of impairing the functions needed for business continuity. As an action plan to achieve quick restoration of mission-critical functions even after a disaster, we created a business continuity plan (BCP). In addition to the BCP, we are conducting the activity of business continuity management which is a system for improving BCP and business continuity actions continuously.

### Internal Reporting System (Whistle-Blowing System)

To quickly identify and resolve problems such as unlawful and unjust behavior, we have set up the Asahi Hotline. Employees can directly report to both an internal desk and external law firm anonymously. We take corrective actions to address disclosed matters after investigating without revealing the identity of the disclosing or disclosed parties.

### Information Security

The laptops and tablets used by the Group's sales force are equipped with the latest security measures. Even if a device is lost or stolen, the possibility of information leakage is virtually zero thanks to technology such as remote data wiping.

## Officer Profiles



### Mitsuharu Terayama

Profile

Mar 1964: Bachelor of Economics, University of Tokyo  
 Apr 1964: Joined Kuraray Co., Ltd.  
 Jul 1973: Joined Asahi Pretec Corp.  
 May 1981: Appointed Representative Director and President of Asahi Pretec Corp.  
 Apr 2009: Appointed Representative Director and President of Asahi Holdings, Inc.  
 Apr 2011: Appointed Chairman and Director of Asahi Pretec Corp.  
 Jun 2014: Appointed President & CEO of Asahi Holdings, Inc.  
 Apr 2018: Appointed Representative Director and CEO of Asahi Holdings, Inc. (to present)



### Tomoya Higashiura

Profile

Mar 1984: Bachelor of Human Science, Osaka University  
 Apr 1984: Joined NEC Corporation  
 Feb 2001: Joined Asahi Pretec Corp.  
 Jun 2006: Appointed Director of Asahi Pretec Corp.  
 Apr 2011: Appointed Director of Asahi Holdings, Inc.  
 Jun 2014: Appointed Representative Director and President of Asahi Pretec Corp.  
 Apr 2017: Appointed Representative Director and President of Asahi Americas Holdings, Inc. (to present)  
 Apr 2018: Appointed Director of Asahi Pretec Corp. (to present)  
 Apr 2018: Appointed Representative Director and President of Asahi Holdings, Inc. (to present)



### Yoshikatsu Takeuchi

Profile

Mar 1978: Bachelor of Law, Kobe University  
 Apr 1978: Joined Hyogo Sogo Bank  
 Apr 1999: Joined Asahi Pretec Corp.  
 Jun 2001: Appointed Director of Asahi Pretec Corp.  
 May 2008: Appointed Representative Director and President of Japan Waste Corporation  
 Apr 2009: Appointed Director of Asahi Holdings, Inc. (to present)  
 Apr 2018: Appointed Director and Chairman of Japan Waste Corporation (to present)  
 Apr 2018: Appointed Director and Chairman of Asahi Life & Health Corporation (to present)



### Amane Kojima

Profile

Mar 1992: Bachelor of Business and Commerce, Keio University  
 Apr 1992: Joined Nissho Iwai Corporation  
 Jun 2009: Received MBA from University of Wales  
 Mar 2011: Joined Asahi Pretec Corp.  
 Apr 2012: Appointed General Manager of Accounting Division of Asahi Holdings, Inc. (to present)  
 Jan 2013: Registered as a USCPA (Washington)  
 Jun 2017: Appointed Director of Asahi Holdings, Inc. (to present)  
 Apr 2018: Appointed Director of Asahi Americas Holdings, Inc. (to present)



### Hiroyuki Nakanishi

Profile

Mar 1986: Bachelor of Commerce, Hannan University  
 Apr 1986: Joined Asahi Pretec Corp.  
 Jun 2009: Appointed Executive Officer of Asahi Pretec Corp.  
 Apr 2013: Appointed Director of Japan Waste Corporation  
 Jun 2016: Appointed Representative Director and President of Fuji Medical Instruments Mfg. Co., Ltd.  
 Apr 2018: Appointed Representative Director and President of Asahi Pretec Corp. (to present)  
 Jun 2018: Appointed Director of Asahi Holdings, Inc. (to present)

## Audit and Supervisory Committee Members



### Shoji Morii

Profile

Mar 1972: Bachelor of Commerce, Waseda University  
 Apr 1972: Joined Sumitomo Trust and Banking Co., Ltd.  
 Jun 2003: Appointed Representative Director and President of Kobe Airport Terminal Co., Ltd.  
 Jun 2006: Appointed Representative Director and President of Kaijo Access Co., Ltd.  
 Jun 2009: Appointed Outside Director of Asahi Pretec Corp.  
 Jun 2010: Appointed Outside Director of Asahi Holdings, Inc.  
 Jun 2015: Appointed Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



### Yukio Tanabe

Profile

Mar 1981: Bachelor of Commerce, Yokohama City University  
 Apr 1981: Joined Victor Company of Japan, Limited  
 Jan 1988: Joined Sony Corporation  
 Sep 2004: Joined Asahi Pretec Corp.  
 Jun 2008: Appointed Director of Asahi Pretec Corp.  
 Apr 2009: Appointed Director of Asahi Holdings, Inc.  
 Jun 2011: Appointed Corporate Auditor of Asahi Holdings, Inc.  
 Apr 2018: Appointed CEO of Asahi Holdings, Inc. (to present)  
 Jun 2015: Appointed Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



### Yuji Kimura

Profile

Mar 1978: Bachelor of Science, University of Tokyo  
 Apr 1979: Joined the Environment Agency  
 Jul 2006: Appointed General Manager of Industrial Waste Management Division, Waste Management and Recycling Department of the Ministry of the Environment  
 Aug 2010: Appointed Director-General of Kyoto Mechanism Business Promotion Department of New Energy and Industrial Technology Development Organization  
 Jul 2012: Appointed Director-General of Hakodate Customs, Ministry of Finance Japan  
 Oct 2014: Appointed Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation (to present)  
 Jun 2017: Appointed Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



### Kyoko Kanazawa

Profile

Sep 1988: Master of Social Sciences, University of Kent  
 Mar 1989: Bachelor of Law, Gakushuin University  
 Apr 1989: Joined Fuji Research Institute Corporation  
 Apr 2000: Registered as attorney / Joined Hata & Co. Law Offices (to present)  
 Jun 2017: Appointed Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)





# ENVIRONMENT


## » Environmental Initiatives of the Asahi Holdings Group

The Asahi Holdings Group strives to ensure that its business activities contribute to healthy cyclical use of materials to protect the global environment.

### Raw Materials For Recycling



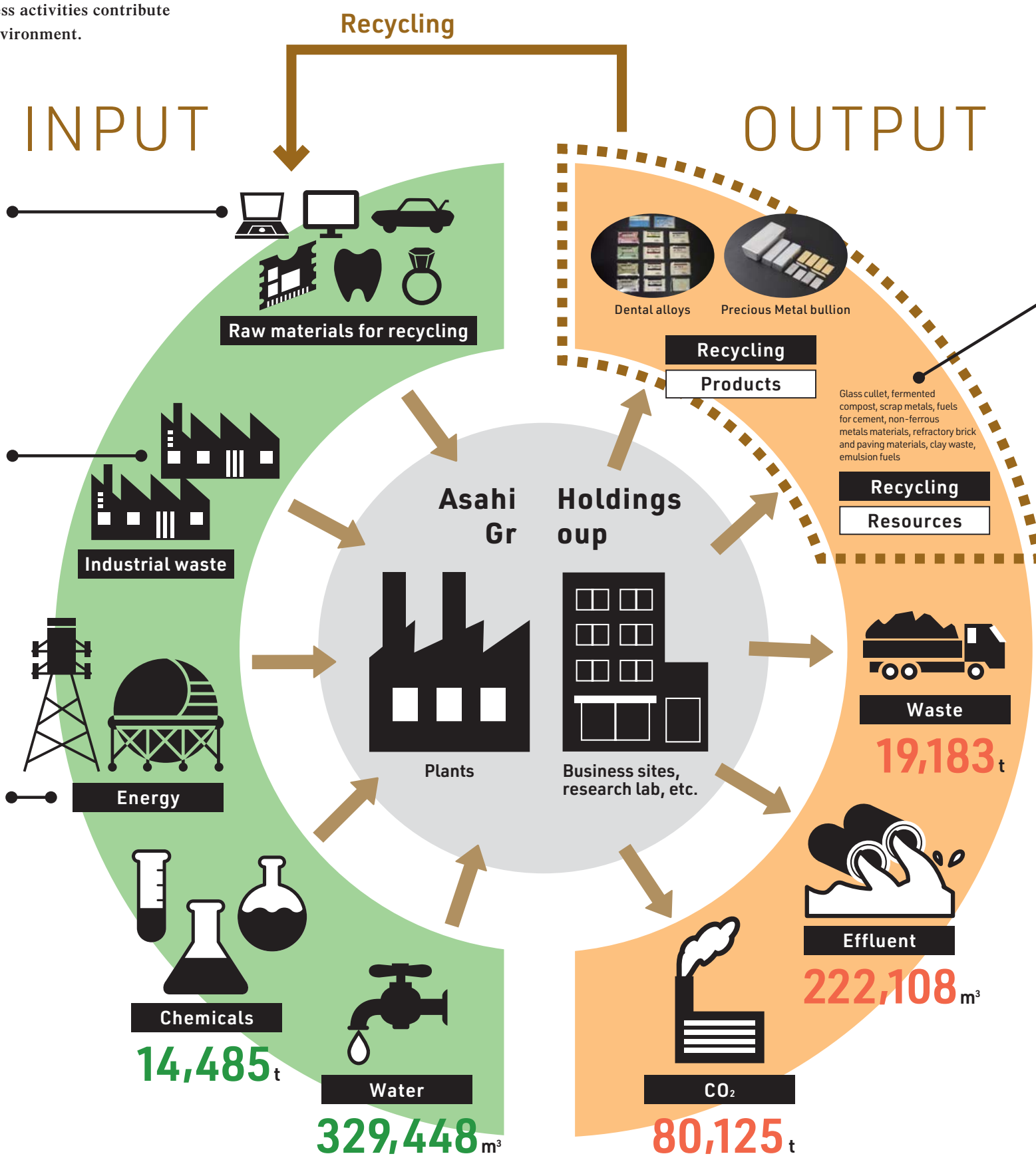
### Industrial Waste



### Energy Sources

◆Electricity	◆Heavy oil
<b>21.47</b> million kWh / year	<b>1,101</b> kL / year
◆Kerosene	◆Light oil
<b>455</b> kL / year	<b>3,630</b> kL / year
◆Gasoline	◆Urban gas
<b>1,669</b> kL / year	<b>6,269</b> m <sup>3</sup> / year
◆LPG	
<b>12</b> t / year	

All figures are for FY2017



### Recycling (recycling rate: 79.5%)

◆Glass cullet (bottles, waste glass sheets)	◆Fermented compost (food wastes, organic sludge)
<b>98,467</b> t / year	<b>15,527</b> t / year
◆Scrap metals (construction metal scrap)	◆Fuels / raw materials for cement (plastic waste, sludge)
<b>3,268</b> t / year	<b>4,443</b> t / year
◆Non-ferrous metals materials (liquid waste containing metals)	◆Refractory brick and paving materials (Furnace waste material)
<b>6,805</b> t / year	<b>3,893</b> t / year
◆Clay waste (inorganic sludge, scrap wood)	◆Emulsion fuels (waste oil, waste alkali)
<b>35,113</b> t / year	<b>4,253</b> t / year

### Saving Natural Resources

The Asahi Holdings Group helps to protect the global environment by reclaiming materials from used products and various kinds of waste and recycling them. This reduces the extraction of natural resources such as precious metals, nonferrous metal ores, agalmatolite, silica, timber, and fossil fuels.

 Precious metal ores	<b>1.98</b> million t / year
Recycling precious metals and other materials helps reduce demand for mineral resources.	
 Timber	<b>20,621</b> t / year
 Fossil fuels	<b>8,792</b> t / year
Wood chips made from construction lumber waste are used as a carbon offset fuel.	Incinerators recover the heat energy in waste, helping to reduce use of fossil fuels.

## » Environmental Management

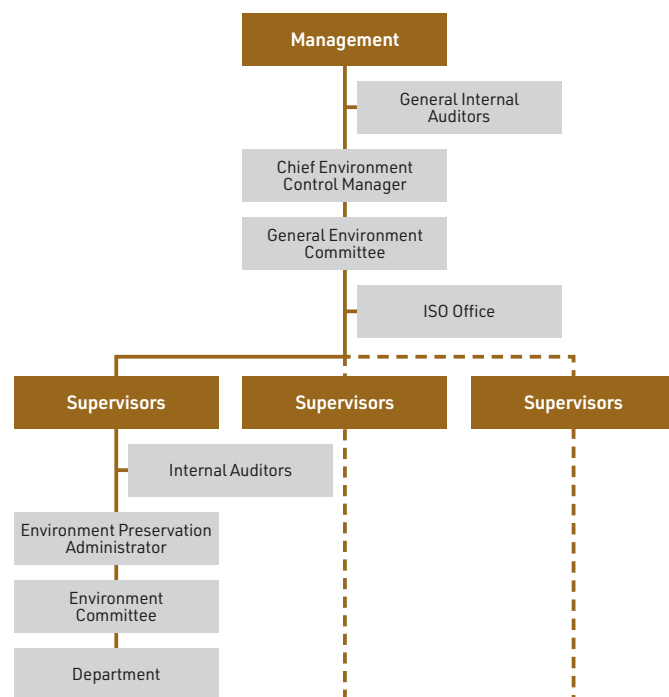
### ISO 14001 Certification

Asahi Pretec has acquired ISO 14001 Certificate at 20 locations. In addition, the Group has acquired ISO 14001 certification at 6 companies with 30 locations in Japan. We will continue to maintain and improve our ISO 14001 system, furthering the integration of our operations with the ISO 14001 scheme.



ISO 14001 certificate

### Environmental management structure



### Environmental Management Promotion System

Every year we develop Company-wide Environmental Goals based on our Environmental Policy, which sets out our environmental preservation philosophy. According to the above established purposes and goals, each ISO 14001 certified site in Japan develops its own Annual Environmental Goals and implements environmental preservation activities closely related to their business tasks. In addition, the Environment Committee of each site deliberates on such matters as compliance with environmental laws and regulations, revisions of plans and environmental education, and provides reports to management. While the ISO Office controls the environmental management system (EMS), an environmental preservation administrator is also assigned for each site in order to ensure thorough implementation of environmental initiatives.

### Environmental Policy

We contribute to preservation of the global environment and help to build a sound material-cycle society through the company's businesses in recycling of precious and rare metals and industrial waste treatment.

- (1) In all business activities we strive to conserve resources and energy and reduce, reuse, and recycle waste to minimize environmental impact.
- (2) We promote the recycling of resources of precious and rare metals to achieve more effective use of the limited resources of the earth.
- (3) We adequately and safely perform our operations for the collection, transportation, and treatment of industrial waste to prevent environmental pollution.
- (4) We prioritize harmonious coexistence with nature and local communities. We strictly follow the relevant environmental laws and regulations and other requirements which we recognize.
- (5) We establish environmental objectives and targets and periodically review them to continue improving our activities.
- (6) We educate all our employees and increase their environmental awareness as members of the broader society, promote their understanding of environmental preservation activities, and foster their participation in such activities.

This environmental policy shall be conveyed to all of our employees and all those working for the company and announced to the public as our commitment.

### Employee Environmental Conservation Activities

Group employees actively participate in environmental cleanup activities in various parts of Japan.



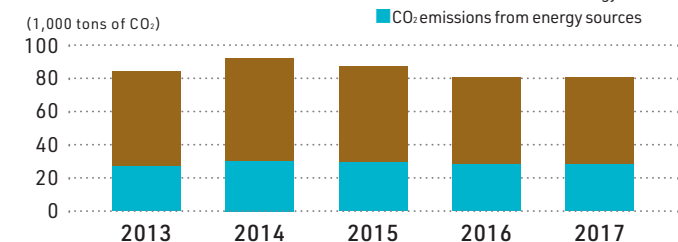
#### Hanshin Coastal Cleanup

Every year since 1988, the Group has participated in this activity for removing rubbish from a nearby coastline. Sponsored by the Hyogo Prefecture Industrial Waste Association, this volunteer activity is supported by local residents, businesses, schools, and government agencies. Many employees bring their family members along, and everyone enjoys helping out with the cleanup.

#### Koga City Regional Cleanup Activity

## » Working to Address Climate Change

### Greenhouse Gas Emissions



Fiscal 2017 CO<sub>2</sub> emissions from group companies in Japan were 80,000 tons, unchanged from the previous fiscal year. As part of our efforts to reduce CO<sub>2</sub> emissions from energy sources, lighting at various group sites was switched to LED technology during fiscal 2017. Nevertheless, emissions remained at the same level year-on-year, due to higher CO<sub>2</sub> emissions coefficients used by electric utilities. CO<sub>2</sub> emissions from non-energy sources also remained unchanged from the previous fiscal year, due to a stable level of industrial waste incineration across the entire Group.

Greenhouse gas emissions calculated based on Japan's Law Concerning the Promotion of Measures to Cope with Global Warming.

### Solar Power Generation System

Asahi Pretec's Hanshin Office, Kobe Office, and Technical Research Center are all generating electricity with solar power systems. Total solar power generation in fiscal 2017 was 148,000 kWh, equivalent to reducing 62 tons of CO<sub>2</sub> emissions.



Explaining power generation status using a monitor

### Switchover to LED Lighting

Asahi Pretec encourages its sites to practice eco-friendly procurement. This includes switching to LED lighting in order to reduce environmental impact.



## » Health Management and Safe Workplaces

The Asahi Holdings Group's approach to health management starts with treating the physical and mental health of all employees as a key management issue. The Group is working hard in various ways to create workplaces that foster employee health, safety, and peace of mind.

### Health Initiatives (Promoting Health Management)

#### Health Exam Program Exceeds Legal Requirements

Starting at age 35, a gastroscopic examination is recommended for employees, and brain MRI / MRA exams as well as PET scans are provided periodically starting at age 40. If further examination is necessary, assistance is provided to cover the expenses. Our 100% employee examination rate far exceeds the legally required level, and all employees and the company are working together to promote health, prevent disease, and enable early detection.

#### Mental Health

Since good mental health is essential for improving employee productivity and vitality, employees are given individual consultations and preventative seminars by industrial doctors specialized in mental health. In addition, stress checks are carried out at all sites including workplaces with fewer than 50 people.

#### Rest Intervals and No Late-Night Work

To ensure the health of employees, we have introduced a work system that requires a rest interval of at least 11 hours before an employee can return to work the next day. Also, late-night work is prohibited during the hours of 10 p.m. to 5 a.m.

## » Work-Life Balance

Employees who balance rewarding work with a fulfilling personal life are more likely to reach their full potential. The company values employees who work to their full potential, so it actively facilitates work-life balance. Every employee has a different idea about what a fulfilling personal life is, but it often includes priorities such as family, health, sports, and hobbies. We support employees in balancing their professional and personal lives.

#### Flexible Working Hours System

Under the flexible working hours system, employees can adjust their fixed working hours according to fluctuations in business. The Group is promoting flexible work styles to ensure that employees can meet personal responsibilities such as childcare, home care, and participation in family events. We are also optimizing the productivity of hours worked by introducing IT and reducing unnecessary work.

### Safety Measures

#### OSHMS Initiatives

In order to reduce occupational accidents, it is vital to identify the many potential safety risks in every workplace, to minimize these risks, and to nip potential accidents in the bud. The company employs an occupational safety and health management system (OSHMS) to improve workplace health and safety levels by reducing risks.

#### Environmental Safety Education

The Group implements environmental safety education as part of the human resource development program. This instills the proper workplace safety habits and provides basic knowledge of hazardous materials.

#### Safety Activity Award System

Every year at the employee general meeting, business sites and employees who have made significant contributions to safety management receive recognition. These awards help to raise safety awareness.

#### Emergency Response

As a safety measure, the company identifies the risks associated with its business activities and appoints safety promotion chiefs at each site. Building on its preventive measures, the company has also established systems to ensure a rapid response in the event of an emergency.

#### Childcare and Nursing Care Leave Systems

We provide support to employees expecting a child or those with child-rearing and family care responsibilities, so that they can continue their employment. The company offers work styles that better match employee needs, by providing childcare and nursing care leave systems or shortened working hours for the same reasons.

## » Diversity and Inclusion

The Asahi Holdings Group seeks to create workplaces where diverse human resources can work dynamically regardless of gender or nationality. We provide various forms of support so that employees can fully realize their professional strengths and make their work as rewarding as possible.

### Work-Life Balance Support

The Group has implemented the following measures in order to help employees balance their work and personal lives, and to create workplace environments that are even more supportive.

- Provision of information sessions for employees planning to take childcare leave and their supervisors, in order to explain the childcare leave system and enhance follow-up by the supervisor
- Holding roundtable discussions for female employees to discuss beneficial work styles and ways to raise awareness of their issues
- Extension of the shortened working hours period after an employee returns from childcare leave—eligibility cutoff was extended until the child finishes grade six (instead of grade three)
- Provision of shortened working hours for home care reasons

### Employment of People with Disabilities

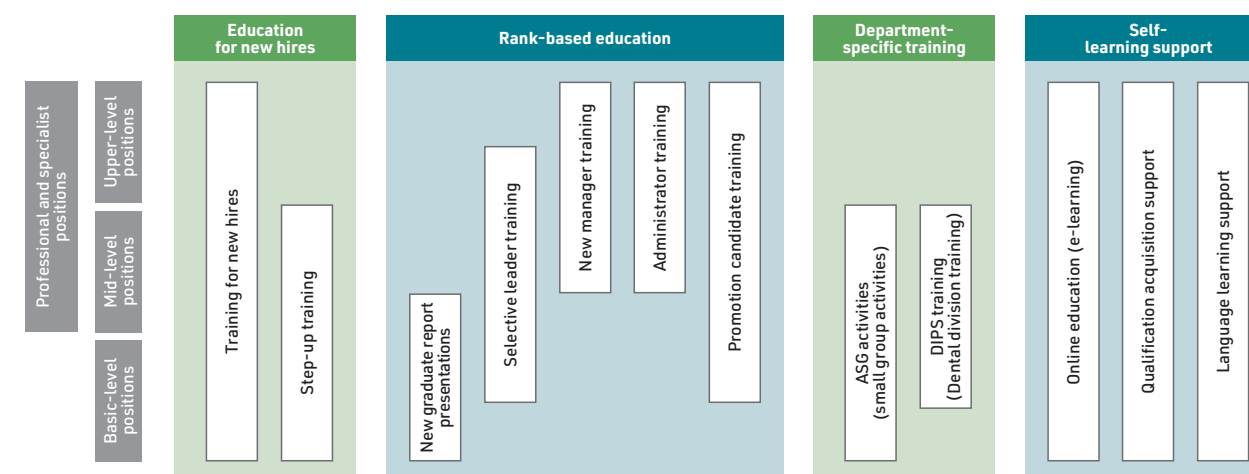
We are working to help realize an inclusive society where people with disabilities can live mainstream lives as part of the wider community. The Group's employment rate for people with disabilities exceeds the statutory requirement, and maximum efforts are made to ensure their work is satisfying.



## » Human Resource Development

With the aim of developing professional human resources who can operate at a global level, regardless of rank or occupation type, we have implemented our own qualification systems and internal education curriculums. In addition, we are striving to develop human resources who enjoy taking on challenges, using systems that fairly and impartially evaluate each employee's contribution to business performance.

### Education Systems



## » Communication with Stakeholders

### Partnering with Shareholders and Investors

In order to meet the expectations of our shareholders and investors, we present our vision, management policy, and medium-term management plan in accessible ways, and disclose corporate information in a timely and appropriate manner. In addition, the Group is actively engaged in constructive dialogue with shareholders and investors, while aiming for sustainable growth and higher corporate value.

#### IR Activities

Group executives hold financial performance briefings twice a year, following the second quarter and fiscal year-end results announcements. Opportunities are also created each quarter to present management information directly to Japanese and foreign investors. The relevant materials are posted on the company's website on the day each such event is held. In addition, individual interviews are given to promote communication with institutional investors and securities analysts. In direct visits or telephone interviews, we describe our management policy and governance measures to foster constructive dialogue with institutional investors outside Japan.

Corporate reports are released in Japanese and English in order to share the Group's management policy and business situation. The Group strives to disclose appropriate information in a highly transparent manner.

#### IR Information Online

IR information is provided on the Asahi Holdings website to help shareholders and investors understand the Group's business situation and strategy. In addition to result announcements and financial reports, materials such as corporate reports are also available. We will continue to work to disclose information in a manner that is easy to understand and timely.

#### General Shareholder's Meeting

Every June, the company's annual General Shareholders' Meeting takes place at Kobe Portopia Hotel. It is held about seven business days before June 29, the busy day when most Japanese companies hold their annual meetings. The meeting is also an opportunity for communication with shareholders. By interacting directly with shareholders, the top executives can clearly explain the Group's management and receive shareholder feedback for management improvement.

### Serving our Customers

Our motto is "the customer comes first," and we mean it. We do all that we can to provide finely-tuned responses to the wide-ranging needs of each of our customers.

#### Fair Trade Measures

As part of the Asahi Way, the Code of Conduct of the Asahi Holdings Group prohibit any behavior that impedes fair competition, violates the confidentiality of supplier information and technology, or results in improper benefits. These rules are strictly enforced to ensure compliance with fair business practices and corporate ethics.

#### Quality Assurance System

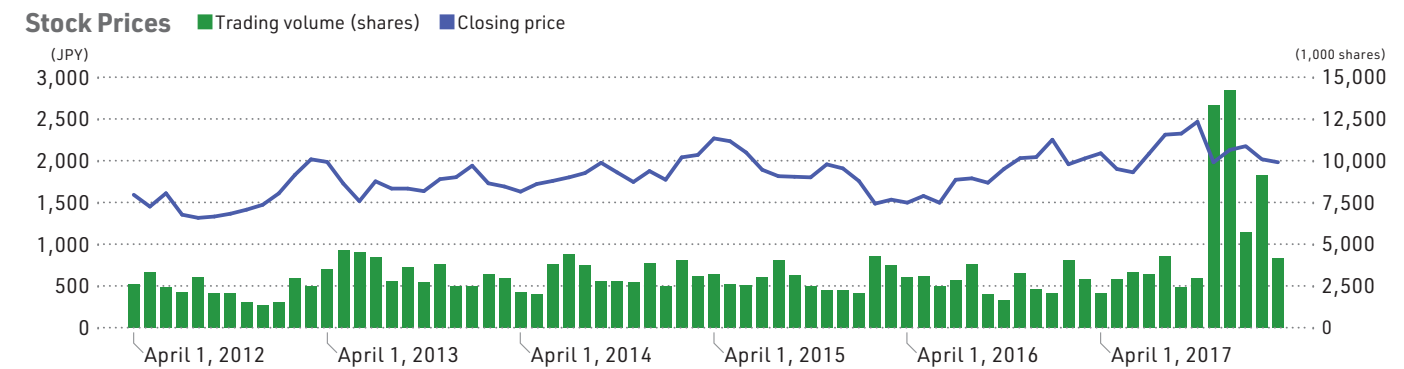
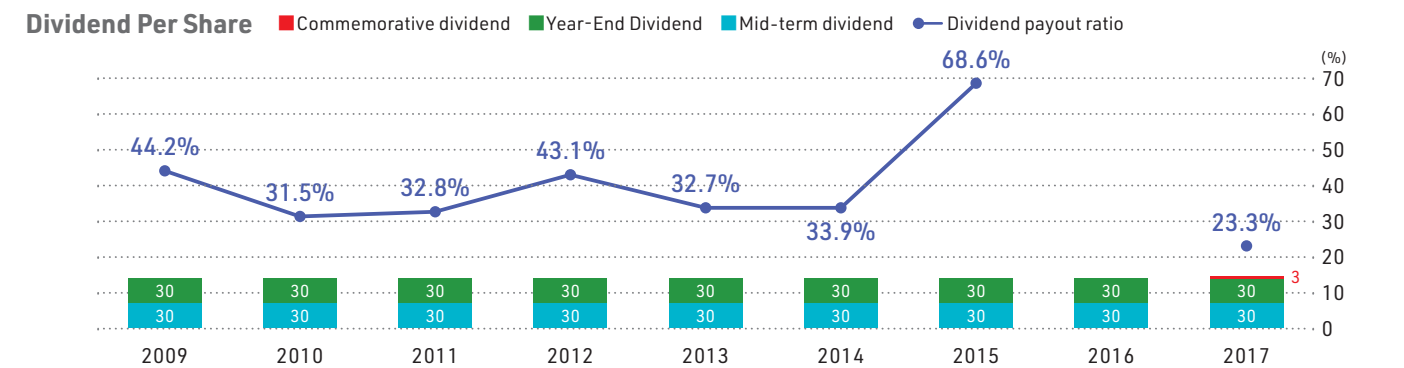
At Asahi Pretec, quality assurance is positioned as the core department, and it holds joint quality assurance meetings with the sales, technology development, and product manufacturing departments. At these meetings, employees share customer feedback and market trends and work together to improve customer satisfaction. In addition, the Asahi Holdings Group maintains ISO 9001 certification to ensure that its products deliver satisfaction and peace of mind for customers. We are

striving to continually improve the quality management system to maintain and improve quality. In March 2010, ISO 9001 certification activities for four sites were integrated, and a company-wide quality management system was established. The company also follows green procurement guidelines and European chemical control requirements such as the RoHS Directive and the REACH regulation. We are striving to reduce our environmental impact and prevent the release of harmful substances.

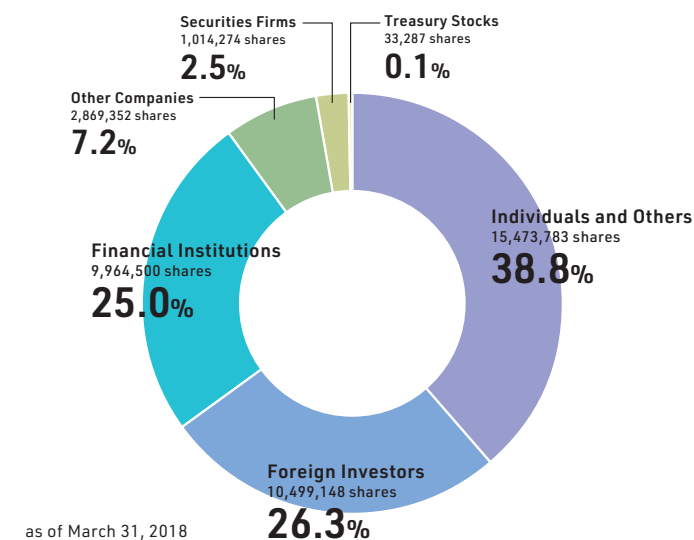


### Basic Policy on Shareholder Returns

The Group's basic policy is to improve corporate value by maintaining stable profitability and sustainable growth, and to meet the expectations of shareholders through ongoing stable dividends and other measures. In addition, we believe it is important to enhance retained earnings in order to enable investment in growth fields and the development of new businesses. Based on this policy, we intend to provide stable dividends by maintaining a consolidated dividend payout ratio of 30% and above. This will be carried out while taking into consideration the Group's management strategy, annual performance, and the need to further strengthen financial structure.



### Stock Ownership, by Types of Shareholders



#### Capital Increase by Issuing New Shares

In December 2017, we carried out a capital increase by issuing new shares. It was our first equity financing since before Asahi Holdings, Inc. was established, when the company issued Swiss-franc denominated convertible bonds with stock options in 2004. The recent share issue has strengthened capital and will enable investment in new IT and other technology under the 8th Medium-Term Business Plan. It will also fund various capital investments for productivity improvement, and new business development.

## Working with Communities

As an enterprise with business activities across Japan, the Group realizes that the understanding and support of local residents is indispensable. In order to maintain good relations with our neighbors, we are promoting various types of social contribution activities to benefit communities and the natural environment. We will continue to fulfill our responsibilities as a corporate citizen and actively contribute to the development of an even healthier society.

### Contributing to Local Communities via Business Activities

The company has provided cooperation for the social project, "TOOTH FAIRY," which is run by the cooperation of Nippon Foundation and Japan Dental Association. Some of the profits obtained from sales of recycled precious metals are made available as funds to assist the activities of these organizations. We also support the nonprofit organizations Médecins du Monde Japon and Japan Cleft and Plate Foundation, which provide medical support activities.



## Partnering with Employees

### Employee General Meeting

The company holds annual general meetings for employees. At these meetings, top management leaders deliver speeches, and presentations are given on the results of the previous year and important issues for the current fiscal year. Discussions also take place between the management team and employees.

### Dynamic Workplace Improvement through Small Group Activities

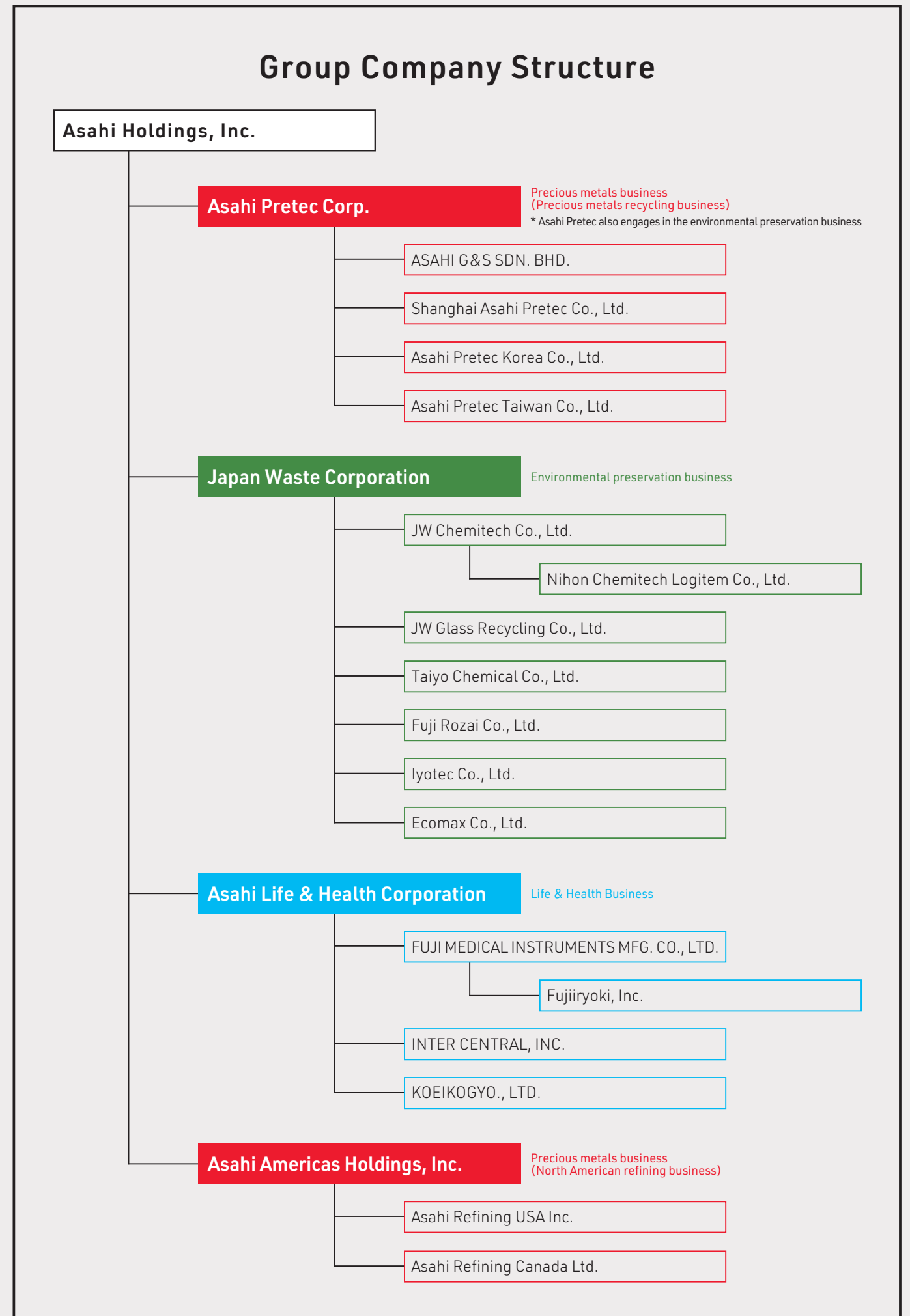
Asahi Small Group (ASG) activities are carried out based on the voluntary and independent participation of employees in the same workplace. Innovative solutions are sought through ASG activities to solve problems in the workplace. Each year, the ASG with the most outstanding initiatives is recognized at the employee general meeting.

### Self-Report System

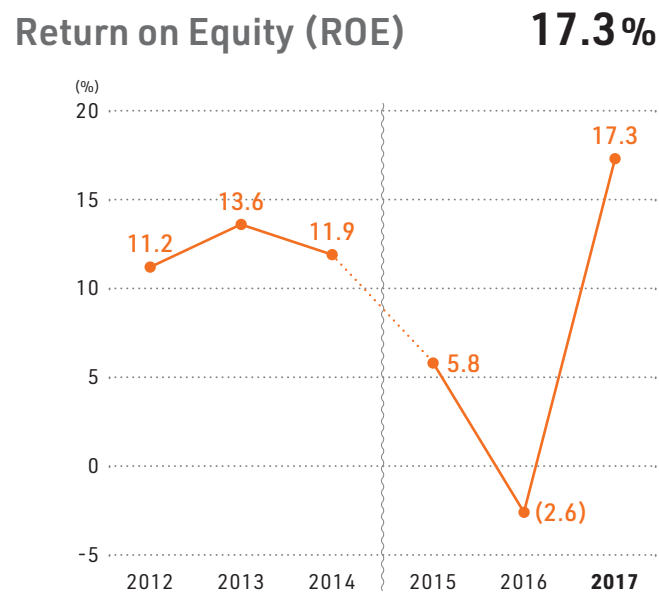
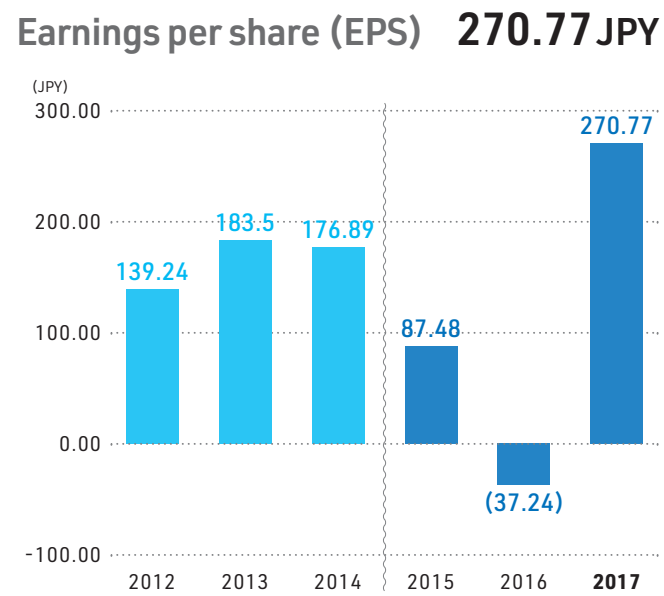
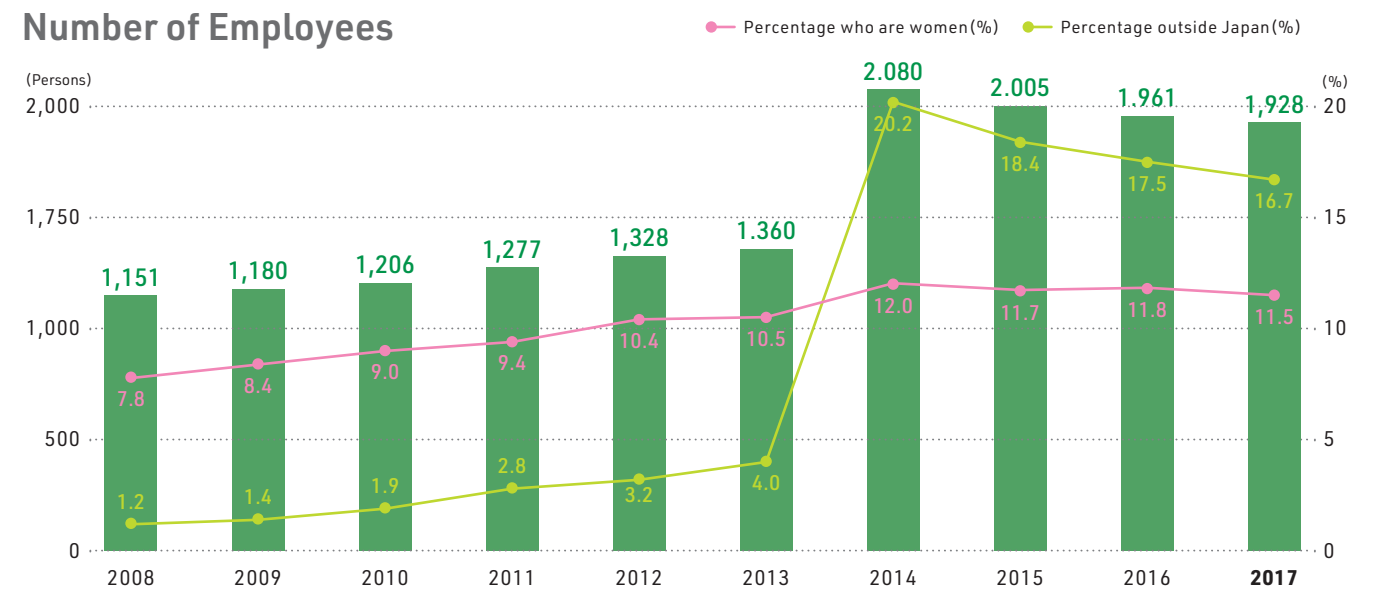
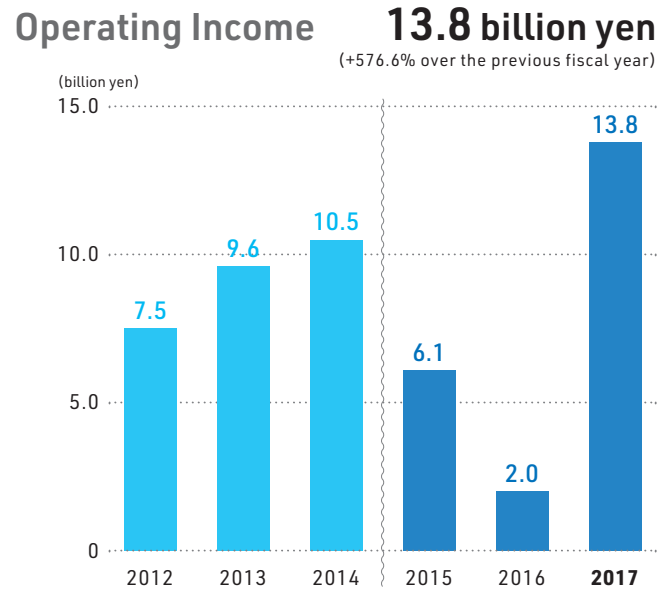
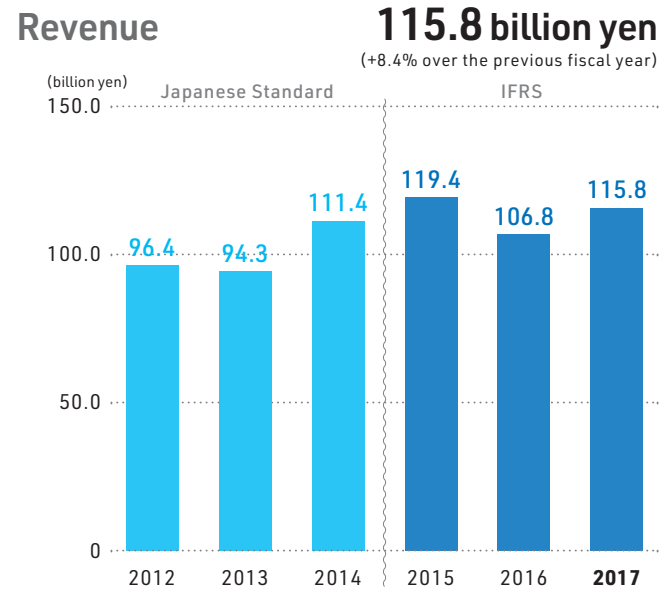
Once a year, employees are asked to complete a questionnaire on points such as how well they are able to demonstrate their abilities, the suitability of their work, job satisfaction, their sense of achievement, interpersonal relations, and the atmosphere of the workplace. They are also invited to outline their desired career path. The completed questionnaires are returned directly to the HR department. Working with relevant officers and superiors, the department uses the results to optimize personnel assignments, improve workplace atmosphere, and enhance individual employee job satisfaction.



## Group Company Structure



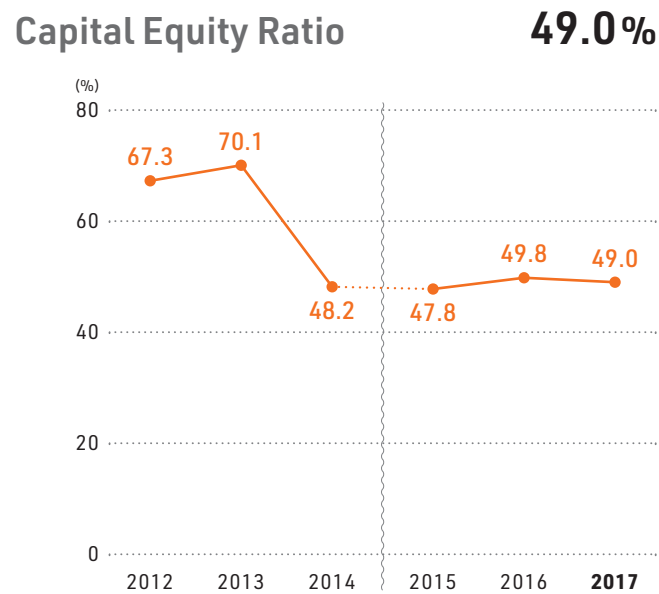
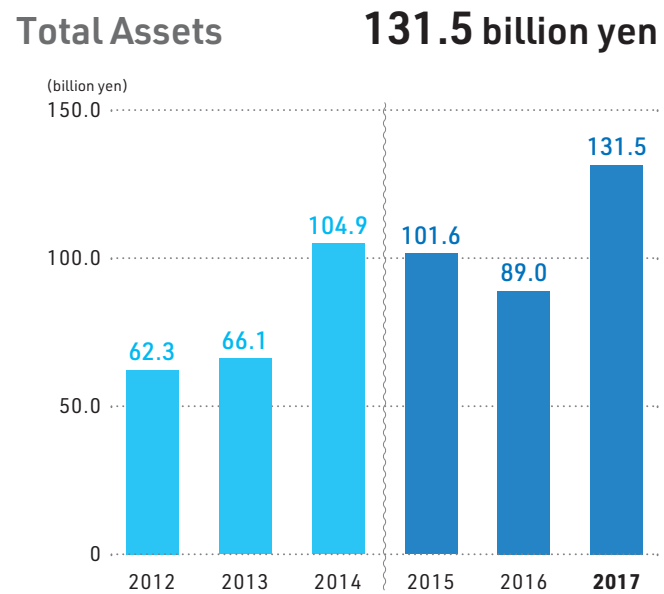
# Financial Highlights / Non-Financial Highlights



## 10 Years of Results

		Financial Data									
	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	billion yen	126.4	82.6	110.5	151.1	96.4	94.3	111.4	119.4	106.8	115.8
Operating income	billion yen	(4.0)	7.9	10.7	11.2	7.5	9.6	10.5	6.1	2.0	13.8
Profit ratio	%	(0.3)	9.5	9.6	7.4	7.8	10.2	9.4	5.1	1.9	11.9
Operating income ratio*	billion yen	(0.6)	4.4	6.1	5.9	4.5	6.0	5.8	2.9	(1.2)	9.4
EPS	JPY	(16.91)	135.90	190.46	183.20	139.24	183.50	176.89	87.48	(37.24)	270.77
ROE	%	(1.9)	15.4	19.1	16.2	11.2	13.6	11.9	5.8	(2.6)	17.3
Total assets	billion yen	45.6	50.1	59.1	58.3	62.3	66.1	104.9	101.6	89.0	131.5
Capital equity ratio	%	59.3	59.6	58.0	66.6	67.3	70.1	48.2	47.8	49.8	49.0

\*From fiscal 2015 onward: "Current profit attributable to the owners of the parent company"



		Non-Financial Data									
	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of employees	Persons	1,151	1,180	1,206	1,277	1,328	1,360	2,080	2,005	1,961	1,928
Percentage who are women	%	7.8	8.4	9.0	9.4	10.4	10.5	12.0	11.7	11.8	11.5
Percentage outside Japan	%	1.2	1.4	1.9	2.8	3.2	4.0	20.2	18.4	17.5	16.7

#### [Editorial Policy]

This report provides an overview of the approaches and operations of Asahi Holdings, Inc., with a focus on the company's measures to address social issues through its business activities. It has been prepared as a way for the Asahi Holdings Group to communicate with a broad range of stakeholders, and explain the kind of value it is working to create. By presenting specific group activities and initiatives, the report also serves as a company profile.

#### [Report Period]

April 2017 to March 2018

#### [Scope]

In principle, this report covers the entire Asahi Holdings Group, including Asahi Holdings, Inc. and its consolidated subsidiaries. Some non-financial data and information relating to environmental activities pertains to just the holding company and its major group companies.

#### [Numbers and Graphs]

The figures shown here are rounded to the nearest hundred million yen. Due to this rounding, totals may not agree with the constituent figures shown. The Group adopted the International Financial Reporting Standards (IFRS) in fiscal 2016, and each reporting item name basically follows the IFRS.

#### [Note on Future Prospects]

In addition to past and current facts about the Group, this report includes predictions based on strategies, outlooks, and business plans. These predictions were created based on information available at the time of writing. Therefore, it is important to note that actual performance and activity results may differ greatly from any predictions presented here, depending on future changes in the business environment.

# Asahi Holdings, Inc.

## Environmental Consideration in Printing

Paper: This report uses paper certified by Forest Stewardship Council® (FSC) that includes fiber from responsibly

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