

INTEGRATED REPORT 2022



Innovation &
Challenge

ASAHI WAY

The Asahi Way

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.



“Totally Committed to Protecting the Natural Environment and Preserving Resources”

Our Credo

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

Our Employee Principles

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

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

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Editorial Policy

This report provides an overview of the activities 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 1, 2021, to March 31, 2022

Scope

In principle, this report covers the entire Asahi Holdings Group, including Asahi Holdings, Inc., and its consolidated subsidiaries.

Numbers and Graphs

The figures shown here are rounded off. 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 guidelines. The financial figures for fiscal 2015 are also shown based on IFRS.

Note on Future Prospects

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

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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 signify "clean water and sky," "the energy of people carrying out activities," and "beautiful nature and forests," respectively.



STRENGTHS

Our Strengths Based on the "Asahi Way"

Innovate and Embrace Challenges

Putting the "Scrap and Build" Business Approach into Practice

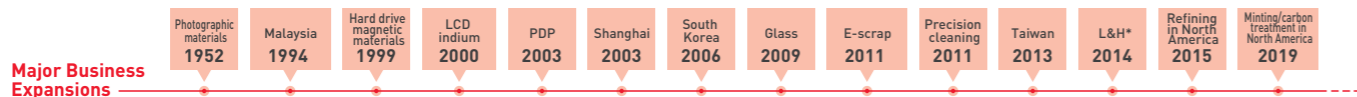
This year marks the 70th anniversary of our company, which was founded in 1952. Since our founding, we have consistently promoted businesses that contribute to the creation of a recycling-oriented society, and we have now developed into a company that operates on a global scale. Looking back on our company's history, our journey has been a series of "innovations and challenges." We got our start recycling silver from photographic fixer, and in 1975, we became the first company in Japan to obtain an industrial waste disposal license from Kobe City, which is a license for detoxifying waste photographic fluid containing hazardous substances. This helped our business to expand nationwide. Since then, while managing to overcome various difficulties, we have expanded the scope of our precious metals recycling to sectors that also involve handling precious metals other than silver, such as dentistry, jewelry, electronics, and catalysts. At the same time, we've taken on the challenge of creating new businesses. In addition, we have acquired about 20 companies over the past 20 years, primarily in the Environmental Preservation Business. Further, we obtained a North American refining company in a major acquisition, transforming our business portfolio. On the other hand, we did not hesitate to make an early exit from businesses that we determined should not be continued from the perspectives of profitability, growth potential, and synergy. Our withdrawal from the photographic materials business and the Life & Health Business Segment, which remained profitable at the time of withdrawal, are two such examples. Our "scrap and build" approach to business has allowed us to innovate and embrace challenges.

A Trust-Based Relationship with Our Employees

Being a Company of Good People

A trusting relationship with our employees has definitely supported the development of our company. We've gone through a number of phases, starting off as a family-run business focused on personal ownership ("My Company"); then becoming a business focused on communal ownership ("Our Company") that worked with its employees to create new businesses in response to various changes; and finally turning into a publicly listed company with external ownership ("Your Company") that is very mindful of its shareholders and other stakeholders. Throughout this journey, we have maintained a strong sense of purpose and high ethical standards in spreading the "Asahi Way," which summarizes the management philosophy and code of conduct that comprise our traditional values. At the same time, we have actively recruited a diverse workforce with an eye towards future globalization. We have improved compensation through fair and impartial evaluations and a performance-based system. We have also paid attention to job satisfaction and work-life balance, implementing the internal application system and satisfaction surveys, among other changes. Just as "being a company of good people," one of the principles of the Asahi Way, suggests, a group of employees that contributes to mutual prosperity and the development of the business is the foundation for overcoming difficulties brought about by various changes in the business environment.

Promoting Business Reform with an Emphasis on Speed



Scrap & Build



* Life & Health Business Segment

8 Factors Supporting Value Creation

Strengths rooted in Asahi's history

Ability to Adapt to Change

By paying close attention to the business environment and lifecycle and practicing flexible thinking, decisive action, and quick decision-making, we have built original business models and quickly exited businesses in decline. With the ability to respond in this manner, we will continue to maintain growth.

Industry-Leading Unique Technologies

We are proud of the original technologies we have developed. These include the following technologies: recovering precious metals with high efficiency and advanced analytical capabilities, properly processing various industrial waste materials, and product development based on accurately ascertaining 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. The Group proactively invests in human resources and continues to develop highly motivated employees.

Good Relationships with Stakeholders

We actively engage in dialogue with investors and listen to our customers and business partners to strengthen governance and develop our products and services. We value the mutual trust we have with our employees with the local community and work to increase our long-term corporate value.

Management Capabilities for Regeneration of Business

Over the past 20 years, we have brought more than 20 companies into the Group through mergers and acquisitions, and we have improved corporate management. Thanks to our flexible management capabilities matched to specific business environments, nearly all of our companies perform better than they did prior to joining the Group. We will continue to improve performance.

Trusted Asahi Brand

The Asahi Group's precious metal products are highly regarded throughout the world for their reliable quality. We are committed to building a trusted Asahi brand by continuing to provide high-quality products and services in all of our businesses.

Globally Expanding Network

Since establishing a local subsidiary in Malaysia in 1994, we have expanded into other countries in Asia, including South Korea, China, and Taiwan. In 2015, we acquired a refining business in North America through a merger and acquisition, expanding our target customer base to countries around the world.

Substantial Market Share

Our highest priority is to satisfy our customers and business partners, and we have worked hard to improve our products and services. Our sales and technical capabilities that meet a wide range of needs have earned us the trust of our customers and enabled us to acquire a strong market share.

History of the Asahi Holdings Group

Our 70-year history is one of innovation and challenge. Over that time, we have developed into a global corporate group and continue to grow today.

Act 1 1952 Foundation and Early Decades

- 1952** Asahi Chemical Laboratory founded in Joto-ku, Osaka City
- 1964** Becomes kabushiki gaisha (stock-based company)
- 1974** Fukuoka sales office opens. Sales offices start to be established across Japan
- 1978** Head Office building completed in Higashi-Nada-ku, Kobe City
- 1997** Name changed to Asahi Pretec Corp.
- 1998** Headquarters operations transferred to Chuo-ku, Kobe City
Technical Research Center opens in Nishi-ku, Kobe City



- 1952** Launch of business recycling silver extracted from photographic fixer
- 1975** Compact electrolytic silver collection equipment "PLATA" developed
- 1982** Precious metals recycling business launched in the dental sector
- 1984** Precious metals recycling business launched in the plating solution sector
- 1986** Precious metals recycling business launched in the electronics components and jewelry sectors
Compact electrolytic gold collection equipment "ZIPANG" developed
- 1994** ASAHI G&S SDN. BHD. established in Malaysia

- 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 containing harmful substances)
- 1978** Registered as an environmental measurement certification office
- 1990** Entry into environmental preservation businesses other than photographic effluents



Act 2 1999 Public Company

- 1999** Initial public stock offering made on over-the-counter market
- 2000** Listed on the 2nd Section of the Tokyo Stock Exchange
- 2002** Promoted to the 1st Section of the Tokyo Stock Exchange
- 2009** Asahi Holdings, Inc. established

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



Precious Metals Business

Environmental Preservation Business

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

Act 3 2012 New Development

- 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
- 2018** The Asahi Way undergoes comprehensive revision
- 2022** Transferred to the Tokyo Stock Exchange Prime Market

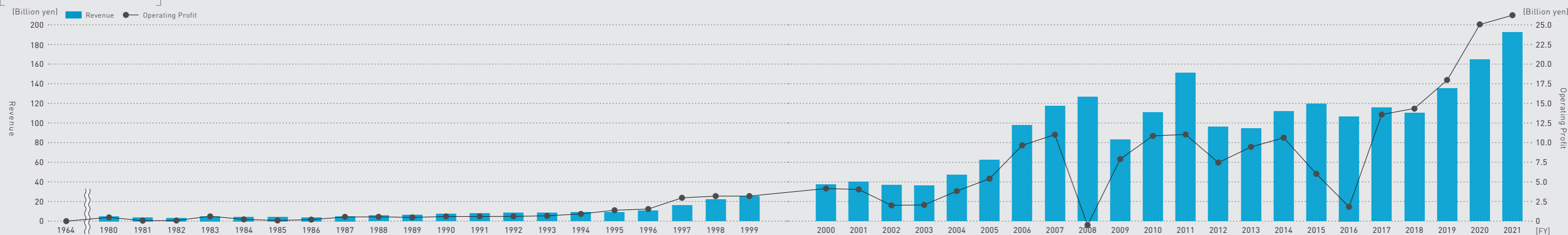
Precious Metals Business

Environmental Preservation Business

- 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
- 2019** Asahi Refining Florida LLC established
- 2022** Construction of new plant in Bando City, Ibaraki Prefecture completed
- 2017** Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation
- 2020** Asahi Pretec Corp. and Japan Waste Corporation integrate environmental preservation businesses
- 2021** Asahi Pretec merges with Japan Waste Corporation and Taiyo Chemical Co., Ltd.



Business Performance



We Have Always Been—
and Shall Remain—
Totally Committed to Protecting
the Natural Environment
and Preserving Resources.

Representative Director,
President & CEO

Tomoya Higashiura



Totally Committed to Protecting the Natural Environment and Preserving Resources

This year marks the 70th anniversary of our company, which was founded in 1952. Being “Totally Committed to Protecting the Natural Environment and Preserving Resources” is our company’s purpose. This slogan was inspired directly by a submission by one of our employees for an in-house contest we held in 1978. From the company’s founding up until that point, our customers had been photo studios and processing laboratories, and our main business involved recovering silver from silver-containing liquids and detoxifying hazardous waste liquids. As we developed our own technologies and expertise, we subsequently

expanded our business domains to encompass a variety of services and products. That being said, there has been no change to our model of keeping our businesses and social contributions inseparable. I have a real sense that an increasing number of people inside and outside the company have come to understand and agree with this model. With “Totally Committed to Protecting the Natural Environment and Preserving Resources” as our lodestar, we will continue to take our company to new heights.

The Value Our Business Provides

Our business activities consist of two mainstays: Precious Metals Business and Environmental Preservation Business. Through these two businesses, we strive to generate both economic value

and social value.

Precious Metals Business

Demand for precious metals is spreading throughout the industrial and investment sectors, and the role of the Precious Metals Business in handling limited precious metal resources is growing more essential. Our Precious Metals Business is divided into two areas: precious metals recycling and precious metals refining. Our precious metal recycling business primarily recovers gold, silver, palladium, and platinum from a wide variety of scrap materials-originating in sectors such as electronics, catalysts (automotive and chemical), dentistry, and jewelry—that contain precious metals to produce high-purity bullion.

The business combines a highly skilled sales force that visits customers in person, with plants that have the expertise and breadth of experience necessary for material recovery. Because raw materials come in a wide variety of shapes, properties, and quantities, our competitive advantage is derived from flexible and creative approaches utilizing our experience, technology, and know-how. We have a leading share in all of these sectors. Our recycled gold and silver are certified by the London Bullion Market Association (LBMA) and our platinum and palladium by the London Platinum and Palladium Market (LPPM), and they are distributed in the global market. In addition, our unique traceability system allows us to prove that the raw materials used in our products do not contribute to environmental pollution, regional conflicts, or human rights issues. This kind of certified gold bullion is referred to as green gold, which adds a premium

to the value of the bullion.

In 2015, we launched our precious metals refining business in North America. The scale of our refining business is the largest in the world, exceeding 2,000 tons of gold and silver combined per year. We acquired a gold and silver refining business with operations in Utah (U.S.) and Ontario (Canada) from Johnson Matthey of the UK. We also acquired the assets of Republic Metal Corp. in Florida, (U.S.) in 2019, gaining control of minting assets for processing precious metal products such as gold and silver coins. In addition, we will complete construction of a large-scale warehouse in New York State in the U.S. by the end of 2022, which will streamline the distribution of our products. We are in the process of completing a system in which we use the raw materials received from mining companies and the jewelry industry around the world to manufacture high-purity, LBMA-certified gold and silver bullion, just as we do with precious metal recycling, process them into gold and silver products of various forms, and enable optimal distribution and sales around the globe.

Environmental Preservation Business

Our Environmental Preservation Business is engaged in the proper disposal and recycling of industrial waste across the nation. Our nationwide operation is made possible by facilities capable of handling a wide variety of items, a sales force of 150 people located all over Japan from Hokkaido to Okinawa, and our possession of collection and transportation licenses in all municipalities throughout Japan. We also have experience in handling a wide variety of waste materials over a large area, and we not only perform actual disposal of industrial waste at our facilities, but also turn industrial waste disposal management into a source of revenue. Specifically, this means that we present our customers with proposals for an optimal process flow, from collection and transportation to disposal, and then receive fees for these proposals as well as their implementation and management, even if we do not use our own facilities at all. Companies in the industrial waste industry usually operate out of their own facilities and run their businesses according to their licensed items, capabilities, and location. However, we do our business in an opposite way. We initiate our business according to customer needs. This is what makes our Environmental Preservation Business unique. Whether

customers are trying to tackle global warming by streamlining collection and transportation routes or increasing recycling rates, our consulting solutions can help them do so without being restricted to the use of our own facilities.

We hope that customers will see our company as shifting the industrial waste treatment industry toward a knowledge industry. We believe that this will give us a decisive advantage in the industry in the future. The Plastic Resource Circulation Act went into effect in April 2022 as Japan looks to achieve carbon neutrality. From an early stage, we have collaborated with the materials and chemical industries to recycle recyclable used plastics, all without being particular about the use of our own facilities or the framework of the industry. In addition, DXE Inc., which we launched in June 2022, has started a paid service that offers digital management of a series of business processes, from industrial waste discharge to treatment. Our goal is to eventually develop into a platform that proposes the most logical transportation and treatment processes for our customers in terms of CO₂ reduction and resource conservation. This will serve as our ultimate goal as we continue to transform the industrial waste treatment industry into a knowledge industry.

Long-Term Vision, Risks, and Opportunities

Since we entered 2022, soaring resource and fuel prices, as well as dizzying fluctuations in exchange rates, have been having a significant impact on the economy. Dependence on fossil fuels and global material procurement are becoming unavoidable risks shared by all industries. That being said, I believe that many business opportunities lie in creating a flow that allows one to evade such risks.

To Be a Leader in Creating a Circular Economy That Connects Society to the Environment

Looking toward the future of human society, we wish to become “a leader in creating a circular economy that connects society to the environment.” While this vision will remain constant over the long term, there are two things that we believe we should pursue with care as we explore how the situation will change going forward in the face of recent developments in the domestic and international business environment.

One is that we must take cross-border value chain risks into careful consideration in seeking to expand our Precious Metals Business globally. The second is that we must firmly grasp the changes in behavior of Japanese government and waste generators in the move toward carbon neutrality as we further expand our Environmental Preservation Business.

First, with regard to the issue of international value chains, in light of the tension that has escalated between the United States and China over the last several years, as well as the current conflict between the G7 nations and Russia, it is clear that we cannot grow complacent based on the belief that deepening international interdependence among sovereign nations through trade and direct investment will promote economic development and deter confrontation. While we envision our successful business model in North America expanding to other continents, we will determine our actions based on a firm assessment of the short-, medium-, and long-term risks involved in expanding



into and doing business with new regions.

Second, with regard to the issue of carbon neutrality, waste generators are gradually becoming more cautious about incinerating used plastics. While incinerating biomass does not increase CO₂ emissions, incinerating waste plastics and waste oil increases CO₂ emissions, and concerns about this have been growing. Moreover, consumption fluctuations due to COVID-19, trade frictions among major powers, and sanctions related to the invasion have caused coal and other fuel prices to skyrocket. This has caused the materials industry and others to seek to secure waste plastics as fuel and raw materials, which has led to a major intake of waste plastics. We need to adjust our businesses in line with these new trends. We are confident that this is a transition phase in which we can leverage our bird’s-eye view of industrial waste management as a source of profit.

Resource Recycling That Mitigates the Risks of Dependence on Fossil Fuels

We believe that there will be increased opportunities within the resource recycling business if we face the risk of fossil fuel dependence head-on, especially in the context of heightened geopolitical risks. One of the real-life consequences of Russia’s invasion of Ukraine was a sharp rise in the price of natural resources, including the precious metals we handle. In particular, the price of palladium, of which Russia is the largest primary producer, leaped by approximately 1.5 times in a few months from the beginning of 2022. While the situation is critical for industries including medical care that use palladium, our ability to recycle rare metal resources has played a major role by serving as a buffer. The amount of palladium we recycle annually is equivalent to about 10% the amount of palladium Russia exports to the rest of the world in a single year. Depending only on resources from primary mines would surely have sent prices soaring even higher, causing panic in the auto industry and other related industries around the globe. We can also learn from history that sanctions can trigger major military conflicts. Having completely local recycling operations alleviates the issue of dependence on imported resources. Behind our company’s purpose of being “Totally Committed to

Protecting the Natural Environment and Preserving Resources” is the preservation of world peace.

Turning Risks into Opportunities

Due to the global spread of COVID-19, material procurement risks have become apparent in a number of industries. Our operations in Japan and Asia are relatively regionally self-contained, and while we faced severe difficulties in some sectors due to customers’ production activities stalling, there were no major obstacles in terms of our own operations.

However, our North American business uses European-made equipment for some of their production facilities, and when that equipment broke down, it took a great deal of time to import repair parts and perform on-site repairs, which caused extended production downtime. Moreover, the residue generated during the refining process at the plant contained a small amount of precious metals, so recovery of precious metals from this residue had to be outsourced to a smelter. We used a major smelter in Italy, but lead times were significantly extended due to the slowdown in sea transport and the lack of local workers.

With regard to the production equipment made in Europe, we continue to use it, but we have concluded a new maintenance contract with a local electrical equipment company at our plant and established a system that allows us to deal with product breakdowns almost completely locally. This allows us to recover from breakdowns more quickly than before the COVID-19 pandemic. In terms of outsourcing to smelters, we have decided to bring the smelting function in-house within our Salt Lake City plant to reduce our dependence on outsourcing. It was for this reason that I myself decided on making a phased investment while at the Salt Lake City in April. The smelting function is a rarity in the North American region, and we made an immediate decision to transform a risk into an opportunity, with the aim of developing the combined smelting and refining business into a new service for external customers. We will create a management structure that retains the advantage of freely utilizing resources dispersed around the globe while preparing contingencies in case this rapidly turns into a risk in terms of business continuity.



Opportunities Expand for Two Major Businesses

Our Precious Metals Business has long been focused on the domestic market. We started expanding our business outside of Japan in the 1990s. As mentioned previously, we entered the North American region in FY2015 upon acquiring a gold and silver refining business from a British company. It has been said that there are few examples of Japanese companies succeeding in acquisitions of businesses overseas. While we did indeed suffer operating losses in the immediate aftermath of the acquisition, we were able to successfully develop the business after it became profitable in FY2017. There are still many markets across the globe where we can profit by using the methods we used to succeed in our North American business. Making our Precious Metals Business multinational in scale will not only grow the business itself, but also stabilize our business operations overall. As the industrial and investment demand for rare precious metals grows, the role of our Precious Metals Business will become ever more important, and the opportunities ever more abundant.

The domestic industrial waste market is a huge market for our Environmental Preservation Business. It is larger than the domestic shipping industry and three times the size of the parcel delivery industry. We have expanded our processing capacity in this market through capital investments and M&A. While we already occupy a leading position in the industry, no company possesses a dominant market share yet, including us. This is partly owing to the fact that there are complex laws, regulations, and administrative guidance related to the market, and establishing industrial waste facilities and conducting treatment activities both require obtaining licenses, which makes it difficult for outsiders to enter the market. Meanwhile, it also takes considerable time for existing operators in the industry to expand their businesses. However, going forward, businesses will be tested on their ability to respond to current trends, such as carbon neutrality and the digitization of transactions in general. Such ability will decide the competitiveness among businesses, and by maintaining a competitive edge, it will become easier than ever to accelerate growth.

Looking Back at the Year Ended March 31, 2022

Record-High Operating Income for the Fifth Consecutive Fiscal Year

In the fiscal year ended March 31, 2022, sales revenue continued to increase compared to the fiscal year ended March 31, 2021, with year-on-year revenue up 17% to 192.4 billion yen. Operating profits reached 26.4 billion yen, up 5% from the previous year, marking the fifth consecutive year of record profits. We increased our annual shareholder dividend by 5 yen from the previous fiscal year to 90 yen per share.

Ever since COVID-19 took hold of the world at the start of 2020, business activities in various industries have been restricted, and we have faced a number of restrictions ourselves, but we have maintained our determination to “never stop business operations” from the start. Our nonstop resource recycling and environmental preservation activities have enabled us to continue to fulfill our role and responsibility as one of society’s “veins.” We believe that the improvement in our financial performance and corporate value both last year and two years ago is a result of the aforementioned efforts being met with approval.

Industries such as electronics, telecommunications, semiconductors, chemicals, and pharmaceuticals operated at full capacity. Given the situation, if our precision cleaning and surface treatment-related collection activities and our factory effluent treatment activities were to cease, it would be extremely difficult for producers to continue production. Moreover, above all, it was medical institutions that were required to operate nonstop. If our collection, transport, and detoxification of their infectious waste had stopped, all of society would have been thrown into panic. It once again became clear that there is an intimate interdependency between our core businesses and industrial activities and civic life. We are proud that our tireless efforts to be “Totally Committed to Protecting the Natural Environment and Preserving Resources” support society’s daily activities far and wide.

Bando Plant Operations - Our Pride in Being a Responsible Refiner

In the fiscal year ended March 31, 2022, we invested a total of 8.3 billion yen. One such investment was in the Bando Plant, which will become one of the largest state-of-the-art recycling plants in Asia. The plant began full-scale operations in April 2022. The plant handles the recycling of precious metals from the dentistry and jewelry sectors. Until now, the pretreatment, assay, and refining processes were performed at the Saitama Plant, while the final processes, which include molding, engraving, and shipping, were performed at the Technical Research Center in Kobe. The new Bando Plant will consolidate all of these processes and serve as an integrated solution for the complete recycling process. Since there is no longer transportation between plants like before, logistics costs and CO₂ emissions have been reduced. In addition, by forcibly dissolving NOX generated during the acid treatment process when recovering precious metals in water and circulating the solution as nitric acid, we have reduced the consumption rate of chemicals by about 40% while curbing greenhouse gases. Furthermore, we have reduced factory personnel requirements by approximately 25%, primarily by promoting automation and saving on labor through full utilization of IoT. Taken together, these efforts have reduced the average lead time for precious metals from receipt of raw materials to product shipment by approximately 10%. Being able to improve the cost efficiency and speed of our operations in the face of rising prices and interest rates was a very timely development.

In July 2021, Asahi Pretec, which oversees the precious metal recycling business, became the first refiner in Japan to obtain Chain of Custody (COC) certification from the Responsible Jewelry Council (RJC). Asahi Pretec already obtained Code of Practices (COP) from the RJC in July 2019, making it the only refiner in



Japan with both COP and COC certifications from the RJC. Since “supplying precious metals in ways that are friendly to people, society, and the environment” is our most important business materiality, the fact that we have received reputable third-party certification for transparent raw material sourcing and traceability shows progress. We will further enhance the value of the Asahi Brand by providing precious metal products that guarantee that consideration is given to human rights and the environment.

Forecast for the Year Ending March 31, 2023

Squatting Down in Preparation for the Leap Forward

For the fiscal year ending March 31, 2023, as of July 31, 2022, the company has announced a predicted 4% year-on-year increase in revenue to 200 billion yen and a 9% decrease in operating income to 24 billion yen. The decrease in profits is due to the fact that, in accordance with the International Financial Reporting Standards (IFRS) adopted by the company, we expect to incur a one-time expense of approximately 2 billion yen in losses on the retirement of existing facilities associated with the completion of the new facilities and other projects. For example, we are currently working with the local community to rebuild our existing Yokohama Plant and establish a new industrial waste incineration facility to create a large-scale waste treatment center in eastern Japan. As such, abandonment losses must be recorded for existing facilities that are to be decommissioned. We also expect an abandonment loss to be incurred at the North American sites as a result of new capital investments. Due to a confluence of factors such as abandonment losses and an increase in depreciation, we predict a decrease in profit for the fiscal year ending March 31, 2023. However, both of these factors closely tied to the goal to “reinforce the foundation for growth” set forth in our Medium-Term Business Plan. We hope that our shareholders understand that we are not just sitting down, exhausted, but rather squatting down in preparation to make a giant leap forward.

In terms of shareholder dividends, we will maintain our policy of keeping a dividend payout ratio of around 40% while enhancing internal reserves to invest in capital investments and M&A activities for future growth. Unless there is a fundamental decline in our profitability, there will be no change to our policy of maintaining stable dividends without decreasing the current annual dividend amount. Given this approach, the planned annual dividend forecast for the fiscal year ending March 31, 2023 is 90 yen per share, the same level as for the fiscal year ended March 31, 2022.

Strategic Investment Decisions

Under the 9th Medium-Term Business Plan, we have decided to invest 22.7 billion yen over the three-year period through March 2024. The amount of investment in major investment projects, including the Bando Plant and Yokohama Office, is almost identical to the original plan. However, the investment amount related to our burgeoning North American business is expected to be higher than originally planned. The large-scale renovations of the silver refining process at the Salt Lake City plant, which includes automation and was originally scheduled to begin during the current fiscal year, will be conducted as planned. In



addition to this, instead of leasing as originally planned, we have decided to take a long-term perspective and purchase the land and buildings for our New York warehouse business. In addition, as was mentioned previously, we will begin efforts to internalize the smelting function at our Salt Lake City plant. Further, since the downstream portion of our North American business—namely, the value-added business of processing and selling a variety of coin and bar products created by using our refined gold and silver bullion as raw materials—has been buoyed by favorable market conditions and expanded more than we planned for, we have decided to more than double our current capacity for processing these products. These agile initiatives will result in increased investments in our North American business.

We have also decided to temporarily suspend our original plan for a fifth new incinerator in Kitakyushu, Japan, based on the determination that we need to assess how the Japanese government and waste generators will act with regard to the trend toward carbon neutrality in Japan. We will carefully monitor market trends and future developments. There are a few other small changes to the capital investment details, but there are no changes to the plan of investing 22.7 billion yen total over the three-year period.

Pursuing Social Sustainability and Business Expansion Simultaneously

Growing Our Business and Solving Social Issues are One and the Same

In our precious metals recycling business, wet processing,



which we perform via acid dissolution and other techniques, can significantly reduce CO₂ emissions when producing an equal amount of gold compared to dry processing, which mining companies and others perform via high-temperature heating. The dry process can be scaled, and one could say that the wet and dry processes are compartmentalized, but in-house technological developments have enabled us to expand the range of targets for recovery via the wet process. At our company, "in-house production" refers to the assay and recovery of raw materials via wet refining that were previously subject exclusively to dry refining. We have a history of expanding our value-added domains through this process, and we will continue to do so going forward. From this perspective, our growth strategy overlaps with our carbon neutrality strategy.

At the Bando Plant, we have been able to reduce the amount of chemicals used, eliminate transportation between plants, and shorten the recycling lead time, all of which make us more cost competitive and fuel our competitive advantage in the market. At the same time, it is important to emphasize that all of these initiatives reduce greenhouse gas emissions, including CO₂. Thus, our strategy for remaining competitive overlaps with our carbon neutrality strategy.

Like our precious metals recycling business, the role of our Environmental Preservation Business can be compared to the veins circulating blood throughout the human body. The role of veins is to purify the blood delivered to every part of the body through the arteries before routing it back into circulation. The Environmental Preservation Business requires cooperating with waste generators and other businesses that act as arteries so that we can harmonize with the direction in which society desires to head. As director of the Japan Federation of Industrial Waste Management and Recycling Associations and chairperson of the Intermediate Processing Subcommittee, I am working to update the industry's role as we progress toward a carbon neutral future through direct discussions with the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and other relevant government agencies. In this context, cooperation between arteries and veins is a vital topic. Regarding our Environmental Preservation Business, we will do everything we can to pave the way for material and chemical recycling that incorporates arterial industries through the management of industrial waste disposal. For difficult-to-recycle waste, we will encourage low-carbon, cost-effective,

and proper disposal, and we will gradually implement energy recovery methods such as waste power generation, which is highly regarded as a way to conserve fossil fuel resources. As we orient toward this business position, we are now working on the key issues of where and how to focus our management resources going forward and how to maximize our strengths.

Climate Change Initiatives

In December 2021, we announced our "2050 Carbon Neutrality Declaration" and declared our goal of achieving carbon neutrality for Scope 1 and Scope 2 emissions by FY2050. We made reducing CO₂ emissions one of our business materialities. First, by FY2030, we will reduce energy-derived CO₂ emissions such as electricity and gasoline by 50% from their FY2015 levels. To achieve this goal, we have been reducing fuel usage in a variety of our activities, switched to CO₂-free electricity, as well as reducing fuel consumption and converting our newly constructed sites into Net Zero Energy Buildings (ZEBs). In addition, as a follow-up to switching our company vehicles over to hydrogen vehicles, we plan to switch as many of our business vehicles as possible to electric vehicles (EVs).

We are also working to link our business structure itself more closely to global warming countermeasures. For example, it was previously mentioned that NOX generated during the acid treatment process at the Bando Plant is forcibly dissolved in water and recycled as nitric acid. We are also striving to recover the heat generated during waste incineration and convert it into electricity. However, we encountered an issue with surplus electricity having to be discarded. To address this, in one of our corporate ventures, we launched an experiment to produce hydrogen, which has excellent preservation and portability, through water electrolysis using this surplus electricity. In addition to hydrogen, the electrolysis process produces chemical by-products that are sold to make the process more profitable. Producing hydrogen using surplus electricity will help reduce CO₂ emissions throughout the supply chain, and it has been chosen as a demonstration experiment subsidized by the Ministry of the Environment in anticipation of the arrival of a hydrogen-based society at some point in the future. If industrial demand for hydrogen and other sectors further increases and society as a whole develops a hydrogen-based infrastructure, this business will experience remarkable growth.

We have also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have established a cross-departmental TCFD response team to conduct scenario analysis and other activities. In light of this, we have identified the risks and opportunities, and in April 2022, we made disclosures based on the TCFD recommendations.

Human Resource Policies

The ratio of new graduates to mid-career hires is approximately 25% new graduates and 75% mid-career hires. Because of the high percentage of mid-career hires, we have people from a wide variety of backgrounds. Even when we had new groups of people mixing with our own employees through M&A, we experienced no severe clash of corporate cultures. I suspect that the cost of post-acquisition integration is also extremely low thanks to our diverse workforce.

That being said, if we look at our company's workforce

composition in terms of gender, the fact that the percentage of male employees is high cannot be denied. This is because sales and factory workers sometimes handle special chemicals and heavy materials, and thus these tasks have been assigned primarily to male workers from the viewpoint of maternity protection and so on. In clerical and technical workplaces, where there exist no such concerns, ability- and performance-based personnel management is firmly ingrained, and there is no gender disparity in terms of compensation and speed of promotion. We are now in the process of expanding the number of workplaces where female employees are assigned while carefully implementing measures within the work environment. In fact, of the new graduates hired in April 2022, 60% are women, and we have placed 2 of these female employees in on-site sales positions for the first time in over 20 years. Through my own involvement in the North American business, I have directly witnessed the positive effects that diversity in terms of gender, race, and other aspects has on organizational vitality. We will enthusiastically promote diversity and inclusion globally and consistently.

For our core positions, we will continue to make efforts to enhance our human resource development infrastructure through both internal training and mid-career hiring. We will also strive to further enhance educational opportunities through the use of internal and external resources. Further, to develop the company in a sustainable manner in the face of an era of rapid change, we would like to cultivate not only knowledge and skills, but also a sense of ownership in the corporate management, from the top of the pyramid as far down as possible, so that we include as many people as possible. If each individual is able to hone their sense of responsibility and judgment within our ever-expanding businesses, I believe we can at least maintain the speedy management we have had up to this point.

In terms of compensation, we have established an incentive plan called the "Stock Grant ESOP Trust" for assistant managers and above, which accounts for about two-thirds of all employees. The Compensation Committee is also planning to discuss an increase in the ratio of stock-based compensation within executive compensation beyond the current level so as to enhance medium- and long-term incentives.

Corporate Governance

As has been stated many times, our value lies in the fact that our business contributes to the sustainability of society by recycling rare resources and helps preserve the global environment, and our strength lies in the fact that our business growth goes hand-in-hand with solving social issues. To form effective governance in line with these business principles, we have endeavored to forge sound corporate governance. While the company's management history has emphasized the importance of leadership characterized by agile decision-making, and while we continue to recognize its importance and maintain a culture of bold risk-taking even now, the current Board of Directors seeks clarification of the rationale with respect to decisions that are vital to management. It can be said that we have a well-established practice of carefully confirming the discretion of management and the potential risks involved in such decisions.

In 2015, with the introduction of the Company Audit Committee System, we transformed into a company with an Audit and Supervisory Committee. We have also asked experts in various

sectors related to our management and executives from other companies to serve as independent outside directors. At present, independent outside directors comprise the majority of the Board of Directors. Moreover, we have established a voluntary Nomination Committee and Compensation Committee to ensure that independent outside directors are appropriately involved in the consideration of important management matters, such as director nominations and compensation. Each committee is chaired by an independent outside director and is primarily composed of independent outside directors.

To make the most of this structure, it is essential to create a working mechanism. In April 2020, the Audit Department, which is responsible for operational audits, was given greater authority and placed under the direct control of the Audit and Supervisory Committee. In addition, we established the Group Risk Management Department in April 2021 to ensure cross-organizational risk management. This department monitors compliance across the entire Group, and is focusing particular effort on managing the credit risks of our North American business counterparts, which are expanding at a rapid pace.



To Our Stakeholders

We will continue to take a long-term approach toward enhancing our corporate value in a sustainable manner while strengthening our trust-based relationship with all of our stakeholders. To this end, as we continue to improve the performance of our operations in Japan, Asia, and North America, we will make every effort to further strengthen corporate governance, enhance information disclosures to bolster management transparency, help address issues facing society such as global warming, coexist with local communities as a corporate citizen, and generate rewarding employment opportunities for a diverse range of people. We appreciate your understanding of the purpose behind these efforts and ask for your continued guidance and support.

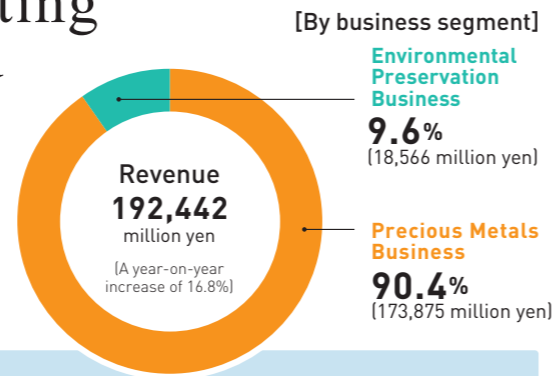
At a Glance

Our Purpose

Totally Committed to Protecting the Natural Environment and Preserving Resources

We are engaged in both the Precious Metals and Environmental Preservation Businesses based on our purpose of being "Totally Committed to Protecting the Natural Environment and Preserving Resources."

We aim to maximize the growth of both these business areas by practicing efficient management and leveraging synergies.

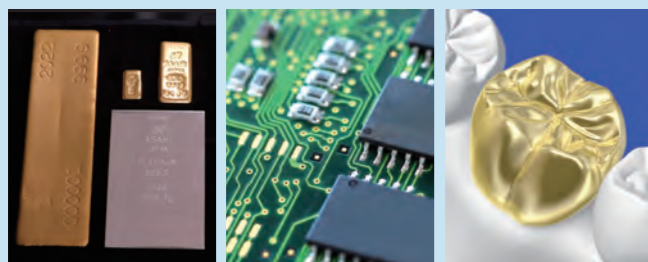


Precious Metals Business

Our First Business

Precious Metals Recycling

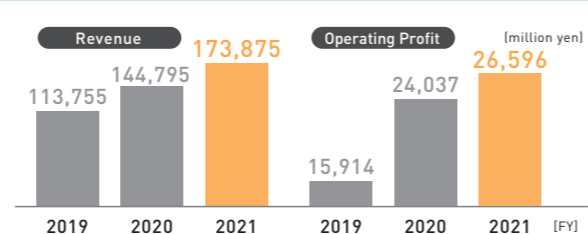
Our business began with recycling silver from photographic fixer. Today, we recycle scrap produced by various sectors such as the electronics industry and dentistry into high-purity precious metals. For more than half a century, we have been providing precious metals produced through recycling, while continually adapting to the changing times.



Refining on a World-Class Scale

North American Refining

In North America, our refining operations raise the purity of raw gold and silver received mainly from mining companies. We are also using the refining business as a platform to diversify our revenue sources.

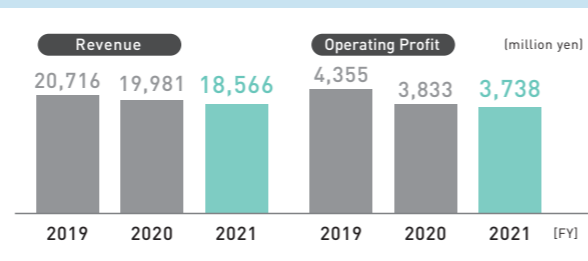
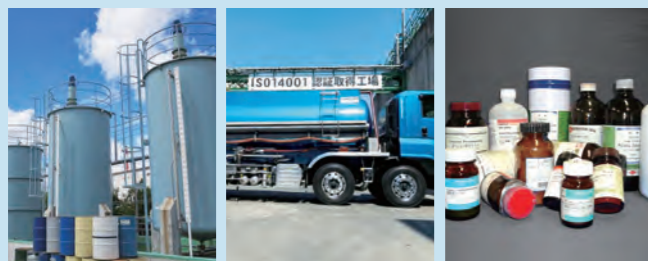


Environmental Preservation Business

Helping to Create a Sustainable Global Environment

Proper Waste Disposal

This business began with the detoxifying of harmful substances contained in photographic effluent, and has since expanded to the detoxification and proper disposal of various waste materials. Through M&A, companies with different areas of expertise have joined the Asahi Holdings Group, thereby leveraging synergies to provide customers with a one-stop solution for a wide variety of needs.



Due to the dissolution of our Life and Health Business in FY 2019, Inter Central, Inc. was shifted to the Environmental Preservation Business category. The revenue and operating profit figures for FY2019 reflect this change. Inter Central, Inc. was subsequently sold at the end of FY2020, but there was no reclassification of revenue and operating profit.

Value Creation Drivers and Business Models

Through our precious metals recycling business, we offer high-quality products by utilizing salespeople with strong IT expertise for customer-focused sales and high-precision analysis and recovery technologies.

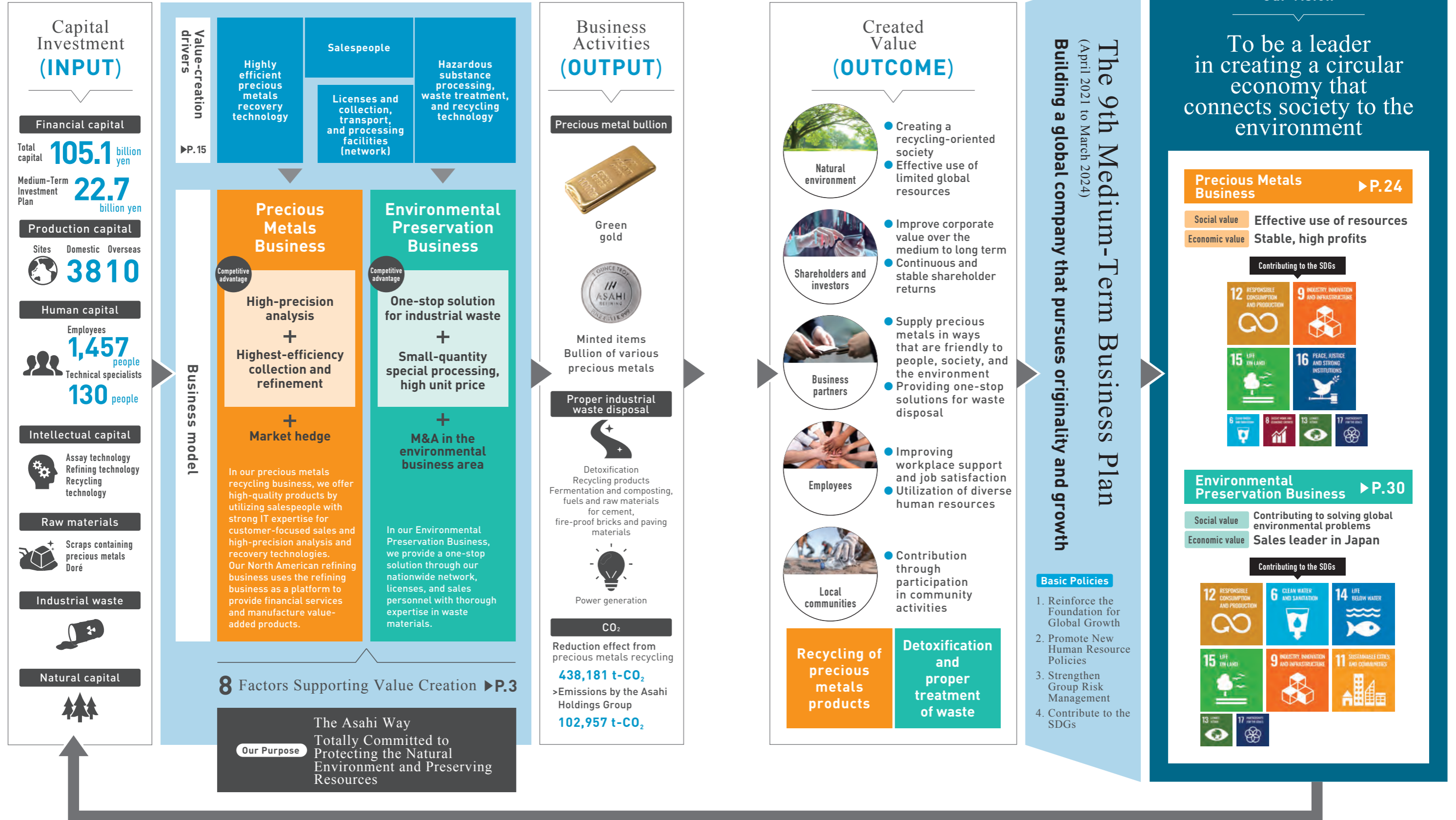
Our North American refining business uses the refining business as a platform to provide financial services and manufacture value-added products.

With our Environmental Preservation Business, we provide a one-stop solution through our nationwide network, licenses, and salespeople with thorough expertise in waste materials.

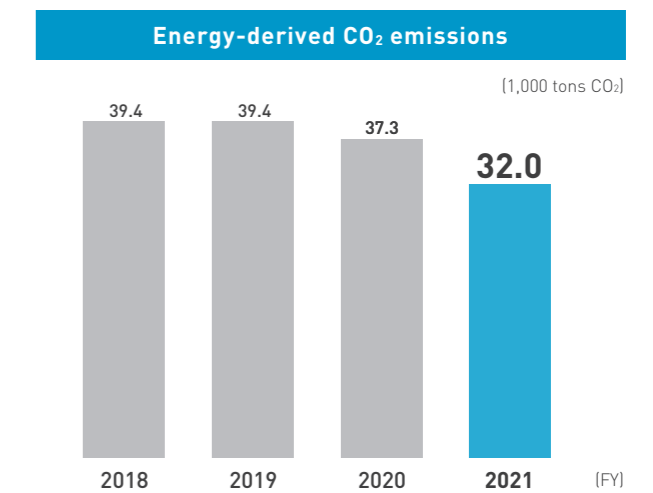
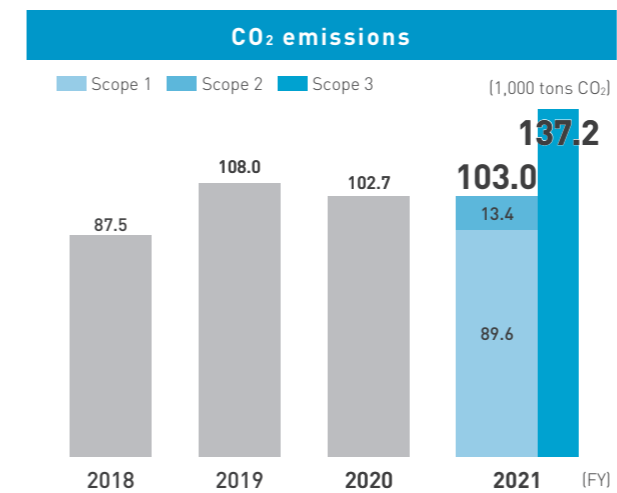
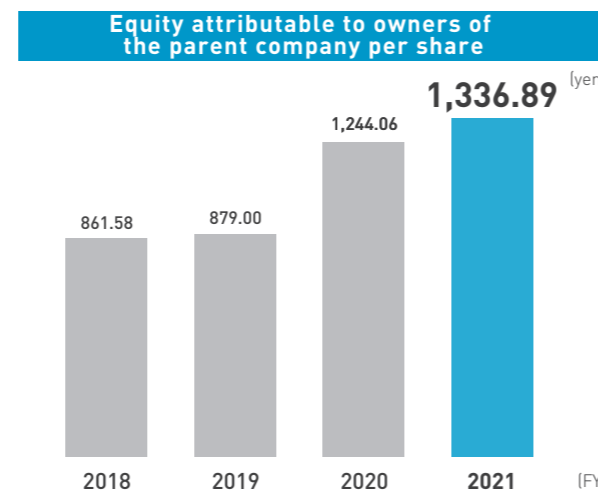
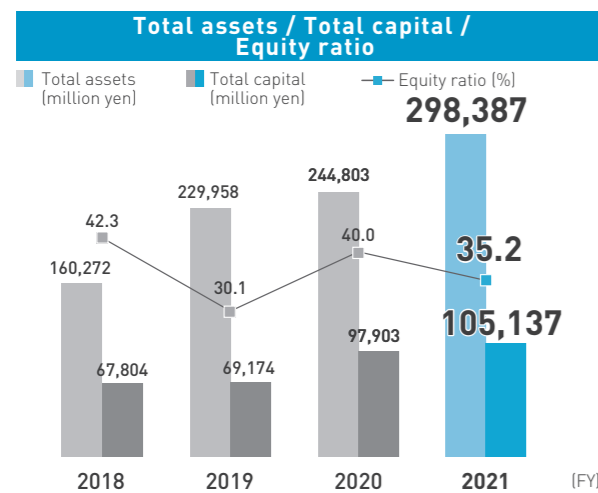
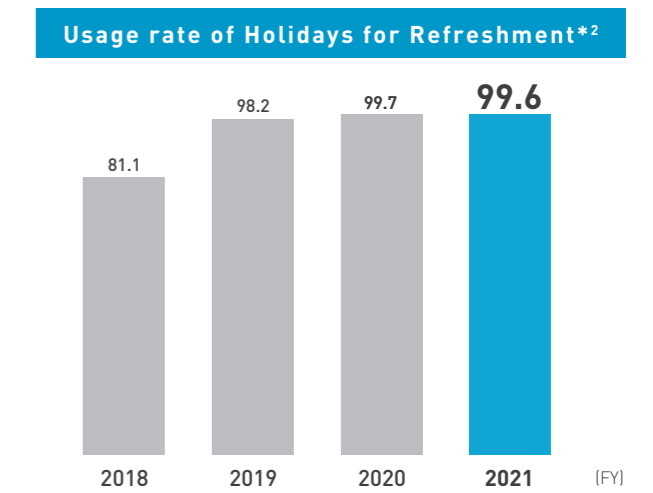
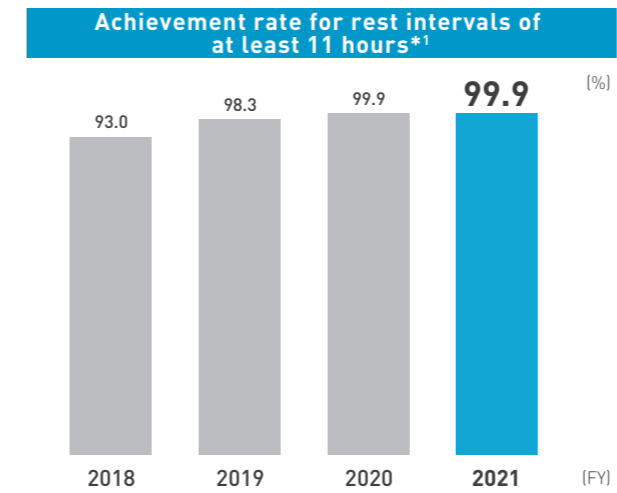
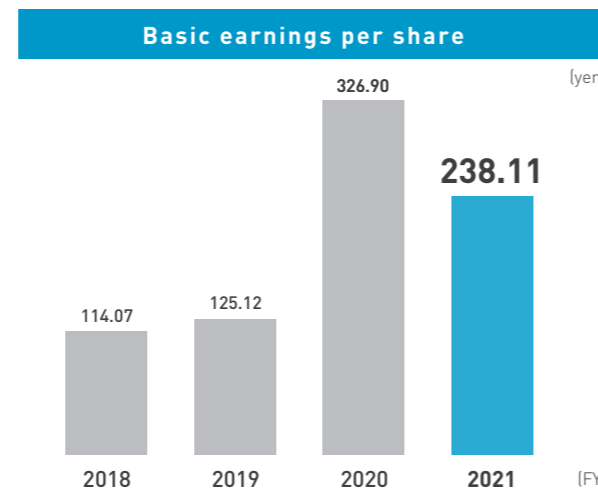
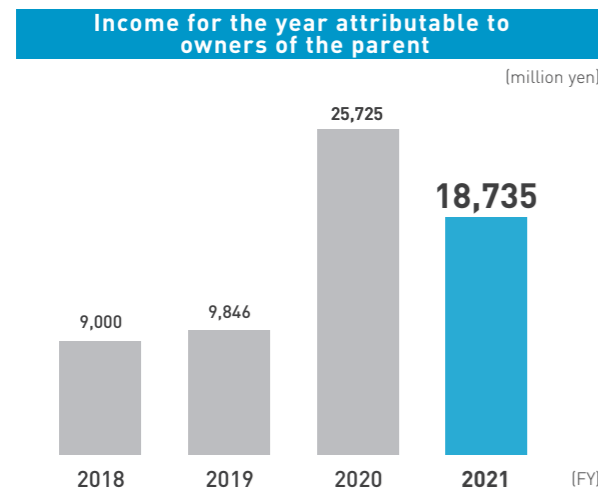
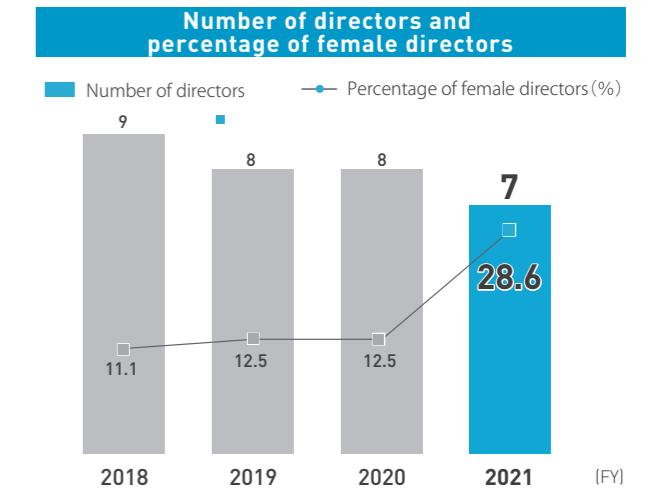
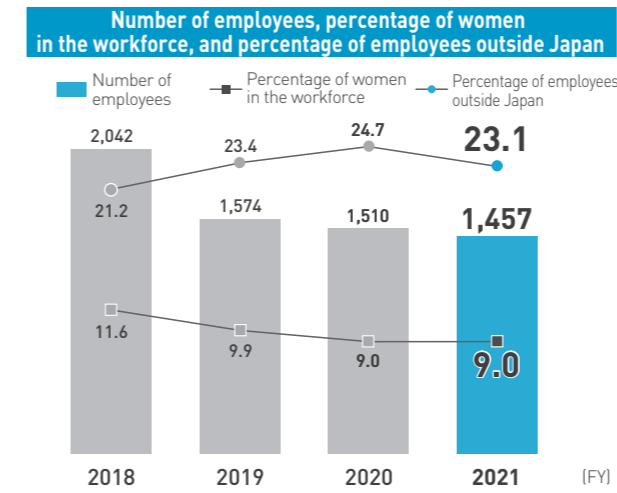
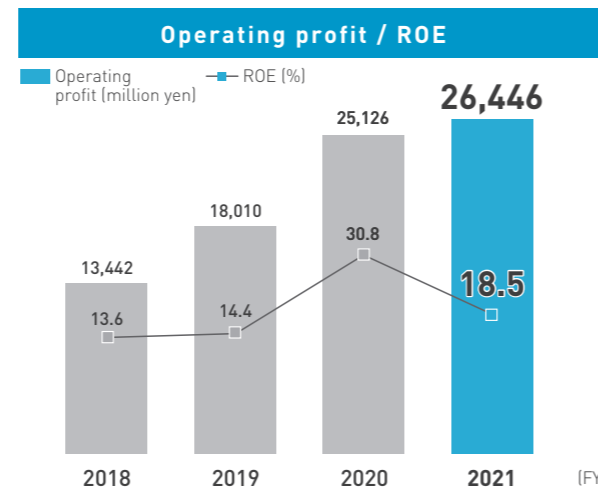
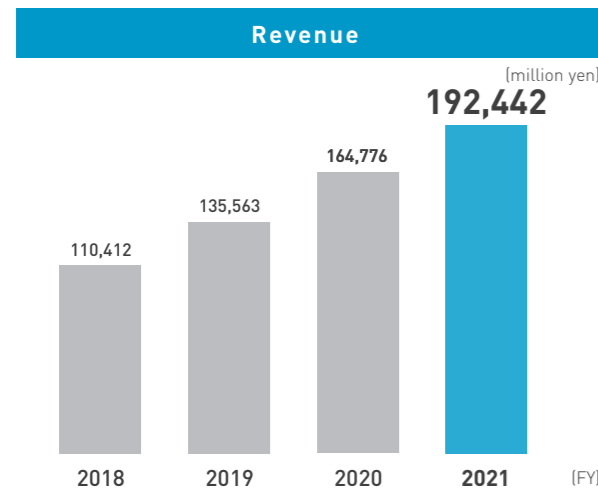


Overview of Asahi Holdings Value Creation Process

Over the years, we have managed to achieve both business growth and solutions to social issues in our mission to be a leader in creating a circular economy that connects society to the environment. We strive to maximize the value created by our business activities and aim to position ourselves as a global company that pursues originality and growth.



Consolidated Financial/Non-Financial Highlights



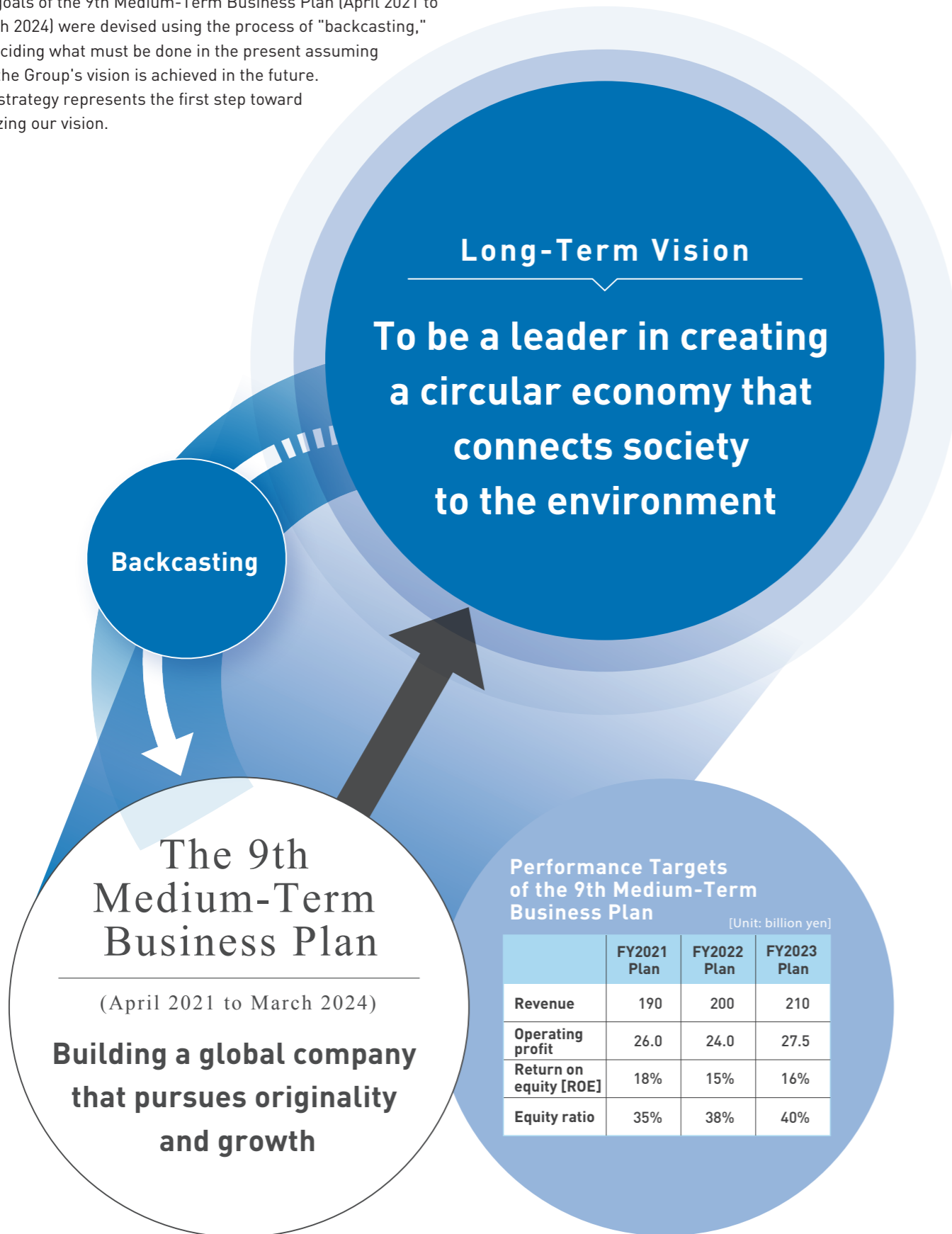
*On April 1, 2021, a stock split was conducted with a ratio of two common shares for one. The basic earnings per share and equity attributable to owners of parent per share have been calculated based on the assumption that the stock split was conducted at the beginning of FY2018.

*1 Scope: Group companies in Japan. We introduced a rest interval system in the second half of FY2018. Therefore, the figures for fiscal 2018 are based only on Asahi Holdings, Inc. and Asahi Pretec Corp. in the second half.

*2 Scope: Group companies in Japan. In 2019, we introduced a Holidays for Refreshment system for group companies in Japan. Therefore, the FY2018 figures are based only on Asahi Holdings, Inc. and Asahi Pretec Corp.

Long-Term Vision and Medium-Term Business Plan

The Group's long-term vision is to be a leader in creating a circular economy that connects society to the environment. The goals of the 9th Medium-Term Business Plan (April 2021 to March 2024) were devised using the process of "backcasting," or deciding what must be done in the present assuming that the Group's vision is achieved in the future. This strategy represents the first step toward realizing our vision.



Overview of the 9th Medium-Term Business Plan

1 Reinforce the Foundation for Global Growth



2 Promote New Human Resource Policies

- Ensure all employees are compensated based on performance and abilities**
- Introduce clear, easy-to-understand qualification requirements and determine evaluation and compensation based on performance and abilities
 - Give talented employees the opportunity to be promoted to higher positions and work to revitalize the entire organization
- Promote diversity and inclusion**
- Create new value that promotes the growth of the company by developing workplaces that embrace diversity
 - Support career advancement of women in the workforce by increasing assistance for work-life balance
- Increase hiring of seniors**
- Create opportunities for high-performing employees to play an active role even after retirement age
 - Establish pay-for-performance in areas where the knowledge and experience of veteran employees can be utilized
- Provide opportunities for learning and challenge-taking**
- Improve human resources development to foster people who can take on global challenges and make great strides
 - Establish an internal venture capital system to allow employees to take on the challenge of product commercialization and develop human resources who can become future management leaders

3 Strengthen Group Risk Management

Establish a framework to maintain a corporate brand trusted as a global company, and create a global risk management mechanism



4 Contribute to the SDGs



Financial Strategy

Building a Strong Financial Base to Support Sustainable Growth

Financial Policies

Basic Policies

The Group is expanding its business through aggressive investments towards growth as it maintains a solid financial base. To secure the stable funds necessary for business expansion, we strive to improve the corporate value of the entire Group by generating cash flow through sustainable profit growth, improving capital efficiency, and strengthening financial governance.

Funding Needs and Financing

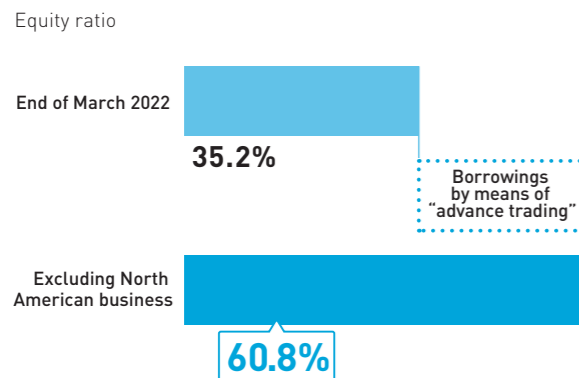
Respond to funding needs while maintaining a stable financial base and improving capital efficiency

The Group's working capital needs are primarily for the purchase of raw materials for manufacturing products in the precious metal recycling business, and the purchase of precious metal bullion for "advance trading" in the North American refining business. Investment capital needs consist primarily of capital investments for new businesses, expansion of capacity, and improving productivity at main plants in Japan and North America. The company's policy is to proactively respond to strategic funding needs for future growth while maintaining both a stable financial base and improving capital efficiency. Working capital and investment capital are primarily provided by funds obtained from operating activities, and funds are raised through loans from financial institutions and corporate bonds as required.

"Advance Trading" in the North American Refining Business

Transactions that have a significant impact on our financial indicators, but contain no credit risks or soundness issues

Ever since acquiring its current North American business from Johnson Matthey of the UK in 2015, the Group has expanded its North American precious metals refining operations. In recent years, the refining business has been used as a platform for creating new products and services. One such service is "advance trading" transactions. In these types of transactions, once we receive raw materials from a customer, we return the refined bullion with interest at the customer's request without waiting for the contractual delivery date. Because we procure the bullion and make the advance trade using low-interest loans from a financial institution, we benefit financially. This results in a large amount of trade receivables and borrowings being recorded on our financial statements, but because we return bullion after receiving raw materials in principle, there is no credit risk and virtually zero risk of bad debt. In addition, the financial statements will show a higher debt-to-equity ratio and a lower equity ratio. The equity ratio as of March 31, 2022 was 35.2%, but if we exclude our North American refining business, the equity ratio is 60.8%, indicating that the company is doing a good job maintaining its financial soundness.



Financial Results

Diversifying funding sources to enhance cost competitiveness

In March 2021, we raised a total of US\$201 million, primarily for the expansion of our North American business, by executing the first scheme in Japan whereby a U.S. subsidiary issued U.S. dollar-denominated convertible bonds with the parent company guarantee. In addition, we attained co-financing with JBIC and private financial institutions for a total of US\$117 million. Through diversification of financing, borrowing costs are being reduced, which has enhanced the competitiveness and profitability of the refining business. In Japan, we issued the first green bond ever in the domestic non-ferrous metals industry in March 2020, raising 5 billion yen. The eligibility of these green bonds has undergone third-party evaluation by Rating and Investment Information, Inc., which resulted in the highest R&I Green Bond Assessment rating of "GA1" being conferred.

9th Medium-Term Business Plan: Goals and Progress

Steadily continue strengthening financial base to achieve financial targets

In the 9th Medium-Term Business Plan that went into effect in April 2021, we aim to achieve an equity ratio of 40% and an ROE of 16%. Through profit growth, we hope to expand our equity capital and raise funds through direct financing such as corporate bonds and commercial paper while keeping an eye on market trends. Regarding our various investments toward growth, our policy is to make investments without exceeding our operating cash flow. Surplus funds will be used to repay loans. 22.7 billion yen in total capital investment is planned for the three-year period of the 9th Medium-Term Business Plan.

Investment Policies

Actively expanding investments that contribute to solving environmental issues

The Group makes decisions on individual investment projects by meticulously considering the potential for profit and growth in the business as well as synergies with existing businesses. In addition to this, we are actively engaged in R&D from a medium- to long-term perspective, energy conservation and energy creation, promoting DX, introducing EVs, and making other capital investments to solve environmental problems.

Basic Policy on Shareholder Returns

Continue to pay stable dividends, with a target payout ratio of 40%

The Group's policy is to maintain a stable dividend payout ratio of 40%, with no reduction in the current annual dividend level, all while ensuring sufficient internal reserves for capital investment and M&A activities to support its growth strategy.

Sustainability Strategy

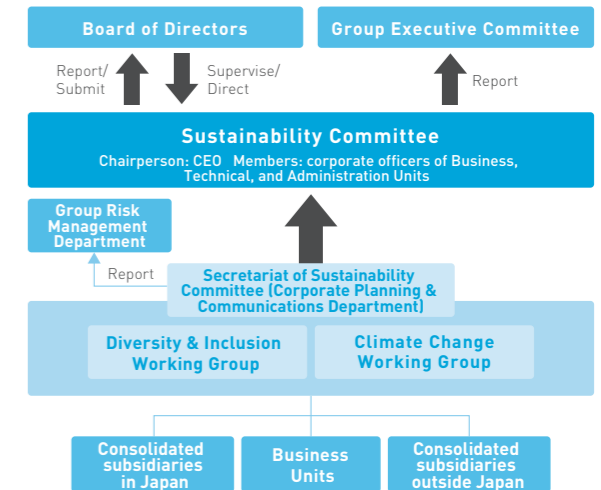
Approach to Sustainability

With "Totally Committed to Protecting the Natural Environment and Preserving Resources" as our Group's common shared purpose, we are committed to making effective use of resources and engaging in a wide range of environmental preservation activities. Based on the conviction that our business activities contribute to sustainability itself and that our business growth will directly help us to address social issues, we have established priority issues, themes, and targets, and are working hard to achieve them.



Sustainability Promotion System

One of the basic policies of our 9th Medium-Term Business Plan is "contributing to the SDGs." Our Group is working to expand precious metals recycling and proper disposal of industrial waste, as well as to enhance our work-life balance and diversity infrastructure. In December 2021, we declared that we would achieve "carbon neutrality by 2050" and endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and we disclosed information in April 2022 in line with the TCFD recommendations. Moreover, to strengthen our sustainability promotion system, we expanded the existing SDGs Promotion Committee and replaced it with the Sustainability Committee (April 2022), which is overseen by the Representative Director and President (CEO) and includes corporate officers in charge of Business, Technology, and Administration units as members. Every quarter, the Sustainability Committee discusses sustainability-related strategies, plans, measures, risk management, and monitoring. Important matters are also to be reported to the Group Executive Committee. In addition to reporting matters discussed by the Sustainability Committee to the Board of Directors, effective governance is ensured by having the Board of Directors pass resolutions on matters of import. The risks and opportunities identified in the TCFD actions will be reported to the Board of Directors and the Sustainability Committee at least once every year.



Materiality Identification Process

STEP 1 Begin investigating SDGs

We formed a cross-functional SDGs Promotion Team (at the time) and began to look into and gain an understanding of SDGs.

STEP 2 Confirm the relevance of the SDGs to our business

Based on the idea that our business activities such as the Precious Metals and Environmental Preservation Businesses themselves help to achieve a sustainable society (sustainability), we have identified the relationships between our businesses and the 17 goals and 169 themes of the SDGs in detail, as well as organizing them in terms of both risks and opportunities.

STEP 3 Consider priority goals and KPIs

We held discussions with corporate officers of business units on matters of high importance and formulated priority themes and KPI proposals for the period through 2030.

STEP 4 Decide priority SDG-related goals

All directors discussed the key goals and KPIs and determined the issues to be addressed by the Group.

Priority SDG-Related Goals and Priority Issues

Priority Goal	Priority Issue
Priority Goal 1	Expand Precious Metals Recycling
Priority Goal 2	Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment
Priority Goal 3	Expand Proper Industrial Waste Disposal
Priority Goal 4	Reduce CO ₂ Emissions
Priority Goal 5	Enhance Work-Life Balance and Employee Diversity
Priority Goal 6	Encourage and Support SDG-Related Activities

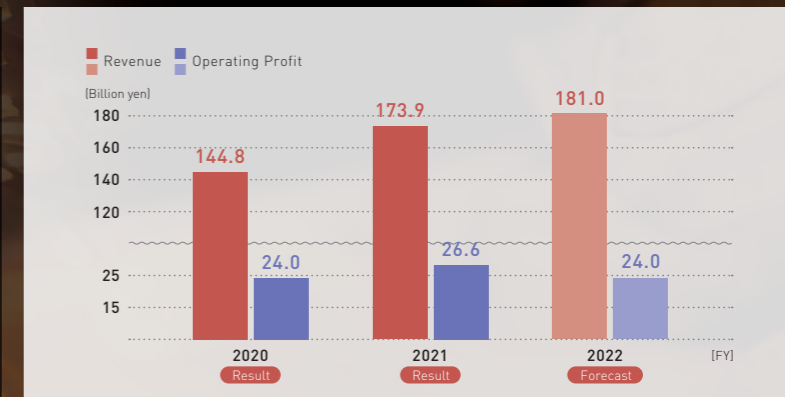
Precious Metals Business

The Group collects and recycles scrap containing precious metals from various sectors.

By recovering and providing gold, silver, platinum, palladium and other precious metals indispensable to modern manufacturing, we are contributing to the effective utilization of resources and the development of industry.

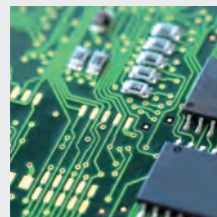
Market Conditions

As geopolitical risks, increased resource costs, and concerns about inflation continue to surface, the expectations with regard to precious metals recycling have only become higher. There is also increased interest in "supplying precious metals in ways that are friendly to people, society, and the environment." The nature of recycling means that it is impacted by production trends and other factors in the industries that provide the materials, but we have been seeing a rise in materials collected in the jewelry and electronics sectors.



E-Scrap

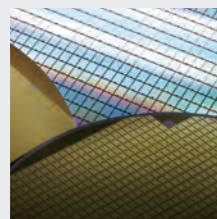
Gold Silver Palladium



Electronic substrates used in personal computers, smartphones, and home appliances contain gold, silver, and palladium. We collect manufacturing process scrap and electronic substrates from used products. We then put them through various processes such as crushing and sorting to recover and recycle precious metals. Our precise sampling and advanced analysis techniques are just some of our strengths.

Precision Cleaning

Gold Silver Platinum Palladium



We strive to ensure the quality of equipment used by customers in their electronic component and semiconductor manufacturing processes by regularly and precisely cleaning them. Customers entrust us with their equipment parts, and we perform stripping and recovery of precious metals adhering to them. The recovered precious metals are returned to the customers upon request.

Plating Treatment

Gold Silver Palladium



Since precious metal plating is an excellent way to prevent corrosion and enhance electrical conductivity, it is used in various applications from industrial to decorative products. Utilizing a proprietary electrolytic precious metals recovery system, we recover and recycle the precious metals remaining in plating solutions. We also return the recovered materials to customers in the form of a precious metal compound of their request.

Catalysts

Palladium Platinum Rhodium



Automobiles are equipped with catalytic converters to detoxify harmful substances in exhaust gas, and precious metals such as palladium and platinum are used in these devices. We use our original technologies to recycle precious metals from automotive, chemical, and other catalysts.

Dentistry

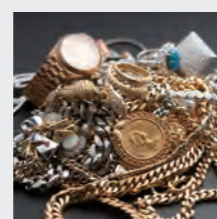
Gold Silver Platinum Palladium



Gold-silver-palladium alloys are the main materials in dental prostheses such as crowns and inlays, and the percentage of precious metal content varies by type. Customers such as dental clinics and laboratories provide us with waste containing these metals and we recycle them. We offer high-value recovery with our own system for integrated management of collection, assay, and reporting.

Jewelry

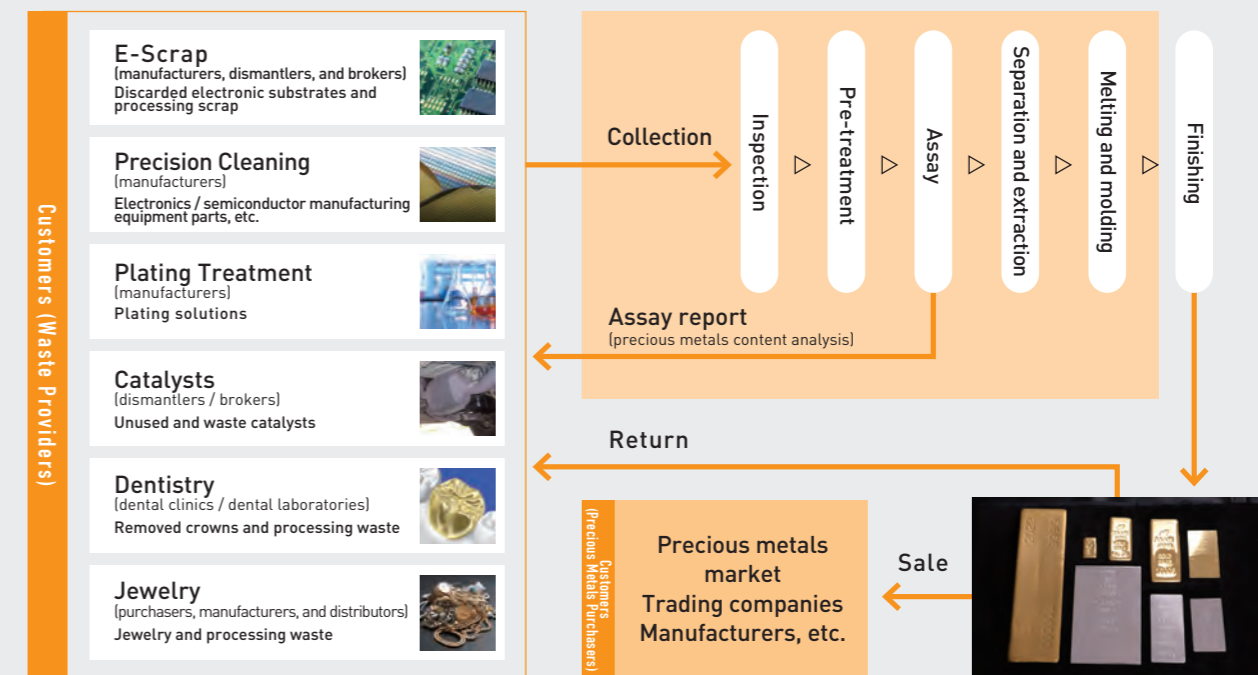
Gold Silver Platinum Palladium



We collect and recycle precious metals from jewelry and ornaments that are no longer needed as well as precious metal scrap generated at each stage of the manufacturing process from purchasers, manufacturers, and processors. In addition to accurate analysis, we offer high-quality precious metal bullion products, while also returning raw materials to manufacturing and processing company customers.

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 materials. Furthermore, we accurately meet customer needs by fully utilizing optimal methods and efficient refining facilities depending on the type of precious or rare metal.



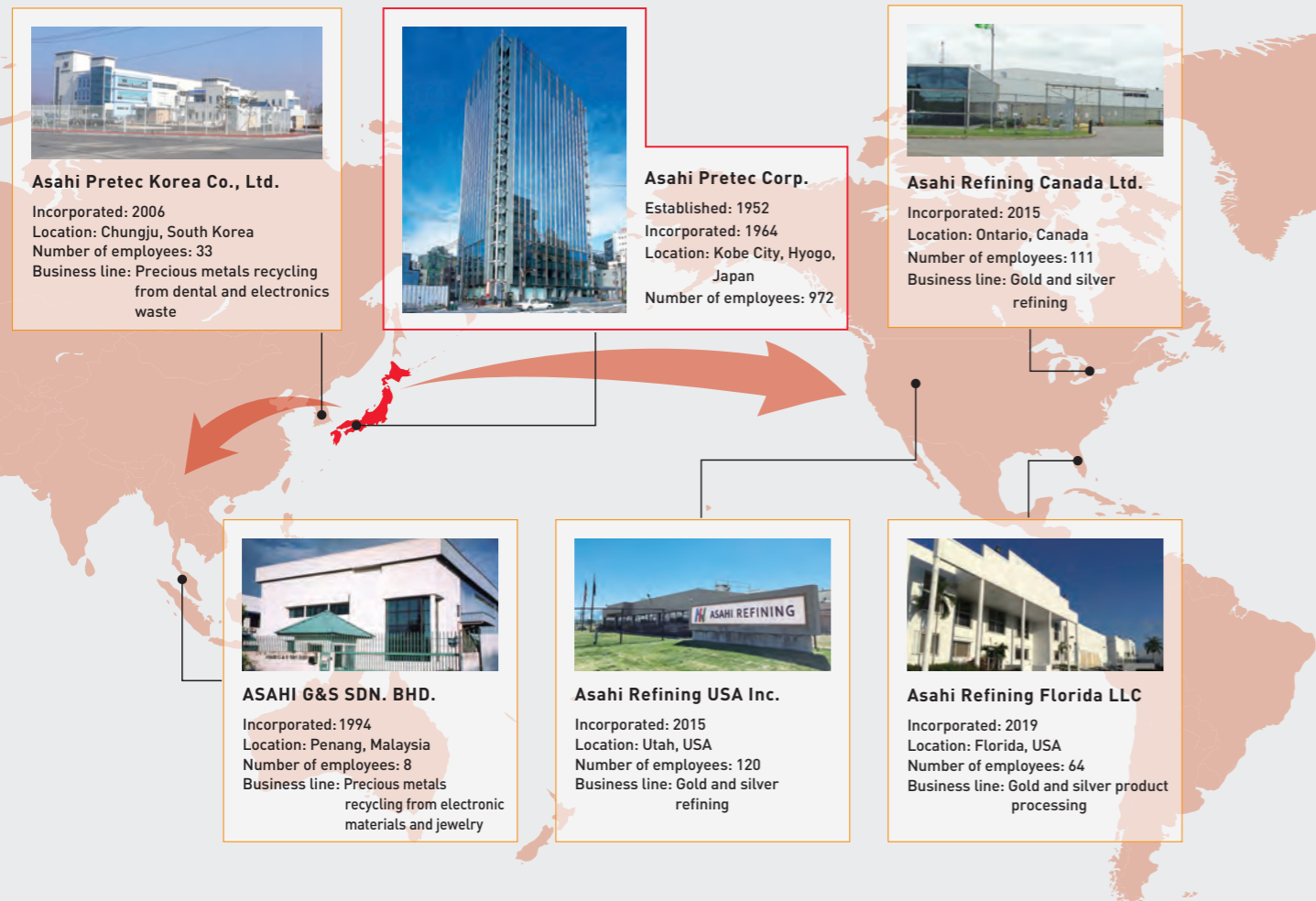
Main Profit Drivers for the Precious Metals Recycling Business

The main profit drivers are stable refining fees and income from yield differentials ("free metal").

Category	Profit Drivers	Impact on Profit
Precious metals recycling	Refining fees	<ul style="list-style-type: none"> Refining fee income increases along with the amount of material collected. The unit price for refining fees is higher for materials that require difficult pre-processing. This means the average unit price rises along with the proportion of items that require difficult processing.
	Yield differential (difference between actual yield and contracted yield = "free metal")	<ul style="list-style-type: none"> The volume of "free metal" expands when the actual yield climbs due to improvements in technical capabilities and processes. Income from "free metal" increases in line with rising market prices.

Global Expansion

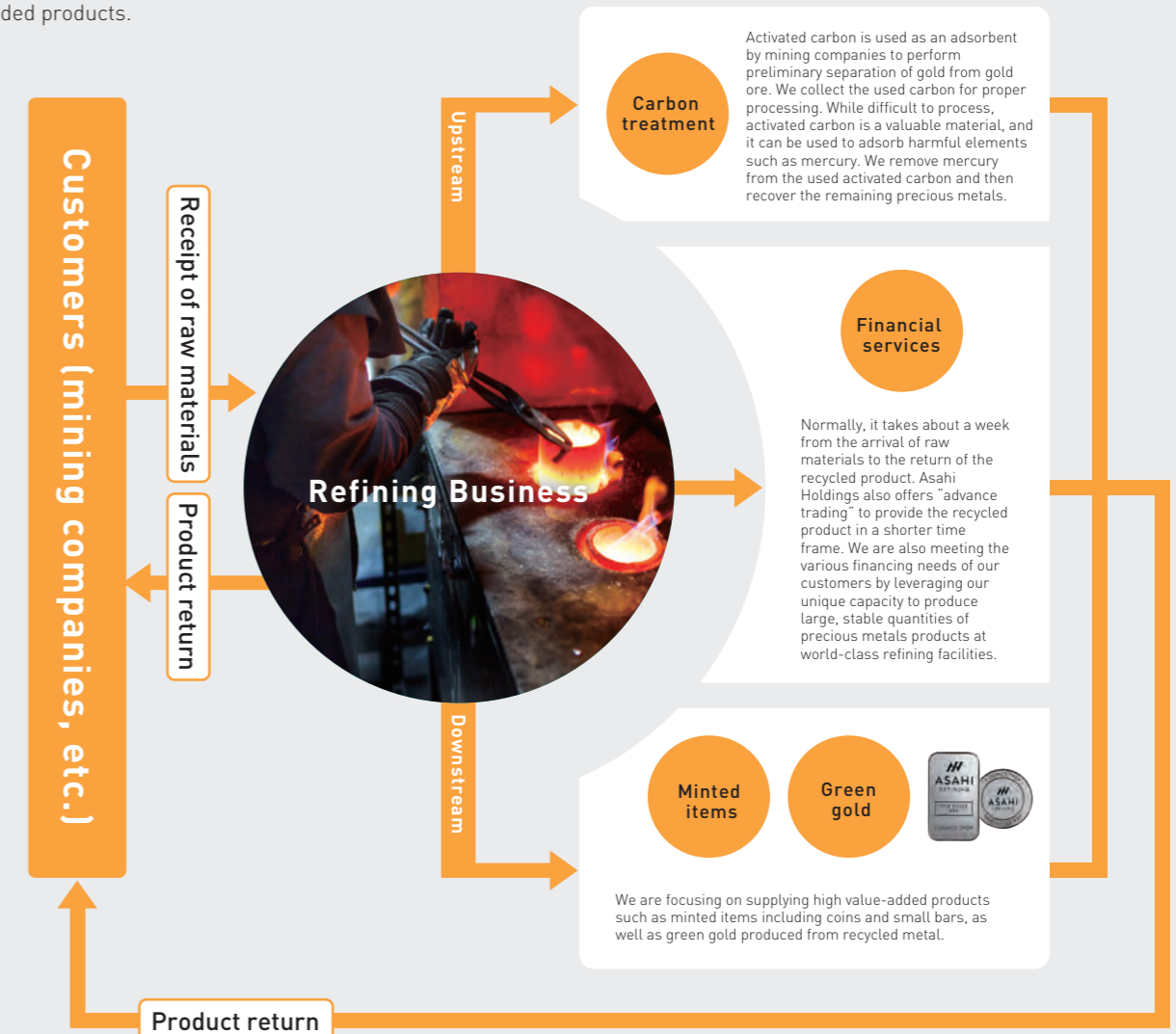
We have been expanding our precious metals recycling operations in Asia since 1994, focusing on dentistry and electronics waste. We have done this by developing business models tailored to local market conditions while utilizing the technology we have developed in Japan. Furthermore, with the addition of the Asahi Refining businesses to the Group in March 2015, we have expanded our operations to North America.



[As of March 31, 2022]

North American Refining Business

In North America, we mainly refine gold and silver raw materials produced by mining companies, and we are proud of our refining volume, which is among the largest in the world. We also are striving to develop new services using our refining business as a platform, while responding to the diverse needs of our customers with financial services and high-value-added products.



Main Revenue Drivers for the Refining Business in North America

In addition to refining fees, which are a stable source of revenue, we are expanding related businesses by using refining as a platform, such as revenues from financial services and processed products.

Category	Profit Drivers	Impact on Profit
Refining business	Refining fees	<ul style="list-style-type: none"> Refining fee income increases along with the volume of incoming raw materials (doré). The unit fee cost does not change over the short-term because contracts are long-term.
	Yield differential [difference between actual yield and contracted yield = "free metal"]	<ul style="list-style-type: none"> The volume of "free metal" expands when the actual yield climbs due to improvements in technical capabilities and processes. Income from "free metal" increases in line with rising market prices.
Related businesses	Financial revenue (advance trading, etc.)	<ul style="list-style-type: none"> Income increases when interest rates rise in advance delivery contracts with mining companies. Income increases when the period of advance delivery is extended. Income increases when metal procurement costs fall, and the interest rate spread expands.
	Value-added product revenue (minted products, etc.)	<ul style="list-style-type: none"> Income increases along with the market demand for value-added products. Income increases along with the brand value of our value-added products.



R&D System



Technical Research Center Pursuing 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 waste. 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.

● Technology for separating and refining precious and rare metals ● Environmental preservation and resource recycling technology ● Precious metals molding and refining technology

Refining Technology

In addition to wet precious metals refining technology, which is particularly effective for recycled material processing, the Group is developing dry precious metals 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 metals refining techniques for handling all kinds of raw materials.

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.



Assay

The Asahi Holdings Group's core assay function supports a diverse range 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.

● Development of new assay technology ● Technical guidance for assay groups at each plant and sales office ● Purity assay of precious metals products ● Environmental analysis of issues such as plant wastewater discharges ● Environmental measurement certification

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 metals analysis at sites in and outside of Japan, including Asahi Refining.



Engineering

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

● Design, production, construction, and maintenance of facilities and buildings
● Maintenance control of existing facilities
● Installation and maintenance of precious metals collection facilities for our customers
● Support for installation of robotics and IoT for equipment



Strengths and Responses to Potential Risks

Precious Metal Recycling Business

Strengths

- (1) Ability to analyze the precious metal content of recycled materials
- (2) A sales force of about 200 people all over the country who are customer-focused and well-versed in IT
- (3) Production processing and distribution management that has obtained RJC certification and product quality that has obtained LBMA and LPPM certification

Responses to Risks

- (1) Allocating resources to growing markets and new sectors
- (2) Growing market share by utilizing proprietary systems in sectors with shrinking markets
- (3) Strengthening competitiveness through enhanced production efficiency
- (4) Improved green gold sales

Refining Business in North America

Strengths

- (1) The largest refinery in North America as our refining platform
- (2) Location close to client mining companies
- (3) Our Group's credit worthiness and financing capacity

Responses to Risks

- (1) Expansion of value-added services based on our refining platform
- (2) Avoiding dependence on global supply chains

Solving Social Issues through Business Activities

Social issues relating to the Precious Metals Business

- Depletion of precious metal resources
- Environmental destruction during mining
- Human rights and labor issues related to mining
- Money laundering and terrorism financing risk



Contributing to the SDGs



Leveraging precious metals recycling to turn consumption into production, transforming waste into precious metal resources



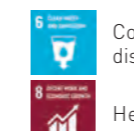
Contributing to industrial sustainability by continually improving our highly efficient and high-quality precious metals recycling technologies



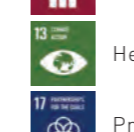
Helping to preserve terrestrial ecosystems, forests, and other land-based resources by expanding precious metals recycling, instead of mining



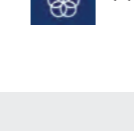
Promoting peaceful, inclusive societies by practicing responsible precious metals management and transparent procurement



Contributing to sustainable water use by practicing precious metals recycling without contaminant discharge



Helping to protect human rights and prevent child labor in high-risk regions such as conflict zones



Helping to prevent climate change by supplying recycled resources with low CO₂ emissions



Promoting high levels of sustainability by collaborating with other companies

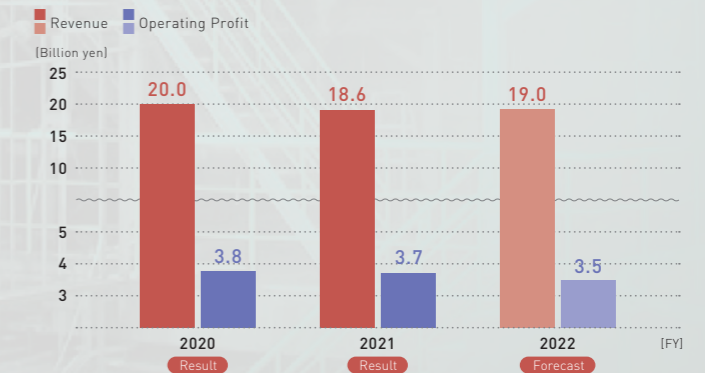
Environmental Preservation Business

The companies of the Asahi Holdings Group meet the diverse needs of their customers by leveraging the unique technologies they have developed over the decades in their respective sectors to detoxify and properly dispose of various waste materials.

As experts in waste disposal, we are helping to solve global environmental problems and playing a key role in building sustainable societies.

Market Conditions

Emissions from industrial waste have generally remained at a steady level in recent years. The market is said to be worth as much as five trillion yen, but even major players in the industry have not secured a large share of the market, which underscores how many companies there are in the market. Businesses are expected to evolve as society as a whole transitions towards carbon neutrality and digital transformation continues to spread.



Waste Reagents



The Group collects reagents for disposal from educational and research institutions. They are packed one by one for collection after confirming that they are stored in proper collection containers. Chemical content analysis is performed for any unidentified (poorly labeled) reagents to determine the appropriate processing method before disposal. Even small quantities of miscellaneous waste that are difficult to handle are also processed properly.

Waste Oil and Sludge



Based on analysis results, waste oils from plants are mixed and adjusted to achieve the optimal composition, before being recycled as alternative fuels. Meanwhile, sludge is recycled as raw material for cement after adjusting the content and moisture and then kneading. The aim is to ensure and maintain the quality of all recycled materials.

Medical Waste



We collect infectious waste and other waste materials generated by medical institutions. The collected medical waste is incinerated at our plant, and the waste residue is finally disposed of at a controlled final disposal site.

Wood Waste



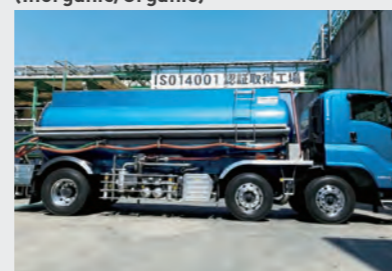
Large amounts of scrap wood are generated by the demolition of buildings and other sites. We collect and shred this material into wood chips, which is used for fueling biomass power generation plants or for making particleboard.

Waste Fire-Proof Bricks



Fire-proof bricks are used as refractories to line glass furnaces, kilns, and incinerators. Waste fire-proof bricks generated by the demolishing of such facilities and periodic repair work are collected and carefully sorted. Recyclable items are reused as paving materials and fire-proof bricks.

Waste Acids, Alkalis, and Sludge (Inorganic/Organic)



Waste acids, alkalis, and sludge are generated by a wide range of industries, and they have a diverse range of properties, including inorganic and organic. Liquid waste is collected by a vacuum truck, subjected to neutralization and dewatering processes, then treated with microbes before being discharged into the public sewer system. The residual sludge is recycled as a raw material for refining or composting, etc.

Business Models for the Environmental Preservation Business

Asahi Holdings offers proper processing of waste from various industries, including detoxification and recycling of difficult-to-handle materials. In addition, we are developing consulting sales across Japan based on our multiple business models.

Business partners (plants, laboratories, hospitals, government offices, universities, high schools, etc.)

Customer consultation



Providing a wide range of solutions that meet customer needs, from waste collection to transport and disposal

Collection, transport, and proper processing



Effluent, waste oil, sludge, waste reagents, medical waste, waste fire-proof bricks, waste wood, etc.

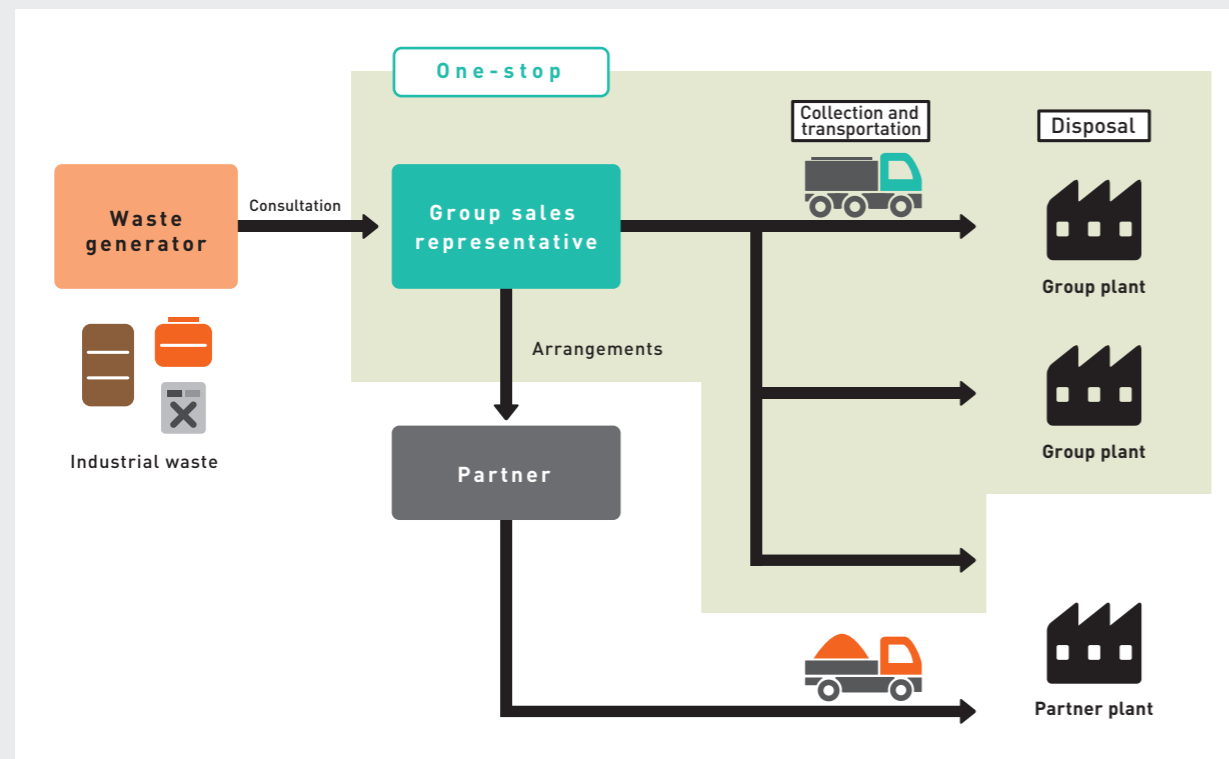
Consulting



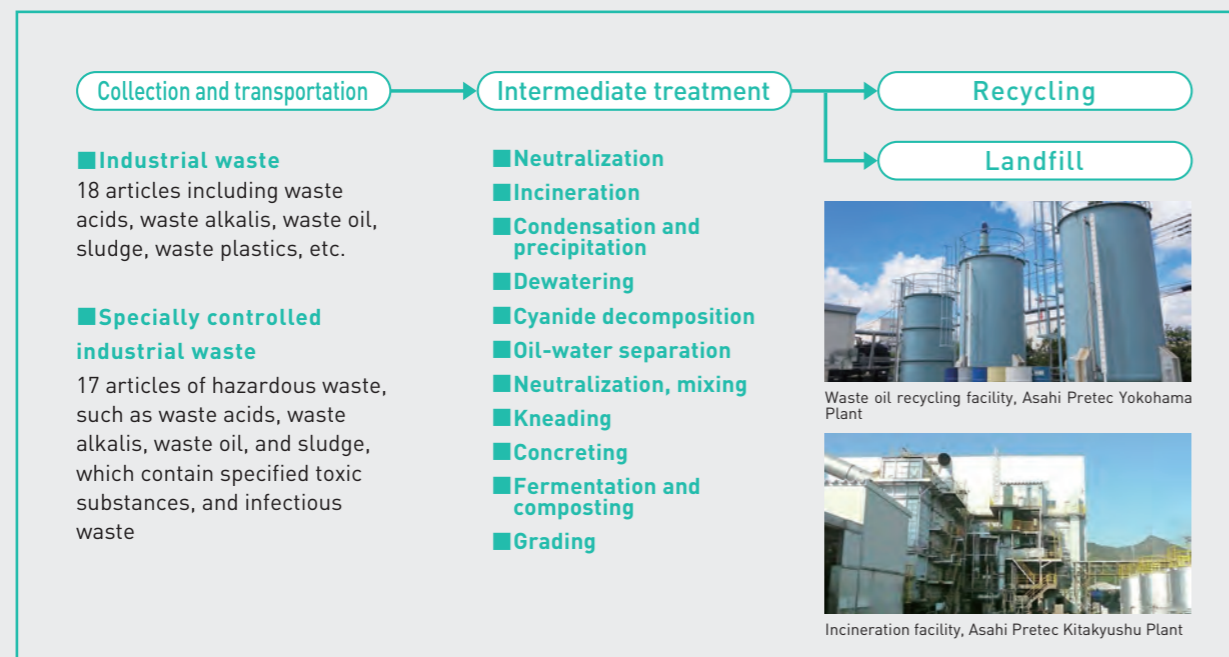
Proposals for best transportation and disposal methods for proper disposal

Providing a One-Stop Solution

The Asahi Holdings Group provides one-stop support for all inquiries regarding industrial waste disposal. We provide a wide range of solutions from collection and transportation to disposal through an experienced sales team that extends across our group network. We hold relevant licenses from authorities across Japan and can handle a wide variety of materials.

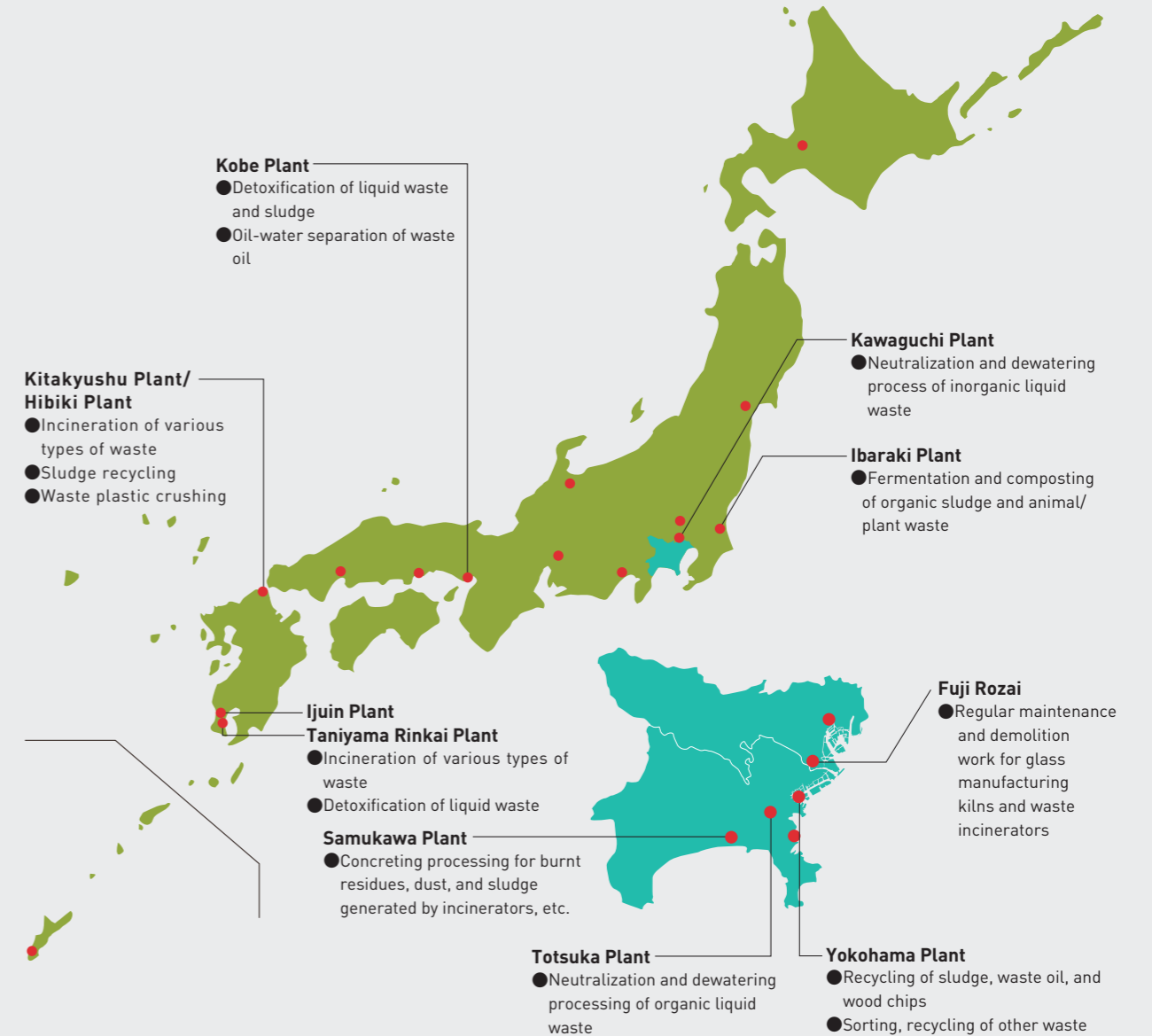


Industrial Waste Disposal and Recycling Processes



Group Network

We have a system for swift and proper waste disposal based on the necessary licenses for collection, transportation, and intermediate treatment of most types of industrial waste and specially controlled industrial waste. In addition, our outstanding technology for detoxifying various waste materials offers optimal solutions for environmental preservation.



[As of June 1, 2022]

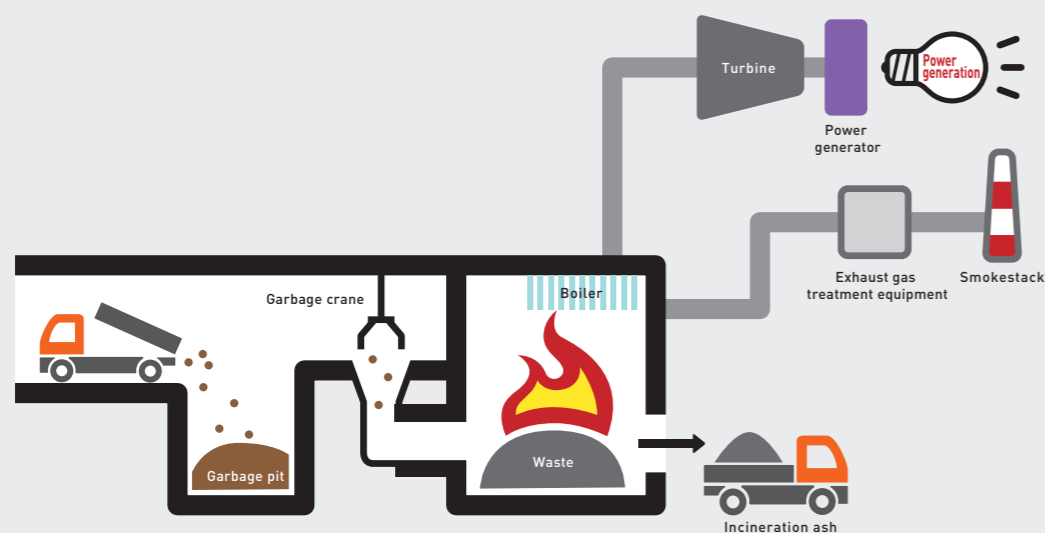
Licenses Acquired by the Group [as of June 1, 2022]

Industrial waste collection and transportation license	All prefectures, 9 government ordinance cities and core cities
Industrial waste disposal license	10 prefectures, 6 government ordinance cities and core cities
Specially controlled industrial waste collection and transportation license	All prefectures, 9 government ordinance cities and core cities
Specially controlled industrial waste disposal license	10 prefectures, 6 government ordinance cities and core cities
General waste	Kitakyushu City/Kagoshima City

Generating Power from Waste

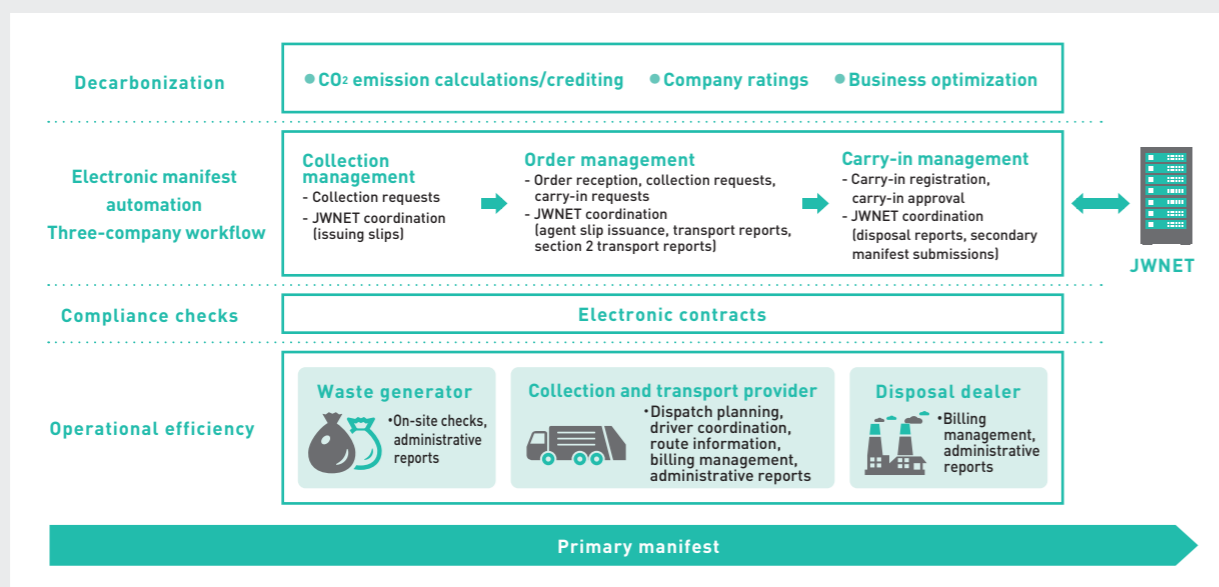
Waste-to-energy is a power generation method that uses the heat generated from waste incineration. It produces high temperatures and high-pressure steam to rotate turbines. By taking advantage of the energy released during waste incineration to produce electricity rather than simply incinerating the waste, the Group can reduce the amount of fuel used, thereby reducing CO₂ emissions. The Group constructed a waste-to-energy power plant in the city of Kitakyushu.

A portion of the construction funds were covered by the issuance of green bonds, which can only be used for projects that benefit the environment. The eligibility of these green bonds has undergone third-party evaluation by Rating and Investment Information, Inc. (R&I), which resulted in the highest R&I Green Bond Assessment rating of "GA1" being conferred. We will continue our efforts to properly dispose of waste and reduce CO₂ emissions as we transition to a decarbonized society.



Digital Transformation in the Environmental Preservation Business

The Group will leverage its industry-leading experience to provide a digital platform for solving issues in the industrial waste industry. Digital technology streamlines operations for businesses, from generation to treatment of industrial waste, allowing for waste-free business collaboration based on the electronic manifest. Through our digital platform, we will contribute to the creation of a sustainable society by streamlining operations and business collaboration, as well as making proper waste management easier.



Strengths and Responses to Potential Risks

Strengths

- (1) Nationwide network (possession of licenses for collection and transportation of industrial waste in all 47 prefectures in Japan)
- (2) A sales force of approximately 150 people well-versed in waste treatment and facilities
- (3) A one-stop solution for industrial waste that utilizes our own facilities and those of our partners
- (4) The technical capability to handle highly complex materials, such as chemicals with unknown contents

Responses to Risks

- (1) Further expansion of company facilities, including the construction of processing facilities in the Kanto region, where demand is concentrated
- (2) Expanding consulting sales by leveraging our wealth of expertise
- (3) Further promotion of businesses that contribute to decarbonization DX by taking a flexible approach to incorporating changes that push society toward carbon neutrality

Solving Social Issues through Business Activities

Social issues relating to the Environmental Preservation Business

- Contamination by hazardous waste
- Impact on land and ocean ecosystems
- Pollution of water resources

Contributing to the SDGs



Issues That Asahi Holdings Must Address

1 Expand Precious Metals Recycling

We will expand our precious metals recycling globally to promote more effective use of limited resources.



▶ P38, P41

Goals Total amount of recycled precious metals: **410 tons** in FY2030 (1.5 times FY2015)
Effective reduction of CO₂: **1.465 million tons** in FY2030 (1.5 times FY2015)

2 Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment

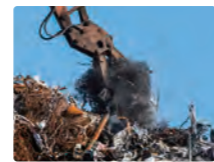
We will contribute to responsible management of precious metals by expanding the supply of precious metal products while protecting the environment and human rights. We will use precious metal-containing scrap and raw materials free from conflict minerals.



▶ P38, P46-47

3 Expand Proper Industrial Waste Disposal

We will strive to ensure proper treatment of waste as a waste disposal expert and work to help build a recycling-oriented society.



▶ P39

Goals Amount of properly disposed industrial waste: **500,000 tons** in FY2030 (1.6 times FY2015)

4 Reduce CO₂ Emissions

We will work to reduce CO₂ emissions group-wide by implementing energy saving activities at each site, switching to next-generation vehicles, and switching to low CO₂ emission power plans.



▶ P39, P41-43

Goals Energy-derived CO₂ emissions: **-50%** in FY2030 (compared to FY2015)

5 Enhance Work-Life Balance and Employee Diversity

We will strive to enhance job satisfaction by improving the system to help diverse human resources to succeed within the Group. This will be done by reforming working styles, implementing health and productivity management, and promoting diversity.



▶ P45

Goals Achievement rate for rest intervals of at least 11 hours: **100%** every year
Usage rate of Holidays for Refreshment (three consecutive days or more): **100%** every year
Percentage of women in managerial positions to all female employees: **Equal to men** by the end of FY2030
Percentage of employees with disabilities: **At least 2.5%** by the end of FY2030

6 Encourage and Support SDG-Related Activities

We will encourage and support employee activities outside the Group's main business areas that contribute to SDGs achievement, including individual and group volunteer activities. This initiative is called "Asahi Holdings SDGs Activities."



▶ P48

Focus

In April 2022, the Asahi Pretec Bando Plant, one of our priority sites for capital investment as laid out in The 9th Medium-Term Business Plan, began operations. This plant is the largest precious metals recycling plant in Asia and is outfitted with the latest technology and automated equipment to improve productivity and operational efficiency. The Saitama Plant, which has handled scrap from the dentistry and jewelry sectors, and the functions of the Manufacturing Section of the Technical Research Center, which handles the final products, have been consolidated at the Bando Plant, enabling one-stop production from the receipt of raw materials to the commercialization of products. At the Bando Plant, we have made a number of innovations based on our materiality.

Expand Precious Metals Recycling

At the Bando Plant, we have successfully reduced lead times by about 10% compared to conventional methods by introducing state-of-the-art equipment, automating operations that were previously done manually, and reviewing our production process. As a result, it became possible to increase the amount of precious metals being recycled even if throughput remains the same as before.

Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment

To further promote "Responsible Precious Metals Management," the Bando Plant has enhanced the traceability of each line. In addition, NO_x gas generated at the plant is absorbed into the liquid, and nitric acid is produced through a chemical reaction. The nitric acid produced is reused during the acid treatment process, which cuts costs and reduces the environmental impact.

Reduce CO₂ Emissions

The Bando Plant has implemented the following initiatives to reduce CO₂ emissions.

- By using high-efficiency air conditioning equipment and highly insulated walls throughout the plant, as well as utilizing solar power, the building received the highest rating of 5 stars under the Ministry of Land, Infrastructure, Transport and Tourism's Building-Housing Energy-efficiency Labeling System (BELS), in addition to ZEB Ready certification.
- The finishing processes for products that had previously been carried out at the Technical Research Center in Kobe were consolidated. This has cut down on transportation between sites.
- We reviewed the manufacturing process and made efforts to reduce the amount of chemicals used.



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.

Priority SDG-Related Goal

Expand Precious Metals Recycling

We will expand our precious metals recycling globally to promote more effective use of limited resources.

Amount of precious metals recycled in FY2021

216t



Priority SDG-Related Goal

Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment

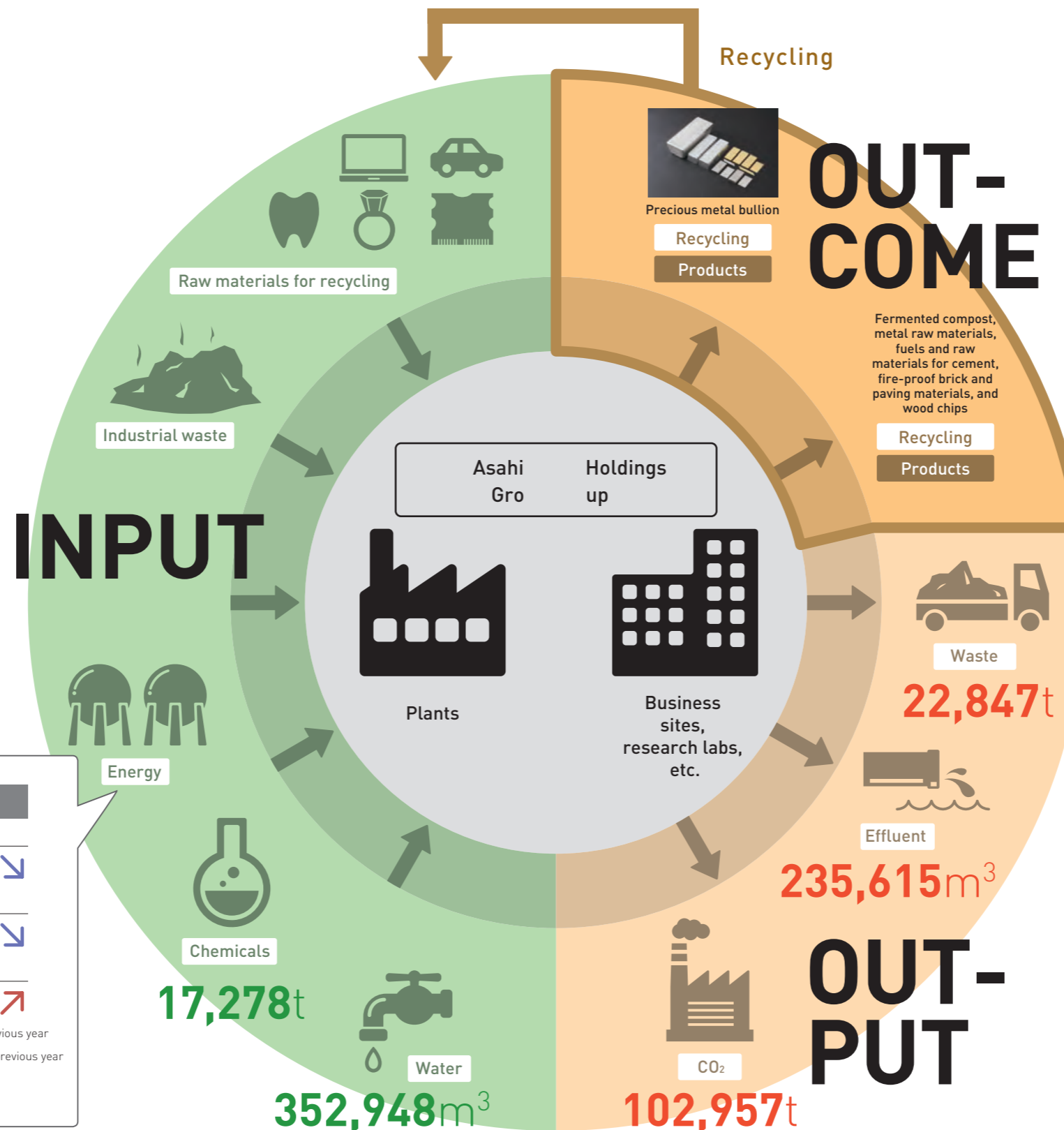
The precious metals we supply are certified to meet international standards and address the concerns of people, society, and the environment. Going forward, we will continue our business activities and initiatives with even greater consideration for ethical, social, and environmental issues, and fulfill our responsibilities by supplying precious metals.



Energy Sources

Electricity	Heavy oil
45.71 million kWh/year ↓	765 kL/year ↓
Kerosene	Light oil
324 kL/year ↓	3,003 kL/year ↓
Gasoline	Urban gas
855 kL/year ↓	2.64 million m ³ /year ↑
LPG	
32 t/year ↑	

↑ Up compared to the previous year
↓ Down compared to the previous year
All figures are for FY2021



Priority SDG-Related Goal

Expand Proper Industrial Waste Disposal

We will strive to ensure proper treatment of waste as a waste disposal expert and work to help build a recycling-oriented society.

Amounts of properly disposed industrial waste FY2021 results

Liquid waste	Glass and ceramic waste
85,000 t/year	15,000 t/year
Sludge	Other (waste reagents, waste plastic, etc.)
89,000 t/year	98,000 t/year
Waste oil	Total
21,000 t/year	308,000 t/year

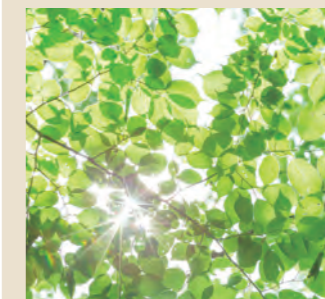


Priority SDG-Related Goal

Reduce CO₂ Emissions

By FY2030, we aim to reduce energy-derived CO₂ emissions by 50% compared to FY2015.

Rate of reduction for energy-derived CO₂ emissions FY2021 results



27%

reduction compared to FY2015

Environmental Management

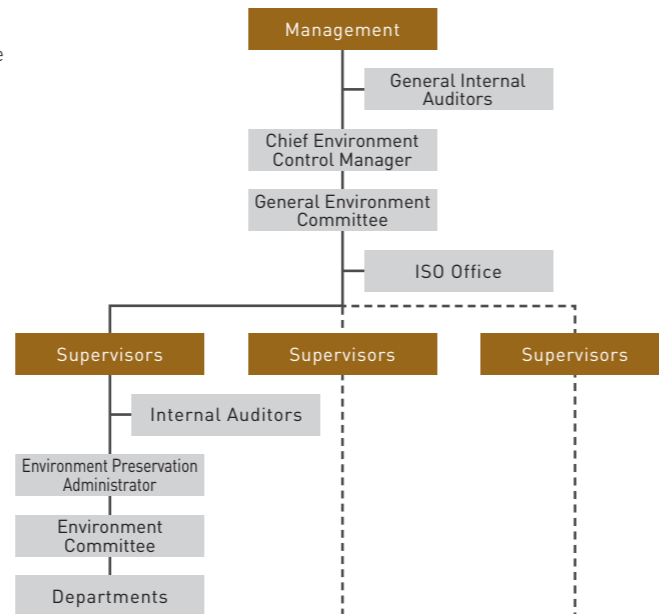
ISO 14001 Certification

In August 2018, we obtained ISO 14001 certification for our sites in Japan, including those at subsidiaries. As of March 31, 2022, we have achieved certification for 31 sites at 4 companies. Going forward, we will continue to focus on maintenance and improvement activities with an emphasis on extending certification to all sites.



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.

Promoting Green Purchasing

The Group strives to solve serious environmental problems. This includes climate change, which is caused by emissions from mass production, mass consumption, and mass disposal. To help build a sustainable society and protect the global environment, we have established guidelines for green purchasing that comply with Japan's Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Law), which encourages the use of products and services that help reduce environmental impact.

Recommended products

- (1) Products contributing to forest protection approved by the Programme for the Endorsement of Forest Certification (PEFC)
- (2) Products that are certified by the Japan Environmental Association for their low environmental impact and usefulness for environmental conservation
- (3) Products that meet the criteria for specific procured products under the Green Purchasing Law
- (4) Products listed as eco-friendly by the Green Purchasing Network

Going forward, the Group will continue to actively pursue green purchasing. We will carefully conserve limited resources and reduce waste generation, thereby helping to build a recycling-oriented economic system.

*PEFC: Programme for the Endorsement of Forest Certification



Contributing to Biodiversity

The Group recognizes that biodiversity is essential for a sustainable society. We contribute to the preservation of ecosystems, aquatic environments and oceans by providing recycled precious metals and proper treatment of industrial waste, which includes the detoxification of waste liquids.

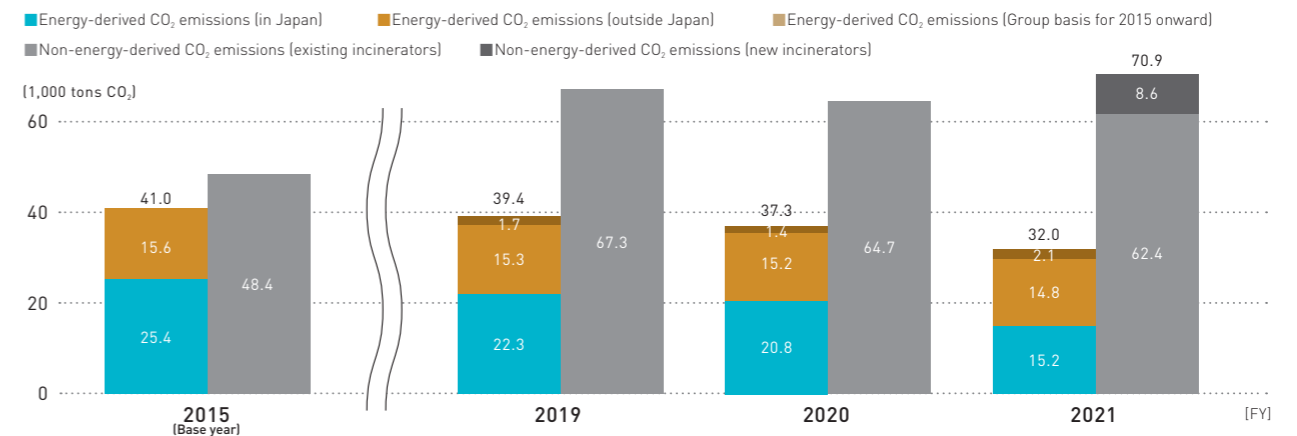
Climate Change Initiatives

Priority SDG-Related Goal

Reduce CO₂ Emissions

Climate change is a challenge shared by all humankind and is considered one of our business priorities. To make a sustainable society a reality, we will continue to make contributions through our business activities and reduce our own CO₂ emissions.

CO₂ Emission Trends



In FY2021, the Group's total CO₂ emissions were up approximately 4% from FY2015. This does not include the emissions attributed to one site in Japan and one outside Japan that joined the Group after the base year. Energy-derived CO₂ emissions remained at about the same level overseas, but in Japan, they were reduced due to consumption of high-efficiency self-generated power using waste to energy facility as well as a review of each site's electricity contract plans. The result was an overall reduction of 27%. On the other hand, non-energy-derived CO₂ emissions generated through industrial waste incineration were up approximately 29% from FY2015, but the lifespan of final disposal sites was extended by incinerating waste plastic and drastically reducing its volume.

If we look at the CO₂ emissions above by Scope, Scope 1 emissions account for 89,600 tons of CO₂, and Scope 2 emissions account for 13,400 tons of CO₂. Scope 3 emissions account for 137,200 tons of CO₂.

Scope of data

Headquarters, sites, sales offices and plants in Japan, as well as Group companies* and overseas subsidiaries* (calculation period: April to March)

*The data pertains to consolidated subsidiaries as of March 31, 2022. Data for deconsolidated subsidiaries has been subtracted retroactively, while data for subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

Calculation method

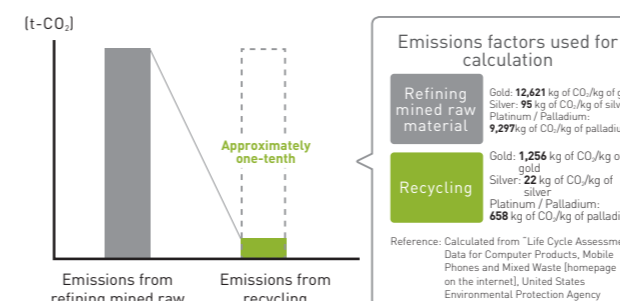
Energy-derived emissions: Calculated based on the amounts of electricity and fuel consumed at each site (emissions in Japan calculated based on the Act on Promotion of Global Warming Countermeasures and the Act on the Rational Use of Energy)

Non-energy-derived emissions: Calculated based on the amount of industrial waste incineration.

CO₂ Emissions Reduction from Precious Metals Recycling

Effect of reducing emissions by precious metal recycling 438,000 t-CO₂ > emissions by the Asahi Holdings Group 103,000 t-CO₂ (Scope 1, Scope 2)

Precious metals recycling is considered to have a lower environmental impact than producing new precious metals from virgin mining. For example, in terms of CO₂ emissions, it is said to produce about one-tenth the emissions in the case of gold. If this were applied to our precious metals recycling volume, this would result in an indirect reduction of 438,000 t-CO₂, more than four times our Group's emissions. In addition to continuing its own efforts to reduce emissions, the Group will continue to help reduce CO₂ through precious metals recycling. (The CO₂ emissions reduction figure does not indicate the level of emissions directly reduced by the Group.)

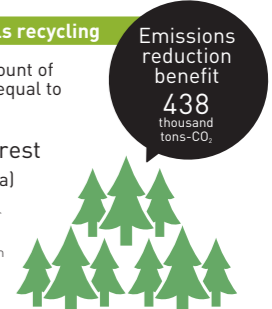


Environmental benefit of precious metals recycling

When CO₂ savings are expressed as the amount of greenhouse gases absorbed by forests, it is equal to

18,411 hectares of forest
(an area one-third the size of Lake Biwa)

Note: Calculation was based on the assumption that one cedar tree absorbs 14 kg of CO₂ annually (Source: Forestry Agency of Japan), and 1,700 cedar trees are planted in an area of one ha





Response to Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)

Expressed Endorsement of the TCFD and Strengthening the Governance System

In December 2021, we expressed our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and established a cross-company team for TCFD consisting of the Business Unit, Technical Unit, and Administration Unit in order to identify risks and opportunities related to climate change and understand the medium- to long-term impact of climate change on our business, and have considered relevant countermeasures. We have also strengthened our Sustainability Promotion System. [Details on P23](#)

The risks and opportunities identified in the TCFD actions will be reported to the Board of Directors and the Sustainability Committee at least once every year.

Strategy

Extraction of Risks and Opportunities

We extracted risks and opportunities relevant to climate change that will affect our Precious Metals Business (domestic and North American businesses) and Environmental Preservation Business in 2030. We qualitatively assessed them on three levels: "Large," "Medium," and "Small." At that time, we also considered the further impact of climate change from 2030 to 2050. As a result, "Policy and Legal," "Market," "Technology," etc. were identified.

Item	Contents	2030		2050	Measures
		4°C	1.5°C		
Risk	Transition risks Policies and Legal	-	Large	➔	• Switching to CO ₂ free power, replacing gasoline cars by EVs and so on to achieve CO ₂ reduction targets for FY2030
	Physical risks Acute	-	-	➔ (4°C)	• Expanding BCM at plants that are expected to be impacted based on hazard maps • Selecting disaster-resistant locations and implementing measures against disasters upon large-scale capital investment
Opportunities	Transition risks Policies and Legal	-	Large	➔	• Strengthening value-added sales of recycled metals utilizing traceability • Strengthening consulting sales that add value, such as CO ₂ emissions analysis • Expanding business by supporting companies that struggle to comply with regulations
	Transition risks Market	-	Large	➔	• Expanding consulting sales in the sector of materials and chemical recycling • Handling of low-grade scrap and expanding metals that are handled
	Technology	-	Medium	➔	• Further promoting the utilization of hydrogen with surplus power, etc.

Summary of Scenarios

In the next place, we conducted a scenario analysis to investigate the impact on the business. We adopted two scenarios. One is that the global average temperature is expected to increase by around 4°C by 2100, and the other is that the global average temperature is expected to increase by 1.5°C by 2100, compared to that before the industrial revolution. The analysis was based on the World Energy Outlook 2021 by the International Energy Agency (IEA), the reports by the Intergovernmental Panel on Climate Change (IPCC), and other materials published by the Japanese government.

Results of Scenario Analysis

The 4°C scenario is a world where the current situation continues on, and we found that there would be little impact as of 2030. On the other hand, as we move toward 2050, we anticipate an increase in physical risk: the intensification of natural disasters such as cyclones or floods caused by abnormal weather. In addition to formulating business continuity management (BCM), we are also taking actions such as selecting a location that is strong against disasters when a plant is moved.

In the 1.5°C scenario, strong policy measures are expected to be taken to achieve carbon neutrality in the mid-century. One of these risks is the introduction of carbon pricing including carbon tax. Being affected by cost increases will become a risk, especially in the environmental preservation business. On the other hand, in the precious metals business, it is likely that the evaluation of recycled metals with relatively low CO₂ emissions and their cost superiority will increase. This is an opportunity for the company, which has strengths in the production and traceability of recycled precious metals. In the environmental preservation business, the shift from simple incineration to thermal recycling during the transition to decarbonization will be an opportunity for our company which has already been addressed. The expansion of recycling demand, including the expansion of the target product, will provide an opportunity to take advantage of our strength in consulting sales [proposal-based sales].

While reducing risk, we will focus on expanding opportunities.

Risk Management

The Climate Change Working Group will compile the status of responses to risks and opportunities related to climate change and CO₂ emissions. The Sustainability Committee will monitor and evaluate them each year. The Board of Directors will also be informed of the contents for supervision and direction. Also, by reporting it to the Group Risk Management Department, it will be reflected in the overall group risk management.

Metrics and Targets

One of our business materiality themes is to reduce CO₂ emissions. Accordingly, we have set the following targets:

- **Reduce energy-derived CO₂ emissions, such as electricity and gasoline, by 50% (compared to FY2015) by FY2030**

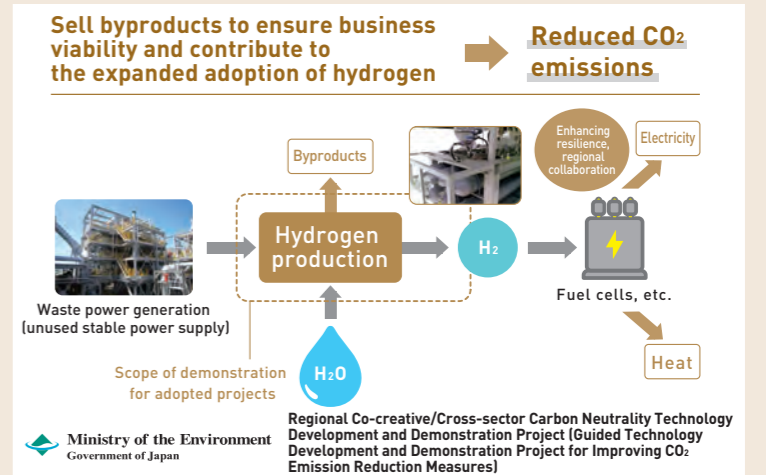
In order to achieve this target, we are moving forward with switching to CO₂ free electricity, reducing fuel usage, and making our business offices ZEBs (Zero Energy Buildings). We have also declared that we will aim for carbon neutrality in FY2050 (targets are Scope 1 and Scope 2). Although we recycle industrial waste that can be recycled through our Environmental Preservation Business, it is also true that there are some things that must be incinerated to ensure proper disposal, such as reduction and detoxification. Therefore, we will first focus on achieving our energy-derived CO₂ emissions reduction target.

Recommended Disclosures	Status of Efforts / Action Policies
Governance	<ul style="list-style-type: none"> • Deliberating on climate change issues at the management level of the Sustainability Committee, which is chaired by the CEO, and which consists of directors from the Business Unit, Technical Unit, and Administration Unit • Establishing the Climate Change Working Group under the Sustainability Committee to promote measures for climate change • Building a system to supervise the matters discussed by the Sustainability Committee under the Board of Directors
Strategy	<ul style="list-style-type: none"> • Conducting scenario analysis of risks and opportunities related to short-, medium-, and long-term climate change at 4°C and 1.5°C • Setting "Reduction of CO₂ emissions" as one of our business materiality themes
Risk Management	<ul style="list-style-type: none"> • Reporting the progress of measures on risks and targets extracted from scenario analysis, etc. to the Sustainability Committee and the Board of Directors on a regular basis • Incorporating the reported matters into the overall group's risk management system by reporting it to the Group Risk Management Department
Metrics and Targets	<ul style="list-style-type: none"> • The Group has already set a target of reducing energy-derived CO₂ emissions by 50% from the FY2015 level by 2030, and it has already declared that it will achieve carbon neutrality in 2050 (Scope 1 and Scope 2) • FY2021 reduction in energy-derived CO₂ emissions (-27% compared to FY2015) <p>For details about Scope 1 - 3 emissions, see P41</p>

Initiatives for a Hydrogen Society

Asahi Pretec has been working with FC Development Co., Ltd., X-Scientia Co., Ltd., and Sumitomo Mitsui Trust Bank, Limited since September 2021 on the development of a system for building a green hydrogen supply chain through effective use of by-products as part of the "FY2021 Cross-Regional Cross-Sector Carbon Neutrality Technology Research, Development and Demonstration Program" implemented by Japan's Ministry of the Environment.

This program involves utilizing unused electricity from waste to energy plants owned by Asahi Pretec to develop a hydrogen production system that can significantly reduce hydrogen production costs via the co-production of hydrogen and by-products. After the completion of the program, we will contribute to the spread and expansion of hydrogen by manufacturing inexpensive hydrogen and selling it externally, thus helping to reduce greenhouse gas emissions.



Human Capital to Support Business and Strategy

The People We're Looking for

When it comes to human capital, one of the cores of our approach is enhancing talent base with individuals who possess both professional expertise and initiative. The basic qualities we require are the ability to acquire the knowledge and expertise necessary for the job, as well as the willingness to think independently and utilize that knowledge to handle one's responsibilities on one's own.

Qualities we look for in core personnel

The core personnel who will drive our company's sustainable growth must possess the following three qualities. First, they must be able to innovate and take on challenges and act on new ideas without letting themselves be bound by existing frameworks. Second, they must be open to diversity and accepting of differences in experience, ideology, and culture, and be able to communicate smoothly and make the most of the abilities of those around them. Third, they must have a sense of how to manage risks appropriately for the various incidents that occur in a business environment that is changing at unprecedented speed.

Generating innovation

To co-exist with society on a long-term basis, innovation that transcends conventional thinking is essential. It is also essential to secure and develop human resources that can devise new paradigms for the industrial waste treatment process to create ways that take climate change and biodiversity into further consideration. They should also have a high affinity for areas such as IoT and AI and be able to accelerate and manifest the digital transformation of the industry. We believe that we can achieve our long-term vision of being "a leader in creating a circular economy that connects society to the environment" by securing and cultivating personnel who can propose solutions appropriate for the times at a variety of sites.

Developing Personnel

To support the "scrap and build" approach of our resourceful businesses as well as the company's rapid growth, we have expanded our personnel primarily through mid-career hires. One of our strengths is that we have personnel from diverse backgrounds, and it is important to establish a foundation that will enable each of them to maximize their potential and develop into core human resources.

Ensuring all employees are compensated based on performance and abilities

We have thoroughly implemented a system in which talented employees are given the opportunity to be promoted to higher positions regardless of their career at the company or their age. To efficiently conduct evaluations for this purpose, by the end of fiscal 2022, we plan to launch a talent management system that makes it easy to visualize the qualifications and skills of each employee. We will use this system to rotate and recruit personnel strategically in line with our business strategy.

● Training system diagram

Qualification Level	New Graduate/New Recruit	Assistant Manager	Manager	General Manager	
All	Basic education, e-learning, etc. (safety training, IT education, sustainability education, language learning support)				
Level-Specific Training	Obtain the knowledge and business skills that form the foundation of our operations	Training for new graduates and recruits Mentor system (for one year after entering the company)			
	Understand roles and expectations	Mid-career training (new hire training and follow-up training)	Mid-career training for managers (guidance by Head of Department/on-site training)		
	Learn the core skills necessary for business operations		New assistant manager training	New general manager training	
			Correspondence education: Essential courses by level		
Selective Training		Basic business skills	Intermediate course	Manager fundamentals course	
			Manager course	Advanced management course	
		Practical business skills training	Training for new managers		
		Correspondence education: Essential courses for knowledge/skills			
		Logical writing	Accounting, finance and labor management		
		Mentor development training			
		Domestic business schools (short-/long-term)			
		Specialized courses by job category (competence certification, on-site education, external training, support for qualification acquisition, etc.)			
		Global Course (support for language examinations, overseas trainees)			

Enhancing training opportunities to develop human capital

While we still provide a variety of training and self-development programs, we will further enhance our training opportunities, which includes strengthening our selective training programs. One particular example is establishing a new "mentor system" and "mentor development training." We will select senior employees to provide on-the-job training to new employees and formally appoint them as "mentors," and new employee training will be considered an official personal mission as well as an evaluation item. At the same time, mentor development training will be provided for those employees who will become mentors so that they can learn how to guide and train junior employees and subordinates. Doing this will achieve both uniform, high-quality training for new employees and the development of future candidates for management positions.

One specific example is the establishment of a new "Global Course," which combines support for language exams and training programs at overseas offices to enhance the development of personnel who can achieve their potential on the global stage in accordance with our business strategy.

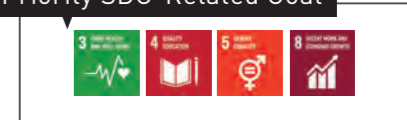
Asahi Intreprenuer Program, our in-house venture program

We have established the "Asahi Intreprenuer Program," an in-house venture program that helps to commercialize employees' ideas. By launching and managing businesses based on employees' own ideas, we can discover and cultivate future management talent.

Enhance Work-Life Balance and Employee Diversity

Priority SDG-Related Goal

Our priority SDG-related goals for fiscal 2021 are as follows.



Improving work-life balance: Promotion of new work style models

Our turnover rate is around 3%, which is due to our fair evaluation system based on performance and ability as well as our safe and comfortable work environment. Rather than grow complacent with the current state of affairs, we aim to further enhance the diverse working lives of our employees. Specifically, we plan to introduce a new work style model in fiscal 2022 that will allow employees to choose a "four-day workweek" option depending on their workplace and the type of work they do. We will strive to promote new initiatives that are ahead of the times and "innovate and embrace challenges" in the way we work.

Diversity & inclusion

We are committed to making efforts to promote the advancement of women within our company. Last year, we launched the "Asahi Cheer-Up Meeting" to enhance networking among female employees. For the first event, we had our female employees nationwide who are assistant managers or above connect online, and we held a discussion with our female outside directors as panelists. In addition to being exposed to the outside directors' diverse array of careers and experience, they were able to expand their networks within the company and raise their awareness of the need for diverse career development. Besides expanding the existing support system for balancing work and family life, we are also making efforts to transition toward work environments that are not affected by physical disparities between genders in the various business fields, which will allow women to be active in more areas. For example, in the dental sector, outsourcing the collection and transportation of waste materials, which has thus far been done alongside sales activities, to a specialized company will foster an environment in which female sales staff can be more active. The percentage of female employees among the new graduates who joined in fiscal 2022 is 60%, and we have already assigned some of them to sales positions in the Precious Metals Business Division.

In April 2022, we established a policy to further support the increase in the rate of men taking parental leave to create a workplace environment where men can take parental leave with ease, thereby lending indirect support to women being more active in the workplace.

Occupational Safety and Health

Health and productivity management

We consider the physical and mental health of each and every employee a corporate asset, and under the "Asahi Holdings Health Declaration," we are working to make healthy and productive workplaces a reality. The company has a comprehensive health checkup system that exceeds the statutory requirements, including a recommended gastrointestinal endoscopy for employees aged 35 and older and periodic advanced medical examinations, including MRI/MRA and PET scans, for all employees aged 40 and older, and has been recognized as a "2022 Certified Health & Productivity Management Outstanding Organization." With regard to mental health, we are also promoting the creation of a workplace where employees can work with peace of mind in collaboration with occupational physicians specializing in mental health.

Creating a safe workplace

To reduce the occurrence of occupational accidents, we have adopted the Occupational Safety and Health Management System (OSHMS) to improve the level of safety and health in the workplace through continuous safety and health management. We will continue to focus on preventing serious accidents and disasters through accident prevention efforts and improved safety education, such as risk assessments and hazard prediction training.

Initiatives for Responsible Precious Metals Management

The Asahi Holdings Group is engaged in global procurement of the materials from which it recovers precious metals, which are essential for manufacturing products such as electronics, auto parts, and jewelry. We have established a management system that complies with guidance issued by relevant international organizations. As a member of the precious metals supply chain, we promote Responsible Precious Metals Management. This is an important part of fulfilling our social responsibilities for compliance with laws, respect for international norms, human and labor rights, health and safety, environmental preservation, fair trade, and ethics.

What is Responsible Precious Metals Management?

Responsible Sourcing of Minerals

The Dodd-Frank Act was enacted in the United States in 2010 out of concern that mineral resources were being used as sources of funds for armed groups causing conflict and human rights abuses. The act regulates the use of conflict minerals from the Democratic Republic of the Congo and nine surrounding countries. Companies that are publicly listed in the U.S. and which procure tin, tantalum, tungsten, and gold (3TG) are required to carry out due diligence, survey country of origin, and report on the use of any conflict minerals.

The Organization for Economic Co-operation and Development (OECD) has issued Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This OECD Guidance sets out a five-step framework for companies: (1) establish strong company management systems; (2) identify and assess risks in the supply chain; (3) design and implement a strategy to respond to identified risks; (4) carry out independent third-party audits; and (5) report annually on supply chain due diligence.

The Conflict Minerals Regulation also came into effect in the European Union in January 2021. It applies to importers of materials containing 3TG into the EU from conflict and high-risk areas, and they are now required to carry out due diligence in their supply chain. As a result, responsible sourcing of minerals is expanding globally.

Responsible Precious Metals Management

Refiners who meet criteria in areas such as quality of products, assaying capability, and responsible sourcing, and which have passed testing procedures, are accredited by the London Bullion Market Association (LBMA) for gold and silver or the London Platinum and Palladium Market (LPPM) for platinum and palladium as Good Delivery refiners. Asahi Pretec has received Good Delivery accreditation for gold, silver, platinum, and palladium, while Asahi Refining (USA and Canada) has received the same for gold and silver. These accreditations ensure the companies are trusted by customers in the global market.

To maintain Good Delivery status, in addition to regular quality and technical testing procedures, Good Delivery refiners are required to be audited annually by a third-party for the LBMA Responsible Gold and Silver Guidance (hereafter LBMA Guidance), and the LPPM Responsible Platinum and Palladium Guidance (hereafter LPPM Guidance) in compliance with OECD Guidance.

In addition to avoiding conflict minerals, human rights abuses, money laundering, terrorist financing, and fraudulent transactions, the LBMA Guidance also now requires refiners to fulfill their social responsibilities related to the environment and sustainability. Asahi Pretec and Asahi Refining (USA and Canada) are also accredited by the Responsible Minerals Initiative (RMI) as conflict-free gold refiners that comply with the Responsible Minerals Assurance Process (RMAP).

Asahi Holdings Group's Action

Based on the Group's corporate philosophy and code of conduct, the "Asahi Way," we have set out a Responsible Precious Metals Management Policy at Asahi Pretec, and a Precious Metals Procurement Policy at Asahi Refining. We conduct due diligence for suppliers and materials of precious metals in accordance with the LBMA and LPPM Guidances, and we practice responsible precious metals procurement.

The compliance status is audited annually by a third party, and then reported to the LBMA and LPPM. These reports are disclosed on our website along with the assurance reports issued by the auditing organizations.

To fulfill one of our Priority SDG-Related Goals, "supply precious metals in ways that are friendly to people, society, and the environment," we work to maintain the Asahi brand as a trusted presence that reassures customers all over the world that we practice highly transparent procurement and traceability of raw materials as certified by third parties, and that our precious metal products are made with consideration for human rights and the environment.

Asahi Pretec's Responsible Precious Metals Management Policy → <https://www.asahipretec.com/responsible-sourcing/>
 Asahi Refining's Precious Metals Procurement Policy → <https://www.asahirefining.com/corporate-responsibility/>

Priority SDG-Related Goal

Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment



Asahi Pretec's Action

Utilizing its sales network that covers all of Japan as well as other sites in Asia, Asahi Pretec collects and recycles recyclable materials containing precious metals from sources such as e-scrap, plating treatment, precision cleaning, catalysts, dentistry, and jewelry. By recycling gold, silver, platinum, palladium, and other precious metals that are essential for modern manufacturing, Asahi Pretec is contributing to the effective use of resources and the development of the industry.

The Asahi Pretec brand is recognized worldwide for its gold, silver, platinum, and palladium products. In addition to LBMA and LPPM Good Delivery accreditation, its products have also been accredited as a deliverable brand by futures exchanges such as the Osaka Exchange (OSE) in Japan, as well as the Commodity Exchange (COMEX) and the New York Mercantile Exchange (NYMEX) in the United States.

In July 2019, Asahi Pretec became the first Japanese refiner to obtain the Code of Practices (COP) certification from the Responsible Jewellery Council (RJC)*. In July 2021, the company also obtained Chain of Custody (COC) certification. Asahi Pretec's operations meet the RJC's strict standard for code of practices on ethics, human rights, society, and the environment, as well as COC for due diligence and traceability, and the company will continue to fulfill its responsibilities as a member of the precious metals supply chain.

* RJC: A non-profit organization that promotes transaction transparency and responsible corporate behavior in the jewelry industry. This includes businesses that handle precious metals and diamonds, from mines to retailers.

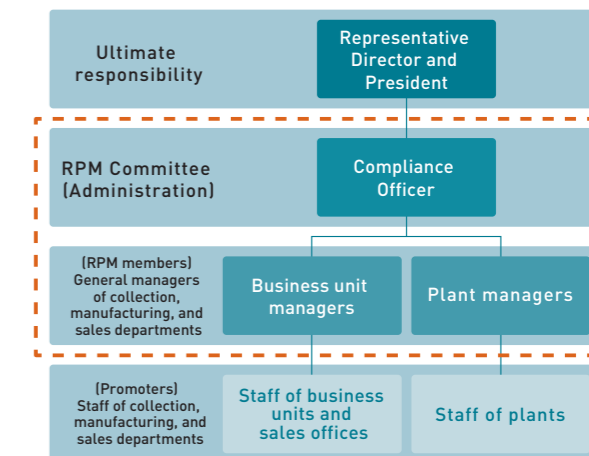


Responsible Precious Metals Management System

Based on our Responsible Precious Metals (RPM) Management Policy, we have established the Responsible Precious Metals Management Committee (RPM Committee) to oversee our RPM management across the company. The President of Asahi Pretec has ultimate responsibility for our RPM management, and we have appointed a Compliance Officer, who is chairman of the RPM Committee, to manage our RPM. The RPM Committee, chaired by the Compliance Officer, adopts and revises policy, decides on important measures, implements the management system, monitors the operation status, provides training to employees, and reports to senior management.

We consider any transactions that adversely impact our precious metals supply chain to be high-risk. Any transactions considered to be risky are deliberated by the RPM Committee, and additional due diligence is carried out as necessary to enhance the management system.

In FY2021, while there was one supplier that fell into the high-risk category, we continued to do business with the supplier once the risks were mitigated.



Supply Chain Management

Our due diligence process is carried out using a risk-based approach addressing the risks in the precious metals supply chain, such as conflict, compliance with laws, human rights, labor rights, health and safety, and the environment. By communicating with suppliers and conducting know-your-customer questionnaires, we understand the transaction and origin of materials, and we assess risks of suppliers and materials. We send a consent form to all of our suppliers requiring them to confirm that they consent to our RPM Management Policy, and we ask them for their understanding and cooperation in responsible precious metals sourcing. We establish relationships of trust with our suppliers and conduct continuous due diligence to mitigate supply chain risk.

- 1) Implementation of due diligence for suppliers (risk assessment based on information such as nature of business, location of business, type of materials, county of origin)
- 2) Communicating our Responsible Precious Metals Management Policy to suppliers
- 3) Recording transactions and managing traceability
- 4) Providing training to employees on Responsible Precious Metals Management and due diligence
- 5) Monitoring implementation status and reviewing by management
- 6) Conducting annual independent third-party audits

Relationship with Society

The Group has relationships with various stakeholders. We place special emphasis on maintaining good communication with stakeholders and strive to build strong relationships with them.

Main Initiatives

Ethical Sustainable Jewelry

In recent years, ethical and sustainable jewelry has been gaining attention as products made from materials that are friendly to people, society, and the environment. As a company, we can help solve various environmental and social problems by supplying this kind of jewelry. Sustainable jewelry is also very suitable for use as special gifts such as engagement rings. This is because consumers appreciate knowing that their piece of jewelry has not negatively impacted the environment or contributed to other social problems. In recent years, famous jewelry brands have launched products based on a sustainability concept, while brands specializing exclusively in ethical and sustainable jewelry have also emerged. The new trend is even being featured in women's magazines. Asahi Pretec supports the ethical and sustainable jewelry movement by supplying precious metals that are friendly to people, society and the environment.



Asahi Clean Project

The Group encourages and supports activities in which employees contribute to the SDGs as members of society, such as volunteer activities by individuals and groups, as "Asahi Holdings SDGs Activities." On April 1, 2021, the "Asahi Clean Project" was launched to promote activities specializing in cleaning up litter in which a total of 527 employees and their family members participated. We are engaged in cleanup activities not only around our offices and sales offices, but also in various areas.



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 prohibits 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 works closely with the sales, technology development, and product manufacturing departments. It shares customer feedback and market trends with these departments and cooperates with them 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 to customers. We strive to continuously improve our quality management system and maintain the highest quality possible.

Procurement Initiatives

Asahi Pretec has implemented a CSR Procurement Policy. It pertains to the procurement of secondary materials such as chemicals and consumables used in the precious metals recycling and Environmental Preservation Businesses.

CSR Procurement Policy

Procurement is carried out based on the following seven points: **1. Environmental preservation** **2. Quality control** **3. Fair trade** **4. Information security** **5. Crisis management** **6. Social responsibility** **7. Human rights protection and occupational safety and health**

Transactions are promoted based on relationships of trust with our business partners. The aim is to improve corporate value for both the company and our business partners.

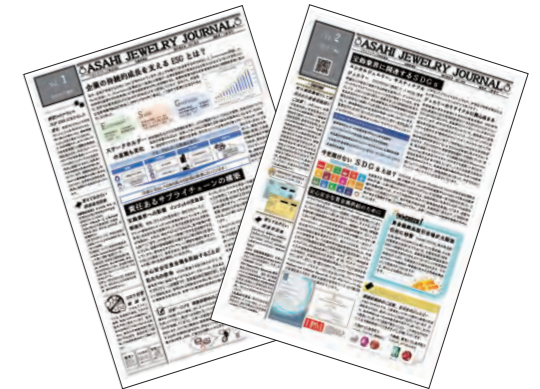


Strengthening Cooperation with Outside Stakeholders

The role of the Group in the circular economy is much like the veins of the human circulatory system, and this role will become even more important in the future. Since our business brings back waste resources from local communities and companies for reuse, we must further strengthen our relationships with those stakeholders. Accordingly, the Group engages in various initiatives, such as those organized by national and local governments as well as industry groups, while conducting its own social contribution and sponsorship activities.

Asahi Jewelry Journal

Nowadays, all companies are expected to promote their environmental, social, and governance activities. The Group also believes it must take its own particular measures such as Responsible Precious Metals Management, and widely share information about them. Asahi Pretec launched the Asahi Jewelry Journal in June 2020 for its partners in the jewelry business. Published on a regular basis, it covers SDGs initiatives and other relevant topics.



Participating in Social Contribution Activities

As a corporate citizen, the Group carries out social contribution activities rooted in local neighborhoods and environmental preservation. The initiatives are promoted in various ways and are important for remaining an organization that supports local communities. As part of its social contribution activities, Asahi Pretec participates in the TOOTH FAIRY project, which is jointly run by the Nippon Foundation and the Japan Dental Association. The project promotes the collection and recycling of gold, palladium, and other precious metals that have served their purpose at dental clinics across Japan. Profits obtained from selling the resulting recycled precious metals are used for social contribution activities such as support for children with intractable diseases and their families in Japan and building schools in Myanmar. Asahi Pretec provides support for these activities by recycling the precious metals donated to the TOOTH FAIRY project. At Asahi Refining companies, the employees cooperate in making donations. In FY2021, a large number of food and toys were collected and donated to food banks and other organizations.



Asahi Refining Canada

Food and toys being donated to KNIGHTS TABLE



Asahi Refining Florida

Food and toys being donated to FEEDING SOUTH FLORIDA



Asahi Refining USA

Donating food to the UTAH FOOD BANK and toys to CHRISTMAS BOX HOUSE



Other social contribution activities

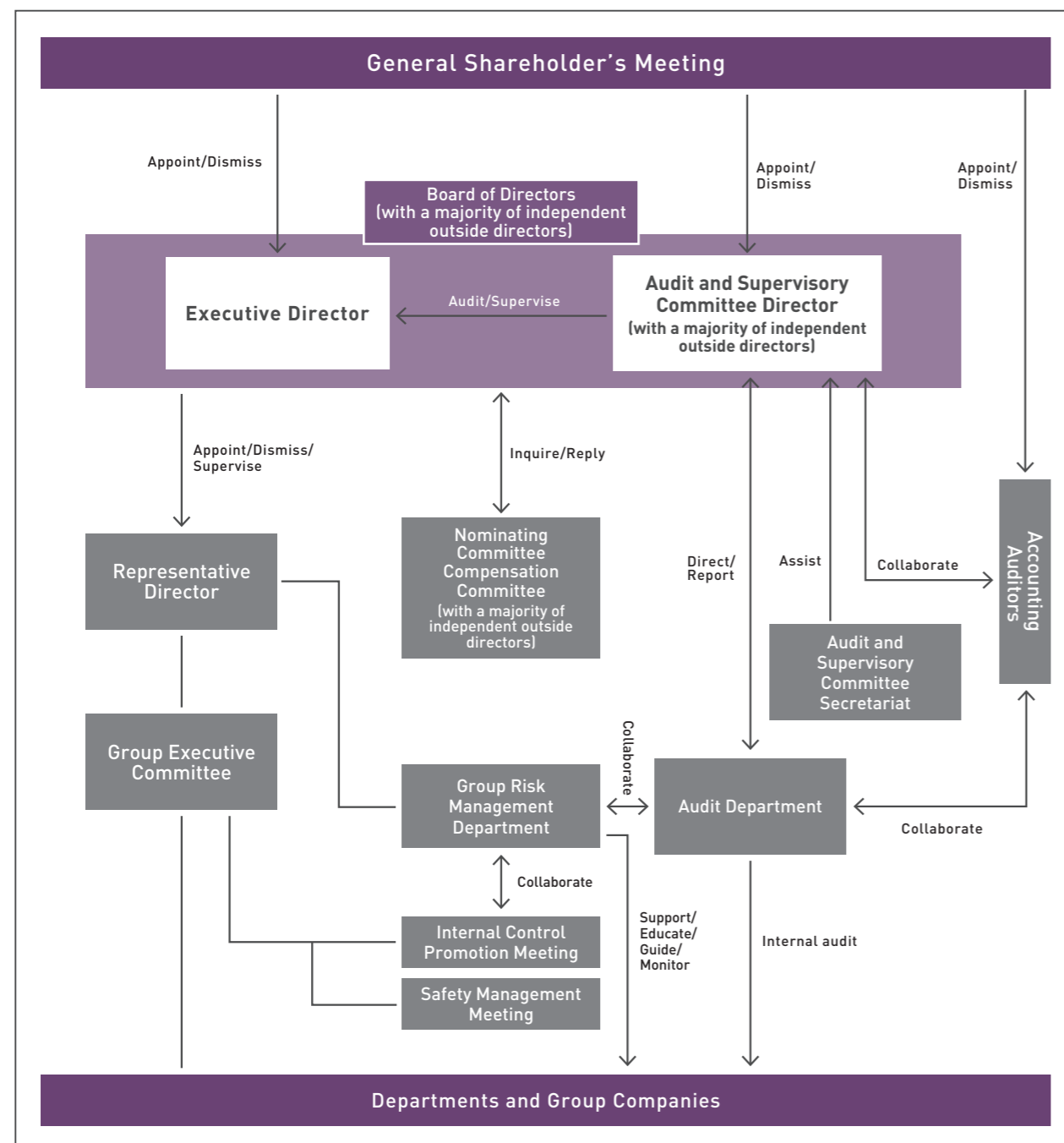
- Support for the activities of nonprofits like Médecins du Monde Japon
- Support for the activities of nonprofits like the Japan Cleft Palate Foundation
- Nippon Foundation donations through vending machines, etc.

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 comprises executive directors who are knowledgeable concerning their respective Business, Technical or Administration Units, as well as outside directors with various types of expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are active and effective, the majority of members are independent outside directors. The Board consists of two executive directors and five Audit and Supervisory Committee members, including four independent outside directors, two of whom are women, for a total of seven board members. 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 have been established, and independent outside directors with the capacity to perform their duties independently from the management of the company have been appointed, taking into consideration their individual backgrounds and relationships with the Group. 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 share their opinions from an independent point of view. In addition, in order to further strengthen cooperation between independent outside directors and the executive directors and to establish a system that enables smooth communication and coordination, we appointed one of the independent outside directors to serve as the head of the independent outside directors.

Audit and Supervisory Committee

Under Japan's Companies Act, Asahi Holdings has elected to be a company with an Audit and Supervisory Committee, and has four independent outside directors. This structure has strengthened the supervisory function of the Board of Directors. It also delegates important executive decisions to the executive directors for quicker decision-making and improved management efficiency.

Nominating and Compensation Committees

A Nominating Committee, consisting of one internal director and two independent outside directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chairpersons of both committees are appointed from among the independent outside 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 Executive Committee

Important matters delegated to the executive directors are deliberated and decided by the Group Executive Committee. Other matters related to business execution are deliberated and decided by the Group's key company 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. We submit Corporate Governance Reports, which provide investors with 83 points of governance information in a standard format, to the Tokyo Stock Exchange, and these 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.

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 four independent outside directors and cooperates with Audit Department and other related 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 at the Internal Control Promotion Meeting.

Evaluating the Effectiveness of the Board of Directors

As part of corporate governance enhancement, we are engaged in a continuous process of analyzing and evaluating the effectiveness of the Board of Directors as well as in the investigation of improvement measures. The analysis and evaluation for the fiscal year ended March 2022 has been completed.

1 Analysis and evaluation methods for the fiscal year ended March 2022

A questionnaire consisting of multiple evaluation items in six categories was distributed to all directors, including directors who are Audit and Supervisory Committee members. Responses were obtained from all directors, and the evaluation results were reported to and examined by the Board of Directors.

Questionnaire evaluation categories

(1) Discussion of main strategies, such as corporate strategy (2) Creating an environment that promotes appropriate risk taking (3) Execution of highly effective oversight (4) Appropriate communication with shareholders (5) Composition of the Board of Directors (6) Management of the Board of Directors

2 Summary of evaluation results for the fiscal year ended March 2022

The results of the evaluation of the Board of Directors' effectiveness are summarized as follows.

- (1) Discussion of major strategies, such as corporate strategy
⇒ Discussion was sufficient. We hope for there to be continued sharing of the Group's vision and other information both internally and externally.
- (2) Creating an environment that promotes appropriate risk taking
⇒ Risks related to important matters are shared appropriately through meetings that facilitate discussion between outside directors and executive directors as well as corporate officers, and methods for dealing with such risks are given sufficient discussion. We continuously hope for sufficient opportunities for timely and appropriate information sharing and discussion of important issues.
- (3) Execution of highly effective oversight
⇒ Oversight is highly effective. In addition to regular discussions with the Board of Directors and the executive directors as well as corporate officers, the Audit and Supervisory Committee shares its opinions with the executive directors and corporate officers as required. To promote the management of human capital going forward, it is desirable to increase the involvement of outside directors when formulating CxO development plans, as well as deepen discussions on the nature of succession plans for senior management.
- (4) Appropriate communication with shareholders
⇒ Information is disclosed in an appropriate manner, and feedback from shareholders and other stakeholders is shared in a timely manner to ensure proper communication. Going forward, in addition to conventional IR activities, we expect to see activities that help to enhance brand value for general consumers.
- (5) Composition of the Board of Directors
⇒ The majority of independent outside directors provide the appropriate combination of knowledge and skills required for effective discussions. Diversity is sufficiently achieved as well, including an increase in the number of female directors and the appointment of female corporate executives.
- (6) Management of the Board of Directors
⇒ Meetings are held with appropriate frequency, and there is an active exchange of views. For matters that have a significant impact on management, we expect progress reports and the active sharing of background information. We would also like supplementary materials for budgets and financial statements to be visualized, as well as supplementary explanations for areas that are difficult to understand.

3 Measures to improve effectiveness

By taking the following measures, we will further improve the effectiveness of Board of Directors management and strive to keep strengthening corporate governance.

- Actively hold meetings for exchange of opinions between senior management and outside directors to encourage appropriate information sharing and discussion of important issues
- Expand investment in human capital by enhancing education, training, and so on to nurture the next generation of executives
- Make discussion more active by further enhancing supplementary explanatory materials related to the budget and financial statements

Director Skill Matrix

Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Director and Chairman Mitsuharu Terayama	●	●		●	●			●
Representative Director, President & CEO Tomoya Higashiura	●	●	●	●		●		●
Director, Chairman of the Audit and Supervisory Committee Yuji Kimura		●	●			●		
Director, Audit and Supervisory Committee Member Kyoko Kanazawa			●				●	
Director, Audit and Supervisory Committee Member Yoshimori Hara			●		●			●
Director, Audit and Supervisory Committee Member Miyoko Kimura	●			●				
Director, Audit and Supervisory Committee Member Mitsutoshi Kagimoto	●	●					●	
Corporate Officer Hiroyuki Nakanishi	●	●		●	●			
Corporate Officer Nobuo Tajima	●	●	●					●
Corporate Officer Shohei Yasuda	●	●	●					●

Reasons for Selection of Skill Matrices

Our directors include executive directors who are knowledgeable concerning their respective Business, Technical or Administration Units, as well as outside directors with various types of expertise essential to corporate management. Based on the characteristics of our business, such as the international experience essential for conducting business on a global scale and the administrative experience gained from operating businesses that necessitate licenses, we have identified eight skills that are required overall.

Remuneration for Directors

Policy for Determining the Details of Director Remuneration

● Remuneration policy determination

The Board of Directors requests the volunteer Compensation Committee, which consists of three board members, including two independent outside directors, to draft a recommendation for remunerating the directors of Asahi Holdings. Based on this recommendation, the Board of Directors determines a policy detailing the remuneration for each director.

● Overview of the remuneration policy

Director remuneration must be within the limits approved by the General Meeting of Shareholders. The Board of Directors determines the specific director remuneration policy within these limits, based on the recommendation from the Compensation Committee, which plays an advisory role. The remuneration system is designed to motivate directors to improve the Group's business performance. Their remuneration consists of basic compensation, bonuses, and performance-linked stock-based compensation. However, directors who are Audit and Supervisory Committee members receive only basic compensation.

Total Amount of Director Remuneration

Classification	Total amount of remuneration (million yen)	Total amounts by type of remuneration (million yen)			Number of applicable directors (people)
		Monetary compensation		Stock-based compensation	
		Fixed compensation	Performance-linked compensation	Non-monetary remuneration	
Directors excluding those who are Audit and Supervisory Committee members (outside directors only)	134 (0)	65 (0)	55 (0)	14 (0)	4 (0)
Directors who are Audit and Supervisory Committee members (outside directors only)	37 (23)	37 (23)	0 (0)	0 (0)	6 (4)
Total (outside directors only)	171 (23)	102 (23)	55 (0)	14 (0)	10 (4)

Notes 1. The amount paid to directors (excluding those who are Audit and Supervisory Committee members) does not include employee salaries for directors who also serve in employee positions. 2. The indicator used for performance-linked compensation (bonus and performance-linked stock-based compensation) is consolidated operating profit, which is considered to be the most suitable management index for profits earned by the main business. The result of fiscal year ended March 2022 was 26,446 million yen. The performance-linked compensation (bonuses) is calculated by first multiplying the consolidated operating profit for the relevant fiscal year by a certain ratio to calculate the total amount for all directors including the corporate officers of Asahi Holdings and the directors of Asahi Holdings subsidiaries. The amounts for each director are then determined according to the weighting for each position and the degree of individual contribution to business performance. 3. Performance-linked stock-based compensation is a non-monetary compensation system in which Asahi Holdings shares are awarded to eligible directors according to their position and performance target achievement rates. Since the purpose is to provide incentive to improve corporate value over the medium- and long-term, allocation points are awarded according to the achievement rate of the performance target, namely consolidated operating profit each fiscal year. Those who are enrolled as of May 1, 2024 after the completion of the 9th Medium-Term Business Plan are eligible for the award. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, continuation of the performance-linked stock-based compensation system was approved. The shareholders also approved the number of allocation points to be awarded to directors in their positions for the three years from FY2021 to FY2023, not including outside directors, part-time directors, and Audit and Supervisory Committee members. The performance-linked coefficients are provided below.

Performance target achievement rate	Performance-linked coefficient
100%	1.0
50% or more	0.5
Less than 50%	0

Calculation Formula (number of points per fiscal year)
→ Base number of points x performance-linked coefficient x assessment coefficient

4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, the monetary compensation for directors (excluding those who are Audit and Supervisory Committee members) was established at a total of no more than 200 million yen per year. [This does not include, however, employee salaries for directors who also serve in employee positions.] The number of directors (excluding those who were Audit and Supervisory Committee members) at the end of that general meeting was five. 5. Also at the 6th Annual General Meeting of Shareholders, the amount of monetary compensation for directors who are Audit and Supervisory Committee members was established at a total of no more than 100 million yen per year. The number of directors who were Audit and Supervisory Committee members at the end of that general meeting was four. 6. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, continuation of the performance-linked stock-based compensation system was approved. In addition to the above monetary compensation level, the amount and details of remuneration was determined for Asahi Holdings directors (excluding directors who were Audit and Supervisory Committee members or outside directors) who were in their positions for the three years from FY2021 to FY2023. At the end of the general meeting, the number of directors (excluding directors who were Audit and Supervisory Committee members and outside directors) was two. Further, the maximum total number of points to be granted to directors per fiscal year was set to 40,000 points, and the maximum total number of shares to be issued to directors for the target period was set to 120,000 shares.

Compliance and Risk Management

In order to appropriately manage various apparent and latent risks relating to corporate activities, the Group identifies risks comprehensively, evaluates them, and implements mitigation measures. By implementing risk management, we strive to prevent risk materialization and minimize losses in the event of an incident.

Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. Particularly, operations related to the proper processing of waste are based on environmental laws and regulations as well as governmental licenses, and each and every employee is required to always 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.

Avoiding All Interactions with Organized Crime and other Anti-Social Forces

The following statement is part of our Corporate Governance Policies, and is understood by all our executives and employees. "We will never have any relationship, including business relationships, with anti-social forces that threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the laws and internal rules."

Anti-Corruption Measures

As part of our Group Philosophy, the Asahi Way, we have a ten-point Code of Conduct. One of these points states that "we refrain from providing or receiving meals or gifts in pursuit of personal benefit." Group employees ensure that they do not engage in any transactions that could result in bribery, such as providing some benefit to a business partner or competitor for personal gain. Moreover, Asahi Pretec, which manages the Group's Precious Metals Business, has established a Responsible Precious Metals Management Policy. It has declared and implemented a policy of avoiding transactions that could result in money laundering or fraudulent transactions in the precious metals supply chain. Asahi Pretec also conducts employee education on this topic on a regular basis.

Business Continuity Management (BCM)

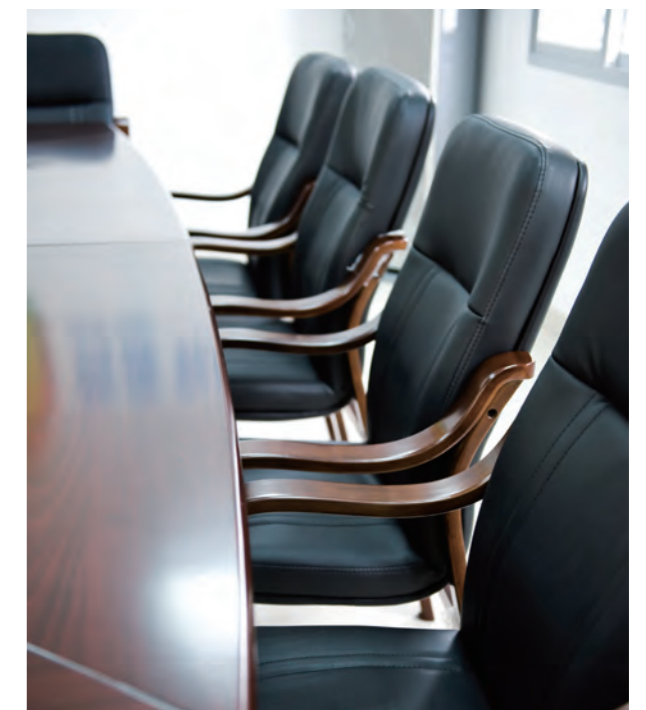
Various factors such as large-scale disasters entail the risk of impairing the functions needed for business continuity. As an action plan to achieve quick restoration of mission-critical functions even after a disaster, we created a business continuity plan (BCP). In addition to the BCP, we are conducting systematic business continuity management (BCM) activities to constantly improve the BCP and business continuity endeavors.

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.

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. All employees in and outside of Japan can directly report to either an internal desk or an external law firm anonymously. We take corrective actions to address the reported matters after investigation, without revealing the identity of the disclosing or disclosed parties.



Director Profiles

Group-Wide Oversight and Auditing by Directors

Asahi Holdings has established a system to appropriately oversee and audit Group companies from every angle to ensure these businesses are always operating properly. Important executive decisions for Group companies are carefully deliberated and made by the Group Executive Committee, attended by directors of Asahi Holdings, Inc., and its Group companies. Particularly important matters are submitted to the Asahi Holdings Board of Directors for determination. Directors who are Audit and Supervisory Committee members also participate in the management meetings of Group companies and actively provide input. The management situation and sales activities of Group companies are regularly reported to the Board of Directors of Asahi Holdings. In addition, the company's Audit Department audits Group companies on a regular basis and whenever required, and the resulting audit reports are shared with the Audit and Supervisory Committee and relevant departments.

Group. Through these circumstances, the Audit Department was placed under the Audit and Supervisory Committee to enhance the independence of the function responsible for checking and monitoring business execution. We have also established a General & Legal Affairs Department and taken other steps to bolster the framework for minimizing various legal risks at our business locations. We will continue to further enhance our risk management system going forward.

Group Risk Management Department Created

On April 1, 2021, a Group Risk Management Department was created to properly identify potential risks in the Group's business execution processes and business structures. It was established to evaluate risks in business activities and implement mitigation measures across the Group. The department implements compliance risk management for each business unit from an independent perspective, and it strives to ensure appropriate governance in collaboration with the Audit Department. We have also established a compliance and safety system under which we hold Internal Control Meetings and Safety Management Meetings regularly to prevent risks from materializing.

Strengthening Group Risk Management

As compliance is essential to maintaining trustworthy corporate activities, the Group ensures legal compliance and thorough adherence to corporate ethics among its members. While developing human resources that embrace innovation and challenge-taking by continuously expanding the types of challenges they undertake, the Group must also recognize the increasingly diverse needs and values of society. To pursue sustainable growth going forward, the Group must not only comply with laws and regulations, but also enhance management of all kinds of risks. While risk management is practiced at each business location, management standard-setting and location monitoring must be performed independently. Recognizing this, Asahi Holdings decided to enhance its organizational response capabilities by introducing a unified management framework for the

Strengthening Risk Management in the North American Business

In our North American business, we are working to establish a model to expand our business into related areas, using refining as a platform. In particular, we will continue to aggressively promote financial services such as "advance trading," and we will also develop new financial products. To do this, we will first need to establish strong mechanisms to ascertain and monitor the credit risk of our business partners. In addition, identity verification (Know Your Customer, a.k.a. KYC) procedures are becoming increasingly important to prevent the funding of organized crime and terrorism. Accordingly, we will work to strengthen credit risk management of business partners and enhance systems at individual sites as we promote the expansion of our North American business, which is one of our growth drivers.



Mitsuharu Terayama

Profile

[Born March 10, 1940]

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.
 Jun 2014: Appointed Representative Director, President and Chairman of Asahi Holdings, Inc.
 Apr 2018: Appointed Representative Director, Chairman of Asahi Holdings, Inc.
 Jun 2020: Appointed Director and Chairman of Asahi Holdings, Inc. (to present)



Tomoya Higashiura

Profile

[Born January 26, 1961]

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. and President of Asahi Pretec Corp.
 Apr 2018: Appointed Director of Asahi Pretec Corp. (to present)
 Apr 2018: Appointed Representative Director and President of Asahi Holdings, Inc.
 Jun 2020: Appointed Representative Director, President & CEO of Asahi Holdings, Inc. (to present)

Audit and Supervisory Committee Members



Yuji Kimura

Profile

[Born July 23, 1955]

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 Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc.
 June 2021: Appointed Head of Independent Outside Director (serving as Chairman of Audit and Supervisory Committee) of Asahi Holdings, Inc. (to present)



Kyoko Kanazawa

Profile

[Born October 11, 1965]

Apr 1989: Joined Fuji Research Institute Corporation
 Apr 2000: Registered as attorney/Joined Hata & Co. Law Offices (to present)
 Jun 2017: Appointed Independent Outside Director (to present)



Yoshinori Hara

Profile

[Born July 21, 1958]

Apr 1983: Joined NEC Corporation
 Aug 1990: Became a Visiting Researcher, Stanford University
 Jul 2004: Supervised NEC's Kansai Research Laboratories
 Apr 2006: Professor of Graduate School of Management, Kyoto University (to present)
 Apr 2018: Dean of Graduate School of Management, Kyoto University
 Jun 2019: Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



Miyoko Kimura

Profile

[Born June 12, 1964]

Apr 1988: Joined PLUS Corporation
 May 1999: Joined ASKUL Corporation
 Feb 2010: Appointed Representative Director and President of ASMARU Corporation
 May 2017: Appointed Chief Marketing Officer (CMO), Executive Officer, Executive Officer of Life Creation Unit and Value Creation Center Unit, B-to-C Company of ASKUL Corporation
 Mar 2020: Appointed Director, Supervisor of Merchandising Unit, Chief Marketing Officer (CMO), Executive Officer of ASKUL Corporation
 May 2021: Appointed Director in charge of branding, designing, and supplier relations of ASKUL Corporation
 Jun 2021: Appointed Independent Outside Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)
 Aug 2022: ASKUL Corporation Senior Fellow



Mitsutoshi Kagimoto

Profile

[Born June 15, 1958]

Apr 1984: Joined Teijin Limited
 Feb 2006: Joined Asahi Pretec Corp.
 Mar 2009: Appointed Assistant General Manager of Kitakanto Office of Asahi Pretec Corp.
 Dec 2009: Appointed Representative Director and President of Asahi Pretec Corp.
 Apr 2013: Appointed General Manager of Purchasing Division of INTER CENTRAL, INC.
 Oct 2015: Appointed General Manager of Audit and Supervisory Committee Secretariat of Asahi Holdings, Inc.
 Jun 2021: Appointed Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)
 Dec 2021: Appointed Auditor of Asahi Pretec Corp. (to present)

(As of June 15, 2022)



Special Feature Roundtable Discussion with Outside Directors

Based on the spirit of “innovate and embrace challenges,” we will continue to strengthen our governance system.

In an effort to further enhance corporate governance, Asahi Holdings has appointed four individuals with a wide range of expertise and experience as outside directors. The Chairman of the Board of Directors also joined us on this occasion to speak frankly about the governance reforms we have been working on and our goals for the future.

—To start things off, please share how you view your responsibilities as outside directors and the role of the Board of Directors.

(Yuji) Kimura: I believe that outside directors are responsible for utilizing their expertise and experience to contribute to healthy, sustainable corporate growth and the enhancement of corporate value. This entails looking at matters from the perspective of every shareholder and stakeholder and remaining independent from management so that one can ensure corporate compliance and governance and monitor the execution of business operations to confirm management risks, as well as provide advice on business strategies and other matters. I have been involved in waste management, recycling and global environmental issues as a government official for many years. I would like to bring my experience to bear by offering advice and contribute to the monitoring of proper business execution, including compliance, as well as climate change initiatives, which will become increasingly important. The waste recycling sector is one of the major pillars of our business. We are also expanding our precious metal recycling focused business. Compliance is particularly important in the sector of waste management and recycling, and up until now I have offered many opinions and pieces of advice at board meetings based on my experience. I hope to continue to apply my experience in this area going forward. Climate change is another important issue. How do we curb the greenhouse gas emissions produced by waste incineration? How do we reduce greenhouse gas emissions produced during the course of our corporate activities? How do we raise awareness about our climate change initiatives to the outside world? This will be a very important initiative, and I will continue to apply my own knowledge to fulfill my responsibilities as an outside director.

Kanazawa: I believe that the responsibilities generally expected of outside directors are as Director (Yuji) Kimura described at the start. I think that one of our main characteristics is constantly innovating and challenging ourselves, as evidenced by the fact that we have achieved growth while revamping our business portfolio. Assuming that these characteristics remain, I believe that the most important role of the Board of Directors is to point out the risks involved when the company is both considering and implementing innovation and taking on challenges. This ensures that judgments of risk are made in an appropriate manner and monitors whether our risk control system is in place and functioning. The Board of Directors should also point out when the company is not acting as it should, such as when it is not innovating or taking on challenges, or such efforts appear to be weakening. In addition, given that we are a company that is always innovating and taking on challenges, it may sometimes be difficult for stakeholders to understand what we do. When this happens, I would like to ask the Board of Directors to devise ways for helping stakeholders to understand the company, and as a member of the Board, I would like to be part of this process. When it comes to my duties as an outside director for the company, I value the approach of “harmonizing without agreeing.” In fact, I have always emphasized this approach, even when I was working as an attorney. A professor who mentored me during my legal training told me that my duty and approach as a lawyer should be to “listen carefully, investigate carefully, think carefully, and then repeat this process, cognizant of the fact that this occasionally means you have to say things you think others may not want to hear. Even if this ends the relationship, you have conveyed what is important.” I believe this concept is applicable not only as an attorney, but also when fulfilling my responsibilities of an outside director.

Hara: I feel that the idea of “harmonizing without agreeing” is vital not only for individuals, but for organizations as well. Among the many responsibilities required of an outside director, I believe it is particularly essential to remain unbound by internal considerations and provide candid opinions and recommendations based on the general situation outside the company. I am currently conducting educational research on innovation management at a graduate school of business administration. From my perspective, in addition to the nonferrous metals industry, we are a company with a very unique business model in that, we create service innovations that generate new added value while simultaneously creating social innovations that are essential to achieving a recycling-oriented society. In the past, it has been said that achieving the balance between economic value and social value that we have aspired to since our founding would be difficult, but recently, the value of ESG and non-financial information has become more prominent, and there is a growing emphasis on balancing economic and social values. As an academic with expertise in business administration as well as electrical and electronic informatics, I will contribute in terms of both theory and practice from the perspective of the impact on stakeholder value and strengthening governance. By taking firm steps to promote and raise awareness about the value we offer, I would like to contribute to the sustainable growth of our company and the enhancement of our corporate value over the medium and long term. In addition, during my career thus far, I spent about 10 years conducting research in Silicon Valley in North America, and I have hands-on experience at an in-house research institute. As such, I would like to lend my services by providing both practical and academic advice on how to introduce approaches both from abroad and from the IT field, as well as

how to expand to the rest of the world from Japan.

(Miyoko) Kimura: To follow up on Director Hara’s mention of innovation, when I joined our Board of Directors last June, I myself was very surprised to see how the company has continued to innovate without growing complacent due to its success, in spite of our 70 years of history. “Innovation and taking on challenges” are not easy, but I believe that the fact that we continue to do so is one of the great things about our company. The spirit of “innovate and embrace challenges,” respect for our employees, and our insistence on profits have all been part of our company’s DNA since its founding, but at the same time, if we examine the history of our business development, we have taken an aggressive “scrap and build” approach, and this is the point I appreciate it. I agree with what everyone has said regarding the role of outside directors, but I believe that as a representative of general shareholders and as a member of society, it is important for us to occasionally be able to express our opinions without worrying about how we might be perceived, particularly when we are monitoring executive operations from an independent and objective standpoint. However, doing this naturally requires that I deepen my understanding of the company. I have had the opportunity not only to communicate with management, but also to visit actual company sites, such as the Technical Research Center and plants. This allowed me to get a feel for the reality on the ground and the actual products, as well as the sincere and earnest attitude and culture with regard to workplace safety and security. I will leverage my management experience as a founding member of a mail-order sales company for office supplies, and I would like to contribute to the enhancement of our medium- to long-term corporate value by incorporating what I experienced on the ground and drawing on the experience and knowledge I have cultivated in the launch and development of new B2B and B2C businesses, as well as in the marketing sector. I believe that our strengths lie in the fact that our business itself contributes to a circular economy that links the environment and society, that we have a clear management strategy for expanding globally on the strength of our advanced technological and sales capabilities, and that we value our corporate culture and human resources based on the “Asahi Way.” In the coming era, which will emphasize climate change and ESG, Asahi Holdings, Inc. will be positioned right in the middle of these issues, and I hope to lend my support by communicating its branding and initiatives to the outside world in a more active manner.



Yuji Kimura
Head of Independent Outside Director (Chairman of the Audit and Supervisory Committee) of Asahi Holdings, Inc.
After working for the Environment Agency, the New Energy and Industrial Technology Development Organization, and the Director General of Hakodate Customs at the Ministry of Finance, he was appointed Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation in 2014. He has served as an independent outside director for Asahi Holdings, Inc. since June 2017, and he has been the Head of Independent Outside Director (Chairman of the Audit and Supervisory Committee) since June 2021.



Kyoko Kanazawa
Independent Outside Director (Audit and Supervisory Committee Member)

After working for Fuji Research Institute Corporation, she was registered as an attorney in April 2000 and joined Hata & Co. Law Offices, where she is currently employed. She has served as an independent outside director (Audit and Supervisory Committee Member) for Asahi Holdings, Inc. since June 2017.

—We have been pushing for governance reform for the past several years. Please tell us what challenges you have faced in the past and what specific reforms have been made to address them.

[Yuji] Kimura: In the past, there have been areas where it appeared that a systematic and organized approach to legal affairs and risk management had not been sufficiently established. Such issues have been identified at Board of Directors meetings and Group company management meetings, and this has led to a strengthening of the organizational structure.

Kanazawa: The Audit and Supervisory Committee, including the outside directors, have pointed out three issues: strengthening the legal and risk management functions, ensuring and enhancing the independence of the internal audit function, and promoting stakeholders' understanding of the company. Regarding the third issue in particular, visible reforms are underway, such as adjusting how IR materials are presented so that stakeholders can more accurately understand the company's capabilities.

[Yuji] Kimura: Right. I believe that we will continue to take actions that we feel are necessary in a timely manner. In promoting the advancement of various aspects of governance, I consider risk management to be the most important issue. As Director Kanazawa mentioned earlier, the company is to anticipate social trends and develop businesses in new sectors without growing complacent with the status quo. However, starting new businesses always entails risk. Looking back on our company's development to date, I believe that rather than avoiding risks, it has taken risks and managed to overcome them in an effort to develop new businesses. The nature and content of these risks differ by business sector, and we have also been working to make our risk management more advanced while taking such differences into account, such as by establishing a new Group Risk Management Department in April 2021 that manages risks across the entire company. While we have always been skilled at reviewing and adapting our organizational structure in response to changing circumstances, as we look ahead to future business developments, the weight of our overseas businesses is likely to increase, so we must continue to review our risk management structure as required to keep pace with the development of our businesses. I think it is important to continue to recognize that risk management will always be a challenge.

Hara: I think you're right. Some aspects of our previous

governance structure that I found to be challenge were, in addition to risk management, the lack of communication between internal management and employees and outside directors, as well as the inadequacy of our governance structure due to a lack of communication among company departments. This is because creating social capital requires each individual in a trust-based organization to believe that they have a personal stake in environmental issues and social values such as the SDGs, and to pursue these issues with a sense of ownership. While I believe that organizational measures to set and implement goals such as the SDGs have been thoroughly implemented, there remain issues from the perspective of diversity management, for example, particularly in terms of gender diversity. The number of female outside directors has increased, and the percentage of women on the Board of Directors has surpassed that of other companies. However, we need to further increase the number of female managers and even the number of female employees themselves, so we must further strengthen measures to increase the number of female managers. We believe that it is necessary to further enhance measures that will lead to an increase in social value, such as promoting understanding of diversity and introducing a system to lend support to female employees.

—What kinds of specific proposals or measures were implemented to reform governance? Additionally, what is your assessment of our current governance structure?

Hara: To continue on the topic of diversity management that I just mentioned, because I work at a university, I have organized a variety of diversity-related events, introduced them to employees, and actually had them participate in them remotely. Further, when Outside Director (Miyoko) Kimura visited our Technical Research Center and plants, she had the opportunity to discuss diversity with female employees, and I took part as well. I know that it takes time to solve diversity issues, but when I actually talked with the employees, I got the impression that many of them have very high potential, so I believe that we can expect to see an increase in the number of female managers depending on future initiatives. As for the current governance system, my assessment is that we are currently implementing effective governance that is receptive to what is being said.

[Yuji] Kimura: Right. I believe that the executive side of the company has listened to the opinions of the outside directors and created systems that are optimal for that particular point in time. I think there is a high degree of flexibility and adaptability even as a strong core is maintained.

Kanazawa: Actually, I believe that comments from Outside Director (Yuji) Kimura, the Chairman of the Audit and Supervisory Committee, are reflected at the Board of Directors meetings. We outside directors speak our minds, and our opinions and suggestions are faithfully reflected in the company's governance management. The fact that this attitude is present in our governance operations is appreciated. I also find it very easy to participate in discussions at the Audit and Supervisory Committee meetings that are held right before the Board of Directors meetings. The Audit and Supervisory Committee is a forum for auditing the legality and appropriateness of the directors' execution of their duties, but we consider auditing to mean monitoring in a broader sense, and the Audit and Supervisory Committee Members (outside directors), with their wide range of expertise, use this forum to actively ask questions, deliberate, and exchange opinions on the Board of Directors' proposals in advance. I believe that this has

resulted in more effective sharing of questions, opinions, and proposals from the outside directors at the Board of Directors meetings. In particular, I feel that the outside directors are able to make proposals and engage in discussions regarding the medium- to long-term direction of the company as a whole as opposed to as individuals.

[Miyoko] Kimura: Right. I've also found that the Audit and Supervisory Committee discussions that take place just prior to the Board of Directors meetings have been excellent. Having a diverse group of experts freely share opinions and proposals with the executive side and direct questions to the Board of Directors in advance of the meeting has felt easy to manage.

[Yuji] Kimura: At the preliminary review for discussions at the Board of Directors meeting held by the Audit and Supervisory Committee prior to the Board of Directors meeting, while no resolutions are reached, I get the impression that the outside directors, who each have different areas of expertise, share opinions and questions, which allows a certain degree of direction regarding the agenda to take shape. As the Chairman of the Audit and Supervisory Committee, I sometimes speak at Board of Directors meetings, but each outside director also actively speaks at these meetings from the perspective of their own area of expertise. I believe this is another part of their role as outside directors.

Kanazawa: Director (Miyoko) Kimura mentioned earlier that it is important to deepen one's understanding of the company and its businesses to speak without concern about how one is perceived. Being able to participate in Group company management meetings in addition to Audit and Supervisory Committee meetings has been very beneficial in terms of me fulfilling my role as an outside director. I am grateful to have a chance to gain a firsthand understanding of the situation a little more closely by taking part.

[Yuji] Kimura: That truly is the case. In fact, without such opportunities, I think our opinions would tend to be superficial. Of course, compared to the executive side, our knowledge of the businesses and the situation on the ground is quite limited, but I feel that through such opportunities I have gained a great deal of information that is required to participate in discussions as an outside director and to contribute to the management of the company. While the agenda of the Board of Directors meetings is limited to very broad topics, some of the topics discussed at the management meetings naturally involve specific risks, so I make a conscious effort to ask questions and listen to the answers before responding to them when it comes to areas that I need to understand as an outside director.

—What issues do you think need to be addressed to further enhance the company's governance structure in the future?

[Miyoko] Kimura: I think there are two major points. The importance of risk management was touched upon previously, but one is strengthening cooperation with the Group Risk Management Department and Audit Department to monitor the establishment and operation of internal control and risk management systems comprehensively and from a broad perspective without becoming too removed from the situation on the ground. This is to promote "innovation and challenge" in an effort to further develop and accelerate businesses in new sectors, such as the North American business and new DXE businesses in the future. The other is supporting our company in making proactive efforts to disclose information based on the TCFD recommendations and address human rights issues in the face of new ESG-related disclosure provisions that are called

for by revisions to the 2021 Corporate Governance Code and other guidelines. This will enable us to continue to enhance our corporate value.

[Yuji] Kimura: Right. Regarding the first point you mentioned, given that our expansion overseas, such as our North American business, has become even more important, we have been utilizing various financial methods to increase profits through added value in addition to refining virgin gold and silver ore. I agree that one challenge is maximizing profits while appropriately managing the risks associated with the use of these financial methods. Risk assessment and management requires specialized knowledge, and we must continue to improve efforts to ensure that error-free management decisions are made based on the newly developed internal system. In addition, because it is possible that the same type of business model may be developed in regions other than North America, it is essential to utilize the experience gained in North America and turn it into a profitable business even more quickly when making decisions on the implementation of such business models and developing systems. Also, with regard to the Environmental Preservation Business, I have some challenges, or rather expectations for our company based on my experience as an official in this sector. Looking at the structure of this industry, the overall reality is that there are a lot of small- and medium-sized businesses, some of which are in non-compliance, some of which operate in a gray area, and some of which have even experienced problems with local residents. In such an industry, we have a very high level of compliance awareness and possess excellent in-house waste treatment and recycling technologies. Given that we also work with other companies to develop consulting services that allow waste disposal to be reliably outsourced for waste generators, there is no doubt that we are positioned as a leading company. I am very much looking forward to the company further enhancing this sector to promote modernization, streamlining, and optimization of the industry as a whole, and more broadly, to serve as a driving force in the transition of Japanese society toward a recycling-oriented society. If this is achieved, there would be a tremendous impact not only in terms of increasing the company's own profits, but also in terms of contributing to society at large.



Yoshinori Hara
Independent Outside Director (Audit and Supervisory Committee Member)

After working at NEC Corporation, as a visiting researcher at Stanford University, and supervised NEC's Kansai Research Laboratory, he became a professor at Kyoto University's Graduate School of Management in 2006. Later, he also served as Dean of the Graduate School of Management at Kyoto University. He has served as an independent outside director (Audit and Supervisory Committee Member) for Asahi Holdings, Inc. since 2019.

Kanazawa: I think that's exactly right. I would also like to add that, to further improve governance and achieve sustainable growth for our company going forward, we must also think long-term and devise a plan to develop personnel who can become our successors.

Hara: Right. As for human resources, I believe that what we need for sustainable growth is people with an entrepreneurial spirit. I am sure that many of the people had such a mindset when founded, but once a company grows to a certain degree, it becomes easier to tolerate the types of situations that ail big companies. We are in the VUCA era, and I believe that personnel who are willing to take action, make proposals, and assume some degree of risk to meet challenges and seize business opportunities are essential for our company's growth. Not just our company, but Japanese companies in general, have a problem with intangible assets such as human capital not being properly reflected as corporate value, despite having extremely high potential. We need to strengthen our public relations strategy in a broad sense so that our intangible assets can be properly evaluated, and we need to strive to get people to understand the potential of our activities and businesses. I think that preparing an integrated report, which is exactly what this roundtable discussion will address, will serve as one of the tools for fulfilling this function.

Kanazawa: I agree. I also think that the integrated report will be an important tool.

— Throughout the discussion thus far, we've touched upon diversity in human resources as well as succession planning. In closing, please share your thoughts about the issues facing the management of human capital as well as measures that can be taken.

(Miyoko) Kimura: I believe that increasing corporate value through intangible assets will become increasingly important for differentiating companies and achieving sustainable growth. In particular, making a conscious effort to incorporate a diverse array of human resources, including women, people from overseas, young people, seniors, and people with experience in other industries, will be essential for generating future-oriented

innovation. As Director Hara mentioned earlier, particularly from the perspective of women's advancement, I think it is essential to create an environment that facilitates an increase in the number of female managers in key decision-making positions throughout the company. In February of this year, as part of the women's advancement action plan, the "Asahi Cheer-Up Meeting," led by CEO Higashiura and the directors of the Human Resources Department, was launched to empower female employees. As female directors, I and Director Kanazawa support the promotion of diversity and inclusion for the company's corporate strategy. We were given the opportunity to hold a discussion with 26 female employees at the assistant manager level and above about our own careers, the ease with which women can work, past failures, and more. Besides this meeting, I have had other opportunities to exchange views with female employees as well since assuming my position. As Director Hara mentioned, I was very impressed by the high level of communication skills and the earnest, honest, and positive attitude many of them displayed. In addition, I learned that the company has a good support system for balancing work with childcare and nursing care, and that it is convenient for working women. If we can bring out the best in these women, have them channel those aspects into their careers, and develop them into core personnel, I believe that we will be able to generate even more innovation in the future. It is also important to promote diversity in conjunction with the succession plan mentioned earlier by Director Kanazawa. How do we develop human resources for the next generation, and what kind of human resource strategy do we formulate to achieve this? As the Board of Directors, I would like us to provide support for the company to continue to remain sustainable while expressing our views on issues related to such a strategy.

(Yuji) Kimura: Regarding diversity in human resources, as Director Hara and Director (Miyoko) Kimura have pointed out, in terms of gender diversity, the reality is that we do not necessarily have that many female employees. I believe this is in no small part due to the nature and content of the business we are developing. Recently, we have been reviewing job duties in a way that is not affected by gender differences, and we are promoting a number of initiatives, such as exchanges among working women inside and outside the company, to enable female employees to advance their careers. In addition, I believe that it is essential that this issue does not only raise awareness among women concerning the importance of diversity, but among male employees as well. If we examine our company's employee composition from perspectives other than gender, unlike most companies, we have a large number of career hires, as well as career personnel hired with the expectation that they will become future management candidates, mid-career executives and career personnel with expertise in specific fields, personnel who became group employees through M&A, and recent graduates. Our employees come from an extremely diverse set of backgrounds, including their expertise, experience, and careers. Because we established our corporate values and philosophy, as represented by the "Asahi Way," in the early stages, I believe that working to raise awareness of and instill them within employees from diverse backgrounds will strengthen our human capital, which will be extremely impactful in enhancing our corporate value.

Hara: I think you are absolutely right. With regard to the raising awareness of our corporate values and philosophy that Director (Yuji) Kimura just mentioned, I believe that we still have a lot of work to do in terms of instilling these values and our philosophy within individual employees, as well as ensuring consistency with

our human resource strategy and carrying it out. In a society that is placing increasing emphasis on making a circular economy and decarbonized society a reality, our company's position in society is more important than our employees realize. Still, when I look at the degree to which our corporate philosophy and perspectives have been instilled in our employees, I feel that we are relatively underperforming. That being said, it is also important to maintain a certain level of distance from our corporate philosophy and purpose. When I did research on what influences corporate sustainability, I conducted a survey of approximately 6,000 companies that have been in business for more than 100 years and analyzed the trends in the responses I received from approximately 450 of those companies. The results showed that, for a company to survive over the long term, it is best to maintain a certain degree of freedom within one's corporate character. In the case of our company, this means that our employees should be able to exercise a certain degree of freedom of behavior that exists between what is typical of the "Asahi Way" and what is not. This will allow us to promote new businesses and other activities that enhance sustainability. As times continue to change, we should not bind ourselves too closely to the corporate philosophy, but rather take on challenges with a certain degree of freedom even as we continue to respect it. I think this is a good approach to take.

Kanazawa: Regarding my involvement as an outside director in terms of human capital management, if we look back over the past few years, we transitioned to the Higashiura CEO system, and last year we transitioned to a monitoring model, so I think we were in the phase where we were keeping watch over how these changes were coming along. I believe that we are now entering the next phase. As stipulated by the Corporate Governance Code, I believe that we must require the executive side to formulate a broader human resource strategy, including a succession plan, and have the Board of Directors discuss and approve it, then monitor whether the approved plan is being implemented. The Corporate Governance Code requires outside directors to be actively involved in human resource strategies, especially when it comes to succession planning. The company's governance system is well-organized at least in terms of form, given that the company has established a Nomination Committee and Compensation Committee, outside directors comprise the majority of members on the Board of Directors, and an outside director has been appointed as the Chairman of the Audit and Supervisory Committee. However, there are also social demands for which form-related aspects alone are not sufficient. Under such circumstances, in terms of the involvement of outside directors in the succession plan, the executive side may ask, "What does an outside director know about personnel affairs?" I am sure some share this view, and I can understand the intent behind it. However, as long as stakeholders demand that outside directors be substantively involved in succession planning, it is necessary for outside directors to consider and devise some measures for doing so.

Terayama: We have been keenly aware of the need to strengthen governance, and we have introduced systems as well as enhanced the content of these systems, such as by instituting a company with Audit and Supervisory Committee and establishing a Compensation Committee and Nominating Committee. We have also made efforts to apply the feedback received from outside directors as quickly as possible. We will continue to strengthen governance as we confront new challenges, but the spirit of "innovate and embrace challenges" is key to our efforts. As everyone pointed out today, there are always risks involved in any new business venture. We have always taken risk



Mitsuharu Terayama
Director and Chairman

After joining Asahi Pretec in 1973, he served as President and Representative Director of Asahi Pretec Corp. Then he served as President and Representative Director of Asahi Holdings, Inc. in 2009 and was appointed Representative Director, Chairman, and President of the company in 2014. He has served as Director and Chairman of the company since June 2020.

into consideration when conducting business, and we are very grateful for the opportunity to receive feedback on these risks from experts in their respective fields with perspectives different than those that we have within the company. I believe that discussions with outside directors are as indispensable as the two wheels of a car when it comes to management. The most common advice we received from you today concerned human capital. We believe that succession planning is a top priority on the executive side, and we know that outside directors are also keenly aware of the issue. We will take your comments into consideration and respond to them in future. We will also continue to promote the development of executives and mid-career employees, and in the year since the new personnel system was launched last year, we have also promoted town hall meetings at all sites to allow direct contact with employees and facilitate exchanges of views. This is also where the spirit of "actual sites, actual things, and actual facts" espoused in the "Asahi Way" originated. In terms of knowing what is happening on the ground, you mentioned earlier that Group company management meetings are helpful for understanding our business. While we would ordinarily be happy to invite you to attend management meetings held in other countries such as South Korea, Malaysia, and North America, it is difficult to do so given the COVID-19 pandemic, so they are now held remotely. We are very grateful for your enthusiastic participation, not only in terms of monitoring the situation on the executive side, but also in terms of understanding our business.

(Yuji) Kimura: I believe we are a company that incorporates protection of the global environment into our business structure, but there are considerable obstacles that we must overcome to achieve carbon neutrality by 2050. In this respect, I believe that our corporate stance of taking the initiative to achieve carbon neutrality will lead to returns in the form of increased corporate value for our company, and I would like to see our company make a strong, concerted move in this direction.

Terayama: I couldn't have put it better myself. I hope that our shareholders understand our stance.



Miyoko Kimura
Independent Outside Director (Audit and Supervisory Committee Member)

After joining ASKUL Corporation and serving as Representative Director and President of ASMARU Corporation and Chief Marketing Officer (CMO) of ASKUL Corporation, then becoming a Director of the company in charge of branding, designing and supplier relations, she became a Senior Fellow of the company in August 2022. She has served as an independent outside director (Audit and Supervisory Committee Member) for Asahi Holdings, Inc. since June 2021.

Financial and Non-Financial Data

10-Year Financial and Non-Financial Summary

← Japanese Standard

IFRS →

	FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Unit										
Financial Data*1											
Revenue*2	Billion yen	96.4	94.3	111.4	119.4	106.8	115.8	110.4	135.6	164.8	192.4
Operating profit*2	Billion yen	7.5	9.6	10.5	6.1	2.0	13.8	13.4	18.0	25.1	26.4
Pre-tax income	Billion yen	7.3	9.9	9.7	5.9	1.8	13.4	12.4	17.7	26.1	26.4
Income for the year attributable to owners of the parent	Billion yen	4.5	6.0	5.8	2.9	-1.2	9.4	9.0	9.8	25.7	18.7
Total capital	Billion yen	42.0	46.5	51.0	49.0	44.8	64.4	67.8	69.2	97.9	105.1
Total assets	Billion yen	62.3	66.1	104.9	101.6	89.0	131.5	160.3	230.0	244.8	298.4
Capital investment	Billion yen	1.3	1.1	1.5	1.7	3.0	3.1	5.7	4.2	5.3	8.3
Depreciation	Billion yen	2.1	1.8	1.8	2.4	2.3	2.3	2.3	2.8	2.5	2.7
R&D expenses	Billion yen	0.35	0.37	0.44	0.50	0.51	0.51	0.45	0.35	0.32	0.36
Cash flow from operating activities	Billion yen	-0.4	14.1	9.4	14.3	3.3	-13.4	-20.6	4.5	-33.4	1.1
Cash flow from investing activities	Billion yen	-2.1	-1.1	-29.6	-1.9	-2.4	-2.8	-5.6	1.9	-2.8	-7.8
Cash flow from financial activities	Billion yen	2.6	-8.0	21.4	-6.5	-6.6	29.8	18.3	0.3	24.4	-6.0
Basic earnings per share (EPS)*3	Yen	69.62	91.75	88.45	43.74	-18.62	135.39	114.07	125.12	326.90	238.11
Equity attributable to owners of the parent company per share (BPS)*3	Yen	644.28	711.26	771.41	745.28	679.51	813.60	861.58	879.00	1,244.06	1,336.89
Dividend per share*3	Yen	30.00	30.00	30.00	30.00	30.00	31.50	60.00	65.00	85.00	90.00
Operating profit margin	%	7.8	10.2	9.4	5.1	1.9	11.9	12.2	13.3	15.2	13.7
Return on equity (ROE) attributable to owners of the parent*4	%	11.2	13.6	11.9	5.8	-2.6	17.3	13.6	14.4	30.8	18.5
Pre-tax return on assets (ROA)*5	%	12.9	15.6	12.4	5.7	1.8	12.2	8.5	9.0	11.0	9.7
Ratio of equity attributable to owners of the parent	%	67.3	70.1	48.2	47.8	49.8	49.0	42.3	30.1	40.0	35.2
Payout ratio	%	43.1	32.7	33.9	68.6	-	23.3	52.6	52.0	26.0	37.8
Non-Financial Information*6											
Number of employees		1,328	1,360	2,080	2,005	1,961	1,928	2,042	1,574	1,510	1,457
Percentage of women in the workforce	%	10.4	10.5	12.0	11.7	11.8	11.5	11.6	9.9	9.0	9.0
Percentage of employees outside Japan	%	3.2	4.0	20.2	18.4	17.5	16.7	21.2	23.4	24.7	23.1
Number of new hires		-	-	-	-	-	-	-	-	74	93
Percentage of women among new hires	%	-	-	-	-	-	-	-	-	10.8	11.8
Percentage of managers among women	%	-	-	-	-	-	-	-	-	8.5	10.4
Average years of employment (men)	Year	-	-	-	-	-	-	-	-	14.8	13.4
Average years of employment (women)	Year	-	-	-	-	-	-	-	-	13.1	10.8
Number of directors*7		8	10	10	9	9	9	9	8	8	7
Percentage of female directors	%	0.0	0.0	0.0	0.0	0.0	11.1	11.1	12.5	12.5	28.6
Electricity consumption*8	1,000 kWh	22,670	22,960	23,290	44,600	43,450	41,810	41,560	47,850	46,010	45,710
Energy-derived CO ₂ emissions*8	1,000 tons	-	-	-	41.3	40.3	39.7	39.4	39.4	37.3	32.0

Note 1 Since the Group adopted the International Financial Reporting Standards (IFRS) in FY2016, the financial figures for FY2015 are also shown based on IFRS. Since the Group adopted the International Financial Reporting Standards (IFRS) in FY2016, the financial figures shown are also based on the IFRS.

Note 2 The business of Fuji Medical Instruments Mfg. Co., Ltd. was categorized as a non-consolidated business in FY2019. As a result, the revenue and operating profit figures for FY2018 and FY2019 reflect this change.

Note 3 On April 1, 2021, a stock split was conducted with a ratio of two-for-one, and the calculation is based on the assumption that the stock split was conducted at the beginning of FY2012.

Note 4 Return on equity (ROE) attributable to owners of the parent corresponds to return on equity under the Japanese GAAP.

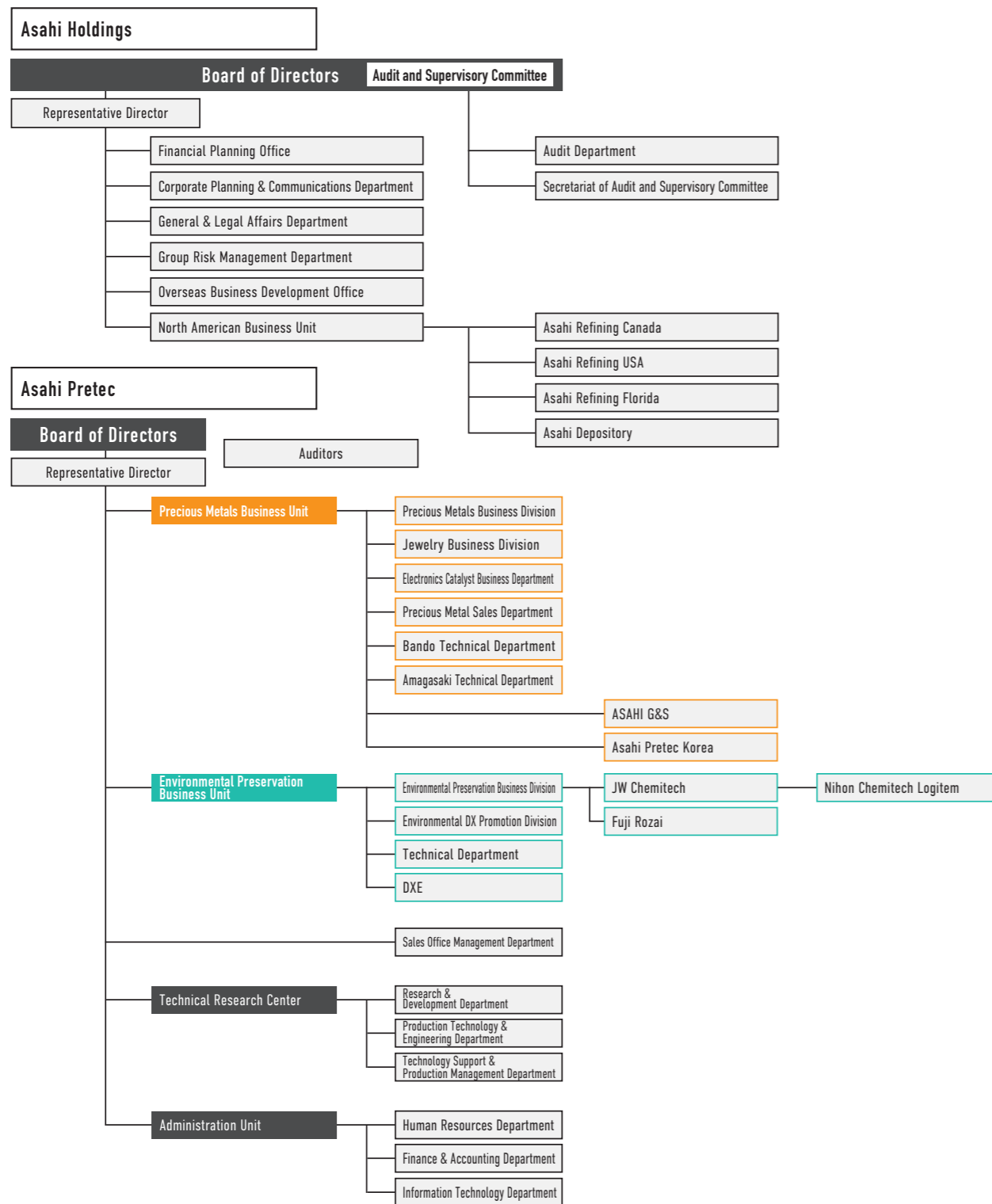
Note 5 Pre-tax return on assets (ROA) corresponds to return on assets under the Japanese GAAP.

Note 6 The annual non-financial information is compiled as of March 31 and includes data for all Group companies, including overseas companies.

Note 7 The company transitioned to a "company with Audit and Supervisory Committees" structure in FY2015. Through FY2014, the figures include the number of Auditors.

Note 8 From FY2015 onwards, the data pertains to consolidated subsidiaries as of March 31, 2022. Data for deconsolidated subsidiaries has been subtracted retroactively, while data for subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

Group Company Structure



[As of June 1, 2022]

External Evaluations

Added to the Following Indexes



Selected as a component of the JPX Nikkei Index 400



Selected as a component of the FTSE Blossom Japan Sector Relative Index, an ESG investment index



Selected as a component of the S&P/JPX Carbon Efficient Index

Certification



Kurumin Certified by the Minister of Health, Labour and Welfare in June 2021 as a company that provides support for childcare

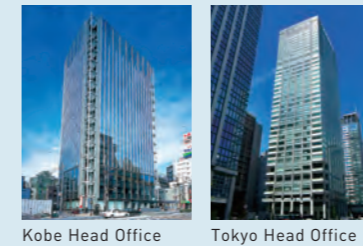


Health and productivity company certified in 2022

Corporate Group Overview

Asahi Holdings, Inc.

Established: July 1952
 Incorporated: April 2009
 Capital: 7,790 million yen
 Representative Director: Higashiura Tomoya
 Head Office: Nissay Sannomiya Building 16F 4-4-17 Kanocho, Chuo-ku, Kobe, Hyogo 650-0001 Japan
 TEL: 078-333-5633 FAX: 078-333-5681
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
 TEL: 03-6270-1833 FAX: 03-6270-1859
 Number of employees: 1,457 (As of March 31, 2022) (consolidated)
 URL: <https://www.asahiholdings.com/>



Subsidiaries

Asahi Refining USA Inc. Asahi Refining Canada Ltd.
 Asahi Refining Florida LLC Asahi Depository LLC

Asahi Pretec Corp.

Business activities: Precious metals recycling, industrial waste management, and other environmental preservation activities
 Representative Director: Hiroyuki Nakanishi
 Head Office: Nissay Sannomiya Building 16F 4-4-17 Kanocho, Chuo-ku, Kobe, Hyogo 650-0001 Japan
 TEL: 078-333-5600 FAX: 078-333-5681
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
 TEL: 03-6270-1820 FAX: 03-6270-1825
 URL: <https://www.asahipretec.com/>

Precious Metal Recycling Business

Domestic Business Locations

Research Laboratory: Technical Research Center (Kobe)
 Plants: Bando, Amagasaki, Ehime, Fukuoka
 Business offices: Sapporo, Aomori, Sendai, Niigata, Kitakanto, Kitakanto Electronics G/Catalyst G (Bando), Kanto, Yokohama, Kofu, Nagano, Shizuoka, Nagoya, Hokuriku, Kobe, Hanshin, Okayama, Hiroshima, Shikoku, Fukuoka, Kagoshima, Okinawa

Subsidiaries

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

Environmental Preservation Business

Domestic Business Locations

Plants: Ibaraki, Kawaguchi, Yokohama, Totsuka, Samukawa, Kobe, Kitakyushu, Hibiki, Taniyama Rinkai, Ijuin
 Business offices: Sapporo, Sendai, Kitakanto, Kanto, Yokohama, Shonan, Shizuoka, Nagoya, Hokuriku, Kobe, Okayama, Hiroshima, Kitakyushu, Kagoshima, Okinawa

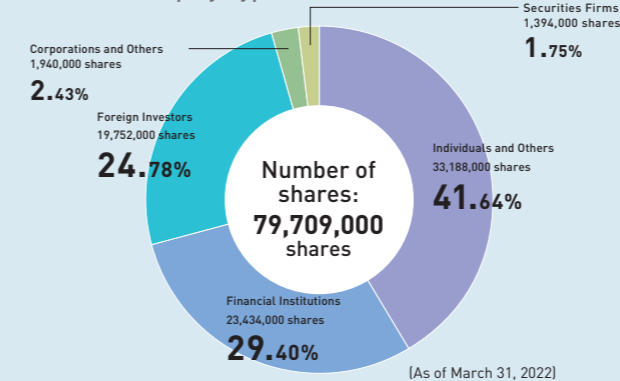
Subsidiaries

JW Chemitech Co., Ltd. Nihon Chemitech Logitem Co., Ltd.
 Fuji Rozai Co., Ltd. DXE Inc.

[As of June 1, 2022]

Share Information

Stock Ownership by Types of Shareholders

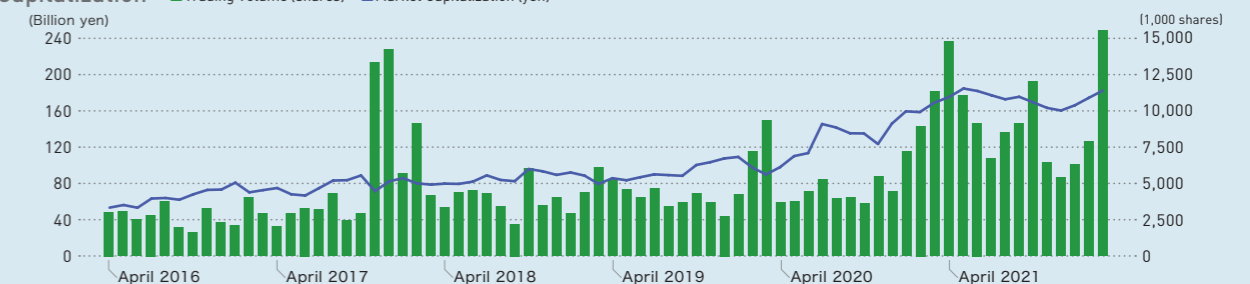


*On April 1, 2021, a stock split was conducted with a ratio of two-for-one, and the number of issued shares became 79,708,688 shares.

Major Shareholders

Shareholder Name	Number of Shares Held (1,000 Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	12,473	15.66
Custody Bank of Japan, Ltd. (trust account)	5,070	6.37
Mitsuharu Terayama	1,793	2.25
State Street Bank West Client - Treaty 505234	1,597	2.01
Masamichi Terayama	1,484	1.86
Asahi Employee Stock Ownership Plan	1,428	1.79
Ceplux-Erste Group Bank AG (UCITS Clients)	1,162	1.46
Credit Suisse (Luxembourg) S. A. / Customer Assets, Funds UCITS	976	1.23
JP Morgan Chase Bank 385781	943	1.18
Custody Bank of Japan, Ltd. (securities investment trust account)	916	1.15

Market Capitalization



Asahi Holdings, Inc.