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Editorial Policy
This report is created as a way to convey an overall picture of ARE Holdings' business operations and approach in the hopes of helping stakeholders gain a broad and deep understanding of our activities. It focuses on the company's measures to address social issues through its business activities, as well as the kind of value it is working to create. By presenting specific Group activities and initiatives, the report also serves as a company profile.

Guidelines Referenced

- International Integrated Reporting Framework (International Integrated Reporting Council (IIRC, currently the International Financial Reporting Standards))
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry)
- GRI Standards (Global Reporting Initiative)

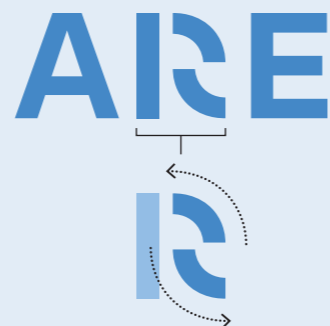
Report Period
April 1, 2023 to March 31, 2024

Scope
In principle, this report covers the entire ARE Holdings Group, including ARE 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 year 2016, and each reporting item name basically follows the IFRS guidelines. The financial figures for fiscal year 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.

The Group Logo
The "A" in ARE stands for Asahi, "R" stands for Resources, and "E" stands for Environment.



The logo directly represents the company name while the "R" incorporates a circular motif.

ARE Group Way



Purpose

Totally Committed to Protecting the Natural Environment and Preserving Resources

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



Goals

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



Values



Care for Others

We will prioritize safety and health as we respect each other



Take on Challenges

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



Independent Initiative

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



Continuous Improvement

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



Keep Learning

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

In line with our name change to ARE Holdings, Inc. on July 1, 2023, we revised our previous management philosophy, The Asahi Way, and established the new ARE Group Way. The following page shares the story surrounding the project that led to this revision.

The Asahi Way Updated into ARE Group Way

ARE Group Way

On July 31, 2024, the management philosophy of ARE Holdings was redefined as the "ARE Group Way." The formulation of ARE Group Way involved bottom-up discussions, driven by the desire to create a message that is easily communicated to all stakeholders and resonates with the next generation of employees.

Launch of a project to formulate ARE Group Way

In fiscal year 2023, several key milestones coincided, including the company name change from Asahi Holdings to ARE Holdings, the three-way spin-off of Asahi Pretec Corporation, and the formulation of the ARE Medium- to Long-Term Plan & Aspiration for 2030. During this period, employees suggested updating the management philosophy to reflect the significant changes taking place within the company. This proposal quickly gained the support of the management team, leading to the launch of a project to revise The Asahi Way into ARE Group Way. Members representing a wide range of functions and age groups, with a focus on younger and mid-career employees who will lead the next generation, were selected from across the Group's companies to drive this initiative.

Returning to the roots and exchanging ideas as a team

The 15 project members were divided into three groups. Each group began by identifying the strengths and areas for improvement of The Asahi Way. The goal is to create a guiding framework that connects the present to the future while preserving the essence of the management philosophy. During this process, members expanded their understanding of global challenges and technological advancements, deepening their awareness of issues

facing future society. They engaged in discussions on how the Company should evolve in response to the rapidly changing times.

After the group discussions, all members gathered for a broader conversation, where ideas were exchanged between groups. Through these discussions, a shared understanding of the strengths and areas for improvement of The Asahi Way emerged. The discussions also explored fundamental questions, such as the purpose of a management philosophy and the intended audience of The Asahi Way. These deeper conversations were encouraged by the fresh perspectives of younger employees and the open environment that allowed for candid exchanges of opinions among the members. The draft of ARE Group Way, refined by the team, was further discussed in feedback sessions with the management team. Based on the feedback received, the members revisited and revised the proposal. This process, repeated over four months, ultimately led to the completion of ARE Group Way.

Expressing individual thoughts in words that resonate with everyone

As the members revisited The Asahi Way and reflected on the values embedded within it, they reaffirmed what should be cherished in the present. There was debate about whether the Company's purpose, which expresses its value to society, needed to change. However, it was ultimately decided to preserve the core expression of The Asahi Way. The phrase "Totally Committed to Protecting the Natural Environment and Preserving Resources," originally created through an internal contest, was seen as a fundamental part of the Company's identity and something to be upheld moving forward.

Story

The Values established as the code of conduct for realizing the Company's purpose were designed to encourage employees to take an active approach, thinking and acting independently, rather than passively. The discussions reached a consensus to use simpler and more straightforward language that resonates with the next generation. While the previously emphasized concept of "innovating and embracing challenges" of Our Employee Principles was retained, the first value was changed to "Care for Others." The fifth and final value, "Keep Learning," was included to ensure that employees remain adaptable to changing times and that the philosophy remains relevant in the future. Throughout the process, members exchanged and debated ideas, paying close attention not only to making the expressions easy to understand but also to the order in which the Values were presented.

Initially, the members envisioned the structure of ARE

Group Way as a simple two-tier system comprising the purpose as the Company's reason for existence and the values that translate this into a specific code of conduct. However, it was suggested that including a concrete commitment to realize the purpose, serving as an external message, would enhance the overall completeness of the framework. Taking this advice from the management team, the members documented the messages aimed at stakeholders and the broader community as Goals.

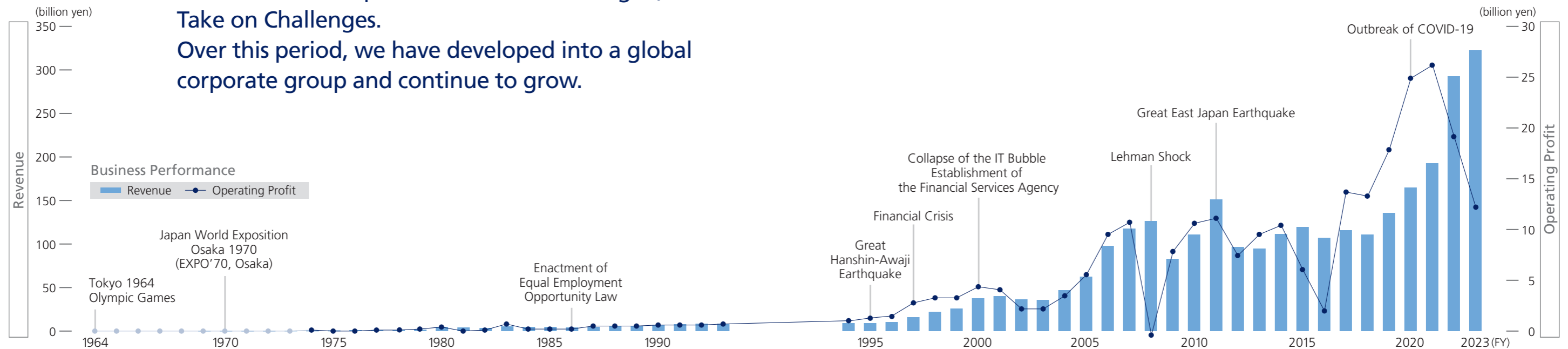
Sharing the story and embodying ARE Group Way








One of the significant features of ARE Group Way is that the Values are expressed as calls to action, with all supplementary explanations for each value using "We" as the subject. This approach makes it easier for readers to relate to the message personally and take actions, which is expected to deepen the understanding of the younger employees who will lead the Company in the future.

As ARE Group Way takes shape, it is essential to share the story behind its formulation, including the processes and discussions that led to its revision, with all employees. While management communication is important, the diverse backgrounds of the project members mean that each member's outreach within their networks is of significant value. To ensure that the new ARE Group Way, which highlights the connection between addressing global challenges and our business, serves as a code of conduct for employee behavior in daily activities and major decisions, we will continue our efforts moving forward.



Since our founding over 70 years ago, we have taken steps forward under the slogan, **Take on Challenges.** Over this period, we have developed into a global corporate group and continue to grow.

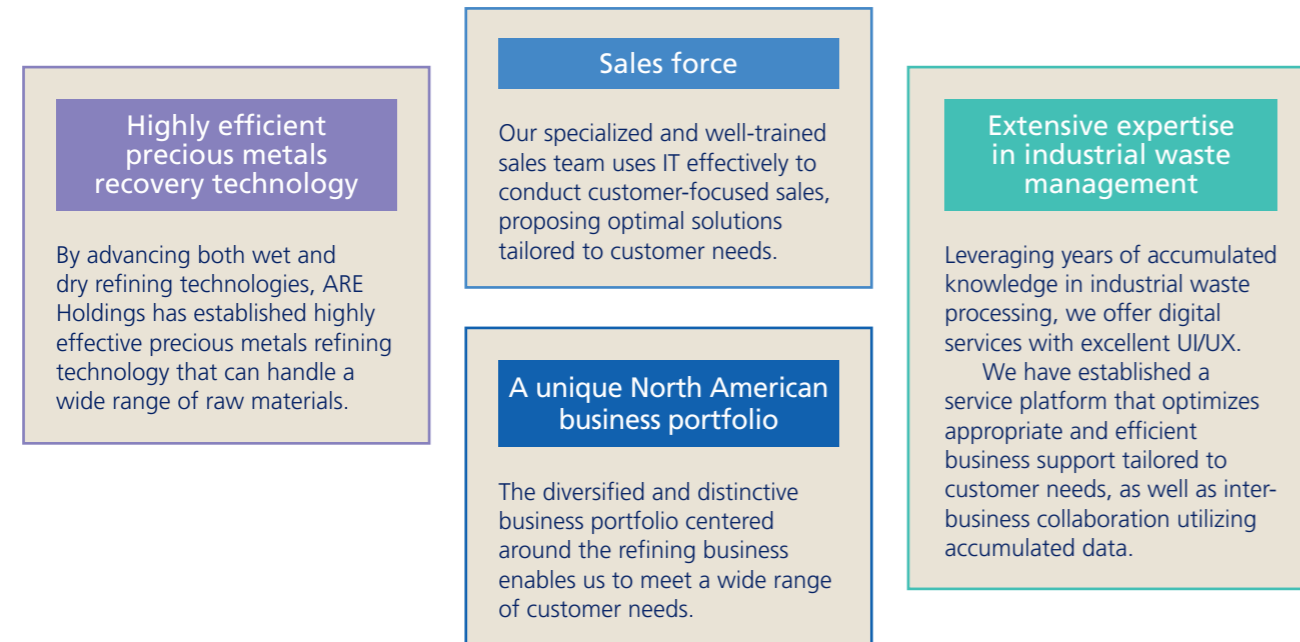


I Foundation and Early Decades		II Public Company		III New Development	
<p>1952 Asahi Chemical Laboratory founded in Joto-ku, Osaka City</p> <p>1964 Became kabushiki gaisha (stock-based company)</p> <p>1974 Fukuoka sales office opened</p> <p>Sales offices began to be established across Japan</p> <p>1978 Head Office building completed in Higashi-Nada-ku, Kobe City</p> <p>1997 Name changed to Asahi Pretec Corp.</p> <p>1998 Headquarters operations transferred to Chuo-ku, Kobe City</p> <p>Technical Research Center opened in Nishi-ku, Kobe City</p>	<p>1999 Initial public stock offering made on over-the-counter market</p> <p>2000 Listed on the 2nd Section of the Tokyo Stock Exchange</p> <p>2002 Promoted to the 1st Section of the Tokyo Stock Exchange</p> <p>2009 Asahi Holdings, Inc. established</p>	<p>2012 The Asahi Way established</p> <p>Selected for inclusion in an ESG index by the Tokyo Stock Exchange</p> <p>2015 Transitioned to a company with an Audit and Supervisory Committee system</p> <p>Nominating and Compensation Committees established</p> <p>Performance-based stock-option system introduced</p>	<p>2016 International Financial Reporting Standards (IFRS) adopted</p> <p>2017 Capital increased through new share issue</p> <p>2018 The Asahi Way underwent comprehensive revision</p> <p>2022 Transferred to the Tokyo Stock Exchange Prime Market</p> <p>2023 Name changed to ARE Holdings, Inc.</p> <p>2024 ARE Group Way established</p>		
<p>Precious Metals Business</p> <p>1952 Launched business recycling silver from photographic fixers</p> <p>1975 Compact electrolytic silver collection equipment "PLATA" developed</p> <p>1982 Precious metals recycling business launched in the dentistry field</p> <p>1984 Precious metals recycling business launched in the plating solution field</p> <p>1986 Precious metals recycling business launched in the electronics components and jewelry fields</p> <p>Compact electrolytic gold collection equipment "ZIPANG" developed</p> <p>1994 ASAHI G&S SDN. BHD. established in Malaysia</p>  <p>PLATA Series</p>		<p>2003 Precious metals recycling business launched in the automotive catalyst field</p> <p>2006 Asahi Pretec Korea Co., Ltd. established</p> <p>2011 Precious metals recycling business launched in E-scrap and precision cleaning fields</p>  <p>Acid Stripping Facility in the Precision Cleaning Business</p>	<p>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</p> <p>2019 Asahi Refining Florida LLC established</p> <p>2021 Asahi Depository LLC established</p> <p>2022 Construction of Bando Plant in Bando City, Ibaraki Prefecture completed</p> <p>2023 ASAHI METALFINE, Inc. established</p>  <p>Asahi Refining Florida</p>		
<p>Environmental Preservation Business</p> <p>1972 Equipment for detoxification of photographic effluents installed at the Kobe Plant</p> <p>1975 Industrial waste disposal license acquired from Kobe City (detoxification of photographic effluent containing harmful substances)</p> <p>1978 Registered as an environmental measurement certification office</p> <p>1990 Entered environmental preservation businesses beyond photographic effluents</p>  <p>Waste Detoxification Plant</p>		<p>2004 Nihon Chemitech Co., Ltd. acquired</p> <p>2007 Taiyo Chemical Co., Ltd. acquired</p> <p>2008 Kitakyushu Office of Asahi Pretec Corp. opened</p> <p>Japan Waste Corporation established</p> <p>Fuji Rozai Co., Ltd. acquired</p>	<p>2010 Yokohama Office of Japan Waste Corporation opened</p> <p>Ecomax Co., Ltd. acquired</p> <p>2017 Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation</p> <p>2021 Asahi Pretec Corp. absorbed Japan Waste Corporation and Taiyo Chemical Co., Ltd.</p> <p>DXE INC. established</p> <p>2023 Name changed to Japan Waste Corporation</p> <p>2024 Share exchange between Japan Waste Corporation and RENATUS Co., Ltd. conducted</p>  <p>DXE Drivers (Smartphone Application)</p>  <p>DXE Station</p>		

Sources of Value Creation and Business Models

ARE Holdings has established ARE Group Way as its corporate philosophy under the purpose of "Totally Committed to Protecting the Natural Environment and Preserving Resources." Based on this philosophy, which values challenges and leverages the strengths developed over many years, the company is committed to achieving sustainable value creation and a stable business model.

Sources of Value Creation



Business Models



At a Glance

<h3>Financial Data</h3> <p>Revenue: 322.3 billion yen</p> <p>Operating profit: 12.4 billion yen</p> <p>ROE: 21.0%</p> <p>Income for the year attributable to owners of the parent: 24.5 billion yen</p> <p>Basic earnings per share (EPS): 319.54 yen</p> <p>Total assets: 318 billion yen</p> <p>Total capital: 126.5 billion yen</p> <p>Equity ratio: 39.8%</p> <p>Equity attributable to owners of the parent company per share (BPS): 1,650.2 yen</p>	<h3>Environmental Benefits</h3> <p>Reduced CO₂ emissions by 31% compared to FY2015</p> <p>Electricity/gasoline usage: Decreased YoY</p> <p>Avoided CO₂ emissions* from precious metals recycling: Equivalent to 42.83 million trees</p> <p>When expressed as the amount of greenhouse gases absorbed by forests, it equals 25,196 hectares</p> <p>Avoided CO₂ emissions 600,000 t-CO₂</p> <p><small>Source: Forestry Agency of Japan, Ministry of the Environment; calculation was based on the assumption that one cedar tree absorbs 14 kg of CO₂ annually, and 1,700 cedar trees are planted in an area of one hectare. Note: The data shows the difference in CO₂ emissions between the amount of precious metals recycled by the Group and the hypothetical production of the same amount of precious metals using raw materials from mining sites. It does not represent the actual reduction in CO₂ emissions within the Group.</small></p>
<h3>Research & Development</h3> <p>R&D expenses: 430 million yen</p>	<h3>Work-Life Balance</h3> <p>Achievement rate for rest intervals of at least 11 hours*: 99.9%</p> <p>Percentage of employees taking childcare leave* ● Male: 38.5% ● Female: 100%</p> <p><small>Note: Data pertains to domestic Group companies.</small></p>
<h3>Sites</h3> <p>Domestic: 24 sites Overseas: 10 sites</p>	<h3>Number of Employees</h3> <p>Consolidated (including overseas): 952</p> <p>● Percentage of female employees: 12.8% ● Percentage of overseas employees: 38.3%</p>

Our Strengths Based on ARE Group Way

Care for Others

Preserving trust and connections

A trusting relationship with all members has undoubtedly supported the development of our company. We have gone through several phases: beginning as a family-run business focused on personal ownership (“My Company”); evolving into a business centered on communal ownership (“Our Company”), where we worked with all members to create new ventures in response to various changes; and finally transforming into a publicly listed company with external ownership (“Your Company”), placing a strong emphasis on all shareholders and other stakeholders.

Throughout this journey, we have actively recruited a diverse workforce with an eye toward future globalization. At the same time, we have upheld a strong sense of mission and high ethical standards by promoting “The Asahi Way,” which consolidates our management philosophy and code of conduct, reflecting our traditional values. These values have now been passed down to the newly formulated “ARE Group Way.”

At the same time, we have strengthened our sustainable relationship with members by improving compensation through fair and impartial evaluations and a performance-based system. Additionally, we introduced internal feedback systems and satisfaction surveys, paying close attention to job satisfaction and work-life balance. Hoisting “Care for People” as the foremost value in ARE Group Way demonstrates our commitment to prioritizing physical and mental health. It is our collective of employees, who strive for mutual prosperity and business development, that forms the foundation for overcoming the challenges posed by changes in the business environment.

Eight Factors Supporting Value Creation Strengths rooted in ARE's history

<p>1 Ability to Adapt to Change</p> <p>By paying close attention to the business environment and lifecycle and by 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.</p>	<p>2 Industry-Leading Unique Technologies</p> <p>We are proud of the original technologies we have developed. These include the following technologies: recovering precious metals with high efficiency, advanced assay capabilities, 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.</p>	<p>3 Shared Sense of Value</p> <p>The Group's growth has been driven by our members, who embody the groupwide values of ARE Group Way. Our members prioritize caring for people and embrace the spirit of taking on challenges. We actively invest in our human resources to continue building an organization with a shared sense of values.</p>	<p>4 Good Relationships with Stakeholders</p> <p>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 our mutual trust with our employees and the local community as we work to increase our long-term corporate value.</p>
<p>5 Management Capabilities for the Regeneration of Business</p> <p>Over the past 20 years, we have brought more than 20 companies into the Group through M&A, 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.</p>	<p>6 Trusted Asahi Brand</p> <p>The 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.</p>	<p>7 Globally Expanding Network</p> <p>Since establishing a local subsidiary in Malaysia in 1994, we have expanded into other Asian countries, with a primary focus on South Korea. In 2015, we acquired a refining business in North America through an M&A, globally expanding our target customer base.</p>	<p>8 Substantial Market Share</p> <p>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.</p>

Take on Challenges

Putting the “Scrap and Build” business approach into practice

Since our founding in 1952, we have consistently promoted businesses that contribute to the creation of a circular 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 “Take on Challenges.” Our roots lie in the original business of recycling silver from photographic fixers. 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 was the turning point for our business to expand nationwide.

Since then, while managing to overcome various difficulties, we have taken on the challenge of creating new businesses and expanding into new fields. We have expanded the scope of our precious metals recycling to metal types beyond silver by collecting recyclable materials from various industrial sectors, such as dentistry, jewelry, electronics, and catalysts. In addition, we have acquired about 20 companies over the past 20 years, primarily in the Environmental Preservation Business. We have also obtained a North American refining company in a major acquisition, transforming our business portfolio. On the other hand, we did not hesitate to 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 were profitable at the time of withdrawal, are two such examples. Over the past 70 years since our founding, our “scrap and build” approach to business has allowed us to take on challenges.

Promoting Business Reform with an Emphasis on Speed

Major Business Expansions



Scrap and Build

Major Business Withdrawals



* Life & Health Business Segment