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Asahi Holdings, Inc.
(Stock code: 5857)

Notice of the 13th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 14, 2022

Reception opens at 10:00 a.m.

Venue:

KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Proposals:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Two (2) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

Please exercise your voting rights:

Voting rights at the General Meeting of Shareholders are an important right of shareholders. Please make sure to exercise your voting rights. Please see pages 7 to 9 for details.

- If you are attending the General Meeting of Shareholders:

Please submit the Voting Right Exercise Form at the reception desk upon arrival.

- If you are unable to attend the General Meeting of Shareholders:

Please exercise your voting rights in writing or via the Internet, etc.

Documents must arrive before noon on Monday, June 13, 2022.

From the viewpoint of preventing the spread of the novel coronavirus (COVID-19) infection, if you are attending the General Meeting of Shareholders, please pay close attention to the status of the spread of the virus as of the date of the meeting and your physical condition. Also, please take appropriate precautions to prevent infection, including wearing masks.

In addition, please understand that we will take infection prevention measures at the meeting.

Message from the CEO To Shareholders

**Tomoya Higashiura,
Representative Director and President**

I would like to express our cordial appreciation for your continuous support and loyal patronage.

I would also like to take the opportunity of sending this Notice of the 13th Annual General Meeting of Shareholders to offer a short greeting.

The problem of COVID-19 has been dragging on, and there is no prospect of full containment in sight yet. Furthermore, the global security crisis as well as concerns about the sourcing of raw materials and fuel are growing in the wake of Russia's invasion of Ukraine. While the business environment is uncertain under such circumstances, the Company is continuing to grow as a leader in creating a circular economy that connects society to the environment through the two businesses of the Precious Metals Business and the Environmental Preservation Business. With revenue of 192.4 billion yen and operating profit of 26.4 billion yen, we achieved a record high for the fifth consecutive year in the 13th fiscal term. The year-end dividend was decided to be 45 yen per share.

In the Precious Metals Business, we opened a new precious metals recycling plant fitted with cutting-edge equipment and technology in Bando-shi, Ibaraki Prefecture to enhance cost competitiveness and establish a highly sustainable business foundation. In North America, we are expanding the financial business and product business with the refining business as a base. In this way, we are steadily "reinforcing the foundation for global growth."

As for the Environmental Preservation Business, we are expanding consulting sales based on customer needs and providing optimal solutions in terms of appropriate disposal and CO₂ reduction. In addition, we are launching a business aimed at reducing the environmental load from the overall industry and realizing a low-carbon society by digitalizing the management processes ranging from waste emission through disposal.

The Company transitioned to the Prime Market following the Tokyo Stock Exchange's market reclassification in April 2022. As a company listed on the Prime Market, we will endeavor to further improve our corporate value by proactively enhancing corporate governance and implementing sustainability initiatives. I hope that our shareholders will continue to give us their support.

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Documents below are disclosed on the Company's website

- Structure to ensure the appropriateness of business
- Status of operation of structure to ensure the appropriateness of business
- Notes to consolidated financial statements
- Notes to non-consolidated financial statements

<https://www.asahiholdings.com/>

ASAHI WAY

Our Purpose: “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 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.

Our Employee Principles

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

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

Dear Shareholders:

(Stock code: 5857)

May 27, 2022

4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi, Japan

Asahi Holdings, Inc.

Tomoya Higashiura,

Representative Director and President

Notice of the 13th Annual General Meeting of Shareholders

This is to inform you that the 13th Annual General Meeting of Shareholders of Asahi Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place.

Instead of attending the meeting in person, you are entitled to exercise your voting rights in writing or by electronic method (the Internet, etc.). You are kindly requested to read the attached reference documents and exercise your voting rights by noon on Monday, June 13, 2022, in accordance with the instructions on the page 7 to 9.

Details of the meeting

1. Date and time: 10:30 a.m. on Tuesday, June 14, 2022 (Reception will open at 10:00 a.m.)

2. Venue: KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Please understand that souvenirs for shareholders who attend the meeting will not be provided.

3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 13th fiscal term (April 1, 2021 through March 31, 2022)
 - 2) Report on non-consolidated financial statements for the 13th fiscal term (April 1, 2021 through March 31, 2022)

Items to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Two (2) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

-
- If you attend the meeting, please submit the “Voting Right Exercise Form” at the reception desk upon arrival.
 - Pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company, of the documents to be disclosed, “Structure to ensure the appropriateness of business,” “Status of operation of structure to ensure the appropriateness of business,” “Notes to consolidated financial statements,” and “Notes to non-consolidated financial statements” are disclosed on the Company’s website (<https://www.asahiholdings.com/>) and therefore are not included in this Notice and its Appendix. Accordingly, this Notice and its Appendix constitute part of the business report and financial statements audited by the Audit and Supervisory

Committee and Accounting Auditor when preparing the audit report and accounting audit report, respectively.

- Please note that any modifications to the business report, the financial statements and/or the reference documents will be posted on our website (<https://www.asahiholdings.com/>).

Guide to Exercising Voting Rights

If you are attending the General Meeting of Shareholders:

Please submit the enclosed Voting Right Exercise Form at the reception desk upon arrival.
In addition, please also bring this Notice.

If you are unable to attend the General Meeting of Shareholders:

• Exercising your voting rights in writing (Voting Right Exercise Form)

Please indicate your vote for or against each proposal on the enclosed Voting Right Exercise Form and return the Form by mailing it such that it arrives by the deadline for exercising voting rights below. If a vote for or against is not indicated for any proposal when exercising voting rights in writing (Voting Right Exercise Form), we will treat it as an indication of approval of the proposal.

• Exercising your voting rights via the Internet

Please refer to the “Procedure for Exercising Voting Rights via the Internet” on the next page, and input your vote for or against each proposal by the deadline for exercising voting rights below.

Deadline for Exercising Voting Rights: noon on Monday, June 13, 2022

Treatment of Voting Rights Exercised Multiple Times

- If you have exercised your voting rights both in writing and via the Internet, those exercised via the Internet will be considered as valid.
- If you have exercised your voting rights multiple times on the Internet, the final vote will be considered as valid. If you have exercised your voting rights multiple times with computers and/or smartphones, the final vote cast will be considered as valid.

Electronic Voting Platform for Institutional Investors

Nominee shareholders including banks specializing in asset and trust management/custody (including standing proxy) may use with prior application the “Electronic Voting Platform” operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., and other entities, as a means to exercise their voting rights electronically and participate in the General Meeting of Shareholders of the Company.

Procedure for Exercising Voting Rights via the Internet

If you intend to exercise your voting rights via the Internet, please pay attention to the following notes. If you are attending the meeting, no procedures to exercise voting rights in writing (Voting Right Exercise Form) or via the Internet are necessary.

1. Voting Rights Exercise Web Site

- (1) The exercise of voting rights via the Internet is possible only by accessing the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>) designated by the Company either from a computer or a smartphone. (However, this Web site is not available from 2:00 a.m. to 5:00 a.m. daily.)
- (2) The exercise of voting rights using computers or smartphones may be disabled by operating environments, including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server and/or if you have not designated the use of encrypted transmission (TLS transmission).
- (3) Although we will accept the exercise of voting rights via the Internet until noon on Monday, June 13, 2022, we recommend voting as early as possible. If you have any questions, please contact our Help Desk.

2. Exercising Your Voting Rights via the Internet

- (1) By computers
 - At the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>), use the “log-in ID” and “temporary password” given on the Voting Right Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.
 - To protect against illegal access by persons other than qualified shareholders (“spoofing”) and the manipulation of voting details, please be aware that shareholders using the site will be asked to change their “temporary password.”
 - Whenever a meeting of shareholders is convened, new “log-in IDs” and “temporary passwords” will be issued.
 - (2) By smartphones
 - By scanning the “QR code for log-in” given on the Voting Right Exercise Form using smartphones, you can automatically access the Voting Rights Exercise Web Site and exercise your voting right. (There is no need to enter the “log-in ID” and “temporary password.”)
 - For security reasons, the exercise of voting rights through QR code is available only once. For the second time and afterwards, you will need to enter the “log-in ID” and “temporary password” even when scanning QR code.
 - You may not be able to log in through QR code depending on a model of smartphone. When you cannot log in through QR code, please exercise your voting rights by computers as indicated in 2. (1) above.
- *QR Code is a registered trademark of DENSO WAVE CORPORATION.

3. Treatment of Voting Rights Exercised Multiple Times

- (1) If you have exercised your voting rights both in writing and via the Internet, those exercised via the Internet will be considered as valid.
- (2) If you have exercised your voting rights multiple times on the Internet, the final vote will be considered as valid. If you have exercised your voting rights multiple times with computers and/or smartphones, the final vote cast will be considered as valid.

4. Costs Incurred in Accessing the Voting Rights Exercise Web Site

The costs incurred when accessing the Voting Rights Exercise Web Site such as Internet access fees will be the responsibility of the shareholder.

5. Method of Receiving a Convocation Notice

Beginning with the next meeting of shareholders, shareholders will be given the option of receiving their convocation notices via email. If you wish to receive your convocation notices in this manner, please use a computer or a smartphone to access the Voting Rights Exercise Web Site and take the procedures shown on the screen.

For inquiries about the system or other matters, contact:

Help Desk for voting rights exercise via the Internet, Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (Toll Free within Japan) (available from 9:00 a.m. to 9:00 p.m.)

Reference Documents for General Meeting of Shareholders

Proposal 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 14, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc., shall be provided electronically.
- (2) The purpose of the proposed Article 14, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc., (Article 14 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc., shall be established.

2. Details of amendments

We propose that the current articles be partly amended as described in the draft below.

(Amended portions are underlined)

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>Article 14: The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p data-bbox="357 277 608 309">< Newly established ></p> <p data-bbox="220 913 775 1025">Supplementary provisions (Transitional Measures Concerning the Exemption of Corporate Auditors from Liability)</p> <p data-bbox="296 1032 780 1503">1. With respects to acts undertaken before the close of the 6th Annual General Meeting of Shareholders, the Company may, by a resolution of the Board of Directors, exempt the liability for compensation for damage of Corporate Auditors (including those who were Corporate Auditors) set forth in Article 423, Paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.</p>	<p data-bbox="799 277 1262 309"><u>(Measures for Electronic Provision, etc.)</u></p> <p data-bbox="799 315 1361 546"><u>Article 14: The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc., electronically.</u></p> <p data-bbox="874 553 1353 864">2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="799 913 1356 1025">Supplementary provisions (Transitional Measures Concerning the Exemption of Corporate Auditors from Liability)</p> <p data-bbox="799 1032 1361 1503"><u>Article 1:</u> With respects to acts undertaken before the close of the 6th Annual General Meeting of Shareholders, the Company may, by a resolution of the Board of Directors, exempt the liability for compensation for damage of Corporate Auditors (including those who were Corporate Auditors) set forth in Article 423, Paragraph 1 of the Companies Act, to the extent permitted by laws and regulations.</p>

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
<p><u>2.</u> Regarding the acts of Outside Corporate Auditors (including those who were Outside Corporate Auditors) undertaken prior to the close of the 6th Annual General Meeting of Shareholders, the contracts that limit the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act shall remain subject to Article 34, Paragraph 2 (Exemption of Corporate Auditors from Liability) of the Articles of Incorporation in place prior to the amendments made by a resolution at the 6th Annual General Meeting of Shareholders.</p> <p>< Newly established ></p>	<p><u>2.</u> Regarding the acts of Outside Corporate Auditors (including those who were Outside Corporate Auditors) undertaken prior to the close of the 6th Annual General Meeting of Shareholders, the contracts that limit the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act shall remain subject to Article 34, Paragraph 2 (Exemption of Corporate Auditors from Liability) of the Articles of Incorporation in place prior to the amendments made by a resolution at the 6th Annual General Meeting of Shareholders.</p> <p><u>(Transitional Measures Concerning Measures for Electronic Provision, etc.)</u></p> <p>Article 2. The amendments of Article 14 of the <u>Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”)</u>.</p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 14 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p>

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Current Articles of Incorporation	Draft of Amended Articles of Incorporation
	<p>3. <u>This article shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 2 Election of Two (2) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

The terms of office of all two (2) Directors (excluding Directors serving as the Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) will expire at the close of this Annual General Meeting of Shareholders.

Accordingly, we propose the election of two (2) Directors.

The Audit and Supervisory Committee has expressed no opinion on this proposal.

The candidates for Director to be elected are as follows.

Candidate No.	Name (Date of birth)		Position and Duties at the Company (Important concurrent assignment)	Attendance at the Board of Directors meeting
1	To be Reelected	Mitsuharu Terayama (March 10, 1940)	Director and Chairman [Significant concurrent duties] None	8 out of 8 meetings
2	To be Reelected	Tomoya Higashiura (January 26, 1961)	Representative Director and President [Significant concurrent duties] Director of Asahi Pretec Corp.	8 out of 8 meetings

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Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
1	 Mitsuharu Terayama (March 10, 1940) To be Reelected	April 1964: Joined KURARAY CO., LTD. July 1973: Joined Asahi Pretec Corp. October 1973: Appointed as Senior Managing Director of Asahi Pretec Corp. May 1981: Appointed as Representative Director and President of Asahi Pretec Corp. April 2009: Appointed as Representative Director and President of Asahi Holdings, Inc. April 2011: Appointed as CEO & COO of Asahi Holdings, Inc. April 2011: Appointed as Chairman and Director of Asahi Pretec Corp. June 2012: Appointed as CEO of Asahi Holdings, Inc. June 2014: Appointed as President & CEO of Asahi Holdings, Inc. April 2018: Appointed as Chairman & CEO of Asahi Holdings, Inc. June 2020: Appointed as Director and Chairman of Asahi Holdings, Inc. (to present) [Significant concurrent duties] -	1,793,490 shares

Attendance at the Board of Directors meeting: 8 out of 8 meetings

(Reason for nomination as a candidate)

Mr. Terayama engages in the management of the Group as a Director of the Company. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his past performance of having driven the entire Group with strong leadership, as well as his deep insight and abundant experience in overall management, would contribute to the further functional reinforcement of the Board of Directors and the corporate governance of the entire Group.

Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
2	 Tomoya Higashiura (January 26, 1961) <u>To be Reelected</u>	April 1984: Joined NEC Corporation February 2001: Joined Asahi Pretec Corp. June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp. April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc. June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp. April 2011: Appointed as Director of Asahi Holdings, Inc. June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. April 2017: Appointed as Representative Director and President of Asahi Americas Holdings, Inc. April 2018: Appointed as Representative Director and President of Asahi Holdings, Inc. (to present) April 2018: Appointed as Director of Asahi Pretec Corp. (to present) [Significant concurrent duties] Director of Asahi Pretec Corp.	77,000 shares

Attendance at the Board of Directors meeting: 8 out of 8 meetings

(Reason for nomination as a candidate)

Mr. Higashiura engages in the management of the Group as a Representative Director of the Company and as a Director of the Group companies, having deep insight and abundant experience in overall management. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his abundant experience in the Precious Metals Business and its global expansion would contribute to the sustainable enhancement of the corporate value of the Group.

- (Notes) 1. There are no special interests between each candidate and the Company.
 2. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Accordingly, Ownership of Shares is based on the number of the shares after the stock split.

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3. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers damages that may arise when the insured including the Company's Directors assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If the candidates are elected and appointed as Director, each of them will continue to be insured under the insurance agreement. Also, the Company plans to renew the insurance agreement with the same contents at the next renewal date.

(Reference)

Skill matrix of candidates for Directors, Directors serving as the Audit and Supervisory Committee Members, and Corporate Officers

Candidate No.	Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
1	Mitsuharu Terayama	●	●		●	●			●
2	Tomoya Higashiura	●	●	●	●		●		●

Position	Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Director, Chairman of the Audit and Supervisory Committee (Outside, Independent)	Yuji Kimura		●	●			●		
Director, Audit and Supervisory Committee Member (Outside, Independent)	Kyoko Kanazawa			●				●	
Director, Audit and Supervisory Committee Member (Outside, Independent)	Yoshinori Hara			●		●			●
Director, Audit and Supervisory Committee Member (Outside, Independent)	Miyoko Kimura	●			●				
Director, Audit and Supervisory Committee Member	Mitsutoshi Kagimoto	●	●					●	
Corporate Officer	Hiroyuki Nakanishi	●	●		●	●			
Corporate Officer	Nobuo Tajima	●	●	●					●
Corporate Officer	Shohei Yasuda	●	●	●					●

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1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

During the fiscal year under review, the Japanese economy continued to face difficult conditions due to the impact of the novel coronavirus disease (COVID-19). In addition, rising energy costs and other factors related to the situation in Ukraine at the end of the fiscal year had an impact on business activities.

Under these conditions, the Group's results in each business segment were as follows.

Precious Metals Business

Revenue: 173,875 million yen (up 20.1% YOY)

The precious metals recycling business posted increases from the previous year in both revenue and operating profit due to conducting profitability-oriented sales activities, boosted by rising precious metal prices. In the precious metals refining business in North America, although there was a decrease in transactions in the trading business, which had a sharp increase in the previous fiscal year due to distribution turmoil, transactions in the product business, which operates the processing and sale of products utilizing metals, increased. As a result, revenue and operating profit in this segment increased from the previous year.

Environmental Preservation Business

Revenue: 18,566 million yen (down 7.1% YOY)

In line with the recovery trend in industrial production activities, the volume of industrial waste handled by the Group increased. However, we are continuing to ascertain and select core businesses, and as a result, since a business was excluded from the scope of consolidation in the second half of the previous fiscal year, revenue and operating profit in this segment decreased from the previous year.

As a result of the above, revenue during the fiscal year was 192,442 million yen, a year-on-year increase of 27,665 million yen (+16.8 percent). Operating profit was 26,446 million yen, a year-on-year increase of 1,319 million yen (+5.3 percent). Profit before tax was 26,372 million yen, a year-on-year increase of 235 million yen (+0.9 percent). Profit was 18,735 million yen, a year-on-year decrease of 6,990 million yen (-27.2 percent). Profit attributable to owners of parent was therefore 18,735 million yen, a decrease of 6,990 million yen (-27.2 percent) year-on-year. By segment, revenue in the Precious Metals Business was 173,875 million yen, a year-on-year increase of 29,080 million yen (+20.1 percent). In the Environmental Preservation Business, revenue was 18,566 million yen, a year-on-year decrease of 1,414 million yen (-7.1 percent).

Revenue and operating profit were composed of the following:

<Breakdown of revenue and operating profit>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Profit (Millions of yen)
Precious Metals Business	173,875	90.4	20.1	26,596
Environmental Preservation Business	18,566	9.6	(7.1)	3,738
Other	0	0	0	(3,888)
Total	192,442	100.0	16.8	26,446

Revenue	192,442 million yen	Up 16.8% YOY
Operating Profit	26,446 million yen	Up 5.3% YOY
ROE	18.5%	Down 12.3% YOY

2) Capital expenditure

Capital expenditure made in the fiscal year totaled 8,316 million yen. The main expenditure was an investment in buildings, machinery and equipment.

3) Financing

Not applicable for the fiscal year

4) Assignment, absorption-type split and incorporation-type split of business

Not applicable for the fiscal year

5) Acquisition of the business of other companies

Not applicable for the fiscal year

6) Succession of rights and obligations pertaining to the business of other corporations, etc., through an absorption-type merger or an absorption-type split

Asahi Pretec Corp. and Japan Waste Corporation, subsidiaries of the Company, conducted an absorption-type merger effective on October 1, 2021, with Asahi Pretec Corp. as the surviving company.

Asahi Pretec Corp., a subsidiary of the Company, and Taiyo Chemical Co., Ltd. conducted an absorption-type merger effective on October 1, 2021, with Asahi Pretec Corp. as the surviving company.

7) Acquisition or disposal of shares or other equity or share acquisition rights of other companies

Asahi Depository LLC was newly established as of August 2, 2021, which is a subsidiary of the Company's subsidiary, Asahi Refining USA Inc.

DXE INC. was newly established as of November 1, 2021, which is a subsidiary of the Company's subsidiary, Asahi Pretec Corp.

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(2) Property and profit/loss

Category	10 th term April 1, 2018 through March 31, 2019	11 th term April 1, 2019 through March 31, 2020	12 th term April 1, 2020 through March 31, 2021	13 th term April 1, 2021 through March 31, 2022 (Current fiscal year)
Revenue (Millions of yen)	110,412	135,563	164,776	192,442
Operating profit (Millions of yen)	13,442	18,010	25,126	26,446
Profit attributable to owners of parent (Millions of yen)	9,000	9,846	25,725	18,735
Basic earnings per share (Yen)	114.07	125.12	326.90	238.11
Total assets (Millions of yen)	160,272	229,958	244,803	298,387
Total equity (Millions of yen)	67,804	69,174	97,903	105,137
Equity per share attributable to owners of parent (Yen)	861.58	879.00	1,244.06	1,336.89

- (Notes) 1. For the 11th term, businesses of Fuji Medical Instruments MFG. Co., Ltd. have been reclassified as discontinued operations. Consequently, income from discontinued operations are presented separately from continuing operations in the consolidated statement of income. Accordingly, revenue and operating profit are presented in amounts from continuing operations. In addition, the Company also restated revenue and operating profit from the 10th term to amounts from continuing operations.
2. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Basic earnings per share and equity per share attributable to owners of parent are calculated assuming the stock split had already been carried out at the start of the 10th term.
3. The interest expenses corresponding to advance trading of precious metals refining business were previously recorded as finance cost, but the method was changed from the 12th term to be recorded as cost of sales. As a result, operating profit has been restated to reflect the aforementioned reclassification, and the figures for the 11th term have also been restated in the same way.

(3) Major sales offices and plants (as of March 31, 2022)**Asahi Holdings, Inc.**

Main office	4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi
Head offices	Kobe Head Office: 4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi Tokyo Head Office: 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Overseas subsidiaries	Asahi Refining USA Inc. (the U.S.) Asahi Refining Canada Ltd. (Canada) Asahi Refining Florida LLC (the U.S.) Asahi Depository LLC (the U.S.)

Asahi Pretec Corp.

Main office	21, Uozakihamamachi, Higashinada-ku, Kobe-shi
Head offices	Kobe Head Office: 4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi Tokyo Head Office: 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Research laboratory	The Technical Research Center (Kobe-shi)
Business offices	Kanto (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Shonan (Koza-gun, Kanagawa Pref.) Nagano (Tomi-shi, Nagano Pref.) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Shikoku (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi, Fukuoka Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Kagoshima (Kagoshima-shi)
Sales offices	Sapporo (Kitahiroshima-shi, Hokkaido) Aomori (Aomori-shi) Sendai (Miyagi-gun, Miyagi Pref.) Niigata (Sanjo-shi, Niigata Pref.) Kitakanto (Kitakatsushika-gun, Saitama Pref.) Kanto (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Kofu (Chuo-shi, Yamanashi Pref.) Shizuoka (Yaizu-shi, Shizuoka Pref.) Nagoya (Komaki-shi, Aichi Pref.) Hokuriku (Toyama-shi) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Okayama (Okayama-shi) Hiroshima (Hiroshima-shi) Shikoku (Saijo-shi, Ehime Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Kagoshima (Kagoshima-shi) Okinawa (Itoman-shi, Okinawa Pref.)

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Plants	Saitama (Kitakatsushika-gun, Saitama Pref.) Yokohama (Yokohama-shi) Samukawa (Koza-gun, Kanagawa Pref.) Nagano (Tomi-shi, Nagano Pref.) Amagasaki (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Ehime (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi, Fukuoka Pref.) Hibiki (Kitakyushu-shi, Fukuoka Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Taniyama Rinkai (Kagoshima-shi) Ijuin (Hioki-shi, Kagoshima Pref.)
Domestic subsidiaries	JW Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.) Fuji Rozai Co., Ltd. (Ota-ku, Tokyo) JW Glass Recycling Co., Ltd. (Koto-ku, Tokyo) DXE INC. (Chiyoda-ku, Tokyo)
Overseas subsidiaries	Asahi G&S Sdn. Bhd. (Malaysia) Asahi Pretec Korea Co., Ltd. (Korea)

(4) Significant parent company and subsidiaries

1) Relationship with parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	4,480 million yen	100.0%	Precious Metals Business and Environmental Preservation Business

(Note) Japan Waste Corporation was excluded from the significant subsidiaries since it was merged with Asahi Pretec Corp., a subsidiary of the Company, on October 1, 2021.

3) Specified wholly owned subsidiary

a. Name and address of the specified wholly owned subsidiary

Name: Asahi Pretec Corp.

Address: 21 Uozakihamamachi, Higashinada-ku, Kobe-shi

b. Total book value of shares of the specified wholly owned subsidiary held by the Company and wholly owned subsidiaries at the end of the fiscal year under review:

24,621 million yen

c. Total amount recorded in the assets section of the balance sheet of the Company for the fiscal year under review: 122,730 million yen

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(5) Principal businesses (as of March 31, 2022)

The Group is mainly engaged in the Precious Metals Business and the Environmental Preservation Business.

1) Precious Metals Business

We collect scraps containing precious metals which are yielded from a variety of fields and recycle them.

In North America, we refine gold and silver from mines.

- Collection/reproduction and processing of precious metals (gold, silver, palladium, platinum, etc.) and other metals and refining of precious metals
- Purchase and sales of precious metals and other metals
- Manufacturing and sales of precious metal products

2) Environmental Preservation Business

We detoxify and properly dispose of each type of industrial waste.

- Collection and transportation of industrial waste
- Intermediate treatment of industrial waste (detoxification, appropriate disposal, reuse, reduce, and recycle)

(6) Employees (as of March 31, 2022)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
1,457 (142)	-53 (up 9)

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
12 (0)	+2 (down 1)	50 years and 4 months	2 years and 2 months

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Company to companies outside the Company but including staff seconded from companies outside the Company to the Company) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

(7) Major financial institutions with loans to the Company (as of March 31, 2022)

Financial institutions	Loan amount
MUFG Bank, Ltd.	40,687 million yen
Sumitomo Mitsui Banking Corporation	33,660 million yen
Mizuho Bank, Ltd.	29,691 million yen
Japan Bank for International Cooperation	8,567 million yen
Syndicated loan	5,085 million yen

(8) Other important matters relating to the current state of the Group

Not applicable

(9) Challenges to be addressed**1) Precious Metals Business segment**

As it is the Group's core business, the Group will take the following measures to expand earnings in this segment.

- Utilize IT to establish an efficient sales structure and technical process and enhance competitiveness.
- Conduct thorough "Responsible Precious Metals Management" and strengthen risk management.
- Pursue stable operation of the refining business in North America and expand revenue sources by building up value added services.
- Take actions for climate change and expand business through analysis of risks and opportunities related to climate change.

2) Environmental Preservation Business segment

As a stable growth business of the Group, we will manage the segment's business with an emphasis on growth and profitability. The Group will take the following measures to increase earnings in this segment.

- Establish a position as a leading environmental company in Japan through the Group's nationwide network and by utilizing a high level of treatment technology.
- Establish an efficient and effective business structure by utilizing digital technologies.
- Promote globalization and expand the business into the world market.
- Take actions for climate change and expand business through analysis of risks and opportunities related to climate change.

■ The 9th Mid-term Business Plan (the 13th fiscal term to the 15th fiscal term)

Slogan: Building a global company that pursues originality and growth

- Precious Metals Business: Improve efficiency in Japan and promote global strategy
- Environmental Preservation Business: Strive to achieve sustainable growth and globalization

Basic policy

1. Reinforce the foundation for global growth
2. Promote new human resource policies
3. Strengthen Group risk management
4. Contribute to the SDGs

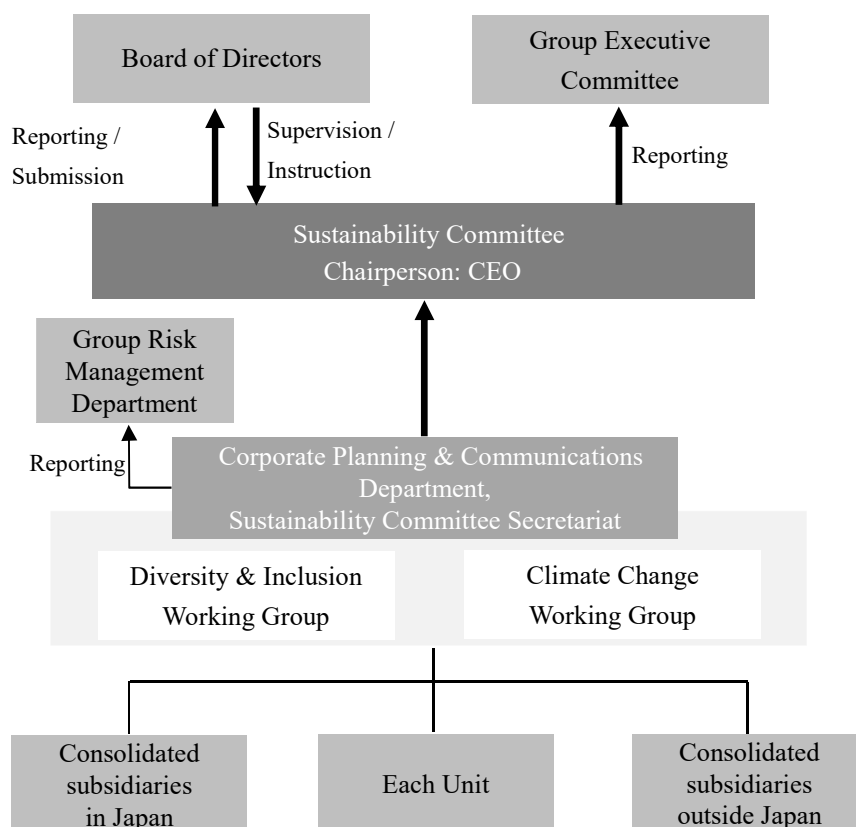
■ Reference: Initiatives for sustainability

The Group contributes to effective use of resources and widespread environmental preservation based on its shared purpose of “A Total Commitment to Protecting the Natural Environment and Preserving Resources.” We believe that our business activities are our contribution to sustainability, and that our business growth directly contributes to solving social issues. Based on this belief, we set out priority issues, themes, and goals and take proactive actions to achieve them.

Sustainability promotion system:

With “contributing to the SDGs” as one of the basic policies of the 9th Mid-Term Business Plan, the Group is working on the expansion of precious metals recycling and proper industrial waste disposal, the enhancement of work-life balance and employee diversity, and other initiatives.

After announcing our goal to achieve carbon neutrality in 2050 and expressing our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021, we have been implementing information disclosure in line with the TCFD recommendations. To strengthen the system for promoting these initiatives, in April 2022, we established the Sustainability Committee, which expanded the existing SDGs Promotion Committee and is headed by President & CEO. The Sustainability Committee deliberates on sustainability strategies, plans, policies, risk management and monitoring on a quarterly basis.



* Details of the Company’s sustainability initiatives are posted on the Company’s website: <https://www.asahiholdings.com/sustainability/>

Priority SDG-related Goals

<p>1. Expand precious metals recycling</p> <p>The further utilize effectively limited earth resources, we will globally expand and promote precious metals recycling.</p> <div data-bbox="240 613 496 714" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="240 732 496 833" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="240 851 496 952" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div data-bbox="240 969 496 1070" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>	<p>2. Supply precious metals in ways that are friendly to people, society, and the environment</p> <p>We will expand the provision of raw materials that do not include conflict minerals and precious metals produced from scrap containing precious metals in consideration of human rights and the environment and promote responsible precious metal management.</p> <div data-bbox="632 851 887 952" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div> <div data-bbox="632 969 887 1070" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="632 1088 887 1189" style="border: 1px solid black; padding: 5px;">16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	<p>3. Expand proper industrial waste disposal</p> <p>We will work to expand appropriate disposal of industrial waste as experts in waste processing, and work toward realizing a sustainable recycling-oriented society.</p> <div data-bbox="1018 692 1273 792" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">6 CLEAN WATER AND SANITATION</div> <div data-bbox="1018 810 1273 911" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="1018 929 1273 1030" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="1018 1048 1273 1149" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="1018 1167 1273 1267" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">14 LIFE BELOW WATER</div> <div data-bbox="1018 1285 1273 1386" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>
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<p>4. Reduce CO₂ emissions</p> <p>Through initiatives such as energy conservation activities, transitioning to next-generation automobiles, and transitioning to low CO₂ emission power plants, we will work toward reducing CO₂ emissions across the Group.</p> <div data-bbox="240 692 497 792" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">7 AFFORDABLE AND CLEAN ENERGY</div> <div data-bbox="240 813 497 913" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="240 934 497 1034" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div data-bbox="240 1055 497 1155" style="border: 1px solid black; padding: 5px;">17 PARTNERSHIPS FOR THE GOALS</div>	<p>5. Enhance Work-Life Balance and Employee Diversity</p> <p>Through workstyle reforms, health management, and diversity promotion, we will work to raise job satisfaction by enriching foundations to allow for diverse human resources to take active roles.</p> <div data-bbox="632 651 888 752" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">3 GOOD HEALTH AND WELL-BEING</div> <div data-bbox="632 772 888 873" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">4 QUALITY EDUCATION</div> <div data-bbox="632 893 888 994" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">5 GENDER EQUALITY</div> <div data-bbox="632 1014 888 1115" style="border: 1px solid black; padding: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div>	<p>6. Encourage and support SDG-related activities</p> <p>We will work to preserve the global environment through encouragement and support of individual and group cleaning activities as the “Asahi Clean Project.”</p> <div data-bbox="1067 611 1324 712" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="1067 732 1324 833" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">14 LIFE BELOW WATER</div> <div data-bbox="1067 853 1324 954" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>
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■ **Reference: Corporate Governance Structure**

Basic Policies for Corporate Governance

Corporate Governance Policies, etc. can also be found on the Company’s website:

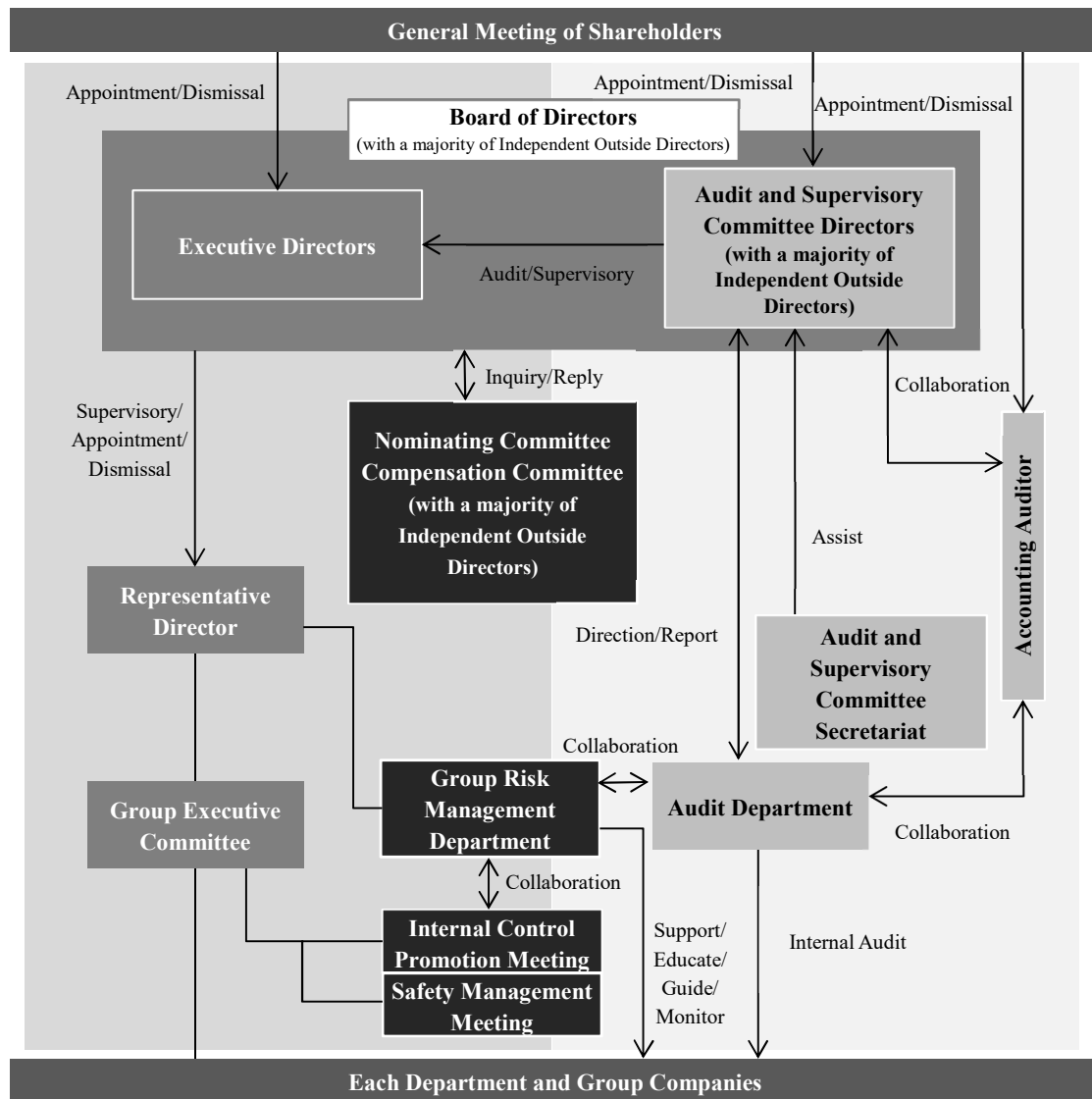
<https://www.asahiholdings.com/sustainability/governance/>

To establish corporate governance and have it work effectively is a corporate social responsibility and contributes to more efficient and transparent management as well as to sustainable corporate value growth.

The Group will build our corporate governance that will respond to the confidence of shareholders, business partners, employees, local communities and other various stakeholders so as to fulfill our social mission and responsibility as a listed company. Also, we will develop a “corporate governance structure” that will promptly respond to the management environment changes with emphasis on compliance, aiming at sustainable corporate value growth.

Board of Directors	The Board of Directors is comprised of Executive Directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as Outside Directors with various types of expertise essential to corporate management. To enhance neutrality and independence of the Board of Directors and facilitate active, substantial and effective discussions at meetings, the Board of Directors consists of seven (7) Directors, including four (4) Independent Outside Directors, with a majority of Outside Directors. All Directors share their opinions actively and freely on important subjects such as the Group’s management strategies and business plans.
Audit and Supervisory Committee	Under Japan’s Companies Act, the Group has elected to be a company with an Audit and Supervisory Committee, and has four (4) Independent Outside Directors. This structure has strengthened the supervisory function of the Board of Directors. It also delegates important business execution to the Executive Directors for quicker decision-making and improved management efficiency.
Nominating Committee/ Compensation Committee	A Nominating Committee, consisting of three (3) members including two (2) Independent Outside Directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chair of both committees is elected from among 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.

Corporate Governance Structure



Evaluation of the Effectiveness of the Entire Board of Directors

Since the fiscal year ended March 31, 2016, we started the evaluation of the effectiveness of the Board of Directors to see whether the entire Board of Directors functions appropriately. Overview of Evaluation Results is disclosed on the Company's website.

2. Current state of the Company

(1) Shares (as of March 31, 2022)

- 1) **Number of shares authorized:** 258,000,000 shares
 2) **Number of shares issued:** 79,708,688 shares
 3) **Number of shareholders:** 33,005
 4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
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

- (Notes) 1. Percentage of shares held is calculated by excluding treasury stock.
 2. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. As a result, the number of shares authorized became 258,000,000 and the number of shares issued became 79,708,688.

5) Status of shares granted to the Company's board members as consideration for execution of their duties during the fiscal year

	Number of shares (shares)	Number of recipients
Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors)	84,800	5
Directors serving as the Audit and Supervisory Committee Members	—	—
Outside Directors	—	—

- (Note) The details of stock compensation of the Company are provided in “5) Compensation, etc., for Directors” under “(3) Board members and corporate officers.”

Shareholder distribution

Individuals, others	33,188 thousand shares (41.64%)
Financial institutions	23,434 thousand shares (29.40%)
Foreign corporations, etc.	19,752 thousand shares (24.78%)
General corporations, other corporations	1,940 thousand shares (2.43%)
Securities companies	1,394 thousand shares (1.75%)

(2) Share acquisition rights, etc.

- 1) Share acquisition rights granted to and held by the Company’s board members as a consideration for execution of their duties on the end of the fiscal year under review
Not Applicable
- 2) Share acquisition rights granted to the Company’s employees, etc. as a consideration for execution of their duties during the fiscal year under review
Not Applicable
- 3) Other status of share acquisition rights
Share acquisition rights by a resolution of the Board of Directors meeting as of February 25, 2021
 - Allotment date March 15, 2021
 - Allotment method Allot all shares to Asahi Refining USA Inc. through a third-party allotment method
 - Number of share acquisition rights 2,000 units
 - Class and number of shares for the purpose of share acquisition rights and calculation method thereof
The class of shares for the purpose of share acquisition rights shall be common stock of the Company and the number of shares per unit of the share acquisition rights shall be equal to that calculated by dividing 100,000 US dollars by the exercise price per share (value of the property to be contributed when the share acquisition rights are exercised or calculation method thereof are defined in (2)); however, if two or more units of the share acquisition rights are exercised at the same time, the number equal to that calculated by dividing 100,000 US dollars which were multiplied by the number of the units exercised, by the exercise price per share). Any fractions below one share generated as a result of exercise shall be rounded down.
 - Amount to be paid in for share acquisition rights or calculation method thereof and description that no payment is required
5,257 US dollars in cash per unit of share acquisition rights (total amount to be paid in for the share acquisition rights: 10,514,000 US dollars in cash)
 - Value of property to be contributed when share acquisition rights are exercised and calculation method thereof
 - (1) The property to be contributed when each of the share acquisition rights is exercised shall be cash, of which value shall be 100,000 US dollars.
 - (2) The value of cash per share of the Company’s common stock to be contributed when exercising the share acquisition rights (hereinafter the “Exercise Price per Share”) shall be initially 42.94 US dollars (Note). The Exercise Price per Share shall be adjusted in accordance with the following rules. After the share acquisition rights are issued, the Exercise Price per Share shall be adjusted in accordance with the following formula if the Company issues the Company’s common stock or disposes of the Company’s common stock held by the Company with a paid-in amount below the market value of the Company’s common stock. In the following formula, “Exercise price after adjustment” is the Exercise Price per Share after adjustment, “Exercise price before adjustment” is the Exercise Price per Share before adjustment, and “Number of shares already issued” is the total number shares of the Company’s outstanding common stock (excluding those held by the Company).

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$$\begin{array}{r}
 \text{Exercise price} \\
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The Exercise Price per Share shall be also adjusted as necessary in case of a split or reverse split of the Company’s common stock, a specific amount of dividend of surplus, and issuance of share acquisition rights (including those attached to bonds with share acquisition rights) by which granting of the Company’s common stock can be requested at a price below market value of the Company’s common stock, as well as when there are certain reasons by which the exchange value shall be adjusted for bonds with exchange rights (hereinafter the “Exchange Rights”) into the Company’s common stock (hereinafter the “Exchangeable Bonds”) that are issued by Asahi Refining USA Inc.

- Period during which share acquisition rights can be exercised

Share acquisition rights may be exercised from March 29, 2021 to March 18, 2026. However, the period shall be 1) until the day that is nine business days (defined below) after the redemption date if the Exchangeable Bonds are redeemed early (excluding those that are selected not to undergo early redemption), 2) until the day that is 12 business days after the date on which the Exchangeable Bonds are cancelled, if the Exchangeable Bonds are purchased and cancelled, or 3) until the day that is 12 business days after the date on which the benefit of time is forfeited, if the benefit of time of the Exchangeable Bonds is forfeited. In any case above, the share acquisition rights cannot be exercised after March 18, 2026. Notwithstanding the above, if the Company reasonably determines that it is necessary to conduct an organizational restructure, etc., the share acquisition rights cannot be exercised during the period of within 30 days designated by the Company that will end within 14 days from the day after the effective date of the organizational restructure, etc. “Business days” refer to days on which commercial banks are open for business in Tokyo other than Saturdays, Sundays and public holidays.

- Conditions for exercise of share acquisition rights

- (1) Partial exercise of the share acquisition rights is not allowed.
- (2) Holders of the share acquisition rights may exercise the number of those corresponding to the Exchange Rights exercised, only when the Exchange Rights have been exercised in accordance with the guidelines of the Exchangeable Bonds.

(Note) The Exercise Price per Share has been adjusted to 21.47 US dollars as the Company conducted a two-for-one stock split as of April 1, 2021.

(3) Board members and corporate officers**1) Directors (as of March 31, 2022)**

Position	Name	Responsibility and important concurrent assignment
Director and Chairman	Mitsuharu Terayama	
Representative Director and President	Tomoya Higashiura	Director, Asahi Pretec Corp.
Director/Audit and Supervisory Committee Member	Yuji Kimura	Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation
Director/Audit and Supervisory Committee Member	Kyoko Kanazawa	Lawyer Outside Director, Tokushu Tokai Paper Co., Ltd.
Director/Audit and Supervisory Committee Member	Yoshinori Hara	Professor of Graduate School of Management, Kyoto University
Director/Audit and Supervisory Committee Member	Miyoko Kimura	Director, ASKUL Corporation
Director/Full-Time Audit and Supervisory Committee Member	Mitsutoshi Kagimoto	

- (Notes)
1. According to a resolution at the 6th Annual General Meeting of Shareholders held on June 16, 2015, the Company made a transition to a Board with Audit and Supervisory Committee as of the same date.
 2. Directors/Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara and Miyoko Kimura are Outside Directors.
 3. Director/Full-Time Audit and Supervisory Committee Member Mitsutoshi Kagimoto has been engaged in the management and audit of the Group for many years as a Representative Director of the Group companies as well as General Manager of Audit and Supervisory Committee Secretariat and possesses extensive expertise in the Company's overall business.
 4. The Company has a full-time Audit and Supervisory Committee Member to enhance the effectiveness of audits including information gathering and strengthen its auditing and supervisory functions.
 5. The Company designated Directors/Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara and Miyoko Kimura as Independent Directors under the provisions of the Tokyo Stock Exchange, and filed such status with the Exchange.

2) Directors who resigned during the fiscal year

At the conclusion of the 12th Annual General Meeting of Shareholders held on June 15, 2021, Directors Amane Kojima and Hiroyuki Nakanishi as well as Director/Audit and Supervisory Committee Member Yoshikatsu Takeuchi retired due to expiration of their term of office.

3) Description of the limited liability contract

The Company and each Director (excluding any Executive Directors, etc.) signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act.

The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4) Overview of the directors and officers liability insurance agreement

The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers damages that may arise when the insured assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. The insured of the insurance agreement are board members, corporate officers, executive officers and employees in managerial and supervisory positions of the Company and all subsidiaries under the Companies Act, and the Company bears the entire premium for all the insured.

5) Compensation, etc., for Directors

(a) Policy on decision of contents of the board members' compensation, etc.

- Decision method of the decision policy

The Board of Directors of the Company consults with the voluntary Compensation Committee that consists of three (3) members including two (2) Independent Outside Directors about preparation of a draft plan of the Company's Directors compensation, etc., and based on opinions received from the Committee, resolves a policy about decision on contents of compensation, etc. for each Director at a Board of Directors meeting of the Company.

- Overview of contents of the decision policy

The Company makes a decision within the maximum amount of the board members' compensation which was resolved at a General Meeting of Shareholders at the Board of Directors meeting based on opinions from the Compensation Committee that is an advisory body of the Board of Directors.

The compensation structure shall be developed so that incentives for improving business performance will be enhanced, and compensation for Directors (excluding those serving as the Audit and Supervisory Committee Members) consists of "basic remuneration," "bonuses" and "performance-based stock compensation." Compensation for Directors serving as the Audit and Supervisory Committee Members consists of "basic remuneration" only.

1) The amount of "basic remuneration" is determined for each Director in accordance with their duties and responsibilities.

2) The amount of "bonuses" is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.

3) The purpose of "performance-based stock compensation" is to enhance incentives for improving mid- to long-term corporate value and the number of shares to be granted is linked to the business performance target achievement ratio of "consolidated operating profits" of each fiscal year or other factors.

The base of performance-based compensation (bonuses and performance-based stock compensation) shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group's employees, and other factors.

- The reason that the Board of Directors considered that contents of compensation, etc. for each Director for the fiscal year comply with the decision policy

For decisions on the content of compensation, etc. for each Director, the Compensation Committee made a comprehensive review of the draft plan, including its consistency with the decision policy, and the Board of Directors respects its opinions and determines if the decision policy was complied with.

(b) Total compensation, etc., for the fiscal year

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of Directors subject to payment (persons)
		Cash compensation		Stock compensation	
		Fixed compensation	Performance-based compensation, etc.	Non-cash compensation, etc.	
Directors (excluding Directors serving as the Audit and Supervisory Committee Members) (Outside Directors)	134 (0)	65 (0)	55 (0)	14 (0)	2 (0)
Directors serving as the Audit and Supervisory Committee Members (Outside Directors)	37 (23)	37 (23)	0 (0)	0 (0)	6 (4)
Total (Outside Directors)	171 (23)	102 (23)	55 (0)	14 (0)	8 (4)

- (Notes) 1. The amount of compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) does not include the employee salaries of Directors who serve concurrently as employees.
2. The base for performance-based compensation (bonuses and performance-based stock compensation) is consolidated operating profits which are profits gained from the main business and we believe to be the most appropriate as a management benchmark; actual results was 26,446 million yen. The amount of performance-based compensation (bonuses) of the Company is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
3. The performance-based stock compensation is a stock compensation plan (nonmonetary compensation, etc.) in which the Company's shares are granted to eligible Directors in accordance with their positions and the achievement ratio of business performance targets. As the purpose of the plan is to enhance incentives for improving mid- to long-term corporate value, the points to be granted are linked to the business performance target achievement ratio of "consolidated operating profits" for each fiscal year. The eligible Directors are those who belong to the Company as of May 1, 2024 after the 9th Mid-term Business Plan ended. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the performance-based stock compensation plan and the number of share points to be granted to Directors (excluding Outside Directors, part-time Directors and Directors serving as the Audit and Supervisory Committee Members) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were resolved. The performance-

based coefficient is as follows:

Business performance target achievement ratio	Performance-based coefficient
100% or more	1.0
50% or more	0.5
Below 50%	0

Formula for calculation (number of points per fiscal year):

Base points × Performance-based coefficient × Evaluation coefficient

4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) be up to an annual 200 million yen (not including the portion of salary as employees). The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members) was five (5) at the conclusion of said General Meeting of Shareholders.
5. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen. The number of Directors serving as the Audit and Supervisory Committee Members was four (4) at the conclusion of said General Meeting of Shareholders.
6. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the “performance-based stock compensation” plan and in addition to the maximum amount of compensation as stated above, the amount of compensation, etc. and details thereof for the Company’s Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were decided. The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) was two (2) at the conclusion of said General Meeting of Shareholders. Furthermore, the upper limit of the total number of points that Directors may be awarded per fiscal year shall be 40,000 points, and the maximum number of the Company’s shares to be issued to Directors during the applicable period shall be 120,000 shares.

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6) Matters related to outside board members

- (i) Important concurrent assignment at other corporations, etc., and relationship between the Company and the other corporations, etc.
- Director/Audit and Supervisory Committee Member Yuji Kimura serves as the Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation. There are no special relationships between the Company and the corporation where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Kyoko Kanazawa serves as a lawyer (belonging to Hata & Co. Law Offices) and the Outside Director of Tokushu Tokai Paper Co., Ltd. There are no special relationships between the Company and the corporation where she has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Yoshinori Hara serves as a Professor of Graduate School of Management at Kyoto University. There are no special relationships between the Company and the institution where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Miyoko Kimura serves as the Director of ASKUL Corporation. There are no special relationships between the Company and the corporation where she has the concurrent assignment.
- (ii) Kinship with a person executing business or an officer not executing business of the Company or specified related business operators of the Company
Not applicable
- (iii) Main activities in the fiscal year

Category	Name	Activities and summary of duties performed in relation to expected role of Outside Directors
Director (Audit and Supervisory Committee Member)	Yuji Kimura	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has been performing his proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to environmental preservation, including waste treatment and recycling.
Director (Audit and Supervisory Committee Member)	Kyoko Kanazawa	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. She has been performing her proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to laws as a lawyer.

Director (Audit and Supervisory Committee Member)	Yoshinori Hara	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has been performing his proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to service innovation.	Convocation Notice
Director (Audit and Supervisory Committee Member)	Miyoko Kimura	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year after her appointment on June 15, 2021. She has been performing her proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint in the marketing field based on her experience as a corporate manager.	Reference Documents for General Meeting of Shareholders
			Business Report
			Consolidated Financial Statements
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(4) Accounting Auditor**1) Name of Accounting Auditor**

Ernst & Young ShinNihon LLC

2) Amount of compensation, etc., for the Accounting Auditor

	Amount of compensation, etc.
(i) Amount to be paid by the Company	33 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	51 million yen

- (Notes) 1. In the agreement between the Company and the Accounting Auditor, the amount of compensation, etc., for audit under the Companies Act and the amount of compensation, etc., for audit under the Financial Instruments and Exchange Act are not separated and may not be separated actually. Therefore, the total of those amounts is stated for the amount in (i) above.
2. The Audit and Supervisory Committee provided its consent to the amount of compensation, etc., for the Accounting Auditor based on its verification as necessary of its auditing plan, the status of its execution of duties of accounting audits and the appropriateness of the basis for calculating its estimates.

3) Policy for determining the dismissal or the refusal of reappointment of the Accounting Auditor

When it is found that the Accounting Auditor falls under the items set forth in any of items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss the Accounting Auditor in accordance with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee will report the fact of the dismissal of the Accounting Auditor and reasons for the dismissal at the General Meeting of Shareholders convened for the first time after the dismissal.

When it is deemed necessary to change the Accounting Auditor in consideration of the status of the execution of its duties, the Company's auditing system and other factors, the Audit and Supervisory Committee will determine the content of a proposal concerning the dismissal or the refusal of reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders.

(5) Policy to determine the distribution, etc., of surplus

We consider improving corporate value by maintaining stable profitability and sustainable growth as well as meeting the expectations of shareholders through a return of profits to be critical tasks of management.

We intend to maintain stable distribution of surplus without decreasing the current level of annual dividends, with a payout ratio of 40% as a guide, while strengthening internal reserves necessary for capital investment and M&A for growth strategies.

*The Company conducted a stock split with a ratio of two-for-one with an effective date of April 1, 2021. Accordingly, annual dividend per share is shown after adjustment for this stock split.

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Consolidated Statement of Financial Position (as of March 31, 2022)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	241,778	Current liabilities	148,626
Cash and cash equivalents	6,127	Trade and other payables	27,711
Trade and other receivables	151,437	Loans payable	108,263
Inventories	63,398	Income tax payable	950
Income tax receivables	3,958	Other financial liabilities	5,613
Other financial assets	129	Provisions	1,608
Other current assets	16,727	Other current liabilities	4,479
Non-current assets	56,609	Non-current liabilities	44,623
Property, plant and equipment	43,748	Bonds and loans payable	42,663
Goodwill	1,040	Deferred tax liabilities	576
Intangible assets	712	Net defined benefit liability	93
Investments accounted for using equity method	3,657	Other financial liabilities	1,289
Deferred tax assets	6,262	Total liabilities	193,250
Net defined benefit asset	229	EQUITY	
Financial assets	859	Equity attributable to owners of parent	105,137
Other non-current assets	98	Capital stock	7,790
		Capital surplus	11,955
		Treasury stock	(1,819)
		Retained earnings	92,353
		Other components of equity	(5,142)
		Total equity	105,137
Total assets	298,387	Total liabilities and equity	298,387

(Note) Amounts less than one million yen are omitted.

Consolidated Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Revenue		192,442
Cost of sales		(157,783)
Gross profit		34,658
Selling, general and administrative expenses	(7,701)	
Other operating income	75	
Other operating expenses	(794)	
Share of profit of investments accounted for using equity method	207	(8,212)
Operating profit		26,446
Finance income	619	
Finance costs	(890)	
Other non-operating income	196	(74)
Profit before tax		26,372
Income tax expenses		(7,636)
Profit		18,735
Profit attributable to:		
Owners of parent		18,735
Non-controlling interests		—

(Note) Amounts less than one million yen are omitted.

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Consolidated Statement of Changes in Equity (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2021	7,790	11,952	(957)	80,604	(2,944)	1,454
Profit				18,735		
Other comprehensive income					1,553	(5,202)
Total comprehensive income	—	—	—	18,735	1,553	(5,202)
Purchase of treasury stock			(1,785)			
Disposal of treasury stock		258	214			
Dividends				(7,080)		
Reclassified from other components of equity to retained earnings				93		
Share-based payment transactions		(255)	708			
Total transactions with owners	—	2	(862)	(6,986)	—	—
Balance at March 31, 2022	7,790	11,955	(1,819)	92,353	(1,390)	(3,748)

(Note) Amounts less than one million yen are omitted.

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity			Total	Total
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
Balance at April 1, 2021	3	—	(1,486)	97,903	97,903
Profit			—	18,735	18,735
Other comprehensive income	(6)	93	(3,562)	(3,562)	(3,562)
Total comprehensive income	(6)	93	(3,562)	15,173	15,173
Purchase of treasury stock			—	(1,785)	(1,785)
Disposal of treasury stock			—	472	472
Dividends			—	(7,080)	(7,080)
Reclassified from other components of equity to retained earnings		(93)	(93)	—	—
Share-based payment transactions			—	452	452
Total transactions with owners		(93)	(93)	(7,940)	(7,940)
Balance at March 31, 2022	(3)	—	(5,142)	105,137	105,137

(Note) Amounts less than one million yen are omitted.

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Non-consolidated Financial Statements
Balance Sheet (as of March 31, 2022)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	61,844	Current liabilities	19,681
Cash and deposits	739	Short-term borrowings	19,500
Accounts receivable - other	5,275	Accounts payable-other	32
Short-term loans to affiliated companies	52,741	Accrued expenses	56
Income taxes receivable	3,030	Provision for bonuses	31
Other	56	Provision for directors' bonuses	55
		Other	5
Non-current assets	60,886	Non-current liabilities	20,710
Property, plant and equipment	4,966	Bonds payable	5,000
Buildings	1,622	Long-term borrowings	14,652
Tools, equipment and fixtures	0	Provision for stocks payment	33
Land	3,342	Provision for management board incentive plan trust	14
		Derivatives liabilities	773
Intangible assets	16	Other	236
Software	16	Total liabilities	40,391
Investments and other assets	55,902	NET ASSETS	
Shares of affiliated companies	36,087	Shareholders' equity	81,191
Deferred tax assets	5,495	Capital stock	7,790
Long-term loans receivable from subsidiaries and associates	14,319	Capital surplus	27,473
Other	0	Capital reserve	9,364
		Other capital surplus	18,109
Total assets	122,730	Retained earnings	47,747
		Other retained earnings	47,747
		Retained earnings carried forward	47,747
		Treasury stock	(1,819)
		Share acquisition rights	1,146
		Total Net Assets	82,338
		Total Liabilities and Net Assets	122,730

(Note) Amounts less than one million yen are omitted.

Statement of Income (April 1, 2021 to March 31, 2022)

(Millions of yen)

Account	Amount	
Operating revenue		16,229
Operating expenses		1,535
Operating profit		14,694
Non-operating profit		
Interest income	309	
Guarantee commission received	234	
Foreign exchange gains	665	
Other	2	1,211
Non-operating expenses		
Interest expenses	141	
Loss on derivatives	773	
Other	18	933
Ordinary income		14,972
Extraordinary loss		
Impairment loss	224	
Loss on retirement of non-current assets	0	224
Net profit before income taxes		14,748
Income taxes-current	(2,641)	
Income taxes-deferred	2,425	(216)
Net profit		14,964

(Note) Amounts less than one million yen are omitted.

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Statement of Changes in Net Assets (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings	Treasury stock	
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2021	7,790	9,364	18,287	39,950	(957)	74,435
Changes during the period						
Dividends from surplus				(7,167)		(7,167)
Net profit				14,964		14,964
Purchase of treasury stock					(1,785)	(1,785)
Disposal of treasury stock			(178)		922	744
Total changes during the period	—	—	(178)	7,796	(862)	6,755
Balance at March 31, 2022	7,790	9,364	18,109	47,747	(1,819)	81,191

	Share acquisition rights	Total net assets
Balance at April 1, 2021	1,146	75,582
Changes during the period		
Dividends from surplus		(7,167)
Net profit		14,964
Purchase of treasury stock		(1,785)
Disposal of treasury stock		744
Total changes during the period	—	6,755
Balance at March 31, 2022	1,146	82,338

(Note) Amounts less than one million yen are omitted.

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Transcript of Accounting Auditor's audit report on consolidated financial statements

Independent Auditor's Report

May 19, 2022

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and
Engagement Partner,

Certified Public Accountant

Toshinari Takeno

Designated and
Engagement Partner,

Certified Public Accountant

Hiroaki Hono

Audit Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in equity, and the basis of preparing consolidated financial statements and other notes of Asahi Holdings, Inc. for the consolidated fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the above consolidated financial statements are prepared in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards, and present fairly, in all material respects, the assets as well as income and losses in the period pertaining to consolidated financial statements of the corporate group which consists of Asahi Holdings, Inc. and its consolidated subsidiaries.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the consolidated financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the consolidated financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such

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material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present consolidated financial statements that are free from material misstatements caused by fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards.

Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant

doubt on the entity’s ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor’s independence and any safeguards that are in place to reduce or eliminate obstacles.

Interests

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of Accounting Auditor's audit report

Independent Auditor's Report

May 19, 2022

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and
Engagement Partner,

Certified Public Accountant Toshinari Takeno

Designated and
Engagement Partner,

Certified Public Accountant Hiroaki Hono

Audit Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statement of income, and the statement of changes in net assets of Asahi Holdings, Inc. for the 13th fiscal year from April 1, 2021 to March 31, 2022, including notes to non-consolidated financial statements and accompanying supplementary schedules thereto.

In our opinion, the financial statements and the accompanying supplementary schedules thereto referred to the above present fairly, in all material respects, the assets as well as income and losses in the period pertaining to such financial statements and the accompanying supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency. If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present financial statements and the accompanying supplementary schedules thereto that are free from material misstatements caused by fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to non-consolidated financial statements and the accompanying supplementary schedules in the audit report, or if the notes to non-consolidated financial statements

and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to non-consolidated financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interests

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of Audit and Supervisory Committee's audit report

Audit Report

The Audit and Supervisory Committee audited the Directors' performance of their duties during the 13th fiscal year (from April 1, 2021 to March 31, 2022), and hereby reports the method and results of the audit as follows.

1. Method and Content of Audit

The Audit and Supervisory Committee received reports periodically from Directors and employees about the details of Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c), of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then requested explanations as necessary, expressed opinions and conducted audits by the following methods.

- 1) In conformity with the Audit and Supervisory Committee Auditing Standards established by the Audit and Supervisory Committee and in accordance with the audit policies and important audit items, directing the Audit Department and cooperating with the internal control division, each Audit and Supervisory Committee Member attended important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, viewed important approval documents, etc., and inspected the status of the corporate affairs and assets of the Company. In addition, opinions were exchanged with Representative Director and President as well as Corporate Officers. Also regarding the Company's major subsidiaries, each Audit and Supervisory Committee Member attended important meetings, received reports on businesses, requested explanations as necessary and shared opinions with Directors.
- 2) Each Audit and Supervisory Committee Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties including its auditing plan, results of quarterly review, results of audit at the end of the period and others, and requested explanations as necessary. Each Audit and Supervisory Committee Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Rules of Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit and Supervisory Committee Member examined the business report and the supplementary schedules thereto, the financial statements (balance sheet, statements of income and statements of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statements of income and

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Reference Documents for
General Meeting of Shareholders

Business Report

Consolidated Financial
Statements

Financial Statements

Audit Reports

consolidated statements of changes in equity and notes to consolidated financial statements), for the fiscal year under review.

2. Results of Audit

(1) Results of audit of business report, etc.

- (i) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the company was found with respect to the directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in the business report and directors' performance of their duties concerning the internal control systems.

(2) Results of audit of financial statements and supplementary schedules thereto

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 19, 2022

Audit and Supervisory Committee, Asahi Holdings, Inc.

Chairman:	Yuji Kimura
Audit and Supervisory Committee Member:	Kyoko Kanazawa
Audit and Supervisory Committee Member:	Yoshinori Hara
Audit and Supervisory Committee Member:	Miyoko Kimura (current surname: Sakagawa)

Full-time Audit and Supervisory Committee Member: Mitsutoshi Kagimoto

(Note) Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara, and Miyoko Kimura are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

TOPICS

- **Completion of a new precious metals recycling plant**

Asahi Pretec Corp., one of the companies in the Group, completed a new precious metals recycling plant in Bando-shi, Ibaraki Prefecture in April 2022. The function of the Saitama plant that used to deal with scraps from the dentistry and jewelry sectors, as well as the function of the Technical Research Center that used to make final products, were consolidated at the new plant fitted with the latest IoT technology and automation equipment. This has enabled us to handle the whole process from receiving raw materials to producing final products in one place. Through the expansion of precious metals recycling, we will contribute to solving various social problems and achieving a sustainable society.

- **Initiative for a hydrogen society**

From September 2021, Asahi Pretec Corp., one of the companies in the Group, has been carrying out a demonstration on the “Development of a system for building a green hydrogen supply chain through effective use of by-products,” jointly with FC Development Co., Ltd., X-Scientia Co., Ltd., and Sumitomo Mitsui Trust Bank, Limited, for the “2021 Low Carbon Technology Research, Development and Demonstration Program” organized by the Ministry of the Environment.

The project is developing a hydrogen co-production system that can significantly reduce the cost of hydrogen production by utilizing unused power at Asahi Pretec’s waste-to-energy power plant and co-producing hydrogen and by-products. Furthermore, after the completion of the project, we will contribute to making hydrogen widely available by producing and selling inexpensive hydrogen, which will in turn help reduce greenhouse gas emissions.