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Disclosure through the Internet regarding Notice of the 13th Annual General Meeting of Shareholders

The items above are provided to our shareholders by posting our website (https://www.asahiholdings.com/) in accordance with laws and regulations, and Article 14 of the Articles of Incorporation of Asahi Holdings, Inc.

Asahi Holdings, Inc.

Structure to ensure the appropriateness of business

Decisions on a framework to ensure that the performance of duties by the Directors is consistent with the laws and the Articles of Incorporation and a framework to secure the appropriateness of the businesses of the Company are as follows:

1) **Framework to ensure that the performance of duties by the Directors, Corporate Officers and employees of the Company and our subsidiaries is consistent with the laws and the Articles of Incorporation**
   (a) The Board of Directors will establish "Asahi Way" for the Directors and employees in order for the Directors, Corporate Officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.
   (b) We will distribute "Asahi Way" to the Directors and employees so as to keep them informed of legal compliance. The internal audit division will make improvements and give guidance through the business audit.
   (c) We will establish the "Internal Control Promotion Meeting" consisting of officers and responsible persons of various divisions as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.
   (d) To promote compliance, the actual situation of compliance will be audited.
   (e) In order to respond appropriately to any legal violation or other doubtful act under laws which may be discovered by a Director or an employee, we will develop and operate a whistle-blowing system.
   (f) We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the law and internal rules.
2) **Framework for storage and management of information relating to business operations by the Directors and a framework for report to the Company about the matters relating to the performance of duties by the Directors and employees of our subsidiaries**
   (a) We will appropriately control the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the Directors and will review the relevant rules from time to time when needed.
   (b) The Directors, Audit and Supervisory Committee Members and Accounting Auditor will always have access to these information and documents.
   (c) We will manage our subsidiaries and they will report important matters to us.
3) **Rules and other frameworks for management for risk of loss in the Company and our subsidiaries**
   (a) We will establish the risk management rules and build a risk management system in accordance with such rules.
   (b) In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc., and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will arrange a system to minimize the damage.

4) Framework to secure the efficient performance of duties by the Directors of the Company and our subsidiaries

(a) The Board of Directors will hold a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the Directors.

(b) In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.

(c) The Board of Directors will draft a mid-term business plan and a budget for each fiscal year to set the business target and will supervise the progress.

(d) Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the Directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Each provision will be reviewed from time to time when needed.

5) Framework to secure the appropriateness of business of the corporate group consisting of the Company and our subsidiaries

(a) We will build a system to manage our subsidiaries and will develop a system to report their business results, business activities and the like to our Board of Directors on a regular basis.

(b) A manager of the Company will serve as an officer of our subsidiary and will develop a system to observe the appropriateness of such subsidiary's business.

(c) The internal audit division of the Company will conduct the internal audit regularly or when needed and will develop a system to report the result of audit to the Audit and Supervisory Committee and Executive Directors.

6) Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee

(a) We will assign an employee who assists the duties of the Audit and Supervisory Committee in the Audit and Supervisory Committee Secretariat.

(b) Appointment and relocation of the Audit and Supervisory Committee Secretariat staff that assists such committee in performing its duties requires prior consent of such committee.

(c) The Audit and Supervisory Committee shall have the right to direct and order the Audit and Supervisory Committee Secretariat staff who assists the committee in performing its duties to perform his/her duties.

7) Framework where the Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and auditors of our subsidiaries or parties who receives a report
from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee

(a) The Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and auditors of our subsidiaries or parties who receive a report from aforementioned persons will promptly report the important matters relating to, without limitation, the management, the accounting division and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and our subsidiaries.

(b) In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee Members may attend important meetings in addition to the meeting of the Board of Directors, access important documents relating to the business operations and request a Director or an employee to explain the situation when needed.

8) Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report

We will not treat any officer or employee of the Company and our subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.

9) Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee Members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties

The Audit and Supervisory Committee Members may request the company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee).

10) Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively

The Audit and Supervisory Committee, Accounting Auditor and Audit and Supervisory Committee Secretariat will cooperate with each other in audit tasks and the Director and employees will assist them in conducting audits efficiently.

Status of operation of structure to ensure the appropriateness of business

As of June 16, 2015, the Company made a transition to the Board with Audit and Supervisory Committee to promote efforts to ensure transparency and improve the efficiency of corporate management by reinforcing the supervisory function of the Board of Directors and utilizing Outside Directors. The Company's Board of Directors discusses management risks and reviews the Company's internal organizations, operations and regulations accordingly to enhance their effectiveness.

The status of operation of structure to ensure the appropriateness of business operations is as follows.

1) Status of efforts to enhance the appropriateness and efficiency of business execution

(a) The Board of Directors consists of two (2) Directors with executive authority over operations and five (5) Directors serving as Audit and Supervisory Committee Members (including four (4) Outside Directors) and has held active discussions.

(b) During the fiscal year under review, the Board of Directors held eight (8) meetings where the status of business execution was supervised by deliberating proposals and receiving reports on the status of important business execution.

(c) The Board of Directors entrusts the authority over some important business execution to Directors to ensure efficient decision making and business execution.

(d) To secure the transparency in decisions on nomination and compensation for Directors and Group companies, the Nominating Committee and the Compensation Committee, each of which consists of one Representative Director and two (2) Outside Directors serving as Audit and Supervisory Committee Members, were established as voluntary committees, and have provided advice and suggestions to the Board of Directors.

2) Status of efforts regarding compliance and risk management

(a) Continuous efforts to ensure compliance with laws, regulations and the Articles of Incorporation have been made by providing employees with compliance education through in-house trainings and meetings and announcing the content of laws and their revisions on the internal portal site or with other means.

(b) To counter an act that violates laws, regulations and the Articles of Incorporation, the whistle-blowing system has been reinforced to monitor such an act, thereby strengthening legal compliance and risk management.

(c) The Internal Control Promotion Meeting engages in identification and control of internal risks, and improves the internal organizations, facilities and equipment, information systems and internal regulations accordingly.

3) Status of execution of duties of the Audit and Supervisory Committee

(a) Directors serving as Audit and Supervisory Committee Members join the discussion and resolution of proposals and receive reports on the status of business execution at the meetings of the Board of Directors and attend the Group Subsidiaries Management Meeting and other meetings to enhance the effectiveness of audits.

(b) To ensure the effectiveness of audits by Directors serving as Audit and Supervisory Committee Members, the Audit and Supervisory Committee Secretariat, which is independent of orders from Executive Directors, is placed to support the Audit and Supervisory Committee Members.

4) Status of the internal audits system

(a) An internal audit division for conducting audits on a Group-wide basis has been in place for enhancement of the internal audits system.

(b) The internal audit division conducts audits on overall business operations and reports to the Audit and Supervisory Committee. The division also cooperates with the Audit and Supervisory Committee Members and the Accounting Auditor to enhance the effectiveness of audits.

Notes to consolidated financial statements
(Basis of preparing consolidated financial statements)

1. Standards for preparing the consolidated financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) under the provision of Article 120, Paragraph 1 of the Rules of Corporate Accounting. Certain disclosures required by IFRS have been omitted from these consolidated financial statements under the provision set forth in the second sentence of said Paragraph.

2. Scope of consolidation

Number of consolidated subsidiaries	13
Major consolidated subsidiaries	Asahi Pretec Corp. JW Chemitech Co., Ltd. Fuji Rozai Co., Ltd. JW Glass Recycling Co., Ltd. Asahi G&S Sdn. Bhd. Asahi Pretec Korea Co., Ltd. Asahi Pretec Medical Support Co., Ltd. DXE INC. Asahi Refining USA Inc. Asahi Refining Florida LLC Asahi Refining Canada Ltd. Asahi Depository LLC Nihon Chemitech Logitem Co., Ltd.

3. Equity method affiliate

Equity method affiliates	1
Major Equity method affiliates	FUJI MEDICAL INSTRUMENTS MFG. CO., LTD.

4. Change in scope of consolidation or scope of application of equity method

As DXE INC. and Asahi Depository LLC were newly established during the current consolidated fiscal year, they are included in the scope of consolidation. As Japan Waste Corporation and Taiyo Chemical Co., Ltd. were merged into Asahi Pretec Corp., they are excluded from the scope of consolidation.

5. Accounting policies

(1) Valuation standards and methods for major assets

1) Financial assets other than derivatives

(i) Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contract clauses of financial instruments and classifies the financial assets into financial assets measured at fair value through profit or loss or other comprehensive income and financial assets measured at amortized cost.

All financial assets, unless they are classified into those measured at fair value through profit or loss, are measured at fair value plus transaction costs.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

For financial assets measured at fair value, except equity instruments that are held for trading and must be measured at fair value through profit or loss, a designation is made of individual equity instruments as those measured at fair value through profit or loss or those measured at fair value through other comprehensive income, and such designation is applied consistently.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows.

a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the amortized cost based on the effective interest method.

b) Financial assets measured at fair value

Changes in the fair value of financial assets measured at fair value are recognized in profit or loss. However, for equity instruments designated as those measured at fair value through other comprehensive income, changes in the fair value are recognized in other comprehensive income. Said amounts recognized in other comprehensive income are not subsequently reclassified into profit or loss. In cases where such financial assets are derecognized or their fair value declines significantly, the other comprehensive income previously recognized is directly transferred to retained earnings. Dividends relating to such financial assets are recognized as part of finance income and in profit or loss for the fiscal year under review.

(iii) Impairment of financial assets

The Group recognizes impairment of financial assets based on whether the credit risk on the financial asset or financial asset group measured at amortized cost at each end of the reporting periods has increased significantly since initial recognition. Specifically, if the credit risk has not increased significantly since initial recognition, a loss allowance is recognized based on 12-month expected credit losses. On the other hand, if the credit risk has increased significantly since initial recognition, a loss allowance is recognized based on expected credit losses through the remaining life of the financial asset. Whether the credit risk has increased significantly is determined based on changes in the risk of default. Whether there are changes in the risk of default is determined by taking into account any significant changes in the external credit ratings of the financial asset, unfavorable changes in the status of business operations or financial position, any events of overdue payments and other information. For trade receivables, however, lifetime expected credit losses are recognized from when the instruments are first recognized.

Expected credit losses are measured based on the discounted present value of differences between contractual amounts to be received and amounts expected to be received.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains control over the transferred financial asset, the Group recognizes the asset and related liability to the extent of its continuing involvement.

2) Derivatives

The Group utilizes derivatives, including foreign exchange forward contracts, interest rate swaps and commodity forward contracts, to hedge, respectively, foreign exchange, interest rate and commodity price risks. These derivative instruments are initially measured at fair value when the contract is entered into and are subsequently remeasured at fair value.

3) Inventories

Inventories are measured at the lower of cost and net realizable value. The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined mainly by the moving-average method and includes the cost of purchase, cost of conversion and all other costs incurred in bringing the inventories to their present location and condition.

(2) Depreciation and amortization for major assets

1) Property, plant and equipment	: Assets other than land and construction in progress are depreciated using the straight-line method over their estimated useful lives as follows. - Buildings and structures: 2–50 years - Machinery, equipment and vehicles: 2–20 years Estimated useful lives, residual values and depreciation methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.

2) Intangible assets	:	Intangible assets, except those for which the useful life is not determined, are amortized using the straight-line method over their estimated useful lives as follows. - Software: 5 years Estimated useful lives, residual values and amortization methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.
3) Leases	:	For lease transactions, when the ownership of the underlying asset is transferred to the Group prior to the termination of the lease period, or when the exercise of a purchase option is reflected in the acquisition price of the right-of-use asset, the right-of-use asset is depreciated using the straight-line method based on its useful life. In other cases, right-of-use assets are depreciated using the straight-line method based on either the useful life or at the termination of the lease period, whichever is shorter. Lease payments are apportioned between finance costs and repayment of lease liabilities based on the interest method, and financial costs are recognized in the consolidated statement of income. Short-term leases with a lease term of 12 months or less and leases of low-value underlying assets are recognized as expenses on either a straight-line basis or another systematic basis over the lease term for the total lease payments.

(3) Recognition criteria for significant provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events and it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. When the effect of the time value of money is material, the amount of a provision is measured by discounting the estimated future cash flows at the discount rate, which is a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance cost.

(4) Recognition criteria for revenue

The Group recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group is engaged in the sales of precious metals. Regarding these products, revenue is recognized when the goods are transferred to the customer, a point at which the customer has control of the goods, and the performance obligation is deemed to have been satisfied. As for revenue pertaining to the collection, transport and intermediate treatment or other processing of industrial wastes, revenue is recognized when the treatment of the said industrial waste is completed, a point at which the customer has control and the performance obligation is deemed to have been satisfied.

Also, revenue is measured at a value derived by deducting discounts, rebates, returns, etc., from the consideration undertaken in the contract with the customer.

The Group receives a consideration from customers in principle within one year from the point at which a performance obligation is satisfied. Significant financing components are not included.

(5) Other important items for preparing consolidated financial statements

1) Hedge accounting:

At the inception of a hedge, the Group formally provides a hedge designation and documentation relating to the hedging relationship to which hedge accounting will be applied, as well as the risk management objective and strategy in carrying out the hedge. Said documentation includes specific hedging instruments, hedged items or transactions, the nature of hedged risks and the method for assessing the effectiveness of a hedging relationship. These hedges are assessed on an ongoing basis to determine whether they were actually effective for all financial reporting periods when they were designated as hedges. Specifically, a hedge is judged as effective if all of the following requirements are fulfilled.

- There is an economic relationship that provides an offset between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged items and the quantity of hedging instruments that the Company actually uses.

The Company uses the following hedge accounting method if the requirements for hedge accounting are met.

Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized immediately in profit or loss in the consolidated statement of income.

Amounts relating to hedging instruments recognized as other comprehensive income are reclassified to profit or loss when hedged transactions affect profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (this is referred to as "rebalancing" hereinafter). After rebalancing, if a hedge becomes no longer qualified for hedge accounting or a hedging instrument expires, or is sold, terminated or executed, hedge accounting is discontinued prospectively.

When hedge accounting is discontinued, the balance of cash flow hedges already recognized in other comprehensive income remain in equity if the hedged future cash flows are still expected to occur, whereas such balance is reclassified immediately to profit or loss if the hedged future cash flows are no longer expected to occur.

2) Foreign currency translation : A foreign currency transaction is translated into the functional currency of each Group company at the rate of exchange at the date of the transaction.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated into the functional currency at the rate of exchange at the end of the reporting period.

Foreign currency non-monetary assets and liabilities measured at fair value are translated into the functional currency at the rate of exchange at the date when said fair value is determined.

Differences arising from translation or settlement are recognized in profit or loss, except that differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rate of exchange at the end of the reporting period, while the income and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of a foreign operation, the exchange differences relating to that foreign operation are recognized in profit or loss during the period when said disposal was made.

3) Treatment of goodwill : Goodwill is not amortized but is subject to an impairment testing annually and whenever an indication of impairment exists.

Impairment losses relating to goodwill are recognized in the consolidated statement of income, and subsequent reversals of the losses are not conducted.

4) Employee benefits : The Group adopts defined benefit pension plans and defined contribution pension plans as post-employment benefits for employees.

The Group determines the present value of defined benefit obligations and related current service cost and past service cost using the projected unit credit method. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period corresponding to the discount period, which is established to reflect the period until the estimated timing of benefit payments in each fiscal year in the future.

Liabilities or assets pertaining to defined benefit pension plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations.

Remeasurements of defined benefit pension plans are collectively recognized in other comprehensive income for the period when they are incurred and are immediately transferred from other components of equity to retained earnings.

Past service cost is amortized as profit or loss for the period when it is incurred.

Cost relating to defined contribution pension plans is recognized as an expense at the time of contribution.

5) Adoption of consolidated taxation system : The Company and its domestic consolidated subsidiaries have applied the consolidated taxation system from the current consolidated fiscal year.

6) Presentation of amounts : Amounts less than one million yen are truncated.

(Notes to the consolidated statement of financial position)

1. Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	2 million yen
Financial assets (non-current)	0 million yen

2. Accumulated depreciation of property, plant and equipment

33,972 million yen

(Notes to the consolidated statement of income)

Impairment loss

The impairment loss of 287 million yen on property, plant and equipment recognized during the fiscal year ended March 31, 2022 was mainly due to reducing the book value of land and buildings belonging to Asahi Pretec Corp. in the Precious Metals Business to the recoverable value as its production facilities were consolidated and relocated, and thereby some of them were idled, and recording the write-down as a loss (269 million yen), as well as reducing the book value of land belonging to JW Glass Recycling Co, Ltd. in the Environmental Preservation Business to the recoverable value as it was scheduled to be sold, and recording the write-down as a loss (16 million yen).

Impairment losses are recorded in “Other operating expenses” in the Consolidated Statements of Income.

(Notes to the consolidated statement of changes in equity)

1. Class and number of issued shares and treasury shares

	Number of shares at the beginning of this consolidated accounting period (Thousands of shares)	Number of shares increased during this consolidated accounting period (Thousands of shares)	Number of shares decreased during this consolidated accounting period (Thousands of shares)	Number of shares at the end of this consolidated accounting period (Thousands of shares)
Issued shares Common stock	39,854	39,854	-	79,708
Total	39,854	39,854	-	79,708
Treasury shares Common stock	505	1,332	772	1,065
Total	505	1,332	772	1,065

(Notes)
1. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021.
2. The increase in issued shares of common stock was due to a stock split.
3. The increase of 1,332 thousand shares in treasury shares of common stock was due to the increase of 505 thousand shares following a stock split, the increase of 0 thousand shares following the purchase of shares less than one unit, and the acquisition of 826 thousand shares of the Company by the ESOP trust and the BIP trust.
4. The decrease of 772 thousand shares in treasury shares of common stock was due to the delivery of shares of the Company held in trust.
5. The treasury shares include 916 thousand shares held by the ESOP trust and 81 thousand shares held by the BIP trust.

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
May 11, 2021 Board of Directors' Meeting	Common stock	3,583 million yen	90.00 yen	March 31, 2021	May 26, 2021
October 27, 2021 Board of Directors' Meeting	Common stock	3,583 million yen	45.00 yen	September 30, 2021	November 19, 2021

(Notes)
1. Total dividends according to the resolution at the Board of Directors' meeting on May 11, 2021 include dividends of 42 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.
2. Total dividends according to the resolution at the Board of Directors' meeting on October 27, 2021 include dividends of 44 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.
3. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. The dividends whose record date is March 31, 2021 show the amount before the stock split. The dividends whose record date is September 30, 2021 show the amount after the stock split.

(2) Among dividends whose record date within this consolidated accounting period, those having an effective date within the following consolidated accounting period (scheduled)

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
May 20, 2022 Board of Directors' Meeting	Common stock	3,583 million yen	Retained earnings	45.00 yen	March 31, 2022	May 30, 2022

(Note) Total dividends according to the resolution at the Board of Directors' meeting on May 20, 2022 include dividends of 44 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

3. Matters about share acquisition rights

The class and number of shares for the purpose of share acquisition rights (excluding those of which the first day of the right exercise period has not arrived) at the end of the current consolidated fiscal year

Common stock 9,315 thousand shares

(Notes to recognition of revenue)

1. Breakdown of revenue

Relationship between a breakdown of revenue by main regional market and reporting segments is as follows.

(Millions of yen)

	Reporting segments		
	Precious Metals	Environmental Preservation	Total
By region			
Japan	161,849	18,566	180,416
North America	9,279	-	9,279
Asia	2,746	-	2,746
Total	173,875	18,566	192,442

The Precious Metals Business sells precious metals and other products to customers mainly including trading firms and semiconductors, electronic parts, and other manufacturers.

The Environmental Preservation Business mainly offers services such as collection, transportation, and intermediate treatment of industrial waste for customers mainly including plants of various industries, presses, and hospitals.

The contents of performance obligations based on contracts with customers in the main businesses of the Group and timing of revenue recognition for performance obligations are described in "(Basis of preparing consolidated financial statements), 5. Accounting policies, (4) Recognition criteria for revenue."

2. Contract balance

The breakdown of receivables, contract assets and contract liabilities arising from contracts with customers is as follows.

Receivables arising from contracts with customers	13,916 million yen
Contract assets	- million yen
Contract liabilities	35 million yen

Among contract liabilities arising from contracts with customers, estimates of achievement rebates expected to be paid to customers relating to sales before the end of the reporting periods, etc. and liabilities for returned goods are recognized as refund liabilities.

The advances received balance as of the start of the current consolidated fiscal year was recognized as revenue for the current consolidated fiscal year. In addition, the amount of revenue recognized from the performance obligations satisfied in the past period is insignificant for the current consolidated fiscal year.

3. Transaction price allocated to the remaining performance obligations

The Group used the practical expedients and omitted description of information relating to the remaining performance obligations, because there are no transactions of which individual contract period is expected to be over one year. In addition, in a consideration arising from contracts with customers, there are no significant amounts not included in transaction price.

4. Assets recognized from costs for acquisition or performance of contracts with customers

The amount of assets recognized from costs for acquisition or performance of contracts with customers is insignificant for the current consolidated fiscal year. In addition, if a depreciation period of assets to be recognized is within one year, the Group uses the practical expedients and recognizes incremental costs for the acquisition of contracts as expenses on accrual basis.

(Notes to accounting estimates)

1. Recoverability of deferred tax assets

(1) Amount recognized in the consolidated financial statements for the current fiscal year

Deferred tax assets 6,262 million yen

(2) Other information relating to accounting estimates which contributes to understanding by users of the consolidated financial statements

1) Calculation method of the amount recognized in the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets are recognized based on future taxable income estimated from future business plans.

2) Main assumptions used for calculating the amount recognized in the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available for which the deductible temporary differences, etc. can be utilized. In determination of a possibility that taxable income will be available, the timing and amount of taxable income are estimated based on business plans.

3) Impacts on the consolidated financial statements for the following consolidated fiscal year

The timing when taxable income arises and the amount thereof may be affected by results of changes in uncertain future economic conditions, etc. If there are differences between the actual timing and amount and those estimated, this may have a material impact on the amount for recognizing deferred tax assets in the consolidated financial statements for the following and subsequent consolidated fiscal years. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on the future changes in economic conditions, etc.

(Notes to financial instruments)

1. Status of financial instruments

In the course of business activities, the Group is exposed to financial risks, such as credit risks, liquidity risks, currency risks, interest rate risks and market price fluctuation risks, and performs risk management activities to reduce said financial risks.

The Group also uses derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps, to hedge against market risks and makes it a policy not to enter into derivative transactions for speculative purposes.

1) Credit risk

A credit risk refers to a risk of customers going into default on contractual debts, causing financial losses to the Group.

The Group manages the credit risk in accordance with its credit control regulations, using the credit limits set for its business partners.

The Group's receivables consist of receivables from many customers operating in a wide range of industries and regions, and are not subject to risks excessively concentrated on a single customer or the group to which said customer belongs.

The carrying amount of financial assets, net of accumulated impairment loss, presented in the consolidated statement of financial position represents the maximum exposure of the Group's financial assets to credit risks without taking into account the value of the collateral obtained. Regarding the exposure to these credit risks, there are no properties held as collateral and other credit enhancements.

2) Liquidity risk

A liquidity risk refers to a risk of the Group becoming not able to repay the financial liability for debts on the due date.

The Group manages liquidity risk by preparing adequate amount of funds for repayment, while securing from financial institutions a line of credit to which it is accessible as needed and monitoring the plans and results of cash flows on a continuous basis.

3) Currency risk

The Group operates globally and is exposed to currency risks related to foreign currency transactions. For certain foreign currency transactions for which the amounts are significant and that are individually identifiable, the Group uses hedging instruments to hedge against currency risks relating to the hedged items within a certain range in accordance with its internal regulations.

Accordingly, the exposure to currency risks is insignificant and is judged as immaterial to the Group.

4) Interest rate risk

An interest rate risk is defined as a risk of the fair value of financial instruments or the future cash flows from financial instruments fluctuating due to fluctuations in market interest rates. The Group's exposure to interest rate risks mainly relates to payables, such as loans payable, and receivables, such as interest-bearing deposits. Because the amount of interest is subject to fluctuations in market interest rates, the Group is exposed to interest rate risks that cause fluctuations in future cash flows of interest.

The Group uses interest rate swaps to mitigate the risk of fluctuations in interest payable relating to loans payable, thereby stabilizing cash flows.

Accordingly, the impact of fluctuations in the amount of interest payments due to interest-rate fluctuations on the Group is insignificant, and interest rate risks are judged as immaterial to the Group.

5) Market price fluctuation risk

Precious metals and rare metals, the core products of the Group's precious metal business, are traded in international markets, and the prices thereof are exposed to commodity price risks due to the political and economic trends of supplier and consumer countries, as well as foreign exchange rates.

To mitigate commodity price risks, the Group uses derivative instruments such as commodity forward contracts, as hedging instruments against commodity price risks mainly due to market price fluctuations.

Accordingly, the Group's exposure to commodity price fluctuation risks is insignificant and market price fluctuation risks are judged as immaterial to the Group.

2. Fair value, etc., of financial instruments

The carrying amounts reported in the consolidated statement of financial position on March 31, 2022 (consolidated fiscal closing date for the fiscal year under review), and the fair value of financial instruments are as follows:

(Millions of yen)

	Carrying amount in consolidated statement of financial position (*)	Fair value (*)
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	6,127	6,127
Trade and other receivables	151,437	151,437
Other	980	980
Financial assets measured at fair value through other comprehensive income		
Other financial assets	8	8
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	27,711	27,711
Bonds payables	28,024	29,402
Loans payable	122,901	123,140
Other	2	2
Financial liabilities measured at fair value through profit or loss		
Derivative instruments	773	773
Financial liabilities designated as hedging instruments		
Derivative instruments	5,352	5,352

(*) The methods used for determining the fair value of financial instruments are as follows.

Financial assets measured at amortized cost:

These mainly consist of cash and cash equivalents, trade and other receivables. These are settled in a short term, and the carrying amount thereof is a reasonable approximation to the fair value thereof.

Financial assets measured at fair value through other comprehensive income:

These mainly consist of listed shares. The fair value of listed shares is determined based on the market prices at the end of the reporting period.

Financial liabilities measured at amortized cost:

These mainly consist of trade and other payables and bonds and borrowings. Trade payables are settled in a short term, and the carrying amount thereof is a reasonable approximation to the fair value thereof. The fair value of bonds and borrowings is determined based on the present value, which is obtained by discounting future cash flows at an interest rate assumed to be applied if similar contracts were newly executed.

Financial liabilities measured at fair value through profit or loss:

These mainly consist of derivative instruments. The fair value of derivative instruments is determined mainly by reference to prices quoted by financial institutions.

Financial liabilities designated as hedging instruments:

These mainly consist of derivative instruments. The fair value of derivative instruments is determined mainly by reference to prices quoted by financial institutions.

3. Breakdown of fair value, etc., of financial instruments by classification

For financial instruments measured at fair value, the amounts measured at fair value are classified from level 1 to level 3 according to the observability and importance of the inputs used for measurement.

Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using observable prices other than categorized in Level 1 directly or indirectly

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Listed shares	8	–	–	8
Total	8	–	–	8
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	–	773	–	773
Financial liabilities designated as hedging instruments				
Derivative instruments	–	5,352	–	5,352
Total	–	6,125	–	6,125

(*) No transfers between Level 1 and Level 2 were made in the fiscal year under review.

No significant changes in Level 3 financial instruments occurred in the fiscal year under review.

(Notes to information per share)

Equity per share attributable to owners of parent	1,336.89 yen
Basic profit per share	238.11 yen
Diluted profit per share	214.13 yen

(Notes to significant subsequent events)

Not applicable

Notes to non-consolidated financial statements
(Notes to significant accounting policies)

1. Valuation standards and valuation methods for assets

Securities

Shares of affiliated companies	:	Cost mainly determined by the moving-average method.

2. Depreciation methods for non-current assets

Property, plant and equipment	:	Straight-line method Assets with acquisition amount of 100 thousand yen or more to less than 200 thousand yen are equally depreciated for three years.
Intangible assets	:	Straight-line method Software for internal use is amortized under the straight-line method based on the period for which the Company can use such software (five years or less).

3. Accounting standards for provisions

Provision for bonuses	:	To allow for the payment of bonuses to employees, the standard for estimated amounts of bonuses to be paid is recorded.
Provision for director's bonuses	:	To allow for the payment of bonuses to Directors, the standard for estimated amounts of bonuses to be paid is recorded.
Provision for stocks payment	:	To allow for the granting of the Company shares to the Group employees in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.
Provision for management board incentive plan trust	:	To allow for the granting of the Company shares to the Company's Directors in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.

4. Accounting standards for revenue and expenses

The Company's revenue consists of commissions from subsidiaries and associates, real estate lease revenue, and dividends from subsidiaries and associates. Commissions from subsidiaries and associates relate to management guidance services provided to affiliated companies, and revenue and expenses are recognized when management guidance services are provided, a point at which the performance obligation of the Company is satisfied. Revenue and expenses related to real estate lease revenue are recognized over the rental period. Revenue related to dividend income is recognized on the effective date of dividends.

5. Other important items for preparing non-consolidated financial statements

1)	Treatment of deferred assets	:	Bond issuance cost is recognized as an expense when expended.
2)	Standards for the translation of assets or liabilities denominated in foreign currencies	:	Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and differences arising from the translation are calculated as gains or losses.
3)	Adoption of consolidated taxation system	:	The Company adopts the consolidated taxation system, in which it is a consolidated parent corporation.
4)	Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system	:	With regards to the transition to the group tax sharing system, which was instituted by the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 8 of 2020), and the items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system, in accordance with Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (Practical Issues Task Force (PITF) No.39, March 31, 2020), the Company has applied the provisions of the pre-amendment tax law to deferred tax assets and liabilities, instead of the provisions of Paragraph 44 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, February 16, 2018).

(Note to the changes in accounting policies)

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the current fiscal year. Revenue is recognized when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. This does not affect the non-consolidated financial statements for the current fiscal year.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Standard”), etc., from the beginning of the current fiscal year and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc., in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard

for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).
This does not affect the non-consolidated financial statements for the current fiscal year.

(Note to changes in the manner of presentation)

(Balance sheets)

"Accounts receivable - other" was presented within "Other current assets" in current assets up to the previous fiscal year, but has been presented separately from the current fiscal year due to an increase in its financial materiality.

"Accounts receivable - other" in the previous fiscal year was 15 million yen.

(Notes to balance sheet)

1. Accumulated depreciation of property, plant and equipment 2,363 million yen

2. Guarantee liabilities

Guarantees are provided for the bank loans and bonds of the following companies.

Asahi Refining Canada Ltd.	88,763 million yen
Asahi Refining USA Inc.	23,067 million yen
Total	111,830 million yen

3. Monetary claims and monetary obligations related to affiliated companies

Short-term monetary claims	58,037 million yen
Short-term monetary obligations	16 million yen
Long-term monetary claims	14,319 million yen

(Notes to statement of income)

Amount of transactions with affiliated companies

Amount of operating transactions with affiliated companies	
Operating revenue	16,229 million yen
Amount of other operating transactions	23 million yen
Amount of transactions other than operating transactions	543 million yen

(Notes to statement of changes in net assets)

Class and number of treasury stocks

Class of shares	Number of shares at the beginning of this fiscal year (Thousands of shares)	Number of shares increased during this fiscal year (Thousands of shares)	Number of shares decreased during this fiscal year (Thousands of shares)	Number of shares at the end of this fiscal year (Thousands of shares)
Common stocks	505	1,332	772	1,065
Total	505	1,332	772	1,065

(Notes)
1. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021.
2. The increase of 1,332 thousand shares in treasury shares of common stock was due to the increase of 505 thousand shares following a stock split, the increase of 0 thousand shares following the purchase of shares less than one unit, and the acquisition of 826 thousand shares of the Company by the ESOP trust and the BIP trust.
3. The decrease of 772 thousand shares in treasury shares of common stock was due to the delivery of shares of the Company held in trust.
4. The treasury shares include 916 thousand shares held by the ESOP trust and 81 thousand shares held by the BIP trust.

(Notes to accounting estimates)

1. Valuation of shares of affiliated companies

(1) Amount recognized in the non-consolidated financial statements for the current fiscal year

Shares of affiliated companies 36,087 million yen

(2) Other information relating to accounting estimates which contributes to understanding by users of the non-consolidated financial statements

1) Calculation method of the amount recognized in the non-consolidated financial statements for the current fiscal year

Shares of affiliated companies are recognized at cost mainly determined by the moving-average method.

2) Main assumptions used for calculating the amount recognized in the non-consolidated financial statements for the current fiscal year

As all shares of affiliated companies do not have market value, the necessity of reductions in value is determined by comparing and considering the real value and book value of the respective shares of affiliated companies. The real value of shares of affiliated companies is evaluated at the net asset amount of each affiliated company or the net asset amount in which excess earnings power is reflected and the excess earnings power is evaluated based on future business plans.

3) Impacts on the non-consolidated financial statements for the following fiscal year

If, as a result of changes in uncertain future economic conditions and other factors, financial conditions of the affiliated companies worsen or excess earnings power is impaired, the non-consolidated financial statements for the following fiscal year may be significantly affected. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on changes in the future economic conditions and other factors.

2. Recoverability of deferred tax assets

(1) Amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets 5,495 million yen

(2) Other information relating to accounting estimates which contributes to understanding by users of the non-consolidated financial statements

1) Calculation method of the amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets are recognized based on future taxable income estimated from future business plans.

2) Main assumptions used for calculating the amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available for which the deductible temporary differences can be utilized. In determination of a possibility that taxable income will be available, the timing and amount of taxable income are estimated based on business plans.

3) Impacts on the non-consolidated financial statements for the following fiscal year
   The timing when taxable income arises and the amount thereof may be affected by results of changes in uncertain future economic conditions, etc. If there are differences between the actual timing and amounts and those estimated, this may have a material impact on the amount for recognizing deferred tax assets in the non-consolidated financial statements for the following and subsequent fiscal years. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on the future changes in economic conditions, etc.

(Notes to tax effect accounting)

Breakdowns of main items causing deferred tax assets and deferred tax liabilities

Deferred tax assets	
Loss	7,166 million yen
Impairment losses	68 million yen
Provision for directors’ bonuses	16 million yen
Provision for stocks payment	10 million yen
Business tax	12 million yen
Other	12 million yen
Subtotal	7,287 million yen
Valuation allowance	(1,791) million yen
Total deferred tax assets	5,495 million yen
Net deferred tax assets	5,495 million yen

(Notes to transactions with related parties)

Subsidiaries and affiliated companies, etc.

Category	Name of companies	Voting rights	Relationship with related parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Term-end balance (Millions of yen)
Subsidiary	Asahi Pretec Corp.	Owned Direct 100%	Support of funds	Collection of loaned funds	53,047	Short-term loans to affiliated companies	52,741
				Loan of funds (Note 1)	52,741		
				Receipt of interest (Note 1)	171	–	–
			Receipt of debt guarantee	Receipt of debt guarantee on the Company’s bank loan (Note 2)	7,000	–	–
			Management guidance	Management guidance (Note 3)	576	–	–
			Consolidated taxation	Individually attributable amounts due to consolidated taxation	5,113	Accounts receivable - other	5,113
			Receipt of dividends	Receipt of dividends	15,100	–	–
Subsidiary	Asahi Refining Canada Ltd.	Owned Direct 100%	Debt guarantee	Debt guarantee (Note 4)	88,763	–	–
				Receipt of guarantee fee (Note 3)	83	–	–
			Support of funds	Loan of funds (Note 1)	14,319	Long-term loans to affiliated companies	14,319
				Receipt of interest (Note 1)	137	–	–
Subsidiary	Asahi Refining USA Inc.	Owned Direct 100%	Debt guarantee	Debt guarantee (Note 4)	23,067	–	–
				Receipt of guarantee fee (Note 3)	130	–	–

Transaction terms and conditions and policy, etc., to determine terms and conditions for transactions

(Note 1) As for loans of funds, we reasonably determine interest rates taking into consideration market interest rates.

(Note 2) The Company has received a debt guarantee on its bank loan from Asahi Pretec Corp., a subsidiary of the Company. The Company does not pay guarantee fees.

(Note 3) We determine prices and other terms and conditions for transactions by reference to prevailing market interest rates, etc.

(Note 4) A debt guarantee was provided for corporate bonds and borrowings and a guarantee fee is received with an annual rate of 0.3%.

(Notes to recognition of revenue)

Information forming the basis for understanding revenue is as described in “Accounting standards for revenue and expenses” of “Notes to significant accounting policies.”

(Notes to information per share)

Net assets per share	1,032.41 yen
Net profit per share	190.19 yen
Diluted net profit per share	188.95 yen

(Notes to significant subsequent events)

Not applicable