



ARE

Think Circular



INTEGRATED REPORT 2024

ARE Holdings, Inc.

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Editorial Policy

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

Guidelines Referenced

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

Report Period

April 1, 2023 to March 31, 2024

Scope

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

Numbers and Graphs

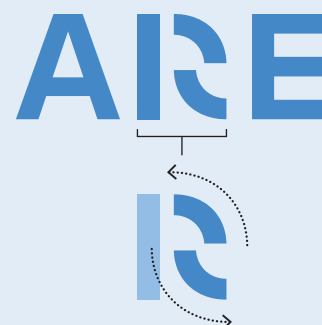
The figures shown here are rounded off. Due to this rounding, totals may not agree with the constituent figures shown. The Group adopted the International Financial Reporting Standards (IFRS) in fiscal year 2016, and each reporting item name basically follows the IFRS guidelines. The financial figures for fiscal year 2015 are also shown based on IFRS.

Note on Future Prospects

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

The Group Logo

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



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

ARE Group Way

Purpose

Totally Committed to Protecting the Natural Environment and Preserving Resources

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

Goals

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

Values



Care for Others

We will prioritize safety and health as we respect each other



Take on Challenges

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



Independent Initiative

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



Continuous Improvement

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



Keep Learning

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

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

The Asahi Way Updated into ARE Group Way

ARE Group Way

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

Launch of a project to formulate ARE Group Way

In fiscal year 2023, several key milestones coincided, including the company name change from Asahi Holdings to ARE Holdings, the three-way spin-off of Asahi Pretec Corporation, and the formulation of the ARE Medium- to Long-Term Plan & Aspiration for 2030. During this period,

employees suggested updating the management philosophy to reflect the significant

changes taking place within the company. This proposal quickly gained the support of the management team, leading to the launch of a project to revise The Asahi Way into ARE Group Way. Members representing a wide range of functions and age groups, with a focus on younger and mid-career employees who will lead the next

generation, were selected from across the Group’s companies to drive this initiative.

Returning to the roots and exchanging ideas as a team

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

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

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

Expressing individual thoughts in words that resonate with everyone

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



Story

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

Initially, the members envisioned the structure of ARE

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

Sharing the story and embodying ARE Group Way

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

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



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



I

Foundation and Early Decades

II

Public Company

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

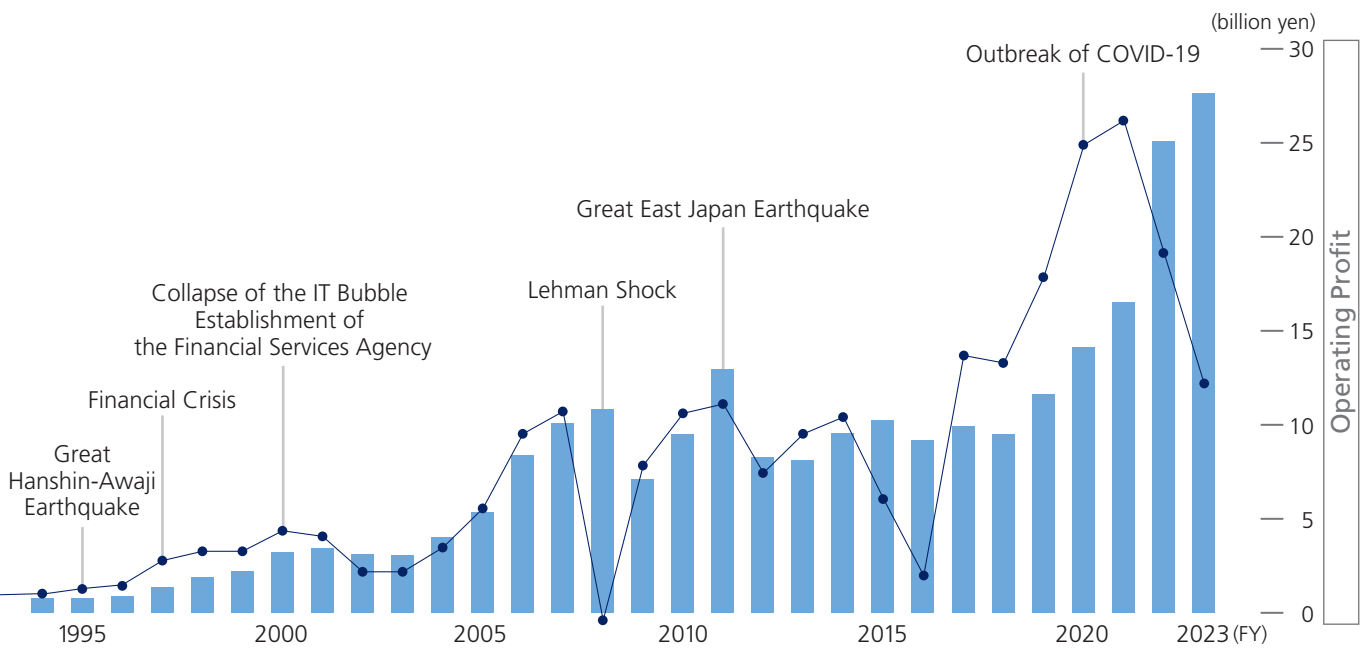
<p>1952 Launched business recycling silver from photographic fixers</p> <p>1975 Compact electrolytic silver collection equipment "PLATA" developed</p> <p>1982 Precious metals recycling business launched in the dentistry field</p> <p>1984 Precious metals recycling business launched in the plating solution field</p> <p>1986 Precious metals recycling business launched in the electronics components and jewelry fields</p> <p>Compact electrolytic gold collection equipment "ZIPANG" developed</p> <p>1994 ASAHI G&S SDN. BHD. established in Malaysia</p>	<p>2003 Precious metals recycling business launched in the automotive catalyst field</p> <p>2006 Asahi Pretec Korea Co., Ltd. established</p> <p>2011 Precious metals recycling business launched in E-scrap and precision cleaning fields</p>
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Environmental Preservation Business

<p>1972 Equipment for detoxification of photographic effluents installed at the Kobe Plant</p> <p>1975 Industrial waste disposal license acquired from Kobe City (detoxification of photographic effluent containing harmful substances)</p> <p>1978 Registered as an environmental measurement certification office</p> <p>1990 Entered environmental preservation businesses beyond photographic effluents</p>	<p>2004 Nihon Chemitech Co., Ltd. acquired</p> <p>2007 Taiyo Chemical Co., Ltd. acquired</p> <p>2008 Kitakyushu Office of Asahi Pretec Corp. opened</p> <p>Japan Waste Corporation established</p> <p>Fuji Rozai Co., Ltd. acquired</p>
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New Development

2012 The Asahi Way established
Selected for inclusion in an ESG index by the Tokyo Stock Exchange

2015 Transitioned to a company with an Audit and Supervisory Committee system
Nominating and Compensation Committees established
Performance-based stock-option system introduced

2016 International Financial Reporting Standards (IFRS) adopted

2017 Capital increased through new share issue

2018 The Asahi Way underwent comprehensive revision

2022 Transferred to the Tokyo Stock Exchange Prime Market

2023 Name changed to ARE Holdings, Inc.

2024 ARE Group Way established



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

2019 Asahi Refining Florida LLC established

2021 Asahi Depository LLC established

2022 Construction of Bando Plant in Bando City, Ibaraki Prefecture completed

2023 ASAH METALFINE, Inc. established



Asahi Refining Florida

2010 Yokohama Office of Japan Waste Corporation opened
Ecomax Co., Ltd. acquired

2017 Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation

2021 Asahi Pretec Corp. absorbed Japan Waste Corporation and Taiyo Chemical Co., Ltd.
DXE INC. established

2023 Name changed to Japan Waste Corporation

2024 Share exchange between Japan Waste Corporation and RENATUS Co., Ltd. conducted



DXE Drivers (Smartphone Application)



DXE Station

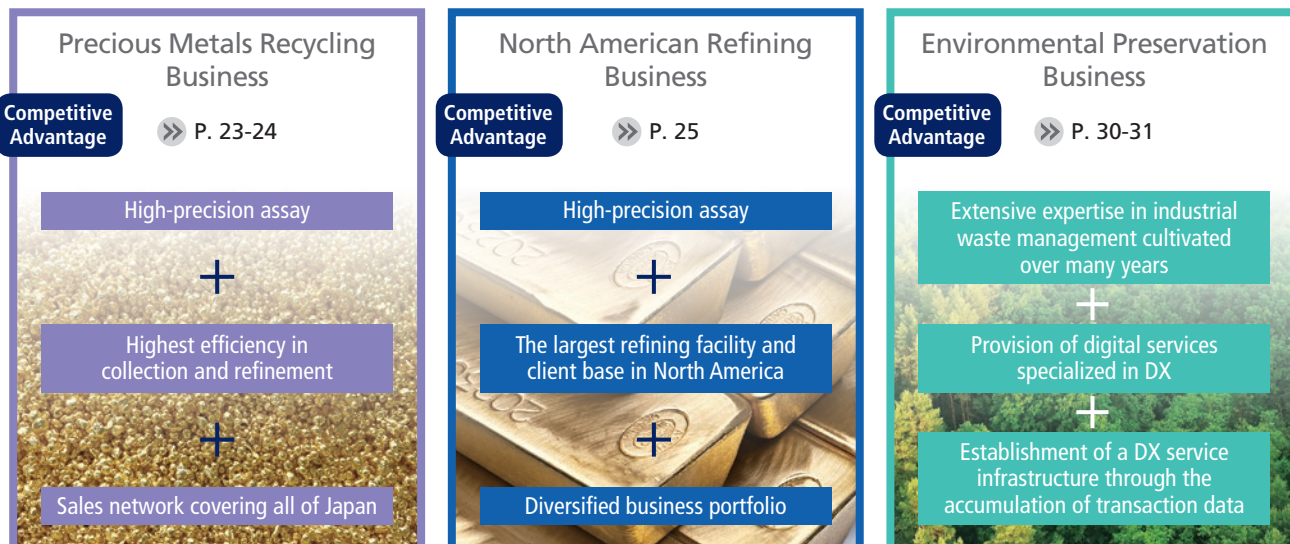
Sources of Value Creation and Business Models

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

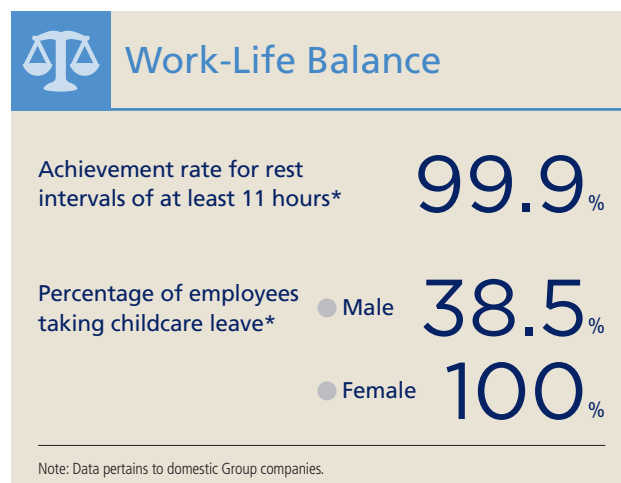
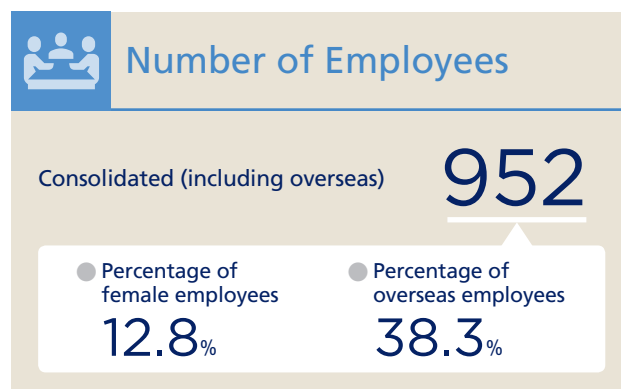
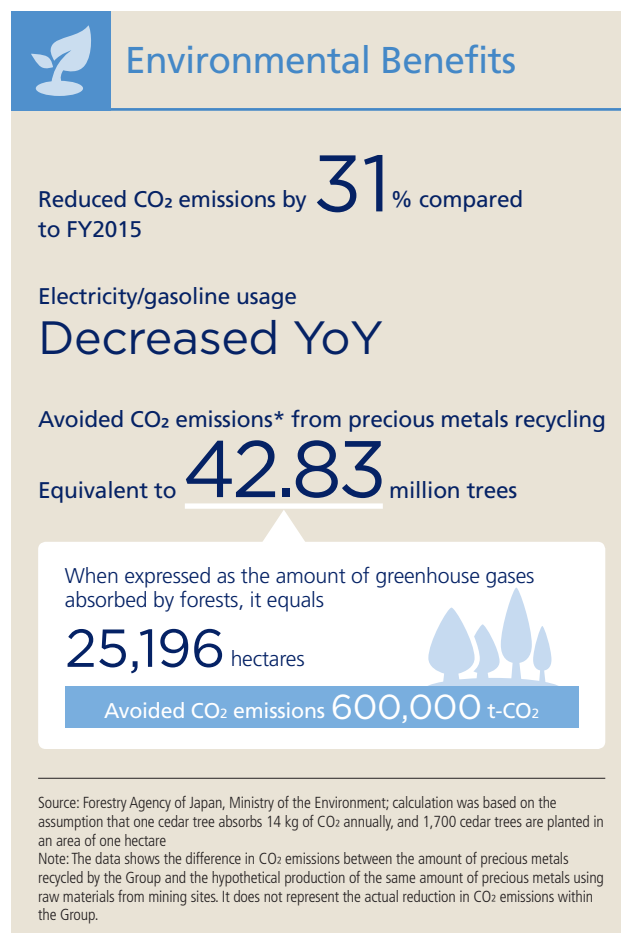
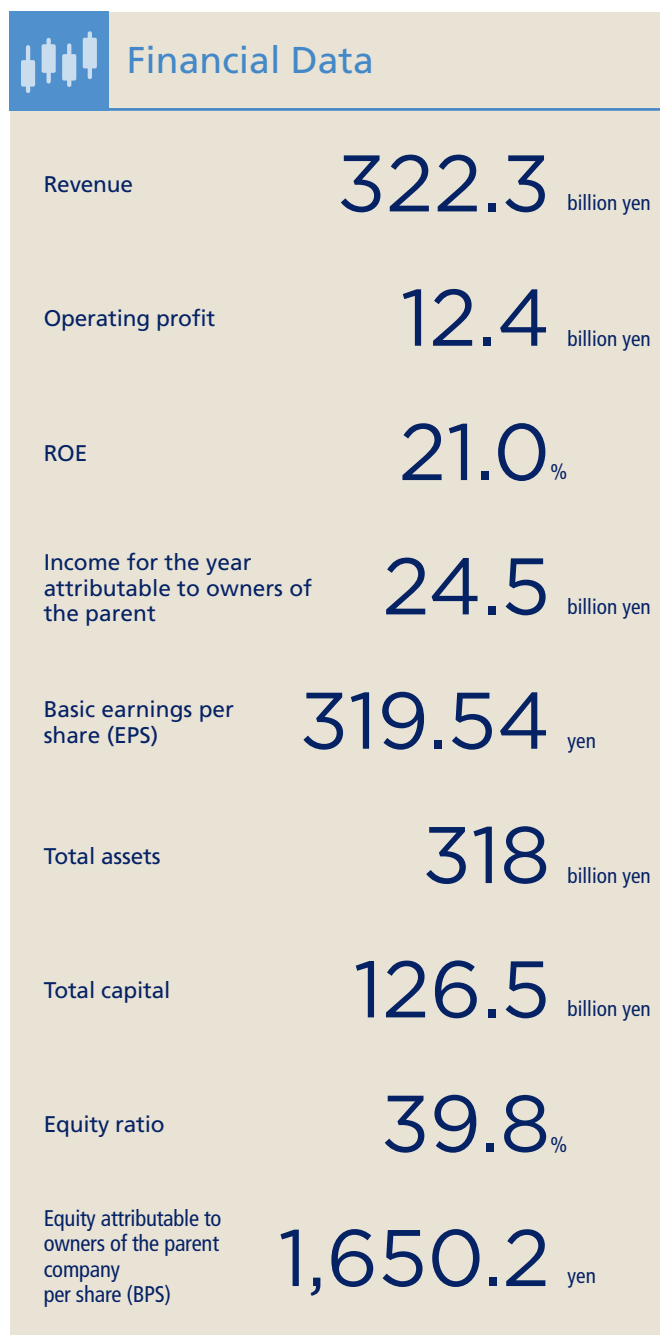
Sources of Value Creation



Business Models



At a Glance



Our Strengths Based on ARE Group Way

Care for Others

Preserving trust and connections

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

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

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

Eight Factors Supporting Value Creation

Strengths rooted in ARE’s history

<p>1 Ability to Adapt to Change</p> <p>By paying close attention to the business environment and lifecycle and by practicing flexible thinking, decisive action, and quick decision-making, we have built original business models and quickly exited businesses in decline. With the ability to respond in this manner, we will continue to maintain growth.</p>	<p>2 Industry-Leading Unique Technologies</p> <p>We are proud of the original technologies we have developed. These include the following technologies: recovering precious metals with high efficiency, advanced assay capabilities, and product development based on accurately ascertaining customer needs. Through constant research and development, the Group continues to enhance its unique technologies in each of its business fields.</p>	<p>3 Shared Sense of Value</p> <p>The Group’s growth has been driven by our members, who embody the groupwide values of ARE Group Way. Our members prioritize caring for people and embrace the spirit of taking on challenges. We actively invest in our human resources to continue building an organization with a shared sense of values.</p>	<p>4 Good Relationships with Stakeholders</p> <p>We actively engage in dialogue with investors and listen to our customers and business partners to strengthen governance and develop our products and services. We value our mutual trust with our employees and the local community as we work to increase our long-term corporate value.</p>
<p>5 Management Capabilities for the Regeneration of Business</p> <p>Over the past 20 years, we have brought more than 20 companies into the Group through M&A, and we have improved corporate management. Thanks to our flexible management capabilities matched to specific business environments, nearly all of our companies perform better than they did prior to joining the Group. We will continue to improve performance.</p>	<p>6 Trusted Asahi Brand</p> <p>The Group’s precious metal products are highly regarded throughout the world for their reliable quality. We are committed to building a trusted Asahi brand by continuing to provide high-quality products and services in all of our businesses.</p>	<p>7 Globally Expanding Network</p> <p>Since establishing a local subsidiary in Malaysia in 1994, we have expanded into other Asian countries, with a primary focus on South Korea. In 2015, we acquired a refining business in North America through an M&A, globally expanding our target customer base.</p>	<p>8 Substantial Market Share</p> <p>Our highest priority is to satisfy our customers and business partners, and we have worked hard to improve our products and services. Our sales and technical capabilities that meet a wide range of needs have earned us the trust of our customers and enabled us to acquire a strong market share.</p>

Take on Challenges

Putting the "Scrap and Build" business approach into practice

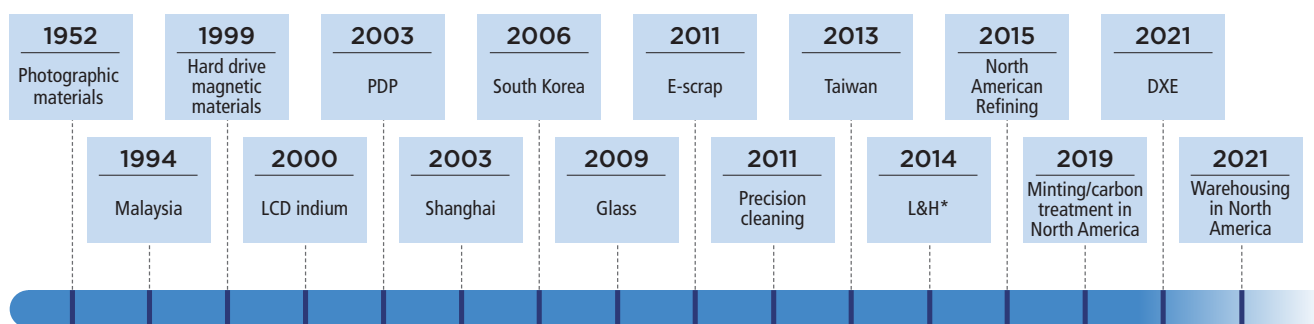
Since our founding in 1952, we have consistently promoted businesses that contribute to the creation of a circular society, and we have now developed into a company that operates on a global scale.

Looking back on our company's history, our journey has been a series of "Take on Challenges." Our roots lie in the original business of recycling silver from photographic fixers. In 1975, we became the first company in Japan to obtain an industrial waste disposal license from Kobe City, which is a license for detoxifying waste photographic fluid containing hazardous substances. This was the turning point for our business to expand nationwide.

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

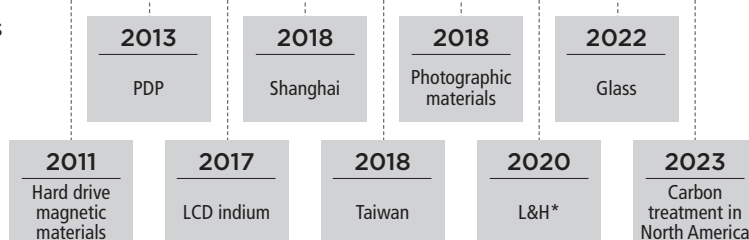
Promoting Business Reform with an Emphasis on Speed

Major Business Expansions



Scrap and Build

Major Business Withdrawals



* Life & Health Business Segment



Tomoya Higashiura

Representative Director,
President & CEO

My thoughts on the company and its business

A company leading the reverse logistics sector in recycling and waste management, akin to the “veins” of industrial society, is essential for addressing global environmental issues.

Following the split of Asahi Pretec Corporation into three entities on April 1, 2023, we conducted a share exchange between Japan Waste Corporation and RENATUS Co., Ltd.—both of which are companies engaged in environmental preservation—on March 31, 2024. Industries such as the automotive and electrical/electronics sectors can be compared to the “arteries” of manufacturing, while we represent the “veins” of the industry, focusing on waste management and recycling. Although we considered listing Japan Waste, which managed industrial waste within our Group, we realized that addressing the significant expectations society has for the “vein” sector to tackle global environmental issues requires a scale capable of leading these efforts. Believing that a company must meet societal needs to thrive, we arrived at this decision.

With various companies involved in waste management and resource recycling coming together under RENATUS, a new core entity in the “vein” sector has emerged. This is a groundbreaking development for the industrial waste sector, where there have been few major players in a market estimated to be worth approximately 5 trillion yen.

Environmental issues, particularly the impacts of climate

change, are increasingly evident in our daily lives. To mitigate climate change, we must transform industrial systems. Addressing this challenge requires an integrated approach that encompasses various perspectives such as carbon neutrality, circular economy, and nature-positive strategies. It also demands close collaboration with “artery” sectors, governments, and academic institutions to tackle these issues effectively. With this understanding, we view the establishment of RENATUS as the first step in establishing a counter-partnership in the “vein” sector.

For the ARE Group, the aforementioned share exchange has resulted in Japan Waste no longer being consolidated for accounting purposes and RENATUS becoming an equity-method affiliate. Moving forward, we aim for both the Company and RENATUS to leverage their respective strengths to become the two leading companies in the “vein” sector, working collaboratively to create a future where industrial activities are harmoniously aligned with the planet and society.

Challenges Towards 2030

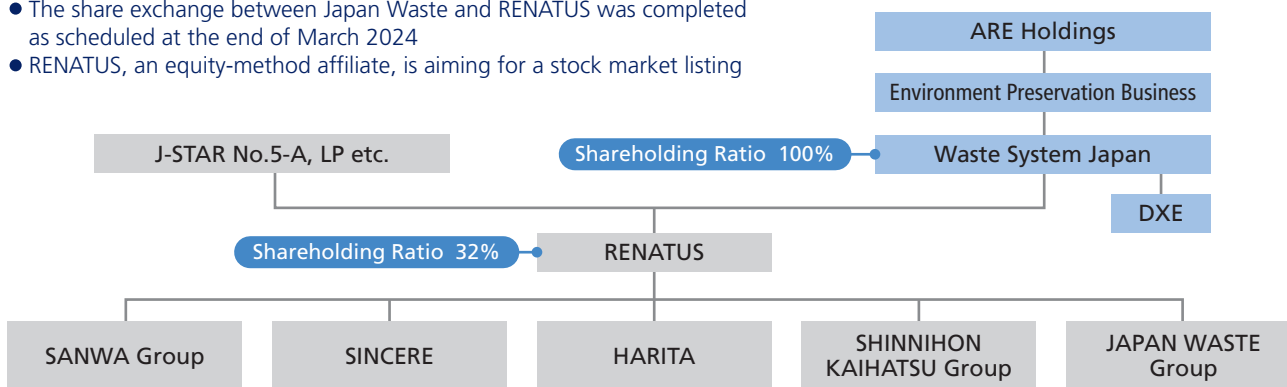
The ARE Group Way and ARE Medium- to Long-Term Plan & Aspiration were developed with clear foundational principles and background.

Halfway through fiscal year 2023, we have begun developing the ARE Medium- to Long-Term Plan & Aspiration for 2030 and simultaneously initiated discussions on the current ARE Group Way. Both initiatives are designed to shape the

We remain committed to tirelessly pursuing the balance between sustainable corporate growth and solving social issues.

Corporate Structure after Share Exchange

- The share exchange between Japan Waste and RENATUS was completed as scheduled at the end of March 2024
- RENATUS, an equity-method affiliate, is aiming for a stock market listing



Company's future, and to this end, we have sought to increase employee engagement at all levels, encouraging broader and more active participation than in the past.

Both the ARE Medium- to Long-Term Plan & Aspiration and ARE Group Way began with a re-examination of our purpose. Although we were open to changing our purpose, the multi-generational review process concluded that we wanted to uphold our purpose as being "Totally Committed to Protecting the Natural Environment and Preserving Resources." We confirmed that there is a shared commitment within the Company to be a force dedicated to maintaining a safe and secure world for those who are already here and for future generations.

At the time we began examining the ARE Medium- to Long-Term Plan & Aspiration, record-breaking heatwaves were occurring around the world, and the UN Secretary-General expressed grave concern, declaring that the era of global warming has ended, and we have entered an era of global boiling. Some commentators even likened the current state of the Earth to a large passenger ship that has already collided with an iceberg, sounding the alarm about the urgency of the situation. In Japan, the Ministry of Economy, Trade and Industry launched the Japan Partnership for Circular Economy in December last year, and in May of this year, the Ministry of the Environment's Act Concerning Sophistication of Recycling Business, etc. to Promote Resource Circulation was passed

by the Diet. Against the backdrop of these national strategic laws and projects, the Company, which primarily focuses on the recycling of precious and rare metals, has a clear role to play. ARE Medium- to Long-Term Plan & Aspiration centers on reducing reliance on carbon-intensive natural mineral resource extraction and achieving sustainable growth that contributes to economic security and revitalization of local communities.

We have also been fortunate to see signs of accelerated growth. The raw materials for the precious metals we produce in Japan and Asia are sourced not from natural mines but from urban and industrial mines. Our gold production through recycling has doubled over the past three years, reaching 30 tonnes annually in the previous fiscal year. If we consider our Bando Plant, which handles the final processing, as a gold mine, it is comparable in scale to the fourth largest natural gold mine in the world.

Recycling is increasingly outpacing natural mining. This shift is driven by major companies across various industries pushing for carbon neutrality throughout their supply chains. Consequently, the price of recycled precious metals has risen above that of precious metals directly mined from natural sources. This new economic value is referred to as the green premium because recycling not only significantly reduces CO₂ emissions but also helps prevent the depletion of natural resources. This represents a leading example of the circular economy model, demonstrating how resource circularity and decarbonization can be effectively achieved together.

Strategic Scenarios for Each Business

We will continue to pursue growth by exploring new markets and creating new businesses both domestically and internationally, using every available means.

In the ARE Medium- to Long-Term Plan & Aspiration, we have anticipated upcoming environmental changes in each business area and explored a wide range of growth opportunities to harness our potential. Based on this, we have developed strategic scenarios through fiscal year 2030 and set a target to achieve a revenue of 540 billion yen and an operating profit of 38 billion yen by that year.

▶ **New Frontiers in Precious Metals Recycling**

According to forecasts published by the International Monetary Fund, the world average economic growth rate is projected to be in the low 3% range by 2029. However, ASEAN major countries and India are expected to grow significantly above this average. There is no doubt that these regions will emerge as global growth centers. Semiconductor production, which utilizes advanced technologies, is also expanding in these areas. As industrial activities grow, demand for precious metals recycling is expected to increase accordingly.

We have local subsidiaries in Malaysia and South Korea for our precious metals recycling business. Building on these subsidiaries, we will expand collection activities in the electronics and semiconductor sectors across the ASEAN region. Additionally, we plan to establish a new business base in Thailand, which will strengthen our efforts to the ASEAN market and increase the collection of jewelry scrap within Thailand, where the jewelry business is concentrated. We will also initiate market development for automotive catalysts in India, where the automotive industry is experiencing significant growth.

In addition, both domestically and internationally, we will increase our share in existing sectors such as electronics and semiconductors, automotive catalysts and chemical catalysts, dentistry, and jewelry. Semiconductors, which are expected to grow significantly due to advancements in AI, will be a key focus area. Furthermore, we anticipate increased use of precious metals in emerging fields such as electric vehicles, synthetic pharmaceuticals, and hydrogen production processes, and we are beginning to target these new areas.

▶ **Downstream**

In our factories, the recycled raw materials undergo preprocessing and refining processes to be reborn as high-purity bullion. Previously, our value creation process ended once the bullion was produced. This is no longer the case. We are now focusing on creating new value in the phase after processing the bullion, which we refer to internally as downstream. The green premium we discussed earlier, which we gain from our strength in recycled production, is one example of success in this downstream phase.

The ARE Group and our products are certified not only by the London Bullion Market Association (LBMA) and the London Platinum and Palladium Market (LPPM), but also by the Responsible Jewellery Council (RJC)'s Code of Practices (COP) and Chain of Custody (COC). These certifications ensure that we meet the conditions required for acceptance by globally reputable brands that emphasize credibility. Currently, in the jewelry industry, we are achieving a green premium not only for gold but also for other platinum group metals. Additionally, we are expanding our green premium in the supply of palladium for the automotive industry and gold and silver for the electronics industry.

We are also expanding our value-added opportunities through physical processing. At Asahi Refining's facilities in Utah and Florida in the United States, as well as Ontario in Canada, we produce and sell cast products by pouring molten precious metals into relatively small molds, stamping certified marks on the cooled and solidified metal. We also manufacture and sell minted products by stamping and polishing rolled precious metals into small circles or rectangles,

often incorporating intricate designs. These minted products are sometimes produced under contract for government mints in various countries. Collectively, this can be referred to as our product business, which involves activities to earn processing premiums, including design fees.

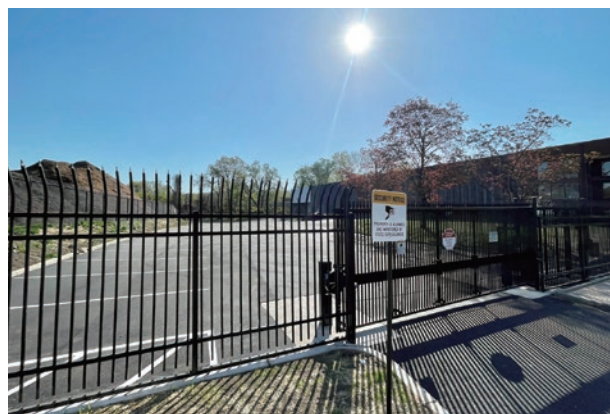
In Japan, we have also started our product business. To connect our value chain to the retail sector, we have independently developed an e-commerce site for direct sales. We encourage you to visit ASAHI METALFINE's product site.

▶ North American Refining and Warehousing

Our goal is to double operating profit in the North American division by fiscal year 2030. A key component of this strategy is the precious metal warehousing business operated by Asahi Depository, opened last year in New York State. This warehouse is accredited by the Commodity Exchange, commonly known as COMEX. Consequently, futures transactions for gold and silver conducted on COMEX involve the transfer of ownership of the physical gold and silver in this warehouse. Entities or individuals who become owners through futures settlements on COMEX pay monthly storage fees to Asahi Depository. While owners can withdraw gold or silver from the warehouse, they will incur a withdrawal fee for such transactions.

The strategic importance of this warehouse is underscored by several factors. One key aspect is its strategic complementarity with the product business. The North American business is built on a foundation of large-scale refining activities and actively engages in the product business. While our product business has performed exceptionally well since fiscal year 2019, market conditions deteriorated sharply in the latter half of fiscal year 2023. Market cycles are inevitable, but it is crucial to avoid accumulating excessive inventory during downturns. This is where the warehouse serves as an important alternative outlet. During favorable market conditions for the product business, we can produce cast and minted products to capture processing premiums from the market. Conversely, during unfavorable market conditions, we can deposit bullion into our warehouse, earning storage fees and other revenues from owners who settle through COMEX.

The warehouse also serves as the foundation for several new business ventures currently under consideration in North America. One of the most straightforward plans is the pension asset custodial business. Given the numerous large pension funds in North America, we are planning to offer a service to protect and store physical precious metals held as pension assets. Naturally, this vault will be our warehouse. In addition to this, we have other business plans leveraging the warehouse, which are rather complex. Therefore, in September of this year, we reached out to institutional



Warehouse in New York State, U.S.

investors with whom we have connections and provided a detailed explanation of our North American business plans during a dedicated briefing.

[Results for Fiscal Year Ended March 2024 and Forecast of Fiscal Year Ending March 2025](#)

Last fiscal year, we were impacted by the decline in platinum group metal prices. However, we have incorporated defensive measures to address this issue and anticipate a shift to increased revenue and profit this fiscal year.

In the fiscal year ended March 2024, our performance was adversely affected by a significant drop in the prices of platinum group metals, including rhodium. In the precious metals recycling business, transactions are categorized into two types: purchasing and physical return. Physical return transactions involve minimal risk from price fluctuations, while purchasing transactions carry such risks. To manage this, we implement price hedging strategies at the time of raw material acquisition for purchasing transactions. This involves securing the right to sell the finished products at the price of the precious metals purchased as raw materials by acquiring a futures contract on the precious metals market in advance.

However, rhodium, being a metal with very low market liquidity, does not have an available market for price hedging. This structural limitation makes it impossible to mitigate price fluctuation risks for rhodium. As a result, the significant drop in rhodium prices had a substantial negative impact on our performance.

We are implementing both short-term and medium-term measures for rhodium. We are expanding our hedging strategy through forward transactions with clients who are end-users of rhodium. We also intend to significantly improve the recovery process for rhodium from automotive catalysts at Asahi Pretec's new Bando Plant, which is currently under construction. This enhancement will improve recovery rates and reduce lead times, thereby boosting the business's profitability and helping to mitigate price fluctuation risks.

For the fiscal year ending March 2025, we plan to achieve a recovery in performance with increased revenue and profit compared to the previous year. So far, each business segment is progressing largely in line with our plans.

ESG Initiatives

We will fulfill our corporate social responsibility at a high level across all aspects of environmental, social, and governance (ESG) criteria.

▶ On Environmental Issues

The wealth generated by industrial activities relies on the Earth's natural resources and human labor. Their depletion through exploitation threatens the potential for sustainable growth. We conduct our daily operations with the awareness that preserving the natural environment is fundamental to our business itself. In this effort, we reminded the importance of consensus on recycled value. For instance, as the raw materials of brands offering precious metal products increasingly come from recycled sources, it has been crucial for us, as the supply side, to enhance transparency throughout the entire value chain. This transparency fosters positive attitudes toward the use of recycled resources among brand managers, employees, customers, and investors on the demand side. Moreover, market principles are pivotal in driving these initiatives forward. Through consensus on recycled value, the value of the green premium has emerged, and the recycling engines of Asahi Pretec in Japan and Asahi Refining in North America are operating at full capacity.

In natural mining, the principle is that if the metal value of the products rises, production can be ramped up by investing more in deeper mining. The same principle applies to urban and industrial mines, where the green premium accelerates this process, enhancing the competitive edge of recycling over natural mining. To put it in broader terms, we feel we are at a historic turning point in the transition to a greener global economy.

▶ On Social and Human Rights Considerations

Our business model is tierless. While our ESG score still has room for improvement, it genuinely and transparently reflects our practices. We have traditionally placed a strong emphasis on human resources and labor practices. Whether it is sales, production, or management, all functions are directly handled by our employees. As a result, our employment structure is simple, flat, and transparent. We do not create subsidiaries to offload work to restrict wages or rights.

Additionally, we plan to minimize the use of temporary staffing and outsourcing of certain administrative tasks to specialized agencies, shifting away from traditional economic rationality and toward building a fair, single-layer employment platform.

Moreover, we strive to improve working conditions, prioritize safety and health, and promote fairness, diversity, and inclusion. Here are three recent initiatives that illustrate our commitment.

First, we have significantly increased starting salaries, with the entry-level salary for a master's degree graduate joining in April 2024 set at 300,000 yen. We are planning another double-digit percentage increase in April 2026. Additionally, we are reviewing wage levels across all ranks, taking into account individual abilities and contributions.

The second is our dedication to employee health, demonstrated by recognition as a Health and Productivity Outstanding Organization in Japan for five consecutive years. We have established a comprehensive health check-up system that significantly exceeds legal requirements since the 2000s. Last fiscal year, we expanded our services by adding colonoscopy screenings for middle-aged and older adults and increasing support for re-examination costs.

The third key initiative is the enhancement of our engagement surveys. Since last fiscal year, we have increased the frequency of our surveys, with the support of external experts, to enhance both the physical and mental well-being of employees and improve labor productivity. We also conduct thorough follow-up sessions at the workplace based on the survey results to address and improve any identified issues.

The purpose of these human capital investments, so to speak, can only be fully realized through a unified and flat organizational structure, as previously mentioned. If we treat human resources merely as a cost and inclined to hierarchical or fluid employment frameworks, even with comprehensive health and wellness systems in place, only a select portion of the workforce would benefit within a group with shared objectives. From a human rights perspective, this fragmented approach is akin to a leaky bucket, compromising its overall effectiveness. We want Principles for Responsible Investment investors and young job seekers to understand our commitment to avoiding competition that undermines human rights or ecosystems.

▶ On Corporate Governance

Our Board of Directors has earned recognition from financial institutions and other stakeholders for its advanced structure. However, this structure mustn't be just a formality. We believe that outside directors must have access to sufficient management-related information, as any shortfall in this regard could be detrimental. To ensure this, we not only provide comprehensive materials well in advance of institutional decisions but also hold timely briefings on the specifics of our business and investments. Additionally, acknowledging the importance of firsthand experience, we organize site visits to both domestic and North American

business locations. Through these initiatives, we aim to meet the expectations of stock exchanges by fostering management that is conscious of capital costs and stock prices, with continuous focus on improvement.

In the previous fiscal year, to strengthen our governance design with a focus on shareholder value, we implemented a new stock-based compensation system linked to Total Shareholder Return (TSR) for CEO and corporate officers. This initiative was funded by reducing cash bonuses, which are short-term incentives. The new system provides medium- to long-term incentives through stock grants that fluctuate based on stock price and dividend changes. If there is a decline of 25% or more in both stock price and dividends over the specified period, the stock compensation will be zero. We believe this standard is stringent compared to Western norms.

To Our Stakeholders

We create shared value in social and financial dimensions, thereby enhancing corporate value through our unique business position.

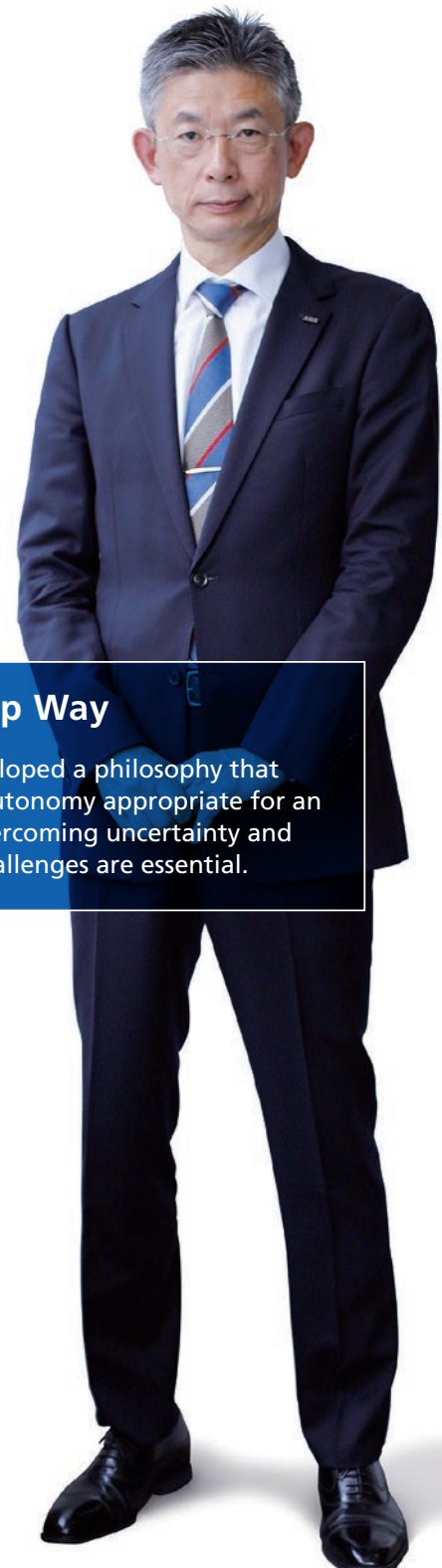
Our purpose and unwavering belief are to be “Totally Committed to Protecting the Natural Environment and Preserving Resources.” While some U.S. state laws recognize the Public Benefit Corporation, a type of company that includes public welfare objectives in its articles of incorporation, Japan’s company law does not have such provisions. Nevertheless, we take pride in considering ourselves a Japanese version of a Public Benefit Corporation.

We continuously apply an inside-out and outside-in approach at the operational level by addressing societal challenges with what we can do and integrating societal issues into our business activities. In the recycling and production sector, we not only suppress CO₂ emissions but also capture nitrogen oxides (NO_x) generated during the acid treatment process and reuse them as nitric acid. In the waste treatment sector, we have been experimenting with decomposing organic fluorine compounds, such as perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA), using supercritical water.

Our mission is to continue growing with appropriate profits, as indicated by metrics such as ROE, while upholding our industry’s conscience of protecting the irreplaceable natural environment and resources of our planet. Our value manifests at the intersection of our business and societal problem-solving initiatives, addressing both social and financial dimensions. Our Medium- to Long-Term Plan & Aspiration, aimed at fiscal year 2030, outlines concrete measures to achieve this.

To realize growth that makes a meaningful impact

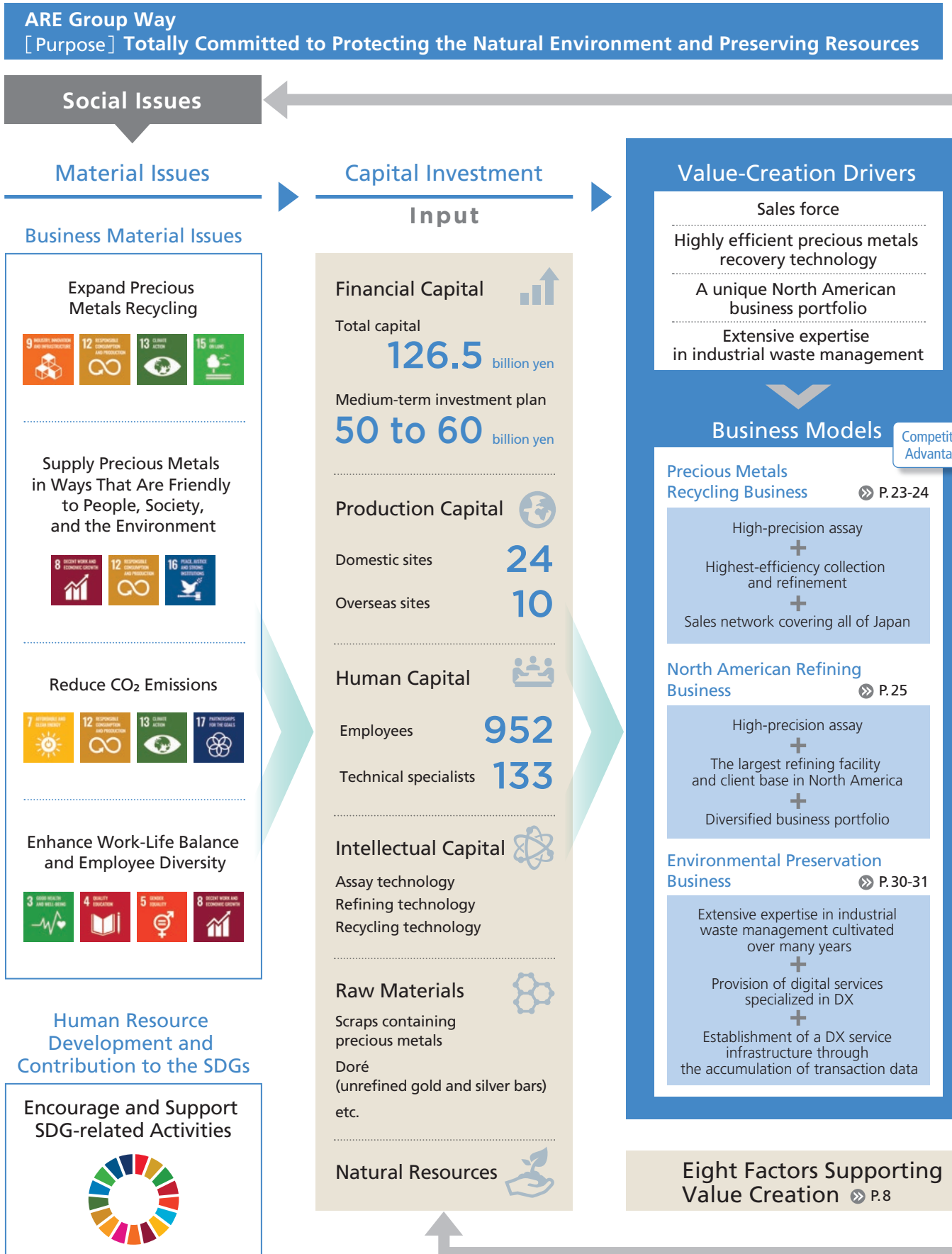
toward a fair and sustainable society, we continue to seek the understanding of and support from all stakeholders.



ARE Group Way

We have developed a philosophy that encourages autonomy appropriate for an era where overcoming uncertainty and embracing challenges are essential.

Over the years, we have achieved both business growth and solutions to social issues in our mission to be a leader in creating a circular economy that connects society to the environment. Moving forward, we will strive to maximize the value created by our business activities.



Realization of Our Long-Term Vision

To be a leader in creating a circular economy that connects society to the environment

Solving Social Issues

Medium- to Long-Term Plan & Aspiration

Strategic Issues

Strengthen the business foundation to enhance profitability

Expand into new areas in the Precious Metals Business

Further promote globalization

Develop human resources to support business growth

Optimize the balance sheet

Business Activities

Output

Precious metal bullion

Green gold



Minted products



Bullion of various precious metals



» P.22-29

DXE



DXEStation

» P.30-31

Value Provided to Society

Outcome

Social Value

Natural environment



- Creating a recycling-oriented society
- Effective use of limited global resources
- Avoided CO₂ emissions from precious metals recycling 600,000 t-CO₂

Shareholders and Investors



- Improving corporate value over the medium to long term
- Continuous and stable shareholder returns

Business partners



- Supplying precious metals in ways that are friendly to people, society, and the environment
- Digital transformation for industrial waste disposal

Employees



- Improving workplace support and job satisfaction
- Utilization of diverse human resources

Local communities



- Contribution through participation in community activities

Recycling of precious metal products

Economic Value

Revenue **322.3** billion yen

Operating profit **12.4** billion yen

ROE **21.0** %

Equity ratio **39.8** %

Unique Governance System » P.48 - 61

Reinvestment

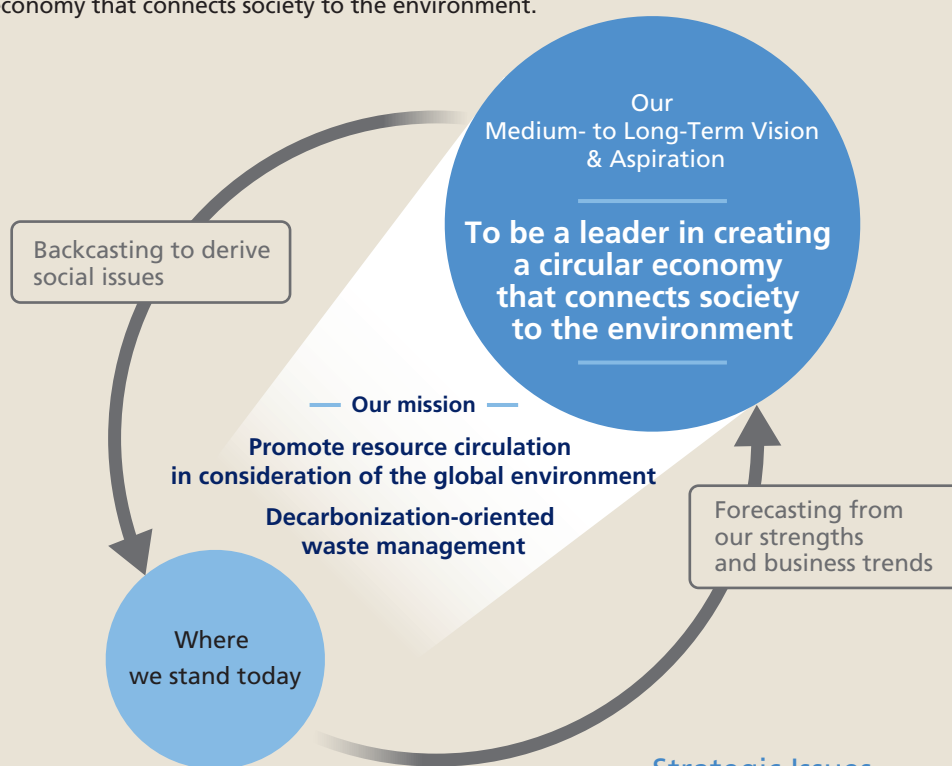
Medium- to Long-Term Plan & Aspiration for 2030

As a leader in creating a circular economy

In April 2024, we announced our Medium- to Long-Term Plan & Aspiration for 2030. This vision directly addresses two major challenges facing modern society: the establishment of a circular economy and the achievement of carbon neutrality. We will proactively address each strategic theme and contribute to solving social issues through business development.

Fusion of social issues and business

Our business areas are closely linked to the urgent social issues at hand. By leveraging our strengths such as high-precision assay and recovery technologies to further develop and promote our businesses (Precious Metals Business and Environmental Preservation Business), we aim to realize our vision of becoming a leader in creating a circular economy that connects society to the environment.



Strategic Issues

- 1 Strengthen the business foundation to enhance profitability
- 2 Explore new areas in the Precious Metals Business
- 3 Further promote globalization
- 4 Develop human resources to support business growth
- 5 Optimize the balance sheet

Mission and Strategies

Performance Targets: Revenue and Operating Profit

	FY2023 (Results)	FY2024 (Forecasts)	FY2030 (Targets)
Revenue	322.3 billion yen	370.0 billion yen	540.0 billion yen
Operating Profit	12.4 billion yen	18.0 billion yen	38.0 billion yen

Promoting resource circulation and decarbonization-oriented waste management with consideration for the global environment is our key mission. To fulfill these objectives, we actively engage with our current strategic themes and aim for sustainable growth to achieve our ambitious performance targets for fiscal year 2030. Through this medium- to long-term vision, we will balance enhancing corporate value with fulfilling our social responsibilities, contributing to the creation of a sustainable future.

Strategic Issues and Initiatives/Approach

Strengthen the business foundation to enhance profitability

- 1 To achieve sustainable growth, we aim to enhance the profitability of our existing businesses. By actively promoting the introduction of new technologies and digitalization, we will improve the competitiveness of our services and processes. Additionally, we will strengthen our business foundation through new capital investments to enhance productivity and enable flexible responses to market changes.

Expand into new areas in the Precious Metals Business

- 2 In the Precious Metals Business, we will actively explore new market opportunities to accelerate growth and enhance sustainability. We will particularly strengthen our operations in growth sectors such as electronics and semiconductors, and catalysts. Aiming to secure new revenue sources beyond traditional frameworks, we will promote challenges in new fields.

Further promote globalization

- 3 We will accelerate our global expansion by exploring business opportunities in new countries and regions. In addition to further strengthening the operations of our overseas bases in Asia and North America, we will enhance the development of our precious metals recycling business in Southeast Asia.

Develop human resources to support business growth

- 4 To support business growth, we emphasize investment in human capital. We aim to create an environment where diverse staff members can thrive while balancing work and life by promoting diversity, equity, and inclusion, as well as by implementing health and productivity management as the foundation for our human capital management.

Optimize the balance sheet

- 5 Optimizing (Soundness of) the balance sheet is essential for sustainable growth. We have expanded our balance sheet to eliminate a credit risk even on prepayment transactions in the North American refining business. Moving forward, we will continue to actively invest in growth areas while increasing financial security and maintain a sound balance sheet.

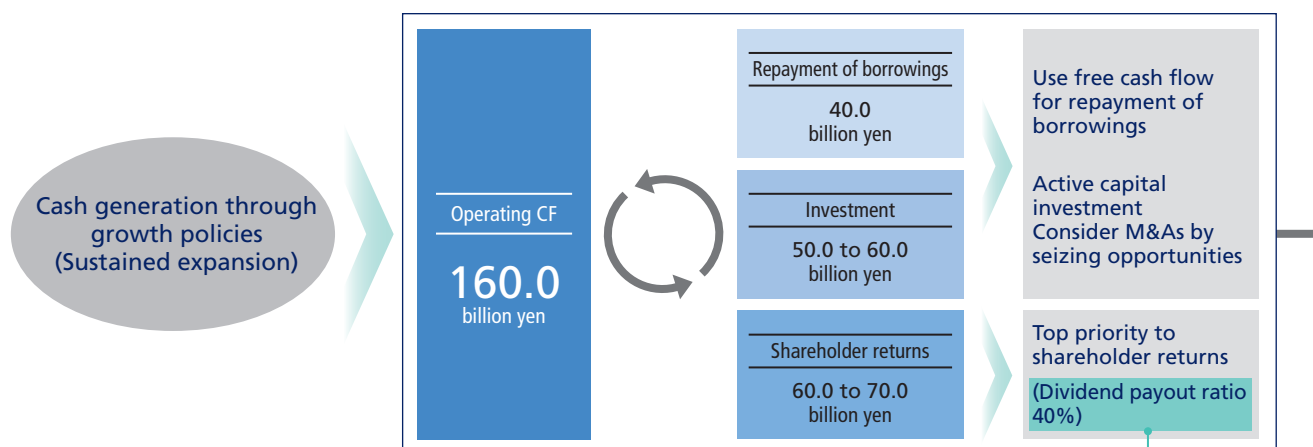
Financial Policies

	FY2023	FY2030 (Targets)
ROE	9.4%	13%
Equity ratio	39.8%	50% – 60%

Improve profitability

Reduce total assets

ROE: Calculated by excluding the effect of share exchange gain.



Basic Policy on Shareholder Returns

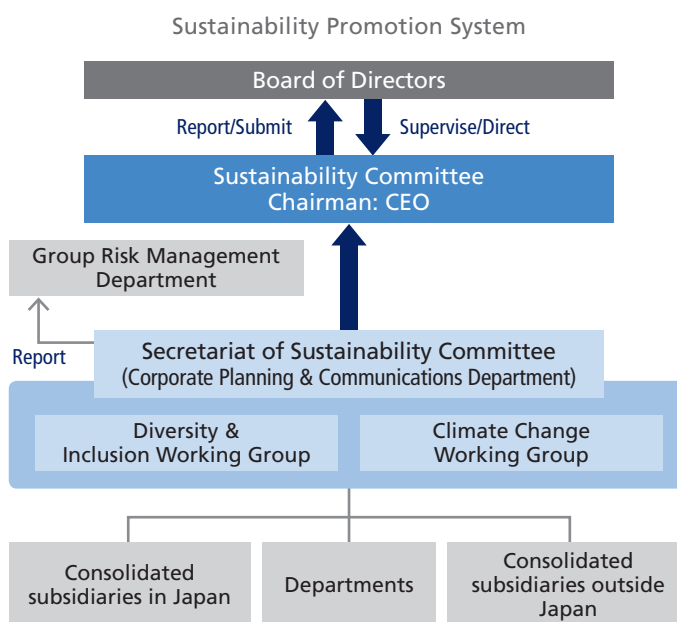
The Group's policy is to maintain a stable dividend payout ratio of 40% while ensuring sufficient internal reserves to support its growth strategy, including capital investment and M&A activities.

Our Approach to Sustainability

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

Sustainability Promotion System

Our Group’s sustainability initiatives are driven by the Sustainability Committee, which convenes quarterly. The Sustainability Committee consists of the Representative Director, President & CEO; the presidents of our operating companies; and the heads and members of the technology development and administration departments, with the CEO serving as the chairman. The Sustainability Committee deliberates on sustainability-related strategies, plans, measures, risk management, and monitoring. In addition to reporting matters discussed by the Sustainability Committee to the Board of Directors every quarter, effective governance is ensured by having the Board of Directors pass resolutions on matters of import.



Stakeholder Engagement

The Group’s corporate activities are built on relationships with a variety of stakeholders. We place special emphasis on maintaining good communication with stakeholders such as suppliers, shareholders, investors, employees and their families, and local communities, and strive to build strong relationships with them. The feedback we receive, including employees’ voices, is incorporated into our business activities and management, contributing to the enhancement of corporate value.

Stakeholders	Key activities and opportunities for dialogue	Activity results
With our Customers	<ul style="list-style-type: none"> Sales Activities Exhibitions and Events Website and Social Media Provision of information through brochures, etc. 	Quality Assurance System
Partnering with Suppliers	<ul style="list-style-type: none"> Engagement with suppliers in daily purchasing practices Conducting surveys Collaborating with suppliers to share and strengthen effective responses to environmental changes 	ARE Holdings Group Sustainable Procurement Policy
For Shareholders and Investors	<ul style="list-style-type: none"> General Meetings of Shareholders Integrated Report Individual Meetings with Shareholders and Investors Financial Results Briefings Business Briefing for Investors Website (Investor Relations, Sustainability) 	Constructive dialogue with shareholders and investors to enhance corporate value
Employees and their Families	<ul style="list-style-type: none"> Whistle-Blowing System Personnel Development System Intranet Portal Site Asahi Cheer-up Meeting Female Employee Empowerment Training Employee Survey Self-Reporting System Company Newsletters 	Introduction of new work styles (three-day weekend model / designated 10-day annual leave model)
Contributing to Local Communities	<ul style="list-style-type: none"> ARE Holdings’ SDGs activities Participation in social contribution activities 	Utilizing the new plant in Bando City as a disaster preparedness base (evacuation shelter)

Priority Issues to Be Addressed by ARE Holdings (Key SDG Targets)

Business Material Issues

Expand Precious Metals Recycling

» P. 32

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



FY2030 Targets

Total amount of recycled precious metals: **300** tons

CO₂ reduction effect: **837** thousand tons-CO₂

Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment » P. 33,44-45

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



Reduce CO₂ Emissions

» P. 33-37

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



FY2030 Targets

CO₂ emissions (Scopes 1 and 2): **-63%** (compared to FY2015)

Human Resource Development and Contribution to the SDGs

Enhance Work-Life Balance and Employee Diversity

» P. 41-43

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



Targets

Achievement rate for rest intervals of at least 11 hours: **100%** every year

Percentage of female employees in managerial positions to all female employees: **7.0%** by the end of FY2030

Percentage of employees with disabilities: **Meet or exceed the legally mandated employment rate** by the end of FY2030

Annual paid leave utilization rate: **70%** by the end of FY2030

Percentage of male employees taking childcare leave: **100%** by the end of FY2030

Encourage and Support SDG-Related Activities

» P. 46-47

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



Reflection on business activities

For the Group, quality assurance is positioned as the core department, and it works closely with the sales, technology development, and product manufacturing departments. It shares customer feedback and market trends with these departments and cooperates with them to improve customer satisfaction. In addition, the ARE Holdings Group maintains ISO 9001 certification to ensure that its products deliver satisfaction and peace of mind to customers. We strive to continuously improve our quality management system and maintain the highest quality possible.

The Group regards it indispensable to create a sustainable supply chain to achieve the purpose. To ensure sustainable business development for our business partners and suppliers as well as us, we aim to fulfill social responsibilities regarding legal compliance, human rights, ethics, labor, health and safety, and the environment together with them. As part of the Group's fundamental approach to procurement, we have established the Sustainable Procurement Policy and, in addition, we have formulated material-specific and company-specific procurement policies to further realize this fundamental policy.

We strive to enhance management transparency through timely and appropriate information disclosure, and we believe that building trust with our shareholders and investors through proactive dialogue contributes to sustainable corporate value enhancement. Specifically, we provide opportunities for dialogue, such as individual meetings with shareholders and investors (conducted over 120 meetings in fiscal year 2023) and business briefings. Valuable feedback from these discussions is reported to the Board of Directors as needed, facilitating our efforts toward sustainable corporate growth and further value enhancement.

We introduced this program with the dual aim of maintaining and enhancing human productivity within our business activities while accommodating the diverse lifestyles of our employees. This includes not only childbirth, childcare, school runs, nursing care, medical treatments, and doctor visits, but also actively encourages the effective use of newly created time for re-skilling—learning anew through personal development—as well as for hobbies and leisure activities.

The Group prioritizes coexistence with local communities and will utilize the new plant in Bando City as a disaster prevention base. Scheduled to begin operations in April 2025, the plant will open its cafeteria and parking lot as evacuation shelters during disasters, accommodating approximately 70 households. With solar power generation and storage batteries, it will be capable of supplying power during a power outage. The new plant is situated on elevated ground, outside the flooding hazard area on flood hazard maps, ensuring safety against natural disasters. By leveraging this elevated location of the plant, we aim to contribute to the safety and security of the community.

In the Group, all departments involved in sales, technology, product manufacturing, design, production, and services work together to understand customer issues and provide satisfying solutions. We also prioritize building trust with our customers through thoughtful communication.

The Group aims for fair, just, and open transactions with our suppliers. We share feedback from our suppliers not only within the procurement department but also with related departments, striving to enhance both economic and social value throughout the entire supply chain beyond the Company.

Based on feedback from our shareholders and investors, we have enhanced the information in our financial results presentation materials and strengthened our communication of business opportunities, with a particular focus on our medium- to long-term vision. Additionally, we have expanded the content on our corporate website to improve information disclosure.

We have established an environment where a diverse range of staff members can grow and demonstrate their abilities in their day-to-day roles, grounded in our commitment to promoting diversity, equity, and inclusion, as well as health and productivity management. This approach enables them to achieve harmony between their work and overall lifestyle in a way that suits them.

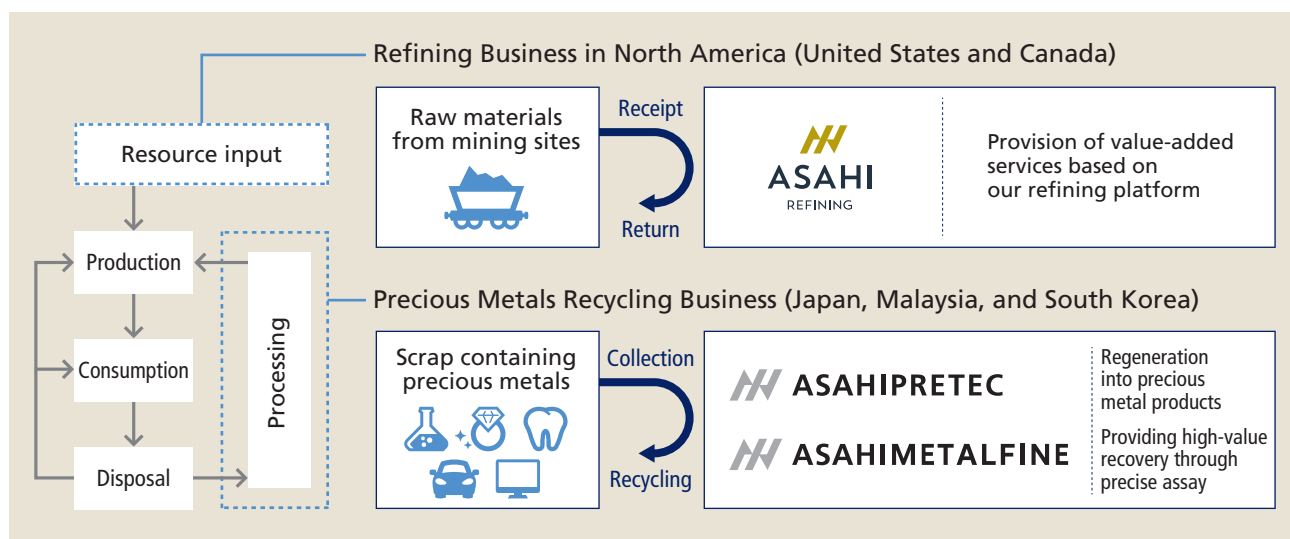
As a responsible corporate citizen, the Group engages in various social contribution activities rooted in local communities, with a focus on environmental preservation. By collaborating with diverse stakeholders both within and beyond the company to address social issues, we aim to foster and retain talent that will contribute to the future of both our company and the region.



Precious Metals Business

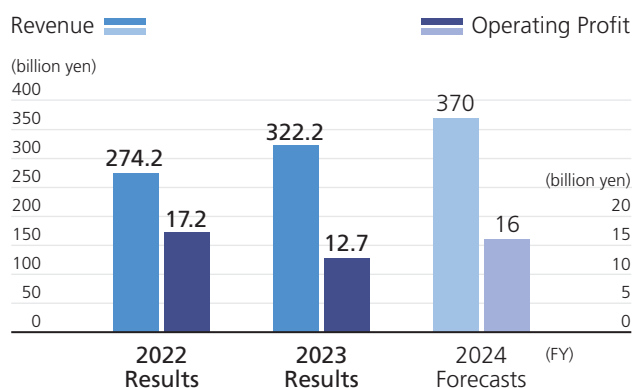
The ARE Group collects and recycles scraps containing precious metals from several industrial sectors. By recovering and then selling gold, silver, platinum, palladium and other precious metals—indispensable to modern manufacturing—we are contributing to the effective use of resources and the development of industry.

Business Domain



Market Conditions

As expectations grow for a circular economy that makes effective use of resources, the importance of precious metals recycling continues to rise. In particular, demand is increasing for the supply of precious metals in ways that are friendly to people, society, and the environment, balancing resource efficiency with reduced environmental impact. While our business is influenced by trends in the various industries from which we collect raw materials, we have been seeing an upward trend in collection volume especially from the jewelry sector under current market conditions.




Strengths and Responses to Potential Risks

	Strengths	Responses to Risks
Precious Metals Recycling	<ul style="list-style-type: none"> (1) Ability to assay the precious metal content of recyclable materials (2) A sales force of about 200 people all over the country who are customer-focused and well-versed in IT (3) Sourcing raw materials with full awareness of human rights and environmental issues, along with traceability management 	<ul style="list-style-type: none"> (1) Allocating resources to growing markets and new sectors (2) Growing market share by using proprietary systems in sectors with shrinking markets (3) Strengthening competitiveness through higher production efficiency (4) Improving green gold sales
North American Refining	<ul style="list-style-type: none"> (1) The largest refinery in North America as our refining platform (2) Locations close to client mining companies (3) Our Group's creditworthiness and financing capacity 	<ul style="list-style-type: none"> (1) Expansion of value-added services based on our refining platform (2) Avoiding dependence on global supply chains

Precious Metals Recycling Business


Business Fields Supporting Precious Metals Recycling



E-Scrap

Gold Silver Palladium

Electronic substrates used in personal computers, smartphones, and home appliances contain gold, silver, and palladium. We collect manufacturing process scrap and electronic substrates from used products. We process them, including crushing and sorting, to recover and recycle precious metals. Our precise sampling and advanced assay techniques are two of our strengths.



Catalysts

Platinum Palladium Rhodium

Automobiles have catalytic converters that detoxify harmful substances in exhaust gases, and some precious metals, such as platinum and palladium, are used in these devices. We apply our original technologies to recycle precious metals from automotive, chemical, and other catalysts.



Precision Cleaning

Gold Silver Platinum Palladium

We ensure the quality of customers' equipment by regularly and carefully cleaning the electronic components and semiconductors that they manufacture. Customers entrust us with their equipment, and we strip and recover precious metals that have adhered to it during use. The recovered precious metals are then returned to customers.



Dentistry

Gold Silver Platinum Palladium


Gold-silver-palladium alloys are some of the key materials used in dental prostheses such as crowns and inlays, and the percentage of precious metal content varies by type. Customers, such as dental clinics and laboratories, provide us with waste containing these metals and we recycle them. Our unique centralized management of collection, assay, and reporting ensures a high level of return for value.



Plating Treatment

Gold Silver Palladium

Since precious metal plating is an exceptional way to prevent corrosion and improve conductivity, it is used in numerous applications from industrial to decorative products. Using a proprietary electrolytic recovery system for precious metals, we recover and recycle the precious metals remaining in plating solutions. We also return the recovered materials to customers as a precious metal compound as requested.



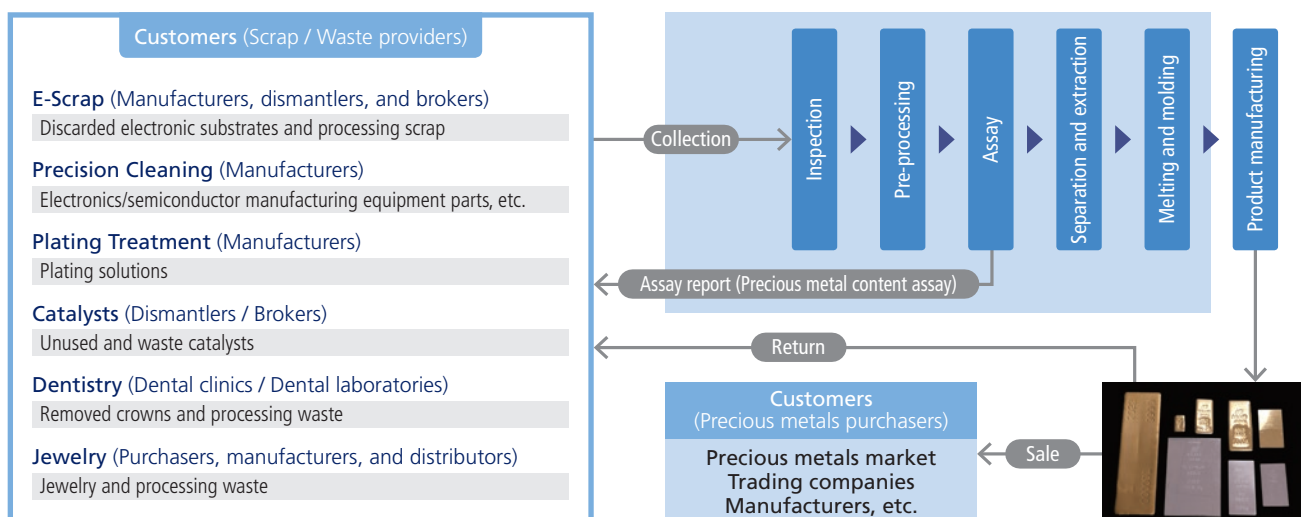
Jewelry

Gold Silver Platinum Palladium

We collect and recycle precious metals from jewelry and ornaments, coming from purchasers, manufacturers, and processors, that are no longer needed as well as precious metal scrap generated during manufacturing. In addition to accurate assay, we produce high-quality precious metal bullion, while returning raw materials to customers for manufacturing and processing.

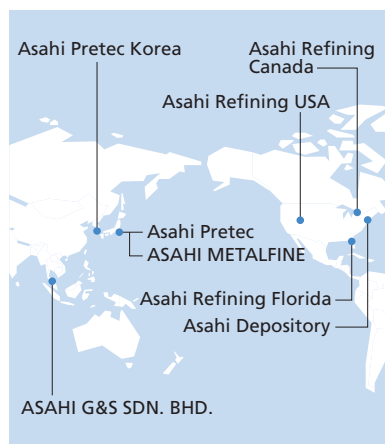
Collecting and Recycling Precious Metals

Our manufacturing operations in Japan and elsewhere in Asia ensure the most efficient recovery of precious metals and the optimal processing of recyclable materials, depending on the characteristics and admixtures in the business fields where we collect materials. We also meet customer requirements by fully using the best methods and most efficient refining plants for the type of precious or rare metal.



Global Expansion (As of March 31, 2024)

Our precious metals recycling operations in Asia have been growing steadily since 1994, focusing on dentistry and electronic waste (e-waste). We tailor business models to local market conditions, while using the proprietary technology we have developed in Japan. We have expanded our operations into North America with the addition to the Group of Asahi Refining in March 2015.



Asahi Pretec
Established: 1952
Incorporated: 2023
Location: Chiyoda-ku, Tokyo
Number of employees: 453

ASAHI METALFINE
Established: 1952
Incorporated: 2023
Location: Chiyoda-ku, Tokyo
Number of employees: 78



ASAHI G&S SDN.BHD.
Incorporated: 1994
Location: Penang, Malaysia
Number of employees: 7
Business line: Precious metals recycling from electronic materials and jewelry



Asahi Pretec Korea
Incorporated: 2006
Location: Chungju, South Korea
Number of employees: 31
Business line: Precious metals recycling from dentistry and electronic materials



Asahi Refining Canada
Incorporated: 2015
Location: Ontario, Canada
Number of employees: 116
Business line: Gold and silver refining



Asahi Refining USA
Incorporated: 2015
Location: Utah, USA
Number of employees: 141
Business line: Gold and silver refining



Asahi Refining Florida
Incorporated: 2019
Location: Florida, USA
Number of employees: 56
Business line: Gold and silver product processing



Asahi Depository
Incorporated: 2021
Location: New York, USA
Number of employees: 14
Business line: Precious metal vaulting



Outlook and Expectations for the Advancement of Overseas Business

Susumu Hirota
 General Manager of Overseas Business Development Department

While Japan is expected to face a declining population and shrinking economic scale in the future, Southeast Asia boasts an impressive annual GDP growth rate of 5%. The total population of Southeast Asia is projected to reach 730 million by 2030, with significant economic growth anticipated in the coming years.

In Malaysia, Western semiconductor manufacturers are making large-scale investments. Our subsidiary in Penang is located near semiconductor manufacturers that use a substantial amount of precious metals. With our waste processing license, we anticipate an increase in the recovery of precious metals from the semiconductor industry.

In Thailand, Vietnam, and Indonesia, the jewelry industry is thriving, with gold demand being three to four times higher than in Japan. In addition to our efforts in precious metals recycling,

the growing awareness of recycling in Southeast Asia has led to a gradual increase in the demand for recycled gold. We expect to eventually focus on sales in this area as it becomes more viable.

India has one of the largest jewelry markets in the world, along with the fourth-largest automobile sales market, which has been growing due to the increasing middle-income population, and the third-highest volume of waste generated from electronic products globally. There is strong demand expected for precious metals recycling from automotive waste catalysts. Through repeated visits to the region, we have confirmed that the local precious metals refining technology is often rudimentary, which increases the demand for our advanced technology.

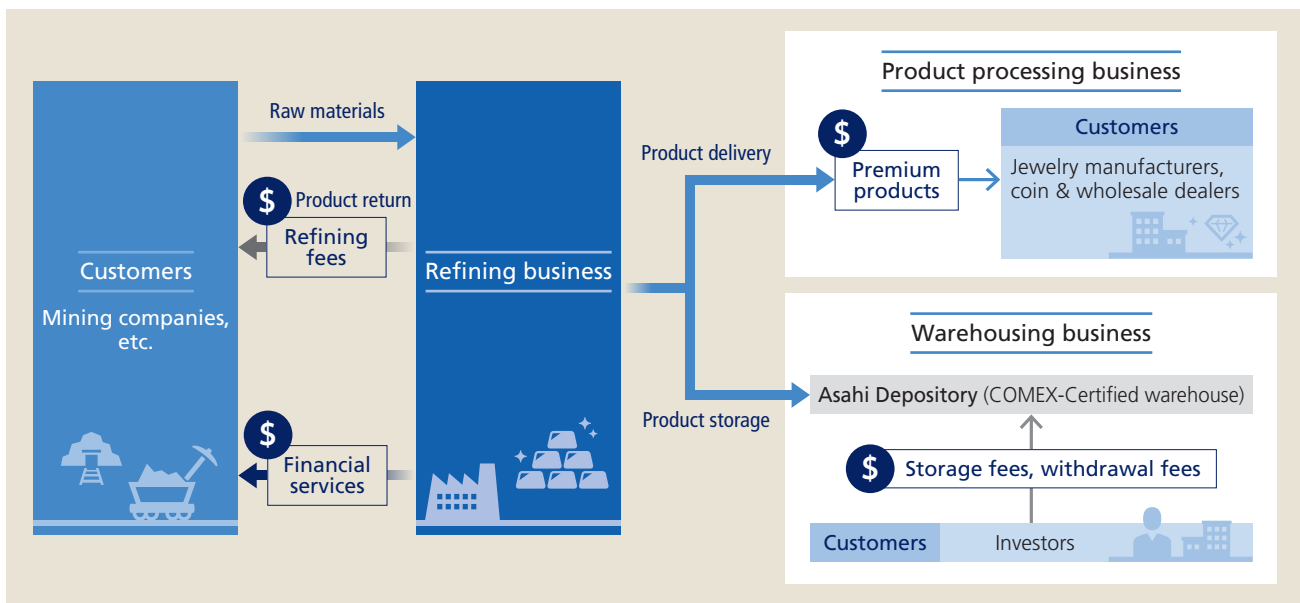
We possess advanced precious metals recycling technology with a strong market share across various sectors in Japan. Moving forward, we will expand the precious metals recycling technology and proposal capabilities we have developed domestically to overseas markets. While exploring various options such as establishing local subsidiaries and refining plants, as well as joint ventures and M&As with local companies, we will carefully select the most suitable entry strategies. At the same time, we will focus on developing young talent capable of taking on new challenges, driving the creation of a new era.

Refining Business in North America

We are engaged in the refining of gold and silver sourced from mines in the United States and Canada, boasting one of the world's top refining scales. The raw materials of gold and silver received from mining companies differ significantly from those handled in Japan and Asia, both in terms of precious metal content, impurity composition, and scale of intake. To address the specific requirements of each type of raw material, we primarily employ dry processing in North America, which involves melting at high temperatures to separate the precious metals. Additionally, we are committed to developing new services based on our refining platform, responding to diverse customer needs with financial services, the manufacturing of high-value-added products, and the storage of precious metals in state-of-the-art warehouses.

Overall Business Model

Where profits come from

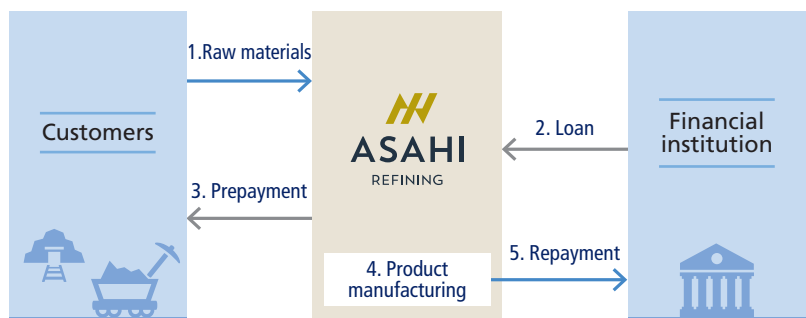


Process of Financial Services and Warehousing Business

Prepayment Transactions

Key Points of Revenue Structure

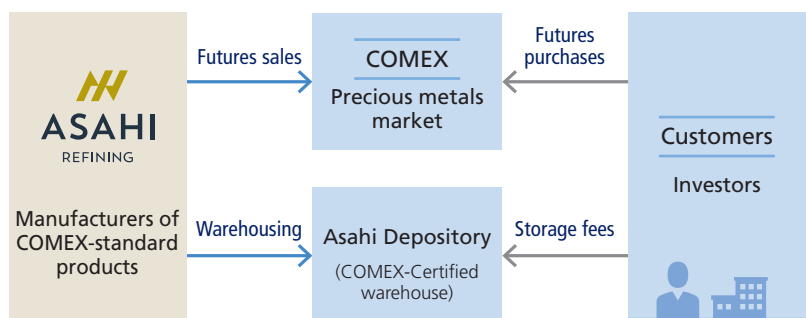
- Shorten the delivery time from receiving raw materials to returning the finished products to customers.
- Receive interest for the prepayment days from customers by delivering products before the contract's delivery date.
- Since the prepayment is made after receiving the raw materials, there is no risk of bad debt.



Warehousing Business

Key Points of Revenue Structure

- Manufacture products according to NYMEX (COMEX) standards at Asahi Refining.
- Deposit the products at Asahi Depository and execute futures sales.
- Deliver the products to the futures buyers and receive monthly storage fees.



R&D System

Technical Research Center—Pursuing Original R&D

We conduct proprietary research and development and assay technology development in the fields of recycling of precious and rare metals, utilization of hydrogen and heavy water, and development of new business. We established the Technical Research Center in Kobe High-Tech Park to serve as our R&D hub. We are looking to take even greater strides forward as a company that contributes to society by improving quality and technical innovation.



Research and Development

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

- Technology for separating and refining precious and rare metals
- Precious metals molding and refining technology
- Development of decarbonization technologies
- Development of hydrogen and heavy water utilization technologies



Refining Technology

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

Release Technology

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

Assay

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

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

Assay Technology

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



Engineering

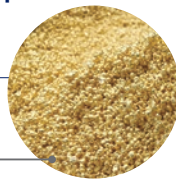
Using cutting-edge technology, experts from each sector design, produce, construct, and provide maintenance of facilities at subsidiaries in and outside Japan, helping to support safe and stable operation of the facilities.

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



Production System

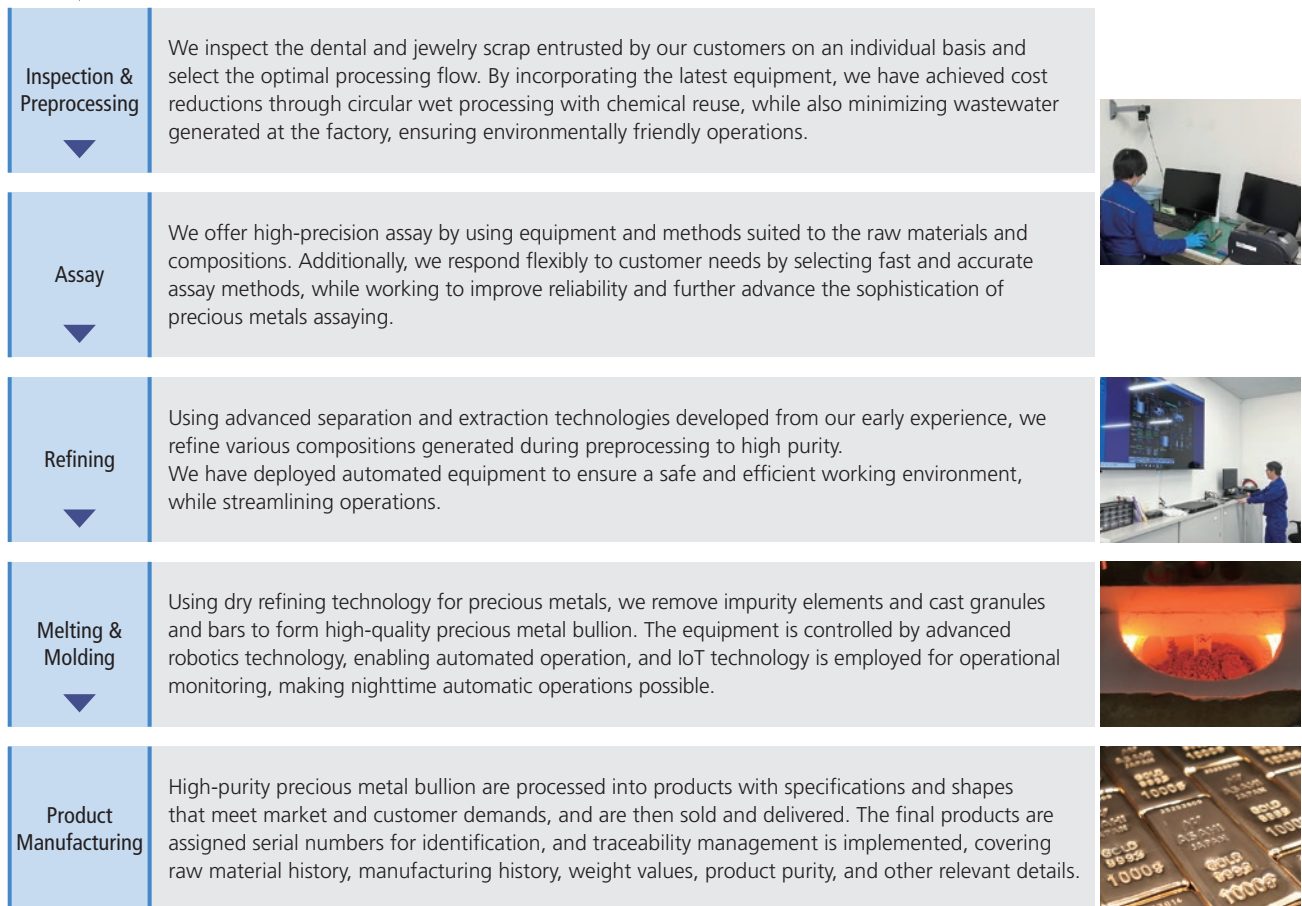
Bando Plant—Achieving a One-Stop Process from Reception to Final Product



Granules



Production Flow



Features of the Current Bando Plant and Initiatives at the Second Phase of the Bando Plant

Masaki Fukushima
General Manager of Technical Research Center

The current Bando Plant is a fully integrated facility capable of handling everything from raw material intake to final product manufacturing. The status of each process and its traceability are monitored through a central system, ensuring stable production of 100% recycled precious metals (Green Gold). Additionally, the introduction of collaborative robots and autonomous transport robots has improved productivity, making the Bando Plant one of the leading precious metals recycling facilities in the world by merging manufacturing know-how with the latest technologies. The second phase of the Bando Plant is currently under construction, with the following initiatives being undertaken.

We are developing a recycling system focused on platinum group metals, which are anticipated to play a key role in emerging

fields such as hydrogen, ensuring the continued availability of these critical rare metals for societal progress.

In the electronics and catalyst sectors, we are streamlining production by consolidating processes and enhancing product quality and production capacity through technological innovation.

The energy used at the plant will consist of hydrogen, green electricity, and natural gas, minimizing the use of fossil fuels to create an environmentally friendly process.

A 350kW solar panel system will be installed on the new building, and we are constructing a Net Zero Energy Building (ZEB) that will reduce energy consumption for non-production activities to zero.

A 600m² cafeteria will be built to offer employees both sustenance and a space to unwind. In the event of a natural disaster, it will be opened as a shelter, helping to ensure the safety and security of the local community.

With a vision of employees taking pride in the Company's business, environmental, and social activities while working healthily, we are progressing with the construction of the plant, aiming for completion in April 2025.

Retail Business

In 2024, we established the Retail Business Division and launched an official online store, beginning the sale of precious metals to the general public. While our business has traditionally focused on B2B, we aim to expand the appeal of precious metals as tangible investment assets by delivering high-quality products, made possible by our advanced technology, directly to our customers.



Official Online Store Launch

In 2024, we opened an online store to sell gold and silver bullion produced from recycled materials, as well as minted products imported from our North American subsidiary, Asahi Refining. Shortly after the launch of the online store, we also began handling platinum. Our gold, silver, and platinum bullion products are manufactured at the Bando Plant, one of the largest and most advanced recycling plants in Asia.

We have passed rigorous evaluation criteria for product quality, assay capabilities, and responsible sourcing. Gold and silver have been certified as Good Delivery Bars by the London Bullion Market Association (LBMA), while platinum and palladium are certified by the London Platinum and Palladium Market (LPPM). In addition, we have obtained the Responsible Jewellery Council's (RJC) Code of Practices (COP) and Chain of Custody (COC) certifications, ensuring the supply of precious metals that are friendly to people, society, and the environment.

We are also a full member of the Japan Gold Metal Association and are recognized by domestic and international exchanges, including the Osaka Exchange (OSE) and the New York Mercantile Exchange (NYMEX), as deliverable brand. Our products are highly valued for their superior quality in global markets.

In addition to high-quality bullion, we also offer original minted products manufactured by our North American subsidiary. Our diverse and distinctive product range reflects our commitment to quality and innovation.

Overview of Official Online Store



Available Hours	10:00 AM - 6:00 PM (JST, Japan Standard Time)
Products Available <small>(as of September 2, 2024)</small>	6 types of gold products (3 of which are minted products)
	17 types of silver products (9 of which are minted products)
	1 type of platinum product



What Are Minted Products?

Minted products refer to small-sized precious metal items made by cutting or stamping precious metal bullion into specific sizes and shapes using specialized molds and presses.





ASAHI METALFINE - Online Shopping

<https://ec.asahimetalfine.com/>
(Japanese version only)



Instagram





Asahi Gold Club — Gold Bullion Storage Service Launched

We have launched a new service, Asahi Gold Club, to meet our customers' needs. This service provides a comprehensive solution for the seamless process of purchasing, depositing, selling, and returning gold bullion.



Key Features

1 Flexible Operations

Gold bullion purchased or deposited by customers is securely stored by us under a deposit for consumption. Customers can sell or return the bullion at any time.

2 Digital Management

Manage your precious metals online. View real-time asset status and past transaction history.

3 Cost Efficiency

No purchase or storage fees. Efficient operation through online completion.

4 Wide Range of Support

In addition to our brand's gold bullion, customers can also deposit bullion from other specified brands.

Illustration of Usage

Purchase

No commission fees. Available in increments of 1g for purchases of 10g or more.

Storage

No storage fees.

Sale

For transactions settled by 3:00 PM, the same day's buyback price applies. Available in increments of 1g for sales of 10g or more.

Deposit

Minimum deposit of 100g, in increments of 100g. Accepts bullion from our brand and specified third-party brands.

Return

Minimum return of 100g, in increments of 100g. Delivery within 5 days.

Asahi Gold Club is the ideal service to meet the needs of physical precious metals investment. With an entirely online transaction system, customers can easily and securely invest in gold bullion. Through this service, we aim to expand our customers' asset management options and support the realization of more flexible investment strategies.

A unique experience with physical assets

At the core of our product development is the belief that the true shine and value of precious metals can only be appreciated when held in one's hands. In the digital era where intangible assets are becoming more common, we focus on the distinct appeal of physical precious metals. Through their texture, weight, and brilliance, we aim to offer our customers a special experience. Our official online shop offers a range of precious metal products, including gold, silver, and platinum, each with its own unique features.

Precious metals offer more than just an investment opportunity—they represent inherent value and beauty. Through our products, we seek to provide our customers with the opportunity to engage with these materials directly, gaining a deeper understanding of their worth and significance.





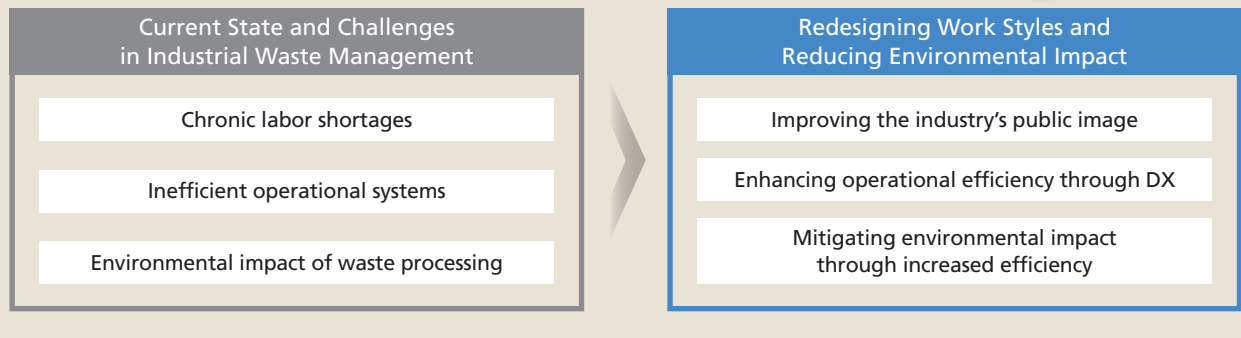
Environmental Preservation Business

We offer a digital platform designed to streamline operations for industrial waste management companies. By digitizing all aspects of industrial waste management—including manifest management, administrative reporting, and electronic contracting—we aim to eliminate paper and waste and contribute to the realization of a circular society.

To Build an Infrastructure that Carries the Future

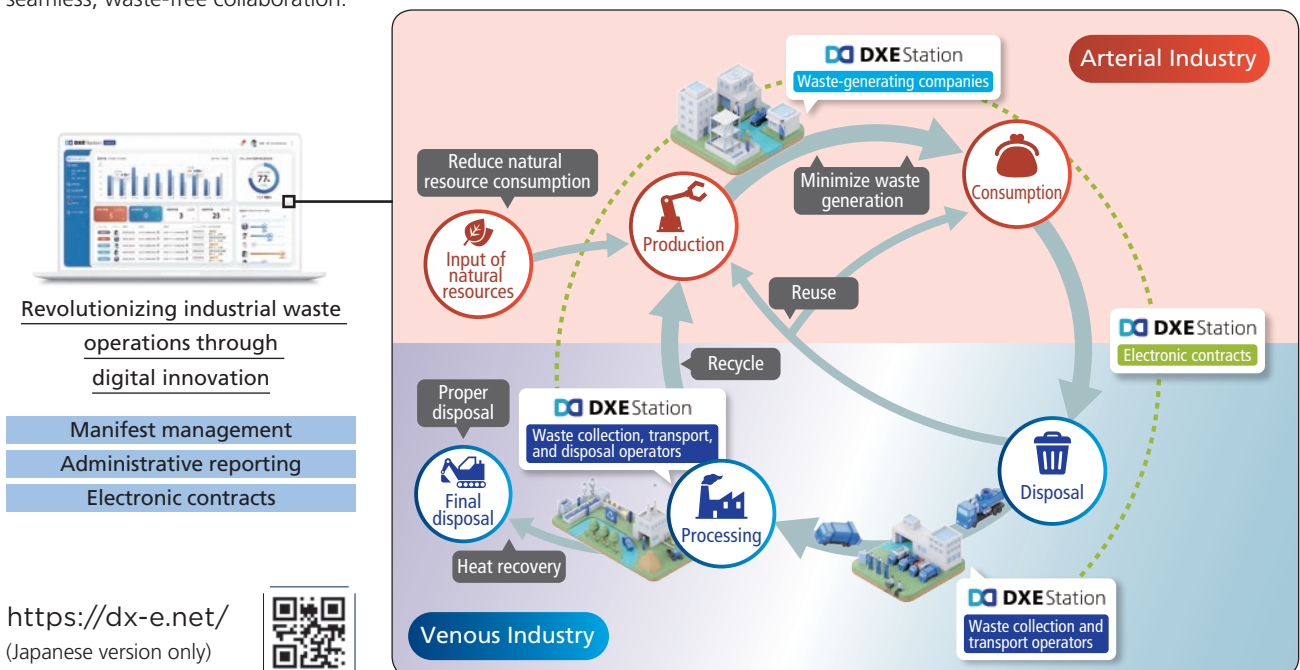
370 million tons per year

We digitally optimize industrial waste management, a vital foundation of society, to significantly reduce both on-site workloads and environmental impact.



Business Domain

The industrial waste management sector, a venous industry, faces numerous challenges, including an aging workforce, chronic labor shortages, and inefficient, paper-reliant processes. DXE Station, a platform provided by DXE, one of our group companies, digitizes and streamlines a range of industrial waste disposal operations, including manifest management, contracting, and administrative reporting. By connecting operators within the circulatory sector through DXE Station, we facilitate streamlined operations and seamless, waste-free collaboration.



Market Conditions

We address the fundamental challenges facing the industrial waste management sector, paving the way for workplaces where people are truly motivated to work.

Challenges in Industrial Waste Management



Entrenched Paper-Based Practices

Paper continues to dominate the management of industrial waste manifests. However, the extensive time and labor required for manual entry, mailing, and physical storage pose significant challenges to operational efficiency.



Challenges in Transitioning to Digital Systems

Despite the Japanese government's introduction of an electronic manifest system in 1998, adoption rates remain low. Key barriers to widespread implementation include resistance to using computers and low awareness among waste-generating companies.



Aging Workforce and Shortage of Successors

The industrial waste management sector is facing serious issues, including an aging workforce and a lack of successors. With small and medium-sized enterprises accounting for half of the industry, intense competition and the burden of daily operations often hinder efforts to effectively address these challenges.

Solving Fundamental Challenges to Create Workplaces Where People Want to Work



Simple and Intuitive UI to Overcome Resistance to PC Use

We prioritized creating a user-friendly interface, offering a standardized and straightforward screen design, thereby ensuring the platform is accessible to users of all ages, from younger employees to older staff.



Empowering Waste Management Companies to Drive Digital Transformation

We have designed a system that enables even companies with low awareness of digital adoption to transition to electronic processes. By focusing not only on our direct clients (industrial waste management companies) but also on their clients (waste generators), we create mechanisms to drive behavioral change, aiming for transformation across the entire industry.



Reliable Support from Industry Experts from the Development to the Implementation Stage

Our Environmental Preservation Businesses is led by team members with extensive experience in the industrial waste management sector. Their expertise and knowledge are integrated into the services we offer. We have a deep understanding of the values and real needs of waste management companies, allowing us to deliver solutions that address fundamental challenges.

Our Commitment to DX

Empowering the Courage to Shape the Future through Digital Transformation

For those accustomed to paper-based operations, transitioning to digital systems requires great courage. Common concerns include resistance to changing established workflows, potential friction with clients, and doubts about being able to effectively use new systems. To address these concerns, we strive to make our systems as user-friendly as possible, enabling industrial waste management operators to navigate the transition with confidence.

As systems become more user-friendly, more operators will be encouraged to embrace digitization. This, in turn, will inspire more businesses to follow suit, creating a ripple effect that spreads confidence, propelling the entire industry forward and catalyzing broader societal change.

The courage of each individual involved in industrial waste management has the potential to create a powerful wave of transformation.

Our services support the first courageous step into the future.



Winner of the 2024 Good Design Award

Environmental Initiatives of ARE Holdings

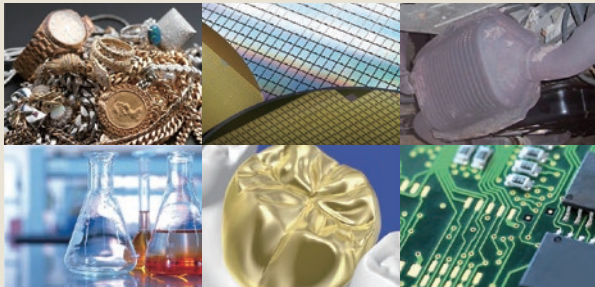
The ARE Holdings Group strives to ensure that its business activities contribute to healthy cyclical use of materials to protect the global environment.

Expand precious metals recycling

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

Amount of precious metals recycled in FY2023 **231t**

Key SDG Targets

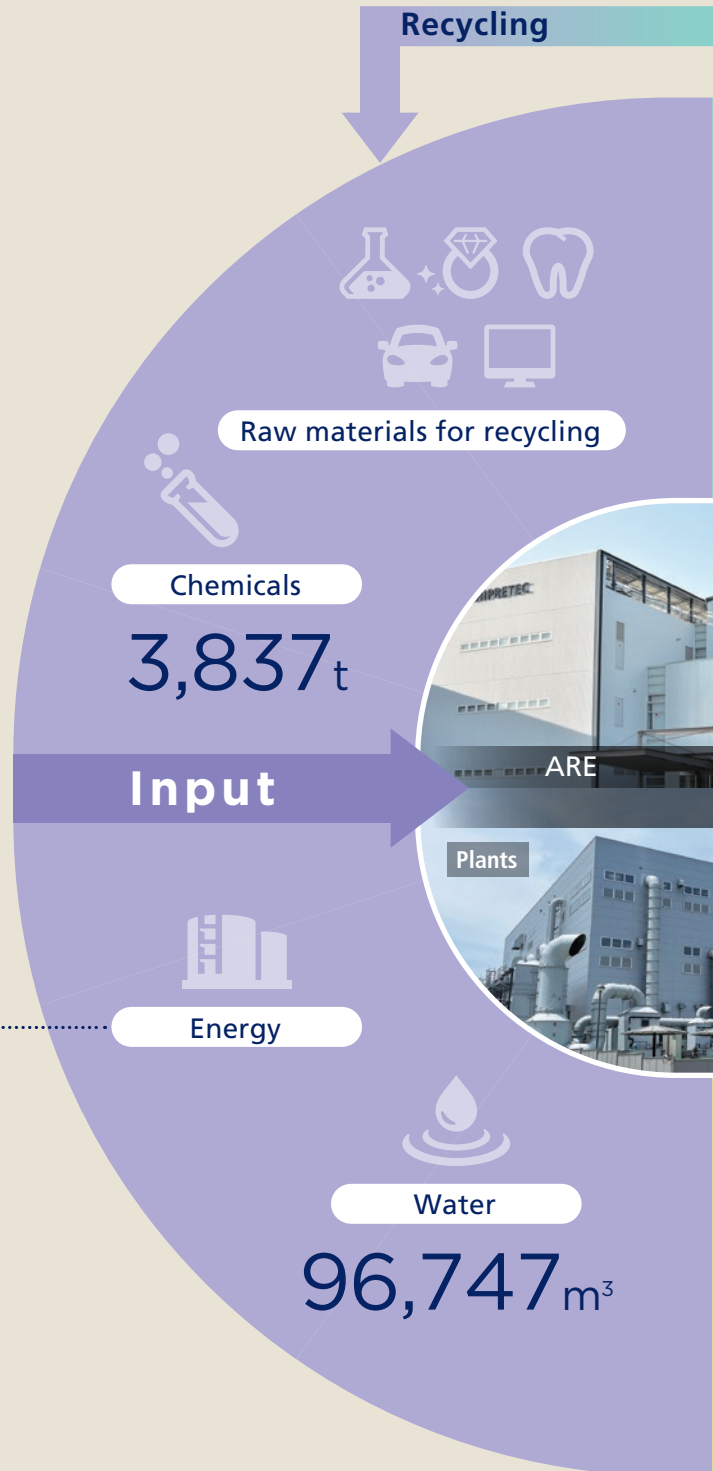


Energy Sources

Electricity	35.24 million kWh	↓
Kerosene	351 kL	↑
Heavy oil	223 kL	↓
Light oil	318 kL	↓
Gasoline	544 kL	↓
Urban gas	2.50 million m ³	↓
LPG	50 t	↓

↓ Decreased YoY ↑ Increased YoY

All figures are actual results for fiscal year 2023. The same applies for the rest.





Supply precious metals in ways that are friendly to people, society, and the environment

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

Key SDG Targets

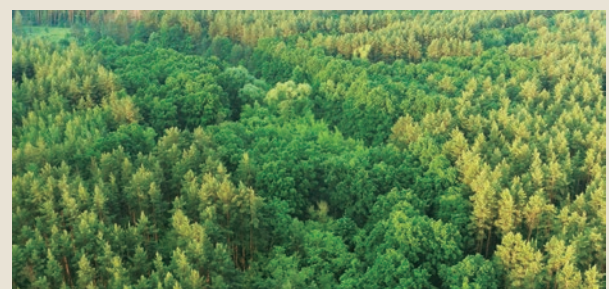


Reduce CO₂ emissions

By FY2030, we aim to reduce energy-derived CO₂ emissions by 63% compared to FY2015.

Rate of reduction in CO₂ emissions
FY2023 results **31%** reduction
Compared to FY2015

Key SDG Targets



Addressing Climate Change

Key SDG Targets

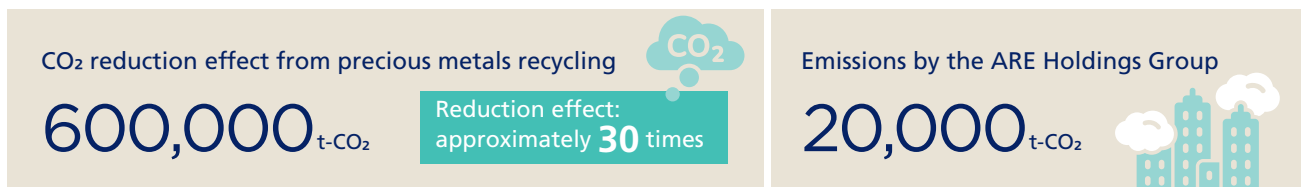
Reduce CO₂ Emissions



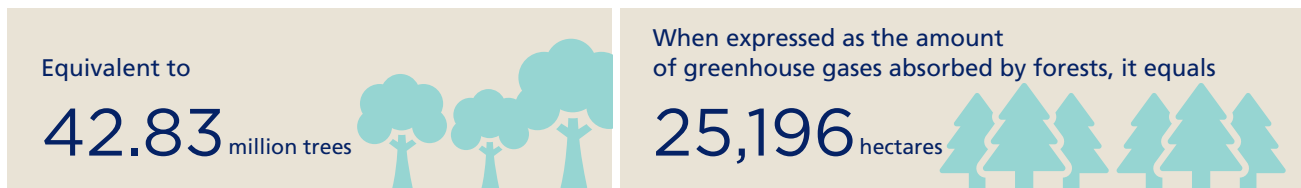
Climate change is a common challenge for humankind, and we believe it is one of our business materiality themes. We are committed to achieving a sustainable society through our businesses and by reducing our own CO₂ emissions.

CO₂ emissions reduction from precious metals recycling

Precious metals recycling is recognized as having a lower environmental impact than producing new precious metals from virgin mining. For example, when comparing CO₂ emissions, gold is estimated to produce approximately one-tenth the emissions. Applying this ratio to our precious metals recycling volume would result in an indirect CO₂ reduction of 600,000 t-CO₂, which is approximately 30 times the emissions of our Group. In addition to continuing its own efforts to reduce emissions, the Group remains committed to helping reduce CO₂ through precious metals recycling. (This CO₂ emissions reduction figure does not represent emissions directly reduced by the Group.)

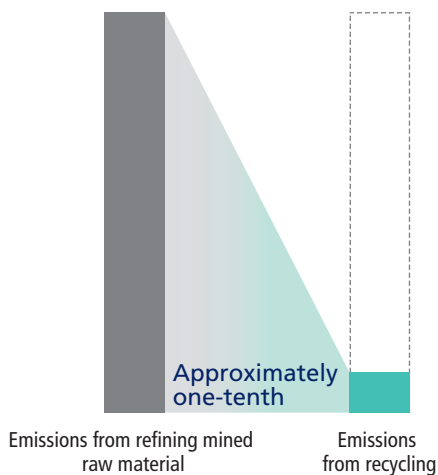


Environmental benefit of precious metals recycling



Source: Forestry Agency of Japan, Ministry of the Environment; calculation was based on the assumption that one cedar tree absorbs 14 kg of CO₂ annually, and 1,700 cedar trees are planted in an area of one ha

Effect of reducing CO₂ emissions by precious metals recycling



Emissions factors used for calculation	
Refining mined raw material	
Gold	12,621 kg CO ₂ /kg of gold
Silver	95 kg CO ₂ /kg of silver
Platinum, Palladium, Rhodium	9,297 kg CO ₂ /kg of palladium
Copper	1.7 kg CO ₂ /kg of copper
Recycling	
Gold	1,256 kg CO ₂ /kg of gold
Silver	22 kg CO ₂ /kg of silver
Platinum, Palladium, Rhodium	658 kg CO ₂ /kg of palladium
Copper	0.7 kg CO ₂ /kg of copper

Note: Calculated from "Life Cycle Assessment Data for Computer Products, Mobile Phones and Mixed Waste" (Source: United States Environmental Protection Agency website)

Third-Party Verification of CO₂ Emissions

For our main product, 99.99% gold granules, we calculated the CO₂ emissions from raw material collection to product manufacturing (Cradle to Gate) and conducted third-party verification in accordance with ISO14040:2006 and ISO14044:2006. This value will be made available to the users of this product in a format suitable for use as primary data in calculating their indirect emissions.



Results and Plans for CO₂ Emissions

In fiscal year 2023, the Group's total CO₂ emissions decreased by approximately 31% compared to the base year of fiscal year 2015, excluding emissions from sites (two outside Japan) that became part of the Group after the base year. The breakdown of the reduction shows a domestic decrease of approximately 60%, achieved through efforts such as reviewing power suppliers, replacing vehicles, and changing fuel types due to factory transfers.

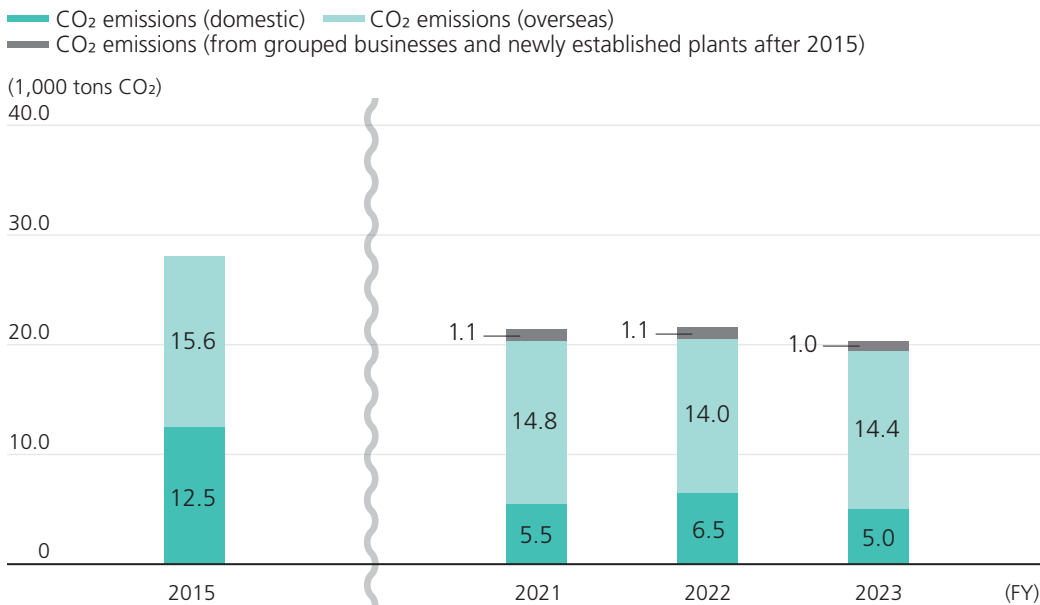
Emissions overseas were reduced by approximately 7% due to reduced city gas usage, a lower CO₂ emissions intensity, and other factors.

The ARE Group recognized the reduction of CO₂ emissions as a key business materiality and has set a target of reducing CO₂ emissions by 63% from fiscal year 2015 levels by fiscal year 2030. Furthermore, we have declared our commitment to achieving carbon neutrality by fiscal year 2050.

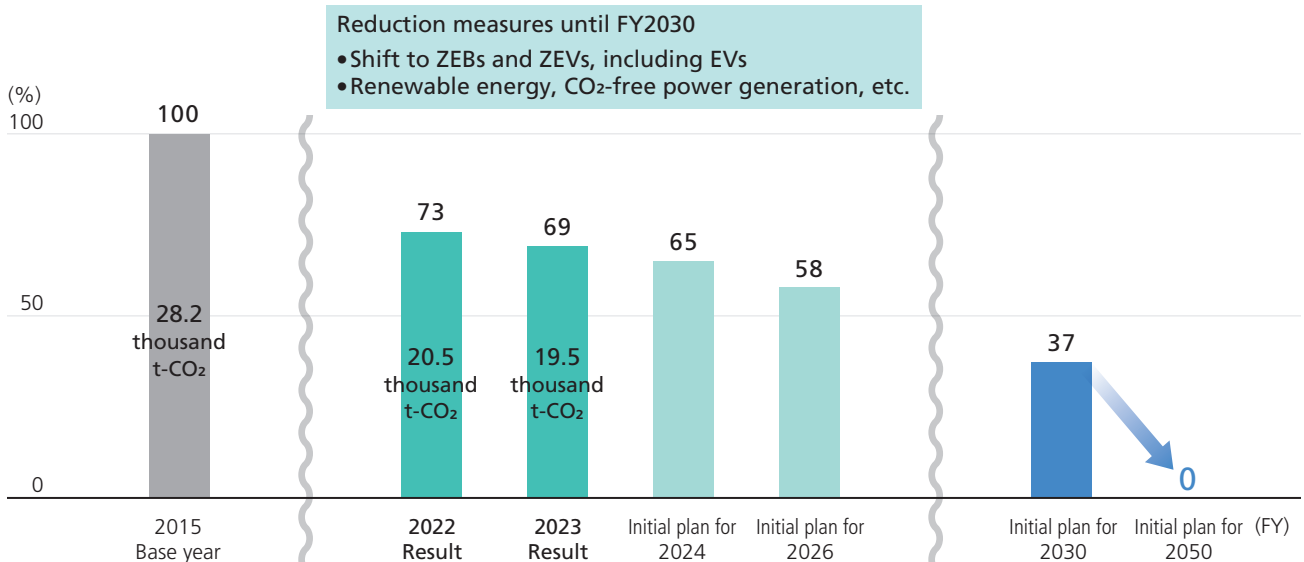
Scope of data collection

Scopes 1 and 2 emissions from the company and its consolidated subsidiaries* (Reporting period: April to March)
 * Pertains to consolidated subsidiaries as of March 31, 2024. Data for subsidiaries removed from the group is updated retrospectively. Data for new subsidiaries is included starting from the fiscal year they joined in terms of CO₂ emission trends.

CO₂ Emission Trends



CO₂ Emission Reduction Plan



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

Governance

In December 2021, we endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and established a cross-company team for TCFD. This team included staff from the business, technology development, and administration departments who identified risks and opportunities related to climate change, assessed the medium- to long-term impact of climate change on our business, and considered countermeasures. Currently, this is carried out by the Climate Change Working Group of the Sustainability Committee, which is overseen by the Representative Director and President (CEO). The members include the directors in charge of the business, technology development, and administration departments, as well as others. The identified risks and opportunities are reviewed at least once a year and the status of responses is reported to both the Sustainability Committee and the Board of Directors. Critical matters are decided by the Board of Directors to reinforce governance.

Strategies

Identification of Risks and Opportunities

We identify risks and opportunities related to climate change that will affect our Precious Metals Business segment (domestic and North American refining businesses) as well as the Environmental Preservation Business segment in 2030. We separated the risks and opportunities into these categories: short-term (1 year or less), medium-term (over 1 year and up to 3 years), and long-term (over 3 years and up to 10 years), and we qualitatively assessed them on three levels: high, medium, and low. We also considered the further impact of climate change from 2030 to 2050. As a result, policy and legal, market, technology factors, etc., were identified.

Category		Description	2030		2050	Mitigation Measures
			4°C	1.5°C		
Risks	Transition Risks Policies and Regulations	<ul style="list-style-type: none"> Increased costs due to the introduction of carbon pricing mechanisms, including carbon taxes. 	—	High impact	➔	<ul style="list-style-type: none"> Switching to CO₂-free power sources and replacing gasoline vehicles with EVs to meet FY2030 CO₂ reduction targets.
	Physical Risks Acute	<ul style="list-style-type: none"> Intensifying natural disasters, such as typhoons and floods, causing facility damage and prolonged operational disruptions. 	—	—	➔ (4°C)	<ul style="list-style-type: none"> Expanding BCM (Business Continuity Management) at plants identified as high-risk based on hazard maps. Selecting disaster-resistant locations and implementing disaster mitigation measures for large-scale capital investments.
Opportunities	Transition Risks Policies and Regulations	<ul style="list-style-type: none"> Recycled metals with relatively low CO₂ emissions will be highly valued and gain competitiveness under carbon pricing mechanisms. Compliance with regulations and enhancement of CO₂ emissions reporting. 	—	High impact	➔	<ul style="list-style-type: none"> Enhancing value-added sales of recycled metals by leveraging traceability. Strengthening consulting services that provide value, such as CO₂ emissions analysis. Expanding business by assisting companies that have difficulty complying with regulations.
	Transition Risks Market	<ul style="list-style-type: none"> Growing demand for recycled products and expansion in the range of products targeted for recycling. 	—	High impact	➔	<ul style="list-style-type: none"> Expanding the handling of low-grade scrap materials and increasing the range of metals recycled.
	Technology	<ul style="list-style-type: none"> Greater incentives to accelerate the development and early commercialization of decarbonization technologies, such as hydrogen. 	—	Medium impact	➔	<ul style="list-style-type: none"> Promoting further utilization of hydrogen using surplus power and other renewable sources.

Summary of Scenarios

Next, we conducted scenario analyses for climate change to investigate the impact on our business. We chose two scenarios: one where the global average temperature is expected to increase by around 4°C by 2100, and another where the increase is 1.5°C by 2100, compared to pre-industrial levels. These analyses were based on the World Energy Outlook 2021 by the International Energy Agency (IEA), reports by the Intergovernmental Panel on Climate Change (IPCC), and materials published by the Japanese government.

Results of Scenario Analyses

The 4°C scenario is where the current situation continues, and we found that there would be little impact on our operations as of 2030. On the other hand, as we move toward 2050, under this scenario, we anticipate an increase in a physical risk: the intensification of natural disasters such as typhoons and floods caused by severe weather. In addition to managing business continuity, we are also taking actions such as selecting disaster-resistant locations when relocating plants.

For the 1.5°C scenario, strong policy measures are expected to be taken to achieve carbon neutrality by the mid-century. One of these risks is the introduction of carbon pricing, including carbon taxes. Being affected by cost increases will become a risk. On the other hand, in the Precious Metals Business segment, recycled metals, which emit relatively little CO₂ emissions, could gain a reputational and cost advantage. This is an opportunity for the Company, which has strengths in the production and traceability of recycled precious metals.

In our Environmental Preservation Business segment, providing systems that reduce environmental impact presents an opportunity. We will focus on expanding these opportunities while mitigating risks.

Risk Management

The Climate Change Working Group will compile the responses to risks and opportunities related to climate change and CO₂ emissions. The Sustainability Committee will monitor and evaluate them every year. The Board of Directors will also be informed of the contents for supervision and direction. In addition, the Group Risk Management Department is also informed of the risk management of the entire Group.

Indicators and Targets

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

- Final target** — Aim to reach carbon neutrality by FY2050 (targets are Scopes 1 and 2)
- Interim target** — Reduce CO₂ emissions by 63% (compared with FY2015) by FY2030 (targets are Scopes 1 and 2)

In order to achieve these targets, we are moving forward with switching to CO₂-free electricity, reducing fuel usage, and making our business offices ZEBs (Zero Energy Buildings). We are also planning to reduce emissions by 35% compared to fiscal year 2015 by fiscal year 2024, and by 42% compared to fiscal year 2015 by fiscal year 2026.

Recommended disclosures	Status of Efforts / Action Policies
Governance	<ul style="list-style-type: none"> ● Deliberating on climate change issues at the management level of the Sustainability Committee, which is chaired by the CEO and consists of the presidents of operating companies and directors from the technology development and administration departments ● Establishing the Climate Change Working Group under the Sustainability Committee to promote measures for climate change ● Building a system to supervise the matters discussed by the Sustainability Committee under the Board of Directors
Strategy	<ul style="list-style-type: none"> ● Conducting scenario analysis of risks and opportunities related to short-, medium-, and long-term climate change at 4°C and 1.5°C ● Setting "Reduction of CO₂ emissions" as one of our business materiality themes
Risk Management	<ul style="list-style-type: none"> ● Reporting the progress of measures on risks and targets identified from scenario analysis, etc., to the Sustainability Committee and the Board of Directors on a regular basis ● Incorporating the reported matters into the overall group's risk management system by reporting to the Group Risk Management Department
Indicators and Targets	<ul style="list-style-type: none"> ● The Group has already set a target of reducing CO₂ emissions by 63% from the FY2015 level by FY2030, and it has already declared that it will achieve carbon neutrality in FY2050 (Scope 1 and Scope 2) <div style="background-color: #009682; color: white; padding: 5px; margin-top: 5px;"> For information regarding the plan to reduce CO₂ emissions by FY2030 and the FY2023 emissions data, see p. 35 </div>

Environmental Management

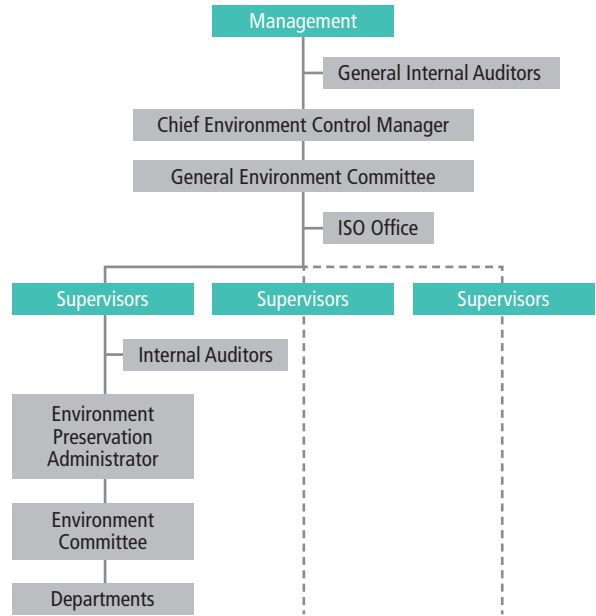
Environmental Management Promotion System

ARE Holdings Group contributes to protecting the earth's natural resources through precious metals recycling and environmental preservation. However, at the same time, we consume resources and energy.

Guided by our Environmental Policy to help minimize the environmental impact, we follow environment-conscious operations where an optimal balance can be achieved between limiting the environmental impact and generating economic value.

We are actively pursuing ISO 14001 certification, the international standard for environmental management, aiming to reduce our environmental impact globally. Each year, we establish company-wide environmental goals aligned with our Environmental Policy. At ISO 14001-certified sites in Japan, we also develop site-specific annual environmental goals. Each site appoints an environmental preservation administrator and establishes an environment committee. These committees ensure compliance with environmental laws and regulations, revise plans, and enhance environmental education. All such activities are reported to management. Additionally, we ensure full application of our Environmental Management System (EMS) across all sites.

Environmental management structure



Our Initiatives

ISO 14001 Certification Overview

In August 2018, we acquired ISO 14001 certification for our sites in Japan, including those at our subsidiaries. As of August 2024, we have been certified at 21 sites in two companies. Going forward, we will continue to focus on maintenance and improvements with an emphasis on extending certification to all sites.

ISO 14001 Certificate



Promoting Green Purchasing

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

Recommended Products

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



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

Contributing to Biodiversity

Since launching our service for detoxifying liquid waste in the 1970s, the Group has dedicated over 50 years to environmental conservation. By effectively handling industrial waste, we contribute to preserving ecosystems, aquatic environments, and the oceans. We are aware that it is crucial to stop and reverse the loss of natural habitats, deliver outcomes that are beneficial to nature, and mitigate and manage natural risks for conserving biodiversity. We also believe that producing precious metals through recycling significantly contributes to biodiversity.



Water Stress

In our business operations, the Group is dedicated to reducing our environmental footprint by continuing to cut back on water use and to become more efficient. While we recognize the importance of managing stress on water resources alongside the efficient use of these resources, none of our business sites—in Japan and overseas—are in areas categorized by WRI Aqueduct as being at high risk or above. We have concluded that none of our business sites are exposed to water stress.



Initiating Joint Discussions to Expand the Heavy Water Recycling Business

Asahi Pretec is collaborating with Japan Waste Corporation, Sumitomo Mitsui Trust Bank, Limited, EIWA Corporation, and FC Development Co., Ltd. to expand the heavy water recycling business.

Hydrogen (H_2) is regarded as a key material for achieving carbon neutrality. Deuterium (D_2), a hydrogen isotope, is being utilized and researched for purposes such as improving the efficiency and durability of OLED luminescent materials and extending the efficacy of pharmaceuticals while reducing the side effects. Furthermore, deuterium is gaining attention as a potential fuel for future nuclear fusion. However, heavy water, the primary source of deuterium, is almost entirely imported, making it scarce and subject to significant price volatility.

As part of the fiscal year 2022 Cross-Regional Cross-Sector Carbon Neutrality Technology Research, Development and Demonstration Program implemented by Japan's Ministry of the Environment, Asahi Pretec developed a technology to co-produce hydrogen and heavy water while recycling and reusing spent heavy water, which is currently treated as industrial waste. Leveraging this technology enables the reuse of previously discarded heavy water, thereby meeting domestic demand for heavy water through resource reclamation. In addition, by selling the co-produced hydrogen, we will contribute to the reduction of CO_2 emissions by decreasing reliance on fossil fuels.



Human Capital Supporting Our Business Strategy

Our Approach to Human Capital Management



To achieve our Medium- to Long-Term Plan & Aspiration, we believe it is imperative for all employees to understand and practice the ARE Group Way. We are convinced that when diverse employees collaborate, respectfully and with care for one another, think independently, actively take on challenges, and pursue innovation, the productivity of the entire organization is maximized. Therefore, we position our employees as key stakeholders and are systematically investing in human capital. We have established an environment that encourages employees to continuously learn and fully express their abilities in daily tasks, underpinned by our commitment to promoting diversity, equity, and inclusion as well as health and productivity management, allowing each diverse employee to achieve a balance between work and life in a way that suits them.

Specifically, we are advancing initiatives such as promoting employment for people with disabilities, encouraging women's participation in the workforce, and adopting an optional three-day weekend as part of our work style reforms. We focus on recruitment strategies and competitive compensation aimed at attracting core personnel for the medium to long term—individuals who embody the ARE Group Way, enhance their expertise, and are capable of planning, designing, and executing the future development of our business.

In a labor market where workforce mobility is expected to increase, we believe enhancing engagement is the most effective way to retain talent. Through investments in human capital, we aim to elevate employee engagement and foster unique organizational capabilities that are rooted in the ARE Group Way, making them difficult for competitors to replicate.

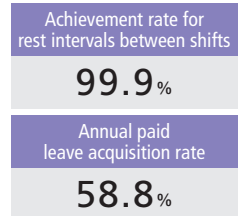
Enhance Work-Life Balance and Employee Diversity

Key SDG Targets



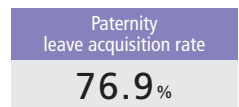
Introduction of new work styles (including an optional three-day weekend and designated 10-day annual leave system)

This program has been in place since October 2022, aiming to both maintain and enhance labor productivity in our business operations while accommodating the diverse personal lives of our members. It encompasses not only childbirth, childcare, school runs, nursing care, medical treatments, and doctor visits, but also encourages the use of newly created personal time for re-skilling (relearning through self-improvement) as well as hobbies and leisure activities.



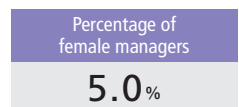
Encouraging men to take paternity leave

Promoting a diverse work culture that accommodates the varied working styles and contributions of all our employees cannot be achieved solely by targeting female employees. In addition to raising awareness about paternity leave among male employees, we are promoting the creation of an environment where men can comfortably engage in childcare, including running in-house training programs (under the banner of Asahi Learning) for all managers.



Measures to increase the percentage of women in managerial positions

We are continuously working to improve support systems that enable a balanced work-life approach, including flexible working arrangements such as work from home and reduced hours to support childcare until children complete elementary school. As a strategy for increasing the percentage of women in managerial positions, we have implemented selective career training programs to cultivate a culture that encourages employees to take on challenges. The Asahi Cheer-up Meeting, established in 2022, is an ongoing effort to foster the active engagement of female employees through dialogue and interaction among colleagues. In recognition of these efforts, Asahi Pretec Corporation achieved the Platinum Kurumin certification in 2024.



Company-wide promotion of employment for individuals with disabilities

Through the Sustainability Committee, we are actively promoting a corporate culture and workplace environment where employees with disabilities can thrive. Rather than treating the employment of individuals with disabilities merely as a social responsibility or obligation, we aim to achieve diversity, equity, and inclusion by enabling these employees to contribute to business growth and find meaning in their work. These efforts are reflected in our achievement of the legally mandated employment rate.



Improving employee engagement

We have transitioned from conducting a company-wide survey every three years to conducting it annually with enhanced content, allowing for more precise measurement of employee and organizational engagement levels. The results are shared with all employees. Additionally, we provide organizational leaders with training and expertise to drive engagement improvements, establishing a framework where each organization can independently take the initiative in implementing enhancements.

Overview of Flexible Work Arrangements

Programs	Details	Eligible participants
New work styles	We offer workplace-specific options such as a three-day weekend model and a designated 10-day annual leave system Offering flexible work options accommodates a wide range of personal needs, not just for childbirth, childcare, school pick-ups, nursing care, and medical treatment, but also for re-skilling and achieving a better work-life balance	Regular employees, contracted employees, associate employees
Flexible working hours	If there are constraints on working hours that prevent the adoption of new work styles, adjustments can be made flexibly within the month's predetermined working hours	Shift workers, part-time workers, etc.
Shorter working hours (for childcare and nursing care)	Shorter working hours of up to six hours per day, with childcare available until the child completes sixth grade	All employees
Work from home (for childcare and nursing care)	Up to two days of work from home per week	All employees
Special leave (for childbirth)	Up to three days of paid leave when a spouse gives birth	All employees
Nursing care leave	Up to five days per year per person, available in one-hour units	All employees

Human Resource Development

Training System Organization

We have implemented our own qualification systems and internal education courses with the goal of developing professional human resources who can operate on a global level, regardless of their position or occupation. We are also developing employees who enjoy taking on a challenge, using systems that fairly and objectively evaluate every employee's contribution to business performance.

Eligibility		New and young employees		Mid-level & leadership		Management		Senior management		
All	Obtain the knowledge and business skills that form the foundation of our operations	Basic education (safety training, IT education, sustainability education, language learning support)								
		Training for new graduates and recruits								
		Mentorship system (for one year after entering the company)								
	Level-specific Training	Understand roles and expectations	Training for mid-career hires							
					New assistant manager training		Training for executive-level mid-career hires			
						New general manager training				
		Correspondence education: Essential courses by level								
		Basic business skills	Intermediate course	Manager fundamentals course		Manager course		Advanced management course		
						Training and development of evaluators				
						Training for new managers				
Selective Training	Learn the core skills necessary for business operations	Practical business skills training		Correspondence education: Essential courses for knowledge/skills						
				Logical writing		Accounting, finance and labor management				
	Gain advanced expertise			Mentor development training						
		Domestic business schools (short-/long-term)								
Developing global and managerial talent	Specialized courses by job category (competence certification, on-site education, external training, support for qualification acquisition, etc.)									
	Global course (overseas trainees)									

Overseas Trainee Program

We have introduced this trainee program to better understand the diversity of cultures through firsthand experiences and to cultivate a global perspective. This is part of our strategy to nurture future managers who can perform on the world stage. Currently, two young engineers from our Technical Research Center stay in North America, with the goals of not only improving their technical skills but also of developing the ability to adapt to a global environment.



Training for New Managers

This program offers a structured approach to learning the knowledge, behaviors, attitudes, and mindset required for effective management. Rooted in the Values of the ARE Group Way, the program equips managers to practice these principles and foster a corporate culture aligned with the ARE Group Way.



Mentorship System

This system involves senior employees acting as mentors and providing structured on-the-job training (OJT), which facilitates rapid growth for new employees. Mentors undergo training, enabling them to develop foundational skills for managing and developing subordinates. Additionally, this system aims to foster the mindset of continuous learning and independent initiative, in alignment with the principles of the ARE Group Way.

Increase in starting salaries for new graduates

In light of the intensifying competition for human resource, we raised the starting salaries for

new graduates joining in April 2024. To stay ahead of external trends, we are planning another salary increase in 2026. By strengthening our recruitment communication efforts, we aim to expand student applications and attract top talent who will drive the company's future.

	Before Revision	After Revision	Increase
Bachelor's Degree	¥255,000	¥280,000	¥25,000
Master's Degree	¥280,000	¥300,000	¥20,000

Health and Productivity Management

Our purpose is to be "Totally Committed to Protecting the Natural Environment and Preserving Resources," and we are committed to balancing the resolution of social issues with ongoing enhancements to our corporate value. As stated in the ARE Group Way Values, "Care for Others," we regard each employee as the driving force of our organization and a crucial management foundation. By promoting health and productivity management, we aim to address key management challenges, including the sustainable growth of the company, organizational revitalization, and increased productivity.

ARE Holdings Health Declaration

The ARE Holdings Group recognizes that every employee's mental and physical health are assets to the company and is working to enhance corporate value by building healthy, productive workplaces.

Tomoya Higashiura, Representative Director, President & CEO

Robust Health Exam Program that Exceeds Legal Requirements

Starting at age 35, a gastroscopic examination is recommended for employees, and advanced medical checkups including brain MRIs and PET scans are provided periodically starting at age 40.

We have been recognized by Japan's Ministry of Economy, Trade and Industry as a 2024 Certified Health & Productivity Management Outstanding Organization. This recognition is given to corporations that are promoting employee health from a strategic business perspective.



Mental Health

Since good mental health is essential for improving productivity and vitality, employees are provided individual consultations and other services by industrial physicians specializing in mental health. In addition, stress checks are given to all employees at all sites including workplaces with fewer than 50 people.

After the checks are carried out, we analyze the results for each site and improve workplaces to promote even more supportive working environments.

Creating a Safe Workplace

Initiatives under the Occupational Safety and Health Management System (OSHMS)

To reduce occupational accidents, it is essential to proactively mitigate the numerous risks that exist in the workplace. We have adopted the concept of OSHMS, a systemized approach to risk management, and established systematic safety processes to ensure ongoing health and safety management. Our goal is to improve workplace health and safety standards. Through initiatives such as risk assessments and hazard prediction training, we are strengthening accident prevention and safety education, with a focus on preventing serious accidents and disasters.

Commitment to Responsible Management of Precious Metals

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

What Is Responsible Precious Metals Management

Key SDG Targets

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



Responsible Sourcing of Minerals

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

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

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

Responsible Precious Metals Management

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

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

In addition to avoiding conflict minerals, human rights abuses, money laundering, financing terrorism, and fraudulent transactions, the LBMA Guidance also now requires refiners to fulfill their social responsibilities for sustainability and the environment.

ASahi METALFINE and Asahi Refining (USA and Canada) are also accredited by the Responsible Minerals Initiative (RMI) as conflict-free gold refiners that comply with the Responsible Minerals Assurance Process (RMAP).

Our Initiatives

As ARE Holdings Group sets being “Totally Committed to Protecting the Natural Environment and Preserving Resources” as our purpose, the Group sees creating a sustainable supply chain to achieve this purpose as essential. For our own sustainable business development as well as for our business partners and suppliers, together with them, we fulfill social responsibilities for legal compliance, human rights, ethics, labor, health and safety, and the environment. In our procurement activities, we have established a Sustainable Procurement Policy aimed at enhancing the corporate value of both our partners and suppliers and building a sustainable supply chain based on mutual cooperation and trust with both parties.

(Compliance with laws, regulations, and social norms) We will comply with local and international laws, regulations, and social norms applicable to our business activities.

(Respect for human rights) We will eliminate all human rights violations, such as forced labor, child labor, harassment, and discrimination in our supply chain.

(Occupational health and safety) We will understand local and international labor conditions applicable to our business activities and strive to maintain and improve the working environment as well as health and safety.

(Environmental considerations) We will take into consideration the impact on climate change and biodiversity, and promote procurement activities with minimal impact on the global environment.

(Ensuring quality and safety of products and services) We will ensure the quality and safety management of our products and services, and strive to continuously maintain and improve them.

(Fair and impartial transaction) We will conduct fair and impartial transactions in accordance with corporate ethics, sound business practices, and social norms.

(Information security) We will properly manage confidential information and personal information obtained in procurement activities and strive to prevent leaks.

ASAHI METALFINE's Initiatives

Leveraging its sales network that covers all of Japan and its overseas sites in Asia, ARE Holdings Group collects and recycles scrap containing precious metals generated from sources such as e-scrap, plating treatment, precision cleaning, catalysts, dentistry, and jewelry. By recycling gold, silver, platinum, palladium, and other precious metals essential to modern manufacturing, ARE Holdings Group contributes to the effective use of resources and the advancement of the industry.

ASAHI METALFINE's gold, silver, platinum, and palladium products are recognized worldwide. In addition to receiving Good Delivery accreditation from LBMA and LPPM, its products have also been approved for delivery by futures exchanges, including the Osaka Exchange (OSE) in Japan, the Commodity Exchange (COMEX) and the New York Mercantile Exchange (NYMEX) in the United States, establishing them as a globally recognized brand.

In July 2019, ASAHI METALFINE became the first Japanese refiner to receive the Responsible Jewellery Council (RJC)* Code of Practices (COP) certification. In July 2021, the company also obtained the Chain of Custody (COC) certification for its processing and distribution management. ASAHI METALFINE adheres to the RJC's strict standards for ethics, human rights, society, and the environment, as well as for due diligence and traceability. The company is committed to fulfilling its responsibilities as a member of the precious metals supply chain, including gold and platinum.

* A non-profit organization that promotes transaction transparency and responsible corporate behavior in the jewelry industry, targeting companies that handle precious metals and diamonds, from mining to retail.



Responsible Management of Precious Metals

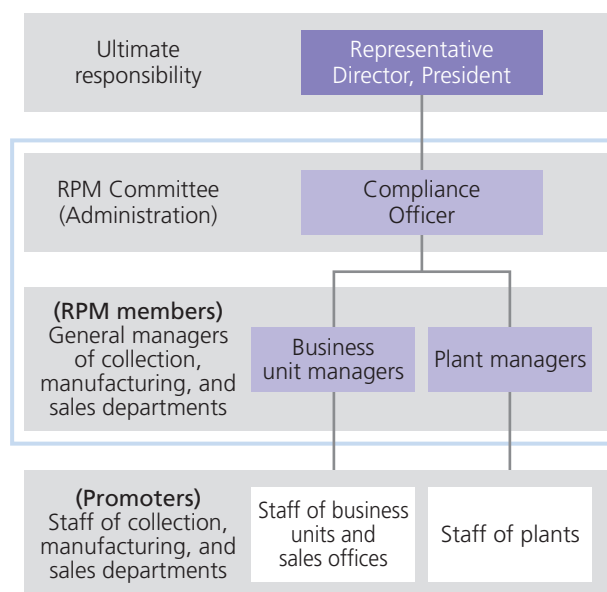
In the precious metals supply chain, we have established a Responsible Precious Metals Management Policy and formed the Responsible Precious Metals Management Committee (RPM Committee) to oversee our domestic Group companies. Under the leadership of the Chief Compliance Officer, appointed by the President and CEO, the RPM Committee is responsible for making key decisions, including formulating and revising policies, developing management systems, monitoring implementation, educating employees, and reporting to senior management.

We evaluate transactions that adversely impact our precious metals supply chain as high-risk. The RPM Committee discusses these transactions, and additional due diligence is conducted as necessary to further strengthen the management system.

Supply Chain Management

Our due diligence process uses an approach that assesses the risks in the precious metals supply chain, such as conflict, compliance with laws, human rights, labor rights, health and safety, and the environment. By communicating with suppliers and through know-your-customer questionnaires, we gain an understanding of the transaction and the origin of materials; we then evaluate the risks for suppliers and materials. We sent a consent form to all of our suppliers, requiring them to confirm that they agree with our RPM Management Policy, and we request their understanding and cooperation in responsible precious metals sourcing. We establish relationships of trust with our suppliers and conduct continuing due diligence to mitigate risk in the supply chain.

We gain an understanding of the transaction and the origin of materials; we then evaluate the risks for suppliers and materials. We sent a consent form to all of our suppliers, requiring them to confirm that they agree with our RPM Management Policy, and we request their understanding and cooperation in responsible precious metals sourcing. We establish relationships of trust with our suppliers and conduct continuing due diligence to mitigate risk in the supply chain.



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

Relationship with Society

Serving our Customers

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

Fair and Impartial Transaction

The ARE Holdings Group is committed to upholding fair and impartial transactional practices and corporate ethics as we strive to achieve one of the ARE Group Way Goals: “Establishing a globally trusted corporate brand.”

Quality Assurance System

At Asahi Pretec, quality assurance is positioned as the core department, and it works closely with the sales, technology development, and product manufacturing departments. Quality assurance shares customer feedback and market trends with these departments and cooperates with them to improve customer satisfaction. In addition, the ARE Holdings Group maintains ISO 9001 certification to ensure that all products deliver satisfaction and peace of mind to customers. We strive to continually improve our quality management system and maintain the highest level of quality.

Procurement Initiatives

As ARE Holdings Group sets being “Totally Committed to Protecting the Natural Environment and Preserving Resources” as our purpose, the Group sees creating a sustainable supply chain to achieve this purpose as essential. For our own sustainable business development as well as for our business partners and suppliers, together with them, we fulfill social responsibilities for legal compliance, human rights, ethics, labor, health and safety, and the environment. We have established the Sustainable Procurement Policy as our basic approach to procurement, and have also set up material- and company-specific policies to achieve the goals of the basic procurement policy.

ARE Sustainability Procurement Policy

1. **(Compliance with laws, regulations, and social norms)** We will comply with local and international laws, regulations, and social norms applicable to our business activities.
2. **(Respect for human rights)** We will eliminate all human rights violations, such as forced labor, child labor, harassment, and discrimination in our supply chain.
3. **(Occupational health and safety)** We will understand local and international labor conditions applicable to our business activities and strive to maintain and improve the working environment as well as health and safety.
4. **(Environmental considerations)** We will take into consideration the impact on climate change and biodiversity, and promote procurement activities with minimal impact on the global environment.
5. **(Ensuring quality and safety of products and services)** We will ensure the quality and safety management of our products and services, and strive to continuously maintain and improve them.
6. **(Fair and impartial transaction)** We will conduct fair and impartial transactions in accordance with corporate ethics, sound business practices, and social norms.
7. **(Information security)** We will properly manage confidential information and personal information obtained in procurement activities and strive to prevent leaks.

Asahi Pretec and ASAHI METALFINE have established the CSR Procurement Policy as well for secondary materials such as chemicals and consumables used in business activities. The ARE Holdings Group fulfills all social responsibilities and improves corporate value for both suppliers and the Group through procurement that emphasizes seven perspectives: environmental protection, quality management, fair and impartial transaction, information security, risk management, social responsibility, human rights, and occupational health and safety.

Engaging with Local Communities

Key SDG Targets

Encourage and Support SDG-Related Activities



The Group plays a critical role in the circular economy, functioning much like the veins in a circulatory system—a role that will grow increasingly important in the future. As our business recycles waste materials from local communities and companies into resources, strengthening our relationships with those stakeholders is essential. Accordingly, the Group actively participates in initiatives led by national and local governments as well as industry associations, while also engaging in its own social contribution and sponsorship activities.

ASAHI JEWELRY JOURNAL

Nowadays, all companies are expected to address environmental, social, and governance (ESG) issues. The Group recognizes the importance of not only pursuing its own initiatives such as Responsible Precious Metals Management, but also raising awareness and sharing knowledge of its efforts. In June 2020, Asahi Pretec launched the Asahi Jewelry Journal for its partners in the jewelry industry. Published regularly, it features SDGs initiatives and other timely topics.



Coexistence with Local Communities

Our company views harmony and development with the communities in which we operate as a key priority. Guided by this philosophy, we are implementing initiatives to enhance disaster preparedness in the local community at our new plant under construction in Bando City. Scheduled to begin operations in April 2025, the new plant is designed not only as a production facility but also as a hub that contributes to the safety and security of the community. To this end, we have signed a cooperation agreement with Bando City for disaster response, pledging to make parts of the plant's facilities available as an emergency shelter. Specifically, the plant's cafeteria (600m²) and parking area (1,400m², accommodating 90 vehicles) will be opened during disasters, with the capacity to shelter approximately 70 households. Additionally, the plant is equipped with a solar power generation system and battery storage to ensure electricity can be provided to evacuees even during power outages. Through these measures, we aim to support the local community during emergencies.

The new plant is located on elevated ground outside the flood-prone areas identified on the flood hazard map, ensuring safety from natural disasters. By leveraging this advantageous location, the plant will function as a disaster preparedness hub, contributing to the safety and security of the local community.

Participating in Social Contribution Activities

As a corporate citizen, the Group engages in social contribution activities rooted in local communities and environmental preservation.

TOOTH FAIRY project

Asahi Pretec participates in the TOOTH FAIRY project, which is jointly managed by the Nippon Foundation and the Japan Dental Association. This initiative promotes the collection and recycling of gold, palladium, and other precious metals that have served their purpose at dental clinics across Japan. Profits obtained from the sale of these recycled metals are used for social contribution activities, including supporting children with intractable diseases and their families. Asahi Pretec provides support by recycling the precious metals donated to the TOOTH FAIRY project.



Asahi Clean Project

The Group encourages and supports employee activities that contribute to the SDGs as responsible members of society, including individual and group volunteer efforts, under the ARE Holdings SDGs Activities initiative. On April 1, 2021, we launched the Asahi Clean Project to promote cleaning initiatives, with a total of 1,548 employees and their families participating. These cleanup activities extend beyond our offices and sales locations to various communities.



Donation Activities at Overseas Locations

At Asahi Refining companies, employees collaborate on donation activities. Each year, a large amount of food and toys is collected and donated to food banks and other organizations.



Other Social Contribution Activities

- Support for the activities by nonprofits such as Médecins du Monde Japon
- Support for the activities by nonprofits such as the Japan Cleft Palate Foundation
- Donations to the Nippon Foundation through vending machines, etc.

Social Contribution Activities (Since 2018)

Total reported cases: **346**

Directors and Officers



Tomoya Higashiura

Number of Shares Held	100,000 shares
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

Director of Asahi Pretec Corp.
Representative Director of Waste System Japan Corporation
Chairperson and Director of RENATUS Co., Ltd.
Director of Japan Waste Corporation

Reason for Appointment

Mr. Tomoya 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.

Career History

Born	January 26, 1961
Apr 1984	Joined NEC Corporation
Feb 2001	Joined Asahi Pretec Corp. (currently Japan Waste Corporation)
Jun 2006	Appointed Director, Senior Vice President of Planning & Administration Department
Apr 2009	Appointed Director, Senior Vice President of Planning & Administration Department of Asahi Holdings, Inc. (currently ARE Holdings, Inc.)
Jun 2010	Appointed Director of Asahi Pretec Corp. (currently Japan Waste Corporation)
Apr 2011	Appointed Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.)
Jun 2014	Appointed Representative Director, President of Asahi Pretec Corp. (currently Japan Waste Corporation)
Apr 2018	Appointed Representative Director, President of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) Appointed Director of Asahi Pretec Corp. (currently Japan Waste Corporation) (to present)
Jun 2020	Appointed Representative Director, President & CEO of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (to present)
Apr 2023	Appointed Director of Asahi Pretec Corp. (newly established through absorption-type split and change of trade name) (to present)
Mar2024	Appointed Representative Director, President of Waste System Japan Corporation (to present) Appointed Chairperson and Director of RENATUS Co., Ltd. (to present)



Yoshinori Hara

Number of Shares Held	None
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

Adjunct Professor of the Graduate School of Management, Kyoto University
Professor of the School of Data Science, Osaka Seikei University

Expected Contributions and Role

Mr. Yoshinori Hara has professional expertise and practical experience concerning development of service management personnel, through his involvement in university management as a former Dean of Graduate School of Management (MBA), Kyoto University, and as a Professor at the aforementioned university graduate school. The Company appointed him as an Outside Director (Audit and Supervisory Committee Member) since the Company expects that he will continue to provide supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.

Career History

Born	July 21, 1958
Apr 1983	Joined NEC Corporation
Aug 1990	Became a Visiting Researcher, Stanford University
Jul 2004	Supervised NEC Kansai Research Laboratories
Apr 2006	Professor of Graduate School of Management, Kyoto University (to present)
Apr 2018	Dean of Graduate School of Management, Kyoto University
Jun 2019	Appointed Independent Outside Director (Audit and Supervisory Committee Member)
Jun 2023	Appointed Head of Independent Outside Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (serving as Chairman of Audit and Supervisory Committee) (to present)
Apr 2024	Professor Emeritus of Kyoto University (to present) Adjunct Professor of the Graduate School of Management, Kyoto University (to present) Professor of the School of Data Science, Osaka Seikei University (to present)



Miyoko Kimura

Number of Shares Held	None
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

President & CEO of KING JIM CO., LTD.
Outside Director, JAPAN POST HOLDINGS Co., Ltd.

Expected Contributions and Role

Ms. Miyoko Kimura has abundant business experience in corporate management and knowledge and actual experience in the marketing field, having been engaged in business expansion of ASKUL Corporation and KING JIM CO., LTD. as a Director, after launching the ASKUL business as one of its founders and serving as a Representative Director of ASMARU Corporation which was a subsidiary of ASKUL Corporation. The Company appointed her as an Outside Director (Audit and Supervisory Committee Member) since the Company expects that she will continue to provide supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.

Career History

Born	June 12, 1964
Apr 1988	Joined PLUS Corporation
May1999	Joined ASKUL Corporation
Feb 2010	Appointed Representative Director and President of ASMARU Corporation
Aug2017	Appointed Director, Chief Marketing Officer (CMO), and Senior Vice President of Life Creation Unit and Value Creation Center Unit of ASKUL Corporation
May2021	Appointed Director in charge of branding, design, and supplier relations of ASKUL Corporation
Jun 2021	Appointed Independent Outside Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (serving as Audit and Supervisory Committee Member) (to present)
Sep 2022	Appointed Director and Managing Executive Officer, General Manager, R&D Division of KING JIM CO., LTD. (to present)
Jun 2023	Appointed Outside Director of JAPAN POST HOLDINGS Co., Ltd. (to present)
Sep 2024	Appointed President & CEO of KING JIM CO., LTD. (to present)



Mitsutoshi Kagimoto

Number of Shares Held	2,000 shares
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

Auditor of Asahi Pretec Corp.

Reason for Appointment

Mr. Mitsutoshi Kagimoto has abundant insight and experience concerning the Company's business, having been an employee of the Company for many years and engaged in the management of the Group as a Representative Director of a Group company, and, furthermore, in auditing of the Company as General Manager of the Secretariat of Audit and Supervisory Committee. Using his abundant insight and experience, he has provided supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors, and the Company expects him to continue to perform these roles. Therefore, the Company appointed him as a Director (Audit and Supervisory Committee Member).

Career History

Born	June 15, 1958
Apr 1984	Joined Teijin Limited
Feb 2006	Joined Asahi Pretec Corp. (currently Japan Waste Corporation)
Mar2009	Appointed Assistant General Manager of Kitakanto Office of Asahi Pretec Corp. (currently Japan Waste Corporation)
Dec 2009	Appointed Representative Director and President of JW Glass Recycling Co., Ltd.
Apr 2013	Appointed General Manager of Purchase Division of INTER CENTRAL, INC.
Oct 2015	Appointed General Manager of Secretariat of Audit and Supervisory Committee of Asahi Holdings, Inc. (currently ARE Holdings, Inc.)
Jun 2021	Appointed Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (full-time Audit and Supervisory Committee Member) (to present)
Dec 2021	Appointed Auditor of Asahi Pretec Corp. (currently Japan Waste Corporation)
Apr 2023	Appointed Auditor of Asahi Pretec Corp. (newly established through absorption-type split and change of trade name) (to present)



Akinori Yamamoto

Number of Shares Held	None
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

Representative, Yamamoto Certified Public Accountant Office
Representative Director of GIP Co., Ltd.

Expected Contributions and Role

Mr. Akinori Yamamoto has highly professional expertise concerning accounting systems, corporate finance, etc., as a Certified Public Accountant, since he was involved in many M&A projects inside and outside Japan for an investment bank after engaging in auditing services for an audit firm. The Company appointed him as an Outside Director (Audit and Supervisory Committee Member) since the Company expects that he will continue to provide supervision and advice in the aspect of finance and accounting to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.

Career History

Born	February 26, 1981
Apr 2005	Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
Apr 2007	Joined GCA Corporation (currently Houlihan Lokey, Inc.)
Jan 2019	Appointed Partner, Executive Director of GCA Corporation
Feb 2022	Appointed Executive Director of JPMorgan Securities Japan Co., Ltd.
Mar2023	Appointed Representative of Yamamoto Certified Public Accountant Office (to present)
Jun 2023	Appointed Independent Outside Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (serving as Audit and Supervisory Committee Member) (to present) Representative Director of GIP Co., Ltd. (to present)



Yuki Tsuru

Number of Shares Held	None
Attendance at the Board of Directors Meeting	100%

Major Concurrent Positions

Lawyer, Kyowa-Sogo Partners Law Office
Member of Infringement Judgement Advisory Committee
Customs Technical Advisor
External Director, Hankyu Hanshin Holdings, Inc.

Part-time Auditor, National Institute of Technology and Evaluation
Outside Director, SUGIMOTO & CO., LTD.
Outside Director, JAMCO Corporation

Expected Contributions and Role

Ms. Yuki Tsuru has highly professional expertise concerning laws as a lawyer and experience in supervision of management from an objective standpoint as an Outside Director of the other companies. The Company appointed her as an Outside Director (Audit and Supervisory Committee Member) since the Company expects that she will continue to provide supervision and advice in the aspect of legal and compliance to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management toward sustainable enhancement of corporate value of the Company.

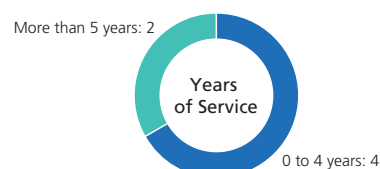
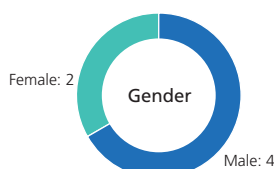
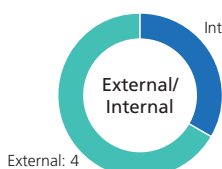
Career History

Born	May 16, 1969
Apr 2000	Registered in the role of attorney (joined Tokyo Bar Association)
Oct 2007	Joined Kyowa-Sogo Partners Law Office (to present)
Apr 2015	Appointed Member of Infringement Judgement Advisory Committee (to present)
Feb 2019	Appointed Customs Technical Advisor (to present)
Jun 2020	Appointed External Director of Hankyu Hanshin Holdings, Inc. (to present)
Jun 2021	Appointed Part-time Auditor of National Institute of Technology and Evaluation (to present)
Jun 2022	Appointed Outside Director of SUGIMOTO & CO., LTD. (to present) Appointed Outside Director of JAMCO Corporation (to present)
Jun 2023	Appointed Independent Outside Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (serving as Audit and Supervisory Committee Member) (to present)

Skill Matrix of Directors and Officers

Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Representative Director, President & CEO Tomoya Higashiura	✓	✓	✓	✓		✓		✓
Director, Chairman of Audit and Supervisory Committee Yoshinori Hara			✓		✓			✓
Director, Audit and Supervisory Committee Member Miyoko Kimura	✓			✓				
Director, Audit and Supervisory Committee Member Mitsutoshi Kagimoto	✓	✓					✓	
Director, Audit and Supervisory Committee Member Akinori Yamamoto			✓					✓
Director, Audit and Supervisory Committee Member Yuki Tsuru			✓				✓	
Corporate Officer Tutomu Nakashima	✓	✓	✓	✓	✓			
Corporate Officer Nobuo Tajima	✓	✓	✓	✓				✓
Corporate Officer Yoshihito Iwasa	✓	✓	✓		✓		✓	

Composition of the Board of Directors

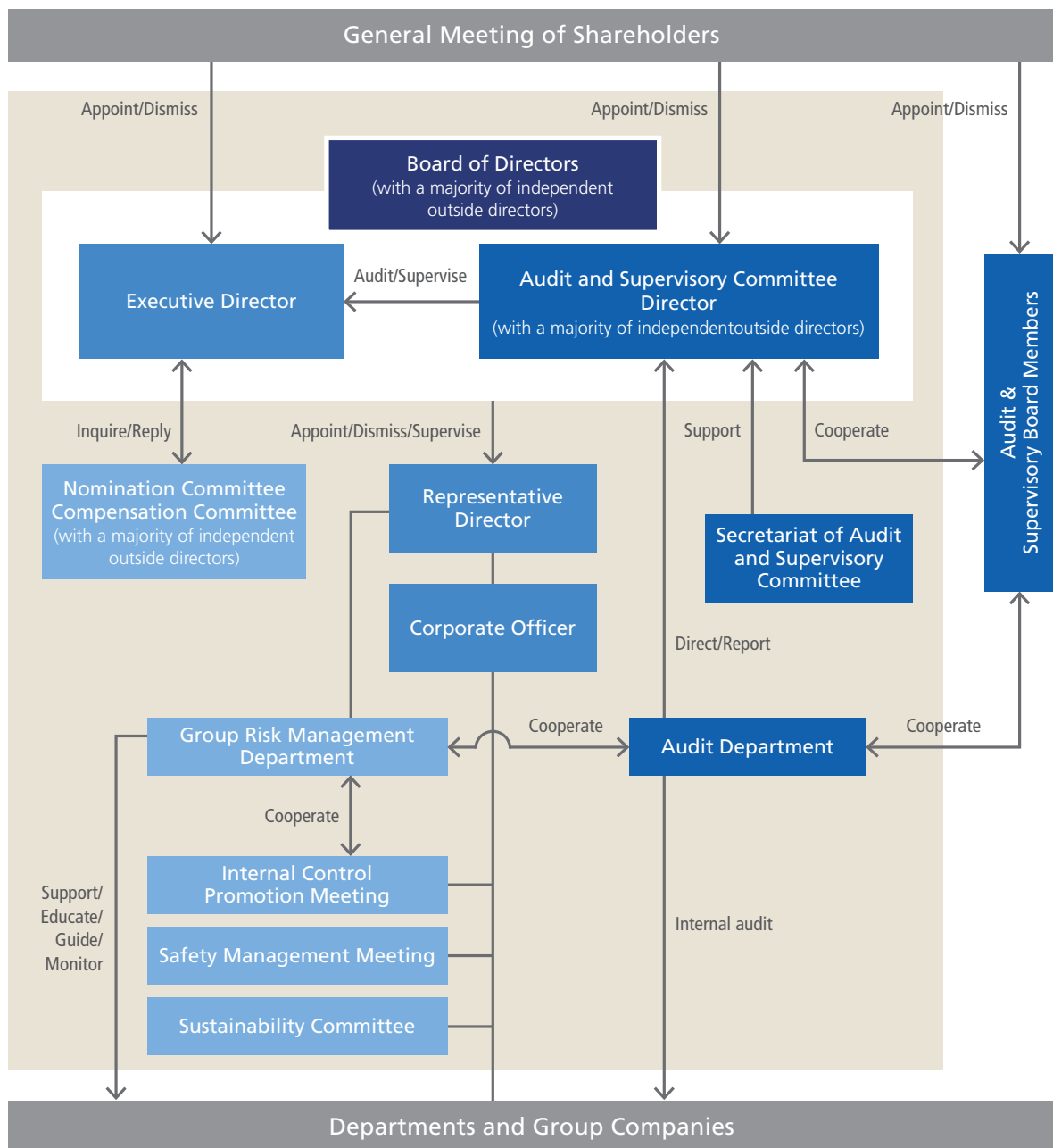


Corporate Governance

Basic Approach to Corporate Governance

Practicing effective corporate governance is a key part of our corporate social responsibility. Good governance enhances management efficiency and transparency, and helps ensure our corporate value keeps growing. The ARE Holdings Group practices corporate governance that seeks to earn the confidence of our shareholders, business partners, personnel, local communities, and other important stakeholders. In addition to fulfilling the social mission and responsibilities of a publicly listed company, we aim to keep improving our corporate value by maintaining a corporate governance system that can quickly respond to changes in the business environment while emphasizing the importance of compliance.

Corporate Governance System



Organization Design

Board of Directors

The Board of Directors comprises executive directors who have expert knowledge of their respective business, technical, or administration departments, as well as outside directors with various expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are lively and effective, the majority of members are independent outside directors. The Board consists of six directors, including four independent outside directors.

The Board of Directors deliberates and decides on basic management policies, management strategies, our medium- to long-term plan, annual plans and other important managerial matters regarding our strategic direction. The Board of Directors met eight times during the fiscal year ended March 31, 2024, and all Directors attended all meetings.

Outside Directors

We have established independence criteria for outside directors and appoint independent outside directors with the capacity to perform their duties independently from the management of the company, considering their individual backgrounds and relationships with the Group. They attend Board of Directors meetings and fulfill their roles and responsibilities as directors. Whenever possible, they also attend executive and management committee meetings at Group companies. As part of their wide-ranging activities, outside directors share their opinions from an independent point of view. In addition, in order to further strengthen cooperation between independent outside directors and executive directors and to establish a system that enables smooth communication and coordination, we have appointed one independent outside director to lead the independent outside directors.

Audit and Supervisory Committee

The main agenda items for Audit and Supervisory Committee meetings include, deciding audit policy and plans, auditing financial results, deciding whether to reappoint the accounting auditor, approving compensation to be paid to the accounting auditor, deciding its opinion regarding personnel and remunerations to be paid to directors, auditing business reports and proposals for General Meetings of Shareholders, auditing the internal control system, conducting interviews regarding operations at overseas subsidiaries, and auditing important requests for approval, etc.

The Audit and Supervisory Committee met eleven times during the fiscal year ended March 31, 2024, and all Audit and Supervisory Committee members attended all meetings.

Meetings with the audit firm that serves as our accounting auditor were held eight times, and we received regular reports from the Audit Department six times, signally the strengthening of collaboration.

Nomination and Compensation Committees

A Nomination Committee, consisting of one internal director and two independent outside directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chairpersons of both committees are appointed from among the independent outside directors. The aim of these committees is to further enhance corporate governance by ensuring transparency, fairness, and objectivity when appointing and dismissing directors and key management team members and determining director remuneration.

Adherence to Japan's Corporate Governance Code

The ARE Holdings Group adheres to all the principles of Japan's Corporate Governance Code, formulated by the Tokyo Stock Exchange. We submit Corporate Governance Reports, which provide investors with 83 items of governance information in a standard format, to the Tokyo Stock Exchange, and we post reports on our website. In addition, we have formulated the ARE Holdings Corporate Governance Policies and are implementing each policy to ensure we continuously enhance corporate governance.

Remuneration for Directors

Policy for Determining the Details of Director Remuneration

How we determine our remuneration policy

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

Overview of the remuneration policy

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

Total Amount of Director Remuneration

Profit Drivers	Total amount of remuneration (million yen)	Total amounts by type of remuneration (million yen)			Number of applicable directors (people)	Performance target achievement rate	Performance-linked coefficient
		Monetary compensation		Stock-based compensation		100% or more	1.0
		Fixed compensation	Performance-linked compensation	Non-monetary remuneration		50% or more	0.5
Directors excluding those who are Audit and Supervisory Committee members (outside directors only)	79(-)	33(-)	18(-)	27(-)	2(0)	Less than 50%	0
Directors who are Audit and Supervisory Committee members (outside directors only)	37(25)	37(25)	-	-	7(6)		
Total (outside directors only)	116(25)	70(25)	18(-)	27(-)	9(6)		

Notes: 1. The amount paid to directors (excluding directors who are Audit and Supervisory Committee members) does not include employee salaries for directors who also serve in employee positions. 2. The indicator used for performance-linked compensation (bonus and performance-linked stock-based compensation) is consolidated operating profit, which is considered to be the most suitable management index for profits earned by the main business. In the fiscal year ended March 2023, consolidated operating profit was 12,367 million yen. Performance-linked compensation (bonuses) is calculated by first multiplying the consolidated operating profit for the relevant fiscal year by a certain ratio to calculate the total amount for all directors including the corporate officers of ARE Holdings and the directors of ARE Holdings' subsidiaries. The amounts for each director are then determined according to the weighting for each position and the degree of individual contribution to business performance. 3. Performance-linked stock-based compensation is a non-monetary compensation plan in which ARE Holdings shares are granted to eligible directors according to their position and performance target achievement rates, aiming to provide an incentive to improve corporate value over the medium- and long-term. The formula for calculating the number of points granted in a single business year is the Base Points multiplied by the Performance-Linked Coefficient and further adjusted by the Assessment Coefficient. The performance-linked coefficient follows the methodology described above. The plan ("PLAN I") links the allocation of points to the achievement rate of performance targets, specifically the consolidated operating profit for each fiscal year. Eligible Individuals are those who are enrolled in the plan as of May 1, 2024, following the completion of the 9th Medium-Term Business Plan. At the 14th Annual General Meeting of Shareholders held on June 20, 2023, a resolution was passed on the partial amendment of the amount and details of the stock compensation plan that led to the discontinuation of Plan I on March 31, 2024 and the introduction of a replacement plan in fiscal year 2023. The new plan, Plan II, allocates points—used as the basis for the number of shares granted—in accordance with the achievement level of business performance for each year. Furthermore, the new plan adjusts the number of points allocated based on the total shareholder return achievement level for the following two years, and shares are issued in accordance with the adjusted number of points. The performance-linked coefficients are as provided above. The number of points granted in a single business year under PLAN II is determined by multiplying the Consolidated Operating Profit by the Stock Compensation Ratio and the Position Points of Each Participant, then dividing by the Total Position Points of All Participants and the Stock Price for Point Calculation. 4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, the monetary compensation for directors (excluding directors who are Audit and Supervisory Committee members) was set at a total of no more than 200 million yen per year. (This does not include, however, employee salaries for directors who also serve in employee positions.) The number of directors (excluding directors who were Audit and Supervisory Committee members) at the end of that general meeting was five. 5. At the 6th Annual General Meeting of Shareholders, the amount of monetary compensation for directors who are Audit and Supervisory Committee members was also set at a total of no more than 100 million yen per year. The number of directors who were Audit and Supervisory Committee members at the end of that general meeting was four. 6. At the 14th Annual General Meeting of Shareholders held on June 20, 2023, the amount and details of the performance-linked stock compensation plan were partially revised. In addition to the above monetary compensation level, the amount and details of remuneration was determined for ARE Holdings directors (excluding directors who were Audit and Supervisory Committee members or outside directors) who held their positions for the four years from fiscal year 2023 to 2026. At the end of that general meeting, the number of directors (excluding directors who were Audit and Supervisory Committee members and outside directors) was one. Furthermore, the upper limit of the total number of shares that directors may be awarded per fiscal year shall be 70,000 shares, and the maximum number of the Company's shares to be issued to directors during the four fiscal years from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2027 shall be 280,000 shares.

Maintaining an Internal Control System

Aiming to reinforce internal controls, we have established an Audit and Supervisory Committee within the Board of Directors. The Committee includes four independent outside directors and cooperates with the Audit Department and other related departments. The Audit Department assesses the appropriateness and effectiveness of operations, while also auditing compliance with laws, regulations, and company rules. It also gives advice and makes recommendations to each department, and promptly reports to senior management.

Evaluation of the Effectiveness of the Board of Directors

As part of our efforts to enhance corporate governance, we are engaged in a continuous process of analyzing and evaluating the effectiveness of the Board of Directors, as well as in the investigation of improvement measures. We are pleased to announce that we have completed the analysis and evaluation for the fiscal year ended March 2024. The analysis and evaluation methods as well as the method of disclosing a summary of the evaluation results are also described in the ARE Holdings Corporate Governance Policies.

Analysis and evaluation methods for the fiscal year ended March 2024

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

Summary of evaluation results for the fiscal year ended March 2024

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

1. Discussion of major strategies, such as corporate strategy

In addition to the Board of Directors meetings, a Medium- to Long-Term Plan & Aspiration Study Group has been established to share and discuss the direction of management.

2. Creating an environment that promotes appropriate risk taking

We request that important issues and the details of high-risk projects be regularly shared and explained at Board of Directors meetings or executive and management committee meetings.

3. Execution of highly effective oversight

The exchange of views between outside directors, executive directors, and corporate officers provides a good opportunity to discuss the status of business execution, and we hope that this continues.

4. Appropriate communication with shareholders

Although voluntary disclosures are currently posted on the company's website, we would like the company to consider using TDnet, etc., so that the information contained in voluntary disclosures can be disseminated to a wider audience, including potential individual shareholders.

5. Composition of the Board of Directors

Aside from theoretical training for directors, the company also provides ample opportunities for directors to deepen their understanding of the company through visits to workplaces and facilities, participation in general meetings of employees and members, social events with female employees called Asahi Cheer-up Meeting, and other activities.

6. Management of the Board of Directors

We would like prior briefings and advance notice at meetings on the direction of important issues and issues that are subject to major changes.

Measures to improve effectiveness

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

- We will promote effective discussion of proposals by sharing appropriate information on the status of business operations through ongoing exchanges of opinions and participation in events between senior management and outside directors.
- For important issues that could have a major impact on management, we will encourage more active discussions by preparing materials that enable risk assessment.

Compliance and Risk Management

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

Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. In particular, operations related to proper waste disposal are based on environmental laws and regulations as well as governmental licenses, and we require our employees to act with a highly compliant mindset at all times. We are conducting activities to raise the legal compliance awareness of each and every staff member through education and communication, along with rules and manuals related to compliance.

Internal Reporting System (Whistle-Blowing System)

To quickly identify and resolve problems such as unlawful or unjust behavior, we have set up the Asahi Hotline. All employees working at domestic and overseas Group companies can directly report to either our internal hotline or an external law firm anonymously. We take corrective action after investigating reports, taking care not to reveal the identity of the person reporting or the person being reported.

Business Continuity Management

Various factors such as large-scale disasters risk impairing the functions needed for business continuity. We have formulated a business continuity plan (BCP) as an action plan to achieve quick restoration of mission-critical functions after a disaster. We are also conducting systematic business continuity management activities to constantly improve the BCP and business continuity endeavors.

Information Security

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

Avoiding All Interactions with Organized Crime Groups and Other Anti-Social Forces

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

Anti-Corruption Measures

As one of the Goals of our Group Philosophy, the ARE Group Way, we have declared the establishment of a globally trusted corporate brand. Group staff members endeavor to ensure that they do not engage in any transactions that could result in bribery, such as providing benefits to a business partner or competitor for personal gain. Moreover, the Group has established a Responsible Precious Metals Management Policy. It has declared and implemented a policy of avoiding transactions that could result in money laundering or fraudulent transactions in the precious metals supply chain. Asahi Pretec also conducts regular employee training on this topic.

Risk Management

Group-Wide Oversight and Auditing by Directors

ARE Holdings has established a system to appropriately oversee and audit Group companies from every angle to ensure they are operating properly. Important executive decisions by Group companies are carefully deliberated and determined by the Executive Committees of each Group company, of which the representative directors of the Group companies are members. Particularly important matters are submitted and reported to the ARE Holdings Board of Directors. Directors who are Audit and Supervisory Committee members also participate in management meetings at Group companies and actively provide input. The management situation and sales activities of Group companies are regularly reported to the Board of Directors of ARE Holdings. In addition, the company's Audit Department audits Group companies on a regular and ad-hoc basis, and the resulting audit reports are shared with the Audit and Supervisory Committee and relevant departments.

Strengthening Group Risk Management

Compliance is essential to maintaining trustworthy corporate activities. The Group therefore ensures legal compliance and thorough adherence to corporate ethics. While the ARE Group Way emphasizes taking on challenges and we continue to expand into new areas, we must also acknowledge the increasingly diverse demands and values of society. To pursue sustainable growth going forward, the Group must not only comply with laws and regulations, but also enhance management of all kinds of risks. While risk management is practiced at business locations, management standard-setting and location monitoring must be separated and performed independently. Recognizing this, ARE Holdings decided to enhance its organizational response capabilities by introducing a unified management framework for the Group. As a result, the Audit Department was placed under the Audit and Supervisory Committee to enhance the independence of the function responsible for checking and monitoring business execution. We have also established a General & Legal Affairs Department and taken other steps to bolster the framework to minimize various legal risks at our business locations. We will continue to further enhance our risk management system going forward.

Establishment of a Group Risk Management Department

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

Strengthening Risk Management in Our North American Refining Business

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

Roundtable Discussion among Outside Directors

We support the operations of ARE Holdings by identifying future risks to help create a resource recycling society.

Progress in the First Year under the New Company Name and Structure

Please tell us about the progress of the rebranding in 2023 as well as developments for the Board of Directors and the governance structure over the past year.

Kimura As a specialist in marketing and branding, I supported re-examining the company name and logo design. The logo was created by an organization based in Denmark that is renowned for advanced design, digitalization, environmental sustainability, and public health. We hope that partnering with a company from such a forward-thinking nation would bring us closer to the ideal vision. Given the growing awareness of social and resource-related issues, this was also an opportunity to highlight the Company's initiatives and strategies in anticipation of global expansion.

Hara Leveraging opportunities for effective public relations is crucial for improving the brand value as an intangible asset. In fact, I believe that the higher corporate value, due to rebranding, is making strong progress.

Yamamoto The transition to the new company name has been impressively smooth, despite this being a significant change.

Kimura Newspaper ads with the company name alongside popular phrases related to the Hanshin Tigers' (professional baseball team) victory in Nippon Professional Baseball not only improved public communication but also boosted employee engagement. At the same time, the Company's president participated in every selection process for the logo, resulting in branding that reflects the collective dedication of the entire organization. The tagline Think Circular emerged from these discussions and holds significant meaning for the Company's sustainable growth.

Yamamoto The smooth transition was also made

possible by integrating the rebranding with strategic changes in the management structure and business operations, such as the Medium- to Long-Term Plan & Aspiration developed with employee input and the share exchange with Japan Waste and RENATUS. This approach not only supported the rebranding but also clearly defined the direction of ARE Holdings.

Tsuru I did not take part in the Company's name change, as I first heard about it before I assumed a position on the Board of Directors. After joining the Board, though, I was surprised by how quickly the decisions are made on important matters. News of the share exchange with RENATUS, which came shortly after the Group company reorganization in April of last year, was also unexpected. However, after receiving detailed explanations on the reasoning and background during Board meetings and engaging in thorough discussions, I came to understand and accept the decision. Through these experiences, I have come to view ARE Holdings as active and forward-looking.

Hara In Board meetings, we focused on clarifying the division of roles between business execution and auditing. While supporting the execution team's ambitious challenges, we were vigilant and managed risks from several perspectives. The execution team responded openly to our feedback. The prompt sharing of essential information for decision-making allowed us to clearly prioritize both short-term and long-term issues, leading to precise decisions and swift executions.

Kimura Before the Board meetings, the Audit

**Akinori Yamamoto**Independent Outside Director
(serving as Audit and
Supervisory Committee Member)**Miyoko Kimura**Independent Outside Director
(serving as Audit and
Supervisory Committee Member)**Yoshinori Hara**Head of Independent Outside Directors
(serving as Chairman of the Audit
and Supervisory Committee)**Yuki Tsuru**Independent Outside Director
(serving as Audit and
Supervisory Committee Member)

and Supervisory Committee convenes to discuss and add information to the agenda. The Board meetings benefit from these detailed prior discussions and a positive atmosphere, which fosters open and frank deliberations. When some executive team member struggled to articulate their points, President Higashiura sometimes provided explanations in his own words.

Yamamoto Because of the active discussions, it is not unusual for the initial topics raised at the beginning of a Board meeting to differ from the final conclusions. A system that allows for flexible management decisions through these types of discussions is both healthy and desirable.

Kimura The new structure, with President Higashiura as the sole executive director, has been in place since last year. Recently, I noted an increase in his speed and vigor in decision-making. He has not only delegated responsibilities to the representative directors of Group companies but he has actively driven them forward. He represents the principle of “take on challenges” mentioned in Values of ARE Group Way.

Yamamoto As outside directors, we also participate in management meetings for Group companies. Quarterly updates keep us closely informed about the business environment and Company operations, allowing us to effectively discuss and set challenges for the future.

Hara As part of our initiatives to enhance governance, we have restructured the Precious Metals Recycling Business by dividing it into collection as well as assay and adding value. This separation is designed to support the growth and efficiency of both areas. The share exchange with RENATUS, aimed at gaining an industry-leading position, is an example of this approach to restructuring. The ability to make quick, timely decisions, whether when we launch new ventures or withdraw from them, is a key aspect of the Company’s operations. The consistent improvement in corporate value from nearly all M&As shows how effective this type of decision-making is. As outside directors, as a part of governance, we will continue to support challenges for the future while maintaining an objective perspective.

Formulating the Medium- to Long-Term Plan & Aspiration

What kind of discussions were held when you formulated this vision?

Hara In developing the Medium- to Long-Term Plan & Aspiration, starting in fiscal year 2024, we focused on improving brand value and efficiency, addressing these two key issues by working backward (backcasting) from the looked-for state in 2030. The first issue involved the jewelry sector of the Precious Metals Recycling Business. Higher gold prices led to an increase in gold flowing from households

to the market, raising the proportion of jewelry in the Company’s portfolio. Although sales have grown, this has negatively affected our profitability. The second issue is the inefficiency in managing industrial waste due to the number of small and medium-sized enterprises in the field.

To address the first issue, we have set a goal over the medium to long term to focus on high-value-added products



Yoshinori Hara

As a Professor Emeritus of Kyoto University and Vice Dean and a Professor of the Faculty of Data Science, Osaka Seikei University, engaged in education and research in service innovation and business data science. Also serves as an Associate Member of the Science Council of Japan, Vice President of the Society for Serviceology, Representative Director of Kyoto Service Management Institute, and others.

such as green gold (precious metals managed to fulfill social responsibilities, including compliance with regulations on raw materials in products, respect for international customs, as well as considering human rights, labor regulations, safety, hygiene, environmental protection, fair trade, and ethics). For the second issue, inefficiency, we intend to ramp up efficiency in our industrial waste operations by developing a platform that adds value to the supply chain across the industry and contributes to building a circular economy. DXE, a Group company, started providing these services. They took on the role of a leading company in the circular society, which is both socially valuable and a key perspective for formulating the Company's vision.

Kimura The development of the current vision reflects discussions by younger employees from Group companies, reportedly the first time that this has happened for ARE Holdings. This approach not only demonstrates a commitment to diversity, but also creates a forward-looking impression toward the year 2030. However, I suggested

Risk Management for Improving Shareholder and Corporate Value

Please provide an evaluation of the current risk management system as well as the actions required and the challenges associated with improving shareholder and corporate value.

Hara I believe that effective risk management is being carried out under the current structure, where the Audit Department collaborates with the Group Risk Management Department and external accounting auditors. However, while companies need to focus on short-term profits, aiming for growth that includes social value over the medium to long term is also crucial. Balancing these perspectives is also part of our role. Specifically, the Company's financial operations in North America, while showing strong growth potential, are also highly volatile. Therefore, it is necessary to assess the risks to gain short-term profits, as well as to focus on sustainable growth over the longer term, in collaboration with the execution team. Public relations activities through branding

that areas where specific strategies are unclear should be communicated more effectively to stakeholders. Involving younger employees from the early stages of discussion fosters a sense of unity within the Company and encourages employees to take personal ownership of our vision. This ambitious vision includes plans for business expansion into Asia and India, as well as shows an interest in precious metals sales through personal e-commerce channels.

Yamamoto It is rare for a company to involve younger employees so extensively in the development of a corporate vision. However, this was a valuable opportunity that goes beyond conventional approaches and provides a new direction for the Company. Strengthening the commitment of mid-career and younger employees also produces secondary benefits for the Company's prospects. Participating in these discussions, I observed that what initially appeared as a mix of abstract and concrete ideas gradually coalesced, through feedback, into a clear vision.

Tsuru When I first became involved in formulating this vision, I had recently assumed my position in the Company, and there were many things that were unclear to me. However, additional meetings were scheduled outside of the Board sessions to provide explanations, and through repeated questions and discussions, the vision became more understandable. What initially focused only on understanding the current situation and gradually envisioning the future, as discussions deepened, evolved into a clearly articulated thought process. Although there were moments when I questioned whether certain targets could realistically be achieved by 2030, I ultimately came to understand and believe it has become something good and effective.

are also an important way to improve sustainable value.

Yamamoto Maintaining a balance between shareholder returns and a growth investment strategy based on recognized standards is not only necessary for global recognition but also sends a clear message to shareholders.

Kimura Our role is to manage the risks that come from being a company that continually takes on challenges. With this in mind, we continued to ask questions during phone conferences with North America.

Yamamoto In such a large company, just maintaining and continuing with existing businesses is difficult in the current business environment, and I believe the execution team understands this. To continue growing, the Company

is constantly required to make decisions. While evaluating the current risks, the Board of Directors needs to develop a solid risk evaluation system to confidently approve of new decisions. Making precise judgments is the responsibility of the Audit and Supervisory Committee and, ultimately, the Board of Directors.

Tsuru A risk response system helps prevent a decline in shareholder value. Although risk management does not directly increase shareholder value, preventing a decline is even more important. For example, in recent years, the importance of human rights due diligence has been gaining attention in Japan, and aligning with these trends is crucial for maintaining corporate value. As an Audit and Supervisory Committee member, I believe we have established a clear collaboration with the Audit Department. I attend all Board and management meetings and I receive detailed explanations, leading me to see that the Company's management system is effective. We also have four

opportunities a year to speak with the accounting auditors, and I have the impression that information sharing and responses to questions are thorough.

Hara Looking at our market evaluation, there is still room for improvement in the price-to-book ratio (PBR). Since the rebranding is part of promoting purpose-driven management, rebranding can be a stepping stone for a better PBR.

Yamamoto I believe that improving the balance sheet over the medium to long term is essential. While current management initiatives have led growth, more discussions are needed on rebuilding the balance sheet with capital efficiency in mind.

Hara The share exchange with RENATUS and Japan Waste have created the anticipated M&A synergy, indicating a major shift from last year. This is the first step in the new process for improving corporate value.

Pursuing Diversity, including Women's Empowerment

The percentage of female employees in the Company is 10%, which is below average. Could you please share your assessment of the current situation and the challenges for empowering women?

Kimura Three years ago, the awareness of women's empowerment among executives was not very high, but today the situation has completely changed. The percentage of new female hires has increased to 50%, and some women are now taking on overseas assignments as managers. There is a heightened awareness of diversity, and women are now being assigned to sales positions that were traditionally considered suitable only for men. I hope that women will change their own attitudes and consider aiming for management positions. In this spirit, Director Tsuru and I participate in the Asahi Cheer-Up Meeting. We share our career stories, including our failures, to spark interest in becoming a leader, and we are seeing positive results. It is encouraging that President Higashiura participates at the beginning of every meeting and clearly states the importance of pursuing diversity. Since these meetings take place online, connecting employees nationwide, they also help to build networks among women and employees of the same generation.

Tsuru The participation rate in these meetings is high, and it is wonderful to see that every participant, along with their colleagues, understands the importance of their involvement. Through these interactions, I believe we are fostering a shared commitment within the Company for hard work. I have always been impressed by the work of the women in the Secretariat of the Audit and Supervisory

Committee, and after talking with them at events, such as the Asahi Cheer-Up Meeting, I found them all to be highly capable and to have confidence in their own ideas. I am hopeful that the number of female managers will increase in the future.

Kimura The Company has a facility called the Technical Research Center where technical development and assay are conducted, and many female employees work there. Given the increasing importance of women in science and technology, I hope to see more contributions from women in leadership roles.

Yamamoto The percentage of female employees is a key focus in several contexts. In administrative units in

Miyoko Kimura

Joined PLUS Corporation in 1988. As a founding member, assigned to ASKUL Business Promotion Office in 1993. In 2009, appointed as Representative Director and President of ASMARU Corporation which engages in e-commerce services for general consumers. After returning to ASKUL, engaged in LOHACO, an e-commerce service for general consumers. Appointed as Director, CMO, Executive Officer, Executive Officer of Life Creation Unit, B-to-C Company in 2017. Director and Managing Executive Officer of KING JIM CO., LTD. in 2022. Since 2024, serves as President & CEO (to present).



particular, the percentage of female employees is relatively high compared with other companies. As ARE Holdings grows and enters new fields, the need for diversity in various positions will naturally increase, making diversity essential, including the involvement of overseas employees. Looking at the current size and positioning of the Company, I certify that the management team of the Company recognizes the effectiveness of diversity and inclusion. The efficient placement of talent is crucial for corporate growth, making this an important issue.

Hara Seeing that the Company's starting point was the collection of waste liquid from silver

halide photography and industrial waste disposal, it is understandable that the role of women was less apparent. For this reason, it is clear that the percentage of female employees and opportunities for them to make a contribution have steadily improved. However, it is vital to balance promotions with the individual's outlook and expertise. To achieve this balance, the Company should focus on developing noncognitive skills, such as being proactive and resilient, along with specializations through education and practical experience. Using insights from different industries and lifelong learning will naturally help increase diversity.

Toward Human Capital Management in the Future

Could you please share the challenges and your approach to pursuing more diversity as well as the HR strategy with a focus on the workplace in 2030?

Hara In the past, it was common practice for the labor share to be kept low and to allocate more funds to internal reserves. However, moving forward, the Company needs to recognize that people are the real source of value and there is a clear need to adjust strategies for recruiting and retaining talent for that reason. From the perspective of diversity, the initial step is to address the low percentage of female employees aiming to improve this situation—a concept we refer to as “diversity of disparity (unlikeness).” Looking ahead to an HR strategy with a focus on the employee structure in 2030, it might be valuable to consider the second step, “diversity of types.” This involves leveraging a range of personal values and expertise to create new corporate value. In addition to supporting female employees with experiences and specializations, integrating international students and individuals from different age groups could effectively boost diversity.

Kimura I believe it is also necessary to recognize and

harness the strengths of individuals. For example, skills as a manager are a kind of expertise. ARE Holdings, under the leadership of President Higashiura, who specializes in human resources, values employees, so one of the important aspects we focus on is creating an encouraging work environment. To ensure that everyone can work in a way that suits them, we have taken on new initiatives, such as a three-day weekend and improved remote working options. Another crucial initiative is to provide suitable educational opportunities and chances for growth along with fair evaluations. When employees feel fulfilled in their work, their personal growth not only contributes to the company's growth but also benefits society, leading to a positive cycle for individuals, the company, and society.

Yamamoto Compensation is also a necessary element in human capital management. In addition to providing meaningful work and fair evaluations, it is important to consider two aspects of meaningful work: increasing specialization and adjusting work-life balance according to different life stages. It is essential to have evaluations that align with the pace of employees at each stage.

Hara Over the medium to long term, moving toward a data-driven approach for quantitative analysis and evaluations could be considered. However, at this point, we prefer to avoid relying too heavily on quantification.

Yamamoto Fair evaluations improve motivation and foster a sense of participation. Leveraging these evaluations and motivation will enhance corporate value. For example, by offering stock options as a form of employee compensation, the Company can incentivize employees. While it is crucial not to focus solely on compensation, ensuring that everyone benefits from the company's growth and feels a sense of



Akinori Yamamoto

Appointed as the company's Director in June 2023, and serves as a member of the Nominating/Compensation Committees. Has over 15 years of extensive work experience as a Certified Public Accountant and as an M&A and financing specialist at investment banks including JP Morgan Securities and GCA (currently Houlihan Lokey).

success is a strategic approach that should be addressed as a medium- to long-term challenge. At the same time, it is necessary to implement a long-term HR strategy, while every year assessing the composition of future management executives and the next generation.

Tsuru There are times when I feel the number of employees is not enough, and with a high proportion of mid-career hires, the average tenure is relatively short. On the positive side, efficient work practices seem to help prevent excessive labor. The Company should focus on hiring individuals who fit in well with the Company's culture and provide them with training to support long-term employment. Currently, it appears that such a system is being established to address these issues. For example, many employees demonstrate strong presentation skills, which can be attributed to the Company's educational programs. Training

improves skills and we are attracting more talented people, so I expect that every employee will now be able to approach their work with more confidence and ease.

Yuki Tsuru

Appointed as Director (serving as Audit and Supervisory Committee Member) in June 2023. Registered as a lawyer in April 2000, specializes in intellectual property matters. Currently also serves as a Part-time Auditor of National Institute of Technology and Evaluation under the jurisdiction of the Ministry of Economy, Trade and Industry.



Message from Outside Directors

Could you please share your mission as an outside director and your expectations for the Company?

Hara In the 21st century, characterized by global environmental and resource constraints, promoting an efficient and effective resource circulating (circular) economy is both socially significant and a critical mission for ARE Holdings. Our precious metals refining operations are among the best in the world, having a substantial impact on circulating resources. As an outside director, I feel it is my mission to support these activities. At the same time, I intend to strengthen the balance between short-term profitability and medium- to long-term development in multi-stakeholder management, while leveraging value from an outside perspective. I expect the Company to lead the way in the circular society by going beyond nonferrous metals businesses and by establishing a global presence as a broad-service platform, in this way contributing to our industry's development.

Kimura First, I intend to support the principle of "take on challenges" mentioned in Values of ARE Group Way from the perspective of governance. Next, I will use the inspiring purpose of "Totally Committed to Protecting the Natural Environment and Preserving Resources" as a guiding principle for formulating corporate strategies, which can be seen as purpose-driven management. I hope to contribute meaningfully through our discussions. Third, for promoting diversity and inclusion (D&I), I believe we are seeing some progress, and I will continue to support these initiatives. Given that the Company is agile in its various ways to improve corporate value, it is crucial for us to

proactively identify and assess risks, while diligently working on governance. I intend to speak up and take action without hesitation from an independent perspective.

Yamamoto I believe that ARE Holdings' medium-term management policies are now in place, following last year's name change and this year's announcement of Medium- to Long-Term Plan & Aspiration. We have also established a new capital structure through share exchange with RENATUS as well as the DXE platform business. Over the next year, I will support and monitor the implementation of these plans, making adjustments as needed. Moreover, we should support branding by communicating externally about our commitment to carbon neutrality and a circular economy, under the Think Circular tagline. In other words, we must support both the actual implementation of these initiatives and gain understanding and support from external stakeholders. This dual approach is what I believe is required of us right now.

Tsuru I feel that our Company's business operations are currently playing a vital role. In the Precious Metals Recycling Business, maintaining quality standards during the regeneration of recovered precious metals is fundamental to earning social trust. Ensuring quality is one of our key responsibilities from a risk management perspective. Moving forward, I intend to audit the execution of our operations and governance systems to ensure that ARE Holdings continues to be effective for society.

10-Year Financial and Nonfinancial Summary

Financial Indicators ^{1,2, and 3}		Unit	Fiscal year	2014	2015
				Japanese Standard	IFRS »
	Revenue	billion yen		111.4	119.4
	Operating profit	billion yen		10.5	6.1
	Pre-tax income	billion yen		9.7	5.9
	Income for the year attributable to owners of the parent	billion yen		5.8	2.9
	Total capital	billion yen		51.0	48.6
	Total assets	billion yen		104.9	101.6
	Capital investment	billion yen		1.5	1.7
	Depreciation	billion yen		1.8	2.4
	R&D expenses	billion yen		0.44	0.51
	Cash flow from operating activities	billion yen		9.4	14.3
	Cash flow from investing activities	billion yen		-29.6	-1.9
	Cash flow from financial activities	billion yen		21.4	-6.5
	Basic earnings per share (EPS) ⁴	yen		88.45	43.74
	Equity attributable to owners of the parent company per share (BPS) ⁴	yen		771.41	745.28
	Dividend per share ⁴	yen		30.0	30.0
	Operating profit margin	%		9.4	5.1
	Return on equity (ROE) attributable to owners of the parent	%		11.9	5.8
	Pre-tax return on assets (ROA)	%		12.4	5.7
	Ratio of equity attributable to owners of the parent	%		48.2	47.8
	Payout ratio	%		33.9	68.6

Nonfinancial Indicators ⁵					
Environmental		Electricity consumption ⁶	10,000 kWh	2,329	4,752
		CO ₂ emissions ⁷	1,000 tons	-	28.2
Social		Number of employees		2,080	2,005
		Percentage of overseas employees	%	20.2	18.4
		Percentage of employees with disabilities ⁸	%	1.52	1.88
	Women in Leadership	Percentage of female employees	%	12.0	11.7
		Percentage of women in managerial positions ^{8 and 9}	%	0.7	0.7
		Percentage of female parental leave usage ⁸	%	100	100
	Parental Leave	Percentage of men taking childcare leave ^{8 and 10}	%	0.0	0.0
		Percentage of male parental and childcare leave usage ^{8 and 10}	%	-	-
		Number of new hires		-	-
	Recruitment	Percentage of female new hires	%	-	-
		Number of mid-career hires		-	-
		Paid leave utilization rate ⁸	%	66.5	64.3
	Governance	Directors	Average length of employment (men)	years	-
Average length of employment (women)			years	-	-
Gender pay gap (all employees) ⁸		%	-	-	
		Number of directors ¹¹		10	9
		Percentage of female directors	%	0.0	0.0
		Percentage of external directors	%	20.0	33.3
		Number of board meetings held		7	10
	Number of internal reports ⁸		-	-	
Number of information security incidents ⁸		0	1		

Notes:

- Since the Group adopted the International Financial Reporting Standards (IFRS) in fiscal year 2016, the financial figures for fiscal year 2015 are also shown based on IFRS.
- The business operations of Fuji Medical Instruments Mfg. Co., Ltd., which was a consolidated subsidiary, were reclassified as non-consolidated business operations in fiscal year 2019. As a result, the related figures for fiscal years 2018 and 2019 have been reclassified to reflect this change.
- The operations of Japan Waste Corporation, which was a consolidated subsidiary, were reclassified as non-consolidated operations in fiscal year 2023. As a result, the related figures for fiscal years 2022 and 2023 have been reclassified to reflect this change.
- On April 1, 2021, a stock split was conducted with a ratio of two-for-one, and the calculation is based on the assumption that the stock split was conducted at the beginning of fiscal year 2014.
- The annual nonfinancial information is compiled as of March 31 and includes data for all Group companies, including overseas companies.
- The operations of Japan Waste Corporation, which was a consolidated subsidiary, were reclassified as non-consolidated operations in fiscal year 2023. As a result, the figures

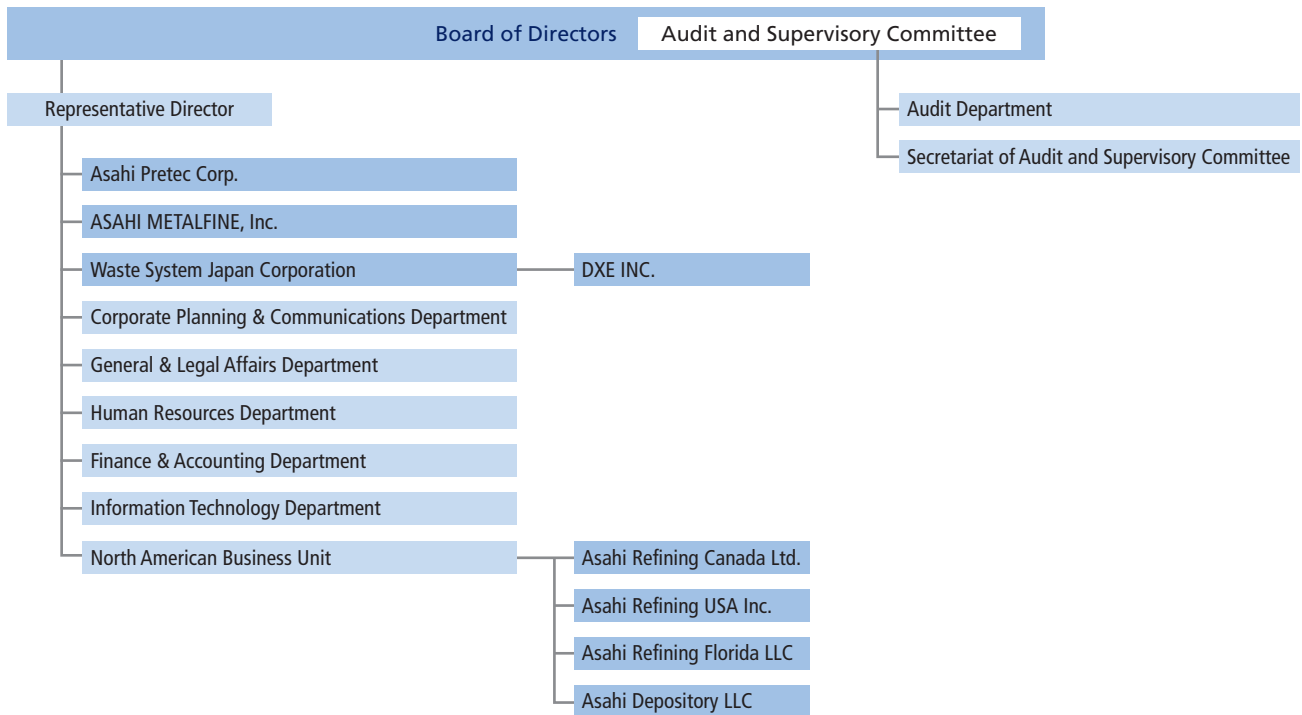
2016	2017	2018	2019	2020	2021	2022	2023
106.8	115.8	110.4	135.6	164.8	192.4	274.2	322.3
2.0	13.8	13.4	18.0	25.1	26.4	16.3	12.4
1.8	13.4	12.4	17.7	26.1	26.4	12.6	12.4
-1.2	9.4	9.0	9.8	25.7	18.7	10.9	24.5
44.3	64.4	67.8	69.2	97.9	105.1	107.0	126.5
89.0	131.5	160.3	230.0	244.8	298.4	287.4	318.0
3.0	3.1	5.7	4.2	5.3	8.3	4.9	6.2
2.3	2.3	2.3	2.8	2.5	2.7	2.3	2.6
0.51	0.51	0.37	0.35	0.32	0.36	0.41	0.43
3.3	-13.4	-20.6	4.6	-33.4	11.1	36.8	12.6
-2.4	-2.8	-5.6	1.9	-2.8	-7.8	-3.9	-28.7
-6.6	29.8	18.3	0.3	24.4	-6.0	-23.8	7.1
-18.62	135.39	114.07	125.12	326.90	238.11	141.19	319.54
679.51	813.6	861.58	879.00	1,244.06	1,336.89	1,395.52	1,650.20
30.0	31.5	60.0	65.0	85.0	90.0	90.0	90.0
1.9	11.9	12.2	13.3	15.2	13.7	5.9	3.8
-2.6	17.3	13.6	14.4	30.8	18.5	10.3	21.0
1.8	12.2	8.5	9.0	11.0	9.7	4.3	4.1
49.8	49.0	42.3	30.1	40.0	35.2	37.2	39.8
-	23.3	52.6	52.0	26.0	37.8	63.7	28.2
4,635	4,554	4,451	4,999	4,841	4,571	3,561	3,524
25.2	25.1	25.3	26.1	25.0	21.4	21.6	20.5
1,961	1,928	2,042	1,574	1,510	1,457	1,467	952
17.5	16.7	21.2	23.4	24.7	23.1	24.5	38.3
2.00	2.28	2.00	2.07	1.91	1.94	2.22	3.58
11.8	11.5	11.6	9.9	8.9	8.9	10.1	12.8
0.7	0.7	0.6	1.3	1.1	2.1	2.9	5.0
100	100	100	100	100	100	100	100
0.0	0.0	0.0	4.0	7.0	12.0	36.0	38.5
-	-	-	-	-	-	-	76.9
-	-	-	-	74	93	154	109
-	-	-	-	10.8	11.8	20.8	23.9
-	-	-	-	69	83	144	100
65.2	60.6	57.2	81.1	67.2	66.3	64.7	58.8
-	-	-	-	14.8	13.4	13.3	14.3
-	-	-	-	13.1	10.8	9.1	9.3
-	-	-	-	-	-	67.6	69.5
9	9	9	8	8	7	7	6
0.0	11.1	11.1	12.5	12.5	28.6	28.6	33.3
33.3	33.3	33.3	37.5	37.5	57.1	57.1	66.7
9	9	7	10	7	8	9	8
-	-	-	-	-	-	3	2
0	0	0	0	0	0	0	0

for fiscal years 2022 and 2023 have been reclassified to reflect this change.

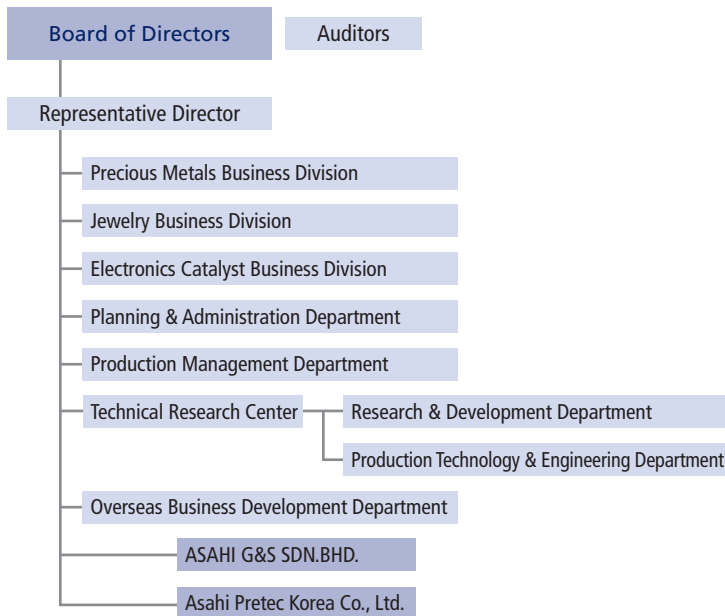
7. The data pertains to consolidated subsidiaries as of March 31, 2024. Data for deconsolidated subsidiaries has been subtracted retroactively, while data for subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.
8. The proportion is calculated excluding overseas subsidiaries, focusing only on our domestic consolidated Group companies.
9. Calculated based on the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The number of workers is determined based on the number of working hours.
10. The percentage of employees taking childcare and caregiver leave is calculated in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and the relevant Ordinance for Enforcement (Ordinance of the Ministry of Labor No. 25 of 1991) under Article 71-4, Paragraph 1.
11. The company transitioned to a "company with Audit and Supervisory Committees" structure in fiscal year 2015. Through fiscal year 2014, the figures include the number of Auditors.

Group Company Structure (As of April 1, 2024)

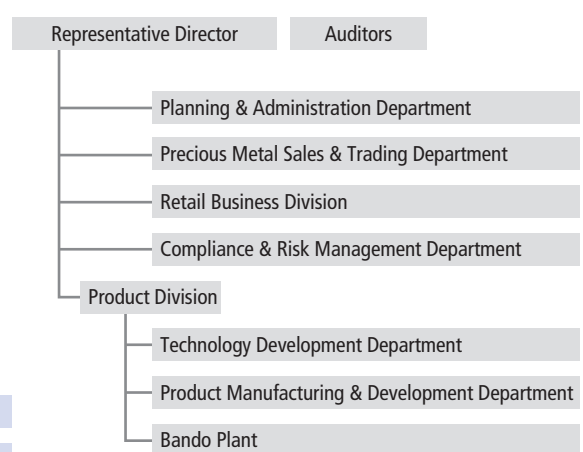
ARE Holdings, Inc.



Asahi Pretec Corp.



ASAHI METALFINE, Inc.



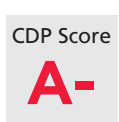
External Evaluations

Added to the Following Indexes (As of June 30, 2024)

ESG-related (Based on FY2023 assessment)



2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
 Morningstar Japan ex-REIT Gender Diversity Tilt Index



Corporate Group Overview (As of July 1, 2024)

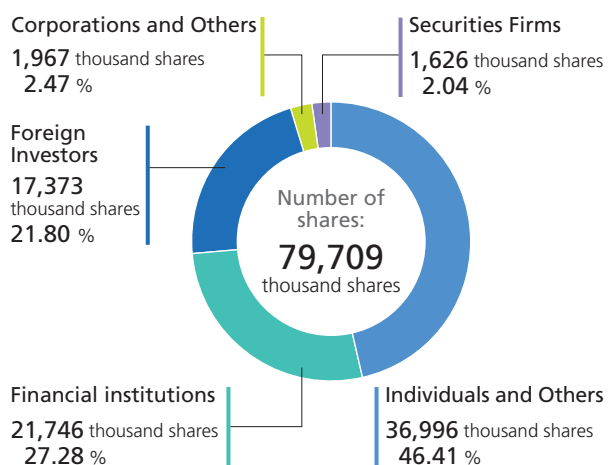
ARE Holdings, Inc.	
Established	July 1952
Incorporated	April 2009
Capital	7,790 million yen
Representative Director	Tomoya Higashiura
Head Office	Nissay Sannomiya Building 16F 4-4-17 Kanocho, Chuo-ku, Kobe, Hyogo 650-0001 Japan Tel. +81 78-333-5633 Fax. +81 78-333-5681 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan Tel. +81 3-6270-1833 Fax. +81 3-6270-1859
Number of employees (consolidated)	952 (As of March 31, 2024)
URL	https://www.are-holdings.com/english/
Subsidiaries	Asahi Refining Canada Ltd. Asahi Refining USA Inc. Asahi Refining Florida LLC Asahi Depository LLC

Asahi Pretec Corp.	
Business activities	Precious metals recycling
Representative Director	Yoshihito Iwasa
Head Office	Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan Tel. +81 3-6270-1820 Fax. +81 3-6270-1825
URL	https://www.asahipretec.com/
Subsidiaries	ASAHI G&S SDN.BHD. (Malaysia) Asahi Pretec Korea Co., Ltd.

ASAHI METALFINE, Inc.	
Business activities	Manufacturing and sales of precious metals
Representative Director	Nobuo Tajima
Head Office	Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan Tel. +81 3-6270-1828 Fax. +81 3-6270-1813
URL	https://www.asahimetalfine.com/en/

Share Information (As of March 31, 2024)

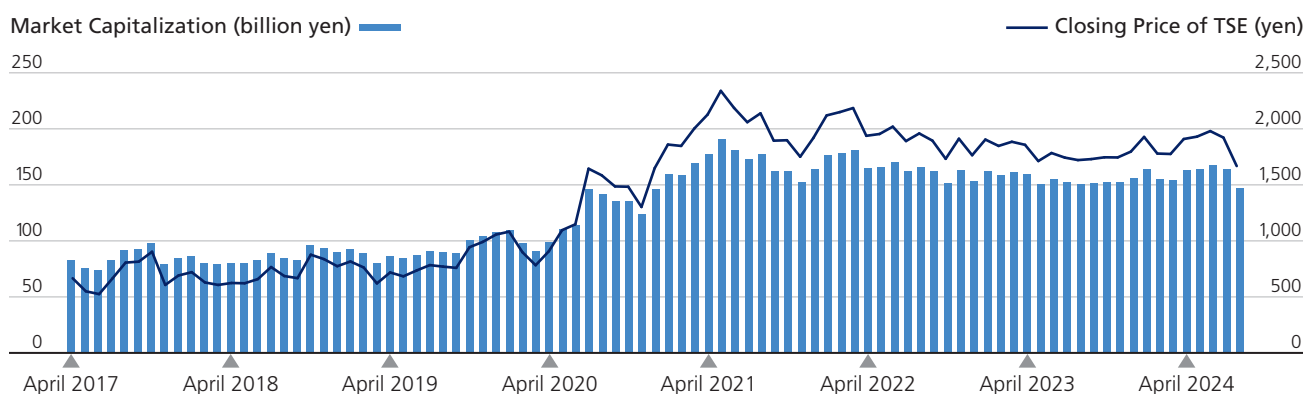
Stock Ownership by Types of Shareholders



Major Shareholders

Shareholder Name	Number of Shares Held (1,000 Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11,920	15.30
Custody Bank of Japan, Ltd. (trust account)	4,996	6.41
Mitsuharu Terayama	1,793	2.30
STATE STREET BANK WEST CLIENT - TREATY 505234	1,628	2.09
Masamichi Terayama	1,404	1.80
CEPLUX-ERSTE GROUP BANK AG (UCITS CLIENTS)	1,207	1.55
Asahi Employee Stock Ownership Plan	1,205	1.55
JP MORGAN CHASE BANK 385781	939	1.21
The Master Trust Bank of Japan, Ltd. (Stock-grant ESOP trust account, 75,882 units)	916	1.18
MUFG BANK, LTD.	900	1.16

Trends in Stock Price and Market Capitalization





Think Circular

ARE Holdings, Inc.

Kobe Head Office Nissay Sannomiya Building 16F 4-4-17 Kanocho, Chuo-ku, Kobe, Hyogo 650-0001 Japan
Tokyo Head Office Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan



<https://www.are-holdings.com/english/>