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**Asahi Holdings, Inc.**  
(Stock code: 5857)

## **Notice of the 11th Annual General Meeting of Shareholders**

Date and time:

10:30 a.m. on Tuesday, June 16, 2020

Reception opens at 10:00 a.m.

Venue:

KOBE PORTOPIA HOTEL

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

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

Proposals:

Proposal: Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

Please exercise your voting rights:

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

- If you are attending the General Meeting of Shareholders:

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

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

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

Documents must arrive before noon on Monday, June 15, 2020.

There are concerns surrounding the spread of the novel coronavirus “COVID-19” infection. If you are attending the General Meeting of Shareholders, please pay close attention to the status of the spread of the virus as of the date of the meeting and your physical condition. Also, please take appropriate precautions to prevent infection, including wearing masks.

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

## **Message from the CEO To Shareholders**

**Mitsuharu Terayama, Chairman & CEO**

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

I would also like to take the opportunity of sending this Notice of the 11th Annual General Meeting of Shareholders to offer a short greeting.

Fiscal year 2019, which served as the second fiscal year of the 8th Mid-term Business Plan, achieved revenue of 135.5 billion yen and operating income of 20.1 billion yen on a consolidated basis. The results surpassed our targets for the second fiscal year of 19.0 billion yen in operating income, revised upward from 15.0 billion yen on October 29 last year, and achieved a historic high for the third consecutive year. ROE (Return on Equity), which the Company considers an indicator of improvements in management efficiency, rose further to 14.4% compared to 13.6% for fiscal year 2018. The Company increased the year-end dividend by 10 yen to make it 70 yen per share for the fiscal year 2019. The dividend policy is one of our most important issues in relation to returning profits to shareholders. The forecast for the annual dividend for fiscal year 2020 is 140 yen per share, based on the “dividend policy of maintaining a payout ratio of 50% or more.”

In December last year, we announced our plan to “transfer 60% of our equity interest in Fuji Medical Instruments MFG. Co., Ltd., a consolidated subsidiary of the Company, to Johnson Health Tech Co., Ltd.” and the transfer was completed in March this year. As a result, the number of reporting segments of the Group was reduced to two: “Precious Metals business” and “Environmental Preservation business.”

All employees of the Group, who are engaged in these two businesses, are contributing directly to the “SDGs (Sustainable Development Goals)” adopted by the United Nations through their daily tasks. Moreover, the Company established the “SDGs Promotion Team” to promote related activities by both individual employees and groups. This March, the Company procured funds that will be necessary to introduce eco-friendly equipment by issuing a Green Bond, as part of the sustainability management initiatives. A Green Bond is a bond used to finance projects that have an environmental improvement impact (green projects) including measures to combat global warming and promote renewable energy. Regarding the eligibility of this Green Bond, Rating and Investment Information, Inc., a third-party assessment institution, has given it a “GA1”, which is the top rating.

Throughout the world, people’s lives are in an unstable condition that we have never experienced before, due to the novel coronavirus. The global economy and all corporate managers are facing an uncertain situation and it is difficult to forecast the future. That is why the Group will never lose the spirit of “Innovate and embrace challenges” set forth in the Asahi Way and will overcome tough situations.

I hope that you will continue to support the “Asahi Holdings Group.”

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Documents below are disclosed on the Company's website

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

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

## ASAHI WAY

### “Totally Committed to Protecting the Natural Environment and Conserve Resources”

#### Our Credo

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We conserve limited natural resources, preserve the global environment, and support human health.

#### Our Corporate Values

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- Cooperation with stakeholders  
We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.
- Corporate governance with a balance of protective and proactive measures  
We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.
- No growth without profit  
We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.
- Trusted corporate brand  
We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.
- Addressing diverse risks  
We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.
- Highly motivated employees  
We promote work-life balance for employees and continuously improve working environments and conditions.
- Strong sense of mission and high ethical standards  
We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.
  - Being a company of good people  
We value good employees over the long-term; our vision of a “good employee” is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

#### Our Employee Principles

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

## **The Asahi Holdings Group Code of Conduct**

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1. We comply with all laws and regulations
2. We respect the dictates of social norms and our own conscience
3. We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
4. We refrain from conducting any political or religious activities in the workplace
5. We treat customers with sincerity
6. We practice fair competition and optimal decision-making when selecting business partners
7. We respect the confidential information obtained through our work and avoid disclosing it externally
8. We refrain from providing or receiving meals or gifts in pursuit of personal benefit
9. We act for the greater good, not for personal or affiliated parties' gain
10. We focus on the actual sites, actual things, and actual facts

Dear Shareholders:

(Stock code: 5857)

May 26, 2020

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

**Asahi Holdings, Inc.**

Mitsuharu Terayama,

Chairman & CEO

### Notice of the 11th Annual General Meeting of Shareholders

This is to inform you that the 11th Annual General Meeting of Shareholders of Asahi Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place.

**Instead of attending the meeting in person, you are entitled to exercise your voting rights in writing or by electronic method (the Internet). You are kindly requested to read the attached reference documents and exercise your voting rights by noon on Monday, June 15, 2020, in accordance with the instructions on the page 7 to 9.**

#### Details of the meeting

**1. Date and time:** 10:30 a.m. on Tuesday, June 16, 2020

**2. Venue:** KOBE PORTOPIA HOTEL

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

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

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

### 3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 11th fiscal term (April 1, 2019 through March 31, 2020)
  - 2) Report on non-consolidated financial statements for the 11th fiscal term (April 1, 2019 through March 31, 2020)

**Items to be resolved:**

Proposal: Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

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

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

## **Guide to Exercising Voting Rights**

### **If you are attending the General Meeting of Shareholders:**

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

In addition, please also bring this Notice.

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

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

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

#### **• Exercising your voting rights via the Internet**

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

### **Deadline for Exercising Voting Rights: noon on Monday, June 15, 2020**

#### **Treatment of Voting Rights Exercised Multiple Times**

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

#### **Electronic Voting Platform for Institutional Investors**

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

## Procedure for Exercising Voting Rights via the Internet

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

### 1. Voting Rights Exercise Web Site

- (1) The exercise of voting rights via the Internet is possible only by accessing the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>) designated by the Company either from a computer, a smartphone or a mobile phone. (However, this Web site is not available from 2:00 a.m. to 5:00 a.m. daily.)
- (2) The exercise of voting rights using computers or smartphones may be disabled by operating environments, including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server and/or if you have not designated the use of encrypted transmission (TLS transmission).
- (3) To preserve security, you cannot exercise voting rights through a model of mobile phone that does not allow TLS transmission or transmission of the phone ID information.
- (4) Although we will accept the exercise of voting rights via the Internet until noon on Monday, June 15, 2020, we recommend voting as early as possible. If you have any questions, please contact our Help Desk.

### 2. Exercising Your Voting Rights via the Internet

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

### 3. Treatment of Voting Rights Exercised Multiple Times

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

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

The costs incurred when accessing the Voting Rights Exercise Web Site such as Internet access fees will be the responsibility of the shareholder. Similarly, fees required to use mobile phones, such as packet transmission fees, will also be the responsibility of the shareholder.

5. Method of Receiving a Convocation Notice

Beginning with the next meeting of shareholders, shareholders will be given the option of receiving their convocation notices via email. If you wish to receive your convocation notices in this manner, please use a computer or a smartphone to access the Voting Rights Exercise Web Site and take the procedures shown on the screen. (You will not be able to access the site from a mobile phone.)

**For inquiries about the system or other matters, contact:**

Corporate Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation  
Phone: 0120-173-027 (Toll Free within Japan) (available from 9:00 a.m. to 9:00 p.m.)

## Reference Documents for General Meeting of Shareholders

### **Proposal Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)**

The terms of office of all four (4) Directors (excluding Directors serving as the Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) will expire at the close of this Annual General Meeting of Shareholders.

Accordingly, we propose the election of four (4) Directors.

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

The candidates for Director to be elected are as follows.

Candidate No.	Name (Date of birth)		Position and Duties at Asahi Holdings (Important concurrent assignment)	Attendance at the Board of Directors meeting
1	To be Reelected	Mitsuharu Terayama (March 10, 1940)	Chairman & CEO  [Significant concurrent duties] None	10 out of 10 meetings
2	To be Reelected	Tomoya Higashiura (January 26, 1961)	Representative Director and President  [Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.	10 out of 10 meetings
3	To be Reelected	Amane Kojima (April 9, 1968)	Director, CFO and General Manager of Financial Planning Office  [Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Corporate Auditor of Asahi Americas Holdings, Inc.	10 out of 10 meetings
4	To be Reelected	Hiroyuki Nakanishi (July 5, 1962)	Director  [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	10 out of 10 meetings

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
1	 Mitsuharu Terayama (March 10, 1940) <span style="border: 1px solid black; padding: 2px;">To be Reelected</span>	April 1964: Joined KURARAY CO., LTD. July 1973: Joined Asahi Pretec Corp. October 1973: Appointed as Senior Managing Director of Asahi Pretec Corp. May 1981: Appointed as Representative Director and President of Asahi Pretec Corp. April 2009: Appointed as Representative Director and President of Asahi Holdings, Inc. April 2011: Appointed as CEO & COO of Asahi Holdings, Inc. April 2011: Appointed as Chairman and Director of Asahi Pretec Corp. June 2012: Appointed as CEO of Asahi Holdings, Inc. June 2014: Appointed as President & CEO of Asahi Holdings, Inc. April 2018: Appointed as Chairman & CEO of Asahi Holdings, Inc. (to present)  [Significant concurrent duties] -	887,145 shares

Attendance at the Board of Directors meeting: 10 out of 10 meetings

(Reason for nomination as a candidate)

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

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
2	 Tomoya Higashiura (January 26, 1961) <u>To be Reelected</u>	April 1984: Joined NEC Corporation February 2001: Joined Asahi Pretec Corp. June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp. April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc. June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp. April 2011: Appointed as Director of Asahi Holdings, Inc. June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. April 2017: Appointed as Representative Director and President of Asahi Americas Holdings, Inc. (to present) April 2018: Appointed as Representative Director and President of Asahi Holdings, Inc. (to present) April 2018: Appointed as Director of Asahi Pretec Corp. (to present) [Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.	25,000 shares

Attendance at the Board of Directors meeting: 10 out of 10 meetings

(Reason for nomination as a candidate)

Mr. Higashiura engages in the management of the Group as a Representative Director of the Company and as a Representative Director and 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 metal business and its global expansion would contribute to the sustainable enhancement of the corporate value of the Group.

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
3	 Amane Kojima (April 9, 1968) <u>To be Reelected</u>	April 1992: Joined Nissho Iwai Corporation March 2011: Joined Asahi Pretec Corp. Appointed as General Manager of Accounting Division of Asahi Pretec Corp. April 2012: Appointed as General Manager of Finance & Accounting Department of Asahi Holdings, Inc. December 2014: Appointed as Corporate Auditor of Asahi Americas Holdings, Inc. June 2016: Appointed as Corporate Auditor of Asahi Pretec Corp. (to present) June 2017: Appointed as Director and General Manager of Finance & Accounting Department of Asahi Holdings, Inc. April 2018: Appointed as Director of Asahi Americas Holdings, Inc. October 2019: Appointed as Corporate Auditor of Asahi Americas Holdings, Inc. (to present) April 2020: Appointed as Director and CFO of Asahi Holdings, Inc. (to present) April 2020: Appointed as Director and General Manager of Financial Planning Office of Asahi Holdings, Inc. (to present) [Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Corporate Auditor of Asahi Americas Holdings, Inc.	2,600 shares

Attendance at the Board of Directors meeting: 10 out of 10 meetings

(Reason for nomination as a candidate)

Mr. Kojima engages in the management of the Group as a Director of the Company and as a Corporate Auditor of the Group companies. As General Manager of Financial Planning Office, he is in charge of financial and accounting matters for the entire Group. In addition, as a certified public accountant in the US, he has extensive expertise and practical capabilities. 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 would contribute to the sustainable enhancement of the corporate value of the Group.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
4	 Hiroyuki Nakanishi (July 5, 1962) <u>To be Reelected</u>	April 1986: Joined Asahi Pretec Corp. January 2008: Appointed as General Manager of Human Resources Department, Administration Division of Asahi Pretec Corp. April 2009: Appointed as General Manager of Photosensitive Material Business Department of Asahi Pretec Corp. April 2013: Appointed as Director of Japan Waste Corporation July 2014: Appointed as Senior Vice President of Fuji Medical Instruments MFG. Co., Ltd. June 2016: Appointed as President & CEO of Fuji Medical Instruments MFG. Co., Ltd. April 2018: Appointed as Representative Director and President of Asahi Pretec Corp. (to present) June 2018: Appointed as Director of Asahi Holdings, Inc. (to present) [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	13,500 shares

Attendance at the Board of Directors meeting: 10 out of 10 meetings

(Reason for nomination as a candidate)

Mr. Nakanishi engages in the management of the Group as a Director of the Company and as a Representative 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 metal business and the environmental preservation business would contribute to the sustainable enhancement of the corporate value of the Group.

(Note) There are no special interests between each candidate and the Company.

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## 1. Current Status of the Group

### (1) Status of business for the fiscal year

#### 1) Circumstances and results of business

During the consolidated fiscal year ended March 31, 2020, the Japanese economy showed signs of moderate recovery, backed by improvements in the employment and income environment. Meanwhile, prospects in the international and domestic markets remained opaque due to the spread of novel coronavirus disease in Japan and overseas, in addition to decreased personal spending after the consumption tax hike and slowdowns in the global economy triggered by the U.S.-China trade dispute.

Under these conditions, the Asahi Holdings Group (the “Group”)’s results in each business segment were as follows. During this consolidated fiscal year, the Company transferred its equity interest in Fuji Medical Instruments MFG. Co., Ltd., a consolidated subsidiary of the Company. Businesses of Fuji Medical Instruments and its subsidiary that were previously classified under “Life & Health business” have consequently been reclassified as discontinued operations. In addition, beginning in this consolidated fiscal year, the Group reduced the number of reporting segments from three: “Precious Metals business,” “Environmental Preservation business” and “Life & Health business” to two: “Precious Metals business” and “Environmental Preservation business.”

#### Precious Metals business segment

Revenue: 113,755 million yen (up 29.6% YOY)

Revenue from business in the precious metal recycling sector in Japan, South Korea and Malaysia expanded from the previous year. Also, the revenue of precious metal refining business in North America improved from the previous year. In order to further enhance the efficiency and profitability of precious metal refining in North America, the Company decided to discard the gold and silver refining facilities of Asahi Refining Florida Inc. and posted an impairment loss on its fixed assets. However, revenue and operating income in this segment increased significantly from the previous year.

#### Environmental Preservation business segment

Revenue: 20,716 million yen (up 6.7% YOY)

Revenue and operating income in this segment posted a year-on-year increase as the Company worked to develop new projects and strengthened mutual cooperation while capitalizing on the strengths of the respective group companies.

As a result of the above, operating income, profit before tax, profit, and profit attributable to owners of parent all achieved historic highs. In terms of the performance for this consolidated fiscal year, revenue was 135,563 million yen, a year-on-year increase of 25,150 million yen (+22.8 percent). Operating income was 20,119 million yen, an increase of 6,676 million yen (+49.7 percent) year-on-year. Profit before tax was 17,650 million yen, a year-on-year increase of 5,298 million yen (+42.9 percent). Profit was 9,846 million yen, a year-

on-year increase of 845 million yen (+9.4 percent). Profit attributable to owners of parent was 9,846 million yen, a year-on-year increase of 845 million yen (+9.4 percent). By segment, revenue in the Precious Metals business was 113,755 million yen, a year-on-year increase of 25,951 million yen (+29.6 percent). In the Environmental Preservation business, revenue was 20,716 million yen, an increase of 1,308 million yen (+6.7 percent) year-on-year.

Revenue and operating income were composed of the following:

<Breakdown of revenue and operating income>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Income (Millions of yen)
Precious Metals business	113,755	83.9	29.6	18,022
Environmental Preservation business	20,716	15.3	6.7	4,355
Other	1,090	0.8	-	(2,258)
Total	135,563	100.0	22.8	20,119

Revenue	135,563 million yen	Up 22.8% YOY
Operating Income	20,119 million yen	Up 49.7% YOY
ROE	14.4%	Up 0.8% YOY

**2) Capital expenditure**

Capital expenditure made in the fiscal year totaled 4,152 million yen. The main expenditure was an investment in buildings, machinery and equipment.

**3) Financing**

The Company issued the bonds to finance projects that have an environmental improvement impact as follows:

Date of issuance	Company name	Type of bonds	Issue amount	Redemption date
March 31, 2020	Asahi Holdings, Inc.	Unsecured bonds	5,000 million yen	March 31, 2025

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

Not applicable for the fiscal year

**5) Acquisition of the business of other companies**

Not applicable for the fiscal year

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

Not applicable for the fiscal year

**7) Acquisition or disposal of shares or other equity or share options of other companies**

As of August 1, 2019, all shares of KOEIKOGYO CO., LTD., a consolidated subsidiary of the Company, were transferred to Eiwa Facilities Co., Ltd.

As of March 13, 2020, 60% of all shares of Fuji Medical Instruments MFG. Co., Ltd., a consolidated subsidiary of the Company, were transferred to Johnson Health Tech Co., Ltd. As a result, Fuji Medical Instruments MFG. Co., Ltd. became an equity method affiliate.

**(2) Property and profit/loss**

Category	8 <sup>th</sup> term April 1, 2016 through March 31, 2017	9 <sup>th</sup> term April 1, 2017 through March 31, 2018	10 <sup>th</sup> term April 1, 2018 through March 31, 2019	11 <sup>th</sup> term April 1, 2019 through March 31, 2020 (Current fiscal year)
Revenue (Millions of yen)	106,828	115,797	110,412	135,563
Operating income (Millions of yen)	2,038	13,791	13,442	20,119
Profit (loss) attributable to owners of parent (Millions of yen)	(1,213)	9,416	9,000	9,846
Basic earnings (loss) per share (Yen)	(37.24)	270.77	228.14	250.24
Total assets (Millions of yen)	88,976	131,484	160,272	229,958
Total equity (Millions of yen)	44,827	64,435	67,804	69,174
Equity attributable to owners of parent per share (Yen)	1,359.02	1,627.20	1,723.16	1,758.00

Note: Beginning with this term, businesses of Fuji Medical Instruments MFG. Co., Ltd. have been reclassified as discontinued operations. Consequently, income from discontinued operations are presented separately from continuing operations in the consolidated statement of income. Accordingly, revenue and operating income are presented in amounts from continuing operations. In addition, the Company also restated revenue and operating income from the previous consolidated fiscal year to amounts from continuing operations.

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**(3) Major sales offices and plants (as of March 31, 2020)****Asahi Holdings, Inc.**

Main office	4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi
Head offices	Kobe Head Office: 4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi Tokyo Head Office: 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo

**Asahi Pretec Corp.**

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

Plants	Saitama (Kitakatsushika-gun, Saitama Pref.) Nagano (Tomi-shi, Nagano Pref.) Amagasaki (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) The Technical Research Center (Kobe-shi) Ehime (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi) Fukuoka (Koga-shi, Fukuoka Pref.)
Overseas subsidiaries	Asahi G&S Sdn. Bhd. (Malaysia) Asahi Pretec Korea Co., Ltd. (Korea)

### Japan Waste Corporation

Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Business office	Saitama (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Shonan (Koza-gun, Kanagawa Pref.)
Plants	Yokohama (Yokohama-shi) Ogimachi Center (Kawasaki-shi) Samukawa (Koza-gun, Kanagawa Pref.)
Subsidiaries in Japan	JW Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.) Taiyo Chemical Co., Ltd. (Kagoshima-shi) Fuji Rozai Co., Ltd. (Ota-ku, Tokyo) JW Glass Recycling Co., Ltd. (Koto-ku, Tokyo) INTER CENTRAL, INC. (Chuo-ku, Tokyo)

### Asahi Americas Holdings, Inc.

Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Overseas subsidiaries	Asahi Refining USA Inc. (the U.S.) Asahi Refining Canada Ltd. (Canada) Asahi Refining Florida LLC (the U.S.)

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**(4) Significant parent company and subsidiaries****1) Relationship with parent company**

Not applicable

**2) Significant subsidiaries**

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	4,480 million yen	100.0%	Precious Metals business and Environmental Preservation business
Japan Waste Corporation	400 million yen	100.0%	Environmental Preservation business
Asahi Life & Health Corporation	10 million yen	100.0%	Life & Health business
Asahi Americas Holdings, Inc.	10 million yen	100.0%	Precious Metals business

(Note) Asahi Life & Health Corporation, the Company's subsidiary, and Japan Waste Corporation carried out an absorption-type merger with Japan Waste Corporation as the surviving company on April 1, 2020.

**3) Specified wholly owned subsidiary**

## a. Name and address of the specified wholly owned subsidiary

Name: Asahi Pretec Corp.

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

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

24,621 million yen

## c. Total amount recorded in the assets section of the balance sheet of the Company for the fiscal year under review: 85,838 million yen

**(5) Principal businesses** (as of March 31, 2020)

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

**1) Precious Metals business**

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

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

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

**2) Environmental Preservation business**

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

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

**(6) Employees** (as of March 31, 2020)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
1,574 (153)	-468 (down 460)

(Note) 1. The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

2. The number of employees decreased by 468 (the number of part-timers and fixed-term employees decreased by 460) compared to the end of previous fiscal year. This is mainly because the number of employees of Fuji Medical Instruments MFG. Co., Ltd., which has been reclassified as discontinued operations, were excluded.

**2) Employees of the Company**

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
44 (2)	-10 (0)	41 years and 8 months	5 years and 2 months

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

**(7) Major financial institutions with loans to the Company** (as of March 31, 2020)

Financial institutions	Loan amount
MUFG Bank, Ltd.	55,415 million yen
Mizuho Bank, Ltd.	38,190 million yen
Syndicated loan	18,879 million yen
Sumitomo Mitsui Banking Corporation	10,338 million yen

(Note) The syndicated loan is extended by two banks with MUFG Bank, Ltd. as the lead bank.

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

Asahi Life & Health Corporation, the Company's subsidiary, and Japan Waste Corporation carried out an absorption-type merger with Japan Waste Corporation as the surviving company on April 1, 2020.

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

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

- Improve treatment and refining processes for higher quality, lower cost and higher efficiency.
- Realize production and sales of high value-added precious metal products.
- Promote the business globally and establish our position as the world's leading brand.

**2) Environmental Preservation business segment**

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

- Enhance our capabilities for recycling and treating waste that is difficult to treat, and establish a brand that can surpass competitors.
- Expand our business through appropriate capital investments and strengthen our revenue base.
- Link organically the network of Group companies across the country and expand the scope of our operations.

## ■ The 8th Mid-term Business Plan (the 10th fiscal term to the 12th fiscal term)

Slogan: Building a global company that pursues originality and growth

Basic Policy:

1. Building a new business foundation that will support the coming era
2. Improving productivity and work styles utilizing information processing technology
3. Sharing the Asahi Way with all employees group-wide

Our Vision for 70th Anniversary of Our Founding:

- Precious Metals business: Be the number one precious metal refining in the world
- Environmental Preservation business: Be a leader in the environmental business in Japan

Progress Reports of the Second Year of Mid-term Business Plan:

In the 8th Mid-term Business Plan, focusing on the vision for 70th anniversary of our founding for each business, we promote activities to grow over the medium to long-term while maintaining the profitability.

As the performance of the second year has shown solid growth, we are progressing at a good rate toward an achievement of the plan.

We will strive further to achieve the goals of the 8th Mid-term Business Plan.

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■ **Reference: Initiatives for the achievement of SDGs**

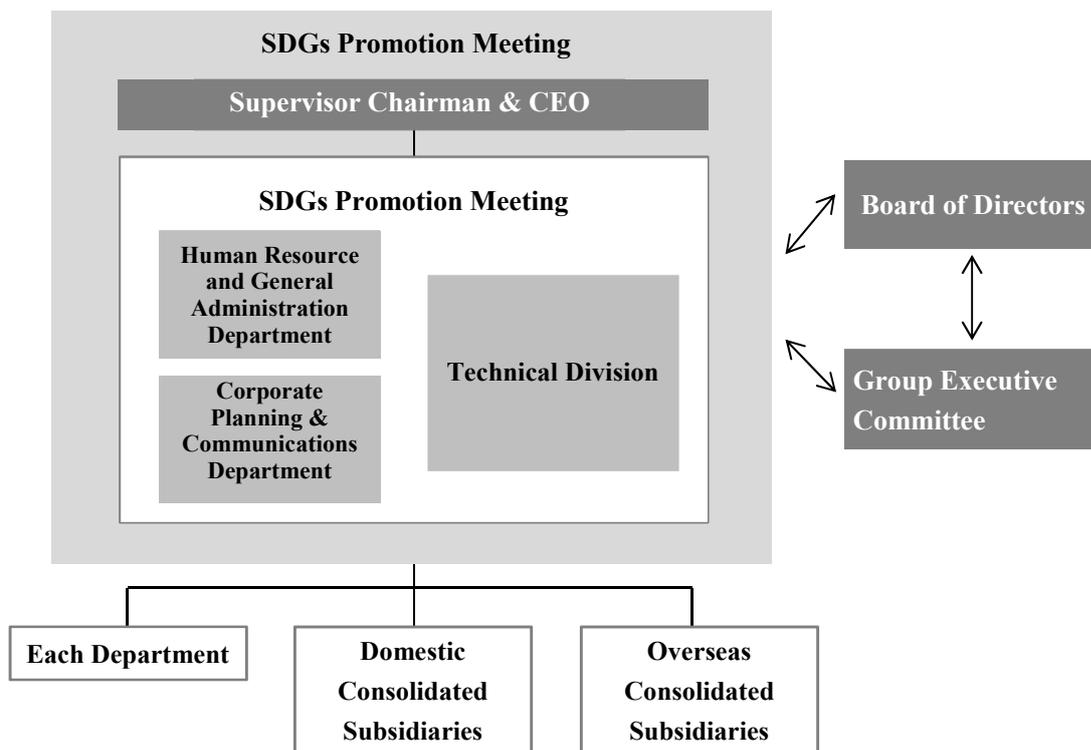
Sustainability vision:

Asahi Holdings Group’s core mission is to “do our part to protect the natural environment and resources,” based on which the Group has developed business activities over the years. Our business activities themselves contribute to sustainability, and therefore both business growth and resolution of social issues are realized.

Now that the efforts of the whole society including corporations are needed, the Group will strive to achieve our mission of working proactively toward themes and goals, aiming to resolve issues for which a significant contribution from us is expected.

Sustainability promotion system:

Within Asahi Holdings Group, the “SDGs Promotion Meeting” supervised by the Chairman & CEO leads discussions and decision-making on the establishment of policies focusing on key SDG themes, monitoring of achievement status of goals, and communication inside and outside of the Company.



## SDGs Key Themes

1. Expanding precious metal recycling	2. Precious metal provision that is safe for people, society, and the environment	3. Expanding appropriate disposal of industrial waste
<p>The further utilize effectively limited earth resources, we will globally expand and promote precious metal recycling.</p>	<p>We will expand the provision of raw materials that do not include conflict minerals and precious metals produced from scrap containing precious metals in consideration of human rights and the environment and promote responsible precious metal management.</p>	<p>We will work to expand appropriate disposal of industrial waste as experts in waste processing, and work toward realizing a sustainable recycling-oriented society.</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>6 CLEAN WATER AND SANITATION</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
<p>13 CLIMATE ACTION</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>
<p>15 LIFE ON LAND</p>		<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
		<p>14 LIFE BELOW WATER</p>
		<p>15 LIFE ON LAND</p>
<p><b>Target</b></p> <p>Total amount of precious metal recycling: 410 tons by FY2030 (1.5 times that of FY2015)</p> <p>Reduction of CO2 emissions: 1.465 million tons by FY2030 (1.5 times that of FY2015)</p>		<p><b>Target</b></p> <p>Amount of appropriate disposal of industrial waste: 0.5 million tons by FY2030 (1.6 times that of FY2015)</p>

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<p><b>4. Reducing CO<sub>2</sub> emissions</b></p> <p>Through initiatives such as energy conservation activities, transitioning to next-generation automobiles, and transitioning to low CO<sub>2</sub> emission power plants, we will work toward reducing CO<sub>2</sub> emissions across the Group.</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">7 AFFORDABLE AND CLEAN ENERGY</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">17 PARTNERSHIPS FOR THE GOALS</div> <p><b>Target</b></p> <p>Emissions of CO<sub>2</sub> derived from energy including electricity and gasoline:      -26% compared to FY2015</p>	<p><b>5. Enriching foundations for work-life balance and diversity</b></p> <p>Through workstyle reforms, health management, and diversity promotion, we will work to raise job satisfaction by enriching foundations to allow for diverse human resources to take active roles.</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">3 GOOD HEALTH AND WELL-BEING</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">4 QUALITY EDUCATION</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">5 GENDER EQUALITY</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div> <p><b>Target</b></p> <p>Achievement rate of rest intervals of at least 11 hours:      100% by the end of FY2020</p> <p>Usage rate of refreshment leave (at least 3 consecutive days):      100% by the end of FY2020</p> <p>Percentage of female employees in managerial positions:      Equal to male employees by the end of FY2030</p> <p>Employment rate of people with disabilities:      At least 2.5% by the end of FY2030</p>	<p><b>6. Encouragement and support for SDG activities</b></p> <p>We will encourage and support extracurricular activities that contribute to SDGs such as individual and group volunteer work as “Asahi Group Holdings SDGs Activities.”</p>
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■ **Reference: Corporate Governance Structure**

**Basic Policies for Corporate Governance**

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

<https://www.asahiholdings.com/ir/library/governance/>

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

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

Board of Directors	The Board of Directors of the Group consists of the Executive Directors who are familiar with the fields of businesses, technology and management and the Outside Directors who have the diversified expert knowledge necessary for the corporate management. In order to carry out an effective and active discussion at the Board of Directors meeting, the number of Directors is eight (8) including three (3) Independent Outside Directors. All Directors actively exchange opinions freely concerning important subjects, such as the Group’s management strategies and business plan.
Audit and Supervisory Committee	The Group has adopted a company with an Audit and Supervisory Committee as a form of organization under the Companies Act and appoints three (3) Independent Outside Directors. As a result, we enhance the function to supervise the Board of Directors, and realize rapid decision-making by delegating determination of important business operations to the Executive Directors, to raise management efficiency.
Nominating Committee/ Compensation Committee	We have established the “Compensation Committee” and “Nominating Committee” that respectively consist of three (3) members including two (2) Independent Outside Directors as an advisory body of the Board of Directors in order to further enhance corporate governance by securing transparency, fairness and objectivity in appointing and dismissing the Directors and key management candidates and determining the amount of compensation of Directors.



## 2. Current state of the Company

### (1) Shares (as of March 31, 2020)

- 1) **Number of shares authorized:** 129,000,000 shares  
 2) **Number of shares issued:** 39,854,344 shares  
 3) **Number of shareholders:** 17,042  
 4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	3,506	8.81
The Master Trust Bank of Japan, Ltd. (Trust account)	3,075	7.73
STATE STREET BANK AND TRUST COMPANY 505025	1,039	2.61
Mitsuharu Terayama	887	2.23
Masamichi Terayama	802	2.01
Asahi Employee Stock Ownership Plan	736	1.85
Japan Trustee Services Bank, Ltd. (Trust account 5)	709	1.78
JP MORGAN CHASE BANK 385151	693	1.74
Japan Trustee Services Bank, Ltd. (Trust account 9)	652	1.63
RE FUND 107-CLIENT AC	540	1.35

(Note) Percentage of shares held is calculated by excluding treasury stock.

### Shareholder Distribution

Individuals, Others	15,325 thousand shares (38.45%)
Financial Institutions	12,396 thousand shares (31.10%)
Foreign Corporations, etc.	10,233 thousand shares (25.68%)
General Corporations, Other Corporations	1,289 thousand shares (3.23%)
Securities Companies	611 thousand shares (1.53%)

### (2) Stock options, etc.

Not applicable

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**(3) Board members and corporate officers****1) Directors (as of March 31, 2020)**

Position	Name	Responsibility and important concurrent assignment
Chairman & CEO	Mitsuharu Terayama	
Representative Director and President	Tomoya Higashiura	Director, Asahi Pretec Corp. Representative Director and President, Asahi Americas Holdings, Inc.
Director	Amane Kojima	General Manager of Finance & Accounting Department Corporate Auditor, Asahi Pretec Corp. Corporate Auditor, Asahi Americas Holdings, Inc.
Director	Hiroyuki Nakanishi	Representative Director and President, Asahi Pretec Corp.
Director/Audit and Supervisory Committee Member	Yuji Kimura	Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation
Director/Audit and Supervisory Committee Member	Kyoko Kanazawa	Lawyer Outside Director, Tokushu Tokai Paper Co., Ltd.
Director/Full-Time Audit and Supervisory Committee Member	Yoshikatsu Takeuchi	
Director/Audit and Supervisory Committee Member	Yoshinori Hara	Professor of Graduate School of Management, Kyoto University

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

**2) Directors who resigned during the fiscal year**

At the conclusion of the 10th Annual General Meeting of Shareholders held on June 18, 2019, Directors/Audit and Supervisory Committee Members Shoji Morii and Yukio Tanabe retired due to expiration of their term of office.

**3) Description of the limited liability contract**

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

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

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#### 4) Compensation, etc., for Directors

Total compensation, etc., for the fiscal year

Category	Number of persons subject to payment	Payment amount
Directors not serving as an Audit and Supervisory Committee Member (Outside Director)	5 (0)	111 million yen (0)
Directors serving as an Audit and Supervisory Committee Member (Outside Directors)	6 (4)	42 million yen (19)
Total (Outside Directors)	11 (4)	154 million yen (19)

- (Notes) 1. The amount of compensation for Directors not serving as an Audit and Supervisory Committee Member does not include the employee salaries of Directors who serve concurrently as employees.
2. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the limit of compensation for Directors not serving as Audit and Supervisory Committee Members be up to an annual 200 million yen (not including the portion of salary as employees) and that the limit of compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen.
3. The above amounts of compensation do not include the 22 million yen provision of reserve for the performance-based stock compensation plan for four (4) Directors (excluding Directors serving as the Audit and Supervisory Committee Members), which was approved at the 9th Annual General Meeting of Shareholders held on June 19, 2018, and recorded for the fiscal year under review.

## 5) Matters related to outside board members

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

Category	Name	Activities
Director (Audit and Supervisory Committee Member)	Yuji Kimura	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has considerable expertise and experience in environmental preservation, including waste treatment and recycling and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
Director (Audit and Supervisory Committee Member)	Kyoko Kanazawa	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. She has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters from the highly professional viewpoint for laws as a lawyer.
Director (Audit and Supervisory Committee Member)	Yoshinori Hara	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held on and after his appointment on June 18, 2019. He has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters from the highly professional viewpoint for service innovation.

**(4) Accounting Auditor****1) Name of Accounting Auditor**

Ernst &amp; Young ShinNihon LLC

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

	Amount of compensation, etc.
(i) Amount to be paid by the Company	31 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	55 million yen

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

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

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

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

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

- **Dividend policy:** The Company will maintain a payout ratio of 50% or more of consolidated net profit.

Our basic policy is to improve corporate value by maintaining stable profitability and sustainable growth and meet the expectations of shareholders by continuously paying a stable dividend. In addition, it is also important for the Company to strengthen internal reserves to provide for investment in growing fields and new business development.

Under the policy above, for distribution of surplus, we intend to maintain a consolidated payout ratio of 50% or more, taking into account the result of each fiscal year, further enhancement of financial structure and the Group's management strategy.

Starting from the fiscal year 2018, the Company introduced a special benefit plan for shareholders.

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**Consolidated Statement of Financial Position** (as of March 31, 2020)

(Millions of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>187,604</b>	<b>Current liabilities</b>	<b>153,137</b>
Cash and cash equivalents	22,908	Trade and other payables	13,710
Trade and other receivables	119,754	Loans payable	121,873
Inventories	37,748	Income tax payable	4,624
Income tax receivables	2,029	Other financial liabilities	6,991
Other financial assets	93	Provisions	1,293
Other current assets	5,069	Other current liabilities	4,643
<b>Non-current assets</b>	<b>42,354</b>	<b>Non-current liabilities</b>	<b>7,645</b>
Property, plant and equipment	34,953	Bonds and loans payable	4,928
Goodwill	1,604	Deferred tax liabilities	1,453
Intangible assets	529	Net defined benefit liability	172
Investments accounted for using equity method	3,254	Other financial liabilities	1,066
Deferred tax assets	1,132	Other non-current liabilities	24
Net defined benefit asset	155	<b>Total liabilities</b>	<b>160,783</b>
Financial assets	683	<b>EQUITY</b>	
Other non-current assets	42	<b>Equity attributable to owners of parent</b>	<b>69,174</b>
		Capital stock	7,790
		Capital surplus	10,755
		Treasury stock	(956)
		Retained earnings	60,797
		Other components of equity	(9,212)
<b>Total assets</b>	<b>229,958</b>	<b>Total equity</b>	<b>69,174</b>
		<b>Total liabilities and equity</b>	<b>229,958</b>

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

Consolidated Statement of Income (April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	Amount	
<b>Continuing operations</b>		
<b>Revenue</b>		<b>135,563</b>
<b>Cost of sales</b>		<b>(107,264)</b>
<b>Gross profit</b>		<b>28,298</b>
Selling, general and administrative expenses	(7,174)	
Other operating income	195	
Other operating expenses	(1,154)	
Share of loss of investments accounted for using equity method	(45)	(8,179)
<b>Operating income</b>		<b>20,119</b>
Finance income	24	
Finance cost	(2,440)	
Other non-operating income	87	
Other non-operating expenses	(140)	(2,469)
<b>Profit before tax</b>		<b>17,650</b>
Income tax expenses		(6,230)
<b>Profit from continuing operations</b>		<b>11,419</b>
<b>Discontinued operations</b>		
<b>Loss from discontinued operations</b>		<b>(1,573)</b>
<b>Profit</b>		<b>9,846</b>
<b>Profit attributable to:</b>		
Owners of parent		9,846
Non-controlling interests		—

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

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**Consolidated Statement of Changes in Equity** (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2019	7,790	10,353	(955)	55,547	(3,737)	(1,203)
Profit				9,846		
Other comprehensive income					(461)	(3,805)
Total comprehensive income	—	—	—	9,846	(461)	(3,805)
Purchase of treasury stock			(0)			
Dividends				(4,721)		
Changes due to loss of control of subsidiaries		337				
Reclassified from other components of equity to retained earnings				125		
Share-based payment transactions		64				
Total transactions with owners	—	401	(0)	(4,596)	—	—
Balance at March 31, 2020	7,790	10,755	(956)	60,797	(4,198)	(5,008)

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

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity			Total	Total
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
Balance at April 1, 2019	8	—	(4,931)	67,804	67,804
Profit			—	9,846	9,846
Other comprehensive income	(15)	125	(4,155)	(4,155)	(4,155)
Total comprehensive income	(15)	125	(4,155)	5,690	5,690
Purchase of treasury stock			—	(0)	(0)
Dividends			—	(4,721)	(4,721)
Changes due to loss of control of subsidiaries			—	337	337
Reclassified from other components of equity to retained earnings	0	(125)	(125)	—	—
Share-based payment transactions			—	64	64
Total transactions with owners	0	(125)	(125)	(4,320)	(4,320)
Balance at March 31, 2020	(5)	—	(9,212)	69,174	69,174

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

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### Balance Sheet (as of March 31, 2020)

(Millions of yen)

Account	Amount	Account	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>52,733</b>	<b>Current liabilities</b>	<b>20,541</b>
Cash and deposits	13,466	Short-term loans payable	100
Short-term loans to affiliated companies	54,747	Current portion of long-term loans payable	20,304
Income taxes receivable	1,835	Accounts payable-other	43
Other	31	Accrued expenses	12
Allowance for doubtful accounts	(17,347)	Provision for bonuses	19
		Provision for directors' bonuses	53
<b>Non-current assets</b>	<b>33,104</b>	Other	7
<b>Property, plant and equipment</b>	<b>5,500</b>	<b>Non-current liabilities</b>	<b>5,170</b>
Buildings	2,144	Bonds payable	5,000
Tools, equipment and fixtures	0	Provision for stocks payment	27
Land	3,355	Provision for management board incentive plan trust	50
		Other	92
<b>Intangible assets</b>	<b>15</b>	<b>Total liabilities</b>	<b>25,711</b>
Software	15	<b>NET ASSETS</b>	
<b>Investments and other assets</b>	<b>27,588</b>	<b>Shareholders' equity</b>	<b>60,126</b>
Shares of affiliated companies	27,519	<b>Capital stock</b>	<b>7,790</b>
Deferred tax assets	69	<b>Capital surplus</b>	<b>27,651</b>
Other	0	Capital reserve	9,364
		Other capital surplus	18,287
<b>Total assets</b>	<b>85,838</b>	<b>Retained earnings</b>	<b>25,639</b>
		Other retained earnings	25,639
		Retained earnings carried forward	25,639
		<b>Treasury stock</b>	<b>(956)</b>
		<b>Total Net Assets</b>	<b>60,126</b>
		<b>Total Liabilities and Net Assets</b>	<b>85,838</b>

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

Statement of Income (April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	Amount	
<b>Operating revenue</b>		<b>11,398</b>
<b>Operating expenses</b>		<b>1,310</b>
<b>Operating income</b>		<b>10,087</b>
<b>Non-operating income</b>		
Interest income	187	
Guarantee commission received	297	
Other	3	488
<b>Non-operating expenses</b>		
Interest expenses	26	
Bond issuance cost	71	
Provision of allowance for doubtful accounts	204	301
<b>Ordinary income</b>		<b>10,273</b>
<b>Extraordinary gain</b>		
Gains on sale of non-current assets	0	0
<b>Extraordinary loss</b>		
Loss on retirement of non-current assets	0	0
<b>Net profit before income taxes</b>		<b>10,273</b>
Income taxes-current	164	
Income taxes-deferred	(13)	150
<b>Net profit</b>		<b>10,122</b>

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

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Statement of Changes in Net Assets (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings	Treasury stock	
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2019	7,790	9,364	18,287	20,295	(955)	54,782
Changes during the period						
Dividends from surplus				(4,778)		(4,778)
Net profit				10,122		10,122
Purchase of treasury stock					(0)	(0)
Total changes during the period	—	—	—	5,343	(0)	5,343
Balance at March 31, 2020	7,790	9,364	18,287	25,639	(956)	60,126

	Total net assets
Balance at April 1, 2019	54,782
Changes during the period	
Dividends from surplus	(4,778)
Net profit	10,122
Purchase of treasury stock	(0)
Total changes during the period	5,343
Balance at March 31, 2020	60,126

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

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

#### Independent Auditor's Report

May 12, 2020

To the Board of Directors of  
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and  
Engagement Partner,

Certified Public Accountant

Toshinari Takeno

Designated and  
Engagement Partner,

Certified Public Accountant

Hiroaki Hono

#### **Audit Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in equity, and the basis of preparing consolidated financial statements and other notes of Asahi Holdings, Inc. for the consolidated fiscal year from April 1, 2019 to March 31, 2020.

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

#### **Basis for the Opinion**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in

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accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows partial omission of the disclosures required by the designated international accounting standards.

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

#### **Auditors' Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows partial omission of the disclosures required by the designated international accounting standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the

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

**Interests**

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

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## Transcript of Accounting Auditor's audit report

### Independent Auditor's Report

May 12, 2020

To the Board of Directors of  
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and  
Engagement Partner,

Certified Public Accountant Toshinari Takeno

Designated and  
Engagement Partner,

Certified Public Accountant Hiroaki Hono

#### **Audit Opinion**

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statement of income, and the statement of changes in net assets of Asahi Holdings, Inc. for the 11th fiscal year from April 1, 2019 to March 31, 2020, including notes to non-consolidated financial statements and accompanying supplementary schedules thereto.

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

#### **Basis for the Opinion**

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

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

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

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

Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties

related to designing and operating the financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

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

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

**Interests**

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

## Transcript of Audit and Supervisory Committee's audit report

### Audit Report

The Audit and Supervisory Committee audited the directors' performance of their duties during the 11th fiscal year (from April 1, 2019 to March 31, 2020), and hereby reports the method and results of the audit as follows.

#### 1. Method and Content of Audit

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

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

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

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fiscal year under review.

## 2. Results of Audit

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

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

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

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

(3) Results of audit of consolidated financial statements

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

May 12, 2020

Audit and Supervisory Committee, Asahi Holdings, Inc.

Chairman:	Yuji Kimura
Audit and Supervisory Committee Member:	Kyoko Kanazawa
Full-time Audit and Supervisory Committee Member:	Yoshikatsu Takeuchi
Audit and Supervisory Committee Member:	Yoshinori Hara

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

## TOPICS

- **Acquisition of RJC certification**

Asahi Pretec Corp., one of the companies in the Group, acquired RJC (Responsible Jewellery Council) certification on July 29, 2019. The corporation is a member of the supply chain for precious metals like gold and platinum, and was able to clear the RJC's strict standards audit in order to become the fourth company and first refinery in Japan to acquire the certification.

\*About RJC (Responsible Jewellery Council)

The RJC is an international non-profit organization that evaluates transparency, ethics and environmental efforts for the handling of gold, platinum, diamonds and other precious metals in the jewelry industry. To obtain certification, applicants must pass a third-party certification audit to ensure they meet rigorous standards including corporate ethics, legal compliance, human rights, working environment and environmental protection.

- **Issuance of Green Bond**

The Company issued a Green Bond in March 2020 to procure funds to introduce eco-friendly facilities and equipment.

A Green Bond is a bond used to finance projects that have an environmental improvement impact (green projects) including measures to combat global warming and promote renewable energy. This is the first Green Bond issued in the non-ferrous metal industry in Japan.

Regarding the eligibility of this Green Bond and its third-party evaluation, Rating and Investment Information, Inc. has given it a "GA1", the top rating in R&I Green Bond Assessment.

Moving forward, the Group will continue to launch initiatives aimed at the "resolution of the earth's sustainability."