

## Consolidated Financial Results for the First Quarter Ended June 30, 2021

### Asahi Holdings, Inc. [IFRS]

July 28, 2021

Stock code:	5857
Shares listed:	Tokyo Stock Exchange (First Section)
URL:	<a href="https://www.asahiholdings.com">https://www.asahiholdings.com</a>
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Filing date of Quarterly Report:	August 6, 2021
Start of dividend payment:	–
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	No

(Rounded down to the nearest million yen)

#### 1. Results of the three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

##### (1) Results of operations (cumulative) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The three months ended												
June 30, 2021	50,424	28.6	6,933	31.9	6,831	28.6	4,842	33.3	4,842	33.3	7,137	34.0
June 30, 2020	39,206	29.6	5,258	56.5	5,311	63.1	3,632	78.4	3,632	78.4	5,326	73.1

	Basic earnings per share	Diluted earnings per share
The three months ended	Yen	Yen
June 30, 2021	61.53	55.12
June 30, 2020	46.16	45.85

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Basic earnings per share and diluted earnings per share are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

##### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2021	261,740	101,789	101,789	38.9
March 31, 2021	244,803	97,903	97,903	40.0

#### 2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	80.00	–	90.00	170.00
Year ending March 31, 2022	–				
Year ending March 31, 2022 (Forecast)		45.00	–	45.00	90.00

(Note) Revisions in dividend forecast in the current quarter: No

The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. The amounts of dividends per share for the year ended March 31, 2021 are the actual amounts before the stock split. The forecast amount for the year ending March 31, 2022 is the figure after the stock split.

3. Forecast (From April 1, 2021 to March 31, 2022) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	94,400	19.3	12,500	5.7	12,500	5.3	8,700	5.7	110.55
Year ending March 31, 2022	190,000	15.3	26,000	3.5	26,000	(0.5)	18,200	(29.3)	231.27

(Note) Revisions in forecast in the current quarter: No

\* Notes

(1) Changes in significant subsidiaries during the period: No

(2) Changes in accounting policies and accounting estimates  
 (i) Changes in accounting policies required by IFRS: No  
 (ii) Changes other than (i) above: No  
 (iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(i) Number of issued shares at the quarter end (including treasury stock)

As of June 30, 2021	79,708,688 shares
As of March 31, 2021	79,708,688 shares

(ii) Number of treasury stock at the quarter end

As of June 30, 2021	1,011,774 shares
As of March 31, 2021	1,011,774 shares

(iii) Averaged number of shares during the period (quarterly cumulative period)

Three months ended June 30, 2021	78,696,914 shares
Three months ended June 30, 2020	78,697,329 shares

(Note) The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Number of issued shares at the end of year, number of treasury stock at the end of year, and averaged number of shares during the period are calculated assuming the stock split had already been carried out at the start of the previous fiscal year.

\* The quarterly financial statements are not subject to quarterly reviews by accounting auditors.

\* Statement regarding the proper use of financial forecasts and other special remarks  
 (Notes on forward looking statements, etc.)

These forecast performance figures are based on the information currently available to the company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. Please refer to page 3 "1. Qualitative Information (3) Consolidated Performance Forecasts" for the assumptions used and other notes.

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## 1. Qualitative Information

### (1) Consolidated Business Performance

The Japanese economy was in a difficult situation during the current consolidated cumulative first quarter as a result of the impact of the novel coronavirus disease (COVID-19) with intermittent declarations of states of emergency and important measures to prevent infection leading to restrictions being placed on socio-economic activities. Although there are signs for optimism, such as a continuing movement toward economic recovery, with no set forecasts for when the COVID-19 crisis will subside, the situation continues to be uncertain. Under these conditions, the Group's results in each business segment were as follows.

#### Precious Metals business

Revenue and operating profit in precious metal recycling business in Japan, South Korea and Malaysia increased from the same period in the previous year thanks to the rise in precious metal prices and ensuring the volume of precious metal collection. However, revenue and operating profit in precious metal refining business in North America declined from the same period a year before owing to a decrease in financial transactions such as arbitrage transactions despite increases in product processing and sales. As a result, revenue in this segment increased by 32.4% from the same period of the previous year, and operating profit increased by 35.6% from the same period of the previous year.

#### Environmental Preservation business

Revenue and operating profit in the Environmental Preservation business were at almost the same level compared with the same period in the previous year due to recovery in industrial production activities and increases in the price of processing and other factors. However, owing to the removal of INTER CENTRAL, INC. from the scope of consolidation at the end of the previous fiscal year, and the increase in fixed costs associated with the commencement of operations of a new incinerator, revenue in this segment dropped 2.2% from the same period of the previous year, and operating profit dropped 3.3% from the same period of the previous year.

As a result of the above, revenue during the first quarter of the current fiscal year was 50,424 million yen, a year-on-year increase of 11,218 million yen (+28.6 percent). Operating profit was 6,933 million yen, a year-on-year increase of 1,674 million yen (+31.9 percent). Profit before tax was 6,831 million yen, a year-on-year increase of 1,519 million yen (+28.6 percent). Profit was 4,842 million yen, a year-on-year increase of 1,209 million yen (+33.3 percent). Profit attributable to owners of parent for the period was therefore 4,842 million yen, an increase of 1,209 million yen (+33.3 percent) year-on-year. By segment, revenue in the Precious Metals business was 46,273 million yen, a year-on-year increase of 11,312 million yen (+32.4 percent). In the Environmental Preservation business, revenue was 4,151 million yen, a year-on-year decrease of 94 million yen (-2.2 percent).

### (2) Consolidated Financial Position and Cash Flows for the three months ended June 30, 2021

As of June 30, 2021, total assets amounted to 261,740 million yen, up 16,937 million yen from the previous fiscal year end. This was due mainly to a decrease of 2,636 million yen in income tax receivables, a decrease of 3,753 million yen in other current assets and an increase of 20,005 million yen in trade and other receivables.

Total liabilities amounted to 159,951 million yen, up 13,051 million yen from the previous fiscal year end. This was due mainly to a decrease of 3,552 million yen in income tax payable, a decrease of 2,991 million yen in other current liabilities, an increase of 2,835 million yen in trade and other payables and an increase of 18,410 million yen in bonds and loans payable.

Total equity amounted to 101,789 million yen, up 3,885 million yen from the previous fiscal year end. This was due mainly to an increase of 7,137 million yen in comprehensive income and a decrease of 3,541 million yen used for dividends.

As a result, the equity attributable to owners of parent ratio changed to 38.9%, from 40.0% at the end of the previous fiscal year.

Net cash used in operating activities amounted to 3,212 million yen due mainly to 6,831 million yen of profit before tax, 654 million yen of depreciation and amortization, 847 million yen of increase in inventories, 19,154 million yen of increase in trade and other receivables, 10,425 million yen of increase in trade, loans and other payables, 7,255 million yen of income taxes paid and 2,693 million yen of income taxes refunded.

Net cash used in investing activities amounted to 1,916 million yen due mainly to 1,754 million yen of purchase of property, plant and equipment.

Net cash provided by financial activities amounted to 6,308 million yen due mainly to 9,910 million yen of net increase in long- and short-term loans payable and 3,522 million yen of cash dividends paid.

As a result, cash and cash equivalents as of June 30, 2021 increased 941 million yen from March 31, 2021, to 10,964 million yen.

### (3) Consolidated Performance Forecasts

No changes have been made to the forecasts going forward as they are in line with the financial forecast for the fiscal year ending March 31, 2022 announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” made public on April 27, 2021.

## 2. Condensed Consolidated Financial Statements

### (1) Condensed Consolidated Statements of Financial Position

	As of March 31, 2021	As of June 30, 2021
	Millions of yen	Millions of yen
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	10,023	10,964
Trade and other receivables	100,775	120,780
Inventories	63,515	64,371
Income tax receivables	2,833	197
Other financial assets	2,169	3,774
Other current assets	12,644	8,890
Total current assets	191,961	208,978
Non-current assets		
Property, plant and equipment	37,904	39,285
Goodwill	1,040	1,040
Intangible assets	697	698
Investments accounted for using equity method	3,544	3,475
Deferred tax assets	8,392	6,626
Net defined benefit asset	165	210
Financial assets	1,051	1,355
Other non-current assets	44	69
Total non-current assets	52,841	52,761
Total assets	244,803	261,740

	As of March 31, 2021	As of June 30, 2021
	Millions of yen	Millions of yen
<b><u>LIABILITIES and EQUITY</u></b>		
Liabilities		
Current liabilities		
Trade and other payables	26,465	29,301
Loans payable	79,337	84,880
Income tax payable	5,914	2,361
Other financial liabilities	1,247	364
Provisions	1,601	1,189
Other current liabilities	5,002	2,010
Total current liabilities	119,568	120,108
Non-current liabilities		
Bonds and loans payable	25,501	38,368
Deferred tax liabilities	968	451
Net defined benefit liability	106	111
Other financial liabilities	754	910
Total non-current liabilities	27,331	39,842
Total liabilities	146,899	159,951
Equity		
Capital stock	7,790	7,790
Capital surplus	11,952	12,241
Treasury stock	(957)	(957)
Retained earnings	80,604	81,936
Other components of equity	(1,486)	776
Total equity attributable to owners of parent	97,903	101,789
Total equity	97,903	101,789
Total liabilities and equity	244,803	261,740

(2) Condensed Consolidated Statements of Income for the Three Months Ended June 30, 2021

	The three months ended June 30, 2020	The three months ended June 30, 2021
	Millions of yen	Millions of yen
Revenue	39,206	50,424
Cost of sales	(32,246)	(41,708)
Gross profit	6,959	8,715
Selling, general and administrative expenses	(1,662)	(1,809)
Other operating income	15	21
Other operating expenses	(46)	(18)
Share of profit (loss) of investments accounted for using equity method	(7)	22
Operating profit	5,258	6,933
Finance income	71	77
Finance costs	(22)	(274)
Other non-operating income	3	94
Profit before tax	5,311	6,831
Income tax expenses	(1,678)	(1,988)
Profit	<u>3,632</u>	<u>4,842</u>
Profit attributable to:		
Owners of parent	3,632	4,842
Non-controlling interests	—	—
Profit	<u>3,632</u>	<u>4,842</u>
Earnings per share		
Basic earnings per share (Yen)	46.16	61.53
Diluted earnings per share (Yen)	45.85	55.12

(3) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2021

	The three months ended June 30, 2020	The three months ended June 30, 2021
	Millions of yen	Millions of yen
Profit	3,632	4,842
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1	(0)
Remeasurements of defined benefit plans	(115)	31
Share of other comprehensive income of investments accounted for using equity method	0	(2)
Total items that will not be reclassified to profit or loss	(113)	28
Items that may be reclassified to profit or loss		
Cash flow hedges	1,673	2,126
Translation adjustments of foreign operations	134	139
Total items that may be reclassified to profit or loss	1,808	2,266
Other comprehensive income, net of tax	1,694	2,295
Comprehensive income	<u>5,326</u>	<u>7,137</u>
Comprehensive income attributable to:		
Owners of parent	5,326	7,137
Non-controlling interests	—	—
Comprehensive income	<u>5,326</u>	<u>7,137</u>

## (4) Condensed Consolidated Statements of Changes in Equity

(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, 2020	7,790	10,755	(956)	60,797	(4,198)	(5,008)
Profit	–	–	–	3,632	–	–
Other comprehensive income	–	–	–	–	134	1,673
Total comprehensive income	–	–	–	3,632	134	1,673
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(2,754)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(115)	–	–
Share-based payment transactions	–	51	–	–	–	–
Total transactions with owners	–	51	(0)	(2,870)	–	–
Balance at June 30, 2020	<u>7,790</u>	<u>10,806</u>	<u>(956)</u>	<u>61,559</u>	<u>(4,063)</u>	<u>(3,334)</u>

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2020	(5)	–	(9,212)	69,174	69,174
Profit	–	–	–	3,632	3,632
Other comprehensive income	1	(115)	1,694	1,694	1,694
Total comprehensive income	1	(115)	1,694	5,326	5,326
Purchase of treasury stock	–	–	–	(0)	(0)
Dividends	–	–	–	(2,754)	(2,754)
Reclassified from other components of equity to retained earnings	–	115	115	–	–
Share-based payment transactions	–	–	–	51	51
Total transactions with owners	–	115	115	(2,703)	(2,703)
Balance at June 30, 2020	<u>(4)</u>	<u>–</u>	<u>(7,402)</u>	<u>71,798</u>	<u>71,798</u>

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2021	7,790	11,952	(957)	80,604	(2,944)	1,454
Profit	–	–	–	4,842	–	–
Other comprehensive income	–	–	–	–	139	2,126
Total comprehensive income	–	–	–	4,842	139	2,126
Dividends	–	–	–	(3,541)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	31	–	–
Share-based payment transactions	–	289	–	–	–	–
Total transactions with owners	–	289	–	(3,509)	–	–
Balance at June 30, 2021	<u>7,790</u>	<u>12,241</u>	<u>(957)</u>	<u>81,936</u>	<u>(2,804)</u>	<u>3,580</u>

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2021	3	–	(1,486)	97,903	97,903
Profit	–	–	–	4,842	4,842
Other comprehensive income	(2)	31	2,295	2,295	2,295
Total comprehensive income	(2)	31	2,295	7,137	7,137
Dividends	–	–	–	(3,541)	(3,541)
Reclassified from other components of equity to retained earnings	–	(31)	(31)	–	–
Share-based payment transactions	–	–	–	289	289
Total transactions with owners	–	(31)	(31)	(3,252)	(3,252)
Balance at June 30, 2021	<u>0</u>	<u>–</u>	<u>776</u>	<u>101,789</u>	<u>101,789</u>

(5) Condensed Consolidated Statements of Cash Flows

	The three months ended June 30, 2020	The three months ended June 30, 2021
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	5,311	6,831
Depreciation and amortization	608	654
Impairment loss	39	–
Finance income and finance cost	20	293
Other non-operating income and expenses	(3)	(94)
Share of loss (profit) of investments accounted for using equity method	7	(22)
Decrease (increase) in inventories	(1,762)	(847)
Decrease (increase) in trade and other receivables	(8,821)	(19,154)
Increase (decrease) in trade, loans and other payables	8,406	10,425
Other, net	16	3,205
Subtotal	3,821	1,291
Interest and dividend income received	2	90
Interest expenses paid	(10)	(32)
Income taxes paid	(6,280)	(7,255)
Income taxes refunded	7	2,693
Net cash provided by (used in) operating activities	(2,458)	(3,212)
Cash provided by (used in) investing activities		
Payments into time deposits	(89)	(95)
Proceeds from withdrawal of time deposits	89	95
Purchase of property, plant and equipment	(1,031)	(1,754)
Proceeds from sales of property, plant and equipment	3	4
Purchase of intangible assets	(65)	(124)
Proceeds from sales of shares of subsidiaries	20	–
Other, net	145	(42)
Net cash provided by (used in) investing activities	(928)	(1,916)
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(658)	(2,872)
Proceeds from long-term loans payable	–	12,783
Purchase of treasury stock	(0)	–
Cash dividends paid	(2,743)	(3,522)
Other, net	(111)	(79)
Net cash provided by (used in) financing activities	(3,512)	6,308
Effect of exchange rate change on cash and cash equivalents	(158)	(238)
Net increase (decrease) in cash and cash equivalents	(7,059)	941
Cash and cash equivalents at beginning of period	22,908	10,023
Cash and cash equivalents at end of period	15,849	10,964

(6) Notes on Assumptions for Going Concern

Not applicable

(7) Notes on Condensed Consolidated Financial Statements

1. Reporting entity

Asahi Holdings, Inc. (hereinafter the “Company”) is a company located in Japan. The Company’s condensed consolidated financial statements for the three months ended June 30, 2021 comprise the Company and its subsidiaries (hereinafter the “Group”) as well as the interests in its affiliated companies.

For the main activities of the Group, please refer to Note “5. Segment information.”

2. Basis of preparation

(1) Statement of compliance with IFRS

The condensed consolidated financial statements of the Group have been prepared based on IAS 34 “Interim Financial Reporting.”

Having met the requirements for a Specified Company under the Designated International Accounting Standards, as prescribed in Article 1-2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007), the Group adopts the provisions of Article 93 of the aforementioned rules.

(2) Basis of measurement

The condensed consolidated financial statements of the Group have been prepared based on costs of acquisition, except for the specified financial instruments that have been measured at fair value.

(3) Functional currency and presentation currency

The condensed consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded down to the nearest million yen.

3. Significant accounting policies

The significant accounting policies adopted for the condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2021.

The income tax for the three months ended June 30, 2021 was calculated based on the estimated average annual effective tax rate.

4. Significant accounting estimates and associated judgements

In preparing condensed consolidated financial statements, the management is required to make judgement, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in accounting estimates is recognized in the accounting period in which such change occurs as well as the accounting periods to be affected in the future.

The judgement, estimates and assumptions made by the management that may have material impacts on the figures in the condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2021.

## 5. Segment information

### (1) Overview of reporting segments

The Group's reporting segments are those Group constituent units for which separate financial information is obtainable, and which the Board of Directors subjects to regular examination in order to decide the allocation of management resources and evaluate business results.

As a pure holding company, the Company is in charge of overall strategic function for the Group, whereas operating companies of the Group engage in the precious and rare metals recycling business and the refining and processing business, industrial waste management and other environmental preservation business.

Therefore, the Group is composed of product and service segments based on business sectors. The two reporting segments are the Precious Metals business and the Environmental Preservation business.

Meanwhile, these reporting segments are not aggregated.

The Precious Metals business engages mainly in recycling and selling of precious and rare metals such as gold, silver, palladium, and platinum from scrap containing precious metals, as well as refining and processing of precious metals such as gold and silver.

The main work of the Environmental Preservation business is the collection, transport and intermediate processing of industrial waste.

### (2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those of the Group stated in Note "3. Significant accounting policies."

Revenue and other performance of each reportable segment of the Group are as follows.

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

	Reporting segment				Total	Adjustment	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other			
Revenue							(Millions of yen)
External revenue	34,961	4,245	39,206	–	39,206	–	39,206
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>34,961</u>	<u>4,245</u>	<u>39,206</u>	<u>–</u>	<u>39,206</u>	<u>–</u>	<u>39,206</u>
Operating profit by business segment	5,287	685	5,972	(7)	5,964	(706)	5,258
Finance income							71
Finance costs							(22)
Other non-operating income							3
Profit before tax							<u>5,311</u>

(Note) Adjustments of operating profit by business segment are mainly corporate expenses that are not allocated to each reporting segment.

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

	Reporting segment			Other	Total	Adjustment	(Millions of yen) Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal				
Revenue							
External revenue	46,273	4,151	50,424	–	50,424	–	50,424
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>46,273</u>	<u>4,151</u>	<u>50,424</u>	<u>–</u>	<u>50,424</u>	<u>–</u>	<u>50,424</u>
Operating profit by business segment	<u>7,166</u>	<u>662</u>	<u>7,829</u>	<u>22</u>	<u>7,852</u>	<u>(919)</u>	<u>6,933</u>
Finance income							77
Finance costs							(274)
Other non-operating income							94
Profit before tax							<u>6,831</u>

(Note) Adjustments of operating profit by business segment are mainly corporate expenses that are not allocated to each reporting segment.

## 6. Subsequent events

Not applicable