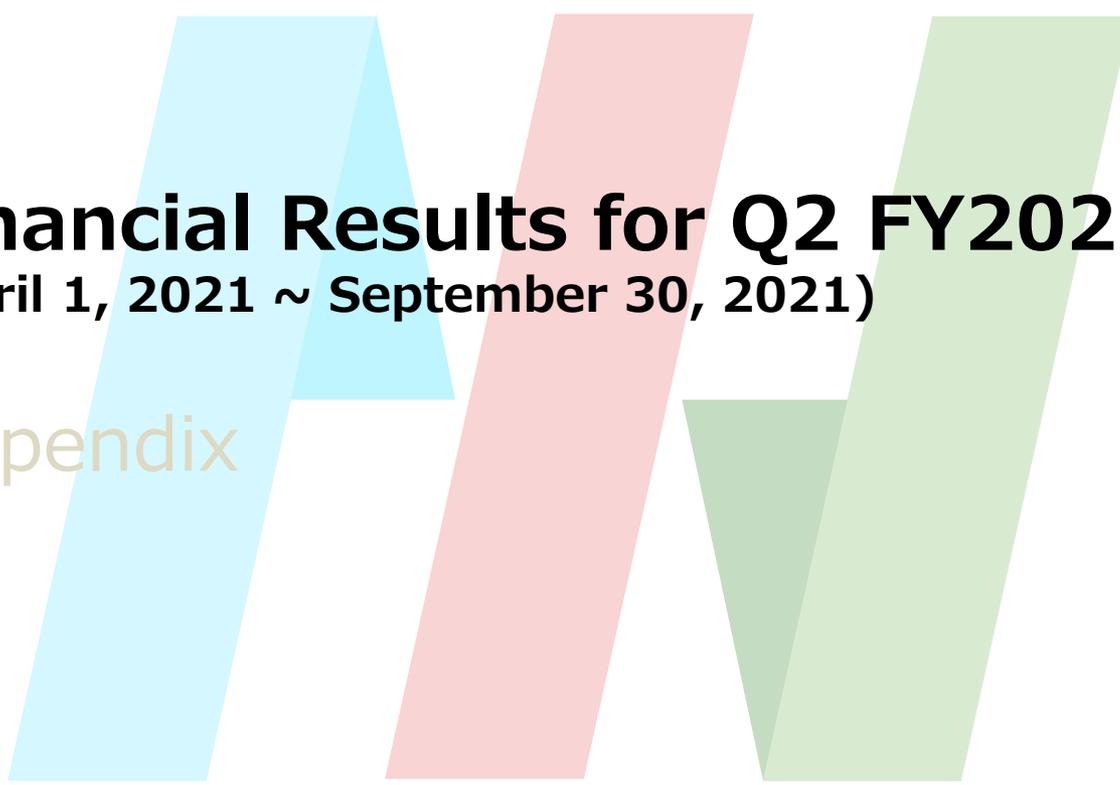


Asahi Holdings, Inc.

Financial Results for Q2 FY2022.3

October 27, 2021

These forecast performance figures are based on information currently available to the company's management and certain assumptions judged rationally. Accordingly, there might be cases in which actual results materially differ from forecasts of this report.



I. Financial Results for Q2 FY2022.3

(April 1, 2021 ~ September 30, 2021)

II. Appendix

Precious Metals Business is strong, driving results



Increase in revenue and profit

Revenue:
96.9 billion yen (+17.7 billion)

Operating profit:
13.7 billion yen (+1.9 billion)

[Unit: ¥ billion]

	Q2 FY2021.3	Q2 FY2022.3		FY2022.3	
	Result	Result	YoY Change	Forecast	YoY Change
Revenue	79.1	96.9	17.7	190	25.2
Operating profit	11.8	13.7	1.9	26	0.9
Ratio	14.9%	14.1%	(0.8%)	13.7%	(1.6%)
Profit before tax	11.9	13.6	1.8	26	(0.1)
Profit [※]	8.2	9.7	1.4	18.2	(7.5)
Capex	2.9	3.2	0.3	7.1	1.8
Depreciation	1.2	1.3	0.1	2.7	0.2

※Profit attributable to owners of parent

Precious Metals Business

In the precious metals recycling sector in Japan and Asia, the volume of collection from manufacturing-related industries as IoT and smartphones increased while the volume of collection from automobile-related industries decreased. In refining business in North America, the volume of product processing and sales increased.

Business field	Business Environment
Dentistry	As medical treatment restrictions continued due to strengthening measures against COVID-19, the amount of collection decreased.
Jewelry	The amount collected from purchasers dropped because of the decrease in purchase demand and the amount of collection from manufacturing-related fields increased.
Catalyst	The amount of collection dropped due to the decrease in automobile sales caused by shortage of semiconductor supply.
Electronics sector	Although there is some impact of production cuts in vehicle-mounted devices, the amount of collection increased backed by strong performance in the production of 5G related.
North American refining	The volume product processing and sales increased.

Environmental Preservation Business

The volume of collection from educational institutions has become almost flat and that from the medical and chemical industries increased. On the other hand, the volume of collection from automobile industry decreased.

Industry	Business Environment
Educational/Research institution	The amount of collection has become almost flat.
Construction	The volume of collection decreased due to price hike of materials. Accordingly, the volume of collection of wood waste, sheet glass, etc. decreased.
Automobile	The volume of collection of waste liquids and other materials from forging parts manufacturers decreased.
Food	The decline of demand in the food service industry continued, leading to a decrease in the amount of residues and glass bottles collected.
Medical	The volume of collection of medical wastes and incineration processing increased.
Chemical	The volume of collection of disinfectant-related products increased.

Precious Metals Recycling Business (Japan and Asia)

Q2 FY2022.3

The precious metal prices rose and the volume of precious metals sales increased.

→ Increase in both revenue and profit

Refining Business in North America

Q2 FY2022.3

Although the arbitrage trade decreased, the volume of refining, product processing and sales increased.

→ Decrease in revenue and increase in profit

[Unit: ¥ billion]

Precious Metals	Q2 FY2021.3	Q2 FY2022.3		FY2022.3	
	Results	Results	YoY Change	Forecast	YoY Change
Revenue	70.0	88.2	18.2	171.0	26.2
Operating Profit	11.4	14.3	2.9	24.7	0.7
Ratio	16.2%	16.2%	(0.1%)	14.4%	(2.2%)

[Unit: kg]

Amount collected for Precious Metals Recycling	Q2 FY2021.3	Q2 FY2022.3	
	Result	Result	Change
Gold	9,065	7,573	△1,492
Palladium	3,384	2,999	△384
Silver	35,270	34,016	△1,253
Platinum	2,098	2,385	287

[Unit: yen]

Precious Metals Prices (per gram)	Q2 FY2021.3	Q2 FY2022.3	
	Q2 mid-term average price	Q2 mid-term average price	Change
Gold	6,249	6,395	102%
Palladium	7,185	9,287	129%
Silver	71.3	91.6	128%
Platinum	3,000	3,985	133%

Environmental Preservation

■ Positive impact

The amount of industrial waste collected and the price of processing increased.

■ Negative impact

INTER CENTRAL, INC. was removed from the scope of consolidation and the depreciation cost associated with the operations of a new incinerator increased.

→ Decrease in both revenue and profit

[Unit: ¥ billion]

Environmental Preservation	Q2 FY2021.3	Q2 FY2022.3		FY2022.3	
	Results	Results	YoY Change	Forecast	YoY Change
Revenue	9.1	8.6	(0.5)	19.0	(1.0)
Operating profit	1.7	1.5	(0.2)	4.3	0.5
Ratio	18.7%	17.6%	(1.1%)	22.6%	3.4%

[Unit: ¥ billion]

	Mar 31, 2021	Sep 30, 2021	Change	Remarks
Current Assets	192.0	204.1	12.1	
Trade receivables	100.8	114.3	13.6	Approx. 90% of the balance are receivables that constitute borrowings to match metal procurement in North American business.
Inventories	63.5	58.7	(4.8)	Almost all balance and decreases are collected raw materials that contain precious materials, works-in-progress and finished products in the precious metals recycling business. Risks associated with price fluctuations and quality degradation remain minimal because the precious metal content is analyzed before making a purchase and the precious metal prices are hedged on the futures market at the time of purchase.
Others	27.7	31.0	3.4	
Non-current assets	52.8	51.8	(1.1)	
Total Assets	244.8	255.8	11.0	
Liabilities	146.9	147.7	0.8	
Bonds and loans	104.8	109.7	4.8	Approx. 90% of the balance are loans for metal procurement in North American business. Risks associated with price fluctuations and bad debts remain minimal because, in principle, loans are taken out within the scope of the precious metal content analysis conducted on incoming raw materials and precious metal prices are hedged on the futures market at the time of loan
Others	42.1	38.1	(4.0)	
Capitals	97.9	108.1	10.2	
Total equity and liabilities	244.8	255.8	11.0	

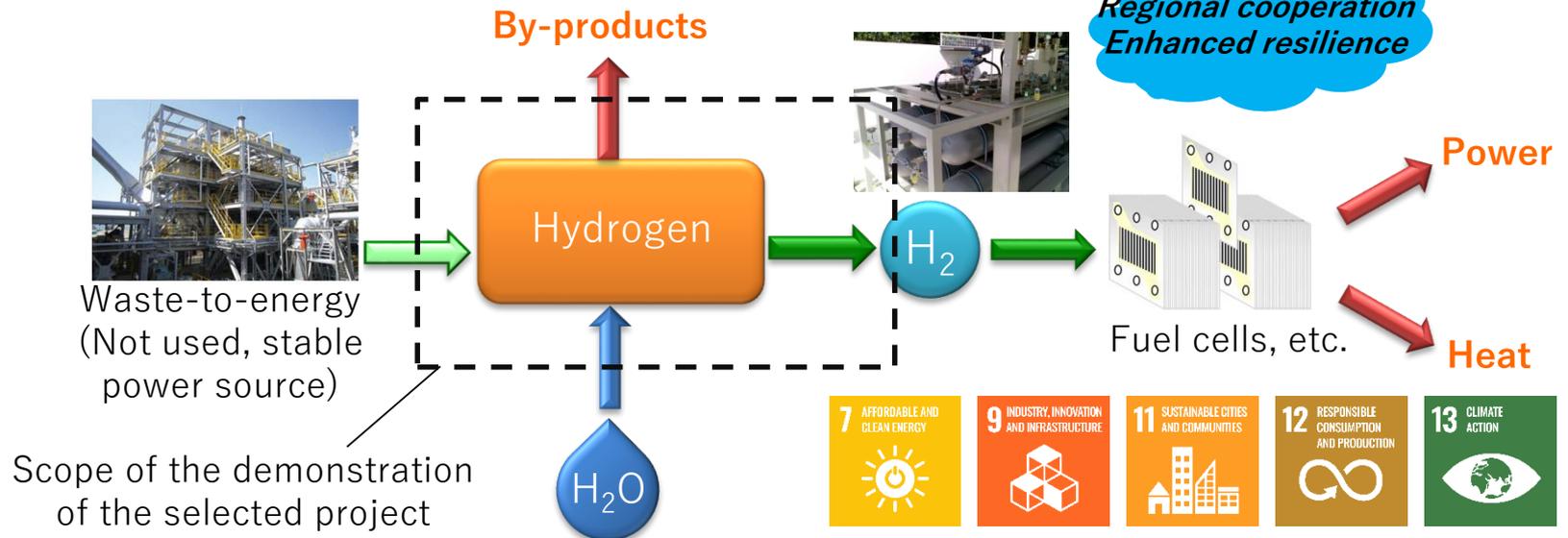
[Unit: ¥ billion]

	Q2 FY2022.3	Remarks
Operating CF	6.0	
Decrease in inventories	4.6	Almost all changes are attributable to changes in the collected raw materials that contain precious materials, works-in-progress and finished products in precious metal recycling business. Risks associated with price fluctuations and quality degradation remain minimal because the precious metal content is analyzed before making a purchase and the precious metal prices are hedged on the futures market at the time of purchase.
Increase in trade and other receivables	(14.2)	Of the increase, (¥15.8) billion are matching claims for loans for metal procurement in North American business. Regarding loans, risks associated with price fluctuations and bad debts remain minimal because, in principle, loans are taken out within the scope of the analysis of precious metal content conducted on incoming raw materials and precious metal prices are hedged on the futures market at the time of loan.
Increase in trade and other payables	5.4	Of the increase, ¥1.5 billion yen are for loans for metal procurement in North American business. Changes in loans for metal procurement in North American business are classified as Operating CF, not Financing CF. Regarding loans, there are almost no risks associated with quality degradation and bad debts because all loans are used for metal procurement in North American business. In addition, risks associated with price fluctuations remains minimal because the precious metal prices are hedged on the futures market.
Others	10.2	
Investment CF	(2.8)	
Financing CF	(4.8)	
Changes in loans and bonds	0.5	
Dividends	(3.5)	
Others	(1.8)	
Effect of exchange rate change on cash and cash equivalents	0.7	
Changes in cash deposits	(0.9)	

- Asahi Pretec Corp. has proposed the "Development of a system for building a green hydrogen supply chain through effective use of by-products" jointly with FC Development Co., Ltd., X-Scientia Co., Ltd., and Sumitomo Mitsui Trust Bank, Limited., for the "2021 Low Carbon Technology Research, Development and Demonstration Program," which was publicly called on by the Global Environment Bureau, Ministry of the Environment. In addition, the system has been selected for a partially-subsidized project.
- Will develop a hydrogen co-production system that can significantly reduce the cost of hydrogen production by utilizing unused power at Asahi Pretec's Kitakyushu Waste Power Plant.
- Will contribute to making hydrogen widely available by producing and selling inexpensive hydrogen, which will in turn help reduce greenhouse gas emissions

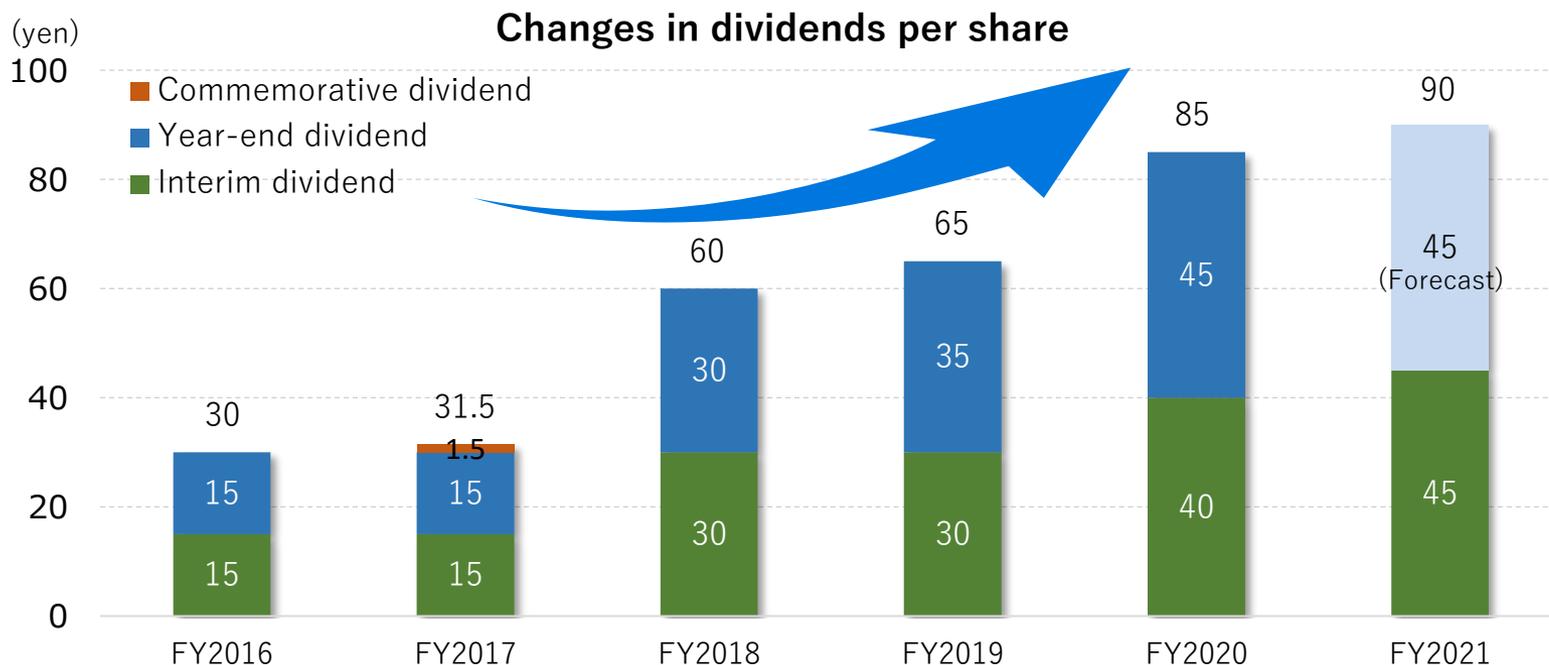
Securing business performance by selling by-products and contributing to making hydrogen widely available

Reduce CO2



Basic Policy:

We will strive to consistently pay dividends without decreasing the annual dividend level from the current level. Moreover, we aim to maintain a dividend payout ratio of 40%, while retaining sufficient internal reserves for capital investment and M&A for future growth.



Earnings per share (yen)	Δ 18.62	135.39	114.07	125.12	326.90	231.27
Dividend payout ratio (%)	-	23.3	52.6	52.0	26.0	38.9

* The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. The figures before and including FY2020 are converted to the figures reflecting the stock split.



I. Financial Results for Q2 FY2022.3
(April 1, 2021 ~ September 30, 2021)

II. Appendix

Precious Metals Recycling Business

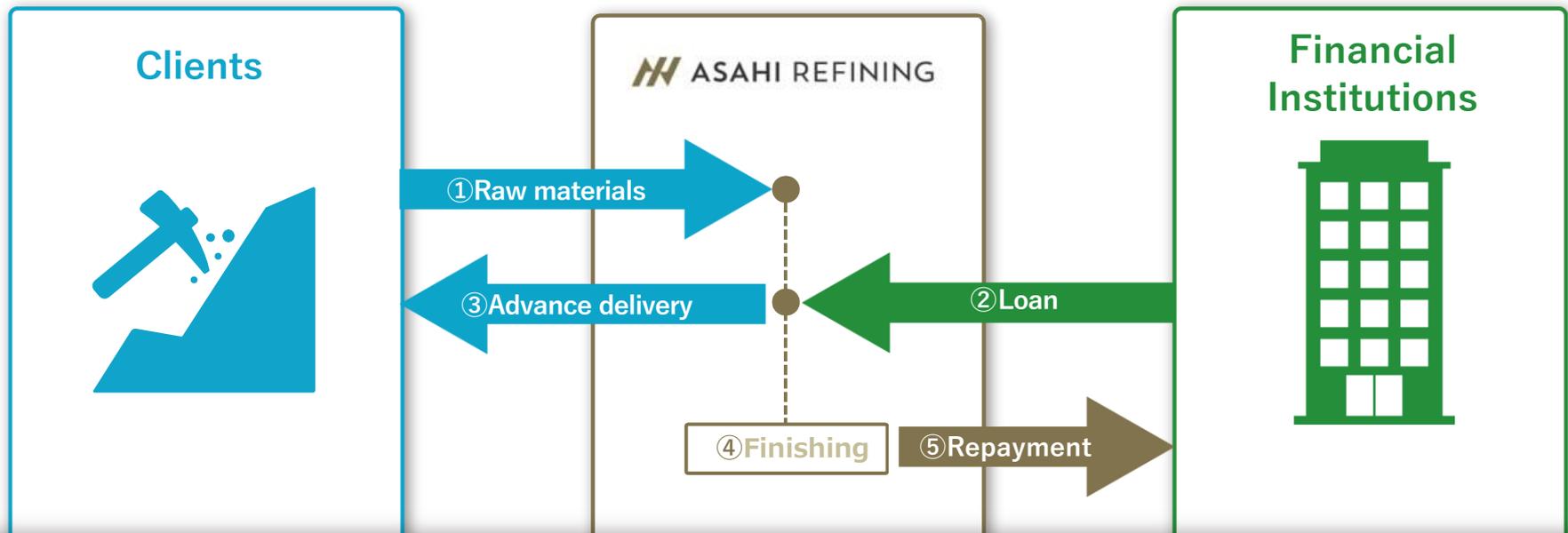
Income from yield differential is added to refining fees, which is a stable source of fixed income.

Refining Business in North America

Refining fees are a stable source of income. In financial revenue, earning opportunities increase in line with the growth in incoming raw materials.

Segment	Category	Impact on revenue
Precious Metals Recycling	Refining fees	<ul style="list-style-type: none"> ■ Refining fees increase in line with the expansion of the amount collected. ■ The unit price for refining fees is higher for those that require difficult pre-processing, which means the average unit price rises when the proportion of items that require difficult processing is higher.
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> ■ The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes. ■ Income from free metal increases in line with a hike in prices.
Refining in North America	Refining fees	<ul style="list-style-type: none"> ■ The amount of fees expands when the volume of incoming raw materials (dore) increases. ■ The unit fee cost does not change over short term because contracts are long-term.
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> ■ The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes. ■ Income from free metal increases in line with a hike in prices.
	Financial revenue	<ul style="list-style-type: none"> ■ Income opportunities for financial transactions increase when a larger amount of raw materials is received. ■ Income increases when the interest rate for advanced delivery is improved in contracts with mines. ■ Income increases when the period of advanced delivery is extended. ■ Financial revenue increases when metal procurement costs fall, and the interest rate spread expands.

- Provide “Advance Trading” to return products by shortening the delivery time from the arrival of raw materials to the return of products.
- Will receive "interest for the number of days delivered in advance" from the clients by accepting the delivery before the contract delivery date.
- There is no risk of bad debt since advance delivery is performed after receiving raw materials from the client.



Development of new finance services such as structured finance

- Asahi Pretec Corp. was awarded RJC* Chain of Custody (CoC) Certification on July 14, 2021.
- The Company has also achieved RJC Code of Practices (CoP) Certification on July 29, 2019, and is the only refiner in Japan which obtained both CoP and CoC Certification.



In order to support one of the Group's priority SDG-related goals — supply precious metals in ways that are friendly to people, society, and the environment — Asahi Pretec is striving to help build and maintain the Asahi brand. The Company wants to ensure that our brand can be trusted by customers around the world, allowing them to procure precious metal products that help protect human rights and the environment.



*RJC (Responsible Jewellery Council):

RJC is an international NPO that evaluates transparency of the transaction and ethical and environmental efforts, targeting the jewelry industry which handles gold, platinum, diamonds, etc.



Palladium

[Unit: JPY per gram]



Platinum

