

# Asahi Holdings, Inc.

## Financial Results for Q3 FY2022.3

January 28, 2022

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 Q3 FY2022.3

(April 1, 2021 ~ December 31, 2021)

## II. Appendix

# 01 Consolidated Results

Precious Metals Business is strong,  
driving results



## Increase in revenue and profit

Revenue:  
144.5 billion yen (+24.5 billion)

Operating profit:  
19.3 billion yen (+2.1 billion)

	Q3 FY2021.3	Q3 FY2022.3	YoY Change	FY2022.3	YoY Change
	Result	Result	Forecast	Forecast	YoY Change
Revenue	120.0	144.5	24.5	190.0	25.2
Operating profit	17.2	19.3	2.1	26.0	0.9
Ratio	14.4%	13.4%	(1.0%)	13.7%	(1.6%)
Profit before tax	17.3	19.3	1.9	26.0	(0.1)
Profit*	12.0	0.6	1.6	18.2	(7.5)
Capex	3.6	4.5	0.9	7.1	1.8
Depreciation	1.9	2.0	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 5G-related increased while the volume of collection from automobile-related 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 the measures against COVID-19, the amount of collection decreased.
Jewelry	There are signs of recovery of the amount of collection from purchasers. The amount of collection from manufacturers slightly increased due to the rapid increase in EC channel.
Catalyst	In domestic market, the amount of collection dropped due to the decrease in automobile sales. In overseas market, the amount of collection from the catalyst manufacturers increased.
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 5G-related production.
North American refining	The volume of product processing and sales increased.

## Environmental Preservation Business

Transactions for electronic component-related waste liquid and medical-related waste continued to be brisk, and there are signs of recovery in construction industry. On the other hand, the volume of collection from food industry decreased due to the voluntary restraint of dining out.

Industry	Business Environment
Educational/Research institution	The amount of collection in education industry increased.
Construction	The volume of collection from waste wood etc, increased due to recover of housing starts.
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)

#### Q3 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

#### Q3 FY2022.3

Despite a decrease in the volume of gold raw materials received, the volume of product processing and sales increased.

→ Decrease in revenue and increase in profit

[Unit: ¥ billion]

Precious Metals	Q3 FY2021.3	
	Results	
Revenue	105.6	
Operating Profit	16.2	
Ratio	15.4%	

Q3 FY2022.3	
Results	YoY Change
131.0	25.4
19.4	3.2
14.8%	(0.6%)

FY2022.3	
Forecast	YoY Change
171.0	26.2
24.7	0.7
14.4%	(2.2%)

- ✓ Although the amount of gold collection decreased, the impact on the company's performance was minor because of the decrease in unprofitable transactions.
- ✓ The disclosure of information on silver was called off due to the withdrawal from photo business in 2018.

[Unit: kg]

Amount collected for Precious Metals Recycling	Q3 FY2021.3		Q3 FY2022.3	
	Result		Result	Change
Gold	13,714		11,410	(2,304)
Palladium	5,015		4,387	(628)
Platinum	3,364		3,572	208

[Unit: yen]

Precious Metals Prices (per gram)	Q3 FY2021.3		Q3 FY2022.3	
	Q3 mid-term average price		Q3 mid-term average price	Change
Gold	6,274		6,369	102%
Palladium	7,426		8,733	118%
Platinum	3,073		3,728	121%

## Environmental Preservation

### ■ Positive impact

Transactions for semiconductor/electronic component-related waste liquid and medical-related waste continued to be brisk. The disposal volume of industrial waste increased,

### ■ Negative impact

INTER CENTRAL, INC. was removed from the scope of consolidation, etc.

→Decrease in both revenue and profit

[Unit: ¥ billion]

Environmental Preservation	Q3 FY2021.3		Q3 FY2022.3		FY2022.3	
	Results		Results	YoY Change	Forecast	YoY Change
Revenue	14.5		13.5	(0.9)	19.0	(1.0)
Operating profit	2.8		2.7	(0.1)	4.3	0.5
Ratio	19.6%		20.1%	0.4%	22.6%	3.4%

[Unit: ¥ billion]

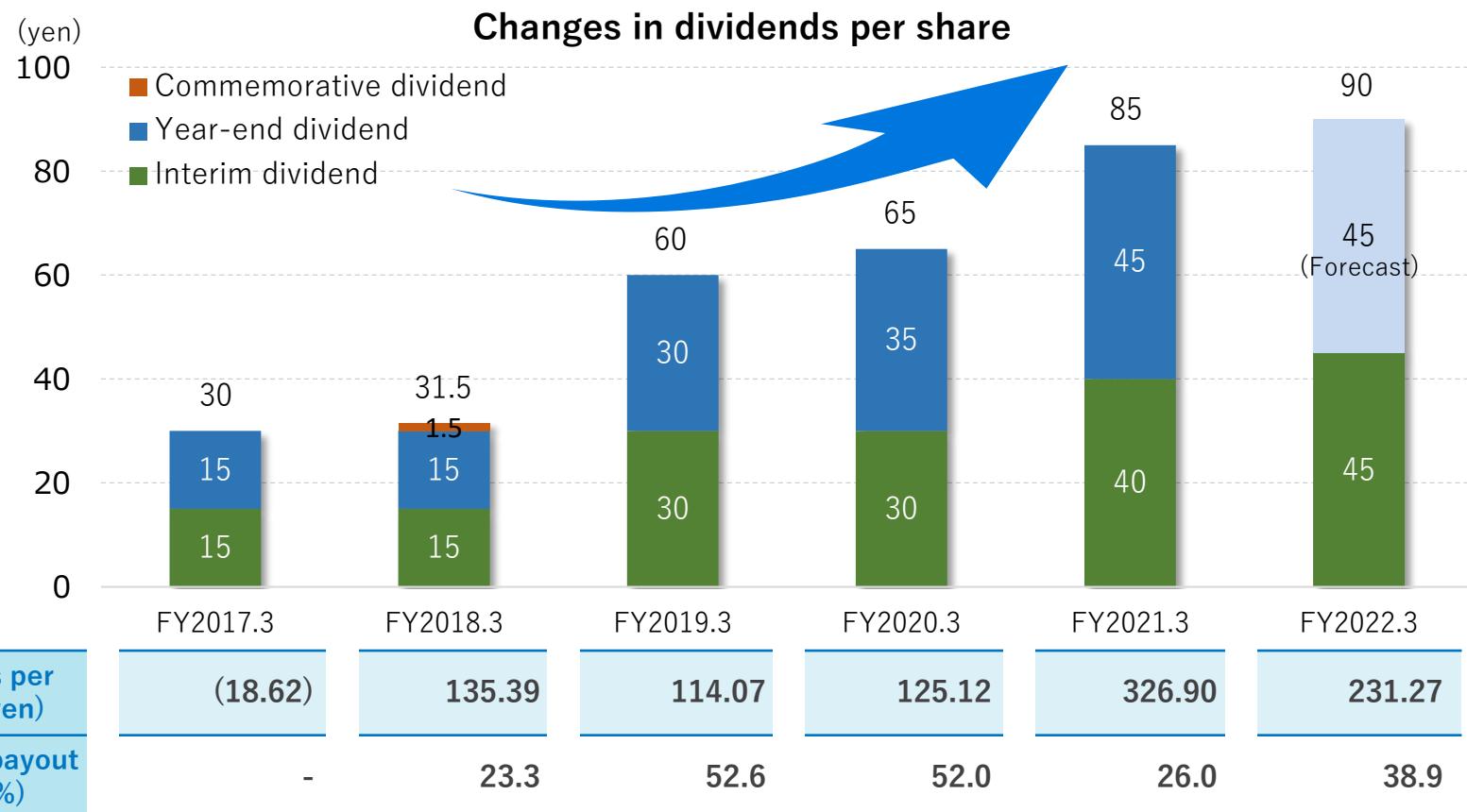
	Mar 31, 2021	Dec 31, 2021	Change	Remarks
<b>Current Assets</b>	192.0	244.1	52.1	
Trade receivables	100.8	166.4	65.6	The greater part of the balance and increases are <b>receivables that constitute borrowings to match metal procurement in North American business.</b>
Inventories	63.5	51.9	(11.6)	The greater part of the balance and decreases are <b>collected raw materials that contain precious materials, works-in-progress and finished products</b> in the precious recycling business. <b>Risks associated with price fluctuations and quality degradation remain minimal</b> because raw materials are purchased after the precious metal content is analyzed and the precious metal prices are hedged on the futures market at the time of the purchase.
Others	27.7	25.7	(2.0)	
<b>Non-current assets</b>	52.8	53.0	0.1	
<b>Total Assets</b>	244.8	297.0	52.2	
<b>Liabilities</b>	146.9	194.6	47.7	
Bonds and loans	104.8	162.0	57.1	The greater part of the balance is <b>loans for Advance Trading in North American business. Risks associated with price fluctuations and bad debts remain minimal</b> because procurement of metals for Advance Trading by loans is 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 the repayment.
Others	42.1	32.6	(9.4)	
<b>Capitals</b>	97.9	102.5	4.6	
<b>Total equity and liabilities</b>	244.8	297.0	52.2	

[Unit: ¥ billion]

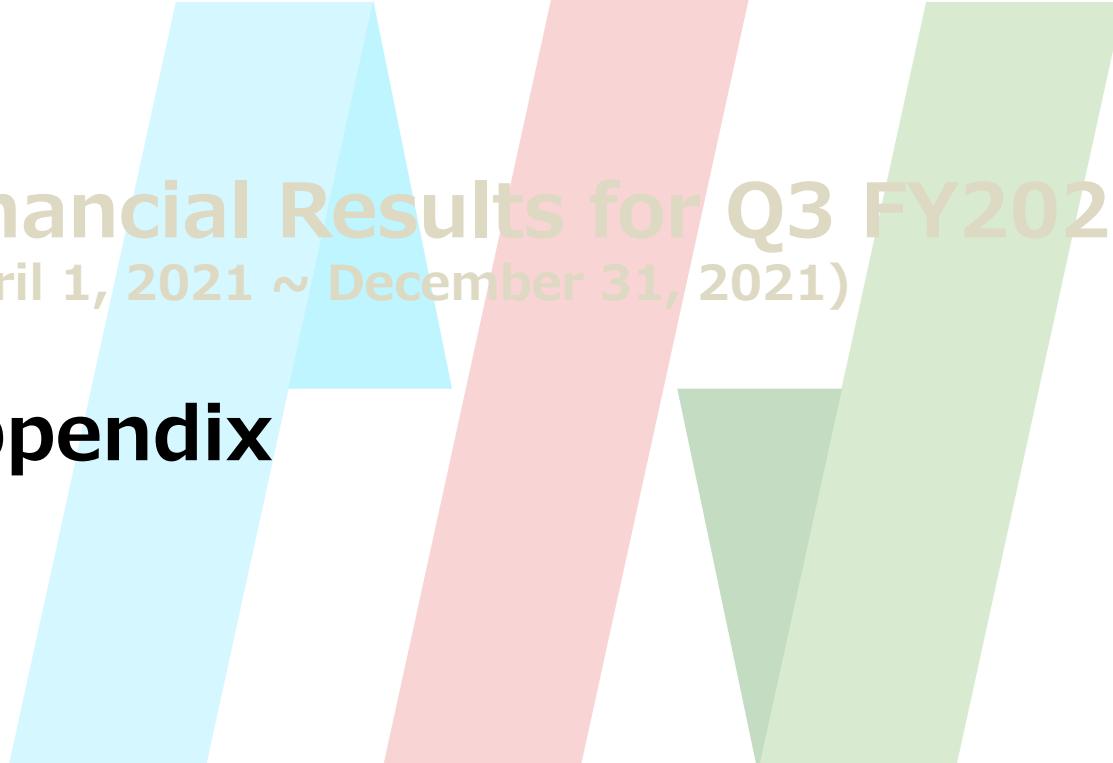
	Q3 FY2022.3	Remarks
<b>Operating CF</b>	<b>14.9</b>	
Decrease in inventories	11.4	The greater part of the decreases is the collected raw materials that contain precious materials, works-in-progress and finished products in precious metal recycling business. Risks associated with price fluctuations and quality degradation remain minimal because raw materials are purchased after the precious metal content is analyzed and the precious metal prices are hedged on the futures market at the time of the purchase.
Increase in trade and other receivables	(61.8)	Of the increase, (64.4) billion yen are matching claims for loans for Advance Trading in North American business. Risks associated with price fluctuations and bad debts remain minimal because procurement of metals for Advance Trading by loans is 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 the repayment.
Increase in trade and other payables	59.1	Of the increase, 56.3 billion yen are for loans for Advance Trading in North American business. Increase in loans for Advance Trading in North American business is classified as increase in trade receivables in Operating CF, not Financing CF. There are no risks associated with quality degradation and bad debts because all loans are used for metal procurement for Advance Trading. In addition, risks associated with price fluctuations remains minimal because the precious metal prices are hedged on the futures market.
Others	6.3	
<b>Investment CF</b>	<b>(4.1)</b>	
<b>Financing CF</b>	<b>(13.9)</b>	
Changes in loans and bonds	(4.8)	
Dividends	(7.1)	
Others	(2.0)	
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>0.0</b>	
<b>Changes in cash deposits</b>	<b>(3.1)</b>	

**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.



\* 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 Q3 FY2022.3 (April 1, 2021 ~ December 31, 2021)

# II. Appendix

## Precious Metals Recycling Business

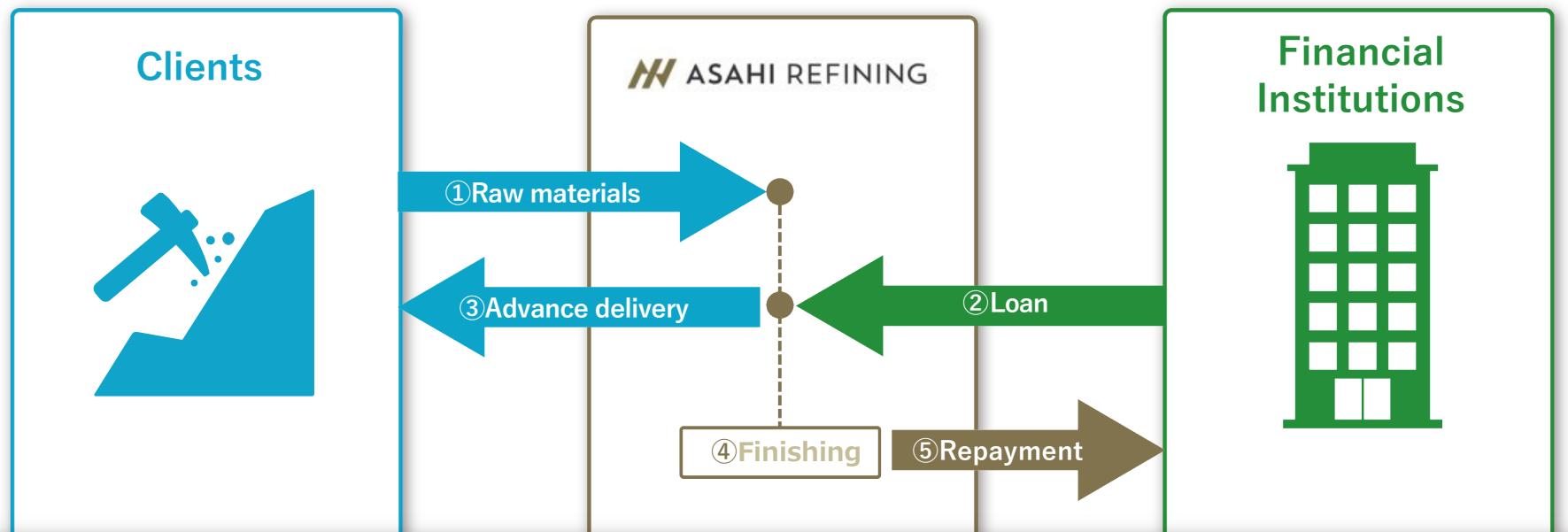
Income from yield differential is added to refining fees, which is a stable source of fixed income.

## 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"> <li>■ Refining fees increase in line with the expansion of the amount collected.</li> <li>■ 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.</li> </ul>
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> <li>■ The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes.</li> <li>■ Income from free metal increases in line with a hike in prices.</li> </ul>
Refining in North America	Refining fees	<ul style="list-style-type: none"> <li>■ The amount of fees expands when the volume of incoming raw materials (dore) increases.</li> <li>■ The unit fee cost does not change over short term because contracts are long-term.</li> </ul>
	Yield differential (differential between actual yield and contracted yield = free metal)	<ul style="list-style-type: none"> <li>■ The volume of free metal expands when the actual yield climbs on account of improvements in technical capabilities and processes.</li> <li>■ Income from free metal increases in line with a hike in prices.</li> </ul>
	Financial revenue	<ul style="list-style-type: none"> <li>■ Income opportunities for financial transactions increase when a larger amount of raw materials is received.</li> <li>■ Income increases when the interest rate for advanced delivery is improved in contracts with mines.</li> <li>■ Income increases when the period of advanced delivery is extended.</li> <li>■ Financial revenue increases when metal procurement costs fall, and the interest rate spread expands.</li> </ul>

- ✓ 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.



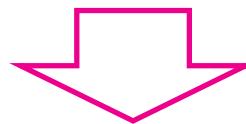
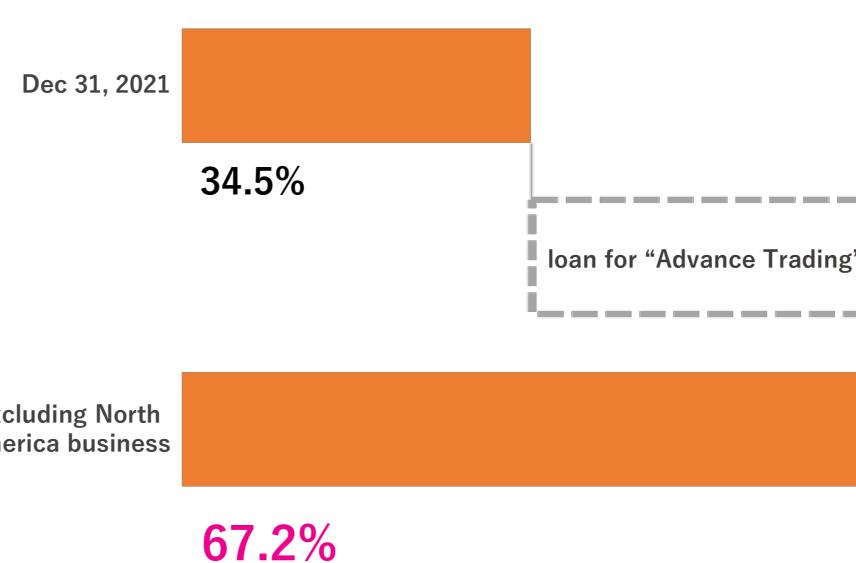
Development of new finance services such as structured finance

## Financial Position

[Unit: ¥ billion]

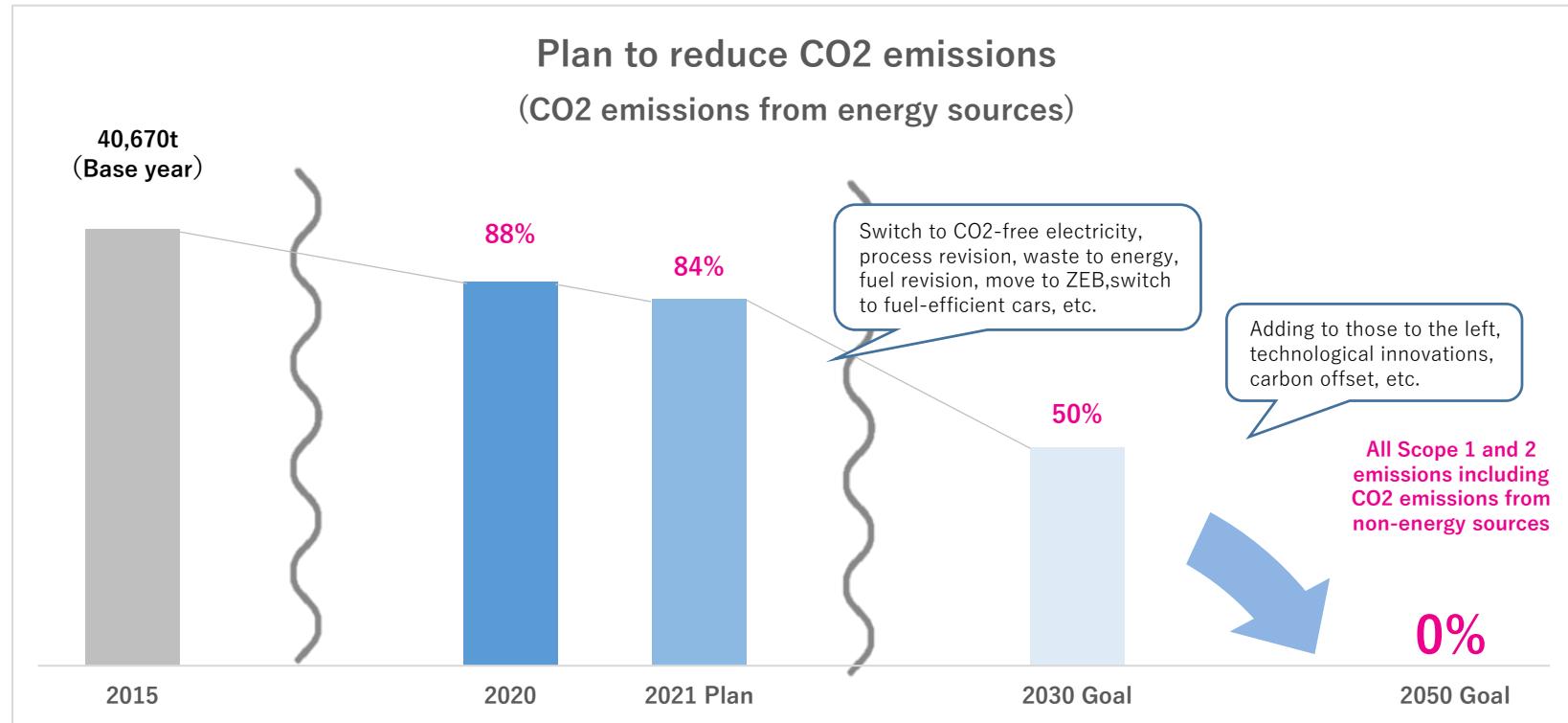
	Dec 31, 2021	Excluding North America business
Current Assets	244.1	99.6
Non-current assets	53.0	53.0
Total Assets	297.0	152.5
Liabilities	194.6	50.1
Capitals	102.5	102.5
Total equity and liabilities	297.0	152.5

## Equity Ratio

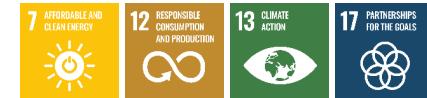


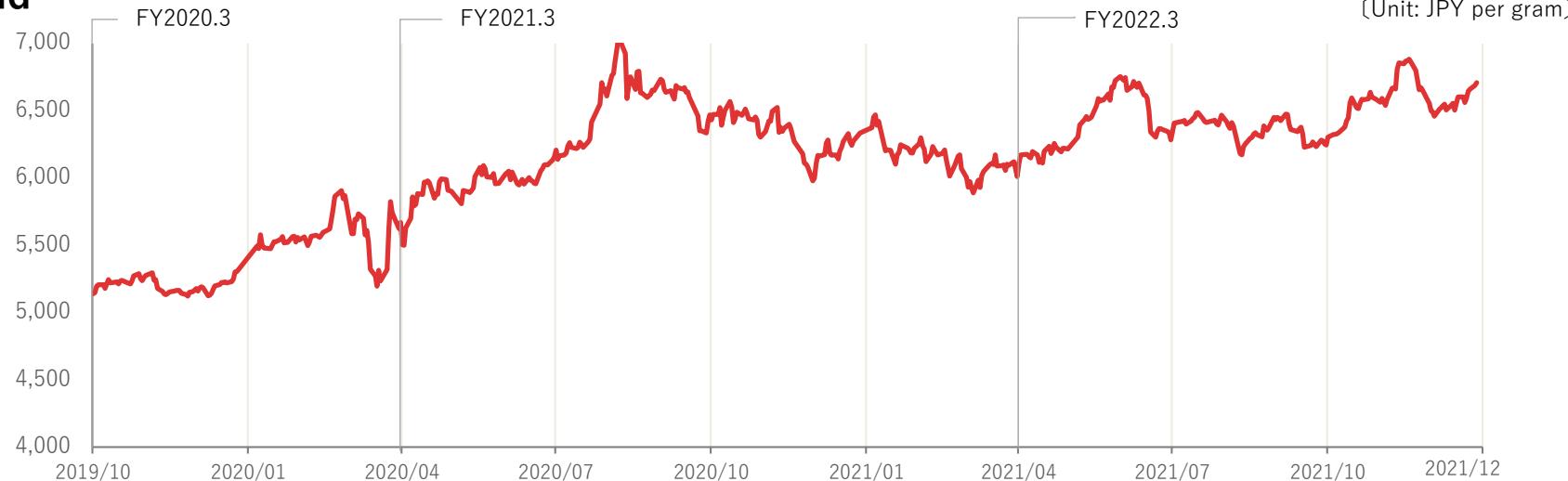
- ✓ Enabling large-scale funding for the finance services with low interest.
- ✓ Strengthening global competitiveness and profitability of the Refining Business by diversifying financing method.

- ✓ On December 13, 2021, we made the declaration of achieving Carbon Neutrality by 2050.
- ✓ Also, expressed our endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to promote information disclosure that aligns with TCFD recommendations.



**TCFD** | TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



**Gold****Palladium**

**Platinum****Stock Price**