

INTEGRATED REPORT 2021



Innovation &
Challenge

The Asahi Way

The Asahi Holdings Group has established the Asahi Way as a set of values for all employees. The Asahi Way is made up of Our Credo, Our Corporate Values, Our Employee Principles, and the Group Code of Conduct. The Asahi Way drives the Group's sustainable growth and improves corporate value over the medium to long term, and directors and management executives take the lead by serving as role models who put it into practice.

Our Purpose

"Totally Committed to Protecting the Natural Environment and Preserving Resources"

Our Credo

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

Our Employee Principles

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

Our Corporate Values

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.

The Asahi Holdings Group Code of Conduct

#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



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Editorial Policy

This report provides an overview of the activities and operations of Asahi Holdings, Inc., with a focus on the company's measures to address social issues through its business activities. It has been prepared as a way for the Asahi Holdings Group to communicate with a broad range of stakeholders and explain the kind of value it is working to create. By presenting specific group activities and initiatives, the report also serves as a company profile.

Report Period

April 1, 2020 to March 31, 2021

Scope

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

Numbers and Graphs

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

Note on Future Prospects

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

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About the Group's Logo

The Group's logo uses a spiral shape as a motif to signify the corporate stance in seeking "environmental preservation through recycling," a main feature of its business; the logo also indicates continuity and growth. The arrows pointing upward and downward symbolize Asahi Holdings as an advanced, cutting-edge company. The three colors of blue, red and green each respectively signify "clean water and sky," "the energy of people carrying out activities" and "beautiful nature and forests."



Connecting Society to the Environment and Supporting the Creation of a Circular Economy

Asahi Holdings has two mainstay businesses: Precious Metals (precious metals recycling and precious metals refining), and Environmental Preservation. We have continued to grow based on our strengths of customer-oriented sales and original technology and expertise, and we have carried out scrap-and-build initiatives within our business in anticipation of market changes.

Furthermore, to help secure the future of humankind, I believe that Asahi Holdings must be a leader in creating a circular economy that connects society to the environment. Through our founding business of precious metals recycling, we promote the reuse of valuable resources. The role of our business is similar to that of veins in the human circulatory system, which transport blood back to the heart. In the process of forming a recycling-based society, we would like to be a leading promoter of cooperation between the "arteries and veins" of the resource circulating system. At the same time we want to enhance economic and social value.

Our precious metals refining business in North America is expected to grow over the medium-term. Our strategy is to use precious metals refining as a platform while diversifying revenue sources by developing various other businesses such as the minting of gold and silver coins, carbon treatment for mineral processing, and various financial services. This approach has been making significant contributions to our consolidated business results. Our long-term vision is to deploy this North American model in other regions of the world and expand our business globally.

In fiscal 2020, the final year of our 8th Medium-Term Business Plan, we set a new profit record, even while the world was in the grip of the COVID-19 pandemic. Looking back over the entire three-year period of the plan, the withdrawal from our existing business (scrapping) and the entry into new business areas (building) were effectively executed. We were able to achieve growth in terms of business performance while also strengthening the business foundation.

With the 9th Medium-Term Business Plan, which took effect in April 2021, we have retained the slogan of "Building a global company that pursues originality and growth." We will continue to work on innovating and embracing challenges, and creating social impact while executing growth strategies. At the same time, we intend to reap the benefits of our HR system and corporate governance reforms, while making our management foundation stronger and more sustainable.

September 2021

Tomoya Higashiura

Representative Director, President & CEO



Business Activities and Value Provided

Engaged in the Precious Metals and Environmental Preservation Businesses

Our business activities consists of two mainstays: Precious Metals and Environmental Preservation.

The first mainstay, the Precious Metals Business, is divided into two areas, precious metals recycling and precious metals refining. Precious metals recycling involves recovering gold, silver, palladium, and platinum from scrap material and recycling them into high-purity bullion. This is mainly carried out in Japan, South Korea, and Malaysia. We support a wide range of fields such as electronics, catalysts, dentistry, and jewelry, by making full use of our cutting-edge technology and decades of experience and expertise. Asahi Holdings is highly competitive due to its ability to efficiently recycle raw materials using optimal methods, whatever the format or properties may be. We have secured top-class shares in every market we enter.

As for precious metals refining, we receive gold and silver raw materials from mining companies and the jewelry industry. Similar to precious metals recycling, the operation involves refining gold and silver into very pure forms that can be LBMA[*]-certified and sold on the global market. This operation is being developed in North America. We are also creating various high value-added businesses based on the refining business.

[*] LBMA: London Bullion Market Association

In our second mainstay, the Environmental Preservation Business, Asahi Holdings has processing facilities and equipment suited for a wide range of industrial fields. We also have the largest sales team of any company of our kind in Japan, to help customers properly dispose of and recycle waste. Moreover, we have obtained industrial waste collection and transportation permits all across Japan, from Hokkaido to Okinawa, and we are expanding our business in all regions of the country.

Asahi Holdings was founded as a company engaged in the recycling of silver from photographic fixing solutions and the detoxification of photographic effluents. Our two business mainstays today can be seen as logical extensions of those initial activities.

Helping to Build a Circular Economy

Through our business activities, we are directly involved in the creation of value for the economy and society.

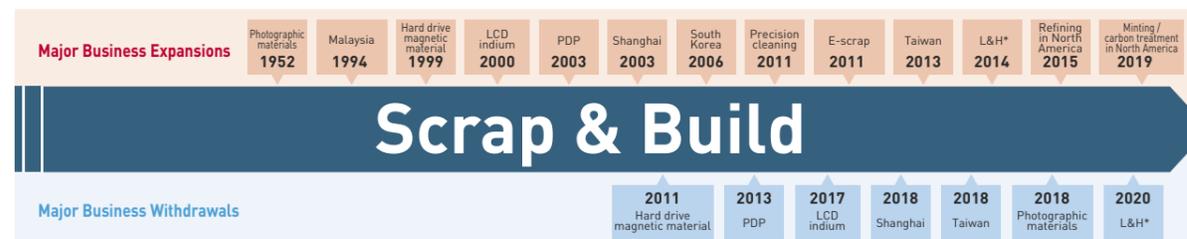
Precious metals recycling contributes to the reuse of precious metals, which are valuable and rare resources, and it represents a basic measure to help achieve a circular economy. Originally, this kind of recycling was dictated by the economic necessity to recover and reuse a very expensive resource. Recycled precious metals are favored for their low carbon footprint and minimal supply chain risk. In our precious metals refining business in North America, we are actively conducting transactions with major jewelry dealers and promoting recycling.

The movement toward a circular economy is also having a big impact on our Environmental Preservation Business, which involves the proper disposal of industrial waste. Our facilities recycle waste such as fuel oil, wood, glass, fire-proof bricks, and organic residue. We are also partnering with outstanding providers across Japan to promote all kinds of recycling and to devise optimal collection and transportation routes, which helps reduce CO₂ emissions. There are now increasing opportunities to collaborate with chemical and material manufacturers as well as large-scale recyclers, including those outside of the recycling industry. Such partnerships can help build networks for more efficient resource circulation.

When comparing resource distribution to the human circulatory system, most of our business activities serve a function similar to veins. Blood is pumped through arteries to every part of the body before returning back to the heart through veins. In this system, the role of veins to collect valuable blood and route it back into circulation. By actively working to bring resources delivered through transport arteries to be returned through recovery "veins," the value we provide to society is steadily growing.

Business Strengths and Advantages

Promoting Business Reform with an Emphasis on Speed



* Life & Health Business segment

Quickly Responding to Market Changes with Scrap and Build

Under the Asahi Way, which defines the values our employees share, we uphold the principles of "No growth without profit" and "Innovate and embrace challenges." With these concepts in mind, Asahi Holdings has been continually tracking changes in the market and society. By also anticipating coming changes and taking a "scrap and build" approach to our business, we have been promoting our own transformation and the creation of new value. Our history is one of achieving results through practical application, rather than simply talking about a particular philosophy.

When Sony announced its intention to develop digital cameras in 1981, Asahi Holdings was completely focused on the photographic materials business. Soon after Sony made this announcement, we began successfully establishing new business areas dealing with precious metals other than silver (i.e., gold, palladium, platinum, and rhodium). Materials were obtained from the dental field, as well as from the electronics, jewelry, and catalyst industries. Our share of the Japanese market for precious metals recycling has now grown from 40% to 70% in all these fields, and this serves as the basis of our stable business performance. Outside Japan, we have entered other Asian markets for precious metals recycling. By modeling these activities on our operations in Japan, we have achieved steady returns.

In 2015, we launched our precious metals refining business in North America, using a business model different from our precious metals recycling business in Japan and Asia. Asahi Holdings acquired North American gold and silver refining operations in Utah and Ontario from Johnson Matthey of the UK. Then in 2019, we acquired the refining assets of Republic Metals Corporation in Florida, along with some of its other business assets for minting and carbon treatment, thereby expanding our business operations in North America.

In the Environmental Preservation Business, the consent of local residents is necessary before a company can get a permit to begin waste disposal. To shorten the time required to start disposal operations, Asahi Holdings has been using a corporate acquisition strategy since 2000. We now have more than 20 companies under our corporate umbrella, including waste processing facilities for a wide variety of industrial fields, and have expanded the range of materials we handle.

While expanding our business in this way, we have also withdrawn from certain business areas. These exits were carried out promptly without hesitation once we determined they were no longer viable, based mainly on criteria such as profitability, growth potential, and synergy. In 2018, we completely withdrew from the photographic materials business, which we had maintained since our founding. In the same year, our sites in Shanghai and Taiwan were eliminated. In 2020, we transferred Fuji Medical Instruments Mfg. Co., Ltd. to a Taiwanese company and discontinued the Life & Health Business segment. It should be noted that these withdrawals were

initiated and completed while each business concerned remained profitable.

Through this process of business scrapping and building, Asahi Holdings has continued to grow and become steadily more profitable.

Technical Capabilities, IT Utilization, and Customer-Oriented Are Our Strengths

The process in our precious metals recycling business begins with a visit by our full-time sales employees to a new customer. After getting a complete picture of their needs, we collect the raw materials and transport it to our own facility. There we recover the precious metals with high efficiency using our advanced technology and expertise. Our well-trained sales staff make good use of the technology and expertise that our factories have developed to realize highly customer-focused sales activities while maintaining close relationships with customers. Because of these combined strengths, we believe our services are unrivaled by other companies.

All our salespeople carry digital devices to provide customers with real-time information such as precious metals prices. During actual transactions, information related to the transfer of materials is input electronically, and the data is used for factory activities and precious metals price hedging. Moreover, electronic "passbook" records are kept for each dental clinic and laboratory customer concerning the precious metals they supply in the form of raw materials for recycling. For a decade, we have been providing a unique service called "Asahi Metal Account" that allows customers to check balances on their computers or smartphones and initiate a sale at any time.

In our Environmental Preservation Business, incineration processing forms the physical foundation of this activity, and we are expanding this capacity each year. While some companies may have the same or greater capacity than Asahi Holdings, our sales staff numbers more than 150 people located all across Japan. Rather than searching for customers to meet our own facility capacity, we approach our business activities by first ascertaining the needs of each business entity that emits waste and its issue awareness levels.

Rather than relying solely on our own facilities, we make full use of the waste collection and transportation permits obtained from all the relevant local governments in Japan. This enables us to provide optimal solutions for safety, speed, cost reduction, and CO₂ reduction issues. In order to provide this kind of one-stop consulting-based service, Asahi Holdings needs to understand more than just its own facilities and waste collection and transportation network. It needs to also have many strong partnerships with providers outside its corporate group, while being familiar with the industrial waste processing resources that exist across Japan. We pride ourselves on the fact that our Environmental Preservation Business is highly knowledge-based in this way. This is a unique strength that our competitors lack.



Long-Term Vision

Precious Metals Refining Business in North America Largest in the World

In North America, Asahi Holdings has one of the world's five largest precious metals refiners, and our business is the world's largest when both our plants in Utah and Ontario are combined. In Japan, mining companies often own refining facilities. In Europe and North America, however, mining and refining companies are usually independent of each other and are separate in terms of capital. It can be compared to operating a rice farm and a rice mill separately. Making the refining sector a shared service for the industry is considered to be preferable in terms of economic and energy-use efficiency. The CO₂ emissions of the refining business itself are almost zero, and most of the energy used in the refining business of Asahi Holdings is hydroelectric power.

Asahi Holdings believes that precious metals refining will continue to be needed as long as these metals are essential to industry, society and consumers. Based on this, we began to acquire our current North American operations in 2015. This large-scale acquisition outside Japan represented an entirely new venture for the company.

Diversifying Revenue Sources While Maintaining the Refining Business as a Platform Has Yielded Benefits

Our management philosophy is "No growth without profit," and the company was built on the approach of turning every challenge into an opportunity. The company's financial performance suffered immediately after the North American business acquisition. Faced with such a harsh reality, we had to try to diversify our revenue sources using the refining business as a platform, and we made a brave and decisive effort as a company. In fiscal 2017, our North American business turned a profit, and acquisition of a competitor's assets in fiscal 2019 also gave us momentum, resulting in a remarkable increase in performance in recent years.

Here are some examples of what we could not have done without huge refining capabilities, and how we were able to internalize profit-generating opportunities in all value chains through the refining business. One example is the "minting" business, which processes refined precious metals into coins and metal bars. The bullion refined at our Utah plant is then turned into coins and bars through a high precision process at the Florida plant. This adds value to the gold and silver when offered for sale. It is a downstream business since it delivers industrial bullion to the general consumer market.

Another example is the "green gold" business. "Green" means the business does not harm the global environment, does not rely on child or forced labor, and does not fund any armed conflicts. In other words, the gold is produced in a way that does not harm the environment or infringe upon human rights. A premium can be charged for gold bullion and other products made from raw materials that can be guaranteed to be green. In our precious metals recycling in Japan, we have already established a high level of traceability and a customer survey system. We are supplying green gold to major jewelry manufacturers, which helps enhance our profitability. Similar

efforts have been implemented in North America. Green gold is also a downstream business.

An example of an upstream business is carbon treatment. Activated carbon used by mining companies as an adsorbent during mineral processing contains valuable precious metals, as well as harmful substances such as mercury. We purchase large quantities of activated carbon from our business partners, remove the mercury, and then recover the remaining precious metals.

Another example is the growing financial services we are offering in North America. A basic refining transaction involves accepting raw material from a business partner, refining it into high-purity bullion within a contract period of about one week, and then returning it to the business partner. However, due to cash flow or other circumstances at a business partner, we may be asked to immediately provide refined material as an "advance delivery" when we accept raw material. We are actively working



Going forward, we intend to expand our Environmental Preservation Business over the long term, in terms of both facility and consulting capacity. Moreover, under the 9th Medium-Term Business Plan, we have already launched a project to provide services through a digital platform. This will allow customers to select waste processing methods as well as collection and transportation routes to maximize recycling volume and CO₂ emissions reduction. We are also looking into developing our Environmental Preservation Business in Southeast Asia, which would make the most of our existing technological capabilities and expertise.

Market share is also important to Asahi Holdings. In fiscal 2020, we expanded shares in all of our precious metals recycling markets, namely, dentistry, jewelry, electronics, and catalysts. In the dental market, we have gained a share of nearly 70%, and in each of the other

markets we have attained substantial shares of around 40%. Meanwhile, environmental preservation in Japan remains a huge market of over 5 trillion yen, which is larger than the marine transport, courier or taxi markets. Most of the market participants, which number around 100,000, are small or medium-sized, and a large dominant leader has yet to emerge. Although we are one of the largest participants in this industry, our revenue in the Environmental Preservation Business is still only about 20 billion yen, so our market share is minimal. This means there is a lot of room for growth. We are confident that we will continue to grow by expanding market share over the long term. As a leading brand in the industrial waste industry, we will fully utilize our strengths in offering superior solutions and reliability.

While the Japanese government is considering providing incentives for recycling, "arterial" companies in the resource circulation system, such as the chemical industry, are moving to develop chemical recycling of used plastics using technologies such as gasification, oiling, and monomerization. As a "venous" company in the system, such moves could pose challenges for us.

On the other hand, some feel the arterial industry will put pressure on the venous industry, and we are confident that business opportunities will expand. We are able to collect used plastics from various plastic emitters, ranging from manufacturing to distribution companies. Then we can properly sort them into recyclable and non-recyclable materials, perform the necessary pretreatment, and distribute the recyclable raw materials to chemical factories. This is probably not a business activity that chemical plants can perform on their own.

Going forward, the key to creating a carbon-neutral society will be cooperation between the arterial and venous sides of the resource circulation system. Asahi Holdings has always operated its Environmental Preservation Business as a solutions service based on a high degree of knowledge, and it has never relied solely on the capacity of its own facilities. We are definitely a unique organization that can play a key role in helping to coordinate this system.

Moreover, Japanese companies that only do specific waste processing for a certain industry will find it difficult to expand into markets outside Japan that have different laws, regulations and business practices. However, since Asahi Holdings has already accumulated the necessary expertise through proper waste processing and recycling management in the wider industrial waste market, we believe we have the essential intangible assets to operate our business from a leadership position in and outside Japan. Accordingly, we are looking into expand into Southeast Asia.

Identified Risks and Opportunities

- | | |
|----------------------|--|
| Risks | <ul style="list-style-type: none"> Certain market changes caused by technological innovation (decrease in catalyst volume driven by the shift to EVs, etc.) Shrinkage of the dental market (decrease in demand for metal dental work) Lower waste emissions Lower jewelry demand Less movement of people due to IT advancements Market stagnation due to the aging of society |
| Opportunities | <ul style="list-style-type: none"> Market changes due to technological innovation (more types of items being traded, etc.) Greater opportunities for expansion into other regions such as Southeast Asia due to growing awareness of environmental, social and governance issues Responding to society's needs to deal with population aging Advancing into outer space (recycling resources in space) |

Risks and Opportunities

Maintaining Strong Growth Through Global Expansion of the Precious Metals Business

The operations of Asahi Holdings, including precious metals recycling, have long been focused on Japan. However, if we were to stay mainly in Japan, our growth prospects would be limited. Based on this logic, we have begun to expand into Asia and North America in order to sustain our growth.

All our businesses outside Japan are currently profitable, and the operating margins are comparable to our businesses in Japan. In fiscal 2020, our overseas precious metals earnings accounted for over 20% of our total profits for this business segment.

Countries outside Japan represent vast untapped markets for us. One example is India. Indian culture has long placed emphasis on storing wealth in the form of gold products. In fact, global demand for precious metals is diverse and stable at high levels. This includes demand for currency alternatives, jewelry and luxury items, as well as electronics-related demand for high-conductivity applications. This means that further expansion of our Precious Metals Business outside Japan is highly likely to lead to business growth and stability. As countries worldwide shift to a circular economy, the precious metals industry will play an increasingly important role, as recyclers of rare resources. It is safe to say that business opportunities for Asahi Holdings will be found all over the globe.

The Key to Developing the Environmental Preservation Business Lies in Cooperation Between the "Arteries and Veins" of Resource Circulation

Although the size of the industrial waste market is huge, there is no company that has a dominant market share. The challenge is how to expand our market share. With the complex laws and regulations in this market, all industrial waste facilities and processing need to be licensed. While barriers to market entry are high, thereby deterring outsiders, existing players still face time-consuming work to comply with laws and regulations and obtain permits, even when expanding their businesses.

Meanwhile, as part of Japan's national policy for achieving carbon neutrality, in 2021 the Bill for the Act on Promotion of Resource Circulation for Plastics was submitted to the 204th ordinary Diet session and passed in 2021. With this development, there will be more deregulation of activities aimed at recycling waste such as plastics.

to provide this service. Advance delivery is the same as lending, and it can provide stable interest income. At the same time, the raw materials that have been delivered contain gold and silver. Since the content analysis and price hedging are carefully performed, and since the loan amount is made within a pre-determined range, the lending activity poses no risk of default.

As a result of the various efforts described above, our precious metals refining business in North America not only moved into the black, but also developed into a highly profitable business, which has now become a pillar of the Group's growth strategy.

Deploying the "North American Model" Elsewhere over the Long Term

As a medium-term growth strategy, Asahi Holdings plans to expand its precious metals refining business in North America in two directions, one of which is further diversification of revenue sources. With the precious metals refining business as a platform, we then added financial service and minting businesses, and they contributed significantly to the fiscal 2020 financial results. Going forward, we will further enhance the profitability of our North American business by expanding carbon treatment transactions and launching a precious metals warehousing business.

The other direction is business model deployment worldwide. We would like to replicate our North American model, which offers many high-profit services in addition to refining, in other parts of the world. Specifically, we intend to expand across Europe and to South Asia, mainly India.

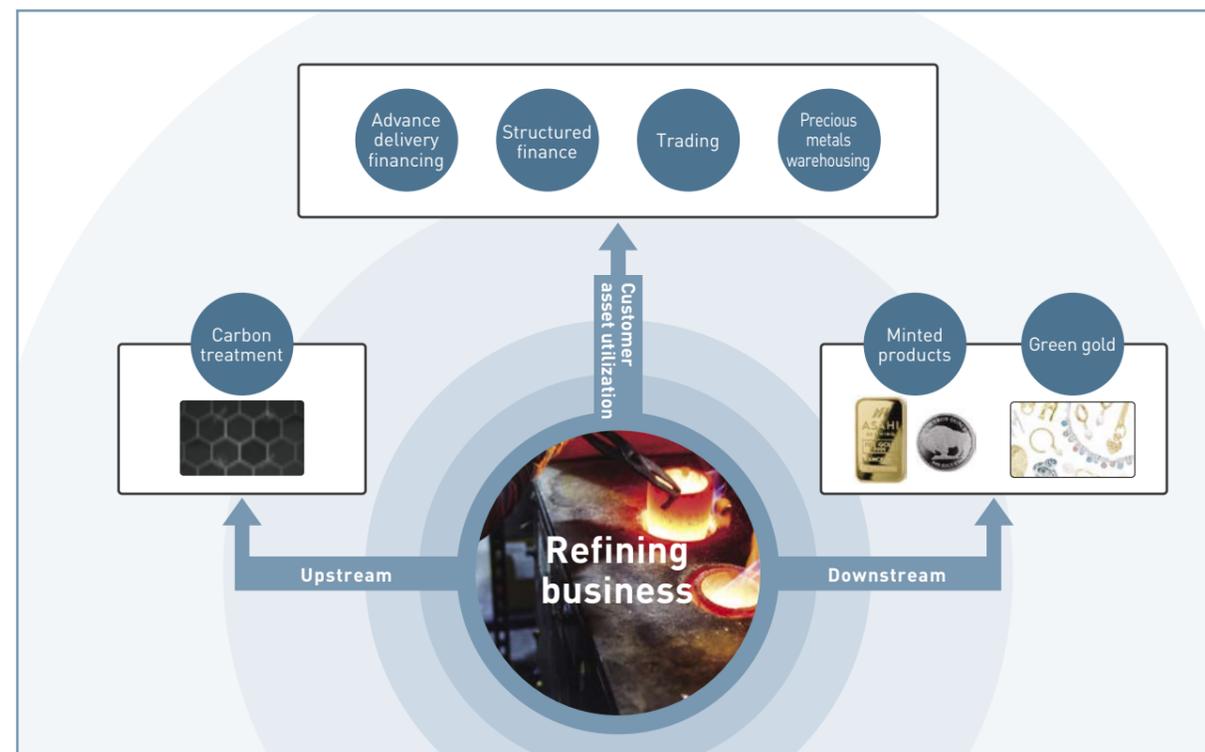
We believe that corporate acquisitions in the target regions can effectively accelerate these initiatives. Meanwhile, we are



planning to launch a minting business in Japan. By combining our minting expertise, which enabled us to expand rapidly in North America, with the green gold production capacity we have built up in Japan, Asahi Holdings can deliver an extremely unique business offering a high degree of added value. We are going to make this happen patiently and steadily.

Establishing a New Business Model for the North American Refining Business

Expanding all value chains upstream, midstream, and downstream, using the core refining business as a platform



Review of Fiscal 2020 and the 8th Medium-Term Business Plan

Pandemic Had Little Negative Impact on Business Performance

The COVID-19 pandemic began in 2020, took many lives, and has resulted in a great deal of hardship for people worldwide. Despite the challenging circumstances and with the help of our dedicated employees, we were able to maintain non-stop operation of our Precious Metals and Environmental Preservation Businesses. By continuing to meet the needs of industry and society in this way, Asahi Holdings has been fulfilling its corporate mission.

For example, our incinerators in Kyushu have met the needs and maintained the trust of medical institutions and government agencies by treating large quantities of medical waste generated in the fight against COVID-19. In addition, as so many more people are now teleworking, as well as shopping and enjoying video and music content online, the need to collect precious metals used in circuit boards, connectors, and crystal oscillators has risen sharply along with increased production of related devices such as servers, computers, and smartphones. Asahi Holdings has responded by operating its facilities in Japan at full capacity.

Furthermore, due to recommendations to stay at home, many people having been organizing their living spaces and taking the opportunity to dispose of unwanted jewelry stored away for years. Consequently, precious metals collection requests have increased from businesses that purchase old jewelry from consumers, and the amount of jewelry scrap we are handling has reached a record high. Throughout the year, our business grew both in and outside Japan, driving consolidated financial results for fiscal 2020 to an all-time high.

improve its business performance while actively promoting scrap and build initiatives. The Life & Health Business was discontinued at the end of 2019, and we have since been able to sell all three companies from that segment.

Meanwhile, we not only expanded our North American business, but also implemented dynamic measures in each business area in Japan. In the Environmental Preservation Business, we completed the construction of three new incinerators and devised a plan to add two more. In the area of precious metals recycling, we completed a new electronics-related facility in Kyushu and began construction of a large highly efficient facility in the Kanto region that will be equipped with IoT and robotic technologies.

The refining equipment updating project at the Utah plant is behind schedule. We were planning a large-scale upgrade using IoT and robots, but due to the pandemic, the completion of this project has been integrated into the 9th Medium-Term Business Plan. To give ourselves an overall grade on our execution of the 8th Medium-Term Business Plan, we would say Asahi Holdings scored a 90 out of 100.



8th Medium-Term Business Plan Performance: "90 out of 100"

Over the three years covered by the 8th Medium-Term Business Plan, including fiscal 2020, Asahi Holdings was able to steadily

Business Results for Fiscal 2020

In our Precious Metals Business segment, revenue and operating profit for the recycling area in Japan as well as in South Korea and Malaysia increased year-on-year. This was due to higher precious metals prices and larger shares in all markets. Moreover, revenue and operating profit in the precious metals refining area in North America also rose year-on-year. This was due to a significant expansion of product processing and sales as well as financial transactions. In our Environmental Preservation Business, industrial production activities shifted to a recovery phase after stagnation caused by the pandemic. Revenue in this segment fell 3.6% year-on-year due to an overall drop in industrial waste emissions. However, operating profit remained at the same level as in the same period of the previous year. We achieved this by maintaining the operating rate of our own facilities and raising the processing unit price. Nevertheless, we recorded losses

on the disposal and sale of unnecessary equipment. As a result of the conditions described above, the business results for fiscal 2020 (April 1, 2020 to March 31, 2021) were as follows: revenue was 164,776 million yen (increase of 29,213 million yen, or 21.5%, year-on-year), operating profit was 25,126 million yen (increase of 7,115 million yen, or 39.5%), profit before tax was 26,136 million yen (increase of 8,486 million yen, or 48.1%), profit was 25,725 million yen (increase of 15,879 million yen, or 161.3%), and profit attributable to owners of parent was 25,725 million yen (increase of 15,879 million yen, or 161.3%). All of these figures were record highs. Looking at revenue by segment, the Precious Metals Business earned 144,795 million yen (increase of 31,039 million yen, or 27.3%), while the Environmental Preservation Business recorded 19,981 million yen (decrease of 735 million yen, or 3.6%).

9th Medium-Term Business Plan

Building a Global Company That Pursues Originality and Growth

We are implementing our 9th Medium-Term Business Plan from April 2021 to March 2024. Under the slogan of "Building a global company that pursues originality and growth," the plan's basic policies are: (1) reinforce the foundation for global growth; (2) promote new human resources policies; (3) strengthen Group risk management, and (4) contribute to the SDGs.

Enhancing Profitability and Growth Potential by Strengthening Competitiveness

Our precious metals recycling business has secured large shares in each market and is producing steady profits. However, in order to further increase cost competitiveness, Asahi Holdings will complete a new comprehensive plant for precious metals recycling in Ibaraki Prefecture to further strengthen the business foundation in Japan.

In North America, Asahi Holdings will update aging refining equipment to improve the profitability of related businesses. At the same time, we will prepare for expansion from North America to Europe and South Asia, and will establish systems that can be implemented at new sites whenever necessary.

In the Environmental Preservation Business, we installed three new incinerators during the 8th Medium-Term Business Plan, and will install two more during the 9th and 10th Medium-Term Business Plans. One of them will be built in the Kanto region of Japan. Moreover, while undertaking digitalization to improve business efficiency and green measures to promote decarbonization, we will improve profitability and growth through both industrial waste processing and management.

Ensuring Compensation Based on Performance and Capabilities While Promoting Employee Diversity

Our employees have always been paid based on performance and capabilities. Under the 9th Plan, these efforts will become even more thorough. We will carefully adjust each person's remuneration so that it fully reflects their achievements and abilities, while promoting HR activities that place the most suitable individuals in key positions regardless of their age or history with the company.

Since Asahi Holdings has historically recruited more mid-career hires than new graduates, we have many employees with diverse backgrounds. Whenever a new organization joins the Group



through a corporate acquisition, conflicts based on differences in organizational culture are very rare. The employee diversity at Asahi Holdings makes the cost of new company integration extremely low. Given that individual performance and capabilities are the basis of compensation and promotion, there is also no need for individuals to employ the political clout of their base organizations, and factions are virtually non-existent.

Under the 9th Medium-Term Business Plan, we will strengthen diversity and inclusion, with particular emphasis on supporting the advancement of women in the workforce. There is no denying that our workforce is predominantly male. Responding to social conventions influenced by historical gender bias, women have tended to be excluded from work that is considered dangerous. The company has also refrained from assigning women to its sales department, as sales representatives sometimes have to visit customers who handle hazardous chemicals. However, we recognize the importance of providing equal employment opportunities to women and so are now seeking to reform the industry's male-dominant culture by actively hiring and assigning women to sales positions. Over the years, men and women have been employed equally in workplaces where there are none of the aforementioned cultural health concerns. For example, we have almost achieved employee gender balance at our Technical Research Center in Kobe. Since personnel are paid based on performance and capabilities, there is no difference between men and women in terms of compensation and speed of promotion.

Reforming the Board of Directors and Strengthening Risk Management

The Board of Directors is being gradually reformed to increase management agility. For the re-election of directors at the Annual General Meeting of Shareholders in June 2021, the number of candidates for directors was seven, and the board became smaller, with one less member than the previous fiscal year. In addition, new members with extensive experience in the marketing field have been added as outside directors. This has further diversified the board, and the membership majority now comprises independent outside directors.

Through this new Board of Directors, the aim is to balance the functions of both risk taking and risk minimization in an efficient way. We hope that this will lead to corporate governance with a balance of protective and proactive measures in line with the Asahi Way.

A Group Risk Management Department was established on April 1, 2021. It will promote compliance risk management for the entire Group, including operations outside Japan. In particular, we will enhance credit risk management concerning our business partners in the fast-growing North American refining business. Moreover, Asahi Holdings will thoroughly implement "Responsible Precious Metals Management" and strive to increase the value of the "Asahi brand." This will be done by providing precious metals products while also protecting human rights and the environment.

Continuing to Provide Stable Shareholder Returns

We regard the return of profits to shareholders as an important management mission, and we continue to focus on shareholder

dividends. We have always endeavored to pay stable dividends even when the company has been unprofitable. This basic policy remains unchanged.

Under the 9th Medium-Term Business Plan, we will make capital investment for future growth, and increase the internal reserves necessary for M&A activities. At the same time, we will ensure stable shareholder returns without lowering the current level of annual dividends, with the intention to maintain a payout ratio of 40%.

Increasing Both the Economic and Social Value of Asahi Holdings

In order to help achieve carbon neutrality by 2050 and promote the necessary decarbonization measures, our activities over the

next decade will be critical. Industry is increasingly aware of the importance of cooperation between the arterial and venous sides of the resource circulation system. This will lead to more resource recycling and greater reductions in CO₂ emissions. We intend to be a leader in the circular economy that connects society to the environment.

Since humanity needs to achieve the SDGs to help ensure its own survival, corporations are being asked to assume more social responsibility in the capitalist system. Asahi Holdings will strive to deliver both economic and social value by making the most of our core business activities. We will do all we can to help build a sustainable world.

I would like to ask all of our investors for their continued support.

Financial and Capital Policies

1. Expansion of equity capital and diversification of financing

In order to secure the stable funds required to globally expand our financial business, including trading based on the refining business in North America, we will expand our equity capital and maintain financial soundness.

2. Strengthening relationships with existing lenders

To further strengthen relationships with our current lenders in Japan including megabanks, we will share with them our medium- and long-term business strategies and the financial strategy necessary to support them.

3. Realization of direct finance

To reduce our dependence on indirect financing, we aim to obtain direct financing through means such as the issuance of corporate bonds and commercial paper. With the goal of securing high scores from external rating agencies, we will work to significantly improve our financial position and indicators.

4. Utilization of policy loans

We will actively utilize policy loans provided by government-affiliated financial institutions in order to secure stable long-term business funding.

5. Global centralization of funds and precious metals procurement, etc.

In the Precious Metals Business, we will shift to centralized management of funds and precious metals procurement with the aim of reducing procurement costs on a global basis. At the same time, we will maximize profits from arbitrage and hedge transactions by performing trading activities at a global level.

6. Dividend policy

While striving to enhance internal reserves for executing M&A activities along with capital investment for future growth, we will strive to maintain steady dividends with a payout ratio of 40%, continue to pay annual dividends, and maintain them at current levels.

Equipment Investment Plan

(Unit: billion yen)

	FY 2021	FY 2022	FY 2023	Total
Precious Metals Business	6.3	3.2	3.4	12.9
Japan	4.7	1.9	0.9	7.5
Outside Japan	1.6	1.3	2.5	5.4
Environmental Preservation Business	0.8	2.2	6.8	9.8
Total	7.1	5.4	10.2	22.7

Shareholder Returns

	The 8th Medium-Term Business Plan					The 9th Medium-Term Business Plan
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY2021 (Forecast)
Earnings per Share (yen)*	-18.62	135.39	114.07	125.12	326.90	231.27
Annual Dividend (yen)*	30	31.5	60	65	85	90
Dividend Payout Ratio (%)	-	23.3	52.6	52.0	26.0	38.9

* Earnings per share and annual dividends through fiscal 2020 are adjusted to reflect the two-for-one stock split of common stock on April 1, 2021.

History of the Asahi Holdings Group

Our 69-year history is one of innovation and challenge. Over that time, we have developed into a global corporate group and continue to grow today.

1952	Asahi Chemical Laboratory founded in Joto-ku, Osaka City
1964	Becomes kabushiki gaisha (stock-based company)
1974	Fukuoka sales office opens. Sales offices start to be established across Japan
1978	Head Office building completed in Higashi-Nada-ku, Kobe City
1997	Name changed to Asahi Pretec Corp.
1998	Headquarters operations transferred to Chuo-ku, Kobe City Technical Research Center opens in Nishi-ku, Kobe City

1999	Initial public stock offering made on over-the-counter market
2000	Listed on the 2nd Section of the Tokyo Stock Exchange
2002	Promoted to the 1st Section of the Tokyo Stock Exchange
2009	Asahi Holdings, Inc. established

2012	The Asahi Way established Selected for inclusion in an ESG index by the Tokyo Stock Exchange
2015	Company with an Audit and Supervisory Committee system adopted Nominating and Compensation Committees Established Performance-based stock-option system introduced
2016	International Financial Reporting Standards (IFRS) adopted
2017	Capital increased through new share issue
2018	The Asahi Way thoroughly revised



History of the Asahi Holdings Group

Act 1 Foundation and Initial Decades: 1952 to 1998

Precious Metals

- 1952 Silver recycling business starts using photographic fixing solutions
- 1975 Compact electrolytic silver collection equipment "PLATA" developed
- 1982 Precious metals recycling business launched in the dental field
- 1984 Precious metals recycling business launched in the plating solution field
- 1986 Precious metals recycling business launched in the electronics components and jewelry fields
Compact electrolytic gold collection equipment "ZIPANG" developed
- 1994 ASAHI G&S SDN. BHD. established in Malaysia

Environmental Preservation

- 1972 Equipment for detoxification of photographic effluents installed at the Kobe Plant
- 1975 Industrial waste disposal license acquired from Kobe City (detoxification of photographic effluent containing harmful substances)
- 1978 Registered as an environmental measurement certification office
- 1990 Environmental preservation business other than photographic effluents entered

Act 2 Public Company: 1999 to 2011

- 2003 Automobile catalyst business launched
- 2006 Asahi Pretec Korea Co., Ltd. established
- 2011 E-scrap business launched
Precision cleaning business launched

- 2004 Nihon Chemitech Co., Ltd. acquired
- 2007 Taiyo Chemical Co., Ltd. acquired
- 2007 Kitakyushu Office of Asahi Pretec Corp. opened
- 2008 Japan Waste Corporation established
Fuji Rozai Co., Ltd. acquired
- 2009 JW Glass Recycling Co., Ltd. acquired
- 2010 Yokohama Office of Japan Waste Corporation opened
Ecomax Co., Ltd. acquired

Act 3 New Development: 2012 to Present

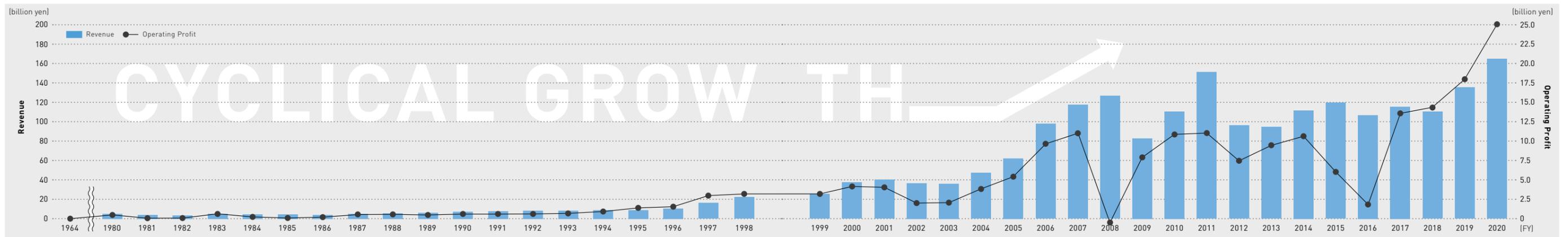
- 2015 US and Canadian gold and silver refining subsidiaries acquired from Johnson Matthey (UK), and Asahi Refining USA Inc. and Asahi Refining Canada Ltd. established
- 2019 Asahi Refining Florida LLC established

- 2017 Nihon Chemitech Co., Ltd. and Ecomax Co., Ltd. integrated into Japan Waste Corporation
- 2020 Asahi Pretec Corp. and Japan Waste Corporation integrate environmental preservation businesses

Group Strengths Built Across the Years

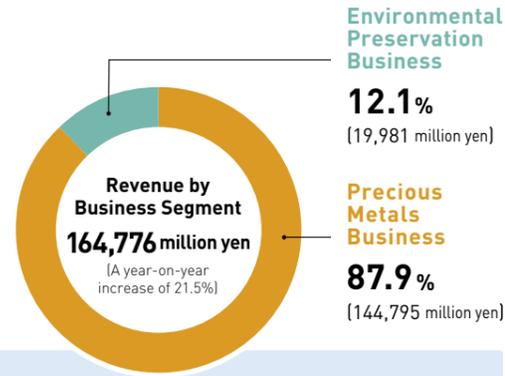
- Ability to Adapt to Change
- Management Capabilities for Business Regeneration
- Industry-Leading Unique Technologies
- Trusted Asahi Brand
- Highly Motivated Employees
- Globally Expanding Network
- Good Relationships with Stakeholders
- Substantial Market Share

Business Performance



Totally Committed to Protecting the Natural Environment and Preserving Resources

We are engaged in both Precious Metals and Environmental Preservation businesses based on our purpose of being "Totally Committed to Protecting the Natural Environment and Preserving Resources." We aim to maximize the growth of both these business areas by practicing efficient management and leveraging synergies.

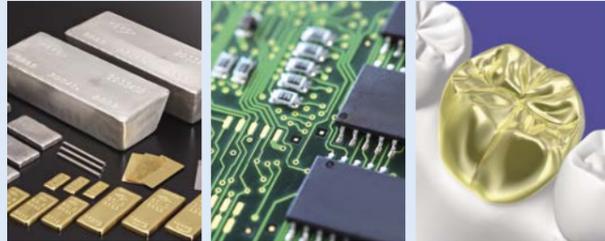


Precious Metals Business

Our First Business

Precious Metals Recycling

Our business began with the recycling of silver contained in photographic materials. Today, we recycle scrap produced by various sectors such as the electronics industry and dentistry into high-purity precious metals. For more than half a century, we have been providing precious metals produced through recycling, while continually adapting to the changing times.



World-Class Refining Scale

North American Refining

In North America, our refining operations raise the purity of raw gold and silver received mainly from mining companies. We are also using the refining business as a platform to diversify our revenue sources.

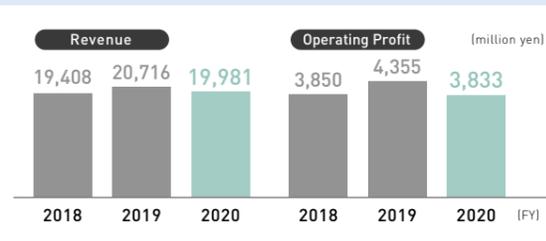


Environmental Preservation Business

Helping to Create a Sustainable Global Environment

Proper Waste Disposal

This business began with the detoxifying of harmful substances contained in photographic effluent, and has since expanded to the detoxification and proper disposal of various waste materials. Through M&A, companies with different areas of expertise have joined the Asahi Holdings Group, thereby leveraging synergies to provide customers with one-stop solutions for a wide variety of needs.



Due to the dissolution of our Life and Health Business in fiscal 2019, Inter Central, Inc. was shifted to the Environmental Preservation Business category. The revenue and operating profit figures for fiscal 2018 and 2019 reflect this change.

Strengths (Value-creation drivers)

Salespeople	Our trained sales staff effectively use IT to conduct customer-oriented sales by proposing optimal solutions for customer needs.
Highly efficient precious metals recovery technology	By advancing and combining both wet and dry refining technologies, Asahi Holdings has established effective precious metals refining methods that can be applied to all raw materials.
Hazardous substance processing, waste treatment, and recycling technology	We hold permits for collection, transportation and intermediate disposal of most types of industrial waste and specially controlled industrial waste, and our system enables proper and prompt disposal and recycle.
Licenses and collection, transport, and processing facilities (network)	Utilizing the Group's network, our large team of salespeople can provide a wide range of solutions to meet customer needs, from waste collection to transport and disposal. Our licenses cover all of Japan, and we handle a wide variety of waste types.

Eight Factors Supporting Value Creation

Strengths rooted in Asahi's history

Ability to Adapt to Change

Paying close attention to the business environment and lifecycle and practicing flexible thinking, decisive action, and quick decision-making, we have built original business models and quickly exited businesses in decline. With the ability to respond in this manner, we will continue to maintain growth.

Management Capabilities for Business Regeneration

Over the past 20 years, we have brought more than 20 companies into the group through mergers and acquisitions and improved corporate management. Utilizing our flexible management capabilities matched to specific business environments, nearly all of our companies enjoy better performance than before joining the group. We will continue working to further improve performance.

Industry-Leading Unique Technologies

We are proud of the original technologies we have developed. These include technologies for recovering precious metals with high efficiency that leverage our advanced analytical capabilities, technologies for properly processing various industrial waste materials, and technologies for product development based on accurate ascertainment of customer needs. Through constant research and development, the Group continues to enhance its unique technologies in each of its business fields.

Trusted Asahi Brand

The Asahi Group's precious metals products are highly regarded throughout the world for their reliable quality. We are committed to building a trusted Asahi brand by continuing to provide high quality products and services in all of our businesses.

Highly Motivated Employees

The Group's growth has been driven by our employees, who share the group-wide values of the Asahi Way, deeply value trust and connections, and are motivated by a passion for innovation and embracing challenges. The Group proactively invests in human resources and continues to develop highly motivated employees.

Globally Expanding Network

Since establishing a local subsidiary in Malaysia in 1994, we have expanded into other countries in Asia, including South Korea, China, and Taiwan. In 2015, we acquired a refining business in North America through a merger and acquisition, expanding our target customer base to countries around the world.

Good Relationships with Stakeholders

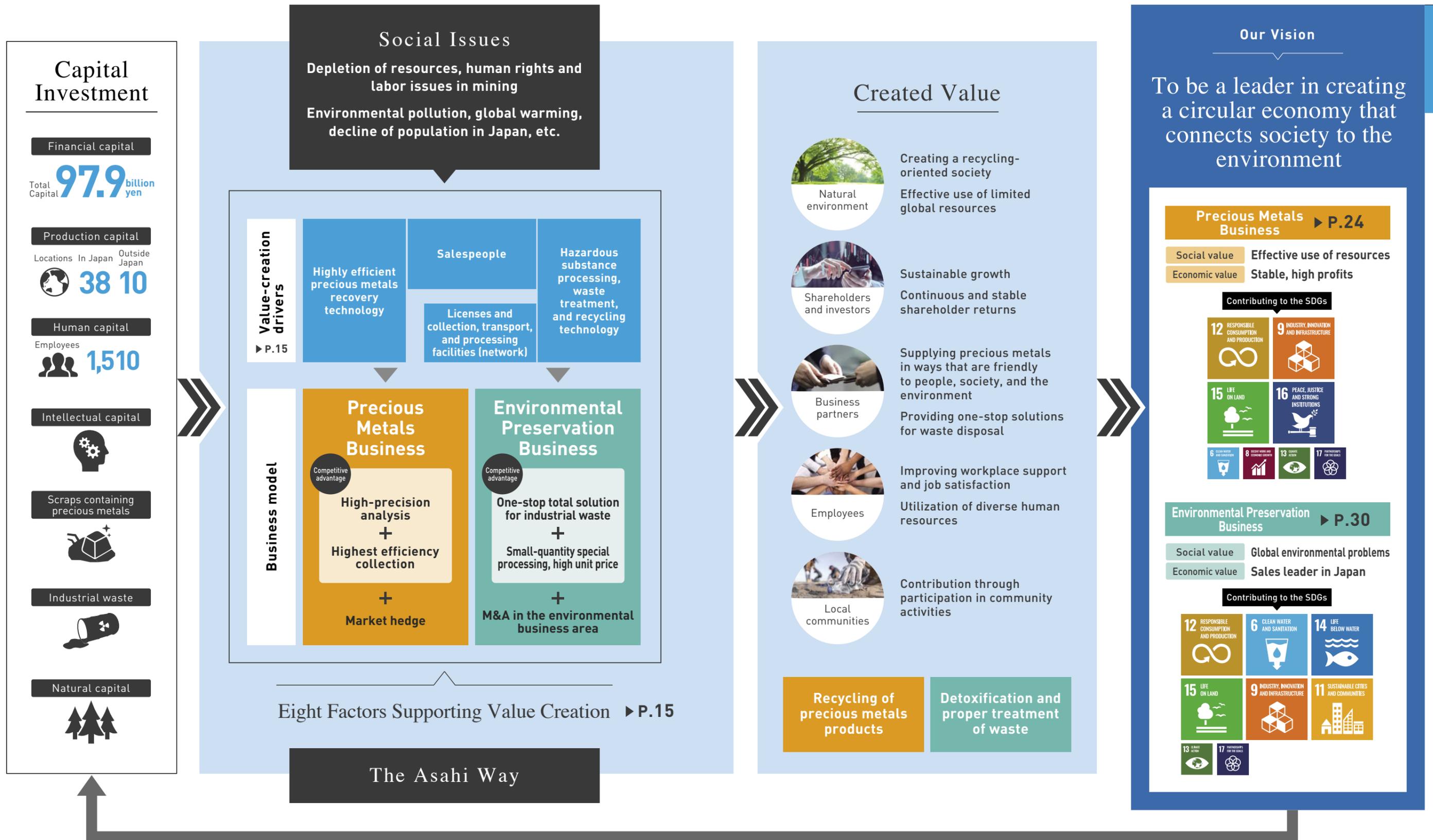
We actively engage in dialogue with investors and listen to our customers and business partners to strengthen governance and develop our products and services. We value the mutual trust we have with our employees and with the local community and work to increase our long-term corporate value.

Substantial Market Share

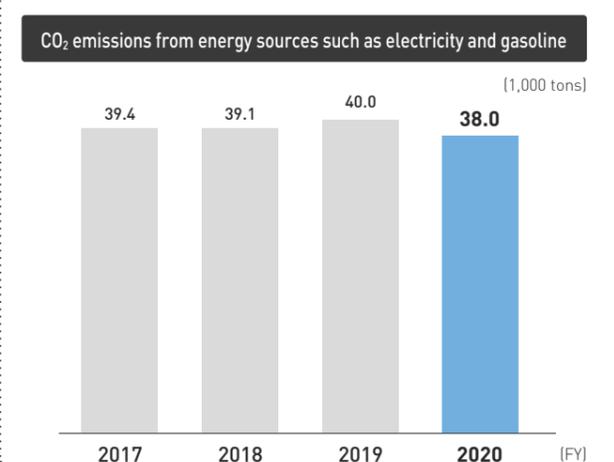
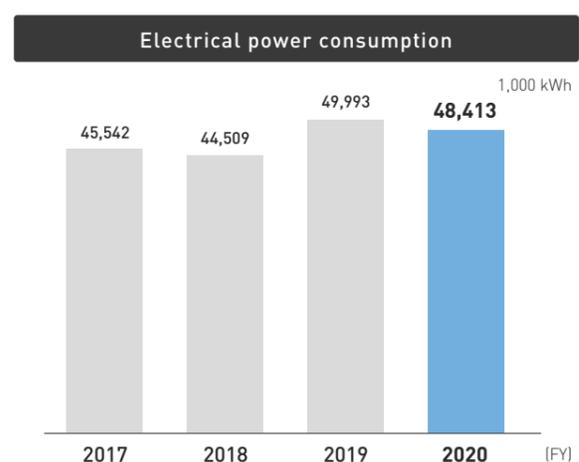
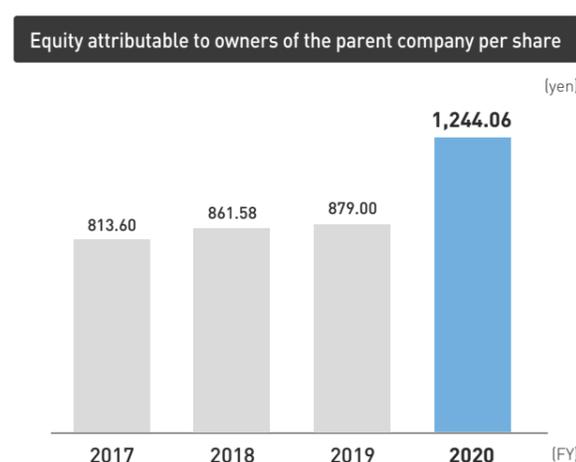
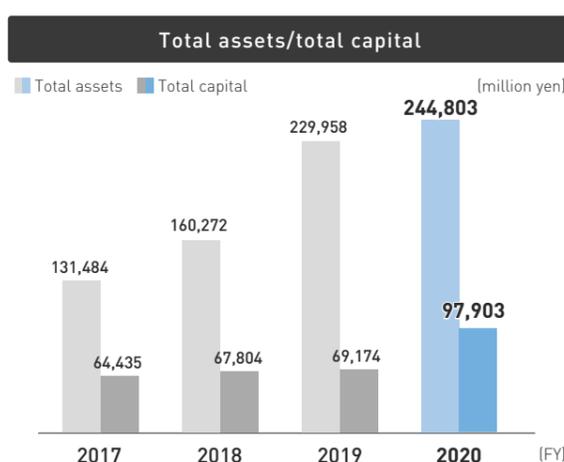
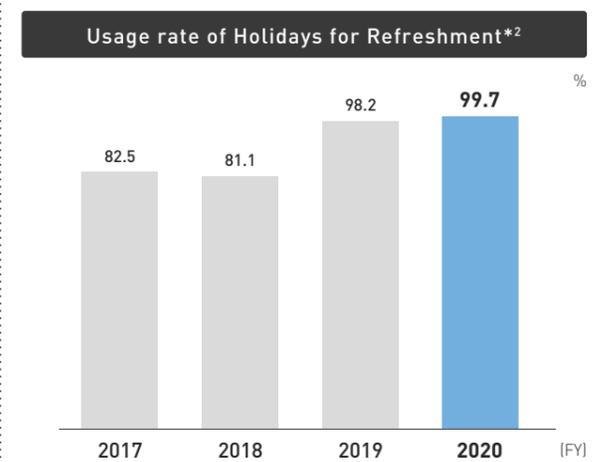
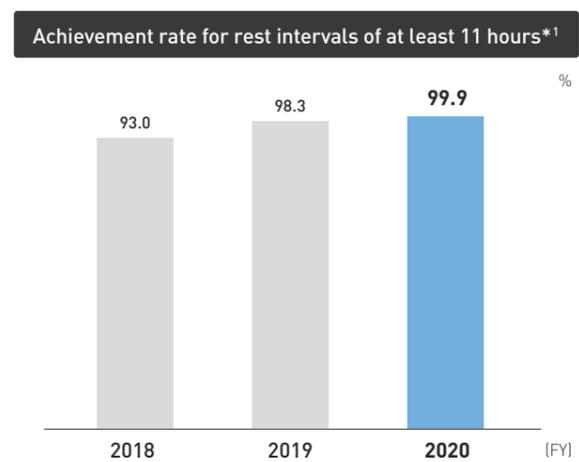
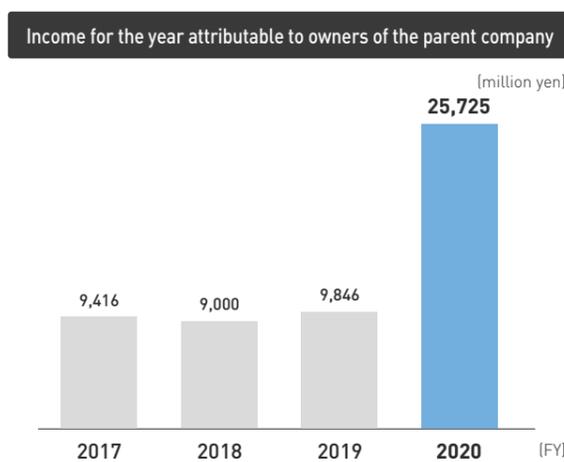
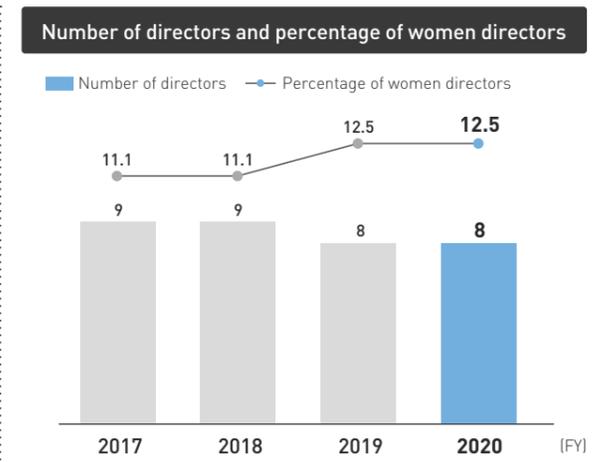
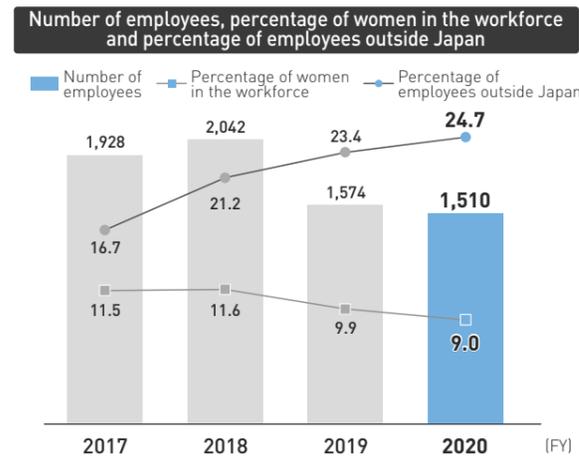
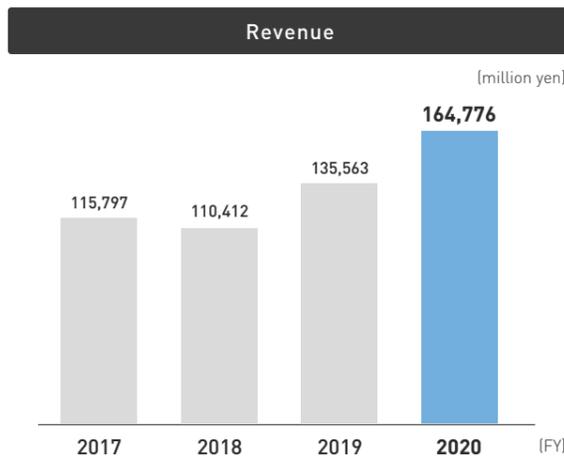
Our highest priority is to satisfy our customers and business partners, and we have worked hard to improve our products and services. Our sales and technical capabilities that meet a wide range of needs have earned us the trust of our customers and enabled us to acquire a strong market share.

Asahi Holdings Value Creation

With our two businesses as the drivers of our value creation, we have achieved business growth and developed solutions to social problems. We strive to maximize the value created by our business activities and aim to position ourselves as a global company that pursues originality and growth.



Consolidated Financial and Non-financial Highlights



* On April 1, 2021, a stock split was conducted with a ratio of two common shares for one. The basic earnings per share and equity attributable to owners of parent per share have been calculated based on the assumption that the stock split was conducted at the beginning of fiscal 2017.

* 1 Scope: Group companies in Japan. We introduced a rest interval system in the second half of fiscal 2018. Therefore, the figures for fiscal 2018 are based only on Asahi Holdings, Inc. and Asahi Pretec Corp. in the second half.
* 2 Scope: Group companies in Japan. In 2019, we introduced a Holidays for Refreshment system for group companies in Japan. Therefore, the fiscal 2017 and 2018 figures are based only on Asahi Holdings, Inc. and Asahi Pretec Corp.

Long-Term Vision and Medium-Term Business Plan

The Group's long-term vision is to be a leader in creating a circular economy that connects society to the environment. The goals of the 9th Medium-Term Business Plan (April 2021 to March 2024) were devised using a process of backcasting from the achievement of the Group's vision in the future. This strategy represents the first step toward realizing our vision. Since the goals of the 8th Medium-Term Management Plan (April 2018 to March 2021) were exceeded both in terms of revenue and operating profit in all three years, we carefully reviewed our goals and made improvements in the 9th Medium-Term Business Plan.

Based on evaluations of past plans and the remaining issues, the 9th Medium-Term Business Plan was formulated using a future-based perspective driven by what it will take to realize our vision. We are determined to deliver on the goals of the plan.

Long-Term Vision

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

The 9th Medium-Term Business Plan

April 1, 2021 to March 31, 2024

Building a global company that pursues originality and growth

Backcasting

Created based on evaluation and issues

The 8th Medium-Term Business Plan

April 1, 2018 to March 31, 2021

Performance during the 8th Medium-Term Business Plan

(Unit: billion yen)

	FY2018		FY2019		FY2020	
	Forecast	Result*1	Forecast	Result*2	Forecast	Result
Revenue	120.0	128.7	130.0	135.6	140.0	164.8
Operating profit	14.0	14.5	15.0	20.1	16.0	25.1
Operating profit margin	11.7%	11.3%	11.5%	14.8%	11.4%	15.2%
Return on equity (ROE)	14.1%	13.6%	13.8%	14.4%	13.5%	30.8%

* 1: Numerical values without retroactive adjustment due to classification of Fuji Medical Instruments Mfg. Co., Ltd. as a discontinued business
* 2: Numerical values without retroactive adjustment due to changes in accounting policies related to the North American business

Refreshing our business portfolio using scrap and build

Withdrew from photographic materials business, discontinued operations in Shanghai and Taiwan, etc., and exited the Life & Health Business

Established Asahi Refining Florida to operate acquired assets related to minting and carbon treatment

Began operation of three new incinerators

Basics of the 9th Medium-Term Business Plan

Building a global company that pursues originality and growth

Basic policies

1. Reinforce the foundation for global growth
2. Promote new human resource policies
3. Strengthen Group risk management
4. Contribute to the SDGs

P22
P23

Performance Targets of the Medium-Term Business Plan

(Unit: billion yen)

	FY2021 Plan	FY2022 Plan	FY2023 Plan
Revenue	190	200	210
Operating profit	26.0	24.0	27.5
Return on equity (ROE)	18%	15%	16%
Capital adequacy ratio	35%	38%	40%

Overview of the 9th Medium-Term Business Plan

We have created the 9th Medium-Term Business Plan by backcasting from our long-term vision, and based on an evaluation of the 8th Plan and outstanding issues.

With the concept of building a global company that pursues originality and growth, the plan's basic policies are: (1) reinforce the foundation for global growth; (2) promote new human resource policies; (3) strengthen Group risk management; and (4) contribute to the SDGs. We are determined to deliver on the goals of this plan.

1 Reinforce the Foundation for Global Growth



2 Promote New Human Resource Policies

Ensure all employees are compensated based on performance and abilities

- Introduce clear, easy-to-understand qualification requirements and determine evaluation and compensation based on performance and abilities
- Give talented employees the opportunity to be promoted to higher positions and work to revitalize the entire organization

Promote diversity and inclusion

- Create new value that promotes the growth of the company by developing workplaces that embrace diversity
- Support career advancement of women in the workforce by increasing assistance for work-life balance

Increase hiring of seniors

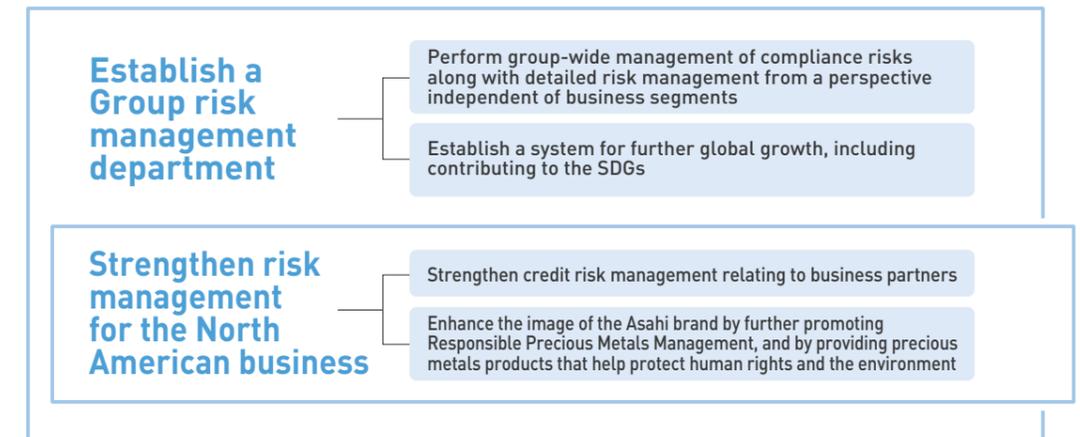
- Create opportunities for high-performing employees to play an active role even after retirement age
- Establish pay-for-performance in areas where the knowledge and experience of veteran employees can be utilized

Provide opportunities for learning and challenge-taking

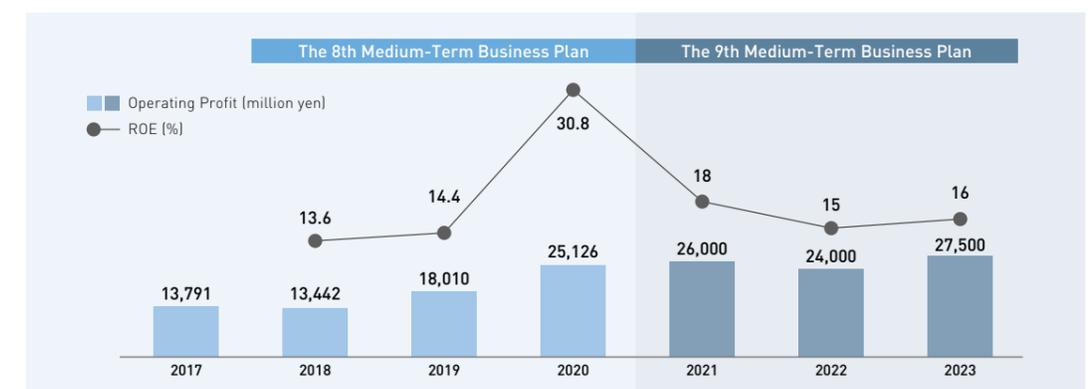
- Improve human resources development to foster people who can take on global challenges and make great strides
- Establish an internal venture capital system to allow employees to take on the challenge of product commercialization and develop human resources who can become future management leaders

3 Strengthen Group Risk Management

Establish a framework to maintain a corporate brand trusted as a global company, and create a global risk management mechanism



4 Contribute to the SDGs



Precious Metals Business

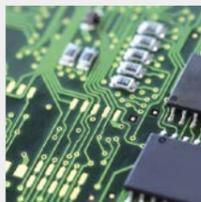
Introduction to Segments

The Group collects and recycles scrap containing precious metals from various industries. By recovering and providing gold, silver, platinum, palladium and other precious metals indispensable to modern manufacturing, we are contributing to the effective utilization of resources and the development of industry.



E-Scrap

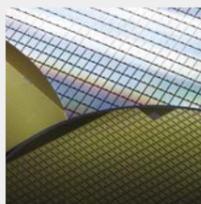
Gold Silver Palladium



Electronic substrates used in personal computers, smartphones and home appliances contain gold, silver and palladium. We collect manufacturing process scrap and electronic substrates from used products. We then put them through various processes such as crushing and sorting to recover and recycle precious metals. Our precise sampling and advanced analysis techniques are just some of the strengths we offer.

Precision Cleaning

Gold Silver Platinum Palladium



We strive to ensure the quality of equipment used by customers in their electronic component and semiconductor manufacturing processes by regularly and precisely cleaning them. Customers entrust us with their equipment parts, and we perform stripping and recovery of precious metals adhering to them. The recovered precious metals are returned to the customers upon request.

Plating Treatment

Gold Silver Palladium



Since precious metal plating is an excellent way to prevent corrosion and enhance electrical conductivity, it is used in various applications from industrial to decorative products. Utilizing a proprietary electrolytic precious metals recovery system, we recover and recycle the precious metals remaining in plating solutions. We also return the recovered materials to customers in the form of the precious metal compound of their request.

Catalysts

Palladium Platinum Rhodium



Automobiles are equipped with catalytic converters to detoxify harmful substances in exhaust gas, and precious metals such as palladium and platinum are used in these devices. We use our original technologies to recycle precious metals from automotive, chemical and other catalysts converters.

Dentistry

Gold Silver Platinum Palladium



Gold-silver-palladium alloys are the main materials in dental prostheses such as crowns and inlays, and the percentage of precious metal content varies by type. Customers such as dental clinics and laboratories provide us with waste containing these metals and we recycle them. We offer high-value recovery with our own system for integrated management of collection, assay and reporting.

Jewelry

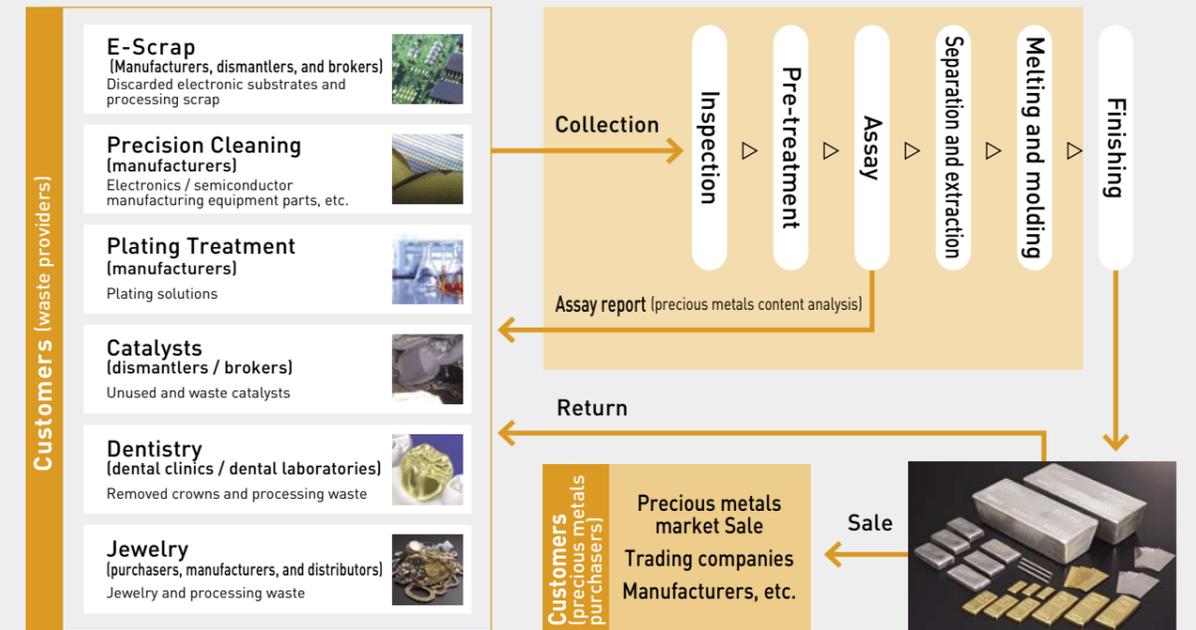
Gold Silver Platinum Palladium



We collect and recycle precious metals from jewelry and ornaments that are no longer needed as well as precious metal scrap generated at each stage of the manufacturing process from purchasers, manufacturers, and processors. In addition to accurate analysis, we offer high-quality precious metal ingot products, while also returning raw materials to manufacturing and processing company customers.

Collecting and Recycling Precious Metals

We have deployed manufacturing operations in Japan and elsewhere in Asia that enable the most efficient recovery of precious metals and carry out optimal processing of recyclable materials depending on the different characteristics and admixtures in the business fields where we collect materials. Furthermore, we accurately meet customer needs by fully utilizing optimal methods and efficient refining facilities depending on the type of precious or rare metal.



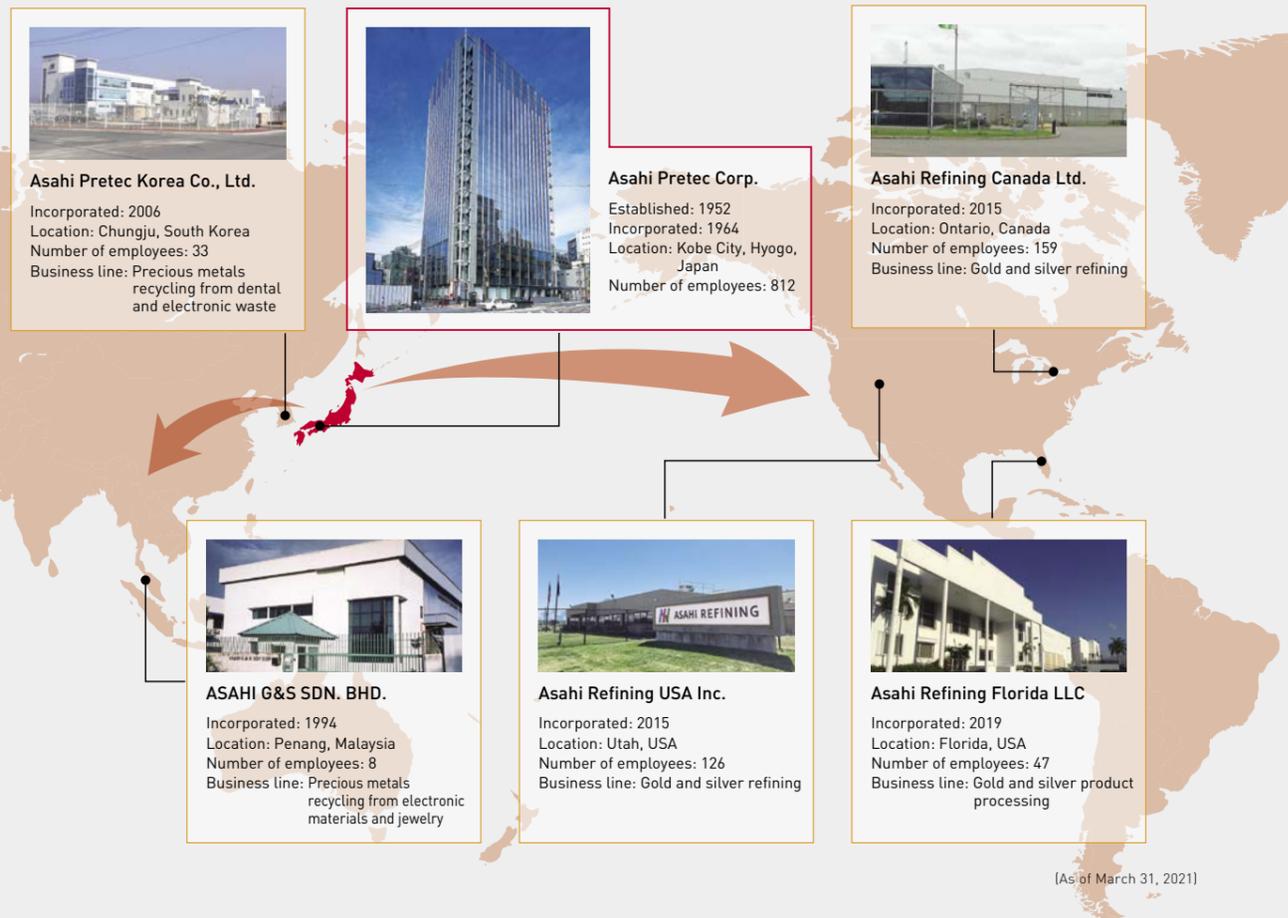
Main Profit Drivers for the Precious Metals Recycling Business

The main profit drivers are stable refining fees and income from yield differentials ("free metal").

Category	Profit Driver	Impact on Profit
Precious metals recycling	Refining fees	Refining fee income increases along with the amount of material collected. The unit price for refining fees is higher for materials that require difficult pre-processing. This means the average unit price rises along with the proportion of items that require difficult processing.
	Yield differential (difference between actual yield and contracted yield = "free metal")	The volume of "free metal" expands when the actual yield climbs due to improvements in technical capabilities and processes. Income from "free metal" increases in line with rising market prices.

Global Expansion

We have been expanding our precious metals recycling operations in Asia since 1994, focusing on dental and electronics waste. We have done this by developing business models tailored to local market conditions while utilizing the technology we have developed in Japan. Furthermore, with the addition of the Asahi Refining businesses to the Group in March 2015, we have expanded our operations to North America.



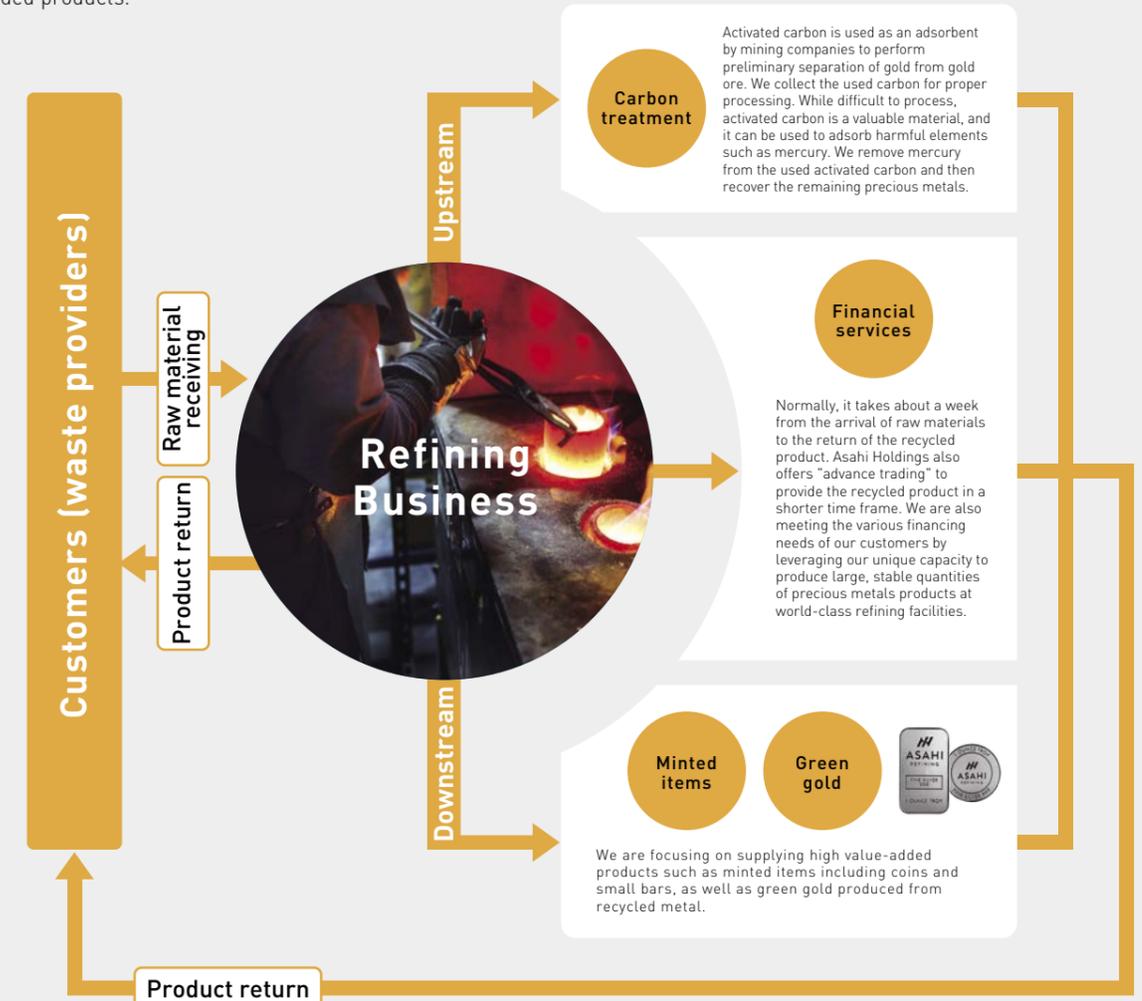
Precious Metals Recycling Business in Asia

- Asahi Pretec Korea** Has 35% share of dental materials market
- ASAHI G&S** Strengthened capacity with plant renovation in March 2020



North American Refining Business

In North America, we mainly refine gold and silver raw materials produced by mining companies, and we are proud of our refining volume, which is among the largest in the world. We also are striving to develop new services using our refining business as a platform, while responding to the diverse needs of our customers with financial services and high-value-added products.



Main Revenue Drivers for the Refining Business in North America

In addition to refining fees, which are a stable source of revenue, we are expanding related businesses by using refining as a platform, such as revenues from financial services and processed products.

Category	Profit Driver	Impact on Profit
Refining business	Refining fees	Refining fee income increases along with the volume of incoming raw materials (doré). The unit fee cost does not change over short term because contracts are long-term.
	Yield differential (difference between actual yield and contracted yield = "free metal")	The volume of "free metal" expands when the actual yield climbs due to improvements in technical capabilities and processes. Income from "free metal" increases in line with rising market prices.
Related businesses	Financial revenue (advance trading, etc.)	Income increases when interest rates rise in advance delivery contracts with mines. Income increases when the period of advance delivery is extended. Income increases when metal procurement costs fall, and the interest rate spread expands.
	Value-added product revenue (minted products, etc.)	Income increases along with the market demand for value-added products. Income increases along with the brand value of our value-added products.

R&D System



Technical Research Center Pursues Original R&D

We conduct proprietary research and development and analytical technology improvement in the fields of recycling of precious metals and rare metals and detoxification and recycling of industrial wastes. We established the Technical Research Center in Kobe High-Tech Park to serve as our R&D hub. We are looking to take even greater strides forward as a company that contributes to society by improving quality and technical innovation.

R&D

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

- Technology for separating and refining precious and rare metals
- Environmental preservation and resource recycling technology
- Precious metals molding and refining technology

Refining Technology

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

Release Technology

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



Assay

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

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

Assay Technology

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



Engineering

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

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



Solving Social Issues Through Business Activities

Social issues relating to the Precious Metals Business

- Depletion of precious metal resources
- Environmental destruction during mining
- Human rights and labor issues related to mining
- Money laundering and terrorism financing risk



Contributing to the SDGs



Leveraging precious metals recycling to turn consumption into production, transforming waste into precious metal resources



Contributing to industrial sustainability by continually improving our highly efficient and high-quality precious metals recycling technologies



Helping to preserve terrestrial ecosystems, forests, and other land-based resources by expanding precious metals recycling, instead of mining



Promoting peaceful, inclusive societies by practicing responsible precious metals management and transparent procurement



Contributing to sustainable water use by practicing precious metals recycling without contaminant discharge



Helping to protect human rights and prevent child labor in high-risk regions such as conflict zones



Helping to prevent climate change by supplying recycled resources with low CO₂ emissions



Promoting high levels of sustainability by collaborating with other companies

Priority SDG-Related Goal



Expand precious metals recycling

About one-fourth* of the world's gold supply comes from recycling. Recycled precious metals have minimal impact on the environment because they are not mined. They also help promote sustainability because they can be repeatedly reused. Recycling is an important way to ensure the stable supply of precious metals needed in many fields.

By fiscal 2030, we aim to achieve total annual recycling of 410 tons of four elements: gold, silver, platinum, and palladium. As recycling emits less CO₂ compared to mining and refining, achievement of this recycling target will also yield a CO₂ reduction effect of 1.465 million tons-CO₂. [*See page 38 to 39 for details.]

* From GFMS Gold Survey 2019



Priority SDG-Related Goal



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

While precious metals are indispensable to many industries, various social issues have also arisen relating to mining, production, and distribution. Businesses that procure and supply precious metals must ensure they are not making these issues worse. The gold and silver produced by the Asahi Holdings Group are delivered in ways that are friendly to people, society, and the environment. We meet the responsible sourcing guidelines of the LBMA*1 and the strict standards for RJC certification. Going forward, we will continue to promote business activities and initiatives that consider ethical, social, and environmental concerns, while fulfilling our responsibilities by supplying precious metals.

*1. LBMA: London Bullion Market Association

Gold and silver with a purity of 99.99% or more produced by Asahi Pretec and Asahi Refining are certified as LBMA Good Delivery Bars, while platinum and palladium with a purity of 99.95% or more produced by Asahi Pretec are certified as LPPM*2 Good Delivery Bars.

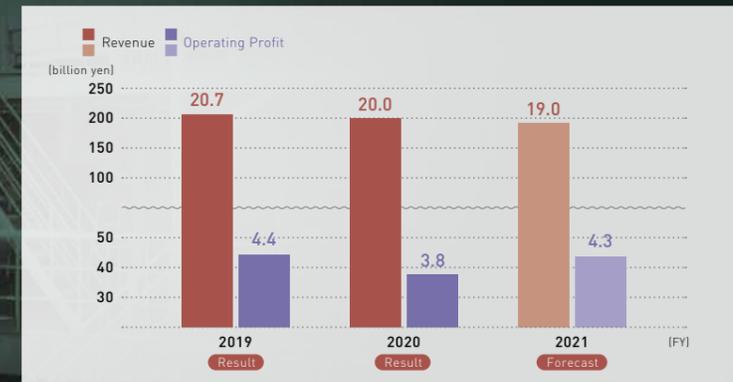
*2. LPPM: London Platinum & Palladium Market

Environmental Preservation Business Introduction to Segments

The companies of the Asahi Holdings Group meet the diverse needs of their customers by leveraging the unique technologies they have developed over the decades in their respective fields to detoxify and properly dispose of various waste materials. As experts in waste disposal, we are helping to solve global environmental problems and playing a key role in building sustainable recycling-oriented societies.

Business Fields

Government and public offices	Educational institutions	Hospitals, clinics, etc.
Research institutions	Glass and sash manufacturers	Chemical manufacturers
Research institutions / laboratories	Plant manufacturers	Other manufacturers



Waste reagents



The Group collects reagents for disposal from educational and research institutions. They are packed one by one for collection, confirming that they are stored in proper collection containers. Chemical content analysis is performed for any unidentified (poorly labeled) reagents to determine the appropriate processing method before disposal. Even small quantities of miscellaneous wastes that are difficult to handle are also processed properly.

Waste oil and sludge



Based on analysis results, waste oils from factories are mixed and adjusted to achieve the optimal composition, before being recycled as alternative fuels. Meanwhile, sludge is recycled as raw materials for cement after adjusting content and moisture and then kneading them. The aim is to ensure and maintain the quality of all recycled materials.

Glass



Plate glass is collected from glass and sash manufacturers, and glass bottles from municipalities. The collected glass is screened and pulverized at our own facility, and recycled as high-quality glass cullet. This is sold to manufacturers and reused to make window glass, glass bottles, or home insulation.

Wood waste



Large amounts of scrap wood are generated by the demolition of buildings and other sites. We collect and shred this material into wood chips, which is used for fueling biomass power generation plants or for making particleboard.

Waste fire-proof bricks



Fire-proof bricks are used as refractories to line glass furnaces, kilns and incinerators. Waste bricks generated by the demolishing of such facilities and periodic repair work are collected and carefully sorted. Recyclable items are reused as paving materials and fire-proof bricks.

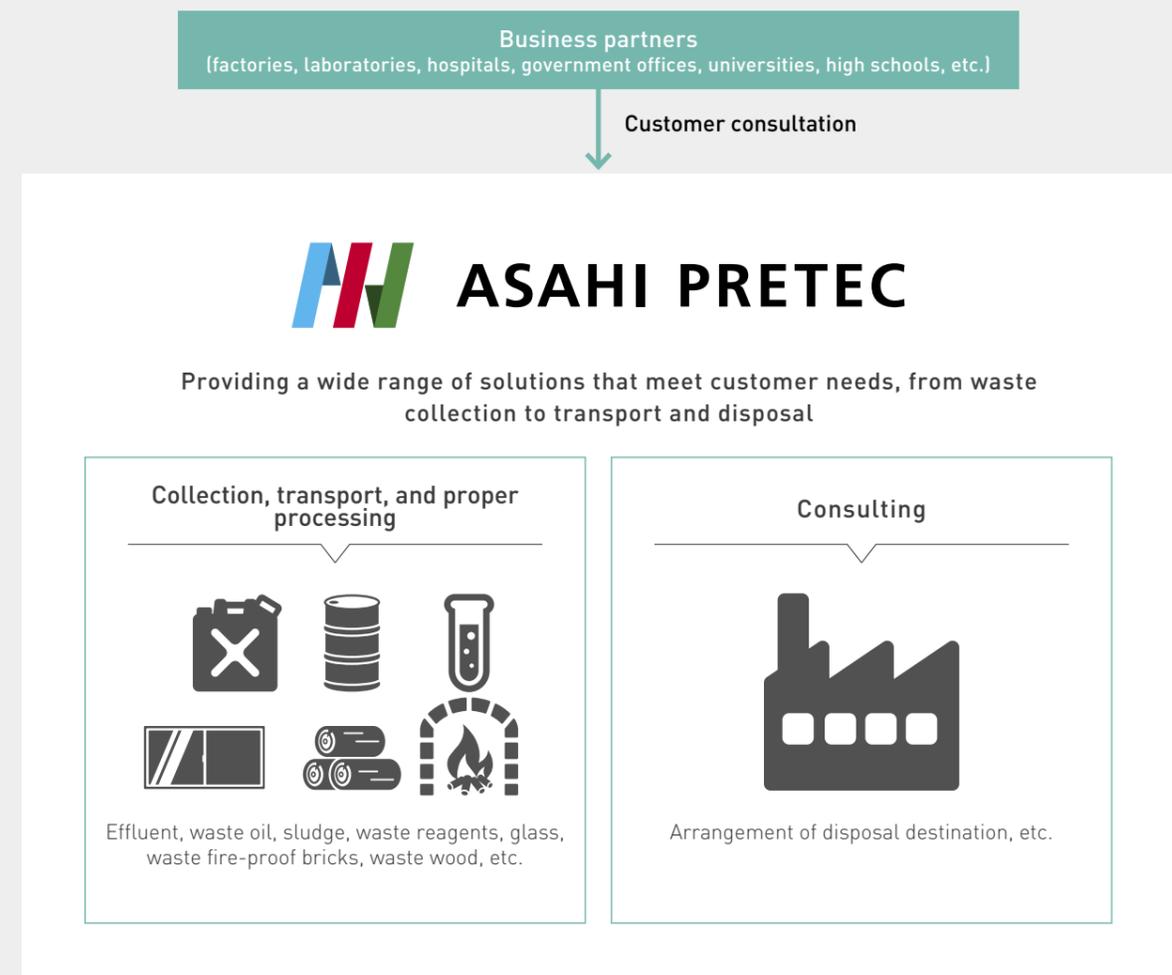
Waste acids, alkalis and sludge (inorganic/organic)



Waste acids, alkalis, and sludge are generated by a wide range of industries, and their properties are diverse, including inorganic and organic. Liquid waste is collected by a vacuum truck, subjected to neutralization and dewatering processes, then treated with microbes, before being discharged into the public sewer system. The residual sludge is recycled as a raw material for refining or composting, etc.

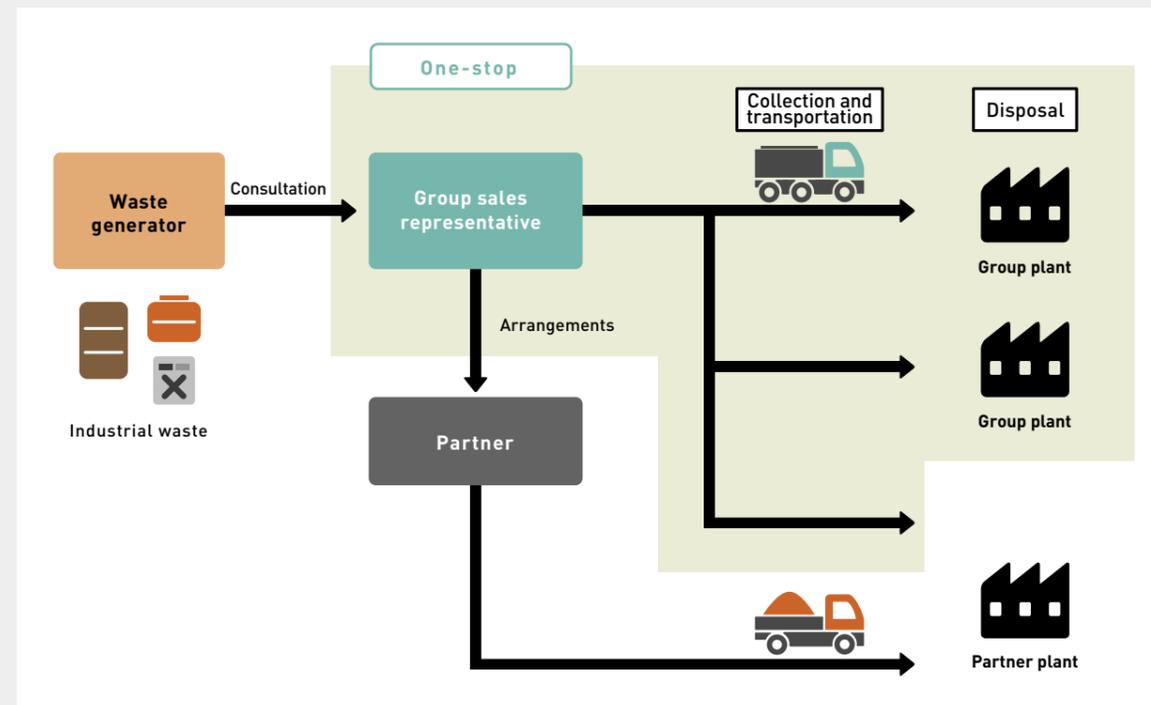
Business Models for the Environmental Preservation Business

Asahi Holdings offers proper processing of waste from various industries, including detoxification and recycling of difficult-to-handle materials. In addition, we are developing consulting sales across Japan based on our multiple business models.

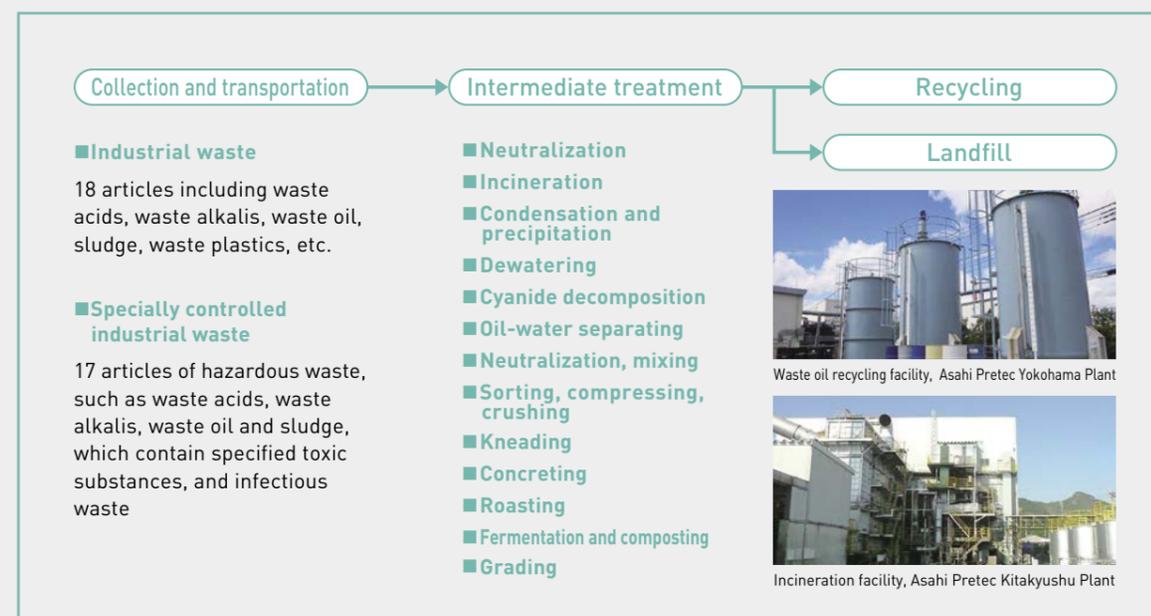


Providing One-Stop Solutions

The Asahi Holdings Group provides one-stop support for all inquiries regarding industrial waste disposal. We provide a wide range of solutions from collection and transportation to disposal through an experienced sales team that extends across our group network. We hold relevant licenses from authorities across Japan and can handle a wide variety of materials.

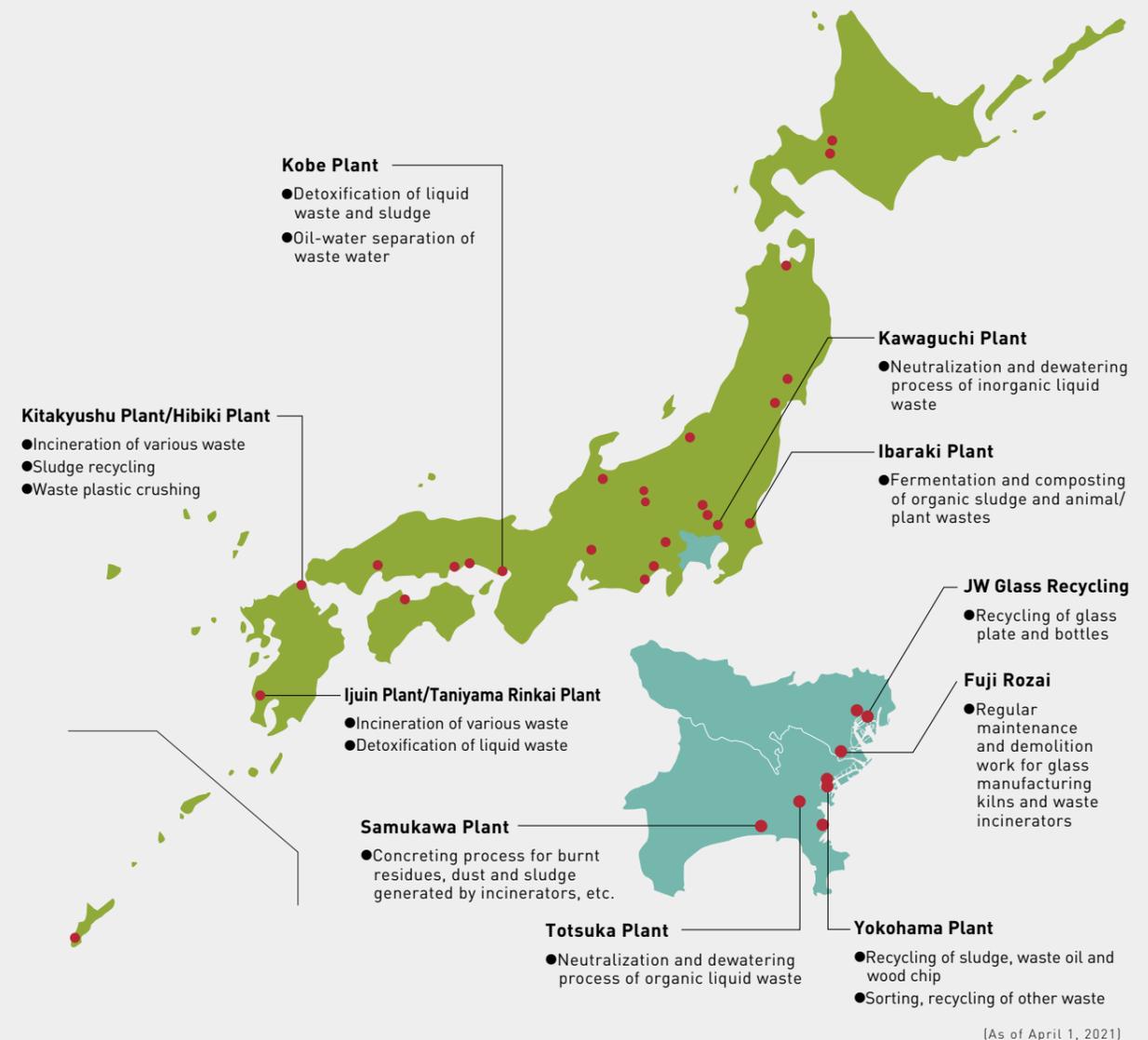


Processes of Industrial Waste Disposal and Recycling



Group Network

We have a system for swift and proper waste disposal based on the necessary licenses for collection, transportation, and intermediate treatment of most types of industrial waste and specially controlled industrial waste. In addition, our outstanding technology for detoxifying industrial waste offers optimal solutions for environmental preservation.



[As of April 1, 2021]

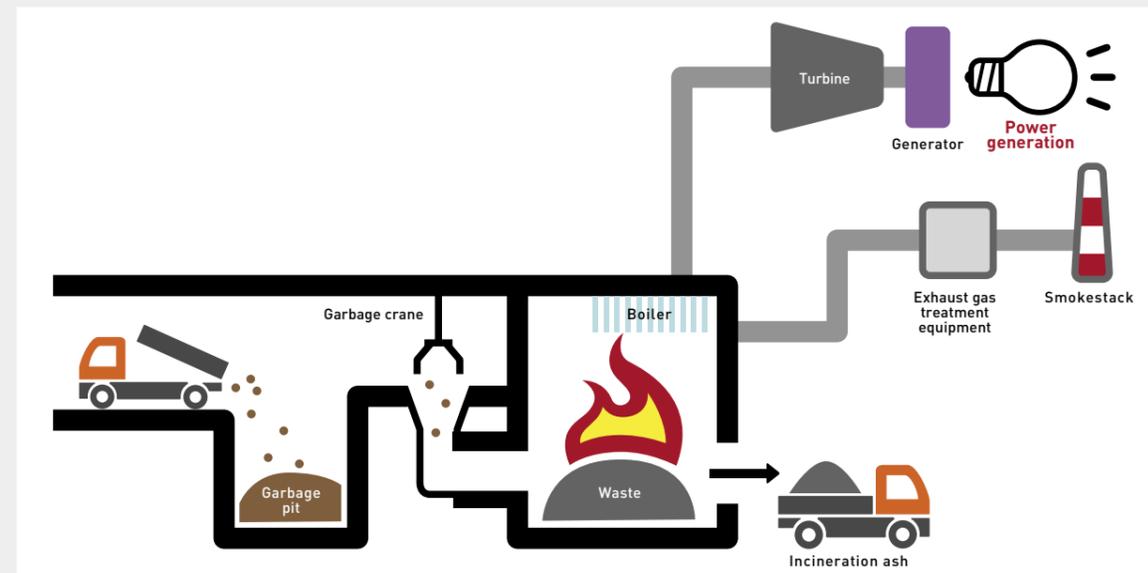
Licenses Acquired by the Group (As of April 1, 2021)

Industrial waste collection and transportation license	All prefectures, 9 government ordinance cities and core cities
Industrial waste disposal license	13 prefectures, 7 government ordinance cities and core cities
Specially controlled industrial waste collection and transportation license	All prefectures, 9 government ordinance cities and core cities
Specially controlled industrial waste disposal license	10 prefectures and 7 government ordinance cities
Excellent industrial waste management company certification*	Asahi Pretec: All prefectures and government ordinance cities Affiliate in Japan: 28 prefectures, 3 government ordinance cities and core cities

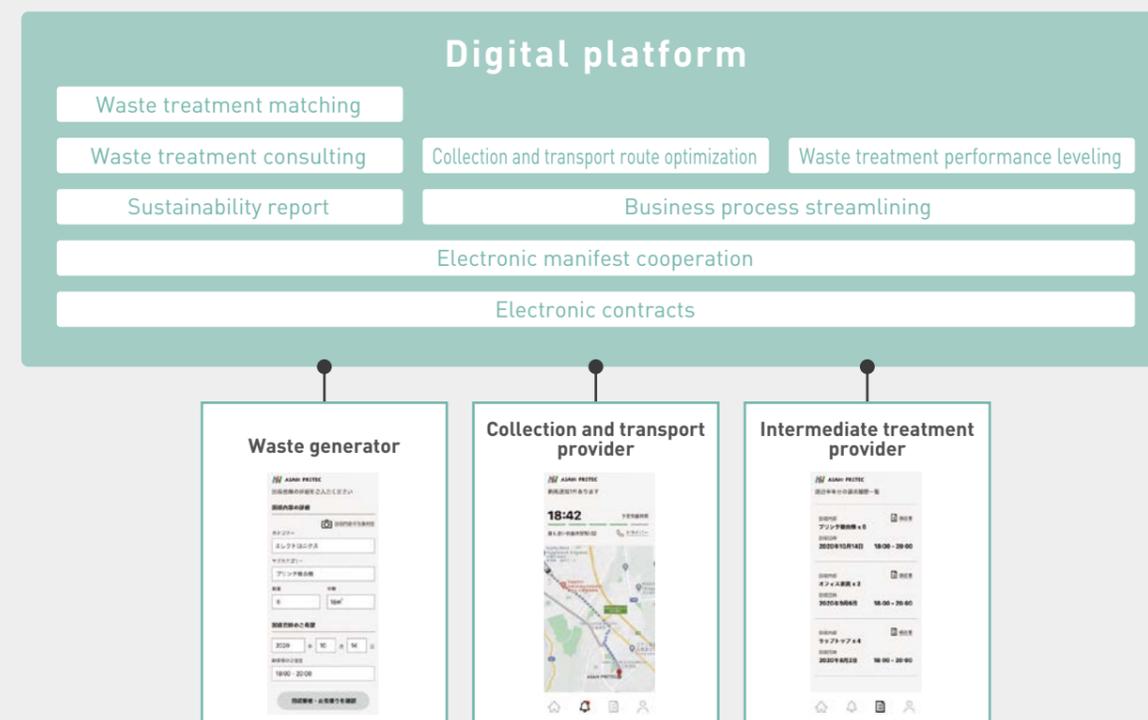
* In April 2011, Japanese laws concerning industrial waste management were revised, creating a new recognition system for excellent industrial waste management companies. Prefectures and government ordinance cities select companies which meet their strict standards in areas such as operational implementation capacity and experience. All Group companies are pursuing this certification, aiming to ensure that customers can feel totally confident about doing business with the Group.

Generating Power from Waste

Waste-to-energy is a power generation method that uses the heat generated from waste incineration. It produces high temperatures and high-pressure steam that turns a turbine and generates power. By taking advantage of the energy released during waste incineration to produce electricity, the Group can reduce the amount of fuel used, thereby reducing CO₂ emissions accordingly. The Group constructed a waste-to-energy power plant in the city of Kitakyushu. By achieving advanced and highly efficient heat recovery, we are helping to prevent global warming and build a low-carbon society.



Digital Transformation in the Environmental Preservation Business



Solving Social Issues Through Business Activities

Social issues relating to the Environmental Preservation Business

- Contamination by hazardous waste
- Impact on land and ocean ecosystems
- Pollution of water resources

Contributing to the SDGs

- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**
 Realizing a sustainable society by recycling and detoxifying waste
- 6 CLEAN WATER AND SANITATION**
 Securing the sustainability of water resources by detoxifying discharge such as waste acids and alkalis
- 14 LIFE BELOW WATER**
 Preventing marine pollution by properly treating liquid and plastic waste
- 15 LIFE ON LAND**
 Preventing pollution of land environments by detoxifying waste, and extending the lifespan of final disposal sites by promoting recycling
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
 Advancing technological innovation from the standpoint of further improving resource utilization efficiency for various waste products, and promoting global sustainability
- 11 SUSTAINABLE CITIES AND COMMUNITIES**
 Achieving sustainable cities and other communities by properly managing waste
- 13 CLIMATE ACTION**
 Helping to prevent climate change by reducing CO₂ emissions from waste-to-energy power generation
- 17 PARTNERSHIPS FOR GOALS**
 Promoting high levels of sustainability by collaborating with other companies

Priority SDG-Related Goal

Expand proper industrial waste disposal

Due to the increased economic activities of mass production, mass consumption and mass disposal, a shortage of final waste disposal sites has become a social issue in Japan. In recent years, the problem of microplastics polluting the oceans and harming marine life has also become an international concern. This is often a result of the improper disposal of plastic materials, which end up in rivers and flow out to sea. The Asahi Holdings Group disposes all wastes properly and aims to increase its total volume of properly handled industrial waste to 500,000 tons per year by fiscal 2030. We also plan to expand the detoxification and recycling of industrial waste, while helping to solve various social problems and promote a sustainable society.

Sustainability Vision

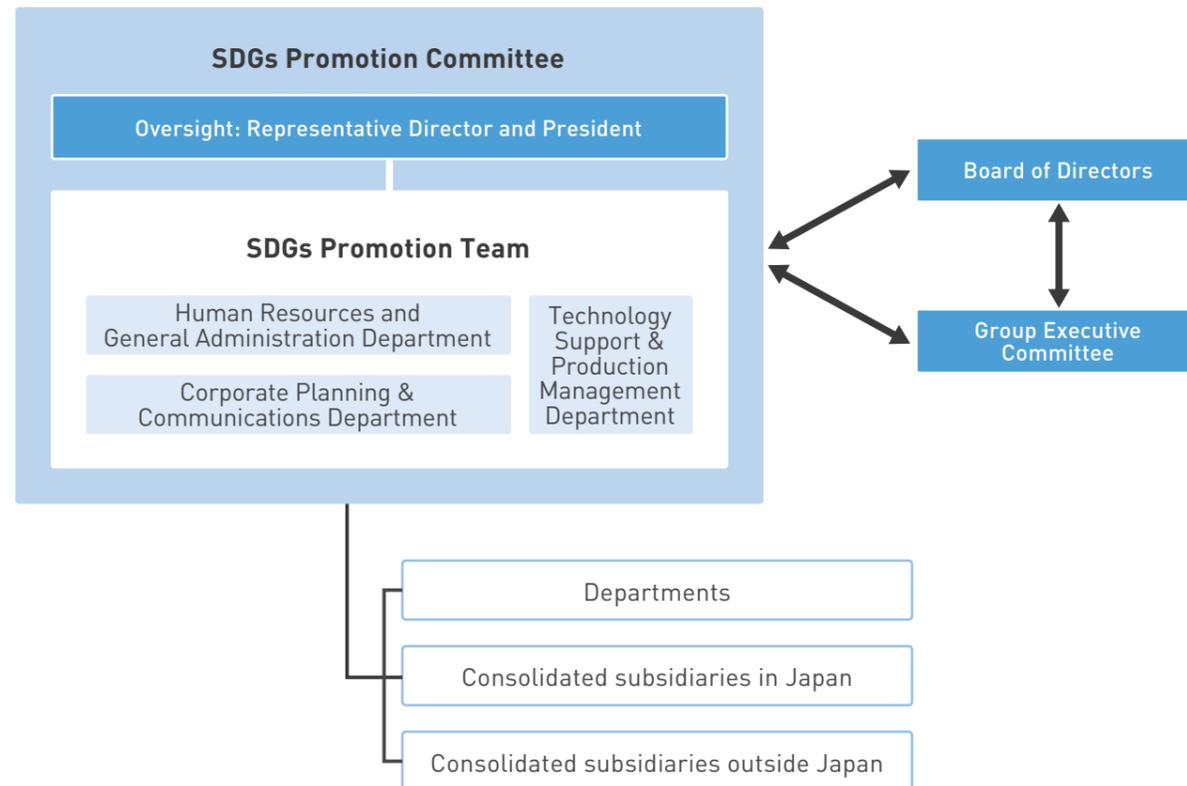
The Asahi Holdings Group has developed its business activities over a long period of time based on its purpose of "A Total Commitment to Protecting the Natural Environment and Preserving Resources." Our business activities are our contribution to sustainability, and we are achieving both business growth and solutions for the issues our societies face.

Today, as action is required of all of society, including corporations, we will further our mission by proactively working to achieve goals that we set for those issues to which we can make significant contributions toward solutions.



Sustainability Promotion System

The Asahi Holdings Group promotes sustainability-related initiatives by developing measures that focus on priority SDG-related goals, monitoring the achievement of set targets, and communicating these initiatives both internally and outside of the Group. These efforts are discussed and determined by the SDGs Promotion Committee, headed by the Representative Director and President, which steers the system.



Issues That Asahi Holdings Must Address

Business materiality

1 Expand Precious Metals Recycling

We will expand and promote precious metals recycling globally in order to make more effective use of limited global resources.



P29
P38-39

Goals Total amount of recycled precious metals: 410 tons in FY2030 (1.5 times FY2015)
Effective reduction of CO₂: 1.465 million tons in FY2030 (1.5 times FY2015)

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

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



P29
P42-43

3 Expand Proper Industrial Waste Disposal

We will strive to ensure proper treatment of waste as a waste disposal expert and work to help build a recycling-oriented society.



P35
P39

Goals Amount of proper industrial waste disposal: 500,000 tons in FY2030 (1.6 times FY2015)

4 Reduce CO₂ Emissions

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



P39
P41

Goals CO₂ emissions from energy sources such as electricity and gasoline: Reduced 50% compared to FY2015 in FY2030

Human resource development and contributing to the SDGs

5 Enhance Work-Life Balance and Employee Diversity

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



P44
P45

Goals Achievement rate for rest intervals of at least 11 hours: 100% every year
Usage rate of Holidays for Refreshment (three consecutive days or more): 100% every year
Percentage of women in managerial positions to all woman employees: Equal to men by the end of FY2030
Percentage of employees with disabilities: At least 2.5% by the end of FY2030

6 Encourage and Support SDG-Related Activities

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



P46

Asahi Holdings Sustainability Policy / Material Issues

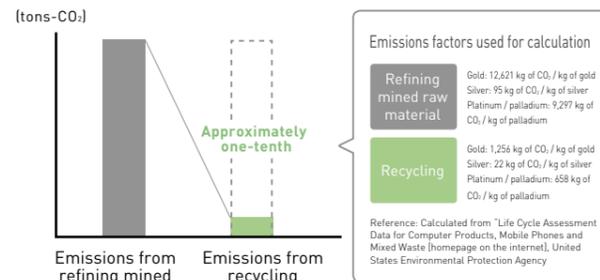
Environmental Initiatives of the Asahi Holdings Group

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

CO₂ Emissions Reduction from Precious Metals Recycling

The CO₂ emissions reduction benefit from precious metals recycling by the Group is calculated as the emissions from its precious metals recycling deducted from the emissions that would have been produced by refining the same amount of precious metals from mined raw material. By expanding our precious metals recycling, we will also be indirectly contributing to CO₂ emissions reduction.

[The CO₂ emissions reduction figure does not indicate the level of emissions directly reduced by the Group.]



Environmental benefit of precious metals recycling

When CO₂ savings are expressed as the amount of greenhouse gases absorbed by forests, it is equal to 22,828 hectares of forest (an area one-third the size of Lake Biwa)

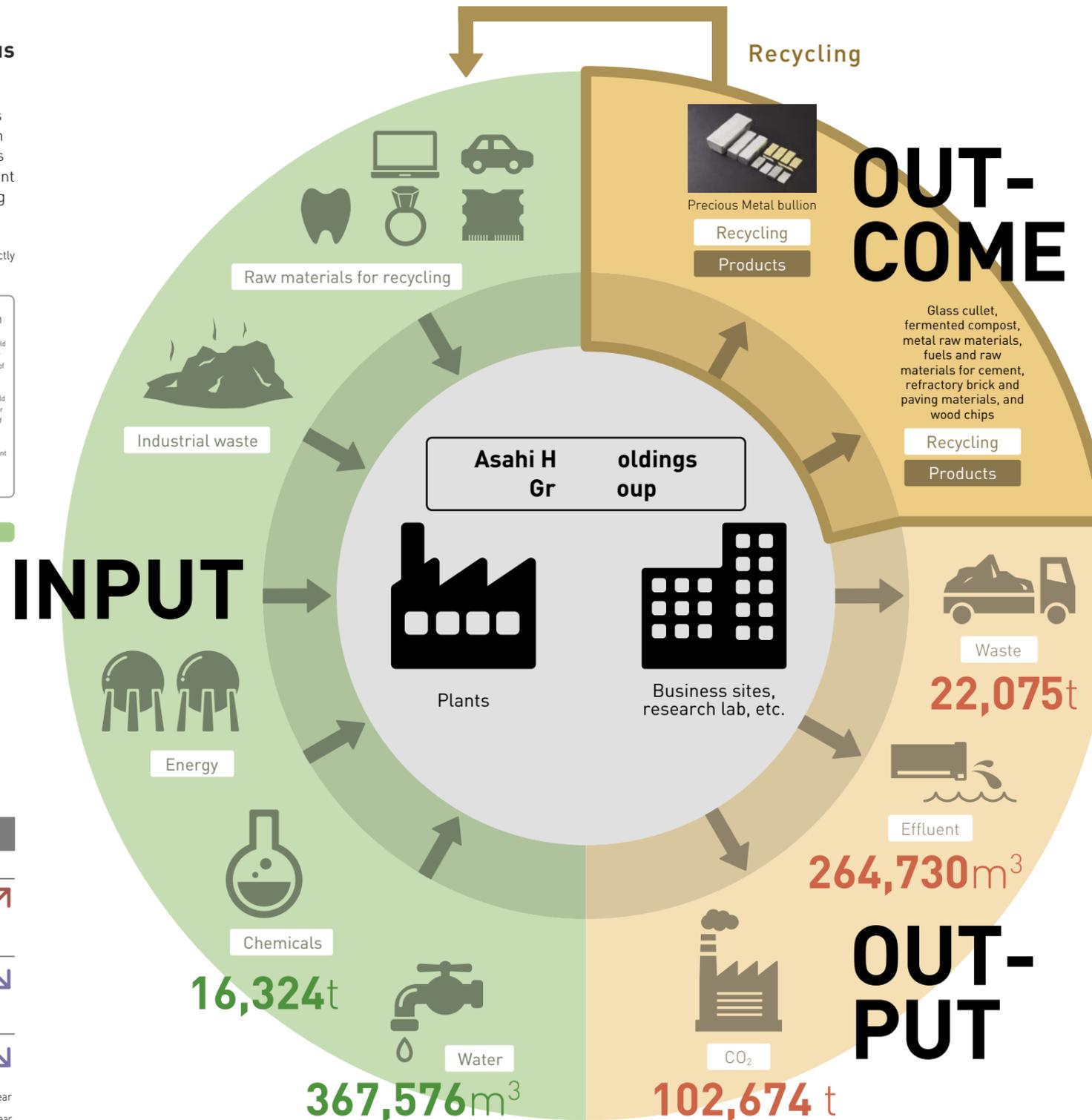
Note: Calculation was based on the assumption that one cedar tree absorbs 14 kg of CO₂ annually [Source: Forestry Agency of Japan], and 1,700 cedar trees are planted in an area of one ha.



Energy Sources

Electricity	Heavy oil
48.41 million kWh / year ↓	888 kL / year ↑
Kerosene	Light oil
357 kL / year ↓	3,029 kL / year ↓
Gasoline	Urban gas
968 kL / year ↓	2.98 million m ³ / year ↓
LPG	
25 t / year ↑	

↑ Up compared to the previous year
↓ Down compared to the previous year
All figures are for FY2020



Priority SDG-Related Goal

Expand precious metals recycling

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

Amount of precious metals recycled in FY2020

210 t

Priority SDG-Related Goal

Expand proper industrial waste disposal

We will strive to ensure proper treatment of waste as a waste disposal expert and work to help build a recycling-oriented society.

Amounts of proper industrial waste disposal FY2020 results

Liquid waste	Glass and ceramic waste
85,000 t/year	18,000 t/year
Sludge	Other (Waste reagents, waste plastic, etc.)
105,000 t/year	93,000 t/year
Waste oil	Total
18,000 t/year	319,000 t/year

Priority SDG-Related Goal

Reduce CO₂ emissions

By fiscal 2030, we aim to reduce CO₂ emissions from energy sources by 50% compared to fiscal 2015.



Scope of data
Headquarters, sites, sales offices and plants in Japan, as well as Group companies*, and overseas subsidiaries* (calculation period: April to March)
* The data pertains to consolidated subsidiaries as of March 31, 2021. Data for deconsolidated subsidiaries are subtracted retroactively, while subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

ENVIRONMENT

Environmental Management

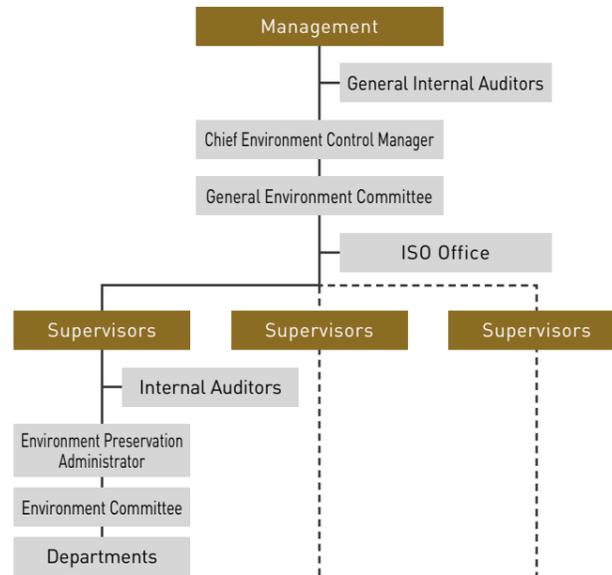
ISO 14001 Certification

In August 2018, we obtained ISO 14001 certification for our sites in Japan, including those at subsidiaries. As of March 31, 2021, we have achieved certification for 32 sites at 6 companies. Going forward, we will continue to focus on maintenance and improvement activities with an emphasis on extending certification to all sites.



ISO 14001 certificate

Environmental management structure



Environmental Management Promotion System

Every year we develop Company-wide Environmental Goals based on our Environmental Policy, which sets out our environmental preservation philosophy. According to the above-established purposes and goals, each ISO 14001 certified site in Japan develops its own Annual Environmental Goals and implements environmental preservation activities closely related to their business tasks. In addition, the Environment Committee of each site deliberates on such matters as compliance with environmental laws and regulations, revisions of plans and environmental education, and provides reports to management.

While the ISO Office controls the environmental management system (EMS), an environmental preservation administrator is also assigned for each site in order to ensure thorough implementation of environmental initiatives.

Promoting Green Purchasing

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

Recommended products

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

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

※PEFC: Programme for the Endorsement of Forest Certification

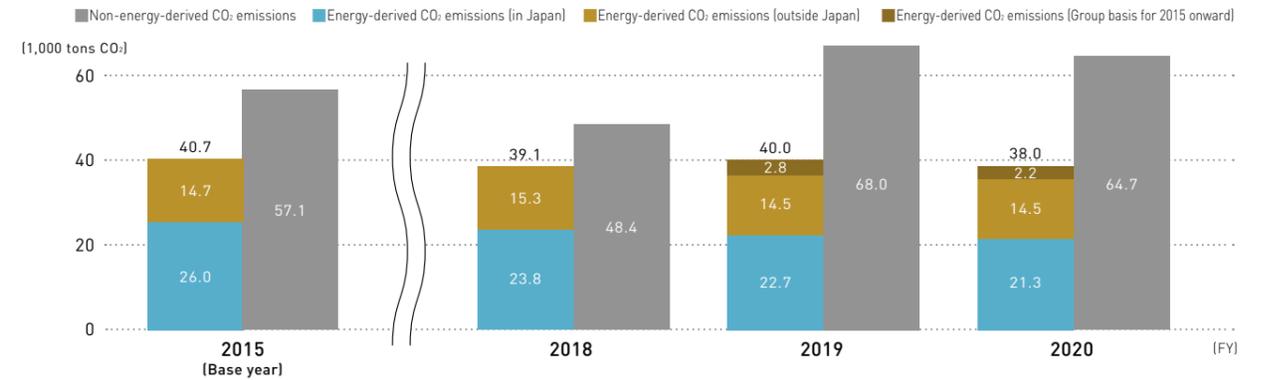


Climate Change Prevention Initiatives

Priority SDG-Related Goal

Reduce CO₂ emissions

CO₂ Emission Trends



In fiscal 2019, the Group's total CO₂ emissions were up approximately 3% from fiscal 2015. This does not include the emissions attributed to one site outside Japan that joined the Group in fiscal 2019, as it was not included in the total for the base year.

Breaking down this total, energy-derived CO₂ emissions in Japan were further reduced thanks to energy-saving activities at each site and consumption of self-generated power. This included high-efficiency power generated using exhaust heat from new waste incinerators. Even though emissions by sites outside Japan remained about the same, the worldwide total dropped by approximately 12%.

On the other hand, CO₂ emissions generated through industrial waste incineration were up approximately 13% from fiscal 2015. The Asahi Holdings Group is helping to extend the lifespan of final disposal sites by incinerating waste plastic and drastically reducing its volume. The main reason for the emissions increase was a jump in the amount of waste plastic incinerated after updating incinerators.

The Group has set the reduction of energy-derived CO₂ emissions as one of its Priority SDG-Related Goals. We have been striving to reduce these emissions by 26% by fiscal 2030, compared to fiscal 2015. In response to the Japanese government raising its greenhouse gas reduction targets for fiscal 2030, the Group has also bumped up its reduction target to 50% by fiscal 2030 compared to fiscal 2015. The Group's energy-derived CO₂ emission sources in Japan are electricity and fuel consumption in factories, fuel consumption in commercial vehicles, and electricity consumption in offices. Outside Japan the sources are electricity and fuel consumption in factories and offices. Our non-energy-derived CO₂ emissions come from the incineration of industrial waste.

Asahi Holdings pays particular attention to energy-derived CO₂ emissions and is working hard to achieve its target. At our facilities, we strive to save energy during the operation of air conditioning, lighting and vehicles, and we review our choices concerning electric power providers. At new facilities, we pursue structural energy saving and energy generation, such as power generation from waste heat recovery.

Scope of data

Headquarters, sites, sales offices and plants in Japan, as well as Group companies,* and overseas subsidiaries* (calculation period: April to March)

*The data pertains to consolidated subsidiaries as of March 31, 2021. Data for subsidiaries that were previously non-consolidated has been added retroactively, going back to the fiscal year when the subsidiary became consolidated.

Calculation method

Energy-derived emissions: Calculated based on the amounts of electricity and fuel consumed at each site (emissions in Japan calculated based on the Act on Promotion of Global Warming Countermeasures, and the Act on the Rational Use of Energy)

Non-energy-derived emissions: Calculated based on the amount of industrial waste incineration

Issuing Green Bonds for Renewable Energy Adoption

Green bonds are issued to raise funds for a green project with environmental preservation benefits, such as renewable energy or other measures to combat global warming.

On March 31, 2020, Asahi Holdings issued the first green bond in the Japanese non-ferrous metal industry to raise the funds necessary for the adoption of environmentally friendly facilities and equipment. Under the Group's purpose, "Totally Committed to Protecting the Natural Environment and Preserving Resources," we are making a direct contribution to the global goal of ensuring a sustainable planet. Going forward, the entire Group will continue to work toward achieving a sustainable world.

Uses of Funds

- Upgrading the incinerator and constructing a new power generation facility at the Kitakyushu Plant of Asahi Pretec Corp.
- Upgrading the incinerator at the Hibiki Plant of Asahi Pretec Corp.
- Installing a new incinerator at the Rinkai Plant of Taiyo Chemical Co., Ltd.

The funds will be used to help promote the following SDGs.





Initiatives for Responsible Precious Metals Management

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

What is Responsible Precious Metals Management?

Responsible Sourcing of Minerals

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

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

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

Responsible Precious Metals Management

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

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

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

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

Asahi Holdings Group's Action

Based on the Group's corporate philosophy and code of conduct, the "Asahi Way," we have set out a Responsible Precious Metals Management Policy at Asahi Pretec, and a Precious Metals Procurement Policy at Asahi Refining. We conduct due diligence for suppliers and materials of precious metals in accordance with the LBMA and LPPM guidances, and we practice responsible precious metal procurement.

The compliance status is audited annually by a third party, and then reported to the LBMA and LPPM. These reports are disclosed on our website along with the assurance reports issued by the auditing organizations.

To fulfill one of our Priority SDG-Related Goals, "Supplying precious metals in ways that are friendly to people, society, and the environment," we work to maintain the Asahi brand as a trusted presence that reassures customers all over the world that we practice highly transparent procurement and traceability of raw materials as certified by third parties, and that our precious metals products are made with consideration for human rights and the environment.

Asahi Pretec's Responsible Precious Metals Management Policy → <https://www.asahipretec.com/responsible-sourcing/>
 Asahi Refining's Precious Metals Procurement Policy → <https://www.asahirefining.com/corporate-responsibility/>

Asahi Pretec's Action

Utilizing its sales network that covers all of Japan as well as other sites in Asia, Asahi Pretec collects and recycles recyclable materials containing precious metals from sources such as e-scrap, plating treatment, precision cleaning, catalysts, dentistry and jewelry. By recycling gold, silver, platinum, palladium, and other precious metals that are essential for modern manufacturing, Asahi Pretec is contributing to the effective use of resources and the development of industry.

Asahi Pretec brand is recognized worldwide for its gold, silver, platinum and palladium products. In addition to LBMA and LPPM Good Delivery accreditation, its products have also been accredited as a deliverable brand by futures exchanges such as the Osaka Exchange (OSE) in Japan, as well as the Commodity Exchange (COMEX) and the New York Mercantile Exchange (NYMEX) in the United States.

In July 2019, Asahi Pretec became the first Japanese refiner to obtain the Code of Practices (COP) certification from the Responsible Jewellery Council (RJC)*. In July 2021, the company also obtained the Chain of Custody (COC) certification.

The RJC COP is a standard for the code of practices such as corporate ethics, legal compliance, human rights, labor rights, environmental conservation, etc. The RJC COC is a standard for the transparency and traceability of raw materials. Asahi Pretec's operations meet the RJC's strict standard for code of practices on ethics, human rights, society, and the environment, due diligence and traceability, and the company will continue to fulfill its responsibilities as a member of the precious metals supply chain.

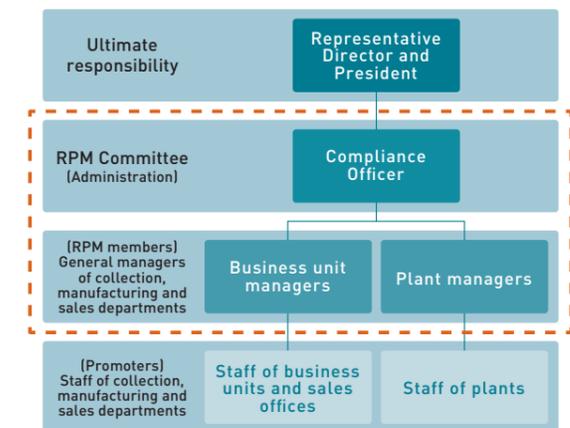
* RJC: A non-profit organization that promotes transaction transparency and responsible corporate behavior in the jewelry industry. This includes businesses that handle precious metals and diamonds, from mines to retailers.



Responsible Precious Metals Management System

Based on our Responsible Precious Metals (RPM) Management Policy, we have established the Responsible Precious Metals Management Committee (RPM Committee) to oversee our RPM management across the Company. The President of Asahi Pretec has ultimate responsibility for our RPM management, and we have appointed a Compliance Officer, who is chairman of the RPM Committee, to manage our RPM. The RPM Committee, chaired by the Compliance Officer, adopts and revises policy, decides on important measures, implements management system, monitors operation status, provides training to employees, and reports to senior management.

We consider any transactions that adversely impact our precious metals supply chain to be high-risk and do not engage in such transactions. Any transactions considered to be risky are deliberated by the RPM Committee, and additional due diligence is carried out as necessary to enhance the management system. In fiscal 2020, no transactions considered to be high risk were identified.



Supply Chain Management

Our due diligence process is carried out using a risk-based approach addressing the risks in the precious metals supply chain, such as conflict, compliance with laws, human rights, labor rights, health and safety, and the environment. By communicating with suppliers and conducting know-your-customer questionnaires, we understand the transaction and origin of materials, and we assess risks of suppliers and materials. We sent a consent form to all of our suppliers, requiring them to confirm that they consent to our RPM Management Policy, and we ask them for their understanding and cooperation in responsible precious metals sourcing. We establish relationships of trust with our suppliers and conduct continuous due diligence to mitigate supply chain risk.

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



Work-Life Balance and Diversity

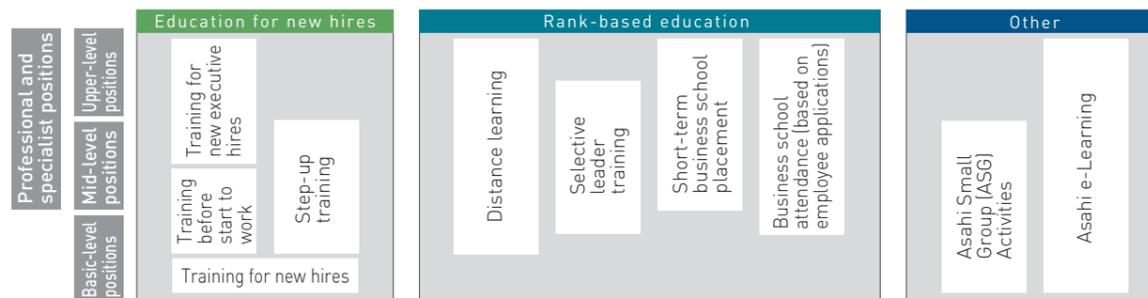
While welcoming workplace diversity, the members of the Asahi Holdings Group respect each other's individuality. We are engaged in various initiatives with the aim of creating inclusive workplaces where all employees can demonstrate their abilities.

Priority SDG-Related Goal		
Enhance work-life balance and promote diversity		
SDG-Related Goal	Targets	FY2020 Results
Thorough implementation of the rest interval system (at least 11 hours rest) We have introduced a system to ensure that employees get at least 11 hours of rest, from the time they leave work, to the time they start work the next day. We are actively striving to promote employee health, which is an asset for the company.	100% achievement each fiscal year	99.9%
Raising the usage rate of Holidays for Refreshment (at least 3 days off) This type of leave provides three consecutive days or more, and the employment rules also allow leaves of five consecutive days. The aim is for employees to reinvigorate their minds and bodies, while realizing stimulating work styles.	100% achievement each fiscal year	99.9%
Increasing the percentage of women in managerial positions The aim is to create a company where women can play an active role in the workplace and fully demonstrate their abilities. We are working to improve our workplaces and raise career planning awareness, so that both men and women can reach their full potential.	Equivalent to the percentage of men in managerial positions by the end of fiscal 2030	Percentage of managers among women: 2.4% (Percentage of managers among men: 19.7%)
Promoting the employment of people with disabilities The company is working to create jobs that are challenging and rewarding for employees with disabilities, thereby allowing them to use their abilities and experience in the workplace.	2.5% or more employment rate of persons with disabilities by the end of fiscal 2030 (statutory level: 2.3%)	1.9%

* Target for Group companies in Japan

Human Resource Development

With the aim of developing professional human resources who can operate at a global level, regardless of rank or occupation type, we have implemented our own qualification systems and internal education curriculums. In addition, we are striving to develop human resources who enjoy taking on challenges, using systems that fairly and impartially evaluate each employee's contribution to business performance.



Short-Term Business School Placement
 This program allows employees to attend business school courses with students from other companies. The aim is to enable them to acquire practical management skills and expand their personal networks.

Asahi e-Learning
 This is our own internal e-learning program, which is part of efforts to share in-house knowledge across the Group. By using teaching materials and content created by each department, the aim is for participants to deepen their knowledge of company rules and operations, while improving business skills.

Human Resource Development Initiatives

In a market environment that is changing faster than ever before, the Asahi Holdings Group needs to help meet the needs of society. While constantly pursuing portfolio optimization and efficiency, it must also keep pace with changes such as the progress of today's digital transformation (DX). In order for the Group to continue growing globally amid all kinds of major external changes, it is essential to have a foundation that allows the organization to readily respond to these changes. Ultimately, human resources will determine the strength of that foundation, so we are determined to develop our people to the fullest extent.

We expect our employees to continually transform their thinking and pursue growth. The Group will do its utmost to support the growth of its employees as they take on challenges.

(1) Ensuring Performance and Ability-Based Pay

The Group reviewed its evaluation and compensation system, which had been based on age, seniority and past achievements. It has now introduced clear, easy-to-understand qualification requirements and compensation standards, whereby evaluation and compensation are always based on performance and abilities. Regardless of age, employees with talent and ability now have the opportunity to reach higher positions earlier in their career, which can be a driving force for growth.

(2) Promotion of Diversity and Inclusion

The Group is prioritizing the promotion of diversity and inclusion. This means developing workplaces where diverse employees are accepted and treated equally. By recognizing, respecting, and accepting each individual's differences, we aim to create a new strength that fuels the Group's growth. Specifically, we are focusing on raising hourly performance, by eliminating unnecessary overtime and recognizing employees who work more efficiently. In this way, we seek to create workplaces that do not require employees to work long hours and do not penalize employees with family responsibilities, such as child or senior caregivers.

The Group will also provide more support for employees to maintain work-life balance. We are promoting flexible work styles, sharing information on childcare, nursing care and health programs, and providing thorough maternity leave guidance for expectant mothers and their workplace superiors. Career advancement support will also be enhanced by improving career training for women. Support will also be given to employees with home care responsibilities, since this is an issue that many more employees are expected to face as society becomes increasingly older.

(3) Multifaceted Evaluation for All Executives

With a total of approximately 2,300 employees serving as evaluators, multifaceted evaluations are conducted every year for all executives group-wide (approximately 180 in fiscal 2020). The evaluation criteria include not only business performance and KPI achievement, but also leadership, passion for change, human resource development, ethics, and organizational management. Based on the results of their individual multifaceted evaluations, each executive is interviewed by the directors and the relevant executive officers. The executives receive direct feedback including specific actions and approaches they can adopt to improve their management skills, giving them clear guidelines for further growth.

Through these interviews, top management is committed to assessing each executive and promoting the improvement of their individual management skills.

(4) Opportunities for Learning and Challenge-Taking

The Group provides opportunities to employees for further learning and challenge-taking, so that they can play active roles in global operations, while also supporting employee growth for success in a range of new fields. Support is provided for language testing, and manager training programs are offered outside Japan in collaboration with overseas sites. Trainee systems are actively taken on at overseas sites as well.

The Group has also launched the Asahi "Intrepreneur*" Program (A.I.P). This is an internal venture system for individual employees and teams with new business ideas that have a high probability of success. The program gives these participants the authority and resources to take on the challenge of turning their ideas into profitable ventures. After a team proposes a new business idea to senior management and it is deemed promising, the Intrepreneurs are able to work on commercializing the idea for a certain period of time, and launch the business on their own. This is a way for the Group to discover and develop future business managers internally.

* "Internal entrepreneur" (employee entrepreneur)





Relationship with Society

The Asahi Holdings Group has relationships with various stakeholders. We place special emphasis on maintaining good communication with stakeholders and strive to build strong relationships with them.

Main Initiatives

Ethical Sustainable Jewelry

In recent years, ethical and sustainable jewelry has been gaining attention as products made from materials that are friendly to people, society, and the environment. As a company, we can help solve various environmental and social problems by supplying this kind of jewelry.

Sustainable jewelry is also very suitable for use as special gifts such as engagement rings. This is because consumers appreciate knowing that their piece of jewelry has not negatively impacted the environment or contributed to other social problems.

In recent years, famous jewelry brands have launched products based on a sustainability concept, while brands specializing exclusively in ethical and sustainable jewelry have also emerged. The new trend is even being featured in women's magazines. Asahi Pretec supports the ethical and sustainable jewelry movement by supplying precious metals that are friendly to people, society and the environment.



Asahi Clean Project

The Asahi Holdings Group encourages and supports activities in which employees contribute to the SDGs as members of society, such as volunteer activities by individuals and groups, as "Asahi Holdings SDGs Activities." On April 1, 2021, the "Asahi Clean Project" was started to promote activities specializing in cleaning. We are engaged in cleanup activities not only around our offices and sales offices, but also in various areas.



Serving Our Customers

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

Fair Trade Measures

As part of the Asahi Way, the Code of Conduct of the Asahi Holdings Group prohibits any behavior that impedes fair competition, violates the confidentiality of supplier information and technology, or results in improper benefits. These rules are strictly enforced to ensure compliance with fair business practices and corporate ethics.

Quality Assurance System

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

Procurement Initiatives

Asahi Pretec has implemented a CSR Procurement Policy. It pertains to the procurement of secondary materials such as chemicals and consumables used in precious metals recycling and the environmental preservation business.

CSR Procurement Policy

Procurement is carried out based on the following seven points:

1. Environmental preservation
2. Quality control
3. Fair trade
4. Information security
5. Crisis management
6. Social responsibility
7. Human rights protection and occupational safety and health



Transactions are promoted based on relationships of trust with our business partners. The aim is to improve corporate value for both the company and our business partners.

Strengthening Cooperation with Outside Stakeholders

The role of the Group in the circular economy is much like the veins of the human circulatory system, and this role will become even more important in the future. Since our business brings back waste resources from local communities and companies for reuse, we must further strengthen our relationships with those stakeholders. Accordingly, the Group engages in various initiatives, such as those organized by national and local governments as well as industry groups, while conducting its own social contribution and sponsorship activities.

Asahi Jewelry Journal

Nowadays, all companies are expected to promote environmental, social and governance activities. The Group also believes it must take its own particular measures such as Responsible Precious Metals Management, and widely share information about them. Asahi Pretec launched the Asahi Jewelry Journal in June 2020 for its partners in the jewelry business. Published on a regular basis, it covers SDG initiatives and other relevant topics.



Participating in Social Contribution Activities

As a corporate citizen, the Group carries out social contribution activities rooted in local neighborhoods and environmental preservation. The initiatives are promoted in various ways and are important for remaining an organization that supports local communities.

As part of its social contribution activities, Asahi Pretec participates in the TOOTH FAIRY project, which is jointly run by the Nippon Foundation and the Japan Dental Association. The project promotes the collection and recycling of gold, palladium, and other precious metals that have served their purpose at dental clinics across Japan. Profits obtained from selling the resulting recycled precious metals are used for social contribution activities such as support for children with intractable diseases and their families in Japan and building schools in Myanmar. Asahi Pretec provides support for these activities by recycling the precious metals donated to the TOOTH FAIRY project.



Other social contribution activities

- Support for the activities of nonprofits like Médecins du Monde Japon and the Japan Cleft Palate Foundation
- Food and toy donations
- Nippon Foundation donations through vending machines, etc.

Pandemic Measures

The Asahi Holdings Group has set up a COVID-19 response headquarters headed by the CEO, to prevent the spread of the new coronavirus among employees and other stakeholders. To ensure that customers can use the Group's services more safely and securely, we have been implementing various safety measures.

In addition to disinfecting hands and wearing masks, we are conducting regular coronavirus antigen tests for employees. The Group will continue to take thorough infectious disease control measures and ensure reliable delivery of services and products.



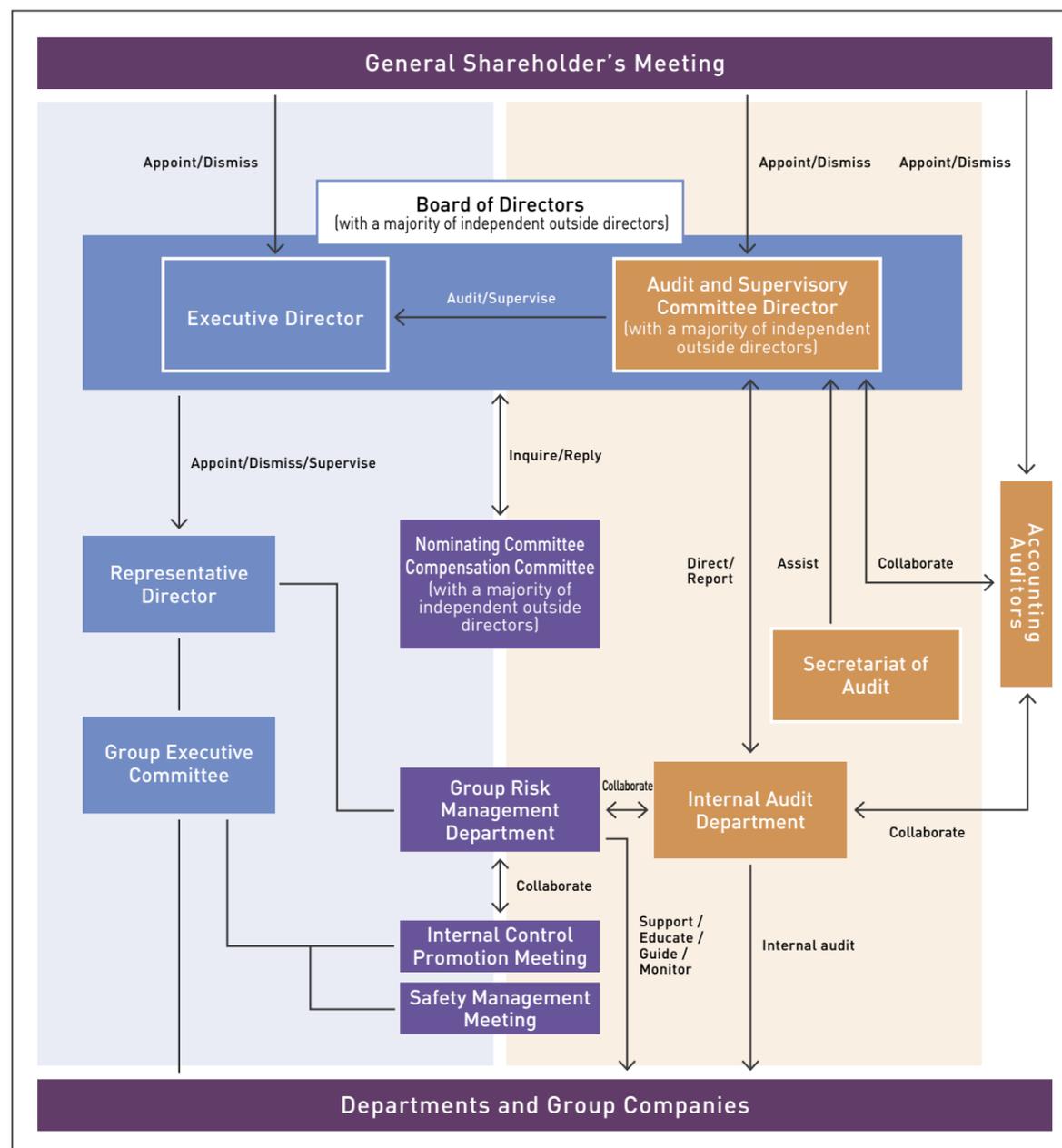
Corporate Governance

Basic Corporate Governance Approach

Practicing effective corporate governance is a key part of corporate social responsibility. Good governance enhances management efficiency and transparency, and it helps keep corporate value growing.

The Asahi Holdings Group's practice of corporate governance seeks to earn the confidence of shareholders, business partners, employees, local communities, and other important stakeholders. In addition to fulfilling the social mission and responsibilities of a publicly listed company, we aim to keep growing corporate value by maintaining a corporate governance system that can quickly respond to changes in the business environment while always securing compliance.

Corporate Governance Structure



Organization Design

Board of Directors

The Board of Directors comprises executive directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as outside directors with various types of expertise essential to corporate management. To further enhance the objectivity and independence of the Board of Directors and ensure that discussions are active and effective, the majority of members are independent outside directors. The board consists of two executive directors and five Audit and Supervisory Committee members, including four independent outside directors, two of whom are women, for a total of seven board members. All directors share their opinions actively and freely on important subjects such as the Group's management strategies and business plans.

Outside Directors

Independence criteria have been established, and independent outside directors with capacity to perform their duties independently from the management of the company have been appointed, taking into consideration their individual backgrounds and relationships with the Group. They attend Board of Directors meetings and fulfill their roles and responsibilities as directors. Whenever possible, they also attend the executive and management committee meetings of Group companies. As part of their wide-ranging activities, the outside directors share their opinions from an independent point of view.

In addition, in order to further strengthen cooperation between independent outside directors and the executive directors and to establish a system that enables smooth communication and coordination, we appointed one of the independent outside directors to serve as the head of the independent outside directors.

Audit and Supervisory Committee

Under Japan's Companies Act, Asahi Holdings has elected to be a company with an Audit and Supervisory Committee, and has four independent outside directors.

This structure has strengthened the supervisory function of the Board of Directors. It also delegates important executive decisions to the executive directors for quicker decision-making and improved management efficiency.

Nominating and Compensation Committees

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

Group Executive Committee

Important matters delegated to the executive directors are deliberated and decided by the Group Executive Committee. Other matters related to business execution are deliberated and decided by the Group's key company management meeting.

Adherence to Japan's Corporate Governance Code

The Asahi Holdings Group adheres to all the principles of Japan's Corporate Governance Code formulated by the Tokyo Stock Exchange. We submit Corporate Governance Reports, which provide investors with 78 points of governance information in a standard format, to the Tokyo Stock Exchange, and these are available on our website.

In addition, we have formulated the Asahi Holdings Corporate Governance Policies and are implementing each one to continuously enhance corporate governance.

Maintaining an Internal Control System

Aiming to reinforce internal controls, we have established an Internal Audit and Supervisory Committee within the Board of Directors. It includes four independent outside directors, and it cooperates with our Audit Department and other related departments.

The Audit Department assesses the appropriateness and effectiveness of operations, while also auditing compliance with laws, regulations, and company rules. It advises and makes recommendations to each department, and promptly reports to senior management. In addition, trained staff in each department conduct internal audits based on an annual plan and report their findings to the Internal Control Promotion Meeting.

Evaluating the Effectiveness of the Board of Directors

As part of corporate governance enhancement, we are engaged in a continuous process of analyzing and evaluating the effectiveness of the entire Board of Directors as well as in the investigation of improvement measures. The analysis and evaluation for the fiscal year ended March 2021 has been completed.

1. Analysis and evaluation method for the fiscal year ended March 2021

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

Questionnaire evaluation categories

- 1) Discussion of main strategies, such as corporate strategy
- 2) Creating an environment that promotes appropriate risk taking
- 3) Execution of highly effective oversight
- 4) Appropriate communication with shareholders
- 5) Composition of the Board of Directors
- 6) Management of the Board of Directors

2. Summary of evaluation results for the fiscal year ended March 2021

The evaluation results are summarized as follows, and they indicate satisfaction in all six categories.

- (1) Discussion of major strategies, such as corporate strategy
⇒ Discussion was sufficient.
- (2) Creating an environment that promotes appropriate risk taking
⇒ The system allows the risks associated with business execution to be fully discussed and business was executed with an appropriate level of risk taking.
- (3) Execution of highly effective oversight
⇒ Oversight was highly effective.
- (4) Appropriate communication with shareholders
⇒ Appropriate communication was achieved.
- (5) Composition of the Board of Directors
⇒ The composition is appropriate.
- (6) Management of the Board of Directors
⇒ Sufficient discussion time was taken and discussions were substantial.

3. Measures to improve effectiveness

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

- Make appropriate advance preparations to ensure even richer discussions on corporate strategy, etc.
- Increase opportunities to discuss the SDGs as an important management issue and expand constructive dialogue with external stakeholders
- Expand discussions on risk issues related to important projects and response measures



Compliance and Risk Management

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

Director Skill Matrix

Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Mitsuharu Terayama Director and Chairman	●	●		●	●			●
Tomoya Higashiura Representative Director, President & CEO	●	●	●	●		●		●
Yuji Kimura Director, Chairman of the Audit and Supervisory Committee		●	●			●		
Kyoko Kanazawa Director, Audit and Supervisory Committee Member			●				●	
Yoshinori Hara Director, Audit and Supervisory Committee Member			●		●			●
Miyoko Kimura Director, Audit and Supervisory Committee Member	●			●				
Mitsutoshi Kagimoto Director, Audit and Supervisory Committee Member	●	●					●	
Amane Kojima Corporate Officer and CFO	●	●	●					●
Hiroyuki Nakanishi Corporate Officer	●	●		●	●			
Nobuo Tajima Corporate Officer	●	●	●					●
Shohei Yasuda Corporate Officer	●	●	●					●

Remuneration for Directors

Policy for Determining the Details of Director Compensation

Remuneration policy determination

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

Overview of the remuneration policy

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

Total Amount of Director Remuneration

Classification	Total amount of remuneration (million yen)	Total amounts by type of remuneration (million yen)			Number of applicable directors (names)
		Monetary compensation		Non-monetary remuneration	
		Fixed compensation	Performance-linked compensation		
Directors excluding those who are Audit and Supervisory Committee members (outside directors only)	163 (0)	86 (0)	54 (0)	22 (0)	4 (0)
Directors who are Audit and Supervisory Committee members (outside directors only)	38 (18)	38 (18)	0 (0)	0 (0)	4 (3)
Total (outside directors only)	201 (18)	124 (18)	54 (0)	22 (0)	8 (3)

Notes

- The amount paid to directors (excluding those who are Audit and Supervisory Committee members) does not include employee salaries for directors who also serve in employee positions.
- The indicator used for performance-linked compensation (bonus and performance-linked stock-based compensation) is consolidated operating profit, which is considered to be the most suitable management index for profits earned by the main business. The fiscal 2020 result was 25,126 million yen. The performance-linked compensation (bonuses) is calculated by first multiplying the consolidated operating profit for the relevant fiscal year by a certain ratio to calculate the total amount for all directors including the directors of Asahi Holdings subsidiaries. The amounts for each director are then determined according to the weighting for each position and the degree of individual contribution to business performance.
- Performance-linked stock-based compensation is a non-monetary compensation system in which Asahi Holdings shares are awarded to eligible directors according to their position and performance target achievement rates. Since the purpose is to provide incentive to improve corporate value over the medium and long term, allocation points are awarded according to the achievement rate of the performance target, namely consolidated operating profit each fiscal year. Those who were enrolled as of May 31, 2021 after the completion of the 8th Medium-Term Management Plan are eligible for the award. At the 9th Annual General Meeting of Shareholders held on June 19, 2018, continuation of the performance-linked stock-based compensation system was approved. The shareholders also approved the number of allocation points to be awarded to directors in their positions for the three years from fiscal 2018 to 2020, not including outside directors, part-time directors, and Audit and Supervisory Committee members. The performance-linked coefficients are provided below.

Performance target achievement rate	Performance-linked coefficient
100%	1.0
50% or more	0.5
Less than 50%	0
- At the 6th Annual General Meeting of Shareholders held on June 16, 2015, the monetary compensation for directors (excluding those who are Audit and Supervisory Committee members) was established at a total of no more than 200 million yen per year. (This does not include, however, employee salaries for directors who also serve in employee positions.) The number of directors (excluding those who were Audit and Supervisory Committee members) at the end of that general meeting was five.
- Also at the 6th Annual General Meeting of Shareholders, the amount of monetary compensation for directors who are Audit and Supervisory Committee members was established at a total of no more than 100 million yen per year. The number of directors who were Audit and Supervisory Committee members at the end of that general meeting was four.
- At the 9th Annual General Meeting of Shareholders held on June 19, 2018, continuation of the performance-linked stock-based compensation system was approved. In addition to the above monetary compensation level, the amount and details of remuneration was determined for Asahi Holdings directors (excluding directors who were Audit and Supervisory Committee members or outside directors) who were in their positions for the three years from fiscal 2018 to 2020. At the end of the general meeting, the number of directors (excluding directors who were Audit and Supervisory Committee members or outside directors) was five.

Compliance

We consider compliance a priority issue in delivering fair business activities and ensuring legal compliance and high ethical standards. Particularly, operations related to appropriate processing of wastes are based on environmental laws and regulations as well as governmental licenses, and each and every employee is required always to act with a highly compliant mindset. We are conducting activities to raise the legal compliance awareness of each and every employee through education and mutual communication, along with rules and manuals related to compliance.

Avoiding All Interactions with Organized Crime and other Anti-Social Forces

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

Anti-Corruption Measures

As part of our Group Philosophy, the Asahi Way, we have a ten-point Code of Conduct. One of these points states that "we refrain from providing or receiving meals or gifts in pursuit of personal benefit." Group employees ensure that they do not engage in any transactions that could result in bribery, such as providing some benefit to a business partner or competitor for personal gain. Moreover, Asahi Pretec, which manages the Group's Precious Metals Business, has established a Responsible Precious Metals Management Policy. It has declared and implemented a policy of avoiding transactions that could result in money laundering or fraudulent transactions in the precious metals supply chain. Asahi Pretec also conducts employee education on this topic on a regular basis.

Business Continuity Management (BCM)

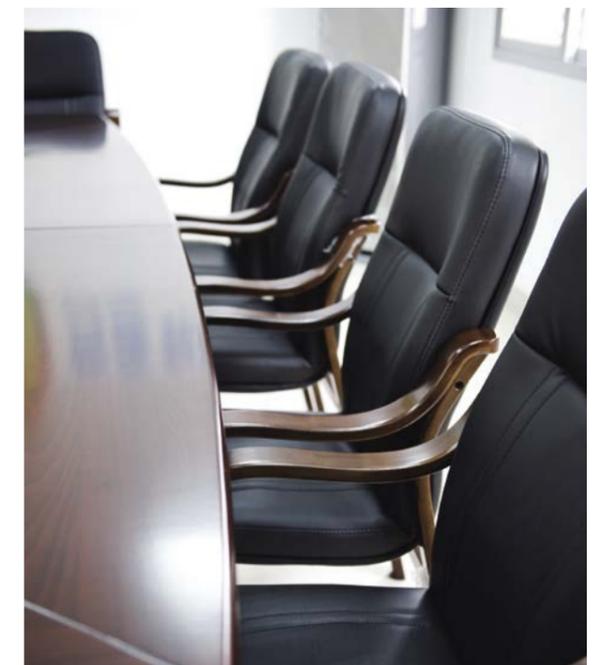
Various factors such as large-scale disasters entail the risk of impairing the functions needed for business continuity. As an action plan to achieve quick restoration of mission-critical functions even after a disaster, we created a business continuity plan (BCP). In addition to the BCP, we are conducting systematic business continuity management activities to constantly improve the BCP and business continuity endeavors.

Information Security

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

Internal Reporting System (Whistle-Blowing System)

To quickly identify and resolve problems such as unlawful and unjust behavior, we have set up the Asahi Hotline. All employees in and outside of Japan can directly report to either an internal desk or an external law firm anonymously. We take corrective actions to address the reported matters after investigation, without revealing the identity of the disclosing or disclosed parties.





Director Profiles

Group-Wide Oversight and Auditing by Directors

Asahi Holdings has established a system to appropriately oversee and audit Group companies from every angle to ensure these businesses are always operating properly. Important executive decisions for Group companies are carefully deliberated and made by the Group Executive Committee, attended by directors of Asahi Holdings, Inc., and its Group companies. Particularly important matters are submitted to the Asahi Holdings Board of Directors for determination. Directors who are Audit and Supervisory Committee members also participate in the management meetings of Group companies and actively provide input. The management situation and sales activities of Group companies are regularly reported to the Board of Directors of Asahi Holdings. In addition, the company's Audit Department audits Group companies on a regular basis and whenever required, and the resulting audit reports are shared with the Audit and Supervisory Committee and relevant departments.

Improving Group Risk Management

As compliance is essential to maintaining trustworthy corporate activities, the Group ensures legal compliance and thorough adherence to corporate ethics among its members. While developing human resources that embrace innovation and challenge-taking by continuously expanding the types of challenges they undertake, the Group must also recognize the increasingly diverse needs and values of society. To pursue sustainable growth going forward, the Group must not only comply with laws and regulations, but also enhance management of all kinds of risks. While risk management is practiced at each business location, management standard-setting and location monitoring must be performed independently. Recognizing this, Asahi Holdings decided to enhance its organizational structure, by introducing a unified management framework

for the Group. The Audit Department was placed under the Audit and Supervisory Committee to ensure a fully independent organization for confirming and monitoring business execution. We have also set up the Legal Department to bolster the framework for minimizing various legal risks at business locations. In this way, we have been further enhancing our risk management system.

Group Risk Management Department Created

On April 1, 2021, a Group Risk Management Department was created to properly identify potential risks in the Group's business execution processes and business structures. It was established to evaluate risks in business activities and implement mitigation measures across the Group. The department implements compliance risk management for each business unit and strives to ensure appropriate governance in collaboration with the Audit Department. We have also established a compliance and safety system under which we hold Internal Control Meetings and Safety Management Meetings regularly to prevent risks from materializing.

Strengthening Risk Management in the North American Business

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





Mitsuharu Terayama (Born March 10, 1940)
Profile
Apr 1964: Joined Kuraray Co., Ltd.
Jul 1973: Joined Asahi Pretec Corp.
May 1981: Appointed Representative Director and President of Asahi Pretec Corp.
Apr 2009: Appointed Representative Director and President of Asahi Holdings, Inc.
Jun 2014: Appointed Representative Director, President and Chairman of Asahi Holdings, Inc.
Apr 2018: Appointed Representative Director, Chairman of Asahi Holdings, Inc.
Jun 2020: Appointed Director and Chairman of Asahi Holdings, Inc. (to present)



Tomoya Higashiura (Born January 26, 1961)
Profile
Apr 1984: Joined NEC Corporation
Feb 2001: Joined Asahi Pretec Corp.
Jun 2006: Appointed Director of Asahi Pretec Corp.
Apr 2011: Appointed Director of Asahi Holdings, Inc.
Jun 2014: Appointed Representative Director and President of Asahi Pretec Corp.
Apr 2017: Appointed Representative Director and President of Asahi Americas Holdings, Inc.
Apr 2018: Appointed Director of Asahi Pretec Corp. (to present)
Apr 2018: Appointed Representative Director and President of Asahi Holdings, Inc.
Jun 2020: Appointed Representative Director, President & CEO of Asahi Holdings, Inc. (to present)

Audit and Supervisory Committee Members



Yuji Kimura (Born July 23, 1955)
Profile
Apr 1979: Joined the Environment Agency
Jul 2006: Appointed General Manager of Industrial Waste Management Division, Waste Management and Recycling Department of the Ministry of the Environment
Aug 2010: Appointed Director-General of Kyoto Mechanism Business Promotion Department of New Energy and Industrial Technology Development Organization
Jul 2012: Appointed Director-General of Hakodate Customs, Ministry of Finance Japan
Oct 2014: Appointed Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation (to present)
Jun 2017: Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc.
Jun 2021: Appointed Head of Independent Outside Director (serving as Chairman of Audit and Supervisory Committee) of Asahi Holdings, Inc. (to present)



Kyoko Kanazawa (Born October 11, 1965)
Profile
Apr 1989: Joined Fuji Research Institute Corporation
Apr 2000: Registered as attorney / Joined Hata & Co. Law Offices (to present)
Jun 2017: Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



Yoshinori Hara (Born July 21, 1958)
Profile
Apr 1983: Joined NEC Corporation
Aug 1990: Became a Visiting Researcher, Stanford University
Jul 2004: Supervised NEC's Kansai Research Laboratories
Apr 2006: Professor of Graduate School of Management, Kyoto University (to present)
Apr 2018: Dean of Graduate School of Management, Kyoto University
Jun 2019: Appointed Independent Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present)



Miyoko Kimura (Born June 12, 1964)
Profile
Apr 1988: Joined PLUS Corporation
May 1999: Joined ASKUL Corporation
Feb 2010: Appointed Representative Director and President of ASMARU Corporation
May 2017: Appointed Chief Marketing Officer (CMO), Executive Officer, Executive Officer of Life Creation Unit and Value Creation Center Unit, B-to-C Company of ASKUL Corporation
Mar 2020: Appointed Director, Supervisor of Merchandising Unit, Chief Marketing Officer (CMO), Executive Officer of ASKUL Corporation
May 2021: Appointed Director in charge of branding, designing and supplier relations of ASKUL Corporation (to present)
Jun 2021: Appointed Independent Outside Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)



Mitsutoshi Kagimoto (Born June 15, 1958)
Profile
Apr 1984: Joined Teijin Limited
Feb 2006: Joined Asahi Pretec Corp.
Mar 2009: Appointed Assistant General Manager of Kitakanto Office of Asahi Pretec Corp.
Dec 2009: Appointed Representative Director and President of JW Glass Recycling Co., Ltd.
Apr 2013: Appointed General Manager of Purchasing Division of INTER CENTRAL, INC.
Oct 2015: Appointed General Manager of Audit and Supervisory Committee Secretariat of Asahi Holdings, Inc.
Jun 2021: Appointed Director of Asahi Holdings, Inc. (serving as Audit and Supervisory Committee Member) (to present)

[As of June 15, 2021]

Financial and Non-Financial Data

Ten-Year Financial and Non-Financial Summary

	FY	Unit			← Japanese Standard IFRS →						
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financial Data*1											
Revenue*2	Billion yen	151.1	96.4	94.3	111.4	119.4	106.8	115.8	110.4	135.6	164.8
Operating profit*2	Billion yen	11.2	7.5	9.6	10.5	6.1	2.0	13.8	13.4	18.0	25.1
Pre-tax income	Billion yen	10.8	7.3	9.9	9.7	5.9	1.8	13.4	12.4	17.7	26.1
Income for the year attributable to owners of the parent company	Billion yen	5.9	4.5	6.0	5.8	2.9	-1.2	9.4	9.0	9.8	25.7
Total capital	Billion yen	38.9	42.0	46.5	51.0	49.0	44.8	64.4	67.8	69.2	97.9
Total assets	Billion yen	58.3	62.3	66.1	104.9	101.6	89.0	131.5	160.3	230.0	244.8
Capital investment	Billion yen	1.6	1.3	1.1	1.5	1.7	3.0	3.1	5.7	4.2	5.3
Depreciation	Billion yen	2.3	2.1	1.8	1.8	2.4	2.3	2.3	2.3	2.8	2.5
R&D expenses	Billion yen	0.36	0.35	0.37	0.44	0.50	0.51	0.51	0.45	0.35	0.32
Cash flow from operating activities	Billion yen	11.3	-0.4	14.1	9.4	14.3	3.3	-13.4	-20.6	4.5	-33.4
Cash flow from investing activities	Billion yen	-2.3	-2.1	-1.1	-29.6	-1.9	-2.4	-2.8	-5.6	1.9	-2.8
Cash flow from financing activities	Billion yen	-7.7	2.6	-8.0	21.4	-6.5	-6.6	29.8	18.3	0.3	24.4
Basic earnings per share (EPS)*3	Yen	91.60	69.62	91.75	88.45	43.74	-18.62	135.39	114.07	125.12	326.90
Equity attributable to owners of the parent company per share (BPS)*3	Yen	599.39	644.28	711.26	771.41	745.28	679.51	813.60	861.58	879.00	1,244.06
Dividend per share*3	Yen	30.00	30.00	30.00	30.00	30.00	30.00	31.50	60.00	65.00	85.00
Operating profit margin	%	7.4	7.8	10.2	9.4	5.1	1.9	11.9	12.2	13.3	15.2
Return on equity (ROE) attributable to owners of the parent company	%	16.2	11.2	13.6	11.9	5.8	-2.6	17.3	13.6	14.4	30.8
Pre-tax return on assets (ROA)	%	19.0	12.9	15.6	12.4	5.7	1.8	12.2	8.5	9.0	11.0
Ratio of equity attributable to owners of the parent company	%	66.6	67.3	70.1	48.2	47.8	49.8	49.0	42.3	30.1	40.0
Payout ratio	%	32.8	43.1	32.7	33.9	68.6	-	23.3	52.6	52.0	26.0
Non-Financial Information*4											
Number of employees		1,277	1,328	1,360	2,080	2,005	1,961	1,928	2,042	1,574	1,510
Percentage of women in the workforce	%	9.4	10.4	10.5	12.0	11.7	11.8	11.5	11.6	9.9	9.0
Percentage of employees outside Japan	%	2.8	3.2	4.0	20.2	18.4	17.5	16.7	21.2	23.4	24.7
Number of new hires		-	-	-	-	-	-	-	-	-	74
Percentage of women among new hires	%	-	-	-	-	-	-	-	-	-	10.8
Percentage of managers among women	%	-	-	-	-	-	-	-	-	-	8.5
Average years of employment (men)	Year	-	-	-	-	-	-	-	-	-	14.8
Average years of employment (women)	Year	-	-	-	-	-	-	-	-	-	13.1
Number of directors*5		8	8	10	10	9	9	9	9	8	8
Percentage of Board of Directors members who are women	%	0.0	0.0	0.0	0.0	0.0	0.0	11.1	11.1	12.5	12.5
Electricity consumption	1,000 kWh	23,186	22,669	22,963	23,292	47,522	46,354	45,542	44,509	49,993	48,413
CO ₂ emissions resulting from energy sources such as electricity and gasoline	1,000 tons	-	-	-	-	40.6	39.5	39.4	39.1	40.0	38.0

Note 1

Since the Group adopted the International Financial Reporting Standards (IFRS) in fiscal 2016, the financial figures for fiscal 2015 are also shown based on IFRS.

Note 2

The business of Fuji Medical Instruments Mfg. Co., Ltd. was categorized as a non-consolidated business in fiscal 2019. As a result, the revenue and operating profit figures for fiscal 2018 and 2019 reflect this change.

Note 3

On April 1, 2021, a stock split was conducted with a ratio of two-for-one, and the calculation is based on the assumption that the stock split was conducted at the beginning of fiscal 2011.

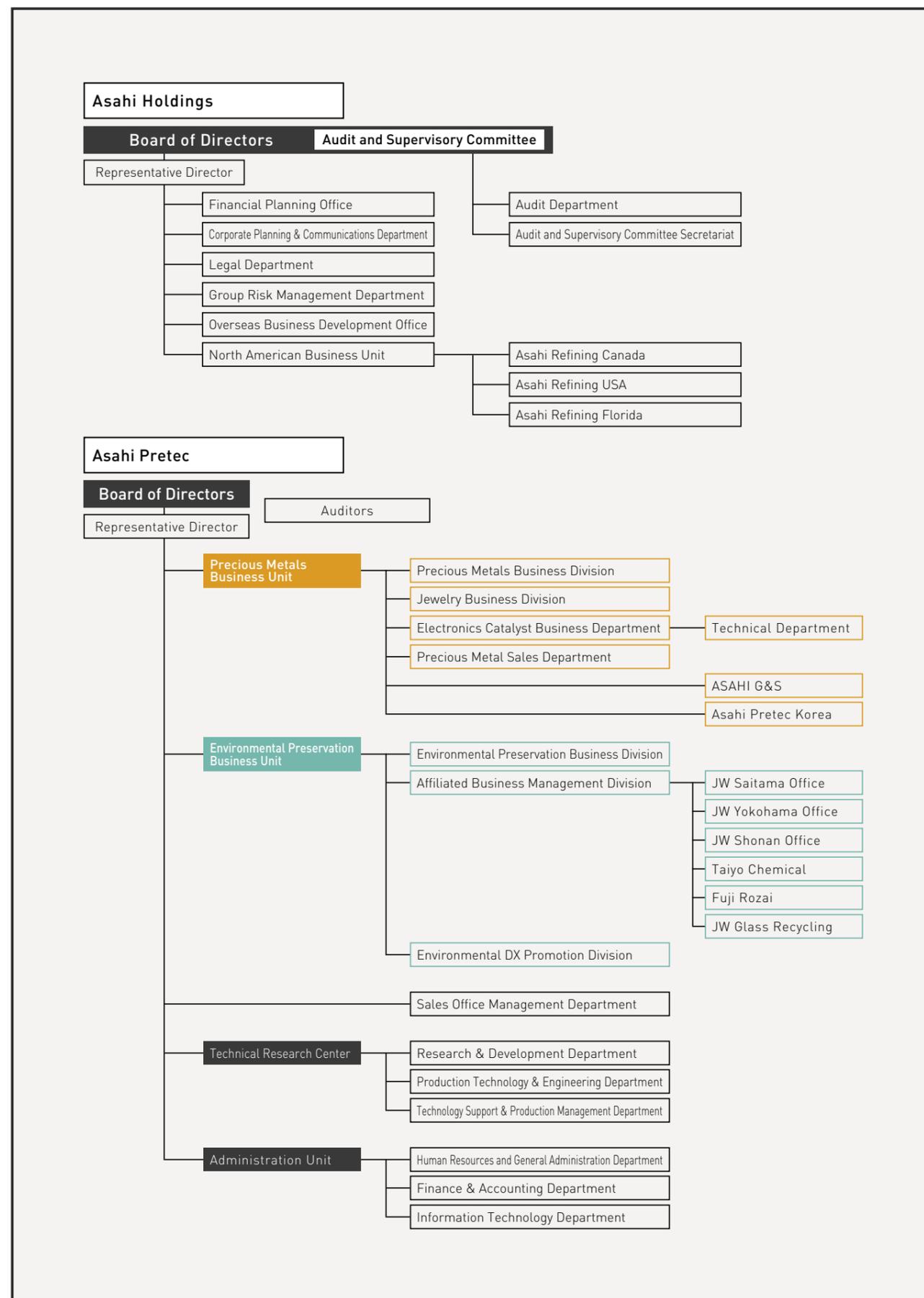
Note 4

The annual non-financial information is compiled as of March 31.

Note 5

The company transitioned to a "company with Audit and Supervisory Committees" structure in fiscal 2015. Through fiscal 2014, the figures include the number of Auditors.

Group Company Structure



[As of April 1, 2021]

Corporate Group Overview

Asahi Holdings, Inc.

Established: July 1952
 Incorporated: April 2009
 Capital: 7,790 million yen
 Representative Director: Tomoya Higashiura
 Head Office: Nissay Sannomiya Building 16F 4-4-17 Kano-cho, Chuo-ku, Kobe, Hyogo 650-0001 Japan
 TEL: +81-78-333-5633 FAX: +81-78-333-5681
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
 TEL: +81-3-6270-1833 FAX: +81-3-6270-1859
 Number of employees (consolidated): 1,510 (As of March 31, 2021)
 URL: <https://www.asahiholdings.com/english/>



Kobe Head Office Tokyo Head Office

Subsidiaries

Asahi Refining USA Inc. Asahi Refining Canada Ltd.
 Asahi Refining Florida LLC

Asahi Pretec Corp.

Business Activities: Precious metals recycling, industrial waste management and other environmental preservation activities
 Representative Director: Hiroyuki Nakanishi
 Headquarters: Nissay Sannomiya Building 16F 4-4-17 Kano-cho, Chuo-ku, Kobe, Hyogo 650-0001 Japan
 TEL: +81-78-333-5600 FAX: +81-78-333-5681
 Sapia Tower 11F 1-7-12 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
 TEL: +81-3-6270-1820 FAX: +81-3-6270-1825
 URL: <https://www.asahipretec.com/> (Japanese Only)

Precious Metals Recycling Business

Domestic Business Locations

Research Laboratory: Technical Research Center (Kobe)
 Plants: Saitama, Nagano, Amagasaki, Kobe, Technical Research Center, Ehime, Fukuoka
 Business offices: Sapporo, Aomori, Sendai, Niigata, Kitakanto, Kanto, Yokohama, Kofu, Nagano, Shizuoka, Nagoya, Hokuriku, Hanshin, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, Kagoshima, Okinawa

Subsidiaries

ASAHI G&S SDN. BHD. (Malaysia) Asahi Pretec Korea Co., Ltd.

Environmental Preservation Business

Domestic Business Locations

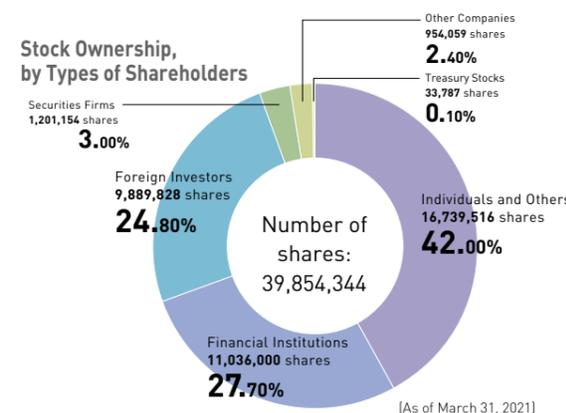
Plants: Kobe, Kitakyushu, Kitakyushu Hibiki
 Business offices: Sapporo, Sendai, Kitakanto, Yokohama, Shizuoka, Nagoya, Hokuriku, Kobe, Okayama, Hiroshima, Kitakyushu, Okinawa

Subsidiaries

Japan Waste Corporation JW Chemitech Co., Ltd.
 Nihon Chemitech Logitem Co., Ltd. JW Glass Recycling Co., Ltd.
 Taiyo Chemical Co., Ltd. Fuji Rozai Co., Ltd.

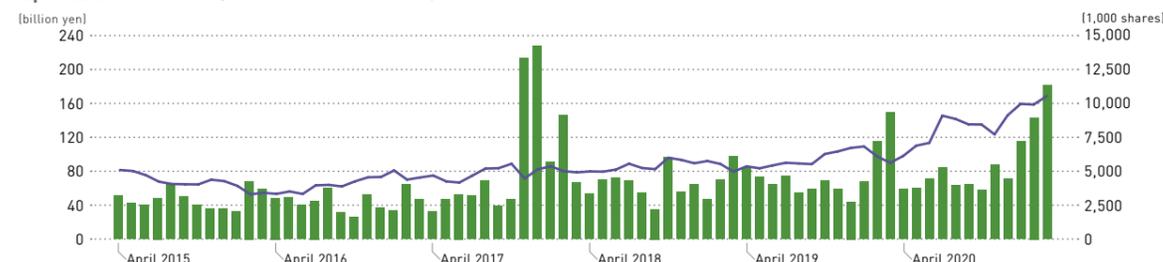
[As of April 1, 2021]

Share Information



* On April 1, 2021, a stock split was conducted with a ratio of two-for-one, and the number of issued shares is now 79,708,688 shares.

Market Capitalization



Major Shareholders

Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,045,200	7.64
Custody Bank of Japan, Ltd. (trust account)	2,428,600	6.09
Mitsuharu Terayama	887,145	2.22
State Street Bank West Client - Treaty 505234	772,800	1.93
Masamichi Terayama	742,345	1.86
Asahi Employee Stock Ownership Plan	711,800	1.78
Custody Bank of Japan, Ltd. (Trust Account 5)	569,100	1.42
Custody Bank of Japan, Ltd. (securities investment trust account)	520,400	1.30
Custody Bank of Japan, Ltd. (Trust Account 6)	504,600	1.26
JP Morgan Chase Bank 385781	495,029	1.24

Asahi Holdings, Inc.

Environmental Consideration in Printing

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