

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.

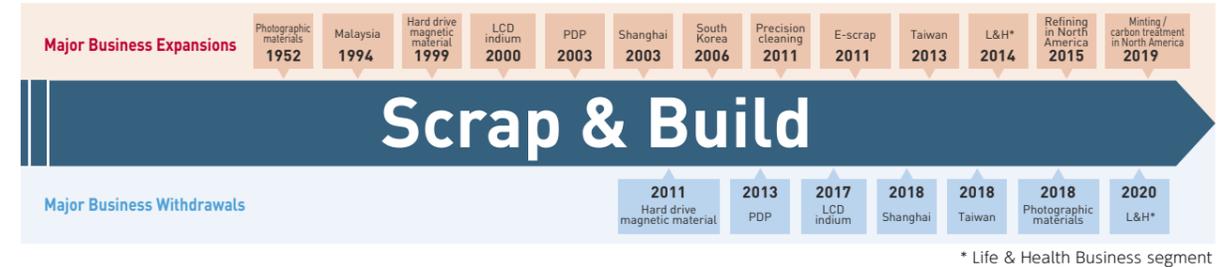
Precious metals recycling contributes to the reuse of precious metals, which are valuable and rare resources, and it represents a basic measure to help achieve a circular economy. Originally, this kind of recycling was dictated by the economic necessity to recover and reuse a very expensive resource. 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



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.

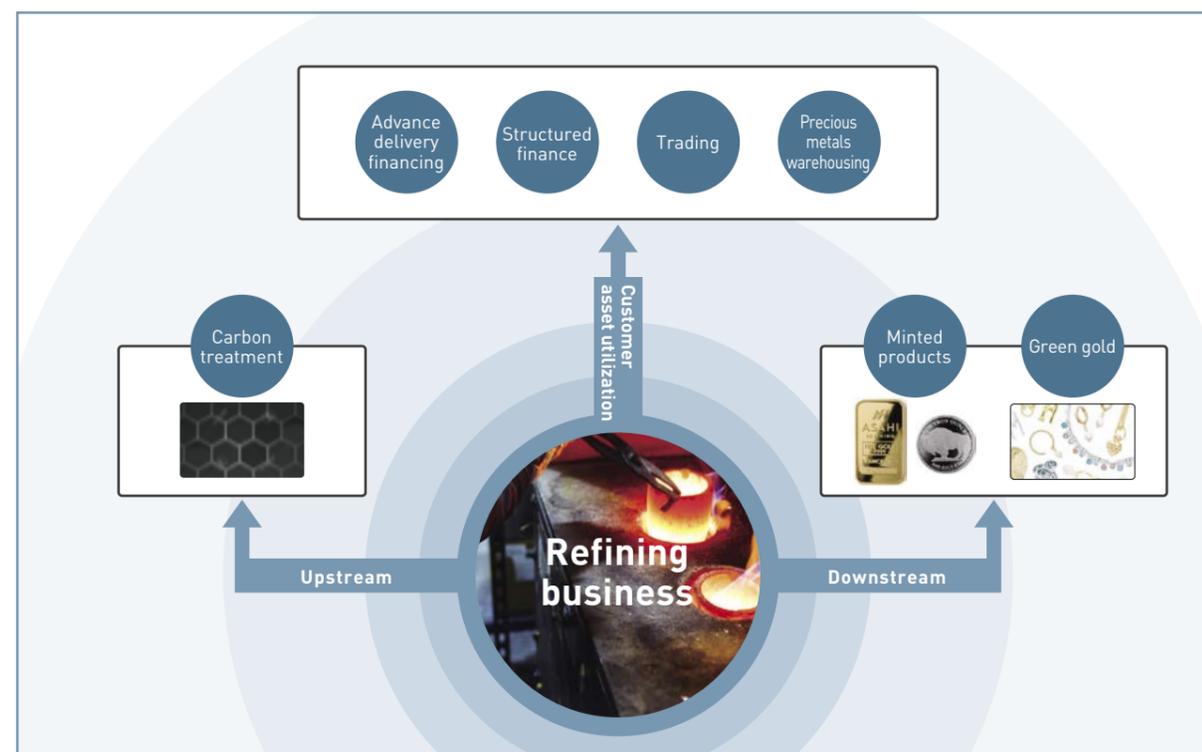
We believe that corporate acquisitions in the target regions can effectively accelerate these initiatives. Meanwhile, we are



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

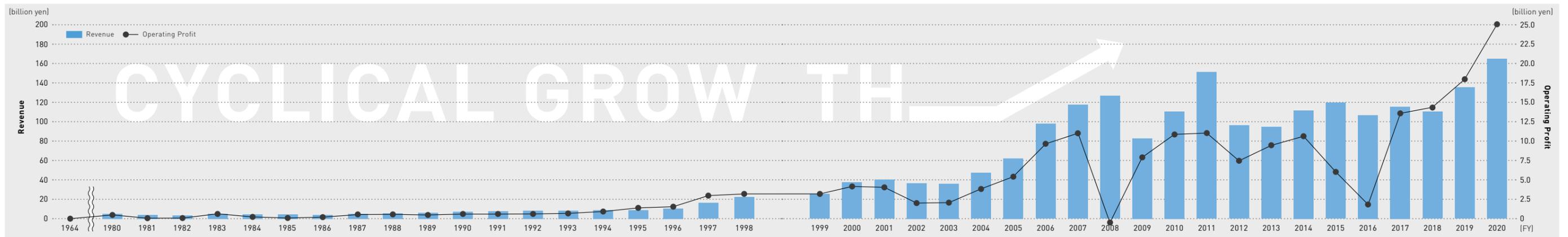
- 2015 US and Canadian gold and silver refining subsidiaries acquired from Johnson Matthey (UK), and Asahi Refining USA Inc. and Asahi Refining Canada Ltd. established
- 2019 Asahi Refining Florida LLC established

- 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

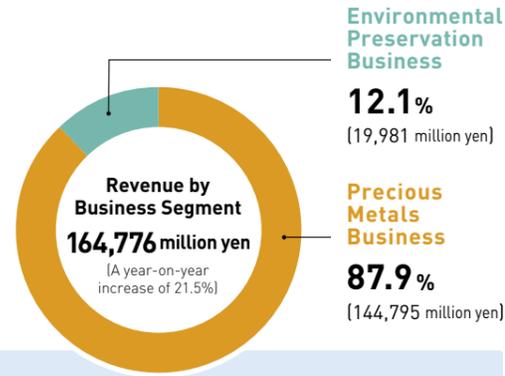
- Ability to Adapt to Change
- Management Capabilities for Business Regeneration
- Industry-Leading Unique Technologies
- Trusted Asahi Brand
- Highly Motivated Employees
- Globally Expanding Network
- Good Relationships with Stakeholders
- Substantial Market Share

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.

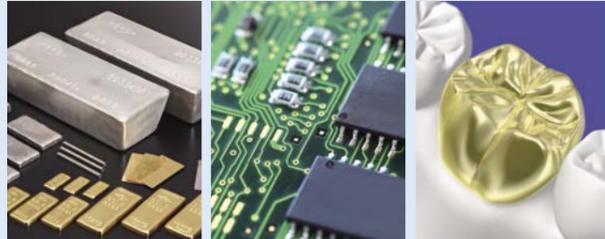


Precious Metals Business

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

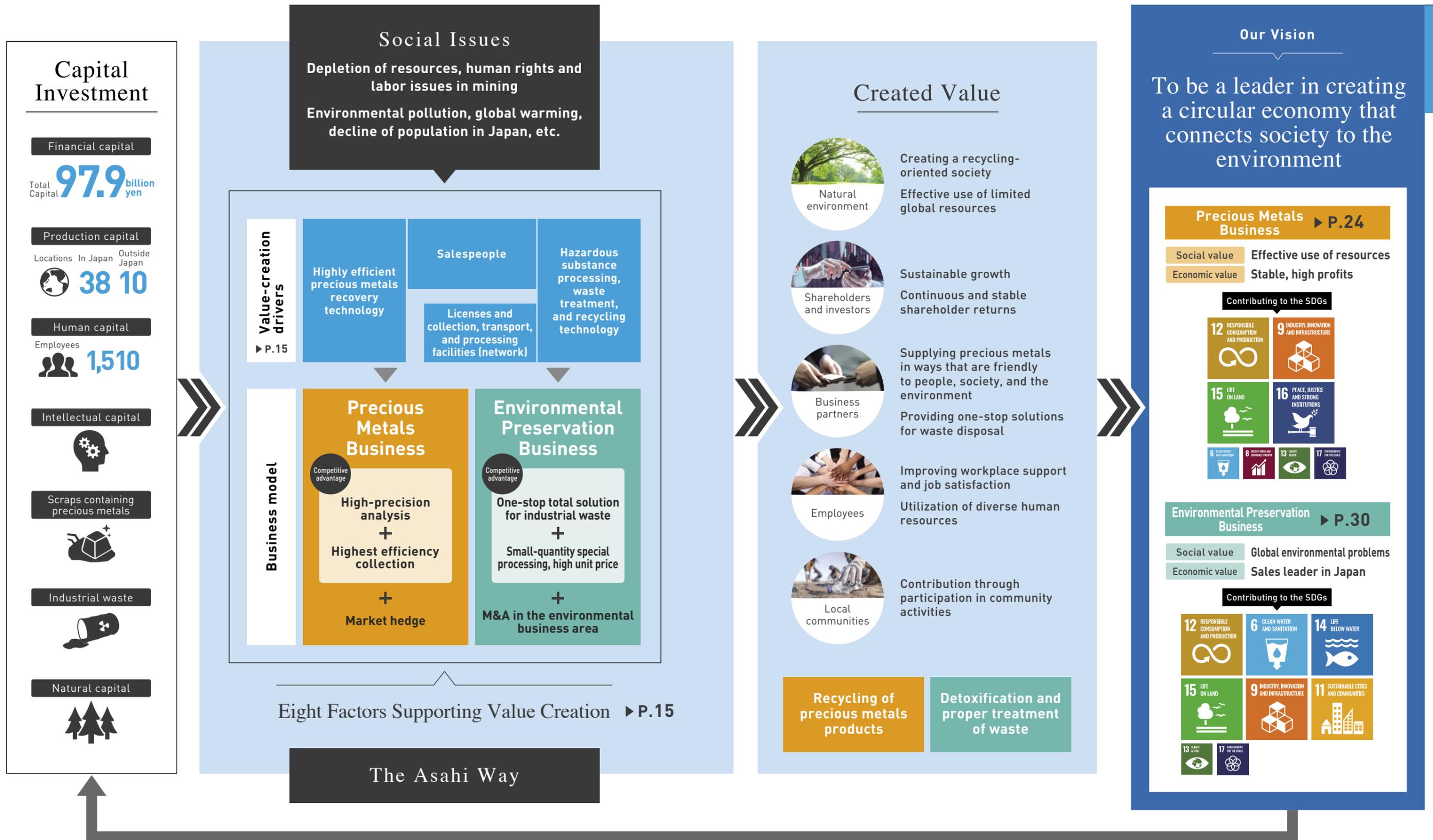
We actively engage in dialogue with investors and listen to our customers and business partners to strengthen governance and develop our products and services. We value the mutual trust we have with our employees and with the local community and work to increase our long-term corporate value.

Substantial Market Share

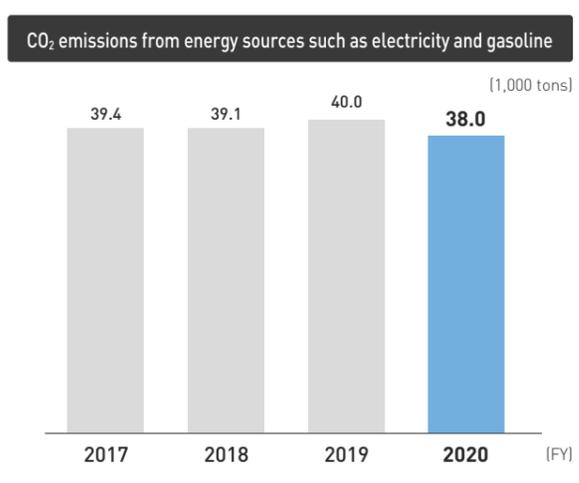
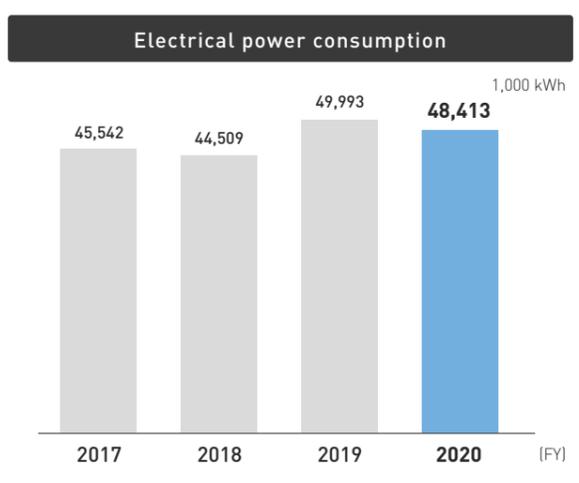
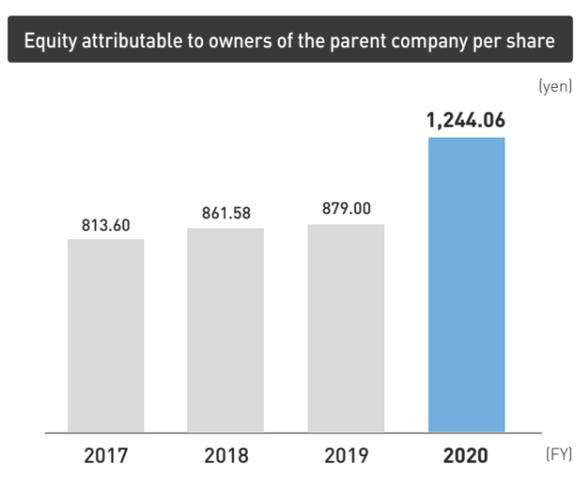
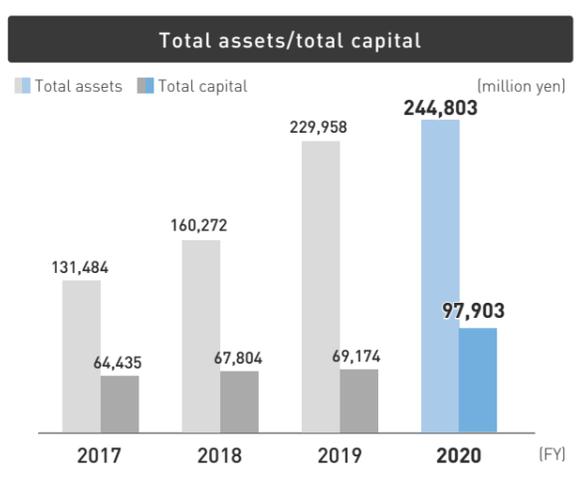
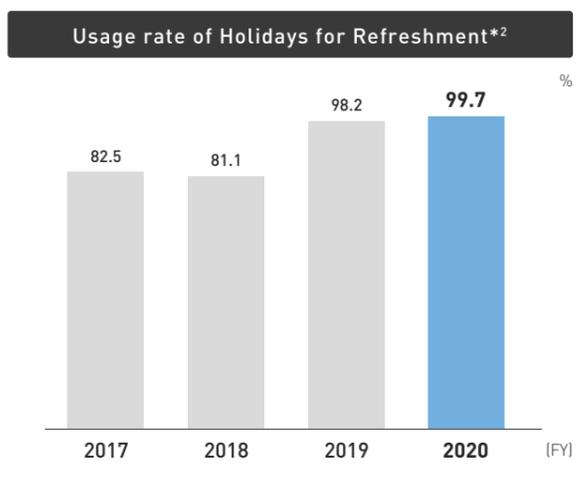
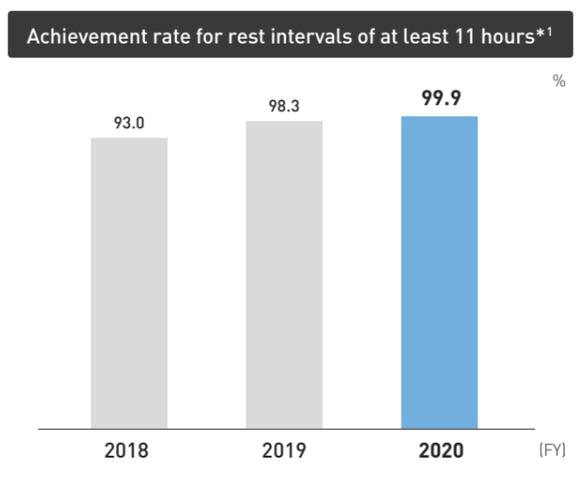
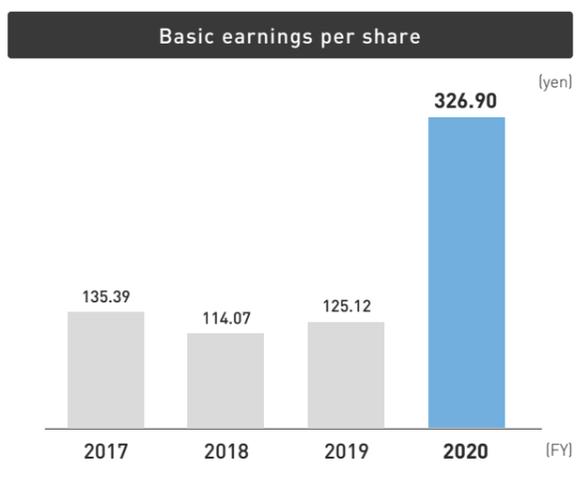
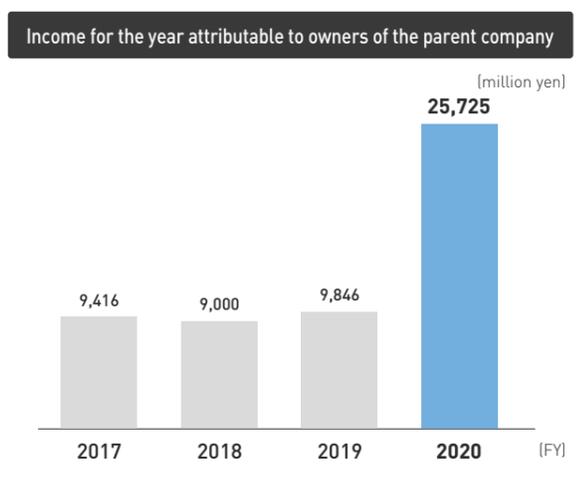
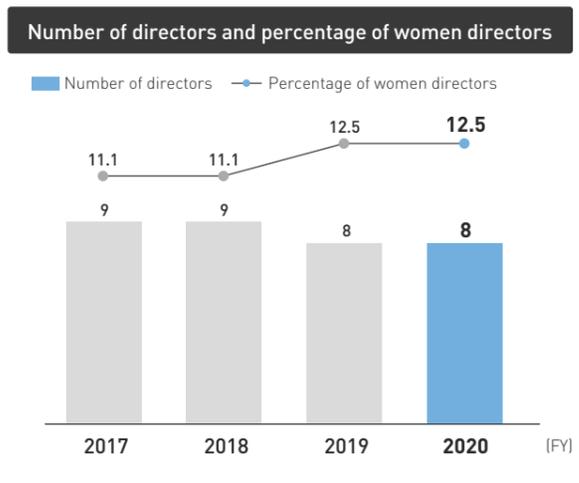
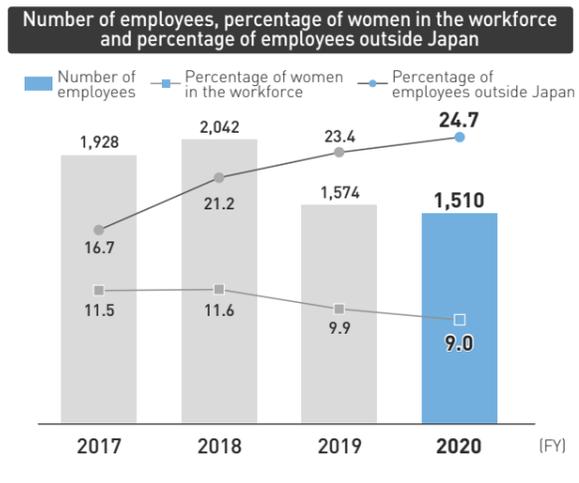
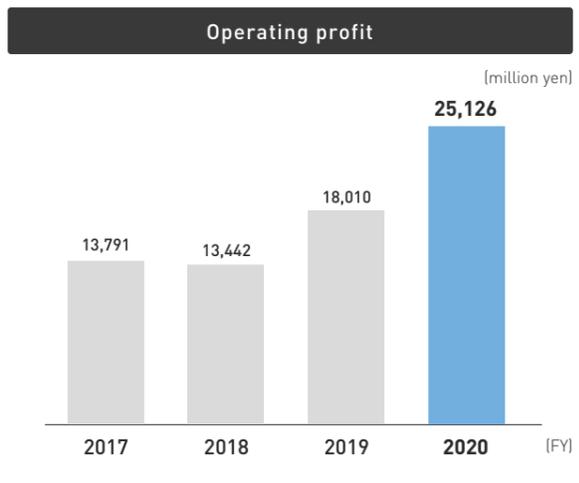
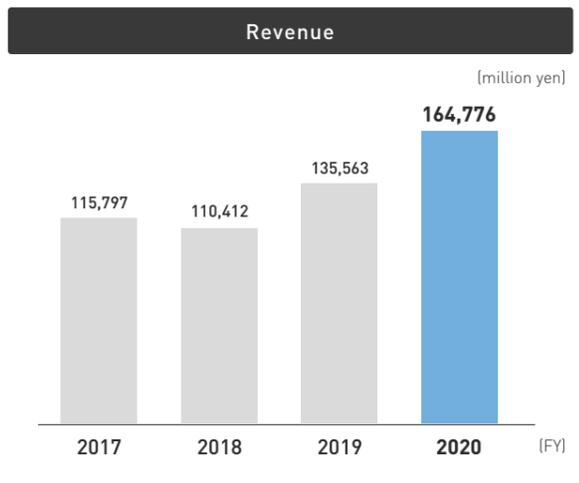
Our highest priority is to satisfy our customers and business partners, and we have worked hard to improve our products and services. Our sales and technical capabilities that meet a wide range of needs have earned us the trust of our customers and enabled us to acquire a strong market share.

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

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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

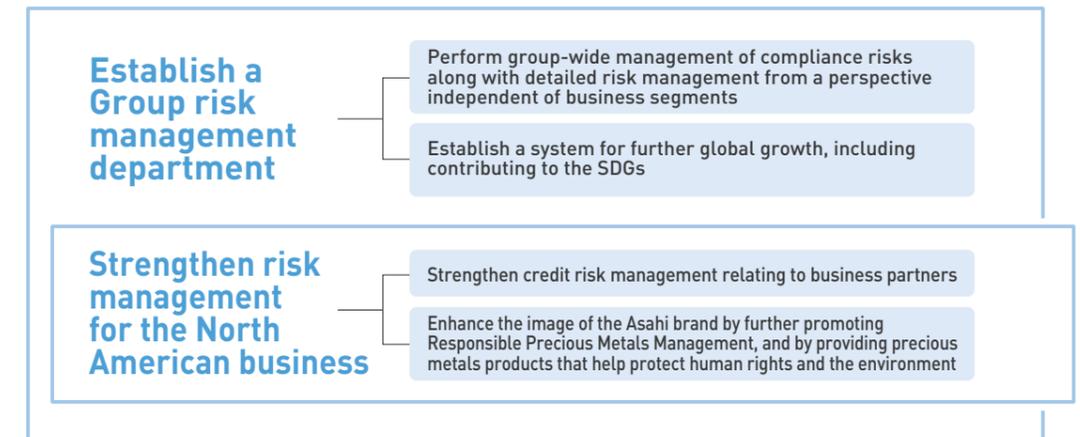
- Create opportunities for high-performing employees to play an active role even after retirement age
- Establish pay-for-performance in areas where the knowledge and experience of veteran employees can be utilized

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

