

**Consolidated Financial Results for the First Quarter Ended June 30, 2023**  
**ARE Holdings, Inc. (former company name: Asahi Holdings, Inc.) [IFRS]**

July 27, 2023

Stock code: 5857  
 Shares listed: Tokyo Stock Exchange - Prime Market  
 URL: <https://www.asahiholdings.com/english>  
 Representative: Tomoya Higashiura, Representative Director, President & CEO  
 For further information please contact: Kunihiko Chogo, General Manager, Corporate Planning & Communications Department  
 (Phone) +81-3-6270-1833

Filing date of Quarterly Report: August 10, 2023  
 Start of dividend payment: –  
 Supplementary materials for the financial results: Yes  
 Investor conference for the financial results: No

(Rounded down to the nearest million yen)

1. Results of the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The three months ended June 30, 2023	66,523	11.3	3,050	(46.4)	3,137	(48.6)	2,396	(43.9)	2,396	(43.9)	10,688	19.1
June 30, 2022	59,749	18.5	5,691	(17.9)	6,108	(10.6)	4,268	(11.9)	4,268	(11.9)	8,977	25.8

	Basic earnings per share	Diluted earnings per share
The three months ended June 30, 2023	Yen 31.26	Yen 28.56
June 30, 2022	54.27	49.11

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2023	356,802	114,255	114,255	32.0
March 31, 2023	287,448	106,957	106,957	37.2

2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	45.00	–	45.00	90.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		45.00	–	45.00	90.00

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

3. Forecast (From April 1, 2023 to March 31, 2024) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	120,000	(9.5)	8,000	(30.4)	7,800	(23.8)	5,500	(24.6)	71.76
Year ending March 31, 2024	250,000	(14.5)	19,000	(1.4)	18,500	15.2	13,200	20.8	172.23

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

\* Notes

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

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes other than (i) above: No

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

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

As of June 30, 2023	79,708,688 shares
As of March 31, 2023	79,708,688 shares

(ii) Number of treasury stock at the quarter end

As of June 30, 2023	3,065,553 shares
As of March 31, 2023	3,065,458 shares

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

Three months ended June 30, 2023	76,643,211 shares
Three months ended June 30, 2022	78,643,251 shares

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

\* Statement regarding the proper use of financial forecasts and other special remarks

(Notes on forward looking statements, etc.)

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

【Appendix】

Table of contents of the appendix

1. Qualitative Information .....	2
(1) Consolidated Business Performance .....	2
(2) Consolidated Financial Position and Cash Flows for the Three Months Ended June 30, 2023 .....	2
(3) Consolidated Performance Forecasts.....	3
2. Condensed Consolidated Financial Statements .....	4
(1) Condensed Consolidated Statements of Financial Position .....	4
(2) Condensed Consolidated Statements of Income for the Three Months Ended June 30, 2023.....	6
(3) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2023.....	7
(4) Condensed Consolidated Statements of Changes in Equity.....	8
(5) Condensed Consolidated Statements of Cash Flows .....	10
(6) Notes on Assumptions for Going Concern .....	11
(7) Notes on Condensed Consolidated Financial Statements .....	11
1. Reporting entity .....	11
2. Basis of preparation .....	11
3. Material accounting policies .....	11
4. Significant accounting estimates and associated judgements .....	11
5. Segment information .....	11
6. Subsequent events .....	13

## 1. Qualitative Information

### (1) Consolidated Business Performance

The Japanese economy showed growing signs of recovery in socioeconomic activities during the three months ended June 30, 2023 due to such factors as the change in status of the novel coronavirus disease (COVID-19) under the Infectious Diseases Control Law. Although the gradual recovery is expected to continue, there is a risk that economic activity could once again stagnate as a result of the downturn in overseas economies and rising prices in Japan. Under these conditions, the Group's results in each business segment were as follows.

#### Precious Metals business

Revenue increased from the same period of the previous fiscal year due to the higher sales volume of gold in the precious metals recycling business and higher commissions from refining and product processing in the precious metals refining business in North America. On the other hand, operating profit decreased from the same period of the previous fiscal year due to a decline in rhodium prices that has persisted since the fourth quarter of the previous fiscal year, and a decrease in the volume of precious metals collected, mainly due to inventory adjustments among clients in the electronics sector.

#### Environmental Preservation business

Due to the recovery of overall economic activities such as industrial production, the volume of industrial waste handled and the utilization rate of treatment facilities remained high. On the other hand, revenue and operating profit declined from the same period of the previous fiscal year due to lower price of processing for medical waste as a result of the conclusion of the COVID-19 and the partial suspension of existing businesses due to the construction of a new incinerator at the Yokohama Plant.

As a result of the above, revenue during the three months ended June 30, 2023 was 66,523 million yen, a year-on-year increase of 6,774 million yen (+11.3 percent). Operating profit was 3,050 million yen, a year-on-year decrease of 2,640 million yen (-46.4 percent). Profit before tax was 3,137 million yen, a year-on-year decrease of 2,971 million yen (-48.6 percent). Profit was 2,396 million yen, a year-on-year decrease of 1,871 million yen (-43.9 percent). Profit attributable to owners of parent for the period was therefore 2,396 million yen, a year-on-year decrease of 1,871 million yen (-43.9 percent). By segment, revenue in the Precious Metals business was 62,435 million yen, a year-on-year increase of 7,130 million yen (+12.9 percent). In the Environmental Preservation business, revenue was 4,113 million yen, a year-on-year decrease of 331 million yen (-7.5 percent).

### (2) Consolidated Financial Position and Cash Flows for the Three Months Ended June 30, 2023

As of June 30, 2023, total assets amounted to 356,802 million yen, up 69,353 million yen from the previous fiscal year end. This was mainly due to an increase of 49,888 million yen in trade and other receivables and an increase of 16,852 million yen in other (current) financial assets and (non-current) financial assets.

Total liabilities amounted to 242,546 million yen, up 62,055 million yen from the previous fiscal year end. This was due mainly to an increase of 65,326 million yen in bonds and loans payable.

Total equity amounted to 114,255 million yen, up 7,297 million yen from the previous fiscal year end. This was due mainly to an increase of 10,688 million yen in comprehensive income and a decrease of 3,448 million yen used for dividends.

As a result, the equity attributable to owners of parent ratio changed to 32.0%, from 37.2% at the end of the previous fiscal year.

Net cash provided by operating activities amounted to 3,007 million yen due mainly to 3,137 million yen of profit before tax, 879 million yen of depreciation and amortization, 3,185 million yen of increase in inventories, 32,585 million yen of increase in trade and other receivables, 34,892 million yen of increase in trade, loans and other payables, 1,555 million yen of income taxes paid.

Net cash used in investing activities amounted to 12,095 million yen due mainly to 2,735 million yen of proceeds from withdrawal of time deposits, 975 million yen of purchase of property, plant and equipment, 372 million yen of purchase of intangible assets and 13,264 million yen of payments for loans receivable.

Net cash provided by financial activities amounted to 10,199 million yen due mainly to 13,737 million yen of proceeds from long-term loans payable and 3,428 million yen of cash dividends paid.

As a result, cash and cash equivalents as of June 30, 2023 decreased 852 million yen from March 31, 2023, to 17,099 million yen.

**(3) Consolidated Performance Forecasts**

No changes have been made to the forecasts going forward as they are in line with the financial forecast for the fiscal year ending March 31, 2024 announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” made public on April 27, 2023.

## 2. Condensed Consolidated Financial Statements

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

	As of March 31, 2023	As of June 30, 2023
	Millions of yen	Millions of yen
<b><u>ASSETS</u></b>		
Current assets		
Cash and cash equivalents	17,952	17,099
Trade and other receivables	154,046	203,934
Inventories	40,854	44,046
Income tax receivables	1,345	1,929
Other financial assets	3,609	13,496
Other current assets	20,567	19,603
Total current assets	238,374	300,109
Non-current assets		
Property, plant and equipment	42,553	43,416
Goodwill	1,003	1,003
Intangible assets	1,255	1,366
Deferred tax assets	3,498	3,228
Net defined benefit asset	263	213
Financial assets	429	7,394
Other non-current assets	69	68
Total non-current assets	49,073	56,692
Total assets	287,448	356,802

	As of March 31, 2023	As of June 30, 2023
	Millions of yen	Millions of yen
<b>LIABILITIES and EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	26,024	25,054
Loans payable	91,494	139,219
Income tax payable	210	367
Other financial liabilities	3,740	270
Provisions	1,462	943
Other current liabilities	2,547	1,757
Total current liabilities	125,480	167,613
Non-current liabilities		
Bonds and loans payable	52,868	70,470
Deferred tax liabilities	275	2,249
Net defined benefit liability	107	109
Other financial liabilities	1,704	2,025
Other non-current liabilities	53	78
Total non-current liabilities	55,010	74,933
Total liabilities	180,491	242,546
Equity		
Capital stock	7,790	7,790
Capital surplus	12,103	12,162
Treasury stock	(5,925)	(5,925)
Retained earnings	96,319	95,220
Other components of equity	(3,330)	5,007
Total equity attributable to owners of parent	106,957	114,255
Total equity	106,957	114,255
Total liabilities and equity	287,448	356,802

(2) Condensed Consolidated Statements of Income for the Three Months Ended June 30, 2023

	The three months ended June 30, 2022	The three months ended June 30, 2023
	Millions of yen	Millions of yen
Revenue	59,749	66,523
Cost of sales	(52,385)	(61,287)
Gross profit	7,363	5,235
Selling, general and administrative expenses	(1,707)	(2,211)
Other operating income	39	38
Other operating expenses	(31)	(12)
Share of profit (loss) of investments accounted for using equity method	27	—
Operating profit	5,691	3,050
Finance income	636	565
Finance costs	(644)	(479)
Other non-operating income	425	—
Profit before tax	6,108	3,137
Income tax expenses	(1,840)	(741)
Profit	4,268	2,396
Profit attributable to:		
Owners of parent	4,268	2,396
Non-controlling interests	—	—
Profit	4,268	2,396
Earnings per share		
Basic earnings per share (Yen)	54.27	31.26
Diluted earnings per share (Yen)	49.11	28.56

(3) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2023

	The three months ended June 30, 2022	The three months ended June 30, 2023
	Millions of yen	Millions of yen
Profit	4,268	2,396
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(0)	—
Remeasurements of defined benefit plans	(41)	(45)
Share of other comprehensive income of investments accounted for using equity method	0	—
Total items that will not be reclassified to profit or loss	(42)	(45)
Items that may be reclassified to profit or loss		
Cash flow hedges	3,224	5,891
Translation adjustments of foreign operations	1,526	2,447
Total items that may be reclassified to profit or loss	4,751	8,338
Other comprehensive income, net of tax	4,709	8,292
Comprehensive income	<u>8,977</u>	<u>10,688</u>
Comprehensive income attributable to:		
Owners of parent	8,977	10,688
Non-controlling interests	—	—
Comprehensive income	<u>8,977</u>	<u>10,688</u>

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

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2022	7,790	11,955	(1,819)	92,353	(1,390)	(3,748)
Profit	–	–	–	4,268	–	–
Other comprehensive income	–	–	–	–	1,526	3,224
Total comprehensive income	–	–	–	4,268	1,526	3,224
Dividends	–	–	–	(3,538)	–	–
Changes due to loss of control of subsidiaries	–	–	–	–	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(41)	–	–
Share-based payment transactions	–	38	–	–	–	–
Total transactions with owners	–	38	–	(3,580)	–	–
Balance at June 30, 2022	7,790	11,994	(1,819)	93,040	136	(523)

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2022	(3)	–	(5,142)	105,137	105,137
Profit	–	–	–	4,268	4,268
Other comprehensive income	(0)	(41)	4,709	4,709	4,709
Total comprehensive income	(0)	(41)	4,709	8,977	8,977
Dividends	–	–	–	(3,538)	(3,538)
Changes due to loss of control of subsidiaries	0	–	0	0	0
Reclassified from other components of equity to retained earnings	–	41	41	–	–
Share-based payment transactions	–	–	–	38	38
Total transactions with owners	0	41	42	(3,499)	(3,499)
Balance at June 30, 2022	(3)	–	(390)	110,615	110,615

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2023	7,790	12,103	(5,925)	96,319	(886)	(2,443)
Profit	–	–	–	2,396	–	–
Other comprehensive income	–	–	–	–	2,447	5,891
Total comprehensive income	–	–	–	2,396	2,447	5,891
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(3,448)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(45)	–	–
Share-based payment transactions	–	58	–	–	–	–
Total transactions with owners	–	58	(0)	(3,494)	–	–
Balance at June 30, 2023	7,790	12,162	(5,925)	95,220	1,560	3,447

(Millions of yen)

	Equity attributable to owners of parent			
	Other components of equity			Total equity
	Remeasurements of defined benefit plans	Total	Total	
Balance at April 1, 2023	–	(3,330)	106,957	106,957
Profit	–	–	2,396	2,396
Other comprehensive income	(45)	8,292	8,292	8,292
Total comprehensive income	(45)	8,292	10,688	10,688
Purchase of treasury stock	–	–	(0)	(0)
Dividends	–	–	(3,448)	(3,448)
Reclassified from other components of equity to retained earnings	45	45	–	–
Share-based payment transactions	–	–	58	58
Total transactions with owners	45	45	(3,390)	(3,390)
Balance at June 30, 2023	–	5,007	114,255	114,255

(5) Condensed Consolidated Statements of Cash Flows

	The three months ended June 30, 2022	The three months ended June 30, 2023
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	6,108	3,137
Depreciation and amortization	801	879
Impairment loss	0	–
Finance income and finance cost	1,595	1,211
Other non-operating income and expenses	(425)	–
Share of loss (profit) of investments accounted for using equity method	(27)	–
Decrease (increase) in inventories	(7,419)	(3,185)
Decrease (increase) in trade and other receivables	36,232	(32,585)
Increase (decrease) in trade, loans and other payables	(30,416)	34,892
Other, net	(4,104)	207
Subtotal	2,344	4,557
Interest and dividend income received	163	92
Interest expenses paid	(37)	(86)
Income taxes paid	(4,010)	(1,555)
Income taxes refunded	186	–
Net cash provided by (used in) operating activities	(1,353)	3,007
Cash provided by (used in) investing activities		
Payments into time deposits	(98)	(103)
Proceeds from withdrawal of time deposits	49	2,735
Purchase of property, plant and equipment	(1,598)	(975)
Proceeds from sales of property, plant and equipment	11	3
Purchase of intangible assets	(185)	(372)
Payments for loans receivable	–	(13,264)
Proceeds from sales of shares of subsidiaries and affiliated companies	1,371	–
Other, net	1,109	(117)
Net cash provided by (used in) investing activities	659	(12,095)
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	7,793	(24)
Proceeds from long-term loans payable	–	13,737
Purchase of treasury stock	–	(0)
Cash dividends paid	(3,527)	(3,428)
Other, net	(82)	(84)
Net cash provided by (used in) financing activities	4,183	10,199
Effect of exchange rate change on cash and cash equivalents	(48)	(1,964)
Net increase (decrease) in cash and cash equivalents	3,440	(852)
Cash and cash equivalents at beginning of period	6,127	17,952
Cash and cash equivalents at end of period	9,568	17,099

## (6) Notes on Assumptions for Going Concern

Not applicable

## (7) Notes on Condensed Consolidated Financial Statements

### 1. Reporting entity

ARE Holdings, Inc. (hereinafter the “Company”) is a company located in Japan. The Company’s condensed consolidated financial statements for the three months ended June 30, 2023 comprise the Company and its subsidiaries (hereinafter the “Group”).

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

Effective July 1, 2023, the Company changed its name from Asahi Holdings, Inc. to ARE Holdings, Inc.

### 2. Basis of preparation

#### (1) Statement of compliance with IFRS

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

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

#### (2) Functional currency and presentation currency

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

### 3. Material accounting policies

The material accounting policies adopted for the condensed consolidated financial statements for the three months ended June 30, 2023 are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2023.

The income tax for the three months ended June 30, 2023 was calculated based on the estimated average annual effective tax rate.

### 4. Significant accounting estimates and associated judgements

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

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

The judgement, estimates and assumptions made by the management that may have material impacts on the figures in the condensed consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2023.

### 5. Segment information

#### (1) Overview of reporting segments

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

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

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

Meanwhile, these reporting segments are not aggregated.

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

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

(Matters related to changes in reporting segments, etc.)

Effective from the first quarter ended June 30, 2023, due to changes in corporate organization and performance management classifications within the Group, corporate expenses previously included in “Adjustments” are now allocated to “Precious Metals Business” and “Environmental Preservation Business,” and recorded as such.

Segment information for the three months ended June 30, 2022 is presented according to the new classification.

## (2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those of the Group stated in Note “3. Material accounting policies.”

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

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

	Reporting segment				Total	Adjustments	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other			
Revenue							
External revenue	55,304	4,444	59,749	–	59,749	–	59,749
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>55,304</u>	<u>4,444</u>	<u>59,749</u>	<u>–</u>	<u>59,749</u>	<u>–</u>	<u>59,749</u>
Operating profit by business segment	4,993	670	5,663	27	5,691	–	5,691
Finance income							636
Finance costs							(644)
Other non-operating income							425
Profit before tax							<u>6,108</u>

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

	Reporting segment				(Millions of yen)		
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other	Total	Adjustments	Consolidated
Revenue							
External revenue	62,435	4,087	66,523	–	66,523	–	66,523
Intersegment revenue	–	25	25	–	25	(25)	–
Total	<u>62,435</u>	<u>4,113</u>	<u>66,548</u>	<u>–</u>	<u>66,548</u>	<u>(25)</u>	<u>66,523</u>
Operating profit by business segment	<u>2,643</u>	<u>407</u>	<u>3,050</u>	<u>–</u>	<u>3,050</u>	<u>–</u>	<u>3,050</u>
Finance income							565
Finance costs							<u>(479)</u>
Profit before tax							<u>3,137</u>

#### 6. Subsequent events

Not applicable