

## Consolidated Financial Results for the Nine Months Ended December 31, 2024

### ARE Holdings, Inc. [IFRS]

January 29, 2025

Stock code:	5857
Shares listed:	Tokyo Stock Exchange - Prime Market
URL:	<a href="https://www.are-holdings.com/english/">https://www.are-holdings.com/english/</a>
Representative:	Tomoya Higashiura, Representative Director, President & CEO
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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 nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

##### (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 nine months ended												
December 31, 2024	372,969	67.0	14,686	85.6	15,337	92.9	11,385	60.4	11,385	60.4	16,652	54.3
December 31, 2023	223,307	—	7,912	—	7,950	—	7,097	(30.2)	7,097	(30.2)	10,793	(18.2)

	Basic earnings per share	Diluted earnings per share
The nine months ended	Yen	Yen
December 31, 2024	148.84	134.94
December 31, 2023	92.60	84.69

(Note) During the fiscal year ended March 31, 2024, a share exchange was conducted between Japan Waste Corporation, which was a consolidated subsidiary of the Company, and Renatus Co., Ltd., whereby Renatus Co., Ltd. became the wholly owning parent company, and Japan Waste Corporation became the wholly owned subsidiary company, resulting in the Japan Waste Corporation business being classified as discontinued operations. Consequently, revenue, operating profit and profit before tax for the nine months ended December 31, 2023, are presented in amounts from continuing operations from which discontinued operations have been excluded.

##### (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	%
December 31, 2024	398,046	136,345	136,291	34.2
March 31, 2024	317,998	126,476	126,476	39.8

#### 2. Dividend payments

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	45.00	—	45.00	90.00
Year ending March 31, 2025	—	40.00	—		
Year ending March 31, 2025 (Forecast)				40.00	80.00

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

3. Forecast (From April 1, 2024 to March 31, 2025) (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
Year ending March 31, 2025	480,000	49.0	18,000	45.5	17,600	41.6	13,148	(46.3)	172.53

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

\* Notes

(1) Significant changes in the scope of consolidation 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 December 31, 2024	79,708,688 shares
As of March 31, 2024	79,708,688 shares

(ii) Number of treasury stock at the quarter end

As of December 31, 2024	3,095,284 shares
As of March 31, 2024	3,065,554 shares

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

Nine months ended December 31, 2024	76,489,227 shares
Nine months ended December 31, 2023	76,643,160 shares

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: No

\* 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. Overview of Consolidated Operating Results (3) Consolidated Performance Forecasts" for the assumptions used and other notes.

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## 1. Overview of Consolidated Operating Results

### (1) Overview of Consolidated Operating Results for the Nine Months Ended December 31, 2024

The financial results for the nine months ended December 31, 2024 were as follows.

Revenue	372,969 million yen	(a year-on-year increase of 149,662 million yen, or +67.0 percent)
Operating profit	14,686 million yen	(a year-on-year increase of 6,774 million yen, or +85.6 percent)
Profit before tax	15,337 million yen	(a year-on-year increase of 7,387 million yen, or +92.9 percent)
Profit attributable to owners of parent	11,385 million yen	(a year-on-year increase of 4,287 million yen, or +60.4 percent)

As for the precious metals recycling business, the volume collected in the jewelry and electronics sectors increased year on year, while the volume collected in the dental sector remained at the same level year on year and the volume collected in catalyst-related sector decreased year on year. As a result, the volume of gold collected increased year on year, the volumes of palladium and platinum collected were at the same level year on year, and the volume of rhodium collected decreased year on year. As for the precious metals refining business in North America, the gold and silver refining business, which serves as the base of that business, improved its business efficiency while its volume handled stabilized. The trading business derived from this business performed well, and the storage business expanded steadily. On the other hand, sales volume in the product business declined year on year. In addition, both revenue and operating profit in the Precious Metals business segment increased year on year, as all departments strengthened their efforts to improve profits.

In the Environmental Preservation business, while the revenue and operating profit of Japan Waste Corporation, which was classified as discontinued operations, are not included in the financial results for the nine months ended December 31, 2023, the share of profit (loss) of investments accounted for using equity method of Renuis Co., Ltd. is included in operating profit in the financial results for the nine months ended December 31, 2024.

### (2) Overview of Consolidated Financial Position and Cash Flows for the Nine Months Ended December 31, 2024

As of December 31, 2024, total assets amounted to 398,046 million yen, up 80,047 million yen from the previous fiscal year end. This was mainly due to increases of 10,353 million yen in cash and cash equivalents, 53,034 million yen in trade and other receivables, and 17,532 million yen in inventories.

Total liabilities amounted to 261,700 million yen, up 70,178 million yen from the previous fiscal year end. This was due mainly to an increase of 66,506 million yen in bonds and loans payable.

Total equity amounted to 136,345 million yen, up 9,868 million yen from the previous fiscal year end. This was due mainly to an increase of 16,652 million yen in comprehensive income and a decrease of 6,513 million yen used for dividends.

As a result, the equity attributable to owners of parent ratio changed to 34.2%, from 39.8% at the end of the previous fiscal year.

Net cash provided by operating activities amounted to 14,859 million yen due mainly to 15,337 million yen of profit before tax, 2,070 million yen of depreciation and amortization, 17,482 million yen of increase in inventories, 73,097 million yen of increase in trade and other receivables, 68,715 million yen of increase in trade, loans and other payables, 17,389 million yen of interest and dividend income received and 3,820 million yen of income taxes paid.

Net cash provided by investing activities amounted to 635 million yen due mainly to 17,070 million yen of collection of loans receivable, despite 4,542 million yen of purchase of property, plant and equipment, and 11,477 million yen of payments for loans receivable.

Net cash used in financing activities amounted to 6,149 million yen due mainly to 1,000 million yen of purchase of treasury stock and 6,503 million yen of cash dividends paid, despite 1,000 million yen of proceeds from long-term loans payable.

As a result, cash and cash equivalents as of December 31, 2024 increased by 10,353 million yen from March 31, 2024, to 17,234 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, 2025 announced in the “Consolidated Financial Results for the Six Months Ended September 30, 2024” made public on October 30, 2024.

## 2. Condensed Quarterly Consolidated Financial Statements

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

	As of March 31, 2024	As of December 31, 2024
	Millions of yen	Millions of yen
<b><u>ASSETS</u></b>		
Current assets		
Cash and cash equivalents	6,881	17,234
Trade and other receivables	155,268	208,302
Inventories	33,879	51,411
Income tax receivables	77	16
Other financial assets	17,763	15,648
Other current assets	39,903	36,884
Total current assets	253,773	329,498
Non-current assets		
Property, plant and equipment	33,192	36,608
Goodwill	19	19
Intangible assets	1,580	1,479
Investments accounted for using equity method	27,665	29,168
Deferred tax assets	5	272
Net defined benefit asset	186	269
Financial assets	1,506	631
Other non-current assets	68	97
Total non-current assets	64,224	68,547
Total assets	317,998	398,046

	As of March 31, 2024	As of December 31, 2024
	Millions of yen	Millions of yen
<b>LIABILITIES and EQUITY</b>		
Liabilities		
Current liabilities		
Trade and other payables	27,180	32,343
Bonds and loans payable	69,970	136,686
Income tax payable	2,387	1,161
Other financial liabilities	6,465	1,478
Provisions	1,302	1,161
Other current liabilities	5,694	6,899
Total current liabilities	113,001	179,730
Non-current liabilities		
Bonds and loans payable	71,190	70,981
Deferred tax liabilities	4,432	7,990
Net defined benefit liability	99	116
Other financial liabilities	2,798	2,882
Total non-current liabilities	78,521	81,970
Total liabilities	191,522	261,700
Equity		
Capital stock	7,790	7,790
Capital surplus	12,245	12,061
Treasury stock	(5,925)	(6,066)
Retained earnings	113,837	118,790
Other components of equity	(1,471)	3,715
Total equity attributable to owners of parent	126,476	136,291
Non-controlling interests	-	53
Total equity	126,476	136,345
Total liabilities and equity	317,998	398,046

(2) Condensed Quarterly Consolidated Statements of Income

	The nine months ended December 31, 2023	The nine months ended December 31, 2024
	Millions of yen	Millions of yen
Continuing operations		
Revenue	223,307	372,969
Cost of sales	(209,499)	(353,504)
Gross profit	13,807	19,465
Selling, general and administrative expenses	(5,979)	(6,242)
Other operating income	94	118
Other operating expenses	(10)	(157)
Share of profit (loss) of investments accounted for using equity method	—	1,502
Operating profit	7,912	14,686
Finance income	473	953
Finance costs	(434)	(301)
Profit before tax	7,950	15,337
Income tax expenses	(2,481)	(3,952)
Profit from continuing operations	5,469	11,385
Discontinued operations		
Profit from discontinued operations	1,628	—
Profit	7,097	11,385
Profit attributable to:		
Owners of parent	7,097	11,385
Non-controlling interests	—	—
Profit	7,097	11,385
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	71.36	148.84
Discontinued operations	21.24	—
Total	92.60	148.84
Diluted earnings per share (Yen)		
Continuing operations	65.83	134.94
Discontinued operations	18.86	—
Total	84.69	134.94



### (3) Condensed Quarterly Consolidated Statements of Comprehensive Income

	The nine months ended December 31, 2023	The nine months ended December 31, 2024
	Millions of yen	Millions of yen
Profit	7,097	11,385
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	<u>(151)</u>	<u>80</u>
Total items that will not be reclassified to profit or loss	(151)	80
Items that may be reclassified to profit or loss		
Cash flow hedges	1,813	5,339
Translation adjustments of foreign operations	<u>2,033</u>	<u>(153)</u>
Total items that may be reclassified to profit or loss	3,847	5,186
Other comprehensive income, net of tax	<u>3,696</u>	<u>5,267</u>
Comprehensive income	<u>10,793</u>	<u>16,652</u>
Comprehensive income attributable to:		
Owners of parent	10,793	16,653
Non-controlling interests	<u>—</u>	<u>(1)</u>
Comprehensive income	<u>10,793</u>	<u>16,652</u>

## (4) Condensed Quarterly 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, 2023	7,790	12,103	(5,925)	96,319	(886)	(2,443)
Profit	–	–	–	7,097	–	–
Other comprehensive income	–	–	–	–	2,033	1,813
Total comprehensive income	–	–	–	7,097	2,033	1,813
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(6,897)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(151)	–	–
Share-based payment transactions	–	202	–	–	–	–
Total transactions with owners	–	202	(0)	(7,049)	–	–
Balance at December 31, 2023	7,790	12,306	(5,925)	96,366	1,146	(629)

(Millions of yen)

	Equity attributable to owners of parent			
	Other components of equity			
	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2023	–	(3,330)	106,957	106,957
Profit	–	–	7,097	7,097
Other comprehensive income	(151)	3,696	3,696	3,696
Total comprehensive income	(151)	3,696	10,793	10,793
Purchase of treasury stock	–	–	(0)	(0)
Dividends	–	–	(6,897)	(6,897)
Reclassified from other components of equity to retained earnings	151	151	–	–
Share-based payment transactions	–	–	202	202
Total transactions with owners	151	151	(6,695)	(6,695)
Balance at December 31, 2023	–	517	111,055	111,055

(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, 2024	7,790	12,245	(5,925)	113,837	2,341	(3,813)
Profit	–	–	–	11,385	–	–
Other comprehensive income	–	–	–	–	(151)	5,339
Total comprehensive income	–	–	–	11,385	(151)	5,339
Purchase of treasury stock	–	–	(1,000)	–	–	–
Disposal of treasury stock	–	(0)	325	–	–	–
Dividends	–	–	–	(6,513)	–	–
Equity transactions with non-controlling interests	–	–	–	–	–	–
Reclassified from other components of equity to retained earnings	–	–	–	80	–	–
Share-based payment transactions	–	(183)	533	–	–	–
Total transactions with owners	–	(184)	(141)	(6,432)	–	–
Balance at December 31, 2024	<u>7,790</u>	<u>12,061</u>	<u>(6,066)</u>	<u>118,790</u>	<u>2,190</u>	<u>1,525</u>

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2024	–	(1,471)	126,476	–	126,476
Profit	–	–	11,385	–	11,385
Other comprehensive income	80	5,268	5,268	(1)	5,267
Total comprehensive income	80	5,268	16,653	(1)	16,652
Purchase of treasury stock	–	–	(1,000)	–	(1,000)
Disposal of treasury stock	–	–	325	–	325
Dividends	–	–	(6,513)	–	(6,513)
Equity transactions with non-controlling interests	–	–	–	55	55
Reclassified from other components of equity to retained earnings	(80)	(80)	–	–	–
Share-based payment transactions	–	–	349	–	349
Total transactions with owners	(80)	(80)	(6,838)	55	(6,783)
Balance at December 31, 2024	<u>–</u>	<u>3,715</u>	<u>136,291</u>	<u>53</u>	<u>136,345</u>

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	The nine months ended December 31, 2023	The nine months ended December 31, 2024
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	7,950	15,337
Profit before tax from discontinued operations	2,153	–
Depreciation and amortization	2,704	2,070
Finance income and finance cost	716	1,606
Share of loss (profit) of investments accounted for using equity method	–	(1,502)
Decrease (increase) in inventories	(9,323)	(17,482)
Decrease (increase) in trade and other receivables	(87,463)	(73,097)
Increase (decrease) in trade, loans and other payables	87,940	68,715
Other, net	(11,297)	5,606
Subtotal	(6,618)	1,253
Interest and dividend income received	242	17,389
Interest expenses paid	(88)	(135)
Income taxes paid	(3,537)	(3,820)
Income taxes refunded	2,242	171
Net cash provided by (used in) operating activities	(7,759)	14,859
Cash provided by (used in) investing activities		
Payments into time deposits	(122)	(225)
Proceeds from withdrawal of time deposits	2,823	112
Purchase of property, plant and equipment	(4,992)	(4,542)
Proceeds from sales of property, plant and equipment	50	11
Purchase of intangible assets	(558)	(232)
Payments for loans receivable	(13,659)	(11,477)
Collection of loans receivable	1,123	17,070
Other, net	(108)	(80)
Net cash provided by (used in) investing activities	(15,442)	635
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	16,971	79
Proceeds from long-term loans payable	14,123	1,000
Proceeds from sales of treasury stock	–	325
Purchase of treasury stock	(0)	(1,000)
Proceeds from share issuance to non-controlling shareholders	–	55
Cash dividends paid	(6,888)	(6,503)
Other, net	(252)	(105)
Net cash provided by (used in) financing activities	23,953	(6,149)
Effect of exchange rate change on cash and cash equivalents	(1,615)	1,007
Net increase (decrease) in cash and cash equivalents	(863)	10,353
Cash and cash equivalents at beginning of period	17,952	6,881
Cash and cash equivalents at end of period	17,088	17,234

## (6) Notes on Condensed Quarterly Consolidated Financial Statements

### *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, platinum, and rhodium 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.

#### (2) Segment revenue and performance

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

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

	Reporting segment				Total	Adjustments	(Millions of yen) Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal	Other			
Revenue							
External revenue	223,284	–	223,284	22	223,307	–	223,307
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>223,284</u>	<u>–</u>	<u>223,284</u>	<u>22</u>	<u>223,307</u>	<u>–</u>	<u>223,307</u>
Operating profit by business segment	<u>8,176</u>	<u>–</u>	<u>8,176</u>	<u>(264)</u>	<u>7,912</u>	<u>–</u>	<u>7,912</u>
Finance income							473
Finance costs							<u>(434)</u>
Profit before tax							<u>7,950</u>

For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

	Reporting segment			Other	Total	Adjustments	(Millions of yen) Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal				
Revenue							
External revenue	372,913	–	372,913	56	372,969	–	372,969
Intersegment revenue	–	–	–	–	–	–	–
Total	<u>372,913</u>	<u>–</u>	<u>372,913</u>	<u>56</u>	<u>372,969</u>	<u>–</u>	<u>372,969</u>
Operating profit by business segment	<u>13,405</u>	<u>1,493</u>	<u>14,898</u>	<u>(212)</u>	<u>14,686</u>	<u>–</u>	<u>14,686</u>
Finance income							953
Finance costs							<u>(301)</u>
Profit before tax							<u>15,337</u>

*Notes on assumptions for going concern*

Not applicable

*Significant subsequent events*

Not applicable