

# **ARE Holdings, Inc. Financial Results for Fiscal Year Ending March 2025 (FY2024)**

April 25, 2025

These forecast performance figures are based on information currently available to the company's management and certain assumptions judged rationally. Accordingly, there might be cases in which actual results materially differ from forecasts of this report.

- I. Financial Results for FY2025.3**  
(April 1, 2024 - March 31, 2025)
- II. Current Progress Toward Our Medium- to Long-Term Plan & Aspiration
- III. Action to Implement Management that is Conscious of Cost of Capital and Stock Price
- IV. Appendix

Unit : billion yen

	FY2024.3	FY2025.3		FY2026.3
	Results	Results	YoY Change	Revised Forecast
Revenue	322.3	506.2	+ 184.0	448.2
Operating Profit	12.4	20.0	+ 7.6	22.0
Profit*	24.5	14.3	△ 10.2	16.2

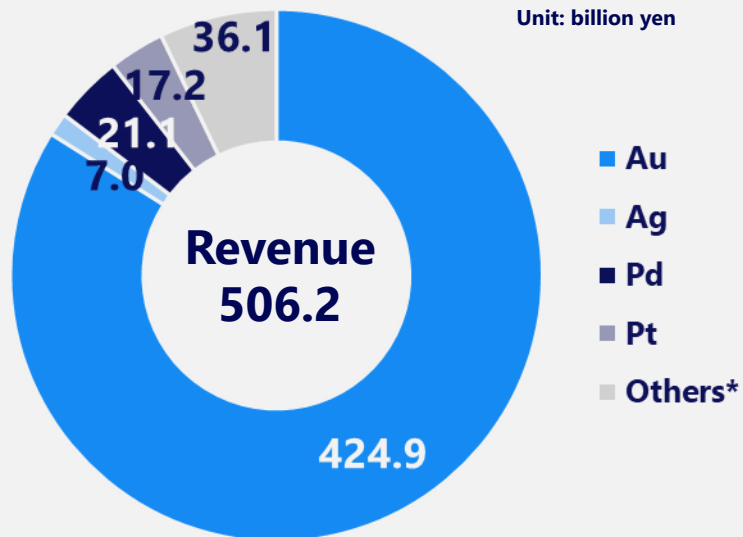
\*Refers to profit attributable to owners of parent

Notes:

Revenue and operating profit for the FY2024.3 show the amounts excluding discontinued operations (Japan Waste Corporation).

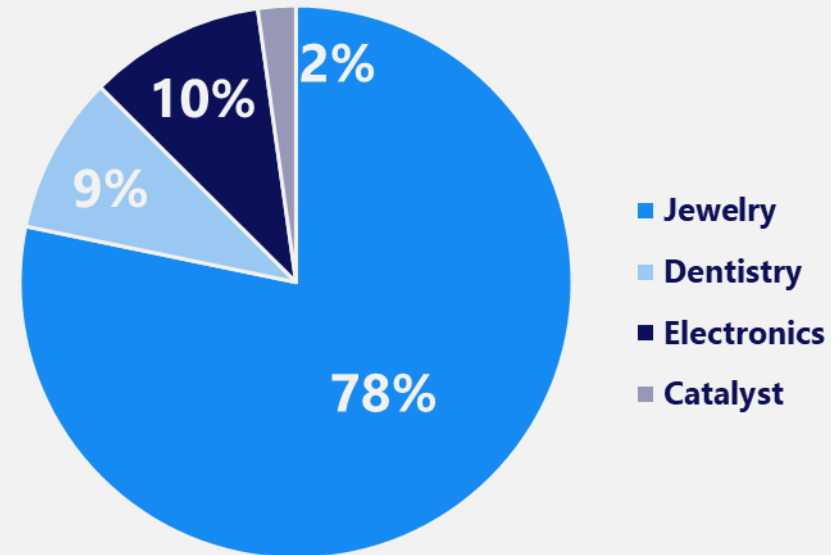
Profit for the FY2024.3 shows the amount including 16 billion yen from discontinued operations (includes share exchange gain from Japan Waste Corporation).

## Breakdown of Sales by Metal Element



\*Includes Rh sales as well as the sales revenue from the North American refining business

## Breakdown of Sales by Business Sector

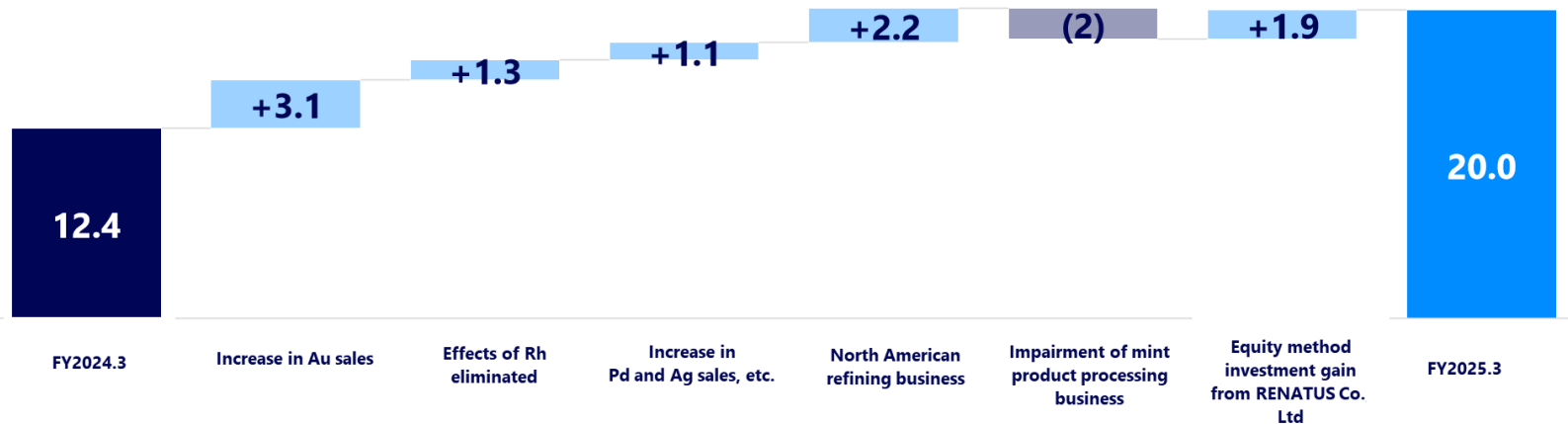


This figure shows a breakdown of sales by business sector in domestic precious metals recycling business and excludes sales revenue of North American refining business and domestic retail business.

### Point

- Sales revenue is primarily driven by gold, with its contribution further increasing amid rising prices.
- Sales revenue remained strong, supported by increased gold collection, primarily in the jewelry sector.

Unit: billion yen



Unit: Yen

Precious Metal Prices (per gram)	FY2024.3	FY2025.3	
	Average price for the period	Average price for the period	Change
Gold	9,271	12,677	3,406
Palladium	5,590	4,888	(703)
Platinum	4,464	4,834	370
Rhodium	21,476	22,607	1,131

[Reference]

Gold...Quote from mining company, Palladium ...Nikkei low price, Platinum ...retail price(exclude tax), Rhodium ...Metals Week NY Dealer Price

## Key Points

- Collection of gold increased primarily in jewelry sector.
- Despite impairment losses from product business, North American refining business overall achieved a YoY increase in operating profit.
- Equity method investment gain from RENATUS Co., Ltd is accounted starting this fiscal year in place of Japan Waste's discontinued operations excluded from last fiscal year.

### Precious Metals Business

Revenue

**506.1 billion yen**  
(YoY +183.9 billion yen)

Operating Profit

**18.3 billion yen**  
(YoY +5.6 billion yen)

#### Precious Metals Recycling Business

- Increased collection volumes in jewelry and electronics sectors, in addition to the rise in the price of gold, led to increase in both sales revenue and operating profit.
- Profits increased YoY across all sectors.

#### North American Refining Business

- Strong growth in refining and trading businesses resulted in an increase in operating profit.

### Environmental Preservation Business

Revenue

**— billion yen**  
(YoY — billion yen)

Operating Profit













**1.9 billion yen**  
(YoY +1.9 billion yen)

Profit

**1.9 billion yen**  
(YoY +1.9 billion yen)

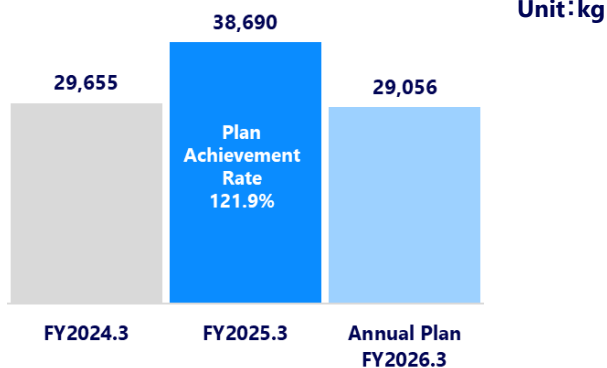
- Equity method investment gain from RENATUS Co., Ltd is included starting this fiscal year (1.9 billion yen).
- Japan Waste's results are excluded from the year-ago period.

Revenues, operating profit, and profit for the same period of the previous fiscal year exclude discontinued operations (Japan Waste Corporation).

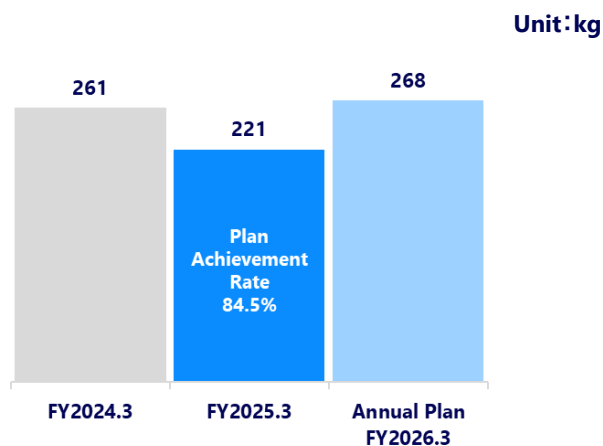
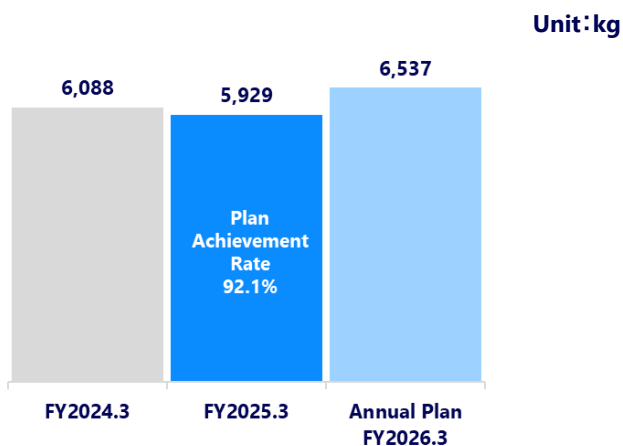
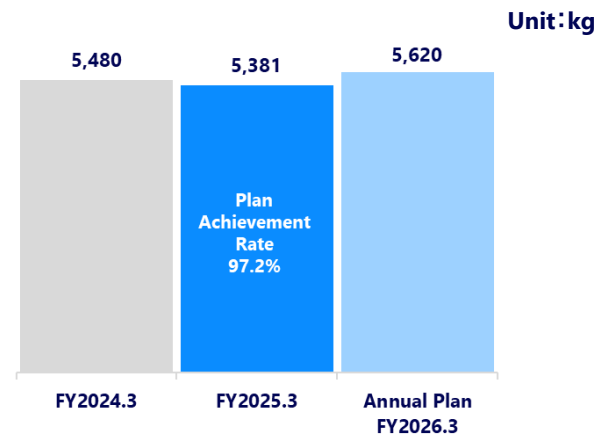
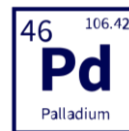
	Breakdown by Metal Element				YoY Change in Collection Volume	Business Environment
	Au	Pd	Pt	Rh		
Dentistry	 30~50%	 50~70%	 Less than10%	—	<div>Au</div> <b>100%</b>	Although material shifts continue to impact the market, we maintained the same level of collection volume as the previous year.
Jewelry	 Over 70%	 Less than10%	 10~30%	—	<div>Au</div> <b>139%</b>	Collection volume from jewelry resale shops increased.
Electronics	 Over 70%	 Less than10%	 Less than10%	—	<div>Au</div> <b>108%</b>	Although the impact of the slowdown in the Chinese market is evident, the collection volume has increased due to the recovery seen in the production of semiconductors and electronic components.
Catalyst	—	 50~70%	 30~50%	 Less than10%	<div>Pd</div> <b>92%</b>	A decrease in catalyst generation and intensifying competition led to the decrease in collection volume.

## Notes:

The figures in the table indicate the percentage of each category in the total collection volume of each sector (excluding silver and copper). Comments for each area are compared to the same period last year.



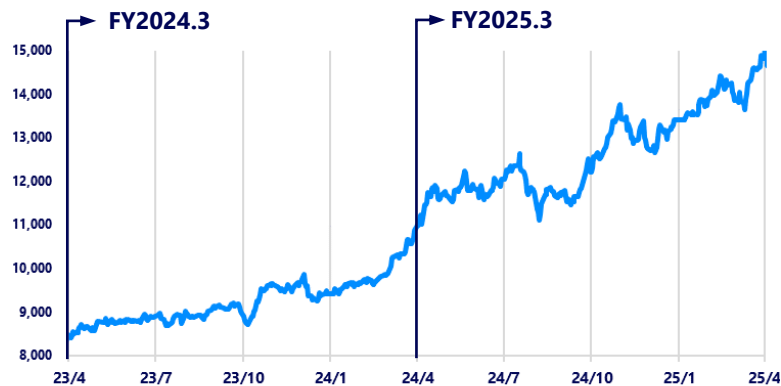
While collection volume temporarily increased in FY2025.3, FY2026.3 target has been conservatively estimated.





**Au**

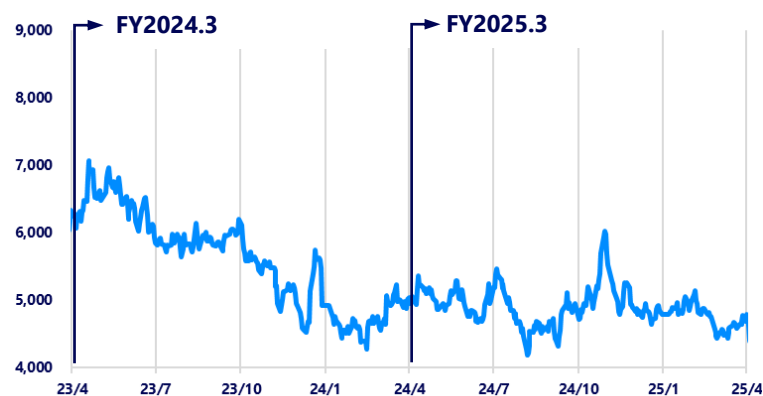
(¥/g)



Reference: Quote from mining company

**Pd**

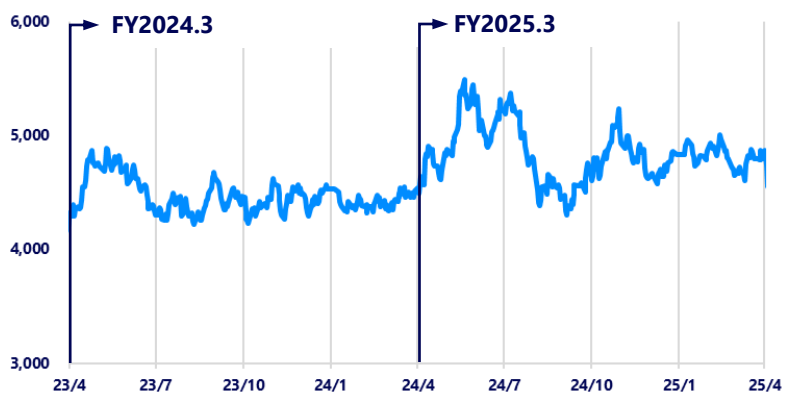
(¥/g)



Reference: Nikkei low price

**Pt**

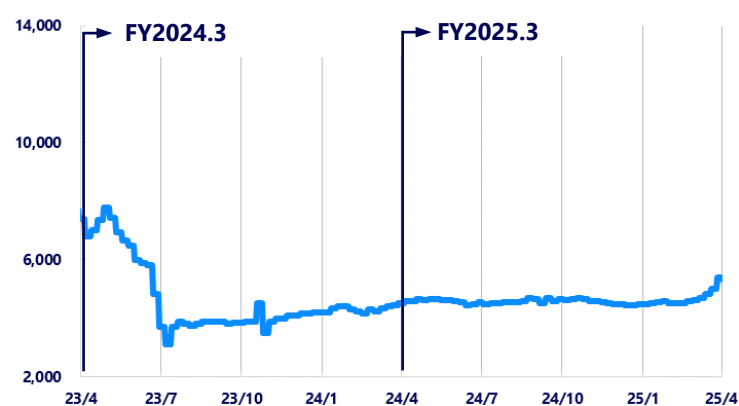
(¥/g)



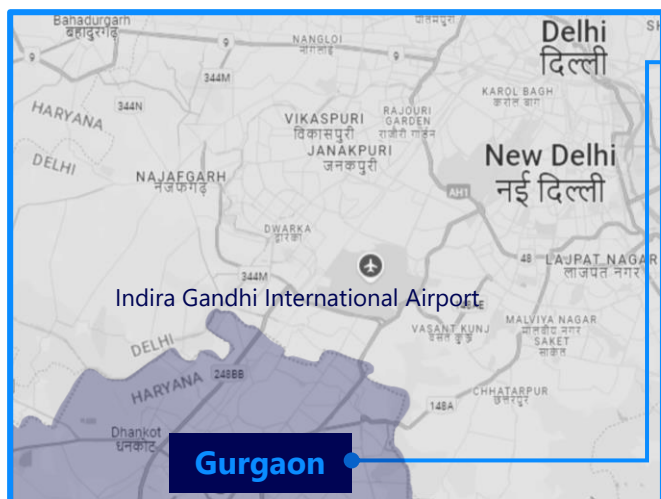
Reference: retail price (excluding tax)

**Rh**

(\$/toz)



Reference: Metals Week NY Dealer Prices



### Established a Local Subsidiary near Delhi, India

- ✓ Operations focused on the export of automotive catalysts from India, with refining processing done at Bando Plant (2<sup>nd</sup>).
- ✓ Market research underway on collection of gold in electronics and jewelry sectors.

#### Company Profile

Company Name	ASAHI PRETEC INDIA PRIVATE LIMITED
Location	Gurgaon (approx. 20km from Indira Gandhi International Airport)
Capital	15 million rupees (approx. 30 million yen)
Investors	Asahi Pretec Corp. ASAHI METALFINE, Inc.

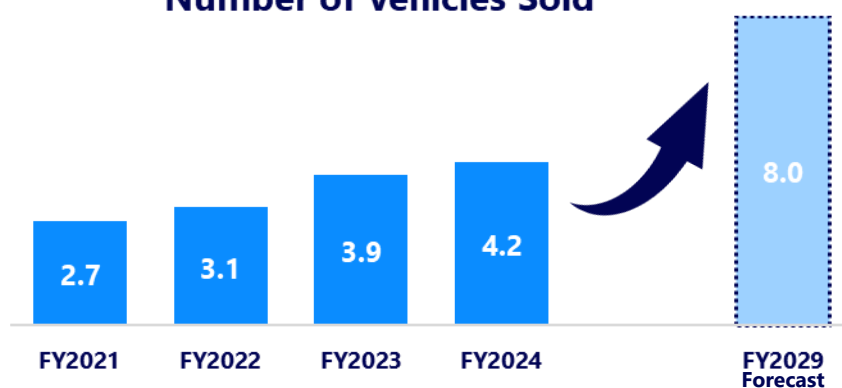


Operations  
scheduled to  
begin in  
July 2025

### Further Growth Expected in Indian Automotive Market

#### Number of Vehicles Sold

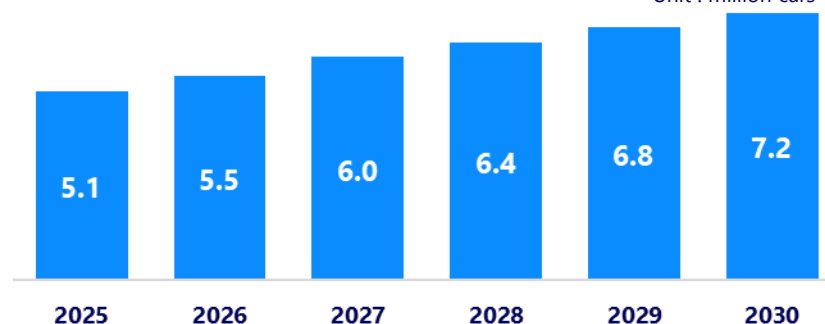
Unit: million cars



\* Created based on data from the Society of Indian Automobile Manufacturers (SIAM) and the Japan External Trade Organization (JETRO)

#### Automobile Dismantling Forecast

Unit : million cars



\* Created based on data from the Japan External Trade Organization (JETRO)

**An increase in scrapped vehicles is expected due to the Indian government's vehicle scrapping policy, presenting an opportunity to collect precious metals from automotive catalysts.**

### Current Tariff Situation in North America



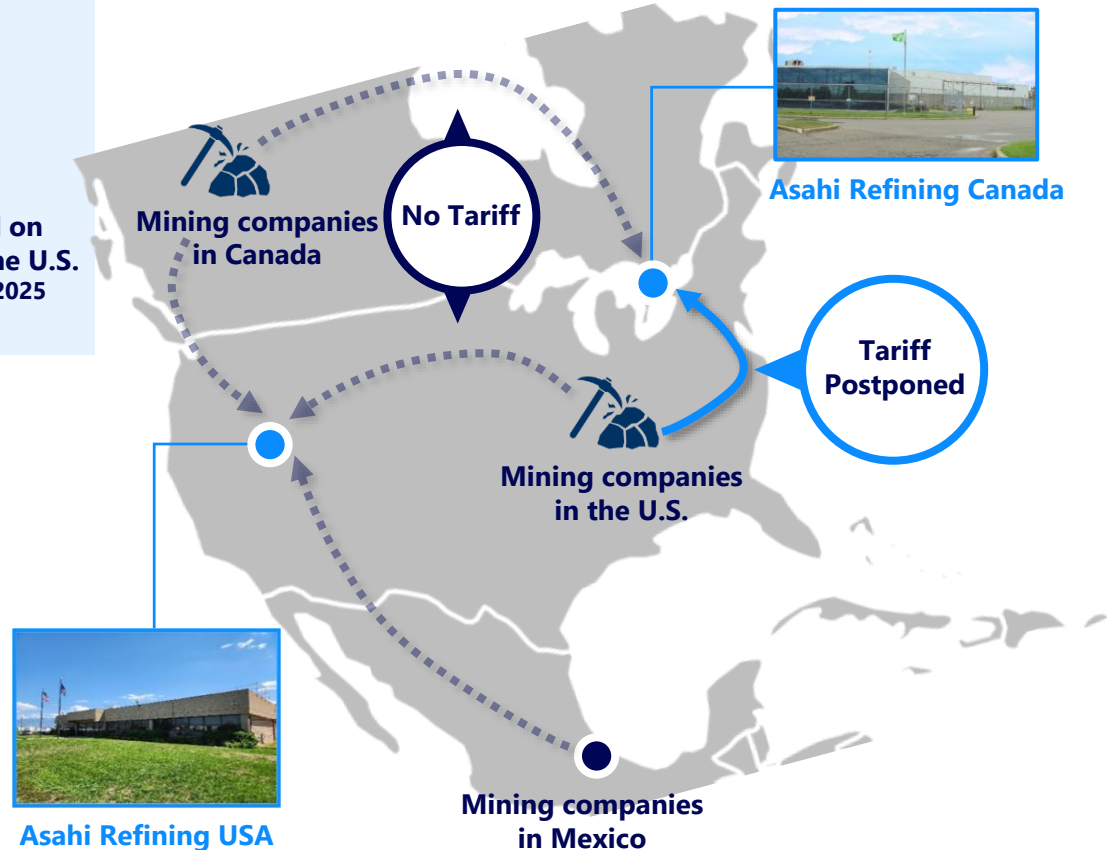
United States

Both Au and Ag are exempt from tariffs

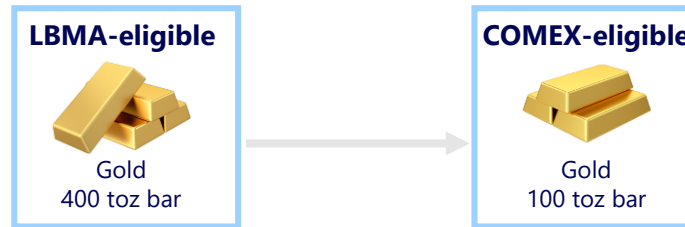


Canada

A 25% tariff will be imposed on Au and Ag imported from the U.S.  
➤ Postponed until October 15, 2025



**There is currently no direct impact of the tariffs on our business.  
We will continue to monitor potential future implications.**



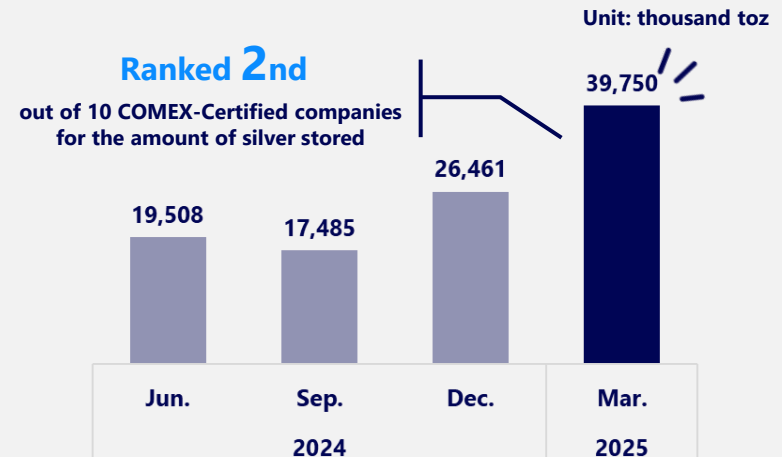
**With the increase in gold inflows to the U.S.,  
demand for recasting into COMEX-eligible bullion is growing.**



### Amount of Gold Stored



### Amount of Silver Stored



\*Created based on data from Daily Metal Stocks Report by COMEX and reflects Registered amount

**The storage amounts of both gold and silver show significant growth.**

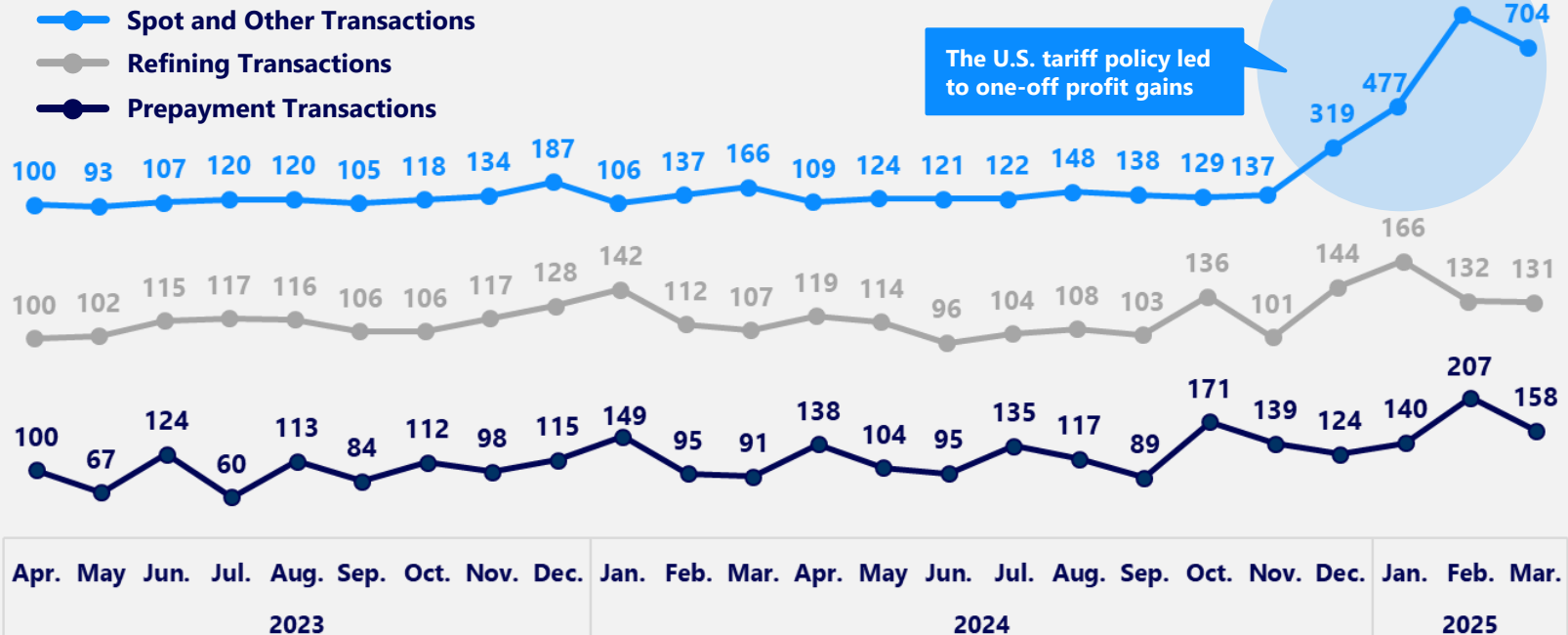


- Amid market volatility driven by U.S. tariff policy, arbitrage opportunities expanded.
- Sales revenue from refining and prepayment transactions increased in line with the surge in gold prices.

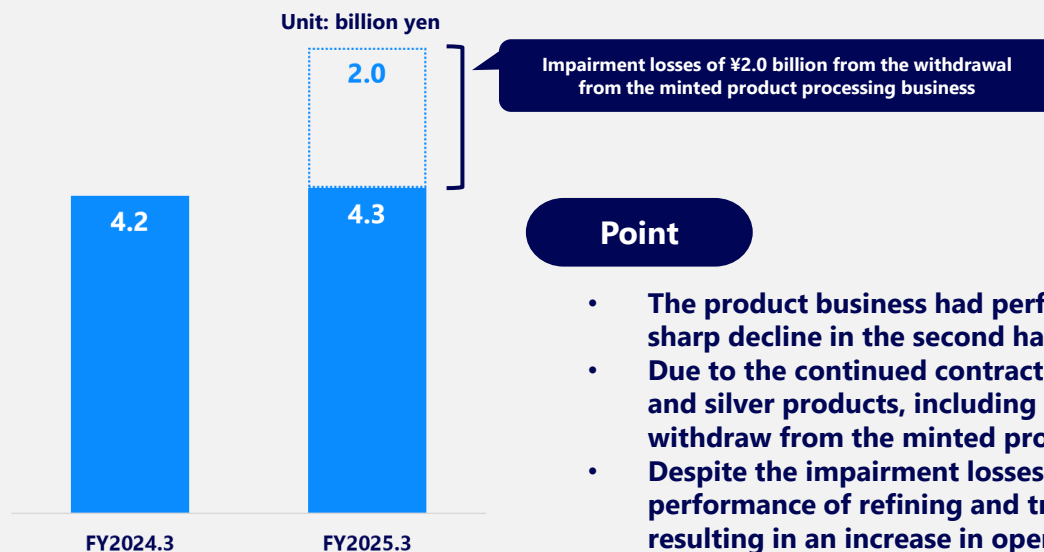


### Revenue Trends for Different Types of Transactions in North America

(Sales data of April 2023 is set to a value of 100)



## North American Refining Business Operating Profit



## North American Refining Business's Revised Business Model



Unit : billion yen

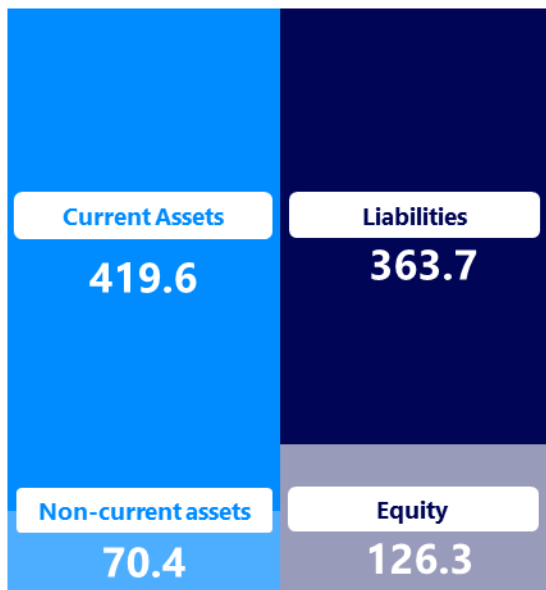
	Mar 31, 2024	Mar 31, 2025	Change	Main Changes	
Current Assets	253.8	419.6	+165.8	Trade and other receivables	+149.0
				Inventories	+17.3
Non-current assets	64.2	70.4	+6.2		
<b>Total Assets</b>	<b>318.0</b>	<b>490.0</b>	<b>+172.0</b>		
Current liabilities	113.0	311.3	+198.3	Bonds and loans payable	+148.7
Non-current liabilities	78.5	52.4	△ 26.1		
Equity	126.5	126.3	△ 0.2		
<b>Total equity and liabilities</b>	<b>318.0</b>	<b>490.0</b>	<b>+172.0</b>		

## Key Points

- **North American Refining Business:** Increase in prepayment and other transactions with mining companies led to an increase in both assets and liabilities.
- **Domestic Precious Metals Business:** Increase in hedged inventory in line with higher precious metal prices and increased collection of recyclable materials.

### Consolidated Balance Sheet of ARE Holdings

Unit: billion yen



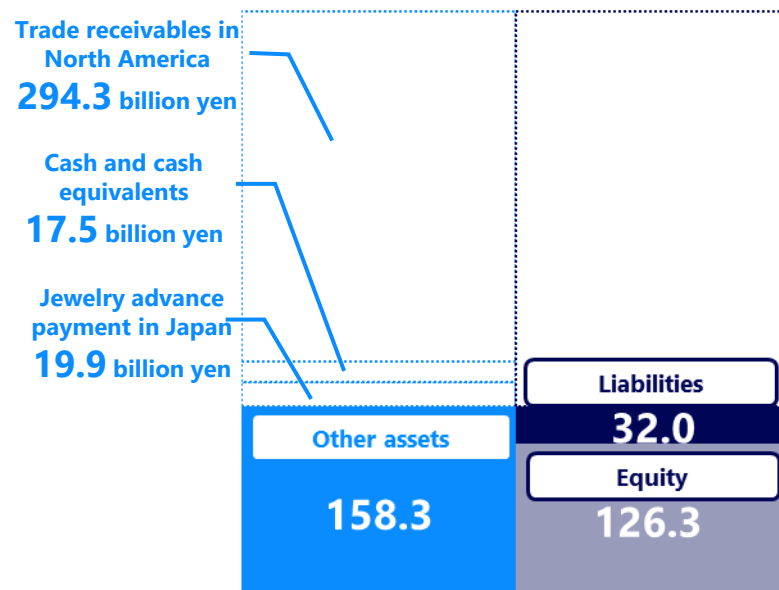
#### Equity Ratio

(Ratio of equity attributable to owners of the parent)

25.8%

### Balance Sheet without Highly Liquid Assets

Unit: billion yen



#### Equity Ratio

(Ratio of equity attributable to owners of the parent)

79.9%

#### Key Point

Most of the company's interest-bearing liabilities are backed by highly liquid assets.



**Credit Rating****R&I A-**

Rating Investment Information, Inc.

In response to the credit rating  
obtained in January 2025...**Issuance of Public Straight Bonds****1****Addressing Financing Needs in  
North America**Allocated as working capital for  
prepayment transactions in North America,  
which require significant borrowing.**2****Reducing Financial Costs**Seeking to reduce financial costs  
through long-term, stable, and low-  
interest financing.**3****Diversification of Financing  
Options**Striving to diversify financing methods  
in preparation for potential M&A  
opportunities.**By diversifying financing options and reducing financial costs,  
we aim to enhance our corporate value.**

Unit : billion yen

	FY2025.3	Main Changes	
Cash flow from operating activities	14.7	Profit before tax	+20.4
		Changes in inventories	(17.2)
		Changes in other receivables and payables	+11.4
Cash flow from investing activities	0.3	Purchase of property, plant and equipment (PP&E)	(7.4)
		Changes in prepayment transactions, etc. in North America	+7.8
Cash flow from financing activities	(6.2)	Loans payable	+1.0
		Cash dividends paid	(6.5)
		Purchase of treasury stock	(1.0)
Effect of exchange rate change on cash and cash equivalents	1.9		
Net change in cash and cash equivalents	10.7		
Cash and cash equivalents at end of period	17.6		

## Key Points

- Inventory assets increased due to an increase in the amount of precious metals collected in the domestic Precious Metals Recycling Business.
- Cash flow from financing activities primarily came from dividend payments and the purchase of treasury stock.

Unit : billion yen			
	FY2024.3 Results	FY2025.3 Results	Details of the Main Investment
<b>Capital Investment Amount</b>	<b>8.5</b>	<b>8.2</b>	
— <b>Precious Metals Business</b>	<b>6.1</b>	<b>8.1</b>	
— <b>Domestic</b>	<b>3.3</b>	<b>3.3</b>	Bando Plant (2nd) related : approx. 2.0 billion yen
— <b>Overseas</b>	<b>2.8</b>	<b>4.8</b>	Upgrading silver refining facilities in North America : approx. 3.0 billion yen
— <b>Others</b>	<b>2.4</b>	<b>0.1</b>	
<b>Depreciation</b>	<b>3.6</b>	<b>2.7</b>	

"Others" and "Depreciation" includes capital investment in the Environmental Preservation Business

### Bando Plant (2<sup>nd</sup>)

Will be  
completed  
in April  
2025



Business  
Sectors



Catalyst



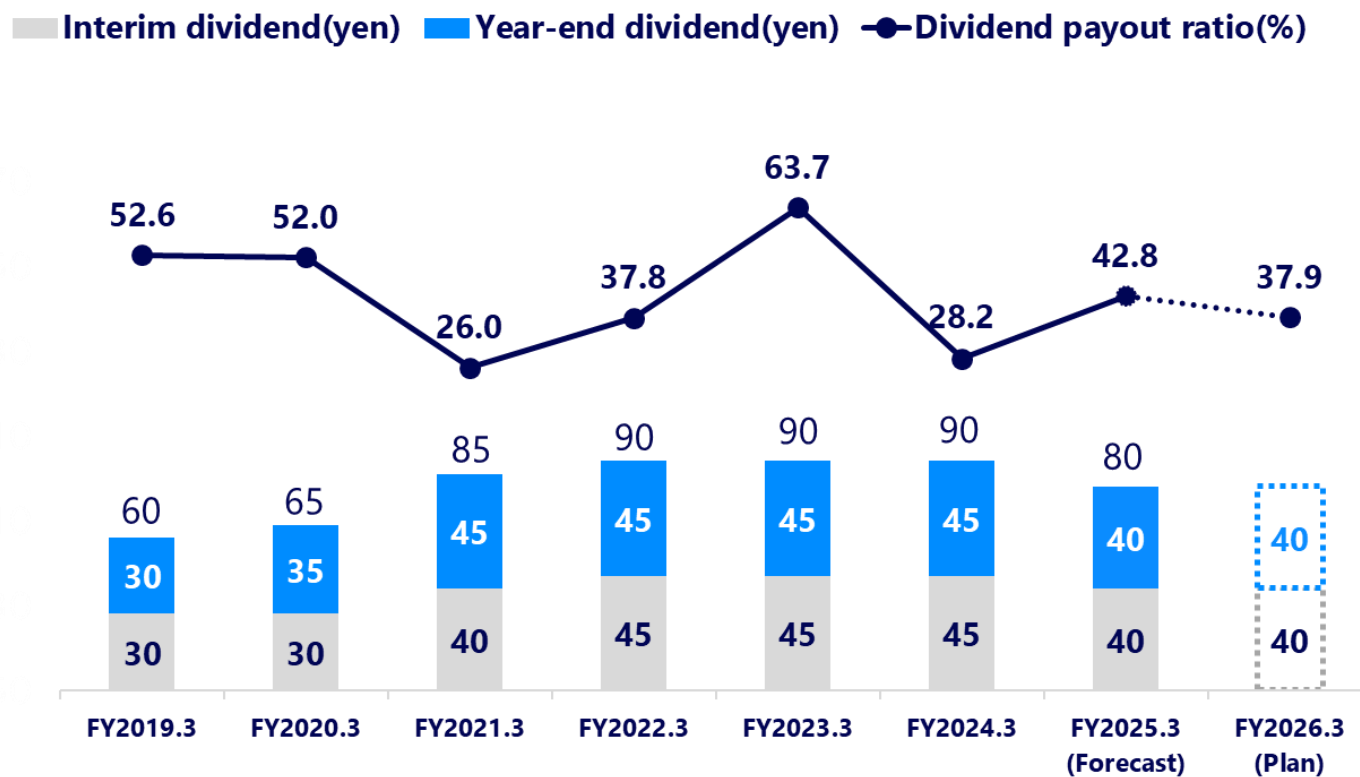
Electronics

Metal  
Types



### Advantages of Bando Plant (2<sup>nd</sup>)

- ✓ Increase the recovery rate of precious metals through equipment upgrades.
- ✓ Competitive advantage through reducing lead time by 10%.
- ✓ Improve profitability by reducing outsourcing and transportation costs.



Note:

1:2 stock split was implemented on April 1, 2021, and dividends per share and earnings per share until FY2021.3 are calculated based on the post-split basis.

**We will continue to pay stable dividends with a target dividend payout ratio of 40%.**

## Key SDG Targets

Expand precious metals recycling

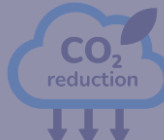


Effective use of limited global resources

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



Promoting responsible precious metals management

Reduce CO<sub>2</sub> emissionsReducing CO<sub>2</sub> emissions from energy sources

Enhancement of work-life balance and diversity promotion



Emphasizing diversity and improving job satisfaction

Encourage and support SDG activities



Supporting employee contribution activities to the SDGs

## Acquisition of ISO/IEC 17025 Accreditation

## What is ISO/IEC 17025?

An international standard for testing and calibration laboratories that perform product testing, sampling, and calibration.



Name of Laboratory

Asahi Pretec Corp. Technical Research Center Research &amp; Development Department Analysis Group

Field of Accreditation

Chemical Testing

Classification of Item to be Tested

Reagents and related products (Gold Solution, Silver Solution, Platinum Solution, Palladium Solution)

Technical Classification of Test

Gravimetric analysis (Gravimetric analysis by chemical reduction)

This accreditation enhances the transparency and reliability of our analysis for recyclable materials containing precious metals, strengthening our competitive advantage and unlocking new business opportunities.

## Achieved an A- rating on CDP



External evaluation of FY2023 performance

- ✓ Achieved an A- rating (the 2<sup>nd</sup>-highest of 8 levels) for two consecutive years.
- ✓ We remain committed to actively advancing our initiatives to create a circular economy, in alignment with our corporate purpose.

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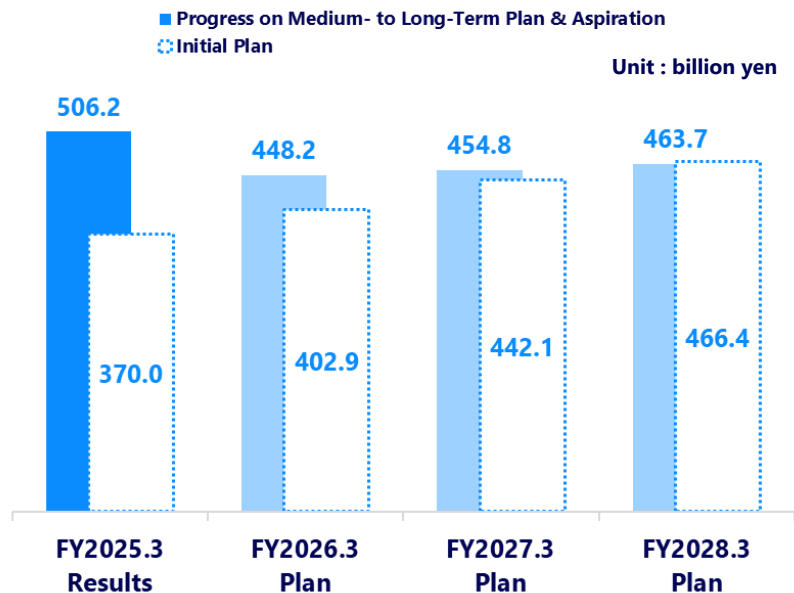
## Sales Revenue

- While collection volume temporarily increased in FY2025.3, FY2026.3 target has been conservatively estimated.

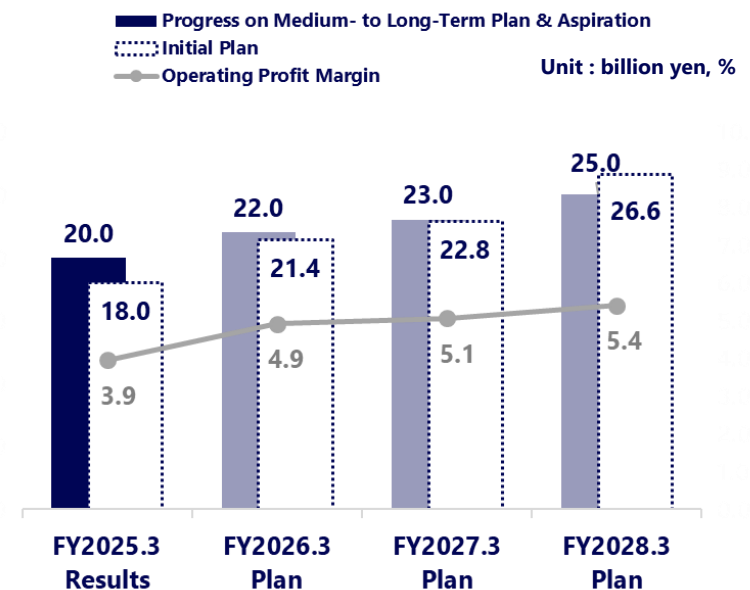
## Operating Profit

- Enhance profit level through the promotion of growth strategies.
- Actively explore new investments, including M&A in existing business areas, to further drive profit expansion.

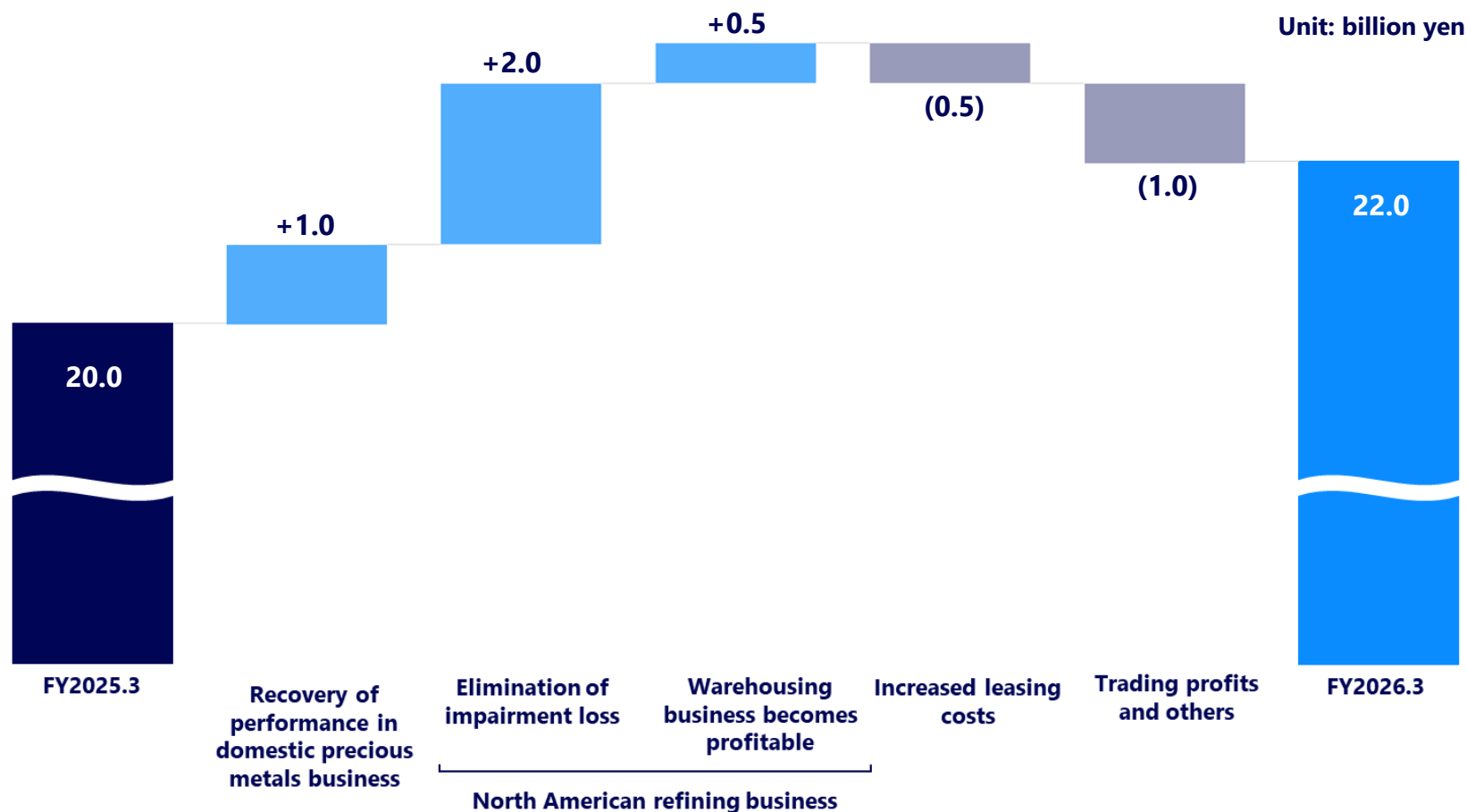
## Sales Revenue



## Operating Profit &amp; Operating Profit Margin



- The domestic precious metals business is expected to see an increase in operating profit, primarily driven by higher collection volume from the recovering electronics sector.
- The North American refining business is also projected to improve, reflecting the absence of impairment losses from the minted product processing business and enhanced profitability in the warehousing business.





## 1 Exploring New Fields



xEVs

Synthetic  
PharmaceuticalsAI  
Semiconductors

- ✓ Slow growth in BEV sales has led to excess inventory of electrical components, causing significant production stagnation at companies that are highly dependent on BEVs.
- ✓ HEVs and PHEVs continue to perform well and are expected to gradually recover, with the launch of next-generation BEVs likely to be a major catalyst for demand recovery.
- ✓ The types of low-molecular-weight pharmaceuticals and agrochemicals, along with their manufacturing scales, require various chemical catalysts, leading to significant recovery losses.
- ✓ We aim to expand our market share by leveraging our precious metals recovery technology, the start of operations at Bando Plant (2<sup>nd</sup>), and collaboration with chemical catalyst manufacturers.
- ✓ Strengthen initiatives with related companies to collect precious metals used in the manufacturing process of AI semiconductor-related parts.
- ✓ By developing new technologies and recovery processes, we aim to expand our market share by adapting to the rapid advancement of AI semiconductors and enhancing the recovery of precious metals across diverse applications.

## 3 Improving Production Capabilities

Bando Plant (2<sup>nd</sup>)  
nearing completionBusiness  
SectorsCatalyst  
(operations scheduled to begin in  
April 2025)Electronics  
(operations scheduled to begin in  
July 2025)Production  
Capacity

1.5x increase from pre-transfer

Advantages

- ✓ Improved reliability through the introduction of new equipment and enhanced quality control.
- ✓ 15% improvement in human productivity through automation.
- ✓ 10% reduction in lead time to strengthen competitiveness.

## 2 Expansion into Overseas Markets

Subsidiary established in Thailand  
Asahi Pretec (Thailand) Co., Ltd.

- ✓ Operations have already commenced, and preparations are underway for the local plant to begin operations in April 2026.
- ✓ We will collect grinding debris and scrap materials generated by jewelry-related facilities.

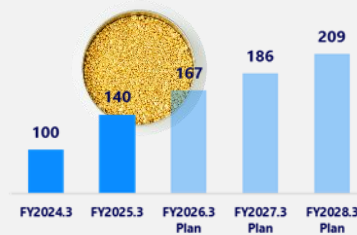
Proposed subsidiary in India  
ASAHI PRETEC INDIA PRIVATE LIMITED

- ✓ A local subsidiary is scheduled to be established in June 2025.
- ✓ Collection of scrapped automotive catalysts is expected due to the Indian government's vehicle scrapping policy.
- ✓ We will continue market research on jewelry products and e-scrap.

## 4 Upgrading Sales Strategies

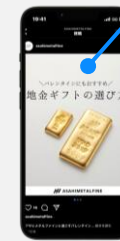
- ✓ Sales of Green Metal remain strong. In addition to existing jewelry manufacturers, we plan to expand sales to other industries, including the automotive industry.
- ✓ For retail sales, which began in FY2024, we aim to increase membership through customer outreach efforts and achieve profits approximately three times higher than the current fiscal year in FY2025.

Profit Trends of Green Metal Sales



\*Profit data of April 2024 is set to a value of 100

Branding through Social Media

Engaging a broad audience  
through Instagram, a platform  
with a large and diverse user baseRaising Brand  
AwarenessIncrease in  
Membership

## DX Promotion Business Initiatives Through FY2024

### Product Development and Feature Enhancement



Feature enhancement of "manifest management system" through API integration with cloud services, administrative reporting, and paper manifest printing.



### Sales Marketing

#### Existing Customers

The UI/UX design and operability that led to the Good Design Award have been well-received by existing customers.

Monthly churn rate

**0.25%**

NPS\*

**8.3UP**

\*NPS: Net Promoter Score

#### Future Clients

We will diversify our sales channel through inside sales and strategic collaborations.

User session on service platform

**260%**

Contract rate

**11%UP**

## Building a Solid Customer Base and Improving Profitability

### Expanding target audience by enhancing features and services

**Expansion of service offerings**

- ✓ Launch of new service plan
- ✓ Standalone electronic contract sales

#### Diversification of products and services

- ✓ Expansion of "management functions"
- ✓ Additional functions for multi-operators of waste

#### Expansion of target audience

- ✓ Service development for disposal operators
- ✓ First step toward platformization

FY2025.3

FY2026.3

FY2027.3

FY2028.3

Sales **1.7x**  
Number of Customers **2.2x**

Sales **3x**  
Number of Customers **3.4x**

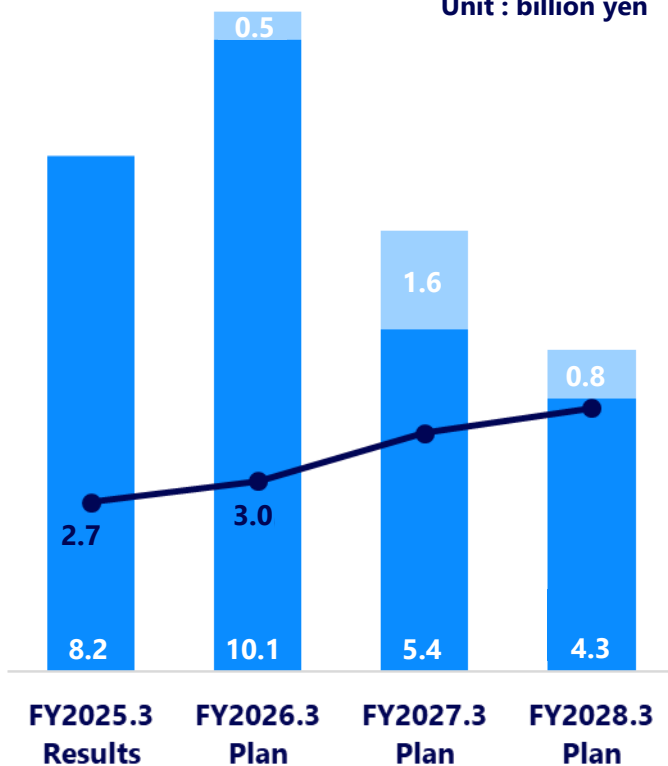
Sales **4.5x**  
Number of Customers **4.8x**

\* Sales and customer numbers are compared to the results for 2025/3.

## Investment Plan for the Next Three Years

Existing Business    New Business  
 —●— Depreciation

Unit : billion yen



## Investment Details for the Next Three Years

\*Total over three-year plan period

## Precious Metals Business

<b>Investment for domestic business</b>	<b>11.5 billion yen</b>
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Bando Plant (2 <sup>nd</sup> )	~6.0 billion yen
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Equipment renovation and expansion	~1.0 billion yen
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Various system replacements	~1.0 billion yen
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<b>Investment for overseas business</b>	<b>11.2 billion yen</b>
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Renovation of silver refining equipment in North America	~9.0 billion yen
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ASEAN & India-related	~2.0 billion yen
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## P/B ratio

P/B ratio has been declining since 2021, dropping to around 1x over the past two years.

Unit : times



P/B ratio of 1.0

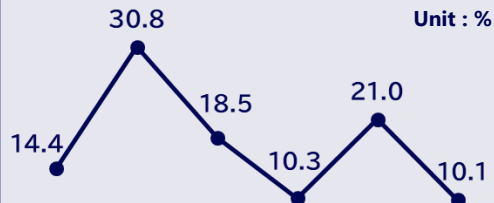
FY2020.3

FY2025.3

## ROE

In recent years, ROE has remained above 10%, surpassing our estimated cost of shareholder capital, which is between 7.0% to 9.0%.

Unit : %



Shareholder capital cost 7.0~9.0%

FY2020.3

FY2025.3

## 1 Enhancing Profitability

- Execution of growth strategies
- Business portfolio management

## 2 Enhancing Financial Strategies

- Cash allocation

### Method of calculating shareholder capital costs (CAPM-based)

Risk-free rate + ( $\beta \times$  Market risk premium)

└ 10-year government bond yield

└ Reflects market and liquidity excess returns on our proprietary risks

## P/E ratio

Although P/E ratio temporarily declined due to the recording of stock exchange gains, it has returned to the 10x range.

Unit : times



FY2020.3

FY2025.3

## 3 Enhancing Nonfinancial Strategies

- Promoting dialogue with shareholders and investors
- Strengthening communication of growth strategies
- ESG management initiatives

### Issue

We recognize that improving the P/B ratio requires enhancing the net profit margin and optimizing total assets to increase ROE. Additionally, further promotion of our medium- to long-term growth strategy and shareholder return policy is essential for driving market performance.

## Profitability

High

## Improving profitability

Improve customer satisfaction and broaden our target audience by expanding our service offerings and improving manifest features.

## Scaling the business and improving profitability

- Withdrawal from the minted product processing business, which has been underperformed in recent years.
- Expand the trading and warehousing businesses, leveraging the stable revenue generated by the refining business.

● : Current position

## Scaling the business and improving profitability

- Maximize utilization of the newly operational Bando Plant (2<sup>nd</sup>) to increase collection volume and improve profitability.
- Expand market share in each sector by revising sales strategies and leveraging digital tools.

North American Refining Business

Korea, Malaysia

## Scaling the business

Expand business scale by enhancing sales activities in Thailand and India, and launching local plant operations.

Environmental Preservation Business (DXE)

ASEAN, India

Dentistry, Electronics, Catalyst

Precious Metals Recycling Business (domestic)

Jewelry

Business scale

Large

**Promote the expansion of business scale and improvement of profitability to achieve Medium- to Long-Term Plan & Aspiration**

**Cash inflow**  
( Total over next three years )

**Operating CF**  
6.5 billion yen~

**Cash outflow**  
( Total over next three years )**Growth Investment**

4.7 billion yen~

**Investment in existing business**

- Expansion of equipment at Bando Plant (2<sup>nd</sup>) to enhance profitability and efficiency
- Expansion of silver refining facilities in North America to enhance production efficiency and quality

**Investment in growth areas**

- Establishment of a local plant in Thailand
- Investment to expand business opportunities
- M&As in Japan and North America

**Shareholder Returns**

1.8 billion yen~

**Dividends**

- Continue to pay stable dividends with a target dividend payout ratio of 40%.

**Continue stable shareholder returns while allocating cash to the steady execution of growth strategies outlined in Medium- to Long-Term Plan & Aspiration.**

## Status of the Dialogue (FY2023 Results)

### Dialogue Method

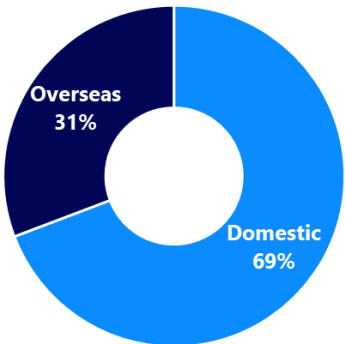


\*Total number of financial results briefings, securities firm-hosted conferences, and small group meetings with institutional investors

### Attending Personnel

- Representative Director, President
- General Manager of Finance & Accounting
- General Manager of Corporate Planning & Communications (IR Officer)
- Representative Director, President
- General Manager of Finance & Accounting
- General Manager of Corporate Planning & Communications (IR Officer)
- Representative Director, President
- General Manager of Corporate Planning & Communications (IR Officer)

## Attributes of Dialogue Participating Shareholders (FY2023 Results)



Engaged in active dialogues with fund managers, analysts, and ESG representatives

## Key Outcomes of the Dialogues

Insights Gained from the Dialogues	Our Actions
Disclosure of initiatives or strategies to improve P/B ratio	Disclosed in the section “Actions to Implement Management Focused on Cost of Capital and Stock Price” of this material. Plans for continuous updates in the future.
Enhancement of disclosure for North American Refining Business	Hosted a small group meeting for institutional investors in FY2024. Aims to enhance disclosure in financial results materials to deepen stakeholder understanding.
Disclosure of engagement survey methods and outcomes	Disclosed in the section “ESG Management Initiatives”

**We actively expanded dialogue opportunities with investors and ensured that the insights gained were incorporated into management through regular reports to the Board of Directors and other relevant bodies.**



## Environment



## Social



## Governance



## Key Targets and Benchmarks

- **Expand Precious Metals Recycling** 💡
  - Precious metals recycling volume
  - CO<sub>2</sub> reduction effect
- **Supply Precious Metals in Ways That Are Friendly to People, Society, and the Environment** 💡
  - Certifications from various institutions
- **Reduce CO<sub>2</sub> Emissions** 💡
  - Scope1&2 emissions

## Achievements

- **Addressing climate change**
  - Third-party verification of CO<sub>2</sub> emissions
  - Introduction of internal carbon pricing
  - Initiatives for obtaining SBT certification
- **Certifications from various institutions**
  - UL 2809 certification obtained

- **Enhance Work-Life Balance and Employee Diversity** 💡
  - Achievement rate for rest intervals of at least 11 hours
  - Percentage of women in managerial positions
  - Percentage of male parental and childcare leave usage
- **Encourage and Support SDG-Related Activities** 💡
  - Promote and support Asahi Clean Project (cleaning initiatives)

- **Human resource development**
  - Level-specific training
  - Promoting overseas trainee program
- **Organizational development**
  - Reinforcing awareness and adoption of ARE Group Way
  - Engagement survey

- **Enhance Risk Management**
  - Enhance risk management for overseas expansion
  - Enhance risk management in North America

- **Enhancing corporate governance**
  - Reviewing director remuneration system
  - Evaluation of the effectiveness of the Board of Directors
- **Appropriate disclosure**
  - Active disclosure of information essential for investment decisions

💡 : Key SDG Targets

## Environment

## Obtained Carbon Footprint (CFP) for Gold Granule Products



## Summary

For our main product, 99.99% gold granules, we have calculated CO<sub>2</sub> emissions from the collection of raw materials through product manufacturing and conducted third-party verification based on ISO 14040:2006 and ISO 14044:2006.

## Plan

With the addition of carbon footprint information, we expect positive outcomes such as acquisition of new business partners and the potential for premium pricing.

## Acquisition of ISO/IEC 17025 Accreditation



## Summary

An international standard for testing and calibration laboratories that perform product testing, sampling, and calibration.

## Plan

This accreditation enhances the transparency and reliability of our analysis, strengthening our competitive advantage and unlocking new business opportunities.

## Name of Laboratory

Asahi Pretec Corp. Technical Research Center  
Research & Development Department  
Analysis Group

## Field of Accreditation

Chemical Testing

## Classification of Item to be Tested

Reagents and related products  
(Gold Solution, Silver Solution, Platinum Solution, Palladium Solution)

## Technical Classification of Test

Gravimetric analysis (Gravimetric analysis by chemical reduction)

## Initiatives for Obtaining SBT Certification



## Summary

As part of our initiatives toward realizing a circular economy, we are preparing to obtain SBT certification. By obtaining the certification, we aim to further enhance our corporate value by demonstrating our commitment to a net-zero carbon society.

## 1. Complying with the disclosure standards set by the Sustainability Standards Board of Japan (SSBJ)

- We plan to gradually enhance our sustainability disclosures in accordance with the standards for sustainability reporting in securities reports published by SSBJ.

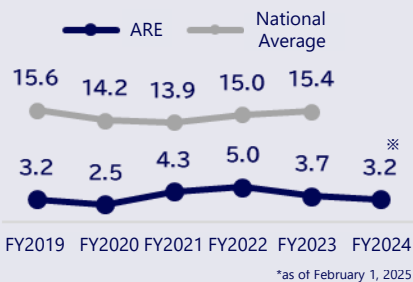
## 2. Efforts to meet the CDP response criteria

- Further enhance the sustainability initiatives to maintain and improve the A- rating obtained based on FY2023 performance.

## Social

### Maintaining High Employee Retention

#### Turnover rate trends of our Group (domestic)



Maintaining high employee retention, with the turnover rate being well below the national average.

### Building a Foundation for Growth Through Talent Acquisition and Development



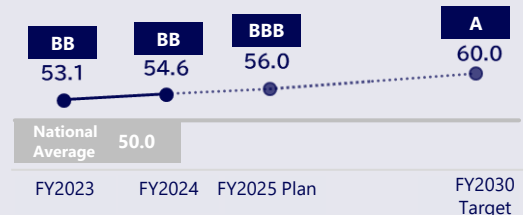
### Reinforcing Awareness and Adoption of ARE Group Way



Our corporate philosophy "The Asahi Way" was updated to "ARE Group Way" on August 1, 2024. Fostering shared values across the Group by raising awareness at domestic and overseas locations through internal dialogue.

### Enhancing Employee Engagement Initiatives

#### Engagement survey score trends



#### Recognizing issues through engagement surveys

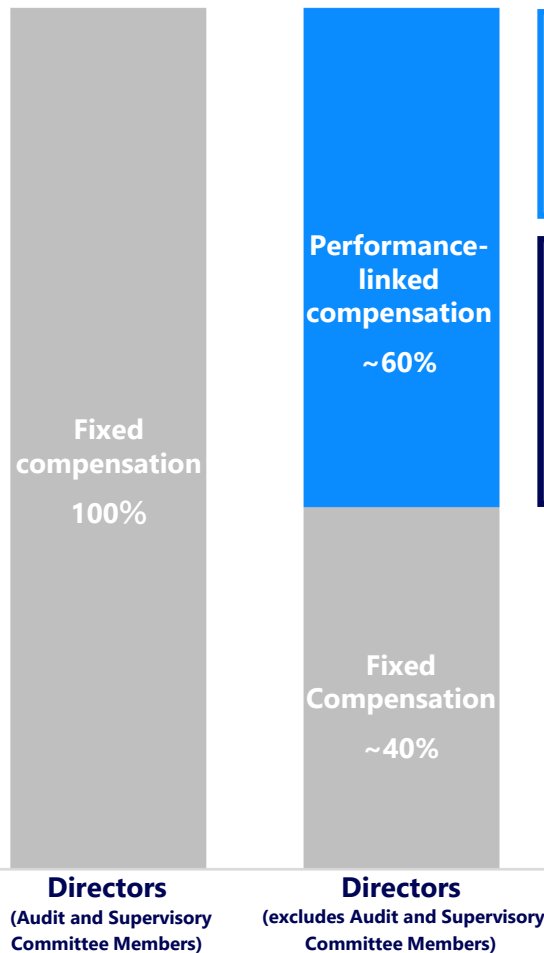
- Enhancing intergenerational communication
- Promoting recruitment and allocation aligned with business characteristics

#### Addressing issues

- Providing follow-up support for organizations facing challenges
- Reviewing the human resource framework and restructuring the training system

## Governance

## Director Remuneration Structure



Short-term  
incentive  
compensation  
~40%

Consolidated Operating  
Profit

- Multiply consolidated operating profit by a certain percentage and determine the compensation amount for each director based on their position and contribution to performance.

Medium- to long-  
term incentive  
compensation  
~60%

Consolidated operating  
profit

TSR  
(Total Shareholder Return)

Achievement of ESG  
Benchmarks

- Progress on target achievement
- Two-year period target achievement rate
- Key SDGs Targets, etc.

The above percentages are calculated based on the payment amounts for the most recent fiscal year and are subject to change depending on factors such as the company's performance and fluctuations in stock price.

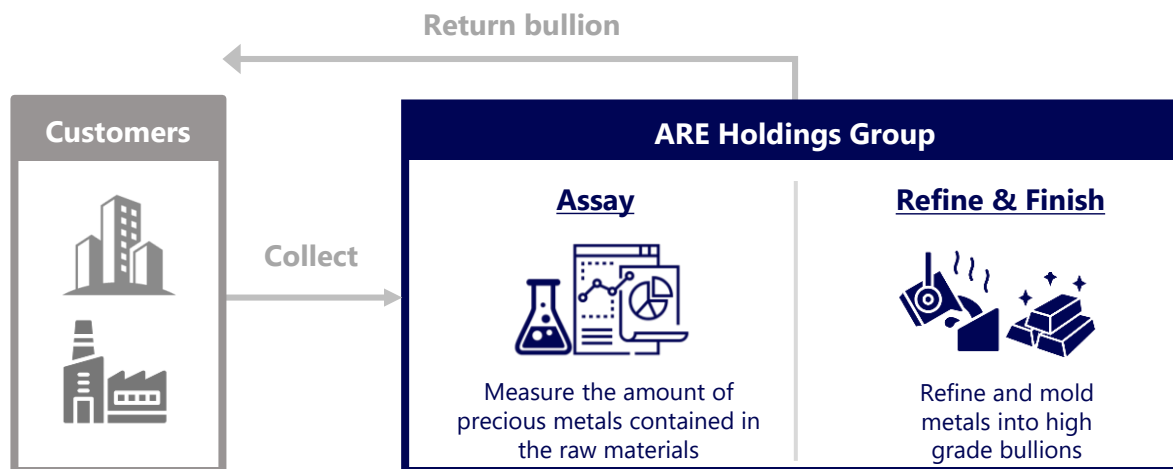
## Key SDG Targets as Benchmarks



- Precious metals recycling volume
- CO<sub>2</sub> reduction effect
- Percentage of women in managerial positions
- Percentage of male parental and childcare leave usage etc.

- I. Financial Results for FY2025.3  
(April 1, 2024 - March 31, 2025)
- II. Current Progress Toward Our Medium- to Long-Term Plan & Aspiration
- III. Action to Implement Management that is Conscious of Cost of Capital and Stock Price
- IV. Appendix**

## Return Type

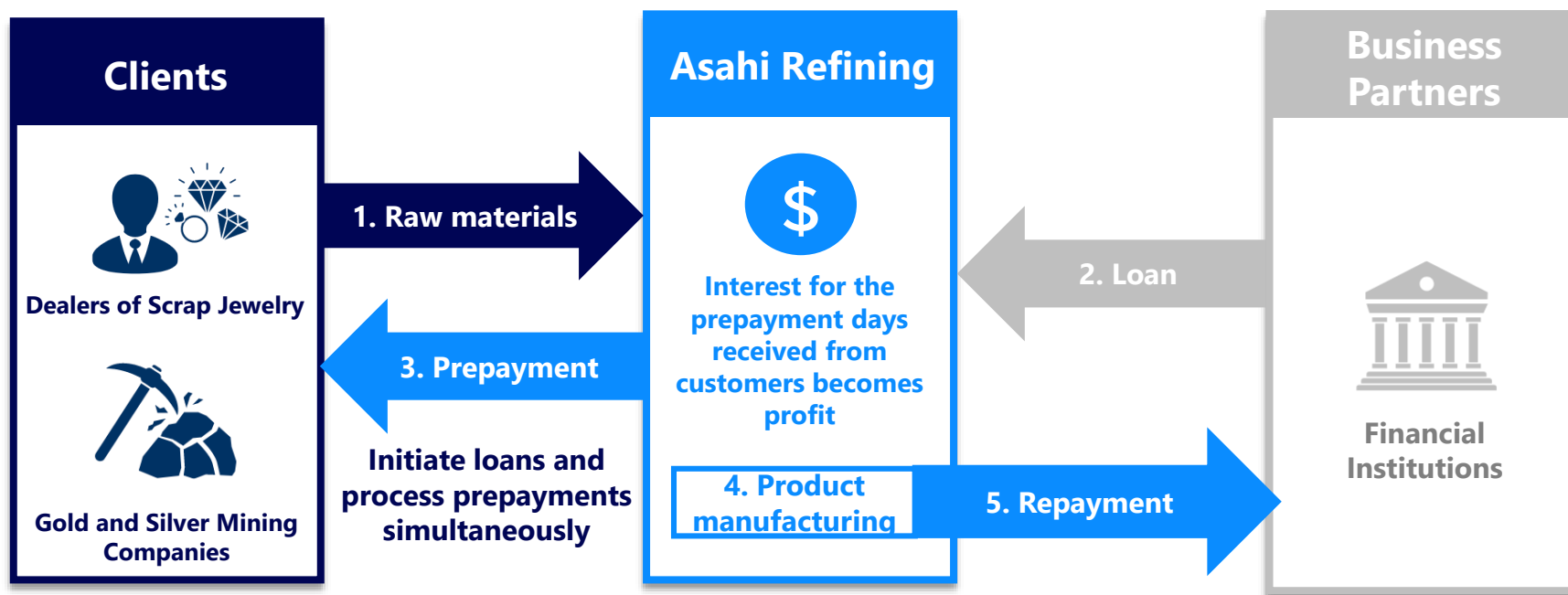


Since there is no purchase of precious metals,  
only the processing fee for refining is included in revenue.

## Purchase Type



The purchases of collected recyclable materials becomes the cost of sales.  
Then, the sales of the refined bullion generate revenue.

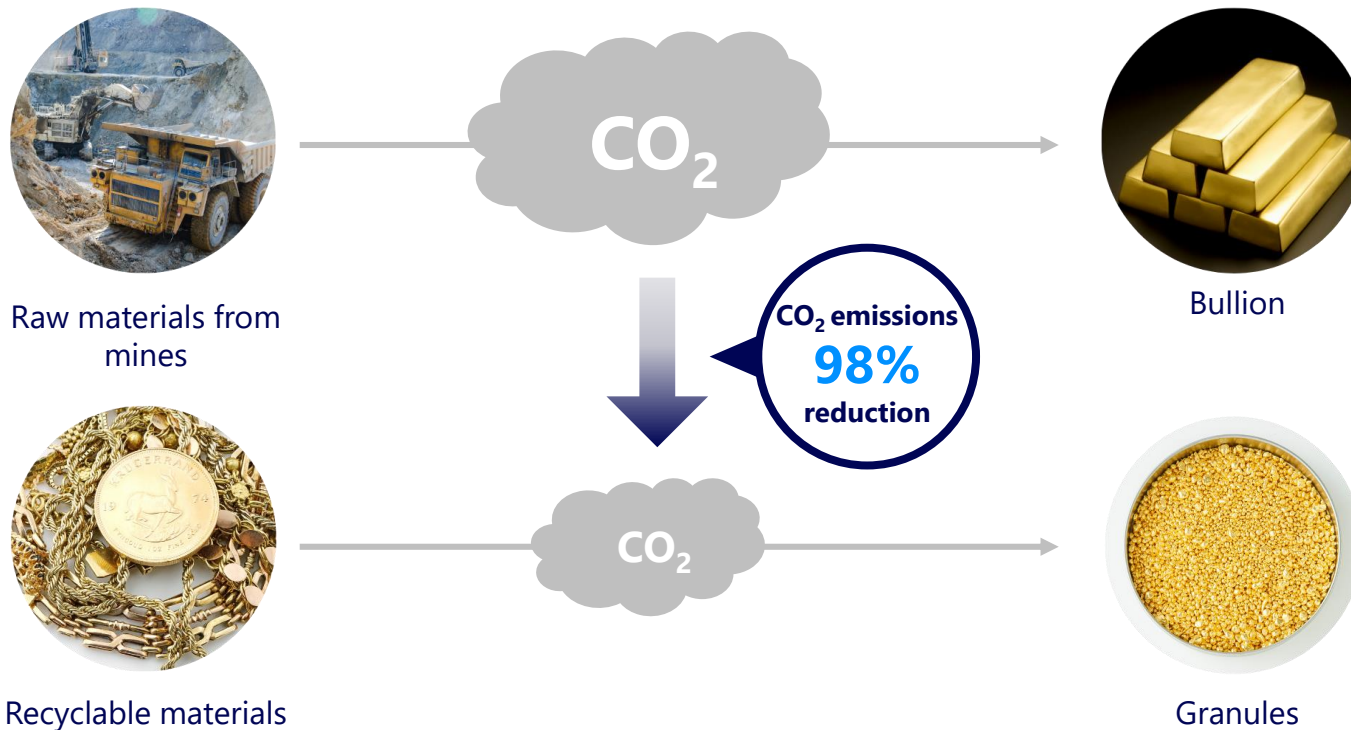


- ✓ Shorten the delivery time from receiving raw materials to returning the finished products to customers.
- ✓ Receive interest for the prepayment days from customers by delivering products before the contract's delivery date.
- ✓ Since the prepayment is made after receiving the raw materials, there is no risk of bad debt.
- ✓ An expansion of the balance sheet is driven by this type of transaction because it requires the recognition of both assets and liabilities.



## Obtained Carbon Footprint (CFP) for Gold Granule Products

For our main product, 99.99% gold granules, we have calculated CO<sub>2</sub> emissions from the collection of raw materials through product manufacturing and conducted third-party verification based on ISO 14040:2006 and ISO 14044:2006.



**Our granular products are made from recycled materials, and can reduce CO<sub>2</sub> emissions during the manufacturing process by approximately 98% compared to bullion made from mined raw materials.**