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May 7, 2026

ARE Holdings, Inc.
FY2026.3 Full-Year Financial Results Briefing Transcript

[Slide 1] Title
Thank you again for joining us today for our financial results presentation for the full fiscal year ended March 2026.
I will begin by walking you through our financial results and business outlook, and this will be followed by a Q&A session.
I will keep my presentation part brief to ensure we have ample time to address your questions thoroughly.

[Slide 2] Financial Highlights
Turning to our consolidated financial highlights: for the fiscal year ended March 2026, we recorded 570 billion yen in revenue, which corresponds to a year-over-year increase of 63.8 billion yen.
Operating profit came in at 37.1 billion yen, up 17.1 billion yen from the previous year.
We exceeded the full-year operating profit forecast of 35 billion yen—announced during our results announcement for the third quarter—by 2.1 billion yen, ultimately achieving a record-high operating profit.
Looking ahead to our full-year plan for the fiscal year ending March 2027, we project revenue of 680 billion yen, representing a year-over-year increase of 110 billion yen.
Operating profit is expected to come in at 41 billion yen, an increase of 3.9 billion yen on a year-on-year basis.
Ultimately, we are expecting a third consecutive year of revenue and operating profit growth, with new record highs.
Additionally, we have updated the Medium- to Long-Term Plan & Aspiration, initially announced in the spring of 2024.
While the target timeline remains unchanged, with the focus on the fiscal year ending March 2031, we have raised revenue guidance to 750 billion yen and operating profit guidance to 50 billion yen.
Compared to the initial April 2024 plan, this represents an increase of 210 billion yen in revenue and 12 billion yen in operating profit.
This upward revision is driven by the stronger-than-anticipated performance by our Domestic and Asian Precious Metals Recycling Business, as well as our North American Refining Business.

[Slide 4] Revenue Breakdown and Changes
Turning briefly to the year-over-year revenue changes: revenue increased by 53.3 billion yen in the Precious Metals Recycling Business.
Due to a surge in intake volumes late in the fiscal year ended March 2026, our inventory levels rose, and actual sales volume came in slightly below the guidance we issued in the third quarter.
Meanwhile, revenue in the North American Refining Business grew by 10.5 billion yen year-over-year.
Despite a complex operating environment, activity across all segments remained robust throughout the year, consistently outpacing fiscal year ended March 2025 levels.

[Slide 5] Revenue Breakdown and Changes
Let’s now turn to the year-on-year changes in operating profit.

Within the Precious Metals Recycling Business, work-in-process inventory increased due to high intake volumes toward the end of the fiscal year ended March 2026.
Additionally, collection volume decreased slightly as we prioritized efforts to improve profitability in the jewelry sector.
Consequently, lower annual sales volume negatively impacted profit by 2.3 billion yen.
That said, this was more than offset by improved transaction margins, strong performance in the electronics sector, and rising precious metal prices, ultimately driving a total profit increase of 5.6 billion yen.
Turning to the North American Refining Business, all segments—refining, product, warehousing, and trading—performed strongly, resulting in a total profit increase of 9.9 billion yen.
Notably, our trading business contributed significantly to this growth by capturing various arbitrage opportunities with a high degree of precision.

[Slide 6] Performance Against Primary KPI
Our primary KPIs are collection volume, operating profit, and ROE.
Our collection volume KPI saw mixed trends for the fiscal year ended March 2026.
While gold collection volume decreased, as I articulated in the previous slide, operating profit ultimately improved as a direct result of our strategic focus on enhancing the profitability of individual transactions within the jewelry sector.
We anticipate a similar trend for the current fiscal year ending in March 2027.
We will continue our strategic focus on improving transaction profitability.
Looking at ROE, while a significant expansion in our equity base meant that our ROE did not scale perfectly in tandem with operating profit, we still achieved 13.7%.
We intend to maintain a level in the 13% range for fiscal year 2027.

[Slide 7] Approach to Equity Ratio
To ensure financial soundness, we closely monitor our equity ratio.
Compared to the end of December last year, our balance sheet at the end of March contracted by 320 billion yen.
As silver lease rates climbed around the turn of the calendar year, we proactively narrowed our focus to transactions that remained profitable even at those elevated rates.
By improving contract terms, including adjusting the number of refining contract days, we significantly reduced our trade receivables in North America.
Conversely, inventory assets increased by approximately 70 billion yen compared to the end of the fiscal year ended March 2025.
This was driven in part by a sharp rise in precious metal prices which inflated our per-unit inventory values, but additionally, circling back to what I touched on earlier, this was largely due to high raw material intake volumes at the end of the period.
Furthermore, the conversion of convertible bonds helped our equity ratio recover to 37.5%.
Excluding highly liquid assets—such as collateralized operating receivables and cash equivalents—from the balance sheet, we estimate our actual equity ratio stands at a robust 79%.

[Slide 8] Precious Metals Recycling | Collection Volume by Metal

This slide outlines our actual collection volumes by metal for the fiscal years ended March 2025 and 2026, alongside our plan for the fiscal year ending March 2027.
Last year, gold collection volume decreased as we focused on driving margin improvements within the jewelry sector.
For the ongoing fiscal year, while we anticipate strong tailwinds to drive higher gold collections in the electronics sector, we will maintain our strategic focus on profitability in the jewelry sector.
Consequently, total gold collection volume is projected to remain relatively flat.
We also expect platinum and palladium collection volumes to stay largely in line with prior-year levels.
Turning to rhodium, we plan to increase our collection volume and consequently drive profit growth, in tandem with the completion of the Bando Plant.

[Slide 9] Precious Metals Recycling | Overview by Business Sector
Turning to a sector-by-sector breakdown of the Precious Metals Recycling Business.
Starting with the dentistry sector, while we do not expect overall market growth due to the ongoing transition toward alternative materials, we are actively acquiring new clients to expand our market share, which is already quite high.
Additionally, our recent cost structure improvements are paying off, driving profit levels even higher.
Circling back to what I touched on earlier, our approach in the jewelry sector focused strictly on profitability by reviewing individual transactions and improving contract terms.
While this led to a 22% year-on-year decrease in collection volume, profit increased significantly.
Turning to the electronics sector, demand tied to AI data centers remains exceptionally strong, driving continued solid performance.
Lastly, within the catalyst sector, profit declined as the automotive segment continued to struggle with a challenging market environment exacerbated by the weak yen.
However, by increasing collections from the chemical catalyst segment, we successfully maintained our core palladium collection volumes at prior-year levels.

[Slide 11] North American Refining | Performance Trends
Moving to an overview of the North American Refining Business: in the prior fiscal year, we achieved profitability in the warehousing business.
Additionally, our trading business secured significant revenue and profit growth by capitalizing on arbitrage opportunities arising from U.S. tariff policy.
For the ongoing fiscal year ending March 2027, we have built our plan on the conservative assumption that these arbitrage opportunities will be largely absent.
As such, we are projecting an overall profit decline for North America as a whole; however, the core refining business, product business, and warehousing business are all expected to expand and achieve higher profit levels.

[Slide 12] North American Refining | Intake Volumes
One of the key drivers of the strong performance of our North American Refining Business was higher intake volumes from our core refining operations.
In the fiscal year ended March 2026, our North American refining operations successfully increased intake from both what we refer to as primary sources, that is, mined raw materials, and secondary sources, which consist of jewelry scrap materials.

Looking ahead, we project further growth in our total raw material intake for the ongoing fiscal year. During the fourth quarter of last year, we intentionally limited transactions involving jewelry scrap materials in response to a spike in silver lease rates, as silver is a key component in terms of secondary sources.
Because our current business plan was formulated during that high-rate period, it reflects a conservative estimate for our jewelry scrap intake.
However, with silver lease rates now beginning to normalize, we plan to resume expanding secondary intake while continuing to secure more favorable contract terms.

[Slide 13] North American Refining | Warehousing Business
We continue to see steady growth in our North American Warehousing Business.
While storage volumes declined over the past six months as we adjusted our operation in response to supply constraints in London and rising silver lease rates, the segment still exceeded our profit targets for the prior fiscal year.
We expect to drive even greater profit growth during the ongoing fiscal year.
Finally, although we currently maintain ample warehouse capacity, we are considering further expansion in North America.
Over the medium term, we are also exploring opportunities to expand our Warehousing Business globally.

[Slide 21] FY2027.3 Full-Year Financial Plan
Let us review the numerical targets for the ongoing fiscal year.
We are guiding for 680 billion yen in revenue, an increase of 110 billion yen on a year-over-year basis, and 41 billion yen in operating profit, up 3.9 billion yen.
Breaking down the primary drivers of this operating profit growth, we expect a 7.6 billion yen year-over-year increase in the Precious Metals Recycling Business and a 3 billion yen year-over-year decrease in the North American Refining Business.
This decrease reflects the aforementioned impact of the trading business.

[Slide 22] Drivers of Change in Operating Profit
This slide outlines the more detailed drivers of change for the ongoing fiscal year.
As I touched on earlier, in the North American Refining Business, we have excluded last fiscal year’s arbitrage transaction gains from our current projections.
That said, we plan to minimize this year-over-year profit decline through the expansion of our refining, product, and warehousing businesses.
Meanwhile, we expect that the Precious Metals Recycling Business will achieve a significant profit increase driven by both our domestic and broader Asian operations.
Particularly within the electronics and catalyst sectors, we intend to drive growth by fully leveraging our expanded capacity at the Bando Plant.
Ultimately, on a global consolidated basis, we expect these initiatives to deliver double-digit profit growth year over year.

[Slide 23] Shareholder Return

Turning to the dividend forecast, in alignment with our basic policy targeting a payout ratio of 40%, we have announced an expected year-over-year dividend increase of 10 yen, bringing the annual total to 135 yen.

[Slide 25] Medium- to Long-Term Plan & Aspiration | Basic Policy
As I said at the beginning, we have updated our Medium- to Long-Term Plan & Aspiration.
To reiterate, our numerical targets are 750 billion yen in revenue, 50 billion yen in operating profit, an ROE of 13%, and 420 yen in EPS.
On the qualitative side, we have refreshed our growth, financial, and human capital strategies; I will be focusing my remarks on these key areas.

[Slide 26] Medium- to Long-Term Plan & Aspiration | Growth Strategy
Let me outline the three pillars of our growth strategy.
First, we are looking to expand into new markets and new materials through technology development, and we are advancing these efforts in tandem with the capacity enhancements at the Bando Plant.
Specifically, we will expand our handling of new materials and elements, such as catalysts used in synthetic pharmaceuticals, as well as iridium and ruthenium tied to new energy initiatives.
The second pillar is the geographic expansion of our businesses.
After setting up sales offices in Thailand and India by the end of last year, we expect the construction of our Thailand plant to be completed this year.
We are also simultaneously enhancing our marketing initiatives in Vietnam.
Through these efforts, we aim to accelerate our expansion in Asia and further improve profitability.
We also envision expanding our North American Refining and Warehousing Businesses globally.
For our overseas operations in particular, we are actively pursuing accelerated growth through M&A.
Our third strategy is the enhancement of our retail business.
In practice, this means capturing added value by utilizing the bullion generated through our recycling operations: specifically, to raise brand visibility and expand into new markets, we have begun offering our products as return gifts for Bando City's hometown tax program.
Ultimately, the Bando Plant serves as the highly critical foundation for all of these strategies.

[Slide 27] Medium- to Long-Term Plan & Aspiration | Performance Targets
By advancing these growth initiatives, we will drive profit growth toward the fiscal year ending March 2031.
While this overlaps somewhat with the previous slide, our main action plans are listed on the right.
Utilizing the cash flow generated over the next five years, we aim to further accelerate our growth, particularly through M&A within the precious metals sector.
Please note, however, that the operating profit targets through the fiscal year ending March 2031 announced today completely exclude any revenue or profit contributions from M&A.
In other words, these would represent additional upside to our current vision.

[Slide 30] Medium- to Long-Term Plan & Aspiration | Financial Strategy
To conclude my prepared remarks, allow me to touch upon our financial strategy.
We promote management mindful of both business growth and capital efficiency.
The cash we generate over the next five years will first be allocated to shareholder returns, maintaining

our target dividend payout ratio of 40%.
From there, we will continue to proactively invest in new areas that drive further profit growth; this explicitly includes our M&A strategy.
The rest of the slide deck contains details on our CAPEX plan, human capital initiatives, investor engagement, and ESG management.

I will skip a detailed explanation of those final slides today, but we welcome any questions you may have about my remarks or any of the materials we have provided.
Thank you for your time today.
This concludes my presentation.

Q1.

Please provide details on each of the growth initiatives outlined for FY2031.3.

Reference: p.27

A1.

Our growth strategy toward FY2031.3 is centered on enhancing earnings capacity through capital investment and expanding each business segment.

- First, the Bando Plant (2nd), which has sequentially started its operation from FY2026.3, will further enable highly efficient operations, particularly in the electronics sector. This is expected to strengthen our competitive advantage and drive market share and profit growth.
- The electronics sector will serve as a key growth area, supported by demand from AI data centers, and we aim to capture this expanding market to achieve medium- to long-term growth.
- While the catalyst sector is currently facing a challenging business environment, we expect a profitability recovery with the operation of the Bando Plant (2nd), alongside increased collection volumes in Asia, thereby enhancing its profit contribution.

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Q1. (Continued)

Please provide details on each of the growth initiatives outlined for FY2031.3.

Reference: p.27

A1.

- **In Asia, we will expand our operating regions and improve profitability and collection volumes through the Thailand plant, which is scheduled to commence operations during FY2027.3.**
- **We are also developing new revenue streams by expanding recovery and improving production efficiency for new metal elements such as iridium and ruthenium.**
- **In the North American refining business, we aim to improve profitability through increased raw material intake and better contract terms, while expanding earnings through investments in related areas.**
- **We will continue expanding the North American warehousing business and downstream (premium sales) business. In the retail business segment, we will introduce new products and enhance platforms to expand the customer base.**
- **In addition, we position green metal sales, including green gold, as a key initiative and will accelerate global expansion, particularly in Europe.**

Q2.

Operating profit for FY2026.3 exceeded the full-year forecast by approximately 2 billion yen. What were the key drivers?

Reference: p.5

A2.

The primary drivers were better-than-expected performance in both the domestic precious metals recycling business and the North American refining business.

- **In the domestic business, precious metal prices exceeded assumptions made at the time of the Q3 results, contributing positively.**
- **In North America, trading performance remained strong, and results exceeded the plan, which had been based on conservative assumptions.**
- **Additionally, previously anticipated cost pressures, such as high silver lease rates and platinum hedging costs, eased after Q3, which contributed positively.**

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Q3.

How large was the contribution coming from the increased arbitrage opportunities on FY2026.3 profit growth?
How should we view the impact in FY2027.3?

Reference: p.22

A3.

- Although arbitrage trading is done on a daily basis, opportunities increased in FY2026.3 due to the widening price gap between London and New York markets, driven by factors such as tariff-related concerns.
- We view such market dislocations as temporary, caused by exceptional factors such as tariffs and global disruptions.
- Accordingly, for FY2027.3, we assume normalization of these conditions, and expect a negative impact of approximately 3 billion yen year-on-year due to reduced arbitrage opportunities.

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Q4.

Please break down the profit increase in the domestic precious metals recycling business for FY2027.3 by factors such as price and volume.

Reference: p.22

Q4.

- We expect profit growth to be driven roughly equally by price factors and volume factors.
- Price effects (market-driven) are expected to account for about half of the increase. While gold collection volumes are expected to remain broadly flat, certain metals such as rhodium will see a steady growth in volume.
- The remaining contribution comes primarily from volume-related factors, as well as improved transaction terms, which will also support profitability.

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Q5.

What is the breakdown of the FY2031.3 operating profit target of 50 billion yen by segment?

Reference: p.22

Q5.

The breakdown is as follows:

- **Precious Metals Recycling Business: 31.0 billion yen**
- **North American Refining Business: 17.0 billion yen**
- **Environmental Preservation Business: 2.0 billion yen**

All business segments are expected to achieve profit growth compared to FY2027.3.

Q6.

Are you considering adopting a progressive dividend policy or DOE-based dividend policy?

Reference: p.23

Q6.

- **We currently have no plans to adopt a progressive dividend policy.**
- **While we continue to monitor DOE as a metric, we do not intend to adopt it as the basis for our shareholder return policy.**

Q7.

What is your approach to future financing?
Given the balance sheet expansion caused by rising precious metal prices, would the approach be to finance using corporate bonds and borrowings, or would there be a chance convertible bonds will be issued?

Reference: p.7, 14, 16

Q7.

- As of the end of FY2026.3, we have sufficient borrowing capacity.
- Going forward, we plan to primarily utilize bank borrowings and corporate bonds to meet increased financing needs driven by higher metal prices and increased raw material procurement and recovery volumes.
- At this moment, we have no plans to issue convertible bonds.

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Q8.

When will the Bando Plant (2nd) begin contributing to earnings, and how will it impact the overall performance?

Reference: p.31

Q8.

- The Bando Plant (2nd) is being developed in phases, and approximately 80% of the overall project has been completed, including both Phase 1 and Phase 2.
- The remaining major component is the new catalyst recovery processing facility, which is scheduled to be completed in the near term.
- We expect the Bando Plant to begin making a meaningful contribution to earnings over FY2026.3 and FY2027.3.

Q9.

In the North American refining business, what is the reason behind the increased share of revenue from product business in FY2027.3? What is the assumption behind the decreased share of revenue from trading business?

Reference: p.11

Q9.

- The rise in revenue contribution from product business is mainly driven by strong demand for bullion distribution, particularly gold. Increased demand for smaller-sized bullion (e.g., 1kg units) is expected to support growth in product sales, leveraging our processing capabilities.
- In addition, value-added processing, such as resizing (recasting) and customization, will continue to support growth in sales of silver and various products.
- On the other hand, the trading business accounted for a higher revenue share in the previous year due to exceptional arbitrage opportunities driven by tariff-related concerns.
- For FY2027.3, we assume a normalization of conditions and expect trading to return to a steady-state level, resulting in a lower revenue share, though it will continue to contribute to earnings since our trading activities are closely tied to refining transactions.

Q10

Could you explain the key assumptions behind the 7.3-billion-yen increase in operating profit coming from domestic operations for FY2027.3?
Please touch on how the rise in precious metal prices and the operation of the Bando Plant will contribute to the profit improvement.

Reference: p.22

Q10

Growth is expected to be driven by a combination of:

- **Tailwinds from rise in precious metal prices**
- **Structural improvements from the full operation of the Bando Plant**

We recommend viewing the drivers as a combination of market-related factors (price effects) and structural profit improvements, including operational efficiency gains

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Q11

What are the risks and impacts of instability in the Middle East?

Q11

At present, the impact on our operations is limited, and there has been no significant disruption.

- We use chemicals such as hydrochloric acid, nitric acid, aqua regia, and solvents in our operation.
- There has been no notable price increase for hydrochloric acid, nitric acid, and aqua regia, and supply impacts remain limited.
- Although solvent prices could rise due to oil-related factors, our reliance on new procurement is low due to recycling initiatives, limiting cost impact.
- In North America, our Toronto facility primarily uses hydropower. While the Salt Lake City facility has seen some cost increases, they are not at a level materially affecting profitability.

Q12

How confident are you in increasing collection volumes and utilization rates of the Bando Plant for the competitive electronics segment?

Q12

We expect growth in the electronics segment driven by both a favorable market environment and enhanced competitiveness from the Bando Plant.

The new plant will reduce processing lead times as well as costs, improving profitability and strengthening our ability to win business in a competitive market.

Q13

Why do rising precious metal prices have a positive impact on earnings? What aspects of your business model and contract structure enable you to benefit from higher prices?

Reference: p.29, 43

Q13

This is primarily due to the increased value of the recovery differentials.

- **We have established a system where the price fluctuations do not directly impact the earnings, by applying price hedging during the processing period (lead time).**
- **On the other hand, the difference between actual recovery rate and contract recovery rate, referred to as the recovery differential, is sold at the prevailing spot price. As precious metal prices rise, the value of this differential increases, resulting in higher earnings.**

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Q14

What price assumptions are used in your guidance?

Reference: p.29

A14

- We do not base our plans on assumptions of either rising or falling prices.
- Our FY2027.3 guidance and medium- to long-term targets are based on current market price levels, with the aim of minimizing the impact of price fluctuations and focusing on underlying business performance.

Q15

How do you view future growth potential for urban mining in Japan?

Q15

- Urban mining is fundamentally driven by the principle that recovery activity increases when the value of extracted materials exceeds the cost of extraction.
- As precious metal prices rise, the range of economically viable recovery materials expands.
- We expect this trend to continue, making it a key driver of future growth in the urban mining.