

Message from the CEO

We strive to address social challenges through our business activities and contribute to the creation of a circular society.

ARE's Business Portfolio and Core Strengths Built Over Time

Building distinctive strengths over the long term through resource recovery and environmental preservation

ARE Holdings (ARE) has pursued sustainable growth and social contribution through its dual pillars of precious metals and environmental preservation businesses.

In 1952, we began operations recovering waste materials from processes such as photographic development. The origins of our two current core businesses lie in this founding endeavor.

One was silver recovery from photographic fixers. This was the starting point of our resource-circulation efforts and evolved into today's Precious Metals Business, with recycling at its core. The other was the detoxification of toxic waste liquids. Photographic developing solutions and similar materials contain hazardous substances requiring proper treatment before they can be returned to the natural environment. This led to today's Environmental Preservation Business, which handles industrial waste.

In our Precious Metals Business, we anticipated early that the market for photographic developing effluents would shrink with the advent of digital cameras. Consequently, we broadened our business into the dentistry, electronics, jewelry, and catalyst sectors. At the same time, our sales and manufacturing divisions worked closely together to develop in-house technologies and operations to recover not only silver but also gold, platinum, palladium, and their alloys.

In our Environmental Preservation Business, the enforcement of the Waste Management and Public Cleansing Act, together with subsequent amendments, has progressively tightened waste-treatment regulations aimed at reducing environmental impact. We have stayed ahead of these developments, adapting proactively and expanding our business across all industry sectors.

Since our founding, we have consistently fulfilled two vital roles: recovering valuable resources and reducing the burden on the global environment. These principles are ingrained in our DNA and form the bedrock of our management. Over many years of steady effort, we have built distinctive competitive strengths that enable us to outperform our peers.

Our business does not source pre-standardized materials or components, but rather waste materials from factories, distribution centers, and medical facilities. We must accurately understand the diverse compositions and characteristics of these

materials. This principle applies equally to both precious metals recycling and industrial waste processing. Absent this capability, neither efficient resource recovery nor effective detoxification is possible, and the risk of plant incidents and environmental contamination increases.

Particularly in the precious metals recycling business, it is essential to return the value of recovered materials to our clients. To achieve this, we must accurately assess value through rational sampling and assay of the recovered materials. Furthermore, depending on their properties, forms, and quantities, we must combine a range of processes such as extraction, dissolution, and roasting, and sequence them appropriately. Without this, high-efficiency recovery is not achievable. Such process optimization is far from simple, and there are no textbooks from universities or research institutions. Through repeated trial and error across our technical teams and the factory floor, we have independently built up practical knowledge to maximize actual yields relative to theoretical content while minimizing recovery lead times and costs. This is the core of our competitive advantage.

Furthermore, since our founding, we have placed great importance on serving clients directly. All business with factories and medical institutions are handled exclusively by our own employees; we do not rely on third-party vendors or agents. Precious metals, as their name implies, are noble and highly valuable resources. Therefore, we must thoroughly understand how they are preserved or lost across manufacturing processes using precious metals, or during the use of precious metal products, and provide responsible, expert advice. Moreover, given the daily volatility in precious-metal prices, we must support transactions tailored to each client's activities. For these reasons, our in-house employees—recruited and continually trained by ARE—build enduring trust with clients. They develop a deep understanding of our clients' businesses and challenges, enabling them to deliver meticulous service with deep expertise. This is another core strength of our Company.

Purpose-Driven Management

Our purpose and the path to a new industrial society

A widely used framework likens overall industrial activity to the blood circulation of vertebrates: sectors that transform natural resources into products are termed "arterial industries,"

Tomoya Higashiura

Representative Director,
President & CEO

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whereas those that detoxify or reuse waste generated during production and consumption are known as “venous industries.” Two companies from the venous industries, including ours, serve as Governing Board members in the “Circular Partners” (CPs) initiative, which was established in 2023 by the Ministry of Economy, Trade and Industry (METI) in cooperation with the Ministry of the Environment. At an early CPs meeting, it was stated that “the transition to a circular economy is a national strategy.” This statement underscored the significant responsibility that venous industries bear in contributing to both society and the nation.

The circular economy and carbon neutrality are the two pillars of the European Green Deal. I believe that the circular economy must be achieved in tandem with carbon neutrality; otherwise, neither goal will be effective in practice. Precious metals recycling is integral to this, supporting the circular economy while also making a substantial contribution to carbon neutrality.

In the last fiscal year, ARE produced 39 tons of gold through recycling in Japan and Asia. We expect to achieve a similar level of production this fiscal year. This represents approximately six times the annual output of the largest gold mine in Japan, achieved through hydrometallurgical recovery processes that consume almost no fossil fuels. Our CO₂ emissions are one-fiftieth, or just 2%, of those from mining an equivalent amount. Producing 39 tons via recycling rather than mining is equivalent to reducing CO₂ emissions by the amount that would be absorbed by a forest with an area about one-third that of Lake Biwa (Japan’s largest freshwater lake with an area comparable to that of Singapore).

Hydrometallurgical recovery relies primarily on acidic solutions rather than combustion-based processes. While some steps generate nitrogen oxides (NOx), these are contained within the plant and reprocessed in a closed loop, dissolved in water, and reused as nitric acid, thereby preventing releases to the atmosphere and associated climate impacts. These practices are not a peripheral social contribution; they are diligently carried out as an integral part of our day-to-day core operations. In 1978, amid a period of business expansion, we adopted “Totally Committed to Protecting the Natural Environment and Preserving Resources.” Though nearly half a century ago, it remains our purpose today. Since the early 2000s, as climate change and resource dependence have come to be recognized as serious global challenges, we have increasingly seen our purpose aligning with the societal goals articulated in initiatives such as CPs.

Overview of Precious Metals Business

Overall performance remains strong in Japan and overseas; we have established a firm foundation to deliver on our vision

Precious Metals Recycling Business

The following provides an overview of the main business sectors

of our precious metals recycling business.

The dentistry sector continues to expand its already substantial market share. It dominates its competitors through tangible and intangible resource advantages. Our sales teams propose sourcing raw materials from parts where even trace amounts of precious metals may remain, while our plants efficiently recover these metals based on their specific content. To meet the diverse needs of our clients who provide raw materials containing precious metals, we have enhanced the Asahi Metal Account, our digital client portal.

The electronics sector has returned to growth. We believe this recovery is driven by the spread of digital transformation (DX) and artificial intelligence (AI). Demand is rising for the data centers that support these technologies, as well as for end-user devices—such as smartphones and PCs—whose utility has been amplified by DX and AI. As a result, our business opportunities are expanding across manufacturing lines for electronic components and modules that enable the computational power required by large-scale language models and similar technologies. Our market share continues to increase steadily.

The jewelry sector continues to perform strongly. Leveraging the scale and efficiency of the first phase of the Bando Plant, completed in fiscal year 2022, the sector delivered rapid growth. In the current fiscal year, we are prioritizing optimization of the product mix to further enhance profitability. While maintaining the scale of collection that conserves natural resources, we are steadily increasing the sector’s contribution to earnings.

The catalyst sector has come under pressure. While performance in chemical-related catalysts remains relatively stable, competition in automotive-related catalysts has intensified. To this end, we are rebuilding our competitive advantage, with the second phase of the Bando Plant, completed this spring, serving as the hub of these efforts. The efficiency of catalytic-

converter dismantling has improved significantly. Furthermore, by consolidating processes previously dispersed across Japan in the Bando area, we have streamlined the value chain. We also plan to introduce innovative processes to increase recovery yields and reduce both costs and lead times in catalyst recycling.

North American Refining-Related Business

Our North American refining operations began in March 2015 following our acquisition of this business from Johnson Matthey, a U.K.-based multinational corporation. We operate refining facilities in Utah, U.S., and Ontario, Canada—the largest in their respective countries. The years following the business transfer brought a period of earnings pressure. To address this, we built a diversified business model centered on refining, integrating product processing, warehousing, and financing businesses. This integration and the interplay among these functions have expanded our earnings potential.

The product business has benefited from heightened two-way flows of precious metals into and out of the United States, which have created attractive revenue opportunities. To briefly supplement: the London Bullion Market Association’s standard for gold is approximately 400 troy ounces (about 12.5 kg), whereas the Commodity Exchange (COMEX) standard for gold is 100 troy ounces (about 3.1 kg). Financial institutions and others also offer gold products, such as kilo bars (1 kilogram), for investment and wealth management purposes. Our Company earns fee income by processing products tailored to the diverse needs of these markets.

The warehousing business, launched just two years ago in the suburbs of New York City, will achieve profitability this fiscal year. This COMEX-licensed depository stores precious metals



that serve as the underlying assets for COMEX futures deliveries. Gold and silver stored at our warehouse change ownership in accordance with COMEX transactions, and we earn recurring storage fees from the current owners. We also receive withdrawal fees when metal is shipped from the warehouse.

The financing business, particularly trading, is performing exceptionally well, with strong prospects for the future. In March 2021, we opened a dedicated trading office in Toronto’s financial district. We earn fee income by leveraging financial expertise, including by providing hedging solutions to mitigate downside price risk on sales of refined gold and silver, at the request of clients such as mining companies for whom we provide refining services. Arbitrage is a particularly important source of earnings. For instance, temporary price discrepancies can arise between gold markets worldwide, despite gold theoretically having a uniform value. Our strategy is to buy in the lower-priced market and sell in the higher-priced one to capture the spread. In fiscal years 2025 and 2024, significant price differentials repeatedly arose between the New York futures market and the London market, driven by volatility stemming from U.S. tariff policies. Fiscal years 2022 and 2021 presented similar opportunities as disruptions in gold and silver logistics during the COVID-19 pandemic.

Our Strategy and Vision

Beyond the world’s largest gold mine—strengthening the global resource circulation

Vertical and Horizontal Growth

In our precious metals recycling business, we are pursuing vertical and horizontal growth.

Our vertical growth strategy aims to capture new markets through technological development. We are strengthening R&D related to precious metals recycling at our Technical Research Center in Kobe City, deploying the results at the newly completed first and second phases of the Bando Plant. This is our primary strategy for enhancing competitiveness. We currently identify electric vehicles (EVs), pharmaceuticals, and hydrogen and ammonia production as our next target markets.



Message from the CEO

The use of precious metals bears a systematic relationship to the performance requirements of industrial products. In the early stages of product development, particularly for those involving electronic circuits, the use of precious metals is subject to few constraints because achieving target performance takes precedence. However, as products become commoditized and price competition intensifies, continued reliance on precious metals is often limited by cost considerations. Our strategy focuses on sectors where the functional value of precious metals clearly justifies their cost. These include electric vehicles, which require highly reliable, fail-safe circuits to protect lives; financial terminals, which demand precision to protect assets; pharmaceutical manufacturing, which requires stable catalysts for consistent chemical reactions; hydrogen and ammonia production, where high-efficiency electrodes enable clean energy production. As demand for precious metals grows in circuits, catalysts, and electrodes, we are positioned to expand our collection volume and extend our capabilities to include new elements such as iridium and ruthenium.

Our horizontal growth strategy focuses on geographic expansion. By scaling our successful Japan-based precious metals recycling model internationally, we will drive overall business growth. Over the next decade, we expect Southeast Asia and South Asia to become global growth hubs and will prioritize these regions in our horizontal expansion. The ongoing supply chain realignment, driven by recent U.S.-China tensions, will likely position Southeast Asia and South Asia as increasingly vital regions from an industrial location perspective.

In addition to our existing sites in South Korea and Malaysia, we established a local subsidiary in the suburbs of Bangkok, Thailand in October 2024, and plan to launch a factory there in spring 2026. Furthermore, leveraging the Indian government's vehicle scrapping policy, we established a local subsidiary for automotive catalyst collection in the suburbs of Delhi, India, in

June 2025. We plan to establish additional sites across ASEAN and will accelerate these initiatives.

Capturing Green Value

We will intensify our efforts to effectively convey the social impact of recycling-based production and to translate that impact into economic value. This is a common theme across our operations in Japan, Asia, and North America.

The value creation process of our precious metals recycling business once ended with collecting raw materials and producing high-purity bullion. Today, it extends beyond bullion output. This shift has been catalyzed by new demand from leading European luxury jewelry houses, which have adopted policies to prioritize recycled materials in their precious metal products and effectively incorporated this approach into their brand identity. Just as Kyoto-made textiles are featured in European luxury fashion, our precious metals are now widely used as high-end ornamental applications. The brands have not only shifted their sourcing of precious metals from mines to recyclers but have also attached a "green premium" to recycled precious metals. In other words, recycled (secondary) precious metals are now priced higher than mine-sourced (primary) precious metals. Consequently, profitability has strengthened, and we have been able to expand the scale of our collection activities.

Our North American refining business has been on a steady upward trajectory in recent years, becoming a significant driver of profit growth. At the same time, we recognized the importance of aligning this success with our corporate purpose and our sustainability commitments. To ensure that our values are embedded across the business, we implemented an integration initiative responsive to rising societal expectations for environmental responsibility. The "green premium" once



Mine

again proved catalytic. Building on this momentum, we installed dedicated recycling lines at our North American refining facilities, intensified the collection of jewelry scrap from major cities such as New York and Los Angeles, and increased output of recycled precious metals eligible for that green premium.

This fiscal year, recycled gold production in North America is expected to exceed 50 tons. For the first time, this will surpass Japan's domestic recycled gold production. Furthermore, across Japan, Asia, and North America, combined recycled gold production this fiscal year is expected to exceed 80 tons. This would exceed the annual output of Nevada Gold Mines, the world's largest gold mining complex.

We will continue to further strengthen sales expansion to earn green premiums at our sites around the world. Since last year, we have been supplying recycled palladium and platinum to the Japanese automotive industry, at prices reflecting a premium. Platinum and palladium are precious metals that are critical to industrial applications, yet their primary sources are heavily concentrated in countries exposed to geopolitical risks. As a result, domestic recycling is widely regarded as a key contributor to supply chain stability from the standpoint of economic security. We see this as another important factor that enhances our value proposition in the Japanese market.

To Our Stakeholders

Maintaining capital efficiency through Scrap and Build, relentlessly pursuing the value society demands

For the fiscal year ended March 2025, our sales revenue reached 506.211 billion yen (+57.1% YoY), operating profit was 19.984 billion yen (+61.6% YoY), and pre-tax profit was 20.483 billion yen (+64.8% YoY). Net income attributable to owners of the parent was 14.319 billion yen. In March 2025, the Company exited the minting business, which produced small bars and coins and was part of the product business of its North American refining operations. Following prolonged

market weakness since the latter half of 2023, the Company closed its minting facility in Florida, U.S., and recorded impairment losses on related fixed assets. However, the precious metals recycling business, primarily operated domestically in Japan, is largely on track for recovery. Excluding the minting business, the North American refining business performed well, enabling the Company to achieve increased revenue and profit on a consolidated basis. We plan to further enhance performance in the fiscal year ending March 2026.

As a side note, during the fiscal year ended March 2023, we withdrew from the precision casting business in North America, which produced industrial components using aluminum and other materials. This business, which was part of the original North American refining acquisition, consistently generated profits annually. However, it lacked synergies with our core refining operations. Consequently, we sold this business's facility in Ontario, Canada, close to the U.S. border. This occurred at a time when the imposition of tariffs on industrial material imports from Canada to the U.S. was utterly unforeseeable.

Meanwhile, we have launched a new retail business targeting individual customers as a fresh challenge. By offering high-purity bullion and its processed products, alongside bullion storage and buyback services, we are establishing a system that supports users' asset building while enabling resource circulation. This initiative extends the trust and quality we have cultivated to individual customers, and we believe it will also contribute to the realization of a sustainable society.

We believe that while continuously reviewing our business structure to improve performance, we must also steadfastly protect what people rightfully expect for the future. The Earth cannot endure unless we accelerate resource circulation and decarbonization. If it cannot endure, human society naturally cannot endure either. To prevent this, we must preserve natural and social capital. The tagline beneath our ARE logo is "Think Circular." We will advance while keeping circularity constantly in mind, balancing impact and profit. We sincerely hope for the continued understanding and support of all our stakeholders. Thank you very much.



ASAHI REFINING

Asahi 400 oz Gold Bar

Metal: Gold
Design: Asahi
Weight: 400 Troy Ounces

<https://www.asahirefining.com/>



Asahi 10 oz Gold Bar

Metal: Gold
Design: Asahi
Weight: 10 Ounce
Dimensions: 77×36×7 (mm)

Asahi 1 Kilo Silver Bar

Metal: Silver
Design: Asahi
Weight: 1,000 Grams
Dimensions: 122 x 56 x 8.9 (mm)

Asahi 100 oz Gold Bar

Metal: Gold
Design: Asahi
Weight: 100 Ounce
Dimensions: 166 x 61 x 17 (mm)

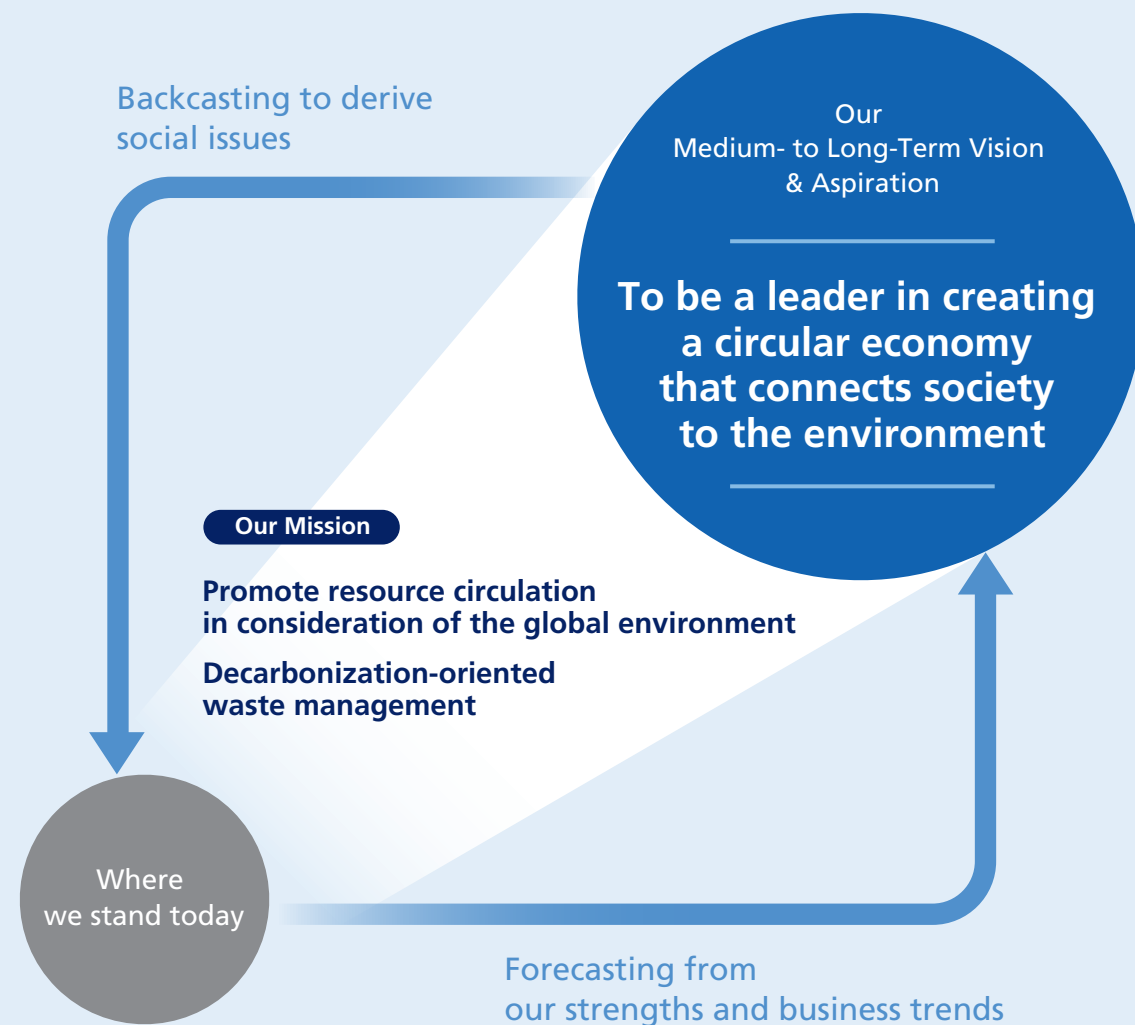
Asahi 100 oz Silver Bar

Metal: Silver
Design: Asahi
Weight: 100 Troy Ounces
Dimensions: 178 x 77 x 22 (mm)

Progress toward the Medium- to Long-Term Plan & Aspiration (FY2024-2030)

As a Leader in Creating a Circular Economy

In April 2024, we announced our Medium- to Long-Term Plan & Aspiration for 2030. This vision directly addresses two major challenges facing modern society: the establishment of a circular economy and the achievement of carbon neutrality. We will proactively address each strategic theme and contribute to solving social issues through business development.



Fusion of Social Issues and Business

Our business areas are closely linked to the urgent societal issues at hand such as resource recycling and decarbonization. By leveraging our strengths such as high-precision assay and recovery technologies to further develop and promote our businesses (Precious Metals Business and Environmental Preservation Business), we aim to realize our vision of becoming a leader in creating a circular economy that connects society to the environment.

Strategic Issues

- 1 Strengthen the business foundation to enhance profitability
- 2 Expand into new areas in the Precious Metals Business
- 3 Further promote globalization
- 4 Develop human resources to support business growth
- 5 Optimize the balance sheet

Mission and Strategies

Promoting resource circulation and decarbonization-oriented waste management with consideration for the global environment is our key mission. To fulfill these objectives, we actively engage with our current strategic themes and aim for sustainable growth to achieve our ambitious performance targets for fiscal year 2030. Through this medium- to long-term vision, we will balance enhancing corporate value with fulfilling our social responsibilities, contributing to the creation of a sustainable future.

Performance Targets: Revenue and Operating Profit

	FY2023 Results	FY2024 Results	FY2025 Forecasts	FY2030 Targets
Revenue	322.3 billion yen	506.2 billion yen	448.2 billion yen	540.0 billion yen
Operating Profit	12.4 billion yen	20.0 billion yen	22.0 billion yen	38.0 billion yen

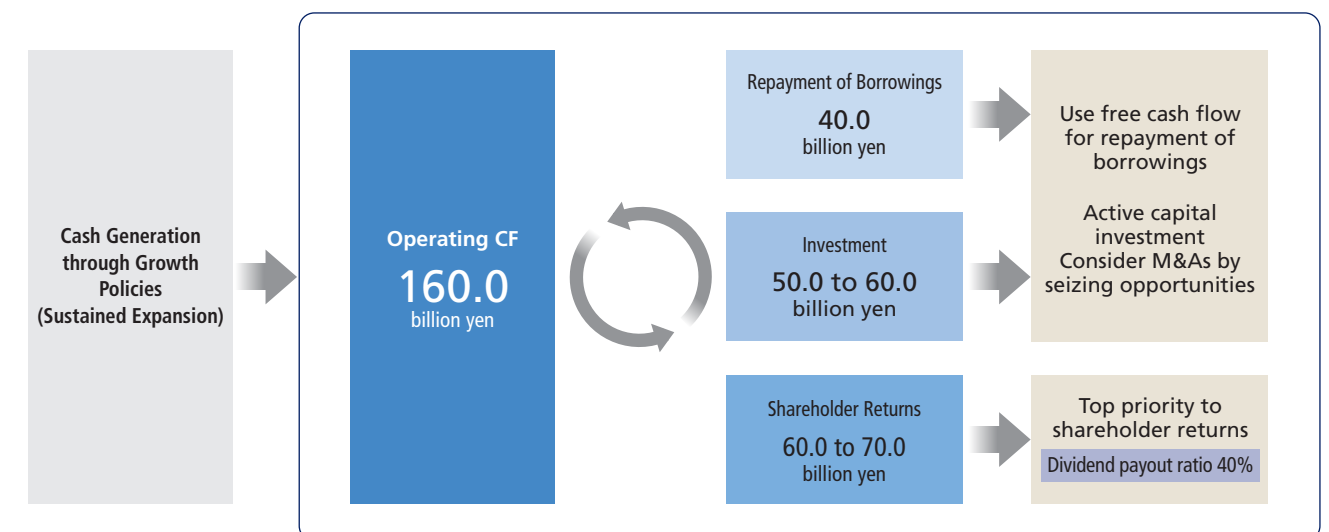
Financial Policies

We expect to generate 160 billion yen in operating cash flow over the seven-year period from fiscal year 2024 to 2030, the Medium- to Long-Term Plan & Aspiration period. This will be driven by steady execution of our strategic vision and enhanced cash generation through improved profitability, global expansion, and new business development. Our cash allocation policy prioritizes shareholder returns alongside growth-supporting investments. Based on simulations using our long-standing guideline of a 40% dividend payout ratio, we plan to allocate 60-70 billion yen for shareholder returns. Additionally, with M&A in mind to support growth, we

anticipate allocating 40 billion yen toward debt repayment. Shareholder returns remain our top priority, aligned with investments that support profitability and strengthen our business foundation. Surplus funds will be allocated to M&A and debt repayment.

	FY2023	FY2030 Targets
ROE	9.4%	13%
Equity ratio	39.8%	50% – 60%

ROE: Calculated by excluding the effect of share exchange gain.






Basic Policy on Shareholder Returns

The Group's policy is to maintain a stable dividend **payout ratio of 40%** while ensuring sufficient internal reserves to support its growth strategy, including capital investment and M&A activities.

Progress toward the Medium- to Long-Term Plan & Aspiration (FY2024-2030)

Strategic Issues		
		Achievements and Future Direction
1	Strengthen the Business Foundation to Enhance Profitability To achieve sustainable growth, we aim to enhance the profitability of our existing businesses. By actively promoting the introduction of new technologies and digitalization, we will improve the competitiveness of our services and processes. Additionally, we will strengthen our business foundation through new capital investments to enhance productivity and enable flexible responses to market changes.	We established a specialized team within the facilities department to advance automation utilizing AI, ICT, and RPA. This team has implemented automated equipment across the entire process—from raw material intake and transportation to production. Moving forward, we plan to expand the team by gathering talent from diverse fields, and will continue pursuing further automation and systemization of our production facilities.
2	Expand into New Areas in the Precious Metals Business In the Precious Metals Business, we will actively explore new market opportunities to accelerate growth and enhance sustainability. We will particularly strengthen our operations in growth sectors such as electronics and semiconductors, and catalysts. Aiming to secure new revenue sources beyond traditional frameworks, we will promote challenges in new areas.	With growth in the electronic semiconductor and catalyst industries, demand for products leveraging the properties of platinum group metals is rising, reflected in increased production and distribution volumes. In response, we have introduced advanced processes and equipment for in-house production, improving refining efficiency and expanding production scale. Looking ahead, we will continue to monitor market trends while investing in emerging areas.
3	Further Promote Globalization We will accelerate our global expansion by exploring business opportunities in new countries and regions. In addition to further strengthening the operations of our overseas bases in Asia and North America, we will enhance the development of our precious metals recycling business in Southeast Asia.	In October 2024, we established a local subsidiary in Thailand, followed by another in India in June 2025. As a result of strengthened personnel training for overseas operations—both internally and externally—we have already begun to see an increase in the intake of precious metal scrap from overseas. We are also focusing on technological improvements at our overseas subsidiaries, fostering a system capable of supporting future new business initiatives.
4	Develop Human Resources to Support Business Growth To support business growth, we emphasize investment in human capital. We aim to create an environment where diverse staff members can thrive while balancing work and life by promoting diversity, equity, and inclusion, as well as by implementing health and productivity management as the foundation for our human capital management.	We are addressing both structural and cultural aspects of the workplace to foster an environment where diverse talents can thrive and to implement a fair personnel evaluation system that supports employee development. Employee engagement has been prioritized as a key factor in driving productivity improvements, and our engagement scores have shown steady improvement over time.
5	Optimize the Balance Sheet Optimizing the balance sheet is essential for sustainable growth. We have expanded our balance sheet to eliminate a credit risk even on prepayment transactions in the North American refining business. Moving forward, we will continue to actively invest in growth areas while increasing financial security and maintain a sound balance sheet.	We manage our equity ratio to accurately reflect our business realities, including adjustments for the impact of “prepayment transactions” which are backed by highly liquid assets and carrying no credit risk. As of March 31, 2024, our equity ratio remained high at 68.5%, and 79.9% as of March 31, 2025. We will continue to evaluate the optimal structure of our balance sheet to support sustainable growth.

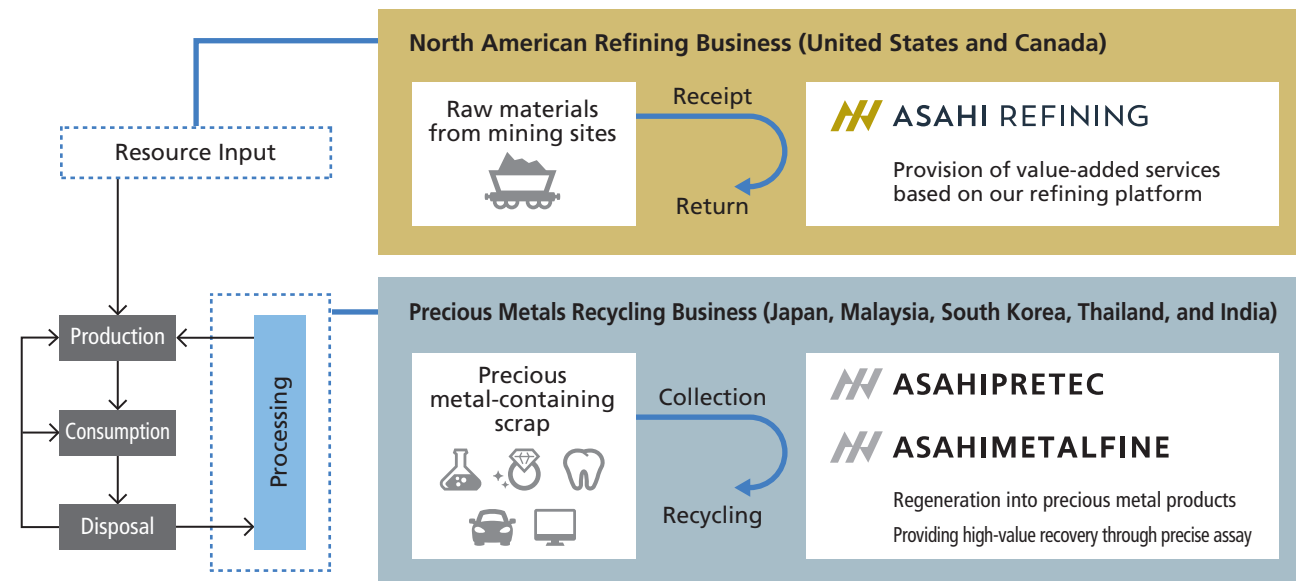
Initiative Progress	
Initiative 1	Building a Stronger Business Foundation through the New Bando Plant Our company has historically dispersed production bases across various locations to enhance productivity and mitigate risks. However, in response to emerging challenges such as population decline, evolving work styles, and shifts in the supply chain, we consolidated our production bases to achieve economies of scale and streamline logistics. The newly completed Bando Plant, located in a disaster-resistant region, was designed to enhance both productivity and disaster preparedness. This initiative culminated in the plant's completion this fiscal year, significantly boosting our productivity. The facility has also been certified as a disaster evacuation site by Bando City and recognized for its disaster resilience. Moving forward, we will continue to strengthen our business foundation centered around the Bando Plant.
	
Initiative 2	Expanding Our Global Footprint in Asia Asia, the world's most populous region, generates strong demand for precious metals recycling across sectors such as jewelry, catalysts, e-scrap, and semiconductors. Due to the limited development of local recycling technologies, the region presents an ideal opportunity to leverage the expertise and proposal capabilities we have cultivated over many years in Japan. However, strict regulations on the import and export of waste and precious metals in some countries can make processing in Japan challenging. Additionally, understanding local business practices and culture is essential for successful overseas expansion. To address these factors, we are actively promoting the establishment of local subsidiaries across Asia.
	
Initiative 3	Developing Global Talent through the Overseas Trainee Program To cultivate future management talent from an early stage, we have continuously implemented our overseas trainee program since 2023, providing opportunities to foster cross-cultural understanding and a global perspective. Three young employees are stationed in North America, gaining hands-on experience to strengthen their capabilities for global success. One technical development trainee, who returned in May 2025, is now contributing to department-wide technical improvements by applying the expertise gained through their overseas assignment.
	

Business Strategy

Precious Metals Business

The ARE Group collects and recycles precious metal-containing scrap from several industrial sectors. By recovering and then selling gold, silver, platinum, palladium and other precious metals—indispensable to modern manufacturing—we are contributing to the effective use of resources and the development of industry.

Business Domain

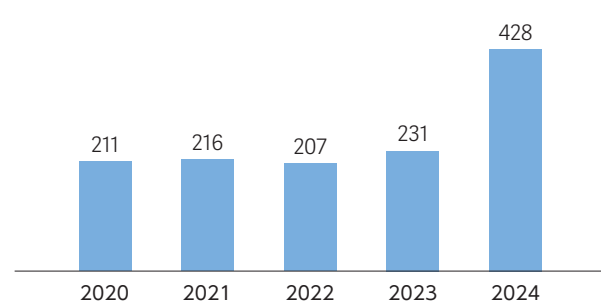


Strengths and Responses to Potential Risks

	Precious Metals Recycling	North American Refining
Strengths	(1) Ability to assay the precious metal content of recyclable materials (2) A sales force of about 200 people all over the country who are customer-focused and well-versed in IT (3) Sourcing raw materials with full awareness of human rights and environmental issues, along with traceability management	(1) The largest refinery in North America as our refining platform (2) Locations close to client mining companies (3) Our Group's creditworthiness and financing capacity
Responses to Risks	(1) Allocating resources to growing markets and new sectors (2) Growing market share by using proprietary systems in sectors with shrinking markets (3) Strengthening competitiveness through higher production efficiency (4) Improving green gold sales	(1) Expansion of value-added services based on our refining platform (2) Avoiding dependence on global supply chains

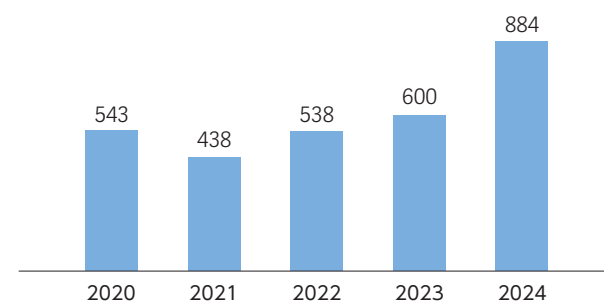
Volume of Recycled Precious Metals

tons

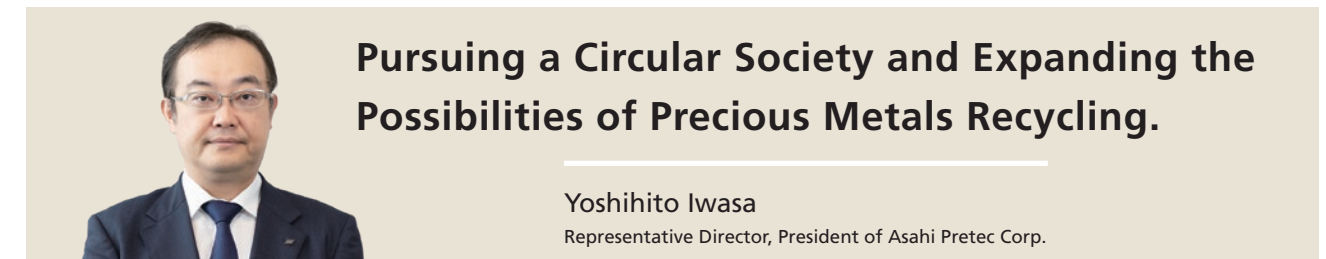


CO₂ Reduction Effect

thousand tons-CO₂



Precious Metals Recycling Business



Business and Market Environment

We recycle precious metals used across a wide range of sectors, including jewelry, dental materials, electronic components, and catalysts. To sustainably advance these recycling efforts, it is essential to establish diverse capabilities such as those listed below. These capabilities form the critical foundation of our competitive advantage.

- Accurately identify points of discharge and process stages for used precious metals to enable efficient pre-disposal collection
- Separate and extract precious metals embedded in various materials through optimized pre-treatment
- Apply advanced assay and separation/purification technologies to achieve high purity and regenerate them into finished products

Our Group has established collection sites nationwide to build an extensive collection network. By locating multiple pre-processing plants close to points where scrap is generated, we ensure efficient resource recovery. Final refining and processing are carried out at our manufacturing hub in Bando City, Ibaraki Prefecture, where recycled precious metals are transformed into high-quality products for our customers.

Environmental challenges, including global warming and climate change, have become key drivers of our business growth. Looking ahead, our Group will continue to accurately identify and respond to market needs, and through technological innovation, pursue further advancements in precious metals recycling while contributing to the realization of a sustainable society.

Review of the Fiscal Year Ended 31 March 2025 and Outlook for the Fiscal Year Ending 31 March 2026

For the fiscal year ended March 2025, a surge in precious-metal prices served as a tailwind, driving a significant increase in gold collection volume, particularly from the jewelry sector. By adapting flexibly to market changes, maintaining a stable recycling manufacturing system, and providing collection services optimized for specific points of generation and material types, we achieved strong business results.

For the fiscal year ending March 2026, uncertainty in the international trade environment, including U.S. tariff policies, remains a concern. However, demand for precious metals recycling remains robust. Our Group will respond strategically to the changing external environment

by strengthening our domestic processing infrastructure through the operation of a new plant in Bando, enhancing our overseas sites, and improving our ability to respond to new markets.

Medium- to Long-Term Plan & Aspiration for 2030

We have established our Medium- to Long-Term Plan & Aspiration, centered on the following key strategies, to further advance our business focused on precious metals recycling and contribute to a sustainable society.

• Strengthening Our Business Foundation

With the full-scale operation of the second phase of the Bando Plant, we have enhanced our processing capacity for materials collected from the catalyst and semiconductor sectors. Furthermore, by introducing advanced technologies and accelerating digital transformation, we are striving to improve productivity, with the aim of further strengthening our business foundation and delivering sustainable growth.

• Expanding into New Areas

We are expanding our manufacturing capacity to enhance our capabilities in precious metals, including platinum group metals, where demand is projected to rise. As the use of precious metals accelerates in cutting-edge areas such as semiconductors, hydrogen energy, and medical and life sciences, we will focus our business development on these growth areas. We will strengthen our technological capabilities and supply infrastructure to meet these needs.

• Advancing Globalization

We are further strengthening operations at our existing overseas sites while expanding our precious metals recycling business across key economies in Southeast and South Asia. In October 2024, we established a local subsidiary in Thailand, and a new plant is scheduled to commence operations in 2026. By building local collection and processing capabilities, we aim to enhance our ability to serve the ASEAN market.


Furthermore, in India, we established a local subsidiary in June 2025 and initiated market research on precious metals recycling, with a focus on end-of-life vehicle catalysts. We are laying the groundwork for future business expansion. In addition to these initiatives, we are exploring entry into additional countries and regions, with the aim of building a global resource-circulation framework.

Precious Metals Business

Business Fields Supporting Precious Metals Recycling

E-Scrap

GoldSilverPalladium



Electronic substrates used in personal computers, smartphones, and home appliances contain gold, silver, and palladium. We collect manufacturing process scrap and electronic substrates from used products. We process them, including crushing and sorting, to recover and recycle precious metals. Our precise sampling and advanced assay techniques are two of our strengths.

Precision Cleaning

GoldSilverPlatinumPalladium



We ensure the quality of customers' equipment by regularly and carefully cleaning the electronic components and semiconductors that they manufacture. Customers entrust us with their equipment, and we strip and recover precious metals that have adhered to it during use. The recovered precious metals are then returned to customers.

Plating Treatment


GoldSilverPalladium



Since precious metal plating is an exceptional way to prevent corrosion and improve conductivity, it is used in numerous applications from industrial to decorative products. Using a proprietary electrolytic recovery system for precious metals, we recover and recycle the precious metals remaining in plating solutions. We also return the recovered materials to customers as a precious metal compound as requested.

Catalysts

PlatinumPalladiumRhodium



Automobiles have catalytic converters that detoxify harmful substances in exhaust gases, and some precious metals, such as platinum and palladium, are used in these devices. We apply our original technologies to recycle precious metals from automotive, chemical, and other catalysts.

Dentistry

GoldSilverPlatinumPalladium



Gold-silver-palladium alloys are some of the key materials used in dental prostheses such as crowns and inlays, and the percentage of precious metal content varies by type. Customers, such as dental clinics and laboratories, provide us with waste containing these metals and we recycle them. Our unique centralized management of collection, assay, and reporting ensures a high level of return for value.

Jewelry

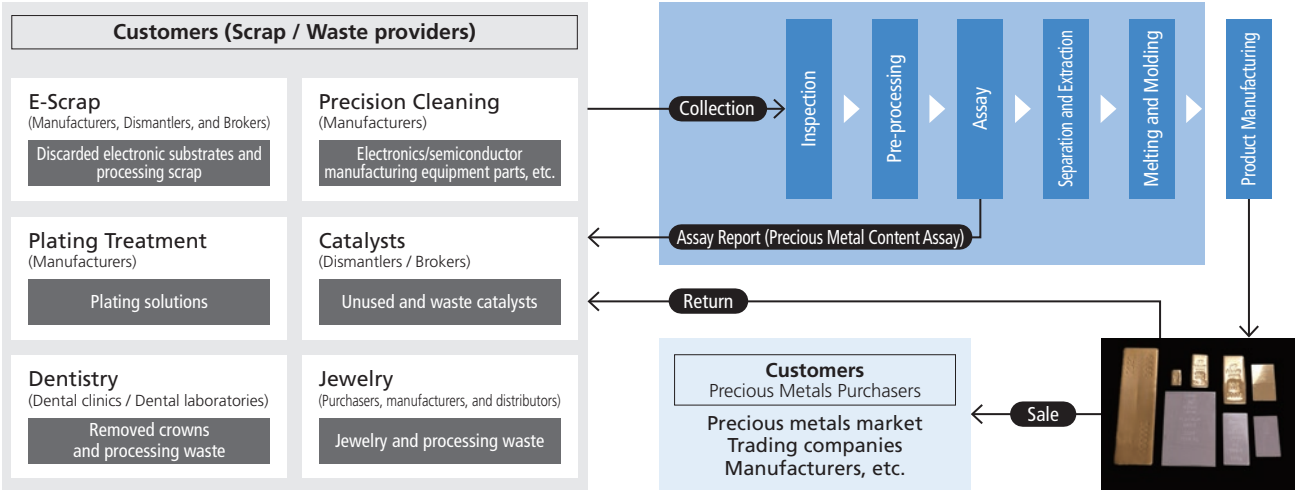
GoldSilverPlatinumPalladium



We collect and recycle precious metals from jewelry and ornaments, coming from purchasers, manufacturers, and processors, that are no longer needed as well as precious metal scrap generated during manufacturing. In addition to accurate assay, we produce high-quality precious metal bullion, while returning raw materials to customers for manufacturing and processing.

Collecting and Recycling Precious Metals

Our manufacturing operations in Japan and elsewhere in Asia ensure the most efficient recovery of precious metals and the optimal processing of recyclable materials, depending on the characteristics and admixtures in the business fields where we collect materials. We also meet customer requirements by fully using the best methods and most efficient refining plants for the type of precious or rare metal.



Global Expansion (as of September 1, 2025)

Our precious metals recycling operations in Asia have grown steadily since 1994, with a focus on the dentistry, electronics, and jewelry sectors. We tailor business models to local market conditions, while using the proprietary technology we have developed in Japan. We have expanded our operations into North America with the addition to the Group of Asahi Refining (North American Refining Business) in 2015.



Name	Established	Location	Number of Employees*	Business Overview
Asahi Pretec	2023 (founded in 1952)	Chiyoda-ku, Tokyo	479	Precious metals recycling from dentistry, electronics, catalyst, and jewelry sectors
ASAHI METALFINE			90	Manufacturing and sales of precious metals
ASAHI G&S	1994	Penang, Malaysia	9	Precious metals recycling from electronics and jewelry sectors
Asahi Pretec Korea	2006	Chungju, South Korea	34	Precious metals recycling from dental and electronics materials
Asahi Pretec (Thailand)	2024	Samut Prakan, Thailand	2	Precious metals recycling from electronics and jewelry sectors
Asahi Pretec India	2025	Haryana, India	N/A	Precious metals recycling from electronics, catalyst, and jewelry sectors
Asahi Refining Canada	2015	Ontario, Canada	124	Gold and silver refining
Asahi Refining USA	2015	Utah, U.S.	142	Gold and silver refining
Asahi Depository	2021	New York, U.S.	16	Precious metal vaulting

* As of March 31, 2025

Refining Business in North America



Enhancing Our Business Foundation to Achieve Further Growth in North American Operations.

Chris Warner
CFO of Asahi Refining Canada Ltd.

Business and Market Environment

The North American Refining Business is strategically positioned to capitalize on an evolving and often volatile gold and silver market environment. With refining operations in Brampton, Ontario, Canada, and Salt Lake City, Utah, U.S. as well as a COMEX-approved warehouse in New York, U.S., the business is well-integrated across the value chain. Our strong and long-standing relationships with mining, secondary/recycling customers, and financial institutions further enhance our ability to respond to changing commodity prices and market conditions.

We continue to invest in modernizing our equipment and refining processes while expanding our financial services to deliver greater value to customers. Our operations remain firmly aligned with international regulatory requirements, including sanctions and anti-money laundering (AML) compliance. We maintain a rigorous approach to counterparty risk management and operational integrity, prioritizing employee safety, the environment, and responsible engagement with the communities in which we operate.

Review of the Fiscal Year Ended 31 March 2025

The fiscal year ended 31 March 2025 delivered a strong performance for the North American Refining Business, highlighted by a significant increase in operating profit. This was primarily driven by robust trading revenue arising from favorable arbitrage opportunities, particularly in the final quarter amid trade tensions involving the United States.

While weaker product markets and the strategic closure of the minting operations in Florida resulted in an impairment, core refining volumes from both mining and secondary/recycling sources remained stable. Operating expenses were effectively managed and remained within forecast levels. Additionally, the warehousing business achieved a key milestone by reaching cash flow break-even, supported by consistent growth in storage volumes and customer acquisition.

Outlook for the Fiscal Year Ending 31 March 2026

We enter the current fiscal year with strong momentum and positive expectations. Continued geopolitical uncertainties and volatility in precious metals markets are expected to support higher trading revenues. The significant increase in gold and silver prices has driven a notable uptick in secondary/recycling material flows, which is projected to enhance refining throughput and revenues.

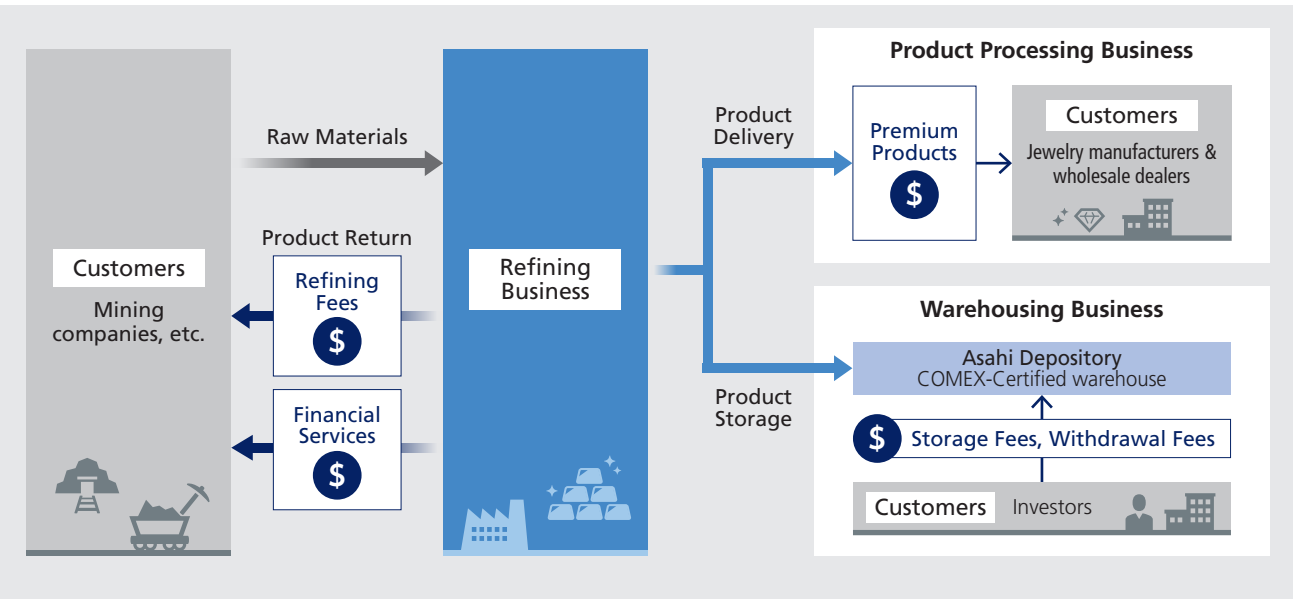
The warehousing segment continues to gain traction, with increasing storage volumes and service offerings contributing to profitability and cash generation. The development of our new silver refinery in Salt Lake City is progressing well, and we expect construction to be substantially completed by the end of the fiscal year. This facility will be a cornerstone of our future growth strategy, strengthening our refining capabilities and regional competitiveness in North America.

Medium- to Long-Term Vision for 2030

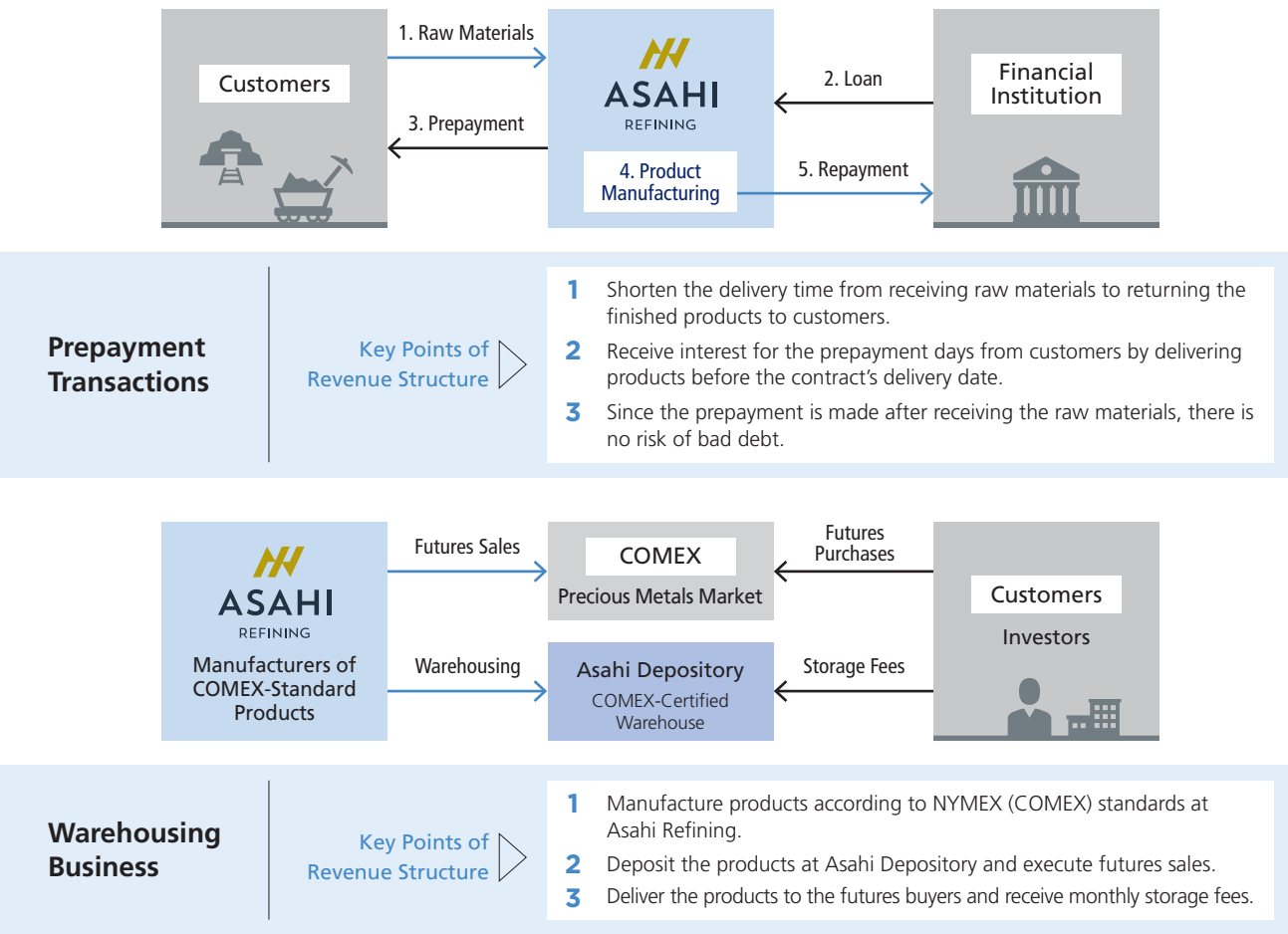
Looking ahead to 2030, our strategy is centered on delivering sustainable, long-term growth through disciplined investment and innovation. The new silver refinery in Salt Lake City and the expansion of our warehousing operations in New York are expected to be key growth drivers, enhancing operational scale and customer reach.

We are actively exploring additional financial service offerings tailored to meet the evolving needs of our clients. These initiatives will further diversify revenue streams and reinforce our market position. The business is also pursuing a pipeline of organic growth projects currently in various stages of evaluation, aimed at generating synergies and incremental earnings. In parallel, we continue to assess strategic merger and acquisition opportunities that align with our business model and could further strengthen our North American platform. Our long-term vision is to build a more resilient, diversified, and customer-centric refining and trading business capable of delivering consistent value to stakeholders.

Overall Business Model



Process of Financial Services and Warehousing Business



R&D

Technical Research Center—Pursuing Original R&D

We conduct proprietary research and development and assay technology development in the fields of recycling of precious and rare metals, utilization of hydrogen and heavy water, and development of new business. We established the Technical Research Center in Kobe High-Tech Park to serve as our R&D hub. We are looking to take even greater strides forward as a company that contributes to society by improving quality and technical innovation.



Research and Development

We anticipate the needs of our customers and strive to create new products and business by applying our large body of elemental technologies and developing new technologies.

- Technology for separating and refining precious and rare metals
- Precious metals molding and refining technology
- Decarbonization technologies
- Hydrogen and heavy water utilization technologies

Refining Technology In addition to hydrometallurgy-based precious metals refining technology, which is particularly effective for processing recyclable materials, the Group is developing pyrometallurgy-based precious metals refining technology effective for processing primary raw materials in North America. By advancing and combining both hydrometallurgical and pyrometallurgical refining technologies, we are creating effective precious metals refining techniques for handling all kinds of raw materials.

Release Technology To collect precious metals adhered to the surfaces of parts and jigs, etc., used in the manufacture of electronic components and semiconductors, the Group is developing technology to chemically and physically exfoliate precious metals safely and reliably without damaging the parts and jigs.



Assay

The ARE Holdings Group's core assay function supports a diverse range of corporate activities using the latest assay equipment and high-level assay technology. In addition, we play an important role in maintaining and enhancing trust with the Group's customers.

- Development of new assay technology
- Technical guidance for assay groups at each plant
- Purity assay of precious metal products
- Environmental analysis of issues such as plant wastewater discharges
- Environmental measurement certification business

Engineering

Using cutting-edge technology, experts from each sector design, produce, construct, and provide maintenance of facilities at subsidiaries in and outside Japan, helping to support safe and stable operation of the facilities.

- Design, production, construction, and maintenance of facilities and buildings
- Installation and maintenance of precious metal collection facilities for our customers
- Maintenance control of existing facilities
- Support for installation of robotics and IoT for equipment

Intellectual Property Strategy

Since its establishment in 1998, the Technical Research Center has developed numerous proprietary technologies in the separation, recovery, and processing of precious metals and rare metals, as well as the safe treatment and recycling of waste materials. These technologies are widely applied both domestically and internationally, supporting the growth of our precious metals recycling and environmental preservation businesses. Our intellectual property department secures patent rights for these technologies and manages trademarks and designs.

Cumulative Patent Applications 92 (as of March 31, 2025)

Assay Techniques

The Group is developing assay techniques using X-ray and inductively coupled plasma (ICP) optical emission spectrometry with the aim of conducting rapid and accurate transactions with customers.

We have obtained ISO/IEC 17025 laboratory accreditation from the Japan Accreditation Board (JAB) for gravimetric analysis of precious metal elements, demonstrating our capabilities in precious metal assay techniques. Moving forward, we will strengthen our analytical assurance system, covering everything from raw materials to final products across the entire Group.

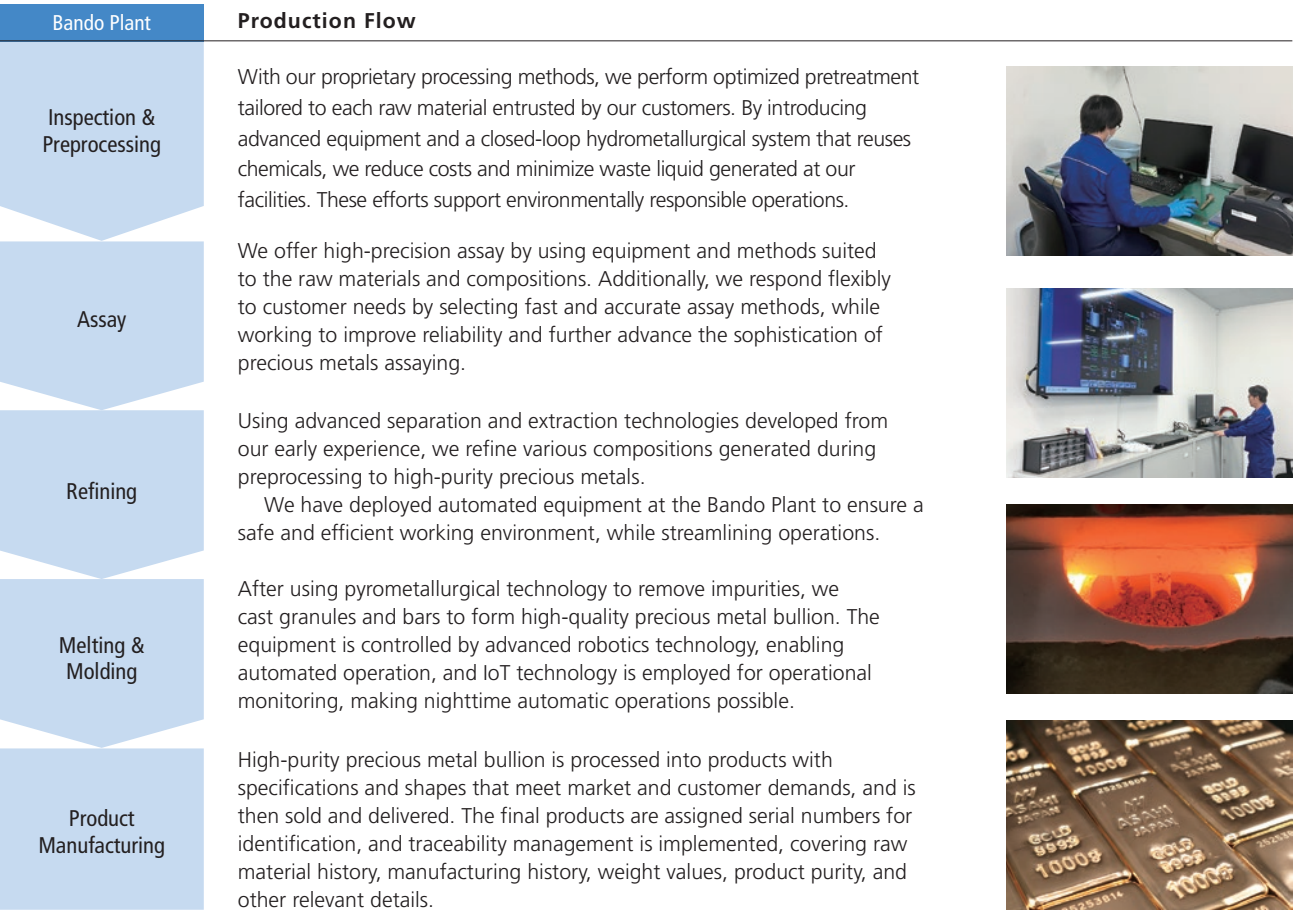


Accreditation Details

Applicable Accreditation Criteria		ISO/IEC 17025:2017 (JIS Q 17025:2018)
Scope of Accreditation	Name of Laboratory	Asahi Pretec Corp. Technical Research Center Research & Development Department, Analysis Group
	Field	Chemical Testing
	Name of Classification of Item to be Tested	Reagents and related products (Gold Solution, Silver Solution, Platinum Solution, Palladium Solution)
	Name of Technical Classification of Test	Gravimetric analysis (Gravimetric analysis by chemical reduction)
Test Method	Determination of gold in gold-containing solutions	
	Determination of silver in silver-containing solutions	
	Determination of platinum in platinum-containing solutions	
	Determination of palladium in palladium-containing solutions	

Production System

- First Phase of Bando Plant
- Achieving a one-stop process from reception to final product
- Second Phase of Bando Plant
- Enhancing high productivity and sustainability through automation and labor-saving initiatives



Second Phase of the Bando Plant

The second phase of the Bando Plant (Bando City, Ibaraki Prefecture) was completed in April 2025. Equipped with high-efficiency air conditioning systems, highly insulated exterior walls, and solar power generation, achieving the highest environmental building rating, “ZEB” (Net Zero Energy Building).



Benefit 1 Improving and Optimizing Production Capacity

We introduced dedicated processing equipment for automotive catalysts and automated operations up to the sampling stage, enabling enhanced production capacity and improved operational efficiency. Compared to the previous plant, we aim to increase per-worker output by 1.7 times by expanding production capacity while optimizing personnel deployment.



Benefit 2 Reducing Environmental Impact

We reduced CO₂ emissions by transitioning from fossil fuels to natural gas and partially substituting it with hydrogen. Additionally, by enabling our waste disposal contractor to utilize hydrogen produced from power produced during waste processing, we are contributing to resource circulation.



Empowering a Sustainable Future with Productivity Fueled by Innovation.

Masaki Fukushima
General Manager, Head of Technical Research Center at Asahi Pretec Corp.



Business and Market Environment

The second phase of the Bando Plant recycles various metals from raw materials such as automotive and chemical catalysts, as well as semiconductor components. Precious metals used in automotive and chemical catalysts are globally scarce and difficult to mine, yet essential for manufacturing non-electric vehicles. As a result, demand for recycling continues to rise. Market conditions are expected to improve as electric vehicle sales stabilize and hybrid vehicles gain traction.

Our precision cleaning sector focused on semiconductor components, provides services to both semiconductor equipment and device manufacturers. We selectively remove metal films adhered to components and return the cleaned components to our customers. In collaboration with our customers, we promote component reuse and reduced consumption, as well as the recycling of precious metals—scarce resources—thereby contributing to both business growth and a sustainable society. Market conditions remain robust, supported by strong demand from expanding industries such as AI and IT.

Review of the Fiscal Year Ended 31 March 2025

The second phase of the Bando Plant was completed in April 2025. Despite the implementation of work-style reform laws—referred to as the “2024 Problem”—which impacted the logistics and construction industries and posed challenges to construction, the second phase

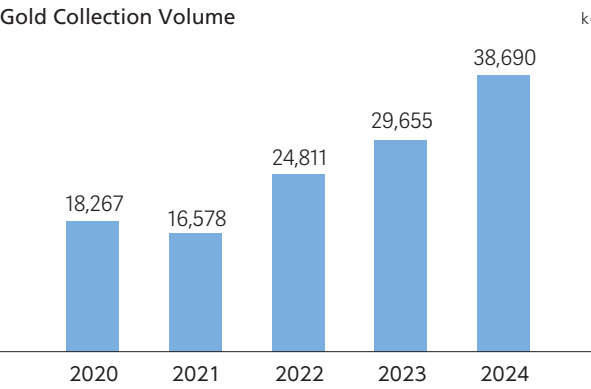
was completed as planned with the support of Bando City and partner companies. Furthermore, this plant has obtained ZEB (Net Zero Energy Building) certification, meaning it is designed to maintain a comfortable indoor environment while achieving net-zero annual primary energy consumption. This enables increased production with reduced CO₂ emissions and contributes to employee satisfaction and skill development through stable employment.

Outlook for the Fiscal Year Ending 31 March 2026

In the catalyst sector, we plan to reach 1.5 times the productivity of our existing plants by introducing advanced processes and automated equipment. In the precision cleaning sector, productivity will be enhanced through automated processing, and quality will be stabilized through automated inspection. Additionally, by implementing our proprietary production management system and digitally transforming the entire manufacturing process, we expect to reach 1.3 times the productivity of our existing plants, with consistent quality. In terms of environmental preservation, we plan to reduce CO₂ emissions by approximately 700 tons annually compared to our existing plants through improved combustion efficiency and the use of hydrogen as a fuel.

Medium- to Long-Term Plan & Aspiration for 2030

In both the catalyst and precision cleaning sectors, we are integrating automation technology with AI and IT to optimize processes and enhance productivity, aiming to become one of the industry's leading smart factories. Upon completion, we plan to further boost productivity and double the production volume compared to our existing plants. We will shorten lead times for processing various metals, thereby reducing precious metal hedging costs and improving profitability. For platinum group metals—where demand is expected to grow in advanced fields such as hydrogen—we will pursue further advancements in recycling technology. To realize these goals, we will actively deploy highly specialized personnel from our technical departments to the second phase of the Bando Plant and mobilize manufacturing, sales, and technology as an integrated team.



Precious Metals Business

Retail Business



Business and Market Environment

Leveraging the trust and track record the Asahi brand has built over many years in the B2B sector, we began evaluating entry into the retail business in April 2023, with the goal of offering a broad range of consumer services centered on the sale of precious metal products. In February 2024, we launched retail sales of gold, silver, and platinum bullion products, successfully entering this new market.

While the shift from savings to investment has long been advocated, the introduction of the New NISA program (Japan's tax-advantaged investment scheme) in 2024 marks a turning point. Anticipating a sharp rise in individual interest in asset building, we believe we launched our services at an optimal time.

Precious metals have long appealed to certain investor groups, but rising geopolitical risks have broadened demand for these safe-haven assets among individual investors. In addition, as environmental and ethical considerations gain prominence, our recycled bullion products—delivering both sustainability and reliability—are well positioned for further demand growth.

Review of the Fiscal Year Ended 31 March 2025

In our inaugural year of retail operations, the fiscal year ended March 2025, delivered steady performance, driven particularly by demand from affluent customers. Additionally, we leveraged social media and other platforms to reach new customer segments, including younger demographics and those in regional markets, driving the diversification of our sales channels. This resulted in a surge in demand, primarily for silver products, leading to robust sales that temporarily exceeded production capacity.

In the second half of the year, facility enhancements enabled a stable product supply, allowing us to significantly expand our base of repeat customers making regular purchases. At the same time, we pursued product development not only for investment purposes but also with a strong emphasis on design, exemplified by our five-stack silver cast bar, which earned high

praise for its distinctiveness and beauty. Overall, we consider the first year of this new business a major success.

Outlook for the Fiscal Year Ending 31 March 2026

Looking ahead to the fiscal year ending March 2026, we will focus on enhancing brand awareness and diversifying our service offerings. In July 2025, we launched “ASAHI Grellia Gate,” a comprehensive information website on precious metals, to expand customer touchpoints and create more opportunities for potential customers to experience Asahi's products and services.

Our initiatives extend beyond sales. We have launched “ASAHI Gold Club,” a new service that allows customers to store precious metals—whether already owned or purchased from us—free of storage fees. This significantly enhances convenience for wealth building with precious metals. Through our existing e-commerce site, “ASAHI Online Store,” will keep expanding our market reach by offering products and services that respond to evolving customer needs. This includes the introduction of “ASAHI's Gold Beans,” a distinctive 1-gram bean-shaped gold product that further enhances our lineup.

Medium- to Long-Term Plan & Aspiration for 2030

We aim to broaden our retail customer base and grow ASAHI into a leading brand in the retail precious metals market.

The comprehensive information site “ASAHI Grellia Gate” will expand its services centered around four menus: “Buy,” “Store,” “Discover,” and “Learn.” This will create more opportunities for first-time precious metal investors to experience Asahi's products and appreciate their value, thereby expanding our customer base.

Furthermore, we will broaden our product lineup, collaborating with external partners as necessary, to respond to evolving market conditions, societal changes, and the diverse needs of our customers. In addition, focusing on asset building, we will develop a diverse range of financial services, with the goal of enabling ASAHI to grow sustainably together with our customers.

Launch of
ASAHI Grellia Gate

We have newly launched “ASAHI Grellia Gate,” a comprehensive service portal designed to support and educate individuals interested in precious metals. The site features beginner-friendly guides, personalized diagnostic tools for precious metal selection, market reports, and practical columns—offering an engaging and accessible platform for newcomers to deepen their understanding of precious metal investment.

We offer the ASAHI Gold Club, a convenient service that enables users to initiate bullion storage procedures online anytime, anywhere. In addition, the ASAHI Online Store provides access to exclusive ASAHI-branded products for direct purchase.

Begin Gold and Silver Investment
Journey with ASAHI Grellia GateEasy Online Purchase of
World-Certified Gold, Silver,
and Platinum“Invest in Your Life”
Choose the Value that Reflects Brilliance Ahead

The majority of ASAHI's precious metals are sourced through recycling and are increasingly recognized as environmentally conscious materials, often referred to as “green gold.” These metals are produced with consideration for both people and the planet, offering a reassuring choice for first-time buyers.

Explore ASAHI-Branded Products on the ASAHI Online Store

50g Gold Bars



Five-Stack Silver Bars



100g Platinum Bars



ASAHI Online Store

ASAHI METALFINE Online Shopping
<https://ec.asahigrellia.com/>
(Japanese version only)



Instagram



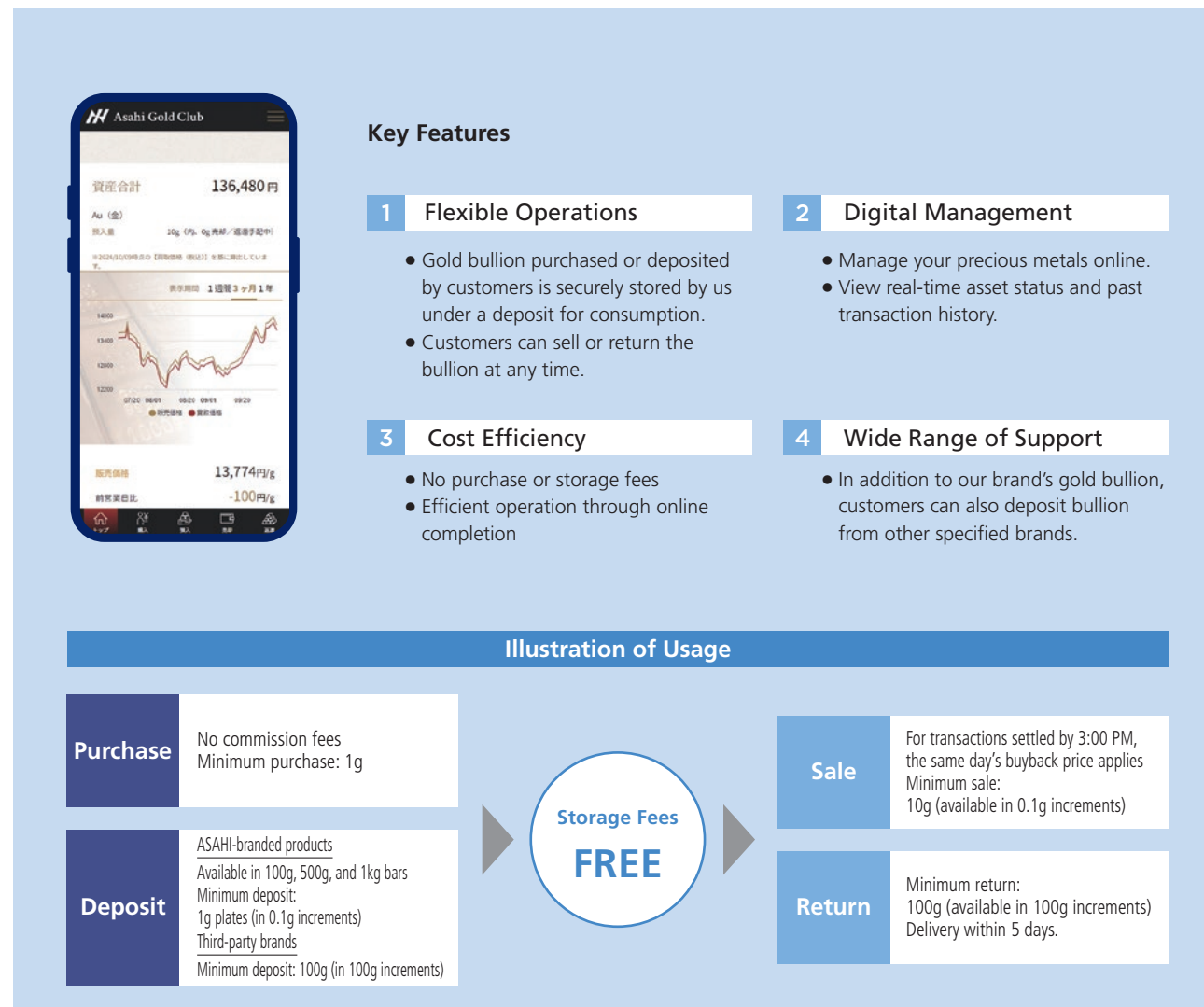
ASAHI Grellia Gate



Precious Metals Business

ASAHI Gold Club — Gold Bullion Storage Service Launched

We have launched a new service, Asahi Gold Club, to meet our customers' needs. This service provides a comprehensive solution for the seamless process of purchasing, depositing, selling, and returning gold bullion.



Bringing Gold Closer to Everyday Life

ASAHI's Gold Beans

Motivated by this commitment, we introduced a new product: ASahi's Gold Beans. These charming 5mm, 1g pellets are crafted from 99.99% pure recycled "green gold"—a material that is conscious of both people and the planet. ASahi's Gold Beans offer an accessible entry point for sustainable asset building, even for first-time buyers. Each pellet brings a sense of joy and satisfaction, encouraging customers to steadily grow their holdings over time.



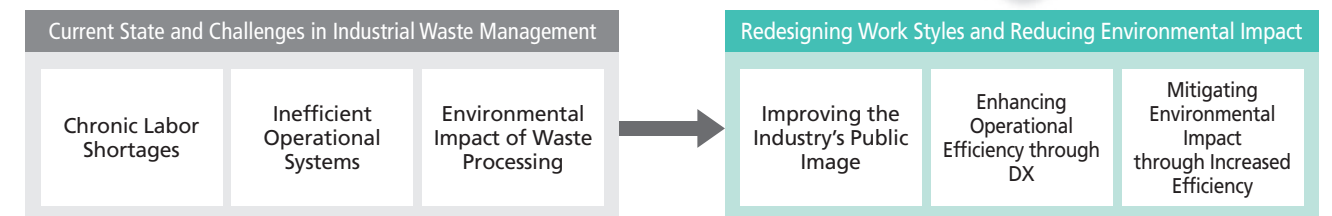
Environmental Preservation Business

We offer a digital platform designed to streamline operations for industrial waste management companies. By digitizing all aspects of industrial waste management—including manifest management, administrative reporting, and electronic contracting—we aim to eliminate paper and waste and contribute to the realization of a circular society.

To Build an Infrastructure That Carries the Future

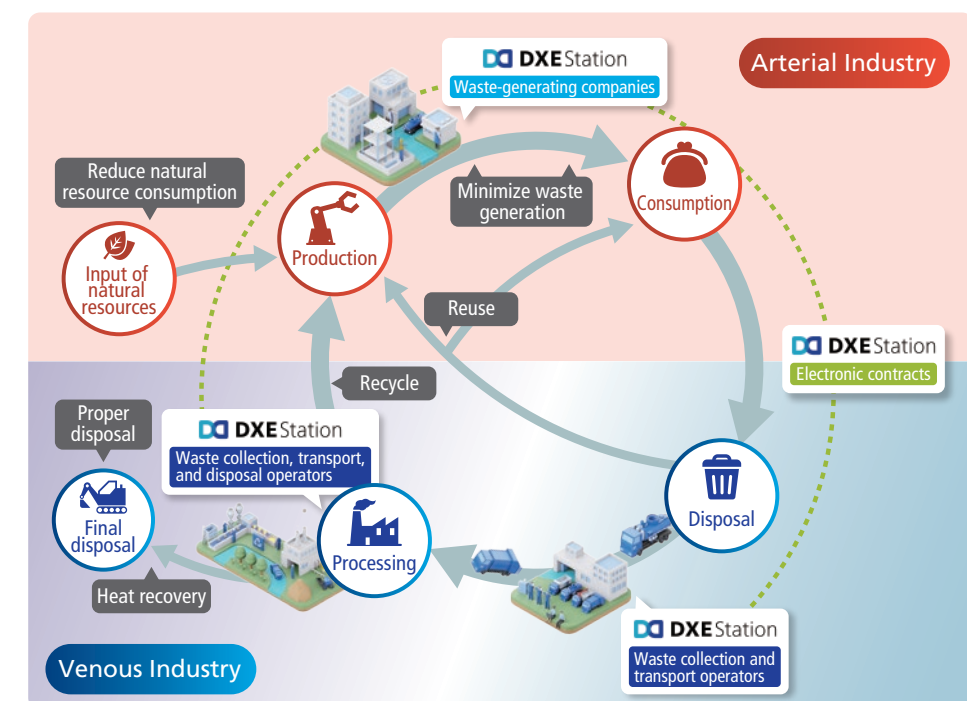
370 million tons per year

We digitally optimize industrial waste management, a vital foundation of society, to significantly reduce both on-site workloads and environmental impact.



Business Domain

The industrial waste management industry—part of the recycling-oriented "venous industries"—plays a vital role in supporting society by collecting, transporting, and processing discharged waste. However, the industry faces several structural challenges, including an aging workforce, chronic labor shortages, and inefficiencies stemming from paper-based operations. DXE Station, a platform provided by DXE, one of our group companies, digitizes and streamlines a range of operations related to industrial waste disposal, including manifest management, contracting, and administrative reporting. By connecting operators within the circulatory sector through DXE Station, we facilitate streamlined operations and seamless, waste-free collaboration.



Environmental Preservation Business



Driving Industry Innovation with Advanced Digital Transformation.

Itsuro Koyama
Representative Director, President of DXE INC.

Business and Market Environment

DXE INC. provides DXE Station, a cloud-based SaaS platform designed for the industrial waste management industry, supporting electronic manifests and digital contracts. The platform offers distinct advantages over competitors through its intuitive UI/UX, seamless integration with external systems, and robust customer support. In the approximately 5.3 trillion yen industrial waste management market, paper-based operations remain widespread, posing challenges to operational efficiency. Amid rising demands for environmental accountability, including Scope 3 compliance, the introduction of carbon taxes, and regulatory reforms, DXE is leading the industry's digital transformation. By digitally centralizing operations from waste generation to final treatment, we enhance operational efficiency and strengthen environmental responsiveness.

Review of the Fiscal Year Ended 31 March 2025

On the product side, we enhanced the feature set of our manifest management platform, adding features such as API integration with third-party cloud services, regulatory reporting to authorities, and paper manifest printing. On the sales side, beyond our high-touch support, our UI/UX design and usability were key factors in receiving the Good Design Award and earned strong customer

acclaim. Furthermore, we have diversified our sales channels by strengthening inside sales and deepening strategic partnerships.

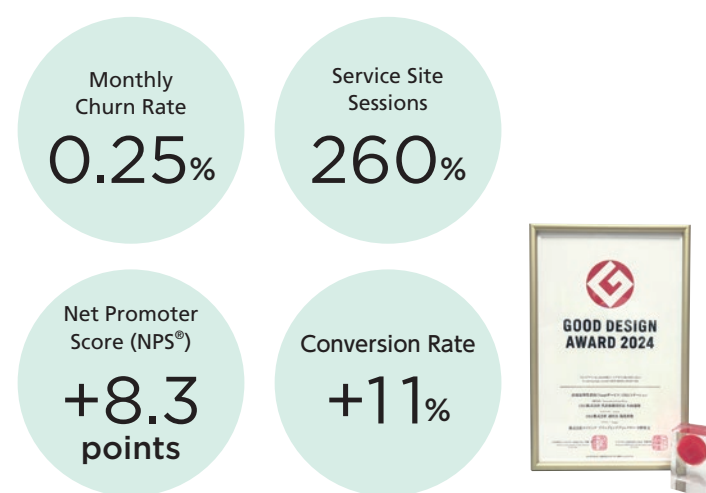
Outlook for the Fiscal Year Ending 31 March 2026

Among the approximately 280,000 waste generators using electronic manifests, more than 10% have already received and used manifests issued via our DXE Station platform through collection, transport, and processing companies, demonstrating growing industry adoption. In the current fiscal year, we are prioritizing the expansion of our target customer base, with plans to increase the addressable market size by more than tenfold. To strengthen our growth foundation, we are responding flexibly to customer needs, including new pricing plans and standalone sales of optional features, enhancing lead generation through webinars, and launching new capabilities such as mobile access and unified data management, including manifests issued via third-party services.

Medium- to Long-Term Plan & Aspiration for 2030

We aim to transform the industrial waste management industry by 2030 through a comprehensive digital rebuild. Centered on the continued evolution of DXE Station, including the expansion of customer touchpoints, we will pursue both greater operational efficiency and reduced environmental impact. Furthermore, we will create new value through initiatives such as Scope 3 reporting and the visualization of CO₂ emissions.

Our vision is to digitally connect all industry operators and evolve the industry into a more efficient infrastructure. By reducing the environmental impact of processing waste generated across all economic activities, we contribute to the creation of a more sustainable society. The act of transporting industrial waste—tangible remnants of the past—is becoming the infrastructure that carries the future of this nation. This is the future we envision for the industrial waste management industry.

**DXE Business Strengths**

We address the fundamental challenges facing the industrial waste management industry, paving the way for workplaces where people are truly motivated to work.

Challenges in Industrial Waste Management



Entrenched Paper-Based Practices

Paper continues to dominate the management of industrial waste manifests. However, the extensive time and labor required for manual entry, mailing, and physical storage pose significant challenges to operational efficiency.



Challenges in Transitioning to Digital Systems

Despite the Japanese government's introduction of an electronic manifest system in 1998, adoption rates remain low. Key barriers to widespread implementation include resistance to using computers and low awareness among waste-generating companies.



Aging Workforce and Shortage of Successors


The industrial waste management sector is facing serious issues, including an aging workforce and a lack of successors. With small and medium-sized enterprises accounting for half of the industry, intense competition and the burden of daily operations often hinder efforts to effectively address these challenges.

Solving Fundamental Challenges to Create Workplaces Where People Want to Work



Simple and Intuitive UI to Overcome Resistance to PC Use

We prioritized creating a user-friendly interface, offering a standardized and straightforward screen design, thereby ensuring the platform is accessible to users of all ages, from younger employees to older staff.



Empowering Waste Management Companies to Drive Digital Transformation

We have designed a system that enables even companies with low awareness of digital adoption to transition to electronic processes. By focusing not only on our direct clients (industrial waste management companies) but also on their clients (waste generators), we create mechanisms to drive behavioral change, aiming for transformation across the entire industry.




Reliable Support from Industry Experts from the Development to the Implementation Stage

Our Environmental Preservation Business is led by team members with extensive experience in the industrial waste management sector. Their expertise and knowledge are integrated into the services we offer. We have a deep understanding of the values and real needs of waste management companies, allowing us to deliver solutions that address fundamental challenges.

Service Overview of DXE Station

DXE Station enables digital management of industrial waste operations, covering the entire process from generation to disposal.

DXE Station — Features for Collection and Transport Operators	DXE Station — Features for Waste-Generating Companies	DXE Station — Electronic Contract Features
Manifest Management Sales and Billing Management Order Management Vehicle Dispatch and Driver App Integration	Collection Requests Manifest Management (no administrative reporting required)	Creation and Execution of Consignment Contracts Enhanced Compliance





The P/B Ratio (price-to-book ratio), which gained attention following the Tokyo Stock Exchange's March 2023 announcement on "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," stood at 1.11 for our company as of March 2025. While this exceeds the commonly referenced threshold of 1.0—below which companies are often considered as undervalued—the ratio has trended downward since 2021 and has hovered around 1.0 over the past two years. We recognize the urgent need for concrete measures to improve this situation. Accordingly, we are advancing initiatives focused on ROE (Return on Equity) and P/E Ratio (Price-Earnings Ratio) as key drivers of P/B. In parallel, we are pursuing efforts aligned with our business realities to maintain a sound financial foundation.

ROE: Profitability Enhancement

In recent years, our ROE has remained above 10%, exceeding our estimated cost of equity of 7–9%. Under our Medium- to Long-Term Plan & Aspiration, we have set a target of 13% by fiscal year 2030 and aim to achieve this through further improvements in profitability. To enhance profitability, we are committed not only to executing our growth strategies, but also to regularly reviewing them from a business portfolio management perspective. Our company has a history of decisively implementing Scrap and Build initiatives in response to changing circumstances, and we believe this culture supports profitability improvements through portfolio management. A recent example is our minting business in North America, which had been earmarked for expansion under our Medium- to Long-Term Plan & Aspiration. However, due to a prolonged market downturn from the second half of fiscal year 2023 through fiscal year 2024 and a challenging outlook ahead, we decided to withdraw from the business at the end of fiscal year 2024. In turn, we have shifted our growth investment focus toward the

warehousing and trading businesses in the same region, which show greater potential for future growth. We have already begun allocating the necessary funds for expansion in fiscal year 2025.

ROE: Financial Strategy Enhancement

We will use the operating cash flow we consistently generate as the primary funding source for both stable shareholder returns and investments to steadily execute the growth strategies outlined in our Medium- to Long-Term Plan & Aspiration.

Specifically, as shown in Table 2 below, we expect to generate approximately 65 billion yen in operating cash flow over the three-year period from fiscal year 2025 to fiscal year 2027. Of this amount, approximately 18 billion yen will be allocated to stable dividend payments, with a target payout ratio of around 40%. The remaining 47 billion yen will be directed toward growth investments to realize our Medium- to Long-Term Plan & Aspiration, with allocations to both existing businesses and growth areas. For existing businesses, we plan to make large-scale investments¹ primarily in precious metal production facilities in Japan and North America to enhance profitability and efficiency. For growth areas, we anticipate investments such as establishing new sites in Asia² and expanding business opportunities, including M&A, in Japan and North America.

P/E Ratio: Non-Financial Strategy Enhancement

We view the P/E as a reflection of market expectations for our future performance. To improve P/E, we believe it is essential that shareholders and investors have confidence in our growth strategy and understand the social value we create, including our ESG initiatives. Under the theme of "Non-Financial Strategy Enhancement," we are advancing the following initiatives: promoting dialogue with shareholders and investors; strengthening communication of our growth strategies; and accelerating ESG management.

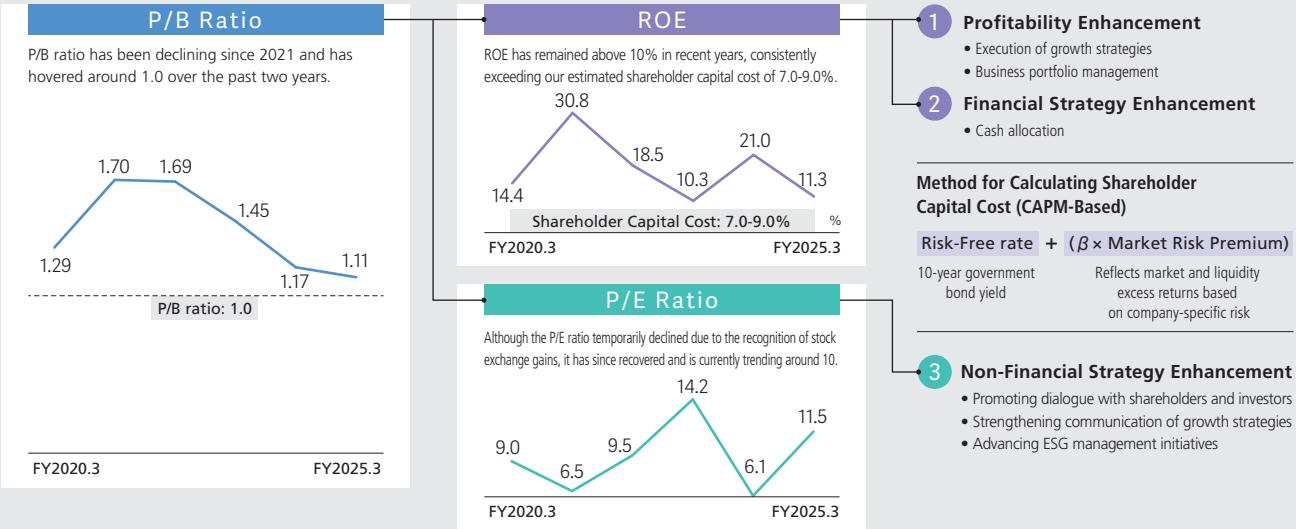
Soundness of Our Financial Foundation

From the perspective of maintaining a sound financial foundation, we monitor and manage our equity ratio to reflect the underlying economics of our businesses. In our North American Refining Business, expansion often requires substantial working capital. As shown in Table 3, the liabilities associated with "North American trade receivables and related items of 294.3 billion yen" on the balance sheet as of March 31, 2025, fall into this category. However, these interest-bearing liabilities are collateralized by highly liquid assets such as gold. Therefore, in addition to the conventional equity ratio (25.8% as of March 31, 2025) disclosed in our financial results and securities reports, we also calculate and disclose an adjusted equity ratio in our earnings presentation materials. This adjusted ratio is based on a balance sheet that excludes highly liquid assets and corresponding liabilities (see the right-hand side of Table 3), and it stood at 79.9% as of March 31, 2025.

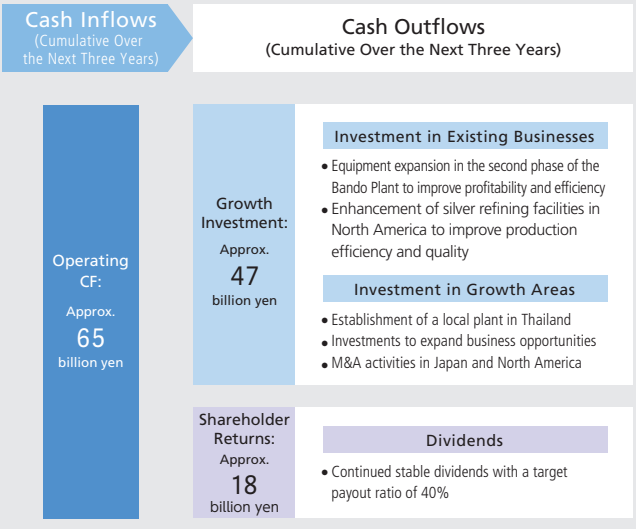
As part of our efforts to enhance financial stability through diversified funding sources, we are considering a public offering of straight corporate bonds. In January 2025, we received an "A-" credit rating from R&I (Rating and Investment Information, Inc.). This rating reflects our strong risk resilience, as many of our interest-bearing borrowings are backed by highly liquid assets such as precious metals. Looking ahead, we will continue to seek objective evaluations from third-party agencies to further strengthen management transparency and external credibility, while advancing the diversification and stabilization of our funding structure.

Notes:
1. Investment in certain areas has already been completed, and business and production activities are underway. In April 2025, part of the second phase of the Bando Plant was completed, and operations have begun for recycling precious metals such as Pd, Pt, and Rh from automotive and chemical catalysts.
2. In June 2025, Asahi Pretec India Private Limited was established near Delhi, India. We are currently building the business foundation, including staffing, in preparation for the full-scale launch of sales activities.

1 Situation Analysis and Issue Identification



2 Cash Allocation



3 Financial Foundation Backed by Highly Liquid Assets

