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Asahi Holdings, Inc.
(Stock code: 5857)

Notice of the 14th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 20, 2023

Reception opens at 10:00 a.m.

Venue:

KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Proposals:

- Proposal 1: Partial Amendments to the Articles of Incorporation
- Proposal 2: Election of One (1) Director (Excluding Director Serving as the Audit and Supervisory Committee Member)
- Proposal 3: Election of Five (5) Directors Serving as the Audit and Supervisory Committee Members
- Proposal 4: Partial Revision of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors

Please exercise your voting rights:

Voting rights at the General Meeting of Shareholders are an important right of shareholders. Please make sure to exercise your voting rights. Please see pages 7 to 9 for details.

- If you are attending the General Meeting of Shareholders:
 - Please submit the Voting Right Exercise Form at the reception desk upon arrival.
- If you are unable to attend the General Meeting of Shareholders:
 - Please exercise your voting rights in writing or via the Internet, etc.

Documents must arrive before noon on Monday, June 19, 2023.

From the viewpoint of preventing the spread of the novel coronavirus (COVID-19) infection, this General Meeting of Shareholders will be held with infection prevention measures in place.

If you are attending the meeting, please pay close attention to the status of the spread of the virus.

**Message from the CEO
To Shareholders**

**Tomoya Higashiura,
Representative Director and President**

I would like to express our cordial appreciation for your continuous support and loyal patronage.

I would also like to take the opportunity of sending this Notice of the 14th Annual General Meeting of Shareholders to offer a short greeting.

We can see signs of recovery in the overall economic activity with the easing of restrictions related to COVID-19. On the other hand, amid the prolonged Russia's invasion of Ukraine and increasing economic sanctions against Russia, we are facing soaring costs of raw materials including energy and materials and sharp fluctuations in resource prices and exchange rates. Thus it is still difficult to predict changes in the business environment and outlook. Under such conditions, the Company has strived to control various risks and focused on measures to achieve mid- to long-term growth. Revenue and operating profit in the 14th fiscal term were 292.4 billion yen and 19.2 billion yen respectively, with year-end dividend decided to be 45 yen per share.

As of April 1 this year, we reorganized our group companies: "Asahi Pretec Corp." that operates a precious metal recycling business; "ASAHI METALFINE, Inc." that operates a precious metals refining and manufacturing/trading business; and "Japan Waste Corporation" that operates an environmental preservation business. We clarified responsibilities, rights, and business resources of these business companies to improve profitability, expand the business, and strengthen risk control.

In addition, the Company plans to change its company name to "ARE Holdings, Inc." on July 1 this year subject to approval at this General Meeting of Shareholders. The A in "ARE" stands for "Asahi," the R for "Resources," and the E for "Environment." Based on the Purpose of being "Totally Committed to Protecting the Natural Environment and Preserving Resources," the Company has engaged in "Resources and Environment" as its core business and promoted Environmental Preservation and Resource Recovery for Environment for many years. By changing the company name to one with the Purpose engraved, we will clarify the significance of our existence and make efforts to "pursue financial shareholder value" and "solve social issues" through the Precious Metals Business and the Environmental Preservation Business. I hope that our shareholders will continue to give us their support.

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ASAHI WAY

Our Purpose: “Totally Committed to Protecting the Natural Environment and Preserving Resources”

Our Credo

We conserve limited natural resources, preserve the global environment, and contribute to the realization of a sustainable world.

Our Corporate Values

- **Cooperation with stakeholders**
We constantly seek to earn even greater trust from shareholders, customers, business partners, employees, and local communities as we work to preserve the natural environment.
- **Corporate governance with a balance of protective and proactive measures**
We boldly promote growth strategies and business reform while securing transparency in decision-making and properly managing risk.
- **No growth without profit**
We realize long-term improvement of shareholder value by ensuring the entire group grows and is profitable.
- **Trusted corporate brand**
We aim to be widely recognized as an exemplary corporate group and to build a brand that will be trusted over many years.
- **Addressing diverse risks**
We strive to minimize risks and avert disasters by taking daily safety measures in workplaces and by constantly working to prevent accidents.
- **Highly motivated employees**
We promote work-life balance for employees and continuously improve working environments and conditions.
- **Strong sense of mission and high ethical standards**
We strive to be an organization where employees take pride in their own work and executives maintain a strong sense of mission and high ethical standards.
- **Being a company of good people**
We value good employees over the long-term; our vision of a “good employee” is a person who is not self-centered and who contributes to mutual prosperity and the development of the business.

Our Employee Principles

- Innovate and embrace challenges
- Put safety first
- Maintain high quality
- Promptly report (especially bad news)
- Build trust and connection

The Asahi Holdings Group Code of Conduct

1. We comply with all laws and regulations
2. We respect the dictates of social norms and our own conscience
3. We treat everyone equally, regardless of age, gender, nationality, race, religion, or other characteristics
4. We refrain from conducting any political or religious activities in the workplace
5. We treat customers with sincerity
6. We practice fair competition and optimal decision-making when selecting business partners
7. We respect the confidential information obtained through our work and avoid disclosing it externally
8. We refrain from providing or receiving meals or gifts in pursuit of personal benefit
9. We act for the greater good, not for personal or affiliated parties' gain
10. We focus on the actual sites, actual things, and actual facts

Dear Shareholders:

(Stock code: 5857)

June 2, 2023

4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi, Japan

Asahi Holdings, Inc.

Tomoya Higashiura,

Representative Director and President

Notice of the 14th Annual General Meeting of Shareholders

This is to inform you that the 14th Annual General Meeting of Shareholders of Asahi Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place.

In convening this General Meeting of Shareholders, the Company provides information contained in the Reference Documents for General Meeting of Shareholders, etc., (matters to be provided electronically) electronically and such matters are posted on the websites below. Please access either of them for confirmation.

[The Company’s website]

<https://www.asahiholdings.com/ir/library/document/> (Japanese only)

[The website for the General Meeting of Shareholders Materials]

<https://d.sokai.jp/5857/teiji/> (Japanese only)

Instead of attending the meeting in person, you are entitled to exercise your voting rights via the Internet or in writing. You are kindly requested to read the reference documents and exercise your voting rights by noon on Monday, June 19, 2023, in accordance with the instructions on the page 7 to 9.

Details of the meeting

1. Date and time: 10:30 a.m. on Tuesday, June 20, 2023 (Reception will open at 10:00 a.m.)

2. Venue: KOBE PORTOPIA HOTEL

10-1, Minatojima Nakamachi 6-chome, Chuo-ku, Kobe-shi

“Kairaku-no-ma,” basement floor, Main Building

Please understand that souvenirs for shareholders who attend the meeting will not be provided.

3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 14th fiscal term (April 1, 2022 through March 31, 2023)
 - 2) Report on non-consolidated financial statements for the 14th fiscal term (April 1, 2022 through March 31, 2023)

Items to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation

- Proposal 2: Election of One (1) Director (Excluding Director Serving as the Audit and Supervisory Committee Member)
- Proposal 3: Election of Five (5) Directors Serving as the Audit and Supervisory Committee Members
- Proposal 4: Partial Revision of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors

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- If you attend the meeting, please submit the “Voting Right Exercise Form” at the reception desk upon arrival.
 - Pursuant to the amended Companies Act, in principle, shareholders are asked to confirm matters to be provided electronically on the websites on the previous page and the paper copy shall be sent only to shareholders who have requested it by the record date. However, for this Annual General Meeting of Shareholders, the Company will send the paper copy containing the matters to be provided electronically to all shareholders regardless of whether they have requested it or not. Of the matters to be provided electronically, the following items are not included in the paper copy to be sent pursuant to the provisions of laws and regulations and Article 14, Paragraph 2 of the Articles of Incorporation of the Company.
 - (i) Business Report: “Structure to ensure the appropriateness of business and status of operation of such structure”
 - (ii) Consolidated financial statements: “Notes to consolidated financial statements”
 - (iii) Non-consolidated financial statements: “Notes to non-consolidated financial statements”
 Accordingly, Business Report, consolidated financial statements, and non-consolidated financial statements included in the paper copy constitute part of the documents audited by the Accounting Auditor and Audit and Supervisory Committee when preparing the accounting audit report and audit report, respectively.
 - Should the matters to be provided electronically are revised, a notice to that effect as well as the original and revised versions of the matters will be posted on the websites.

Guide to Exercising Voting Rights

If you are attending the General Meeting of Shareholders:

Please submit the enclosed Voting Right Exercise Form at the reception desk upon arrival.

In addition, please also bring this Notice.

If you are unable to attend the General Meeting of Shareholders:

• Exercising your voting rights via the Internet

Please refer to the “Procedure for Exercising Voting Rights via the Internet” on the next page, and input your vote for or against each proposal by the deadline for exercising voting rights below.

• Exercising your voting rights in writing (Voting Right Exercise Form)

Please indicate your vote for or against each proposal on the enclosed Voting Right Exercise Form and return the Form by mailing it such that it arrives by the deadline for exercising voting rights below. If a vote for or against is not indicated for any proposal when exercising voting rights in writing (Voting Right Exercise Form), we will treat it as an indication of approval of the proposal.

Deadline for Exercising Voting Rights: noon on Monday, June 19, 2023

Treatment of Voting Rights Exercised Multiple Times

- If you have exercised your voting rights both via the Internet and in writing, those exercised via the Internet will be considered as valid.
- If you have exercised your voting rights multiple times on the Internet, the final vote will be considered as valid. If you have exercised your voting rights multiple times with computers and/or smartphones, the final vote cast will be considered as valid.

Electronic Voting Platform for Institutional Investors

Nominee shareholders including banks specializing in asset and trust management/custody (including standing proxy) may use with prior application the “Electronic Voting Platform” operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., and other entities, as a means to exercise their voting rights electronically and participate in the General Meeting of Shareholders of the Company.

Procedure for Exercising Voting Rights via the Internet

If you intend to exercise your voting rights via the Internet, please pay attention to the following notes. If you are attending the meeting, no procedures to exercise voting rights in writing (Voting Right Exercise Form) or via the Internet are necessary.

1. Voting Rights Exercise Web Site

- (1) The exercise of voting rights via the Internet is possible only by accessing the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>) designated by the Company either from a computer or a smartphone. (However, this Web site is not available from 2:00 a.m. to 5:00 a.m. daily.)
- (2) The exercise of voting rights using computers or smartphones may be disabled by operating environments, including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server and/or if you have not designated the use of encrypted transmission (TLS transmission).
- (3) Although we will accept the exercise of voting rights via the Internet until noon on Monday, June 19, 2023, we recommend voting as early as possible. If you have any questions, please contact our Help Desk.

2. Exercising Your Voting Rights via the Internet

- (1) By computers
 - At the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>), use the “log-in ID” and “temporary password” given on the Voting Right Exercise Form and follow the on-screen instructions to indicate your approval or disapproval of each proposal.
 - To protect against illegal access by persons other than qualified shareholders (“spoofing”) and the manipulation of voting details, please be aware that shareholders using the site will be asked to change their “temporary password.”
 - Whenever a meeting of shareholders is convened, new “log-in IDs” and “temporary passwords” will be issued.
 - (2) By smartphones
 - By scanning the “QR code for log-in” given on the Voting Right Exercise Form using smartphones, you can automatically access the Voting Rights Exercise Web Site and exercise your voting right. (There is no need to enter the “log-in ID” and “temporary password.”)
 - You may not be able to log in through QR code depending on a model of smartphone. When you cannot log in through QR code, please exercise your voting rights by computers as indicated in 2. (1) above.
- *QR Code is a registered trademark of DENSO WAVE CORPORATION.

3. Treatment of Voting Rights Exercised Multiple Times

- (1) If you have exercised your voting rights both via the Internet and in writing, those exercised via the Internet will be considered as valid.
- (2) If you have exercised your voting rights multiple times on the Internet, the final vote will be considered as valid. If you have exercised your voting rights multiple times with computers and/or smartphones, the final vote cast will be considered as valid.

4. Costs Incurred in Accessing the Voting Rights Exercise Web Site

The costs incurred when accessing the Voting Rights Exercise Web Site such as Internet access fees will be the responsibility of the shareholder.

5. Method of Receiving a Convocation Notice

Beginning with the next meeting of shareholders, shareholders will be given the option of receiving their convocation notices via email. If you wish to receive your convocation notices in this manner, please use a computer or a smartphone to access the Voting Rights Exercise Web Site and take the procedures shown on the screen.

For inquiries about the system or other matters, contact:

Help Desk for voting rights exercise via the Internet, Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (Toll Free within Japan) (available from 9:00 a.m. to 9:00 p.m.)

Reference Documents for General Meeting of Shareholders

Proposal 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

The A in “ARE” stands for “Asahi,” the R for “Resources,” and the E for “Environment.” Based on the Purpose of being “Totally Committed to Protecting the Natural Environment and Preserving Resources,” the Company has engaged in “Resources and Environment” as its core business and promoted Environmental Preservation and Resource Recovery for Environment for many years. We propose an amendment to Article 1 (Trade Name) of the current Articles of Incorporation to, by changing the trade name to one with the Purpose engraved, clarify the significance of our existence as well as spread its role to society, and aim for further business development.

Scheduled date of amendment: July 1, 2023

2. Details of amendments

We propose that the current articles be partly amended as described in the draft below.

(Amended portions are underlined)

Current Articles of Incorporation	Draft of Amended Articles of Incorporation
CHAPTER 1. GENERAL PROVISIONS (Trade Name) Article 1: The name of the Company shall be “ <u>Asahi Holdings Kabushiki Kaisha,</u> ” and in English it shall be “ <u>Asahi Holdings, Inc.</u> ” Supplementary provisions (Transitional Measures Concerning the Exemption of Corporate Auditors from Liability) Article 1: <Omitted> < Newly established >	CHAPTER 1. GENERAL PROVISIONS (Trade Name) Article 1: The name of the Company shall be “ <u>ARE Holdings Kabushiki Kaisha,</u> ” and in English it shall be “ <u>ARE Holdings, Inc.</u> ” Supplementary provisions (Transitional Measures Concerning the Exemption of Corporate Auditors from Liability) Article 1: <Same as the present> <u>(Transitional Measures Concerning Change of Trade Name)</u> Article 2. <u>The amendment to Article 1 (Trade Name) shall take effect on July 1, 2023. This supplementary provision shall be deleted after the date when the amendment to Article 1 takes effect.</u>

Proposal 2 Election of One (1) Director (Excluding Director Serving as the Audit and Supervisory Committee Member)

The terms of office of all two (2) Directors (excluding Directors serving as the Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) will expire at the close of this Annual General Meeting of Shareholders.

Accordingly, we propose the election of one (1) Director.

The Audit and Supervisory Committee has expressed no opinion on this proposal.

The candidate for Director to be elected is as follows.

Name (Date of birth)		Gender	Position and Duties at the Company (Important concurrent assignment)	Attendance at the Board of Directors meeting
To be Reelected	Tomoya Higashiura (January 26, 1961)	Male	Representative Director and President [Significant concurrent duties] Director of Asahi Pretec Corp. Director of Japan Waste Corporation	9 out of 9 meetings

Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
 Tomoya Higashiura (January 26, 1961) To be Reelected	<p>April 1984: Joined NEC Corporation</p> <p>February 2001: Joined Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p>June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp.</p> <p>April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc.</p> <p>June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p>April 2011: Appointed as Director of Asahi Holdings, Inc.</p> <p>June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p>April 2018: Appointed as Representative Director and President of Asahi Holdings, Inc. (to present)</p> <p>April 2018: Appointed as Director of Asahi Pretec Corp. (currently Japan Waste Corporation) (to present)</p> <p>April 2023 Director of Asahi Pretec Corp. (newly established through an absorption-type split and change in the trade name) (to present)</p> <p>[Significant concurrent duties] Director of Asahi Pretec Corp. Director of Japan Waste Corporation</p>	<p>82,000 shares</p>
Attendance at the Board of Directors meeting: 9 out of 9 meetings		

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(Reason for nomination as a candidate)

Tomoya Higashiura engages in the management of the Group as a Representative Director of the Company and as a Director of the Group companies, having deep insight and abundant experience in overall management. The Company therefore requests his election as a Director of the Company based on its judgment that his continued tenure of office as a Director is appropriate because his abundant experience in the Precious Metals Business and its global expansion would contribute to the sustainable enhancement of the corporate value of the Group.

- (Notes) 1. There are no special interests between a candidate and the Company.
2. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers damages that may arise when the insured including the Company's Directors assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If the candidate is elected and appointed as Director, he will continue to be insured under the insurance agreement. Also, the Company plans to renew the insurance agreement with the same contents at the next renewal date.

Proposal 3 Election of Five (5) Directors Serving as the Audit and Supervisory Committee Members

The terms of office of all five (5) Directors serving as the Audit and Supervisory Committee Members will expire at the close of this Annual General Meeting of Shareholders.

Accordingly, we propose the election of five (5) Directors Serving as the Audit and Supervisory Committee Members.

This proposal has already acquired the approval of the Audit and Supervisory Committee.

The candidates for Director serving as the Audit and Supervisory Committee Members to be elected are as follows.

Candidate No.	Name (Date of birth)		Gender	Position and Duties at the Company (Important concurrent assignment)	Attendance at the Board of Directors and the Audit and Supervisory Committee meeting
1	To be Reelected	Yoshinori Hara (July 21, 1958)	Male	Outside Director (Audit and Supervisory Committee Member) [Significant concurrent duties] Professor of Graduate School of Management, Kyoto University	9 out of 9 meetings 10 out of 10 meetings
2	To be Reelected	Miyoko Kimura (June 12, 1964)	Female	Outside Director (Audit and Supervisory Committee Member) [Significant concurrent duties] Director and Managing Executive Officer, General Manager, R&D Division of KING JIM CO., LTD.	9 out of 9 meetings 10 out of 10 meetings
3	To be Reelected	Mitsutoshi Kagimoto (June 15, 1958)	Male	Director (Full-Time Audit and Supervisory Committee Member) [Significant concurrent duties] -	9 out of 9 meetings 10 out of 10 meetings
4	Newly Elected	Akinori Yamamoto (February 26, 1981)	Male	- [Significant concurrent duties] Representative of Yamamoto Certified Public Accountant Office	- -

Candidate No.	Name (Date of birth)		Gender	Position and Duties at the Company (Important concurrent assignment)	Attendance at the Board of Directors and the Audit and Supervisory Committee meeting
5	Newly Elected	Yuki Tsuru (May 16, 1969)	Female	- [Significant concurrent duties] Lawyer of Kyowa-Sogo Partners Law Office Member of Infringement Judgement Advisory Committee Customs Technical Advisors Part-time Auditor of National Institute of Technology and Evaluation External Director of Hankyu Hanshin Holdings, Inc. Outside Director of SUGIMOTO & CO., LTD Outside Director of JAMCO Corporation	- -

Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
1	 Yoshinori Hara (July 21, 1958) <u>To be Reelected</u>	April 1983: Joined NEC Corporation August 1990: Appointed as Visiting Scholar at Stanford University July 2004: Appointed as Manager of NEC Kansai Research Laboratories April 2006: Appointed as Professor of Graduate School of Management, Kyoto University (to present) April 2018: Appointed as Dean of Graduate School of Management, Kyoto University June 2019: Appointed as Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present) [Significant concurrent duties] Professor of Graduate School of Management, Kyoto University	- shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

Attendance at the Audit and Supervisory Committee meeting: 10 out of 10 meetings

(Reason for nomination as a candidate for Outside Director and his expected roles)

Yoshinori Hara has professional expertise and practical experience concerning development of service management personnel, through his involvement in University management as a former Dean of Graduate School of Management (MBA), Kyoto University, and as a Professor at the aforementioned university graduate school. Although he has no experience of being engaged in corporate management other than serving as an outside director, he has used his abundant expertise and practical experience to provide supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management, and the Company expects him to continue to perform these roles. Therefore, the Company nominated him as a candidate for Outside Director (Audit and Supervisory Committee Member).

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Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
2	 Miyoko Kimura (June 12, 1964) To be Reelected	April 1988: Joined PLUS Corporation May 1999: Joined ASKUL Corporation February 2010: Appointed as Representative Director and President of ASMARU Corporation August 2017: Appointed as Director, CMO, Executive Officer, Executive Officer of Life Creation Unit and Value Creation Center Unit, B-to-C Company of ASKUL Corporation May 2021: Appointed as Director in charge of branding, designing and supplier relations of ASKUL Corporation June 2021: Appointed as Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present) September 2022: Appointed as Director and Managing Executive Officer, General Manager, R&D Division of KING JIM CO., LTD. (to present) [Significant concurrent duties] Director and Managing Executive Officer, General Manager, R&D Division of KING JIM CO., LTD.	- shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

Attendance at the Audit and Supervisory Committee meeting: 10 out of 10 meetings

(Reason for nomination as a candidate for Outside Director and her expected roles)

Miyoko Kimura has abundant business experience in corporate management and knowledge and actual experience in the marketing field, having been engaged in business expansion of ASKUL Corporation and KING JIM CO., LTD. as a Director, after launching the ASKUL business as one of its founders and serving as a Representative Director of ASMARU Corporation which was a subsidiary of ASKUL Corporation. Using her abundant experience and knowledge, she has provided supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors from a standpoint independent of management, and the Company expects her to continue to perform these roles. Therefore, the Company nominated her as a candidate for Outside Director (Audit and Supervisory Committee Member).

Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
3	 Mitsutoshi Kagimoto (June 15, 1958) To be Reelected	April 1984: Joined TEIJIN LIMITED February 2006: Joined Asahi Pretec Corp. March 2009: Appointed as Assistant General Manager of Kitakanto Office of Asahi Pretec Corp. December 2009: Appointed as Representative Director and President of JW Glass Recycling Co., Ltd. April 2013: Appointed as General Manager of Purchase Division of INTER CENTRAL, INC. October 2015: Appointed as General Manager of Audit and Supervisory Committee Secretariat of Asahi Holdings, Inc. June 2021: Appointed as Director (Full-Time Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present) [Significant concurrent duties] -	2,000 shares

Attendance at the Board of Directors meeting: 9 out of 9 meetings

Attendance at the Audit and Supervisory Committee meeting: 10 out of 10 meetings

(Reason for nomination as a candidate)

Mitsutoshi Kagimoto has abundant insight and experience concerning the Company's business, having been an employee of the Company for many years and engaged in the management of the Group as a Representative Director of a Group company, and, furthermore, in auditing of the Company as General Manager of the Audit and Supervisory Committee Secretariat of the Company. Using his abundant insight and experience, he has provided supervision and advice to ensure the appropriateness and properness of decision-making of the Company's Board of Directors, and the Company expects him to continue to perform these roles. Therefore, the Company nominated him as a candidate for Director (Audit and Supervisory Committee Member).

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Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
4	 Akinori Yamamoto (February 26, 1981) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Newly Elected</div>	April 2005: Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) April 2007: Joined GCA Corporation (currently Houlihan Lokey) January 2019: Appointed as Partner, Executive Director of GCA Corporation February 2022: Appointed as Executive Director of JPMorgan Securities Japan Co., Ltd. March 2023: Appointed as Representative of Yamamoto Certified Public Accountant Office (to present) [Significant concurrent duties] Representative of Yamamoto Certified Public Accountant Office	- shares

Attendance at the Board of Directors meeting: -

Attendance at the Audit and Supervisory Committee meeting: -

(Reason for nomination as a candidate for Outside Director and his expected roles)

Akinori Yamamoto has highly professional expertise concerning accounting systems, corporate finance, etc. as a Certified Public Accountant, as he was involved in many M&A projects inside and outside Japan for an investment bank after engaging in auditing services for an audit firm. Although he has no experience of being directly engaged in corporate management, the Company expects, based on the reason above, that he will provide supervision and advice in the aspect of finance and accounting toward sustainable enhancement of corporate value of the Company from a standpoint independent of management and therefore, the Company nominated him as a candidate for Outside Director (Audit and Supervisory Committee Member).

Candidate No.	Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
5	 Yuki Tsuru (May 16, 1969) <u>Newly Elected</u>	April 2000: Registered in the roll of attorneys (joined Tokyo Bar Association) October 2007: Joined Kyowa-Sogo Partners Law Office (to present) April 2015: Appointed as Member of Infringement Judgement Advisory Committee (to present) February 2019: Appointed as Customs Technical Advisors (to present) June 2020: Appointed as External Director of Hankyu Hanshin Holdings, Inc. (to present) June 2021: Appointed as Part-time Auditor of National Institute of Technology and Evaluation (to present) June 2022: Appointed as Outside Director of SUGIMOTO & CO., LTD (to present) June 2022: Appointed as Outside Director of JAMCO Corporation (to present) [Significant concurrent duties] Lawyer of Kyowa-Sogo Partners Law Office Member of Infringement Judgement Advisory Committee Customs Technical Advisors Part-time Auditor of National Institute of Technology and Evaluation External Director of Hankyu Hanshin Holdings, Inc Outside Director of SUGIMOTO & CO., LTD Outside Director of JAMCO Corporation	- shares

Attendance at the Board of Directors meeting: -

Attendance at the Audit and Supervisory Committee meeting: -

(Reason for nomination as a candidate for Outside Director and her expected roles)

Yuki Tsuru has highly professional expertise concerning laws as a lawyer and experience in supervision of management from an objective standpoint as an outside director of the other company. Although she has no experience of being engaged in corporate management other than serving as an outside director, the Company expects, based on the reason above, that she will provide supervision and advice on legal and compliance aspects toward sustainable enhancement of corporate value of the Company from a standpoint independent of management and therefore, the Company nominated her as a candidate for Outside Director (Audit and Supervisory Committee Member).

(Notes) 1. There are no special interests between each candidate and the Company.

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2. Miyoko Kimura will assume the position of Outside Director of JAPAN POST HOLDINGS Co., Ltd. subject to approval at the Annual General Meeting of Shareholders of the same company to be held on June 21, 2023.
3. Miyoko Kimura's name on the family register is Miyoko Sakagawa. Yuki Tsuru's name on the family register is Yuki Itami.
4. Yoshinori Hara, Miyoko Kimura, Akinori Yamamoto and Yuki Tsuru are candidates for Outside Director.
5. The term of office of Yoshinori Hara as Outside Director serving as the Audit and Supervisory Committee Member will be four years at the close of this Annual General Meeting of Shareholders. The term of office of Miyoko Kimura as Outside Director serving as the Audit and Supervisory Committee Member will be two years at the close of this Annual General Meeting of Shareholders.
6. The Company has entered into a contract with each of Yoshinori Hara, Miyoko Kimura and Mitsutoshi Kagimoto that limits their liability for compensation for damages set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth in Article 427, Paragraph 1, of the same Act. The limit amount of the liability for compensation for damages under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Yoshinori Hara, Miyoko Kimura and Mitsutoshi Kagimoto are reelected, the Company intends to continue said contract with each of them. If Akinori Yamamoto and Yuki Tsuru are newly elected, the Company intends to enter into the same contract with each of them to limit their liability for compensation for damages.
7. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers damages that may arise when the insured including the Company's Directors serving as the Audit and Supervisory Committee Members assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. If the candidates are elected and appointed as Director serving as the Audit and Supervisory Committee Member, each of them will be insured under the insurance agreement. Also, the Company plans to renew the insurance agreement with the same contents at the next renewal date.
8. The Company has notified the Tokyo Stock Exchange that Yoshinori Hara and Miyoko Kimura are Independent Directors as per the provisions of the Tokyo Stock Exchange, and they will continue to be Independent Directors if this proposal is approved and they assume the position of Outside Director. Akinori Yamamoto and Yuki Tsuru satisfy the requirements of an Independent Director as per the provisions of the Tokyo Stock Exchange. Accordingly, if this proposal is approved and they assume the position of Outside Director, the Company intends to newly notify the Tokyo Stock Exchange that they are an Independent Director.

(Reference)

Skill matrix of candidates for Directors and Corporate Officers

Position	Name	General executive management skills	Industry knowledge	International experience	Sales	Technology and innovation	Administrative experience	Legal	Finance and accounting
Representative Director	Tomoya Higashiura	•	•	•	•		•		•
Director, Audit and Supervisory Committee Member (Outside, Independent)	Yoshinori Hara			•		•			•
Director, Audit and Supervisory Committee Member (Outside, Independent)	Miyoko Kimura	•			•				
Director, Audit and Supervisory Committee Member	Mitsutoshi Kagimoto	•	•					•	
Director, Audit and Supervisory Committee Member (Outside, Independent)	Akinori Yamamoto			•					•
Director, Audit and Supervisory Committee Member (Outside, Independent)	Yuki Tsuru			•				•	
Corporate Officer	Hiroyuki Nakanishi	•	•		•	•			
Corporate Officer	Tsutomu Nakashima	•	•		•	•			
Corporate Officer	Nobuo Tajima	•	•	•					•
Corporate Officer	Shohei Yasuda	•	•	•					•

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Proposal 4 Partial Revision of Amounts and the Content of Performance-Based Stock Compensation Plan for Directors

1. Reasons for the Proposal

A performance-based stock compensation plan (hereinafter the “Compensation Plan”) for Directors of the Company (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors; the same applies hereinafter in this proposal) was approved at the 6th Annual General Meeting of Shareholders held on June 16, 2015, at the 9th Annual General Meeting of Shareholders held on June 19, 2018, and at the 12th Annual General Meeting of Shareholders held on June 15, 2021 and we propose the continuation of the Compensation Plan, with partial changes as described below.

The purpose of the Compensation Plan is to increase the awareness of Directors of the Company and Directors of the Company’s major subsidiaries (hereinafter the “Applicable Subsidiaries” and collectively with the Company and Applicable Subsidiaries, the “Applicable Companies”) (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors; hereinafter collectively with the Directors of the Company, the “Applicable Directors”) of contributing to enhancing the Group’s business performance and corporate value and we consider the continuation of the Compensation Plan and the partial revision to be appropriate.

The number of Directors eligible for the Compensation Plan will be one (1) Director if Proposal 2 “Election of One (1) Director (Excluding Directors Serving as the Audit and Supervisory Committee Members)” is approved and resolved as originally proposed.

2. Amounts and the Content of the Remuneration in the Compensation Plan

(1) Details of the Compensation Plan

The Compensation Plan is a stock compensation plan, in which a trust (hereinafter the “Trust”) is formed using money contributed by the Applicable Companies as funds and the Company’s shares acquired by such trust are issued to the Applicable Directors, corresponding to the number of points to be granted in accordance with their positions and the achievement level of business performance as well as individual evaluation.

Under the current plan, points are granted in accordance with the achievement level of business performance during a certain period each year for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 (hereinafter the “Applicable Period”), and shares are issued according to the accumulated number of such points (hereinafter the “Accumulated Points”) after the end of the Applicable Period (hereinafter the “PLAN I”). This plan, however, will end in the fiscal year ending March 31, 2024. Instead of this plan, a new plan will be introduced in fiscal year 2023, in which points are granted in accordance with the achievement level of business performance for each year, such points are increased or decreased according to the achievement level of TSR for the following two years, and shares are issued in accordance with the number of increased or decreased points (hereinafter the “PLAN II”).

(2) Persons subject to the Compensation Plan (beneficiary requirements)

The Compensation Plan is for the Applicable Directors and the Company's shares are issued to them from the Trust following the specified beneficiary confirmation procedure, subject to meeting the following beneficiary requirements.

(PLAN I)

- (i) A person who is in office as Applicable Director in May 2024 (after three years have passed from 2021)
- (ii) A person who has not conducted a certain misconduct during their term of office
- (iii) A person whose share granting points have been determined as provided in (3) below
- (iv) Other requirements deemed necessary to achieve the purpose of the stock compensation plan

(PLAN II)

- (i) A person who is in office as Applicable Director in May after three years from each fiscal year
- (ii) A person who has not conducted a certain misconduct during their term of office
- (iii) A person whose share granting points have been determined as provided in (3) below
- (iv) Other requirements deemed necessary to achieve the purpose of the stock compensation plan

(3) Calculation method of the Company's shares to be issued to Applicable Directors and the period of granting

The number of shares to be issued to Applicable Directors is determined based on the number of points as provided below.

One point will equate to one share of the Company's shares, and if it is recognized that an adjustment in the points is fair and impartial due to stock splits, mergers, etc. of the Company's shares during the trust period, an adjustment will be made, in accordance with the split ratio, consolidation ratio, etc.

(PLAN I)

In May of every year during the trust period, in principle, points will be granted to Applicable Directors in accordance with their position in the fiscal year ended March 31 of that year and the achievement of the business performance target as well as individual evaluations in each fiscal year, and shares of the Company shall be issued according to the Accumulated Points after the end of the Applicable Period.

(PLAN II)

In May of every year during the trust period, in principle, points will be granted to Applicable Directors in accordance with their position in the fiscal year ended March 31 of that year and the achievement of the business performance target as well as individual evaluations in each fiscal year, such points are accumulated and increased or decreased according to the achievement level of TSR for the following two years, and shares shall be issued after three years according to the number of

increased or decreased points.

(4) Trust period

a. Trust period after the change

Currently, the target period is three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 and the trust period is until August 31, 2024. However, in line with this change of the plan, the period will be changed to until August 31, 2027, by adding three years to the one remaining year.

b. Continuation of the Trust

At the expiry of the trust period of the Trust, the Trust may be continued through a revision to the trust agreement and additional trust. In such case, in principle, the trust period of the Trust shall be extended by three years and the Applicable Companies shall make additional contributions within the upper limit of trust money approved and resolved at this General Meeting of Shareholders for each Applicable Company for each extended period and continue to grant points and issue the Company's shares to Applicable Directors for the new Applicable Period. However, if, in the case of making such additional contributions, the Company's shares (excluding the Company's shares corresponding to the points which were already granted to Directors but not yet issued) and money (hereinafter the "Remaining Shares, etc.") remain in the trust at the end date of the trust period before extension, the total amount of Remaining Shares, etc. and additionally contributed trust money shall be within the upper limit of trust money approved and resolved at this General Meeting of Shareholders. The trust period may be re-extended in the same way in the future, rather than only once.

(5) Upper limits of trust money contributed to the Trust and the Company's shares to be issued from the Trust

Upper limits of trust money contributed to the Trust

Amount obtained by multiplying 150 million yen by the number of fiscal years of the Applicable Period ^{*1, *2}

*1: A total 600 million yen for target four fiscal years in the case of the initial Applicable Period after the change

*2: Upper limit of trust money is obtained by adding trust fees and trust costs to share acquisition funds in consideration of the level of compensation for current Applicable Directors.

Upper limits of the number of the Company's shares, etc. to be issued to Directors in the Trust

The number of shares obtained by multiplying 70 thousand shares by the number of fiscal years of the Applicable Period ^{*3, *4}

*3: A total 280 thousand shares for target four fiscal years in the case of the initial Applicable Period after the change

*4: Upper limit of the number of the Company's shares, etc. to be issued to Directors in the Trust is determined by reference to share prices at that time, based on the above upper limit of trust money.

(6) Acquisition method of the Company's shares by the Trust

The Trust plans to acquire the Company's shares from a stock market or the Company (disposal of treasury stock) within the upper limit of money to be contributed to the trust and the upper limit of the number of shares to be acquired.

If there is a possibility that the number of the Company's shares in the Trust may fall short of the number of shares corresponding to the number of the Accumulated Points for Applicable Directors during the trust period, additional money may be contributed to the Trust to additionally acquire the Company's shares within the upper limit of money to be contributed to the trust and the upper limit of the number of shares to be acquired.

(7) Other details of the Compensation Plan

Other details related to the Compensation Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is modified, and additional contributions to the Trust are made.

1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

During the fiscal year under review, the Japanese economy showed signs of recovery in the overall economic activity with the easing of restrictions related to the novel coronavirus disease (COVID-19). On the other hand, the prolongation of Russia's invasion of Ukraine led to increases in prices for energy and raw materials.

Under these conditions, the Group's results in each business segment were as follows.

Precious Metals Business

Revenue: 274,205 million yen (up 57.7% YOY)

In the precious metals recycling business, the volume of gold collected grew in the jewelry sector, and the precious metals refining business in North America recorded a rise in processing and sales of gold and silver products, resulting in increase from the previous year in revenue. Conversely, the price of rhodium used in catalytic converters fell sharply throughout the fourth quarter, which resulted in price fluctuations that were difficult to hedge and that were the primary cause of the significant decline from the previous year in operating profit.

Environmental Preservation Business

Revenue: 18,240 million yen (down 1.8% YOY)

In line with the recovery in industrial production activities, the volume of industrial waste handled by the Group increased. Despite recording impairment losses on existing property, plant and equipment in association with the construction of a new incinerator at the Yokohama Plant, operating profit increased from the previous year. On the other hand, due to the impact of the transfer of entire shares of the Company's consolidated subsidiary JW Glass Recycling Co., Ltd., which was conducted in May 2022, resulted in a decrease in revenue from the previous year.

As a result of the above, revenue during the fiscal year was 292,449 million yen, a year-on-year increase of 100,007 million yen (+52.0 percent). Operating profit was 19,263 million yen, a year-on-year decrease of 7,183 million yen (-27.2 percent). Profit before tax was 16,052 million yen, a year-on-year decrease of 10,319 million yen (-39.1 percent). Profit was 10,929 million yen, a year-on-year decrease of 7,805 million yen (-41.7 percent). Profit attributable to owners of parent was therefore 10,929 million yen, a decrease of 7,805 million yen (-41.7 percent) year-on-year. By segment, revenue in the Precious Metals business was 274,205 million yen, a year-on-year increase of 100,330 million yen (+57.7 percent). In the Environmental Preservation business, revenue was 18,240 million yen, a year-on-year decrease of 326 million yen (-1.8 percent).

Revenue and operating profit were composed of the following:

<Breakdown of revenue and operating profit>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Profit (Millions of yen)
Precious Metals Business	274,205	93.8	57.7	19,797
Environmental Preservation Business	18,240	6.2	(1.8)	3,841
Other	3	0.0	–	(4,375)
Total	292,449	100.0	52.0	19,263

Revenue	292,449 million yen	Up 52.0% YOY
Operating Profit	19,263 million yen	Down 27.2% YOY
ROE	10.3%	Down 8.1% YOY

2) Capital expenditure

Capital expenditure made in the fiscal year totaled 4,916 million yen. The main expenditure was an investment in buildings, machinery and equipment.

3) Financing

The Company issued bonds as follows to procure funds for the business with an environmental improvement impact.

Date of issuance	Company name	Type of bonds	Issue amount	Redemption date
December 22, 2022	Asahi Holdings, Inc.	Unsecured bonds	5,000 million yen	December 22, 2027

4) Assignment, absorption-type split and incorporation-type split of business

Not applicable for the fiscal year

5) Acquisition of the business of other companies

Not applicable for the fiscal year

6) Succession of rights and obligations pertaining to the business of other corporations, etc., through an absorption-type merger or an absorption-type split

Not applicable for the fiscal year

7) Acquisition or disposal of shares or other equity or share acquisition rights of other companies

As of May 2, 2022, all shares of JW Glass Recycling Co., Ltd., a former consolidated subsidiary of the Company, were transferred to TAKEEI CORPORATION.

As of December 14, 2022, all owned shares of Fuji Medical Instruments Mfg. Co., Ltd., a former equity method affiliate of the Company, were transferred to Johnson Health Tech, Co., Ltd.

(2) Property and profit/loss

Category	11 th term April 1, 2019 through March 31, 2020	12 th term April 1, 2020 through March 31, 2021	13 th term April 1, 2021 through March 31, 2022	14 th term April 1, 2022 through March 31, 2023 (Current fiscal year)
Revenue (Millions of yen)	135,563	164,776	192,442	292,449
Operating profit (Millions of yen)	18,010	25,126	26,446	19,263
Profit attributable to owners of parent (Millions of yen)	9,846	25,725	18,735	10,929
Basic earnings per share (Yen)	125.12	326.90	238.11	141.19
Total assets (Millions of yen)	229,958	244,803	298,387	287,448
Total equity (Millions of yen)	69,174	97,903	105,137	106,957
Equity per share attributable to owners of parent (Yen)	879.00	1,244.06	1,336.89	1,395.52

(Notes) 1. For the 11th term, businesses of Fuji Medical Instruments MFG. Co., Ltd. have been reclassified as discontinued operations. Consequently, income from discontinued operations are presented separately from continuing operations in the consolidated statement of income. Accordingly, revenue and operating profit are presented in amounts from continuing operations.

2. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Basic earnings per share and equity per share attributable to owners of parent are calculated assuming the stock split had already been carried out at the start of the 11th term.
3. The interest expenses corresponding to advance trading of precious metals refining business were previously recorded as finance cost, but the method was changed from the 12th term to be recorded as cost of sales. As a result, operating profit has been restated to reflect the aforementioned reclassification, and the figures for the 11th term have also been restated in the same way.

(3) Major sales offices and plants (as of March 31, 2023)**Asahi Holdings, Inc.**

Main office	4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi
Head offices	Kobe Head Office: 4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi Tokyo Head Office: 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Overseas subsidiaries	Asahi Refining USA Inc. (the U.S.) Asahi Refining Canada Ltd. (Canada) Asahi Refining Florida LLC (the U.S.) Asahi Depository LLC (the U.S.)

Asahi Pretec Corp.

Main office	21, Uozakiamamachi, Higashinada-ku, Kobe-shi
Head offices	Kobe Head Office: 4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi Tokyo Head Office: 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Research laboratory	The Technical Research Center (Kobe-shi)
Business offices	Kanto (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Shonan (Koza-gun, Kanagawa Pref.) Nagano (Tomi-shi, Nagano Pref.) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Shikoku (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi, Fukuoka Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Kagoshima (Kagoshima-shi)
Sales offices	Sapporo (Sorachi-gun, Hokkaido) Aomori (Aomori-shi) Sendai (Miyagi-gun, Miyagi Pref.) Niigata (Sanjo-shi, Niigata Pref.) Kitakanto (Kitakatsushika-gun, Saitama Pref.) Kanto (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Kofu (Chuo-shi, Yamanashi Pref.) Shizuoka (Yaizu-shi, Shizuoka Pref.) Nagoya (Komaki-shi, Aichi Pref.) Hokuriku (Toyama-shi) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Okayama (Okayama-shi) Hiroshima (Hiroshima-shi) Shikoku (Saijo-shi, Ehime Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Kagoshima (Kagoshima-shi) Okinawa (Itoman-shi, Okinawa Pref.)

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Plants	Bando (Bando-shi, Ibaraki Pref.) Saitama (Kitakatsushika-gun, Saitama Pref.) Yokohama (Yokohama-shi) Samukawa (Koza-gun, Kanagawa Pref.) Nagano (Tomi-shi, Nagano Pref.) Amagasaki (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Ehime (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi, Fukuoka Pref.) Hibiki (Kitakyushu-shi, Fukuoka Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Taniyama Rinkai (Kagoshima-shi) Ijuin (Hioki-shi, Kagoshima Pref.)
Domestic subsidiaries	JW Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.) Fuji Rozai Co., Ltd. (Ota-ku, Tokyo) DXE INC. (Chiyoda-ku, Tokyo)
Overseas subsidiaries	Asahi G&S Sdn. Bhd. (Malaysia) Asahi Pretec Korea Co., Ltd. (Korea)

(4) Significant parent company and subsidiaries

1) Relationship with parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	4,480 million yen	100.0%	Precious Metals Business and Environmental Preservation Business

3) Specified wholly owned subsidiary

a. Name and address of the specified wholly owned subsidiary

Name: Asahi Pretec Corp.

Address: 21 Uozakihamamachi, Higashinada-ku, Kobe-shi

b. Total book value of shares of the specified wholly owned subsidiary held by the Company and wholly owned subsidiaries at the end of the fiscal year under review:

26,426 million yen

c. Total amount recorded in the assets section of the balance sheet of the Company for the fiscal year under review: 105,827 million yen

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(5) Principal businesses (as of March 31, 2023)

The Group is mainly engaged in the Precious Metals Business and the Environmental Preservation Business.

1) Precious Metals Business

We collect scraps containing precious metals which are yielded from a variety of fields and recycle them.

In North America, we refine gold and silver from mines.

- Collection/reproduction and processing of precious metals (gold, silver, palladium, platinum, etc.) and other metals and refining of precious metals
- Purchase and sales of precious metals and other metals
- Manufacturing and sales of precious metal products

2) Environmental Preservation Business

We detoxify and properly dispose of each type of industrial waste.

- Collection and transportation of industrial waste
- Intermediate treatment of industrial waste (detoxification, appropriate disposal, reuse, reduce, and recycle)

(6) Employees (as of March 31, 2023)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
1,467 (116)	+10 (down 26)

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
12 (1)	No increase/decrease (up 1)	47 years and 7 months	4 years and 3 months

(Note) The number of employees refers to the number of workers (excluding the staff seconded from the Company to companies outside the Company but including staff seconded from companies outside the Company to the Company) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.

(7) Major financial institutions with loans to the Company (as of March 31, 2023)

Financial institutions	Loan amount
MUFG Bank, Ltd.	53,038 million yen
Sumitomo Mitsui Banking Corporation	20,029 million yen
Mizuho Bank, Ltd.	14,421 million yen
Japan Bank for International Cooperation	9,347 million yen
Syndicated loan	5,074 million yen

(8) Other important matters relating to the current state of the Group

Not applicable

(9) Challenges to be addressed**1) Precious Metals Business segment**

As it is the Group's core business, the Group will take the following measures to expand earnings in this segment.

- Utilize IT to establish an efficient sales structure and technical process and enhance competitiveness.
- Conduct thorough "Responsible Precious Metals Management" and strengthen risk management.
- Develop demand for precious metals in industrial fields such as the pharmaceutical sector and hydrogen manufacturing and promote business expansion into new fields.
- Through a manufacturing and sales business of precious metal products focused on human rights and the environment, provide high value-added products to customers in Japan and abroad and aim to establish global-level branding.
- By expanding precious metal recycling and improving the recycling process, promote the carbon-neutral strategy.

2) Environmental Preservation Business segment

As a stable growth business of the Group, we will manage the segment's business with an emphasis on growth and profitability. The Group will take the following measures to increase earnings in this segment.

- Establish a position as a leading environmental company in Japan by supporting optimized waste treatment using cutting-edge treatment technology.
- Resolve issues including the handling of items that require difficult processing and CO2 reduction using the Group's nationwide network.
- Establish efficient and effective business systems by expanding the DX business and by building digital platforms.
- Create new businesses such as the hydrogen business and promote the carbon neutral strategy.

■ **The 9th Mid-term Business Plan (the 13th fiscal term to the 15th fiscal term)**

Slogan: Building a global company that pursues originality and growth

- Precious Metals Business: Improve efficiency in Japan and promote global strategy
- Environmental Preservation Business: Strive to achieve sustainable growth and globalization

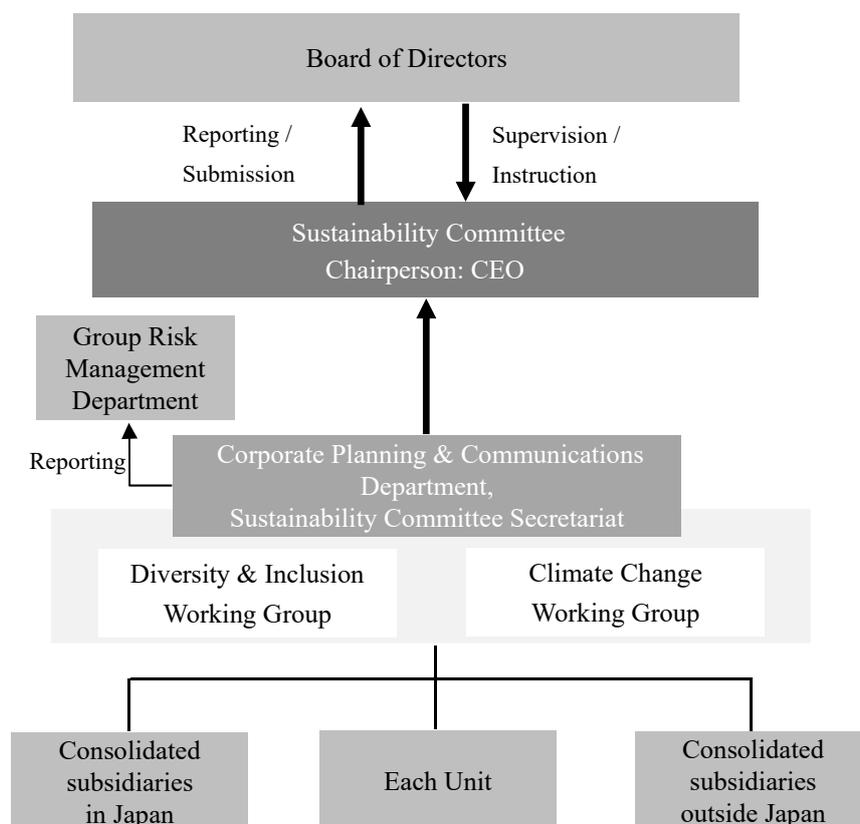
■ Reference: Initiatives for sustainability

The Group contributes to effective use of resources and widespread environmental preservation based on its shared purpose of “A Total Commitment to Protecting the Natural Environment and Preserving Resources.” We believe that our business activities are our contribution to sustainability, and that our business growth directly contributes to solving social issues. Based on this belief, we set out priority issues, themes, and goals and take proactive actions to achieve them.

Sustainability promotion system:

With “contributing to the SDGs” as one of the basic policies of the 9th Mid-Term Business Plan, the Group is working on the expansion of precious metals recycling and proper industrial waste disposal, the enhancement of work-life balance and employee diversity, and other initiatives.

After announcing our goal to achieve carbon neutrality in 2050 and expressing our endorsement for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021, we have been implementing information disclosure in line with the TCFD recommendations. To strengthen the system for promoting these initiatives, in April 2022, we established the Sustainability Committee, which expanded the existing SDGs Promotion Committee and is headed by President & CEO. The Sustainability Committee deliberates on sustainability strategies, plans, policies, risk management and monitoring on a quarterly basis.



* Details of the Company’s sustainability initiatives are posted on the Company’s website: <https://www.asahiholdings.com/sustainability/>

Priority SDG-related Goals

<p>1. Expand precious metals recycling</p> <p>The further utilize effectively limited earth resources, we will globally expand and promote precious metals recycling.</p> <div data-bbox="240 613 496 714" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="240 732 496 833" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="240 851 496 952" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div data-bbox="240 969 496 1070" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>	<p>2. Supply precious metals in ways that are friendly to people, society, and the environment</p> <p>We will expand the provision of raw materials that do not include conflict minerals and precious metals produced from scrap containing precious metals in consideration of human rights and the environment and promote responsible precious metal management.</p> <div data-bbox="627 851 882 952" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div> <div data-bbox="627 969 882 1070" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="627 1088 882 1189" style="border: 1px solid black; padding: 5px;">16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	<p>3. Expand proper industrial waste disposal</p> <p>We will work to expand appropriate disposal of industrial waste as experts in waste processing, and work toward realizing a sustainable recycling-oriented society.</p> <div data-bbox="1013 692 1268 792" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">6 CLEAN WATER AND SANITATION</div> <div data-bbox="1013 810 1268 911" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="1013 929 1268 1030" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="1013 1048 1268 1149" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="1013 1167 1268 1267" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">14 LIFE BELOW WATER</div> <div data-bbox="1013 1285 1268 1386" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>
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<p>4. Reduce CO₂ emissions</p> <p>Through initiatives such as energy conservation activities, transitioning to next-generation automobiles, and transitioning to low CO₂ emission power plants, we will work toward reducing CO₂ emissions across the Group.</p> <div data-bbox="240 692 497 792" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">7 AFFORDABLE AND CLEAN ENERGY</div> <div data-bbox="240 810 497 911" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="240 929 497 1030" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div data-bbox="240 1048 497 1149" style="border: 1px solid black; padding: 5px;">17 PARTNERSHIPS FOR THE GOALS</div>	<p>5. Enhance Work-Life Balance and Employee Diversity</p> <p>Through workstyle reforms, health management, and diversity promotion, we will work to raise job satisfaction by enriching foundations to allow for diverse human resources to take active roles.</p> <div data-bbox="632 651 888 752" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">3 GOOD HEALTH AND WELL-BEING</div> <div data-bbox="632 770 888 871" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">4 QUALITY EDUCATION</div> <div data-bbox="632 889 888 990" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">5 GENDER EQUALITY</div> <div data-bbox="632 1008 888 1108" style="border: 1px solid black; padding: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div>	<p>6. Encourage and support SDG-related activities</p> <p>We will work to preserve the global environment through encouragement and support of individual and group cleaning activities as the “Asahi Clean Project.”</p> <div data-bbox="1070 611 1327 712" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="1070 730 1327 831" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">14 LIFE BELOW WATER</div> <div data-bbox="1070 848 1327 949" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>
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■ **Reference: Corporate Governance Structure**

Basic Policies for Corporate Governance

Corporate Governance Policies, etc. can also be found on the following website:

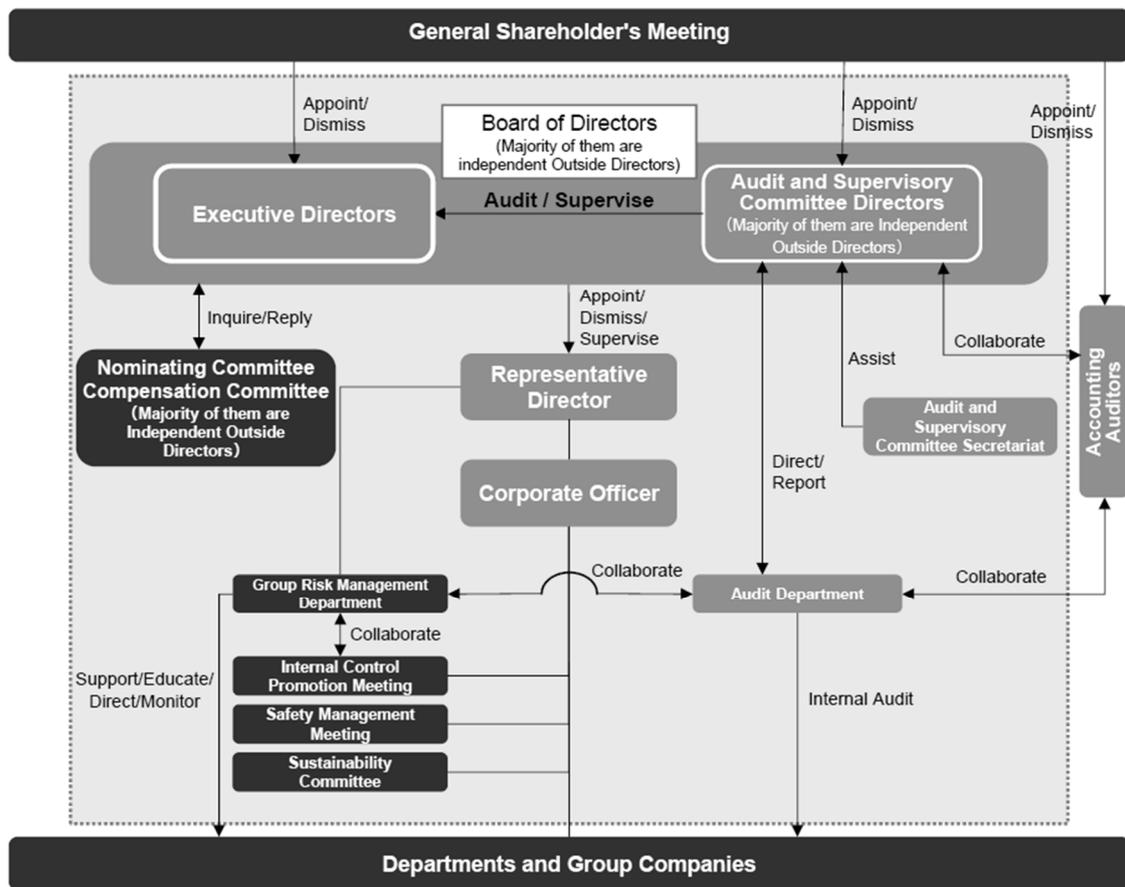
<https://www.asahiholdings.com/english/sustainability/governance/>

To establish corporate governance and have it work effectively is a corporate social responsibility and contributes to more efficient and transparent management as well as to sustainable corporate value growth.

The Group will build our corporate governance that will respond to the confidence of shareholders, business partners, employees, local communities and other various stakeholders so as to fulfill our social mission and responsibility as a listed company. Also, we will develop a “corporate governance structure” that will promptly respond to the management environment changes with emphasis on compliance, aiming at sustainable corporate value growth.

Board of Directors	The Board of Directors is comprised of Executive Directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as Outside Directors with various types of expertise essential to corporate management. To enhance neutrality and independence of the Board of Directors and facilitate active, substantial and effective discussions at meetings, the Board of Directors consists of seven (7) Directors, including four (4) Independent Outside Directors, with a majority of Outside Directors. All Directors share their opinions actively and freely on important subjects such as the Group’s management strategies and business plans.
Audit and Supervisory Committee	Under Japan’s Companies Act, the Group has elected to be a company with an Audit and Supervisory Committee, and has four (4) Independent Outside Directors. This structure has strengthened the supervisory function of the Board of Directors. It also delegates important business execution to the Executive Directors for quicker decision-making and improved management efficiency.
Nominating Committee/ Compensation Committee	A Nominating Committee, consisting of three (3) members including two (2) Independent Outside Directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chair of both committees is elected from among Independent Outside Directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of Directors and key management team members, as well as for the determination of Director remuneration.

Corporate Governance Structure



Evaluation of the Effectiveness of the Entire Board of Directors

Since the fiscal year ended March 31, 2016, we started the evaluation of the effectiveness of the Board of Directors to see whether the entire Board of Directors functions appropriately. Overview of Evaluation Results is disclosed on the Company's website.

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2. Current state of the Company

(1) Shares (as of March 31, 2023)

- 1) **Number of shares authorized:** 258,000,000 shares
2) **Number of shares issued:** 79,708,688 shares
3) **Number of shareholders:** 41,130
4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,846	16.55
Custody Bank of Japan, Ltd. (Trust account)	5,050	6.50
Mitsuharu Terayama	1,793	2.31
STATE STREET BANK WEST CLIENT - TREATY 505234	1,634	2.11
Masamichi Terayama	1,404	1.81
Asahi Employee Stock Ownership Plan	1,322	1.70
CEPLUX-ERSTE GROUP BANK AG (UCITS CLIENTS)	1,225	1.58
The Master Trust Bank of Japan, Ltd. (ESOP trust accounts: 75882)	916	1.18
MUFG Bank, Ltd.	900	1.16
CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS, FUNDS UCITS	804	1.04

- (Notes) 1. The Company holds 2,067 thousand shares of treasury stock, which is excluded from the major shareholders listed above.
2. Percentage of shares held is calculated by excluding treasury stock.

5) Status of shares granted to the Company's board members as consideration for execution of their duties during the fiscal year

Not applicable

Shareholder distribution

Individuals, others	34,431 thousand shares (43.20%)
Financial institutions	22,697 thousand shares (28.48%)
Foreign corporations, etc.	19,528 thousand shares (24.50%)
General corporations, other corporations	1,639 thousand shares (2.06%)
Securities companies	1,413 thousand shares (1.77%)

(2) Share acquisition rights, etc.

- 1) Share acquisition rights granted to and held by the Company’s board members as a consideration for execution of their duties on the end of the fiscal year under review
Not Applicable
- 2) Share acquisition rights granted to the Company’s employees, etc. as a consideration for execution of their duties during the fiscal year under review
Not Applicable
- 3) Other status of share acquisition rights
Share acquisition rights by a resolution of the Board of Directors meeting as of February 25, 2021
 - Allotment date March 15, 2021
 - Allotment method Allot all shares to Asahi Refining USA Inc. through a third-party allotment method
 - Number of share acquisition rights 2,000 units
 - Class and number of shares for the purpose of share acquisition rights and calculation method thereof
The class of shares for the purpose of share acquisition rights shall be common stock of the Company and the number of shares per unit of the share acquisition rights shall be equal to that calculated by dividing 100,000 US dollars by the exercise price per share (value of the property to be contributed when the share acquisition rights are exercised or calculation method thereof are defined in (2); however, if two or more units of the share acquisition rights are exercised at the same time, the number equal to that calculated by dividing 100,000 US dollars which were multiplied by the number of the units exercised, by the exercise price per share). Any fractions below one share generated as a result of exercise shall be rounded down.
 - Amount to be paid in for share acquisition rights or calculation method thereof and description that no payment is required
5,257 US dollars in cash per unit of share acquisition rights (total amount to be paid in for the share acquisition rights: 10,514,000 US dollars in cash)
 - Value of property to be contributed when share acquisition rights are exercised and calculation method thereof
 - (1) The property to be contributed when each of the share acquisition rights is exercised shall be cash, of which value shall be 100,000 US dollars.
 - (2) The value of cash per share of the Company’s common stock to be contributed when exercising the share acquisition rights (hereinafter the “Exercise Price per Share”) shall be initially 42.94 US dollars (Note). The Exercise Price per Share shall be adjusted in accordance with the following rules. After the share acquisition rights are issued, the Exercise Price per Share shall be adjusted in accordance with the following formula if the Company issues the Company’s common stock or disposes of the Company’s common stock held by the Company with a paid-in amount below the market value of the Company’s common stock. In the following formula, “Exercise price after adjustment” is the Exercise Price per Share after adjustment, “Exercise price before adjustment” is the Exercise Price per Share before adjustment, and “Number of shares already issued” is the total number shares of the Company’s outstanding common stock (excluding those held by the Company).

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$$\begin{array}{r}
 \text{Exercise price} \\
 \text{after adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Exercise price} \\
 \text{before adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{Number of shares} \\
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 +
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 \text{Number of} \\
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 \text{issued or} \\
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 \text{Amount} \\
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 }{
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 }{
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 \text{already issued}
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 \text{Number of shares newly} \\
 \text{issued or disposed of}
 \end{array}
 }$$

The Exercise Price per Share shall be also adjusted as necessary in case of a split or reverse split of the Company’s common stock, a specific amount of dividend of surplus, and issuance of share acquisition rights (including those attached to bonds with share acquisition rights) by which granting of the Company’s common stock can be requested at a price below market value of the Company’s common stock, as well as when there are certain reasons by which the exchange value shall be adjusted for bonds with exchange rights (hereinafter the “Exchange Rights”) into the Company’s common stock (hereinafter the “Exchangeable Bonds”) that are issued by Asahi Refining USA Inc.

- Period during which share acquisition rights can be exercised

Share acquisition rights may be exercised from March 29, 2021 to March 18, 2026. However, the period shall be 1) until the day that is nine business days (defined below) after the redemption date if the Exchangeable Bonds are redeemed early (excluding those that are selected not to undergo early redemption), 2) until the day that is 12 business days after the date on which the Exchangeable Bonds are cancelled, if the Exchangeable Bonds are purchased and cancelled, or 3) until the day that is 12 business days after the date on which the benefit of time is forfeited, if the benefit of time of the Exchangeable Bonds is forfeited. In any case above, the share acquisition rights cannot be exercised after March 18, 2026. Notwithstanding the above, if the Company reasonably determines that it is necessary to conduct an organizational restructure, etc., the share acquisition rights cannot be exercised during the period of within 30 days designated by the Company that will end within 14 days from the day after the effective date of the organizational restructure, etc. “Business days” refer to days on which commercial banks are open for business in Tokyo other than Saturdays, Sundays and public holidays.

- Conditions for exercise of share acquisition rights

- (1) Partial exercise of the share acquisition rights is not allowed.
- (2) Holders of the share acquisition rights may exercise the number of those corresponding to the Exchange Rights exercised, only when the Exchange Rights have been exercised in accordance with the guidelines of the Exchangeable Bonds.

(Note) The Exercise Price per Share has been adjusted to 21.47 US dollars as the Company conducted a two-for-one stock split as of April 1, 2021.

(3) Board members and corporate officers**1) Directors (as of March 31, 2023)**

Position	Name	Responsibility and important concurrent assignment
Director and Chairman	Mitsuharu Terayama	
Representative Director and President	Tomoya Higashiura	Director, Asahi Pretec Corp.
Director/Audit and Supervisory Committee Member	Yuji Kimura	Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation
Director/Audit and Supervisory Committee Member	Kyoko Kanazawa	Lawyer Outside Director, Tokushu Tokai Paper Co., Ltd. Auditor, Japan Table Tennis Association
Director/Audit and Supervisory Committee Member	Yoshinori Hara	Professor of Graduate School of Management, Kyoto University
Director/Audit and Supervisory Committee Member	Miyoko Kimura	Director and Managing Executive Officer, General Manager, R&D Division, KING JIM CO., LTD.
Director/Full-Time Audit and Supervisory Committee Member	Mitsutoshi Kagimoto	

- (Notes)
1. According to a resolution at the 6th Annual General Meeting of Shareholders held on June 16, 2015, the Company made a transition to a Board with Audit and Supervisory Committee as of the same date.
 2. Directors/Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara and Miyoko Kimura are Outside Directors.
 3. Director/Full-Time Audit and Supervisory Committee Member Mitsutoshi Kagimoto has been engaged in the management and audit of the Group for many years as a Representative Director of the Group companies as well as General Manager of Audit and Supervisory Committee Secretariat and possesses extensive expertise in the Company's overall business.
 4. The Company has a full-time Audit and Supervisory Committee Member to enhance the effectiveness of audits including information gathering and strengthen its auditing and supervisory functions.
 5. The Company designated Directors/Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara and Miyoko Kimura as Independent Directors under the provisions of the Tokyo Stock Exchange, and filed such status with the Exchange.

2) Directors who resigned during the fiscal year

Not applicable

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3) Description of the limited liability contract

The Company and each Director (excluding any Executive Directors, etc.) signed a contract that limits the liability for compensation for damage set forth in Article 423, Paragraph 1 of the Companies Act under provisions set forth Article 427, Paragraph 1 of the same Act.

The limit amount of the liability for compensation for damage under such a contract is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4) Overview of the directors and officers liability insurance agreement

The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement covers damages that may arise when the insured assume liability for the execution of their duties or receives a claim related to the pursuit of such liability. However, there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. The insured of the insurance agreement are board members, corporate officers, executive officers and employees in managerial and supervisory positions of the Company and all subsidiaries under the Companies Act, and the Company bears the entire premium for all the insured.

5) Compensation, etc., for Directors

(a) Policy on decision of contents of the board members' compensation, etc.

- Decision method of the decision policy

The Board of Directors of the Company consults with the voluntary Compensation Committee that consists of three (3) members including two (2) Independent Outside Directors about preparation of a draft plan of the Company's Directors compensation, etc., and based on opinions received from the Committee, resolves a policy about decision on contents of compensation, etc. for each Director at a Board of Directors meeting of the Company.

- Overview of contents of the decision policy

The Company makes a decision within the maximum amount of the board members' compensation which was resolved at a General Meeting of Shareholders at the Board of Directors meeting based on opinions from the Compensation Committee that is an advisory body of the Board of Directors.

The compensation structure shall be developed so that incentives for improving business performance will be enhanced, and compensation for Directors (excluding those serving as the Audit and Supervisory Committee Members) consists of "basic remuneration," "bonuses" and "performance-based stock compensation." Compensation for Directors serving as the Audit and Supervisory Committee Members consists of "basic remuneration" only.

1) The amount of "basic remuneration" is determined for each Director in accordance with their duties and responsibilities.

2) The amount of "bonuses" is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.

3) The purpose of "performance-based stock compensation" is to enhance incentives for improving mid- to long-term corporate value and the number of shares to be granted is linked to the business performance target achievement ratio of "consolidated operating profits" of each fiscal year or other factors.

The base of performance-based compensation (bonuses and performance-based stock compensation) shall be consolidated operating profits which are profits gained from the main business and we believe it is the most appropriate as a management benchmark. The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group's employees, and other factors.

- The reason that the Board of Directors considered that contents of compensation, etc. for each Director for the fiscal year comply with the decision policy

For decisions on the content of compensation, etc. for each Director, the Compensation Committee made a comprehensive review of the draft plan, including its consistency with the decision policy, and the Board of Directors respects its opinions and determines if the decision policy was complied with.

(b) Total compensation, etc., for the fiscal year

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of Directors subject to payment (persons)
		Cash compensation		Stock compensation	
		Fixed compensation	Performance-based compensation, etc.	Non-cash compensation, etc.	
Directors (excluding Directors serving as the Audit and Supervisory Committee Members) (Outside Directors)	115 (-)	47 (-)	55 (-)	12 (-)	2 (0)
Directors serving as the Audit and Supervisory Committee Members (Outside Directors)	36 (24)	36 (24)	- (-)	- (-)	5 (4)
Total (Outside Directors)	151 (24)	84 (24)	55 (-)	12 (-)	7 (4)

- (Notes) 1. The amount of compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) does not include the employee salaries of Directors who serve concurrently as employees.
2. The base for performance-based compensation (bonuses and performance-based stock compensation) is consolidated operating profits which are profits gained from the main business and we believe to be the most appropriate as a management benchmark; actual results was 19,263 million yen. The amount of performance-based compensation (bonuses) of the Company is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
3. The performance-based stock compensation is a stock compensation plan (nonmonetary compensation, etc.) in which the Company's shares are granted to eligible Directors in accordance with their positions and the achievement ratio of business performance targets. As the purpose of the plan is to enhance incentives for improving mid- to long-term corporate value, the points to be granted are linked to the business performance target achievement ratio of "consolidated operating profits" for each fiscal year. The eligible Directors are those who belong to the Company as of May 1, 2024 after the 9th Mid-term Business Plan ended. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the performance-based stock compensation plan and the number of share points to be granted to Directors (excluding Outside Directors, part-time Directors and Directors serving as the Audit and Supervisory Committee Members) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were resolved. The performance-

based coefficient is as follows:

Business performance target achievement ratio	Performance-based coefficient
100% or more	1.0
50% or more	0.5
Below 50%	0

Formula for calculation (number of points per fiscal year):

Base points × Performance-based coefficient × Evaluation coefficient

4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) be up to an annual 200 million yen (not including the portion of salary as employees). The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members) was five (5) at the conclusion of said General Meeting of Shareholders.
5. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen. The number of Directors serving as the Audit and Supervisory Committee Members was four (4) at the conclusion of said General Meeting of Shareholders.
6. At the 12th Annual General Meeting of Shareholders held on June 15, 2021, a continuation of the “performance-based stock compensation” plan and in addition to the maximum amount of compensation as stated above, the amount of compensation, etc. and details thereof for the Company’s Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) in office in a three-year period from fiscal year 2021 to fiscal year 2023 were decided. The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) was two (2) at the conclusion of said General Meeting of Shareholders. Furthermore, the upper limit of the total number of points that Directors may be awarded per fiscal year shall be 40,000 points, and the maximum number of the Company’s shares to be issued to Directors during the applicable period shall be 120,000 shares.

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6) Matters related to outside board members

- (i) Important concurrent assignment at other corporations, etc., and relationship between the Company and the other corporations, etc.
- Director/Audit and Supervisory Committee Member Yuji Kimura serves as the Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation. There are no special relationships between the Company and the corporation where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Kyoko Kanazawa serves as a lawyer (belonging to Hata & Co. Law Offices), the Outside Director of Tokushu Tokai Paper Co., Ltd., and the Auditor of Japan Table Tennis Association. There are no special relationships between the Company and the corporation where she has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Yoshinori Hara serves as a Professor of Graduate School of Management at Kyoto University. There are no special relationships between the Company and the institution where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Miyoko Kimura serves as the Director of KING JIM CO., LTD. There are no special relationships between the Company and the corporation where she has the concurrent assignment.
- (ii) Kinship with a person executing business or an officer not executing business of the Company or specified related business operators of the Company
Not applicable

(iii) Main activities in the fiscal year

Category	Name	Activities and summary of duties performed in relation to expected role of Outside Directors
Director (Audit and Supervisory Committee Member)	Yuji Kimura	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has been performing his proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to environmental preservation, including waste treatment and recycling.
Director (Audit and Supervisory Committee Member)	Kyoko Kanazawa	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. She has been performing her proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to laws as a lawyer.

Director (Audit and Supervisory Committee Member)	Yoshinori Hara	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has been performing his proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to service innovation.	Convocation Notice
Director (Audit and Supervisory Committee Member)	Miyoko Kimura	She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. She has been performing her proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint in the marketing field based on her experience as a corporate manager.	Reference Documents for General Meeting of Shareholders
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			Audit Reports

(4) Accounting Auditor**1) Name of Accounting Auditor**

Ernst & Young ShinNihon LLC

2) Amount of compensation, etc., for the Accounting Auditor

	Amount of compensation, etc.
(i) Amount to be paid by the Company	33 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	52 million yen

- (Notes) 1. In the agreement between the Company and the Accounting Auditor, the amount of compensation, etc., for audit under the Companies Act and the amount of compensation, etc., for audit under the Financial Instruments and Exchange Act are not separated and may not be separated actually. Therefore, the total of those amounts is stated for the amount in (i) above.
2. The Audit and Supervisory Committee provided its consent to the amount of compensation, etc., for the Accounting Auditor based on its verification as necessary of its auditing plan, the status of its execution of duties of accounting audits and the appropriateness of the basis for calculating its estimates.

3) Policy for determining the dismissal or the refusal of reappointment of the Accounting Auditor

When it is found that the Accounting Auditor falls under the items set forth in any of items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss the Accounting Auditor in accordance with the consent of all Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee will report the fact of the dismissal of the Accounting Auditor and reasons for the dismissal at the General Meeting of Shareholders convened for the first time after the dismissal.

When it is deemed necessary to change the Accounting Auditor in consideration of the status of the execution of its duties, the Company's auditing system and other factors, the Audit and Supervisory Committee will determine the content of a proposal concerning the dismissal or the refusal of reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders.

(5) Policy to determine the distribution, etc., of surplus

We consider improving corporate value by maintaining stable profitability and sustainable growth as well as meeting the expectations of shareholders through a return of profits to be critical tasks of management.

We intend to maintain stable distribution of surplus without decreasing the current level of annual dividends, with a payout ratio of 40% as a guide, while strengthening internal reserves necessary for capital investment and M&A for growth strategies.

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Consolidated Statement of Financial Position (as of March 31, 2023)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	238,374	Current liabilities	125,480
Cash and cash equivalents	17,952	Trade and other payables	26,024
Trade and other receivables	154,046	Loans payable	91,494
Inventories	40,854	Income tax payable	210
Income tax receivables	1,345	Other financial liabilities	3,740
Other financial assets	3,609	Provisions	1,462
Other current assets	20,567	Other current liabilities	2,547
Non-current assets	49,073	Non-current liabilities	55,010
Property, plant and equipment	42,553	Bonds and loans payable	52,868
Goodwill	1,003	Deferred tax liabilities	275
Intangible assets	1,255	Net defined benefit liability	107
Deferred tax assets	3,498	Other financial liabilities	1,704
Net defined benefit asset	263	Other non-current liabilities	53
Financial assets	429	Total liabilities	180,491
Other non-current assets	69	EQUITY	
		Equity attributable to owners of parent	106,957
		Capital stock	7,790
		Capital surplus	12,103
		Treasury stock	(5,925)
		Retained earnings	96,319
		Other components of equity	(3,330)
		Total equity	106,957
Total assets	287,448	Total liabilities and equity	287,448

(Note) Amounts less than one million yen are omitted.

Consolidated Statement of Income (April 1, 2022 to March 31, 2023)

(Millions of yen)

Account	Amount	
Revenue		292,449
Cost of sales		(262,993)
Gross profit		29,456
Selling, general and administrative expenses	(8,138)	
Other operating income	173	
Other operating expenses	(1,611)	
Share of loss of investments accounted for using equity method	(616)	(10,192)
Operating profit		19,263
Finance income	466	
Finance costs	(797)	
Other non-operating income	425	
Other non-operating expenses	(3,304)	(3,210)
Profit before tax		16,052
Income tax expenses		(5,123)
Profit		10,929
Profit attributable to:		
Owners of parent		10,929
Non-controlling interests		—

(Note) Amounts less than one million yen are omitted.

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Consolidated Statement of Changes in Equity (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2022	7,790	11,955	(1,819)	92,353	(1,390)	(3,748)
Profit				10,929		
Other comprehensive income					503	1,304
Total comprehensive income	—	—	—	10,929	503	1,304
Purchase of treasury stock			(4,106)			
Dividends				(6,987)		
Changes due to loss of control of subsidiaries						
Increase (decrease) due to discontinued application of equity method for equity-method affiliate						
Reclassified from other components of equity to retained earnings				23		
Share-based payment transactions		148				
Total transactions with owners	—	148	(4,106)	(6,964)	—	—
Balance at March 31, 2023	7,790	12,103	(5,925)	96,319	(886)	(2,443)

(Note) Amounts less than one million yen are omitted.

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity			Total	Total
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
Balance at April 1, 2022	(3)	—	(5,142)	105,137	105,137
Profit			—	10,929	10,929
Other comprehensive income	(0)	23	1,831	1,831	1,831
Total comprehensive income	(0)	23	1,831	12,761	12,761
Purchase of treasury stock			—	(4,106)	(4,106)
Dividends			—	(6,987)	(6,987)
Changes due to loss of control of subsidiaries	0		0	0	0
Increase (decrease) due to discontinued application of equity method for equity-method affiliate	3		3	3	3
Reclassified from other components of equity to retained earnings		(23)	(23)	—	—
Share-based payment transactions			—	148	148
Total transactions with owners	3	(23)	(19)	(10,941)	(10,941)
Balance at March 31, 2023	—	—	(3,330)	106,957	106,957

(Note) Amounts less than one million yen are omitted.

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Non-consolidated Financial Statements
Balance Sheet (as of March 31, 2023)

		(Millions of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	41,906	Current liabilities	479
Cash and deposits	965	Accounts payable-other	102
Accounts receivable - other	2,911	Accrued expenses	329
Short-term loans to affiliated companies	36,842	Provision for bonuses	19
Income taxes receivable	1,097	Provision for directors' bonuses	23
Other	88	Other	5
Non-current assets	63,921	Non-current liabilities	29,204
Property, plant and equipment	4,814	Bonds payable	10,000
Buildings	1,491	Long-term borrowings	17,432
Tools, equipment and fixtures	1	Provision for stocks payment	51
Land	3,321	Provision for management board incentive plan trust	20
Intangible assets	11	Derivatives liabilities	1,379
Software	11	Other	319
Investments and other assets	59,095	Total liabilities	29,683
Shares of affiliated companies	39,878	NET ASSETS	
Deferred tax assets	3,593	Shareholders' equity	74,996
Long-term loans receivable from subsidiaries and associates	15,623	Capital stock	7,790
Other	0	Capital surplus	27,473
Total assets	105,827	Capital reserve	9,364
		Other capital surplus	18,109
		Retained earnings	45,658
		Other retained earnings	45,658
		Retained earnings carried forward	45,658
		Treasury stock	(5,925)
		Share acquisition rights	1,146
		Total Net Assets	76,143
		Total Liabilities and Net Assets	105,827

(Note) Amounts less than one million yen are omitted.

Statement of Income (April 1, 2022 to March 31, 2023)

(Millions of yen)

Account	Amount	
Operating revenue		6,181
Operating expenses		895
Operating profit		5,285
Non-operating profit		
Interest income	829	
Guarantee commission received	300	
Foreign exchange gains	521	
Other	22	1,673
Non-operating expenses		
Interest expenses	624	
Bond issuance cost	75	
Loss on derivatives	606	
Other	3	1,310
Ordinary income		5,649
Extraordinary gain		
Gains on sale of non-current assets	10	
Gain on sale of shares of subsidiaries and associates	27	38
Extraordinary loss		
Loss on sale of non-current assets	2	
Loss on retirement of non-current assets	6	
Compensation for loss of affiliated companies	1,524	1,533
Net profit before income taxes		4,154
Income taxes-current	(2,736)	
Income taxes-deferred	1,902	(834)
Net profit		4,988

(Note) Amounts less than one million yen are omitted.

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Statement of Changes in Net Assets (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings	Treasury stock	
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2022	7,790	9,364	18,109	47,747	(1,819)	81,191
Changes during the period						
Dividends from surplus				(7,077)		(7,077)
Net profit				4,988		4,988
Purchase of treasury stock					(4,106)	(4,106)
Total changes during the period	—	—	—	(2,088)	(4,106)	(6,195)
Balance at March 31, 2023	7,790	9,364	18,109	45,658	(5,925)	74,996

	Share acquisition rights	Total net assets
Balance at April 1, 2022	1,146	82,338
Changes during the period		
Dividends from surplus		(7,077)
Net profit		4,988
Purchase of treasury stock		(4,106)
Total changes during the period	—	(6,195)
Balance at March 31, 2023	1,146	76,143

(Note) Amounts less than one million yen are omitted.

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Transcript of Accounting Auditor's audit report on consolidated financial statements

Independent Auditor's Report

May 18, 2023

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and

Engagement Partner,

Designated and

Engagement Partner,

Certified Public Accountant

Certified Public Accountant

Hiroaki Hono

Takamichi

Komiyama

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in equity, and the basis of preparing consolidated financial statements and other notes of Asahi Holdings, Inc. for the consolidated fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the above consolidated financial statements are prepared in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards, and present fairly, in all material respects, the assets as well as income and losses in the period pertaining to consolidated financial statements of the corporate group which consists of Asahi Holdings, Inc. and its consolidated subsidiaries.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the consolidated financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the consolidated financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such

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material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present consolidated financial statements that are free from material misstatements caused by fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards.

Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant

doubt on the entity’s ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in conformity with the accounting standards stipulated by the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allow partial omission of the disclosures required by the designated international accounting standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor’s independence and any safeguards that are in place to reduce or eliminate obstacles.

Interests

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of Accounting Auditor's audit report

Independent Auditor's Report

May 18, 2023

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and
Engagement Partner,

Certified Public Accountant

Hiroaki Hono

Designated and
Engagement Partner,

Certified Public Accountant

Takamichi

Komiyama

Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statement of income, and the statement of changes in net assets of Asahi Holdings, Inc. for the 14th fiscal year from April 1, 2022 to March 31, 2023, including notes to non-consolidated financial statements and accompanying supplementary schedules thereto.

In our opinion, the financial statements and the accompanying supplementary schedules thereto referred to the above present fairly, in all material respects, the assets as well as income and losses in the period pertaining to such financial statements and the accompanying supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency. If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

Responsibility of Management and Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan. This includes the improvement and application of the internal control that management deemed necessary to prepare and fairly present financial statements and the accompanying supplementary schedules thereto that are free from material misstatements caused by fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to non-consolidated financial statements and the accompanying supplementary schedules in the audit report, or if the notes to non-consolidated financial statements

and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to non-consolidated financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interests

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Transcript of Audit and Supervisory Committee’s audit report

Audit Report

The Audit and Supervisory Committee audited the Directors’ performance of their duties during the 14th fiscal year (from April 1, 2022 to March 31, 2023), and hereby reports the method and results of the audit as follows.

1. Method and Content of Audit

The Audit and Supervisory Committee received reports periodically from Directors and employees about the details of Board of Directors’ resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c), of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions, and then requested explanations as necessary, expressed opinions and conducted audits by the following methods.

- 1) In conformity with the Audit and Supervisory Committee Auditing Standards established by the Audit and Supervisory Committee and in accordance with the audit policies and important audit items, directing the Audit Department and cooperating with the internal control division, each Audit and Supervisory Committee Member attended important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, viewed important approval documents, etc., and inspected the status of the corporate affairs and assets of the Company. In addition, opinions were exchanged with Representative Director and President as well as Corporate Officers. Also, regarding the Company’s major subsidiaries, each Audit and Supervisory Committee Member attended important meetings, received reports on businesses, requested explanations as necessary, shared opinions with Directors, and examined the status of operations and assets at the Company’s principal places of business.
- 2) Each Audit and Supervisory Committee Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties including its auditing plan, results of quarterly review, results of audit at the end of the period and others, and requested explanations as necessary. Each Audit and Supervisory Committee Member was notified by the Accounting Auditor that it had established a “system to ensure that the performance of duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Rules of Corporate Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit and Supervisory Committee Member examined the business report and the supplementary schedules thereto, the financial statements (balance sheet, statements of income and statements of changes in net assets and notes to non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statements of income and

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consolidated statements of changes in equity and notes to consolidated financial statements), for the fiscal year under review.

2. Results of Audit

(1) Results of audit of business report, etc.

- (i) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the company was found with respect to the directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in the business report and directors' performance of their duties concerning the internal control systems.

(2) Results of audit of financial statements and supplementary schedules thereto

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 18, 2023

Audit and Supervisory Committee, Asahi Holdings, Inc.

Chairman:	Yuji Kimura
Audit and Supervisory Committee Member:	Kyoko Kanazawa
Audit and Supervisory Committee Member:	Yoshinori Hara
Audit and Supervisory Committee Member:	Miyoko Kimura (current surname: Sakagawa)

Full-time Audit and Supervisory Committee Member: Mitsutoshi Kagimoto

(Note) Audit and Supervisory Committee Members Yuji Kimura, Kyoko Kanazawa, Yoshinori Hara, and Miyoko Kimura are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

TOPICS

- **Asahi Holdings Group Organizational Restructuring**

The Asahi Holdings Group reorganized its group companies on April 1 this year to strengthen its business foundation aiming for mid- to long-term growth.

Asahi Pretec Corp., as a leading precious metals recycling company in Japan, will further strengthen the relationships it has cultivated with its customers and expand the scope of its business.

ASAHI METALFINE, Inc. will aim to establish the global “Asahi brand” by providing new services and products, such as trading and high-value added products, using as platforms the precious metals refining business utilizing state-of-the-art technologies and the precious metal product manufacturing/trading business taking into account human rights and the environment.

Japan Waste Corporation will provide one-stop solutions in the environmental preservation business by detoxifying and properly treating various types of waste with its unique technologies cultivated over many years.

Under the Group’s Purpose “Totally Committed to Protecting the Natural Environment and Preserving Resources,” we will further strengthen our business through efforts of the entire Group.