

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

### Asahi Holdings, Inc. [IFRS]

May 8, 2019

Stock code: 5857  
 Shares listed: Tokyo Stock Exchange (First Section)  
 URL: <https://www.asahiholdings.com>  
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The Ordinary General Meeting of Shareholders: June 18, 2019  
 Filing date of financial statement: June 19, 2019  
 Start of dividend payment: May 29, 2019  
 Supplementary materials for the financial results: Yes  
 Investor conference for the financial results: Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

#### 1. Results of the fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

##### (1) Results of operations (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating income		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	128,669	11.1	14,478	5.0	13,405	(0.0)	9,000	(4.8)	9,000	(4.4)	7,633	(20.3)
March 31, 2018	115,797	8.4	13,791	576.6	13,410	665.6	9,453	-	9,416	-	9,576	-

	Basic earning per share	Diluted earning per share	Profit to equity attributable to owners of parent	Profit before tax to total assets	Operating income to revenue
The fiscal year ended	Yen	Yen	%	%	%
March 31, 2019	228.14	227.21	13.6	9.2	11.3
March 31, 2018	270.77	269.90	17.3	12.2	11.9

##### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2019	160,272	67,804	67,804	42.3	1,723.16
March 31, 2018	131,484	64,435	64,435	49.0	1,627.20

##### (3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
The fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	(20,648)	(5,629)	18,261	16,297
March 31, 2018	(13,397)	(2,829)	29,776	24,140

## 2. Dividend payments

	Dividends per share					Total dividend payment (annual)	Payout ratio (consolidated)	Dividend to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	-	30.00	-	33.00	63.00	2,298	23.3	4.2
Year ended March 31, 2019	-	60.00	-	60.00	120.00	4,778	52.6	7.2
Year ending March 31, 2020 (Forecast)	-	60.00	-	60.00	120.00		50.2	

## 3. Forecast (From April 1, 2019 to March 31, 2020) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating income		Profit before tax		Profit attributable to owners of parent		Basic earning per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	70,000	15.9	6,800	(0.9)	6,700	3.3	4,400	(3.1)	111.82
Year ending March 31, 2020	140,000	8.8	14,500	0.1	14,300	6.7	9,400	4.4	238.89

### \* Notes

(1) Changes in significant subsidiaries during the current fiscal year: No

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes other than (i) above: No

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

(i) Number of issued shares at the end of year (including treasury shares)

As of March 31, 2019	39,854,344 shares
As of March 31, 2018	39,854,344 shares

(ii) Number of treasury shares at the end of year

As of March 31, 2019	505,487 shares
As of March 31, 2018	255,287 shares

(iii) Averaged number of shares during the period

Year ended March 31, 2019	39,453,473 shares
Year ended March 31, 2018	34,775,417 shares

### (Reference) Summary of Nonconsolidated Results

#### 1. Nonconsolidated Results of the Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

##### (1) Results of operations

(Percentage: Changes relative to corresponding previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The fiscal year ended								
March 31, 2019	8,429	6.7	7,044	3.4	6,902	(0.4)	6,824	0.3
March 31, 2018	7,903	27.8	6,810	40.5	6,930	36.4	6,806	-

	Net income per share	Diluted net income per share
The fiscal year ended	Yen	Yen
March 31, 2019	172.98	172.27
March 31, 2018	195.73	195.10

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	75,394	54,782	72.7	1,392.23
March 31, 2018	72,818	52,241	71.7	1,319.27

(Reference)

Shareholders' equity      As of March 31, 2019: 54,782 million yen      As of March 31, 2018: 52,241 million yen

\*This report is not subject to audit procedures

\*Statement regarding the proper use of financial forecasts and other special remarks

(Notes on forward looking statements, etc.)

These forecast performance figures are based on the information currently available to the company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. Please refer to page 2 "1. Overview of Consolidated Operating Results (1) Consolidated Business Performance for the Year ended March 31, 2019" for the assumptions used and other notes.

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## 1. Overview of Consolidated Operating Results

### (1) Consolidated Business Performance for the Year ended March 31, 2019

#### Operating results

During the consolidated accounting period under review, the Japanese economy showed signs of recovery in personal spending with continued improvements in the employment and income environment. Meanwhile, prospects in the international and domestic markets remained opaque due to uncertainties in the global economy triggered by a series of natural disasters, U.S.-China trade dispute, the Brexit and other issues. Under these conditions, the group's results in each business segment were as follows:

#### Precious metals business

Revenue from business in the precious metal recycling sector in Japan, South Korea and Malaysia expanded from the same period in the previous year. Also, the revenue of precious metal refining business in North America improved over the same period a year before. As a result of these accomplishments, revenue and operating income in this segment increased from the same period of the previous year.

#### Environmental preservation business

While the volume of industrial waste discharged in Japan is on a downward trend, revenue in this segment increased from the same period of the previous year, thanks to efforts to develop new customers. Also, operating income in this segment increased from the same period of the previous year despite the expenses incurred due to the withdrawal from photosensitive material business during the fiscal year under review.

#### Life & health business

The construction demand remained high primarily in the Tokyo metropolitan area, which led to a steady increase in revenue from fire-fighting and air-conditioning equipment. However, revenue from health care equipment decreased from the same period of the previous year. Consequently, both revenue and operating income in this segment were lower than those in the same period of the previous year.

As a result of the above, in terms of the performance for this consolidated fiscal year, revenue was 128,669 million yen, a year-on-year increase of 12,871 million yen (+11.1 percent). Operating income was 14,478 million yen, an increase of 687 million yen (+5.0 percent) year-on-year. Profit before tax was 13,405 million yen, a year-on-year decrease of 5 million yen (-0.0 percent). Profit was 9,000 million yen, a year-on-year decrease of 453 million yen (-4.8 percent). Profit attributable to owners of parent was 9,000 million yen, a year-on-year decrease of 415 million yen (-4.4 percent). By segment, revenue in the precious metals business was 87,804 million yen, a year-on-year increase of 13,211 million yen (+17.7 percent). In the environmental preservation business, revenue was 17,197 million yen, an increase of 962 million yen (+5.9 percent) year-on-year. Revenue in the life & health business was 23,709 million yen, an decrease of 1,326 million yen (-5.3 percent) year-on-year.

#### Outlook

The group will continue to launch dedicated efforts to expand revenue and enhance its corporate value.

Business forecast for the next period is as follows: 140,000 million yen in sales revenue, 14,500 million yen in operating income, 14,300 million yen in income before taxes and 9,400 million yen in profit attributable to owners of the parent.

### (2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2019

As of this fiscal year ended March 31, 2019, total assets amounted to 160,272 million yen, up 28,788 million yen from the previous fiscal year end. This was due mainly to the increase of 29,515 million yen in trade and other receivables, the increase of 3,212 million yen in property, plant and equipment, and the decrease of 7,842 million yen in cash and cash equivalents.

Total liabilities amounted to 92,468 million yen, up 25,419 million yen from the previous fiscal year end. This was due mainly to the increase of 22,682 million yen in loans payable.

Total equity amounted to 67,804 million yen, up 3,368 million yen from the previous fiscal year end.

Net cash used in operating activities amounted to 20,648 million yen due mainly to 13,405 million yen of

profit before tax, 2,320 million yen of depreciation and amortization, increase in trade and other receivables, increase in inventories, and income taxes paid.

Net cash used in investing activities amounted to 5,629 million yen due mainly to 5,552 million yen of purchase of property, plant and equipment.

Net cash provided by financial activities amounted to 18,261 million yen due mainly to 22,635 million yen of net increase in loans payable and 3,666 million yen of cash dividends paid and 744 million yen of purchase of treasury stock.

As a result, cash and cash equivalents as of March 31, 2019 decreased 7,842 million yen from March 31, 2018, to 16,297 million yen.

### (3) Dividends

We consider it is of utmost importance to return profits to our shareholders. Accordingly, we have made it our basic policy to pay dividends of 50 percent and above of our consolidated net profits. Based on the above basic policy, the year-end dividend for the current fiscal year will be 60 yen per share. The annual dividend for the current fiscal year combined with the interim dividend will be 120 yen per share.

And, for the next term, we plan to pay an interim dividend of 60 yen and a year-end dividend of 60 yen (annual dividend of 120 yen).

### (4) Business and other risks

Major risks that could affect the Group's operating results and financial condition include the following. We believe these matters could have a significant impact on investor decisions, but the categories below are limited to those that the Group is currently aware of; and not necessarily all risks are covered here.

#### Precious metals prices and currency exchange rates

The precious metals and rare metals that are the main products of the Group's precious metals business are traded on international markets. Their prices fluctuate based on global elements such as political and economic trends in supply countries and demand countries, currency exchange rates, and so on. The Group therefore hedges through forward transactions, etc., in order to reduce risk, although the size of fluctuation in precious metals prices and currency exchange rates can affect the Group's operating results and financial condition.

#### Laws and regulations

In the countries and regions where the Group operates business, various laws and regulations apply regarding matters such as permission to do business, rules for import/export/transport, commercial transactions, labor, taxation, intellectual property rights, and environmental preservation. Taking the stance that compliance is important, the Group carefully follows laws, regulations, and social rules. However, in the unlikely event that laws, regulations, and social rules could not be followed, or if they change such that business is restricted, it could affect the Group's operating results and financial condition.

In the environmental preservation business in particular, the Group engages in the collection, transport and treatment of various types of industrial waste as an enterprise under the Waste Management and Public Cleansing Act. In addition to that law, the business is regulated by laws such as the Water Pollution Control Act, the Air Pollution Control Act, and the Sewerage Act. Furthermore, the Group has a license for the collection and transport of industrial waste in every prefecture and ordinance-designated city, for its disposal in 12 prefectures and 8 ordinance-designated cities and core cities, and for the collection and transport of specially-controlled industrial waste in every prefecture and ordinance-designated city, for its disposal in 10 prefectures and 7 ordinance-designated cities and core cities. Obtaining such licenses is predicated on strict compliance with regulations at the regional level, including each prefectural and municipal ordinance and rule.

With society's interest in environmental issues rising, such legal regulations are tending to tighten. Not only capital investments as countermeasures to those trends but also the construction, relocation, and renovation of disposal facilities require construction permits and permission to change. On such occasions, the consent of nearby residents may also be necessary, which could be difficult to obtain in some cases.

Therefore, such legal regulations and social trends could affect the Group's operating results and financial condition.

#### Economic fluctuation

Manufacturing industries are among the primary demand industries for the Group's precious metals business and environmental preservation business. Demand trends in each sector within these industries are affected by economic conditions in various countries and regions. When demand from such industries declines due to recession and so on, it can affect the Group's operating results and financial condition. Moreover, large reductions in construction-related demand or falls in personal consumption can affect the life & health business, in turn affecting the Group's operating results and financial condition.

#### Business environment

All three of the Group's business segments, the precious metals business, the environmental preservation business, and the life & health business, face the possibility of major changes in customer needs due to changes in laws, regulations, and permits that concern a sector or faster-than-expected shifts overseas by corporate customers. Furthermore, industry reorganization and other major changes in the business environment are possible. The results could affect the Group's operating results and financial condition.

#### Intensified competition

All three of the Group's business segments, the precious metals business, the environmental preservation business, and the life & health business, face competition from various companies. The Group continues to make efforts to overcome the competition in each sector by accurately meeting customer needs through sales efforts and initiatives on technology, products, and cost responsiveness. Intensified competition from competitor companies, however, can force the Group's products and services into harsh price competition. The results could affect the Group's operating results and financial condition.

#### Overseas business deployment

The Group carries out business in countries and regions in North America, Asia, etc. Political or economic phenomena unfavorable to business, labor disputes due to differences in labor environment, uncertainty in finding suitable local personnel, conflicts, terrorism, and other social disturbances, and unfair intervention by authorities due to underdeveloped business infrastructure in a country or region are inherent risks. If such situations occur, it could affect the Group's operating results and financial condition.

#### Corporate acquisition, etc.

The Group has worked to expand its lines of business and business scale through corporate acquisition and expects to take a forward-looking approach to attractive cases in the future. In order to maximize the integration effect with target businesses and companies, the Group will attempt to integrate and unify them with its business strategy and operations. However, it is possible that the expected integration and unification effects will not be realized. Furthermore, target businesses and companies not achieving the business results initially expected and posting markedly worse operating results could lead to impairment of goodwill. The results could affect the Group's operating results and financial condition.

#### Natural disasters, accidents, etc.

Natural disasters such as large earthquakes or typhoons could cause serious damage to the Group's production, distribution, sales, and information management facilities. That could affect the Group's operating results and financial condition. Moreover, although the Group works to strengthen its safety management system and regularly carries out disaster/accident prevention activities in order to eliminate occupational and facilities accidents, there is no guarantee that they can be completely prevented or mitigated. Therefore, if a serious occupational or facilities accident should occur it could affect the Group's operating results and financial condition.

#### New product development

The Group's life & health business aims to provide devices and equipment that are "people-friendly, for better life and health." We develop attractive products by accurately assessing customer needs and

optimally applying the Company's technology. However, if we are unable to respond accurately to market and industry needs and carry out timely product development, it could lessen future growth and profits, affecting the Group's operating results and financial condition.

#### Key intellectual property rights

In order to protect intellectual property rights important to business deployment, the Group carries out appropriate management. However, unforeseen leaks to outside parties can occur, and complete protection of intellectual property rights may be impossible in certain regions. Therefore, it may not be possible to effectively prevent third parties from using the Group's intellectual property rights to manufacture and sell similar products and services. The results could affect the Group's operating results and financial condition.

#### Product quality assurance and product liability

The Group makes every effort with its product quality assurance system, but if a product produced by the Group causes damages, it could affect the Group's operating results and financial condition.

#### Environmental protection

Based on its Environmental Policies, the Group carries out various initiatives to protect the global environment. However, there is no guarantee that all pollution and other environmental risk can be completely prevented or mitigated, so if the Group should cause serious pollution of the environment, it could affect the Group's operating results and financial condition.

#### Lawsuits and other legal procedures

As the Group carries out business in Japan and overseas, it could be subjected to lawsuits and other legal procedures. If the Group becomes a party to such action, it might have to pay large damages, etc. The results could affect the Group's operating results and financial condition.

## 2. Our Group

Our Group comprises of the holdings company “Asahi Holdings, Inc.”, “Asahi Pretec Corp.”, “Japan Waste Corporation”, “Asahi Americas Holdings, Inc.”, “Asahi Life & Health Corporation” and 19 other subsidiaries. Our main businesses are precious metals business, environmental preservation business and life & health business. The details are as follows:

### (1) Precious metals business

In the precious metals business, we sell precious/rare metal products such as gold, silver, platinum, and palladium by recycling scrap containing rare metals, etc.

In Japan, Asahi Pretec Corp. collects scraps containing precious/rare metals from the electronics, dentistry, jewelry manufacturing and distribution, and automotive catalyst sectors. At factories around the country, it collects, separates and refines the scrap and sells high-purity metals to trading companies, semiconductor/electronic component makers, etc. also engages in precision cleaning and precious metal delamination of manufacturing equipment parts from semiconductor/electronic component makers.

Overseas, Asahi G&S Sdn. Bhd. in the Malaysia/Singapore region, Asahi Pretec Korea Co., Ltd. in South Korea are engaged in the precious metals recycling business. Additionally, Asahi Refining USA Inc., Asahi Refining Florida Inc. and Asahi Refining Canada Ltd. carry out the refining and processing of gold, silver, and other precious metals in the United States and Canada respectively.

### (2) Environmental preservation business

The main line of our environmental preservation business is the collection, transport, and intermediate treatment of industrial waste.

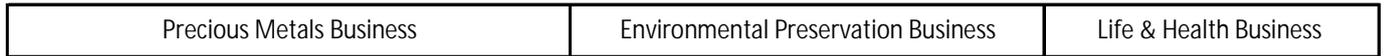
Asahi Pretec Corp. treats and detoxifies waste acid, waste alkali, waste oil, sludge, waste drugs, and medical-related waste generated by sites in various industries, such as factories, printing presses, hospitals, schools, and research institutes. Additionally, Japan Waste Corporation is engaged in the collection, transportation, intermediate processing and recycling of various industrial wastes. JW Chemitech Co., Ltd. mainly perform the collection, transport, and intermediate treatment of industrial waste generated by factories. Iyotec Co., Ltd. engages in business such as dispatch of personnel to manufacturers and collaborates on the treatment of waste from industrial sites. Taiyo Chemical Co., Ltd. processes medical-related waste and industrial effluent from companies in the IT, electronics, and petrochemical businesses. Fuji Rozai Co., Ltd. processes specially controlled industrial waste including dioxin and heavy metals at local governments' incinerators. It engages in repair, demolition, and waste brick processing of smelting furnaces for glass manufacturing. It removes firebricks from smelting furnaces and performs materials recycling and hazardous materials handling. JW Glass Recycling Co., Ltd. collects sheet glass and glass bottles, separates them for crushing, and recycles them into high-quality glass cullet, which it sells. Ecomax Co., Ltd. is engaged in businesses commissioned by the Environment Conservation Center, Tohoku University.

### (3) Life & health business

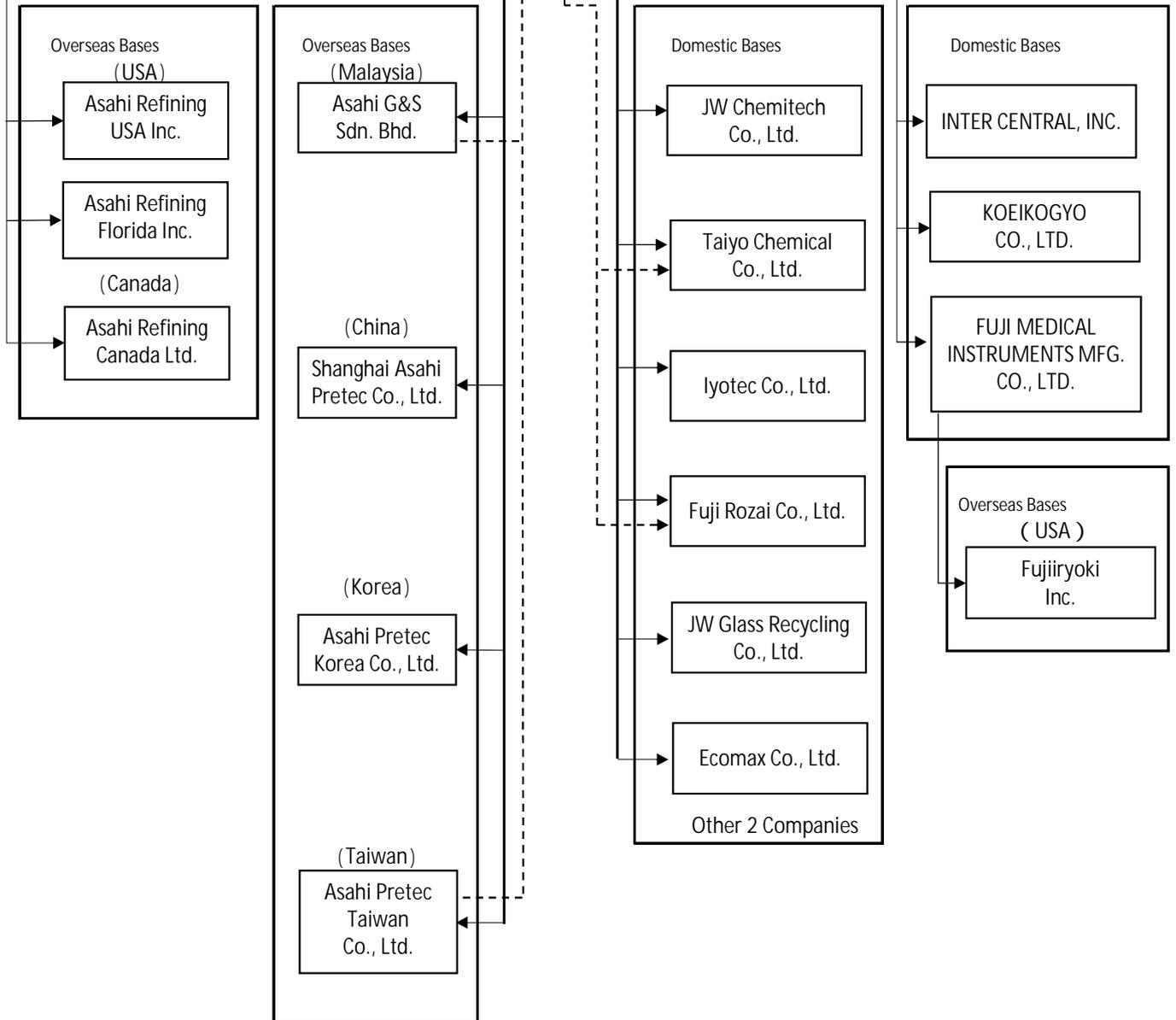
In the life & health business, the main operation is the manufacture and sale of massagers, hearing aids, and other health equipment, the manufacture and sale of electric heaters, the design and installation of radiant heating and air conditioning systems, and the design and installation of disaster prevention equipment.

As "The Health and Beauty Manufacturer," FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. provides various products approved under the Pharmaceutical Affairs Act, such as massage chairs, hearing aids, and electric therapy apparatus for household use, to electronics store, JA (Japan Agricultural Cooperatives) channel, regional consumer electronics dealers, mail-order companies, and so on. INTER CENTRAL, INC., manufactures and sells electric heaters and designs and installs radiant heating and air conditioning systems. They offer products such as electric heaters that provide warmth efficiently and flexibly and radiant heating and air conditioning equipment that achieves comfortable, clean, and quiet environments. Their products are used in offices, schools, hospitals, cultural facilities, commercial facilities, and ordinary homes. KOEIKOGYO CO., LTD., designs and installs disaster prevention, air conditioning, and sanitation equipment. They have

successfully installed equipment in many public facilities, hospitals, cultural facilities, and commercial facilities.



**Asahi Holdings, Inc.**



( Notes ) capital relationship —————> business relationship - - - - ->

Selling recycling scrap containing precious / rare metals  
Entrustment of industrial waste treatment

\* All companies except for parent company (Asahi Holdings, Inc.) are consolidated subsidiaries

### 3. Basic Concept Regarding Selection of Accounting Standards

We have applied International Financial Reporting Standards (IFRS) with the objectives of enhancing our management base for global business development and enabling easier international comparison of financial information in capital markets from the first quarter of fiscal year ended March 31, 2017.

#### 4. Consolidated Financial Statements

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

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	24,140	16,297
Trade and other receivables	36,973	66,489
Inventories	22,466	25,191
Income tax receivables	1,474	1,515
Other financial assets	660	389
Other current assets	2,380	3,906
Total current assets	88,096	113,790
Non-current assets		
Property, plant and equipment	32,870	36,083
Goodwill	8,243	8,243
Intangible assets	740	697
Deferred tax assets	853	873
Net defined benefit asset	124	47
Financial assets	537	498
Other non-current assets	18	39
Total non-current assets	43,388	46,482
Total assets	131,484	160,272

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
<b><u>LIABILITIES and EQUITY</u></b>		
Liabilities		
Current liabilities		
Trade and other payables	14,179	17,169
Loans payable	22,515	44,712
Income tax payable	3,012	2,405
Other financial liabilities	506	1,537
Provisions	1,484	1,207
Other current liabilities	3,400	3,540
Total current liabilities	<u>45,099</u>	<u>70,573</u>
Non-current liabilities		
Loans payable	18,600	19,085
Deferred tax liabilities	1,440	1,360
Net defined benefit liability	153	157
Other financial liabilities	1,754	1,291
Total non-current liabilities	<u>21,949</u>	<u>21,895</u>
Total liabilities	67,049	92,468
Equity		
Capital stock	7,790	7,790
Capital surplus	10,381	10,353
Treasury stock	(386)	(955)
Retained earnings	50,282	55,547
Other components of equity	(3,632)	(4,931)
Total equity attributable to owners of parent	<u>64,435</u>	<u>67,804</u>
Total equity	<u>64,435</u>	<u>67,804</u>
Total liabilities and equity	<u><u>131,484</u></u>	<u><u>160,272</u></u>

## (2) Consolidated Statements of Income

	The fiscal year ended March 31, 2018	The fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Revenue	115,797	128,669
Cost of sales	(87,500)	(99,159)
Gross profit	28,296	29,509
Selling, general and administrative expenses	(14,403)	(14,959)
Other operating income	244	219
Other operating expenses	(346)	(290)
Operating income	13,791	14,478
Finance income	16	33
Finance cost	(397)	(1,106)
Profit before tax	13,410	13,405
Income tax expenses	(3,956)	(4,404)
Profit (loss)	9,453	9,000
Profit attributable to:		
Owners of parent	9,416	9,000
Non-controlling interests	37	-
Profit (loss)	9,453	9,000
Earning (loss) per share		
Basic earning per share (Yen)	270.77	228.14
Diluted earning per share (Yen)	269.90	227.21

### (3) Consolidated Statements of Comprehensive Income

	The fiscal year ended March 31, 2018	The fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Profit (loss)	9,453	9,000
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	19	(17)
Remeasurements of defined benefit plans	38	(69)
Total items that will not be reclassified to profit or loss	57	(86)
Items that will be reclassified to profit or loss		
Cash flow hedges	69	(1,168)
Translation adjustments of foreign operations	(4)	(112)
Total items that will be reclassified to profit or loss	65	(1,280)
Other comprehensive income, net of tax	122	(1,367)
Comprehensive income	9,576	7,633
Comprehensive income attributable to:		
Owners of parent	9,535	7,633
Non-controlling interests	41	-
Comprehensive income	9,576	7,633

## (4) Consolidated Statements of Changes in Equity

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 2017	4,480	6,126	(5,371)	42,783	(3,618)	(104)
Profit	-	-	-	9,416	-	-
Other comprehensive income	-	-	-	-	(5)	69
Total comprehensive income	-	-	-	9,416	(5)	69
Issuance of new shares	3,309	3,282	-	-	-	-
Purchase of treasury stock	-	-	(0)	-	-	-
Disposal of treasury stock	-	1,266	4,985	-	-	-
Dividends	-	-	-	(1,955)	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	(337)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Reclassified from other components of equity to retained earnings	-	-	-	38	-	-
Share-based payment transactions	-	42	-	-	-	-
Total transactions with owners	3,309	4,254	4,984	(1,917)	-	-
Balance at March 31, 2018	7,790	10,381	(386)	50,282	(3,624)	(34)

(Millions of yen)

	Equity attributable to owners of parent					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	Total equity
Balance at April 1, 2017	7	-	(3,716)	44,303	524	44,827
Profit	-	-	-	9,416	37	9,453
Other comprehensive income	17	38	119	119	3	122
Total comprehensive income	17	38	119	9,535	41	9,576
Issuance of new shares	-	-	-	6,592	-	6,592
Purchase of treasury stock	-	-	-	(0)	-	(0)
Disposal of treasury stock	-	-	-	6,252	-	6,252
Dividends	-	-	-	(1,955)	-	(1,955)
Changes in ownership interests in subsidiaries that do not result in loss of control	3	-	3	(333)	(540)	(874)
Disposal of subsidiaries	-	-	-	-	(24)	(24)
Reclassified from other components of equity to retained earnings	0	(38)	(38)	-	-	-
Share-based payment transactions	-	-	-	42	-	42
Total transactions with owners	3	(38)	(35)	10,596	(565)	10,030
Balance at March 31, 2018	27	-	(3,632)	64,435	-	64,435

(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, 2018	7,790	10,381	(386)	50,282	(3,624)	(34)
Profit	-	-	-	9,000	-	-
Other comprehensive income	-	-	-	-	(112)	(1,168)
Total comprehensive income	-	-	-	9,000	(112)	(1,168)
Purchase of treasury stock	-	-	(744)	-	-	-
Disposal of treasury stock	-	24	70	-	-	-
Dividends	-	-	-	(3,667)	-	-
Reclassified from other components of equity to retained earnings	-	-	-	(68)	-	-
Share-based payment transactions	-	(52)	104	-	-	-
Total transactions with owners	-	(27)	(568)	(3,736)	-	-
Balance at March 31, 2019	<u>7,790</u>	<u>10,353</u>	<u>(955)</u>	<u>55,547</u>	<u>(3,737)</u>	<u>(1,203)</u>

(Millions of yen)

	Equity attributable to owners of parent				
	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2018	27	-	(3,632)	64,435	64,435
Profit	-	-	-	9,000	9,000
Other comprehensive income	(17)	(69)	(1,367)	(1,367)	(1,367)
Total comprehensive income	(17)	(69)	(1,367)	7,633	7,633
Purchase of treasury stock	-	-	-	(744)	(744)
Disposal of treasury stock	-	-	-	95	95
Dividends	-	-	-	(3,667)	(3,667)
Reclassified from other components of equity to retained earnings	(0)	69	68	-	-
Share-based payment transactions	-	-	-	52	52
Total transactions with owners	(0)	69	68	(4,264)	(4,264)
Balance at March 31, 2019	<u>8</u>	<u>-</u>	<u>(4,931)</u>	<u>67,804</u>	<u>67,804</u>

(5) Consolidated Statements of Cash Flows

	The fiscal year ended March 31, 2018	The fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Net cash provided by (used in) operating activities		
Profit before tax	13,410	13,405
Depreciation and amortization	2,267	2,320
Impairment loss	120	15
Finance income and finance cost	368	1,055
Decrease (increase) in inventories	(5,112)	(2,720)
Decrease (increase) in trade and other receivables	(21,421)	(29,497)
Increase (decrease) in trade and other payables	1,317	2,829
Other, net	(2,110)	(2,051)
Subtotal	(11,161)	(14,645)
Interest and dividends income received	17	33
Interest expenses paid	(366)	(1,114)
Income taxes paid	(3,243)	(6,287)
Income taxes refund	1,355	1,365
Net cash provided by (used in) operating activities	(13,397)	(20,648)
Net cash provided by (used in) investing activities		
Payments into time deposits	-	(100)
Proceeds from withdrawal of time deposits	11	100
Purchase of property, plant and equipment	(2,762)	(5,552)
Proceeds from sales of property, plant and equipment	181	236
Purchase of intangible assets	(185)	(249)
Proceeds from sales and redemption of investments	5	15
Cash disposed on loss of control of subsidiary	(23)	-
Other, net	(55)	(79)
Net cash provided by (used in) investing activities	(2,829)	(5,629)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	20,092	23,645
Repayment of long-term loans payable	(270)	(1,010)
Proceeds from issuance of common stock	6,619	-
Proceeds from sales of treasury stock	6,252	95
Purchase of treasury stock	(0)	(744)
Payment to acquire interests in subsidiaries from non-controlling interests	(874)	-
Cash dividends paid	(1,956)	(3,666)
Other, net	(86)	(59)
Net cash provided by (used in) financing activities	29,776	18,261
Effect of exchange rate change on cash and cash equivalents	(208)	174
Net increase (decrease) in cash and cash equivalents	13,341	(7,842)
Cash and cash equivalents at beginning of period	10,798	24,140
Cash and cash equivalents at end of period	24,140	16,297

## (6) Notes on Assumptions for Going Concern

Not applicable

## (7) Notes on Consolidated Financial Statements

### 1. Reporting entity

Asahi Holdings, Inc. (hereinafter the “Company”) is a company located in Japan. The addresses of the Company’s registered head office and principal offices are available on its website (<https://www.asahiholdings.com>). The Company’s consolidated financial statements have a fiscal year-end date of March 31, 2019 and comprise the financial statements of the Company as well as its subsidiaries (the “Group”).

For the main activities of the Group, please refer to Note 5. Segment information.

### 2. Basis of preparation

#### (1) Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared based on IFRS issued by the International Accounting Standards Board.

Having met the requirements for a Specified Company under the Designated International Accounting Standards, as prescribed in Article 1-2 of the Ordinance on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; the “Ordinance on Consolidated Financial Statements”), the Group adopts the provisions of Article 93 of the aforementioned rules.

#### (2) Basis of measurement

The consolidated financial statements of the Group have been prepared based on costs of acquisition, except for the specified financial instruments that have been measured at fair value as mentioned in Note 3. Significant accounting policies.

#### (3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded down to the nearest million yen.

### 3. Changes in accounting policies

The significant accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2018, with the exception of the items described below.

#### (Adoption of IFRS 15 “Revenue from Contracts with Customers”)

The Group has adopted IFRS 15 “Revenue from Contracts with Customers”(published in May 2014) and “Clarifications to IFRS 15” (published in April 2016)(hereinafter, collectively referred to as “IFRS 15”) from the first quarter ended June 30, 2018. When applying IFRS 15, as a transition measure the Group applies this standard retrospectively with the cumulative effects of initially applying this standard recognized at the date of initial application.

In accordance with IFRS 15, except for interests and dividend income stipulated by IFRS 9 “ Financial instruments”, revenue is recognizes based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

Our group is engaged in the sales of precious metals, massage chairs, electrolytic hydrogen water generator, hearing aids, heating equipment and other items. Regarding these products, revenue is recognized when the goods are transferred to the customer, a point at which the customer has control of the goods and performance obligation is deemed to have been satisfied. As for revenue pertaining to intermediate treatment or other

processing of industrial wastes, revenue is recognized when the treatment of the said industrial waste is completed, a point at which the customer has control and performance obligation is deemed to have been satisfied.

Regarding revenues pertaining to the design, construction and other works on fire-fighting, air conditioning and sanitary equipment, revenue is recognized in accordance with the progress of performance obligation. Progress is measured according to input method based on the costs incurred and other means.

Also, revenue is measured at a value derived by deducting discounts, rebates, returns, etc. from the consideration undertaken in the contract with the customer.

The application of IFRS 15 does not have a significant impact on the performance or financial conditions of our group.

#### **4. Significant accounting estimates and associated judgements**

In preparing consolidated financial statements, the management is required to make judgement, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues and expenses. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in accounting estimates is recognized in the accounting period in which such change occurs as well as the accounting periods to be affected in the future.

The estimates and judgements made by the management that may have material impacts on the figures in the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2018.

## 5. Segment information

### (1) Overview of reporting segments

The Group's reporting segments are those Group constituent units for which separate financial information is obtainable, and which the Board of Directors subjects to regular examination in order to decide the allocation of management resources and evaluate business results.

As a pure holding company, the Company is in charge of overall strategic function for the Group, whereas operating companies of the Group engage in the precious and rare metals recycling business and the refining and processing business, industrial waste management and other environmental preservation business, and life & health business including manufacturing and selling of health equipment.

Therefore, the Group is composed of product and service segments based on business sectors. The three reporting segments are the precious metals business, the environmental preservation business, and the life & health business. Meanwhile, these reporting segments are not be aggregated.

The precious metals business engages mainly in recycling and selling of precious and rare metals such as gold, silver, palladium, and platinum, as well as refining and processing of precious metals such as gold and silver. The main work of environmental preservation business is the collection, transport and intermediate processing of industrial waste. In the life & health business, the main work is the manufacture and sales of massagers, hearing aids, and other health equipment, the manufacture and sales of electric heaters, the design and installation of radiant heating and air conditioning systems, and the design and installation of disaster prevention equipment.

### (2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those of the Group stated in "Note 3. Changes in accounting policies."

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

For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reporting segment			Total	Adjustment	Consolidated
	Precious metals business	Environmental preservation business	Life & health business			
Revenue						
External revenue	74,593	16,168	25,035	115,797	-	115,797
Intersegment revenue	-	66	0	66	(66)	-
Total	<u>74,593</u>	<u>16,235</u>	<u>25,036</u>	<u>115,864</u>	<u>(66)</u>	<u>115,797</u>
Operating income by business segment	<u>11,137</u>	<u>3,504</u>	<u>1,588</u>	<u>16,230</u>	<u>(2,439)</u>	<u>13,791</u>
Finance income						16
Finance costs						(397)
Profit before tax						<u>13,410</u>
Others:						
Depreciation and amortization	<u>1,020</u>	<u>479</u>	<u>194</u>	<u>1,694</u>	<u>572</u>	<u>2,267</u>
Impairment loss	<u>33</u>	<u>33</u>	<u>52</u>	<u>119</u>	<u>0</u>	<u>120</u>

(Note) 1. Intersegment transactions are based on prevailing market prices.

2. Adjustments of operating income by business segment are mainly corporate expenses that are not allocated to each reporting segment.

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reporting segment			Total	Adjustment	Consolidated
	Precious metals business	Environmental preservation business	Life & health business			
Revenue						
External revenue	87,804	17,156	23,708	128,669	-	128,669
Intersegment revenue	-	41	0	42	(42)	-
Total	<u>87,804</u>	<u>17,197</u>	<u>23,709</u>	<u>128,711</u>	<u>(42)</u>	<u>128,669</u>
Operating income by business segment	<u>11,992</u>	<u>3,530</u>	<u>1,512</u>	<u>17,034</u>	<u>(2,556)</u>	<u>14,478</u>
Finance income						33
Finance costs						<u>(1,106)</u>
Profit before tax						<u>13,405</u>
Others:						
Depreciation and amortization	<u>986</u>	<u>639</u>	<u>207</u>	<u>1,833</u>	<u>487</u>	<u>2,320</u>
Impairment loss	<u>0</u>	<u>14</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>

(Note) 1. Intersegment transactions are based on prevailing market prices.

2. Adjustments of operating income by business segment are mainly corporate expenses that are not allocated to each reporting segment.

## 6. Per share information

The basis for calculating basic and diluted earning per share (attributable to ordinary shareholders) is as follows.

	Year ended March 31, 2018	Year ended March 31, 2019
Profit for the year attributable to ordinary shareholders of parent		
Profit attributable to owners of parent (Millions of yen)	9,416	9,000
Profit not attributable to ordinary shareholders of parent (Millions of yen)	-	-
Profit used for calculation of the basic earning per share (Millions of yen)	9,416	9,000
Weighted average number of shares during the year (shares)	34,775,417	39,453,473
Dilutive effect (shares)	112,800	161,261
Weighted average number of diluted shares during the year (shares)	34,888,217	39,614,734
Earning per share (Yen)		
Basic	270.77	228.14
Diluted	269.90	227.21

## 7. Subsequent events

Not applicable

## 5. Others

### (1) Amounts of Sales

	Year ended March 31, 2018		Year ended March 31, 2019	
	Amount (Millions of yen)	Year-on-Year (%)	Amount (Millions of yen)	Year-on-Year (%)
Gold	31,649	96.6	41,742	131.9
Silver	4,816	108.1	4,414	91.7
Palladium	18,346	144.5	22,069	120.3
Platinum	6,417	121.7	5,051	78.7
Industrial waste treatment	18,242	101.2	19,272	105.6
Other	36,325	108.0	36,118	99.4
Total	115,797	108.4	128,669	111.1