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Asahi Holdings, Inc.
(Stock code: 5857)

Notice of the 10th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 18, 2019

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: Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

Proposal 2: Election of Four (4) Directors Serving as the Audit and Supervisory Committee Members

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 17, 2019.

Message from the CEO To Shareholders

Mitsuharu Terayama, Chairman & CEO

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 10th Annual General Meeting of Shareholders to offer a short greeting.

Fiscal year 2018, which served as the first fiscal year of the 8th Mid-term Business Plan, achieved revenue of 128.6 billion yen and operating income of 14.4 billion yen on a consolidated basis, surpassing our targets of 14.0 billion in operating profit and achieving a historic high for the second consecutive year. ROE (Return on Equity), which the Company considers an indicator of improvements in management efficiency, was 13.6%. Additionally, the basic policy for the return of profits to shareholders has been changed from the previous “30% or more of consolidated net profit” to “50% or more.” As a result, the forecast for the annual dividend for the fiscal year 2019 is 120 yen. The slogan of the 8th Mid-term Business Plan is “Building a global company that pursues originality and growth.”

In February 2019, we established a new company in the US state of Florida that has minting facilities for gold coins and other coins, in addition to a precious metal refinery business. In April 2018, we began operation of a new furnace in the waste incineration sector under our environmental preservation business. These are a part of our basic policy of “Building a new business foundation that will support the coming era” in the 8th Mid-term Business Plan.

The Group makes efforts through its businesses on a daily basis toward the “SDGs (Sustainable Development Goals)” adopted by the United Nations. All three business areas of the Group directly contribute to “resolving global sustainability,” which is a global social issue. At the general meeting of employees in May 2018, we announced the “Asahi SDGs Award establishment” for both individual employees and groups. Even previously, individuals and groups were frequently involved in volunteer activities regardless of job function, but we established this award system with the objective of further promoting these activities.

In fiscal year 2019, global political and economic instability is projected to continue. Moving forward, we will rapidly respond to changes in the business environment with the spirit of “innovation and challenge,” working toward sustainable growth and contribution to SDGs. I hope that you will continue to support the “Asahi Holdings Group.”

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Documents below are disclosed on the Company's website

- Structure to ensure the appropriateness of business
- Status of operation of structure to ensure the appropriateness of business
- Notes to consolidated financial statements
- Notes to non-consolidated financial statements

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

ASAHI WAY

“Totally Committed to Protecting the Natural Environment and Conserve Resources”

Our Credo

We conserve limited natural resources, preserve the global environment, and support human health.

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)

May 28, 2019

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

Asahi Holdings, Inc.

Mitsuharu Terayama,

Chairman & CEO

Notice of the 10th Annual General Meeting of Shareholders

This is to inform you that the 10th Annual General Meeting of Shareholders of Asahi Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place and to cordially request your presence.

If you are unable to be present, you are entitled to exercise your voting rights in writing or by electronic method (the Internet). You are kindly requested to read the attached reference documents and exercise your voting rights by noon on Monday, June 17, 2019, 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 18, 2019

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 10th fiscal term (April 1, 2018 through March 31, 2019)
 - 2) Report on non-consolidated financial statements for the 10th fiscal term (April 1, 2018 through March 31, 2019)

Items to be resolved:

- Proposal 1: Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)
- Proposal 2: Election of Four (4) Directors Serving as the Audit and Supervisory Committee Members

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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 provisions of laws and regulations and the Articles of Incorporation of the Company, of the documents to be disclosed, “Structure to ensure the appropriateness of business,” “Status of operation of structure to ensure the appropriateness of business,” “Notes to consolidated financial statements,” and “Notes to non-consolidated financial statements” are

disclosed on the Company's website (<https://www.asahiholdings.com/>) and therefore are not included in this Notice and its Appendix. Accordingly, this Notice and its Appendix constitute part of the business report and financial statements audited by the Audit and Supervisory Committee and Accounting Auditor when preparing the audit report and accounting audit report, respectively.

- Please note that any modifications to the business report, the financial statements and/or the reference documents will be posted on our Web site (<https://www.asahiholdings.com/>).

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 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.

• 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.

Deadline for Exercising Voting Rights: noon on Monday, June 17, 2019

Treatment of Voting Rights Exercised Multiple Times

- If you have exercised your voting rights both in writing and via the Internet, 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, smartphones and/or mobile phones, 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 by mail (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.mufig.jp/>) designated by the Company either from a computer, a smartphone or a mobile phone. (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) To preserve security, you cannot exercise voting rights through a model of mobile phone that does not allow TLS transmission or transmission of the phone ID information.
- (4) Although we will accept the exercise of voting rights via the Internet until noon on Monday, June 17, 2019, 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 or mobile phones
 - At the Voting Rights Exercise Web Site (<https://evote.tr.mufig.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”.)
 - For security reasons, the exercise of voting rights through QR code is available only once. For the second time and afterwards, you will need to enter the “log-in ID” and “temporary password” even when scanning QR code.
 - 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 or mobile phones 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 by mail and via the Internet, 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, smartphones and/or mobile phones, 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. Similarly, fees required to use mobile phones, such as packet transmission fees, will also 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. (You will not be able to access the site from a mobile phone.)

For inquiries about the system or other matters, contact:

Corporate Agency Division (Help Desk), 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 Election of Four (4) Directors (Excluding Directors Serving as the Audit and Supervisory Committee Members)

The terms of office of all five (5) 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 four (4) Directors, decreased by one (1) Director with the objective of enabling rapid decision-making by the Board of Directors.

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

The candidates for Director to be elected are as follows.

Candidate No.	Name (Date of birth)		Position and Duties at Asahi Holdings (Important concurrent assignment)	Attendance at the Board of Directors meeting
1	To be Reelected	Mitsuharu Terayama (March 10, 1940)	Chairman & CEO [Significant concurrent duties] None	7 out of 7 meetings
2	To be Reelected	Tomoya Higashiura (January 26, 1961)	Representative Director and President [Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.	7 out of 7 meetings
3	To be Reelected	Amane Kojima (April 9, 1968)	Director and General Manager of Accounting Division [Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Director of Asahi Americas Holdings, Inc.	7 out of 7 meetings
4	To be Reelected	Hiroyuki Nakanishi (July 5, 1962)	Director [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	6 out of 6 meetings

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
1	 Mitsuharu Terayama (March 10, 1940) To be Reelected	April 1964: Joined KURARAY CO., LTD. July 1973: Joined Asahi Pretec Corp. October 1973: Appointed as Senior Managing Director of Asahi Pretec Corp. May 1981: Appointed as Representative Director and President of Asahi Pretec Corp. April 2009: Appointed as Representative Director and President of Asahi Holdings, Inc. April 2011: Appointed as CEO & COO of Asahi Holdings, Inc. April 2011: Appointed as Chairman and Director of Asahi Pretec Corp. June 2012: Appointed as CEO of Asahi Holdings, Inc. June 2014: Appointed as President & CEO of Asahi Holdings, Inc. April 2018: Appointed as Chairman & CEO of Asahi Holdings, Inc. (to present) [Significant concurrent duties] -	887,145 shares

Attendance at the Board of Directors meeting: 7 out of 7 meetings

(Reason for nomination as a candidate)

Mr. Terayama engages in the management of the entire Group as a Representative Director of the Company. 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 past performance of having driven the entire Group with strong leadership, as well as his deep insight and abundant experience in overall management, would contribute to the further functional reinforcement of the Board of Directors and the corporate governance of the entire Group.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
2	 <p>Tomoya Higashiura (January 26, 1961) <u>To be Reelected</u></p>	<p>April 1984: Joined NEC Corporation</p> <p>February 2001: Joined Asahi Pretec Corp.</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.</p> <p>April 2011: Appointed as Director of Asahi Holdings, Inc.</p> <p>June 2014: Appointed as Representative Director & President of Asahi Pretec Corp.</p> <p>April 2017: Appointed as Representative Director and President of Asahi Americas Holdings, Inc. (to present)</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. (to present)</p> <p>[Significant concurrent duties] Director of Asahi Pretec Corp. Representative Director and President of Asahi Americas Holdings, Inc.</p>	15,000 shares

Attendance at the Board of Directors meeting: 7 out of 7 meetings

(Reason for nomination as a candidate)

Mr. Higashiura engages in the management of the Group as a Representative Director of the Company and as a Representative Director and 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 metal business and its global expansion would contribute to the sustainable enhancement of the corporate value of the Group.

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
3	 Amane Kojima (April 9, 1968) To be Reelected	April 1992: Joined Nissho Iwai Corporation March 2011: Joined Asahi Pretec Corp. Appointed as General Manager of Accounting Division of Asahi Pretec Corp. April 2012: Appointed as General Manager of Accounting Division of Asahi Holdings, Inc. December 2014: Appointed as Corporate Auditor of Asahi Americas Holdings, Inc. June 2016: Appointed as Corporate Auditor of Asahi Pretec Corp. (to present) June 2017: Appointed as Director and General Manager of Accounting Division of Asahi Holdings, Inc. (to present) April 2018: Appointed as Director of Asahi Americas Holdings, Inc. (to present) [Significant concurrent duties] Corporate Auditor of Asahi Pretec Corp. Director of Asahi Americas Holdings, Inc.	2,600 shares

Attendance at the Board of Directors meeting: 7 out of 7 meetings

(Reason for nomination as a candidate)

Mr. Kojima engages in the management of the Group as a Director of the Company and as a Director of the Group companies, and oversees administrative departments. As General Manager of Accounting Division, he is in charge of financial and accounting matters for the entire Group. In addition, as a certified public accountant in the US, he has extensive expertise and practical capabilities. The Company therefore requests his election as a Director of the Company based on its judgment that he will be able to contribute to the sustainable enhancement of the corporate value of the Group and is qualified for the position of Director.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
4	 Hiroyuki Nakanishi (July 5, 1962) To be Reelected	April 1986: Joined Asahi Pretec Corp. January 2008: Appointed as General Manager of Human Resources Department, Administration Division of Asahi Pretec Corp. April 2009: Appointed as General Manager of Photosensitive Material Business Department of Asahi Pretec Corp. April 2013: Appointed as Director of Japan Waste Corporation July 2014: Appointed as Senior Vice President of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. June 2016: Appointed as President & CEO of FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. April 2018: Appointed as Representative Director and President of Asahi Pretec Corp. (to present) June 2018: Appointed as Director of Asahi Holdings, Inc. (to present) [Significant concurrent duties] Representative Director and President of Asahi Pretec Corp.	13,500 shares

Attendance at the Board of Directors meeting: 6 out of 6 meetings

(Reason for nomination as a candidate)

Mr. Nakanishi engages in the management of the Group as a Director of the Company and as a Representative 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 reelection as a Director is appropriate because his abundant experience in the precious metal business, the environmental preservation business and the life & health business would contribute to the sustainable enhancement of the corporate value of the Group.

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

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Proposal 2 Election of Four (4) Directors Serving as the Audit and Supervisory Committee Members

The terms of office of all four (4) 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 four (4) 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)		Position and Duties at Asahi Holdings (Important concurrent assignment)	Attendance at the Board of Directors and the Audit and Supervisory Committee meeting
1	To be Reelected	Yuji Kimura (July 23, 1955)	Outside Director (Audit and Supervisory Committee Member) [Significant concurrent duties] Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation	7 out of 7 meetings 10 out of 10 meetings
2	To be Reelected	Kyoko Kanazawa (October 11, 1965)	Outside Director (Audit and Supervisory Committee Member) [Significant concurrent duties] Lawyer Outside Director of Tokushu Tokai Paper Co., Ltd.	7 out of 7 meetings 10 out of 10 meetings
3	Newly Elected	Yoshikatsu Takeuchi (January 1, 1956)	Director [Significant concurrent duties] Director and Chairman of Japan Waste Corporation (scheduled to retire in June 2019) Director of Asahi Life & Health Corporation (scheduled to retire in June 2019)	7 out of 7 meetings -
4	Newly Elected	Yoshinori Hara (July 21, 1958)	- [Significant concurrent duties] Dean and Professor of Graduate School of Management, Kyoto University	- -

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
1	 Yuji Kimura (July 23, 1955) <u>To be Reelected</u>	April 1979: Joined the Environment Agency July 2006: Appointed as General Manager of Industrial Waste Management Division, Waste Management and Recycling Department of the Ministry of the Environment August 2010: Appointed as Director-General of Kyoto Mechanism Business Promotion Department of New Energy and Industrial Technology Development Organization July 2012: Appointed as Director-General of Hakodate Customs, Ministry of Finance Japan October 2014: Appointed as Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation (to present) June 2017: Appointed as Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present) [Significant concurrent duties] Executive Director and General Manager of Tokyo Office, Global Environment Centre Foundation	1,000 shares

Attendance at the Board of Directors meeting: 7 out of 7 meetings

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

(Reason for nomination as a candidate for Outside Director)

Mr. Kimura has professional expertise and experience in environmental preservation, including waste treatment and recycling and gives us his useful opinions as a Director serving as the Audit and Supervisory Committee Member.

Although he has no experience of being directly engaged in corporate management, the Company believes that he is able to appropriately carry out supervision of the business operations, etc. for the aforementioned reason, and therefore requests his election as an Outside Director serving as the Audit and Supervisory Committee Member.

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Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
2	 Kyoko Kanazawa (October 11, 1965) To be Reelected	April 1989: Joined FUJI RESEARCH INSTITUTE CORPORATION April 2000: Registered as lawyer April 2000: Joined Kazama & Hata Law Office (currently Hata & Co. Law Offices) (to present) June 2017: Appointed as Outside Director (serving as Audit and Supervisory Committee Member) of Asahi Holdings, Inc. (to present) June 2018: Appointed as Outside Director of Tokushu Tokai Paper Co., Ltd. (to present) [Significant concurrent duties] Lawyer Outside Director of Tokushu Tokai Paper Co., Ltd.	- shares

Attendance at the Board of Directors meeting: 7 out of 7 meetings

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

(Reason for nomination as a candidate for Outside Director)

Ms. Kanazawa has highly professional expertise and experience in law as a lawyer and gives us her useful opinions on the validity and appropriateness of making decisions on deliberations of the agenda and other matters as a Director serving as the Audit and Supervisory Committee Member. Although she has no experience of being directly engaged in corporate management, the Company believes that she is able to appropriately carry out supervision of the business operations, etc. for the aforementioned reason, and therefore requests her election as an Outside Director serving as the Audit and Supervisory Committee Member.

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares	Convocation Notice
3	 Yoshikatsu Takeuchi (January 1, 1956) <u>Newly Elected</u>	April 1978: Joined Hyogo Sogo Bank April 1999: Joined Asahi Pretec Corp. June 2001: Appointed as Director and General Manager of General Affairs Department of Asahi Pretec Corp. April 2004: Appointed as Director and General Manager of Environmental Business Division and concurrently serving as General Manager of Business Coordination Division of Asahi Pretec Corp. March 2006: Appointed as Director and General Manager of Environmental Recycling Business Division of Asahi Pretec Corp. May 2008: Appointed as Representative Director and President of Japan Waste Corporation April 2009: Appointed as Director of Asahi Holdings, Inc. (to present) April 2018: Appointed as Director and Chairman of Japan Waste Corporation (to present) April 2018: Appointed as Director of Asahi Life & Health Corporation (to present) [Significant concurrent duties] Director and Chairman of Japan Waste Corporation (scheduled to retire in June 2019) Director of Asahi Life & Health Corporation (scheduled to retire in June 2019)	12,800 shares	Reference Documents for General Meeting of Shareholders
Attendance at the Board of Directors meeting: 7 out of 7 meetings				Business Report
Attendance at the Audit and Supervisory Committee meeting: -				Consolidated Financial Statements
(Reason for nomination as a candidate)				Financial Statements
Mr. Takeuchi has been engaged in the management of the Group for many years as a Director of the Company and as a Representative Director and Director of the Group companies, having deep insight and abundant experience in overall management. The Company believes that he will give us useful opinions based on such insight and experience, and therefore requests his election as a Director serving as the Audit and Supervisory Committee Member.				Audit Reports

Candidate No.	Name (Date of birth)	Career, Position and Duties at Asahi Holdings	Ownership of Shares
4	 Yoshinori Hara (July 21, 1958) <u>Newly Elected</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 (to present) [Significant concurrent duties] Dean and Professor of Graduate School of Management, Kyoto University	- 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)

Mr. Hara serves as the Dean and Professor of Graduate School of Management at Kyoto University and his laboratory aims to develop service creative class (personnel who create services generating high-quality added value). He has highly professional expertise and experience in all aspects of service innovation.

Although he has no experience of being directly engaged in corporate management, the Company believes that he will give us useful opinions for the aforementioned reason, and therefore requests his election as an Outside Director serving as the Audit and Supervisory Committee Member.

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

2. Yuji Kimura, Kyoko Kanazawa and Yoshinori Hara are candidates for Outside Director.
3. The term of office of Yuji Kimura and Kyoko Kanazawa as Outside Director will be two years at the close of this Annual General Meeting of Shareholders.
4. The Company has entered into a contract with each of Yuji Kimura and Kyoko Kanazawa 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 Yuji Kimura and Kyoko Kanazawa are reelected, the Company intends to continue said contract with each of them. If Yoshikatsu Takeuchi and Yoshinori Hara are newly elected, the Company intends to enter into the same contract with each of them to limit their liability for compensation for damages.
5. The Company has notified the Tokyo Stock Exchange that Yuji Kimura and Kyoko Kanazawa are independent board members as per the provisions of the Tokyo Stock Exchange, and they will continue to be independent board members if this proposal is approved and they assume the position of Outside Director. Yoshinori Hara satisfies the

requirements of an independent board member as per the provisions of the Tokyo Stock Exchange. Accordingly, if this proposal is approved and he assumes the position of Outside Director, the Company intends to newly notify the Tokyo Stock Exchange that he is an independent board member.

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(Reference)

Criteria for Independence of Outside Directors

1. Outside Directors and candidates of Outside Director of our company must be independent and neutral, which none of the following conditions applies.

- (1) Person who is currently a business executing person^(Note 1) of our company and our affiliates (hereinafter collectively referred to as “the Group”) or who was a business executing person of Group in the last 10 years
- (2) Person who was previously a director (except outside director) of the Group
- (3) Party whose main business partner is the Group or its business executing persons as stated below
 - (a) Business partner group (which refers to a party belonging to a consolidated group consisting of direct business partners; this being applicable hereinafter as well) that supplies products or services to the Group, if the amount of annual trade between such business partner group and the Group exceeds either 50 million yen or 2% of the consolidated sales (or total revenue) of such business partner group
 - (b) Business partner group to whom the Group owes debts, if the total amount of debts the Group owes to such business partner group exceeds either 50 million yen or 2% of the consolidated total assets of such business partner group
- (4) The Group’s main business partners stated below or their business executing person
 - (a) Business partner group to whom the Group supplies products or services, if the amount of annual trade between the Group and such business partner group exceeds either 50 million yen or 2% of the consolidated sales of the Group
 - (b) Business partner group who owes debts to the Group, if the total amount of debts such business partner group owes to the Group exceeds either 50 million yen or 2% of the consolidated total assets of such business partner group
 - (c) Financial institution group (i.e. a party belonging to a consolidated group consisting of direct borrowers) from whom the Group borrows money, if the total amount loaned by such financial institution group to the Group exceeds 2% of the consolidated total assets of Group
- (5) Main shareholder of the Company (i.e. a party who directly or indirectly holds the voting rights equal to 10% or more of total voting rights) or, if such shareholder is a corporation, its business executing person
- (6) Business executing person of a party to whom the Group or its director or corporate officer is a large contributor (i.e. a party who directly or indirectly holds the voting rights equal to 10% or more of total voting rights)
- (7) Party who receives a donation from the Group or its director or corporate officer in an amount exceeding either 10 million yen per annum or 2% of the sales (or total revenue) of such party or its business executing person
- (8) Consultant, accounting professional including a certified public accountant, legal specialist including lawyer, and other adviser who receives money or other properties from the Group or its director or corporate officer in amount exceeding either 10 million yen per annum or 2% of the sales (or total revenue) of such party in addition to the executive compensation (or, if a

- party who receives such money or other properties is a corporation, association or any other group, a person who belongs to such group)
- (9) Person who belongs to the audit corporation that conducts a legal audit of our company
 - (10) Business executing person of any other company where an executing person of the Group serves as an outside director
 - (11) Party to whom any of the items (3) through (10) above has applied in the last five years
 - (12) Family member within the second degree of relationship with any of the persons stated below and a stakeholder who lives with any of the persons stated below within the same household
 - (a) Party to whom any of the items (1) through (7) above applies
 - (b) Person specified in item (8) above who has a specialized qualification, such as a certified public accountant, lawyer, etc.
 - (c) Person specified in item (9) above who is a key business executing person^(Note 2) and has a specialized qualification, such as a certified public accountant
 - (d) Business executing person specified in item (10) above who is a key business executing person
 - (e) Person to whom item (11) above applies
2. Independent directors must satisfy the requirements specified in the preceding paragraph and, in addition, must not be in any circumstance where they are reasonably considered to be unable to fulfill their duties in an independent neutral position.
3. Independent directors shall endeavor to maintain their independence prescribed in these criteria until retirement and, if they fail to maintain the independence prescribed in these criteria, shall immediately notify the Company.

Established on November 17, 2015

Note 1: The business executing person means a director (except outside director), corporate officer and other similar officer and employee of a corporation or other association who operates its businesses.

Note 2: The key business executing person means such executing person as a director (except outside director), corporate officer, division manager, etc. who operates important businesses.

1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

During the consolidated fiscal year ended March 31, 2019, 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 Asahi Holdings Group (the “Group”)’s results in each business segment were as follows:

Precious metal business segment

Revenue: 87,804 million yen (up 17.7% YOY)

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 segment

Revenue: 17,197 million yen (up 5.9% YOY)

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.

Life & health business segment

Revenue: 23,709 million yen (down 5.3% YOY)

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, as consolidated results of operations for the fiscal year, we recorded consolidated revenue of 128,669 million yen, operating income of 14,478 million yen and profit attributable to owners of parent of 9,000 million yen.

Compared with the previous fiscal year, revenue increased by 12,871 million yen, operating income increased by 687 million yen and profit attributable to owners of parent decreased by 415 million yen.

By segment, revenue in the precious metal business was 87,804 million yen, revenue in the environmental preservation business was 17,197 million yen and revenue in the life & health business was 23,709 million yen.

Revenue and operating income were composed of the following:

<Breakdown of revenue and operating income>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Income (Millions of yen)
Precious metal business	87,804	68.2	17.7	11,992
Environmental preservation business	17,197	13.4	5.9	3,530
Life & health business	23,709	18.4	(5.3)	1,512
Other	(42)	(0.0)	-	(2,556)
Total	128,669	100.0	11.1	14,478

Revenue	128,669 million yen	Up 11.1% YOY
Operating Income	14,478 million yen	Up 5.0% YOY
ROE	13.6%	Down 3.7% YOY

2) Capital expenditure

Capital expenditure made in the fiscal year totaled 5,709 million yen. The main expenditure was an investment in buildings, machinery and equipment.

3) Financing

Not applicable for the fiscal year

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 options of other companies

Asahi Refining Florida Inc. was newly established as of January 14, 2019, which is a subsidiary of the Company's subsidiary, Asahi Americas Holdings, Inc.

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(2) Property and profit/loss

Category		7 th term April 1, 2015 through March 31, 2016		8 th term April 1, 2016 through March 31, 2017	9 th term April 1, 2017 through March 31, 2018	10 th term April 1, 2018 through March 31, 2019 (Current fiscal year)
		Japanese GAAP	IFRS	IFRS	IFRS	IFRS
Net sales / Revenue	(Millions of yen)	118,473	119,352	106,828	115,797	128,669
Operating income	(Millions of yen)	8,705	6,057	2,038	13,791	14,478
Profit (loss) attributable to owners of parent	(Millions of yen)	5,031	2,867	(1,213)	9,416	9,000
Net income per share / Basic earnings (loss) per share	(Yen)	153.54	87.48	(37.24)	270.77	228.14
Total assets	(Millions of yen)	103,589	101,599	88,976	131,484	160,272
Net assets / Total equity	(Millions of yen)	51,300	48,988	44,827	64,435	67,804
Net assets per share / Equity attributable to owners of parent per share	(Yen)	1,560.21	1,490.56	1,359.02	1,627.20	1,723.16

Notes: 1. Beginning with the 8th term, the consolidated financial statements are prepared in compliance with IFRS. For reference, figures for the 7th term calculated in compliance with IFRS are presented together with those in compliance with the Japanese GAAP.

2. If the presentation of account names differs between the Japanese GAAP and IFRS, both names are presented.

(3) 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 metal business and environmental preservation business
Japan Waste Corporation	400 million yen	100.0%	Environmental preservation business
Asahi Life & Health Corporation	10 million yen	100.0%	Life & health business
Asahi Americas Holdings, Inc.	10 million yen	100.0%	Precious metal 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:

24,621 million yen

c. Total amount recorded in the assets section of the balance sheet of the Company for the fiscal year under review: 75,394 million yen

(4) Major sales offices and plants (as of March 31, 2019)**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

Asahi Pretec Corp.

Main office	21, Uozakihamamachi, 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)

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Business offices	<p>Kitakanto (Kitakatsushika-gun, Saitama Pref.) Nagano (Tomi-shi, Nagano Pref.) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Shikoku (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi) Fukuoka (Koga-shi, Fukuoka Pref.)</p>
Sales offices	<p>Sapporo (Kitahiroshima-shi, 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.)</p>
Plants	<p>Saitama (Kitakatsushika-gun, Saitama Pref.) Nagano (Tomi-shi, Nagano Pref.) Amagasaki (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) The Technical Research Center (Kobe-shi) Ehime (Saijo-shi, Ehime Pref.) Kitakyushu (Kitakyushu-shi) Kitakyushu Hibiki (Kitakyushu-shi) Fukuoka (Koga-shi, Fukuoka Pref.)</p>
Overseas subsidiaries	<p>Asahi G&S Sdn. Bhd. (Malaysia) Asahi Pretec Korea Co., Ltd. (Korea)</p>

Japan Waste Corporation	
Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Business office	Saitama (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Shonan (Koza-gun, Kanagawa Pref.)
Plants	Yokohama (Yokohama-shi) Ogimachi Center (Kawasaki-shi) Samukawa (Koza-gun, Kanagawa Pref.)
Subsidiaries in Japan	JW Chemitech Co., Ltd. (Kawaguchi-shi, Saitama Pref.) Taiyo Chemical Co., Ltd. (Kagoshima-shi) Fuji Rozai Co., Ltd. (Ota-ku, Tokyo) JW Glass Recycling Co., Ltd. (Koto-ku, Tokyo)

Asahi Life & Health Corporation	
Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Subsidiaries in Japan	INTER CENTRAL, INC. (Takizawa-shi, Iwate Pref.) KOEIKOGYO CO., LTD. (Yokohama-shi) FUJI MEDICAL INSTRUMENTS MFG. CO., LTD. (Osaka-shi)
Overseas subsidiaries	Fujiiryoki, inc. (the U.S.)

Asahi Americas Holdings, Inc.	
Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, 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 Inc. (the U.S.)

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(5) Principal businesses (as of March 31, 2019)

The Group is mainly engaged in the precious metal business, the environmental preservation business and the life & health business.

1) Precious metal 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)

3) Life & health business

We provide equipment and systems for better life and health.

- Manufacturing and sales of healthcare products (massager, hearing aids, electrical therapy apparatus for household use, and electrolytic hydrogen water generator)
- Design and construction of radiant air-conditioning system and manufacturing and sale of heating equipment
- Design, construction and maintenance of facilities for fire-prevention, air-conditioning and sanitation

(6) Employees (as of March 31, 2019)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
2,042 (613)	+114 (down 89)

(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
54 (2)	+4 (2)	41 years and 9 months	4 years and 5 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, 2019)

Financial institutions	Loan amount
Mizuho Bank, Ltd.	22,181 million yen
MUFG Bank, Ltd.	22,081 million yen
Syndicated loan	19,085 million yen
Resona Bank, Limited	300 million yen
The Minato Bank, Ltd.	100 million yen

(Note) The syndicated loan is extended by two banks with MUFG Bank, Ltd. as the lead bank.

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

Not applicable

(9) Challenges to be addressed**1) Precious metal business segment**

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

- Improve treatment and refining processes for higher quality, lower cost and higher efficiency.
- Realize production and sales of high value-added precious metal products.

- Promote the business globally and establish our position as the world's leading brand.

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.

- Enhance our capabilities for recycling and treating waste that is difficult to treat, and establish a brand that can surpass competitors.
- Expand our business through appropriate capital investments and strengthen our revenue base.
- Link organically the network of Group companies across the country and expand the scope of our operations.

3) Life & health business segment

In April 2018, we established Asahi Life & Health Corporation to oversee this segment. With this company at the core, we will achieve synergy effects between subsidiaries in this segment by improving the efficiency of operations and management in this segment. The Group will take the following measures to expand earnings in this segment.

- In order to accurately identify and respond to the needs of consumers, capture customer needs and incorporate them into products with IT, and establish brand awareness not just in Japan, but as a global brand.
- Take advantage of the made-in-Japan brand to accelerate enhance overseas expansion.

■ The 8th Mid-term Business Plan (the 10th fiscal term to the 12th fiscal term)

Slogan: Building a global company that pursues originality and growth

Basic Policy:

1. Building a new business foundation that will support the coming era
2. Improving productivity and work styles utilizing information processing technology
3. Sharing the Asahi Way with all employees group-wide

Our Vision for 70th Anniversary of Our Founding:

- Precious metal business: Be the number one precious metal refining in the world
- Environmental preservation business: Be a leader in the environmental business in Japan
- Life & health business: Be the world's number one brand in the healthcare products business

Progress Reports of the First Year of Mid-term Business Plan:

In the 8th Mid-term Business Plan, focusing on the vision for 70th anniversary of our founding for each business, we promote activities to grow over the medium to long-term while maintaining the profitability.

As the performance of the first year has shown solid growth, we are progressing at a good rate toward an achievement of the plan.

We will strive further to achieve the goals of the 8th Mid-term Business Plan.

■ Reference: Initiatives for the achievement of SDGs

Doing our part to protect the natural environment and resources

What is Asahi Holdings SDGs:

Adopted in 2015 at the United Nations, the Sustainable Development Goals (SDGs) seek to address a wide range of issues related to the economy, society and the environment.

The Group works toward the goals described below, among 17 goals set by SDGs, through our businesses.

Precious Metal Business	Environmental Preservation Business	Life & Health Business
Precious Metal Products	Proper disposal and recycle of industrial waste	Various healthcare products, air-conditioning facilities, and disaster prevention equipment
We contribute to effective use of resources and development of industries by recycling precious metals that are indispensable for manufacturing now.	We contribute to realization of a recycling-oriented society by properly disposing and recycling a wide variety of industrial waste.	We meet the needs of the society including rising health awareness by providing equipment and systems to maintain better life and health.

SDGs Key Themes

1	<p>Expanding precious metal recycling The further utilize effectively limited earth resources, we will globally expand and promote precious metal recycling.</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div style="border: 1px solid black; padding: 2px;">15 LIFE ON LAND</div>	4	<p>Reducing CO₂ emissions 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 style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">7 AFFORDABLE AND CLEAN ENERGY</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">13 CLIMATE ACTION</div> <div style="border: 1px solid black; padding: 2px;">17 PARTNERSHIPS FOR THE GOALS</div>
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<p>2</p>	<p>Precious metal provision that is safe for people, society, and the environment Through raw materials that do not include conflict minerals and provision of precious metals produced from scrap containing precious metals in consideration of human rights and the environment, we will contribute to development of a sustainable society.</p> <div data-bbox="300 591 555 696" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div> <div data-bbox="300 712 555 817" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="300 833 555 938" style="border: 1px solid black; padding: 5px;">16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	<p>5</p>	<p>Enriching foundations for active human resources 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="863 553 1123 658" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">3 GOOD HEALTH AND WELL-BEING</div> <div data-bbox="863 674 1123 779" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">4 QUALITY EDUCATION</div> <div data-bbox="863 795 1123 900" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">5 GENDER EQUALITY</div> <div data-bbox="863 916 1123 1021" style="border: 1px solid black; padding: 5px;">8 DECENT WORK AND ECONOMIC GROWTH</div>
<p>3</p>	<p>Expanding waste recycling We will work to expand waste recycling as experts in waste processing, working toward realizing a sustainable recycling-oriented society.</p> <div data-bbox="300 1234 555 1339" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">6 CLEAN WATER AND SANITATION</div> <div data-bbox="300 1355 555 1460" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div data-bbox="300 1476 555 1581" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div data-bbox="300 1597 555 1702" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div data-bbox="300 1718 555 1823" style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">14 LIFE BELOW WATER</div> <div data-bbox="300 1839 555 1944" style="border: 1px solid black; padding: 5px;">15 LIFE ON LAND</div>	<p>6</p>	<p>Encouragement and support for SDG activities We will encourage and support extracurricular activities that contribute to SDGs such as individual and group volunteer work as “Asahi Group Holdings SDGs Activities.”</p>

■ **Reference: Corporate Governance Structure**

Basic Policies for Corporate Governance

Corporate Governance Policies, etc. can also be found on the Company’s website:

<https://www.asahiholdings.com/ir/library/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 of the Group consists of the Executive Directors who are familiar with the fields of businesses, technology and management and the Outside Directors who have the diversified expert knowledge necessary for the corporate management. In order to carry out an effective and active discussion at the Board of Directors meeting, the number of Directors is nine (9) including three (3) Independent Outside Directors. All Directors actively exchange opinions freely concerning important subjects, such as the Group’s management strategies and business plan.
Audit and Supervisory Committee	The Group has adopted a company with an Audit and Supervisory Committee as a form of organization under the Companies Act and appoints three (3) Independent Outside Directors. As a result, we enhance the function to supervise the Board of Directors, and realize rapid decision-making by delegating determination of important business operations to the Executive Directors, to raise management efficiency.
Nominating Committee/ Compensation Committee	We have established the “Compensation Committee” and “Nominating Committee” that respectively consist of three (3) members including two (2) Independent Outside Directors as an advisory body of the Board of Directors in order to further enhance corporate governance by securing transparency, fairness and objectivity in appointing and dismissing the Directors and key management candidates and determining the amount of compensation of Directors.

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2. Current state of the Company

(1) Shares (as of March 31, 2019)

- 1) **Number of shares authorized:** 129,000,000 shares
 2) **Number of shares issued:** 39,854,344 shares
 3) **Number of shareholders:** 16,105
 4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	4,050	10.17
The Master Trust Bank of Japan, Ltd. (Trust account)	2,747	6.90
TERA ENTERPRISES Co., Ltd.	1,150	2.89
Mitsuharu Terayama	887	2.23
STATE STREET BANK AND TRUST COMPANY 505025	843	2.12
Masamichi Terayama	802	2.01
GOVERNMENT OF NORWAY	765	1.92
Asahi Employee Stock Ownership Plan	733	1.84
Japan Trustee Services Bank, Ltd. (Trust account 5)	726	1.82
K&M Co., Ltd.	700	1.76

(Note) Percentage of shares held is calculated by excluding treasury stock.

Shareholder Distribution

Individuals, Others	15,417 thousand shares (38.69%)
Financial Institutions	12,069 thousand shares (30.28%)
Foreign Corporations, etc.	8,564 thousand shares (21.49%)
General Corporations, Other Corporations	2,784 thousand shares (6.99%)
Securities Companies	1,017 thousand shares (2.55%)

The Number of Shares: 39,854 thousand shares

(2) Stock options, etc.

Not applicable

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(3) Board members and corporate officers**1) Directors (as of March 31, 2019)**

Position	Name	Responsibility and important concurrent assignment
Chairman & CEO	Mitsuharu Terayama	
Representative Director and President	Tomoya Higashiura	Director, Asahi Pretec Corp. Representative Director and President, Asahi Americas Holdings, Inc.
Director	Yoshikatsu Takeuchi	Director and Chairman, Japan Waste Corporation Director and Chairman, Asahi Life & Health Corporation
Director	Amane Kojima	General Manager of Accounting Division Corporate Auditor, Asahi Pretec Corp. Director, Asahi Americas Holdings, Inc.
Director	Hiroyuki Nakanishi	Representative Director and President, Asahi Pretec Corp.
Director/Audit and Supervisory Committee Member	Shoji Morii	
Director/Full-Time Audit and Supervisory Committee Member	Yukio Tanabe	
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.

- (Notes)
1. According to a resolution at the meeting of 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 Shoji Morii, Yuji Kimura and Kyoko Kanazawa are Outside Directors.
 3. Director/Full-Time Audit and Supervisory Committee Member Yukio Tanabe has longtime experience of accounting of the Company and possesses extensive expertise in finance and accounting.
 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 Shoji

Morii, Yuji Kimura and Kyoko Kanazawa as independent board members under the provisions of the Tokyo Stock Exchange, and filed such status with the exchange.

2) Directors and Corporate Auditors who resigned during the fiscal year

At the conclusion of the 9th Annual General Meeting of Shareholders held on June 19, 2018, Director Kazuo Kawabata retired due to expiration of his term of office.

3) Description of the limited liability contract

The Company and each Director (excluding any Director with executive authority over operations, 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.

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4) Compensation, etc., for Directors

Total compensation, etc., for the fiscal year

Category	Number of persons subject to payment	Payment amount
Directors not serving as an Audit and Supervisory Committee Member (Outside Director)	6 (0)	134 million yen (0)
Directors serving as an Audit and Supervisory Committee Member (Outside Directors)	4 (3)	30 million yen (18)
Total (Outside Directors)	10 (3)	165 million yen (18)

- (Notes) 1. The amount of compensation for Directors not serving as an Audit and Supervisory Committee Member does not include the employee salaries of Directors who serve concurrently as employees.
2. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the limit of compensation for Directors not serving as Audit and Supervisory Committee Members be up to an annual 200 million yen (not including the portion of salary as employees) and that the limit of compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen.
3. The above amounts of compensation include the 40 million yen compensation based on the performance-based stock compensation plan for Directors, which was approved at the 6th Annual General Meeting of Shareholders held on June 16, 2015, and granted to six (6) Directors (excluding Directors serving as the Audit and Supervisory Committee Members) for the fiscal year under review.
4. The above amounts of compensation do not include the 28 million yen provision of reserve for the performance-based stock compensation plan for five (5) Directors (excluding Directors serving as the Audit and Supervisory Committee Members), which was approved at the 9th Annual General Meeting of Shareholders held on June 19, 2018, and recorded for the fiscal year under review.

5) 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 the Outside Director of Tokushu Tokai Paper 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
Director (Audit and Supervisory Committee Member)	Shoji Morii	He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year. He has expertise and experience related to management, including finance, and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
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 considerable expertise and experience in environmental preservation, including waste treatment and recycling and has been submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters.
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 submitting advice / recommendations to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters from the highly professional viewpoint for laws as a lawyer.

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(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	31 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	55 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) Description of Non-Audit Services

The Company entrusts services concerning the preparation of comfort letters to the Accounting Auditor, and pays fees in relation to such services.

4) 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

- **Dividend policy:** The Company will maintain a payout ratio of 50% or more of consolidated net profit.

We position the return of profits to shareholders as a key issue.

The Company had it our basic policy to pay out dividends twice a year, an interim dividend and a year-end dividend, maintaining a payout ratio reflecting consolidated net profit of “30% or more”. However, the Company raised the payout ratio set in the policy to “50% or more”, to further increase the return of profits to shareholders.

Starting from the fiscal year 2018, the Company introduced a special benefit plan for shareholders.

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Consolidated Statement of Financial Position (as of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	113,790	Current liabilities	70,573
Cash and cash equivalents	16,297	Trade and other payables	17,169
Trade and other receivables	66,489	Loans payable	44,712
Inventories	25,191	Income tax payable	2,405
Income tax receivables	1,515	Other financial liabilities	1,537
Other financial assets	389	Provisions	1,207
Other current assets	3,906	Other current liabilities	3,540
Non-current assets	46,482	Non-current liabilities	21,895
Property, plant and equipment	36,083	Loans payable	19,085
Goodwill	8,243	Deferred tax liabilities	1,360
Intangible assets	697	Net defined benefit liability	157
Deferred tax assets	873	Other financial liabilities	1,291
Net defined benefit asset	47	Total liabilities	92,468
Financial assets	498	EQUITY	
Other non-current assets	39	Equity attributable to owners of parent	67,804
		Capital stock	7,790
		Capital surplus	10,353
		Treasury stock	(955)
		Retained earnings	55,547
		Other components of equity	(4,931)
Total assets	160,272	Total equity	67,804
		Total liabilities and equity	160,272

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

Consolidated Statement of Income (April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount	
Revenue		128,669
Cost of sales		(99,159)
Gross profit		29,509
Selling, general and administrative expenses	(14,959)	
Other operating income	219	
Other operating expenses	(290)	(15,030)
Operating income		14,478
Finance income	33	
Finance cost	(1,106)	(1,073)
Profit before tax		13,405
Income tax expenses		(4,404)
Profit		9,000
Profit attributable to:		
Owners of parent		9,000
Non-controlling interests		—

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

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Consolidated Statement of Changes in Equity (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Equity attributable to owners of parent				Other components of equity	
	Capital stock	Capital surplus	Treasury stock	Retained earnings	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	7,790	10,353	(955)	55,547	(3,737)	(1,203)

(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, 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	8	—	(4,931)	67,804	67,804

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

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Balance Sheet (as of March 31, 2019)

(Millions of yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	42,127	Current liabilities	223
Cash and deposits	9,863	Short-term loans payable	100
Short-term loans to affiliated companies	48,061	Accounts payable-other	30
Income taxes receivable	1,324	Accrued expenses	26
Other	21	Provision for bonuses	16
Allowance for doubtful accounts	(17,142)	Provision for directors' bonuses	38
		Other	12
Non-current assets	33,266	Non-current liabilities	20,387
Property, plant and equipment	5,660	Long-term loans payable	20,304
Buildings	2,304	Provision for stocks payment	12
Tools, equipment and fixtures	1	Provision for management board incentive plan trust	28
Land	3,355	Other	42
Intangible assets	30	Total liabilities	20,611
Software	30	NET ASSETS	
Investments and other assets	27,574	Shareholders' equity	54,782
Shares of affiliated companies	27,519	Capital stock	7,790
Deferred tax assets	55	Capital surplus	27,651
Other	0	Capital reserve	9,364
		Other capital surplus	18,287
Total assets	75,394	Retained earnings	20,295
		Other retained earnings	20,295
		Retained earnings carried forward	20,295
		Treasury stock	(955)
		Total Net Assets	54,782
		Total Liabilities and Net Assets	75,394

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

Statement of Income (April 1, 2018 to March 31, 2019)

(Millions of yen)

Account	Amount	
Operating revenue		8,429
Operating expenses		1,385
Operating income		7,044
Non-operating income		
Interest income	151	
Guarantee commission received	162	
Other	4	317
Non-operating expenses		
Interest expenses	26	
Provision of allowance for doubtful accounts	433	459
Ordinary income		6,902
Extraordinary gain		
Gains on sale of non-current assets	2	2
Extraordinary loss		
Loss on retirement of non-current assets	0	0
Net profit before income taxes		6,905
Income taxes-current	86	
Income taxes-deferred	(5)	80
Net profit		6,824

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

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Statement of Changes in Net Assets (April 1, 2018 to March 31, 2019)

(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, 2018	7,790	9,364	18,299	17,174	(386)	52,241
Changes during the period						
Dividends from surplus				(3,703)		(3,703)
Net profit				6,824		6,824
Purchase of treasury stock					(744)	(744)
Disposal of treasury stock			(11)		175	163
Total changes during the period	—	—	(11)	3,121	(568)	2,540
Balance at March 31, 2019	7,790	9,364	18,287	20,295	(955)	54,782

	Total net assets
Balance at April 1, 2018	52,241
Changes during the period	
Dividends from surplus	(3,703)
Net profit	6,824
Purchase of treasury stock	(744)
Disposal of treasury stock	163
Total changes during the period	2,540
Balance at March 31, 2019	54,782

(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 7, 2019

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and
Engagement Partner, Certified Public Accountant Toshinari
Takeno

Designated and
Engagement Partner, Certified Public Accountant Hiroaki Hono

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, 2018 to March 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in conformity with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows 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.

Auditors' Responsibility

Our responsibility is to express independent opinions on consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. Audit procedures are selected and applied depending on auditor judgment on the basis of the assessment of the risks of material misstatements of the consolidated financial statements arising from fraud or error. The purpose of the audit of the consolidated financial statements is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Audit Opinion

In our opinion, the above consolidated financial statements prepared in conformity with the provision of the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which allows partial omission of the disclosures required by the designated international accounting standards, 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.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

Transcript of Accounting Auditor's audit report

Independent Auditor's Report

May 7, 2019

To the Board of Directors of
Asahi Holdings, Inc.

Ernst & Young ShinNihon LLC

Designated and
Engagement Partner, Certified Public Accountant Toshinari
Takeno

Designated and
Engagement Partner, Certified Public Accountant Hiroaki Hono

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 10th fiscal year from April 1, 2018 to March 31, 2019, including notes to non-consolidated financial statements and supplementary schedules thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements and 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 supplementary schedules thereto that are free from material misstatements caused by fraud or error.

Auditors' Responsibility

Our responsibility is to express independent opinions on financial statements and supplementary schedules thereto based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we draw up a plan and perform the audit pursuant to the plan to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereto are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules thereto. Audit procedures are selected and applied depending on auditors' judgment on the basis of the assessment of the risks of material misstatements of the financial statements and the supplementary schedules thereto arising from fraud or error. The purpose of the audit of the financial statements and the supplementary schedules thereto is not to express an opinion on the validity of internal control, but in assessing the risks, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements and the supplementary schedules thereto in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted by management, application methods therefor and estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Audit Opinion

In our opinion, the financial statements and the 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 supplementary schedules thereto in conformity with corporate accounting principles generally accepted in Japan.

Interests

There are no interests between the Company and us or engagement partners, which should be stated in compliance with the Certified Public Accountants Act.

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 10th fiscal year (from April 1, 2018 to March 31, 2019), 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, in accordance with the audit policies and important audit items, and in cooperation with the internal audit division and 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, examined important approval documents, etc., and inspected the status of the corporate affairs and assets of the Company. In addition, opinions were exchanged with Chairman & CEO and Representative Director and President. Regarding the Company’s major subsidiaries, the processes of determining the execution of business operations were investigated by attending important meetings, receiving reports on businesses and requesting explanations as necessary.
- 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 consolidated statements of changes in equity and notes to consolidated

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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 8, 2019

Audit and Supervisory Committee, Asahi Holdings, Inc.

Chairman:	Shoji Morii
Full-time Audit and Supervisory Committee Member:	Yukio Tanabe
Audit and Supervisory Committee Member:	Yuji Kimura
Audit and Supervisory Committee Member:	Kyoko Kanazawa

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

TOPICS

- **Establishment of New Company in Florida, North America**

On January 14, 2019, Asahi Refining Florida Inc. was established, and the assets of Republic Metals Corporation, a company primarily in the business of gold and silver refining and product processing, and its subsidiary Republic Carbon Company were purchased. Asahi Refining Florida Inc. will manufacture gold coins and other coins as a new business in the precious metal business. The North American refining business will become an operation with three locations, creating a business scale that is on a global level. By gaining a foothold in the minting business (manufacture of coins and bars with intricate designs), the Company will work toward further growth.

