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## Notice of the 15th Annual General Meeting of Shareholders

Matters excluded in accordance with laws and regulations and the Company's Articles of Incorporation from paper-based documents delivered in response to a request for delivery of documents stating matters subject to measures for electronic provision

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The items above are omitted in the document to be delivered to shareholders who have requested delivery of the document (the document stating the matters to be provided electronically) in accordance with laws and regulations, and Article 14, Paragraph 2 of the Articles of Incorporation of ARE Holdings, Inc.

## **ARE Holdings, Inc.**

## **Structure to ensure the appropriateness of business**

Decisions on a framework to ensure that the performance of duties by the Directors is consistent with the laws and the Articles of Incorporation and a framework to secure the appropriateness of the businesses of the Company are as follows:

- 1) Framework to ensure that the performance of duties by the Directors, Corporate Officers and employees of the Company and our subsidiaries is consistent with the laws and the Articles of Incorporation**
  - (a) The Board of Directors will establish “Asahi Way” for the Directors and employees in order for the Directors, Corporate Officers and employees to comply with the laws, Articles of Incorporation and internal rules and to fulfill their duties.
  - (b) We will distribute “Asahi Way” to the Directors and employees so as to keep them informed of legal compliance. The internal audit division will make improvements and give guidance through the business audit.
  - (c) We will establish the “Internal Control Promotion Meeting” consisting of officers and responsible persons of various divisions as an organization that controls the entire compliance in order to promote the construction, maintenance and improvement of the internal control system.
  - (d) To promote compliance, the actual situation of compliance will be audited.
  - (e) In order to respond appropriately to any legal violation or other doubtful act under laws which may be discovered by a Director or an employee, we will develop and operate a whistle-blowing system.
  - (f) We will never have any relationship, including business relationships, with anti-social forces which threaten the social order and sound corporate activities. In the event of an illegal request, we will take a firm attitude and respond to it organizationally in accordance with the law and internal rules.
- 2) Framework for storage and management of information relating to business operations by the Directors and a framework for report to the Company about the matters relating to the performance of duties by the Directors and employees of our subsidiaries**
  - (a) We will appropriately control the manner of storing, disposing of and otherwise managing the records and documents relating to the performance of duties and decision-making of the Directors and will review the relevant rules from time to time when needed.
  - (b) The Directors, Audit and Supervisory Committee Members and Accounting Auditor will always have access to these information and documents.
  - (c) We will manage our subsidiaries and they will report important matters to us.
- 3) Rules and other frameworks for management for risk of loss in the Company and our subsidiaries**
  - (a) We will establish the risk management rules and build a risk management system in accordance with such rules.
  - (b) In the event of an unexpected event, we will discuss and make decisions at the management meeting, etc., and the responsible manager will inform such decisions to each division and plant. Each division and plant will take prompt actions to prevent damage from expanding and will arrange a system to minimize the damage.

- 4) Framework to secure the efficient performance of duties by the Directors of the Company and our subsidiaries**
- (a) The Board of Directors will hold a meeting regularly no less than once every three months and from time to time when needed in order to determine the management policies and other important matters relating to the business strategies and to supervise the situation of business operations by the Directors.
  - (b) In order to enhance the functions of the Board of Directors and improve management efficiency, the Board of Directors will hold an extraordinary meeting from time to time when needed in order to expeditiously make decisions on basic matters and important matters relating to the business operations.
  - (c) The Board of Directors will draft a mid-term business plan and a budget for each fiscal year to set the business target and will supervise the progress.
  - (d) Regarding the business operations according to decisions made by the Board of Directors, we will establish the responsibility of the Directors for performance of duties and the procedures for performance so as to ensure the efficient performance of duties. Each provision will be reviewed from time to time when needed.
- 5) Framework to secure the appropriateness of business of the corporate group consisting of the Company and our subsidiaries**
- (a) We will build a system to manage our subsidiaries and will develop a system to report their business results, business activities and the like to our Board of Directors on a regular basis.
  - (b) A manager of the Company will serve as an officer of our subsidiary and will develop a system to observe the appropriateness of such subsidiary's business.
  - (c) The internal audit division of the Company will conduct the internal audit regularly or when needed and will develop a system to report the result of audit to the Audit and Supervisory Committee and Executive Directors.
- 6) Framework to appoint an employee who assists the duties of the Audit and Supervisory Committee of the Company, and the matters relating to the independence of such employee from the Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and the matters relating to the assurance of effective instructions given by the Audit and Supervisory Committee to such employee**
- (a) We will assign an employee who assists the duties of the Audit and Supervisory Committee in the Audit and Supervisory Committee Secretariat.
  - (b) Appointment and relocation of the Audit and Supervisory Committee Secretariat staff that assists such committee in performing its duties requires prior consent of such committee.
  - (c) The Audit and Supervisory Committee shall have the right to direct and order the Audit and Supervisory Committee Secretariat staff who assists the committee in performing its duties to perform his/her duties.

**7) Framework where the Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and auditors of our subsidiaries or parties who receives a report from aforementioned persons report to the Audit and Supervisory Committee of the Company, and other matters relating to reporting to the Audit and Supervisory Committee**

- (a) The Directors (excluding Directors serving as the Audit and Supervisory Committee Members) and employees of the Company and the Directors, Corporate Officers, employees and auditors of our subsidiaries or parties who receive a report from aforementioned persons will promptly report the important matters relating to, without limitation, the management, the accounting division and division in charge of compliance and awards and penalties to the Audit and Supervisory Committee of the Company, in addition to the matters which conflict with the laws and Articles of Incorporation and the matters which may remarkably damage the Company and our subsidiaries.
- (b) In order to grasp the important decision-making process and the situation of its business operations, the Audit and Supervisory Committee Members may attend important meetings in addition to the meeting of the Board of Directors, access important documents relating to the business operations and request a Director or an employee to explain the situation when needed.

**8) Framework to ensure that no person who reported to the Audit and Supervisory Committee of the Company is treated disadvantageously by reason of the report**

We will not treat any officer or employee of the Company and our subsidiaries who reported to the Audit and Supervisory Committee disadvantageously by reason of such report.

**9) Matters relating to the policies for settlement of expenses or debts associated with the procedures for prepayment or reimbursement of expenses incurred for the performance of duties by the Audit and Supervisory Committee Members of the Company (limited to the performance of duties of the Audit and Supervisory Committee) and the performance of other duties**

The Audit and Supervisory Committee Members may request the company to repay the expenses required for the performance of their duties (limited to the performance of duties of the Audit and Supervisory Committee).

**10) Other framework to ensure that the Audit and Supervisory Committee of the Company conducts audits effectively**

The Audit and Supervisory Committee, Accounting Auditor and Audit and Supervisory Committee Secretariat will cooperate with each other in audit tasks and the Director and employees will assist them in conducting audits efficiently.

## **Status of operation of structure to ensure the appropriateness of business**

As of June 16, 2015, the Company made a transition to the Board with Audit and Supervisory Committee to promote efforts to ensure transparency and improve the efficiency of corporate management by reinforcing the supervisory function of the Board of Directors and utilizing Outside Directors. The Company's Board of Directors discusses management risks and reviews the Company's internal organizations, operations and regulations accordingly to enhance their effectiveness.

The status of operation of structure to ensure the appropriateness of business operations is as follows.

### **1) Status of efforts to enhance the appropriateness and efficiency of business execution**

- (a) The Board of Directors consists of one (1) Director with executive authority over operations and five (5) Directors serving as Audit and Supervisory Committee Members (including four (4) Outside Directors) and has held active discussions.
- (b) During the fiscal year under review, the Board of Directors held eight (8) meetings where the status of business execution was supervised by deliberating proposals and receiving reports on the status of important business execution.
- (c) The Board of Directors entrusts the authority over some important business execution to Directors to ensure efficient decision making and business execution.
- (d) To secure the transparency in decisions on nomination and compensation for Directors and Group companies, the Nominating Committee and the Compensation Committee, each of which consists of one Representative Director and two (2) Outside Directors serving as Audit and Supervisory Committee Members, were established as voluntary committees, and have provided advice and suggestions to the Board of Directors.

### **2) Status of efforts regarding compliance and risk management**

- (a) Continuous efforts to ensure compliance with laws, regulations and the Articles of Incorporation have been made by providing employees with compliance education through in-house trainings and meetings and announcing the content of laws and their revisions on the internal portal site or with other means.
- (b) To counter an act that violates laws, regulations and the Articles of Incorporation, the whistle-blowing system has been reinforced to monitor such an act, thereby strengthening legal compliance and risk management.
- (c) The Internal Control Promotion Meeting engages in identification and control of internal risks, and improves the internal organizations, facilities and equipment, information systems and internal regulations accordingly.

### **3) Status of execution of duties of the Audit and Supervisory Committee**

- (a) Directors serving as Audit and Supervisory Committee Members join the discussion and resolution of proposals and receive reports on the status of business execution at the meetings of the Board of Directors and attend the Group Subsidiaries Management Meeting and other meetings to enhance the effectiveness of audits.
- (b) To ensure the effectiveness of audits by Directors serving as Audit and Supervisory Committee Members, the Audit and Supervisory Committee Secretariat, which is independent of orders from Executive Directors, is placed to support the Audit and Supervisory Committee Members.

**4) Status of the internal audits system**

- (a) An internal audit division for conducting audits on a Group-wide basis has been in place for enhancement of the internal audits system.
- (b) The internal audit division conducts audits on overall business operations and reports to the Audit and Supervisory Committee. The division also cooperates with the Audit and Supervisory Committee Members and the Accounting Auditor to enhance the effectiveness of audits.

**Notes to consolidated financial statements**  
**(Basis of preparing consolidated financial statements)**

**1. Standards for preparing the consolidated financial statements**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) under the provision of Article 120, Paragraph 1 of the Rules of Corporate Accounting. Certain disclosures required by IFRS have been omitted from these consolidated financial statements under the provision set forth in the second sentence of said Paragraph.

**2. Scope of consolidation**

Number of consolidated subsidiaries	10
Major consolidated subsidiaries	Asahi Pretec Corp. ASAHI METALFINE, Inc. Waste System Japan Corporation Asahi G&S Sdn. Bhd. Asahi Pretec Korea Co., Ltd. Asahi Refining USA Inc. Asahi Refining Florida LLC Asahi Refining Canada Ltd. Asahi Depository LLC DXE INC.

**3. Equity method affiliate**

Number of equity method affiliates	16
Major equity method affiliate	Renatus Co., Ltd.

**4. Change in scope of consolidation or scope of application of equity method**

As Waste System Japan Corporation was newly established during the current consolidated fiscal year, it is included in the scope of consolidation. As the Company exchanged all shares it held in Japan Waste Corporation, JW Chemitech Co., Ltd., Fuji Rozai Co., Ltd., and Nihon Chemitech Logitem Co., Ltd. with part of shares of Renatus Co., Ltd., they are excluded from the scope of consolidation and have become equity method affiliates. Renatus Co., Ltd. is also included in the scope of equity method application.

## 5. Accounting policies

### (1) Valuation standards and methods for major assets

#### 1) Financial assets other than derivatives

##### (i) Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contract clauses of financial instruments and classifies the financial assets into financial assets measured at fair value through profit or loss or other comprehensive income and financial assets measured at amortized cost.

All financial assets, unless they are classified into those measured at fair value through profit or loss, are measured at fair value plus transaction costs.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

For financial assets measured at fair value, except equity instruments that are held for trading and must be measured at fair value through profit or loss, a designation is made of individual equity instruments as those measured at fair value through profit or loss or those measured at fair value through other comprehensive income, and such designation is applied consistently.

##### (ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows.

#### a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the amortized cost based on the effective interest method.

#### b) Financial assets measured at fair value

Changes in the fair value of financial assets measured at fair value are recognized in profit or loss. However, for equity instruments designated as those measured at fair value through other comprehensive income, changes in the fair value are recognized in other comprehensive income. Said amounts recognized in other comprehensive income are not subsequently reclassified into profit or loss. In cases where such financial assets are derecognized or their fair value declines significantly, the other comprehensive income previously recognized is directly transferred to retained earnings. Dividends relating to such financial assets are recognized as part of finance income and in profit or loss for the fiscal year under review.

##### (iii) Impairment of financial assets

The Group recognizes impairment of financial assets based on whether the credit risk on the financial asset or financial asset group measured at amortized cost at each end of the reporting periods has increased significantly since initial recognition. Specifically, if the credit risk has not increased significantly since initial recognition, a loss allowance is recognized based on 12-month expected credit losses. On the other hand, if the credit risk has increased significantly since initial recognition, a loss allowance is recognized based on expected credit



losses through the remaining life of the financial asset. Whether the credit risk has increased significantly is determined based on changes in the risk of default. Whether there are changes in the risk of default is determined by taking into account any significant changes in the external credit ratings of the financial asset, unfavorable changes in the status of business operations or financial position, any events of overdue payments and other information. For trade receivables, however, lifetime expected credit losses are recognized from when the instruments are first recognized.

Expected credit losses are measured based on the discounted present value of differences between contractual amounts to be received and amounts expected to be received.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains control over the transferred financial asset, the Group recognizes the asset and related liability to the extent of its continuing involvement.

2) Derivatives

The Group utilizes derivatives, including foreign exchange forward contracts, interest rate swaps and commodity forward contracts, to hedge, respectively, foreign exchange, interest rate and commodity price risks. These derivative instruments are initially measured at fair value when the contract is entered into and are subsequently remeasured at fair value.

3) Inventories

Inventories are measured at the lower of cost and net realizable value. The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined mainly by the moving-average method and includes the cost of purchase, cost of conversion and all other costs incurred in bringing the inventories to their present location and condition.

(2) Depreciation and amortization for major assets

1) Property, plant and equipment : Assets other than land and construction in progress are depreciated using the straight-line method over their estimated useful lives as follows.

- Buildings and structures: 2–50 years
- Machinery, equipment and vehicles: 2–20 years

Estimated useful lives, residual values and depreciation methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.

- 2) Intangible assets : Intangible assets, except those for which the useful life is not determined, are amortized using the straight-line method over their estimated useful lives as follows.
- Software: 5 years
- Estimated useful lives, residual values and amortization methods are reviewed at each fiscal year-end, and any changes are applied prospectively as changes in accounting estimates.
- 3) Leases : For lease transactions, when the ownership of the underlying asset is transferred to the Group prior to the termination of the lease period, or when the exercise of a purchase option is reflected in the acquisition price of the right-of-use asset, the right-of-use asset is depreciated using the straight-line method based on its useful life. In other cases, right-of-use assets are depreciated using the straight-line method based on either the useful life or at the termination of the lease period, whichever is shorter. Lease payments are apportioned between finance costs and repayment of lease liabilities based on the interest method, and financial costs are recognized in the consolidated statement of income. Short-term leases with a lease term of 12 months or less and leases of low-value underlying assets are recognized as expenses on either a straight-line basis or another systematic basis over the lease term for the total lease payments.

(3) Recognition criteria for significant provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events and it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. When the effect of the time value of money is material, the amount of a provision is measured by discounting the estimated future cash flows at the discount rate, which is a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance cost.

#### (4) Recognition criteria for revenue

The Group recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

The Group is engaged in the sales of precious metals. Regarding these products, revenue is recognized when the goods are transferred to the customer, a point at which the customer has control of the goods, and the performance obligation is deemed to have been satisfied. As for revenue pertaining to the collection, transport and intermediate treatment or other processing of industrial wastes, revenue is recognized when the treatment of the said industrial waste is completed, a point at which the customer has control and the performance obligation is deemed to have been satisfied.

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

The Group receives a consideration from customers in principle within one year from the point at which a performance obligation is satisfied. Significant financing components are not included.

#### (5) Other important items for preparing consolidated financial statements

##### 1) Hedge accounting:

At the inception of a hedge, the Group formally provides a hedge designation and documentation relating to the hedging relationship to which hedge accounting will be applied, as well as the risk management objective and strategy in carrying out the hedge. Said documentation includes specific hedging instruments, hedged items or transactions, the nature of hedged risks and the method for assessing the effectiveness of a hedging relationship. These hedges are assessed on an ongoing basis to determine whether they were actually effective for all financial reporting periods when they were designated as hedges. Specifically, a hedge is judged as effective if all of the following requirements are fulfilled.

- There is an economic relationship that provides an offset between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged items and the quantity of hedging instruments that the Company actually uses.

The Company uses the following hedge accounting method if the requirements for hedge accounting are met.

##### Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized immediately in profit or loss in the consolidated statement of income.

Amounts relating to hedging instruments recognized as other comprehensive income are reclassified to profit or loss when hedged transactions affect profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (this is referred to as “rebalancing” hereinafter). After rebalancing, if a hedge becomes no longer qualified for hedge accounting or a hedging instrument expires, or is sold, terminated or executed, hedge accounting is discontinued prospectively.

When hedge accounting is discontinued, the balance of cash flow hedges already recognized in other comprehensive income remain in equity if the hedged future cash flows are still expected to occur, whereas such balance is reclassified immediately to profit or loss if the hedged future cash flows are no longer expected to occur.

- 2) Foreign currency translation : A foreign currency transaction is translated into the functional currency of each Group company at the rate of exchange at the date of the transaction.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated into the functional currency at the rate of exchange at the end of the reporting period.

Foreign currency non-monetary assets and liabilities measured at fair value are translated into the functional currency at the rate of exchange at the date when said fair value is determined.

Differences arising from translation or settlement are recognized in profit or loss, except that differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rate of exchange at the end of the reporting period, while the income and expenses of foreign operations are translated into Japanese yen at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in other comprehensive income. On the disposal of a foreign operation, the exchange differences relating to that foreign operation are recognized in profit or loss during the period when said disposal was made.

- 3) Treatment of goodwill : Goodwill is not amortized but is subject to an impairment testing annually and whenever an indication of impairment exists.

Impairment losses relating to goodwill are recognized in the consolidated statement of income, and subsequent

- reversals of the losses are not conducted.
- 4) Employee benefits : The Group adopts defined benefit pension plans and defined contribution pension plans as post-employment benefits for employees.
- The Group determines the present value of defined benefit obligations and related current service cost and past service cost using the projected unit credit method. The discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the reporting period corresponding to the discount period, which is established to reflect the period until the estimated timing of benefit payments in each fiscal year in the future.
- Liabilities or assets pertaining to defined benefit pension plans are calculated by deducting the fair value of plan assets from the present value of defined benefit obligations.
- Remeasurements of defined benefit pension plans are collectively recognized in other comprehensive income for the period when they are incurred and are immediately transferred from other components of equity to retained earnings.
- Past service cost is amortized as profit or loss for the period when it is incurred.
- Cost relating to defined contribution pension plans is recognized as an expense at the time of contribution.
- 5) Adoption of group tax sharing system : The Company and its domestic consolidated subsidiaries apply the group tax sharing system.
- 6) Presentation of amounts : Amounts less than one million yen are truncated.

**(Notes to the consolidated statement of financial position)**

**1. Allowance for doubtful accounts directly deducted from assets**

Trade and other receivables (0) million yen

**2. Accumulated depreciation of property, plant and equipment**

27,087 million yen

**(Notes to the consolidated statement of income)**

**1. Impairment loss**

The impairment loss of 800 million yen on property, plant and equipment recognized during the current consolidated fiscal year mainly relates to reduction of the book value of land and buildings, etc. of ARE Holdings, Inc. in the Precious Metals Segment, which are scheduled for disposal or retirement due to the closure of the Ehime Plant and Shikoku sales office following the relocation and consolidation of the catalyst treatment processes at the Ehime Plant to the new plant in Bando-shi, Ibaraki Prefecture, with book value reduced to the recoverable amount, and the amount of reduction recorded as a loss.

Impairment losses are recorded in “Other operating expenses” in the Consolidated Statements of Income.

**2. Discontinued operations**

Performance of discontinued operations

During the fiscal year under review, the Company conducted a share exchange between Japan Waste Corporation (hereinafter “Japan Waste”), which was a consolidated subsidiary of the Company, and Renatus Co., Ltd. (hereinafter “Renatus”), whereby Renatus became the wholly owning parent company, and Japan Waste became the wholly owned subsidiary company.

As a result, the profit (loss) associated with Japan Waste’s operations for the fiscal year under review have been reclassified as discontinued operations, with the discontinued operations displayed in a separate category.

	(Millions of yen)
	The fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Revenue and expense of discontinued operations	
Revenue (Note 1)	36,649
Expense	(13,014)
Profit before tax from discontinued operations	23,635
Income tax expenses (Note 2)	(7,657)
Profit from discontinued operations	15,977

(Notes) 1. This includes share exchange gains of 20,353 million yen recognized upon having measured the shares of Renatus at fair value.

2. This includes income tax expenses pertaining to share exchange gains of (6,802) million yen.

(Notes to the consolidated statement of changes in equity)

1. Class and number of issued shares and treasury shares

	Number of shares at the beginning of this consolidated accounting period (Thousands of shares)	Number of shares increased during this consolidated accounting period (Thousands of shares)	Number of shares decreased during this consolidated accounting period (Thousands of shares)	Number of shares at the end of this consolidated accounting period (Thousands of shares)
Issued shares				
Common stock	79,708	-	-	79,708
Total	79,708	-	-	79,708
Treasury shares				
Common stock	3,065	0	-	3,065
Total	3,065	0	-	3,065

- (Notes) 1. The increase of 0 thousand shares in treasury shares of common stock was due to the increase of 0 thousand shares following the purchase of shares less than one unit.
2. The treasury shares include 916 thousand shares held by the ESOP trust and 351 thousand shares held by the BIP trust.

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
May 19, 2023 Board of Directors' Meeting	Common stock	3,493 million yen	45.00 yen	March 31, 2023	June 5, 2023
October 26, 2023 Board of Directors' Meeting	Common stock	3,505 million yen	45.00 yen	September 30, 2023	November 17, 2023

- (Notes) 1. Total dividends according to the resolution at the Board of Directors' meeting on May 19, 2023 include dividends of 44 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.
2. Total dividends according to the resolution at the Board of Directors' meeting on October 26, 2023 include dividends of 57 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

(2) Among dividends whose record date within this consolidated accounting period, those having an effective date within the following consolidated accounting period (scheduled)

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
May 20, 2024 Board of Directors' Meeting	Common stock	3,505 million yen	Retained earnings	45.00 yen	March 31, 2024	June 4, 2024

- (Note) Total dividends according to the resolution at the Board of Directors' meeting on May 20, 2024 include dividends of 57 million yen relating to the Company's shares held by the ESOP trust and the BIP trust.

### **3. Matters about share acquisition rights**

The class and number of shares for the purpose of share acquisition rights (excluding those of which the first day of the right exercise period has not arrived) at the end of the current consolidated fiscal year

Common stock	9,315 thousand shares
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**(Notes to recognition of revenue)**

**1. Breakdown of revenue**

Relationship between a breakdown of revenue by main regional market and reporting segments is as follows.

(Millions of yen)

	Reporting segments		
	Precious Metals	Other	Total
By region			
Japan	299,513	34	299,548
North America	21,049	-	21,049
Asia	1,655	-	1,655
Total	322,218	34	322,253

The Precious Metals Business sells precious metals and other products to customers mainly including trading firms and semiconductors, electronic parts, and other manufacturers.

The contents of performance obligations based on contracts with customers in the main businesses of the Group and timing of revenue recognition for performance obligations are described in “(Basis of preparing consolidated financial statements), 5. Accounting policies, (4) Recognition criteria for revenue.”

**2. Contract balance**

The breakdown of receivables, contract assets and contract liabilities arising from contracts with customers is as follows.

	Beginning balance	Ending balance
Receivables arising from contracts with customers	19,305 million yen	11,215 million yen
Contract assets	- million yen	- million yen
Contract liabilities	52 million yen	70 million yen

The balance of contract liabilities as of the start of the current consolidated fiscal year was recognized as revenue for the current consolidated fiscal year. In addition, the amount of revenue recognized from the performance obligations satisfied in the past period is insignificant for the current consolidated fiscal year.

**3. Transaction price allocated to the remaining performance obligations**

The Group used the practical expedients and omitted description of information relating to the remaining performance obligations, because there are no transactions of which individual contract period is expected to be over one year. In addition, in a consideration arising from contracts with customers, there are no significant amounts not included in transaction price.

**4. Assets recognized from costs for acquisition or performance of contracts with customers**

The amount of assets recognized from costs for acquisition or performance of contracts with customers is insignificant for the current consolidated fiscal year. In addition, if a depreciation period of assets to be recognized is within one year, the Group uses the practical expedients and recognizes incremental costs for the acquisition of contracts as expenses on accrual basis.

**(Notes to accounting estimates)**

**1. Recoverability of deferred tax assets**

- (1) Amount recognized in the consolidated financial statements for the current fiscal year
- |                     |               |
|---------------------|---------------|
| Deferred tax assets | 5 million yen |
|---------------------|---------------|
- (2) Other information relating to accounting estimates which contributes to understanding by users of the consolidated financial statements
- 1) Calculation method of the amount recognized in the consolidated financial statements for the current consolidated fiscal year
- Deferred tax assets are recognized based on future taxable income estimated from future business plans.
- 2) Main assumptions used for calculating the amount recognized in the consolidated financial statements for the current consolidated fiscal year
- Deferred tax assets are recognized to the extent that it is probable that taxable income will be available for which the deductible temporary differences, etc. can be utilized. In determination of a possibility that taxable income will be available, the timing and amount of taxable income are estimated based on business plans.
- 3) Impacts on the consolidated financial statements for the following consolidated fiscal year
- The timing when taxable income arises and the amount thereof may be affected by results of changes in uncertain future economic conditions, etc. If there are differences between the actual timing and amount and those estimated, this may have a material impact on the amount for recognizing deferred tax assets in the consolidated financial statements for the following and subsequent consolidated fiscal years. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on the future changes in economic conditions, etc.

## **(Notes to financial instruments)**

### **1. Status of financial instruments**

In the course of business activities, the Group is exposed to financial risks, such as credit risks, liquidity risks, currency risks, interest rate risks and market price fluctuation risks, and performs risk management activities to reduce said financial risks.

The Group also uses derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps, to hedge against market risks and makes it a policy not to enter into derivative transactions for speculative purposes.

#### 1) Credit risk

A credit risk refers to a risk of customers going into default on contractual debts, causing financial losses to the Group.

The Group manages the credit risk in accordance with its credit control regulations, using the credit limits set for its business partners.

The Group's receivables consist of receivables from many customers operating in a wide range of industries and regions, and are not subject to risks excessively concentrated on a single customer or the group to which said customer belongs.

The carrying amount of financial assets, net of accumulated impairment loss, presented in the consolidated statement of financial position represents the maximum exposure of the Group's financial assets to credit risks without taking into account the value of the collateral obtained. Regarding the exposure to these credit risks, there are no properties held as collateral and other credit enhancements.

#### 2) Liquidity risk

A liquidity risk refers to a risk of the Group becoming not able to repay the financial liability for debts on the due date.

The Group manages liquidity risk by preparing adequate amount of funds for repayment, while securing from financial institutions a line of credit to which it is accessible as needed and monitoring the plans and results of cash flows on a continuous basis.

#### 3) Currency risk

The Group operates globally and is exposed to currency risks related to foreign currency transactions. For certain foreign currency transactions for which the amounts are significant and that are individually identifiable, the Group uses hedging instruments to hedge against currency risks relating to the hedged items within a certain range in accordance with its internal regulations.

Accordingly, the exposure to currency risks is insignificant and is judged as immaterial to the Group.

#### 4) Interest rate risk

An interest rate risk is defined as a risk of the fair value of financial instruments or the future cash flows from financial instruments fluctuating due to fluctuations in market interest rates. The Group's exposure to interest rate risks mainly relates to payables, such as loans payable, and receivables, such as interest-bearing deposits. Because the amount of interest is subject to fluctuations in market interest rates, the Group is exposed to interest rate risks that cause fluctuations in future cash flows of interest.

The Group uses interest rate swaps to mitigate the risk of fluctuations in interest payable relating to loans payable, thereby stabilizing cash flows.

Accordingly, the impact of fluctuations in the amount of interest payments due to interest-rate fluctuations on the Group is insignificant, and interest rate risks are judged as immaterial to the Group.

5) Market price fluctuation risk

Precious metals and rare metals, the core products of the Group's precious metal business, are traded in international markets, and the prices thereof are exposed to commodity price risks due to the political and economic trends of supplier and consumer countries, as well as foreign exchange rates.

To mitigate commodity price risks, the Group uses derivative instruments such as commodity forward contracts, as hedging instruments against commodity price risks mainly due to market price fluctuations.

Accordingly, the Group's exposure to commodity price fluctuation risks is insignificant and market price fluctuation risks are judged as immaterial to the Group.

**2. Fair value, etc., of financial instruments**

The carrying amounts reported in the consolidated statement of financial position on March 31, 2024 (consolidated fiscal closing date for the fiscal year under review), and the fair value of financial instruments are as follows:

	(Millions of yen)	
	Carrying amount in consolidated statement of financial position (*)	Fair value (*)
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	6,881	6,881
Trade and other receivables	155,268	155,268
Other	887	885
Financial assets measured at fair value through profit or loss		
Other financial assets	17,109	17,109
Derivative instruments	1,273	1,273
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	27,180	27,180
Bonds payables	39,329	37,657
Loans payable	101,831	101,208
Other	2	2
Financial liabilities measured at fair value through profit or loss		
Derivative instruments	3,366	3,366
Financial liabilities designated as hedging instruments		
Derivative instruments	5,249	5,249

(\*) The methods used for determining the fair value of financial instruments are as follows.

Financial assets measured at amortized cost:

These mainly consist of cash and cash equivalents, trade and other receivables. These are settled in a short term, and the carrying amount thereof is a reasonable approximation to the fair value thereof.

Financial assets measured at fair value through profit or loss:

These mainly consist of loans with derivative instruments.

The fair value of loans with derivative instruments is determined by a derivative valuation model and the present value of future cash flows.

Financial liabilities measured at amortized cost:

These mainly consist of trade and other payables and bonds and borrowings. Trade and other payables are settled in a short term, and the carrying amount thereof is a reasonable approximation to the fair value thereof. The fair value of bonds and borrowings is determined based on the present value, which is obtained by discounting future cash flows at an interest rate assumed to be applied if similar contracts were newly executed.

Financial liabilities measured at fair value through profit or loss:

These mainly consist of derivative instruments. The fair value of derivative instruments is determined mainly by reference to prices quoted by financial institutions.

Financial liabilities designated as hedging instruments:

These mainly consist of derivative instruments. The fair value of derivative instruments is determined mainly by reference to prices quoted by financial institutions.

### **3. Breakdown of fair value, etc., of financial instruments by classification**

For financial instruments measured at fair value, the amounts measured at fair value are classified from level 1 to level 3 according to the observability and importance of the inputs used for measurement.

Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measured using observable prices other than categorized in Level 1 directly or indirectly

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(Millions of yen)

	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets measured at fair value through profit or loss				
Other financial assets	-	-	17,109	17,109
Derivative instruments	-	1,273	-	1,273
Total	-	1,273	17,109	18,382
<b>Financial liabilities:</b>				
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	3,366	-	3,366
Financial liabilities designated as hedging instruments				
Derivative instruments	-	5,249	-	5,249
Total	-	8,615	-	8,615

(\*) No transfers between Level 1 and Level 2 were made in the fiscal year under review.

Reconciliation of financial assets classified in Level 3 at the beginning of the period with those at the end of the period

(Millions of yen)

	Other financial assets Derivatives
Beginning balance	-
Purchase	19,616
Total gains and losses	255
Profit or loss	255
Other comprehensive income	-
Settlement	(3,451)
Exchange differences on translation of foreign operations	688
Ending balance	17,109

**(Notes to information per share)**

Equity per share attributable to owners of parent	1,650.20 yen
Continuing operations	111.06 yen
Discontinued operations	208.47 yen
Basic earnings per share	319.54 yen
Continuing operations	101.94 yen
Discontinued operations	185.07 yen
Diluted earnings per share	287.01 yen

**(Notes to significant subsequent events)**

Not applicable

**Notes to non-consolidated financial statements**  
**(Notes to significant accounting policies)**

**1. Valuation standards and valuation methods for assets**

Securities

Shares of affiliated companies : Cost mainly determined by the moving-average method.

**2. Depreciation methods for non-current assets**

Property, plant and equipment : Straight-line method  
Assets with acquisition amount of 100 thousand yen or more to less than 200 thousand yen are equally depreciated for three years.

Intangible assets : Straight-line method  
Software for internal use is amortized under the straight-line method based on the period for which the Company can use such software (five years or less).

**3. Accounting standards for provisions**

Provision for bonuses : To allow for the payment of bonuses to employees, the standard for estimated amounts of bonuses to be paid is recorded.

Provision for director's bonuses : To allow for the payment of bonuses to Directors, the standard for estimated amounts of bonuses to be paid is recorded.

Provision for stocks payment : To allow for the granting of the Company shares to the Group employees in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.

Provision for management board incentive: To allow for the granting of the Company shares to the Company's Directors in accordance with the Regulations Concerning Stock Issuance, an amount of stock grant obligations estimated at the end of the fiscal year under review is recorded.

**4. Accounting standards for revenue and expenses**

The Company's revenue consists of commissions from subsidiaries and associates, real estate lease revenue, and dividends from subsidiaries and associates. Commissions from subsidiaries and associates relate to management guidance services provided to affiliated companies, and revenue and expenses are recognized when management guidance services are provided, a



point at which the performance obligation of the Company is satisfied. Revenue and expenses related to real estate lease revenue are recognized over the rental period. Revenue related to dividend income is recognized on the effective date of dividends.

## 5. Other important items for preparing non-consolidated financial statements

- 1) Treatment of deferred assets : Bond issuance cost is recognized as an expense when expended.
- 2) Standards for the translation of assets or liabilities denominated in foreign currencies : Receivables and payables denominated in foreign currencies are translated into yen at the foreign exchange spot rate on the date of the balance sheet, and differences arising from the translation are calculated as gains or losses.
- 3) Adoption of group tax sharing system : The Company applies the group tax sharing system.

**(Notes to balance sheet)**

**1. Accumulated depreciation of property, plant and equipment** 2,504 million yen

**2. Guarantee liabilities**

Guarantees are provided for the bank loans and bonds of the following companies.

Asahi Refining Canada Ltd. 83,154 million yen

Asahi Refining USA Inc. 29,396 million yen

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Total 112,551 million yen

**3. Monetary claims and monetary obligations related to affiliated companies**

Short-term monetary claims 52,466 million yen

Short-term monetary obligations 259 million yen

Long-term monetary claims 17,714 million yen

**(Notes to statement of income)**

Amount of transactions with affiliated companies

Amount of operating transactions with affiliated companies

Operating revenue 10,488 million yen

Amount of other operating transactions 5 million yen

Amount of transactions other than operating transactions 2,495 million yen

**(Notes to statement of changes in net assets)**

**Class and number of treasury shares**

Class of shares	Number of shares at the beginning of this fiscal year (Thousands of shares)	Number of shares increased during this fiscal year (Thousands of shares)	Number of shares decreased during this fiscal year (Thousands of shares)	Number of shares at the end of this fiscal year (Thousands of shares)
Common stocks	3,065	270	270	3,065
Total	3,065	270	270	3,065

(Notes) 1. The increase of 270 thousand shares in treasury shares of common stock was due to the acquisition of 270 thousand shares of the Company by the BIP trust and the increase of 0 thousand shares following the purchase of shares less than one unit.

2. The decrease of 270 thousand shares in treasury shares of common stock was due to the disposal of treasury shares through a third-party allotment to the BIP trust.

3. The treasury shares include 916 thousand shares held by the ESOP trust and 351 thousand shares held by the BIP trust.

**(Notes to accounting estimates)**

**1. Valuation of shares of affiliated companies**

- (1) Amount recognized in the non-consolidated financial statements for the current fiscal year

Shares of affiliated companies      30,862 million yen

- (2) Other information relating to accounting estimates which contributes to understanding by users of the non-consolidated financial statements

- 1) Calculation method of the amount recognized in the non-consolidated financial statements for the current fiscal year

Shares of affiliated companies are recognized at cost mainly determined by the moving-average method.

- 2) Main assumptions used for calculating the amount recognized in the non-consolidated financial statements for the current fiscal year

As all shares of affiliated companies do not have market value, the necessity of reductions in value is determined by comparing and considering the real value and book value of the respective shares of affiliated companies. The real value of shares of affiliated companies is evaluated at the net asset amount of each affiliated company or the net asset amount in which excess earnings power is reflected and the excess earnings power is evaluated based on future business plans.

- 3) Impacts on the non-consolidated financial statements for the following fiscal year

If, as a result of changes in uncertain future economic conditions and other factors, financial conditions of the affiliated companies worsen or excess earnings power is impaired, the non-consolidated financial statements for the following fiscal year may be significantly affected. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on changes in the future economic conditions and other factors.

**2. Recoverability of deferred tax assets**

- (1) Amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets      2,518 million yen

- (2) Other information relating to accounting estimates which contributes to understanding by users of the non-consolidated financial statements

- 1) Calculation method of the amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets are recognized based on future taxable income estimated from future business plans.

- 2) Main assumptions used for calculating the amount recognized in the non-consolidated financial statements for the current fiscal year

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available for which the deductible temporary differences can be utilized. In determination of a possibility that taxable income will be available, the timing and amount of taxable income are estimated based on business plans.

- 3) Impacts on the non-consolidated financial statements for the following fiscal year
- The timing when taxable income arises and the amount thereof may be affected by results of changes in uncertain future economic conditions, etc. If there are differences between the actual timing and amounts and those estimated, this may have a material impact on the amount for recognizing deferred tax assets in the non-consolidated financial statements for the following and subsequent fiscal years. For this reason, although the main assumptions stated in 2) are for gaining the best estimates, these may differ from subsequent results depending on the future changes in economic conditions, etc.

**(Notes to tax effect accounting)**

**1. Breakdowns of main items causing deferred tax assets and deferred tax liabilities**

Deferred tax assets	
Loss	4,387 million yen
Impairment losses	174 million yen
Provision for stocks payment	24 million yen
Provision for directors' bonuses	5 million yen
Provision for management board incentive plan trust	12 million yen
Other	496 million yen
Subtotal	5,100 million yen
Valuation allowance	(2,581) million yen
Total deferred tax assets	2,518 million yen
Net deferred tax assets	2,518 million yen

**2. Accounting Processing for Corporate Taxes and Regional Corporate Taxes and Accounting Processing for Related Tax Effect Accounting**

The Company applies the group tax sharing system. Furthermore, according to the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021), we use this accounting processing for corporate taxes and regional corporate taxes as well as the accounting processing and disclosure for related tax effect accounting.

(Notes to transactions with related parties)

Subsidiaries and affiliated companies, etc.

Category	Name of companies	Voting rights	Relationship with related parties	Details of transaction	Amount of transaction (Millions of yen)	Account	Term-end balance (Millions of yen)
Subsidiary	Asahi Pretec Corp.	Owned Direct 100%	Support of funds	Collection of loaned funds	7,453	Short-term loans to affiliated companies	2,026
				Loan of funds (Note 1)	2,026		
				Receipt of interest (Note 1)	33	–	–
			Management guidance	Management guidance (Note 2)	552	–	–
			Group tax sharing system	Tax effect amounts due to the group tax sharing system	820	Accounts receivable - other	820
Subsidiary	ASAHI METALFINE, Inc.	Owned Direct 100%	Support of funds	Collection of loaned funds	29,389	Short-term loans to affiliated companies	31,775
				Loan of funds (Note 1)	31,775		
				Receipt of interest (Note 1)	113	–	–
			Management guidance	Management guidance (Note 2)	81	–	–
			Group tax sharing system	Tax effect amounts due to the group tax sharing system	591	Accounts receivable - other	591
Subsidiary	Asahi Refining Canada Ltd.	Owned Direct 100%	Debt guarantee	Debt guarantee (Note 3)	83,154	–	–
				Receipt of guarantee fee (Note 2)	290	–	–
			Support of funds	Receipt of interest (Note 1)	1,147	Long-term loans to affiliated companies –	17,714
Subsidiary	Asahi Refining USA Inc.	Owned Direct 100%	Debt guarantee	Debt guarantee (Note 3)	29,396	–	–
				Receipt of guarantee fee (Note 2)	236	–	–
Affiliated company	Japan Waste Corporation	Owned Indirect 32%	Receipt of dividends	Receipt of dividends	17,091	Accounts receivable - other	17,091
			Dividend in kind	Receipt of dividend in kind	640	Land and buildings	1,546
			Management guidance	Management guidance (Note 2)	438	–	–

**Transaction terms and conditions and policy, etc., to determine terms and conditions for transactions**

(Note 1) As for loans of funds, we reasonably determine interest rates taking into consideration market interest rates.

(Note 2) We determine prices and other terms and conditions for transactions by reference to prevailing market interest rates, etc.

(Note 3) A debt guarantee was provided for corporate bonds and borrowings and a guarantee fee is received with an annual rate of 0.3%.

**(Notes to recognition of revenue)**

Information forming the basis for understanding revenue is as described in “Accounting standards for revenue and expenses” of “Notes to significant accounting policies.”

**(Notes to information per share)**

Net assets per share	1,008.73 yen
Net earnings per share	121.55 yen
Diluted net earnings per share	—

**(Notes to significant subsequent events)**

Not applicable