Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

ARE Holdings, Inc. (former company name: Asahi Holdings, Inc.) [IFRS]

April 25, 2024

Stock code:	5857
Shares listed:	Tokyo Stock Exchange - Prime Market
URL:	https://www.asahiholdings.com/english
Representative:	Tomoya Higashiura, Representative Director, President & CEO
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The Ordinary General Meeting of Shareholders:	June 18, 2024
Filing date of financial statements:	June 19, 2024
Start of dividend payment:	June 4, 2024
Supplementary materials for the financial results:	Yes
Investor conference for the financial results:	Yes (for institutional investors, analysts)

(Rounded down to the nearest million yen)

1. Results of the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	322,253	17.5	12,367	(24.0)	12,426	(1.8)	24,490	124.1	24,490	124.1	26,275	105.9
March 31, 2023	274,209	–	16,282	–	12,649	–	10,929	(41.7)	10,929	(41.7)	12,761	(15.9)

	Basic earnings per share	Diluted earnings per share	Profit to equity attributable to owners of parent	Profit before tax to total assets	Operating profit to revenue
The fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	319.54	287.01	21.0	4.1	3.8
March 31, 2023	141.19	128.72	10.3	4.3	5.9

(Reference) Share of profit (loss) of investments accounted for using equity method:
Fiscal year ended March 31, 2024 – million yen;
Fiscal year ended March 31, 2023 (616) million yen

(Note) The Company reclassified the business of Japan Waste Corporation, which was a consolidated subsidiary of the Company, under discontinued operations. Accordingly, revenue, operating profit and profit before tax for the fiscal year ended March 31, 2023, are presented as amounts for the continuing operations excluding the discontinued operations.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent ratio	Equity per share attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	317,998	126,476	126,476	39.8	1,650.20
March 31, 2023	287,448	106,957	106,957	37.2	1,395.52

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the fiscal year
The fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	12,621	(28,707)	7,050	6,881
March 31, 2023	36,754	(3,935)	(23,818)	17,952

2. Dividend payments

	Dividends per share					Total dividend payment (annual)	Payout ratio (consolidated)	Dividend to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	45.00	–	45.00	90.00	6,987	63.7	6.6
Year ended March 31, 2024	–	45.00	–	45.00	90.00	7,011	28.2	5.9
Year ending March 31, 2025 (Forecast)	–	40.00	–	40.00	80.00		46.4	

(Note) The year-end dividend for the fiscal year ended March 31, 2024 will be finalized at a meeting of the Board of Directors to be held in May.

3. Forecast (From April 1, 2024 to March 31, 2025) (Percentage: Changes relative to corresponding previous period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	180,000	24.8	8,500	49.1	8,300	40.7	6,304	19.9	82.66
Year ending March 31, 2025	370,000	14.8	18,000	45.5	17,600	41.6	13,148	(46.3)	172.53

* Notes

(1) Changes in significant subsidiaries during the current fiscal year: Yes

Newly included: None

Excluded: 1 company: Japan Waste Corporation

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: No

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

(iii) Changes in accounting estimates: No

(3) Number of issued shares (common stock)

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

As of March 31, 2024	79,708,688 shares
As of March 31, 2023	79,708,688 shares

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

As of March 31, 2024	3,065,554 shares
As of March 31, 2023	3,065,458 shares

(iii) Averaged number of shares during the period

Year ended March 31, 2024	76,643,154 shares
Year ended March 31, 2023	77,410,371 shares

(Reference) Summary of Nonconsolidated Results

1. Nonconsolidated results of the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit	
The fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	10,488	69.7	8,303	57.1	8,934	58.2	9,315	86.7
March 31, 2023	6,181	(61.9)	5,285	(64.0)	5,649	(62.3)	4,988	(66.7)

	Earnings per share	Diluted earnings per share
The fiscal year ended	Yen	Yen
March 31, 2024	121.55	–
March 31, 2023	64.45	–

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	110,724	78,459	69.8	1,008.73
March 31, 2023	105,827	76,143	70.9	978.52

(Reference)
Shareholders' equity As of March 31, 2024: 77,312 million yen As of March 31, 2023: 74,996 million yen

* This report is not subject to audit procedures

* Statement regarding the proper use of financial forecasts and other special remarks
(Notes on forward looking statements, etc.)
These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, there might be cases in which actual results materially differ from forecasts of this report. Please refer to page 2 "1. Overview of Consolidated Operating Results (1) Consolidated Business Performance for the Year ended March 31, 2024" for the assumptions used and other notes.

【Appendix】

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1. Overview of Consolidated Operating Results

(1) Consolidated Business Performance for the Year ended March 31, 2024

① Operating results

During the fiscal year under review, while the Japanese economy continued to expand moderately, the economic recovery came to a standstill in the latter half of the year due to the effects of rapid price increases and serious natural disasters, and there are concerns that global monetary tightening and the troubling future outlook for the Chinese economy will further depress the Japanese and overseas economies. Under these conditions, the Group's results in each business segment were as follows.

Precious Metals business

In the precious metals business, revenue increased year on year mainly due to higher gold sales volume and sales price than the previous fiscal year, and growth in precious metals refining business in North America. On the other hand, operating profit decreased year on year due to a delayed recovery in the precious metal recycling business in the electronics and catalyst-related fields, in addition to a year-on-year drop in the prices of palladium and rhodium. In addition, an impairment loss for non-current assets associated with the closure of the business office in Saijo-shi, Ehime Prefecture was recorded because the Company has decided to consolidate the related processes to its newest plant under construction in Bando-shi, Ibaraki Prefecture, in order to strengthen its competitiveness in the electronics and catalyst-related fields over the medium to long term.

Environmental Preservation business

In the environmental preservation business, during the fiscal year under review, a share exchange was conducted between Japan Waste Corporation, which was a consolidated subsidiary of the Company, and Renatus Co., Ltd., whereby Renatus became the wholly owning parent company, and Japan Waste became the wholly owned subsidiary company, resulting in the Japan Waste business being classified as discontinued operations for the fiscal year under review and the previous fiscal year. The volume of industrial waste handled and the utilization rates at treatment facilities for the fiscal year under review were stable.

In addition, the results of evaluating the fair value of Renatus shares in connection with the share exchange were recorded in "Profit from discontinued operations."

As a result of the above, revenue during the fiscal year was 322,253 million yen, a year-on-year increase of 48,044 million yen (+17.5 percent). Operating profit was 12,367 million yen, a year-on-year decrease of 3,914 million yen (-24.0 percent). Profit before tax was 12,426 million yen, a year-on-year decrease of 222 million yen (-1.8 percent). Profit was 24,490 million yen, a year-on-year increase of 13,560 million yen (+124.1 percent). Profit attributable to owners of parent was therefore 24,490 million yen, a year-on-year increase of 13,560 million yen (+124.1 percent). By segment, revenue in the Precious Metals business was 322,218 million yen, a year-on-year increase of 48,012 million yen (+17.5 percent).

② Outlook

The Group will continue to strive to expand earnings and increase corporate value.

Business forecast for the next period is as follows: 370,000 million yen in revenue, 18,000 million yen in operating profit, 17,600 million yen in profit before tax and 13,148 million yen in profit attributable to owners of parent.

(2) Consolidated Financial Position and Cash Flows for the Year ended March 31, 2024

As of March 31, 2024, total assets amounted to 317,998 million yen, up 30,549 million yen from the previous fiscal year end. This was mainly due to increases of 15,231 million yen in other (current) financial assets and (non-current) financial assets, 19,336 million yen in other current assets and 27,665 million yen in investments accounted for using equity method, while cash and cash equivalents decreased by 11,070 million yen and property, plant and equipment decreased by 9,361 million yen.

Total liabilities amounted to 191,522 million yen, up 11,030 million yen from the previous fiscal year end. This was due mainly to increases of 3,818 million yen in other financial liabilities, 2,177 million yen in income tax payable, 3,147 million yen in other current liabilities and 4,156 million yen in deferred tax liabilities, while bonds and loans payable decreased by 3,202 million yen.

Total equity amounted to 126,476 million yen, up 19,518 million yen from the previous fiscal year end. This was due mainly to an increase of 26,275 million yen in comprehensive income and a decrease of 6,897 million yen used for dividends.

Net cash provided by operating activities amounted to 12,621 million yen after adding depreciation and amortization of 3,632 million yen to profit before tax of 12,426 million yen, as well as factoring in share exchange gains, the decrease in inventories, the decrease in trade and other receivables, the decrease in trade, loans and other payables, income taxes paid, and income taxes refunded.

Net cash used in investing activities amounted to 28,707 million yen due mainly to 7,585 million yen of purchase of property, plant and equipment and 19,616 million yen of payments for loans receivable and 7,550 million yen of outflow due to loss of control of subsidiaries by share exchange, despite 2,851 million yen of proceeds from withdrawal of time deposits.

Net cash provided by financial activities amounted to 7,050 million yen due mainly to 14,281 million yen of proceeds from long-term loans payable, despite 6,897 million yen of cash dividends paid.

As a result, cash and cash equivalents as of March 31, 2024 decreased 11,070 million yen from March 31, 2023, to 6,881 million yen.

(3) Dividends

The Group strives to maintain a stable dividend payout ratio of 40%, while enhancing internal reserves necessary for capital investment and M&A activities for growth strategies.

Based on the above basic policy, the year-end dividend for the current fiscal year is planned to be 45 yen per share, and the annual dividend for the current fiscal year combined with the interim dividend is planned to be 90 yen per share. For the next term, we plan to pay an interim dividend of 40 yen and a year-end dividend of 40 yen (annual dividend of 80 yen).

(4) Business and Other Risks

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

① Precious metals prices and currency exchange rates

Precious metals and rare metals, which are the main products of the Group's Precious Metals business, are traded on international markets, and their prices fluctuate due to various factors worldwide, including international or regional supply and demand, political, economic and social trends, exchange rates and monetary policies, among others. Therefore, the Group basically hedges precious metal prices through forward transactions, etc. However, since rhodium is illiquid and hedging instruments are limited, the Group works to mitigate risk while also utilizing other methods. In addition, the Group provides timely reports on the status of price fluctuations, etc. for the main precious metals to management. The size of fluctuation in precious metals prices and currency exchange rates, the conditions of forward transactions and other factors could affect the Group's operating results and financial condition.

② Laws and regulations

In the countries and regions where the Group operates business, various laws and regulations apply regarding matters such as permission to do business, rules for import/export/transport, commercial transactions, labor, taxation, intellectual property rights, and environmental preservation. Taking the stance that compliance is important, the Group has built a system for centrally managing information about revisions to laws related to all its business fields and ensuring that this knowledge is communicated without fail to the front lines, and carefully follows laws, regulations, and social rules. However, in the unlikely event that a situation arises where laws, regulations, and social rules could not be followed, or if they change such that business is restricted, it could affect the Group's operating results and financial condition.

③ Economic fluctuation

Manufacturing industries, which are among the transacting industries for the Group's two business segments: the Precious Metals business and the Environmental Preservation business, are affected by economic conditions not only in Japan but also in various other countries and regions. When demand from such industries declines due to recession and so on, it could affect the Group's operating results and financial condition. Moreover, in the precious metals recycling business, the Group recycles precious metals contained in end products such as electronics-related equipment and automobiles, and is therefore affected by consumption trends. A decrease in personal consumption caused by a decline in the general level of consumption could therefore affect the Group's operating results and financial condition.

④ Business environment

The Group's two business segments, the Precious Metals business and the Environmental Preservation business, face the possibility of major changes in customer needs due to changes in laws, regulations, and permits that concern a sector or faster-than-expected shifts overseas by corporate customers. Furthermore, industry reorganization and other major changes in the business environment are possible. In addition, management is taking on challenges in new businesses and fields. When implementing a new business, management conducts thorough discussions at executive committee meetings, etc. and puts in place risk management systems as necessary, but risks may materialize if the business environment differs from expectations. The results could affect the Group's operating results and financial condition.

⑤ Intensified competition

The Group's two business segments, the Precious Metals business and the Environmental Preservation business, face competition from various companies. The Group continues to make efforts to secure competitive advantages by accurately meeting customer needs through sales efforts and initiatives on technology, products, and cost responsiveness. Intensified competition from competitor companies, however, can force the Group's products and services into harsh price competition. The results could affect the Group's operating results and financial condition.

⑥ Overseas business deployment

One of the Group's growth strategies is expansion of its overseas business. In this regard, the Group carries out business in countries and regions in North America, Asia, etc. Political or economic phenomena unfavorable to business, labor disputes due to differences in labor environment, uncertainty in finding suitable local personnel, conflicts, terrorism, and other social disturbances, and unfair intervention by authorities due to underdeveloped business infrastructure in a country or region are inherent risks. In the precious metals refining business in North America, we are also using the refining business as a base from which to expand value-added services, including trading and finance. In addition, the Group has started precious metal storage business as a new business venture. As well as fully analyzing the risks associated with businesses, we have put in place a robust control structure, such as by involving the Risk Management Department and discussing issues on the Board of Directors, but these risks could crystallize in the event of a deterioration in the economic environment or in the credit status of our counterparties. If such situations occur, it could affect the Group's operating results and financial condition.

⑦ Corporate acquisition

The Group has worked to expand its lines of business and business scale through corporate acquisition and expects to take a forward-looking approach projects that will contribute to further growth in the future. In order to maximize the integration effect with target businesses and companies, the Group will attempt to integrate and unify them with its business strategy and operations. However, if the integration of human resources and assets does not proceed as planned, it is possible that the expected integration and unification effects will not be realized. The results could affect the Group's operating results and financial condition.

⑧ Impairment of goodwill and fixed assets

When the Group acquired a company, it records goodwill arising from the acquisition, as well as various property, plant and equipment and intangible assets for business use. At the time of the acquisition, the Group carries out sufficient surveys from the financial, legal, human resource, and facility perspectives, among others, but if the acquired company and business do not achieve business results as initially expected due to changes in the market environment, etc., and the operating results and profitability deteriorate markedly, these assets may become impaired. If such situations occur, it could affect the Group's operating results and financial condition.

⑨ Natural disasters and infectious diseases

Natural disasters such as large earthquakes or typhoons or the outbreak of new infectious diseases could cause serious damage to the Group's production, distribution, sales, and information management facilities. The Group has implemented countermeasures such as business continuity management (BCM), flood countermeasures, disaster readiness drills, and building an employee safety confirmation system. However, these are not able to completely eliminate damage due to natural disasters or unknown infectious diseases, etc. Therefore, if these should occur it could affect the Group's operating results and financial condition.

Also, while the restrictions related to the COVID-19 pandemic were lifted, if similar situation occurs, it could have a negative impact on the domestic and overseas economies and markets, which in turn could affect the Group's operating results and financial condition.

⑩ Health and safety

The Group works to strengthen its safety management system, and regularly carries out disaster/accident prevention activities such as holding Safety Promotion Meetings that are also attended by management and taking necessary measures in order to eliminate occupational and facilities accidents. However, there is no guarantee that they can be completely prevented or mitigated. Therefore, if a serious occupational or facilities accident should occur, it could affect the Group's operating results and financial condition.

⑪ Human resources

The Group believes that its medium- to long-term growth will be achieved by maximizing the productivity of the entire organization through having employees take pride in their work and actively take on the challenge of innovation based on trust and bonding. To this end, efforts are focusing on promoting diversity equity and inclusion as well as health management, which enable diverse employees to achieve harmony in their work and overall lives in their own way. Specifically, the Group is promoting the employment of people with disabilities, promoting the empowerment of women, work style reforms such as a three-day work week model, and implementing recruitment activities and various human resource development programs to acquire core human resources over the medium to long term. However, if the Group is unable to secure high quality human resources and prepare the necessary talent for taking on challenges at the right time due to increased speed of business development, it could affect the Group's operating results and financial condition.

⑫ Research and development

The Group conducts independent research and development and analysis technology development aimed at effectively carrying out "precious metals recycling" and "detoxifying and recycling of industrial waste." However, research and development of new technologies is affected by various factors, such as changes in the market environment, competition, and the ability to commercialize development results. Therefore, it is highly uncertain whether the expenses used in research and development can be recovered. For this reason, if the results of research and development are not obtained as initially anticipated, it could affect the Group's operating results and financial condition.

⑬ Key intellectual property rights

In order to protect intellectual property rights important to business deployment, the Group carries out appropriate management. However, unforeseen leaks to outside parties can occur, and complete protection of intellectual property rights may be impossible in certain regions. Therefore, it may not be possible to effectively prevent third parties from using the Group's intellectual property rights to manufacture and sell similar products and services. Moreover, the Group could be embroiled in a dispute if the products and technologies that it is developing for the future infringe unintentionally on the intellectual property rights of another company, or regarding the handling of workplace inventions in its relationships with employees. The results could affect the Group's operating results and financial condition.

⑭ Product quality assurance and product liability

Led by its Quality Assurance Division, the Group has acquired ISO9001 to provide products offering customers greater confidence and satisfaction, and makes continuous improvements to its quality management systems and strives to maintain and improve quality. Through such measures, the Group makes every effort with its product quality assurance system, but if a product produced by the Group causes damages, it could affect the Group's operating results and financial condition.

⑮ Environmental protection

Based on its Environmental Policies, the Group carries out various initiatives to protect the global environment. For example, it has established the Company-wide Environmental Goals (Annual Plan) and an Environmental Committee is set up at every business site. Through these and other efforts, the Group complies with environmental laws and regulations, revises its plans, deliberates about environmental education and so forth, and reports to management. However, there is no guarantee that all pollution and other environmental risk can be completely prevented or mitigated, so if the Group should cause serious pollution of the environment, it could affect the Group's operating results and financial condition.

⑯ Climate change

The adoption of the Paris Agreement at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21), which has been ratified by every country, has sparked a global wave of initiatives aimed at reducing greenhouse gases deemed to cause climate change and global warming. The Group has made climate change initiatives one of its business material issues, and has set a target for 2030 of reducing CO_2 emissions derived from energy by 50% from the 2015 level, and is making efforts toward reduction. In addition to declaring the Group's goal to be carbon neutral by 2050, the Group has measured its CO_2 emissions (Scope 1, 2, and 3) and received third-party verification results. Additionally, we endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and have carried out actions in line with their recommendations. As a result, the Group's operating results and financial condition could be affected from future climate change impacts if a carbon pricing system that includes a carbon tax were introduced (a transition risk), or if natural disasters were to become so severe due to extreme weather conditions that the Group's facilities and other assets were severely affected and business activities were suspended for a long period of time (a physical risk).

⑰ Information security

PCs and tablets used by the Group use the latest security countermeasures, and we take sufficient measures to ensure that system faults and information theft or loss do not occur during their installation and operation. We also implement regular employee training to enhance their IT literacy. However, there is a possibility that unexpected events could occur such as destruction or tampering of important data or external leaks of information as a result of infection by a computer virus, hacking damage, and system faults due to software defects, or a larger than anticipated external attack. Such an event could affect the Group's operating results and financial condition.

⑱ Lawsuits and other legal procedures

As the Group carries out business in Japan and overseas, it could be subjected to lawsuits and other legal procedures. The Group appropriately monitors major lawsuits that have already been instigated or have the potential to be instigated, and takes countermeasures as needed. However, if the Group becomes a party to such action, it might have to pay large damages, etc. The results could affect the Group's operating results and financial condition.

2. Our Group

Our Group comprises of the holdings company “ARE Holdings, Inc.,” “Asahi Pretec Corp.,” “ASAHI METALFINE, Inc.,” eight other consolidated subsidiaries, and an equity method affiliate. Our main businesses are Precious Metals business and Environmental Preservation business. The details are as follows:

(1) Precious Metals business

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

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

Overseas, ASAHI G&S SDN. BHD. in the Malaysia/Singapore region and Asahi Pretec Korea Co., Ltd. in South Korea are engaged in the precious metals recycling business. Additionally, Asahi Refining USA Inc. and Asahi Refining Florida LLC in the United States, and Asahi Refining Canada Ltd. in Canada carry out the refining and processing of gold, silver, and other precious metals. Also, Asahi Depository LLC is engaged in the precious metal storage business in the United States.

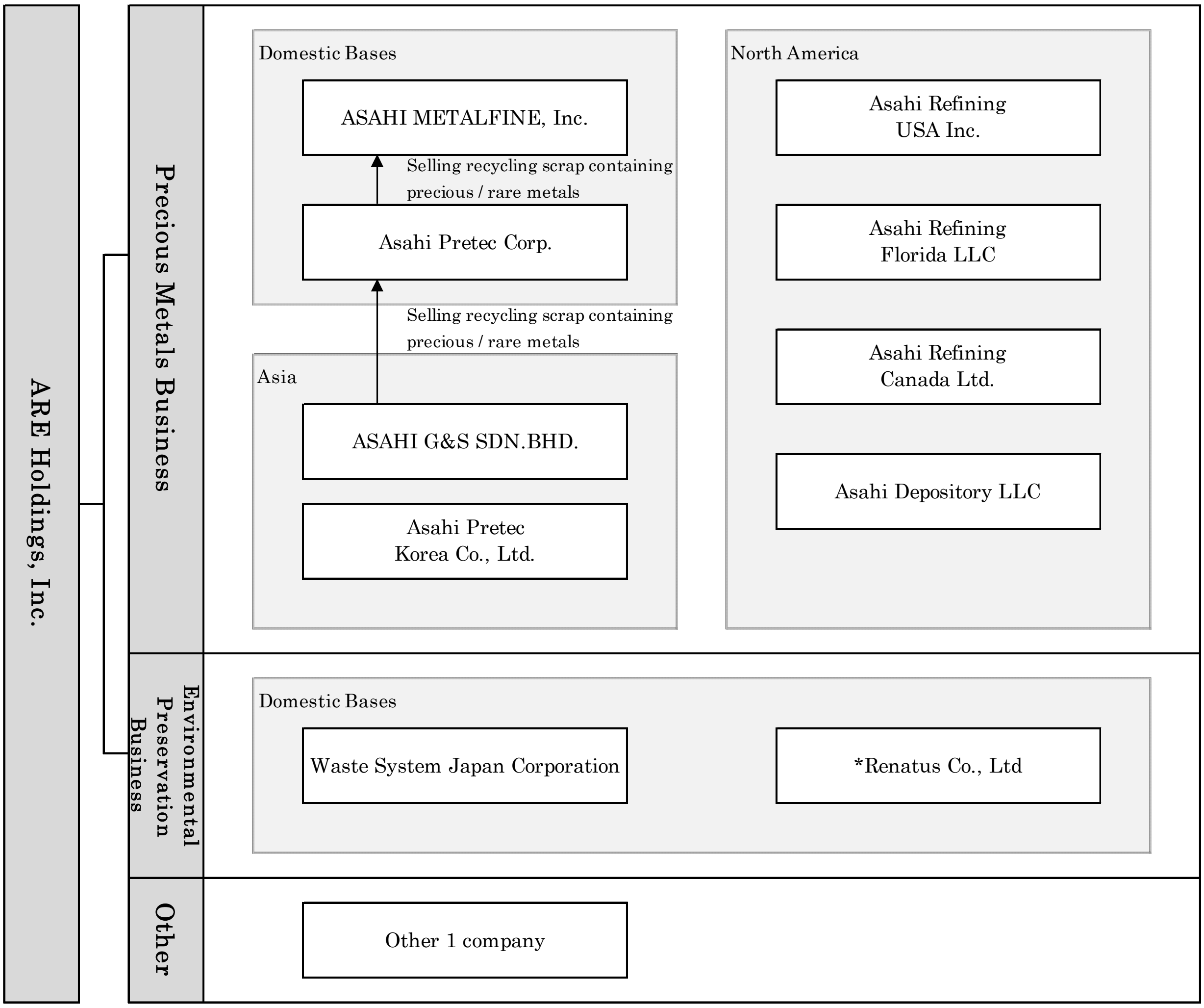
(2) Environmental Preservation business

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

Waste System Japan Corporation was established as a holding company for the Environmental Preservation business.

[Group Business Organization Chart]

The aforementioned items are shown in the following group business organization chart.



(Note) Unmarked : Consolidated subsidiary
* : Equity method affiliate

3. Basic Concept Regarding Selection of Accounting Standards

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

4. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen
ASSETS		
Current assets		
Cash and cash equivalents	17,952	6,881
Trade and other receivables	154,046	155,268
Inventories	40,854	33,879
Income tax receivables	1,345	77
Other financial assets	3,609	17,763
Other current assets	20,567	39,903
Total current assets	238,374	253,773
Non-current assets		
Property, plant and equipment	42,553	33,192
Goodwill	1,003	19
Intangible assets	1,255	1,580
Investments accounted for using equity method	–	27,665
Deferred tax assets	3,498	5
Net defined benefit asset	263	186
Financial assets	429	1,506
Other non-current assets	69	68
Total non-current assets	49,073	64,224
Total assets	287,448	317,998

	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen
LIABILITIES and EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	26,024	27,180
Loans payable	91,494	64,985
Income tax payable	210	2,387
Other financial liabilities	3,740	6,465
Provisions	1,462	1,302
Other current liabilities	2,547	5,694
Total current liabilities	125,480	108,015
Non-current liabilities		
Bonds and loans payable	52,868	76,175
Deferred tax liabilities	275	4,432
Net defined benefit liability	107	99
Other financial liabilities	1,704	2,798
Other non-current liabilities	53	–
Total non-current liabilities	55,010	83,506
Total liabilities	180,491	191,522
Equity		
Capital stock	7,790	7,790
Capital surplus	12,103	12,245
Treasury stock	(5,925)	(5,925)
Retained earnings	96,319	113,837
Other components of equity	(3,330)	(1,471)
Total equity attributable to owners of parent	106,957	126,476
Total equity	106,957	126,476
Total liabilities and equity	287,448	317,998

(2) Consolidated Statements of Income

	The fiscal year ended March 31, 2023	The fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Continuing operations		
Revenue	274,209	322,253
Cost of sales	(249,887)	(300,895)
Gross profit	24,321	21,358
Selling, general and administrative expenses	(6,866)	(8,165)
Other operating income	92	107
Other operating expenses	(648)	(933)
Share of profit (loss) of investments accounted for using equity method	(616)	–
Operating profit	16,282	12,367
Finance income	466	1,136
Finance costs	(795)	(1,077)
Other non-operating expenses	(3,304)	–
Profit before tax	12,649	12,426
Income tax expenses	(4,111)	(3,914)
Profit from continuing operations	8,537	8,512
Discontinued operations		
Profit from discontinued operations	2,392	15,977
Profit	10,929	24,490
Profit attributable to:		
Owners of parent	10,929	24,490
Non-controlling interests	–	–
Profit	10,929	24,490
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	110.29	111.06
Discontinued operations	30.91	208.47
Total (Yen)	141.19	319.54
Diluted earnings per share (Yen)		
Continuing operations	101.21	101.94
Discontinued operations	27.51	185.07
Total (Yen)	128.72	287.01

(3) Consolidated Statements of Comprehensive Income

	The fiscal year ended March 31, 2023	The fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Profit	10,929	24,490
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(0)	–
Remeasurements of defined benefit plans	23	(73)
Share of other comprehensive income of investments accounted for using equity method	(0)	–
Total items that will not be reclassified to profit or loss	23	(73)
Items that may be reclassified to profit or loss		
Cash flow hedges	1,304	(1,370)
Translation adjustments of foreign operations	503	3,228
Total items that may be reclassified to profit or loss	1,808	1,858
Other comprehensive income, net of tax	1,831	1,784
Comprehensive income	12,761	26,275
Comprehensive income attributable to:		
Owners of parent	12,761	26,275
Non-controlling interests	–	–
Comprehensive income	12,761	26,275

(4) Consolidated Statements of Changes in Equity

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

(Millions of yen)

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

(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, 2023	7,790	12,103	(5,925)	96,319	(886)	(2,443)
Profit	–	–	–	24,490	–	–
Other comprehensive income	–	–	–	–	3,228	(1,370)
Total comprehensive income	–	–	–	24,490	3,228	(1,370)
Purchase of treasury stock	–	–	(0)	–	–	–
Dividends	–	–	–	(6,897)	–	–
Reclassified from other components of equity to retained earnings	–	–	–	(73)	–	–
Share-based payment transactions	–	141	–	–	–	–
Total transactions with owners	–	141	(0)	(6,971)	–	–
Balance at March 31, 2024	7,790	12,245	(5,925)	113,837	2,341	(3,813)

(Millions of yen)

	Equity attributable to owners of parent			
	Other components of equity			
	Remeasurements of defined benefit plans	Total	Total	Total equity
Balance at April 1, 2023	–	(3,330)	106,957	106,957
Profit	–	–	24,490	24,490
Other comprehensive income	(73)	1,784	1,784	1,784
Total comprehensive income	(73)	1,784	26,275	26,275
Purchase of treasury stock	–	–	(0)	(0)
Dividends	–	–	(6,897)	(6,897)
Reclassified from other components of equity to retained earnings	73	73	–	–
Share-based payment transactions	–	–	141	141
Total transactions with owners	73	73	(6,756)	(6,756)
Balance at March 31, 2024	–	(1,471)	126,476	126,476

(5) Consolidated Statements of Cash Flows

	The fiscal year ended March 31, 2023	The fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Cash provided by (used in) operating activities		
Profit before tax	12,649	12,426
Profit before tax from discontinued operations	3,403	23,635
Depreciation and amortization	3,313	3,632
Impairment loss	1,338	800
Finance income and finance cost	1,624	2,286
Other non-operating income and expenses	1,354	–
Share of loss (profit) of investments accounted for using equity method	616	–
Share exchange gains	–	(20,353)
Decrease (increase) in inventories	22,511	6,555
Decrease (increase) in trade and other receivables	(1,863)	13,587
Increase (decrease) in trade, loans and other payables	(849)	(13,607)
Other, net	(4,096)	(15,015)
Subtotal	40,004	13,949
Interest and dividend income received	269	317
Interest expenses paid	(134)	(130)
Income taxes paid	(7,514)	(3,758)
Income taxes refunded	4,129	2,243
Net cash provided by (used in) operating activities	36,754	12,621
Cash provided by (used in) investing activities		
Payments into time deposits	(2,716)	(123)
Proceeds from withdrawal of time deposits	50	2,851
Purchase of property, plant and equipment	(4,416)	(7,585)
Proceeds from sales of property, plant and equipment	74	86
Purchase of intangible assets	(714)	(832)
Payments for loans receivable	–	(19,616)
Collection of loans receivable	–	4,608
Proceeds from sales of shares of subsidiaries and affiliated companies	2,491	–
Outflow due to loss of control of subsidiaries by share exchange	–	(7,550)
Other, net	1,295	(545)
Net cash provided by (used in) investing activities	(3,935)	(28,707)
Cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(19,290)	0
Proceeds from long-term loans payable	2,000	14,281
Proceeds from issuance of bonds	4,924	–
Purchase of treasury stock	(4,106)	(0)
Cash dividends paid	(6,992)	(6,897)
Other, net	(354)	(334)
Net cash provided by (used in) financing activities	(23,818)	7,050
Effect of exchange rate change on cash and cash equivalents	2,824	(2,034)
Net increase (decrease) in cash and cash equivalents	11,824	(11,070)
Cash and cash equivalents at beginning of period	6,127	17,952
Cash and cash equivalents at end of period	17,952	6,881

(6) Notes on Assumptions for Going Concern

Not applicable

(7) Notes on Consolidated Financial Statements

1. Reporting entity

ARE Holdings, Inc. (hereinafter the "Company") is a company located in Japan. The addresses of the Company's registered head office and principal offices are available on its website (https://www.asahiholdings.com). The Company's consolidated financial statements have a fiscal year-end date of March 31, 2024 and comprise the financial statements of the Company as well as its subsidiaries (the "Group").

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

Effective July 1, 2023, the Company changed its name from Asahi Holdings, Inc. to ARE Holdings, Inc.

2. Basis of preparation

(1) Statement of compliance with IFRS

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

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

(2) Functional currency and presentation currency

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

3. Material accounting policies

The material accounting policies adopted for the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2023.

4. Significant accounting estimates and associated judgements

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

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

The judgements, estimates and assumptions made by the management that may have material impacts on the figures in the consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2023.

5. Segment information

(1) Overview of reporting segments

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

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

Therefore, the Group is composed of product and service segments based on business sectors. The two reporting segments are the Precious Metals business and the Environmental Preservation business.

Meanwhile, these reporting segments are not aggregated.

The Precious Metals business engages mainly in recycling and selling precious and rare metals such as gold, silver, palladium, platinum, and rhodium from scrap containing precious metals, as well as refining and processing of precious metals centered on gold and silver. The main work of the Environmental Preservation business is the collection, transport and intermediate processing of industrial waste.

During the fiscal year under review, the Company conducted a share exchange between Japan Waste Corporation (“Japan Waste”), which was a consolidated subsidiary of the Company, and Renatus Co., Ltd. (“Renatus”), whereby Renatus became the wholly owning parent company, and Japan Waste became the wholly owned subsidiary company. Consequently, the Company reclassified the business of Japan Waste under discontinued operations, and the amounts presented for segment information are amounts from continuing operations from which discontinued operations have been excluded. Please refer to Note “7. Discontinued operations” for details on discontinued operations.

(Matters related to changes in reporting segments, etc.)

Effective from the fiscal year under review, due to changes in corporate organization and performance management classifications within the Group, corporate expenses previously included in “Adjustments” are now allocated to “Precious Metals Business” and “Environmental Preservation Business,” and recorded as such.

Segment information for the fiscal year ended March 31, 2023 is presented according to the new classification.

(2) Segment revenue and performance

Accounting policies of the reporting segments are the same as those of the Group stated in Note “3. Material accounting policies.”

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segment			Other	Total	Adjustments	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal				
Revenue							
External revenue	274,205	–	274,205	3	274,209	–	274,209
Intersegment revenue	–	–	–	–	–	–	–
Total	274,205	–	274,205	3	274,209	–	274,209
Operating profit by business segment	17,243	–	17,243	(961)	16,282	–	16,282
Finance income							466
Finance costs							(795)
Other non-operating expenses							(3,304)
Profit before tax							12,649
Others:							
Depreciation and amortization	2,294	–	2,294	–	2,294	–	2,294
Impairment loss	525	–	525	–	525	–	525
Share of loss (profit) of investments accounted for using equity method	–	–	–	(616)	(616)	–	(616)

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment			Other	Total	Adjustments	Consolidated
	Precious Metals Business	Environmental Preservation Business	Subtotal				
Revenue							
External revenue	322,218	–	322,218	34	322,253	–	322,253
Intersegment revenue	–	–	–	–	–	–	–
Total	322,218	–	322,218	34	322,253	–	322,253
Operating profit by business segment	12,716	(0)	12,716	(348)	12,367	–	12,367
Finance income							1,136
Finance costs							(1,077)
Profit before tax							12,426
Others:							
Depreciation and amortization	2,598	–	2,598	–	2,598	–	2,598
Impairment loss	800	–	800	–	800	–	800

6. Impairment loss

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

The impairment loss of 1,338 million yen on property, plant and equipment recognized during the fiscal year ended March 31, 2023 is recorded as 525 million yen in “Other operating expenses” in the Consolidated Statements of Income, and 812 million yen in “Expense” in revenue and expense of discontinued operations. This impairment loss mainly consists of a loss (403 million yen) for the reduction of the book value of buildings, machinery and equipment of Asahi Refining Florida LLC in the Precious Metals Business segment to the recoverable value due to their scheduled retirement as a result of withdrawing from the carbon treatment business, and a loss (804 million yen) for the reduction of the book value of buildings, machinery and equipment of Japan Waste in the discontinued operations to the recoverable value due to their scheduled retirement for the reconstruction of waste treatment facilities.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

The impairment loss of 800 million yen on property, plant and equipment recognized during the fiscal year ended March 31, 2024 is recorded as 800 million yen in “Other operating expenses” in the Consolidated Statements of Income. This impairment loss 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.

Please refer to Note “7. Discontinued operations” for details on discontinued operations.

7. Discontinued operations

(1) Results of discontinued operations

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

As a result, the operations of Japan Waste have become discontinued operations, and the profit (loss) and cash flows associated with Japan Waste's operations for the fiscal year under review have been reclassified as discontinued operations, and similarly restated for the previous fiscal year, with the discontinued operations displayed in a separate category.

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Revenue and expense of discontinued operations		
Revenue (Note 1)	18,746	36,649
Expense	(15,342)	(13,014)
Profit before tax from discontinued operations	3,403	23,635
Income tax expenses (Note 2)	(1,011)	(7,657)
Profit from discontinued operations	2,392	15,977

Notes: 1. Revenue for the fiscal year under review includes 20,353 million yen of share exchange gains.
2. Income tax expenses for the fiscal year under review includes (6,802) million yen of income tax expenses pertaining to share exchange gains.

(2) Supplementary information about cash flow

An outflow of (7,550) million yen in cash and cash equivalents owned by Japan Waste and its subsidiaries is presented as "Outflow due to loss of control of subsidiaries by share exchange" in cash provided by (used in) investing activities in the consolidated statements of cash flows as a result of the Company losing control over Japan Waste and its subsidiaries.

8. Per share information

(1) Basic and diluted earnings per share

(Yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Continuing operations	110.29	111.06
Discontinued operations	30.91	208.47
Total basic earnings per share	141.19	319.54
Continuing operations	101.21	101.94
Discontinued operations	27.51	185.07
Total diluted earnings per share	128.72	287.01

(2) The basis for calculating basic earnings per share

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit attributable to owners of parent	10,929	24,490
Profit from discontinued operations attributable to owners of parent	2,392	15,977
Profit from continuing operations used for calculation of the basic earnings per share	8,537	8,512

(3) The basis for calculating diluted earnings per share

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit from continuing operations used for calculation of the basic earnings per share	8,537	8,512
Adjustments of profit for the year	265	288
Profit from continuing operations used for calculation of the diluted earnings per share	8,803	8,800
Profit from discontinued operations used for calculation of the diluted earnings per share	2,392	15,977
Profit used for calculation of the diluted earnings per share	11,195	24,778

(4) Weighted average number of common stock

(Shares)

	Year ended March 31, 2023	Year ended March 31, 2024
Weighted average number of common stock	77,410,371	76,643,154
Increase in number of common stock		
Share acquisition rights	9,565,091	9,689,567
Weighted average number of diluted common stock	86,975,462	86,332,721

9. Subsequent events

Not applicable

5. Others

(1) Amounts of sales

	Year ended March 31, 2023		Year ended March 31, 2024	
	Amount (Millions of yen)	Year-on-Year (%)	Amount (Millions of yen)	Year-on-Year (%)
Gold	169,436	221.2	233,562	137.8
Silver	6,008	109.6	6,824	113.6
Palladium	48,750	104.0	24,921	51.1
Platinum	15,623	146.4	16,730	107.1
Other	34,390	100.4	40,214	116.9
Total	274,209	–	322,253	117.5

(Note) The Company reclassified the business of Japan Waste Corporation, which was a consolidated subsidiary of the Company, under discontinued operations. Consequently, the Company restated “Amounts of sales” for the previous fiscal year to amounts from continuing operations.