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ARE Holdings, Inc.
(Stock code: 5857)

Notice of the 15th Annual General Meeting of Shareholders

Date and time:

10:30 a.m. on Tuesday, June 18, 2024

Reception opens at 10:00 a.m.

Venue:

KOBE PORTOPIA HOTEL

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

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

Proposals:

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

Please exercise your voting rights:

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

- If you are attending the General Meeting of Shareholders:

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

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

Please exercise your voting rights in writing or via the Internet, etc.

Documents must arrive before 5:30 p.m. on Monday, June 17, 2024.

Message from the CEO To Shareholders

**Tomoya Higashiura,
Representative Director and President**

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

I would also like to take the opportunity of sending this Notice of the 15th Annual General Meeting of Shareholders to offer a short greeting.

On March 15, 2024, the bill for the “Act concerning the Advancement of Recycling Businesses, etc. to Promote Resource Circulation” was approved in the Cabinet meeting. Considering that recycling of useful resources is effective for not only decarbonization but also resolution of social issues such as economic security and regional revitalization, the bill requires business operators engaged in resource circulation to increase their competitiveness. The Company has strived to renew its resolution to keep moving forward by taking a serious approach to accepting and incorporating the needs of the modern era.

The volume of gold recycled by the Precious Metals Recycling Business of the Company doubled in the past three years, and the business produced 30 tons of recycled gold in the previous fiscal year. If our Bando Plant that produces recycled gold were to be considered as a gold mine, its production scale would far exceed that of the largest gold mine in Japan and rank as the top fifth gold mine around the world. While the efforts of our sales and plant personnel were an essential element of this achievement, in the background, there was the fact that the price of gold produced from our recycling activities grew higher than that of gold produced from mines. We find it groundbreaking that the price of recycled products exceeded that of products made of natural materials. This was achieved by our mechanism that maintains the current state of the natural environment, prevents resource depletion, emits little carbon dioxide, and thus is compatible with circular economy and carbon neutrality. It could be said that the value for creating a new civilization has been discovered in recycling production. Such activities and achievements are what we pursue for the next generation in all business domains on a global basis.

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. I expect that Japan Waste Corporation’s nationwide network, which has been developed by the Company, will increase the competitiveness of Renatus Co., Ltd. From the fiscal year ending March 31, 2025, Renatus Co., Ltd. will be an equity method affiliate of the Company and its share of profit (loss) of investments accounted for using equity method will be reported as part of operating profit (loss).

Revenue and operating profit in the 15th fiscal term were 322.2 billion yen and 12.3 billion yen respectively, with year-end dividend decided to be 45 yen per share. In order to pursue realization of shareholder value and resolution of social issues in the future at the same time, we drew our strategic scenarios for 2030 in the “Mid to Long Term Plan & Aspiration” released on April 26. We will work toward implementation of the plan and its aspiration. I hope that our shareholders will continue to give us their support.

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ASAHI WAY

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

Our Credo

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

Our Corporate Values

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

Our Employee Principles

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

The ARE Holdings Group Code of Conduct

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

Dear Shareholders:

(Stock code: 5857)

June 3, 2024

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

ARE Holdings, Inc.

Tomoya Higashiura,

Representative Director and President

Notice of the 15th Annual General Meeting of Shareholders

This is to inform you that the 15th Annual General Meeting of Shareholders of ARE Holdings, Inc. (hereinafter the “Company”) will be held at the following time and place.

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

[The Company’s website]

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

[The website for the General Meeting of Shareholders Materials]

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

Instead of attending the meeting in person, you are entitled to exercise your voting rights via the Internet or in writing. You are kindly requested to read the reference documents and exercise your voting rights by 5:30 p.m. on Monday, June 17, 2024, in accordance with the instructions on the page 7 to 9.

Details of the meeting

1. Date and time: 10:30 a.m. on Tuesday, June 18, 2024 (Reception will open at 10:00 a.m.)

2. Venue: KOBE PORTOPIA HOTEL

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

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

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

3. Meeting Agenda

- Items to be reported:**
- 1) Business Report, the consolidated financial statements and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 15th fiscal term (April 1, 2023 through March 31, 2024)
 - 2) Report on non-consolidated financial statements for the 15th fiscal term (April 1, 2023 through March 31, 2024)

Items to be resolved:

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

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

Acceptance of Questions in Advance via Internet

We will accept questions from shareholders regarding the 15th Annual General Meeting of Shareholders as follows. Among the received questions, those deemed to be of great interest to shareholders will be answered on the day of the Annual General Meeting of Shareholders. We will be unable to provide individual answers to any questions that remain unanswered, and appreciate your understanding in this regard.

Deadline: Questions entered by 6:00 p.m. on Monday, June 10, 2024

URL: <https://v.sokai.jp/5857/2024/arehd/>

How to log in: The ID is the eight-digit shareholder number (half-width digits) and the password is the seven-digit zip code (half-width digits, no hyphen) of the shareholder’s address registered with us.

* Please take note of your shareholder number before sending the Voting Right Exercise Form by post.

* The website for accepting questions in advance is not available from 1:00 a.m. to 5:00 a.m. daily to accommodate maintenance and inspection.

Guide to Exercising Voting Rights

If you are attending the General Meeting of Shareholders:

Please submit the Voting Right Exercise Form at the reception desk upon arrival.
In addition, please also bring this Notice.

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

• Exercising your voting rights via the Internet

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

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

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

Deadline for Exercising Voting Rights: 5:30 p.m. on Monday, June 17, 2024

Treatment of Voting Rights Exercised Multiple Times

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

Electronic Voting Platform for Institutional Investors

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

Procedure for Exercising Voting Rights via the Internet

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

1. Voting Rights Exercise Web Site

- (1) The exercise of voting rights via the Internet is possible only by accessing the Voting Rights Exercise Web Site (<https://evote.tr.mufg.jp/>) designated by the Company either from a computer or a smartphone. (However, this Web site is not available from 2:30 a.m. to 4:30 a.m. daily.)
- (2) The exercise of voting rights using computers or smartphones may be disabled by operating environments, including the use of a firewall when accessing the Internet, the use of antivirus software, the use of a proxy server and/or if you have not designated the use of encrypted transmission (TLS transmission).
- (3) Although we will accept the exercise of voting rights via the Internet until 5:30 p.m. on Monday, June 17, 2024, we recommend voting as early as possible. If you have any questions, please contact our Help Desk.

2. Exercising Your Voting Rights via the Internet

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

3. Treatment of Voting Rights Exercised Multiple Times

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

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

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

5. Method of Receiving a Convocation Notice

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

For inquiries about the system or other matters, contact:

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

Reference Documents for General Meeting of Shareholders

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

The terms of office of one (1) Director (excluding Directors serving as the Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) will expire at the close of this Annual General Meeting of Shareholders.

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

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

The candidate for Director to be elected is as follows.

Name (Date of birth)		Gender	Position and Duties at the Company (Important concurrent assignment)	Attendance at the Board of Directors meeting
To be Reelected	Tomoya Higashiura (January 26, 1961)	Male	Representative Director and President [Significant concurrent duties] Director of Asahi Pretec Corp. Director of Japan Waste Corporation Chairperson and Director of Renatus Co., Ltd.	8 out of 8 meetings

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Name (Date of birth)	Career, Position and Duties at the Company	Ownership of Shares
 <p data-bbox="245 1256 464 1328">Tomoya Higashiura (January 26, 1961)</p> <p data-bbox="264 1335 445 1366">To be Reelected</p>	<p data-bbox="501 342 975 374">April 1984: Joined NEC Corporation</p> <p data-bbox="501 389 986 488">February 2001: Joined Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p data-bbox="501 506 1070 645">June 2006: Appointed as Director and General Manager of Administration Division of Asahi Pretec Corp.</p> <p data-bbox="501 663 1059 835">April 2009: Appointed as Director and General Manager of Corporate Development & Administration Division of Asahi Holdings, Inc. (currently ARE Holdings, Inc.)</p> <p data-bbox="501 853 1038 1059">June 2010: Appointed as Director and General Manager of Precious Metal Recycling Business Division of Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p data-bbox="501 1077 1046 1176">April 2011: Appointed as Director of Asahi Holdings, Inc. (currently ARE Holdings, Inc.)</p> <p data-bbox="501 1193 1031 1332">June 2014: Appointed as Representative Director & President of Asahi Pretec Corp. (currently Japan Waste Corporation)</p> <p data-bbox="501 1350 1050 1489">April 2018: Appointed as Representative Director and President of Asahi Holdings, Inc. (currently ARE Holdings, Inc.) (to present)</p> <p data-bbox="501 1507 1050 1606">April 2018: Appointed as Director of Asahi Pretec Corp. (currently Japan Waste Corporation) (to present)</p> <p data-bbox="501 1624 1062 1762">April 2023: Director of Asahi Pretec Corp. (newly established through an absorption-type split and change in the trade name) (to present)</p> <p data-bbox="501 1780 1027 1839">March 2024: Chairperson and Director of Renatus Co., Ltd. (to present)</p> <p data-bbox="488 1856 831 1888">[Significant concurrent duties]</p> <p data-bbox="488 1906 831 1937">Director of Asahi Pretec Corp.</p> <p data-bbox="488 1942 903 1973">Director of Japan Waste Corporation</p> <p data-bbox="488 1977 1002 2009">Chairperson and Director of Renatus Co., Ltd.</p>	<p data-bbox="1145 1137 1227 1209">82,000 shares</p>

Attendance at the Board of Directors meeting: 8 out of 8 meetings

(Reason for nomination as a candidate)

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

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

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(Reference)

Skill matrix of Directors and Corporate Officers

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

1. Current Status of the Group

(1) Status of business for the fiscal year

1) Circumstances and results of business

During the fiscal year under review, 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

Revenue: 322,218 million yen (up 17.5% YOY)

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

Revenue: - million yen (-% YOY)

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, an increase of 13,560 million yen (+124.1 percent) year-on-year. 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).

Revenue and operating profit were composed of the following:

<Breakdown of revenue and operating profit>

Category	Revenue (Millions of yen)	Ratio (%)	YOY change (%)	Operating Profit (Millions of yen)
Precious Metals Business	322,218	100.0	17.5	12,716
Environmental Preservation Business	—	—	—	(0)
Other	34	0.0	—	(348)
Total	322,253	100.0	17.5	12,367

Revenue	322,253 million yen	Up 17.5% YOY
Operating Profit	12,367 million yen	Down 24.0% YOY
ROE	21.0%	Up 10.7% YOY

2) Capital expenditure

Capital expenditure made in the fiscal year totaled 8,472 million yen. The main expenditure was an investment in buildings, machinery and equipment.

3) Financing

Not applicable for the fiscal year

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

Not applicable for the fiscal year

5) Acquisition of the business of other companies

Not applicable for the fiscal year

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

Effective as of April 1, 2023, Japan Waste Corporation, a former consolidated subsidiary of the Company, conducted an absorption-type split where its precious metal recycling business was transferred to Asahi Pretec Corp., a subsidiary of the Company, and its precious metals refining and manufacturing/trading business was transferred to ASAHI METALFINE, Inc., a subsidiary of the Company, respectively.

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

As of March 1, 2024, the Company established Waste System Japan Corporation and made it a consolidated subsidiary.

Effective as of March 31, 2024, the Company conducted a share exchange of all shares in Japan Waste Corporation, a former consolidated subsidiary of the Company, with part of shares in Renatus Co., Ltd., whereby Renatus Co., Ltd. became the wholly owning parent company, and Japan Waste became the wholly owned subsidiary company. The Company made Renatus Co., Ltd., Japan Waste Corporation, and three subsidiaries of Japan Waste Corporation (JW Chemitech Co., Ltd., Fuji Rozai Co., Ltd., and Nihon Chemitech Logitem Co., Ltd.) its equity method affiliates.

(2) Property and profit/loss

Category	12 th term April 1, 2020 through March 31, 2021	13 th term April 1, 2021 through March 31, 2022	14 th term April 1, 2022 through March 31, 2023	15 th term April 1, 2023 through March 31, 2024 (Current fiscal year)
Revenue (Millions of yen)	164,776	192,442	274,209	322,253
Operating profit (Millions of yen)	25,126	26,446	16,282	12,367
Profit attributable to owners of parent (Millions of yen)	25,725	18,735	10,929	24,490
Basic earnings per share (Yen)	326.90	238.11	141.19	319.54
Total assets (Millions of yen)	244,803	298,387	287,448	317,998
Total equity (Millions of yen)	97,903	105,137	106,957	126,476
Equity per share attributable to owners of parent (Yen)	1,244.06	1,336.89	1,395.52	1,650.20

(Notes) 1. For the 15th term, businesses of Japan Waste Corporation have been reclassified as discontinued operations. Consequently, income from discontinued operations is presented separately from continuing operations in the consolidated statement of income. Accordingly, revenue and operating profit are presented in amounts from continuing operations. The figures for the 14th term have also been restated in the same way.

2. The Company conducted a stock split with a ratio of two-for-one on April 1, 2021. Basic earnings per share and equity per share attributable to owners of parent are calculated assuming the stock split had already been carried out at the start of the 12th term.

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(3) Major sales offices and plants (as of March 31, 2024)**ARE Holdings, Inc.**

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

Asahi Pretec Corp.

Main office	21, Uozakihamamachi, Higashinada-ku, Kobe-shi
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Research laboratory	The Technical Research Center (Kobe-shi)
Sales offices	Sapporo (Sorachi-gun, Hokkaido) Aomori (Aomori-shi) Sendai (Miyagi-gun, Miyagi Pref.) Niigata (Sanjo-shi, Niigata Pref.) Kitakanto (Bando-shi, Ibaraki Pref.) Kanto (Kawaguchi-shi, Saitama Pref.) Yokohama (Yokohama-shi) Kofu (Chuo-shi, Yamanashi Pref.) Nagano (Tomi-shi, Nagano Pref.) Shizuoka (Yaizu-shi, Shizuoka Pref.) Nagoya (Komaki-shi, Aichi Pref.) Hokuriku (Toyama-shi) Hanshin (Amagasaki-shi, Hyogo Pref.) Kobe (Kobe-shi) Okayama (Okayama-shi) Hiroshima (Hiroshima-shi) Shikoku (Saijo-shi, Ehime Pref.) Fukuoka (Koga-shi, Fukuoka Pref.) Kagoshima (Kagoshima-shi) Okinawa (Itoman-shi, Okinawa Pref.)
Plants	Nagano (Tomi-shi, Nagano Pref.) Amagasaki (Amagasaki-shi, Hyogo Pref.) Ehime (Saijo-shi, Ehime Pref.) Fukuoka (Koga-shi, Fukuoka Pref.)
Overseas subsidiaries	Asahi G&S Sdn. Bhd. (Malaysia) Asahi Pretec Korea Co., Ltd. (Korea)

ASAHI METALFINE, Inc.

Main office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Plants	Bando (Bando-shi, Ibaraki Pref.)

Waste System Japan Corporation

Main office	4-17 Kano-cho 4-chome, Chuo-ku, Kobe-shi
Head office	7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Domestic subsidiary	DXE INC. (Chiyoda-ku, Tokyo)

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(4) Significant parent company and subsidiaries**1) Relationship with parent company**

Not applicable

2) Significant subsidiaries

Company name	Capital	Our voting right ratio	Major business
Asahi Pretec Corp.	110 million yen	100.0%	Precious Metals Recycling Business
ASAHI METALFINE, Inc.	110 million yen	100.0%	Precious Metals Refining and Manufacturing/Trading Business

3) Specified wholly owned subsidiary

Not applicable

(5) Principal businesses (as of March 31, 2024)

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

1) Precious Metals Business

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

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

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

2) Environmental Preservation Business

We promote detoxification and proper disposal of each type of industrial waste through the business of Japan Waste Corporation, which has been reclassified as discontinued operations as a result of the share exchange.

In addition, we operate DX business related to industrial waste.

- Building digital platforms related to disposal of industrial waste

(6) Employees (as of March 31, 2024)**1) Employees of the Group**

Number of employees	Change from the end of previous fiscal year
952 (74)	-515 (down 42)

- (Notes) 1. The number of employees refers to the number of workers (excluding the staff seconded from the Group to companies outside the Group but including staff seconded from companies outside the Group to the Group) and for the number of part-timers and fixed-term employees, annual average number of persons are shown separately in brackets.
2. The number of employees decreased by 515 from the end of the previous fiscal year. This is mainly due to the exclusion of Japan Waste Corporation from the scope of consolidation as a result of the share exchange conducted on March 31, 2024.

2) Employees of the Company

Number of employees	Change from the end of previous fiscal year	Average age	Average length of service
51 (6)	+39 (up 5)	42 years and 0 months	1 year and 2 months

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

(7) Major financial institutions with loans to the Company (as of March 31, 2024)

Financial institutions	Loan amount
Mizuho Bank, Ltd.	30,282 million yen
MUFG Bank, Ltd.	27,586 million yen
Sumitomo Mitsui Banking Corporation	20,743 million yen
Japan Bank for International Cooperation	10,598 million yen
Syndicated loan	5,078 million yen

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

Effective as of July 1, 2023, the Company changed its trade name to ARE Holdings, Inc.

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

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

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

2) Environmental Preservation Business segment

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

- Promote a circular society achieved through cooperation between the artery and vein of industries by taking advantage of the share exchange between Japan Waste Corporation and Renatus Co., Ltd. as the foothold for creating a major vein player in Japan.
- Establish efficient and effective business systems by expanding the DX business and by building digital platforms.
- Create new businesses such as the hydrogen business and promote the carbon neutral strategy.

■ Mid to Long Term Plan & Aspiration for 2030

Vision 2030: To be a leader in creating a circular economy that connects society to the environment

Performance targets

(Billions of yen)

	Fiscal year 2023 results	Fiscal year 2030 targets
Revenue	322.3	540.0
Operating Profit	12.4	38.0

Financial targets

	Fiscal year 2023 results	Fiscal year 2030 targets
ROE	9.4%*	13%
Equity Ratio	39.8%	50% – 60%

(Note) ROE is calculated by excluding share exchange gains.

Strategy Key Themes:

- Strengthen the business foundation to increase profitability
- Develop new fields in the Precious Metals Business
- Further promote globalization
- Develop human resources to support business development
- Optimize the balance sheet

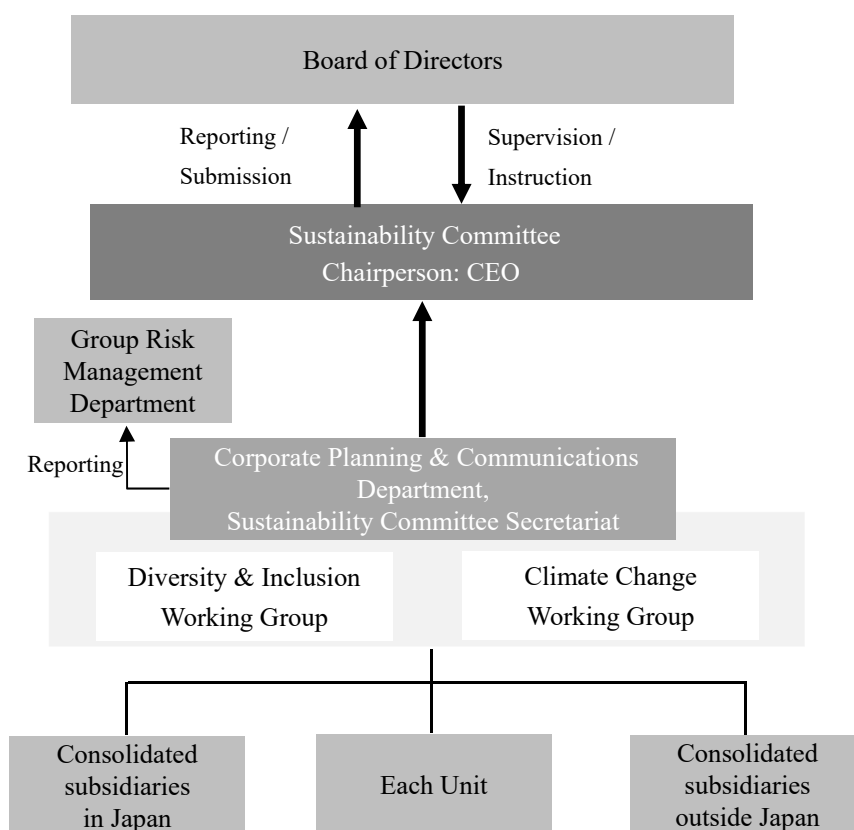
■ Reference: Initiatives for sustainability

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

Sustainability promotion system:

The Group is working on the expansion of precious metals recycling and proper industrial waste disposal, the enhancement of work-life balance and employee diversity, and other initiatives.

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



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

■ **Reference: Corporate Governance Structure**

Basic Policies for Corporate Governance

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

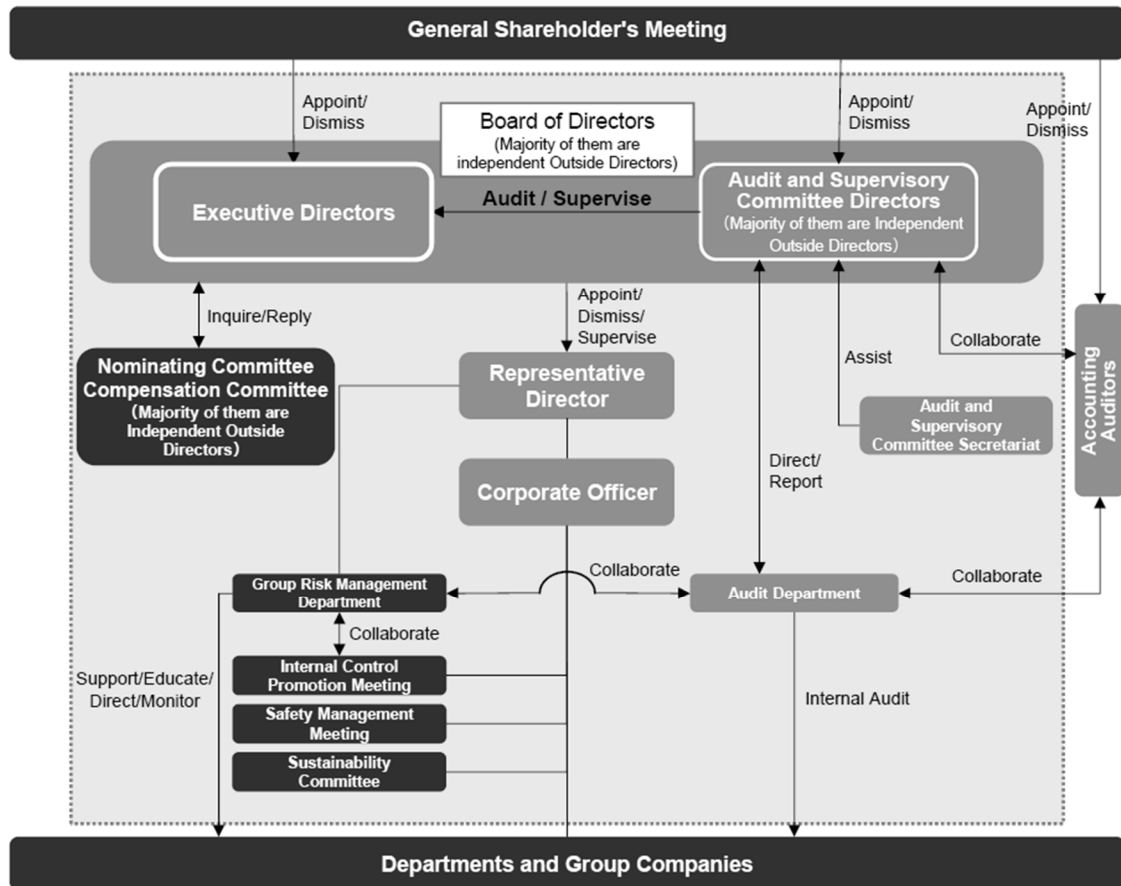
<https://www.asahiholdings.com/english/sustainability/governance/>

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

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

Board of Directors	The Board of Directors is comprised of Executive Directors who are knowledgeable concerning their respective business, technical or administrative divisions, as well as Outside Directors with various types of expertise essential to corporate management. To enhance neutrality and independence of the Board of Directors and facilitate active, substantial and effective discussions at meetings, the Board of Directors consists of six (6) Directors, including four (4) Independent Outside Directors, with a majority of Outside Directors. All Directors share their opinions actively and freely on important subjects such as the Group’s management strategies and business plans.
Audit and Supervisory Committee	Under Japan’s Companies Act, the Group has elected to be a company with an Audit and Supervisory Committee, and has four (4) Independent Outside Directors. This structure has strengthened the supervisory function of the Board of Directors. It also delegates important business execution to the Executive Directors for quicker decision-making and improved management efficiency.
Nominating Committee/ Compensation Committee	A Nominating Committee, consisting of three (3) members including two (2) Independent Outside Directors, as well as a Compensation Committee, have been established as advisory bodies to the Board of Directors. The chair of both committees is elected from among Independent Outside Directors. The aim is to further enhance corporate governance by ensuring transparency, fairness, and objectivity for the appointment and dismissal of Directors and key management team members, as well as for the determination of Director remuneration.

Corporate Governance Structure



Evaluation of the Effectiveness of the Entire Board of Directors

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

2. Current state of the Company

(1) Shares (as of March 31, 2024)

- 1) **Number of shares authorized:** 258,000,000 shares
 2) **Number of shares issued:** 79,708,688 shares
 3) **Number of shareholders:** 53,513
 4) **Major shareholders (top 10 shareholders)**

Shareholders	Number of shares held (Thousands of shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11,920	15.30
Custody Bank of Japan, Ltd. (Trust account)	4,996	6.41
Mitsuharu Terayama	1,793	2.30
STATE STREET BANK WEST CLIENT - TREATY 505234	1,628	2.09
Masamichi Terayama	1,404	1.80
CEPLUX-ERSTE GROUP BANK AG (UCITS CLIENTS)	1,207	1.55
Asahi Employee Stock Ownership Plan	1,205	1.55
JP MORGAN CHASE BANK 385781	939	1.21
The Master Trust Bank of Japan, Ltd. (ESOP trust accounts: 75882)	916	1.18
MUFG Bank, Ltd.	900	1.16

(Notes) 1. The Company holds 1,797 thousand shares of treasury stock, which is excluded from the major shareholders listed above.

2. Percentage of shares held is calculated by excluding treasury stock.

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

Not applicable

Shareholder distribution

Individuals, others	36,996 thousand shares (46.41%)
Financial institutions	21,746 thousand shares (27.28%)
Foreign corporations, etc.	17,373 thousand shares (21.80%)
General corporations, other corporations	1,967 thousand shares (2.47%)
Securities companies	1,626 thousand shares (2.04%)

(2) Share acquisition rights, etc.

- 1) Share acquisition rights granted to and held by the Company's board members as a consideration for execution of their duties on the end of the fiscal year under review
Not Applicable
- 2) Share acquisition rights granted to the Company's employees, etc. as a consideration for execution of their duties during the fiscal year under review
Not Applicable
- 3) Other status of share acquisition rights

Share acquisition rights by a resolution of the Board of Directors meeting as of February 25, 2021

- Allotment date March 15, 2021
- Allotment method Allot all shares to Asahi Refining USA Inc. through a third-party allotment method

- Number of share acquisition rights 2,000 units
- Class and number of shares for the purpose of share acquisition rights and calculation method thereof

The class of shares for the purpose of share acquisition rights shall be common stock of the Company and the number of shares per unit of the share acquisition rights shall be equal to that calculated by dividing 100,000 US dollars by the exercise price per share (value of the property to be contributed when the share acquisition rights are exercised or calculation method thereof are defined in (2)); however, if two or more units of the share acquisition rights are exercised at the same time, the number equal to that calculated by dividing 100,000 US dollars which were multiplied by the number of the units exercised, by the exercise price per share). Any fractions below one share generated as a result of exercise shall be rounded down.

- Amount to be paid in for share acquisition rights or calculation method thereof and description that no payment is required

5,257 US dollars in cash per unit of share acquisition rights (total amount to be paid in for the share acquisition rights: 10,514,000 US dollars in cash)

- Value of property to be contributed when share acquisition rights are exercised and calculation method thereof

(1) The property to be contributed when each of the share acquisition rights is exercised shall be cash, of which value shall be 100,000 US dollars.

(2) The value of cash per share of the Company's common stock to be contributed when exercising the share acquisition rights (hereinafter the "Exercise Price per Share") shall be initially 42.94 US dollars (Note). The Exercise Price per Share shall be adjusted in accordance with the following rules. After the share acquisition rights are issued, the Exercise Price per Share shall be adjusted in accordance with the following formula if the Company issues the Company's common stock or disposes of the Company's common stock held by the Company with a paid-in amount below the market value of the Company's common stock. In the following formula, "Exercise price after adjustment" is the Exercise Price per Share after adjustment, "Exercise price before adjustment" is the Exercise Price per Share before adjustment, and "Number of shares already issued" is the total number shares of the Company's outstanding common stock (excluding those held by the Company).

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued or disposed of} \times \text{Amount paid in per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of shares newly issued or disposed of}}$$

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

- Period during which share acquisition rights can be exercised

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

- Conditions for exercise of share acquisition rights

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

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

(3) Board members and corporate officers**1) Directors (as of March 31, 2024)**

Position	Name	Responsibility and important concurrent assignment
Representative Director and President	Tomoya Higashiura	Director, Asahi Pretec Corp. Director, Japan Waste Corporation Chairperson and Director, Renatus Co., Ltd.
Director/Audit and Supervisory Committee Member	Yoshinori Hara	Professor of Graduate School of Management at Kyoto University
Director/Audit and Supervisory Committee Member	Miyoko Kimura	Director and Managing Executive Officer, General Manager, R&D Division, and CMO, KING JIM CO., LTD. Outside Director, JAPAN POST HOLDINGS Co., Ltd.
Director/Full-Time Audit and Supervisory Committee Member	Mitsutoshi Kagimoto	
Director/Audit and Supervisory Committee Member	Akinori Yamamoto	Representative, Yamamoto Certified Public Accountant Office Representative Director, GIP Co., Ltd.
Director/Audit and Supervisory Committee Member	Yuki Tsuru	Lawyer, Kyowa-Sogo Partners Law Office Member of Infringement Judgement Advisory Committee Customs Technical Advisor Part-time Auditor, National Institute of Technology and Evaluation External Director, Hankyu Hanshin Holdings, Inc. Outside Director, SUGIMOTO & CO., LTD Outside Director, JAMCO Corporation

- (Notes)
1. According to a resolution at the 6th Annual General Meeting of Shareholders held on June 16, 2015, the Company made a transition to a Board with Audit and Supervisory Committee as of the same date.
 2. Directors/Audit and Supervisory Committee Members Yoshinori Hara, Miyoko Kimura, Akinori Yamamoto, and Yuki Tsuru are Outside Directors.
 3. Director/Full-Time Audit and Supervisory Committee Member Mitsutoshi Kagimoto has been engaged in the management and audit of the Group for many years as a Representative Director of the Group companies as well as General Manager of Audit and

Supervisory Committee Secretariat and possesses extensive expertise in the Company's overall business.

4. The Company has a full-time Audit and Supervisory Committee Member to enhance the effectiveness of audits including information gathering and strengthen its auditing and supervisory functions.
5. Director/Audit and Supervisory Committee Member Akinori Yamamoto holds a Certified Public Accountant qualification and possesses extensive expertise in finance and accounting.
6. Director/Audit and Supervisory Committee Member Yoshinori Hara was appointed Adjunct Professor of the Graduate School of Management, Kyoto University on April 1, 2024, and was also appointed Professor Emeritus of Kyoto University and Professor of the School of Data Science, Osaka Seikei University on the same day.
7. The Company designated Directors/Audit and Supervisory Committee Members Yoshinori Hara, Miyoko Kimura, Akinori Yamamoto, and Yuki Tsuru as Independent Directors under the provisions of the Tokyo Stock Exchange, and filed such status with the Exchange.

2) Directors who resigned during the fiscal year

At the conclusion of the 14th Annual General Meeting of Shareholders held on June 20, 2023, Directors/Audit and Supervisory Committee Members Yuji Kimura and Kyoko Kanazawa retired due to expiration of their term of office.

3) Description of the limited liability contract

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

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

4) Overview of the directors and officers liability insurance agreement

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

5) Compensation, etc., for Directors

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

- Decision method of the decision policy

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

- Overview of contents of the decision policy

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

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

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

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

3) The purpose of "performance-based stock compensation" is to enhance incentives for improving mid- to long-term corporate value. On March 31, 2024, The Company abolished a plan in which the number of shares to be granted is linked to the business performance target achievement ratio of "consolidated operating profits" of each fiscal year (hereinafter the "Plan I"). Instead of the Plan I, a new plan was introduced in fiscal year 2023, in which points used as the basis for the number of shares to be granted are granted in accordance with the achievement level of business performance for each year, such points are increased or decreased according to the achievement level of TSR for the following two years, and shares are issued in accordance with the number of increased or decreased points (hereinafter the "PLAN II"). The basic policy is that performance-based compensation shall account for 30% to 70% of the total if business performance targets are achieved. The structure and level of compensation is determined with an importance placed on objectivity in consideration of the level of compensation for directors at other companies, etc., the balance with those of the Group's employees, and other factors.

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

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

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

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of Directors subject to payment (persons)
		Cash compensation		Stock compensation	
		Fixed compensation	Performance-based compensation, etc.	Non-cash compensation, etc.	
Directors (excluding Directors serving as the Audit and Supervisory Committee Members) (Outside Directors)	79 (-)	33 (-)	18 (-)	27 (-)	2 (0)
Directors serving as the Audit and Supervisory Committee Members (Outside Directors)	37 (25)	37 (25)	- (-)	- (-)	7 (6)
Total (Outside Directors)	116 (25)	70 (25)	18 (-)	27 (-)	9 (6)

- (Notes) 1. The amount of compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) does not include the employee salaries of Directors who serve concurrently as employees.
2. The base for performance-based compensation (bonuses and performance-based stock compensation) is consolidated operating profits which are profits gained from the main business and we believe to be the most appropriate as a management benchmark; actual results were 12,367 million yen. The amount of performance-based compensation (bonuses) of the Company is determined for each Director in accordance with their position points and contribution to business performance, after the total amount (including that for Corporate Officers and Directors of the Company's subsidiaries) is calculated by multiplying the consolidated operating profit of the relevant fiscal year by a specific ratio.
3. The performance-based stock compensation is a stock compensation plan (nonmonetary compensation, etc.) in which the Company's shares are granted to eligible Directors in accordance with their positions and the achievement ratio of business performance targets. The purpose of the plan is to enhance incentives for improving mid- to long-term corporate value. The eligible Directors of the plan in which the points to be granted are linked to the business performance target achievement ratio of "consolidated operating profits" for each fiscal year (hereinafter the "Plan I") are those who belong to the Company as of May 1, 2024 after the 9th Mid-term Business Plan ended. At the 14th Annual General Meeting of Shareholders held on June 20, 2023, a resolution was made on the partial amendment of the amount and details of the stock compensation plan, with regard to the discontinuation of the Plan I on March 31, 2024 and the introduction of a plan that replaces the Plan I in fiscal year 2023, in which points used as the basis for the number of shares to be

granted are granted in accordance with the achievement level of business performance for each year, such points are increased or decreased according to the achievement level of TSR for the following two years, and shares are issued in accordance with the number of increased or decreased points (hereinafter the “PLAN II”).

4. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors (excluding Directors serving as the Audit and Supervisory Committee Members) be up to an annual 200 million yen (not including the portion of salary as employees). The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members) was five (5) at the conclusion of said General Meeting of Shareholders.
5. At the 6th Annual General Meeting of Shareholders held on June 16, 2015, it was resolved that the amount of cash compensation for Directors serving as Audit and Supervisory Committee Members be up to an annual 100 million yen. The number of Directors serving as the Audit and Supervisory Committee Members was four (4) at the conclusion of said General Meeting of Shareholders.
6. At the 14th Annual General Meeting of Shareholders held on June 20, 2023, a partial amendment of the amount and details of the “performance-based stock compensation” plan and in addition to the maximum amount of compensation as stated above, the amount of compensation, etc. and details thereof for the Company’s Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) in office in a four-year period from fiscal year 2023 to fiscal year 2026 were decided. The number of Directors (excluding Directors serving as the Audit and Supervisory Committee Members and Outside Directors) was one (1) at the conclusion of said General Meeting of Shareholders. Furthermore, the upper limit of the total number of shares that Directors may be awarded per fiscal year shall be 70,000 shares, and the maximum number of the Company’s shares to be issued to Directors during the four fiscal years from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2027 shall be 280,000 shares.

6) Matters related to outside board members

- (i) Important concurrent assignment at other corporations, etc., and relationship between the Company and the other corporations, etc.
- Director/Audit and Supervisory Committee Member Yoshinori Hara serves as a Professor of Graduate School of Management at Kyoto University. There are no special relationships between the Company and the institution where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Miyoko Kimura serves as the Director of KING JIM CO., LTD. and the Outside Director of JAPAN POST HOLDINGS Co., Ltd. There are no special relationships between the Company and the corporations where she has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Akinori Yamamoto serves as the representative of Yamamoto Certified Public Accountant Office and the Representative Director of GIP Co., Ltd. There are no special relationships between the Company and the offices where he has the concurrent assignment.
 - Director/Audit and Supervisory Committee Member Yuki Tsuru serves as a lawyer (belonging to Kyowa-Sogo Partners Law Office), the Member of Infringement Judgement Advisory Committee, the Customs Technical Advisor, the Part-time Auditor of National Institute of Technology and Evaluation, the External Director of Hankyu Hanshin Holdings, Inc., the Outside Director of SUGIMOTO & CO., LTD., and the Outside Director of JAMCO Corporation. There are no special relationships between the Company and the corporations where she has the concurrent assignment.
- (ii) Kinship with a person executing business or an officer not executing business of the Company or specified related business operators of the Company
Not applicable
- (iii) Main activities in the fiscal year

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

<p>Director (Audit and Supervisory Committee Member)</p>	<p>Akinori Yamamoto</p>	<p>He attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year on and after June 20, 2023. He has been performing his proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to organizational accounting as an accountant.</p>
<p>Director (Audit and Supervisory Committee Member)</p>	<p>Yuki Tsuru</p>	<p>She attended all the meetings of the Board of Directors and the Audit and Supervisory Committee held during the fiscal year on and after June 20, 2023. She has been performing her proper role to ensure the validity and appropriateness of making decisions on deliberations of agenda and other matters by, for example, conducting supervision and providing advice from a highly professional standpoint relating to laws as a lawyer.</p>

(4) Accounting Auditor

1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

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

	Amount of compensation, etc.
(i) Amount to be paid by the Company	31 million yen
(ii) Total amount of money to be paid by the Company and the Company's subsidiaries and other benefits on property	67 million yen

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

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

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

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

Convocation Notice

Reference Documents for
General Meeting of Shareholders

Business Report

Consolidated Financial
Statements

Financial Statements

Audit Reports

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

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

We intend to maintain distribution of surplus, with a payout ratio of 40% as a guide, while strengthening internal reserves necessary for capital investment and M&A for growth strategies.

Consolidated Financial Statements

Consolidated Statement of Financial Position (as of March 31, 2024)

		(Millions of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	253,773	Current liabilities	113,001
Cash and cash equivalents	6,881	Trade and other payables	27,180
Trade and other receivables	155,268	Bonds and loans payable	69,970
Inventories	33,879	Income tax payable	2,387
Income tax receivables	77	Other financial liabilities	6,465
Other financial assets	17,763	Provisions	1,302
Other current assets	39,903	Other current liabilities	5,694
		Non-current liabilities	78,521
Non-current assets	64,224	Bonds and loans payable	71,190
Property, plant and equipment	33,192	Deferred tax liabilities	4,432
Goodwill	19	Net defined benefit liability	99
Intangible assets	1,580	Other financial liabilities	2,798
Investments accounted for using equity method	27,665	Total liabilities	191,522
Deferred tax assets	5	EQUITY	
Net defined benefit asset	186	Equity attributable to owners of parent	126,476
Financial assets	1,506	Capital stock	7,790
Other non-current assets	68	Capital surplus	12,245
		Treasury stock	(5,925)
		Retained earnings	113,837
		Other components of equity	(1,471)
Total assets	317,998	Total equity	126,476
		Total liabilities and equity	317,998

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

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Consolidated Statement of Income (April 1, 2023 to March 31, 2024)

(Millions of yen)

Account	Amount	
Continuing operations		
Revenue		322,253
Cost of sales		(300,895)
Gross profit		21,358
Selling, general and administrative expenses	(8,165)	
Other operating income	107	
Other operating expenses	(933)	(8,991)
Operating profit		12,367
Finance income	1,136	
Finance costs	(1,077)	59
Profit before tax		12,426
Income tax expenses		(3,914)
Profit from continuing operations		8,512
Discontinued operations		
Profit from discontinued operations		15,977
Profit		24,490
Profit attributable to:		
Owners of parent		24,490
Non-controlling interests		—

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

Consolidated Statement of Changes in Equity (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Equity attributable to owners of parent					
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Translation adjustments of foreign operations	Cash flow hedges
Balance at April 1, 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)

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

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	Equity attributable to owners of parent			
	Other components of equity		Total	Total
	Remeasurements of defined benefit plans	Total		
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

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

Non-consolidated Financial Statements
Balance Sheet (as of March 31, 2024)

		(Millions of yen)	
Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	53,827	Current liabilities	5,877
Cash and deposits	1,262	Current portion of bonds payable	5,000
Accounts receivable - other	18,674	Accounts payable-other	250
Short-term loans to affiliated companies	33,802	Accrued expenses	409
Income taxes receivable	77	Provision for bonuses	33
Other	11	Provision for directors' bonuses	18
Non-current assets	56,896	Provision for stocks payment	78
Property, plant and equipment	5,607	Provision for management board incentive plan trust	40
Buildings	2,231	Other	46
Tools, equipment and fixtures	2	Non-current liabilities	26,387
Land	3,369	Bonds payable	5,000
Construction in progress	3	Long-term borrowings	18,684
Intangible assets	56	Derivatives liabilities	2,289
Software	39	Other	414
Trademark right	17	Total liabilities	32,265
Investments and other assets	51,232	NET ASSETS	
Shares of affiliated companies	30,862	Shareholders' equity	77,312
Deferred tax assets	2,518	Capital stock	7,790
Long-term loans receivable from subsidiaries and associates	17,714	Capital surplus	27,473
Other	136	Capital reserve	9,364
Total assets	110,724	Other capital surplus	18,109
		Retained earnings	47,973
		Other retained earnings	47,973
		Retained earnings carried forward	47,973
		Treasury stock	(5,925)
		Share acquisition rights	1,146
		Total Net Assets	78,459
		Total Liabilities and Net Assets	110,724

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

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Statement of Income (April 1, 2023 to March 31, 2024)

(Millions of yen)

Account	Amount	
Operating revenue		10,488
Operating expenses		2,185
Operating profit		8,303
Non-operating profit		
Interest income	1,294	
Guarantee commission received	561	
Foreign exchange gains	820	
Other	6	2,681
Non-operating expenses		
Interest expenses	1,140	
Loss on derivatives	909	
Other	0	2,050
Ordinary income		8,934
Extraordinary gain		
Gain on dividends in kind	640	640
Extraordinary loss		
Loss on sale of non-current assets	37	
Loss on retirement of non-current assets	0	
Impairment loss	377	415
Net profit before income taxes		9,159
Income taxes-current	(1,231)	
Income taxes-deferred	1,074	(156)
Net profit		9,315

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

Statement of Changes in Net Assets (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Capital stock	Capital surplus		Retained earnings	Treasury stock	
		Capital reserve	Other capital surplus	Other retained earnings Retained earnings carried forward		
Balance at April 1, 2023	7,790	9,364	18,109	45,658	(5,925)	74,996
Changes during the period						
Dividends from surplus				(6,999)		(6,999)
Net profit				9,315		9,315
Purchase of treasury stock					(522)	(522)
Disposal of treasury stock					521	521
Total changes during the period	—	—	—	2,315	(0)	2,315
Balance at March 31, 2024	7,790	9,364	18,109	47,973	(5,925)	77,312

	Share acquisition rights	Total net assets
Balance at April 1, 2023	1,146	76,143
Changes during the period		
Dividends from surplus		(6,999)
Net profit		9,315
Purchase of treasury stock		(522)
Disposal of treasury stock		521
Total changes during the period	—	2,315
Balance at March 31, 2024	1,146	78,459

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

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

Independent Auditor's Report

May 20, 2024

To the Board of Directors of
ARE Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and

Engagement Partner,

Certified Public Accountant

Hiroaki Hono

Designated and

Engagement Partner,

Certified Public Accountant

Takamichi

Komiyama

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated statement of financial position, the consolidated statement of income, and the consolidated statement of changes in equity, and the basis of preparing consolidated financial statements and other notes of ARE Holdings, Inc. (former company name: Asahi Holdings, Inc.) for the consolidated fiscal year from April 1, 2023 to March 31, 2024.

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

Basis for the Opinion

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

Other Information

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

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

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

whether there are any other indications of material errors in the other information aside from such material inconsistency.

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and where applicable, the details of any measures taken in order to eliminate obstruction factors and any safeguards that have been applied to reduce obstruction factors to acceptable levels.

Interests

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

Transcript of Accounting Auditor's audit report

Independent Auditor's Report

May 20, 2024

To the Board of Directors of
ARE Holdings, Inc.

Ernst & Young ShinNihon LLC

Tokyo office

Designated and
Engagement Partner,

Certified Public Accountant

Hiroaki Hono

Designated and
Engagement Partner,

Certified Public Accountant

Takamichi

Komiyama

Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, namely the balance sheet, the statement of income, and the statement of changes in net assets of ARE Holdings, Inc. (former company name: Asahi Holdings, Inc.) for the 15th fiscal year from April 1, 2023 to March 31, 2024, including notes to non-consolidated financial statements and accompanying supplementary schedules thereto.

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

Basis for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor’s independence, and where applicable, the details of any measures taken in order to eliminate obstruction factors and any safeguards that have been applied to reduce obstruction factors to acceptable levels.

Interests

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

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Transcript of Audit and Supervisory Committee's audit report

Audit Report

The Audit and Supervisory Committee audited the Directors' performance of their duties during the 15th fiscal year (from April 1, 2023 to March 31, 2024), and hereby reports the method and results of the audit as follows.

1. Method and Content of Audit

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

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

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

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

2. Results of Audit

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

(i) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the company was found with respect to the directors' performance of their duties.

(iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions in the business report and directors' performance of their duties concerning the internal control systems.

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

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

(3) Results of audit of consolidated financial statements

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

May 20, 2024

Audit and Supervisory Committee, ARE Holdings, Inc.

Chairman: Yoshinori Hara

Audit and Supervisory Committee Member: Miyoko Kimura
(current surname: Sakagawa)

Audit and Supervisory Committee Member: Akinori Yamamoto

Audit and Supervisory Committee Member: Yuki Tsuru
(current surname: Itami)

Full-time Audit and Supervisory Committee Member: Mitsutoshi Kagimoto

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

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TOPICS

- **ARE Holdings Trade Name Change**

Asahi Holdings, Inc. changed its company name to ARE Holdings, Inc., effective as of July 1, 2023. The A in “ARE” stands for “Asahi,” the R for “Resources,” and the E for “Environment,” and “ARE” is pronounced as letters. Under our Purpose of being “Totally Committed to Protecting the Natural Environment and Preserving Resources,” we have long operated our Precious Metals Business with low impact on the environment and our Environmental Preservation Business conscious of recycling of resources and energy. Amid the increasing interest in climate change and other global environmental problems, we clarify our roles and significance within and outside of the Company by changing the Company name to one that reflects our Purpose and keep moving forward to achieve financial values and resolve social issues such as realization of circularity.

- **Share Exchange Between Japan Waste and Renatus**

On March 31, 2024, 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.

Japan Waste has many customers making up a large nationwide business network, and now that it has integrated with the large and efficient waste treatment facilities of Renatus through this share exchange, the two companies will generate tremendous synergy. Moreover, by leveraging the cooperative relationship between the DX business deployed by the Company in the area of environmental preservation and the waste treatment business of Renatus as a platform, it will be possible to further strengthen collaborations with large manufacturers, etc. and provide services that support the decarbonization measures of Japan's manufacturing companies.

In order to further enhance the Company's corporate value, the Company will continue to maintain its environmental preservation business segment and strive to deploy its related businesses through these initiatives.