



Annual Report 2023  
Published July 2024

# Creating Value, The AMITA Way



# About this report

In this annual report, we discuss what the AMITA Group accomplished for the fiscal year ended December 31, 2023 (FY 2023), and present an overview of the Group's Long-Term Management Plan for FY 2024 through 2030.

The year 2024 marks the 45th anniversary of AMITA entering the circular business in 1979. At the time, instead of focusing on the treatment of solid and liquid waste, we chose to pursue a bigger goal of making the entire industrial sectors more environmentally sustainable. The key driver was circular management of resources. Today, Japan has become one of the global leaders in delivering enabling technologies for recycling materials and achieving greater energy efficiency. But it was not until 2015, when the Paris Agreement was adopted, that environmental stewardship became an integral part of corporate ESG initiatives in Japan. It took more than 35 years for Japanese businesses to catch up with AMITA in acknowledging the social implications of a circular business.

In recent years, global society has been going through an unprecedented level of volatility and uncertainty. The impact of climate change and geopolitical upheavals is so great on a global supply chain that the industrial model of the modern times can no longer afford to take an uninterrupted supply of natural resources and energy for granted. The day is over when business models driven by mass production, consumption, and disposal are taken as a given.

Man-made environmental impact has crossed many of the planetary boundaries, or the earth's safe limits, including climate change and loss of biodiversity. Commercial and consumer markets have been getting smaller and smaller in resource-poor Japan, in which population is shrinking and materials and labor costs are surging. We believe that, to sustain business in such a challenging environment, one of the most viable options is to transform an economic model and a social structure into ones that are driven by a circular supply chain, rather than a global linear supply chain, and that embrace the cost of ESG initiatives, including human rights protection and environmental stewardship, as positive investment for a sustainable future.

The AMITA Group's four-plus decades of history is about pursuing, developing, and operating a business model that emulates a natural ecosystem in which every life form is interrelated and interdependent. Armed with these experiences, we are in an excellent position to help achieve a society in which not only industrial sectors, but also society as a whole, are environmentally sustainable. Our mission is to establish a truly sustainable society that upholds the dignity of human lives. We hope this report will be informative and helpful for you to better understand the AMITA Group's strategic vision and initiatives, and that you will join forces with us in this challenging but rewarding endeavor.

June 2024

Editorial Team of AMITA HOLDINGS CO., LTD.

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## AMITA Group by the Numbers

As of December 31, 2023

• <b>Overview</b>	Established: <b>1977</b> Listed on the Tokyo Stock Exchange's Growth Market (stock code: 2195)
• <b>Employees</b>	Number of employees: <b>241</b> Average age: <b>41</b> Percentage of women in the leadership team: <b>13.3%</b> Number of employees who took parental leave during FY 2023: <b>9</b> Percentage of employees who returned to work after taking parental leave: <b>100%</b> Percentage of employees who said they are proud of working for AMITA: <b>74%</b>
• <b>Offices and facilities</b>	Number of offices and facilities: <b>22</b> worldwide Japan: <b>10</b> offices; <b>4</b> AMITA-operated resource-recycling plants and BIO facility; and <b>4</b> partners' resource-recycling plants Outside Japan: <b>3</b> offices and <b>1</b> AMITA-operated resource-recycling plant
• <b>Consolidated financial performance for FY 2023</b>	Net sales: <b>4.5</b> billion yen    Operating profit margin: <b>10.4%</b> Equity capital ratio: <b>36.6%</b> Return on equity (ROE): <b>14.5%</b> Return on invested capital (ROIC): <b>10.2%</b> Market capitalization: <b>9.4</b> billion yen
• <b>Clients</b>	Number of corporate and municipal clients: <b>1,562</b> Number of corporate and municipal partners: <b>12</b> (FY 2023)

# AMITA Turns Social Anxiety into Something Positive in Times of Uncertainty



**KUMANO Eisuke**

Chairman and Chief Visionary Officer (CVO)  
AMITA HOLDINGS CO., LTD.

## FY 2021 through 2023: The AMITA Group at a critical crossroads amid a social upheaval

April 1, 2024, marked the 45th anniversary of the AMITA Group's launch of its circular business. Since its founding, the Group has been at the forefront in helping build a sustainable society in which people's well-being and society's welfare must go hand in hand. During FY 2021 through 2023, the Group was at a critical crossroads.

When the devastating COVID-19 pandemic broke out in early 2020, the first thought that came to my mind was that accepted social norms would change forever. At the height of the health crisis, people's freedom to move about and other inherent rights were restricted to some extent by the authorities. In growing anxiety, people naturally sought stability and security. Whether they like it or not, it could be a path toward a controlling society that demands people's loyalty to higher authorities. The society we envision is not a controlling society that forces

people to give up freedom for stability, but is one in which people feel more secure and safe through engagement with others. In other words, it is a society sustained by conscious and continuous engagement among its citizens who are freed from a sense of isolation—a source of anxiety and unhappiness. To accelerate the pace of turning this vision into reality, we launched the Social Systems Design Business in FY 2021.

The Earnings Presentation for FY 2023, available on our website, reviews our challenges and achievements during the Business Development Phase from FY 2021 through 2023, with a focus on the Social Systems Design Business. I hope you find it informative.

Scan the code for  
Earnings Presentation for FY 2023. ▶



## Our sustainable business strategy: Pursuing circular design and aligning nonlinear business models into a larger linear model

During the Business Development Phase in FY 2021 through 2023, we transformed our business model by consolidating our legacy businesses into the Social Systems Design Business in order to accelerate the pace of developing a market for sustainability solutions. This transformation enabled us to save on the common human, physical, financial, and information costs and risks associated with offering solutions to clients, and to pursue a steady stream of revenue and profit.

Looking back on the post-industrial-revolution period, a modern industrialized society relied on linear business models that used underground natural resources as reliable input to keep generating predictable output, or added value, sustained by mass production and consumption. Today, the basis that long supported these linear business models has become unstable, amid depleting natural resources, climate change, and a volatile global geopolitical landscape.

Society is always full of uncertainties by nature. Stability is not a natural state in which society thrives. We predict that nonlinear business models will thrive in increasingly

unstable and unpredictable circumstances for the next few decades.

The AMITA Group's core competencies lie in its extensive know-how in turning the unpredictable into the predictable and industry-leading expertise in circular design. Since its founding, the Group has leveraged these core competencies to offer several unique services to business clients, including (1) the closed-loop recycling service that converts industrial waste of unpredictable nature and volume into usable, value-added materials; (2) the environmental assessment and certification service that visualizes traceability of forest and fishery resources; and (3) the cloud-based environmental management service.

The key to a successful nonlinear business model is to manage unpredictable risks. The AMITA Group pursues a business strategy for aligning several nonlinear business models into a larger linear model. Under this strategy, we integrate several nonlinear business models to increase our share of customer wallet and the turnover of our service offerings. This enables us to create greater synergy among our business units and reduce operating

costs and risks, which will result in a steady stream of revenue and profit. More specifically, we offer comprehensive solutions that integrate our nonlinear business models, such as the closed-loop resource recycling service, environmental assessment and certification service, cloud-based environmental management service, and assistance in sustainable

community development. These integrated solutions ensure a steady revenue and profit stream for us. These integrated services also enable corporate and municipal clients to achieve greater corporate and community sustainability in the best interests at the organization level—ranging from developing a To-Be scenario to playing it out every day.

**Long-term strategies and key initiatives** (See pages 14 and 15)

The AMITA Group is pursuing a long-term strategy focused on designing an infrastructure that supports an ecosystem society in which resources and information are interrelated and circulated. Indications are observed that another social upheaval is likely to occur by 2030. Should that happen, people will seek the means to ease their anxiety and sense of isolation, just as they did at the height of the COVID-19 pandemic a couple of years ago. Our long-term corporate strategy is to design a sustainable infrastructure that eases people’s collective anxiety in a time of social upheaval.

To put this strategy into practice, we undertake the following three key initiatives:

**Cyano Project** (See pages 10 and 11)

Assistance in achieving greater corporate sustainability based on the ESG framework

**Co-Creation City** (See page 18)

Initiative to bring residents, businesses, and municipal authorities together in designing and developing a sustainable community

**MEGURU PLATFORM** (See page 14)

Platform for achieving greater social sustainability by facilitating a continuous resource circulation inside and outside a community and enhancing engagement among stakeholders

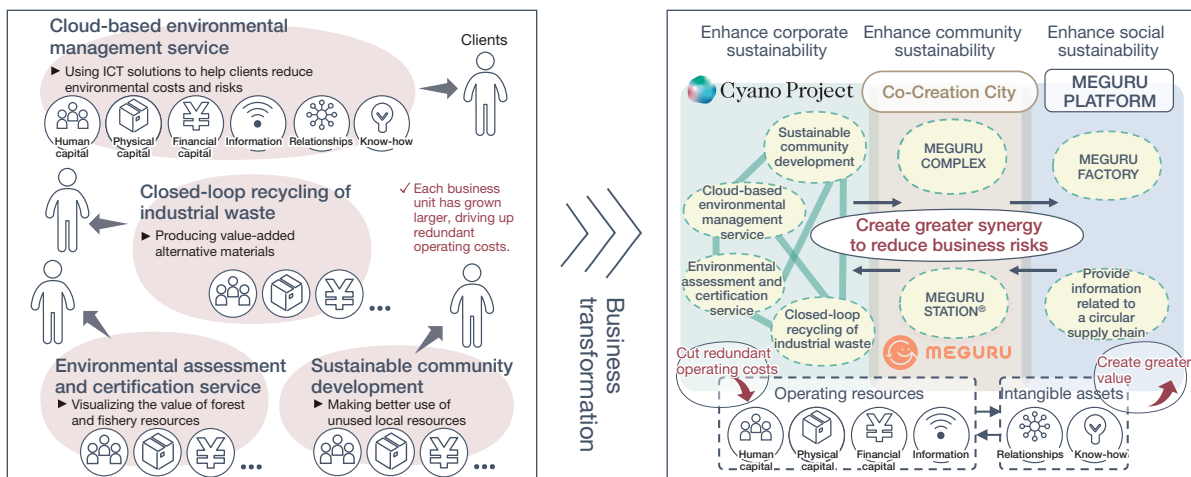
The Co-Creation City (CCC) Initiative is to facilitate collaboration among residents, businesses, and municipal authorities to build a circular, sustainable community that fosters greater engagement, diversity, and cultural identity. Greater engagement among residents can bolster the vitality of a community, even when its population is shrinking. The key drivers for this

initiative are greater engagement among all stakeholders in a community, and a continuous circulation of resources and information. In 2024, we started developing MEGURU COMPLEX as one of the solutions to help municipalities achieve greater community sustainability, for deployment scheduled for FY 2027 and later. (See page 18)

On April 1, 2024, AMITA HOLDINGS took the initiative in helping the launch of the Ecosystem Society Agency (ESA), which provides a platform for public-private collaboration in developing a social model built on circularity and mutually beneficial engagement. Public- and private-sector parties have joined forces under the shared vision of establishing an ecosystem society. (See page 20)

While pursuing these strategies and initiatives, however, the AMITA Group faced an innovator’s dilemma that slowed us down. Deeply entrenched in extensive experiences accumulated over the years and a business-as-usual mentality, we were regrettably slow to reassess how best we could allocate our operating resources and were ill-prepared to inspire employees to embrace changes with a positive mindset. That is why we have decided to do things differently. Early in FY 2024, the Group started to undergo an organizational transformation that included updating our talent management and development policy and programs, as well as our corporate management practices, in order to become better poised to keep creating greater value. At the same time, we will work more closely with corporate and municipal partners to tap their expertise, resources, and networks to complement ours. We hope these approaches will help us become more agile and resilient in a changing operating environment.

**Transforming our business by aligning nonlinear business models into a larger linear model to make our revenue stream more robust and sustainable**



# How the AMITA Group Creates Value

## Maintaining constructive engagement with stakeholders increases operating capital

The AMITA Group’s articles of incorporation state that our primary purpose is to increase natural and relational capital, which serves as a binding principle for everything we do. Based on this principle, we have placed investing in maintaining intense engagement with stakeholders at the core of our corporate strategy.

Toward the goal of achieving an ecosystem society by FY 2030, as outlined in AMITA Vision 2030, we have defined FY 2024 and 2025 as the Groundwork Phase. In this phase, we intend to work more closely with our stakeholders to accelerate the pace of developing new businesses and services. We will also raise operating capital from stakeholders who buy into our mission and vision.

### Input to FY 2023

#### Makeup of AMITA Group’s capital as of December 31, 2022

##### Financial capital

	FY 2022 results
Net sales	4,824 million yen <sup>1</sup>
Operating profit	609 million yen <sup>1</sup>
Equity capital ratio	41.4%
Market capitalization	20.5 billion yen <sup>2</sup>

1. Amounts rounded down to the nearest million yen  
 2. Amounts rounded down to the second decimal place. Based on the closing quote of the Company’s stock as of the last trading day of December 2022.

##### Human capital

As of December 31, 2022

Number of employees	239
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##### Tangible and intangible capital

- Network of more than 300 recycling service providers
- Infrastructure for gathering and managing information about industrial waste
- System for gathering information about residents’ behavior patterns and waste disposal
- AMITA’s website dedicated to providing information about sustainability solutions, getting more than 100,000 page views a month
- Collaboration with other businesses, municipalities, and universities

	FY 2022 results
Corporate membership of J-CEP	44
Business partnerships	9

##### Information capital

- Information about industrial waste and recycled materials, gathered from our recycling service network and information infrastructure
- Information about community residents’ behavior patterns and resource consumption, gathered from MEGURU STATION®

Operating capital keeps growing through

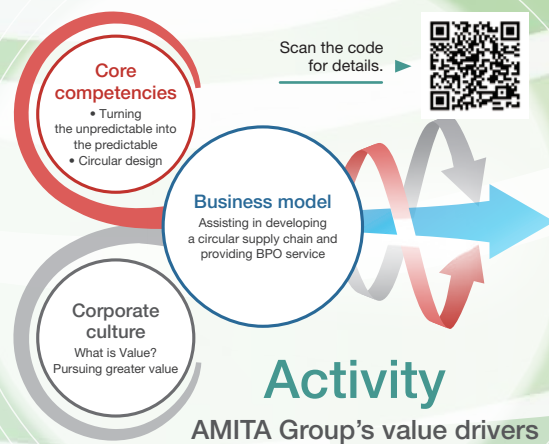
Raise operating capital from stakeholders that buy into AMITA’s mission and new business ventures

Invest in initiating and maintaining engagement with stakeholders

Facilitating cross-industry partnerships, including taking the initiative in helping the launch of the Ecosystem Society Agency

(See pages 19, 20, and 24-27)

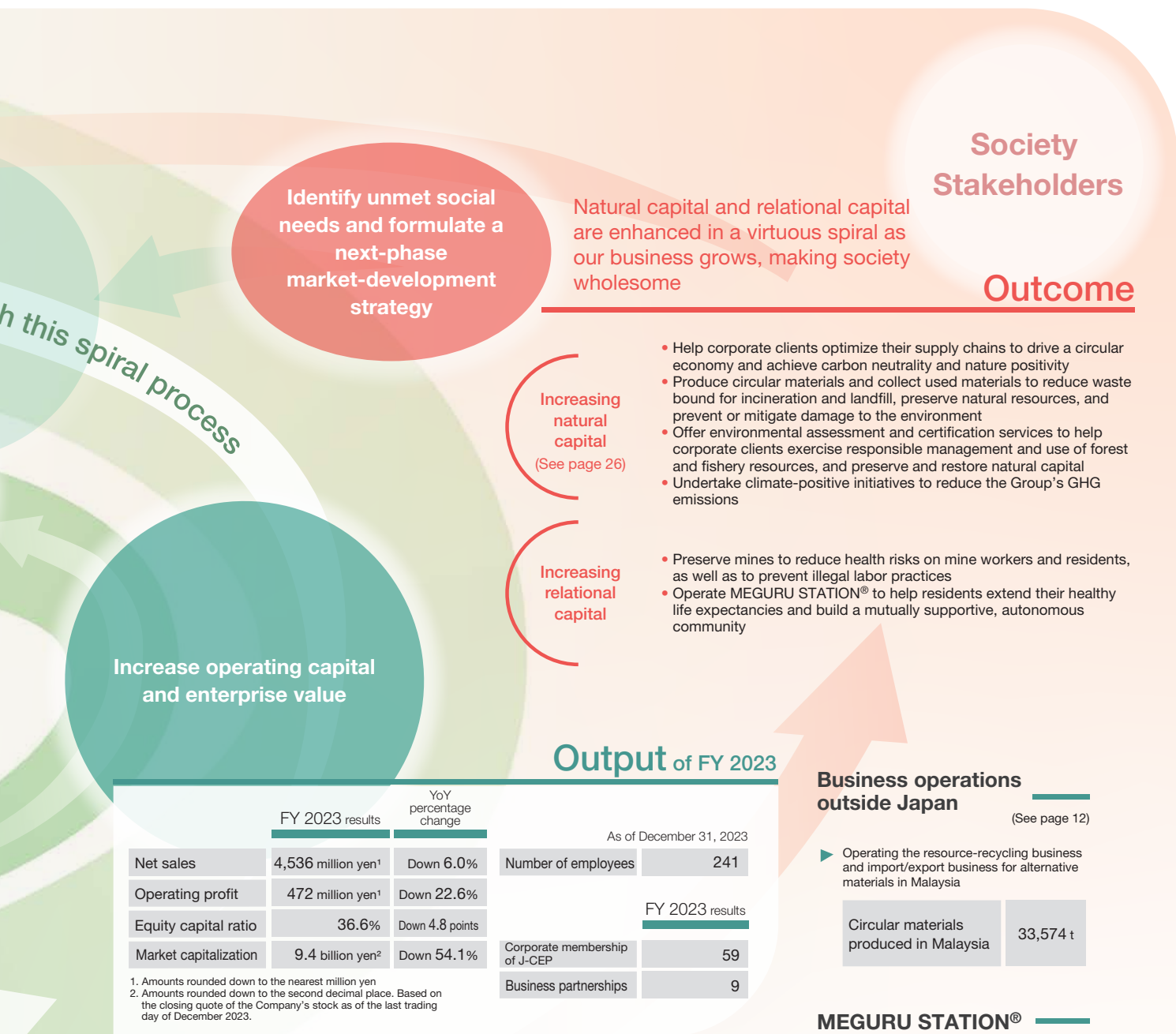
### Maintain constructive engagement with a broad range of stakeholders



More specifically, our investment in maintaining constructive engagement with stakeholders includes expanding the scope and scale of business partnerships with other like-minded companies around the globe, as well as developing and operating a cross-industry, cross-sector public-private collaborative platform for facilitating social and business innovations from a long-term perspective. In addition, we will update our talent management and

development programs to help employees improve their resourcefulness and increase their social engagement. This will enable us to keep creating greater value individually and as a team.

As illustrated below, building and maintaining constructive engagement with a broad range of stakeholders is how the AMITA Group creates value.



Increase operating capital and enterprise value

Identify unmet social needs and formulate a next-phase market-development strategy

Natural capital and relational capital are enhanced in a virtuous spiral as our business grows, making society wholesome

Society Stakeholders

Outcome

Increasing natural capital  
(See page 26)

- Help corporate clients optimize their supply chains to drive a circular economy and achieve carbon neutrality and nature positivity
- Produce circular materials and collect used materials to reduce waste bound for incineration and landfill, preserve natural resources, and prevent or mitigate damage to the environment
- Offer environmental assessment and certification services to help corporate clients exercise responsible management and use of forest and fishery resources, and preserve and restore natural capital
- Undertake climate-positive initiatives to reduce the Group's GHG emissions

Increasing relational capital

- Preserve mines to reduce health risks on mine workers and residents, as well as to prevent illegal labor practices
- Operate MEGURU STATION® to help residents extend their healthy life expectancies and build a mutually supportive, autonomous community

### Output of FY 2023

	FY 2023 results	YoY percentage change	As of December 31, 2023	
Net sales	4,536 million yen <sup>1</sup>	Down 6.0%	Number of employees	241
Operating profit	472 million yen <sup>1</sup>	Down 22.6%	FY 2023 results	
Equity capital ratio	36.6%	Down 4.8 points	Corporate membership of J-CEP	59
Market capitalization	9.4 billion yen <sup>2</sup>	Down 54.1%	Business partnerships	9

1. Amounts rounded down to the nearest million yen  
2. Amounts rounded down to the second decimal place. Based on the closing quote of the Company's stock as of the last trading day of December 2023.

### Business operations outside Japan

(See page 12)

- ▶ Operating the resource-recycling business and import/export business for alternative materials in Malaysia

Circular materials produced in Malaysia	33,574 t
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### MEGURU STATION®

(See page 13)

- ▶ A resource-collection site that promotes mutually supportive engagement among community residents and provides comprehensive solutions to community, business, and social issues

Number of locations	7 locations in 3 communities
Number of new registered users	1,156
Household waste collected	38 t

### Cyano Project

(See pages 10 and 11)

- ▶ Comprehensive ESG solutions to help corporate clients achieve greater corporate sustainability and develop circular business models

Number of corporate clients	24
Circular materials produced	145,000 t
Number of subscribers to our ICT services	5,634 offices*

\* Subscribers to our Smart Management service

### Environmental assessment and certification service

(See page 12)

- ▶ Assessing and certifying adherence to standards established by internationally recognized ecolabels to ensure sustainable procurement of materials

Number of corporate clients assessed for forest certification <sup>1</sup>	767
Number of corporate clients assessed for fishery certification <sup>2</sup>	165

1. Total number of assessments conducted for FSC® FM, FSC® CoC, and FSC® project certifications  
2. Total number of assessments conducted for MSC/ASC CoC, ASC aquaculture, and ASC-MSD seaweed certifications

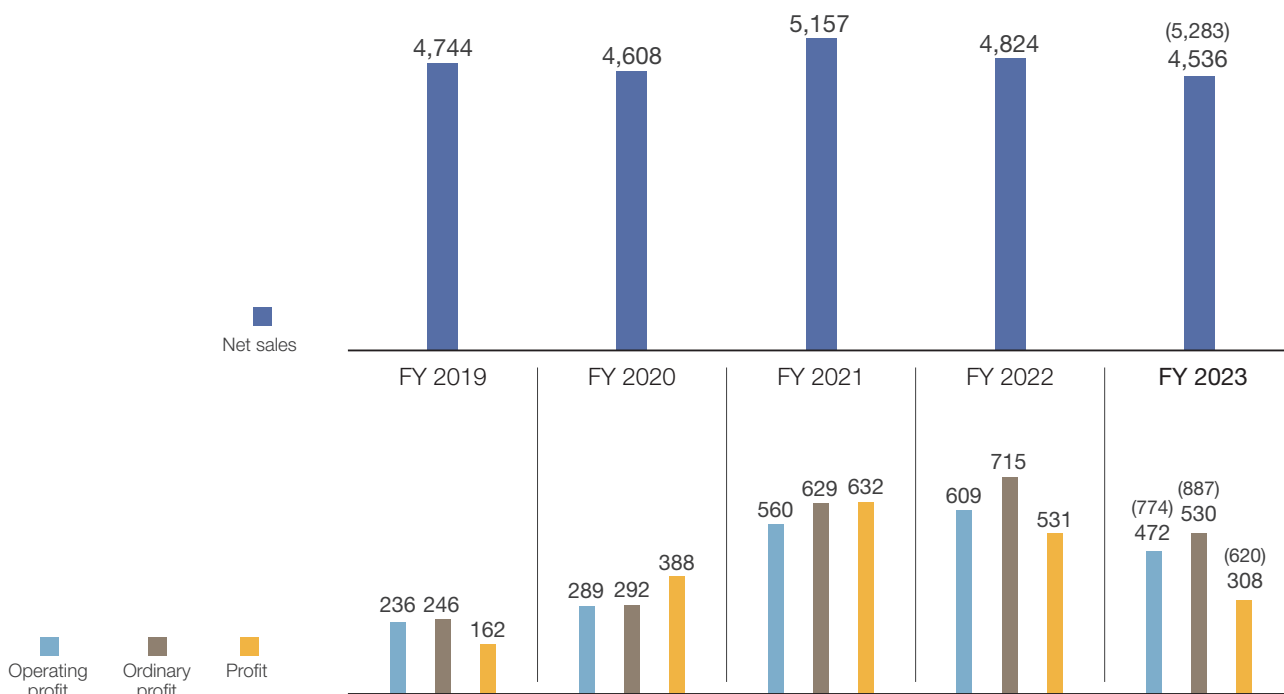
# Financial Performance for FY 2023

## Financial Highlights

### Consolidated Financial Results

(In millions of yen; amounts rounded down to the nearest million yen)

Note: Numbers in parentheses in this chart are the initial performance guidance the Company announced at the beginning of the year.



### Fell short of the initial guidance for FY 2023 due to a challenging operating environment

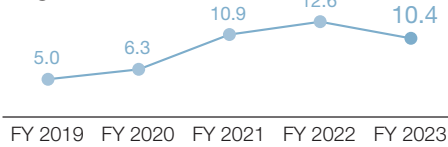
During FY 2023, the AMITA Group continued to invest aggressively in sustaining innovation and laying the groundwork for business growth, including investment in talent development. However, we were unable to achieve sales growth to compensate for those investments. This was primarily because we were slow in signing new corporate clients to Cyano Project and processed a smaller amount of circular materials than in the previous year, as Japanese businesses were increasingly concerned about their short-term financial performance given the challenging operating environment. Combined with slower-than-expected materials recycling operations in Malaysia, the Group posted smaller net sales, operating profit, ordinary profit, and profit for FY 2023 than in FY 2022 and than the Company's initial guidance for the year.

Net sales	Net sales for FY 2023 decreased by ¥288M year on year to ¥4,536M due to: (1) a change in accounting treatment as a result of transferring business at our former Kawasaki Sustainable Resource Management Center to Sanyu Plant Service Co., Ltd.; (2) slower-than-expected signing of Cyano Project contracts; and (3) the weaker sales of recycled valuable and non-ferrous metal materials outside Japan.
Operating profit	Operating profit decreased by ¥137M year on year to ¥472M as a result of an increase in SG&A, including additional investment in talent management
Ordinary profit	Ordinary profit decreased by ¥184M year on year to ¥530M, reflecting decreases in operating profit and in the share of profit of entities accounted for by using the equity method from our Malaysian operations, as a tax credit for green investment was no longer granted.
Profit	Profit decreased by ¥222M year on year to ¥308M, reflecting primarily a decrease in ordinary profit.



## Key Financial Metrics

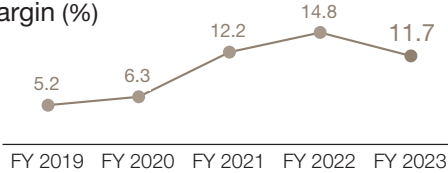
### Operating Profit Margin (%)



### Results for FY 2023

- ▶ Operating profit was down YoY as a result of a decrease in net sales and an increase in SG&A.
- ▶ Revenue from high-margin Cyano Project decreased.

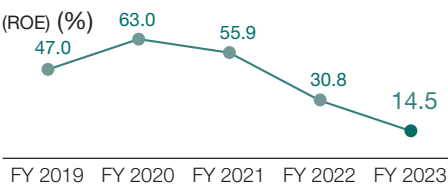
### Ordinary Profit Margin (%)



### Results for FY 2023

- ▶ The share of profit of entities accounted for by using the equity method decreased from our Malaysian operations and Codo Advisory.

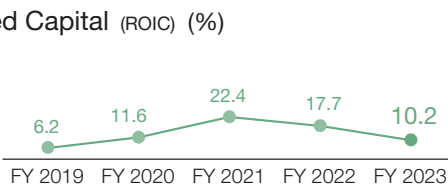
### Return on Equity (ROE) (%)



### Results for FY 2023

- ▶ An increase in retained earnings bolstered equity capital.
- ▶ Annual profit decreased.

### Return on Invested Capital (ROIC) (%)



### Results for FY 2023

- ▶ Non-current assets increased as a result of expanding the silicon-recycling capacity.
- ▶ Operating profit decreased.

Note: The amount of invested capital was obtained by the following formula: (Trade receivables + Inventories - Trade payables) + Non-current assets, which looks at the management of funds.

## Abbreviated Statement of Cash Flows and Balance Sheet

(In millions of yen; amounts rounded down to the nearest million yen)

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cash flows	Net cash provided by operating activities	430	391	873	585	725
	Net cash provided by (used in) investing activities	(166)	(29)	(73)	(69)	(441)
	Net cash provided by (used in) financing activities	(152)	96	(649)	(142)	754
Balance sheet	Total assets	3,826	4,311	4,427	4,824	6,175
	Liabilities	3,402	3,502	2,972	2,823	3,909
	Net assets	424	809	1,455	2,001	2,266
	Retained earnings	(292)	96	728	1,225	1,480
	Shareholders' equity	426	815	1,448	1,955	2,217
	Equity capital	424	809	1,455	1,995	2,260

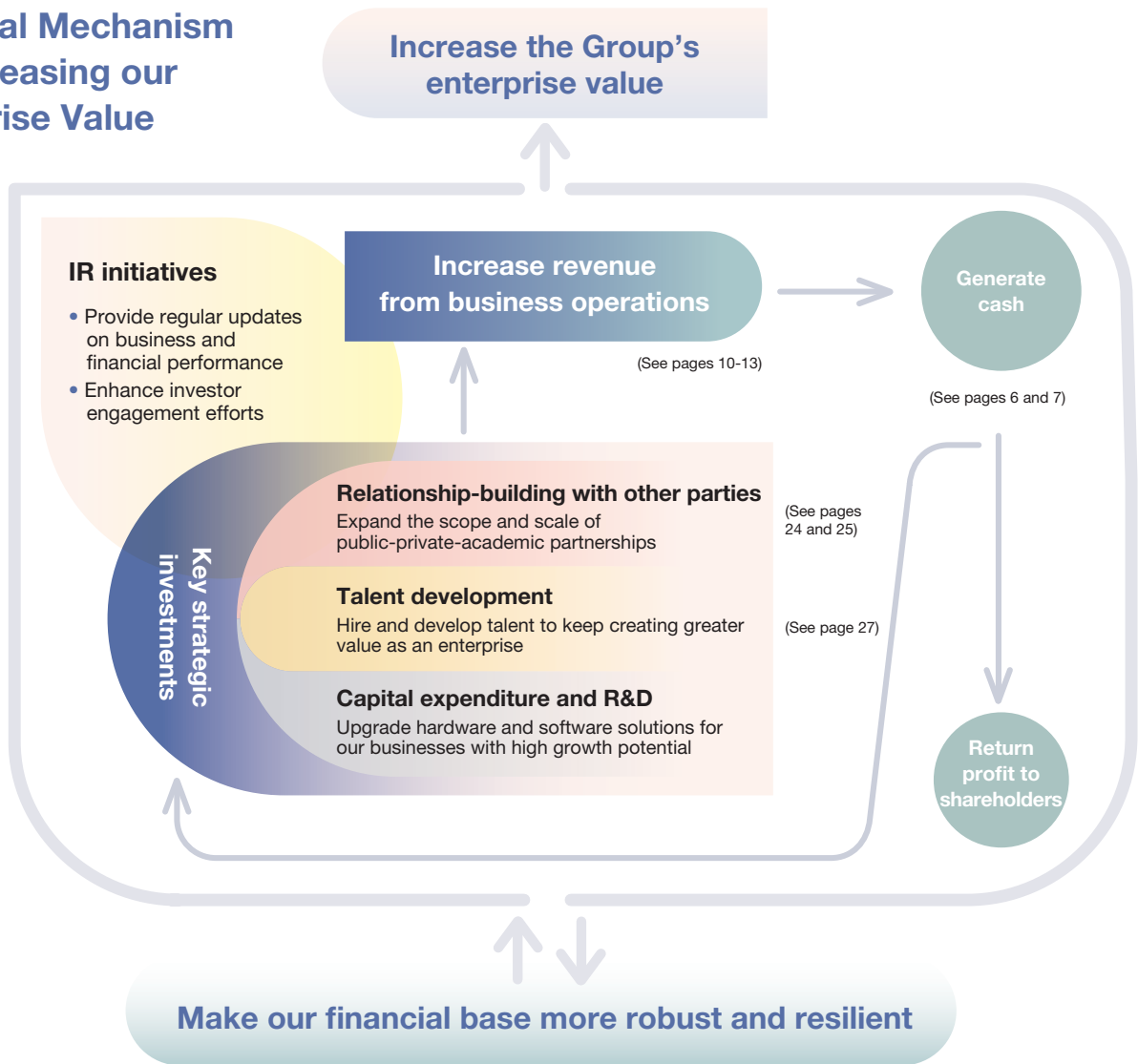
Scan the code for  
Financial Statement for FY 2023.



## Financial and Investor Relations Initiatives to Support the Group’s Business Growth

The AMITA Group’s top priority is to sustain business operations to achieve AMITA Vision 2030, even under a volatile business environment. Our financial policy supports this effort as part of increasing the Group’s enterprise value and sharing a reasonable level of profit with shareholders consistently. Primary considerations for our financial initiatives are **growth potential, profitability, capital efficiency, and low risks**. In our IR initiatives, we keep investors and analysts informed of our business strategies and operations to gain their buy-in.

### Financial Mechanism for Increasing our Enterprise Value



### Key Financial Initiatives Undertaken during FY 2023

#### Borrowed money from banks to mitigate risks and make our financial base more robust and resilient

We borrowed a total of ¥700M from banks in December 2023 and January 2024. This was intended to increase cash on hand as a hedge against rising interest rates, as well as to make our financial base more robust and resilient, necessary to sustain business growth. With these borrowings, the Group’s equity capital ratio declined to 36.6%, compared with the end of FY 2022, which was well within an acceptable range for the Group.

## Expanding our silicon-recycling capacity as part of investment in sustaining revenue growth

We invested ¥409M in expanding the silicon-recycling capacity at our Kitakyushu Sustainable Resource Management Center. An additional recycling line is scheduled to become operational in July 2024.

Bolstered by added capacity, our production of recycled silicon for FY 2024 is projected to increase by 20% over the previous year.

## Canceled share acquisition rights to raise funds

In February 2024, we canceled share acquisition rights to raise funds, initiated in 2022, after reviewing our capital policy and taking into consideration a projected market environment, our stock price performance, and the number of exercised share acquisition rights to date. The 17-plus million yen already raised through exercised rights was spent on developing a blockchain-based system. The projects originally scheduled to be financed by raised funds are to be funded by our on-hand cash and bank borrowings.



The number of our silicon-recycling lines is to increase from the current two to three.

## IR Achievements and Challenges in FY 2023

We shared as much information as possible about the AMITA Group's business and financial performance via reports and press releases with a broad range of stakeholders in Japan and abroad. Recognized to have the potential to sustain the growth of its enterprise value, AMITA HOLDINGS was chosen as one of 200 constituents of the JPX-Nikkei Mid-and-Small Cap Index for 2023.

As a result of less-than-stellar financial performance, however, our stock price continued to decline during FY 2023. Our tradable share ratio was 23.3% as of December 31, 2023, which was below the minimum of 25% required to meet TSE's Continued Listing Criteria for the Growth Market.

We have until December 31, 2026, to complete action to remain eligible to be listed on the Growth Market.

During FY 2024, we intend to undertake the following initiatives to address pressing issues and increase the Group's enterprise value:

- Take action outlined in the Medium-Term Management Plan to bring sales and profit back to growth
- Continue to step up IR initiatives
- Start talking with our key shareholders about a potential partial sale of treasury stock

## Year-end Dividend

Year-end dividend rates for FY 2023 and FY 2024 (guidance) are shown in the table at right. We intend to continue to return a reasonable level of profit to our shareholders, taking into consideration investment necessary to sustain innovation and business growth, as well as annual business performance.

For the Company's dividend policy, visit the Investor Section of our company website.

	FY 2022 result	FY 2023 result	FY 2024 guidance
Dividend rate	3.00 yen	4.00 yen	4.00 yen
Consolidated dividend payout ratio	9.9%	22.8%	18.9%

# Achievements in the Social Systems Design Business in FY 2023

## Supporting corporate clients' efforts to adopt sustainable, circular business models

### Cyano Project

AMITA Group's value propositions and competitive advantages

Cyano Project offers corporate clients comprehensive solutions and services that address three key priorities—circular economy, carbon neutrality, and nature positivity—for achieving greater corporate sustainability in the best interests at the enterprise level.

The AMITA Group plays the role of a “Do Tank” that goes beyond a think tank in providing clients with end-to-end assistance—consulting, solution development, and operational assistance—for an extended period of time so that the clients can enjoy a steady stream of revenue and profit.



#### Primary service products offered in Cyano Project: Updates and achievements in FY 2023

##### • Assisting in developing circular business models

We help clients develop and validate a business case for a circular business model and adopt it following a PoC assessment. Projects normally run for 18 to 36 months. Our roles include setting up a cross-functional task force within a client company, selecting the venue and partners for a PoC field test, and managing the project.

Won project contracts from **24** companies during FY 2023. Down from 38 in FY 2022, but a total number of projects in progress was up from the previous year.

**External issue** Businesses were increasingly concerned about their short-term financial performance given the challenging operating environment, and postponed decisions to invest in ESG initiatives.

**Internal issue** We did not do a good job of presenting a compelling business case for potential clients to justify their investing in ESG initiatives.

##### • Assisting in sustainable procurement

Amid rising threats of climate change and regional conflicts, one of the most pressing issues in the manufacturing sector is to ensure an uninterrupted supply of raw materials and energy sources. We produce and supply circular materials to manufacturers and help them develop and operate a sustainable supply chain of raw materials and fuels.

##### Project example

Client: Paint manufacturer

##### Project outline

We developed—and designed a supply chain of—circular materials that substitute for primary materials (natural resources) used to produce paint.

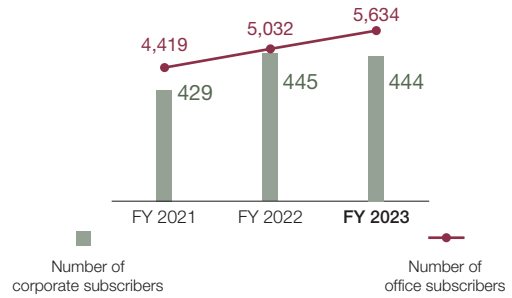
• Sustainable business-process outsourcing (BPO)

AMITA's professional staffers perform complex environmental management functions on behalf of corporate clients who face a shortage of knowledgeable and experienced staff of their own. Demand for our BPO service remains strong among clients having those issues and operating in a volatile business environment.

Number of corporate clients subscribing to our outsourcing services during FY 2023:  
**28** (up 40% year on year)

Number of offices subscribing to our cloud-based ICT services during FY 2023:  
 Up by **602**, or 12%, year on year

Number of Corporate Clients and Offices Subscribing to Our Cloud-based ICT Environmental Management Service



Topic

Jointly established Circular LinX with the SMFL Group in April 2024

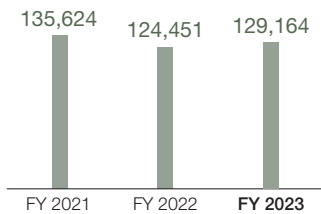
Circular LinX combines the AMITA Group's strengths in environmental and sustainability services and solutions with the Sumitomo Mitsui Finance and Leasing Group's expertise and client base in the finance and sustainability fields to help businesses switch to a circular supply chain operation.



• Assisting in achieving double-zero emissions

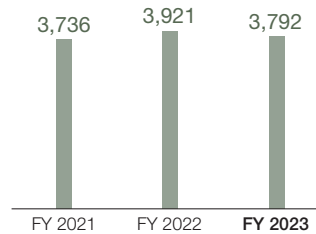
The Double-Zero Emissions Service supports clients' efforts to achieve zero-waste emissions and zero-GHG emissions, as well as carbon neutrality and circular business operations. This service includes closed-loop recycling of industrial waste, otherwise bound for incineration and landfill that would contribute to GHG emissions.

Cement Alternative Materials and Fuels Produced by the AMITA Group and Its Partners in Japan (t)



Our closed-loop recycling of industrial waste sourced from business operators reduces their use of primary materials, helping them achieve zero-waste, zero-GHG emissions.

Silicon Recycled by the AMITA Group (t)



While we recycled 3% less silicon in FY 2023 than in the previous year, due to a temporary slowdown in the chip market, we had a higher operating profit margin in this business as a result of expanding into profitable sales channels and reducing the cost of sales. Our volume of recycled silicon is expected to return to growth from FY 2024 onward, helped by the expansion of our own silicon-recycling capacity and an increased production output of semiconductors planned by leading chip manufacturers.

Topic

Released the Factory Support Service Package in November 2023

Our Factory Support Service Package helps manufacturers make their legacy businesses more sustainable, with a focus on reducing environmental impact of their plant operations.

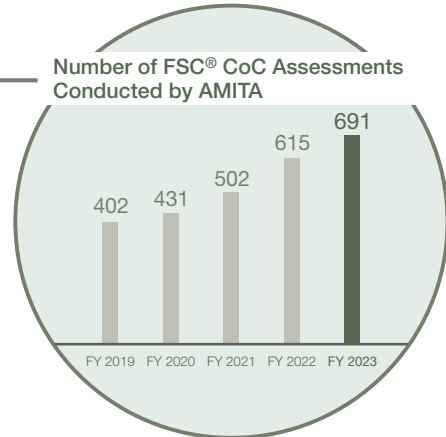
## Environmental Assessment and Certification Service

We offer environmental assessment and certification services to ensure responsible management and use of forest and fishery resources. Our certification services include forest management (FM) certification, certification for sustainable fishery and aquaculture (MSC certification and ASC aquaculture certification), and chain-of-custody (CoC) certification for responsible management, processing, and distribution of certified forest and fishery resources.

### FY 2023 achievements

#### Number of Businesses Assessed by AMITA

		FY 2021	FY 2022	FY 2023 YoY percentage change	AMITA's share of the assessment service market in Japan
Forest certification	FSC® FM certification	23	23	23	68%
	FSC® CoC certification	502	615	691 (up 12%)	32%
	FSC® project certification	42	47	53 (up 13%)	80%
Fishery certification	ASC aquaculture certification	12	13	15 (up 15%)	94%
	ASC-MSC seaweed certification	1	1	1	50%
	MSC/ASC CoC certification	156	166	149	50% (estimated)



#### Topic

#### Expanded a lineup of service products for fishery certification

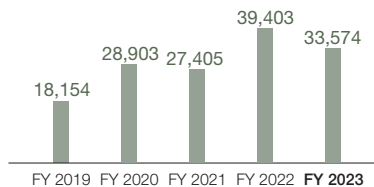
We started to offer the RFM (Responsible Fisheries Management) CoC certification service, originally developed in Alaska.

## Business Operations outside Japan

Climate change, the depletion of natural resources, and deteriorating biodiversity all have global implications. The AMITA Group extends circular business models originally developed for the Japanese market into Malaysia and other Asian countries.

### FY 2023 achievements

#### Cement Alternative Materials Produced at the AMITA BERJAYA Plant in Malaysia (t)



#### Topic

#### Expanded the scope and scale of strategic partnerships

May 2023: Signed an MOU for a joint study with PT Indocement Tungal Prakarsa Tbk., a leading cement producer in Indonesia.

[Click here for details.](#)

AMITA has been selected to participate in an Urban Collaboration Project for Achieving a Low-Carbon Society in Indonesia, Malaysia, and Palau, sponsored by the Ministry of the Environment of Japan.

2024

#### Topic

#### Renamed our Malaysian subsidiary AMITA CIRCULAR DESIGN, which serves as the Group's regional headquarters for the Asia-Pacific

We have established a regional headquarters in Malaysia, which reports directly to AMITA HOLDINGS, to accelerate the pace of our development and expansion of the Social Systems Design Business in the Asia-Pacific region.

[Click here for details.](#)

2024

#### Topic

#### Partnered with an Indian corporate group to conduct a joint feasibility study on circular society

We agreed with a waste management service provider in India, which is a Ramky Group company, and its Japanese subsidiary, P9, to conduct a joint feasibility study of developing a circular society and economy in India.

[Click here for details.](#)

## Sustainable Community Development

### MEGURU STATION®

AMITA-developed MEGURU STATION® is a resource-collection site that promotes mutually supportive engagement among residents. Residents' routine chores of disposing of household waste promote circular management of local resources and make the community life full of vitality. MEGURU STATION® serves as the cornerstone of an ecosystem society.

#### FY 2023 achievements

In operation in **7** locations in **3** communities

Kobe, Hyogo Prefecture 2 locations

Tachiarai, Fukuoka Prefecture 4 locations

Nagakute, Aichi Prefecture 1 location



#### Topic

#### Expanded the scope and scale of strategic partnerships

August 2023: Signed a collaboration with the City of Buzen in Fukuoka Prefecture and the Institute of Connected Community Development, regarding a city-wide deployment of MEGURU STATION®.

August 2023: AMITA HOLDINGS, a member of CLOMA\*, signed a collaboration with the City of Kobe, regarding a project to develop a scheme for collecting and recycling used containers of lactic acid drinks as part of establishing circular management of resources.

\*Japan Clean Ocean Material Alliance, a cross-industry consortium that addresses the issue of marine plastic litter as part of circular management of plastics and works with the Japanese government, municipalities, and citizen groups to develop a social innovation



September 2023: AMITA HOLDINGS and Sumitomo Mitsui Trust Bank conducted a joint assessment of MEGURU STATION®'s social implications, verifying its benefits of promoting residents' health and well-being, as well as their engagement with others.

#### 2024 Topic

#### April 2024: MEGURU STATION® became operational in six locations in Tsukigase District, Nara Prefecture.

AMITA works with the City of Nara and Local Coop Yamato Kogen to develop a sustainable, circular community in the district.

## Working with Corporate and Municipal Partners to Create Greater Value

### J-CEP

(Japan Circular Economy Partnership)

Cross-industry, cross-sector consortium to promote a circular economy

#### Topic

#### PoC field test of collecting, sorting, and recycling used plastic bottle caps

AMITA and several other member companies participated in a project to recycle used plastic caps into nail clipper holders and bubble pack sheets and explored other commercial application of recycled plastics.



### SIP

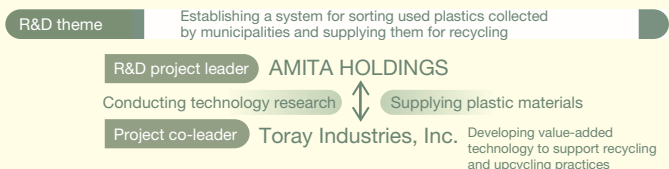
(Strategic Innovation Promotion Program)

A national public-private-academic collaborative project to innovate science and technology

#### Topic

#### AMITA selected to work on the SIP, sponsored by the Cabinet Office

AMITA participates in SIP's third-phase project to develop a circular economy.



### ESA

(Ecosystem Society Agency)

Public-private-academic collaboration promoting circularity and mutually beneficial social engagement

#### 2024 Topic

#### Took the initiative in helping the launch of ESA, which provides a platform for public-private collaboration

April 2024: Municipalities facing aging and shrinking populations and other pressing local issues joined forces with businesses ambitious to create new business models and established a public-private collaborative platform for creating greater social value.

# Message from the CIOO: Long-Term Management Plan for FY 2024 through 2030



## Learning from the past and yet maintaining a forward-looking posture to thrive in a fast-changing business landscape

**SUETSUGU Takahide**

President and Chief Integrated Operations Officer (CIOO)  
AMITA HOLDINGS CO., LTD.

### Long-term strategy to support AMITA Vision 2030

In November 2022, we announced AMITA Vision 2030, our initiative and commitment to creating an ecosystem society by 2030. Our proposed ecosystem society is a circular society that supplies just the right amount of goods to meet the demand and produces no waste. This is a radical departure from a traditional industrialized society sustained by mass production, consumption, and disposal. The idea of an ecosystem society, which values continuous engagement among its members, has taken its cue from a natural ecosystem in which every life form is interrelated and interdependent.

Scan the codes below for details about AMITA Vision 2030.



AMITA Vision 2030 video



AMITA Vision 2030 microsite



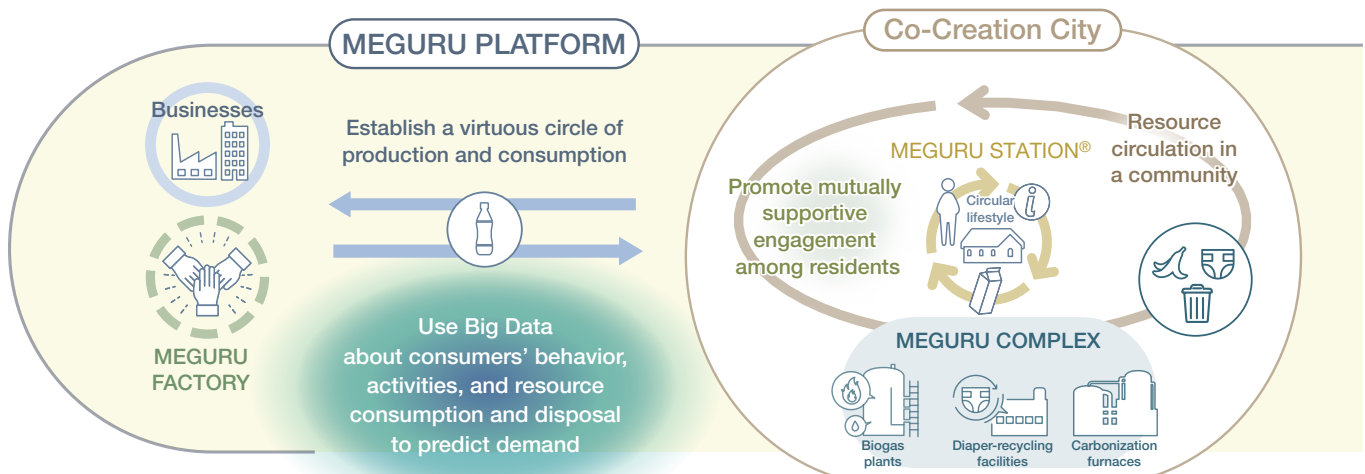
AMITA Vision 2030 briefing document

We intend to develop and implement the MEGURU PLATFORM as one of the key drivers for achieving AMITA Vision 2030. This is a digital information platform that supports a sustainable, circular supply chain. MEGURU STATION® (See page 13) operating in 13

locations in 4 communities in Japan (as of June 2024) is one of the critical elements of the MEGURU PLATFORM. It is a community infrastructure on which residents' routine chores of disposing of household waste promote mutually supportive engagement among residents and circular management of local resources.

In February 2024, we unveiled the Co-Creation City (CCC) Initiative, to build a community model around this network of MEGURU STATION®. This initiative facilitates collaboration among residents, businesses, and municipal authorities to build a circular, sustainable community that fosters greater engagement, diversity, and cultural identity.

The key drivers for this initiative are greater engagement among stakeholders and continuous resource circulation. In addition to expanding the network of MEGURU STATION®, we are developing MEGURU COMPLEX (See page 18), as an additional solution to be offered to municipalities. MEGURU COMPLEX recycles water-containing municipal waste, such as food waste and used diapers, into usable resources, minimizing the need for an energy-intensive incineration process and enabling resource circulation within a community.





Municipal waste hard to recycle locally is shipped to AMITA's sustainable resource management centers and out-of-town MEGURU FACTORY operated by recycling service providers, and is recycled into value-added materials for sale to local and out-of-town businesses.

Once the MEGURU PLATFORM becomes operational, Big Data about community residents' behavior, activities, and resource consumption and disposal can be gathered through the platform. This data can be compiled and analyzed to predict consumer purchase intentions and behavior, as well as the supply of materials, in a manner customized for each community. We aspire to become a circular platform player that uses this information to help municipalities and businesses pursue lean, sustainable community and business operations.

Since 2021, we have been offering Cyano Project services (See pages 10 and 11) to corporate clients to help make their business models and operations more sustainable.

Today's global supply chain of natural resources and raw

materials has become increasingly unreliable and unpredictable. To mitigate risks associated with disruptions in a global supply chain, we help corporate clients plan, develop, and adopt a more dependable, environmentally friendly local procurement scheme.

This is part of our efforts to assist them in switching to circular business models. Clients have the opportunity to use MEGURU STATION® as a venue for a PoC field test of their proposed new business models, creating the benefit of achieving greater sustainability of not only their business operations but also selected communities.

By offering the CCC Initiative to communities and Cyano Project services to businesses, we help make people's lives and industries more sustainable as a critical step toward achieving AMITA Vision 2030. To make this strategy work, our top priority for FY 2024 and 2025 is to develop and launch new services at an accelerated pace. Accordingly, we have updated our long-term management plan and road map as outlined below.

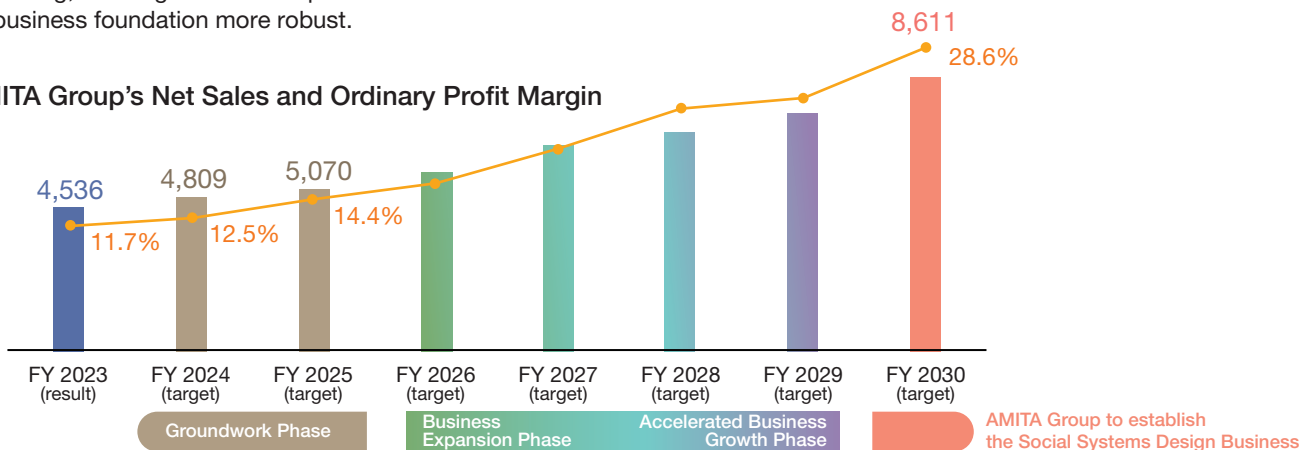
## Transforming our business operations and bolstering our financial performance to achieve a long-term success

We have redefined FY 2024 and 2025 as the Groundwork Phase, in which to focus on transforming our business operations and bolstering our financial performance, while upgrading the value propositions of solutions offered in Cyano Project and developing the key concepts of the CCC Initiative. More specifically, the AMITA Group will focus its strategy on five key areas—Products, Production, Relationship-building, Marketing, and Organization—as part of efforts to make its business foundation more robust.

The Groundwork Phase will be followed by the Business Expansion Phase (FY 2026 and 2027) and the Accelerated Business Growth Phase (FY 2028 and 2029). The following key initiatives are planned for these three phases.

Our long-term sales and profit targets are shown in the chart below. Under this plan, we intend to expand our business to achieve net sales of 8.6 billion yen in FY 2030.

### AMITA Group's Net Sales and Ordinary Profit Margin



- Establish a framework for cross-functional marketing encompassing visioning, corporate communications, account relations, and B2B sales (See page 20)
- Assist clients in adopting circular business models
- Upgrade value propositions of solutions offered in Cyano Project to attract and retain more clients (See pages 10 and 11)
- Develop the Co-Creation City Initiative and MEGURU COMPLEX (See page 18)
- Drive the growth of our silicon-recycling business by tapping into the buoyant chip industry
- Launch the Social Systems Design Business in Malaysia
- Circular LinX to develop new businesses

- Use Cyano Project to drive the Group's revenue growth
- Grow the service business at Circular LinX
- Monetize the resource-recycling business in Indonesia
- MEGURU COMPLEX to be deployed in communities
- MEGURU PLATFORM to become operational

# Key Strategies for the Groundwork Phase in FY 2024 and 2025

During the Groundwork Phase in FY 2024 and 2025, the AMITA Group will focus its strategy on five key areas—Products, Production, Relationship-building, Marketing, and Organization—to become better prepared for the Business Expansion Phase to begin in FY 2026.

## Strategic objectives and initiatives in five key areas

Strategic objectives	Key initiatives
<b>1 Product strategy</b> Offer more extensive assistance to businesses and municipalities in achieving greater corporate and community sustainability	<ul style="list-style-type: none"> <li>• Upgrade the value propositions of solutions offered in Cyano Project (See page 17)</li> <li>• Develop a blueprint and road map for the Co-Creation City (CCC) Initiative and develop MEGURU COMPLEX (See page 18)</li> </ul>
<b>2 Production strategy</b> Upgrade the system for gathering, compiling, analyzing, and using a variety of information related to resources availability and ESG frameworks	<ul style="list-style-type: none"> <li>• Set up a team specializing in gathering, compiling, analyzing, and using information essential to assist businesses with a transition strategy</li> <li>• Automate the production process in our sustainable resource management centers</li> </ul>
<b>3 Relationship-building strategy</b> Pursue partnerships with other players to accelerate the pace of achieving our corporate objectives	<ul style="list-style-type: none"> <li>• Expand business at Circular LinX</li> <li>• Play an active role in SIP</li> <li>• Play an active role in ESA</li> <li>• Partner with other companies to expand business outside Japan (See page 19)</li> </ul>
<b>4 Marketing strategy</b> Establish a framework for cross-functional marketing encompassing visioning, corporate communications, account relations, and B2B sales	<ul style="list-style-type: none"> <li>• Establish an integrated marketing department</li> <li>• Develop a marketing channel through which to approach clients' senior executives and decision-makers</li> </ul>
<b>5 Organizational strategy</b> Transform the organization to resolve the innovator's dilemma	<ul style="list-style-type: none"> <li>• Update the talent management policy and procedures to facilitate self-organizing management that encourages each employee to take ownership and leadership at work</li> <li>• Implement the OKR (Objectives and Key Results) management framework to align company-, department-, and employee-level objectives</li> </ul>



# 1

## Product strategy

Offer more extensive assistance to businesses and municipalities in achieving greater corporate and community sustainability

Over the years, the AMITA Group has established a hard-to-emulate business model by offering industry-leading service products and solutions that address unmet sustainability needs of businesses and municipalities. During the Groundwork Phase, we will focus on developing next-generation service products and solutions while making existing ones more competitive.

### Focused areas in FY 2024 and 2025

#### 1

#### Cyano Project

(See pages 10 and 11)

Assist businesses in achieving greater corporate sustainability driven by ESG considerations

Upgrade the value propositions of service products and solutions

#### 2

#### Co-Creation City

(See page 18)

Assist residents, businesses, and municipal authorities in designing and developing a sustainable community

Develop and offer new service products and solutions

### MEGURU PLATFORM

Platform for achieving greater social sustainability by facilitating resource circulation inside and outside a community and enhancing engagement among stakeholders

Develop new service products and solutions based on the platform and prepare to launch them in sync with the expansion of Cyano Project and CCC Initiative (from FY 2026 onward)

# 1

## Upgrade the value propositions of Cyano Project

While the corporate needs for greater corporate sustainability continued to grow, reflecting the ESG-driven investment trends, we were slow in signing new clients to Cyano Project during FY 2023, as many businesses were increasingly concerned about their short-term financial performance given the challenging operating environment. During the Groundwork Phase, we will focus on upgrading the value propositions of the solutions offered in Cyano Project. This will enable us to better help clients develop and adopt circular business models that will generate a steady stream of profit for them, even in a volatile business environment. This approach is also expected to make our revenue stream more robust and resilient.

### Actions

#### Upgrade the value propositions of our solutions to ensure a better return on investment for clients

The low deal closure rate for Cyano Project during FY 2023 was attributed primarily to: (1) clients' perception of not getting enough support from us in developing and implementing circular business models and (2) our failure to present a compelling business case to influence clients' investment decisions. To address these issues and upgrade the value propositions of the solutions we offer, we will work more closely with outside partners and set up a dedicated in-house team.

#### Offer diverse and comprehensive operational support to clients

Achieving greater corporate sustainability requires a company to allocate a majority of its operating resources to the business built on its core competency and keep creating greater value. Moreover, the company must constantly update and optimize the way it operates to remain agile and resilient in a fast-changing business environment. To meet these corporate needs, AMITA will provide upgraded operational support to clients in diverse industries in developing and operating circular business models.

Two focused actions to take during the Groundwork Phase are:

AMITA CIRCULAR to play a central role in developing new circular materials and supply them consistently

Work with Circular LinX to develop an operational support system for a circular supply chain and make it available to clients in FY 2025

## 2 Develop and offer new service products in the CCC Initiative

We undertake the CCC Initiative to facilitate collaboration among residents, businesses, and municipal authorities to foster greater engagement, diversity, and cultural identity in communities. The initiative is intended to help municipalities achieve greater community sustainability by addressing the four major issues that many of them face today: Population drains; aging and shrinking populations; the rising costs of social security programs; and declining employment opportunities.

### Actions

#### Develop MEGURU COMPLEX

The CCC Initiative is intended to promote greater engagement among all stakeholders in a community, as well as a continuous circulation of resources and information. When this initiative becomes operational, it will be supported by a network of MEGURU STATION® (See page 13) operating in communities around the country. We are working with recycling service providers and municipalities to recycle household waste—such as plastics, paper, glass bottles, and cans—that residents bring in to MEGURU STATION® into usable materials, as part of PoC field tests to assess the feasibility of circular management of municipal waste.

Incinerating a large volume of commonly disposed-of water-containing household waste, such as food waste and used diapers, consumes a significant amount of energy and generates CO<sub>2</sub> in the process. The pressing issue is that already financially burdened municipalities with shrinking populations do not have a budget for maintaining and upgrading their incineration facilities. We have started developing MEGURU COMPLEX, a circular model of collecting and sorting a variety of combustible municipal waste and recycling it into usable materials using the best combination of different types of processing facilities. We will develop and test a prototype MEGURU COMPLEX during the Groundwork Phase and start deploying fully operational models in FY 2027.

#### Issues associated with incinerating municipal waste in Japan

- Incinerating water-containing waste, such as food waste (80% water) and used diapers (70% water), is energy-consuming.
- Incinerators are a major source of CO<sub>2</sub> emissions in the community.
- Financially burdened municipalities with shrinking populations do not have a sufficient budget for keeping their incineration facilities in good operating condition.
- Shortage of landfill sites
- More than 200 municipal incineration facilities around the country are past their safe operating life of 30 years.

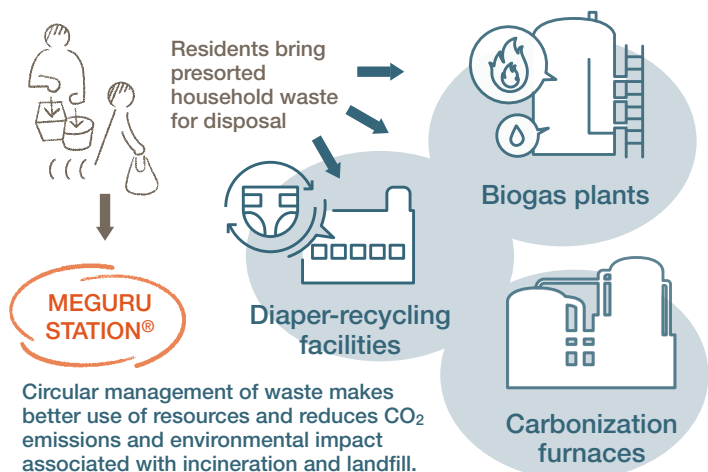
Combustible municipal waste by type in Japan

Other waste	14.5%
Wood and grasses	6%
Plastics	14.7%
Paper and textiles	36.8%
Food waste	28%
Used diapers (included left)	5%

Sources: "A 2022 Report on the Use and Disposal of Containers and Packages in the Eight Largest Cities in Japan" and "A 2022 Report on the Recycling of Used Diapers," both published by the Ministry of the Environment

#### AMITA's proposed resource-circulation scheme MEGURU COMPLEX

Under this scheme, food waste and used diapers with high water content are separated from other combustible municipal waste and recycled into usable resources. Residues with reduced water content can be thermally decomposed through self-sustaining combustion without the need for fossil fuels to burn them.



#### Expected benefits

- All parties involved can make better use of resources.
- The self-sufficient scheme makes residents feel more proud of and attached to their communities.
- Residents can take the initiative in community development.
- The scheme facilitates greater engagement among stakeholders and creates jobs.

## 2

### Production strategy

#### Upgrade the system for gathering, compiling, analyzing, and using a variety of information

For years, we have been recycling industrial waste and byproducts into value-added circular materials and supplying them to industrial customers. One of our greatest competitive advantages in this business is our expertise in analyzing elemental composition of waste bound for recycling. This enables us to produce circular materials that exactly meet the commercial requirements of customers. To drive further revenue growth, we will refine our information-processing system and know-how for turning industrial waste and byproducts into value-added materials.

#### Actions

##### Set up a team dedicated to gathering and processing information to better assist clients in achieving greater corporate sustainability

Today's businesses operating in a fast-changing social environment must choose the most effective way of doing business and report on their performance objectives, progress, and outcomes to stakeholders. From a massive flow of social, environmental, and business information available to us, we pick up, compile, and analyze most relevant information and share it with corporate and municipal clients to better support their sustainability efforts.

##### Automate a production process in our sustainable resource management centers

We are transforming the way we produce circular materials in our facilities. More specifically, we are working to develop systems for:

- Automating and applying digital solutions to the process of recycling industrial waste and byproducts into value-added materials
- Conducting more efficient blending simulations of circular materials we produce, using information about incoming industrial waste and industrial customers' requirements for materials. Design work is to be completed by the end of FY 2024, with a system deployment scheduled for FY 2026 and later.

## 3

### Relationship-building strategy

#### Pursue partnerships with other players to accelerate the pace of achieving our corporate objectives

We invest in relationship-building so that we can tap partners' know-how and networks associated with service products, production, procurement, and sales to complement our own and accelerate the pace of our business expansion.

#### Actions

##### Make our business foundation more robust



##### Circular LinX

The AMITA Group and the SMFL Group jointly established Circular LinX in April 2024, to consolidate waste-management services and customer bases in order to achieve greater operational efficiency, expand sales teams, improve service quality, and save on system-development costs.

##### Work more closely with overseas partners to expand our business outside Japan

We pursue partnerships across the Asia-Pacific region to accelerate our business expansion in this region.

##### Malaysia

AMITA partners with a local business college in a project to deploy MEGURU STATION® in Malaysia (announced on June 10, 2024).

##### Palau

Under a partnership agreement, we will continue to assist in developing a circular community model.

##### India

AMITA has agreed with the Ramky Group company, a leading waste management service provider in India, to conduct a joint feasibility study of developing a circular society and economy in India (announced on May 15, 2024).

**Took the initiative in helping the launch of ESA in an effort to achieve an ecosystem society**



AMITA HOLDINGS took the initiative in helping establish ESA in April 2024. ESA promotes circularity and mutually beneficial social engagement in creating greater social value and facilitates public-private-academic collaboration in building a sustainable society in which people can enjoy a higher level of well-being, even under some constraints. Member companies bring their business know-how and networks to ESA and work with each other and with municipal members to conduct PoC field tests as a step toward achieving an ecosystem society, which could not be accomplished by going it alone.

**4 Marketing strategy**

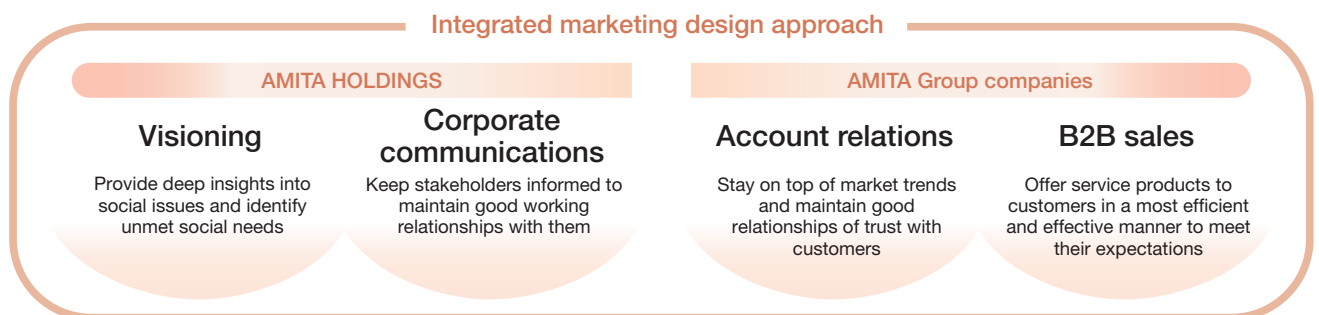
**Establish a framework for cross-functional marketing encompassing visioning, corporate communications, account relations, and B2B sales**

Marketing actions play a critical role in acquiring operating capital necessary to pursue (1) Product, (2) Production, and (3) Relationship-building strategies. Today’s businesses have a growing need to pursue ESG-driven business management and achieve greater corporate sustainability. To better address this need, the AMITA Group strives to establish itself as the “go-to” entity to provide end-to-end assistance to corporate clients in developing and implementing a comprehensive, enterprise-level strategy for achieving a circular economy, carbon neutrality, and nature positivity. More specifically, AMITA HOLDINGS’ visioning and corporate communications teams will more closely coordinate with Group companies’ account relations and B2B sales teams in cutting common operating costs, disseminating more coherent corporate and product messages, and reducing the lead time between receiving inquiries from clients and receiving orders. In addition, we will develop a marketing channel through which to approach directly clients’ senior executives and decision-makers.

**Actions**

**Take an integrated marketing design approach to enhancing corporate branding efforts**

We take an integrated marketing design approach to formulating strategies and action plans that encompass all four key functions: visioning, corporate communications, account relations, and B2B sales. This approach enables us to leverage unified corporate branding efforts to reach and attract prospective corporate customers more broadly, and helps us save on advertising, sales promotion, and personnel costs across business lines.



**Develop a communication vehicle and content tailored to clients’ decision-makers**

We are developing a relationship-building communication vehicle and specialized content to reach prospective corporate clients’ decision-makers and raise their awareness of, and gain their buy-in to, the benefits of our Cyano Project services. They are scheduled to become available during FY 2024.

**Set up a team dedicated to offering more creative insights and better service solutions**

During FY 2024, we will deploy a special-mission team having highly professional expertise and know-how in analyzing and compiling competitive information to support corporate clients’ decision-making and provide them with better service products.

## 5

## Organizational strategy

## Transform our organization to resolve the innovator's dilemma

We strive to establish an endoskeletal organizational structure to resolve the innovator's dilemma that could disrupt the accomplishment of our corporate objectives. An endoskeletal organizational structure is characterized by its metabolic function in retaining and enhancing a company's core competencies that drive its competitive advantages while partnering with outside players having diverse know-how and networks to keep creating greater value. We will take the following two actions to enhance our core competencies and transform our organization into one capable of continuing to create greater value:

## Actions

### Update the talent management policy and procedures to encourage every employee to play a leading role and a supporting role

We will eliminate mid-level manager positions and replace them with self-organizing\* management that allows each employee to set and pursue their own performance objectives that are closely aligned with the company's success.

\*Self-organizing dynamics is a phenomenon in which individual organisms behave independently of each other, without a big-picture perspective, but unconsciously form an orderly system as a result.

Leadership and team-building roles previously assumed by mid-level managers are now shared among motivated and self-driven employees who demonstrate ownership at work. This approach prevents supervisory roles from becoming too dependent on the designated few and enables all members of a team to learn collective wisdom. It is an organization that encourages every employee to play a leading role and a supporting role.

### Update talent development programs

We are developing a three-step talent development program for employees: (1) Learn the basics of creating value by faithfully following examples; (2) Exercise ingenuity by trying different approaches to creating value; and (3) Work with others to come up with an idea for a new business. In FY 2024, we will start offering AMITA-designed training programs to employees, intended to develop them into one of the following three professional roles within four to eight years of joining the company.

#### Future Designer

Playing the role of turning a changing business environment and social constraints into business opportunities and designing an infrastructure that supports a sustainable future

#### Do Tank Specialist

Playing the role of providing end-to-end assistance in developing and implementing a transition strategy for greater corporate sustainability

#### Town Manager

Playing the role of providing comprehensive solutions to community issues and assisting in circular management of municipal operations that facilitates constructive engagement among stakeholders

## Financial targets for the Groundwork Phase in FY 2024 and 2025

We will pursue all these five key strategies during the Groundwork Phase to return to a growth path fast.

(In millions of yen; amounts rounded down to the nearest million yen)

	FY 2023 results	FY 2024 targets	FY 2025 targets
Net sales	4,536	4,809	5,070
Operating profit	472	540	651
Ordinary profit	530	599	731
Profit	308	371	489
Operating profit margin	10.4%	11.2%	12.8%
Ordinary profit margin	11.7%	12.5%	14.4%

# Dynamic Evolution

The AMITA Group has evolved into a corporate entity poised to turn social and business needs arising in a changing operating environment into an opportunity to achieve a sustainable society in collaboration with corporate partners in diverse industries.

AMITA CORPORATION plays an instrumental role in coordinating the Group's effort to assist businesses and municipalities in achieving greater sustainability by working with other Group companies having proprietary circular solutions, as well as expertise and networks in sustainability, and with AMITA-initiated joint ventures and affiliates.

## AMITA

- AMITA CORPORATION (wholly owned subsidiary of AMITA HOLDINGS)

Assist businesses and municipalities in Japan in achieving greater corporate and community sustainability



**OKADA Kenichi**  
President and CEO

Transition strategy business

## AMITA CIRCULAR

- AMITA CIRCULAR CORPORATION (wholly owned subsidiary of AMITA HOLDINGS)

Provide end-to-end solutions for sustainable procurement and use of resources



**TSUCHIMOTO Kenji**  
President and CEO

Circular materials business

Regional headquarters



- AMIDAO CORPORATION (wholly owned subsidiary of AMITA HOLDINGS)

Provide a platform for creating an ecosystem society, using Web3 technology



**OKADA Kenichi**  
President and CEO

Ecosystem co-creation business

Circular management business

Low-carbon transition advisory business

Affiliate

## 森林ノ牧場

(Shinrinno Bokujo)

Shinrinno Bokujo [ranch in a forest] Co., Ltd., operates ranches in Nasu and Mashiko, Tochigi Prefecture. The company has converted forests and abandoned farms into ranches to raise Jersey cattle, and produces and sells dairy products.

The AMITA Group partners with the ranch to pursue the shared vision of a sustainable society as part of the Social Systems Design Business.



# AMITA

- AMITA HOLDINGS CO., LTD.

KUMANO Eisuke	Chairman and Chief Visionary Officer
SUETSUGU Takahide	President and Chief Integrated Operations Officer
OKADA Kenichi	Director and Chief Growth Officer
TAKANO Masaharu	Non-executive Director
SHIMIZU Nahoko	Non-executive Director
HASEGAWA Takafumi	Audit & Supervisory Board Member
NAKAHIGASHI Masafumi	Audit & Supervisory Board Member
YAMOTO Hironori	Audit & Supervisory Board Member

[Click here for details about executive profiles](#) ▶



## AMITA CIRCULAR DESIGN

- AMITA CIRCULAR DESIGN SDN. BHD. (ACD) (wholly owned subsidiary of AMITA HOLDINGS)

Assist businesses and municipalities outside Japan in achieving greater corporate and community sustainability



### YAMATO Eiichi

Managing Director and CEO

On April 1, 2024, AMITA HOLDINGS renamed its Malaysian subsidiary AMITA CIRCULAR DESIGN SDN. BHD., which serves as the Group's regional headquarters for the Asia-Pacific region. The company extends the Group's proprietary technologies and know-how originally developed for the Japanese market into overseas markets and promotes the recycling of industrial waste into usable resources in the region.

- AMITA BERJAYA SDN. BHD. (joint venture established by ACD and the Malaysia-based NAZA Group)

Recycle industrial waste into usable resources in Malaysia

## Circular LinX

- Circular LinX Co., Ltd. (joint venture)

AMITA and  Sumitomo Mitsui Finance and Leasing Group

Provide a waste management system and the sustainable BPO service



### TABEI Shinichi

President and CEO

AMITA HOLDINGS and the SMFL Group jointly established Circular LinX Co., Ltd., on April 1, 2024, as an entity to provide a waste management system and the sustainable BPO service to assist businesses in pursuing ESG-driven corporate management and a circular economy.



- Codo Advisory, Inc. (joint venture)

AMITA and  MCP

MCP Japan Holdings

Assist businesses in defining and refining their low-carbon transition strategies



### SUZUKI Kaori

President and CEO

[Scan the code for details about each Group company.](#) ▶



# Nonfinancial Information: Sustainability Initiatives for FY 2023

As its articles of incorporation state, the primary purpose of the AMITA Group is to increase natural and relational capital. Accordingly, we are focused on enhancing our social engagement capital, natural capital, and human capital in our business operations.

## Social Engagement Capital



The AMITA Group announced its commitment to pursuing stakeholder-centric business management in March 2022. It is a commitment to seeking the best interests of society as a whole in our business. Our achievements are listed below in chronological order from January 2023 through May 2024.

- 2023 February • Held an earnings briefing session for FY 2022 for investors and analysts.
- March • Held a general shareholders meeting and a briefing session on the Group's medium-term corporate strategy.
- June • Acquired a stake in Japan Evolution Fund.
- July • Published Annual Report for FY 2022.
- November • Published a new edition of newsletter for AMITA HOLDINGS' shareholders.
- 2024 February • Held an earnings briefing session for FY 2023 for investors and analysts and unveiled the Group's long-term management plan for FY 2024-2030.
- March • Held a general shareholders meeting.

### Shareholders and investors

- 2023 April • Started a course on ecosystem industry at Meiji University.
- May • Installed a compact bioenergy generator MEGURU-BIO at an elementary school in Nagakute, Aichi Prefecture.
- June • Started a social study course Web3 Lab at Kyushu Institute of Technology.
- November • Launched a public forum in which participants discuss the true meanings of socially relevant concepts (pictured).
- 2024 February • Discontinued the preliminary screening of application documents submitted by job-seeking college students; the submission of resumes no longer required for the first phase of job interviews. Applicants' embracing of our corporate mission and values and their willingness to take on challenging tasks are more important in our hiring decisions than their nationalities, ages, or academic credentials.



2023 September  
2024 February  
April

### Students

- 2023 February • Donated part of proceeds from our overseas business to Medecins Sans Frontieres.
- May • SATO Hiroyuki, then AMITA HOLDINGS director, appointed as a professional adviser to Minamisanriku, Miyagi Prefecture.
- 2024 January and February • Ran a campaign to raise relief funds for the people and communities affected by the January 2024 Noto Peninsula Earthquake.
- March • Donated part of proceeds from our overseas business to Medecins Sans Frontieres.
- Organized the "Learn with Fun about Resource Circulation" event for children and their parents at a community center in Kobe, Hyogo Prefecture.
- Throughout FY 2023 Made it easy for employees to take leave to participate in volunteer activities, such as serving as personal shoppers for the elderly.

### Communities

- 2023 January
    - Introduced a shorter 32-hour workweek for all full-time employees.
    - Raised the pay scale for all employees, including temporary workers.
  - May
    - Reassessed every business process performed by Group employees to prioritize them and provide more flexible working arrangements.
  - July
    - Launched a project to use ChatGPT and other generative AI solutions to help employees create greater value.
  - 2024 April
    - Eliminated mid-level manager positions and updated talent management programs to encourage each employee to exercise ownership and leadership at work.
- Throughout FY 2023 Held management-employee sessions at all AMITA Group offices and plants.

## Employees

**AMITA**

- 2023 January
  - Entered into a strategic partnership with the BELL Group.
- May
  - Participated in a J-CEP-sponsored field test of the Digital Product Passport scheme.
  - Signed an MOU for a joint feasibility study with PT Indocement Tungal Prakarsa Tbk., a leading cement producer in Indonesia.
- December
  - Chosen as a member of the associate consultant program operated by BSI Group Japan.
- 2024 April
  - Jointly established Circular LinX with the Sumitomo Mitsui Finance and Leasing Group.
- May
  - Signed an MOU with the Ramky Group in India (pictured).



## Businesses

- AMITA HOLDINGS Chairman and CVO KUMANO Eisuke coauthored “Transforming the World: A Road to Ecosystem-Driven Capitalism.”
- Announced “AMITA’s Five Commitments to Earn and Retain Public Trust” in pursuit of a sustainable society that values the integrity of every life form.
- Relocated the Group’s Tokyo Office to the Ochanomizu district. The new office features an entrance hall showcase and an event space.

- 2023 February
  - Set up a fourth MEGURU STATION® in Tachiarai, Fukuoka Prefecture, completing the coverage of all its school districts.
- March
  - Signed a collaboration with Kobe, Hyogo Prefecture.
- May
  - Signed a collaboration with Kakegawa, Shizuoka Prefecture.
  - Chosen to participate in an Urban Collaboration Project for Achieving a Low-Carbon Society, sponsored by the Ministry of the Environment.
- July
  - Chosen to work in the third phase of the SIP program, sponsored by the Cabinet Office.
- August
  - Signed a collaboration with the City of Buzen in Fukuoka Prefecture and the Institute of Connected Community Development.
- 2024 April
  - Took the initiative in helping the launch of the Ecosystem Society Agency.
  - MEGURU STATION® became operational in six locations in Tsukigase District in Nara (pictured).



## Municipalities



## Natural Capital

We believe in preserving and increasing natural capital through business operations, which is an essential step to achieving a sustainable society.

### Cyano Project

Cyano Project helps business clients achieve greater corporate sustainability, including nature positivity, and increase their natural capital. We also assist them in assessing nature-related risks, reporting on performance progress, taking corrective actions, and transforming the way of doing business to meet the increasingly influential TNFD\* reporting requirements. During FY 2023, 24 corporate clients signed up for Cyano Project.

\*The Taskforce on Nature-related Financial Disclosures is a global initiative to provide businesses and organizations with recommendations and guidance for assessing and reporting the risks and impacts of their operations on the environment and biodiversity.

### Environmental Assessment and Certification Service

Our service helps prevent overharvesting of forests and the overexploitation of marine products. (See page 12 for FY 2023 achievements)

### Shinrinno Bokujo

Shinrinno Bokujo Co., Ltd., an AMITA HOLDINGS affiliate, has converted forests and abandoned farms into cattle ranches, tapping unused resources to raise cattle and make value-added dairy products.



### Producing circular materials

We recycle industrial waste and byproducts into value-added circular materials as part of our efforts to preserve natural resources and reduce energy use.

#### Helping preserve natural resources

Circular materials we produced in FY 2023

Recycled cement fuels<sup>1</sup>

108,072 t equivalent to 401,363 t of mined coal

which is **3.7 times** as much as circular materials produced

Recycled materials, such as nickel, used to produce special steel<sup>2</sup>

2,305 t equivalent to 10,557 t of mined nickel

which is **4.6 times** as much as circular materials produced

Recycled copper

329 t equivalent to 16,404 t of mined copper

which is **49.9 times** as much as circular materials produced

During FY 2023, we discharged zero cubic meters of wastewater from our manufacturing operations and emitted 0.3 t-CO<sub>2</sub> GHG per one million yen of net sales<sup>3</sup>, which was one-twentieth of the industry average<sup>4</sup>.

1. Including SlurMix®

2. Applicable to alternative nickel materials

3. Data compiled from our plants in Himeji, Ibaraki, Kitakyushu, and Minamisanriku BIO

4. Based on data published by the National Institute for Environmental Studies

### Achieving the Group's climate-positive targets

We announced AMITA Climate-Positive Targets in 2022 and have since taken a series of actions to meet them.

During FY 2023, we assessed our risks and opportunities and formulated a transition policy and an action plan based on the Assessing low-Carbon Transition (ACT) international initiative. In FY 2024 and beyond, we plan to switch to low-emission machinery in our production lines and implement an internal carbon pricing system to place a value on the amount of our carbon emissions. AMITA HOLDINGS has become a member of the GX League, a cross-industry consortium to drive green transformation to achieve a carbon-neutral industry and society in Japan.

# Human Capital



The AMITA Group believes that a team of ordinary people can do something extraordinary, and that maintaining a good work-life-learning balance makes one excel at work. Accordingly, we are taking actions described below, built around the following three key concepts about enhancing human capital and promoting diversity.

## Three key concepts

### Developing talent capable of continuing to create value as a team

Training employees in critical, deep thinking, based on a philosophical approach and a theory about the evolution of civilization

In the following training sessions, employees have the opportunity to learn AMITA's corporate philosophy, how we create value, and team-building techniques. This is part of our efforts to help them develop an innovative and creative mindset.

#### Raison d'être Training Program

This is an AMITA-designed training program that gives new hires a few-month assignment to define equality, fairness, the individual, individuality, rights, duties, freedom, and independence, and how they all relate to each other.

#### Critical Thinking Training Program

In this all-hands training session, employees discuss among themselves problems with no clear-cut answers, such as "How does employee well-being drive a company's profits?" and "How can a company turn its aesthetic sense into a tangible asset?" and share their findings at the end of the session.

Replaced individual employee performance appraisal with team performance appraisal

When each of a hundred people makes a leap forward, it makes a bigger difference than when a single person takes 100 steps forward. In this belief, we discontinued individual employee performance appraisal and switched to team performance appraisal to track and manage a team's performance against established team objectives and individual roles.

### Fostering a workplace culture and environment that promote employees' well-being

Mutually supportive AMITIME Program

The program allows employees to donate their unused annual paid holidays to the company so that others can use them to provide nursing care for their children and other family members. It promotes a mutually supportive, less stressful workplace environment.



32-hour workweek, teleworking, and flextime arrangements

In January 2023, we adopted a shorter 32-hour workweek for all full-time employees to give them more off-work time. This gives employees more opportunity to interact and engage with people outside the company and with society in general, which they can use to create greater value at work. In addition, we have made teleworking and flextime an integral part of flexible working arrangements available to employees.

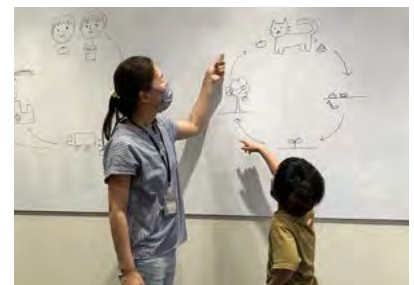
### Embracing greater diversity, equity, and inclusion in the workplace

KAGUYA-Project to make AMITA a great place to work for women

Female employees discuss among themselves ideas for workplace improvements and have the opportunity to bring them to the leadership's attention.

#### Examples of outcomes of the KAGUYA-Project

- AMITIME Program
- Open House event: Employees' children are invited to company offices on a prearranged date.
- Diaper-changing table installed in the first-aid office



Hiring based on personality and cultural fit

Our hiring criteria are based on applicants' readiness to embrace the company's mission and values, work with other team members, and take on challenging tasks—not on their academic and professional background described in their resumes. Applicants' nationalities, gender, or academic and professional background are no longer part of our hiring criteria. Starting in FY 2023, job-seeking students are not required to submit application documents for preliminary screening or resumes for initial job interviews.

## Our Mission II

Wisdom and Life are Infinite.

Through changes in our surroundings and the evolution of sympathy,  
the formation of external and internal relationships creates us.

There are no stable phenomena; the universe is in flux.

Because we are who we are, we need to have a good relationship with infinite life.

Our hearts hold everything that humanity seeks.

What humanity seeks is to protect the dignity of our future children.

We have the passion to give this goal a form and offer it.

We declare:

To attest that life is capital to create value,

To give priority to building cyclical relationships for realizing a sustainable society,

To conduct only business that contributes to increasing natural capital and relational capital,

and To protect the dignity of living systems.

**AMITA** AMITA HOLDINGS Co., Ltd.

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