



AMITA's corporate emblem "Colors" symbolizes a human profile composed of nine tiles of various colors.

The emblem depicts the unlimited power of human capacity; the capacity of an individual human being may be small, but, when people unite to work toward a common goal, it will become a driving force that can create a promising future.

AMITA is committed to working with like-minded partners to achieve a sustainable society and design a great future that will enhance natural and relational capital.

Bringing the future the AMITA Group envisions to our stakeholders

Newsletter for Our Shareholders

Designing the Future

Annual Report 2018 Creating Value, The AMITA Way

Spring
2019
Edition

AMITA

Highlights of Business Results for FY 2018

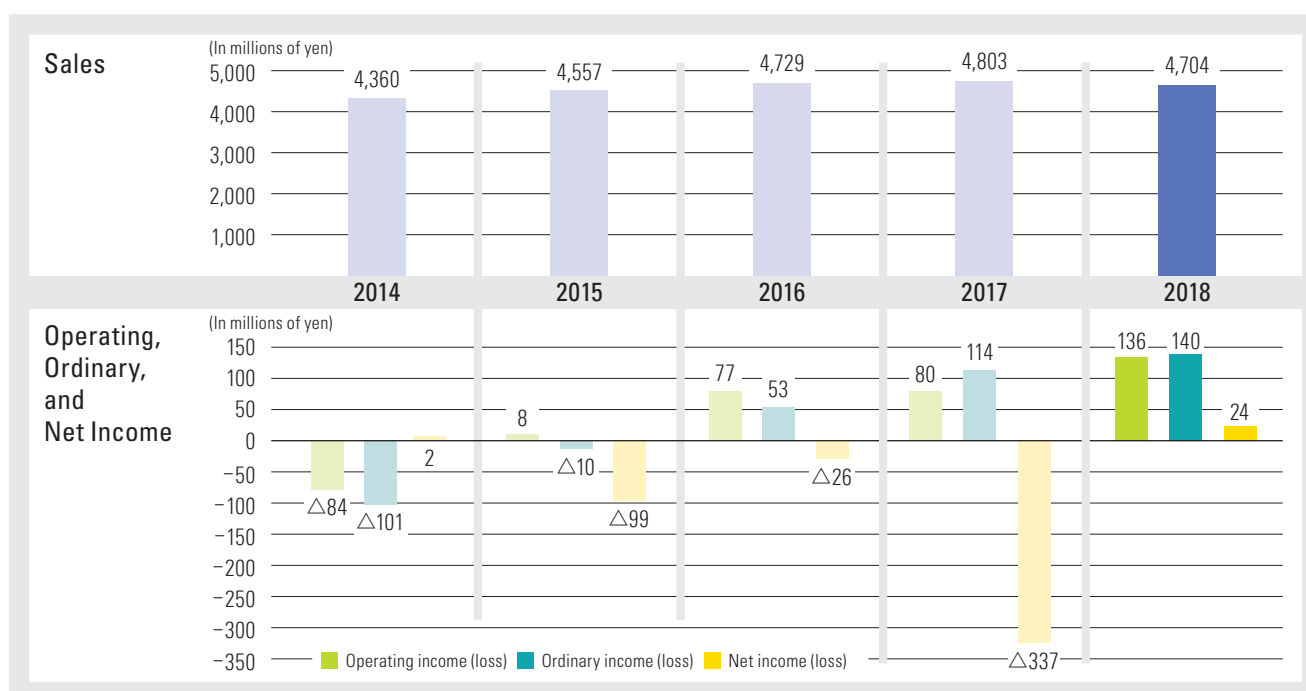
Financial Results

Turning business around after having posted a loss for three consecutive years

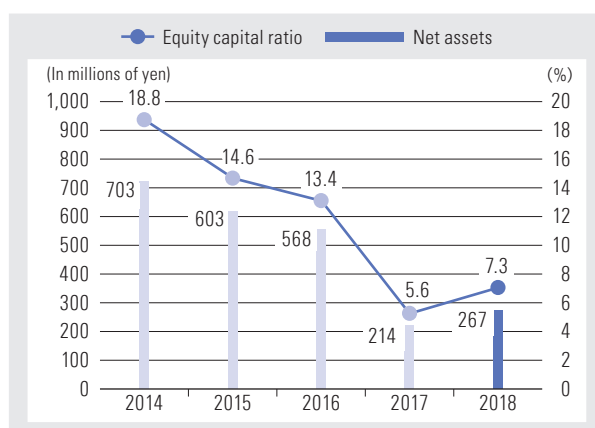
The AMITA Group posted consolidated sales of 4,704 million yen, operating income of 136 million yen, ordinary income of 140 million yen, and net income of 24 million yen for the fiscal year ended December 31, 2018. Sales were flat from the previous year, driven primarily by zero-emission recycling services conducted at Kitakyushu and other resource recycling plants in Japan as well as by environmental certification services. Operating income was up primarily as a result of a reduction in

manufacturing cost in zero-emission recycling services. Ordinary income was up slightly, reflecting an increase in operating income and the posting of insurance income, which more than offset foreign exchange losses. The Group posted a net income for the year, reflecting an increase in ordinary income, which more than offset a loss on retirement of non-current assets and an increase in tax expenses.

Consolidated Financial Performance

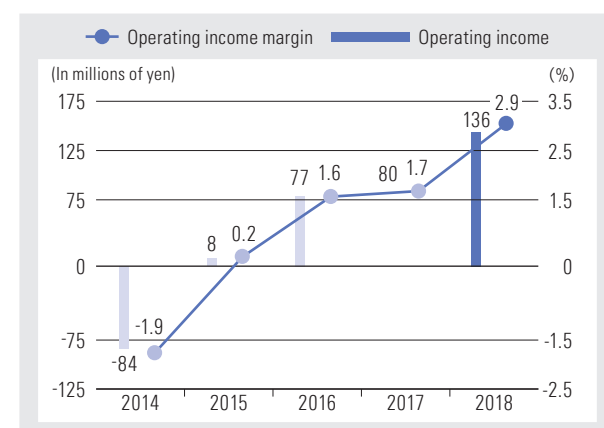


Net Assets and Equity Capital Ratio



After a sharp decline in shareholders' equity at the end of FY 2017 as a result of posting an impairment loss at the Taiwan Resource Recycling Plant, net assets increased to 267 million yen at the end of FY 2018, with the equity capital ratio up to 7.3%. We will continue to give top priority to taking action to regain financial soundness.

Operating Income and Operating Income Margin



As part of our efforts to regain financial soundness, we are striving to improve our operating income margin. We will focus on developing and promoting highly profitable service offerings, including AMITA Smart Eco, launched in 2018.

Major Business Achievements in FY 2018

In the Environmental Strategy Design Business, although we conducted fewer zero-emission recycling operations in FY 2018 than in FY 2017, we managed to maintain the same level of revenue as a result of a reduction in manufacturing cost at our resource recycling plants. The Kitakyushu Resource Recycling Plant started to recycle silicon slurry waste, which added sales and profit to this segment. As an addition to The Sustainable Stage, which is an integrated services to assist corporate clients, we launched the AMITA Smart Eco service, which helps corporate clients achieve greater efficiency in environmental management through the use of ICT solutions and outsourcing services. We received more orders for the Smart Management

system for waste management as well as environmental certification services in FY 2018 than in FY 2017. Outside Japan, the AKBK Sustainable Resource Management Centre in Malaysia continued to operate smoothly by leveraging recycling technology originally developed in Japan to add drying capacity to its facility; winning a project contract from the Ministry of the Environment of Japan; and providing reliable services to Japanese companies operating in Malaysia. In the Regional Systems Design Business, we have been laying the groundwork for the BIO System, which is an integrated service to assist regional communities, in Minamisanriku, Miyagi Prefecture, to be completed by the end of FY 2020.

	Key initiatives	Achievements
Enterprise Support		
Environmental Strategy Design Business	Terrestrial resources (Recycling, environmental consulting)	<ul style="list-style-type: none"> Maintained the same level of revenue from resource recycling business in Japan, offsetting fewer recycling operations. The Kitakyushu Resource Recycling Plant started to conduct zero-emission recycling of silicon slurry waste. Launched the AMITA Smart Eco service, which helps corporate clients achieve greater efficiency in environmental management. Saw a steady increase in orders for the Smart Management.
	Environmental solutions (Environmental certification, survey and research)	<ul style="list-style-type: none"> Saw an increase in orders for environmental certification services, primarily fishery certification. Conducted the world's first ASC/MSC certification for algae.
Business Outside Japan	Taiwan	<ul style="list-style-type: none"> We decided to shut down our operations in Taiwan on April 26, 2019, in the face of the challenge of sourcing recycling materials locally. We have chosen to allocate available resources to expanding the recycling business for silicon slurry waste in Japan.
	Malaysia	<ul style="list-style-type: none"> Addition of dryer capacity boosted the production of alternative cement materials. Received a contract from the Ministry of the Environment of Japan for a project to commercialize the production of alternative cement fuel.
Regional Support		
Regional Systems Design Business	Establishing the BIO System	<ul style="list-style-type: none"> Conducted a test run of a system in Minamisanriku, Miyagi Prefecture, with excellent results in promoting the circulation of resources and community engagement.
Business Alliances		
Forming stronger partnerships toward achieving a sustainable society		<ul style="list-style-type: none"> Signed a comprehensive business partnership with Daiei Kankyo Holdings and Major Venous Japan in a bid to build a social infrastructure to bring greater sustainability to business activities and community activities. Signed a comprehensive business partnership with NEC Solution Innovators to promote business to achieve a sustainable society.

Key initiatives Planned for FY 2019

- Environmental Strategy Design Business**
 - Accelerate expanding the client base for The Sustainable Stage service with a focus on AMITA Smart Eco
 - Enhance environmental certification services
 - Enhance zero-emission recycling services of silicon slurry waste
- Business Outside Japan**
 - Start producing alternative cement fuel in Malaysia
- Regional Systems Design Business**
 - Work with partner companies to commercialize the MEGURU STATION project

AMITA Smart Eco Launched to Help Corporate Clients Achieve Better and More Efficient Environmental Management

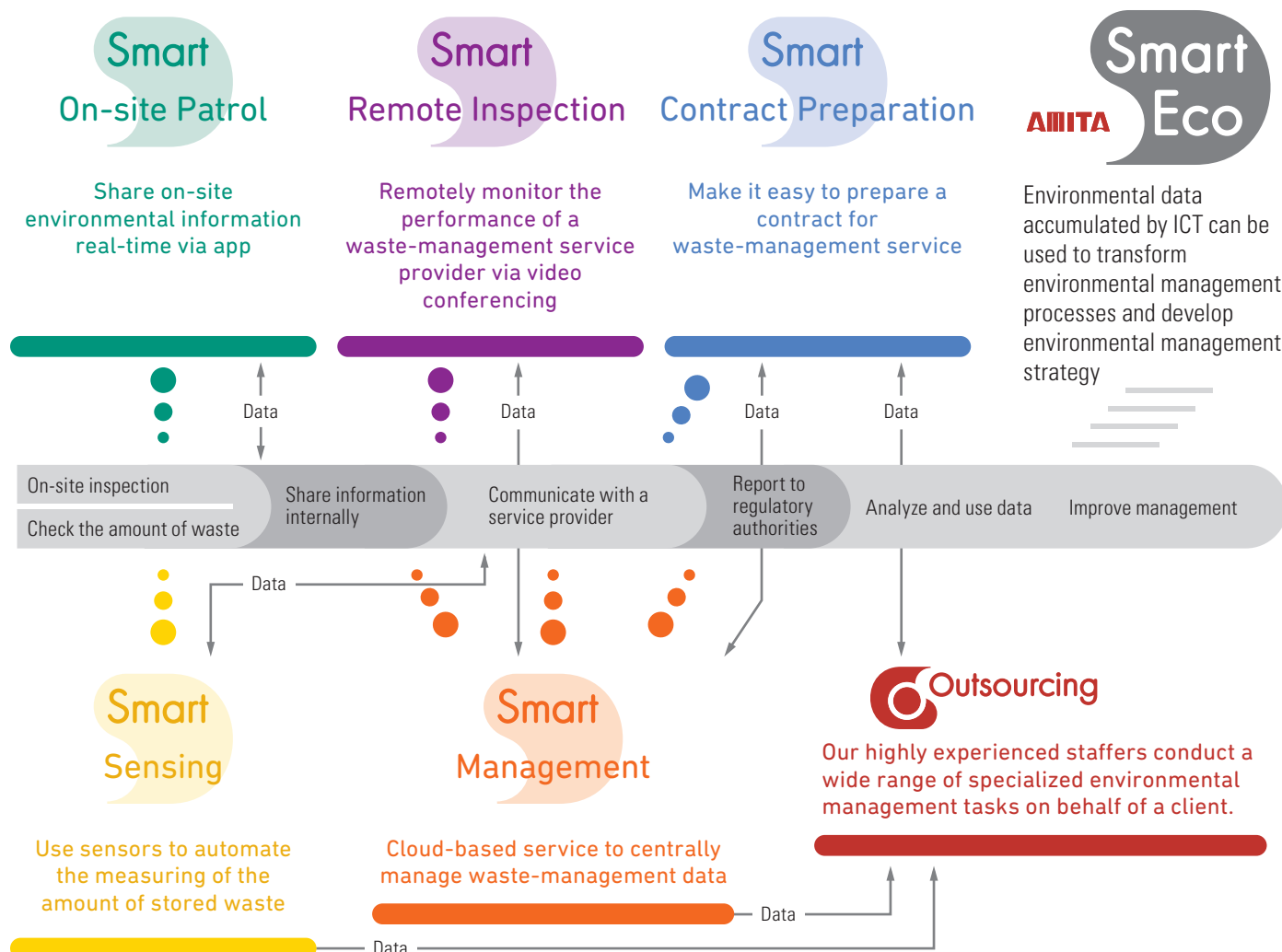
Companies are under increasing pressure to streamline their business operations in response to a declining working population in Japan and regulatory requirements to provide more flexible working arrangements to their employees. In addition, companies' environmental management departments must address a wider range of issues such as reducing environmental costs, meeting regulatory and SDGs (Sustainable Development Goals) requirements, and contributing to mitigating climate change. The new AMITA Smart Eco service combines our proprietary information and communication technology (ICT) and outsourcing services to assist corporate

clients in achieving greater efficiency in environmental management while reducing costs and risks associated with it. Moreover, environmental data accumulated by ICT can be used to transform a company's environmental management processes and develop environmental management strategy from medium- and long-term perspectives.

Sales target for FY 2019: Position the AMITA Smart Eco service as the core of The Sustainable Stage and sign up more than 100 corporate clients for the service.

(Key User Benefits)

- Reduce the cost of environmental management by up to half (AMITA's estimate)
- Provide ITC solutions and outsourcing services to achieve greater environmental compliance
- Make it easy to compile and use environmental data
- Enable the reallocation of human resources to value-added core business processes



Major Business Achievements in FY 2018

Kitakyushu Plant Starts Recycling Silicon Slurry Waste

Demand for chips has been surging and so has the need to recycle silicon slurry waste generated in the chip manufacturing process. The Kitakyushu Resource Recycling Plant started in November 2018 the zero-emission recycling of silicon slurry waste received from chip manufacturers into alternative metal materials.

We will expand this business based on our Himeji and Kitakyushu Plants.



Recycling equipment installed in the Kitakyushu Plant

High-Demand Environmental Certification Services Driving Sustainable Resource Procurement

A third-party environmental certification label on a product certifies that the product was produced and processed in a sustainable manner. This is part of industry-wide efforts to counter illegal lumbering in forests and indiscriminate fishing. As Japanese companies are accelerating their efforts to follow sustainable procurement practices with an eye on the Tokyo 2020 Olympic Games and SDGs requirements, they are requesting, at an increasing pace, that their products be environmentally certified. In January 2019, euglena Co., Ltd. became the

first company in the world to attain certification of its microalgae products under the new ASC-MSC Seaweed (Algae) Standard, following an audit conducted by AMITA in 2018. Perch, red snapper, and mullet were added to the types of fish subject to ASC Aquaculture Certification, and we started to conduct certification assessment for them in March 2019. To meet growing needs for sustainable procurement, we will expand the scope of environmental certification assessments and increase the number of assessors.

Number of Environmental Certification Assessments Conducted

	2016	2017	2018		2016	2017	2018
Forestry certification (cases)				Fishery certification (cases)			
FSC® Forest Management Certification	23	23	24	MSC Chain of Custody Certification	54	63	93
FSC® Chain of Custody Certification	244	314	354	ASC Chain of Custody Certification	20	23	49
FSC® Project Certification	11	15	22	ASC Aquaculture Certification	1	2	4

*Including annual audits of existing clients *Numbers of cases of FSC® Project Certification and ASC Aquaculture Certification are cumulative

Zero-Emission Recycling Business on Track in Malaysia

AKBK Sustainable Resource Management Centre in Malaysia conducts zero-emission recycling of waste received from local businesses into alternative cement materials. When a dryer facility became operational in July 2018, the amount of waste received nearly doubled*, and now includes waste with a high water content. The center signed a project contract with the Ministry of the Environment of Japan and intends to start producing alternative cement fuel by the end of FY 2019.

*Results from August through December 2018 compared with the same period the previous year



Drying facility designed to direct sunlight to the drying area

Key Products and Services Provided in FY 2018

Number of Clients for The Sustainable Stage



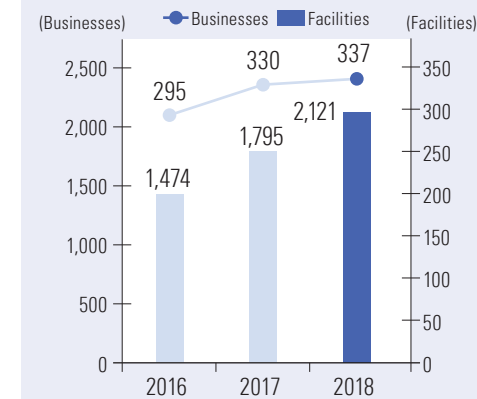
Number of Clients for Outsourcing Services



Number of Clients for Consulting and Researching Services

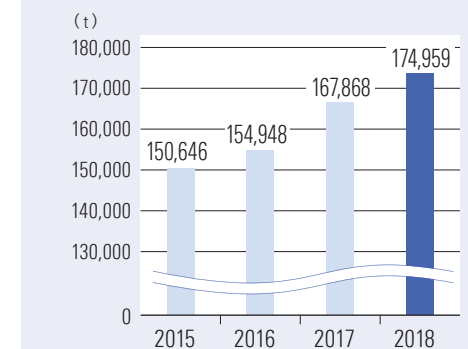


Number of Clients on Smart Management



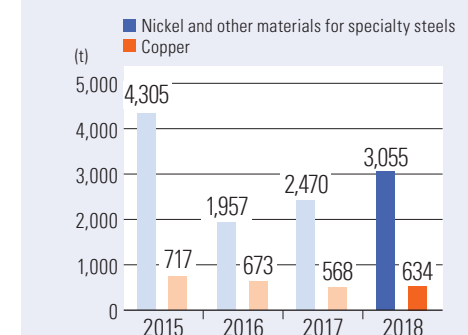
Cement Materials and Fuel Materials Produced from Zero-Emission Recycling Process

*Results at our own recycling plants inside and outside Japan and those at partners' plants combined



Metal Materials Produced from Zero-Emission Recycling Process

*Results at our own plants inside and outside Japan



MEGURU STATION Tested Successfully for Effectiveness in Resolving Community Issues

MEGURU STATION, a community trash dumpster and a recycling system built around it, developed and installed by AMITA in collaboration with five other companies to promote resource circulation and community engagement among residents, underwent a test run in Mina-

misanriku, Miyagi Prefecture, in 2018. The test proved the station's effectiveness in terms of both resource circulation and community engagement. Pleased with the positive results of the test, AMITA intends to commercialize the project by the end of FY 2019.

Turning the daily practice of taking trash out to the dumpster into resource circulation and community engagement

MEGURU STATION is a hub that provides community residents with opportunities to take recyclable trash out to participate in resource circulation and community engagement. AMITA intends to incorporate into the station additional functions to support residents' healthcare, nursing care, and welfare and commercialize the project to provide an infrastructure that helps resolve community issues. We believe that the project will stimulate the circular flow of economic activities in a community.

Resource Circulation



Recycling of household trash

Residents separate burnable garbage and recyclable trash at home and take them out to the station to play an active role in resource circulation.

MEGURU STATION

Taking trash out to the station provides an opportunity for greater community engagement.



Residents chopping wood for a shared fireplace

Greater interaction among residents

Stimulate engagement among residents by providing a place and means for each of them to play their role, with a goal of fostering a greater sense of neighborhood community

Community Engagement

Functions to be added



Promote health

Support childcare

Promote local production for local consumption

... Expand and tailor functions to meet the needs specific to a community

Results of a test run

At the end of the two-month test period, word of mouth about the station spread to encourage 400 families to participate in the program, which was four times as many as when the test started. At the conclusion of the test, 74% of the participating residents said they had managed to reduce burnable household garbage by half, and 51% said they had more opportunities to communicate with their neighbors through participation in the program. This result indicated that the station fulfilled its twin objectives of promoting resource circulation and community engagement.



"Thank You" points

Residents can earn "Thank You" points based on their level of participation in resource circulation and can redeem points for drinks in a neighboring cafe or local farm produce, or as donations to neighborhood public institutions. This scheme proved effective in fostering better communication among residents and encouraging greater participation in resource circulation.

Thanks App developed by NEC Solution Innovators

Natural Capital and Relational Capital

Natural Capital

Our business activities to reduce environmental loads and preserve the natural environment and biodiversity are intended to sustain natural capital.

Accelerating Switching to Cleaner Renewable Energy

We strive to reduce environmental loads associated with our business activities and encourage employees to preserve the environment and lead a socially responsible life. This is part of our efforts to build buy-in to the company's mission among employees as well as help achieve a sustainable society.

Subsidy to employees for switching to renewable energy

An AMITA employee receives a subsidy from the company for switching their home electricity provider to one that relies more heavily on renewable energy sources. AMITA is the first company in Japan to offer such an incentive to its employees. Currently, six employees are in the incentive program.

Switching to cleaner energy for use at company facilities

We partially switched to renewable energy to power our plants and offices in Japan, which helped reduce CO2 emissions by 35% annually.

Reducing the Use of Natural Resources

Alternative resources produced with zero-emission recycling processes have a higher quality than their natural equivalent and substantially reduce the use of natural resources.

Production amount of recycled resources used as fuel incement production in FY 2018 102,736 t



Reduction in the use of natural resources

Equivalent to 368,735 t of mined coal 3.6 times as much as the amount of recycled resources produced

Production amount of recycled resources, such as nickel, used as materials for specialty steels in FY 2018 3,055 t



Equivalent to 19,892 t of mined nickel 6.5 times as much as the amount of recycled resources produced

Production amount of recycled copper in FY 2018 634 t



Equivalent to 31,173 t of mined copper 49.2 times as much as the amount of recycled resources produced

Relational Capital

Relational capital is an intangible asset accumulated by a company based on its relationships with stakeholders. To build relational capital internally, we consider employees not as cost but as capital, and we provide talent development programs and

create a comfortable workplace so that employees can continually improve their human and professional skills and achieve their full potential.

Results of Employee Survey for FY 2018

Respondents: 119 of 150 AMITA Group full-time employees

Q: Does your manager recognize your strengths and weaknesses and help you build up your strengths and overcome your weaknesses?

74% 2016, 59% 2017, 71% 2018

Percentage of employees who responded positively to the question

Promoting younger employees to managerial positions, which was part of a company-wide organizational transformation, did not go as well as intended in FY 2017; their lack of experience created friction in communications with their staffers. The increase in the percentage of positive responses from FY 2017 to FY 2018 suggests that the manager-staffer relationships improved. We will continue to pursue organizational excellence by providing employees with programs to develop their human skills and creating a comfortable workplace so that we can lead the effort to achieve a sustainable society.

AMITA Group Employees' Demographics and Their Use of Employee Welfare Programs

Data from January 1 through December 31 of each year for full-time employees. The average number of days taken off by employees and the numbers of employees who took childcare leave and caregiver's leave are counted from January 11 through January 10 the following year.

Category	Description	2016	2017	2018	
Employee demographics	Number of employees	156	161	158	
	Male-female ratio	71:29	73:27	70:30	
	Percentage of female managers (%)	14	15	13	
	Average age	37.43	36.26	39.3	
	Turnover rate (%)	6	8	12	
Employees' use of welfare programs	Average number of days taken off	13.07	13.13	13.4	
	Number of employees who took childcare leave	Sick-child leave	13	16	20
		Working shorter hours	6	9	9
		Childcare leave	4	6	4
	Number of employees who took caregiver's leave	1	1	3	
Number of employees who applied for the AMITIME program*	6	8	9		

*Allows an employee who has used all her or his annual paid holidays to use someone else's unused paid holidays to take childcare or caregiver's leave

Our Mission II

Wisdom and Life are infinite.

Thorough changes in our surroundings and the evolution of sympathy,

The formation of external and internal relationships create 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.

Company Profile (As of April 26, 2019)

Company name	AMITA HOLDINGS Co., Ltd.		
Head office	535 Akinono-cho, Oshikoji-agaru, Karasuma-dori Nakagyoku, Kyoto, 604-0847 Japan		
Stock listed in	JASDAQ	Stock code	2195
Capital	474,920,000 yen	Number of employees	164
Corporate website:	http://en.amita-hd.co.jp		

Designing the Future

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Information provided in this newsletter current as of April 26, 2019.

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