



May 15, 2024

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Prime Market of Tokyo Stock Exchange)  
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## **Formulation of Second TRE Medium-Term Business Plan**

TRE HOLDINGS CORPORATION is pleased to announce that it resolved on the Second TRE Medium-Term Business Plan (2024–28) at the Board of Directors meeting held today, May 15, 2024.

In keeping with its commitment to the conservation of the global environment, the TRE Group has formulated the new Medium-Term Business Plan to solidify its position as an innovative enterprise in the environmental business field and expand the business domain by striving both to make the existing businesses more resilient and to venture into new businesses and fields. Toward those ends, the Group pursues four key strategies: (i) enhance the waste and resource recycling businesses; (ii) promote the renewable energy business; (iii) venture into new businesses and fields; and (iv) solidify the Group's management foundation that underpins these strategies.

Through the implementation of the planned initiatives and investments in pursuit of these strategies, the TRE Group aims to achieve net sales of 120.0 billion yen, operating profit of 12.0 billion yen, earnings before interest, taxes, depreciation, and amortization (EBITDA) of 22.0 billion yen, and profit attributable to owners of parent of 7.5 billion yen for the fiscal year ending March 31, 2029, which is the Plan's final year; and to achieve a return on equity (ROE) of 10% or higher during the five-year period that ends in the fiscal year ending March 31, 2029. Furthermore, the Group aspires to grow into a recycling business group with net sales of 300.0 billion yen in the medium to long term.

The TRE Group was established by TAKEEI CORPORATION and REVER HOLDINGS CORPORATION (currently REVER CORPORATION) on October 1, 2021, when the two companies sharing the same passion for global warming, resource depletion, and other worldwide environmental issues created a joint holding company. The new five-year Medium-Term Business Plan has been shaped with the aim of capitalizing on Group synergy further. As the Group is determined to make concerted efforts to achieve the targets, it asks for continued understanding and support.

## Second TRE Medium-Term Business Plan (2024–28)

### 1. Basic Policy and Key Strategies

#### (1) Basic policy

An environmental enterprise facilitating *waste transformation* (WX) \*, the TRE Group expands its business domain by striving both to make the existing businesses more resilient and to venture into new businesses and fields. In the medium to long term, it aspires to grow into a recycling business group with net sales of 300.0 billion yen by the 2040s.

#### (2) Key strategies

The TRE Group widens operations by leveraging its strengths as an enterprise focusing on the environmental business through the following actions:

- (i) Enhance the waste and resource recycling businesses that help realize an efficient recycling society.
- (ii) Promote the renewable energy business that helps create a carbon-neutral society.
- (iii) Venture into new businesses and fields that contribute to the building of a circular-economy society.
- (iv) Solidify the Group's management foundation that underpins these growth strategies.

#### (3) Priority initiatives

The TRE Group promotes co-creation to accelerate its growth, prioritizing the following themes:

- (i) Advance its integrated environmental business concept primarily in Ichihara City, Chiba Prefecture, and in Soma City, Fukushima Prefecture.
- (ii) Develop new businesses through concrete actions such as business and capital alliances with major manufacturers.
- (iii) Handle general waste through public-private partnership at a Group site level.
- (iv) Contribute to building national resilience (enhancing functional resilience) by making use of Group sites.
- (v) Generate competitive advantage by implementing in society new recycling technologies for plastic and other waste.
- (vi) Capitalize on Group synergy and widen operations through mergers, acquisitions, and overseas business development.
- (vii) Enhance medium- to long-term initiatives for a carbon-neutral society (reforestation and forest management).

Note 1: (\*) *Waste transformation* (WX) is a term representing the Group's business concept, which aims to overcome the business and technological issues that have made the recycling of certain waste and end-of-life products difficult and thereby transform them into recyclable resources.

## 2. Financial Targets: Fiscal Years Ending March 31, 2025 to 2029

(In millions of yen unless otherwise specified; amounts are rounded off to the nearest million yen)

	FY2024 (Ending Mar. 2025)	FY2025 (Ending Mar. 2026)	FY2026 (Ending Mar. 2027)	FY2027 (Ending Mar. 2028)	FY2028 (Ending Mar. 2029)
Net sales	99,000	99,500	100,000	110,000	120,000
Operating profit	8,300	8,800	9,000	9,500	12,000
Operating profit margin	8.4%	8.8%	9.0%	8.6%	10%
Profit attributable to owners of parent	5,100	5,400	5,600	5,900	7,500
EBITDA	15,400	16,900	17,650	19,700	22,000

Note 2: The figures above do not factor in the impact of full-scale reconstruction support projects in the areas affected by the 2024 Noto Peninsula Earthquake.

## 3. Major New Investments Planned

While being mindful of the cost of capital, the TRE Group actively invests in environment-related businesses that hold promise from a medium- to long-term perspective.

- Investment in the waste incineration and power generation business: 10.0 billion yen
  - Investments related to the plastic waste recycling business: 8.0 billion yen
  - Investments related to the advanced industrial waste sorting business: 11.0 billion yen
  - Investments related to the metal resources recycling business: 18.0 billion yen
  - Investments related to other new businesses: 1.0 billion yen
- Total: approximately: 48.0 billion yen

## 4. Financial Strategy: Fiscal Years Ending March 31, 2025 to 2029

- Aim to achieve an ROE of 10% or higher during the five-year period that ends in the fiscal year ending March 31, 2029 (compared to the First Medium-Term Business Plan target of 8% or higher).
- Set the target total return ratio at a range of 35% to 40% on the basis of consistent dividend payments that take growth investment and shareholder returns into consideration.
- Maintain an equity ratio of 40% or higher while implementing the planned major investments, partly by harnessing financial leverage.

## 5. Corporate Strategy (Pursue Sustainability Management)

The TRE Group strives to achieve the nonfinancial key performance indicators (KPIs) that it has set for each of the material management issues identified.

- (1) Help create an efficient recycling society: accurately addressing customers' increasingly sophisticated needs by drawing on the strengths and expertise of the Group's businesses.
  - Increase resources received to 1.7 million tons or more by 2030 (a 20% increase from the 2022 level).
- (2) Help create a carbon-neutral society: generating renewable energy on its own while reducing CO<sub>2</sub> emitted from its businesses.

- Achieve net zero CO<sub>2</sub> emissions from purchased electricity (Scope 2) by 2026.
  - Reduce CO<sub>2</sub> emissions (Scopes 1 and 2) by 46% or more in real terms by 2030 compared to the level of the fiscal year ended March 31, 2014.
- (3) Solidify the management foundation: improving governance, organizational structure, operations, and other elements while advancing digital transformation.
- Provide pleasant and fulfilling working environments, enhance safety measures, and invest in human capital.
  - Strengthen compliance, enhance the soundness and transparency of governance structure, and ensure thorough risk management.
  - Undertake initiatives that gain the trust of all stakeholders and maximize customer satisfaction.

Please refer to the attachment for further details on the Second TRE Medium-Term Business Plan.

# Second Medium-Term Business Plan

April 2024 to March 2029

**Toward an environmental enterprise  
facilitating waste transformation**

**TRE HOLDINGS CORPORATION**  
(9247: Prime Market of Tokyo Stock Exchange)

May 15, 2024

## Principles

Mission:

**We are committed to the conservation of the global environment.**

- With the serious impact of destruction of the environment and climate change across the globe underway, we strive to support the creation of an efficient recycling and carbon-neutral society.
- As a comprehensive environmental management company that places value on harmony with nature and coexistence with the local ecosystem, we are pursuing growth for recycling businesses and promoting eco-friendly energy businesses. To that end, we also actively pursue the development of innovative technology.
- We work to develop further well-balanced relationships with all stakeholders and implement sustainability management to facilitate the delivery of continuous socioeconomic growth.



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**Become the leading circular-economy company facilitating waste transformation**

**II. Review the First Medium-Term Business Plan** p. 8

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# I. TRE Group's Long-Term Vision

Waste Transformation



## Context

Japan: An ongoing transition to a circular economy that is characterized by proper and efficient **waste treatment** along with the sophisticated **use of recyclable resources**

World: Growing demand for resources, energy, and foodstuffs, **rising volumes of waste**, and **intensifying effects of global warming**

## Causes

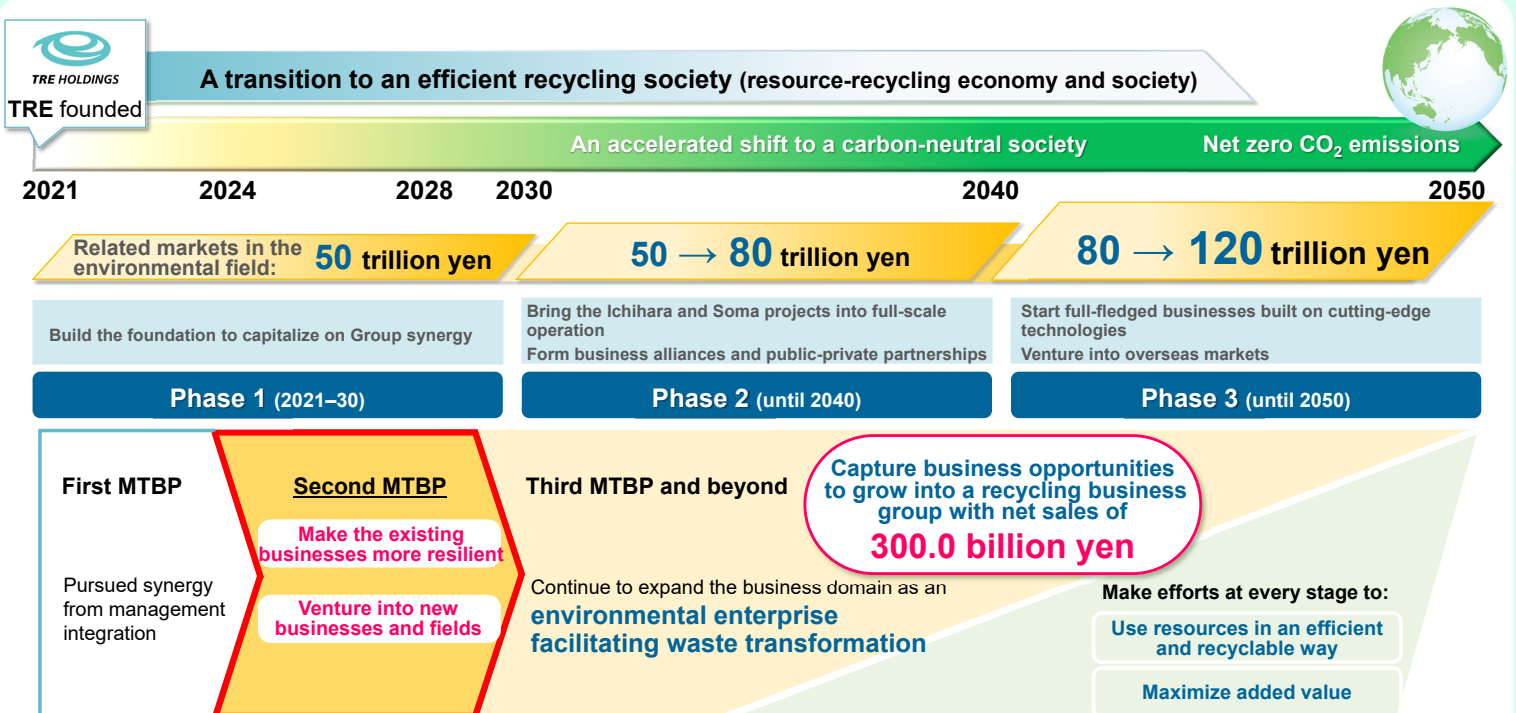
Japan: **Increasing risk of resource procurement**, demand for net zero CO<sub>2</sub> emissions, and advances in the aging of society

World: **Development of energy and other resources reaching its limit** due to the rapid growth of developing and emerging countries

## TRE Group's goals

- **Enable waste and end-of-life products to be recycled to the extent technologically and economically possible by drawing on our years of experience and proven track record**
- **Help build resource recycling schemes premised on proper waste treatment**

# Positioning of the Second Medium-Term Business Plan (MTBP)



## WX: Waste Transformation

*Waste transformation, or WX, means overcoming the business and technological issues that have made the recycling of certain waste and end-of-life products difficult and thereby transforming them into recyclable resources*

**We expand our business domain as an environmental enterprise facilitating WX to become the leading circular-economy company**

In the medium to long term (by the 2040s), we will grow into a recycling business group with net sales of **300.0 billion yen**

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## II. Review the First Medium-Term Business Plan

Waste Transformation



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# 1. TRE Group's Actions

Staying true to our passion for the global environment, we have worked to increase the volume of, and added more value to, recycled products, while actively participating in reconstruction support projects in disaster-affected areas.

## First MTBP

## Second MTBP

### Existing businesses

- Renovated existing facilities (added value to recycled products)
- Developed and built final landfill sites
- Materialized synergy, such as by converting automobile shredder residue (ASR) into solid fuel RPF
- Participated in disaster relief and reconstruction projects
- Disclosed material issues (key performance indicators)

### New businesses

- Devised plans for the Ichihara project and other growth investments
- Formed capital and business alliances with major manufacturers
- Carried out strategic mergers and acquisitions (M&As; three companies)
- Conducted industry-academia joint research on new recycling technologies
- Created a Public-Private Partnership Department

### Further advancement

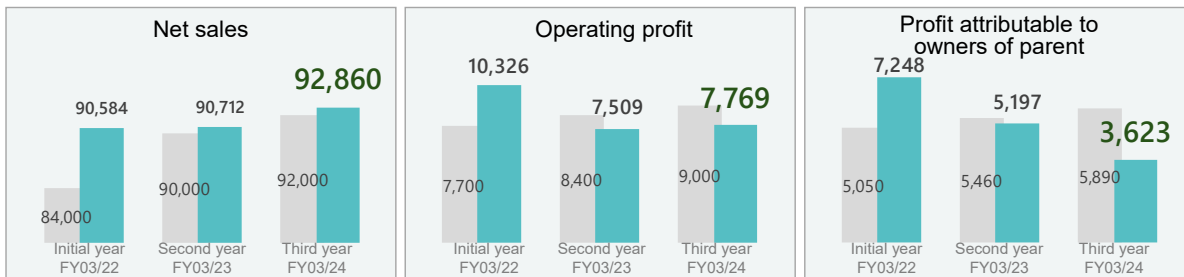
- Utilize digital transformation (DX) to raise productivity and transportation efficiency
- Provide customers with peace of mind through integrated operations from waste treatment to recycling
- Increase recycling efficiency and resources received
- Conclude disaster preparedness and other agreements with more municipalities
- Enhance our forest management and power retail systems

### Implementation or monetization

- Execute the Ichihara project and other growth investment plans
- Develop new businesses through cross-industrial collaboration and other means
- Pursue strategic M&As both in Japan and abroad
- Implement new recycling technologies in society
- Actively engage municipalities

# 2. Target and Actual Earnings for the First Medium-Term Business Plan Period

Having delivered strong results for the fiscal year ended March 31, 2022 (FY03/22), the initial year, the Group was affected by the higher costs and less volume handled due to the Russia-Ukraine conflict and other developments. It will take some more time to monetize large-scale growth investments. **A priority is to boost Group-wide earning power.**



(Millions of yen)

	FY03/22			FY03/23			FY03/24		
	First MTBP: Initial year <sup>1</sup>			First MTBP: Second year			First MTBP: Third year		
	Target	Actual	Achievement rate	Target	Actual	Achievement rate	Target	Actual	Achievement rate
Net sales	84,000	<b>90,584</b>	107.8%	90,000	<b>90,712</b>	100.8%	92,000	<b>92,860</b>	100.9%
Operating profit	7,700	<b>10,326</b>	134.1%	8,400	<b>7,509</b>	89.4%	9,000	<b>7,769</b>	86.3%
Operating profit margin	9.2%	<b>11.4%</b>	124.4%	9.3%	<b>8.3%</b>	88.7%	9.8%	<b>8.4%</b>	85.5%
Profit attributable to owners of parent	5,050	<b>7,248</b>	143.5%	5,460	<b>5,197</b>	95.2%	5,890	<b>3,623</b>	61.5%

Note:  
1. The combined consolidated financial results of TAKEEI CORPORATION and then REVER HOLDINGS CORPORATION for FY03/22 (April 1, 2021, to March 31, 2022).

### 3. Financial Key Performance Indicator Trends and Issues to Be Addressed

	FY03/22 Full-year results*1	FY03/23 Full-year results	FY03/24 Full-year results	Ongoing issues in the Second MTBP period
<b>Return on equity (ROE)</b> Target: 8% or higher	9.9%	8.1%	5.5%	We <b>raise the target ROE to 10% or higher</b> as we implement management conscious of the cost of capital.
<b>Operating profit margin</b> Target: 10% or higher	11.2%	8.3%	8.4%	Achieved for the initial year only. As profitability is trending downward, the issue is <b>raising Group earnings power</b> amid ongoing large-scale investment plans.
<b>Equity ratio</b> Target: 40% or higher	48.3%	49.5%	47.2%	The equity ratio remains stable at near 50%. <b>Financial balance is an issue as we plan for future large-scale investment projects.</b>
<b>Dividend payout ratio</b> Target: 30% or higher	33.5%*2	39.5%	56.7%	Providing stable dividends balanced with consideration for investments. <b>Total return ratio target set at a range of 35% to 40%.</b>
<b>Credit rating</b> Target: BBB or above	—	BBB	BBB*3	New credit rating acquired from Rating and Investment Information, Inc. in December 2022. We aim to improve investment grade ratings going forward.

Notes:

1. The combined consolidated financial results of TAKEEI CORPORATION and then REVER HOLDINGS CORPORATION for FY03/22 (April 1, 2021, to March 31, 2022).
2. The dividend payout ratio factored in the dividends paid by TAKEEI CORPORATION to its shareholders as of September 30, 2021.
3. The rating outlook was changed to positive from stable in January 2024.

## III. Second Medium-Term Business Plan Overview (April 2024 to March 2029)

### Waste Transformation



# 1. Key Strategies and Priority Initiatives

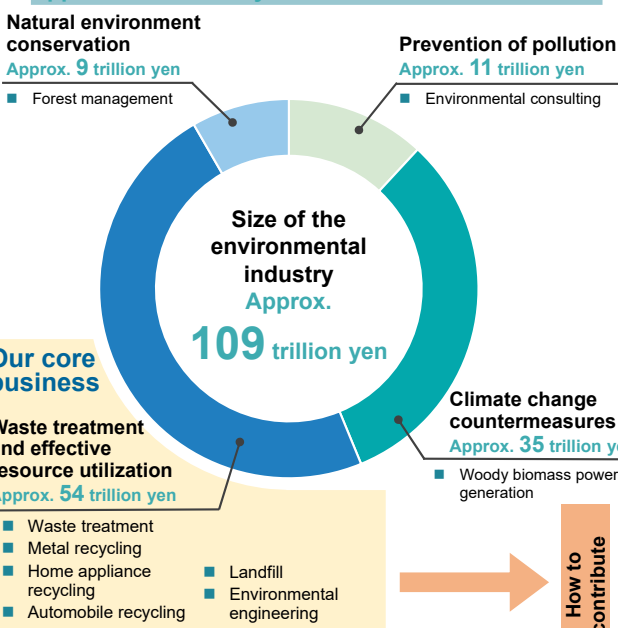
Waste Transformation



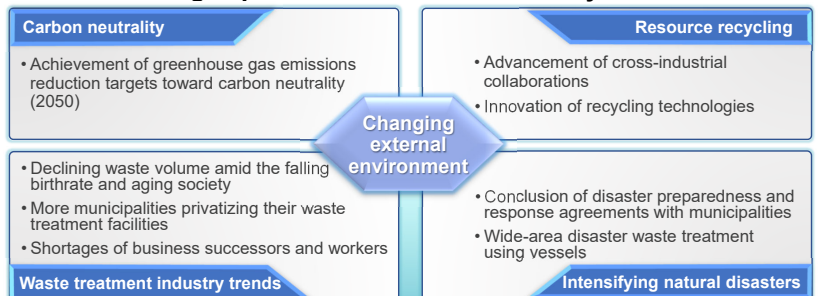
## (1) Market Environment and the Group's Positioning



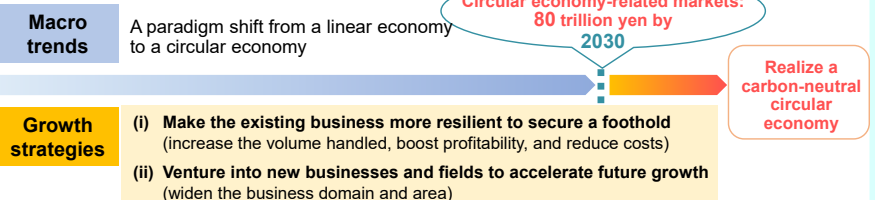
### Market size of Japan's environmental industry approx. 109 trillion yen



### Issues facing Japan's environmental industry



Circular economy-related markets are expected to grow from 50 trillion yen to 80 trillion yen by 2030. The TRE Group is uniquely positioned to be able to process and recycle end-of-life vehicles, scrapped home appliances, construction waste, and more.



Source: "Report on the Market Size and Employment of the Environmental Industry" by the Environmental Industry Market Size Study Group, released June 2023 (2021 edition).

## (2) Key Strategies and Medium- to Long-Term Priority Initiatives

### Key strategies

Growth strategies: Widen operations by leveraging our strengths as an enterprise specializing in the environmental business

1. **Enhance the waste and resource recycling businesses** that help realize an efficient recycling society
2. **Promote the renewable energy business** that helps create a carbon-neutral society
3. **Venture into new businesses and fields** that contribute to the building of a circular economy society
4. **Solidify the Group's management foundation** that underpins the three growth strategies
  - Craft and execute DX strategy
  - Reinforce internal control
  - Improve safety management and working environments
  - Invest in human capital and solidify the financial foundation

### Priority initiatives to accelerate the Group's growth

**A carbon-neutral resource recycling society cannot be achieved by a single company alone**

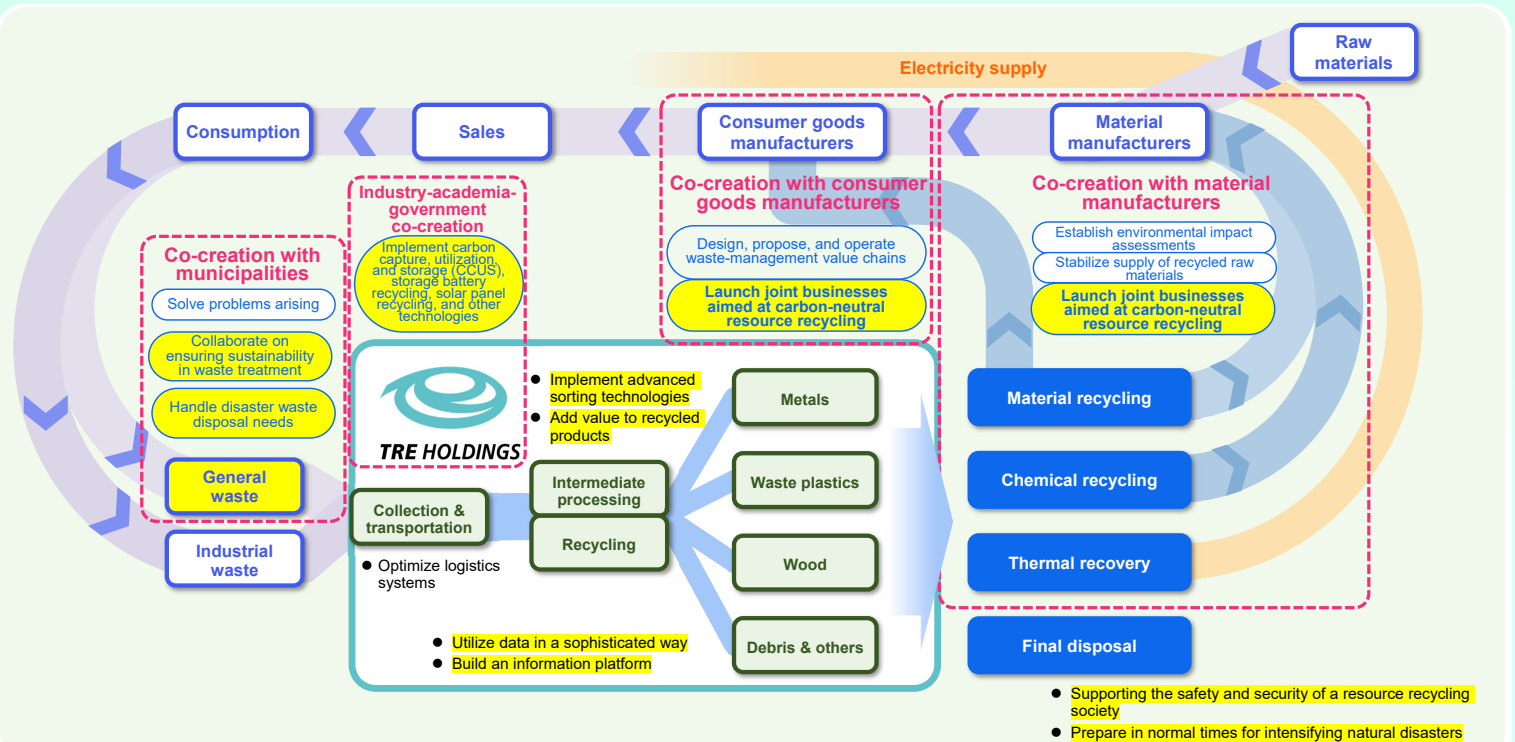
What is called for, therefore, is to:

**Launch joint ventures, or develop businesses in new fields, through co-creation with national-brand manufacturers, local companies, municipalities, trading companies, and other partners**

1. Advance our **integrated environmental business concept** in Ichihara City, Chiba, and in Soma City, Fukushima
2. Develop new businesses through **concrete cross-industrial collaboration**
3. Handle general waste through **public-private partnership**
4. Contribute to building national resilience (enhancing functional resilience)
5. Generate competitive advantage by implementing in society new recycling technologies
6. Capitalize on Group synergy and widen operations through M&As and overseas business development
7. Enhance medium- to long-term initiatives for a carbon-neutral society (reforestation and forest management)

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## (3) Building Business Schemes through Co-creation



## 2. Earnings Plan

Waste Transformation

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### (1) Consolidated Earnings Plan



**Targets for the fifth year**

Net sales: **120.0** billion yen

Operating profit: **12.0** billion yen

Earnings before interest, taxes, depreciation, and amortization (EBITDA): **22.0** billion yen

FY03/24 results      Net sales: **92.8** billion yen      Operating profit: **7.7** billion yen      EBITDA: **14.2** billion yen

	FY03/24 Results	FY03/25 Initial year	FY03/26 Second year	FY03/27 Third year	FY03/28 Fourth year	FY03/29 Fifth year
Net sales	92,860	99,000	99,500	100,000	110,000	120,000
Operating profit	7,769	8,300	8,800	9,000	9,500	12,000
Operating profit margin	8.4%	8.4%	8.8%	9.0%	8.6%	10.0%
Profit attributable to owners of parent	3,623	5,100	5,400	5,600	5,900	7,500
EBITDA	14,235	15,400	16,900	17,650	19,700	22,000

Note: The figures above do not factor in the contribution to financial results of full-scale reconstruction support projects in the areas affected by the 2024 Noto Peninsula Earthquake.

## (2) Earnings Plan by Segment

(Millions of yen)

		FY03/24	FY03/25	FY03/26	FY03/27	FY03/28	FY03/29
		Results	Initial year	Second year	Third year	Fourth year	Fifth year
<b>Consolidated basis</b>	Net sales	<b>92,860</b>	99,000	99,500	100,000	110,000	<b>120,000</b>
	Operating profit	<b>7,769</b>	8,300	8,800	9,000	9,500	<b>12,000</b>
	Operating profit margin	<b>8.4%</b>	8.4%	8.8%	9.0%	8.6%	<b>10.0%</b>
<b>Waste Treatment &amp; Recycling</b>	Net sales	<b>26,916</b>	29,252	31,396	32,324	34,510	<b>36,021</b>
	Operating profit	<b>4,068</b>	4,321	5,006	5,186	3,989	<b>5,162</b>
	Operating profit margin	<b>15.1%</b>	14.8%	15.9%	16.0%	11.6%	<b>14.3%</b>
<b>Resource Recycling</b>	Net sales	<b>43,419</b>	45,111	47,226	51,058	55,865	<b>67,693</b>
	Operating profit	<b>2,761</b>	2,752	2,517	3,063	4,436	<b>5,595</b>
	Operating profit margin	<b>6.4%</b>	6.1%	5.3%	6.0%	7.9%	<b>8.3%</b>
<b>Renewable Energy</b>	Net sales	<b>14,429</b>	14,737	15,224	15,711	15,749	<b>16,270</b>
	Operating profit	<b>1,201</b>	798	1,005	979	1,678	<b>2,086</b>
	Operating profit margin	<b>8.3%</b>	5.4%	6.6%	6.2%	10.7%	<b>12.8%</b>
<b>Other</b>	Net sales	<b>8,477</b>	11,170	11,603	11,798	10,045	<b>10,765</b>
	Operating profit	<b>587</b>	682	746	827	578	<b>622</b>
	Operating profit margin	<b>6.9%</b>	6.1%	6.4%	7.0%	5.8%	<b>5.8%</b>

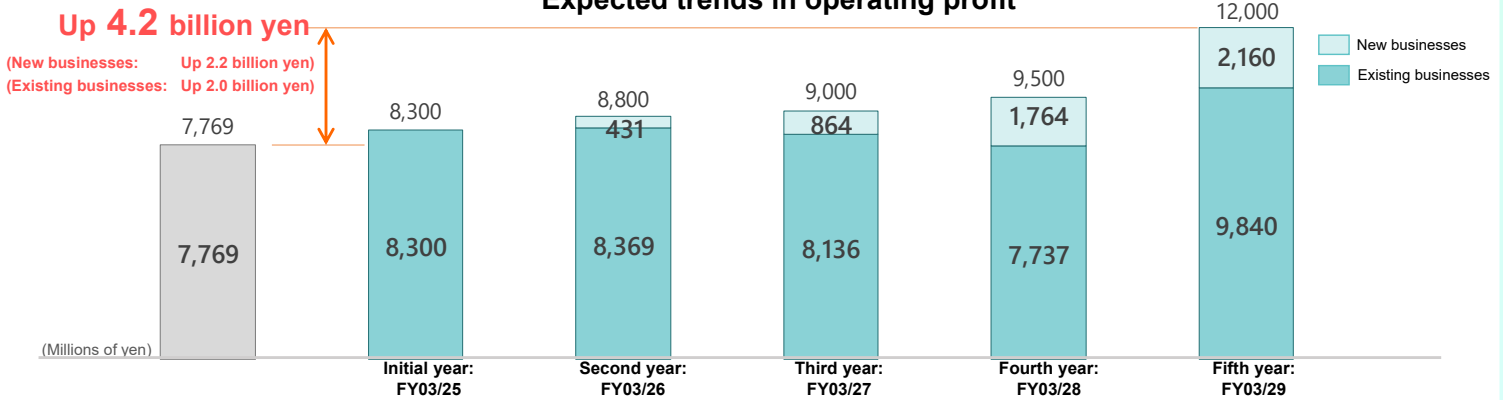
## 3. Making the Existing Businesses More Resilient

### Waste Transformation



# (1) Expected Trends in Operating Profit

Expected trends in operating profit



<b>Waste Treatment &amp; Recycling</b>	<ul style="list-style-type: none"> <li>Start a waste recycling business</li> <li>Start a plastic waste recycling business</li> <li>Advance the waste incineration and power generation business</li> </ul>
<b>Resource Recycling</b>	<ul style="list-style-type: none"> <li>Replace the shredder at the Kawajima Plant</li> <li>Conversion to an efficient recycle structure at the Kodama and Isesaki Plants</li> <li>Start recycling operations at the Mibu Plant</li> <li>Start advanced sorting operations at the Ichihara Plant</li> <li>Start the operation of a large shredder</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Ensure the stable operation of woody biomass power generation plants</li> <li>Enhance the power retail system</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Promote the environmental consulting business (expand sites)</li> <li>Promote the environmental engineering business (raise productivity)</li> </ul>

# (2) TRE Integrated Environmental Business Concept (Ichihara City, Chiba)

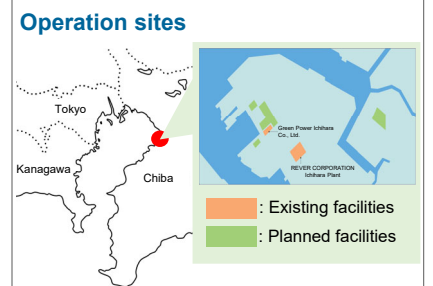
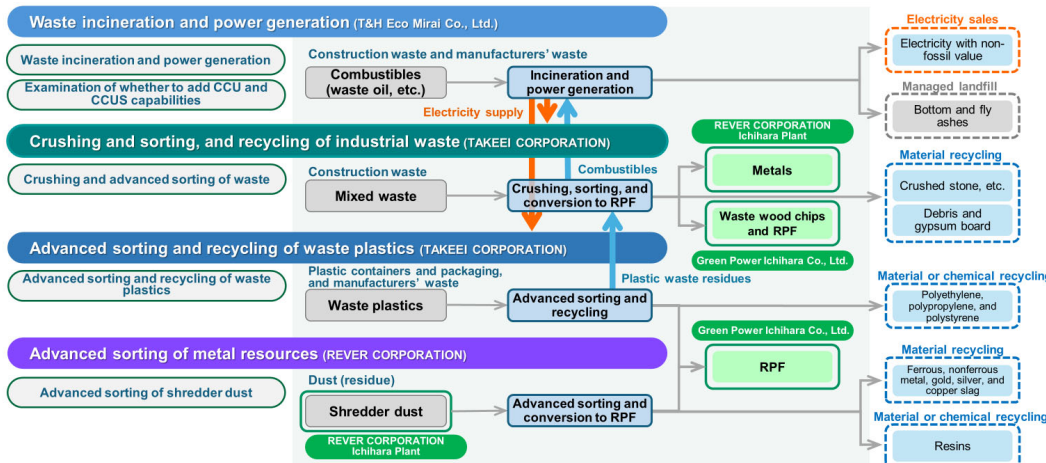
We consolidate our waste treatment facilities that boast advanced recycling technologies while enhancing public-private partnerships and cross-industrial collaboration.

## Business concept and plan

- Raise recycling efficiency through **coordination with Group sites** in the Tokyo metropolitan area
- Collaborate with municipalities and other government entities** (receive waste from disaster-hit areas, and supply electricity to local areas)
- Proactively introduce equipment with the added **capability of helping with decarbonization (carbon capture and utilization [CCU] and CCUS)**

## Group-wide promotion framework

We created a **Public-Private Partnership Department in April 2024**. The department is tasked with proposals and sales to municipalities (include receiving general waste). We will **craft a Group DX strategy** to promote technologies that enable us to utilize data better in order to treat waste in an appropriate and efficient manner and improve the productivity of recycling resources.



**Ichihara City, Chiba Prefecture**  
 An **84,000 m<sup>2</sup>** land that is part of MITSUI E&S Co., Ltd.'s site, plus our nearby existing facilities spanning **37,000 m<sup>2</sup>**

### (3) Making the Waste Treatment & Recycling Business More Resilient TRE HOLDINGS

未来へ、捨てない創造力を。

On top of the integrated waste treatment services that promise safety and security, we endeavor to widen operations to meet recycling and other societal needs.

**Ensure business continuity**  
**Diversify recycled products**

TAKEEI CORPORATION Ichihara Recycling Center (provisional name)  
TAKEEI CORPORATION Plastic Waste Sorting Center (provisional name)



#### Issues and needs

- Have backups to the primary intermediate processing facilities
- Reinforce the capacity to receive waste from disaster-hit areas
- Enter the plastic container recycling business
- Amass expertise on new recycling technologies

#### Actions

**Add intermediate processing facilities** in the Greater Tokyo area  
**Enter the business of recycling** general waste and plastic containers

#### Effects

- Ensure **efficient processing and consistent reception of waste** by replacing the existing processing facilities
- **Raise recycling efficiency** by reducing the quantity of landfill waste

**Earnings contribution in the fifth year**

Net sales (Ichihara Recycling Center)  
**Approx. 3.2 billion yen**

Net sales (Plastic Waste Sorting Center)  
**Approx. 1.3 billion yen**

**Strengthen the integrated treatment system**  
**Contribute to building national resilience**

Monzen Clean Park Co., Ltd.



#### Issues and needs

- Strengthen the integrated waste treatment system
- Increase the trust of society
- Build a system (for disaster preparedness and reduction) that contributes to national resilience (receive waste from disaster-affected areas)

#### Actions

**Promptly start** receiving waste from disaster-stricken areas  
**Manage and operate facilities** in ways that ensure the consistent reception of waste

#### Effects

- **Meet local and societal needs** by contributing to disaster reconstruction projects
- **Reduce costs** by handling difficult-to-process materials
- **Contribute to earnings** by consistently receiving waste over the long term

**Earnings contribution in the fifth year**

Net sales  
**Approx. 1.6 billion yen**

Operating profit  
**Approx. 0.7 billion yen**

Note: The figures above do not factor in the impact of full-scale reconstruction support projects in the areas affected by the 2024 Noto Peninsula Earthquake.

### (4) Making the Resource Recycling Business More Resilient TRE HOLDINGS

未来へ、捨てない創造力を。

We redouble the efforts to recycle resources and increase the volume handled through major upgrades to facilities.

**Enhance recycling**  
Recycle shredder dust

REVER CORPORATION Mibu Plant (provisional name)  
REVER CORPORATION Ichihara Sorting Center (provisional name)

#### Issues and needs

- Improve the current practice of burying or incinerating dust (residue) without sorting
- Address the annual disposal cost of two-plus billion yen
- Respond to the accelerated moves to use recycled materials
- Capitalize on growing demand for RPF as a substitute for coal

#### Actions

**Launch new plants** equipped with the latest machinery  
**Plan for two sites:** Mibu Town, Tochigi, and Ichihara City, Chiba

Material or chemical recycling  
Conversion to RPF

#### Effects

- **Raise recycling efficiency** by reducing the quantity of landfill or incinerated dust
- **Greatly contribute to earnings** by reducing dust disposal costs
- **Meet societal needs**, such as reduce CO<sub>2</sub> emissions

**Earnings contribution in the fifth year**

Net sales  
**Approx. 2.2 billion yen**

Operating profit  
**Approx. 0.6 billion yen**

**Increase the volume handled**  
Undertake major upgrades and reorganization

REVER CORPORATION Kawajima Plant  
REVER CORPORATION Kodama and Iseaki Plants

#### Issues and needs

- REVER CORPORATION Kawajima Plant**
- Deal with the deterioration of the large shredder  
⇒ Lower utilization rate with higher repair costs
- REVER CORPORATION Kodama and Iseaki Plants**
- Address overlaps in areas and functions
  - Need to efficiently process materials with high added value

#### Actions

**Upgrade to the latest large shredder** capable of meeting processing needs in cities  
**Transform operations**, such as by upgrading facilities in a manner that reflects the reality

#### Effects

- **Increase the volume handled** by raising the utilization rate
- **Gain a larger market share** by increasing the volume handled
- **Reduce costs** for repair, fuel, and so forth

**Earnings contribution in the fifth year**

Net sales  
**Approx. 1.9 billion yen**

Operating profit  
**Approx. 0.16 billion yen**



## (5) Making the Renewable Energy Business More Resilient

We enhance the power retail system and take the woody biomass power generation business to the next level.

### Enhance the power retail system

#### Issues and needs

- Develop sales channels that cater to customer needs
- Hedge price fluctuation risk
- Develop power sources that do not rely entirely on fossil fuels

#### Actions

**Enhance our proposal and sales capabilities and ensure centralized supply-demand management** through Takeei Denki Co., Ltd.

**Develop new power sources,** including solar power generation

#### Effects

- **Increase earnings** by handling a larger volume of electricity
- **Secure reliable suppliers** capable of satisfying local needs
- Leverage **Group synergy** by cross-selling Group products to customers

Earnings contribution in the fifth year vs. MTBP initial year target

Net sales

**Up 2.15 billion yen**

Operating profit

**Up 0.94 billion yen**

### Ensure the stable operation of woody biomass power generation plants

#### Issues and needs

- Create a system that allows for consistent wood collection over the long term
- Address the impact of increased new entrants on raw material sourcing
- Enhance the skills required to operate power plants, including the management of moisture content in fuel

#### Actions

**Raise operational efficiency** by upgrading facilities and amassing expertise

**Expand our forestry business and forest management** through M&As, business alliances, and the like

Develop talent

#### Effects

- **Ensure consistent sourcing of fuel** by diversifying fuel procurement methods
- **Reduce operation losses** through the stable operation of all power plants
- **Steadily supply electricity generated in-house** to Group companies to help them achieve net zero emissions

Earnings contribution in the fifth year

By establishing a stable operation system

Operating profit margin

**10% or higher**

Operating profit

**Approx. 0.35 billion yen**

## 4. Venturing into New Businesses and Fields

### Waste Transformation



# (1) Carrying Out the Soma Circular Park Concept

We work to launch a new integrated environmental business in Soma City, Fukushima Prefecture.

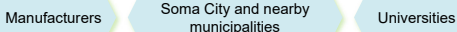
## Business concept and plan

- Harness industry-government-academia partnership to create a business model where local energy and industry resources are used to meet local demand

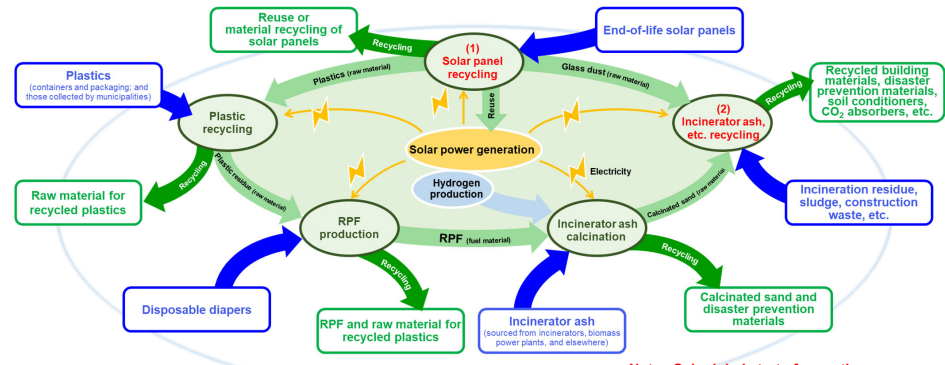
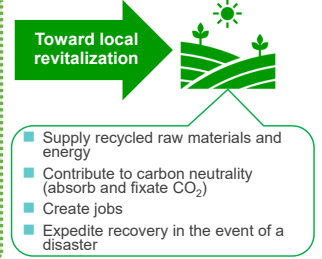
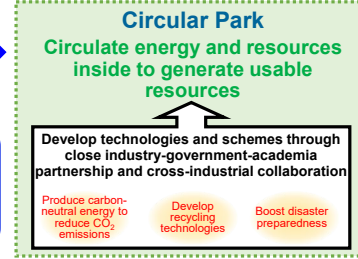
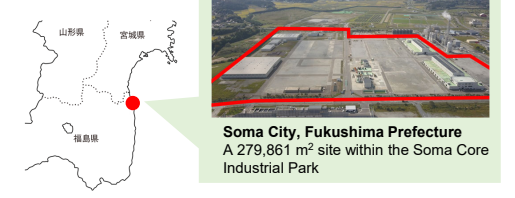
<b>In 5 years' time</b> (Second MTBP) Make more specific plans for individual operations and start some of them	<b>In 10 years' time</b> (Third MTBP) Go into full-fledged operation	<b>In 20 years' time</b> Receive all kinds of general waste from municipalities and expand external sales
---	--	--

From knowledge use (present) to knowledge pursuit (future)

- We are working to conclude collaboration agreements aimed at creating a recycling and carbon-neutral society by applying waste recycling technologies



## Operation site



Note: Scheduled start of operation  
(1) Solar panel recycling: 2024  
(2) Incinerator ash, etc. recycling: 2025

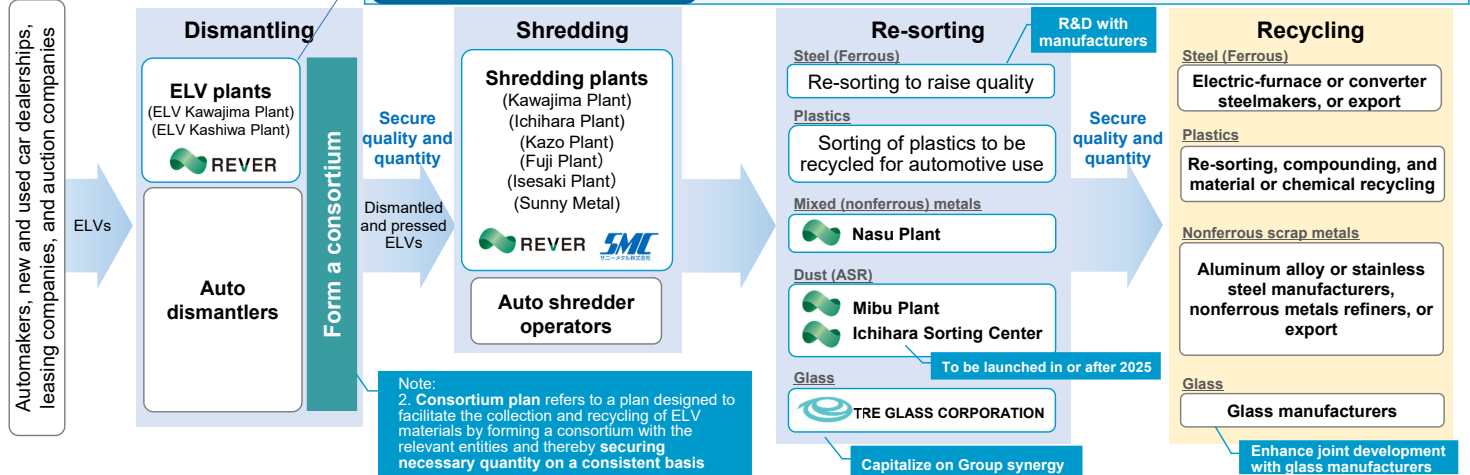
# (2) Recycling Process Starting with End-of-Life Vehicles (ELVs)

We aim to build novel recycling schemes, as encapsulated by a demonstration experiment<sup>\*1</sup> launched to create a circular economy in the automotive industry and a consortium plan<sup>\*2</sup> driven by the resource collection incentive system.<sup>\*3</sup>

## Outline of the envisioned collaboration

Launched a demonstration experiment<sup>\*1</sup> including automated dismantling (approved by the Ministry of the Environment in March 2024)

Together with DENSO CORPORATION and other partners, we have launched an experiment to demonstrate technologies for the automated sophisticated dismantling process, a new processing method that allows for securing both quality and quantity, with the goal of creating a circular economy in the automotive industry.



Notes:  
1. Refers to an initiative entitled "Demonstration of Manufacturing-and-Recycling Integrated Process for Horizontal Cycle Enabled by Automated Sophisticated Dismantling of ELVs," which has been selected by the Ministry of the Environment as one of its fiscal 2023 industry-government-academia collaborative projects aiming to expand the recycle content for automobiles.  
3. A system where auto dismantlers that collect plastics and glass from ELVs and thereby help reduce ELV-derived ASR will be economically incentivized with a view to promoting the collection and recycling of ELV materials.

## (4) Contributing to Building National Resilience

In the event of a major disaster, we do our utmost to help the affected areas by drawing on the expertise and experience amassed in the past disaster recovery and reconstruction projects. We also leverage our strength as a company specializing in the environmental business to provide speedy initial response and support.

### Recovery and reconstruction support projects

#### Our responses to the 2024 Noto Peninsula Earthquake

- Set up **Six** temporary dumps in Wajima and Suzu Cities
- Dispatched experienced personnel from Group companies
- Actively hired local people

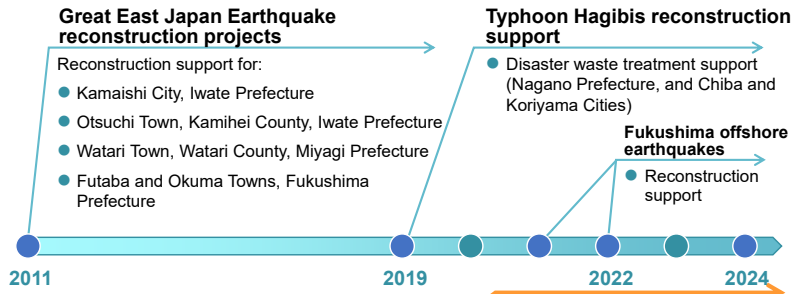


#### Public-Private Partnership Department

Seeks to conclude disaster preparedness agreements and conduct transactions with more municipalities

#### Great East Japan Earthquake reconstruction projects

- Sorted and crushed waste at temporary dumps
- Transported disaster waste
- Remain engaged in the projects to this day



### Disaster waste treatment and other cooperation agreements

We have concluded disaster preparedness agreements with multiple municipalities so that we can provide waste treatment services in the event of an earthquake, typhoon, flood, and other major disasters.



## (5) Implementing New Recycling Technologies in Society

We budget **1% of consolidated net sales for research and development** in an effort to implement in society new recycling technologies that help solve global environmental issues.

The aim is to generate competitive advantage by building our core technologies, principally through joint research with universities, research institutes, and private-sector companies.

### Nine patents granted (in the First MTBP)

Will make ongoing efforts

- **Three patents** on production equipment (Fuji Car Manufacturing)
- **Five patents** on waste treatment equipment (Fuji Car Manufacturing; and TAKEEI)
- **One patent** on waste treatment process (Tohoku Koueki Recycling Technology and TAKEEI)

#### Tohoku University

Established the Co-creation Research Center for WX, a research base aimed at implementing CCU technology in society (December 2023 to March 2027)

The goal is to develop innovative processes that combine waste incineration treatment with CCU



Equipment for CO<sub>2</sub> separation, capture, and utilization



A waste incineration and power plant

#### Yamagata University and Nihon University

Concluded a joint research agreement with the goal of commercializing new recycled products based on CCUS technology (September 2022 to September 2025)

- Fixate CO<sub>2</sub> on recycled materials, etc.
- Combine multiple types of waste as raw materials to detoxify and convert them into usable raw materials
- Develop a heavy metal leaching inhibitor using incinerator ash, sludge, and other waste (already patented)

Aim to implement these technologies in the Soma Circular Park

#### DENSO CORPORATION and other partners



**DENSO CORPORATION, REVER CORPORATION, and other entities join hands to realize the automated sophisticated dismantling process, a new processing method that employs cutting-edge technologies**

Note: An initiative entitled "Demonstration of Manufacturing-and-Recycling Integrated Process for Horizontal Cycle Enabled by Automated Sophisticated Dismantling of ELVs," which has been selected by the Ministry of the Environment as one of its fiscal 2023 industry-government-academia collaborative projects aiming to expand the recycle content for automobiles.

# 5. Financial Strategy

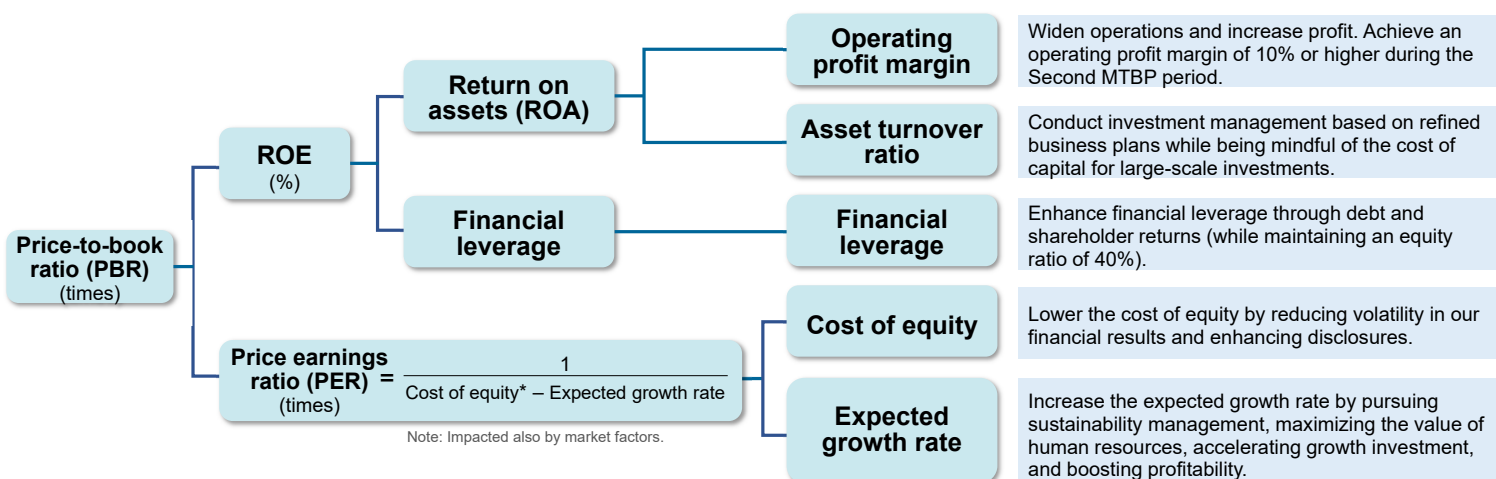
Waste Transformation



## (1) Management Initiatives Focused on Cost of Capital and Enhancing Corporate Value



- ◆ Increase the expected growth rate, primarily by improving ROE and pursuing sustainability management
- ◆ Aim to achieve an ROE of **10% or higher during the five-year period ending in FY03/29**, up from the First MTBP target of 8% or higher
- ◆ Harness these outcomes to enhance corporate value by building on our strengths as an environmental enterprise facilitating waste transformation(WX)

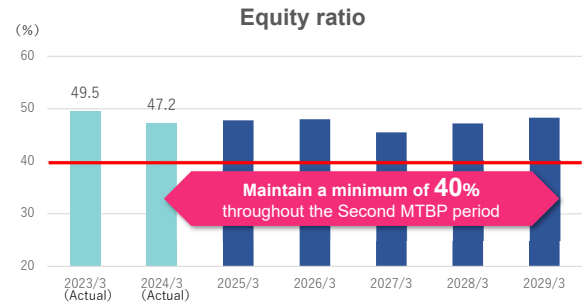
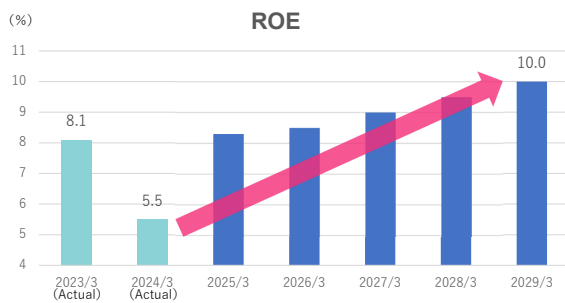


## (2) Strengthening and Advancing ROE-Oriented Management

◆ Increase operating profit by widening operations aimed at boosting profitability

◆ Invest for growth while ensuring financial stability

Indicator	Target	Summary
ROE	<b>10% or higher</b> by FY03/29	Improve profitability by making the existing businesses more resilient and venturing into new businesses.  In addition, as large-scale investments continue during the Second MTBP period, we raise the necessary funds by means of debt financing in principle, while setting the minimum equity ratio so as not to impair financial stability.
Equity ratio	<b>40% or higher</b> throughout plan	



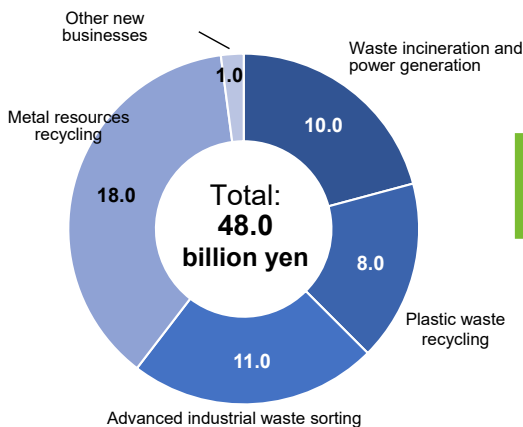
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## (3) Enhancing the Ability to Generate Operating Cash Returns

◆ Boost the Group's earning power while investing for growth to capture the needs in environment-related markets

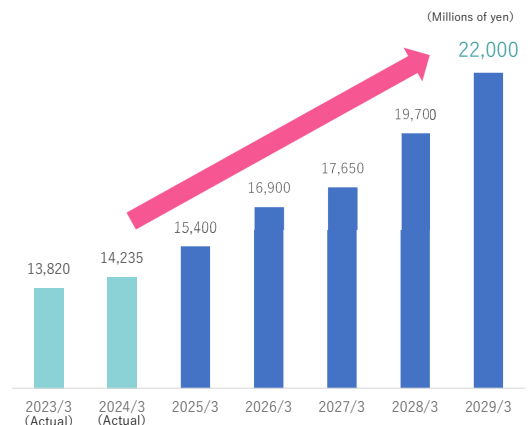
◆ Increase EBITDA in the latter half of the Second MTBP period when large-scale investments and other initiatives bear fruit, notwithstanding the depreciation they incur

### Major new investments planned



Increase  
EBITDA  
consistently

### EBITDA



Note: The figures above include the investments planned by joint ventures in their entirety, as well as the amounts covered by subsidiaries.  
Note: Investment amount includes approx. 2.5 billion yen already paid until FY03/24

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#### (4) Promote steady progress on major investment plans

- ◆ Build state-of-the-art waste recycling plants that greatly contribute to the creation of an efficient recycling society
- ◆ Implement projects in a phased approach and utilize subsidy programs to address soaring materials, personnel, and other costs in recent years

Project name	Operation details	Planned investment (billion yen)*	FY03/25	FY03/26	FY03/27	FY03/28	FY03/29
TRE Integrated Environmental Business concept (Ichihara City, Chiba Prefecture)	Crushing, sorting, and recycling of industrial waste	11.0			Construction	Start of operation	
TRE Integrated Environmental Business concept (Ichihara City, Chiba Prefecture)	Waste incineration and power generation	10.0				Construction	
TRE Integrated Environmental Business concept (Ichihara City, Chiba Prefecture)	Advanced sorting and recycling of waste plastics	8.0		Construction	Start of operation		
TRE Integrated Environmental Business concept (Ichihara City, Chiba Prefecture)	Advanced sorting of metal resources	3.9		Construction	Start of operation		
Stand-alone project	Ensure high quality scrap (REVER)	5.0				Construction	
Stand-alone project	Shredder upgrade (REVER Kawajima Plant)	4.3	Construction	Start of operation			
Stand-alone project	Recycling of shredder residue and ASR (REVER Mibu Plant)	3.5	Construction	Start of operation			

Note: The subsidies already promised are excluded from the planned investment.

#### (5) Forging Medium- to Long-Term Relationships with Shareholders

- ◆ Make consistent dividend payments that take growth investment and shareholder returns into consideration
- ◆ Ensure proactive disclosure and smooth communication  
→ **Created an Investor and Public Relations Department**

Indicator	Target	Summary
Total return ratio	<b>35% to 40%</b>	<p>Raise shareholder returns compared to those in the First MTBP period in spite of greater demand for funds for investment.</p> <p>Note: In principle, return to shareholders will be through dividends, with consideration for share buybacks depending on share price levels.</p>

# 6. Corporate Strategy (Pursuing Sustainability Management)

Waste Transformation



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## (1) Striving to Achieve Nonfinancial Key Performance Indicator (KPI) Targets



To put into practice the Group's principles, "We are committed to the conservation of the global environment," we strive to achieve the target metrics (nonfinancial KPIs) set for each of the material issues identified.

Material issues	Nonfinancial KPIs	Results for FY03/23 <sup>1</sup>	Targets for FY03/29
1. Create an efficient recycling society	<b>Increase recycling efficiency</b> <ul style="list-style-type: none"> <li>Achieve a recycling efficiency of 93% or higher by 2030</li> <li>Achieve a recycling efficiency of 94% or higher by 2040</li> </ul>	<b>91.98%</b>	<b>92.86%</b> Raise <b>0.88 points</b> from FY03/23 level
2. Create a carbon-neutral society	<b>Reduce CO<sub>2</sub> emissions</b> <ul style="list-style-type: none"> <li>Achieve net zero CO<sub>2</sub> emissions from purchased electricity (Scope 2) by 2026</li> <li>Reduce CO<sub>2</sub> emissions (Scopes 1 and 2) by 46% or more in real terms by 2030 (compared to the FY03/14 level)</li> <li>Achieve net zero CO<sub>2</sub> emissions (Scopes 1, 2, and 3) by 2050</li> </ul>	<b>51,505 tons-CO<sub>2</sub></b> Scope 1: 28,377 tons-CO <sub>2</sub> Scope 2: 23,128 tons-CO <sub>2</sub>	<b>Reduce 21,228 tons-CO<sub>2</sub></b> Reduce <b>40.59%</b> from FY03/14 level
3. Provide pleasant and fulfilling working environments	<b>Rate of male employees taking childcare leave</b> (human resources) <ul style="list-style-type: none"> <li>Increase the rate of male employees taking leave for childcare purposes* to 100% by 2030 *Childcare leave or paid leave</li> </ul>	<b>Rate of male employees taking childcare leave<sup>2</sup>: 44.4%</b>	<b>Rate of male employees taking childcare leave: 100%</b>
	<b>More women in managerial positions</b> (human resources) <ul style="list-style-type: none"> <li>Double the number of women in managerial positions by 2035</li> </ul>	<b>Number of women in managerial positions: 16</b>	<b>Number of women in managerial positions: 25 or more</b>
4. Strengthen the corporate governance structure	<b>Lower frequency rate of workplace accidents</b> (safety) <ul style="list-style-type: none"> <li>Bring the frequency rate of workplace accidents on a par with the all-industry average by 2030</li> </ul>	<b>Frequency rate: 2.77</b>	<b>Frequency rate: On a par with the all-industry average</b>
	<b>Assessment of the Board of Directors' effectiveness</b> <ul style="list-style-type: none"> <li>Conduct an annual assessment of the effectiveness of the Board of Directors</li> </ul>	Effectiveness assessment: Conducted once	<b>Internal training participation rate: 100%</b>
5. Enhance our brand value and increase our recognition as a comprehensive environmental management company	<b>Participation rate in internal training on governance</b> <ul style="list-style-type: none"> <li>Achieve a participation rate of 100%</li> </ul>	<b>Training participation rate: 97.7%</b>	
	<b>Higher evaluations from external rating agencies (ESG rating agencies, etc.)</b>	Had an external consulting firm to understand the status quo Disclosed the basic policy	<b>Enhance disclosure tools</b> <b>Properly disclose the evaluation items</b> (Created an Investor and Public Relations Department in April 2024)

Notes: 1. Results for FY03/23 (results for FY03/24 are scheduled to be finalized in May 2024).

2. The rate of male employees taking childcare leave refers to the rate of male employees taking leave for childcare purposes.

## (2) Raising Recycling Efficiency

Address customers' increasingly sophisticated needs for recycling in an accurate and appropriate manner by drawing on the Group's strengths and expertise ⇒ Help create an efficient recycling society

### Targets

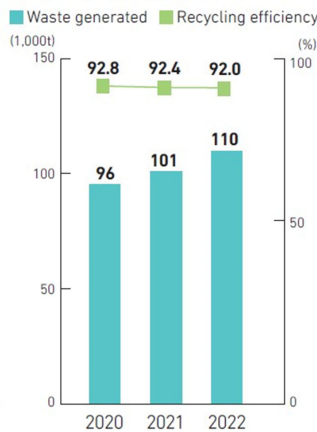
**Achieve a recycling efficiency of 93% or higher by 2030**

and

**Increase resources received to 1.7 million tons (by 20%) by 2030**

**Achieve a recycling efficiency of 94% or higher by 2040**

Changes in waste generation and recycling efficiency



- **Generate extra capacity, mainly by enhancing our proposal capabilities and improving the layout of plants**
  - ⇒ Increase the volume handled by 20% on a Group-wide basis
- **Enhance our sorting, recycling, and processing capabilities (add value)**
  - ⇒ Reduce waste generation (landfill)
  - ⇒ Reduce plastic waste landfill

- Strive to work out solutions or apply new technologies on-site to hard-to-recycle materials
- Increase resources recycled (handled) at all sites (intermediate processing facilities)
- Expand partners using, and sales channels for, recycled products
- Increase state-of-the-art recycling plants (TRE Integrated Environmental Business concept, etc.)
- Strengthen and upgrade sorting operations (recovering valuable resources from dust)

## (3) Reducing CO<sub>2</sub> Emissions

Generate renewable energy on our own while reducing CO<sub>2</sub> emitted from our businesses

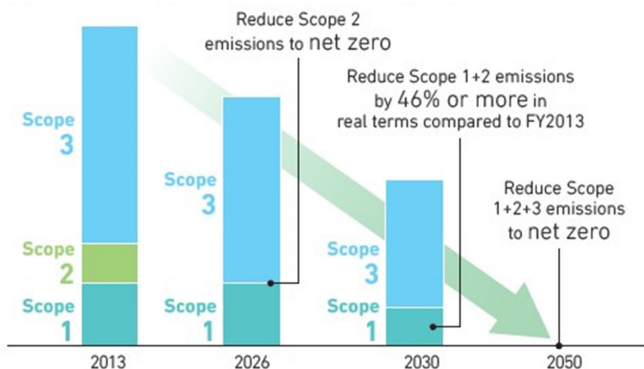
⇒ Help create a carbon-neutral society

### Targets

**Achieve net zero CO<sub>2</sub> emissions from purchased electricity (Scope 2) by 2026**

**Reduce CO<sub>2</sub> emissions (Scopes 1 and 2) by 46% or more in real terms by 2030 compared to the FY03/14 level**

**Achieve net zero CO<sub>2</sub> emissions (Scopes 1, 2, and 3) by 2050**



### Plants, etc.



- **Save energy** (switch to LED lighting, upgrade to new equipment, and stop engine idling)
- **Switch to electric vehicles and heavy machinery**
- **Install solar panels**
- **Earn forest credits**

### Offices, etc.



- **Save energy** (turn appliances off when not in use)
- **Promote electronic contracts** (go paperless)

### Net zero CO<sub>2</sub> emissions from purchased electricity (Scope 2)

- **Purchase non-fossil certificates**



## (4) Solidifying Management Foundation

### Toward an environmental enterprise facilitating WX

Boost earning power and increase resources received

Raise the quality of recycled materials

Advance cross-industrial collaboration

Seek M&As, public-private partnership, etc.

### Solidify the management foundation that underpins the Group's growth strategies

**Reinforce internal control**

**Ensure safety and improve working environments**

**Hire and develop talent**

**Streamline and optimize operations**

**Solidify the financial foundation**

#### Devise and implement DX strategy

- Transform manual operations into digital and paperless ones
- Digitalize stand-alone business processes
- Digitalize interorganizational or Group-wide operations to create value from a customer perspective
- Develop and upskill IT personnel

- Provide pleasant and fulfilling working environments for diverse human resources
- Enhance the soundness and transparency of governance structure
- Build a corporate brand that is trusted by all stakeholders
- Become the company of choice by maximizing customer satisfaction
- Grow into a strong corporate group where all individuals can display their potential to the fullest

#### Maximize the value of human resources and ensure compliance

- Redouble the effort to hire women, and develop and promote them to managerial positions
- Take actions to lower the frequency rate of workplace accidents
- Provide thorough education on safety and compliance
- Help employees obtain qualifications or otherwise upskill
- Ensure proactive disclosure and thoughtful communication

# Appendixes

## Waste Transformation



## (Appendix 1)

Corporate Philosophy	We are committed to the conservation of the global environment.
Establishment	October 1, 2021
Headquarters	Chiyoda-ku, Tokyo
Representative Directors	Naoto Matsuoka, Chairman and CEO Mitsuo Abe, President and COO
Capital stock	JPY10.0 billion
Number of employees	2,300 employees (on a consolidated basis)
Group Businesses	Waste treatment and recycling, resource recycling, renewable energy, environmental engineering, environmental consulting
Subsidiaries, etc.	34 subsidiaries, 6 equity-method affiliates
Number of locations	65 locations in Tokyo metropolitan area as well as Tohoku, Hokuriku, Koshin and Kansai regions, 1 overseas location in Thailand
Key customers	Major construction companies, home builders, major steel companies, trading companies, etc.

As of End-March 2024

## (Appendix 2)

### Key nonfinancial results



#### Resources received

Approx. **1.4** million tons



#### Recycling efficiency

Approx. **92** %



#### Intermediate processing and recycling facilities, etc.

Approx. **60** locations



#### Large crushers

**6** units in the Kanto region

Note: A large crusher refers to a crusher with a main body horsepower of at least 1,000.



#### Vehicles owned

Approx. **500** units



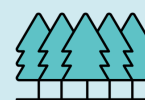
#### Woody biomass chips handled per year

Approx. **670,000** tons



#### Power generated per year

Approx. **570** GWh

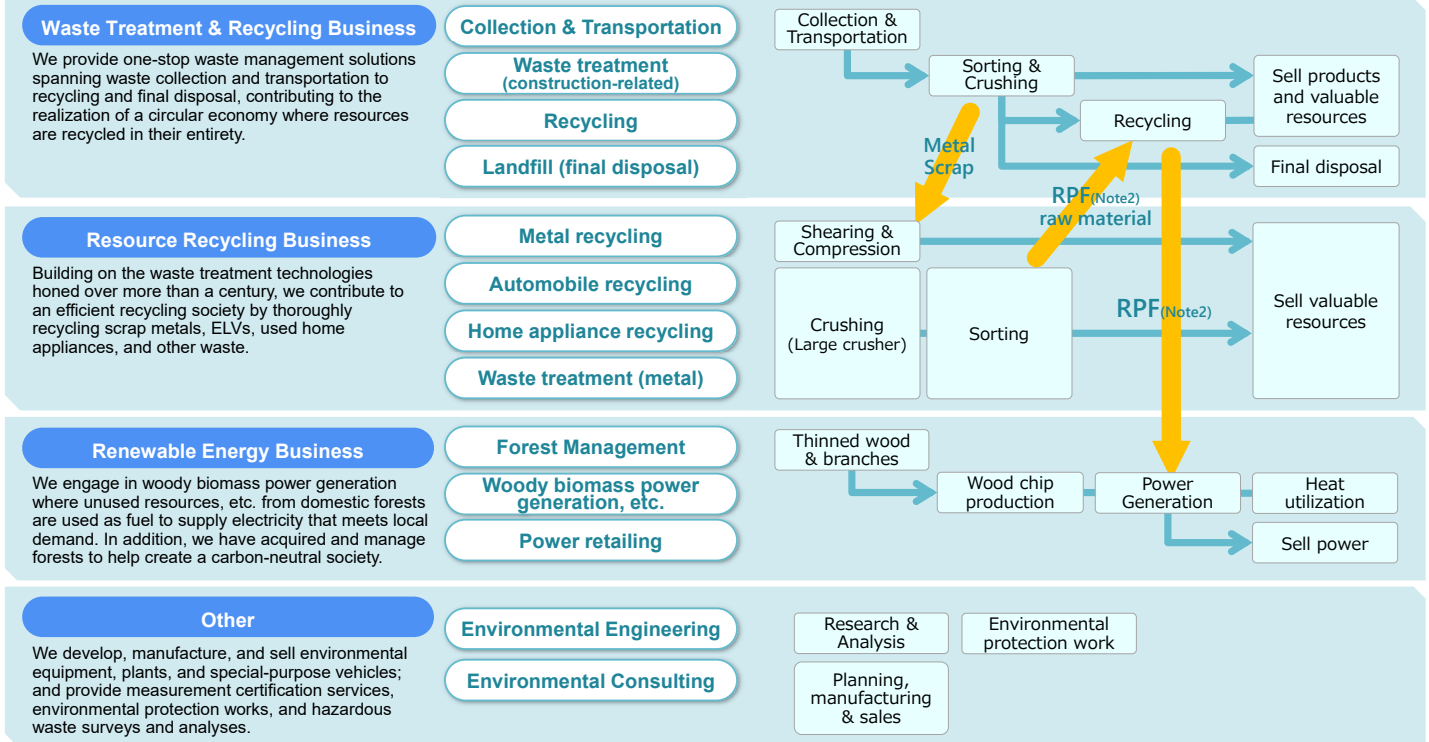


#### Forest area owned

Approx. **400** hectares

Note: FY03/24 results: approx. **710** ha

### (Appendix 3)



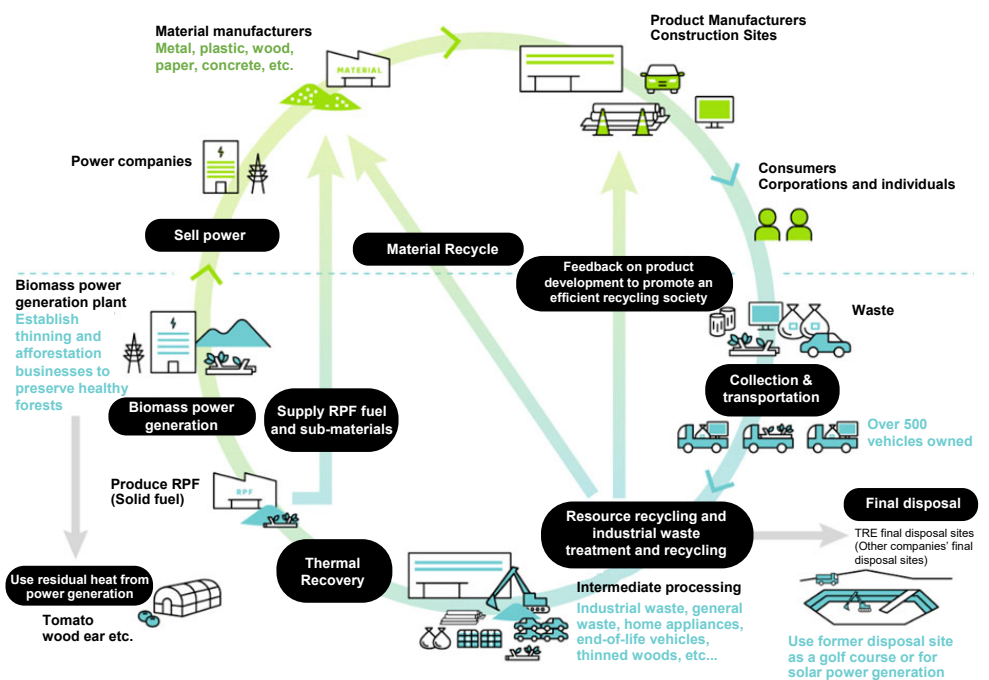
### (Appendix 4)

**Contributing to a sustainable global environment**

**Efficient recycling society**      **Carbon-neutral society**

The Group receives waste of products that were originally produced by other industries and used by consumer society, and recycles almost all of these materials.

Furthermore, we are expanding our renewable energy business in order to contribute to a sustainable global environment by realizing an efficient recycling and carbon-neutral society.



- The information contained in this document, with the exception of those relating to past and present facts, are based on judgments made by the Company based on certain assumptions and currently available information. These judgments and assumptions contain uncertainties and may be affected by future changes in the economic environment and other factors. As a result, future results of the Company and the Group may differ from projections.
- The forward-looking statements in this document are made as of the date of this document (or as otherwise specified therein), and the Company has no obligation or policy to update such information.
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**TRE HOLDINGS**

未来へ、捨てない創造力を。