



October 1, 2021

To Whom It May Concern,

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Notice Regarding the Formulation of “TRE Mid-term Management Plan”

As TRE HOLDINGS CORPORATION formulated a mid-term management plan at the board of directors’ meeting held today (October 1, 2021), we hereby announce its outline as follows.

1. Background of the formulation

The global environment has been severely influenced by global warming, the issue of plastic waste, etc. in recent years. Furthermore, the explosive spread of COVID-19 continuing from last year has also greatly impacted the lifestyle of people as well as the business environment in which companies operate.

Amid such situation, TAKEEI CORPORATION (hereinafter called “TAKEEI”) and REVER HOLDINGS CORPORATION (hereinafter called “REVER HOLDINGS”), which share the same desires toward global environment conservation, integrated their management on October 1, 2021, through the establishment of a joint holding company and thus started TRE HOLDINGS CORPORATION (hereinafter called “the new group”).

The new group will proactively engage in large-scale investments and technology development which will be required to tackle urgent challenges such as the reduction of CO₂ emissions and recycling of plastic waste, and will promote the refinement of the recycling business and the expansion of the energy business as its growth strategy. Moreover, the new group will implement sustainability-oriented management in order to contribute to the realization of a sustainably growing economic society despite the turbulent external business environment.

With such background, the new group has defined “contribution to the global environment conservation” as its corporate philosophy and formulated the TRE mid-term management plan for solving respective issues.

2. Essential points of the TRE mid-term management plan

The new group aims to achieve net sales of 920 hundred million yen and an operating income of 90 hundred million yen for the term ending March 2024. Furthermore, it will aim to reach net sales of 100 billion yen (an operating income margin of 10% or higher) by the term ending March 2026, 5 years from now.

As the management integration synergy, it will newly create sales of 10 billion yen by the term ending March 2026.

(1) Performance targets (quantitative targets): FY 3/2022 to FY 3/2024

(rounded off to the nearest million)

	FY 3/2021 Results*1	FY 3/2022 Plan for the 1 st year*1,*2	FY 3/2023 Plan for the 2 nd year	FY 3/2024 Plan for the 3 rd year	FY 3/2026 Reference
Net sales	73,470	84,000	90,000	92,000	100,000
Operating income*3	6,727	7,700	8,400	9,000	Over 10,000
Operating income margin	9.2%	9.2%	9.3%	9.8%	10% or higher
Net income attributable to the owners of parent	4,084	5,050	5,460	5,890	

It will aim for an ROE of 8% or higher, a dividend payout ratio of 30% or higher, an equity ratio of 40% or higher, and rating of BBB or better.

*1: In order to simplify the comparison over time, the accounting period from April to March of the following year was adopted for both companies, which will undergo this management integration.

*2: The full-year performance forecast of TRE (FY 3/2022) timely disclosed on the same day calls for net sales of 640 hundred million yen, an operating income of 57 hundred million yen and net income attributable to the owners of parent of 33 hundred million yen. These figures were calculated by adding up the full-year forecast of TAKEEI, which will be the acquiring company in terms of accounting, and the half-term forecast (October 2021 to March 2022) of REVER HOLDINGS.

*3: For operating income, the effect on goodwill related to this management integration (approximately 3.7 hundred million yen per year: provisional value as of September 28) was taken into account.

(2) Qualitative targets (basic strategies)

①Refinement of the recycling business: The new group will contribute to the realization of a “highly recycling-oriented society” by providing customers with a safe and secure waste management value chain for emissions and waste.

②Promotion of the energy business: The new group will contribute to the realization of a carbon-free society by promoting the wood biomass power generation business, etc.

③Development of new technologies: The new group will apply new technologies to its business activities, such as the recycling business and the energy business.

④Implementation of sustainability-oriented management: The new group will tighten corporate governance and work toward expanding its foundation as a comprehensive environment management enterprise in order to address diverse environment-related needs.

3. Three growth strategies and concrete measures

(1) Refinement of the recycling business

TAKEEI, which excels at turning industrial waste into reusable resources, and REVER HOLDINGS, which excels at recycling used products, etc., will share the know-how, etc. of both companies accumulated over long years, and create synergy based on the integration and restructuring of the value chain of both companies.

Concretely, the new group will promote capital investment and workflow improvement, enhance the appeal to people demanding recycled resources by adding value to processed goods and elevating the recycling ratio, and work toward the creation of a new clientele. Especially improving the selection of shredder dust, which is an unused resource, reinforcing the manufacturing of RPF, a solid fuel for power generation utilizing plastic waste, etc., increasing the production of “Eco-foam,” a secondary material in the iron manufacturing process, and promoting the business of recycling carpet tile waste will lead to the expansion in sales, and in addition to this, costs will be reduced to achieve an increase in profit.

Furthermore, the new group will promote the commercialization of recycling of plastic waste, which is a subject of the global issue concerning sound material-cycle, and the commercialization of recycling of solar panels, which will be distributed in large amounts in the 2030s.

(2) Promotion of the energy business

①Expansion of the Renewable Energy Business (wood biomass power generation business, etc.)

The new group will utilize the expertise and operation know-how for the wood biomass power generation business (building the core system with 6 power plants) and promote the power generation business based on the long-term stable system for fuel collection with local communities, starting from the upstream of forest operations (formulation of forest management plans). Moreover, it will pursue further improvement in order to realize a business flow encompassing everything to the downstream such as the power retail and utilization of residual heat.

For the medium- to long-term vision, the new group will aim to proactively expand the range of its business based on the trusting relationships with local communities to include the field of forestry by launching a movement to protect forests in cooperation with Forest Owners’ Co-operative Association, etc., as well as the field of agriculture, which contributes to food self-sufficiency in Japan, by utilizing residual heat from power plants.

②Commercialization of energy collection from waste

The new group will prioritize sound material-cycle. Regarding commodities whose materials are difficult to recycle, it aims to own waste incineration facilities with a function of high-efficiency power generation (conversion into thermal energy allowing for the issuance of a non-fossil certificate), matching the regional situation. In regard to this initiative as well, the new group will see to it that materials are properly recycled by reinforcing the sorting and selection processes before bringing waste into facilities.

Furthermore, for the long-term vision, the new group will consider the business possibilities concerning the effective use of CO₂ emitted from the incineration of waste, taking into account cooperation with different industries as well.

(3) Development of new technologies, and the challenge of building a business model

The new group will further hone the resource recycling and energy conversion technologies based on its core technologies of collection, selection, blending, forming, etc. Concretely, it will promote the recycling of unused resources, utilizing technologies for the collection of valuables such as rare metals, technologies of high-efficiency power generation based on the removal of aversive substances, etc., chemical recycling technologies and other technologies. In regard to technology development, it will also proactively pursue industry-academic-government cooperation concerning funds, knowledge and human resources.

Furthermore, it will build an information platform and aim for the improvement of recycling rate and CO₂ reduction by rationalizing the logistics system through DX, robotizing the selection process and utilizing sensor (such as IoT) information, AI technologies, etc., in order to streamline the whole value chain.

In addition, it will work toward building a business scheme with the manufacturers of consumer goods and materials, local governments, trade companies, plant manufacturers, etc., through the cooperation between manufacturing and waste management industries. Furthermore, it will make optimal proposals for solutions to troubles regarding general waste processing in municipalities, based on the cooperation with the government and private sector and local communities. Moreover, it will engage in building a business model for the supply of recycled resources with visualized environmental values concerning CO₂ emissions and others, a low-carbon waste management value chain in regard to the life cycle plan of products, etc.

It will proactively consider cooperation with different industries as well as M&A concerning environment-related companies in order to complement the necessary funds for capital investment and human resources, to realize the three abovementioned growth strategies. At the same time, it will forge ahead with considering business development overseas, targeting emerging countries such as those in Southeast Asia, which, while showing a remarkable economic growth, have a high demand for resource recycling and appropriate waste processing that will thoroughly suppress CO₂ emission, based on the experience and achievements which TAKEEI and REVER HOLDINGS have accumulated until now.

4. Priority strategies (implementation of sustainability-oriented management)

(1) Strengthening of the corporate governance system

The new group views the thorough diffusion of compliance and the promotion of business activities based on it as the most important management challenge. In order to realize them, at the time of its establishment, it has chosen the form of a company with audit and supervisory committee, and as outside directors including female directors will comprise more than one third, the system for the supervision of decision-making and execution regarding management from an independent perspective will be strengthened. Furthermore, it will establish a Nomination and Remuneration Committee where 50% or more of members will be outside directors.

With the abovementioned strengthening of the governance system as the base, it will further reinforce a balanced relationship with all stakeholders, such as neighborhood residents, local communities and governmental and financial institutions, in addition to the shareholders, customers and staff. Following the achievement thereof, it will address ESG challenges and pursue the maximization of the corporate value in the medium or long term, in which it will aim for the early satisfaction of requirements for the prime market that will be newly established in the new market segment of Tokyo Stock Exchange.

(2) Creation of a comfortable working environment for diverse personnel

As the impact of the coronavirus crisis is lingering, the new group will promote work from home and paperless work in order to create a comfortable workplace environment. Furthermore, it will promote the appointment of women to managerial positions, encourage men to acquire childcare leave, etc., in order to build a lively workplace where employees can truly feel their own growth alongside the growth of the company. In addition, in order to foster a sense of unity as a new group, it will endeavor to achieve closer communication between the group companies and different departments to build an open organization avoiding sectionalism, by such measures as having managers pay timely visits to worksites and listen to the voices of staff, etc.

(3) Promotion of initiatives utilizing the identity as a comprehensive environment management enterprise

The new group will work toward achieving carbon neutrality in regard to the electricity it uses in 5 years after the management integration. Furthermore, it will strive to join RE100 and cooperate with other participating companies. In addition, it will swiftly formulate the basic environmental policy and the whole new group will promote the plans for implementation. It will also aim for an early disclosure of an integrated report following the Task Force on Climate-related Financial Disclosures (TCFD).

In regard to TAKEEI Foundation for SDGs Promotion, after its development and succession, the new group will launch a foundation for SDGs promotion and promote a wide variety of activities. Lastly, the new group will utilize the infrastructure as well as human resources at each site and proactively engage in business supporting the processing of waste from natural disasters, based on the cooperation with related

companies and local municipalities.

5. Regarding segments to be disclosed

As the new group aims for further growth as a comprehensive environment management enterprise, it will strive to give shape to the basic strategies and manage their progress through the four segments below, based on the formulation of the TRE mid-term management plan.

(1) Waste Treatment & Recycling Business: Engaging in collection and transport of industrial waste, intermediate processing and recycling, final disposal, etc.

(2) Resource Recycling Business: Engaging in recycling metals, home appliances, end-of-life vehicles, etc.

(3) Renewable Energy Business: Engaging in wood biomass power generation and power retail, utilization of residual heat, forest management, etc.

(4) Other environmental businesses: Engaging in Environmental Engineering Business, Environmental Consulting Business, etc.

Please refer to the attached supplementary material for details on the TRE mid-term management plan.