



TRE HOLDINGS

未来へ、捨てない創造力を。

Committed to the conservation of the global environment

TRE HOLDINGS CORPORATION

(Code: 9247, Prime Market, Tokyo Stock Exchange)

**Supplemental materials
for the Fiscal Year ended March 31, 2023**

May 15, 2023

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Summary of Consolidated Results <Full Year>

(millions of yen)

	FY03/22	FY03/23		
		Full-year Results (Note 1)	Full-year Results	Full-year Forecast
	Progress			
Net sales	68,234	90,712	94,200	96.3%
Operating profit	7,659	7,509	9,300	80.7%
Ordinary profit	7,547	7,600	9,300	81.7%
Profit attributable to owners of parent	4,742	5,197	5,900	88.1%

Shareholder returns	FY03/23	
	Full-year Forecast	Forecast at beginning of term
Dividend per share (year-end)	JPY40.0	JPY40.0
Payout ratio	39.5%	34.8%

	FY03/23	
	Year-End Forecast	Forecast at beginning of term
Earnings per share (EPS)	JPY101.20	JPY114.87

• FY03/22 is an irregular accounting period resulting from a business integration. As such, the consolidated financial results reflect the consolidated financial results for April 1, 2021 to March 31, 2022 for TAKEEI CORPORATION and the consolidated financial results for October 1, 2021 to March 31, 2022 for REVER HOLDINGS CORPORATION.

** Because FY03/22 was an irregular accounting period due to business integration, no YoY comparison is available for cumulative FY results.

- The disruption of the supply-demand balance of energy and materials caused by the protracted Russia-Ukraine, inflation and higher labor costs in Japan and other factors affected our group, leading to a significant increase in electricity costs beyond our initial estimates and a slump in end-of-life vehicle volumes due to reduced car production.
- On the other hand, in our core Recycling and Resource Recycling businesses, we committed ourselves to securing profits by continuing value-adding and productization of delivered materials from our recycling plants, and by strengthening our sorting procedures to ensure thorough recovery of valuable resources.
- In our Renewable Energy business, we strove to achieve stable operations across all our power generation facilities. This endeavor, along with our efforts to centralize the management of our power retailing division and to establish a structure that mitigates the impact of market price fluctuations, has led to a certain degree of success.

Summary of Consolidated Results <Q4>

(millions of yen)

	FY03/22 Full-year Results (Note 1)	FY03/23						
		Q1 Results (Quarterly)	Q2 Results (Quarterly)	Q3 Results (Quarterly)	Q4 Results		Full-year Forecast	Progress
					Quarterly	Cumulative		
Net sales	68,234	22,842	21,367	23,471	23,030	90,712	94,200	96.3%
Operating profit	7,659	1,204	1,890	2,437	1,978	7,509	9,300	80.7%
Ordinary profit	7,547	1,300	1,837	2,430	2,033	7,600	9,300	81.7%
Profit attributable to owners of parent	4,742	815	1,435	1,642	1,305	5,197	5,900	88.1%

• FY03/22 is an irregular accounting period resulting from a business integration. As such, the consolidated financial results reflect the consolidated financial results for April 1, 2021 to March 31, 2022 for TAKEEI CORPORATION and the consolidated financial results for October 1, 2021 to March 31, 2022 for REVER HOLDINGS CORPORATION.

** Because FY03/22 was an irregular accounting period due to business integration, no YoY comparison is available for cumulative FY results.

- Throughout Q4, the entire group continued to experience the burden of increasing energy costs such as electricity and fuel, along with rising labor and personnel expenses.
- In our Waste Treatment and Recycling business, we had anticipated a build-up of sales and profits in Q4, based on the usual bias toward 2H and high order trends. However, factors such as delays in project completion times and weather-related shifts in waste generation resulted in a slowdown in quarterly growth.
- In the Resource Recycling business, it is still taking time for the volume of end-of-life vehicles to recover.
- In the Renewable Energy business, as we approach the end of the fiscal year, the sharp rise in renewable energy market prices appears to be stabilizing.

FY03/23 Results

Market Environment for Construction Waste

Market Environment for Resource Recycling

Net Sales, Operating Profit, and Operating Profit Margin by Segment

Operating Profit Analysis by Segment (Compared to Plan)

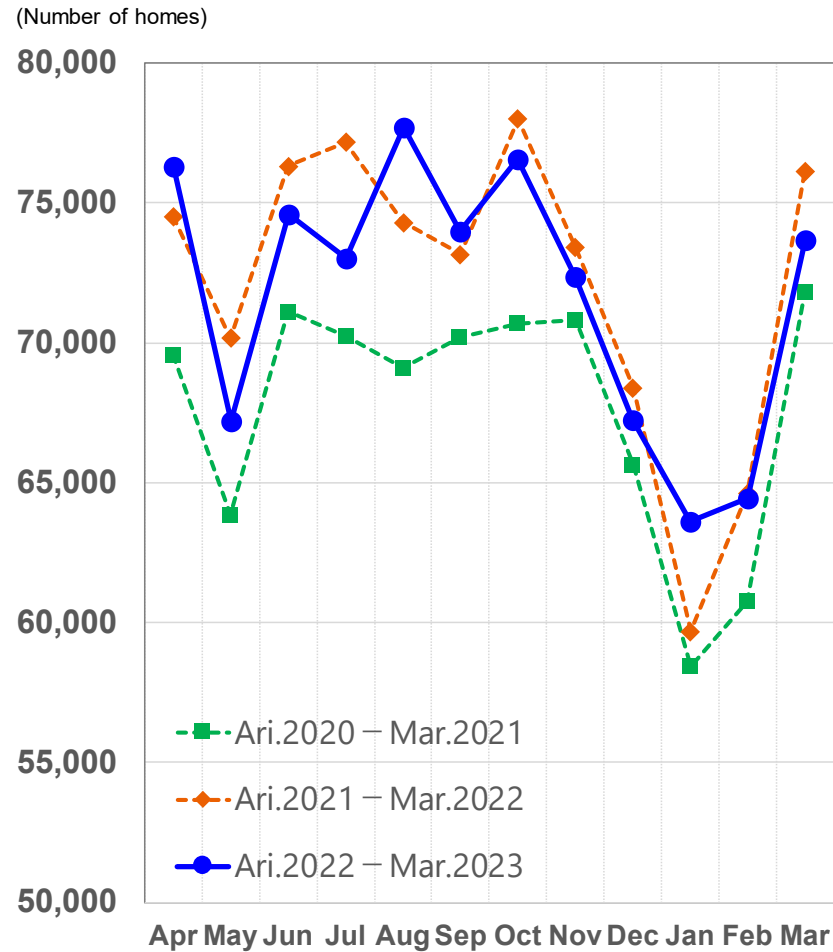
Consolidated Cash Flow Trends

Capital Expenditures, Depreciation and Amortization of Goodwill

Earnings Forecast

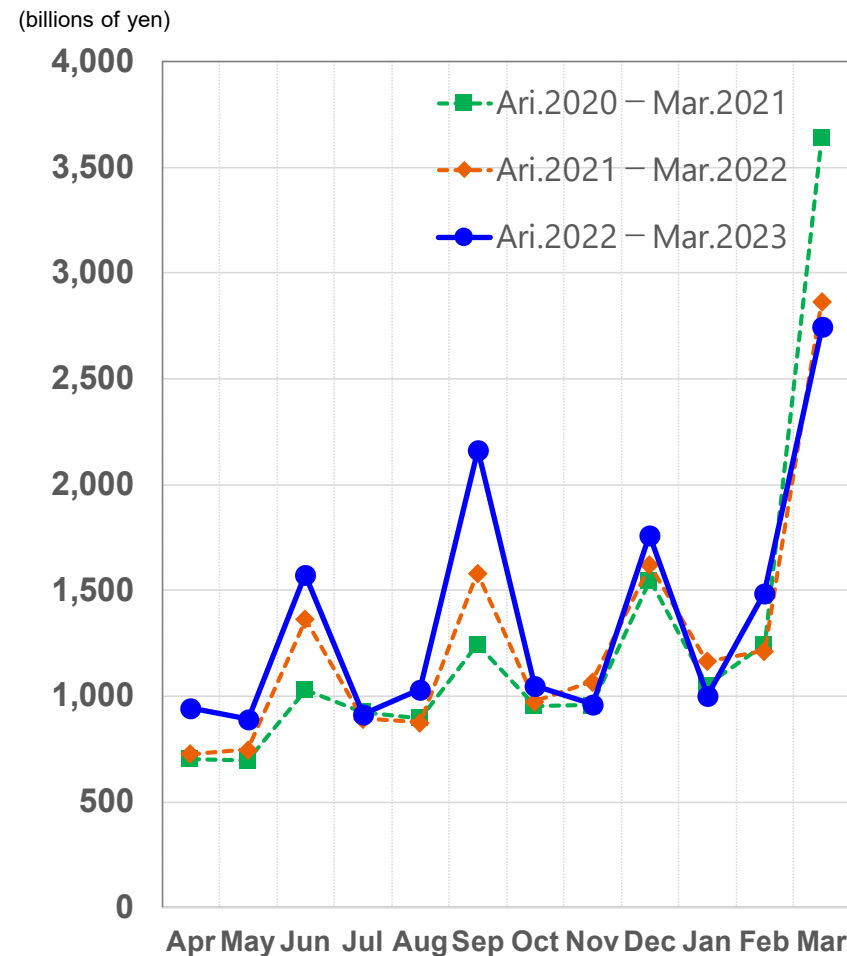
Earnings Forecast Operating Profit Analysis by Segment (Comparison of FY03/23 actual and FY03/24 plan)

■ Number of new housing starts



- ◆ Despite some monthly variations when compared to the same months in the prior year, the year-over-year analysis for the period reveals a minor decline of 0.6%, essentially at the same level as the previous year.

■ Construction orders (50 largest companies)



- ◆ The year-over-year comparison for each month shows distinct periods of growth, resulting in a 9.5% rise from the previous year.

■ Long-term trends in construction waste

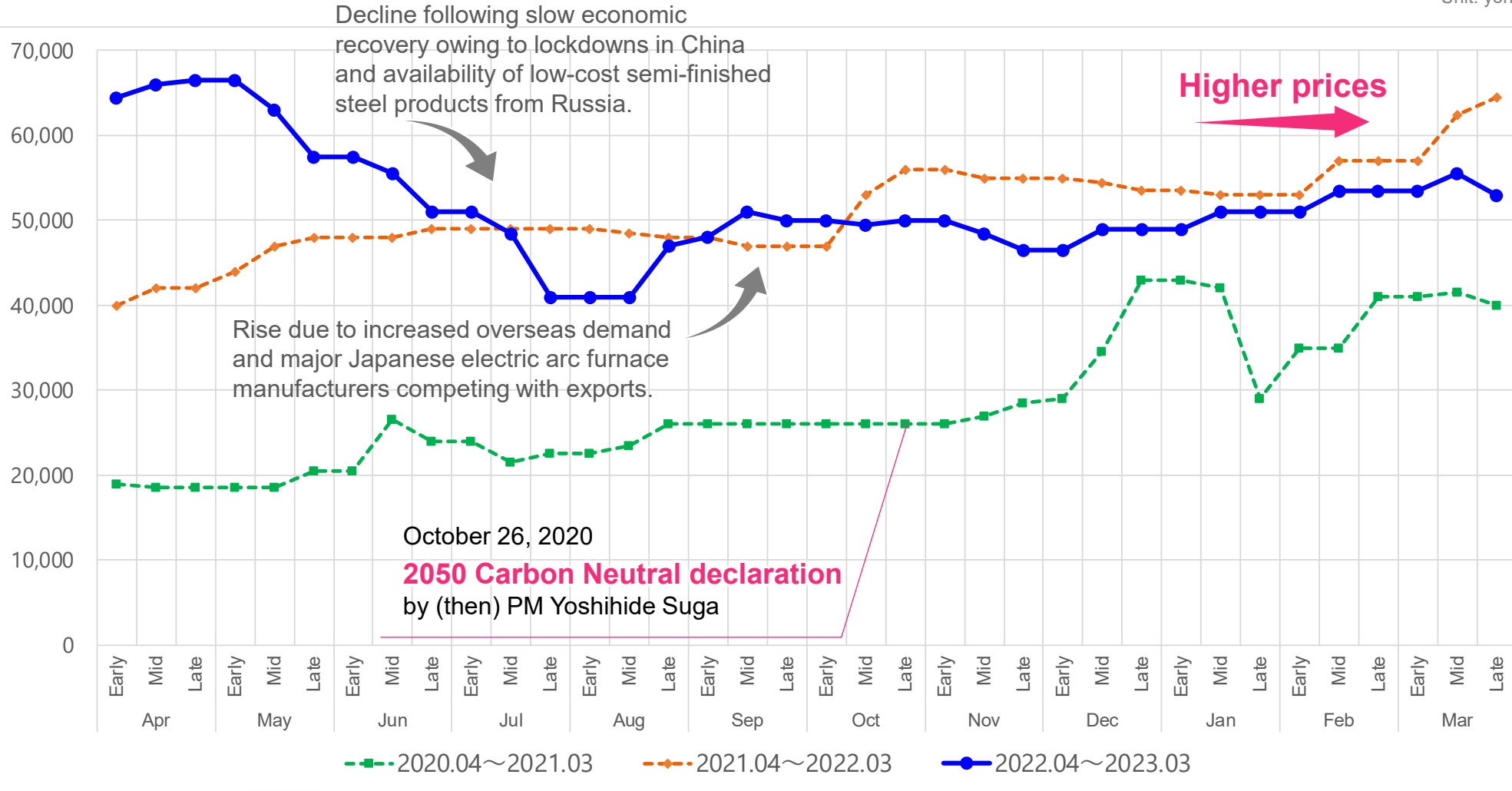
- ◆ Construction waste accounts for approximately 20% of all industrial waste (approximately 400 million tons), both in terms of volume generated and final disposal.
- ◆ Appropriate sorting and treatment procedures are necessary for building materials containing harmful substances such as asbestos.
- ◆ The social infrastructure developed during Japan's period of rapid economic growth is aging, and maintenance and management costs are expected to increase 1.2-fold in 10 years.
- ◆ In recent years, earthquakes, typhoons, torrential rains, and other disasters have become more frequent and more severe, and a large amount of disaster-related waste is generated, which affects the construction recycling field.

Waste Treatment and Recycling Business

We provide reliable and secure processing services and leverage our differentiation through our own biomass power plants and recycling plants to achieve stable supply and secure profits.

Steel Scrap Market

Unit: yen/t



Tokyo Steel Utsunomiya Plant steel scrap (high grade) price

- ◆ Rising supply concerns from the Russia-Ukraine conflict pushed the price to JPY66,500/ton in April 2022. However, the price dropped to JPY41,000/ton by July due to China's slowed economic recovery from COVID-19 lockdowns and the influx of cheaper semi-finished steel from Russia. The price later bounced back due to heightened international demand. Despite these fluctuations, the price settled at JPY53,000/ton at the end of March.
- ◆ **Demand will continue to rise** for electric arc furnaces, which use steel scrap with low CO2 emissions as the main raw material in steelmaking, as the trend toward **carbon neutrality** remains unchanged. Further, some believe that the price range for steel scrap has risen as steel scrap's bottom price in July 2022 was JPY41,000/ton. Steel scrap prices are thus **expected to remain high**.

Resource Recycling Business

Taking advantage of our presence in the Kanto region, which has many sales channels, we are able to minimize the risk of a market downturn by reducing our inventory holding period.

Net Sales, Operating Profit, and Operating Profit Margin by Segment

(millions of yen)

	FY03/23 Full-year results		
	Net sales	Operating profit	Operating profit margin
Consolidated	90,712	7,509	8.3%
Waste treatment and recycling	25,662	4,210	16.4%
Collection & Transportation / Waste treatment (Note 2)	17,236	2,904	16.8%
Recycling (Note 2)	5,694	864	15.2%
Landfill (final disposal) (Note 2)	2,905	378	13.0%
Resource recycling (Note 3)	44,866	3,139	7.0%
Renewable energy (Note 4)	13,794	688	5.0%
Other businesses (Note 5)	7,374	325	4.4%
Adjustments (Note 6)	-986	-852	—

Note 1: Because FY03/22 was an irregular accounting period due to business integration, no YoY comparison is available for cumulative FY results.

Note 2: No strict segment adjustments have been made for the sub-segments in the waste treatment and recycling business.

Note 3: The resource recycling business includes JPY178 million of the effect of goodwill related to the business integration.

Note 4: The renewable energy business includes JPY378 million of amortization of goodwill associated with the acquisition of Green Power Ichihara Co., Ltd.

Note 5: Other businesses consist of the environmental consulting business and the environmental engineering business included in the reportable segments of TAKEEI CORPORATION.

Note 6: Adjustments to segment income and loss of -JPY852 million include -JPY868 million in companywide expenses and JPY13 million in intersegment eliminations that are not allocated to any reportable segment. Companywide expenses are general and administrative expenses that do not fall under any reportable segment.

Waste treatment and recycling

- In our collection & transportation and waste treatment business, we continued to focus on the **thorough collection of valuable resources, as well as value-adding and productization of delivered materials** despite higher costs caused by soaring electricity and fuel prices.
- Despite a YoY decrease in the number of large one-time projects, the recycling and landfill business was supported by contributions from newly consolidated TRE GLASS CORPORATION, and recycling business operators Gypro Co., Ltd. and Shinshu Takeei Co., Ltd.

Note: The company name was changed from JW GLASS RECYCLING CO., LTD. to TRE GLASS CORPORATION on April 3, 2023.

Resource recycling

- The Resource recycling business was affected by restricted operations due to the rebuilding of REVER CORPORATION's Fujisawa Plant, increases in depreciation and electricity costs for new facilities, and a decline in the supply of end-of-life vehicles, which remained low despite being on a recovery track. We strove to **secure a spread** by managing inventories and **thoroughly recycle resources** with the addition of new facilities in accordance with fluctuations in market price.

Renewable energy

- In the power generation division, while we struggled to secure wood chips and manage the moisture content of biomass fuel, we made significant progress towards **establishing a stable operating system**. Reevaluating procurement costs, including transportation expenses, remains a challenge.
- In the power retailing division, we promoted **centralized management through Takeei Denki Co., Ltd.**, and by strategically using non-FIT power sources such as RPF (solid fuel), we have effectively maintained our operating profit.

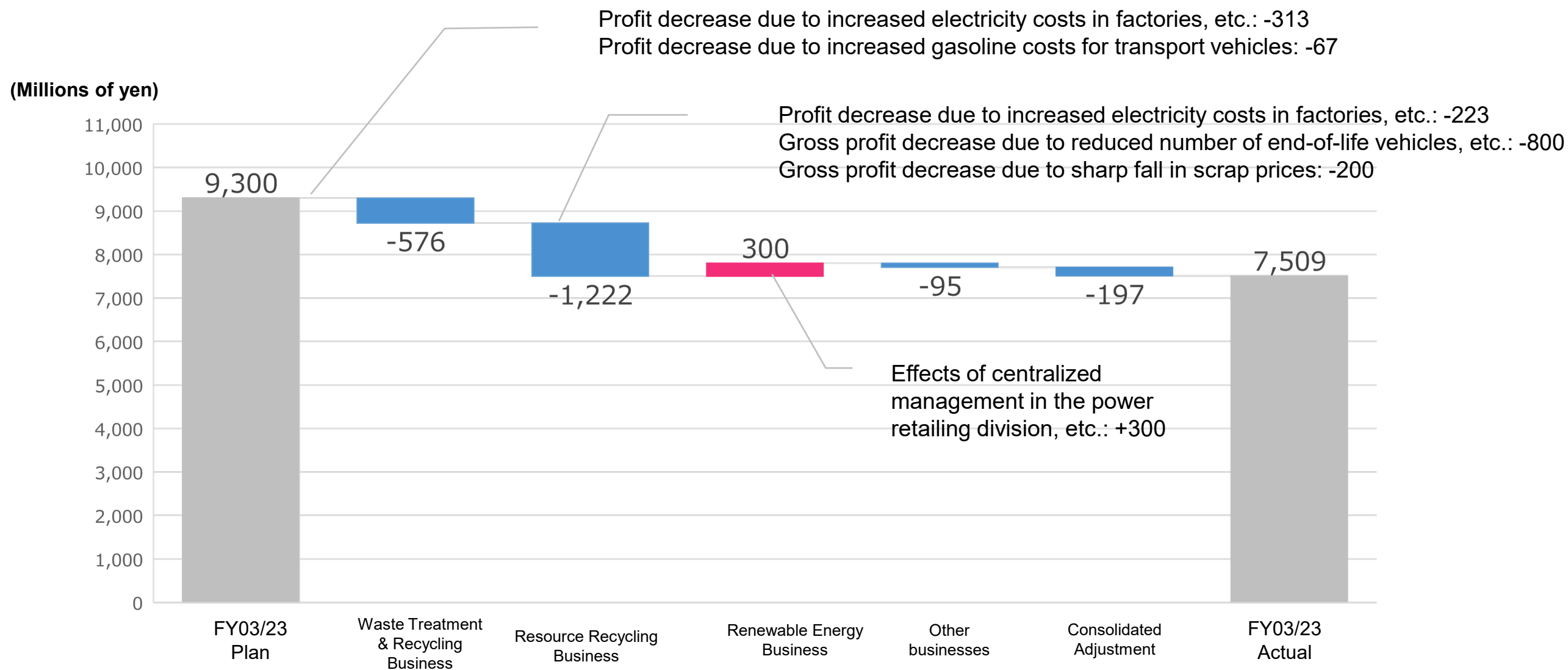
Operating Profit Analysis by Segment (Compared to Plan)

Rising electricity and fuel costs led to a **decrease in profit by JPY603 million.**

A reduction in handling quantity, among other factors, led to a **decrease in gross profit by JPY1,000 million.**

An increase in personnel and labor costs resulted in a year-end **decrease in profit of over JPY200 million.**

Contributions from the Renewable Energy power retailing division, among other factors, resulted in an **increase in profit by JPY300 million.**



(millions of yen)

	FY03/23
Cash flows from operating activities	9,184
Cash flows from investing activities	(6,693)
Cash flows from financing activities	(2,827)
Net increase (decrease) in cash and cash equivalents	(336)
Cash and cash equivalents at beginning of period	24,014
Cash and cash equivalents at end of period	23,678

- Net cash provided by operating activities was JPY9,184 million, resulting from profit before income taxes and depreciation, etc. outweighing income taxes paid and other expenses.
- Net cash used in investing activities was JPY6,693 million, largely due to upgrades and enhancements to existing facilities, and the acquisition of shares in TRE GLASS CORPORATION (formerly JW GLASS RECYCLE CO., LTD.) via M&A.
- Net cash used in financing activities totaled JPY2,827 million, driven by repayments of long-term borrowings and dividends paid, despite an increase in short-term borrowings.

(millions of yen)

■ Main Breakdown

Cash flows from operating activities	FY03/23
Profit before income taxes	7,885
Depreciation	5,740
Amortization of goodwill	570
Income taxes paid	(3,825)
Cash flows from investing activities	FY03/23
Purchase of non-current assets	(5,707)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,412)
Cash flows from financing activities	FY03/23
Increase (decrease) in short-term borrowings	2,875
Redemption of bonds	(596)
Proceeds from long-term borrowings	2,814
Repayments of long-term borrowings	(5,262)
Dividends paid	(2,326)

(millions of yen)

	FY03/22 Full-year Results (Note 1)	FY03/23 Full-year Results	FY03/24 Full-year Forecast
Capital expenditures (Note 2)	4,889	6,041	11,867
Depreciation	5,016	5,740	6,349
Amortization of goodwill (Consolidated)	476	570	572

Note 1: Consolidated results of REVER CORPORATION (formerly REVER HOLDINGS CORPORATION), which is the acquired company for accounting purposes in the business integration, reflect only the results for the six-month period from October 1, 2021 to March 31, 2022.

Note 2: Capital expenditures are based on property, plant and equipment and intangible assets received.

Progress of medium-term business plan for capital expenditures

Total capital expenditures for the fiscal year, including equipment renewal at existing facilities and vehicle replacement, amounted to JPY6 billion.

As for Monzen Clean Park Co., Ltd., we are in the final stages of construction aiming for completion at the end of June 2023. In addition, we are carefully examining the details of each business plan for the "TRE Integrated Environmental Business (Provisional Name)" in Ichihara, Chiba Prefecture, which we announced in a press release on September 15, 2022. We are currently advancing the development of the planned business site and proceeding with preliminary discussions and investigations leading to permit applications.

Note 3: The three-year investment budget of approximately JPY25 billion (excluding JPY8 billion already spent) shown in the medium-term business plan includes the cost of renewal of equipment, vehicles, and other items.

■ Main capital expenditure for FY03/23 (actual)

		Full-year	Plan
Monzen Clean Park Co., Ltd.	Disposal site development work, etc.	JPY220 million	JPY3.68 billion
TAKEEI CORPORATION	vehicles, expansion of disposal sites, etc.	JPY2060 million	JPY3.50 billion
Shinshu Takeei Co., Ltd.	Renewal of equipment and vehicles	JPY270 million	JPY490 million
REVER CORPORATION	Reinforcement of sorting lines	JPY410 million	JPY410 million
Green Power Ichihara Co., Ltd.	Replacement of equipment and machine parts, etc.	JPY320 million	JPY310 million
Fuji Car Manufacturing Co., Ltd.	Renewal of equipment and software	JPY120 million	JPY300 million

■ Main capital expenditures (plan)

		Plan
Monzen Clean Park Co., Ltd.	Disposal site development work, etc.	JPY6.35 billion
REVER CORPORATION	Northern Kanto New Plant	JPY1.09 billion
REVER CORPORATION	Reconstruction at Fujisawa Plant	JPY660 million
Fuji Car Manufacturing Co., Ltd.	Renewal of equipment and software	JPY640 million
Shinshu Takeei Co., Ltd.	Renewal of equipment and vehicles	JPY500 million
Hokuriku Kankyou Service Co., Ltd.	Relocation of head office, expansion of disposal site, etc.	JPY500 million
Green Power Ichihara Co., Ltd.	Replacement of equipment and machine parts, etc.	JPY460 million

(millions of yen)

	FY03/23	FY03/24				
	(Full-year results)	(Full-year Forecast)	vs. sales	YoY	1H (Forecast)	2H (Forecast)
Net sales	90,712	95,200	—	+4.9%	46,000	49,200
Operating profit	7,509	8,300	8.7%	+10.5%	3,300	5,000
Ordinary profit	7,600	8,300	8.7%	+9.2%	3,300	5,000
Profit attributable to owners of parent	5,197	5,400	5.7%	+3.9%	2,100	3,300

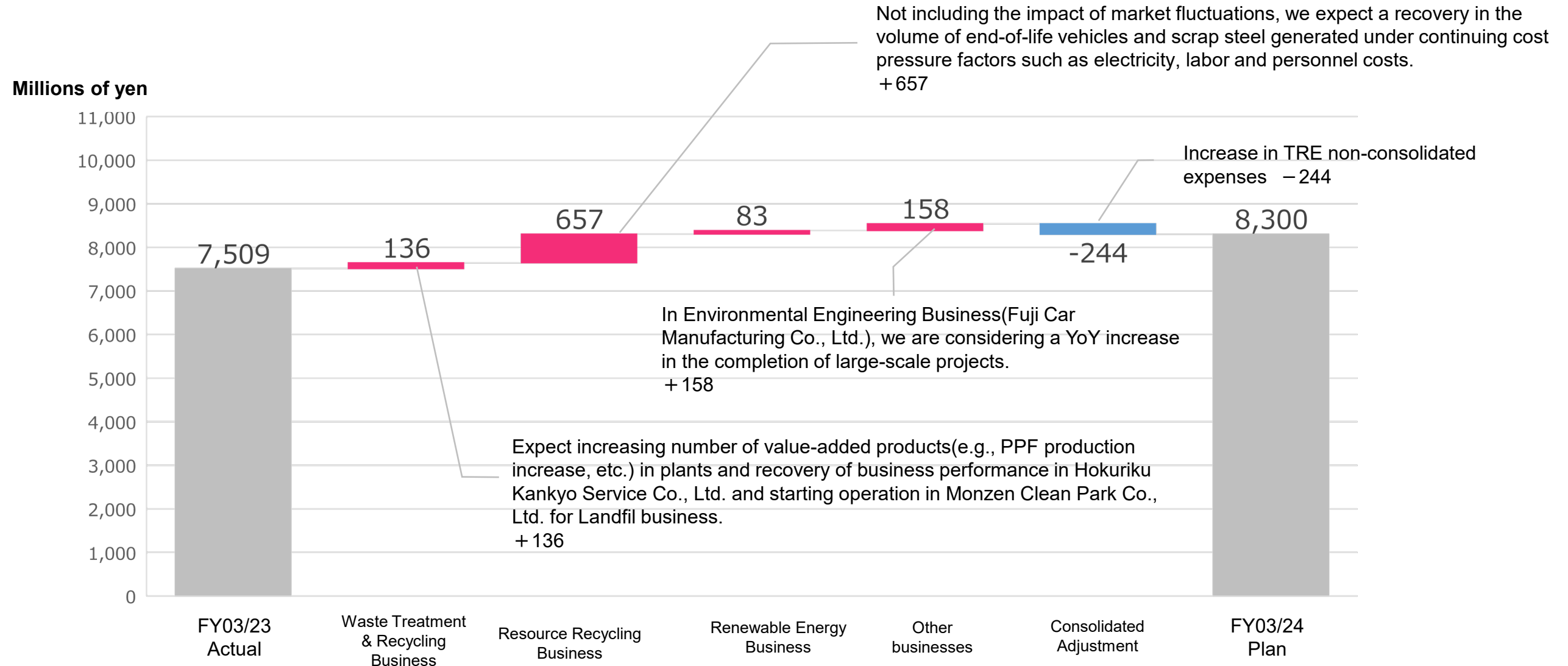
- In the Waste Treatment and Recycling business, we anticipate strong demand for projects such as redevelopment in line with resilience measures in the metropolitan area. Even with the ongoing trend of high electricity and energy costs, we are committed to value-adding and productization of waste through enhanced sorting of valuable resources at our group companies' intermediary processing facilities.
- In the Resources Recycling Business, we expect a gradual recovery in the number of end-of-life vehicles and the volume of steel scrap generated in the market, and we will promote further sorting and dust volume reduction. The unit sales price is expected to be 50,000 yen/ton.
- In the Renewable Energy business, we will focus on harnessing the forest resources managed by TAKEEI Forestry Co., Ltd., as we work to reinforce the stable operation of our six power plants, which primarily generate power through woody biomass. Additionally, through our power retailing division, we are planning to broaden our sales of renewable energy with non-fossil certificates.

(Please refer to P13,P15 for plans by segment.)

Earnings Forecast Operating Profit Analysis by Segment

(Comparison of FY03/23 actual and FY03/24 plan)

In the severe business environment, we aim to **increase profits by 790 million yen** through high value-added in existing businesses and stable operations.



Medium-term Business Plan

Progress of Medium-term Business Plan (3rd Year Review)

Performance Trends and Plan

Financial Targets in the Medium-Term Business Plan

Estimated Cash Flow (EBITDA) Trends

Net Sales and Operating Profit Performance Trends and Formulation of the Next Medium-Term Business Plan

Image of TRE Group's Growth Strategy

Progress of Medium-term Business Plan (3rd Year Review)

(millions of yen)

	Results									Plan				
	FY03/21	First year of Medium-term plan (FY03/22)				Second year of Medium-term plan (FY03/23)				Third year of Medium-term plan (FY03/24)				
	Full-year results (Note 1)	Full-year results (Note 1, 2)	YoY	First year of Medium-term plan	Progress	Full-year results (Note 2)	YoY	Second year of Medium-term plan	Progress	Initial 3rd year plan (Disclosed Oct. 2021)	Revised plan (Disclosed May 2022)	Re-revised plan (Note 2)	YoY (vs. Actual)	Change
Net sales	73,470	90,584	+23.3%	84,000	107.8%	90,712	+0.1%	94,200	96.3%	92,000	98,000	95,200	+4.9%	−2.9%
Operating profit	6,727	10,326	+53.5%	7,700	134.1%	7,509	−27.3%	9,300	80.7%	9,000	10,150	8,300	+10.5%	−18.2%
Operating profit margin	9.2%	11.4%	+24.5%	9.2%	124.4%	8.3%	−27.4%	9.9%	83.8%	9.8%	10.4%	8.7%	+5.3%	−15.8%
Profit attributable to owners of parent	4,084	7,248	+77.5%	5,050	143.5%	5,197	−28.3%	5,900	88.1%	5,890	6,440	5,400	+3.9%	−16.1%
Earnings per share	—	¥141.1 (Note 3)	—	¥98.3 (Note 3)	143.5%	¥101.2	—	¥114.8	88.2%	¥114.6	¥125.3	¥105.1	—	−16.1%

Note 1: Results for TAKEEI CORPORATION and REVER CORPORATION (formerly REVER HOLDINGS CORPORATION), for the period from April to March of the following year, have been combined to make YoY comparisons.

Note 2: The operating profit figures include the effect of goodwill related to business integration (amounting to JPY90 million for FY03/22 and JPY178 million for FY03/23 onward).

Note 3: For the first year of the medium-term business plan, earnings per share (EPS) is calculated based on 51,362,030 shares, which is the number of issued shares at the end of FY03/22 minus the number of treasury shares at the end of the same year.

- 1st Year: Our core businesses, Waste Treatment & Recycling and Resource Recycling benefited significantly from a favorable business environment.
- 2nd Year: We found it challenging to fully absorb the effects of a rapidly worsening business environment. The worsening factors included a decrease in the number of end-of-life vehicles, an increase in electricity and fuel costs, and adverse weather conditions.
- 3rd Year: Although cost deteriorating factors will continue, we will continue to strengthen sorting at recycling plants and add value to the products we take out. In addition, the number of end-of-life vehicles is expected to increase slightly. Monzen Clean Park Co., Ltd. controlled landfill in Ishikawa Prefecture is scheduled to start operation in October 2023. We are aiming for a 4.9% increase in net sales and a 10.5% increase in operating income compared to the previous fiscal year (ending March 31, 2023).

Performance Trends and Plan

		FY03/21	First year of Medium-term plan		Second year of Medium-term plan		Third year of Medium-term plan		
		Full-year results (Note 1) Apr. 2020-Mar. 2021	FY03/22		FY03/23		FY03/24		
			Full-year results (Note 1) Apr. 2021-Mar. 2022		Full-year results (Note 1) Apr. 2022-Mar. 2023		Plan Apr. 2022-Mar. 2023		
				YoY		YoY		YoY(Note 3)	
Consolidated	Net sales	73,470	90,584	+23.3%	90,712	+0.1%	95,200	+4.9%	
	Operating profit	6,727	10,326	+53.5%	7,509	-27.3%	8,300	+10.5%	
	Operating profit margin	9.2%	11.4%	-	8.3%	-	8.7%	-	
Waste treatment and recycling	Net sales	24,738	25,146	+1.6%	25,662	+2.1%	27,757	+8.2%	
	Operating profit	3,468	5,113	+47.4%	4,210	-17.7%	4,346	+3.2%	
	Operating profit margin	14.0%	20.3%	-	16.4%	-	15.7%	-	
	Collection & Transportation / Waste treatment (Note 2)	Net sales	17,983	17,399	-3.2%	17,236	-0.9%	17,792	+3.2%
		Operating profit	2,233	3,080	+37.9%	2,904	-5.7%	2,716	-6.5%
		Operating profit margin	12.4%	17.7%	-	16.8%	-	15.3%	-
	Recycling (Note 2)	Net sales	4,408	5,029	+14.1%	5,694	+13.2%	6,348	+11.5%
		Operating profit	662	1,279	+93.2%	864	-32.4%	1,014	+17.4%
		Operating profit margin	15.0%	25.4%	-	15.2%	-	16.0%	-
	Landfill (final disposal) (Note 2)	Net sales	2,946	3,127	+6.1%	2,905	-7.1%	3,616	+24.5%
		Operating profit	544	711	+30.7%	378	-46.8%	615	+62.7%
		Operating profit margin	18.5%	22.7%	-	13.0%	-	17.0%	-
Resource recycling (Note 3)	Net sales	31,408	46,418	+47.8%	44,866	-3.3%	45,550	+1.5%	
	Operating profit	2,660	5,454	+105.0%	3,139	-42.4%	3,796	+20.9%	
	Operating profit margin	8.5%	11.7%	-	7.0%	-	8.3%	-	
Renewable energy (Note 4)	Net sales	11,457	12,617	+10.1%	13,794	+9.3%	13,891	+0.7%	
	Operating profit	325	-305	-193.8%	688	-	771	+12.1%	
	Operating profit margin	2.8%	-	-	5.0%	-	5.6%	-	
Other businesses	Net sales	6,828	7,102	+4.0%	7,374	+3.8%	8,710	+18.1%	
	Operating profit	349	441	+26.4%	325	-26.3%	483	+48.6%	
	Operating profit margin	5.1%	6.2%	-	4.4%	-	5.5%	-	
Adjustments	Net sales	-962	-700	-	-986	-	-708	-	
	Operating profit	-76	-376	-	-852	-	-1,096	-	

Note 1: Results for TAKEEI CORPORATION and REVER CORPORATION (formerly REVER HOLDINGS CORPORATION), for the period from April to March of the following year, have been combined to make YoY comparisons.

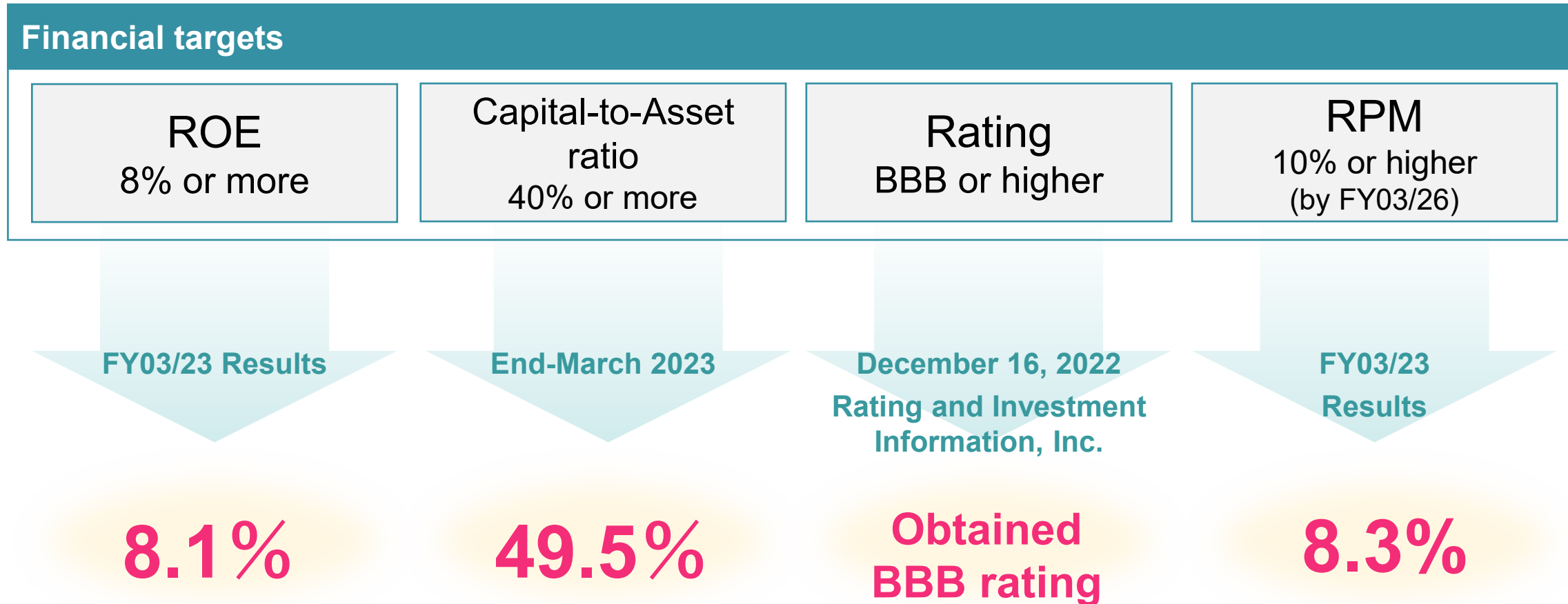
Note 2: No strict segment adjustments have been made for the sub-segments in the Waste Treatment and Recycling business.

Note 3: The operating profit figures in the Resource Recycling business include the effect of goodwill related to business integration (amounting to JPY90 million for FY03/22 and JPY178 million for FY03/23 onward).

Note 4: The operating profit figures for the Renewable Energy business include the effect of goodwill related to Green Power Ichihara Co., Ltd., amounting to JPY294 million for FY03/21, JPY376 million for FY03/22, and JPY378 million from FY03/23 onwards.

Note 5: TRE Glass Corporation continues to be classified under the Waste Treatment and Recycling business.

Progress of Financial Targets (2nd Year)



We have met all our financial targets except for the operating profit margin. The operating profit margin dropped significantly by 3.1 percentage points, from 11.4% in the first year of the medium-term plan (FY03/22) due to decreased gross profit from reduced handling quantity and rising electricity and fuel costs (please refer to the operating profit analysis on p.9).

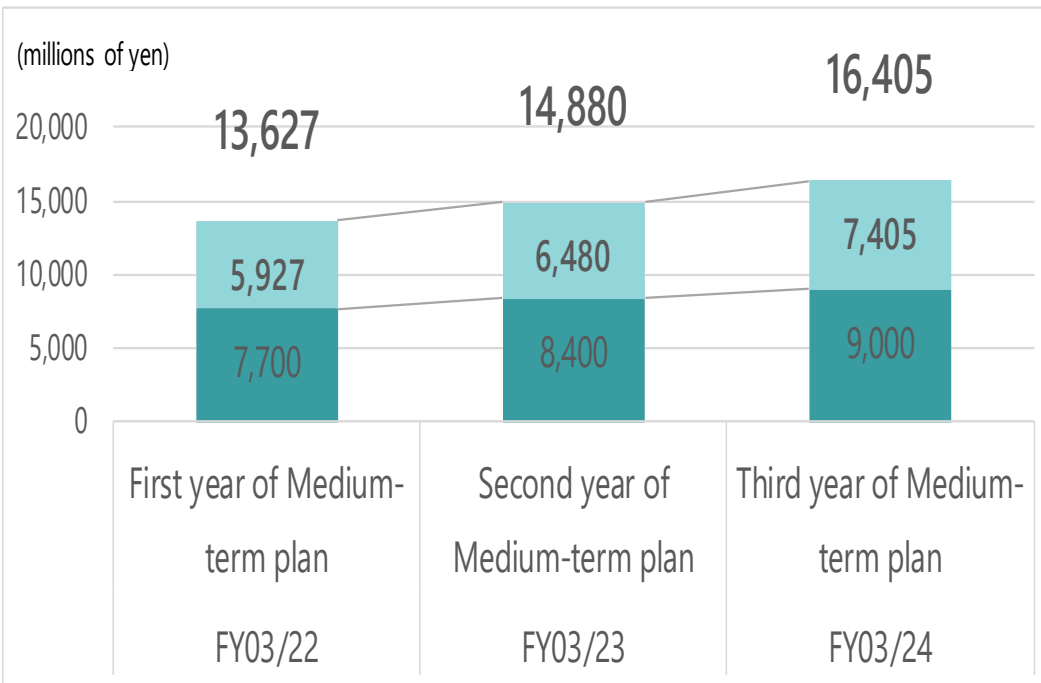
Despite the challenging business environment, we aim to improve the operating profit margin in the third year of the medium-term plan (target: 8.7%).

Estimated Cash Flow (EBITDA) Trend

■ Medium-Term Business Plan Announced in October 2021

(millions of yen)

Initial Plan	FY03/22 First year of Medium-term plan (Initial Plan)	FY03/23 Second year of Medium-term plan (Initial Plan)	FY03/24 Third year of Medium-term plan (Initial Plan)
Operating profit	7,700	8,400	9,000
Depreciation and amortization, etc.	5,927	6,480	7,405
Total: EBITDA	13,627	14,880	16,405

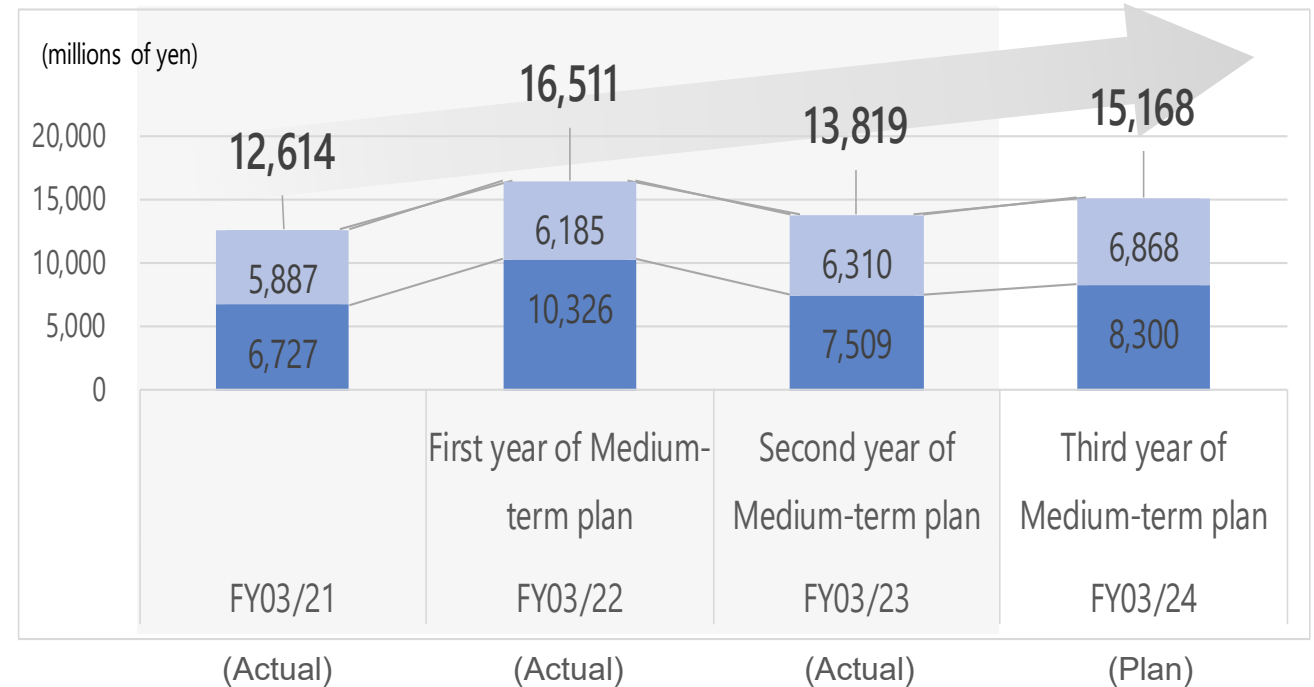


■ Actual Results and Plan

(millions of yen)

Actual/Plan	FY03/21 (Actual) (Note 1)	FY03/22 First year of Medium-term plan (Actual) (Note 1)	FY03/23 Second year of Medium-term plan (Actual)	FY03/24 Third year of Medium-term plan (Plan)
Operating profit	6,727	10,326	7,509	8,300
Depreciation and amortization, etc.	5,887	6,185	6,310	6,868
Total: EBITDA	12,614	16,511	13,819	15,168

Note 1: Results for TAKEEI CORPORATION and REVER CORPORATION (formerly REVER HOLDINGS CORPORATION), for the period from April to March of the following year, have been combined to make YoY comparisons.

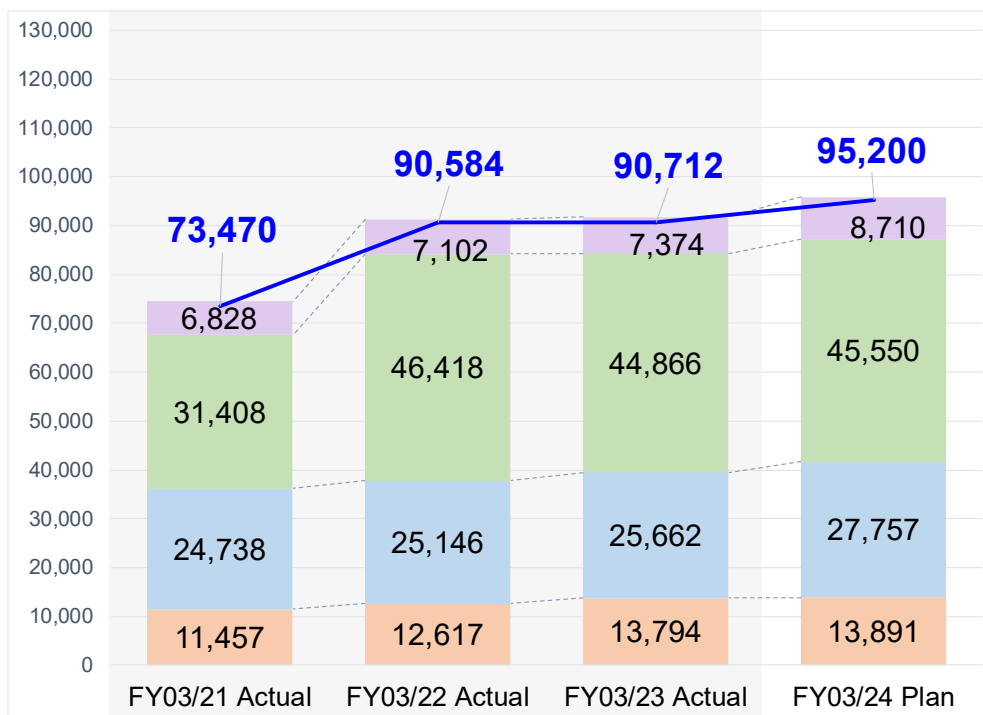


Net Sales and Operating Profit Performance Trends and Formulation of the Next Medium-Term Business Plan

Trends in Net Sales and Operating Profit

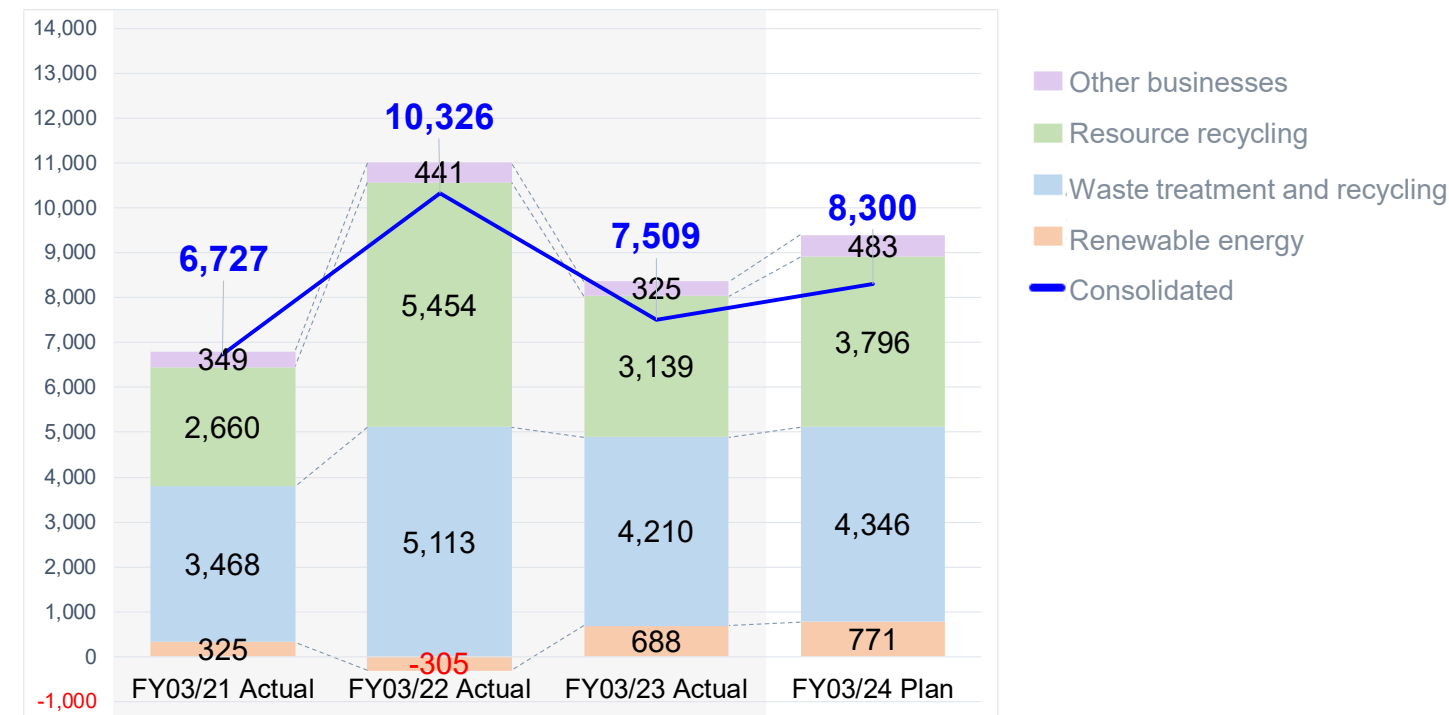
Net sales

(millions of yen)



Operating profit

(millions of yen)



Formulation of the Next Five-Year Medium-Term Business Plan

Our TRE Medium-Term Business Plan, which was unveiled on October 1, 2021, is now entering its third and final year (FY2023). As we work towards the goals we set, particularly in manifesting the synergies of our business integration, we will persist in our efforts to concretize the **TRE Integrated Environmental Business (Provisional Name)** in Ichihara, Chiba Prefecture, a plan we made public in September 2022.

Additionally, in line with the government's push towards a resource recycling and carbon-neutral society, the TRE Group is setting non-financial KPIs, establishing clear numerical objectives for CO2 reduction. We will continue to develop action plans aimed at achieving these goals and provide progress updates in our integrated reports.

Building on these initiatives, we are also preparing to devise a **new medium-term business plan** that will commence in FY2024.

As we aim to "contribute to the conservation of the global environment," we will actively promote cooperation and collaboration with companies, municipalities, academic institutions, and others who share our long-term vision. This will propel our endeavors to build a resource circulation scheme and initiate steps towards decarbonization.

1. Advancing the Recycling Business

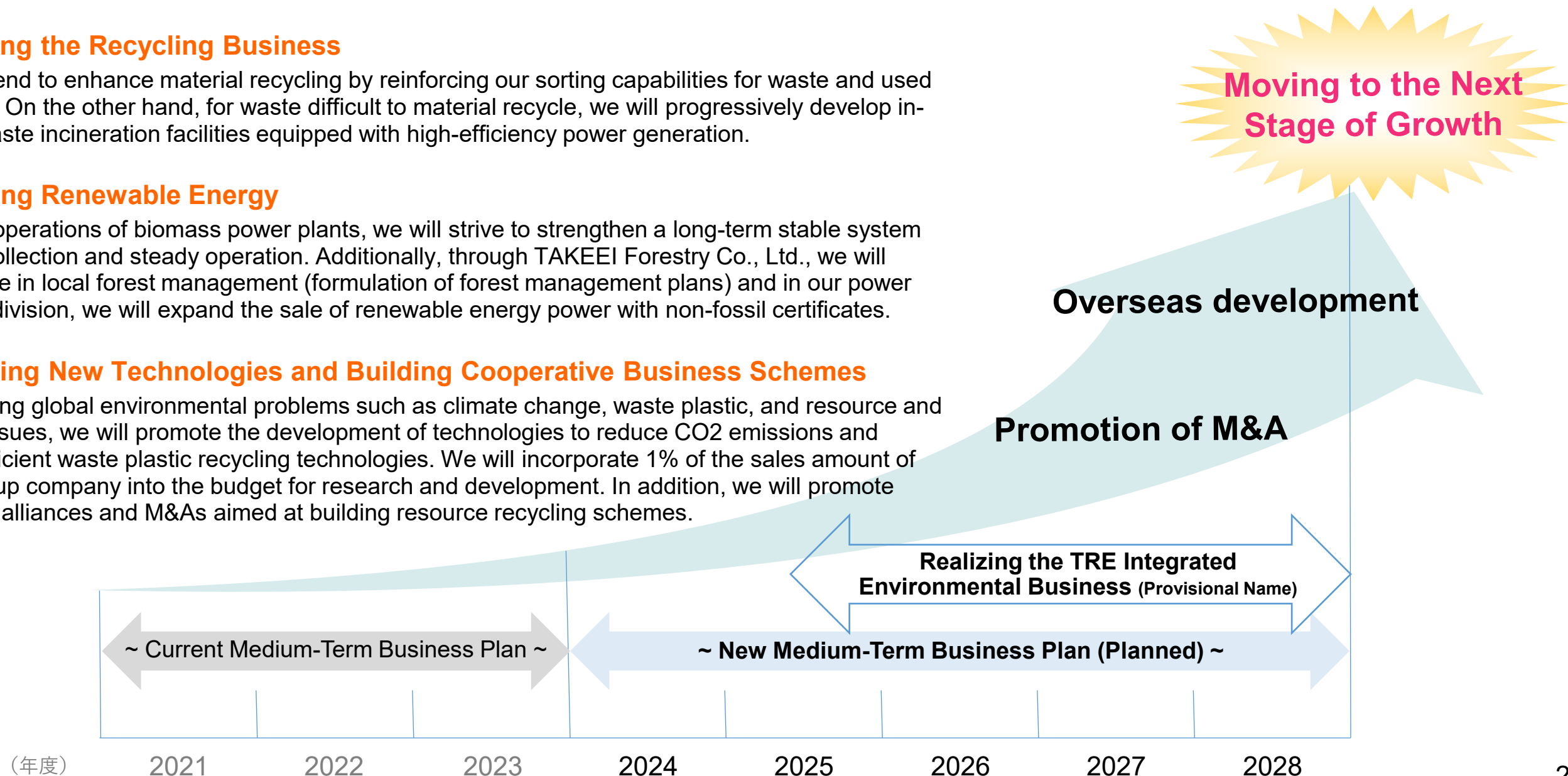
We intend to enhance material recycling by reinforcing our sorting capabilities for waste and used products. On the other hand, for waste difficult to material recycle, we will progressively develop in-house waste incineration facilities equipped with high-efficiency power generation.

2. Expanding Renewable Energy

In our operations of biomass power plants, we will strive to strengthen a long-term stable system for fuel collection and steady operation. Additionally, through TAKEEI Forestry Co., Ltd., we will participate in local forest management (formulation of forest management plans) and in our power retailing division, we will expand the sale of renewable energy power with non-fossil certificates.

3. Developing New Technologies and Building Cooperative Business Schemes

In solving global environmental problems such as climate change, waste plastic, and resource and energy issues, we will promote the development of technologies to reduce CO2 emissions and highly efficient waste plastic recycling technologies. We will incorporate 1% of the sales amount of each group company into the budget for research and development. In addition, we will promote business alliances and M&As aimed at building resource recycling schemes.



TOPICS

Growth Strategy: Business alliance with Sumitomo Chemical Co., Ltd.

Waste Treatment & Recycling: Glass Recycling / Progress on Construction of Monzen Final Disposal Site (Provisional Name) in Ishikawa Prefecture

Resource Recycling: Circular Economy Initiatives

Renewable Energy: Purchase of Company-Owned Forest (TAKEEI Forestry Co., Ltd.) / Integrated Business Flow of Woody Biomass Power Generation Business, Starting with TAKEEI Forestry Co., Ltd.

: Regular Maintenance Plan for Each Power Plant / Participation in Keikyu Corporation's "Miura Forest Project"

Other: Fuji Car Manufacturing Co., Ltd.'s Ammonia (NH₃) Container Manufacturing Technology and Carbon Neutral Realization Efforts

REVER CORPORATION and Sumitomo Chemical Co., Ltd. have been actively pursuing the realization of a "Car to Car" recycling initiative, which aims to repurpose waste plastic collected from end-of-life vehicles back into automobile parts. During this process, we have conducted comprehensive evaluations of the collection methods, recycling processes, and environmental impact. Now, with a **certain level of progress achieved, particularly in the production and supply of high-quality recycled plastics**, we have decided to further strengthen our partnership by **entering into a business alliance**. As we look to the future, we are also considering the possibility of establishing a joint venture between our two companies.

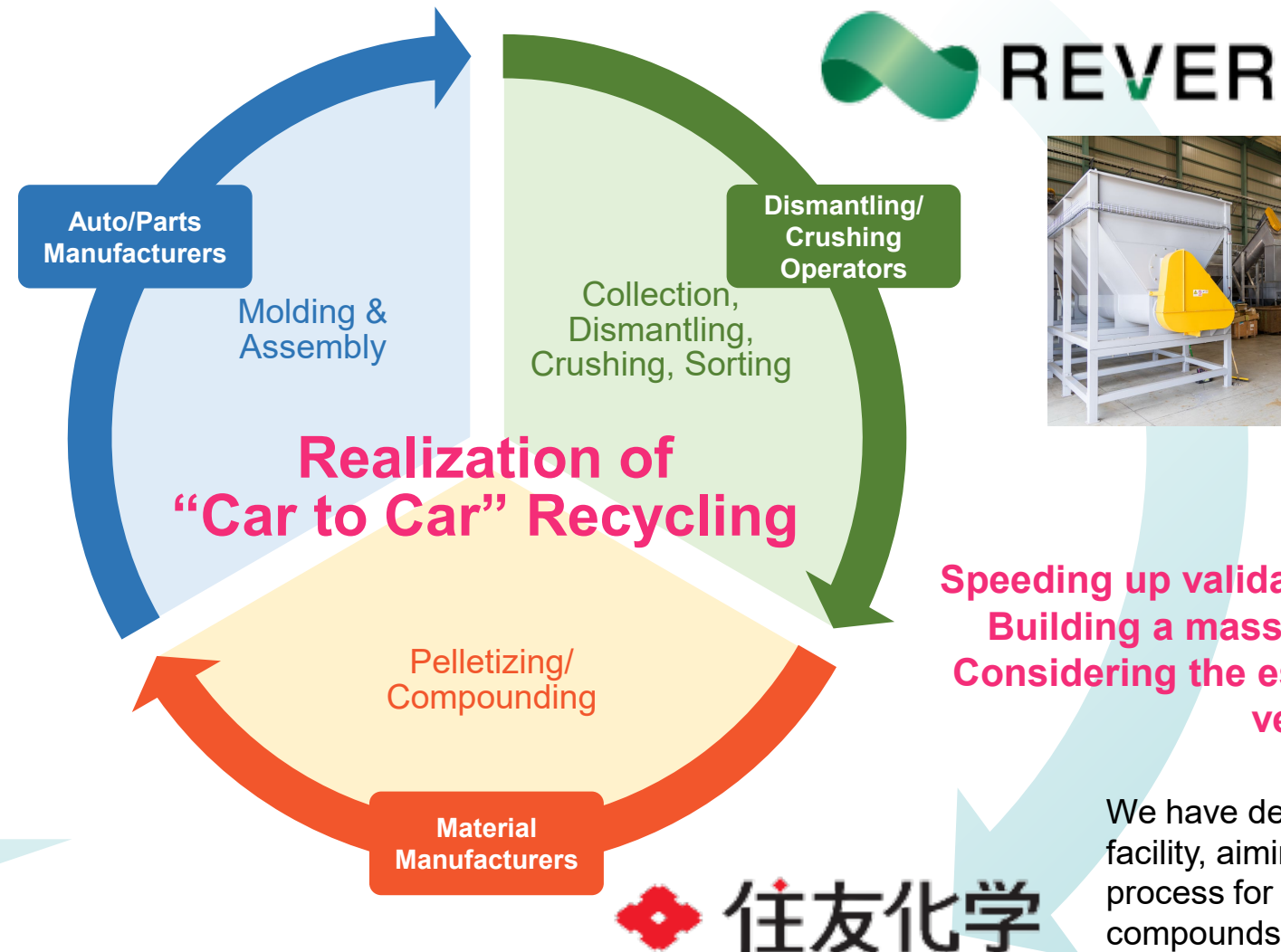
Rising Demand for Recycled Materials in the Automotive Industry

- In line with the Japanese government's goal to realize carbon neutrality by 2050 and their promotion of the "resource recovery incentive scheme," the demand for recycled materials in the automotive industry is expected to increase.

Further Collaborations and M&A Opportunities

We are diligently pursuing discussions and exploring partnerships not just in this case, but also with major corporations, governmental bodies, and academic institutions. We are also considering M&A where we anticipate potential synergies.

We will keep you updated as soon as we finalize any of these initiatives.



Using the resin sorting lines newly installed at REVER CORPORATION's Nasu Plant in FY2022

**Speeding up validation to achieve targets
Building a mass production process
Considering the establishment of a joint venture**

We have decided to implement a pilot facility, aiming to develop a novel process for producing polypropylene compounds using waste plastic.

Recent Situation in the Glass Recycling Business / TRE Glass Corporation, Shinshu Takeei Co., Ltd., TAKEEI CORPORATION's Soma Plant

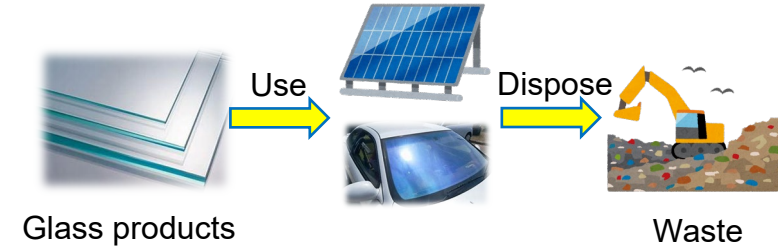
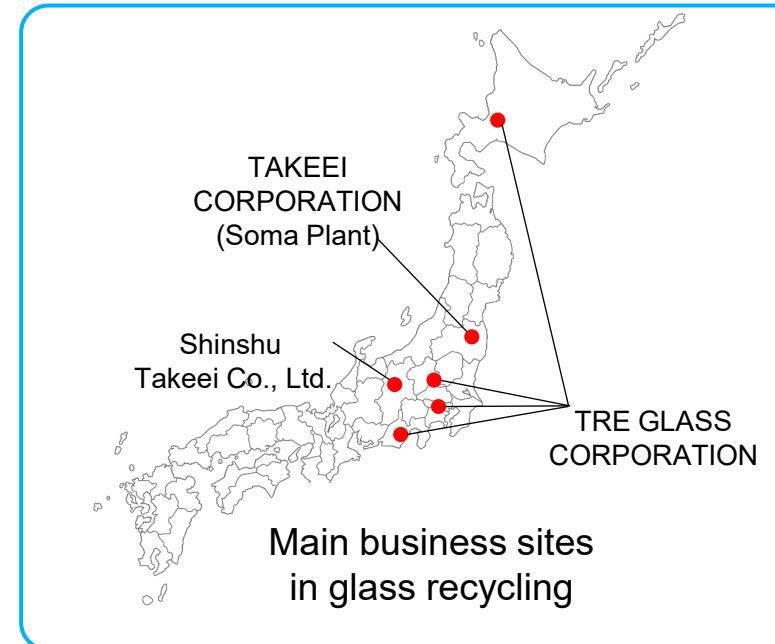
- JW GLASS RECYCLE CO., LTD., previously a wholly-owned subsidiary of TAKEEI CORPORATION, has become a 100% subsidiary of our company and has changed its name to TRE GLASS CORPORATION (April 2023).
- In preparation for the anticipated large-scale disposal of solar panels and increased demand for glass recycling, such as that from automotive windshields, we are positioning TRE GLASS CORPORATION as a strategic subsidiary aimed at constructing a comprehensive glass recycling scheme.
- At TAKEEI CORPORATION's Soma Plant, which plans to start a solar panel recycling business, interior construction has been completed in April 2023 to accommodate incoming machinery and equipment.
- With TRE GLASS CORPORATION, TAKEEI CORPORATION's Soma Plant, and Shinshu Takeei Co., Ltd. at the forefront, our entire group is committed to contributing to the shift towards an advanced sound material-cycle society, a decarbonized society, and a circular economy.

Contributing to the Shift towards an Advanced Sound Material-Cycle Society and Decarbonized Society

JW GLASS RECYCLE CO., LTD. Company name change → TRE GLASS CORPORATION

TRE GLASS CORPORATION
Shinshu Takeei Co., Ltd.
TAKEEI CORPORATION
(Soma Plant)

We will make TRE Glass Co., Ltd. a strategic subsidiary and aim to establish a glass recycling scheme.



Used glass products, such as automotive glass

Shift to a circular economy



Build a recycling scheme

Progress on Construction of Monzen Final Waste Disposal Site (Provisional Name) in Ishikawa Prefecture



Photo taken May 2023
(Construction progress as of April: 94%)



Construction of leachate treatment facility



Installation of waterproof sheet

Currently, we are simultaneously advancing several tasks such as work around the leachate treatment facility and the installation of waterproof sheets.

The first phase of construction is scheduled to be completed by the end of March 2023 (press release dated October 20, 2022), but due to heavy rain and snowfall, there is a delay of about three months.

The additional construction funds are expected to be funded by the bond issued by TAKEEI CORPORATION in 2021 and external borrowings. By arranging the preparation period before the commencement of operations, the scheduled opening date will be October 2023 as originally planned.

On May 5, 2023, a strong earthquake, reaching a maximum intensity of 6, occurred in the Noto region of Ishikawa Prefecture. However, we confirmed no damage or abnormalities to our facility or access roads.

We are dedicated to continuing our construction work with due diligence, taking precautions for potential aftershocks and maintaining our commitment to environmental responsibility. We kindly ask for your ongoing understanding and support in these efforts.

Total landfill capacity is equivalent to approx. 2.8x that of Tokyo Dome (capacity of Tokyo Dome = 1.24mn m3)

	Phase 1	Phase 2	Phase 3	Total
Landfill area	5.16ha	8.46ha	5.75ha	17.26ha
Landfill capacity	836,000 m3	1,731,000 m3	864,000 m3	3,431,000 m3
Landfill period	11 years, 7 months	24 years, 6 months	11 years, 9 months	47 years, 10 months

(Note) The sum of the landfill areas for phase 1 through phase 3 do not match as some areas overlap.

Construction progress can be viewed on Monzen Clean Park's homepage.

<https://www.takeei.co.jp/mzcp/index.html>

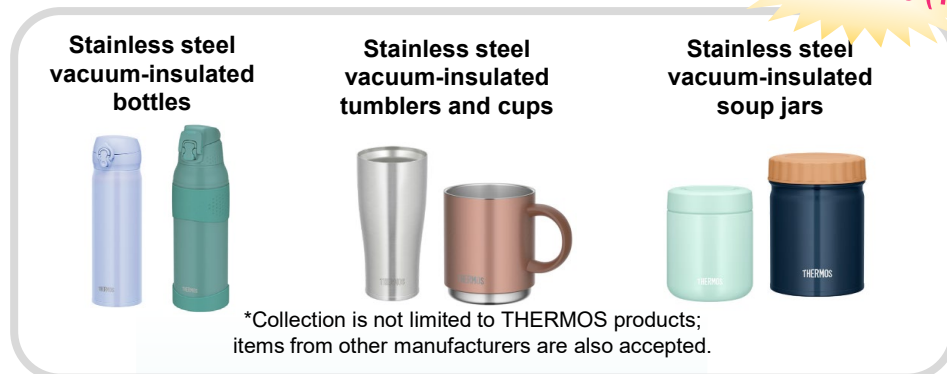
Circular Economy Initiatives

Collaboration with THERMOS K.K.

REVER CORPORATION is collaborating with THERMOS K.K. to collect used stainless steel vacuum flasks from three Thermos Styling Stores in the Kanto region, which are directly operated by THERMOS. These collected items are processed within our group, involving steps such as crushing and sorting, in order to convert them back into reusable resources.

Products eligible for collection service
(Image is an example)

Collection starts on
May 25, 2023 (Thur.)



Collect **THERMOS** Thermos Styling Stores

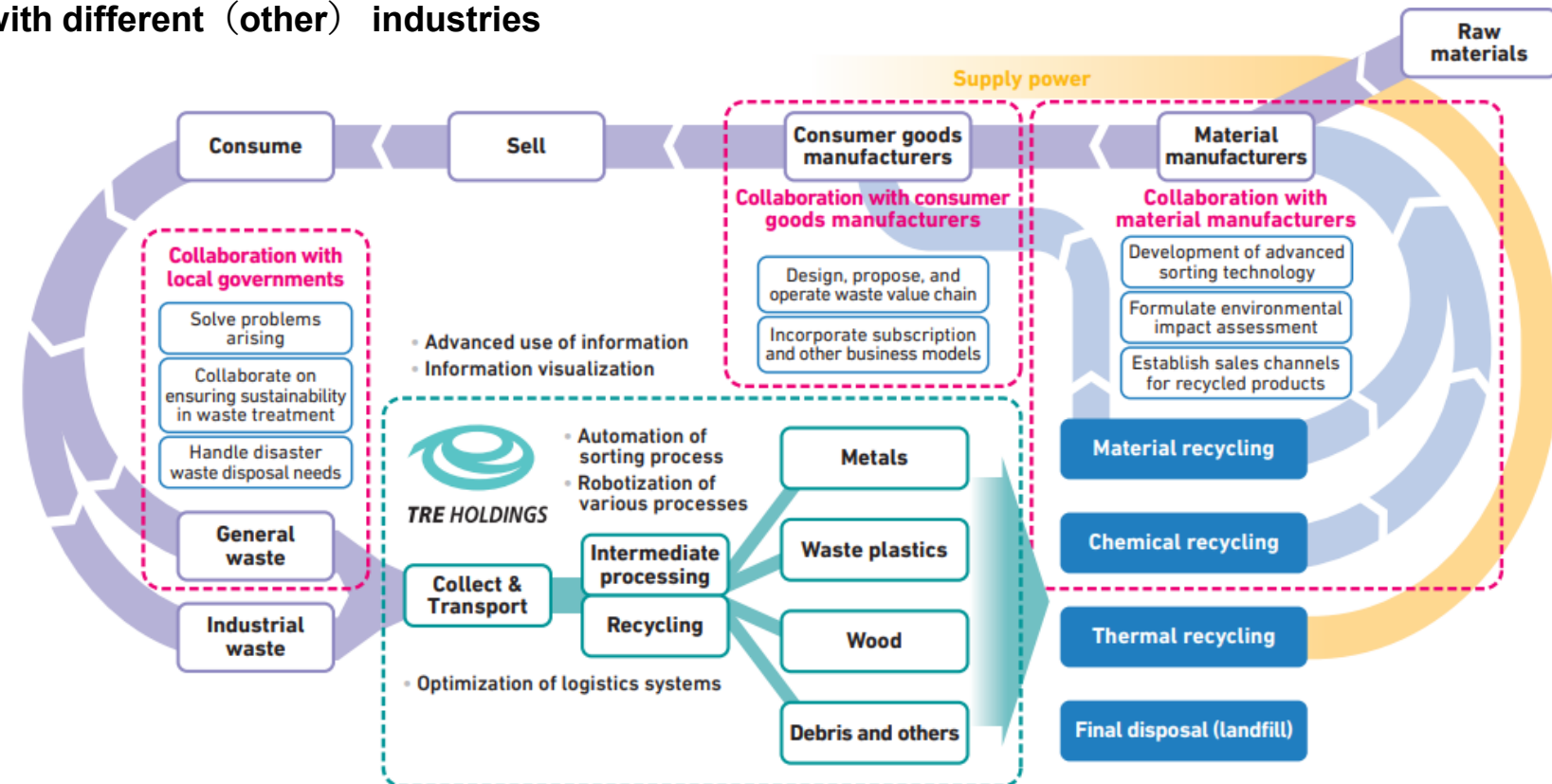
Planning to gradually expand participating stores

- Futako-Tamagawa Rise Store: Setagaya Ward, Tokyo
- MARK IS Minatomirai Store: Yokohama, Kanagawa Prefecture
- Terrace Mall Shonan Store: Fujisawa, Kanagawa Prefecture

Crush and sort



◆ Growth Strategy of TRE Group: Initiatives for industrial collaboration with different (other) industries



Signs memorandum of understanding with Mizuho Leasing Co., Ltd. to create a business scheme for Circular Economy

Our company is collaborating with Mizuho Leasing Co., Ltd., combining our respective strengths to **develop a business scheme for advancing a circular economy**. Our company brings to the table our agility, including collection and transport capabilities, as well as our advanced sorting, resource recycling techniques, and energy conversion know-how. Mizuho Leasing contributes its expertise, customer base, information network, and various solution-oriented skills. As a first step in our collaboration, REVER CORPORATION has signed a comprehensive agreement with Mizuho Leasing Group to manage the disposal or recycling of their owned properties. Simultaneously, we are progressing in our discussions for further expansion and refinement of this collaborative business scheme.

Purchase of Company-Owned Forest / TAKEEI Forestry Co., Ltd.

TAKEEI Forestry Co., Ltd., situated in the Osawa River Mountain District of Yuguchi, Hanamaki, Iwate Prefecture, has procured around 40 hectares of conservation forests*. These forests, comprised of 40 to 60-year-old cedar, red pine, and broad-leaved trees, were acquired from the local forestry cooperative.

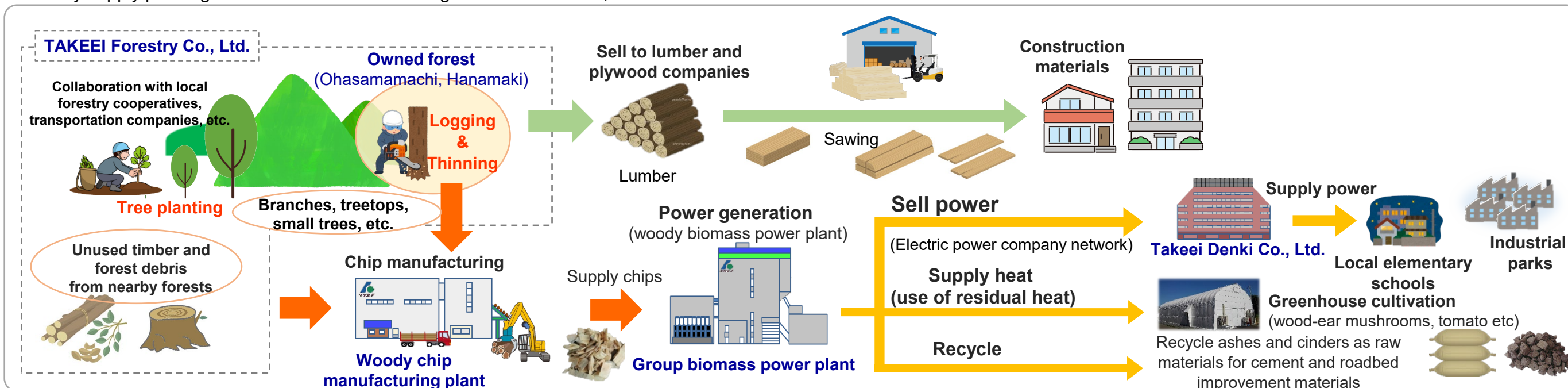
We have already initiated forestry operations such as thinning in our company-owned forest in Ohasamamachi, Hanamaki, which spans about 240 hectares. Similarly, we plan to reforest the cutover. This initiative is geared towards promoting the revitalization and regeneration of forestry while ensuring we pass on our finite forest resources to future generations. We plan to continue expanding our forest holdings, with a short-term goal of reaching a total of 1,000 hectares.

Note: Conservation forest refers to forests designated by the Minister of Agriculture, Forestry and Fisheries or the prefectural governor for the purpose of achieving specific public benefits. These benefits include water source conservation, prevention of soil erosion and other disasters, and preservation and shaping of the living environment. In these conservation forests, logging of trees and changes to land characteristics are regulated to ensure the forest functions align with their intended purpose. (Source: Forestry Agency)



Integrated Business Flow of Woody Biomass Power Generation Business, Starting with TAKEEI Forestry Co., Ltd.

We have created a business scheme spanning the entirety of power supply chain from the upstream to downstream, in which we procure fuel from TAKEEI Forestry Co, Ltd and stably supply power generated to customers through Takeei Denki Co., Ltd.



Regular Maintenance Plan for Each Power Plant

	Years in operation	Main maintenance & inspection contents	Q1	Q2	Q3	Q4
Tsugaru Biomass Power Generation Co., Ltd.	8	Boiler, Turbine	○		◎	
Hanamaki Biomass Power Generation Co., Ltd.	7	Boiler, Fuel Supply Equipment, Etc.	○		○	
Daisen Biomass Power Generation Co., Ltd.	5	Boiler, Turbine, etc.	○		○	
Takeei Green Recycling Co., Ltd.	4	Boiler, Turbine, etc.		◎		○
Green Power Ichihara Co., Ltd.	17	Boiler, Turbine, etc.	○※		○	
Tamura Biomass Power Generation Co., Ltd.	3	Boiler, Fuel Supply Equipment	○	○		

Note: In addition to the usual regular maintenance, Green Power Ichihara Co., Ltd. also carries out the replacement of equipment deemed necessary during inspections in the previous period and deals with issues found during routine checks.

Participation in Keikyu Corporation's "Miura Forest Project"

Takeei Green Recycling Co., Ltd. has announced its participation in Keikyu Corporation's Miura Forest Project on the Miura Peninsula, and has also entered into a Collaboration Agreement on Forest Maintenance with them.

The Miura Forest Project is aimed at the sound management of the company-owned forests owned by Keikyu Corporation on the Miura Peninsula, with the goal of also contributing to local community development. It aims to promote the growth of trees and rejuvenate the forest by utilizing the trees cut down as renewable resources.

Specifically, in Keikyu Corporation's company-owned forests, the trees appropriately cut down during management will be used as fuel for wood biomass power generation at the Yokosuka Biomass Power Generation Facility. The electricity generated is then sold to Hayama Marina Co., Ltd. of the Keikyu Group through Takeei Denki Co., Ltd., a power retailing business, as electricity with a tracking FIT Non-Fossil Certificate*.

Note: Tracking FIT Non-Fossil Certificate refers to a certificate that quantifies the non-fossil value, one of the environmental values of electricity, and adds attribute information such as the origin of the FIT power source and the location of the power plant. (Reference: Agency for Natural Resources and Energy)

Fuji Car Manufacturing Co., Ltd.'s Ammonia (NH₃) Container Manufacturing Technology and Carbon Neutral Realization Efforts

- ◆ Various industrial gas container manufacturing (pressure vessels)
Ammonia, liquefied hydrochloric acid, liquefied LP gas, liquefied carbon dioxide, etc.
- ◆ Integrated production system from container manufacturing to vehicle equipment assembly
Ownership of one the largest annealing furnaces in Western Japan
- ◆ Abundant manufacturing experience and numerous delivery achievements



Manufacturing process



Large annealing furnace

Basic Policy for the Realization of Green Transformation (Cabinet Decision)

In line with the government policy to achieve carbon neutrality by 2050 through the active use of hydrogen and ammonia, next-generation decarbonized fuels, ammonia is expected to be mainly used in combination with coal and eventually as a standalone fuel source. (2030: 3 million tons/year ⇒ 2050: 30 million tons/year)

Ammonia is seen as an **indispensable energy source in achieving carbon neutrality**, particularly for thermal power stations, chemical plants, and industrial furnaces.

Building a Robust, Large-Scale Supply Chain

A **significant quantity of lorries specifically designed for ammonia transportation, along with storage tanks, will be required.**

Inquiries are steadily increasing for ammonia transportation lorries and storage tanks produced by Fuji Car Manufacturing, suggesting a considerable anticipated demand. Furthermore, the government has committed to providing continuous support for the development of a hydrogen and ammonia supply chain.

We are building a system to cater to the growing demand for domestic transportation of fuel ammonia.



Ammonia transport lorry

APPENDIX

Establishment of TRE HOLDINGS CORPORATION

Company Profile

Market Size and Macro Trends of Japan's Environmental Industry

Business Description

Resource Circulation Business Scheme

Growth Strategy (1) Extension of the recycling business towards the realization of a highly recycling-oriented society

Growth Strategy (2) Promotion of the energy business towards the realization of a carbon-free society

Challenges in the macro environment

Earth	Global warming Resource depletion Plastic pollution	Japan	Population decline Market contraction Aging infrastructure	Industry	Inefficient management Low reliability Succession issues
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Social needs



Our response

Two companies sharing the same passion for the global environment decided to come together to jointly invest capital and boost efficiency.

On October 1, 2021, TAKEEI CORPORATION and REVER HOLDINGS CORPORATION established a joint holding company with the aim of leveraging all economic resources to create synergies.



TREホールディングス株式会社

Try

↓

Technology
Recycling
Renewable Energy

↓

Earth Ecology

Try

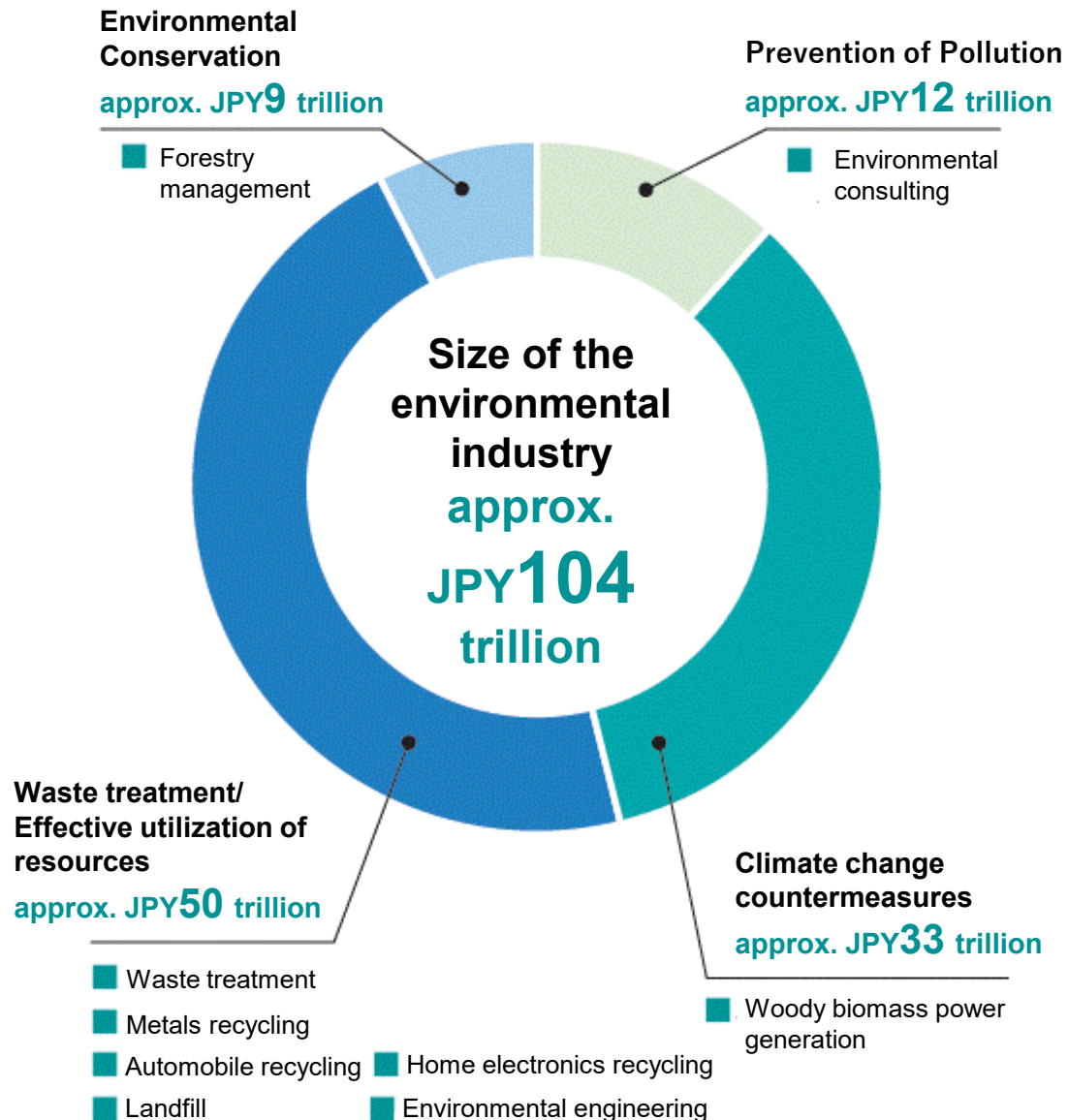
Developing new technologies
Enhancing the Recycling business
Promoting the Renewable Energy business
Preserving the Global Environment

Corporate Philosophy	To contribute to the preservation 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	2,171 employees (on a consolidated basis)
Group Businesses	Waste treatment and recycling, resource recycling, renewable energy, environmental engineering, environmental consulting
Subsidiaries, etc.	33 subsidiaries, 6 equity-method affiliates
Number of locations	64 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 2023

Market size of Japan's environmental industry

approx. JPY104 trillion



Source: "Report on the Size of the Environmental Industry Market and Employment" by the Environmental Industry Market Size Study Group, released June 2021 (2019 edition)

Macro trends in Japan's environmental industry

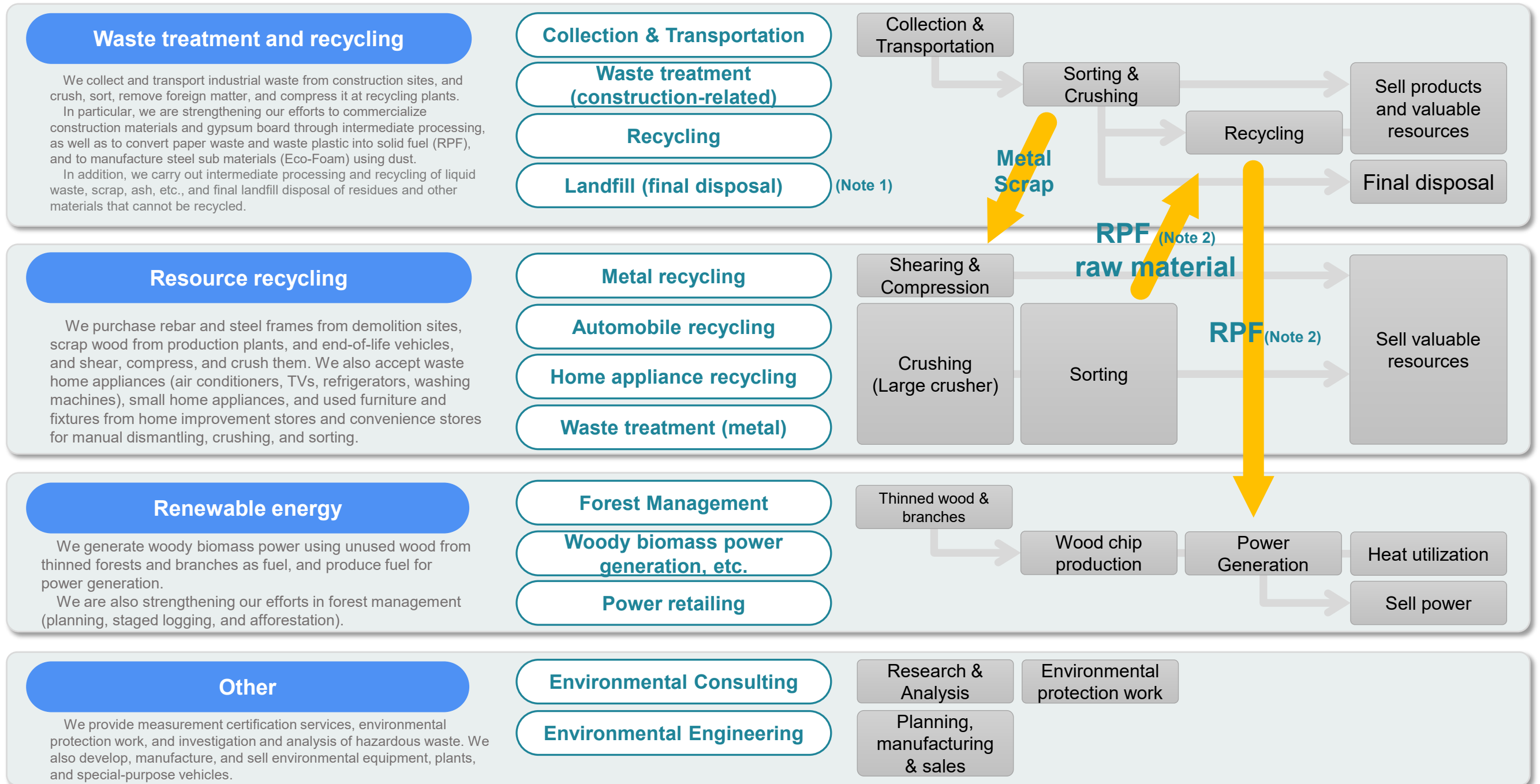
(June 2022 Ministry of the Environment statistics)

- The market shows high growth potential in the long term, despite the negative impact of the COVID-19 pandemic on each indicator YoY.
- The market size of Japan's environmental industry is estimated at JPY104 trillion, about 1.8 times that of 2000.
- The estimated scale of employment in Japan's environmental industry is about 2.5 million, about 1.4 times that of 2000.
- The value of exports from the environmental industry is estimated at JPY17 trillion, about 9.6 times that of 2000.
- The value of imports of the environmental industry is estimated at JPY5 trillion, about 9.3 times that of 2000.
- Added value in the environmental industry is estimated at JPY45 trillion, about 1.6 times that of 2000.
- The economic ripple effect of the environmental industry is estimated at JPY200 trillion, about 1.8 times that of 2000.

The Ministry of the Environment's circular economy process chart

(From the Ministry of the Environment's Central Environmental Council, August 25, 2022)

- **The goal is to increase the market size of businesses related to the circular economy from the current JPY50 trillion to more than JPY80 trillion by 2030.**



Note 1: Use former disposal site as a golf course or for solar power generation

Note 2: RPF is a solid fuel made mainly from recycled paper and waste plastics. It is high in calories and emits less CO2 than fossil fuels.

Waste treatment and recycling business

Resource recycling business

We operate mainly in the Kanto area, which has a large amount of waste and strong demand for recycled products and renewable energy.

With one of the largest processing capacities, numerous locations, and a large fleet of vehicles, we are able to meet the social needs of a circular economy.

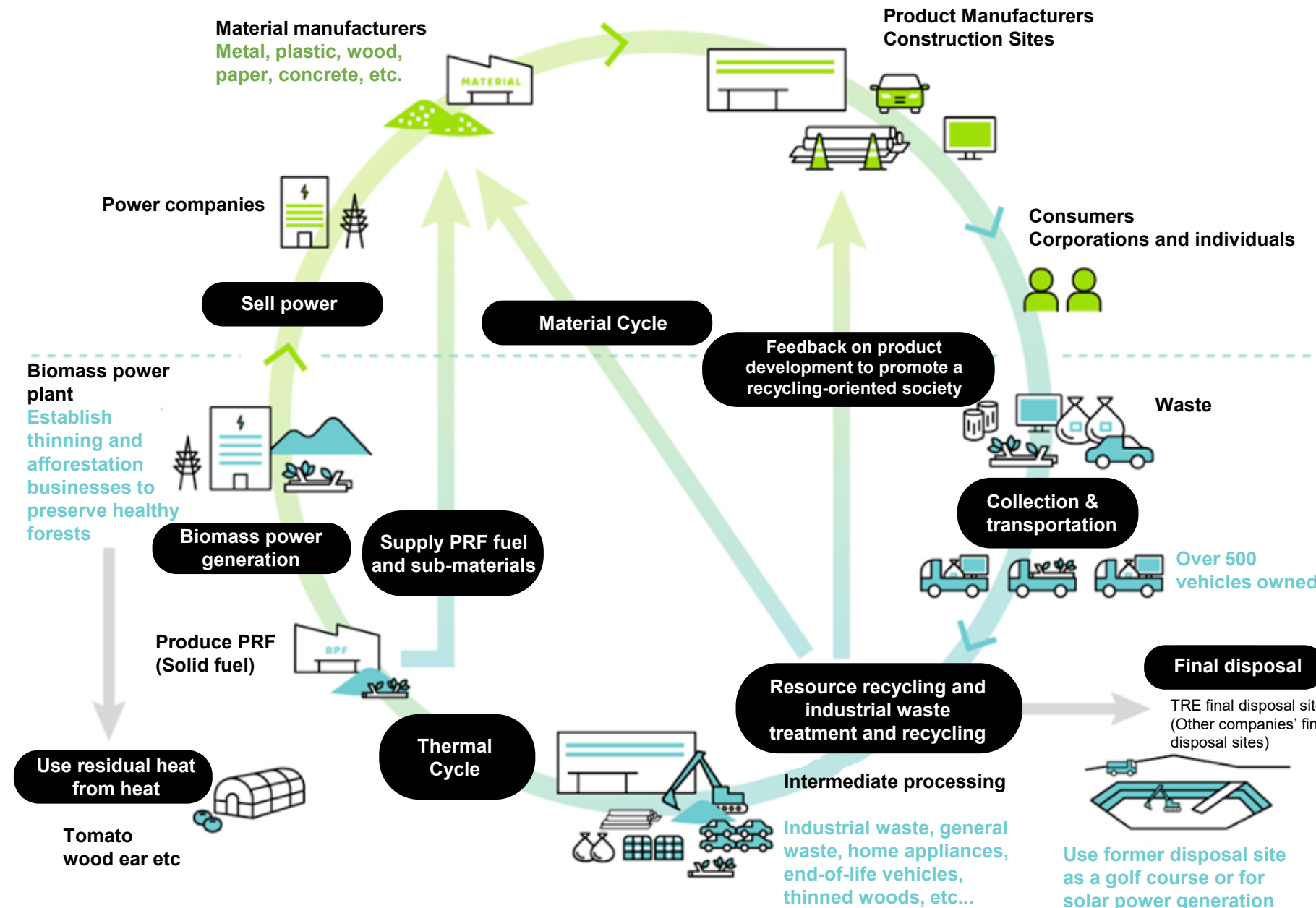
Group volume Appx. **2 million tons** per year

Intermediate processing and recycling facilities, etc. Appx. **60** locations

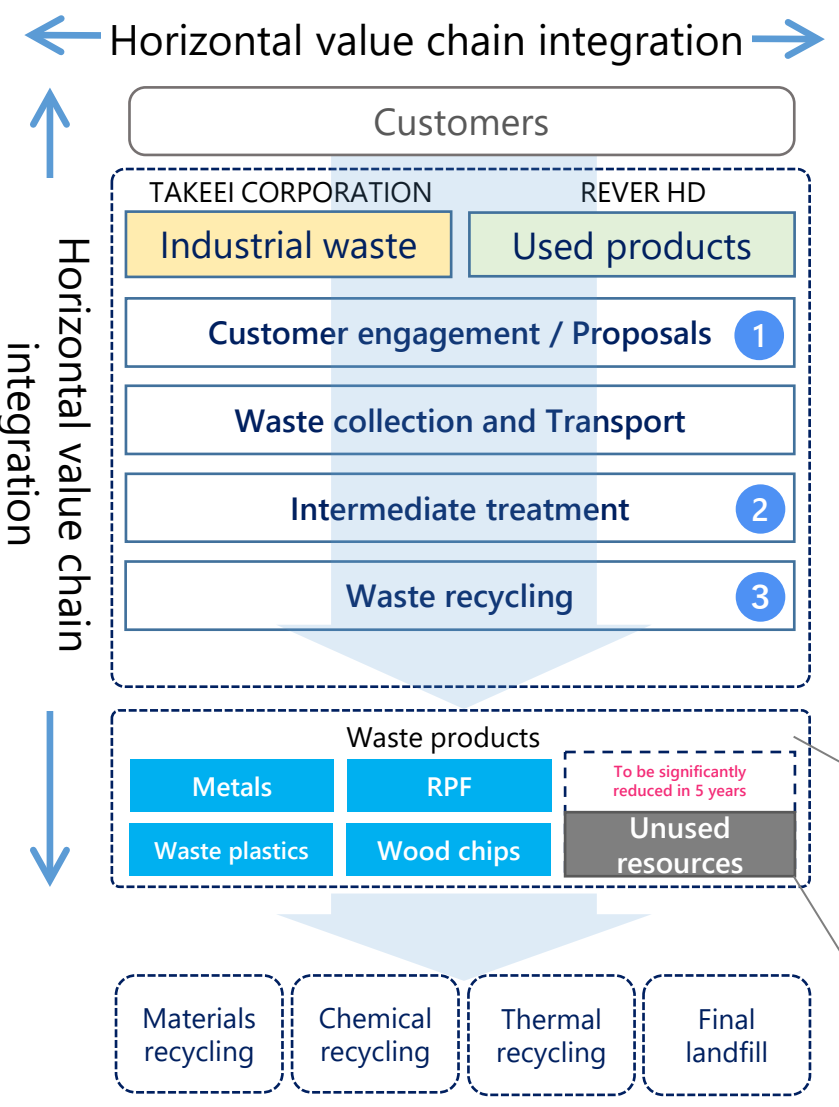
vehicles owned Appx. **500** vehicles

Number of large crushers **6** crushers in Kanto region

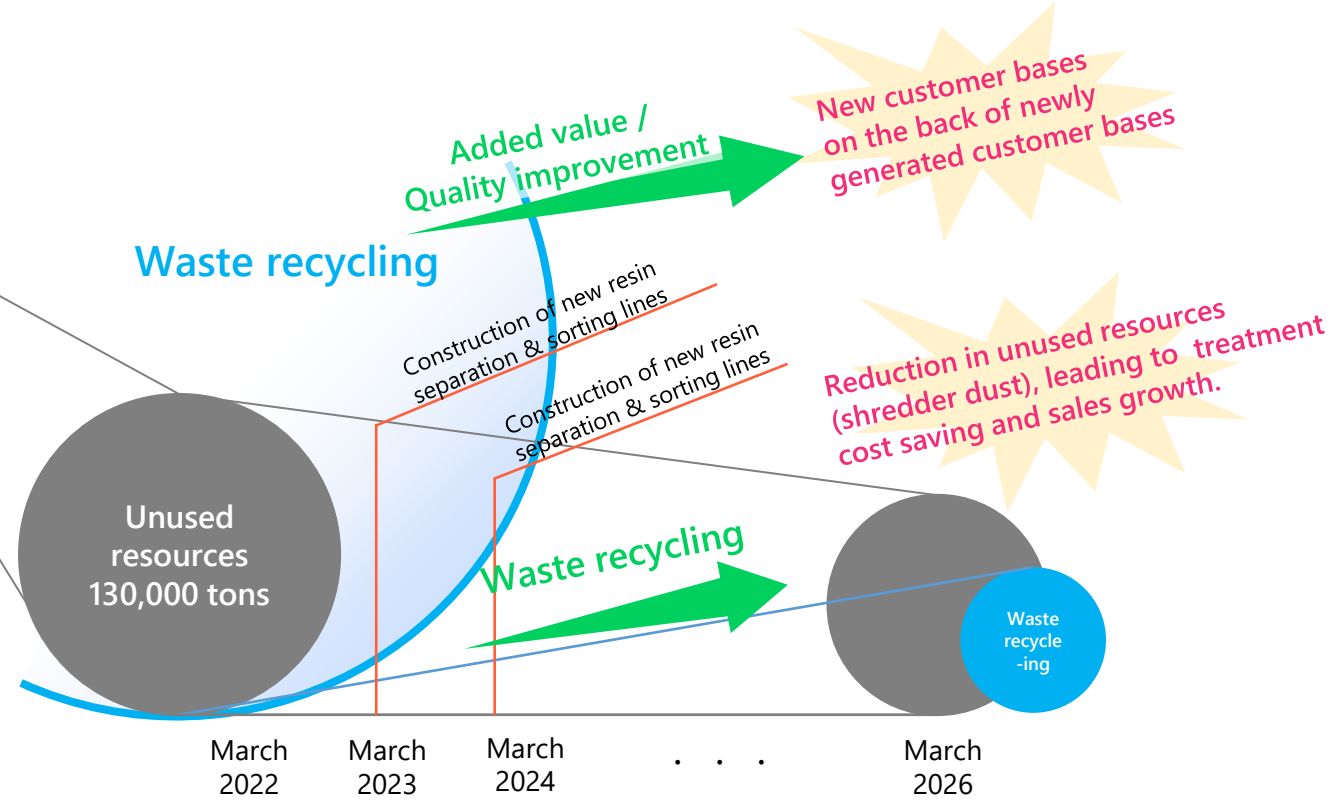
Note: Large crushers refer to crushers with a main body horsepower of at least 1,000 horsepower.



Generation of synergies by integrating and restructuring value chains Extension of the recycling business



- Through mutual sharing of the two companies' years of accumulated expertise and insights, we are set to offer an integrated service, ranging from 'collection of discarded valuable resources and waste products' to 'recycling proposals' whilst 'improving the quality of service'. 1
- We are determined to press on with capital investment and technological development in an effort to 'add value to' waste products, and 'recycle unused resources (i.e. shredder dust)' on which the TRE Group has not fully capitalized.
 - We aim to step up a separation & sorting function in the intermediate treatment operation to increase the production of RPF (a high valued-added solid fuel for power generation, mainly made from waste plastics) and 'Eco-form' (a subsidiary material applied in the iron making process). 2
 - We are ready to adopt advanced research findings and technologies to drive plastic recycling and other resource recycling initiatives. 3



Planned reinforced separation & sorting lines

What is RPF?
 RPF (recycled plastic fuel) is a solid fuel mainly made from used paper and waste plastics. It is high in calories but releases fewer fossil.

Recycling unused resources

Extension of the recycling business

◆ RPF



We filter mixed waste for paper, textile and plastics. These are compressed and molded into a solid fuel material - 'RPF'. We plan to increase RPF production by applying this method to shredder dust among others.



Effective use of solid fuel for power generation (RPF)

RPF is a recycled material used to fuel biomass power generators and thermal recycling facilities. Among TRE Group companies, Green Power Ichihara Co., Ltd. and TAKEEI Green Recycling Co., Ltd.'s Yokosuka Plant use RPF to fuel their power generators (they are positioned as the final intergroup users).

The RPF production is expected to serve as a stable waste receiver for the new Group as well as a facilitator to recycle unused resources.

◆ Eco-form®



Dust residue contained in waste is collected with a dust collection system. The collected dust is then compressed and molded into a solid material by a compressor.

We are leveraging the production of 'Eco-form®' (a subsidiary material applied in the iron making process) to speed up process in 'resource recycling'.



An additive agent (forming suppressant) in the iron making 'converter'.

Eco-form is an additive agent used in the 'converter' that smelts iron ore. The agent prevents the slag from forming, helping produce high-quality iron. (TAKEEI Tokyo Plant already expanded its Eco-form production line in September 2020).

As each iron mill employs different quality standards, we are working on production of various added-value models to enhance the appeal of demand for recycled materials.

◆ Eco-flake



Waste carpet tiles are technically difficult to recycle, therefore many of them are discarded in landfill. In light of this, we have built a mill exclusively designed to recycle waste carpet tiles where the top textile layer is ripped off the bottom PVC layer, facilitating the recycling of this waste resource.



Recycling the PVC (polyvinyl chloride) layer to produce a reclaimed material. Eco-flake:



Waste carpet tiles are recycled into reclaimed materials, capable of meeting the high quality requirements of carpet manufacturers.

We pursue further technological development and higher quality to drive forward resources recycling i.e. recycled plastics.

RPF: A solid fuel made mainly from waste paper and plastics. It is high in calories and emits less CO₂ than fossil fuels.

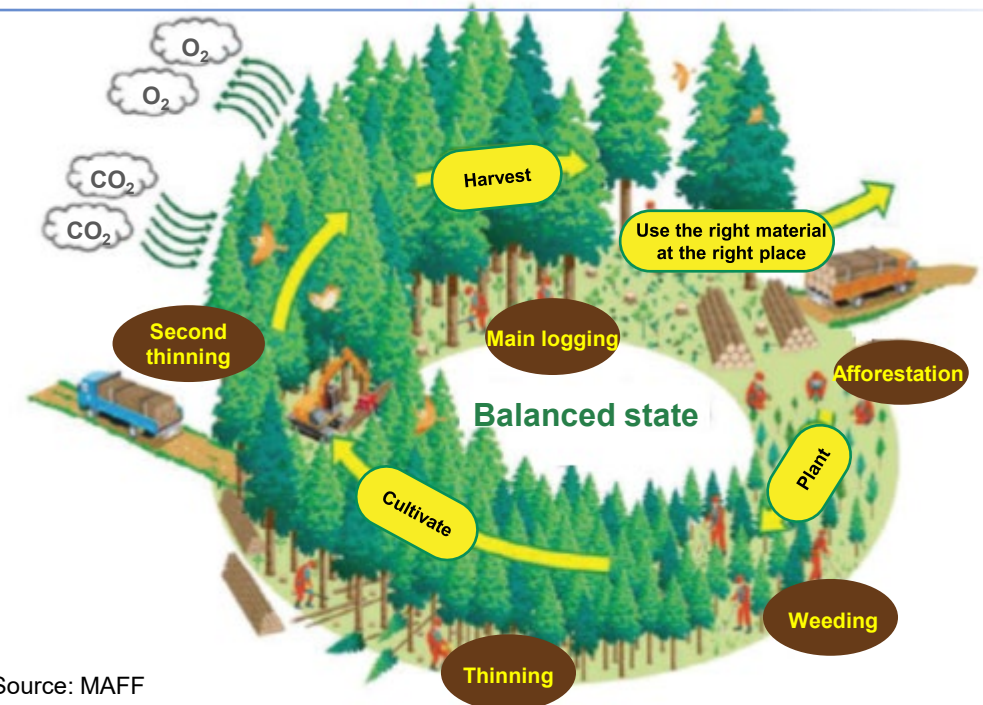
Renewable Energy business

We operate **four** woody biomass power plants centered on eastern Japan, mainly in the Tohoku region using unused forest resources such as thinned wood and logged wood as fuel, and **two** plants in the Kanto region using scrap wood and some RPF as fuel. (**Five** electric power retailers merged into one company on **September 1**)

In addition, we are strengthening our efforts in forest management (planning, staged logging, and afforestation) and promoting the expansion of our renewable energy business where resource circulation is viable.

Annual woody biomass volume: 600,000 tons RPF: 50,000 tons

Annual power generated: Appx. 663,775 MWh



Source: MAFF

Tsugaru Biomass Power Generation Co., Ltd.
Tsugaru Eneveg

Hirakawa City, Aomori Prefecture

Target area of forest management

TAKEEI Forestry Co., Ltd.

Hanamaki Biomass Power Generation Co., Ltd.
Hanamaki Biomass Chip Co., Ltd.

Hanamaki City, Iwate Prefecture

Daisen Biomass Power Generation Co., Ltd.

Daisen City, Akita Prefecture

Tamura Biomass Power Generation Co., Ltd.

Tamura City, Fukushima Prefecture

Takeei Green Recycling Co., Ltd.

Fujiyoshida City, Yamanashi Prefecture

Large woody biomass power generation project in the Tokyo metropolitan area

Green Power Ichihara Co., Ltd.

Ichihara City, Chiba Prefecture

TAKEEI Forestry Co., Ltd.

Takeei Denki Co., Ltd.

Minato-ku, Tokyo

Takeei Green Recycling Co., Ltd. Yokosuka Biomass Power Generation facility

Yokosuka City, Kanagawa Prefecture

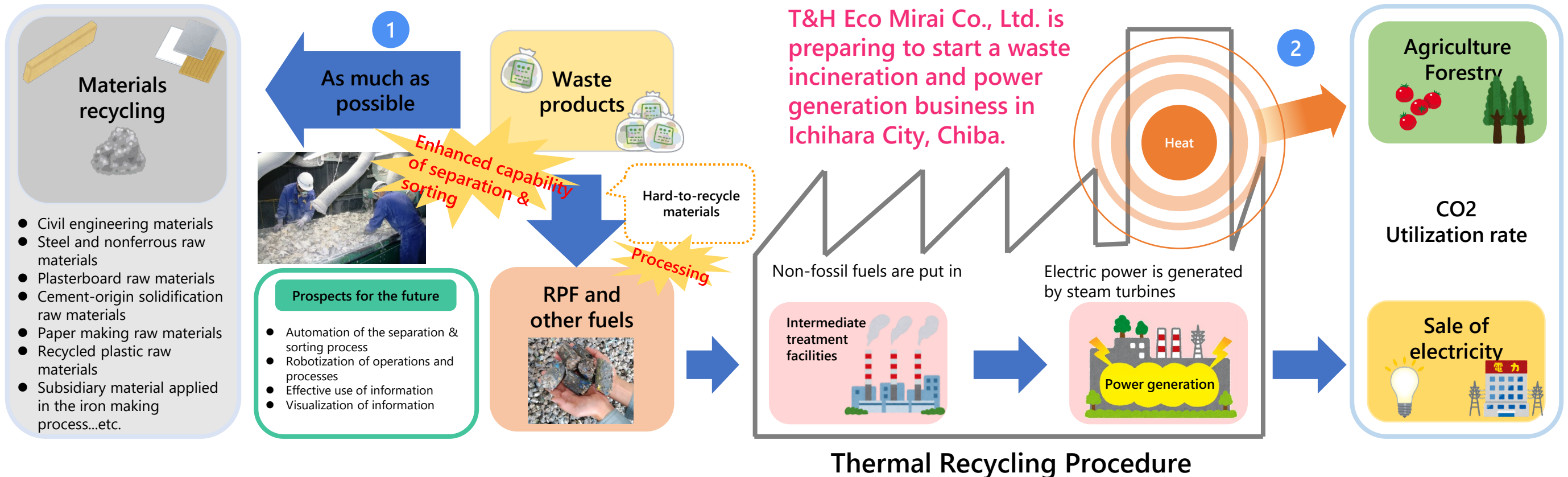
Environmental Engineering & Environmental Consulting businesses

As for other business segments, we operate an environmental engineering business that plans, manufactures, and sells environmental equipment, and an environmental consulting business that conducts measurement certification operations, environmental protection work and investigates, and analyzes hazardous waste.

Energy recovery business using the thermal recycling system

Promotion of the energy business

- We continue to prioritize material recycling operations to support resource recycling. Meanwhile, for items difficult to recycle, we plan to commence possession of incineration facilities with a high-efficiency power generation function (able to generate thermal energy qualified for a non-fossil value certificate), with due consideration of local conditions.
 - To conduct a rigorous material recycling operation, we will ramp up the separation & sorting function which is carried out prior to material deliveries. 1
- Amidst increasingly serious global warming, the effective use of hard-to-recycle waste materials should help control fossil fuel consumption (the source of CO2 emissions).
 - The heat arising from power generation can be of secondary use in agriculture or forestry. 2
- In the long-term, we are positively discussing the potential commercialization of effective use of CO2 emitted by waste incineration and other opportunities. To accomplish this purpose, we may seek cross-industrial collaboration.



- 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

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