

*TRANSLATION FOR REFERENCE PURPOSE ONLY*

*This notice has been translated from the original Japanese text of the timely disclose statement and is for reference purpose only.  
In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.*

February 29, 2024

Company Name: **ARE Holdings, Inc.**  
Representative: Tomoya Higashiura, President & CEO  
(Code: 5857, Tokyo Stock Exchange - Prime Market)  
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**Notice on Share Exchange between Japan Waste, Our Consolidated Subsidiary, and Renatus Co., Ltd., and  
Change of Status of a Specified Subsidiary**

ARE Holdings, Inc. (hereinafter the “Company”) hereby announces that, as stated in the “Notice on Conclusion of Basic Agreement on Share Exchange between Japan Waste, Our Consolidated Subsidiary, and Renatus Co., Ltd.” dated October 26, 2023, the Company concluded a basic agreement with Renatus Co., Ltd. (hereinafter “Renatus”) and J-STAR NO.5-A, LP to conduct a share exchange (hereinafter the “Share Exchange”) in which Renatus would become the wholly owning parent company, and our consolidated subsidiary, Japan Waste Corporation (hereinafter “Japan Waste”), would become the wholly owned subsidiary company, as of the same day. We also announce that the Company concluded a basic contract on the Share Exchange between Japan Waste and Renatus today. In addition, Japan Waste concluded a share exchange agreement (hereinafter the “Share Exchange Agreement”) with Renatus.

Furthermore, as a result of the Share Exchange, Japan Waste will no longer be a specified subsidiary of the Company, and Renatus will become an equity-method affiliate of the Company by the acquisition of 32% of the shares of Renatus by the Company.

1. Purpose of the Share Exchange

Renatus was established for the purpose of balancing waste management business and global environmental measures and is a holding company forming a group of companies owned by a fund for which J-STAR Co., Ltd. provides, by itself or through its subsidiaries, investment-related services such as research and offering of investment opportunities and development of investees. This group of companies includes SINCERE HOLDINGS CO., LTD., SNK HOLDINGS CO., LTD., Sanwa Group Corporation Co., Ltd., and Harita Metal Co., Ltd.

With the Share Exchange, Japan Waste’s large number of customers on a nationwide business network and Renatus’ large and efficient waste treatment facilities will be integrated to achieve significant synergies. Based on the collaboration between the Company’s DX business in the environmental preservation area, and Renatus’ industrial waste treatment business, we will enhance cooperation with major manufacturers to provide services that contribute to decarbonization of the Japanese industries and society.

To further increase our corporate value, the Company will maintain the Environmental Preservation Business and strive for its development through above stated initiatives.

## 2. Overview of the Share Exchange

### (1) Schedule of the Share Exchange

|     |   |                                    |
|-----|---|------------------------------------|
| (1) | Date of Board's resolution at the Company   | February 29, 2024                  |
| (2) | Date of conclusion of Basic Contract on the Share Exchange                          | February 29, 2024                  |
| (3) | Date of Board's resolution at Japan Waste   | February 29, 2024                  |
| (4) | Date of conclusion of Share Exchange Agreement                                      | February 29, 2024                  |
| (5) | Date of approval of Share Exchange by General Meeting of Shareholders (Japan Waste) | March 15, 2024 (subject to change) |
| (6) | Date of approval of Share Exchange by General Meeting of Shareholders (Renatus)     | March 25, 2024 (subject to change) |
| (7) | Effective date of Share Exchange  | March 31, 2024 (subject to change) |

Note: The schedule above is subject to change upon consultation and agreement among the parties concerned, if necessary, due to the progress of the procedures for the Share Exchange or other reasons.

### (2) Method of the Share Exchange

The Share Exchange will be carried out through a share exchange in which Renatus will become the wholly owning parent company resulting from a share exchange and Japan Waste will become the wholly owned subsidiary company resulting from a share exchange.

### (3) Allotment of shares in the Share Exchange

|  | Renatus<br>(Wholly owning parent company<br>resulting from a share exchange) | Japan Waste<br>(Wholly owned subsidiary company<br>resulting from a share exchange) |
|--|--|---|
| Share Exchange Ratio                                       | 1  | 0.090913243389537   |
| Number of shares to be allotted through the Share Exchange | Renatus' common stocks: 3,296,000 shares (subject to change)                 |   |

(Note 1) 0.090913243389537 shares of the common stock of Renatus will be allotted to a share of the common stock of Japan Waste.

(Note 2) 3,296,000 shares of common stock of Renatus to be disposed of through the Share Exchange will be allotted to the Company.

(Note 3) In case fractional shares are included in the allotted to be delivered in the Share Exchange, Renatus shall process them in accordance with the provisions of Article 234 of the Companies Act and other relevant laws and regulations.

(Note 4) Renatus is to conduct a 1-to-17 share split of its common stocks by the effective date of the Share Exchange. The above-stated allotment of shares in the Share Exchange and the number of shares to be delivered through the Share Exchange assumes the share split to become effective.

### (4) Handling of share options and bonds with share options in connection with the Share Exchange

This is not applicable to Japan Waste, which has not issued any share options or bonds with share options.

### 3. Grounds for details of allocation in the Share Exchange

#### (1) Grounds and reasons for details of allocation

To ensure the fairness and appropriateness of the calculation of the share exchange ratio stated in above “2. (3) Allotment of shares in the Share Exchange” used for the Share Exchange (hereinafter the “Share Exchange Ratio”), the Company and Renatus requested calculation of the Share Exchange Ratio by a third-party appraiser independent from the Company, Japan Waste, and Renatus. The Company selected KPMG FAS Co., Ltd. (Hereinafter “KPMG FAS”) as the third-party appraiser.

The Company and Renatus referenced the results of the Share Exchange Ratio calculation submitted by their respective third-party appraisers, carefully reviewed information including the results of mutual due diligence, and comprehensively considered factors including the status of finances, assets, and future outlook of Japan Waste and Renatus, and engaged in multiple careful discussions and negotiations. Consequently, the Company concluded that the Share Exchange Ratio is within the range calculated by KPMG FAS as stated in (2)(ii) below and is at a fair and appropriate level. Therefore, the Company will apply the Share Exchange Ratio to the Share Exchange.

Provided, however, the Share Exchange Ratio may be revised subject to consultation and agreement among the parties in accordance with the Share Exchange Agreement in case significant changes occur to various assumptions for the calculation.

#### (2) Matters concerning the calculation

##### (i) Name of the appraiser and relationship with the Company, etc.

The Company’s third-party appraiser, KPMG FAS, is an appraiser independent from the Company, Japan Waste, and Renatus, and does not have related party relationship with the Company, Japan Waste, or Renatus, and does not have any material interest to be disclosed in respect of the Share Exchange.

##### (ii) Calculation

KPMG FAS analyzed the financial information of Japan Waste and Renatus and the terms and conditions of the Share Exchange, and considering that Japan Waste and Renatus are non-listed companies and do not have market share prices, adopted the discounted cash flow method, which calculates value based on the future cash flow of the business (hereinafter the “DCF Method”) and comparable companies analysis method (hereinafter the “CCA Method”), which calculates value by referencing the share price of comparable listed companies, for the calculation of the Share Exchange Ratio. The results of the ratio of allocation of Renatus common stocks to one share of Japan Waste common stock under each valuation method are stated below.

| Calculation Method | Share Exchange Ratio Calculation Result |
|--------------------|---|
| DCF Method         | 0.0391~0.10078                          |
| CCA Method         | 0.0563~0.1087                           |

The underlying business plans of Japan Waste and Renatus used by KPMG FAS in the DCF method for calculating the value of shares do not expect a significant increase or decrease in profits in any of the business years. Furthermore, the business plans do not assume the implementation of the Share Exchange.

#### 4. Overview of the parties to the Share Exchange

##### (1) Overview of the wholly owning parent company resulting from the Share Exchange (Renatus)

|  |  |                |
|--|--|----------------|
| (1) Name   | Renatus Co., Ltd.  |                |
| (2) Address  | 6F, Shin Kokusai Building, 3-4-1 Marunouchi, Chiyoda-ku, Tokyo   |                |
| (3) Job title and name of representative   | Hideaki Sakurai, President and Representative Director   |                |
| (4) Description of business  | To hold domestic and foreign companies' shares; support their business activities; and provide supervision and control over them by providing management instructions. |                |
| (5) Share capital  | 100,000,000 yen  |                |
| (6) Date of establishment  | August 18, 2023  |                |
| (7) Issued and outstanding shares  | 906,000 (as of February 29, 2024)  |                |
| (8) As of/Fiscal year ended  | December 31  |                |
| (9) Number of employees  | 1,392 (consolidated)<br>(as of December 31, 2023)  |                |
| (10) Major business partners   | Not applicable   |                |
| (11) Core banks  | Sumitomo Mitsui Banking Corporation, Kiraboshi Bank, Ltd., Aozora Bank, Ltd., Resona Bank, Limited   |                |
| (12) Major shareholders and holding ratios   | The Green Circle, LP: 24.45%<br>Flag Holdings, LP: 23.06%<br>Other shareholders: 52.49%  |                |
| (13) Relationship between the listed company and the relevant company  | Capital relationship   | Not applicable |
|  | Personnel relationship   | Not applicable |
|  | Business relationship  | Not applicable |
|  | Related party relationship   | Not applicable |
| (14) Consolidated operating results and consolidated financial position of the relevant company for the latest business year | Not applicable   |                |

(Note 1) Renatus is to conduct a 1-to-17 share split of its common stocks by the effective date of the Share Exchange.

(Note 2) As Renatus was established on August 18, 2023, business performance and financial status of its first fiscal year have not confirmed yet.

##### (2) Overview of the wholly owned subsidiary resulting from the Share Exchange (Japan Waste)

|  |  |
|--|--|
| (1) Name                                 | Japan Waste Corporation  |
| (2) Address                              | 21, Uozakihama-machi, Higashinada-ku, Kobe-shi, Hyogo Prefecture           |
| (3) Job title and name of representative | Hiroyuki Nakanishi, Representative Director, President                     |
| (4) Description of business              | Collection, transportation, and intermediate treatment of industrial waste |
| (5) Share capital                        | 4,480,817,500 yen  |

|      |   |  |   |  |
|------|---|--|---|--|
| (6)  | Date of establishment   | April 20, 1964   |   |  |
| (7)  | Issued and outstanding shares   | 36,254,344   |   |  |
| (8)  | As of/Fiscal year ended   | March 31   |   |  |
| (9)  | Number of employees   | 1,094 (consolidated)<br>(As of March 31, 2023)                                     |   |  |
| (10) | Major business partners   | Government agencies, schools, hospitals, research institutions, corporations, etc. |   |  |
| (11) | Core banks  | Not applicable   |   |  |
| (12) | Major shareholders and holding ratios   | ARE Holdings, Inc.: 100%   |   |  |
| (13) | Relationship between the listing company and the relevant company   | Capital relationship   | A wholly owned subsidiary of the Company  |  |
|      |   | Personnel relationship   | Directors and Corporate Officers of the Company concurrently serve as officers of the relevant company.   |  |
|      |   | Business relationship  | The Company and the relevant company have certain business relationships such as the conclusion of management guidance agreement and real estate leasing. |  |
|      |   | Related party relationship   | Japan Waste is a consolidated subsidiary of the Company. The Company and Japan Waste have a related party relationship.                                   |  |
| (14) | Consolidated operating results and consolidated financial position of the relevant company for the past three years |  |   |  |
|      | As of/Fiscal year ended   | March 2021   | March 2022  | March 2023                                   |
|      | Net assets  | 24,559 million yen<br>(30,396 million yen)   | 31,362 million yen<br>(37,460 million yen)  | 41,473 million yen<br>(47,904 million yen)   |
|      | Total assets  | 109,710 million yen<br>(116,193 million yen)                                       | 116,591 million yen<br>(123,106 million yen)  | 109,183 million yen<br>(116,161 million yen) |
|      | Net assets per share  | 677.42 yen   | 865.07 yen  | 1,143.95 yen                                 |
|      | Net sales   | 141,168 million yen<br>(144,533 million yen)                                       | 174,787 million yen<br>(178,094 million yen)  | 276,541 million yen<br>(280,400 million yen) |
|      | Operating profit  | 19,414 million yen<br>(20,004 million yen)   | 22,169 million yen<br>(22,594 million yen)  | 17,433 million yen<br>(17,972 million yen)   |
|      | Ordinary profit   | 19,658 million yen<br>(20,218 million yen)   | 22,018 million yen<br>(22,412 million yen)  | 17,448 million yen<br>(17,954 million yen)   |
|      | Net income  | 13,373 million yen<br>(13,734 million yen)   | 16,162 million yen<br>(16,424 million yen)  | 12,688 million yen<br>(13,021 million yen)   |
|      | Net income per share  | 368.88 yen   | 445.82 yen  | 349.98 yen                                   |
|      | Dividends per share   | 361.34 yen   | 416.50 yen  | 137.91 yen                                   |

\* While the relevant company has subsidiaries, it does not provide consolidated management indicators. Accordingly, the above shows non-consolidated management indicators, and simple totals combined with subsidiaries' figures are shown in parentheses. Furthermore, effective as of April 1, 2023, the relevant company transferred its rights and obligations associated with the precious metal recycling business, precious metal refining, manufacturing, and sales business to the Company's wholly-owned subsidiary through a company split. Therefore, the above shows non-consolidated management indicators before the company split.

## 5. Circumstances after the Share Exchange

|     |                                      | Wholly owning parent company resulting from the Share Exchange  |
|-----|--------------------------------------|---|
| (1) | Name                                 | Renatus Co., Ltd.   |
| (2) | Address                              | 6F, Shin Kokusai Building, 3-4-1 Marunouchi, Chiyoda-ku, Tokyo  |
| (3) | Job title and name of representative | President and Representative Director, Hideaki Sakurai  |
| (4) | Description of business              | To hold domestic and foreign companies' shares; support their business activities; and provide supervision and control over them by providing management instructions |
| (5) | Share capital                        | 100,000,000 yen   |
| (6) | As of/Fiscal year ended              | December 31   |
| (7) | Net assets                           | Not finalized yet   |
| (8) | Total assets                         | Not finalized yet   |

## 6. Future outlook

Due to the Share Exchange, Japan Waste will be classified as discontinued operations from the fourth quarter of the fiscal year ending March 2024. The impact of the Share Exchange on the Company's consolidated financial performance for the fiscal year ending in March 2024 is expected to be the decreases in revenue and operating profit from continued operations by approximately 16,500 million yen and 3,200 million yen, respectively. Share of profit (loss) of investments accounted for using equity method of Renatus Co., Ltd. will be reported as part of operating profit (loss) from the fiscal year ending March 31, 2025. There is no change in business segments from the Share Exchange.

Please refer to the "Notice of Revision to Financial Forecast for the Year Ending March 31, 2024" released today.

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