TRE HOLDINGS

未来へ、捨てない創造力を。

Supplemental materials for the Fiscal Year ended March 31, 2024

TRE HOLDINGS CORPORATION

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

Committed to the conservation of the global environment

May 15, 2024

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Summary of Consolidated Results <Full Year>

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Despite falling short of initial forecast, net sales and operating profit rose YoY

(millions of yen)

	FY03/23 Full-year Results	FY03/24			
		Full-year Results		Initial Full-year Forecast	
			YoY		Progress
Net sales	90,712	**92,860**	102.4%	95,200	97.5%
Operating profit	7,509	**7,769**	103.5%	8,300	93.6%
Ordinary profit	7,600	**7,787**	102.5%	8,300	93.8%
Profit attributable to owners of parent	5,197	**3,623**	69.7%	5,400	67.1%

Dividend per Share (annual)	**JPY40.0** Initial forecast: JPY40.0
Payout ratio	**56.7%** Initial forecast: 38.0%

Earnings per share (EPS)	**JPY 70.54** Initial forecast: JPY105.14

- Although sales and profit fell short of the initial forecast due to higher labor, administrative, and other costs, and lower handling volumes in the Resource Recycling business, they increased YoY in Q4 (excluding the effects of the following factors). Sales and profit were higher than in FY03/23.
- We recorded an extraordinary loss of approximately JPY2.0bn for repair costs at Monzen Clean Park and other sites damaged by the 2024 Noto Peninsula Earthquake, resulting in a significant decrease in profit attributable to owners of parent. However, we maintained the annual dividend per share at JPY40.

Summary of Consolidated Results <Q4>

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(millions of yen)

	FY03/24							
	Q1		Q2		Q3		Q4	
	Results	YoY	Results	YoY	Results	YoY	Results	YoY
Net sales	22,060	96.6%	22,430	105.0%	24,191	103.1%	24,177	105.0%
Operating profit	1,274	105.8%	1,892	100.1%	2,167	88.9%	2,434	123.1%
Ordinary profit	1,344	103.4%	1,822	99.2%	2,050	84.4%	2,570	126.4%
Profit attributable to owners of parent	941	115.5%	1,065	74.2%	1,412	86.0%	203	15.6%

- Profits, especially in the Waste Treatment & Recycling business, recovered significantly in Q4 (excluding profit attributable to owners of parent, which was impacted by extraordinary losses related to the 2024 Noto Peninsula Earthquake), but were unable to offset Q3 declines.

FY03/24 Results

Market Environment for Construction Waste

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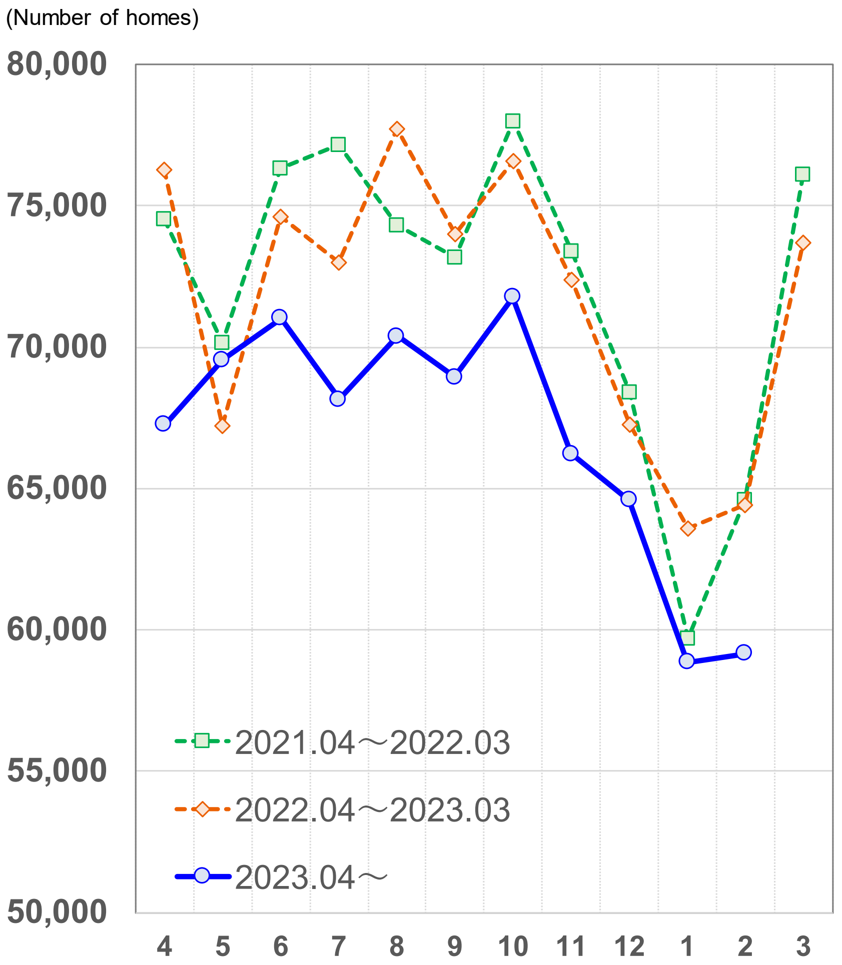
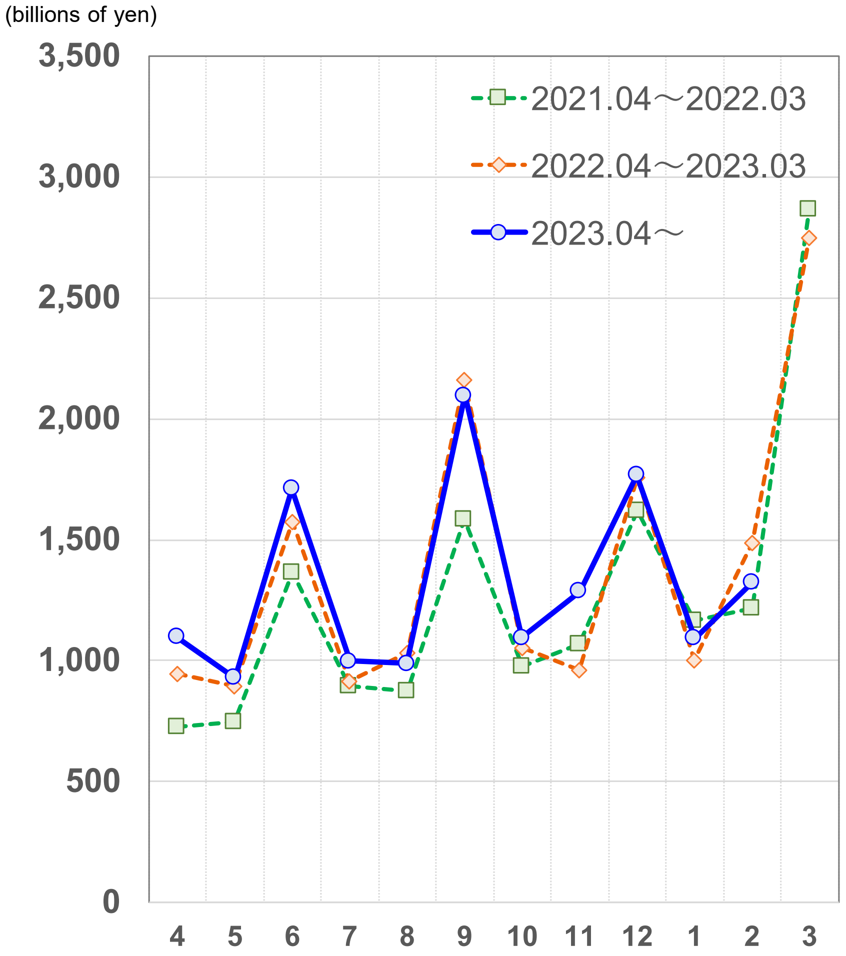
■ Number of new housing starts



➢ Conditions remained negative YoY. Declines were particularly striking in “owner-occupied” houses built by individuals for residential purposes. While housing prices have remained high due to soaring material costs, the impact of cooling consumer confidence, including rising mortgage rates and declining real wages, has had a negative impact.

■ Construction orders (50 largest companies)



➢ In November, private-sector construction orders increased significantly, up 33.6% YoY. While orders have since continued to grow YoY, they declined 11.0% YoY in February.

(Graph data source: Ministry of Land, Infrastructure, Transport and Tourism)

■ 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 & Recycling Business

We provide reliable and secure processing services and leverage our differentiation through proprietary biomass power generation plants and recycling plants to achieve

stable collections and secure profits

Market Environment for Resource Recycling

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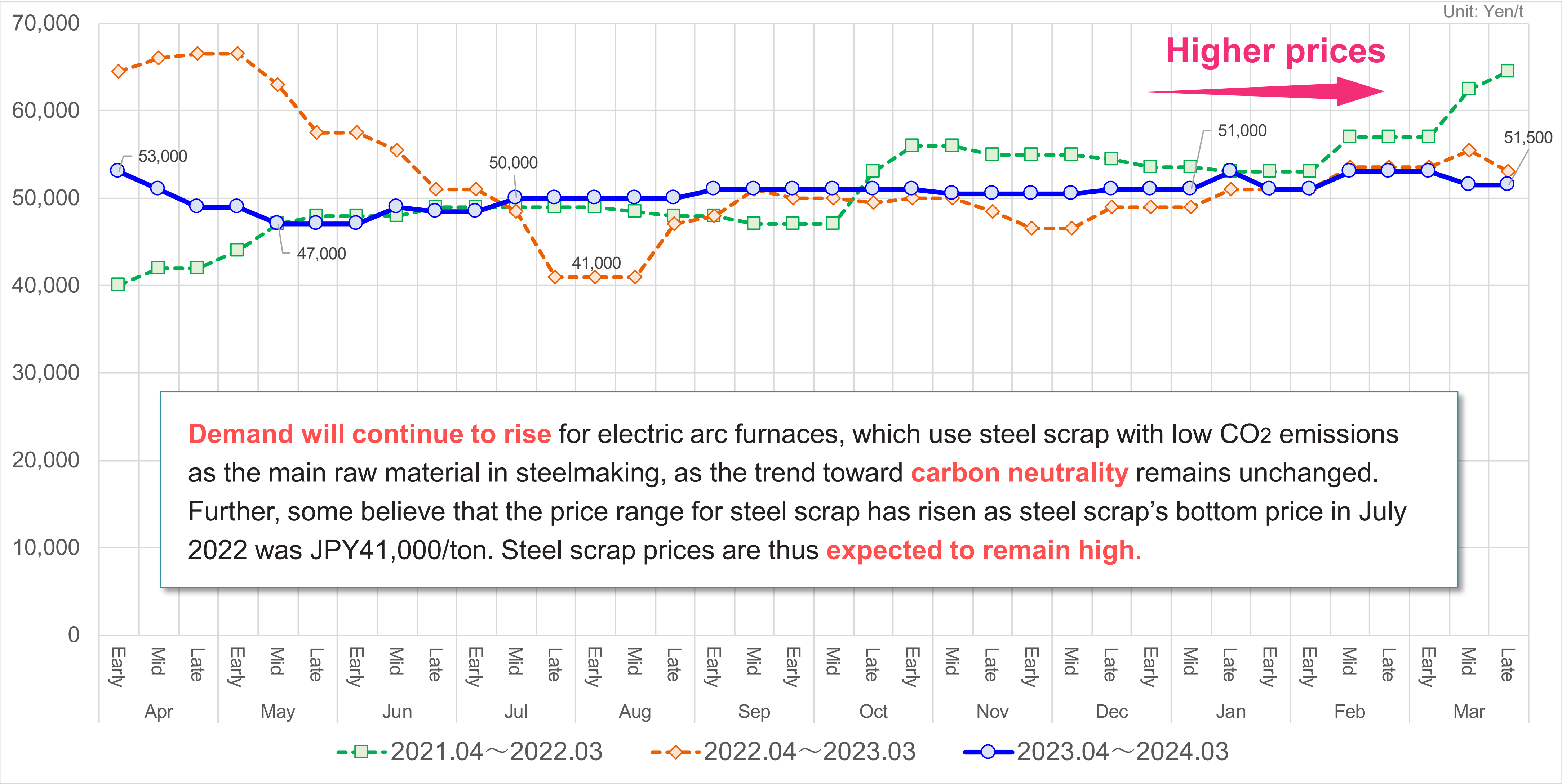
Steel Scrap Market

Tokyo Steel Utsunomiya Plant steel scrap (high grade) price



Demand will continue to rise for electric arc furnaces, which use steel scrap with low CO_2 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**.

- The steel scrap price, which was JPY53,000/ton at the beginning of the period, fell to JPY47,000/ton in mid-May due to a decline in crude steel production and overseas market conditions.

  Subsequently, domestic electric arc furnace manufacturers raised prices in response to a slump in steel scrap generation and rising export prices due to the weak yen and other factors, which saw the price recover to JPY50,000/ton.

  The price remained flat thereafter, but then rose again to JPY 53,000/ton in Q4 due to tighter supply and demand. However, it then fell back to JPY51,500/ton at end-Q4, dragged lower by export prices.

  Conditions are set for the price to remain at a high level.

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

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(millions of yen)

	Net sales			Operating profit			Operating profit margin	
	FY2023	FY2024		FY2023	FY2024		FY2023	FY2024
	Full-year Results	Full-year Results	YoY	Full-year Results	Full-year Results	YoY	Full-year Results	Full-year Results
Consolidated	90,712	92,860	102.4%	7,509	7,769	103.5%	8.3%	8.4%
Waste treatment and recycling	25,662	26,916	104.9%	4,210	4,068	96.6%	16.4%	15.1%
Collection & Transportation / Waste treatment (Note 1)	17,236	18,288	106.1%	2,904	2,809	96.7%	16.8%	15.4%
Recycling (Note 1)	5,694	6,330	111.2%	864	1,042	120.6%	15.2%	16.5%
Landfill (final disposal) (Note 1)	2,905	2,616	90.1%	378	210	55.6%	13.0%	8.0%
Resource recycling (Note 2)	44,866	43,419	96.8%	3,139	2,761	88.0%	7.0%	6.4%
Renewable energy (Note 3)	13,794	14,429	104.6%	688	1,201	174.6%	5.0%	8.3%
Other businesses (Note 4)	7,374	8,477	115.0%	325	587	180.6%	4.4%	6.9%
Adjustments (Note 5)	-986	-383	-	-852	-849	-	-	-

Note 1: No strict segment adjustments have been made for sub-segments in the Waste Treatment & Recycling business.

Note 2: The Resource Recycling business includes JPY178 million in goodwill amortization related to business integration.

Note 3: The Renewable Energy business includes JPY378 million of amortization of goodwill associated with the acquisition of Green Power Ichihara Co., Ltd.

Note 4: Other businesses consist of the environmental engineering business and the environmental consulting business included in the reportable segments of TAKEEI CORPORATION.

Note 5: Adjustments to segment income and loss of –JPY849 million include –JPY879 million in companywide expenses and JPY29 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.

Volumes by Major Segment (Reference)

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	FY03/23 Full-year Results	FY03/24 Full-year Results	YoY
Waste treatment and recycling			
Accepted volume [①] (a+b+c) (t)	**810,686**	**783,103**	**96.6%**
Collection & Transportation / Waste treatment [a]	320,780	333,278	103.9%
Recycling [b]	355,273	344,569	97.0%
Landfill (final disposal) [c]	134,633	105,256	78.2%
Net sales [②] (millions of yen)	25,661	26,915	104.9%
Reference unit price (②÷①) (Yen/t)	31,653	34,370	108.6%
Resource recycling			
Handling quantity [①] (a+b) (t)	**586,402**	**559,848**	**95.5%**
Spread business (Metal and automobile recycling) [a]	487,209	464,778	95.4%
Non-spread business (Waste treatment, home appliances recycling) [b]	99,193	95,070	95.8%
Net sales [②] (millions of yen)	44,866	43,419	96.8%
Reference unit price (②÷①) (Yen/t)	76,511	77,555	101.4%

Waste Treatment & Recycling

- **Collection and transportation, waste treatment**

  In addition to firm orders for large projects, the reclassification of COVID-19 to Class 5 stimulated activity in various construction projects, leading to an increase in handling volumes.

  Note: Does not reflect handling volumes for demolition and consulting sales related to disaster recovery and other projects.

- **Recycling**

  Despite an increase in handling volumes due to the acquisition of subsidiaries TRE GLASS and TAG, overall volume declined slightly on lower demand for crushed stone in the Tokyo metropolitan area and a decrease in liquid waste generated by the manufacturing industry.

- **Landfill**

  Decreased due to fewer large local spot and demolition projects and slow waste generation.

  Note: Does not reflect Shinshu Takeei demolition contract sales and other handling volumes.

Resource Recycling

- **Spread business**

  Although the number of end-of-life vehicles across Japan increased YoY from August onward, and the volume of end-of-life vehicles handled also increased YoY, shredder material and building demolition scrap distribution volumes were sluggish, which combined with intensified purchasing competition, caused handling volumes to decline.

- **Non-spread business**

  A decline in used home appliance volumes in line with reluctance to purchase home appliances due to cooling consumer confidence brought about by rising prices resulted in lower handling volumes.

Volumes by Major Segment（Quarterly Trends）

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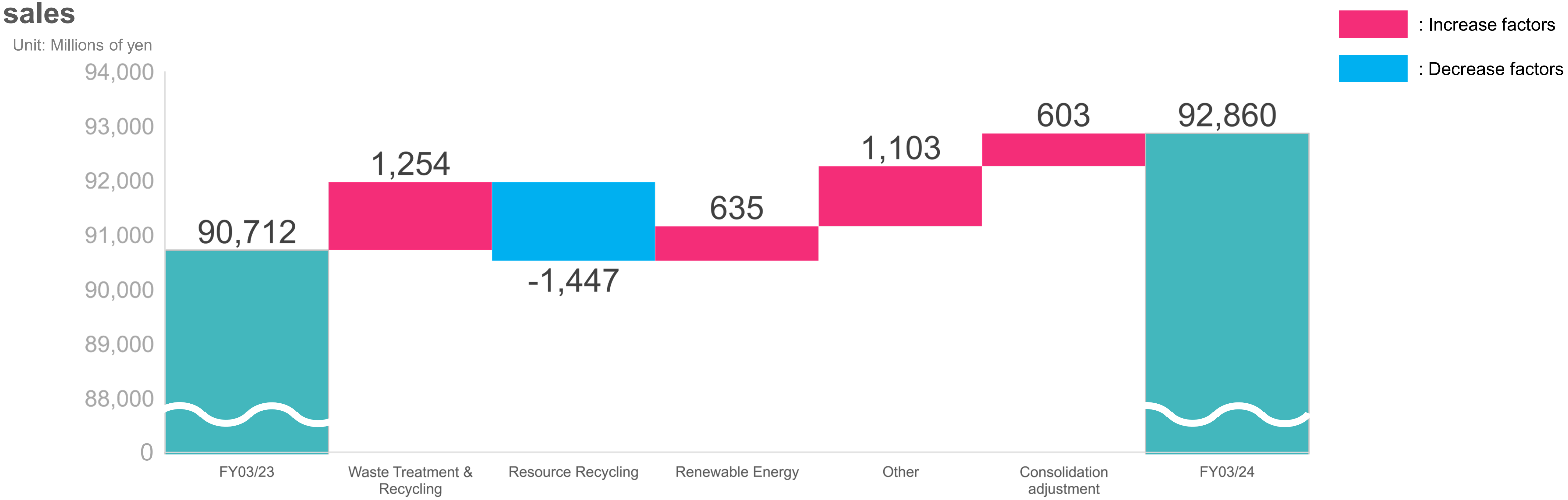
	FY03/23 (Actual) Q1	FY03/23 (Actual) Q2	FY03/23 (Actual) Q3	FY03/23 (Actual) Q4	FY03/24 (Actual) Q1	Q1 YoY	FY03/24 (Actual) Q2	Q2 YoY	FY03/24 (Actual) Q3	Q3 YoY	FY03/24 (Actual) Q4	Q4 YoY
Waste Treatment & Recycling												
Accepted volume [①] (a+b+c) （t）	**183,441**	**192,869**	**225,736**	**208,640**	**196,698**	**107.2%**	**191,857**	**99.5%**	**204,295**	**90.5%**	**190,253**	**84.3%**
Collection & Transportation / Waste treatment [a]	74,785	74,550	87,441	84,004	79,537	106.4%	81,907	109.9%	90,934	104.0%	80,901	92.5%
Recycling [b]	74,506	89,274	101,249	90,244	89,505	120.1%	84,910	95.1%	85,372	84.3%	84,781	83.7%
Landfill (final disposal) [c]	34,150	29,045	37,045	34,392	27,656	81.0%	25,040	86.2%	27,989	75.6%	24,571	66.3%
Net sales [②] （millions of yen）	5,893	6,245	7,020	6,503	6,689	113.5%	6,329	101.3%	6,802	96.9%	7,095	101.1%
Reference unit price (②÷①) （Yen/t）	32,125	32,379	31,098	31,169	34,006	105.9%	32,988	101.9%	33,295	107.1%	37,292	119.9%
Resource Recycling												
Handling quantity [①] (a+b) （t）	**149,403**	**146,248**	**149,079**	**141,673**	**142,066**	**95.1%**	**141,734**	**96.9%**	**141,462**	**94.9%**	**134,586**	**90.3%**
Spread business (Metal and automobile recycling) [a]	124,324	118,872	125,169	118,844	117,840	94.8%	115,295	97.0%	118,723	94.9%	112,920	90.2%
Non-spread business (Waste treatment, home appliances recycling) [b]	25,079	27,376	23,910	22,829	24,226	96.6%	26,438	96.6%	22,739	95.1%	21,666	90.6%
Net sales [②] （millions of yen）	13,009	9,862	10,839	11,154	10,721	82.4%	10,392	105.4%	11,386	105.0%	10,919	100.7%
Reference unit price (②÷①) （Yen/t）	87,073	67,434	72,706	78,731	75,465	86.7%	73,321	108.7%	80,488	110.7%	81,130	111.6%

Analysis of Change in Net Sales by Segment (vs. FY03/23—Full Year)

Net sales



Waste Treatment & Recycling business

- Orders for projects in the Tokyo metropolitan area remained strong, resulting in an increase in handling volumes. Disaster reconstruction projects contributed to sales growth.
- Despite the impact of unfavorable weather and a decline in local waste generation, increased sales from gypsum board companies was a contributing factor.
- TRE GLASS CORPORATION and TAG Co., Ltd., which we strategically acquired between FY03/23 and FY03/24, also contributed to earnings.

Resource Recycling business

- Sales of ferrous and nonferrous metals after processing and sorting decreased due to a decline in handling volumes, in addition to low steel scrap prices, which were lower in Q1 FY03/24 than Q1 FY03/23 (averaged about JPY61,000/ton in Q1 FY03/23 compared with an average of about JPY49,000/ton in Q1 FY03/24).

Renewable Energy business

- In the power generation business, six power generation plants maintained generally stable operations, resulting in an increased sales.
- Despite the stable situation after increased Electric power market price, Takeei Denki Co., Ltd. increased sales volumes focusing on sales of electricity with non-fossil certificates, etc.

Analysis of Change in Operating Profit by Segment (vs. FY03/23—Full Year)

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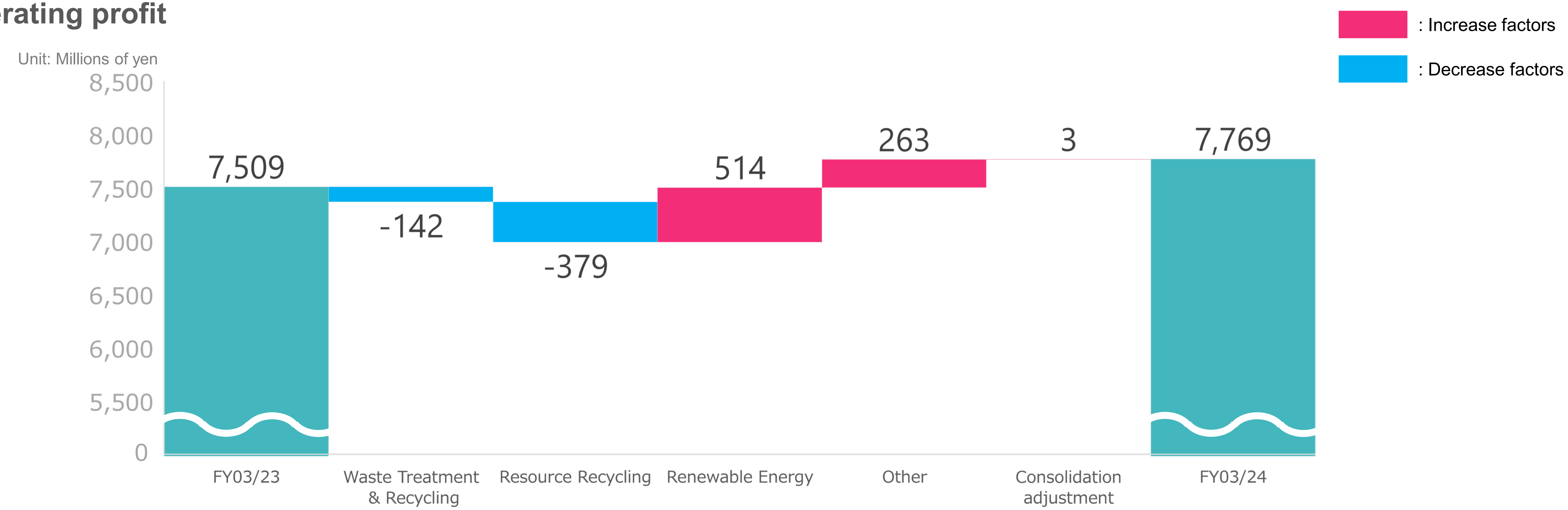
Operating profit



Waste Treatment & Recycling business

- Excluding Tokyo metropolitan area waste, gypsum board, and glass-related projects, fewer local waste and demolition projects caused gross profit to decline.
- In addition to higher labor and administrative expenses, external processing and transportation costs increased. We have continued efforts to add value to waste at intermediate processing facilities.

Resource Recycling business

- In addition to Q1 steel scrap prices being lower compared with Q1 FY03/23, handling volumes declined, resulting in lower gains on sale of ferrous and non-ferrous metals after processing and sorting.
- In Q3 and Q4, temporary costs (approx. JPY210mn) were incurred.

Renewable Energy business

- In the power generation business, six power generation plants, including the mainstay Green Power Ichihara Co., Ltd., maintained generally stable operations.
- In power retailing, cost reductions in line with the centralization of power retailing and successful proposal-based sales conducted by Takeei Denki Co., Ltd. led to higher profit. TAKEEI Forestry Co., Ltd. increased profit due to higher sales.

Consolidated Cash Flow Trends

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(Millions of yen)

	FY03/23 Full year	FY03/24 Full year
Cash flows from operating activities	9,184	12,194
Cash flows from investing activities	-6,693	-16,819
Cash flows from financing activities	-2,827	1,609
Net increase (decrease) in cash and cash equivalents	-336	-3,014
Cash and cash equivalents at beginning of period	24,014	23,678
Cash and cash equivalents at end of period	23,678	20,663

Cash flows

- Net cash provided by operating activities amounted to JPY 12,194 million. This was because profit before income taxes adjusted for items such as depreciation and provision for loss on disaster of JPY 2,026 million, which was recognized for the amount scheduled to be paid in the following fiscal year, more than offset income taxes paid.
- Net cash used in investing activities amounted to JPY 16,819 million due to purchase of non-current assets, including the construction of a landfill and upgrades of existing facilities, and to payments for investment in partnerships.
- Net cash provided by financing activities amounted to JPY 1,609 million, as proceeds from issuance of bonds and proceeds from long-term borrowings more than cancelled out repayments of long-term borrowings, dividends paid, and other cash outlays.

(Millions of yen)

Breakdown of major items

	FY03/23 Full year	FY03/24 Full year
Cash flows from operating activities		
Profit before income taxes	7,885	6,006
Depreciation	5,740	5,895
Amortization of goodwill	570	571
Provision for loss on disaster	-	2,026
Income taxes paid	-3,825	-2,042
Cash flows from investing activities		
Expenditures due to investment in investment limited liability partnership	-	-5,000
Purchase of non-current assets	-5,707	-11,955
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	2,875	1,648
Proceeds from issuance of bonds	-	5,168
Redemption of bonds	-596	-571
Proceeds from long-term borrowings	2,814	3,293
Repayments of long-term borrowings	-5,262	-5,451
Dividends paid	-2,326	-2,088

Capital Expenditures, Depreciation and Amortization of Goodwill

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(millions of yen)

	FY03/23 Full-year Results (Note 1)	FY03/24 Full-year Results	FY03/25 Full-year Forecast
Capital expenditures (Note 1)	6,041	11,915	19,805
Depreciation	5,740	5,895	6,550
Amortization of goodwill (Consolidated)	570	571	572

Note 1:Capital expenditures represent figures for property, plant, and equipment, and intangible assets.
Note 2:The investment amount of JPY25.0 billion for the three-year period stated in the Medium-term Business Plan, excluding prepaid expenses of JPY8.0 billion, includes expenses for replacement of equipment and vehicles.

Capital Expenditures

Total capital expenditures for FY03/24, including equipment renewal at existing facilities and vehicle replacement, amounted to JPY11.9 billion.

Although disposal site development work was completed (end-December 2023) at Monzen Clean Park Co., Ltd., an extraordinary loss of approximately JPY2.0 billion was recorded for the repair of facilities damaged due to the Noto Peninsula Earthquake. Restoration work is scheduled for completion by end-June 2024.

In FY03/25, TAKEEI CORPORATION will prepare to commence operation of the Ichihara Recycling Center and other facilities associated with the TRE Integrated Environmental Business. REVER CORPORATION will prepare to commence operation of an advanced sorting center and other facilities at the Mibu Plant (provisional name).

■ Main capital expenditure for FY03/24 (actual and planned)

		Full-year	Plan
Monzen Clean Park Co., Ltd.	Disposal site development work, etc.	JPY4.26 billion	JPY4.28 billion
REVER CORPORATION	Northern Kanto New Plant (Mibu)	JPY940 million	JPY1.09 billion
REVER CORPORATION	Fujisawa Plant rebuilding	JPY490 million	JPY660 million
Fuji Car Manufacturing Co., Ltd.	Renewal of equipment and software	JPY210 million	JPY640 million
Shinshu Takeei Co., Ltd.	Rebuilding of head office, renewal of equipment and vehicles, etc.	JPY230 million	JPY500 million
Hokuriku Environmental Services Co., Ltd.	Relocation of head office, expansion of disposal site, etc.	JPY380 million	JPY500 million
Green Power Ichihara Co., Ltd.	Replacement of equipment and machinery, etc.	JPY440 million	JPY460 million

■ Main capital expenditure for FY03/25 (plan)

		Plan
TAKEEI CORPORATION	Launch of Ichihara Recycling Center	JPY6.65 billion
REVER CORPORATION	Mibu Plant (provisional name) Advanced Sorting Center	JPY3.85 billion
TAKEEI CORPORATION	Renewal of equipment and machinery, etc.	JPY2.65 billion
REVER CORPORATION	Renewal of major equipment	JPY910 million
REVER CORPORATION	Expansion of plant in the Northern Kanto area	JPY760 million
Fuji Car Manufacturing Co., Ltd.	Renewal of equipment and software, etc.	JPY630 million
Shinshu Takeei Co., Ltd.	Rebuilding of head office, renewal of equipment and vehicles, etc.	JPY460 million
Gypro Co., Ltd.	Renewal of equipment	JPY210 million

FY03/25 Earnings Forecast (2nd Medium-Term Business Plan: First Year)

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(millions of yen)

	FY03/24	FY03/25			
	Full-year Results	(Full-year Forecast)	YoY	1H (Forecast)	2H (Forecast)
Net sales	92,860	99,000	106.6%	48,900	50,100
Operating profit	7,769	8,300	106.8%	3,900	4,400
Ordinary profit	7,787	7,900	101.5%	3,600	4,300
Profit attributable to owners of parent	3,623	5,100	140.8%	2,200	2,900

Waste Treatment & Recycling business

- In terms of ongoing initiatives, we expect to increase handling volumes by revising transaction unit prices and strengthening each company's sales force.
- We will maintain efforts to improve earnings, including adding value to waste at intermediate processing facilities and enhancing valuable materials sorting.
- At present, we do not anticipate contributions from full-scale recovery projects in response to the Noto Peninsula Earthquake.

Resource Recycling business

- Considering the recovery in generation of end-of-life vehicles, we expect overall handling volumes to increase.
- With the introduction of new and upgraded equipment at the REVER CORPORATION Kawashima Plant, including large shredder upgrades, we expect depreciation to rise.
- Freight charges for transporting to nearby facilities within the Group are expected to increase in order to maintain the receiving system while the shredders are being updated.
- We project selling unit prices to be JPY50,000/ton.

Renewable Energy business

- In the power generation business, we aim to maintain stable operations at the six power generation plants.
- We aim to strengthen our retail sales structure by promoting proposal-based sales through Takeei Denki Co., Ltd.

First Medium-Term Business Plan (FY03/22–FY03/24)

Review of 1st Medium-Term Business Plan

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(millions of yen)

	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) (Note 2)	Full-year Plan (Initial plan)	Progress	Full-year Results (Note 2)	Full-year Plan (Revised plan)	Progress	Full-year Results (Note 2)	Full-year Plan (Revised plan)	Progress
Net sales	90,584	84,000	107.8%	90,712	94,200	96.3%	92,860	95,200	97.5%
Operating profit	10,326	7,700	134.1%	7,509	9,300	80.7%	7,769	8,300	93.6%
Operating profit margin	11.4%	9.2%	124.4%	8.3%	9.9%	83.9%	8.4%	8.7%	96.0%
Profit attributable to owners of parent	7,248	5,050	143.5%	5,197	5,900	88.1%	3,623	5,400	67.1%
Earnings per share	JPY141.1 (Note 3)	JPY98.3 (Note 3)	143.5%	JPY101.2	JPY114.8	88.2%	JPY70.5	JPY105.1	67.1%

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: Operating profit figures include the effect of goodwill amortization related to business integration (amounting to JPY90 million for FY03/22, JPY178 million for FY03/23, and JPY178 million for FY03/24).

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: The mainstay Waste Treatment & Recycling and Resource Recycling businesses benefited significantly from a favorable business environment (large-scale projects, favorable unit prices and volumes).
- 2nd year: Unable to fully absorb the effects of a rapidly worsening business environment (fewer end-of-life vehicles, rising electricity and fuel costs, and adverse weather conditions).
- 3rd year: In addition to higher labor and administrative expenses, handling volumes in the Resource Recycling business declined, leading to missed operating profit targets for the second consecutive fiscal year.
- Overall summary: Despite higher sales driven by cross-selling following management integration and the impact of M&A activities, operating profit remained sluggish, highlighting the need to enhance earning power.

Performance Trends and Plan

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(millions of yen)

			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		Full-year results		Full-year results		Full-year Plan		
			Apr. 2021-Mar. 2022	YoY	Apr. 2022-Mar. 2023	YoY	Apr. 2023-Mar. 2024	YoY	Apr. 2023-Mar. 2024	YoY	Progress
Consolidated		Net sales	90,584	+23.3%	90,712	+0.1%	92,860	+2.4%	95,200	+1.1%	72.1%
		Operating profit	10,326	+53.5%	7,509	−27.3%	7,769	+3.5%	8,300	−10.8%	64.3%
		Operating profit margin	11.4%	-	8.3%	-	8.4%	-	8.7%	-	-
Waste treatment and recycling		Net sales	25,146	+1.6%	25,662	+2.1%	26,916	+4.9%	27,757	+7.5%	71.4%
		Operating profit	5,113	+47.4%	4,210	−17.7%	4,068	−3.4%	4,346	−9.2%	66.2%
		Operating profit margin	20.3%	-	16.4%	-	15.1%	-	15.7%	-	-
	Collection & Transportation / Waste treatment (Note 2)	Net sales	17,399	−3.2%	17,236	−0.9%	18,288	+6.1%	17,792	−0.1%	76.0%
		Operating profit	3,080	+37.9%	2,904	−5.7%	2,809	−3.3%	2,716	−18.8%	73.5%
		Operating profit margin	17.7%	-	16.9%	-	15.4%	-	15.3%	-	-
	Recycling (Note 2)	Net sales	5,029	+14.1%	5,694	+13.2%	6,330	+11.2%	6,348	+26.6%	73.8%
		Operating profit	1,279	+93.2%	864	−32.4%	1,042	+20.6%	1,014	+11.4%	81.0%
		Operating profit margin	25.4%	-	15.2%	-	16.5%	-	16.0%	-	-
	Landfill (final disposal) (Note 2)	Net sales	3,127	+6.1%	2,905	−7.1%	2,616	−9.9%	3,616	+20.3%	51.4%
		Operating profit	711	+30.7%	378	−46.8%	210	−44.4%	615	+15.4%	4.7%
		Operating profit margin	22.8%	-	13.0%	-	8.0%	-	17.0%	-	-
Resource recycling (Note 3)		Net sales	46,418	+47.8%	44,866	−3.3%	43,419	−3.2%	45,550	−3.3%	71.4%
		Operating profit	5,454	+105.0%	3,139	−42.4%	2,761	−12.0%	3,796	−13.0%	55.6%
		Operating profit margin	11.8%	-	7.0%	-	6.4%	-	8.3%	-	-
Renewable energy (Note 3)		Net sales	12,617	+10.1%	13,794	+9.3%	14,429	+4.6%	13,891	−1.4%	76.3%
		Operating profit	-305	-	688	-	1,201	+74.6%	771	+98.7%	87.2%
		Operating profit margin	-	-	5.0%	-	8.3%	-	5.6%	-	-
Other		Net sales	7,102	+4.0%	7,374	+3.8%	8,477	+15.0%	8,710	+10.4%	69.3%
		Operating profit	441	+26.4%	325	−26.3%	587	+80.6%	483	+15.0%	62.9%
		Operating profit margin	6.2%	-	4.4%	-	6.9%	-	5.5%	-	-
Adjustments		Net sales	-700	-	-986	-	-383	-	-708	-	-
		Operating profit	-376	-	-852	-	-849	-	-1,096	-	-

Note 1: Results for TAKEEI CORPORATION and REVER CORPORATION, for the period from April to March of the following year, have been combined.

Note 2: No strict segment adjustments have been made.

Note 3: Reflects impact of goodwill in the Resource Recycling and Renewable Energy businesses.

Net Sales and Operating Profit Trends

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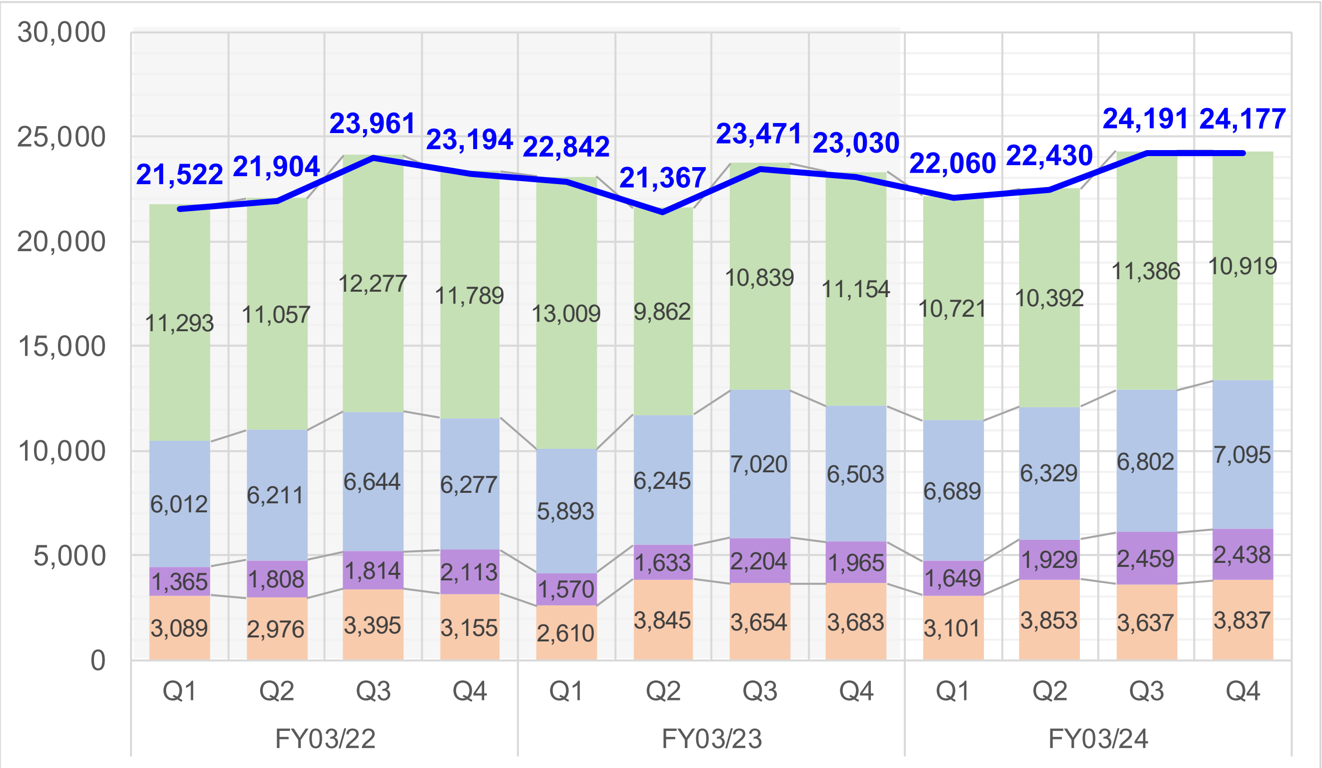
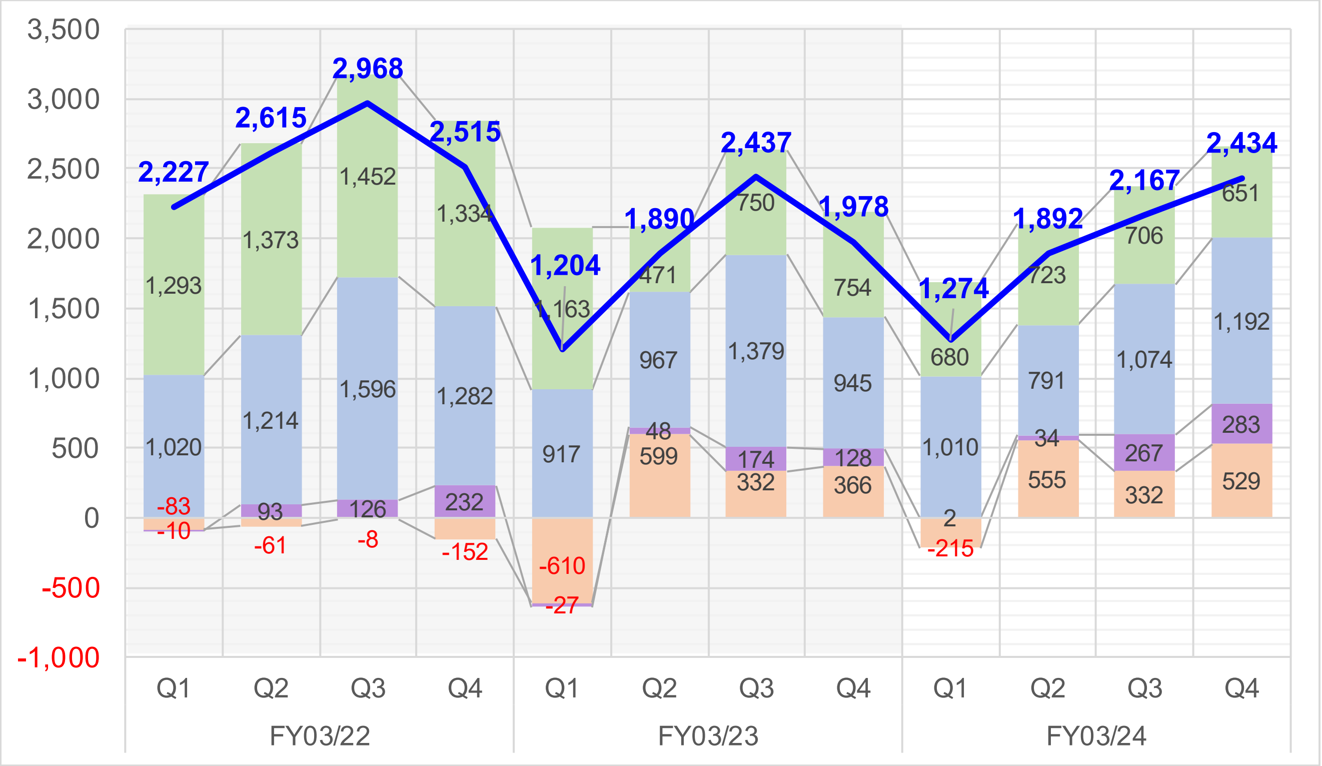
Net sales

(millions of yen)



Operating profit

(millions of yen)



Waste Treatment and Recycling business

- Sales are trending upward due to increased handling volumes in the Tokyo metropolitan area in line with the end of the pandemic and contributions from disaster recovery projects and earnings from TRE GLASS, which was acquired via M&A during FY03/23.
- Profit has been declining since FY03/23 due to soaring energy, labor and other costs.
- Maintained capital investment aimed at adding value to delivered materials, as well as price revision and cost reduction efforts.

Resource Recycling business

- In addition to the introduction of lines for resin sorting, post-shearing dust sorting, and molding and solidifying urethane dust, we promoted initiatives to improve recycling rates and reduce dust treatment costs, including preparations for launching a new plant specialized in dust sorting.
- In FY03/22, we benefited from a favorable economic environment, while in FY03/23 and FY03/24, our business performance was affected by rising electricity costs and declining handling volumes.

Renewable Energy business

- Although the establishment of a stable operating system for power generation plants has been a challenge, recent troubles have abated, and we have implemented thorough fuel quality control at each power generation plant.
- Retailing has been centralized through Takeei Denki Co., Ltd., and we are securing profits by enhancing the power retailing sales structure.

1st Medium-Term Business Plan Financial Indicators

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Review of Financial Indicators

	FY03/22 Results (Note1)	FY03/23 Results	FY03/24 Results	Ongoing issues in 2nd MTBP
ROE Target: 8% or higher	9.9 %	8.1 %	5.5 %	In FY03/25, we will focus management on capital costs to **raise ROE target to 10% or higher.**
Operating profit margin Target: 10% or higher	11.2%	8.3 %	8.4 %	Achieved in FY03/22. As profitability is trending downward, the issue is **raising Group earnings power** amid ongoing large-scale investment plans.
Equity ratio Target: 40% or higher	48.3%	49.5%	47.2%	Equity ratio remains stable at near 50%. **Financial balance is an issue as we plan for future large-scale investment projects.**
Dividend payout Target: 30% or higher	33.5% (Note 2)	39.5%	56.7%	Providing stable dividends balanced with consideration for investments. **FY03/25 total return ratio target set at 35%–40%.**
Credit rating Target: BBB or higher		BBB	BBB (Note 3)	New rating acquired from Rating and Investment Information, Inc., in December 2022. We aim to improve **investment grade ratings going forward.**

Note 1: Sum of consolidated FY03/22 (April 1, 2021–March 31, 2022) results of TAKEEI CORPORATION and (former) REVER HOLDINGS CORPORATION.
Note 2: Dividend payout includes dividends paid by TAKEEI CORPORATION to its shareholders on September 30, 2021.
Note 3: Rating outlook changed from “stable” to “positive” in January 2024.

Estimated Cash Flow (EBITDA) Trends (Reference)

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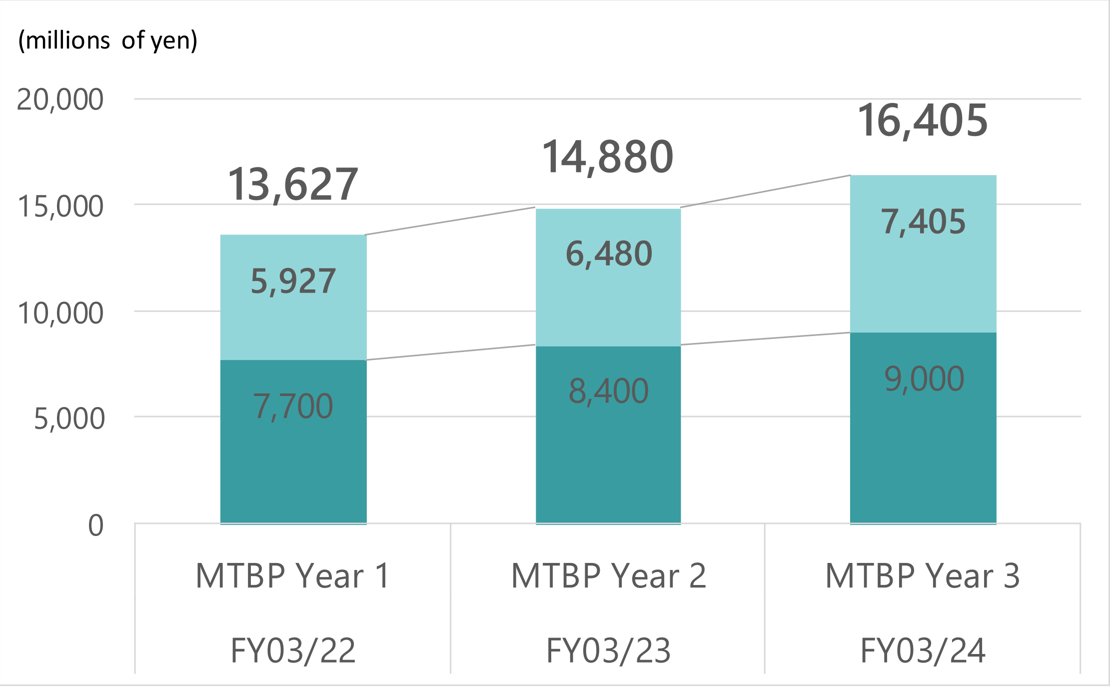
Medium-Term Business Plan Announced in October 2021

(millions of yen)

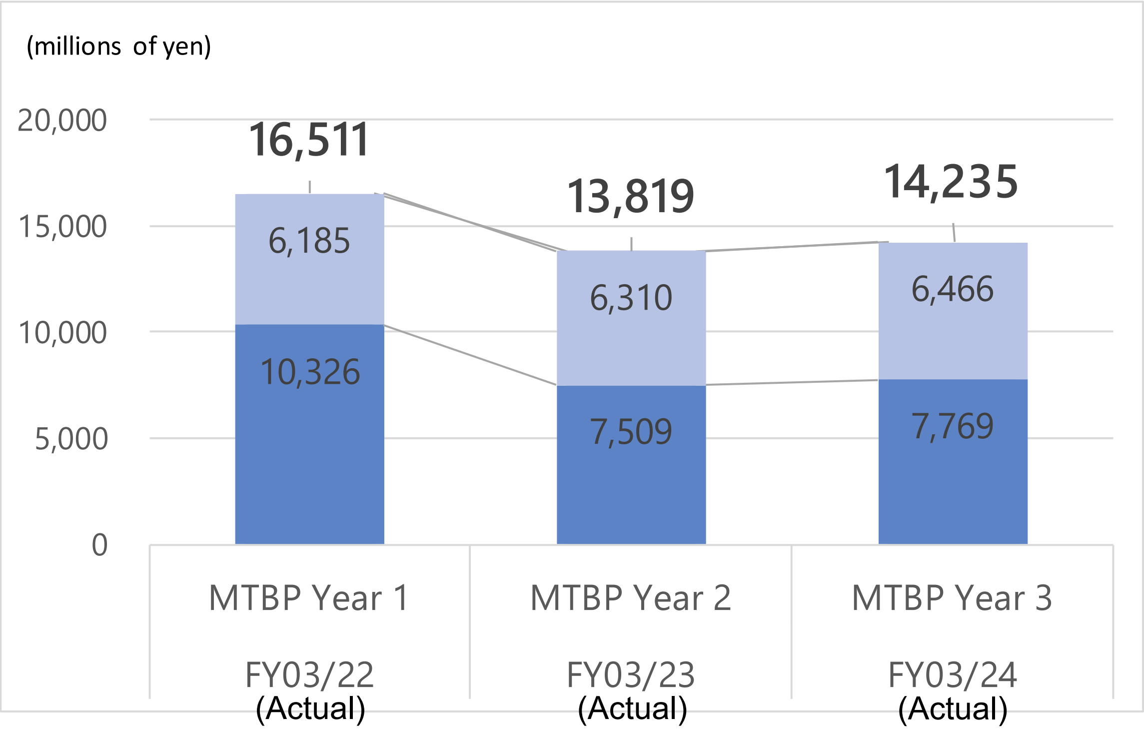
Initial Plan	FY03/22 MTBP Year 1 (Initial Plan)	FY03/23 MTBP Year 2 (Initial Plan)	FY03/24 MTBP Year 3 (Initial Plan)
Operating profit	7,700	8,400	9,000
Depreciation and amortization, etc.	5,927	6,480	7,405
Total: EBITDA	13,627	14,880	16,405



Medium-Term Business Plan Results

(millions of yen)

Actual/Plan	FY03/22 MTBP Year 1 (Actual)	FY03/23 MTBP Year 2 (Actual)	FY03/24 MTBP Year 3 (Actual)
Operating profit	10,326	7,509	7,769
Depreciation and amortization, etc.	6,185	6,310	6,466
Total: EBITDA	16,511	13,819	14,235



TOPICS

TRE 2nd Medium-Term Business Plan

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2nd Medium-Term Business Plan Announcement

Becoming a leading company in the circular economy realizing Waste Transformation (WX)

Basic strategy

Growth strategy: **Expand business scope by leveraging mainstay environmental business strengths**

1. Contribute to an efficient recycling society through
   Waste and resource recycling business enhancements
2. Contribute to a carbon-neutral society through
   Promotion of the Renewable Energy business
3. Contribute to realizing a circular economy through
   Advancing into new fields and businesses
4. **Strengthen Group management foundation supporting these three strategies**
   - Formulate and promote digital transformation strategies
   - Develop internal controls
   - Improve safety management, worksite environment
   - Human capital investments, enhanced financial base

Promotion items for driving the Group forward

There is a limit to what individual companies can do to realize a carbon-neutral resource-recycling society

What needs to be done:

Joint ventures must be established through **co-creation** by national brand manufacturers, local companies, governments, trading companies, and others, with commercialization in new fields.

1. **Integrated Environmental Business Concept** in Ichihara, Chiba Prefecture and Soma, Fukushima Prefecture
2. New business developments through **cross-industrial collaborations**
3. New Initiatives for general waste and other materials through public-private partnerships
4. Contribute to strengthening national land resilience (enhanced resilience functions)
5. Create competitive advantages through social implementation of new recycling technologies
6. Engage in M&A and overseas expansion to realize group synergies and business expansion
7. Strengthen medium- and long-term efforts toward a carbon-neutral society (reforestation)

In five years: Net sales JPY120.0bn Operating profit JPY12.0bn EBITDA JPY22.0bn

TRE 2nd Medium-Term Business Plan

Financial KPIs

Indicator	Target	Summary
ROE	10% or higher by FY03/29	Improve profitability by strengthening existing businesses and launching new businesses. Further, as we will continue large-scale investments during the plan period, we will in principle raise necessary funds through debt, and set a lower limit on the equity ratio to ensure financial stability is not compromised.
Equity ratio	40% or higher throughout plan	

Shareholder Returns

Indicator	Target	Summary
Total return ratio	35 – 40%	Although demand for investment funding is high, we will raise the level of shareholder returns compared to the 1st medium-term business plan. Note: In principle, return to shareholders will be through dividends, with consideration for share buybacks depending on share price levels.

TOPICS **Status of Response to the 2024 Noto Peninsula Earthquake**

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We would like to express our deepest condolences to the 2024 Noto Peninsula Earthquake victims and bereaved families, as well as our deepest sympathies to those who are still suffering under the severe circumstances caused by this disaster.

TRE Group business site conditions

- **Hokuriku Environmental Services Co., Ltd.** (Kanazawa, Ishikawa)

  Normal operations are underway, and we began accepting disaster waste in February.

- **Monzen Clean Park Controlled Final Landfill Site** (Wajima, Ishikawa)

  [Preparing to resume operations]

  Damage assessment completed at each facility, repair and reinforcement work are underway.

  〈Main damage〉
  ・Damage to leachate treatment facility (outer walls, some equipment)
  ・Partial damage to slope on the reclaimed land
  ・Damage to road pavement, disaster prevention regulating pond fence, etc.

Leachate treatment facility outer wall repair work

Disaster prevention regulating pond reinforcement work

Continuing to make every effort to prepare for reopening in August (planning to complete repair work in June)

Recovery support projects

- More than 100 group employees (including locally hired staff) are working at three temporary storage sites each in Wajima and Suzu

Wajima temporary storage site

No. 1 temporary storage site

No. 2 temporary storage site

No. 3 temporary storage site

Suzu temporary storage site

Iida Port

Hachigasaki

Noroshi

Worker accommodations
(former site of Monzen Bunkamura)

TOPICS Circular Economy Initiatives

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Plastic Crusher Installation (REVER CORPORATION ELV Kawashima Plant)

The plant will crush and sort bumpers and interior parts for approximately 10,000 end-of-life vehicles per year, realizing advanced plastics recycling using existing resin sorting lines (Nasu Plant)

Horizontal recycling of automobiles
One step toward "Car to Car"

Bumpers, interior parts, etc.


Plastic crusher

Crushed metal sorting


Crushed plastics

Advanced sorting of plastics at Nasu Plant

REVER CORPORATION Nasu Plant


Resin sorting line

Launch of Demonstration to Expand Automotive Recycling Process for Circular Economy

(Early March 2024–End-January 2025)

The "Demonstration of Manufacturing-and-Recycling Integrated Process for Horizontal Cycle Enabled by Automated Sophisticated Dismantling of end-of-life vehicles (ELVs)" project led by DENSO and REVER CORPORATION was chosen as an industry-government-academia collaborative project aiming to expand the recycle content for automobile in the fiscal year 2023 supported by Ministry of the Environment, Japan, and demonstration testing is already underway.

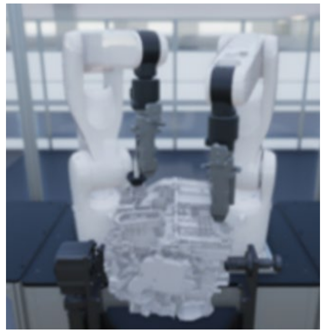
＜Vehicle recycling issues and needs＞

- High-quality reusable material needs
- Stable quantities
- Labor shortages in demolition and crushing industry, ensuring a safe work environment

＜Main initiatives＞

- Technical demonstration of automated precision disassembly process (disassembly automation)
- Demonstration of technological processes to purify and recycle various materials
- Evaluation of parts prototypes made using recycled materials
- Measurement of environmental impact reduction effects


＜Image＞


＜Image＞

TOPICS **Latest Updates at Six Woody Biomass Power Generation Plants**

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Regular Maintenance Plan for Each Power Generation Plant〈FY03/2025〉

◎ Statutory inspections (once every two years for boilers, once every four years for turbines)
○ Regular maintenance

	Years in operation (commenced commercial operations)	Main maintenance & inspection contents	Q1	Q2	Q3	Q4
Tsugaru Biomass Power Generation Co., Ltd.	9 (December 2015)	Boilers, turbines, etc.	○		○	
Hanamaki Biomass Power Generation Co., Ltd.	8 (February 2017)	Statutory inspection of boilers and turbines			◎	
Daisen Biomass Power Generation Co. Ltd.	6 (February 2019)	Statutory inspection of boilers	◎		○	
Takeei Green Recycling Co., Ltd.	5 (November 2019)	Boilers, turbines, etc.	○ *1		○	○
Green Power Ichihara Co., Ltd.	16 (February 2008)	Statutory inspection of boilers	◎		○	○
Tamura Biomass Power Generation Co., Ltd.	4 (November 2020)	Statutory inspection of boilers and turbines	○		◎	

- By sharing mutual operational know-how and strengthening systems, the six power generation plants are establishing stable operating systems.
- In FY03/25, we will continue to make efforts in preventative and regular maintenance to ensure stable operations.

*1 Takeei Green Recycling Co., Ltd., postponed regular maintenance scheduled for Q4 FY03/24 to Q1 FY03/25.

Review of Each Power Generation Plant

	Transmission volume (MWh)			Maintenance and operational status
	FY03/24	FY03/23	Change	
Tsugaru Biomass Power Generation Co., Ltd.	**48,123**	48,468	-0.7%	Statutory inspections in October (completed ahead of schedule)
Hanamaki Biomass Power Generation Co., Ltd.	**48,107**	46,419	3.6%	Regular maintenance in June and October
Daisen Biomass Power Generation Co. Ltd.	**53,589**	51,753	3.5%	Regular maintenance in June and October
Takeei Green Recycling Co., Ltd.	**44,092**	43,693	0.9%	Statutory inspections in July. Ongoing efforts to ensure stable operations.
Green Power Ichihara Co., Ltd.	**272,055**	254,833	6.8%	Regular maintenance in May. Ongoing high-load operations.
Tamura Biomass Power Generation Co., Ltd.	**48,845**	49,469	-1.3%	Regular maintenance in August (completed ahead of schedule)
Total	**514,811**	494,636	4.1%	

- In addition, power retailing performed well due to an increase in retail electric power volume and successful proposal-based sales to customers.

APPENDIX

Establishment of TRE HOLDINGS CORPORATION

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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	

Social needs

- **Realization of an efficient recycling society**
- **Realization of a carbon-neutral society**

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 → *Earth Ecology*

Try	*Try*
Technology	*Developing new technologies*
Recycling	*Enhancing the Recycling business*
Renewable Energy	*Promoting the Renewable Energy business*
Earth Ecology	*Preserving the Global Environment*

Company Profile

TRE HOLDINGS
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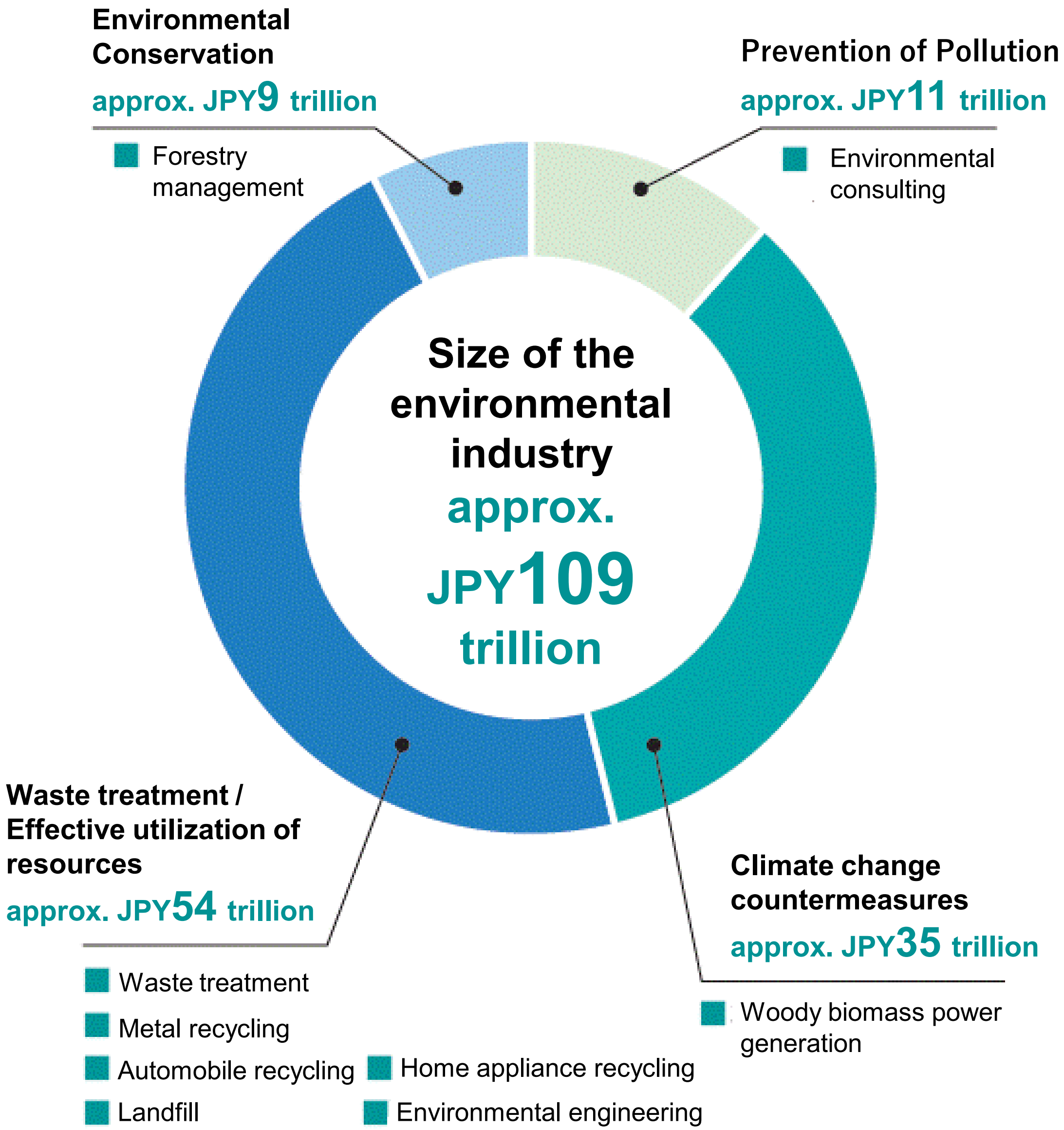
Corporate Philosophy	We are committed to the conservation of the global environment.
Establishment	October 1, 2021
Headquarters	Chiyoda-ku, Tokyo
Representative Directors	Naoto Matsuoka, Chairman and CEO Mitsuo Abe, President and COO
Capital stock	JPY10.0 billion
Number of employees	2,300 employees (on 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

Market size of Japan's environmental industry
approx. JPY109 trillion



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)

Macro trends in Japan's environmental industry
(June 2023 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 JPY109 trillion, about 1.7 times that of 2000.
- The estimated scale of employment in Japan's environmental industry is about 2.8 million, about 1.4 times that of 2000.
- The value of exports from the environmental industry is estimated at JPY17 trillion, about 9.7 times that of 2000.
- The value of imports of the environmental industry is estimated at JPY5 trillion, about 9.1 times that of 2000.
- Added value in the environmental industry is estimated at JPY46 trillion, about 1.5 times that of 2000.
- The economic ripple effect of the environmental industry is estimated at JPY205 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.**

Business Description

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Waste treatment and recycling

We collect and transport industrial waste from construction sites, and crush, sort, remove foreign matter, and compress it at recycling plants.
In particular, we are strengthening our efforts to commercialize construction materials and gypsum board through intermediate processing, as well as to convert paper waste and waste plastic into solid fuel (RPF), and to manufacture steel sub materials (Eco-Foam) using dust.
In addition, we carry out intermediate processing and recycling of liquid waste, scrap, ash, etc., and final landfill disposal of residues and other materials that cannot be recycled.

- Collection & Transportation
- Waste treatment (construction-related)
- Recycling
- Landfill (final disposal) (Note 1)

Resource recycling

We purchase rebar and steel frames from demolition sites, scrap wood from production plants, and end-of-life vehicles, and shear, compress, and crush them. We also accept waste home appliances (air conditioners, TVs, refrigerators, washing machines), small home appliances, and used furniture and fixtures from home improvement stores and convenience stores for manual dismantling, crushing, and sorting.

- Metal recycling
- Automobile recycling
- Home appliance recycling
- Waste treatment (metal)

Renewable energy

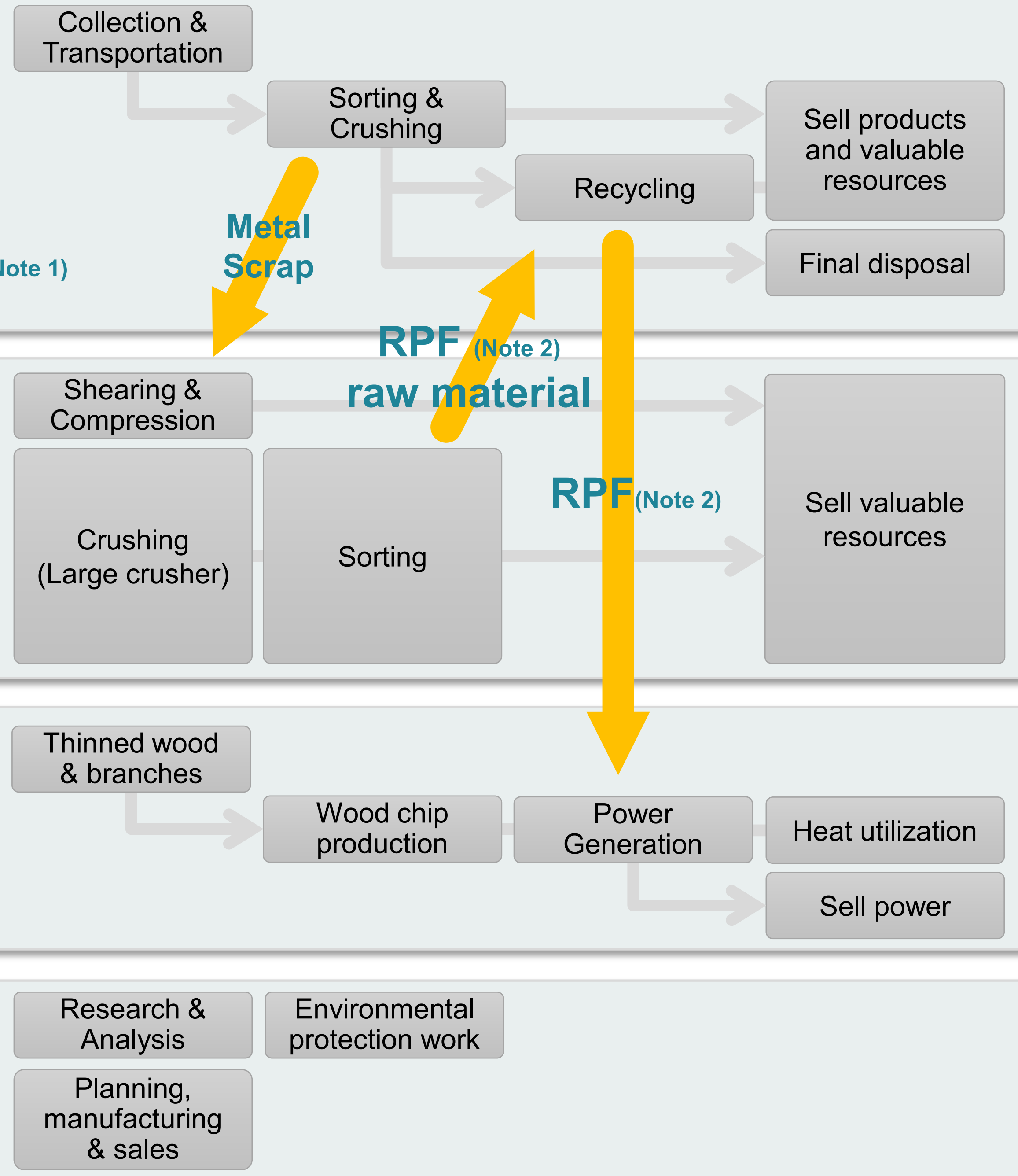
We generate woody biomass power using unused wood from thinned forests and branches as fuel, and produce fuel for power generation.
We are also strengthening our efforts in forest management (planning, staged logging, and afforestation).

- Forest Management
- Woody biomass power generation, etc.
- Power retailing

Other

We provide measurement certification services, environmental protection work, and investigation and analysis of hazardous waste. We also develop, manufacture, and sell environmental equipment, plants, and special-purpose vehicles.

- Environmental Consulting
- Environmental Engineering



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 CO_2 than fossil fuels.

Carbon-neutral Society and Resource Circulation Business Schemes

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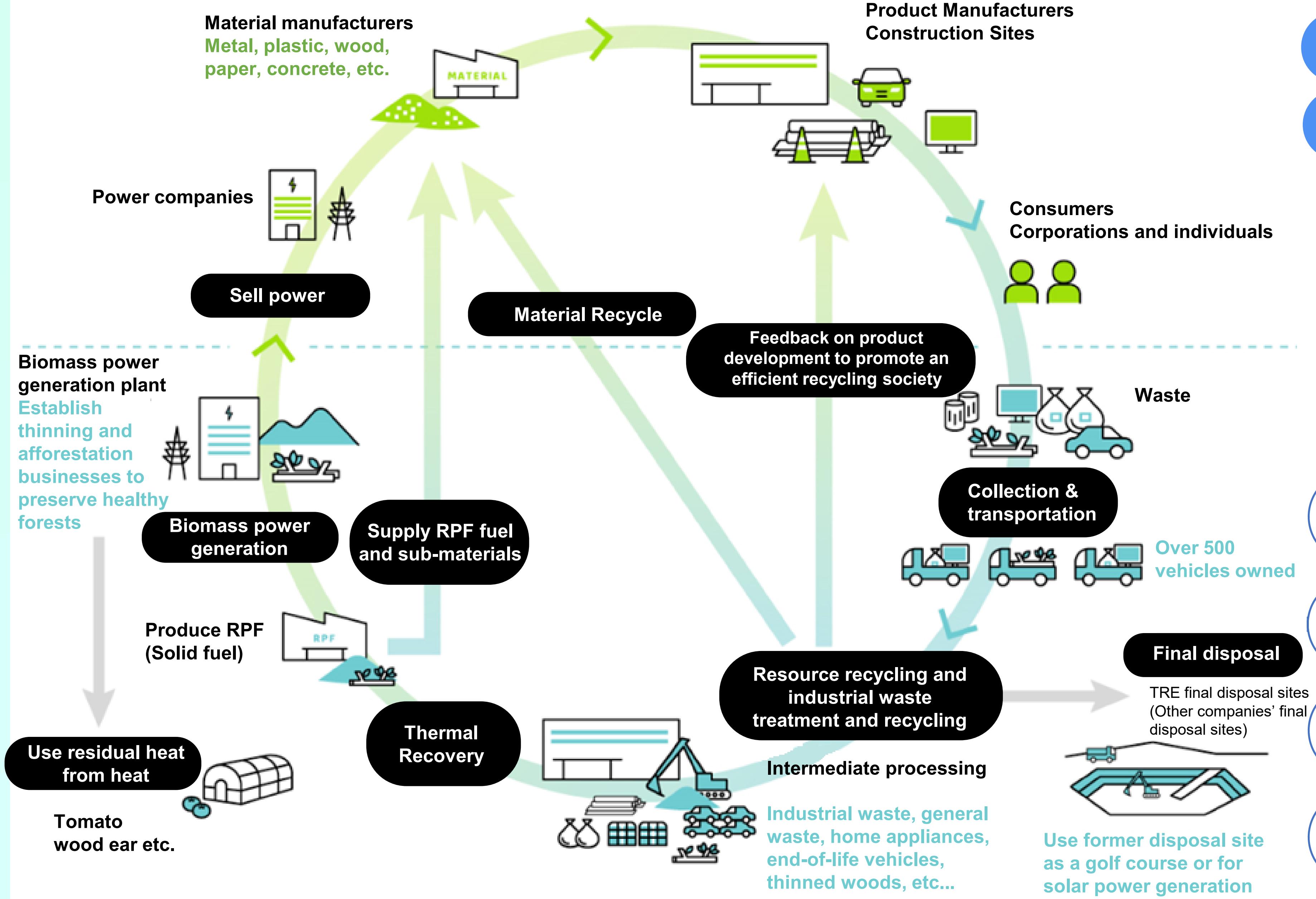

Waste treatment and recycling business

Resource recycling business

Renewable Energy 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.

Energy Business Targeting the Realization of a Carbon-neutral Society

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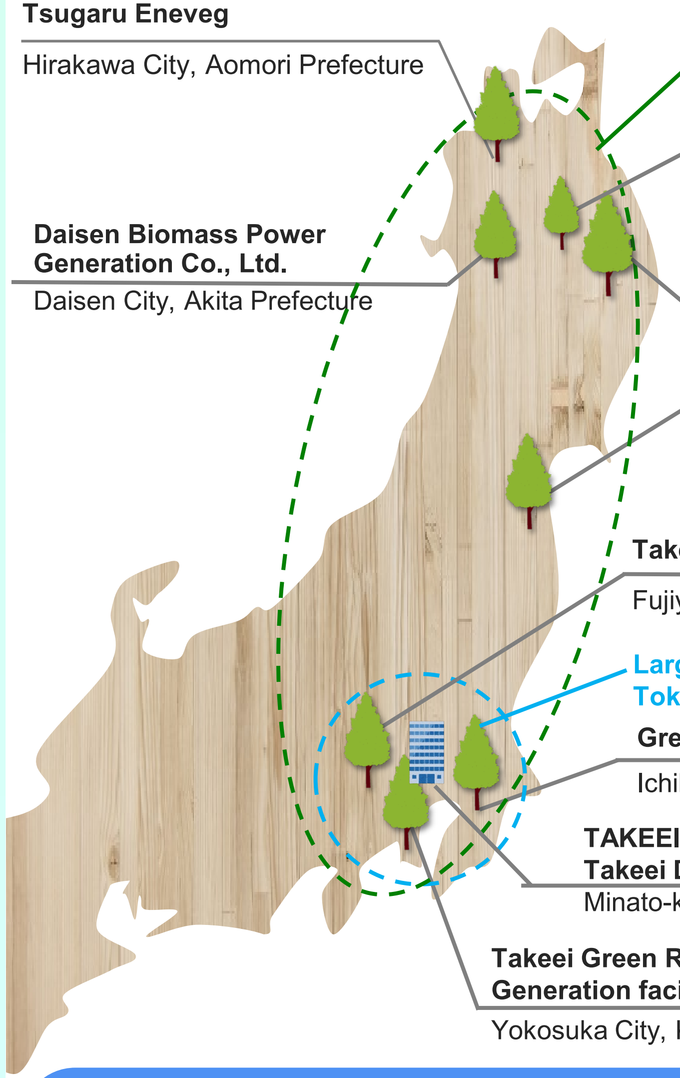


Renewable Energy business

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

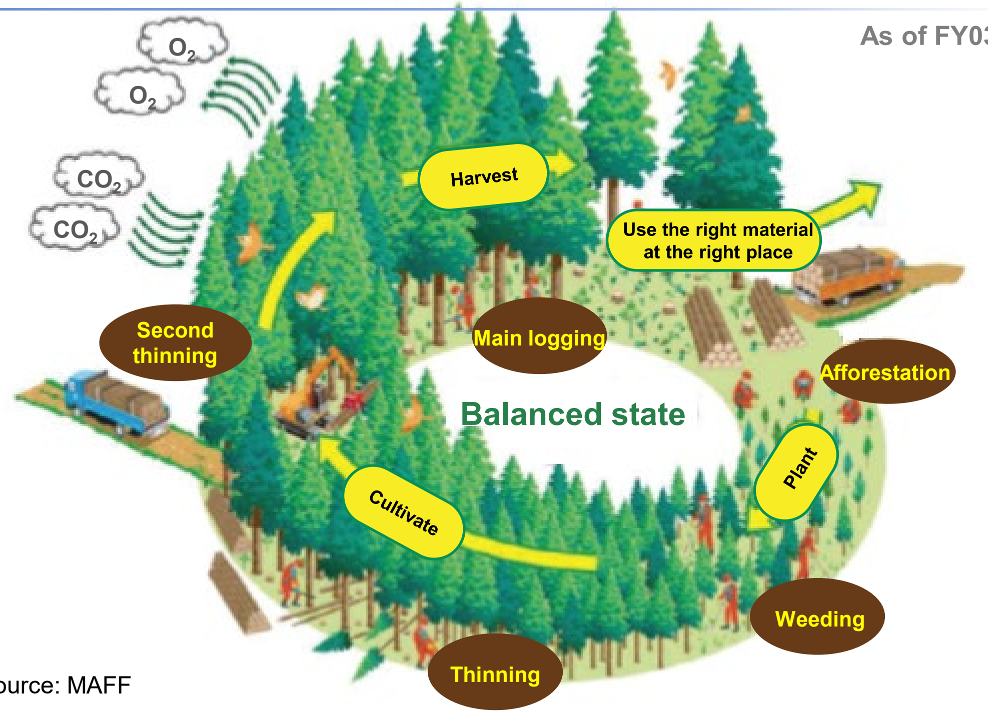
We operate four woody biomass power plants centered on eastern Japan, mainly in the Tohoku region using unused forest resources such as thinned wood and logged wood as fuel, and two plants in the Kanto region using scrap wood and some RPF as fuel.

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 wood chips input volume: 670,000 tons RPF: 50,000 tons

Annual power generated: Appx. **569,859** MWh

As of FY03/2023



Source: MAFF

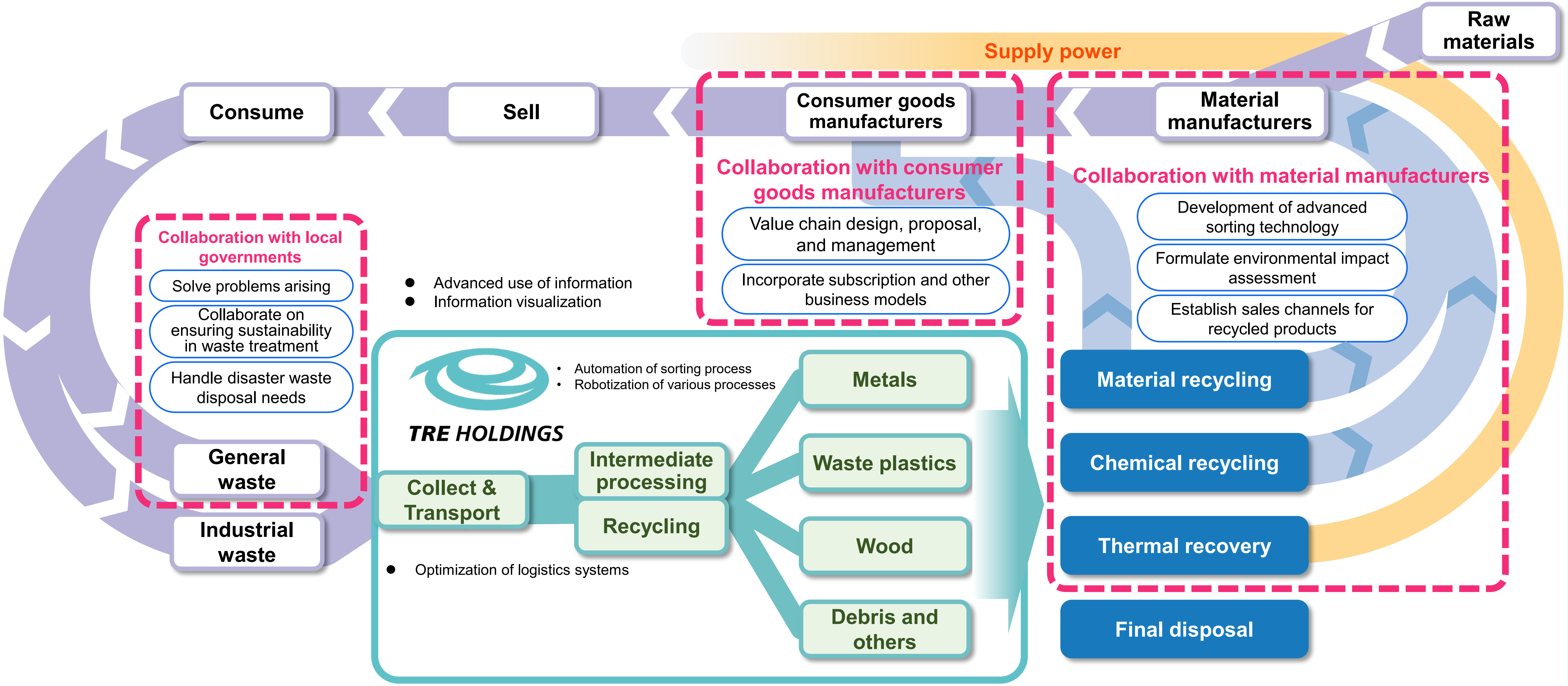
Environmental Engineering & Environmental Consulting businesses

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.

Growth Strategy:
Pursing Growth for the Recycling Business to Realize an Efficient Recycling Society

TRE HOLDINGS 未来へ、捨てない創造力を。

Circular Economy Initiatives



Pursing Growth for the Recycling Business to Realize an Efficient Recycling Society

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Recycling unused resources

◆ RPF


RFP production equipment

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


RPF

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®


Eco-form® compressor

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'.


Eco-form®' - a subsidiary material applied in the iron making process

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 tile shredding equipment

Waste carpet tiles are technically difficult 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.


Waste carpet tile

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


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.

Pursing Growth for the Recycling Business to Realize an Efficient Recycling Society

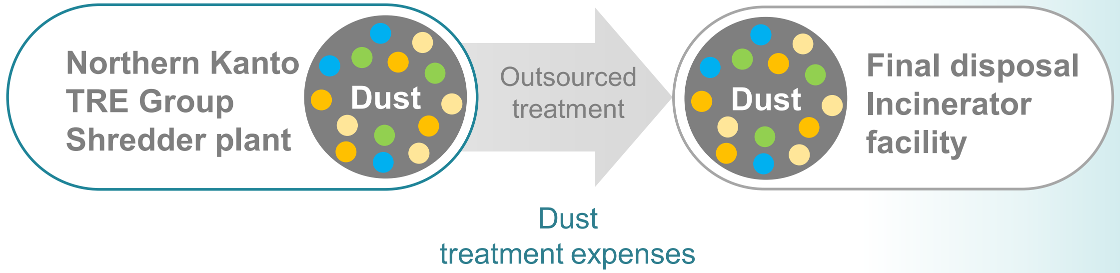
TRE HOLDINGS
未来へ、捨てない創造力を。

Advanced Sorting Center: REVER CORPORATION Mibu Plant (provisional name) ～ Operational in August 2025

A new plant was built to sort valuable materials (metals and plastics) from dust (residue) after shredding by large shredders.

Dust treatment issues

- Unsorted in **landfills and incinerators**
- Outsourcing involves **high treatment costs**

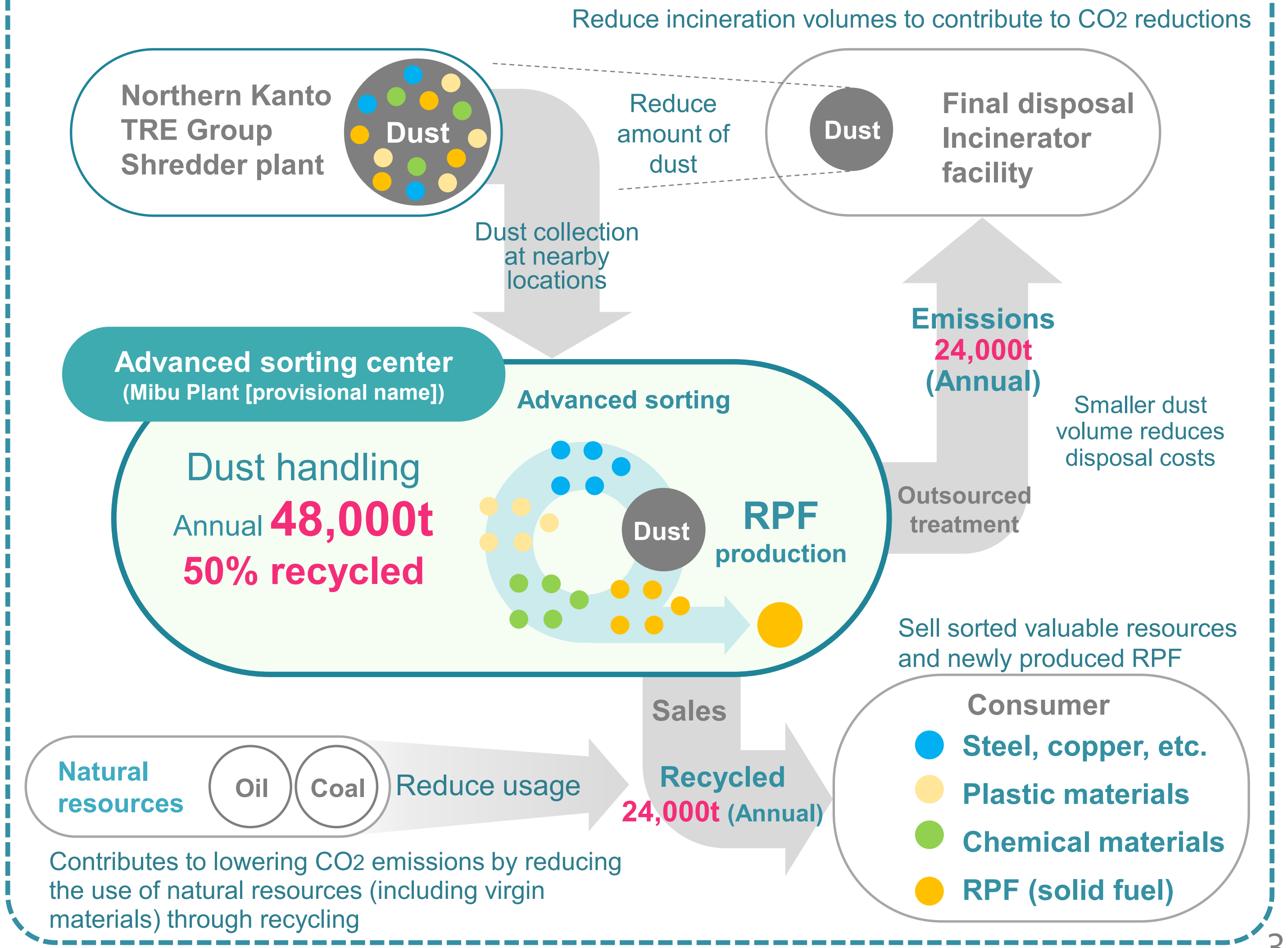


Societal needs

- Realization of carbon neutrality via **CO_2 reductions**
- Accelerated efforts to **utilize recycled materials** in plastic products to realize circular economy
- **Increased demand for RPF (solid fuel)** as an alternative to fossil fuels with a low environmental impact

Post-launch

- Reduce final disposal and incineration to **increase recycling rate**
- Reduce dust treatment costs to **substantially contribute to earnings**
- **Respond to social needs** including CO_2 reductions



Growth Strategy: Promoting the Realization of Cross-industrial Collaborations

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Business Alliance with Sumitomo Chemical Co., Ltd. (April 2023)

- In the EU, there is a growing movement to make the **inclusion of recycled materials a mandatory requirement** for major plastic products.
- The trend toward the **commercialization of products using recycled materials** is also gaining momentum in Japan, with the **potential for systematic implementation.**
- **There is a sense of crisis among domestic automakers and related parts suppliers** with global operations.

Projected demand for recycled plastics used in automobile production

390,000 tons annually

(Source: TRE HOLDINGS)

Automotive material manufacturing technologies: SUMITOMO CHEMICAL × End-of-life vehicle disassembling and sorting know-how: REVER

Aiming to establish a "Car to Car" scheme for recycling waste plastic recovered from end-of-life vehicles into automobile parts.

Business Alliance with Hitachi Zosen Corporation (May 2023)

- Many regions are required to **revise their waste treatment systems, including facility upgrades** (wide-area expansion, consolidation, etc.).
- **Urgently need to curb emissions of** plastic product waste, **promote recycling, and reduce CO_2 emissions from incineration.**
- Recovery and recycling opportunities exist because the **recovery of valuable resources from incinerated ash** has yet to advance.

Incineration facilities in East Japan Demand for equipment renewal (within 15 years)

Appx. 150 facilities

(Source: TRE HOLDINGS)

Municipal waste sorting opportunities

2.96 million tons annually

(Source: Plastic Waste Management Institute)

Works with local governments to design, construct, and operate waste power generation facilities: Hitz Hitachi Zosen Corporation × Recycling technologies facilitating thorough resource recovery Integrated treatment systems for collection and transportation to final disposal: TRE HOLDINGS

Aiming to promote public-private partnership projects, effectively deploy high-efficiency waste power generation and recycling facilities across regions, and jointly commercialize waste plastic and incinerator ash recycling.

Management Initiatives Focused on Cost of Capital

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1. Basic Approach

The TRE Group aims to further strengthen its functions and expand its scale as a comprehensive environmental company playing a central role in the creation of an efficient recycling and a carbon-neutral society. In other words, the industry will be transformed from one that accepts, treats, and disposes of waste, to an **industry that generates resources from waste.**

2. Basic Strategy

Pursuing growth for recycling businesses

Expand TRE Group functions and facility capabilities and promote the realization of cross-industrial collaborations.
Example: Respond to substantial future needs for the recycling of glass contained in solar panels and automobile windshields, mainly through strategic subsidiary TRE GLASS CORPORATION.

Promoting eco-friendly energy businesses

① **Promote biomass power generation business and thermal recovery of waste.**
② **Promote acquisition of forests and utilization of forest resources through TAKEEI Forestry Co., Ltd.**
③ **Expand sales of renewable energy, including electricity with non-fossil certificates.**

Development of new technologies

Budget 1% of sales for R&D investments, etc. (including industry-academia-government collaborations for social implementation as an environmental project).
Example: In anticipation of the societal shift to EVs, we are promoting the development of advanced technologies for the disassembling and sorting of batteries removed from collected automobiles and the recycling of rare metals.

Sustainability management

Set KPIs quantified as non-financial targets for the five priority material issues.
Example: Within non-financial KPIs, we implement raising funds through sustainability-linked bonds connected to predefined achievement targets for TRE Group recycling efficiency and CO_2 emissions reduction.

3. Management Indicators

Revised ROE target

From 8% or higher in 1st MTBP, increased to 10% or higher under 2nd MTBP.

Shareholder returns

From dividend payout ratio of 30% or higher in 1st MTBP,
raised to total return ratio of 35–40% under 2nd MTBP.
(share buybacks may be considered, depending on share price levels)

Disclaimers

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