

Shaping the Future of Society as a WX Environmental Company

Strengthening Japan by creating an efficient recycling society

With a number of serious crises, including global warming, environmental pollution, and resource depletion, the world is currently at a major turning point. Based on our conviction that contributing to the realization of an efficient recycling society and a carbon-neutral society to help solve these difficult societal challenges is a key mission of the waste treatment and recycling industry (waste management companies), TAKEEI CORPORATION and REVER HOLDINGS CORPORATION (currently REVER CORPORATION) merged in October 2021 to form TRE HOLDINGS CORPORATION.

Trends in Japan are already beginning to shift. In 2020, the Ministry of Economy, Trade and Industry (METI) announced its Circular Economy Vision 2020, which advocates a shift from the linear economy—mass production, mass consumption, and mass disposal economic model—prevalent in the 20th century to a circular economy that recycles and utilizes resources and energy. In order to achieve this shift, coordination between the manufacturing industry and the waste management industry is vital. However, compared to the scale of manufacturing industry in Japan, the waste management industry, which is predominantly comprised of small and medium-sized companies, had faced challenges due to its limited financial capital, human resources, technological capabilities, and equipment, which prevented it from establishing a sufficient platform for accepting and recycling industrial waste. To overcome this challenge and meet the needs of the manufacturing industry, the birth of TRE HOLDINGS created a platform capable of providing a stable and abundant supply of high-quality recycled materials—an essential requirement for the realization of a circular economy.

TRE HOLDINGS' vision of creating an efficient recycling society also has significant implications for Japan's economic security. With increasing uncertainty in the global community, including the Russia-Ukraine conflict and trade friction between countries, current circumstances present an opportunity to transition to a recycling-oriented society. This opportunity to promote collaboration between the waste management industry and other industries to establish a domestic resource cycle allows us to contribute to both Japan's resource security and economic security.

The waste management industry also has an important role in strengthening the resilience of Japan's national infrastructure. In recent years, Japan has been hit by a series of major disasters including earthquakes and heavy rainfall, and the large amounts of waste generated in the afflicted areas have hampered reconstruction efforts. Following the Noto Peninsula Earthquake, which struck in January 2024, in cooperation with local authorities and partner companies we have continued to provide support for disaster waste treatment through TAKEEI. We believe that by accumulating expertise and sharing this knowledge within the TRE Group, we can play a key role in society during both normal times and emergencies by contributing to rapid recovery and reconstruction efforts.

MATSUOKA Naoto
Chairman and CEO

Driving societal change as a WX environmental company

Our Second Medium-Term Business Plan, which began in FY2024, focuses on two main areas: making our existing businesses more resilient and venturing into new businesses and fields. We have also set a long-term vision of becoming a WX environmental company.

WX (waste transformation) refers to a societal shift toward an efficient recycling society and a carbon-neutral society by advancing the development and utilization of waste management technologies through a "co-creation" approach that transcends traditional boundaries, such as those between companies and industries. The core concept of WX is not simply technological advancement or cross-industrial collaboration, but rather a strong resolve to transform society by overcoming technological and economic challenges to convert waste and used products that have historically been difficult to recycle into renewable resources. Our goal is to accelerate the transition to an efficient recycling society by promoting awareness of WX throughout society as a symbol of the shift to a circular economy.

As part of these efforts, TRE HOLDINGS is striving to build a solid foundation through the recent management integration. The merger between TAKEEI, which had established a leading position in the industrial waste treatment industry, and REVER, which specializes in metal recycling, has had a significant impact on both the waste management industry and other industries. Furthermore, as part of our inorganic growth strategy we have been actively pursuing mergers and acquisitions of waste management companies that possess unique technologies. The synergies generated by these business integrations have dramatically increased both the scale and technological capabilities of the TRE Group, enabling us to develop partnerships with leading Japanese manufacturers, as well as rapidly accelerate our collaboration with government agencies, local governments, universities, and research institutions working to realize a recycling-oriented society. In addition, by welcoming new companies with different areas of expertise to the TRE Group, we are steadily building a platform for the waste management industry.

One example of our cross-industrial collaboration is the technology demonstration of an "automated sophisticated dismantling process" for end-of-life vehicles (ELVs) conducted with DENSO CORPORATION, a major automotive component manufacturer that also develops automotive technologies and systems and factory automation (FA) technologies. Although approximately 8 million cars are manufactured annually in Japan using primarily imported materials, most of these vehicles are exported overseas as new or used cars, leaving only about 2.5 million ELVs in the country. From a resource recycling perspective, this represents a significant loss for Japan. Accordingly, we have launched a joint project between the manufacturing and waste management industries with the aim of developing innovative car-to-car technologies that will enable us to extract a greater quantity of high-quality recycled materials through precision dismantling of ELVs.

Furthermore, the addition of TRE GLASS CORPORATION through a strategic M&A has fostered technological collaboration within the Group, enabling us to enhance our recycling technologies for difficult-to-recycle composite glass used in automobiles and solar panels. Through these efforts, the TRE Group is steadily increasing its

presence in the Japanese industrial world as a WX environmental company.

TRE HOLDINGS' value creation

I believe that the role of TRE HOLDINGS is to fully leverage the strengths of the Group's respective operating companies. The waste management companies that have joined the TRE Group are all outstanding companies and have refined their unique technologies and established strengths in the industry. We intend to respect the individuality and autonomy of each company while sharing our corporate philosophy: "We are committed to the conservation of the global environment," and linking our respective companies together as a recycling group to generate further value for TRE Group.

We will also promote our inorganic growth strategy, broaden our waste treatment and recycling technologies, and expand our business footprint with the aim of growing as a WX environmental company. Rather than pursuing "individual optimization" in which each company focuses solely on their own growth, I believe that pursuing a strategy of "overall optimization" to create a sustainable society will enable us to contribute to the realization of an efficient recycling society and a carbon-neutral society, and to support the growth of Japan's waste management industry as a WX environmental company.

Accelerating WX through decisive management

The manufacturing and other industries are currently accelerating their shift to a circular economy. The factor behind this is the growing trend among industries to incorporate resource recycling systems into their manufacturing processes. In addition, the Japanese government has launched policies aimed at accelerating the shift to a circular economy, which represents a significant tailwind for the TRE Group.

Meanwhile, looking globally, the world's population has passed 8 billion and continues to grow rapidly. It is clear that in the near future, the supply of iron, copper, and other resources will be unable to keep up with demand, resulting in significant shortages. Creating an efficient recycling society and a carbon-neutral society is not simply an idealistic vision, but a challenge that the industrial community as a whole must face and overcome. To drive a breakthrough, TRE HOLDINGS is taking on the challenge of transforming itself into a WX environmental company.

Needless to say, a strong will and the ability to deliver results will be vital in order to drive change in our current society. Economic growth and profits were not the only things lost during Japan's "lost 30 years." I feel that the tendency to avoid failure and risks has spread throughout society, and it is one of the factors responsible for hindering Japan's ability to respond swiftly to change. Amid rising inflation and growing uncertainty in international society, companies that fail to adapt and take on new challenges will no longer be needed by society. Accordingly, the TRE Group aims to foster a culture of innovation and a strong will to transform the waste management industry among its employees, and to contribute to the creation of an efficient recycling society and carbon-neutral society through WX.