



May 14, 2021

Company name	TAKEEI CORPORATION
Representative	Mitsuo Abe, President and Representative Director (Code: 2151, First Section of the Tokyo Stock Exchange)
Contact	Takeshi Uekawa, Director and Managing Executive Officer (TEL 03-6361-6871)
Company name	REVER HOLDINGS CORPORATION
Representative	Naoto Matsuoka, President, Representative Director and Executive Officer (Code: 5690, Second Section of the Tokyo Stock Exchange)
Contact	Norio Yamada, Executive Officer and Controller (TEL 03-5204-1890)

### **Notice of Execution of integration agreement and preparation of share transfer plan for the management integration through the establishment of a joint holding company (share transfer) between TAKEEI CORPORATION and REVER HOLDINGS CORPORATION**

As announced in the "Notice of Signing of a basic agreement on the management integration through the establishment of a joint holding company (share transfer) between TAKEEI CORPORATION and REVER HOLDINGS CORPORATION" dated March 18, 2021, TAKEEI CORPORATION (hereinafter "TAKEEI") and REVER HOLDINGS CORPORATION (hereinafter "REVER HOLDINGS") concluded a basic agreement on the same day for establishing a joint holding company through a joint share transfer (the "share transfer") to conduct management integration (the "management integration"), and proceeded discussions for the management integration. Both companies, based on the resolution of the Board of Directors held today, concluded a joint agreement and prepared the share transfer plan. Details are as follows.

#### 1. Background

TAKEEI is a corporate group that was founded in 1967, incorporated in 1977, listed on the Tokyo Stock Exchange Mothers market in 2007, and five years later changed its listing market to the First Section of the Tokyo Stock Exchange in 2012. Its main business is waste treatment and recycling. Based on our management philosophy of "Aim to Contribute to a Sound Material-Cycle Society", we aim to be a "Comprehensive Environment Management Enterprise" that realizes the recycling of waste and the reduction of environmental impact by expanding our business domains to include the renewable energy business and the environmental engineering business. In the past few years, we have been focusing on wooden biomass power generation businesses, mainly thinned timber. Recently, we have been striving to expand our business by promoting M&A, such as acquiring shares in Green Power Ichihara Co., Ltd., a large wooden biomass power plant, and JUNKAN-SHIGEN CORPORATION, a storage and supplier of fuel.

REVER HOLDINGS was established in 2007 with Suzutoku Corporation (now REVER Corporation) as a mother body, which was originally engaged in the recycling of steel scrap, founded in 1904 and incorporated in 1935. The company listed on the Second Section of the Tokyo Stock Exchange in 2020. Until now, it has grown into a comprehensive recycling company that deals with metal-related valuables, waste home appliances, End-of-Life Vehicles ("ELV"), waste vending machines, waste plastics, and industrial waste. With our corporate vision "change waste to resource on the earth.", we aim to build a sustainable society, a highly recycling-oriented society. In addition, in order to recycle all kinds of waste over a wide area, we have proposed the concept of a "waste management platform" and are promoting cooperation among waste management industries with other companies in the same industry.

In recent years, the global environment has been seriously affected by global warming, waste plastics, and

other issues. In addition, the explosive expansion of the COVID-19 that has continued since last year has had a major impact on people's lifestyles and the business environment surrounding companies.

Under these circumstances, the two companies have agreed to this business integration for the following reasons. First, the two companies share the same management philosophy of preserving the global environment. Second, the two companies have determined that it is more efficient to invest management resources jointly in technological measures such as reducing global CO2 emissions and recycling waste plastics, rather than making the necessary large-scale investments and research and development on an individual basis. Third, there is more than enough synergy to utilize the other company's management resources for the deepening of the recycling business and the promotion of the energy business.

The business integration is a starting point for the companies to become a "Comprehensive Environment Management Enterprise" that provides one-stop services and energy, and the companies have concluded that they can further strengthen their balanced relationship with all stakeholders, including shareholders, customers, employees, neighboring residents, local communities, government agencies, and financial institutions. The two companies have come to the conclusion that we will be able to maximize corporate value while receiving recognition from institutional and individual investors from the perspective of ESG investment as well.

## 2. Basic Policies of the Management Integration

The two companies will integrate their management based on a spirit of equality and provide society, government and general customers with integrated services ranging from design, construction and operation of recycling, intermediate treatment, waste and biomass power generation, final disposal, and other businesses in the vein value chain of safe and secure emissions and waste. As a result, we aim to build a world-class environmental business model that leads the waste recycling and treatment industry by contributing to a highly recycling-oriented society and a carbon-free emission society in line with the government's goal of virtually zero greenhouse gas emissions by 2050.

Through the establishment of a joint holding company through a share transfer, this business integration aims to quickly allocate management resources efficiently and realize swift synergies. As a result, we did not choose the merger method, which requires a large number of adjustment processes for management integration, or a capital and business alliance in which mutual control is limited.

The joint holding company oversees medium-to long-term strategic planning and Group companies. While maintaining the uniqueness of the two companies in their business operations, the joint holding company seeks to realize synergies through multiplication, which is not a simple sum of the management resources of each other. For example, through personnel exchanges and information exchange, we will smoothly and promptly promote the mutual introduction and utilization of the excellent points of both companies' operational mechanisms.

## 3. Synergy from the Management Integration

### (1) Deepen recycling business

TAKEEI's main business is waste treatment and recycling. Its main customers are construction companies, house manufacturers, and other companies. TAKEEI processes mixed waste and sorted waste plastics, wood scraps, rubble, gypsum boards, etc. at sites in the Tokyo metropolitan area and in the Tohoku, Hokuriku, Koshin, and other locations in the exclusive process to promote recycling as much as possible. However, the annual emissions of construction-related waste, which the parent company TAKEEI specializes in, account for approximately 20% of the total annual emissions of domestic industrial waste of approximately 400 million tons. Although the volume of waste generated is large, there is room for further product commercialization and deeper recycling.

On the other hand, REVER HOLDINGS is primarily engaged in the metal recycling business, automobile recycling business, and home appliances recycling business. Its customers include businesses and individuals that emit these wastes and end-of-life consumer goods, and it is promoting business activities utilizing the recycling technologies that have been refined over many years at wide-area recycling bases in the Tokyo metropolitan area and the Kansai region. In particular, it has established a recycling scheme with auto manufactures and home appliances manufacturers. However, it is also facing challenges to deepen recycling, such as reducing the cost of shredder residues generated in the process of recycling, and addressing industrial waste such as waste plastics at each of its sites.

The two companies differ in customer base, main targets and their recycling methods, business areas, and recycling bases. However, there are common issues such as the reduction of environmental impact, higher customer needs for promoting recycling, and the continuation of high external treatment costs, such as incineration costs. By combining the management resources of the two companies, including personnel, bases, vehicles, and

expertise accumulated over many years, and making effective use of each other, we believe that we can realize synergies that capture the aforementioned issues rather as growth opportunities.

That is to say, the new group through this business integration will realize an increase in sales associated with an increase in the number of items and volumes handled through cross-selling that leverages each of its strengths by appropriately responding to the increasingly sophisticated recycling needs of customers, including the government. In addition, the new group will promote integrated facility improvement, utilization of bases, and optimization of logistics. In addition, we will strive to reduce costs by deepening recycling to convert waste into raw materials for recycled products and fuels. Specifically, we will be more aggressive in the production of RPF(\*) made from waste plastics and other materials, as well as steel-making subsidiary materials.

Through the above synergies, the new group aims to both upgrade recycling and reduce costs and generate sales.

\*RPF: An abbreviation for Refuse derived paper and plastics densified Fuel, and refers to high-grade solid fuel, mainly made from wastepaper and waste plastics, which are difficult to recycle materials, among industrial waste.

## (2) Promotion of energy business

The government's "2050 Carbon Neutral" declaration positions waste power generation business through waste plastics, etc. as an important "resource recycling-related industry" in addition to wooden biomass power generation business.

"Decarbonization" and "New Power Sources" are the two pillars of the automobile. The new group will contribute to these two pillars as social infrastructure by expanding the recyclable resources that it collects and promoting the development of electricity facilities that do not use fossil fuels as a de-fossil fuel.

In doing so, the new group will promote a long-term stable renewable energy business that will enable a virtuous cycle between the economy and the environment by establishing a cooperative scheme rooted in the local community and selecting the scale of power generation, methods, etc. In addition, the new group will be an electricity supplier as a renewable energy source.

We will also contribute more actively to the promotion of SDGs advocated by the United Nations by achieving carbon neutrality in the total amount of electricity used in our business activities within five years after the merger.

## (3) New technology development

The waste recycling and treatment industries in which the two companies belong are large numbers of small and medium-sized enterprises, and there are many companies with succession issues. Inefficiency and delays in systematization can be seen in the management system in this industry. Another issue is the elimination of illegal dumping and involvement of inappropriate people.

On the other hand, both companies are listed companies in the industry, and both companies already provide customers with trust and reliable waste recycling and treatment services. Through this management integration, we will further strengthen and streamline our organization, and promote the development of new recycling technologies based on mutual personnel exchanges, sharing of know-how, industry-academia-government collaboration, etc., in order to differentiate ourselves from competitors and strengthen our competitiveness.

In particular, in order to strengthen recycling of waste plastics and shredder residues, for which the need for recycling is increasing domestically, we will aim to develop a distribution system that realizes the optimization of collection methods and routes, develop and enhance dismantling, crushing, and sorting technologies, and pursue safety, and establish efficient recovery technologies for rare metals, etc. In addition, we will promote the development of technologies for removal of repellent substances and adjustment of components, etc., which are necessary to achieve high energy efficiency due to changes in waste quality in waste power generation.

Through the above-mentioned synergies from the business integration, the new group will aim to become a company with net sales of 100 billion yen with an eye to overseas expansion. After detailed examination of specific management targets, we plan to disclose them as a new medium-term management plan after the establishment of a joint holding company.

#### 4. Summary of the Share Transfer

##### (1) Schedule of the Share Transfer

Board of Directors' Meeting to Approve the Basic Agreement on Business Integration (both companies)	March 18, 2021
Signing of basic agreement on business integration (both companies)	March 18, 2021
Date of announcement of record date for Extraordinary General Meeting of Shareholders (REVER HOLDINGS)	March 26, 2021
Record date for the Extraordinary General Meeting of Shareholders (REVER HOLDINGS)	April 12, 2021
Board of Directors' meeting to approve the Integration Agreement, the Share Transfer Plan and the name of the new company (both companies)	May 14, 2021 (today)
Conclusion of integration agreement and preparation of share transfer plan (both companies)	May 14, 2021 (today)
Ordinary General Meeting of Shareholders for approval of share transfer plan (TAKEEI)	June 23, 2021 (planned)
Extraordinary General Meeting of Shareholders for approval of share transfer plan (REVER HOLDINGS)	June 30, 2021 (planned)
Date of delisting from the Tokyo Stock Exchange (both companies)	September 29, 2021 (planned)
Scheduled date of consolidation (date of registration of incorporation of joint holding company)	October 1, 2021 (planned)
Date of listing of shares of the joint holding company	October 1, 2021 (planned)

##### (2) Details of allotment pertaining to the Share Transfer

	TAKEEI	REVER HOLDINGS
Stock transfer ratio	1.24	1

##### (3) Dividends of the two companies based on the record date prior to the establishment of the joint holding company

As stated in the 3rd quarter of the fiscal year ending March 2021, TAKEEI plans to pay a 15 yen per stock on March 31, 2021 as the base date. REVER HOLDINGS expects to pay 35 yen per share on June 30, 2021 as the base date, as described in the "Summary of Financial Results for the Second Quarter for the Fiscal Year ending June 2021," dated February 15, 2021.

In addition to the above, TAKEEI plans to pay a dividend of up to 15 yen per share with a record date of September 30, 2021. In addition to the above, REVER HOLDINGS plans to pay a dividend of up to 10 yen per share with a record date of September 30, 2021.

##### (4) Dividends of Joint Holding Company

The dividend amount of the joint holding company for the fiscal year ending March 2022 will be determined by comprehensively taking into consideration the dividend policy and dividend level of both companies to date, as well as the future performance of the joint holding company, etc. However, the specific details have not been determined at this time.

##### (5) Integration Preparatory Committee

The Integration Preparatory Committee will be established to intensively discuss the Business Integration with the two companies as soon as possible after the conclusion of the Business Integration Agreement.

5. Outline of the Company involved in the Share Transfer

(1)	Name	TAKEEI CORPORATION	REVER HOLDINGS CORPORATION
(2)	Location	A-10 Floor, 2-4-1 Shibakoen, Minato-ku, Tokyo	Tokyo Sankei Building 15F, 7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3)	Title/Name of Representative	Mitsuo Abe, President and Representative Director	Naoto Matsuoka, President, Representative Director and Executive Officer
(4)	Business Content	Waste treatment and recycling	Resource Recycling
(5)	Capital	8,489 million yen (As of March 31, 2021)	1,715 million yen (As of March 31, 2021)
(6)	Establishment	March 7, 1977	July 2, 2007
(7)	Total number of shares issued	28,616,300 shares (As of March 31, 2021)	17,126,500 shares (As of March 31, 2021)
(8)	Fiscal year end	March 31	June 30
(9)	Number of employees (Consolidated)	1,358 (As of March 31, 2021)	781 (including temporary employees) (As of March 31, 2021)
(10)	Major Business Partners	OBAYASHI CORPORATION TAKENAKA CORPORATION TAISEI CORPORATION KAJIMA CORPORATION SHIMIZU CORPORATION	TOKYO TEKKO CO., LTD. Godo Steel, Ltd. MM&KENZAI Corporation. ITOCHU Metals Corporation TOYOTA TSUSHO MATERIAL INCORPORATED
(11)	Main banks	Resona Bank MUFG Bank SUMITOMO MITSUI BANKING CORPORATION Mizuho Bank	MUFG Bank Mizuho Bank Saitama Resona Bank
(12)	Major shareholders and share holding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account): 15.74% Japan Custody Bank, Ltd. (Trust account): 14.08% Mamoru Mitsumoto: 6.14% GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch): 3.35% Veolia Japan Co., Ltd.: 1.71% KIAFUND136 (standing proxy Citibank, N.A. Tokyo: 1.67% Taizo Hashimoto: 1.26% Takeshi Fujimoto: 1.23% TAKEEI Employee Stock Ownership Plan: 1.18% Japan Custody Bank, Ltd. (Trust account 5): 1.17% (As of March 31, 2021)	BESTERRA CO., LTD): 15.01% REVER Group Employee Stock Ownership Association: 8.55% Toru Suzuki: 6.13% Takao Suzuki: 5.84% ENVIPRO HOLDINGS Inc.: 3.15% TOKYO TEKKO CO., LTD.: 3.00% Koichi Nakada: 2.40% Yuji Suzuki: 2.16% Norio Sasaki: 1.93% Hidehiko Kamata: 1.70% (As of December 31, 2020)
(13)	Relationship between the parties		
	Capital relationship	There is no noteworthy capital relationship.	
	Personal relationship	There is no noteworthy personal relationship.	
	Business relationship	There are transactions related to facility maintenance between the two companies' group companies.	
	Related party relationship	The other party and its related parties and affiliates are not related parties to either company. The other party and its related parties and affiliates are not related parties to either company.	

(14)	Results of Operations and Financial Position for the Last Three Years (in millions, except notable items)					
	Fiscal year end	TAKEEI CORPORATION			REVER HOLDINGS CORPORATION	
		FY3/19	FY3/20	FY3/21	FY6/18	FY6/19
Consolidated net assets	26,960	28,270	34,505	14,451	15,474	16,210
Consolidated total assets	71,047	80,257	87,806	28,272	27,747	28,245
Consolidated net assets per share (yen)	1,131.93	1,186.86	1,196.98	833.70	903.52	946.46
Consolidated net sales	32,271	37,713	42,062	39,286	36,682	28,376
Consolidated operating income	2,125	3,298	4,067	1,325	1,386	980
Consolidated ordinary income	1,814	3,025	3,893	1,517	1,645	1,282
Net income attributable to owners of parent	275	1,765	2,272	2,265	1,269	1,217
Consolidated net income per share (yen)	11.92	76.65	89.07	152.99	74.07	81.12
Dividend per share (yen)	20.00	20.00	30.00	200.00	4.00	35.00

6. Status of the Joint Holding Company to be newly established through the Share Transfer

(1) Name	TRE HOLDINGS CORPORATION
(2) Location	Tokyo Sankei Building 15F, 7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3) Name of directors	Chairman and Representative Director: Naoto Matsuoka President and Representative: Mitsuo Abe Director Director: Takao Suzuki Director: Mamoru Mitsumoto Director (Audit and Supervisory Committee Member): Tomoji Ishii Director (Audit and Supervisory Committee Member): Fumie Omura Director (Audit and Supervisory Committee Member): Hiroyuki Suematsu
(4) Business Content	Business management of subsidiaries and group companies, and incidental or related operations
(5) Capital	10 billion yen
(6) Fiscal year end	March 31
(7) Net assets	This has not been determined at this time.
(8) Total assets	This has not been determined at this time.
(9) Other	We plan to establish a company with an Audit and Supervisory Committee, and to establish the Board of Directors, the Audit and Supervisory Committee, and the accounting auditor, in addition to the directors and the shareholders' meeting.

## 7. Future Outlook

The business prospects of the joint holding company to be newly established as a result of the Share Transfer will be reviewed by both companies and will be announced as soon as they are determined.

(Reference) Business Forecasts for TAKEEI and REVER HOLDINGS for the Fiscal Year under Review

TAKEEI	Net sales (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income attributable to owners of parent (Million yen)	Net income per share (Yen)
Business forecasts for the current fiscal year (FY3/22)	45,000	4,600	4,340	2,600	94.15

REVER HOLDINGS	Net sales (Million yen)	Operating income (Million yen)	Ordinary income (Million yen)	Net income attributable to owners of parent (Million yen)	Net income per share (Yen)
Business forecasts for the current fiscal year (FY6/21)	33,950	3,160	3,390	2,510	146.55