Note:This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

February 13, 2025

To whom it may concern,

Company Name: ENVIPRO HOLDINGS Inc.
Representative: Representative Director, President/CEO
Tomikazu Sano
(Securities code: 5698, TSE Prime Market)
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Notice of Progress on Plan to Meet the TSE Prime Market Continued Listing Criteria and Commencement of Preparations for Applying to Change the Market Segment to Standard

On August 22, 2023, ENVIPRO HOLDINGS Inc. submitted the "Notice of the Plan for Compliance with the Listing Maintenance Criteria" and disclosed the details of the plan. On August 22, 2024, the Company announced the status of its progress on the plan as of the latest reference date, June 30, 2024.

The Company hereby announces a report on the progress of the plan as of December 31, 2024. Details are as follows. At a Board of Directors meeting held on February 13, 2025, the Company resolved to begin preparing an application to change its Tokyo Stock Exchange (TSE) market segment from Prime to Standard by June 2025 while continuing to implement the compliance plan, taking into account the details of the compliance plan and the deadline for meeting the criteria required to maintain its Prime Market listing.

1. Changes in the status of compliance with the criteria for maintaining listing on the Prime Market and plan period

The status of the Company's compliance with the criteria for maintaining listing on the Prime Market as of December 31, 2024, including the changes thereof, is as in the table below. The Company does not meet the criteria for market capitalization of shares outstanding, based on its own estimates. Regarding the market capitalization of the shares outstanding that failed to meet the criteria, the Company will continue to take different steps to achieve compliance with the criteria for maintaining its listing on the Prime Market by the end of June 2025.

		No. of shareholders	No. of shares outstanding	Market capitalization of shares outstanding	Percentage of shares outstanding
Status of conformity of the Company	June 30, 2023*1	11,629	131,366 units	7.6 billion yen	43.6%
	June 30, 2024*1	12,173	133,077 units	6.8 billion yen	44.0%
	December 31, 2024*2	10,944	138,169 units	6.3 billion yen	45.6%
Listing maintenance criteria		800 or more	20,000 units or more	10.0 billion yen or more	35% or higher
Plan period		–	–	June 30, 2025	–

Note 1: The figures are calculated based on the distribution of the Company's share certificates, etc. as understood by the Tokyo Stock Exchange as of the reference date.

Note 2: The figures are estimates based on the distribution of the Company's share certificates, etc. determined by the Company.

2. Implementation status and evaluation of initiatives for compliance with the criteria for maintaining its listing on the Prime Market

(1) Implementation status of initiatives

The Company declared its basic policy for increasing the market capitalization of the shares outstanding in "Notice of the Plan for Compliance with the Listing Maintenance Criteria" announced on August 22, 2023. The policy consists of three initiatives: (1) steady execution of Medium-Term Management Plan, (2) implementation of measures to return profits to shareholders and (3) strengthening of information disclosure capabilities, including IR activities. As announced in the report on August 22, 2024, the Company is implementing the following actions.

(2) Evaluation of initiatives

(i) Steady execution of Medium-Term Management Plan

The Company announced a rolling-style medium-term management plan with the fiscal year ending June 30, 2029 as its final fiscal year on August 22, 2024. In the Resource Circulation Business, the Company defines dismantling, polymer product manufacturing, and gold and silver sediment sludge collection from incineration ash and other materials as priority businesses. High growth rates have been achieved in these businesses. We are striving to change our business model in the Global Trading Business to improve its earning structure. An increase in net sales and profits were achieved and it is expected that the business will continue to grow. In the Lithium-ion Battery Recycling Business, the Company has begun operations at the Ibraki Plant to increase its market share in this growing market.

(ii) Implementation of measures to return profits to shareholders

For the fiscal year ended June 30, 2024, the dividend decreased due to extraordinary losses recorded due to a difference in views between the Company and tax authorities regarding export sales transactions and to a fire. For the fiscal year ending June 30, 2025, the Company expects to pay a year-end dividend of 15 yen per share in line with the consolidated payout target of 25% to 35% in the basic policy.

(iii) Strengthening of information disclosure capabilities, including IR activities

For the fiscal year ended June 30, 2024, the Company organized financial results briefings for institutional investors, one-on-one meetings, facility tours and business briefings for individual investors. It also enriched its disclosure of ESG data, receiving Climate change B score from the CDP 2024. The Company's businesses are centered on solutions to issues for the realization of a circular society. It understands that its purpose and the growth of its business are in sync with social contribution activities. The Company will continue to actively engage in dialogue with investors to enable people to better understand its corporate value.

3. Reasons for starting preparations to apply for a change in market segment to Standard

While implementing the plan to meet the criteria for a Prime Market listing, the Company has decided to start preparations to apply for a change of its market segment to Standard by June 30, 2025.

The Company is not currently considered to have the required capability to generate profits or execute the necessary growth strategies. It does not meet one of the TSE Prime Market Continued Listing Criteria, which is a market capitalization of shares outstanding of 10 billion yen or more. The Company finds it challenging to meet the criteria within a year. It is therefore considering expanding its capabilities in the Standard Market and enhancing its corporate value over the medium to long term, with the goal of being listed on the Prime Market again.

In this situation, the Company has decided to apply to change its market segment to Standard by June 30, 2025, before entering the improvement period due to failing to meet the Prime Market Continued Listing Criteria.

[Progress toward meeting the criteria for maintaining listing on the Standard Market]

As of December 31, 2024, the Company satisfied all the criteria for continued listing in the Standard Market Continued Listing Criteria as shown in the table below, based on its own estimates. For the fiscal year ended June 30, 2024, ordinary profit was 1.7 billion yen, which meets the criterion for applying for a listing.

	No. of shareholders	No. of shares outstanding	Market capitalization of shares outstanding	Percentage of shares outstanding	Monthly average trading value	Amount of net assets
The Company's figures as of December 31, 2024*	10,944	138,169 units	6.3 billion yen	45.6%	18,037 units	17.16 billion yen
Listing maintenance criteria	400 or more	2,000 units or more	1.0 billion yen or more	25% or higher	10 units or more	Positive net asset amount
Status of conformity	○	○	○	○	○	○

* The figures are estimates based on the distribution of the Company's share certificates, etc. determined by the Company as of December 31, 2024, which is the assumed reference date.

4. To the shareholders from Representative Director, President and CEO Tomikazu Sano

(1) Our dedication to achieving a decarbonized society

As the circular economy becomes increasingly significant for achieving a decarbonized society, our role is becoming more important. This presents us with greater business opportunities. In fact, we are receiving a growing number of business inquiries. The effect of these inquiries on our financial results is limited and has not led to profits. Nevertheless, we believe that they will yield positive outcomes in the long run. To capitalize on the business opportunities, we will establish a system to secure raw materials by utilizing our meticulously designed reverse logistics network.

To play a role in the circular economy, we need to participate in a supply chain that provides raw materials. By participating in a supply chain, we can improve the stability of our business operations. However, this involvement has the risk of reducing management autonomy. To maintain management autonomy while playing a role in the

supply chain, we need to gain a competitive advantage grounded in unique capabilities by enhancing our recycling technology and expertise we have developed and maintaining management independence through a variety of raw material procurement methods, such as obtaining permits and licenses that our competitors do not possess, implementing a traceability system for enhanced security, and establishing collection sites for raw materials across the nation.

(2) Synergies between key strategic businesses and current operations

The ENVIPRO Group is working on transforming its business portfolio. Over the next five years, our external environment is expected to change significantly as society shifts toward decarbonization. These years will be crucial in shaping our future until 2050.

In this situation, the Company has identified the following three key strategic businesses:

- "Lithium-ion Battery Recycling Business"
- "Business of collecting gold and silver sediment sludge from incineration ash"
- "Chemical recycling business focused on waste plastics, including municipal waste"

Generating profits for these three businesses will take time. However, we expect them to grow in the medium to long term due to their novelty and significant social impact. We will enhance our distinctiveness in the businesses and create a path to success with ambitious goals.

We will enhance our collaboration with companies and local governments with whom we have not established relationships as we develop the key strategic businesses. Enhanced collaboration will generate significant synergies that will contribute to the growth of existing businesses and positively impact our results.

(3) Organizational climate and company culture

A good organizational climate is important for the growth of an organization. Enhancing company culture by embracing challenges in the strategic businesses and committing ourselves to them is also a strategy. We view this strategy as being equally important as the key strategic businesses.

To enhance our company culture, it is crucial to conduct business operations faithfully in accordance with our corporate philosophy, which embodies our values and beliefs. Our organizational image is "A disciplined group of autonomous individuals with emergent abilities." We will boldly embrace challenges and create new value and diverse businesses, thereby making a positive contribution to society.

Lastly, we remain a company with ambitions aligned with the Prime Market, while preparing to apply for a change in our market segment to Standard. Our ambitions and strategies for growth will also remain unchanged.

After the transition to the Standard Market, we aim to stay true to ourselves and achieve growth without being constrained by conventions. We will strive to create a stage We aim to enhance corporate value and return to the Prime Market over the medium to long term.

We will actively promote our business, which we believe holds social significance. Our contribution to society will lead to our growth and enhance our corporate value. We are dedicated to actively pursuing the growth of our key strategic businesses.

The Company requests the understanding and continuous support of shareholders.