

Response to Climate Change and Information Disclosure in Line with TCFD Recommendations

The world recognizes climate change as one of the most critical sustainability issues. This is reflected in international agreements such as the Paris Agreement and the Glasgow Climate Pact (COP26) adopted in November 2021, which aimed to limit the global temperature rise to 1.5°C above pre-industrial levels by reducing greenhouse gas (GHG) emissions.

The Group also recognizes climate change as a material management issue. To contribute to the realization of a +1.5°C world, we are working to reduce GHG emissions from our business operations. In addition, the Group's core reuse business promotes the development of a circular society and thereby helps reduce GHG emissions in society at large. We will continue to pursue contributions to environmental sustainability through our business activities.

Furthermore, based on the recommendations of the TCFD, which call for disclosing the impact of climate-related risks and opportunities on corporate activities and medium to long-term strategies, the Group established the "TCFD Promotion Project," led by the President and CEO as project owner. Under the TCFD framework of governance, strategy, risk management, and metrics and targets, we are conducting scenario analyses of climate-related issues. Going forward, we will enhance these scenario analyses and improve both the quality and quantity of our climate-related disclosures.

Governance

The Group has established the Sustainability Strategy Committee as an advisory body to the Management Committee to promote companywide management with sustainability at its core, including responses to material issues such as climate change and the SDGs. Chaired by the President and CEO, the committee identifies and evaluates climate-related risks and opportunities, reviews policies and strategies, and monitors the progress of action plans implemented by each division. Reports are shared with the Management Committee as needed.

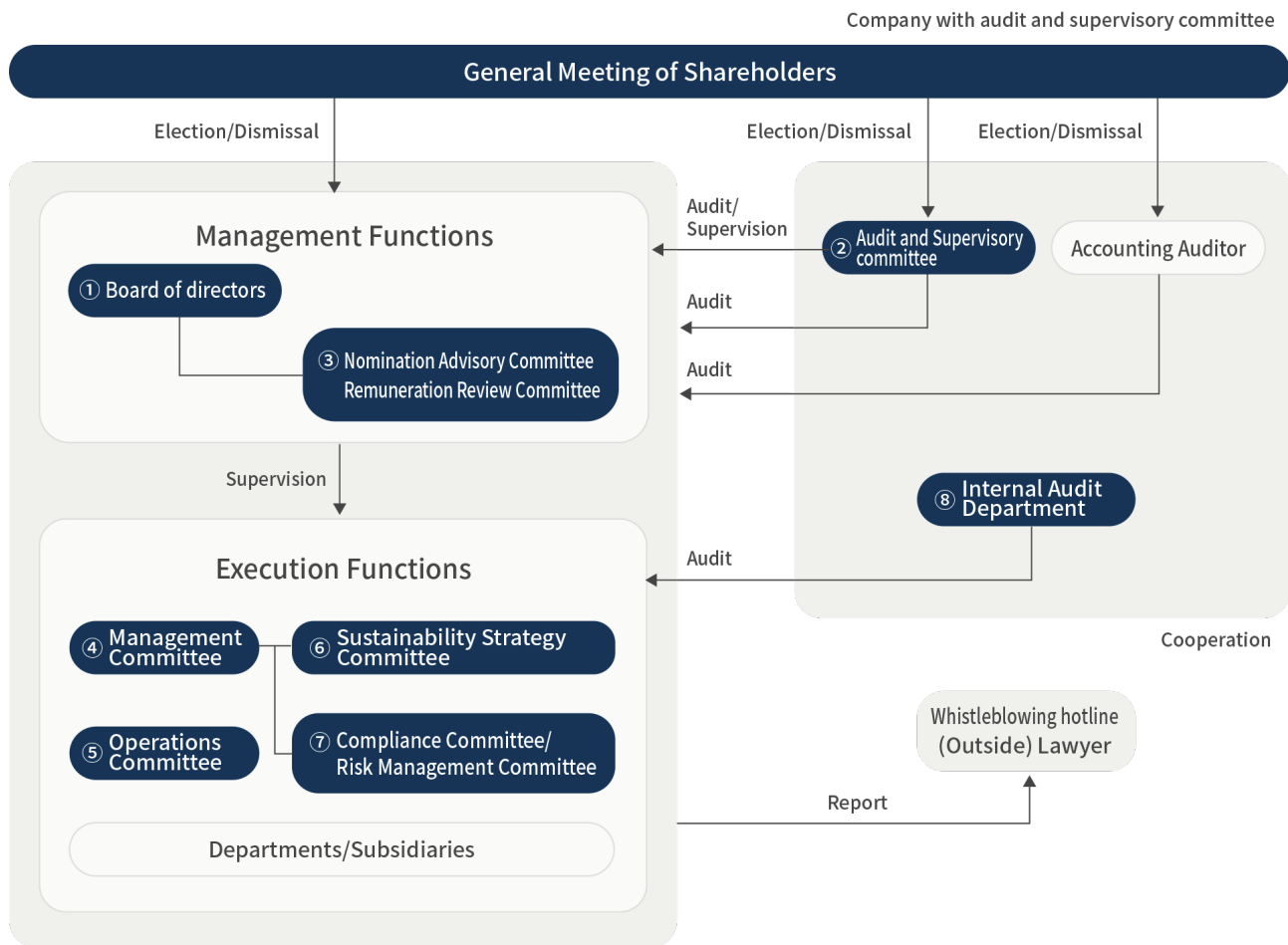
The Board of Directors receives reports at least semiannually on matters discussed and resolved by the Management Committee and the Sustainability Strategy Committee, and supervises and deliberates on climate-related issues across the Group.

Risk Management

The Group identifies risks and opportunities arising from the impact of climate change on its businesses through scenario analyses and hearings with each business unit. The Sustainability Strategy Committee evaluates and determines the materiality of all identified risks, including those unrelated to climate change, and formulates policies and strategies to address them.

These identified risks and related policies are then shared with the Risk Management Committee. Meeting monthly, the committee engages with responsible officers across divisions, considers specific countermeasures for significant risks, and regularly reports to the Sustainability Strategy Committee to ensure comprehensive risk management across the Group.

Corporate Governance Structure Chart



Strategy

The Group has examined climate-related risks and opportunities that could reasonably be expected to affect its business model, strategies, cash flows, financing, and cost of capital over the short, medium, and long term, as well as the measures to address the identified risks. The results are presented in the table below.

For this analysis, two climate-related scenarios were adopted, and qualitative analyses and evaluations were conducted for each business area — including the BOOKOFF operations in Japan (store- and internet-based purchasing and sales), the premium services business, the overseas business — as well as for Group-wide factors such as stock price.

Referenced Scenarios

Assumed World	Referenced Scenario
1.5°C Scenario:	IEA Scenario NZE2050 IPCC RCP Scenario RCP1.9
4.0°C Scenario:	IEA Scenario STEPS IPCC RCP Scenario RCP8.5

Note: About the scenarios

- The above scenarios represent temperature rise projections relative to pre-industrial levels, simulated

by specialized organizations such as the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency).

- **1.5°C Scenario:**

Based on IEA NZE2050 and IPCC RCP1.9. In this world, more stringent climate policies, such as higher carbon taxes and drastic system transitions/technological innovations, are implemented, limiting the temperature rise to below 1.5°C by 2100. While physical risks remain limited, transition risks increase significantly.

- **4°C Scenario:**

Based on IEA STEPS and IPCC RCP8.5. In this world, few additional measures are taken, resulting in a temperature rise of around 4°C by 2100, with greater physical risks and more frequent natural disasters.

Climate-related Risks and Opportunities

Category	Description	Scope
Transition Risks		
Policies and Regulations	Increase in disposal costs due to stricter plastic regulations and the use of alternative materials	Mainly stores
	Higher utility and transportation costs due to introduction of carbon taxes, etc.	Entire company
	Decline in sales caused by power shortages or blackouts due to stricter fuel-related regulations, leading to temporary suspension of store operations	Mainly stores
Market	Higher energy costs due to rising demand for renewable energy and associated price increases	Entire company
Reputation	Decline in asset value resulting from a drop in stock prices and higher financing costs if investors and financial institutions view environmental efforts as insufficient	Entire company
	Decline in brand value and the number of customers resulting in reduced purchases and lower sales if customers view environmental efforts as insufficient	Entire company
Physical Risks		
Acute	Decline in sales and higher repair costs due to store closures caused by natural disasters	Mainly stores
	Decline in sales due to groupwide business suspension resulting from system server outages causing system downtime due to flood damage by typhoon and heavy rain	Mainly stores
Chronic	Slow-moving inventories and decline in sales of winter apparel and ski-related products due to warm winter	Mainly stores
	Decline in sales opportunities and lower sales due to spread of climate-related infectious diseases (e.g., dengue fever, malaria)	Entire company
	Decline in the number of customers at stores and lower sales due to fewer opportunities for going out linked to global warming	Mainly stores
Opportunities		
Products and Services	Increase in the number of customers at stores and higher sales due to rising demand driven by appeals to environmental contribution through the use of reuse products	Mainly stores
	Increase in purchases and inventory due to greater customer demand driven by appeals to environmental contribution through the use of BOOKOFF	Mainly stores
	Increase in sales from crushing CDs, DVDs and other discs scheduled for disposal and reselling as raw materials for recycled plastic to reduce CO2	Entire company

Category	Description	Scope
	emissions	
	Increase in demand for books and soft media and higher sales as people stay home due to fewer opportunities for going out linked to global warming	Mainly stores
Reputation	Increase in asset value resulting from a rise in stock prices and lower financing costs if investors and financial institutions view environmental efforts as proactive	Entire company

Climate-related Risks, Opportunities, Financial Impacts, and Quantitative Assessment

Category	Description	Financial Impact	Quantitative Assessment (1.5°C Scenario)	Quantitative Assessment (4°C Scenario)
Transition Risks				
Policies and Regulations	Increase in expenses for consumable supplies due to the use of alternative materials following the tightening of plastic regulations	Disposal costs for packaging, etc.	11 million yen/year (FY2030) 95 million yen/year (FY2050)	Note: Under the 4°C scenario, no additional regulatory measures are assumed beyond the current level. Therefore, no new transition risks are expected to arise.
	Increase in utility and transportation costs resulting from the introduction of carbon pricing	Utility costs	476 million yen/year (FY2030) 859 million yen/year (FY2050)	
		Transportation costs	161 million yen/year (FY2030) 290 million yen/year (FY2050)	
	Decrease in sales due to store closures caused by power shortages or blackouts following the strengthening of fuel-related regulations	Net sales	–246 million yen/year (FY2030) –246 million yen/year (FY2050)	
Market	Increase in energy costs due to price rises associated with growing demand for renewable energy	Utility costs	216 million yen/year (FY2030) 526 million yen/year (FY2050)	

Category	Description	Financial Impact	Quantitative Assessment (1.5°C Scenario)	Quantitative Assessment (4°C Scenario)
Physical Risks				
Acute	Decrease in sales, increase in repair costs, and greater inventory losses resulting from store closures caused by natural disasters	Net sales	–11 million yen/year (FY2030) –14 million yen/year (FY2050)	–13 million yen/year (FY2030) –21 million yen/year (FY2050)
		Repair expenses	1 million yen/year (FY2030) 1 million yen/year (FY2050)	1 million yen/year (FY2030) 1 million yen/year (FY2050)
		Inventory write-offs	–32 million yen/year (FY2030) –41 million yen/year (FY2050)	–40 million yen/year (FY2030) –60 million yen/year (FY2050)
Chronic	Decline in sales and inventory stagnation of winter apparel and winter sports goods due to warmer winters	Net sales	–39 million yen/year (FY2030) –53 million yen/year (FY2050)	–55 million yen/year (FY2030) –109 million yen/year (FY2050)
	Loss of sales opportunities and decline in sales due to outbreaks of tropical infectious diseases (e.g., dengue fever, malaria)	Net sales	—	–3,774 million yen/every two months (FY2030 & FY2050)
	Decrease in customer visits and sales due to reduced outings caused by global warming	Net sales	–348 million yen/year (FY2030) –476 million yen/year (FY2050)	–494 million yen/year (FY2030) –974 million yen/year (FY2050)
Opportunities				
Products and Services	Increase in sales by crushing unsold CDs, DVDs, and other discs that were to be discarded, and selling them as raw materials for recycled plastic to reduce CO ₂ emissions	Net sales	131 million yen/year (FY2030) 131 million yen/year (FY2050)	131 million yen/year (FY2030) 131 million yen/year (FY2050)

Note: Only items for which quantitative financial impact can be calculated are presented.

Our Group's Measures to Address Climate-related Risks

Category	Measures
Transition Risk	Reduction of CO ₂ emissions through replacement of in-store lighting with LED fixtures and installation of the latest high-efficiency air conditioning systems at each location
	Control of electricity consumption through energy-saving initiatives and promotion of renewable energy sources with lower environmental impact
	Examination and implementation of climate change countermeasures by the Sustainability Strategy Committee
Physical Risk	Strengthening resilience to emergencies through the enhancement and reinforcement of BCP measures established after the Great East Japan Earthquake
	Considering the development of new infectious disease countermeasures based on experience gained from COVID-19 responses
	Examination and implementation of climate change countermeasures by the Sustainability Strategy Committee

Metrics and Targets

To assess and manage climate-related risks and opportunities, the Group calculates and discloses its GHG emissions in accordance with the GHG Protocol.

Other metrics and targets for managing risks and opportunities are determined by the Management Committee and monitored by the Sustainability Strategy Committee.

GHG Emissions of the Group

CO ₂ Emissions (t-CO ₂) Note1		FY5/2022	FY5/2025	FY5/2026
	Scope1 Note2	246t-CO ₂	311t-CO₂	357t-CO₂
	Scope2 Note3	26,804t-CO ₂	14,984t-CO₂	14,165t-CO₂
	Total (Scope1+2)	27,050t-CO ₂	15,295t-CO₂	14,522t-CO₂

- Note 1: CO₂ emissions of BOOKOFF CORPORATION LIMITED, the principal operating subsidiary.
- Note 2: Scope 1 emissions are calculated based on the actual gasoline expenses incurred from June 1 to May 31 of the following year, the average gasoline unit price for the fiscal year, and the CO₂ emission factor for gasoline announced by the Ministry of the Environment.
- Note 3: Scope 2 emissions are calculated based on the company's electricity consumption from April 1 to March 31 of the following year, and the CO₂ emission factors by electric power company published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

With a view toward transitioning to a carbon-neutral society, the Group has set the following quantitative targets for reducing GHG emissions and introducing renewable energy.

GHG Emissions Reduction Targets

CO ₂ Emissions Compared with FY5/2022 Note1	FY2030 (FY5/2031)	FY2045 (FY5/2046)
	50% reduction	Achieve carbon neutrality

- Note 1: CO₂ emissions of BOOKOFF CORPORATION LIMITED, the principal operating subsidiary.
Since electricity consumption decreased significantly in FY5/2021 due to temporary store closures at many locations resulting from the spread of COVID-19, FY5/2022 has been set as the base year.

Target Ratio of Locations Using Renewable Energy Power

Ratio of Locations Using Renewable Energy Note2	FY2030 (FY5/2031)	FY2040 (FY5/2041)
	15%	50%

- Note 2: The projected net increase in the number of stores has been taken into account.