

Disclosure Based on the TCFD Recommendations

Premium Group Co., Ltd. (headquarters: Minato-ku, Tokyo; President and Representative Director: Yohichi Shibata; the “Company”), as an auto mobility company, hereby announces that it has issued a disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosure (the “TCFD”).

■ Message from the President

The Company has been taking actions to harness limited resources and preserve the environment in the interest of the future. In this, we have strived to contribute to a decarbonized society through our business activities and to realize a sustainable, recycling-oriented society. In accordance with the Corporate Governance Code for listed companies on the Tokyo Stock Exchange's Prime Market, we have conducted a scenario analysis of the risks and opportunities that climate change poses to our business based on the recommendations of the TCFD, among others.

On the occasion of our declaration of support for the TCFD recommendations, we will strive to enhance our climate change-related disclosure and further our measures to address climate change.

■ Contributing to creation of a recycling-oriented society (harnessing limited resources)

In the four segments operated by the Company (finance, automobile warranty, auto mobility, Car Premium), we promote business in the Reduce, Recycle, Reuse, and Repair (4Rs) for automobiles. We will contribute to the creation of a recycling-oriented society by continuing to expand our main business.

■ Basic approach to climate change

New production of goods results in greenhouse gas (“GHG”) emissions that pose a severe challenge to decarbonization. The key to solving this problem is a recycling-oriented society. At the Company, our primary business is secondary distribution support for auto mobility providers, and we believe that the expansion of our main business itself will contribute to the creation of a recycling-oriented society. By accelerating efforts in our main business, we aim to help address climate change, a task demanded worldwide.

Looking ahead, we will strive to further enhance our disclosure on the impact of climate change-related risks and profit opportunities on our business activities, earnings, and other aspects. This will be done with a recognition of the importance of collecting and analyzing the necessary data on these topics.

1. Governance

We have established the Sustainability Committee to drive our efforts to capture and address social and corporate sustainability issues as business opportunities. These efforts include, but are not limited to, the consideration of climate change and other global environmental issues, respect for human rights, and fair and appropriate business activities for all stakeholders, including employees.

Led by the Sustainability Committee, we will proactively disclose the status of our efforts to address climate change, a topic of utmost importance for us. Furthermore, we will make continuous improvements through data management in our environmental management system, among other mechanisms, and conduct management reviews on the results of these efforts.

2. Strategy

The Company has established two scenarios to clarify the risks and opportunities of climate change. The first is the 4°C scenario, defined as “a scenario where no progress is made in measures to address climate change and temperatures rise accordingly, leading to physical risks and opportunities.” We assess the acute and chronic physical risks that arise in this scenario. The second is the 2°C scenario, defined as “a scenario where various actions are taken to prevent global warming, leading to risks and opportunities associated with the transition to a decarbonized society.” We assess the policy and legal, technology, market, and reputation risks that arise in this scenario.

(1) Scenario Conditions

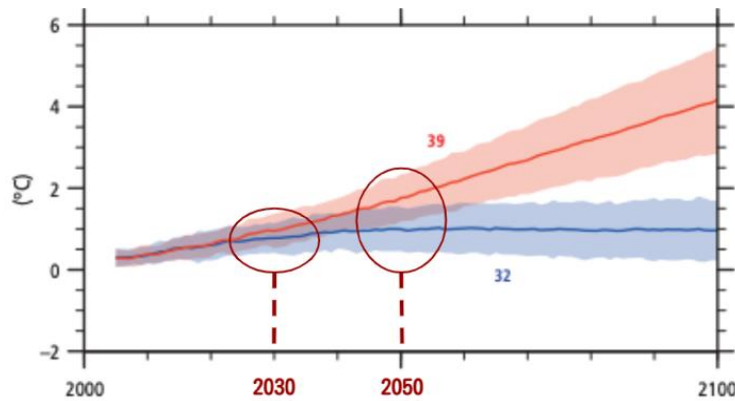
In analyzing climate-related risks and opportunities, we refer to several internationally recognized scenarios.

2°C Scenario	This is a scenario where policy regulations are implemented to achieve a decarbonized society and limit the global temperature increase to less than 2°C above pre-industrial levels. Though transition risks are high, physical risks are low compared to the 4°C scenario.	<ul style="list-style-type: none"> ■ IPCC <ul style="list-style-type: none"> • Shared Socioeconomic Pathways (SSP1.9) • Shared Socioeconomic Pathways (SSP2.6) ■ IEA <ul style="list-style-type: none"> • Net Zero Emissions by 2050 Scenario (NZE)
4°C Scenario	This is a scenario that assumes that the announced targets, such as national targets in the Paris Agreement, will be achieved. No new policies or regulations will be introduced, and global energy-derived CO ₂ emissions will continue to increase. Transition risks are low, but physical risks are high.	<ul style="list-style-type: none"> ■ IPCC <ul style="list-style-type: none"> • Shared Socioeconomic Pathways (SSP8.5) ■ IEA <ul style="list-style-type: none"> • World Energy Outlook • Stated Policies Scenario (STS)

■ Overview of IPCC scenarios

The Paris Agreement’s goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit this increase to 1.5°C. Based on this, in October 2018, the Intergovernmental Panel on Climate Change (IPCC) prepared a special report on the impact from 1.5°C of global warming and the greenhouse gas emission pathways leading to this point. This information is also used in our scenario analysis.

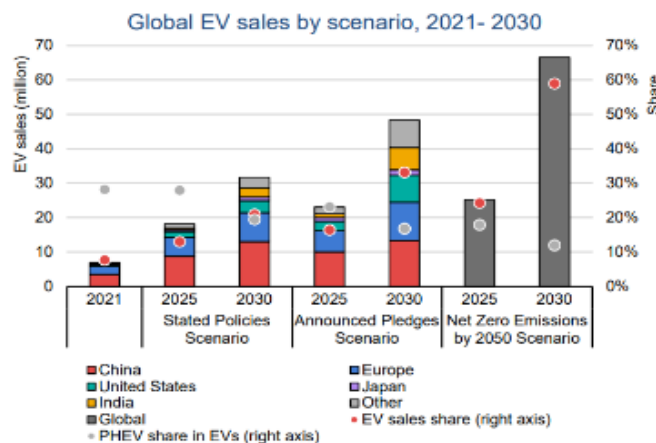
Climate Change 2021: The Physical Science Basis (IPCC Working Group 1 Report)



■ Overview of EV sales by scenario

The electric vehicle (EV) market is expected to expand with the further decarbonization of markets. We analyze risks and opportunities using projected EV sales figures provided in the International Energy Agency (IEA) scenario.

Global EV Outlook 2022



(2) Scenario Analysis Procedure

Climate-related risks and opportunities are analyzed using the following procedure, in order.

- (i) Listing of climate-related risks and opportunities
 - Identifying climate change risks and opportunities
 - Assessing highly significant risks and opportunities
 - Establishing axes for assessment of highly significant risks and opportunities
- (ii) Identifying qualitative business impact
 - Listing the most relevant items in existing scenario
 - Setting climate change scenarios
- (iii) Quantifying financial impact
 - Analyzing the financial impact of each scenario based on the significant climate-related risks and opportunities identified for each scenario and the relevant parameters
- (iv) Studying countermeasures
 - Assessing the resilience of our strategy to climate change risks and opportunities
 - Studying countermeasures to be taken based on an assessment of the current situation

(3) Scenario Analysis Results

In conducting this scenario analysis, we have conducted a number of specific studies, including the calculation of the financial impact of major risks and opportunities for our main businesses as of 2030, as well as measures to address these risks and opportunities.

Furthermore, in addition to evaluating financial impact, opportunities are assessed for market scale and contribution to decarbonization in studying the potential for new business development and business growth.

a. Risks

We have identified risks associated with the transition to a decarbonized society and the expansion of the EV market, and quantified the potential financial impact on our business. Based on the results of this analysis, we have categorized risks by expected scale of financial impact (large, medium, and small), and are studying countermeasures for each.

Category	Type	Item	Business Impact	Scale of Damage	Countermeasures
Transition risks	Policy and legal	Change in energy mix	Rising electricity rates	Medium	Reduce electricity consumption by installing LEDs and energy-saving equipment
		Soaring crude oil prices	Increased costs due to higher gasoline prices	Medium	Reduce energy costs through the introduction of EV vehicles
		Disparity in subsidy budgets for EVs and gasoline vehicles	EV used car market needs time to form due to sluggish EV new car market	Small	Diversify risk by developing business not only in the EV market, but also in gasoline and hydrogen vehicles
	Markets	Shrinking used car market	Growing environmental awareness among consumers will increase demand for EVs and decrease demand for gasoline-powered vehicles	Large	Improve profitability per vehicle by expanding services for used vehicles
		Delayed formation of EV used car market	Market formation will take time due to lack of established valuation methods for EV batteries and incorrect valuation of EV used vehicle values	Large	Rapidly encourage use of battery diagnostic technology among dealers Support the spread of EVs, including via capital investment
		Sluggish auto sales market	Market is sluggish as car sales decline due to shift to a recycling-oriented society, car sharing, and other mobility services	Medium	Avoid risk through business expansion in car-sharing and subscription-based sales
		Delay in parts distribution	EV warranty business affected due to lack of distribution of EV parts and rebuilt/recycled parts	Large	Procure usable parts from disassembly business Direct procurement of parts from disassembly facilities
Physical risks	Chronic	Rising sea levels	Delays or stoppages in shipping due to damage to facilities and equipment in coastal areas	Small	Mitigate risk by diversifying logistics
			Costs arise to move business locations	Small	Monitor sites with high flooding/sea level rise risks annually and move to lower risk sites as needed

(Note) Scale of damage is defined as follows: Large - Over ¥1 billion; Medium - ¥10 million to ¥1 billion; Small - Under ¥10 million

b. Opportunities

We have studied the scale of opportunities in the event that we were to actually undertake a presumed business oriented toward a decarbonized society and an expanding EV market. In addition, we have already begun work on three projects: automobile warranty plans for EVs, installing solar power generation systems and EV chargers at Car Premium Club stores (“CP stores”), and building an EV charging network.

Category	Opportunity	Details	Market Scale	Contribution to Decarbonization	Scale of Opportunity
EV procurement/buyback	New EV brokerage	New vehicle brokerage sales business for EVs	Medium	Small	Small
After-sales domain	EV inspection	Vehicle inspection for EVs, which are still maturing	Large	Large	Large
	EV maintenance facility network	Business building a network for stable EV maintenance	Large	Large	Small
EV sales domain	EV credit financing	Aim to expand in-house services along with the growth of the EV market by offering EV credit financing at low interest rates by utilizing sustainability-linked loans (SLLs) and other means to contribute to the decarbonization of the market	Large	Large	Large
	Automobile warranty plans for EVs	Dedicated automobile warranty business that captures the unique characteristics of EVs in anticipation of EV proliferation	Medium	Large	Large
Infrastructure domain	Solar power generation at CP stores	Install solar power generation facilities on CP store rooftops and use the power to decarbonize the supply chain and create new revenue streams	Medium	Medium	Small
	EV charging network	Business building a network of EV charging facilities to eliminate the EV disadvantage of short cruising ranges	Medium	Medium	Small
	EV network map	Business creating a map with information about EV networks for consumers, sharing EV stations, etc.	Small	Medium	Small

(Notes) 1. Market scale is defined as follows: Large - Over ¥1 trillion; Medium - ¥100 billion to ¥1 trillion; Small - Under ¥100 billion
 2. Contribution to decarbonization is defined as follows: Large - “Eliminates decarbonization bottlenecks;” Medium - “Contributes significantly to reductions;” Small - “Contributes minimally to reductions”
 3. Scale of opportunity is defined as follows: Large - Over ¥1 billion; Medium - ¥100 million to ¥1 billion; Small - Under ¥100 million

3. Risk Management Structure

(1) Risk identification and assessment process

With regard to risks associated with climate change, we have identified and reviewed important risks by re-evaluating current risks and identifying and evaluating new risks in consideration of their impact on management, finance, and business. In addition, significant risks are reported to the Board of Directors for management and supervision.

(2) Risk mitigation process

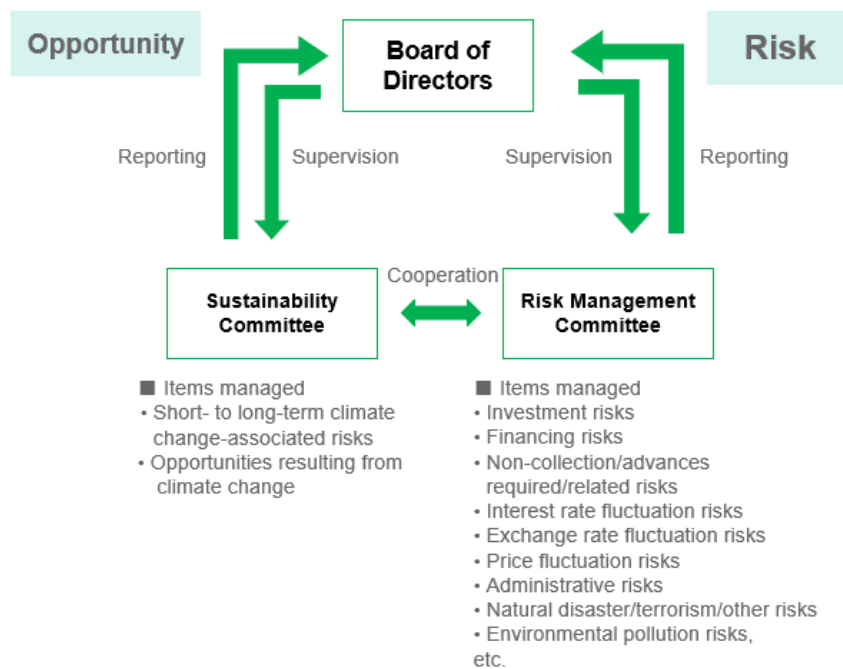
The Sustainability Committee studies each identified risk and determines response policies for their mitigation, deploys the policies to the relevant departments, and monitors response status.

(3) Prioritization process

The significance of identified risks is determined based on their degree of impact and frequency of occurrence, and countermeasures are studied and implemented for risks deemed significant.

(4) Integration with Group-wide risk management

The Sustainability Committee, which studies climate change-related risks with respect to timelines, and the Risk Management Committee, which studies risks in a Group-wide perspective, regularly act to align their awareness of risks. For risks manifesting over the shorter term and requiring urgency, the Risk Management Committee implements and monitors countermeasures in the interest of Group-wide risk management.



4. Metrics and Targets

The Company calculates greenhouse gas emissions in accordance with the GHG Protocol international calculation and reporting standard.

We are currently in the process of identifying reduction measures in the interest of target-setting, and plan to complete this by the end of next fiscal year.

CO₂ emissions for FY2022 are as follows.

	Category	Description	Emissions (t-CO ₂)
Scope 1	—	Energy use	301
Scope 2	—	Electricity use	295
Scope 3	1	Purchased products / services	5,977
	2	Capital goods	4,008
	3	Energy-related	121
	6	Business travel	853
	7	Employee commuting	103
	9	Transportation and distribution (downstream)	390

Reference: Estimations of CO₂ reduction contribution

We have estimated the reductions in CO₂ emissions for our finance segment, automobile warranty segment, and parts recycling business.

- Finance Segment (Reuse): Reducing automobile disposal
Reduction contribution: Approx. 112,841 t-CO₂
- Automobile Warranty Segment (Reduce): Reducing automobile disposal
Reduction contribution: Approx. 693 t-CO₂
- Parts Recycling Business (Recycle): Collecting and reusing parts from our Group companies that own automobile disassembly facilities
Reduction contribution: Approx. 1,222 t-CO₂

	Rebuilt			Used		
	Emissions (kg)	Items	Total (t-CO ₂)	Emissions (kg)	Items	Total (t-CO ₂)
Engine	641.7	638	409.4	681.3	576	392.4
Automatic transmission	368.4	337	124.2	516.3	256	132.2
Cooling Unit	39.4	22	0.9	43.8	7	0.3
Compressor	39.4	3,167	124.8	43.8	212	9.3
Front strut	131.7	0	0	131.7	5	0.7
Front door	157.4	0	0	157.4	62	9.8
Steering knuckle	85.2	0	0	85.2	5	0.4
Front bumper	37.2	13	0.5	37.2	27	1
Muffler	74.9	23	1.7	74.9	197	14.8
Muffler kit	74.9	0	0	74.9	0	0
Radiator	26.3	1	0	34.9	8	0.3
Total	—	4,201	661.4	—	1,355	561.1

Reference: Forestry Agency website

https://www.rinya.maff.go.jp/j/sin_riyou/ondanka/20141113_topics2_2.html (in Japanese only)

About Premium Group

Premium Group Co., Ltd. operates the Premium Group, an “auto mobility business group.” We are committed to providing advanced solutions to individual customers, auto dealers, and auto garages in the various processes related to cars, including procurement, purchasing, use, maintenance, and buyback.

We were listed on the First Section of the Tokyo Stock Exchange in December 2018 and moved to the Prime Market in April 2022. Today, the Group has more than 20 companies worldwide, and is expanding its business overseas with a focus on ASEAN countries.

Company Overview

Name: Premium Group Co., Ltd. (holding company)

Listed Market: Tokyo Stock Exchange Prime Market (Securities Code: 7199)

Representative: Yohichi Shibata, President and Representative Director

Head Office: 19th Floor, The Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo

Established: May 2015 (Group founded July 2007)

Capital: ¥1,674 million (Non-consolidated, as of March 31, 2023)

Description of Business: Supervision and management of a corporate group through the holding of shares, etc.

URL: <https://www.premium-group.co.jp/en/>

For Inquiries Regarding This Document

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