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Integrated Report 2025

Fiscal 2024

Ex-Tainment

Experience × Entertainment

Management Philosophy

At CL GROUP, we pursue the material and intellectual growth of all our employees and will continue to contribute to the advancement of society through sound business activities.

For the CL Group, our most valuable assets are our people. Our business is people, and it is our people who have supported the growth of the Group. Continuing to produce many talented employees makes it possible to create not only valuable businesses but also a valuable company. This leads to a better society. Everything begins with developing our people. That is the starting point for our philosophy.

That is precisely why we pursue “the material and intellectual growth of all our employees.” It is because all employees are able to develop their humanity and skills through their daily work and achieve material happiness (economic stability and affluence) and mental happiness (psychological richness as a person—that is, a reason for living and fulfillment), that we are able to provide products and services that delight our customers. We are able to promote sound business activities.

We believe that by doing this, we will generate innovation and find solutions to social problems, which will make the daily lives of all related people happier, even if only slightly, and that we can continue to bring a smile to the faces of even more people and create greater pleasure.

Group Policy

We have gathered several strengths into one strong group.

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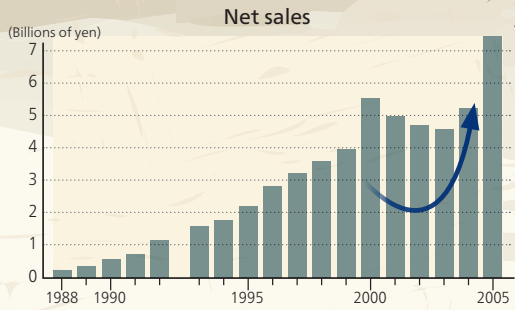
Journey of CL Holdings

The path we have walked, recorded as it was.

Three people rented an apartment in Harajuku (Tokyo) in 1986 and started the business, then, Uchikawa solely established LEGS COMPANY, LTD. in 1988. It was an old building with a tiny bathroom. Though their talents were fairly ordinary, their drive set them apart.



In 1997, the staff had quickly reached 50 employees. Net sales were over **3 billion yen**, a pleasant surprise, with expanding business as well.



After listing, sales and profits decreased for three years. During this difficult period, the entire Company was reformed around the slogan of "3 Changes" addressing the "market," "products," and "management." The Company rebounded swiftly.

Sales/profits increase for 13 consecutive years!

A JASDAQ listing came in 2001. It was like a dream to be a publicly traded company. The founders' sentiments were, "Even if we aren't great geniuses, we have conviction. We got this far by working harder than the rest."

Weathering historic trouble (1)
The year it happened: 2006.
Trouble with an IP* content collaborative product

Some products were found to have durability issues. All products were recalled, booking a one-time loss. It marked a turning point, prompting a shift away from individually focused operations. Part of this transition included acquiring ISO 9001 (quality management) certification.

* IP: intellectual property

Progress in organizational capability

V-shaped recovery here



Efforts to tackle the overseas market started in 2008.



CDG Co., Ltd. became an equity-method affiliate through a tender offer in 2020.

In 2021, established LTR.inc to further expand the theme cafe business.

Weathering historic trouble (2)
The years it happened: 2016–2017.
An issue with theme cafe inventory

Soon after launching the theme cafe business, issues occurred with inventory shortages and surpluses. We introduced a reservation system and continuously refined operations, gradually optimizing inventory, boosting sales, and improving profit margins.

Strengthening our consumer business foundation



Targeting sales revenue of 100 billion yen

CDG Co., Ltd. was included in the Company's scope of consolidation as a wholly owned subsidiary in 2024, thereby enhancing Group synergies and further strengthening profitability.

Achieved **35 billion yen** in consolidated revenue in 2023.

In 2022, transitioned to a holding company structure.



1986

Without specialized techniques, work is driven by the spirit of "Do it. Can do it. Try."



1988

LEGS COMPANY, LTD. was established in Tokyo for the purposes of product planning, development, manufacturing, and sales
LEGS was founded in a modest building, room 201, with rent of only 168,000 yen



1991

Established SIP Company, Ltd. in Tokyo as a subsidiary for marketing planning and design.
SIP was founded with three people in Nakamura SN2 (a two-story house with rent of 500,000 yen)



1996

Green Building 3F, 1996-98 / 50 employees / Sales of 3 billion yen



2001 ◀--- Three Difficult Years ---▶ 2004

Public listing on JASDAQ
5 important points discovered before public listing

- (1) Principles are everything
- (2) Work harder than others
- (3) Make patterns
- (4) Value your way of thinking
- (5) Figures are important



2004

ISO 14001 (environmental) certification acquired

2005

Invested in MEDIAFLAG Inc. a marketing support business for stores

2006

PrivacyMark acquired



January 2008

ISO 9001 (quality management) certification acquired

October 2008

Established LEGS (SHANGHAI) TRADING COMPANY, LTD. in Shanghai, China

2009

Acquired shares of M&I Co., Ltd. and made it a subsidiary

2011

Established LEGS (SHANGHAI) TRADING COMPANY, LTD. in Shanghai, China

2012

Established LEGS (SHENZHEN) TRADING COMPANY, LTD. in Shenzhen, China



February 2015

Listed on the second section of the Tokyo Stock Exchange

June 2015

Listed on the first section of the Tokyo Stock Exchange

2020

CDG Co., Ltd. became an equity-method affiliate through a tender offer

2021

Established LTR.inc, a joint venture with Transit General Office Inc.

January 2022

- CDG Co., Ltd. became a consolidated subsidiary by adoption of International Financial Reporting Standards (IFRS)
- LEGS COMPANY, LTD. changed its corporate name to CL Holdings Inc. and shifted to a holding company structure

April 2022

Transitioned to Prime Market in Tokyo Stock Exchange

August 2022

Established elCOCO.inc, a joint venture with Design COCO Ltd.

October 2023

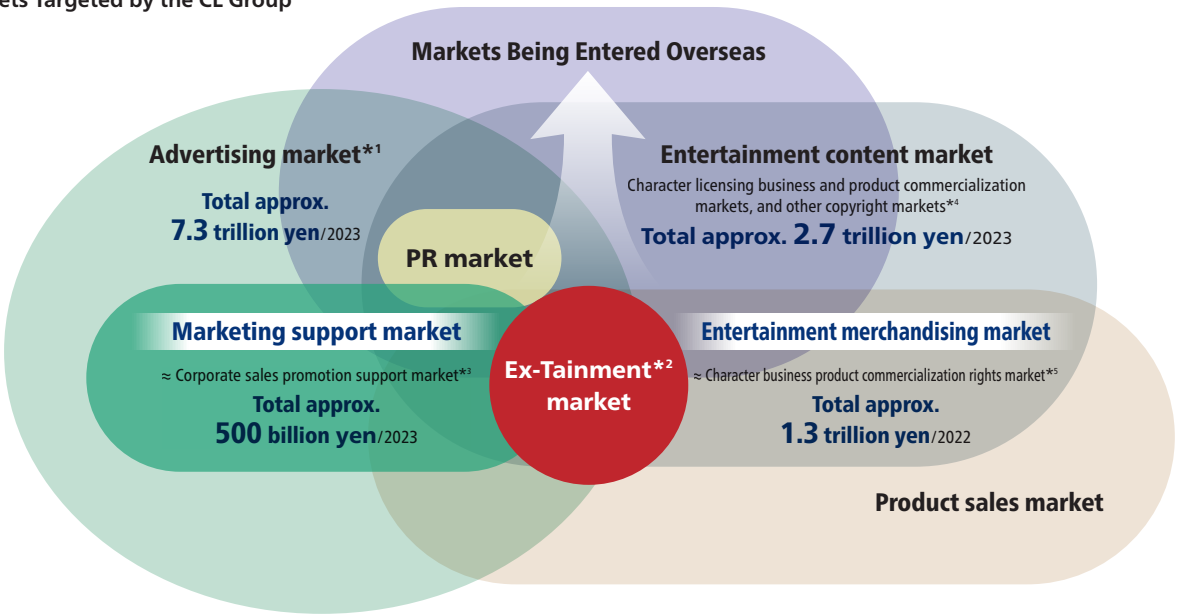
Moved to the TSE Standard market

December 2024

CDG became a wholly owned subsidiary following a tender offer and share exchange

At a Glance

Markets Targeted by the CL Group



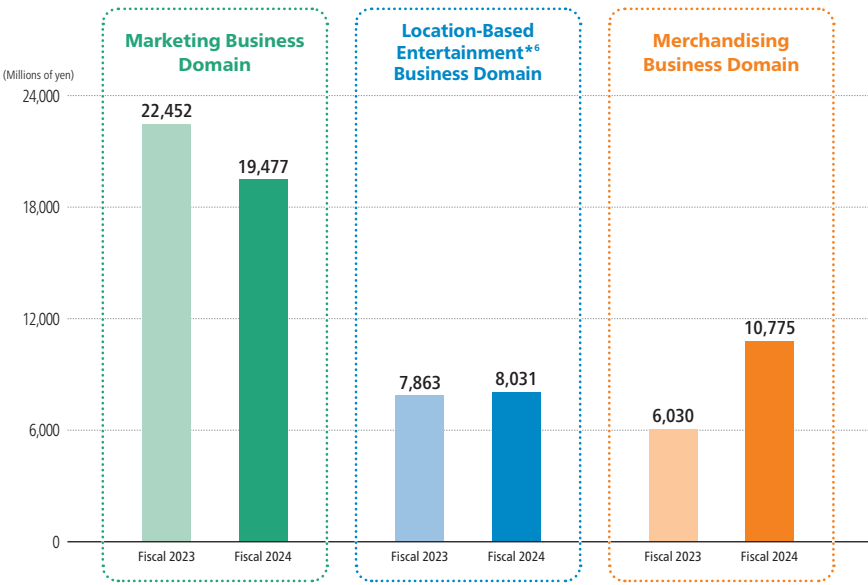
*1: Quoted from Advertising Expenditures in Japan 2023 (DENTSU INC.).
*2: A coined word that combines the words experience and entertainment and refers to the customer experiential value in entertainment.
*3: Under certain assumptions calculated based on in-house research.
*4: Quoted from Character Business 2024 (Yano Research Institute Ltd.).
*5: Quoted from Character Business 2023 (Yano Research Institute Ltd.).

The markets in which the CL Group operates include the advertising, product sales, and entertainment content markets. However, there are two other markets—the marketing support market (promotional market) and the entertainment merchandising market, which is the goods market for IP content—and it is the area in which these two markets overlap, which is known as the Ex-Tainment market, that we have defined as the market that the Group is targeting.

The Ex-Tainment market is the area in which the consumer experience value in entertainment is at its highest, there is the least amount of competition, and the Group’s strengths can be fully demonstrated. We will focus increasingly on going on the offensive in this area over the medium term.

▶ P.14

Trends in Sales Revenue by Business Domain










In fiscal 2024, sales revenue in the merchandising business domain expanded due primarily to the strong performance from OEMs for entertainment customers.

As far as each business domain is concerned, steps are being taken to transition to a new structure that entails shifting various services from both a contract to a prospective and a spot to a recurring basis, while optimizing the business portfolio. We are looking therefore at expansion across all business domains over the medium term.

*6: Interactive, immersive entertainment experiences provided at specific physical locations.

Business Domain/Business Segment Overview

The Group has established three business domains, namely the Marketing Business Domain, Location-Based Entertainment Business Domain, and Merchandising Business Domain, and seven business segments. The Group provides a diverse range of IP-driven products and services across Japan and international markets.

Business Domain/Business Segment	Business Overview	Primary Services
Marketing Business Domain	<div> Promotion Business</div>	<p>A B2B business that takes on contracts for producing prizes and running sales promotion/customer-attraction campaigns, etc., using prizes, primarily from manufacturers and food service clients</p> <p>Promotional Services Contract-type services that provide sales promotion support with a focus on manufacturer, food service, and other clients</p>
	<div> Retail Entertainment Business</div>	<p>A B2B/B2B2C business that takes on contracts for running sales promotion/customer-attraction campaigns, etc., using prizes, primarily from retail clients, and that provides product planning and merchandising services</p> <p>PMD Services Services that simultaneously provide prospective services (merchandizing) and contract services (sales promotion)</p>
	<div> Marketing BPO Business</div>	<p>A B2B business that takes on contracts for client operations (including marketing, procurement, and quality management) on an ongoing basis</p> <p>BPO Services Services through which the Group enters into the client's supply chain, and takes on contracts for operations on an ongoing basis</p>
Location-Based Entertainment Business Domain	<div> Food Entertainment Business</div>	<p>A B2C business that provides food/drink services and merchandising services targeting consumers, primarily at theme cafes and similar venues</p> <p>Theme Cafe Services Types of services provided on a prospective (food/drink + merchandising) basis</p>
	<div> Event & Merchandising Business</div>	<p>A B2C business that provides event and merchandising services targeting consumers, primarily at commercial facilities, etc.</p> <p>Event & Merchandising Services Types of services provided on a prospective (event + merchandising) basis</p>
Merchandising Business Domain	<div> ODM and OEM Business</div>	<p>A B2B business that takes on contracts for planning and manufacturing prizes and products under the client's brand, and provides product planning services and merchandising services for limited distribution products, primarily targeting retail clients</p> <p>ODM/OEM Services Contract services that undertake the planning, design, and manufacture of products for manufacturer clients</p>
	<div> MD Business</div>	<p>A B2B/B2B2C business that provides product planning and merchandising services, primarily targeting retail and amusement clients</p> <p>Limited Distribution Services Prospective/contract services that sell products with limited distribution and that develop original services</p>

We are committed to evolving across generations while staying true to our core philosophy, embracing change as a driving force for sustainable growth.

Steady Progress in Diversifying the Theme Cafe Brand and Developing New Services

The business landscape surrounding the CL Group is undergoing rapid transformation. Traditional mass marketing, which targets broad consumer segments, is becoming less effective due to shifting consumer behavior and increasingly diverse preferences, and demand for “fun shopping” continues to grow as consumers increasingly seek new value and enjoyment in their shopping experiences. We believe that a large potential market exists and is expanding beyond our efforts to commercialize contact points that provide consumers with “fun shopping.” With this in mind, we recognize the need to help consumers engage in intangible goods consumption while providing experiential value on an ongoing basis by leveraging our ability to deliver an entertaining shopping experience, an inherent strength.

Against this backdrop, progress was made in the food entertainment business to diversify the theme cafe brand in fiscal 2024. Among a host of endeavors, successful steps were taken to open a long-term and permanent theme cafe adjacent to a museum and to establish different business formats, including a bakery takeout specialty store. In addition, we were able to horizontally deploy the theme cafe as well as event and merchandising businesses overseas and to expand our platform as a point of consumer contact both domestically and abroad by harnessing the know-how accumulated in Japan. Furthermore, we broadened our lineup of products and services. This included the launch of “Any-My Kuji,” a proprietary lottery service. Attracting an amazing response, “Any-My Kuji” was sold out just one week after its initial release, which has inspired considerable confidence.

As far as our in-house development endeavors utilizing IT and digital technologies are concerned, I believe we are making steady progress. We have, for example, commenced steps to develop such original digital promotion services as “IP CONNECT”^{*} and “SPTag.”^{*} In addition, we have built an in-house database, which we call IPDB, and are accumulating and utilizing data to conduct campaigns based on intellectual property rights (IP) content and consumer information. While

still in the testing phase, we believe we will soon provide clients with promotional services that are highly effective in attracting customers.

In contrast, the previous fiscal year was extremely difficult from a business results perspective. Despite taking on the challenge of promoting new businesses, profitability in particular was a major problem. I recognize that our risk management and oversight systems, particularly in investment process management and business profitability management, lacked the necessary rigor. During the previous fiscal year, we undertook a major review of the plans of low profitability businesses, transitioning to operations with a focus on increased earnings power. In addition, we are working to secure improvements in a bid to strengthen profitability by restructuring our business and optimizing our portfolio across each business domain. Initiatives include shifting various services from both a contract to a prospective and a spot to a recurring basis. While continuing to take up the challenge of exploring new business opportunities, we will first adopt a small-scale approach to avoid repeating the same mistakes. In addition to steadfastly verifying the validity of various hypotheses proposed, we will return to the basics, which includes putting in place an operational structure that encompasses people, information, and systems, while strictly engaging in process and profitability management.

^{*} IP CONNECT: A full-funnel solution designed to enhance campaign efficacy using IP content.

^{*} SPTag: A sales promotion solution that utilizes smartphones to provide users with an experience that can only be obtained at that specific location.

President & CEO



From a Focus on an Individual Company to Group Optimization with the Inclusion of CDG Co., Ltd. in Our Scope of Consolidation as a Wholly Owned Subsidiary

Mr. Fujii, the founder and former chairman of CDG Co., Ltd., one of the Group’s consolidated subsidiaries, was a colleague with whom I studied at Seiwajyuku.* With both companies tracing their histories back to the marketing business, CDG’s and LEGS’s corporate cultures are closely aligned. As such, the two companies entered into a capital and business alliance in 2019 in a bid to enhance their corporate value. Thereafter, CDG became an equity-method affiliate in 2020 and a consolidated subsidiary following the application of International Financial Reporting Standards (IFRS) in 2022. Over this period, steps were taken to generate synergies on a progressive basis. However, as a highly respected publicly listed company, CDG faced unwritten restrictions that allowed it to retain a degree of independence, limiting our ability to generate synergies. Nevertheless, we recognized the need to work in unison as a group to

strengthen profitability. Accordingly, CDG was included in the Company’s scope of consolidation as a wholly owned subsidiary following a tender offer and share exchange in 2024 in order to accelerate and expand synergies. This initiative has allowed us to freely utilize management resources within the Group, consolidate and share functions, and flexibly assign the right people to the right place. By including CDG in the Company’s scope of consolidation as a wholly owned subsidiary, we are now in a position to operate as a unified team in earnest. Moving forward, we will shift from a focus on an individual company to group optimization and ramp up efforts to maximize Group synergies.

* Seiwajyuku: A private school where Kazuo Inamori, founder of KYOCERA Corporation, shared his management philosophy with business managers.

Carrying Out a Medium-Term Strategy in a Bid to Maximize Group Synergies

CL Holdings has set “enhancing Group synergies and further strengthening profitability” as a medium-term strategy in fiscal 2025. In carrying out this strategy, we will engage in activities that address three key points. First, we will strengthen Group synergies through management by business domain. By committing whole-heartedly to domain management, we plan to generate Group synergies. Second, we will optimize our business portfolio and operations. Here, we will improve profitability and productivity by adopting a selection and concentration approach toward businesses, products, and services. We will

also look to standardize operations and promote the shift toward digitization. Third, we will optimize investments. In doing so, we will continue to invest in new businesses, overseas development, M&As, and human capital while maintaining proper balance to secure appropriate profitability. As outlined in efforts to address each key point, we will work to create further synergies by switching from a focus on each individual operating company to operations based on business domains, and leveraging both business and function multiplier effects that extend beyond individual companies.



Reset Materiality to Address Social Issues Through Business

In fiscal 2024, the CL Holdings Sustainability Committee, which I chair, redefined the Group’s sustainability initiatives, which were previously pursued individually by each company. At the same time, sustainability initiatives were aligned with the CL Group’s overall business strategy, focusing on Business, Function, Human Resources, and Company. As a part of the Group’s sustainability endeavors, and in addition to such typical activities as donating to charitable organizations, reducing waste loss, and promoting energy conservation, I plan to help address SDG issues while generating earnings through our mainstay activities. The Group has

appointed Ms. Takahashi, an executive officer with expertise in sales and marketing, to lead sustainability initiatives. Ms. Takahashi is verifying and promoting various initiatives to address material issues from a woman’s perspective. To cite one example, the Group has conducted SDG awareness programs using IP content, including popular characters, through its promotion business. In pursuing these initiatives, I believe that the Group’s efforts to promote sustainability will become a substantial strength, and when combined with our business, should lead to both growth and improved profitability.

Positioning the CL Philosophy and Management Manual as Twin Engines That Help Realize Our Long-Term Policies

The CL Group has identified the “development of human resources and generation of management personnel” as a long-term policy. In order to realize sustainable growth, we recognize that both business models as well as human capabilities and management systems are of the utmost importance. Based on our philosophy-based management, we view human resources as the source of our competitiveness and actively invest in their growth and the development of management personnel. The CL Group maintains various systems and training programs. These include the Junior Board System for young and mid-career employees and Leader Management Education for the leader class. We also hold regular CL Philosophy Study Meetings, which outline the Company’s existential value, overarching management philosophy, and code of conduct. These meetings help ensure that all employees maintain an understanding that is common throughout the Group and are aligned along the same mental vector. Skills are of course important. More than anything else, however, we recognize that enhancing human capabilities is essential as the foundation of our business. Maintaining an enormous sense of pride and the will to improve one’s human nature through work are vital to advancing together toward a common dream. Accordingly, the hiring and development of human resources are areas in which we will not compromise. Another important management issue is the succession plan. In addition to their outstanding skills, candidates must also be recognized for their high human capabilities. We have identified five

requirements for successors based on Kazuo Inamori’s experience. The first is a firm standard of judgment and decision-making in one’s heart. Second, the ability to take on unlimited responsibility for the Company. Third, the ability to selflessly pour one’s all into the Company. Fourth, working harder than anyone else to pursue the growth and material and intellectual happiness of all employees. And fifth, having love for and having earned respect from our employees. Guided by these five requirements, we will nurture managers with the skills necessary to grow and plan for the Group. However, nurturing managers is not an easy task. I myself have made numerous mistakes since our establishment in 1988. Nurturing management personnel requires much more than word-of-mouth development. Reference and instruction manuals are equally important components in the development process. Based on my own past failures as well as the knowledge and insights of some of the world’s leading managers, we have systematically compiled a management manual that encompasses important management issues. The CL Philosophy, which I mentioned a moment ago, and this management manual, are used as two pillars of management within the Company to help develop not only management personnel but also human resources for the entire Group. A decade from now, a number of management personnel will emerge from the Group’s pool of human resources. At the same time, new distinctive business will grow, and the world will progress and improve as the CL Group expands. Looking ahead, we are committed to realizing this vision.

Becoming a Visionary Company That Satisfies Stakeholders

Through the development of the Group’s human resources and management, we will become a company that continues to grow. At the same time, we will continue to provide stable dividends and work to increase our market capitalization in order to meet the expectations of our shareholders and other stakeholders. It is crucial for management to maintain a sharp focus on capital costs and stock performance. With this in mind, we will utilize the cash flow generated by our business to return profits to shareholders, while actively engaging in investments based on our medium-term strategy. We will also focus on improving ROE in an effort to strengthen our profitability and further enhance our competitiveness as a company.

To realize these goals, it is important that we adopt a long-term perspective and place our philosophy at the heart of the Group’s management. As we move forward, the CL Group is committed to becoming a corporate group that is integral to society, maintains a vision to embrace change, while staying true its fundamental philosophy, and that evolves across generations.

April 2025

Junichiro Uchikawa
President & CEO

Risks, Opportunities, and Material Issues

The Group has identified material issues based on an identification process that analyzes the surrounding external environment from the perspective of social changes, while evaluating both risks and opportunities. Material issues are those that hold significant importance for stakeholders and impact the Group’s ability to create value over the medium to long term. Although CL Holdings and CDG had previously established their

own respective material issues, we have reidentified common material issues for the entire Group along the axes of Business, Function, Human Resources, and Company. We remain committed to the sustainable development and growth of our Group by addressing material issues.

Changes in Society Related to the Company	Related stakeholders	Stakeholder Expectations/ Demands	Issues	Risks	Timeframe	Opportunities	Timeframe	Category	Material Issues	Provided Value	CL Group Initiatives	Outcome of the initiatives
1 Diversifying societal and consumer needs	Consumers, clients, cooperating companies, copyright holders, local communities	<ul style="list-style-type: none">• Mitigate environmental impacts due to consumption behavior• Realize nature positivity through consumption behavior• Realize a sustainable society through marketing activities	<ul style="list-style-type: none">• Developing products and services that address changes in consumer lifestyles/consumption behavior, as well as client solutions for social issues• Creating sustainable social value through marketing activities	<ul style="list-style-type: none">• Decrease in product and service competitiveness, and the resulting decline in business	Short Medium			Business	Enhance marketing support that leads to “something good for society”	Economic Value	<ul style="list-style-type: none">• Provide sustainability solution models that help solve social issues• Provide sustainable PMD models (waste/loss solutions)• Contribute to and co-create “societies, regions, education, and communities” centered on permanent cafes	[FY2027] Profitability as a business
2 Increasing social responsibility demanded of corporations	Consumers, clients, cooperating companies, copyright holders, local communities, shareholders, investors	<ul style="list-style-type: none">• Enhance risk management• Reduce environmental impact• Apply human rights due diligence along the supply chain	<ul style="list-style-type: none">• Responding to greater resource efficiency and the transition to a recycling-oriented society (development of products and services with low environmental impacts)• Constructing a sustainable supply chain (including action on geopolitical risks)• Building sustainable relationships with suppliers	<ul style="list-style-type: none">• Loss of business opportunities and increased costs due to the continued provision of environmentally detrimental products and services• Loss of business opportunities due to decreased social credibility• Delays in the provision of products and services due to supply chain fragmentation	Short Medium	<ul style="list-style-type: none">• Transforming our business into one that provides “something good for society,” as well as continuing to create connections between people and society, along with smiles and excitement• Sharing our ambitions with cooperating companies and copyright holders, creating sustainable systems and services, and ensuring business resilience	Medium Long	Function	Co-create with partners in a way that connects to the future	Social and Environmental Value Economic Value	<ul style="list-style-type: none">• Work with partner companies to create sustainable sustainability solutions models that combine the Company’s assets• Ensure stable procurement of sustainable products• Centralize knowledge using databases and create systems that connect to sustainable outcomes• Develop AI- and digitally enabled products and services	[FY2025] <ul style="list-style-type: none">• Build three sustainability solutions models• Establish procurement channels• Build and begin operating databases
3 Accelerating digitalization due to the emergence of new technologies	Consumers, clients, cooperating companies, copyright holders, local communities	<ul style="list-style-type: none">• Providing convenience to consumers through products and services, and enhancing profitability as a result• Creating innovation that leverages digital technologies	<ul style="list-style-type: none">• Developing products and services that leverage the latest digital technologies• Creating innovation that leverages AI	<ul style="list-style-type: none">• Decrease in product and service competitiveness, and the resulting decline in earnings strength	Medium Long							
4 Diversifying human resources and work styles	Employees	<ul style="list-style-type: none">• Realizing work-life-balance• Enhancing engagement• Realizing health management• Enhancing productivity	<ul style="list-style-type: none">• Establishing an environment and introducing systems that allow for pleasant and rewarding work• Constructing an environment in which employees grow• Improving work efficiency through DX• Training and hiring human resources in line with the Human Resources Policy	<ul style="list-style-type: none">• Sluggish business growth due to delayed human resource development• Lost business opportunities due to the outflow of and failure to secure human resources	Short Medium	<ul style="list-style-type: none">• Employees achieve material and intellectual well-being, and constantly grow as they continue to create something good for society	Medium Long	Human Resources	Build systems to pursue the growth of all employees, as well as their material and intellectual well-being	Social and Environmental Value	<ul style="list-style-type: none">• Support growth to enhance the ability of all employees to create social value• Create systems that ensure all employees can participate• Digitalize operations through the introduction of RPA, AI, etc.	[FY2025] <ul style="list-style-type: none">• Enhance employee awareness of sustainability (internal questionnaire)• Enhance employee engagement
5 Rising importance of intellectual property and other forms of intangible assets	Employees, copyright holders, cooperating companies, shareholders, investors	<ul style="list-style-type: none">• Realizing sustainable corporate growth through greater business resilience	<ul style="list-style-type: none">• Bolstering intellectual property and other forms of intangible assets through the promotion of Group cooperation• Accumulating knowledge and intelligence as a Group	<ul style="list-style-type: none">• Decrease in product and service competitiveness, and the resulting decline in earnings strength	Short Medium	<ul style="list-style-type: none">• Enhancing productivity, as well as optimizing the performance of employees, through the use of AI, databases, and other digital technologies						
6 Growing demand from society to strengthen corporate governance	Consumers, clients, cooperating companies, copyright holders, employees, shareholders, investors, local communities	<ul style="list-style-type: none">• Strengthening corporate governance (including data governance)• Legal compliance	<ul style="list-style-type: none">• Ensuring soundness and transparency of management• Strengthening information security	<ul style="list-style-type: none">• Losses caused by lower social credibility• Decrease in business efficiency	Short	<ul style="list-style-type: none">• Fostering social credibility through the promotion of corporate governance, and enhancing business efficiency	Medium	Company	Governance for coexistence with society	Governance	<ul style="list-style-type: none">• Strengthen compliance• Implement and strengthen risk assessments	[FY2025] Management system operations

Process of Value Creation

Based on our management philosophy and CL philosophy, and with our human capabilities (philosophy-based management) and management system (Management Manual) as the foundation, the Group develops its services with our four strengths as the source of value: IP content procurement and development capabilities, platform deployment capabilities, premium quality products and services, and digital technology utilization capabilities.

Through the expansion of the Ex-Tainment (experience + entertainment) market, we will transform everyday life into an emotional experience and deliver fun and joy to the world, thereby achieving sustainable enhancement of corporate value.



* See p.32 for terminology details.

The CL Group’s Mission in the Age of DX and AI



Director, CL Holdings Inc.
President & CEO, LEGS COMPANY, LTD.

Professor, Graduate School of Management of
Technology, Nippon Institute of Technology

Director, CL Holdings Inc.
CEO, CDG Co., Ltd.

Satoshi Yamashita × Michiaki Tanaka × Hideo Konishi

Visualizing the Cost-Effectiveness of Promotional Services Through DX

Tanaka: With my areas of expertise in corporate and marketing strategy, I provide consulting services for management strategies. When looking at the marketing and sales promotion fields as part of the CL Group, however, DX and AI are the two major trends. The essence of DX is to link customers with digital services in an effort to deepen engagement. One company that has performed this faithfully is US-based Walmart, the largest retailer in the world. They provide Walmart Luminare, a service for manufacturers that analyzes data involving the status of product sales and shopper purchasing behavior, as well as Walmart Connect, a retail media service. This approach allows them to show the cost-effectiveness of marketing and advertisements using a combination of digital services and brick-and-mortar stores. This trend will also likely hit Japan, albeit a few years behind. Which means the need for companies to build systems that can visualize cost-effectiveness will only increase.

Yamashita: Analyzing cost-effectiveness has truly become a challenge for the sales promotion market. The environment has changed significantly due to the COVID-19 pandemic, during which time digitalization dramatically advanced. For example, sales promotions that leverage IP content, one of our strengths, have become extremely effective in Japan. Yet the systems for measuring their outcomes and the available data have, thus far, been

insufficient for visualizing the cost-effectiveness of these promotions. Therefore, we collaborated with you, Professor Tanaka, to take the initial steps in developing systems that effectively measure cost-effectiveness by structuring this data. As an outcome of this effort, we intend to deploy new sales promotion activities that offer fundamental solutions to our clients, mainly by leveraging information like the number of customers our clients possess, average spending per customer, sales, and repeat rates alongside the deep relationships we maintain with the retail industry based on our understanding of businesses that convert consumers into fans. In fact, CDG has engaged in these kinds of cost-effectiveness initiatives for some years now if I am correct.

Konishi: One of the DX initiatives we are now undertaking at CDG is to provide digital promotional services using LINE. By connecting with customers through LINE, we have advanced initiatives that identify customer trends from data and measure the cost-effectiveness of promotions through an effective approach to building consumer experiences, from increasing product and brand name recognition to triggering interest, purchases, and the conversion to fans. It seems to me that the CL Group is accelerating initiatives designed to visualize cost-effectiveness by combining the digital realm, the strength of CDG, with that of the real world, the strength of LEGS.

Regardless of How Far Technology Advances, Appealing to the Desires of People Will Create Value

Yamashita: Anime and other forms of Japanese IP content are welcomed around the world, and are growing in significance. In my view, this trend stems from people seeking to satisfy their emotional needs in the virtual world, as technological advancements have reduced face-to-face interactions and diminished

sentimental fulfillment. In addition, the narrative of IP content may also be shaking up the desires and instincts of people. I believe that thinking deeply about what it is that people demand from IP content and how to address this is the value of our Ex-Tainment business.

Tanaka: The greater convenience enabled by technological advancements has increased the sensitivity of people to stress compared with the past. For example, when someone pays in cash at a convenience store, those waiting in line behind, say ten years ago, probably would not have felt any stress. Today, those same people would probably feel frustrated and wonder why there were still customers that paid in cash. The actions that companies must now take are to infer the triggers for their customers’ stress and to come up with solutions. Jeff Bezos, the founder of Amazon, said that the value of the customer experience, as he sees it, lies in addressing the instincts and desires of people without making

them feel as if they are taking some action. Amazon Go, a brick-and-mortar store that allows customers to pay for products simply by removing them from the property, for example, keeps its customers from feeling like they are even shopping or paying. The most extreme value of the customer experience is therefore to swiftly and comfortably provide services that do not make the customer feel as though they are doing anything at all. In applying this concept to the sales promotion market, I believe it is the CL Group that is providing a natural customer experience that does not make the customer feel as if they are experiencing a sales promotion.

The Strengths of the CL Group in the Implementation of AI in Society

Tanaka: In January 2025 I traveled to Las Vegas, Nevada, in the US to attend CES 2025, the world’s largest technology exhibition. One of the primary focuses of interest there was AI agents. These are independent AI systems that can understand goals and environments, as well as plan and execute tasks, without any human intervention. For example, when traveling, they do more than just offer a plan, they also reserve and pay for hotels and flights as the agent of the traveler. These AI agents are expected to be introduced in Japan’s marketing and advertising industries. As real-world applications advance, they will lower barriers to entry and democratize many roles. This development will require professionals to hone their skills. Although AI will increase productivity on the one hand, on the other, humans will need to focus more on those jobs that must be performed by humans. Humans will also need to possess the humanity, worldview, and historical understanding that AI lacks, so in this respect, I believe the CL Group will be able to demonstrate its strengths because of its earnest engagement in developing human resources.

Konishi: The CL Group sees humanity as the very foundation of its people, upon which work capabilities and skills are built up. However, if this foundation is weak, it will inevitably collapse, regardless of how many skills an individual acquires. The CL Group therefore believes in the importance of firmly learning the essence of this from the CL Philosophy, which serves as our shared code of conduct, acquiring human capabilities, and building up work experience. Likewise, we see this as a future strength of the Group.

Yamashita: I believe that leveraging AI will greatly improve work process efficiency, and will enable us to provide effective promotion services tailored to the conditions in real time. Even as we promote the use of AI, however, we must also continue our efforts in pursuit of humanity. The CL Group spends a considerable amount of time developing human resources founded on the approach of philosophy-based management. With the alignment of employee (individual) and corporate goals at the core of this effort, we will invest in both human resources development and the use of AI.

Toward the Creation of New Value Through Integration

Konishi: I feel there is still room for providing new forms of fun by combining IP content and digital services, as with virtual characters. Providing joy is truly what our Ex-Tainment business is about. Although CDG has conducted SDGs awareness-raising activities using popular characters in the past, the potential for combining sustainability with IP content will expand beyond this. Having become a fully owned subsidiary of CL Holdings at the end of last year, CDG’s integration with the CL Group will transform our strengths into the strengths of the Group. For this reason, I am committed to further refining these strengths.

Tanaka: The core steps of integration include identifying the work that the employees of each Group company perform, what they value, what their respective strengths can draw out, and how they

can create new value by understanding each other. Moreover, each employee must now also view their company and business from the perspective of the minority, and always be aware of whether they are looking at things from the perspective of the majority. By embracing diversity and leveraging complementary strengths, I believe LEGS and CDG can integrate seamlessly to drive superior business outcomes.

Yamashita: It seems to me that the past efforts of CDG will find new life in the sales promotion market, the core of the CL Group. With CDG’s transition to a fully owned subsidiary, we will accelerate interaction between our human resources, and because we see the changes in markets brought about by DX and AI as opportunities, I intend to customize our respective advantages and create synergies.

Director of CL Holdings Inc., and President & CEO of LEGS COMPANY, LTD. Joined LEGS in 2002. He has been engaged in hands-on sales-related work in our Group for many years and has abundant experience and knowledge on the front lines of business. He has extensive knowledge not only of the sales promotion industry, but also of the distribution industry and licensing business, and has contributed to the development of new business models, such as PMD services.

Satoshi Yamashita



Professor, Graduate School of Management of Technology, Nippon Institute of Technology. His fields of expertise include corporate and marketing strategy as well as mission management and leadership. He has provided consulting services for DX- and AI-based strategies for many listed companies. He has authored several works, including “Jobs that Will Enhance Your Value in the Age of Generative AI” (SEISHUN PUBLISHING Co., Ltd.).

Michiaki Tanaka



Director of CL Holdings Inc., and CEO of CDG Co., Ltd. Joined CDG in 1996. Along with his deep understanding of and extensive experience and insight regarding the sales promotion industry, he has worked to strengthen the digital business framework. He was appointed as Representative Director in 2019. He has also consecutively served as a Director at LEGS (currently CL Holdings) since 2021.

Hideo Konishi



The Future Created by the Ex-Tainment Business

1. What is Ex-Tainment?

The term was coined by combining the words “experience” and “entertainment,” referring to the customer experiential value in entertainment. In addition, in terms of positioning, the Ex-Tainment market includes potential areas across other markets, such as the markets for advertising and sales promotion, the product sales market, and the entertainment content market.

2. Ex-Tainment Market Potential

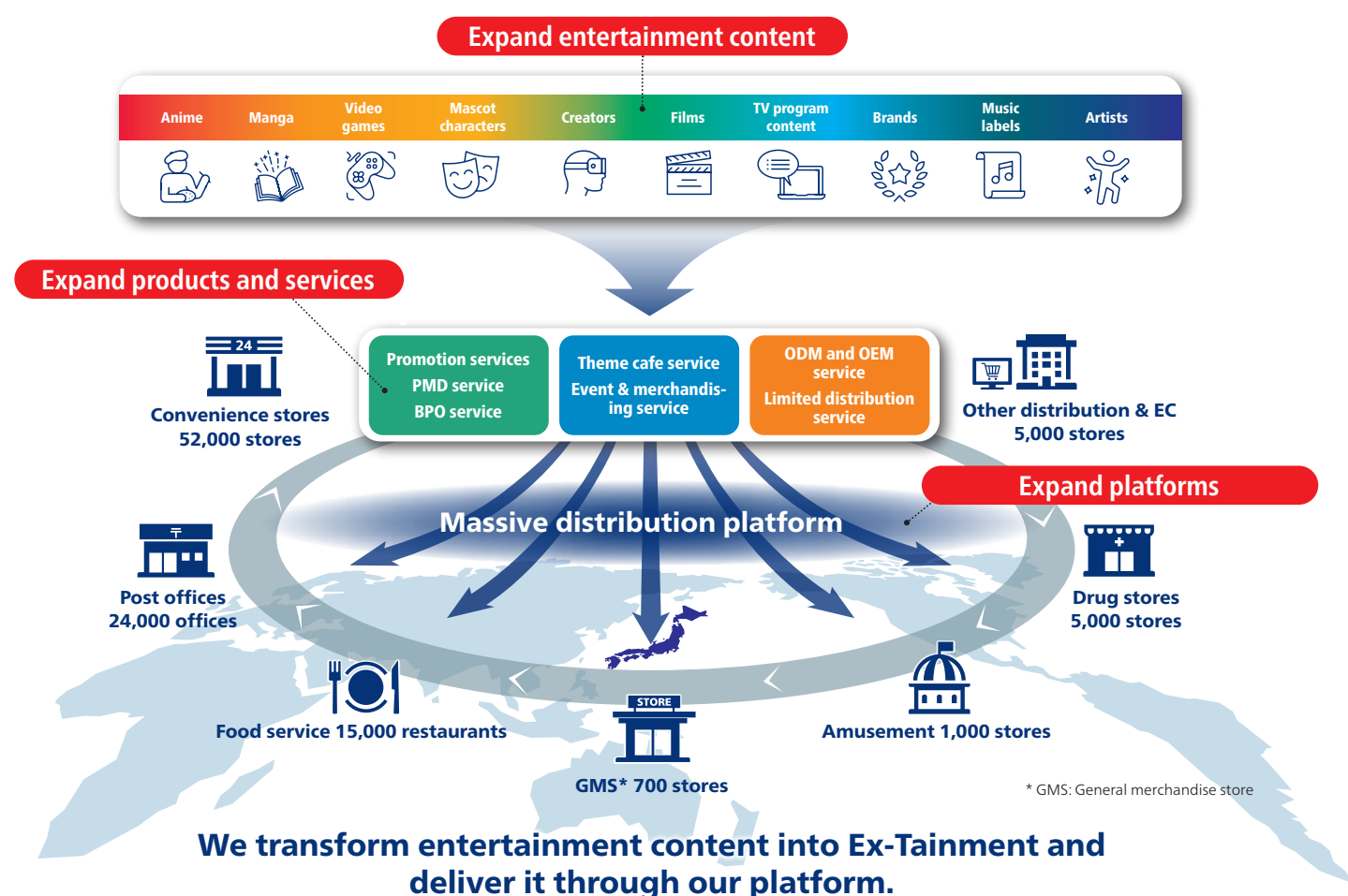
Consumer behavior has become polarized. One pole is from the demand for “rational shopping,” which is the desire to make purchases quickly and easily. The other pole is from the demand for the experimental value of fun when shopping. With the advancement of digitalization, e-commerce’s absorption of demand for quick shopping is expected to accelerate even further. On the other hand, the demand for so-called “fun shopping,” or the desire for intangible goods consumption and experiential value, is also steadily increasing.

Currently, new content is being created one after another by copyright holders. In addition, with the increase in opportunities to access content due to advances in streaming technology and other factors, content fans are looking for contact points for those contents. However, the commercialization of creating contact points that provide consumers with an enjoyable shopping experience using entertainment content is still in its infancy, and this leaves a large gap that makes the potential market very considerable.

3. Expanding from Japan to the World

The Group is working to unlock and foster the Ex-Tainment market by approaching this potential field with various original Group services, beginning with its promotion merchandising (PMD) service* and theme cafe service.* Japan is an advanced country in terms of entertainment shopping and, we are a company that excels at making an entertaining shopping experience. We will continue to pioneer the future in the Ex-Tainment business and provide fun shopping to consumers and fans not only in Japan, but around the world.

* See p.32 for terminology details.



Special Feature: Diversifying the Theme Cafe Brand

In the Ex-Tainment business promoted by the Group, theme cafes within the food entertainment business have become an iconic service that provides customer experiential value in entertainment through a combination of food and drinks as well as entertainment, starting from store locations.

Theme Cafes Provide Customer Experiential Value in Entertainment

Theme cafe services, which are provided through small theme park-like cafes that combine the worldviews of intellectual property (IP) content with space, food and drink as well as performance and other attractions, are continuing to steadily expand as places to enjoy extraordinary experiences up close. Many fans who visit are able to enjoy these services from new perspectives through an exciting dining experience that is beautiful to behold, delicious to eat, and fun to experience.

We have created a special atmosphere unique to our theme cafes that captures the hearts of fans, with spaces where they can relive the worldviews and decorations of the artworks that make them spontaneously want to take

commemorative photos, enjoy beautiful and photogenic food items and drinks that are safe, environmentally friendly, and healthy, and gain access to original goods sold exclusively at our cafes.

By delivering the experiential value of entertainment through our theme cafes—including menus, services, presentation, and hospitality—we strengthen fans’ connection to the IP content. Moreover, as fans have shared their “likes” with family and friends, the number of customers attracted has steadily increased. We hope to realize a world overflowing with “likes” by creating a chain of “likes” through our theme cafe service.

Maximize Customer Experiential Value in Entertainment by Diversifying Theme Cafes

We are expanding our theme cafe brand to deliver exceptional dining experiences and diverse service offerings, while showcasing compelling IP content to a wider range of fans.

In fiscal 2024, we brought to fruition efforts to provide customer experiential value in entertainment through a variety of means. This included opening long-term and

permanent theme cafes as an adjunct to museums as well as bakery takeout specialty stores as a new business format. Going forward, we will provide customer experiential value in entertainment to even more fans by diversifying our theme cafe brand and expanding both IP content and business formats based on locations that go beyond Japan.



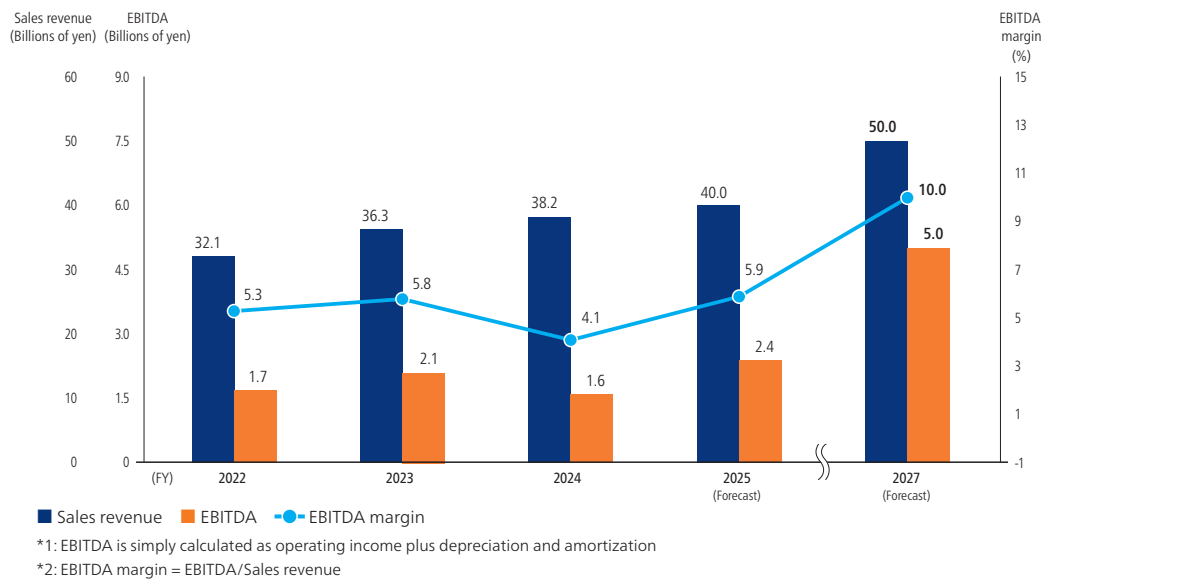
Growth Strategy

In order to realize the Group’s management philosophy, we will focus on creating Group synergies and enhancing profitability over the medium term. We will transform our earnings structure and improve productivity to enhance profitability by strengthening Group synergies by ramping up domain management while optimizing business portfolios and operations. In addition, we will accelerate the expansion of the Ex-Tainment market, which offers the most medium- and long-term opportunities both in Japan and overseas. In this manner, we will work diligently to achieve continuous business growth over the medium to long term.

Conceptualization of the Group’s Growth

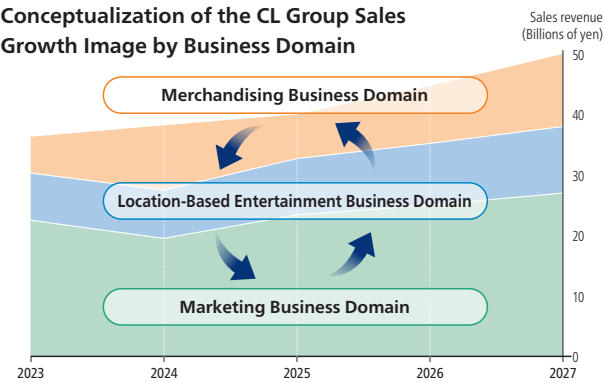
The Group has set EBITDA*1 and EBITDA margin*2 as two indicators of strategic progress, setting EBITDA at 5 billion yen and EBITDA margin at 10% or more as the Group’s medium-term quantitative targets for the fiscal year ending

December 31, 2027. Our goal is to achieve this by steadily implementing our medium-term strategy centered on three key points to enhance Group synergies and strengthen profitability.

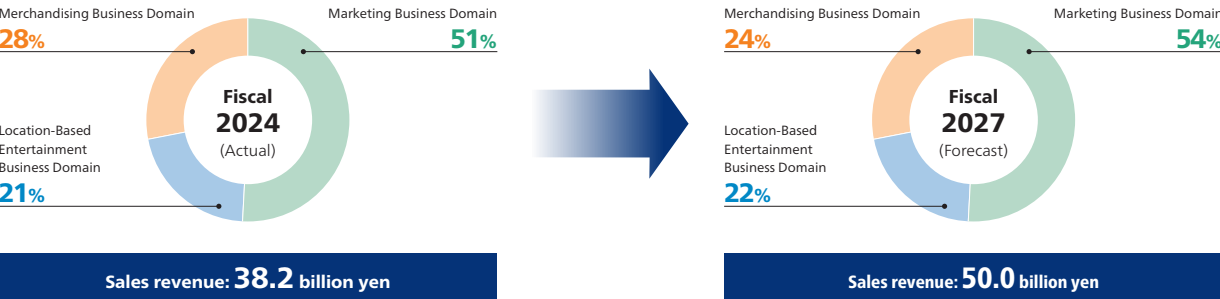


The three business domains laid out by the CL Group overlap in part, and synergies are created when each is combined with the other. We will fully leverage the strengths of each business domain to expand while working to differentiate ourselves from our competitors.

In each business domain, we intend to expand operations while securing ongoing stable earnings by making a structural shift away from contract to prospective services and from spot to recurring services.



Conceptualization of Sales Share by CL Group Business Domain



CL Group’s Medium-Term Strategy and Key Points

The CL Group intends to focus on maximizing Group synergies by leveraging CDG as a wholly owned subsidiary. In order to realize the Group’s management philosophy, we must once again enhance earnings, the source of growth and survival. To this end, we have set our medium-term

strategy as “enhancing Group synergies and further strengthening profitability.” We have established three key points and will pursue initiatives to achieve them aimed at maximizing Group synergies and making enhancing profitability a top priority.

CL Group’s Medium-Term Strategy

Enhancing Group synergies and further strengthening profitability

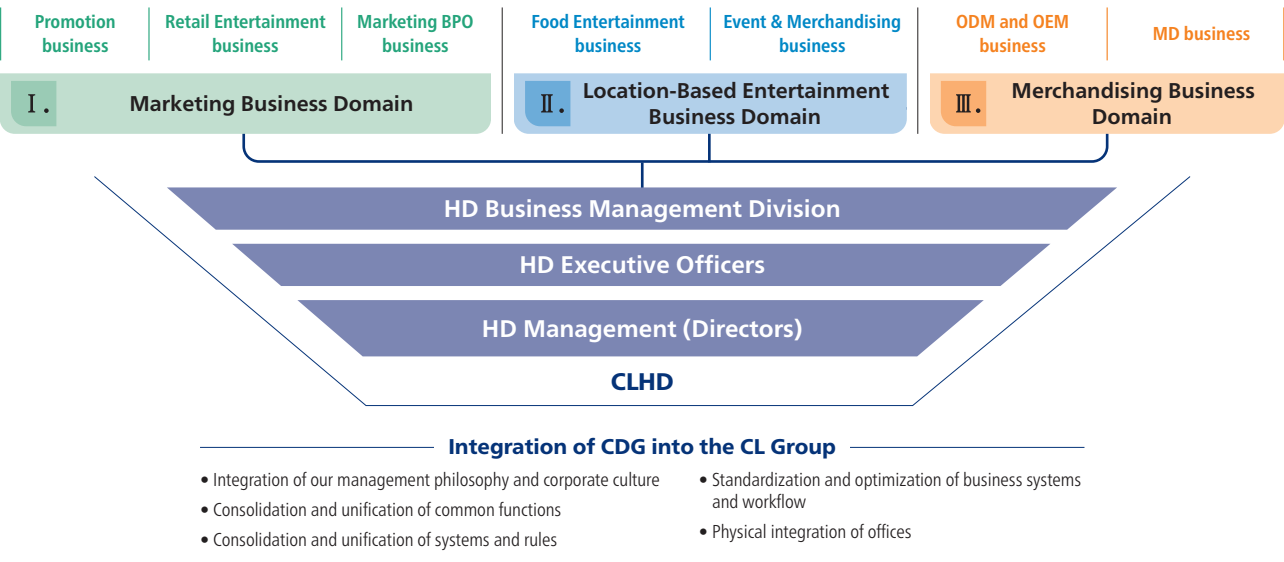
In order to realize the Group’s management philosophy, we will also focus on enhancing “profitability.” To this end, we intend to realize the following three key points.

CL Group’s Medium-Term Strategy Three Key Points

- 1 Strengthen Group synergies through domain management: Optimize domain-based Group structures and systems and enhance profitability by strengthening Group synergies
- 2 Optimize the business portfolio and operations: Increase profitability and productivity by selecting and concentrating businesses, products and services, and by promoting standardization and digitization of operations
- 3 Optimize investments: Engage in continuous investment in new businesses, overseas development, M&As, and human capital while maintaining proper balance to secure appropriate profitability

Key Point 1 Strengthen Group synergies through domain management

We will optimize Group structures and systems by shifting business operations from a focus on “individual company” to “Group” optimization. We are promoting efforts toward full-fledged domain management by establishing organizations and systems for each domain, standardizing individual systems, and unifying committees.



Column

Including CDG in the Company’s scope of consolidation as a wholly owned subsidiary

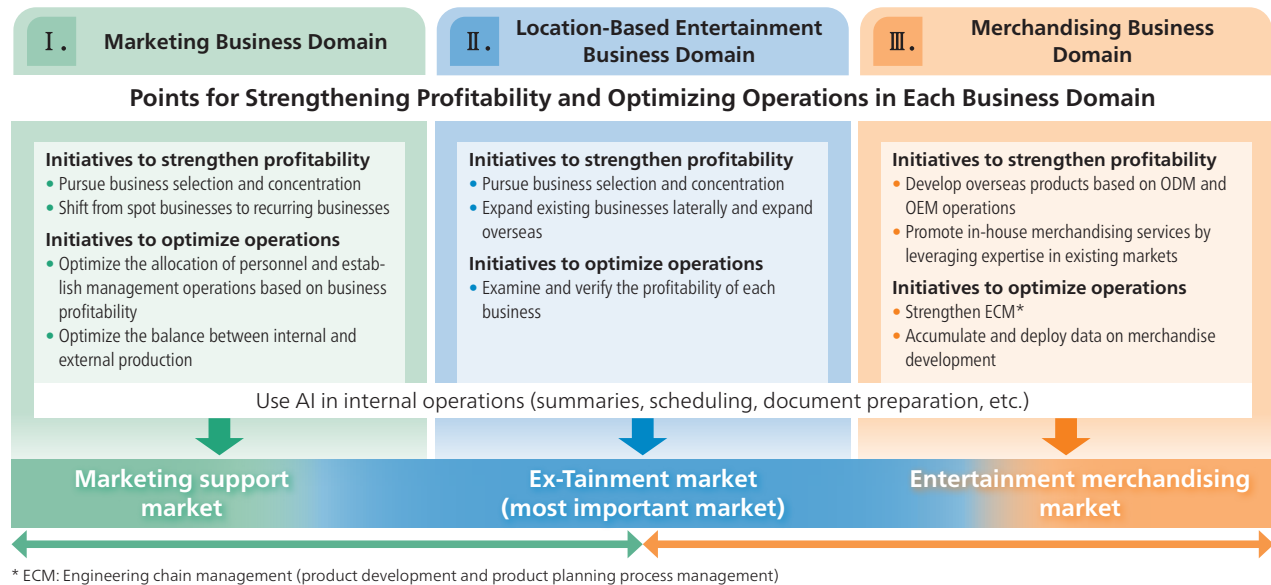
With the inclusion of CDG in the Company’s scope of consolidation as a wholly owned subsidiary in December 2024, we now have a Group structure that enables more optimal distribution of management resources than ever before, including the flexible allocation of human resources. We will work to realize the points listed on the right by leveraging CDG’s inclusion in the Company’s scope of consolidation as a wholly owned subsidiary.

01	Increase Management Freedom	Increase management freedom and accelerate decision-making by acquiring all shares
02	Optimize the Business Portfolio	Optimize the Group’s overall business portfolio by strengthening client-specific firewalls while pursuing business selection and concentration
03	Optimize the Allocation of Management Resources	Maximize sales revenue and profits by streamlining, unifying, and standardizing functions while optimally allocating management resources by flexibly assigning the right people to the right place
04	Exercise Economies of Scale	Mutually share business infrastructure and expertise, increase the scale of Group-wide earnings and assets, and enhance IP content procurement, product procurement, and design capabilities
05	Combine Strengths	Maximize the use of CDG’s strengths in digital promotion and BPO (business support) to develop new services and products Group-wide and provide more advanced and diverse solutions to customers

Key Point ② Optimize the business portfolio and operations

In each business domain and under the supervision of the business domain managers, we have defined key strategies to enhance profitability and streamline operations, ensuring an effective market approach. We will focus on these three business domains and steadily implement initiatives for the key points.

In particular, we intend to actively use AI to optimize our operations.



Key Point ③ Optimize investments

We have prioritized four investment domains essential for the Group's growth: new businesses, international expansion, M&As, and human capital development. We will therefore continue to invest in these domains with an optimal balance while ensuring optimal profitability.



Optimize investments (continuous investment with an optimal balance)	
1. New businesses	Engage in numerous hypothetical options and reviews on a project basis, and target commercialization
2. Overseas development	Gradually grow business as an extension of platform expansion
3. M&As	Make investments according to the M&A investment policy
4. Human capital	Make continuous investments focused on creating a structure and organizational climate that produces management talent

Case study: Changing the earnings structure by optimizing the business portfolio

CASE 1 Platform expansion

Expand the event sales and theme cafe services internationally (event and food entertainment business)

Overseas, we are currently developing and deepening platforms utilizing Japanese IP content. In Shanghai, China, we held a major pop-up event at a large commercial facility and have developed theme cafe services. Going forward, we plan to continue expanding our platforms in Asia, centered on China.





Gin Tama + event & merchandising services (Shanghai) | Jujutsu Kaisen + theme cafe services (Shanghai)

CASE 2 Products and service expansion

Develop the proprietary Kuji brand at retail outlets nationwide (MD business)

As a new service, we have developed and offered the proprietary lottery brand "Any-My Kuji." We can expand this proprietary lottery offering to retail outlets nationwide by leveraging distribution platforms such as convenience stores and theme cafes. We will utilize our supply chain—which excels in handling a wide variety of products in small lots with short delivery times—to develop high-quality products that use seasonal IP content for consumers.



BT21 "Any-My Kuji" (period: October - November 2024) ©BT21 | 2D アクリルキーホルダー (2D Acrylic Keychain)

Financial Strategies

Financial Policy

In addition to its transition to a holding company structure in January 2022, the CL Group began the voluntary use of International Financial Reporting Standards (IFRS). In 2024, CL Holdings included CDG Co., Ltd. in its scope of consolidation as a wholly owned subsidiary and initiated steps under a new Group management system in order to accelerate the creation of Group synergies.

To achieve medium- to long-term growth, we intend to actively make upfront investments in strengthening Group synergies, optimizing the business portfolio and operations, and creating

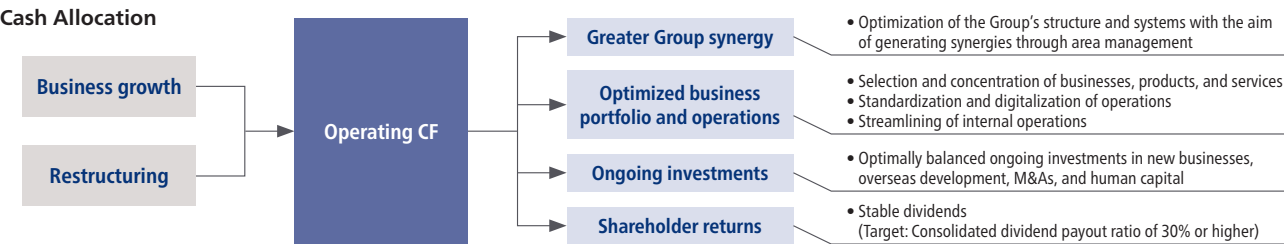
new businesses as well as overseas expansion. In addition to the need for ample cash to achieve this growth, we recognize that the Group was in a sound financial position with respect to sources of financial capital and liquidity of funds within the Group as of the fiscal year ended December 31, 2024. Specifically, the balance of cash and cash equivalents stood at 4.756 billion yen and the equity ratio attributable to owners of parent stood at 32.9%. Although liabilities increased due to the borrowing of funds in accordance with the conversion of a company to a fully owned subsidiary, we have secured sufficient liquidity.

Investment Policy and Shareholder Returns

To implement our medium-term strategy of "enhancing Group synergies and further strengthening profitability" (see p. 17), we will be proceeding with investment optimization, which is one of the key points in the strategy's execution. Specifically, our intent is to continue making optimally-balanced investments in the four categories of new businesses, overseas development, M&As, and human capital while ensuring an appropriate level of profitability. For new business ventures, we will adopt a phased approach, launching projects on a small scale and refining them through iterative validation and commercialization processes. In a bid to promote overseas development, as an extension of our platform expansion, we will also leverage the strengths of our Group and move forward with expansion. As far as M&As are concerned, we will continue to investigate projects in accordance with the M&A investment

policy. In the case of human capital, we will make investments with a focus on developing systems that nurture management personnel, and on building an organizational culture.

We acknowledge that shareholder returns are a key management priority. Our approach incorporates the consolidated dividend payout ratio to ensure balanced and sustainable profit distribution. Our policy is to pay dividends according to business performance while securing the internal reserves necessary to strengthen our business foundation and develop future business. Accordingly, our profit distribution is conducted with a consolidated dividend payout ratio of 30% or higher. Positioning the acquisition of treasury stock as an important shareholder return policy, the Company will continue to carry out this policy in a flexible manner while taking into consideration its capital needs and stock market trends.



Details and Explanations of Financial KPIs

To maximize the Group's corporate value, we have established long-term financial targets, including a revenue goal of 100 billion yen, an operating income of at least 10 billion yen, and a minimum operating profit margin of 10%. Similarly, under our medium-term management policy, we have set out to achieve an EBITDA of 5 billion yen*1 and an EBITDA margin of at least 10%*2 for the fiscal year ending December 2027. We have also

established 8% as the capital efficiency improvement target for return on equity (ROE) attributable to owners of parent, and aim to achieve an ROE that exceeds the cost of capital. We will continue to make every effort to increase corporate value in a sustainable manner so as to enhance shareholder value.

*1: EBITDA is simply calculated as operating income plus depreciation and amortization.
*2: EBITDA margin = EBITDA/sales revenue

Financial data for the past five years					
	2020	2021	2022	2023	2024
EBIT	1,774	1,967	776	1,079	305
EBITDA	1,292	2,744	1,665	2,133	1,565
Net income/Profit attributable to owners of parent	1,235	1,268	364	510	164
Total assets	13,776	21,345	21,322	21,545	22,152
Shareholder's equity/Equity attributable to owners of parent	7,073	8,276	7,919	8,402	7,291
Interest-bearing debt	3,155	3,009	2,667	2,325	6,567
Debt-to-equity ratio	44.6%	36.4%	33.7%	27.7%	90.1%
Interest coverage ratio (times)	46.4	88.4	57.3	22.0	27.4
Diluted EPS	117.44	120.73	35.27	50.33	16.10
Dividend per share	36.00	36.00	11.00	16.00	5.00
Dividend payout ratio	30.5	29.7	31.2	31.8	31.0
ROE	18.0	16.3	4.5	6.3	2.1

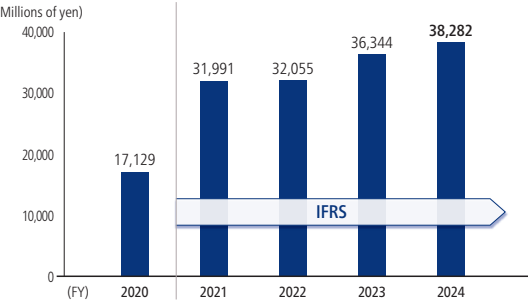
* The Group has adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended December 2022. For the fiscal year ended December 2021, indicators and other figures are those after retroactive application of these accounting standards.

Financial and Non-Financial Highlights

Financial Highlights

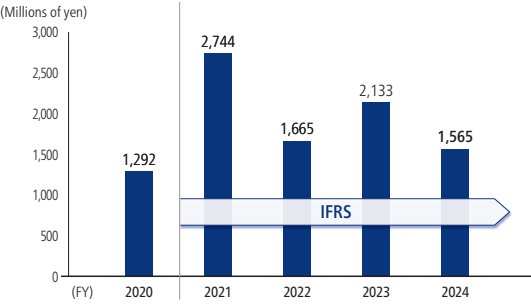
* The Group has adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended December 2022. For the fiscal year ended December 2021, indicators and other figures are those after retroactive application of these accounting standards.

Net sales/Sales Revenue



Sales revenue for the fiscal year ended December 2024 increased 5.3% year on year to 38,282 million yen owing to strong performance in OEMs for entertainment customers and merchandising for retail distribution customers.

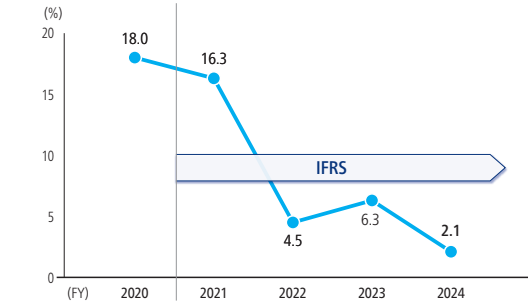
EBITDA*



EBITDA for the fiscal year ended December 2024 decreased 26.6% year on year to 1,565 million yen due to lower gross profits and higher selling, general and administrative expenses, including personnel expenses to strengthen human capital. This decline also resulted from lower operating income as a result of expenditures incurred in the transition of CDG to a fully-owned subsidiary, and of increases in other expenditures, including impairment losses.

* EBITDA is simply calculated as operating income plus depreciation and amortization

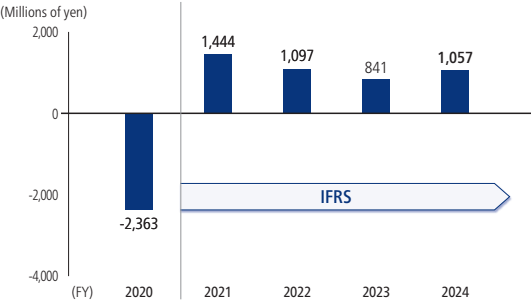
Return on equity*/
Return on equity attributable to owners of parent (ROE)



ROE for the fiscal year ended December 2024 declined 4.2 percentage points year on year to 2.1% due to a decrease in profit attributable to owners of the parent.

* Return on equity up to 2020.

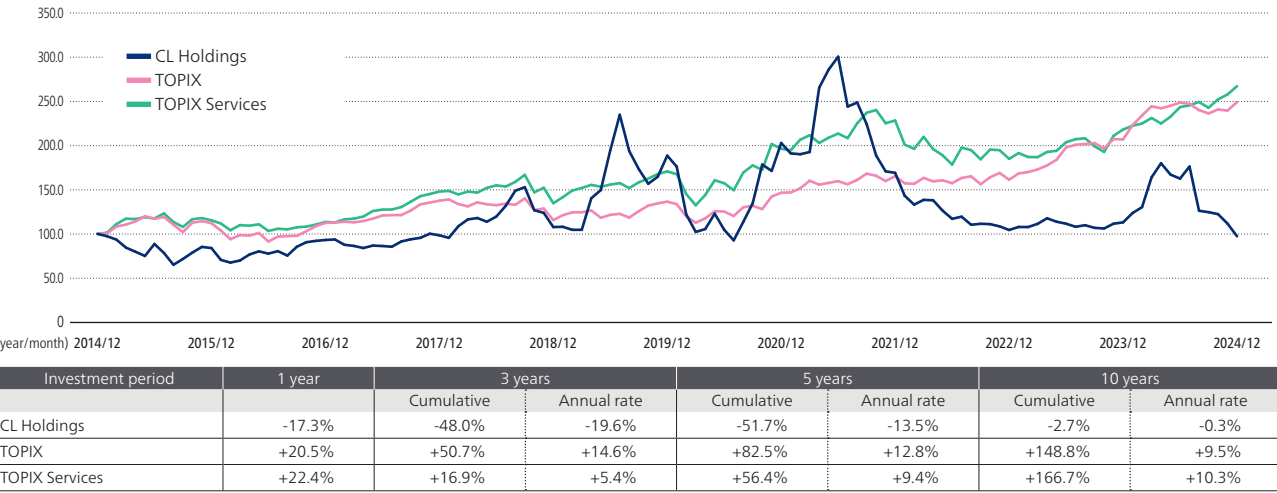
Free cash flow*



For the fiscal year ended December 2024, net cash provided by operating activities amounted to 1,064 million yen, while net cash used in investing activities was 7 million yen largely reflecting payments into time deposits. This resulted in a free cash flow* of minus 1,057 million yen.

* Free cash flow = Net cash provided by operating activities + Net cash used in investing activities

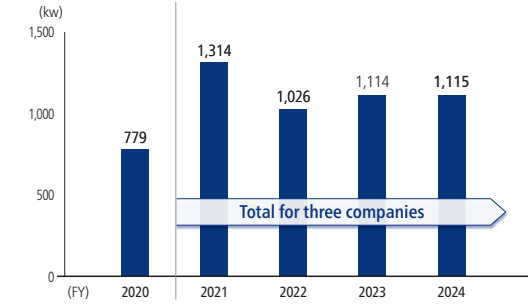
Total Shareholder Return (TSR) (Data on closing price at the end of December 2014 = 100)



Total Shareholder Return (TSR): Total return on investment including capital gains and dividends. TSR for CL Holdings Inc. is calculated based on cumulative dividends and stock price fluctuations, and for TOPIX and TOPIX Services is calculated based on a stock price index including dividends (prepared by the Company based on data from Bloomberg and others). The values in the graph are indexed TSR market values, with the closing price data on the last day of December 2014 equaling 100 (with a holding period until the end of December 2024).

Non-Financial Highlights

Annual electricity consumption per employee*

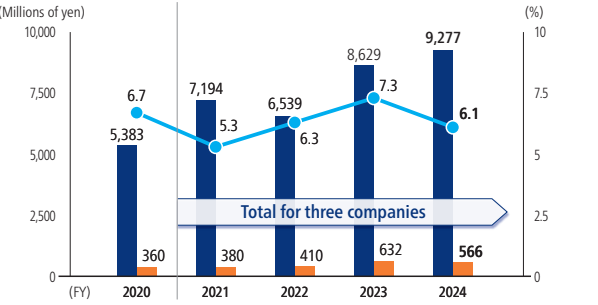


The Group is continuously optimizing energy use. As part of these efforts, we are actively reducing electricity consumption.

* The period covered by the measurement is the 11-month period excluding June of each year.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

Inventory disposed of as a percentage of sales of merchandise*

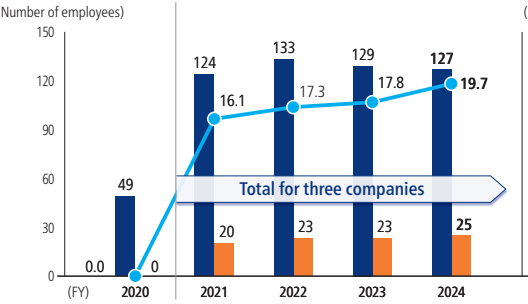


■ Merchandise sales (excluding food and drink sales)
■ Inventory write-downs
● Percentage of inventory disposed of (right axis)
Calculation method: Inventory write-down / merchandise sales (only merchandise sales involving inventory)

The Group is promoting efforts designed to reduce inventory disposal in its merchandise sales through such efforts as improving operations at theme cafes and utilizing an IP content demand forecasting model.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

Percentage of female employees in management positions*

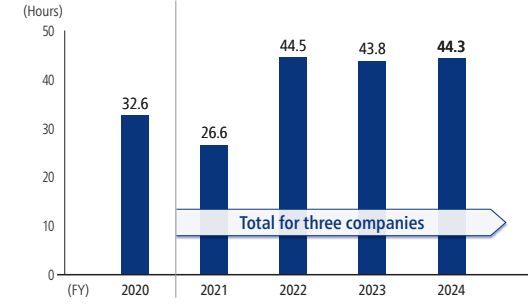


■ Number of managers
■ Number of female managers
● Percentage of female employees in management positions (right axis)
Calculation method: Number of female managers at the end of the fiscal year / total number of managers at the end of the fiscal year

From the perspective of diversity, equity and inclusion (DE&I), the Group is creating environments in which diverse human resources can fully demonstrate their abilities. Having set the target of increasing the proportion of women in management positions in the Group to 20% or more by 2025, we are continually implementing such initiatives as changing awareness throughout the Company, actively developing female employees, and promoting diverse work styles. As a result, the ratio of women in management positions is steadily increasing.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

Average annual hours of training per employee*

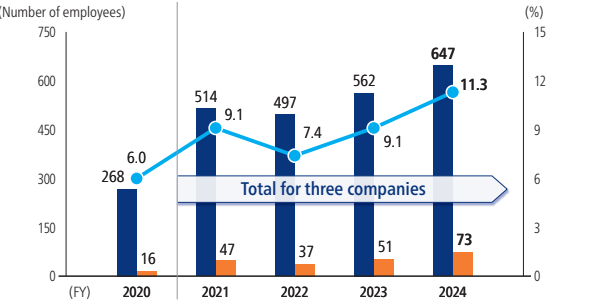


Calculation method: Total training hours for the fiscal year under review / Number of employees at the end of the fiscal year
Total training hours per year = Total of each training program (program hours x number of trainees x number of training sessions)

With a view to instilling our management philosophy throughout the organization while strengthening management capabilities, the Group is focused on conducting effective employee training. To enhance human and management capabilities as well as to achieve continued growth, we revise our training methods and systems on a case-by-case basis while working to provide effective training and ensure sufficient training time.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

Turnover*

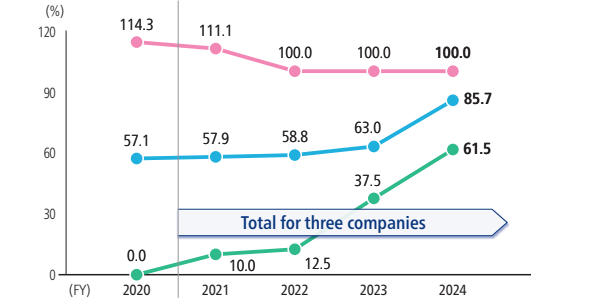


■ Number of people at the beginning of the fiscal year
■ Number of people who left the Company
● Turnover (right axis)
Calculation method: Number of regular employees who left the Company in the fiscal year under review / Number of regular employees at the beginning of the fiscal year

Having adopted a philosophy-based management approach, the Group conducts recruitment activities that emphasize the hiring of human resources who share the values of the organization. The Group actively promotes diverse work styles and fosters environments that empower employees to excel over the long term.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

Childcare leave take-up rate*



● Childcare leave take-up rate (total of men and women)
● Male take-up rate
● Female take-up rate
Calculation method: Number of employees who commenced childcare leave in the fiscal year under review / Number of employees who gave birth in the fiscal year under review (For men, the number whose spouses gave birth)

Our Group is introducing a range of systems and improving working environments to realize diverse work styles. The percentage of women taking childcare leave remains at a high level, and the percentage of men taking childcare leave is also steadily increasing.

* Since some employees commenced childcare leave in a different fiscal year than the one in which they gave birth, the childcare leave take-up rate in 2020 and 2021 exceeds 100%.

* Figures for 2020 are the total for CL Holdings and LEGS, and figures for 2021 and beyond are the total for CL Holdings, LEGS, and CDG.

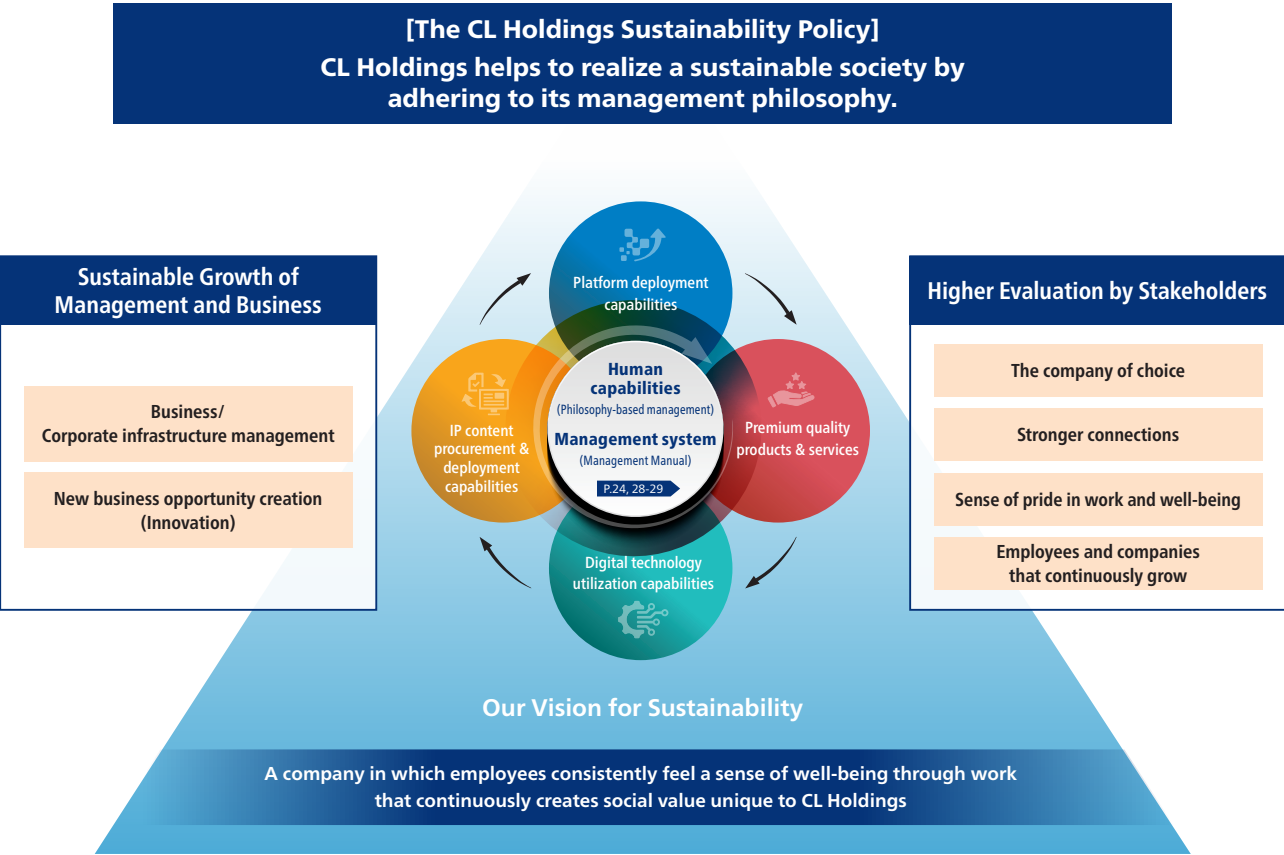
CL Group Sustainability

To advance social sustainability, the Group aims to enhance its ability to provide services by pursuing innovation and enhancing the quality of sustainability throughout its entire business value chain. At the same time, we strive to generate profits and improve corporate value by solving an array of social issues.

Our Vision

In fiscal 2023, the Group established the CL Holdings Sustainability Policy as a fundamental framework for sustainability initiatives. In accordance with this policy, we appointed a dedicated executive officer responsible for sustainability and established an organization to promote sustainability within the Group. During fiscal 2024, we established the CL Holdings Sustainability Committee, which is chaired by the CEO and attended by outside

directors and external experts as committee members. At the same time, we reidentified the areas of materiality for the entire CL Group along the four axes of Business, Function, Human Resources, and Company. We intend to steadily advance related initiatives to ensure that we can contribute through our business activities to the solutions for the challenges faced by society.



Sustainability Initiatives

Category	Major Initiatives and Dialogue Methods	Stakeholders	Stakeholder Expectations/ Demands
Business	Provide sustainability solution models that help solve social issues <ul style="list-style-type: none">Develop targets using the Group's original tool called Tas-Karu-sys^{*1} Provide sustainable PMD models (waste/loss solutions) <ul style="list-style-type: none">Use IPDB and design appropriate inventory ratesDonate and make other secondary uses of inventory Contribute to and co-create "societies, regions, education, and communities" centered on permanent cafes <ul style="list-style-type: none">Create and institute branding for model cafes	<ul style="list-style-type: none">ConsumersClientsCooperating companiesCopyright holdersLocal communities	<ul style="list-style-type: none">Mitigate environmental impacts due to consumption behaviorRealize nature positivity through consumption behaviorRealize a sustainable society through marketing activities
Function	Work with partner companies to create sustainable sustainability solutions models that combine the Company's assets <ul style="list-style-type: none">Implement SDG awareness programs using IP content^{*2}Plan and propose regional revitalization measures^{*3}Design "winning path" assumptions that combine IPDB, fan activities, and the Company's other assets Ensure stable procurement of sustainable products <ul style="list-style-type: none">Use environmentally friendly and recycled materials, and develop products (gifts and displays made using FSC-certified^{*4} paper and MAPKA plastic,^{*5} goods made using recycled porcelain clay, etc.) Centralize knowledge using databases and create systems that connect to sustainable outcomes <ul style="list-style-type: none">Build and use databases (create business portal sites on a business unit basis, visualize promotion outcomes, implement optimized inventory rate control for MD)	<ul style="list-style-type: none">ConsumersClientsCooperating companiesCopyright holdersLocal communitiesShareholders and investors	<ul style="list-style-type: none">Mitigate environmental impactsApply human rights due diligence along the supply chainProvide convenience to consumers through products and services, and enhance profitability as a resultCreate innovation that leverages digital technologies
Human Resources	Support growth to enhance the ability of all employees to create social value <ul style="list-style-type: none">Improve personnel systems (remote working system, life event support system, childcare support system, flextime system)Creating an environment where employees can take on challenges with confidence (career support program, internal recruitment system, compensation level optimization)Build mechanisms to cultivate human talent (Philosophy Study Meeting, philosophy education, Leader Management Education, Junior Board System, CHRO committee) Create systems that ensure all employees can participate <ul style="list-style-type: none">Promote diversity, equity and inclusion (DE&I) (increase the ratio of women in managerial positions, introduce partnership certificates, and promote employment of persons with disabilities)Build an environment that leads to employees taking ownership of sustainability (organize study meetings, broadcast internal information, promote ISO use by new employees, engage in neighborhood cleaning)Promote health management	<ul style="list-style-type: none">Employees	<ul style="list-style-type: none">Realize diverse work stylesImprove engagementRealize health managementImprove productivity
Company	Strengthen compliance <ul style="list-style-type: none">Establish a compliance and governance committeeEstablish a whistleblowing systemOrganize compliance training Implement and strengthen risk assessments <ul style="list-style-type: none">ISO 9001ISO 14001PrivacyMarkImprove the effectiveness of the Board of Directors	<ul style="list-style-type: none">ConsumersClientsCooperating companiesCopyright holdersEmployeesShareholders and investorsLocal communities	<ul style="list-style-type: none">Strengthen corporate governance (including data governance)Ensure legal compliance

^{*1}: New services that reduce the number of business steps and costs by systematizing the series of processes from various actions to payment, inventory control, and logistics, as well as through outsourcing, in addition to planning and procuring promotional goods. System-based centralized control helps accurately capture the needs of a diverse range of clients. Meanwhile, delivering the right amount of goods to the right locations helps realize a sustainable society in addition to eliminating excess promotional goods and reducing procurement costs.

^{*2}: Initiatives that seek to strengthen interest in the SDGs by planning and organizing interactive events using IP content.

^{*3}: Initiatives in which the Group collaborates with local governments to guide customers to, and encourage movement around, well-known sites and facilities through digital stamp rallies using mobile game apps.

^{*4}: FSC-certified paper is made from wood harvested from forests that are strictly managed for the purpose of protecting forest resources. Paper that is certified under a system developed and managed by the Forest Stewardship Council, an international non-profit organization.

^{*5}: New materials that can be molded for use as alternatives to plastics. These are primarily made from paper powder, which reduces environmental impact, mixed with polyolefin resin.

Topic Initiatives to Mitigate Environmental Impact Through Cleaning Activities

Since 2012, each week the Group has conducted cleaning activities in the area around the head office (suspended during the spread of COVID-19). This initiative is intended to mitigate environmental impacts and contribute to the community through regional beautification, and is conducted via the participation of all employees at the head office on a rotational basis. In recognition of this initiative, in 2025 we received an award from Minato City's Environmental Beautification Awards Organization (Corporate) Category under Minato City's Ordinance to Promote Environmental Beautification and Prevent Passive Smoking and the Prevention of Nuisances Caused by Smoking. We will continue this initiative into the future so that it serves as an opportunity for every employee to take ownership in thinking about and taking action on sustainability.



Minato City Environmental Beautification Awards Organization (Corporate) Category Award

Topic Organizing Employee Networking Events

The Group regularly hosts employee networking events, led by the Human Resources Department, to foster diversity and inclusion. The first event involved a networking meeting for female employees at the Group and the second event involved a networking meeting for female managers at the Group. These networking events center on the exchange of opinions between participants, and aim to build relationships and an environment that make it easier for employees to consult with each other, in addition to helping participants develop empathy and gain awareness. Along with designing systems to promote diversity, we believe that working to create environments in which diverse human resources can interact across companies and departments will help promote DE&I, which is why we will continue to organize various networking events into the future.



Employee networking event for female employees at the Group

Pick Up Fostering Future Generations of Management

The CL Group has designated “nurturing management personnel” as one of its long-term policies. As an approach to achieving this policy, we organized the Junior Board System, which aims to nurture future generations of manager candidates. The Junior Board consists of lectures held by those invited from among the members of the Group’s management team, as well as from corporate managers at other companies, along with group work, analyses of each business within the Group, and a range of other measures under the theme of nurturing management personnel.

We also established a quasi-management committee that performs the entire cycle of identifying management issues, formulating solutions, implementing them, and verifying the results under the theme of improving CL Group management. In this way, it serves as a valuable forum through which participating members can acquire experience related to improving management.



LEGS COMPANY, LTD.
K.K.

Becoming a Lubricant for the Entire CL Group

Through the Junior Board lectures conducted by Mr. Uchikawa, I was encouraged to rethink the importance of working with my own compass. My current compass is to become a lubricant for the CL Group. I feel that work is rarely performed entirely by a single person, and is only successful when it involves multiple people who cooperate together. This is precisely why I want to serve as a kind of lubricant, where my presence will allow my colleagues to work together and advance their work with a sense of pleasure.

Although I obviously hope to become a manager, which is the purpose of the Junior Board, I also intend to apply the learning and experience I gain from the Junior Board in a way that allows me to become a lubricant for the CL Group as my personal compass. It would make me happy if everyone at the CL Group worked comfortably with a sense of pleasure, and I would enjoy nothing better than to see more and more people thrilled to work for the Company.

As a member of the Junior Board, I will therefore take the initiative and begin by putting this experience into practice, and embodying it.

Leadership Involving the Entire Group

Even as we undertake the challenge of reforming the entire Group on our own through the Junior Board, I am keenly aware of the challenges this initiative presents on a daily basis.

Working with different departments throughout the Group is important, as is progressing through the involvement of many people. I therefore believe that the Junior Board holds value in that it plays the role of interlinking the Group horizontally for the purpose of generating Group synergy.

During one of the lectures, Mr. Uchikawa said that providing endless amounts of water to someone who is not thirsty is meaningless. Acutely aware that we as members of the Junior Board serve to represent the CL Group, I intend to always value the stance of voluntarily and proactively learning with a sense of motivation and resolve.

Although tackling the issues almost never proceeds smoothly, I will make every effort so that I will be glad to have participated in the Junior Board, and so that I can better contribute to the CL Group in the future by using this experience.



CDG Co., Ltd.
A.I.

A Pillar of Support for the CL Group

I participate in the Junior Board with the aim of creating new businesses for the CL Group. Because I am usually involved in business administration tasks, however, the need to take a perspective unlike my usual viewpoint has been highly stimulating.

My participation in the Junior Board has made me truly recognize just how few opportunities I have had to think deeply about matters on the business side, and just how important it is to deepen my understanding of the business.

Moreover, it has reminded me of the importance of taking a higher vantage point. It is difficult to quickly attain a manager's viewpoint, which will obviously take time, so I will begin by being aware of perspectives from two tiers above. I believe that building experience one step at a time will gradually elevate my vantage point and, in the end, help provide me with a manager's viewpoint.

In addition to the skills and strengths that I already possess, by deepening my understanding of the Group's business while understanding the challenges at hand from the perspective of the business side, only then will I be able to think in a way that encompasses the entire Company. This is the type of employee to which I aspire.

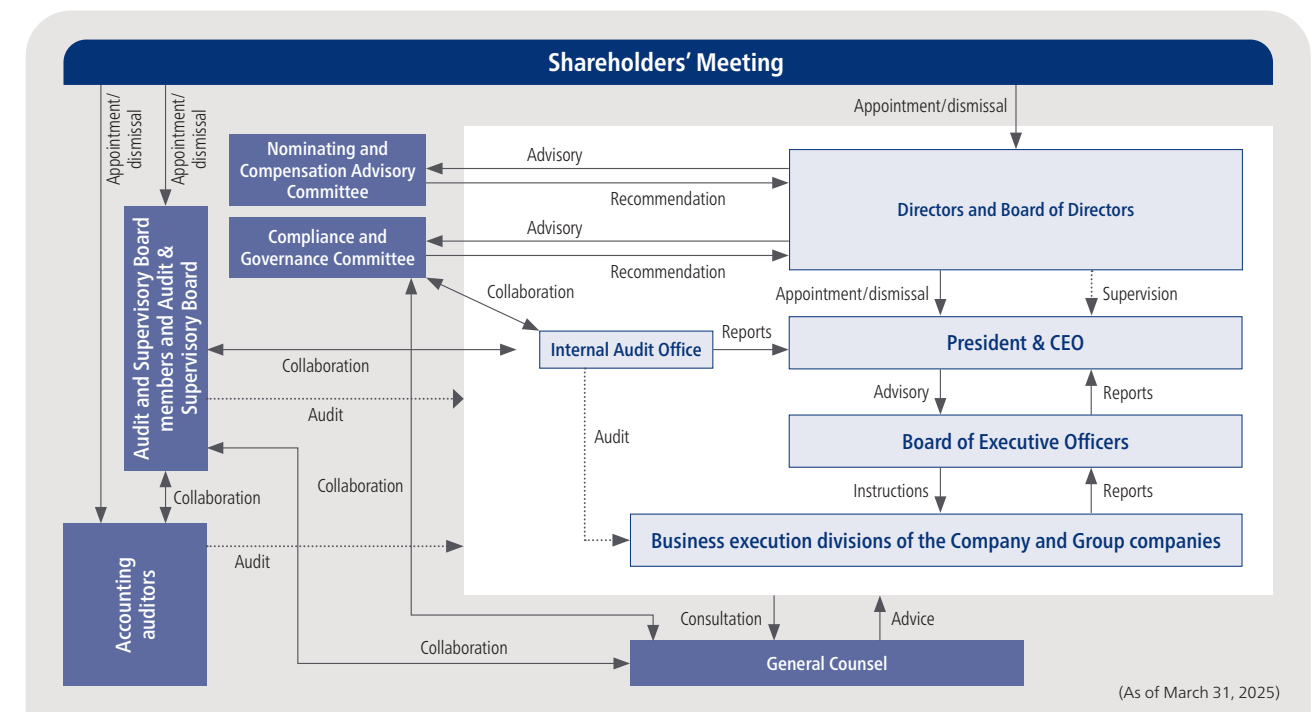


CL Holdings Inc.
S.T.

Corporate Governance

CL Holdings considers corporate governance a critical management priority, emphasizing sound, transparent, and speedy management. The Group implements initiatives from the two perspectives of promoting an understanding of and deepening our management philosophy, which aligns with ethical values, among all employees, and of building systems that do not impair corporate governance. We will continue to enhance our internal control capabilities, fulfill our accountability to stakeholders, and aim for greater corporate value.

Corporate Governance Structure



Board of Directors

The Board of Directors comprises the President & CEO and eight directors, including three outside directors. In addition to regular monthly meetings, extraordinary meetings are convened as needed. The term of office for directors is one year, and by appointing outside directors who have excellent insight into all aspects of management, we are working to ensure that management supervision is strengthened by the incorporation of neutral and outside perspectives and ensure that management is transparent and fair.

Audit and Supervisory Board

CL Holdings operates an Audit and Supervisory Board system, consisting of two full-time and two part-time outside auditors. The Audit and Supervisory Board meets once a month to discuss important audit-related matters and exchange information. Each auditor also participates in meetings of the Board of Directors, while the full-time auditor attends other important meetings, such as the Board of Executive Officers Meeting, to monitor the execution of duties by directors and the Board of Executive Officers.

Nominating and Compensation Advisory Committee

To ensure the transparency and objectivity of procedures related to the nominating and compensation of directors and to further enhance our corporate governance system, we

have established a Nominating and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors. The committee is chaired by an outside auditor and consists of four auditors (of which three are outside auditors), including the chairperson, and three outside directors. The committee advises the Board of Directors on key governance matters, including the appointment and dismissal of directors, auditors, and executive officers, succession planning for the Chief Executive Officer, and compensation frameworks for directors and executive officers.

Compliance and Governance Committee

The Compliance and Governance Committee, a voluntary advisory body to the Board of Directors, is responsible for maintaining, enhancing, and evaluating a robust compliance framework and transparent corporate governance system. The committee is chaired by an outside director and consists of five directors (of which three are outside directors), including the chairperson, and four auditors (of which three are outside auditors). The committee responds to inquiries from the Board of Directors regarding the formulation of basic policies for the promotion of compliance and governance, the formulation of countermeasures and improvement measures when incidents occur, and recommendations for improvement to the relevant departments and others.

Evaluation of the Effectiveness of the Board of Directors

To continuously enhance the effectiveness of the Board of Directors, the Company conducts a survey of all participating officers (directors and auditors) and commissions a third-party organization to analyze and evaluate the results.

After receiving a report on the results, the Board of Directors discusses future issues related to the effectiveness of the Board of Directors as a whole.

Improvements and Continuing Issues for FY2024	
Observed Improvements	1. Sufficiently secure and effectively utilize independent outside directors 2. Stimulate discussions and engage in multifaceted investigations at the Board of Directors 3. Discussion and initiatives on the appointment and dismissal of the President & CEO
Divergent Evaluations	1. Implementing initiatives for enhancing risk management and compliance systems 2. Implementing initiatives for enhancing prior explanations for outside directors
Continuing Issues	1. Difference in information between outside directors and other directors and improvement of that situation 2. Stimulating communication between outside directors and auditors 3. Discussions and initiatives on sustainability and intangible assets

Executive Remuneration System

CL Holdings’ executive remuneration system is based on the principle that remuneration is linked to medium- and long-term improvements in corporate value and the achievement of management targets. Directors’ compensation consists of monthly compensation, which is fixed compensation, and bonuses, restricted stock compensation, and stock options, which are performance-linked compensation, where 1) fixed compensation and 2) performance-linked compensation are each determined based on independent criteria.

① Fixed compensation

Monthly compensation, which is fixed compensation, is determined according to position and responsibility, taking into consideration social conditions, the Company’s business environment, and the standards of other companies in the same industry. The Nomination and Compensation Advisory

Committee is consulted on compensation proposals based on the compensation table established by the Board of Directors, and the committee verifies and reports on the appropriateness of the proposals by incorporating data from executive compensation surveys conducted by external organizations.

② Performance-linked compensation

Bonuses, restricted stock compensation, and stock options, which are performance-linked compensation, are determined in accordance with the Company’s performance and each director’s contribution to management, with the aim of making the linkage to performance clearer and increasing the motivation to contribute to improving performance and increasing corporate value. Specifically, payment amounts are determined based on the year-on-year growth rate of EBITDA and operating income.

Total amount of compensation for directors and Audit and Supervisory Board Members (FY2024)

Executive classification	Total amount of compensation, etc. (thousands of yen)	Total amount of compensation by type (thousands of yen)				Number of directors and auditors covered by the plan
		Basic compensation	Performance-linked compensation	Non-monetary compensation, etc.	Restricted Stock Compensation Plan	
Directors (outside directors)	73,761 (20,808)	70,410 (20,808)	— (—)	2,184 (—)	1,167 (—)	8 (3)
Audit and Supervisory Board members (outside Audit & Supervisory Board members)	20,100 (9,600)	20,100 (9,600)	— (—)	— (—)	— (—)	3 (2)

*1: Stock acquisition rights are granted to directors in the form of stock options as non-monetary compensations, etc.
*2: Under its Restricted Stock Compensation Plan, the Company allocates restricted stock to directors (excluding outside directors) as an incentive to continuously improve the Company’s corporate value while at the same time promoting measures aimed at enhancing corporate value over the medium to long term and further sharing value with shareholders.

Training for Directors

For internal directors and Audit and Supervisory Board members, we provide opportunities for external training, such as executive coaching to ensure that they fully understand the roles and responsibilities expected of them as directors and corporate auditors when they take office, and provide support for the cost of such training. In addition, the Company provides financial support to individual directors and Audit and Supervisory Board members, including outside directors and auditors, who voluntarily undergo study or training.

Skills Matrix of the Board of Directors

	Name	Skills that can be specifically utilized in the expertise we require										
		Management	Finance & Accounting	Legal & Governance	Human Resources/ Human Resource Development	ESG/SDGs	Overseas Business	Sales & Marketing	Production Engineering/ Quality Control	DX/IT	Content Business	New Business Development
Director	Junichiro Uchikawa	●			●		●	●	●			●
	Makoto Yoneyama	●	●	●	●	●				●		
	Satoshi Yamashita	●				●	●	●			●	●
	Hideo Konishi	●				●	●	●		●	●	
	Mitsuru Ishimura	●	●	●			●	●				●
	Yasuhiro Matsubara	●						●		●		●
	Hiroshi Sonobe Outside Independent			●	●	●				●		
	Takashi Watanabe Outside Independent	●			●	●		●				●
	Sachiyo Yasuda Outside Independent	●			●	●		●		●		●
Auditor	Hajime Kusuda			●	●			●	●			
	Norimitsu Otsubo Outside Independent	●	●	●				●				
	Hiroshi Magaribuchi Outside Independent		●	●	●	●						
	Motoo Kobayashi Outside Independent	●				●	●			●		

Policy on Constructive Dialogue with Shareholders and Investors

In order to promote constructive dialogue with shareholders and investors in Japan and abroad, the CL Holdings Group conducts IR activities led by the President & CEO and in close cooperation with the responsible directors, the department in charge of IR, and departments involved in accounting, finance, legal, and general affairs, among others. Along with actively responding to interviews with investors, the Group holds biannual business results briefings and publishes an annual integrated report. The Group also explains its businesses to investors in a timely manner. The valuable opinions received from shareholders and investors are promptly reported to the management executives and Board of Directors in an effort to help improve management.

Compliance

As stated in our management philosophy, “we will continue to contribute to the advancement of society through sound business activities.” We acknowledge that compliance is a cornerstone of our corporate operations and that maintaining sound management is vital for sustainable corporate value growth.

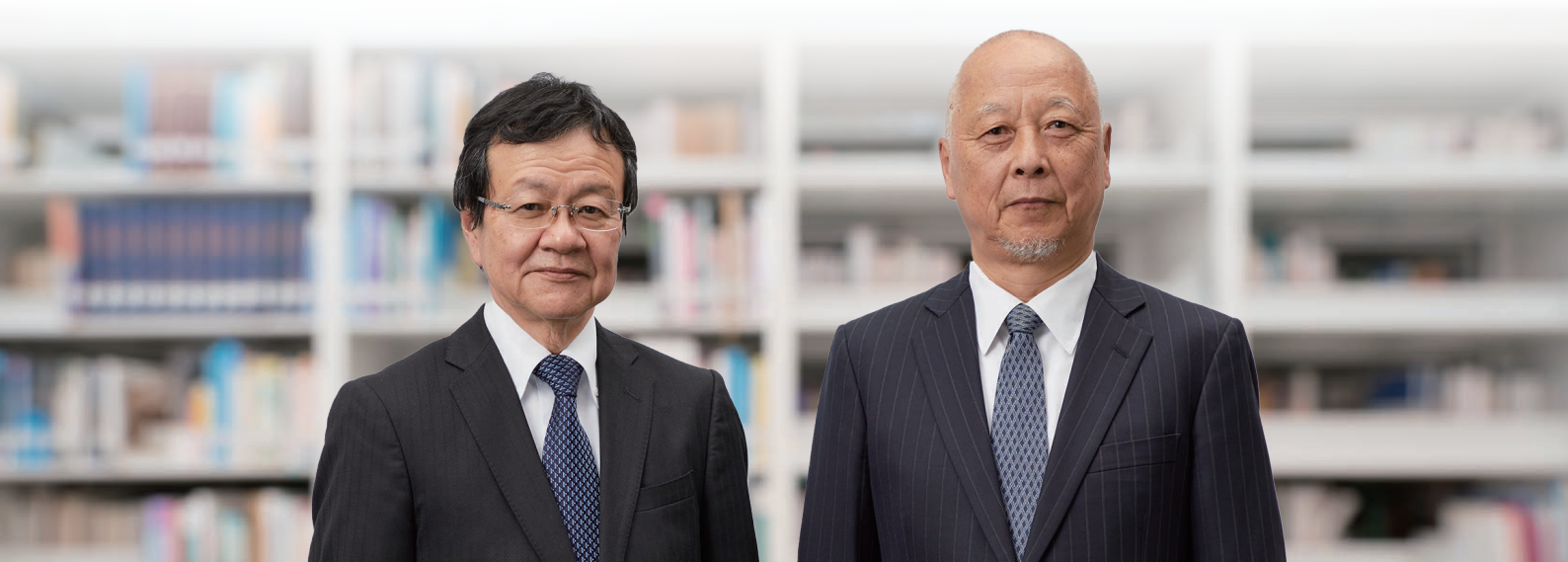
We will improve the integrity of each and every employee by promoting various types of education that are founded on philosophy education and the Philosophy Study Meeting. We also established the Compliance and Governance Committee, consisting mainly of outside directors, which formulates and reviews various policies and systems, and prepares measures to respond to and remedy problems when they occur. This committee also investigates compliance measures intended to prevent misconduct before it occurs and to prevent its recurrence, and monitors the status of implementation.

We are also working to strengthen compliance from the two approaches of ethics (individual) and systems (organizational), which includes conducting compliance training for all directors and employees on an ongoing basis.

Specific Initiatives

Philosophy Education	The president himself serves as instructor for the program, which is open to all Group employees. The purpose of the program is to share our management philosophy and the CL Philosophy to promote the growth of employees’ humanity based on those philosophies and to develop the ability to approach work from a manager’s viewpoint. By learning about our management philosophy and the CL Philosophy and having employees incorporate them into their daily activities, we aim to get employees’ thinking and acting going in the same direction, which in turn will lead to the self-realization of each employee and the achievement of the Company’s goals.
Philosophy Study Meeting	To deepen understanding of our management philosophy and the CL Philosophy and link them to daily actions, meetings are held regularly by department to read them by turns and discuss them. By enabling each employee to talk about them, the Group’s thinking and philosophy are spread to all corners of the organization, leading to the cultivation of a corporate culture.
Compliance Education	In addition to basic knowledge of compliance, we provide ongoing training via e-learning and other means to deepen understanding of laws and regulations (Act against Unjustifiable Premiums and Misleading Representations, Subcontract Act, and intellectual property such as trademarks and copyrights) that we face in our daily work.
Whistleblowing System	The Group has established and is operating a whistleblowing system for all employees, including directors, for the purpose of preventing and detecting organizational or individual violations of laws and regulations and misconduct at an early stage, and improving the agility of the self-cleansing process. To ensure that whistleblowers are not treated unfairly, an appropriate reporting system is in place with the full-time auditor or an outside attorney as the contact point.

Dialogue: The Roles of Group Governance and Sustainability in Creating Corporate Value



Director, CL Holdings Inc.

Makoto Yoneyama × Shigemi Kurusu

Chair of the Department of Aviation Management, College of Business Management, J.F. Oberlin University

Experience Gained from the Restructuring of JAL

Yoneyama: In order to restructure Japan Airlines Co., Ltd. (JAL), Kazuo Inamori, the founder of KYOCERA Corporation, was appointed as chairman of JAL in 2010. I had been serving as a Director at a KYOCERA Group company at the time, and was seconded to JAL as the General Manager of the Corporate Control Division following his appointment. You were the then General Manager of Corporate Planning, Mr. Kurusu, so I was grateful that you made every effort with me to restructure the company, including introducing Amoeba Management.

Kurusu: In 2010 I was serving as General Manager of Corporate Planning, after which I worked as General Manager of Group Companies Support in charge of Group management starting in 2011, during which time I implemented initiatives to restructure JAL with you, Mr. Yoneyama. One of the things you said to me around the start of our work that left a particularly strong impression, even to this day, was that we needed to submit our monthly settlements at an earlier stage. At the time, JAL over-prioritized accuracy, which meant it took us nearly two and a half months from the closing date to compile revenue and expense data by route. When you requested that we generate these reports within ten days, I initially doubted whether it was feasible. In practice, despite their accuracy, we were never able to fully use this revenue and expense data by route as part of the management decision-making process because business conditions would change during the two and a half months it took us to produce them. This delay, in other words, made our calculations meaningless, regardless of how accurate they were. This made me realize the importance of swiftly producing figures that can be used in management decisions, even if they are not 100% accurate. Another thing that surprised me was your policy of making almost everything available to our employees, whether it be corporate financial results or

forecast figures. Previously, financial data was shared primarily with the management team. However, I came to appreciate that providing these figures to all employees was crucial in encouraging proactive behavioral change. In fact, I believe this change led employees at JAL worksites to think, take action, and make improvements on their own.

Yoneyama: JAL introduced a divisional profitability management system following its decision to file for bankruptcy and by making monthly financial results data, including an overview of revenue and expense data by route available to all employees, each employee was inclined to act in a financially disciplined manner and to begin thinking and acting in ways to generate as much profit as possible, even if just a single yen. Meanwhile, the first action JAL undertook following its bankruptcy was to formulate the JAL Philosophy. Corporate governance must stand on the two pillars of economic discipline, which I mentioned a moment ago, and cognitive discipline, as based on a philosophy. In this regard, the formulation of the JAL Philosophy instilled JAL's corporate philosophy in each employee, which, I believe, successfully provided them with a shared cognitive discipline. Similarly, the CL Group also formulated the CL Philosophy in 2022.

Kurusu: I have also had the opportunity to read the CL Philosophy, and I feel it is important to foster this wonderful culture in a way that helps every employee link it with good business practices. Similarly, I also felt the most important move for JAL in restructuring itself was to align the awareness of its employees along the same vector. I believe the countless efforts all of employees helped to unify their frames of mind, which in turn underpinned the restructuring.

CL Group Sustainability Initiatives

Yoneyama: As awareness of CSR continues to grow, DE&I-related initiatives have become increasingly vital. With this in mind, I believe that the environment, as a part of sustainability, also includes people. In this respect, the CL Group endeavors to expand its educational and training programs with a focus on philosophy education and the CL Philosophy Study Meeting, and is actively engaged in developing human resources. As I mentioned a moment ago, I also believe in the importance of providing each employee with economic as well as cognitive discipline.

Kurusu: There are also issues that differ by industry when looking at the concept of sustainability. For example, the airline industry faces the major challenge with respect to its CO₂ emissions. As long as the industry involves the movement of people, the challenge of completely reducing CO₂ emissions to zero will be a difficult one. Although one potential solution would be to increase fares as a means of decreasing users and thereby suppressing air travel itself, this would also lead to other concerns, such as greater social inequality stemming from the lack of alternative transportation options and limiting use to certain demographics, such as the wealthy class. Therefore, I believe that allocating limited resources

to those who genuinely need them is essential for achieving sustainability.

Yoneyama: One of the major initiatives in which the CL Group's businesses are engaged from the perspective of sustainability is reducing the amount of for-sale product inventory that is thrown away. Specifically, we are promoting initiatives that utilize data, for example, to produce only the required volume of necessary products in order to minimize inventory disposal. Similarly, we formulated our Environmental Policy, under which we are also working to effectively use energy on an ongoing basis. This includes reducing electricity use, paper, and waste. More recently, the CL Group formulated the CL Holdings Sustainability Policy in 2023. Along with this move, we appointed a dedicated executive officer responsible for sustainability and established the Sustainability Promotion Office as a means of engaging in concrete action. I also feel that, in addition to resource- and energy-related issues, sustainability is a major challenge in relation to climate change and biodiversity. Going forward, we will collect and analyze information as well as the data related to these issues with the aim of ascertaining their impacts on the Group's business activities and earnings.

Group Governance and Philosophy-Based Management for Enhancing Corporate Value

Yoneyama: Although business models are without question critical to enhancing corporate value, I believe the central factors in doing so are the people who work there and the corporate culture. Employees constantly grow as they watch and learn from their seniors. Which is why group leaders must be aware that every employee is watching them from behind. I am not just talking about the president here. Everyone must be aware—after all, even new employees watch and learn from those employees in their second year. Truly, this stance itself is one of the factors that underlies our corporate culture, and is the foundation upon which our different businesses stand. So, I believe it will connect to greater corporate value. This is why the CL Group spends so much time on developing human resources.

Kurusu: I feel exactly the same way. The term leader does not only refer to the president and upper management, but truly to leaders of "Amoeba Management." In other words, it refers to the leadership of section managers and section heads, for example, in organizations consisting of fewer people. Strong organizations are not solely reliant on the leadership of the president at the top but are built upon numerous leaders at various levels, working collectively toward the same goals. Fostering a superior culture and enhancing corporate value therefore require that every employee faces the same direction

centered on these leaders. Although the general impression of group governance is that it is necessarily led by the head office and involves the controlling or non-controlling interests with subsidiaries, this is not necessarily the case. Instead, each Group company must be autonomous and think independently in pursuing its business activities. Without question this approach requires more time and effort compared with centralized authority led by the head office, yet this effort must not be made grudgingly. I believe that enhancing corporate value requires us to foster a stronger corporate culture, as well as the very independence of employees and companies.

Yoneyama: Instilling the CL Philosophy in every employee as the shared code of conduct for the Group serves as a means to bolster our thought processes and integrity, and will enable group governance to commence functioning as a mechanism. Yet even with this mechanism in place, the Company will still fail to perform if it lists toward businesses that struggle to produce profits, which is why the economic discipline I mentioned earlier is so important. Against this backdrop, I feel it is crucial that we continuously consider how to entrench cognitive discipline and economic discipline firmly within the Company in a balanced manner, and what becoming a company of value refers to in the first place.

Makoto Yoneyama serves as Director of CL Holdings Inc., Director of LEGS COMPANY, LTD., and Director of CDG Co., Ltd. He joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation), in 1980. After serving as Director at KYOCERA Communication Systems Co., Ltd., he was seconded to the bankrupt Japan Airlines Co., Ltd., where he was appointed Executive Officer and General Manager of the Corporate Control Division in December 2010 and Managing Executive Officer of the Corporate Control Division in April 2012. He joined LEGS in 2016. He currently serves as Director at CL Holdings, LEGS, and CDG, and primarily presides over corporate control activities.

Makoto Yoneyama



Shigemi Kurusu serves as chair of the Department of Aviation Management at J.F. Oberlin University. He joined Japan Airlines Co., Ltd., in 1978. After serving as Representative Director and President of JAL Express Co., Ltd., in 2009, Executive Officer and General Manager of Corporate Planning at Japan Airlines Co., Ltd., in 2010, Managing Executive Director and General Manager of Group Companies Support at JAL in 2011, Managing Executive Director and General Manager of the Corporate Control Division at JAL in 2014, and Representative Director and Co-Chief Executive Officer of JALUX Inc., in 2015, he attained his current position in 2020. He provides guidance on the features of each of the systems that comprise air transport in a way that combines both theoretical approaches and practical perspectives.

Shigemi Kurusu



Directors and Auditors



1 Junichiro Uchikawa President & CEO

1988 March Founded LEGS COMPANY, LTD. (currently, CL Holdings Inc.), Representative Director
1991 March Founded SIP Company, Ltd. (currently, REET Inc.), Representative Director
1994 February President & CEO, LEGS COMPANY, LTD. (to present)
2009 July Director, M&I Co., Ltd.
2014 July Outside Director, Oreno Corporation
2016 February Director, JU Co., Ltd. (to present)
2017 May Auditor, Asia Leaders Association (to present)
2020 July Chairman, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present)
2020 July Chairman, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present)
2021 June Chairman & Representative Director, CDG Co., Ltd. (to present)
2021 August LEGS COMPANY, LTD. established, President & CEO, LEGS COMPANY, LTD.
2021 September Chairman, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present)
2023 January Chairman, LEGS COMPANY, LTD. (to present)

3 Satoshi Yamashita Director

2002 April Joined LEGS COMPANY, LTD. (currently, CL Holdings Inc.)
2020 July Director, LEGS (SHANGHAI) TRADING COMPANY, LTD.
2020 July Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD.
2022 January Director, CL Holdings Inc. (to present)
2023 January President & CEO, LEGS COMPANY, LTD. (to present)
2023 October President & CEO, eCOCO Inc.

5 Mitsuru Ishimura Director

1983 April Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.), International Division, BOT Lease Co., Ltd.
1988 January Joined Paribas Capital Markets (currently BNP Paribas Securities (Japan) Limited)
2000 April Managing Director in charge of Investment Banking Division, HSBC Securities (Japan) Limited
2013 May Executive Director, Japan Association for Securities Learning (to present)
2015 June Outside Director, MARUHAN Corporation
2016 April Independent Outside Director, SATHAPANA Bank PLC.
2019 January Advisor, Kanie JAPAN Co., Ltd. (to present)
2021 March Director, CL Holdings Inc. (to present)
2022 June Advisor, ESG, Ltd. (to present)

7 Hiroshi Sonobe Outside Director

1992 April Joined the Legal Training and Research Institute of the Supreme Court of Japan
1994 April Joined Kiyoshi Suda Law Office
2001 October Established Hayashi, Sonobe & Fujiyasaki Law Office (currently HS & Co.), Representative Attorney-at-Law (to present)
2016 March Outside Director, PALTEK CORPORATION
2016 March Outside Director, Japan Property Management Center Co., Ltd. (Audit and Supervisory Committee Member)
2016 June Outside Director, Tokyo Tekko Co., Ltd. (Audit and Supervisory Committee Member) (to present)
2017 March Outside Director, CL Holdings Inc. (to present)
2022 June Outside Director, Care Service Co., Ltd. (to present)

2 Makoto Yoneyama Director

1980 March Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation)
2008 April Managing Director, KYOCERA MITA JAPAN Corporation (currently, KYOCERA Document Solutions Japan, Inc.)
2012 April Managing Executive Officer, Corporate Control Division, Japan Airlines Co., Ltd.
2015 April Senior Managing Director & General Manager, Administration Division, KYOCERA Communication Systems Co., Ltd.
2016 March Joined LEGS COMPANY, LTD. (currently, CL Holdings Inc.)
2017 March Representative Director, SIP Company, Ltd. (currently, REET Inc.)
2020 June Director, CDG Co., Ltd. (to present)
2020 July Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present)
2020 July Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present)
2021 September Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present)
2022 March Director in charge of Business Administration, CL Holdings Inc. (to present)
2022 March Director in charge of Business Administration, LEGS COMPANY, LTD. (to present)
2025 January Director, Gifu Create Corporation (to present)

4 Hideo Konishi Director

1996 April Joined CDG Co., Ltd.
2019 April CEO, CDG Co., Ltd. (to present)
2021 January Director, CL Holdings Inc. (to present)
2024 February Director, Gifu Create Corporation (to present)

6 Yasuhiro Matsubara Director

1982 April Joined Dentsu Inc. (currently Dentsu Group Inc.)
2013 April Managing Director, Promotion Business Division, Dentsu Inc.
2014 June Representative Director, President & CEO, Dentsu Tec Inc. (currently DENTSU PROMOTION PLUS INC.)
2020 July Chairman, Japan Promotional Marketing Institute Inc.
2025 March Director, CL Holdings Inc. (to present)

8 Takashi Watanabe Outside Director

1989 April Joined Temporary Center Inc. (currently, Pasona Inc.)
1997 April Representative Director and President, Pasona career assets Inc. (currently, Pasona Inc.)
2018 August Executive Officer and Vice President, Pasona Group Inc.
2022 March Outside Director, CL Holdings Inc. (to present)
2022 March Outside Director, CARTA HOLDINGS, Inc. (to present)
2022 December Founded Freedom One, Co., Ltd., Representative Director (to present)
2024 May Outside Director, Creek & River Co., Ltd. (to present)

Executive Officers



1 Jotaro Tani Executive Officer

Concurrently serving as Representative Director, LTR Inc., Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. and Director, LEGS (SHANGHAI) TRADING COMPANY, LTD.

2 Kiyoyuki Ichikawa Executive Officer

Concurrently serving as Director, CDG Co., Ltd.

3 Naoki Noda Executive Officer

Concurrently serving as Representative Director, REET Inc., Director, LTR Inc. and Director, eCOCO Inc.

4 Yasuhiro Furuse Executive Officer

Concurrently serving as Director, LEGS (SHENZHEN) TRADING COMPANY, LTD.

5 Go Kuwata Executive Officer

6 Satoshi Nishijima Executive Officer

Concurrently serving as Representative Director, eCOCO Inc.

7 Kaname Sato Executive Officer

8 Hideyuki Yasujima Executive Officer

9 Hiroaki Watanabe Executive Officer

10 Masaya Ueno Executive Officer

11 Miwa Takahashi Executive Officer

12 Taketo Isoda Executive Officer

Directors and Auditors

9 Sachiyo Yasuda Outside Director

1992 April Joined Recruit Co., Ltd. (currently, Recruit Holdings Co., Ltd.)
2014 April Executive Officer in charge of New-graduates Recruiting Operation Division, Recruit Career Co., Ltd. (currently, Recruit Co., Ltd.)
2019 May Joined ExaWizards Inc., Executive Officer
2021 May Director, ExaWizards Inc., Practical AI & DX Research Center (to present)
2022 March Outside Director, CL Holdings Inc. (to present)
2022 November Business Development Manager, LegalOn Technologies, Inc. (to present)
2023 February Advisor, Shinnihonsei-yaku Co., Ltd.
2023 December Outside Director, Shinnihonsei-yaku Co., Ltd. (to present)

10 Hajime Kusuda Full-time Corporate Auditor

1988 April Joined LEGS COMPANY, LTD. (currently CL Holdings Inc.)
2012 March Director, LEGS (SHENZHEN) TRADING COMPANY, LTD.
2014 March Representative Director, SIP Company, Ltd. (currently, REET Inc.)
2020 April Director and Deputy General Manager, Sales Division, BONMAX CO., LTD.
2021 March Auditor, CL Holdings Inc. (to present)
2021 March Auditor, REET Inc. (to present)
2021 August Auditor, LEGS COMPANY, LTD. (to present)
2021 September Auditor, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present)
2021 September Auditor, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present)
2021 September Auditor, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present)
2022 June Auditor, CDG Co., Ltd. (to present)

11 Norimitsu Otsubo Full-time Corporate Auditor (Outside)

1982 April Joined Wako Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)
1999 July General Manager, Product Planning Department and General Manager, Information Office, Equity Department, Wako Securities Co., Ltd.
2000 April General Manager, Equity Information Department, Shinko Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)
2009 April Executive Officer, General Manager, Sales Planning Department, Shinko Securities Co., Ltd.; Director, Shinwa Securities Co., Ltd.; Auditor, Shinko Securities Business Services Co., Ltd. (currently Mizuho Securities Business Services Co., Ltd.)
2009 May Operating Officer, General Manager, Sales Planning Department, Mizuho Securities Co., Ltd.
2011 April Operating Officer, General Manager, Sales Department, Head Office, Mizuho Securities Co., Ltd.
2013 January Executive Officer, Compliance Officer, Mizuho Securities Research & Consulting Co., Ltd. (currently Japan Investor Relations and Investor Support, Inc.)
2015 April Managing Executive Officer, Mizuho Securities Research & Consulting Co., Ltd.
2017 April Advisor, Japan Investor Relations and Investor Support, Inc.
2017 June Standing Statutory Auditor, CDG Co., Ltd. (to present)
2017 June Auditor, Gifu Create Corporation (to present)
2017 June Auditor, Gold Bond Co., Ltd. (currently G-BRIDGE Co., Ltd.)
2025 March Full-time Corporate Auditor, CL Holdings Inc. (to present)

12 Hiroshi Magaribuchi Outside Auditor

1984 April Joined SHINKO ELECTRIC INDUSTRIES CO., LTD.
1992 September Joined Mio Certified Public Accountant Office
1995 December Established Hiroshi Magaribuchi Certified Public Tax Accountant Office, Head (to present)
2008 December Outside Auditor, GLOBALPOWER Inc. (to present)
2009 May Outside Auditor, Kofu Soko Co., Ltd. (to present)
2014 March Outside Audit & Supervisory Board Member, CL Holdings Inc. (to present)
2015 June Outside Auditor, Youji Corporation (to present)

13 Motoo Kobayashi Outside Auditor

1978 April Joined KYOCERA Corporation
2008 April President & Representative Director, KYOCERA Communication Systems Co., Ltd.
2015 December Retired as Chairman & Representative Director, KYOCERA Communication Systems Co., Ltd.
2018 March Outside Auditor, CL Holdings Inc. (to present)

Corporate Outline

Corporate name	CL Holdings Inc.
Representative	President & CEO Junichiro Uchikawa
Head office	D-LIFE PLACE MINAMIAOYAMA 11F, 12F 26-1, Minami Aoyama 2 chome, Minato Ward, Tokyo, Japan
Established	March 1988* * Establishment date of LEGS COMPANY, LTD. before changing its corporate name to CL Holdings Inc. (January 1, 2022)
Capital	350 million yen
Business field	Managing of group companies and activities related to the above
Fiscal Year	Fiscal year: January 1 – December 31
Ordinary General Meeting of Shareholders	March

Major Subsidiaries

LEGS COMPANY, LTD.	Planning, development, and production for promotional services and the entertainment business
REET Inc.	Promotion planning, development, and implementation
LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD.	Entertainment production, new business construction support
LEGS (SHANGHAI) TRADING COMPANY, LTD.	Planning and implementation of various campaign types, development, production and sales of premium and OEM products
LEGS (SHENZHEN) TRADING COMPANY, LTD.	Quality control and production management for a range of goods and OEM products, product planning and sales for the Chinese domestic market
CDG Co., Ltd.	Offering of marketing communication plans, planning and implementation of promotional marketing solutions, planning and implementation of client’s overall business operation solutions
elCOCO.inc	Planning, development, manufacturing, and sales of sundries that include figures and soft toys
LTR.inc	Theme cafe planning and production, and store development and operation

Glossary

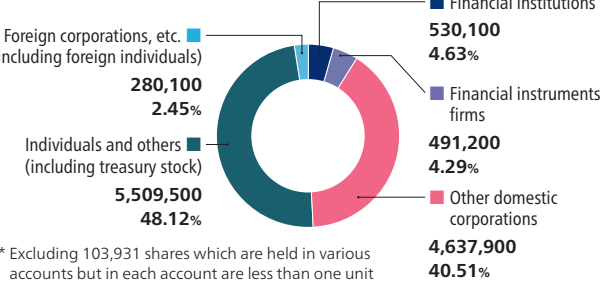
Term	Meaning
IP	Intellectual Property.
Content	Animation, games, movies, characters, artists, etc.
Ex-Tainment	A term coined by combining the words “experience” and “entertainment,” referring to the experiential value felt by consumers when consuming entertainment.
PMD service	Promotion & Merchandising service. A service that combines sales promotion and merchandise sales.
BPO service	A service that outsources a company’s own business processes to an outside specialist. (BPO is short for Business Process Outsourcing)
Theme cafe service	A service that provides experiential value by way of a cafe that makes use of IP content, as well as an original menu and limited-run merchandise.
Event & Merchandising services	A service that provides planning for events with decorations, etc., utilizing IP content and sales of limited-edition goods.
ODM service	A service that produces products for the client’s brand based on the client’s designs. (ODM is short for Original Design Manufacturing)
OEM service	A service that produces products under the client’s brand. (OEM is short for Original Equipment Manufacturing)
Platform	Networks of stores in Japan and overseas run by retail distribution clients.
IPDB	A system that forecasts the demand for IP content or that forecasts sales of merchandise that use IP content.

Stock Information (As of December 31, 2024)

Shares

Total number of authorized shares	39,200,000
Total number of shares issued	11,552,731 (includes 651,606 shares of treasury stock)
Number of shareholders	8,329
Stock exchange listing	Standard Market of the Tokyo Stock Exchange
Stock trading unit	100 shares

Ownership Status



Major Shareholders

Major shareholders (Top 10)	Number of shares held	Percentage of total number of shares issued (%)
1 JU Co., Ltd.	4,321,200	39.64
2 CL Holdings Inc. Employees’ Stockholding Association	742,100	6.81
3 The Master Trust Bank of Japan, Ltd. (Trust Account)	457,500	4.20
4 Junichiro Uchikawa	300,040	2.75
5 SMBC Nikko Securities Inc.	268,200	2.46
6 Kofu Soko Co., Ltd.	224,000	2.05
7 Norio Kabasawa	213,000	1.95
8 Masashi Hasegawa	116,300	1.07
9 Goldman Sachs Securities Co., Ltd.	78,600	0.72
10 Toshikazu Kobayashi	60,900	0.56

* The Company owns 651,606 shares of treasury stock.
* JU Co., Ltd. is an asset management company owned by a relative of CL Holdings Inc.’s President & CEO Junichiro Uchikawa.

Statement of Authenticity

CL Holdings has published an integrated report every year since fiscal 2021 with the aim of realizing its management philosophy and of enhancing corporate value in a sustainable manner. This report also serves as a tool to communicate with shareholders, investors, and our other stakeholders.

With a focus on our management philosophy as the reason for the Group’s existence and the CL Philosophy as our code of conduct, Integrated Report 2025 illustrates our medium- to long-term strategies regarding materiality, our value creation process, and efforts to maximize Group synergies, as well as our sustainability initiatives. In particular, it establishes key points for enhancing profitability and resets materiality as a Group around the core of maximizing Group synergies through the integration of CDG, which became a fully-owned subsidiary during the previous fiscal year.

This report was prepared through repeated discussions led by the Corporate Planning Office with the management team and related departments. I hereby declare that this process was adequate, and that the content included herein is accurate.

Engaging with our stakeholders is vital for the Group’s long-term evolution and its role as a trusted presence in society. We therefore look forward to your unreserved opinions and requests upon reading this report.



Makoto Yoneyama
Director in charge of Business Administration

Editorial Policy The purpose of this report is to convey to our wide variety of stakeholders, but primarily shareholders and investors, in an easy-to-understand manner, the philosophy-based management that our Group advocates, as well as Ex-Tainment business and other initiatives aimed at increasing our corporate value over the medium to long term. Financial and non-financial information, conversations, etc. are used to convey this information.	Period Covered: Fiscal year 2024 (January 1 – December 31, 2024) (Where necessary, however, references are made to dates before and after the period under review.)
Forward-Looking Statements This integrated report contains statements regarding our future plans, strategies, and performance. These statements are not historical facts, but rather represent the Company’s judgments based on the information currently available to CL Group. Actual future results may be affected by economic trends, industry competition, currency exchange rates, taxes, and other regulatory developments. For these reasons, these forward-looking statements are subject to potential risks and uncertainties.	Date of Publication: May 2025 Referenced Guidelines, etc. International Integrated Reporting Framework from the IFRS Foundation
CL Group Website Our website provides various kinds of information on CL Group, including IR information and Group Sustainability. Please peruse it alongside this report. ■ https://www.clholdings.co.jp/en	